



APL APOLLO TUBES LTD.

Q4 & FY17 Earnings
Presentation

May 20, 2017

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.

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Operational & Financial Highlights Q4 & FY2017



Infrastructure

Construction

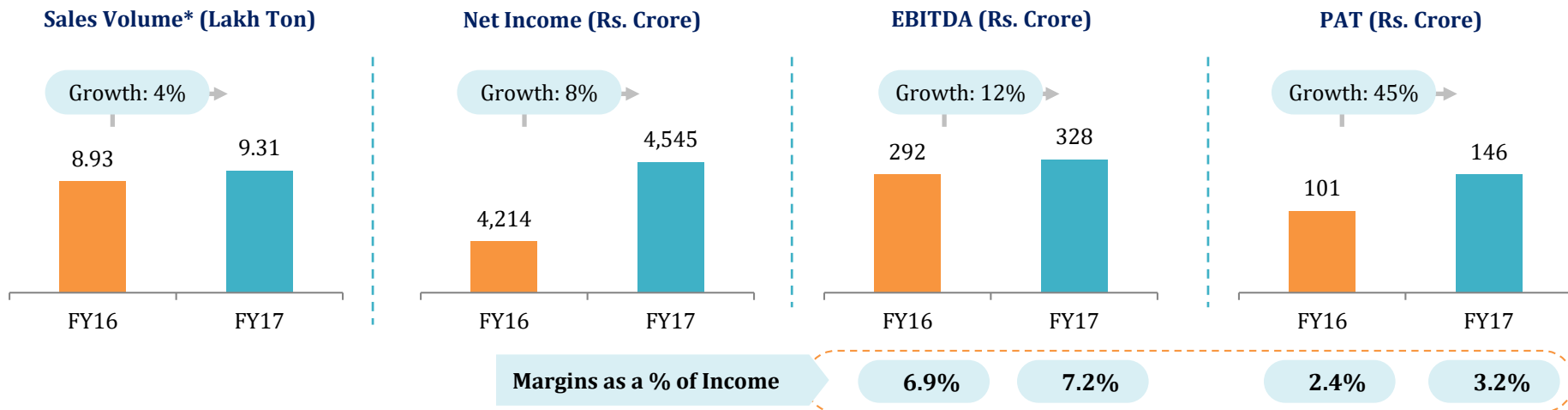
Automobiles

Energy

Agriculture

FY17 – Performance Highlights

Delivers stable performance in a challenging external environment

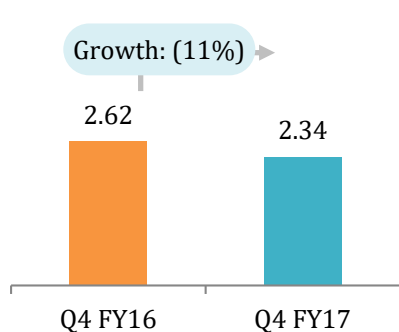


- Sales Volume* improves by 4% to 9.31 lakh tons from 8.93 lakh tons
 - Volume growth slower than expected owing to external market challenges including demonetization and volatile steel prices
- Net sales (Manufacturing) increased by 14% to Rs. 3,900 crore from Rs. 3,411 crore in FY16
- PAT marked a significant improvement of 45% to Rs. 146 crore
- The Company declared a dividend of Rs. 12 per share (Face Value of Rs. 10 per share) – resulting in a cash outflow of Rs. 30 crore for dividend payment including tax, amounting to a dividend payout ratio of 20% for FY2017

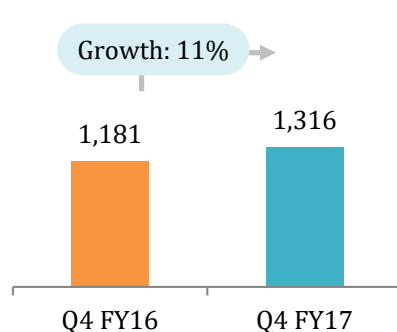
*Excluding Trading & Scrap

Q4 FY17 – Performance Highlights

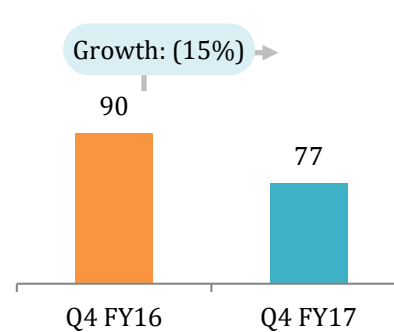
Sales Volume* (Lakh Ton)



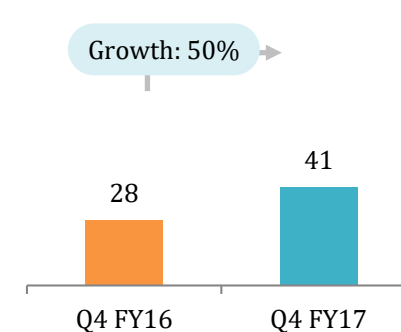
Net Income (Rs. Crore)



EBITDA (Rs. Crore)



PAT (Rs. Crore)



Margins as a % of Income

7.6%

5.8%

2.3%

3.1%

- Sales Volume* decreased by 11% to 2.34 lakh tons from 2.62 lakh tons
 - Impact of demonetization combined with high base in the corresponding quarter last year led to subdued volume performance
- Net sales (Manufacturing) stood at Rs. 1,088 crore as compared to Rs. 860 crore

Key Developments

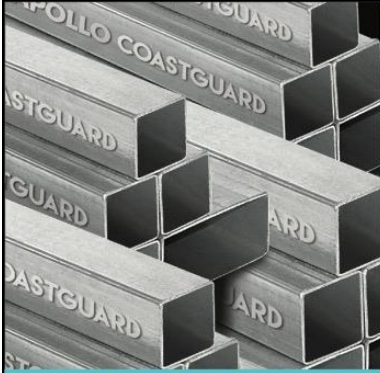


Undertook enhanced Branding activities to build solid visibility for 'APL Apollo' brand – launched new brand 'Apollo Coastguard' Pipes for the coastal regions

- **'Apollo Coastguard'** branded products to tap growing consumption of galvanized steel tubes in the Coastal Regions. Product to be made of special galvanized steel which will provide excellent corrosion resistance against wind, water and road salts, making them 100% rust proof pipes
- Management is actively working with a reputed Marketing Consultant to launch new brands under 'APL Apollo' to cover the Company's unique & innovative product portfolio

Significantly strengthened Pan-India presence with the commissioning of Greenfield facility at Raipur, Chhattisgarh

- Foray in underpenetrated Eastern/Central India with an installed capacity of 325,000 MTPA – significantly augments the Company's national footprint while providing a notable opportunity to rapidly ramp-up volumes
- Commissioned 1 line till date out of 6 lines – expect to start all lines by Q3 FY18




Designed to withstand wind, water and time.


APL Apollo Tubes, the pioneer in Steel Pipes & Sections, introduces Apollo Coastguard, especially for the coastal regions.

- Made of special galvanized steel to provide excellent corrosion resistance against wind, water and road salts.
- Which means 100% rust proof pipes to last for generations.


SUPERIOR ZINC COATING



introduces



APOLLO COASTGUARD
CORROSION PROOF GALVANISED PIPES
TIME TESTED PROTECTION



Key Developments



Successfully established India's 1st-ever Direct Forming Mill Technology (DFT) line at the Company's Hosur plant

- High quality customized shapes and sizes of products, achieved through DFT, to significantly expand addressable market and translate into huge cost-savings and better productivity

Announced strategic tie-up with NEXTracker™ to manufacture a key structural component of its solar tracking system in India

- Partnership with APL Apollo to enable NEXTracker to source highest quality steel products for solar parks and power plants in India
- Tie-up allows APL Apollo to rapidly penetrate the growing renewable energy market in India that seeks to have 100 GW of solar power by 2022 – expected to create demand for more than 1 million tons of premium pre-galvanized hollow section tubes

Abridged P&L Statement



Particulars (Rs. crore)	Q4 FY17	Q4 FY16	Y-o-Y Shift	FY17	FY16	Y-o-Y Shift
Income from Operations						
Net Manufacturing Sales	1,088.6	860.0	27%	3,899.7	3,411.3	14%
Trading Sales	227.3	320.6	-29%	645.3	802.3	-20%
Total Income From Operations (Net)	1,315.9	1,180.5	11%	4,545.0	4,213.6	8%
Total Expenditure						
Raw Material expenses	1,130.5	973.4		3,800.5	3,554.6	
Employee benefits expense	16.9	20.3		72.0	62.9	
Other expenses	93.4	101.4		348.1	314.5	
EBIT Before Other Income	75.1	85.5		324.4	281.6	
Other Income	1.1	4.3		3.8	10.3	
EBITDA	76.2	89.8	-15%	328.2	291.9	12%
EBITDA margin (%)	5.8	7.6		7.2	6.9	
Finance Costs	16.4	18.2	-10%	68.3	69.5	-2%
Depreciation and Amortization	13.2	11.0	19%	51.2	34.1	50%
Exceptional item	-	7.7		-	25.3	
PBT	46.7	52.8	-12%	208.6	163.0	28%
Tax expense	5.5	25.3	-78%	62.7	62.4	1%
PAT	41.2	27.5	50%	145.9	100.6	45%
PAT margin (%)	3.1	2.3		3.2	2.4	
Diluted EPS (Not annualized)	17.6	11.7	50%	62.1	42.9	45%

Key Financial & Operational Parameters



Particulars (%)	Q4 FY17	Q4 FY16	Y-o-Y Shift (bps)	FY17	FY16	Y-o-Y Shift (bps)
EBITDA Margin	5.79	7.61	-181	7.22	6.93	29
EBITDA Margin Manufacturing	6.82	9.88	-306	8.06	7.93	13
EBITDA Margin Trading	0.87	1.49	-62	2.13	2.63	-50
Profit Before Tax	3.55	4.47	-92	4.59	3.87	72
Net Margin	3.13	2.33	80	3.21	2.39	82
Total Expenditure / Total Operating Income	94.29	92.76	153	92.86	93.32	-45
Raw Material Cost / Total Operating Income	85.91	82.46	345	83.62	84.36	-74
Staff Cost / Total Operating Income	1.28	1.72	-43	1.59	1.49	9
Other Expenditure / Total Operating Income	7.10	8.59	-149	7.66	7.46	20
Interest & Finance Charges / Sales	1.24	1.54	-30	1.50	1.65	-15
Tax Rate	11.69	47.90	-3621	30.07	38.30	-823

Consolidated Balance Sheet



EQUITY AND LIABILITIES	CONSOLIDATED	
	As at 31st March 2017	As at 31st March 2016
	Audited	Audited
Particulars (Rs. Crore)		
EQUITY AND LIABILITIES		
Shareholders Fund		
Share capital	23.59	23.44
Reserves and surplus	696.71	544.11
Total Shareholders Fund	720.30	567.55
Non-current liabilities		
Long-term borrowings	104.92	187.59
Deferred tax liabilities (net)	90.50	85.90
Other Long Term Liabilities	1.04	1.04
Long-term provisions	7.21	5.07
Total Non-current liabilities	203.67	279.60
Current liabilities		
Short-term borrowings	465.79	410.91
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and	370.36	254.28
Other current liabilities	81.54	104.11
Short-term provisions	8.36	43.67
Total Current liabilities	926.05	813.27
TOTAL - EQUITY AND LIABILITIES	1,850.02	1,660.42

ASSETS	CONSOLIDATED	
	As at 31st March 2017	As at 31st March 2016
	Audited	Audited
Particulars (Rs. Crore)		
ASSETS		
Non-current assets		
Fixed Asset		
(i) Tangible assets	663.90	619.94
(ii) Intangible assets	3.68	3.34
(iii) Capital work in progress	122.43	31.99
Total Fixed assets	789.98	655.27
Goodwill on consolidation	66.96	42.90
Non-current investments	12.74	13.13
Long term loans and advances	77.83	59.30
Other non-current assets	1.66	0.07
Total non-current assets	92.23	72.50
Current Assets		
Inventories	469.61	594.37
Trade payables	295.18	220.14
Cash and cash equivalent	1.68	1.35
Short-term loans and advances	130.06	69.18
Other current assets	4.29	4.71
Total current assets	900.82	889.75
TOTAL - ASSETS	1,850.02	1,660.42

Key Financial & Operational Parameters

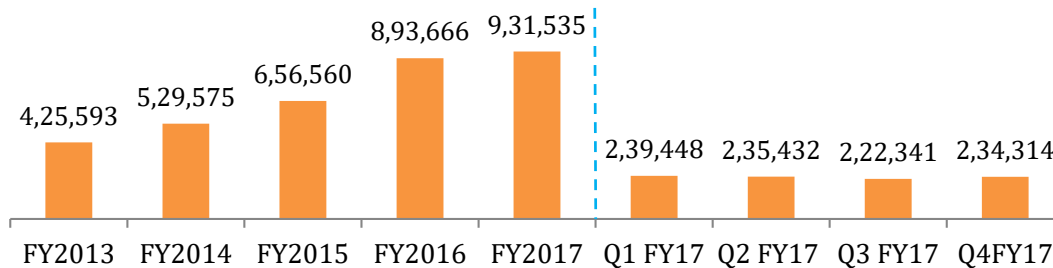


Sales Volume Break-up

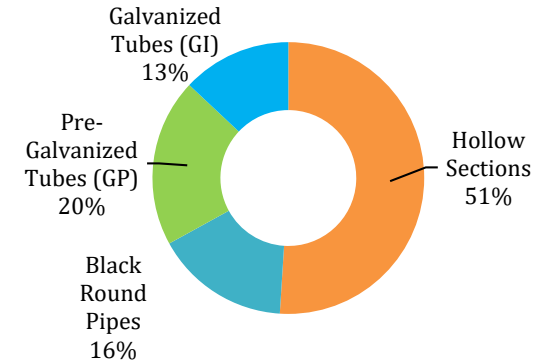
Particulars (Tons)	Q4 FY17	Q3 FY17	Q-o-Q Shift	FY17	FY16	Y-o-Y Shift
Hollow Sections	121,710	112,708	8%	474,851	425,513	12%
Black Round Pipes	36,317	33,945	7%	150,760	194,031	-22%
Pre-Galvanized Tubes (GP)	47,569	46,197	3%	188,534	159,457	18%
Galvanized Tubes (GI)	28,718	29,491	-3%	117,390	114,665	2%
Finished products	234,314	222,341	5%	931,535	893,666	4%
Others*	12,198	12,982	-6%	47,406	64,170	-26%
Total	246,512	235,323	5%	978,941	957,836	2%

*Trading & Scrap

Sales Volume (Tons) (excluding Trading & Scrap)



Sales Volume Break-up – FY17



- Sales Volume (excluding Trading & Scrap) stood at 931,535 lakh tons compared to 893,666 lakh tons, up 4%
- Demonetization drive along with volatile steel prices impacted performance during the second half – particularly impacting the commoditized Black round pipes
- Continued focus on value-added products, Exports, OEM and new markets

Key Financial & Operational Parameters

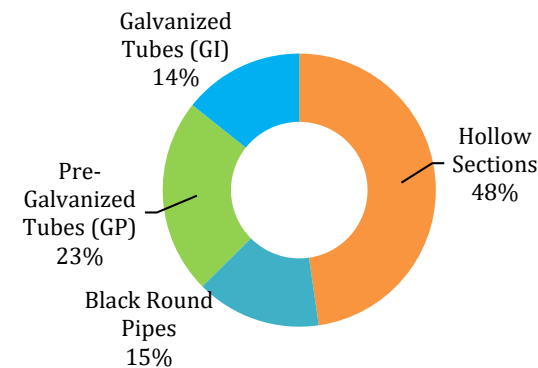
Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q4 FY17	Q3 FY17	Q-o-Q Shift	FY17	FY16	Y-o-Y Shift
Hollow Sections	42,439	38,641	10%	38,175	34,651	10%
Black Round Pipes	41,762	37,929	10%	37,406	33,776	11%
Pre-Galvanized Tubes (GP)	51,094	46,956	9%	46,623	42,027	11%
Galvanized Tubes (GI)	51,318	46,581	10%	46,275	42,194	10%
Others*	24,555	21,543	14%	21,388	20,262	6%

Product-wise Revenue Break-up

Particulars (Rs. crore)	Q4 FY17	Q3 FY17	Q-o-Q Shift	FY17	FY16	Y-o-Y Shift
Hollow Sections	516.5	435.5	19%	1,812.8	1,474.4	23%
Black Round Pipes	151.7	128.7	18%	563.9	655.4	-14%
Pre-Galvanized Tubes (GP)	243.0	216.9	12%	879.0	670.1	31%
Galvanized Tubes (GI)	147.4	137.4	7%	543.2	483.8	12%
Others*	30.0	28.0	7%	101.4	130.0	-22%
Total	1,088.6	946.5	15%	3,900.3	3,413.8	14%

Product-wise Revenue Break-up –FY17



Financial Overview and Discussion (YoY)



- **Total Net Income increases by 8% to Rs. 4,545.0 crore in FY17**
- **Net sales (manufacturing) stood at Rs. 3,899.7 crore in FY17, higher by 14% Y-o-Y. In Q4 FY17, net sales (manufacturing) increased by 27% to Rs. 1,088.6 crore**
 - Sales volume growth during the second half was slower than expected as demand was impacted due to demonetization and volatile steel prices
 - Realizations across product categories witnessed improvement owing to higher steel prices leading to robust revenue growth – as a policy any change in steel prices is directly passed onto the customers by the Company
 - The Company expects growth to accelerate from FY18 onwards as the macro-economic environment improves. Further, new capacities have started commercial production which should augment volumes in the coming quarters
- **The Company registered higher sales volume from Exports and OEM segments during Q4 & FY17:**

Exports (Tons)					
Q4FY17	Q4FY16	Growth	FY17	FY16	Growth
12,956	12,036	8%	56,706	39,203	45%

OEMs (Tons)					
Q4FY17	Q4FY16	Growth	FY17	FY16	Growth
9,870	1,314	651%	26,158	11,597	126%

- **Total EBITDA in FY17 improved by 12% Y-o-Y to Rs. 328.2 crore; in Q4 FY17 EBITDA came in lower by 15% at Rs. 76.2 crore**
 - EBITDA margin (manufacturing) stood at 8.1% vs 7.9% in FY16; margins during the quarter were lower at 6.8% vs 9.9%. Given the exceptionally challenging environment faced by the Company during the quarter, focus was on increasing volumes which impacted EBITDA per ton performance
 - With emphasis on rapidly increasing volume growth in FY18, the Company anticipates EBITDA per ton to remain steady. In the coming years, increasing salience of value-added branded products and higher utilization levels should facilitate much higher EBITDA per ton performance

Financial Overview and Discussion (YoY)



- **Interest cost declined by 2% YoY to Rs. 68.3 crore in FY17; lower by 10% to Rs. 16.4 crore during the quarter**
 - Interest costs stood lower in Q4 & FY17 given the Company's focus on reducing working capital cycle – inventory days lower by 11 days to 34 days as on March 31, 2017
 - Improvement in credit rating of Bank Facilities and NCD along with overall reduction in interest rates, assisted the Company in lowering cost of funds
- **Depreciation stood at Rs. 51.2 crore in FY17 as against Rs. 34.1 crore in the corresponding period last year.** In Q4 FY17, depreciation charge was higher by 19.3% at Rs. 13.2 crore
 - Notable increase in depreciation charge owing to commissioning of new capacities during the year. Furthermore, in consultation with statutory auditors and technical experts, the Company did physical verification of fixed assets which also led to higher depreciation during the year
 - The Company expects marginal increase in depreciation charge in the coming quarters as more capacities go on-stream. Additional charge will be effortlessly absorbed as new capacities start contributing to profitability in FY18
- **In FY17, Net Profit after Tax stood at Rs. 145.9 crore, up 45%.**
 - PAT in Q4 FY17 also increased by 49.9% to Rs. 41.3 crore as the Company received MAT credit entitlement of Rs. 8.7 crore
- **Healthy Balance sheet position – Net Debt to Equity ratio stood at 0.79x as of 31 March 2017**
 - Entire capex plan – from 1.3 million ton to 2 million tons by end of FY18 – executed through internal accruals
 - As the Company is able to sweat new capacities and generate cash flows, it expects further in Debt Equity ratio – vision to be a Debt-Free Company by 2020

Commenting on the Company's performance for Q4 & FY2017, Mr. Sanjay Gupta, Chairman, APL Apollo said,

"FY17 has been a difficult year for us with the Company facing external market challenges including demonetization and volatile steel prices, which significantly impacted our volumes in the second half. However, we have made an exceptional start to the new fiscal by registering strong volumes in the month of April. We remain focused on further increasing this momentum in the coming quarters and are confident of delivering over 20% volume growth in FY18. Our recently established Greenfield facility in an underpenetrated market like Raipur will also support our aggressive growth plans over the next 2 years.

I am happy to share that we have commissioned India's first-ever DFT (Direct Forming Mill Technology) unit at our existing facility in Hosur, Tamil Nadu. We have always been at the forefront of introducing the latest global technology in India and DFT is one of the finest examples. We remain convinced this technology has the potential to revolutionize the Indian steel tube industry and strengthen our position as the leading Branded Steel Tubes manufacture in India.

We believe we are well-positioned to leverage on the improving macro-economic environment and Government's reform agenda including GST which will help organized players like APL Apollo. Our game changing initiatives like technology adoption, branding activities, innovative products, and global scale, will enable us to create tremendous value for all stakeholders in the years to come."



Company Overview



Infrastructure

Construction

Automobiles

Energy

Agriculture

India's Leading Branded Steel Tubes Manufacturer



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

Catering to an array of sectors – Infrastructure, Construction, Automobile, Energy, 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

1.3

MTPA STEEL
PRODUCTION
CAPACITY

32%

PRODUCTION (VOL)
11 YR CAGR

4,997

INR
CRORE

FY17 REVENUE

7

MANUFACTURING
UNITS

400+

DIVERSIFIED
PRODUCT
PORTFOLIO

600+

DISTRIBUTORS
ACROSS INDIA

'One-stop shop' for a wide spectrum of steel structural products

Catering to key sectors of the Indian economy



Infrastructure

- Metros
- Buildings
- Airports
- Ports
- Greenhouses
- Prefabricated
- Smart Cities



Construction

- Conduit
- Support Structures
- Fencing
- Railings
- Cranes
- Green Construction



Automobiles

- Truck & Bus body
- Heavy Vehicle Axles



Energy

- Power
- Water Transport
- Solar plants
- City pipeline



Agriculture

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

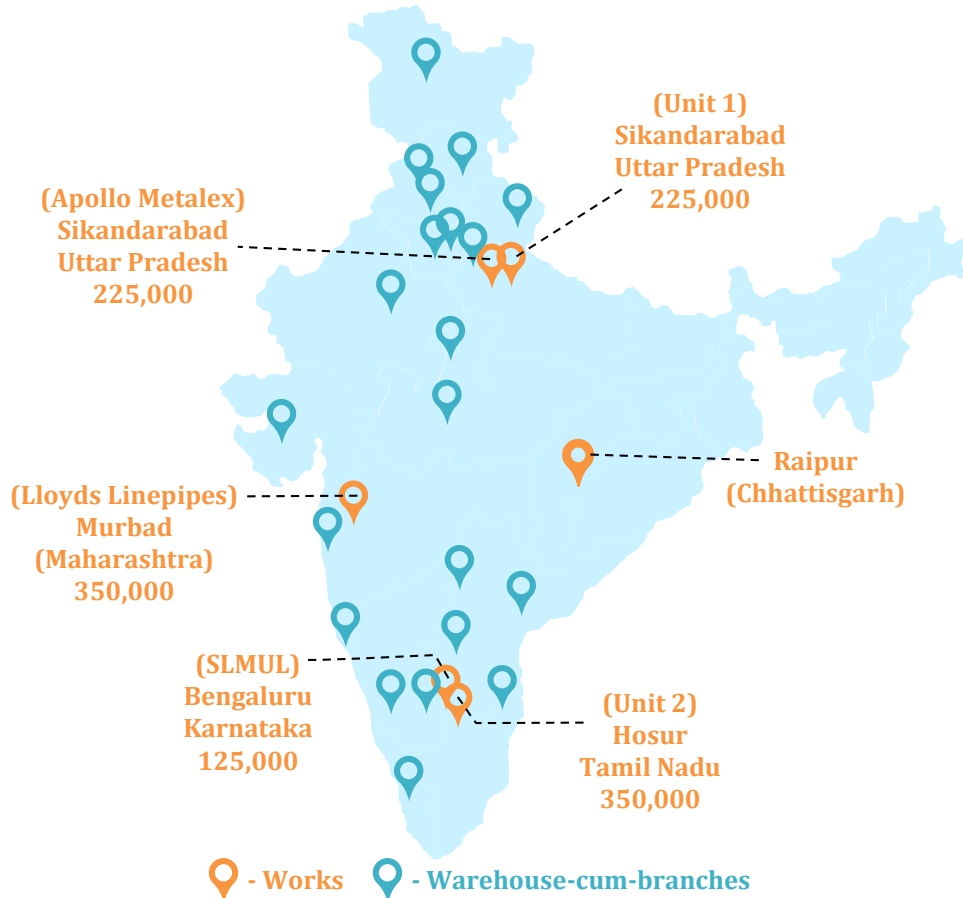
Continuous focus on New Age Industry Applications across high-potential business segments

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

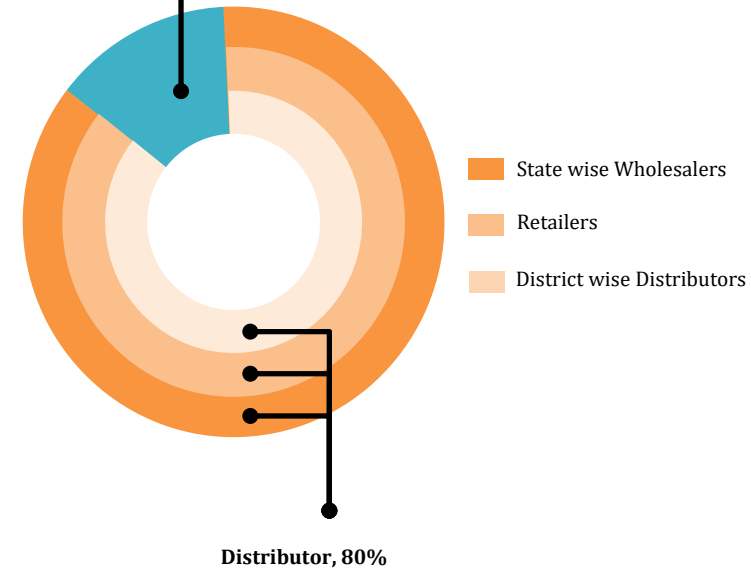
With enormous untapped potential across all major sectors and new age applications, APL Apollo's business model is well-positioned to capitalize on all emerging sectoral trends

Close-to-Demand Pan-India Footprint

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



Direct, 20%



Over 600 distributors and 26 warehouses (FY 2016)

Well-defined strategy with tangible targets

2.5 million ton production by FY2020

Targeting above industry average growth rates / Roadmap for capacity expansion in place

Strong Balance-Sheet

To become debt-free and reduced Working Capital cycle

Margin accretive

Targeting higher EBITDA per ton margins and enhanced return ratios

Strengthen product and corporate branding activities

To double the marketing & sales team

Enhance Corporate Governance

Improving board mix to facilitate higher level of transparency

Expand contribution from Value-added products

Innovation center to be set-up: focus on continuously launching new products

To become a Global Branded Steel Tubes Company

Consistently Delivering Strong Performance



Particulars	2007	2010	2012	2015	2016	2017	CAGR
Sales (Rs. Crore)	230	666	1,536	3,482	4,656	4,997	36%
EBITDA (Rs. Crore)	15	66	115	186	292	328	36%
PAT (Rs. Crore)	7	30	49	64	101	146	35%
Net Worth (Rs. Crore)	16	191	299	495	568	720	46%
EPS (Rs.)	21	15	23	27	43	62	
Ratios							
ROCE (%)	55	17	20	18	26	23	
RONW (%)	33	16	18	14	21	22	
Production							
Capacity MTPA	80,000	274,000	500,000	1,050,000	1,300,000	1,300,000	36%
Production MTPA	59,000	165,000	294,300	682,193	893,666	931,535	32%
Distribution							
No of Distributors	100	150	200	375	600	600	
No of Plants	2	4	5	6	6	6	

The 'APL Apollo' Edge



PROFICIENT EXECUTION CYCLE

Best-in-Industry Capacity Utilization across plants, leading to an order book turnaround of ~8 hours

ECONOMIES OF SCALE

Capacity of 1.3 Million MTPA of Steel Pipe – more than double the closest competitor

COST ADVANTAGES

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

PIONEER IN INTRODUCING NEW TECHNOLOGIES

High speed (5x) mills from Europe/ Pre-Galvanized Pipes / Direct Forming Technology / In-line Galvanizing

BEST-IN-CLASS SUPPLY CHAIN

Close-to-demand 3-tier network ensures quicker delivery and service to customers

MANUFACTURING EXCELLENCE

State-of-the-art manufacturing facilities enable a higher degree of quality control and efficiency

FINANCIAL STRENGTH

- *Strong balance sheet despite aggressive capacity addition*
- *Net debt-equity ratio at 0.79*
- *Healthy Return Ratios*

INNOVATIVE PRODUCT PORTFOLIO

Only Company in the space offering over 400 varieties of products, along with designs patents for 7 products.

Annexure



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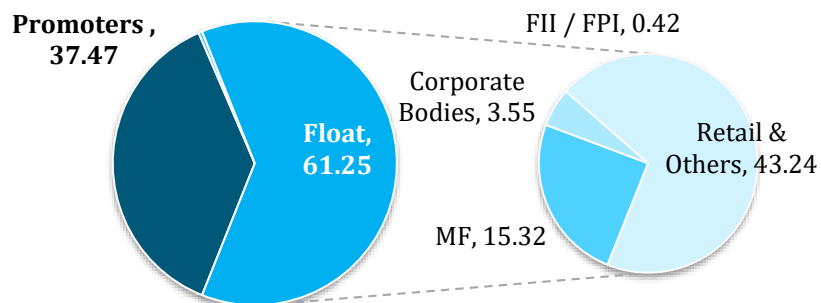
Agriculture

Key Market Statistics

Key Market Statistics	As on May 20, 2017
BSE/NSE Ticker	533758 / APLAPOLLO
Industry	Building Materials / Infrastructure
CMP (Rs.)	1,367
Market Cap (Rs. Crore)	3,224
Number of outstanding shares (Crore)	2.36
Face Value	10.00
52-week High / Low (Rs.)	1,550/814

Top Public Shareholders (more than 1%)	% held
Kitara	16.3%
IDFC	5.7%
DSP Blackrock	4.5%
HDFC Trustee Fund	4.9%
Emblem FII	3.1%
Goldman Sachs	2.7%
Sameer Mahendra Sampat	2.4%
Ashish Kacholia	2.3%
Suresh Kumar Agarwal	2.3%

Break-up of Floating Stock (%)



As on 31st March 2017

APL Apollo Tubes Limited (APL Apollo) Q4 & FY17 Earnings Conference Call

Time	<ul style="list-style-type: none">• 11:00 am IST on Tuesday, May 23, 2017
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Local dial-in numbers	<ul style="list-style-type: none">• Primary number: +91 22 3938 1071
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International Toll Free Number	<ul style="list-style-type: none">• Hong Kong: 800 964 448• Singapore: 800 101 2045• UK: 0 808 101 1573• USA: 1 866 746 2133
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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 1.3 Million MTPA. It has a PAN-Indian presence with units strategically located in Sikandarabad (3 units), Bangalore, Hosur and Murbad. APL Apollo's multi-product offerings include over 400 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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shikha@cdr-india.com



Infrastructure

Construction

Automobiles

Energy

Agriculture

Thank You