



JSW Steel Limited

2QFY16 Results Presentation

October 21, 2015

Key highlights – 2QFY16

Standalone performance

- ✓ Highest ever quarterly Saleable Steel sales: 3.19 million tonnes
- ✓ Crude Steel production: 3.25 million tonnes
- ✓ Gross Turnover: ₹10,780 crore
- ✓ Net Sales: ₹9,653 crore
- ✓ Operating EBITDA: ₹1,566 crore
- ✓ Net Debt to Equity: 1.22x and Net Debt to EBITDA: 4.55x

Consolidated performance

- ✓ Gross Turnover: ₹11,928 crore
- ✓ Net Sales: ₹10,743 crore
- ✓ Operating EBITDA: ₹1,729 crore
- ✓ Net Debt to Equity: 1.72x and Net Debt to EBITDA: 5.32x

Key update

- ✓ Blast Furnace (BF-1) at Vijayanagar is under shutdown for relining and modification from 19th August, 2015
- ✓ Blast Furnace at Dolvi too went under shutdown for capacity expansion from 17th October, 2015

Agenda

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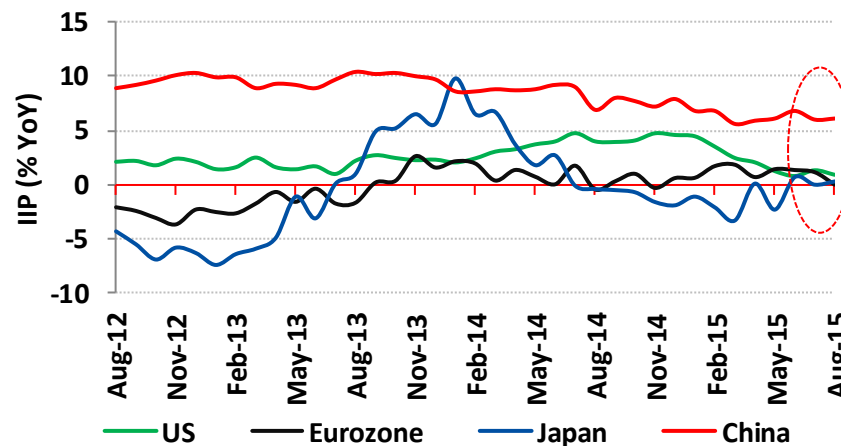
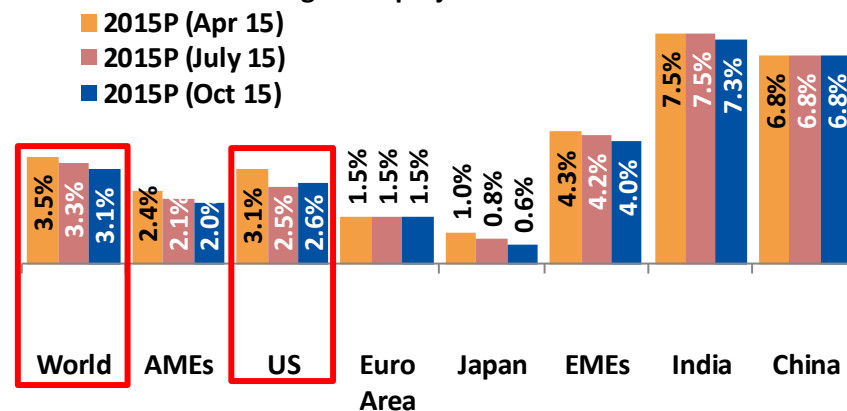
Financial
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Global economy

- Global growth expectations continue to be marked down, IMF revises 2015 global GDP growth to 3.1%.
- US continues to grow, consumer sentiment remains buoyant, however an adverse external environment is weighing on manufacturing and exports
- Europe growth outlook remains stable on the back of monetary stimulus and benign energy prices; recent data print still unaffected by spillover of weak emerging market economies
- Japan might need another stimulus for consistent recovery; subdued industrial activities and domestic consumption remain a concern
- China “new normal” mark yet to stabilize; spillover of financial market volatility into consumer sentiment yet to be seen, effectiveness of policy easing may be declining

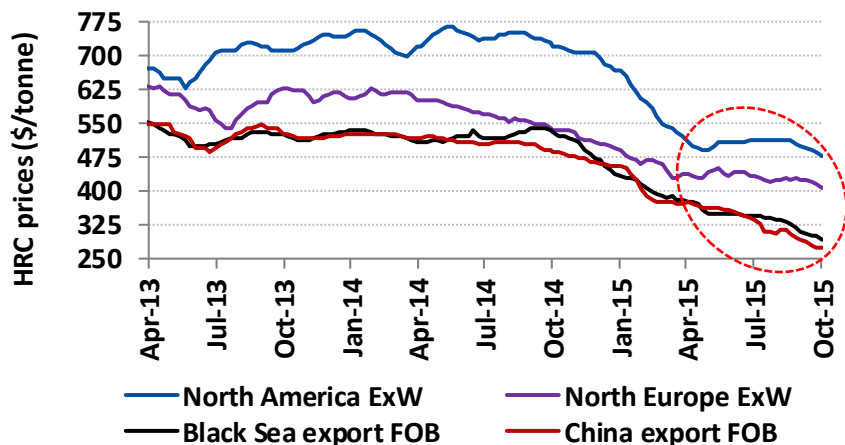
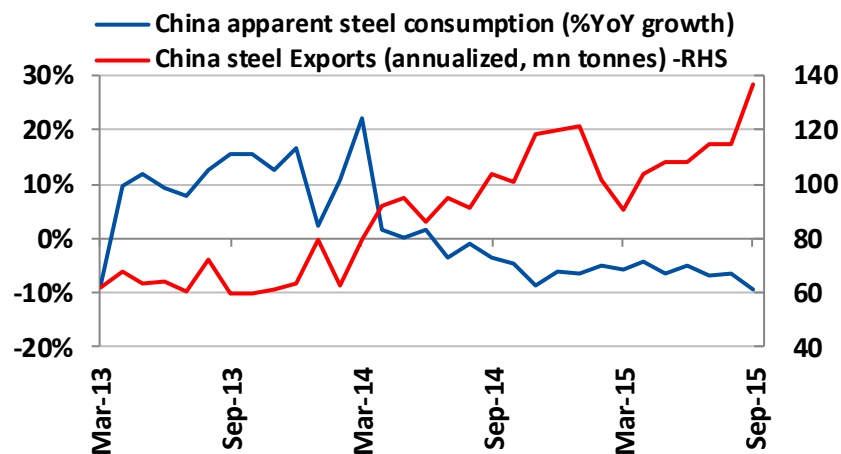
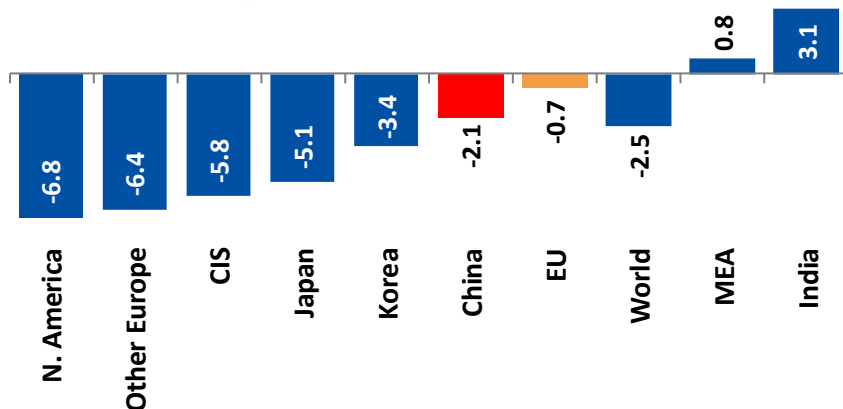
GDP growth projections for 2015



Global growth rate weighed down by emerging economies

Global steel scenario

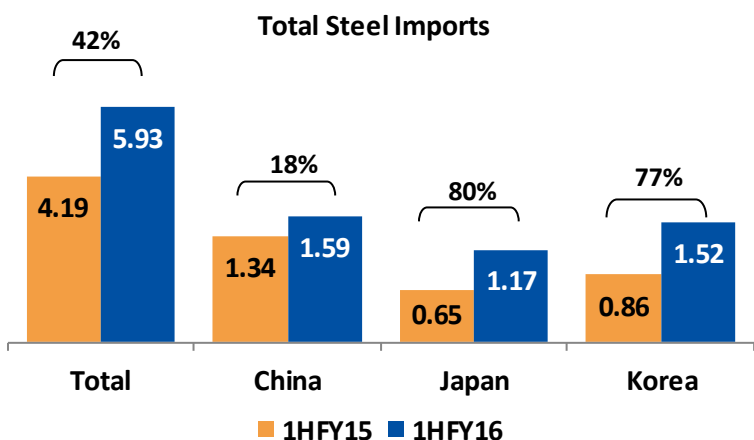
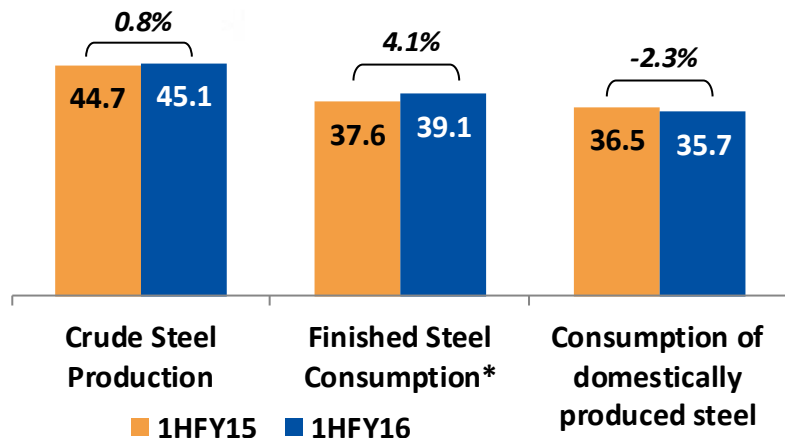
Global crude steel production - 9M CY15 (% YoY growth)



- World Crude Steel production in 9M CY15 fell by 2.5% – most regions continue to witness a decline
- Chinese steel exports continue to increase even at prices below marginal cost as domestic demand falls faster than production cuts – resulting in a global supply glut
- Regional HRC prices remain under pressure driven by surging exports from steel-surplus countries at predatory prices and declining demand

Rising exports at predatory prices to intensify trade remedial actions

Indian economy and steel industry



- Domestic steel industry continues to suffer from surge in imports – especially from China, Japan, and Korea; consumption of domestically produced steel fell by 2.3%YoY in 1HFY16 as total steel imports surged by 42%YoY
- 1HFY16 Finished steel exports fell by 26%YoY. Excess availability continue to dent market sentiments
- With restart of new mining capacities, domestic iron ore prices correct on the back of improving supply
- Activity levels shows an uptick, monetary easing supportive of growth; recent IP data print is encouraging, needs to sustain the momentum
- Public spending on a few infrastructure segments (highways, ports, power transmission, etc.) is picking up
- Increase in public spending and progress of policy reforms are key to kick-start the investment cycle

“Dumping” of steel a serious concern

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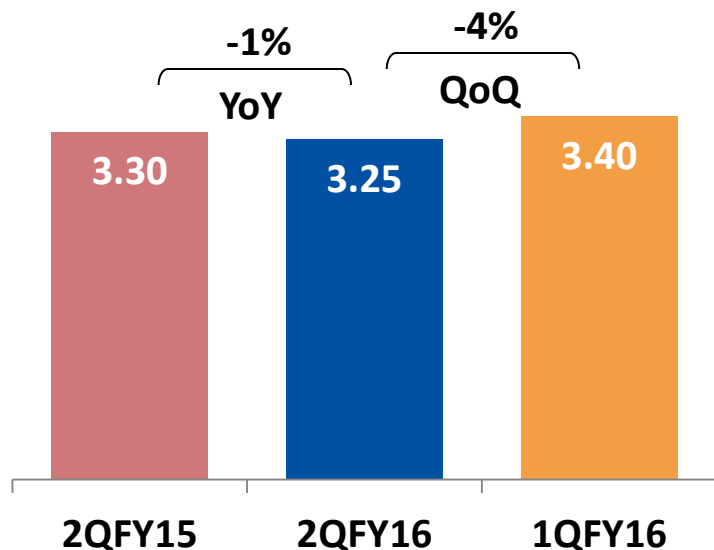
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Projects Update

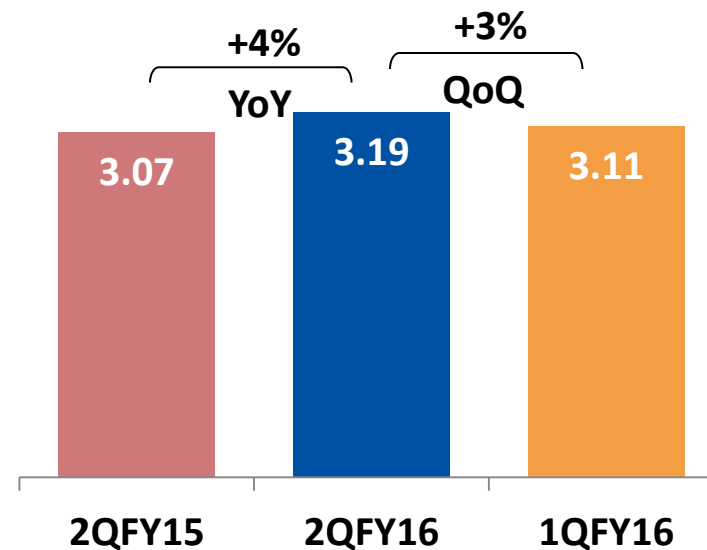
Quarterly volumes – standalone

Crude Steel Production



	2QFY15	2QFY16	1QFY16
Flat	2.61	2.57	2.50
Long	0.56	0.64	0.69

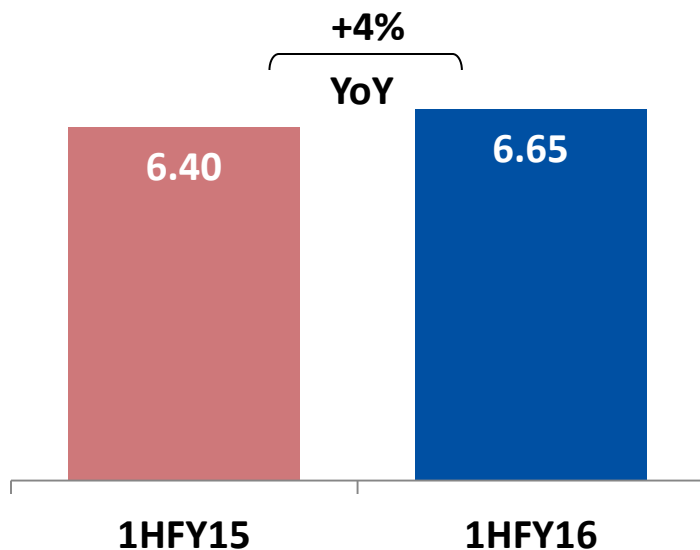
Saleable Steel Sales



	2QFY15	2QFY16	1QFY16
Flat	2.47	2.50	2.40
Long	0.48	0.65	0.62
Semis	0.12	0.03	0.08

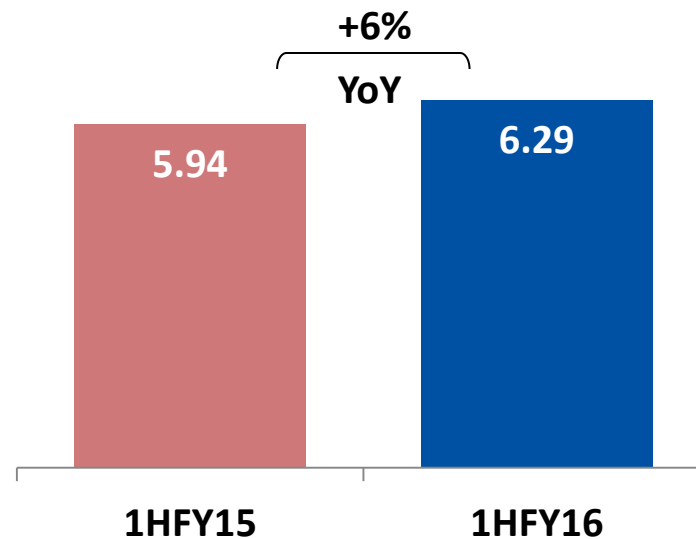
Half yearly volumes – standalone

Crude Steel Production



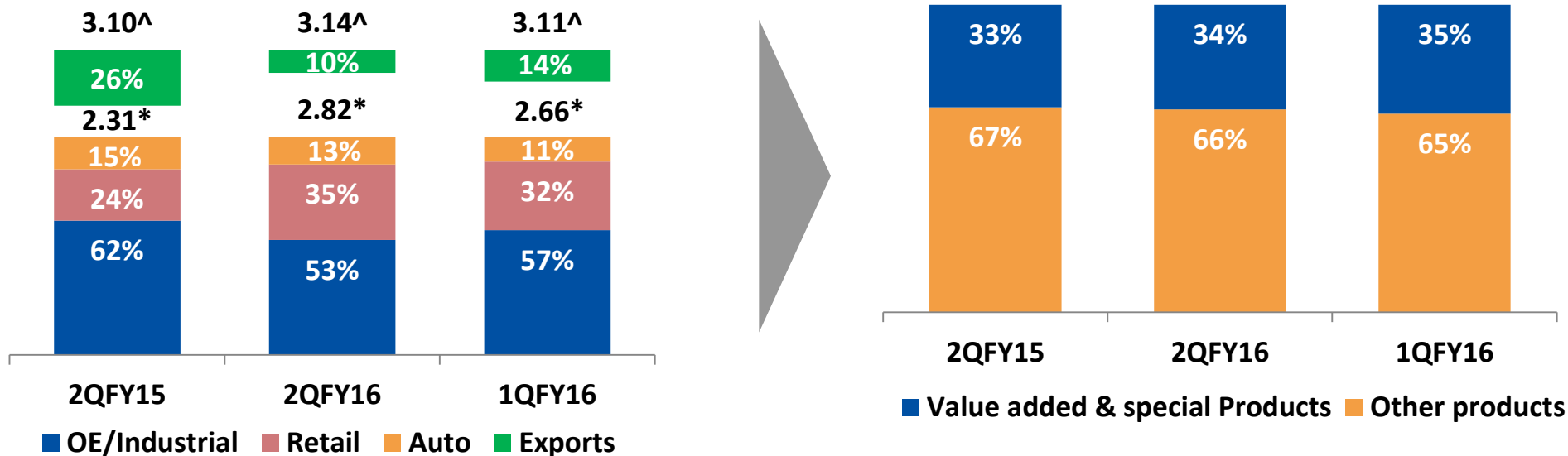
	1HFY15	1HFY16
Flat	5.05	5.07
Long	1.08	1.33

Saleable Steel Sales



	1HFY15	1HFY16
Flat	4.79	4.91
Long	0.96	1.28
Semis	0.20	0.11

Quarterly sales highlights – consolidated



- ✓ Highest ever quarterly domestic sales of 2.82 million tonnes – grew by 22%YoY
- ✓ Exports strategically moderated to 10% of total sales as planned, and yet mix improved with higher sales of value added products
- ✓ Retail sales grew 80%YoY, OE/Industrial sales grew 5%YoY, Auto sales grew 4%

Quarterly retail sales highlights – consolidated

Brand building activities



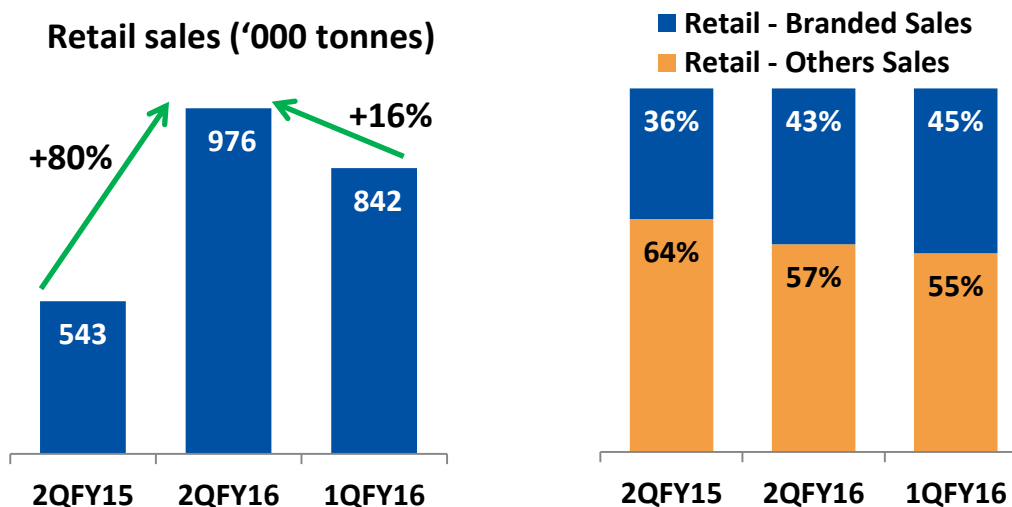
- 360° Brand campaign of NeoSteel
- ECP launched for all Branded products
- Improved brand positioning

Network expansion and Influencer programme



- Retailer network of 4,700
- Retail footprints across 495 districts
- 3,300+ influencer/retailers engaged
- 117 influencer meets and 6 plant visits

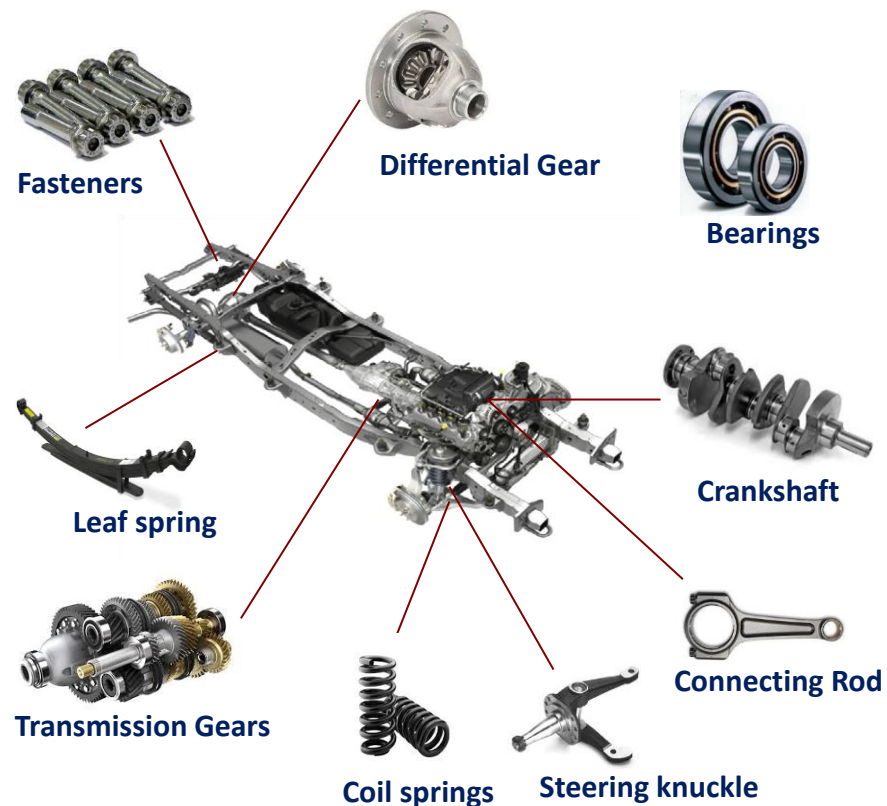
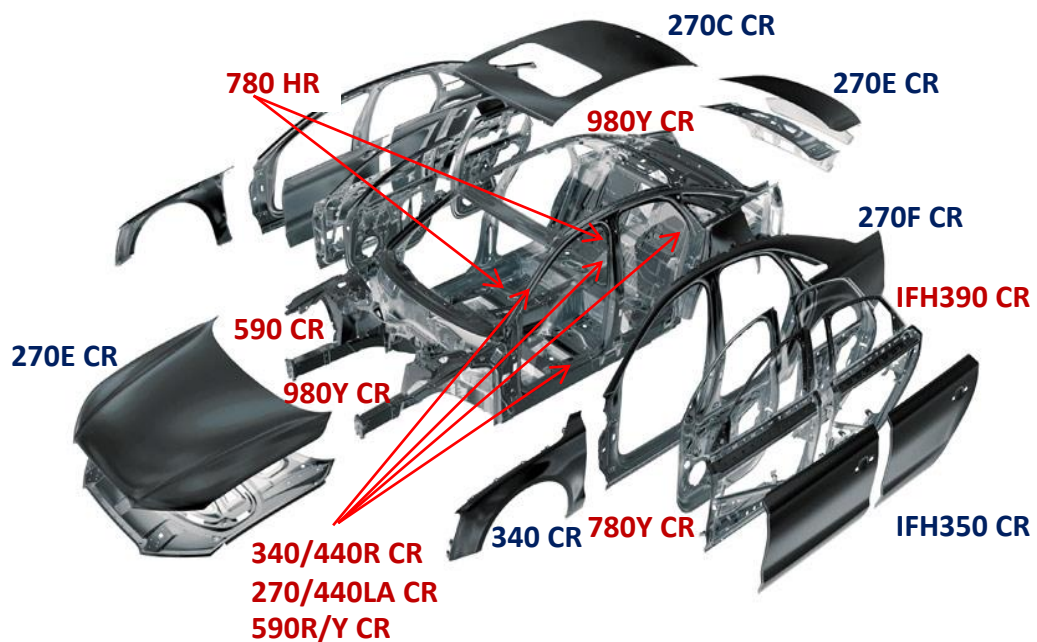
Retail sales ('000 tonnes)



- ✓ Branded steel product's sale grew 115% YoY and 10% QoQ
- ✓ TMT sale grew 195%YoY and 33%QoQ – Individual residential, real estate, commercial and industrial projects were major contributors
- ✓ CRCA sales grew 108%YoY and 22%QoQ – Auto and general engineering sectors were major contributors

Retail sales grew by 80%YoY and 16%QoQ

Widening capability of high-value auto grade steel



- Cold formable steel grades
- High strength steel grades (HSS/AHSS)

New product development/approvals in 2QFY16

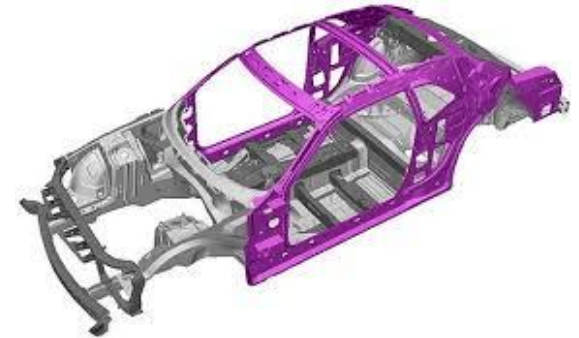
Steel Type: EDD Grade CRC
End use: Roof panel of SUV



Steel Type: IF Grade Galvaneal
End use: Fuel Tank of Two wheeler



Steel Type: AHSS 590/780/ 980 CRC/GA
End use: Structural Components of Passenger Car



Steel Type: SAE Grade Micro-Alloyed Steel Round
End use: Differential Gear Casing



Steel Type: Ferritic Bainitic 600 Grade HR
End use: Reinforcement brackets of Passenger Car



Steel Type: Electrical Steel- CRNO
End use: Motor stampings





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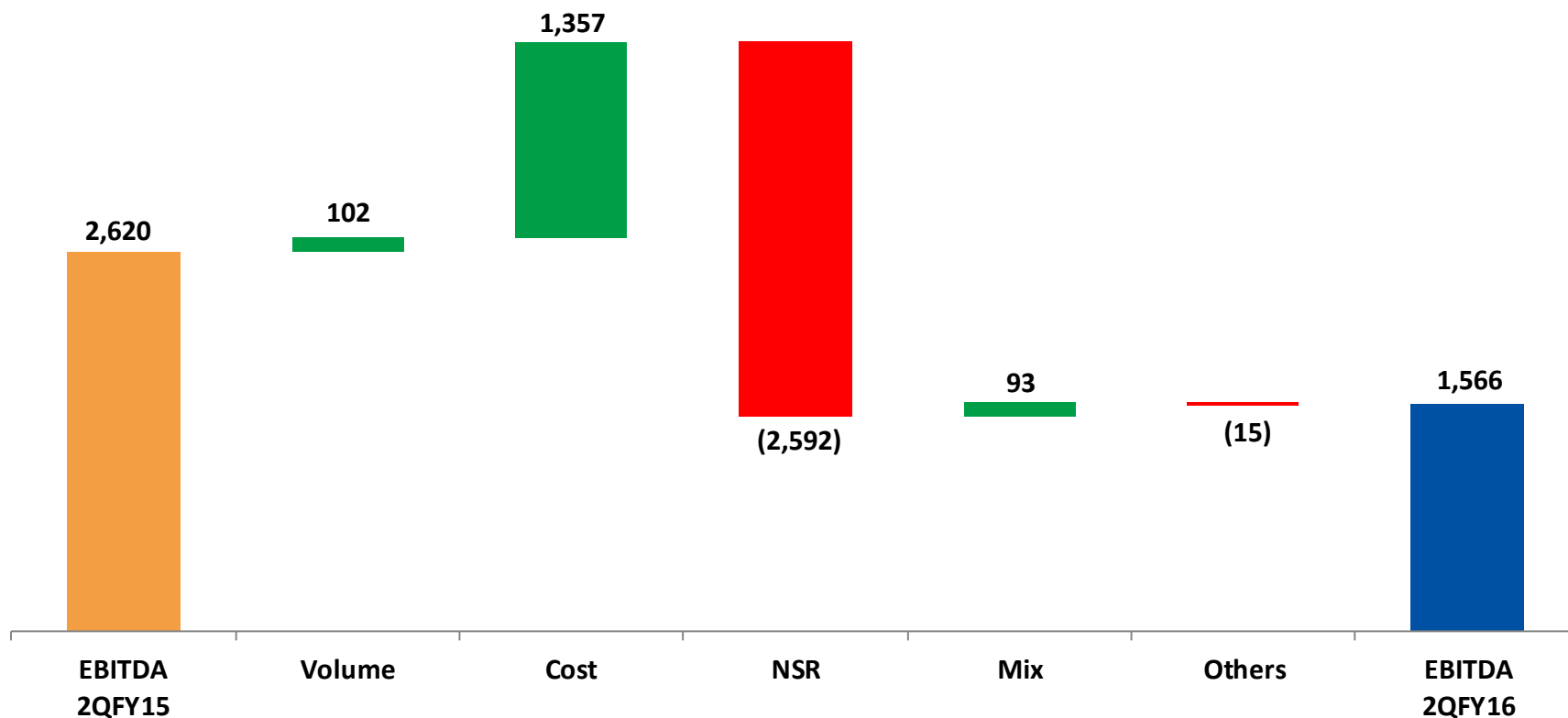
Financials – standalone

₹ crore

Particulars	2QFY16	2QFY15	1HFY16	1HFY15
Gross Turnover	10,780	12,996	21,847	25,397
Net Sales	9,653	11,886	19,634	23,256
Operating EBITDA	1,566	2,620	3,070	5,081
Other Income	106	119	198	217
Finance Cost	675	720	1,328	1,443
Depreciation	510	699	1,262	1,363
Exceptional Items	116	190	262	190
Profit Before Tax	371	1,131	417	2,303
Tax	130	369	145	740
Profit after Tax	241	762	272	1,563

Operating EBITDA movement – standalone

₹ crore



Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	2QFY16	2QFY15	1HFY16	1HFY15
Production*	0.36	0.41	0.75	0.81
Sales	0.37	0.41	0.77	0.81

₹ crore

Key P&L data	2QFY16	2QFY15	1HFY16	1HFY15
Turnover	1,927	2,537	4,059	5,042
Operating EBITDA	102	108	212	203
Profit after Tax	22	11	48	18

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	2QFY16	2QFY15	1HFY16	1HFY15
Plate Mill	58,312	1,02,748	1,16,430	2,05,442
Utilization (%)	25%	40%	24%	41%
Pipe Mill	16,043	11,752	29,584	19,882
Utilization (%)	12%	9%	11%	7%

Sales (net tonnes)	2QFY16	2QFY15	1HFY16	1HFY15
Plate Mill	41,947	86,084	90,023	1,81,590
Pipe Mill	17,597	16,641	34,754	25,870

USD mn

Key P&L data	2QFY16	2QFY15	1HFY16	1HFY15
Turnover	53.41	94.45	105.88	187.91
EBITDA + Other Income	(3.09)	2.54	(12.49)	6.56
Profit after Tax	(19.25)	(12.71)	(44.72)	(23.10)

Operational performance – Chile

USD mn

Particulars	2QFY16	2QFY15	1HFY16	1HFY15
Production (Tonnes)	-	2,24,387	83,774	4,45,123
Sales (Tonnes)	-	2,21,025	1,60,667	5,46,547
Turnover	-	18.24	8.60	50.31
Operating EBITDA	(0.48)	(1.76)	0.20	(2.11)
Profit after Tax	(1.37)	(2.70)	(3.29)	(5.81)

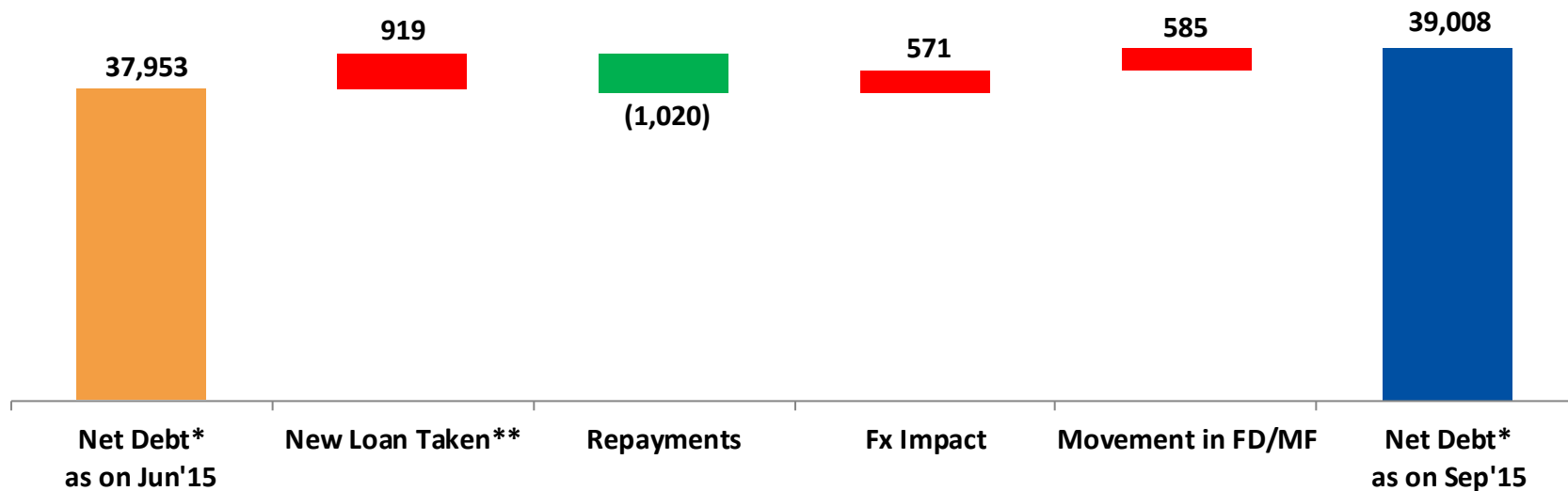
Financials – consolidated

₹ crore

Particulars	2QFY16	2QFY15	1HFY16	1HFY15
Gross Turnover	11,928	14,859	24,484	29,012
Net Sales	10,743	13,692	22,125	26,759
Operating EBITDA	1,729	2,812	3,357	5,424
Other Income	39	26	65	80
Finance Cost	836	855	1,659	1,699
Depreciation	682	851	1,621	1,646
Exceptional Items	1	21	2	21
Profit Before Tax	248	1,112	140	2,138
Tax	142	374	159	756
Share of Associates and Minority Interest	11	11	29	23
Profit after Tax	117	749	10	1,405

Net debt movement – consolidated

₹ crore



Particulars	30.09.2015	30.06.2015
Cash & cash equivalent (₹ crore)	1,378	1,963
Net Debt/Equity (x)	1.72	1.66
Net Debt/EBITDA (x)	5.32	4.51



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Projects' update

Blast Furnace -1 reconstruction at Vijayanagar: expected to be commissioned in 2HFY16



Pre-fabricated furnace shells



Work inside a pre-fabricated furnace shell



Tuyere hole cutting in a pre-fabricated furnace shell



Blower equipment installation

Projects' update contd. ...

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



Refractory work inside a stove



Furnace shell fabrication

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



Structural erection



Structural work

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