



# **JSW Steel Limited**

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## **2QFY17 Results Presentation**

October 27, 2016

## Key highlights – 2QFY17

### Standalone performance

- ✓ Highest ever quarterly Crude Steel production: 3.98mn tonnes
- ✓ Highest ever quarterly Saleable Steel sales: 3.84mn tonnes
- ✓ Total Income from Operation: ₹13,357 crore
- ✓ Operating EBITDA : ₹2,718 crore
- ✓ Net Debt to Equity: 1.75x and Net Debt to EBITDA: 4.41x

### Consolidated performance

- ✓ Total Income from Operation: ₹14,421 crore
- ✓ Operating EBITDA : ₹2,959 crore
- ✓ Net Debt to Equity: 2.15x and Net Debt to EBITDA: 4.82x

### Key update

- ✓ The Board has approved to sub-divide (split) the equity shares of the Company having a face value of ₹10/- (Ten only) each into ten equity shares of face value of ₹1/- (One Only) each
- ✓ Declared as preferred bidder for 5 Category 'C' Iron Ore Mines in Karnataka with estimated resources of about 111 million tonnes
- ✓ Acquired 74% stake in JSW Praxair Oxygen Private Limited for consideration of ₹240 crores
- ✓ Awarded 'Steelie Award 2016' (in the innovation category) by the World Steel Association "for the development of advanced high strength automotive steels with speed and innovation"

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# Agenda

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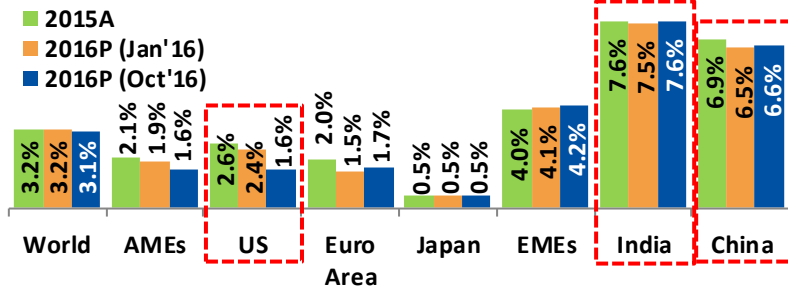
Business Environment

Operational Performance

Financial Performance

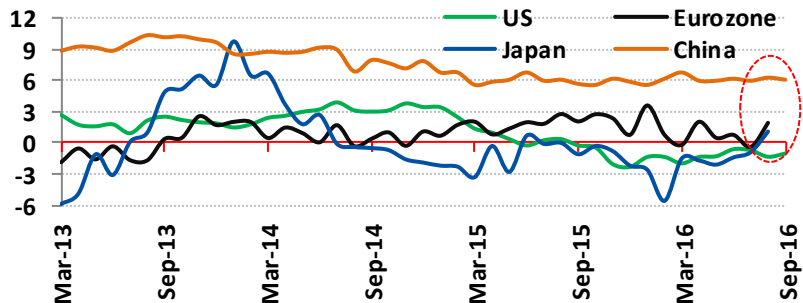
# Global economy

GDP growth - 2015 actual vs. projections for 2016 (%YoY)



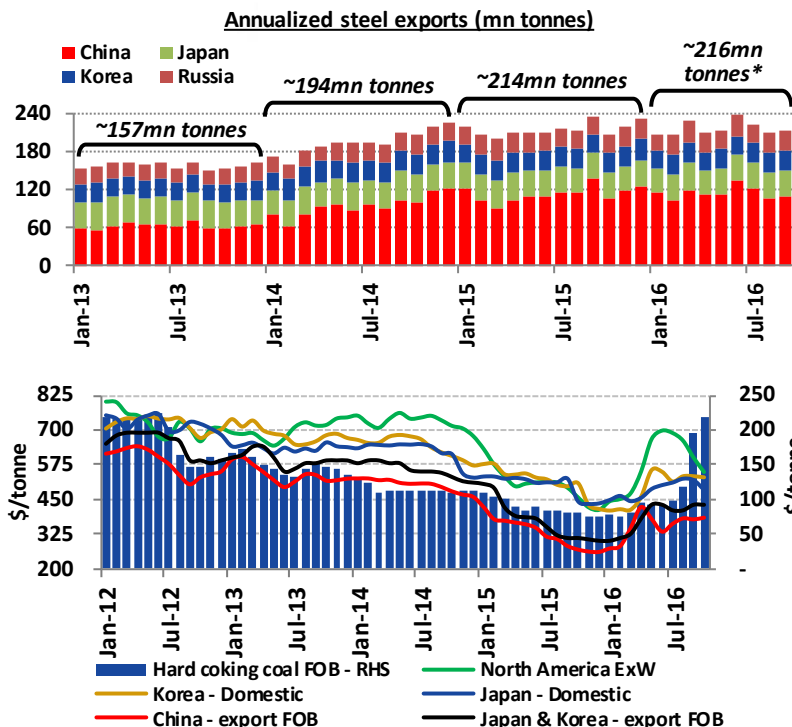
- **Global growth** expectations marked down primarily due to weaker US growth
- Recent data and sustained accommodative policy stance indicate **US growth** recovery continues to moderate
- **Euro area growth** continues to be supported by expansionary monetary policy and subdued commodity prices; uncertainty around the impact of 'Brexit' remains an area of concern
- **Japan growth** was weaker in 2QCY16, continues to be weighed down by weaker external demand and private investment
- **China growth** rate remains within the official target range of 6.5%-7.0%, but rebalancing and associated spillovers continue to be pertinent

Index of Industrial Production (% YoY)



**Global economic growth outlook remains range-bound**

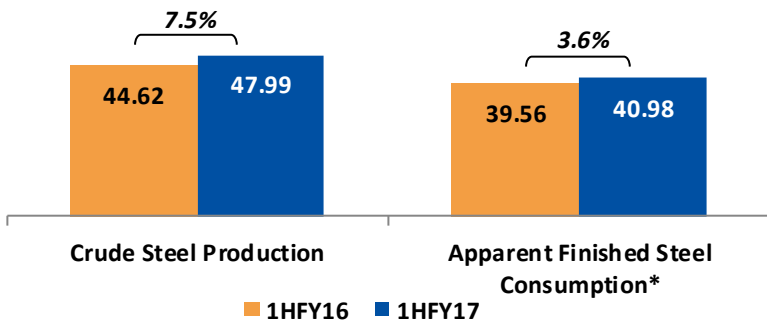
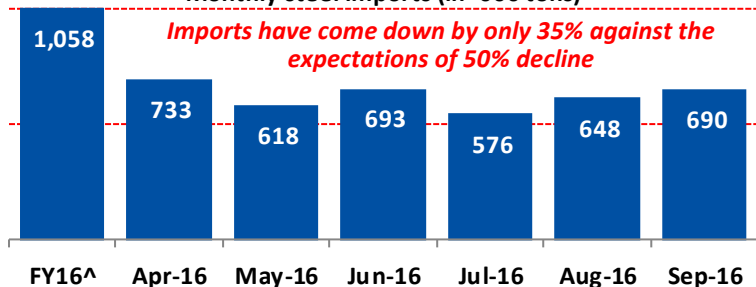
# Global steel scenario



- Exports from China, Japan, Korea and Russia continue to flood global steel markets
- Japanese/Korean exports continue to be at a sharp discount to their domestic market prices
- Coking coal prices surge rapidly due to physical market tightness in recent months, compressing steel spreads. Not likely to sustain at such high levels over the medium term
- Steel spreads squeezed with high coal prices. However, steel prices in Asia and Europe have started moving up in recent weeks

# Indian economy and steel industry

Monthly steel imports (in '000 tons)



- Progress on effective trade remedial measures is imperative for the health of the industry - steel imports have again increased in Aug-Sep'16 after declining in Jul'16
- Crude steel production increased by 7.5%YoY whereas apparent finished steel consumption grew by 3.6%YoY in 1HFY17
- Government spending data, thrust on renewable energy sector, better credit deployment in the roads sector, higher than budgeted Railway Capex, robust port traffic growth point towards an improving demand environment
- Normal monsoon and Seventh Pay Commission awards are likely to drive consumer discretionary spending in the on-going festive season

**Steel demand growth outlook is gradually improving**

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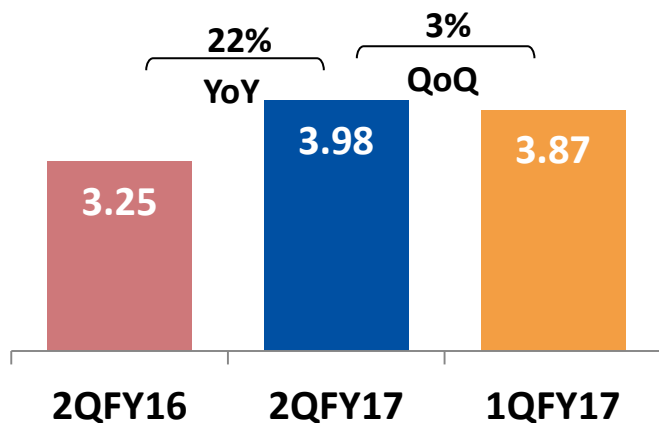
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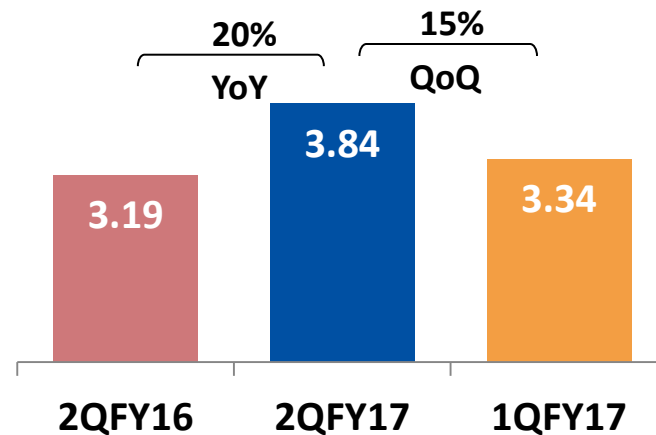
## Quarterly volumes – standalone

### Crude Steel Production



	2QFY16	2QFY17	1QFY17
Flat	2.57	2.86	2.74
Long	0.64	0.79	0.85

### Saleable Steel Sales

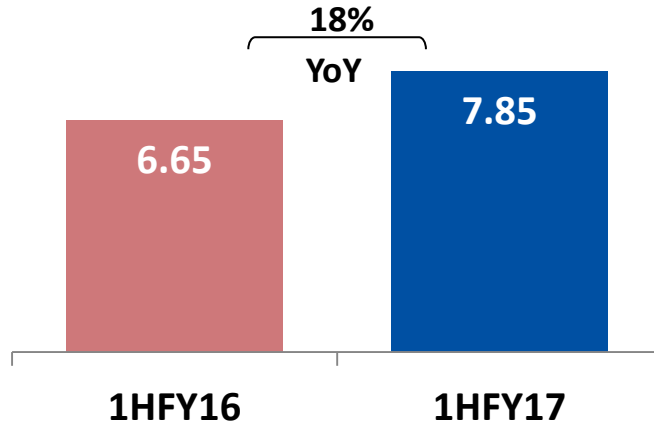


	2QFY16	2QFY17	1QFY17
Flat	2.50	2.80	2.48
Long	0.65	0.81	0.74
Semis	0.03	0.23	0.12



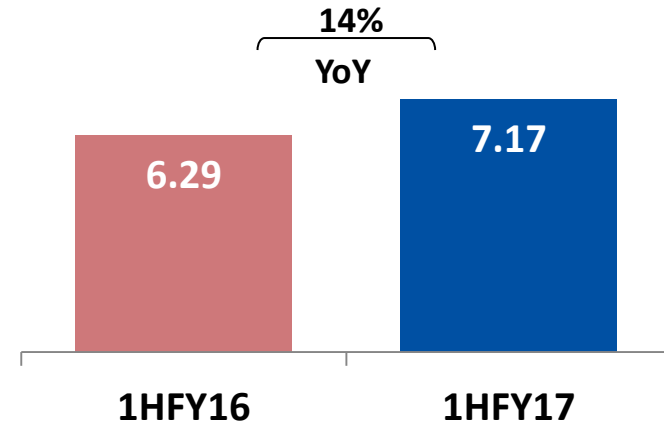
## Half yearly volumes – standalone

### Crude Steel Production



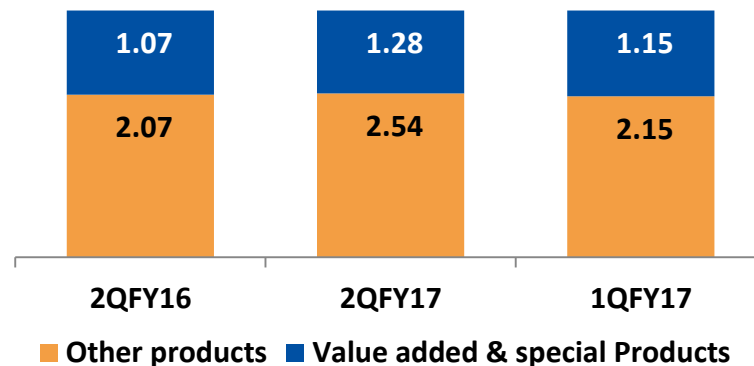
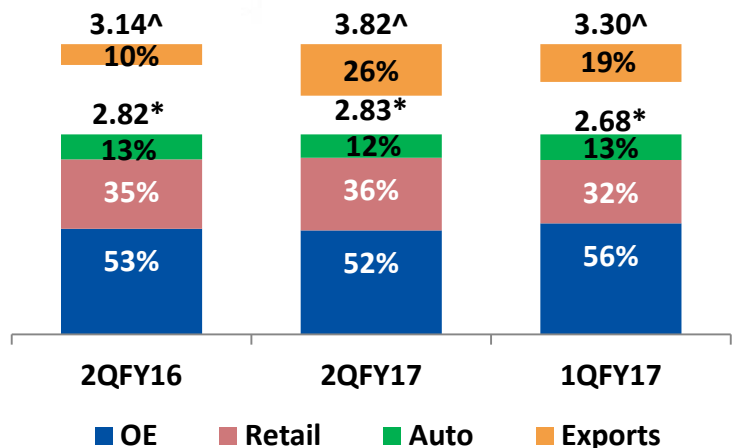
	1HFY16	1HFY17
Flat	5.07	5.60
Semis	1.33	1.64

### Saleable Steel Sales



	1HFY16	1HFY17
Flat	4.91	5.28
Long	1.28	1.55
Semis	0.11	0.35

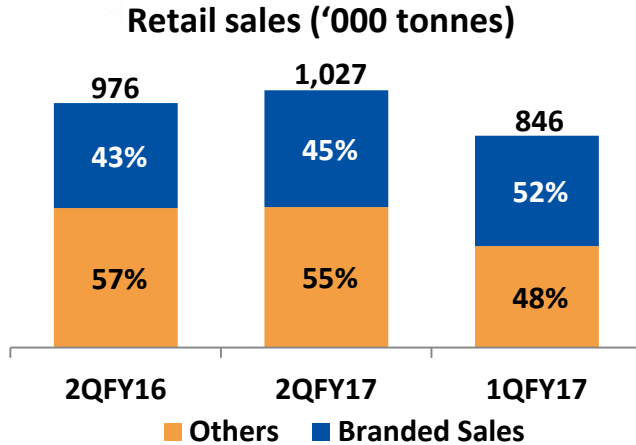
## Quarterly sales highlights – consolidated



- ✓ Value added & special products exports grew by 67%YoY
- ✓ Overall value added & special products sales grew by 20%YoY; Branded steel product's sales grew by 11%YoY
- ✓ TMT sales grew 40%, CRCA sales grew 26%YoY and Coated sales grew 22%YoY

**Focused efforts towards value added & special products sales**

## Quarterly retail sales highlights – consolidated



### Network expansion and Influencer programme



- ✓ Added 240 new Retailers to the network
- ✓ Engaged with 2,800+ influencer/ retailers through 292 influencer meets
- ✓ 280 engineers visited Vijayanagar works through 7 plant visits

- ✓ Branded steel product's sales increased 11%YoY from 418 thousand tonnes to 466 thousand tonnes
- ✓ TMT sales grew 44%YoY – Individual Residential and Commercial Construction were major contributors
- ✓ Galvalume sales grew 27%YoY – Individual Residential and Industrial Construction were major contributors, and Colour Coated sales grew 20%YoY – Individual Residential segment was major contributor

## Automotive, Appliance and General Eng. grade approvals

Applications	Components	Grades Approved							
Automotive	Hood	270F	340P	270F	340P	JSC340HN			
	Roof	270F	590R						
	Doors	270F	JSC270DU	270F	JAC270DU	SGARC40			
	Body side outer	270F	270F	JAC340P					
	BIW (Inner)	980Y	590R	440W					
	Floor	270F	HX220YD						
	Structural	980Y	590Y	590R	BSK46	SAPH 370			
	Reinf. Pillar	980Y	HX180YD	SGARC440					
	Wheels	SPFH440	SPFH590	SAPH 590	HR 750				
	Engine	SCM435	S36CV	86B45	SAE1070	SAE4140	SAE1018	EN1APB	16MnCr5LSi
	Transmission	16MnCr5	SAE4124	SAE8822	SAE5160	SAE4145	20MnCr5Ni		
	Axels	150M36							
	Tractor	815M17							
	Suspension	51CrMoVn							
	Bearings	100CrMnSi6-4							
Appliance	Front Panel	EDD	IF						
	Side Panel	D	DD						
	Cylinder Cell	IS15194	HS345						
General Eng.	Structural	SS540	MSL I Gr6						

CR

HR

Coated

Alloy Steel Longs

HRPO

  Indicates new grade approval in 2QFY17

Above mentioned approved grades are the highest among the specific product/grade-group; the lower grades upto the highest grades are also approved.

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Business Environment

Operational Performance

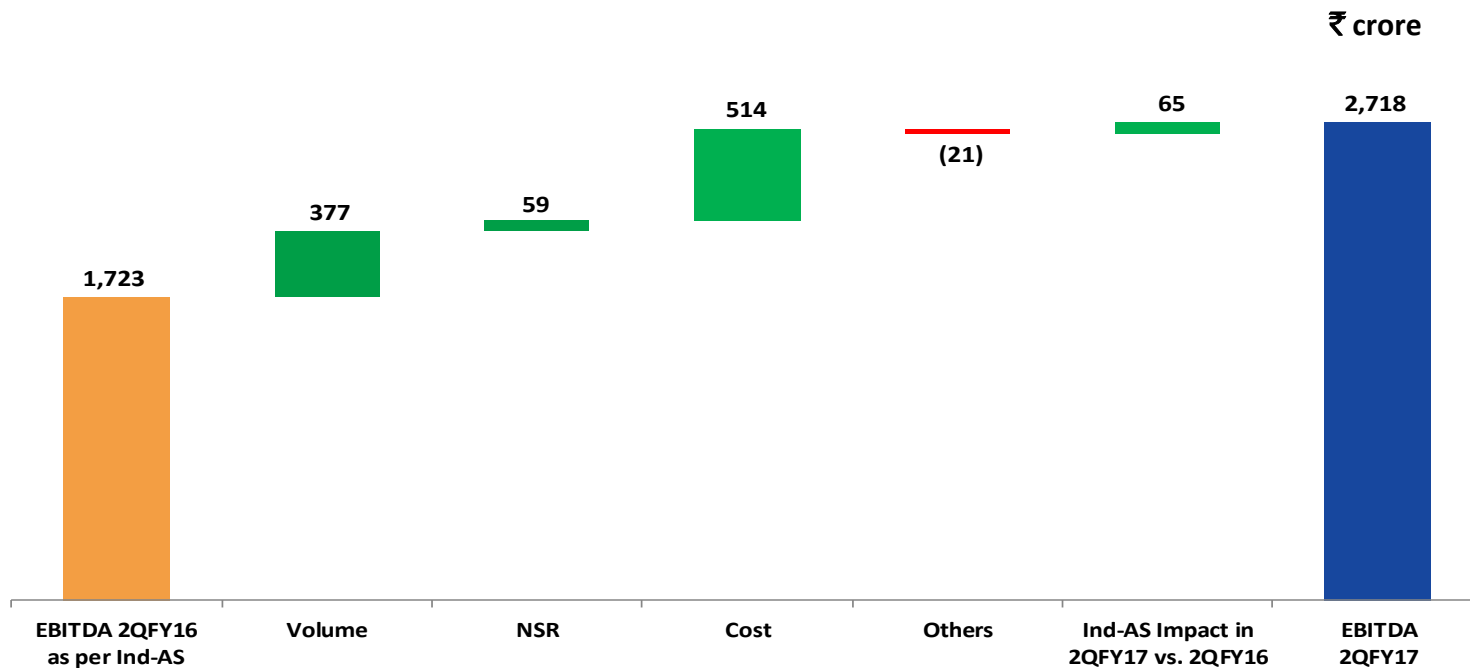
Financial Performance

## Financials – standalone

₹ crore

Particulars	2QFY17	2QFY16	1HFY17	1HFY16
Total Income from Operations	13,357	10,893	25,379	22,106
Operating EBITDA	2,718	1,723	5,816	3,399
Other Income	53	106	96	199
Finance Cost	916	804	1,779	1,594
Depreciation	788	713	1,532	1,410
Exceptional Items	-	116	-	262
Profit Before Tax	1,066	196	2,602	333
Tax	395	51	848	75
Profit after Tax	672	145	1,754	258
Diluted EPS (₹)*	27.78	5.98	72.56	10.66

## Operating EBITDA movement – standalone



## Operational performance – JSW Steel Coated Products

Million tonnes

Volumes	2QFY17	2QFY16	1HFY17	1HFY16
Production	0.45	0.36	0.86	0.75
Sales	0.44	0.37	0.84	0.77

₹ crore

Key P&L data	2QFY17	2QFY16	1HFY17	1HFY16
Total Income from Operations	2,389	1,930	4,583	4,064
Operating EBITDA	167	102	326	213
Profit after Tax	79	27	153	61



## Operational performance – US Plate & Pipe Mill

Production (net tonnes)	2QFY17	2QFY16	1HFY17	1HFY16
Plate Mill	48,787	58,312	86,646	1,16,430
<i>Utilization (%)</i>	20%	25%	18%	24%
Pipe Mill	12,249	16,043	16,847	29,584
<i>Utilization (%)</i>	9%	12%	6%	11%

Sales (net tonnes)	2QFY17	2QFY16	1HFY17	1HFY16
Plate Mill	30,925	41,947	58,468	90,023
Pipe Mill	12,564	17,957	18,182	34,754

USD mn

Key P&L data	2QFY17	2QFY16	1HFY17	1HFY16
Revenue from Operations	37.31	53.41	62.57	105.88
EBITDA + Other Income	0.22	(3.09)	(5.23)	(12.49)

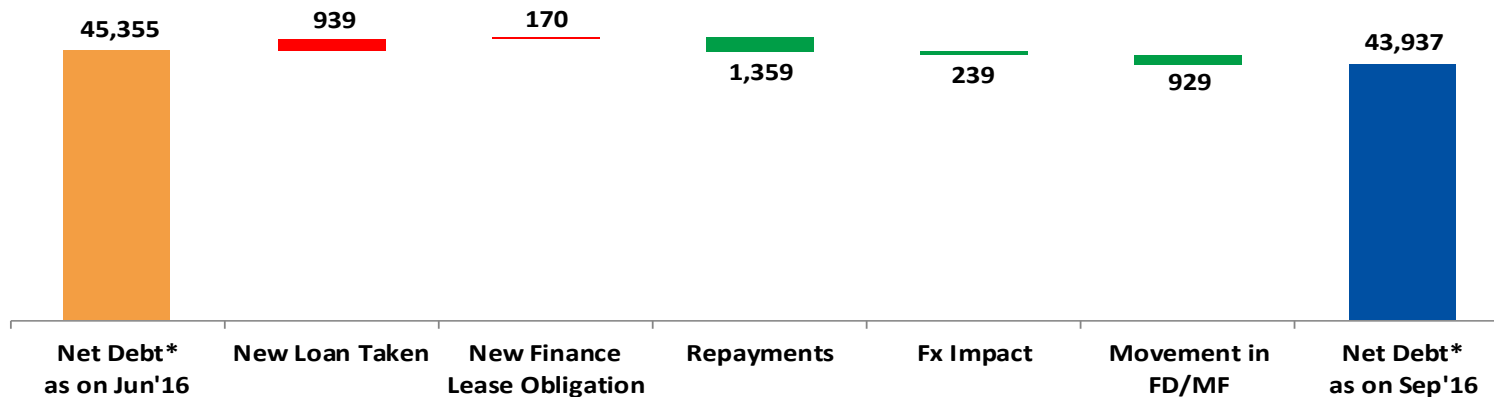
## Financials – consolidated

₹ crore

Particulars	2QFY17	2QFY16	1HFY17	1HFY16
Total Income from Operations	14,421	11,993	27,307	24,640
Operating EBITDA	2,959	1,793	6,228	3,500
Other Income	30	49	63	85
Finance Cost	965	938	1,900	1,854
Depreciation	892	832	1,723	1,664
Exceptional Items	-	1	-	2
Profit Before Tax	1,132	71	2,668	64
Tax	473	47	924	50
Share of Associates, JV and non-controlling Interest	68	33	92	63
Profit after Tax	726	56	1,835	77
Diluted EPS (₹)*	30.05	2.33	75.93	3.21

## Net debt movement – consolidated

₹ crore



Particulars	30.09.2016	30.06.2016
Cash & cash equivalent (₹ crore)	1,963	1,032
Net Debt/Equity (x)	2.15	2.27
Net Debt/EBITDA (x)	4.82	5.69

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## Forward looking and cautionary statement

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*Certain statements in this report concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risk and uncertainties relating to these statements include, but are not limited to risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, our ability to commission mines within contemplated time and costs, our ability to raise the finance within time and cost client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for steel, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which the Company has made strategic investments, withdrawal of fiscal/governmental incentives, impact of regulatory measures, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the company.*

**Thank you**