

#BetterEveryday



JSW Steel Limited
Q4 FY 2017-18 Results Presentation
May 16, 2018



FY 2017–18 : All round robust performance



- ❖ Capacity utilisation of ~ 91%, highest ever Production, Shipment, Revenue, EBITDA, Profits driving > 16% ROCE
- ❖ Met volume guidance despite 1H headwinds of water shortage, constrained iron ore supply and inventory destock post GST roll out
- ❖ Optimised mix and sourcing of key inputs like iron ore and coal to weather a volatile pricing environment
- ❖ Captive iron ore mines commenced operations
- ❖ Encouraging progress on key strategic initiatives like digitalisation and logistics optimisation
- ❖ Increased domestic market share with a strategic focus on increasing volumes in key segments like auto and appliances
- ❖ Sales of Value Added & Special Products grew 13% YoY
- ❖ US Plate & Pipe Mill registered higher utilisation and EBITDA turnaround
- ❖ Strong cash flow generation and disciplined capital allocation drove improvement in leverage profile and credit rating
- ❖ Selectively pursued low cost and returns accretive inorganic opportunities – in India as well as overseas

Key highlights – Q4 FY18



Standalone performance

- ✓ Highest ever Crude Steel production: 4.31 million tonnes, up by 5% YoY
- ✓ Highest ever Saleable Steel Sales: 4.22 million tonnes, up by 7% YOY
- ✓ Highest ever Operating EBITDA : ₹ 5,043 crores, up by 68% YoY
- ✓ Highest ever PAT : ₹ 2,235 crores, up by 123% YoY
- ✓ Net Debt to Equity: 1.27x and Net Debt to EBITDA: 2.59x

Consolidated performance

- ✓ Highest ever Saleable Steel Sales: 4.18 million tonnes, up 6% YoY
- ✓ Highest ever Operating EBITDA : ₹ 5,290 crores and PAT : ₹ 2,879 crores
- ✓ Net Debt to Equity: 1.38x and Net Debt to EBITDA: 2.57x



Agenda



Business
Environment

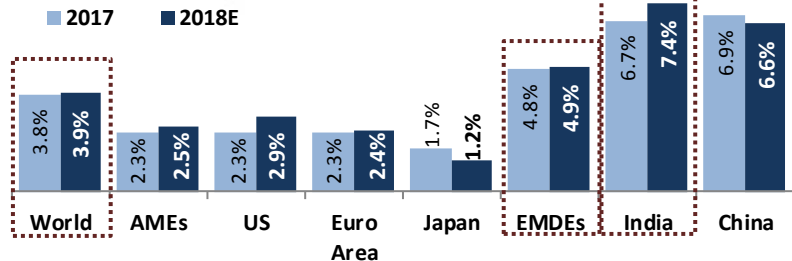
Operational
Performance

Financial
Performance

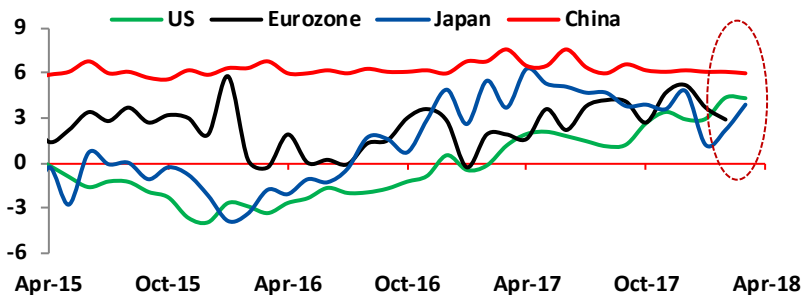
Guidance
&
Appendix

Global economy

GDP growth - 2017 and 2018 (%YoY)



Index of Industrial Production (% YoY)

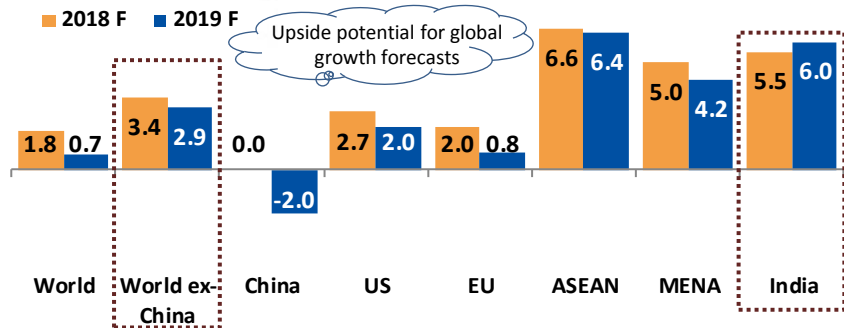


- Global growth outlook has improved in the near term with broad based recovery across regions
- Positive momentum in the US continues with policy support, focus on manufacturing, robust employment growth and strong consumer confidence
- Euro area is stabilising at a higher level with strong domestic demand, a supportive monetary policy and robust trade
- Japan's growth is expected to be supported by stronger exports, rising investments and budgetary support
- China's growth rate is expected to soften as the rebalancing away from investment to private consumption and from industry to services continue in an orderly fashion
- Commodity exporting countries are expected to witness an improvement with a surge in commodity prices

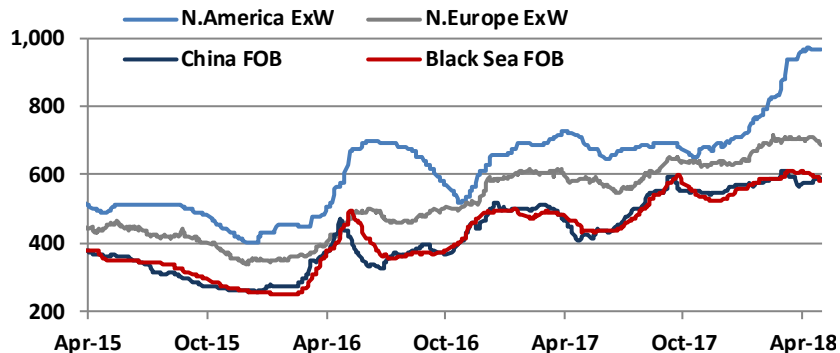
Global growth outlook remains constructive with broad based improvement across regions

Global steel scenario

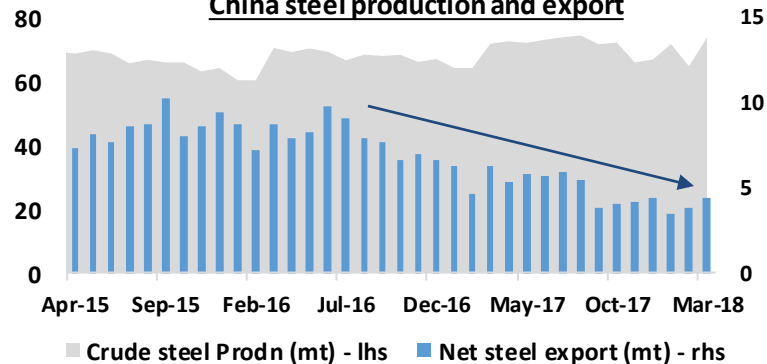
Global finished steel demand growth estimates (%YoY)



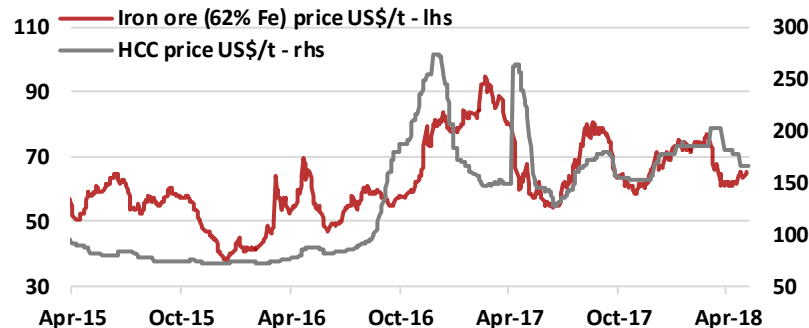
HRC prices US\$/t



China steel production and export



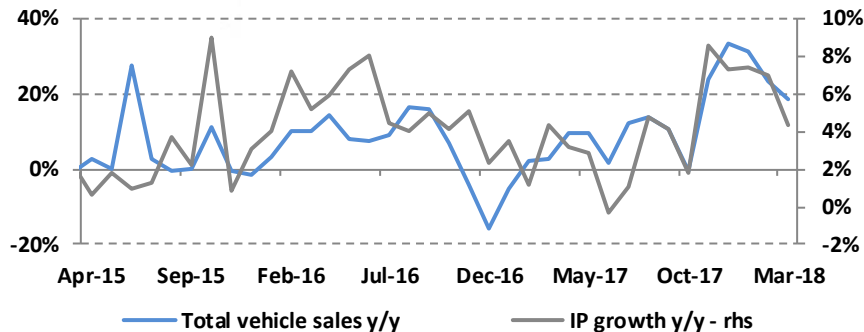
Raw material price trend



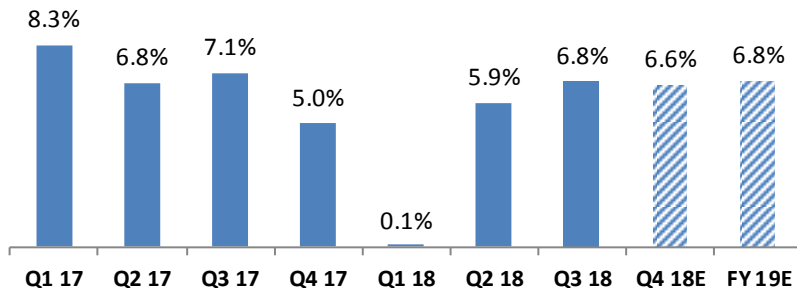
With steady demand growth across regions, global steel prices remain buoyant

Indian economy

Vehicle sales and Industrial production remain steady



Industry (GVA) Growth y/y

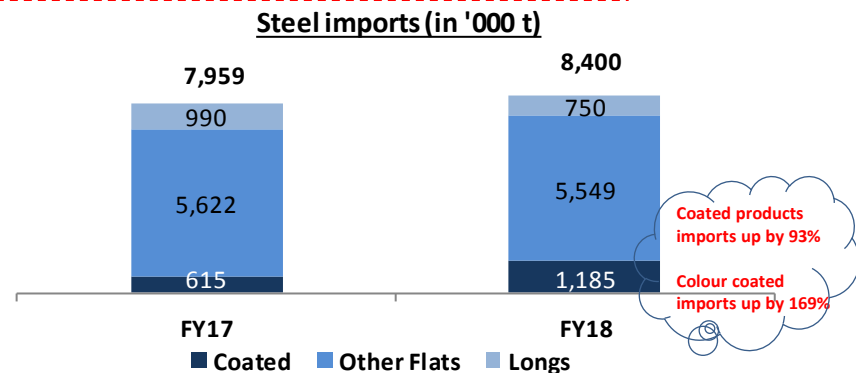
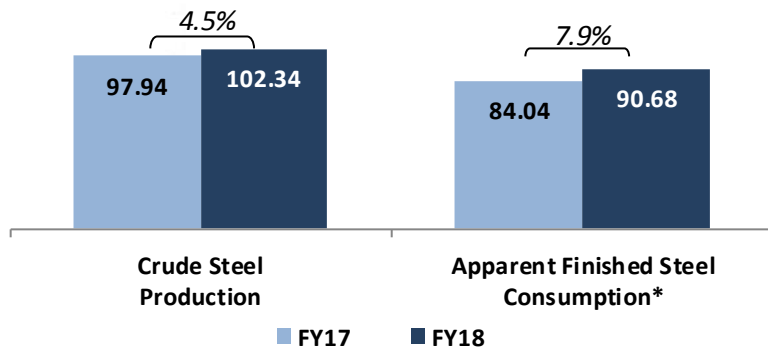


- Vehicle sales remain robust while industrial production growth has been positive. Manufacturing PMI remains in the expansionary zone.
- As effects of demonetisation and GST slowly fade away, domestic growth outlook is improving. Structural reforms are expected to increase productivity and incentivise investments.
- Gross fixed capital (GFC) formation continues to grow with a rise in government spending on infrastructure
- Inflation has been creeping up with higher commodity prices and robust domestic demand. As a result, rates cycle has an upward bias.
- Surging crude oil prices pose a risk to domestic inflation and Indian currency in the near term

Indian economy poised to grow around 7.4% in FY2019

Source: CSO, Bloomberg, SIAM

Indian steel industry



- Steel demand grew at a healthy rate of 8% in Q4FY18. Steel consumption growth momentum likely to be supported by government push for infrastructure projects and strengthening consumer demand.
- Imports of steel in FY18 remained elevated, indicating that trade measures in place are ineffective. Flat products imports went up by 8% in FY18 – with imports of coated products surging by 93% and of colour coated products increasing by 169%.
- Imports from Korea and Japan increased by 13% YoY in FY18 and constituted ~45% of total imports
- With imposition of Sec 232 in US and rising trade measures in other regions, there is a likelihood of surplus steel tonnages finding their way into India – necessitating imposition of effective trade remedial measures in a timely manner

Domestic steel demand likely to grow by 7% – 7.5% in FY2019



Agenda



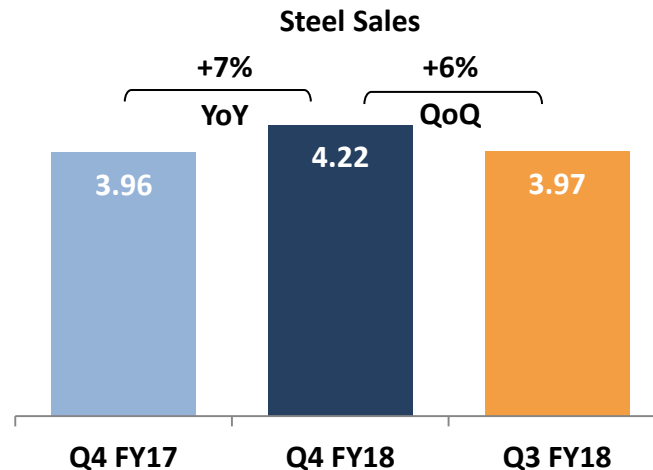
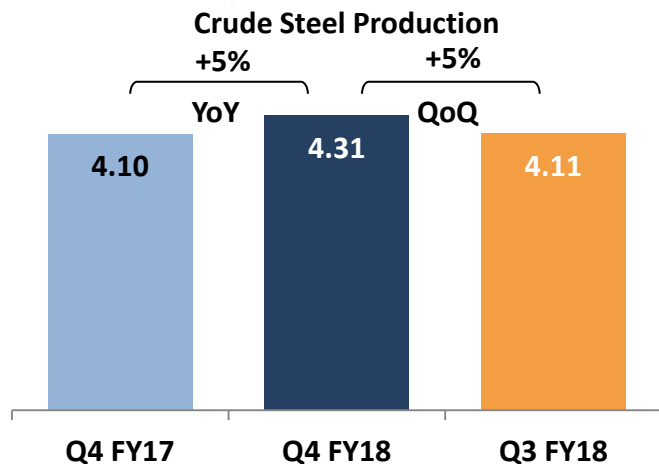
Business
Environment

Operational
Performance

Financial
Performance

Guidance
&
Appendix

Quarterly volumes – standalone

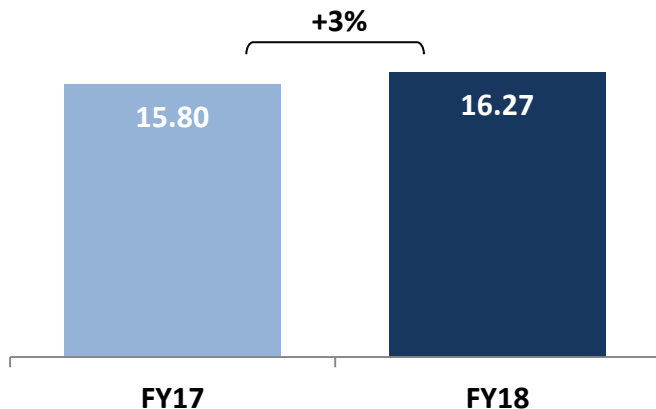


	Q4 FY17	Q4 FY18	Q3 FY18
Flat	2.98	2.98	2.81
Long	0.82	1.07	0.88

	Q4 FY17	Q4 FY18	Q3 FY18
Flat	2.90	2.97	2.80
Long	0.78	1.04	0.90
Semis	0.27	0.21	0.27

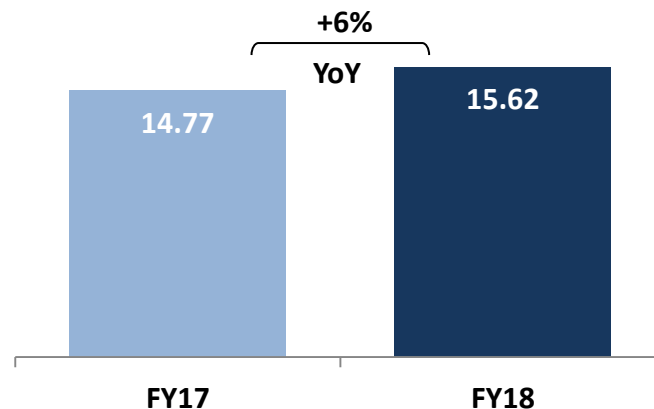
Full year volumes – standalone

Crude Steel Production



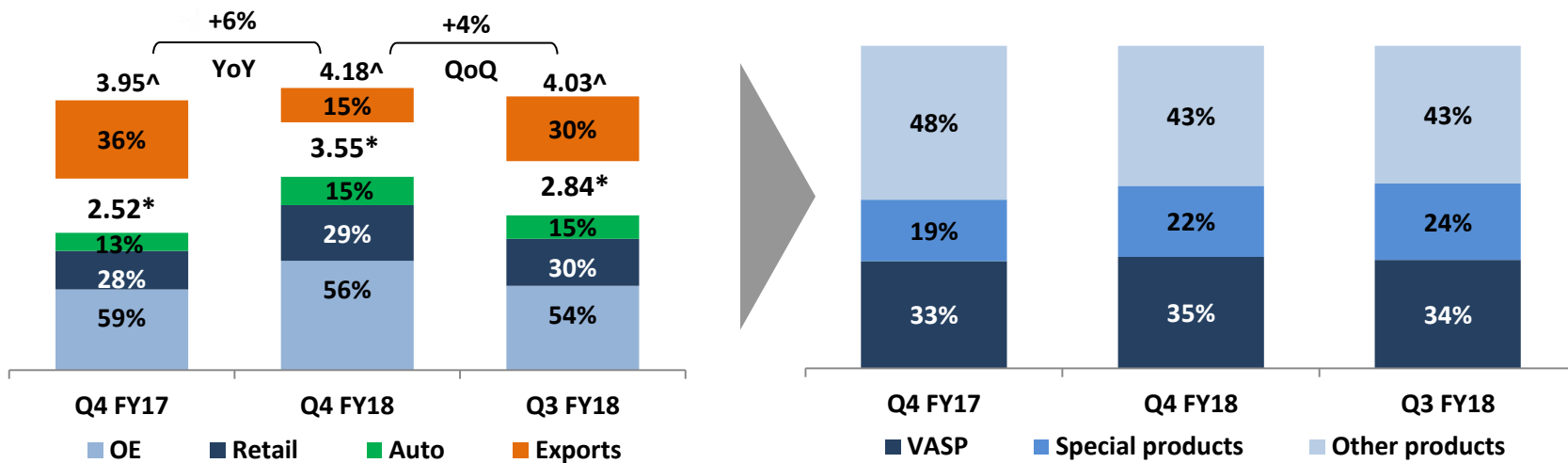
	FY17	FY18
Flat	11.41	11.44
Long	3.21	3.56

Saleable Steel Sales



	FY17	FY18
Flat	10.97	11.17
Long	3.06	3.55
Semis	0.74	0.90

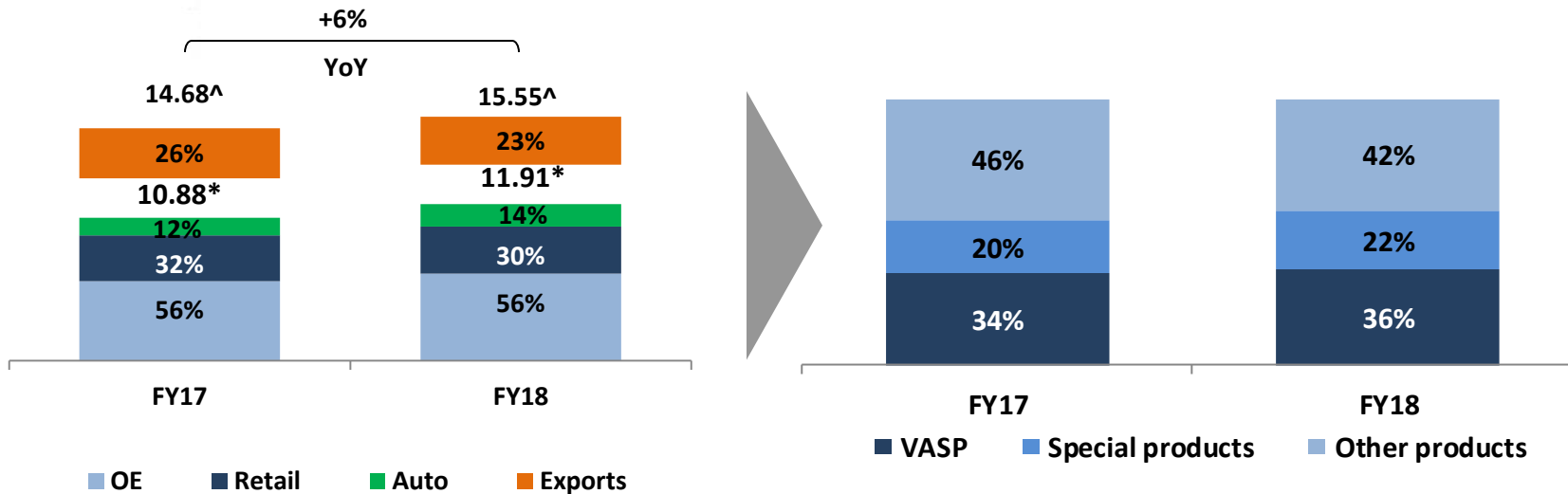
Quarterly sales highlights – consolidated



- ✓ Overall sales volumes grew 6% YoY; domestic sales grew by 41% YoY
- ✓ Overall Value added & special products (VASP) and Special products sales grew by 14%YoY (57% of overall sales)
- ✓ Sales to Automotive customers grew by 57% YoY while automotive production grew by 26%

Achieved highest ever sales volume

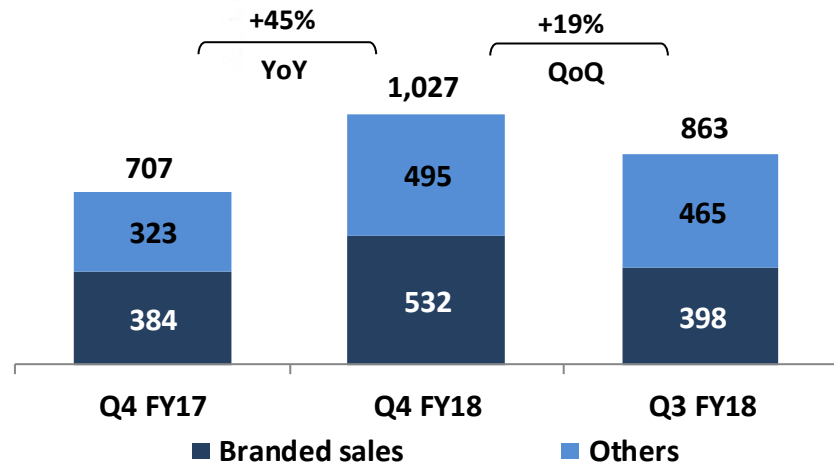
Full year sales highlights – consolidated



- ✓ Overall sales volumes grew 6% YoY; domestic sales grew by 9% YoY
- ✓ Overall Value added & special products (VASP) and Special products sales grew by 13%YoY (58% of overall sales)
- ✓ Sales to Automotive customers grew by 27% YoY while automotive production grew by 15%

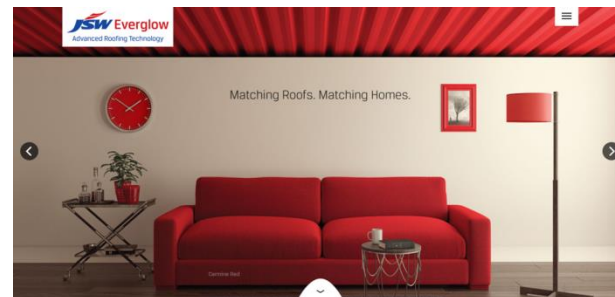
Market share gains as domestic sales volumes grew by 9% YoY

Retail segment highlights for Q4 FY18



- ✓ Accelerated growth in Q4 FY18 is largely due to the demonetisation effect of last year and was clearly led by the recovery in rural demand. Brand building measures and consumer education drove sales momentum.
- ✓ JSW now has footprint across 575 districts with over 8,600 exclusive and non-exclusive retail outlets
- ✓ During FY18, engaged with 22,000+ influencers through 3,000+ meets

JSW Everglow



Product features:

- 10 year warranty – first time in India
- Different colour options at the back side
- Superior substrate and paint coating, at premium price point

New Product/Grade approvals in Q4 FY18

ISH590R(HRPO)



Bike Frame Tube

IS 1079 HR4(HRPO)



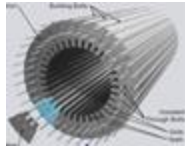
Compressor Shell

SAE1020(HRPO)



Bike Exhaust Tube

65C600(Electrical Steel)



HT Motor

50C350(Electrical Steel)



Industrial Motor

LS200 (Electrical Steel)



Auto Electrical Motor



Agenda



Business
Environment

Operational
Performance

Financial
Performance

Guidance
&
Appendix

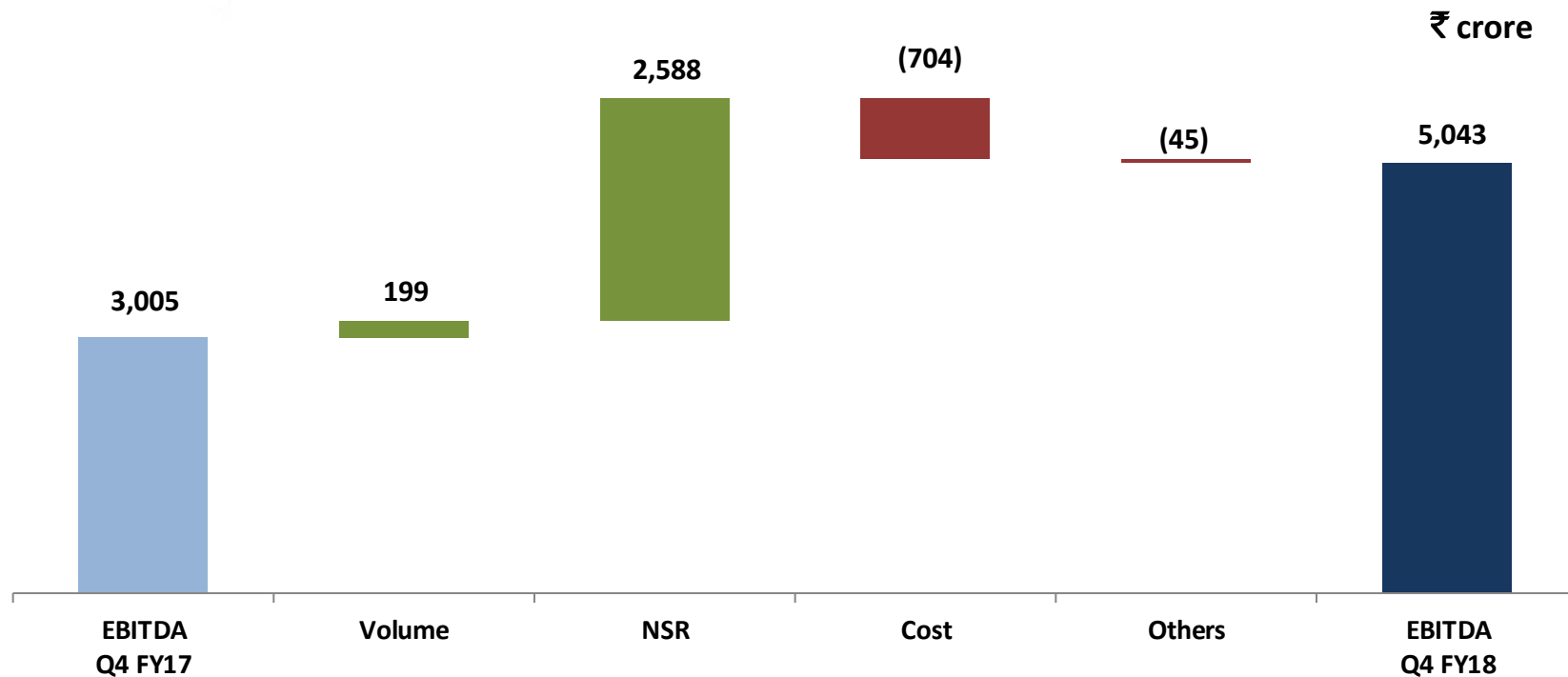
Financials – standalone



₹ crore

Particulars	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Revenue from operations	19,699	16,453	16,952	66,234	56,913
Operating EBITDA	5,043	3,573	3,005	13,741	11,544
Other Income	73	43	81	213	255
Finance Cost	873	892	963	3,591	3,643
Depreciation	781	769	785	3,054	3,025
Profit Before Exceptional Items and Tax	3,462	1,955	1,338	7,309	5,131
Exceptional Items	-	234	-	234	-
Tax	1,227	595	335	2,450	1,554
Profit after Tax	2,235	1,126	1,003	4,625	3,577
Diluted EPS (₹)*	9.25	4.66	4.15	19.14	14.80

Operating EBITDA movement – standalone



Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Production	0.48	0.35	0.43	1.70	1.72
Sales	0.47	0.51	0.44	2.06	1.71

₹ crore

Key P&L data	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Revenue from Operations	3,043	3,034	2,732	12,553	9,753
Operating EBITDA	202	90	161	638	630
Profit after Tax	87	18	69	275	277

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Plate Mill	71,015	59,623	47,015	2,48,444	1,75,952
Utilization (%)	30%	24%	19%	26%	18%
Pipe Mill	12,142	15,109	12,803	50,301	41,234
Utilization (%)	9%	11%	9%	9%	7%

Sales (net tonnes)	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Plate Mill	52,835	41,486	34,793	1,95,956	1,24,270
Pipe Mill	12,222	16,044	13,047	52,082	42,773

USD mn

Key P&L data	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Revenue from Operations	59.93	55.20	43.00	228.04	137.94
EBITDA	3.25	3.86	1.31	13.22	(8.27)

Financials – consolidated

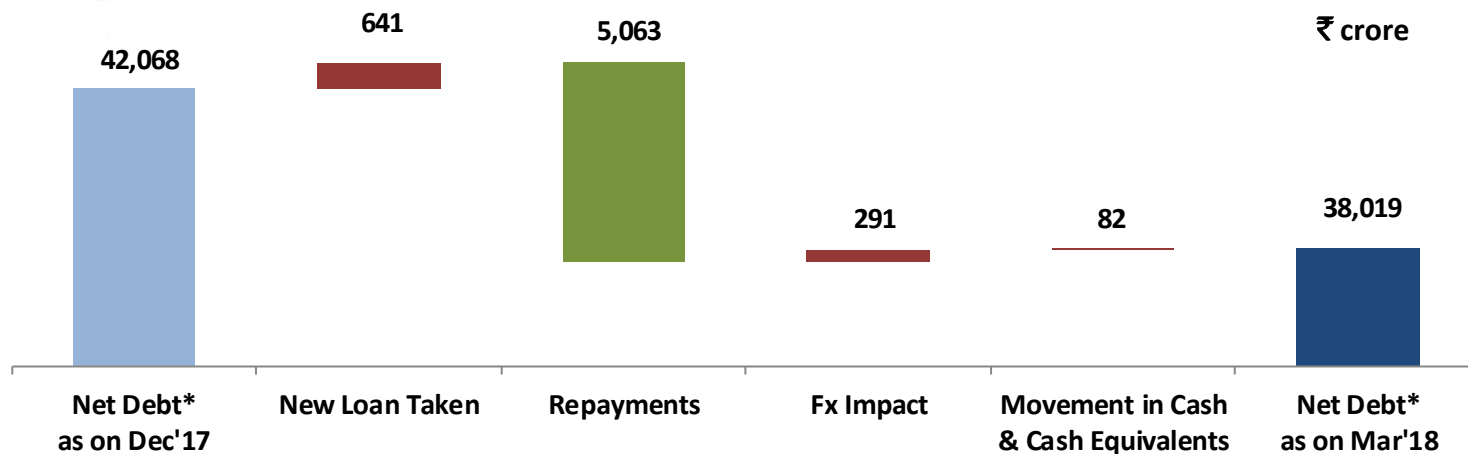


₹ crore

Particulars	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Revenue from operations	20,817	17,861	17,917	71,503	60,536
Operating EBITDA	5,290	3,851	3,164	14,794	12,174
Other Income	45	42	56	167	152
Finance Cost	883	923	947	3,701	3,768
Depreciation	865	852	878	3,387	3,430
Profit Before Exceptional Items and Tax	3,587	2,118	1,395	7,873	5,128
Exceptional Items	-	264	-	264	-
Tax	715	94	399	1,538	1,674
Share of Associates and Joint Ventures	7	14	12	42	13
Profit after Tax	2,879	1,774	1,008	6,113	3,467
Diluted EPS (₹)*	12.40	7.25	4.20	25.71	14.58

Proposed dividend for FY18 is ₹3.20/share vs. FY17 dividend of ₹2.25/share

Net debt movement – consolidated



Particulars	31.3.2018	31.12.2017	31.3.2017
Net Debt	38,019	42,068	41,549
Cash & cash equivalent (₹ crore)	1,374	1,456	1,785
Net Debt/Equity (x)	1.38	1.68	1.85
Net Debt/EBITDA (x)	2.57	3.32	3.41

Q4 FY18 Results – Drivers of Performance

Volumes	<ul style="list-style-type: none"> Production volume increased 5% QoQ with higher utilisation across all locations Consolidated sales volume increased 6% QoQ, aided by a 15% QoQ increase in long products sales Domestic sales surged by 25% QoQ and exports accounted for 15% of total shipments
Realisation	<ul style="list-style-type: none"> Average sales realisation increased ~10% QoQ driven by higher steel prices (both flats and longs) in both domestic and export markets Sales of value added and special products improved with market share gains in automotive sector
Other Operating Income	<ul style="list-style-type: none"> Pursuant to notification of incentive schemes in the GST regime by state Governments of Maharashtra and Karnataka, recognised incentive benefits of ₹303 crores for 4Q (and ₹362 crores for prior periods)
Operating Costs	<ul style="list-style-type: none"> Blended coking coal prices increased by ~US\$20 per ton QoQ Blended iron ore costs increased due to price hikes taken by domestic iron ore miners Surge in prices of other key inputs like electrodes and refractories led to higher conversion costs
Finance costs	<ul style="list-style-type: none"> Borrowings reduced by ₹4,048 crores during the quarter, mainly due to repayments aided by strong cash flows Finance costs reduced by ₹40 crores QoQ
Tax Expenses	<ul style="list-style-type: none"> Recognition of Deferred Tax Asset in the US Businesses of ₹729 Crores in view of improving business performance and medium term outlook
Subsidiaries	<ul style="list-style-type: none"> JSW Coated Steel performance aided by higher volumes and increasing spreads

- ❖ Domestic demand outlook is robust with a pick up in domestic macro – investment as well as consumption indicators; expect steel demand growth of 7% - 7.5% in FY 2019
- ❖ Government focus on infrastructure investment and credit growth through strengthening of the banking system is expected to boost steel demand. Roads and highways, railways, metro projects, water and energy pipelines, irrigation, affordable housing etc. should be the key drivers of growth.
- ❖ Chinese exports have been increasing in recent months, although remaining lower than the previous year. Overall lower Chinese steel exports and strong demand should support global steel prices.
- ❖ Raw material prices have seen some moderation in the recent past and should help in preserving margins
- ❖ Rising protectionism, hardening interest rates, increasing oil prices and heightened geo-political concerns pose a risk to global growth outlook



Agenda



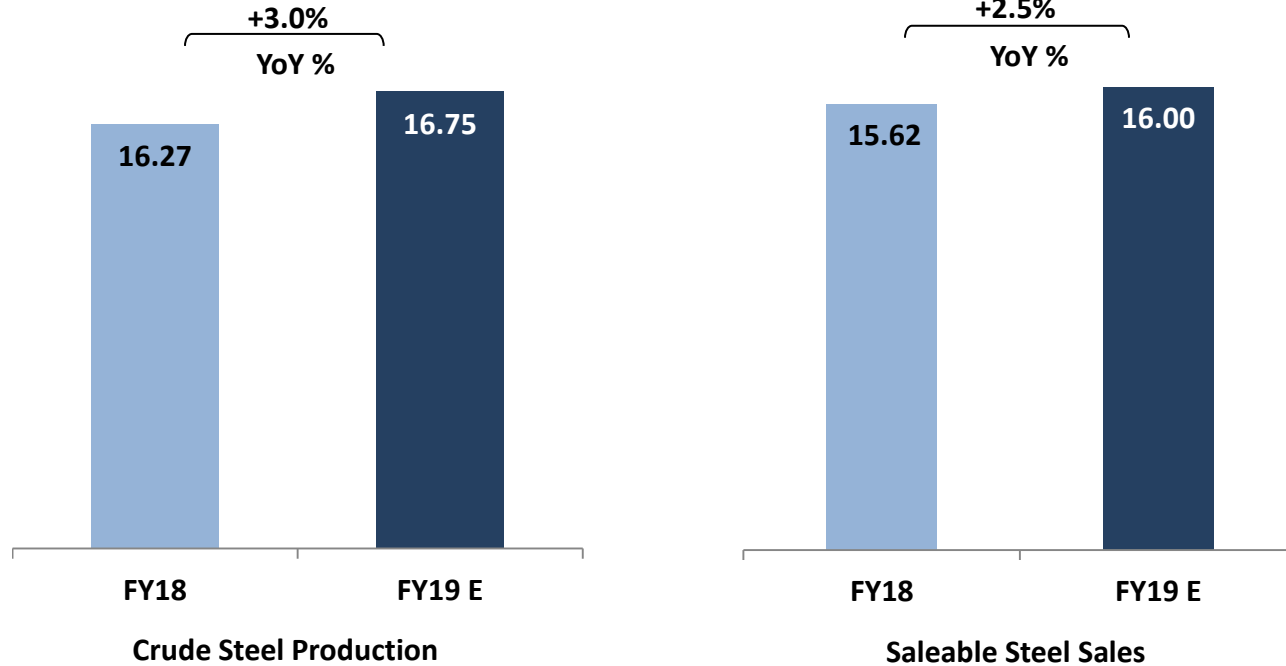
Business
Environment

Operational
Performance

Financial
Performance

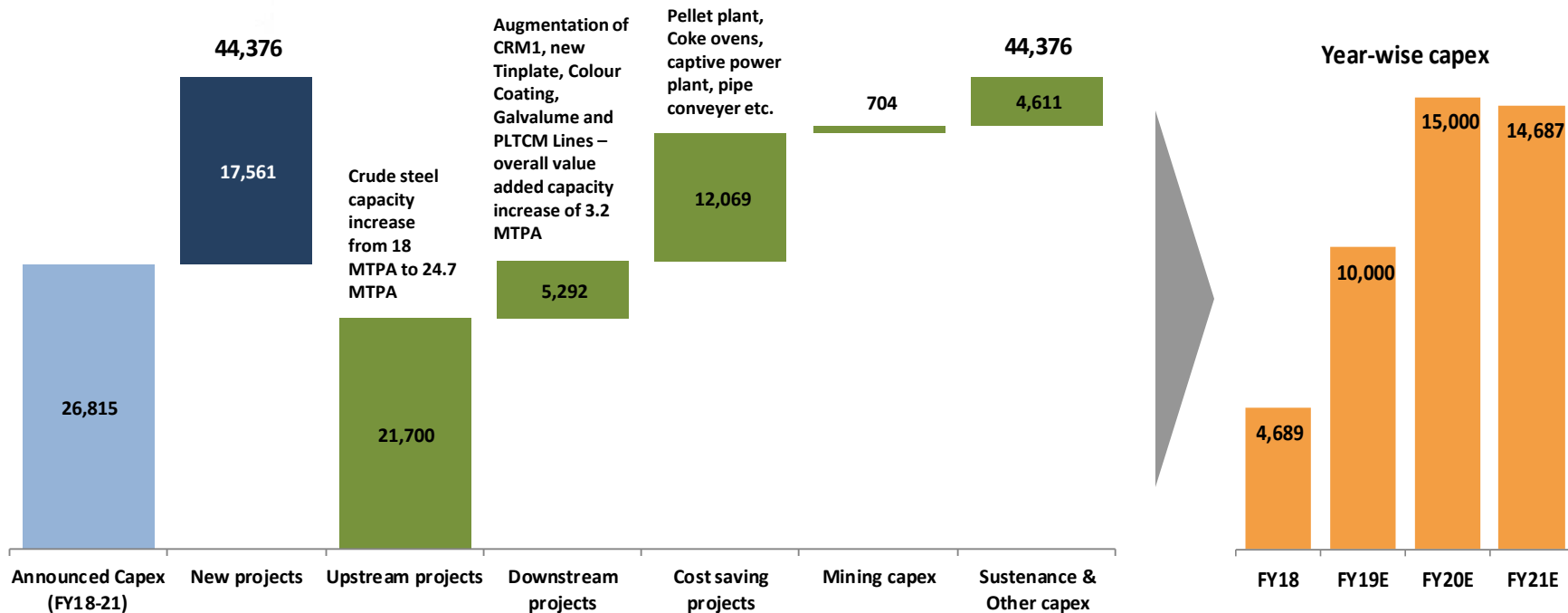
Guidance
&
Appendix

Guidance for FY2019



Rolling Capex Plan: FY18-21

₹ crore



Key new projects

Upstream projects

Dolvi Augmentation to 10.66 MTPA

- Total project cost – ₹ 1,375 crore
- Increase DRI Capacity in Salav from 0.9 MTPA to 1.6 MTPA
- Modify and augment SMS at Dolvi for Hot Charging of DRI
- Commissioning: by March 2020

Vijayanagar Augmentation to 13 MTPA

- Total project cost – ₹ 2,300 crore
- Enhance SMS capacity, augment existing HSM and Wire Rod Mills to support enhanced BF-3 capacity
- Commissioning: by March 2020

Downstream: modernisation-cum-capacity enhancement

- Total project cost – ₹ 1,470 crore
- The modernisation cum capacity enhancement project includes:
 - Setting up Color Coating Line at Vijayanagar of 0.3 MTPA
 - Setting up PLTCM of 1.5 MTPA instead of earlier plan of Batch Tandem Mill of 0.96 MTPA at Vasind and Tarapur
 - Additional Tinplate Line at Tarapur 0.2 MTPA
 - Capacity enhancement of PPGL at Kalmeshwar by 0.22 MTPA
- Commissioning: between September 2019 and March 2020

Key new projects contd.

Cost saving projects

Vijayanagar: Manufacturing Integration

- Total project cost – ₹ 5,200 crore
- Pellet plant 8 MTPA
- Coke oven battery 1.5 MTPA
- Commissioning: by March 2020

Dolvi Coke Projects Phase 2

- Total project cost – ₹ 2,050 crore
- Phase 2: Second line of 1.5 MTPA along with CDQ
- Commissioning: by June 2020

Dolvi – Captive Power

- Total project cost – ₹ 975 crore
- Instal 175 MW WHRB and 60 MW CPP to harness flue gases and steam from CDQ
- Commissioning: by March 2020

On-going project updates

Dolvi – 5 to 10mtpa expansion



- Doubling steel making capacity from 5mtpa to 10mtpa
- To enhance capacity of flat products portfolio
- Commissioning: by March 2020

Vijayanagar CRM expansion



- CRM1 complex capacity expansion from 0.85mtpa to 1.80 mtpa
- Two CGL lines of 0.45mtpa each
- New 1.2mtpa Continuous Pickling line
- Commissioning: by September 2019

On-going project updates

Pipe conveyor at Vijayanagar



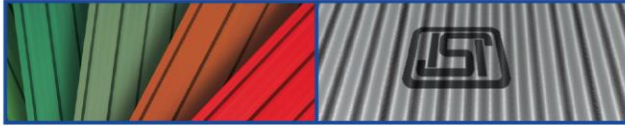
- For environment friendly and low cost transportation of iron ore from mines to the plant
- Capacity of 20mtpa
- Commissioning: by September 2018

Tinplate mill at Tarapur



- To cater to the growing market of tinplate for packaging industry
- Capacity of 0.2mtpa
- Commissioning: by June 2018

JSW Steel Branded Portfolio



JSW Everglow
Advanced Roofing Technology
Beautiful Inside, Beautiful Outside

JSW Colouron+
Premium Al-Zn Colour Coated Sheets
Roofs that add beauty to your home

JSW Galvos
Premium GALVALUME
Coil & Sheets
Cost-effective Galvalume sheets
that stand the test of time

JSW Galveco
Lead Free Galvanised Sheets
100% eco-friendly galvalume sheets

JSW Colouron
Premium Al-Zn Colour Coated Sheets
Excellent and innovative
mix of colour and durability

JSW Pragati
Colour Coated Sheets
Cost-effective coloured roofing solutions



JSW Trusteel
Premium Hot Rolled Sheets

JSW Neosteel
Pure TMT Bars
Foundation to every strong structure

JSW Vishwas
Premium GC Sheets
Finest quality steel roofs

JSW Vishwas+
Premium Al-Zn Sheets
Anti-corrosive sheets
that stand the test of time



JSW PEHAL
Steel Toilet
Quality sanitation is everyone's right

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