



JSW Steel Limited

Q1 FY 2018-19 Results Presentation

July 25, 2018

Better Everyday



Key highlights – Q1 FY19

Standalone performance

- ✓ Crude Steel production: 4.11 million tonnes, up by 5% YoY
- ✓ Saleable Steel Sales: 3.83 million tonnes, up by 9% YOY
- ✓ Operating EBITDA : ₹ 4,822 crores, up by 119% YoY
- ✓ Highest ever PAT : ₹ 2,338 crores, up by 458% YoY
- ✓ Net Debt to Equity: 1.21x and Net Debt to EBITDA: 2.20x

Consolidated performance

- ✓ Saleable Steel Sales: 3.76 million tonnes, up 11% YoY
- ✓ Operating EBITDA : ₹ 5,105 crores and PAT : ₹ 2,339 crores
- ✓ Net Debt to Equity: 1.32x and Net Debt to EBITDA: 2.26x



Agenda



Business
Environment

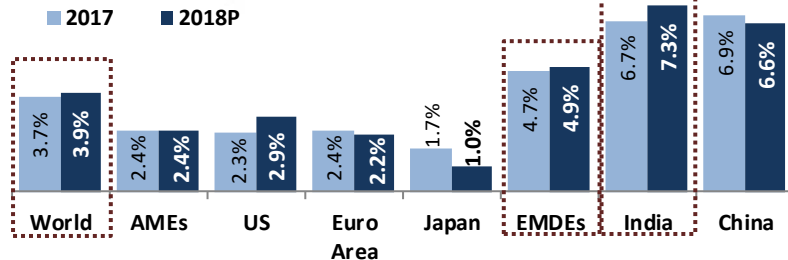
Operational
Performance

Financial
Performance

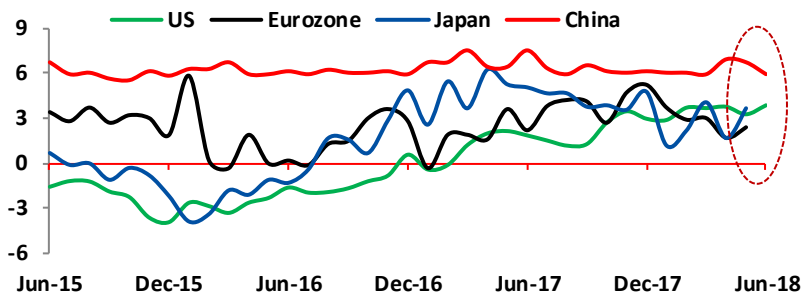
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Global economy

GDP growth - 2017 and 2018 (%YoY)



Index of Industrial Production (% YoY)

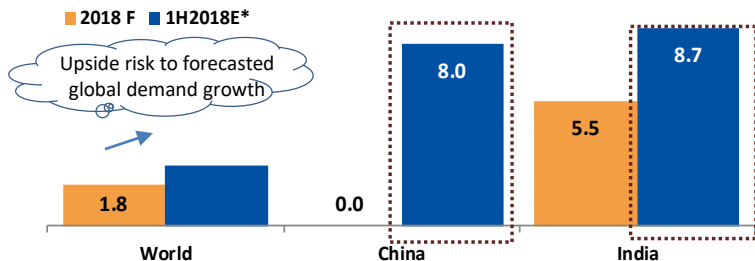


- Global growth outlook remains strong, escalating trade tensions pose risks to the outlook
- US growth momentum remains strong driven by fiscal stimulus, strong labour markets and high consumer demand
- Increasing political uncertainty and trade fears risk dragging Euro area recovery, despite accommodative monetary stance
- Notwithstanding 1Q2018 weakness, Japan's growth is expected to strengthen supported by rising investments, budgetary support and stronger private consumption
- Despite concerns over moderation in external demand and regulatory tightening of financial sector, China's growth rate expected to soften in an orderly manner

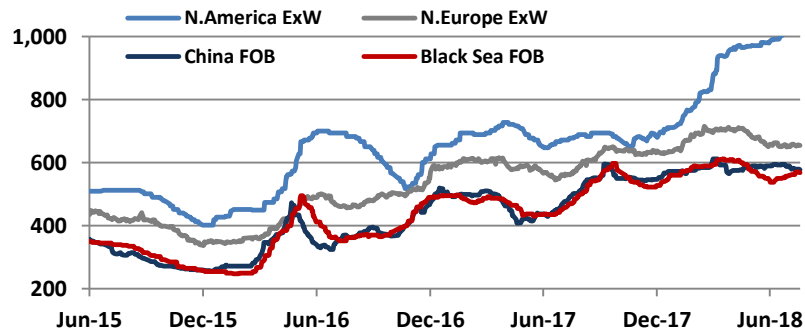
Global growth outlook remains constructive, escalating trade measures increase risks

Global steel

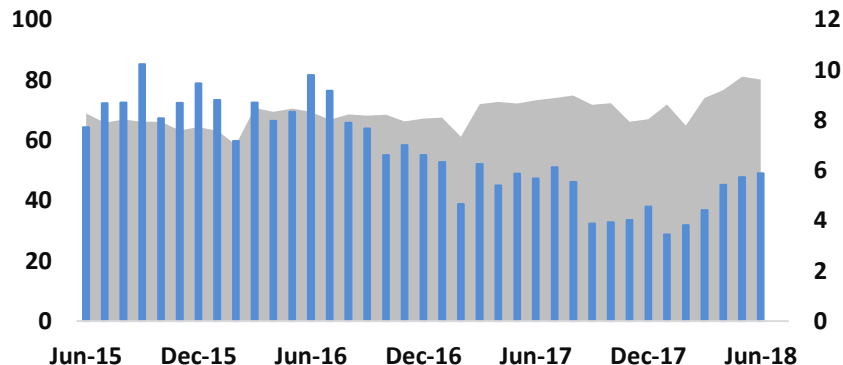
Global finished steel demand growth estimates (%YoY)



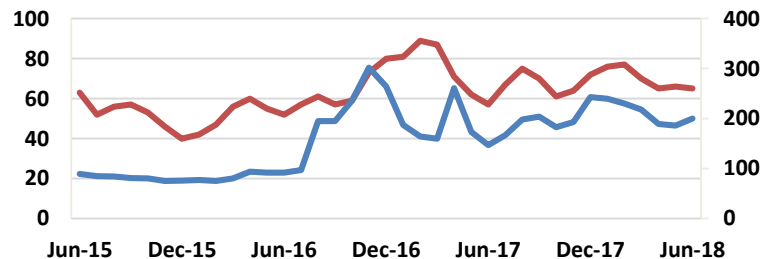
HRC prices US\$/t



China Crude Steel Production -LHS Net exports (million tonnes) - RHS



Iron Ore (62% Fe) price US\$/t - LHS HCC Price US\$/t - RHS

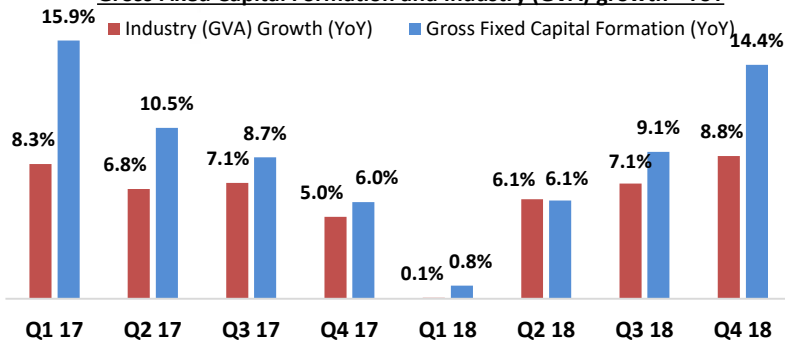


Global steel demand growth is outpacing estimates

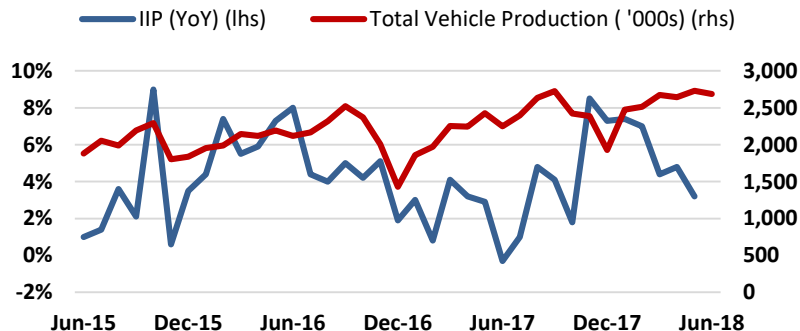
Source: WSA (SRO, Apr-18), * JSW Steel Estimates, Bloomberg, Platts

Indian economy

Gross Fixed Capital Formation and Industry (GVA) growth - YoY



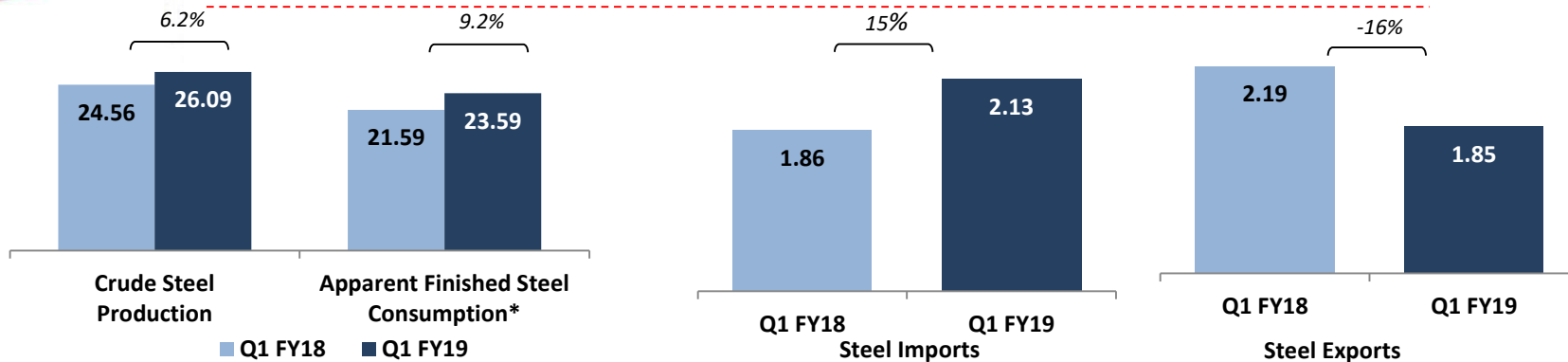
Total Vehicle Production vs. IIP



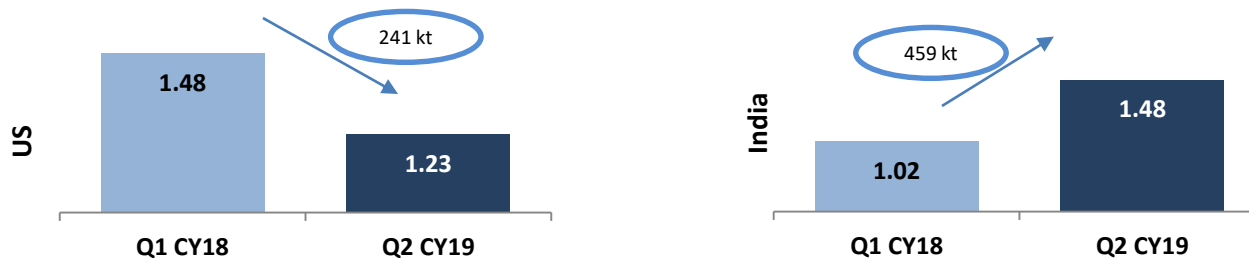
- Higher government spending on infrastructure leads to an increase in Gross Fixed Capital (GFC) formation
- Vehicle production and consumer durable volumes remain strong driven by higher consumer demand
- Rural demand momentum likely to sustain on the back of higher disposable income, increase in MSPs and even normal monsoon
- IIP growth momentum remains weak, however manufacturing PMI seems to be picking up
- Inflation continues to harden with rising input prices and robust domestic demand. Rates cycle has an upward bias
- Higher oil prices, surging inflation, tight liquidity conditions and likely interest rate hikes pose risks to growth outlook

FY2019 growth likely to be underpinned by higher government spending and stable consumer demand

Indian steel



Exports from China, Japan and Korea in 2QCY18 vs 1QCY18



Source: JPC and JSW Steel estimates, All figures are in million tonnes, * Apparent finished steel consumption net of double counting effect

Escalating trade measures resulting in diversion of steel imports from steel surplus countries into India



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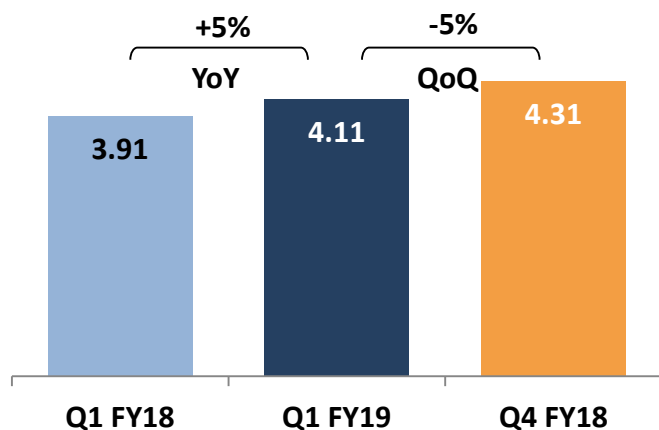
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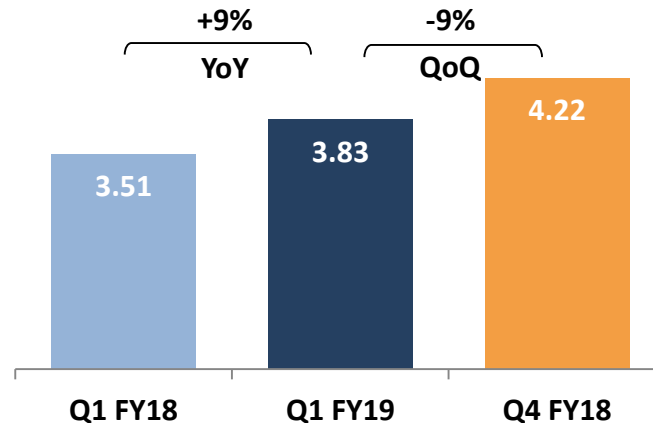
Quarterly volumes – standalone

Crude Steel Production



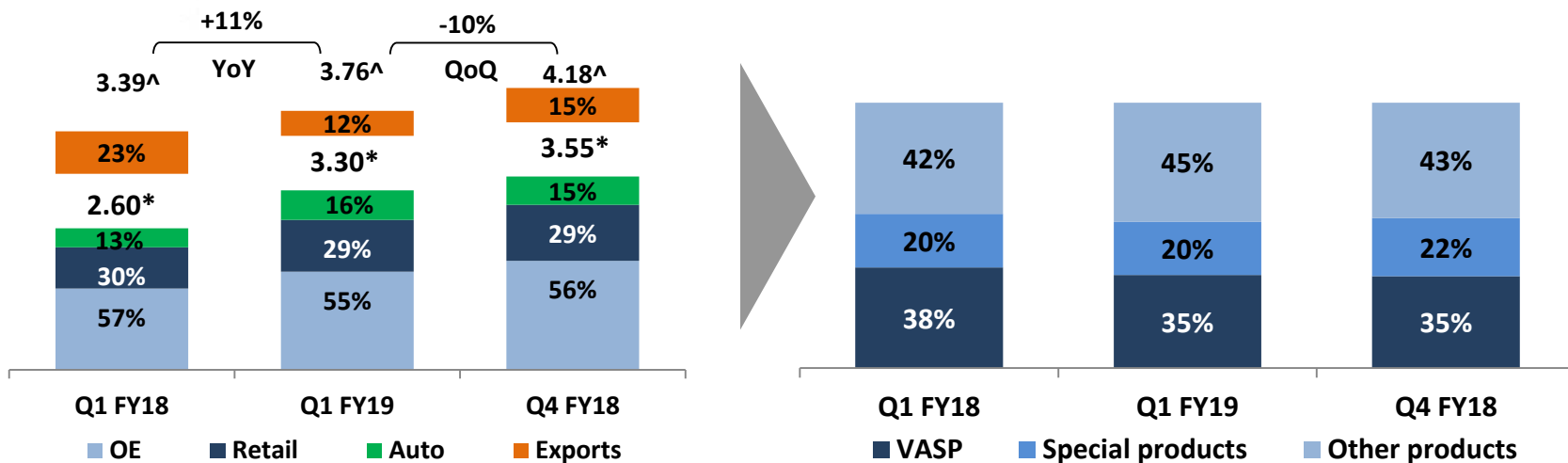
	Q1 FY18	Q1 FY19	Q4 FY18
Flat	2.76	2.87	2.98
Long	0.83	0.93	1.07

Steel Sales



	Q1 FY18	Q1 FY19	Q4 FY18
Flat	2.57	2.73	2.97
Long	0.75	0.87	1.04
Semis	0.18	0.23	0.21

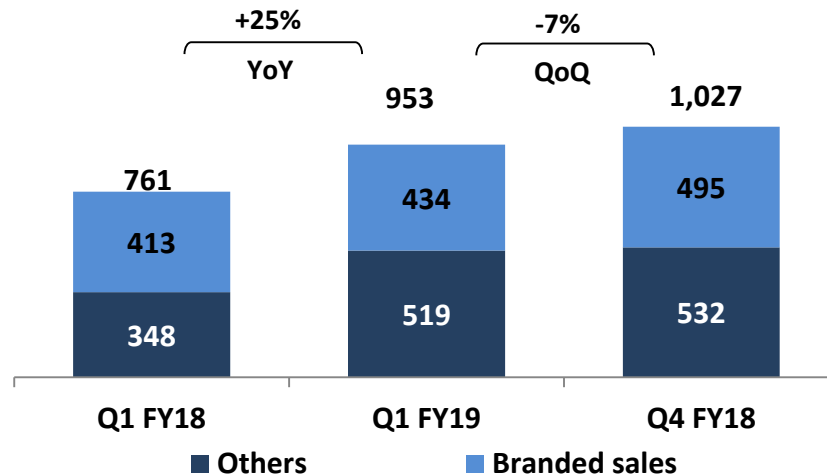
Quarterly sales highlights – consolidated



- ✓ Overall sales volumes grew 11% YoY; domestic sales grew by 27% YoY
- ✓ Overall Value added & special products (VASP) and Special products sales grew by 6%YoY (55% of overall sales)
- ✓ Sales to Automotive customers grew by 57% YoY while automotive production grew by 17%

Strategically increased sales to domestic customers

Retail segment highlights for Q1 FY19



- ✓ Retail sales surged by 25% YoY led by a recovery in rural demand as well as base effect of last year when destocking happened in the run up to GST implementation
- ✓ Branded sales volumes increased by 5% YoY
- ✓ JSW has footprint across 575 districts with over 8,600 exclusive and non-exclusive retail outlets
- ✓ Engaged with 2,000+ influencers through 160+ meets and 2 Mega Conferences which was attended by over 600 Engineers

Retail sales accounted for ~29% of total domestic sales volumes

New Product/ Grade approvals in 1QFY19

50C350(GA)



SP781AJ&BJ(CR)



D Grade(PPGI)



65C600(Electrical Steel)

Shell-type Laminations

Core-type Laminations



50C800(Electrical Steel)



5S105J2(Electrical Steel)





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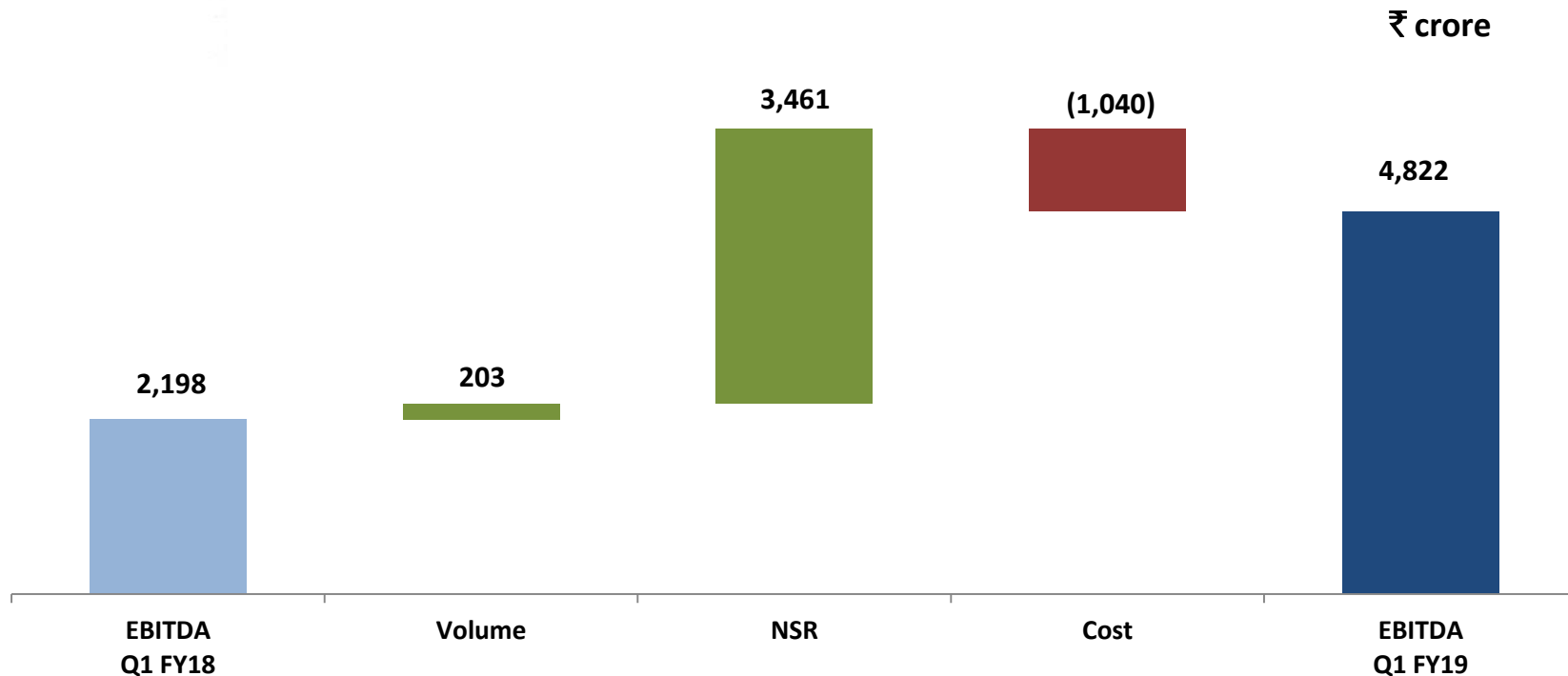
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Financials – standalone

₹ crore

Particulars	Q1 FY19	Q4 FY18	Q1 FY18
Revenue from operations	18,964	20,159	15,431
Operating EBITDA	4,822	5,043	2,198
Other Income	167	73	48
Finance Cost	866	873	907
Depreciation	819	781	732
Profit Before Tax	3,304	3,462	607
Tax	966	1,227	188
Profit after Tax	2,338	2,235	419
Diluted EPS (₹)*	9.67	9.25	1.73

Operating EBITDA movement – standalone



Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q1 FY19	Q4 FY18	Q1 FY18
Production	0.43	0.48	0.44
Sales	0.43	0.47	0.48

₹ crore

Key P&L data	Q1 FY19	Q4 FY18	Q1 FY18
Revenue from Operations	3,031	3,114	3,126
Operating EBITDA	122	202	205
Profit after Tax	42	87	117

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q1 FY19	Q4 FY18	Q1 FY18
Plate Mill	80,777	71,015	65,491
<i>Utilization (%)</i>	35%	30%	28%
Pipe Mill	14,021	12,142	11,562
<i>Utilization (%)</i>	10%	9%	8%

Sales (net tonnes)	Q1 FY19	Q4 FY18	Q1 FY18
Plate Mill	65,809	52,835	52,410
Pipe Mill	14,574	12,222	11,993

USD mn

Key P&L data	Q1 FY19	Q4 FY18	Q1 FY18
Revenue from Operations	91.82	61.44	60.47
EBITDA	10.69	3.25	5.10

Financials – consolidated

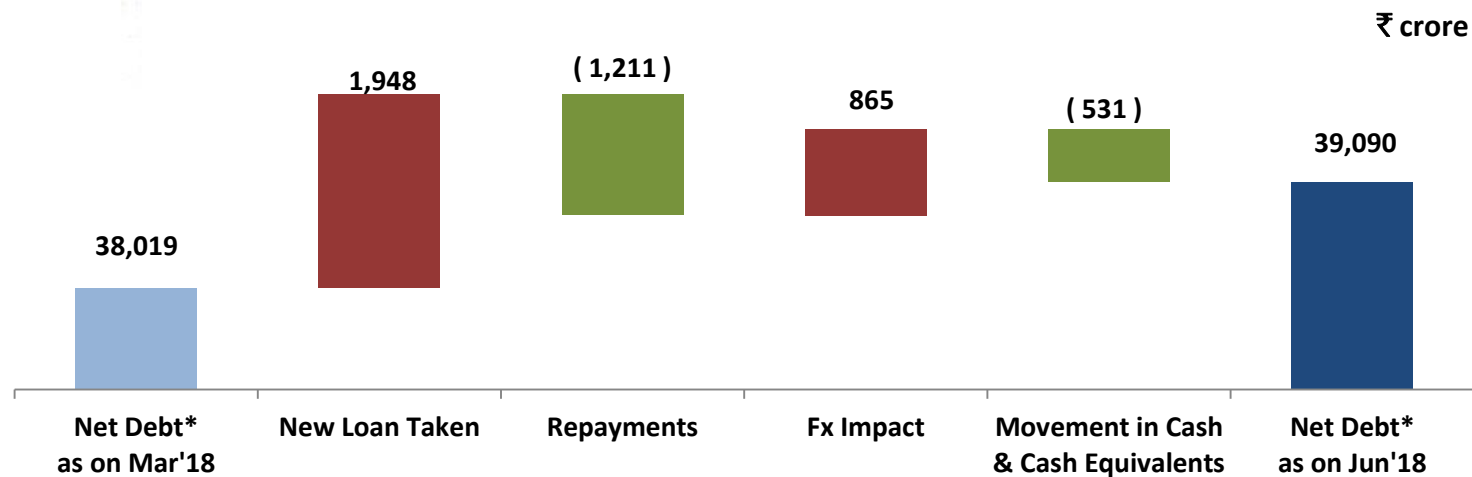


₹ crore

Particulars	Q1 FY19	Q4 FY18	Q1 FY18
Revenue from operations	20,519	21,336	16,371
Operating EBITDA	5,105	5,290	2,617
Other Income	58	45	41
Finance Cost	887	883	945
Depreciation	905	865	819
Profit Before Tax	3,371	3,587	894
Tax	1053	715	284
Share of Joint Ventures	21	7	14
Profit after Tax	2,339	2,879	624
Diluted EPS (₹)*	9.79	12.40	2.59

* Not Annualized

Net debt movement – consolidated



Particulars	30.6.2018	31.3.2018	30.6.2017
Net Debt	39,090	38,019	43,323
Cash & cash equivalent (₹ crore)	1,904	1,374	1,336
Net Debt/Equity (x)	1.32	1.38	1.97
Net Debt/EBITDA (x)	2.26	2.57	3.76

Q1 FY19 Results – Drivers of Performance



Volumes	<ul style="list-style-type: none">Production volume increased by 5% YoY aided by higher utilisation at all locationsConsolidated sales volume increased by 11% YoY, with domestic sales increasing by 27% YoYSales to the automotive segment increased by 57% YoY
Realisation	<ul style="list-style-type: none">Average sales realisation increased on the back of higher steel prices (both flats and longs) in both domestic and export marketsSales volume of Value Added and Special Products (VASP) increased by 6% YoY
Other Operating Income	<ul style="list-style-type: none">1QFY19 other operating income aided by recognition of incentives of ₹ 309 crores post the notification of incentive schemes under the GST regime.
Operating Costs	<ul style="list-style-type: none">Blended iron ore costs increased by 14% YoY due to higher iron ore prices and sourcing mix changeFerro alloys, refractory and electrode costs surged sharply YoYPower and fuel costs increased with rising energy prices and weaker currency
Subsidiaries	<ul style="list-style-type: none">JSW Coated Steel performance impacted by lagged transmission of substrate costsPlate & Pipe Mill at Baytown performance aided by higher utilization and improving spreads



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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



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 September 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