



APL/SECT/DLH/SE: 2018-19

Electronic Filing

25th May 2018



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 Q4 FY18 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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APL APOLLO TUBES LTD.

Q4 & FY18 Earnings
Presentation

May 25, 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 Q4 & FY2018



Infrastructure

Construction

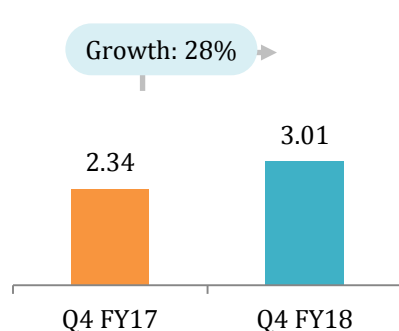
Automobiles

Energy

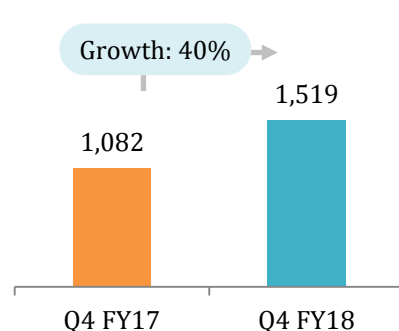
Agriculture

Q4 FY18 – Performance Highlights

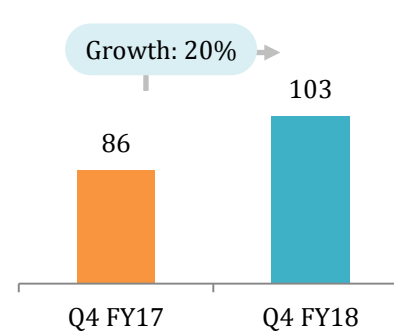
Sales Volume* (Lakh Ton)



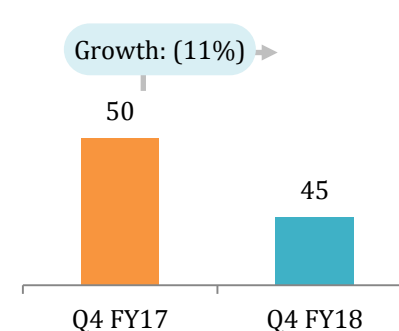
Net Revenues (Rs. Crore)



EBITDA¹ (Rs. Crore)



PAT (Rs. Crore)



Margins as a % of Income

7.9%

6.8%

4.6%

2.9%

- Sales volume stood strong at 3.01 lakh tons, registering a robust growth of 28% Y-o-Y
 - The quarter on the whole saw a strong uptick in the demand environment further supported by healthy sales volume from Exports and OEM segment
- EBITDA per ton during Q4 FY18 stood at Rs. 3,411 as against Rs. 3,659 in the corresponding period last year
 - Given the Company's focus on volume growth, the EBITDA per ton was within a healthy range

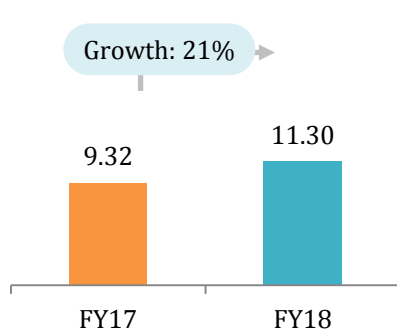
Note:

*Excluding Trading & Scrap

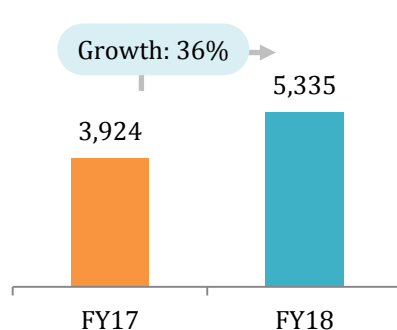
(1) EBITDA without other income

FY18 – Performance Highlights

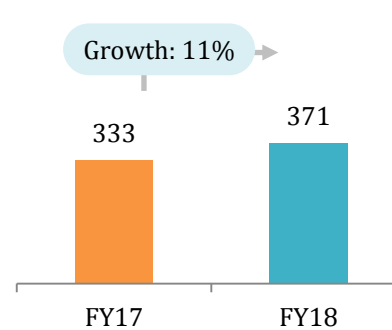
Sales Volume* (Lakh Ton)



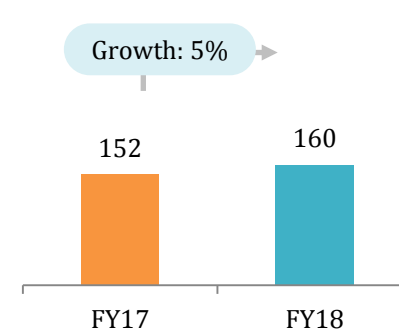
Net Revenues (Rs. Crore)



EBITDA¹ (Rs. Crore)



PAT (Rs. Crore)



Margins as a % of Income

8.5%

7.0%

3.9%

3.0%

- The Company reported healthy sales volumes performance of 11.30 lakh tons in FY18 despite challenging conditions in the macro-operating environment witnessed in the first half
- EBITDA during FY18 grew by 11%

Note:

*Excluding Trading & Scrap

(1) EBITDA without other income

Key Developments



Commissioned 6 Direct Forming Technology (DFT) lines in FY18

- The Company operationalized 6 DFT lines across its facilities of Raipur, Hosur and Murbad during the year
- DFT products are witnessing a successful run across market segments, especially in the OEMs and Exports markets
- The Company will be commissioning another 2 lines across existing facilities of Sikandarabad and Hosur in the first half of FY19
- With the operationalization of all 8 DFT lines, the Company is aiming at a total installed capacity of 2 million MTPA

Enhanced brand development activities to expand visibility and enable a stronger brand recall for 'APL Apollo'

- Outlined a two pronged approach to improve the visibility and strength of 'APL Apollo' brand, which includes,
 - Increase Top-of-Mind-Awareness across B2B/B2C Customers via different formats such as Print, Electronic, Social, Outdoor, etc
 - Strong focus towards arranging and hosting dealer & distributor engagement activities like Architect Meets, Exhibitions, Fabricators meets, Van activities, Chai pe Charcha to continue

Key Developments



Deploying cost rationalization strategy across business model

- APL Apollo is the lowest cost producer in the country, with an aim to become one of the lowest cost producer across the globe
- The Company has taken several business initiatives to optimize the cost structure
 - Close-to-demand distribution-dealer-retail network reduces transportation costs
 - Increased usage of renewable (solar + wind) energy to help reduce electricity and maintenance costs
 - Strong focus towards cost-effective product profile

Abridged P&L Statement



Particulars (Rs. crore)	Q4 FY18	Q4 FY17	Y-o-Y Shift		FY18	FY17	Y-o-Y Shift
Income from Operations							
Net Sales	1,519.4	1,082.2	40%		5,334.8	3,923.9	36%
Total Income From Operations (Net)	1,519.4	1,082.2	40%		5,334.8	3,923.9	36%
Total Expenditure							
Raw Material expenses	1,329.1	914.2	45%		4,548.3	3,232.4	41%
Employee benefits expense	23.4	17.6	33%		86.2	75.3	14%
Other expenses	64.3	64.7	-1%		329.2	283.2	16%
EBITDA	102.6	85.7	20%		371.1	333.0	11%
EBITDA margin (%)	6.8%	7.9%	-117 bps		7.0%	8.5%	-153 bps
Other Income	1.9	(0.8)	-338%		8.0	6.0	33%
Finance Costs	22.6	15.5	46%		81.3	72.0	13%
Depreciation and Amortization	14.9	13.1	14%		53.4	50.9	5%
PBT	67.0	56.3	19%		244.4	216.1	13%
Tax expense	22.4	6.4	250%		84.4	64.0	32%
PAT	44.6	49.9	-11%		160.0	152.1	5%
PAT margin (%)	2.9%	4.6%	-168 bps		3.0%	3.9%	-88 bps

Key Financial & Operational Parameters



Particulars	Q4 FY18	Q4 FY17	Y-o-Y Shift (bps)		FY18	FY17	Y-o-Y Shift (bps)
EBITDA Margin	6.8%	7.9%	-117		7.0%	8.5%	-153
Profit Before Tax	4.4%	5.2%	-80		4.6%	5.5%	-93
Net Margin	2.9%	4.6%	-168		3.0%	3.9%	-88
Total Expenditure / Total Operating Income	93.2%	92.1%	117		93.0%	91.5%	153
Raw Material Cost / Total Operating Income	87.5%	84.5%	300		85.3%	82.4%	288
Staff Cost / Total Operating Income	1.5%	1.6%	-9		1.6%	1.9%	-30
Other Expenditure / Total Operating Income	4.2%	6.0%	-175		6.2%	7.2%	-105
Interest & Finance Charges / Sales	1.5%	1.4%	6		1.5%	1.8%	-31
Tax Rate	33.4%	11.4%	2207		34.5%	29.6%	492
EBITDA/ TON (Rs.)	3,410.6	3,658.8	-7%		3,283.2	3,574.7	-8%

Note:

(1) EBITDA without other income

Consolidated Balance Sheet



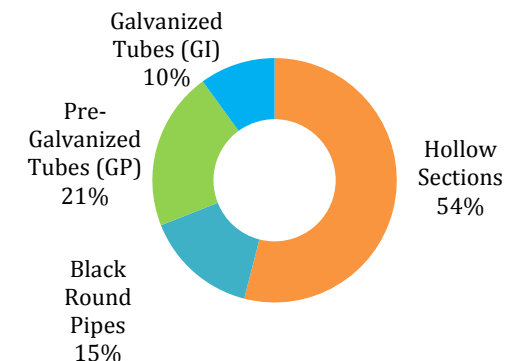
ASSETS	CONSOLIDATED	CONSOLIDATED	EQUITY AND LIABILITIES	CONSOLIDATED	CONSOLIDATED
Particulars (Rs. Crore)	As at 31st March 2018	As at 31st March 2017	Particulars (Rs. Crore)	As at 31st March 2018	As at 31st March 2017
ASSETS			EQUITY AND LIABILITIES		
Non-current assets			Equity		
Property plant and equipment	848.7	630.8	(i) Equity share capital	23.7	23.6
Capital work-in-progress	46.0	122.4	(ii) Other equity	813.2	679.8
Investment property	10.9	12.3	Total Equity	837.0	703.4
Goodwill	23.0	23.0			
Other Intangible assets	3.2	3.7	Non-current liabilities		
Investment in subsidiaries	-	-	Financial liabilities:		
Financial assets			(i) Borrowings	78.2	104.9
(i) Investments	1.1	0.4	(ii) Other financial liabilities	0.6	0.5
(ii) Loans	-	0.4	Provisions	7.8	7.2
(iii) Other financial assets	20.0	18.5	Deferred tax liabilities (net)	100.3	81.3
Non-current tax assets (net)	-	0.2	Other non current liabilities	29.0	4.0
Other non-current assets	89.9	114.9	Total Non-current liabilities	215.9	197.9
Total non-current assets	1,042.8	926.8			
Current assets			Current liabilities		
Inventories	591.5	469.6	Financial liabilities:		
Financial assets:			(i) Borrowings	595.2	464.0
(i) Trade receivables	432.1	294.9	(ii) Trade payables	379.3	392.0
(ii) Cash and cash equivalents	6.6	1.4	(iii) Other financial liabilities	124.7	49.1
(iii) Bank balances other than (ii) above	0.2	0.2	Other current liabilities	12.5	29.6
(iv) Loans	1.2	0.8	Provisions	0.3	0.2
(v) Other financial assets	22.8	19.2	Current tax liabilities (net)	16.4	8.4
Other current assets	84.1	131.8	Total Current liabilities	1,128.3	943.3
Total Current assets	1,138.4	917.8			
TOTAL - ASSETS	2,181.2	1,844.6	TOTAL EQUITY AND LIABILITIES	2,181.2	1,844.6

Key Financial & Operational Parameters

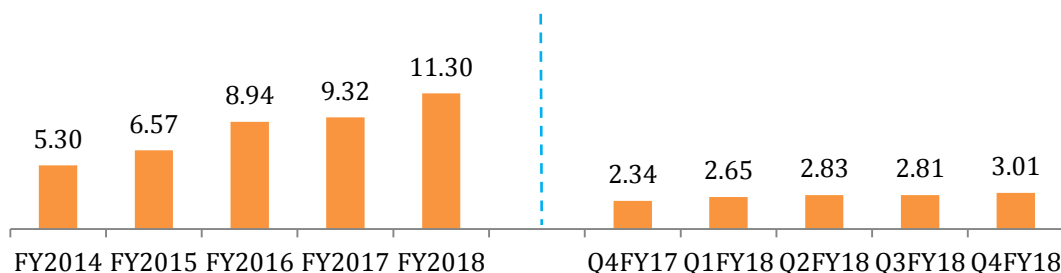
Sales Volume Break-up

Particulars (Tons)	Q4 FY18	Q4 FY17	Y-o-Y Shift	FY18	FY17	Y-o-Y Shift
Hollow Sections	164,089	121,710	35%	613,667	474,851	29%
Black Round Pipes	47,420	36,317	31%	164,100	150,760	9%
Pre-Galvanized Tubes (GP)	62,594	47,569	32%	241,188	188,534	28%
Galvanized Tubes (GI)	26,727	28,718	-7%	111,350	117,390	-5%
Finished products	300,830	234,314	28%	1,130,305	931,535	21%
Others*	13,983	12,198	15%	54,263	47,406	14%
Total	314,813	246,512	28%	1,184,568	978,941	21%

Sales Volume (excluding Trading & Scrap) Break-up - FY18



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



Note:

*Trading & Scrap

- Sales Volume (excluding Trading & Scrap) stood at 1,130,305 tons compared to 931,535, up 21% Y-o-Y
- Upgradation and modernization of GI facilities impacted GI volumes. Company expects to report stabilized GI volumes, going forward
- Higher focus towards value-added products, Exports, OEM and new markets enhanced overall volume growth
- The period witnessed healthy sales volume growth in GP and hollow sections

Key Financial & Operational Parameters

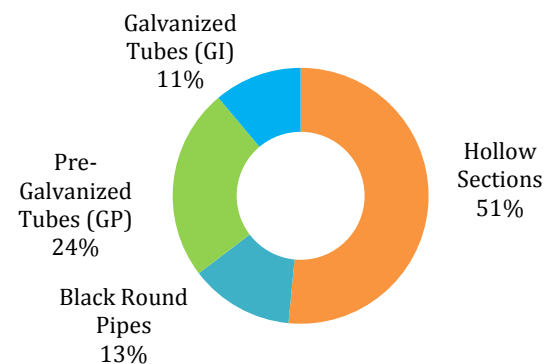
Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q4 FY18	Q4 FY17	Y-o-Y Shift	FY18	FY17	Y-o-Y Shift
Hollow Sections	46,416	42,178	10%	42,987	37,846	14%
Black Round Pipes	45,390	41,501	9%	42,200	37,081	14%
Pre-Galvanized Tubes (GP)	55,044	50,833	8%	51,539	46,291	11%
Galvanized Tubes (GI)	55,800	51,057	9%	51,786	45,941	13%
Others*	26,631	24,294	10%	24,084	21,044	14%

Product-wise Revenue Break-up

Particulars (Rs. crore)	Q4 FY18	Q4 FY17	Y-o-Y Shift	FY18	FY17	Y-o-Y Shift
Hollow Sections	761.6	513.3	48%	2,638.0	1,797.1	47%
Black Round Pipes	215.2	150.7	43%	692.5	559.0	24%
Pre-Galvanized Tubes (GP)	344.5	241.8	42%	1,243.1	872.7	42%
Galvanized Tubes (GI)	149.1	146.6	2%	576.6	539.3	7%
Others*	37.2	29.6	26%	130.7	99.8	31%
Total	1,507.8	1,082.1	39%	5,280.9	3,868.0	37%

Product-wise Revenue (excluding Trading & Scrap) Break-up – FY18



Note:

*Trading & Scrap

Financial Overview and Discussion (YoY)



- **Total Net Revenues during FY18 stood at Rs. 5,334.8 crore, registering a robust growth of 36% Y-o-Y; Q4 FY18 Net Revenues higher by 40% to Rs. 1,519.4 crore**
 - Despite a challenging macro-environment, the Company registered healthy growth in sales volume during Q4 & FY18
 - Healthy pick-up in the domestic consumption trend, especially in the latter half of the year along with strong contribution from OEMs & Exports and presence in newer markets, supported the volume performance during the period under review
 - 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
- **EBITDA during FY18 at Rs. 371.1 crore; Q4 FY18 EBITDA¹ higher by 20% Y-o-Y at Rs. 102.6 crore**
 - EBITDA per ton during Q4 FY18 stood at Rs. 3,411 as against Rs. 3,659 in the corresponding period last year. Given the Company's focus on volume growth, the EBITDA per ton was within a healthy range
 - EBITDA for the previous year was restated according to the new accounting standards of IndAS. Hence, the YoY comparison in Q4 & FY18 reflects the one-time adjustment in the corresponding period last year, which was related to IndAS migration
 - The Company's focus on improving operational efficiencies and cost rationalization remains on track
- **Depreciation stood at Rs. 53.4 crore in FY18, higher by 5% Y-o-Y; Depreciation costs increased by 14% to Rs. 14.9 crore in Q4 FY18**
 - Higher depreciation due to commissioning of new capacities during the year. 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 13% YoY to Rs. 81.3 crore in FY18; in Q4 FY18, Interest cost higher by 46% YoY to Rs. 22.6 crore**
 - Given the growing traction in the export segment and soft raw material prices in the overseas markets, the Company consciously decided to import greater proportion of raw-materials
 - This, in turn led to temporary build-up in inventories resulting in increased interest outgo
 - Interest Cost as a % of Sales (Interest Cost/Sales) reduced to 1.5% in FY18 as against 1.8% in FY17
- **PBT during FY18 registered a growth of 13% YoY to Rs. 244.4 crore; In Q4 FY18, PBT stood at Rs. 67.0 crore as against Rs. 56.3 crore in Q4 FY17, higher by 19% YoY**
- **Tax expenses in FY18 stood at Rs. 84.4 crore, higher by 32% YoY; In Q4 FY18, tax expense was higher at Rs. 22.4 crore as against Rs. 6.4 crore in Q4 FY17**
 - In FY17, income tax was lower as the Company received an investment allowance benefit under income tax. However, this has been normalized now and our effective tax rate in FY18 stands now at 33.4% as against 11.4% in FY17
- **PAT during FY18 registered a growth of 5% YoY to Rs. 160.0 crore; In Q4 FY18, PAT stood at Rs. 44.6 crore as against Rs. 49.9 crore in Q4 FY17**

Management's Message



Commenting on the Company's performance for Q4 & FY2018, Mr. Sanjay Gupta, Chairman, APL Apollo said,

"We have ended the fiscal on a healthy note despite challenging macro conditions. In FY2018, our sales volume grew by 21%, while in Q4 FY18, it marked a significant growth of 28%, led by a strong uptick in demand. The growth was also driven by increasing contribution from Hollow sections led by commissioning of new DFT lines during the year.

We have made significant progress towards most of our strategic and operating objectives. We commissioned 6 DFT lines this year across existing facilities of Raipur, Hosur, and Murbad. These technologically-advanced and highly-customizable products continue to enjoy a strong response across multiple target sectors such as Building Material, Construction & Infrastructure, Solar, Automobile, Telecom to name a few. We believe, this along with the new brand launches in focused markets will help us expand our presence and product offerings across our value-added business segments.

Whilst the macro environment remains broadly stable, we have made a promising start to the new fiscal by registering robust volumes in the months of April & May. We remain focused towards further increasing this momentum and are confident of delivering targeted volume growth in FY19. Following our branding, cost optimization and other strategic efforts, we believe, we are well positioned to benefit from the recovery in macros and look forward to healthy progress, both in the near and longer term."

Annexure



Infrastructure

Construction

Automobiles

Energy

Agriculture

APL Apollo Tubes Limited (APL Apollo) Q4 & FY18 Earnings Conference Call

Time	• 4.00 pm IST on Tuesday, May 29, 2018
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Local dial-in numbers	• +91 22 6280 1141 • +91 22 7115 8042
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International Toll Free Number	• Hong Kong: 800 964 448 • Singapore: 800 101 2045 • UK: 0 808 101 1573 • USA: 1 866 746 2133
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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 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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Infrastructure

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Automobiles

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Agriculture

Thank You