



APL/SECT/DLH/SE: 2018-19

14<sup>th</sup> February 2019

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 Q3 & 9M 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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Regd. Office : 37, Hargovind Enclave, Vikas Marg, Delhi-110097, India Tel: +91-11-22373437 Fax : +91-11-22373537

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.

Q3 & 9M FY19 Earnings  
Presentation

February 14, 2019

Infrastructure

Construction

Automobiles

Energy

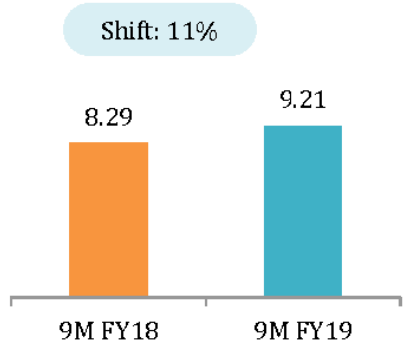
Agriculture

*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.*

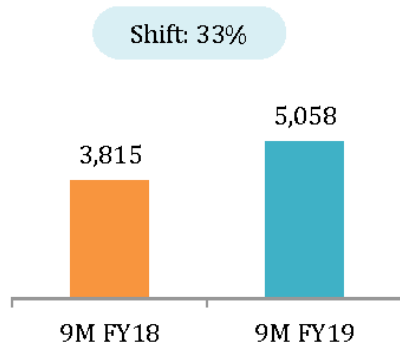
# Performance Highlights – Q3 & 9M FY19



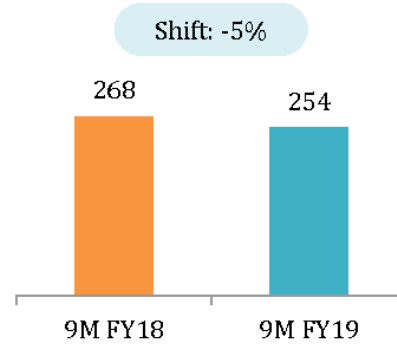
**Sales Volume\* (Lakh Ton)**



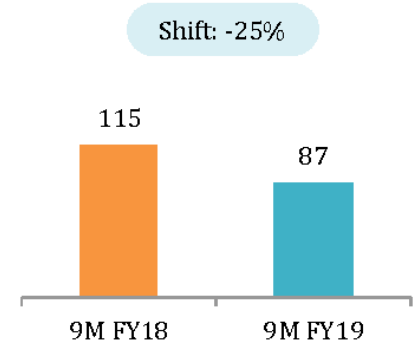
**Net Revenues (Rs. Crore)**



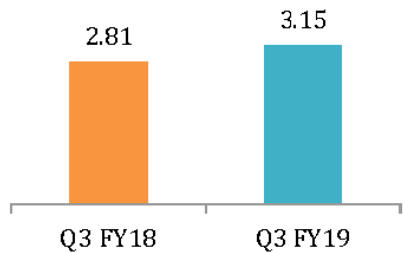
**EBITDA<sup>1</sup> (Rs. Crore)**



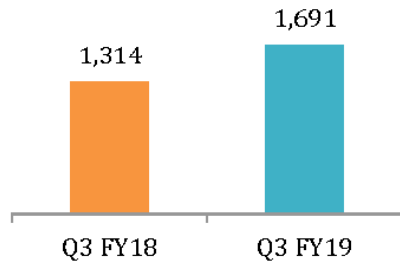
**PAT (Rs. Crore)**



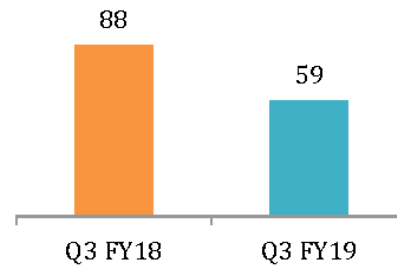
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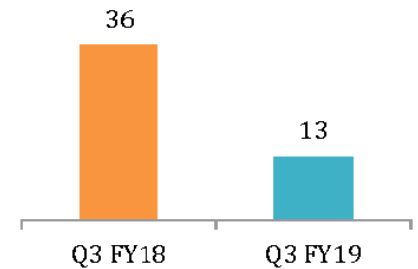
Shift: 29%



Shift: -33%



Shift: -64%



**Note:**

\*Excluding Trading & Scrap

(1) EBITDA without other income

# Abridged P&L Statement



Particulars (Rs. crore)	Q3 FY19	Q3 FY18	Y-o-Y Shift	9M FY19	9M FY18	Y-o-Y Shift
Net Sales	1,691.2	1,314.4	29%	5,058.2	3,815.4	33%
Total Income From Operations (Net)	1,691.2	1,314.4	29%	5,058.2	3,815.4	33%
Total Expenditure	1,632.0	1,225.9	33%	4,804.1	3,547.0	35%
Raw Material expenses	1,525.7	1,121.4	36%	4,489.4	3,219.2	39%
Employee benefits expense	25.9	20.0	30%	79.3	62.8	26%
Other expenses	80.4	84.5	-5%	235.4	265.0	-11%
<b>EBITDA*</b>	<b>59.2</b>	<b>88.4</b>	<b>-33%</b>	<b>254.1</b>	<b>268.4</b>	<b>-5%</b>
<b>EBITDA margin (%)</b>	<b>3.5%</b>	<b>6.7%</b>	<b>-323 bps</b>	<b>5.0%</b>	<b>7.0%</b>	<b>-201 bps</b>
Other Income	3.2	2.1	56%	8.9	6.1	45%
Finance Costs	27.1	20.3	34%	84.4	58.7	44%
Depreciation and Amortization	15.7	13.9	13%	47.0	38.5	22%
<b>PBT</b>	<b>19.6</b>	<b>56.4</b>	<b>-65%</b>	<b>131.5</b>	<b>177.4</b>	<b>-26%</b>
Tax expense	6.8	20.5	-67%	45.0	61.9	-27%
<b>PAT</b>	<b>12.9</b>	<b>35.9</b>	<b>-64%</b>	<b>86.5</b>	<b>115.5</b>	<b>-25%</b>
<b>PAT Margins (%)</b>	<b>0.8%</b>	<b>2.7%</b>	<b>-197 bps</b>	<b>1.7%</b>	<b>3.0%</b>	<b>-132 bps</b>

\* The Company saw an inventory loss of Rs. 41.7 crore during Q3 FY19, which was led by steep fall in steel prices. The inventory loss impacted profitability during Q3 FY19. Adjusted for the same, EBITDA stood at Rs. 100.9 crore in Q3 FY19, higher by 14% YoY

# Key Financial & Operational Parameters



Particulars	Q3 FY19	Q3 FY18	Y-o-Y Shift (bps)	9M FY19	9M FY18	Y-o-Y Shift (bps)
EBITDA Margin	3.5%	6.7%	-323	5.0%	7.0%	-201
Profit Before Tax	1.2%	4.3%	-313	2.6%	4.6%	-205
Net Margin	0.8%	2.7%	-197	1.7%	3.0%	-132
Total Expenditure / Total Operating Income	96.5%	93.3%	323	95.0%	93.0%	201
Raw Material Cost / Total Operating Income	90.2%	85.3%	489	88.8%	84.4%	438
Staff Cost / Total Operating Income	1.5%	1.5%	1	1.6%	1.6%	-8
Other Expenditure / Total Operating Income	4.8%	6.4%	-167	4.7%	6.9%	-229
Interest & Finance Charges / Sales	1.6%	1.5%	6	1.7%	1.5%	13
Tax Rate	34.4%	36.3%	-182	34.2%	34.9%	-69
<b>EBITDA/ TON (Rs.)*</b>	1,880.1	3,132.84	-40%	2,747.1	3,188.1	-14%

- **The Company saw an inventory loss of Rs. 41.7 crore during Q3 FY19, which was led by steep fall in steel prices. The inventory loss impacted profitability during Q3 FY19**
- **Adjusted for the inventory loss,**
  - **EBITDA stood at Rs. 100.9 crore in Q3 FY19, higher by 14% YoY**
  - **Adjusted EBITDA per ton stands at Rs. 3,203.9 / ton during Q3 FY19**

Note: EBITDA without other income

# Financial Overview and Discussion (YoY)



- **Total Net Revenues during Q3 FY19 at Rs. 1,691.2 crore, higher by 29% YoY; Net revenues in 9M FY19 stood at Rs. 5,058.2 crore, registering a growth of 33% Y-o-Y**
  - Despite a challenging macro-environment and slowdown in demand conditions, the Company registered stable sales volume growth during Q3 & 9M FY19 - volume grew by 12% in Q3 FY19, while volumes grew at 11% in 9M FY19
  - Further, upgradation and modernization of GI facilities impacted GI volumes during Q3 & 9M FY19 - However, the modernization of GI plant is nearing completion and the Company expects to see improved contribution from the GI segment, going forward
  - Going forward, with ramp-up of production across facilities, stable raw material prices combined with improving macros, the Company expects to deliver healthy and sustainable volume performance

**Note:**

(1) EBITDA without other income

# Financial Overview and Discussion (YoY)



- **EBITDA in Q3 FY19 at Rs. 59.2 crore lower by 33% Y-o-Y; EBITDA during 9M FY19 at Rs. 254.1 crore, lower by 5% YoY**
  - The profitability during the period was mainly impacted due to an inventory loss of Rs. 41.7 crore in Q3 FY19, caused by a steep fall in steel prices. This, impacted EBITDA and margins performance in Q3 & 9M FY19
    - Adjusted for the inventory loss, EBITDA during Q3 FY19 came in at Rs. 100.9 crore, higher by 14% YoY; Adjusted EBITDA per ton during Q3 FY19 stood at Rs. 3,200 / ton as against Rs. 3,133 / ton in Q3 FY18
  - Profitability during the quarter was also impacted due to lower contribution from higher-margin GI segment
  - Employee cost stood higher by 30% YoY and 26% YoY in Q3 & 9M FY19, respectively, as the Company is expanding presence in newer territories, ramping up operations across facilities and further strengthening its brand reach
- **PAT during Q3 FY19 stood at Rs. 12.9 crore and at Rs. 86.5 crore in 9M FY19**

**Note:**

(1) EBITDA without other income



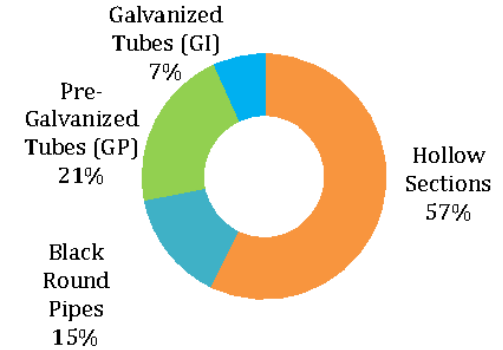
# Key Financial & Operational Parameters



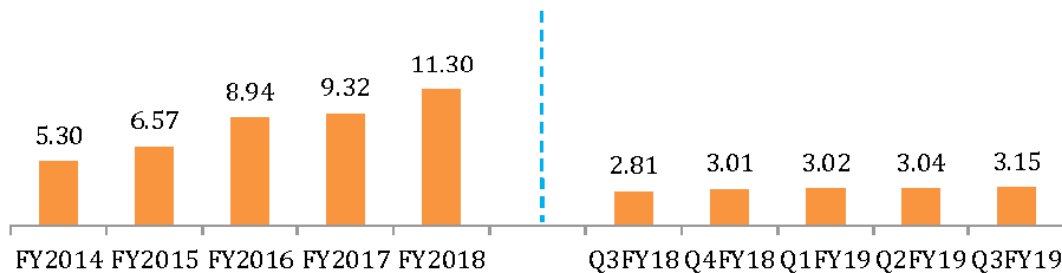
## Sales Volume Break-up

Particulars (Tons)	Q3 FY19	Q3 FY18	Y-o-Y Shift	9M FY19	9M FY18	Y-o-Y Shift
Hollow Sections	183,886	157,318	17%	527,933	449,578	17%
Black Round Pipes	45,020	38,537	17%	1,34,421	1,16,680	15%
Pre-Galvanized Tubes (GP)	66,872	58,939	13%	1,96,583	1,78,594	10%
Galvanized Tubes (GI)	18,929	26,537	-29%	61,882	84,623	-27%
<b>Finished products</b>	<b>314,707</b>	<b>281,331</b>	<b>12%</b>	<b>920,819</b>	<b>829,475</b>	<b>11%</b>

## Sales Volume (excluding Trading & Scrap) Break-up - 9M FY19



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



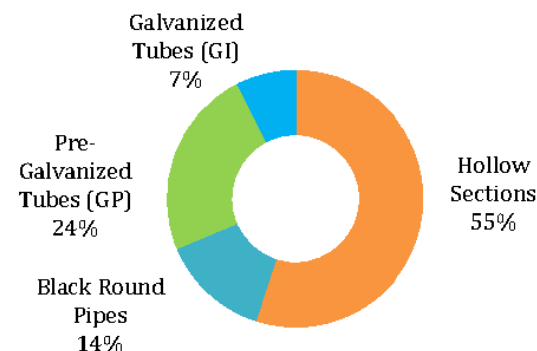
- Sales Volume (excluding Trading & Scrap) improves by 12% to 3,15 Lac Tons in Q3 FY19
- The challenging demand conditions resulted in stable volume performance

# Key Financial & Operational Parameters

## Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q3 FY19	Q3 FY18	Y-o-Y Shift	9M FY19	9M FY18	Y-o-Y Shift
Hollow Sections	50,226	42,823	17%	51,092	41,736	22%
Black Round Pipes	48,740	42,053	16%	49,825	40,903	22%
Pre-Galvanized Tubes (GP)	58,242	51,563	13%	59,456	50,310	18%
Galvanized Tubes (GI)	57,315	51,817	11%	59,163	50,519	17%

## Product-wise Revenue (excluding Trading & Scrap) Break-up – 9M FY19



## Product-wise Revenue Break-up

Particulars (Rs. crore)	Q3 FY19	Q3 FY18	Y-o-Y Shift	9M FY19	9M FY18	Y-o-Y Shift
Hollow Sections	923.6	673.7	37%	2,697.3	1,876.4	44%
Black Round Pipes	219.4	162.1	35%	669.8	477.3	40%
Pre-Galvanized Tubes (GP)	389.5	303.9	28%	1,168.8	898.5	30%
Galvanized Tubes (GI)	108.5	137.5	-21%	366.1	427.5	-14%
Others*	50.2	37.2	35%	156.2	135.7	15%
<b>Total</b>	<b>1,691.2</b>	<b>1,314.4</b>	<b>29%</b>	<b>5,058.2</b>	<b>3,815.4</b>	<b>33%</b>

Note:

\*Trading & Scrap

## Commenting on the Company's performance for Q3 & 9M FY2019, Mr. Sanjay Gupta, Chairman, APL Apollo said,

*"We have reported a stable set of results during the quarter, registering a volume growth of 12%, despite a subdued demand environment. However, we reported a de-growth in our profitability, which was mainly due to inventory losses to the tune of Rs. 42 crore in Q3 FY19, caused by a steep fall in steel prices.*

*Operationally, in the last few years, we have leveraged on our innovation capabilities to expand our product offerings with an aim to improve market reach as well as create a distinct mark for our Brand. We have also undertaken several initiatives to be cost-effective in nature and are already one of the lowest cost producers in the industry. As we look ahead, we continue to focus towards launching new innovative products like Door and Window Frames and increasing portfolio of our higher-margin value-added branded products such as Direct Forming Technology (DFT) pipes, Tricoat pipes, and Galvanized Tubes (GI). These innovation-led products, will help position APL Apollo as a technology-led global steel tubes company, going forward.*

*On the whole, with our focused branding approach, cost optimization strategies, our innovative product portfolio and other strategic efforts, we believe, we are well positioned to benefit from the recovery in macros and look forward to delivering healthy results over the longer term."*



## APL Apollo Tubes Limited (APL Apollo) Q3 & 9M FY19 Earnings Conference Call

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<b>Time</b>	<ul style="list-style-type: none"><li>• 11:00 AM IST on Monday, February 18, 2019</li></ul>
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<b>Local dial-in numbers</b>	<ul style="list-style-type: none"><li>• +91 22 6280 1141</li><li>• +91 22 7115 8042</li></ul>
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<b>International Toll Free Number</b>	<ul style="list-style-type: none"><li>• Hong Kong: 800 964 448</li><li>• Singapore: 800 101 2045</li><li>• UK: 0 808 101 1573</li><li>• USA: 1 866 746 2133</li></ul>
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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 1.8 Million MTPA. It has a PAN-Indian presence with units strategically located in Sikandarabad (3 units), Bangalore, Hosur, Raipur and Murbad. APL Apollo's multi-product offerings include over 500 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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Thank You