

BUSINESS UPDATE

August 04, 2017

Strong margin driven by niche orders

Welspun Corp Ltd. (WCL), flagship company of the Welspun Group, announced its consolidated financial results for the first quarter ended June 30, 2017.

For the quarter ended 30th June, 2017 WCL consolidated reported:

- Total income from operation of Rs. 16,182 mn, up 4% YoY
- EBITDA at Rs. 2,698 mn, up 85% YoY
- Profit before tax of Rs. 1,208 mn vs. Loss of Rs. 48 mn in Q1FY17
- PAT after Minorities & JVs of Rs. 547 mn vs. Net Loss of Rs. 94 mn in Q1FY17
- Basic EPS at Rs. 2.06 vs. Rs. (0.35) in Q1FY17
- Production and sales of pipes (ex-Saudi Arabia operations) were up 18% / 5% YoY respectively
- Production of pipes (total operations) was flat YoY; sales was down 13% YoY
- Net debt as on 30th June 2017 was at Rs. 8,636 mn vs. Rs. 9,155 mn in Q1FY17 and Rs. 11,065 mn in Q4FY17

Order book position (including all operations): Current pipe order book stands at 700K MTs (Rs. 42 billion). Large orders booked during the quarter include a 100K MTs order in India for water projects.

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “Q1 witnessed above-average margins led by execution of some niche orders in Americas and MENA region. In our view, it will be difficult to sustain such margins on an annual basis. However, we remain confident about strong demand in domestic market coupled with favourable policy measures taken by the Government of India which presents a positive outlook for the year. This is evident from the strong order booking during the quarter. Also, we expect international demand to pick-up towards end-FY18. We continue to take various measures for further strengthening our capabilities while maintaining financial discipline.”

BUSINESS UPDATE

Consolidated performance highlights:

Figures in Rs. million unless specified

Particulars	Q1-FY18	Q4-FY17	Q1-FY17
Ex-Saudi Arabia/ CWC operations			
- Pipe Production (KMT)	227	303	193
- Pipe Sales (KMT)	210	330	200
Total operations			
- Pipe Production (KMT)	228	329	229
- Pipe Sales (KMT)	218	339	251
- Plates/ coils Production (KMT)	59	41	82
Total Income from Operations	16,182	20,695	15,564
EBITDA	2,698	3,066	1,460
Finance Cost	533	634	571
Depreciation and Amortisation	957	919	936
PBT	1,208	1,513	(48)
PAT after Minorities, Associates & JVs	547	734	(94)
Cash PAT	1,407	2,374	883

Notes: a) Cash PAT = PBT – Current tax + Depreciation

b) Prior period figures have been restated, wherever necessary

Figures in Rs. million unless specified

Consolidated debt	30-Jun-2017	31-Mar-2017	30-Jun-2016
Gross Debt	20,309	18,430	23,663
Cash & Cash Equivalents	11,673	7,365	14,509
Net Debt	8,636	11,065	9,155

BUSINESS UPDATE

Business outlook:

Number of large to medium sized water projects across the country and expansion of National Gas Grid would drive the domestic linepipe demand. Moreover, favorable policy measures taken by Government of India, including the National Steel Policy, further aids the outlook.

International markets are expected to pick-up towards the year-end driven by water infrastructure development in Middle East and gas pipelines in North America.

We continue to enhance our value proposition, customer reach and technical know-how which makes us one of the front-runners for increasingly diversified and technically demanding projects worldwide.

Post Q1FY18 conference call:

WCL management would be happy to answer investor queries on a conference call. Please find details below:

Date : Friday, 4 August 2017

Time : 4:00pm IST

Dial in details:

- India: +91 22 3960 0738
- International Toll Free numbers
 - Hong Kong: 800 964 448
 - Singapore: 800 101 2045
 - UK: 080 8101 1573
 - USA: 1866 746 2133
- International Toll numbers
 - Hong Kong: 85230186877
 - Singapore: 6531575746
 - UK: 442034785524
 - USA: 13233868721

BUSINESS UPDATE

About Welspun Corp Ltd. (WCL)

Welspun Corp is a one-stop service provider offering complete pipe solution with a capability to manufacture line pipes ranging from ½ inch to 140 inches, along with specialized coating, double jointing and bending. With current capacity of 2.425 million MTPA in Dahej, Anjar and Mandya in India, Little Rock in the USA and Dammam in Saudi Arabia, Welspun takes pride in being a preferred supplier to most of the Fortune 100 Oil & Gas companies. With 360 degree abilities, Welspun Corp has undertaken some of the most challenging projects in different parts of the world. With business excellence being a clear focus, the company is on the path of innovation and technology edge supported by its state-of-the-art facilities and global scale operations. The Line pipe industry caters to the sectors like energy and water resource management where in the line pipes supplied are used to construct cross-country pipelines for transportation of oil, gas, petro-products and water in the safest and most environment friendly way.

For further information please visit www.welspuncorp.com or contact:

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