



APL/SECT/DLH/SE: 2018-19

8th August 2018

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: Earnings Presentation

We are attaching herewith a copy of the Q1 FY19 Earnings Presentation. This presentation has also been uploaded on the official website of the Company.

We would request you to take this information on record.

Thanking you

Yours faithfully
For APL Apollo Tubes Limited

Adhish Swaroop
Company Secretary

Encl: a/a

APL Apollo Tubes Limited (CIN-L74899 DL 1986PLC023443)

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Unit-I : A-19, Industrial Area, Sikandrabad, Distt. Bulandshahar, U.P.-203205, India Unit - II : 332-338, Alur Village, Perandapalli, Hosur, Tamilnadu-635109, India

Unit-III : Plot No. M-1, Additional M.I.D.C. Area, Kudavali, Murbad, Maharashtra, Thane-421401, India Unit-IV : Village Bendri, Near Urla Indl. Area Raipur, Chhattisgarh-493661, India

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APL APOLLO TUBES LTD.

**Q1 FY19 Earnings
Presentation**

August 8, 2018

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.

Operational & Financial Highlights Q1 FY2019



Infrastructure

Construction

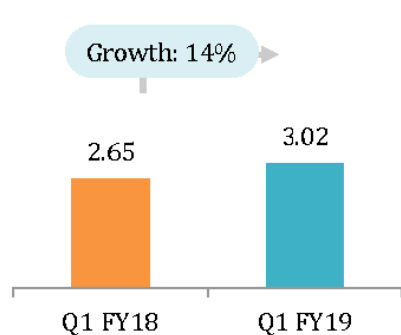
Automobiles

Energy

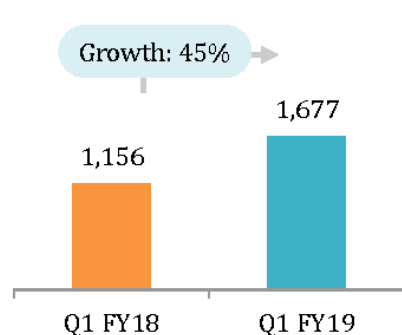
Agriculture

Q1 FY19 – Performance Highlights

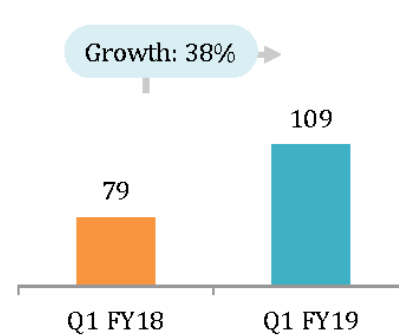
Sales Volume* (Lakh Ton)



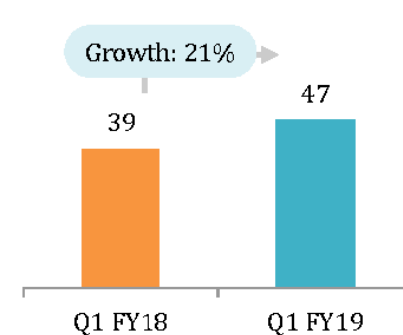
Net Revenues (Rs. Crore)



EBITDA¹ (Rs. Crore)



PAT (Rs. Crore)



Margins as a % of Income

6.8%

6.5%

3.4%

2.8%

- Sales volume stood at 3.02 lakh tons, registering a healthy growth of 14% Y-o-Y
- EBITDA per ton during Q1 FY19 improved to Rs. 3,584 as against Rs. 3,015 in the corresponding period last year.

Note:

*Excluding Trading & Scrap

(1) EBITDA without other income

Abridged P&L Statement



Particulars (Rs. crore)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Income from Operations			
Net Sales	1,676.5	1,155.6	45%
Total Income From Operations (Net)	1,676.5	1,155.6	45%
Total Expenditure	1,567.9	1,076.9	46%
Raw Material expenses	1,465.8	974.3	50%
Employee benefits expense	26.1	21.2	23%
Other expenses	76.0	81.4	-7%
EBITDA	108.6	78.7	38%
EBITDA margin (%)	6.5%	6.8%	-33 bps
Other Income	3.7	9.5	-61%
Finance Costs	26.3	17.7	49%
Depreciation and Amortization	15.2	12.2	25%
PBT	70.9	58.4	21%
Tax expense	23.9	19.5	23%
PAT	47.0	38.9	21%
PAT margin (%)	2.8%	3.4%	-56 bps

Key Financial & Operational Parameters



Particulars	Q1 FY19	Q1 FY18	Y-o-Y Shift (bps)
EBITDA Margin	6.5%	6.8%	-33
Profit Before Tax	4.2%	5.0%	-82
Net Margin	2.8%	3.4%	-56
Total Expenditure / Total Operating Income	93.5%	93.2%	33
Raw Material Cost / Total Operating Income	87.4%	84.3%	312
Staff Cost / Total Operating Income	1.6%	1.8%	-27
Other Expenditure / Total Operating Income	4.5%	7.0%	-251
Interest & Finance Charges / Sales	1.6%	1.5%	4
Tax Rate	33.7%	33.4%	30
EBITDA/ TON (Rs.)	3,584	3,015	19%

Note:
(1) EBITDA without other income

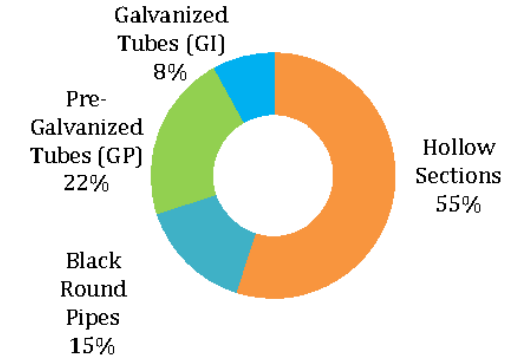
Key Financial & Operational Parameters



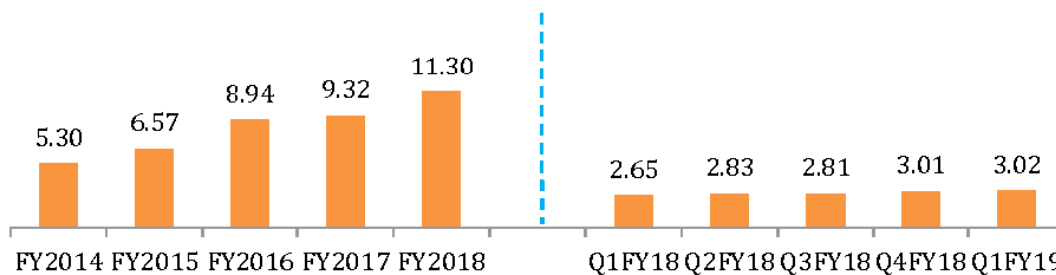
Sales Volume Break-up

Particulars (Tons)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Hollow Sections	166,818	137,249	22%
Black Round Pipes	45,065	38,938	16%
Pre-Galvanized Tubes (GP)	67,214	59,902	12%
Galvanized Tubes (GI)	22,957	29,066	-21%
Finished products	302,054	265,155	14%
Others*	15,887	13,016	22%
Total	317,941	278,171	14%

Sales Volume (excluding Trading & Scrap) Break-up – Q1 FY19



Sales Volume (Lakh Tons) (excluding Trading & Scrap)



- Sales Volume (excluding Trading & Scrap) stood at 302,054 tons compared to 265,155 tons, up 14% Y-o-Y
- Upgradation and modernization of GI facilities impacted GI volumes. The Company expects to report stabilized GI volumes going forward
 - The period witnessed healthy sales volume growth in GP and hollow sections

Note:
*Trading & Scrap

Key Financial & Operational Parameters

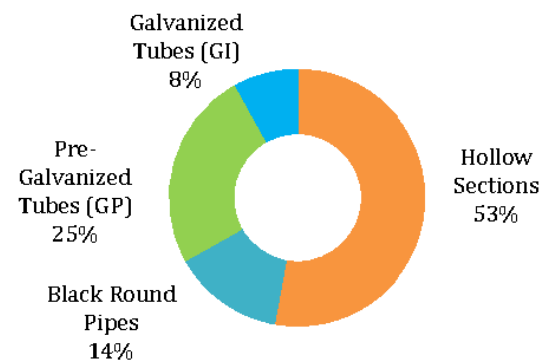
Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Hollow Sections	50,949	39,652	28%
Black Round Pipes	49,873	38,925	28%
Pre-Galvanized Tubes (GP)	59,942	48,257	24%
Galvanized Tubes (GI)	59,733	48,481	23%
Others*	29,255	21,518	36%

Product-wise Revenue Break-up

Particulars (Rs. crore)	Q1 FY19	Q1 FY18	Y-o-Y Shift
Hollow Sections	849.9	544.2	56%
Black Round Pipes	224.8	151.6	48%
Pre-Galvanized Tubes (GP)	402.9	289.1	39%
Galvanized Tubes (GI)	137.1	140.9	-3%
Others*	46.5	28.0	66%
Total	1,661.2	1,153.8	44%

Product-wise Revenue (excluding Trading & Scrap) Break-up – Q1 FY19



Note:

*Trading & Scrap

Financial Overview and Discussion (YoY)



- **Total Net Revenues during Q1 FY19 stood at Rs. 1,676.5 crore, registering a robust growth of 45% Y-o-Y**
 - The Company delivered a healthy volume growth of 14% in Q1 FY19
 - The period saw increased realizations across product categories led by higher steel prices – as a policy any change in steel prices is directly passed onto the customers by the Company
 - As raw material prices stabilize, the Company expects volume momentum to further prove in the upcoming quarters
- **EBITDA during Q1 FY19 at Rs. 108.6 crore higher by 38% Y-o-Y**
 - EBITDA per ton during Q1 FY19 stood strong at Rs. 3,584 as against Rs. 3,015 in the corresponding period last year. The EBITDA per ton was within a healthy range
 - From a longer term perspective, increasing contribution from higher margin value-added branded products and better utilization levels should contribute positively to the EBITDA per ton performance
 - Raw Material Cost as a % of Total Operating Income stood at 87.4% in Q1 FY19 as against 84.3% in Q1 FY18. This is primarily due to the increase in steel prices, which is a pass through for the Company, and has no impact on the EBITDA per ton of the Company
- **Depreciation stood at Rs. 15.2 crore in Q1 FY19, higher by 25% Y-o-Y**
 - Higher depreciation due to commissioning of new capacities during the quarter. Going forward, as additional capacities go on-stream, the Company anticipates a marginal increase in depreciation in the coming quarters

Note:

(1) EBITDA without other income

Financial Overview and Discussion (YoY)



- **Interest cost higher by 49% YoY to Rs. 26.3 crore in Q1 FY19**
 - The Company increased its inventory position during the quarter to manage uncertainty around raw material availability in the domestic market. This led to higher interest outgo
 - The inventory position is expected to stabilize going forward
 - Interest Cost as a % of Sales (Interest Cost/Sales) at 1.6% in Q1 FY19 as against 1.5% in Q1 FY18
- **PAT during Q1 FY19 registered a growth of 21% YoY to Rs. 47.0 crore**

Management's Message



Commenting on the Company's performance for Q1 FY2019, Mr. Sanjay Gupta, Chairman, APL Apollo said,

"We are pleased to report a healthy set of results during the quarter, registering a solid revenue growth of 45% along with a robust PAT growth of 21%. In Q1 FY2019, our sales volume grew at a steady rate of 14% led by an uptick in demand and consumption across various sectors. Further, increased contribution from Hollow sections, including DFT Products, also assisted the overall performance.

On the operational front, we are nearing the completion of the remaining two DFT lines in our facilities at Sikandarabad and Hosur. The commissioning of all DFT lines along with our other business initiatives such as increased branding activities, cost-effective measures and strong focus towards innovation should enable the Company to emerge as one of the largest steel tube manufactures in the world.

We believe improving macro-environment combined with our innovation capabilities and robust product offerings should enable us to deliver healthy performance going forward. On the whole, we remain committed towards improving our financial and operational momentum in FY19."

