

Financial Performance for First Quarter FY 2022-23

Mumbai, India: JSW Steel Limited (“JSW Steel” or the “Company”) today reported its financial results for the First Quarter ended 30th June, 2022 (“Q1 FY23” or the “Quarter”).

Key Highlights for Q1 FY23

Standalone Performance:

- Crude Steel Production: 5.00 million tonnes
- Saleable Steel Sales: 4.03 million tonnes
- Revenue from Operations: ₹31,105 crores
- Operating EBITDA: ₹3,352 crores
- Net Profit after Tax: ₹956 crores

Consolidated Performance:

- Crude Steel Production: 5.77 million tonnes
- Saleable Steel Sales: 4.49 million tonnes
- Revenue from Operations: ₹38,086 crores
- Operating EBITDA: ₹4,309 crores
- Net Profit after Tax: ₹839 crores
- Net Debt to Equity: 0.98x and Net Debt to EBITDA: 2.03x

During the first quarter of FY2023, high inflation across major economies on the back of supply chain disruptions and the Russia-Ukraine conflict has impacted the global economic outlook. While India has been relatively resilient with economic activity recovering from the Covid induced slump, high inflation and policy rate tightening across the world have become formidable headwinds.

The domestic steel industry was impacted by falling global prices and the imposition of a 15% duty on certain steel exports in May 2022 further exacerbated the situation with a steep fall in exports, of 26% QoQ. The export duty on steel products is expected to be a temporary measure to contain inflation and may be removed once inflation cools down. Inherent demand from auto and construction & infrastructure segments remains strong that should support overall steel consumption during FY23.

India’s steel consumption during Q1 FY23 was 27.36 million tonnes, down 5.6% QoQ, while exports fell 26% to 2.88 million tonnes due to the weaker global demand and imposition of export duty.



PRESS RELEASE

22nd July 2022



Considering volatile market conditions, the Company preponed certain shutdowns that were scheduled during the year, which lowered the average capacity utilization (excluding Dolvi Phase-II) for Q1 FY23 to 93% from 98% in Q4 FY22. The 5mtpa Dolvi Phase-II expansion continued to ramp up and will drive volume growth as demand recovers in the coming quarters.

Operational Performance Q1 FY23:

The details of standalone production and sales volumes for the quarter are as under:

Particulars (Million tonnes)	Q1FY23	Q4FY22	%QOQ	Q1FY22	%YOY
Production: Crude Steel	5.00	5.01	-	4.10	22%
Sales:					
- Rolled: Flat	3.03	3.79	-20%	2.67	13%
- Rolled: Long	0.87	1.20	-27%	0.84	4%
- Semis	0.13	0.13	1%	0.10	27%
Total Saleable Steel Sales	4.03	5.11	-21%	3.61	12%

Standalone Performance Q1 FY23:

The Crude Steel Production was at 5.00 million tonnes, up 22% YoY, however marginally lower sequentially due to preponement of certain maintenance shutdowns.

Sales of saleable steel at the Standalone level were 4.03 million tonnes for the quarter, up 12% YoY but down 21% QoQ, primarily due to a sharp drop in export volume following the imposition of the 15% export duty from 22nd May 22, and deferral of procurement by user industries on expectations of further fall in steel prices.

The Company registered Revenue from Operations of ₹31,105 crores, lower by 14% QoQ, impacted mainly by lower sales volumes, however partly offset by higher average sales realization.

The Company registered Operating EBITDA at ₹3,352 crores for Q1 FY23, a reduction of 51% QoQ with an EBITDA margin of 10.78%. The EBITDA margin was lower primarily due to a steep increase in coal and energy prices, mark-to-market unrealized loss on outstanding foreign currency loans due to rupee depreciation by ~4%, Net Realisable Value (NRV) provisions on closing inventory due to significantly lower prices at quarter-end, and payment of export duty.

The Company reported net Profit after Tax of ₹956 crores for the quarter.

PRESS RELEASE

22nd July 2022



Subsidiaries' Performance Q1 FY23:

JSW Steel Coated Products: (Consolidated)

During the quarter, JSW Steel Coated Products, including its subsidiaries, registered a production volume (GI/GL + Tin) of 0.68 million tons and sales volume of 0.68 million tonnes. Revenue from Operations for the quarter stood at ₹6,891 crores, and an EBITDA loss of ₹154 crores. Margins were impacted by NRV provisions and payment of export duty. The subsidiary reported a Loss after Tax of ₹209 crores for the quarter.

Bhushan Power & Steel Ltd (BPSL):

During the quarter, BPSL registered Crude Steel Production of 0.61 million tonnes and Sales volume of 0.48 million tonnes. Revenue from Operations and Operating EBITDA for the quarter stood at ₹4,704 crores and ₹698 crores, respectively. BPSL reported a Profit after Tax of ₹221 crores for the quarter.

JSW Steel USA Ohio Inc.:

The EAF-based steel manufacturing facility in Ohio, USA, produced 105,997 net tonnes of HRC and 174,398 net tonnes of Slabs during the quarter. Sales volumes for the quarter stood at 108,365 net tonnes of HRC and 65,749 net tonnes of Slabs. It reported an EBITDA of US \$1.14 million for the quarter.

US Plate and Pipe Mill:

The Plate & Pipe Mill based in Texas, USA produced 87,213 net tonnes of Plates and 4,658 net tonnes of Pipes, reporting a capacity utilization of 37% and 3%, respectively, during the quarter. Sales volumes for the quarter stood at 81,788 net tonnes of Plates and 4,663 net tonnes of Pipes. It reported an EBITDA of US\$ 33.06 million registering 14% growth QoQ.

The NRV provisions and reversal of loan waiver accounted in earlier years reduced the operating EBITDA in USA for the quarter.

JSW Steel (Italy) S.r.l. (Aferpi):

The Italy based Rolled long products manufacturing facility produced 96,297 tonnes and sold 86,772 tonnes during the quarter. It reported an EBITDA profit of Euro 4.0 million for the quarter .

Consolidated Financial Performance Q1 FY23:

Saleable Steel sales for the quarter stood at 4.49 million tonnes, lower by 25% QoQ, impacted by sharp reduction in exports due to levy of export duty and fall in apparent consumption due to destocking at the user level.

The company registered revenue from operations of ₹38,086 crores and Operating EBITDA of ₹4,309 crores, with an EBITDA margin of 11.31%. The fall in EBITDA was attributable to lower volume of sales, one-off items

A handwritten signature in blue ink, consisting of a stylized 'N' shape with a vertical line extending upwards from the top right.

PRESS RELEASE

22nd July 2022



such as FX loan translation losses, NRV provisions, etc. The Profit after Tax for the quarter was ₹ 839 crores, after incorporating the financials of subsidiaries, joint ventures and associates.

The Company's consolidated Net Gearing (Net Debt to Equity) stood at 0.98x at the end of the quarter (as against 0.83x at the end of Q4 FY22), and Net Debt to EBITDA stood at 2.03x (as against 1.45x at the end of Q4 FY22). A significant portion of increase in debt was mainly due to locking up of working capital in inventory.

Production and Sales Summary:

Particulars (million tonnes)	Q1 FY23	
	Crude Steel Production	Sales
Consolidated Indian Operations	5.62	4.33
Joint Control Entity:		
JSW Ispat Special Products Ltd.	0.11	0.12
Indian Operations including Joint Control Entity	5.72	4.45
JSW Steel USA Ohio	0.16	0.16
Total Combined Volumes	5.88	4.61

Update on Projects:

The 5mtpa brownfield expansion at Vijayanagar is progressing well, with civil works underway at the site. Long lead-time items have been ordered, and Letters of Credit established. The project is expected to be completed by end of FY2024.

The remaining downstream projects at Vasind and Tarapur are expected to be completed in Q2 FY23.

The expansion at BPSL to 3.5mtpa is progressing well and is expected to be completed during Q2 FY23. The Phase-II expansion (from 3.5mtpa to 5mtpa) is expected to be completed by FY24.

The Company's capex spend was ₹3,702 crores during Q1 FY23, against the planned capex spend of ₹20,000 crores for FY 23. Considering the current market conditions, the company expects to calibrate its capex spend to ₹15,000 crores for FY23.

Outlook

The global economic outlook has weakened due to high inflation across most economies, with elevated energy and food prices affecting consumption. The ongoing Russia-Ukraine conflict and frequent Covid related lockdowns in China have disrupted global supply chains, and caused spikes in energy prices. The World Bank, in its June outlook, has reduced its global growth forecast to 2.9%, from 4.1% in January.

In the United States, while PMI and IIP data still remains positive, the trend has been declining over the last few months. Aggressive tightening by Federal Reserve to tame high inflation is likely to impact investments

PRESS RELEASE

22nd July 2022



and consumption. The Services sector remains healthy due to pent up demand, but high inflation is eroding purchasing power and consumer confidence. The employment and jobs data remains robust so far.

European countries have been more severely impacted by higher energy costs emanating from the Russia-Ukraine crisis in their backyard. Policy rate tightening by the ECB, BoE and other central banks to control inflation will impact economic growth. The Services sector has been resilient so far but could weaken due to high inflation.

China's "zero-Covid strategy" is hurting economic activity as well as consumer confidence. The recent fiscal and monetary stimulus and step up in policy action by the government to stimulate growth is expected to drive a gradual recovery in the coming quarters.

The risks of a recession in advanced economies have risen in the last few months. Inflation coming off sharply, higher energy supply, easing Covid situation in China and de-escalation of geopolitical tensions are positives to stave off recessionary conditions.

Despite weakening global macroeconomic trends, India remains relatively resilient so far and continues to be the fastest growing major economy in the world with manufacturing, consumption and services sectors showing healthy traction. The Government's focus on infrastructure and social investments should continue, supported by healthy tax collections, despite some pressures to the fiscal balance. Merchandise exports from India continue to remain healthy, with re-alignment of global supply chains offering significant long term opportunities. The outlook for two-wheelers is showing positive signs on the back of healthy revival in rural demand, while the demand for passenger vehicles continues to remain high, even as commercial vehicles demand has seen some softness. The residential real estate sector remains strong with falling inventories, increasing new project launches and limited impact of rising interest rates so far. Healthy power consumption growth should drive investments in new capacities, especially renewables. However, high inflation and energy costs are having some impact on domestic consumption. Policy rate tightening by the RBI and global central banks along with slowing global growth could impact near-term GDP growth.

About JSW Steel:

JSW Steel is the flagship business of the diversified, US\$ 22 billion JSW Group. As one of India's leading business houses, JSW Group also has interests in energy, infrastructure, cement, paints, sports, and venture capital. JSW Steel, certified by Great Places To Work in 2021, has emerged as an organization with a strong cultural foundation. Over the last three decades, it has grown from a single manufacturing unit to become India's leading integrated steel company with a capacity of 28.5 MTPA in India and the USA (including capacities under joint control). Its next phase of growth will take its total capacity to 38.5 MTPA by FY25. The Company's manufacturing unit in Vijayanagar, Karnataka is the largest single-location steel-producing facility in India with a capacity of 12 MTPA. JSW Steel has always been at the forefront of research and innovation. It has a strategic collaboration with global leader 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 2022), Leadership Rating (A-) in CDP (2020 & 2021), Deming Prize for TQM for its facilities at Vijayanagar (2018), and Salem (2019). It is part of the S&P Dow Jones Sustainability Index (DJSI) for Emerging Markets (2021) and S&P Global's Sustainability Yearbook

PRESS RELEASE

22nd July 2022



(consecutively for 2020 and 2021). JSW Steel is the only Indian company to be ranked among the top 15 global steel producers by World Steel Dynamics for 13 consecutive years since 2008. As a responsible corporate citizen, JSW Steel's carbon reduction goals are aligned with India's Climate Change commitments under the Paris Accord.

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, 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.

Media Contact:

JSW Group Corporate Communications

Frederick Castro

Mithun Roy

Mobile: +91 99206 65176

Mobile: +91 98190 00967

Email: frederick.castro@jsw.in

Email: mithun.roy@jsw.in