

BUSINESS UPDATE

November 06, 2017

Improving business visibility

Welspun Corp Ltd. (WCL), flagship company of the Welspun Group, announced its consolidated financial results for the half year and second quarter ended September 30, 2017.

For the quarter ended 30th September, 2017 WCL consolidated reported:

- Total income from operation* of Rs. 20,060 mn, up 66% YoY
- EBITDA at Rs. 2,226 mn, up 95% YoY
- Profit before tax and share of JVs of Rs. 711 mn vs. Loss of Rs. 421 mn in Q2FY17
- PAT after Minorities & JVs of Rs. 418 mn vs. Net Loss of Rs. 336 mn in Q2FY17
- Basic EPS at Rs. 1.58 vs. Rs. (1.25) in Q2FY17
- Production and sales of pipes (ex-Saudi Arabia operations) were up 77% / 100% YoY respectively
- Production and sales of pipes (total operations) were up 45% / 60% YoY respectively

For the half year ended 30th September, 2017 WCL consolidated reported:

- Total income from operation of Rs. 36,242 mn, up 31% YoY
- EBITDA at Rs. 4,924 mn, up 89% YoY
- Profit before tax and share of JVs of Rs. 1,919 mn vs. Loss of Rs. 469 mn in H1FY17
- PAT after Minorities & JVs of Rs. 964 mn vs. Net Loss of Rs. 430 mn in H1FY17
- Basic EPS at Rs. 3.64 vs. Rs. (1.52) in H1FY17
- Production and sales of pipes (ex-Saudi Arabia operations) were up 44% / 43% YoY respectively
- Production and sales of pipes (total operations) were up 21% / 18% YoY respectively

Order book position (including all operations): Current pipe order book stands at 661K MTs (Rs. 44 billion).

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “Q2 witnessed a repeat of Q1 in terms of above average margins led by execution of some niche orders. Domestic market remains buoyant with strong demand coupled with favourable policy measures taken by the Government of India. MENA region is witnessing earlier than expected signs of demand revival, presently driven by water segment. We maintain positive outlook on volumes for next fiscal.”

Note: *Q2FY18 Revenue from operations is net of Goods and Services Tax (GST). Please refer to Note 6 of Consolidated Financial Results for details.

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Consolidated performance highlights:

Figures in Rs. million unless specified

Particulars	Q2-FY18	Q1-FY18	Q2-FY17	H1-FY18	H1-FY17
Ex-Saudi Arabia/ CWC operations					
- Pipe Production (KMT)	276	227	156	503	349
- Pipe Sales (KMT)	273	210	137	483	337
Total operations					
- Pipe Production (KMT)	280	228	193	508	422
- Pipe Sales (KMT)	293	218	183	512	434
- Plates/ coils Production (KMT)	100	59	66	159	148
Total Income from Operations	20,060	16,182	12,068	36,242	27,632
EBITDA	2,226	2,698	1,139	4,924	2,599
Finance Cost	535	533	585	1,068	1,156
Depreciation and Amortisation	980	957	976	1,937	1,912
Profit before tax and share of JVs	711	1,208	(421)	1,919	(469)
PAT after Minorities, Associates & JVs	418	547	(336)	964	(430)
Cash PAT	1,665	1,407	528	3,072	1,411

Notes: a) Q2FY18 Revenue from operations is net of Goods and Services Tax (GST). Please refer to Note 6 of Consolidated Financial Results for details

b) Prior period figures have been restated, wherever necessary

c) Cash PAT = PBT – Current tax + Depreciation

Figures in Rs. million unless specified

Consolidated debt	30-Sep-2017	30-Jun-2017	31-Mar-2017
Gross Debt	14,489	20,309	18,430
Cash & Cash Equivalents	4,445	11,673	7,365
Net Debt	10,045	8,636	11,065

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Business outlook:

H1FY18 margins were driven by execution of some niche orders and may not be sustained on an annual basis.

Domestic market continues to witness strong demand driven by multiple water projects across the country and expansion of National Gas Grid coupled with favorable policy measures taken by Government of India. While demand outlook for our Plate and Coil Mills division remains satisfactory, supply side challenges need to be addressed.

In MENA region, while demand from oil & gas segment is yet to noticeably improve, water segment demand is picking up providing strong business visibility. In Americas region, demand for small diameter pipe is showing good traction. With energy prices firming up, we expect still sluggish demand for large diameter pipe to pickup.

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

Post Q2FY18 conference call:

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

Date : Monday, 6 November 2017

Time : 5:00pm IST

Dial in details:

- India: +91 22 3960 0738
- International Toll Free numbers
 - Hong Kong: 800 964 448
 - Singapore: 800 101 2045
 - UK: 080 8101 1573
 - USA: 1866 746 2133
- International Toll numbers
 - Hong Kong: 85230186877
 - Singapore: 6531575746
 - UK: 442034785524
 - USA: 13233868721

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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

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