



WELSPUN CORP
Pipes & Steel



Welspun Corp Limited

Investor Presentation
Q4 FY23

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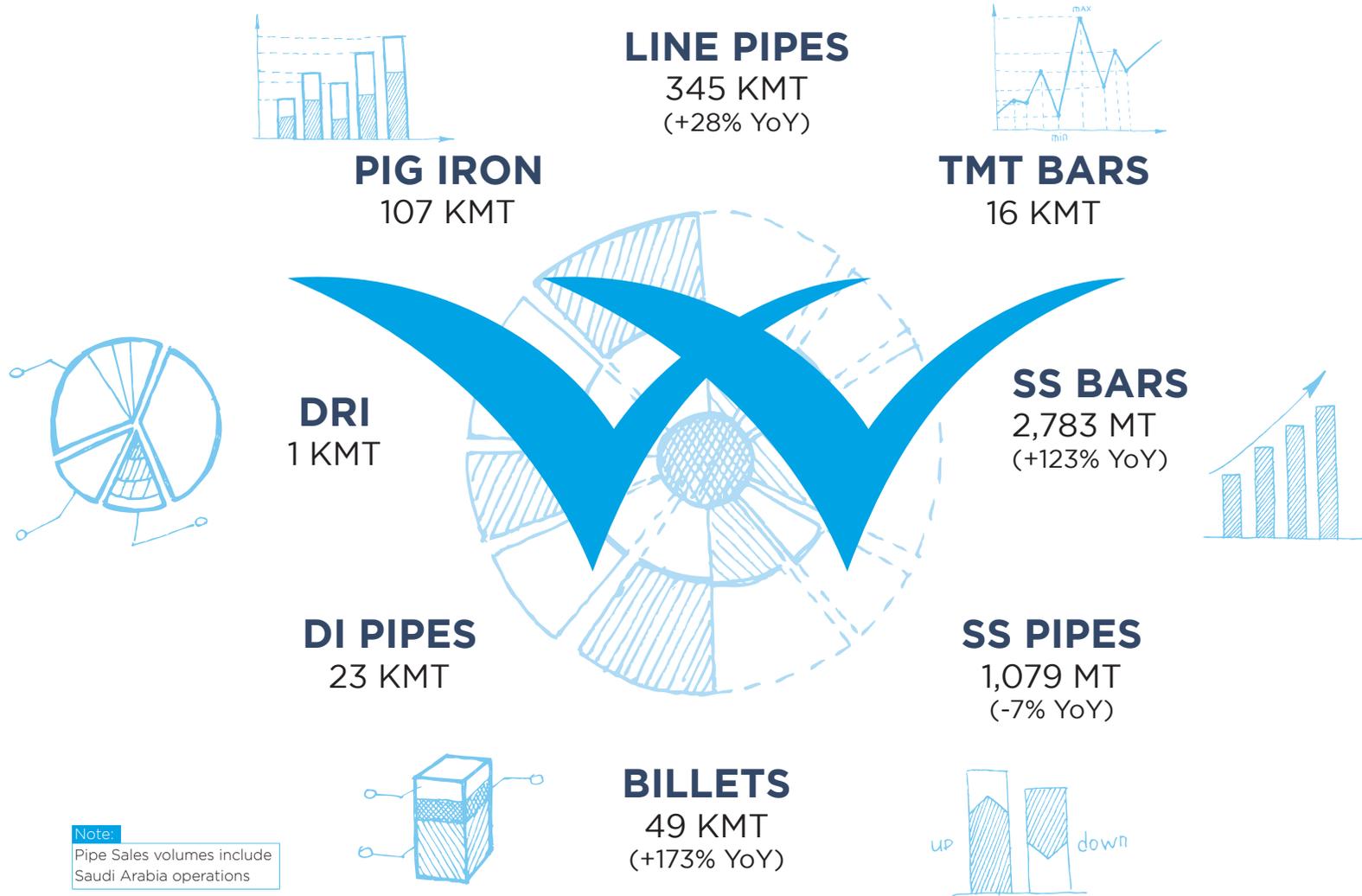
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Sales Volumes at a Glance: Q4 FY23



Note:
Pipe Sales volumes include Saudi Arabia operations

Consolidated Financial Results for Q4 FY23

| PARTICULARS (Rs Cr) | Q4 FY-23 | Q3 FY-23 | QoQ | Q4 FY-22 | YoY |
|--|------------|------------|----------------|------------|---------------|
| Total Revenue from Operations | 4070 | 2402 | 69.4% | 2011 | 102.4% |
| Other income | 62 | 8 | 677.0% | 402 | -84.5% |
| Reported EBITDA | 483 | 174 | 176.8% | 474 | 1.9% |
| Depreciation and Amortisation | 91 | 80 | 13.4% | 63 | 44.0% |
| Finance Cost | 95 | 70 | 34.5% | 30 | 216.4% |
| Profit before tax and share of JVs | 297 | 24 | 1161.5% | 380 | -21.9% |
| Share of profit/(loss) from Associates and JVs | 29 | 29 | -3.1% | 13 | 120.0% |
| Tax expense | 85 | 30 | 186.3% | 130 | -34.2% |
| Non-controlling interest | 4 | (0) | | 27 | -84.8% |
| PAT after Minorities, Associates & JVs | 236 | 23 | 915.2% | 236 | -0.1% |
| Basic EPS from Continuing Operations | 9.0 | 0.9 | 916.1% | 9.0 | -0.3% |

Note:

Prior period figures are restated wherever necessary
Reported EBITDA in Q4 FY22 included Other Income of Rs. 359 crores from gain on Saudi IPO

Consolidated Financial Performance

| PARTICULARS | FY-13 | FY-14 | FY-15 | FY-16 | FY-17 | FY-18 | FY-19 | FY-20 | FY-21 | FY-22 | FY-23 |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|
| Revenue (INR Cr) | 9083 | 7705 | 8451 | 7380 | 6035 | 7587 | 8954 | 9957 | 7153 | 6505 | 9758 |
| EBITDA (INR Cr) | 919 | 844 | 951 | 891 | 737 | 815 | 708 | 1276 | 1152 | 1023 | 805 |
| Basic EPS | 6.1 | 2.8 | 2.6 | 5.8 | 1.0 | 6.0 | 2.6 | 25.6 | 29.8 | 16.8 | 7.9 |
| Net Worth (INR Cr) | 2750 | 2957 | 2799 | 2799 | 2809 | 2854 | 2798 | 3215 | 4209 | 4528 | 4844 |
| Net Debt/(Cash) (INR) | 2314 | 2568 | 1910 | 1355 | 1106 | 422 | 286 | 32 | (447) | (173) | 1138 |
| Net Debt / Equity | 0.84x | 0.87x | 0.68x | 0.48x | 0.39x | 0.15x | 0.10x | 0.01x | -0.11x | -0.04x | 0.23x |

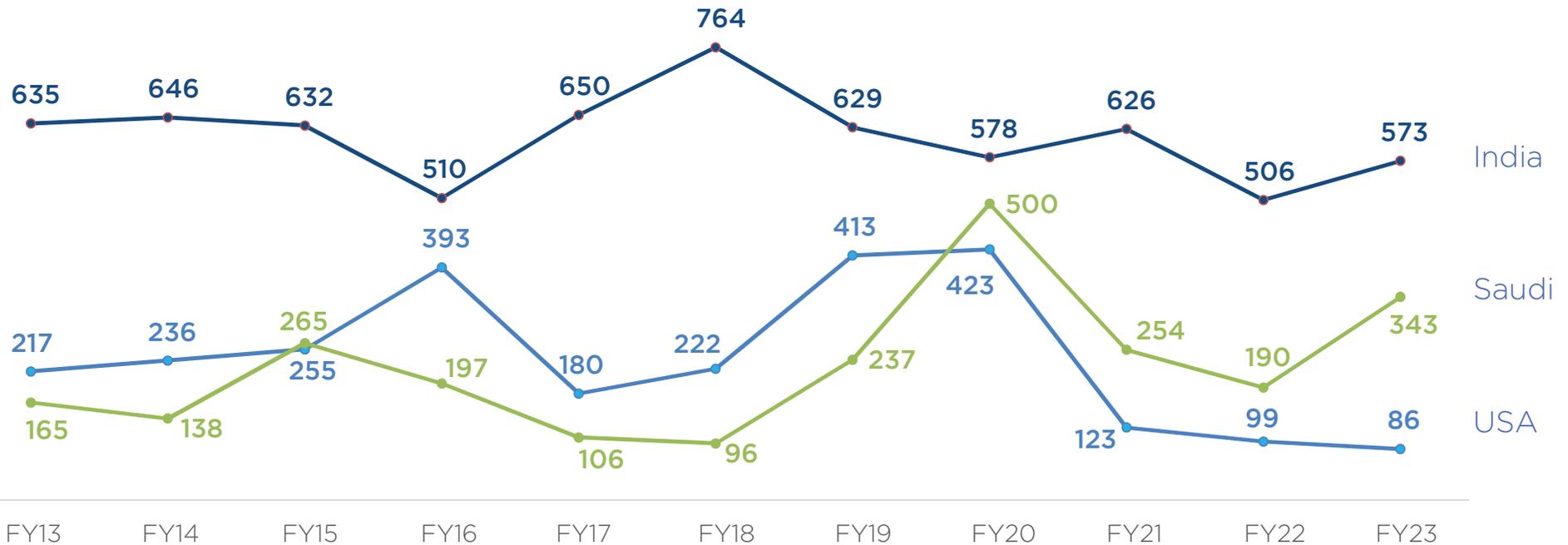


Consistent Performance over the last 10 years: EBITDA in the range of **INR 800 - 1200** crores per annum from Line Pipes Business

Note:

Prior period figures are restated wherever necessary; All numbers of this sheet are based on IND-AS disclosures
 Reported EBITDA in FY22 included Other Income of Rs. 359 crores from gain on Saudi IPO
 From FY19 figures are pertaining to continuing operations only (excluding PCMD)

Sales Volume Mix: Line Pipes (Long Term Trend)



India volumes close to **600 KMT**,
Total volumes close to **1 million MT**
per annum consistently

- India (KMT)
- USA (KMT)
- Saudi (KMT)

Dare to Commit!

Guidance for FY24

- Top line of INR 15,000 Cr (growth of ~ 50%)
- EBIDTA of INR 1,500 Cr (growth of ~ 90%)
- Only Maintenance Capex
- Strong focus on growth of Sintex, DI Pipes and WSSL
- ROCE of 16% + (from 7% in FY23)
- Increase in DJSI ESG rating to 60+

Guidance reflecting
solid business fundamentals



Guidance

Revenue (Rs. crore)



EBITDA (Rs. crore)



ROCE



Major Capex done and now volumes have to be ramped up of the greenfield plants and acquisitions

FY24* Guidance



WCL : Line Pipes

Top
3

Among Line Pipe
Manufacturers
globally

50+

Approvals from
O&G majors;
Qualifies for
global bidding

15+
million
metric ton

Pipes delivered
since inception
with multiple
repeat orders

2.2 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

| SUPPLIER | COUNTRY |
|-----------|------------------|
| Dillinger | France & Germany |
| VAGB | Austria |
| Posco | South Korea |
| Nippon | Japan |
| JFE | Japan |
| Bao | China |



More than
2 million
metric tons of plates
procured in last 10 years

Welspun Corp: Transforming into a Conglomerate



* Through Forward Integration

Manufacturing Facilities: Pipes & Steel

| CAPACITY | INDIA | | | | US | SAUDI ARABIA | TOTAL |
|-------------------------|-------------|--------|--------|----------|-------------|--------------|-------------|
| PRODUCTS / CITY | ANJAR | MANDYA | BHOPAL | JHAGADIA | LITTLE ROCK | DAMMAM | |
| LSAW | 350 | | | | | | 350 |
| HSAW | 250 | 150 | 305 | | 350 | 375 | 1430 |
| ERW/HFIW | 200 | | | | 175 | | 375 |
| Line Pipes (KMT) | 1255 | | | | 525 | 375 | 2155 |
| 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 driven by increasing LNG capacities
- **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** close to pre-pandemic levels
- **Permian basin** expected to be the key growth driver due to geopolitical reasons
- 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, Hydrogen and Ammonia pipelines**

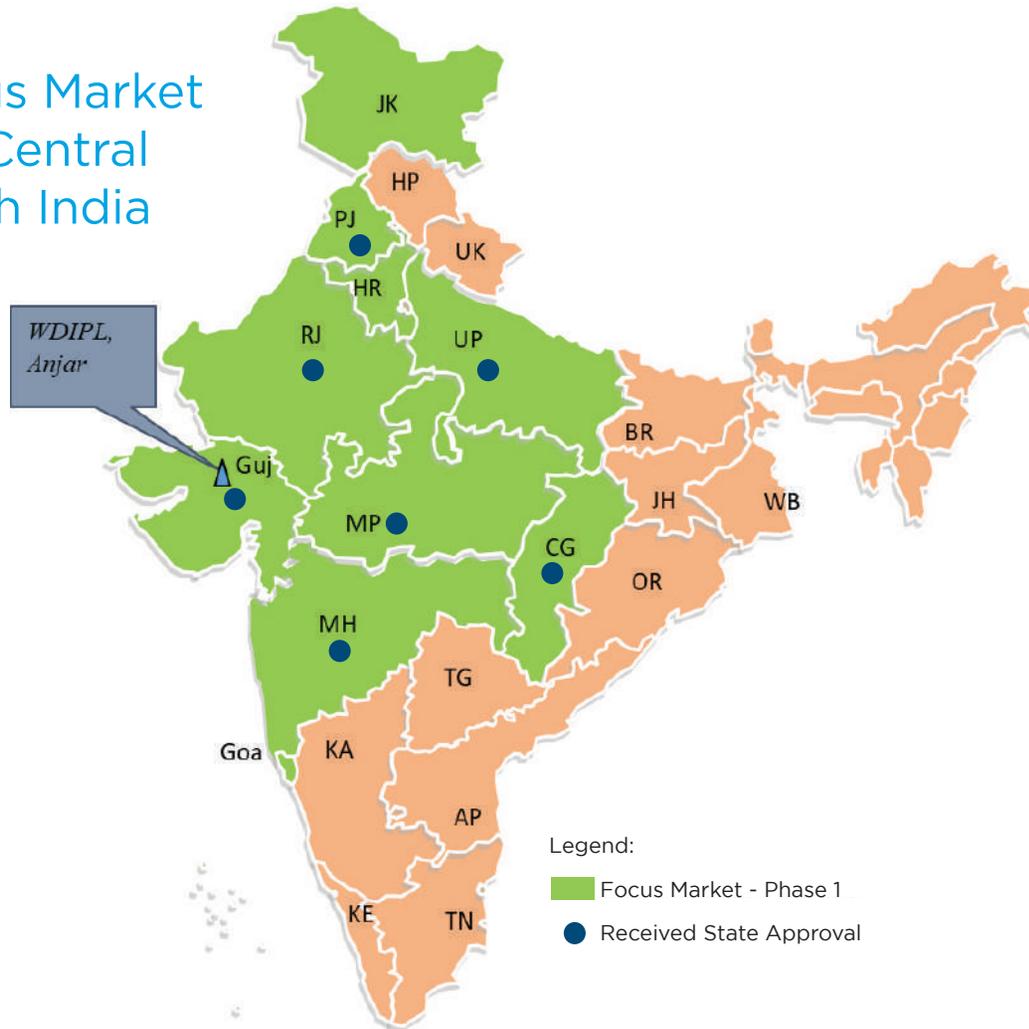


SAUDI ARABIA

- 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**

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

Our Focus Market is 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

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

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

**Synergy with
our steel business**

Nauyaan Shipyard (erstwhile ABG Shipyard)

- Metal / metal scrap not required for business purposes is being disposed off which would result in a steady cash flow
- Not exploring any capital intensive options like ship building
- Assessing low capex, non-cyclical, high return and value accretive propositions

Potential to Enter New Businesses –
Ship Recycling and Repair



Sintex BAPL - Plastic Products

Manufacturing Locations

- **Kalol** Gujarat
- **Nalagarh** Himachal Pradesh
- **Namakkal** Tamil Nadu
- **Uluberai** West Bengal
- **Butibori** (Nagpur) Maharashtra
- **Guwahati*** Assam

- **High Brand recall for Sintex** across the country, current market share in Water Tanks estimated to be 8-10%
- **Widespread sales network** of approximately 900 Distributors and 13,000 Retailers
- Leverage network to **increase market share** in Year 1

Combined Capacity:
70,000 MT



* Under contract manufacturing

Transaction Rationale – Sintex BAPL

1. Growth Driver:

Entry into the Consumer Segment through a Super Brand which is well known across the country and has a premium positioning

2. Extensive Distribution Network:

Widespread Distribution and Retail Network is in line with Welspun Group's Mission "Har Ghar Welspun"

3. Strategic Acquisition:

Net acquisition cost for the Plastic Products business at INR 406 crores

4. Diversification of Product Portfolio:

WCL will expand its presence in providing Water related solutions (through Line Pipes & DI Pipes for water transportation and Tanks for storage)





The Way Forward Sintex BAPL

- **Re-energize distribution network**, product & brand and combine with WCL's strength in Supply Chain efficiencies
- Efforts to **regain lost Market Share** which was historically as high as 23-25%
- **Strong and experienced Management team** already in place
- **No immediate large capex requirement** envisaged, will assess and organically strengthen the business over the next few months

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 the Top 7% in Steel Industry by S&P Global's Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment



Sustainability Targets

| ASPECTS | FY 2020 - 21 | FY 2021 - 22 | FY 2022 - 23 | GOAL 2025 | GOAL 2030 | GOAL 2040 |
|---|--------------|---------------------------------|----------------------------------|----------------------------------|------------------------|------------------------|
| Carbon Neutrality - % Renewable Energy (RE) | 0% RE | 0% RE | 0% RE | 10% RE | 20% RE | Carbon neutral |
| Water Neutrality - Water Intensity | 0.63 KL/MT | 0.64 KL/MT | 0.57 KL/MT | 0.55 KL/MT | 0.40 KL/MT | Water neutral |
| Waste to Landfill | 1.53 MT | Zero waste to landfill | Zero waste to landfill | 1 MT | Zero waste to landfill | Zero waste to landfill |
| Impacting Lives in CSV | 1,60,735 | 1,95,375 | 5,07,848 | 5,00,000 | 10,00,000 | 20,00,000 |
| Sustainability Supply Chain - % suppliers assessed as per ESG compliant Code of Conduct | 0% assessed | 50% critical suppliers assessed | 100% critical suppliers assessed | 100% critical suppliers assessed | 100% (all suppliers) | 100% (all suppliers) |

On track to achieve
Water Intensity targets

Project Plan for
Renewable Energy

Note:

Sustainability targets for Line Pipes India business
Impacting Lives in CSV through Welspun Foundation



Thank You!

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