

BUSINESS UPDATE

May 08, 2017

Strong sales volumes

Welspun Corp Ltd. (WCL), flagship company of the Welspun Group, announced its consolidated financial results for the year and fourth quarter ended March 31, 2017.

Please note all figures in this document, unless specified, are under IND AS basis. For I-GAAP comparison, please refer to our Q4FY17 presentation.

For the quarter ended 31st March, 2017 WCL consolidated reported:

- Total income from operation of Rs. 20,695 mn, up 5% YoY
- Reported EBITDA at Rs. 3,066 mn, up 46% YoY
- Operating EBITDA at Rs. 2,160 mn, up 35% YoY
- Profit before tax of Rs. 1,513 mn vs. Rs. 547 mn in Q4FY16
- PAT after Minorities & JVs of Rs. 734 mn vs. Rs. 112 mn in Q4FY16
- Basic EPS at Rs. 2.77 vs. Rs. 0.42 in Q4FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were up 22% / 28% YoY respectively
- Production and sales of pipes (total operations) were up 18% / 25% YoY respectively

For the year ended 31st March, 2017 WCL consolidated reported:

- Total income from operation of Rs. 60,355 mn, down 18% YoY
- Reported EBITDA at Rs. 7,370 mn, down 17% YoY
- Operating EBITDA at Rs. 5,379 mn, down 32% YoY
- Profit before tax of Rs. 1,152 mn vs. Rs. 2,632 mn in FY16
- PAT after Minorities & JVs of Rs. 264 mn vs. Rs. 1,518 mn in FY16
- Basic EPS at Rs. 1.00 vs. Rs. 5.76 in FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were down 6%/ 8% YoY respectively
- Production and sales of pipes (total operations) were down 15% YoY each

Order book position (including all operations): Current pipe order book stands at 601K MTs (Rs. 38 billion).

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “Q4 was driven by strong volumes leading to improvement in profitability. Though we are starting the new fiscal with a moderate orderbook position, strong demand in domestic market coupled with favourable policy measures taken by the Government of India presents a positive outlook for the year. We continue to take various measures for further strengthening our capabilities while maintaining financial discipline.”

BUSINESS UPDATE

Consolidated performance highlights:

Figures in Rs. million unless specified

Particulars	Q4-FY17	Q3-FY17	Q4-FY16	FY17	FY16
Ex-Saudi Arabia operations					
- Pipe Production (KMT)	303	202	249	854	909
- Pipe Sales (KMT)	330	163	259	830	903
Total operations					
- Pipe Production (KMT)	329	203	279	954	1,119
- Pipe Sales (KMT)	339	163	270	935	1,100
- Plates/ coils Production (KMT)	41	44	75	233	235
Total Income from Operations	20,695	12,028	19,637	60,355	73,801
Reported EBITDA	3,066	1,705	2,099	7,370	8,908
Operating EBITDA	2,160	1,224	1,604	5,379	7,916
Finance Cost	634	567	577	2,357	2,411
Depreciation and Amortisation	919	1,030	974	3,861	3,865
PBT	1,513	108	547	1,152	2,632
PAT after Minorities, Associates & JVs	734	(39)	112	264	1,518
Cash PAT	1,909	990	1,063	4,534	5,386

Notes: a) Operating EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/ (loss)

b) Cash PAT = PBT – Current tax + Depreciation - Post-tax Unrealised forex gain/ (loss)

c) Prior period figures have been restated, wherever necessary

Figures in Rs. million unless specified

Consolidated debt	31-Mar-2017	31-Dec-2016	31-Mar-2016
Gross Debt	18,430	22,619	26,437
Cash & Cash Equivalents	7,365	10,494	12,883
Net Debt	11,065	12,125	13,554

Please note all figures in this document, unless specified, are under IND AS basis. For I-GAAP comparison, please refer to our Q4FY17 presentation.

BUSINESS UPDATE

Business outlook:

India market outlook remains positive driven by various water projects across the country and expansion of National Gas Grid. Favorable policy measures taken by Government of India, including the recently announced National Steel Policy, would further drive demand in domestic market. Apart from benefiting the linepipe business, this would also have positive implications for our Plate and Coil Mill business.

Various industry trends like heavy oil development, deep sea development would drive the global linepipe demand. We expect good traction in international markets, especially North America, towards the second half of FY2018.

We continue to enhance our value proposition, customer reach and technical know-how which makes us one of the front-runners for increasingly diversified and technically demanding projects worldwide.

Post Q4FY17 conference call:

WCL management would be happy to answer investor queries on a conference call. Please find details below:

Date : Monday, 8 May 2017

Time : 4:00pm IST (6:30pm HKT / 10:30 BST / 5:30am EST)

Dial in details:

- India: +91 22 3960 0706
- Other Local Access: Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune
 - 3940 3977 (Accessible from all carriers)
- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 080 8101 1573
- USA: 1866 746 2133

For registration and more global access numbers kindly click on the link below:

<http://services.choruscall.in/diamondpass/registration?confirmationNumber=9008674>

BUSINESS UPDATE

About Welspun Corp Ltd. (WCL)

Welspun Corp is a one-stop service provider offering complete pipe solution with a capability to manufacture line pipes ranging from ½ inch to 140 inches, along with specialized coating, double jointing and bending. With current capacity of 2.425 million MTPA in Dahej, Anjar and Mandya in India, Little Rock in the USA and Dammam in Saudi Arabia, Welspun takes pride in being a preferred supplier to most of the Fortune 100 Oil & Gas companies. With 360 degree abilities, Welspun Corp has undertaken some of the most challenging projects in different parts of the world. With business excellence being a clear focus, the company is on the path of innovation and technology edge supported by its state-of-the-art facilities and global scale operations. The Line pipe industry caters to the sectors like energy and water resource management where in the line pipes supplied are used to construct cross-country pipelines for transportation of oil, gas, petro-products and water in the safest and most environment friendly way.

For further information please visit www.welspuncorp.com or contact:

Deepak Khetan, ir_wcl@welspun.com, +91 22 66136584

Harish Venkateswaran, harish_venkateswaran@welspun.com

DISCLAIMER: The information in this release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards to its accuracy or completeness. No information in this release shall constitute an invitation to invest in Welspun Corp Ltd. or any of its affiliates. Neither Welspun Corp Ltd., nor their affiliates' officers, employees or agents shall be liable for any loss, damage or expense arising out of any action taken on the basis of this release, including, without limitation, any loss of profit, indirect, incidental or consequential loss.

Welspun Corp Ltd (WCL)

World's Leading Line Pipe Manufacturer

Investor Presentation

Q4FY17



SAFE HARBOUR

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Welspun Corp Limited (the “Company”), 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.

PERFORMANCE HIGHLIGHTS Q4FY17

Rs. 20,695 mn

5% YoY



Income from Operations

330 KMT**

28% YoY



Pipe sales volume**

Rs. 3,066 mn

46% YoY



Reported EBIDTA

Rs. 2,160 mn

35% YoY



Operating EBITDA*

Rs. 1,909 mn

80% YoY



Cash PAT

Rs. 18,430 mn

vs. Rs 26,437 mn YoY



Gross Debt

*Note: *Operating EBITDA represents Reported EBITDA (-) Other Income (+) Unrealized Forex Losses (-) Unrealized Forex Gains; ** Excludes Saudi Arabia operations
All numbers of this sheet are based on IND-AS disclosures and exclude JV businesses – Saudi Arabia and CWC*

PERFORMANCE HIGHLIGHTS FY17

Rs. 60,355 mn

18% YoY



Income from Operations

830 KMT**

8% YoY



Pipe sales volume**

Rs. 7,370 mn

17% YoY



Reported EBIDTA

Rs. 5,379 mn

32% YoY



Operating EBITDA*

Rs. 4,534 mn

16% YoY



Cash PAT

Rs. 11,065 mn

vs. Rs 13,554 mn YoY



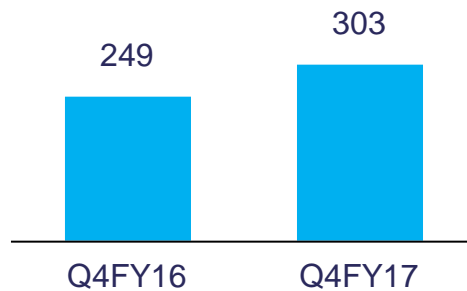
Net Debt

*Note: *Operating EBITDA represents Reported EBITDA (-) Other Income (+) Unrealized Forex Losses (-) Unrealized Forex Gains; ** Excludes Saudi Arabia operations
All numbers of this sheet are based on IND-AS disclosures and exclude JV businesses – Saudi Arabia and CWC*

Q4FY17 OPERATING PERFORMANCE

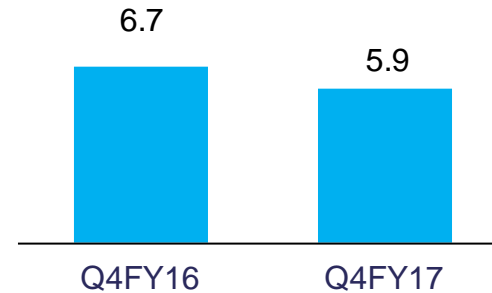
Pipe production

(KMT)



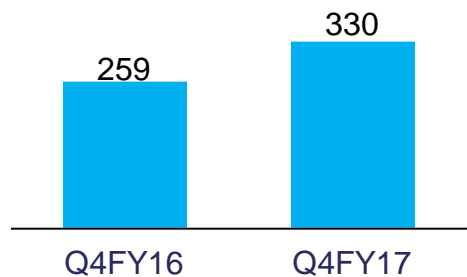
EBITDA*/Ton for Pipes

(Rs. '000)



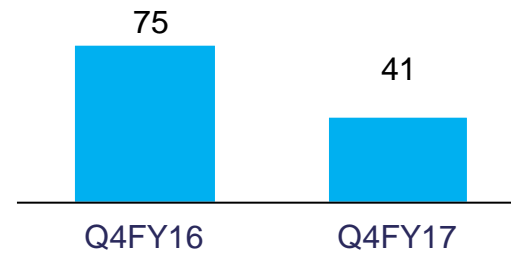
Pipe sales

(KMT)



Plate/ Coils production

(KMT)

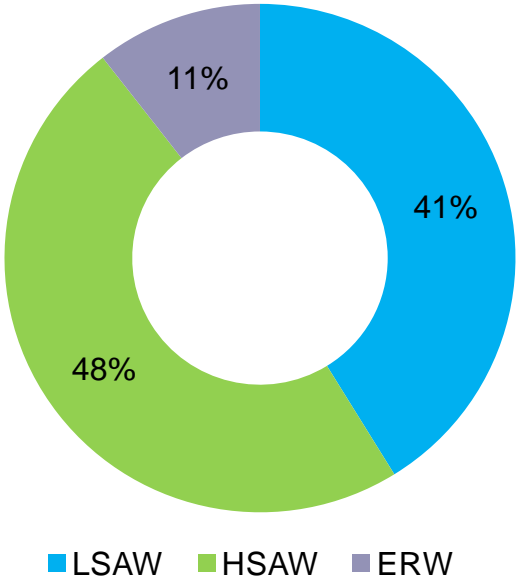


Note: * Operating EBITDA represents Reported EBITDA (-) Other Income (+) Unrealized Forex Losses (-) Unrealized Forex Gains

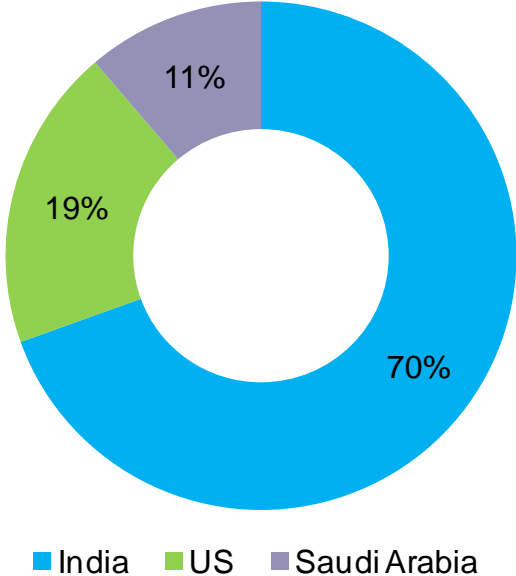
All numbers on this page excludes all JV operations – Saudi Arabia and CWC, unless specified ; Total pipe production excludes 30 KMT/ 26 KMT for Dammam, Saudi Arabia plant in Q4 FY16 and Q4 FY17 respectively; Total pipe sales excludes 12 KMT/ 9 KMT for Dammam, Saudi Arabia plant in Q4 FY16 and Q4FY17 respectively

DIVERSIFIED BUSINESS ACROSS REGIONS & PRODUCTS

FY17 Pipe Sales Volume : 935 KMT
(including Saudi Arabia operations)



Sales by Type

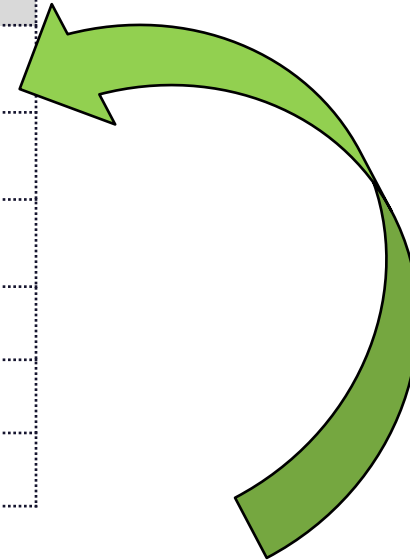


Sales by Plant

Note: All numbers on this page includes all JV operations – Saudi Arabia and CWC

HEALTHY BALANCE SHEET TO SUPPORT GROWTH

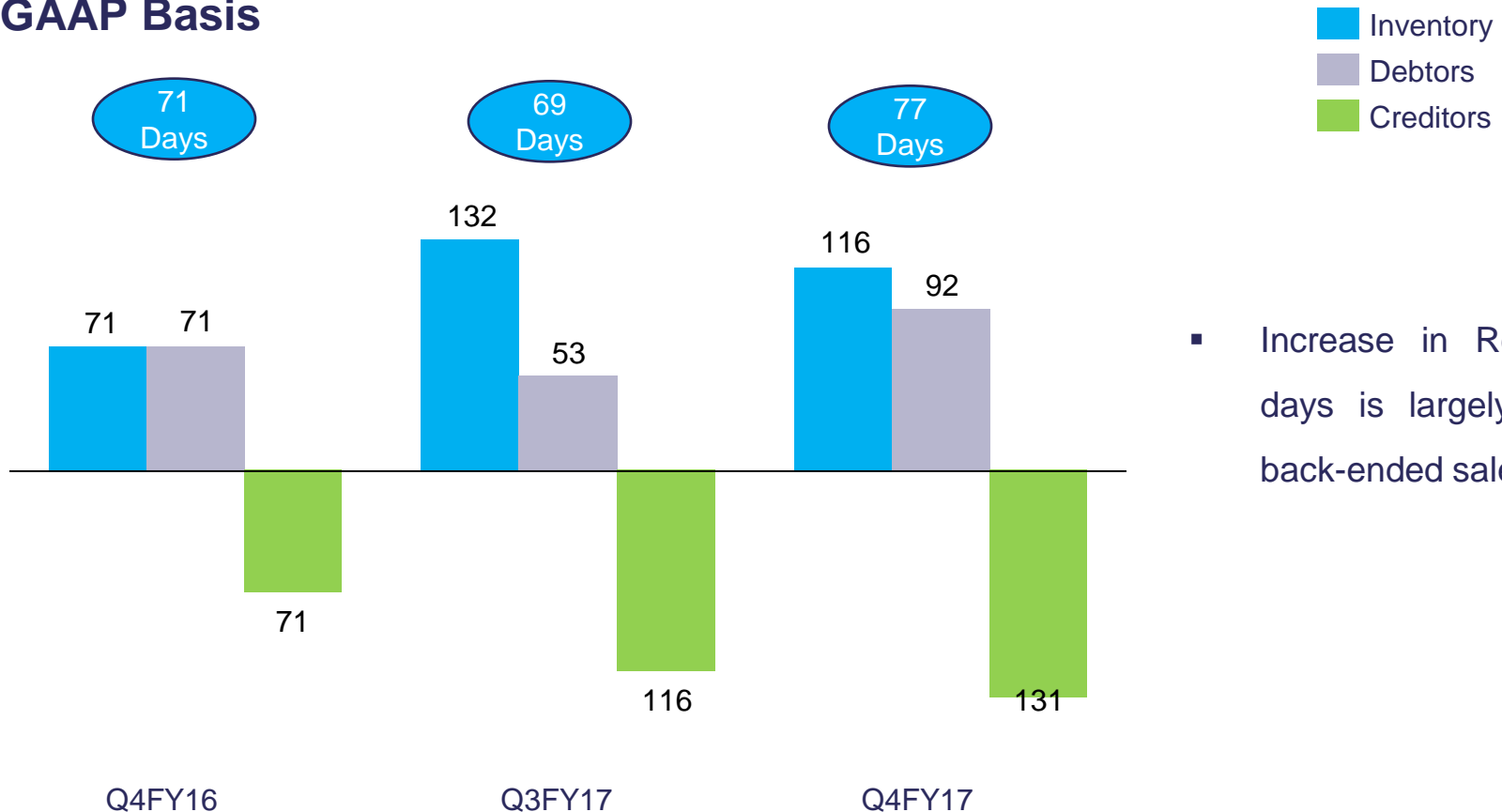
Rs mn	FY17	
	IND AS	I-GAAP
Gross Debt	18,430	23,693
Cash & Equivalent	7,365	8,409
Net Debt	11,065	15,284
Current Ratio	1.42x	1.52x
Net Debt/ Reported EBITDA	1.50x	1.95x
Net Debt/ Equity	0.39x	0.50x



- **Gross debt** (including all operations) as on 31 March 2017 was down Rs. 5,619 mn Q-o-Q largely due to repayment of high cost debt
- **Net debt** (including all operations) as on 31 March 2017 has reduced by Rs 1,271 mn Q-o-Q

NET WORKING CAPITAL UNDER CONTROL

I-GAAP Basis



- Increase in Receivable days is largely due to back-ended sales in Q4

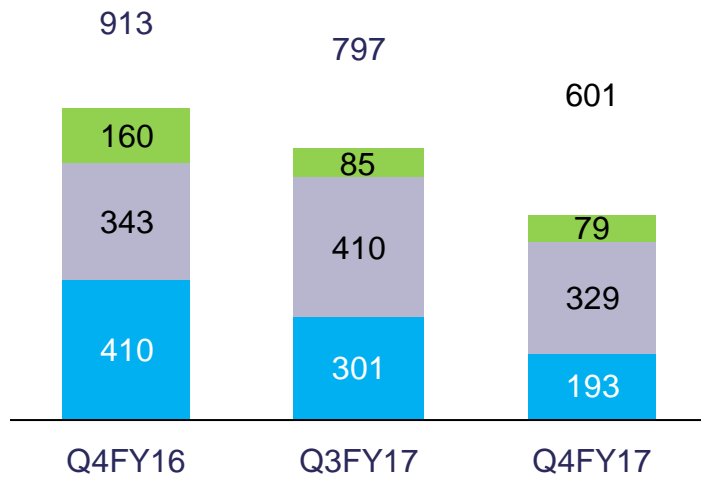
FY18 cash conversion cycle is expected in the region of 55-50 days

**Includes Debtors + Inventory – Creditors*
 All numbers on this page includes all operations

ORDERBOOK ANALYSIS (including Saudi Arabia operations)

Order book by Region

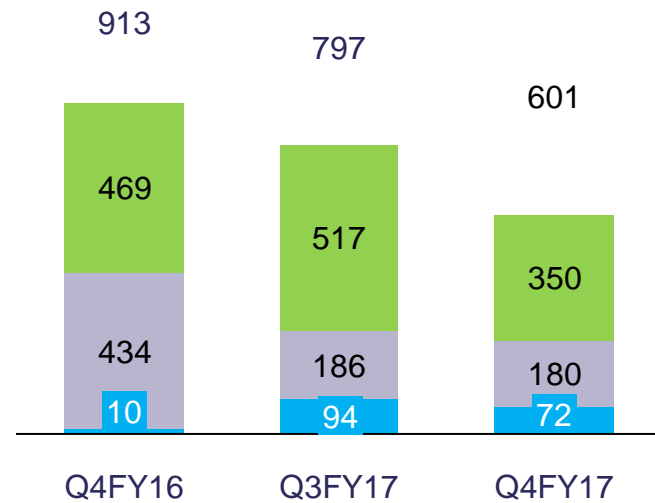
(KMT)



India & A-Pac Americas EU & MENA

Order book by Type

(KMT)



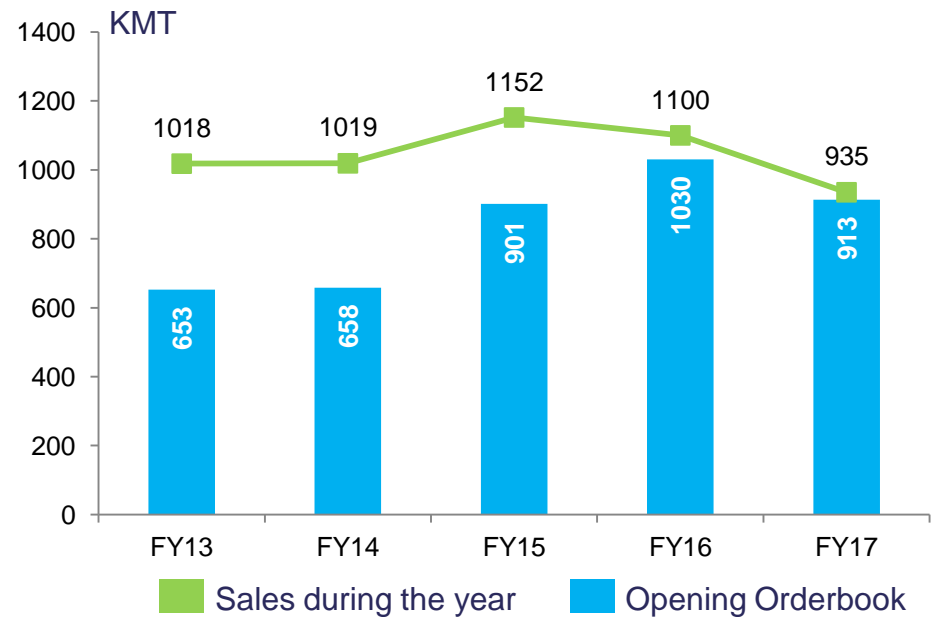
LSAW HSAW ERW

OUTLOOK

Pipe sales has been significantly higher than opening order book

Demand drivers for FY18

- Expansion of National Gas Grid in India
- Large number of water projects across India
- Heavy oil development
- Deep sea development across the international markets



Expect good traction in international markets, especially North America, towards the second half of FY18

REPORTED & OPERATING EBITDA RECONCILIATION

Details (Rs. mn)	Q4FY16	Q4FY17
Reported EBITDA	2,099	3,066
Less : Other Income	124	219
Less : Unrealized FX (Loss)/Profit	371	687
Operating EBITDA	1,604	2,160

REPORTED & OPERATING EBITDA RECONCILIATION

Details (Rs. mn)	FY16	FY17
Reported EBITDA	8,908	7,370
Less : Other Income	1,131	1,435
Less : Unrealized FX (Loss)/Profit	(139)	555
Operating EBITDA	7,916	5,379

PROFIT & LOSS – QUARTERLY

Rs mn	Q4 FY16	Q4 FY17
Income from operations	19,637	20,695
Reported EBIDTA	2,099	3,066
Operating EBITDA*	1,604	2,160
Depreciation/Amortization	974	919
Finance Cost	577	634
Profit Before Tax	547	1,513
Tax	146	532
Minority Interest	19	(48)
Share of Profit/ (Loss) from Associates & JVs	(271)	(295)
Net Profit/ (Loss) for the period	112	734

Note: *Operating EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/(loss); Prior period figures are reinstated wherever necessary; All numbers of this sheet are based on IND-AS disclosures and exclude JV businesses – Saudi Arabia and CWC

PROFIT & LOSS – QUARTERLY

Rs mn	FY16	FY17
Income from operations	73,801	60,355
Reported EBIDTA	8,908	7,370
Operating EBITDA*	7,916	5,379
Depreciation/Amortization	3,865	3,861
Finance Cost	2,411	2,357
Profit Before Tax	2,632	1,152
Tax	792	258
Minority Interest	275	(163)
Share of Profit/ (Loss) from Associates & JVs	(47)	(793)
Net Profit/ (Loss) for the period	1,518	264

Note: *Operating EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/(loss); Prior period figures are reinstated wherever necessary; All numbers of this sheet are based on IND-AS disclosures and exclude JV businesses – Saudi Arabia and CWC

THANK YOU

Welspun Corp Limited
CIN: L27100GJ1995PLC025609

Mr. Deepak Khetan
ir_wcl@welspun.com
+91-2266136584

Mr. Harish Venkateswaran
harish_venkateswaran@welspun.com

www.welspuncorp.com
