



APOLLO TYRES LIMITED

Concall Date: 4 February 2021



Revenue: ₹4,965.3 cr (▲ 14.2%) Net Profit: ₹443.8 cr (▲ 155.2%)

FINANCIAL PERFORMANCE

- Revenue from operations for Q3 FY21 grew by 14.2% to ₹4,965.3 crore as against ₹4,347.2 crore in Q3 FY20. The growth was driven by reduction in supply chain costs, improvement in working capital cycle and digitisation.
- The net profit increased by 155.2% to ₹443.8 crore in Q3 FY21 v/s ₹173.9 in Q3 FY20.
- EBITDA for the quarter stood at ₹731.6 crore and witnessed a growth of 104.9% YoY. The EBITDA margin was 21.4% in Q3 FY21.
- The net debt of the company reduced from ₹6,000 crore in March, 2020, to ₹3,800 crore in December, 2020, due to generation of positive free cash flow. The net debt to EBITDA (TTM) stood at 1.6x as of December, 2020.

BUSINESS PERFORMANCE

INDIA

- The revenue from operations grew by 24.1% YoY and stood at ₹3,417.9 crore in Q3 FY21. The growth was primarily led by volume growth in both OEM (original equipment manufacturer) and replacement segment.
- The EBITDA margin grew by 840 bps on a YoY basis. It was largely driven by recovery in top line growth, lower raw material costs and control over fixed costs.
- The company did a price hike in OEM and replacement segment towards the end of Q3 FY21.

EUROPE

- The revenue from operations de-grew by 4.2% YoY in Q3 FY21.
- The company gained market share in its UHP PCLT (ultra-high performance passenger car and light truck tyre) segments.
- During the quarter, PCLT sales improved ~37% in terms of volumes due to improvement in sales mix in UHP/UUHP (ultra-high performance/ultra ultra-high performance).
- The EBITDA margin improved by 380 bps YoY and stood at 13.1%. The margin recovered due to sales mix improvement and cost containment measures.

KEY HIGHLIGHTS

- During the quarter, the capital expenditure stood at ₹990 crore on year-to-date basis.
- The company continued to focus on gaining new customers and deepening ties with existing customers in the OEM segment. During the quarter, it secured business from Isuzu, Tata's Tipper ME exports.
- In India, it launched an e-commerce portal for PCR / 2W (passenger car radial / 2 wheelers) tyres.

FUTURE OUTLOOK

- The company would continue to focus on controlled capital allocation to ensure free cash flow generation. It would also focus on controlling its capex.
- It expects an increase in its raw material prices in the coming quarters.
- The demand in the European countries is expected to remain flat in the coming quarters due to the ongoing pandemic.

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