



Sudesh Group

35 Years of
excellence

APOLLO PIPES LTD.

Q1FY23 EARNINGS PRESENTATION

July, 2022

www.apollopipes.com



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.



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Q1FY23
Highlights

COMPANY OVERVIEW

APOLLO PIPES AT A GLANCE



Among the Top 10 leading PVC pipe manufactures in India



1,25,200 MTPA
Capacity



5
Manufacturing Plants



600+
Channel Partners



1500+
SKU's



13%
5-year Sales Volume CAGR



27%
5-year Revenue CAGR



26%
5-year Net Profit CAGR

Q1 FY23 AT A GLANCE



14,406 MT

Sales Volume
38% YoY increase



Rs. 218.9Cr.

Revenue
59% YoY increase



Rs. 20.0Cr.

EBITDA
15% YoY increase



9.2%

EBITDA Margin
352bps YoY decrease



Rs. 8.8 Cr.

PAT
1% YoY increase



Rs. 15.2Cr.

Cash Profit
5% YoY increase



14.9%

Q1FY23 ROCE
FY22 was 16.5%



12.2%

Q1FY23 ROE
FY22 was 13.2%

PRESENCE ACROSS SECTORS



Agriculture Segment

- Casing pipes
- Drip irrigation & Sprinkler system
- Bore well pipes



Water Management Segment

- Hot & cold potable water distribution & transportation
- Residential, commercial installations



Construction Segment

- Sanitation & Sewage pipes
- Plumbing Pipes



Oil & Gas Segment

- Conveying edible oils and chemicals & corrosive fluids



Telecom Ducting Segment

Apollo Pipes - Key Focus Area



PRODUCT PORTFOLIO



Diversified Basket of 1,500+ Products

uPVC Piping System



uPVC Pipes & Fittings | uPVC Column Pipes | SWR Drainage Pipes | uPVC Pressure Pipes | Well Casing Pipes | Underground Drainage Pipes

PPR-C Plumbing System



PPR-C Pipes & Fittings

CPVC Piping System



CPVC Pipes & Fittings

HDPE Piping System



HDPE Pipes & Sprinkler System

Bath Fittings



Faucets | Hand And Head Showers | Health Faucets | Cistern | Seat Covers | Allied Products | Bathroom Accessories

SOLVENT CEMENT



Solvent Cement

Water Tanks



Water Tanks

SUCCESS MILESTONE



2000

- Commercial PVC pipe manufacturing operations.
- Established 3600 MTPA in Sikanderabad, U.P.

2005-10

- Started manufacturing HDPE pipes
- Setup new plant at Gadi-UP of capacity - 21000 MTPA
- 1st Company to start manufacturing of patented uPVC column pipes in North India

2013-15

- Started manufacturing uPVC Plumbing Pipes fittings with 180 MTPA capacity
- Commenced CPVC Pipes & fittings using Kenaco, France resin
- Started manufacturing uPVC coil and SWR fittings

2016

- First in North India to install 500kg/hr PVC extrusion line
- Expanded capacity by 10,000 MTPA
- Now total available capacity to 30,000 MTPA

2017

- Largest plastic piping solution company
- Installed capacity of molding division enhanced to 2,700 MTPA

2018

- Purchased a land with building in Noida to develop Apollo Pipes Corporate office
- Introduced a brand new product range of faucets, taps, showers and accessories

2019

- Concluded promoter infusion of Rs. 142 crore through issuance of Equity Shares and fully convertible warrants on Preferential basis

2020-21

- Concluded the strategic acquisition of Kisan Mouldings' manufacturing unit in Bengaluru
- Successful listing of Company's shares on NSE
- Started Manufacturing Water tank, Solvent, Bath Fittings and faucets

2021-22

- Commissioned the Raipur plant to tap Central and Eastern India markets

2022-23

- PPR-C plumbing product range introduced

Robust 5-year CAGR

(FY17 – FY22)

13%

Growth in Sales Volume

25%

Growth in EBITDA

26%

Growth in PAT

Tiger Shroff Appointed as Brand Ambassador

Social Media campaign launched in Q3FY22 continue to garner good response

Water Tank
(On Apollo Platform)

 **8.9 Million Views**
 **4.2 Million Views**
 **9.2 Million Views**

On Tiger Shroff's : 
Water Tank: 3 Million Views
Pipes: 1 Million Views

Pipes
(On Apollo Platform)

 **13.4 Million Views**
 **3.4 Million Views**
 **8.7 million Views**

TV Commercial launched on May 2, 2022

Regional language ads launched in June which also garnered good response

Watch the commercials [Link 1](#) | [Link 2](#)





Raveena Tandon Appointed as Brand Ambassador

Social Media campaign launched in Q3FY22 continue to garner good response

Bath Fitting
(On Raveena's Platform)



6.8 Million Followers

8.5 Million Followers

Digital Campaign, Packaging promotions etc.



#Amazing Everyday

Our Environment, Social, Governance and Safety Policy

- **Cost Savings and Energy conservation are one of the key focus areas for Apollo Pipes**
 - Installed rooftop solar plant at Dadri for optimum utilisation of energy
 - Evaluating opportunities to install rooftop solar plants at Ahmedabad and Bengaluru in the near future
 - Organized various awareness programmes for Shop-floor manpower to ensure optimum utilization of energy across plants
 - Complete in-house set-up for re-use of Polymer Waste ensuring nil environmental pollution
- **Social Welfare of the Society**
 - Funds and efforts towards Education and Welfare of orphaned and abandoned children and Health Care of the unprivileged
 - Associated with Bharat Lok Shiksha Parishad ("BLSP") and FCS Foundation to include scholarship programme for meritorious students who are socially backward and under-privileged
- **Effective safety policy and regular safety audits conducted regularly**
 - RO and water softening plant facilitating safe consumption of water
 - Regular workshops & training for machine operations / handling & safety
 - Mechanized Finished Goods movement
 - Usage of masks and safety gears for plant personnel
- **Highest standards of corporate governance practices**
 - Maintains high levels of transparency, accountability in all its interactions with its stakeholders including shareholders, employees, lenders and the government



GROWTH LEVERS

Key Business Strength



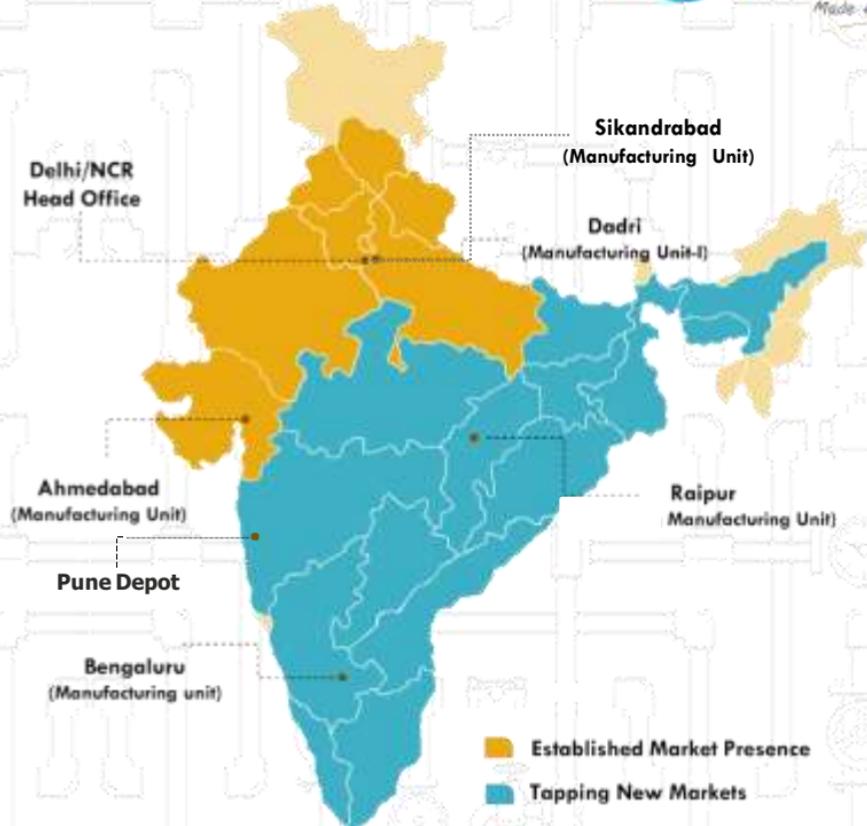
Strengthening distribution network across India to Augment presence and improve market penetration



Enjoys a dominant and leading presence in North India

Extensive distribution network significantly reduces delivery time to 48 hours (from 10-12 days)

Tapping newer markets to reduce inventory cost for Distributors & Dealers



150+

Distributors

450+

Dealers

Diversified Product Portfolio with total offerings at 1,500+, Aiming to achieve 2,500+ products to the basket



- Range of products manufactured at the technologically-advanced manufacturing facility at Dadri & Sikandrabad at U.P., Ahmedabad at Gujarat & Tumkur (Banglore) at Karnataka and Raipur at Chattisgarh.
- Launched 'Plastic Faucets, Taps and Showers' in the domestic market – to drive higher brand visibility through New Products
- Successfully added Water Storage Tanks to our product Portfolio



Capacity Expansion to aid long-term growth plan

Available Capacity
1,25,200 MTPA

Aim to deliver a healthy
25%+ CAGR over the next 3
years

Primary focus to improve
utilization at Dadri,
Ahmedabad, Bengaluru and Raipur

Establishing manufacturing
line for the value added products at
new locations

Undertaking brownfield
expansion at Dadri facility to
cater to strong demand
scenario in North

MACRO GROWTH DRIVERS

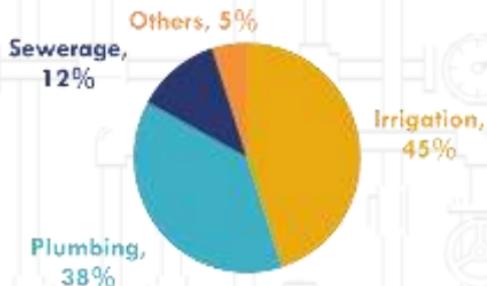
PVC Pipe Industry



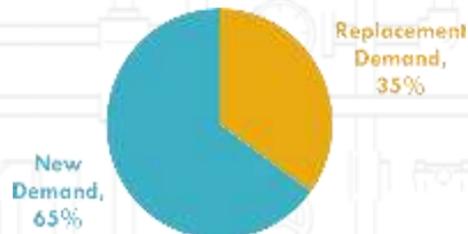
The Indian PVC pipes and fittings market expected to register 15% CAGR during FY22 - FY26

- The domestic plastic pipes industry size at ~ ₹ 340Bn
- Organized players account for ~60% market share
- Key features of plastic pipes against other pipes
 - Lightweight
 - Ease of transportation
 - Longer life span
- Key growth drivers:
 - Government's push for cleanliness and sanitation to boost water management sector
 - Increased Building of affordable houses and growing housing demand
 - Requirement for infrastructure for irrigation and water supplies

Demand Segmentation - Domestic Industry



Demand Split - Domestic Industry



At the Forefront of multiple sector trends

Urban Infrastructure & Construction



- Infrastructure push - plumbing and distribution requirements
- Water Management, Waste Management, Water Drainage & Sewerage System
- 'Housing for All' scheme and 'Smart Cities' scheme to drive demand
- GoI targeted construction of 20M and 40M houses in urban and rural areas, by 2022
 - One unit in the urban area nearly consumes 200 kg of PVC products
 - Rural house consumes ~75kg

Water Management



- Rehabilitation of aging pipelines and installation of new pipes in transportation of liquids offers a significant opportunity
- Government focus on providing clean water, clean cities with well-organized plans for sewage removal and efficient transport facilities
- National Rural Drinking Water Mission (NRDWM) to create a safe drinking water program

Agriculture Focus



- Improving irrigation schemes for farmers
- Water Table Depletion – increase in bore well activities leading to higher demand of larger diameter pipes
- Increase in land under irrigation for food production
- Increasing agriculture focus will have better demand for irrigation and thus demand for PVC pipes



FUTURE OUTLOOK

Focus Areas for FY22-23



Strengthen foothold in existing markets of North, West and Southern India



Undertake a phase-wise capacity expansion at the existing facilities over the next few quarters



Register solid growth in sales – targeting revenue growth of around 25%+



Penetrate and establish footprint into neighboring markets in Central and Eastern India



Improve utilization at the existing manufacturing plants at all facilities



Undertake various brand building exercises and establish stronger brand recall in the established markets of North, West and Southern India



OPERATIONAL & FINANCIAL HIGHLIGHTS

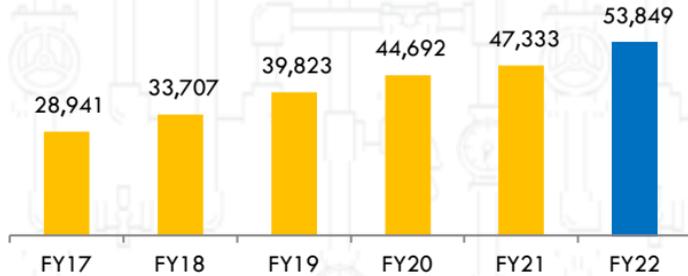
Financial Trend



FY22

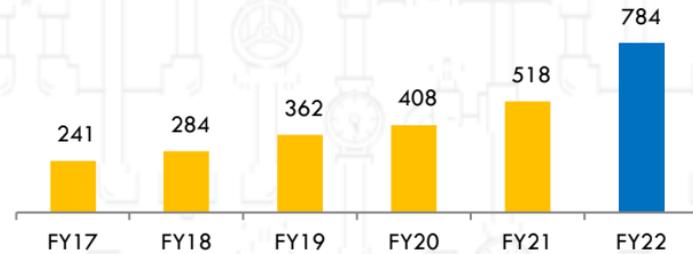
(5 Yr. CAGR - 13%)

Volume (Tons)



(5 Yr. CAGR -27%)

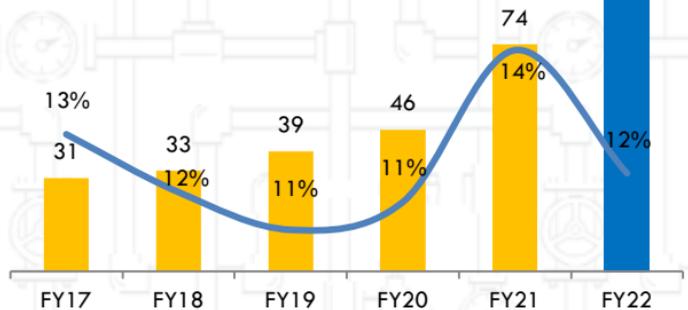
Revenue (Rs. Cr)



(5 Yr. CAGR - 25%)

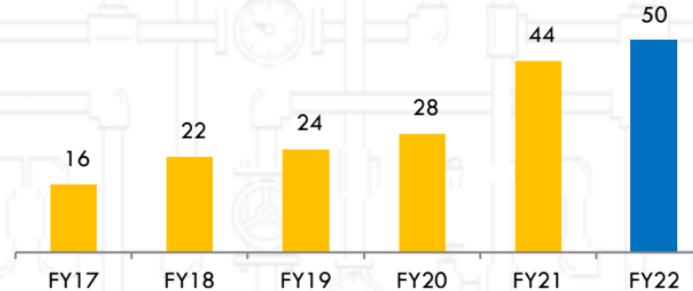
EBITDA (Rs. Cr)

EBITDA Margin (%)



(5 Yr. CAGR - 26%)

PAT (Rs.Cr)

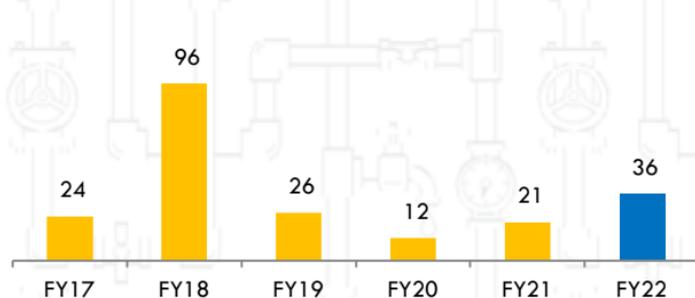


Financial Trend

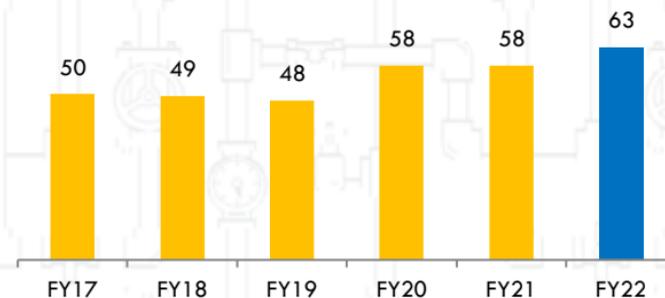


 FY22

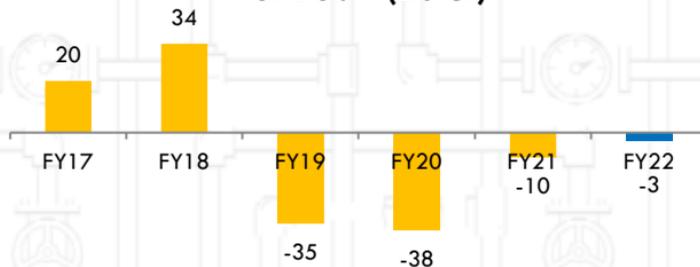
Op. Cashflow (Rs. Cr)



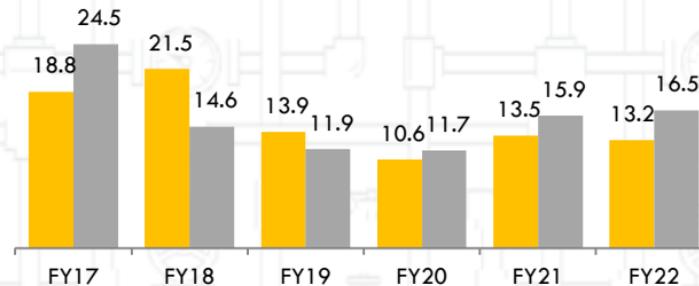
Net Working Capital (Days)



Net Debt* (Rs.Cr)



■ ROE (%) ■ ROCE** (%)



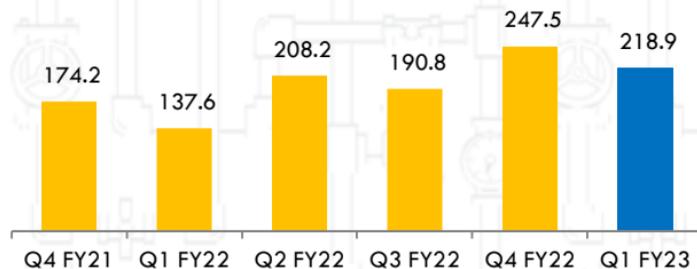
*Negative due to Net cash, ** Capital Employed: Total Assets minus Current Liabilities

Quarterly Performance

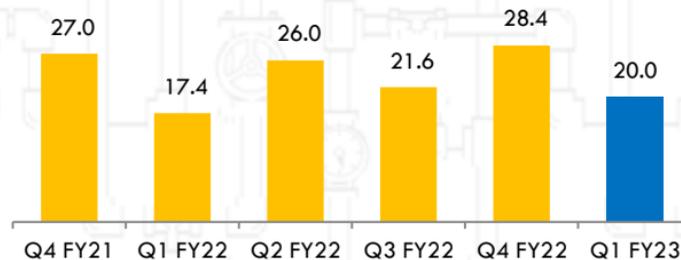


■ Q1FY23

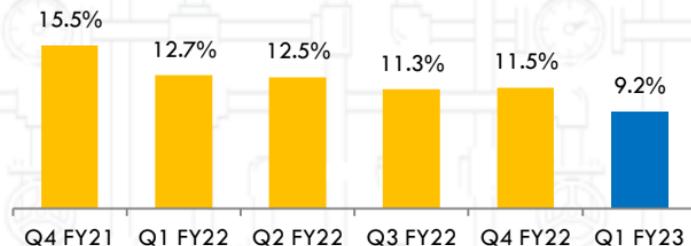
Revenue (Rs. Cr)



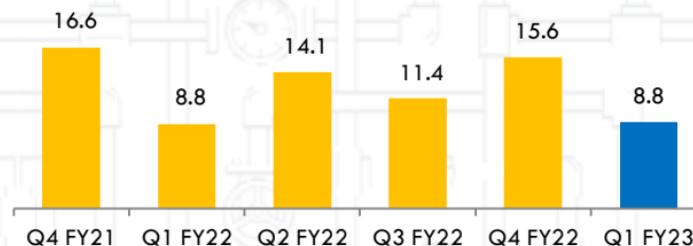
EBITDA (Rs. Cr)



EBITDA Margin (%)



PAT (Rs. Cr)



Abridged P&L Statement



Particulars	Q1 FY23	Q4 FY22	Q1 FY22	Y-o-Y Shift	Q-o-Q Shift	FY22	FY21	Y-o-Y Shift
Net Revenue from Operations	218.9	247.5	137.6	59%	-12%	784.1	518.1	51%
Total Expenditure	198.9	219.1	120.2	65%	-9%	690.7	443.8	56%
Raw Material expenses	165.5	182.7	98.6	68%	-9%	573.2	361.8	58%
Employee benefits expense	12.0	11.6	8.7	39%	4%	41.4	29.3	42%
Other expenses	21.3	24.8	12.9	66%	-14%	76.1	52.8	44%
EBITDA	20.0	28.4	17.4	15%	-29%	93.4	74.3	26%
<i>EBITDA margin (%)</i>	<i>9.2%</i>	<i>11.5%</i>	<i>12.7%</i>	<i>(352 BPS)</i>	<i>(232 BPS)</i>	12%	14%	<i>(242 BPS)</i>
Other Income	0.8	1.1	1.4	-42%	-23%	3.8	8.4	-55%
Finance Costs	2.2	1.8	1.1	105%	24%	4.3	4.4	-2%
Depreciation and Amortization	6.4	7.1	5.7	12%	-11%	25.7	17.6	46%
PBT	12.3	20.5	12.1	2%	-40%	67.2	60.7	11%
Tax expense	3.5	4.9	3.3	4%	-30%	17.4	16.2	8%
PAT	8.8	15.6	8.8	2%	-43%	49.8	44.5	12%
<i>PAT margin (%)</i>	<i>4%</i>	<i>6%</i>	<i>6%</i>	<i>(233 BPS)</i>	<i>(227 BPS)</i>	6%	9%	<i>(224 BPS)</i>
EPS Basic (Rs.)	2.2	4.0	2.2	1%	-43%	12.7	11.3	12%

Abridged Balance Sheet and Cash Flow Statement



Balance Sheet - Assets (Rs Cr)	FY22	FY21
Cash & Bank Balance	42.0	72.5
Receivables	70.5	62.7
Inventories	131.6	78.2
Other current assets	40.8	39.8
Fixed assets (net)	227.2	211.7
Right to use Assets	9.2	9.3
Investments	4.1	0.3
Other Assets/goodwill/CWIP	18.3	19.8
Total Assets	543.9	494.3
Balance Sheet - Liabilities (Rs Cr)	FY22	FY21
Trade payables	55.0	48.2
Other current liabilities	41.9	28.0
Debt	38.7	62.9
Others	1.4	2.4
Minority Interest/Provision	1.6	1.3
Shareholders' funds	405.3	351.5
Total Equity & Liabilities	543.9	494.3

Cash Flow Statement (Rs Cr)	FY22	FY21
EBITDA	93.4	74.2
Changes in Accounts receivables	-7.8	-3.3
Changes in Inventory	-53.4	4.2
Other WC changes	19.5	-44.4
Others	0.4	2.9
Tax	-15.8	-12.9
Operating cash flow	36.3	20.7
Interest	-4.4	-4.4
Residual cash flow	31.9	16.3
Fixed assets	-40.5	-61.7
Investments	2.3	17.0
Free cash flow	-6.1	-28.4
Dividend payments	0.0	0.0
Capital increase	0.0	0.0
Net change in cash flow	-6.3	-28.4
Net debt* beginning	-9.6	-38.0
Net debt* end	-3.3	-9.6

*Negative due to Net cash

CONCLUSION



Key Takeaways



Available Capacity of 1,25,200 MTPA

Target to achieve 25%+ revenue growth CAGR over next three years

Value-added product categories to provide impetus to volumes and profitability

Increased market presence and improving distributor network to address demand across pan-India

Leveraging 'APL Apollo' brand reach and recall to drive higher growth in business

About Us



Apollo Pipes (BSE: 531761; NSE: APOLLOPIPE), is among the top 10 leading piping solution providing Company in India. Headquartered in Delhi, the Company enjoys strong brand equity in the domestic markets. With more than 3 decades of experience in the Indian Pipe Market, Apollo Pipes holds a strong reputation for high quality products and a an extensive distribution network.

Equipped with state-of-the-art infrastructure, the Company operates large manufacturing facilities at Dadri – UP, Ahmedabad – Gujarat Tumkur – Karnataka, and Raipur-Chhattisgarh with a total capacity of 1,25,200 MTPA. The multiple and efficient product profile includes over 1,500 product varieties of cPVC, uPVC, and HDPE pipes, PVC taps, fittings, water storage tank and solvent of the highest quality. The products cater to an array of industrial applications such as Agriculture, Water Management, Construction, Infrastructure, and Telecom ducting segments. The Company's extensive distribution network spreads for about 600+ channel partners.



For further information,
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Sudesh Group

35 Years of excellence

THANK YOU



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