

**APOLLO TYRES LTD**  
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apolloyres.com



ATL/SEC/21

November 29, 2016

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

**Sub: Investor Conference – Presentation**

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 made today at “Non Deal Road Show” organized by JM Financial at Mumbai.

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

Submitted for your information and records.

Thanking You

Yours Sincerely  
For APOLLO TYRES LTD.

A handwritten signature in black ink that reads "Seema Thapar". The signature is written in a cursive style.

(SEEMA THAPAR)  
Company Secretary



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# INVESTOR PRESENTATION



**November- 2016**

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## Strong Revenue Growth

	6M FY 2016	6M FY 2017	YOY Growth (Value Basis)
Net Sales (Rs Bn)	58.3	63.6	9.0%
EBITDA <sup>^</sup>	17.0%	15.4%	-1.5%
EBIT <sup>^^</sup>	13.6%	12.0%	-3.5%
PAT	9.7%	9.0%	1.8%

- **Sales growth** primarily driven by addition of Reifencom revenues
- **Profitability was lower** on account of higher raw material prices and impact of price reductions

## 1 INTRODUCTION TO APOLLO TYRES



## 2 MACRO OVERVIEW



## 3 APOLLO'S POSITIONING



## 4 FINANCIAL OVERVIEW





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**INTRODUCTION**



## Leading Global Tyre Company

- Presence across India, Europe & other growing economies of Asia
- US\$1.8bn<sup>1</sup> net sales in FY16<sup>2</sup>
- EBITDA<sup>3</sup> CAGR of ~ 14%
- Healthy ROCE of 22%

## Leading Tyre Manufacturer in India, Balanced Product Portfolio

- One of the largest radial tyre capacity in India (FY 2016)
- UHP & Winter tyres capabilities
- One of the largest player with 25% market share in truck tyre segment (which is 2/3rd of Indian tyre Industry)

## Manufacturing Across 2 Continents

- Manufacturing presence in Asia & Europe
- Combined capacity of ~1,645 MT/Day<sup>5</sup>



## Mix of Global & Regional Brands

## Extensive Distribution Network

- ~4,900 retail dealers in India
- ~3,500 dealer outlets in Europe

## Large Talent Pool

- ~15,500 employees<sup>6,7</sup> worldwide

Notes:

(1) 1US\$ = 65.54 INR, based on average exchange rate for FY16 as per www.o&a.com

(2) Consolidated financials; FY refers to financial year ended 31 March

(3) EBITDA without other income & exceptional items

(4) As per ATMA data for FY 2016

(5) Average for FY 2016 for India & Europe plants

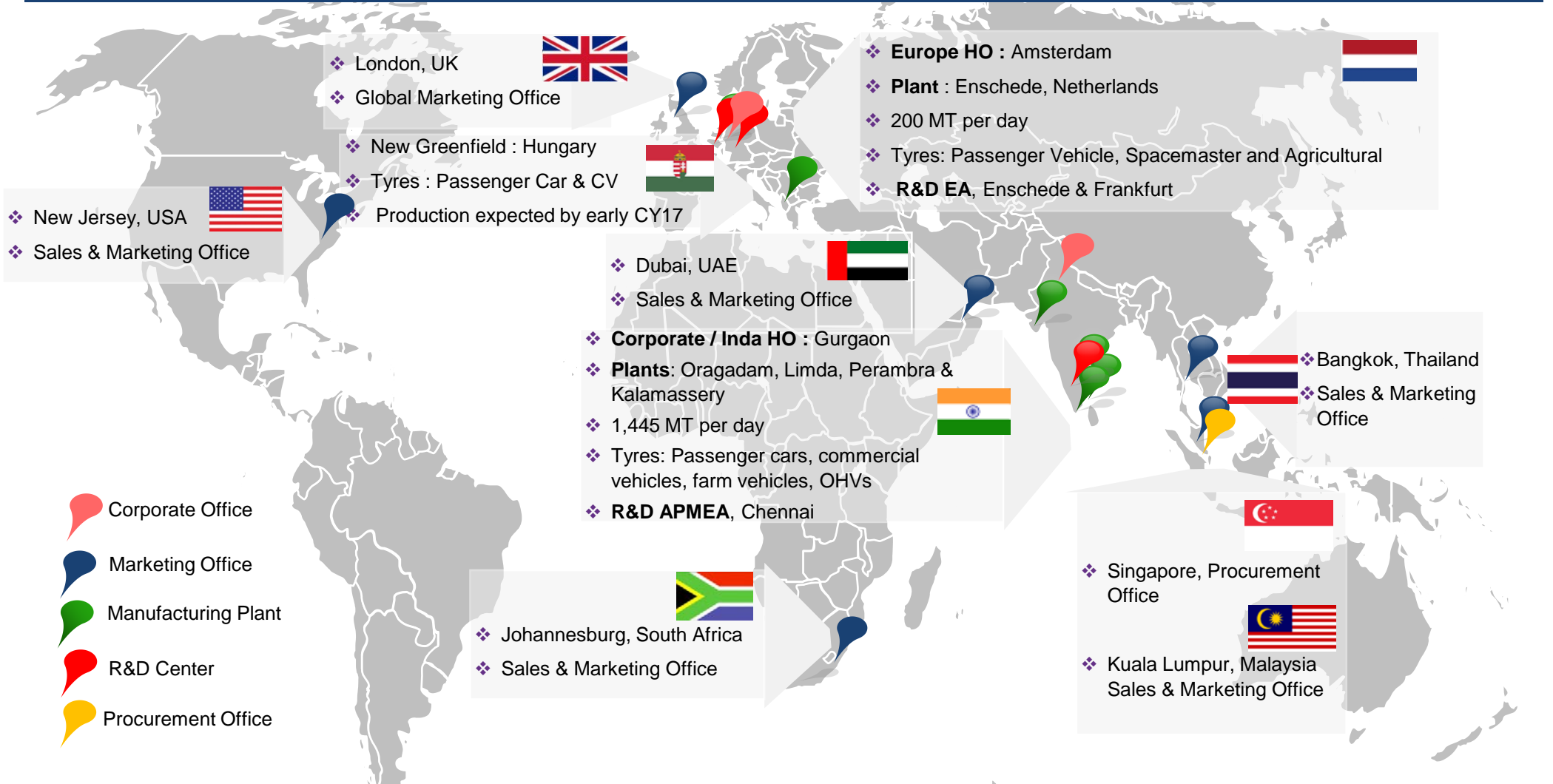
(6) As of 31<sup>st</sup> March 2016

(7) Including contractual workers

# DEFINED ROADMAP IN HOME MARKETS AND INCREASING PRESENCE IN CHOSEN FOCUS MARKETS



## Sales To More Than 100 Countries World Wide



Global presence in line with our vision of being a significant global player



# MANAGEMENT STRUCTURE



**Onkar S Kanwar**  
Chairman & Managing  
Director



**Neeraj Kanwar**  
Vice Chairman & Managing  
Director



**Sunam Sarkar**  
President & Chief  
Business  
Officer



**Satish Sharma**  
President, APMEA



**Mathias Heimann**  
President, EA



**Robert Steinmetz**  
Advisor



**Francesco Gori**  
Advisor for Strategy



**K Prabhakar**  
Chief Projects



**P K Mohamed**  
Chief Advisor, R&D



**Daniele Lorenzetti**  
Chief Technology Officer



**Marco Paracciani**  
Chief Marketing Officer



**Markus Korsten**  
Chief Manufacturing  
Officer



**Pedro Matos**  
Chief Quality Officer



**Gaurav Kumar**  
Chief Financial Officer



**Martha Desmond**  
Chief Human Resources  
Officer

Well diversified global team with long standing experience in the industry

## Leading Manufacturer



One of India's leading tyre manufacturers growing into a global tyre group with access to low cost manufacturing base

## Diverse Portfolio



Well positioned multi-brand strategy with diverse product offering, supported by extensive International distribution network

## R&D Focus



Strong focus on R&D & testing capabilities

## Global Presence

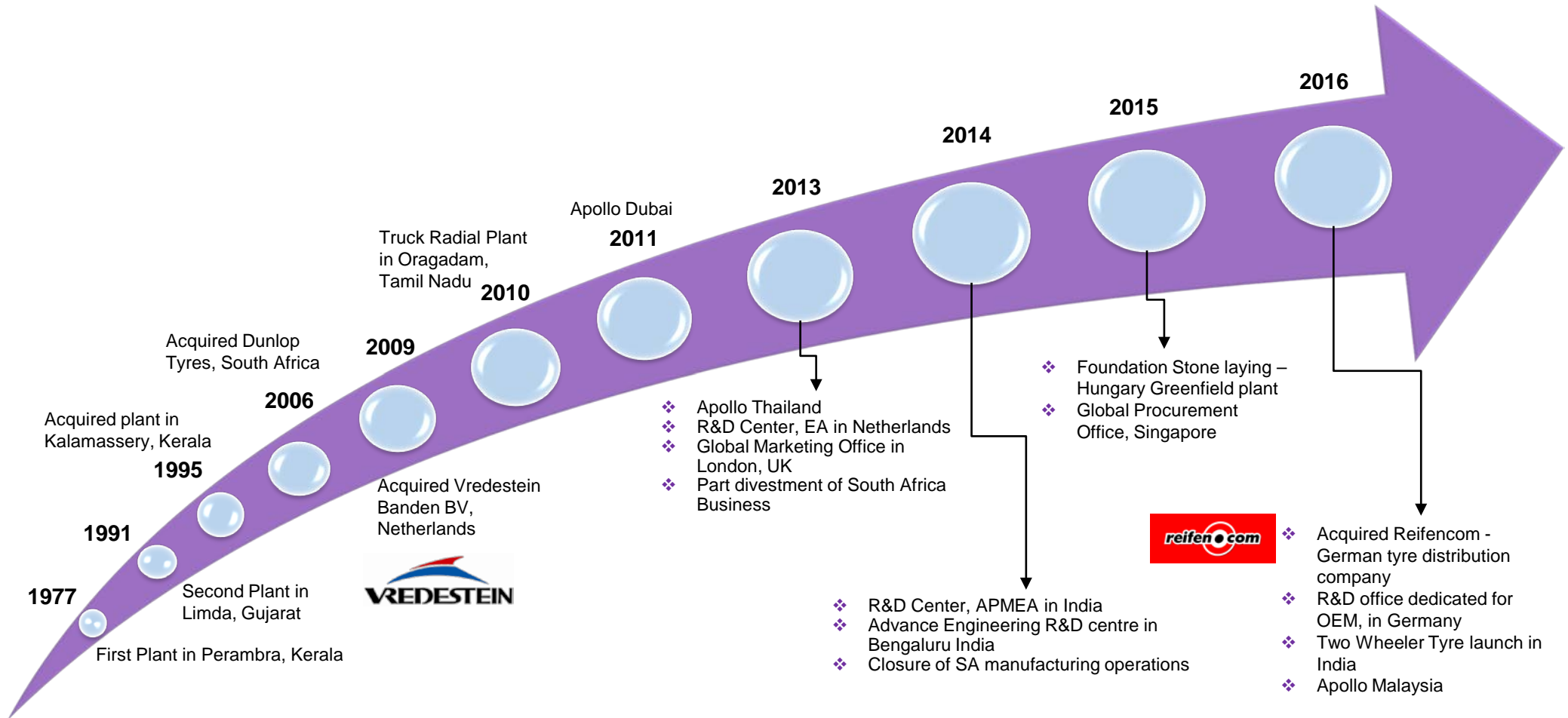


Global presence with proximity to growth & profit pool markets

## Proven Success

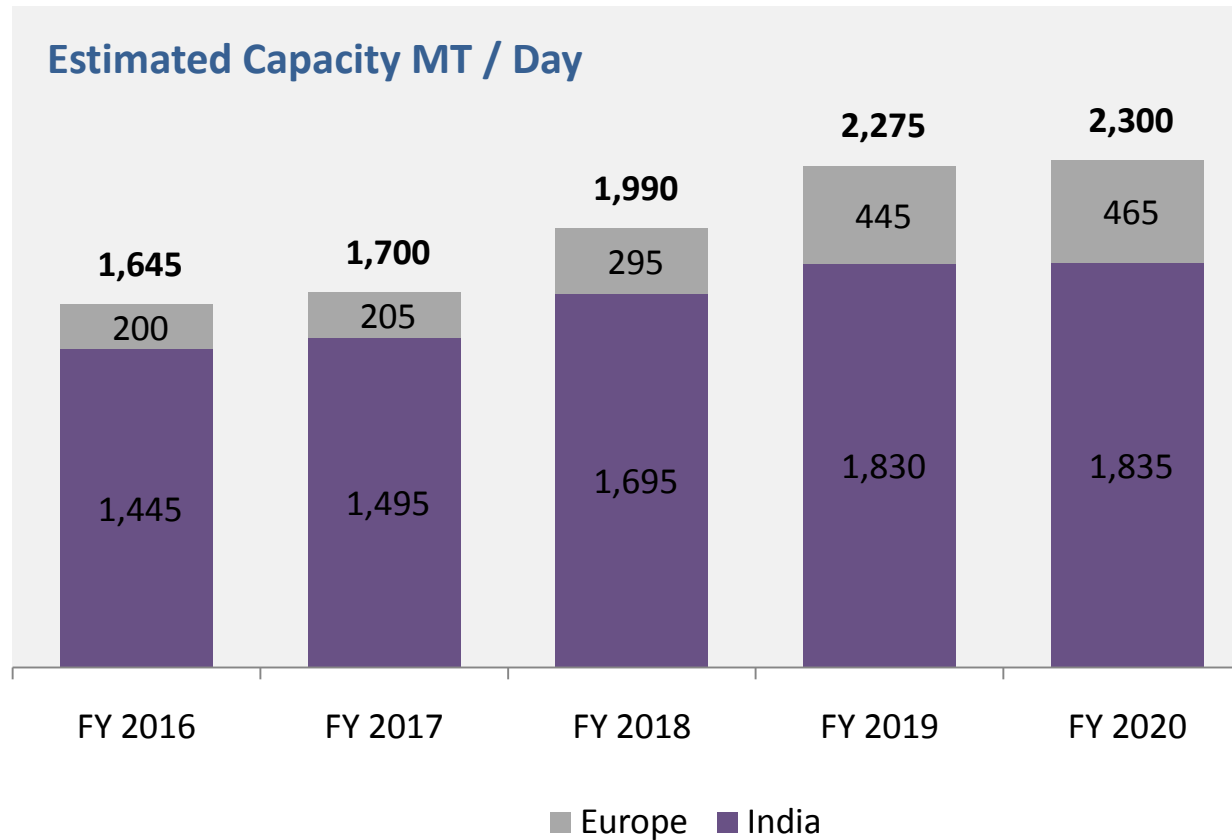


Proven success in pursuing strategic growth



**Apollo's growth has been driven by a well thought strategy of organic and inorganic initiatives**

Enhancing capacities through greenfield and brownfield expansions to cater to rising demand globally



- ❑ Focus on New Product Development to Grow Market Share
- ❑ Research of new transportation solutions with lowest possible impact on environment
- ❑ Partnered with various technical bodies, universities & OEM partners across the world

## Commercial Vehicle (CV) R&D Centre, Chennai, India

- Developed market leading brands in truck radial & cross-ply categories for India
- Developed superior compounds for Mileage, Rolling Resistance & cut chip resistance
- Launched the new XMR with LiveBond Steer mile technology in India: We believe it offers customers lower cost of ownership & more total tyre life



## Passenger Vehicle (PV) R&D Centre, Enschede, Netherlands

- Proven history of manufacturing expertise & innovation
- Developed 'Spacemaster', a collapsible spare tyre for high end cars
- Launched the variable front spoiler made with a specially developed EPDM rubber for the European market that we believe helps in improving high speed handling & fuel efficiency
- Focus on sustainable material research: Development of the production chain of natural rubber & Inulin from Russian dandelions & use of reprocessed material as a replacement for natural rubber



## CUSTOMERS



## RAW MATERIALS



## TESTING FACILITIES



Strong relationships with market leading OEMs, raw material suppliers and testing facilities result in better terms of business

# WIDE DISTRIBUTION NETWORK ACROSS INDIA AND EUROPE



## India



### Extensive Distribution Network in India

- ❖ ~4,900 (incl. ~1,700 exclusive retail dealers<sup>1</sup>)
- ❖ 150 sales offices including regional and area offices
- ❖ 16 Regional distribution centers servicing 150 stocking points
- ❖ Wide specialist network<sup>1</sup>: Apollo Super Zone, Apollo Zone, Apollo CV Zone, Apollo Point

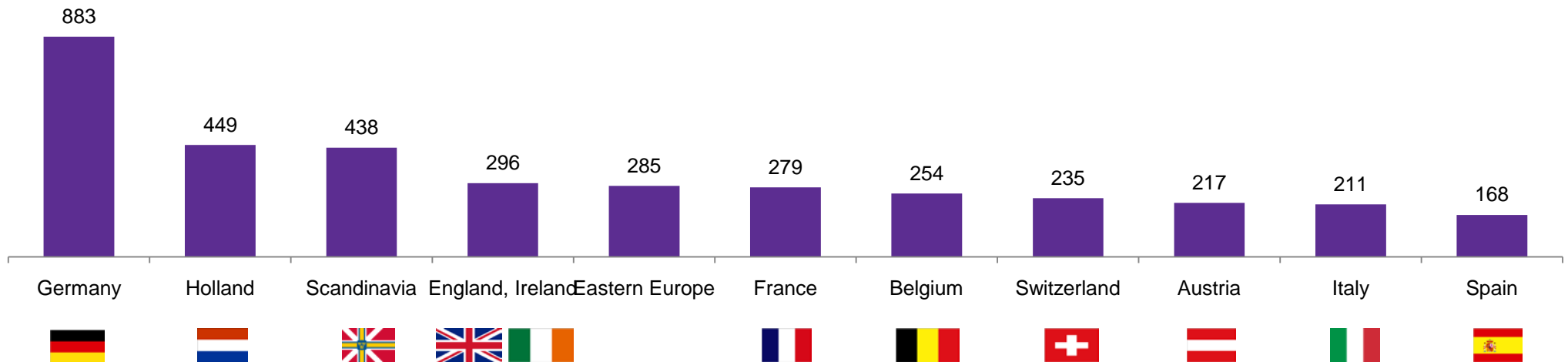
## Europe



### Distribution network across Europe

- ❖ ~3,500 third party dealers in Europe
- ❖ 13 European National Sales Offices with sales personnel and warehouses
- ❖ Further enhanced presence through acquisition of Reifencom which operates across 6 countries in Europe and has 37 stores in Germany

### Apollo Vredestein Distribution Network: Ability To Deliver Within 90% Of Europe Within 24 Hours



Longstanding relationship with the dealers is a key growth driver for Apollo

1. Not company owned



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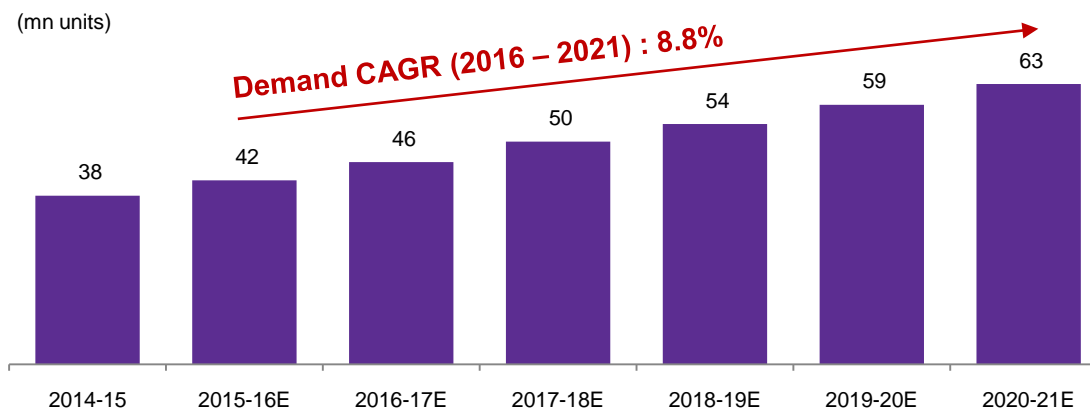
# MACRO OVERVIEW



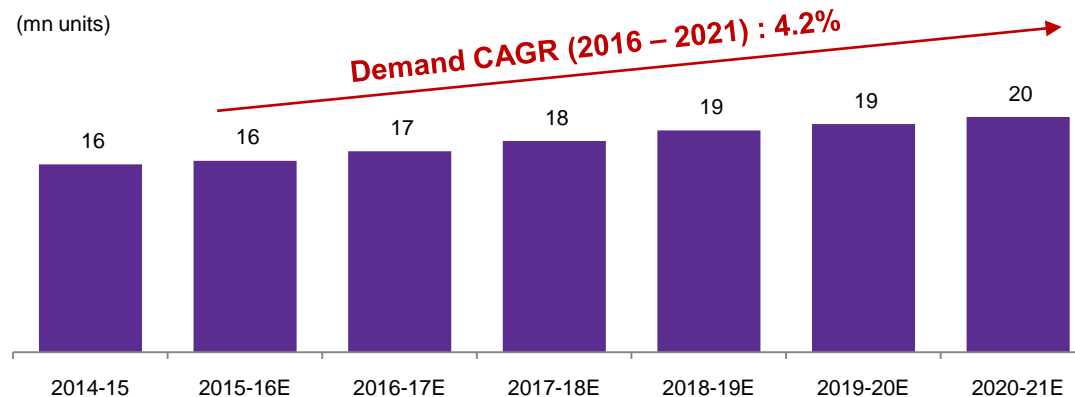


- ❖ Increase in demand in consumer segment on account of
  - 2x increase in vehicle penetration
  - Extensive urbanization (110 smart cities)
  - Increase in household income
- ❖ Premium car population to grow significantly faster (2x) than the non premium
- ❖ Increase in CV demand due to
  - Government's focus on infrastructure development (allocation of INR ~1,100 bn to road and irrigation sectors)
  - Better utilization of fleets on account of increase in freight movement
  - Shift towards larger trucks with more number.of tyres per vehicle
- ❖ Stricter vehicle scrappage policy, 'Make in India' drive will further boost the demand
- ❖ Government's initiative to double farmers' income will improve farm mechanization and will have a rub-off effect on other categories

## Car segment: Equally spread between OEM and Replacement



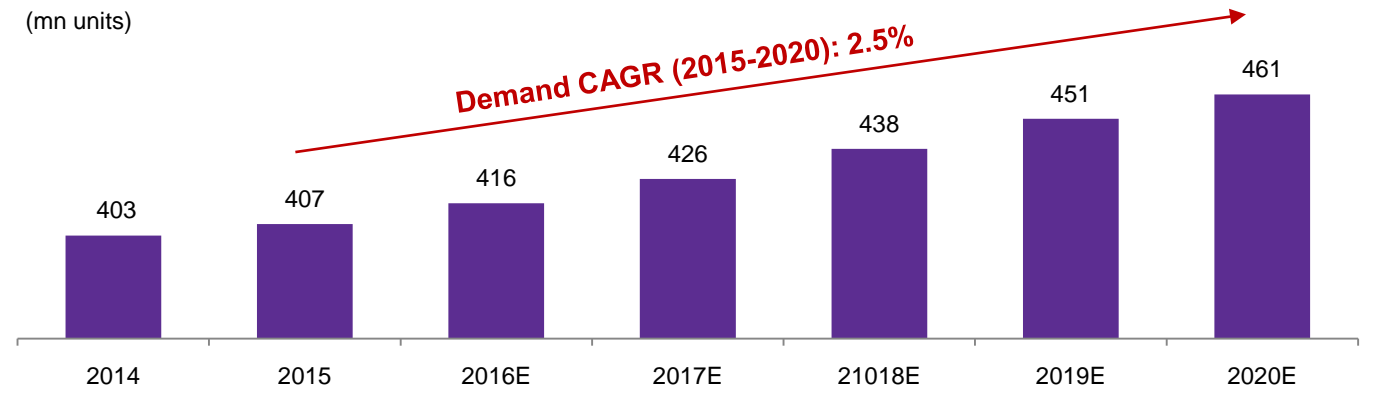
## Truck segment: Demand dominated by Replacement market



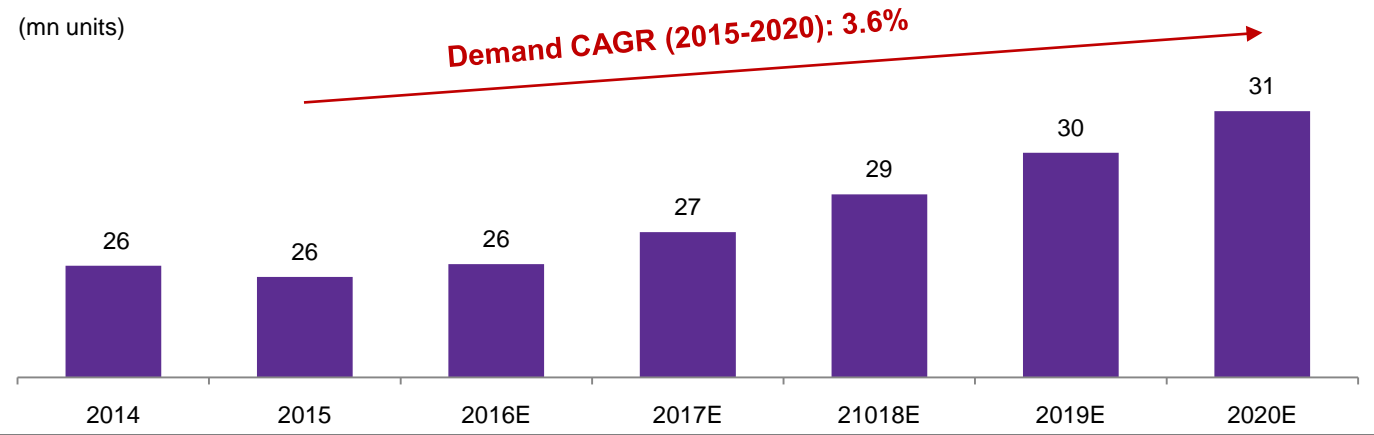
**India is a structurally attractive, growing and increasingly profitable tyre market**

- ❖ Focused on high performance tyres
  - Quality conscious customers
  - Demand for premium tyres resulting in higher margins
- ❖ Market on track for recovery
  - Revival in major markets like Germany
  - Pick up in both Truck and PCLT tyres
- ❖ Changing market dynamics /concentration
  - High production cost resulted in shift from Western to Central/Eastern Europe
  - Alternative distribution mechanisms
    - Online tyre sales at ~Eur 2 bn in 2013 is expected to quadruple by 2020<sup>1</sup>
- ❖ EU label values and OEM requirements are driving product - standard convergence

## PCLT Demand: Key growth driver in the European region



## Truck Demand: Growth fuelled by a growing OEM market



Sizeable and still growing market

Source: LMC report published in November 2015  
 1. Frost & Sullivan, Future of E Retailing 2013



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**POSITIONING**



## Well Positioned Multi-brand Strategy Across Different Segments

Pricing Segment	Brand	Brand Positioning	Passenger Car Tyres		Commercial Vehicle Tyres	Off Highway Tyres	Two Wheeler Tyres	Bicycle Tyres
			UHP & Winter Tyres	All Season & Summer Tyres				
Top		Global Niche Premium	✓	✓		✓	✓	✓
Medium		Global	✓	✓	✓	✓	✓	



- ❖ Formed a branding tie-up with Manchester United Football Club in 2013
- ❖ Starting with a few European countries, the tie-up is now extended to 129 countries

**One Corporate brand**  
**Good mix of regional consumer Champion brands**

# REVENUE SEGMENTATION – 6M FY 2017



More than 3/4<sup>th</sup> in Replacement market with ~80% of the revenues contributed by PCLT & Truck & Bus

## Market Wise

23%



OEM

77%



Replacement

## Product Category Wise

7%



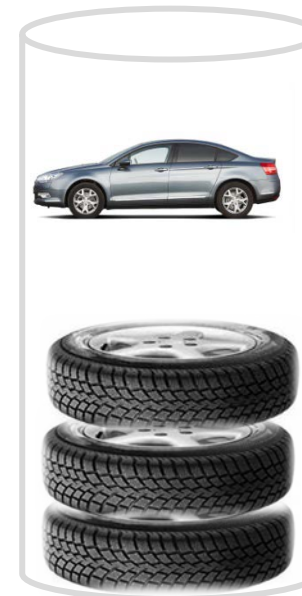
Light  
Commercial  
Vehicle

13%



Farm &  
Others

38%



Passenger  
Car & Light  
Truck

43%

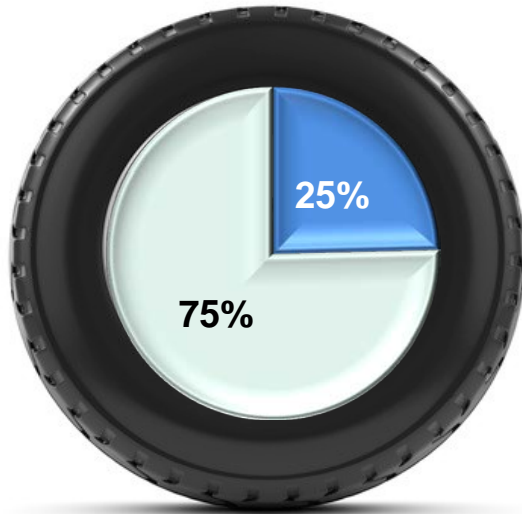


Truck & Bus

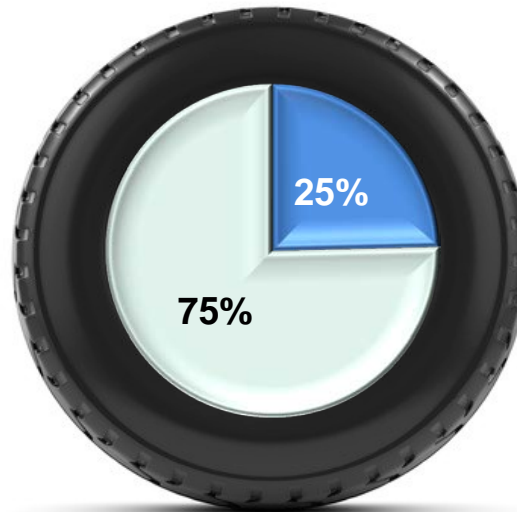
Leading player in India with significant market share across product categories

## MARKET SHARES

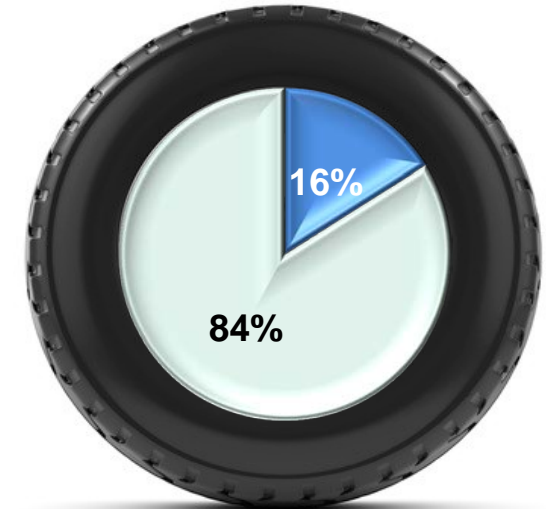
TBR<sup>^</sup>



TBB<sup>^</sup>



PCR<sup>^</sup>



■ Apollo

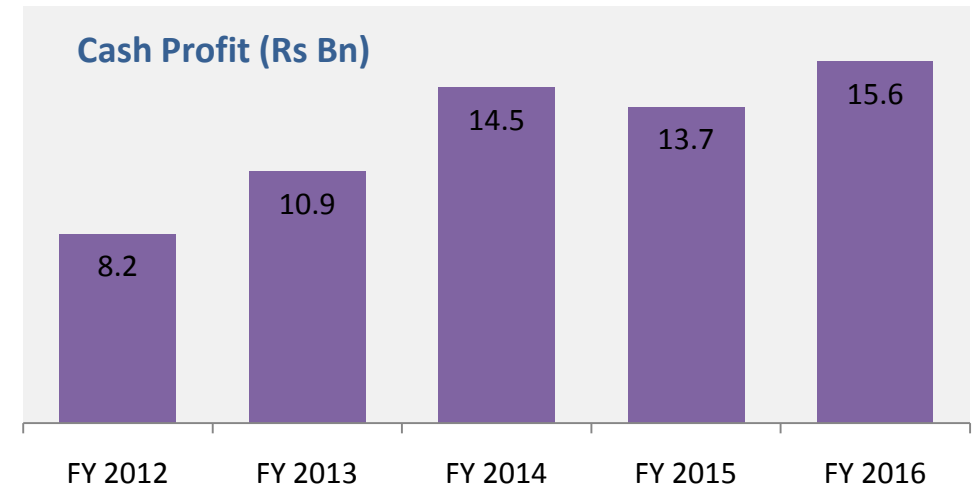
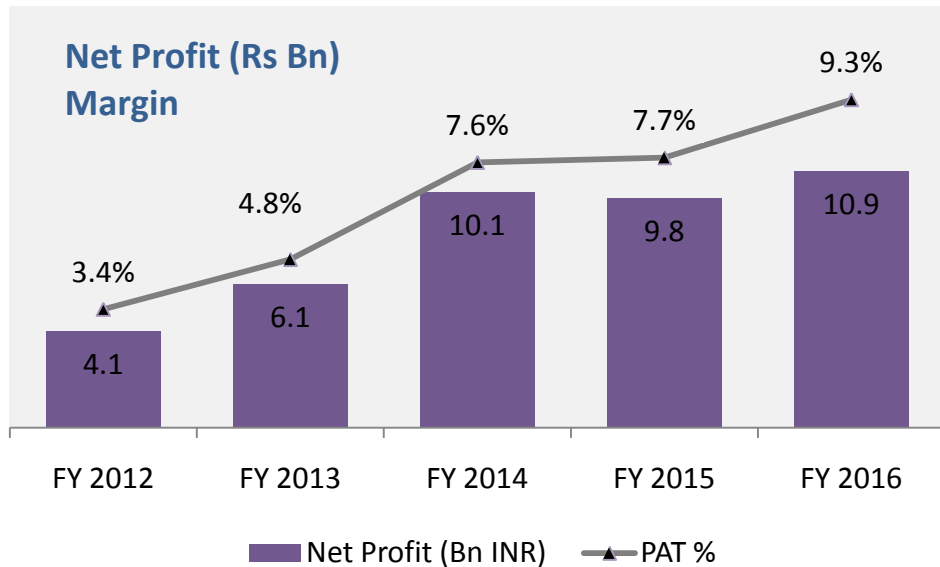
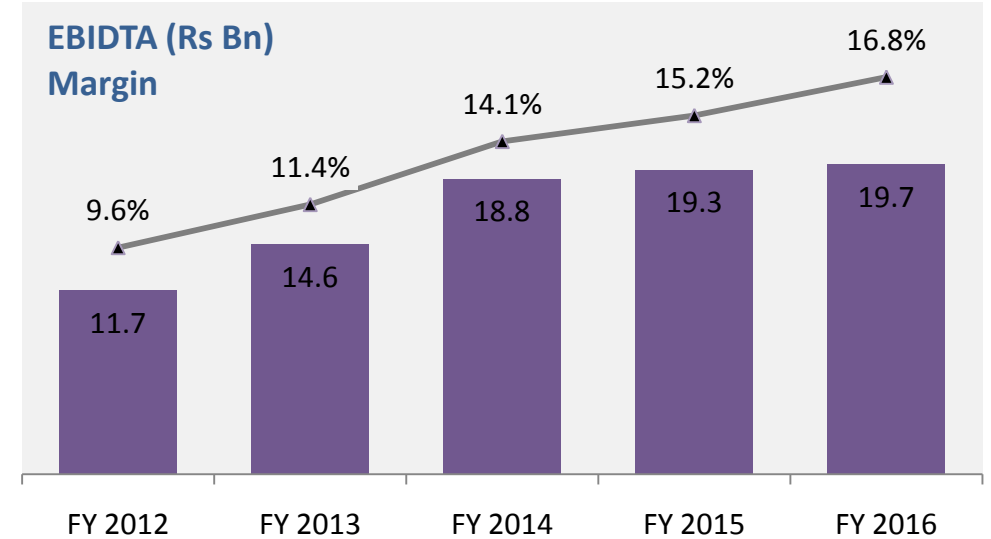
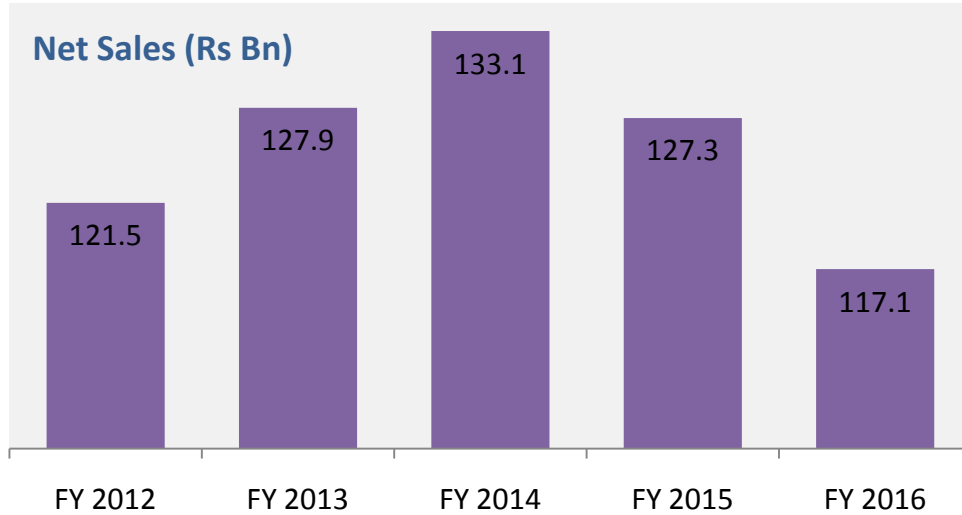
One of the key players in the Truck & Passenger Car Tyres category



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**FINANCIAL OVERVIEW**

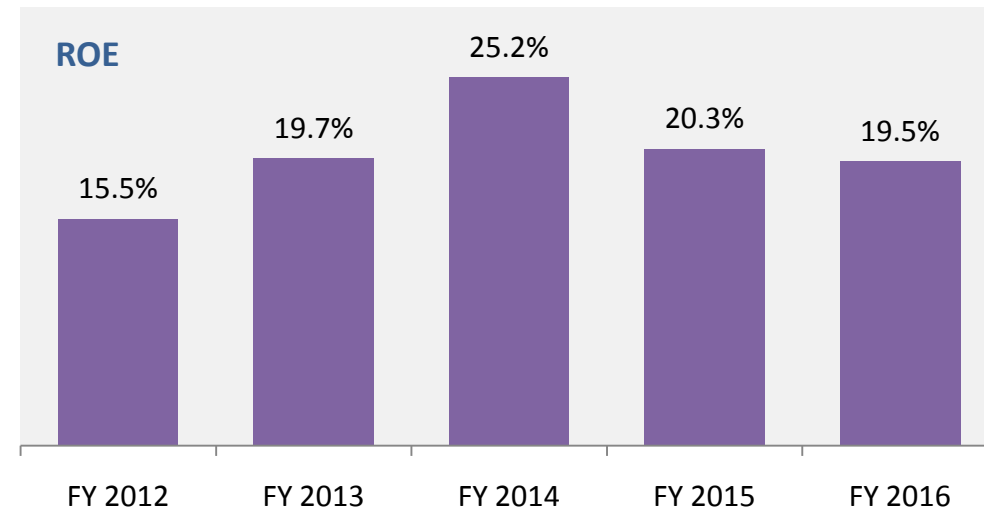
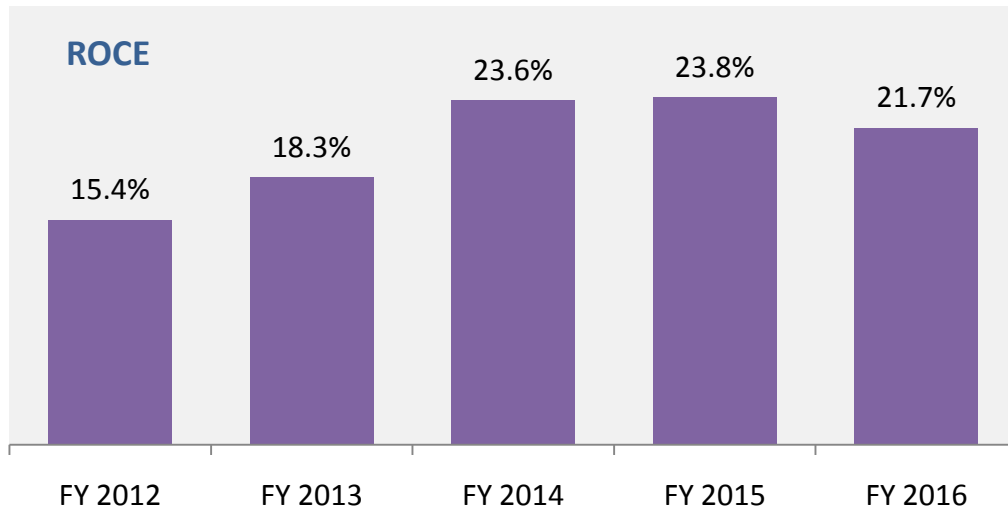
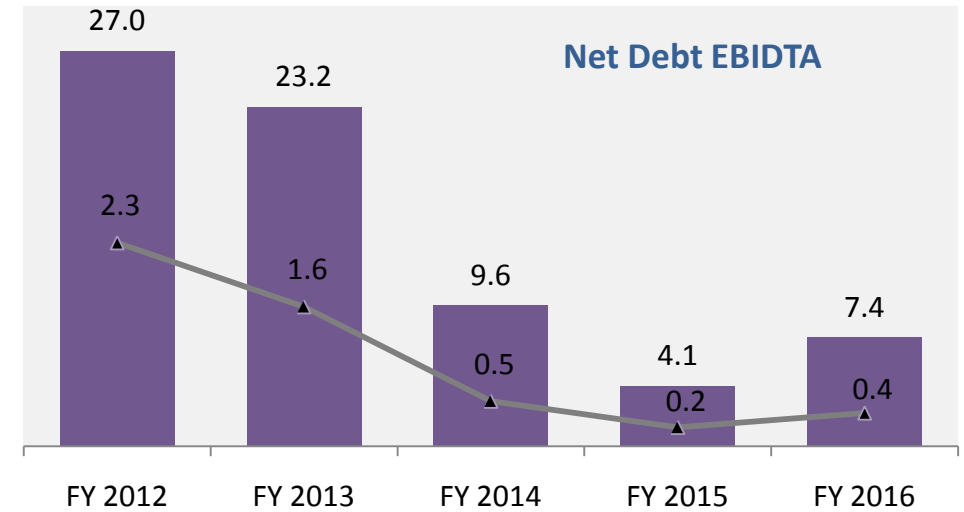
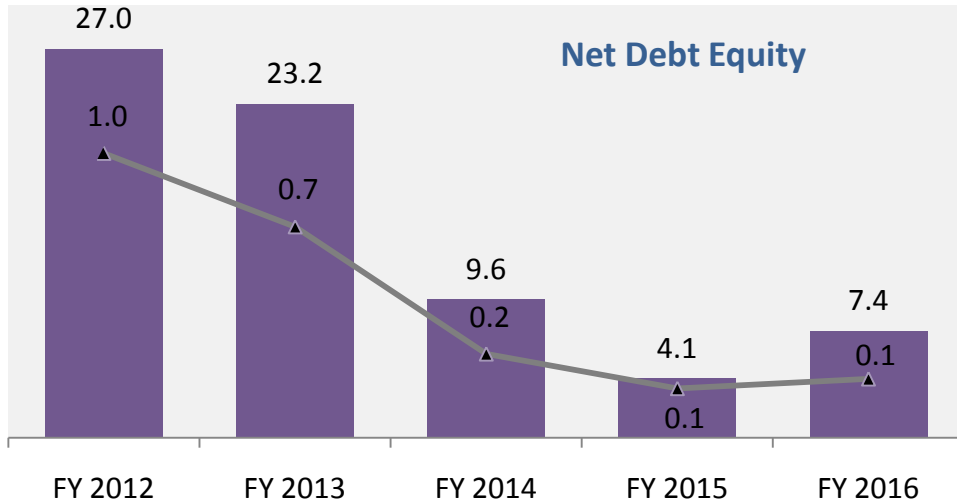




Notes:  
 ^EBITDA shown above is without other income & exceptional items  
 Cash profit = Net Profit + Depreciation+ Deferred Tax



# HISTORICAL PERFORMANCE

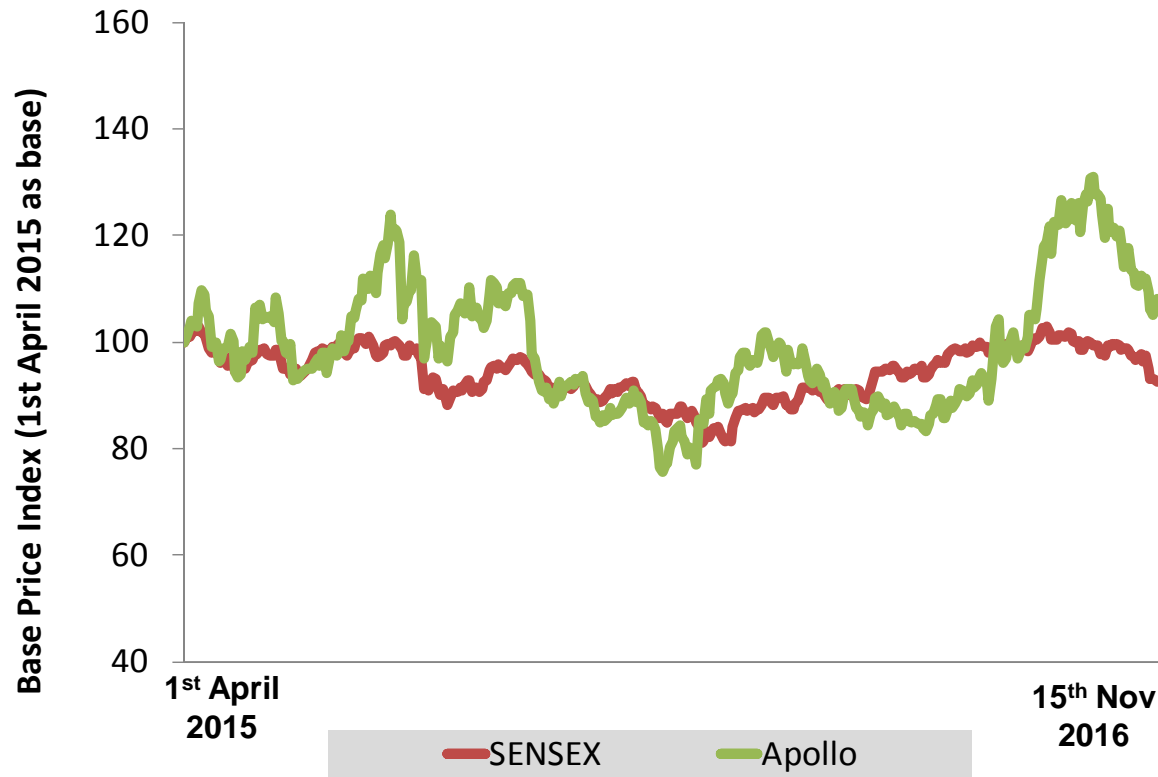


Notes:  
 ^EBITDA considered above is without other income & exceptional items

Valuation Ratios	Value
Price to Earnings <sup>^</sup>	9.3
EV <sup>^</sup> / EBITDA <sup>*</sup>	6.1
EPS <sup>^^</sup>	21.7

## Shareholding Pattern as on 04.11.2016

Classification	% of Shares
Promoters	44.1%
Domestic Institutions	8.0%
Foreign Institutional Investors	32.4%
Rest	15.4%



Notes:  
<sup>^</sup> Based on average share price from 15th Oct – 15th Nov -2016  
<sup>\*</sup> EBITDA is without other income & exceptional items for LTM 6M FY 2017  
<sup>^^</sup> For LTM 6M FY 2017



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**ANNEXURE**



## Track Record of Launching Innovative Products

### Apollo "Vorbildlich" in winter tyre test 2015



#### apollo *Alnac 4G winter*

High performance winter tyre.  
215/65 R 16

"Very good on snow with the best lateral cornering properties."

"Good grip on wet and dry roads."

"Favourable price."

### Apollo Nr 2 in all season tyre test 2015



#### apollo *Alnac 4G All Season*

High performance all season tyre.  
215/65 R 16

"Good performance on snow."

"Good cornering capabilities on dry roads."

"Very balanced all round performance."

"Low rolling resistance."

### Key features of the Vredestein Ultrac Satin:



- ❖ Superior braking power: 3.3-meter shorter braking distance at 80 km/h and above\*
- ❖ Comfortable, precise and controlled steering performance
- ❖ Low rolling resistance = lower fuel consumption and reduced CO<sub>2</sub> emissions
- ❖ 100% A-label for braking distance on wet surfaces, rolling resistance (C/B) and low exterior noise level (71 dB)

### High ratings for Apollo Alnac 4G All Season



- ❖ Outstanding results in the test conducted by the German magazine Auto Bild Allrad taking pole position in the mass premium category
- ❖ 'Good performance on snow, excellent cornering on dry roads and a very low rolling resistance'
- ❖ The low weight of the tyre, along with its low rolling resistance, reduces fuel consumption and therefore, CO<sub>2</sub> emissions

## Latest test results



### QUATRAC 5



1. Almost as good as winter tyres on snow
2. Excellent grip on dry and wet surfaces
3. Very low noise levels
4. Better than all newcomers in all key test criteria



### TEST WINNER!

### SPORTRAC 5



"Very balanced summer tyre, best tyre for wet roads."



"A very balanced tyre."



"Best tyre on wet, very good on dry roads."



### HIGHLY RECOMMENDED!

### ULTRAC VORTI



"Very balanced summer tyre, very good on dry roads."



"Very good performance on dry and wet roads."



"Very good on dry roads."

## Developing future technologies and winning products

Air Master



4G Life



Spacemaster





**Feb 2013**  
**Ernst & Young 'Entrepreneur of the Year Award – Manufacturing'**  
**For the year 2012**



**2014**  
Rubber Asia  
'Rubber Man of the Year 2014'



**2014**  
Manufacturing Today  
'Next Generation Leader'





**2015**  
Asian CSR Awards for  
Health Enhancement Category



**2015**  
ICSI National Award  
Excellence in Corporate Governance



**2013**  
SAP ACE Award for Innovation



**Feb 2013**  
'Tire Manufacturer of the Year' by Tire Technology International for 2012



**2013**  
Cannes: Silver Lion for 'Adopt a Pothole'



**Jul 2014**  
Best Company to Work For' by Great Place to Work Institute in the Indian and Asian Auto Component Industry



**2014**  
'Investor of the Year'  
Largest Greenfield investment of the Year by Hungarian Investment Promotion Agency (HIPA) and the Ministry of Foreign Affairs and Trade



**2014**  
Asia Responsible Entrepreneurship Award for HIV-AIDS initiative at the Global Sustainability Leadership Awards



**Dec 2014**  
Cannes: Golden Dolphin for Marketing Communication for 2013

**AutoVision Award**

**Silver OttoCar Trophy**

Frankfurt September 2015

**National Productivity Competition 2015**

**Indian Institute of Industrial Engineering (IIIE)**

Gujarat December 2015

**Indian Green Building Congress Awards 2015**

**Leadership in Energy and Environmental Design (LEED) India New Construction (NC)**

Gujarat December 2015

**Global Green Future Leadership Awards 2016**

**Best Waste Management World CSR Congress**

Mumbai February 2016

**Design and Development Award 2016**

**Maruti Suzuki**

Bangkok April 2016

**Best New Supplier Award 2016**

**Toyota**

Bengaluru April 2016

# Thanks



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