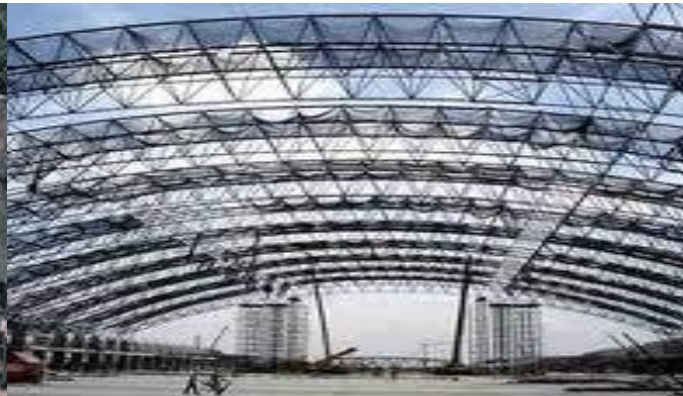


APL Apollo Tubes Limited

Investor Presentation – November 2015



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.

Highlights - Q2/H1FY16

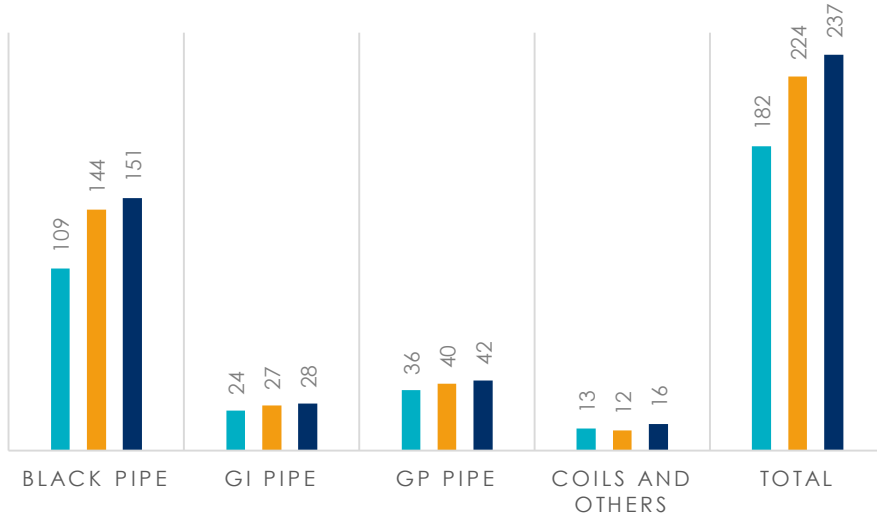
Particulars	Q2FY16	Q1FY16	Q/Q%	Q2FY15	Y/Y%	H1FY16	H1FY15	Y/Y%
Net Manufacturing Sales	864.3	873.0		751.2		1,737.3	1,476.3	
Trading Sales	192.2	92.1		2.4		284.3	6.5	
Total Income from Operations	1,056.5	965.1	9%	753.5	40%	2,021.6	1,482.8	36%
EBITDA	71.1	57.8	23%	49.8	43%	129.0	99.9	29%
EBITDA Margins (%)	6.7	6.0		6.6		6.4	6.7	
EBITDA Margins in Manufacturing(%)	7.6	6.4		6.6		7.0	6.7	
PAT	20.0	21.8	-8%	19.4	4%	41.9	39.2	7%

Consistent growth, driven by spurt in volumes across product segments

Operating Metrics

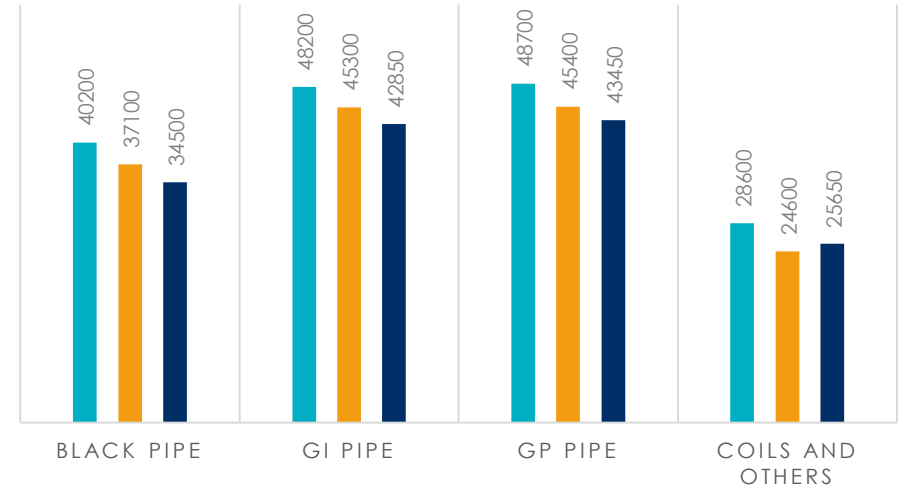
PRODUCT VOLUMES('000 MT)

■ Q4FY15 ■ Q1FY16 ■ Q2FY16



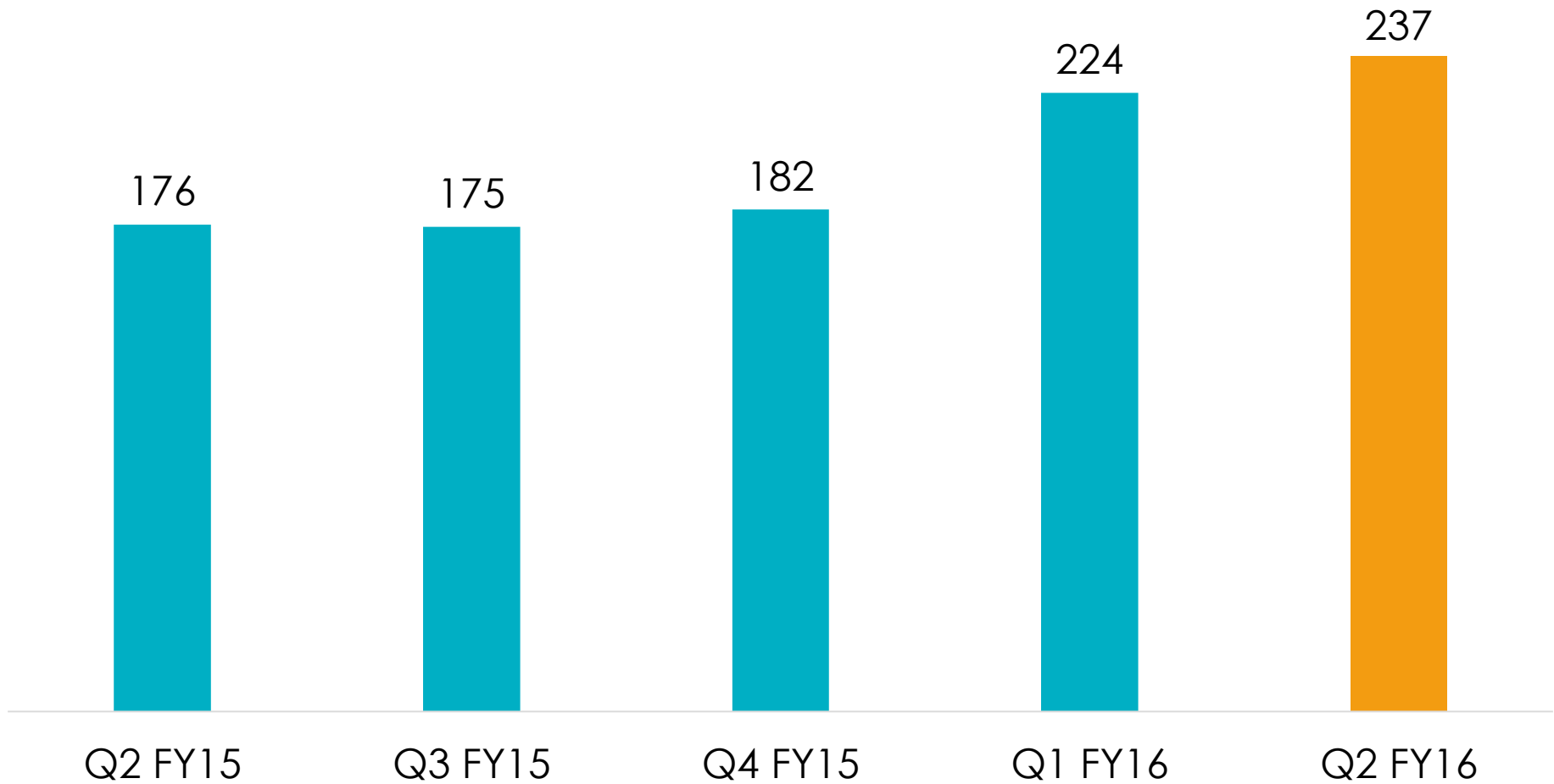
REALISATIONS(RS/TON)

■ Q4FY15 ■ Q1FY16 ■ Q2FY16

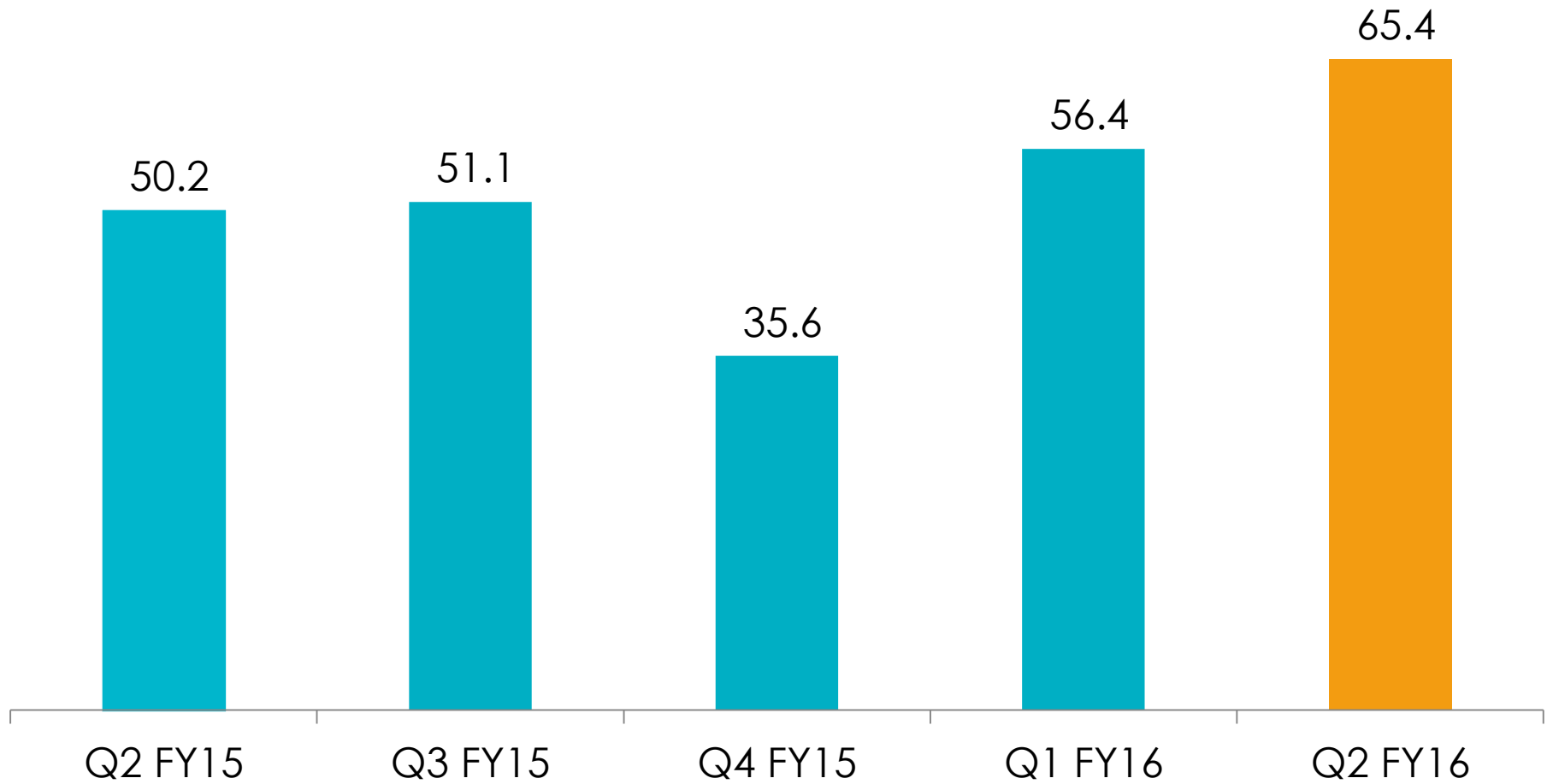


- Consistent volume growth across all segments
- Realizations down compared to previous quarter due to depressed raw material prices

Growth in Volumes(Q-o-Q)



EBITDA(Q-o-Q)



Some Key Developments

- Reduction in Debtors despite increased sales
- Control on Inventory cycle
- Long term Credit Rating upgraded to 'ICRA A'.
- Reduction in finance cost from 2.1% to 1.7% of net sales through low cost debt (CP, Vendor Finance and WCDL etc) and addition of new banks in consortium
- Successfully implementation of SAP across all locations
- Appointment of M/S Delloite Haskins and Sells as Statutory Auditors
- The Company has placed orders for five lines of a state-of-the-art HSU tube mill which will help the company in reducing change over time, upgrading technology and potential of saving average 3% on material cost

The Value Drivers



Leadership through scale and reach



Business Sustainability



Financial Strength

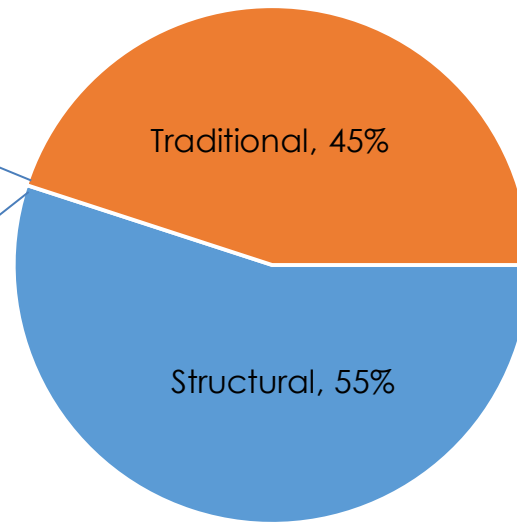
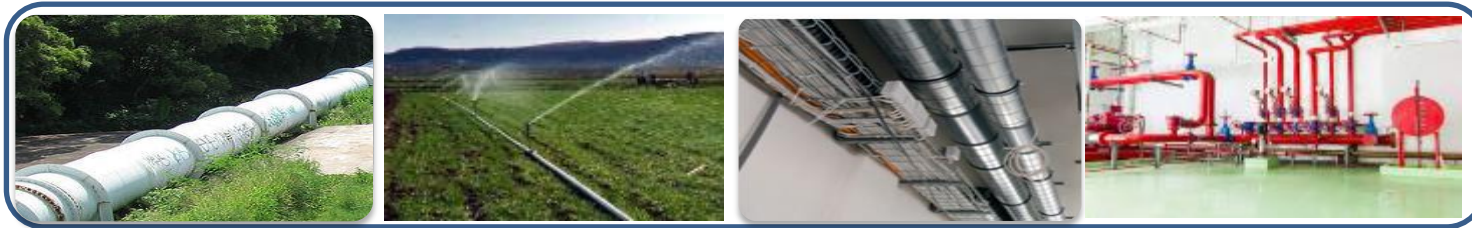


Future Roadmap



Key Shareholders

Application of ERW Pipes

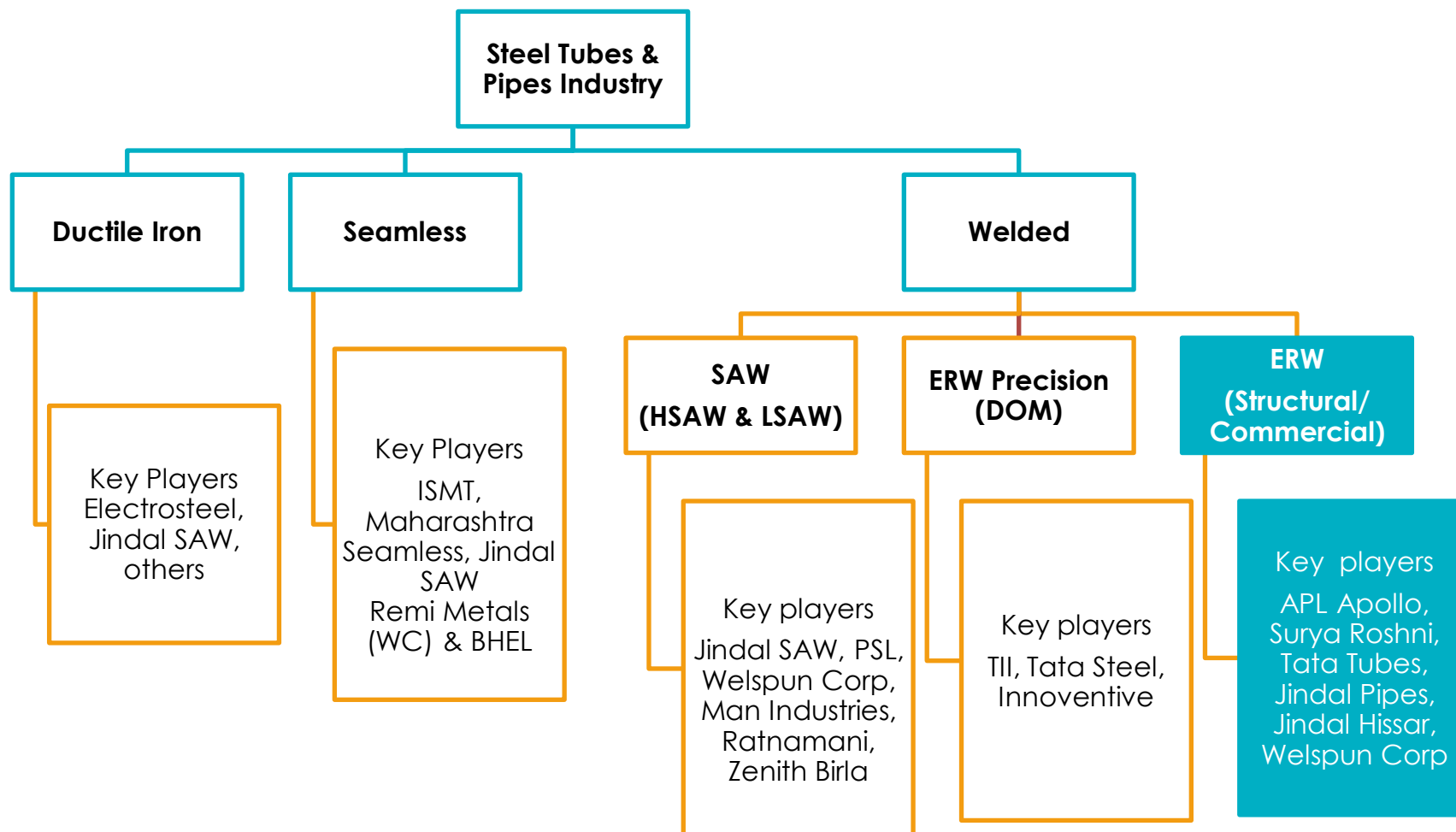


**APL Apollo's
Focus Area**



APL Apollo - Leader in ERW steel tubes

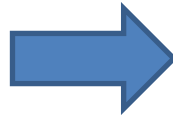
Largest Indian ERW tube player with capacity of 10,50,000 TPA



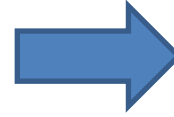
Pipe Making Process



HR Coil



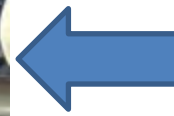
Folding Sheets



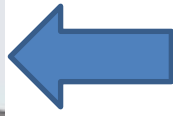
Welding



Shaping



Cooling



Testing/Cut Off

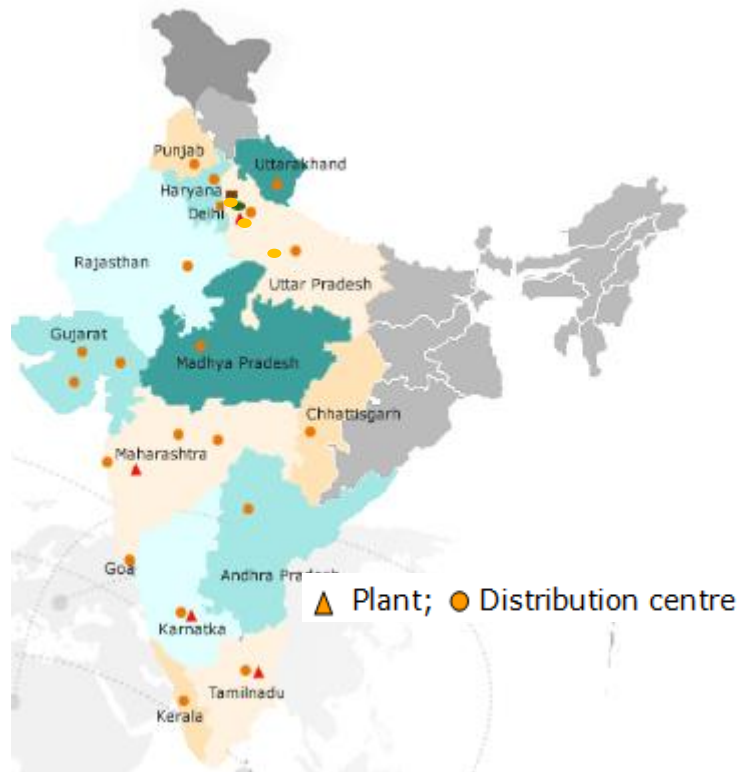
Manufacturing Facilities

Hosur, Tamil Nadu
Unit No. 2



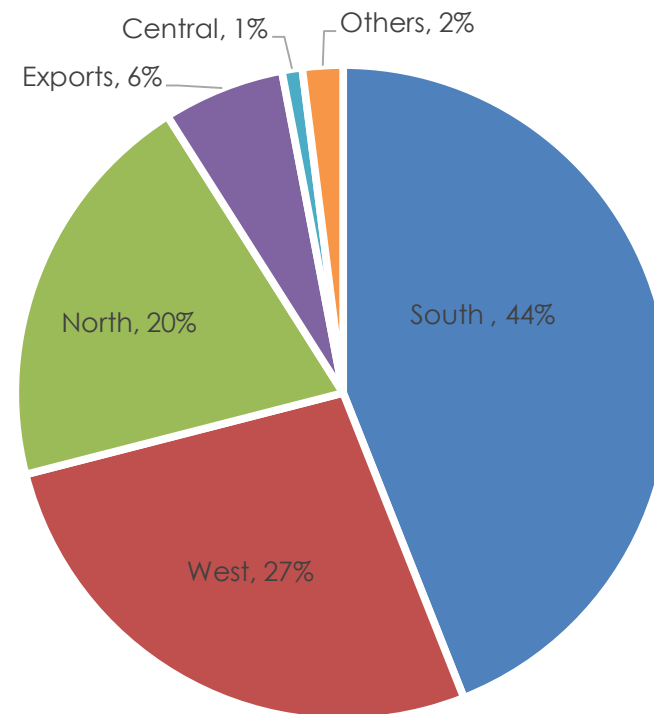
Extensive distribution network

Distribution network



Zone-wise sales break-up

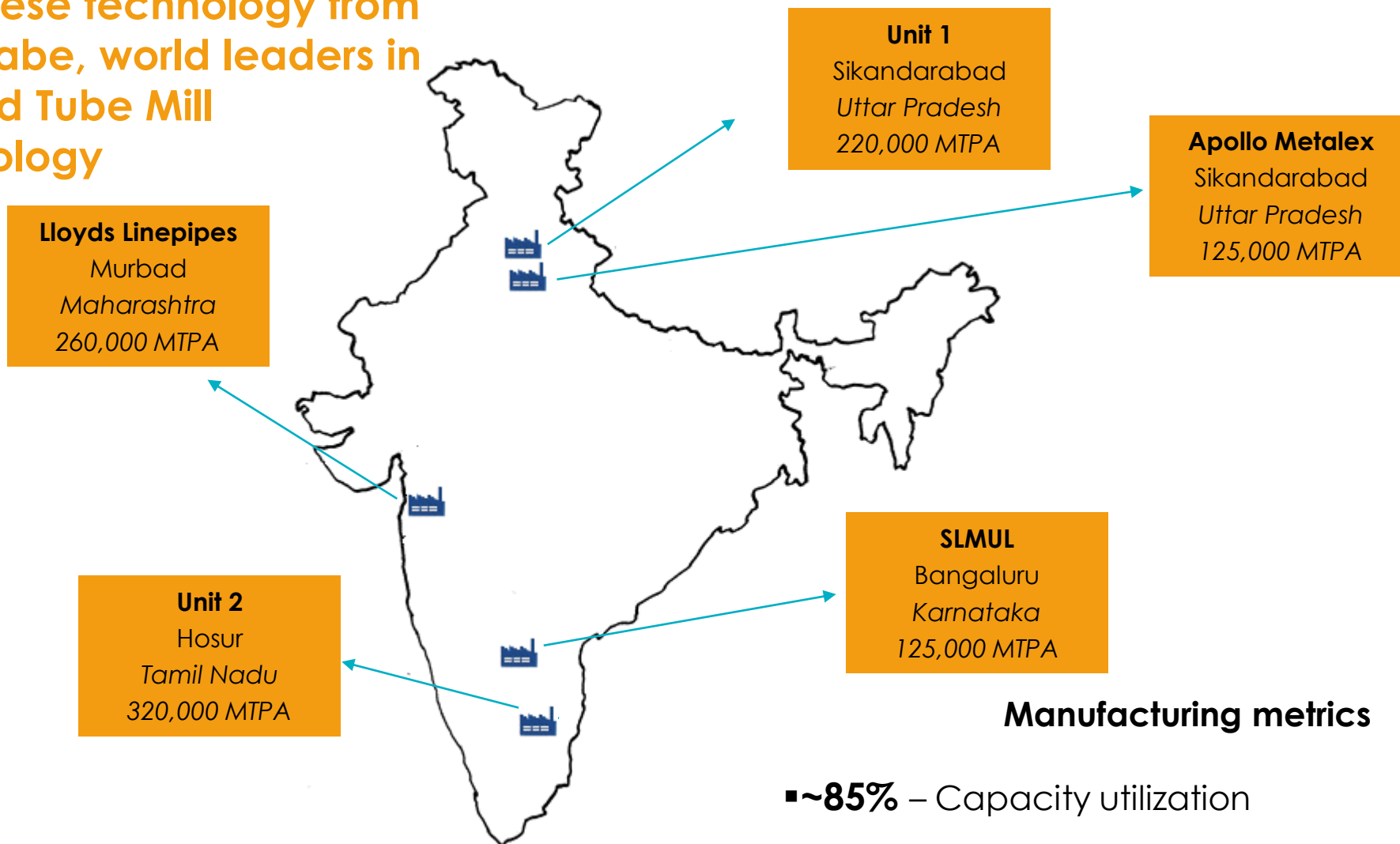
FY15



26 Warehouses cum branches and 400+ dealers network

India's Largest Manufacturing Base in ERW

Japanese technology from Kusakabe, world leaders in welded Tube Mill technology

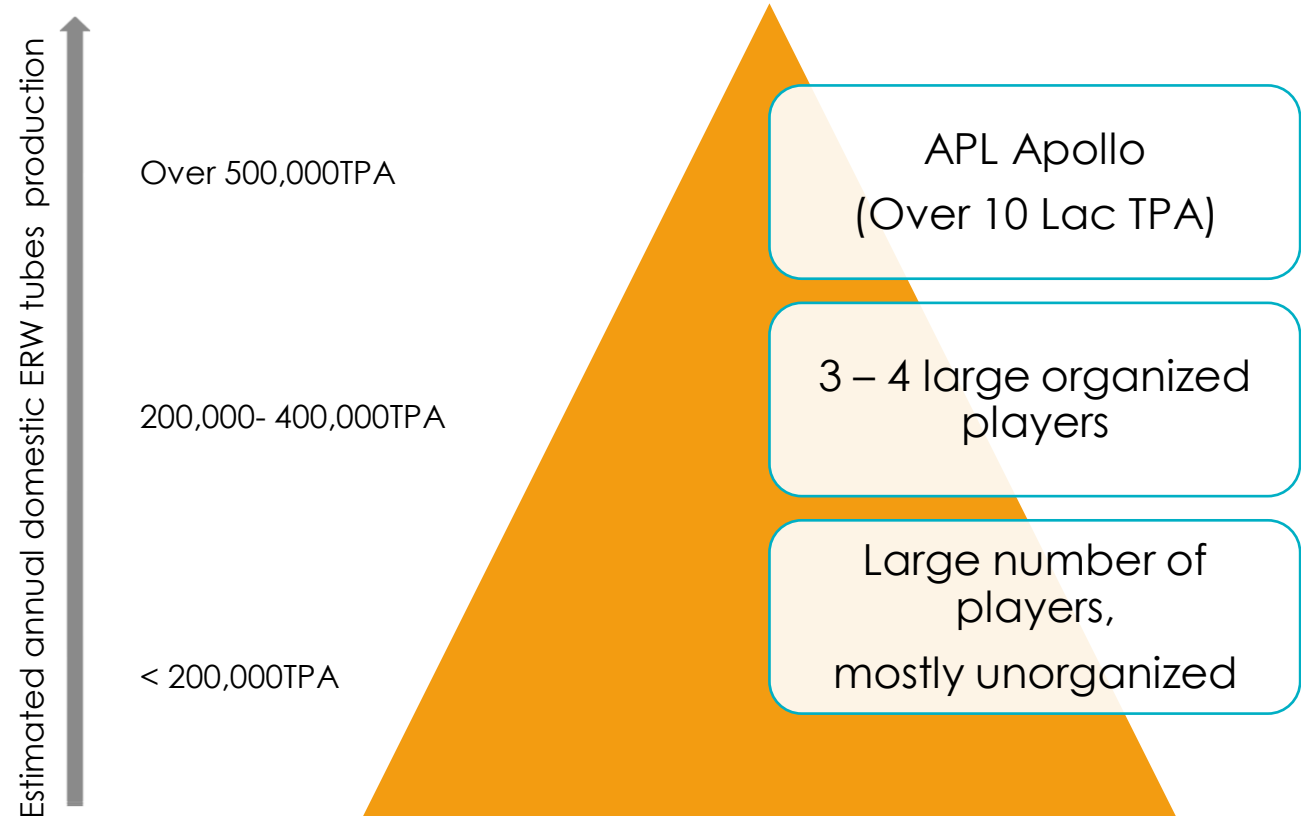


Manufacturing metrics

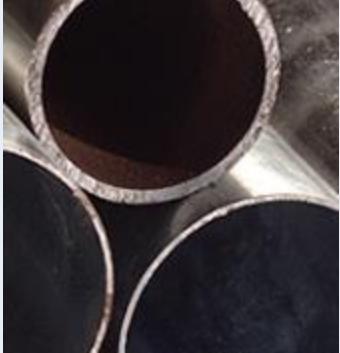
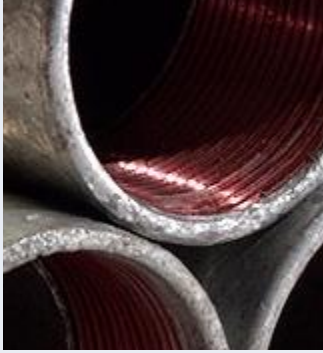
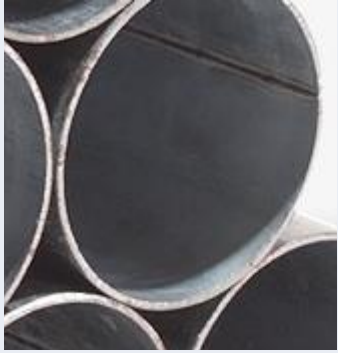
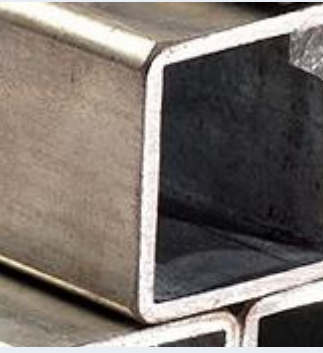
- ~85% – Capacity utilization
- 95% and above - Input-Output ratio

APL is the largest ERW tubes & pipes company

APL has used slowdown as an opportunity to emerge as leader



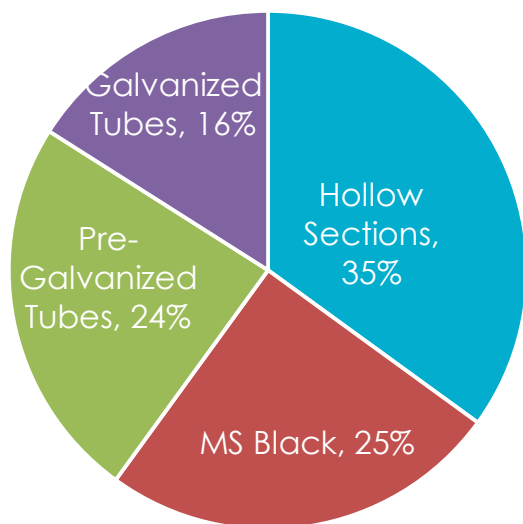
Product Information

Products	MS Black	Galvanized Tubes	Pre-Galvanized Tubes	Hollow Sections
Size Range	21.3 – 335 mm	21 – 273 mm	19 – 127 mm	15x15 - 250 x 250 mm 15x 10 – 300x 200 mm
Products				
Uses	Construction, Water & Sewage treatment, Conveyors, Automobiles	Over and underground piping, Agriculture, General Engineering	Fencing, Cabling and Ducting, Green house structures, Electric Conduit Pipes	Construction, Transportation systems, Mining, Process Engineering

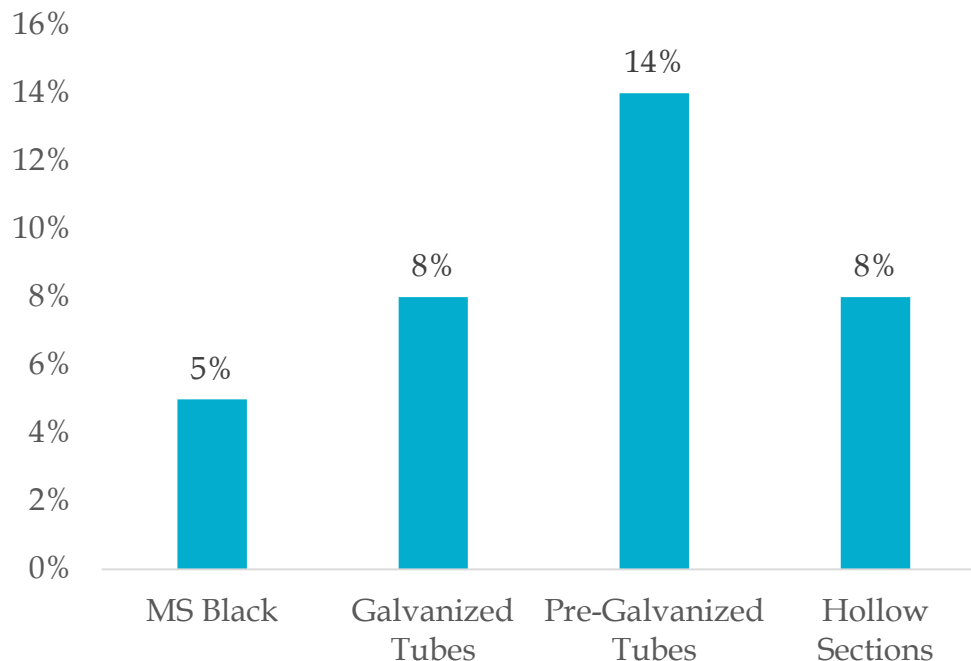
Over 400 Product offering with 1200 variations

Revenue Breakup & Margin Profile

Revenue Break Up Product-wise (FY15)

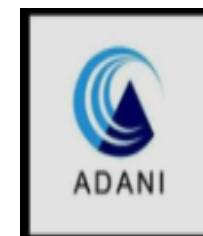


Product Margin Profile (FY15)



Company plans to almost double its galvanized tube production capacity in near future.

Marquee Clients



The value drivers

👉 Leadership through scale and reach

👉 Business Sustainability

👉 Financial Strength

👉 Future Roadmap

👉 Key Shareholders

Sustained growth opportunity in ERW Steel tubes

Diversified de-risked ERW tube demand

- ▶ ERW steel tubes find diverse uses touching our daily lives
- ▶ Infrastructure led new demand
- ▶ Substantial Replacement demand from other construction materials

Diverse uses guard against short term economic fluctuations

Sizable and attractive market

- ▶ Minimum of 7 Million Tonnes p.a., a sizable part of Indian Steel Tube Industry
- ▶ ~60% constituted by local and unorganized players

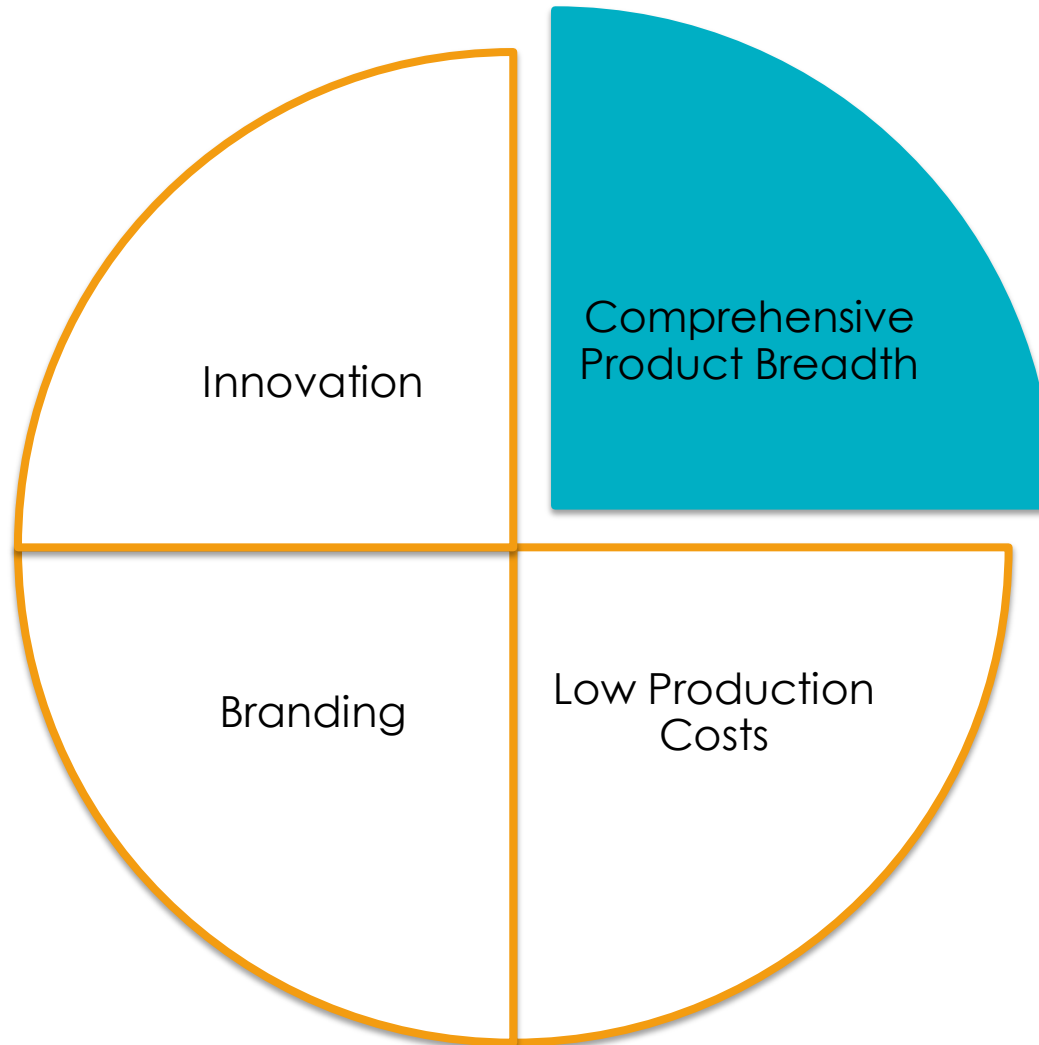
On-going consolidation make market attractive for organized players

Sustainable leadership for APL Apollo Tubes

- ▶ Well positioned to gain from consolidation being Industry's largest capacity (>1/10th)
- ▶ Widest portfolio, most extensive distribution and only one with manufacturing in North, West, South India

49% FY08-15 Net revenues CAGR for APL Apollo

The APL Advantage



Significant Range

400 + varieties of tubes across wide range of diameters and thickness

Recent developments:

- Colour-coated tubes
- Designer tubes
- Steel frames for doors
- Dynamically balanced tubes
- API Tubes

Diameter



APL – ½" to 14"



2nd Largest peer – ½" to 20"



Varied diameters

Thickness



APL – 0.7 mm to 10 mm



2nd largest peer – 2mm to 12mm



Local players – 2mm to 4mm

Low Production Cost

The company has cost advantages with respect to peers due to the following reasons:

- Country wide manufacturing facilities -> Access to raw material and dispatch of finished goods cheaper than competition
- Inline galvanizing facilities → Reduces manufacturing costs for zinc coating
- Low maintenance → Lesser upkeep capex

Branding

- Intense focus on branding to garner a larger share of the market
- Targeting about 30,000 signage boards across the country for higher visibility
- Focused efforts at sponsoring plumbing meets and dealer meets and participation in exhibitions in India and across the world
- One-of-a-kind “Fabricators and Plumbers” meet is being organized across the length and breadth of the country to generate interest in APL Apollo’s products among end users.
- The above meets have at least 100-150 participants and our technical and marketing team give insights on products along with the advantages of using these products
- Star Cruise for 4 days organized for over 1000 dealers and distributors in Singapore and Malaysia
- Approximate budget for branding in the current fiscal is about Rs. 10 crore.

Branding



Branding on Buses



Signages on Highways



Fabricators Meet



Fabricators Meet

Branding



Branding



Innovation

- **Door Frames:** The Company has designed and patented door frames for use in low-cost housing for the first time ever in India. These offer the following benefits:
 - Cheaper by a third compared to wooden door frames
 - Better strength and durability and can last close to 20 years without any wear and tear
 - High resale value of scrap
- **Colour Coated Pipes:** This will also be a first in India and offers the following benefits:
 - Pipe is colour coated at the production stage itself
 - This results in better finish, longer life and lowers costs
 - This is an established format in European countries where ERW pipes are sold in a pre coloured format

Doorframes(Patented by APL Apollo)

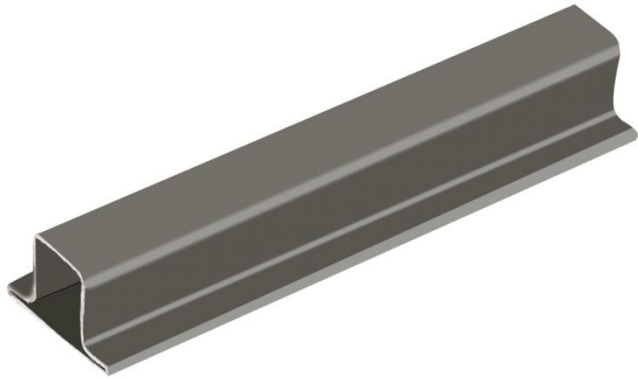


Double Door Frame Section
140 x 55 mm
Thickness:1.4- 3mm

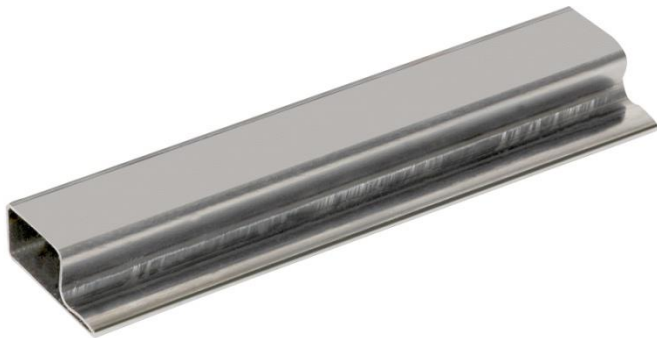


Single Door Frame Section
60 x 40 mm, 100 X 50 mm
Thickness:1.4- 3mm

Window Frames

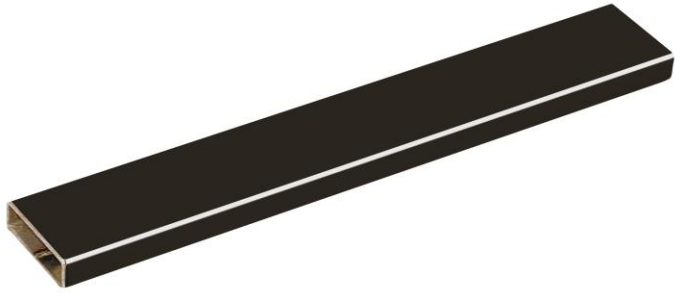


T Section
52 x 25 mm
Thickness: 1.4- 3mm



L Section
62 x 33mm, 52 x
24mm, 47x19mm
Thickness: 1.4- 3mm

Narrow Sections



40 x 10 mm
Thickness:1.2- 3mm



50 x 15 mm
Thickness:1.2- 3mm

Colour Coated Pipes

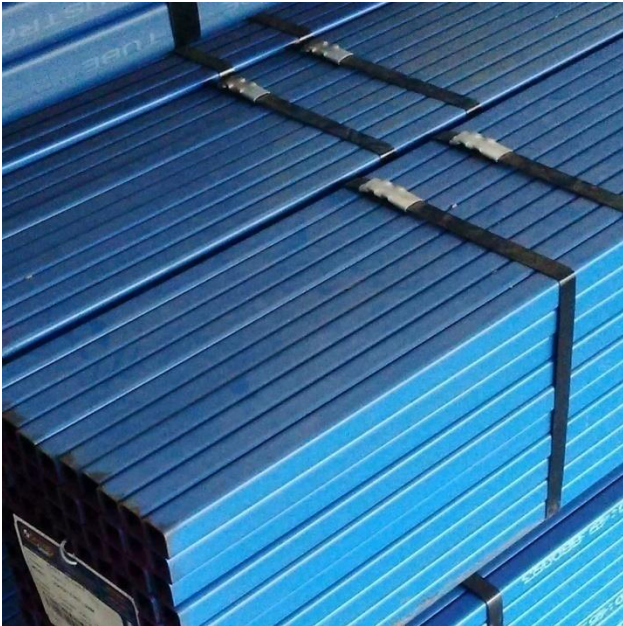


Paint & Finish

Paint: water based

Finish: Semi-matt, matt

Colours: Aqua Blue, Brick Red



Pipe Dimensions

Round: Min- 21mm, Max 168mm

Square: Min:20x20, Max:125x125mm

Rectangle:30x20, Max:150x100mm

Wall Thickness: Min 1mm, Max 6mm

Length: Min 3m, Max 6mm

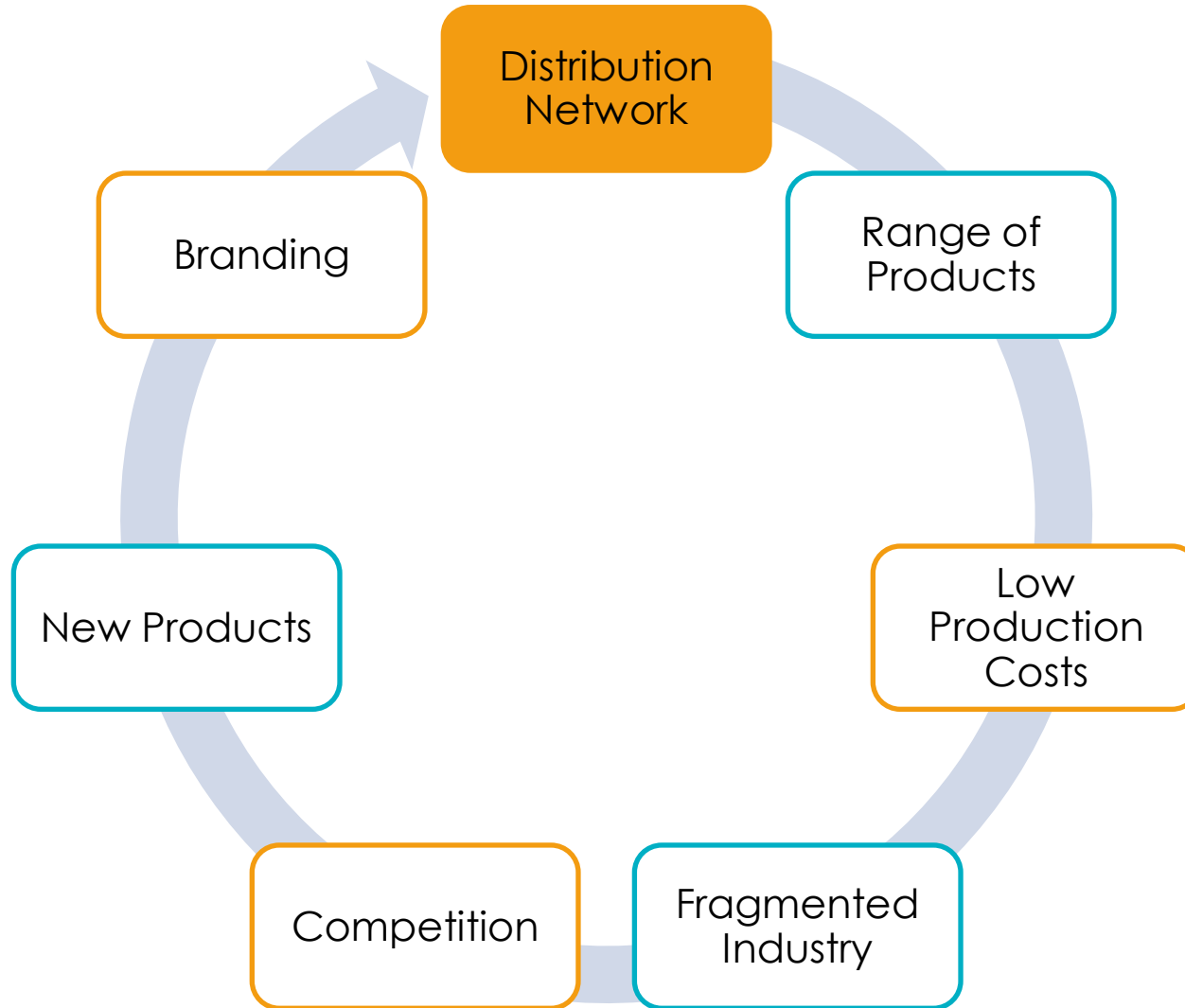
Zinc Spray



Welding Electrodes



In a nutshell



The value drivers

➡ Leadership through scale and reach

➡ Business Sustainability

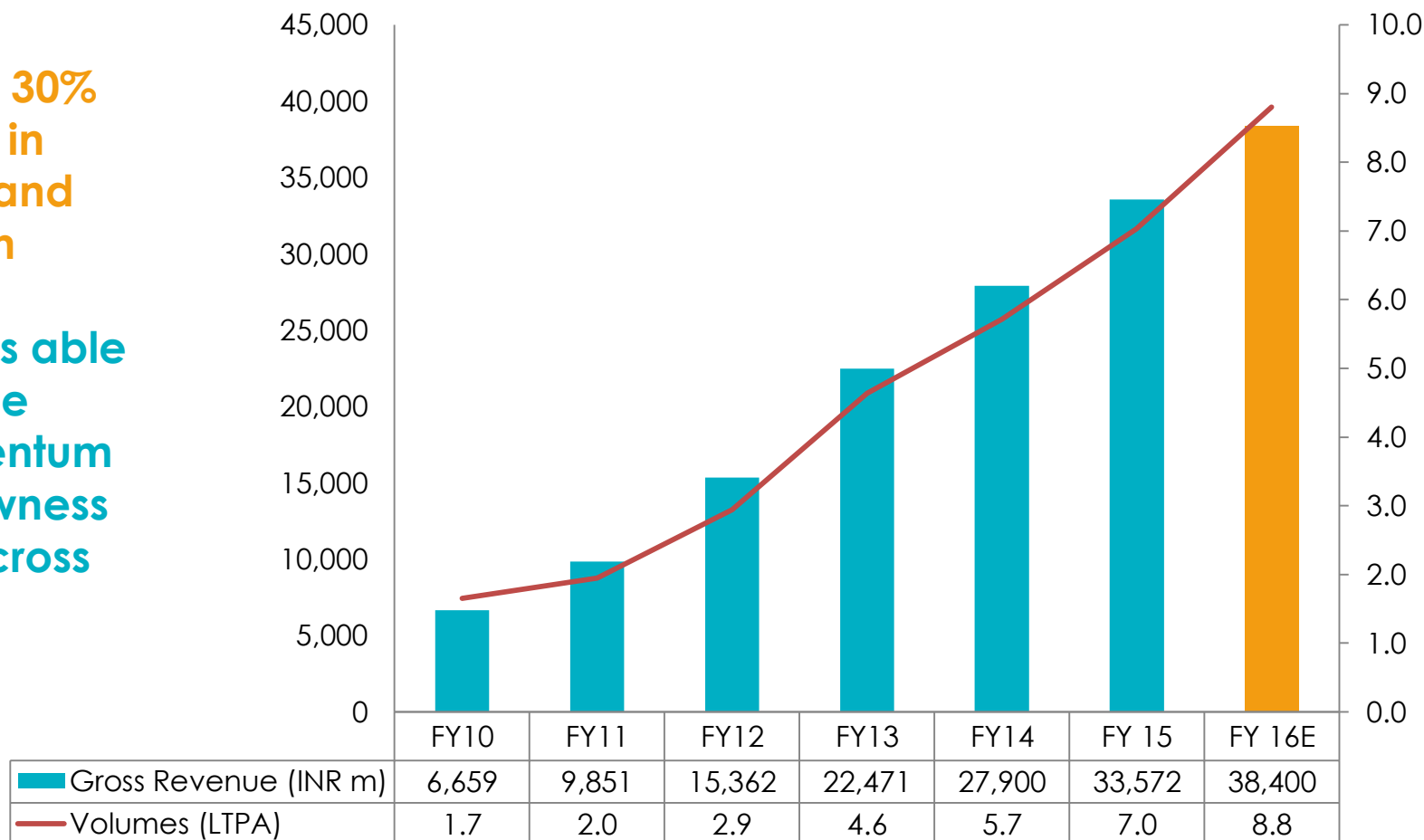
➡ Financial Strength

➡ Future Roadmap

➡ Key Shareholders

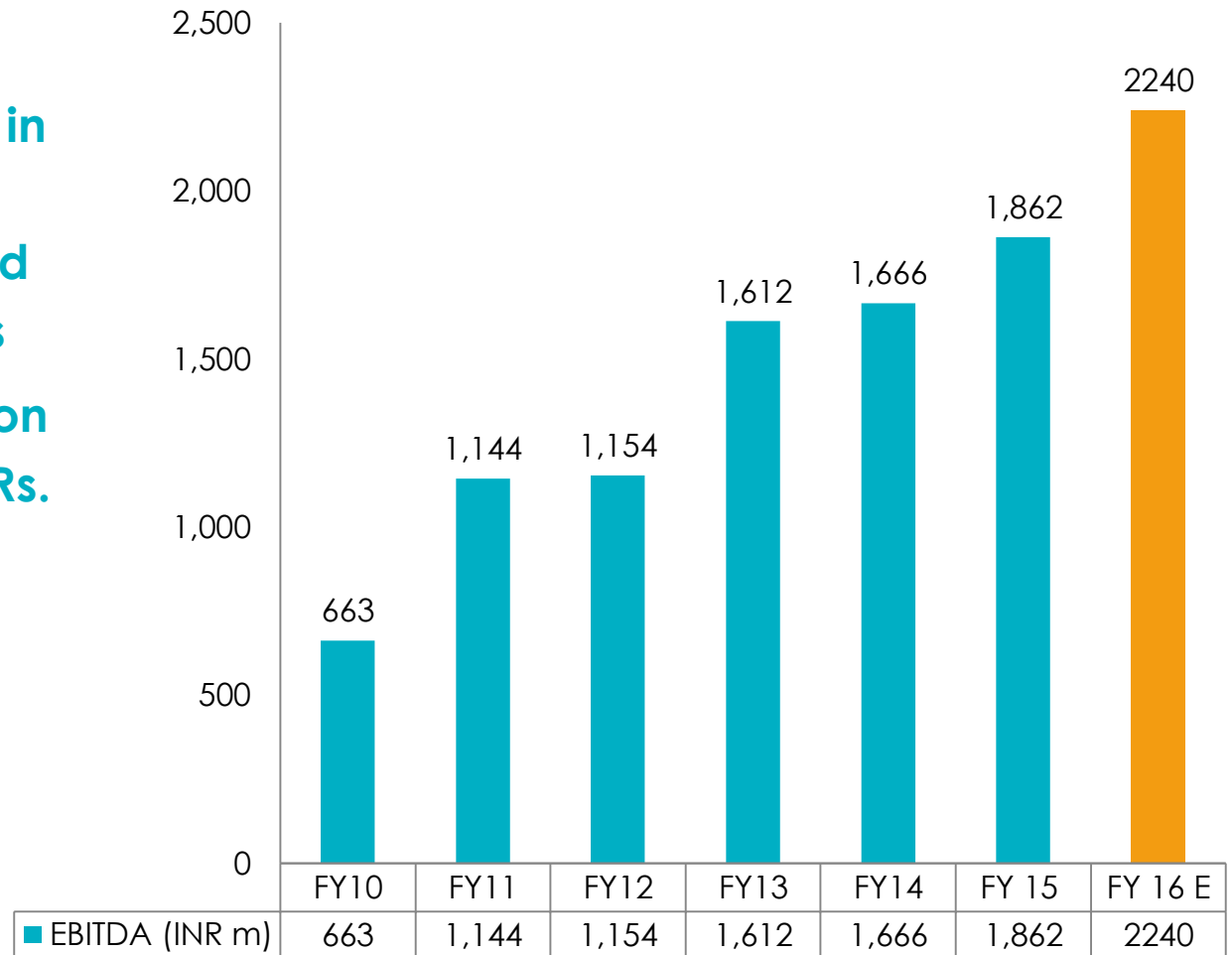
Firmly on a higher growth trajectory

- **CAGR of over 30% in last 6 years in both volume and Turnover. Even Earlier**
- **Company was able to maintain the growth momentum in spite of slowness in demand across industry**

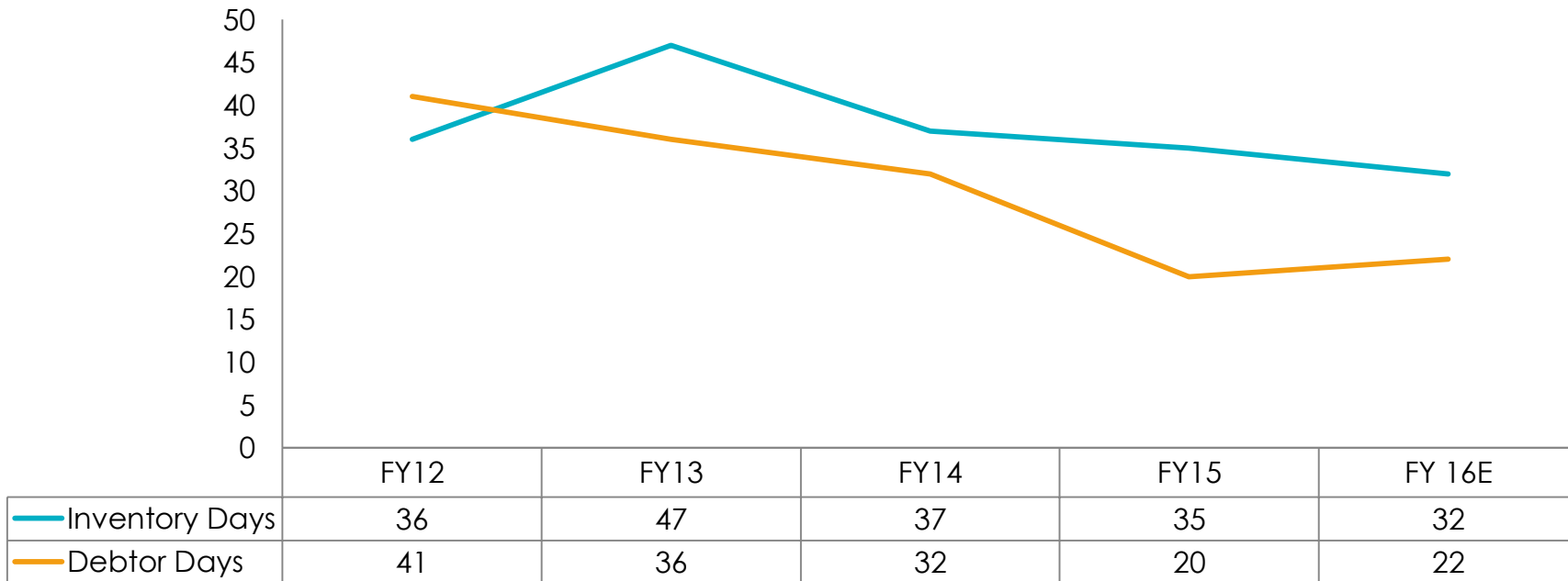


Consistent EBITDA margins

- Incremental EBITDA growth in FY 15 was affected due to inventory carrying costs and adverse industry conditions
- Realized EBITDA per tonne on an average is in between Rs. 3,200 -3,500



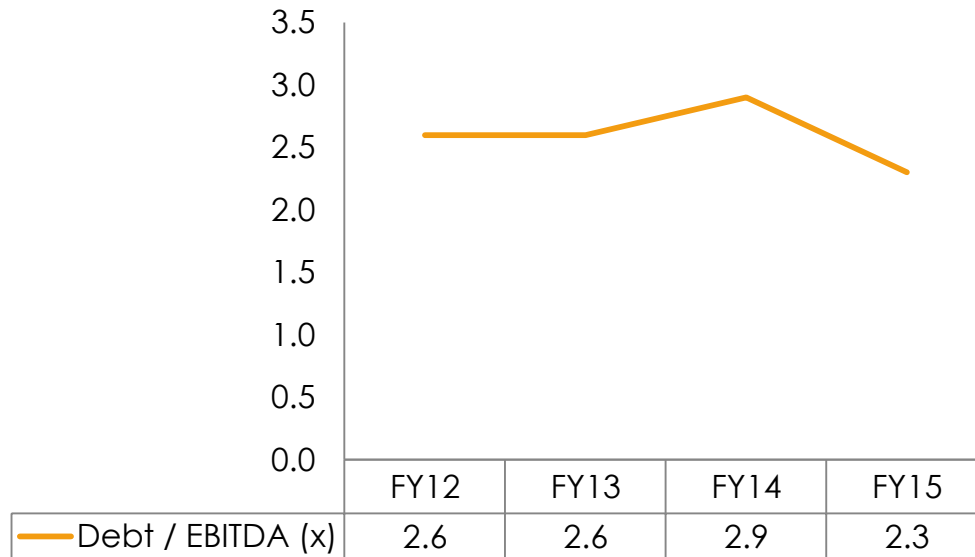
And Robust Operating Cycle



Working capital cycle is efficiently managed with tight operating guidelines

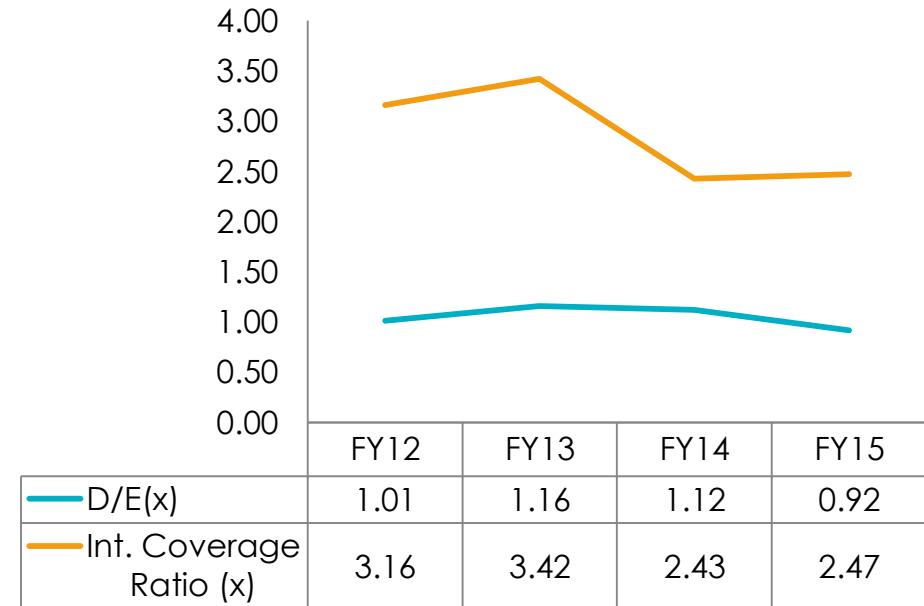
A healthy balance-sheet to fund future growth

Debt / EBITDA



Debt / EBITDA has been maintained in the range of 2.2 – 2.9

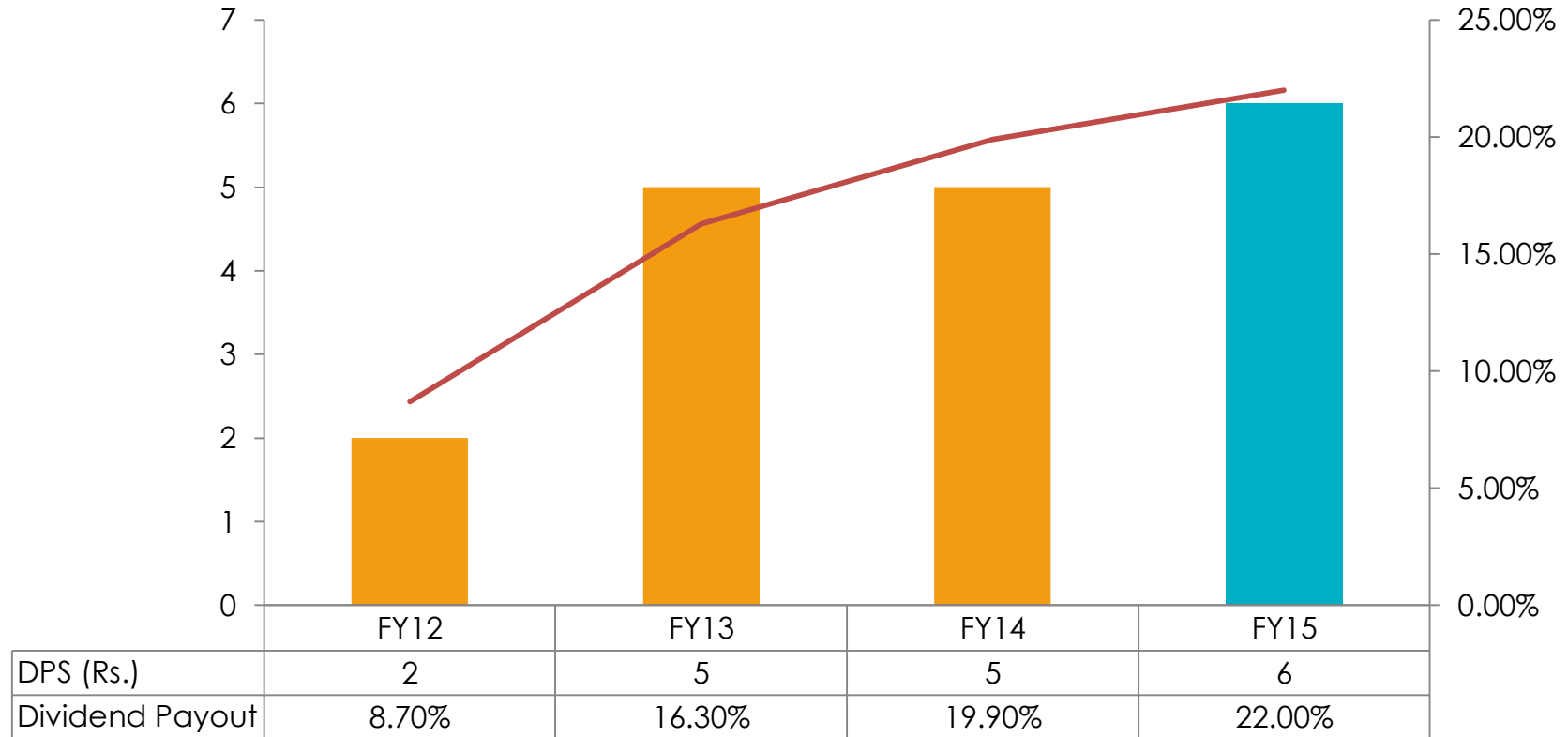
Leverage Ratios



Optimal leverage with D/E kept close to 1x

- Long-term Debt (FY15): Rs.1,416 mn.
- Working-capital Loan (FY15): Rs. 2,925 mn.

Dividend Payout



- **The Company has been a regular on the dividend list rewarding shareholders**
- **Dividend payout ratio is over 20% levels and company plans to maintain the same going forward**

Income Statement

Particulars (INR mn.)	2011-12	2012-13	2013-14	2014-15
Net Revenue	13,930	20,083	25,689	30,137
Growth %	53.9%	44.2%	27.9%	17.3%
EBITDA	1,154	1,612	1,666	1,862
Growth %	7.9%	39.3%	3.1%	11.8%
Margin %	8.3%	8.0%	6.5%	6.2%
PAT	491	686	590	638
PAT %	3.5%	3.4%	2.3%	2.1%
EPS	20.9	29.9	25.1	27.1

- **Consistent revenue growth which will be maintained going forward**
- **Margins to improve on the back of product mix rationalization and introduction of new products**

Balance Sheet

Particulars (INR mn.)	2011-12	2012-13	2013-14	2014-15
Share Capital	213	223	234	234
Reserve & Surplus	2,698	3,414	4,018	4,487
Net Worth	2,911	3,637	4,252	4,721
Long Term Debt	737	859	1,396	1,416
Working Capital Debt	2,242	3,403	3,403	2,926
Total Borrowings	2,979	4,262	4,799	4,342
Gross Fixed Assets	2,753	3,570	4,825	6,737
Capital WIP	455	151	279	239

- Significant capacity additions have resulted into higher growth in Fixed Assets
- The Company has policy to operate under strict control on additional borrowings. The same has resulted into one of the lowest levels of debt in the industry

The value drivers

➔ Leadership through scale and reach

➔ Business Sustainability

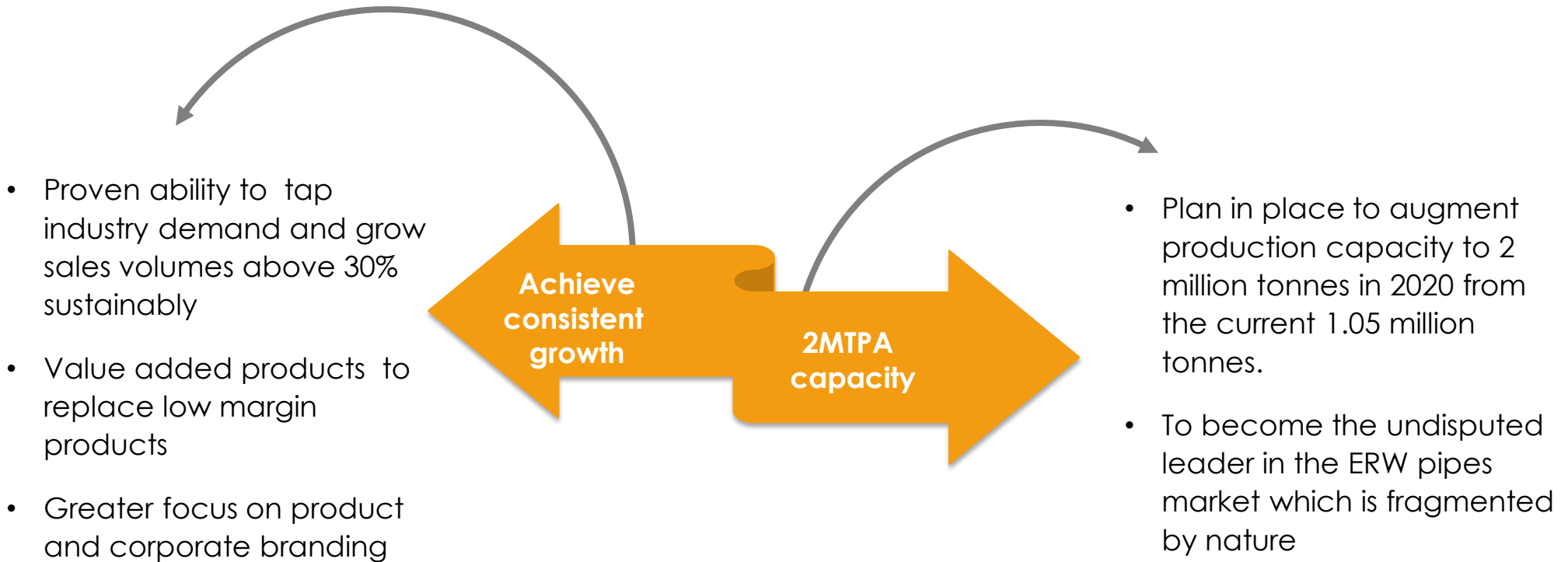
➔ Financial Strength

➔ Future Roadmap

➔ Key Shareholders

Vision FY 20: 2MTPA Capacity

Augment production capacity to 2MTPA by FY 2020



Transformation into a Consumer Products Company

Brownfield Expansion Planned for FY16

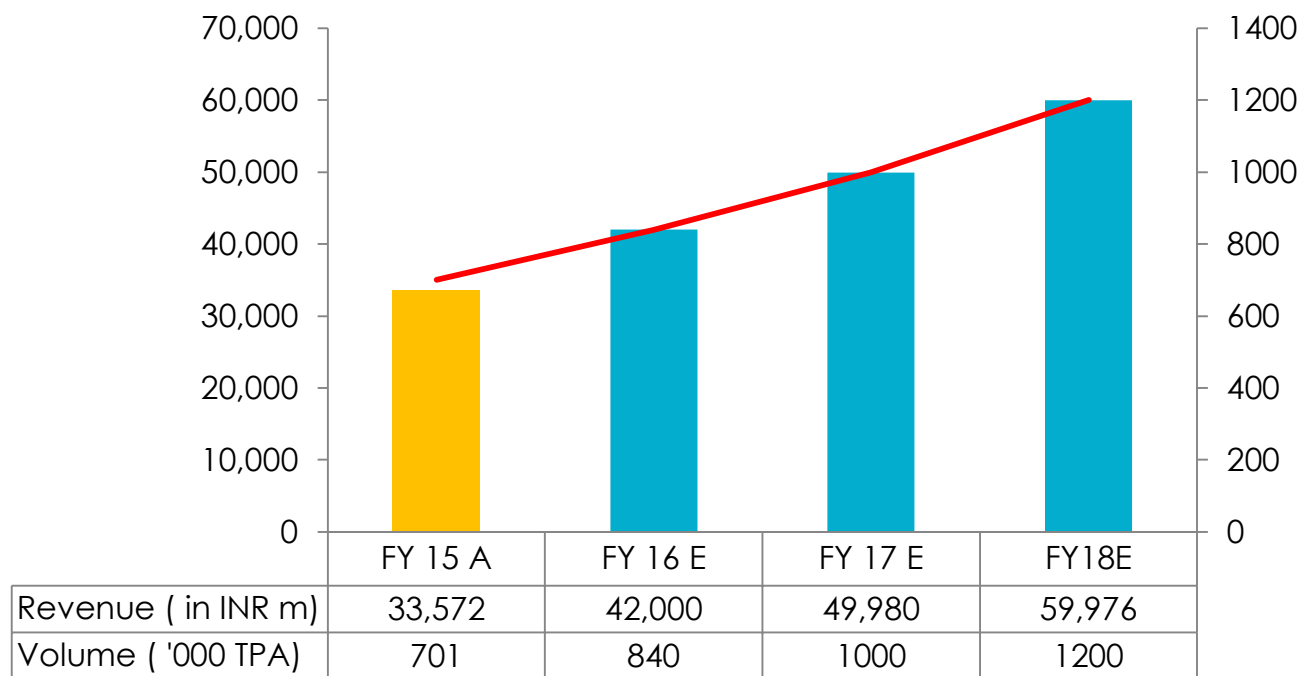
Plant	Current Lines	Current Capacity(TPM)	Planned Lines	Planned Capacity(TPM)
Hosur	5	24000	8	35000
Sikandrabad	4	20000	4	20000
Lloyd linepipe	5	21500	6	26000
Apollo Met	3	12500	4	16000
Shri Laxmi	2	9000	3	13000
TOTAL	19	86000	25	100000

For the brownfield expansion, capital cost of INR 70-80 Cr would be deployed from internal accruals and NCD finance

Investments Required

- Planning greenfield projects of approximately 1 – 1.2 LTPA each in Eastern India and Middle East (Dubai)
- Capital cost of Rs. 100 crore for the two plants to be funded through internal accruals and NCD finance

Revenue Guidance



Revenue and Volume are expected to grow at a CAGR of roughly 22% for the period 2016 – 2018.

The value drivers

➡ Leadership through scale and reach

➡ Business Sustainability

➡ Financial Strength

➡ Future Roadmap

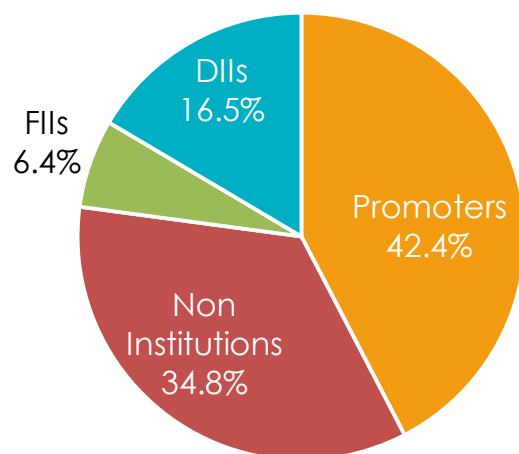
➡ Key Shareholders

Key Shareholders

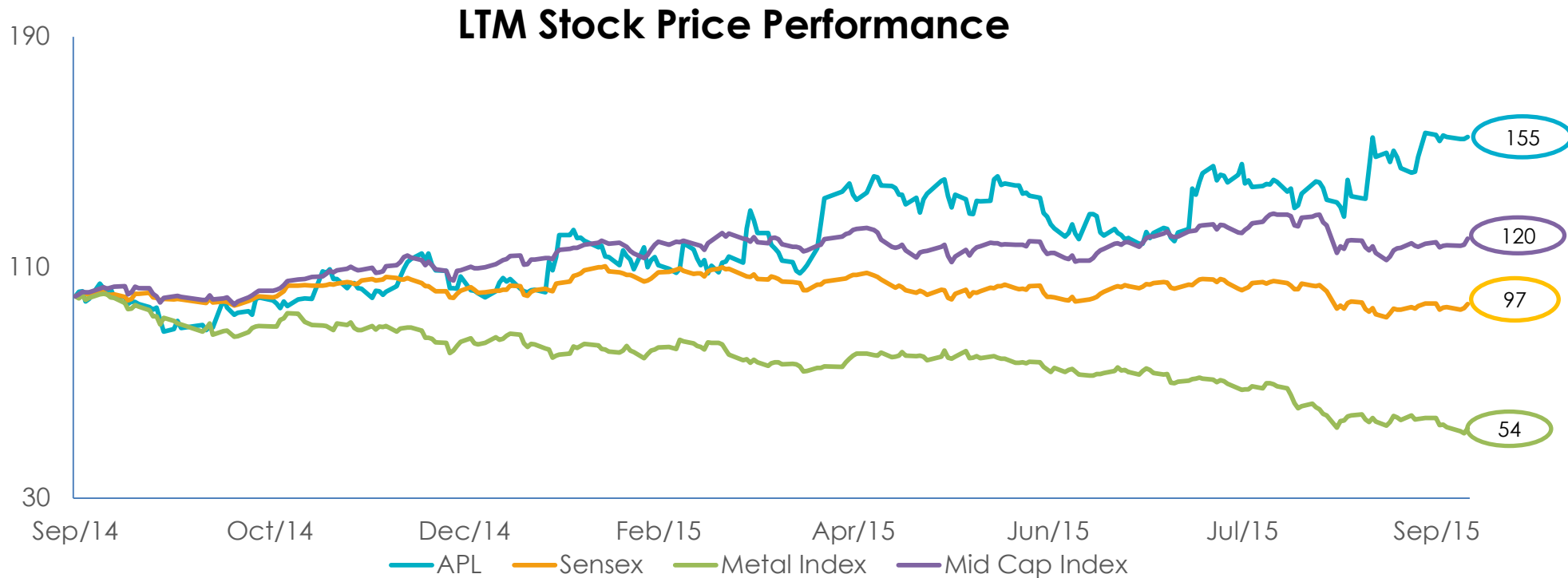
IPO Details	Particulars
IPO Date	November, 1995
Shares Issued	Rs.2.19 mn.
Amount Raised	Rs.65.7 mn.
Face Value of Share	Rs. 10
Market Cap (18 November, 2015)	Rs. 1,249.23 cr

Top 10 Public Shareholders (more than 1%)	% held
Kitara Capital	12.8%
IDFC	6.8%
HDFC Trustee Fund	5.0%
DSP Blackrock	4.6%
Emblem	4.2%
Kotak Mahindra (Intl)	3.6%
FIL Investments	2.6%
Sameer Mahendra Sampat	2.4%
Akash Bhanshali	2.0%
Abha Bhanshali	1.6%

Shareholding Pattern (30th September,2015)



Stock Price Performance



- **APL Apollo outperformed Sensex , BSE Metal Index and Mid Cap Index over past one year**
- **The share price has moved up from Rs. 320.6 in September 2014 to Rs. 498.0 in September 2015**

Why APL?

- Largest player in the ERW segment in India
- Nation wide operations with 5 plants across the length and breadth of the country
- Strong distribution network with over 400+ distributors and 26 dealers
- Wide variety of products (400+) catering both to structural applications and traditional usage
- Strong revenue and volume growth expected for the next 3 years
- Consistent dividend payout ratio
- Stock has outperformed all the indices on the market over the last 12 months

Contact

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Thank You