

Welspun Corp Ltd

Investor Presentation - June 2020



SAFE HARBOUR

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COVID-19 – IMPACT AND RESPONSE

While the world is striving to combat COVID19, we as a responsible organization are standing in solidarity and ensuring safety and wellbeing of our extended family of 100,000+

Welspun is leaving no stone unturned in lending support and assistance to the government, society, communities, customers and employees in this hour of crisis



Fighting COVID 19
TOGETHER

FIGHTING COVID19 TOGETHER



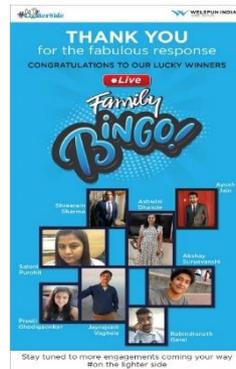
#WellAndHome : Safety and Comfort for extended 100,000+ Welspun family

- Robust IT infrastructure to enable Work from Home
- Isolation wards, Tie-ups with hospitals, Emergency helpline

AI based robotic consultancy, virtually connecting with specialist doctor

#WellAndLearn: Wellness & Learning

- Digital modules for employee Health, Wellness & Learning
- Engaging employees and Families



#WellAndSafe: Supporting Govt. & Society

- Leveraging group capacities to make hand wipes and face masks to meet demand-supply gap
- 24x7 Medical care & essential provisions for employees and neighborhood



TOGETHER WE FIGHT COVID_19
#WellAndSafe



COVID-19 – IMPACT

		IMMEDIATE AFTERMATH	CURRENT SITUATION
MACRO ECONOMIC FACTORS	Oil Prices	Remained depressed because of lower demand	Recovering with improved demand & supply cuts
	Global Bids	Practically all bids and new orders postponed	Seeing improved traction in new bids and orders
	Liquidity	Economy faced Liquidity crunch	Improved with RBI liquidity measures
	USDINR	Falls to all-time low of 76.8	Has stabilized around 75.5 levels
	Logistics	Inward and Outward movement jammed	Volumes are gradually picking up
	Plants & Offices	Complete shutdown from later March till Mid April	Operational with necessary precautions
	Order Book	One each large order from Australia & USA got deferred	Recently won a large order in USA

COVID-19 – COMPANY ACTION PLAN

People

- Enabling Work from home through digital tools ensuring collaboration
- Task force created & responsibilities assigned for each important function
- Trainings being imparted to enhance the skill set of employees
- Availability of medical staff round the clock at our key locations

Cost & Cash

- Comfortable liquidity position
- Sharp focus on collections & tight control on all payments and cost control
- Minimal Capex spends – Only maintenance capex
- Benefits from government stimulus packages

Customer

- Current order book provides 2-3 quarters visibility
- In discussion with all customers on a regular basis to book new orders
- Key niche projects being targeted
- Force majeure letters sent where necessary

Production & Supply Chain

- Resumed operations with necessary precautions
- All SOPs and policies for safety and security in place
- Flawless maintenance of plants during closure through selective staff
- Supply chain improving gradually

Q4 & FY20 KEY HIGHLIGHTS

Q4 FY20 - AT A GLANCE



417 K MT

Production;
Up **36%** YoY



418 K MT

Sales;
Up **13%** YoY



₹ 3,359 mn

Op EBITDA;
Up **26%** YoY



**₹ 11,700/
US \$165**

Op EBITDA/ Ton;
Up **27%** YoY



₹ 1,404 mn

Profit After Tax;
vs (1,250) mn in Q4 FY19



₹ 5.4

EPS;
vs (4.7) in Q4 FY19

♀ Plate and Coil Mill Divestment Update:

- BTA date extended to 31st March 2021 with mutual consent.
- Financial commitment (50% of advance amounting to INR 250 mn) received as per agreement

FY 20 - AT A GLANCE



1.63 mn MT

Production;
Up **30%** YoY



1.50 mn MT

Sales;
Up **17%** YoY



₹ 12,839 mn

Op EBITDA;
Up **43%** YoY



**₹ 12,820 /
US \$180**

Op EBITDA / Ton;
Up **49%** YoY



₹ 6,735 mn

Profit After Tax;
Up **887%** YoY



₹ 25.6

EPS;
Up **894%** YoY



32.1%

Return on Capital Employed*
vs 22.6% in FY19



23.7%

Return on Equity*
vs 11.7% in FY19



₹ 322 mn

Net Debt - Mar' 20;
Down Rs. 2,534 mn



₹ 10.5

Total Dividend – 210%
(FV of Rs 5 per share)



706 K MT

Order Book;
Valued at US \$ 0.75 bn



22.6 mn MT

Active + Potential Bids;
Future Outlook

Note: Pipe Sales & Production volumes, Order Book and Future Bids include Saudi Arabia operations; All other figures pertain to IND-AS continuing operations

*Adjusted for MTM loss on bonds

INCOME STATEMENT – ANNUAL TREND

Rs mn	FY17	FY18	FY19	FY20
Pipe Sales Volume (KMT)	935	1,084	1,279	1,502
Revenue	60,355	75,873	89,535	99,568
Operating EBITDA	5,935	7,054	8,968	12,839
<i>MTM Loss on Bonds</i>			(2,578)	-
EBITDA	7,370	8,147	7,077	12,759
Depreciation	3,861	3,793	2,597	2,333
Finance cost	2,357	1,853	1,774	1,440
Profit before tax and share of JV	1,152	2,501	2,706	8,985
Tax	(258)	(112)	(1,223)	4,125
Non Controlling Interest	163	53	84	(186)
Share of profit/(loss) from associates & JVs	(793)	(859)	(885)	2,060
Net Profit	264	1,583	682	6,735
EPS	1.0	6.0	2.6	25.6

Note:

- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures except sales volume
- Pipe sales volumes are based on total operations including Saudi
- From FY19 figures are pertaining to continuing operations (Pipes) only

BALANCE SHEET – ANNUAL TREND

Rs mn	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
Net Worth	28,094	28,540	27,976	32,152
Short Term Loans	2,203	126	1,750	2,693
Long Term Loans	16,227	13,738	11,297	7,260
Gross Debt	18,430	13,864	13,047	9,953
Cash & Cash Equiv.	7,365	9,649	10,191	9,631
Net Debt	11,065	4,216	2,856	322
Net Fixed Assets (incl CWIP)	33,877	30,619	16,144	16,191
Net Current Assets	12,746	13,596	10,460	11,954
Net Assets Held for Sale	-	-	11,642	8,293
Total Assets	82,469	76,933	82,000	79,432

Note:

- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures
- Net Assets Held for Sale = Assets or disposal groups classified as held for sale less Liabilities directly associated with disposal groups classified as held for sale
- Net Current Assets as on 31-Mar-19 & 31-Dec-2019 excludes Net Asset Held for Sale
- FY19 onwards, figures are pertaining to continuing operations (Pipes) only

KEY FINANCIAL RATIOS – ANNUAL TREND

		FY16	FY17	FY18	FY19	FY20
Solvency ratios	Net debt/Equity	0.48	0.39	0.15	0.10	0.01
	Net debt/EBITDA	1.52	1.50	0.52	0.40	0.03
	EBIT/Interest	2.09	1.49	2.35	2.53	7.24
Operational ratios	Current Ratio	1.48	1.42	1.49	1.56	1.55
	Fixed Asset Coverage	1.97	1.84	2.23	1.43	2.23
	Total Asset turnover	0.85	0.73	0.99	1.09	1.25
	Inventory days	64	107	73	91	83
	Debtor days	69	89	63	48	42
	Payable days incl. Advances	79	143	107	121	91
	Cash conversion cycle	54	53	29	18	35
Return ratios	ROE	5.2%	0.9%	5.6%	11.7%	23.7%
	ROCE (pre-tax)	8.0%	6.4%	8.8%	22.6%	32.1%

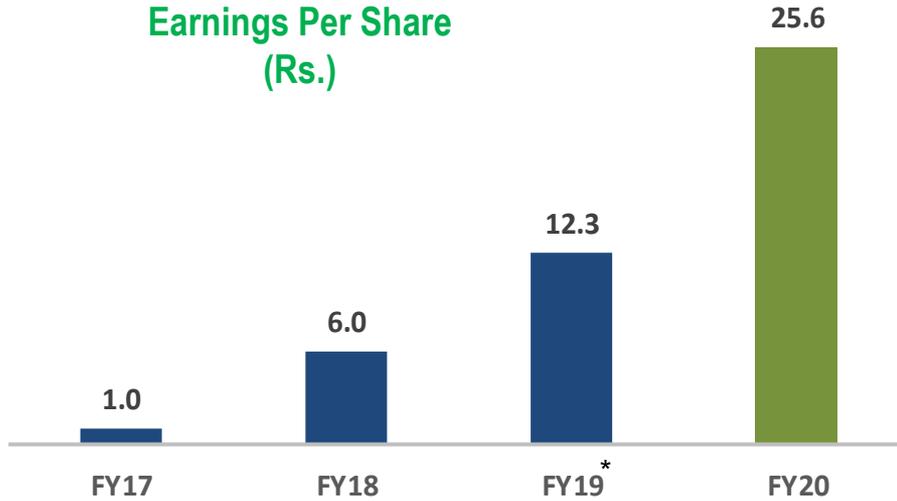
Significant improvement in Return Ratios due to potential sale of PCMD

Note:

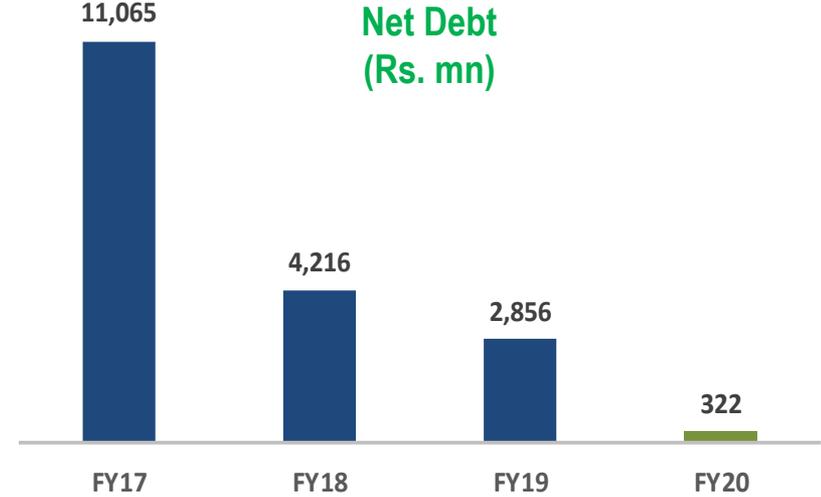
- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures
- From FY19 figures are pertaining to continuing operations (Pipes) only
- $ROCE = EBIT \text{ (excl. MTM Loss on Bonds)} / \text{Average Capital Employed}$ | $ROE = \text{Profit After Tax (excl. MTM Loss on Bonds)} / \text{Average Net Worth}$
- MTM loss on bonds in FY19 and 9M FY20 was Rs 2,578 mn and Rs 377 mn respectively

KEY METRICS - YEARLY

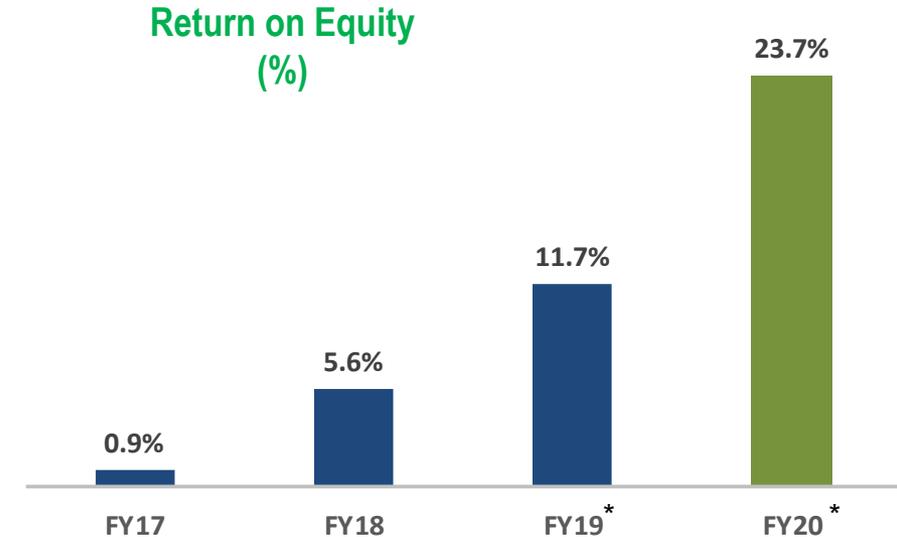
Earnings Per Share (Rs.)



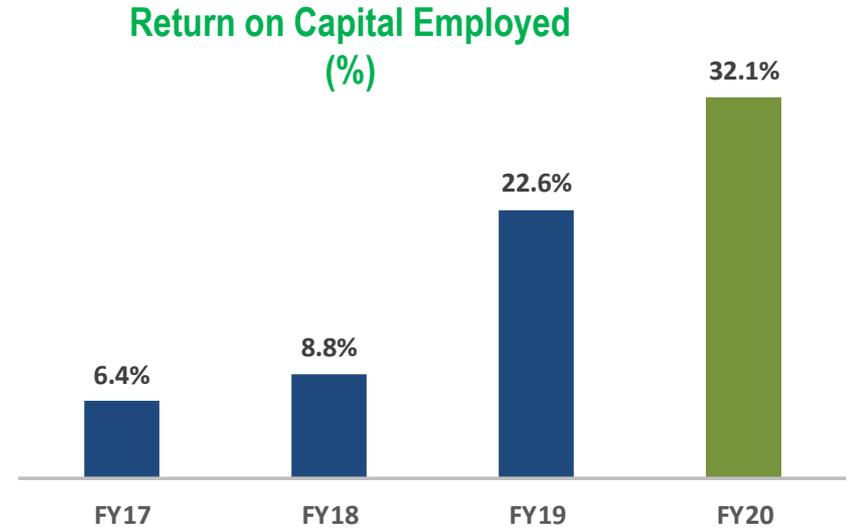
Net Debt (Rs. mn)



Return on Equity (%)



Return on Capital Employed (%)

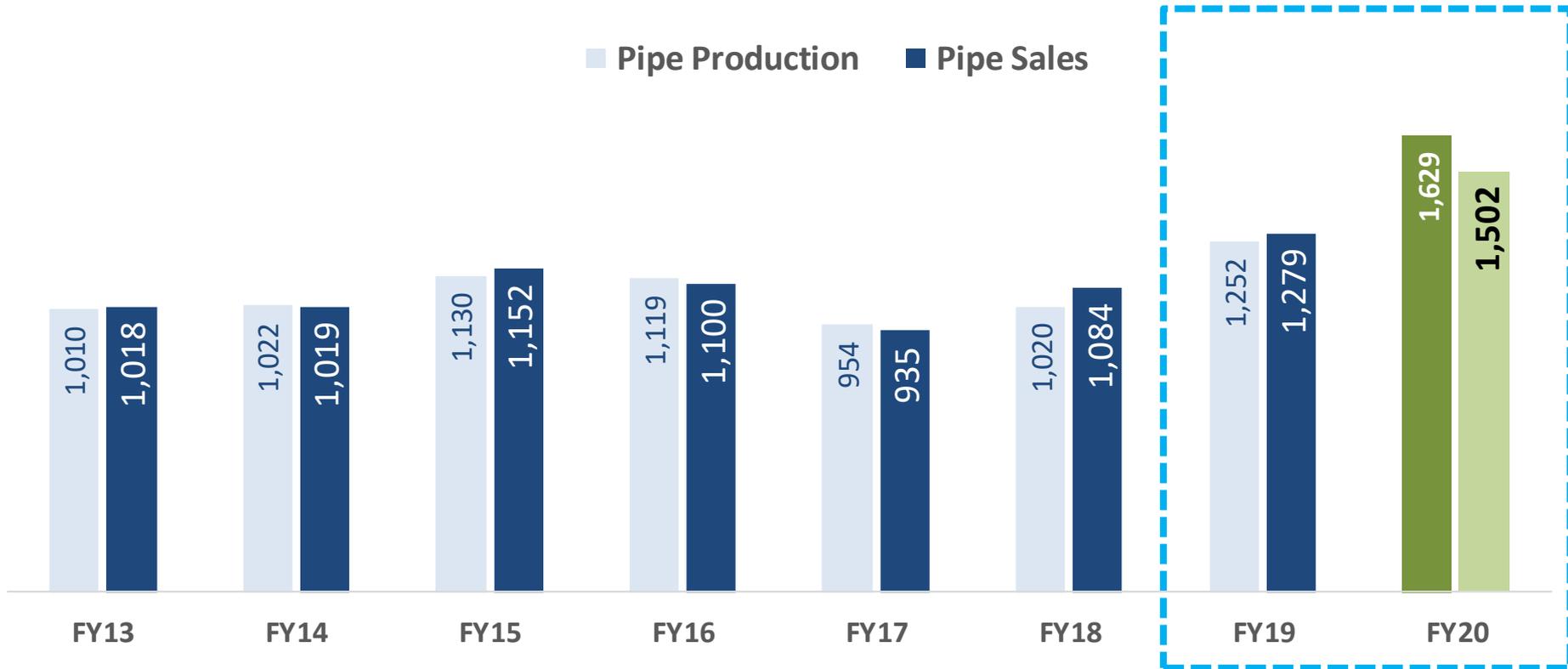


Note: Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures; FY19 onwards figures pertain to continuing operations (Pipes) only

*FY19 EPS & ROE and FY20 ROE figures are adjusted for Rs 2,578 mn MTM loss on bonds and Rs 377 mn respectively

VOLUME – YEARLY TREND

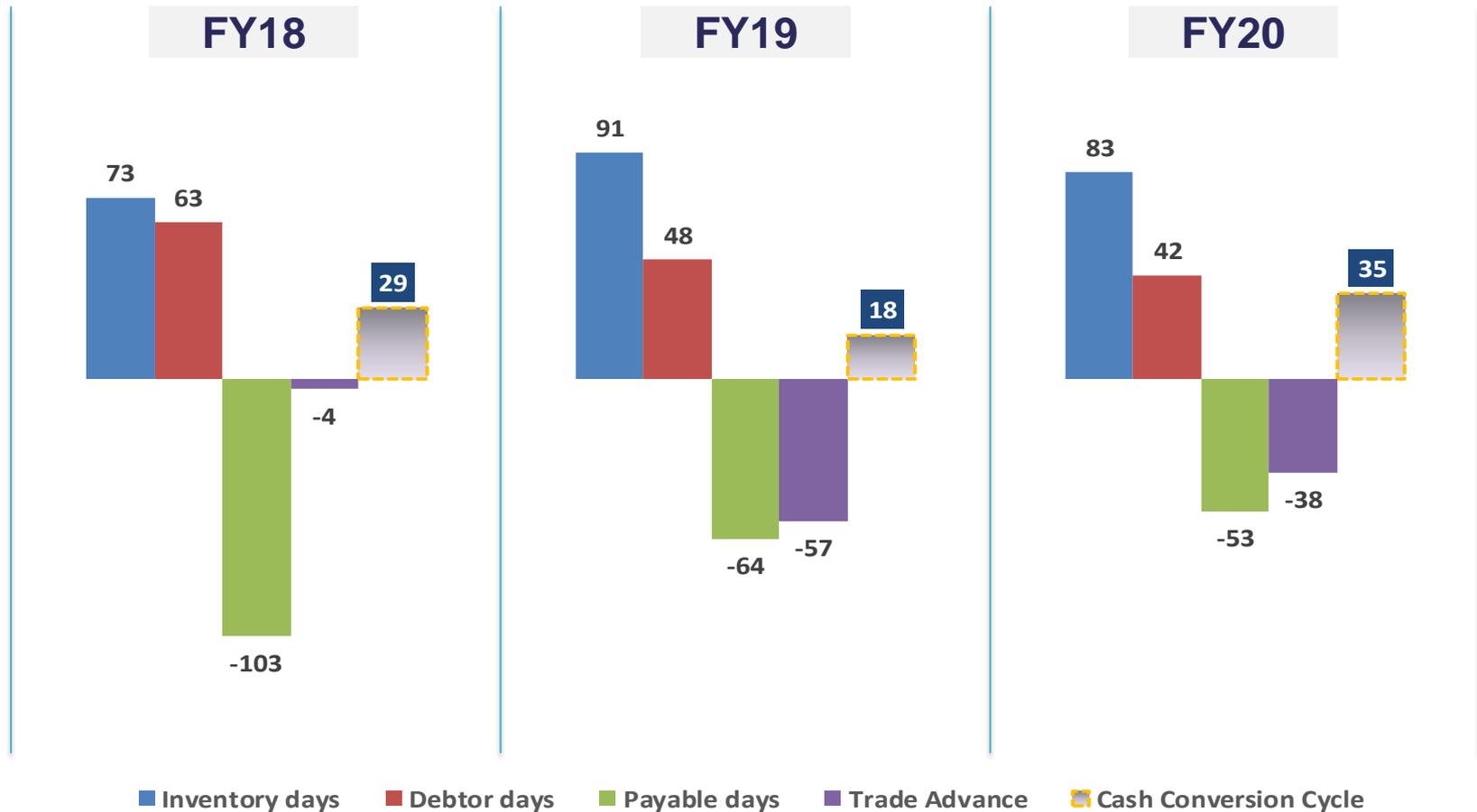
Production and Sales in KMT – Pipes (including Saudi JV)



Achieved all time high Production and Sales volume in FY2020

NET WORKING CAPITAL UNDER CONTROL

Cash conversion cycle at comfortable levels

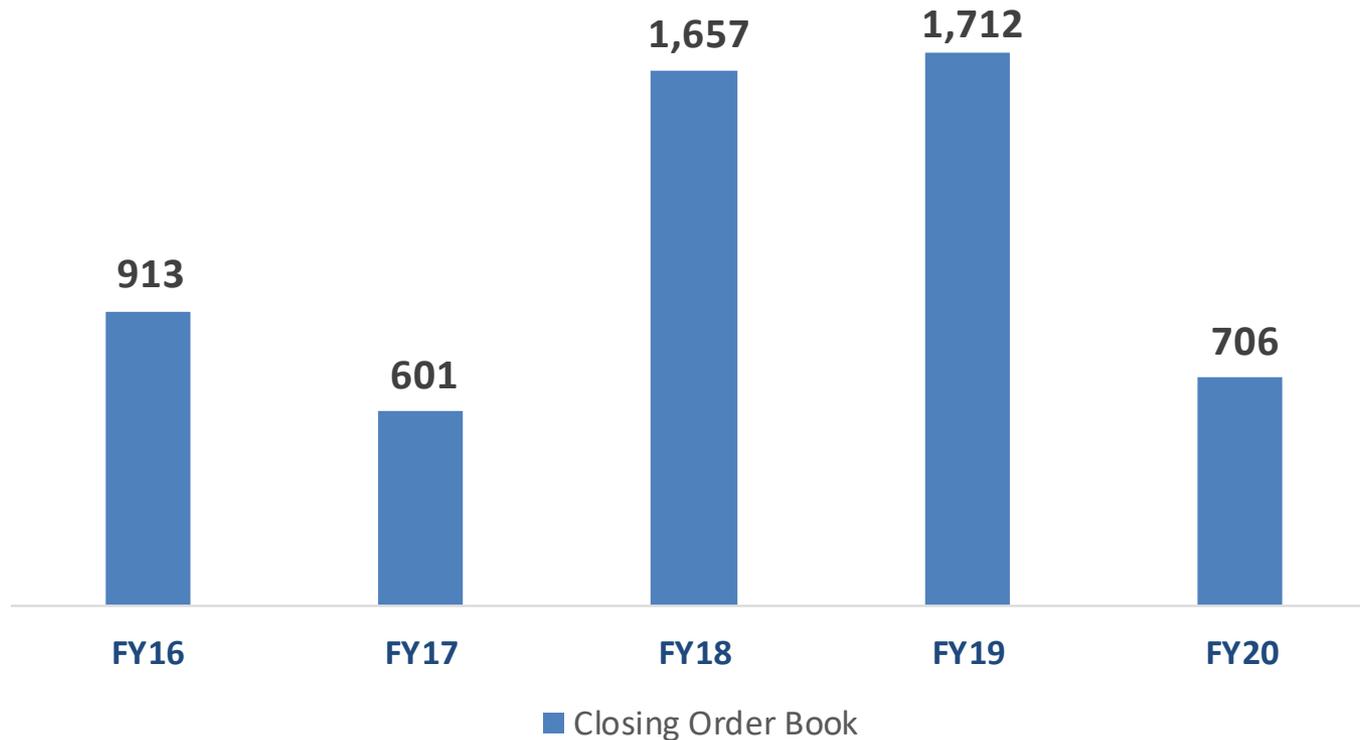


*Includes Debtors + Inventory – Creditors – Trade Advance; Figures from FY19 are only for continuing operations on IndAS basis

ORDERBOOK – YEARLY TREND

(Figures in KMT)

Order Book Valued at USD 0.75 Billion



Decent order book in spite of challenging macro environment

BUSINESS MOAT

Global Leadership

Among Top 3 Line Pipe Manufacturers globally



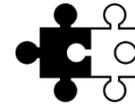
Accreditations

Approvals: 50+ O&G majors;
Qualifies for global bidding



Expertise

Executed critical & complex projects worldwide



Customer Centricity

Delivered 14+ mn MT Pipes with multiple repeat orders



Supplier Relationship

Long term association with global Steel & other vendors



Innovation

Patented technology leading to higher productivity



Global but Local

Domestic presence in key demand areas: USA|KSA|India



One-Stop Shop

Steel sourcing to ROW / Laying Site – Managing complete SCM



ESG

Independent Board | Focus on Diversity, CSR & Sustainability



AWARDS & ACCOLADES – TESTIMONY TO EXCELLENCE

**Bechtel Supplier
Excellence Award**
(2018-19)



**Supply chain
Excellence**

**OHS category in
engineering sector : Anjar**
(2018)



**Best energy
practices**

**Golden Peacock National
Quality Award : Anjar**
(2017)



**Golden Peacock
Award**

**By The Martin Luther King
Jr Commission of AR**
(2017)



**Salute to
Greatness Award
2017**

**Vipul Mathur
Hall of Fame Steel CEO of
the year**
(2018)



CEO of the Year

**CII National 5S Excellence
award**
(2018)



Confederation of Indian Industry

**“Gold Award”
Anjar pipes**

**International Safety Award
Anjar**
(2016)



**International
Safety Award
With merit**

**Quality Systems Excellence
Award for Manufacturing
(Large Size Category)**
(2016)



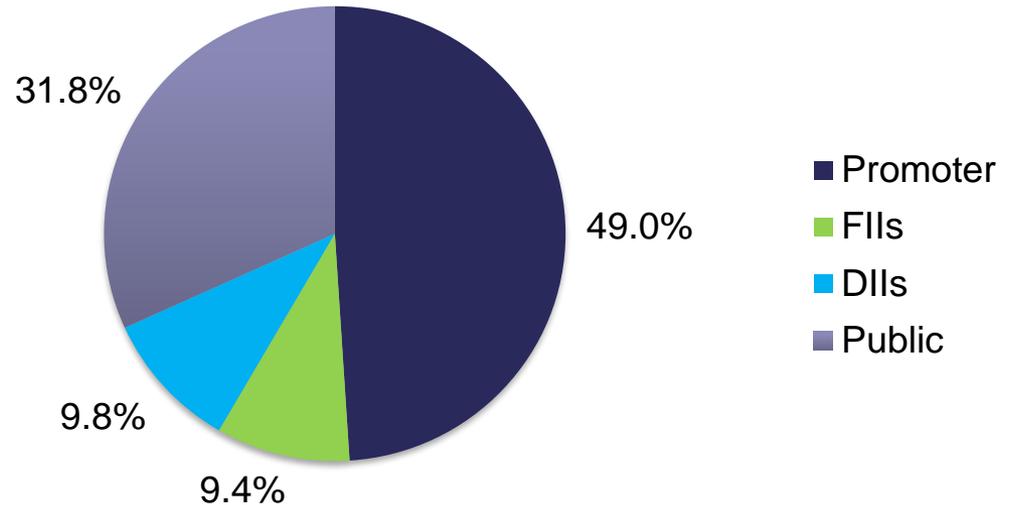
**Excellence
Award First Prize**

and many more....

CAPITAL MARKET UPDATE

Shareholding Pattern

Quarter ending March 2020



Market Statistics

As on June 16 th , 2020	INR	USD
Price Per Share	80.85	1.1
No of Shares outstanding (mn)	260.9	
Market Capitalization (mn)	21,093	277
Daily Avg Trading Volumes – Q4FY20 (mn)	1.7	
Daily Avg Trading Value – Q4FY20 (mn)	265.3	3.5

EXPERIENCED BOARD AND MANAGEMENT

Board of Directors

B.K.Goenka, Non-Executive Chairman & Promoter Director

- Amongst India's most dynamic businessmen
- Past President ASSOCHAM (2019)
- Recipient of Asian Business Leadership (ABLF) Award, 2019

Rajesh Mandawewala, Promoter Director

- Qualified Chartered Accountant; Played an instrumental role in establishing Welspun's Textile & Pipe business
- Leading new strategic initiatives of the Group
- Authorization of investment decisions for Welspun

Amita Misra – Non Executive Independent Director

- Ex-IAS with 38+ years of experience in various government & international organizations.
- Area of specialization: Audit, Financial Management, Procurement, Industrial and Development Projects involving International Cooperation & Governance

Desh Raj Dogra - Non Executive Independent Director

- Retired Managing Director & CEO of Credit Analysis and Research Limited.
- MBA, CAIIB with over 38 years of experience in banking and credit rating.

K. H. Viswanathan - Non Executive Independent Director

- Qualified cost and works accountant with over 34 years of experience
- Expert in Audit, Tax & Legal, Structuring, Business Strategy, M&A

Raj Kumar Jain – Non Executive Independent Director

- Qualified Chartered Accountant with over 30 years of experience
- Advisor to companies in the matters relating to accounts and internal control.

Revathy Ashok - Non Executive Independent Director

- Gold medalist from IIM, Bangalore and Member of Indian Angel Network.
- Independent consulting practice, working with mid and early stage companies, helping them scale
- Former MD of Tishman Speyer Private Equity and Global CFO of Syntel Inc

Management Team

Vipul Mathur, Managing Director & CEO, Member of Board

- Well-known figure in the global pipe industry; Associated with Welspun since 2001
- Led the company to historic high order book & profitability
- Recipient of Hall of Fame Steel CEO of the year (2018) by SUFI

Percy Birdy, Chief Financial Officer

- Member of ICAI and ICWAI with 25+ years of experience in the areas of Corporate Finance & Accounting, Costing, Budgeting, Direct & Indirect Tax, Banking, etc.
- Has previously worked with Allansons Group, Glenmark, Essel Propack

Godfrey John, Business Head - INDIA /APAC/MENA & EUROPE

- 25+ years of experience in the industry.
- Expertise in pipes across applications such as Oil & Gas, Water, Ports and Terminals as well as structural pipes

Rusty Fisher, SVP –Sales and Marketing (USA)

- 33+ years of experience in the industry
- Has previously worked with Tubular Synergy Group, US Steel, Lone Star
- Served as Chairman, Line Pipe Manufacturers Group (National Association of Pipe Coating Applicators)

Hisham Abdullatif Mohammed Allhmil, CEO (Middle East)

- Well-known figure in the Saudi steel and pipe industry
- Previously worked with esteemed organizations in Saudi Arabia such as Saudi Steel Pipe, SABIC, Saudi Iron and Steel Co. (HADEED)

T.S. Kathayat, President & Chief - Corporate Quality & Technical Services

- 23+ years of Work Experience in the manufacturing Industry
- Conferred with "Quality leadership Award" and "Corporate Excellence Leader of the Year" by World Quality Congress

**THANK
YOU**

Welspun Corp Limited

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www.welspuncorp.com

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