



9th September 2017

APL/SECT/DLH/SE: 2017-18

Electronic Filing

National Stock Exchange of India Limited
"Exchange Plaza" Bandra-Kurla Complex,
Bandra (E),
Mumbai-400051

Department of Corporate Services/Listing
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai-400001

NSE Symbol : APLAPOLLO

Scrip Code : 533758

Dear Sir/Madam,

Re: Press Release & Earnings Presentation

Enclosed herewith please find copy of Press Release and Earnings Presentation being made by the Company while announcing Q1 FY2018 financial results - Total income increases by 18% to Rs. 1,156 crore and PAT stood at Rs. 39 crore.

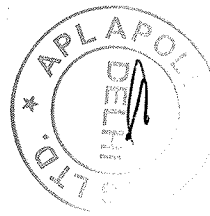
We request you to kindly take the above information on your record.

Thanking you,

Yours faithfully,
For **APL Apollo Tubes Limited**

Adhish Swaroop
Company Secretary

Encl. : a/a



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APL APOLLO TUBES LTD.

Q1 FY18 Earnings
Presentation

September 9, 2017

Infrastructure

Construction

Automobiles

Energy

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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Operational & Financial Highlights Q1 FY2018



Infrastructure

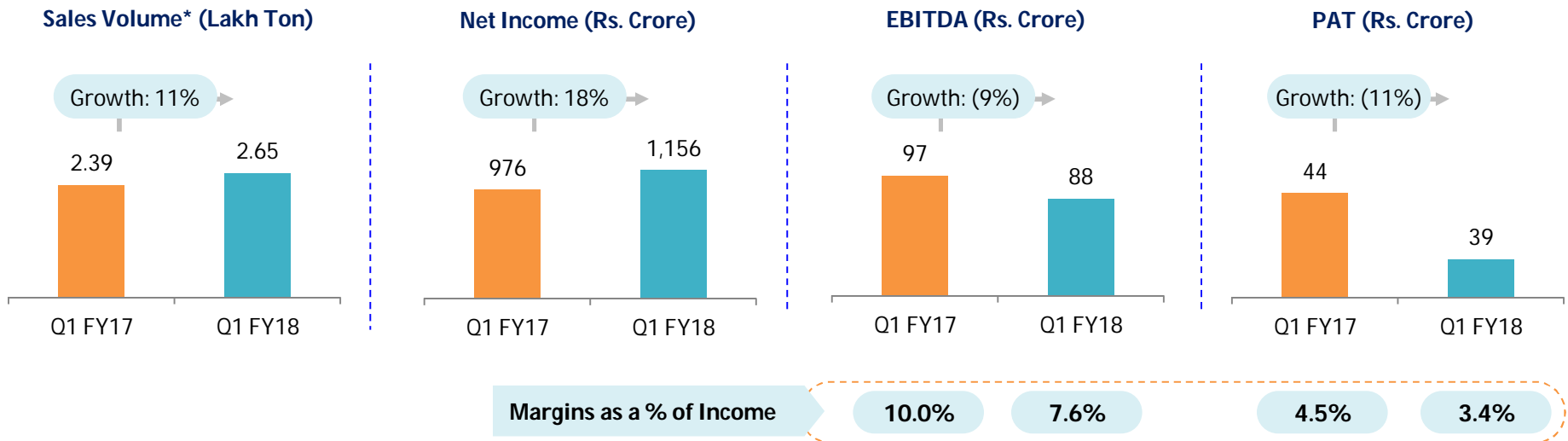
Construction

Automobiles

Energy

Agriculture

Q1 FY18 – Performance Highlights



- Sales volume saw a healthy increase of 11% to 2.65 lakh tons from 2.39 lakh tons
 - Healthy pick-up in demand post demonetization had a positive impact on the sales volume growth
- EBITDA margins were lower at 7.6% as the corresponding quarter in the previous year saw benefits of Minimum Import Price (MIP) on HR coils, including inventory gains which led to higher than normal margins. On a Q-o-Q basis, the Company reported an improvement in EBITDA per ton and margins

Key Developments



Started producing India's largest diameter Hollow Section pipes on the newly commissioned Direct Forming Technology (DFT) line at Raipur facility – sole manufacturer of 300x300mm size in the country

- Huge opportunity to almost entirely replace imports as well as substitute current user industry (primarily in Construction and Infrastructure) practice to weld large steel C-Sections to make large dia hollow sections
- To be the sole manufacturer of 300x300 mm size in India – over 70% of the Company's product portfolio are niche and have limited competition.
- New sizes and designs to further strengthen product portfolio – already developed 12 new customizable sizes. In addition, the Company has been awarded patents for never-seen-before designs for 6 products
- Introduction of latest DFT to further unlock vast potential across OEM and Export markets

Two DFT lines operationalized in Q1 FY18 – all DFT lines to be fully operational by H2 FY18

- New DFT lines will add over 0.5 MTPA spread across facilities
- DFT lines at the Company's Hosur and Raipur plants, commissioned in Q1 FY18, garnering excellent response from customers
- The Company is already realizing numerous benefits of new technology including: high level of customization, world class quality, innovative new designs, minimal roll-over time, and several cost savings

Key Developments



APL Apollo Tubes and o2Oh form joint venture to develop and expand market for Inline Galvanized products in India

- 'APL Apollo Tubes' and 'One to one holdings' forms a joint venture (JV) to develop, manufacture and commercialize the Inline Galvanizing technology for the first time in India
- o2Oh is a Singapore based, holding company of Japan based Daiwa Steel Tubes Industries (100% holding) and US based Superior Technologies
- In-line Galvanizing Technology is a latest cost-effective zinc plating and coating technology with added benefits of minimal human error, significant time savings and is a healthy margin business segment
- The JV will be in the name of Apollo Daiwa Eco Tubes Pvt Ltd and will be owned on a 66-34 basis between APL Apollo Tubes and o2Oh
- To establish 1 line of 50,000 MTPA by H1 FY19



Key Developments



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

*Proposed Brands



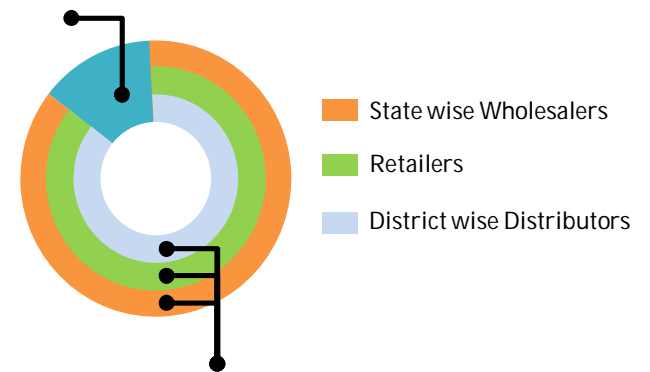
Key Developments



Notably upscaling reach by increasing dealer-distributor-retailer & warehouse network – a key growth lever for the Company

- Strengthening market presence across cities through dealer-distributor-retail network and own warehouse cum branches
- Enhanced close-to-demand availability ensuring strong market foothold and high level of customer engagement & serviceability
- Further expansion of distribution network in the pipeline
 - Plans in place to add over 12 new warehouses and 15,000 new retailers
 - Target addition of over 100 distributors / dealers

Direct / OEMs / Exports: 20%



Distributor / Dealer / Retailer: 80%

	FY17	+/-	FY18 Target
Distributors / Dealers	600	+100	700
Retailers	40,000	+15,000	55,000
Warehouses	26	+12	38

Key Developments



Healthy uptick in volumes during the quarter despite GST implementation impacting volumes in latter half of June – the Company anticipates to report robust volume growth in the upcoming quarters

- Reported 11% volume growth in Q1 FY18 – expanded dealer-distributor-retail network, presence in new geographies, innovative new designs & sizes, enhanced capacities assist performance
- Achieved robust 27% volume growth in July and August– the Company expects to sustain this momentum in the coming months

Expanding capacity to manufacture value-added products by over 50%

- Establishing two additional production lines of Pre-Galvanized Tubes (GP) and Galvanized Tubes (GI) products at existing sites
- Currently operating GI/GP lines at ~100% utilization levels

Key Developments



Embarking on various cost-saving initiatives - enhancing cost efficiency across verticals and platforms

- Innovative approach in production and distribution of the products will help the Company to effectively manage manufacturing, selling and distribution cost
- In the domestic market, the Company has the lowest cost of production and aims to become one of the lowest cost producers in the world

CRISIL assigns its ratings to the bank facilities of APL Apollo Tubes

- CRISIL has assigned its ratings to the bank facilities of APL Apollo Tubes as AA-/Stable on the long-term bank facilities and A1+ on the short-term bank facilities

Abridged P&L Statement



Particulars (Rs. crore)	Q1 FY18	Q1 FY17	Y-o-Y Shift
Income from Operations			
Revenue from Operations	1,155.6	975.8	18%
Total Income From Operations (Net)	1,155.6	975.8	18%
Total Expenditure			
Raw Material expenses	974.3	799.6	
Employee benefits expense	21.2	19.4	
Other expenses	81.4	63.5	
EBIT Before Other Income	78.7	93.3	
Other Income	9.5	4.1	
EBITDA	88.2	97.4	-9%
EBITDA margin (%)	7.6	10.0	
Finance Costs	17.7	20.0	-12%
Depreciation and Amortization	12.2	10.2	20%
PBT	58.3	67.2	-13%
Tax expense	19.5	23.4	-17%
PAT	38.8	43.8	-11%
PAT margin (%)	3.4	4.5	
Diluted EPS (Not annualized)	16.08	18.08	-11%

Key Financial & Operational Parameters



Particulars (%)	Q1 FY18	Q1 FY17	Y-o-Y Shift (bps)
EBITDA Margin	7.6%	10.0%	-240
Profit Before Tax	5.0%	6.9%	-190
Net Margin	3.4%	4.5%	-110
Total Expenditure / Total Operating Income	93.2%	90.4%	280
Raw Material Cost / Total Operating Income	84.3%	81.9%	240
Staff Cost / Total Operating Income	1.8%	2.0%	-20
Other Expenditure / Total Operating Income	7.0%	6.5%	50
Interest & Finance Charges / Sales	1.5%	2.0%	-50
Tax Rate	33.4%	34.9%	-150

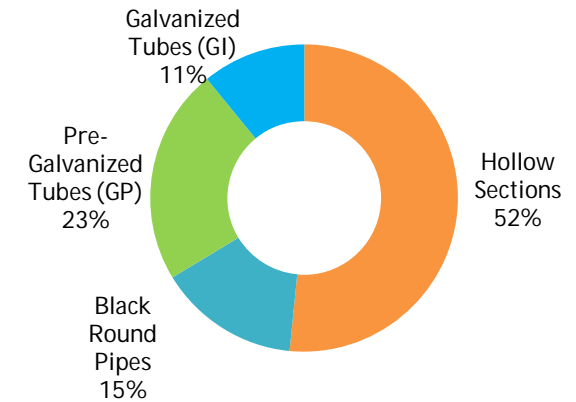
Key Financial & Operational Parameters



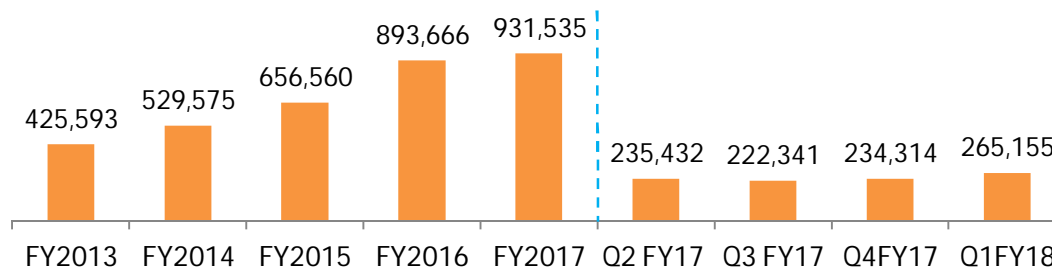
Sales Volume Break-up

Particulars (Tons)	Q1 FY18	Q1 FY17	Y-o-Y Shift	Q4 FY17	Q-o-Q Shift
Hollow Sections	137,249	119,998	14%	121,710	13%
Black Round Pipes	38,938	41,029	-5%	36,317	7%
Pre-Galvanized Tubes (GP)	59,902	48,180	24%	47,569	26%
Galvanized Tubes (GI)	29,066	30,241	-4%	28,718	1%
Finished products	265,155	239,448	11%	234,314	13%
Others*	13,016	11,768	11%	12,198	7%
Total	278,171	251,216	11%	246,512	13%

Sales Volume Break-up – Q1 FY18



Sales Volume (Tons) (excluding Trading & Scrap)



*Trading & Scrap

- Sales Volume (excluding Trading & Scrap) stood at 265,155 tons compared to 239,448 tons, up 11% Y-o-Y
- Healthy pick-up in demand had a positive impact on the sales volume growth. Although volumes were impacted in the latter half of June owing to GST implementation
- Post GST, registered strong volume uptick in the months of July and August – reported over 27% volume growth

Key Financial & Operational Parameters



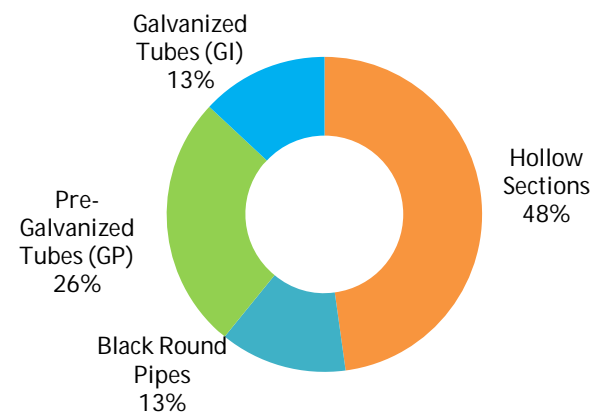
Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q1 FY18	Q1 FY17	Y-o-Y Shift	Q4 FY17	Q-o-Q Shift
Hollow Sections	39,689	36,700	8%	42,439	-6%
Black Round Pipes	38,962	36,200	8%	41,762	-7%
Pre-Galvanized Tubes (GP)	48,294	45,200	7%	51,094	-5%
Galvanized Tubes (GI)	48,518	44,800	8%	51,094	-5%
Others*	21,555	20,500	5%	24,555	-12%

Product-wise Revenue Break-up

Particulars (Rs. crore)	Q1 FY18	Q1 FY17	Y-o-Y Shift	Q4 FY17	Q-o-Q Shift
Hollow Sections	545	440	24%	517	5%
Black Round Pipes	152	149	2%	152	0%
Pre-Galvanized Tubes (GP)	289	218	33%	243	19%
Galvanized Tubes (GI)	141	135	4%	147	-4%
Others*	28	24	16%	30	-6%
Total	1,155	966	20%	1,088	6%

Product-wise Revenue Break-up – Q1 FY18



*Trading & Scrap

Financial Overview and Discussion (YoY)



- **Total Net Income stood at Rs. 1,155.6 crore in Q1 FY18, registering an increase of 18% Y-o-Y.**
 - Healthy pick-up in demand had a positive impact on the sales volume growth during the quarter despite GST implementation leading to subdued volumes in the latter half of June. Furthermore, the Company's strategic focus towards strengthening its dealer-distributor-retailer network, presence in new geographies, innovative new designs & sizes, enhanced capacities assisted performance
 - Realizations across product categories witnessed improvement owing to higher steel prices: as a policy any change in steel prices is directly passed onto the customers by the Company
- **Strong focus towards improving contribution from OEMs & Exports – the Company reported higher sales volume contribution from OEMs during the quarter**
 - Introduction of latest DFT technology, new brand launches and the recent partnership with NEXTracker to unlock vast potential across OEM and Export markets in the coming quarters
- **Total EBITDA lower by 9% Y-o-Y to Rs. 88.2 crore**
 - EBITDA margin stood at 7.6% vs 10.0%. The corresponding quarter in the previous year saw benefits of MIP on HR Coils- including inventory gains which led to higher than normal margins
 - On a Q-o-Q basis, the EBITDA per ton and margins witnessed an improvement as the external environment recovered in Q1 FY18
 - The Company is undertaking several cost-effective measures coupled with improving utilization levels should drive higher profitability going forward
 - In FY18, the Company expects to focus on volumes which will drive absolute profits. Increasing contribution from DFT products, GI/GP products and OEMs and Export markets will translate into healthy growth in the EBITDA per ton from FY19 onwards

Financial Overview and Discussion (YoY)



- **Interest cost declined by 12% YoY to Rs. 17.7 crore**
 - Interest costs stood lower during the quarter given the Company's focus on reducing working capital cycle
 - Improvement in credit rating of Bank Facilities and NCDs along with overall reduction in interest rates, assisted the Company in lowering cost of funds
- **Depreciation stood at Rs. 12.2 crore as against Rs. 10.2 crore in the corresponding period last year**
 - Q1 FY18 saw an increase in depreciation charge as new capacities were commissioned. Going ahead, the Company expects to see a marginal increase in depreciation as additional capacities are scheduled to go on-line
 - Additional charge will be absorbed smoothly as new capacities start contributing to profitability in the coming quarters
- **Net Profit after Tax stood at Rs. 38.8 crore as against Rs. 43.8 crore**

Management's Message



Commenting on the Company's performance for Q1 FY2018, Mr. Sanjay Gupta, Chairman, APL Apollo said,

"Fiscal 2018 has begun on an encouraging note for us with notable progress on various operational and strategic parameters. We reported healthy sales volume performance during the quarter, delivering over 11% growth despite impact of GST implementation. We are already seeing a robust uptick in demand from the month of July and expect to deliver a much better performance from Q2 onwards. So looking ahead, we are well on-track to deliver over 20% sales volume growth during this fiscal.

We are executing various initiatives which will enable the Company to emerge as one of the largest steel tube manufactures in the world. These include capacity expansion to 2 million tons in FY18, enhancing branding activities through launch of various brands, deployment of cost-effective measures to become one of the lowest cost producers in the world, and strong focus towards innovation through development of new designs & sizes.

*Furthermore, in sync with our **CAP**-growth strategy, we are proactively targeting new Customer relations and acquisitions, expanding brand reach in newer and untapped Areas and geographies and launching our brands and **P**roducts to cater to the ever-changing customer requirements. We believe we are well on track to deliver on our VISION 2020 plan and are confident that our business fundamentals, technology & innovation capabilities, robust product offerings and our leadership position will help further upscale Company's performance in the quarters ahead."*

Annexure



Infrastructure

Construction

Automobiles

Energy

Agriculture

Conference Call Details



APL Apollo Tubes Limited (APL Apollo) Q1 FY18 Earnings Conference Call

Time	<ul style="list-style-type: none">• 4:00 pm IST on Monday, September 11, 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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About Us



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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Infrastructure

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Thank You