



# **JSW Steel Limited**

**2Q FY2015 Results Presentation**  
**October 21, 2014**

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## Key highlights – 2QFY15

### Standalone performance

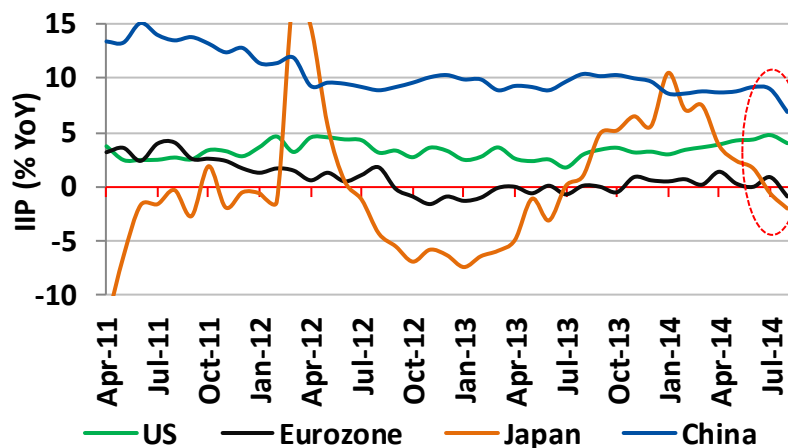
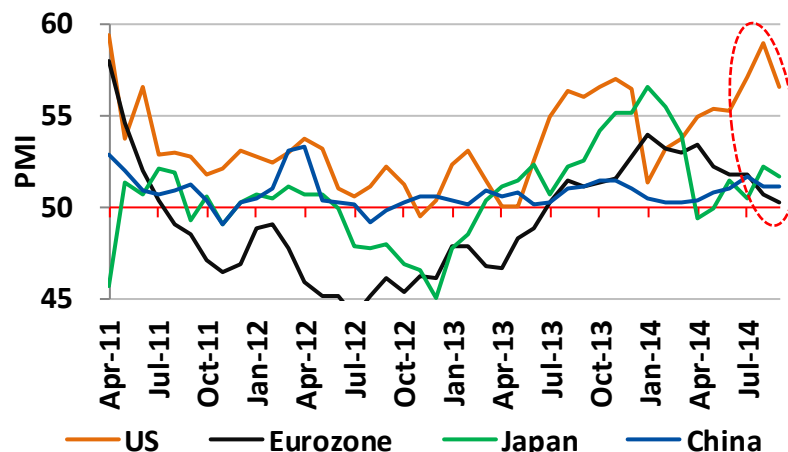
- ✓ Gross Turnover: ₹12,996 crore
- ✓ Net Sales: ₹11,886 crore
- ✓ Operating EBITDA: ₹2,430 crore
- ✓ Highest ever Crude Steel production: 3.30 million tonnes
- ✓ Saleable Steel sales: 3.07 million tonnes
- ✓ Net debt to equity: 1.11x and Net debt to EBITDA: 2.93x

### Consolidated performance

- ✓ Gross Turnover: ₹14,859 crore
- ✓ Net Sales: ₹13,692 crore
- ✓ Highest ever Operating EBITDA: ₹2,791 crore
- ✓ Net debt to equity: 1.56x and Net debt to EBITDA: 3.46x

# Global economy

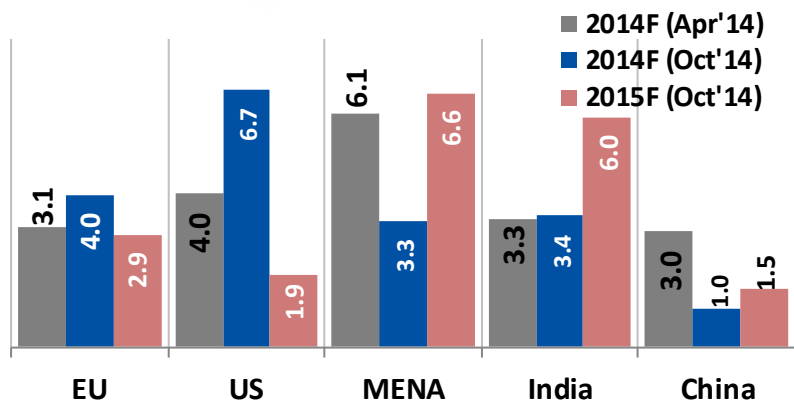
- 2014 global growth projection revised down to 3.3%
- Recent print suggests moderation in US activity levels post strong growth in 2QCY14
- Feeble consumption, lower exports and very low inflation in Eurozone do not bode well
- After a sharp decline in 2QCY14 Japanese demand is likely to sustain moderate growth
- Chinese government re-affirms commitment to prevent a sharper slowdown, but no growth acceleration in sight
- Economic activities in EMEs are lackluster driven by fiscal tightening and adverse trade flows



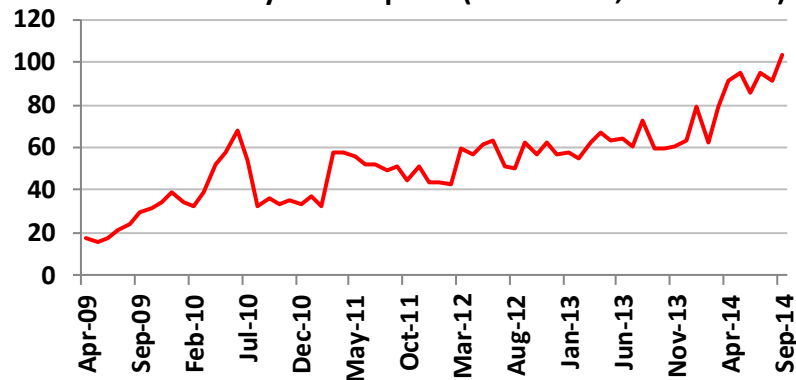
**Global economic recovery hinged upon US consumption, policy support in Europe and China**

# Global steel scenario

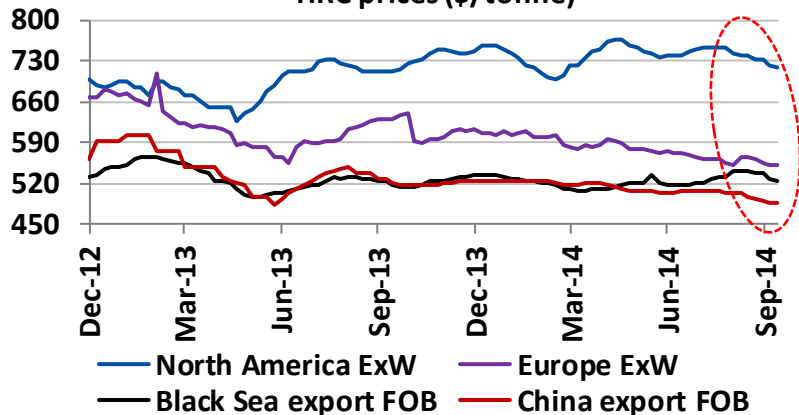
Steel demand growth outlook (%YoY)



Chinese monthly steel exports (mn tonnes, annualized)



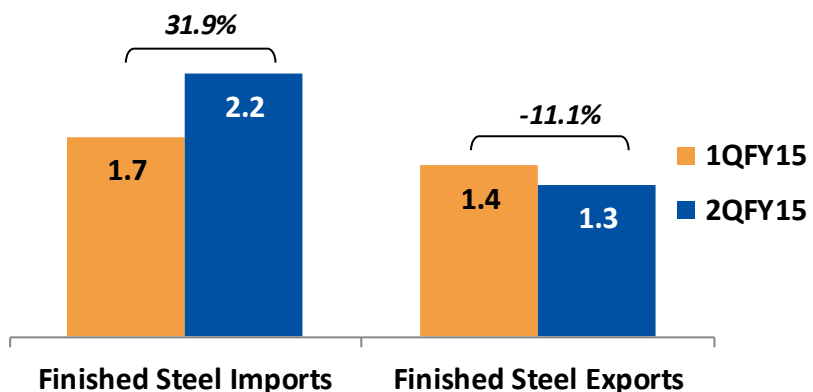
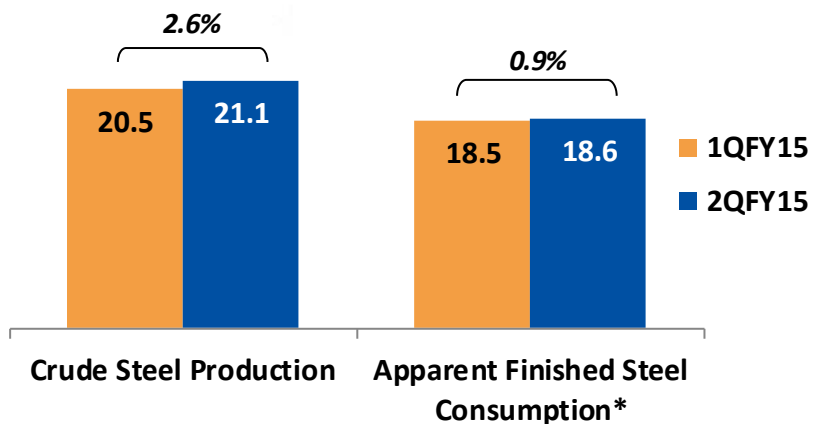
HRC prices (\$/tonne)



- World Steel Association pares 2014 steel demand forecast from 3.1% (Apr'14) to 2%, primarily driven by a cut in China demand growth from 3% to 1%
- Steel inventories show an uptick across major markets
- Regional HRC prices are being driven by continued softness in raw material prices, low demand and increased exports from China, Japan and Korea

**Weak demand and rising steel exports from China an area of concern**

# Indian economy and steel industry



- 2QFY15 Crude Steel production increased by 2.6%QoQ
- Steel demand grew by 0.9%QoQ due to seasonal weakness and overall subdued activities
- Imports have surged especially from China and Korea, and exports dropped on the back of lower demand in developed markets and intensifying competition from Chinese exports.
- Improvement in overall activity levels seem to be getting right-shifted - while medium term business sentiment remains strong, expected revival of investment cycle now appears likely in FY16

**Weak external economy and rising imports an area of concern**

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# Agenda

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Business  
Environment

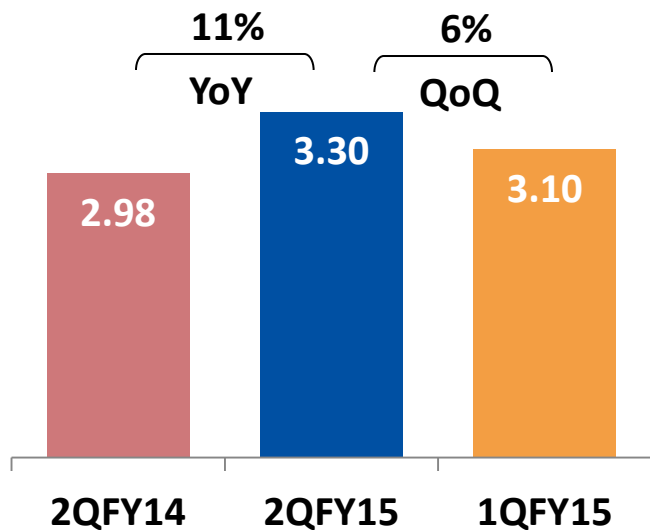
Operational  
Performance

Financial  
Performance

Projects Update

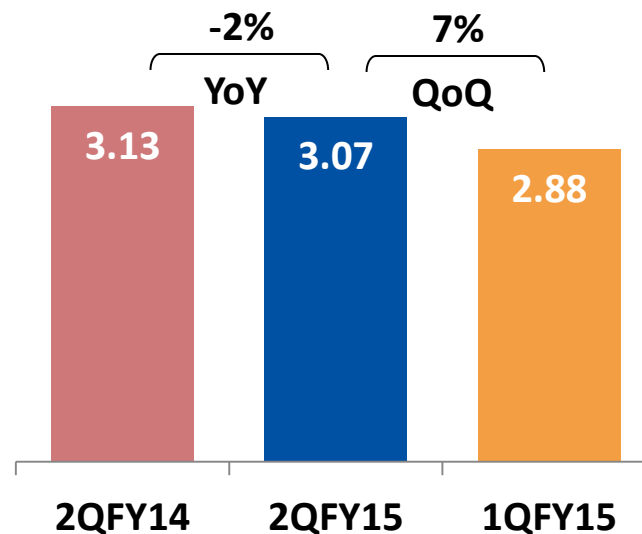
## 2Q volumes – standalone

### Crude Steel Production



	2QFY14	2QFY15	1QFY15
Flat	2.45	2.61	2.43
Long	0.46	0.56	0.52

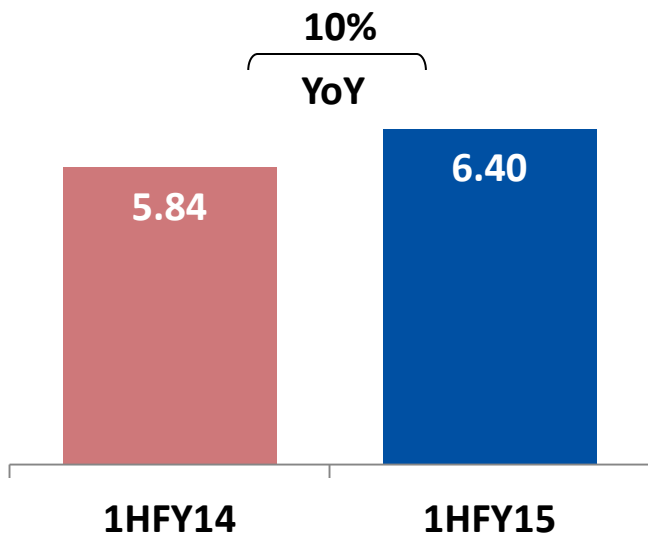
### Saleable Steel Sales



	2QFY14	2QFY15	1QFY15
Flat	2.59	2.47	2.32
Long	0.46	0.48	0.47
Semis	0.08	0.12	0.08

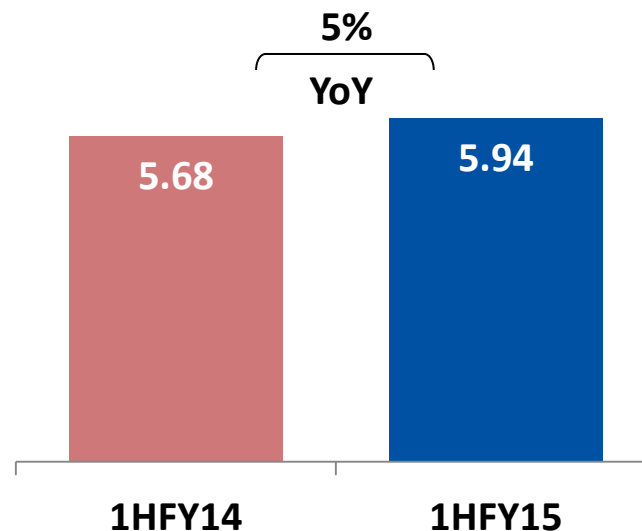
# 1H volumes – standalone

## Crude Steel Production



	1HFY14	1HFY15
Flat	4.69	5.05
Long	0.91	1.08

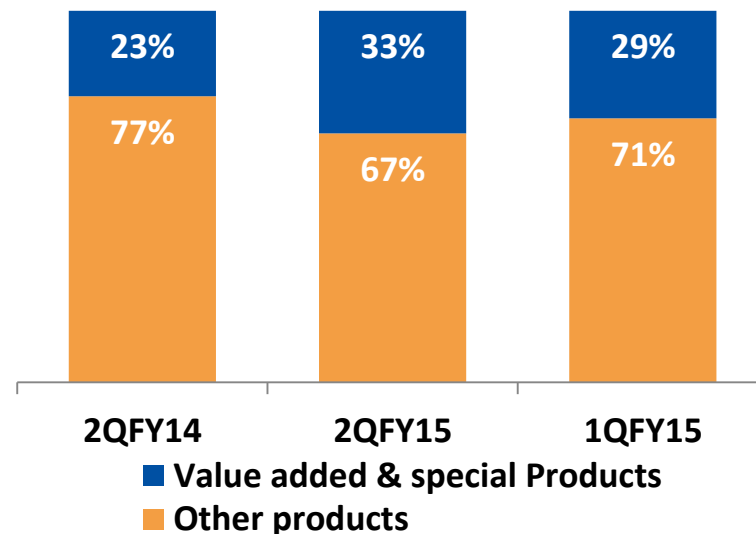
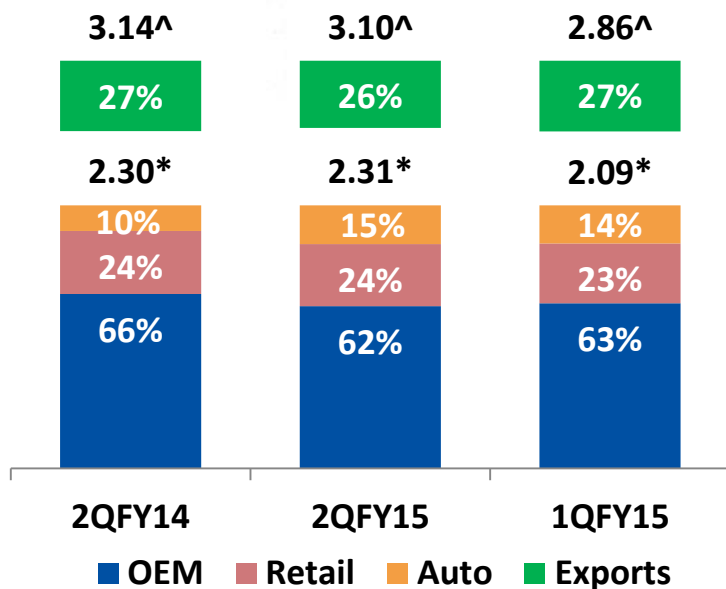
## Saleable Steel Sales



	1HFY14	1HFY15
Flat	4.70	4.79
Long	0.88	0.96
Semis	0.10	0.20



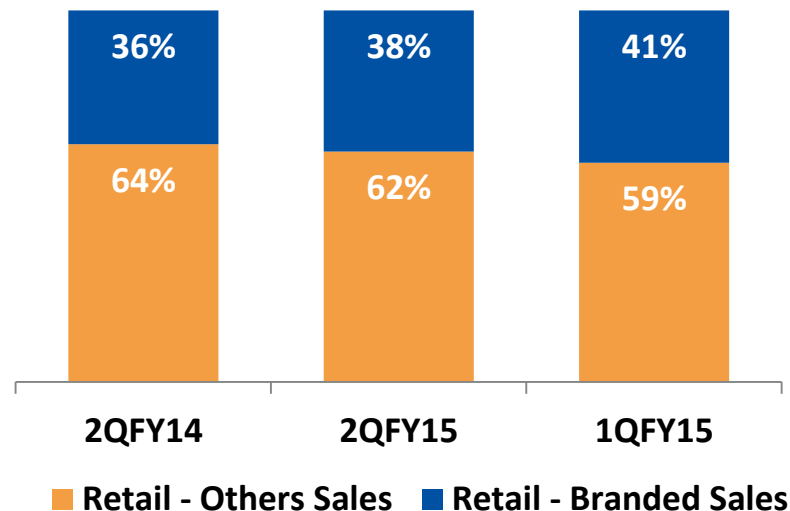
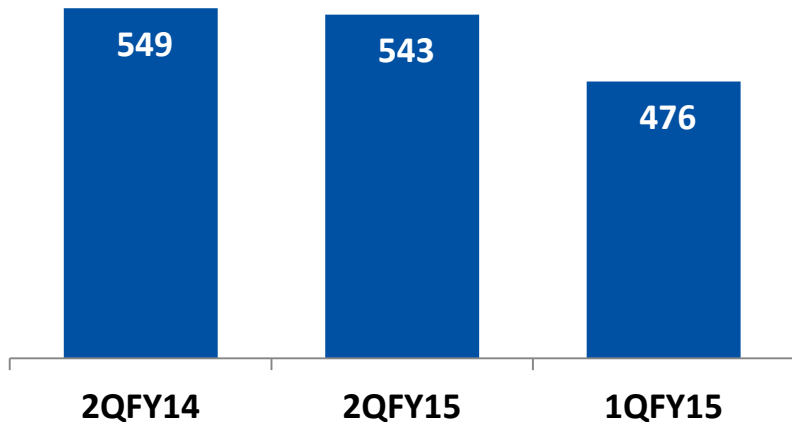
## Quarterly sales highlights – consolidated



- ✓ Domestic sales grew 10%QoQ vs. all India steel demand growth of 0.9%QoQ in 2QFY15
- ✓ Share in all India steel export sales increased to 62% in 2QFY15 vs. 54% in 1QFY15
- ✓ Share of Value-added & Special Products sales increased to 33% in 2QFY15 vs. 29% in 1QFY15
- ✓ Sales to Auto sector grew 52%YoY and 13%QoQ
- ✓ Cold-rolled products sales grew 75%YoY and 42%QoQ;
- ✓ Coated products sales increased by 25%YoY and 9%QoQ

## Retail sales highlights – consolidated

Retail sales ('000 tonnes)



- ✓ Launched TruSteel (branded HR Sheets)
- ✓ Retail Sales grew by 14% on QoQ basis
- ✓ Cold-rolled products sales surged 29%YoY and 38%QoQ



# New product development/approvals for Auto & White goods

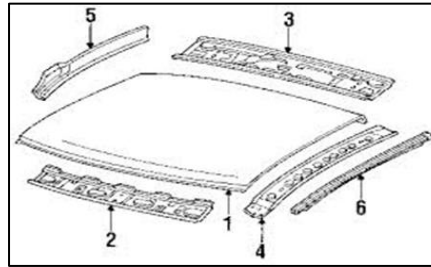
**Steel Type:** Micro-Alloyed High Strength Steel

**End use:** Engine Bracket/ Suspension Mounting



**Steel Type:** High Strength Steel, 440 Mpa

**End use:** Rail roof side inner/ Body Pillars



**Steel Type:** High Strength Steel Dual Phase, 590 Mpa

**End use:** Front Frame/ Rear cross members/ Twist Beams



**Steel Type:** Carbon Steel-Coated

**End use:** Body panels/Side Cabinet for White goods



**Steel Type:** Medium Carbon Steel

**End use:** Brake pad/ Web



**Steel Type:** Ultra-low carbon high strength steel, 340 Mpa

**End use:** Door Panels



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# Agenda

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Business  
Environment

Operational  
Performance

Financial  
Performance

Projects Update

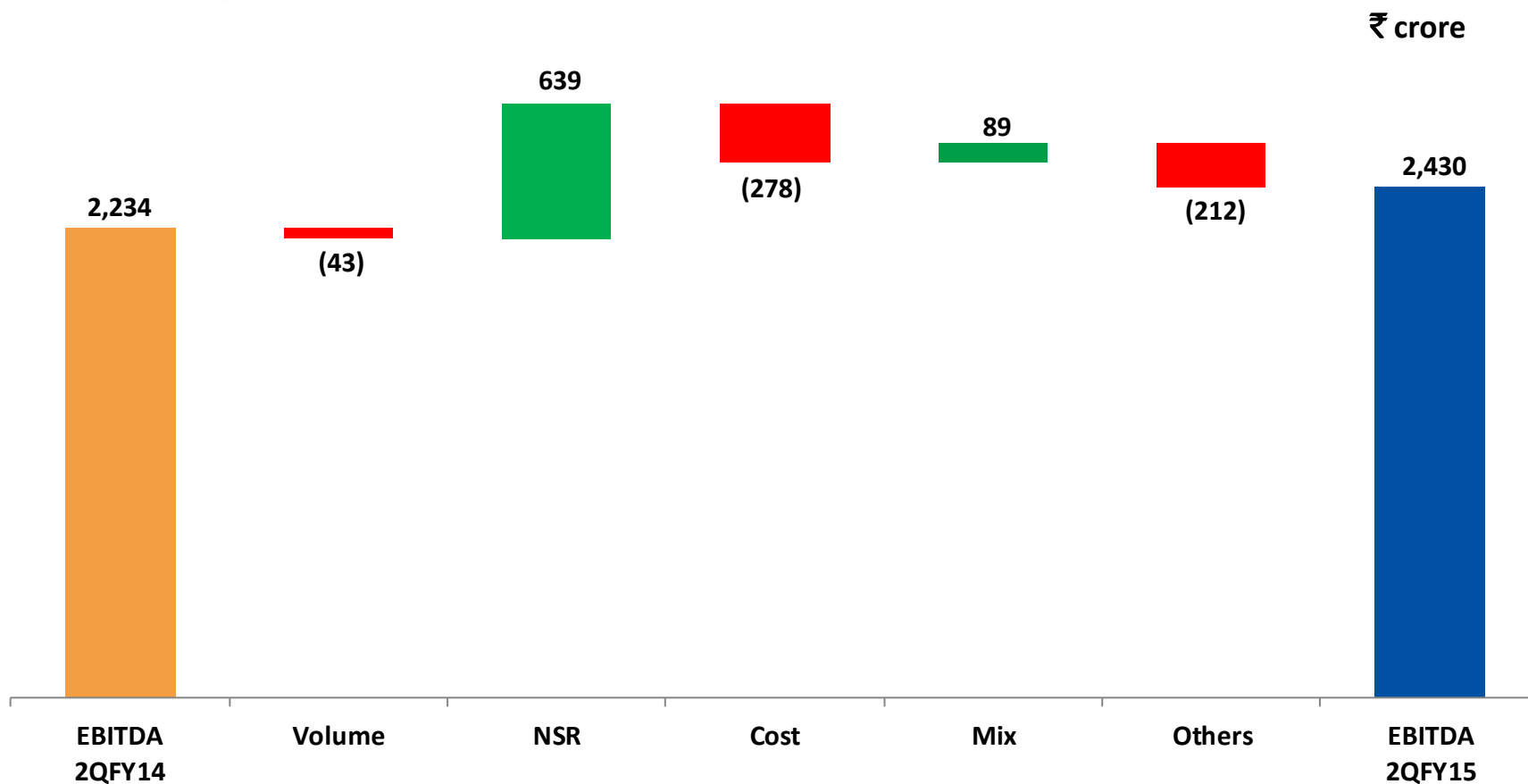
## Financials – standalone



₹ crore

Particulars	2QFY14	2QFY15	1HFY14	1HFY15
Gross Turnover	12,325	12,996	22,545	25,397
Net Sales	11,308	11,886	20,543	23,256
Underlying EBITDA	2,234	2,620	3,983	5,081
Diminution in value of investments	-	190	-	190
Operating EBITDA	2,234	2,430	3,983	4,891
Other Income	121	119	193	217
Finance Cost	689	720	1,331	1,443
Depreciation	685	699	1,329	1,363
Exceptional Items	(839)	-	(1,692)	-
Profit Before Tax	141	1,131	(176)	2,303
Tax	40	369	(57)	740
Profit after Tax	101	762	(120)	1,563
Diluted EPS (₹)*	3.85	31.16	(5.62)	63.97

# Operating EBITDA movement – standalone



## Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	2QFY14	2QFY15	1HFY14	1HFY15
Production*	0.35	0.41	0.69	0.81
Sales	0.39	0.41	0.72	0.81

₹ crore

Key P&L data	2QFY14	2QFY15	1HFY14	1HFY15
Turnover	2,234.2	2,537.1	4,172.4	5,042.2
Operating EBITDA	78.2	108.0	157.1	203.2
Net profit After Tax	0.4	10.9	3.3	18.3

## Operational performance – US Plate & Pipe Mill

Production (net tonnes)	2QFY14	2QFY15	1HFY14	1HFY15
Plate Mill	92,328	1,02,748	183,584	2,05,442
Utilization (%)	37%	40%	36%	41%
Pipe Mill	8,521	11,752	16,953	19,882
Utilization (%)	6%	9%	6%	7%

Sales (net tonnes)	2QFY14	2QFY15	1HFY14	1HFY15
Plate Mill	80,031	86,084	161,881	1,81,590
Pipe Mill	8,466	16,641	18,060	25,870

USD mn

Key P&L data	2QFY14	2QFY15	1HFY14	1HFY15
Turnover	75.76	94.45	155.52	187.91
EBITDA + Other Income	(2.05)	2.54	(1.45)	6.56
Profit After Tax	(16.98)	(12.71)	(30.62)	(23.10)



## Operational performance – Chile

USD mn

Particulars	2QFY14	2QFY15	1HFY14	1HFY15
Production (Tonnes)	215,224	2,24,387	424,847	4,45,123
Sales (Tonnes)	219,500	2,21,025	373,398	5,46,547
Turnover	26.43	18.24	43.79	50.31
Operating EBITDA	5.34	(1.76)	6.20	(2.11)
Profit after Tax	2.88	(2.70)	2.16	(5.81)

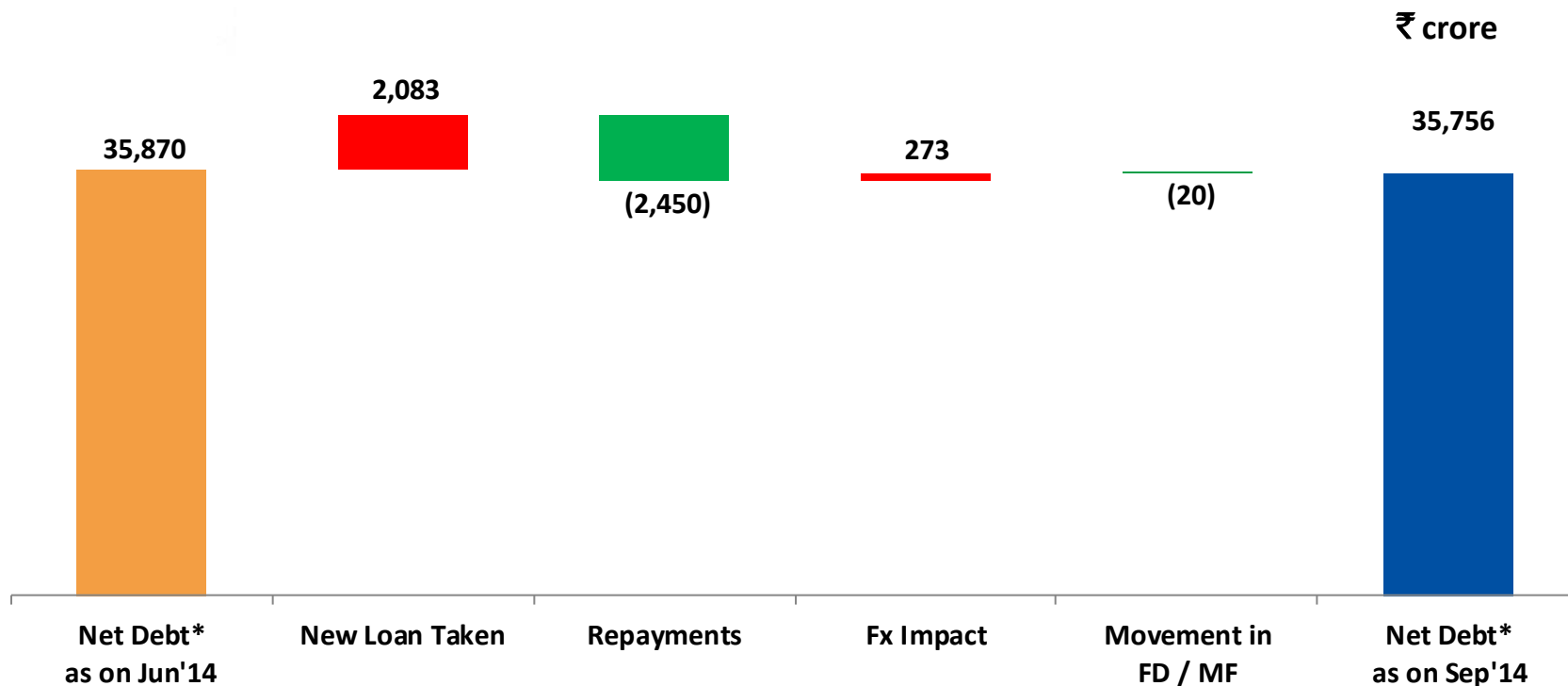
## Financials – consolidated



₹ crore

Particulars	2QFY14	2QFY15	1HFY14	1HFY15
Gross Turnover	13,866	14,859	25,021	29,012
Net Sales	12,796	13,692	22,937	26,759
Underlying EBITDA	2,348	2,812	4,227	5,424
Provision due to Coal block de-allocation	-	21	-	21
Operating EBITDA	2,348	2,791	4,227	5,403
Other Income	51	26	70	80
Finance Cost	756	855	1,474	1,699
Depreciation	803	851	1,553	1,646
Exceptional Items	(851)	-	(1,713)	-
Profit Before Tax	(11)	1,112	(442)	2,138
Tax	119	374	87	756
Share of Associates and Minority Interest	14	11	32	23
Profit after Tax	(116)	749	(497)	1,405
Diluted EPS (₹)*	(5.12)	30.63	(21.25)	57.44

## Net debt movement – consolidated



Particulars	30.06.2014	30.09.2014
Cash & cash equivalent (₹ crore)	503	523
Net Debt/Equity (x)	1.59	1.56
Net Debt/EBITDA (x)	3.62	3.46



# Agenda

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Business  
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Projects Update

## Projects' update

Bar Rod Mill-2 (1.2 MTPA) at Vijayanagar: : Under trial -runs



Electrical Steel Mill at Vijayanagar: expected to be commissioned by end FY15



## Projects' update contd..

**Cold Rolling Mill -2 at Vijayanagar:** Started Phase I (PLTCM in Oct 2013, CGL in Mar 2014 and CAL-1 in Apr 2014), and Phase II (CAL-2) is expected to be commissioned by 1QFY16



## 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**