



Sudesh Group

35 Years of excellence

APOLLO PIPES LTD.

Q3FY22 EARNINGS PRESENTATION

January 24, 2022

www.apollopipes.com



Made For life

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.



TABLE OF CONTENT

1



Apollo Pipes
Overview

2



Growth
Levers

3



Macro-Growth
Drivers

4



Future
Outlook

5



5 Year Financial
Highlights

6



Q3FY22
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



12% 5-year Sales Volume CAGR



20% 5-year Revenue CAGR



35% 5-year Net Profit CAGR

Q3FY22 AT A GLANCE



12,520 MT

Sales Volume
9% YoY increase



190.8 Cr.

Revenue
49% YoY increase



21.6 Cr.

EBITDA
15% YoY decline



11.3%

EBITDA Margin
Down 857bps YoY



11.4 Cr.

PAT
30% YoY decline



18.0 Cr

Cash Profit
13% YoY decline

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

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 Dadri-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 Kemane, France resin
- Started manufacturing uPVC agri and SWR fittings.

2016

- First in North India to install 900kg/hr PVC extension line
- Expanded capacity by 10,000 MTPA
- Took total available capacity to 50,000 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

Robust 5-year CAGR

(FY17 – FY21)

12%

Growth in Sales Volume

25%

Growth in EBITDA

35%

Growth in PAT

Tiger Shroff Appointed as Brand Ambassador

Social Media campaign launched in Q3FY22

Water Tank
(On Apollo Platform)

 **8.8 Million Views**
 **9.2 Million Views**
 **4,204,091 Views**

On Tiger Shroff's : 
Water Tank: 2,959,016 Views
Pipes: 925,726 Views

Pipes
(On Apollo Platform)

 **13 Million Views**
 **8.7 Million Views**
 **3,457,620 Views**

TV Commercial scheduled for Q1FY23

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



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 (“BLSPP”) 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

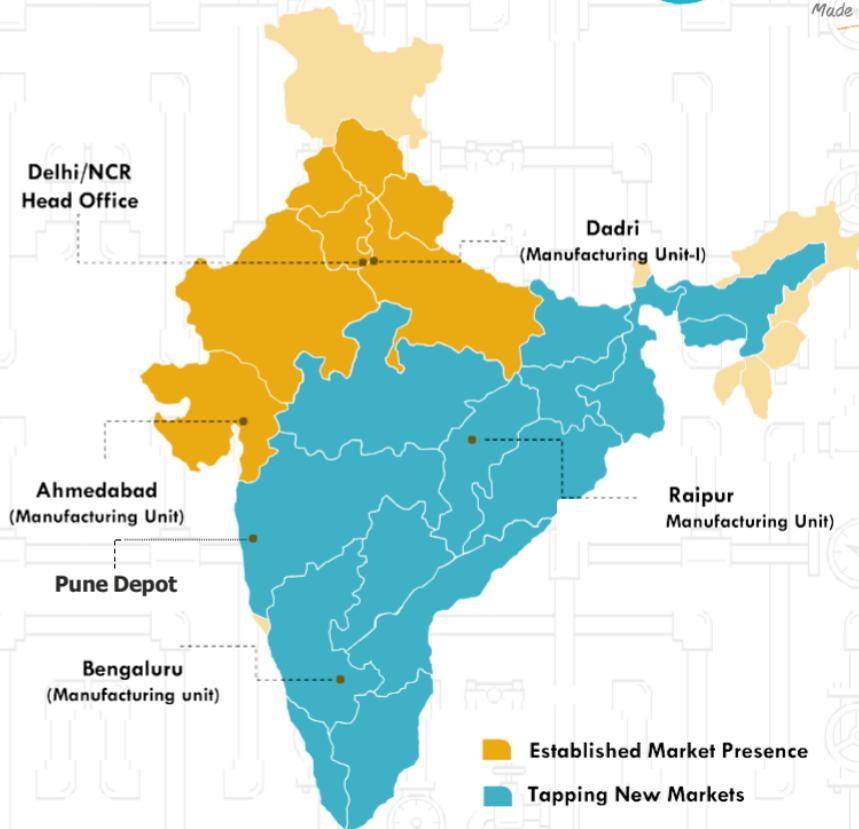


Strengthening distribution network across India to Augment presence and improve market penetration

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



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 a manufacturing
line for the high-margin
Fittings' product at Eastern India

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

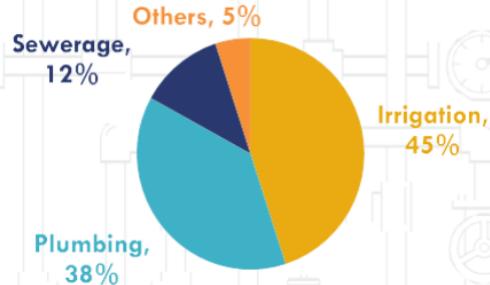
MACRO GROWTH DRIVERS

PVC Pipe Industry

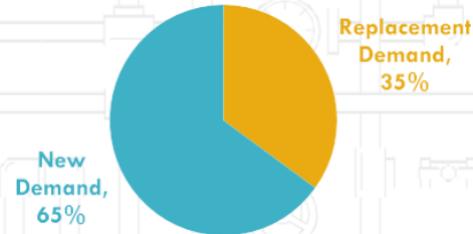
The Indian PVC pipes and fittings market expected to register 15% CAGR during FY22 - FY26

- 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 FY21-22



Strengthen foothold in existing markets of North and Western India



Undertake a phase-wise capacity expansion at the existing facilities over the next few quarters
Successfully integrate inorganic acquisition in the South



Register solid growth in volumes – targeting volume growth of around 25%+ CAGR



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



Improve utilization at the existing manufacturing plants at Dadri and Ahmedabad



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



OPERATIONAL & FINANCIAL HIGHLIGHTS

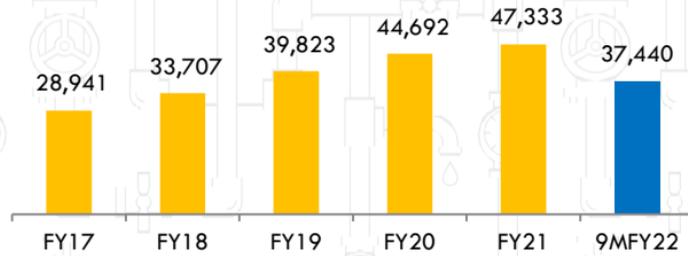
Financial Trend



9MFY22

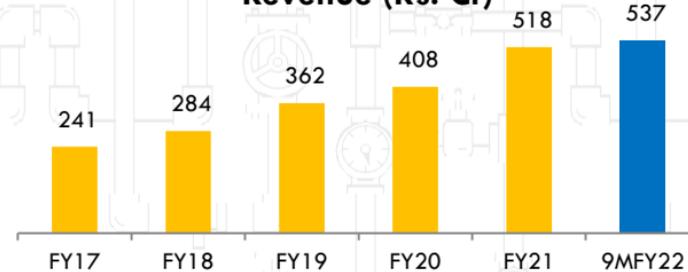
(5 Yr. CAGR - 12%)

Volume (Tons)



(5 Yr. CAGR - 20%)

Revenue (Rs. Cr)



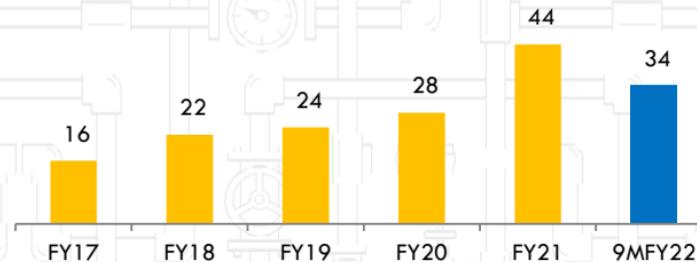
(5 Yr. CAGR - 25%)

EBITDA (Rs. Cr) EBITDA Margin (%)



(5 Yr. CAGR - 35%)

PAT (Rs. Cr)

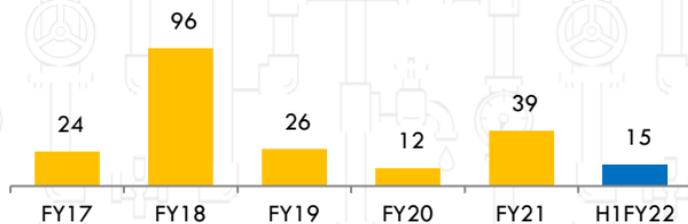


Financial Trend

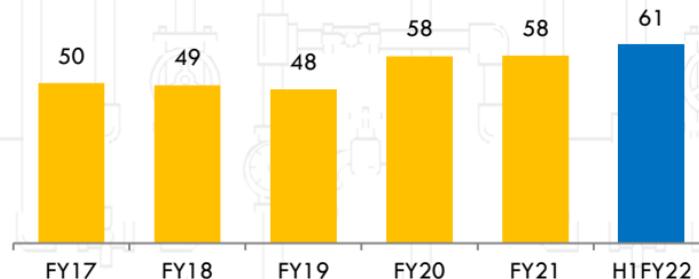


H1FY22

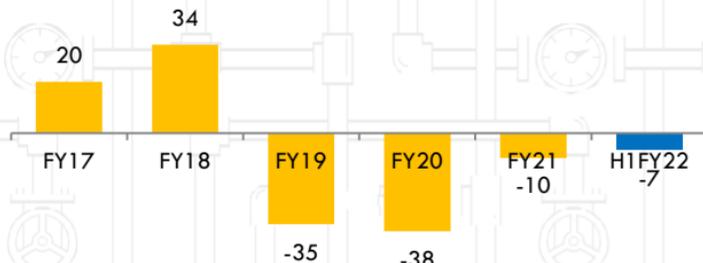
Op. Cashflow (Rs. Cr)



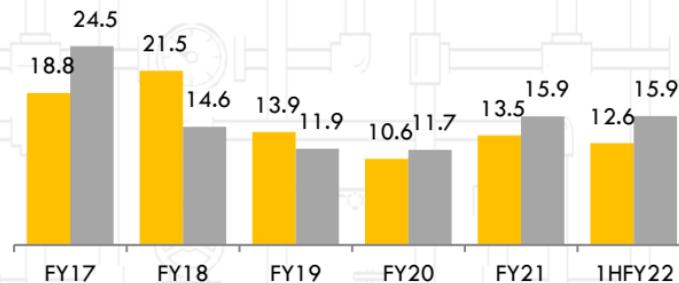
Net Working Capital (Days)



Net Debt* (Rs. Cr)



■ ROE (%) ■ ROCE** (%)



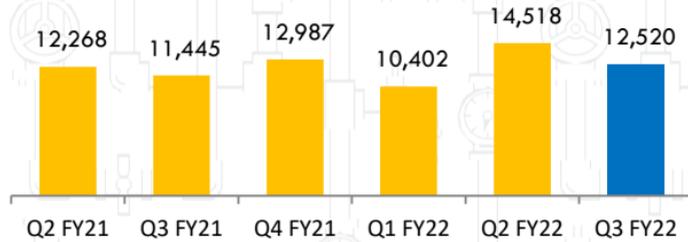
*Negative due to Net cash, ** Capital Employed: Total Assets minus Current Liabilities

Quarterly Performance

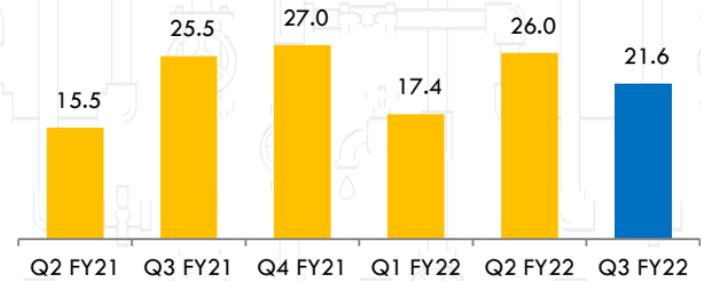


Q3FY22

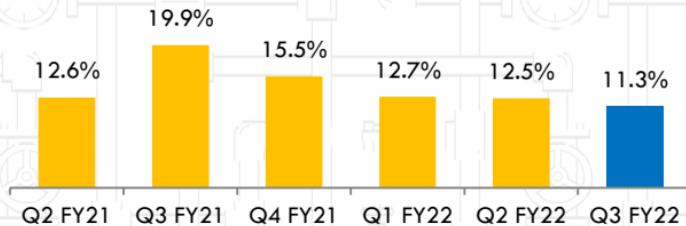
Sales Volume (Tons)



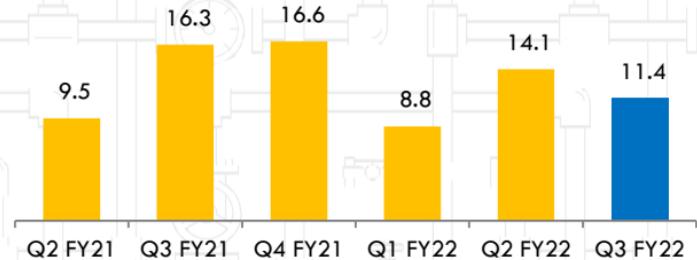
EBITDA (Rs. Cr)



EBITDA Margin (%)



PAT (Rs. Cr)



Abridged P&L Statement



| Particulars | Q3 FY22 | Q2FY22 | Q3 FY21 | Y-o-Y Shift | Q-o-Q Shift | 9M FY22 | 9M FY21 | Y-o-Y Shift |
|------------------------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|
| Net Revenue from Operations | 190.8 | 208.2 | 128.1 | 49% | -8% | 536.6 | 343.9 | 56% |
| Total Expenditure | 169.2 | 182.2 | 102.6 | 65% | -7% | 471.6 | 296.7 | 59% |
| Raw Material expenses | 139.3 | 152.6 | 79.2 | 76% | -9% | 390.5 | 235.9 | 66% |
| Employee benefits expense | 11.1 | 10.1 | 8.0 | 39% | 10% | 29.9 | 20.7 | 44% |
| Other expenses | 18.8 | 19.6 | 15.4 | 22% | -4% | 51.3 | 40.1 | 28% |
| EBITDA | 21.6 | 26.0 | 25.5 | -15% | -17% | 65.0 | 47.2 | 38% |
| <i>EBITDA margin (%)</i> | 11% | 12% | 20% | -857 | -113 | 12% | 14% | -161 |
| Other Income | 1.2 | 0.1 | 1.9 | -37% | 850% | 2.7 | 5.9 | -54% |
| Finance Costs | 0.8 | 0.7 | 0.6 | 19% | 6% | 2.5 | 3.5 | -27% |
| Depreciation and Amortization | 6.7 | 6.2 | 4.4 | 51% | 8% | 18.6 | 11.8 | 57% |
| PBT | 15.4 | 19.2 | 22.3 | -31% | -20% | 46.6 | 37.9 | 23% |
| Tax expense | 4.0 | 5.1 | 6.0 | -32% | -21% | 12.5 | 10.0 | 25% |
| PAT | 11.4 | 14.1 | 16.3 | -30% | -19% | 34.2 | 27.8 | 23% |
| <i>PAT margin (%)</i> | 6% | 7% | 13% | -680 | -80 | 6% | 8% | -173 |
| EPS Basic (Rs.) | 2.9 | 3.6 | 4.2 | -30% | -19% | 8.7 | 7.1 | 23% |

Abridged Balance Sheet and Cash Flow Statement



| Balance Sheet - Assets (Rs Cr) | H1FY22 | FY21 |
|---------------------------------------|--------------|--------------|
| Cash & Bank Balance | 40.9 | 72.5 |
| Receivables | 86.0 | 62.7 |
| Inventories | 81.3 | 78.2 |
| Other current assets | 29.2 | 39.8 |
| Fixed assets (net) | 216.0 | 211.7 |
| Right to use Assets | 9.3 | 9.3 |
| Investments | 0.3 | 0.3 |
| Other Assets/goodwill/CWIP | 16.4 | 19.8 |
| Total Assets | 479.4 | 494.3 |
| Balance Sheet - Liabilities (Rs Cr) | H1FY22 | FY21 |
| Trade payables | 37.7 | 48.2 |
| Other current liabilities | 28.8 | 28.0 |
| Debt | 34.3 | 62.9 |
| Others | 2.0 | 2.4 |
| Minority Interest/Provision | 1.3 | 1.3 |
| Shareholders' funds | 375.2 | 351.5 |
| Total Equity & Liabilities | 479.4 | 494.3 |

| Cash Flow Statement (Rs Cr) | H1FY22 | FY21 |
|---------------------------------|-------------|--------------|
| EBITDA | 43.4 | 74.2 |
| Changes in Accounts receivables | -23.4 | -3.3 |
| Changes in Inventory | -3.1 | 4.2 |
| Other WC changes | 2.9 | -33.7 |
| Others | 1.5 | 10.0 |
| Tax | -6.8 | -12.9 |
| Operating cash flow | 14.6 | 38.5 |
| Interest | -1.9 | -4.4 |
| Residual cash flow | 12.7 | 34.1 |
| Fixed assets | -20.7 | -68.8 |
| Investments | 5.0 | 6.5 |
| Free cash flow | -3.0 | -28.2 |
| Dividend payments | 0.0 | 0.0 |
| Capital increase | 0.0 | 0.0 |
| Net change in cash flow | -3.0 | -28.2 |
| Net debt beginning | -9.6 | -38.0 |
| Debt Repayment | -28.5 | -27.2 |
| Net debt end | -6.5 | -9.6 |



CONCLUSION

Key Takeaways



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 and fittings 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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35 Years of
excellence

THANK YOU



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