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Apollo Tyres Ltd.

September 2012

36 Years Young Company

- Multi-national, originating in India
  - Manufacturing presence in 3 continents – Asia, Europe & Africa
- Publicly listed, promoter family owns ~47%
- 27% CAGR over last 5 years
- A global Top 15 tyre company
- Consistently profitable with an unbroken dividend record since 1989

Key Milestones

1976:Registration of Apollo Tyres Ltd.

1977 : First plant in Perembra Kerela

1991 : Second Plant in Limda, Gujarat

1995 : Third Plant at Kalamassery, Kerela

2006:Acquired Dunlop Tyres in South Africa

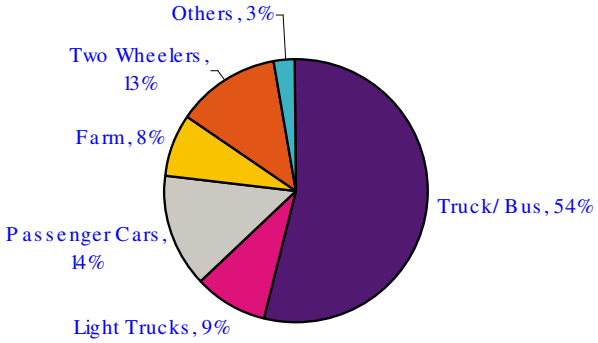
2009:Acquired Vredestein Banden BV in Netherlands

2010 : Chennai Greenfield for truck & car radials

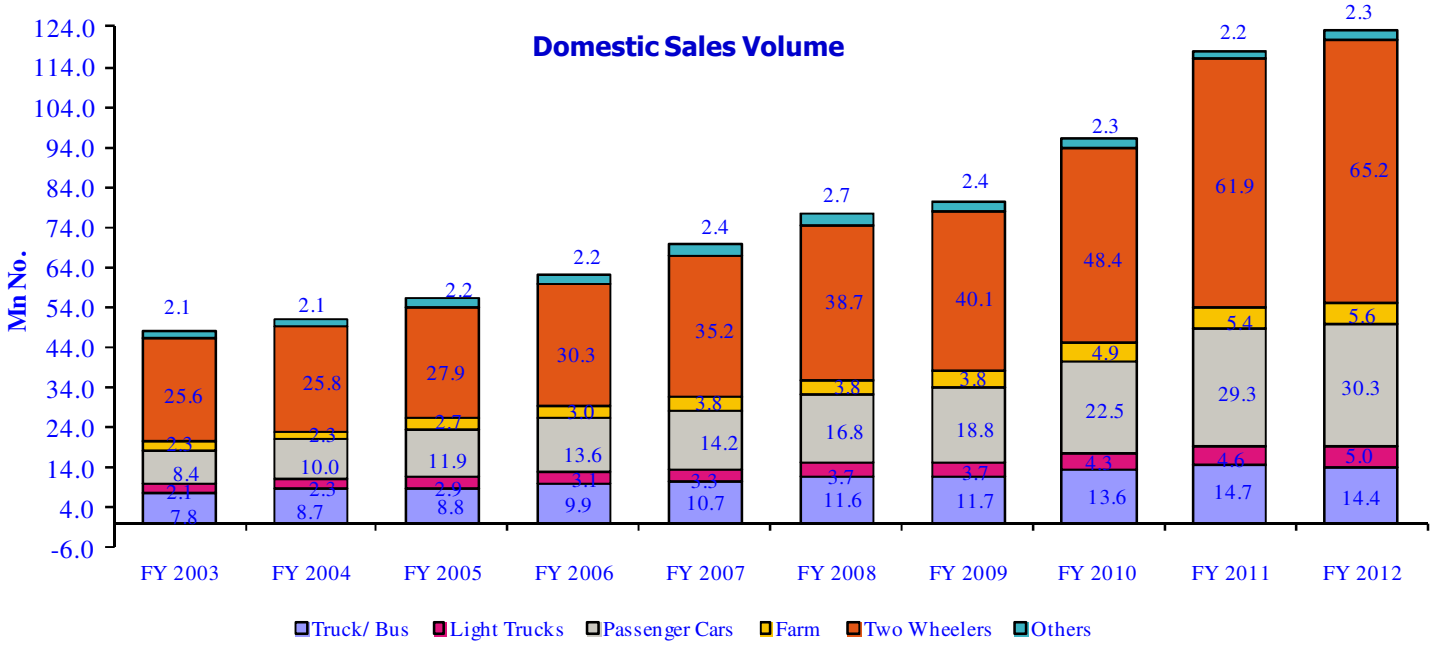
Industry Overview

Indian Tyre Industry – Strong Volume Growth

Revenue Segmentation – Industry dominated by Commercial Vehicles segment



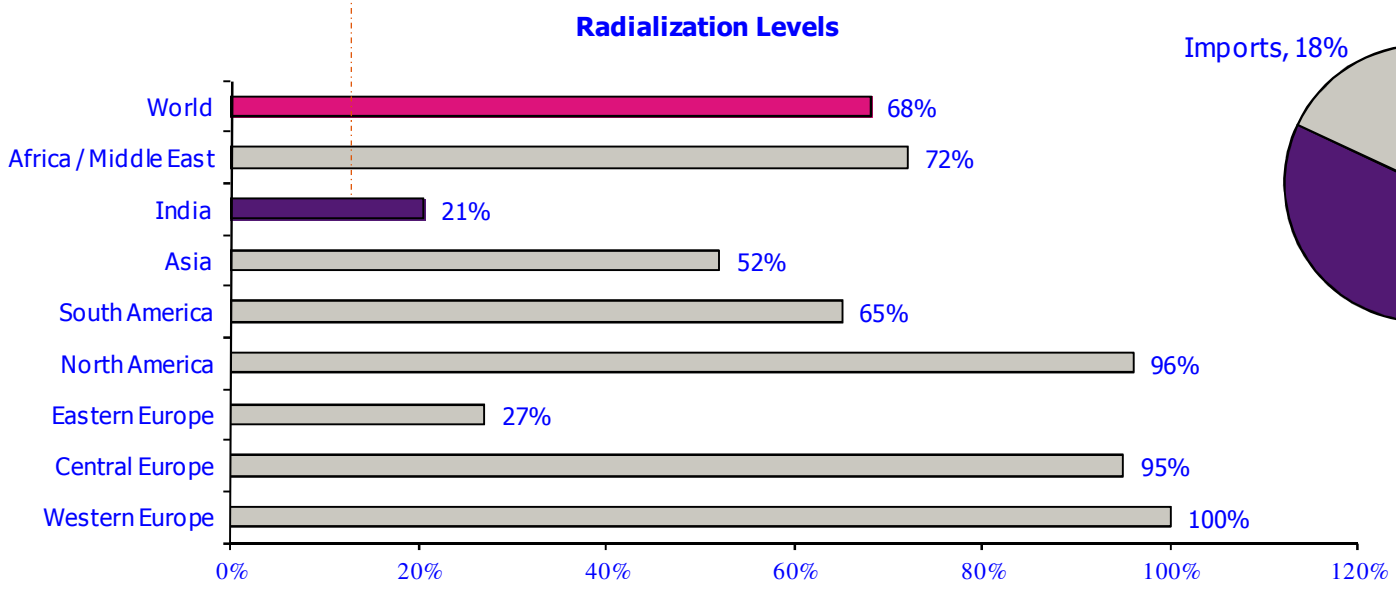
Strong demand growth across various product segments

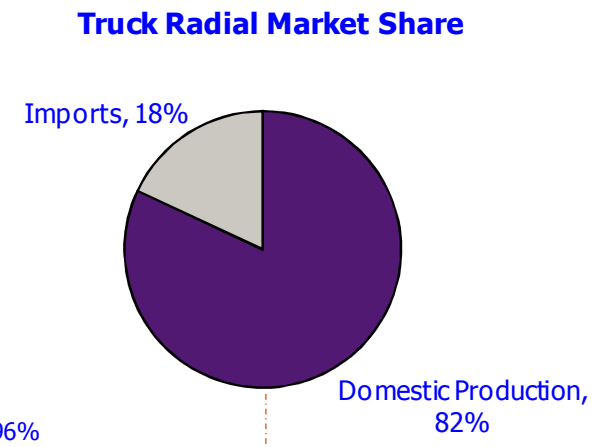


	CAGR FY 03 - 12	CAGR FY 08 - 12
Two Wheeler	10.9%	13.9%
Farm	10.3%	10.0%
Passenger Cars	15.4%	15.8%
Light Truck	9.9%	7.6%
Truck/ Bus	7.1%	5.7%

Indian Tyre Industry – Low radialisation in truck segment

Expected to reach 35%+ in the next 3 years owing to infrastructure development and OE thrust





Most of the demand now met by domestic production

Opportunity in Truck Radial Segment

Indian Tyre Industry – Demand Supply situation : Truck Radials

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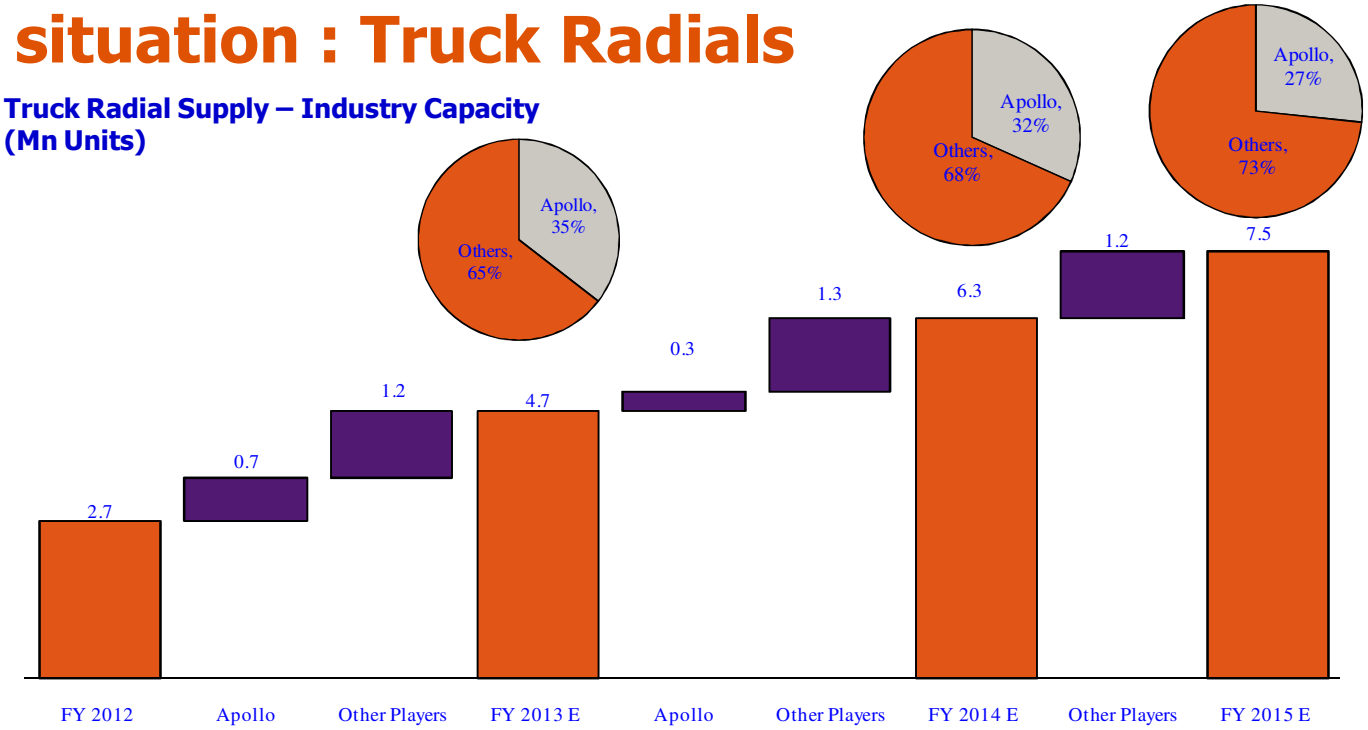
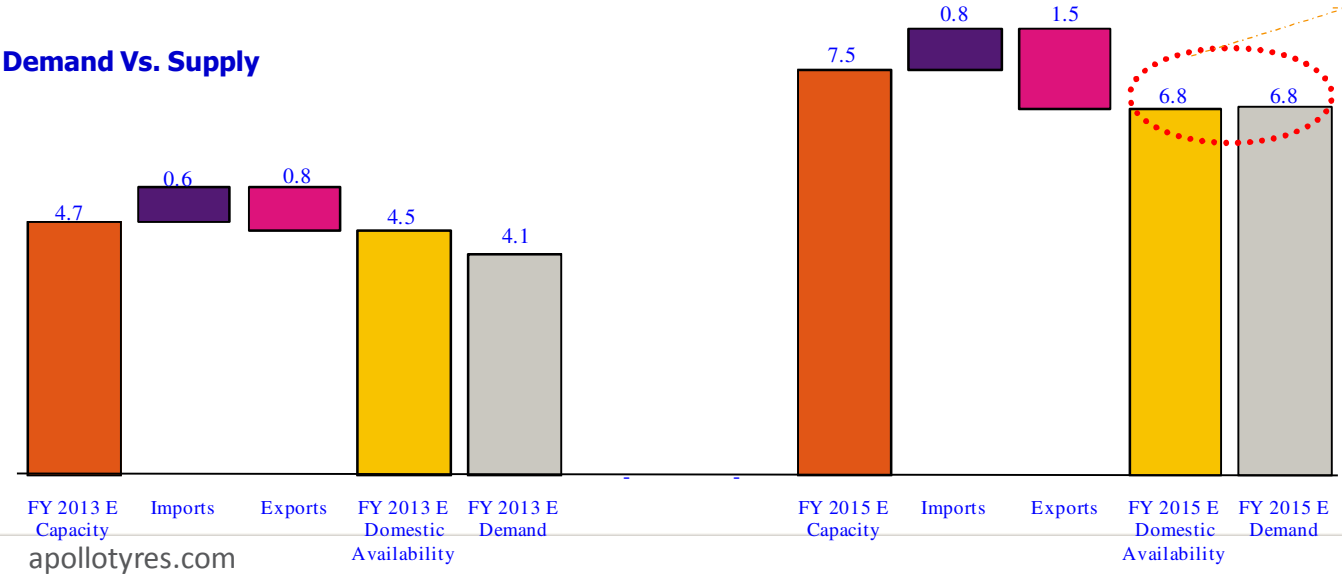
Truck Radial Supply – Industry Capacity (Mn Units)



Demand Vs. Supply



Capacity being built up to take care of increase in future demand

Indian Tyre Industry – Demand Supply situation : Passenger Car Tyres

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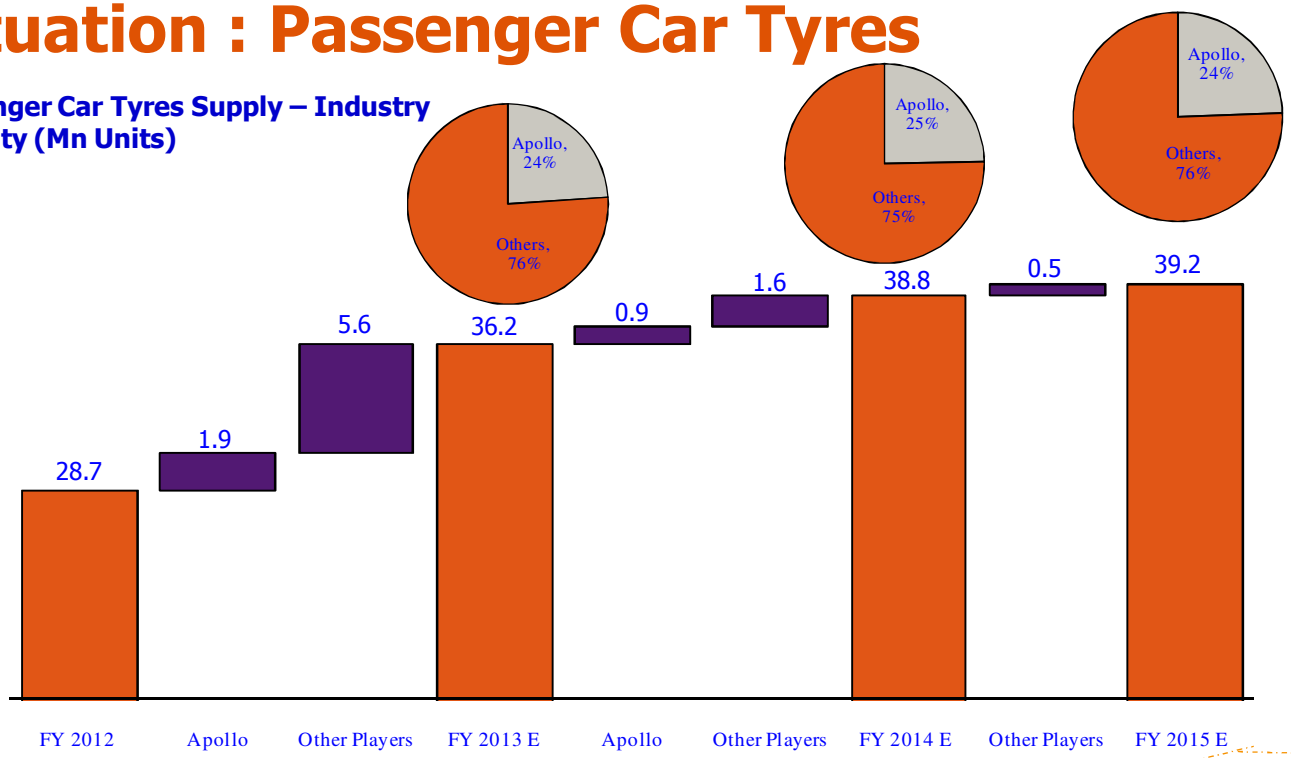
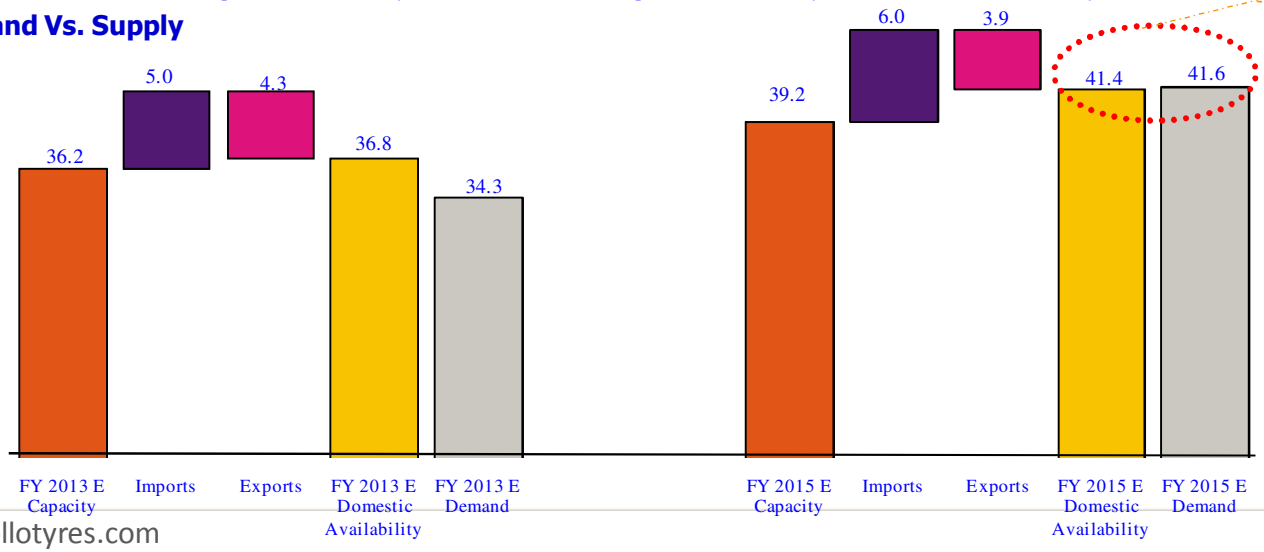
Passenger Car Tyres Supply – Industry Capacity (Mn Units)

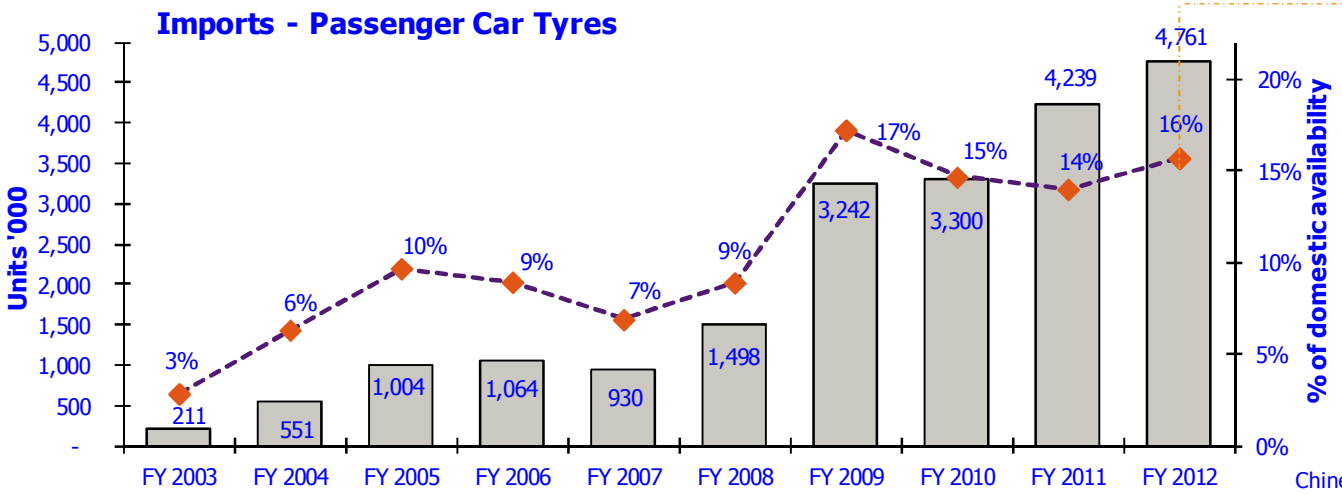


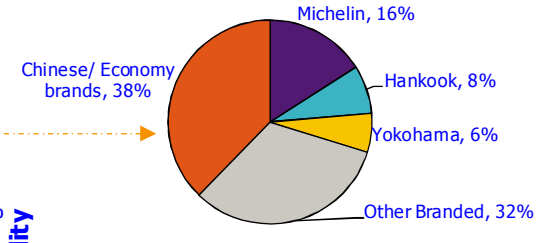
Demand Vs. Supply



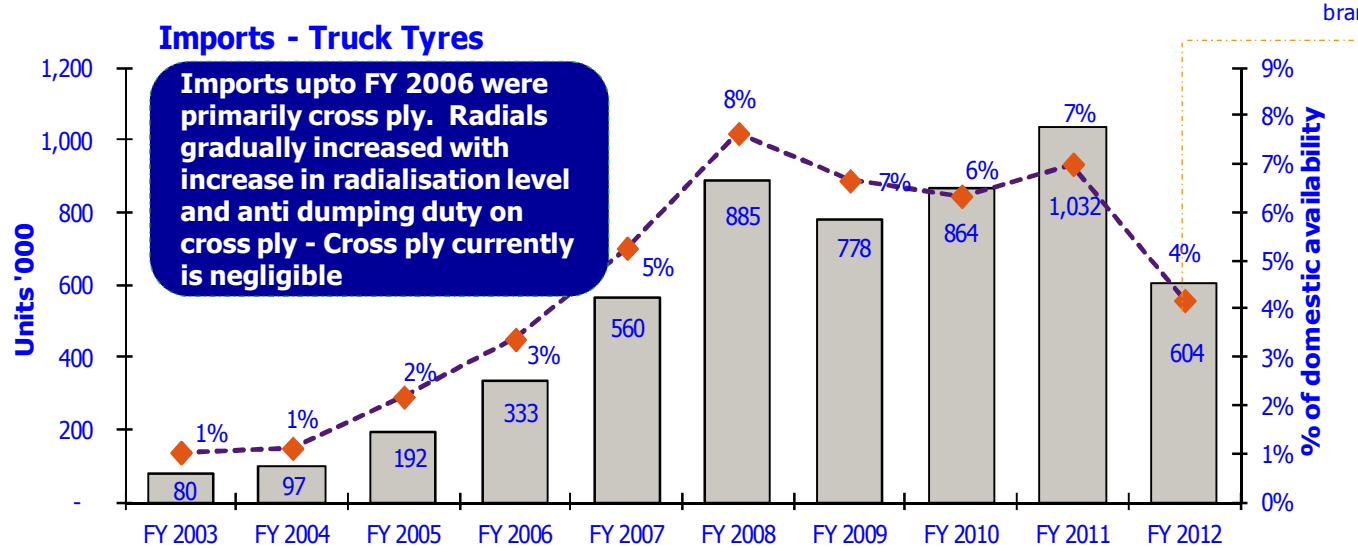
Further capacity is in line with the future demand

Indian Tyre Industry – Imports vis-a vis domestic availability

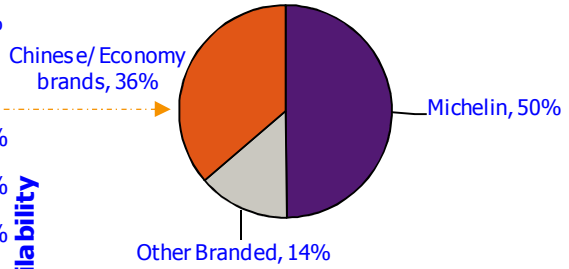




Branded tyres sell at a competitive price. The Chinese/ Economy brand sell at a 10 – 15% discount



Imports upto FY 2006 were primarily cross ply. Radials gradually increased with increase in radialisation level and anti dumping duty on cross ply - Cross ply currently is negligible



China and Thailand constitute 90% of Economy brands

Indian Tyre Industry – Market Share

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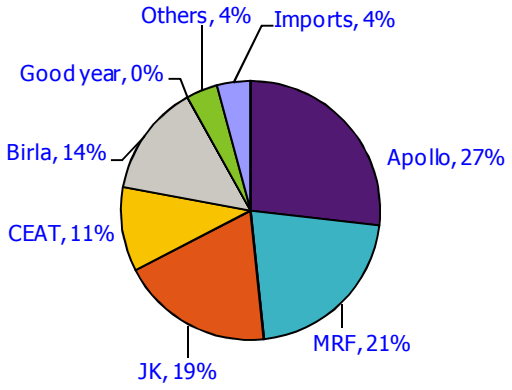
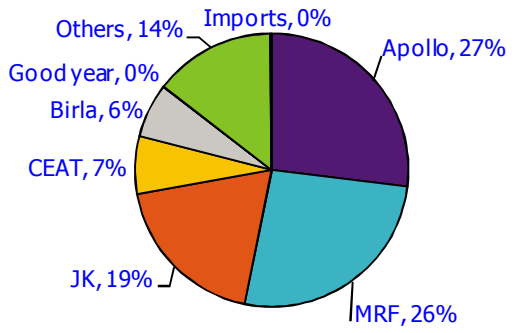
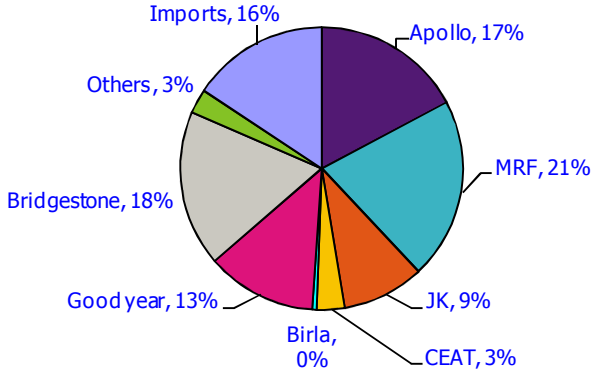
Truck



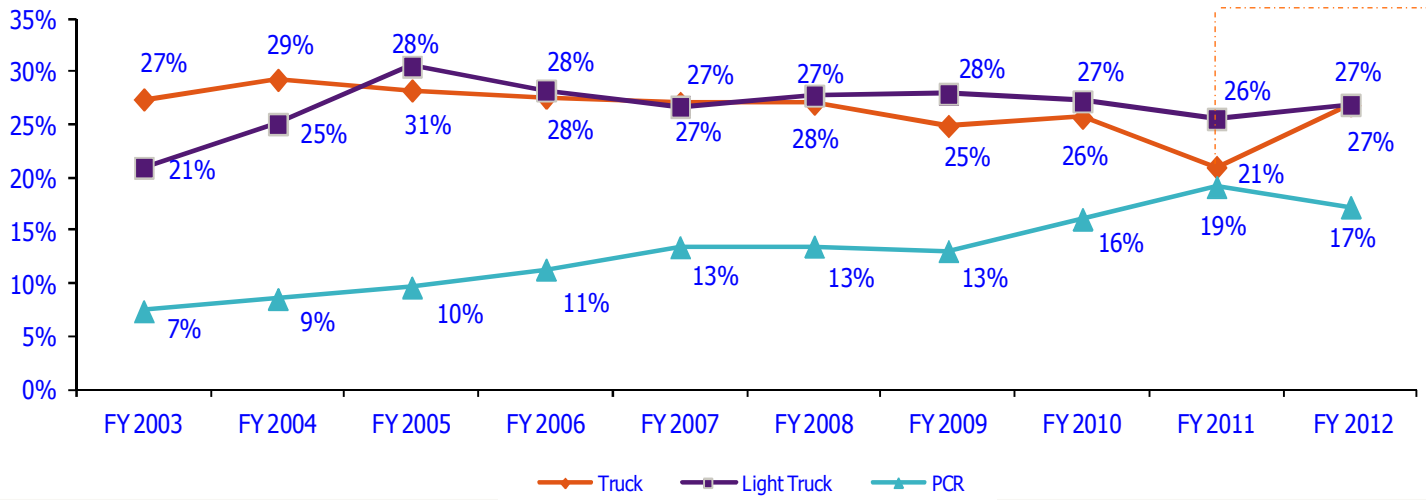
Light Truck



Passenger Car

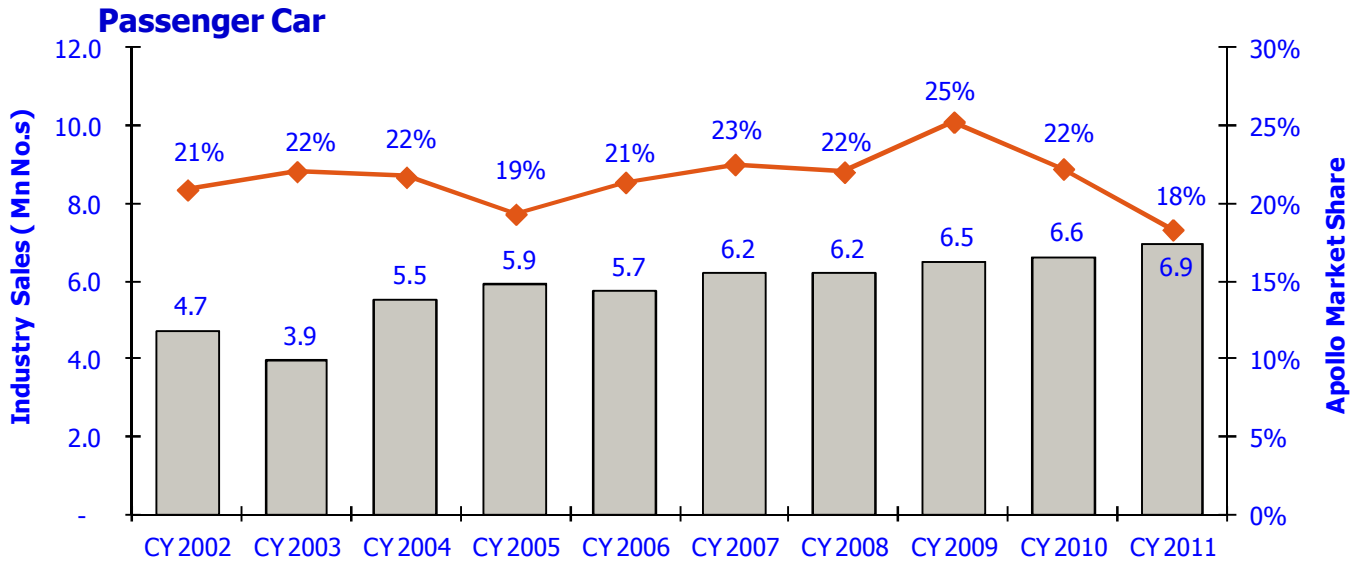


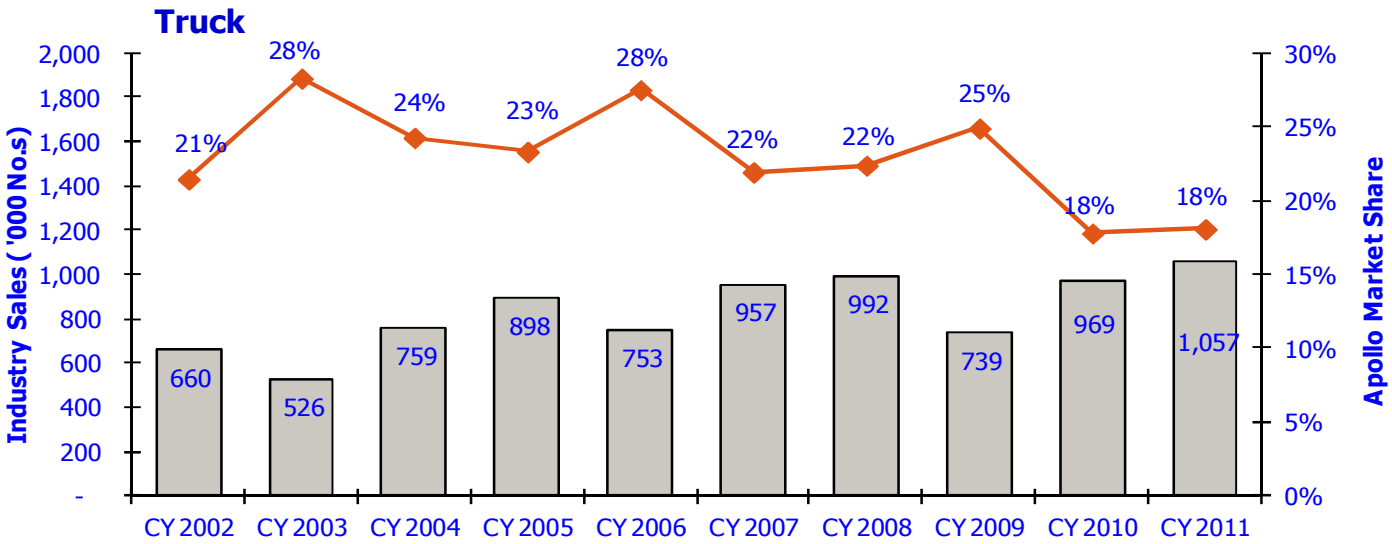
Apollo's Market Share



Reduction in truck tyre market share in FY 2011 is on account of lost production due to plant shut down in the first half of the year

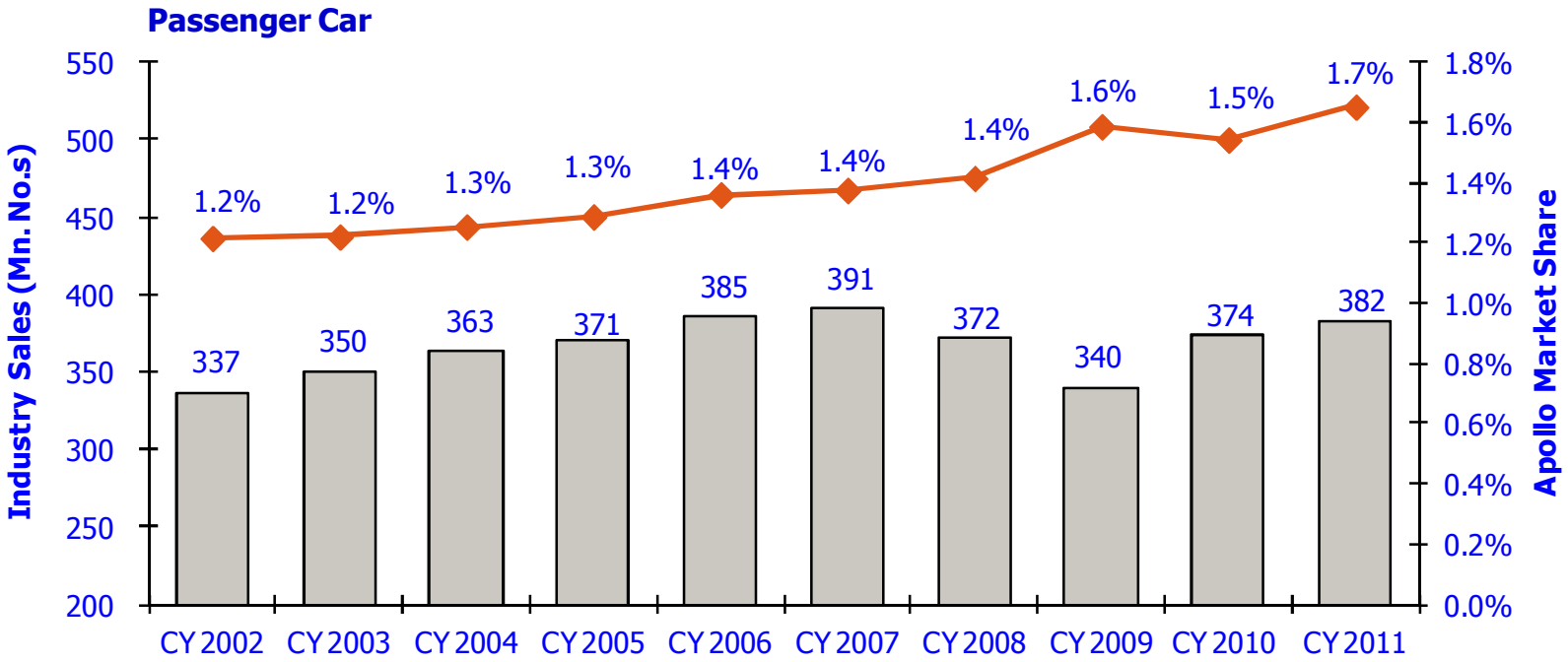
South Africa Tyre Industry – Market Share





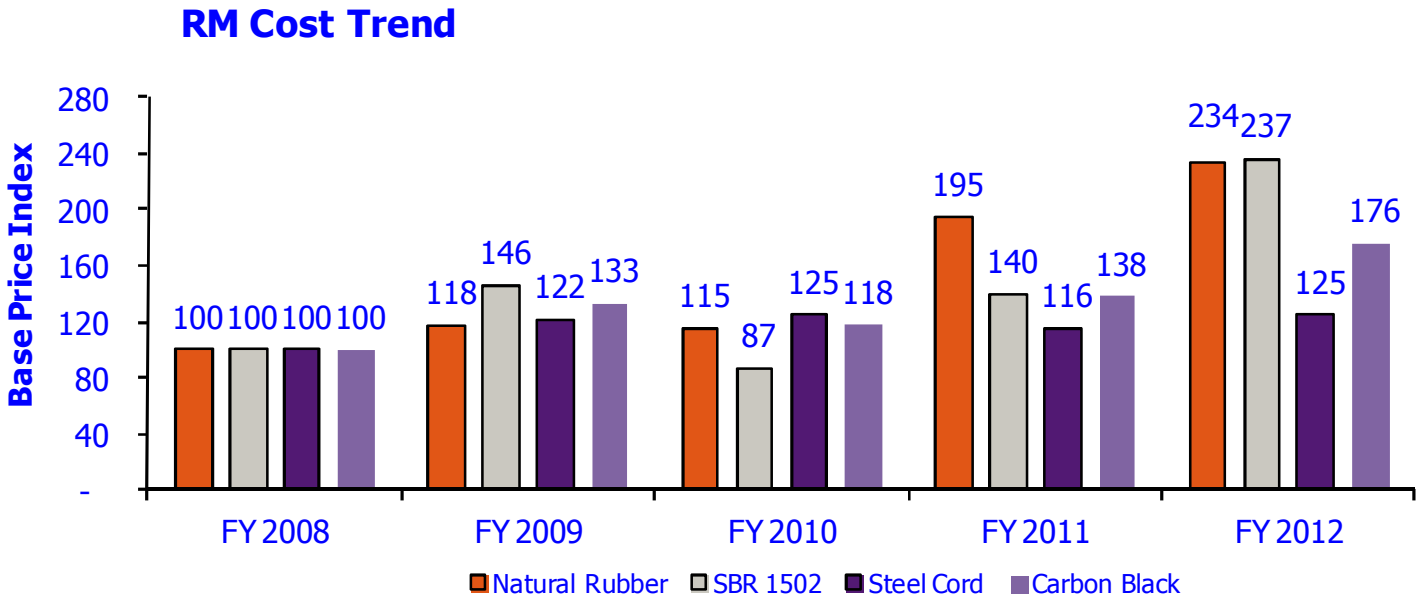
Loss in market shares in last 2 years due to influx of Chinese imports

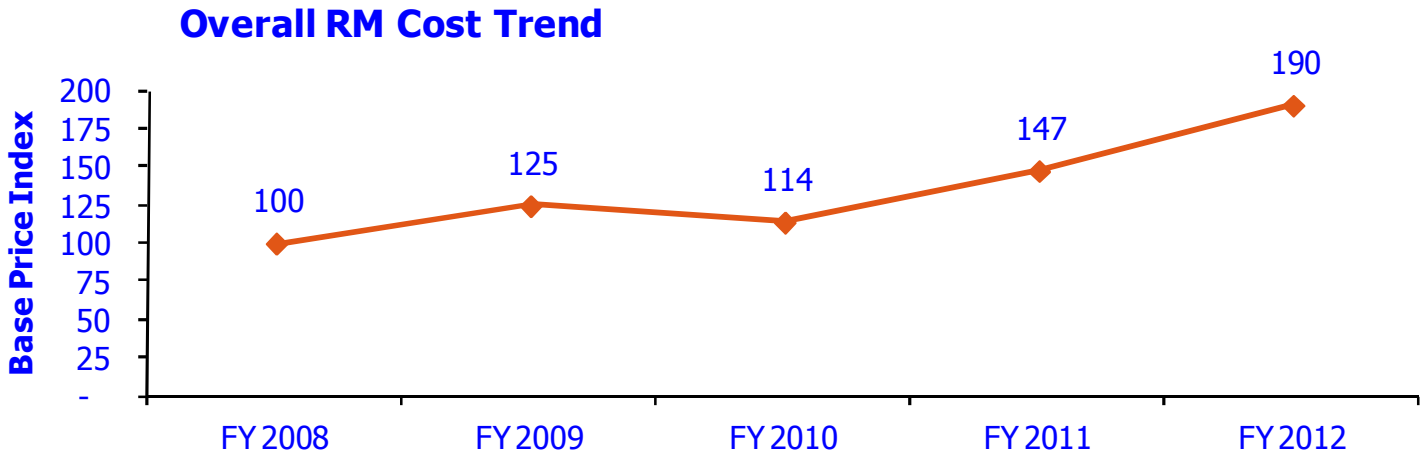
Europe Tyre Industry – Market Share



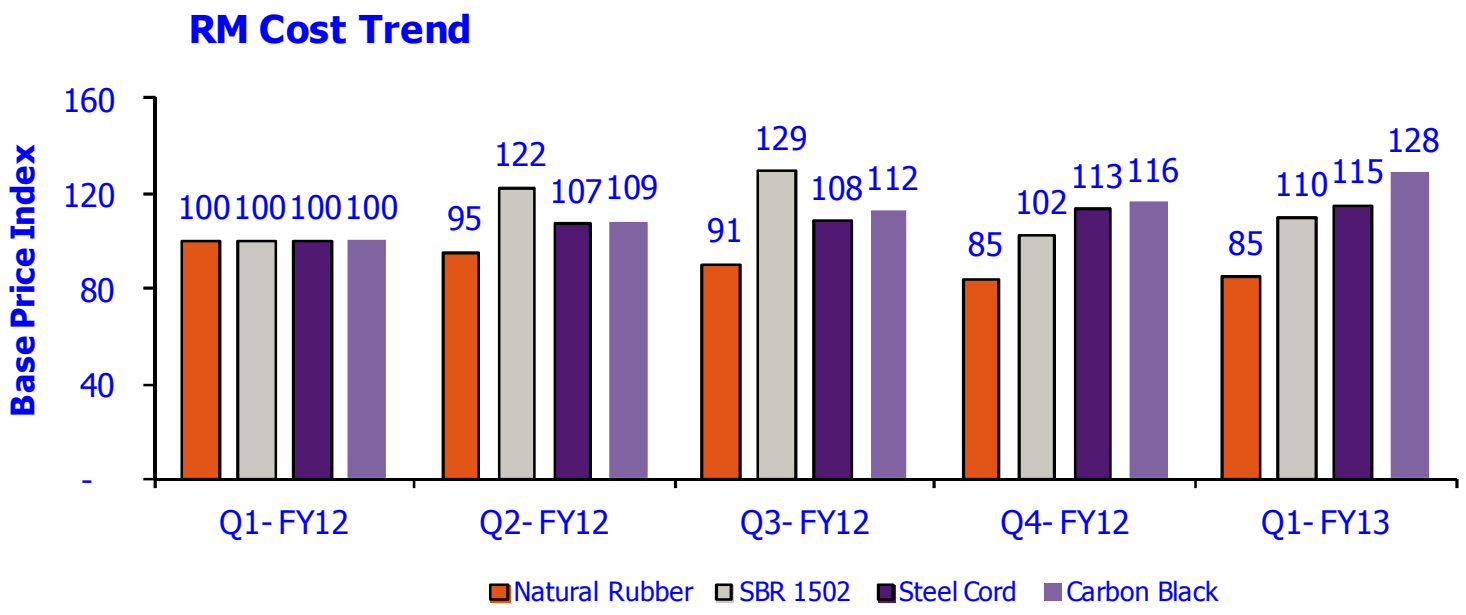
Continued gains in passenger car tyre market shares with capacity ramp up

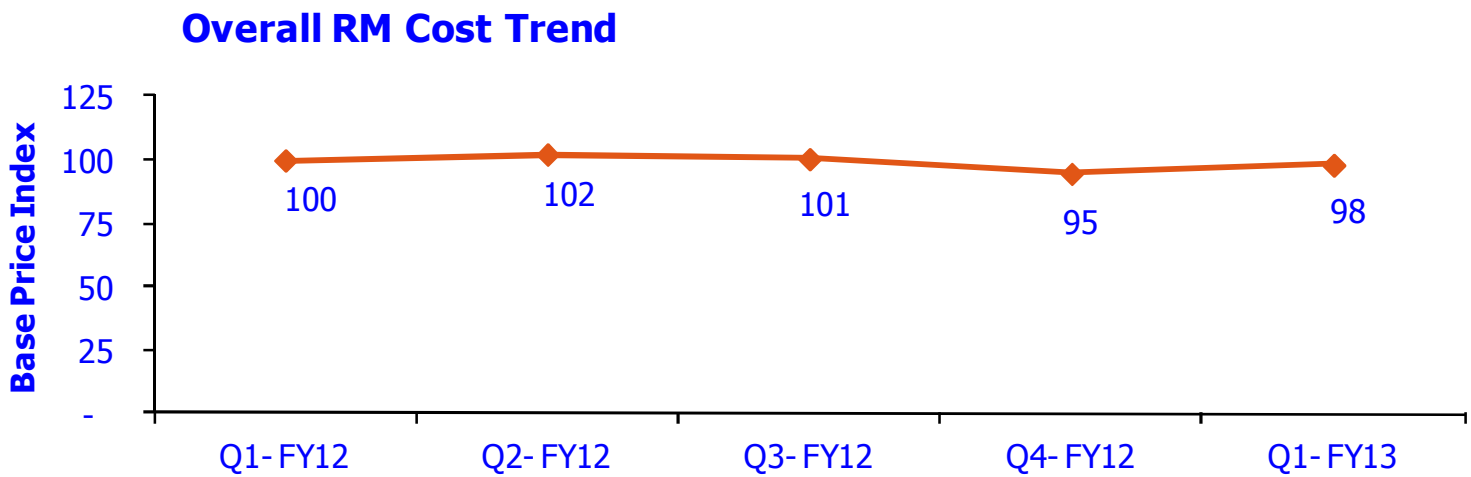
RM Cost Trend - Annual





RM Cost Trend - Quarterly





Industry Overview – Previous year highlights….

India

- Softening of demand
- Pressure on the cross ply truck tyre capacities due to increase in radialization & lower demand growth

Europe

- Demand continues to grow with performance positively affected by previous strong winters

South Africa

- Demand recovering though still not back at previous levels
- Imports continue to dominate the market and causing challenges for domestic players

Overall

- Raw material cost push continued adding to pressure on margins
- Raw material prices stabilized in the second half though at high levels

Industry Overview – Current year highlights....

India

- Recovery in replacement demand even though economy remains sluggish
- Decline in OE demand

Europe

- Significant demand decline due to economic conditions – no growth in volumes

South Africa

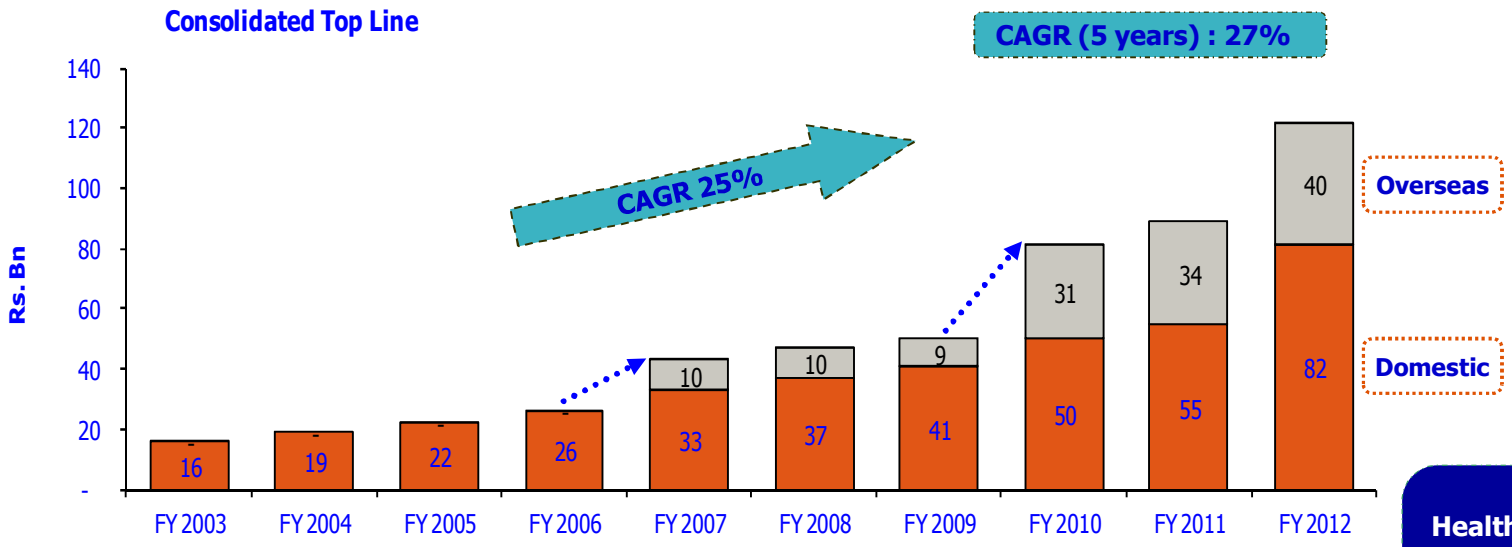
- Demand continues to recover

Overall

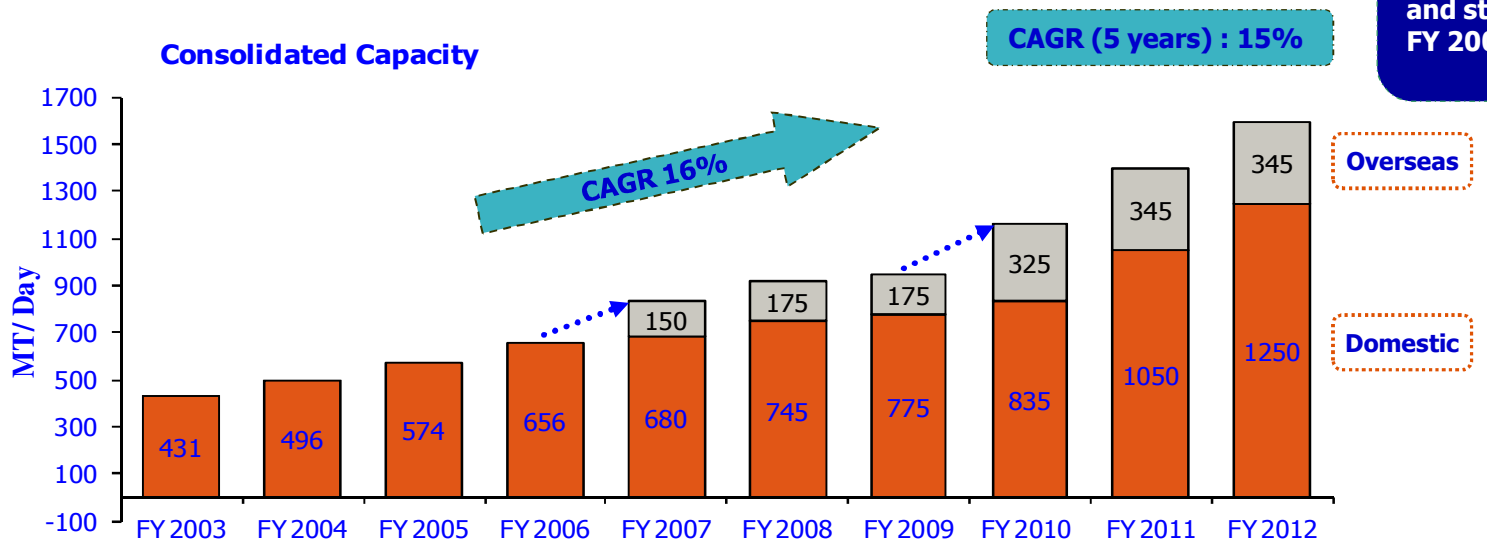
- Raw material decline leading to improvement in margins
- Raw material prices expected to remain soft

Company Overview

Apollo Tyres – Growth Journey



Healthy top line growth aided by organic investment and strategic acquisitions in FY 2007 & FY 2010



Apollo Tyres – Growth Journey

10 Years ago

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KAIZEN TYRES

Current

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VREDESTEIN
DUNLOP
REGAL TYRES
KAIZEN TYRES

Brand Positioning

Organic growth of revenue & market share in India during FY01 – FY06 has been supplemented with the acquisition of global brands, technologies & markets in the last 5 years

10 Years ago

Truck Bias
Light Truck Bias
PCR ('S' & 'T' rated)
Farm Bias

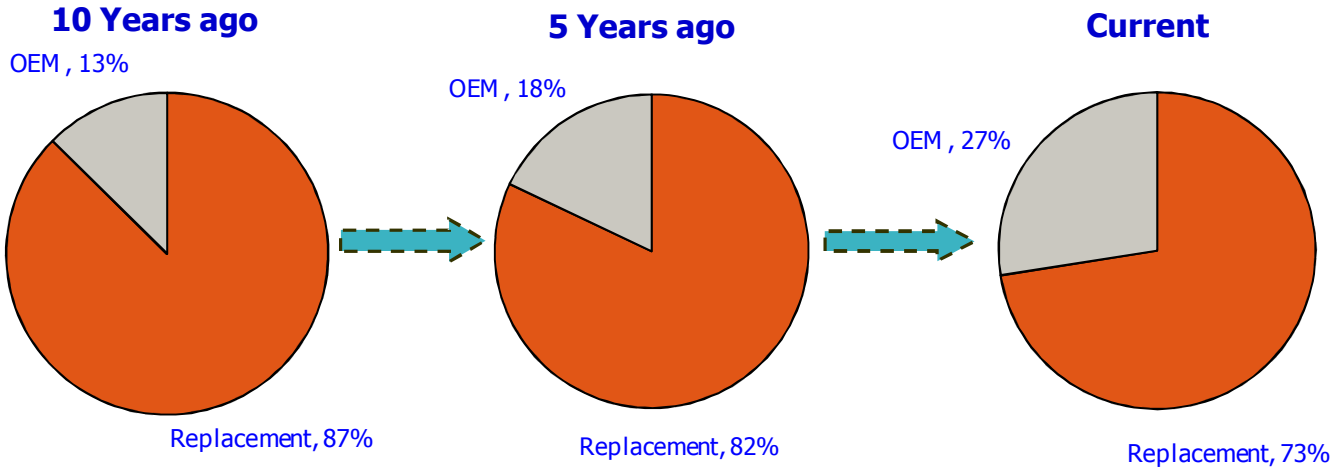
Current

Truck Bias
Light Truck Bias & Radial
PCR ('S' & 'T' & 'H' rated)
Farm Bias

Truck Radial
UHP PCR (Upto 'Z' rated)
OTR Bias
Farm Radial

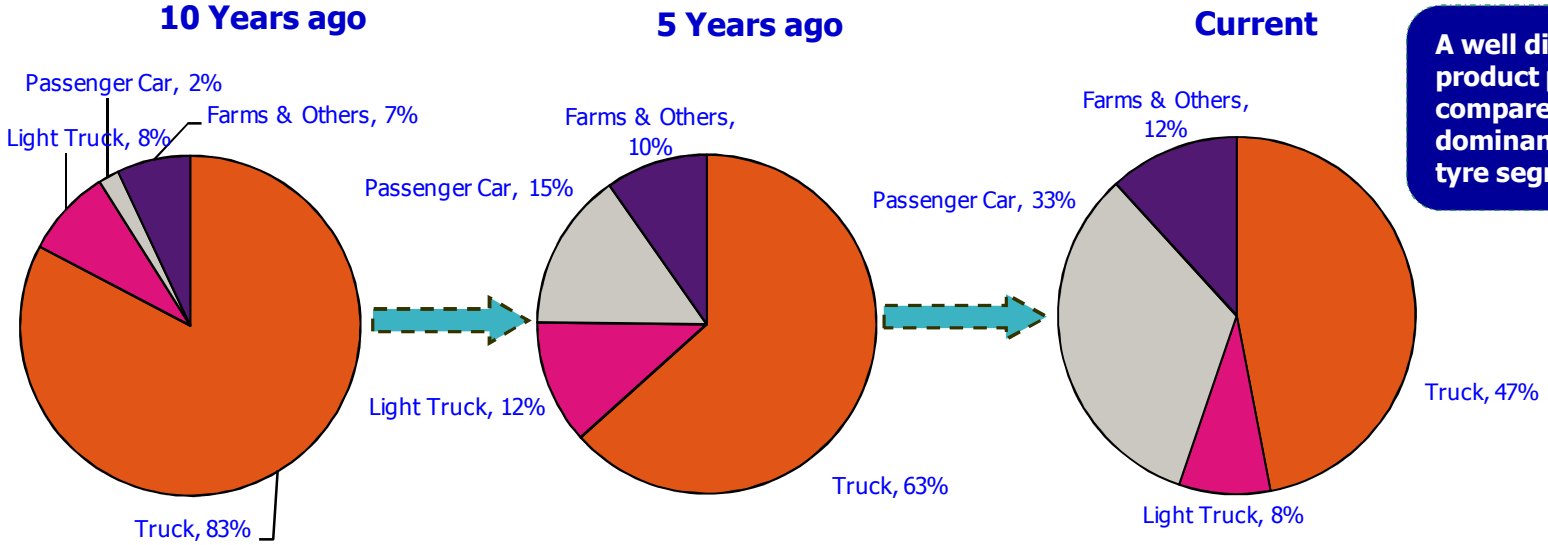
Product Portfolio

Apollo Tyres – Growth Journey



Even as OEM share continued to increase in India with growth and entry into passenger car tyre segment, replacement continues to enjoy a major portion of the pie - South Africa and Europe operations are primarily present in the replacement market

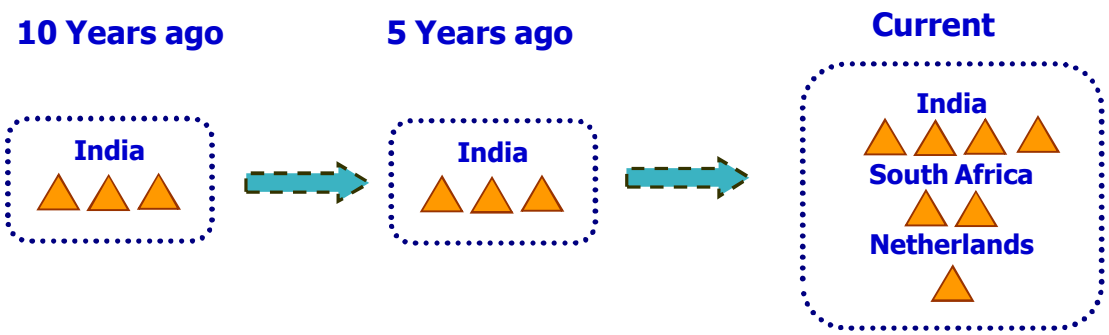
Customer Segments



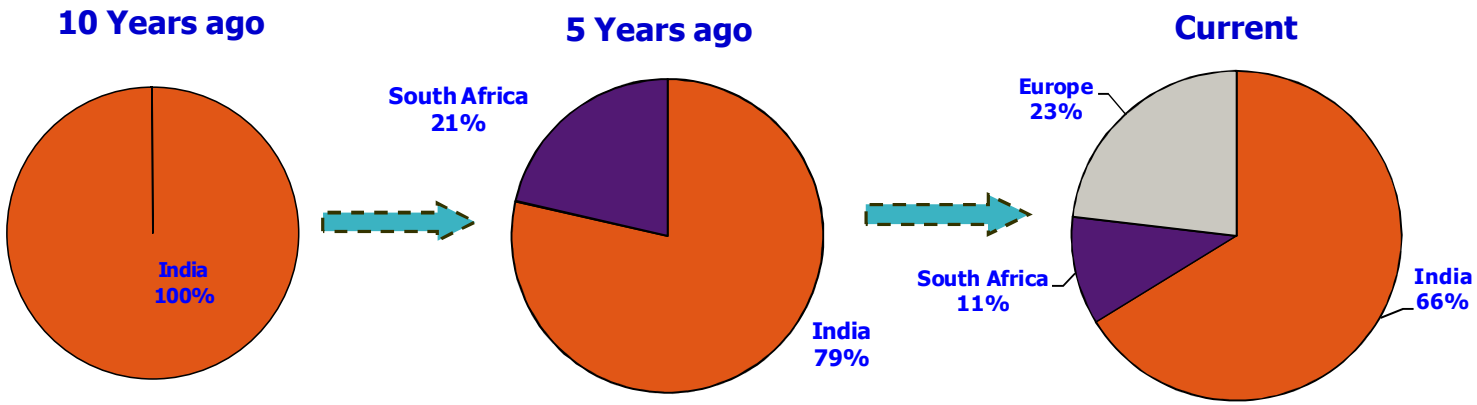
A well distributed product portfolio compared to dominance of truck tyre segment earlier .

Product Segments

Apollo Tyres – Growth Journey



Manufacturing Presence



Revenue

Apollo Tyres – Raw Materials

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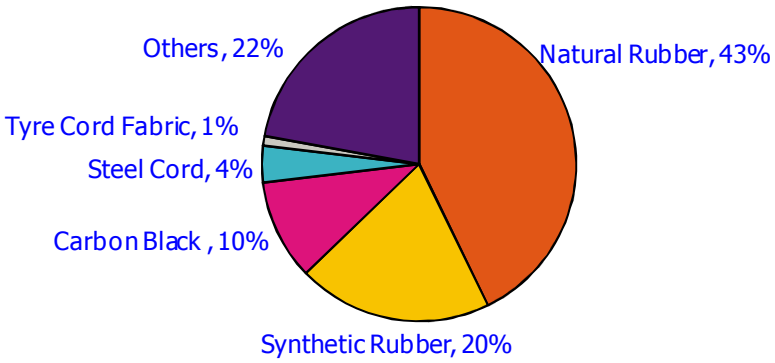
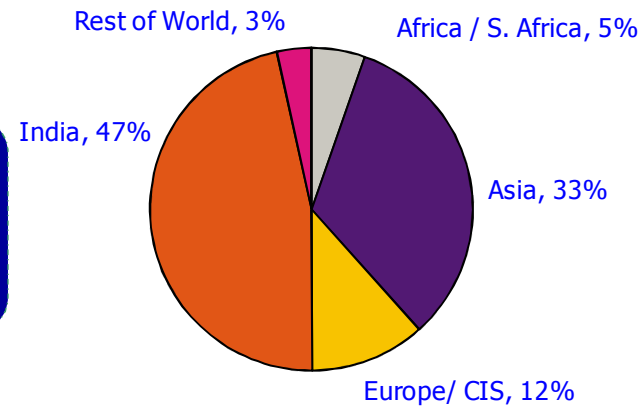
Raw Material Composition

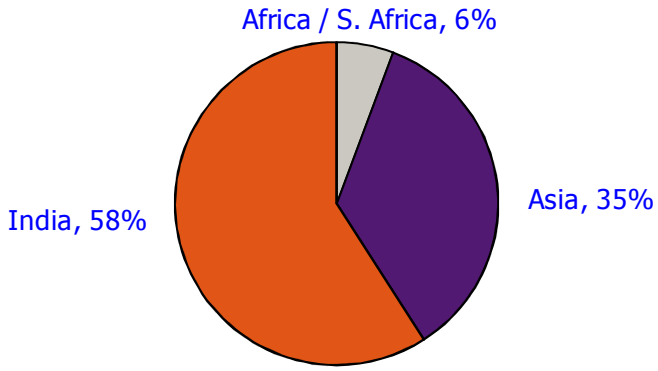


Natural Rubber constitutes the largest component of the overall raw material cost

Raw Material Sourcing

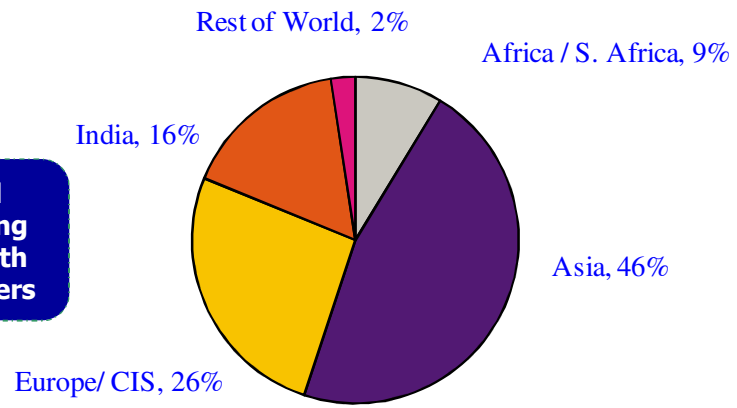


Natural Rubber Sourcing

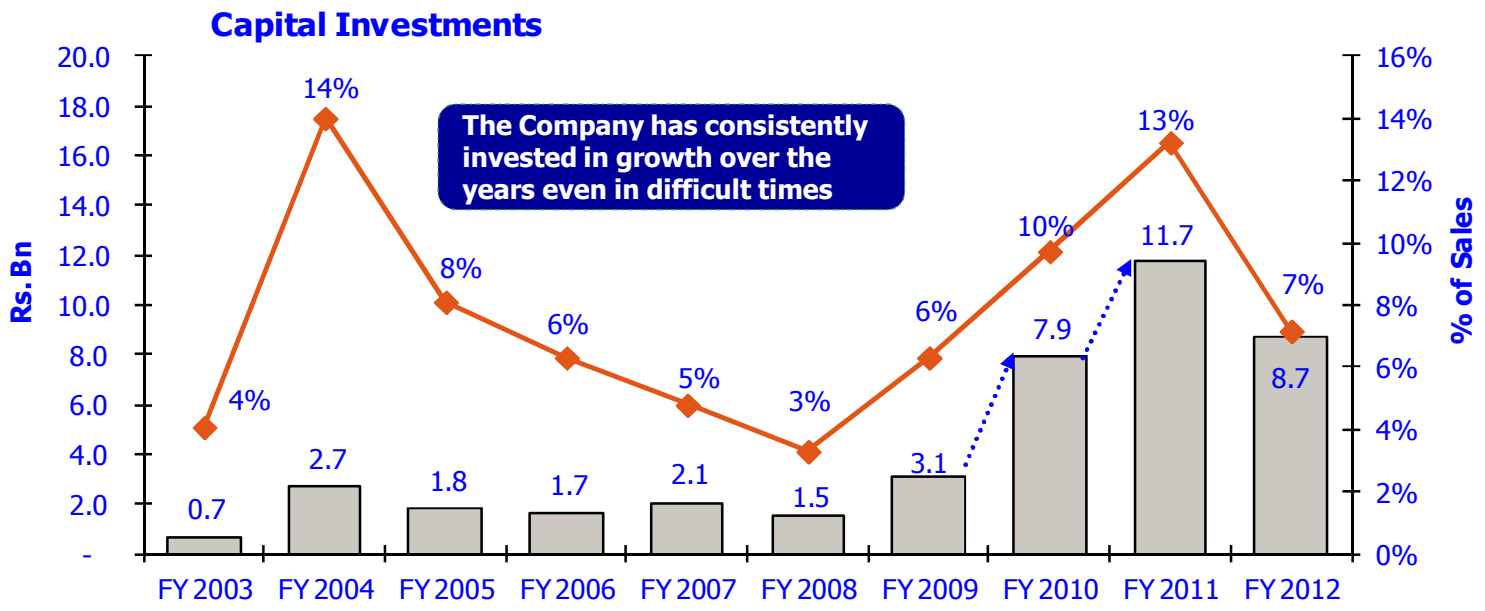


Well distributed sourcing ensuring relationships with all major suppliers

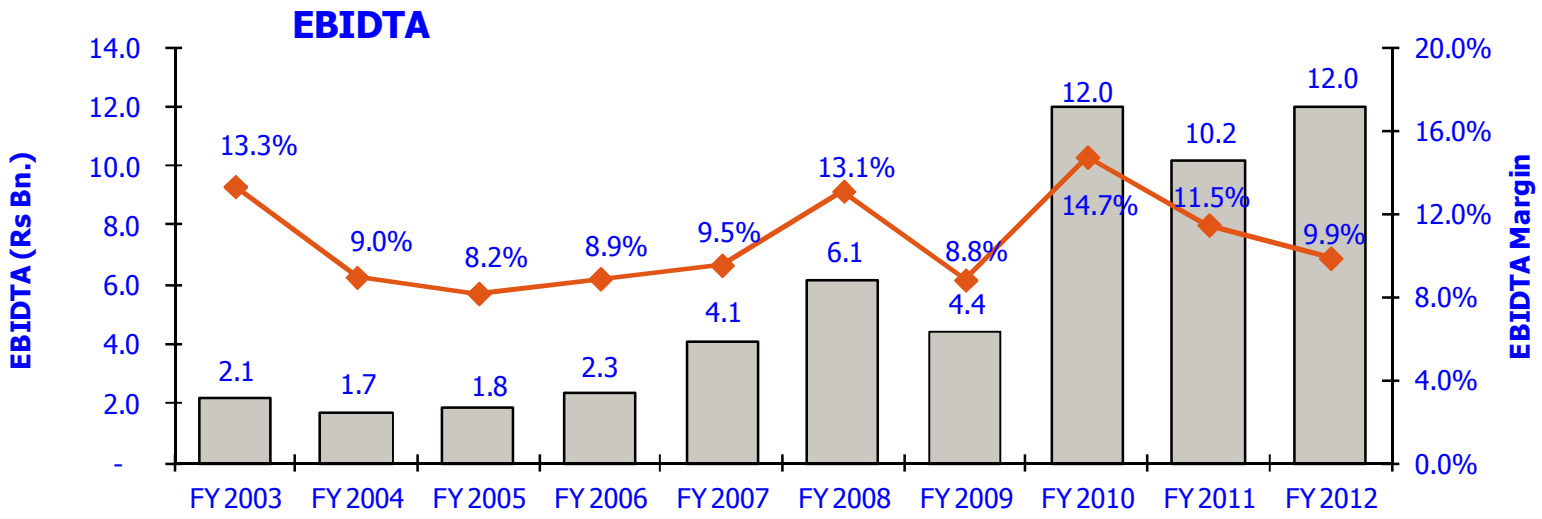
Synthetic Rubber Sourcing



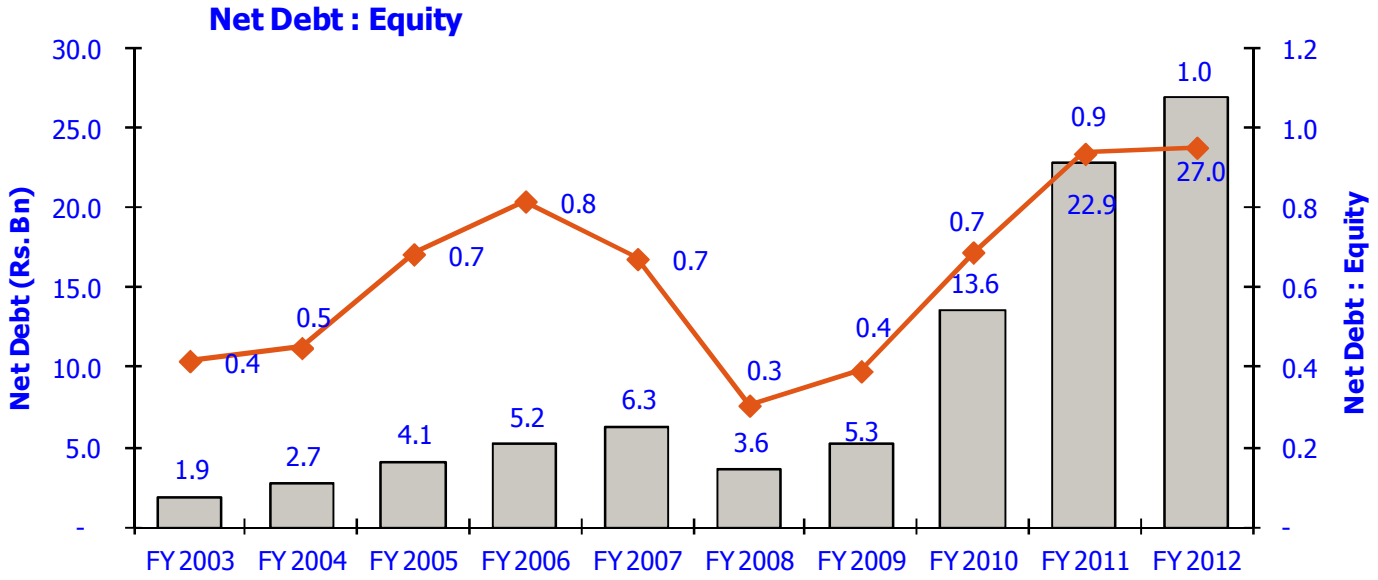
Apollo Tyres – Financial Track Record

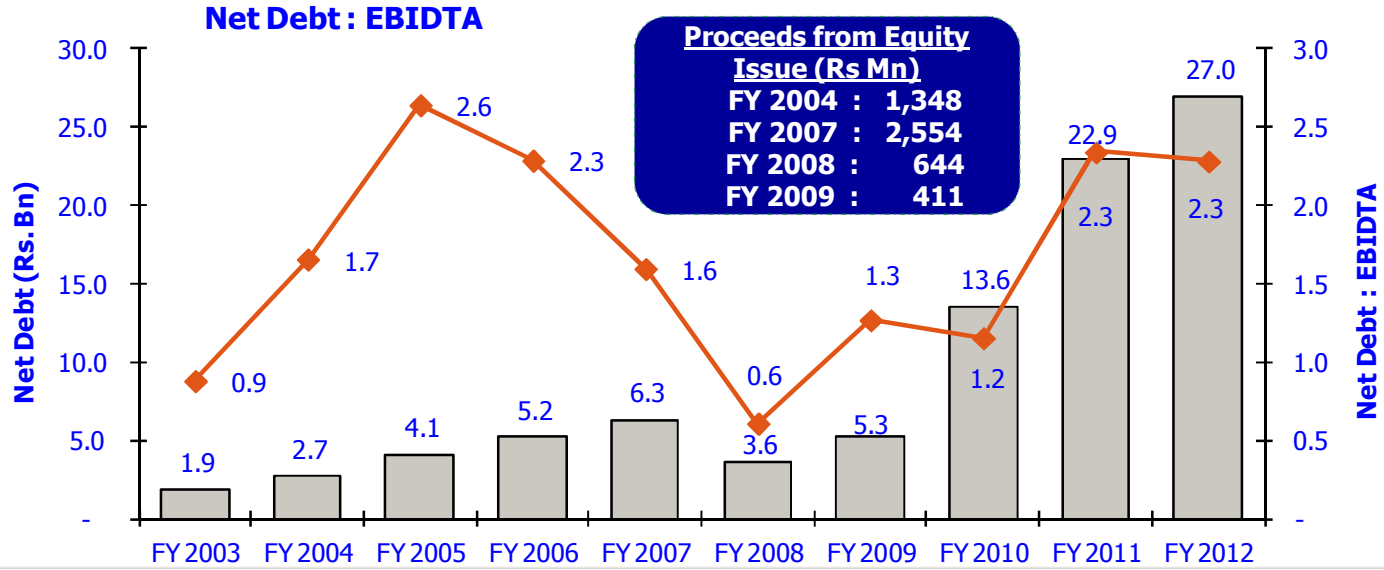


Substantial Capital Investment in FY 2010 – 12 in Chennai Greenfield

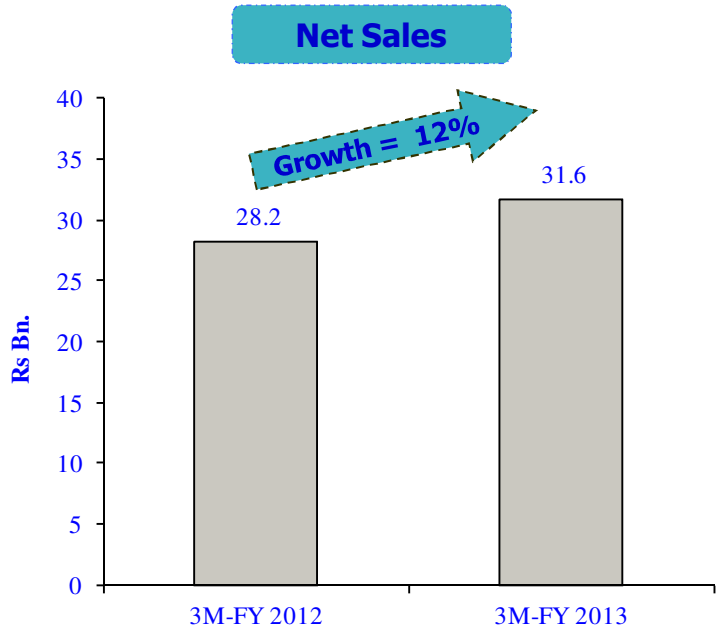


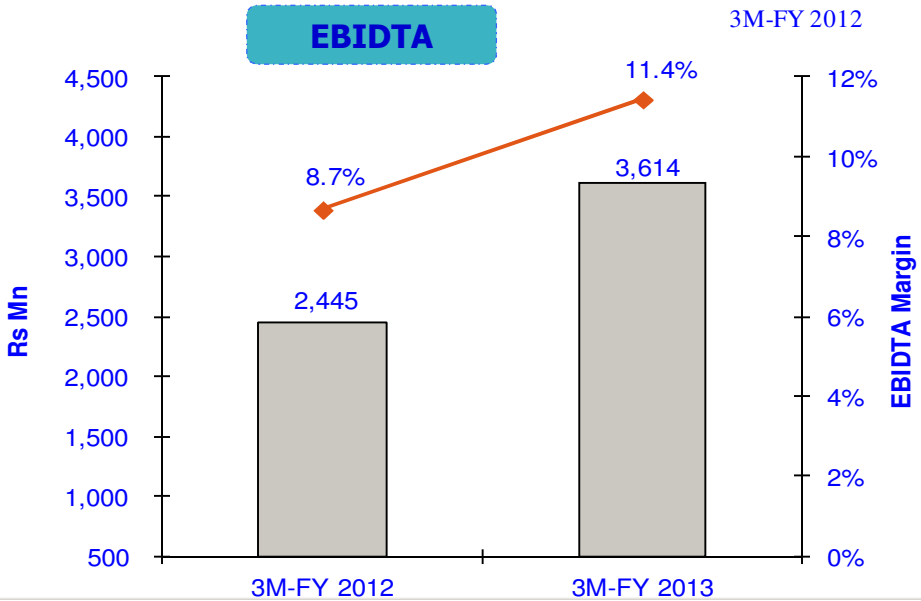
Apollo Tyres – Financial Track Record

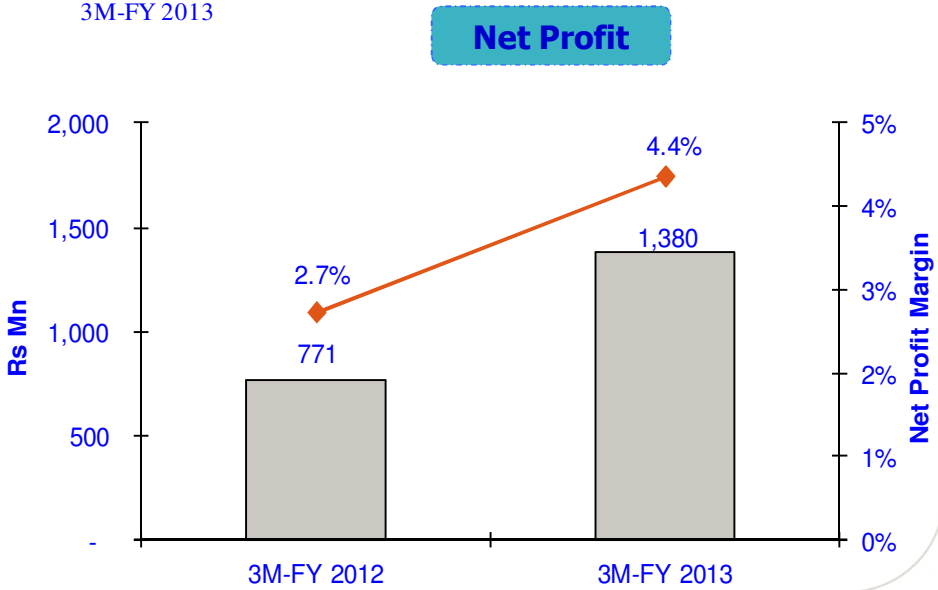




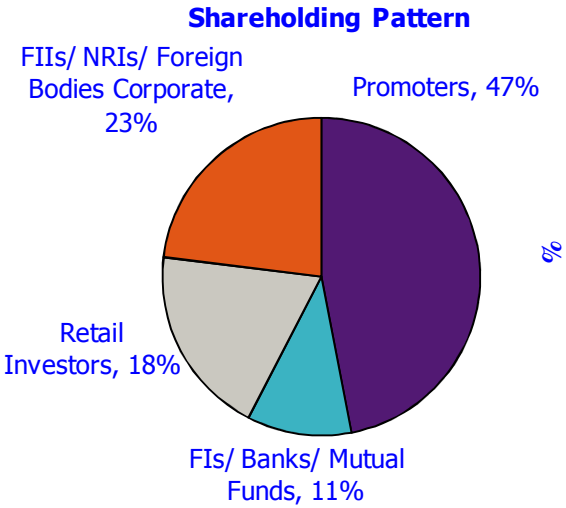
Apollo Tyres – 3M – FY2013 Financials

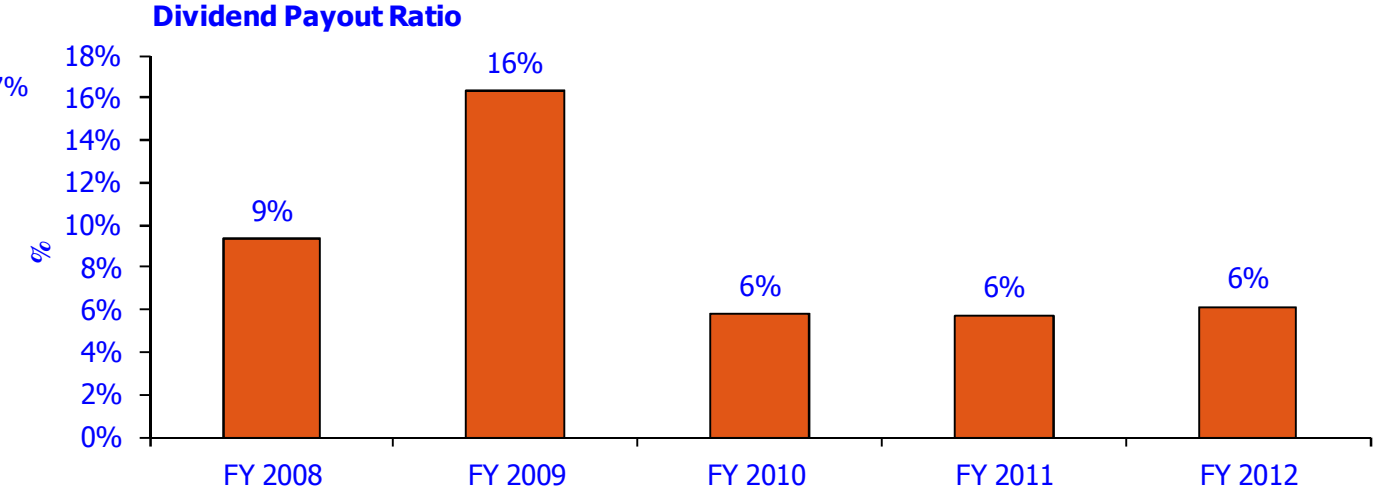


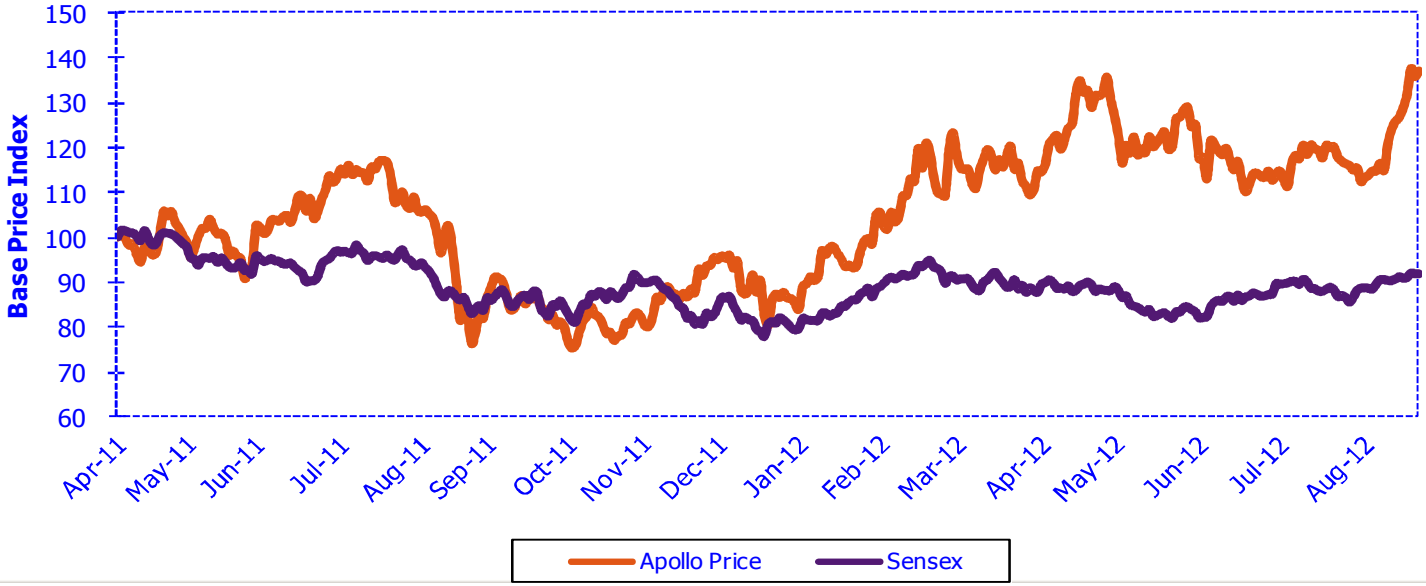




Apollo Tyres – Stock Performance & Shareholding







- **EV/ EBIDTA : 5.6**
- **P/E : 9.1**

Apollo Tyres – Looking Ahead

- Strengthen leadership position in Commercial Vehicle Segment in India - ramp up of Chennai Greenfield to gain market share in truck radial segment
- Continue journey towards becoming a leader in the passenger car segment in India
- Continue volume gains in Europe through dual brand strategy
- Provide cost competitive production base to Europe operations through initially India and later a dedicated Greenfield
- Return South Africa operations to profitability

And the Journey continues.....

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On a Journey

To

Move the World