

APL **APOLLO**

Q3 **FY20 Results**

Safe Harbour

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.

Contents

Year till date 9MFY'20

APL Apollo Overview

Financial Performance

Core Competence

Key Takeaways

Annexure





YEAR TILL DATE
9M FY'20

Q3 FY'20 at a Glance



4.8 lac ton

Volume
52% yoy increase



40%

Market share in structural steel
tube sector as at 30 Sept' 19
FY19 was 36%



₹ 1,652 Mn

EBITDA
164% yoy increase



₹ 742 Mn*

Net profit
475% yoy increase



25.5 lac ton

Capacity as at 31 Dec' 19



20.7%

ROCE as at 31 Dec' 19
Acquisitions and new
capacity yet to yield results



1,100+

Products
Continuous focus on
new product addition



₹ 3,440

EBITDA/ ton
73% yoy increase



28 days

Net Working Capital as at 31
Dec' 19
FY19 was 34 days



₹ 2,211 Mn

Operating cash flows
FY19 operating cash flows
were ₹ 3,576 Mn



790+ Distributors

Distribution expansion
remains key focus area



Branding

Mass branding kick
started

* Excluding non-controlling interest of Rs 89.9m

Q3 FY'20 Highlights

Slight improvement in demand

Evident from our sales volume growth

Company focused on market share gains and launch of value added products

Macro environment remains tough

Margin recovery

Better capacity utilization levels led to operating leverage gains

Focus on increased sale of value added products

Benefits from branding exercise started to be visible

Strong balance sheet

Debt of APL Apollo (excluding Apollo Tricoat) declined by Rs1.1bn to Rs7bn in 9MFY20

Consolidated debt also declined by Rs480m QoQ to Rs8.1bn

D/E ratio improved to 0.6x from 0.9x in 9MFY20

APL Apollo at a Glance

1

Core Business

Leading building material structural steel brand

14

Brands

Five Product Categories

40%

Market Share

2.5

Million Ton

Structural Steel Capacity

8 Patents

10 Plants

2,079 Employees

790+ Distributors

1,100+ Products

Our Brands

Product Category*

Apollo Structural

Structural steel construction material:
Residential, Commercial, Infrastructure

Fabritech, Build, DFT

Apollo Z

Galvanized structural steel construction material:
Residential, Commercial, Infrastructure

CoastGuard

Apollo Build

Galvanized structural steel construction material:
Residential, Commercial, Infrastructure

Green, Bheem, StrenX

Apollo Standard

Construction material, Industrial

FireReady, Agri

Apollo Tricoat

Home improvement applications

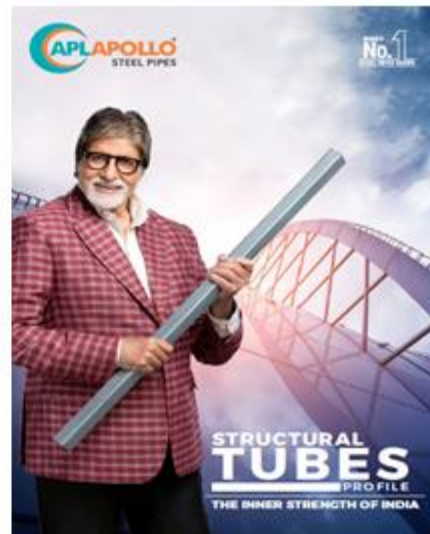
Tricoat, Plank, Signature, Elegant, Chaukhat

68% Building Material

32% Infrastructure & Others

*Apollo Structural -Hollow Section, Apollo Z- Pre Galvanized (GP), Apollo Build – Galvanized (GI), Apollo Standard – Black Pipes

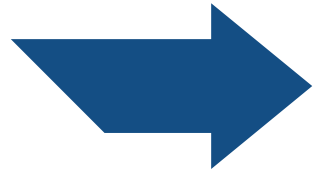
Brand Equity



Brand Equity

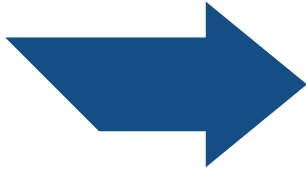


B2C Channel



Distributors

790+ Distributors – Solid Relationships, Incentive plans



Retailers

50,000+ Retailers – Retailer bonding program



Fabricators

100,000+ Fabricators – Apollo Connect Bonding Programs, Fabricator meets to promote APL Apollo Brand



End Consumer

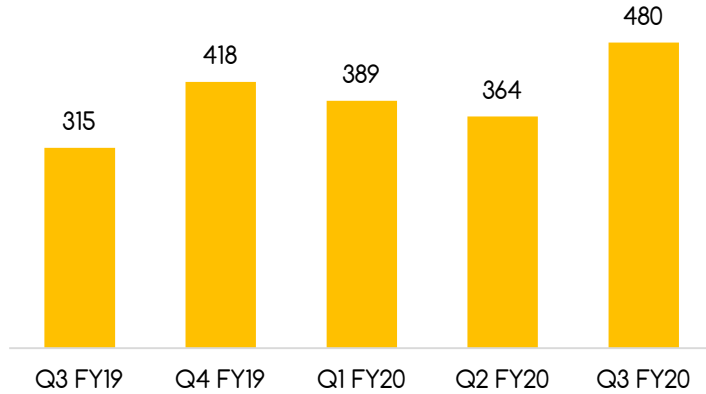
End Customer Connect– Indian Premier League, Football, Kabaddi League. Amitabh Bachchan Campaign, TV Commercials, Radio, Social Media



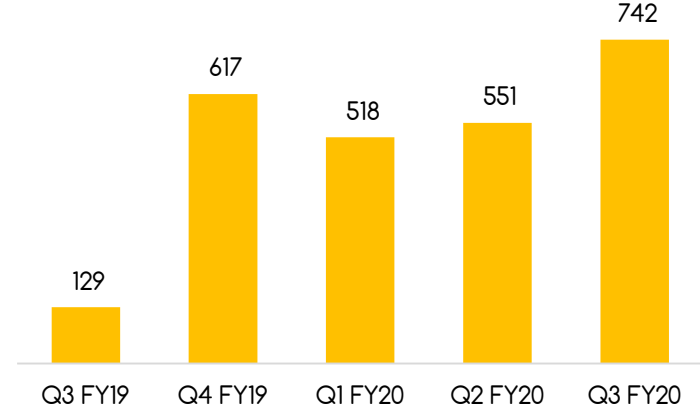
FINANCIAL PERFORMANCE

Growing Strength to Strength

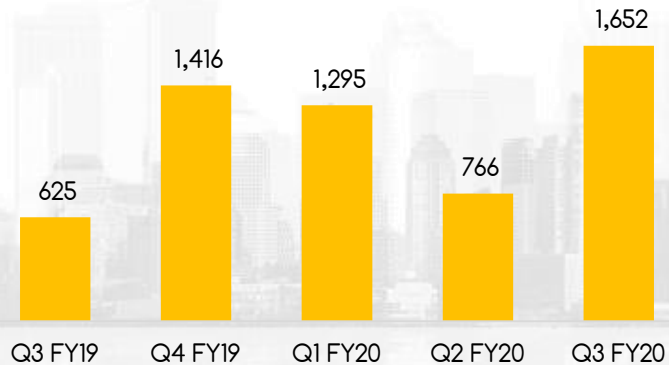
Volume (000's Ton)



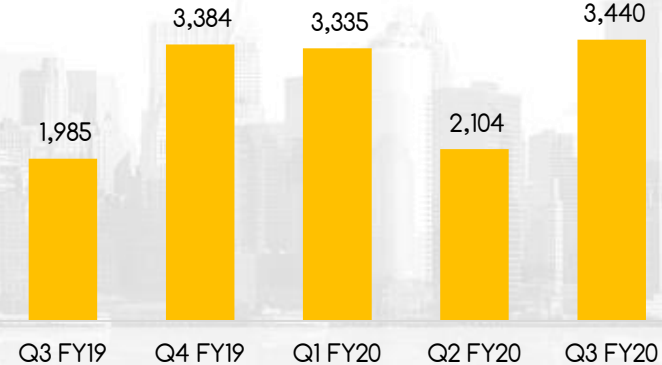
PAT (Rsm)



EBITDA (Rsm)

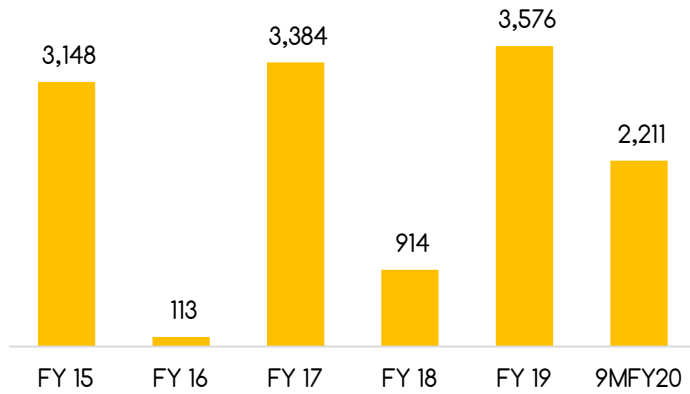


EBITDA/Ton (Rs)

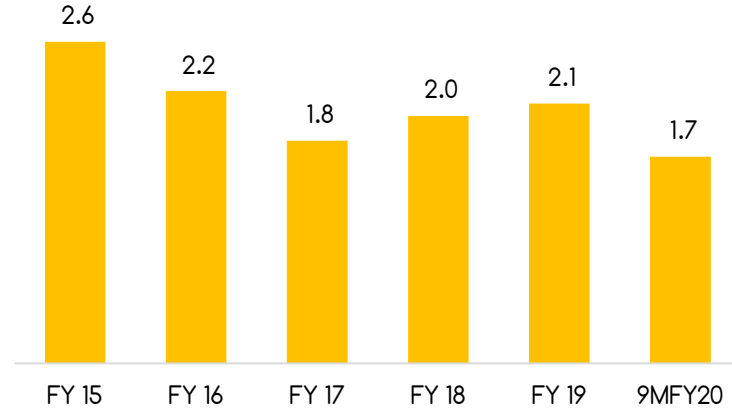


Growing Strength to Strength

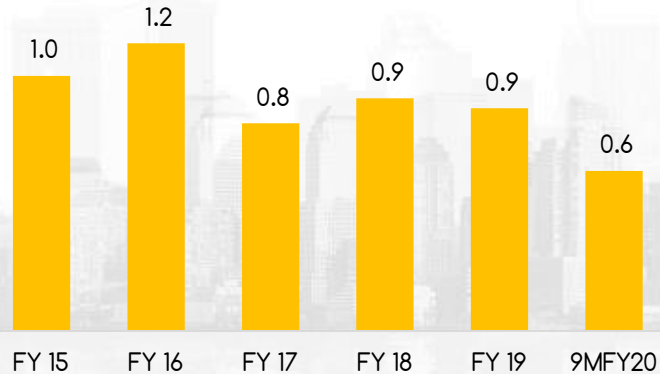
Operating Cash flow (Rsm)



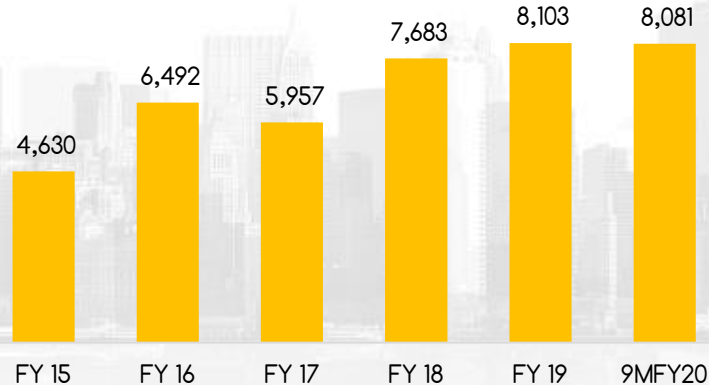
Debt to EBITDA (x)



Debt to Equity (x)

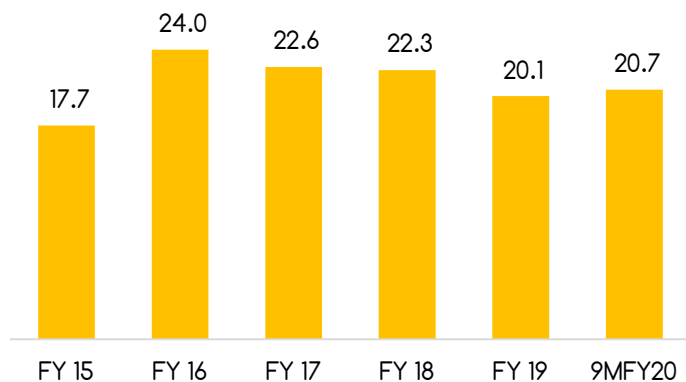


Net debt (Rsm)

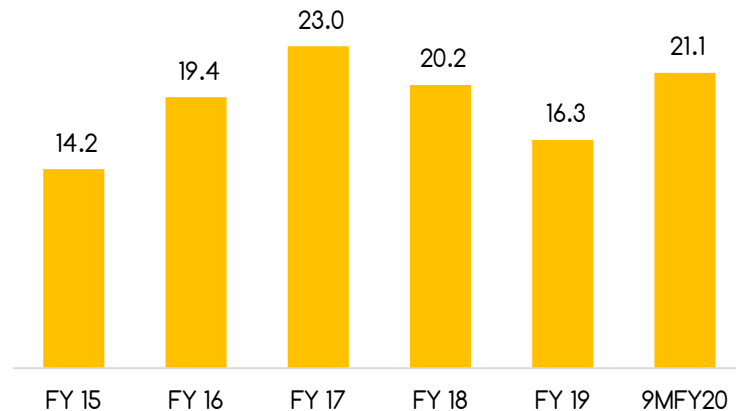


Growing Strength to Strength

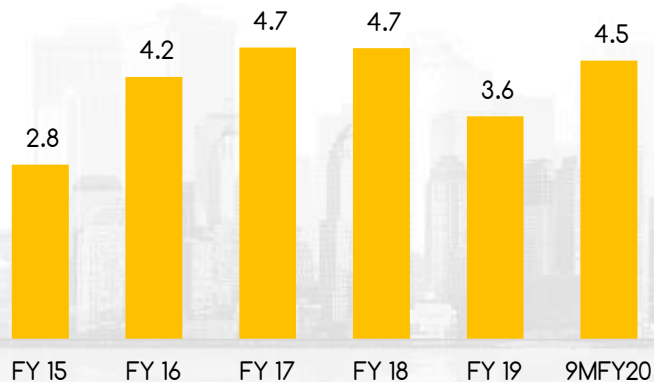
ROCE (%)



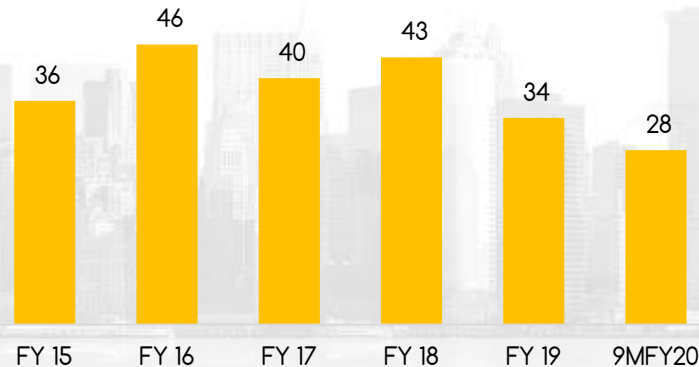
ROE (%)



Interest Coverage Ratio (x)



Net Working Capital Days



Growing Strength to Strength

Particulars	FY15	FY16	FY17	FY18	FY19	9MFY20
Apollo Structural						
Volume (000's tons)	249	426	475	614	766	682
Revenue (Rsm)	10,541	14,744	17,971	26,380	37,469	28,592
EBITDA (Rsm)	525	1,008	1,223	1,616	1,798	1,475
Apollo Standard						
Volume (000's tons)	170	194	151	164	198	163
Revenue (Rsm)	7,115	6,554	5,590	6,925	9,473	6,716
EBITDA (Rsm)	236	322	268	261	271	213
Apollo Z						
Volume (000's tons)	148	159	189	241	283	240
Revenue (Rsm)	7,555	6,701	8,727	12,431	16,213	12,006
EBITDA (Rsm)	695	842	1,075	1,372	1,572	1,263
Apollo Build						
Volume (000's tons)	91	115	117	111	92	74
Revenue (Rsm)	4,674	4,838	5,393	5,766	5,273	3,767
EBITDA (Rsm)	357	526	578	543	402	308
Apollo Tricoat						
Volume (000's tons)	-	-	-	-	-	75
Revenue (Rsm)	-	-	-	-	-	3,827
EBITDA (Rsm)	-	-	-	-	-	442
Total Revenue* (Rsm)	31,274	34,138	38,680	53,213	71,533	54,908
Total EBITDA* (Rsm)	1,862	2,919	3,328	3,790	4,045	3,701
PAT (Rsm)	638	1,006	1,461	1,581	1,483	1,811**

*Some contribution from sale of scrap and trading sales

** Excludes non-controlling interest of Rs140mcom

Particulars	FY18	FY19	9MFY20
Apollo Structural DFT (Part of Apollo Structural)			
Volume (000's tons)	153	321	267
Revenue (Rsm)	6,644	15,772	11,340
EBITDA (Rsm)	466	958	712

Consolidated Financial Performance

P&L (Rsm)	Q3FY20	Q3FY19	9MFY20	9MFY19	FY19
Sales Volume (000s Ton)	480	314	1,233	921	1,339
Revenue	21,205	16,944	58,486	50,671	71,640
EBITDA	1,652	624	3,713	2,630	4,045
EBITDA/Ton	3,440	1,981	3,012	2,851	3,020
Depreciation	262	157	704	470	643
Interest	281	271	832	844	1,134
Tax	277	68	225	450	787
Net Profit	832	129	1,952	865	1,482
Minority Interest	90	0	141	0	-
Actual Net Profit	742*	129	1,811	865	1,482
ROCE (%)			20.7		20.1
ROE (%)			21.1		16.3

* Excluding non-controlling interest of Rs 89.9m

Financial Performance (Excluding Apollo Tricoat)

P&L (Rsm)	Q3FY20	Q3FY19	9MFY20	9MFY19	FY19
Sales Volume (000s Ton)	433	314	1,158	921	1,339
Revenue	18,915	16,944	54,538	50,671	71,640
EBITDA	1,367	624	3,259	2,630	4,045
EBITDA/Ton	3,157	1,981	2,814	2,851	3,020
Depreciation	235	157	653	470	642
Interest	258	271	804	844	1,134
Tax	22	68	13	450	787
Net Profit	652	129	1,671	865	1,482
ROCE (%)			18.5		17.6
ROE (%)			19.5		16.5

EBITDA Growth QoQ (Excluding Apollo Tricoat)



CORE **COMPETENCE**

Our Business Moat...

Most products
with 1,100 SKUs

Highest scale with 11 plants
(2.5Mn ton capacity)

Largest sales network
(790+ distributors)



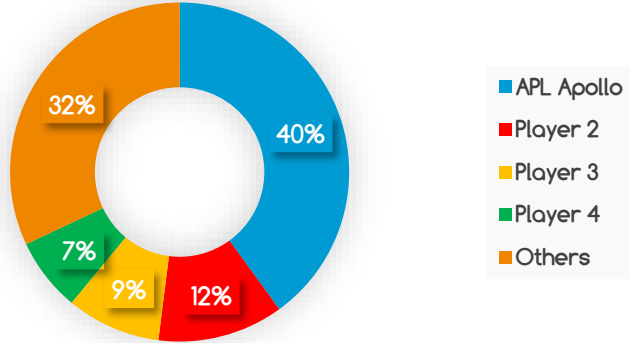
Lowest cost producer
(largest buyer of HR coil)

Premium pricing to peers
(brand strength)

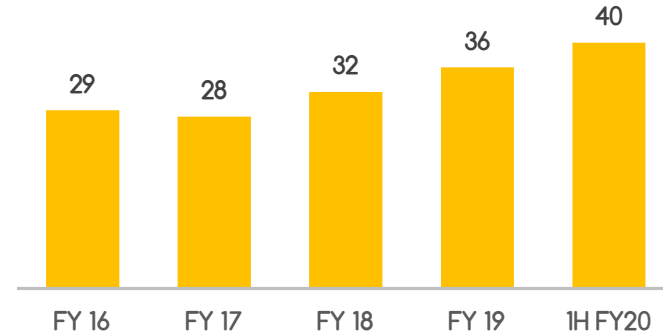
Technology edge &
Innovation

Dominant Leadership

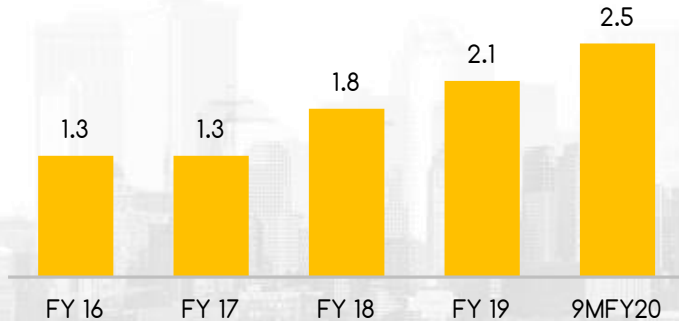
Peer Market Share FY19



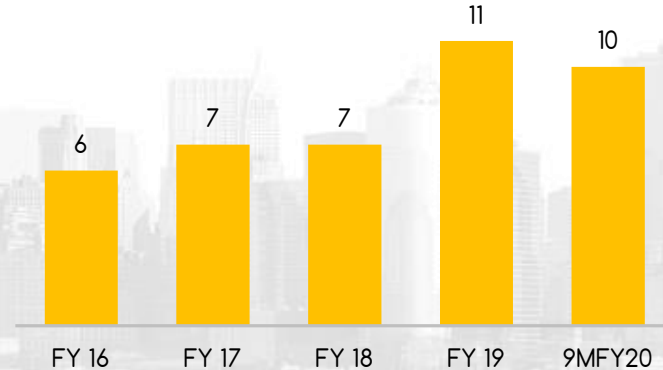
APL's Market Share (%)



Capacity (Mn Tons)



Number of Plants



Source: Company data and Industry research

* 1 Plant has been consolidated and converted into a warehouse

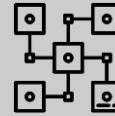
Unique Capabilities



Developed structural
steel
market in India



Technology



Distribution
network



Innovative
products

First Mover advantage

No.1 Leader; Focused on
steel strength and
building material
applications

Direct Forming Technology
for big structural products

In-line Galvanizing to
replace traditional
products

B2C channel for last
mile penetration

Ground breaking
solutions

Roofing solutions for
coastal market, door
frame

KEY TAKEAWAYS

Financial Priorities under Strong Governance

Growth

- Profitable Organic Growth
- EPS accretive strategic acquisitions
- Commitment to R&D and Talent



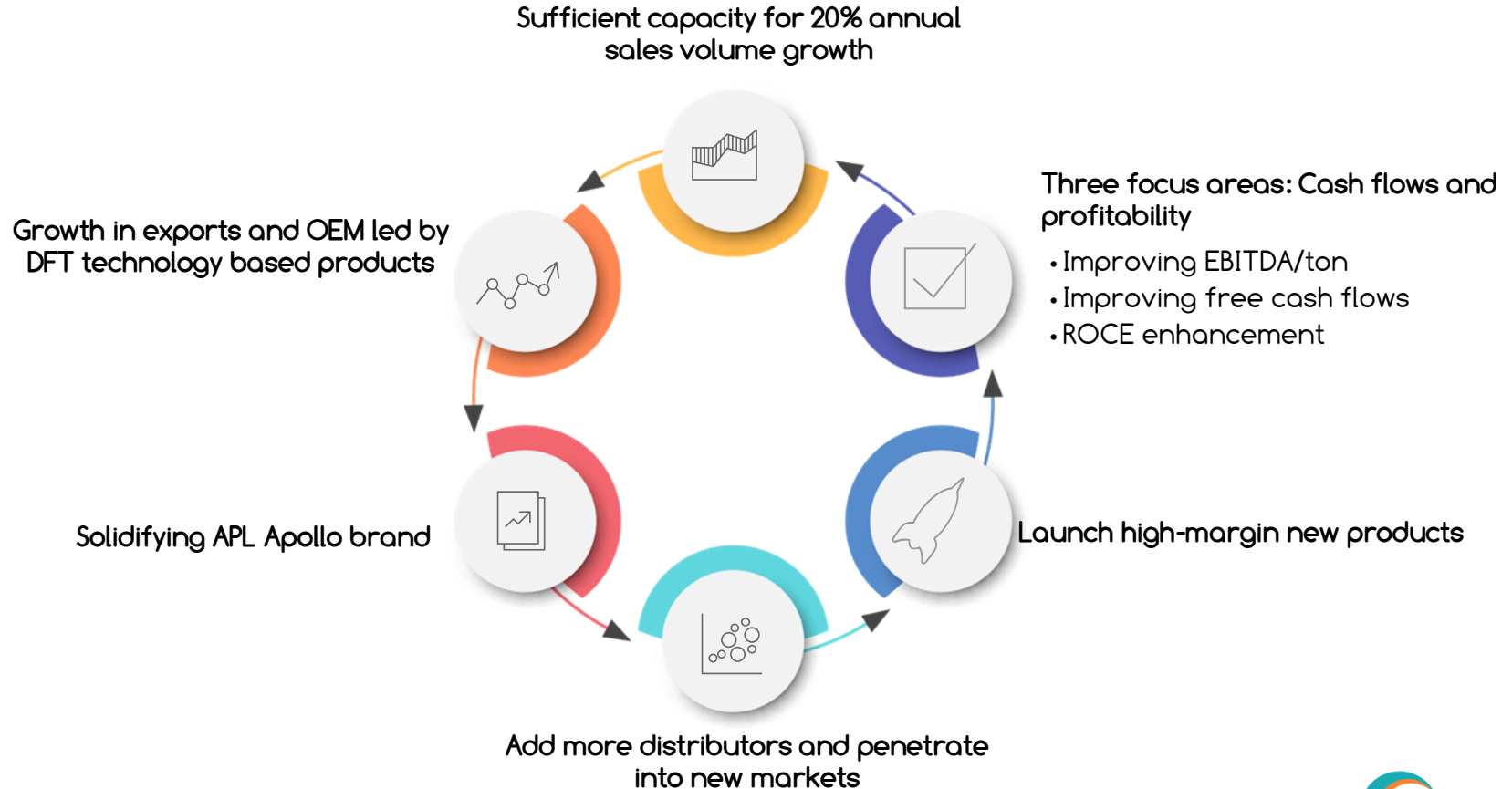
Earnings

- Drive sustainable EPS growth
- Attain earnings objectives across economic cycles
- ROCE \geq 25%

Capital Allocation

- Focus on Free Cash Flow Generation
- Sound Leverage and Working Capital Ratio
- Consistent dividend payouts to shareholders

Solid Future Outlook



ESG Initiatives

Environment

- ✓ Mapping energy consumption trends to achieve energy optimisation benchmark
- ✓ Target to equip all the units and buildings with rooftop solar panels
- ✓ Achieved 20% reduction in wastages through operational efficiency
- ✓ Water recycling already in practice
- ✓ Increasing the greenery cover around all plants
- ✓ Coil stacking system to enhance safety guidelines and flexibility of operations
- ✓ Installed effluent treatment plants for the prevention of water pollution

Social

- ✓ Committed to impart skill development and employment
- ✓ Recruitment of rural youth for local sales operations
- ✓ Funds for education, healthcare and community infrastructure development projects for marginalized communities
- ✓ Made contribution to: Prime Minister's National Relief Fund for Education of Poor Children, World Hope Foundation, U.P. Science Centre and Bharat Lok Shiksha Parishad
- ✓ Association in compliance to the provisions of Companies Act, 2013 relating to Corporate Social Responsibility

Governance

- ✓ No pledge of promoter shares
- ✓ Deloitte for statutory audit and Ernst & Young for internal audit
- ✓ 5 non-executive board members out of 8

Solid Management

Directors (Non Executive)

Neeru Abrol

26 Yr experience in SAIL | Director at TCNS Clothing Co Limited & others | Awarded best achiever by ICAI

Abhilash Lal

3 decades of professional experience in senior roles across financial services including banking, PE & others

Anil Kumar Bansal

Director of NABARD, Rockland Finesto Ltd & others
4 decades of experience in banking industry

Virendra Singh Jain

Board member of Dalmia Bharat Ltd |
Ex-Chairman of SAIL | Ex-Executive Director at IOC

Ashok Kumar Gupta

Steel industry veteran with 4 decades of experience
Worked as MD in APL Apollo in the past

Executive Team

Sanjay Gupta

Chairman & Managing Director

Vinay Gupta

Director

Romi Sehgal

Director

P.K. Singh

Executive Director

Arun Agrawal

Chief Operating Officer

Deepak Goyal

Chief Finance Officer

Anubhav Gupta

Chief Strategy Officer

ANNEXURE

Detailed P&L Statement (without Apollo Tricoat)

Particulars (Rsm)	Q3 FY20	Q3 FY19	Y-o-Y Chg (%)	9MFY20	9MFY19	Y-o-Y Chg (%)
Net Sales	18,869	16,912	11	54,404	50,582	7
Total Income From Operations (Net)	18,869	16,912		54,404	50,582	
Other Income	46	32	43	135	89	51
Total Income	18,915	16,944	11	54,538	50,671	7
Total Expenditure	17,547	16,320	7	51,279	48,041	6
Raw Material expenses	15,829	15,257	3	46,719	44,894	4
Employee benefits expense	336	259	29	969	793	22
Other expenses	1,382	804	71	3,591	2,354	52
EBITDA	1,367	624	119	3,259	2,630	23
EBITDA margin (%)	7.2	3.7		6.0	5.2	
Finance Costs	258	271	-4	804	844	-4
Depreciation and Amortization	235	157	49	653	470	38
PBT	874	196	346	1,803	1,315	37
Tax expense	222	68	226	132	450	-70
PAT	652	129	405	1,671	865	93
PAT Margins (%)	3.4	0.8		3.1	1.7	

Thank You

For further information, please contact:

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