



APL/SECT/DLH/SE: 2018-19

5th November 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 Q2 & H1 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, Dist. Bulandshahar, U.P.-203205, India Unit - II : 332-338, Alur Village, Perandapolli, 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.

**Q2 & H1 FY19 Earnings
Presentation**

November 5, 2018

Infrastructure

Construction

Automobiles

Energy

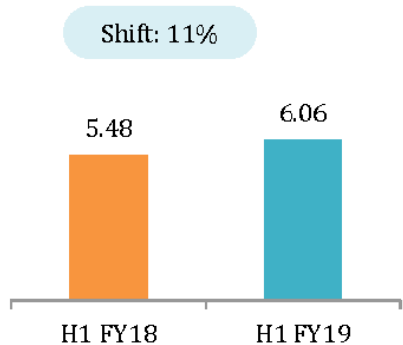
Agriculture

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.

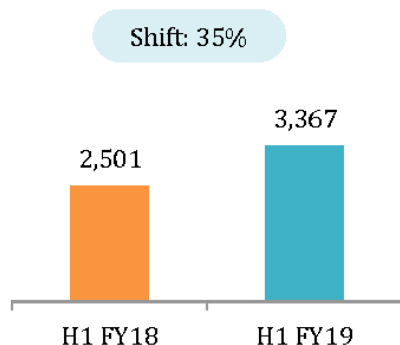
Performance Highlights – Q2 & H1 FY19



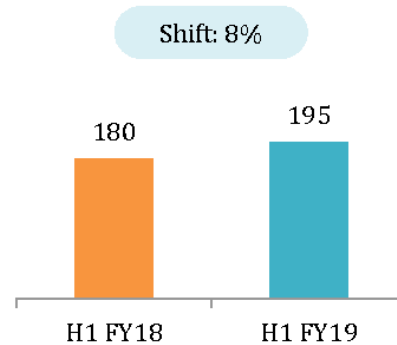
Sales Volume* (Lakh Ton)



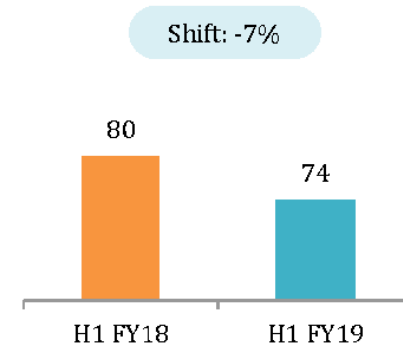
Net Revenues (Rs. Crore)



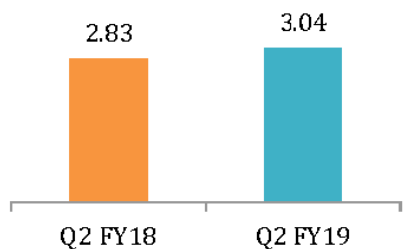
EBITDA¹ (Rs. Crore)



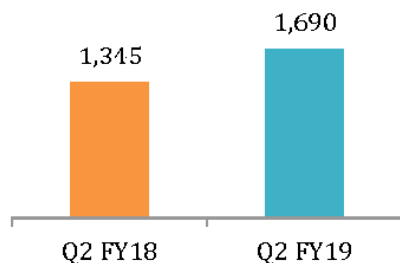
PAT (Rs. Crore)



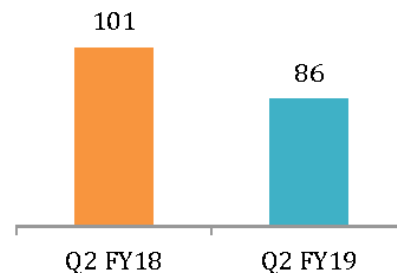
Shift: 7%



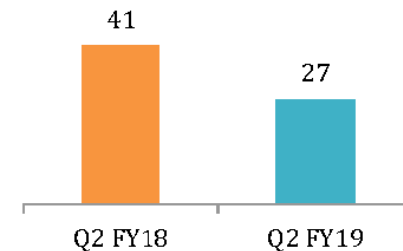
Shift: 26%



Shift: -15%



Shift: -34%



Note:

*Excluding Trading & Scrap

(1) EBITDA without other income

Acquires equity stake in Apollo Tricoat Tubes Limited – to augment high-margin coated tube product portfolio

- APL Apollo, through its wholly owned subsidiary Shri Lakshmi Metal Udyog Limited (SLMUL), would be buying 8 million shares and 4.3 million share warrants of Apollo Tricoat Tubes Ltd (Apollo Tricoat), subject to fulfillment of listing conditions. This constitutes about 40.4% of the shareholding of Apollo Tricoat. The shares would be acquired at a price of Rs. 120 (Rupees One Hundred and Twenty) per share only. SLMUL will also make an open offer for acquiring more than 26% of the shareholding of Apollo Tricoat, in terms of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. If fully subscribed, the total shareholding of SLMUL would become 66.4% of the share capital of Apollo Tricoat on a fully diluted basis
- Headquartered in New Delhi, Apollo Tricoat recently established a 50,000 TPA facility to manufacture Tricoat tubes. The products span three variants - SureCoat, DuraCoat and SuperCoat and are made through the latest Galvant technology. The products are eco-friendly and are used as a substitute of PVC electrical Conduit Pipes. The acquisition will enable the Company to expand its product portfolio in the high-margin coated pipe segment. There would be synergies between the business of SLMUL and Apollo Tricoat

Key Developments



Promoter group to infuse up to Rs. 172 crore in APL Apollo through preferential and warrants issue

- Equity Infusion of Rs. 72 crore through preferential issue of 400,000 Equity shares at Rs. 1,800 per equity share
- Equity infusion of Rs. 100 crore through issue of 500,000 Options attached to warrants of the Company at Rs. 2,000 per equity share
- This equity infusion reiterates the promoter group's commitment towards the business and confidence in its growth outlook

Abridged P&L Statement



Particulars (Rs. crore)	Q2 FY19	Q2 FY18	Y-o-Y Shift	H1 FY19	H1 FY18	Y-o-Y Shift
Income from Operations						
Net Sales	1,690.5	1,345.4	26%	3,367.0	2,501.0	35%
Total Income From Operations (Net)	1,690.5	1,345.4	26%	3,367.0	2,501.0	35%
Total Expenditure						
Raw Material expenses	1,498.0	1,123.5	33%	2,963.8	2,097.8	41%
Employee benefits expense	27.3	21.6	26%	53.4	42.7	25%
Other expenses	79.0	99.1	-20%	155.0	180.5	-14%
EBITDA	86.2	101.3	-15%	194.9	180.0	8%
EBITDA margin (%)	5.1%	7.5%	-243 bps	5.8%	7.2%	-141 bps
Other Income	1.9	(5.5)	-134%	5.6	4.0	40%
Finance Costs	31.0	20.8	49%	57.3	38.5	49%
Depreciation and Amortization	16.1	12.4	31%	31.3	24.6	28%
PBT	41.0	62.6	-35%	111.9	121.0	-8%
Tax expense	14.3	21.9	-35%	38.2	41.4	-8%
PAT	26.7	40.7	-34%	73.7	79.6	-7%
PAT margin (%)	1.6%	3.0%	-145 bps	2.2%	3.2%	-99 bps

Key Financial & Operational Parameters



Particulars	Q2 FY19	Q2 FY18	Y-o-Y Shift (bps)	H1 FY19	H1 FY18	Y-o-Y Shift (bps)
EBITDA Margin	5.1%	7.5%	-243	5.8%	7.2%	-141
Profit Before Tax	2.4%	4.7%	-223	3.3%	4.8%	-151
Net Margin	1.6%	3.0%	-145	2.2%	3.2%	-99
Total Expenditure / Total Operating Income	94.9%	92.5%	243	94.2%	92.8%	141
Raw Material Cost / Total Operating Income	88.6%	83.5%	511	88.0%	83.9%	415
Staff Cost / Total Operating Income	1.6%	1.6%	1	1.6%	1.7%	-12
Other Expenditure / Total Operating Income	4.7%	7.4%	-269	4.6%	7.2%	-262
Interest & Finance Charges / Sales	1.8%	1.5%	29	1.7%	1.5%	16
Tax Rate	34.9%	35.0%	-10	34.2%	34.3%	-9
EBITDA/ TON (Rs.)	2,812.6	3,405.2	-17%	3,197.2	3,216.4	-1%

Note: EBITDA without other income

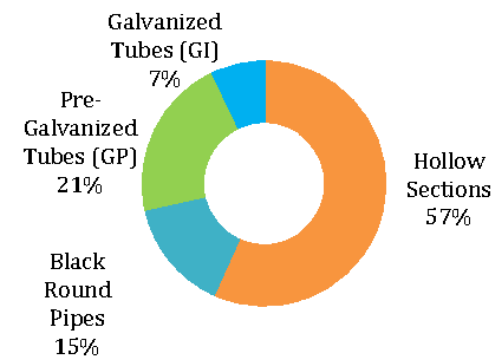
Key Financial & Operational Parameters



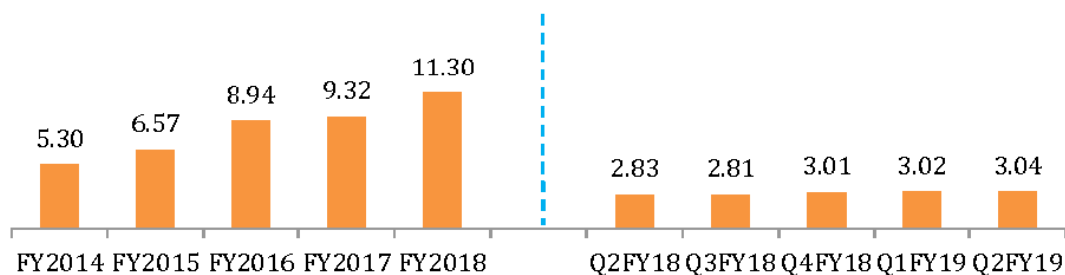
Sales Volume Break-up

Particulars (Tons)	Q2 FY19	Q2 FY18	Y-o-Y Shift	H1 FY19	H1 FY18	Y-o-Y Shift
Hollow Sections	177,229	155,011	14%	344,047	292,260	18%
Black Round Pipes	44,336	39,205	13%	89,401	78,143	14%
Pre-Galvanized Tubes (GP)	62,497	59,753	5%	129,711	119,655	8%
Galvanized Tubes (GI)	19,996	29,020	-31%	42,953	58,086	-26%
Finished products	304,058	282,989	7%	606,112	548,144	11%

Sales Volume (excluding Trading & Scrap) Break-up – H1 FY19



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



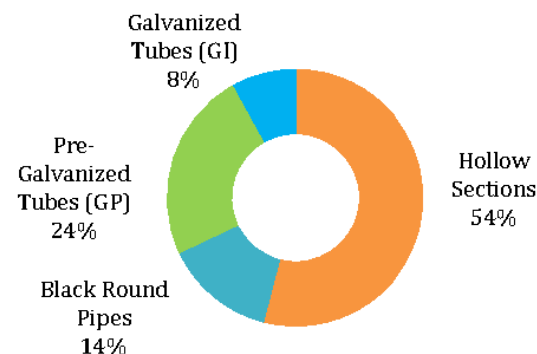
- Sales Volume (excluding Trading & Scrap) improves by 11% to 6.06 Lac Tons in H1 FY19
 - The challenging macro-environment had an adverse impact on the sales performance, especially in the second quarter
- The Company is witnessing improving demand scenario in Q3 and expects to report strong volume growth in H2 FY19

Key Financial & Operational Parameters

Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q2 FY19	Q2 FY18	Y-o-Y Shift	H1 FY19	H1 FY18	Y-o-Y Shift
Hollow Sections	49,053	42,478	15%	49,772	41,151	21%
Black Round Pipes	48,209	41,738	16%	48,839	40,336	21%
Pre-Galvanized Tubes (GP)	58,443	51,133	14%	59,006	49,693	19%
Galvanized Tubes (GI)	58,267	51,372	13%	58,830	49,925	18%

Product-wise Revenue (excluding Trading & Scrap) Break-up – H1 FY19



Product-wise Revenue Break-up

Particulars (Rs. crore)	Q2 FY19	Q2 FY18	Y-o-Y Shift	H1 FY19	H1 FY18	Y-o-Y Shift
Hollow Sections	869.4	658.5	32%	1,712.4	1,202.7	42%
Black Round Pipes	213.7	163.6	31%	436.6	315.2	39%
Pre-Galvanized Tubes (GP)	365.3	305.5	20%	765.4	594.6	29%
Galvanized Tubes (GI)	116.5	149.1	-22%	252.7	290.0	-13%
Others*	125.6	68.7	83%	199.9	98.5	103%
Total	1,690.5	1,345.4	26%	3,367.0	2,501.0	35%

Note:

*Trading & Scrap

Consolidated Balance Sheet



ASSETS	CONSOLIDATED	CONSOLIDATED	EQUITY AND LIABILITIES	CONSOLIDATED	CONSOLIDATED
Particulars (Rs. Crore)	As at 30 th Sept 2018	As at 31 st March 2018	Particulars (Rs. Crore)	As at 30 th Sept 2018	As at 31 st March 2018
Non-current assets			(a) Share capital	23.7	23.7
Tangible assets	841.1	848.7	(b) Other equity	851.6	814.1
Capital work-in-progress	116.4	46.0	Total Shareholders Fund	875.3	837.9
Investment Property	-	10.9			
Intangible assets	2.9	3.3	Non-current liabilities		
Total Non-current assets	960.4	908.8	Financial liabilities:		
Goodwill on Consolidation	23.0	23.0	(a) Borrowings	148.8	78.2
Financial assets			(b) Other financial liabilities	0.6	0.6
(a) Investments	1.1	1.1	Provisions	8.5	7.8
(b) Loans	0.5	-	Deferred tax liabilities (net)	101.8	99.4
(c) Other financial assets	21.3	20.0	Other non current liabilities	28.3	29.0
Other non-current assets	112.3	89.9	Total Non-current liabilities	288.0	215.0
Total Financial assets	135.2	111.0			
Current assets			Current liabilities		
Inventories	809.5	591.5	Financial liabilities:		
Financial assets:			(a) Borrowings	771.5	595.2
(a) Trade receivables	490.9	432.1	(b) Trade payables	418.9	379.3
(b) Cash and cash equivalents	1.4	6.6	(c) Other financial liabilities	128.3	124.8
(c) Bank balance other than (b) above	0.3	0.2	Current tax liabilities (net)	8.9	16.4
(d) Loans	1.4	1.2	Other current liabilities	49.9	12.5
(e) Other financial assets	3.6	22.8	Provisions	0.3	0.3
Current Tax Expenses			Total Current liabilities	1,377.8	1,128.3
Other current assets	104.8	84.1			
Total Current assets	1,411.8	1,138.4			
Assets classified as held for sale	10.8				
TOTAL - ASSETS	2,541.2	2,181.2	TOTAL EQUITY AND LIABILITIES	2,541.2	2,181.2

Financial Overview and Discussion (YoY)



- **Total Net Revenues during Q2 FY19 at Rs. 1,690.5 crore, higher by 26% YoY; Net revenues in H1 FY19 stood at Rs. 3,367.0 crore, registering a growth of 35% Y-o-Y**
 - The Company delivered a volume growth of 11% in H1 FY19, while volume grew at 7% in Q2 FY19. Volume demand during the quarter was impacted due to the following reasons:
 - a. Transporters' strike that had a significant impact on volumes PAN-India
 - b. Floods in Kerala, which contribute about 10-11% of the Company's revenue,
 - c. Good monsoon in July and August affected demand from the building material segment
 - However, the Company expects normalization of demand in H2 FY19
- **EBITDA in Q2 FY19 at Rs. 86.2 crore lower by 15% Y-o-Y; EBITDA during H1 FY19 at Rs. 194.9 crore, higher by 8% YoY**
 - Profitability during the quarter decreased due to lower contribution from high-margin GI segment, which was impacted due to a healthy monsoon and slow demand in the export market, especially Europe
 - Furthermore, sale of high-margin pre-galvanized pipes (GP) was affected due to the floods in Kerala
 - Significant depreciation of rupee also adversely impacted the Company's profitability, particularly on imported raw material

Note:

(1) EBITDA without other income