

T H E W I L L

T O W I N



**JSW Steel Limited**

**Q2 FY 2017-18 Results Presentation**

October 31, 2017

## Key highlights – Q2 FY18

### Standalone performance

- ✓ Crude Steel production: 3.94 million tonnes
- ✓ Saleable Steel sales: 3.92 million tonnes
- ✓ Quarterly Operating EBITDA : ₹2,927 crores
- ✓ Quarterly PAT : ₹845 crores
- ✓ Net Debt to Equity: 1.62x and Net Debt to EBITDA: 3.66x

### Consolidated performance

- ✓ Highest ever quarterly Saleable Steel sales: 3.96 million tonnes
- ✓ Quarterly Operating EBITDA ₹3,036 crore and PAT ₹836 crores
- ✓ Net Debt to Equity: 1.87x and Net Debt to EBITDA: 3.67x

A decorative graphic in the top left corner, featuring a blue and white swoosh with a red outline, resembling a stylized flame or a wing.

# Agenda

---

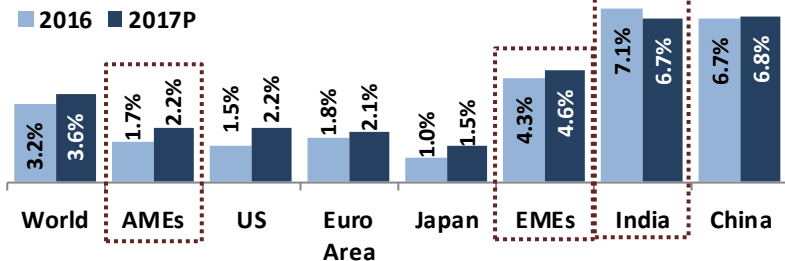
Business Environment

Operational Performance

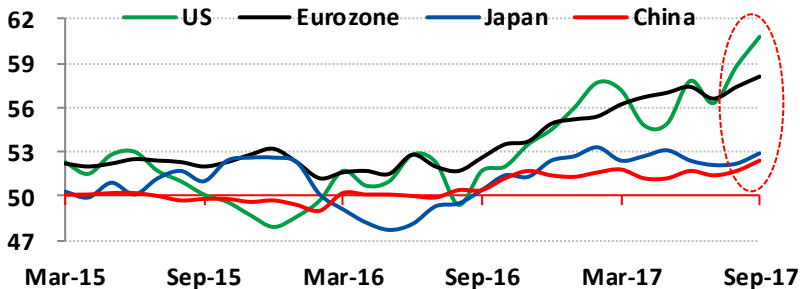
Financial Performance

# Global economy

GDP growth - IMF projections for 2016 and 2017 (%YoY)



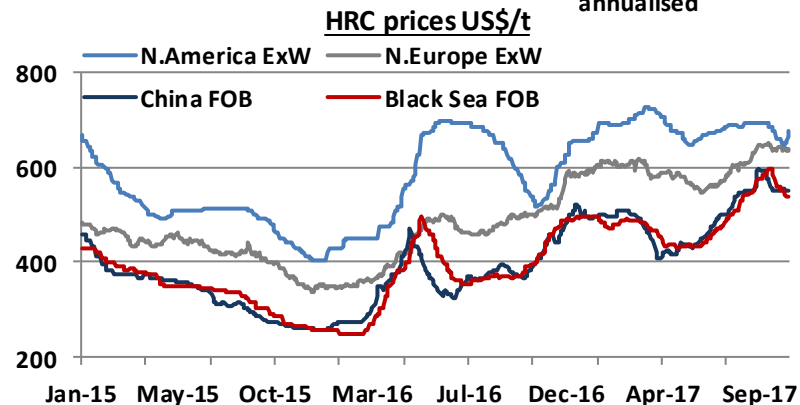
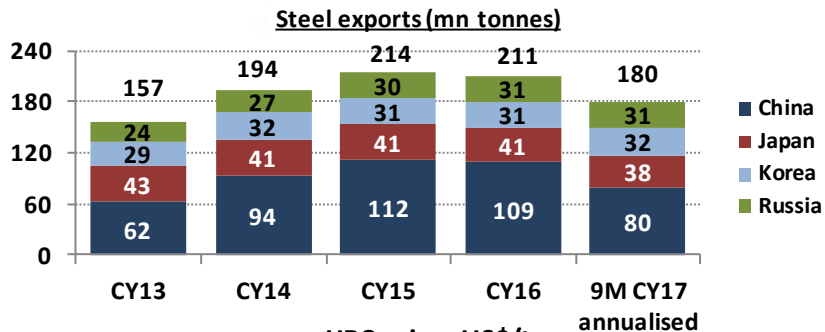
Manufacturing PMI



- Global growth outlook remains positive over the near term as economic indicators across regions point towards accelerating momentum.
- US growth remains firmly on course with strong business and consumer confidence, supported by accommodative financial conditions
- Recovery for the Euro area continues with steady domestic demand and higher exports amidst expansionary monetary policy, and lower political risk and policy uncertainty
- Outlook for Japan is improving with strengthening global demand and supportive fiscal stance
- Economic growth in China has been strong with high public investments and the momentum is expected to continue with robust domestic demand

Global growth momentum is broad based and remains buoyant

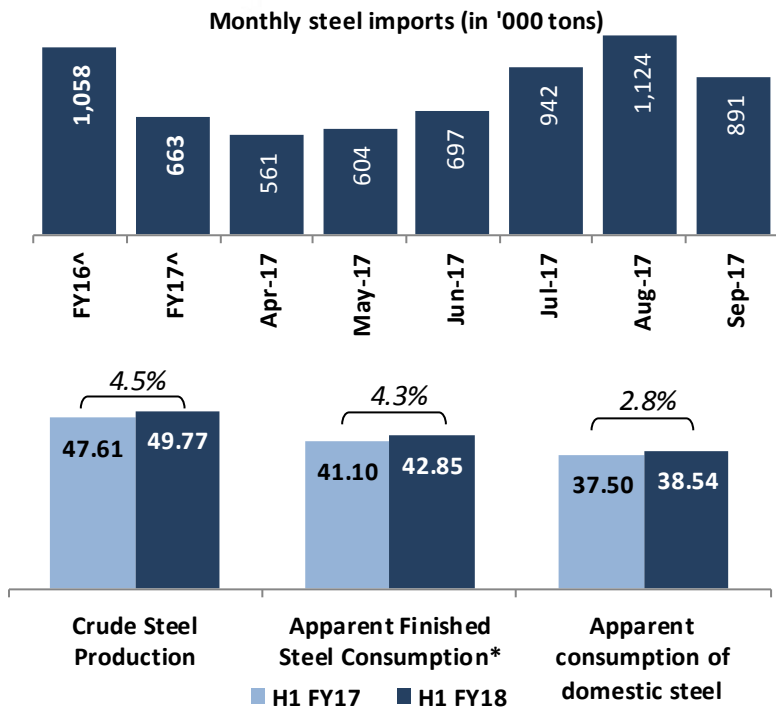
# Global steel scenario



- WSA expects world steel demand to grow at 2.8%\* in 2017 - more than double of the growth rate expected at the beginning of the year
- Steel exports from China has reduced further in the last quarter with closure of inefficient production facilities and continued strong domestic demand
- Exports from Japan reduced slightly with stronger domestic demand but Korean exports continue to remain at elevated levels with weakness in the domestic market
- Steel prices have strengthened with improved demand outlook, production discipline and support from raw material prices

**Global steel prices are supported by improving demand and steady raw material prices**

# Indian economy and steel industry



- Steel imports have increased sharply in the last quarter displacing domestic volumes. Q2FY18 imports run rate was ~12mt (up by 59% QoQ). Imports from Korea, China and Japan continue to be ~70% of total imports.
- A surge in imports of flat products in Q2 met almost the entire Q/Q growth in flat products consumption in Q2FY18
- Rising imports of defective material and import of substandard products under the garb of prime products, especially in the coated segment is alarming
- Crude steel production increased by 4.5%YoY in H1FY18, while apparent finished steel consumption grew by 4.3%YoY. However, consumption of domestic steel increased only by 2.8%YoY.
- Steel demand is expected to improve further with government focus on infrastructure build up like roads, DFC, water & gas pipelines, metro, irrigation projects, solar energy, power T&D etc. Bank recapitalisation will pave way for an uptick in credit growth and possible restart of the investment cycle.

**Rising imports despite trade measures need immediate intervention**

A decorative graphic in the top left corner consists of several overlapping, curved shapes in shades of blue and white, resembling a stylized flame or a modern architectural element.

# Agenda

---

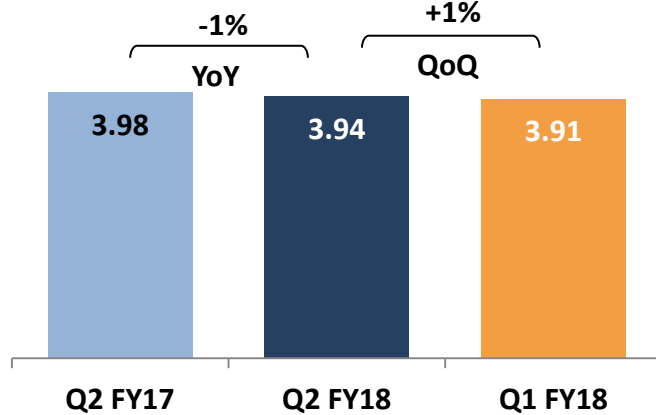
Business Environment

Operational Performance

Financial Performance

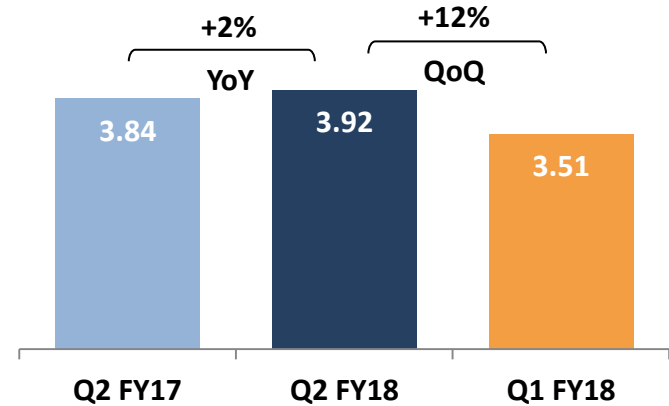
## Quarterly volumes – standalone

Crude Steel Production



	Q2 FY17	Q2 FY18	Q1 FY18
Flat	2.86	2.89	2.76
Long	0.79	0.77	0.83

Steel Sales

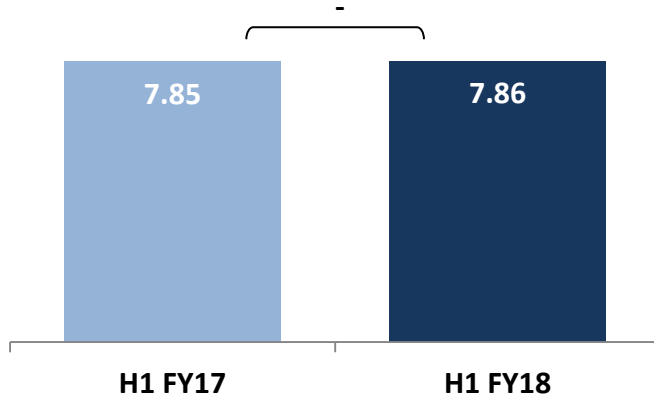


	Q2 FY17	Q2 FY18	Q1 FY18
Flat	2.80	2.83	2.57
Long	0.81	0.86	0.75
Semis	0.23	0.24	0.18



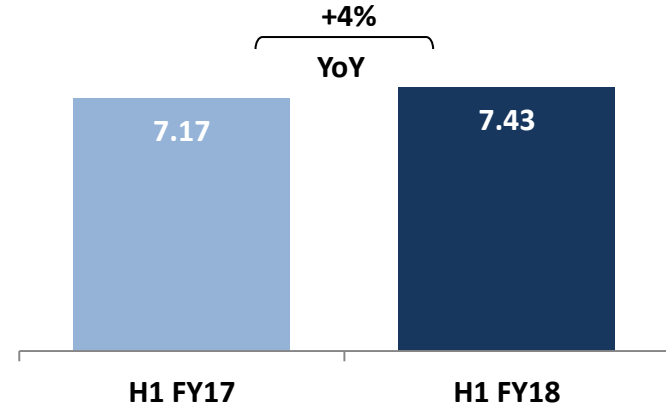
# Half yearly volumes – standalone

Crude Steel Production



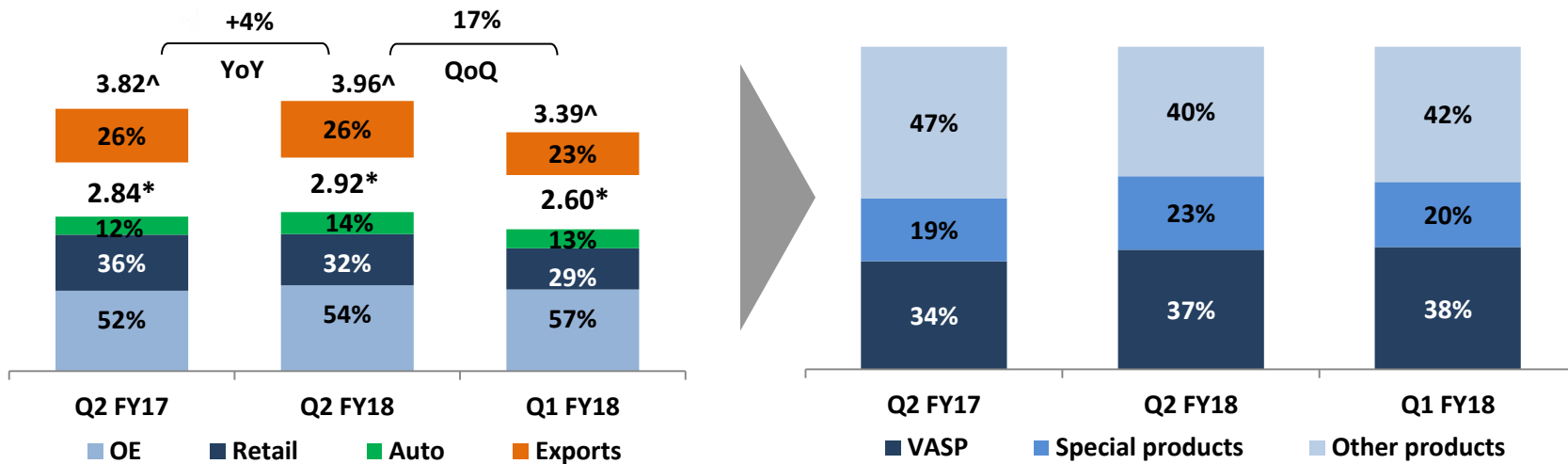
	H1 FY17	H1 FY18
Flat	5.60	5.65
Long	1.64	1.61

Saleable Steel Sales



	H1 FY17	H1 FY18
Flat	5.28	5.40
Long	1.55	1.61
Semis	0.35	0.42

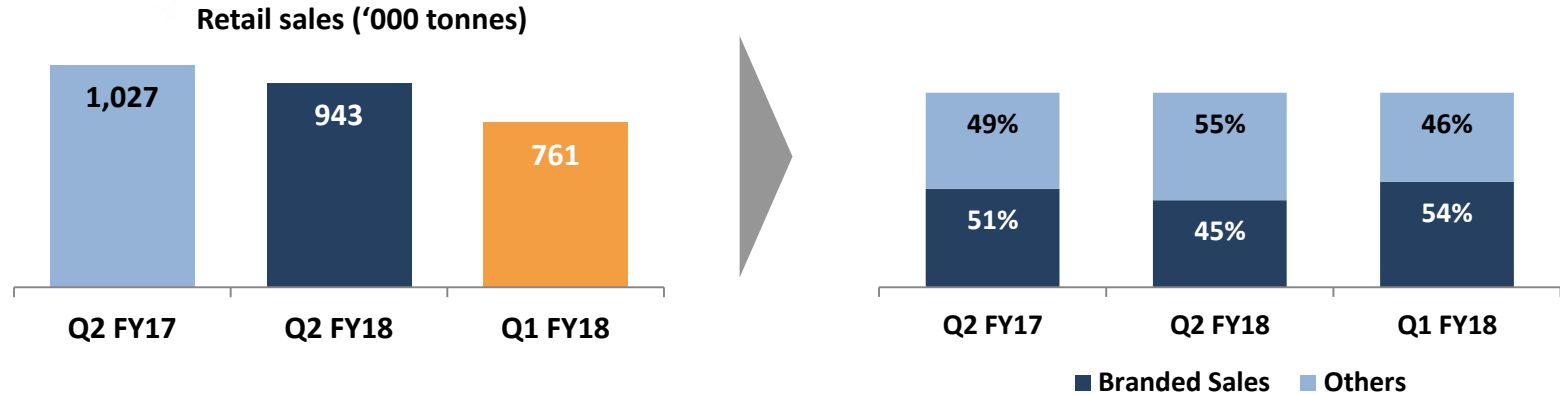
## Quarterly sales highlights – consolidated



- ✓ Overall sales grew 4%YoY
- ✓ Overall Value added & special products (VASP) and Special products sales grew by 17%YoY –
  - CRCA sales grew 11%, Galvanised sales grew 9%, Colour Coated sales grew 30% and Electrical Steel sales grew 30%
  - 22% growth in sales to Automotive customers, 71% growth in sales to Appliance segment, and 67% growth in sales to the Solar segment

### Focused efforts towards value added & special products sales

## Retail segment highlights for Q2 FY18



- ✓ Retail sales improved by 24% QoQ as the effects of GST rollout on channel demand is stabilising
- ✓ Added 447 new Retailers and 20 new Distributors to the network – JSW now has footprints across 575 districts with over 8,500 exclusive and non-exclusive retail outlets
- ✓ Engaged with 7500+ influencers through 744+ meets

## New Product/Grade approvals in Q2 FY18

SPCE /IF grade (CR)



Oil Pan

SPFC 490 (CR)



Muffler Part

650MC (HR)



ATM cash cabinet

SPCC (CR)



Barrels for petrochemicals

DX 51D (Coated)



Ceiling Electrical Panel

A decorative graphic in the top left corner, featuring a blue and white swoosh with a red outline.

# Agenda

---

Business Environment

Operational Performance

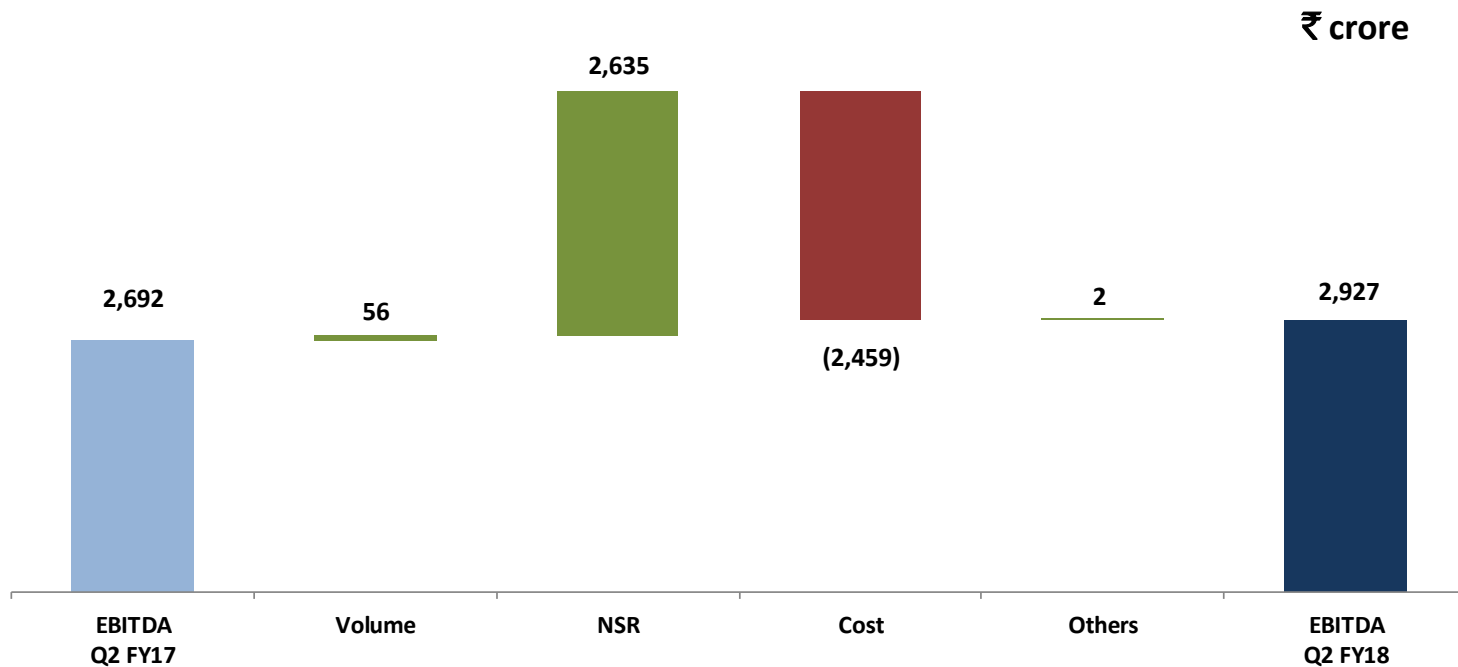
Financial Performance

## Financials – standalone

₹ crore

Particulars	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Revenue from operations	14,956	13,357	30,052	25,378
Operating EBITDA	2,927	2,692	5,125	5,778
Other Income	49	53	97	96
Finance Cost	919	916	1,826	1,779
Depreciation	772	763	1,504	1,493
Profit Before Tax	1,285	1,066	1,892	2,602
Tax	440	395	628	848
Profit after Tax	845	671	1,264	1,754
Diluted EPS (₹)*	3.50	2.78	5.23	7.26

## Operating EBITDA movement – standalone



## Operational performance – JSW Steel Coated Products

Million tonnes

Volumes	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Production	<b>0.43</b>	0.45	<b>0.87</b>	0.86
Sales	<b>0.56</b>	0.44	<b>1.04</b>	0.84

₹ crore

Key P&L data	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Revenue from Operations	<b>3,416</b>	2,389	<b>6,486</b>	4,583
Operating EBITDA	<b>141</b>	167	<b>346</b>	326
Profit after Tax	<b>53</b>	79	<b>170</b>	153



## Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Plate Mill	52,315	48,787	1,17,806	86,646
Utilization (%)	22%	20%	25%	18%
Pipe Mill	11,488	12,249	23,050	16,847
Utilization (%)	8%	9%	8%	6%

Sales (net tonnes)	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Plate Mill	49,226	30,925	1,01,635	58,468
Pipe Mill	11,822	12,564	23,815	18,182

USD mn

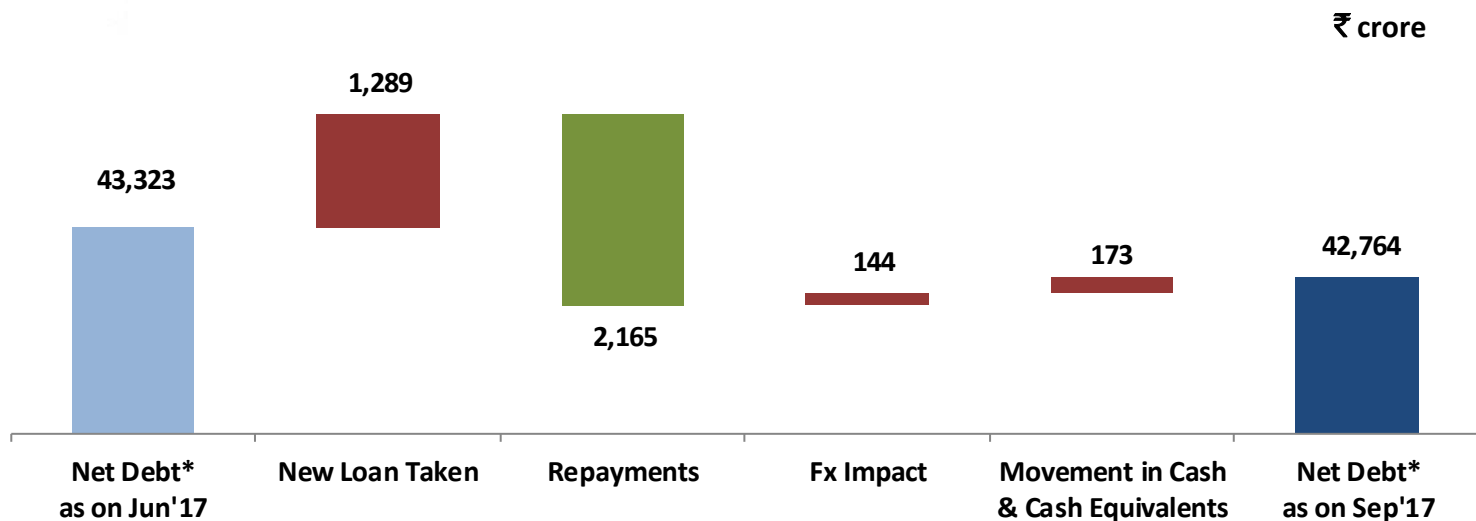
Key P&L data	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Revenue from Operations	54.24	37.31	112.91	62.57
EBITDA	1.00	0.22	6.10	(5.23)

## Financials – consolidated

₹ crore

Particulars	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17
Revenue from operations	<b>16,818</b>	14,421	<b>32,795</b>	27,307
Operating EBITDA	<b>3,036</b>	2,933	<b>5,653</b>	6,189
Other Income	<b>39</b>	30	<b>80</b>	63
Finance Cost	<b>950</b>	964	<b>1,895</b>	1,900
Depreciation	<b>851</b>	867	<b>1,670</b>	1,684
Profit Before Tax	<b>1,274</b>	1,132	<b>2,168</b>	2,668
Tax	<b>445</b>	473	<b>729</b>	924
Share of Associates and Joint Ventures	<b>7</b>	(12)	<b>21</b>	(1)
Profit after Tax	<b>836</b>	647	<b>1,460</b>	1,743
Diluted EPS (₹)*	<b>3.47</b>	3.01	<b>6.06</b>	7.59

## Net debt movement – consolidated



Particulars	30.09.2017	30.06.2017
Cash & cash equivalent (₹ crore)	1,163	1,336
Net Debt/Equity (x)	1.87	1.97
Net Debt/EBITDA (x)	3.67	3.76

## Project updates

**Pipe conveyor at Vijayanagar  
(expected commissioning: May 2018)**



**Kiln refractory at Dolvi  
(expected commissioning: March 2020)**



**CAL furnace erection for Tinplate at Tarapur  
(expected commissioning: June 2018)**



**BF#2 reinforcement work at Dolvi  
(expected commissioning: March 2020)**



A decorative graphic in the top left corner features a blue and white swoosh that curves upwards and to the right, with a red line following its path.

## 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**