



JSW Steel Limited

1QFY16 Results Presentation

July 29, 2015

Key highlights – 1QFY16

Standalone performance

- ✓ Gross Turnover: ₹11,067 crore
- ✓ Net Sales: ₹9,982 crore
- ✓ Operating EBITDA: ₹1,505 crore
- ✓ Highest ever quarterly Crude Steel production: 3.40 million tonnes
- ✓ Saleable Steel sales: 3.11 million tonnes
- ✓ Net Debt to Equity: 1.13x and Net Debt to EBITDA: 3.66x

Consolidated performance

- ✓ Gross Turnover: ₹12,556 crore
- ✓ Net Sales: ₹11,382 crore
- ✓ Operating EBITDA: ₹1,627 crore
- ✓ Net Debt to Equity: 1.66x and Net Debt to EBITDA: 4.51x

Key update

- ✓ Commenced commercial production at 2nd Continuous Annealing Line (CAL-2) – part of the new 2.3 MTPA CRM complex at Vijayanagar

Agenda

Business
Environment

Operational
Performance

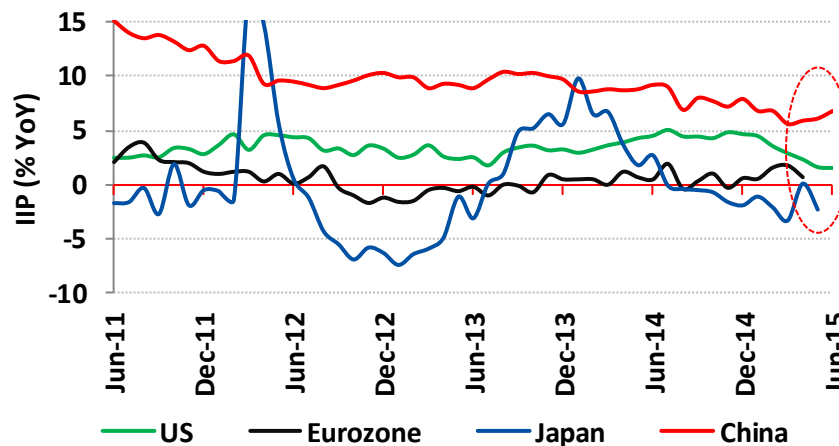
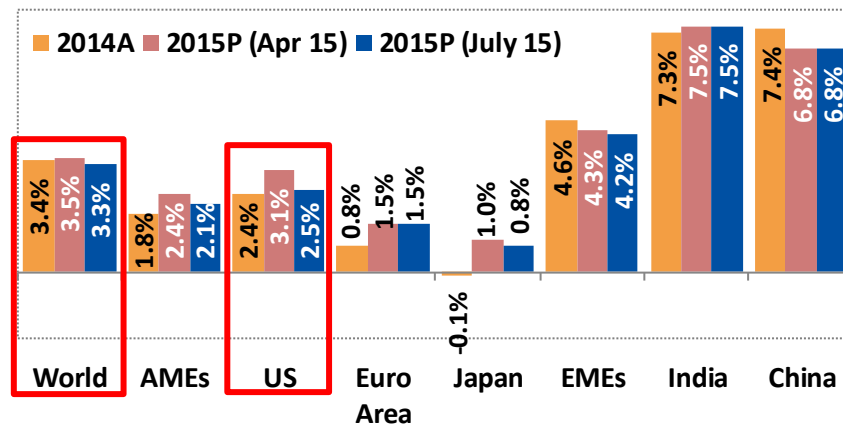
Financial
Performance

Projects Update

Global economy

- IMF has revised down 2015 global GDP growth projection to 3.3%
- US growth appears to have softened in 2QCY15, however, housing and non residential construction data remain encouraging
- Europe continues to grow at a moderate pace supported by large monetary stimulus and lower oil prices; aversion of 'Grexit' to provide near term confidence
- Japan widely expected to have contracted in 2QCY15 – industrial production as well as domestic consumption remained subdued
- China 2QCY15 GDP grew at 7%YoY, however, economy continues to slow with contraction in FAI and real estate market

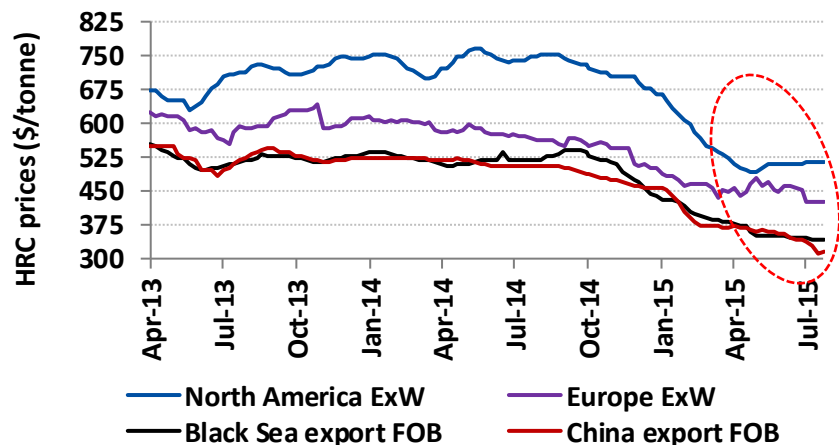
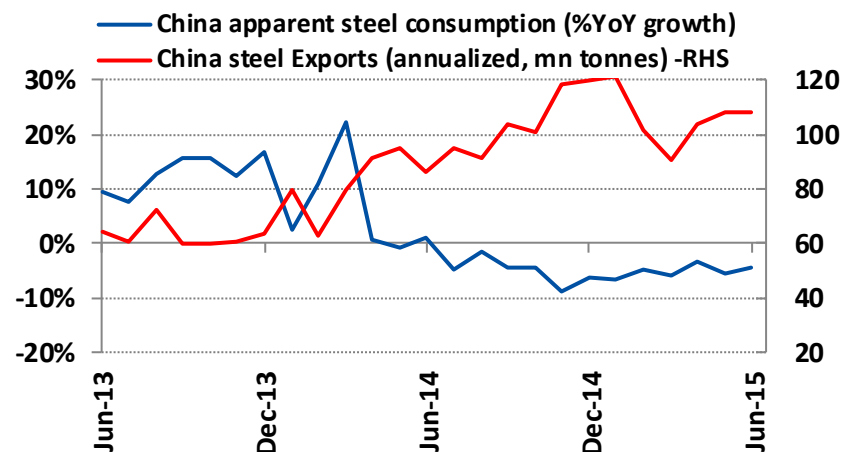
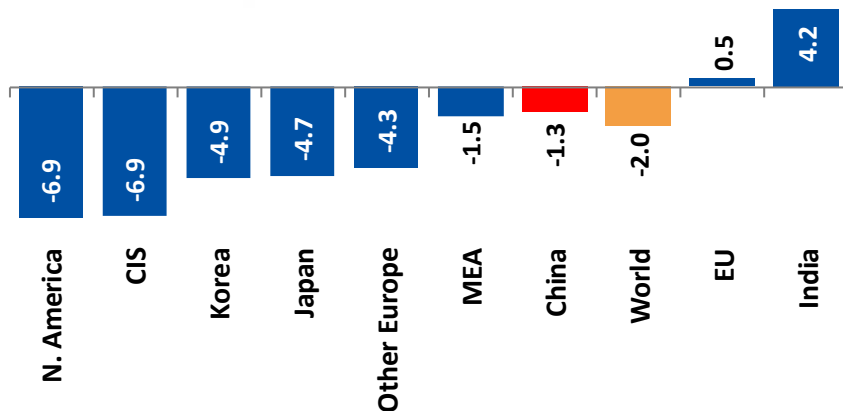
GDP growth - 2014 actual vs. projections for 2015



Global economic growth outlook has moderated

Global steel scenario

Global crude steel production - 1HCY15 (% YoY growth)



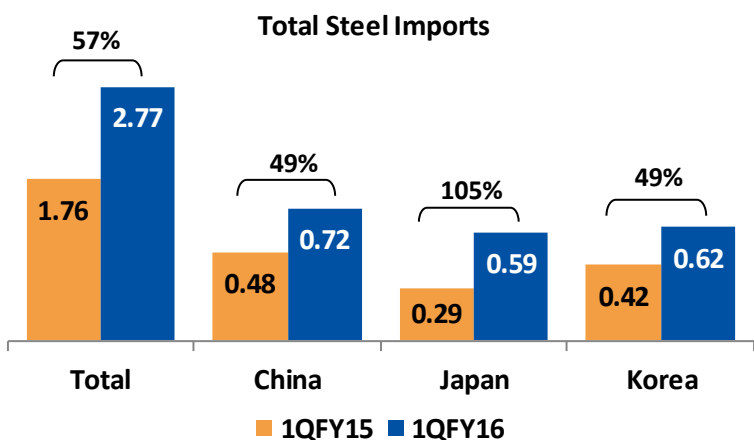
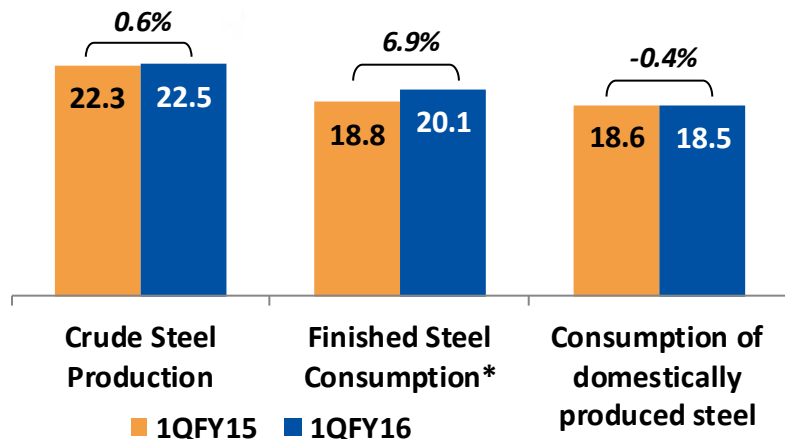
- World Crude Steel production in 1HCY15 was lower by 2% – almost all the regions witnessed a decline
- However, weaker Chinese demand and resultant jump in steel exports is driving a global supply glut
- Regional HRC prices remain under pressure driven by surging exports from steel-surplus countries, moderating demand, lower iron ore and coal prices, and currency volatility

Weaker global demand and rising exports from steel-surplus countries an area of concern

Accelerating trade remedial measures

| Imposed by* | Range of AD/CVD/SD | Imposed upon |
|----------------|----------------------------------|---|
| Australia | 7.8%-33.8% | Japan, Vietnam, Finland, India and Sweden |
| Brazil | US\$211.56-746.41 per metric ton | China,Ukraine and Sweden |
| Canada | 3.8%-59.7% | China, Japan, Korea,Taiwan, Ukraine, Brazil, Denmark, Indonesia, Italy, and Turkey |
| Canada | Under investigation - AD/CVD | Russia and India |
| Egypt | 7.30% | China, Ukraine and Turkey |
| European Union | 24.00% | China, Japan, Korea, Russia and US |
| European Union | Under investigation - AD | China and Russia |
| Indonesia | 5.9-55.6% | China, Japan, Korea, Vietnam and Taiwan |
| Mexico | 65.99%-103.41% | China |
| Malaysia | 2.19% to 25.4% | China and Indonesia |
| Thailand | 2.65%-31.92% | China, Japan, Korea, Taiwan, Russia, Ukraine, South Africa, Kazakhstan, India, Venezuela, Argentina, Algeria, Indonesia, Slovak and Romania |
| Thailand | Safeguard Duty of 34.01%** | All Countries |
| US | 6.88%-407.52% | China, Japan, Korea, Russia, Taiwan, Ukraine, Vietnam, Mexico, Turkey, Germany, India, Saudi Arabia and Sweden |
| US | Under investigation -AD/CVD | China, South Korea, Taiwan, India and Italy |

Indian economy and steel industry



- Domestic steel industry continues to suffer from surge in imports – especially from China, Korea, and Japan; consumption of domestically produced steel was down by 0.4%YoY in 1QFY16 as total steel imports were up by 57%YoY
- 1QFY16 Finished steel exports fell by 32%YoY. Excess availability is driving an inventory build-up across the system
- Improving supply of iron ore with approval of new mining capacities should ease domestic iron ore prices
- Activity levels show modest pick-up, industrial production growth continues, albeit at a slow pace.
- Public spending on a few infrastructure segments seems to be picking up, momentum needs to be sustained in 2HFY16 for an actual uptick in investment cycle
- Tighter liquidity conditions, leveraged corporate balance sheets and progress of monsoon are key risks

Elevated level of steel imports a concern

Agenda

Business
Environment

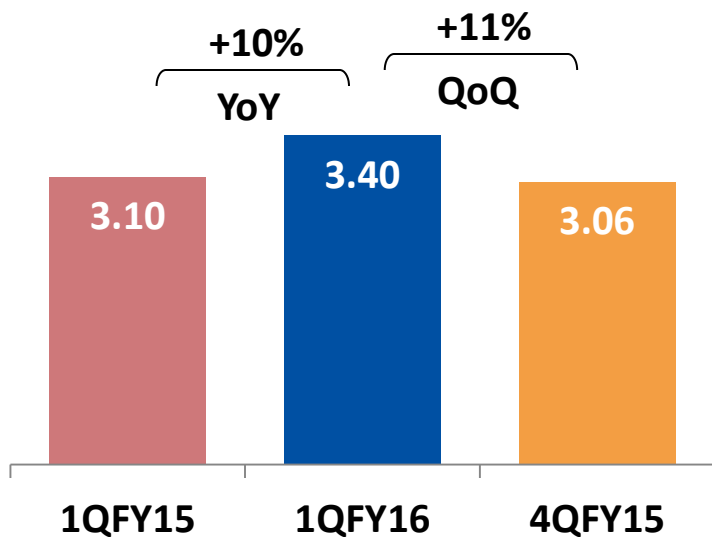
Operational
Performance

Financial
Performance

Projects Update

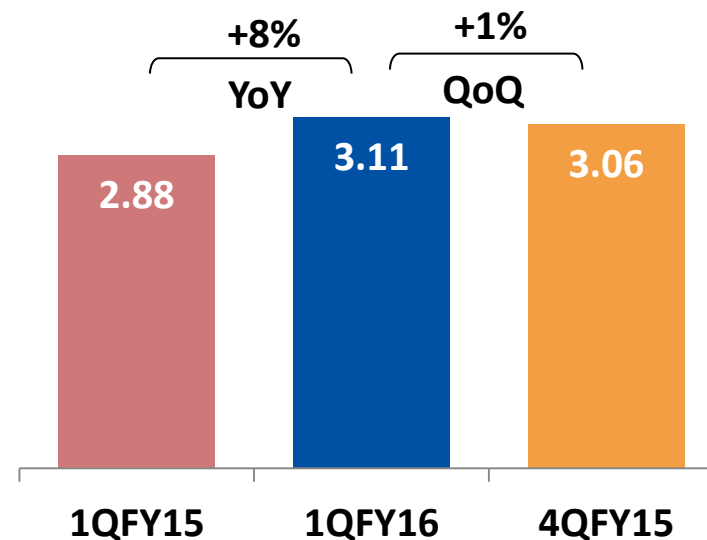
Quarterly volumes – standalone

Crude Steel Production



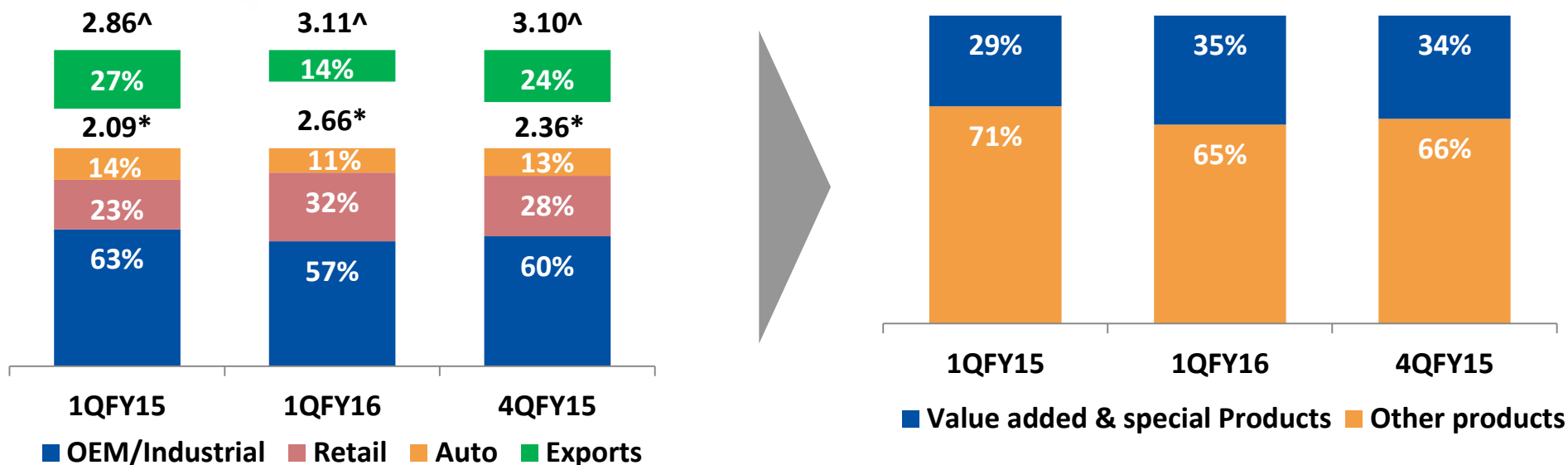
| | 1QFY15 | 1QFY16 | 4QFY15 |
|------|--------|--------|--------|
| Flat | 2.43 | 2.50 | 2.47 |
| Long | 0.52 | 0.69 | 0.48 |

Saleable Steel Sales



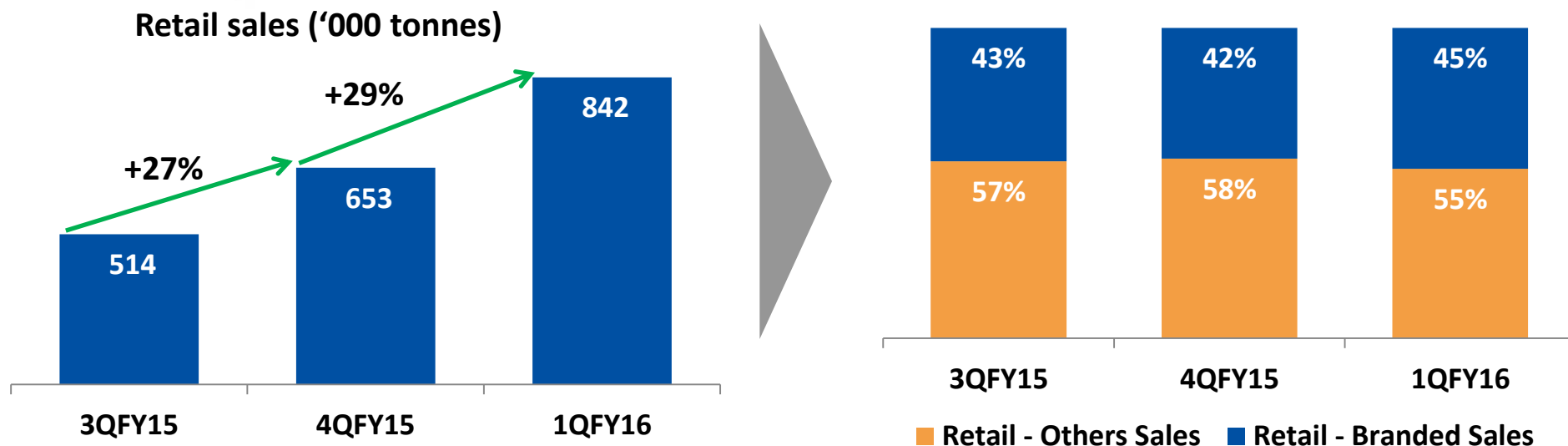
| | 1QFY15 | 1QFY16 | 4QFY15 |
|-------|--------|--------|--------|
| Flat | 2.32 | 2.40 | 2.44 |
| Long | 0.47 | 0.62 | 0.55 |
| Semis | 0.08 | 0.08 | 0.08 |

Quarterly sales highlights – consolidated



- ✓ Highest ever domestic sales of 2.66 million tonnes – grew by 27%YoY
- ✓ Exports strategically moderated to 14% of total sales as planned, and yet mix improved with higher exports of value added products
- ✓ Retail sales grew 77%YoY whereas OEM/Industrial sales was up 13%YoY
- ✓ Value-added & Special Products sales grew 31%

Quarterly retail sales highlights – consolidated



Key retail initiatives:

- ✓ Network expansion
- ✓ Brand building activities
- ✓ Influencer engagement program

- ✓ Color Coated steel sales grew 17%YoY, Individual residential and Industrial segments were major contributors
- ✓ TMT sale grew 116%YoY, Residential (both individual and real estate) and Commercial segments were major contributors

New product development/approvals in 1QFY16

Steel Type: AHSS 980 CRC
End use: Crash components of Passenger Car



Steel Type: IF grade CRCA
End use: Trunk lid of passenger Car



Steel Type: SP781/782/783 Galvaneal Steel
End use: Inner components of Passenger Car



Steel Type: Micro-alloyed steel
End use: Connecting rod for railway locomotive/passenger cars



Steel Type: HR1030M- HRC
End use: Commercial vehicle brake assembly support



Steel Type: SAE 1070 alloy steel
End use: Cam shaft for railway locomotive





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Environment

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Performance

Financial
Performance

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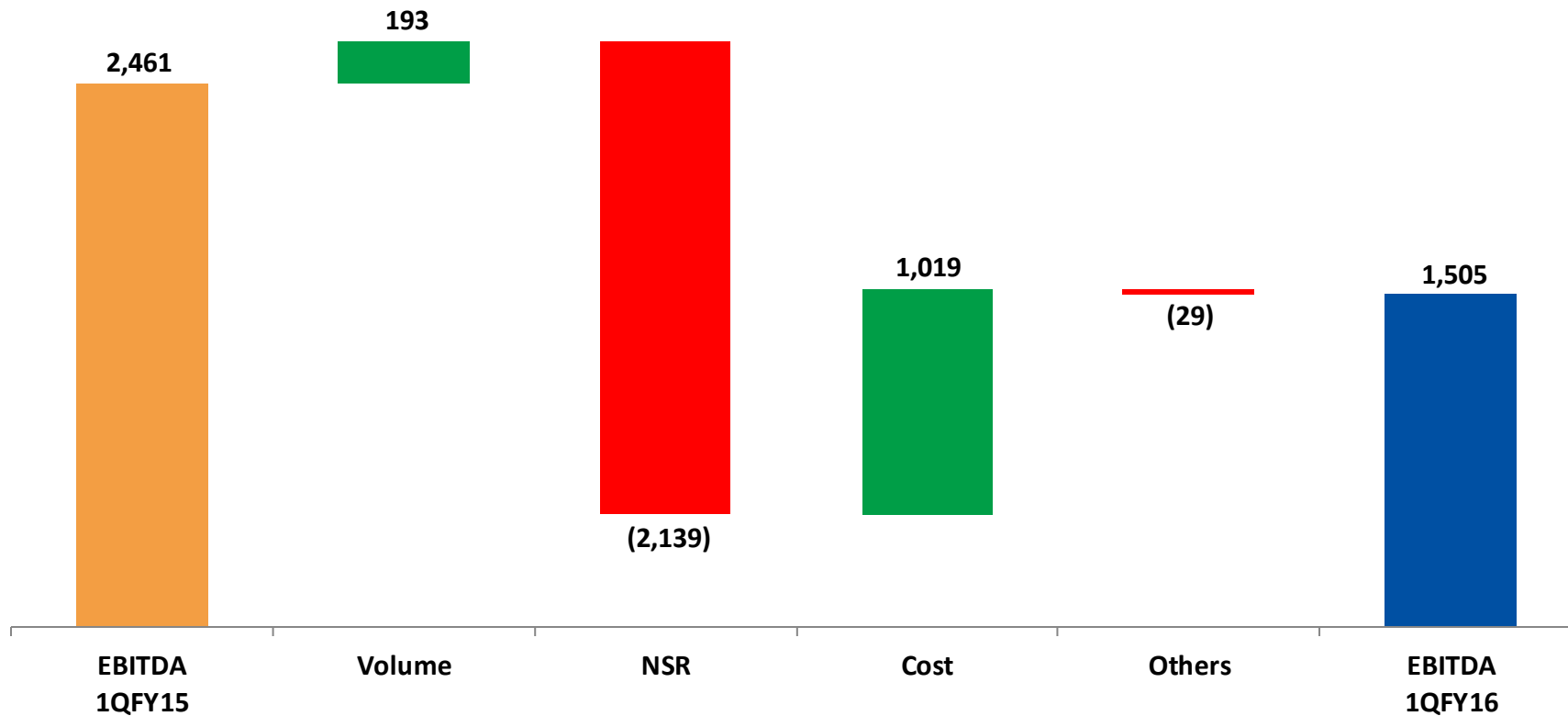
Financials – standalone

₹ crore

| Particulars | 1QFY16 | 1QFY15 |
|-------------------|--------|--------|
| Gross Turnover | 11,067 | 12,401 |
| Net Sales | 9,982 | 11,370 |
| Operating EBITDA | 1,505 | 2,461 |
| Other Income | 92 | 98 |
| Finance Cost | 653 | 723 |
| Depreciation | 752 | 663 |
| Exceptional Items | (146) | - |
| Profit Before Tax | 46 | 1,173 |
| Tax | 15 | 371 |
| Profit after Tax | 31 | 801 |
| Diluted EPS (₹)* | 0.92 | 32.81 |

Operating EBITDA movement – standalone

₹ crore



Operational performance – JSW Steel Coated Products



Million tonnes

| Volumes | 1QFY16 | 1QFY15 |
|-------------|--------|--------|
| Production* | 0.39 | 0.40 |
| Sales | 0.40 | 0.40 |

₹ crore

| Key P&L data | 1QFY16 | 1QFY15 |
|------------------|--------|--------|
| Turnover | 2,132 | 2,505 |
| Operating EBITDA | 111 | 95 |
| Profit after Tax | 26 | 7 |

Operational performance – US Plate & Pipe Mill

| Production (net tonnes) | 1QFY16 | 1QFY15 |
|-------------------------|--------|---------|
| Plate Mill | 58,118 | 102,694 |
| Utilization (%) | 23% | 42% |
| Pipe Mill | 13,541 | 8,129 |
| Utilization (%) | 10% | 6% |

| Sales (net tonnes) | 1QFY16 | 1QFY15 |
|--------------------|--------|--------|
| Plate Mill | 48,076 | 95,506 |
| Pipe Mill | 17,157 | 9,230 |

USD mn

| Key P&L data | 1QFY16 | 1QFY15 |
|-----------------------|---------|---------|
| Turnover | 52.47 | 99.17 |
| EBITDA + Other Income | (9.40) | 4.02 |
| Profit after Tax | (25.47) | (10.39) |

Operational performance – Chile

USD mn

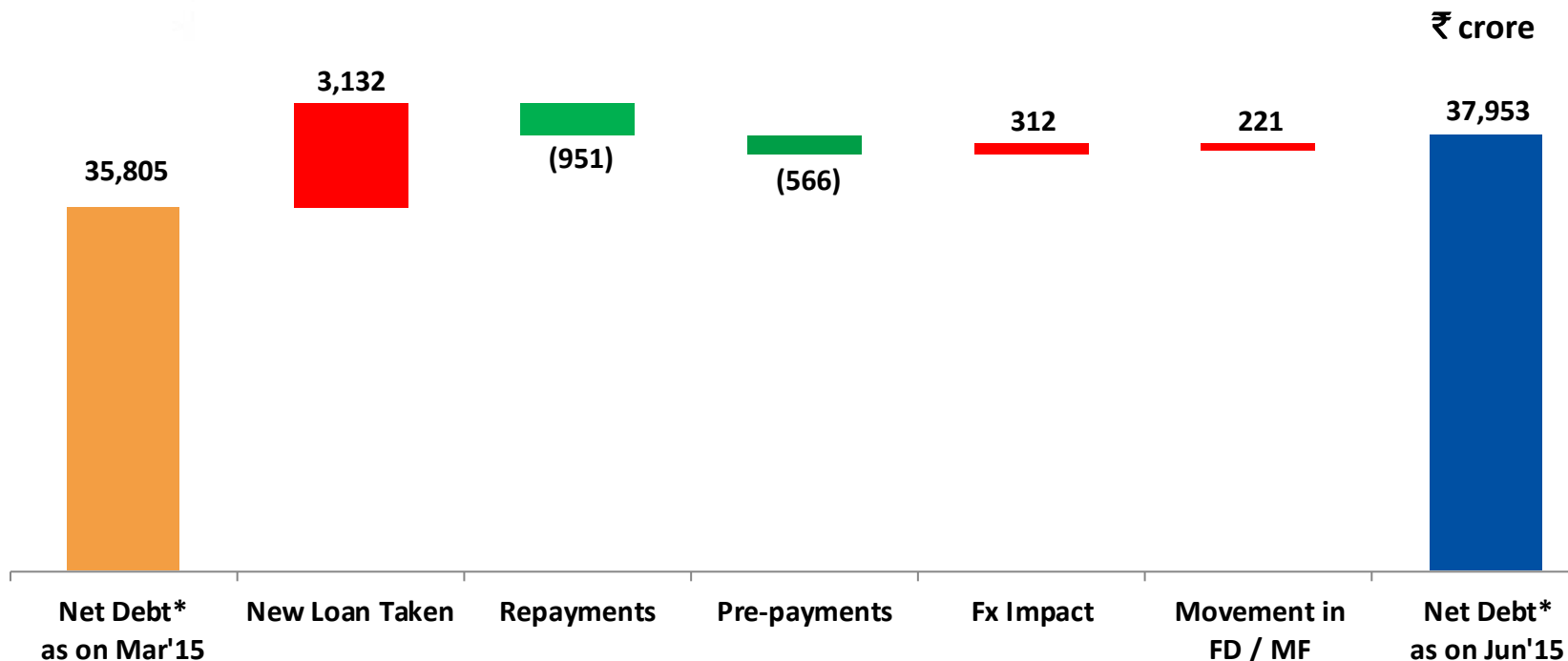
| Particulars | 1QFY16 | 1QFY15 |
|---------------------|---------|---------|
| Production (Tonnes) | 83,774 | 220,736 |
| Sales (Tonnes) | 160,667 | 325,522 |
| Turnover | 8.43 | 32.08 |
| Operating EBITDA | 0.68 | (0.35) |
| Profit after Tax | (1.92) | (1.59) |

Financials – consolidated

₹ crore

| Particulars | 1QFY16 | 1QFY15 |
|---|--------|--------|
| Gross Turnover | 12,556 | 14,153 |
| Net Sales | 11,382 | 13,067 |
| Operating EBITDA | 1,627 | 2,612 |
| Other Income | 26 | 54 |
| Finance Cost | 822 | 844 |
| Depreciation | 939 | 795 |
| Exceptional Items | (1) | - |
| Profit Before Tax | (108) | 1,026 |
| Tax | 17 | 383 |
| Share of Associates and Minority Interest | (18) | 13 |
| Profit after Tax | (107) | 656 |
| Diluted EPS (₹)* | (4.77) | 26.82 |

Net debt movement – consolidated



| Particulars | 30.06.2015 | 31.03.2015 |
|----------------------------------|------------|------------|
| Cash & cash equivalent (₹ crore) | 1963 | 2184 |
| Net Debt/Equity (x) | 1.66 | 1.55 |
| Net Debt/EBITDA (x) | 4.51 | 3.81 |



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Business
Environment

Operational
Performance

Financial
Performance

Projects Update

Projects' update

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



Projects' update contd. ...

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



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