



A Vision to Execute Better.

Everyday.

**JSW Steel Limited**  
**Q1 FY 2019-20 Results Presentation**  
July 26, 2019



# Key highlights – Q1 FY20



## Consolidated performance

- ✓ Revenue from operations : ₹ 19,812 crore
- ✓ Operating EBITDA : ₹ 3,716 crore
- ✓ Net Profit : ₹ 1,008 crore
- ✓ Net Debt to Equity : 1.35x and Net Debt to EBITDA : 2.72x
- ✓ Diluted Earning Per Share : ₹ 4.25 per share

## Operational performance

- ✓ Secured 3 more captive iron ore mines in Karnataka auctions
- ✓ Operationalised 4<sup>th</sup> captive (out of 6 existing) iron ore mine
- ✓ Pipe conveyor for iron ore transportation in Vijayanagar fully operationalised

## Other highlights

- ✓ Ranked 7<sup>th</sup> amongst Top 34 World Class Steelmakers by World Steel Dynamics
- ✓ Dolvi Works wins “Digitalization Award” in the 7<sup>th</sup> CII National Excellence Practice Competition



# Agenda

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Business  
Environment

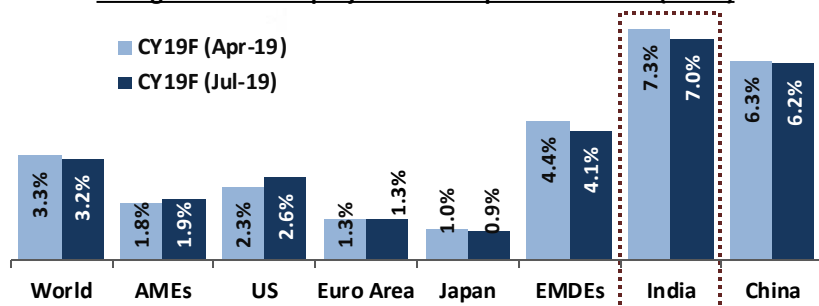
Operational  
Performance

Financial  
Performance

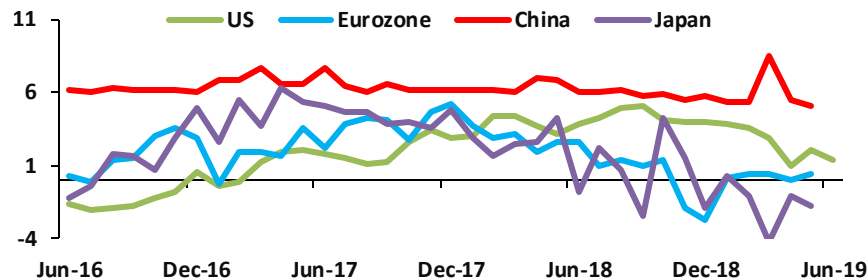
Projects Update

# Global economy

**GDP growth - 2019 projections in Apr and Jul 2019 (%YoY)**



**Index of Industrial Production (%YoY)**



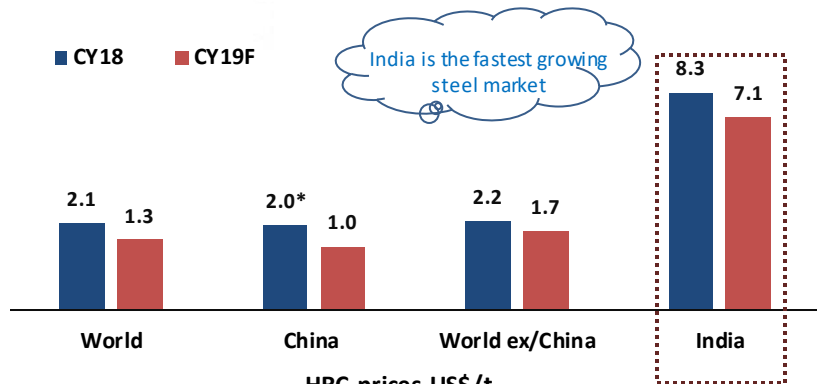
- IMF's Global GDP forecast for 2019 revised to 3.2% from 3.3% earlier
- Despite tight labor markets, US growth outlook has softened. Fed's recent commentary and dovish stance signals possible interest rate cuts in near future
- Euro area growth remains weak on the back of contraction in industrial growth, subdued private consumption and trade / political uncertainties
- Japan faces headwinds of external trade weakness and softening domestic consumption
- Chinese growth remained stable in Q2 CY2019. Calibrated fiscal and monetary policy measures likely to support growth
- Resolution of trade tensions to stabilise global growth – geopolitical tensions are added risks

**Recovery to be underpinned by resolution of trade tensions and accommodative central bank policy measures**

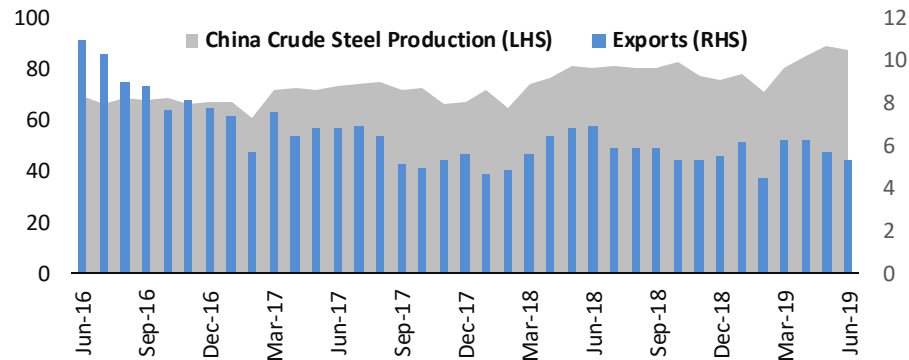
Source: IMF (July 2019), Eurostat, METI Japan, Federal Reserve, NBS China

# Global steel

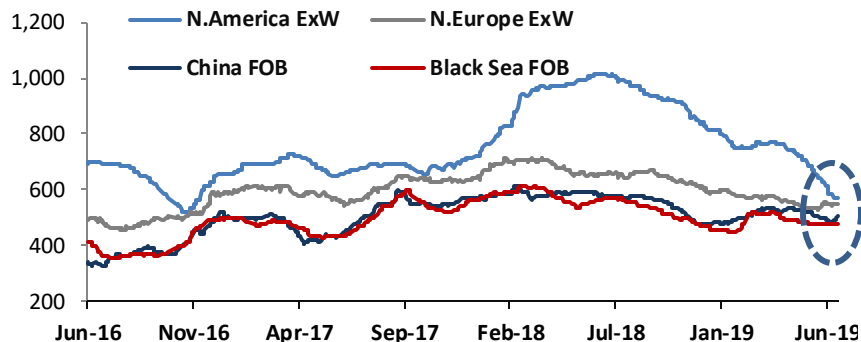
Global finished steel demand growth estimates (%YoY)



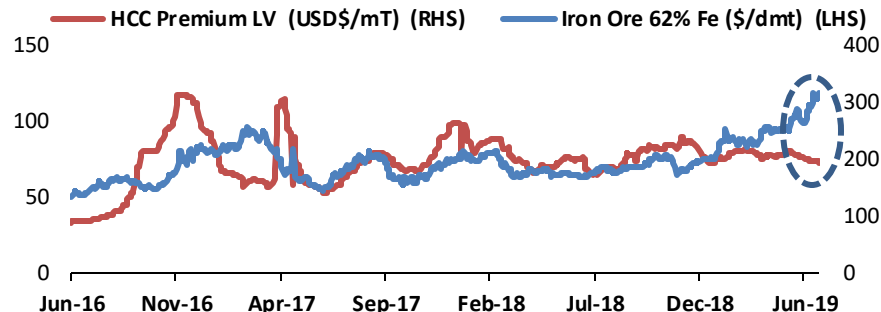
China Steel Production and Export



HRC prices US\$/t



Raw Material Price Trend



**Steel supply-side calibration expected to be supportive for steel spreads**

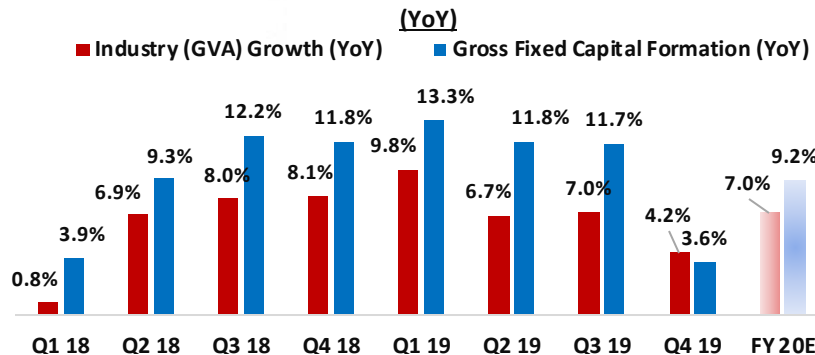
Source: WSA, Bloomberg, Platts

Note: \* China continued to close most of its outdated induction furnaces in 2017, a category which was not captured in official statistics. While nominal steel demand growth in 2018 stood at 7.9%, the dynamics of steel using sectors suggest growth of 2.0% in real terms. Accordingly, real global growth in 2018 is 2.1%.



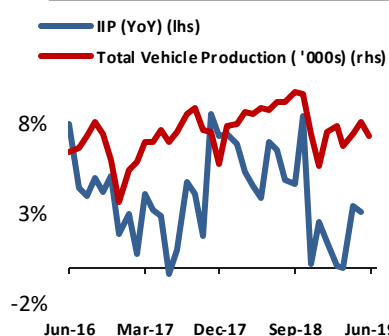
# Indian economy

## Industry (GVA) Growth and Gross Fixed Capital Formation (YoY)

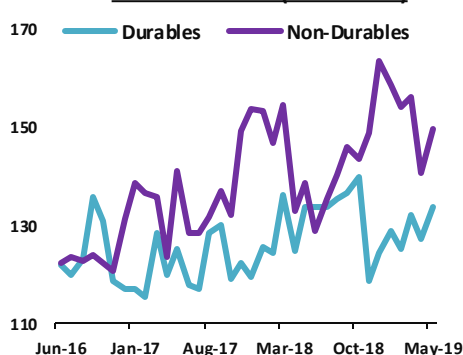


- Economic activities during the quarter were weak, mainly driven by a general lack of credit availability
- Gross fixed capital (GFC) formation has slowed down, but structurally it is likely to expand and gain momentum given the government's thrust on building infrastructure through higher public investing
- IIP growth and manufacturing PMI has weakened
- Weaker automotive volumes pose a further down side risk and near term outlook is mixed. Consumer durables outlook is mixed due to lower penetration.
- Government's announced outlays in budget is positive for the underlying consumer and rural demand
- Sub-par monsoon is a source of risk , while interest rates have downward bias

## Total Vehicle Production vs. IIP



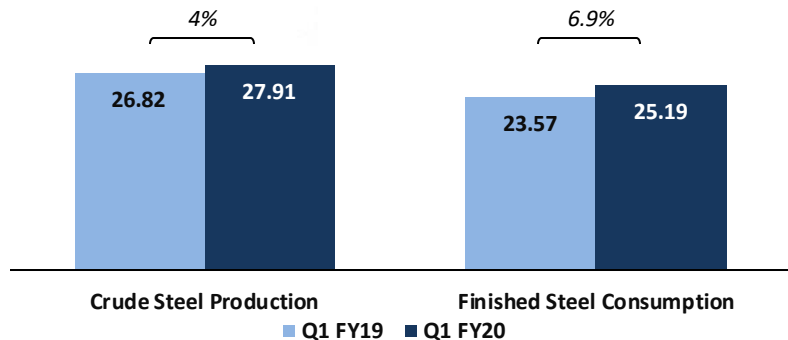
## IIP - Use Based (Consumer)



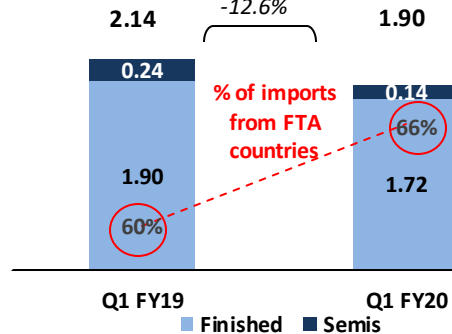
Higher government spend to spur investment demand, ensuring timely access to credit will be key

# Indian steel – Q1 FY20

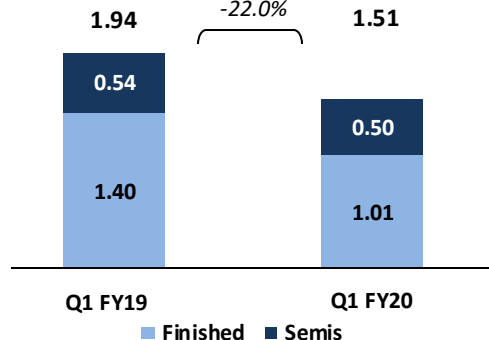
## Production and Consumption (mt)



## Imports (Mnt)

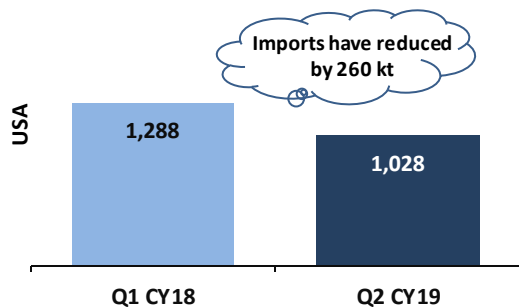


## Exports (Mnt)

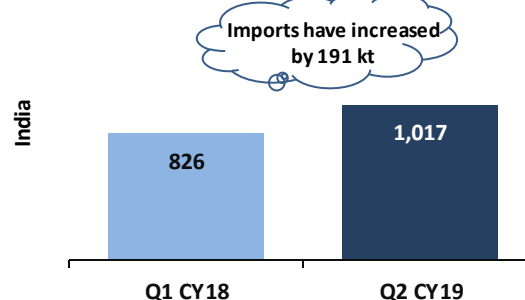


## Exports (kt) from Japan and South Korea

### Post Section 232



### Post Section 232



Imports from FTA countries at zero duty causing injury to domestic industry and need effective remedial measures



# Agenda

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Business  
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Performance

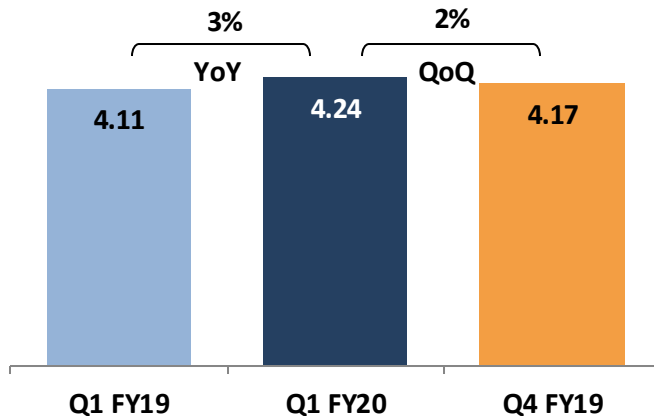
Financial  
Performance

Projects  
Update



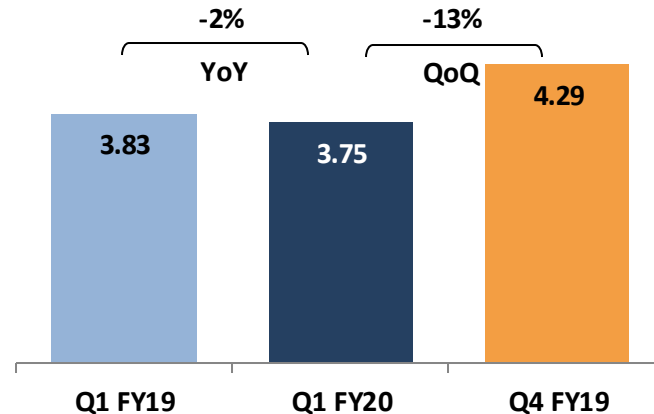
# Quarterly volumes- standalone

Crude Steel Production



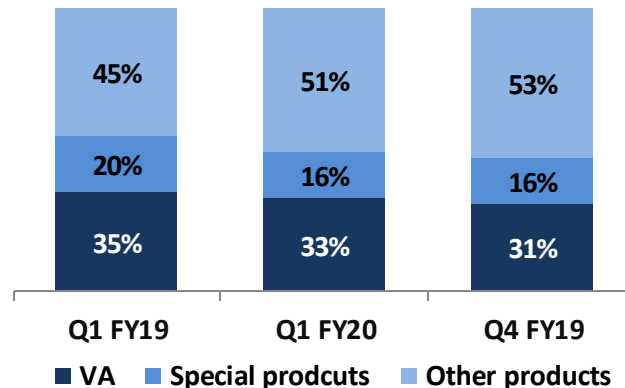
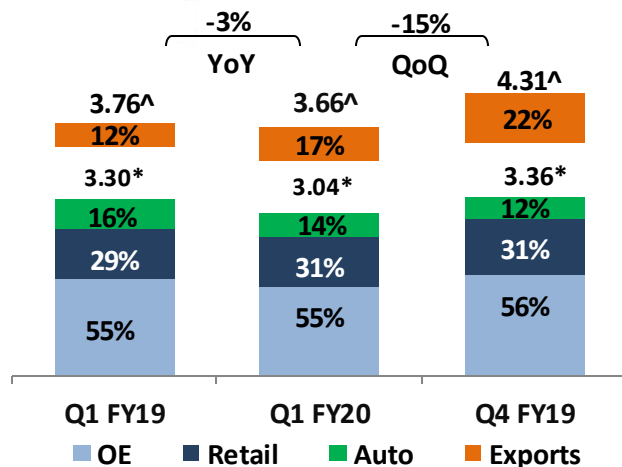
	Q1 FY19	Q1 FY20	Q4 FY19
Flat	2.87	2.91	3.01
Long	0.93	1.05	0.99

Steel Sales



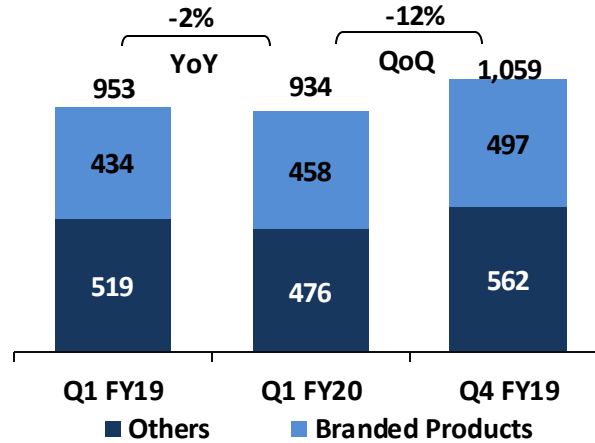
	Q1 FY19	Q1 FY20	Q4 FY19
Flat	2.73	2.67	3.08
Long	0.87	0.93	1.04
Semis	0.23	0.15	0.18

# Quarterly sales highlights – consolidated



- ✓ Exports increased by 34% YoY
- ✓ Domestic sales declined due to weaker economic activity and general lack of credit availability
- ✓ Automotive Steel Sales increased by 4.6% QoQ, despite an overall decline in Passenger and Commercial Vehicle Production

## Retail segment highlights



All figures in charts are in kt

- ✓ Branded Sales volume increased by 5.6% YoY
- ✓ Retail sales decreased by 2.3% YoY due to sluggish demand and tight liquidity conditions
- ✓ Engaged with over 5,200 influencers and contacted 3,000+ end consumers

65C350(Electrical Steel)



Electric Motor

65C1000(Electrical Steel)



General purpose geared motor

50SP890(Electrical Steel)



Alternator

SAE 1055M(Long Product)



Shaft Forging

SA 836(Long Product)



Rings for reactor system

ASME SA675(Long Product)



Forgings for pipe hangers



# Agenda

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Business  
Environment

Operational  
Performance

Financial  
Performance

Projects  
Update

## Financials – standalone

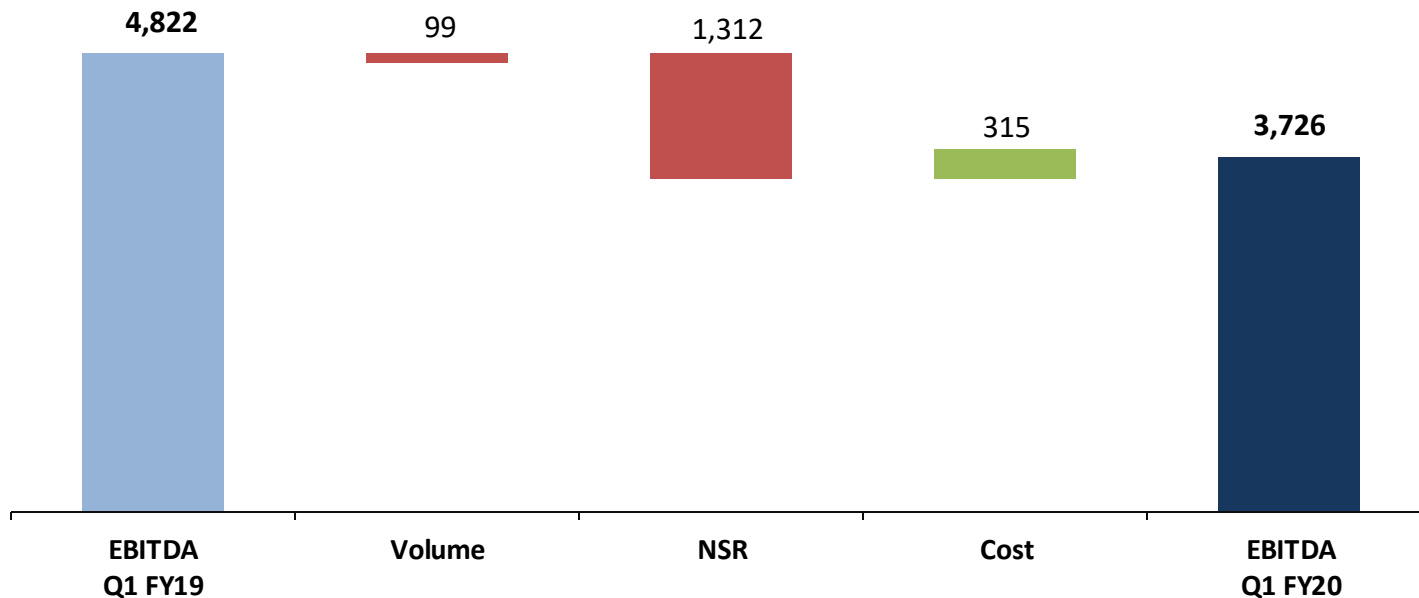
₹ crore

Particulars	Q1 FY20	Q1 FY19	Q4 FY19
Revenue from operations	17,499	18,964	19,701
Operating EBITDA	3,726	4,822	4,341
Other Income	162	167	83
Finance Cost	963	866	956
Depreciation	806	819	865
Profit Before Tax	2,119	3,304	2,603
Tax	696	966	858
Profit after Tax	1,423	2,338	1,745
Diluted EPS (₹)*	5.89	9.67	7.22



# Operating EBITDA movement – standalone

₹ crore



## Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q1 FY20	Q1 FY19	Q4 FY19
Production (Galvanised / Galvalume)	0.43	0.43	0.43
Sales	0.45	0.43	0.49

₹ crore

Key P&L data	Q1 FY20	Q1 FY19	Q4 FY19
Revenue from Operations	2,990	3,031	3,184
Operating EBITDA	172	122	86
Profit after Tax	70	42	7

## Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q1 FY20	Q1 FY19	Q4 FY19
Plate Mill	83,516	80,777	81,290
Utilization (%)	36%	35%	34%
Pipe Mill	23,093	14,021	22,996
Utilization (%)	17%	10%	17%

Sales (net tonnes)	Q1 FY20	Q1 FY19	Q4 FY19
Plate Mill	57,032	65,809	63,890
Pipe Mill	23,195	14,574	23,785

USD mn

Key P&L data	Q1 FY20	Q1 FY19	Q4 FY19
Revenue from Operations	98.61	91.82	114.78
EBITDA	2.00	10.69	5.83

## Update on Key Subsidiaries / JV

JSW Steel USA Ohio	<ul style="list-style-type: none"><li>▪ Production of 80,037 net tonnes and sales volume of 71,362 net tonnes</li><li>▪ EBITDA (loss) of US\$36.12 million, including inventory write down of \$18.95million</li></ul>
JSW Steel Italy (Aferpi)	<ul style="list-style-type: none"><li>▪ Production of 154,486 tonnes and sales volume of 154,764 tonnes</li><li>▪ EBITDA (loss) of Euro 4.16 million</li></ul>
Monnet Ispat and Energy Limited (JV of AION Capital and JSW Steel Ltd)	<ul style="list-style-type: none"><li>▪ Steel making operations were impacted by maintenance shut down and repairs</li><li>▪ Production from Blast Furnace expected to restart and ramp up during Q3 FY20</li><li>▪ Pellet production of 431kt and DRI production of 215kt in Q1 FY20</li></ul>

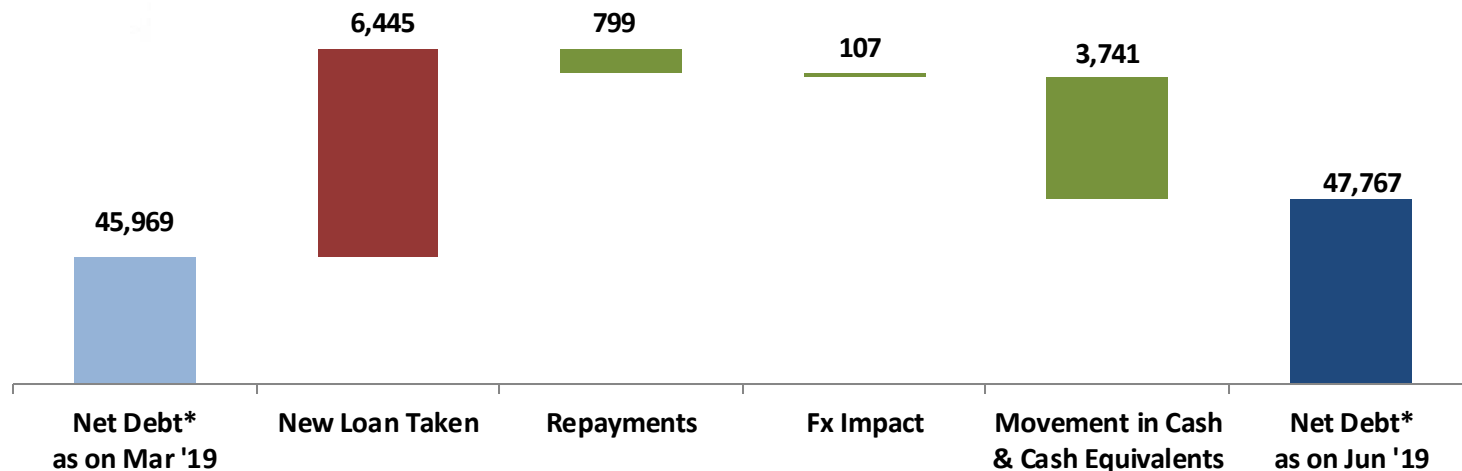
## Financials – consolidated

₹ crore

Particulars	Q1 FY20	Q1 FY19	Q4 FY19
Revenue from operations	19,812	20,519	22,368
Operating EBITDA	3,716	5,105	4,440
Other Income	141	58	53
Finance Cost	1,042	887	1,046
Depreciation	1,026	905	1,084
Profit Before Tax	1,789	3,371	2,363
Tax	762	1,053	835
Share of Joint Ventures	(19)	21	(33)
Profit after Tax	1,008	2,339	1,495
Diluted EPS (₹) *	4.25	9.79	6.31

# Net debt movement – consolidated

₹ crore



Particulars	30.06.2019	31.03.2019	30.06.2018
Net Debt (crore)	47,767	45,969	39,090
Cash & cash equivalent (crore)	10,010	6,269	1,904
Net Debt/Equity (x)	1.35	1.34	1.32
Net Debt/EBITDA (x)	2.72	2.43	2.26



# Drivers of Performance - Q1 FY20



Volumes	<ul style="list-style-type: none"><li>Production volume at 4.24 Mnt, +3% YoY on higher utilization rates</li><li>Consolidated sales at 3.66 Mnt, lower by 3% YoY due to weaker economic activities during the quarter</li><li>Exports increased 34% YoY, accounting for 17% of total sales</li></ul>
Realisation	<ul style="list-style-type: none"><li>Average Realisation declined YoY due to lower steel prices and unfavorable mix</li></ul>
Operating Costs	<ul style="list-style-type: none"><li>Benefits from cost savings initiatives like increase in PCI (Pulverised Coal Injection) in blast furnaces, ramp up of supplies from captive mines and use of pipe conveyor to transport Iron ore at Vijayanagar</li><li>Benefits from substitution of external purchases of coke by captive coke oven batteries at Dolvi</li><li>Higher fixed overheads</li></ul>
Other Income	<ul style="list-style-type: none"><li>Higher treasury income driven by higher cash balance</li></ul>



# Agenda

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Business  
Environment

Operational  
Performance

Financial  
Performance

Projects  
Update

# 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 in phases from September 2019



# Project updates

## Pellet plant at Vijayanagar

- 8 MTPA Pellet plant
- Part of cost savings project
- Commissioning by March 2020



## Coke Oven at Vijayanagar

- 1.5 MTPA Coke Oven battery
- Part of cost savings project
- Commissioning in FY2021



# JSW Steel Branded Portfolio



**JSW Everglow**

Advanced Roofing Technology

Beautiful Inside, Beautiful Outside

**JSW Coloureon+**

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 Coloureon**

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 PEH+AL**

Steel Toilet

Quality sanitation is everyone's right



## Forward looking and cautionary statement

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*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**