**APOLLO TYRES LTD**
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Sector 32
Gurgaon 122001, India

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apollotyres.com

ATL/SEC/21

September 15, 2016

| | |
|---|---|
| The Secretary,<br>BSE Ltd.<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai – 400001. | The Secretary,<br>National Stock Exchange of India Ltd,<br>Exchange Plaza,<br>Bandra-Kurla Complex,<br>Bandra (E),<br>Mumbai - 400 051 |

**Sub: Intimation of Schedule of Investor Conference**

Dear Sirs,

Pursuant to Regulation 30(6) and 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the proposed schedule of "Investor Conference" in which the Company will participate:

| Day/Date | Conference organized by | Venue |
|---|---|---|
| Friday, September 16, 2016 | J.P. Morgan India Investor Summit | Taj Palace Hotel, New Delhi |

Please find attached herewith the presentation to be shared at the above Investor Conference.

The aforesaid information is also disclosed on the website of the Company i.e www.apollotyres.com.

Please note that the above shall be subject to changes in case of exigencies, if any, on the part of Investors/Company.

This is for your information and records.

Thanking You

Yours Sincerely
For APOLLO TYRES LTD

Seema Thapar

(SEEMA THAPAR)
Company Secretary

go the distance

apollo

# INVESTOR PRESENTATION



**September- 2016**

# DISCLAIMER

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These materials contain statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company. These statements can be recognized by the use of words such as "expects," "plan," "will," "estimates," "projects," "intends," or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. The Company has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances.

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You acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company. None of the Company's securities may be offered or sold in the United States without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration therefrom.

# KEY OPERATING RESULTS

## Strong Revenue Growth

| | Q1 FY 2016 | Q1 FY 2017 | YOY Growth (Value Basis) |
|---|---|---|---|
| Net Sales (Rs Bn) | 28.3 | 32.8 | 16.0% |
| EBITDA^ | 17.9% | 16.4% | 6.5% |
| EBIT^^ | 14.6% | 13.2% | 4.5% |
| PAT | 10.0% | 9.6% | 10.9% |

- **Sales growth** driven by strong operations across India & Europe and also addition of reifencom revenues
- **Profitability was lower** on account of higher raw material prices and impact of price reductions

Notes:
^ EBITDA without other income & exceptional items
^^ EBIT without other income & exceptional items

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2 **MACRO** OVERVIEW



3 **APOLLO'S POSITIONING**



4 **FINANCIAL** OVERVIEW



# INTRODUCTION



# OVERVIEW

## Leading Global Tyre Company

- Presence across India, Europe & other growing economies of Asia
- US$1.8bn[1] net sales in FY16[2]
- EBITDA[3] CAGR of ~ 14%
- Healthy ROCE of 22%

## Leading Tyre Manufacturer in India, Balanced Product Portfolio

- One of the largest radial tyre capacity in India (FY 2016)
- UHP & Winter tyres capabilities
- One of the largest player with 25% market share in truck tyre segment (which is 2/3rd of Indian tyre Industry)

## Manufacturing Across 2 Continents

- Manufacturing presence in Asia & Europe
- Combined capacity of ~1,645 MT/Day[5]



## Mix of Global & Regional Brands

## Extensive Distribution Network

- ~4,900 retail dealers in India
- ~3,550 dealer outlets in Europe

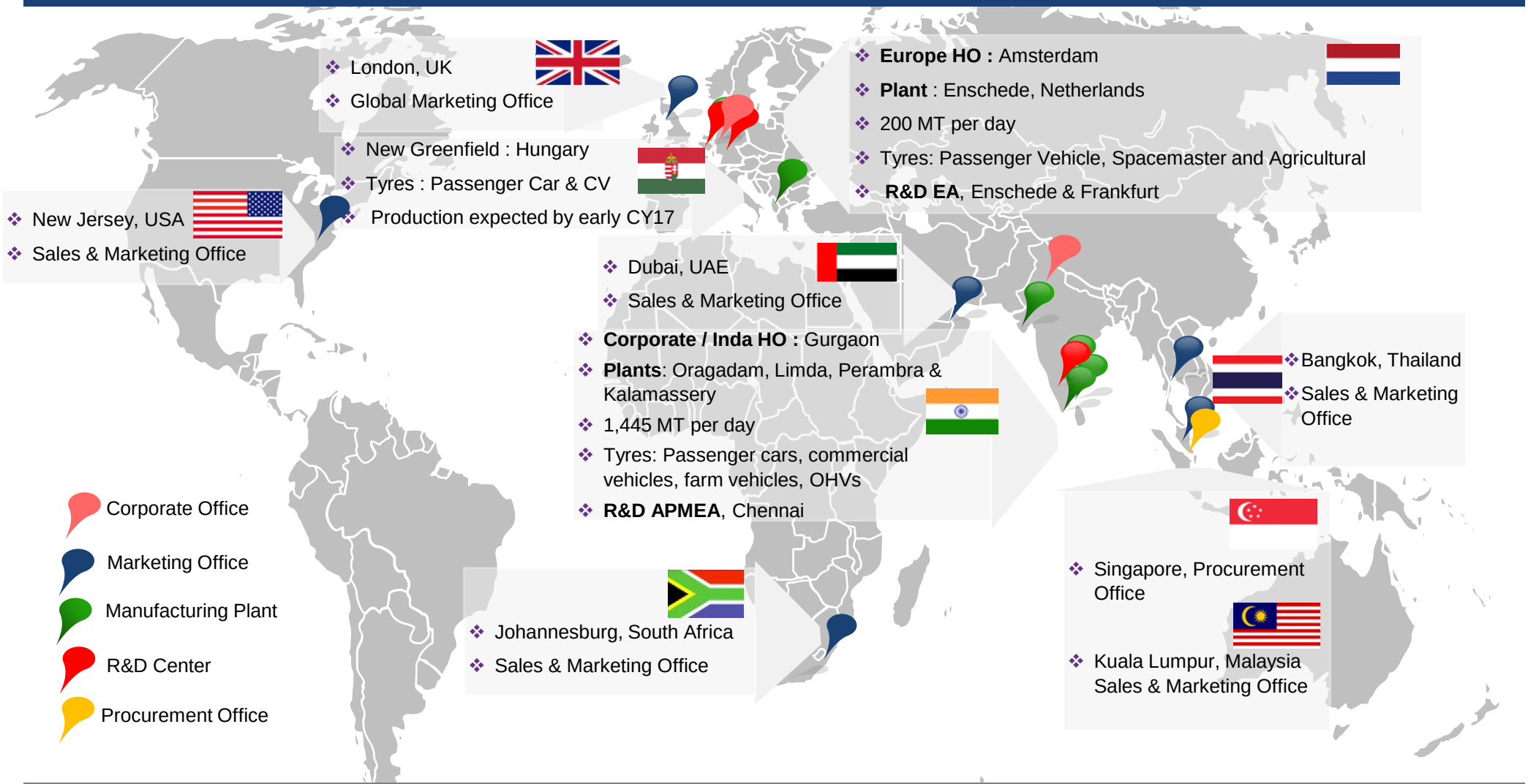
## Large Talent Pool

- ~15,500 employees[6,7] worldwide

Notes:
(1) 1US$ = 65.54 INR, based on average exchange rate for FY16 as per www.o&a.com
(2) Consolidated financials; FY refers to financial year ended 31 March
(3) EBITDA without other income & exceptional items
(4) As per ATMA data for FY 2016
(5) Average for FY 2016 for India & Europe plants
(6) As of 31st March 2016
(7) Including contractual workers

# DEFINED ROADMAP IN HOME MARKETS AND INCREASING PRESENCE IN CHOSEN FOCUS MARKETS

## Sales To More Than 100 Countries World Wide




**Global presence in line with our vision of being a significant global player**

# MANAGEMENT STRUCTURE



**Onkar S Kanwar**
Chairman & Managing Director



**Neeraj Kanwar**
Vice Chairman & Managing Director



**Sunam Sarkar**
President & Chief Business Officer



**Robert Steinmetz**
Advisor



**P K Mohamed**
Chief Advisor, R&D



**Markus Korsten**
Chief Manufacturing Officer



**Gaurav Kumar**
Chief Financial Officer



**Satish Sharma**
President, APMEA



**Francesco Gori**
Advisor for Strategy



**Peter Snel**
Chief, R&D EA



**Pedro Matos**
Chief Quality Officer and acting Chief Technical Officer[1]



**Martha Desmond**
Chief Human Resources Officer



**Mathias Heimann**
President, EA



**K Prabhakar**
Chief Projects



**Marco Paracciani**
Chief Marketing Officer

**Highly experienced team with average tenure of over 10 years in Apollo Tyres**

1. Chief Technical Officer under Appointment

# KEY COMPETITIVE STRENGTHS

## Leading Manufacturer



One of India's leading tyre manufacturers growing into a global tyre group

## Diverse Portfolio

VREDESTEIN
apollo
REGAL TYRES
KAIZEN TYRES



Well positioned multi-brand strategy with diverse product offering, supported by extensive International distribution network

## R&D Focus



Strong focus on R&D & testing capabilities

## Global Presence



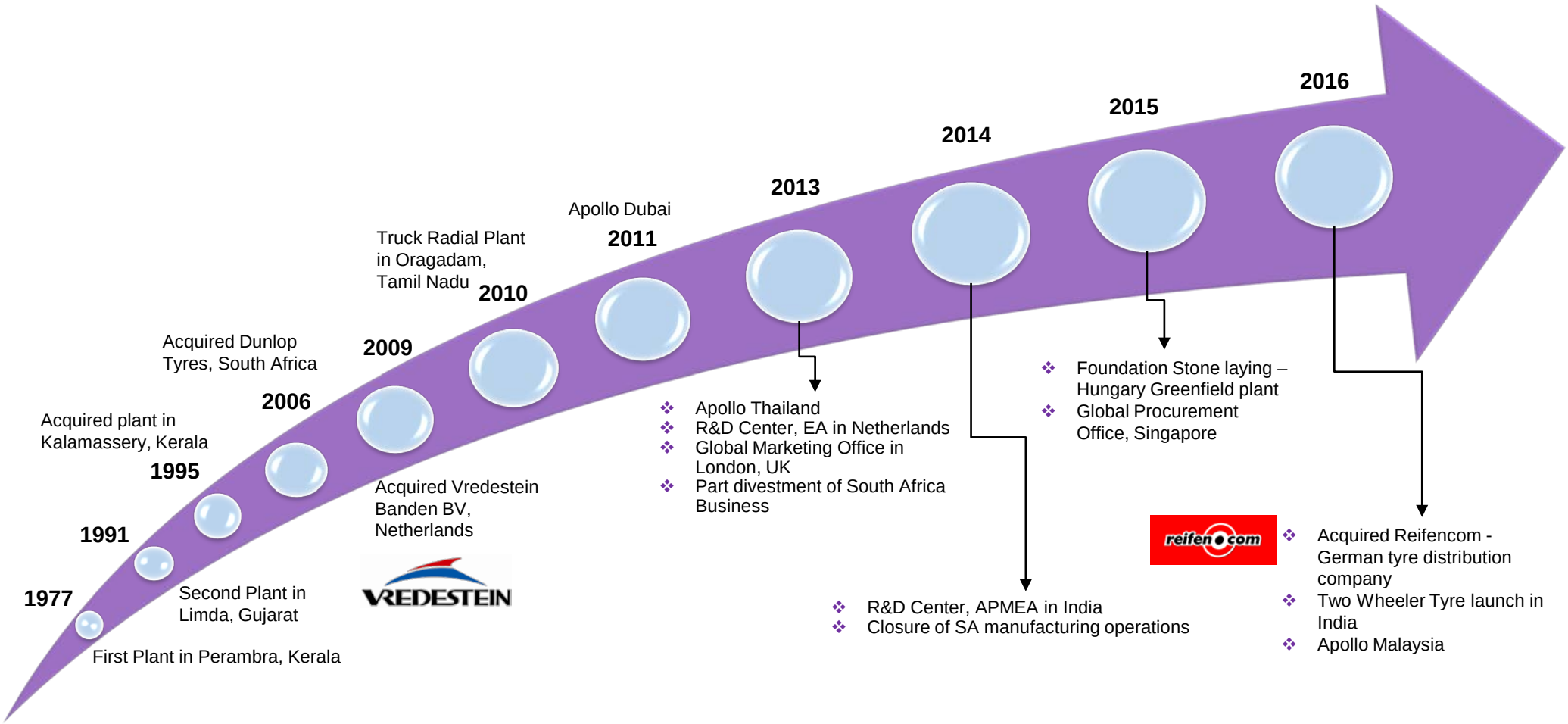
Global presence with proximity to growth & profit pool markets

## Proven Success



Proven success in pursuing strategic growth

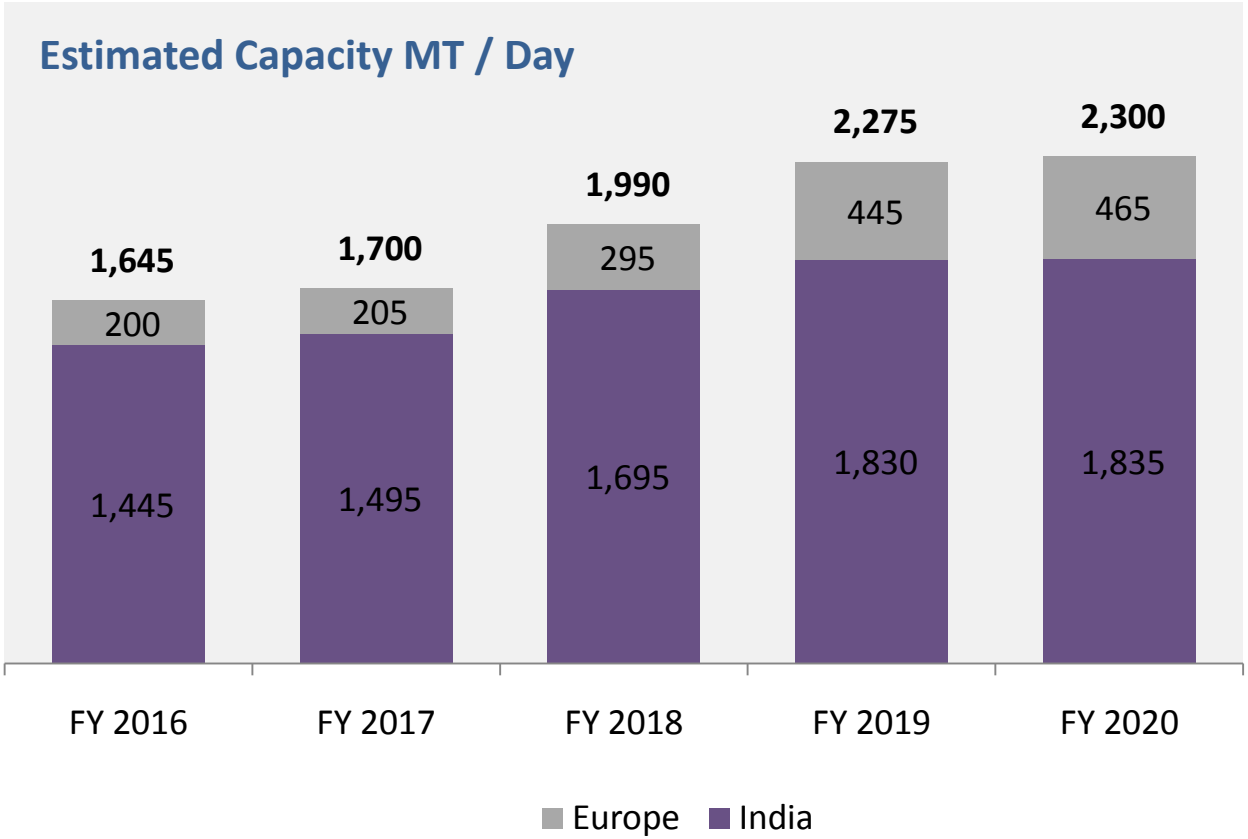
# KEY MILESTONES




**Apollo's growth has been driven by a well thought strategy of organic and inorganic initiatives**

# CAPACITY RAMP UP

**Enhancing capacities through greenfield and brownfield expansions to cater to rising demand globally**



# STRONG R&D AND TESTING CAPABILITIES (1/4)

- ❑ Focus on New Product Development to Grow Market Share
- ❑ Research of new transportation solutions with lowest possible impact on environment
- ❑ Partnered with various technical bodies, universities & OEM partners across the world

**Commercial Vehicle (CV) R&D Centre, Chennai, India**

- Developed market leading brands in truck radial & cross-ply categories for India
- Developed superior compounds for Mileage, Rolling Resistance & cut chip resistance
- Launched the new XMR with LiveBond Steer mile technology in India: We believe it offers customers lower cost of ownership & more total tyre life




**Passenger Vehicle (PV) R&D Centre, Enschede, Netherlands**

- Proven history of manufacturing expertise & innovation
- Developed 'Spacemaster', a collapsible spare tyre for high end cars
- Launched the variable front spoiler made with a specially developed EPDM rubber for the European market that we believe helps in improving high speed handling & fuel efficiency
- Focus on sustainable material research: Development of the production chain of natural rubber & Inulin from Russian dandelions & use of reprocessed material as a replacement for natural rubber



# STRONG R&D AND TESTING CAPABILITIES (2/4)

## Track Record of Launching Innovative Products







### Key features of the Vredestein Ultrac Satin:



- Superior braking power: 3.3-meter shorter braking distance at 80 km/h and above*
- Comfortable, precise and controlled steering performance
- Low rolling resistance = lower fuel consumption and reduced $CO_2$ emissions
- 100% A-label for braking distance on wet surfaces, rolling resistance (C/B) and low exterior noise level (71 dB)

### High ratings for Apollo Alnac 4G All Season



- Outstanding results in the test conducted by the German magazine Auto Bild Allrad taking pole position in the mass premium category
- 'Good performance on snow, excellent cornering on dry roads and a very low rolling resistance'
- The low weight of the tyre, along with its low rolling resistance, reduces fuel consumption and therefore, $CO_2$ emissions

# STRONG R&D AND TESTING CAPABILITIES (3/4)

## Latest test results

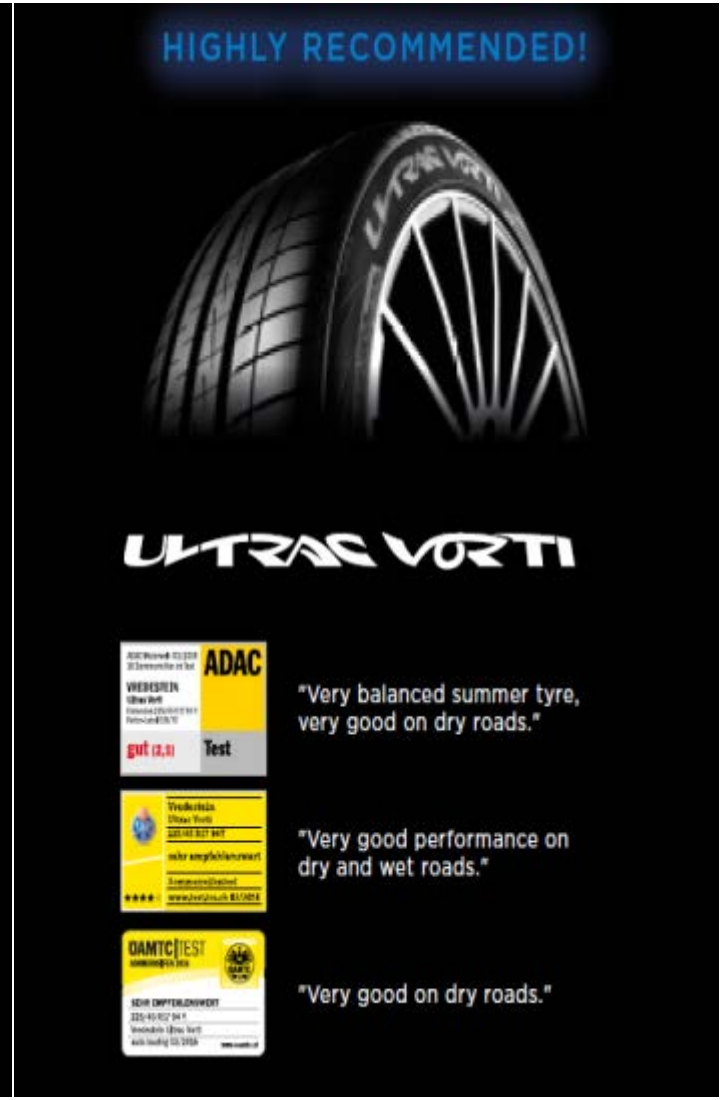






1. Almost as good as winter tyres on snow
2. Excellent grip on dry and wet surfaces
3. Very low noise levels
4. Better than all newcomers in all key test criteria



# STRONG R&D AND TESTING CAPABILITIES (4/4)

## Developing future technologies and winning products

### Air Master



### 4G Life




### Spacemaster





# KEY RELATIONSHIPS WITH GLOBAL BRANDS

## CUSTOMERS

Audi, Mercedes-Benz, Volvo, Volkswagen, Toyota, Ford, GM, Hyundai, Maruti Suzuki, Fiat, Tata, Mahindra, Ashok Leyland, MAN, John Deere

## RAW MATERIALS

Birla Carbon, Cabot, Performance Fibers (Endless Possibilities), LANXESS (Energizing Chemistry), Kiswire, ExxonMobil, Bekaert, Trinseo

## TESTING FACILITIES

ATP, VRDE, Applus IDIADA, Nardò Technical Center (Prototipo Group), TEST WORLD (A Millbrook Group Company)

**Strong relationships with market leading OEMs, raw material suppliers and testing facilities result in better terms of business**

# WIDE DISTRIBUTION NETWORK ACROSS INDIA AND EUROPE

## India

### Extensive Distribution Network in India

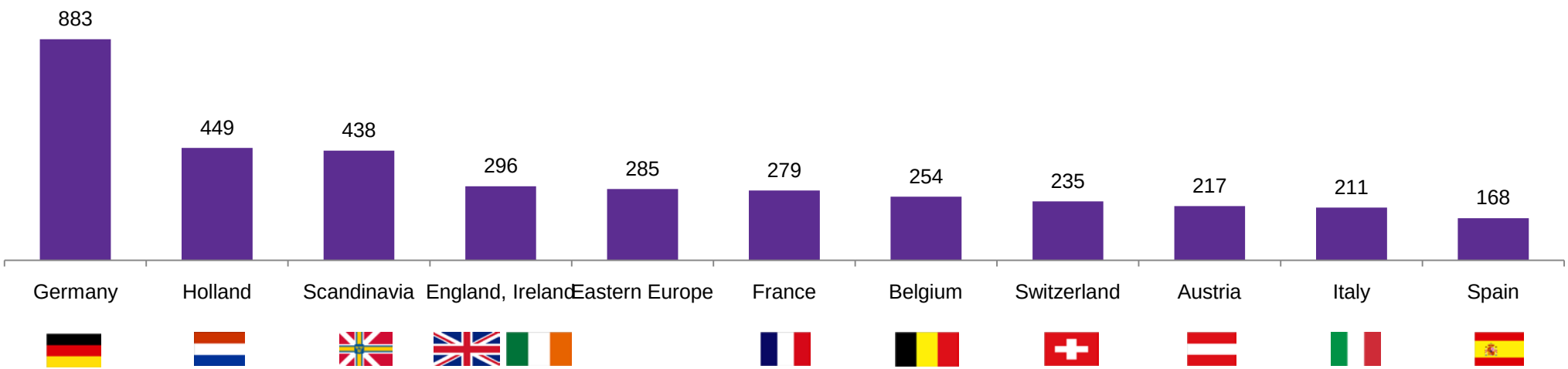
- ~4,900 (incl. ~1,700 exclusive retail dealers[1])
- 150 sales offices including regional and area offices
- 17 Regional distribution centers servicing 150 stocking points
- Wide specialist network[1]: Apollo Super Zone, Apollo Zone, Apollo CV Zone, Apollo Point

## Europe

### Distribution network across Europe

- ~3,550 third party dealers in Europe
- 13 European National Sales Offices with sales personnel and warehouses
- Further enhanced presence through acquisition of Reifencom which operates across 6 countries in Europe and has 37 stores in Germany

## Apollo Vredestein Distribution Network: Ability To Deliver Within 90% Of Europe Within 24 Hours




**Longstanding relationship with the dealers is a key growth driver for Apollo**

1. Not company owned

# AWARDS AND RECOGNITION (1/5)



**Feb 2013**
**Ernst & Young 'Entrepreneur of the Year Award – Manufacturing'**
**For the year 2012**

# AWARDS AND RECOGNITION (2/5)





**2014**
**Rubber Asia**
**'Rubber Man of the Year 2014'**




**2014**
**Manufacturing Today**
**'Next Generation Leader'**

# AWARDS AND RECOGNITION (3/5)



**2015**
**Asian CSR Awards for**
**Health Enhancement Category**




**2015**
**ICSI National Award**
**Excellence in Corporate Governance**

# AWARDS AND RECOGNITION (4/5)



**2013**
SAP ACE Award for Innovation




**Feb 2013**
'Tire Manufacturer of the Year' by Tire Technology International for 2012



**2013**
Cannes: Silver Lion for 'Adopt a Pothole'



**Jul 2014**
Best Company to Work For' by Great Place to Work Institute in the Indian and Asian Auto Component Industry



**2014**
'Investor of the Year'
Largest Greenfield investment of the Year by Hungarian Investment Promotion Agency (HIPA) and the Ministry of Foreign Affairs and Trade



**2014**
Asia Responsible Entrepreneurship Award for HIV-AIDS initiative at the Global Sustainability Leadership Awards



**Dec 2014**
Cannes: Golden Dolphin for Marketing Communication for 2013

# AWARDS AND RECOGNITION (5/5)

**AutoVision Award**

Silver OttoCar Trophy

Frankfurt — September 2015

**National Productivity Competition 2015**

Indian Institute of Industrial Engineering (IIIE)

Gujarat — December 2015

**Indian Green Building Congress Awards 2015**

Leadership in Energy and Environmental Design (LEED) India New Construction (NC)

Gujarat — December 2015

**Global Green Future Leadership Awards 2016**

Best Waste Management
World CSR Congress

Mumbai — February 2016

**Design and Development Award 2016**

Maruti Suzuki

Bangkok — April 2016

**Best New Supplier Award 2016**

Toyota

Bengaluru — April 2016

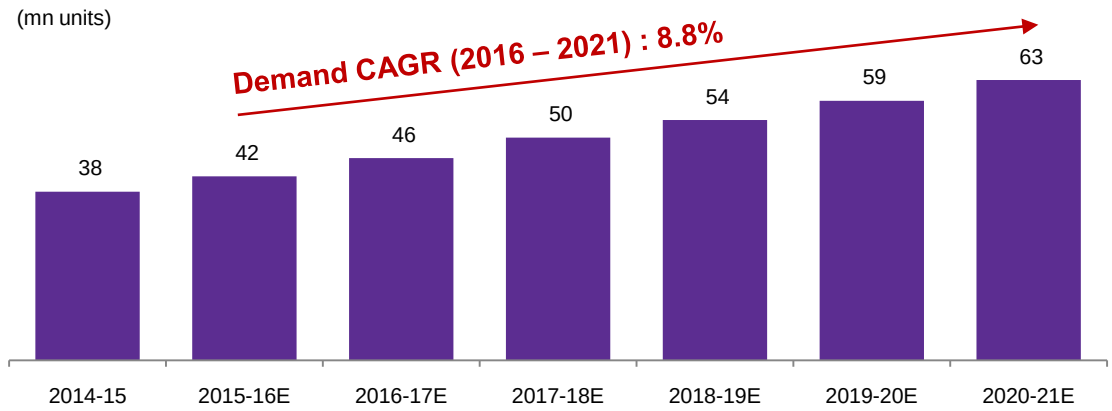
# MACRO OVERVIEW



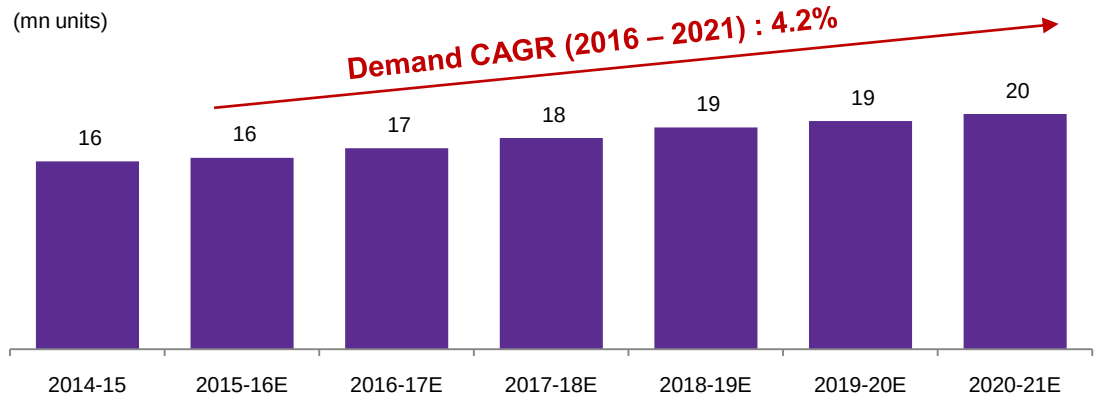
# KEY DRIVERS AND TRENDS (India)

- Increase in demand in consumer segment on account of
  - 2x increase in vehicle penetration
  - Extensive urbanization (110 smart cities)
  - Increase in household income
- Premium car population to grow significantly faster (2x) than the non premium
- Increase in CV demand due to
  - Government's focus on infrastructure development (allocation of INR ~1,100 bn to road and irrigation sectors)
  - Better utilization of fleets on account of increase in freight movement
  - Shift towards larger trucks with more number.of tyres per vehicle
- Stricter vehicle scrappage policy, 'Make in India' drive will further boost the demand
- Government's initiative to double farmers' income will improve farm mechanization and will have a rub-off effect on other categories

## Car segment: Equally spread between OEM and Replacement




## Truck segment: Demand dominated by Replacement market



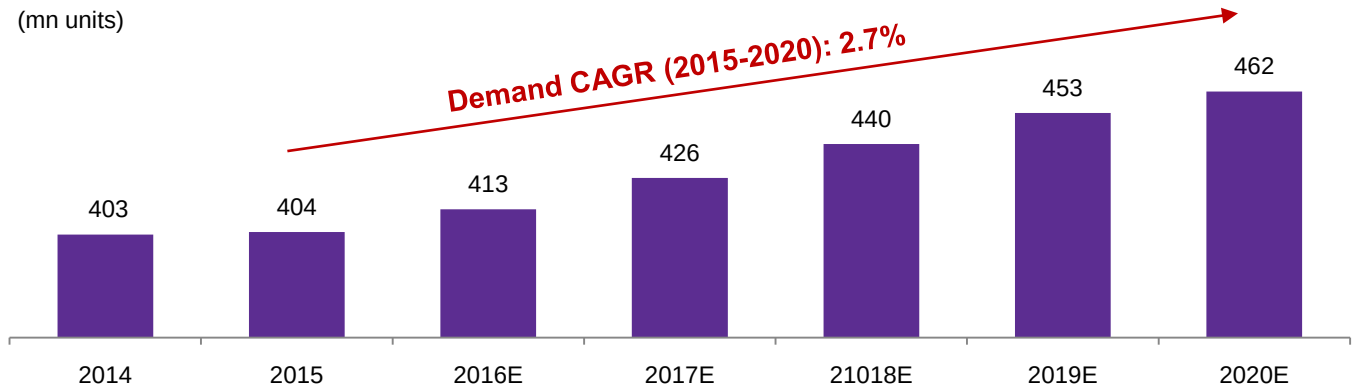

**India is a structurally attractive, growing and increasingly profitable tyre market**

Source: Company estimates

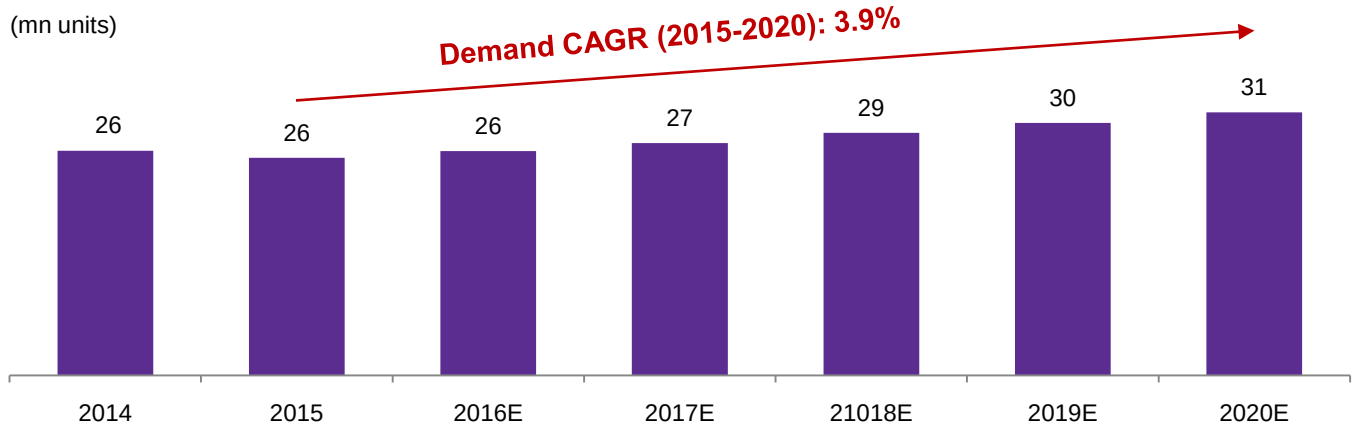
# KEY DRIVERS AND TRENDS (Europe)

- Focused on high performance tyres
  - Quality conscious customers
  - Demand for premium tyres resulting in higher margins
- Market on track for recovery
  - Revival in major markets like Germany
  - Pick up in both Truck and PCLT tyres
- Changing market dynamics /concentration
  - High production cost resulted in shift from Western to Central/Eastern Europe
  - Alternative distribution mechanisms
    - Online tyre sales at ~Eur 2 bn in 2013 is expected to quadruple by 2020[1]
- EU label values and OEM requirements are driving product - standard convergence

## PCLT Demand: Key growth driver in the European region




## Truck Demand: Growth fuelled by a growing OEM market




**Sizeable and still growing market**

Source: LMC report published in November 2015
1. Frost & Sullivan, Future of E Retailing 2013

apollo

# POSITIONING



# BRAND STRATEGY

## Well Positioned Multi-brand Strategy Across Different Segments

| Pricing Segment | Brand | Brand Positioning | Passenger Car Tyres: UHP & Winter Tyres | Passenger Car Tyres: All Season & Summer Tyres | Commercial Vehicle Tyres | Off Highway Tyres | Two Wheeler Tyres | Bicycle Tyres |
|---|---|---|---|---|---|---|---|---|
| Top | VREDESTEIN | Global Niche Premium | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Medium | apollo | Global | ✓ | ✓ | ✓ | ✓ | ✓ | |

apollo | MANCHESTER UNITED

GO THE DISTANCE

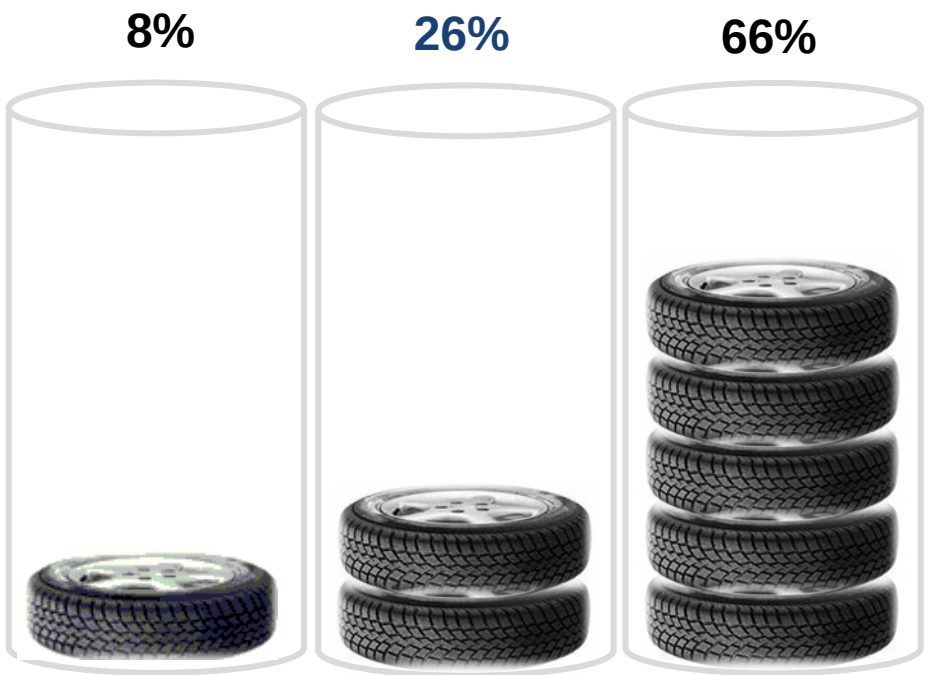
- Formed a branding tie-up with Manchester United Football Club in 2013
- Starting with a few European countries, the tie-up is now extended to 129 countries

**One Corporate brand**
**Good mix of regional consumer Champion brands**

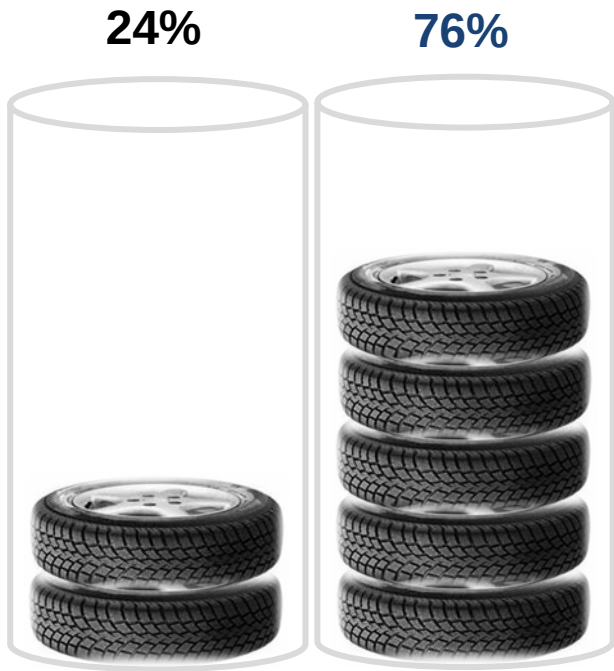
# REVENUE SEGMENTATION – FY 2016

**Diversified business across India, Europe & Rest of World, More than 3/4th in Replacement market**

## Region Wise



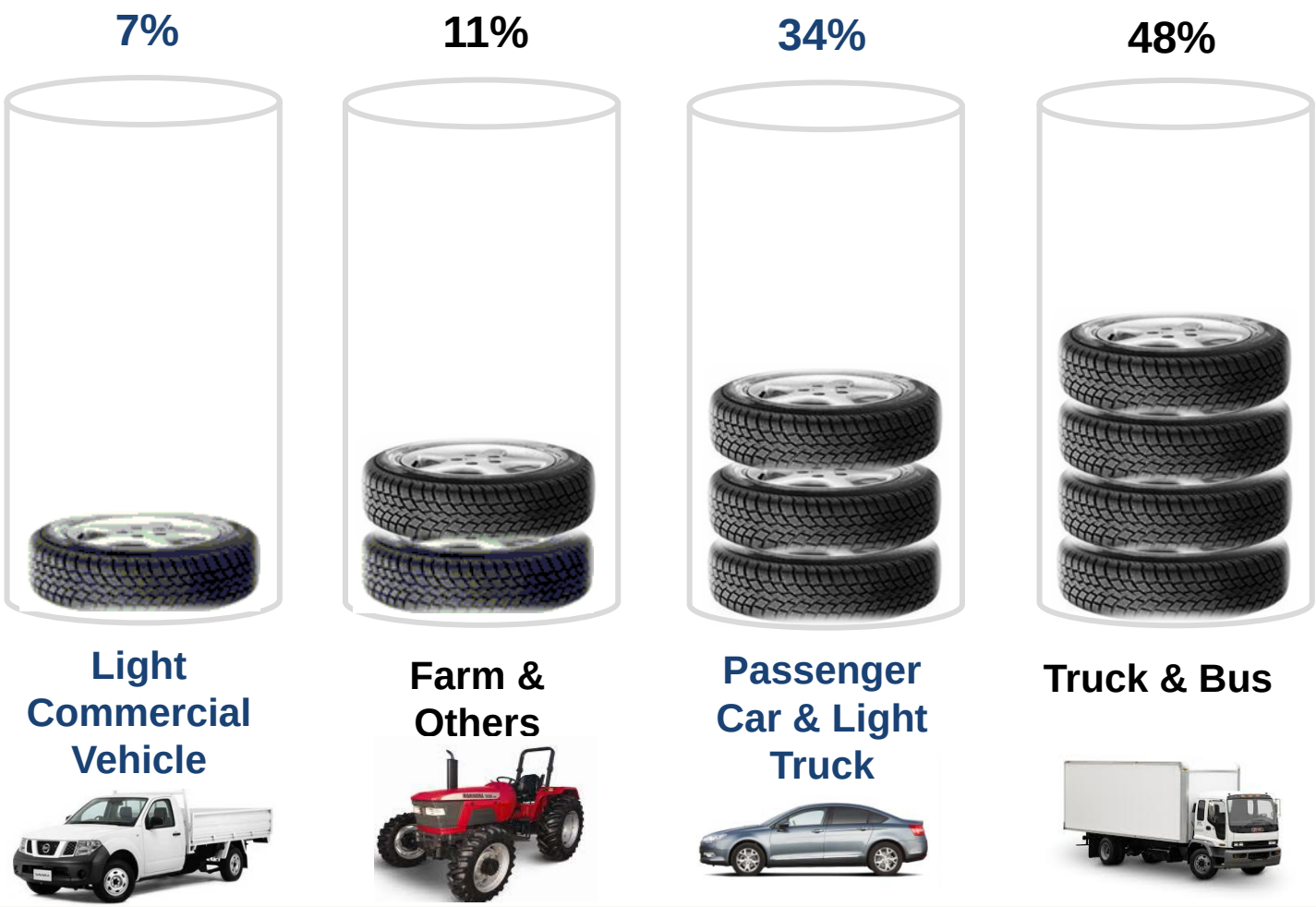

## Market Wise



# REVENUE SEGMENTATION – FY 2016

**More than 80% of the revenues are contributed by PCLT & Truck & Bus Tyres**

## Product Category Wise Revenue Segmentation

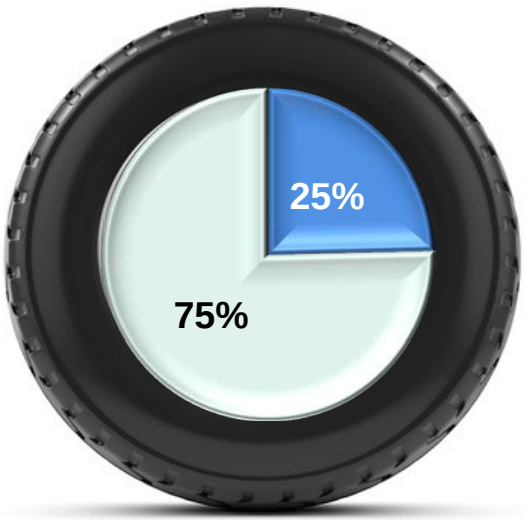


# LEADING PLAYER IN INDIAN MARKET

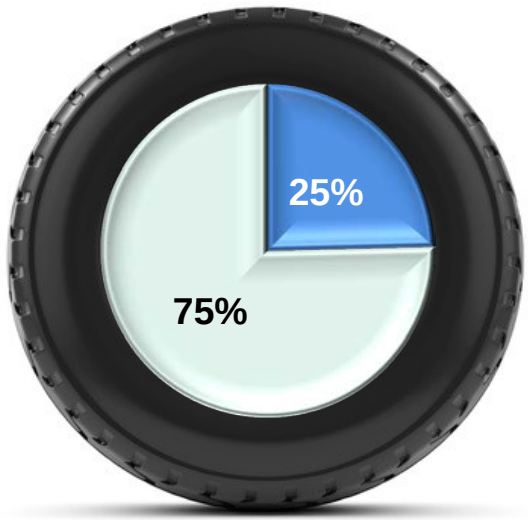
## Leading player in India with significant market share across product categories

**MARKET SHARES**

**TBR^**




**TBB^**




**PCR^**




Apollo

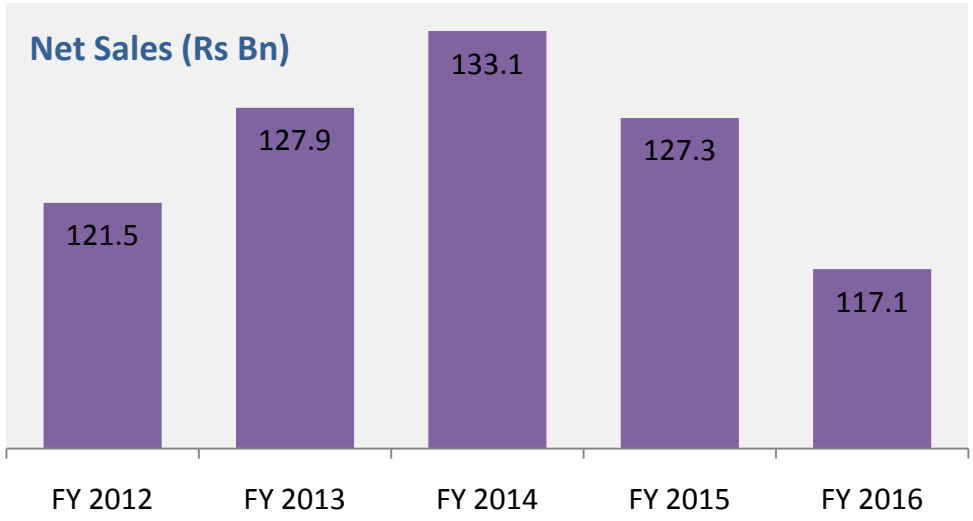
**One of the key players in the Truck & Passenger Car Tyres category**

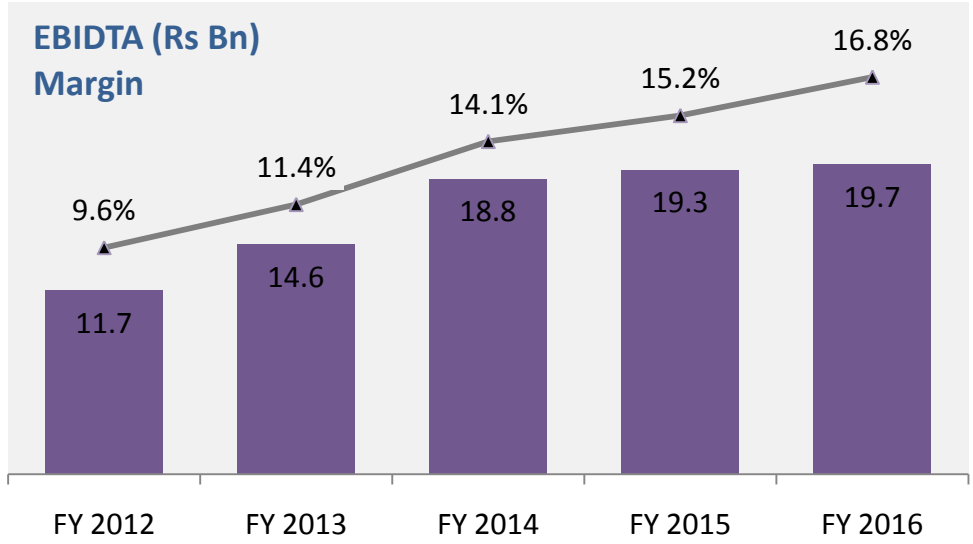
Notes:
^ Based on ATMA data for FY 2016

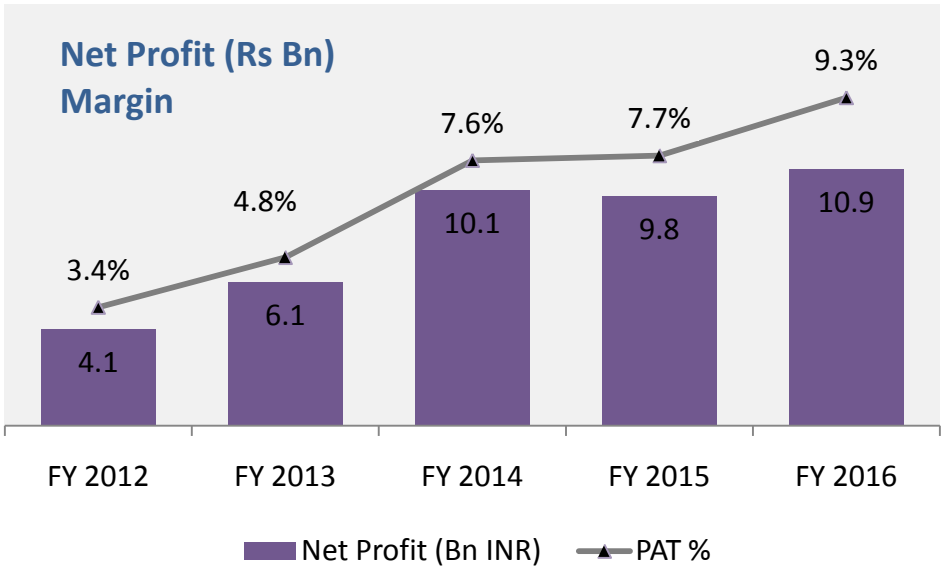
# FINANCIAL OVERVIEW

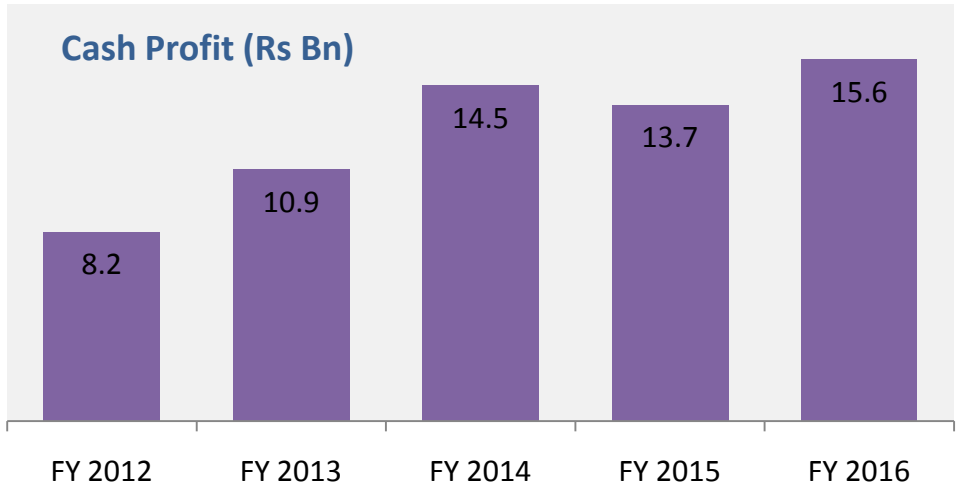


# HISTORICAL PERFORMANCE



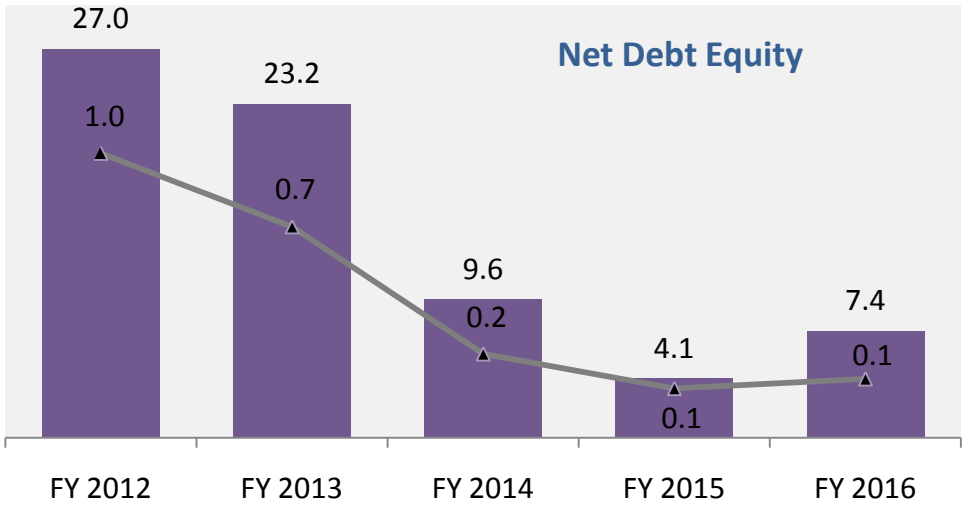



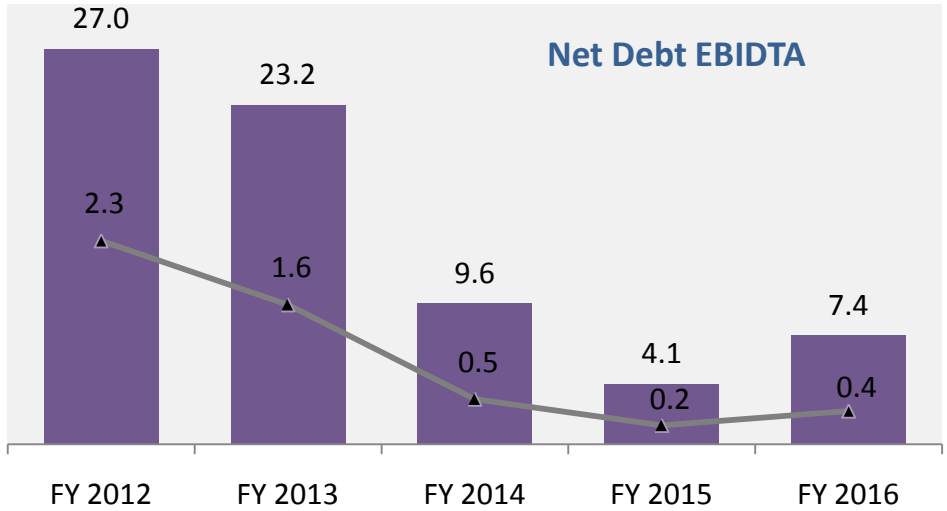



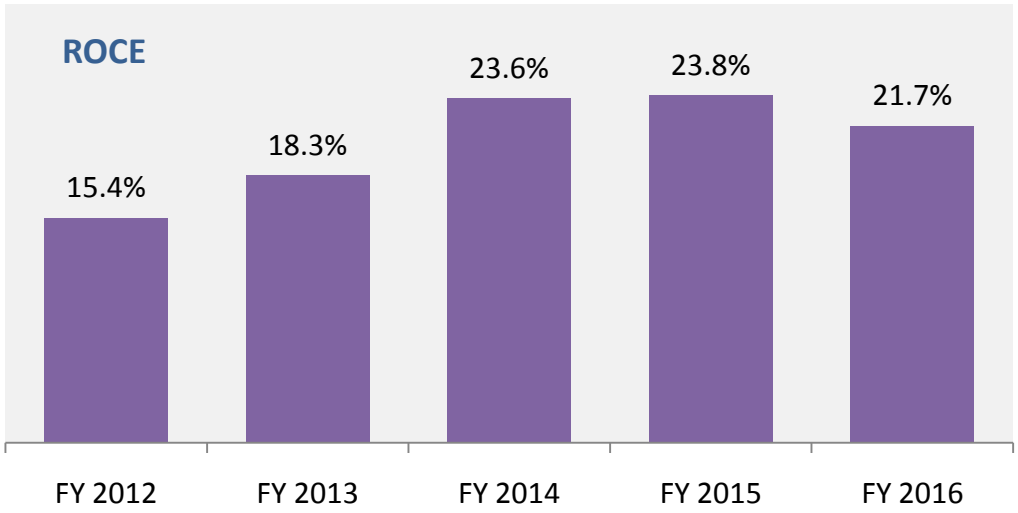



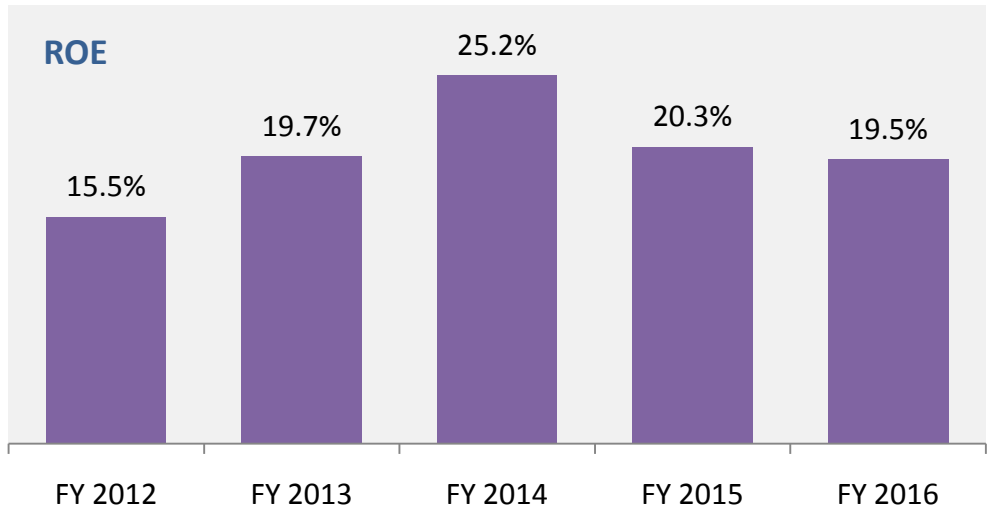

Notes:
^EBITDA shown above is without other income & exceptional items
Cash profit = Net Profit + Depreciation+ Deferred Tax

# HISTORICAL PERFORMANCE




Notes:
^EBITDA considered above is without other income & exceptional items

# SHARE PRICE TREND & SHAREHOLDING PATTERN

| Valuation Ratios | Value |
|---|---|
| Price to Earnings^ | 7.8 |
| EV^ / EBITDA* | 5.0 |
| EPS^^ | 22.1 |




**Shareholding Pattern as on 19.08.2016**

| Classification | % of Shares |
|---|---|
| Promoters | 44.1% |
| Domestic Institutions | 8.7% |
| Foreign Institutional Investors | 31.4% |
| Rest | 15.8% |

Notes:
^ Based on average share price from 1st Aug – 30th Aug -2016
* EBITDA is without other income & exceptional items for LTM Q1FY2017
^^ For LTM Q1 FY 2017

# Thanks


http://www.apollotyres.com

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investors@apollotyres.com

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