



APOLLO PIPES LTD.

Q2FY23 EARNINGS PRESENTATION

NOVEMBER, 2022

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.

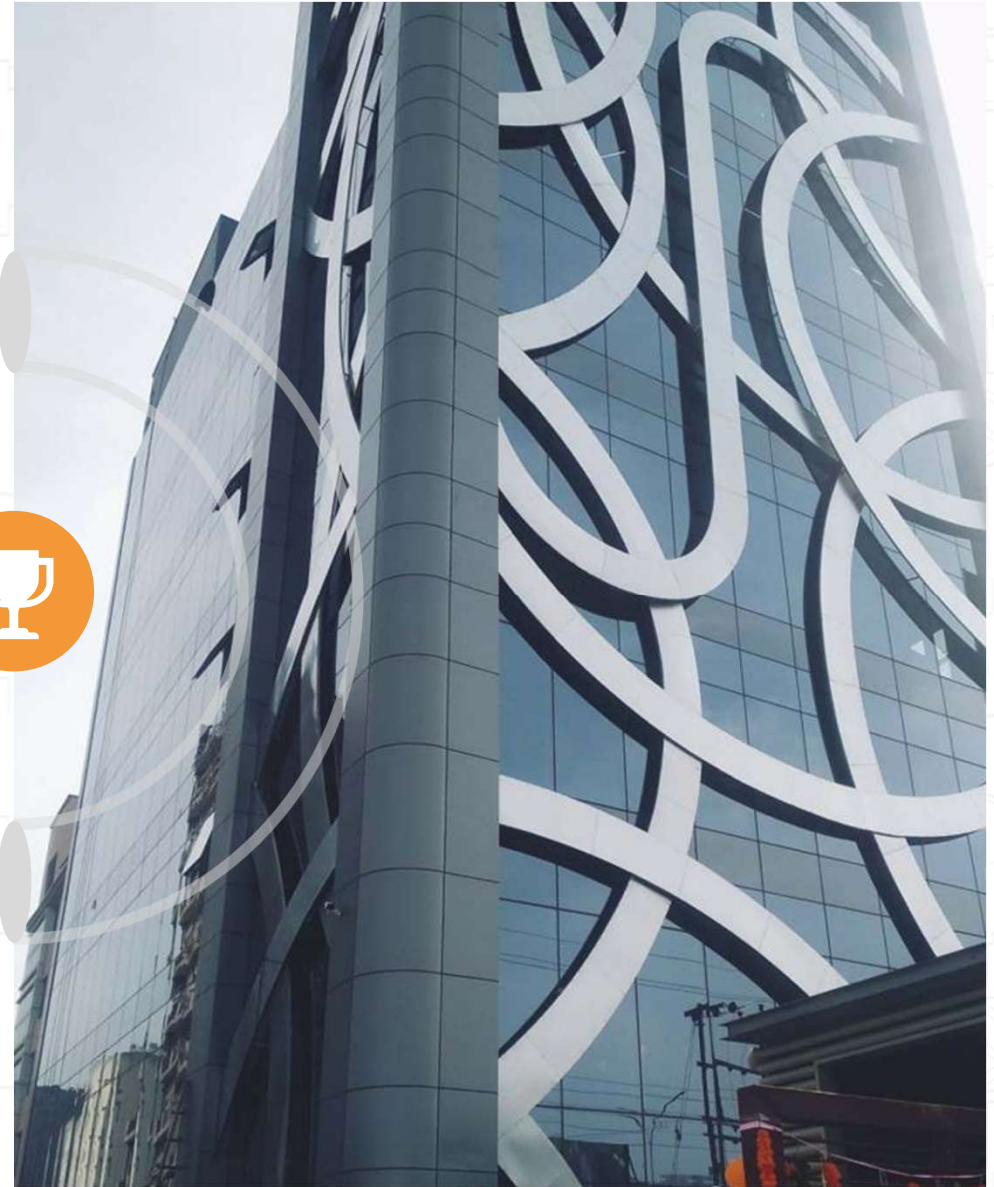


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**Q2FY23
Highlights**



COMPANY OVERVIEW

Apollo Pipes at a Glance



Among the Top 10
leading PVC pipe
manufacturers in India



131,200 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

Q2FY23 AT A GLANCE



15,465 MT

Sales Volume
7% YoY increase



Rs. 207 Cr.

Revenue
1% YoY decrease



Rs. 2.5 Cr.

EBITDA
90% YoY decrease



1.2%

EBITDA Margin
1126bps YoY decrease



Rs. -4.8 Cr

PAT



Rs. 2.2 Cr.

Cash Profit



10.4%

Q2FY23 ROCE
FY22 was 16.5%



7.4%

Q2FY23 ROE
FY22 was 13.2%

Apollo Pipes at a Glance



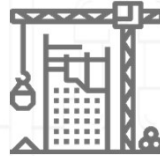
Agriculture Segment

- 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

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



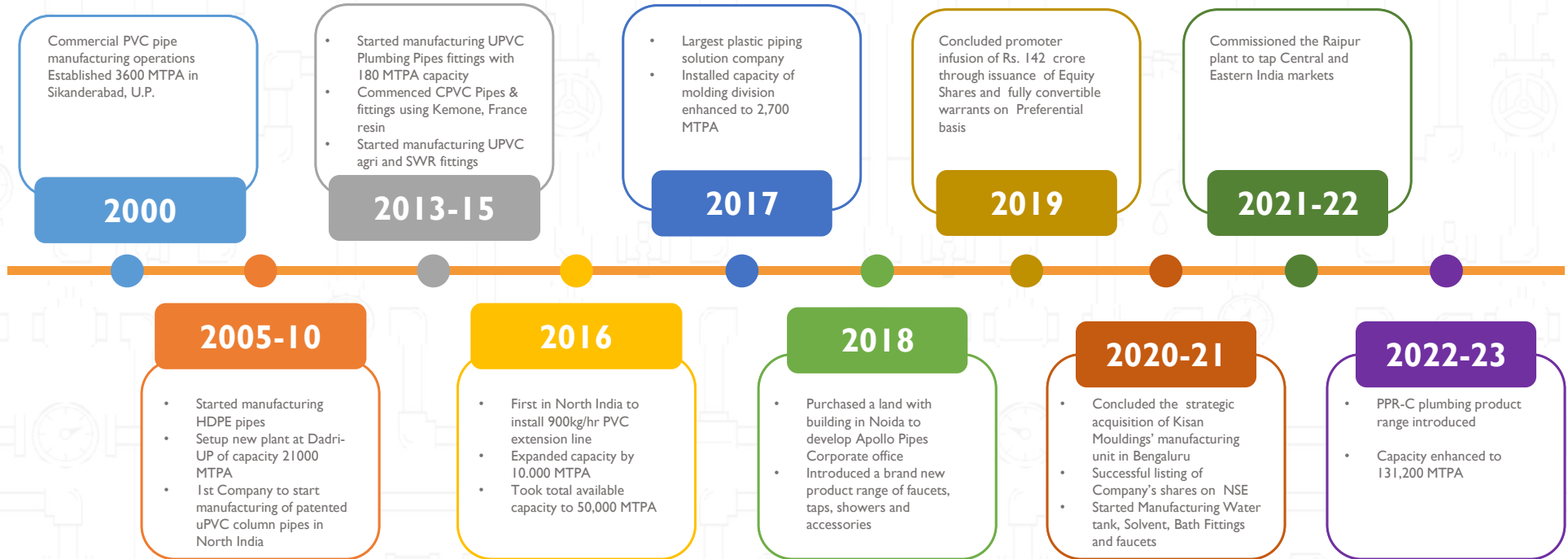
Solvent Cement

WATER TANKS



Water Tanks

Product Portfolio



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

Pipes
 (On Apollo Platform)

 13.4 Million Views
 3.4 Million Views
 8.7 million Views

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

TV Commercial launched on May 2, 2022

Regional language ads launched in June which also garnered good response

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

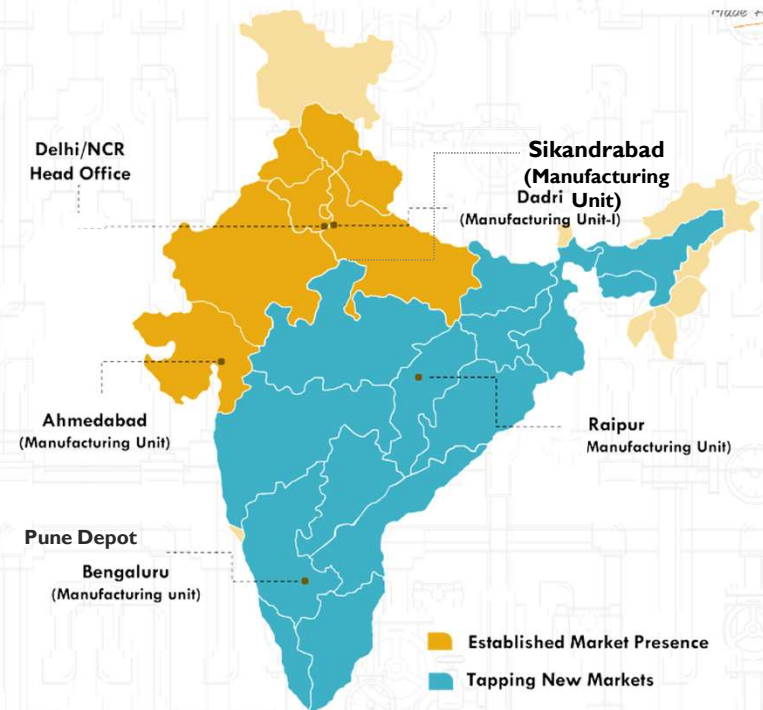
Tapping newer markets to reduce inventory cost for Distributors & Dealers

150+

Distributors

450+

Dealers

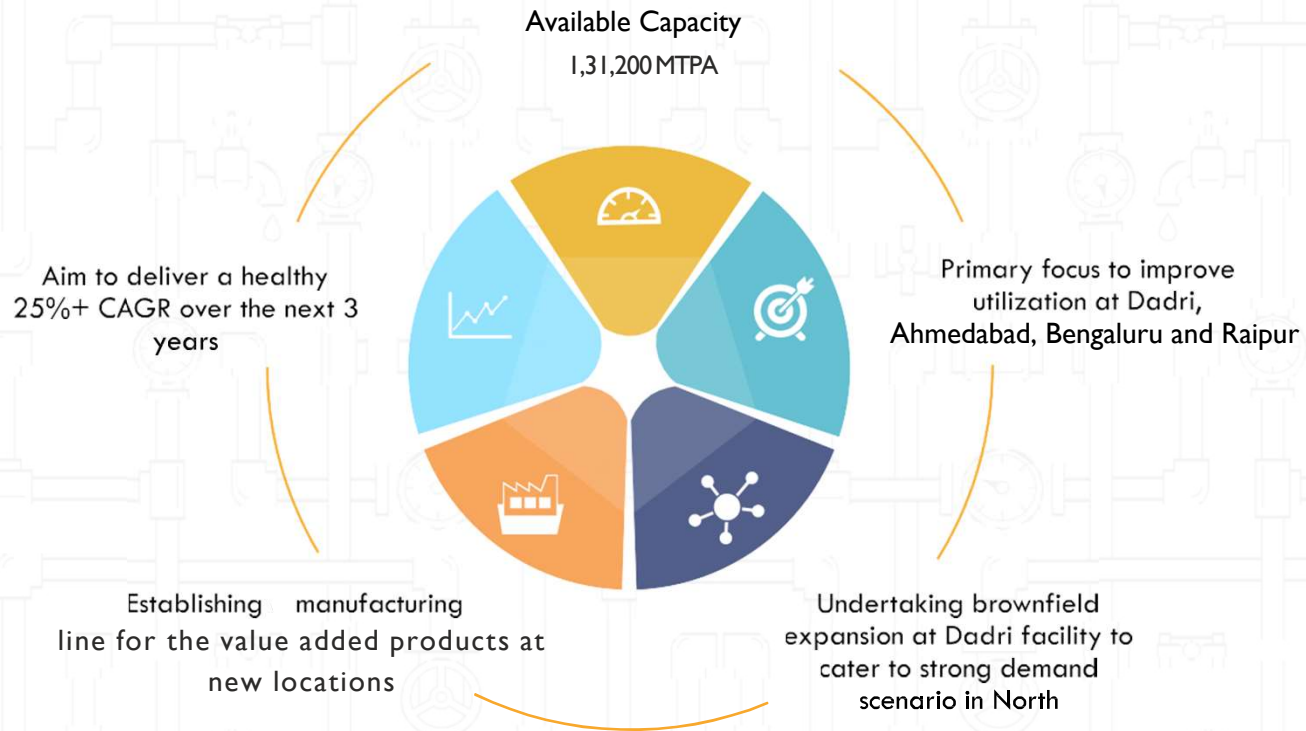


Diversified Product Portfolio with total offerings at 1,500+, Aiming to achieve 2,500+ products to the basket

- 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





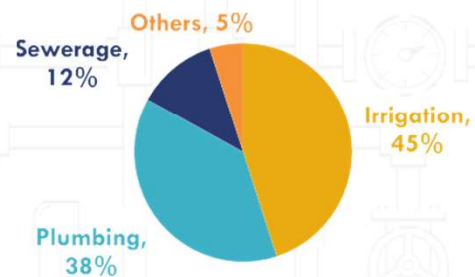
MACRO GROWTH DRIVERS

PVC Pipe Industry

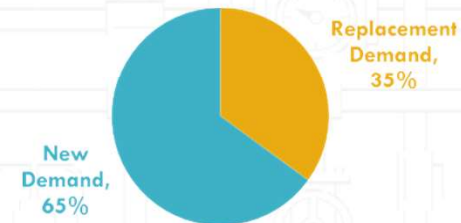
The Indian PVC pipes and fittings market expected to register 15% CAGR during FY22 - FY26

- 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 lifespan
- 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
- Govt 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

A hand holding a pen over a document with a scale icon overlay.

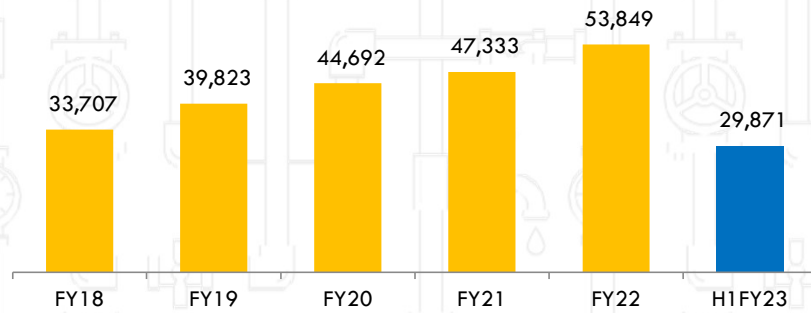
**OPERATIONAL & FINANCIAL
HIGHLIGHTS**

Financial Trend

FY22

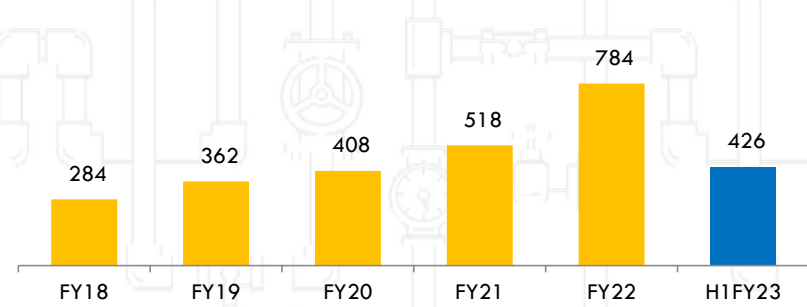
(5 Yr. CAGR - 13%)

Volume (Tons)



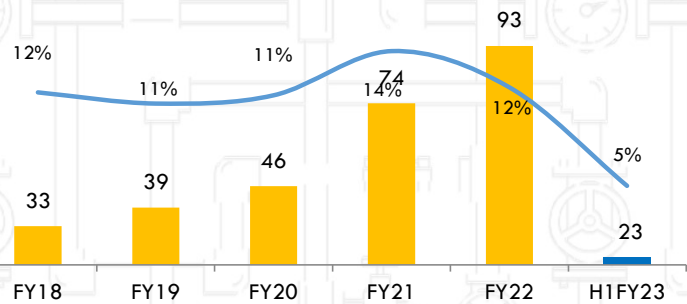
(5 Yr. CAGR - 27%)

Revenue (Rs. Cr)



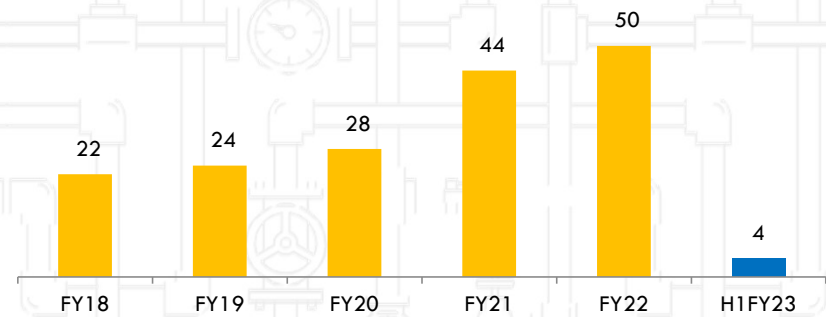
(5 Yr. CAGR - 25%)

EBITDA (Rs. Cr) **EBITDA Margin (%)**



(5 Yr. CAGR - 26%)

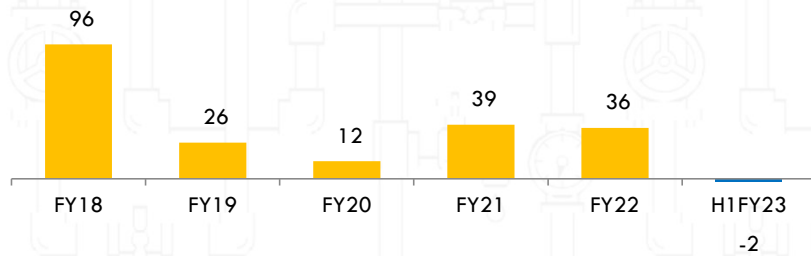
PAT (Rs. Cr)



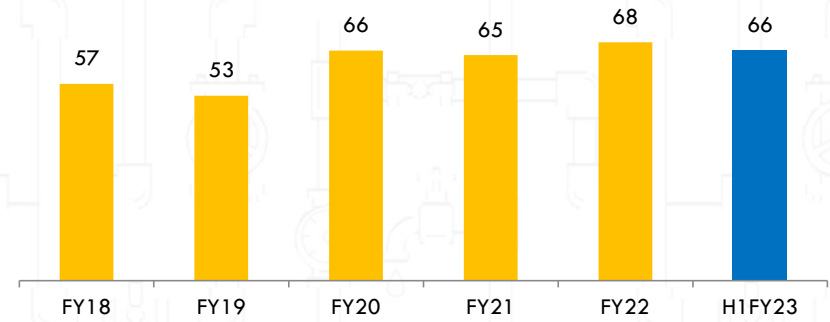
Financial Trend

■ H1FY23

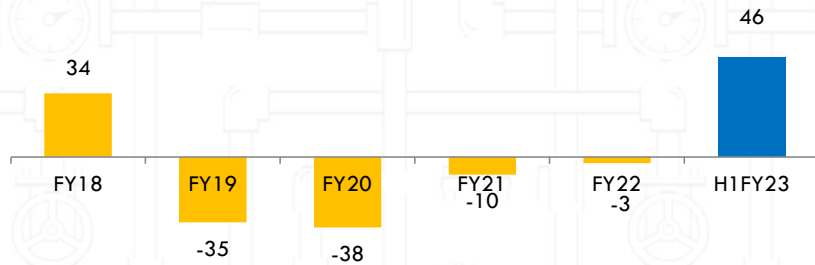
Op. Cashflow (Rs. Cr)



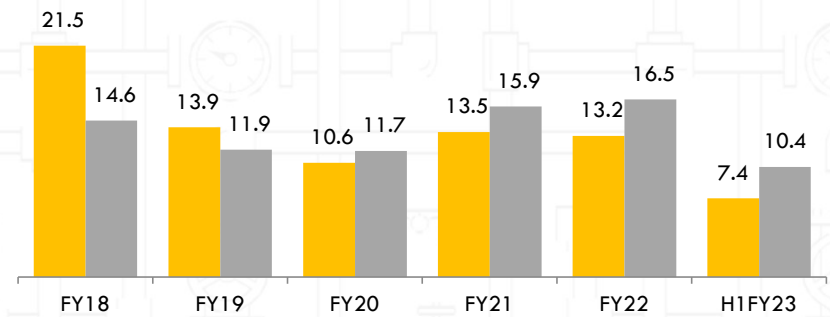
Net Working Capital (Days)



Net Debt* (Rs.Cr)



■ ROE (%) ■ ROCE** (%)

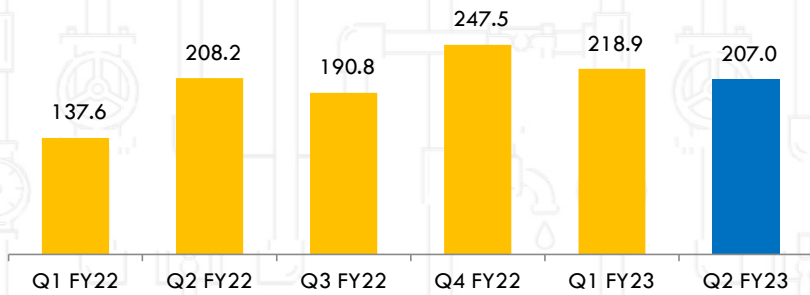


*Negative due to Net cash, ** Capital Employed: Total Assets minus Current Liabilities

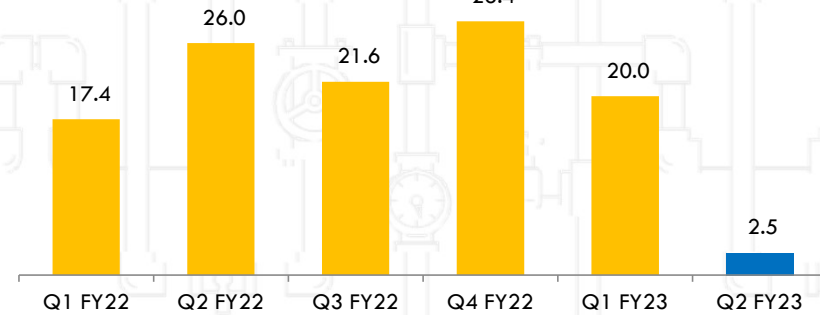
Quarterly Performance

■ Q2FY23

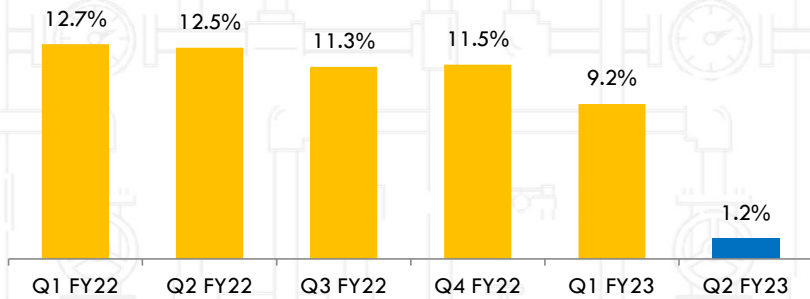
Revenue (Rs. Cr)



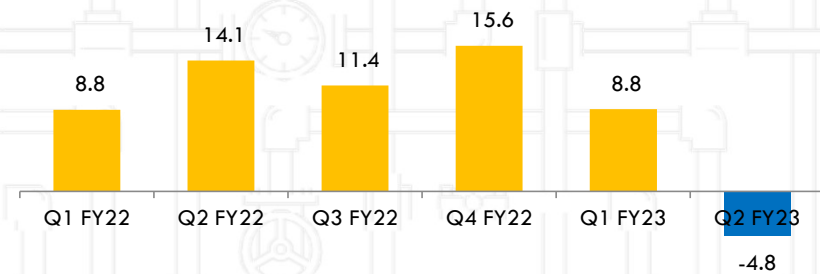
EBITDA (Rs. Cr)



EBITDA Margin (%)



PAT (Rs. Cr)



Profit & Loss Statement

Particulars	Q2 FY23	Q1 FY23	Q2 FY22	Y-o-Y Shift	Q-o-Q Shift	FY22	FY21	Y-o-Y Shift
Net Revenue from Operations	207.0	218.9	208.2	-1%	-5%	784.1	518.1	51%
Total Expenditure	204.5	198.9	182.2	12%	3%	690.7	443.8	56%
Raw Material expenses	166.8	165.5	152.6	9%	1%	573.2	361.8	58%
Employee benefits expense	13.3	12.0	10.1	32%	11%	41.4	29.3	42%
Other expenses	24.4	21.3	19.6	25%	14%	76.1	52.8	44%
EBITDA	2.5	20.0	26.0	-90%	-88%	93.4	74.3	26%
<i>EBITDA margin (%)</i>	<i>1.20%</i>	<i>9.15%</i>	<i>12.47%</i>	<i>-1126 BPS</i>	<i>-795 BPS</i>	12%	14%	<i>-242 BPS</i>
Other Income	0.4	0.8	0.1	225%	-51%	3.8	8.4	-55%
Finance Costs	2.2	2.2	0.7	205%	1%	4.3	4.4	-2%
Depreciation and Amortization	7.0	6.4	6.2	14%	10%	25.7	17.6	46%
PBT	-6.3	12.3	19.2	NM	NM	67.2	60.7	11%
Tax expense	-1.5	3.5	5.1	NM	NM	17.4	16.2	8%
PAT	-4.8	8.8	14.1	NM	NM	49.8	44.5	12%
<i>PAT margin (%)</i>	<i>-2%</i>	<i>4%</i>	<i>7%</i>	<i>-907 BPS</i>	<i>-635 BPS</i>	6%	9%	<i>-224 BPS</i>
EPS Basic (Rs.)	-1.2	2.2	3.6	NM	NM	12.7	11.3	12%

Balance Sheet and Cash flow Statement

Balance Sheet - Assets (Rs Cr)	H1FY23	FY22
Cash & Bank Balance	1.5	42.0
Receivables	60.2	70.5
Inventories	167.0	131.6
Other current assets	55.3	40.8
Fixed assets (net)	257.5	227.2
Right to use Assets	9.1	9.2
Investments	40.1	4.1
Other Assets/goodwill/CWIP	13.6	18.3
Total Assets	604.2	543.9
Balance Sheet - Liabilities (Rs Cr)	H1FY23	FY22
Trade payables	70.7	55.0
Other current liabilities	41.9	41.9
Debt	47.1	38.7
Others	5.1	1.4
Minority Interest/Provision	1.7	1.6
Shareholders' funds	437.7	405.3
Total Equity & Liabilities	604.2	543.9

Cash Flow Statement (Rs Cr)	H1FY23	FY22
EBITDA	23.3	93.4
Changes in Accounts receivables	10.3	-7.8
Changes in Inventory	-35.3	-53.4
Other WC changes	10.6	19.5
Others	-0.1	0.4
Tax	-11.1	-15.8
Operating cash flow	-2.4	36.3
Interest	-4.2	-4.4
Residual cash flow	-6.6	31.9
Fixed assets	-43.5	-40.5
Investments	1.2	2.3
Free cash flow	-48.9	-6.3
Dividend payments	0.0	0.0
Capital increase	0.0	0.0
Net change in cash flow	-48.9	-6.3
Net debt* beginning	-3.3	-9.6
Net debt* end	45.6	-3.3

*Negative due to Net cash

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 131,200 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.



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THANK YOU