BP Wealth | STOXBOX

Result Update

Q1 FY27

Apollo Tyres Ltd.

Institutional Research

Apollo Tyres Ltd.

BP WEALTH

Tyres and Rubber Products | Q1FY27 Result Update **11th August 2026**

Estimates beat on profitability front; Strong volume momentum sustains growth

Apollo Tyres reported consolidated revenue of Rs. 7,398 crores in Q1FY27 (up 12.8% YoY / up 0.8% QoQ), driven by healthy volume growth, particularly across the India operations, while the performance remained 2.1% below street estimates. Gross profit stood at Rs. 3,176 crores (up 9.8% YoY / down 7.8% QoQ), with gross margin declining to 42.9% (down 116 bps YoY / down 405 bps QoQ), primarily due to sharp raw material cost inflation, with RM costs increasing by ~17% during the quarter. EBITDA stood at Rs. 868 crores, broadly flat YoY and down 18.8% QoQ, while EBITDA margin contracted to 11.7% (down 149 bps YoY / down 284 bps QoQ), largely due to raw material cost pressures, partially mitigated by calibrated price hikes and disciplined cost control. PAT stood at Rs. 349 crores (up 2,609% YoY / down 44.7% QoQ), significantly ahead of estimates. The sharp YoY improvement was largely attributable to a favourable base, with Q1FY26 PAT being severely impacted by an exceptional loss of Rs. 370 crores related to the closure of the Netherlands manufacturing plant.

Valuation and Outlook

Apollo Tyres delivered a mixed yet resilient performance in Q1FY27, with consolidated revenue growth remaining healthy, supported by strong volume momentum across its India operations. India revenue grew 15.6% YoY, with double-digit volume growth across replacement, OEM, and export channels, while the company continued to gain traction in key consumer tyre categories. However, profitability remained under pressure as raw material costs increased sharply during the quarter, resulting in EBITDA margin contraction despite calibrated price hikes and disciplined cost control. The sharp YoY improvement in PAT was largely optical, aided by a favourable base. Going forward, the key positive remains the strong demand environment in India, with management indicating that capacity utilization is already running in the 90s and demand momentum continuing into July. Further price hikes, coupled with the lagged flow-through of earlier increases, should provide support to realizations in the coming quarters. In Europe, the completion of the Enschede restructuring and capacity migration to Hungary and India should gradually improve the cost structure, with management targeting high-teen EBITDA margins for the European operations over the full year once the transition is completed. At the same time, elevated raw material costs remain the key near-term concern, with management expecting another ~8% sequential increase in Q2FY27. However, the anticipated moderation in natural rubber prices from Q3FY27, along with the lagged benefit of crude-linked input cost reductions, could provide meaningful margin tailwinds if pricing discipline is sustained. Overall, we remain cautiously constructive on Apollo Tyres, supported by strong domestic demand, high-capacity utilization, pricing actions and improving European operations. Margin recovery remains the key monitorable, with the pace of raw material normalization, realization of price hikes and execution of the European restructuring likely to determine the trajectory of earnings.

Key Highlights

Particulars (Rs. Cr.)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Net Sales	7,398	6,561	12.8%	7,336	0.8%
Gross Profit	3,176	2,892	9.8%	3,446	-7.8%
Gross Margin (%)	42.9%	44.1%	-116 bps	47.0%	-405 bps
EBITDA	868	868	0.0%	1,069	-18.8%
OPM (%)	11.7%	13.2%	-149 bps	14.6%	-284 bps
Rep. PAT	349	13	2608.8%	631	-44.7%
EPS (Rs.)	4.7%	0.2%	452 bps	8.6%	-389 bps

Source: Company, BP Equities Research

Sector Outlook	**Neutral**

Stock

CMP (Rs.)	446
BSE code	500877
NSE Symbol	APOLLO-TYRE
Bloomberg	APTY IN
Reuters	APLO.BO

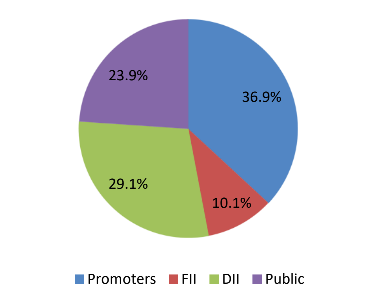
Key Data

Nifty	24,585
52 Week H/L (Rs,)	541/365
O/s Shares (Cr.)	64
Market Cap (Rs. Cr.)	28,318
Face Value (Rs.)	1

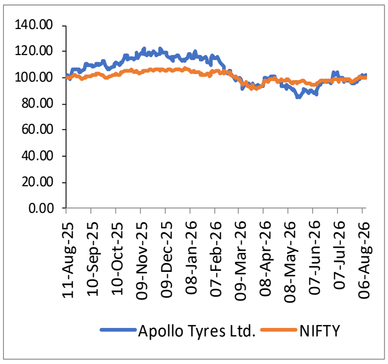
Average Volume

3 months	14,30,310
6 months	13,17,930
1 year	11,79,530

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

Strong domestic demand momentum

India operations remained the key growth driver, recording its highest-ever revenue of Rs. 5,460 crores (up 15.6% YoY / up 4.3% QoQ), with growth largely volume-led. Volume growth across replacement, OEM and exports stood at 13%, 10% and 15%, respectively, while demand remained healthy across categories.

Raw material cost pressure

Raw material costs increased by around 17% in Q1FY27, putting significant pressure on profitability. Management expects another ~8% sequential increase in RM costs in Q2, largely led by natural rubber.

Price hikes

Apollo took 7-9% price increases during Q1, although only 3-4% flowed through to revenue due to the staggered implementation. Further hikes of around 1-2% were announced in July, with another similar quantum expected in August.

European business restructuring

The Enschede plant stopped production in June 2026, with the capacity transition to Hungary and India expected to be completed around September-October 2026. Management expects the financial and operational benefits of the restructuring to start materializing from H2FY27.

Europe margin outlook

Management indicated that the European business could have delivered around 11% EBITDA margin, excluding overlap costs associated with the Enschede closure and transition.

Capacity expansion and utilization

India capacity utilisation remains at ~90%, with strong demand prompting continued capacity expansion. Consolidated capex stood at Rs. 650 crores in Q1FY27, including Rs. 500 crores in India, and is expected to increase further through Q2-Q3. Hungary PCR capacity is expected to increase from ~17,000 to ~21,000 tyres/day, with ramp-up in H2FY27, while India capacity additions are expected to commence towards end-FY27 and ramp up through FY28.

Commodity cycle outlook

Management expects natural rubber prices to start cooling from Q3 as seasonal factors normalize. Additionally, lower crude prices should benefit the synthetic rubber and crude-linked raw material basket with a lag.

Pricing discipline

Industry players have broadly followed Apollo's price increases, with competition taking hikes of a similar magnitude, although timing varies. Strong demand and high industry capacity utilization have supported the ability to push through relatively steep price increases.

Market share

Apollo estimates that its replacement market share has recovered to above 30% in TBR and above 21% in passenger car replacement, indicating a recovery in its competitive position. Management specifically noted that the company has regained some of the share lost earlier.

Capex outlook

Consolidated Q1FY27 capex stood at Rs. 650 crores, including around Rs. 500 crores in India. Management expects capex to increase further through Q2 and Q3, with the company likely to become a net borrower during FY27.

"In Europe, revenue grew marginally by 0.5% YoY, with low single-digit volume growth, as the Enschede plant closure and capacity transition weighed on performance."

"Despite the cost inflation, the company defended margins through calibrated price hikes and cost control."

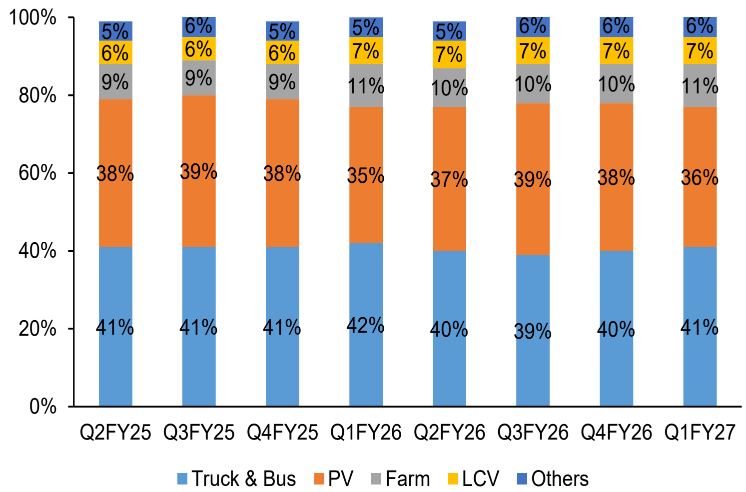
"Management indicated that the full impact of the price increases should flow through during H2FY27."

"Following completion of the restructuring, Apollo is targeting high-teen EBITDA margins for Europe on a full-year basis."

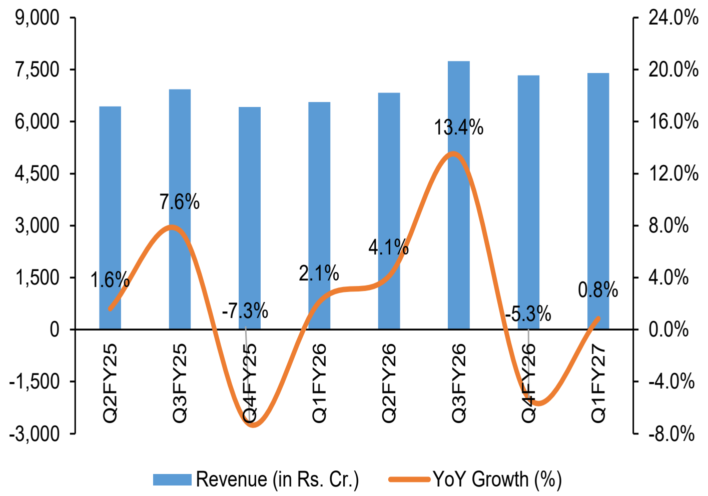
"Management noted that a falling raw material environment has historically resulted in Apollo reporting its strongest margins."

Quarterly Snapshot

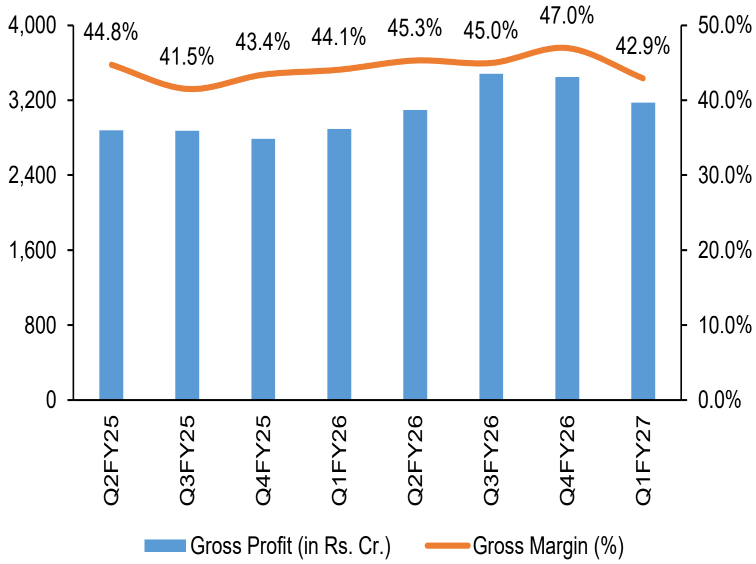
Revenue Mix



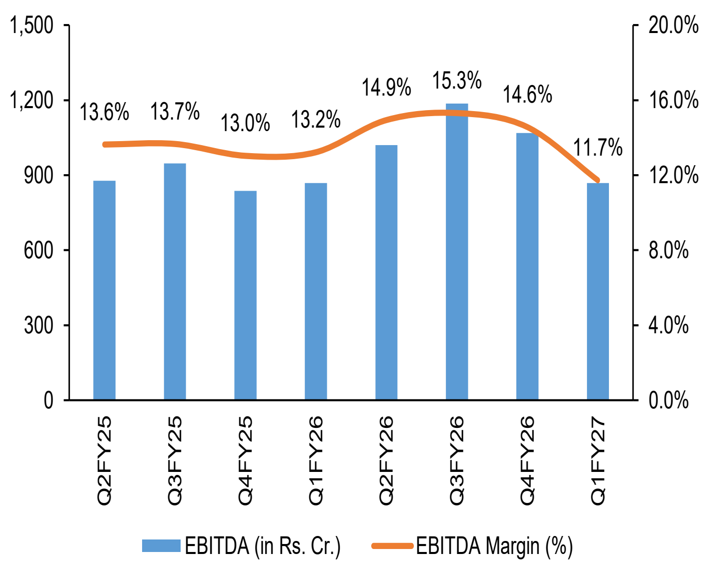
Healthy volumes performance offset by weak Euro biz



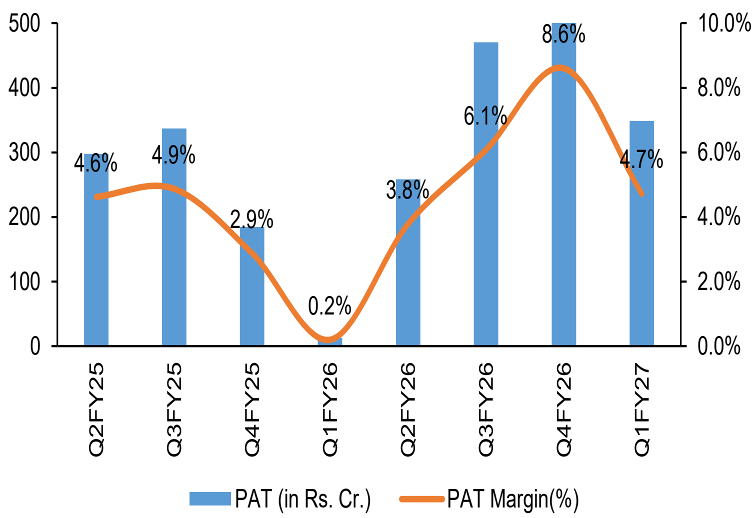
RM pressure keeps GM lower



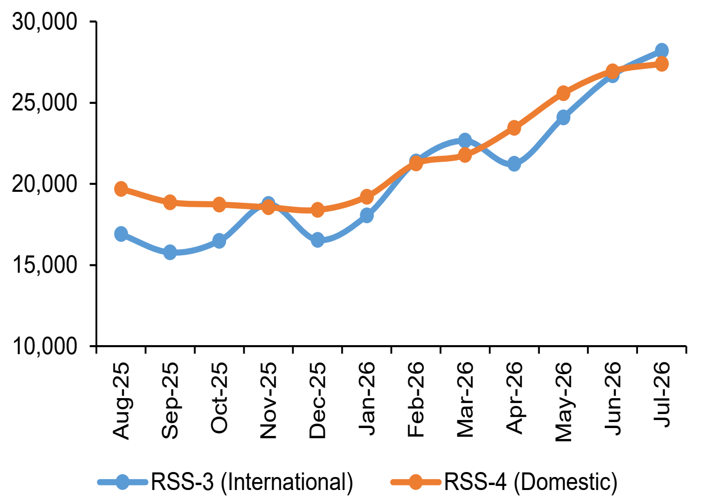
Estimates beat led by prudent price hikes and cost control



PAT and PAT Margins



Rubber Price Trend (Rs. per 100 kg)



Source: Company, BP Equities

Source: rubberboard.gov.in

Key Financials						
YE March (Rs. Cr.)	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Revenue	**24,568**	**25,378**	**26,123**	**28,471**	**32,855**	**37,718**
Revenue Growth (Y-o-Y)	*17.3%*	*3.3%*	*2.9%*	*9.0%*	*15.4%*	*14.8%*
EBITDA	**3,314**	**4,447**	**3,572**	**4,143**	**4,107**	**5,431**
EBITDA Growth (Y-o-Y)	*28.7%*	*34.2%*	*-19.7%*	*16.0%*	*-0.9%*	*32.2%*
Net Profit	**1,046**	**1,722**	**1,121**	**1,372**	**1,708**	**1,961**
Net Profit Growth (Y-o-Y)	*63.8%*	*64.6%*	*-34.9%*	*22.4%*	*24.5%*	*14.8%*
Diluted EPS	**16.5**	**27.1**	**17.7**	**21.6**	**26.9**	**30.9**
Profitability Ratios						
EBITDA (%)	**13.5%**	**17.5%**	**13.7%**	**14.6%**	**12.5%**	**14.4%**
NPM (%)	4.3%	6.8%	4.3%	4.1%	5.2%	5.2%
ROE (%)	**8.3%**	**12.4%**	**7.6%**	**8.2%**	**9.5%**	**10.1%**
ROCE (%)	10.0%	15.8%	10.8%	12.4%	11.3%	13.4%
Valuation Ratios						
P/E (x)	**27.0x**	**16.5x**	**25.3x**	**20.6x**	**16.6x**	**14.4x**
EV/EBITDA (x)	10.2x	7.3x	8.9x	7.6x	7.7x	5.8x
Market Cap/Sales (x)	**1.2x**	**1.1x**	**1.1x**	**1.0x**	**0.9x**	**0.8x**

Source: Company, BP Equities, Bloomberg Estimates

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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