

Apollo Tyres Limited

CMP : Rs 291.60

August 01, 2018

A superb Q1FY19

Apollo Tyres today posted nearly three-fold rise in consolidated net profit at Rs 251.84 crore for the quarter ended June 2018, driven by robust sales across various markets including India and Europe. The company had reported a net profit of Rs 88.3 crore during the same period of 2017-18. Net sales stood at Rs 4,288 crore during the April-June period as compared with Rs 3,282 crore in the same period of 2017-18, rise of 31%.

The company witnessed huge rise in margins. Rising interest and depreciation charges coupled with big jump in tax provision truncated the bottomline growth to some extent which was otherwise aided by six-fold rise in other income.

Commenting on the results, Onkar S Kanwar, Chairman, Apollo Tyres Ltd said, "All our operations have done well in the past quarter, and have reported a good set of numbers. This is a result of planning and investments in capacities, both in India and Europe, in addition to the increasing demand for our products with the OEMs, as well as, in the replacement market. Going forward, our growth momentum will continue despite the challenges posed by the raw material cost push, transporters strike and the new loading norms for commercial vehicles in India."

Quarterly Performance

The company witnessed decrease in the raw material cost (inclusive of purchase of stock in trade) and all other cost during first quarter ended June 2018. The raw material cost as % of sales net of stock adjustments fell 340 bps to 57.8%. The employee cost fell 34bps to 13.6% in Q1FY19. Other expenses fell 20 bps to 16.6%. Resultantly, operating margins rose 390bps to 12.3%. Operating profit rose 92% to Rs 528.1 crore on a y-o-y basis.

Average natural rubber (NR) prices which is the key input cost dropped on yoy basis during the quarter ended June 2018. Prices were almost 7% lower over the year and averaged around Rs 123/Kg vis a vis Rs 132/Kg a year ago in Apr-Jun 2017 period. This along with decrease in other cost components helped Apollo Tyres in improving its margins.

With six fold rise in other income to Rs 40.76 crore, PBIDT more than doubled to Rs 568.7 crore. Interest cost rose 26% to Rs 43.02 crore. Depreciation cost increased 46% at Rs 184.05 crore. Thus, PBT registered 180% rise to Rs 341.6 crore. After considering 140 bps decrease in the effective tax rate at around 26.28% and 166% rise in tax provision, PAT rose 185% at Rs 251.86 crore.

During the quarter, the company earned 59% and 24% of its revenues from APMEA (Asia Pacific, Mid East and Africa) and EA (Europe Americas) respectively. Revenues from APMEA rose 20%. EA registered 22% rise in revenues. The other segment comprising of other business entities which constitutes 17% of overall revenues, registered 29% rise in income.

At the segment front, APEMA business witnessed 196% rise in PBIT at Rs 338.95 crore and constituted 87% of the total segment profit. Segment profit of EA operations rose 10% to Rs 26.72 crore and constituted 7% of segment profit. Profit from other segment stood at Rs 22.84 crore, rise of 3%.

INDEX DETAILS

SENSEX	37521.62
NIFTY (S&P CNX)	11346.20

SCRIP DETAILS

Industry	Auto Tyres & Rubber Products
Mkt Cap (Rs in Crore)	16709.58
Book Value (Rs)	126.87
Free Float (%)	59.60
Avg Vol Weekly (NSE)	5506445
52 Week H/L (NSE)	307.15 / 228.30
Dividend Yield (%)	1.03
BSE Code	500877
NSE Code	APOLLOTYRE

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	40.40	40.33
FIIIs	22.96	24.34
DIIIs	21.06	19.97
Others	15.58	15.36
Totals	100	100

Price Comparison with Sensex



Apollo Tyres: Consolidated Results

Particulars	Q1FY19	Q1FY18	Var.(%)	FY18	FY17	Var.(%)
Total Operating Income	4288.04	3282.46	31	14840.52	13180.03	13
OPM(%)	12.3	8.4		11.1	14	
OP	528.1	275.3	92	1651.3	1848.7	-11
Other Income	40.56	6.72	504	116.53	151.81	-23
PBIDT	568.7	282	102	1767.8	2000.5	-12
Interest	43.02	34.04	26	162.92	102.88	58
PBDT	525.65	247.96	112	1604.88	1897.66	-15
Depreciation	184.05	125.85	46	592.55	461.81	28
PBT	341.6	122.11	180	1012.33	1435.85	-29
Tax provision^	89.78	33.81	166	288.45	336.55	-14
PAT	251.82	88.3	185	723.88	1099.3	-34
Other comprehensive income						
Share of profit/loss of associates	0	0	#DIV/0!		-0.3	-100
Net Profit	251.86	88.3	185	723.88	1099	-34
EPS*	17.6	6.2		12.7	19.2	

Apollo Tyres: Consolidated Segment Results

Particulars	1806(3)	1706(3)	Var.(%)	1803(12)	1703(12)	Var.(%)
Segment Revenue						
APMEA	3103.4	2584.5	20	10688.6	10112.1	6
EA	1242.02	1016.4	22	4629.19	4293.74	8
Others	902.74	701.18	29	2808.17	1503.72	87
Total Segment Revenue	5248.16	4302.08	22	18125.92	15909.58	14
(II)Others						
Total Segment Revenue	5248.16	4302.08	22	18125.92	15909.58	14
Less : Inter-Segment Revenue	960.12	764.7	26	3030.5	1739.63	74
Net Sales	4288.04	3537.38	21	15095.42	14169.95	7
Segment Results						
PBIT						
APMEA	338.95	114.62	196	986.38	1178.15	-16
EA	26.72	24.26	10	119.73	309.31	-61
Others	22.84	22.17	3	95.37	41.14	132
Total Segment Results	388.51	161.05	141	1201.48	1528.6	-21
(II)Others						#DIV/0!
Total Segment Results	388.51	161.05	141	1201.48	1528.6	-21
Less : Inter-Segment eliminations	43.02	34.04				#DIV/0!
Net Segment Result	345.49	127.01	172	1201.48	1528.6	-21
Capital Employed (Segment Assets Less Segment Liabilities)						
APMEA	5446.07	5067.13	7	5118.95	4227.25	21
EA	4421.31	3685.4	20	4283.16	2832.86	51
Others	748.57	512.37	46	385.31	232.85	65
Total	10615.95	9264.9	15	9787.42	7292.96	34
Add : Other Corporate assets and liabilities			#DIV/0!			#DIV/0!
Less: Eliminations	774.5	510.8	52	10.75	3	258
Total Capital Employed	9841.45	8754.1	12	9776.67	7289.96	34

NOTES

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Main Office : Ck-15, Sector-II, Salt Lake City, Kolkata-700091.