



JSW Steel Limited

4QFY16 Results Presentation

May 18, 2016

FY16 – a year of testing mettle

FY16 Challenges

- Slower improvement in activity levels globally
 - Pricing pressure driven by supply glut due to surge in exports at predatory pricing by steel surplus countries
 - Weaker sentiment across the steel value chain
- 
- Intensifying competitive pressure in both domestic and export markets
 - Sharp drop in steel pricing and spread compression
 - Gearing metrics deteriorate

JSW Steel's initiatives

- ✓ Focus on strengthening market penetration and increase market share through widened distribution footprint
 - ✓ Focus on cost control through multiple initiatives
 - ✓ Inventory drawdown to meet customer commitments even during planned shutdowns
 - ✓ Strategically reduced exports and enriched product mix
 - ✓ Engagement on policy advocacy
 - ✓ Completed capacity augmentation projects and optimized portfolio skew in favour of long products
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- ✓ Industry leading domestic volume growth of 20%YoY
 - ✓ Highest ever value added & special products sales at 35% of total sales
 - ✓ Built a sustainable growth platform with 25% capacity enhancement at low specific investment cost

Key highlights – 4QFY16

Standalone performance	<ul style="list-style-type: none">✓ Crude Steel production: 3.21 million tonnes✓ Saleable Steel sales: 3.28 million tonnes✓ Gross Turnover: ` 10,432crore✓ Net Sales: ` 9,361 crore✓ Operating EBITDA: ` 1,774crore✓ Net Debt to Equity: 1.41x and Net Debt to EBITDA: 5.35x
Consolidated performance	<ul style="list-style-type: none">✓ Gross Turnover: ` 11,597crore✓ Net Sales: ` 10,471 crore✓ Operating EBITDA: ` 1,825 crore✓ Net Debt to Equity: 1.78x and Net Debt to EBITDA: 6.33x
Key update	<ul style="list-style-type: none">✓ During the quarter the company has re-commissioned the Blast Furnaces at Vijayanagar, Dolvi & Salem✓ The Board, subject to the approval by shareholders, has recommended a dividend of: a) ` 1 per share on 10% Cumulative Redeemable Preference Shares of ` 10 each, and b) ` 7.50 per share on equity shares of ` 10 each

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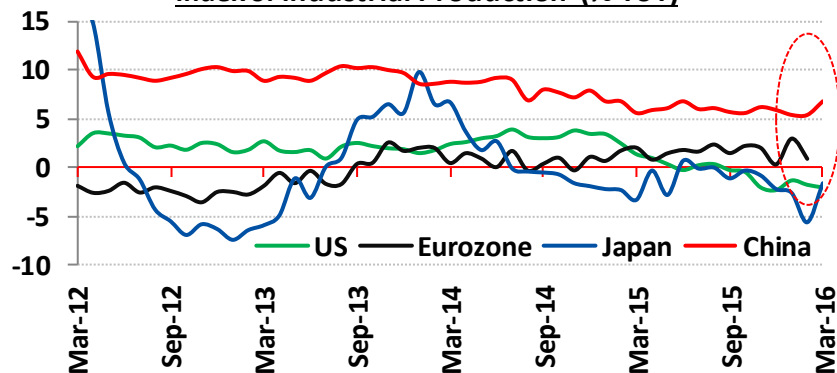
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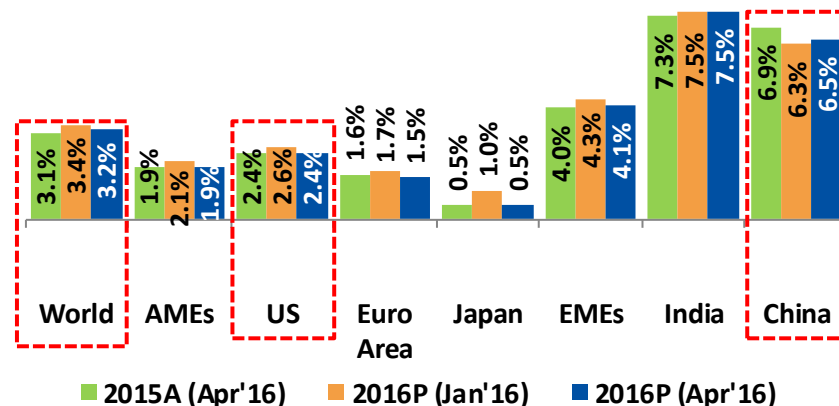
Guidance

Global economy

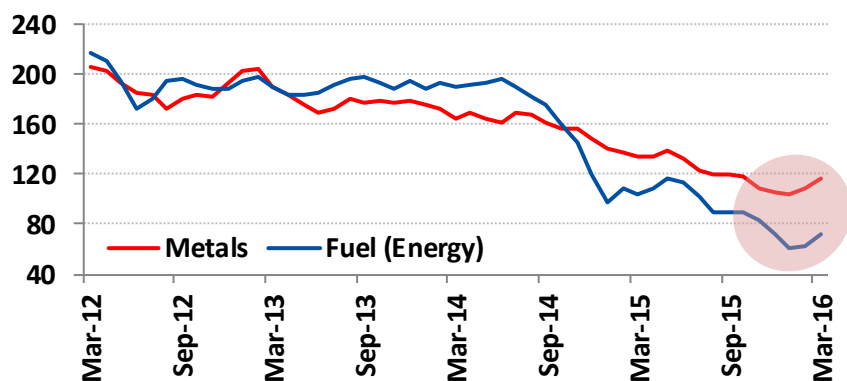
Index of Industrial Production (% YoY)



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



IMF world commodity price indices, 2005=100

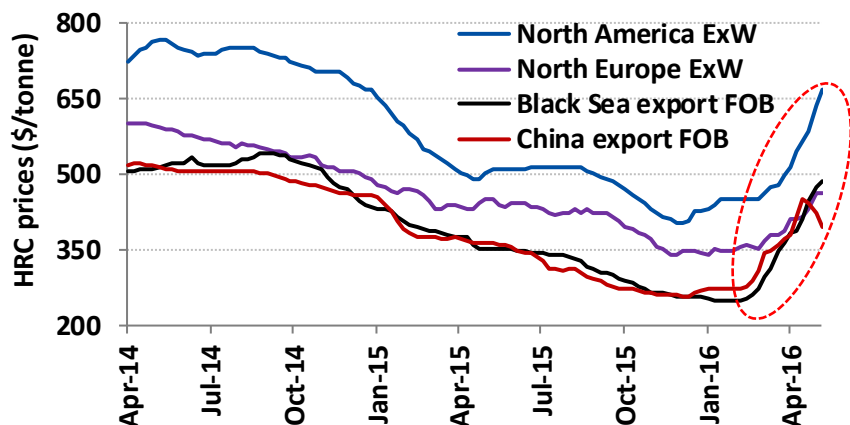
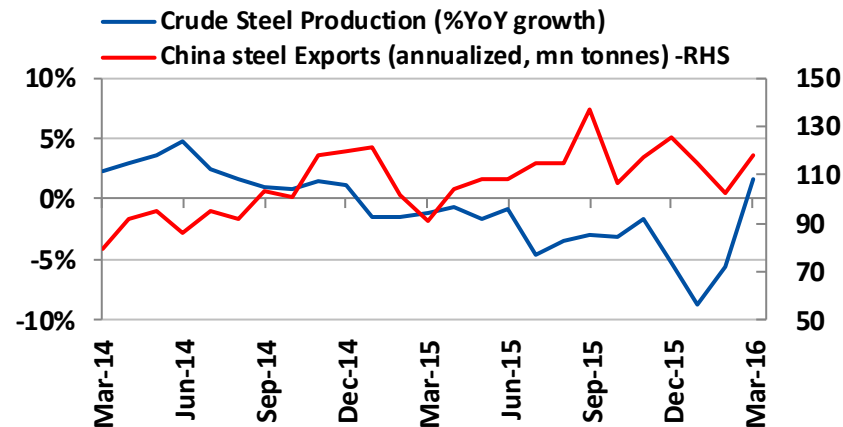
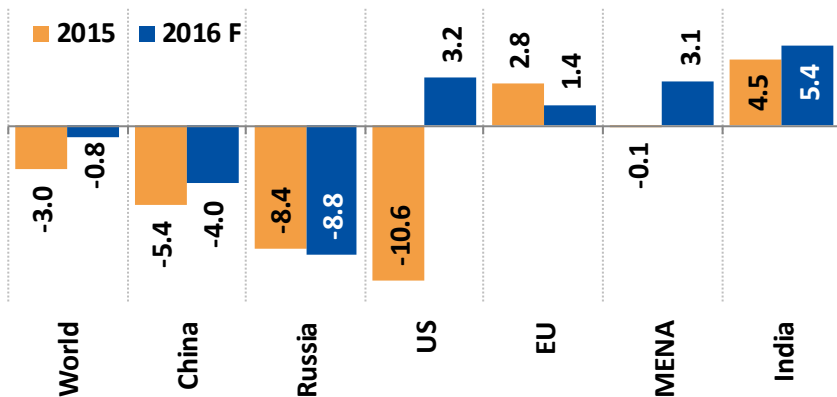


- Industrial activities across major regions/countries remain subdued despite sustained monetary easing
- Downside risks to growth have increased with 1) lack of confidence on sustainability of commodity prices, 2) political uncertainty in EU and risk of Brexit, 3) volatile capital flows and currencies, and 4) persistent deflationary environment

Pickup in global activity levels is expected to be more gradual

Global steel scenario

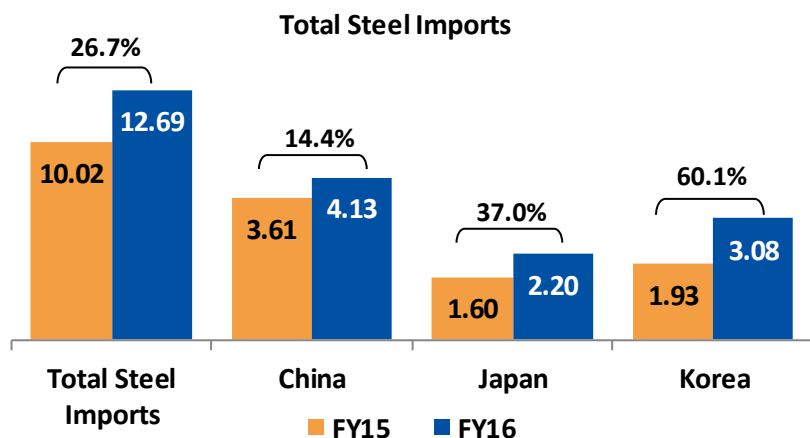
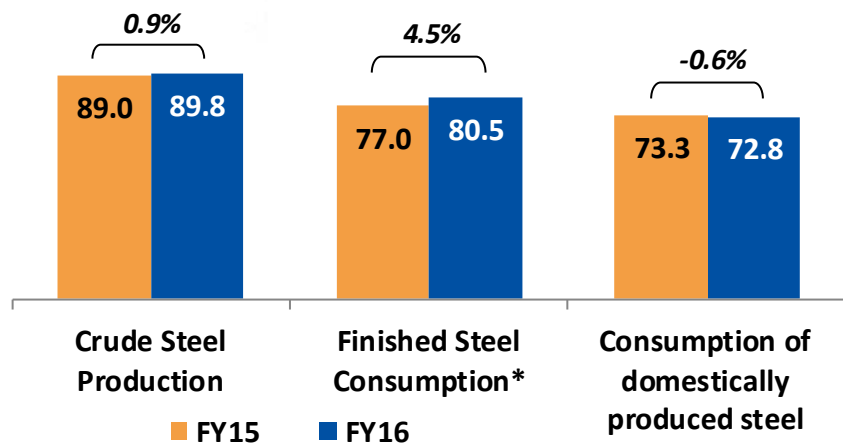
Global finished steel demand growth estimates (%YoY)



- Global steel demand continues to be weak - World Steel Association forecasts Chinese steel demand to drop by 4% in CY16 leading to 0.8% decline in global steel demand
- However, Chinese Steel production as well as exports surged back in recent months
- Steel prices increased – mainly due to thrust on stimulus and tightness in physical markets in China, and broad-basing of trade remedial measures; although they have come-off from recent peaks

Steel industry continues to face headwinds of weak demand and overcapacity

Indian economy and steel industry



- Consumption of domestically produced steel decreased by 0.6%YoY in FY16 as total steel imports surged by 26.7%YoY
- FY16 total steel exports fell by 24.3%YoY.
- Imposition of minimum import price on various steel products has provided some relief; however, the industry sees the need for adequate, swifter and longer shelf-life trade remedial measures
- Public capex and foreign direct investment continues to improve, supporting a gradual growth recovery – infrastructure project awards is seeing a pick-up with higher budgetary allocations
- Expectation of a normal monsoon likely to drive consumer discretionary spending in rural areas
- Government’s measures to pump prime the economy and progress on various policy reforms underpin a constructive medium term demand outlook

Indian Steel demand is expected to grow by ~6% in FY17

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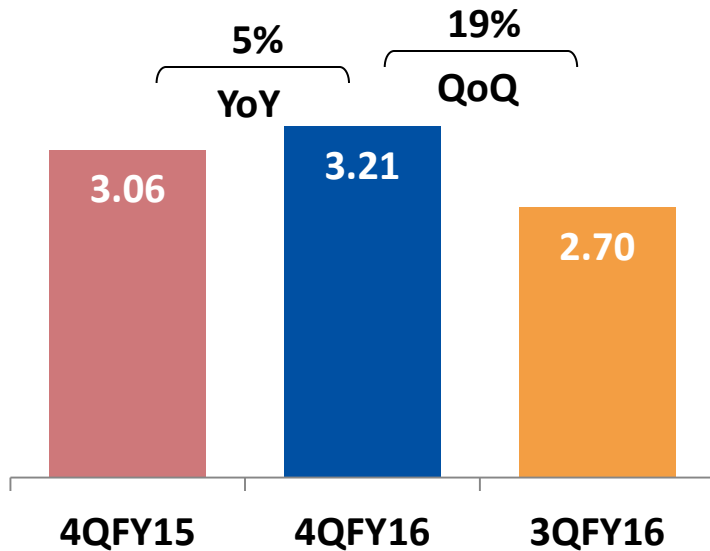
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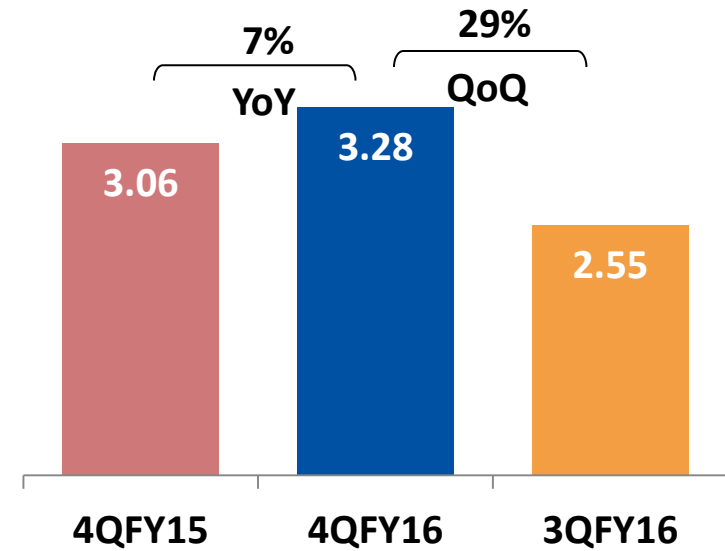
Quarterly volumes – standalone

Crude Steel Production



	4QFY15	4QFY16	3QFY16
Flat	2.47	2.38	1.87
Long	0.48	0.77	0.63

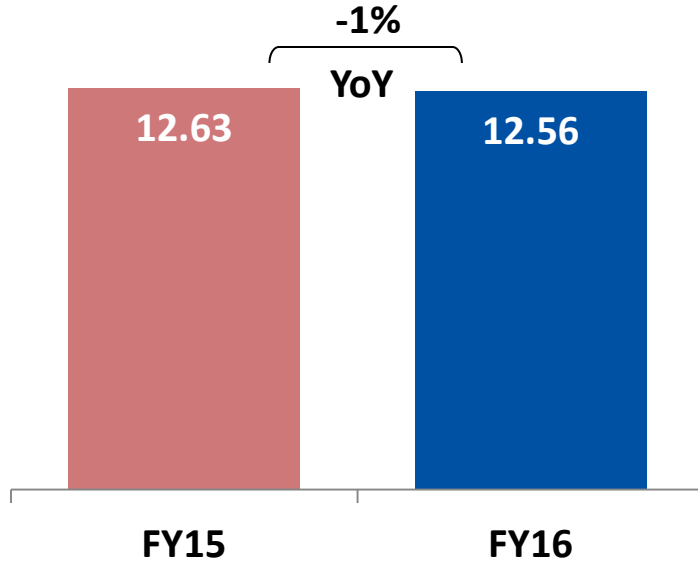
Saleable Steel Sales



	4QFY15	4QFY16	3QFY16
Flat	2.44	2.44	1.86
Long	0.55	0.78	0.66
Semis	0.08	0.07	0.03

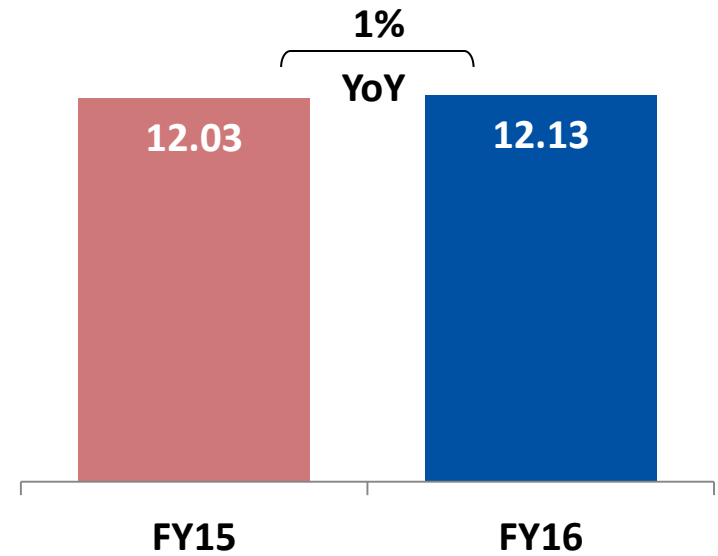
Full year volumes – standalone

Crude Steel Production



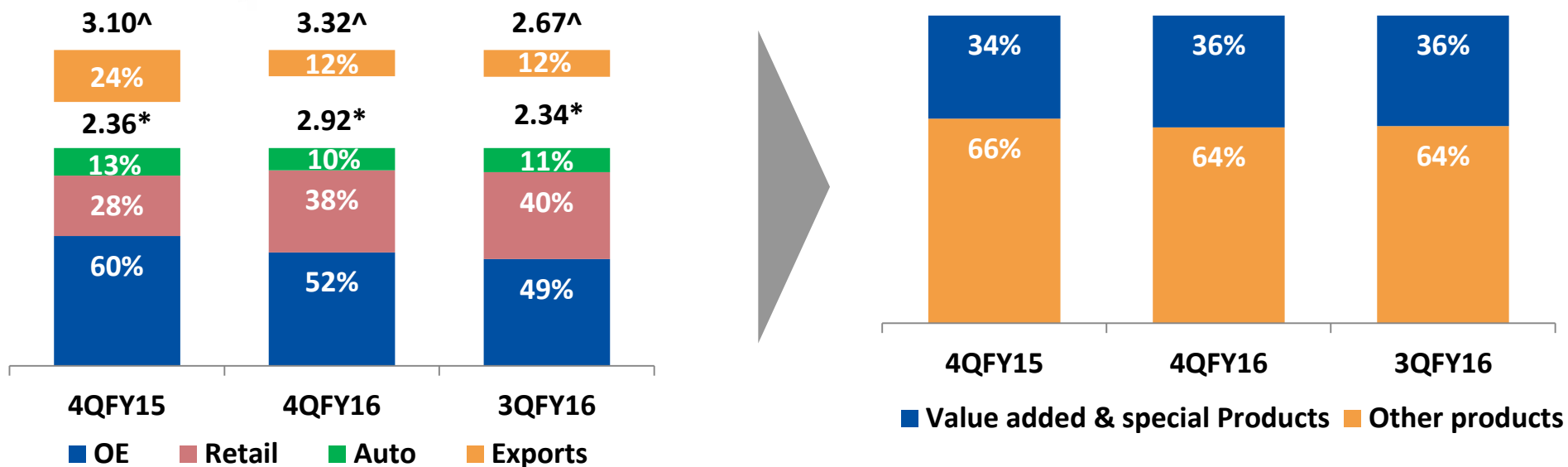
	FY15	FY16
Flat	10.07	9.32
Long	2.06	2.73

Saleable Steel Sales



	FY15	FY16
Flat	9.66	9.20
Long	1.98	2.71
Semis	0.39	0.21

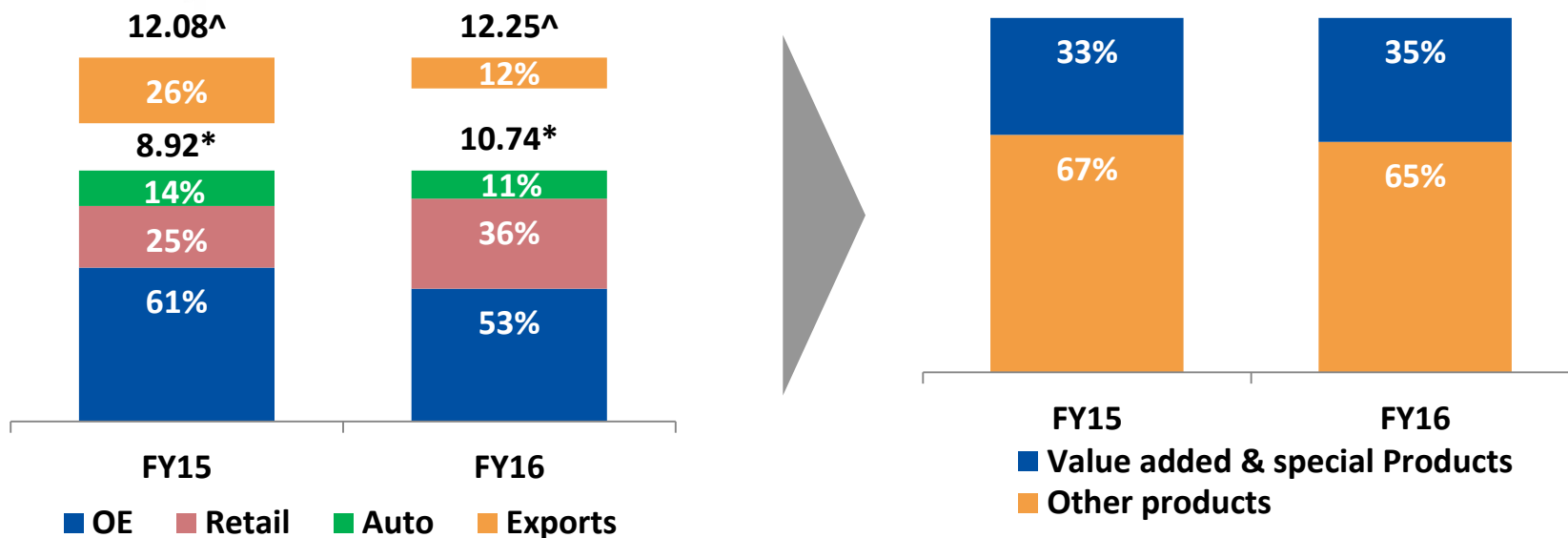
Quarterly sales highlights – consolidated



- ✓ Increase in Retail sales by 68%YoY helped overall domestic sales to grow by 24%YoY despite the planned shut downs at all upstream locations
- ✓ Product mix improved with value added products sales reaching 36% of total sales despite lower exports
- ✓ TMT sales grew 89%YoY, CRCA sales grew 43%YoY and Colour Coated sales grew 36%YoY

Domestic sales surged by 24%YoY

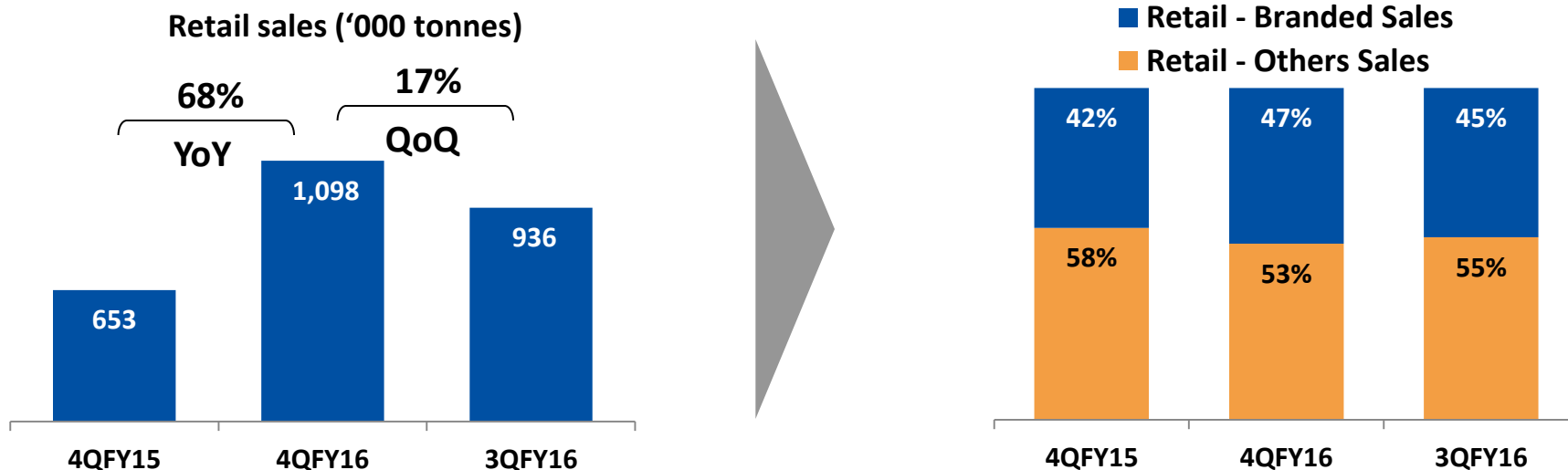
Full year sales highlights – consolidated



- ✓ Increase in Retail sales by 75%YoY helped overall domestic sales to grow by 20%YoY despite the planned shut downs in 4QFY16 at all upstream loactions and lower exports
- ✓ Product mix improved with value added products sales reaching 35% of total sales
- ✓ TMT sales grew 86%YoY and CRCA sales grew 41%YoY

Domestic sales surged by 20%YoY

Quarterly retail sales highlights – consolidated



- ✓ Branded steel product's sale grew 87%YoY to 47% of total Retail sales
- ✓ TMT sale grew 140%YoY – Individual residential, commercial and infra projects were major contributors
- ✓ HR sale grew 64%YoY; CR sales grew 71%YoY and Colour Coated sale grew 71%YoY – Industrial, construction and individual residential projects were major contributors
- ✓ Increased retailer network by 650 to 6433 during the quarter

Retail sales grew by 68%YoY

New product development/approvals in 4QFY16

Steel Type: HSLA Grade Galvanized steel

End use: Roof & Panel Reinforcement of Passenger Car



Steel Type: HSLA Grade CRCA

End use: Stiffening profile of Passenger Car



Steel Type: Micro-alloyed HR

End use: Chassis component of Commercial Vehicle



Steel Type: SAPH370 Micro-alloyed HRPO

End use: Front wheel fork column of two wheeler



Steel Type: Fully Processed Electrical Steel

End use: Stamping Motors, Alternators



Steel Type: GP Skin pass

End use: Side panel & Roof Panel of Bus



Automotive and appliance grade approvals

Applications	Components	Grades Approved					
Automotive	Hood	270F	340P	270F	340P		
	Roof	270F	590R				
	Doors	270F	270F				
	Body side outer	270F	270F				
	BIW (Inner)	980Y	590R	440W			
	Floor	270F					
	Structural	980Y	590Y	590R	BSK46	SAPH 370	
	Reinf. Pillar	980Y	SGARC440				
	Wheels	SPFH440	SPFH590	SAPH 590	HR 750		
	Engine	SCM435	S36CV	86B45	SAE1070	SAE4140	
	Transmission	16MnCr5	SAE4124	SAE8822	SAE5160	SAE4145	20MnCr5Ni
	Suspension	51CrMoVn					
Appliance	Front Panel	EDD	IF				
	Side Panel	D	DD				
General Engg	Structural	SS540					

CR

HR



Coated

Alloy Steel Longs



HRPO



Indicates New Grade approval in 4QFY16

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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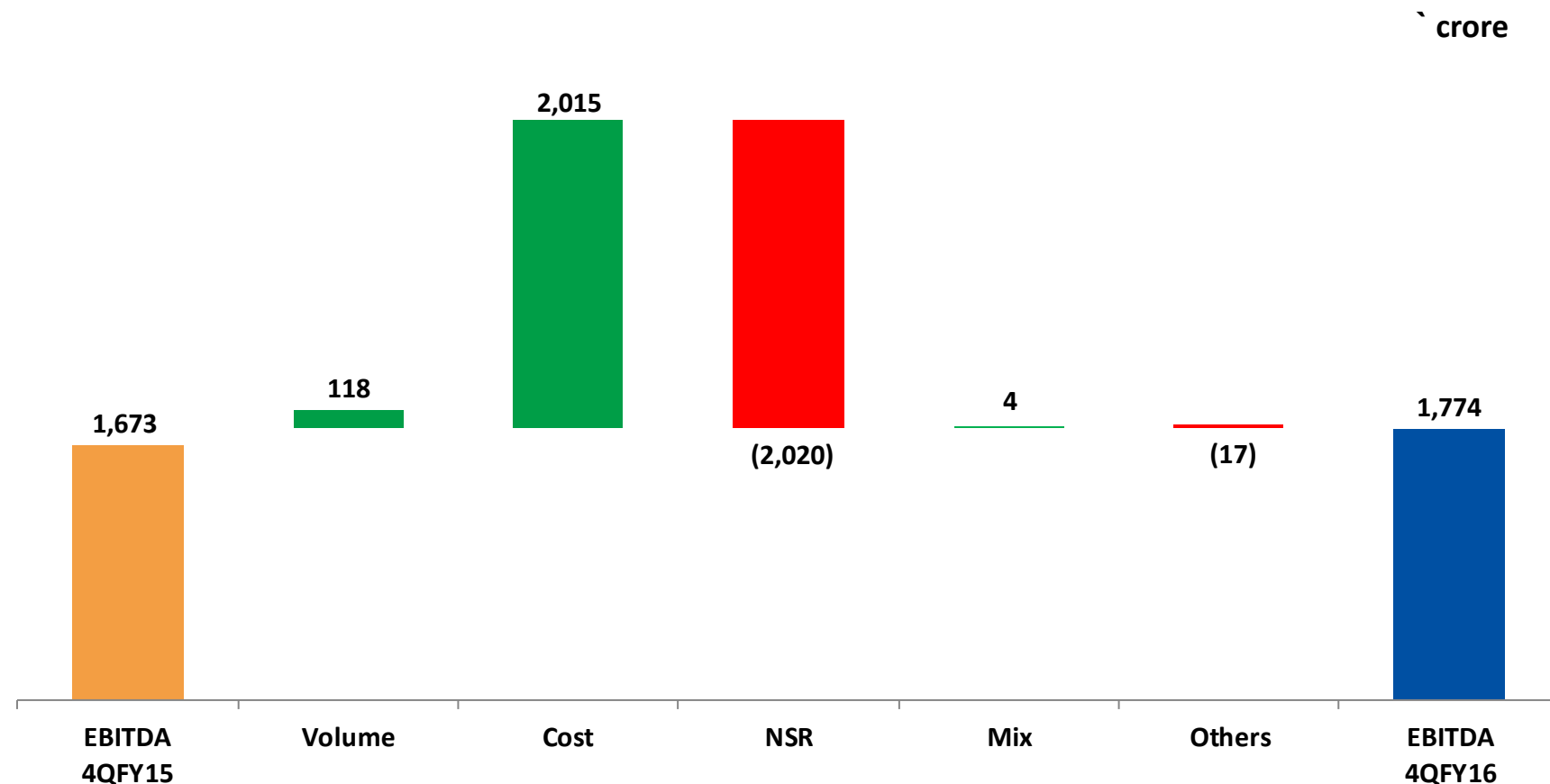
Guidance

Financials – standalone

₹ crore

Particulars	4QFY16	4QFY15	FY16	FY15
Gross Turnover	10,432	11,893	40,354	49,658
Net Sales	9,361	10,785	36,202	45,352
Operating EBITDA	1,774	1,673	5,723	8,872
Other Income	16	161	310	467
Finance Cost	697	685	2,687	2,909
Depreciation	647	710	2,551	2,785
Exceptional Items	(2)	(105)	(5,860)	(396)
Profit Before Tax	445	335	(5,067)	3,249
Tax	57	146	(1,568)	1,082
Profit after Tax	372	189	(3,498)	2,166
Diluted EPS (₹)	15.05*	7.46*	(146.11)	88.24

Operating EBITDA movement – standalone



Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	4QFY16	4QFY15	FY16	FY15
Production*	0.40	0.37	1.48	1.54
Sales	0.42	0.39	1.53	1.57

₹ crore

Key P&L data	4QFY16	4QFY15	FY16	FY15
Turnover	1,996	2,193	7,683	9,506
Operating EBITDA	95	58	345	326

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	4QFY16	4QFY15	FY16	FY15
Plate Mill	32,430	72,482	197,408	361,525
Utilization (%)	15%	30%	21%	36%
Pipe Mill	11,462	14,015	54,262	52,795
Utilization (%)	8%	10%	10%	10%

Sales (net tonnes)	4QFY16	4QFY15	FY16	FY15
Plate Mill	30,158	63,960	156,373	309,373
Pipe Mill	11,857	13,380	59,032	57,351

USD mn

Key P&L data	4QFY16	4QFY15	FY16	FY15
Turnover	33.48	80.85	178.93	354.28
EBITDA + Other Income	(10.18)	0.13	(27.57)	6.24

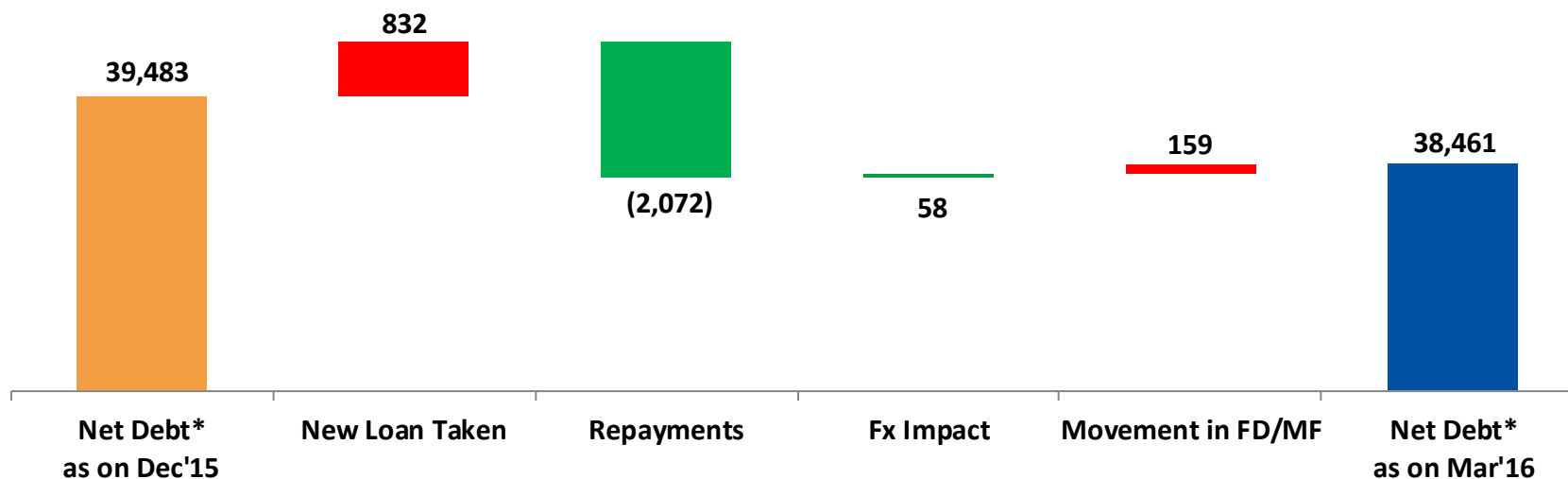
Financials – consolidated

₹ crore

Particulars	4QFY16	4QFY15	FY16	FY15
Gross Turnover	11,597	13,534	45,642	56,572
Net Sales	10,471	12,364	41,217	52,051
Operating EBITDA	1,825	1,683	6,073	9,402
Other Income	81	18	168	111
Finance Cost	833	858	3,303	3,493
Depreciation	794	898	3,188	3,434
Exceptional Items	(1)	(26)	(2,125)	(47)
Profit Before Tax	277	(81)	(2,375)	2,539
Tax	127	(112)	(1,524)	819
Share of Associates and Minority Interest	21	31	109	77
Profit after Tax	171	62	(742)	1,797
Diluted EPS (₹)	6.74*	2.23*	(32.08)	72.93

Net debt movement – consolidated

₹ crore



Particulars	31.03.2016	31.12.2015
Cash & cash equivalent (₹ crore)	1,002	1,161
Net Debt/Equity (x)	1.78	1.83
Net Debt/EBITDA (x)	6.33	6.66

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Projects' update

Blast Furnace -1 reconstruction at Vijayanagar: re-commissioned in 4QFY16



Projects' update contd. ...

Blast Furnace Modification at Dolvi: re-commissioned in 4QFY16

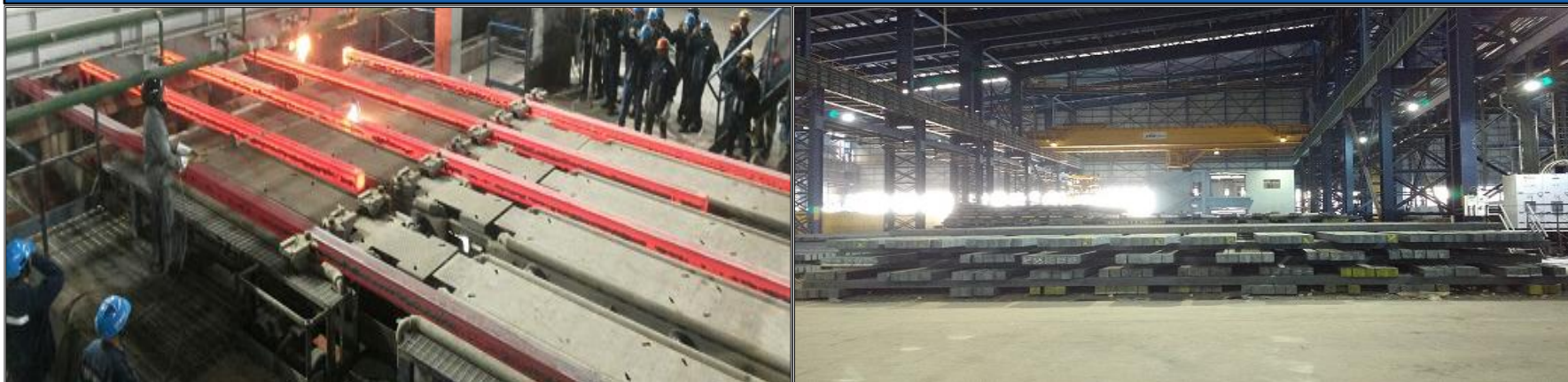


New sinter plant (2.5 MTPA) at Dolvi: commissioned in 4QFY16



Projects' update contd. ...

New Billet Caster (1.5 MTPA) at Dolvi: commissioned in 4QFY16



New Bar Mill (1.4 MTPA) at Dolvi: commissioned in 4QFY16



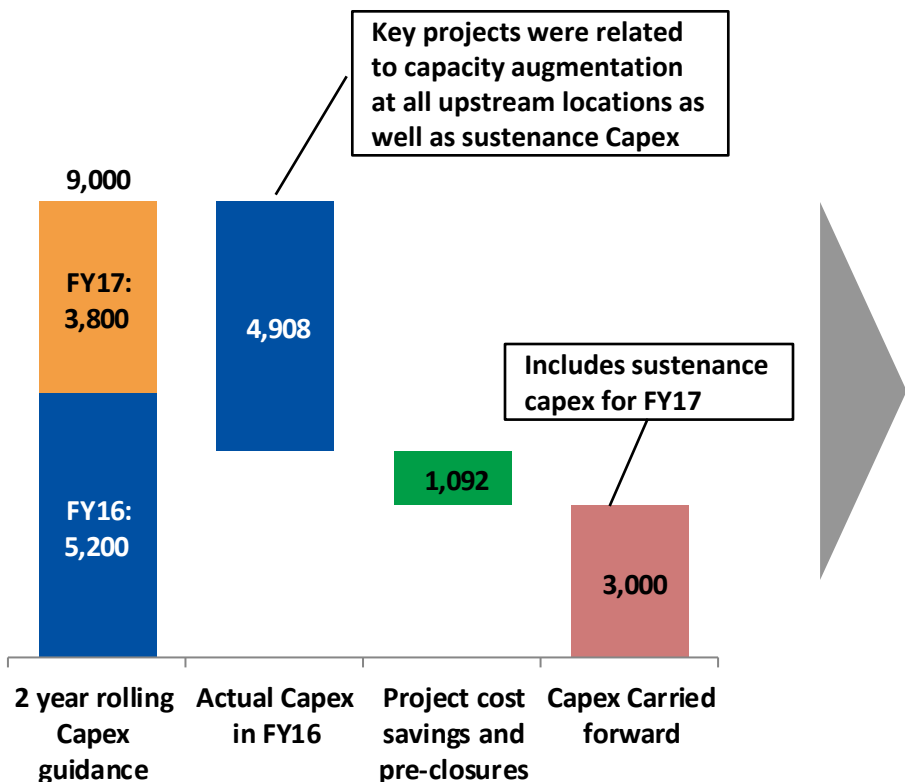
Projects' update contd. ...

Blast Furnace reconstruction at Salem: re-commissioned in 4QFY16

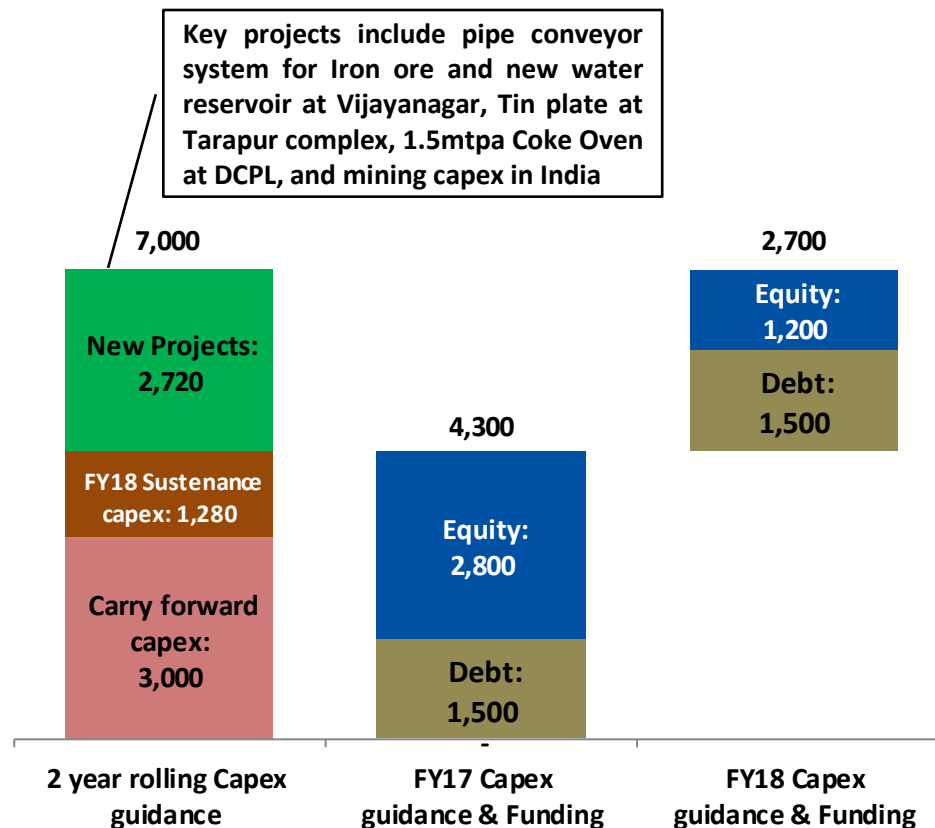


Rolling Capex plan

Break-up of 2 year rolling Capex guidance for FY16 & FY17



Break-up of 2 year rolling Capex guidance for FY17 & FY18



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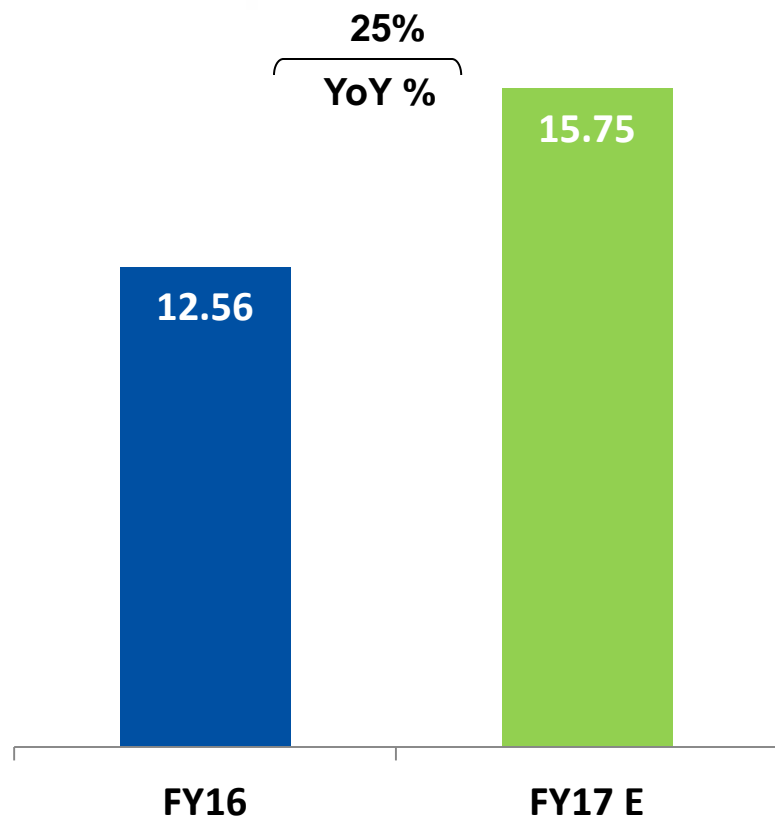
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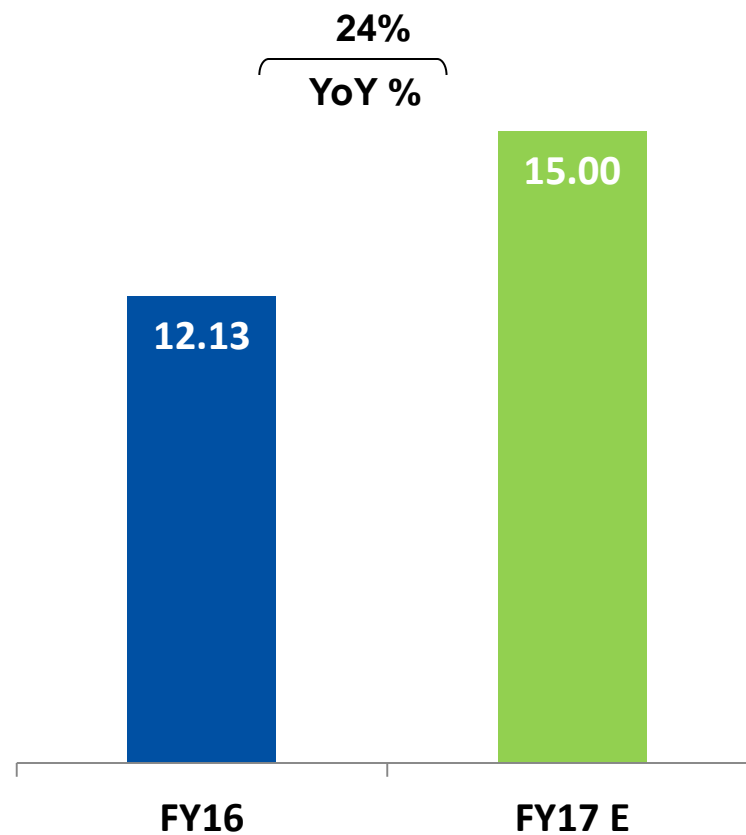
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Guidance for FY17



Crude Steel Production



Saleable Steel Sales

Levers for sustainable growth

Volume	<ul style="list-style-type: none">✓ Higher volumes from ramp up of recently completed expansion projects✓ Continued focus on domestic market penetration and footprint expansion
Product Mix	<ul style="list-style-type: none">✓ Product mix enrichment by ramp up and new product approvals from OEMs at both CRM-2 and Electrical Steel Mill at Vijayanagar✓ Increase proportion of long products with ramp up of new longs facility at both Vijayanagar and Dolvi
Cost optimization	<ul style="list-style-type: none">✓ Higher proportion of hot metal feed at Dolvi post BF enhancement✓ Initiatives on logistics optimisation✓ Operating leverage benefits with higher volumes
Preparing for future growth	<ul style="list-style-type: none">✓ Participate in upcoming auction of iron ore mines for raw material security✓ Prudence in capital allocation towards brownfield expansion, backward integration and product mix enrichment

Forward looking and cautionary statement

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