



APL/SECT/DLH/SE: 2016-17

28th January 2017

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: Investor Update for the quarter ended 31st December 2016

Enclosed herewith please find copy of Investor Update of the Company highlighting the performance of the Company during the quarter and nine months ended 31.12.2016.

We request you to kindly take the above information on your 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.



Q3 & 9M FY17 Earnings Presentation

January 28, 2017

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.



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Operational & Financial Highlights Q3 & 9M FY2017



Infrastructure

Construction

Automobiles

Energy

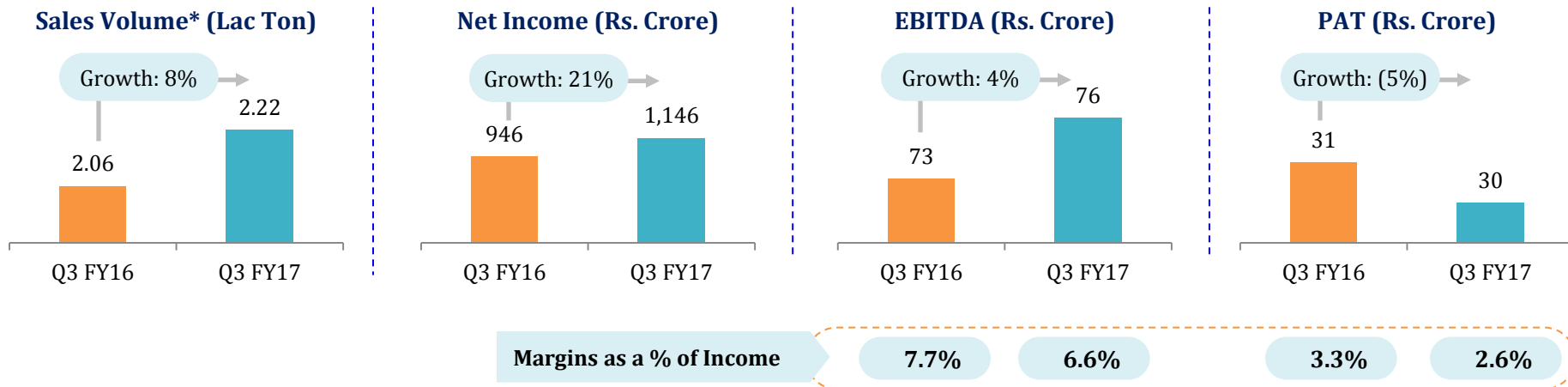
Agriculture



Q3 FY17 – Performance Highlights



APL Apollo delivers a steady quarter despite macro-economic challenges



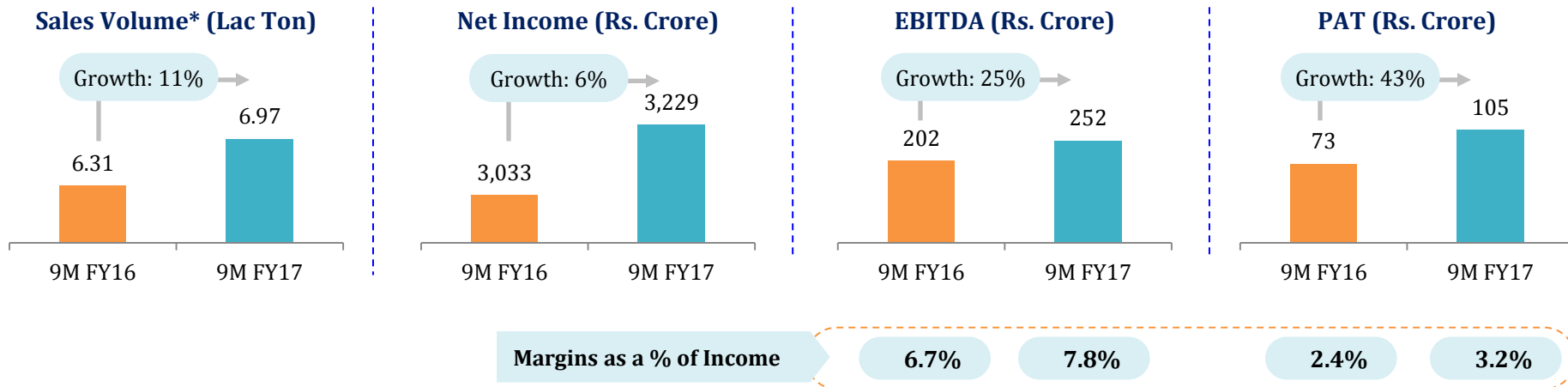
- Sales Volume (excluding Trading & Scrap) improves by 8% to 2.22 Lac Tons from 2.06 Lac Tons
- Net sales (Manufacturing) stood at Rs. 946 crore as compared to Rs. 749 crore despite a challenging macro-economic environment



*Excluding Trading & Scrap

9M FY17 – Performance Highlights

Delivers a healthy 9M performance backed by strategic operational progress & robust financials



- Sales Volume (excluding Trading & Scrap) improved by 11% to 6.97 Lac Tons from 6.31 Lac Tons
- Net sales (Manufacturing) increased by 10% to Rs. 2,811 crore from Rs. 2,552 crore in 9M FY16
- PAT marked a significant improvement of 43% to Rs. 105 crore in 9M FY17

Key Developments

Strong emphasis on developing innovative steel structural products – Received Patents for 6 Product Designs taking the total to 7 in-house design patents

- Received patents from the Indian Patent Office for six new product designs, including four designs of Hollow Section pipes. The cutting-edge designs will hold a patent for a period of 10 years, with a facility to further extend it for an additional period of 5 years
- Shift from Commodity to Value-added Branded Player - Currently, over 70% of the total product portfolio comprises of niche value-added products which have limited competition

Notable development at four upcoming 'Direct Forming Technology' (DFT) facilities – all units to be commissioned by FY18 - First Company to introduce the world's latest tube making Technology in India

- Adding 500,000 MTPA capacity lines of new DFT technology mills at the existing sites in Sikandarabad (North – 125,000 MTPA), Hosur (South – 125,000 MTPA), Murbad (West – 125,000 MTPA) and Raipur (Upcoming – East – 125,000 MTPA)
 - Earmarked Rs. 125 crore of capex for DFT Technology
 - Hosur Line to be operational by Q4 FY17
- High quality customized shapes and sizes of products, achieved through DFT, to significantly expand addressable market
- The technology, unlike conventional technologies, will translate into huge cost-savings and better productivity at both the customer and Company level



Key Developments

Upcoming Greenfield facility at Raipur, Chhattisgarh is progressing well – First line to be operational in the coming months

- Strategically located facility of 325,000 MTPA capacity will significantly strengthen the Company's PAN India presence
- Facility to include 125,000 MTPA capacity of DFT

Appoints Mr. Virendra Singh Jain as an Additional Independent Director of the Company

- Step towards notably strengthening the Board of Directors
- Mr. Jain is the Ex-Chairman of Steel Authority of India, Ex-Member of Public Enterprises Selection Board and held other senior positions.

Wins the 'Fastest Growing Manufacturing Company' award at the IPF Industrial Excellence Awards

- Industrial Products Finder (IPF) is India's largest circulated industrial magazine and hosted its first ever IPF Industrial Excellence Awards at World of Industry (WIN) India in Mumbai
- The award underscores APL Apollo's commitment towards growth and operational excellence



Abridged P&L Statement

Particulars (Rs. crore)	Q3 FY17	Q3 FY16	Y-o-Y Shift	9M FY17	9M FY16	Y-o-Y Shift
Income from Operations						
Net Manufacturing Sales	945.91	748.77	26%	2,811.15	2,552.35	10%
Trading Sales	200.21	197.45	1%	417.98	480.72	-13%
Total Income From Operations (Net)	1,146.12	946.22	21%	3,229.13	3,033.07	6%
Total Expenditure						
Raw Material expenses	964.60	781.31		2,670.02	2,585.44	
Employee benefits expense	18.3	14.57		55.15	42.83	
Other expenses	85.49	79.72		254.14	208.6	
EBIT Before Other Income	77.73	70.62		249.82	196.2	
Other Income	-1.57	2.55		2.08	5.93	
EBITDA	76.16	73.17	4%	251.90	202.13	25%
EBITDA margin (%)	6.65	7.73		7.8	6.66	
Finance Costs	17.66	18.38	-4%	51.95	51.27	1%
Depreciation and Amortization	10.98	8.16	35%	38.02	23.06	65%
Exceptional item	-	-		-	17.61	
PBT	47.52	46.63	2%	161.93	110.19	47%
Tax expense	17.96	15.49	16%	57.27	37.13	54%
PAT	29.56	31.14	-5%	104.66	73.06	43%
PAT margin (%)	2.58	3.29		3.24	2.41	
Diluted EPS (Not annualized)	12.58	13.29	-5%	44.54	31.17	43%



Key Financial & Operational Parameters



Particulars	Q3 FY17	Q3 FY16	Y-o-Y Shift	9M FY17	9M FY16	Y-o-Y Shift
EBITDA Margin	6.65	7.73	-109	7.8	6.66	114
EBITDA Margin Manufacturing	7.93	8.92	-99	8.54	7.28	127
EBITDA Margin Trading	0.59	3.2	-261	2.82	3.18	-37
Profit Before Tax	4.15	4.93	-78	5.01	3.63	138
Net Margin	2.58	3.29	-71	3.24	2.41	83
Total Expenditure / Total Operating Income	93.22	92.54	68	92.26	93.53	-127
Raw Material Cost / Total Operating Income	84.16	82.57	159	82.69	85.24	-256
Staff Cost / Total Operating Income	1.6	1.54	6	1.71	1.41	30
Other Expenditure / Total Operating Income	7.46	8.43	-97	7.87	6.88	99
Interest & Finance Charges / Sales	1.54	1.94	-40	1.61	1.69	-8
Tax Rate	37.79	33.22	458	35.37	33.7	167



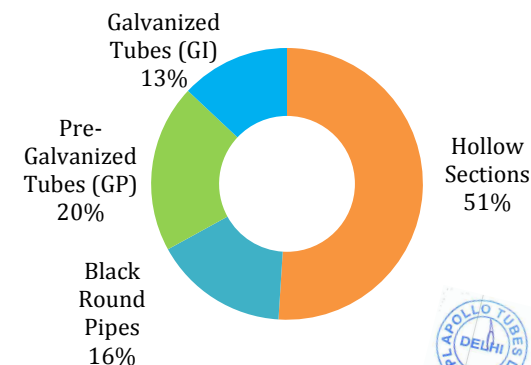
Key Financial & Operational Parameters

Sales Volume Break-up

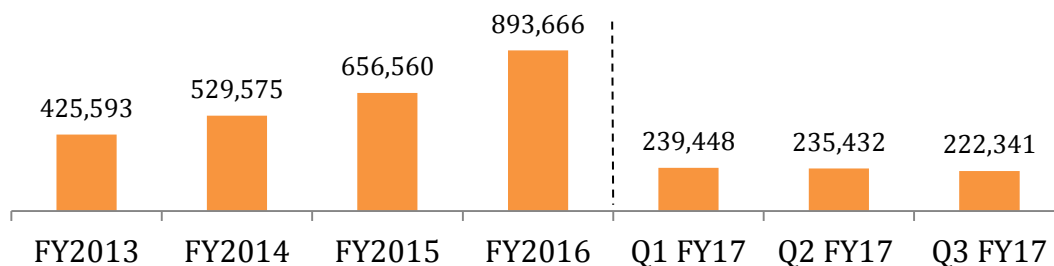
Particulars (Tons)	Q3 FY17	Q3 FY16	Y-o-Y Shift	9M FY17	9M FY16	Y-o-Y Shift
Hollow Sections	112,708	100,456	12%	353,141	300,334	18%
Black Round Pipes	33,945	41,765	-19%	114,443	129,703	-12%
Pre-Galvanized Tubes (GP)	46,197	37,125	24%	140,965	119,238	18%
Galvanized Tubes (GI)	29,491	26,798	10%	88,672	81,685	9%
Others*	12,982	11,167	16%	35,208	39,388	-11%
Total	235,323	217,311	8%	732,429	670,348	9%

*Trading & Scrap

Sales Volume Break-up – 9M FY17



Sales Volume (Tons) (excluding Trading & Scrap)



- Sales Volume (excluding Trading & Scrap) improves by 8% to 2.22 Lac Tons from 2.06 Lac Tons
- The demonetization drive had an adverse impact on the commoditized product like Black pipe
- However, higher focus towards value-added products, Exports, OEM and new markets helped safeguard overall volume growth to a certain extent

Key Financial & Operational Parameters

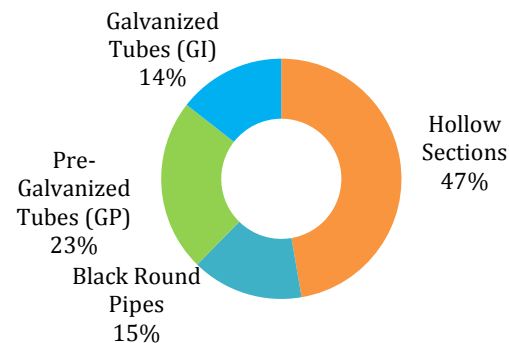
Realizations (after adjusting inter-company)

Particulars (Rs. / Ton)	Q3 FY17	Q3 FY16	Y-o-Y Shift	9M FY17	9M FY16	Y-o-Y Shift
Hollow Sections	38,616	33,012	17%	36,698	36,869	0%
Black Round Pipes	37,904	32,612	16%	36,015	36,221	-1%
Pre-Galvanized Tubes (GP)	46,931	40,262	17%	45,107	44,003	3%
Galvanized Tubes (GI)	46,556	41,012	14%	44,634	44,228	1%
Others*	21,518	19,311	11%	20,283	22,669	-11%

Product-wise Revenue Break-up

Particulars (Rs. crore)	Q3 FY17	Q3 FY16	Y-o-Y Shift	9M FY17	9M FY16	Y-o-Y Shift
Hollow Sections	435.23	331.62	31%	1,295.95	1,107.31	17%
Black Round Pipes	128.66	136.2	-6%	412.17	469.8	-12%
Pre-Galvanized Tubes (GP)	216.81	149.47	45%	635.85	524.68	21%
Galvanized Tubes (GI)	137.3	109.9	25%	395.77	361.28	10%
Others*	27.93	21.56	30%	71.41	89.29	-20%
Total	945.93	748.77	26%	2,811.15	2,552.35	10%

Product-wise Revenue Break-up – 9M FY17



Financial Overview and Discussion



- **Total Net Income expands by 21% to Rs. 1,146.12 crore in Q3 FY17 despite the Demonetization scheme**
 - Net sales (Manufacturing) stood at Rs. 945.91 crore as compared to Rs. 748.77 crore in Q3 FY16, higher by 26% Y-o-Y
- **In 9M FY17, Sales Volume (excluding Trading & Scrap) increased by 11% to 6.97 Lac Tons from 6.31 Lac Tons**
 - Hollow section sales volume grew by 18% in 9MFY17; Sales Volume from Galvanized Tubes (GI) and Pre-Galvanized Tubes (GP) up by 9% and 18%, respectively
 - FY17 expected to be a steady year given unforeseen headwinds – growth to accelerate from FY18 onwards
- **During the quarter, Sales Volume (excluding Trading & Scrap) improved by 8% to 2.22 Lac Tons from 2.06 Lac Tons**
 - Slowdown witnessed during quarter had limited impact on value-added products
 - Sales Volume from Galvanized Tubes (GI) and Pre-Galvanized Tubes (GP) up by 10% and 24%, respectively
- **In-line with management's focus on Exports and OEM segments, the Company reported higher sales volume contribution during the quarter**

Exports (Tons)					
Q3FY16	Q3FY17	Growth	9MFY16	9MFY17	Growth
9,333	12,516	34%	27,168	43,750	61%

OEMs (Tons)					
Q3FY16	Q3FY17	Growth	9MFY16	9MFY17	Growth
2,949	8,727	196%	10,282	16,223	58%

- **Realizations across product categories witnessed improvement owing to higher steel prices – any change in steel prices are passed onto the customers**



Financial Overview and Discussion



- **Total EBITDA in Q3 FY17 improved by 4% Y-o-Y to Rs. 76.16 crore compared to Rs. 73.17 crore**
 - EBITDA margin stood at 6.65% vs 7.73% in Q3 FY16
 - **EBITDA per ton during the quarter was steady primarily due to ramp-up of sales in a subdued market environment. The Company expects an improvement in EBITDA per ton once the overall macro-economic activity picks up in the coming quarters**
- **Interest cost came in lower by 4% Y-o-Y at Rs. 17.7 crore during the quarter**
 - Interest Cost as a % of Sales (Interest Cost/Sales) reduced to 1.5% as against 1.9% in Q3 FY16
- **Depreciation stood at Rs. Rs. 11.0 crore in Q3FY17 as against Rs. 8.2 crore in the corresponding period last year**
 - In 9M FY17, Depreciation stood at Rs. Rs. 38.0 crore as against Rs. 23.1 crore in the corresponding period last year
 - The increase was primarily owing to fresh Capitalization on account of new capacities going online. Also, in consultation with statutory auditors and technical experts, the Company did physical verification of fixed assets on a half yearly basis which also led to higher depreciation
 - Depreciation charge to increase once new capacities go on-line from Q4FY17 onwards
 - As utilization levels at new capacities improve and start contributing to the performance, additional costs will be absorbed seamlessly
- **In Q3 FY17, Net Profit after Tax stood at Rs. 29.56 crore as compared to Rs. 31.14 crore in Q3 FY16**
 - PAT margin stood at 2.58% in Q3 FY17



Commenting on the Company's performance for Q3 & 9M FY2017, Mr. Sanjay Gupta, Chairman, APL Apollo said,

"Our performance during the quarter was steady especially given the challenging external environment owing to the Demonetization drive. We are pleased with the traction we have witnessed in Exports, OEM and new markets, which is in-line with our increasing focus on these segments. So the impact of the slowdown has been limited due to these steps taken by the Company. The economic environment continues to be challenging especially after the demonetization drive. Further, steel prices remain high and volatile, which also impacted the overall demand for steel including steel tubes.

Over the last few years, we have been leveraging on our innovation capabilities to expand our product offerings with an aim to improve our market reach as well as make a distinct mark for our Brand. I am happy to share that we received 6 patents for our products during the quarter taking the total to 7 in-house design patents – cementing our position as a pioneer in developing new products.

As we look ahead, the adverse impact of Demonetization is expected to continue in the short-term. However, in the medium to long-term, we believe, Demonetization along with other such initiatives undertaken by the Central Government will provide huge prospects to organized players such as APL Apollo. Given our leadership position in the sector, we are well poised to leverage on host of opportunities across various sectors of the Indian economy, which should enable us to deliver strong growth going forward."



Company Overview



Infrastructure

Construction

Automobiles

Energy

Agriculture



India's Leading Branded Steel Tubes Manufacturer



Technology-focused Company – at the forefront of launching innovative product offerings

Catering to an array of sectors – Infrastructure, Construction, Automobile, Energy, Agriculture, etc.

Close-to-Demand Pan-India Presence – only player with facilities across North, South, West and East India

Leading the Shift from a Commodity to a Value-Added Branded product

Lowest cost producer in the country – Latest Technology | Economies of Scale | Optimally Utilizing key resources | Management expertise



1.3

MTPA STEEL
PRODUCTION
CAPACITY

36%

PRODUCTION (VOL)
5 YR CAGR

INR
4,656
CRORE

FY16 REVENUE

7

MANUFACTURING
UNITS

400+

DIVERSIFIED
PRODUCT
PORTFOLIO

600+

DISTRIBUTORS
ACROSS INDIA

'One-stop shop' for a wide spectrum of steel structural products

Catering to key sectors of the Indian economy



Infrastructure

- Metros
- Buildings
- Airports
- Ports
- Greenhouses
- Prefabricated
- Smart Cities



Construction

- Conduit
- Support Structures
- Fencing
- Railings
- Cranes
- Green Construction



Automobiles

- Truck & Bus body
- Heavy Vehicle Axles



Energy

- Power
- Water Transport
- Solar plants
- City pipeline



Agriculture

- Agriculture Implements
- Drip Irrigation
- Water Distributor
- Pump & Water Conveyance

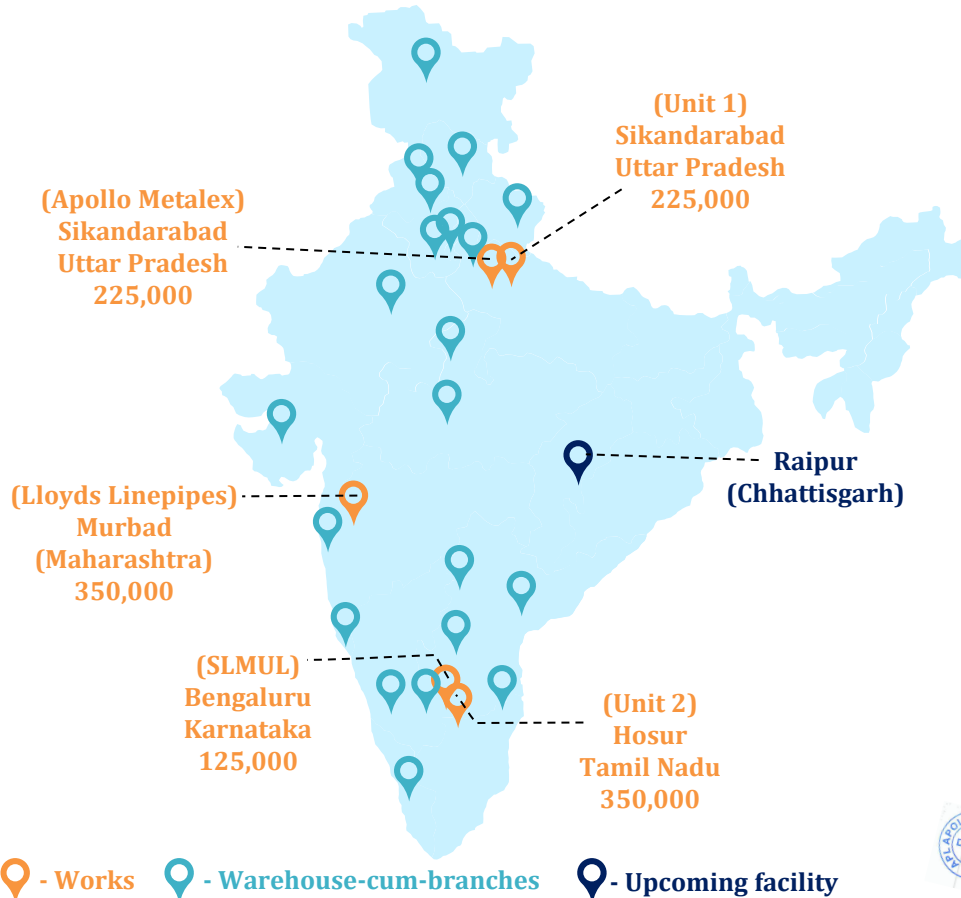
Continuous focus on New Age Industry Applications across high-potential business segments

Strong Government impetus, increasing purchasing power, improving lifestyle dynamics, etc provide a boost to all key sectors of the Indian economy

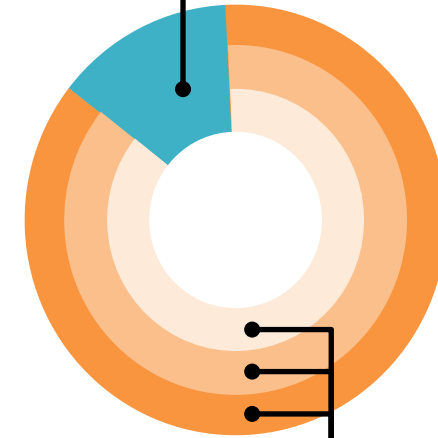
With enormous untapped potential across all major sectors and new age applications, APL Apollo's business model is well-positioned to capitalize on all emerging sectoral trends

Close-to-Demand Pan-India Footprint

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



Direct, 20%

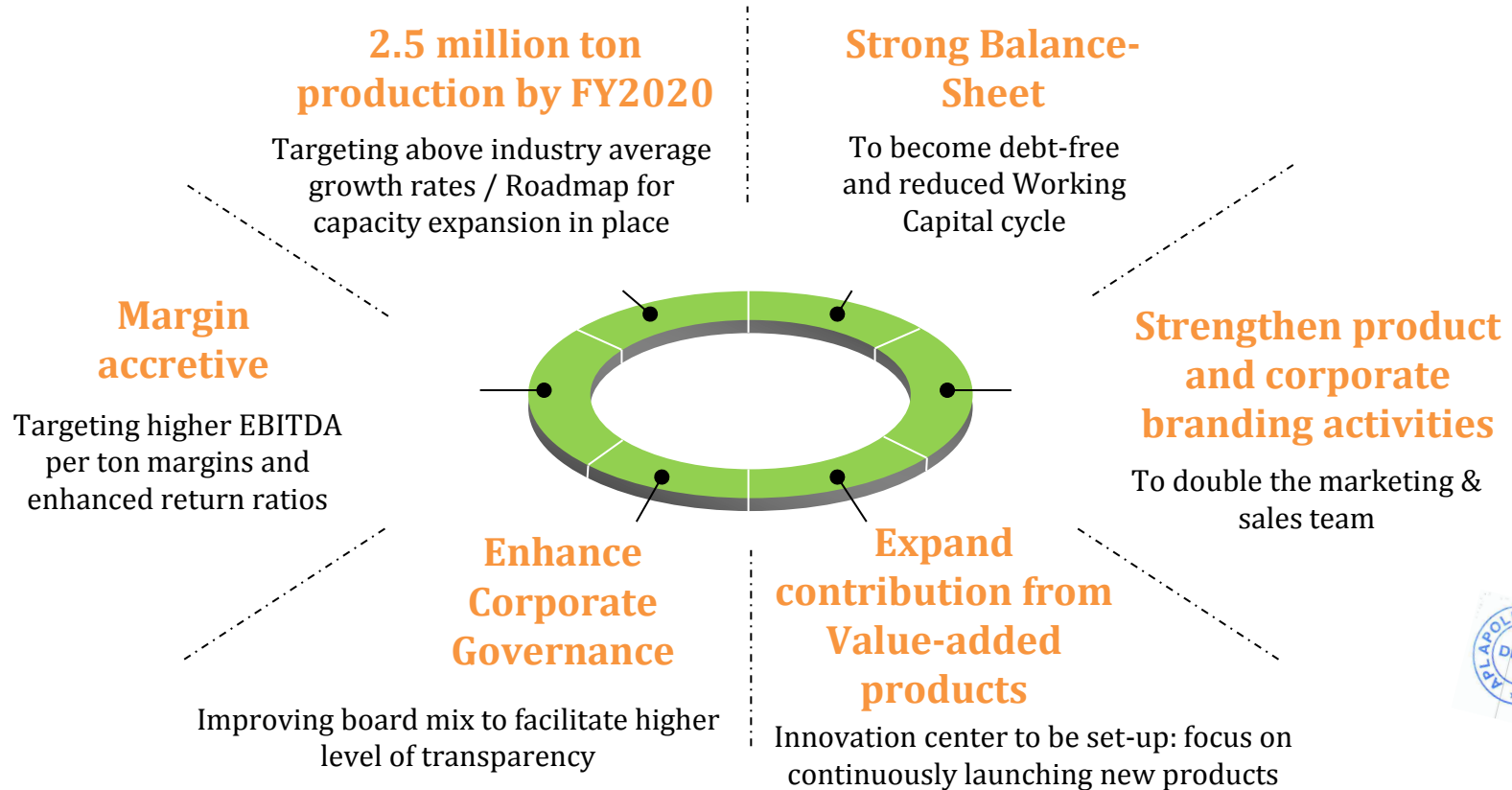


State wise Wholesalers
Retailers
District wise Distributors

Over 600 distributors and 26 warehouses (FY 2016)



Well-defined strategy with tangible targets



Consistently Delivering Strong Performance



Particulars	2007	2010	2012	2015	2016	CAGR
Sales (Rs. Crore)	230	666	1,536	3,482	4,656	40%
EBITDA (Rs. Crore)	15	66	115	186	292	39%
PAT (Rs. Crore)	7	30	49	64	101	35%
Net Worth (Rs. Crore)	16	191	299	495	568	49%
EPS (Rs.)	21	15	23	27	43	
Ratios						
ROCE (%)	55	17	20	18	26	
RONW (%)	33	16	18	14	21	
Production						
Capacity MTPA	80,000	274,000	500,000	1,050,000	1,300,000	36%
Production MTPA	59,000	165,000	294,300	682,193	898,690	35%
Distribution						
No of Distributors	100	150	200	375	600	
No of Plants	2	4	5	6	6	



The 'APL Apollo' Edge



PROFICIENT EXECUTION CYCLE

Best-in-Industry Capacity Utilization across plants, leading to an order book turnaround of ~8 hours

ECONOMIES OF SCALE

Capacity of 1.3 Million MTPA of Steel Pipe – more than double the closest competitor

PIONEER IN INTRODUCING NEW TECHNOLOGIES

High speed (5x) mills from Europe/ Pre-Galvanized Pipes / Direct Forming Technology / In-line Galvanizing

COST ADVANTAGES

Offers a very large product portfolio in low prices via retailer strength and higher volumes

MANUFACTURING EXCELLENCE

State-of-the-art manufacturing facilities enable a higher degree of quality control and efficiency

BEST-IN-CLASS SUPPLY CHAIN

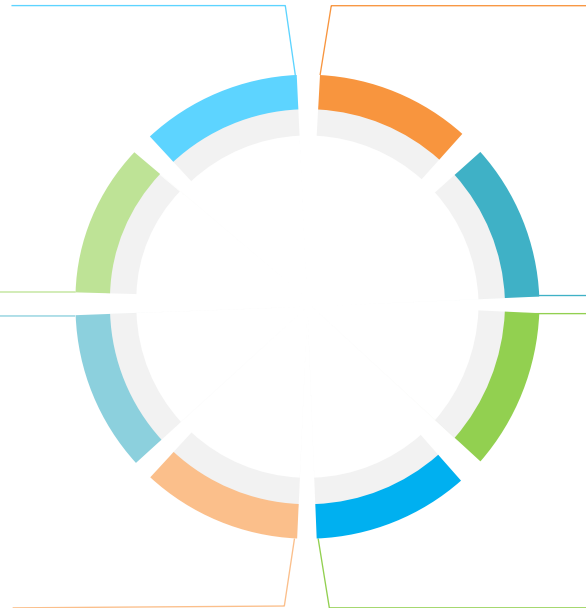
Close-to-demand 3-tier network ensures quicker delivery and service to customers

FINANCIAL STRENGTH

- Strong balance sheet despite aggressive capacity addition
- Net debt-equity ratio at 0.86
- Healthy Return Ratios

INNOVATIVE PRODUCT PORTFOLIO

Only Company in the space offering over 400 varieties of products, along with designs patents for 7 products.



Conference Call Details



Infrastructure

Construction

Automobiles

Energy

Agriculture



Conference Call Details

APL Apollo Tubes Limited (APL Apollo) Q3 & 9M FY17 Earnings Conference Call

Time • 11:00 am IST on Tuesday, January 31, 2017

Local dial-in numbers • Primary number: +91 22 3938 1071

International Toll Free Number

- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 0 808 101 1573
- USA: 1 866 746 2133



Annexure



Infrastructure

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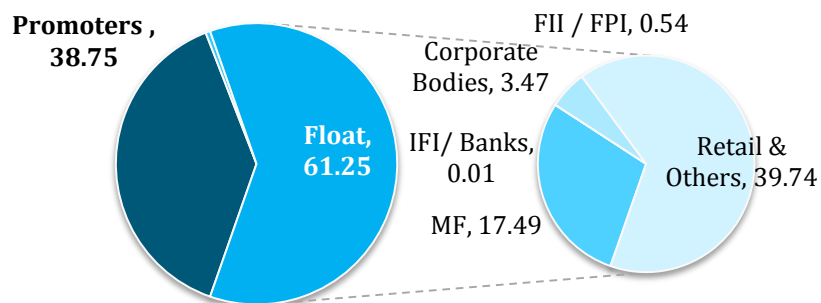


Key Market Statistics

Key Market Statistics	As on December 31, 2016
BSE/NSE Ticker	533758 / APLAPOLLO
Industry	Building Materials / Infrastructure
CMP (Rs.)	915
Market Cap (Rs. Crore)	2,159
Number of outstanding shares (Crore)	2.36
Face Value	10.00
52-week High / Low (Rs.)	1,010/555

Top Public Shareholders (more than 1%)	% held
Kitara	16.3%
IDFC	6.5%
DSP Blackrock	5.9%
HDFC Trustee Fund	4.9%
Emblem FII	3.1%
Sameer Mahendra Sampat	2.4%
Ashish Kacholia	2.3%
Suresh Kumar Agarwal	2.3%

Break-up of Floating Stock (%)



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 1.3 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 400 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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shikha@cdr-india.com



Infrastructure

Construction

Automobiles

Energy

Agriculture

Thank You