

Welspun Corp Limited

Investor Presentation | June 2021



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Q4 FY21 at a Glance



214 KMT

Global Production



247 KMT

Global Sales



162 KMT

Orders Booked in Q4



₹ 321 crs

EBITDA



10,700 /
US \$145

Op EBITDA / Ton



₹ 225 crs

Profit After Tax



₹ 620 crs

Net Cash Position



₹ 8.6

EPS



1.230 Mn
MT

Active 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

FY21 at a Glance



879 KMT

Global Production



1003 KMT

Global Sales



825 KMT

Orders Booked



₹ 1010 crs

EBITDA



10,700 /
US \$145

Op EBITDA / Ton



₹ 630 crs

Profit After Tax



18%

ROCE



₹ 24.1

EPS



₹ 723 crs

Free Cash Flow

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

Financial Results for Q4FY21

Particulars (Rs Cr)	Q4FY21	Q3FY21	QoQ
Pipe Sales Volume (KMT)	247	285	-13.5%
Total Income from Operations	1,819	1,393	30.6%
Operating EBITDA	245	189	29.8%
EBITDA	321	252	27.1%
Depreciation	55	54	1.5%
Finance cost	11	13	-15.8%
Profit before tax and share of JV	254	185	37.7%
Tax	13	66	-80.1%
Non Controlling Interest	2	(7)	-126.8%
Share of profit/(loss) from associates & JVs	(18)	84	-122.0%
Net Profit	225	195	15.3%
EPS	8.6	7.5	15.1%

Note:

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

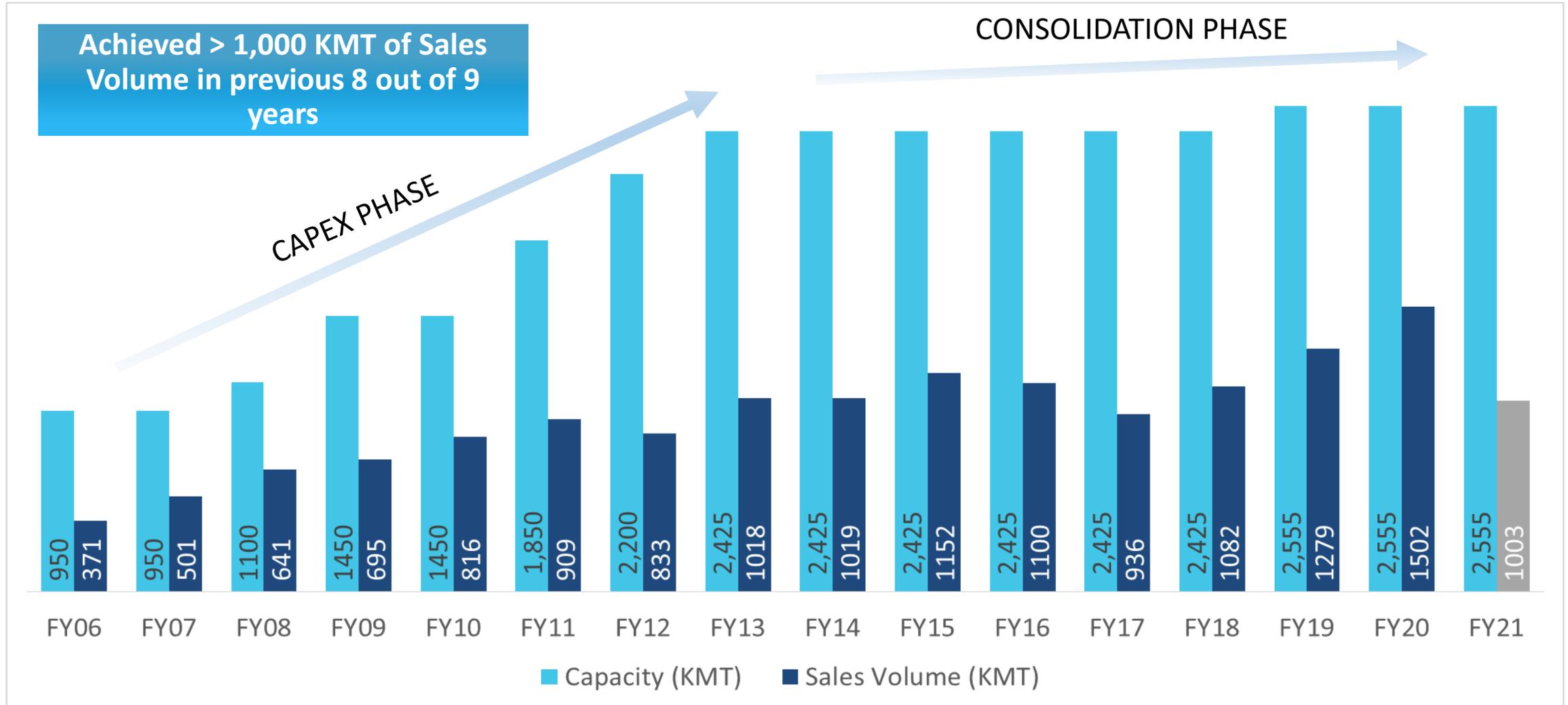
Financial Results for FY21

Particulars (Rs Cr)	FY21	FY20	YoY
Pipe Sales Volume (KMT)	1,003	1,502	-33.2%
Total Income from Operations	6,440	9,957	-35.3%
Operating EBITDA	803	1,284	-37.4%
EBITDA	1,010	1,276	-20.8%
Depreciation	215	233	-8.0%
Finance cost	68	144	-53.0%
Profit before tax and share of JV	728	899	-19.0%
Tax	221	412	-46.4%
Non Controlling Interest	(12)	(19)	-36.5%
Share of profit/(loss) from associates & JVs	135	206	-34.5%
Net Profit	630	674	-6.5%
EPS	24.1	25.6	-5.6%

Note:

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- Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures except sales volume
- Sales volumes are based on total operations including Saudi and are for Pipes

Operational Performance: Pipes (Capacity and Volumes)



Note: Pipe capacity and sales volumes are based on total operations including Saudi

Financial Performance

2nd Highest EBITDA in last 9 years despite being a Pandemic year

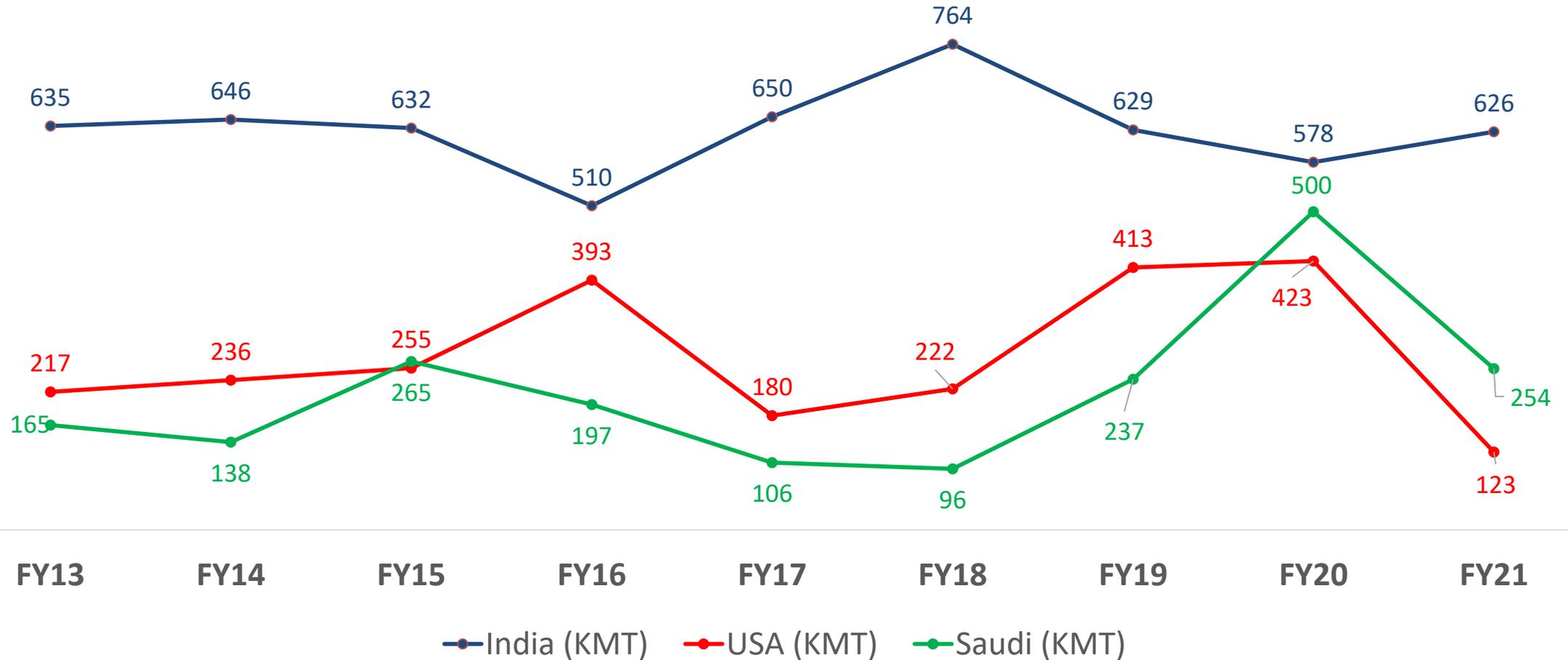
Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Sales Volume (KMT)	1,018	1,019	1,152	1,100	936	1,082	1,279	1,502	1,003
Revenue (INR cr)	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	6,440
EBITDA (INR cr)	919	844	951	891	737	815	708	1,276	1,010
EPS	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	24.1
Net Worth (INR cr)	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	3,793
Net Debt / (Cash) (INR cr)	2,314	2,568	1,910	1,355	1,106	422	286	32	(620)
Net debt/Equity	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.16x
ROCE (pre-tax)	8.2%	7.4%	8.7%	8.0%	6.4%	8.8%	22.6%	32.1%	17.9%
ROE	3.7%	2.6%	2.4%	5.2%	0.9%	5.6%	11.7%	23.7%	18.0%

Note:

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

Sales Volume Mix

Consistent Performance in India



Our ESG Journey

Environmental & Social

Detailed Benchmarking versus peers on ESG factors

Mapping universe of issues, objectives and risk and prioritizing them based on Materiality for WCL

Arrive at baseline scenario in line with WEF metrics and identification of improvement areas

Formulation of a strategic roadmap outlining key actions to be undertaken in short, medium and long term

Public reporting and disclosures of ESG performance

Maturity Assessment



Materiality Analysis



Baseline & Gap Analysis



Roadmap



Communication and Reporting

Corporate Governance

Board Matters / Entity Level Controls

- ESG Committee at the board level setup
- Several key actions taken in line with leading practices

Related Party Framework

- As-Is analysis of existing policy and process flow
- Refine scope, applicability, responsibility and appropriate controls in RPT framework

Ethics Framework

- Conducted Ethics culture survey
- Developed a road map for training and awareness programs
- As-Is analysis, benchmarking and gap assessment of existing policies
- Updated Policies Finalized: Whistle-blower Policy, Code of Conduct, Fraud Prevention Policy & Fraud Response Plan, Disciplinary Action Matrix and Anti-Bribery & Anti-Corruption Policy

Major transformation to further strengthen ESG across our organization

Sustainability Targets

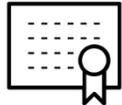
Aspects	FY 2020-21	Goal 2025	Goal 2030	Goal 2040
Carbon Neutrality - % Renewable Energy (RE)		10% RE	20% RE	Carbon neutral
Water Neutrality - Water Intensity	0.63 KL/MT	0.55 KL/MT	0.40 KL/MT	Water neutral
Waste to Landfill	1.53 MT	1.00 MT	0 MT	Zero waste to landfill
Impacting Lives in CSV	1,60,735	5,00,000	1,000,000	2,000,000
Sustainable Supply Chain - % suppliers assessed as per ESG compliant Code of Conduct		100% critical suppliers assessed	100% (all suppliers)	100% (all suppliers)

Welspun Corp at a glance



Top
3

Among Line Pipe Manufacturers globally



50+

Approvals from O&G majors; Qualifies for global bidding



15+
MN MT

Pipes delivered since inception with multiple repeat orders

2.55 mn MT Pipes Capacity

**6 manufacturing facilities
in 3 countries**

**Used in Oil & Gas and
Water industry**

Our Manufacturing Facilities



INDIA



UNITED STATES



SAUDI ARABIA

Capacity (in KMT)	India				US	Saudi Arabia	Total
	Anjar	Dahej	Mandya	Bhopal	Little Rock	Dammam	
Products / City							
LSAW	350	350	-	-	-	-	700
HSAW	250	50	150	305	350	375	1,480
ERW/ HFIW	200	-	-	-	175	-	375
SAW Pipes (KMT)	1,655				525	375	2,555
DI Pipes (KMT)	400	-	-	-	-	-	400



Port based facilities



All major accreditations



Best in class equipment & practices

Our Business Moat

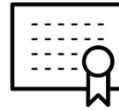
Global Leadership

Among Top 3 Line Pipe Manufacturers globally



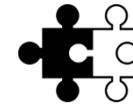
Accreditations

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



Expertise

Executed critical & complex projects worldwide



Customer Centricity

Delivered 15+ 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

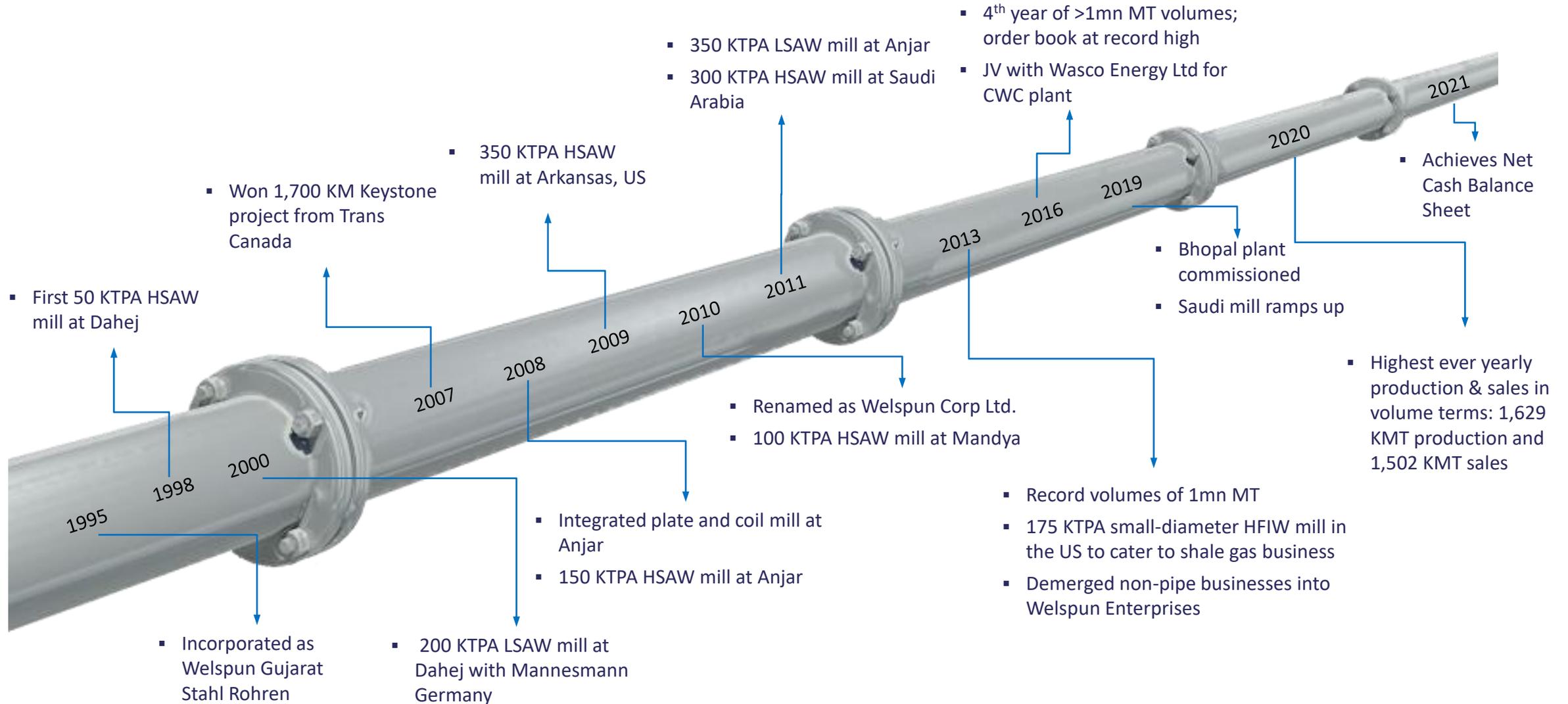
Independent Board |
Focus on Diversity, CSR & Sustainability



Approvals & accreditations from marquee customers is a significant entry barrier



Key Milestones



Product Information

HSAW Pipes

(Helically welded)

18 – 140 inch
diameter, 6 mm to
25 mm
thickness

Onshore oil, gas & water
transmission

LSAW Pipes

(Longitudinally welded)

16 – 60 inch
diameter,
6 mm to 43 mm
thickness

Onshore / Offshore oil & gas
transmission

ERW Pipes

(Electric Resistance
Welded)

1.5 – 20 inch
diameter, 4 mm to
14 mm
thickness

Onshore O&G transmission
and Downstream O&G
distribution

DI Pipes

(Ductile Iron)

80– 1200 mm
diameter, K7 and
K9 class

Potable Water distribution

Coating Systems

3LPE, FBE, 3LPP, Concrete Weight Coating,
Internal Epoxy, Coal Tar Enamel, Inside
Cement Mortar Lining

Value Added services

Double Jointing, Pipe bending, ID Machining,
Dump Site & Inventory management

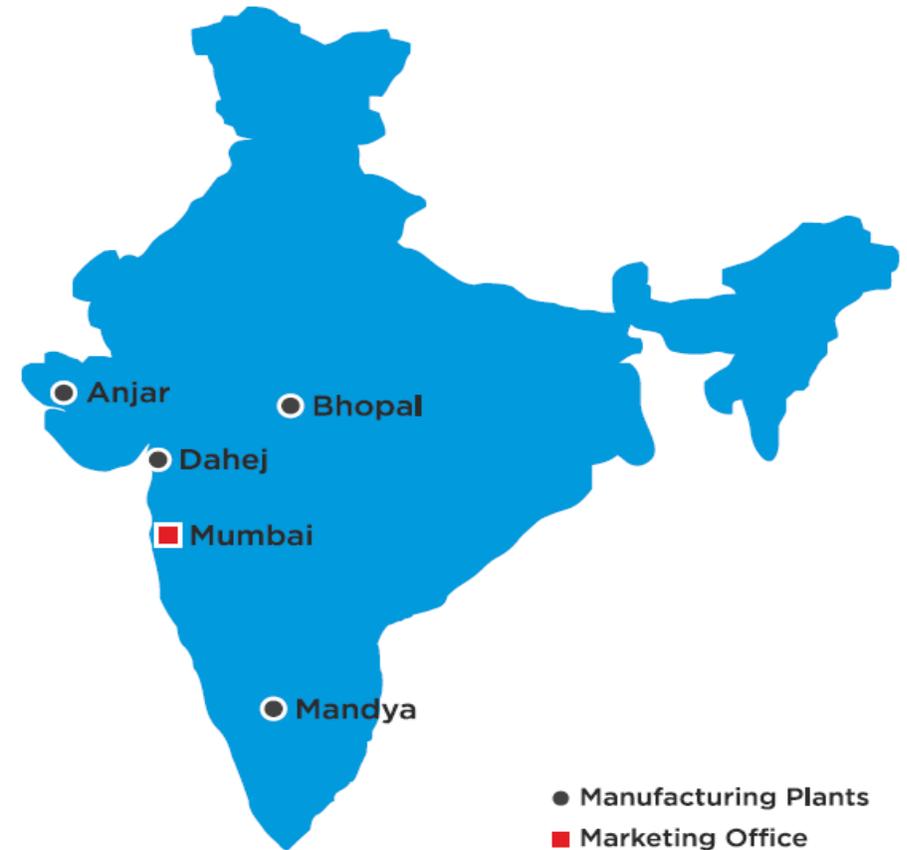
Unique Manufacturing Advantage: India

INDIA : 20+ YEARS OF EXPERTISE

- All-round capability: Pipes, bends, internal and external coating, Concrete Weight Coating
- Location advantage: Ideal to cater to export and domestic businesses
- Proximity to the key demand centres in West, South and Central India
- Heaviest LSAW Mill in India
- Approvals from all major domestic and Global O&G companies
- Healthy relationships with international and domestic steel suppliers
- Entry Barriers (India):
 - MoPNG requirement: Domestic value addition should be at least 35% of the cost

Strategically Located Plants

...to cover West, South and Central India



Unique Manufacturing Advantage: US & Saudi

US: DOMINANT PLAYER IN LINE PIPES

- Largest and most modern spiral (HSAW) mill
- Patented manufacturing technologies
- Strategic location, west of the Mississippi river
 - Close proximity: Oil basins & LNG terminals
- Robust logistics infrastructure:
 - Easy access to Arkansas river and New Orleans port
 - In-house rail connectivity
- Healthy relationship with key steel & logistic suppliers
- Favorable trade policies - “Melt in USA”; Anti-dumping duty, CVD & Section 232 tariffs

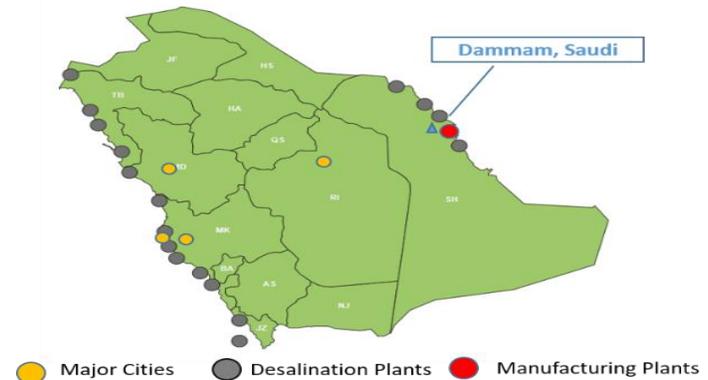
Proximity to Shale Basins



SAUDI: ONE OF THE LARGEST PIPE PLANTS

- Location Advantage:
 - Proximity to Dammam Port
 - Closer to major business destinations
- Approved and accredited by both Saudi Aramco and Saline Water Conversion Corporation (SWCC)
- Experience of executing multiple complex projects in O&G and water
- Healthy relationship with key steel suppliers
- IKTVA Program favors domestic pipe industry

Location Advantage



Board of Directors & Management Profile

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

Dipali Goenka - Non Executive Non Independent Director

- Graduate in Psychology & completed Management Program from Harvard
- Has been instrumental in transforming Welspun India into a global leader in home textiles

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

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

Todd Phillips - Vice President Sales - AMERICAS

- Rich and varied experience of nearly 30 years
- Has previously worked with Borusan USA, Gulf Interstate Engineering, Pe Ben USA, MTS USA, United Spiral Pipe and other companies of repute

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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