

Wed, 24<sup>th</sup> NOV ' 21

## OVERVIEW

- Apollo Tyres Ltd is a tyre manufacturer and retailer. Asia Pacific, the Middle East and Africa, Europe, and Others are the company's geographical segments. Apollo and Vredestein are the company's two most important brands. Passenger, commercial, off-highway, and two-wheeler tyres are all part of the product portfolio. It is built around the core principles of creating stakeholder value through reliability in its products and dependability in its relationships. The company has a total of 7 manufacturing units -- 5 in India and 1 each in the Netherlands and Hungary.

## OPPORTUNITIES

- The Company is witnessing gains in market leadership gains in the passenger car tyre due to its strong and robust product portfolio.
- The Company's highly automated state-of-the-art Greenfield plant in Hungary is now scaling up and it is wellpositioned to grow in the European market due to a new cost-competitive manufacturing facility.
- Growth in premium segment of PV (17" and above) in all product categories (Summer/All Season/Winter) where Vredestein has a strong presence.
- The Company plans to introduce the Vredestein brand in India which will cater to the higher segment of the market.

## STRENGTHS

- The Company is powered by strong product brands in its key markets, namely Apollo and Vredestein.
- Apollo Tyres enjoys an extensive distribution network for its products across its two key markets.
- Vredestein has a legacy of over 110 years with an established reputation and premium positioning, especially in the winter and all season segments.
- With a strong manufacturing base in India and Europe along with a wide-spread network, the Company is strategically positioned to distribute and sell its products across the globe.

## PERFORMANCE HIGHLIGHTS

- ₹11.90 Bn Capital Expenditure Outflow (consolidated) (as on FY21)
- ₹114.43 Bn Capital Employed (consolidated) (as on FY21)
- ₹41.98 Bn Net Debt (consolidated) (as on FY21)
- ₹24.47 Bn Cash generated by operating activities (consolidated) for FY21
- ₹27.97 Bn Consolidated operating profit (EBITDA excluding other income) for FY21
- ₹375.95 Mn Intangible assets worth (standalone) in FY21
- Strong demand recovery continued in the quarter with 25% YoY and 13% QoQ revenue growth

## OPERATIONAL HIGHLIGHTS

- Robust growth across both India and European operations driven by strong volume recovery, sharp execution and price increases taken
- Operating performance impacted by steep increase in RM costs and constrained OEM demand (especially for PCR) due to chip shortage
- Continued strong operating performance in Europe helped strengthen the consolidated operating margins

**Disclaimer:** The analysis is only for information purposes only. Please consult your financial advisor, agent, broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	5.3	4.9	7.6	6.7
Operating Income %	82.9	11.8	-1.0	8.0
Earnings/Share %	31.8	-24.9	23.8	-4.2
Dividends %	-	-	-	-
Book Value/Share %	3.8	1.8	6.8	14.2
Stock Total Return	60.0	1.8	2.8	15.7
Market +/-	21.2	-13.6	-7.8	6.9

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earnings	22.2	15.2	34.7	15.2
Forward P/E	-	-	-	-
Price/Sales	0.7	0.7	1.6	-
Price/Cash Flow	5.7	7.6	-	9.9
Price/Free Cash Flow	11.0	16.4	-	-
Dividend Yield %	1.6	1.4	0.6	2.8
Price/Book	1.2	1.3	3.8	2.1

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	7.8	10.4	15.4
Return on Asset %	-	3.8	4.1	5.6
Gross Margin %	43.7	43.1	39.4	-
Operating Margin %	9.6	7.8	8.4	-
Net Margin %	3.3	4.5	4.5	21.4
Inventory Turns	-	3.0*	5.2	-
Fixed Asset Turns	-	1.4	2.4	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	7,386	9,713
Inventories	32,069	33,185
Receivables	-	-
Current Assets	54,817	76,888
Fixed Assets	161,377	165,412
Intangibles	9,527	9,848
Total Assets	232,500	260,634
Payables	31,385	39,032
Short-Term Debt	16,154	16,250
Current Liabilities	57,134	67,307
Long-Term Debt	53,415	69,055
Total Liabilities	65,584	71,808
Total Equity	24,008	25,684

Source: Company filings & Analyst research