

APL APOLLO

January 2020



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Safe Harbour

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.

APL APOLLO OVERVIEW



APL Apollo at a Glance

1

Core Business

Leading building material structural steel brand

14

Brands

Five Product Categories

40%

Market Share

2.5

Million Ton

Structural Steel Capacity

8 Patents

10 Plants

2,079 Employees

790+ Distributors

1,100+ Products

Our Brands

Product Category*

Apollo Structural

Structural steel construction material:
Residential, Commercial, Infrastructure

Fabritech, Build, DFT

Apollo Z

Galvanized structural steel construction material:
Residential, Commercial, Infrastructure

CoastGuard

Apollo Build

Galvanized structural steel construction material:
Residential, Commercial, Infrastructure

Green, Bheem, StrenX

Apollo Standard

Construction material, Industrial

FireReady, Agri

Apollo Tricoat

Home improvement applications

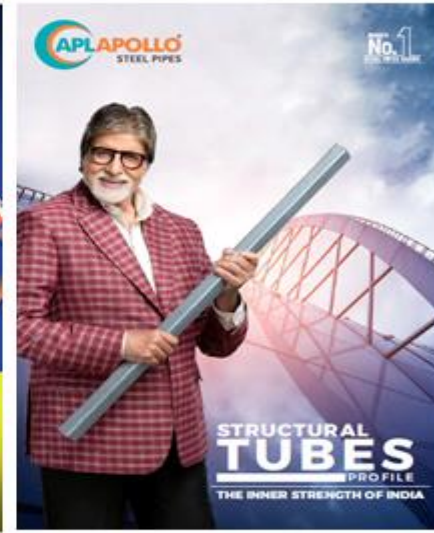
Tricoat, Plank, Signature, Elegant, Chaukhat

68% Building Material

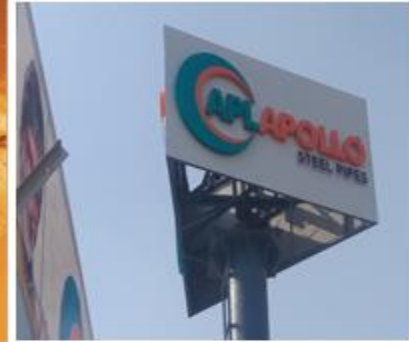
32% Infrastructure & Others

*Apollo Structural -Hollow Section, Apollo Z- Pre Galvanized (GP), Apollo Build – Galvanized (GI), Apollo Standard – Black Pipes

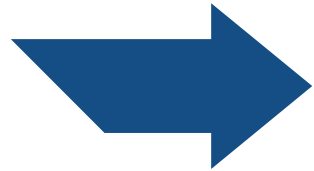
Brand Equity



Brand Equity

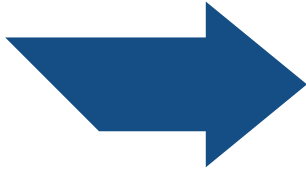


B2C Channel



Distributors

790+ Distributors – Solid Relationships, Incentive plans



Retailers

50,000+ Retailers – Retailer bonding program



Fabricators

100,000+ Fabricators – Apollo Connect Bonding Programs, Fabricator meets to promote APL Apollo Brand



End Consumer

End Customer Connect– Indian Premier League, Football, Kabaddi League. Amitabh Bachchan Campaign, TV Commercials, Radio, Social Media

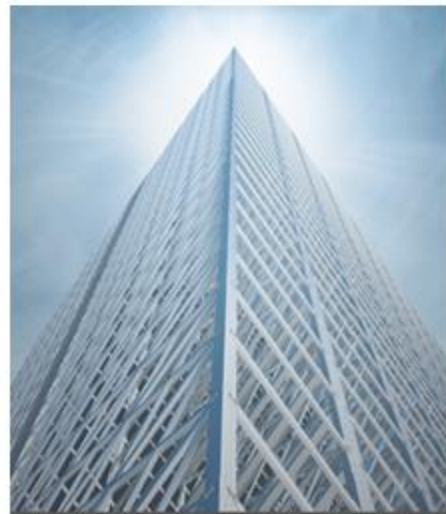


STRUCTURAL STEEL APPLICATIONS





Structural Steel Applications



Structural Steel Applications



CORE COMPETENCE

Our Business Moat...

Most products
with 1,100 SKUs

Highest scale with 11 plants
(2.5Mn ton capacity)

Largest sales network
(790+ distributors)



Lowest cost producer
(largest buyer of HR coil)

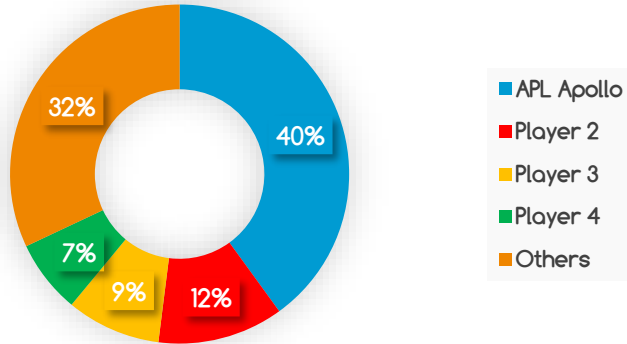
Premium pricing to peers
(brand strength)

Technology edge &
Innovation

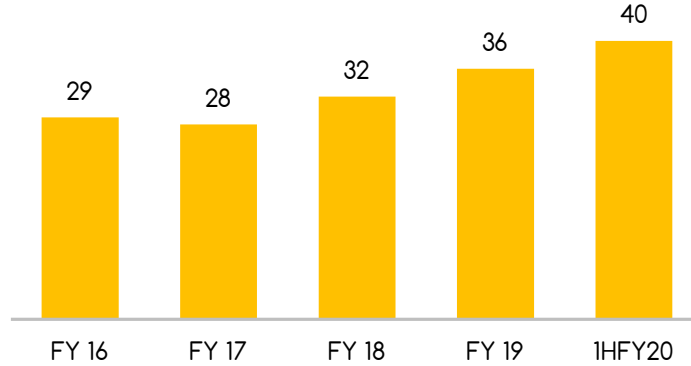
Lowest lead time to Distributors

Dominant Leadership

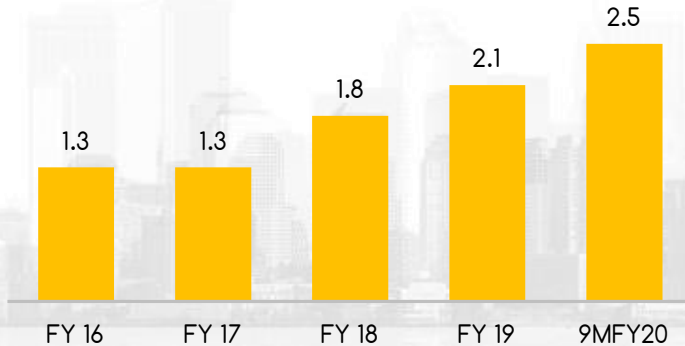
Peer Market Share FY19



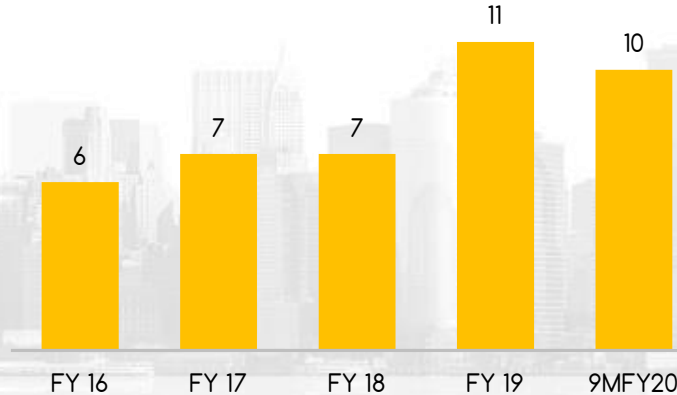
APL's Market Share (%)



Capacity (Mn Tons)



Number of Plants



One plant converted into warehouse for better efficiency

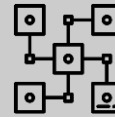
Unique Capabilities



Developed structural
steel
market in India



Technology



Distribution
network



Innovative
products

First Mover advantage

No.1 Leader; Focused on
steel strength and
building material
applications

Direct Forming Technology
for big structural products

In-line Galvanizing to
replace traditional
products

B2C channel for last
mile penetration

Ground breaking
solutions

Roofing solutions for
coastal market, door
frame

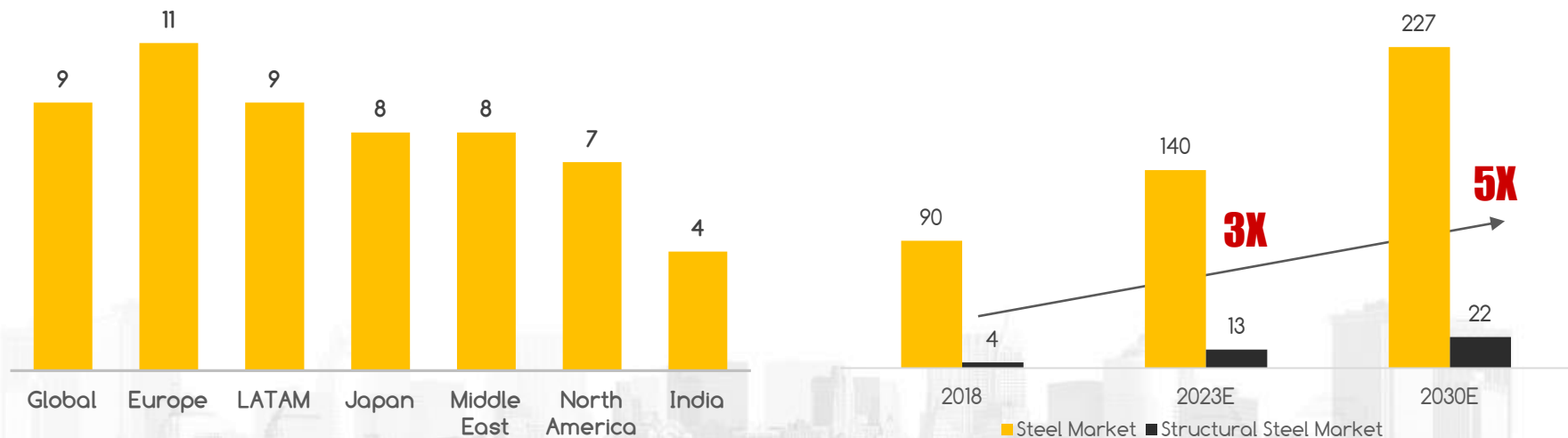
EXCITING FUTURE



India at the start of Structural Steel Usage

Structural Steel Market as % of Steel Market (2018)

Potential Structural Steel Market in India (Mn Tons)



India has huge structural steel based construction potential

Note: Structural Steel is 4Mn ton market size, out of total ERW market size of 6Mn ton (balance is water transportation)

Source: Company data and Industry research

Structural Steel essential for new age construction

Growth Drivers

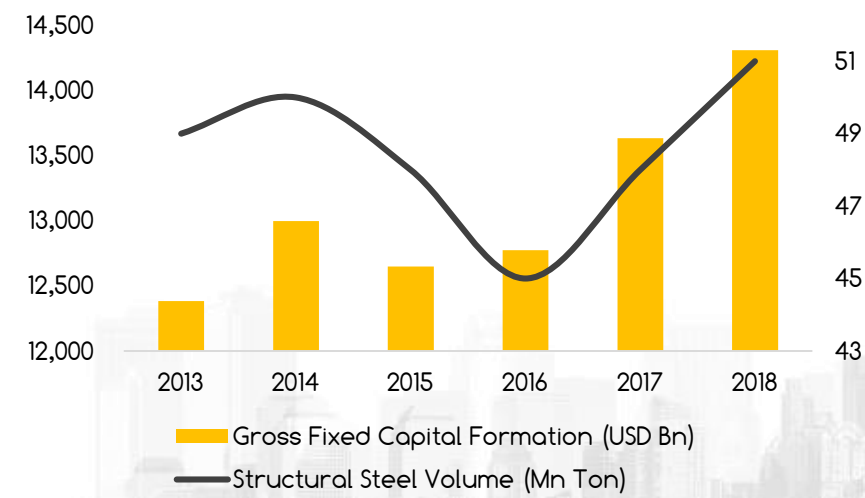
- Growing vertical model of development
 - Increased Spending on Skyscrapers
- Higher expenditure on infrastructure
 - Highways, bridges, flyovers & public utilities
- Growth in E-commerce/Warehouse construction demand
- Consumer preference for better quality residential construction
- Rising need for housing due to population explosion
- Ability to replace wood gives it an edge

Benefits

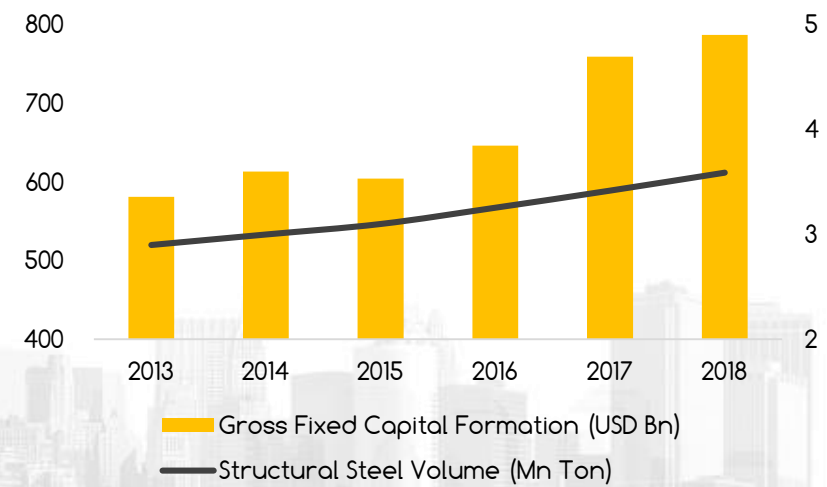
- Environmental friendly
 - Recyclable & lower greenhouse gas emission
- No underwater usage unlike conventional method
- Highly durable, sustainable, fire resistant & easy to repair
- Swift erection speed helping in lower overhead costs
- Elevated stress bearing capacity
- Excellent Strength to Weight Ratio
- Light weight

Structural Steel Market expansion linked to construction activity

Global Structural Steel Market expansion

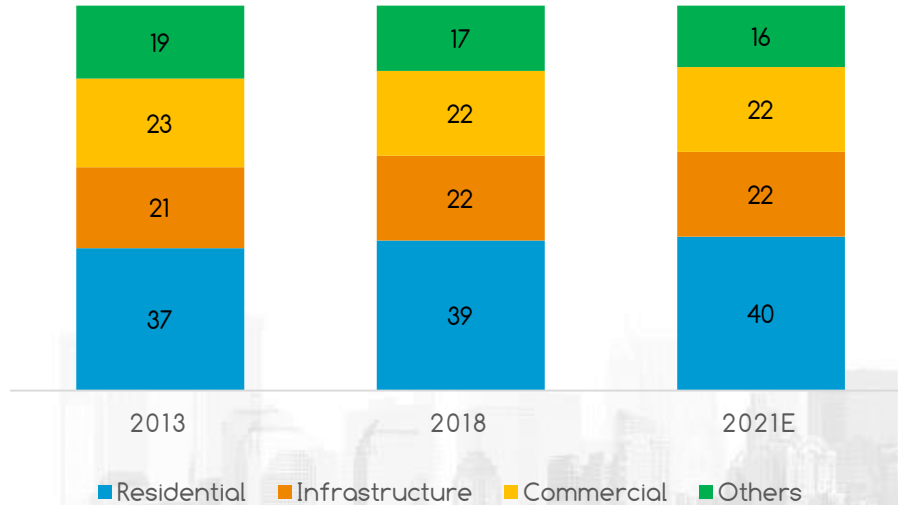


Indian Structural Steel Market expansion

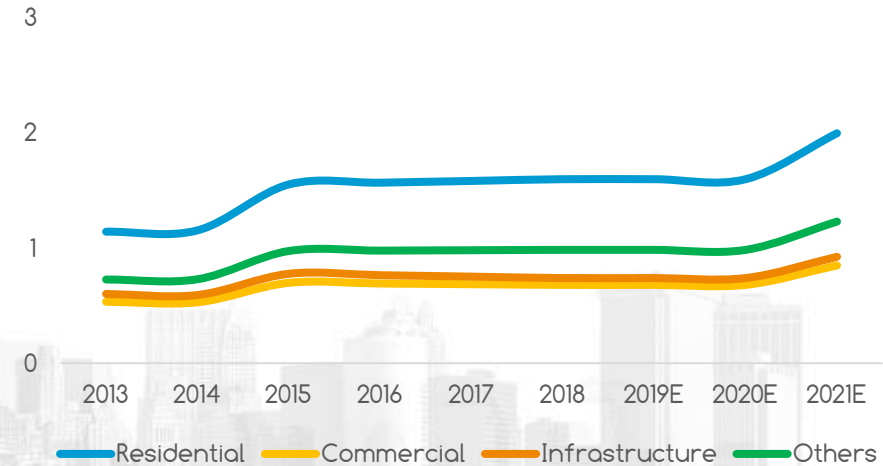


Structural Steel Uses

Global Structural Steel Uses - Segment wise breakup (%)

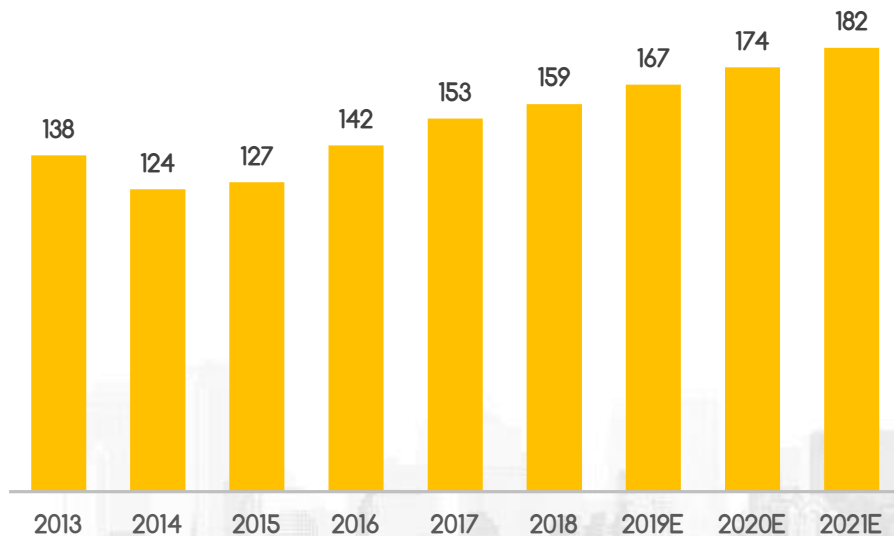


Indian market taking off in all segments (Mn ton)



Structural Steel Market Expansion

Global Structural Steel Market growth forecasts (Mn Ton)



Growth Drivers for India

Rising population accompanied with improvement in living standards

Requirement for strong, durable quality of construction for private residences

Increased spending on construction of infrastructure

Future of Construction



We are ready..

Opportunity Size..

Potential structural steel market size of:

- ✓ 13Mn ton by 2023
- ✓ 22Mn by 2030

Where we are..

- ✓ 9MFY20 sales volume was 1.2Mn ton
- ✓ Current capacity is 2.5Mn ton
- ✓ Future capacity addition linked to market potential

Our strengths..

- ✓ New innovative products
- ✓ Branding
- ✓ Fixed costs of unutilized capacity factoring in
- ✓ Low gearing
- ✓ Solid FCF generation

On path of Premiumization..

1

Moving towards
solution driven
offerings and heavy
weight structural steel
tubing products for
large real estate and
infra projects

2

Focusing on products which
are aesthetically appealing
and command premium

4

Leveraging APL Apollo
brand equity

3

Consumer centric
approach

5

Innovative sizes/new
applications where
competition is behind curve

FINANCIAL PRIORITIES & PERFORMANCE

Financial Priorities under Strong Governance

Growth

- Profitable Organic Growth
- EPS accretive strategic acquisitions
- Commitment to R&D and Talent



Earnings

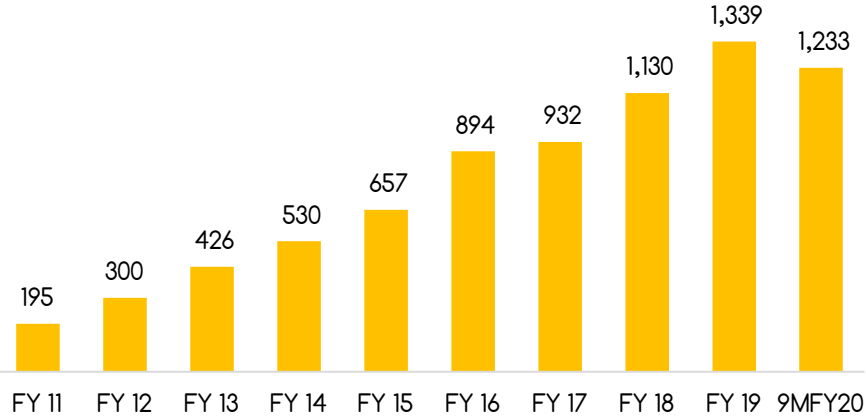
- Drive sustainable EPS growth
- Attain earnings objectives across economic cycles
- ROCE $\geq$ 25%

Capital Allocation

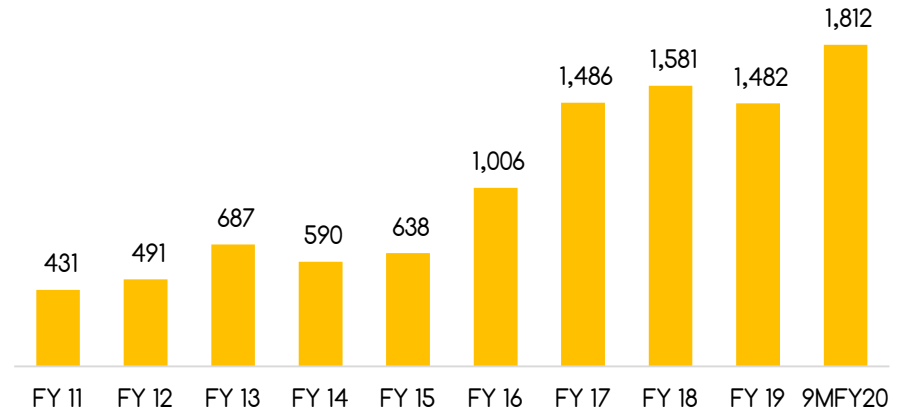
- Focus on Free Cash Flow Generation
- Sound Leverage and Working Capital Ratio
- Consistent dividend payouts to shareholders

Growing Strength to Strength

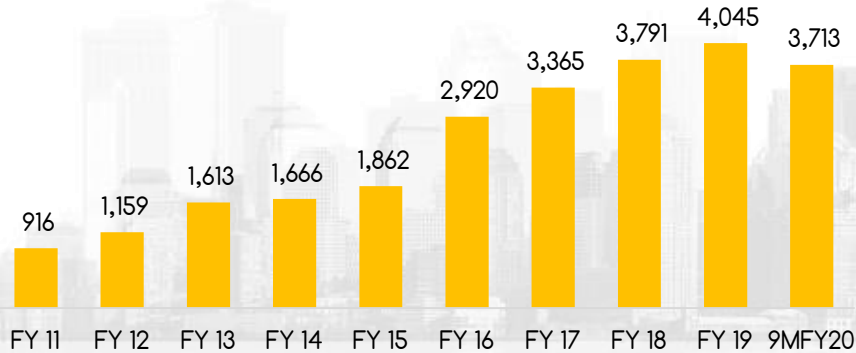
Volume (000's Ton)



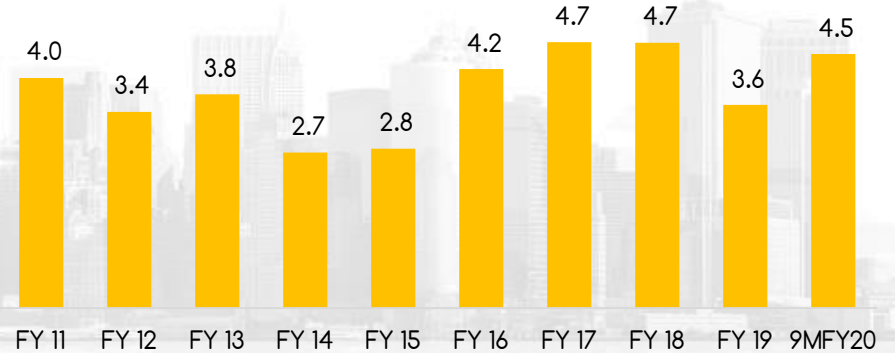
PAT (Rsm)



EBITDA (Rsm)



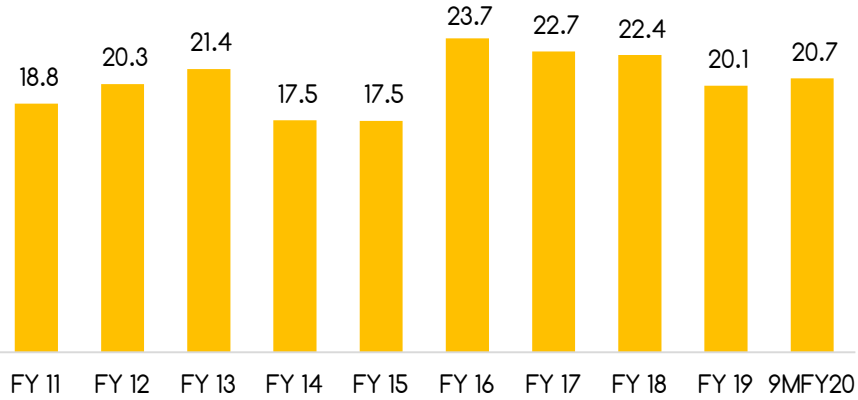
Interest Coverage Ratio (x)



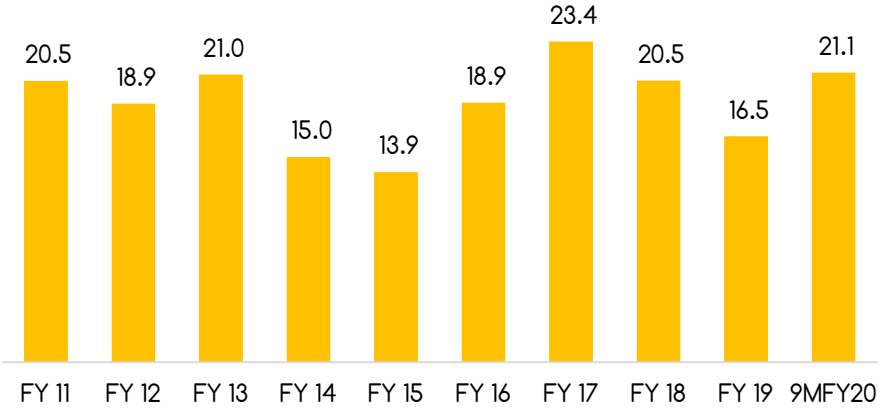
Note: This data is based on the Consolidated Financial data of the Company

Growing Strength to Strength

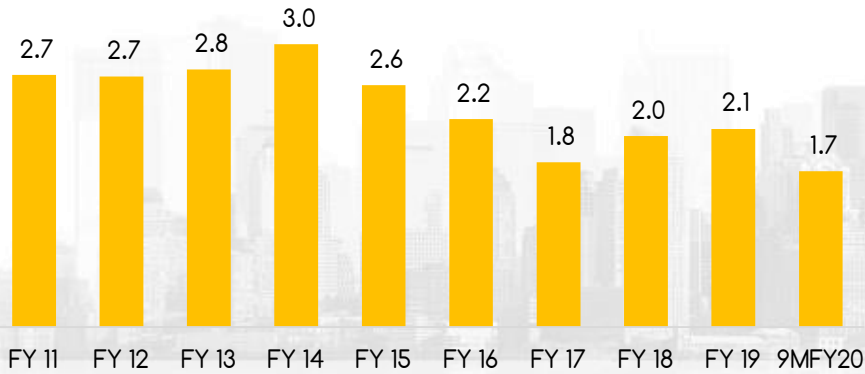
ROCE (%)



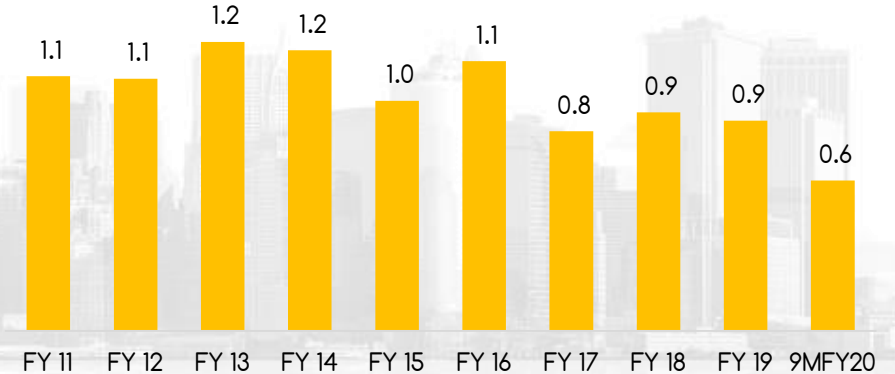
ROE (%)



Debt to EBITDA (x)



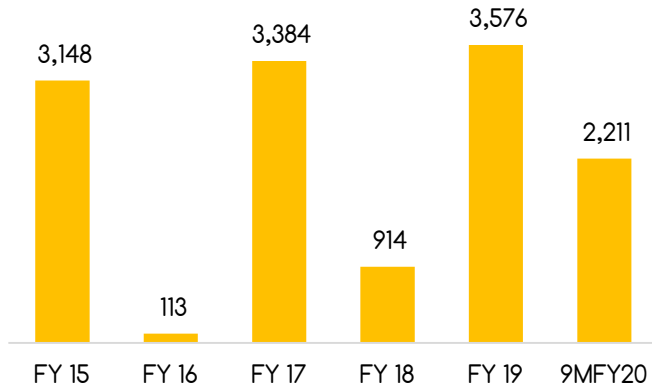
Debt to Equity (x)



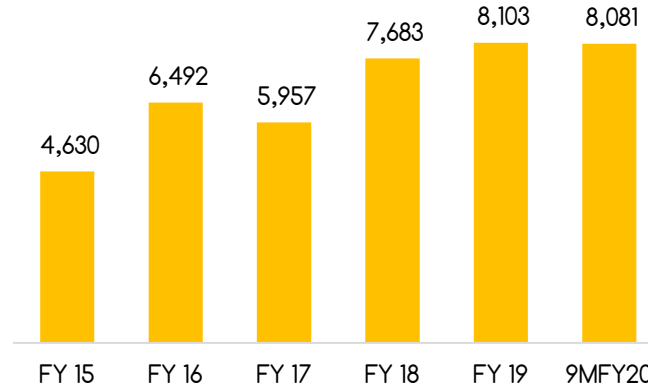
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Growing Strength to Strength

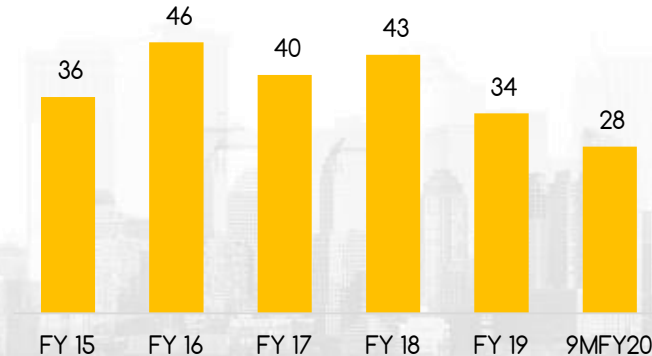
Operating Cash flow (Rsm)



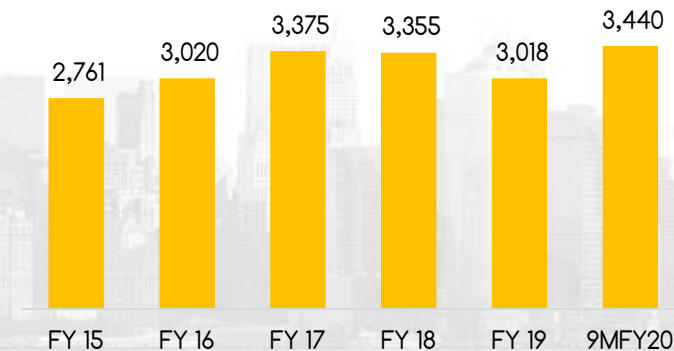
Net Debt (Rsm)



Net Working Capital Days (x)



EBITDA per ton (Rs)



Note: This data is based on the Consolidated Financial data of the Company

Growing Strength to Strength

Particulars	FY15	FY16	FY17	FY18	FY19	9MFY20	Growth Y-o-Y	CAGR (FY15-19)
Sales Volume ('000 ton)	657	894	931	1,130	1,339	1,233	34%	26%
Apollo Structural	248	426	475	614	766	681		
Apollo Z	148	160	189	241	283	240		
Apollo Tricoat						75		
Apollo Build	91	115	117	111	92	74		
Apollo Standard	170	194	151	164	198	163		
EBITDA (Rsm)	1,862	2,919	3,328	3,790	4,045	3,713	41%	22%
EBITDA (Rs/ton)	2,761	3,020	3,328	3,355	3,018	3,440		
PAT (Rsm)	638	1,006	1,461	1,581	1,483	1,811	108%	19%

Network expansion

No of Distributors	375	600	600	650	790	790+
No of Plants	6	6	7	7	11	10

Note: 1) Apollo Structural -Hollow Section, Apollo Z- Pre Galvanized (GP), Apollo Build – Galvanized (GI), Apollo Standard – Black Pipes

2) This data is based on the Consolidated Financial data of the Company

Financial Performance

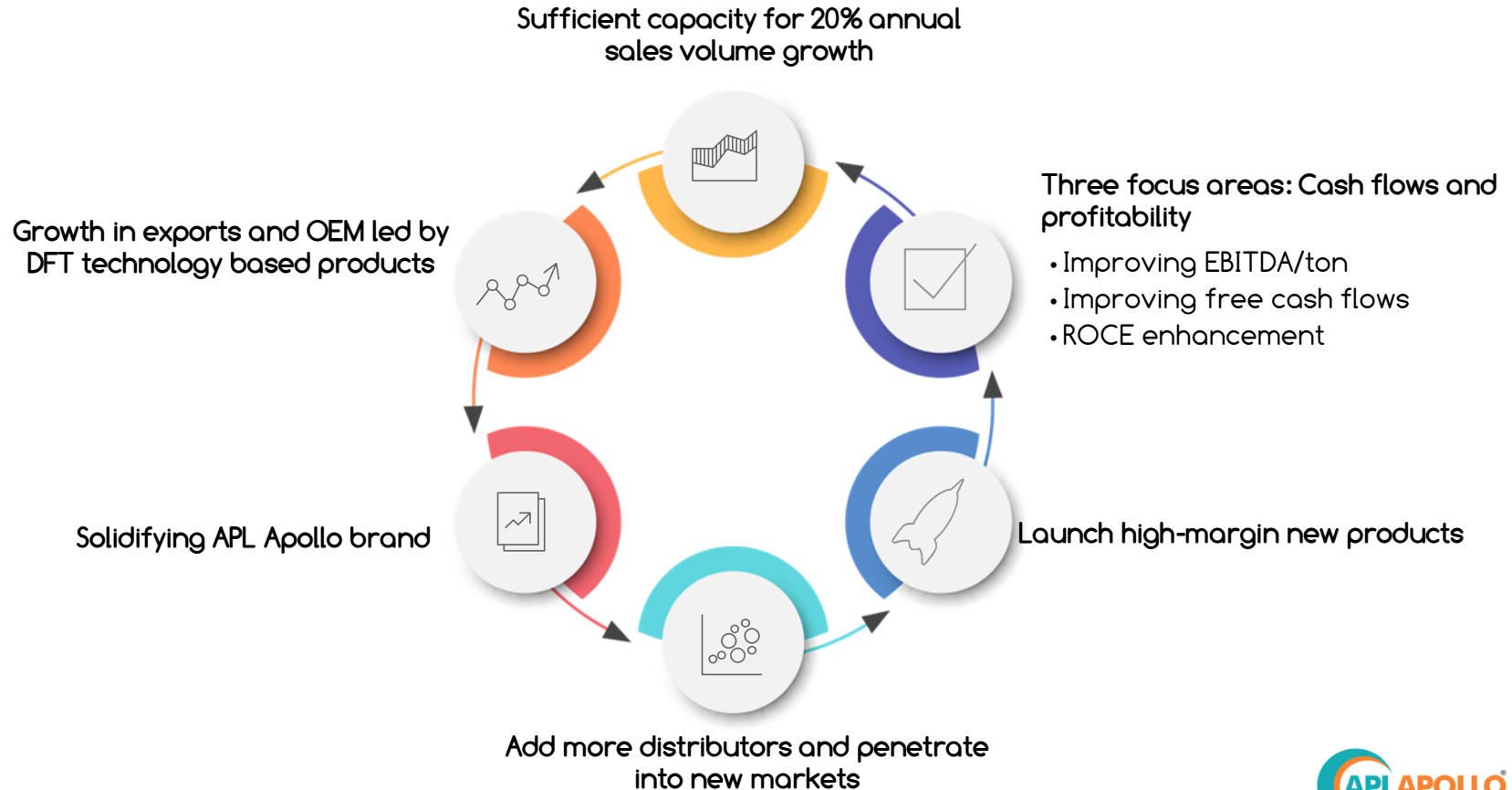
P&L (Rsm)	FY19	9MFY20	Q3FY20
Sales Volume (000s Ton)	1,339	1,233	480
Revenue	71,640	58,486	21,205
EBITDA	4,045	3,713	1,652
EBITDA/Ton	3,020	3,012	3,440
Depreciation	643	704	262
Interest	1,134	832	281
Tax	787	225	277
Net Profit	1,482	1,952	832
Minority Interest	-	141	90
Actual Net Profit	1,482	1,811	742
ROCE (%)	20.1	20.7	
ROE (%)	16.3	21.1	

Balance Sheet (Rsm)	FY19	1HFY20
Net Worth	9,641	11,421
Non Controlling Interest	-	897
Total Debt	8,581	9,036
Other Non-Current Liabilities	1,783	1,676
Total	20,005	23,030
Non-Current Assets	12,953	17,613
Net Working Capital	7,052	5,417
Total	20,005	23,030
Working Capital Days	34	24

Note: This data is based on the Consolidated Financial data of the Company

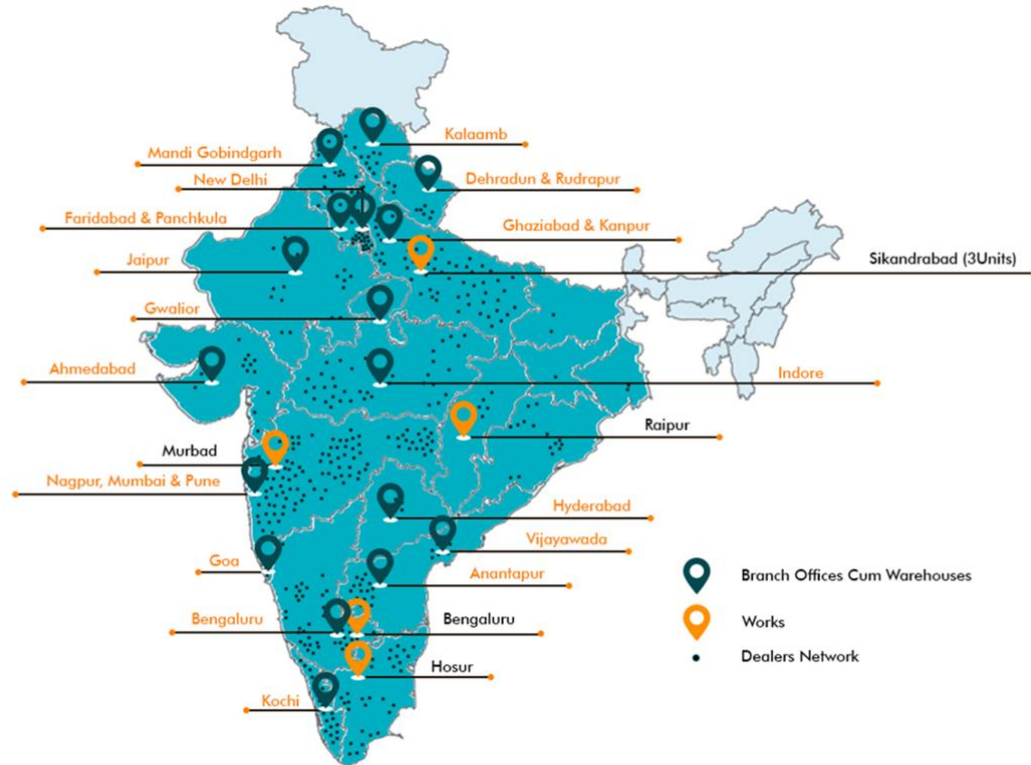
KEY TAKEAWAYS

Solid Future Outlook



Enhancing Presence and Unlocking Opportunities

Local Market Presence aided by 3-tier Distribution and Solid Supply Chain Mechanism



790+

Distributors

50,000+

Retailers and
Fabricators

300

Towns and
Cities

ESG Initiatives

Environment

- ✓ Mapping energy consumption trends to achieve energy optimisation benchmark
- ✓ Using wind and solar energy to reduce carbon emissions
- ✓ Target to equip all the units and buildings with rooftop solar panels
- ✓ Achieved 20% reduction in wastages through operational efficiency
- ✓ Water recycling already in practice
- ✓ Focused to reduce overall water consumption and pollutants
- ✓ Increasing the greenery cover around all plants
- ✓ Coil stacking system to enhance safety guidelines and flexibility of operations
- ✓ Installed effluent treatment plants for the prevention of water pollution

Social

- ✓ Committed to impart skill development and employment
- ✓ Recruitment of rural youth for local sales operations
- ✓ Funds for education, healthcare and community infrastructure development projects for marginalized communities
- ✓ Made contribution to: Prime Minister's National Relief Fund for Education of Poor Children, World Hope Foundation, U.P. Science Centre and Bharat Lok Shiksha Parishad
- ✓ Association in compliance to the provisions of Companies Act, 2013 relating to Corporate Social Responsibility

Governance

- ✓ No pledge of promoter shares
- ✓ Deloitte for statutory audit and Ernst & Young for internal audit
- ✓ Regular quarterly analyst calls post results
- ✓ 5 non-executive board members out of 9
- ✓ Remuneration of promoter was 2% of the net profit in FY19 (below the threshold of 10%)
- ✓ No treasury operations

Solid Management

Directors (Non Executive)

Neeru Abrol

Director at TCNS Clothing Co Limited & others | Awarded best achiever by ICAI | 26 Yr experience in SAIL

Abhilash Lal

3 decades of professional experience in senior roles across financial services including banking, PE & others

Anil Kumar Bansal

Director of NABARD, Rockland Finesto Ltd & others
4 decades of experience in banking industry

Virendra Singh Jain

Board member of Dalmia Bharat Ltd |
Ex-Chairman of SAIL | Ex-Executive Director at IOC

Ashok Kumar Gupta

Steel industry veteran with 4 decades of experience
Worked as MD in APL Apollo in the past

Executive Team

Sanjay Gupta

Chairman & Managing Director

Vinay Gupta

Director

Romi Sehgal

Director

P.K. Singh

Executive Director

Arun Agrawal

Chief Operating Officer

Deepak Goyal

Chief Finance Officer

Anubhav Gupta

Chief Strategy Officer

Thank You

For further information, please contact:

Deepak Goyal

APL Apollo Tubes Ltd

Tel: +91 120 404 1400

Email: deepakgoyal@aplapollo.com

Anubhav Gupta

APL Apollo Tubes Ltd

Tel: +91 120 404 1452

Email: anubhav@aplapollo.com