

Welspun Corp Limited

Investor Presentation | October 2020



Disclaimer

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Welspun Corp Limited (the “Company” or “WCL”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.

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
Products / City	Anjar	Dahej	Mandya	Bhopal	Little Rock	Dammam	
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

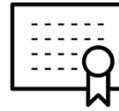
Global Leadership

Among Top 3 Line Pipe Manufacturers globally



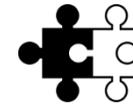
Accreditations

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

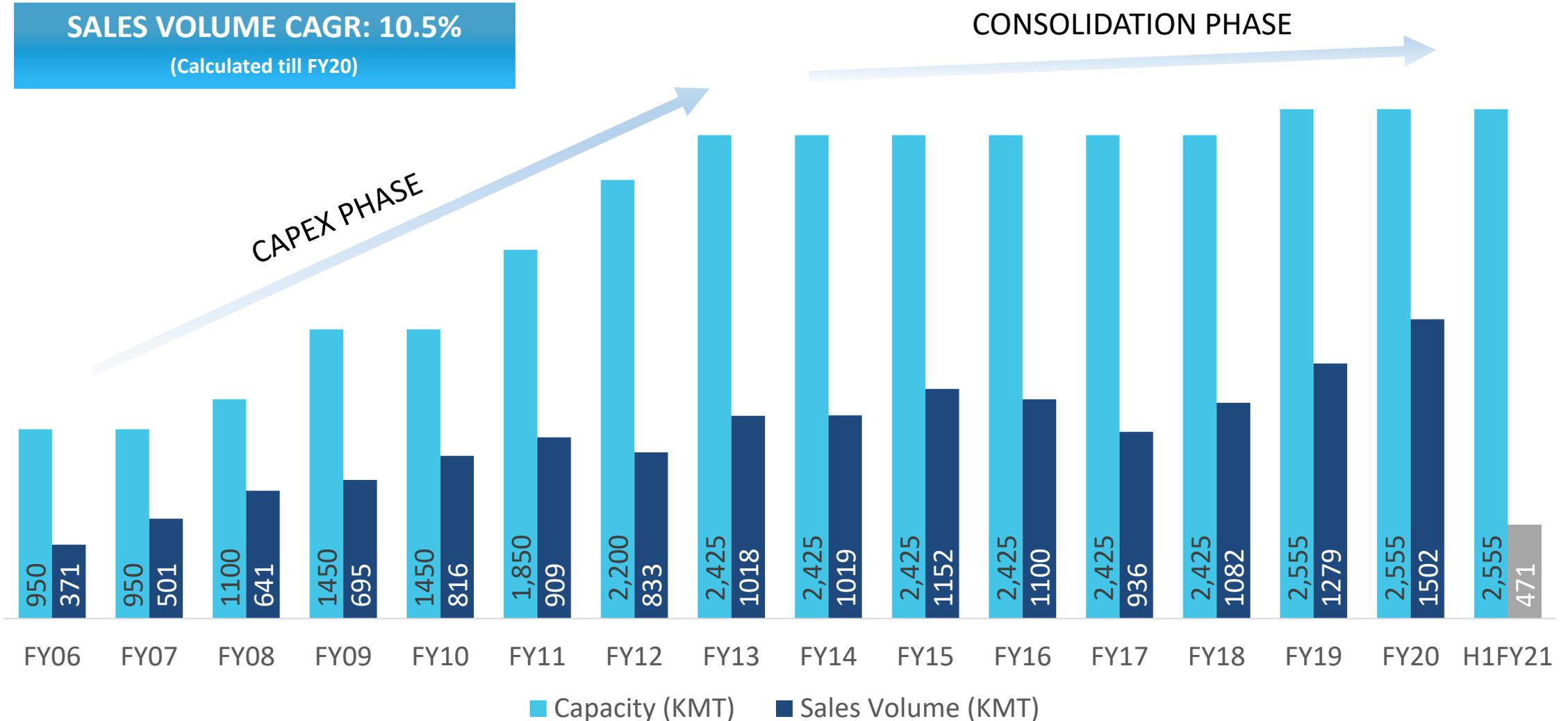
Independent Board | Focus on Diversity, CSR & Sustainability



Approvals & accreditations from marquee customers is a significant entry barrier



Pipes: Capacity and Volumes



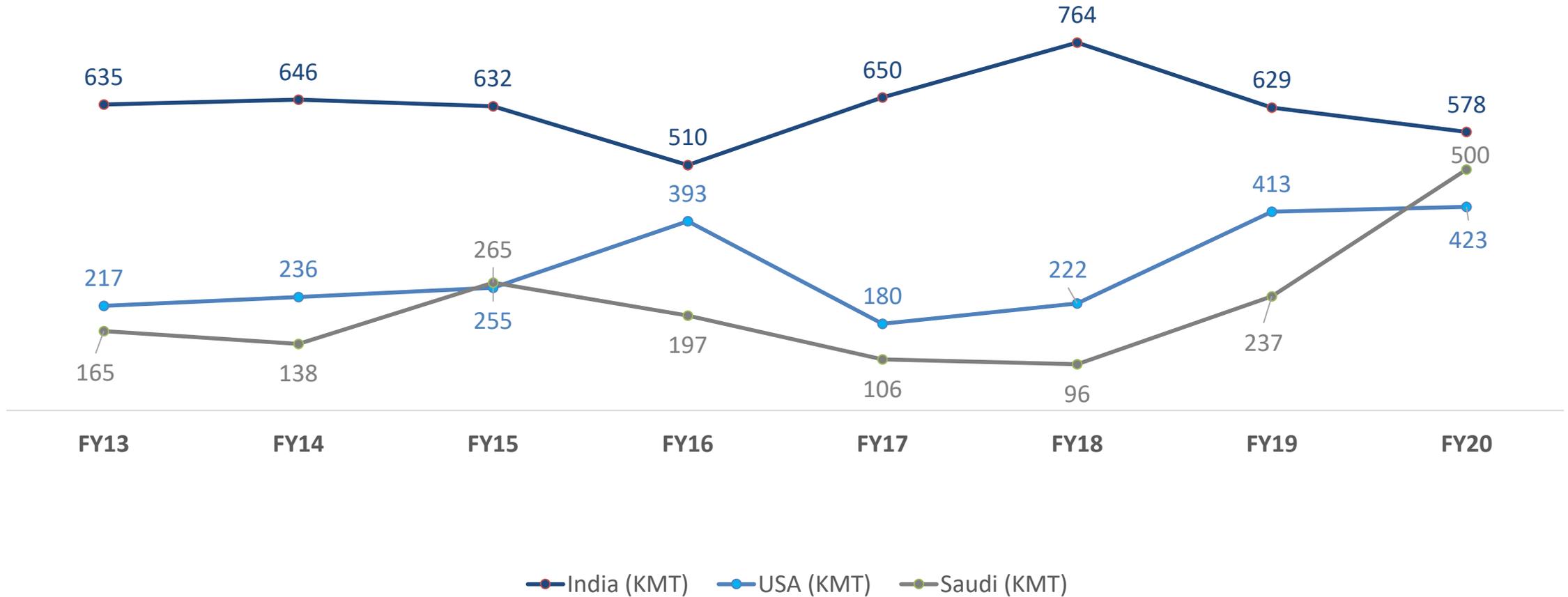
Long Term Financial Performance

Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	H1FY21	CAGR %
Sales Volume (KMT)	1,018	1,019	1,152	1,100	936	1,082	1,279	1,502	471	5.7%
Revenue (INR cr)	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	3,227	1.3%
Operating EBITDA (INR cr)	708	774	769	778	594	705	897	1,284	369	8.9%
EPS	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	8.1	22.8%
Net Worth (INR cr)	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	3,387	2.3%
Net Debt (INR cr)	2,314	2,568	1,910	1,355	1,106	422	286	32	(655)	
Net debt/Equity	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.19x	
ROCE (pre-tax)	8.2%	7.4%	8.7%	8.0%	6.4%	8.8%	22.6%	32.1%	26.8%	
ROE	3.7%	2.6%	2.4%	5.2%	0.9%	5.6%	11.7%	23.7%	18.1%	

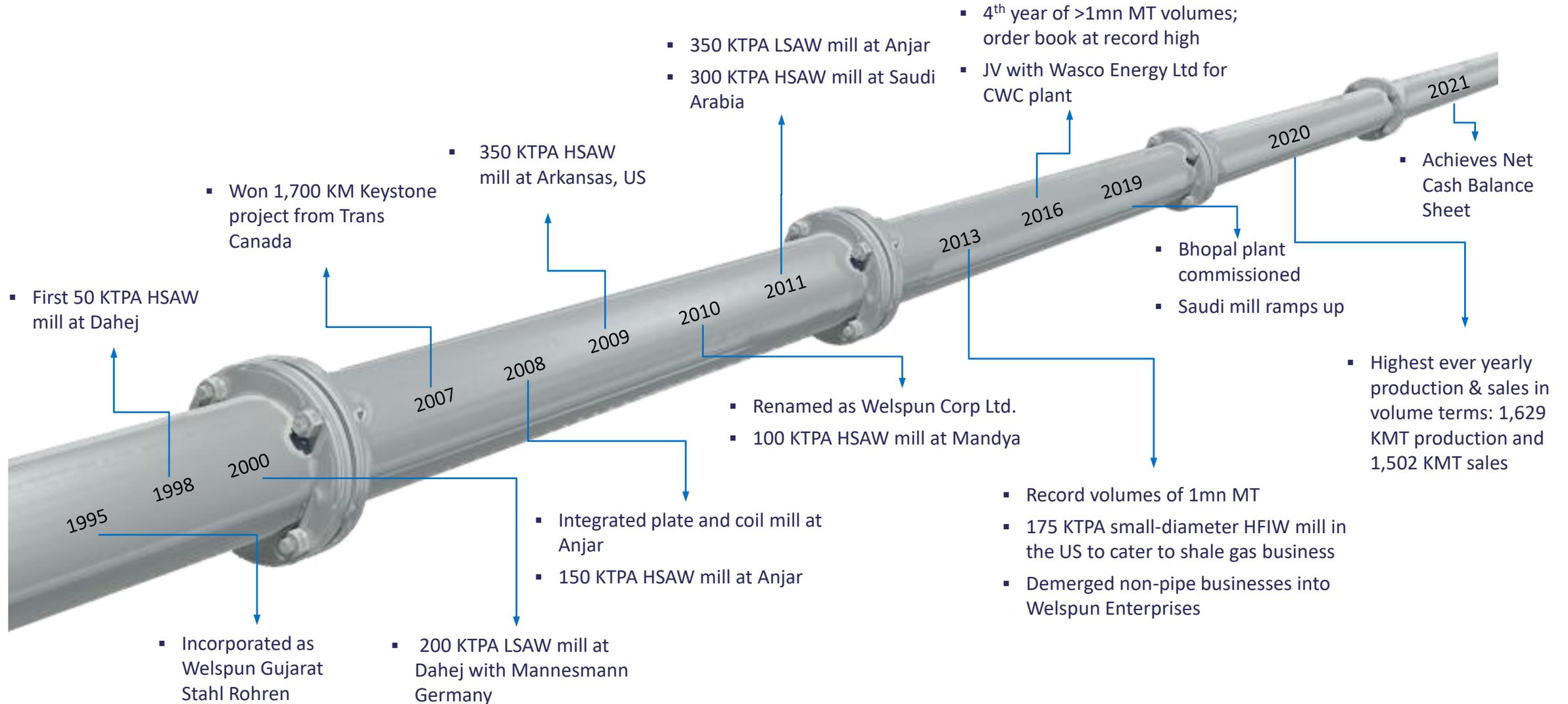
Note:

- 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

**Onshore oil, gas & water
transmission**

LSAW Pipes

(Longitudinally welded)

16 – 60 inch diameter,
6 mm to 43 mm

**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

**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

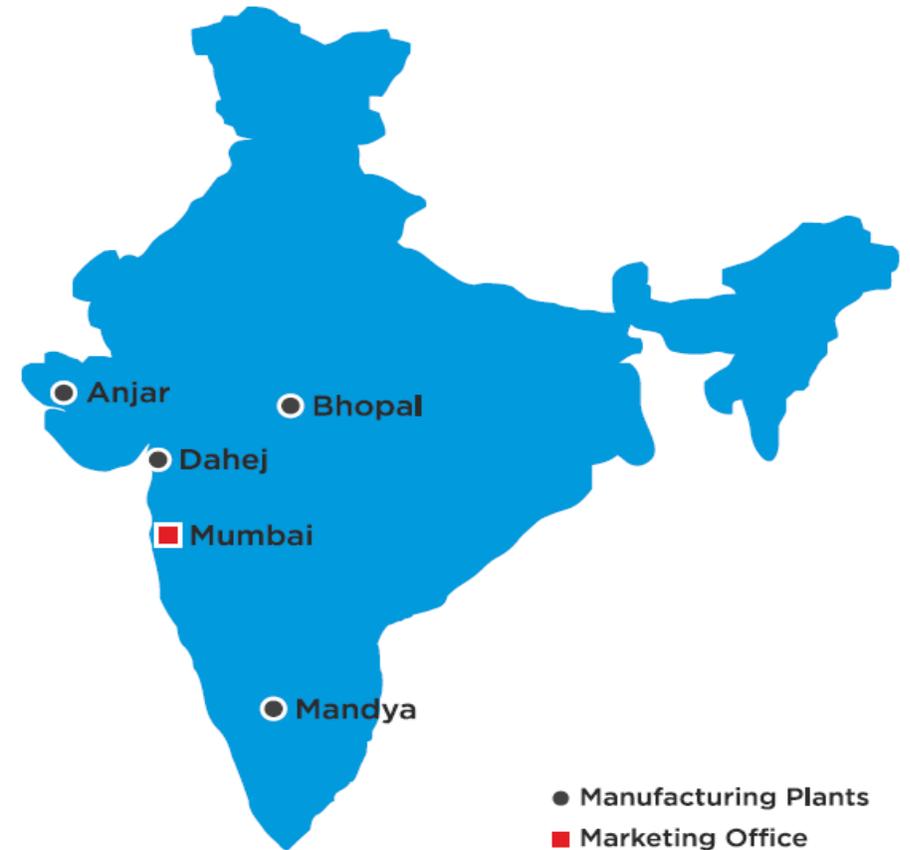
Unique Manufacturing Advantage: India

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

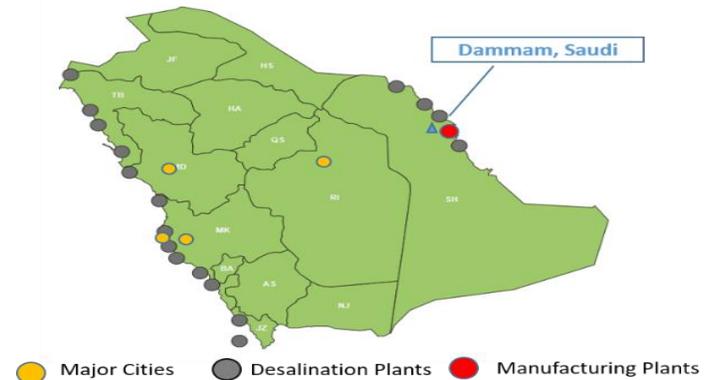
Proximity to Shale Basins



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
- IKTVA Program favors domestic pipe industry

Location Advantage



Q2 FY21 at a Glance



268 KMT

Global Production



249 KMT

Global Sales



256 KMT

Order Booked in Q2



₹ 240 crs

EBITDA



12,400 /
US \$165

Op EBITDA / Ton



₹ 152 crs

Profit After Tax



₹ 457 crs

Net Cash – Generated in Q2



₹ 478 crs

Free Cash Flow Generated
Q2



1.5 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 Q2

Particulars (Rs Cr)	Q2FY21	Q1FY21	QoQ
Pipe Sales Volume (KMT)	249	222	12.3%
Revenue	1,158	2,069	-44.1%
Operating EBITDA	187	183	2.2%
EBITDA	240	197	22.0%
Depreciation	52	53	-2.7%
Finance cost	15	28	-47.1%
Profit before tax and share of JV	173	115	50.3%
Tax	63	78	-19.0%
Non Controlling Interest	(5)	(2)	126.1%
Share of profit/(loss) from associates & JVs	47	23	105.5%
Net Profit	152	58	163.2%
EPS	5.8	2.2	161.6%

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

Future Outlook

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

Management Profile: Running the show

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

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

Hisham Abdullatif Mohammed Allhmlil, 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

CIN: L27100GJ1995PLC025609

www.welspuncorp.com

For further information, please contact:

Mr. Gaurav Ajjan
gaurav_ajjan@welspun.com