

Welspun Corp Limited

Investor Presentation | Q2 FY23



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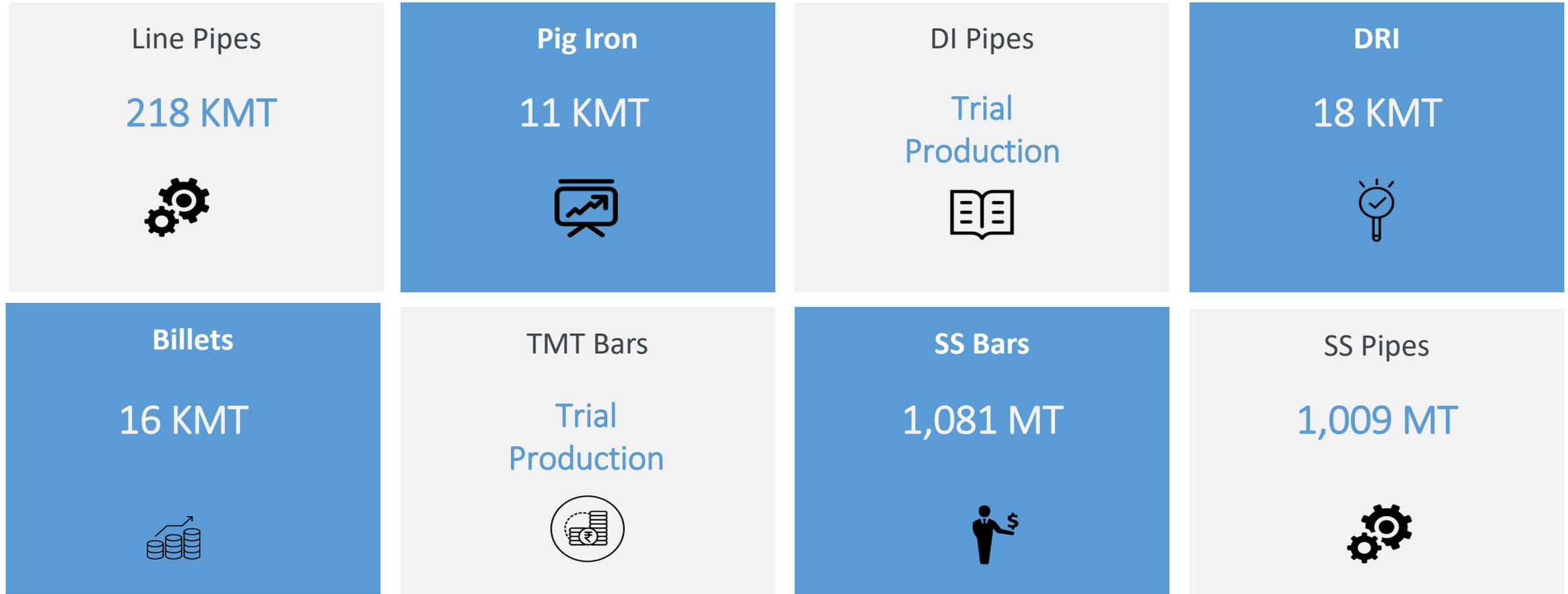
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Sales Volumes at a Glance: Q2 FY23



Note: Pipe Sales volumes include Saudi Arabia operations

Financial Results for Q2 FY23

Particulars (Rs Cr)	Q2FY23	Q1FY23	QoQ	Q2FY22	YoY
Total Revenue from Operations	1,964	1,322	48.6%	1,542	27.3%
Other Income	177	73	143.6%	54	227.0%
Reported EBITDA	46	102	-54.9%	175	-73.8%
Depreciation and Amortisation	70	61	14.3%	63	10.3%
Finance Cost	47	31	55.2%	23	106.2%
Profit before tax and share of JVs	(72)	10		88	-181.2%
Share of profit/(loss) from Associates and JVs	14	4	278.8%	(5)	-353.9%
Tax expense	5	14	-64.5%	27	-81.5%
Non-controlling interest	(7)	(5)	30.2%	(7)	-8.9%
PAT after Minorities, Associates & JVs	(57)	4		63	-190.2%
Basic EPS from Continuing Operations	(2.2)	0.2		2.4	-190.0%

Note:

- Consolidated Financials pertaining to continuing operations
- Prior period figures are restated wherever necessary

Financial Performance

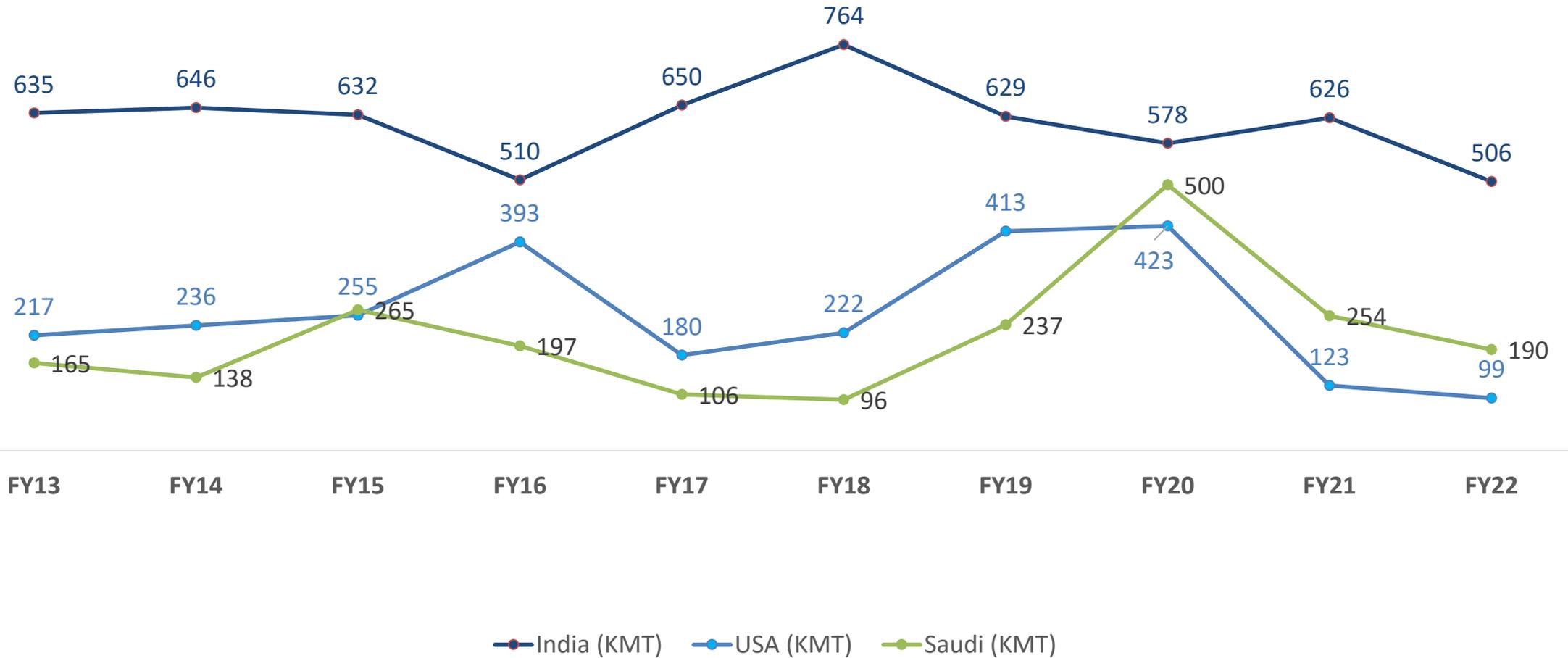
Consistent Performance over the last 10 years

Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	H1FY23
Revenue (INR cr)	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	7,153	6,505	3,286
EBITDA (INR cr)	919	844	951	891	737	815	708	1,276	1,152	1,023	147
Basic EPS	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	29.8	16.8	(2.0)
Net Worth (INR cr)	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	4,209	4,528	4,479
Net Debt / (Cash) (INR cr)	2,314	2,568	1,910	1,355	1,106	422	286	32	(447)	(173)	1,609
Net debt/Equity	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.11x	-0.04x	0.36x

Note:

- Consolidated Financials
- 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 only

Sales Volume Mix: Line Pipes (Long Term Trend)

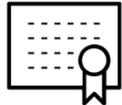


WCL as “it was”: High Quality Line Pipe Business



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

2.5 mn MT Pipes Capacity

**6 manufacturing facilities
in 3 countries**

**Used in Oil & Gas, Water
industry & Structurals**

Approvals & accreditations: Line Pipes

Oil & gas



Transportation



Others



Global Supply Chain

Name	Country
Dillinger 	France and Germany
VAGB 	Austria
Posco 	South Korea
Nippon 	Japan
JFE 	Japan
Bao 	China



More than 2 million MT of plates procured in last 10 years

Healthy Relationships with Suppliers across the world: A key factor for our Global Leadership Position

Welspun Corp: Transforming into a Conglomerate

	Existing	New				Planned
Business	<p>Large Diameter Pipe and Coating</p> <p>New Energy</p>	Pig Iron and DI Pipes	Specialty Steel	Billets & TMT ¹⁾	ABG Shipyards	Plastic Products
Scale	Amongst the Top manufacturers globally	One of the largest standalone single location facility	Integrated producer from steel-making to finished products	One of the largest players in the Key Growth Market of Western India	One of the largest shipyard infrastructure in India	Acquisition ²⁾ of one of the largest national level brand
Focus	Oil & Gas & New Energy	Jal Jeevan Mission	Nuclear, Defense & Power	Infra & Housing	Defense	B2C
		<i>Greenfield</i>	<i>Acquisitions</i>			

Note: 1) Through Forward Integration 2) Acquired Sintex BAPL Ltd.'s Non-Convertible Debentures with outstanding of Rs. 1,223 Crore for a purchase price of Rs. 418 Crore

Our Manufacturing Facilities

Capacity	India					US	Saudi Arabia	Total
	Anjar	Dahej	Mandya	Bhopal	Jhagadia	Little Rock	Dammam	
Products / City								
LSAW	350	350						700
HSAW	250		150	305		350	375	1,430
ERW/ HFIW	200					175		375
Line Pipes (KMT)	1,605					525	375	2,505
TMT Bars (KMT)	350							350
DI Pipes (KMT)	400							400
SS Bars (KMT)					150			150
SS Pipes (KMT)					18			18

Line Pipes: Key Drivers

India

- Expansion of National Gas Grid Pipeline
- **City Gas Distribution (CGD)** network
- **Strong export** outlook with focus on Australia, Central America, South East Asia and Middle East
- **Demand returning in the Water** sector with moderating steel prices

USA

- Rig count almost close to pre-pandemic levels
- Permian basin expected to be the key growth driver
- At least **3 more large gas pipelines** planned from Permian to Gulf coast; 5 new LNG terminals being added for export of gas
- Big focus on **New Energy including Carbon Capture and Ammonia pipelines**

Saudi Arabia

- Saudi Aramco to **boost oil production** from 10 million to 13 million barrels a day by 2027
- Saudi Aramco to **boost gas production by more than 50%** by 2030
- Huge capex in distribution of Desalinated water; 7 large water infrastructure projects planned; Total demand **exceeding 3 MN MT over 3 years**

Line Pipes: Key Drivers

New Energy

This is the future for pipelines

Hydrogen:

- WCL is a part of a key international committee drafting the specifications for these pipelines
- Undertaking critical long lead tests on existing pipeline order to certify compatibility to carry 100% Hydrogen –
Will give us a head start in the global new energy market (in case of success)

Carbon Capture:

- Recently secured a strategic and breakthrough order of 1,250 KM of HFIW pipes (>100 KMT); This will put us
again in the pole position in the new energy market

Line Pipes: Global Order Book Position

Order Book and Outlook providing visibility for next several quarters

As of 31st Oct'22

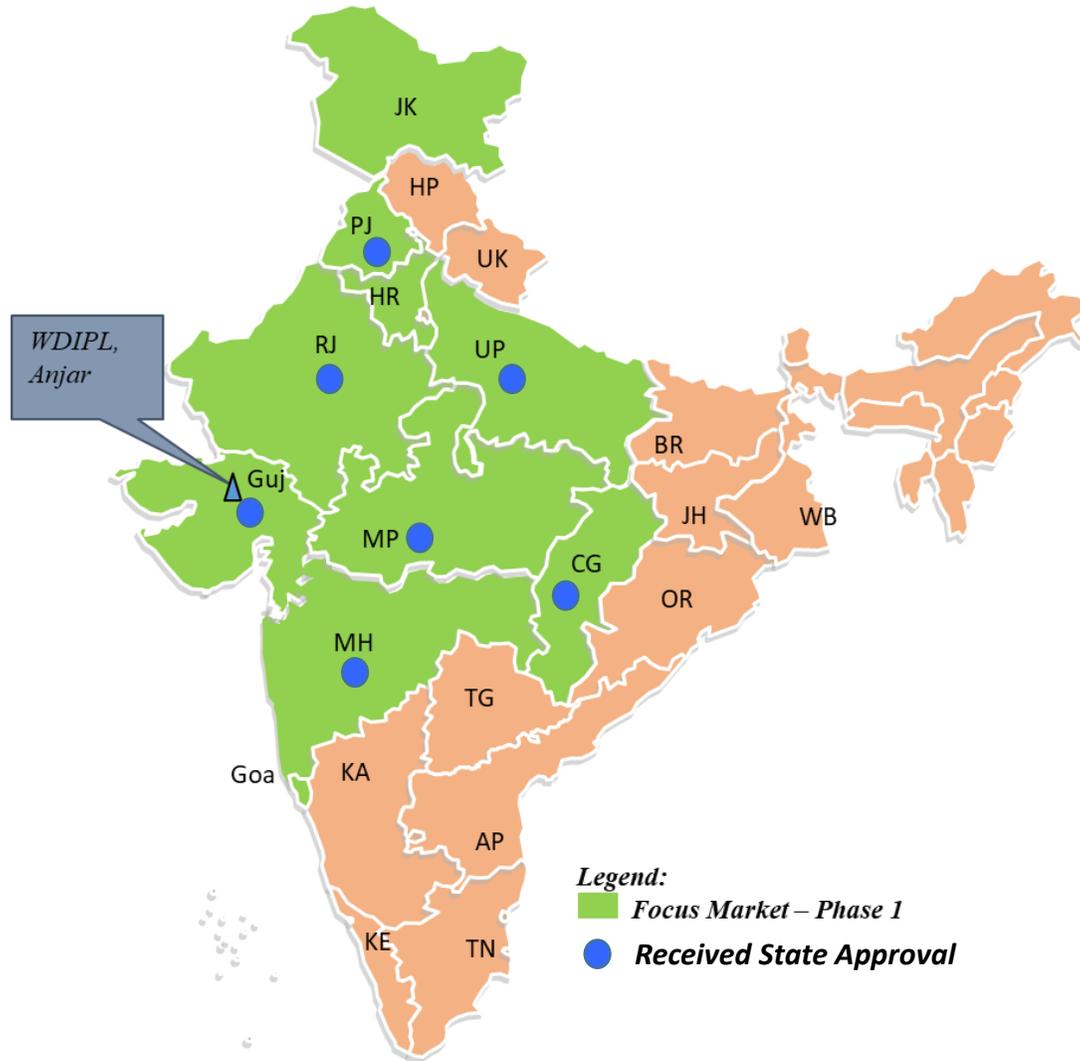
Confirmed Order Book	MT	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Line Pipes							
India							
LSAW	1,20,000						
HSAW	1,30,000						
ERW	30,000						
USA							
HSAW	3,35,000						
ERW	1,25,000						

- Confirmed Order Book of ~1 MN MT (including Saudi Arabia)
- Clear earning visibility for next 5 to 6 quarters

 Confirmed order book
 In pole position for few orders

Ductile Iron Pipes: Market Overview

Our Focus Market will be West, Central and North India



Ductile Iron Pipes: Market Overview

Huge focus on creating drinking water supply infrastructure in India

<i>Value in INR (crores)</i>								
S.No.	State	JIM Budget	Central Expenditure				Total Exp. Till Date	Balance Amount
			FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 YTD		
A	B	C	D	E	F	G	H (D+E+F+G)	C-H
1	Uttar Pradesh	62,963	639	1,761	2,930	2,986	8,317	54,646
2	Madhya Pradesh	23,577	327	1,015	2,263	1,098	4,702	18,875
3	Rajasthan	20,059	620	762	1,920	1,313	4,615	15,444
4	Maharashtra	20,042	308	474	378	432	1,591	18,451
5	Chhattisgarh	9,694	39	224	499	446	1,208	8,486
6	Punjab	3,803	73	147	248	139	606	3,197
7	Haryana	3,772	69	131	435	152	787	2,985
8	J&K	2,823	200	89	112	84	485	2,338
9	Gujarat	3,441	385	839	2,125	1,415	4,763	-1,322
TOTAL		1,46,733	2,276	4,602	8,785	6,649	22,312	1,24,421
Total JIM Budget (at India Level)		3,59,875	6,000	12,542	25,506	14,728	58,776	301,099

- Annual demand expected to be ~3 MN MT
- WDIPL has an order book of ~66 KMT giving visibility for next 2 quarters
- Strong demand for next 3 to 5 years
- Plant under stabilization phase and should be fully on stream in next 2 quarters

Source: Jal Jeevan Mission website

Specialty Steel: SS Pipes Outlook

Robust demand expected going forward

Key Drivers

- **Make in India** initiative by the government providing push to local manufacturing
- High value business and a **differentiated import-substitution** play with obvious synergies with existing business and capabilities, characterized by superior margins and resilient demand
- **High Entry Barriers** due to technology capabilities as well as approvals and accreditations required from customers, process licensors, and EPC players
- **Implementation of BIS and the proposal for Anti-Dumping Duty** on substandard and cheap imports to lay a strong foundation for substantial growth

Sectors & Demand

- Critical applications in key sectors like Power, Nuclear, Defense, Petrochemicals etc.
- Demand Estimate: ~65 KMT in Domestic Market and ~25 KMT in Exports per Annum

Visible Turnaround

- Healthy order book of 1,853 MT for Pipes & Tubes (At the end Q2 FY22)
- Product acceptability both in the domestic and export market
- Moving towards higher value added grades such as Nickel Alloy, Duplex & Super Duplex
- Only facility which is fully integrated from SS Steel to Pipes

TMT: Our Differentiated Strategy

Forward Integration from Billets to TMT

Growth Drivers

- Infrastructure: Massive spending expected in the sector including –
 - **PM Gati Shakti National Master Plan:** an expected outlay of INR 100 lakh Cr
 - **Pradhan Mantri Awas Yojana-Urban's** (PMAY-U) 'Housing for All' mission
 - Private Sector Capital Expenditure
 - Individual House Builders

~3 MN MT per Annum demand
expected in Gujarat for TMT
rebars

Welspun Strategy

- Sharp focus on
 - **Branding and creating a robust distribution network - B2C segment**
 - Presence in High growth Western India (especially Gujarat) region where Welspun enjoys a strong brand presence
 - Differentiated Strategy to add value like Epoxy Coating on rebars and Pre-Fab rebars

**Synergy with our steel
business**

ABG Shipyards: Value Accretive Transaction

- Transaction at Attractive Terms
- Total cost of acquisition: INR 659 Cr (plus applicable taxes)
- **Partially built ships, equipment and metal scrap in excess of 150,000 MT**
- Metal/ metal scrap not required for business purposes will be disposed over 12-15 months

Post payment was made to ABG's Liquidator and receipt of sale certificates by us, the Liquidator received a Provisional Attachment Order from ED, Ahmd. The Company, the Liquidator and the Lenders (SBI & IDBI) have all filed separate writ petitions before Hon'ble Gujarat High Court against ED's Provisional Attachment Order. We are making best efforts for an early and favorable disposition.

WCL Medium Term Mission (3-5 Years)

- Top line of INR 15,000 Cr +
- Sustainable EBIDTA of INR 1,600 Cr to INR 1,800 Cr
- ROCE of 18% +
- Net Cash Positive driven by strong Free Cashflows
- Increase in DJSI ESG rating from 41 to 60
- Dominant player in B2B and B2C segment in line with group vision of “Har Ghar Welspun”

Sustainability Strategy

Energy Efficiency

Water Intensity

Health & Safety

Human Capital

Renewable Energy

Waste Intensity

Gender Diversity

Impacting Lives in CSV

Sustainable Supply Chain

Hydrogen Pipelines

Carbon Capture Projects

Ranked in Top One-Third in Steel Industry by S&P Global's Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment

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)

Note: 1) Sustainability targets for Line Pipes India business 2) Impacting Lives in CSV through Welspun Foundation

Thank You

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