

Financial Performance for Fourth Quarter and Financial Year 2022-23

Mumbai, India: JSW Steel Limited (“JSW Steel” or the “Company”) today reported its financial results for the Fourth Quarter and the Financial Year ended 31st March 2023 (“Q4 FY23” or the “Quarter” and “FY2023” or the “Year”).

Key Highlights for Q4 FY23

Standalone Performance:

- Highest Ever Crude Steel Production: 5.60 million tonnes
- Highest Ever Saleable Steel Sales: 5.68 million tonnes
- Revenue from Operations: ₹37,153 crores
- Operating EBITDA: ₹6,247 crores
- Net Profit after Tax: ₹2,838 crores

Consolidated Performance:

- Highest Ever Crude Steel Production: 6.58 million tonnes
- Highest Ever Saleable Steel Sales: 6.53 million tonnes
- Revenue from Operations: ₹46,962 crores
- Operating EBITDA: ₹7,939 crores
- Net Profit after Tax: ₹3,741 crores
- Net Debt to Equity: 0.89x and Net Debt to EBITDA: 3.20x

Key Highlights for FY23

Standalone Performance:

- Highest Ever Crude Steel Production: 20.87 million tonnes
- Highest Ever Saleable Steel Sales: 19.67 million tonnes
- Revenue from Operations: ₹131,687 crores
- Operating EBITDA: ₹15,371 crores
- Net Profit after Tax: ₹4,937 crores

Consolidated Performance:

- Highest Ever Crude Steel Production: 24.16 million tonnes
- Highest Ever Saleable Steel Sales: 22.39 million tonnes
- Revenue from Operations: ₹165,960 crores
- Operating EBITDA: ₹18,547 crores
- Net Profit after Tax: ₹4,139 crores

The global economy has decelerated, with goods and commodity inflation cooling off significantly but services inflation staying elevated in developed markets. Aggressive monetary policy tightening by the



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central banks is slowing down growth and has also led to banking sector turmoil in western countries. In China, the recovery so far is driven by services more than manufacturing, but policy is expected to be supportive given low inflation.

Amidst the global uncertainties, the Indian economy is a bright spot, supported by strong traction in manufacturing as well as services, and supported by government capex. The fiscal position benefits from lower energy prices, fertilizer subsidies and strong tax collections. Cooling inflation and RBI pausing rate hikes are positives, though the global slowdown is a risk. Monsoon is a key monitorable for rural demand in light of *El Nino* conditions.

Indian steel demand grew 13.3% YoY in FY23 to 119.86 million tonnes, with healthy growth likely to continue in FY24. The Government's thrust on infra, housing and increasing the share of manufacturing in GDP continues, which should support steel demand growth. Productive investments like the National Infrastructure Pipeline, the Production-Linked Incentive scheme for manufacturing, and defence indigenization will continue to drive capex, which augurs well for the growth of the domestic steel industry.

During the Quarter, the total combined crude steel production of JSW Steel was 6.77 Million tonnes, higher by 8% sequentially, mainly due to the ongoing ramp-up of the 5mtpa Dolvi Phase-II expansion which achieved capacity utilisation of 91% vs 85% and ramp-up of BPSL operations following expansion of capacity from 2.75mtpa to 3.5mtpa, which achieved capacity utilisation of 89% vs 85% in Q3 FY23. Ramp-up of JSW Ispat Special Products (JISPL) operations following a maintenance shutdown that had commenced in Q2 FY23, also contributed to higher production.

The Company's financial performance during the quarter was better sequentially, mainly due to higher volumes, better realisations and lower energy prices. While the global economic scenario remains challenging, India is seeing healthy steel demand growth, which will support the Company's performance in the coming quarters.

Standalone Performance – Q4 FY23:

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

Particulars (Million tonnes)	Q4 FY23	Q3 FY23	%QoQ	Q4 FY22	%YoY	FY23	FY22	%YoY
Production: Crude Steel	5.60	5.32	5%	5.01	12%	20.87	17.62	18%
Sales:								
- Rolled: Flat	4.40	3.70	19%	3.79	16%	14.74	12.06	22%
- Rolled: Long	1.17	1.14	3%	1.20	-2%	4.36	3.87	13%
- Semis	0.11	0.10	5%	0.13	-17%	0.57	0.58	-2%
Total Saleable Steel Sales	5.68	4.95	15%	5.11	11%	19.67	16.52	19%

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Crude Steel Production was 5.60 million tonnes during Q4 FY23, up 12% YoY and 5% QoQ, primarily due to better utilization of Dolvi Phase-II.

Sales of saleable steel at the Standalone level were 5.68 million tonnes for the quarter up 11% YoY and 15% QoQ. Quarterly domestic sales at 5.42 million tonnes were the highest ever, led by the Retail & OEM segments. Exports were at 11% of total sales during the quarter at the Standalone level.

The Company registered Revenue from Operations of ₹37,153 crores, higher by 20% QoQ, mainly led by higher sales volumes and net sales realisation. On a YoY basis, Revenue from Operations is 3% higher, primarily due to higher sales volumes, partly offset by lower net sales realisation.

The Company registered Operating EBITDA at ₹6,247 crores for Q4 FY23, up by 55% QoQ with an EBITDA margin of 16.8% vs. 13% in Q3 FY23. The EBITDA margin was higher primarily due to higher sales volumes, higher net sales realisations and lower power and fuel costs.

The Company reported Net Profit after Tax of ₹2,838 crores for the quarter.

Performance of Subsidiaries – Q4 FY23:

JSW Steel Coated Products (Consolidated):

During the quarter, JSW Steel Coated Products, including its subsidiaries, registered a production volume (GI/GL + Tin) of 0.84 million tonnes and sales volume of 1.02 million tonnes. Revenue from Operations for the quarter stood at ₹8,479 crores, and Operating EBITDA was ₹431 crores. Net Profit after Tax was ₹835 crores for the quarter, which includes deferred tax adjustment of ₹645 crores following the amalgamation of step-down subsidiaries namely, Asian Color Coated Ispat Limited and Hasaud Steel Limited.

Bhushan Power & Steel Ltd (BPSL):

During the quarter, BPSL registered Crude Steel Production of 0.78 million tonnes and Sales volume of 0.71 million tonnes. Revenue from Operations and Operating EBITDA for the quarter stood at ₹5,570 crores and ₹949 crores, respectively. BPSL reported Net Profit after Tax of ₹429 crores for the quarter. Better margins in Q4 FY23 QoQ mainly due to better realisations, and lower coal and power & fuel cost.

JSW Steel USA Ohio Inc.:

The EAF-based steel manufacturing facility in Mingo Junction, Ohio, produced 86,203 net tonnes of HRC and 2,31,908 net tonnes of Slabs with 64% capacity utilization during the quarter. Sales volumes for the quarter stood at 72,776 net tonnes of HRC, up by 66% QoQ and 1,25,124 net tonnes of Slabs, up by 179% QoQ. It reported an Operating EBITDA loss of US \$12.1 million for the quarter. EBITDA loss reduced by \$10.7 million QoQ.

US Plate and Pipe Mill:

The Plate & Pipe Mill based in Baytown, Texas produced 1,04,439 net tonnes of Plates and 6,606 net tonnes of Pipes, reporting a capacity utilization of 47% and 5%, respectively, during the quarter. Sales volumes for the quarter stood at 86,823 net tonnes of Plates, up by 17.3% QoQ and 5,241 net tonnes of Pipes. It reported an Operating EBITDA of US\$ 25.7 million, up by 50% QoQ.

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

The Rolled long products manufacturing facility in Italy produced 78,384 tonnes and sold 94,695 tonnes during the quarter. It reported an Operating EBITDA of Euro 13.4 million for the quarter, up by 71% QoQ.

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Consolidated Financial Performance – Q4 FY23:

Crude Steel Production was 6.58 million tonnes during Q4 FY23, up 13% YoY and 7% QoQ, primarily due to ramp up of Dolvi Phase-II and BPSL expansions.

Saleable Steel sales for the quarter stood at 6.53 million tonnes, higher by 16% QoQ mainly driven by higher exports. Sales were up 9% on a YoY basis, led by higher domestic sales.

The Company registered Revenue from Operations of ₹46,962 crores and Operating EBITDA of ₹7,939 crores, with an EBITDA margin of 16.9%. The increase in EBITDA QoQ is attributable primarily to higher sales volume and net sales realisation. The Profit after Tax for the quarter was ₹3,741 crores, after incorporating the financials of subsidiaries, joint ventures and associates.

The Company's consolidated Net Gearing (Net Debt to Equity) stood at 0.89x at the end of the quarter (as against 1.09x at the end of Q3 FY23), and Net Debt to EBITDA stood at 3.20x (as against 3.51x at the end of Q3 FY23). Net Debt as of 31st March 2023 stood at ₹59,345 crores, lower by ₹10,153 crores vs. 31st December 2022 due to healthy cash generation and release of working capital.

Production and Sales Summary:

Particulars (million tonnes)	Q4 FY23		FY23	
	Crude Steel Production	Sales	Crude Steel Production	Sales
Consolidated India Operations	6.37	6.35	23.62	21.86
JSW Steel USA Ohio	0.21	0.18	0.53	0.52
JSW Steel Consolidated Operations	6.58	6.53	24.16	22.39
Joint Control Entity:				
JSW Ispat Special Products Ltd.	0.18	0.17	0.42	0.41
India Operations incl. Joint Control	6.56	6.52	24.04	22.27
Total Combined Volumes	6.77	6.70	24.57	22.80

Update on Projects:

The 5mtpa brownfield expansion at Vijayanagar is progressing well, with construction activities and equipment erection for all packages underway. The project is expected to be completed by the end of FY24.

The Phase-I expansion from 2.75mtpa to 3.5 mtpa at BPSL was completed in FY23. The Phase-II expansion from 3.5mtpa to 5mtpa remains on track for completion in FY24.

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The Company's domestic capex spend was ₹3,507 crores during Q4 FY23, and ₹14,214 crores for FY23, against the (revised) planned of ₹15,000 crores for FY23. The Company expects to spend an amount of Rs 18,800 crores for FY24, primarily for completing the 5mtpa brownfield expansion at Vijayanagar and BPSL Phase-II expansion to 5mtpa, downstream facilities and sustenance capex.

Dividend:

The Board has recommended a dividend of ₹3.40 per equity share on the 241,72,20,440 equity shares of face value of ₹1 each, for the year ended March 31, 2023, subject to the approval of the Members at the ensuing Annual General Meeting.

The total outflow on account of this dividend will be ₹822 crores.

Guidance for FY2023:

The production and sales guidance for FY2024 is as follows: (Million tonnes)

Particulars	Crude Steel Production	Saleable Steel Sales
India Operations incl. Joint Control	25.50	24.20
JSW Steel USA Ohio	0.84	0.80
Total Combined Volumes	26.34	25.00

Outlook

The IMF expects global GDP growth to moderate to 2.8% in 2023 (-0.6 p.p. vs. 2022 global growth, and a -0.1 p.p. downgrade vs. their Jan 2023 forecast). Goods and commodity inflation has cooled significantly but services inflation in Developed Markets remains elevated due to tight labour markets. Aggressive policy tightening by the Central Banks in USA and Europe to control inflation is slowing growth and has also led to banking sector turmoil recently, which has potential for further downside risks.

The US economy is decelerating, and combined with high wage inflation and banking sector issues, could lead to a more severe slowdown in H2 CY23. The tight labour markets driven by strong services demand is expected to weaken in Q3 CY23, which will help cool inflation but may affect growth. Ongoing financial sector stress could force a pause in further rate hikes.

The Euro area has averted a severe recession due to good energy management helped by a mild winter, and manufacturing and services are picking up. Wage-driven inflation and any banking crisis are risks to growth.

In Japan, while manufacturing remains subdued, services have picked up. Wage inflation and global slowdown are risks to GDP growth.

The Chinese recovery following relaxation of the Zero Covid Strategy at the end of 2022 is being driven more by services than manufacturing. Slowing exports and a lacklustre property market are headwinds. Fiscal and monetary policy is expected to be supportive as inflation remains low in China.

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The Indian economy remains resilient, and is a bright spot in the decelerating global economy. Growth is broad-based, supported by manufacturing, services and government capital expenditure. Cooling inflation and the RBI pausing rate hikes is a positive, while the global slowdown remains a risk. Monsoon is a key monitorable, especially for rural demand in light of the forecast for *El Nino* this year.

The Union Budget in India focused on Infrastructure, Manufacturing and Defense, which is positive for steel consumption. The fiscal position is benefitting from lower energy prices, sharp drop in fertilizer subsidies and strong tax collections. The manufacturing sector capacity utilization is consistently above 72% since Dec 2021, which is supportive for private sector capex. Moreover, corporates and banks have healthy balance sheets to undertake capex. The banking credit growth has been in double digits for the last 13 months. Improving rural consumer sentiment, healthy reservoir storage levels and improving rural wage growth points to ongoing recovery. Demand for commercial vehicles, tractors and passenger vehicles remains healthy, while recovery in two-wheeler demand is expected in line with the rural and semi-urban economy.

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 in India 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 climate change disclosure (2022), Deming Prize for TQM for its facilities at Vijayanagar (2018), and Salem (2019). It was part of the Dow Jones Sustainability Index (DJSI) for Emerging Markets during 2021 and inclusion in the S&P Global's Sustainability Yearbook (consecutively for 2020 and 2021). In December 2022, JSW Steel was 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.

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

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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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