

## BUSINESS UPDATE

February 10, 2017

### Improved outlook

Welspun Corp Ltd. (WCL), the flagship company of the Welspun Group, announced its consolidated financial results for the nine months and third quarter ended December 31, 2016.

Please note all figures in this document, unless specified, are under IND AS basis. For I-GAAP comparison, please refer to our Q3FY17 presentation.

#### **For the quarter ended 31<sup>st</sup> December, 2016 WCL consolidated reported:**

- Total income from operation of Rs. 12,028 mn, down 28% YoY
- Reported EBITDA at Rs. 1,705 mn, down 32% YoY
- Operating EBITDA at Rs. 1,224 mn, down 40% YoY
- Profit before tax of Rs. 108 mn vs. Rs. 970 mn in Q3FY16
- Net loss of Rs. 39 mn vs. Net profit of Rs. 531 mn in Q3FY16
- Basic EPS at Rs. (0.15) vs. Rs. 2.02 in Q3FY16
- Production of pipes (ex-Saudi Arabia operations) were up 4%, while sales was down 14% YoY
- Production and sales of pipes (total operations) were down 22% / 35% YoY respectively

#### **For the nine months ended 31<sup>st</sup> December, 2016 WCL consolidated reported:**

- Total income from operation of Rs. 39,660 mn, down 27% YoY
- Reported EBITDA at Rs. 4,304 mn, down 37% YoY
- Operating EBITDA at Rs. 3,220 mn, down 49% YoY
- Loss before tax of Rs. 361 mn vs. Profit before tax of Rs. 2,085 mn in 9MFY16
- Net loss of Rs. 469 mn vs. Net profit of Rs. 1,406 mn in 9MFY16
- Basic EPS at Rs. (1.77) vs. Rs. 5.34 in H1FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were down 16%/ 22% YoY respectively
- Production and sales of pipes (total operations) were down 26% / 28% YoY respectively

**Order book position (including all operations):** Current pipe order book stands at 797K MTs (Rs. 48 billion).

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “Delay in few large projects continued to impact our execution. However, the Global market is more stable and the industry is adapting to a ‘new normal’. The metamorphosis from ‘reducing cost’ to ‘adding value’ is gaining momentum. Understanding this phenomenon, we have taken various measures for adding value by expanding our capabilities while maintaining financial discipline.”

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### Consolidated performance highlights:

*Figures in Rs. million unless specified*

Particulars	Q3-FY17	Q2-FY17	Q3-FY16	9M-FY17	9M-FY16
<b>Ex-Saudi Arabia operations</b>					
- Pipe Production (KMT)	202	156	195	551	659
- Pipe Sales (KMT)	163	137	189	500	644
<b>Total operations</b>					
- Pipe Production (KMT)	203	193	259	624	840
- Pipe Sales (KMT)	163	183	251	596	829
- Plates/ coils Production (KMT)	44	66	29	192	160
<b>Total Income from Operations</b>	<b>12,028</b>	<b>12,068</b>	<b>16,741</b>	<b>39,660</b>	<b>54,164</b>
Reported EBITDA	1,705	1,139	2,491	4,304	6,810
<b>Operating EBITDA</b>	<b>1,224</b>	<b>947</b>	<b>2,042</b>	<b>3,220</b>	<b>6,312</b>
Finance Cost	567	585	575	1,723	1,834
Depreciation and Amortisation	1,030	976	946	2,942	2,890
PBT	108	(421)	970	(361)	2,085
<b>PAT after Minorities, Associates &amp; JVs</b>	<b>(39)</b>	<b>(336)</b>	<b>531</b>	<b>(469)</b>	<b>1,406</b>
<b>Cash PAT</b>	<b>990</b>	<b>701</b>	<b>1,325</b>	<b>2,625</b>	<b>4,323</b>

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-Dec-2016	30-Sep-2016	31-Mar-2016
Gross Debt	22,619	20,739	26,440
Cash & Cash Equivalents	10,494	12,715	12,818
<b>Net Debt</b>	<b>12,125</b>	<b>8,023</b>	<b>13,622</b>

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### Business outlook:

India market outlook is positive led by expanding National Gas Grid and various water projects across the country. Expected investments in major MENA markets, heavy oilfield developments in Africa and Canada, and deep sea developments would drive global demand.

Due to investments in latest technology and expanded value propositions, we are well poised to cater to increasingly diversified and technically demanding projects worldwide.

Despite challenges in raw material availability, conducive regulatory environment coupled with higher volumes has benefitted Plate & Coil Mill operations.

### Post Q3FY17 conference call:

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

Date : Friday, 10 February 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.

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**For further information please visit [www.welspuncorp.com](http://www.welspuncorp.com) or contact:**

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