

Financial Performance for Fourth Quarter and Financial Year 2023-24

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 2024 (“Q4 FY24” or the “Quarter” and “FY24” or the “Year”).

Key Highlights for FY24

Standalone Performance:

- Highest Ever Crude Steel Production: 22.26 million tonnes
- Highest Ever Saleable Steel Sales: 21.22 million tonnes
- Highest ever Revenue from Operations: ₹1,35,180 crores
- Operating EBITDA: ₹21,980 crores
- Net Profit after Tax: ₹8,041 crores

Consolidated Performance:

- Highest Ever Crude Steel Production: 26.43 million tonnes
- Highest Ever Saleable Steel Sales: 24.78 million tonnes
- Highest ever Revenue from Operations: ₹1,75,006 crores
- Operating EBITDA: ₹28,236 crores
- Net Profit after Tax: ₹8,973 crores

Key Highlights for Q4 FY24

Standalone Performance:

- Crude Steel Production: 5.69 million tonnes
- Highest Ever Saleable Steel Sales: 5.69 million tonnes
- Revenue from Operations: ₹35,341 crores
- Operating EBITDA: ₹4,442 crores
- Net Profit after Tax: ₹1,007 crores

Consolidated Performance:

- Crude Steel Production: 6.79 million tonnes
- Highest Ever Saleable Steel Sales: 6.73 million tonnes
- Revenue from Operations: ₹46,269 crores
- Operating EBITDA: ₹ 6,124 crores
- Net Profit after Tax: ₹ 1,322 crores
- Net Debt to Equity: 0.93x and Net Debt to EBITDA: 2.62x

PRESS RELEASE

17th May 2024



Global economic growth is expected to be stable in 2024, with the IMF marginally upgrading its forecast for global GDP growth to 3.2% (up from 3.1% previously). The global Manufacturing PMI has moved to a mild expansionary zone in Q1 2024, which is a positive. Continued disinflation should allow for interest rate cuts in the near term even as rising geopolitical risks need to be monitored.

India's economic growth momentum continues, driven by the industrial sector and robust capital formation. Strong government spends on infrastructure and an anticipated private capex recovery are contributing to the momentum. Additionally, the outlook for housing, auto and renewables remain robust. An expected rural recovery, aided by above-normal monsoons forecasted for 2024, will provide further tailwinds to economic growth. India's overall macroeconomic profile remains strong, buoyed by healthy forex reserves and a positive outlook on capital inflows, despite escalating geopolitical risks.

In India, healthy steel demand growth continues, aided by ongoing infrastructure spends by the government and tailwinds from major steel consuming sectors. During Q4 FY24, India's finished steel consumption grew 9% YoY to 35.71mt, while crude steel production grew 9.7% YoY to 37.33mt. Steel imports fell 17.1% QoQ to 2.61mt during Q4 FY24 while steel exports grew 122.5% YoY to 3.05mt making India a net steel exporter after two quarters. That said, India was a net steel importer during FY24 with elevated imports (up 37.4% YoY in FY24), especially from China; this remains a challenge for the domestic steel industry.

Consolidated Financial Performance – Q4 FY24:

Production and Sales Summary:

Particulars (million tonnes)	Q4 FY24		FY24	
	Crude Steel Production	Sales	Crude Steel Production	Sales
Consolidated India Operations	6.54	6.48	25.55	23.96
JSW Steel USA Ohio	0.25	0.25	0.87	0.82
JSW Steel Consolidated Operations	6.79	6.73	26.43	24.78
Joint Control Entity:				
JSW Ispat Special Products Ltd.	-	-	0.26	0.23
India Operations incl. Joint Control	6.54	6.48	25.81	24.18
Total Combined Volumes	6.79	6.73	26.68	25.00

The Company achieved combined annual production of 26.68 million tonnes against its guidance of 26.34 million tonnes, which is a 101% achievement. The Sales Guidance was also met, with a 100% achievement.

Consolidated Crude Steel Production for the quarter stood at 6.79 million tonnes, lower by 1% QoQ and higher by 3% YoY. Capacity utilization at the Indian operations was 93% during the quarter vs. 94% in Q3 FY24. Capacity utilization improved at the Ohio, USA operations due to better demand.

Steel Sales for the quarter stood at 6.73 million tonnes, higher by 12% QoQ and by 3% YoY. Domestic sales at 5.16 million tonnes were lower by 2% QoQ and by 5% YoY on elevated imports. While total sales volumes

PRESS RELEASE

17th May 2024



increased QoQ, the OEM & Industrial volumes declined by 11% QoQ. Retail sales increased QoQ by 16% and were lower by 3% YoY. Exports at 1.32 million tonnes increased significantly QoQ as export opportunity was used to liquidate inventories given restocking demand in global markets. Exports constituted 20% of sales from the Indian operations.

The Company registered Revenue from Operations of ₹46,269 crores and Operating EBITDA of ₹6,124 crores, with an EBITDA margin of 13.2% during the quarter. The EBITDA reduced by 15% QoQ, driven by lower sales realizations and higher coking coal cost.

The Profit after Tax for the quarter was ₹1,322 crores, down by 46% QoQ.

The Company's Net Gearing (Net Debt to Equity) stood at 0.93x at the end of the quarter, as against 1.02x at the end of Q3 FY24, and Net Debt to EBITDA stood at 2.62x, as against 2.64x at the end of Q3 FY24. Net Debt as of 31st March 2024 stood at ₹73,916 crores, lower by ₹5,305 crores vs. 31st December 2023 due to healthy cash generation, release of working capital and calibrated capex.

Standalone Performance – Q4 FY24:

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

Particulars (million tonnes)	Q4 FY24	Q3 FY24	%QoQ	Q4 FY23	%YoY	FY24	FY23	%YoY
Production: Crude Steel	5.69	5.72	-1%	5.60	2%	22.26	20.87	7%
Sales:								
- Rolled: Flat	4.26	3.95	8%	4.40	-3%	16.25	14.74	10%
- Rolled: Long	1.25	1.05	18%	1.17	6%	4.41	4.36	1%
- Semis	0.19	0.19	-2%	0.11	76%	0.56	0.57	-1%
Total Saleable Steel Sales	5.69	5.20	9%	5.68	-	21.22	19.67	8%

The Crude Steel Production for the quarter was at 5.69 million tonnes, lower by 1% QoQ and higher by 2% on YoY basis.

Standalone Steel Sales for the quarter was 5.69 million tonnes for the quarter, higher by 9% QoQ and flat YoY.

The Company registered Revenue from Operations of ₹35,341 crores, higher by 6% QoQ, but lower by 5% YoY.

The Company registered Operating EBITDA at ₹4,442 crores for Q4FY24, lower by 23% QoQ and lower by 29% YoY. The EBITDA margin for the quarter was 12.6%. EBITDA was lower primarily due to higher coking coal prices and lower sales realizations.

The Company reported Profit after Tax of ₹1,007 crores for the quarter, down by 58% QoQ and down by 65% YoY.

Performance of Subsidiaries – Q4 FY24:

Bhushan Power & Steel (BPSL):

During the quarter, BPSL registered Crude Steel Production of 0.81 million tonnes and Sales volume of 0.78 million tonnes. Revenue from Operations and Operating EBITDA for the quarter stood at ₹5,572 crores and ₹536 crores, respectively. The EBITDA reduced by 31% QoQ, mainly due to lower sales realizations and higher coking coal cost. BPSL reported a Profit after Tax of ₹6 crores for the quarter.

JSW Steel Coated Products (Consolidated):

During the quarter, JSW Steel Coated Products, including its subsidiaries, 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 ₹9,225 crores, and EBITDA was ₹495 crores. The EBITDA is higher on QoQ basis mainly due to lower raw-material prices, partially offset by lower domestic realisations. The subsidiary reported a net profit of ₹156 crores for the quarter.

JSW Steel USA Ohio:

The EAF-based steel manufacturing facility in Ohio, USA, produced 2,75,822 net tonnes of Slabs during the quarter. Capacity utilization was 76% during the quarter. Sales volumes for the quarter stood at 67,801 net tonnes of HRC and 2,03,733 net tonnes of Slabs. It reported an EBITDA loss of US\$ 5.2 million for the quarter.

US Plate & Pipe Mill:

The Plate & Pipe Mill based in Texas, USA produced 1,16,105 net tonnes of Plates and 8,825 net tonnes of Pipes, reporting a capacity utilization of 49% and 6%, respectively, during the quarter. Sales volumes for the quarter stood at 1,00,668 net tonnes of Plates and 8,245 net tonnes of Pipes. It reported an EBITDA of US\$ 23.7 million.

Italy Operations:

The Italy based Rolled long products manufacturing facility produced 74,476 tonnes and sold 79,969 tonnes of rolled products during the quarter. It reported an EBITDA of Euro 7.5 million for the quarter. Lower volumes QoQ and lower realisations led to lower EBITDA during the quarter.

Energy Transition:

The Company had entered into Power Purchase Agreement for procurement of 958 MW of renewable power (733 MW Wind and 225 MW Solar) earlier. Solar capacity of 225MW was commissioned at Vijayanagar in Q1 FY23 and the balance capacity of 733 MW wind power will be progressively commissioned by end Q2 FY25 across various plant locations.

Subsequently, the company contracted for 79 MW (Solar and Wind) capacities at its Vijayanagar and Anjar locations, which will be commissioned by Q2 FY26.

The Board of directors has now approved entering into contract for procuring a hybrid renewable energy generation capacity of 600 MW (200 MW Solar and 400MW Wind) along with 320 MWh battery storage at Vijayanagar for commissioning by Q3 FY27.

All the above renewable capacities are being set up under the group captive norms prescribed under the Electricity Act.

PRESS RELEASE

17th May 2024



Acquisitions:

As a step towards backward integration for captive sourcing of coking coal, the Board has approved acquisition of Minas de Revuboe Limitada (“MDR”). MDR owns a high quality and large scale pre-development stage premium hard coking coal mine project in the Moatize Basin of Tete Province in Mozambique. It is one of the largest pre-development stage premium hard coking coal projects globally and has JORC reserves in excess of 800 million tonnes.

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. We expect commissioning of the entire 5MTPA integrated facility by July 2024. The ramp-up of the integrated facility is expected by end of Q3 FY25.

The Phase-II expansion (from 3.5 MTPA to 5 MTPA) at BPSL is largely completed and we expect ramp-up by end of Q2 FY25.

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 Q4 FY24 was ₹3,503 crores and during FY24 was ₹16,752 crores. We expect consolidated capex for FY25 to be ₹20,000 crores.

Dividend:

The Board has recommended a dividend of ₹7.30 per equity share on the 244,54,53,966 equity shares of face value of ₹1 each, for the year ended March 31, 2024, subject to the approval of the Members at the ensuing Annual General Meeting. The total outflow on account of this dividend will be ₹1785 crores.

Guidance for FY25:

The production and sales guidance for FY25 is as follows: (million tonnes)

Particulars	Crude Steel Production	Saleable Steel Sales
India Operations	27.40	26.00
JSW Steel USA Ohio	1.00	1.00
Total Consolidated Volumes	28.40	27.00

Outlook

The global economy has performed well despite the headwinds of elevated interest rates and adverse geopolitics. According to the IMF, global GDP growth for 2024 is expected to be 3.2%, a marginal improvement from its January forecast of 3.1%. For 2025, growth is likely to remain stable at 3.2%. Inflationary pressure is easing across major economies albeit with some speedbumps. This is likely to allow central banks to commence rate cuts in 2024, although the extent of cuts has been diluted compared to earlier forecasts. Geopolitical risks have risen, and need to be watched, especially for their impact on global trade and energy prices.

In the US, economic growth is holding up reasonably well with resilient labour markets and consumption. Overall disinflation continues despite some speedbumps recently which have delayed rate cut expectation by a few months. Consumption may see some headwind from rising unemployment rate over the next few quarters.

In China, strong GDP print in Q1 CY24 at 5.3% was driven by strong growth in industrial production and infrastructure investments. While property sector remains a drag, FAI ex-real estate development is up 9.3%. Key sectors such as auto and green energy are witnessing robust growth. Targeted stimulus measures from the government to support the economy are likely to continue. Excess industrial capacity in China remains a concern and likely to push up trade tensions.

In the Eurozone, while there is weakness in consumption and manufacturing, overall economic growth appears to be bottoming out. Falling inflation should allow interest rate cuts in the near term which will support economic recovery.

In Japan, after the contraction in Q1 2024, the economy is expected to see modest recovery supported by strong wage hikes and growth in exports. Consumer sentiment has been rising with the falling inflation and should support recovery.

India's economic growth momentum remains strong, driven by the industrial sector and robust capital formation. The focus on infrastructure development continues, with central government capex increasing by 36.5% during Apr-Feb'2024. Rising utilisation levels and healthy balance sheets are expected to boost private capex, with investments in energy transition and the government's Production-Linked Incentive scheme adding tailwinds. The outlook for both public and private housing, as well as the auto sector, remains favourable. Elevated consumer confidence, coupled with easing inflation, will support consumption growth. A recovery in the rural economy is expected due to above-normal monsoons forecasted for 2024. India's outperformance is expected to continue, with positive trends across key sectors and a resilient macroeconomic profile.

About JSW Steel:

- *JSW Steel is the flagship business of the diversified, US\$ 23 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.*
- *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 29.7 MTPA in India and the USA. Its next phase of growth in India will take its total capacity to 43.5 MTPA by September 2027. The Company's manufacturing unit in Vijayanagar, Karnataka is the largest single location steel-producing facility in India.*
- *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 2024), Leadership Rating in CDP climate change disclosure (A-) and in CDP Water Disclosure (A) for 2023, Deming Prize for TQM for its facilities at Vijayanagar (2018), and Salem (2019). It is now part of the World Dow Jones Sustainability Index (DJSI) and Emerging Markets during 2023, along with inclusion in the S&P Global's Sustainability Yearbook (consecutively from 2020 to 2023).

- JSW Steel's SEED project has been awarded with Energy Transition Changemakers at COP28.
- In December 2023, 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.
- 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 and reducing water consumption in all operations and maintaining Zero Liquid Discharge.
- JSW Steel has emerged as an organisation with a strong cultural 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 one of India's Best Workplaces in Health and 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, 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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