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ATL/SEC/21

August 5, 2021

The Secretary, BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.	The Secretary, National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
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**Sub: Investor Presentation – Q1 FY22**

Dear Sirs,

Pursuant to Regulation 30(6) and 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the presentation to be shared at the Investors Conference Call scheduled to be held today i.e. August 5, 2021.

The presentation is also available on the website of the Company i.e [www.apolloytyres.com](http://www.apolloytyres.com).

This is for your information and records.

Thanking You

Yours Faithfully,

**For Apollo Tyres Ltd.**

**(Seema Thapar)**  
**Company Secretary & Compliance Officer**





# Investor Presentation

## Q1 FY22



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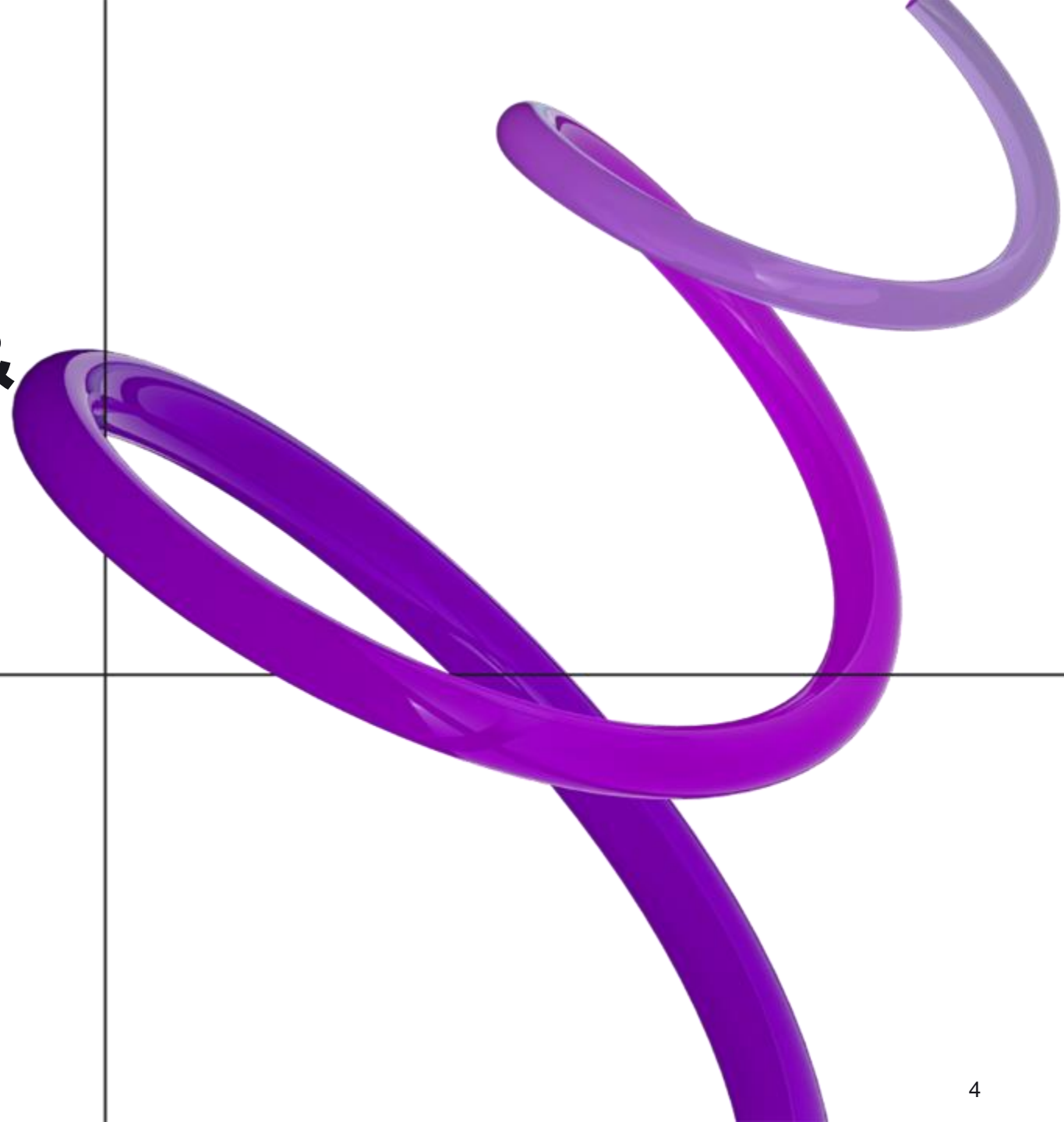
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# Content

- Company Overview & Highlights
- Vision FY2026
- Recent Performance Update
- Key Near-Term Areas of Focus
- Quarter Update (Q1 FY22)
- Key Financials

# Company Overview & Highlights



# Leading Indian Tyre Player with Global Footprint



## Large scale & sustained profitability profile

- ❖ Consolidated Revenue of ~₹174 Bn in FY21
- ❖ Consolidated EBITDA of ~₹28 Bn (16%) in FY21



## Strong brands with leading market positions

- ❖ India<sup>1</sup>: #1 in Truck & Bus and Passenger vehicles
- ❖ Europe: Premium market position in fast-growing segments
- ❖ Global presence across Truck & Bus, Passenger Vehicles, Farm / Off-Highway and 2 Wheelers



## Robust manufacturing and R&D footprint

- ❖ 7 Manufacturing Plants (India: 5, Europe: 2)
- ❖ 2 R&D centres (Asia/Europe) and 1 Satellite centre



## Deep distribution network built over time

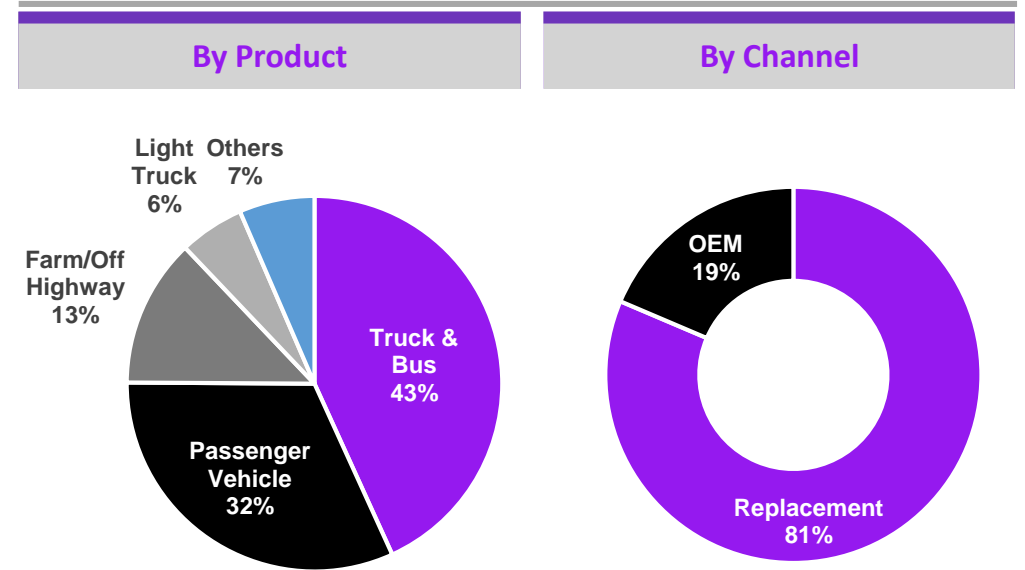
- ❖ ~7,000 dealers in India; ~+200 dealers in Q1 FY22
- ❖ ~7,100 dealers in Europe; ~+100 dealers in Q1 FY22



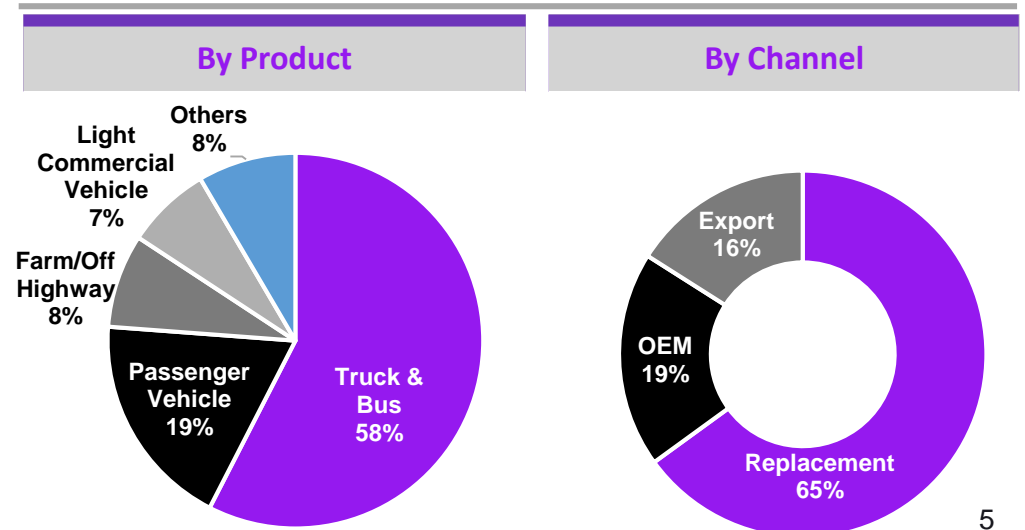
## Strong supportive ecosystem of talent

- ❖ >19,000 employees

## Revenue Mix Consolidated – Q1 FY22

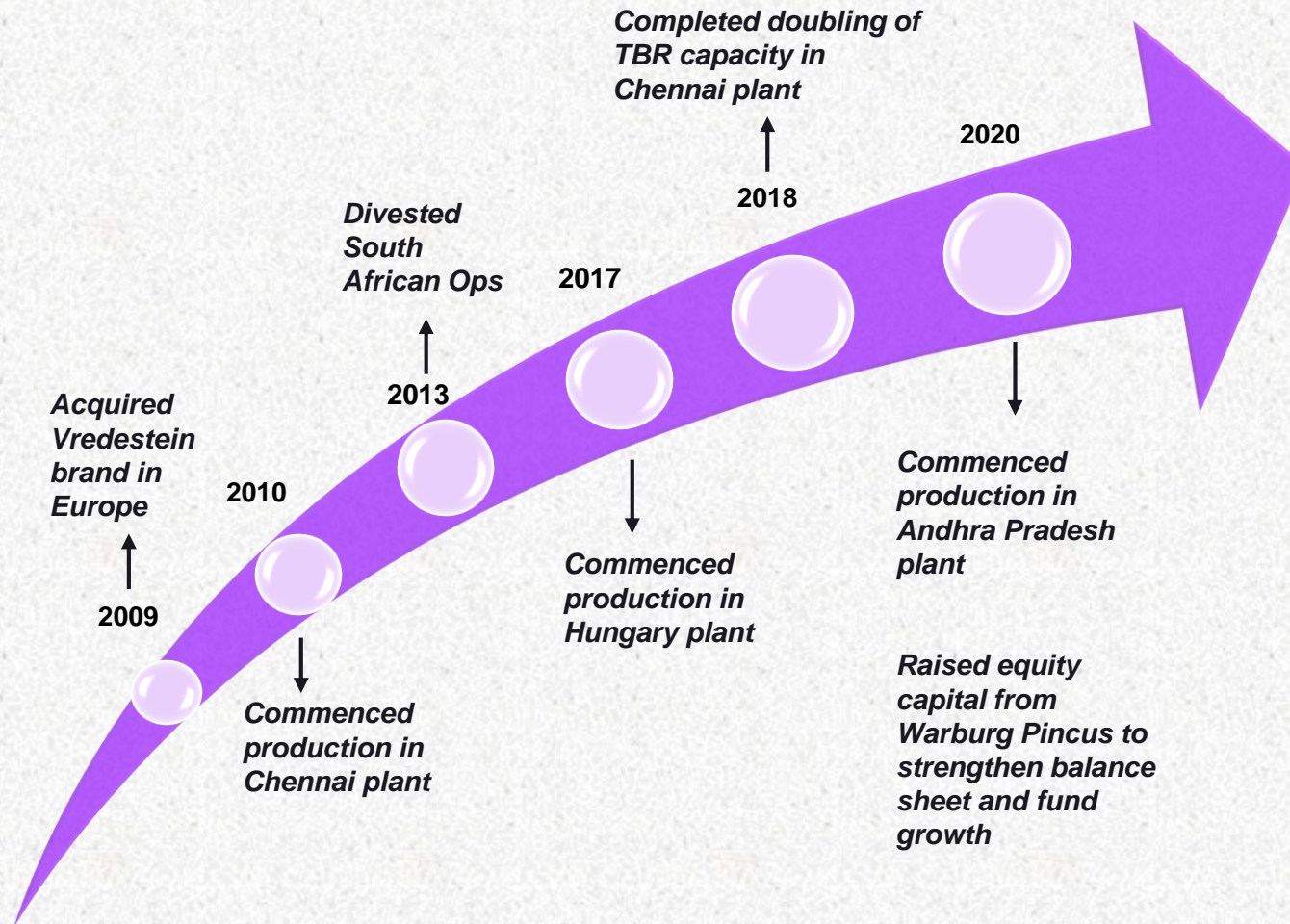


## Revenue Mix Standalone – Q1 FY22





# Well Set to Leverage Attractive Market Opportunity



## Past Decade

Significant investments made in **brand building, plant infrastructure, distribution, and R&D capability**

## Today

Enjoys **leading market position** and **industry-leading capacity** having made timely investments

Approaching **end of current capex cycle** and with continued focus on key building blocks (**R&D, Distribution, Branding/Marketing**, etc.), well placed to **capitalize on growth** opportunity going forward

**Future focus on free cash flow generation, strong balance sheet and improving return ratios along with market share gains across key segments**

# Strong Management Team with Deep Experience



**Onkar Kanwar**  
Chairman &  
Managing Director



**Neeraj Kanwar**  
Vice Chairman &  
Managing Director



**Hizmy Hassen**  
Digitalisation & IT

Years with Apollo: 1



**Gaurav Kumar**  
Finance & Legal

Years with Apollo: 17



**Daniele Lorenzetti**  
Research & Technology

Years with Apollo: 5



**Pedro Matos**  
Global Programme  
Management and  
European OE Business

Years with Apollo: 7



**PK Mohamed**  
(Advisor) Technology

Years with Apollo: 45



**K Prabhakar**  
Projects

Years with Apollo: 32



**Benoit Rivallant**  
European Operations

Years with Apollo: 7



**Sunam Sarkar**  
Sustainability, Human  
Resources, Corporate  
Communications,  
Procurement and Supply  
Chain

Years with Apollo: 22



**Yoichi Sato**  
Quality, Health, Safety &  
Environment

Years with Apollo: 2



**Satish Sharma**  
Asia Pacific, Middle East  
&  
Africa Operations

Years with Apollo: 24



# Eminent Board of Directors with Wide Ranging Expertise



**Onkar Kanwar**

Chairman &  
Managing Director

**Neeraj Kanwar**

Vice Chairman &  
Managing Director

**Anjali Bansal**  
Former Global Partner  
and MD  
TPG Private Equity  
Independent Director

**Akshay Chudasama**  
Regional Managing  
Partner  
Shardul Amarchand  
Mangaladas & Co  
Independent Director

**Francesco Crispino**  
Co-Founder  
Greater Pacific Capital  
Independent Director

**Francesco Gori**  
Former-CEO  
Pirelli  
Non Independent  
Director

**Vishal Mahadevia**  
MD, Head of  
Warburg Pincus India  
Non Independent  
Director



**Vikram S Mehta**

Former Chairman  
Shell Group of  
companies

Independent Director

**Vinod Rai**

Former Comptroller and  
Auditor General of India

Independent Director

**Sunam Sarkar**  
President & Chief  
Business  
Officer, Apollo Tyres  
Holdings  
(Singapore) Pte Ltd  
Non Independent  
Director

**Satish Sharma**  
President – APMEA  
& Whole-time Director,  
Apollo Tyres  
Non Independent  
Director

**Pallavi Shroff**  
Regional Managing  
Partner  
Shardul Amarchand  
Mangaladas & Co  
Independent Director

**Gen. Bikram Singh  
(Retd.)**  
Former Chief of Indian  
Army  
Independent Director

**Robert Steinmetz**  
Former Chief of  
International Business  
Continental AG  
Non Independent  
Director

# Investment Highlights

## Strong Leadership Team & Board, and Backed by Long-Term PE Investor

- Experienced leadership team with significant tenure and track record
- Backed by long-term private equity investor

## State of art production facilities and continued focus on R&D

- Consistent focus on investments in R&D and product excellence for the long-term
- State-of-the-art facilities with focus on automation have helped achieve manufacturing excellence
- Podium positions garnered in European PCLT test results

## Better placed to face pandemic uncertainties on the back of actions taken

- Improved competitive positioning in both markets based on strategic actions taken
- Strengthened balance sheet with well timed fund raise and positive free cash flow generation

## Positive Industry Dynamics in India

- Attractive market size & structure. Consolidating around strong, domestic brands
- India still in phase of radialization – strong underlying growth profile
- Robust demand momentum across product segments
- Import restrictions further add to market attractiveness for domestic producers



## Strong Portfolio of Leading Brands

- Leadership position in Truck & Bus, the largest market segment in India
- #1 player in Passenger Vehicle segment in India
- Gaining market share in other segments and in multiple geographies (e.g. Vredestein in Passenger Vehicles and Apollo in Truck & Bus)

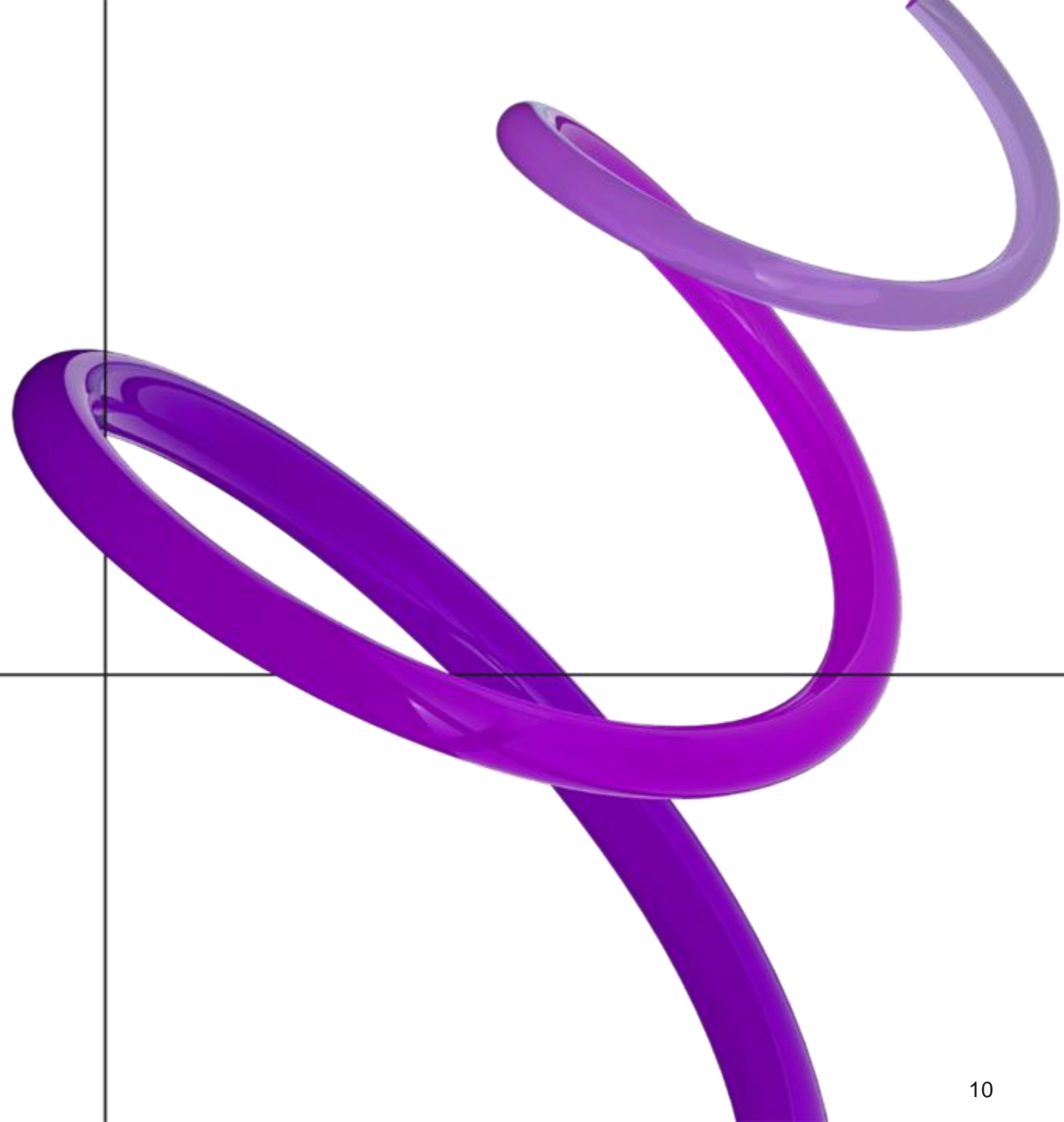
## Strong Execution in a Challenging Market

- Healthy revenue / operating performance
- Market share gains across segments in India
- Efficient working capital management
- Extensively leveraging IT and digitalization to reduce /optimize costs and become future ready
- Despite COVID-19 headwinds, timely commercialization & ramp up of AP plant

## Focused on Key Niches in Europe with Clear Roadmap to Healthy Profitability

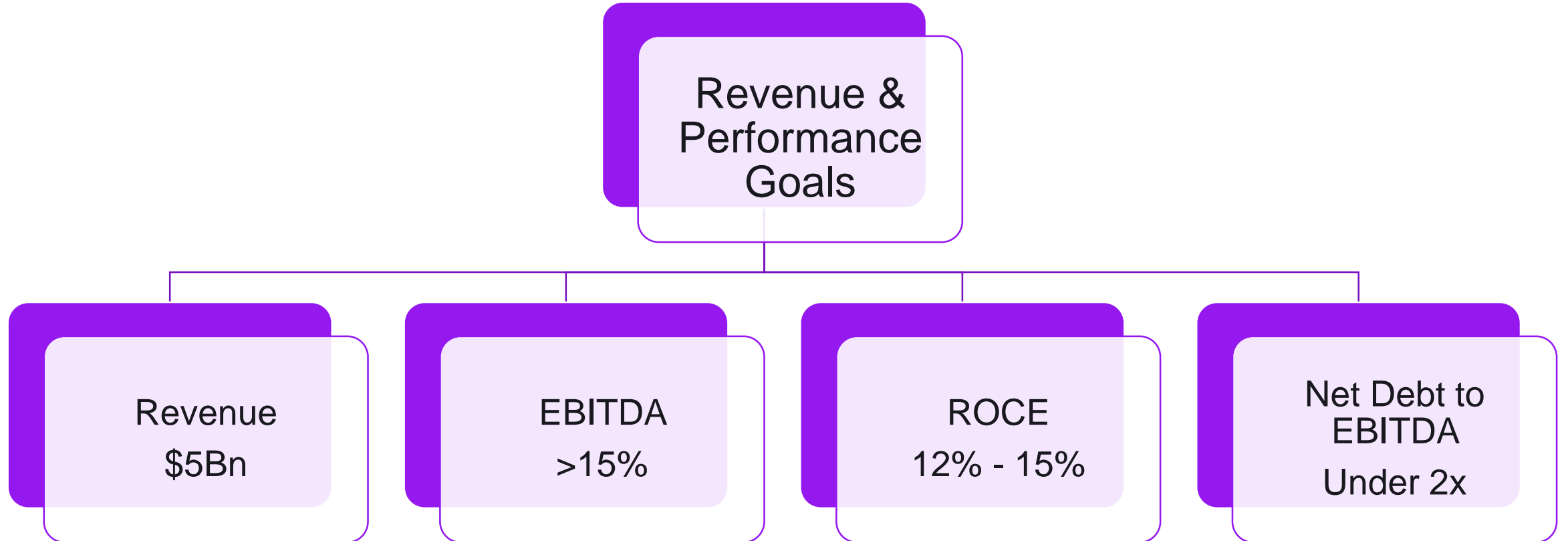
- Gaining share in focused categories (UHP/UUHP PCR, TBR, Agri)
- Improvement in product mix in Passenger Vehicle segment
- Specialization of Dutch plant has led to significant uptick in cost competitiveness and improvement in margin profile

# Vision FY2026



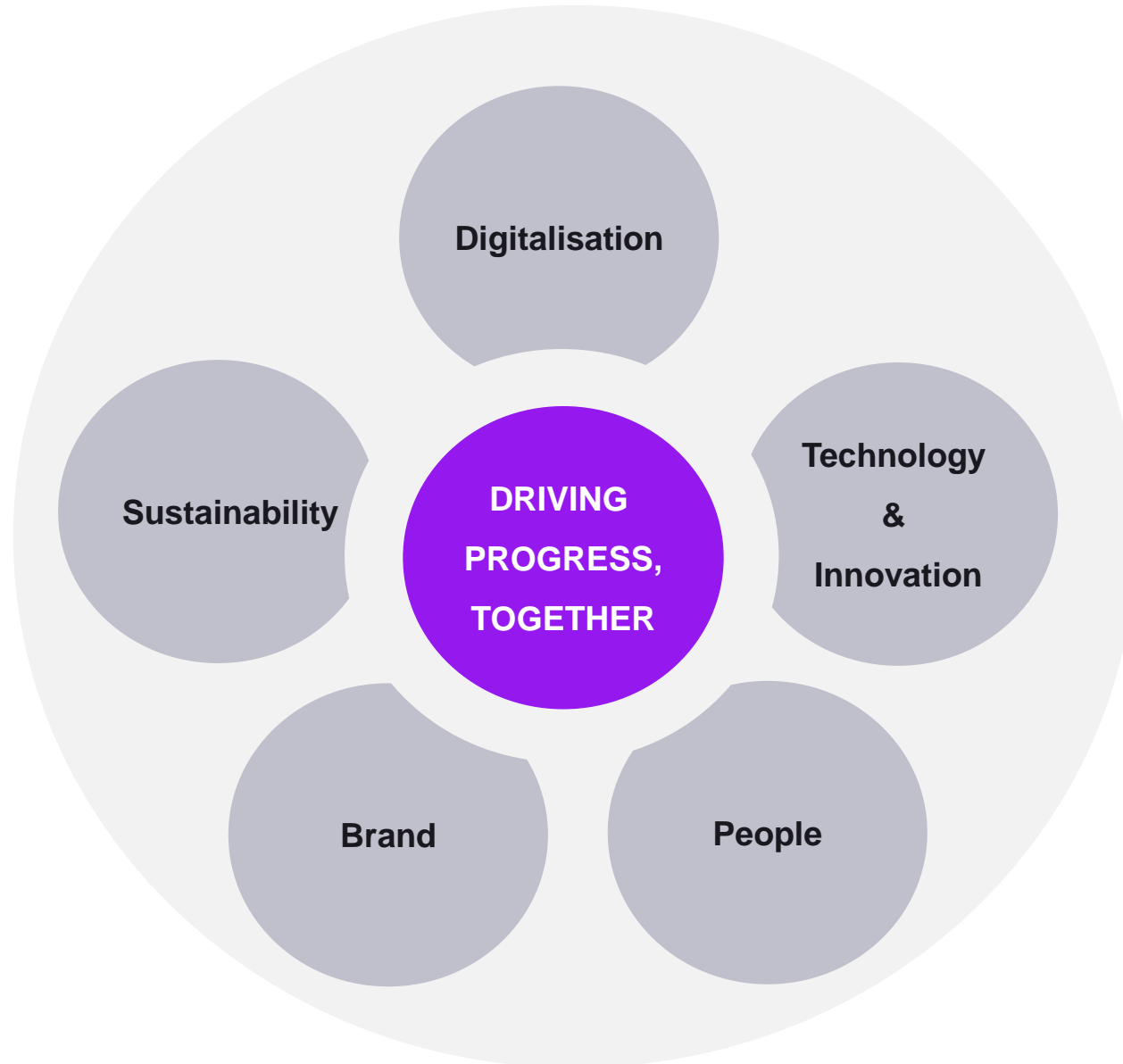
# Vision FY2026

## Medium-Long Term Targets



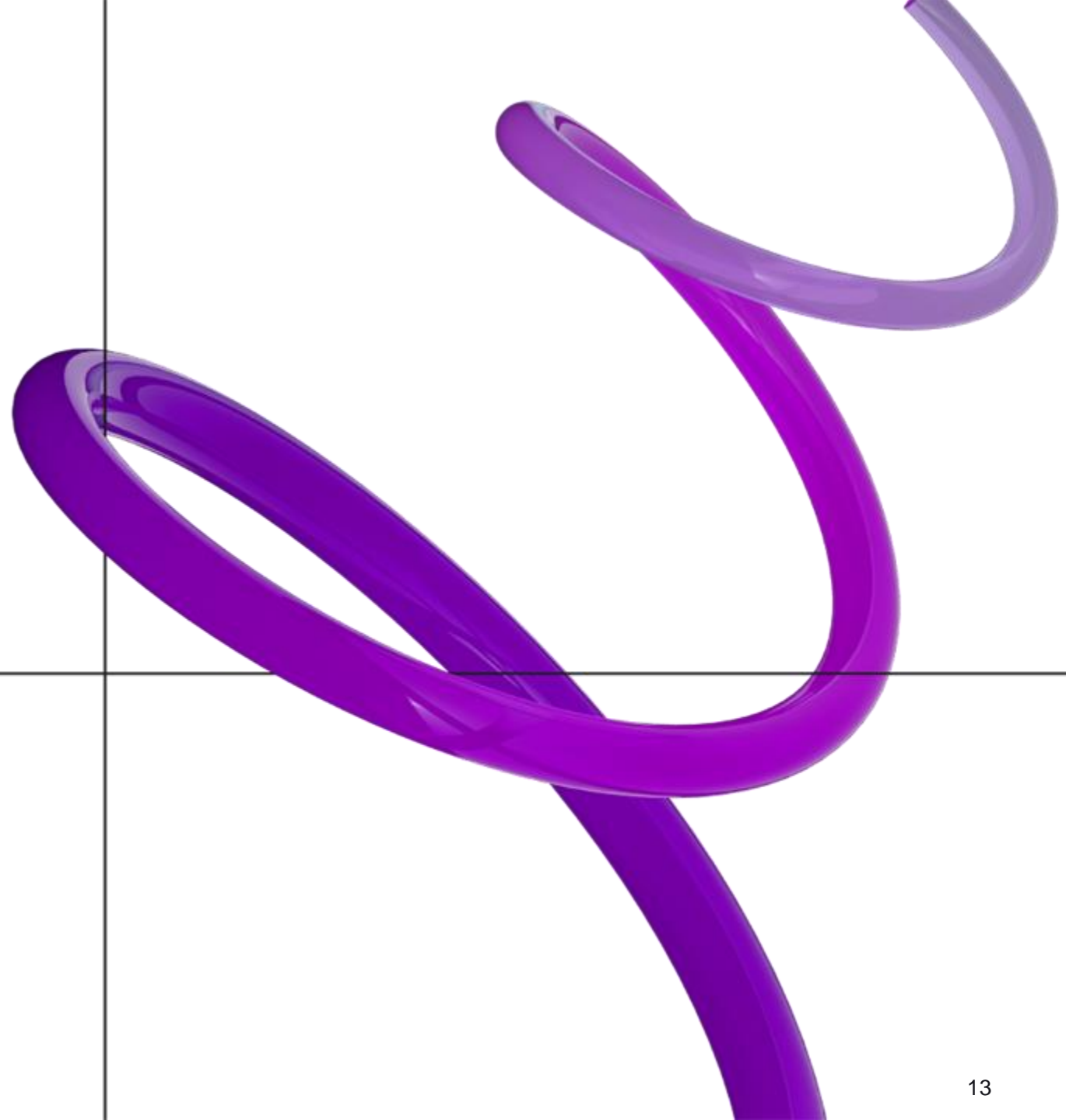
# Vision FY2026

## Enabling Excellence – 5 Key Enablers





# Recent Performance Update



# Recent Performance - Operations

## India

- ❖ Post Covid wave 2<sup>nd</sup> we have witnessed healthy demand momentum across key segments / key channels driven by growing preference for personal mobility, government spend on infra, import restrictions etc
  - ❖ Increased prices in replacement segment by ~6-9% in last 7 months across product segments, highlighting stable pricing environment
- ❖ In FY21 gained ~350bps market share in Agri, ~330 bps market share in Passenger Vehicle segments and ~150bps market share in Truck & Bus (radial) segment (as per internal estimates)
- ❖ Expanded distribution footprint (+750 dealers in last 15 months). Touch points in Rural India increased by more than 5 times

## Europe

- ❖ Despite adverse market conditions, expanded customer base (added +400 customers in last 15 months)
- ❖ Market share gains in focus product segments
  - ❖ Improvement in sales mix - UHP / UUHP accounted for ~38% of PCLT sales in volume terms in 1QFY22
- ❖ Successfully completed Dutch plant specialisation, which lead to significant improvement in cost competitiveness and helped report strong operating performance

# Recent Performance – Financial

## Cash flows

- ❖ Negative free cash flow (consolidated) of ₹ 6bn in 1Q FY22, impacted by
  - ❖ Subdued operating performance in India
  - ❖ Covid 2<sup>nd</sup> wave impacting business
- ❖ Generated free cash flow (consolidated) of ₹ 7bn during FY21

## Fund mobilization

- ❖ Raised ₹ 10.8bn from a top private equity Investor in FY21
- ❖ Raised debt in early part of FY21 at competitive rates to adequately strengthen the liquidity position
- ❖ Realised significant interest cost savings on the back of reduction in debt & reduced interest rates

## Balance sheet deleveraging

- ❖ Marginally increase in net debt from ₹ 42bn (Mar '21) to ₹ 48bn (Jun '21); Significant decrease from ₹ 60bn (Mar '20)
- ❖ Net Debt/ EBITDA (TTM) stands at 1.6x as on 30 Jun'21 (3.2x – Mar '20)

# Dealing with COVID-19 – Employee Initiatives



- ❖ **Ex Gratia:** Supporting families of deceased employees through continuing CTC for a defined period
- ❖ **Education Support:** Organisation to cover children's education cost till graduation

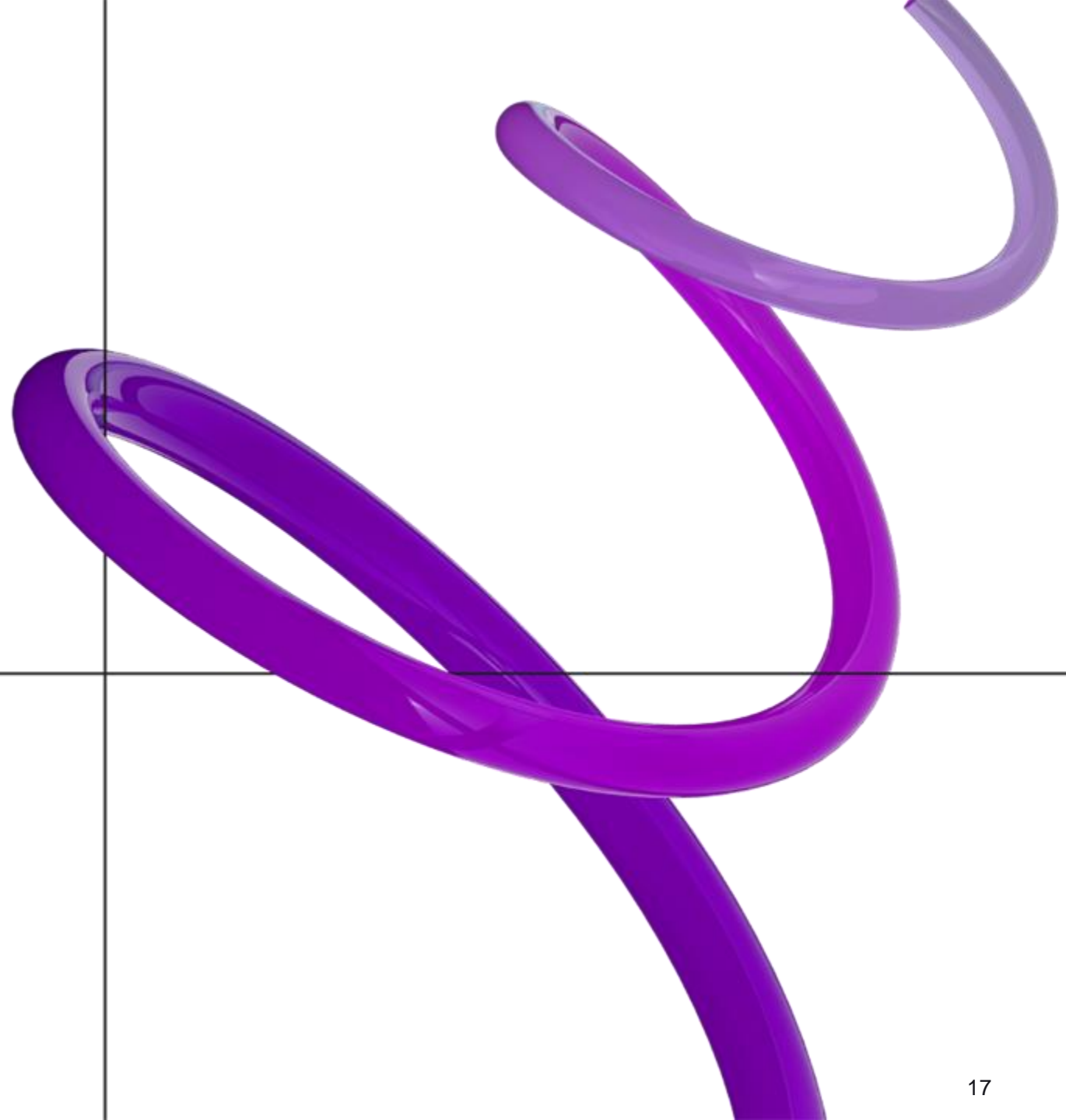


- ❖ **Hospital Tie ups:** Tie ups with leading hospitals for beds, oxygen concentrators, and other critical medical facilities
- ❖ **Vaccination:** Procuring vaccines for staff and bearing the cost of vaccination for all staff and family members along with vaccination camps for truck drivers and dealers



- ❖ **Medical Helpline:** Covid helpline service providing online doctor assistance for Covid related issues and general health advisory assistance
- ❖ **Mental Wellness Initiatives:** Employee Assistance Program directed at employees' mental health - 24x7 helpline with expert counsellors, Yoga sessions and mental wellness sessions etc.

# Key Near-Term Areas of Focus





# Key Near-Term Areas of Focus

## ❖ Strong focus on business fundamentals

- ❖ Consolidating position in India with 3R strategy
  - ❖ Range – A formidable portfolio that allows leadership position in India and a wider footprint in export markets
  - ❖ Rural – New distribution formats facilitating access to untapped markets
  - ❖ Retail – Focus on Branded Retail Format
- ❖ Focus on premium (UHP / UUHP PCLT) segments in Europe
- ❖ Continued investments in brand building and R&D
- ❖ Ramp up of Andhra Pradesh Plant

## ❖ Cost control & rationalisation

- ❖ Focus on fixed cost reduction and higher profitability
- ❖ Supply chain initiatives like network re-design etc. to help reduce costs while optimizing working capital
- ❖ Cost competitiveness from specialisation of Dutch plant

*Focus on improving return on capital profile, maintaining leverage ratios and generation of positive free cash*

# Key Near-Term Areas of Focus

## ❖ Thrust on Digitalization

- ❖ Focus areas - Process digitalization, Business Model Innovation and Social media use in media mix
- ❖ Multiple digital product launches across regions

## ❖ Focus on raw materials

- ❖ R&D focus on new recipes to a) boost performance and b) reduce input costs
- ❖ De-risking business model from a) single source suppliers and b) dependence on specific countries for certain inputs
- ❖ Focus on strategic tie ups for RM sourcing

## ❖ Focus on capex and balance sheet

- ❖ Control over capex and capital allocation
- ❖ Focus on higher utilization/ sweating assets, generating positive free cash flows and improving RoCE
- ❖ Maintaining healthy balance sheet will continue to be a key focus area

***Focus on improving return on capital profile, maintaining leverage ratios and generation of positive free cash***

# Focus on Brand Building

*Global brands with a legacy of performance, quality, trust and reliability*



**Onboarded “God of Cricket” as Apollo Tyres’ Brand Ambassador**

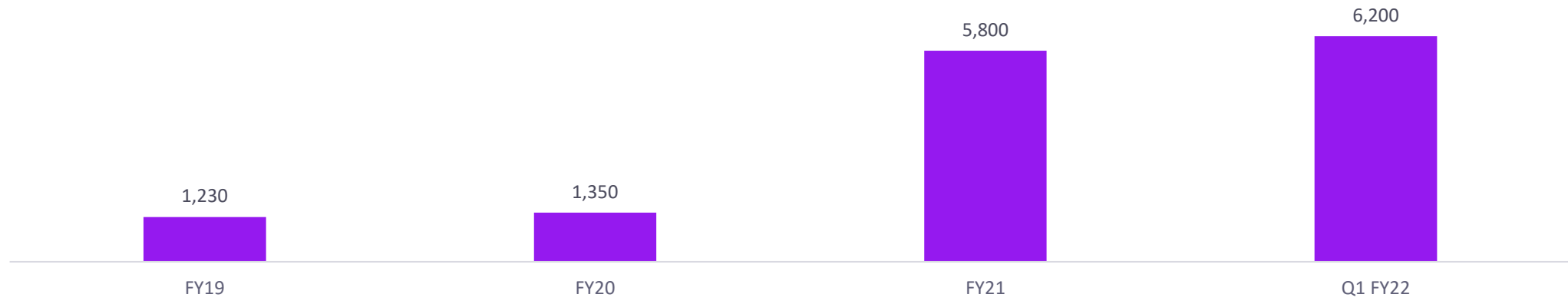






# Expanding Footprint in Rural India

Total Rural Outlets (including Sub dealers)





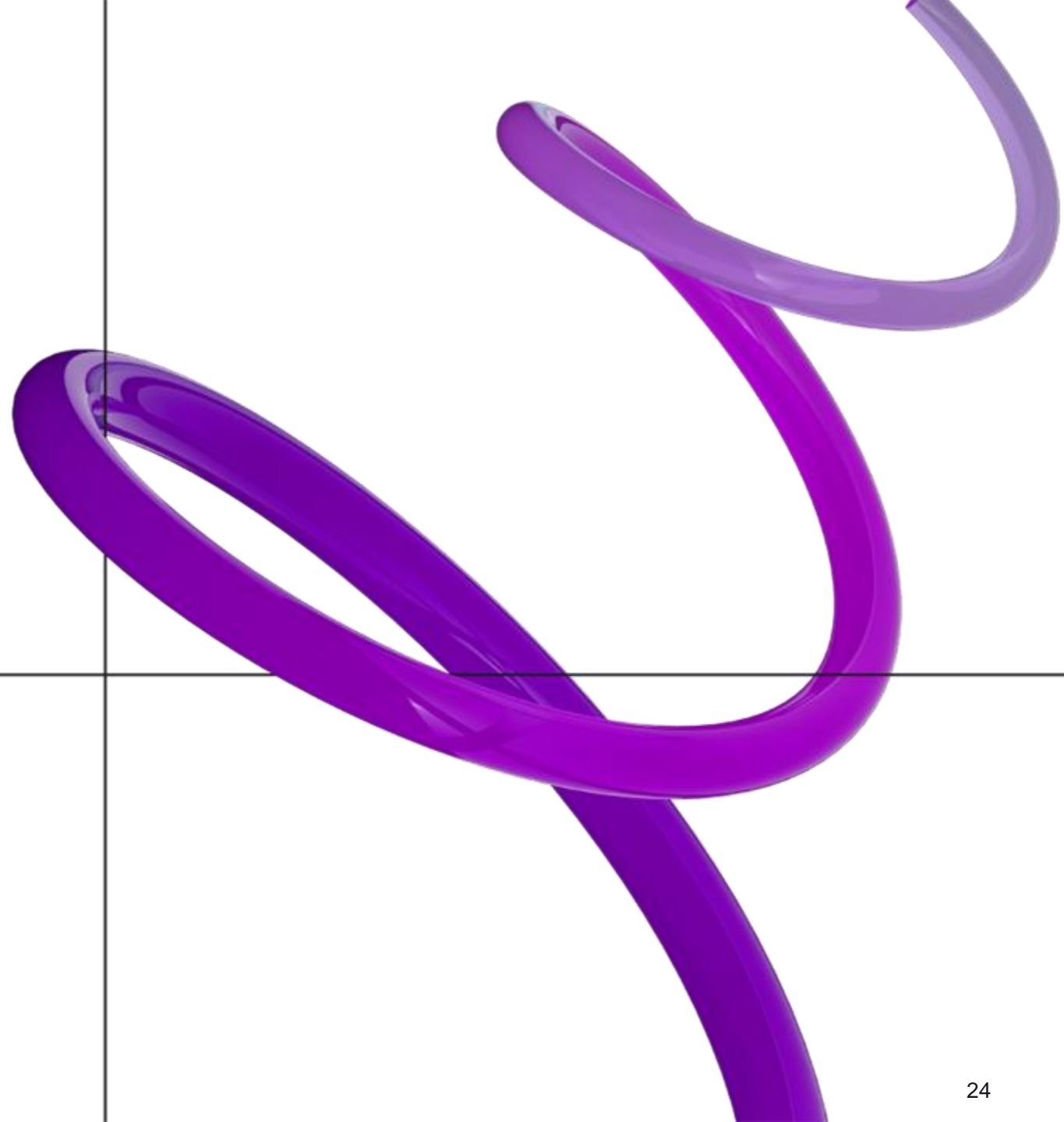
# Podium Positions in Europe

Podium positions are key driver of improvement in market share, price positioning and profitability



Date	Test Agency	Recommendation	Position	Tyre Model
Apr-20	ADAC	Recommendable	4th	Vredestein Vorti
Apr-20	AutoBild Top 50	Exemplary	4th+5th	Vorti and Aspire XP
Apr-20	AutoBild Allrad	Exemplary	3rd	Vredestein Ultrac Satin
Apr-20	AutoBild Sportscars	Good	4th	Vredestein Vorti
Apr-20	AutoMotorSport	Good	4th	Vredestein Vorti
Sep-20	Consumer Reports	Recommendable	2nd	Vredestein Hitrac
Sep-20	Consumer Reports	Recommendable	3rd	Vredestein Pinza AT
Sep-20	ADAC	Recommendable	3rd	Vredestein Wintrac Pro
Sep-20	AutoMotorSport	Exemplary	3rd	Vredestein Wintrac Pro
Sep-20	AutoBild Top 32	Exemplary	2nd	Vredestein Quatrac
Oct-20	AutoBild Allrad	Exemplary	3rd	Vredestein Wintrac Pro
Oct-20	AutoBild Sportscars	Exemplary	4th	Vredestein Wintrac Pro
Nov-20	AutoBild Allrad	WINNER	1st	Vredestein Quatrac
Feb-21	Gutefahrt	Good	4th	Vredestein Ultrac Satin
Mar-21	AutoBild Sportscars	Good	4th	Vredestein Vorti R
Mar-21	AutoBild	Good	5th	Vredestein Vorti

# Quarter Update (Q1 FY22)



# Key Marketing Initiatives and Customer Wins

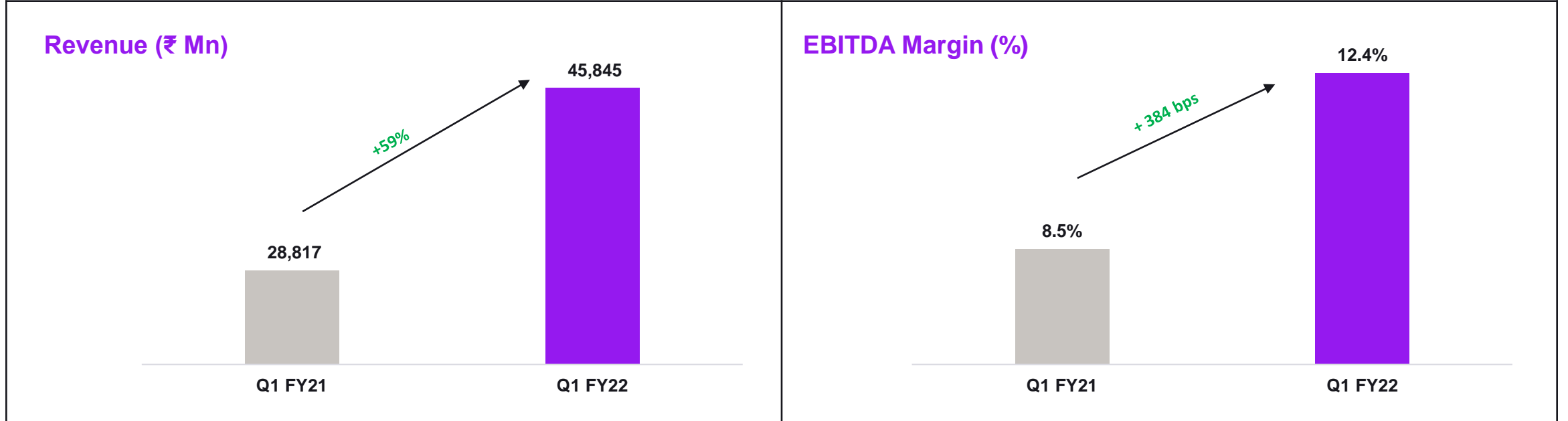
## India

- ❖ Continued focus on gaining new customers and deepening ties with existing customers in the OEM segment
- ❖ New model wins in PCR OE segment during the quarter - Hyundai Alcazar, Skoda Kushaq & Tata Safari
- ❖ Increased focus on export markets to mitigate impact of Covid 2<sup>nd</sup> wave. Registered highest ever export turnover during Q1 FY22
- ❖ Took price increase of ~3-4% in Q1 FY22 (replacement segment)

## Europe

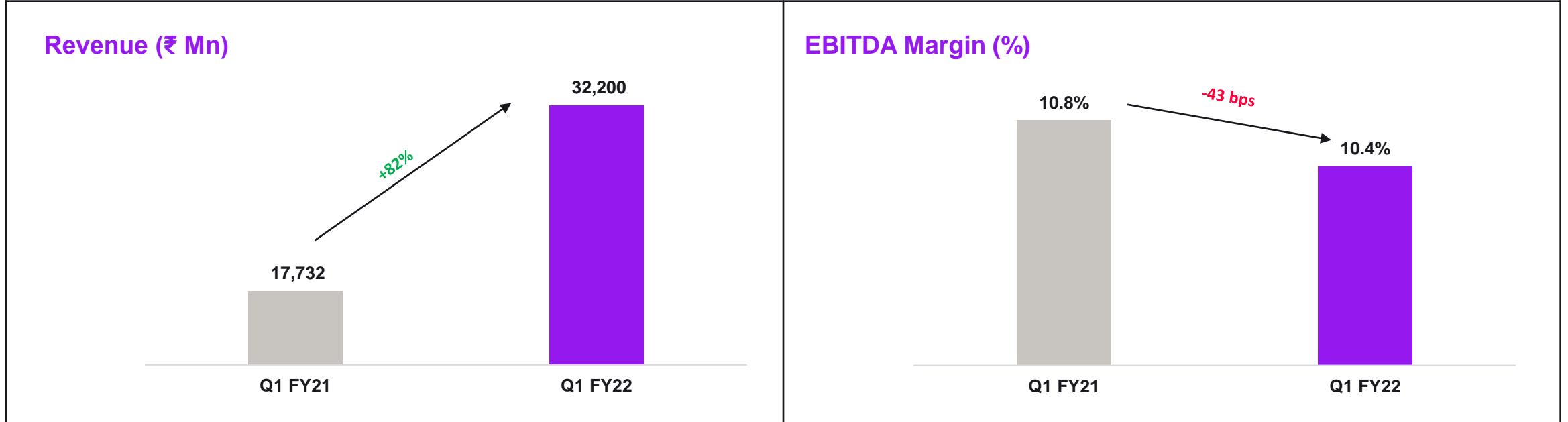
- ❖ Gaining traction in targeted premium OEM's, which would further support brand building and journey towards premiumization
- ❖ Improved price positioning over key competitors
- ❖ Continued focus on UHP resulting in improvement in sales mix (~38% of PCLT sales volumes accounted by UHP/ UUHP segment in Q1 FY22)
- ❖ Market share gains in TBR and OHT segments.
- ❖ Took price increase of ~2% (PCLT) and ~4% (Agri) segments in Q1 FY22 (replacement segment)

# Operating Highlights – Consolidated



- ❖ YoY topline growth driven by lower base in Q1 FY21
- ❖ Consolidated operating performance supported by healthy operating performance in Europe
- ❖ Pricing environment was stable both in India and Europe

# Operating Highlights – India

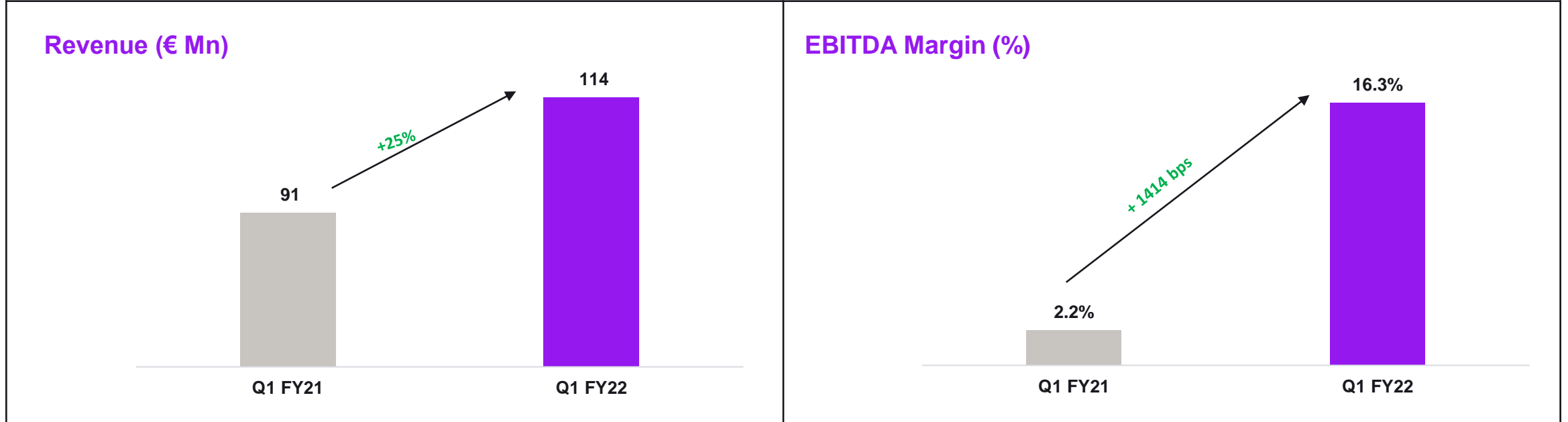


## ❖ Volume

- ❖ The quarter got impacted by Covid 2<sup>nd</sup> wave. YoY growth driven by lower base in 1Q FY21
- ❖ While we saw the maximum impact of 2<sup>nd</sup> wave in May 2021, June 2021 witnessed steady improvement in demand momentum
- ❖ Registered highest ever export turnover during the quarter
- ❖ Pricing environment remains stable with industry participants successfully undertaking price hikes in replacement segment
- ❖ Operating performance was subdued, impacted by steep RM inflation (+11% QoQ)



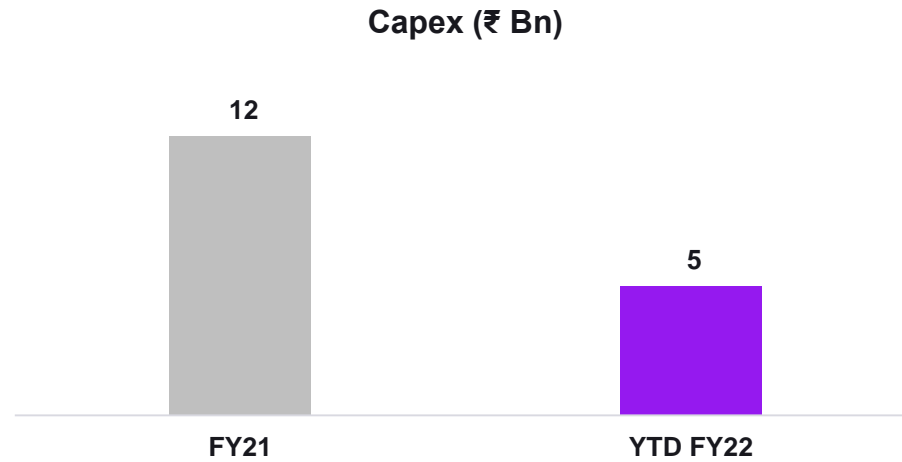
# Operating Highlights – Europe<sup>1</sup>



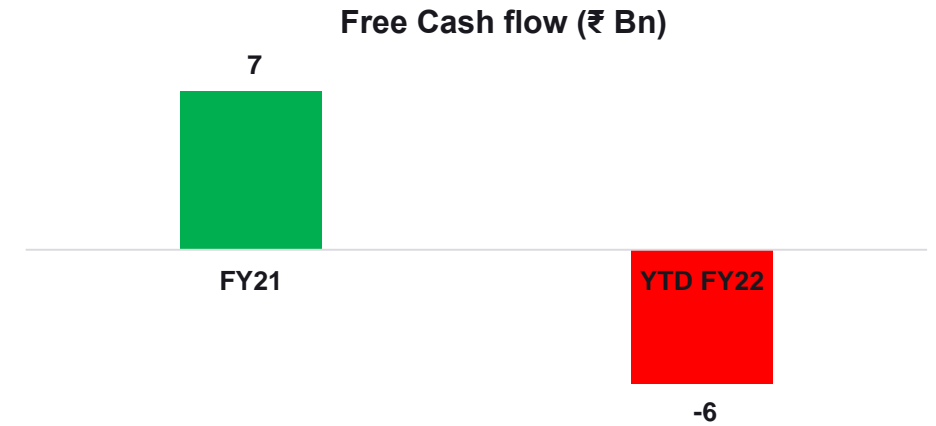
- ❖ Witnessed demand momentum in industry volumes
- ❖ Gained market share in TBR and OHT segments
- ❖ Improvement in sales mix - UHP/ UUHP accounted for ~38% of PCLT sales in volume terms (Q1 FY22)
- ❖ Successful execution of Enschede plant specialization drove healthy operating performance with EBITDA margin of 16%, despite steep RM inflation

# Consolidated Cash Flow & Balance Sheet Highlights

Capex level in line with guidance



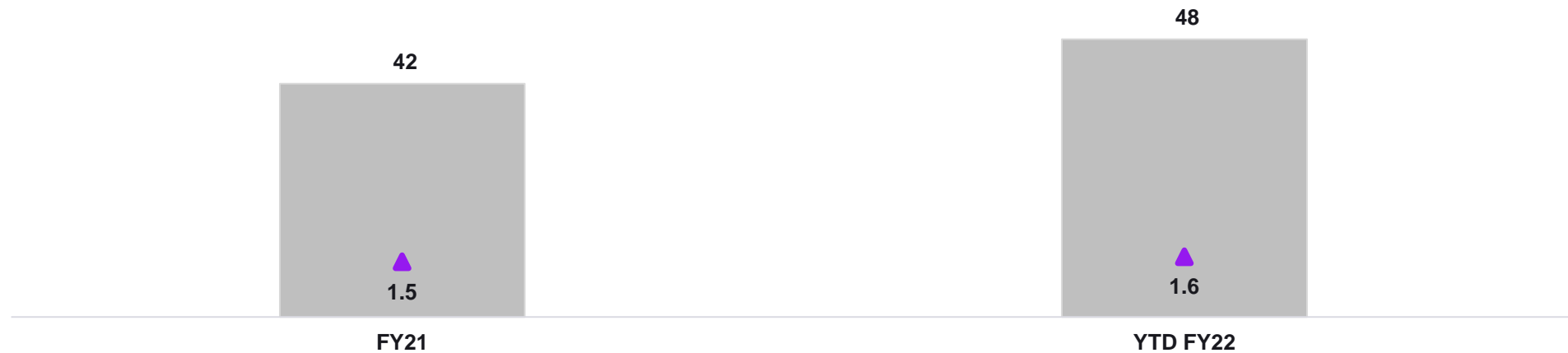
Subdued environment impacted free cash flow generation



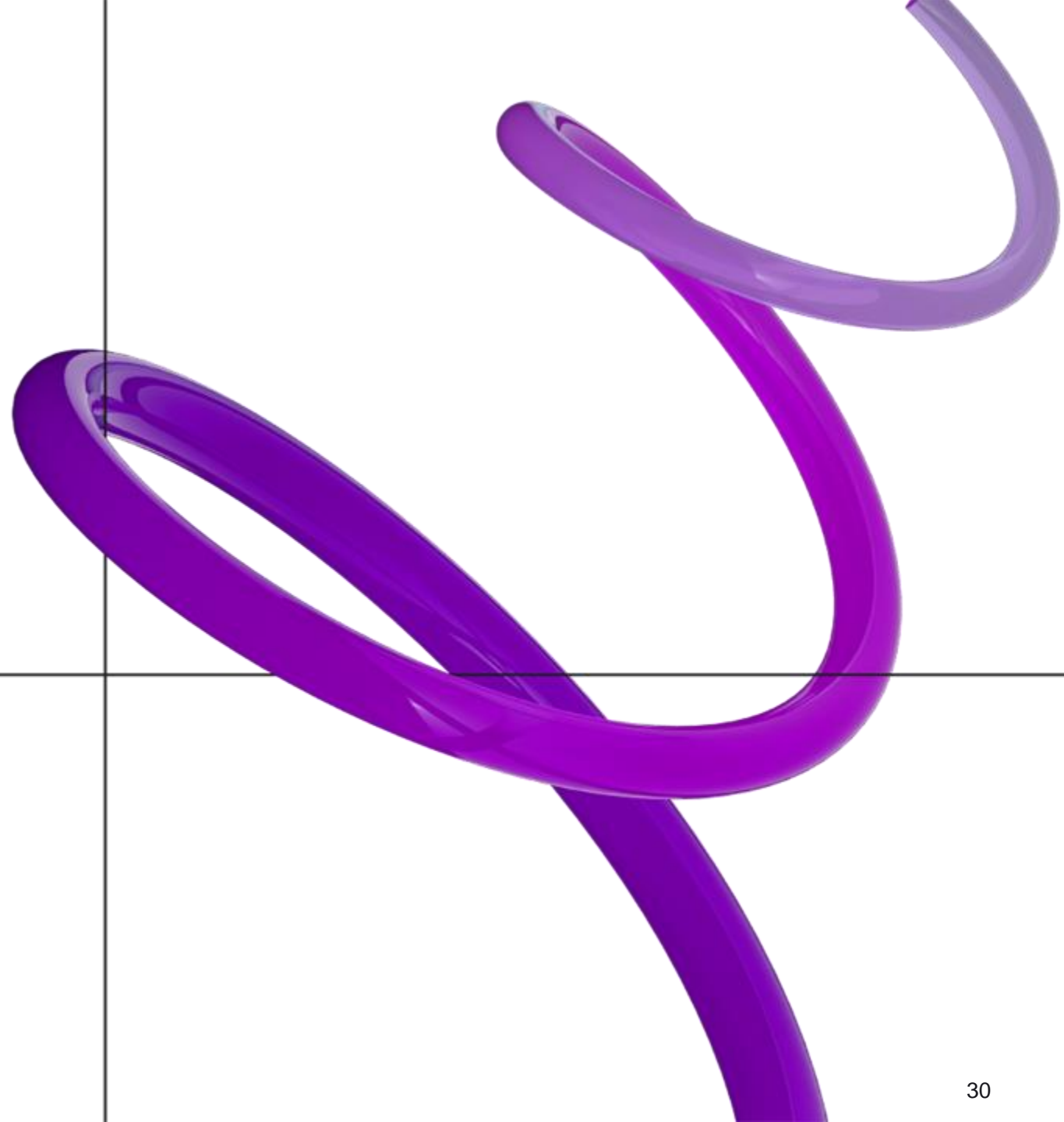
Notes:

1. Free Cash Flow: Cash from operating activities less capex, interest and lease payments

Resulting in marginal increase in Net Debt



# Key Financials



# Profit & Loss (Quarterly) – Consolidated

Particulars (₹ Mn)	Q1 FY22	Q1 FY21	Q4 FY21	% Change - YoY	% Change - QoQ
<b>Revenues</b>	<b>45,845</b>	<b>28,817</b>	<b>50,257</b>	59%	-9%
Raw Material <sup>1</sup>	26,245	16,308	27,585	61%	-5%
Staff Cost	6,536	5,370	6,704	22%	-3%
Other Costs	7,396	4,684	7,821	58%	-5%
<b>EBITDA</b>	<b>5,668</b>	<b>2,456</b>	<b>8,147</b>	131%	-30%
<b>EBITDA Margin (%)</b>	<b>12.4%</b>	<b>8.5%</b>	<b>16.2%</b>		
Depreciation	3,404	3,091	3,477		
Other Income	405	185	619		
EBIT	2,669	-450	5,288		-50%
EBIT Margin	5.8%	-1.6%	10.5%		
Interest	1,046	1,172	1,042		
Tax	336	-276	1,361		
Exceptional Items	9	-	13		
<b>PAT</b>	<b>1,278</b>	<b>-1,346</b>	<b>2,873</b>		
<b>PAT Margin (%)</b>	<b>2.8%</b>	<b>-4.7%</b>	<b>5.7%</b>		

# Profit & Loss (Quarterly) – Standalone

Particulars (₹ Mn)	Q1 FY22	Q1 FY21	Q4 FY21	% Change - YoY	% Change - QoQ
<b>Revenues</b>	<b>32,200</b>	<b>17,732</b>	<b>36,296</b>	82%	-11%
Raw Material <sup>1</sup>	21,192	10,901	22,273	94%	-5%
Staff Cost	2,623	1,957	2,724	34%	-4%
Other Costs	5,049	2,961	5,693	71%	-11%
<b>EBITDA</b>	<b>3,336</b>	<b>1,913</b>	<b>5,606</b>	74%	-41%
<b>EBITDA Margin (%)</b>	<b>10.4%</b>	<b>10.8%</b>	<b>15.4%</b>		
Depreciation	1,924	1,715	1,907		
Other Income	378	145	559		
<b>EBIT</b>	<b>1,790</b>	<b>344</b>	<b>4,258</b>		-58%
<b>EBIT Margin</b>	<b>5.6%</b>	<b>1.9%</b>	<b>11.7%</b>		
Interest	893	1,028	855		
Tax	210	-148	1,148		
Exceptional Items	8	-	6		
<b>PAT</b>	<b>679</b>	<b>-536</b>	<b>2,248</b>		
<b>PAT Margin (%)</b>	<b>2.1%</b>	<b>-3.0%</b>	<b>6.2%</b>		



For further details please feel free to get in touch with the IR team

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# Thank you

