



APLAPOLLO TUBES LTD.

Investor Presentation

November 2018

Construction
& Building
Material

Infrastructure

Energy &
Engineering

Automobiles

Agriculture

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.

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APL Apollo Business Overview



Construction
& Building
Material

Infrastructure

Energy &
Engineering

Automobiles

Agriculture

Milestones



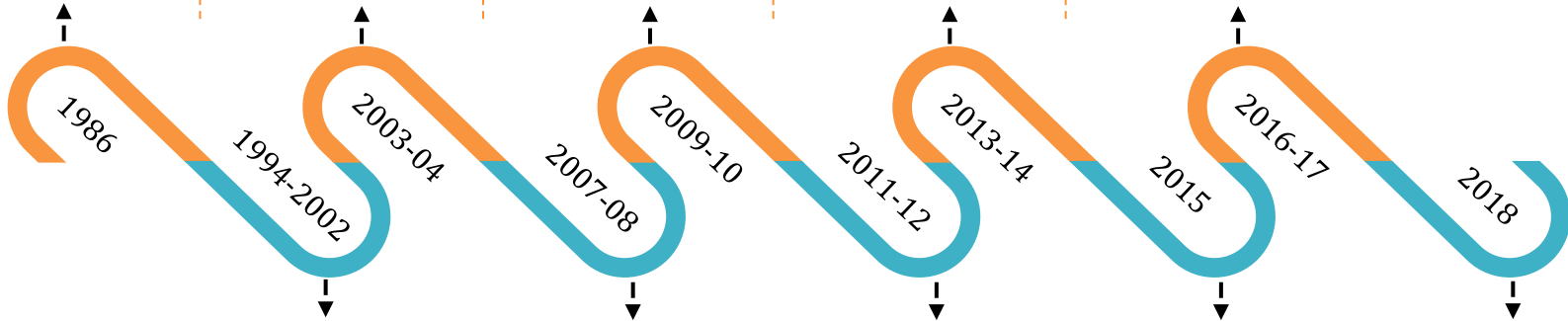
- Year of Incorporation
- Set-up the first manufacturing plant in Sikandarabad, Ghaziabad

- Developed in-house Hollow Sections across a wide-range of designs
- First in India to launch Pre-Galvanized pipes

- Commissioned a plant at Hosur, Tamil Nadu - greenfield venture with state-of-the-art mills
- Started multiple warehouses across India - achieved just in time delivery
- Started Coil galvanizing for GP pipes

- Launched Door & Window frames and railing tubes
- Implemented SAP
- Developed and procured CRFH Coils from JSW Steel to expand product range

- Commissioned Greenfield facility at Raipur, Chhattisgarh
- Established India's 1st-ever DFT lines at the Company's plants at Raipur, Hosur and Murbad
- First to introduce Direct Forming Technology in India and achieve sizes of 300x300
- Awarded patents for six Product Design types



- Commissioned a new galvanizing plant
- Listed on the Exchanges
- Commissioned a new tube mill and modern gallium high speed mills

- Acquired and turned around Apollo Metalex Private Limited
- Acquired and turned around Shri Lakshmi Metal Udyog Limited in Bangalore
- Achieved PAN-India status

- Name changed to APL Apollo Tubes Limited from Bihar Tubes
- Acquired and turned around Lloyds Line Pipes Limited plant near Mumbai

- First in India to achieve a capacity of 1 MTPA Steel Pipe

- Acquires equity stake in Apollo Tricoat Tubes

India's Leading Branded Steel Tubes Manufacturer



Technology-focused Company – at the forefront of launching innovative product offerings

Catering to an array of sectors – Construction & Building Material, Infrastructure, Energy & Engineering
Automobile, Agriculture, etc.

Close-to-Demand Pan-India Presence – only player with facilities across North, South, West and East India

Leading the Shift from a Commodity to a Value-Added Branded product

Lowest cost producer in the country – Latest Technology | Economies of Scale | Optimally Utilizing key resources | Management expertise

1.75

MILLION MTPA STEEL
PRODUCTION
CAPACITY

31%

SALES (VOL)
12 YR CAGR

5,335

INR
CRORE

FY18 NET SALES

7

MANUFACTURING
UNITS

1,000+

DIVERSIFIED
PRODUCT
PORTFOLIO

650+

DISTRIBUTORS
ACROSS INDIA

'One-stop shop' for steel structural products: Catering to key sectors of the Indian economy



Construction & Building Material

- Green Construction
- Buildings / Smart Cities
- Structural steel
- Fencing
- Hand railing
- Roofing
- Scaffolding
- Window/Door frame
- Ducting
- Furniture
- Fire fighting



Infrastructure

- Metros
- Airports
- Ports
- Prefabricated
- Gas Pipelines
- Telcom Towers
- Poles
- Stadiums



Energy & Engineering

- Solar plants
- Power plants
- Cranes
- Gym equipment
- Heavy engineering goods



Automobiles

- Truck & Bus body
- Heavy Vehicle Axles



Agriculture

- Agriculture Implements
- Drip Irrigation
- Water Distributor
- Pump & Water Conveyance
- Greenhouses

APL volume breakup (~)

64%

12%

11%

5%

8%

Continuous focus on New Age Industry Applications across high-potential business segments

Strong Government impetus, increasing purchasing power, improving lifestyle dynamics, etc provide a boost to all key sectors of the Indian economy

With enormous untapped potential across all major sectors and new age applications, APL Apollo's business model is well-positioned to capitalize on all emerging sectoral trends

Tapping the Building Material space



1	Structural steel
2	Fencing
3	Hand railing
4	Roofing
5	Scaffolding
6	Door frame
7	Window frame
8	Ducting
9	Furniture
10	Fire fighting

Array of products catering to multiple segments of the High Potential industry

Infrastructural Applications



Engineering Applications



Automotive Applications



Agricultural Applications



Industry Parameters

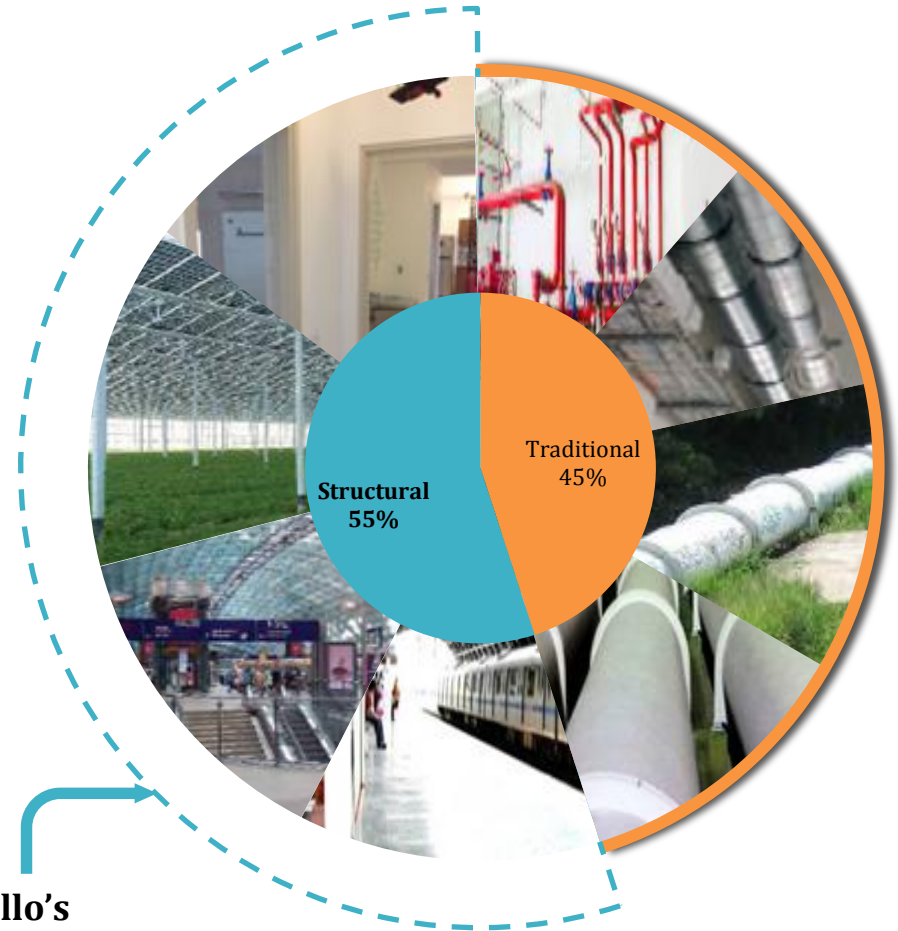
Steel pipes and tube manufacturing among the fastest growing industries across the globe

India is one of the leading ERW steel tubes manufacturing hubs in the world

Ever-increasing pent-up demand led by increased infrastructure construction, thriving automobile and refining sectors

ERW pipe industry to grow at ~10-12% CAGR - Domestic demand at ~10 million TPA*

Domestic ERW Steel tubes market size at ~\$5 bn/ Rs. 30,000 crore)



**APL Apollo's
Focus Area**

Strong demand for Steel pipe consumption*

	Steel consumption	Pipe Consumption	Pipe consumption as a % of steel	Per Capita Consumption	
	Mn ton	Mn ton	%	Steel Kg	Pipe Kg
Global	1,573	156	10%	208	21
China	800	80	10%	568	57
India	105	10	10%	75	6
Rest of the World	673	68	10%	140	14

- **Steel pipe consumption is directly linked to the country's GDP growth**
- **Steel demand expected to grow at ~6-8% through FY21**
 - **Pipe demand will form ~10-12% of the total steel demand, thereby providing a huge opportunity for steel pipe consumption**

Growth Drivers



Construction
& Building
Material

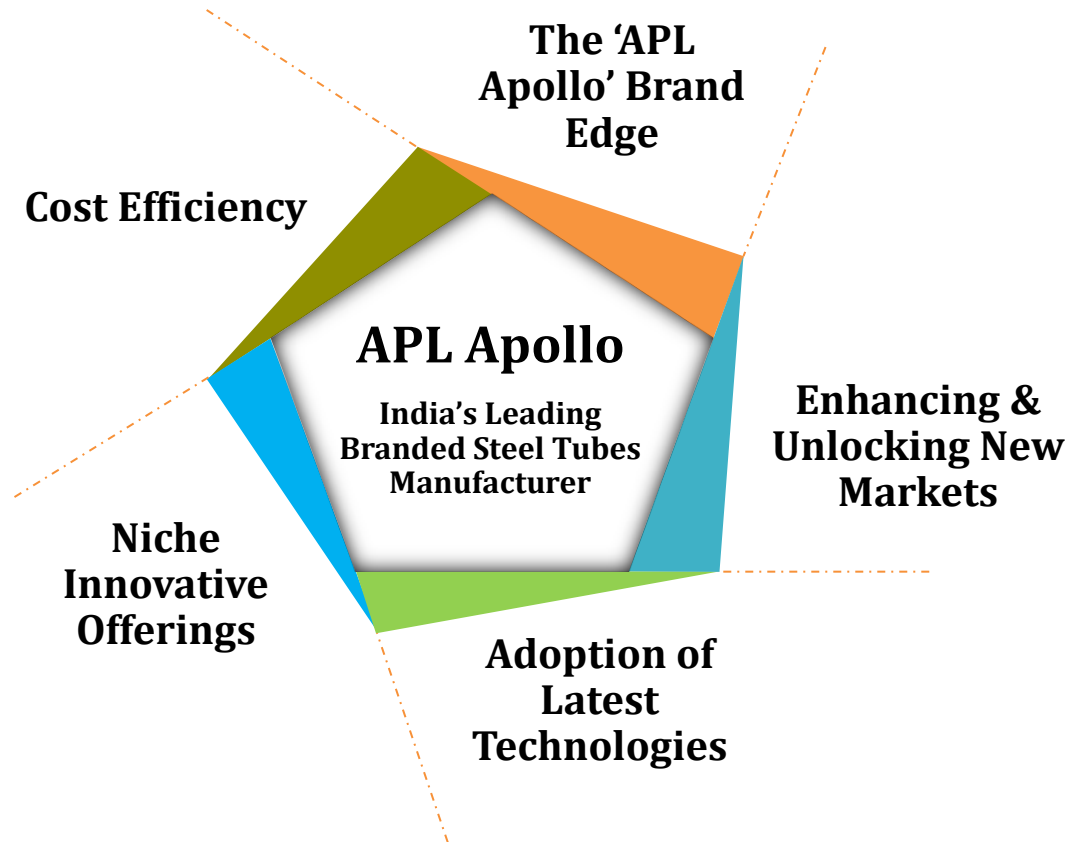
Infrastructure

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Pillars of Growth



APL Apollo Brand – Leading the Shift from a Commodity to a Value-Added Branded product



- Developed a focused Branding Strategy in the year 2013, serving a two-fold objective:
 - Creating awareness and visibility of the brand
 - Providing consumers a first-hand feel of products
- Strength, quality and competitive pricing of products strengthening brand value
- Appointed Marketing Consultant to drive the Company's overall Branding strategy
- Targeting about 30,000 signage boards across the country for higher visibility
- Introduced innovative incentive schemes for dealers
 - Star Cruise for 4 days organized for over 1,000 dealers and distributors in Singapore and Malaysia
- Over the next few years, allocated budget of Rs. 15- 20 crore towards brand building activities



Strong brand awareness and widened distribution network to help diversify the 'APL Apollo' brand reach and drive higher growth

Changing consumer perceptions at the right touchpoints

Engaging customers via two pronged approach



Brand Led

PUSH

Strategy

- Focus on engagements activities like Fabricators meets, Architect meets, Chai pe Charcha to continue
- Participation in International & National exhibitions

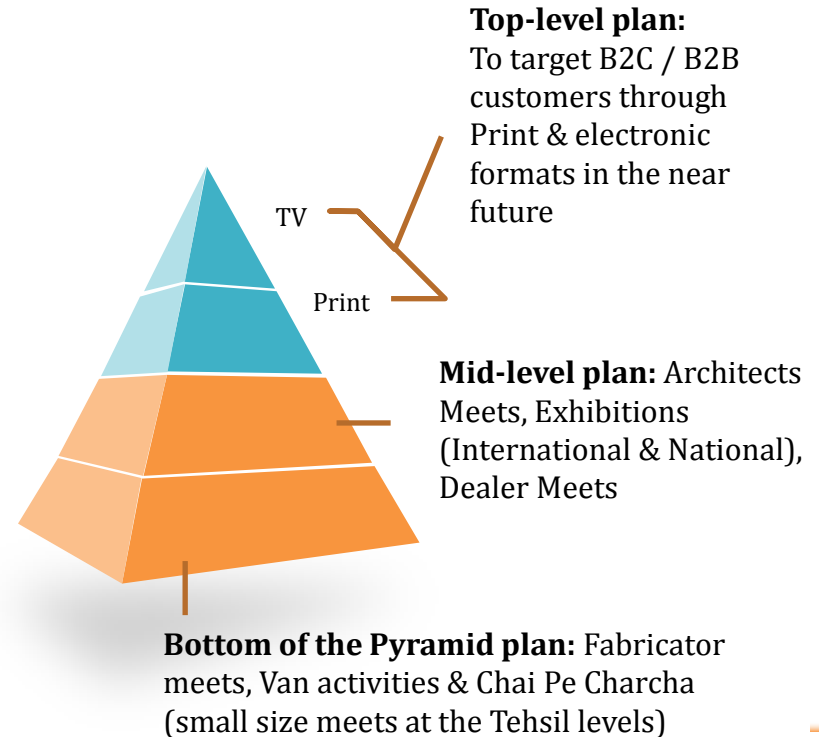
Customer Led

PULL

Strategy

- Creating awareness and visibility of the brand APL Apollo
- Driving brand awareness to increase Top-of-Mind-Awareness via different formats such as Print, Electronic, Social, Outdoor, etc.

APL Apollo's Brand Awareness Outline



Strong Focus towards Building Brand Visibility through New Product Launches



Apollo Coastguard

'Apollo Coastguard' branded products to tap growing consumption of galvanized steel tubes in the Coastal Regions

Apollo Fabritech

'Apollo Fabritech', hollow sections made with latest DFT technology results in customized sizes, great cost savings, faster deliveries and more precise finishes

Apollo Agritech

'Apollo Agritech', hollow section products to tap the buoyant agriculture segment

Apollo Bheem

'Apollo Bheem' pipes are made of special galvanized steel to provide corrosion resistance; the pipes are long-lasting, even in rocky terrains





International & National Participation



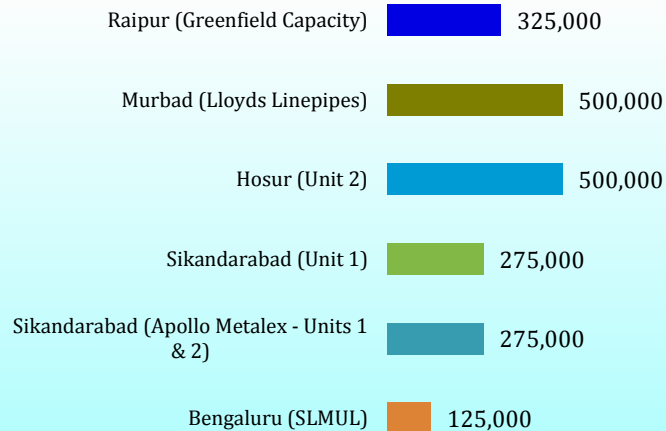
Engagement Activities



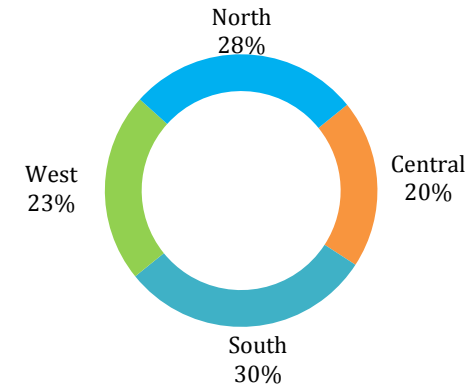
Expanding Manufacturing Footprint

Close-to-Demand Pan-India Footprint – localized supply to fast-track growth

2.0 MTPA capacity across plants by FY2019



Target Capacity Distribution

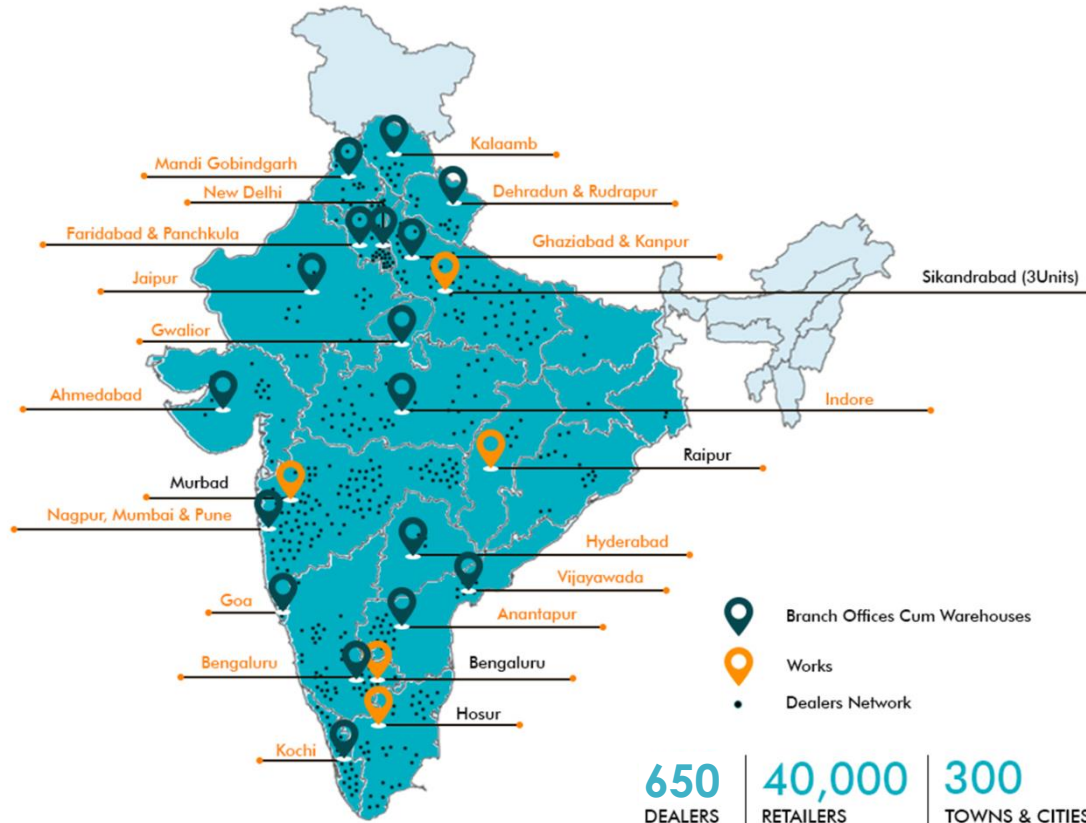


~14-15% Market share across geographies

The only branded domestic steel tubes manufacturer with a pan-India presence – 2.0 MTPA capacity to make the Company one of the largest players in the world

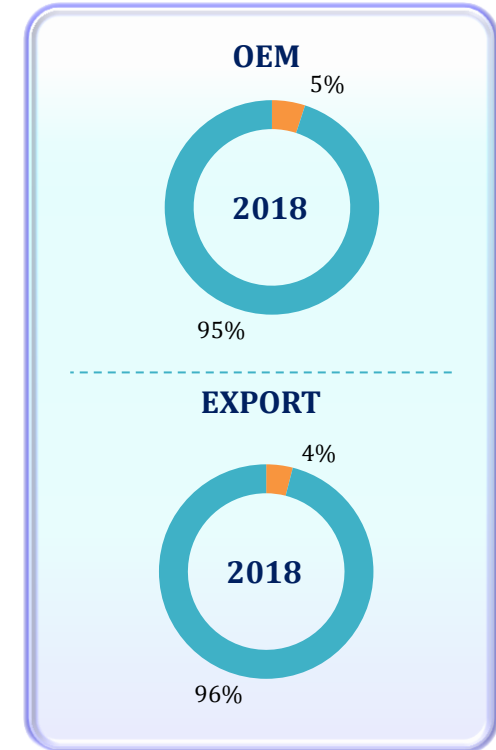
Enhancing Presence

Local Market Presence aided by 3-tier Distribution and Solid Supply Chain Mechanism



Unlocking Opportunities – OEMs, Exports & Untapped markets

- Tapping potential across newer areas such as Original Equipment Manufacturers (OEMs), Export Markets & Untapped markets – key for driving value growth across business
- **Focus on OEMs & Export Markets**
 - Introduction of latest technologies, especially DFT, to unlock vast potential across OEM and Export markets
 - OEM contribution expected to increase significantly in next 2 years from the current 5%
 - High quality customized shapes and sizes of products, achieved through DFT, to help penetrate OEMs and export markets
- **Strengthening Domestic Foothold**
 - Targeting the underpenetrated East and Central markets through Greenfield plant in Raipur



Capitalizing on opportunities across high potential growth areas to help accomplish long-term growth objectives

Pioneer in Instituting the Latest Technology

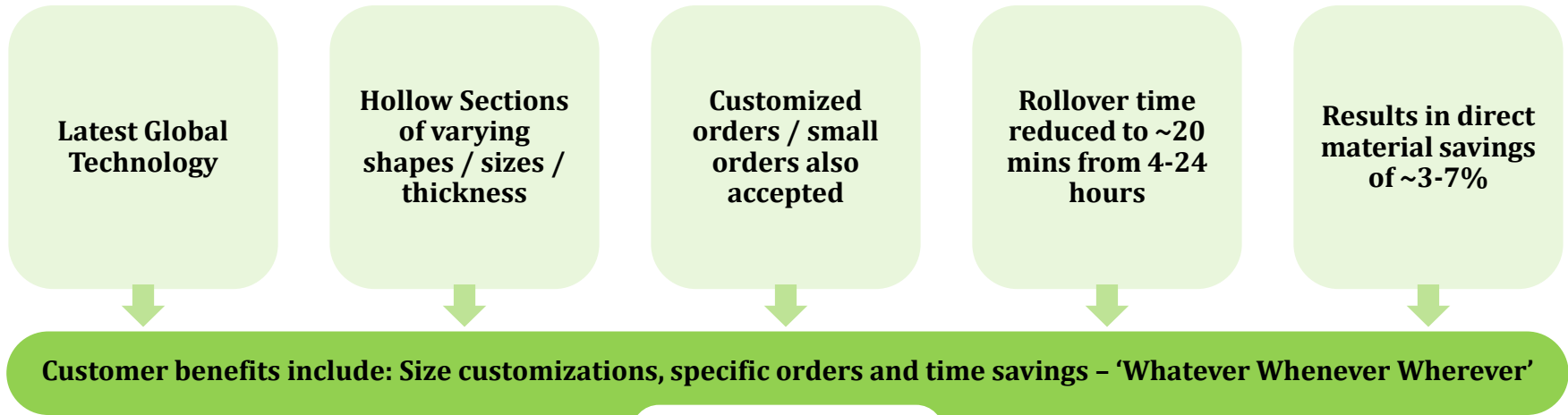
- Leader in adopting the latest technology from around the globe
 - **Introduced latest technologies** – High speed mills from Europe (increased speed by 5x), Strip Galvanizing lines, and the unique Rotary Sizing Mills
 - In 2016, the Company introduced the latest global **‘Direct Forming Technology’** in India
 - In 2018, the Company acquired stake in Apollo Tricoat, which was the first Company to introduce the global **‘Galvant Technology’** in India
- High-end R&D capabilities to help address elevated standards and ever-changing requirements of customers

Direct Forming Technology

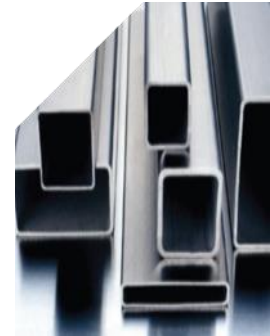
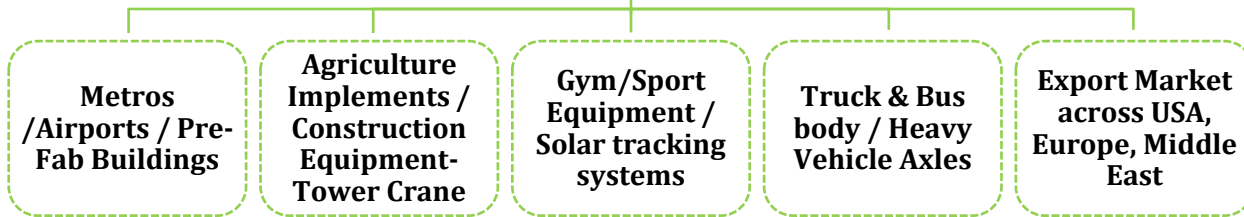


Establishing latest technology to improve productivity, enable cost savings, while driving growth by expanding addressable markets

Direct Forming Technology

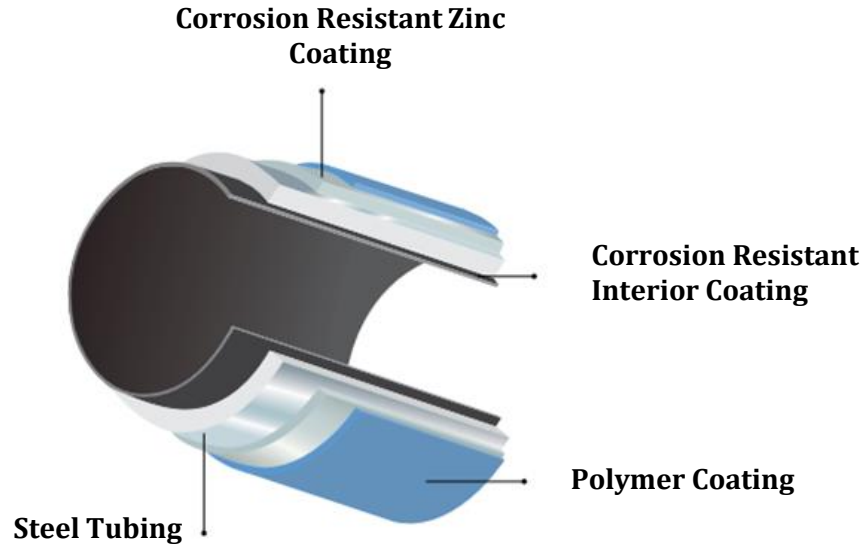


Opened an array of opportunities across various sectors



Tricoat Technology

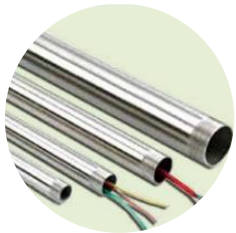
Products made through latest Galvant technology
Tri-layer of protective coating - paint, zinc and UV organic coating



The products span three variants - **SureCoat, DuraCoat and SuperCoat**

Eco-friendly products - widely used for electrical conduits and appliances and green houses

Enhances longevity of products due to tri-layer coating



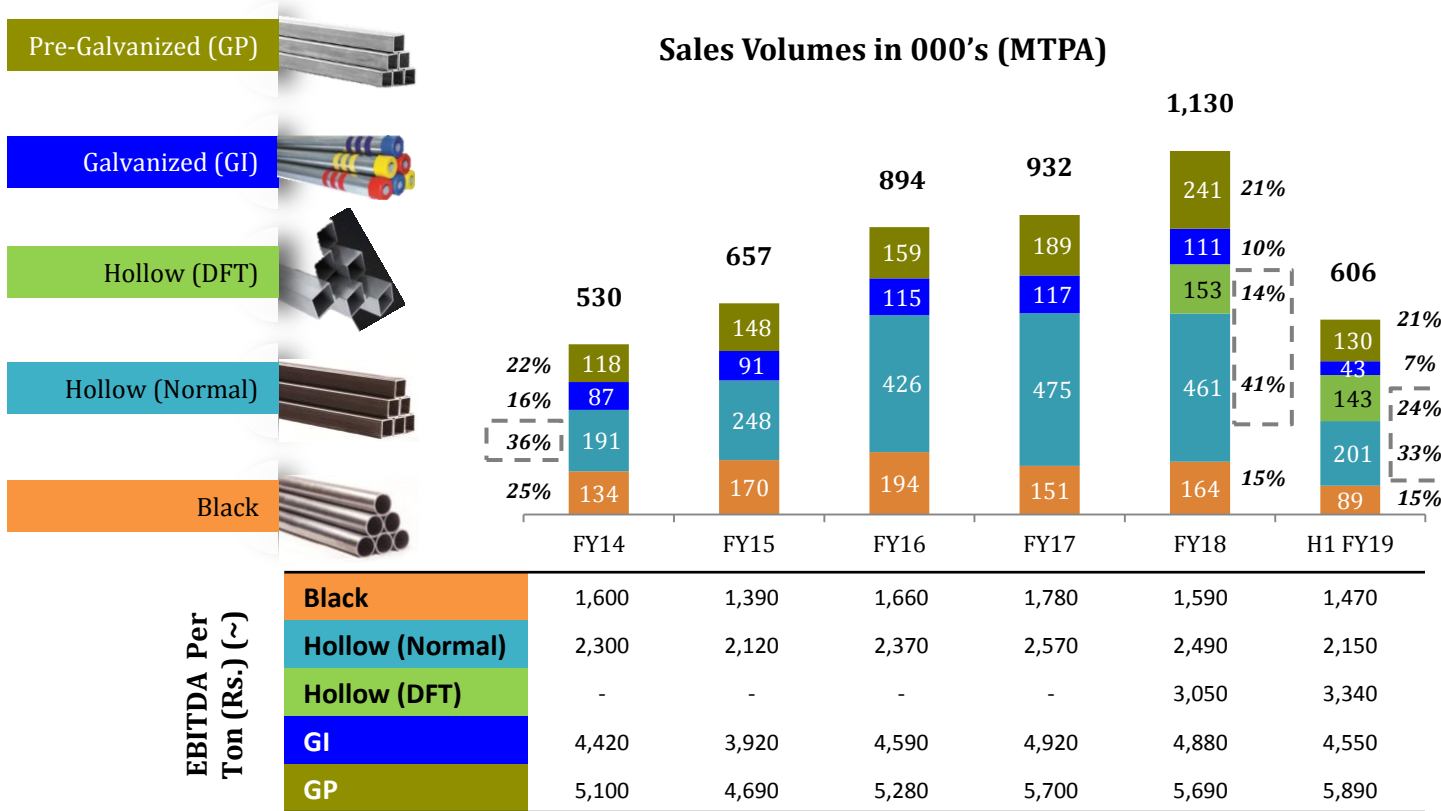
APL Apollo acquires equity stake in Apollo Tricoat Tubes in Nov 2018

- APL Apollo, through its wholly owned subsidiary Shri Lakshmi Metal Udyog (SLMUL), would be buying 8 million shares and 4.3 million share warrants of Apollo Tricoat Tubes
- SLMUL will also make an open offer for acquiring more than 26% of the shareholding of Apollo Tricoat. If fully subscribed, the total shareholding of SLMUL would become 66.4% of the share capital of Apollo Tricoat on a fully diluted basis
- The acquisition will allow APL Apollo to penetrate the high margin coated tubes segment and further enhance its product portfolio

Adoption of latest technologies helps position APL Apollo as a technology-led global steel tubes company

Path-breaking Product Offerings

Continuous product innovations has expanded addressable market
 Product portfolio at ~3-4x the product basket of the closest competitor



Clear shift towards non-commoditized / better-margin products

EBITDA Per Ton (Rs.) (~)


Product Type	FY14	FY15	FY16	FY17	FY18	H1 FY19
Black	1,600	1,390	1,660	1,780	1,590	1,470
Hollow (Normal)	2,300	2,120	2,370	2,570	2,490	2,150
Hollow (DFT)	-	-	-	-	3,050	3,340
GI	4,420	3,920	4,590	4,920	4,880	4,550
GP	5,100	4,690	5,280	5,700	5,690	5,890

Robust Product Offerings


Continuously augmenting the product basket

At least 30% savings as compared to Normal wood


Double Door Frame Section



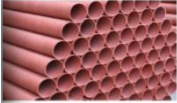
Single Door Frame Section



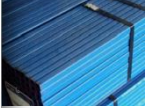
Narrow Sections



Paint Coated




Pipe Dimensions




New Patented Designs

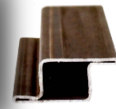
D Shape



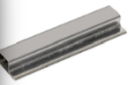
Hand Rail



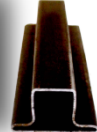
Z Shape




L Section



T Shape



Elliptical tube



- 70% of the Company's product portfolio have limited competition
- On the back of DFT:
 - Developed over 150 new customizable sizes
 - Total product offerings jump to 1,000+ varieties

Deploying cost-effective strategy across business model

Lowest cost producer in the country – endeavor to become the lowest cost producer across the globe

Higher emphasis on channel financing to improve purchasing power of dealers, while also enhancing working capital cycle

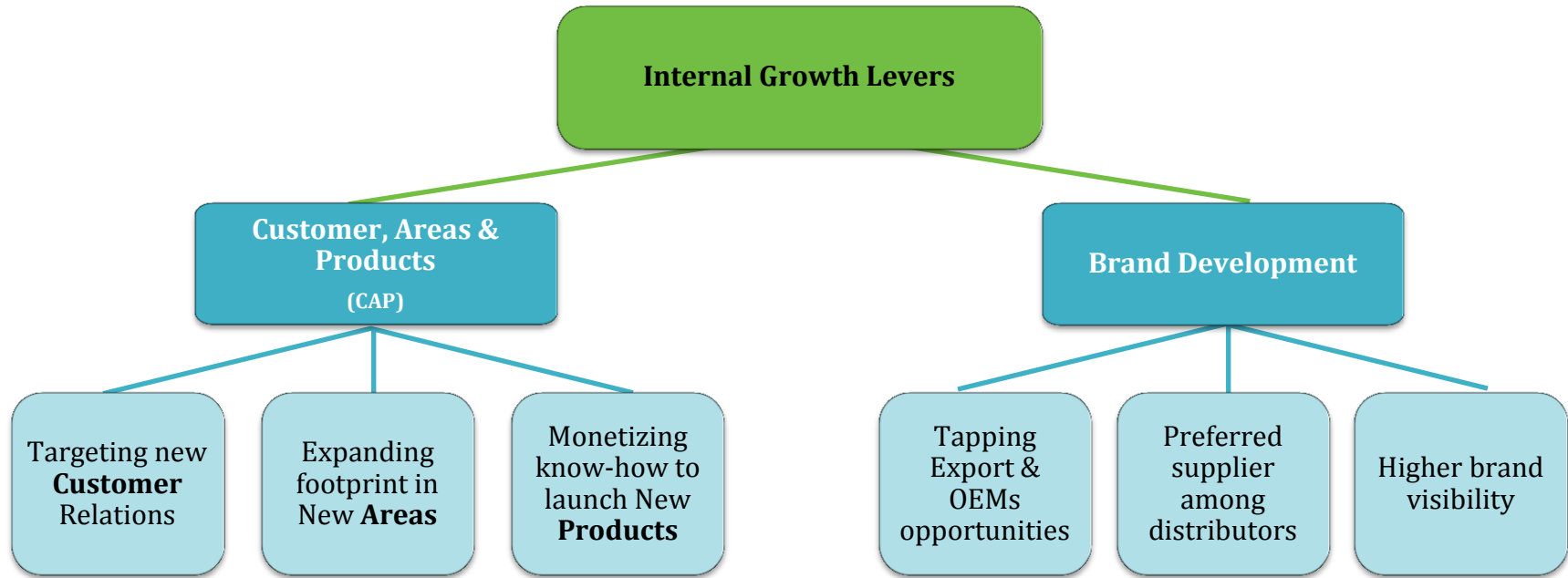
Continue to focus on the cost-effective product profile in future

Increasing usage of renewable (solar + wind) energy to help reduce electricity and maintenance costs

Offers a very large product portfolio in low prices via retailer strength and higher volumes



Growth Strategy



Way Forward



Construction
& Building
Material

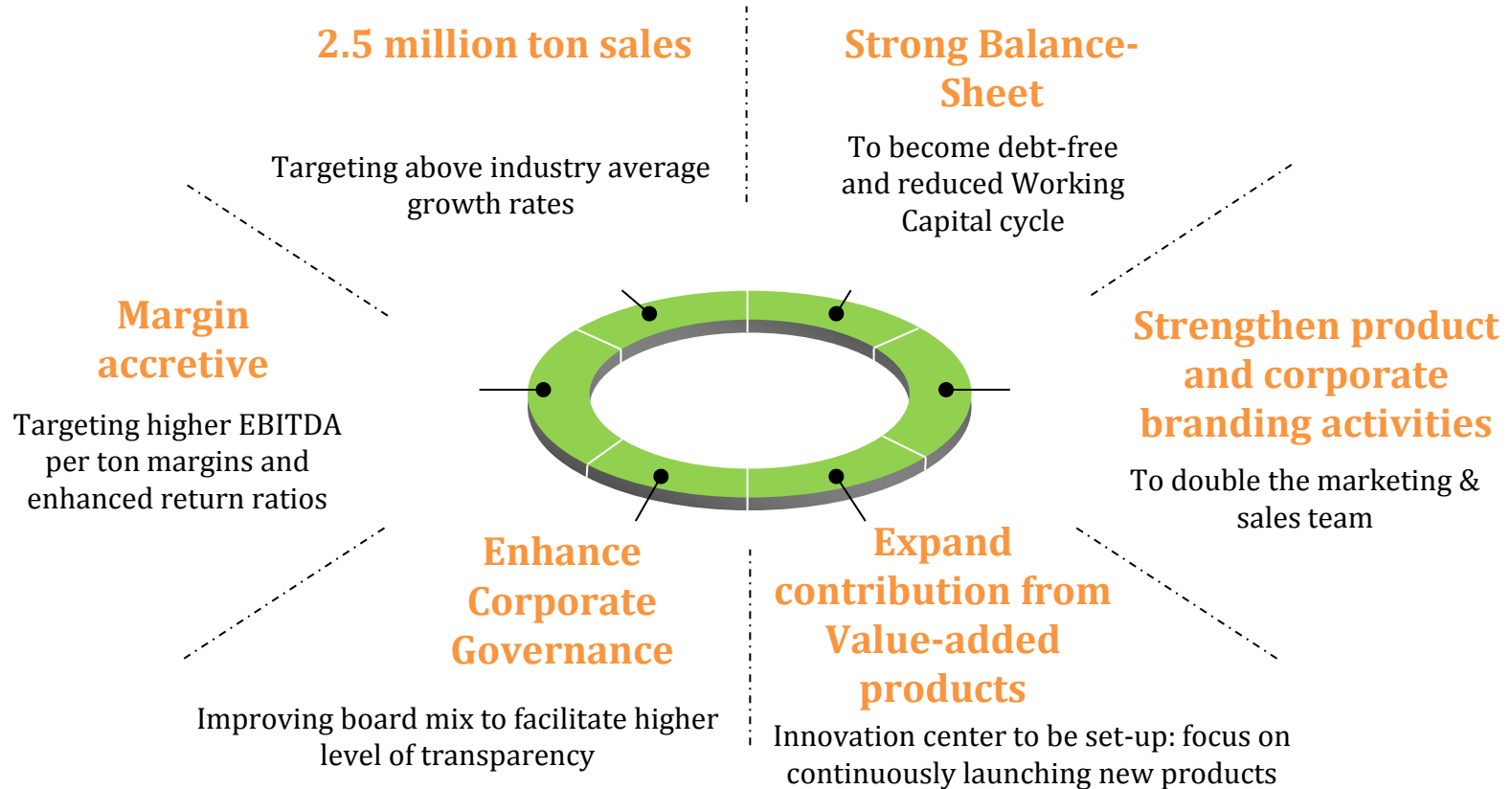
Infrastructure

Energy &
Engineering

Automobiles

Agriculture

Well-defined strategy with tangible targets



To become a Global Branded Steel Tubes Company

Financial Highlights



Construction
& Building
Material

Infrastructure

Energy &
Engineering

Automobiles

Agriculture

Consistently Delivering Strong Performance



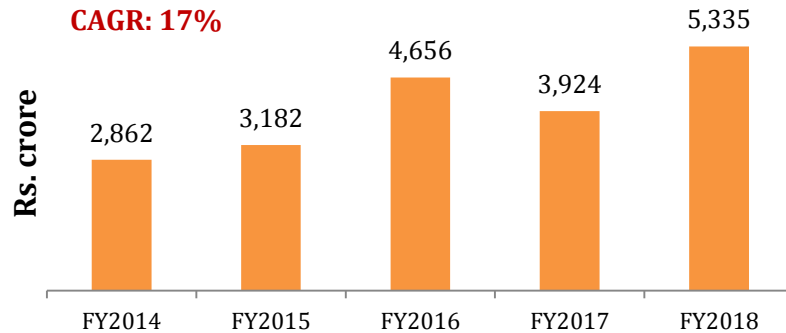
Particulars	2007	2010	2012	2015	2016	2017	2018	CAGR
Sales* (Rs. Crore)	230	666	1,536	3,482	4,656	3,924	5,335	33%
EBITDA (Rs. Crore)	15	66	115	186	292	339	379	34%
PAT (Rs. Crore)	7	30	49	64	101	152	160	33%
Net Worth (Rs. Crore)	16	191	299	495	568	720	837	43%
EPS (Rs.)	21	15	23	27	43	62	67	-
Ratios								
ROCE (%)	55	17	20	18	25	23	23	-
RONW (%)	33	16	18	14	19	24	20	-
Production								
Capacity MTPA	80,000	274,000	500,000	1,050,000	1,300,000	1,300,000	1,750,000	32%
Sales MTPA	59,000	165,000	294,300	682,193	893,666	931,535	1,130,305	31%
Distribution								
No of Distributors	100	150	200	375	600	600	650	-
No of Plants	2	4	5	6	6	6	7	-

Note: *Gross sales (incl. excise duty) considered for the period FY2007 – FY2016. Net sales considered from FY2017 onwards
EBITDA (incl. other income)

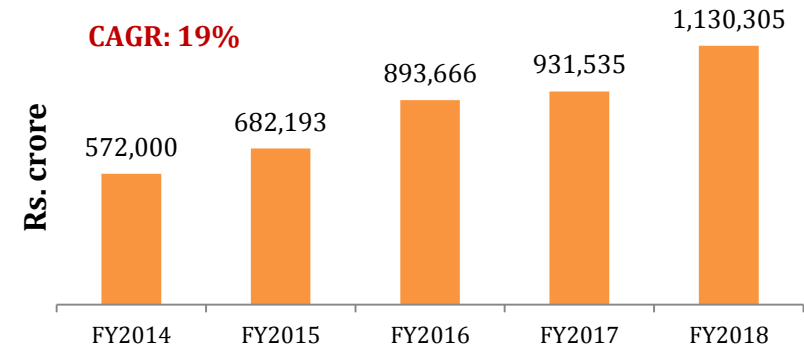
Strong Financial Track-record



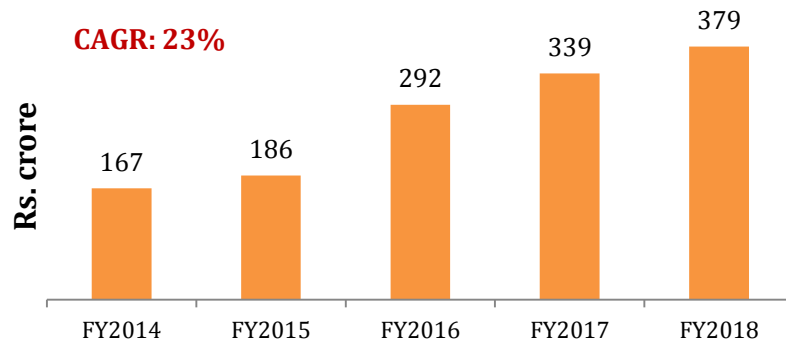
Revenues*



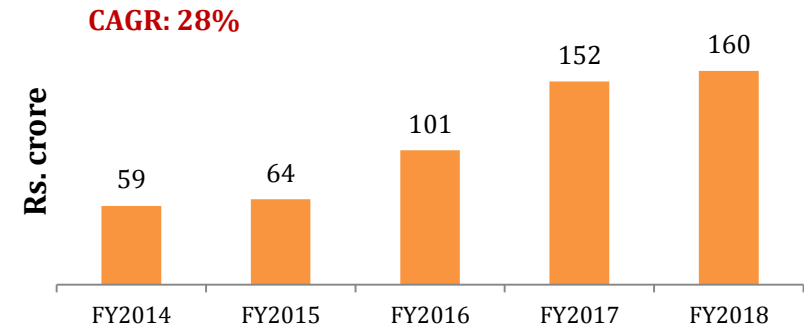
Sales (MTPA)



EBITDA



PAT

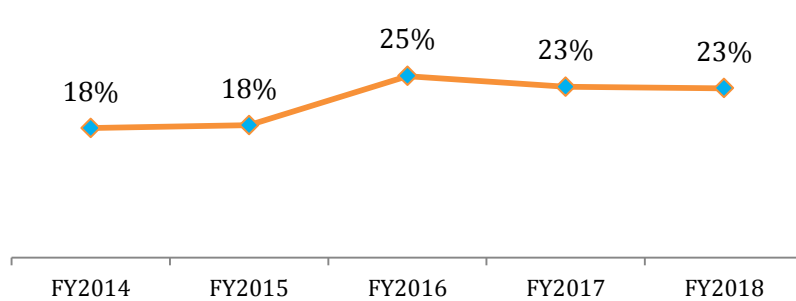


Note: *Gross sales (incl. excise duty) considered for the period FY2014 – FY2016. Net sales considered from FY2017 onwards
EBITDA (incl. other income)

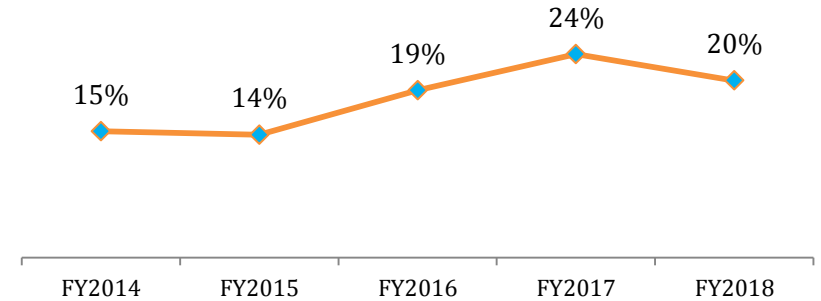
Financial Parameters



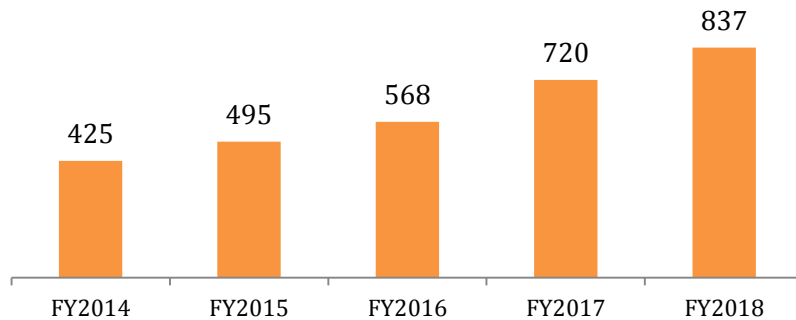
ROCE (%)



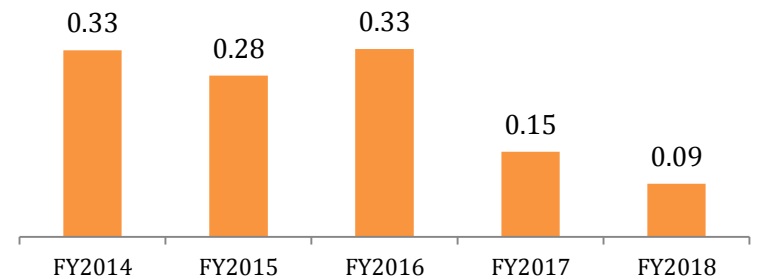
RONW (%)



Networth (Rs. Crore)



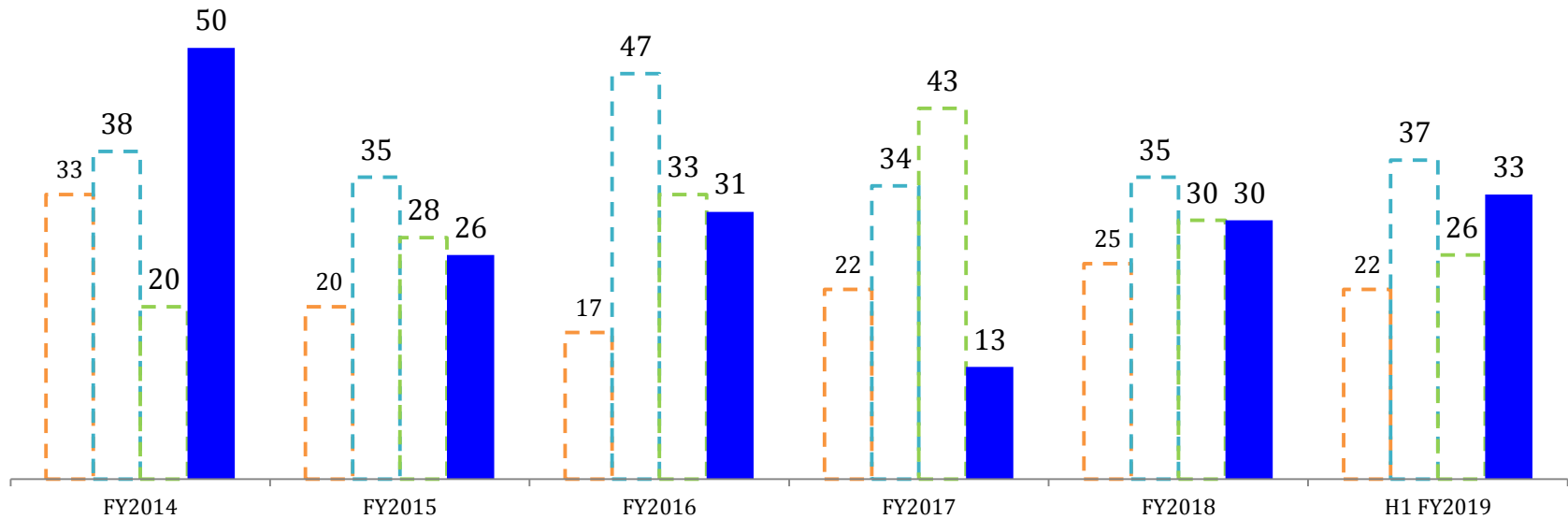
Long-term Debt-Equity Ratio



Financial Parameters – Working capital cycle



▭ Debtor Days
 ▭ Inventory Days
 ▭ Creditor Days
 ▭ Net working capital days

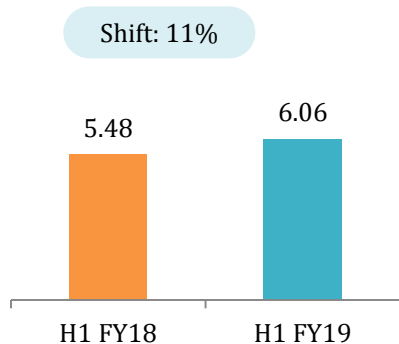


Continuous focus towards improving working capital efficiencies

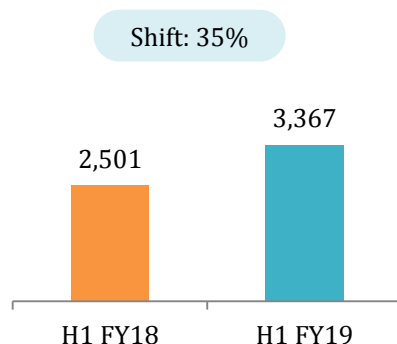
Note: Debtor Days is calculated as $[(\text{Trade receivables}/\text{Gross sales}) \times 365]$; Inventory Days is calculated as $[(\text{Inventories}/\text{Gross sales}) \times 365]$; Creditor Days is calculated as $[(\text{Trade payables} / \text{Cost of materials consumed}) \times 365]$

Performance Highlights – Q2 & H1 FY19

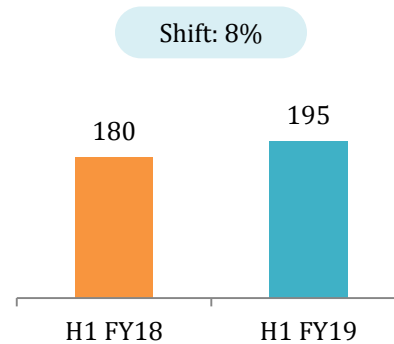
Sales Volume* (Lakh Ton)



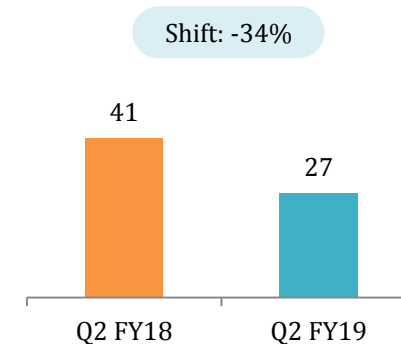
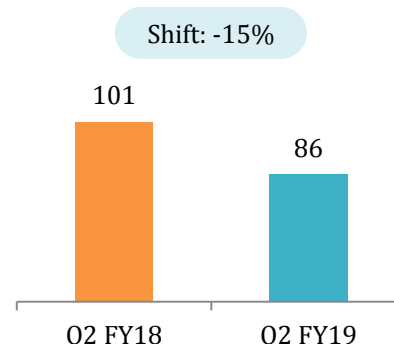
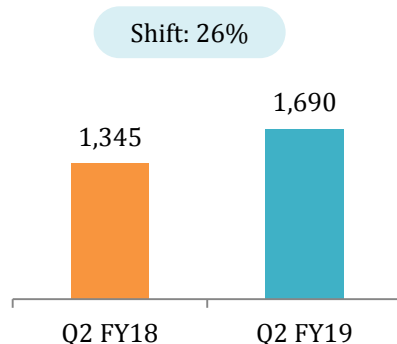
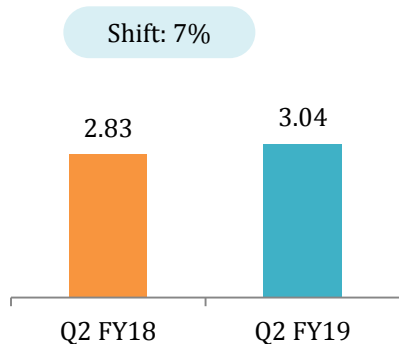
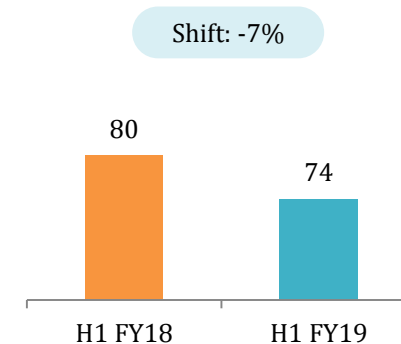
Net Revenues (Rs. Crore)



EBITDA¹ (Rs. Crore)



PAT (Rs. Crore)



Note:

*Excluding Trading & Scrap

(1) EBITDA without other income

Conclusion



Construction
& Building
Material

Infrastructure

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Competitive Advantage

Largest manufacturer of ERW steel tubes in India, touching a capacity of 2 million tons by 2020

- *Just to share a perspective : competition is selling half as compared to APL Apollo Tubes Ltd.*

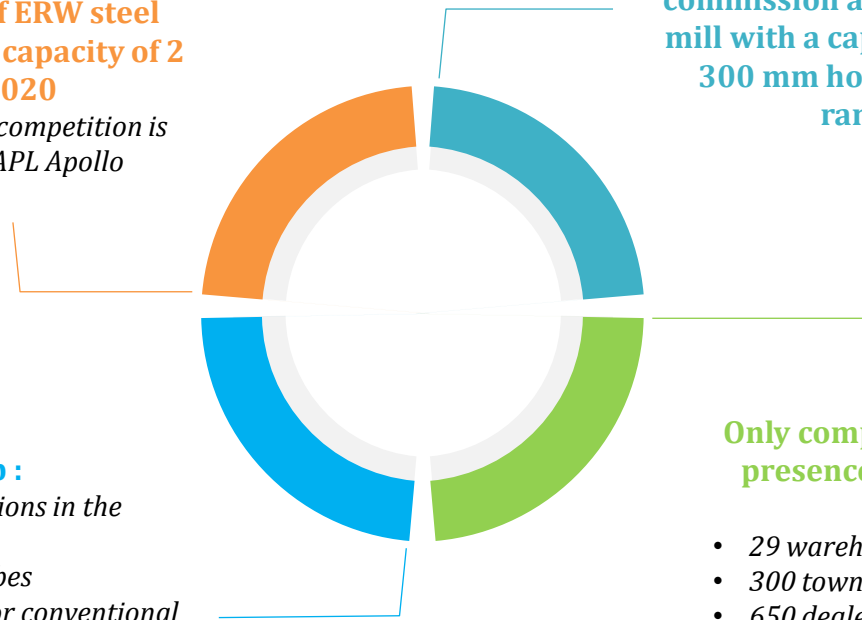
An innovation hub :

- *The first to introduce Hollow Sections in the country*
- *Pioneers in introducing the GP tubes*
- *Precision Mills were introduced for conventional tube manufacturing*
- *Introduction of Direct Forming Technology*

The first company in the world to commission a fully automated direct forming mill with a capability of producing 300 mm x 300 mm hollow section with a thickness range of 1 mm - 12 mm

Only company to have a PAN India presence with 7 manufacturing facilities

- *29 warehouses*
- *300 towns & cities*
- *650 dealers*
- *40,000 retailers*
- *50,000 + Fabricators*



Annexure



Construction
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Building A Sustainable World Through Efficient Energy Consumption and Optimum Utilization of Natural Resources

SOLAR POWER

- Company targets to equip all the units and buildings of APL Apollo with rooftop solar panels
- Usage of solar power will help reduce energy loss, electricity bills and maintenance costs due to minimum breakdowns



WIND ENERGY

- Entered into the arrangements with Clover energy to utilize energy generated from windmills for its business operations



COIL STACKING SYSTEM

- Coil stacking system to enhance safety guidelines and flexibility of operations

Pollution Control

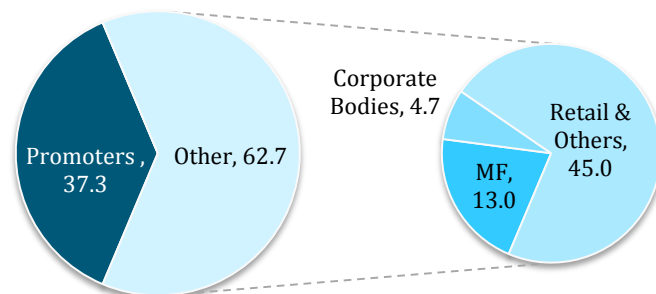
- Company focuses on maintaining a clean and green environment in and around its plants
- Effluent treatment plants (ETP) have been installed across all the units for the prevention of water pollution



Key Market Statistics

Key Market Statistics	As on November 16, 2018
BSE/NSE Ticker	533758 / APLAPOLLO
Industry	Building Materials / Infrastructure
CMP (Rs.)	1,271.1
Market Cap (Rs. Crore)	3,016.2
Number of outstanding shares (Crore)	2.37
Face Value	10.00
52-week High / Low (Rs.)	2,529/1,195

Break-up of Floating Stock (Sept 30, 2018) (%)



Top Public Shareholders (more than 1%)

Kitara
DSP Blackrock
Goldman Sachs
Sameer Mahendra Sampat
Kotak Mutual Fund
IDFC
Emblem FII
Tata AIA Life Insurance
Motilal Oswal Fund
K India Opportunities Fund

As on November 16, 2018

Board of Directors

Executive / Promoter Directors

Sanjay Gupta
Executive Chairman

Ashok K. Gupta
Managing Director

Vinay Gupta
Director

Romi Sehgal
Director

Independent Directors

Anil Kumar Bansal
Independent Director

Abhilash Lal
Independent Director

S. T. Gerela
Independent Director

Neeru Abrol
Independent Director

Virendra Singh Jain
Independent Director

Focus on strengthening the Board of Directors

Management Team

Mr. Sanjay Gupta
Executive Chairman

Mr. Ashok K. Gupta
Managing Director

Romi Sehgal
Director

Deepak Goyal
CFO

Arun Agrawal
VP Operations

Ajay Garg
VP Operations

Shiv Kumar Bansal
VP Sales

Rajeev Kohli
CEO – Apollo Metalex

Dinesh Talniya
IT Head

Ashok Khushu
Project Head – R&D and
New Development

Amit Kapoor
RM South

Building a Strong Management Team comprising promoters with solid experience and senior professionals who possess vast experience in the industry

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 seven manufacturing facilities with a total capacity of 1.75 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 1,000 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 650 dealers is spread all across India, with warehouses cum- branch offices in over 20 cities

For further information, please contact:

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Construction
& Building
Material

Infrastructure

Energy &
Engineering

Automobiles

Agriculture

Thank You