

Welspun Corp Limited

Investor Presentation | January 2021



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Q3 FY21 at a Glance



268 KMT

Global Production



285 KMT

Global Sales



612 KMT

Global Order Book



₹ 252 crs

EBITDA



10,050 /
US \$135

Op EBITDA / Ton



₹ 195 crs

Profit After Tax



₹ 314 crs

Net Cash Position



₹ 7.5

EPS



1.496 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

Financial Results for Q3

Particulars (Rs Cr)	Q3FY21	Q2FY21	QoQ
Pipe Sales Volume (KMT)	285	249	14.3%
Total Income from Operations	1,393	1,158	20.4%
Operating EBITDA	189	187	1.0%
EBITDA	252	240	5.1%
Depreciation	54	52	4.1%
Finance cost	13	15	-9.9%
Profit before tax and share of JV	185	173	6.6%
Tax	66	63	4.4%
Non Controlling Interest	(7)	(5)	54.7%
Share of profit/(loss) from associates & JVs	84	47	78.0%
Net Profit	195	152	28.1%
EPS	7.5	5.8	28.3%

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

Inauguration of the Bhopal Pipe & Coating Plant by The Hon. CM of Madhya Pradesh on 20th Dec 2020



- Total capacity stands at 305 KMT (HSAW)
- State of the art manufacturing facility spread across 150 acres in the Raisen district
- Will cater to growing demand for Water and Oil & Gas infrastructure in Central and East India

The Way Forward

Extracting maximum value from Assets

- Pipe business – Maximizing Asset Utilisation
- Divestment of non-core businesses - Asset Light Approach
- IPO of Saudi JV

Strengthening Competitive Advantage

- Automation & Digitisation
- Talent development
- Quality control
- Introduce niche product basket



Converting adversity into opportunity

- Leaner cost structure
- Leveraging strength of Balance Sheet, Human Capital, Customer Relationships & Technical know-how
- Entry into Ductile Iron Pipes

Strong Balance Sheet

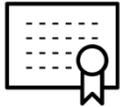
- Focus on FCF: Optimizing capex and working capital
- Efficient utilization of cash
- Mobilising funds for future growth

Welspun Corp at a glance



Top
3

Among Line Pipe Manufacturers globally



50+

Approvals from O&G majors; Qualifies for global bidding



14+
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
Total (KMT)	1,655				525	375	2,555



Port based facilities



All major accreditations



Best in class equipment & practices

Our Business Moat

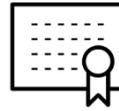
Global Leadership

Among Top 3 Line Pipe Manufacturers globally



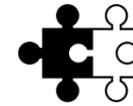
Accreditations

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



Expertise

Executed critical & complex projects worldwide



Customer Centricity

Delivered 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

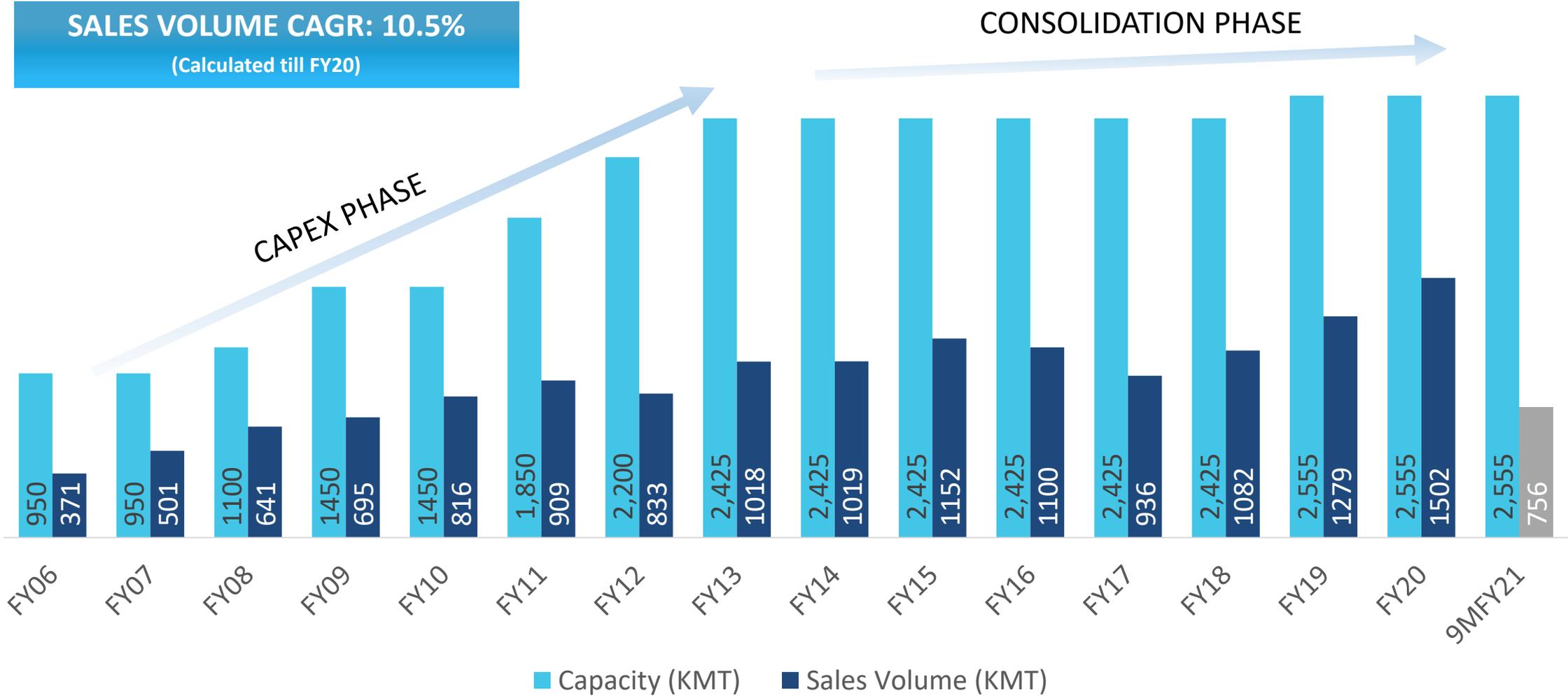
Independent Board | Focus on Diversity, CSR & Sustainability



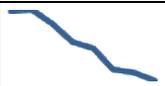
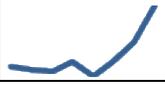
Approvals & accreditations from marquee customers is a significant entry barrier



Pipes: Capacity and Volumes



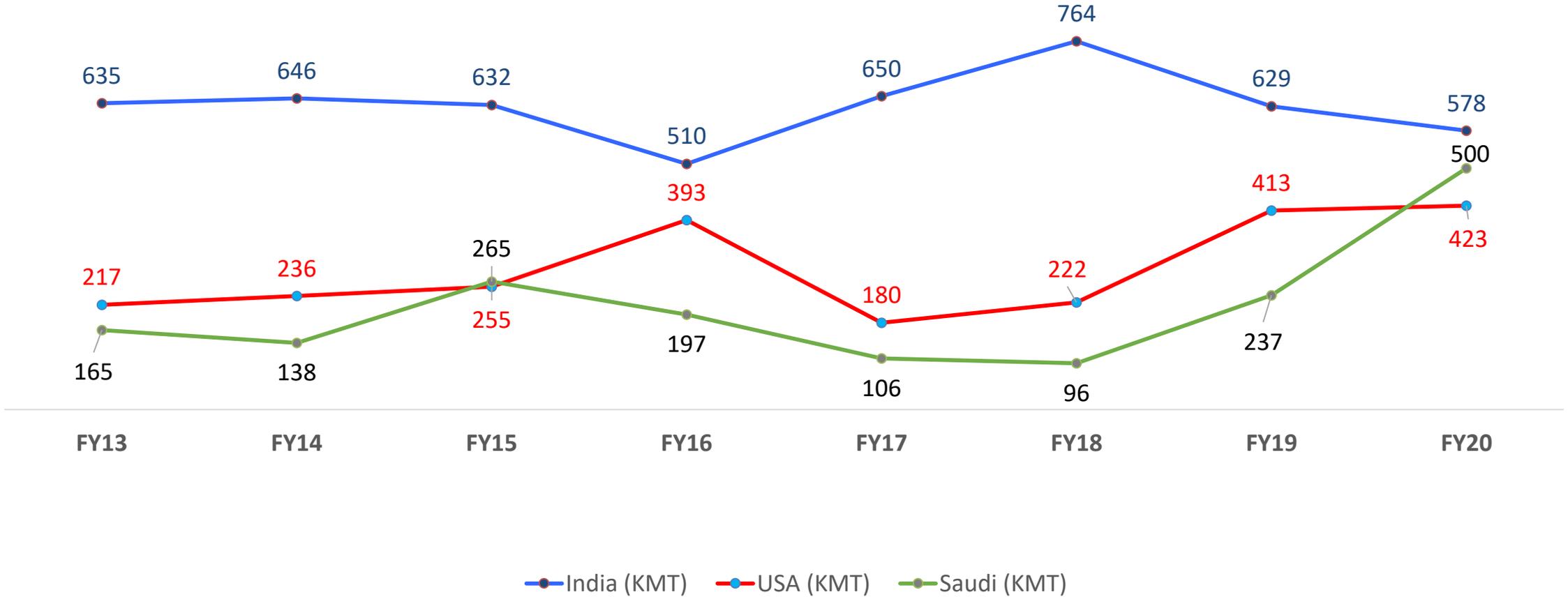
Long Term Financial Performance

Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	9MFY21	CAGR %
Sales Volume (KMT)	1,018	1,019	1,152	1,100	936	1,082	1,279	1,502	756	5.7%
Revenue (INR cr)	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	4,620	1.3%
EBITDA (INR cr)	919	844	951	891	737	815	708	1,276	689	4.8%
EPS	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	15.5	22.8%
Net Worth (INR cr)	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	3,575	2.3%
Net Debt / (Cash) (INR cr)	2,314	2,568	1,910	1,355	1,106	422	286	32	(314)	
Net debt/Equity	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.09x	
ROCE (pre-tax)	8.2%	7.4%	8.7%	8.0%	6.4%	8.8%	22.6%	32.1%	19.2%	
ROE	3.7%	2.6%	2.4%	5.2%	0.9%	5.6%	11.7%	23.7%	16.0%	

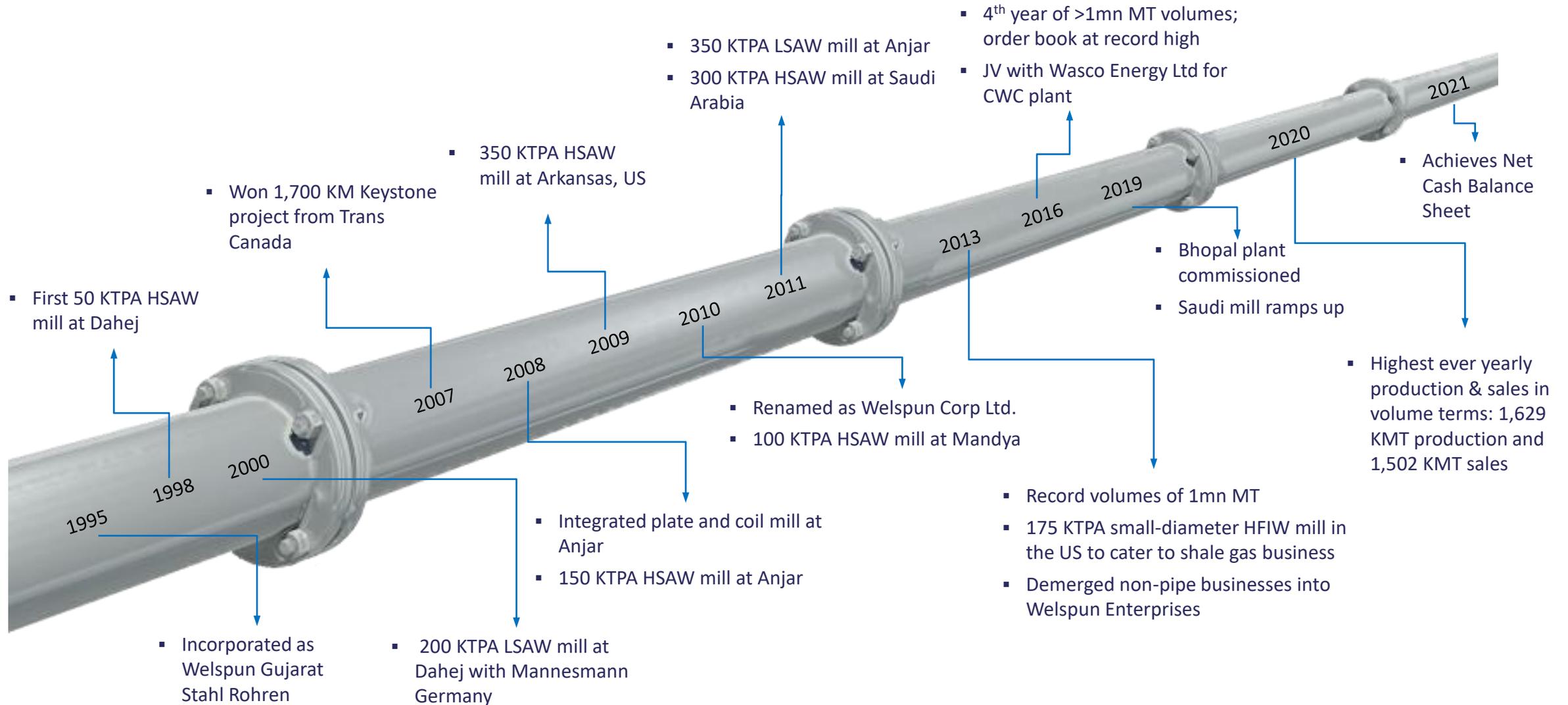
Note:

- 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
- CAGR calculated till FY20

Volume Mix



Key Milestones



Product Information

HSAW Pipes

(Helically welded)

18 – 140 inch diameter,
6mm 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/HFIW Pipes

(Electric Resistance Welded /
High-frequency Induction
Welded)

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

**Onshore O&G transmission and
Downstream O&G 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

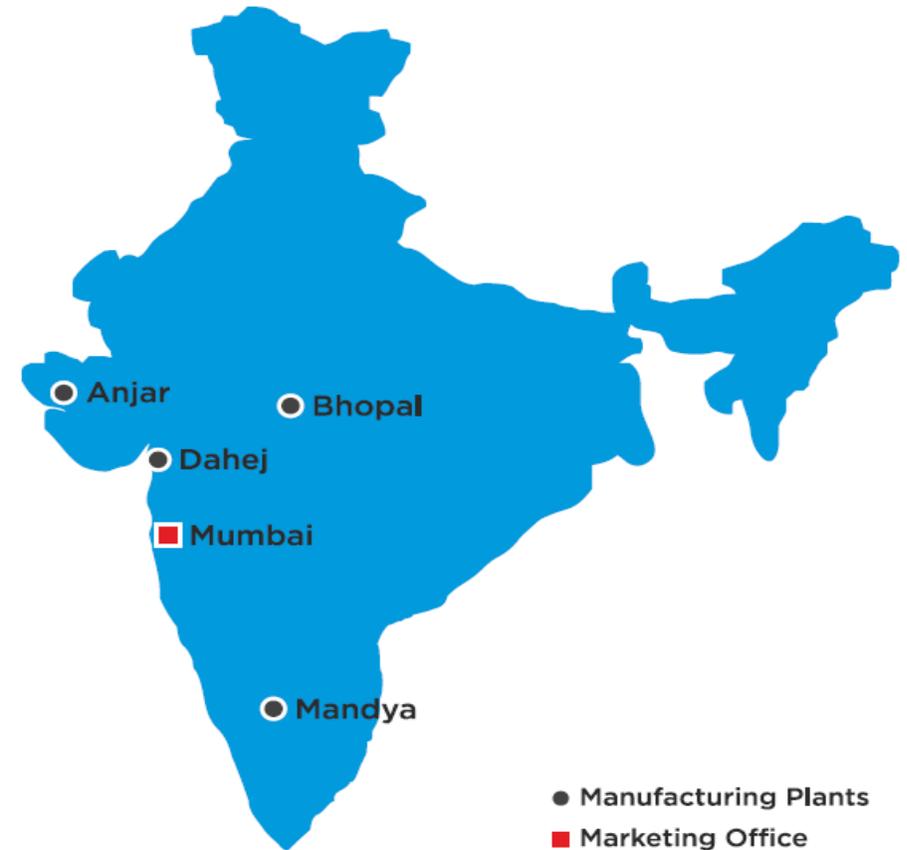
Unique Manufacturing Advantage: India

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

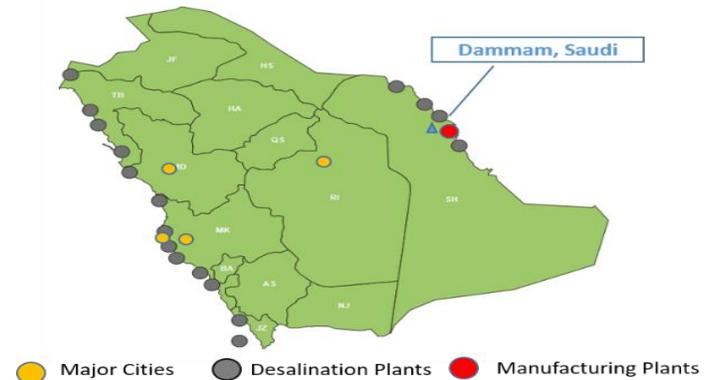
Proximity to Shale Basins



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
- IKTV 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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www.welspuncorp.com

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