

Q4 FY 2021 – Investor Presentation



May 2021

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Apollo Tyres – Top Radial Tyre Player in India



Large scale & sustained profitability profile

- ❖ Consolidated Revenue of ~₹174 Bn in FY 2021
- ❖ Consolidated EBITDA of ~₹28 Bn (16%) in FY 2021



Strong brands with leading market positions

- ❖ Apollo Tyres: #1 in Truck & Bus & one of the top players in Passenger vehicles in India
- ❖ Vredestein: Dominant position in fast growing all season PCLT segment in Europe



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

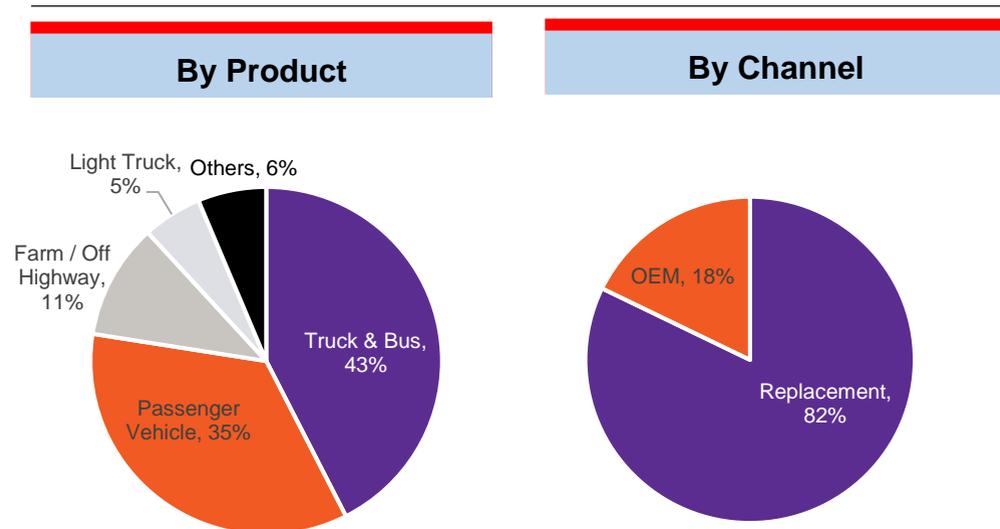
- ❖ ~6,800 dealers in India; +550 dealers in FY21
- ❖ ~7,000 dealers in Europe; +300 dealers in FY21



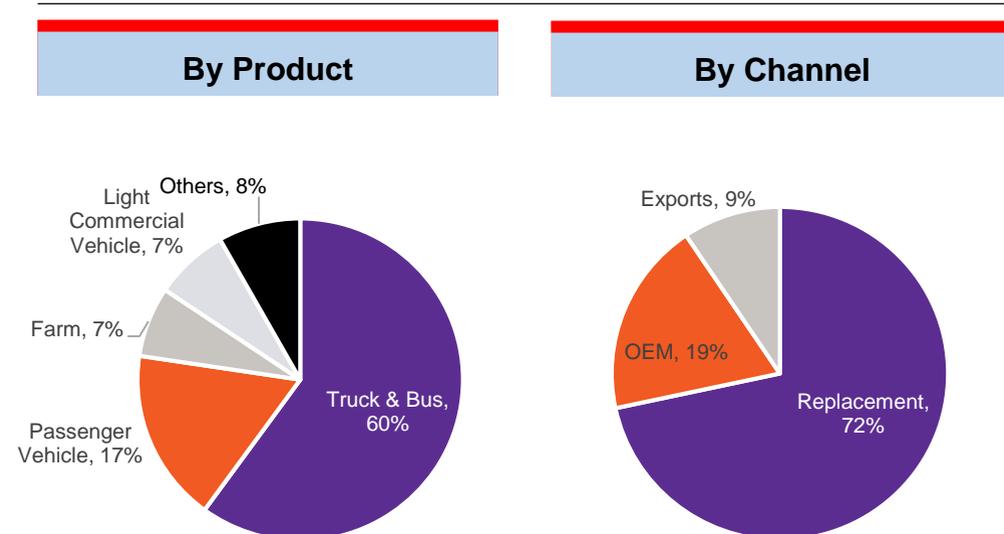
Strong supportive ecosystem of talent

- ❖ ~18,000 employees

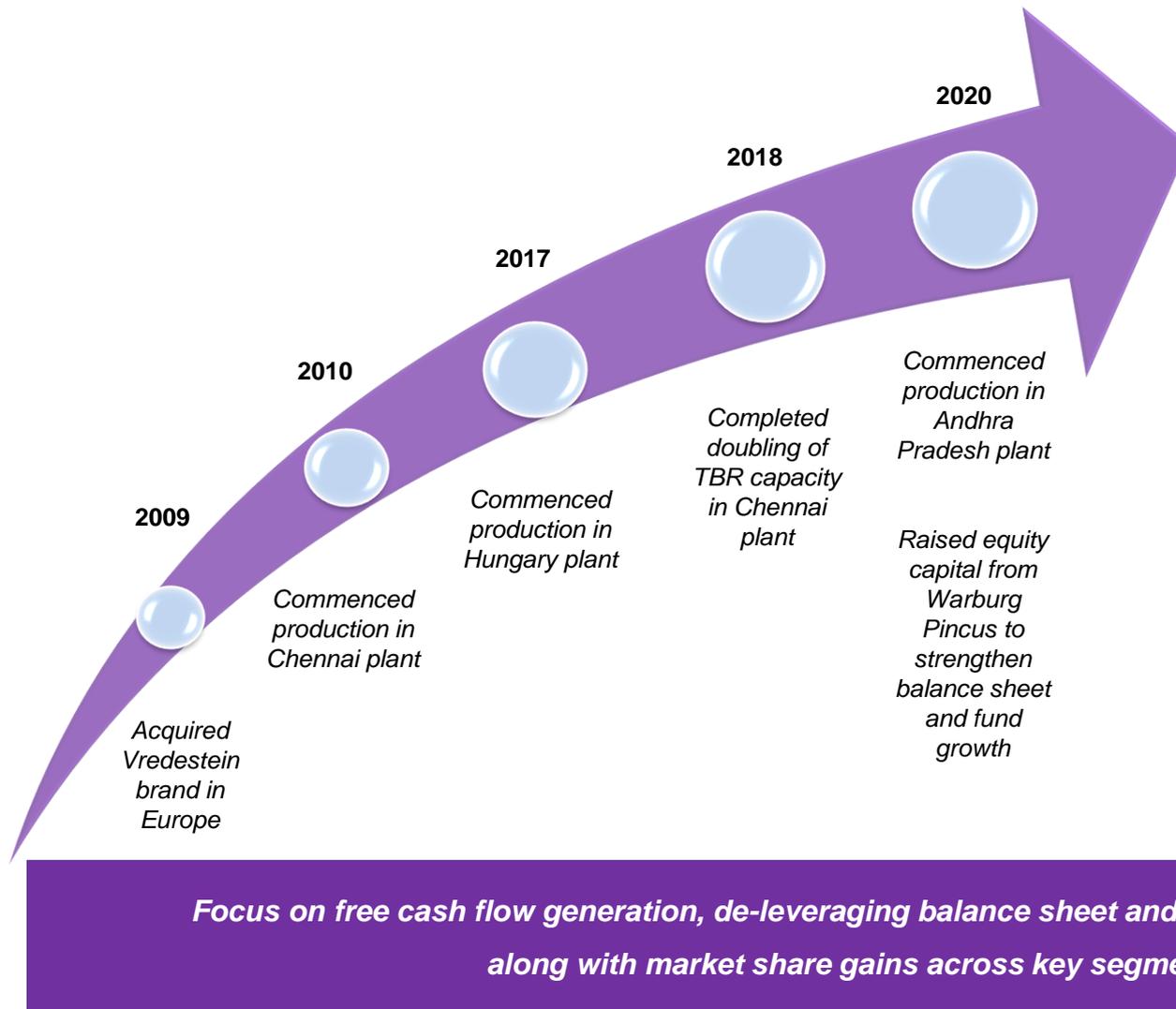
Revenue Mix – Consolidated FY 2021



Revenue Mix – India FY 2021



Key milestones over past ~10 years



Past Decade

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

Today

Enjoy 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

Strong Management Team with Deep Experience



Onkar Kanwar
Chairman &
Managing Director



Neeraj Kanwar
Vice Chairman &
Managing Director



Hizmy Hassen
IT & Digital

Years with Apollo: 1



Gaurav Kumar
Finance & Legal

Years with Apollo: 17



Daniele Lorenzetti
Research &
Technology

Years with Apollo: 5



Pedro Matos
Consultant -
Engineering Services,
Project Management
and OE business

Years with Apollo: 6



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
CSR, Human
Resources,
Procurement & 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

Experienced Board of Directors with Wide Expertise



Onkar Kanwar

Chairman & Managing Director
Apollo Tyres



Neeraj Kanwar

Vice Chairman & Managing Director
Apollo Tyres



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

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 resurgence in Covid-19 on the back of actions taken in FY21

- 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
- Specialization of Dutch plant leading to turnaround in Europe operations

Positive Industry Dynamics in India

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



Strong Execution in a Challenging Market

- Revenues/Profits higher than prior year for last couple of quarters, despite COVID
- Market share gains across segments in India
- Efficient working capital management also contributing to free cash flow generation
- Digital launches helped reduce costs and also leverage new age marketing tools
- Despite COVID-19 headwinds, timely commercialization & ramp up of AP plant

Strong Portfolio of Leading Brands

- Volume & price leadership in Truck & Bus, the largest market segment in India
- One of the top players 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 and Bus)

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

- Gaining share in focused categories (UHP/UUHP PCR, TBR, Agri)
- Specialization of Dutch plant will lead to significant uptick in cost competitiveness given ramping up production in Hungary
- Improvement in product mix in Passenger Vehicle segment

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India

- ❖ Positive demand momentum across key segments / key channels driven by preference for personal mobility, government spend on infra, import restrictions, recovery in sectors like mining
 - ❖ Q4 turnover highest ever clocked by the company, driven by YoY growth across product segments and channels
 - ❖ Helped by strong performance in Q4, achieved volume growth of ~5% for full year FY21 (despite Q1 impact)
 - ❖ Increased prices in replacement segment by ~4.5% in second half of FY21
- ❖ In first eleven months of FY21 gained ~350bps market share in Agri and Passenger Vehicle segments and ~150bps market share in Truck & Bus (radial) segment (as per internal estimates)
- ❖ Sustained recovery in OEM has also started contributing to growth. Leading share of business with all key OEM's
- ❖ Expanded distribution footprint (+550 dealers in FY21). Touch points in Rural India increased by more than 4 times
- ❖ Strong operating performance, reporting EBITDA margin of 17.3% in FY21 (EBITDA growth of 45% YoY)

Europe

- ❖ Despite adverse market conditions, expanded customer base (added +300 customers in FY21)
- ❖ Market share gains both in premium PCR (17 bps in UHP segment) and TBR segment (41 bps)
 - ❖ Improvement in sales mix - UHP / UUHP accounted for ~36% of PCLT sales in volume terms
- ❖ Successfully completed Dutch plant specialisation, which led to significant improvement in cost competitiveness and helped report strong operating performance in Q4FY21

Cash flows

- ❖ Generated free cash flow (consolidated) of ₹ 7bn during FY21, helped by
 - ❖ Recovery in top line performance and control over costs
 - ❖ Control over capex
 - ❖ Working capital optimisation

Fund mobilization

- ❖ Raised ₹ 10.8bn from a top private equity Investor
- ❖ 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

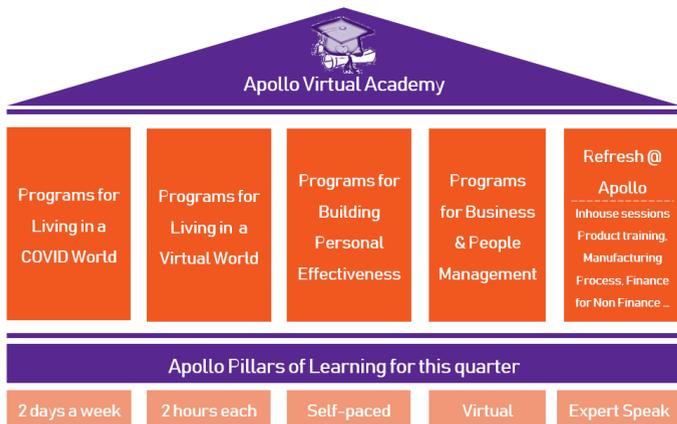
Balance sheet deleveraging

- ❖ Reduced net debt from ₹ 60bn (Mar '20) to ₹ 43bn (Mar '21), helped by
 - ❖ Positive free cash flow generation
 - ❖ Well timed fund raise
- ❖ Net Debt / EBITDA (TTM) stands at 1.5x as on 31 Mar'21 (3.2x – Mar '20)

Employee Engagement, Recognition and Welfare

Announced a slew of measures in last few months to support and help employees during these times

- ❖ Tied up with leading hospitals for providing timely doctor advice and support during home isolation
- ❖ Imported oxygen concentrators from overseas
- ❖ Secured beds with leading hospitals
- ❖ Announced financial support for families of employees (immediate financial support and coverage of education cost of dependent children till graduation) in case of any mishap on account of Covid-19



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❖ 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, reducing leverage ratios and generation of positive free cash flow

Key Near-Term Areas of Focus

❖ Thrust on Digitalisation

- ❖ 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, reducing leverage ratios and generation of positive free cash flow

Focus on Brand Building

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



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

Customer engagement activities

Bad Road Buddies 2.0



Apterra Cross Product Launch



Abhimanyu Product Launch

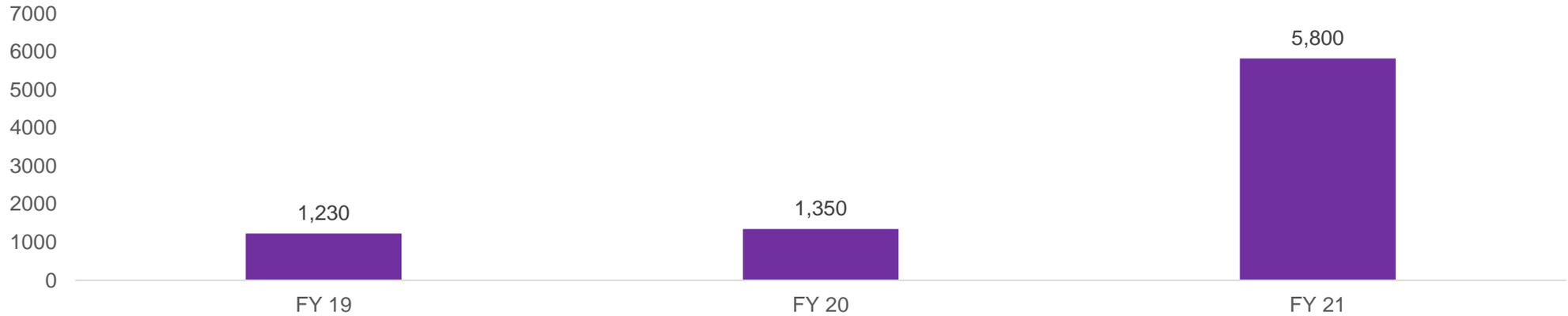


BOFO e-commerce Portal Launch



Expanding Footprint in Rural India

Total Rural Outlets (Including Sub dealers)



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India

- ❖ Continued focus on gaining new customers and deepening ties with existing customers in the OEM segment
- ❖ During the year gained leadership positions in radial categories and also registered strong resurgence in Bias segments
- ❖ Launched e-commerce portal for PCR / 2W tyres in India – “buy online, fit offline”
- ❖ Took price increase of ~4.5% in second half of FY21

Europe

- ❖ Gaining traction in targeted premium OEM's, which would further support brand building and journey towards premiumization
- ❖ Increase in distribution reach through specific customers (including online) wins
- ❖ Gained market share in PCLT UHP segments resulting in improvement in sales mix (~36% of PCLT sales volumes accounted by UHP / UUHP segment in FY21)
- ❖ Podium positions in test results

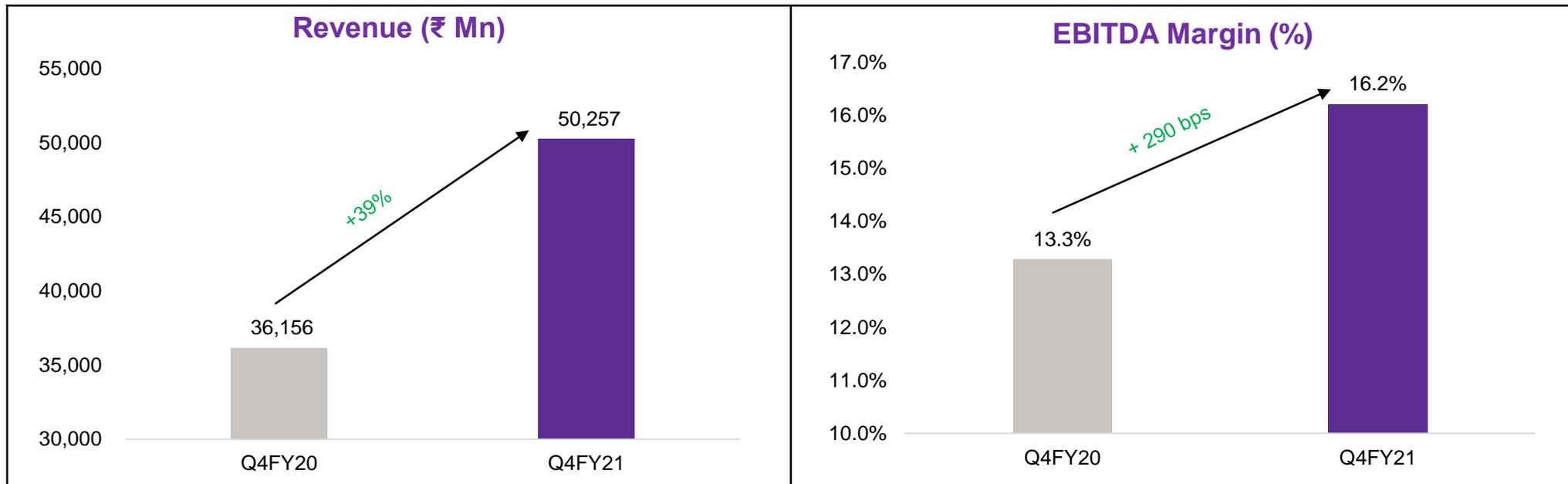
Podium Positions in Europe



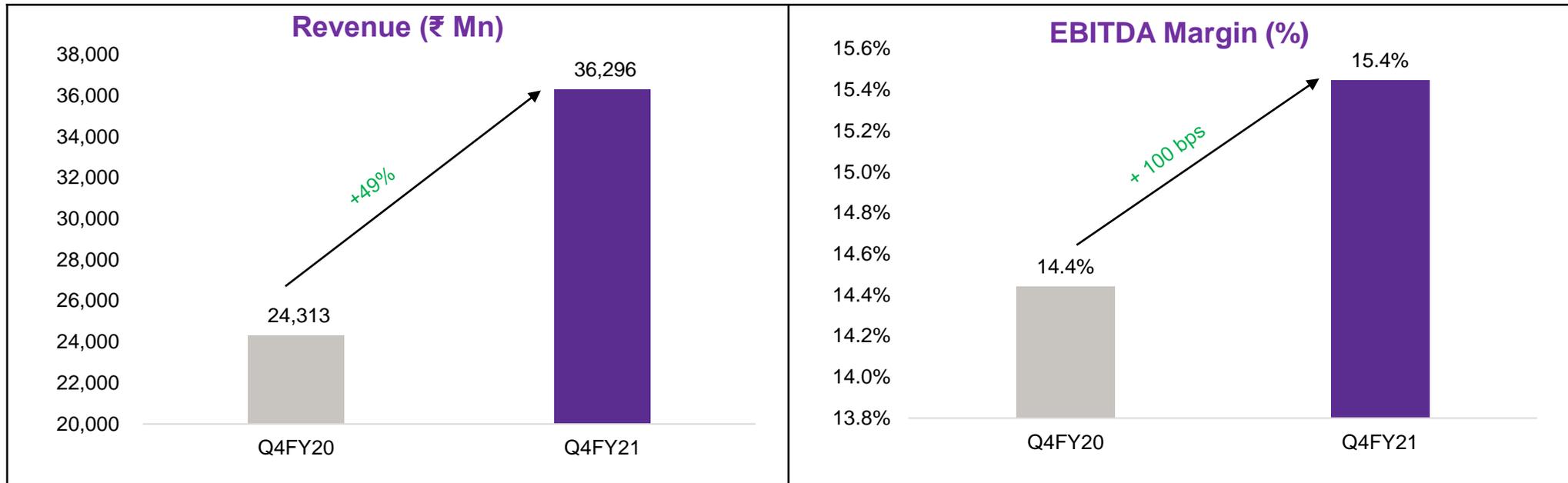
Date	Test Agency	Recommendation	Position	Tyre Model
Apr-20	ADAC	Recommendable	4th	Vredestein Vorti
Apr-20	AutoBild Top 50	Exemplary	4th+5th	Vorti and Aspire XP
Apr-20	AutoBild Allrad	Exemplary	3rd	Vredestein Ultrac Satin
Apr-20	AutoBild Sportscars	Good	4th	Vredestein Vorti
Apr-20	AutoMotorSport	Good	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

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

Operating Highlights – Consolidated

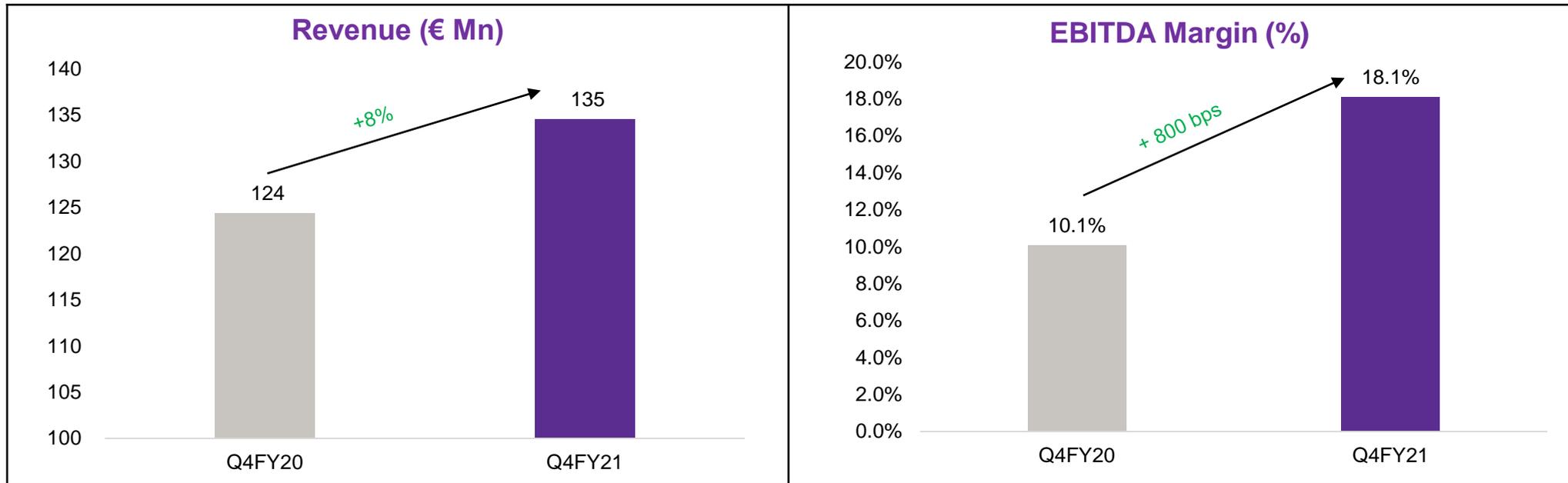


- ❖ Topline performance driven by demand recovery across key geographies
- ❖ The topline growth in India was driven by growth across channels and products. In Europe, while industry recovered strongly in Q4, we continued to gain market share in focus segments (UHP PCLT and TBR)
- ❖ Margin performance helped by a) recovery in topline, b) control over costs and c) successful execution of Enschede plant specialization



❖ Volume

- ❖ Best ever quarter in terms of sales, surpassing last high achieved in Q3FY21
- ❖ Performance driven by strong volume growth across channels – OEM, Replacement and Exports during the quarter. Almost all product segments posted double digit volume growth (YoY)
- ❖ After a price increase in last quarter, took a further price increase of ~1% in select product categories towards the end of 4th quarter
- ❖ Healthy EBITDA margins maintained inspite of a big increase in raw material costs

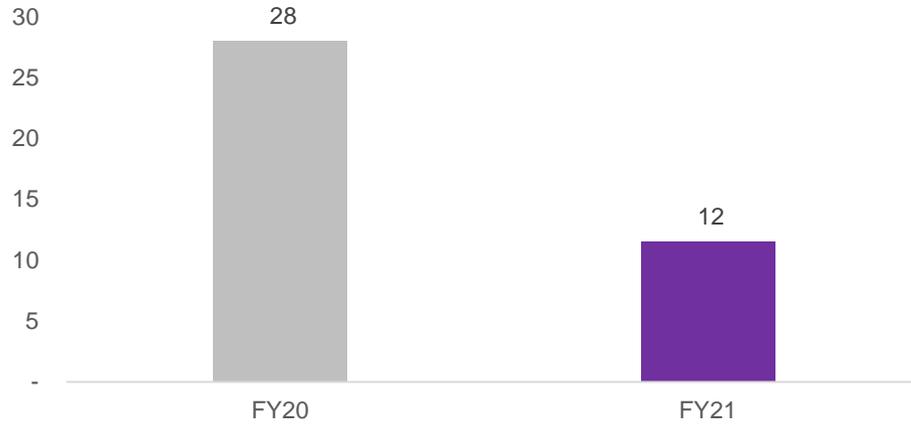


- ❖ Decent recovery in industry volumes in Q4 FY21 YoY
- ❖ Gained market share in premium PCLT segment (UHP) and TBR segment
- ❖ Improvement in sales mix - UHP / UUHP accounted for ~36% of PCLT sales in volume terms (FY21)
- ❖ Successful execution of Enschede plant specialization drove strong operating performance with EBITDA margin of 18%. Margin supported by topline growth and cost containment measures

Consolidated Cash Flow & Balance Sheet Highlights

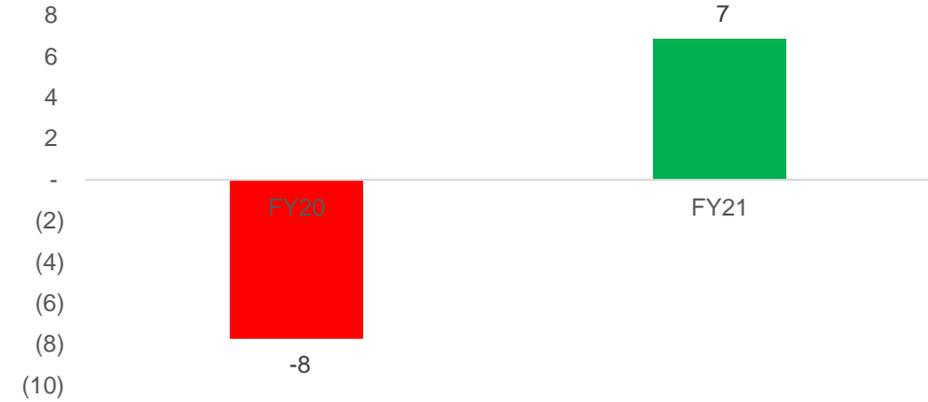
Control over capex

Capex (₹ Bn)



Free cash flow generation

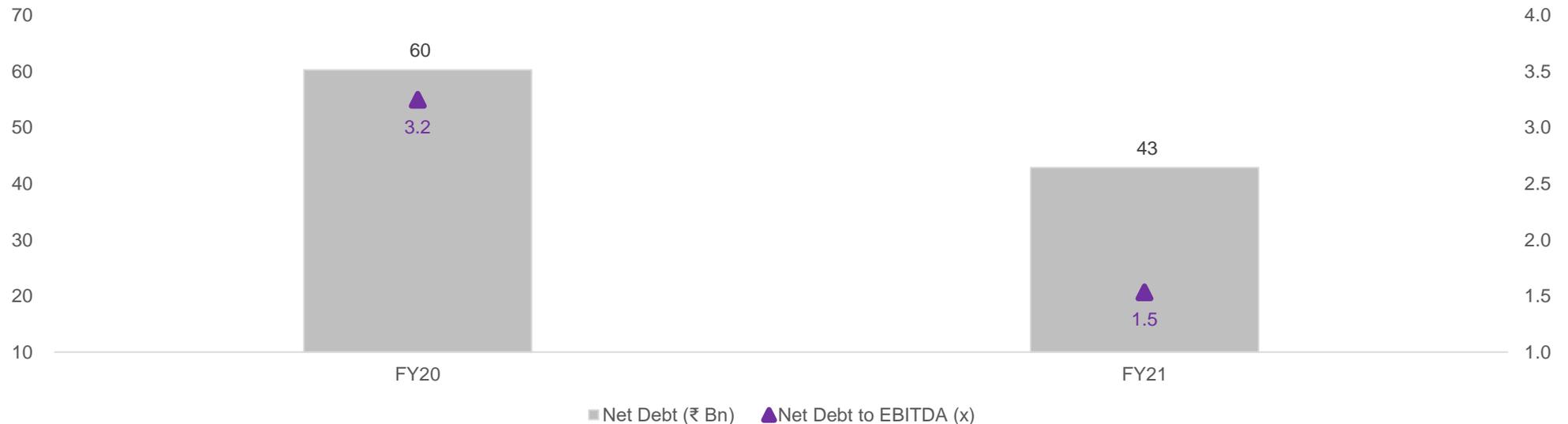
Free Cash flow (₹ Bn)



Notes:

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

Further strengthened balance sheet



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Profit & Loss (Quarterly) – Consolidated (1 of 2)

Particulars (₹ Mn)	Q4FY21	Q4FY20	Q3FY21	% Change - YoY	% Change - QoQ
Net Sales	49,273	35,512	49,653	39%	-1%
Other operating Income	984	644	2,294	53%	-57%
Revenue from Operations	50,257	36,156	51,947	39%	-3%
Raw Material ¹	27,585	19,020	27,039	45%	2%
Staff Cost	6,704	6,017	6,826	11%	-2%
Other Costs	7,821	6,314	7,779	24%	1%
EBITDA	8,147	4,805	10,302	70%	-21%
EBITDA Margin (%)	16.2%	13.3%	19.8%		
Depreciation	3,477	3,137	3,273	11%	6%
Other Income	619	-78	228		
EBIT	5,288	1,590	7,257	233%	-27%
EBIT Margin	10.5%	4.4%	14.0%		
Interest	1,042	912	1,049	14%	-1%
Tax	1,361	-101	1,715		
Exceptional Items	13	-	55		
PAT	2,873	779	4,438		
PAT Margin (%)	5.7%	2.2%	8.5%		

Profit & Loss (Yearly) – Consolidated (2 of 2)

Particulars (₹ Mn)	FY21	FY20	% Change - YoY
Net Sales	169,546	160,965	5%
Other operating Income	4,424	2,537	74%
Revenue from Operations	173,970	163,502	6%
Raw Material ¹	93,945	90,756	4%
Staff Cost	25,134	24,822	1%
Other Costs	26,917	28,537	-6%
EBITDA	27,975	19,387	44%
EBITDA Margin (%)	16.1%	11.9%	
Depreciation	13,150	11,381	16%
Other Income	1,294	237	
EBIT	16,119	8,243	96%
EBIT Margin	9.3%	5.0%	
Interest	4,430	2,808	58%
Tax	2,110	670	
Exceptional Items	6,077	-	
PAT	3,502	4,764	
PAT Margin (%)	2.0%	2.9%	

Profit & Loss (Quarterly) – Standalone (1 of 2)

Particulars (₹ Mn)	Q4FY21	Q4FY20	Q3FY21	% Change - YoY	% Change - QoQ
Net Sales	35,357	23,711	32,302	49%	9%
Other operating Income	939	603	1,889	56%	-50%
Revenue from Operations	36,296	24,313	34,191	49%	6%
Raw Material ¹	22,273	14,501	19,419	54%	15%
Staff Cost	2,724	1,899	2,263	43%	20%
Other Costs	5,693	4,401	5,180	29%	10%
EBITDA	5,606	3,511	7,328	60%	-24%
EBITDA Margin (%)	15.4%	14.4%	21.4%		
Depreciation	1,907	1,739	1,770	10%	8%
Other Income	559	20	221		
EBIT	4,258	1,792	5,780	138%	-26%
EBIT Margin	11.7%	7.4%	16.9%		
Interest	855	741	893	15%	-4%
Tax	1,148	-232	1,477		
Exceptional Items	6	-	55		
PAT	2,248	1,283	3,354		
PAT Margin (%)	6.2%	5.3%	9.8%		

Profit & Loss (Yearly) – Standalone (2 of 2)

Particulars (₹ Mn)	FY21	FY20	% Change - YoY
Net Sales	113,545	108,327	5%
Other operating Income	3,789	2,356	61%
Revenue from Operations	117,334	110,683	6%
Raw Material ¹	69,401	68,375	1%
Staff Cost	9,109	8,261	10%
Other Costs	18,481	20,055	-8%
EBITDA	20,343	13,992	45%
EBITDA Margin (%)	17.3%	12.6%	
Depreciation	7,134	6,207	15%
Other Income	1,215	286	
EBIT	14,425	8,071	79%
EBIT Margin	12.3%	7.3%	
Interest	3,794	2,257	68%
Tax	3,292	728	
Exceptional Items	110	-	
PAT	7,228	5,086	
PAT Margin (%)	6.2%	4.6%	

THANK YOU

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

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