

Financial Performance for First Quarter FY 2024-25

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its financial results for the First Quarter ended 30th June, 2024 ("Q1 FY25" or the "Quarter").

Key Highlights for Q1 FY25

Consolidated Performance:

- Crude Steel Production: 6.35 million tonnes
- Saleable Steel Sales: 6.12 million tonnes
- Revenue from Operations: ₹42,943 crores
- Operating EBITDA: ₹5,510 crores
- Net Profit after Tax: ₹867 crores
- Net Debt to Equity: 0.97x & Net Debt to EBITDA: 3.00x

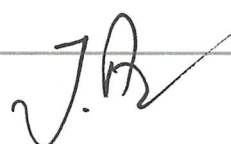
Global economic growth for 2024 is expected to remain broadly stable vs. 2023, with the IMF forecasting a 3.2% growth. Inflation is gradually cooling and developed economies have begun to cut interest rates. The global manufacturing PMI shows ongoing improvement, combined with continued disinflation, suggesting a high likelihood of a soft landing. However, geopolitical risks need to be monitored.

India's robust economic growth is poised to continue, with the RBI forecasting a 7.2% GDP growth for FY25 though Q1 saw heat waves and slower public capital expenditure. Government spending is anticipated to rebound in the coming quarters and the outlook for private capex appears robust. Likely above-normal monsoon and the expected moderation of inflation, fiscal deficit, and current account deficit augur well for India's overall macroeconomic outlook.

India's steel consumption maintained its robust growth in Q1 FY25 driven by strong demand from infrastructure, construction, and other key sectors. India's finished steel consumption grew 14.9% YoY to 35.42mnt, while crude steel production grew 4.6% YoY to 36.61mnt. Steel imports fell 18.9% QoQ to 2.12mnt but saw 27.5% rise on YoY basis. Meanwhile, steel exports fell 51.1% QoQ and 35.8% YoY to 1.49mnt. India remained a net importer of steel in Q1 FY25 similar to FY24. Elevated imports particularly from China and FTA countries pose a challenge to the domestic steel industry.

Consolidated Financial Performance – Q1 FY25:

Particulars	(million tonnes)	Q1 FY25		Q1 FY24	
		Crude Steel Production	Sales	Crude Steel Production	Sales
Consolidated India Operations		6.12	5.90	6.19	5.47
JSW Steel USA Ohio		0.23	0.22	0.24	0.23
JSW Steel Consolidated Operations		6.35	6.12	6.43	5.71



Consolidated Crude Steel Production for the quarter stood at 6.35 million tonnes, lower by 1% YoY and 6% QoQ. Capacity utilization at the Indian operations was 87% during the quarter due to planned maintenance shutdowns at Dolvi and BPSL.

Steel Sales for the quarter stood at 6.12 million tonnes, higher by 7% YoY and lower by 9% QoQ. Domestic sales at 5.31 million tonnes were higher by 14% YoY and by 3% QoQ. Sales volumes of OEM & Industrial segment increased by 18% and Retail segment grew 8% YoY. Exports fell 29% YoY and constituted 10% of sales from the Indian operations for Q1 FY25 vs. 15% of sales in Q1 FY24.

The Company registered Revenue from Operations of ₹42,943 crores and Operating EBITDA of ₹5,510 crores, with an EBITDA margin of 12.8% during the quarter. The EBITDA reduced by 10% QoQ, mainly driven by lower sales volumes and certain one offs including inventory valuation impact. The Profit after Tax for the quarter was ₹867 crores.

The Company's Net Gearing (Net Debt to Equity) stood at 0.97x at the end of the quarter, as against 0.93x at the end of Q4 FY24, and Net Debt to EBITDA stood at 3.00x, as against 2.62x at the end of Q4 FY24. Net Debt as of 30th June 2024 stood at ₹80,199 crores, higher by ₹6,283 crores vs. 31st March 2024 due to capex on ongoing expansion projects and investment in working capital.

Standalone Performance – Q1 FY25:

The Crude Steel Production for the quarter was at 5.30 million tonnes, lower by 3% YoY and 7% on QoQ basis. Steel Sales for the quarter were 5.09 million tonnes, higher by 3% YoY and lower by 11% QoQ.

Standalone Revenue from Operations during the quarter of ₹32,654 crores were largely flat YoY but lower by 8% QoQ mainly due to lower sales volumes.

Standalone Operating EBITDA at ₹4,275 crores for Q1 FY25 was lower by 12% YoY and 4% QoQ. The EBITDA margin for the quarter was 13.1%. Standalone Profit after Tax of ₹1,205 crores for the quarter was down by 29% YoY and higher by 20% QoQ.

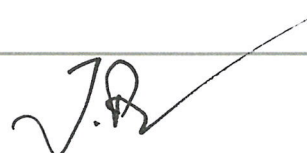
Performance of Subsidiaries – Q1 FY25:

Bhushan Power & Steel (BPSL):

During the quarter, BPSL registered Crude Steel Production of 0.78 million tonnes and Sales volume of 0.75 million tonnes. Revenue from Operations and Operating EBITDA for the quarter stood at ₹5,564 crores and ₹670 crores, respectively. The EBITDA increased by 25% QoQ. BPSL reported a Profit after Tax of ₹300 crores for the quarter.

JSW Steel Coated Products (Consolidated):

During the quarter, JSW Steel Coated Products, including its subsidiary, registered a production volume (GI/GL, Tin, CRCA & other saleable products) of 1.15 million tonnes and sales volume of 1.14 million tonnes. Revenue from Operations for the quarter stood at ₹9,161 crores, and EBITDA was ₹369 crores. The EBITDA is lower by 26% on QoQ basis mainly due to lower realisations and higher input cost of zinc and aluminum, partially offset by lower HRC prices. The subsidiary reported a net profit of ₹58 crores for the quarter.



JSW Steel USA Ohio:

The EAF-based steel manufacturing facility in Ohio, USA, produced 2,53,169 net tonnes of Slabs during the quarter. Capacity utilization was 70% during the quarter. Sales volumes for the quarter stood at 47,398 net tonnes of HRC and 1,90,534 net tonnes of Slabs. It reported an EBITDA loss of US\$ 15.61 million for the quarter.

US Plate & Pipe Mill:

The Plate & Pipe Mill based in Texas, USA produced 1,06,029 net tonnes of Plates and 8,198 net tonnes of Pipes, reporting a capacity utilization of 45% and 6%, respectively, during the quarter. Sales volumes for the quarter stood at 99,650 net tonnes of Plates and 9,701 net tonnes of Pipes. It reported an EBITDA of US\$ 12.99 million.

Italy Operations:

The Italy based Rolled long products manufacturing facility produced 77,057 tonnes and sold 70,006 tonnes of rolled products during the quarter. It reported an EBITDA of Euro 7.67 million for the quarter.

Transfer of Slurry Pipeline Project in Odisha to JSW Infrastructure Ltd:

The Board of Directors at its meeting held today has approved the transfer of slurry pipeline undertaking pertaining to the under-construction 30 MTPA slurry pipeline in Odisha being set up by JSW Utkal Steel Limited, a wholly owned subsidiary of the Company, by way of a slump sale to JSW Infrastructure Limited, and to enter into a long-term "take or pay" agreement for transportation of iron ore slurry for a period of 20 years with JSW Infrastructure Limited. The total planned capex of this undertaking was estimated at ~ ₹ 3400 crores, which will now be incurred by JSW Infrastructure Limited.

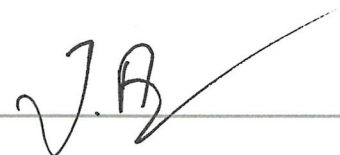
The slurry pipeline project would be transferred on an arm's length basis for a consideration of estimated at ₹ 1,700 crores, which would be the aggregate of the fair value of the cost incurred till 31 May 2024, as determined by an independent valuer, and the cost incurred post 31 May 2024 till the actual date of transfer. The transaction is subject to receipt of shareholders' approval, other regulatory approvals, if any.

This transaction allows efficient and prudent capital allocation at JSW Steel, preserving capital for future growth, and allowing management to focus on the core steel business.

Update on Projects:

The Hot Strip Mill of the 5 MTPA project at Vijayanagar, set up by wholly owned subsidiary, JSW Vijayanagar Metallica Ltd. (JVML), was commissioned in March 2024. Commercial production and sales from the HSM facility have commenced in March 2024. The Sinter Plant and the Blast Furnace is expected to be commissioned by the end of July, and the Steel Melt Shop expected to be commissioned by end of August 2024. We expect ramp-up of the expansion project by the end of Q3 FY25.

At BPSL, the Phase-II expansion from 3.5 MTPA to 5 MTPA, has seen most major equipment and facilities commissioned. The oxygen plant is scheduled for commissioning in July, with a gradual ramp-up of operations to 4.5 MTPA expected by Q3 FY25. The balance 0.5 MTPA capacity will be achieved through debottlenecking by FY27.



At JSW Steel Coated Products Limited, the colour coated line of 0.12 MTPA in Jammu & Kashmir is expected to start commissioning activities in Q2 FY25.

The 30 MTPA slurry pipeline in Odisha is also progressing well, with commissioning expected in FY27.

The Company's consolidated capex spend during Q1 FY25 was ₹4,466 crores. We expect consolidated capex for FY25 to be ₹20,000 crores.

Outlook

The global economic outlook for 2024 remains broadly stable compared to 2023. Global manufacturing PMI continue to improve which along with continued disinflation increases the likelihood of a soft landing. The IMF forecasts global GDP growth of 3.2% for 2024. Growth for 2025 is expected to hold steady at 3.3%, marginal upgrade from its April forecast of 3.2%. Inflationary pressures are easing across major economies, prompting central banks to initiate monetary easing measures. Geopolitical risks necessitate monitoring, particularly their potential impact on supply chains, energy costs and inflation.

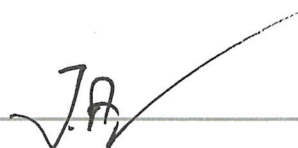
In the US, GDP growth remains robust, driven by a positive trend in consumption and fixed investments. Despite resilient labour markets, inflation continues to cool off due to softening wage growth and rents. The recent moderation in inflation signals potential rate cuts later in 2024.

In China, while the property sector continues to remain weak, manufacturing, exports and fixed asset investment (ex-real estate) have continued to grow. Government has announced targeted measures towards improving the property sector. GDP growth eased in Q2, partly due to a higher base effect from last year's post-Covid reopening. Exports are anticipated to stay steady in the near term amidst soft domestic demand. Further expansion of government support is expected to nudge the growth towards the target of 5%.

In the EU, the ECB has initiated the rate cut cycle in response to easing inflation. Services PMI has shown expansion since February, while the manufacturing sector is slowly improving.

In Japan, wage hikes and tax cuts are expected to support consumption growth. Manufacturing activity is also showing signs of stabilisation aided by weaker currency. Overall, economic growth is expected to improve following the contraction in GDP during Q1 2024.

India's strong economic growth momentum is expected to persist, driven by manufacturing, infrastructure development, and optimistic consumer sentiment. Despite challenges such as extreme heat waves and slower public capital expenditure before general elections, the RBI forecasts a 7.2% GDP growth for FY25. Government capex is expected to recover in the coming quarters, supported by robust tax revenues and higher RBI dividend, providing fiscal flexibility. Rising capacity utilization and healthy corporate and financial sector balance sheets are poised to boost private investment, particularly in manufacturing, energy transition, and real estate. A favourable monsoon will support the ongoing recovery in rural demand. The overall macroeconomic outlook remains robust and is expected to be further strengthened by foreign capital inflows following inclusion in global bond indices.



About JSW Steel:

- JSW Steel is the flagship business of the diversified, US\$ 24 billion JSW Group. As one of India's leading business houses, JSW Group also has interests in energy, infrastructure, cement, paints, realty, e-platforms, mobility, defense, sports, and venture capital.
- Over the last three decades, JSW Steel has grown from a single manufacturing unit to become India's leading integrated steel company with a capacity of 35.7 MTPA in India and the USA (including 6 MTPA under commissioning in India). Its next phase of growth will take its total capacity to 43.5 MTPA by September 2027. The Company's plant in Vijayanagar, Karnataka is the largest single-location steel-producing facility in India with current capacity of 17.5 MTPA (including 5 MTPA under commissioning).
- JSW Steel has always been at the forefront of research and innovation. It has a strategic collaboration with JFE Steel of Japan, enabling JSW to access new and state-of-the-art technologies to produce and offer high-value special steel products to its customers. These products are extensively used across industries and applications including construction, infrastructure, automobile, electrical applications, and appliances.
- JSW Steel is widely recognized for its excellence in business and sustainability practices. Some of these recognitions include World Steel Association's Steel Sustainability Champion (consecutively from 2019 to 2024), Leadership Rating (A-) in CDP climate change disclosure and A in CDP Water Disclosure (2023), Deming Prize for TQM for its facilities at Vijayanagar (2018), and Salem (2019). It is part of the Dow Jones World and Emerging Markets Sustainability Indices (DJSI), and included in S&P Global's Sustainability Yearbook (consecutively from 2020 to 2023).
- JSW Steel's SEED project has been awarded the Energy Transition Changemakers at COP28.
- JSW Steel is ranked 8th among the top 35 world-class steelmakers, according to the 'World-Class Steelmaker Rankings' by World Steel Dynamics (WSD), based on a variety of factors.
- As a responsible corporate citizen, JSW Steel's CO2 emission reduction goals are aligned with India's Climate Change commitments under the Paris Accord.
- JSW Steel aims to reduce its CO2 emissions by 42% from its steel-making operations by 2030 and has committed to achieve net neutral in carbon emission for all operations under its direct control by 2050.
- JSW Steel aims to lead the energy transition by powering steel-making operations entirely by renewable energy by 2030.
- Other sustainability targets include achieving no net-loss in biodiversity at the operating sites by 2030, substantially improving air quality, reducing water consumption in all operations and maintaining Zero Liquid Discharge.
- JSW Steel has emerged as an organisation with a strong work culture foundation. It is certified by Great Places to Work (2021, 2022 and 2023) as well as ranked as one of the Best Employers among Nation Builders (2023 and 2024) and one of India's best workplaces in Health & Wellness (2023).

Forward Looking and Cautionary Statements:

Certain statements in this release 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 risks and uncertainties relating to these statements include,



PRESS RELEASE

19th July 2024



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, 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 – has made strategic investments, withdrawal of fiscal governmental incentives, 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.

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A handwritten signature in black ink, appearing to read 'J. Acharya', with a large, stylized flourish extending from the bottom right.