



# APL APOLLO TUBES LTD.

**Q1 FY19 Earnings  
Presentation**

August 8, 2018

Infrastructure

Construction

Automobiles

Energy

Agriculture

*Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

# Operational & Financial Highlights Q1 FY2019



Infrastructure

Construction

Automobiles

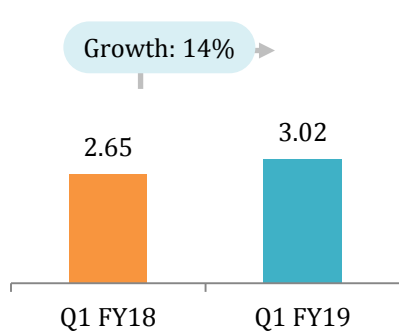
Energy

Agriculture

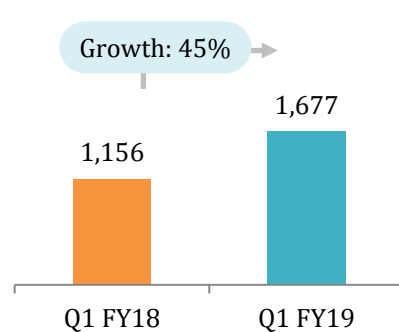
# Q1 FY19 – Performance Highlights



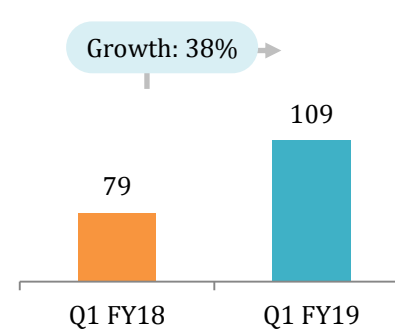
### Sales Volume\* (Lakh Ton)



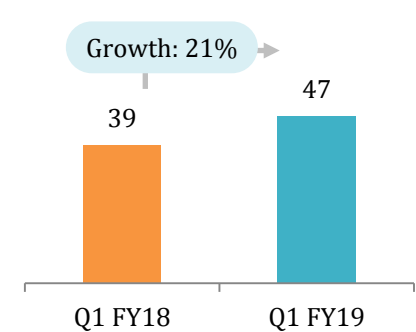
### Net Revenues (Rs. Crore)



### EBITDA<sup>1</sup> (Rs. Crore)



### PAT (Rs. Crore)



### Margins as a % of Income

6.8%

6.5%

3.4%

2.8%

- Sales volume stood at 3.02 lakh tons, registering a healthy growth of 14% Y-o-Y
- EBITDA per ton during Q1 FY19 improved to Rs. 3,584 as against Rs. 3,015 in the corresponding period last year.

#### Note:

\*Excluding Trading & Scrap

(1) EBITDA without other income

# Abridged P&L Statement



Particulars (Rs. crore)	Q1 FY19	Q1 FY18	Y-o-Y Shift
<b>Income from Operations</b>			
Net Sales	1,676.5	1,155.6	45%
<b>Total Income From Operations (Net)</b>	<b>1,676.5</b>	<b>1,155.6</b>	<b>45%</b>
<b>Total Expenditure</b>	<b>1,567.9</b>	<b>1,076.9</b>	<b>46%</b>
Raw Material expenses	1,465.8	974.3	50%
Employee benefits expense	26.1	21.2	23%
Other expenses	76.0	81.4	-7%
<b>EBITDA</b>	<b>108.6</b>	<b>78.7</b>	<b>38%</b>
<b>EBITDA margin (%)</b>	<b>6.5%</b>	<b>6.8%</b>	<b>-33 bps</b>
Other Income	3.7	9.5	-61%
Finance Costs	26.3	17.7	49%
Depreciation and Amortization	15.2	12.2	25%
<b>PBT</b>	<b>70.9</b>	<b>58.4</b>	<b>21%</b>
Tax expense	23.9	19.5	23%
<b>PAT</b>	<b>47.0</b>	<b>38.9</b>	<b>21%</b>
<b>PAT margin (%)</b>	<b>2.8%</b>	<b>3.4%</b>	<b>-56 bps</b>

# Key Financial & Operational Parameters



Particulars	Q1 FY19	Q1 FY18	Y-o-Y Shift (bps)
EBITDA Margin	6.5%	6.8%	-33
Profit Before Tax	4.2%	5.0%	-82
Net Margin	2.8%	3.4%	-56
Total Expenditure / Total Operating Income	93.5%	93.2%	33
Raw Material Cost / Total Operating Income	87.4%	84.3%	312
Staff Cost / Total Operating Income	1.6%	1.8%	-27
Other Expenditure / Total Operating Income	4.5%	7.0%	-251
Interest & Finance Charges / Sales	1.6%	1.5%	4
Tax Rate	33.7%	33.4%	30
EBITDA/ TON (Rs. )	3,584	3,015	19%

**Note:**  
(1) EBITDA without other income

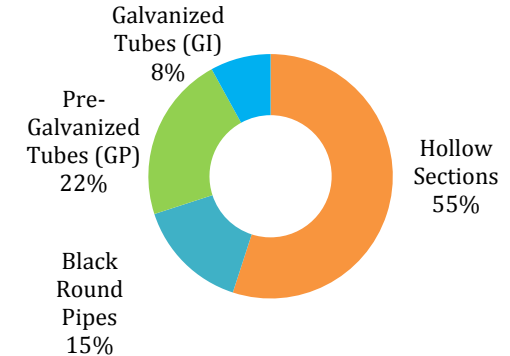
# Key Financial & Operational Parameters



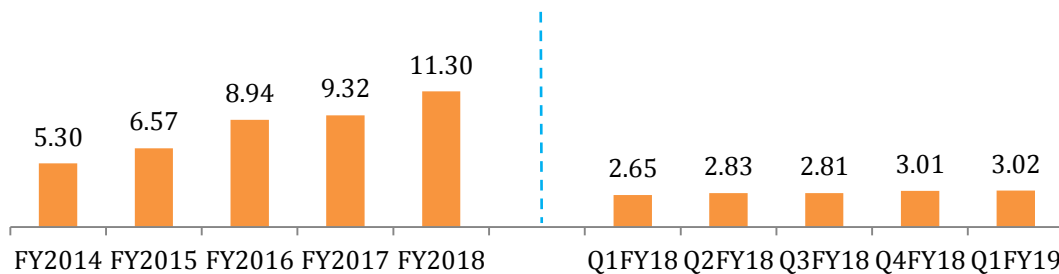
## Sales Volume Break-up

Particulars (Tons)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Hollow Sections	166,818	137,249	22%
Black Round Pipes	45,065	38,938	16%
Pre-Galvanized Tubes (GP)	67,214	59,902	12%
Galvanized Tubes (GI)	22,957	29,066	-21%
<b>Finished products</b>	<b>302,054</b>	<b>265,155</b>	<b>14%</b>
Others*	15,887	13,016	22%
<b>Total</b>	<b>317,941</b>	<b>278,171</b>	<b>14%</b>

## Sales Volume (excluding Trading & Scrap) Break-up - Q1 FY19



## Sales Volume (Lakh Tons) (excluding Trading & Scrap)



- Sales Volume (excluding Trading & Scrap) stood at 302,054 tons compared to 265,155 tons, up 14% Y-o-Y
- Upgradation and modernization of GI facilities impacted GI volumes. The Company expects to report stabilized GI volumes going forward
  - The period witnessed healthy sales volume growth in GP and hollow sections

Note:  
\*Trading & Scrap

# Key Financial & Operational Parameters

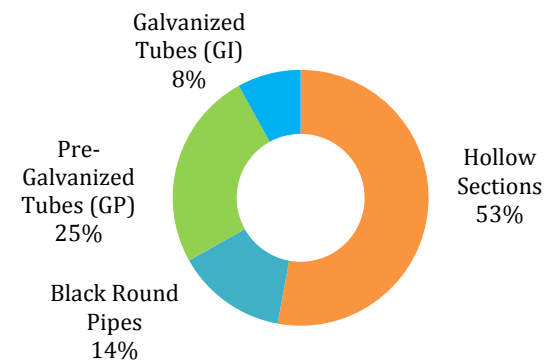
## Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Hollow Sections	50,949	39,652	28%
Black Round Pipes	49,873	38,925	28%
Pre-Galvanized Tubes (GP)	59,942	48,257	24%
Galvanized Tubes (GI)	59,733	48,481	23%
Others*	29,255	21,518	36%

## Product-wise Revenue Break-up

Particulars (Rs. crore)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Hollow Sections	849.9	544.2	56%
Black Round Pipes	224.8	151.6	48%
Pre-Galvanized Tubes (GP)	402.9	289.1	39%
Galvanized Tubes (GI)	137.1	140.9	-3%
Others*	46.5	28.0	66%
<b>Total</b>	<b>1,661.2</b>	<b>1,153.8</b>	<b>44%</b>

## Product-wise Revenue (excluding Trading & Scrap) Break-up - Q1 FY19



Note:

\*Trading & Scrap



# Financial Overview and Discussion (YoY)



- **Total Net Revenues during Q1 FY19 stood at Rs. 1,676.5 crore, registering a robust growth of 45% Y-o-Y**
  - The Company delivered a healthy volume growth of 14% in Q1 FY19
  - The period saw increased realizations across product categories led by higher steel prices – as a policy any change in steel prices is directly passed onto the customers by the Company
  - As raw material prices stabilize, the Company expects volume momentum to further prove in the upcoming quarters
- **EBITDA during Q1 FY19 at Rs. 108.6 crore higher by 38% Y-o-Y**
  - EBITDA per ton during Q1 FY19 stood strong at Rs. 3,584 as against Rs. 3,015 in the corresponding period last year. The EBITDA per ton was within a healthy range
  - From a longer term perspective, increasing contribution from higher margin value-added branded products and better utilization levels should contribute positively to the EBITDA per ton performance
  - Raw Material Cost as a % of Total Operating Income stood at 87.4% in Q1 FY19 as against 84.3% in Q1 FY18. This is primarily due to the increase in steel prices, which is a pass through for the Company, and has no impact on the EBITDA per ton of the Company
- **Depreciation stood at Rs. 15.2 crore in Q1 FY19, higher by 25% Y-o-Y**
  - Higher depreciation due to commissioning of new capacities during the quarter. Going forward, as additional capacities go on-stream, the Company anticipates a marginal increase in depreciation in the coming quarters

**Note:**

(1) EBITDA without other income

# Financial Overview and Discussion (YoY)



- **Interest cost higher by 49% YoY to Rs. 26.3 crore in Q1 FY19**
  - The Company increased its inventory position during the quarter to manage uncertainty around raw material availability in the domestic market. This led to higher interest outgo
  - The inventory position is expected to stabilize going forward
  - Interest Cost as a % of Sales (Interest Cost/Sales) at 1.6% in Q1 FY19 as against 1.5% in Q1 FY18
- **PAT during Q1 FY19 registered a growth of 21% YoY to Rs. 47.0 crore**

# Management's Message

Commenting on the Company's performance for Q1 FY2019, Mr. Sanjay Gupta, Chairman, APL Apollo said,

*"We are pleased to report a healthy set of results during the quarter, registering a solid revenue growth of 45% along with a robust PAT growth of 21%. In Q1 FY2019, our sales volume grew at a steady rate of 14% led by an uptick in demand and consumption across various sectors. Further, increased contribution from Hollow sections, including DFT Products, also assisted the overall performance.*

*On the operational front, we are nearing the completion of the remaining two DFT lines in our facilities at Sikandarabad and Hosur. The commissioning of all DFT lines along with our other business initiatives such as increased branding activities, cost-effective measures and strong focus towards innovation should enable the Company to emerge as one of the largest steel tube manufactures in the world.*

*We believe improving macro-environment combined with our innovation capabilities and robust product offerings should enable us to deliver healthy performance going forward. On the whole, we remain committed towards improving our financial and operational momentum in FY19."*



# Annexure



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## APL Apollo Tubes Limited (APL Apollo) Q1 FY19 Earnings Conference Call

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<b>Time</b>	<ul style="list-style-type: none"><li>• 11.00 am IST on Friday, August 10, 2018</li></ul>
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<b>Local dial-in numbers</b>	<ul style="list-style-type: none"><li>• +91 22 6280 1141</li><li>• +91 22 7115 8042</li></ul>
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<b>International Toll Free Number</b>	<ul style="list-style-type: none"><li>• Hong Kong: 800 964 448</li><li>• Singapore: 800 101 2045</li><li>• UK: 0 808 101 1573</li><li>• USA: 1 866 746 2133</li></ul>
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**APL Apollo Tubes Limited (APL Apollo) [BSE: 533758, NSE: APLAPOLLO]** is one of India's leading branded steel products manufacturers. Headquartered at Delhi NCR, the Company operates six manufacturing facilities with a total capacity of 1.8 Million MTPA. It has a PAN-Indian presence with units strategically located in Sikandarabad (3 units), Bangalore, Hosur, Raipur and Murbad. APL Apollo's multi-product offerings include over 500 varieties of MS Black pipes, Galvanized Tubes, Pre-Galvanized Tubes, Structural ERW Steel tubes and Hollow Sections.

With state-of-the-art-manufacturing facilities, APL Apollo serves as a 'one-stop shop' for a wide spectrum of steel products, catering to an array of industry applications such as urban infrastructures, housing, irrigation, solar plants, greenhouses and engineering. The Company's vast 3-tier distribution network of over 600 dealers is spread all across India, with warehouses cum- branch offices in over 20 cities

## For further information, please contact:

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**Deepak Goyal**

**APL Apollo Tube Ltd**

Tel: +91 120 404 1400

Email: [deepakgoyal@aplapollo.com](mailto:deepakgoyal@aplapollo.com)

**Anoop Poojari / Shikha Kshirsagar**

**CDR India**

Tel: +91 22 6645 1211/ 6645 1243

Email: [anoop@cdr-india.com](mailto:anoop@cdr-india.com)

[shikha@cdr-india.com](mailto:shikha@cdr-india.com)



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# Thank You