

# Welspun Corp Limited

## Investor Presentation | Q3 FY23



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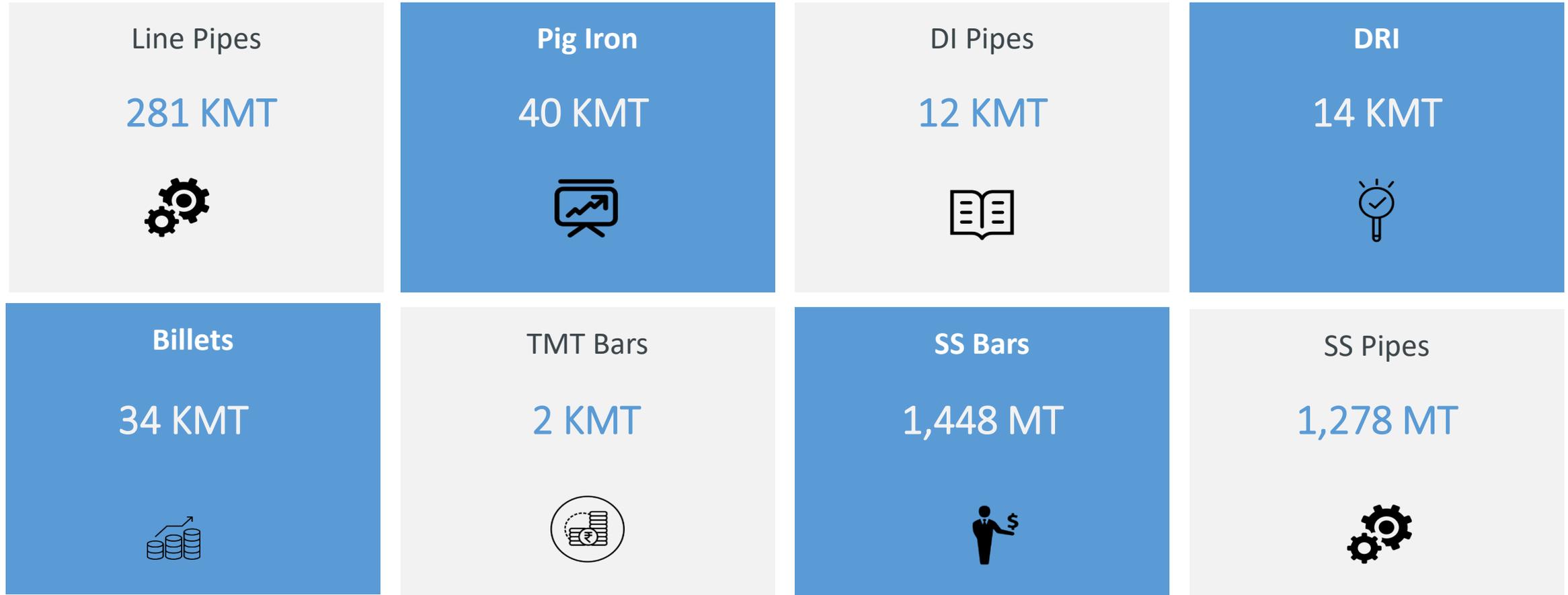
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## Sales Volumes at a Glance: Q3 FY23



*Note: Pipe Sales volumes include Saudi Arabia operations*

## Financial Results for Q3 FY23

Particulars (Rs Cr)	Q3FY23	Q2FY23	QoQ	Q3FY22	YoY
<b>Total Revenue from Operations</b>	<b>2,402</b>	<b>1,964</b>	<b>22.3%</b>	<b>1,442</b>	<b>66.6%</b>
<b>Other Income</b>	<b>8</b>	<b>177</b>	<b>-95.5%</b>	<b>58</b>	<b>-86.1%</b>
Reported EBITDA	174	46	280.6%	168	3.8%
Depreciation and Amortisation	80	70	14.8%	64	25.4%
Finance Cost	70	47	48.4%	27	158.8%
<b>Profit before tax and share of JVs</b>	<b>24</b>	<b>(72)</b>		<b>77</b>	<b>-69.3%</b>
Share of profit/(loss) from Associates and JVs	29	14	117.5%	(16)	
Tax expense	30	5	488.9%	22	34.1%
Non-controlling interest	(0)	(7)		(7)	
PAT after Minorities, Associates & JVs	23	(57)		46	-49.2%
<b>Basic EPS from Continuing Operations</b>	<b>0.9</b>	<b>(2.2)</b>		<b>1.8</b>	<b>-49.3%</b>

*Note:*

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

## Financial Performance

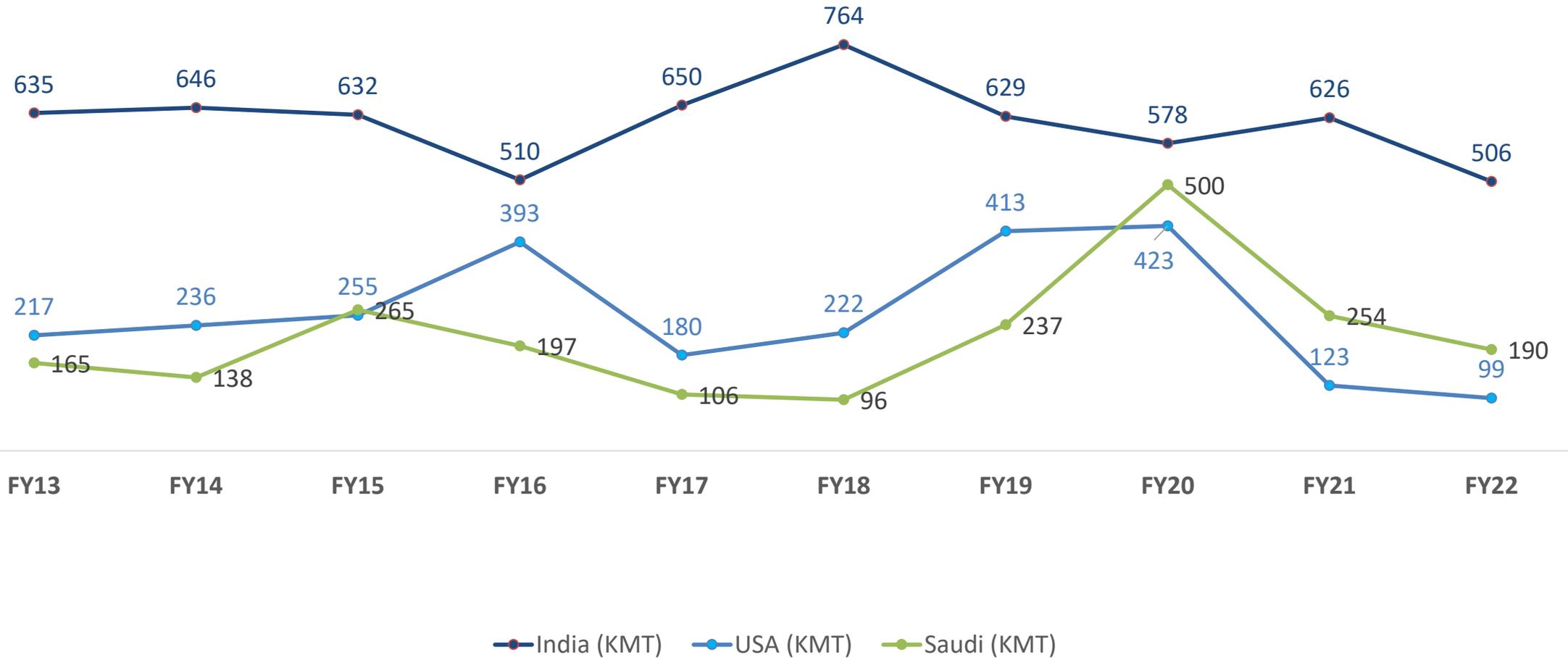
### Consistent Performance over the last 10 years

Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	9MFY23
<b>Revenue (INR cr)</b>	9,083	7,705	8,451	7,380	6,035	7,587	8,954	9,957	7,153	6,505	5,688
<b>EBITDA (INR cr)</b>	919	844	951	891	737	815	708	1,276	1,152	1,023	322
<b>Basic EPS</b>	6.1	2.8	2.6	5.8	1.0	6.0	2.6	25.6	29.8	16.8	(1.1)
<b>Net Worth (INR cr)</b>	2,750	2,957	2,799	2,799	2,809	2,854	2,798	3,215	4,209	4,528	4,536
<b>Net Debt / (Cash) (INR cr)</b>	2,314	2,568	1,910	1,355	1,106	422	286	32	(447)	(173)	1,837
<b>Net debt/Equity</b>	0.84x	0.87x	0.68x	0.48x	0.39x	0.15x	0.10x	0.01x	-0.11x	-0.04x	0.40x

**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)

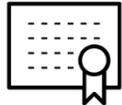


## WCL as “it was”: High Quality Line Pipe Business



*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 <sup>1)</sup>	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 <sup>2)</sup> 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. 1,231 Crore for a purchase price of Rs. 421 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
<b>Line Pipes (KMT)</b>	<b>1,605</b>					<b>525</b>	<b>375</b>	<b>2,505</b>
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:

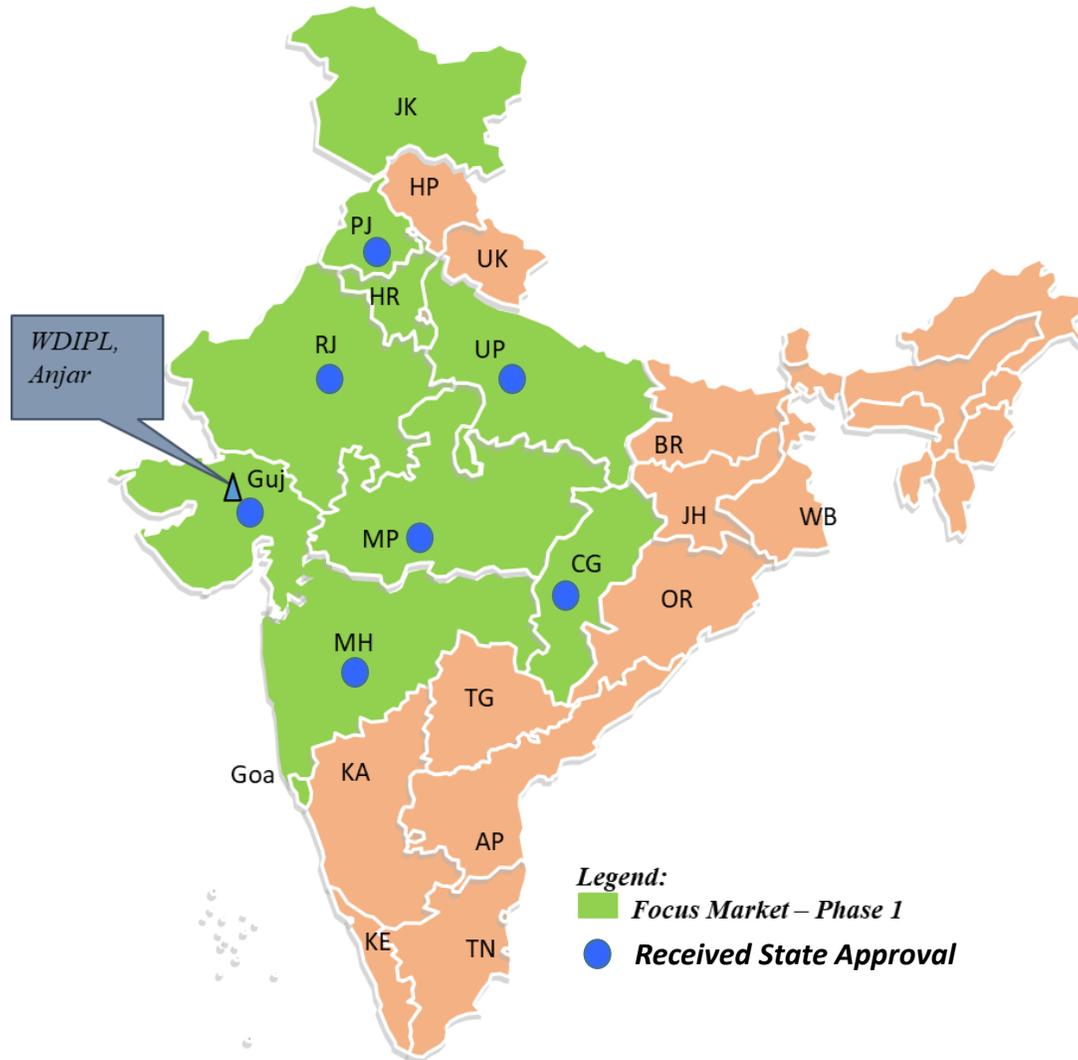
- WCL is a part of a key international committee drafting the specifications for these pipelines
- Undertaking critical long lead tests on existing pipeline order to certify compatibility to carry 100% Hydrogen –  
Will give us a head start in the global new energy market (in case of success)

#### 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

# Ductile Iron Pipes: Huge focus on creating drinking water supply infrastructure in India

Our Focus Market will be West, Central and North India



## 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

- 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

**Potential to Enter New Businesses: 1) Shipbuilding 2) Green Steel 3) Offshore Wind and Oil & Gas Structures**

## Sintex BAPL

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- **Extremely Strong Brand** in the Consumer space with **extensive Distribution (847 Nos)** and **Retail (13K) Network**

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- **National Brand** having >10% market share (2018) in India

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- **Diversification of Product Portfolio** - Works well with overall theme of providing water related solutions (through DI for water transportation and Tanks for storage)

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- In Sync with Welspun Group Mission: **“Har Ghar Welspun”**

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- This would potentially meet our aspiration to become a **large scale B2C player**

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## 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
<b>Carbon Neutrality</b> - % Renewable Energy (RE)		10% RE	20% RE	Carbon neutral
<b>Water Neutrality</b> - Water Intensity	0.63 KL/MT	0.55 KL/MT	0.40 KL/MT	Water neutral
<b>Waste to Landfill</b>	1.53 MT	1.00 MT	0 MT	Zero waste to landfill
<b>Impacting Lives in CSV</b>	1,60,735	5,00,000	1,000,000	2,000,000
<b>Sustainable Supply Chain</b> - % 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

## Welspun Corp Limited

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[www.welspuncorp.com](http://www.welspuncorp.com)

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