



APL/SECT/DLH/SE: 2019-20

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BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai-400001

NSE Symbol : APLAPOLLO

Scrip Code : 533758

Dear Sir/Madam,

Re: Press Release

Enclosed herewith please find copy of Press Release being made by the Company today titled "Q1 FY 2020".

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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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 Limited

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Q1FY2020

Strong start to the fiscal

*Total sales volume higher by 29% at 3.89 lakh ton
Net Revenues increases by 24% to Rs. 2,071.6 crore
EBITDA higher by 15%; EBITDA per ton at Rs. 3,334.5*

New Delhi, August 10, 2019: APL Apollo Tubes Limited (APL Apollo), India's leading branded steel tubes manufacturer, announced its financial results for the quarter ended June 30, 2019.

Financial Performance Highlights

Performance* Review for Q1 FY20 vs. Q1 FY19

- Sales Volume** higher by 29% to 3.89 lakh tons from 3.02 lakh tons
- Net Revenues increases by 24% to Rs. 2,071.6 crore compared to Rs. 1,676.5 crore
- EBITDA at Rs. 129.5 crore compared to Rs. 112.4 crore, higher by 15%
 - EBITDA per ton stood at Rs. 3,334.5/ ton - given the Company's focus on volume growth, the EBITDA per ton was within a healthy range
- PBT at Rs. 81.0 crore as compared to Rs. 70.9 crore, higher by 14%
- Net Profit after Tax at Rs. 52.1 crore compared to Rs. 47.0 crore, higher by 11%

Note:

*Performance includes 13 days of operations of Apollo Tricoat

Net Revenues includes other operating income, which is a part of regular business income

**Sales volume excluding Apollo Tricoat Volumes

EBITDA with other income

Sales Volume** Break-up – Q1 FY20

Particulars (Tons)	Q1 FY20	Q1 FY19	Y-o-Y Shift
Pre-Galvanized Tubes (GP)	89,087	67,214	33%
Galvanized Tubes (GI)	26,551	22,957	16%
Hollow Sections (DFT)	91,488	70,633	30%
Hollow Sections (Normal)	1,27,649	96,185	33%
Black Round Pipes	53,736	45,065	19%
Finished products	388,511	302,054	29%

Note:

**Sales volume excluding Apollo Tricoat Volumes

Commenting on the Company’s performance for Q1FY2020, Mr. Sanjay Gupta, Chairman, APL Apollo, said,

“We are pleased to announce that we have begun the fiscal on a strong note despite an uncertain and subdued macro-environment. During the quarter, our sales volume witnessed a robust growth of 29%, marking healthy growth across the topline and profitability. The overall growth during the quarter was driven by strong contribution from Hollow Sections, DFT Pipes and Pre-Galvanized Tubes among others.

Operationally as well, we have seen a string of positive developments during the quarter. Our wholly-owned subsidiary, SLMUL, has concluded the acquisition of a ~50.6% stake in Apollo TriCoat Tubes in June 2019. I am pleased to share that Tricoat delivered an encouraging performance in Q1 FY20 - its first quarter of full manufacturing operations. There is a strong build-up of demand for Tricoat’s existing high-margin product categories, namely the ILG pipes, DG Pipes and more recently, the Door Frames product segment. We believe, increased production of these products will help provide a strong momentum to volume and sales performance for Apollo Tricoat, going forward.

I am also happy to share that APL Apollo, during the quarter, set-up its maiden international warehouse in Dubai. The strategically-located warehouse will help address the growing demands from international

customers and will further enable us to strengthen our brand visibility in global markets, thereby boosting export performance in the longer term.

As we look ahead, we are seeing a healthy uptick in demand for all our product categories in the domestic as well as in the export markets and we remain confident of delivering a sales volume growth of 20% CAGR in FY20 & FY21. Our focus remains strong on improving our cash flows and profitability in the years ahead, which should enable us to create further value for all our stakeholders."

Key Developments

- **Began the new fiscal on a strong note with robust sales volume growth of 29% YoY**
 - The Company registered a strong sales volume** of 388,511 MTPA in Q1 FY20, higher by 29% Y-o-Y from 302,054 MTPA in Q1 FY19
 - The growth was led by strong demand in the Hollow Sections segment, DFT pipes and Pre-Galvanized Tubes (GP) among others
 - Despite uncertainty in the broader market, the Company is witnessing healthy demand in volumes across product categories and remains confident of delivering a sales volume growth CAGR of 20% in FY20 & FY21
- **Established its first-ever International warehousing facility in Dubai**
 - APL Apollo will operate its first-ever international warehousing facility, under a wholly owned subsidiary "APL Apollo Tubes FZE", incorporated at the Jebel Ali Free zone in Dubai
 - The warehouse is strategically-located close to a major market, which should enable improved cost efficiencies, higher speed to market and increased brand visibility
 - The facility will help bring in business synergies and enable APL Apollo to augment its international sales across the high-potential Middle East market, while also complementing its strategy to boost exports in the coming years

Note:

**Sales volume excluding Apollo Tricoat Volumes

- **Strong focus on Branding & Marketing Initiatives through Sports Sponsorship**
 - Over the last year, the Company has undertaken a string of branding and marketing initiatives through its association with Indian sports to help maximise APL Apollo's brand reach and visibility across a diverse domestic market
 - The Company has been progressively investing behind this brand building initiative and believes that Indian sporting events are a giant platform, offering maximum reach and generating a strong mass connect and visibility
 - During the quarter, APL Apollo became the principal sponsor of Haryana Steelers for the 7th season of the Pro Kabaddi League
 - The Company has signed a one-year association with the Haryana Steelers and will see 'APL Apollo' brand featuring as the Principal Sponsors across various platforms, including the Official Playing Kits and the front of the official team jersey
 - In Q1 FY20, the Company also became a sponsor for the ongoing 'India versus West Indies' cricket series. Through this association, the 'APL Apollo' logo will feature on India's official jersey
 - APL Apollo's aim through these associations is to reach out to the millions of sport fans to make the 'APL Apollo' brand reach and visibility more impactful

- **The Company concluded the acquisition of production unit located at Hyderabad, one of the unit of Taurus Value Steel & Pipes, a subsidiary of Shankara Building Products**
 - The acquired manufacturing unit at Hyderabad has a production capacity of ~2,00,000 tons per annum and includes manufacturing lines for GI pipes and GP pipes, which are APL Apollo's high margin and value-added product segments
 - The acquisition will enable APL Apollo to add further capacities at attractive valuations, given the strong demand outlook over the next few years
 - With an attractive payback of less than 3 years, the Company anticipates a quick turnaround of the acquired facility in South India

- **Entity belonging to promoter category concludes infusion of Rs. 97 crore in APL Apollo through preferential allotment of equity and convertible warrants**

- During the quarter, the infusion of Rs. 97 crore by an entity belonging to promoter category in APL Apollo has been concluded through preferential allotment of equity and convertible warrants. The details of the allotment are as follows
 - Allotment of 400,000 Equity shares on preferential basis at Rs. 1,800 per equity share to entity belonging to promoter category and allotment of 500,000 fully convertible warrants of the Company at Rs. 2,000 per warrant to entity belonging to promoter category
 - Post the allotment of Equity shares, the paid up capital of the Company stands Increased from Rs. 23,85,03,810/- (2,38,50,381 Equity Shares of Rs.10/- each) to Rs. 24,25,03,810/- (2,42,50,381 Shares of Rs.10/- each).
- **Shri Lakshmi Metal Udyog, APL Apollo Tubes' wholly owned subsidiary, has concluded the acquisition of Apollo Tricoat in June 2019**
 - In October 2018, Shri Lakshmi Metal Udyog Limited (SLMUL), wholly owned subsidiary of APL Apollo Tubes, had announced the acquisition of 8 mn shares and subscribed to 4.3 million warrants of Apollo Tricoat Tubes Ltd, thereby constituting ~ 40.4% (diluted basis) of the shareholding of Apollo Tricoat.
 - The 4.3 million warrants has been fully converted in to equal number of equity shares
 - Subsequently, by way of open offer and market purchases (during the open offer) SLMUL also acquired ~10.2% of Apollo Tricoat in January 2019
 - On a consolidated basis, as on June 30, 2019, SLMUL owns ~50.6% stake in Apollo Tricoat
- **Q1 FY20 – Apollo Tricoat's 1st Quarter of full manufacturing operations**
 - In Q1 FY20, Apollo Tricoat started commercial production of its first two product categories namely, the In-line Galvanized (ILG) pipes and Designer Galvanized (DG) Pipes at the existing Greenfield plant at Malur, Bengaluru
 - The manufacturing unit has a production capacity of 150,000 tons per annum
 - In the month of July 2019, Apollo Tricoat commenced commercial production of Door Frames at its greenfield manufacturing facility at Dujana, Dadri

- The manufacturing line for the newly launched product segment has a total installed capacity of 50,000 MTPA
 - All three launched product segments are higher margin value-added products, given their niche product applications in India. The Company is also on track to launch the other innovative products category of Narrow Sections by September 2019
 - An improved portfolio of all the four value-added segments is expected to broaden the product mix and should enable the Company to deliver robust financial and operational performance going forward
- **The Board approves appointment of E&Y India as Internal Auditors of the Company**
 - The Board of Directors have approved the appointment of Ernst & Young LLP, India (a member of the global network firm of Ernst & Young) to perform internal audit and strengthen internal controls for APL Apollo Tubes
 - The appointment of Ernst & Young LLP, India will ensure that the Company continues to maintain rigorous internal financial and accounting standards and procedures
 - This was also help strengthen the Company's corporate governance policies and financial reporting processes, in line with international best practices

About APL Apollo Tubes Limited

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 8 manufacturing facilities with a total capacity of 2.3 Million MTPA. It has a PAN-Indian presence with units strategically located in Sikandarabad (3 units), Hyderabad, Bangalore, Hosur, Raipur and Murbad. APL Apollo's multi-product offerings include over 1,100 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 790 dealers is spread all across India, with warehouses cum- branch offices in over 20 cities.

For more information about us, please visit www.aplapollo.com or contact:

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Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. APL Apollo Tubes Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.