

Welspun Corp Ltd

Investor Presentation - July 2020



SAFE HARBOUR

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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

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 76.97	Currently around 75 levels
	Logistics	Supply chain disruptions.	Supply chain gradually improving
	Plants & Offices	Complete shutdown from late March till Mid April	Plants operational from mid April 2020.
	Order Book	One each large order from Australia & USA got deferred	Recently won a large order in USA for 90KMT

COVID-19 – COMPANY ACTION PLAN

People

- WFH for HO location. Other plants completely operational.
- Task force created & responsibilities assigned for each important function.
- Extensive training imparted to enhance skill set (> 100 webinars).
- Availability of medical staff round the clock at our key locations

Cash

- Comfortable liquidity position
- Sharp focus on collections.
- Complete check on payments.
- Cost optimization measures enforced.
- Significant capex reduction.
- Benefits from government stimulus packages

Customer

- Current order book provides 2-3 quarters visibility
- All PSU projects on fast track mode.
- In consultation with EPCs for securing major water projects.
- Force majeure letters sent where necessary

Production & Supply Chain

- Resumed operations with revised SOPs & policies for safety & security in second fortnight of April in India. KSA plant operational from 7th June.
- Flawless start up due to high level of maintenance during lockdown
- Logistics substantially picked up helping in revenue recognition

Q1 FY21 - AT A GLANCE



694 KMT

Order Book;
Valued at US \$ 734 mn



₹ 198 cr

Net Cash – From Net Debt of
INR 32 Crs (March FY20)



₹ 197 cr

EBITDA



₹ 279 Crs

Free Cash Flow



₹ 58 cr

Profit After Tax



**₹ 10,100 /
US \$135**

Op EBITDA / Ton



130 KMT

Production



222 KMT

Sales



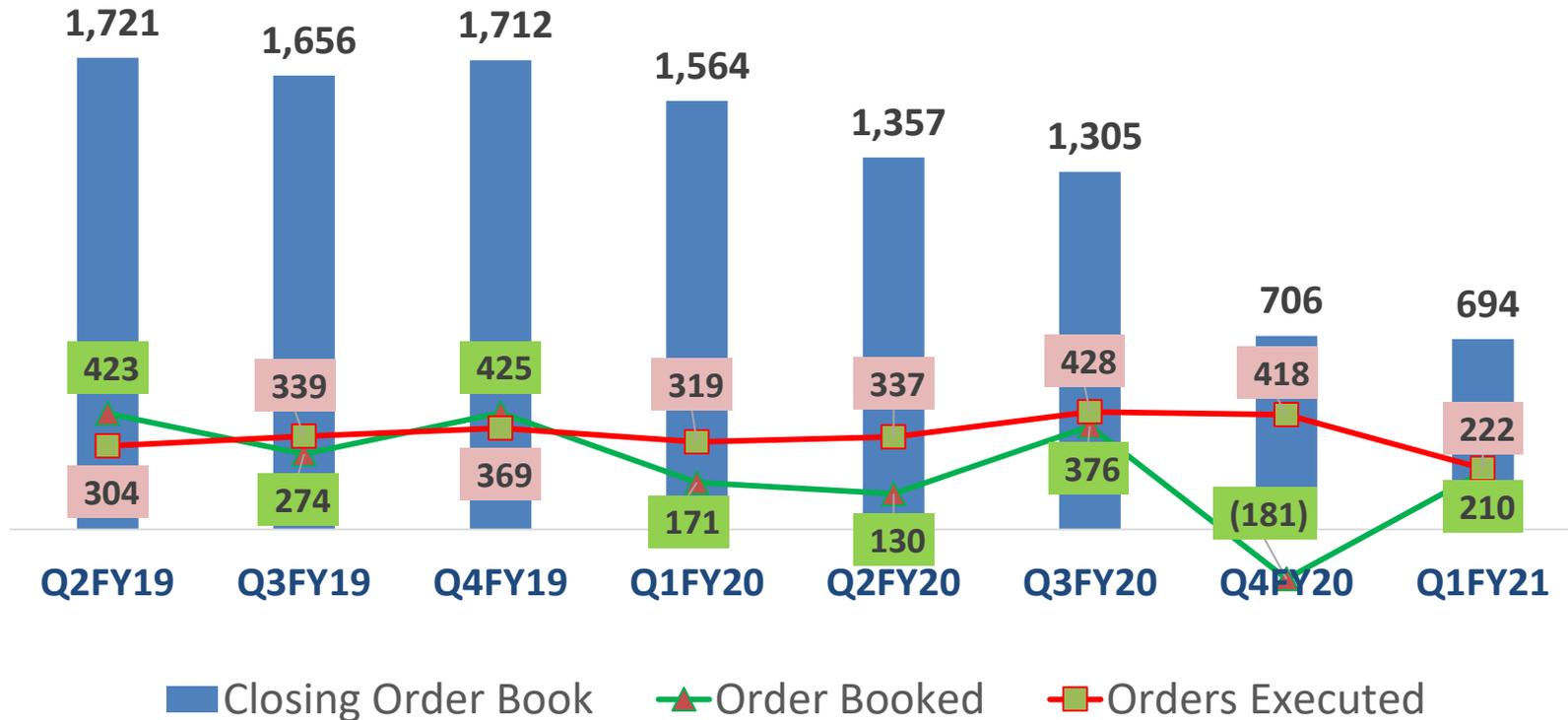
1.8 mn MT

Active Bids;
Future Outlook

ORDERBOOK – QUARTERLY TREND

(Figures in KMT)

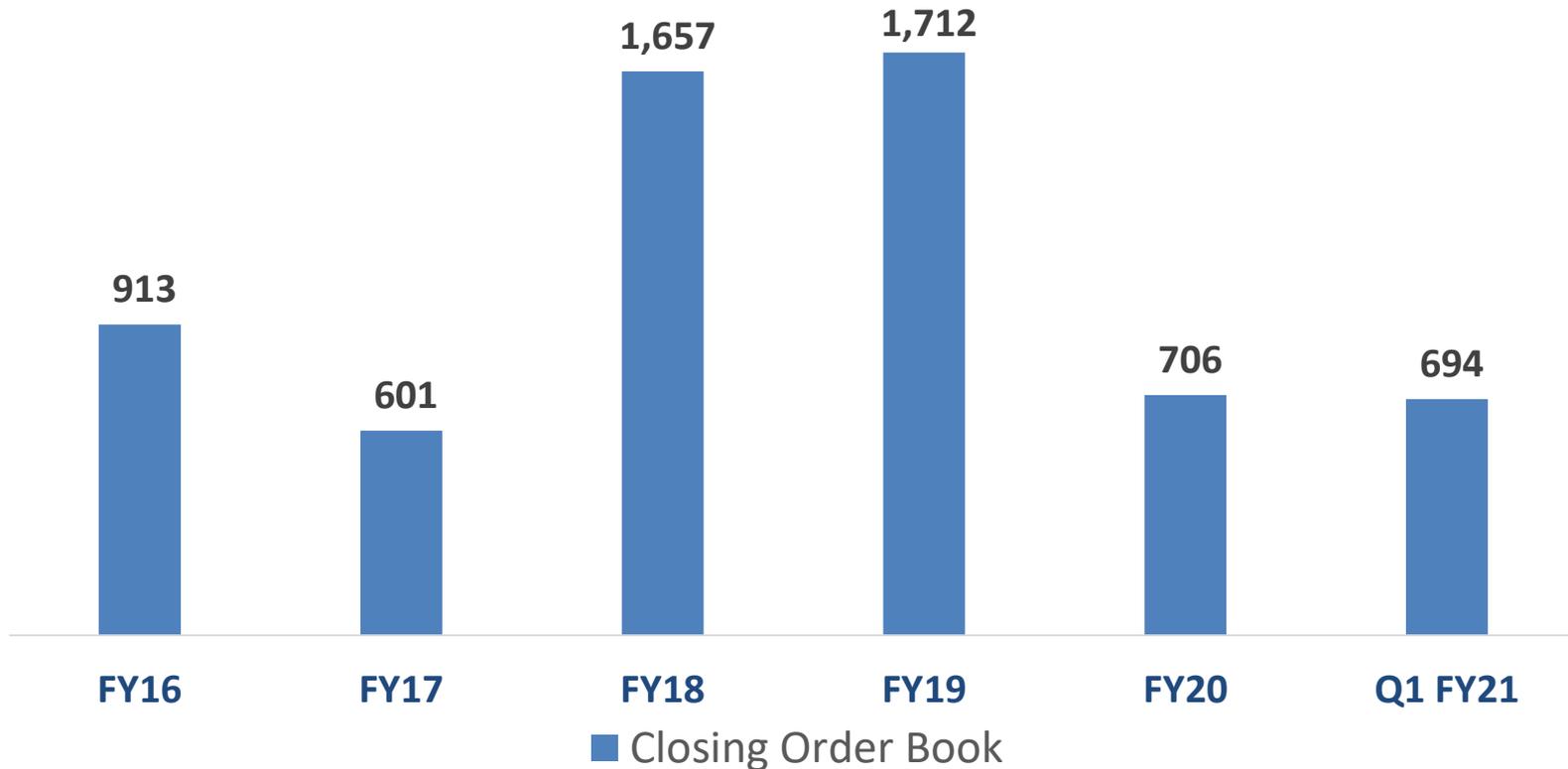
Order Book Valued at USD 0.73 Billion



Decent order book in spite of challenging macro environment

ORDERBOOK – YEARLY TREND

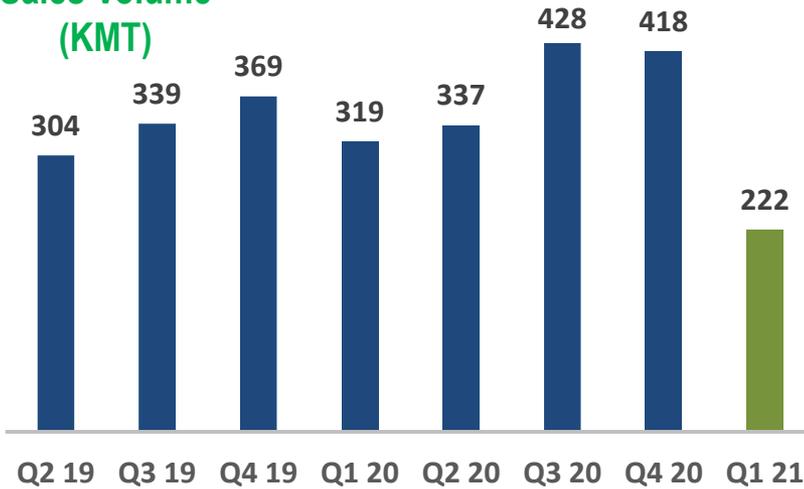
(Figures in KMT)



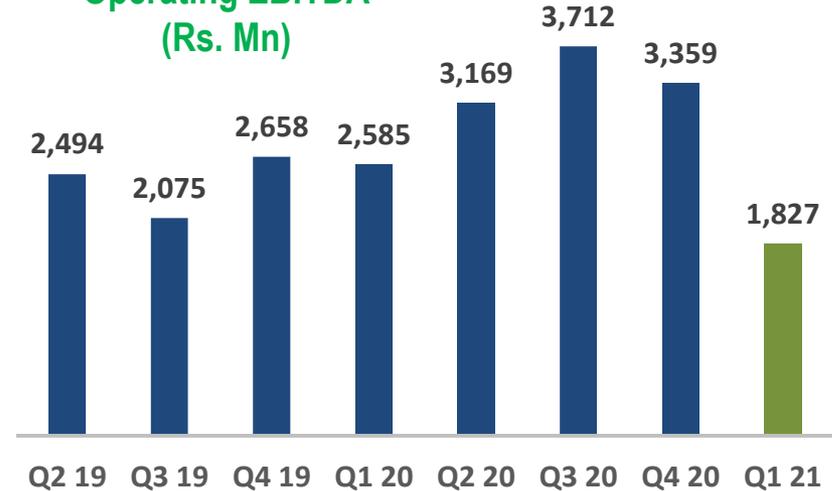
Decent order book in spite of challenging macro environment

P&L - QUARTERLY

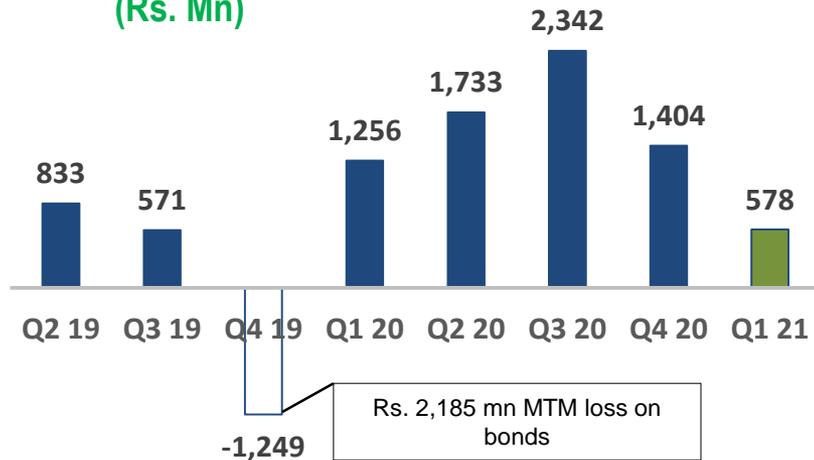
Sales Volume
(KMT)



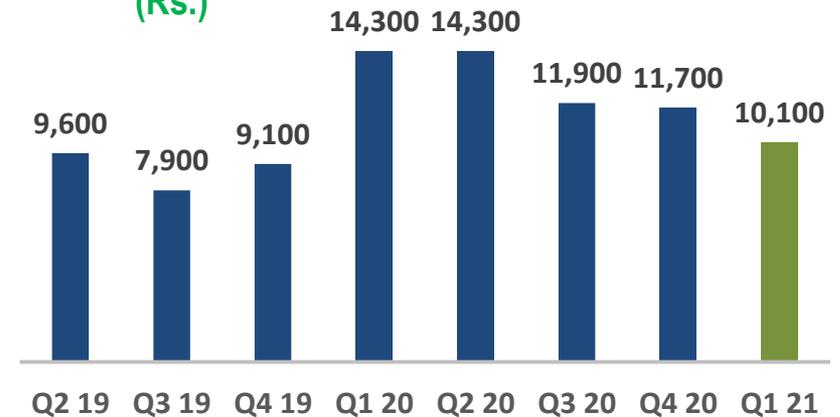
Operating EBITDA
(Rs. Mn)



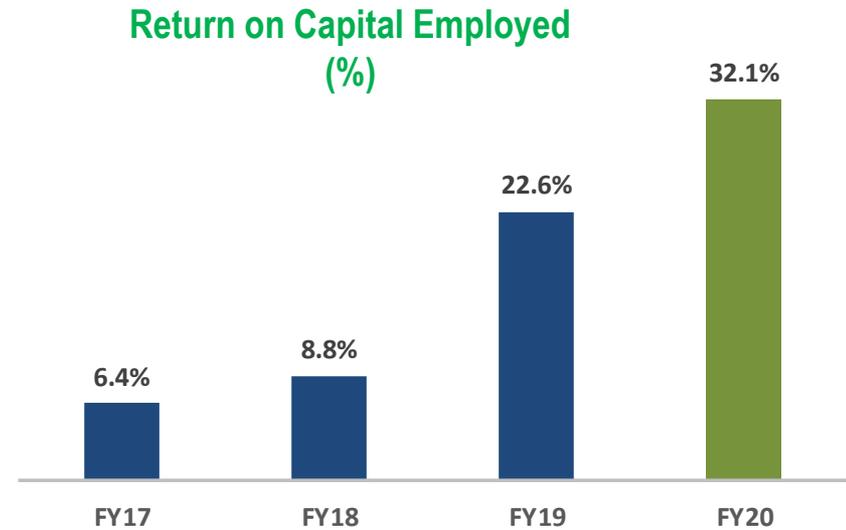
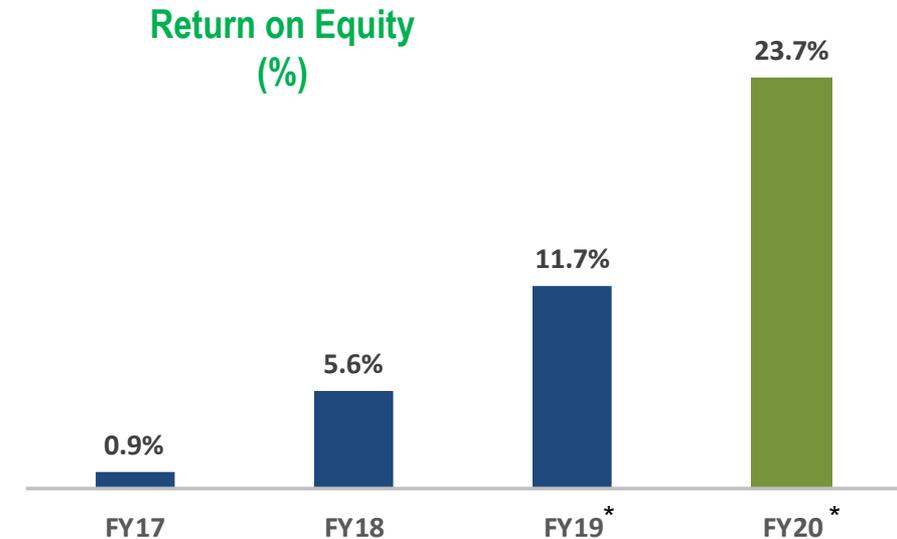
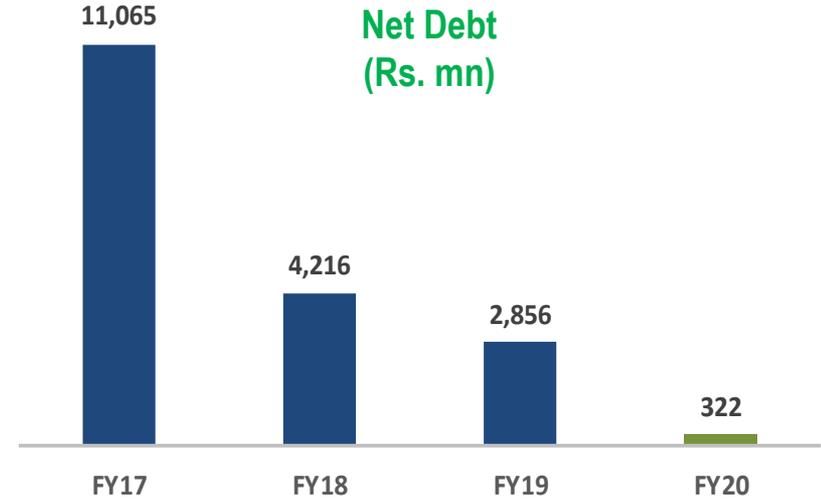
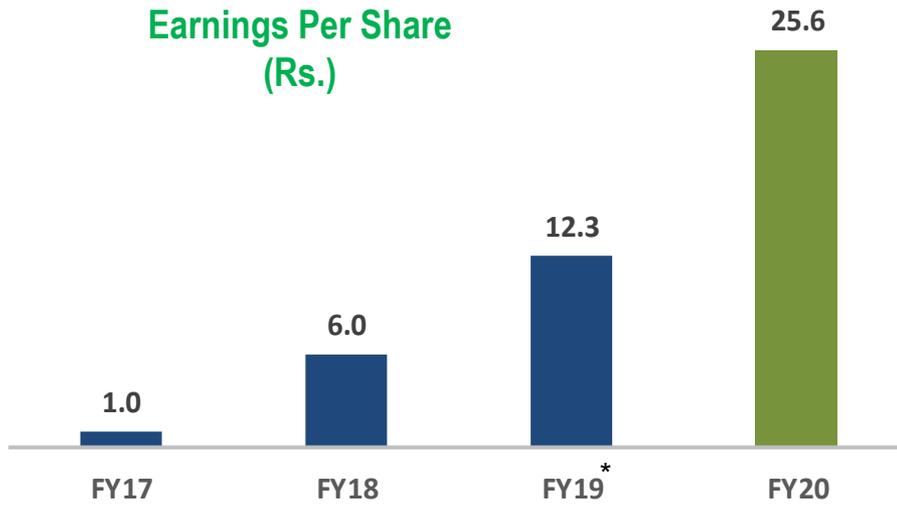
Profit After Tax
(Rs. Mn)



Operating EBITDA / Ton
(Rs.)



KEY METRICS - YEARLY

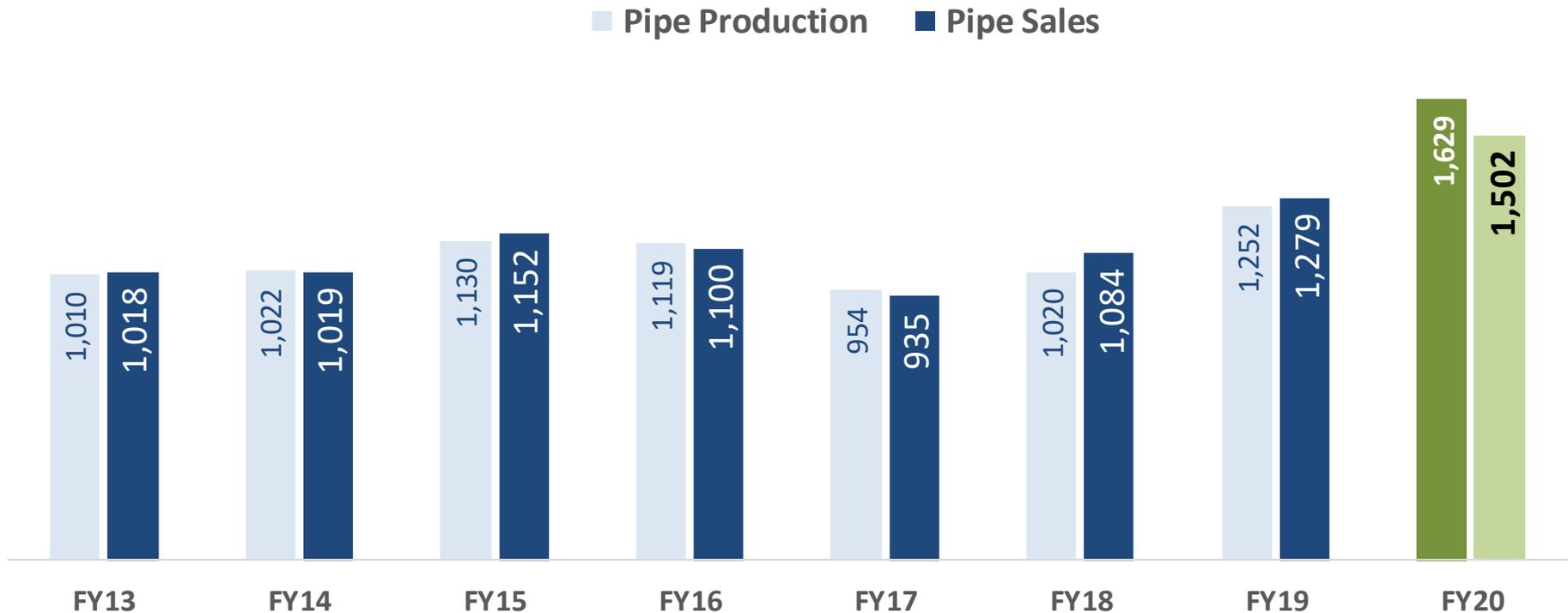


Note: Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures; FY19 onwards figures pertain to continuing operations (Pipes) only

*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

RESULTS

Particulars (Rs Mn)	Q1 FY21	Q4 FY20	QoQ	Q1 FY20	YoY	FY20	FY19	YoY
Pipe Sales Volume (KMT)	222	418	-46.9%	319	-30.4%	1,502	1,279	17.4%
Revenue	20,693	27,589	-25.0%	20,471	1.1%	99,568	89,535	11.2%
Operating EBITDA	1,827	3,359	-45.6%	2,585	-29.3%	12,839	8,966	43.2%
EBITDA	1,968	3,182	-38.2%	2,416	-18.5%	12,759	7,077	80.3%
Depreciation	534	587	-9.0%	545	-1.9%	2,333	2,597	-10.2%
Finance cost	281	362	-22.3%	395	-28.8%	1,440	1,774	-18.8%
Profit before tax and share of JV	1,153	2,234	-48.4%	1,476	-21.9%	8,985	2,706	232.0%
Tax	782	1,637	-52.2%	384	103.9%	4,125	1,223	237.4%
Non Controlling Interest	(20)	(89)	-77.1%	(5)	283.0%	(186)	84	-
Share of profit/(loss) from associates & JVs	228	896	-74.5%	169	35.4%	2,060	(885)	-
PAT after Minorities & JVs	578	1,404	-58.8%	1,256	-54.0%	6,735	682	887.0%
EPS	2.2	5.4	-58.6%	4.7	-53.0%	25.6	2.6	893.6%

Note:

- Prior period figures have been restated, wherever necessary
- Figures are pertaining to continuing operations only (Pipes)

WAY FORWARD



Strengthening Business Moat through:

- 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
- Evaluating niche businesses available at deep discount

Extracting maximum value from Assets:

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

Leaner Balance Sheet:

- Sharp reduction in Gross Debt
- Focus on FCF: Optimizing capex and working capital
- Efficient utilization of cash

BUSINESS MOAT

Global Leadership

Among Top 3 Line Pipe Manufacturers globally



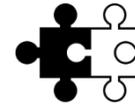
Accreditations

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....

ESTABLISHED RELATIONSHIP WITH GLOBAL GIANTS

Oil & gas



Transportation



Others



Approvals & accreditations from marquee customers across the globe
 Acts as an Entry Barrier

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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