



# **JSW Steel Limited**

## **4QFY15 Results Presentation**

May 15, 2015

## Key highlights – 4QFY15

### Standalone performance

- ✓ Gross Turnover: ₹11,893 crore
- ✓ Net Sales: ₹10,785 crore
- ✓ Operating EBITDA: ₹1,673 crore
- ✓ Crude Steel production: 3.06 million tonnes
- ✓ Saleable Steel sales: 3.06 million tonnes
- ✓ Net debt to equity: 1.02x and Net debt to EBITDA: 2.97x

### Consolidated performance

- ✓ Gross Turnover: ₹13,534 crore
- ✓ Net Sales: ₹12,364 crore
- ✓ Operating EBITDA: ₹1,683 crore
- ✓ Net debt to equity: 1.55x and Net debt to EBITDA: 3.81x

### Key update

- ✓ CAL-2 (0.95MTPA) at Cold Rolling Mill Complex–2 in Vijayanagar commissioned in Mar 2015
- ✓ Electrical Steel Mill (0.2MTPA) at Vijayanagar commissioned in Apr 2015

# Agenda

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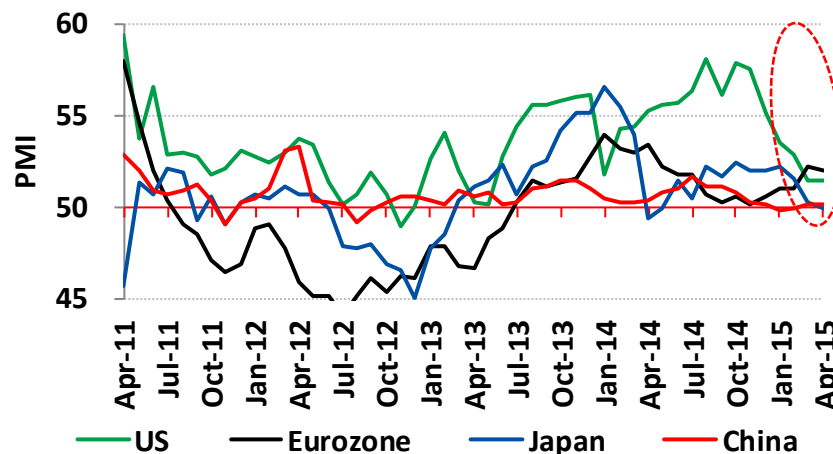
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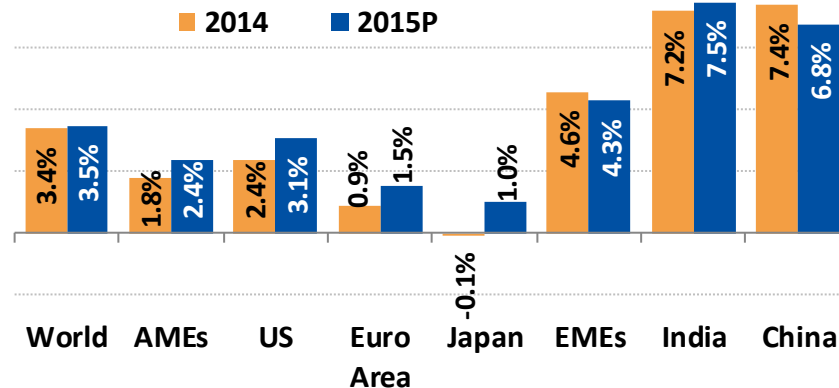
Guidance

# Global economy

- IMF maintains 2015 global GDP growth projection at 3.5%
- US continues to grow – consumer sentiment, labour markets and recent housing print remain encouraging
- Europe shows signs of improvement, supported by large monetary stimulus and lower oil prices
- Japan benefits from rising external trade, overall growth remains muted due to subdued private consumption
- Chinese economic growth is moderating as previous excesses in property, credit and investment continue to unwind
- Volatility in energy prices, currency adjustments, and swings in capital flows can potentially impact different countries in varying degrees



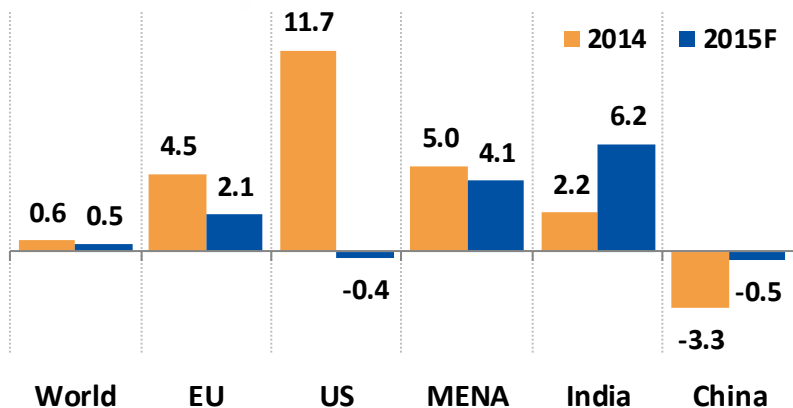
GDP growth - 2014 actual vs. projections for 2015



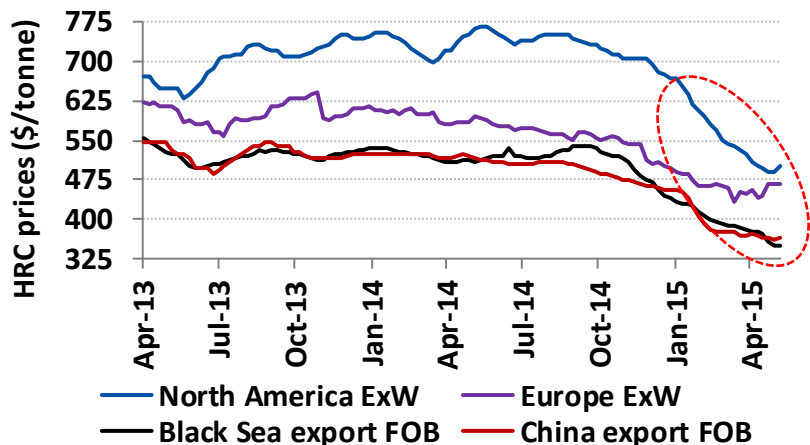
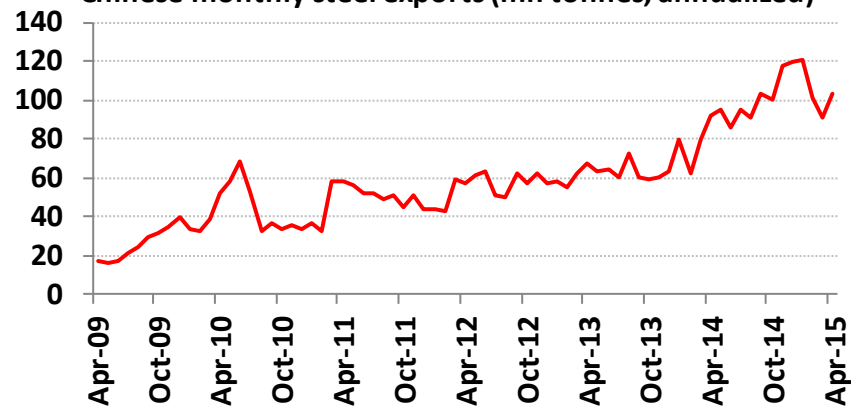
**Global economic growth indicators are moderately positive**

# Global steel scenario

Steel demand growth outlook (%YoY)



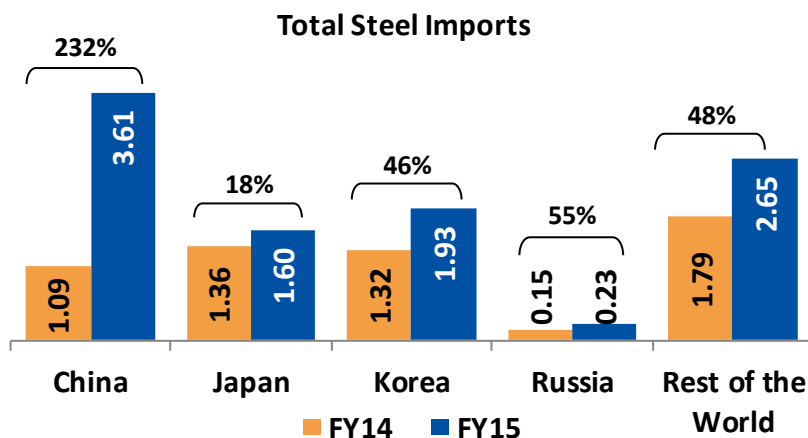
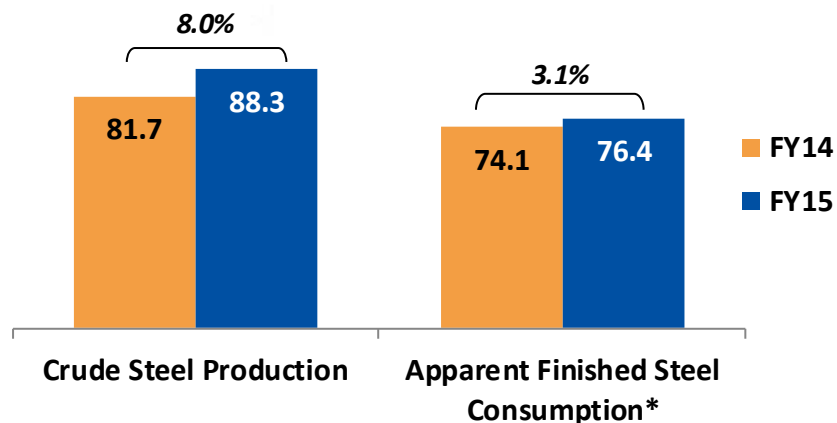
Chinese monthly steel exports (mn tonnes, annualized)



- World Crude Steel production in 1QCY2015 fell by 1.8%,
- World Steel Association forecast marginal demand growth of 0.5% in CY2015
- Rising steel exports from China result in supply glut
- Regional HRC prices remain under pressure driven by lower demand and lower iron ore and coal prices, and currency fluctuation

**Rising steel exports from China an area of concern**

# Indian economy and steel industry



- Domestic steel industry faced headwinds of a 71%YoY surge in finished steel imports (especially from China, Korea, Japan and Russia) in FY15, when apparent consumption increased only 3.1%YoY.
- Finished steel exports in FY15 decreased by 8.1%YoY
- Domestic iron ore availability is expected to improve with restart of closed mines
- Overall activity levels show mixed signs, inflation remains modest and there are initial signs of pick up in capital goods and medium & heavy commercial vehicle segment – actual uptick in investment cycle is yet to be seen
- Tighter liquidity conditions, slowing rural demand due to recent unseasonal rains, leveraged corporate balance sheets and below-normal monsoon forecast are key risks

**Investment cycle expected to pick up in 2HFY16, rising steel imports a concern**

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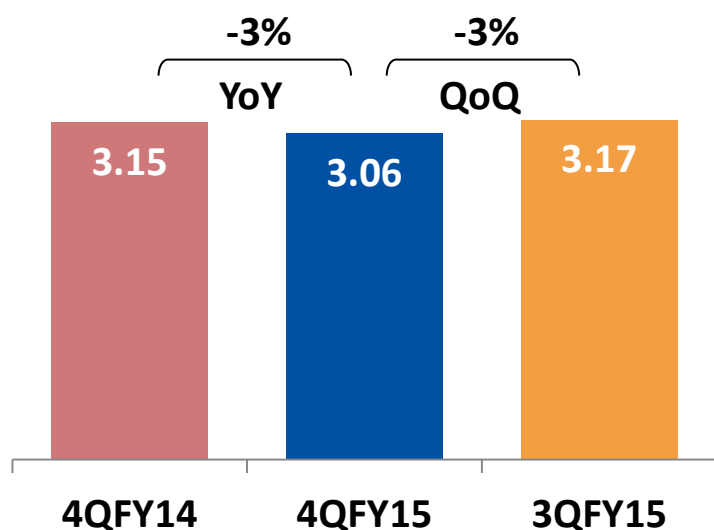
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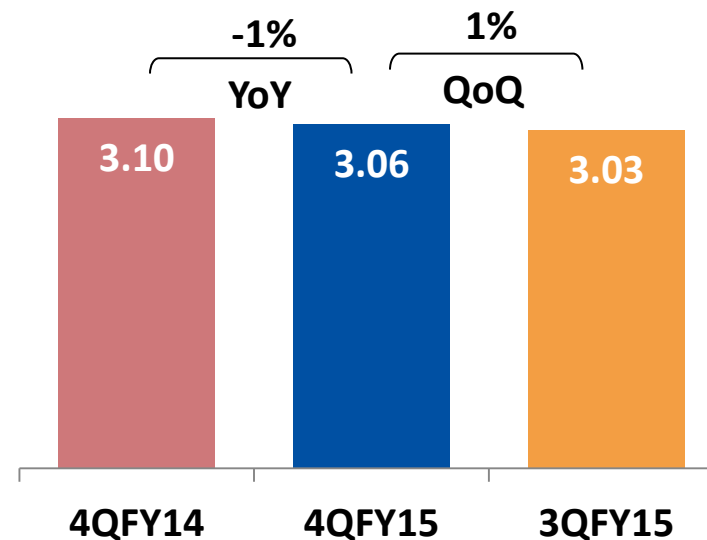
# Quarterly volumes – standalone

### Crude Steel Production



	4QFY14	4QFY15	3QFY15
Flat	2.49	2.47	2.56
Long	0.48	0.48	0.50

### Saleable Steel Sales

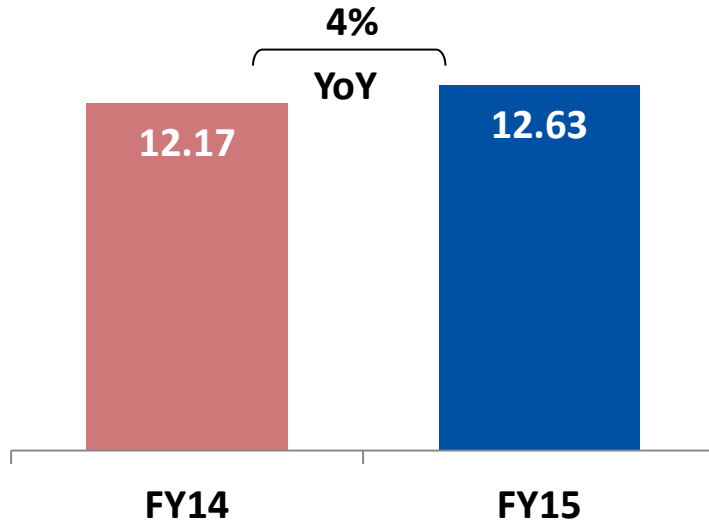


	4QFY14	4QFY15	3QFY15
Flat	2.47	2.44	2.44
Long	0.50	0.55	0.47
Semis	0.13	0.08	0.12



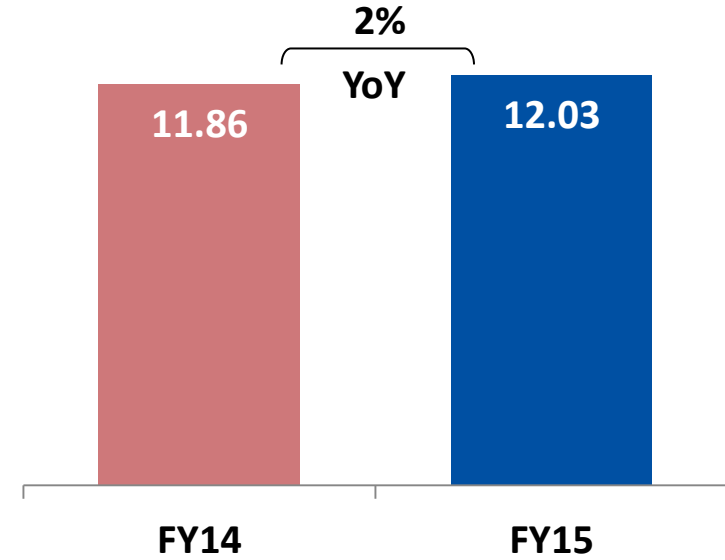
# Full year volumes – standalone

### Crude Steel Production



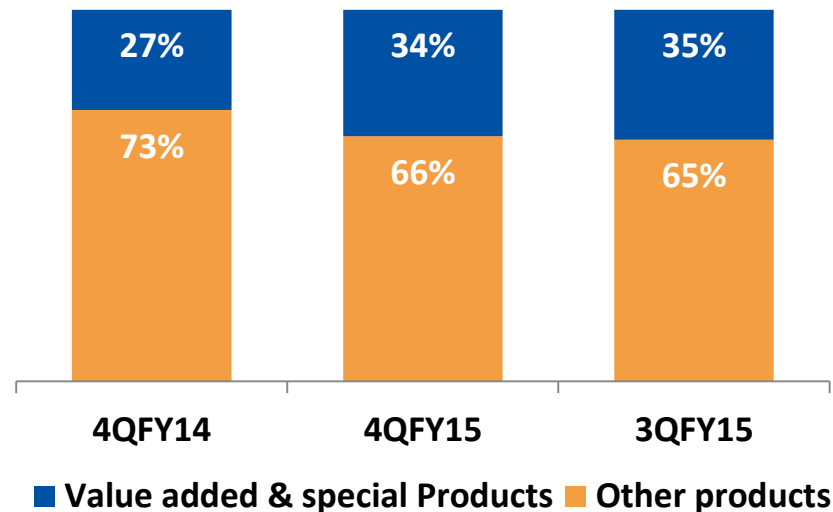
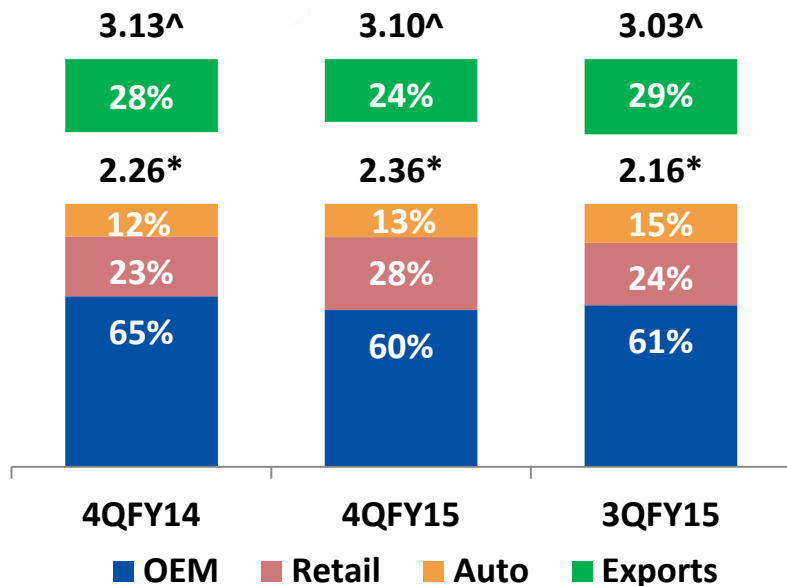
	FY14	FY15
Flat	9.74	10.07
Long	1.83	2.06

### Saleable Steel Sales



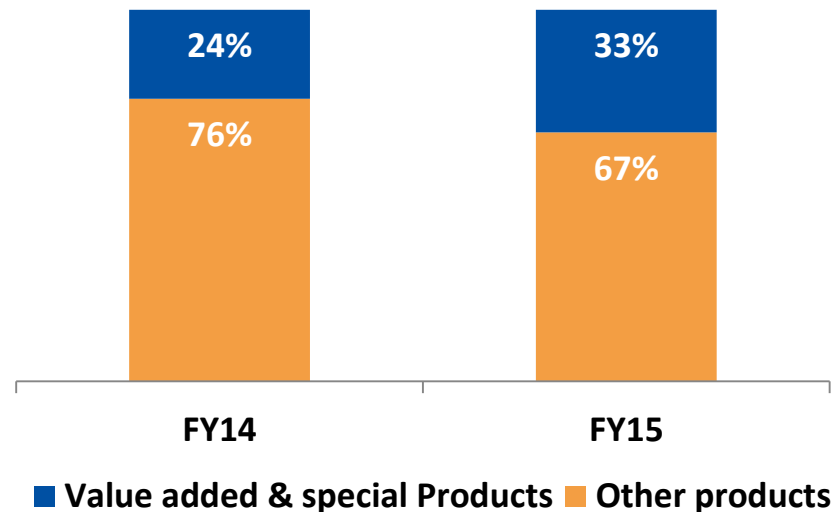
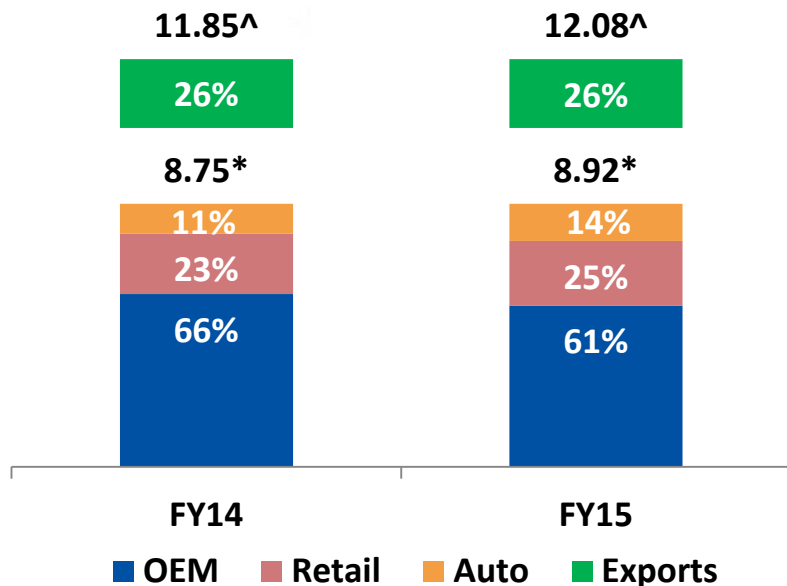
	FY14	FY15
Flat	9.71	9.66
Long	1.81	1.98
Semis	0.34	0.39

## Quarterly sales highlights – consolidated



- ✓ Domestic sales grew 4%YoY
- ✓ Long products sales grew 10%YoY
- ✓ Sales to Auto sector grew 7%YoY
- ✓ Value-added & Special Products sales grew 21%, Cold-rolled products sales increased 36%YoY and Coated products sales increased 12%YoY

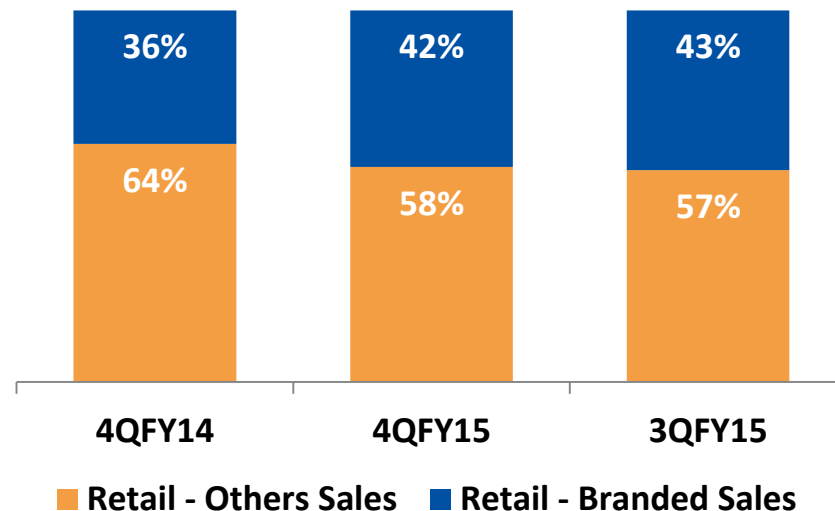
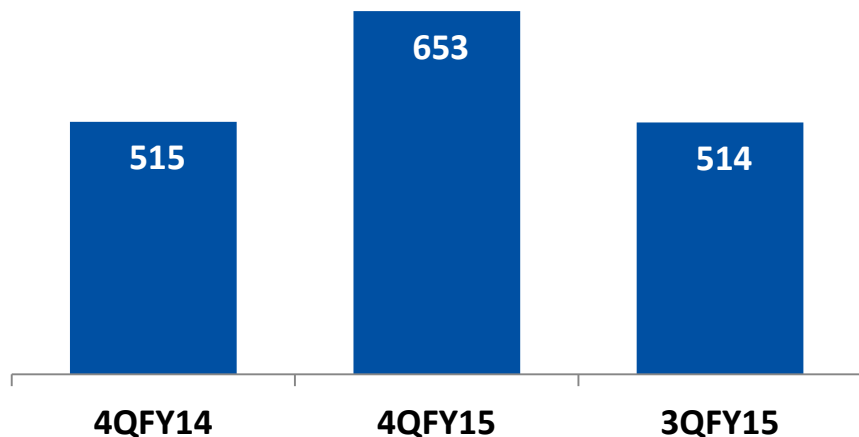
## Full year sales highlights – consolidated



- ✓ Long products sales grew 9%YoY
- ✓ Sales to Auto sector grew 28%YoY
- ✓ Value-added & Special Products sales grew 38%YoY, Cold-rolled products sales surged 54%YoY and Coated products sales increased 20%YoY

## Quarterly retail sales highlights – consolidated

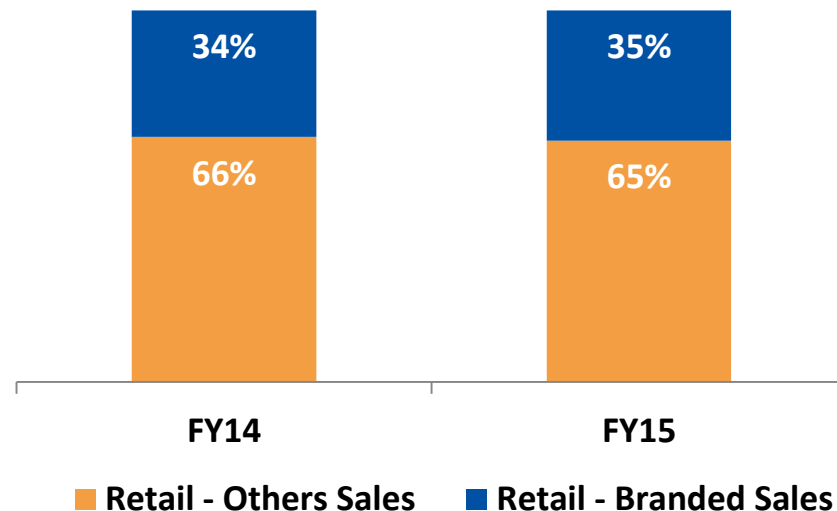
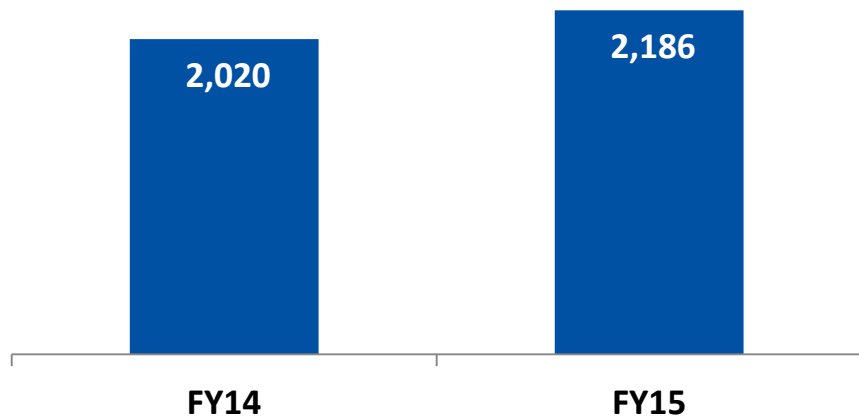
Retail sales ('000 tonnes)



- ✓ Retail Sales grew 27%YoY
- ✓ Long products sales surged 53%YoY, TMT sales grew 54% and WRC sales grew 50%YoY
- ✓ Cold-rolled products sales surged 71%YoY, Coated products sales grew 12%YoY

## Full year retail sales highlights – consolidated

Retail sales ('000 tonnes)



- ✓ Retail Sales grew 8%YoY
- ✓ Long products sales increased 20%YoY, TMT sales grew 22% and WRC sales grew 17%YoY
- ✓ Cold-rolled products sales surged 45%YoY, Coated products sale grew 4%YoY

## New product development/approvals in 4QFY15

**Steel Type:** SPRC35-  
IF/ EDD CRC

**End use:** Exposed Panels of  
Passenger Cars



**Steel Type:** IF Grade  
Galvaneal

**End use:** Fuel Tank of two  
wheelers



**Steel Type:** HR750- HRC

**End use:** Commercial Vehicle  
Wheels



**Steel Type:** Micro-Alloyed  
High Strength 38Mn5

**End use:** Crank Shaft of  
Commercial Vehicles



**Steel Type:** D- Grade PPGI

**End use:** Refrigerator Door



**Steel Type:** SAE 52100 Alloy  
Steel Bar

**End use:** Bearing Ring



# Recognitions and accolades- FY15

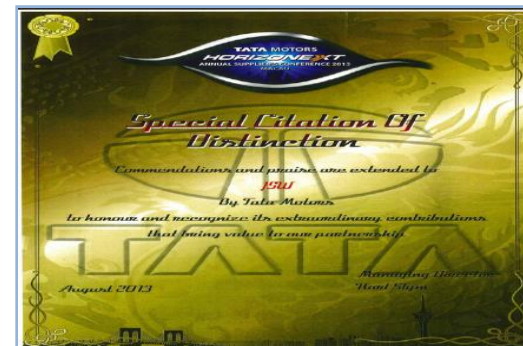
**Prime Minister Trophy for 2012-13**  
- by the Ministry of Steel, India



**Zero Defect Supplies**  
- by Toyota Kirloskar Motors



**Best Supplier Award**  
- by TATA Motors



**State Export Excellence Award- 2013-14**  
- by the Government of Karnataka



**Star Performer- 2014**  
- by Haier Appliances



**Best Delivery Supplier**  
- by FAG Schaeffler





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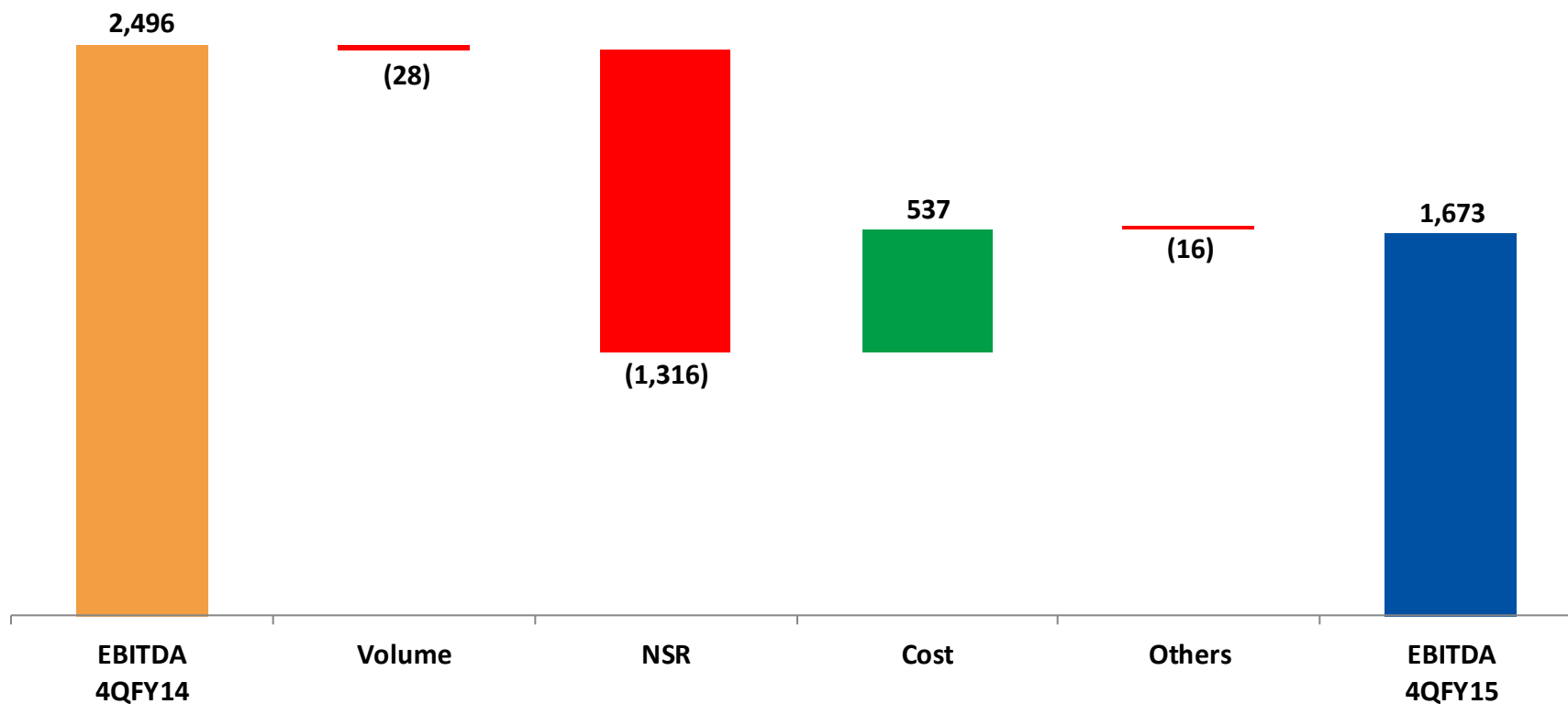
## Financials – standalone

₹ crore

Particulars	4QFY15	4QFY14	FY15	FY14
Gross Turnover	11,893	13,330	49,658	48,527
Net Sales	10,785	12,255	45,352	44,529
Operating EBITDA	1,673	2,496	8,872	8,783
Other Income	161	77	467	331
Finance Cost	685	690	2,909	2,740
Depreciation	710	706	2,785	2,726
Exceptional Items	(105)	-	(396)	(1,692)
Profit Before Tax	335	1,177	3,249	1,955
Tax	146	375	1,082	621
Profit after Tax	189	802	2,166	1,335
Diluted EPS (₹)	7.46*	32.84*	88.24	53.86

# Operating EBITDA movement – standalone

₹ crore



# Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	4QFY15	4QFY14	FY15	FY14
Production*	0.37	0.43	1.54	1.57
Sales	0.39	0.44	1.57	1.58

₹ crore

Key P&L data	4QFY15	4QFY14	FY15	FY14
Turnover	2,193	2,735	9,506	9,353
Operating EBITDA	58	94	336	331
Profit after Tax	(26)	35	(25)	51

## Operational performance – US Plate & Pipe Mill

Production (net tonnes)	4QFY15	4QFY14	FY15	FY14
Plate Mill	72,482	1,10,407	3,61,525	3,91,281
Utilization (%)	30%	44%	36%	39%
Pipe Mill	14,015	15,782	52,795	44,766
Utilization (%)	10%	11%	10%	8%

Sales (net tonnes)	4QFY15	4QFY14	FY15	FY14
Plate Mill	63,960	94,680	3,09,373	3,42,335
Pipe Mill	13,380	15,672	57,351	53,141

USD mn

Key P&L data	4QFY15	4QFY14	FY15	FY14
Turnover	80.85	106.23	354.28	354.50
EBITDA + Other Income	0.13	(4.00)	6.24	(7.18)
Profit after Tax	(16.91)	(18.69)	(56.09)	(64.53)

## Operational performance – Chile

USD mn

Particulars	4QFY15	4QFY14	FY15	FY14
Production (Tonnes)	1,55,033	2,36,640	8,18,671	9,04,658
Sales (Tonnes)	1,50,536	1,49,443	9,21,206	7,53,841
Turnover	5.79	16.77	70.30	87.86
Operating EBITDA	(10.27)	1.32	(18.83)	12.75
Profit after Tax	(11.24)	(0.25)	(21.90)	4.69

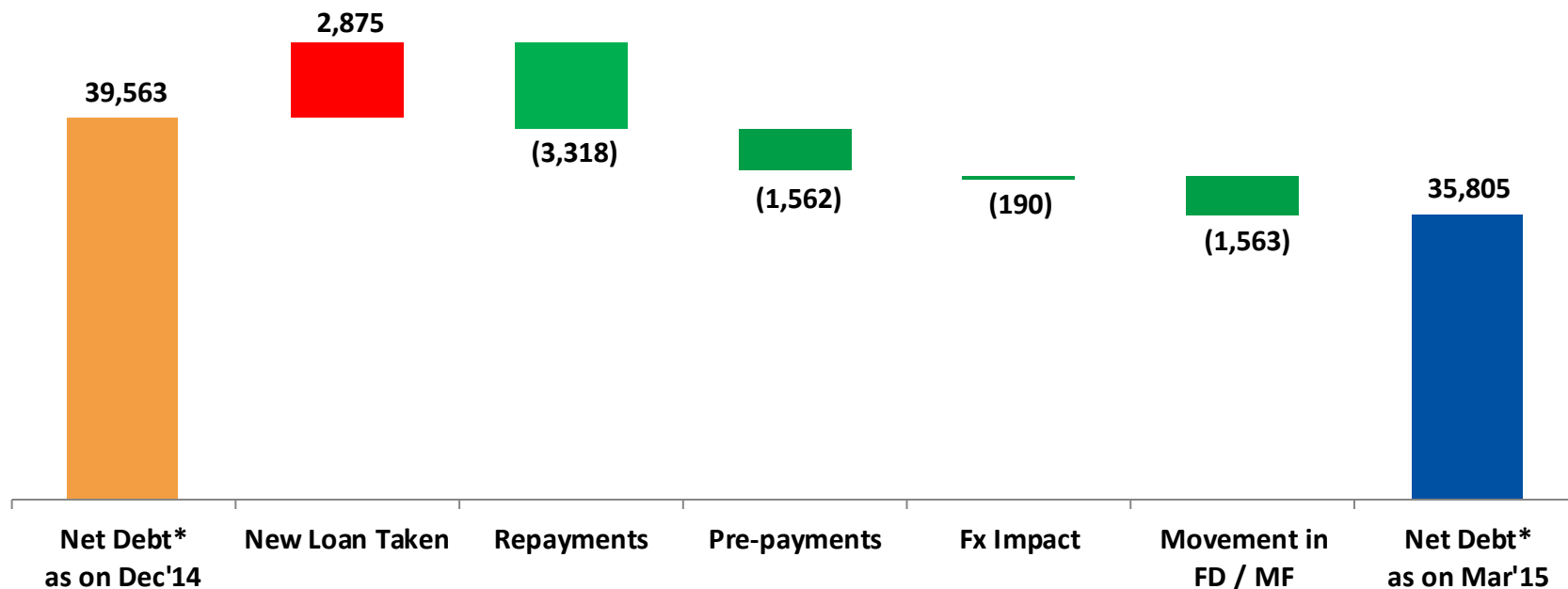
## Financials – consolidated

₹ crore

Particulars	4QFY15	4QFY14	FY15	FY14
Gross Turnover	13,534	15,242	56,572	54,621
Net Sales	12,364	14,088	52,051	50,409
Operating EBITDA	1,683	2,529	9,402	9,165
Other Income	18	1	111	86
Finance Cost	858	784	3,493	3,048
Depreciation	898	824	3,434	3,183
Exceptional Items	(26)	-	(47)	(1,713)
Profit Before Tax	(81)	922	2,539	1,308
Tax	(112)	459	819	920
Share of Associates and Minority Interest	31	21	77	64
Profit after Tax	62	483	1,797	452
Diluted EPS (₹)	2.23*	19.64*	72.93	17.35

## Net debt movement – consolidated

₹ crore



Particulars	31.03.2015	31.12.2014
Cash & cash equivalent (₹ crore)	2184	621
Net Debt/Equity (x)	1.55	1.70
Net Debt/EBITDA (x)	3.81	3.86

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## Projects' update

CAL-2 (0.95MTPA) at Cold Rolling Mill Complex -2 in Vijayanagar: Commissioned in Mar 2015



Electrical Steel Mill (0.2MTPA) at Vijayanagar: Commissioned in Apr 2015



## Projects' update contd...

**Blast Furnace Modification at Dolvi:** expected to be commissioned in 2HFY16



**New sinter plant (2.5 MTPA) at Dolvi:** expected to be commissioned in 2HFY16



## Projects' update contd...

**New Billet Caster (1.5 MTPA) at Dolvi:** expected to be commissioned in 2HFY16



**New Bar Mill (1.4 MTPA) at Dolvi:** expected to be commissioned in 2HFY16



## New projects

### Cast capacity increase up to 12MTPA at Vijayanagar

- Hot metal capacity increase through oxygen enrichment and augmentation of steel melt shop facilities
- Total project cost: ₹1,620 crore
- Completion: by FY2017

### Capacity Expansion up to 1.2 MTPA at Salem

- Enhancing the capacity of both the Blast Furnaces along with other balancing facilities (Sinter-3, Caster-3, additional stands in Blooming Mill, etc.) in two phases
- Total project cost: ₹1,000 crore
- Completion: by FY2017

### Tin Plate Mill at Tarapur

- 0.20 MTPA Tin Plate Mill at the Tarapur Complex along with an Acid Re-Generation Plant (ARP), an Effluent Treatment Plant (ETP) and a Bulk Ammonia Storage facility
- Total project cost: ₹650 crore
- Completion: in 24 to 30 months

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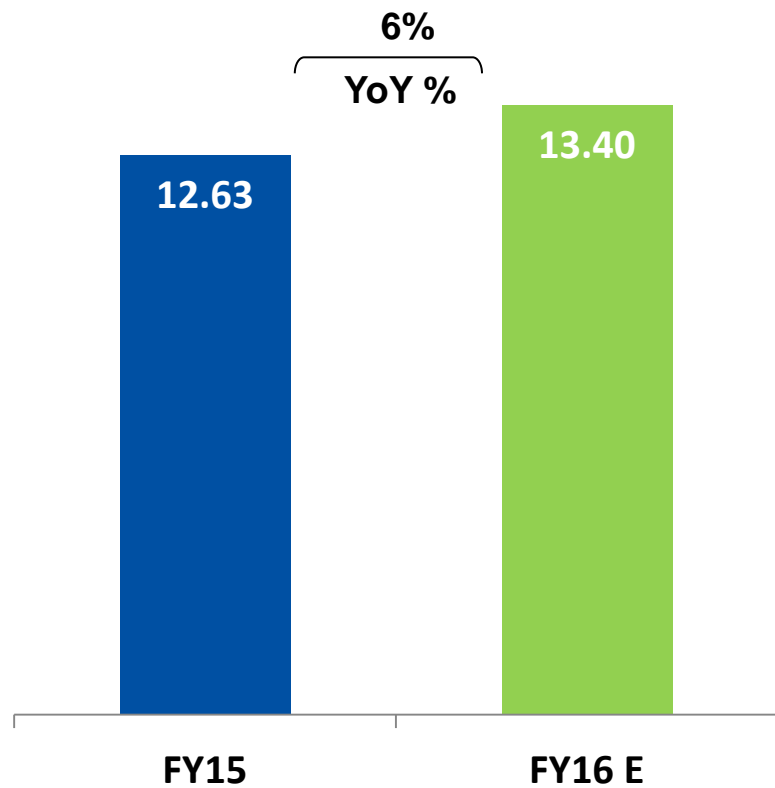
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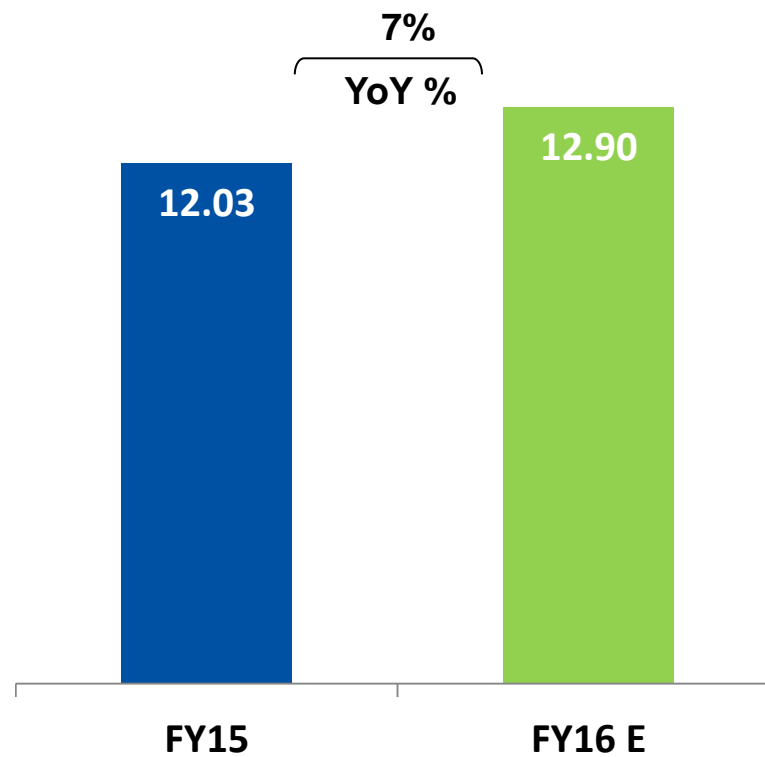
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## Guidance for FY16



Crude Steel Production



Saleable Steel Sales

## 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**