



**JSW Steel Limited**

**Q3 FY 2018-19 Results Presentation**

February 06, 2019

**Better Everyday**



## Key highlights – Q3 FY19

### Standalone performance

- ✓ Crude Steel production: 4.23 million tonnes, up by 3% YoY
- ✓ Saleable Steel Sales: 3.68 million tonnes
- ✓ Operating EBITDA: ₹ 4,438 crores, up by 24% YoY
- ✓ PAT: ₹ 1,892 crores, up by 68% YoY
- ✓ Net Debt to Equity: 1.24x and Net Debt to EBITDA: 2.16x

### Consolidated performance

- ✓ Saleable Steel Sales: 3.62 million tonnes
- ✓ Operating EBITDA : ₹ 4,501 crores, up by 17% YoY
- ✓ PAT : ₹ 1,603 crores
- ✓ Net Debt to Equity: 1.40x and Net Debt to EBITDA: 2.32x

### Key Updates

- ✓ Battery A of Coke Oven plant at Dolvi commenced commercial production; Battery B under trial run.
- ✓ Tin Plate Mill at Tarapur and Iron Ore Pipe conveyer at Vijayanagar under trial run
- ✓ Third captive iron ore mine in Karnataka started in January 2019



# Agenda

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Business  
Environment

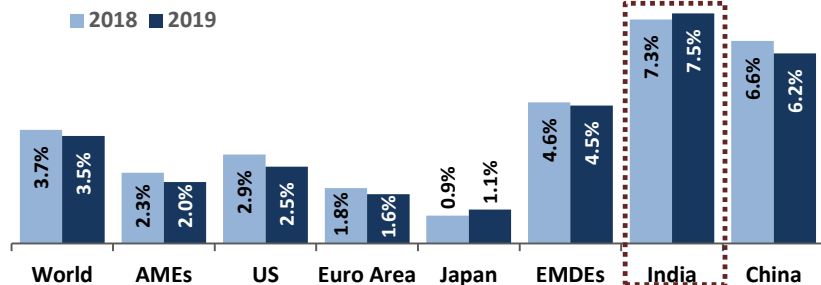
Operational  
Performance

Financial  
Performance

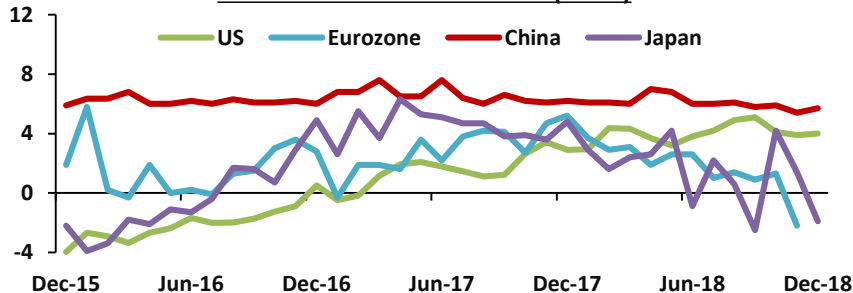
Projects and  
Acquisitions  
Update

# Global economy

**GDP growth projections (%YoY)**



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



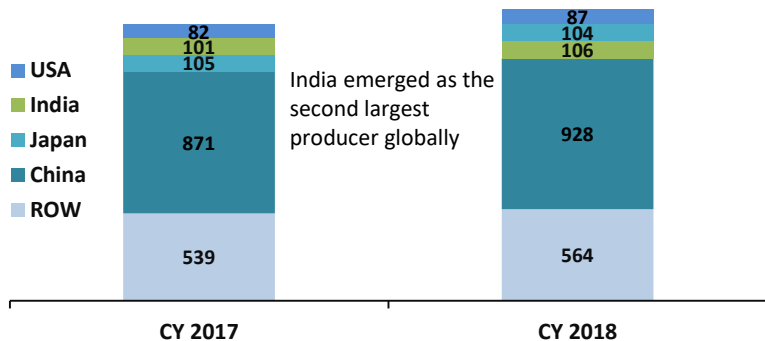
- IMF revises global GDP forecast for 2019 to 3.5% from 3.7%
- US growth underpinned by tight labour markets, fiscal impulse from tax cuts and Fed's stance to complete balance sheet normalization based on economic and financial developments
- Euro area growth has softened on back of weak industrial growth and soft private consumption. Rising political uncertainty and trade fears pose further risks
- Japan's growth outlook remains firm aided by fiscal support expectations and tailwinds from infrastructure spend and healthy private consumption
- Chinese growth has moderated, but calibrated fiscal and monetary policy measures underway
- Escalating trade tensions continue to pose risks to growth outlook

**Global growth outlook is moderating on the back of rising uncertainties**

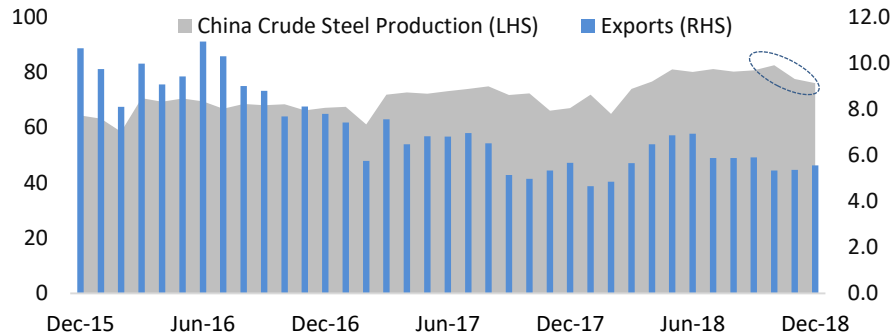
Source: Eurostat, METI Japan, Federal Reserve, NBS China, IMF (Jan 2019)

# Global steel

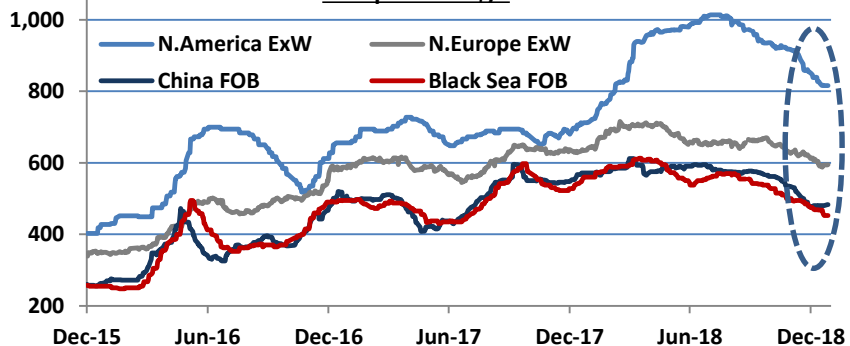
**World Steel Production (mt) in CY 2017 and CY2018**



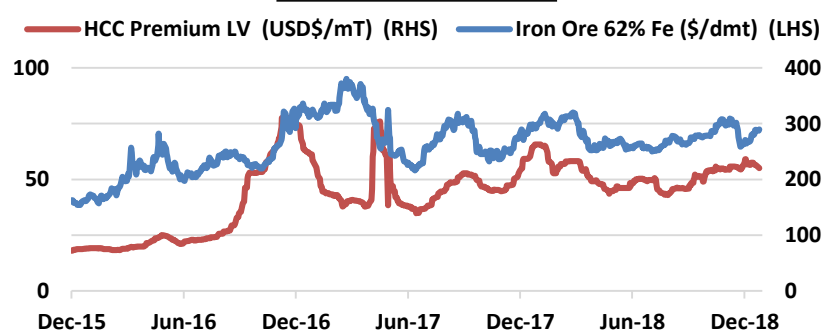
**China Steel Production and Export (mt)**



**HRC prices US\$/t**



**Raw Material Price Trend**



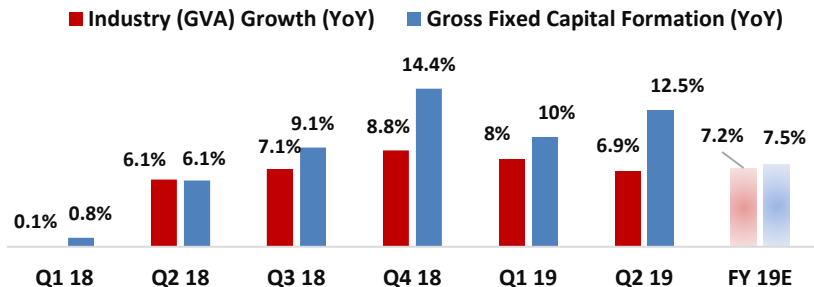
**Headwinds in the near term, but Chinese policy measures are expected to stimulate demand**

Source: WSA, Bloomberg, Platts

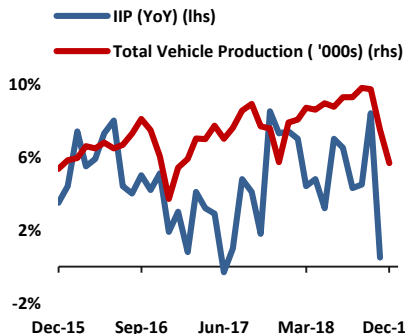
# Indian economy

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

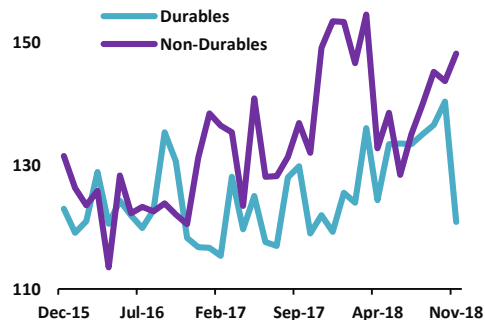
(YoY)



## Total Vehicle Production vs. IIP



## IIP - Use Based (Consumer index)

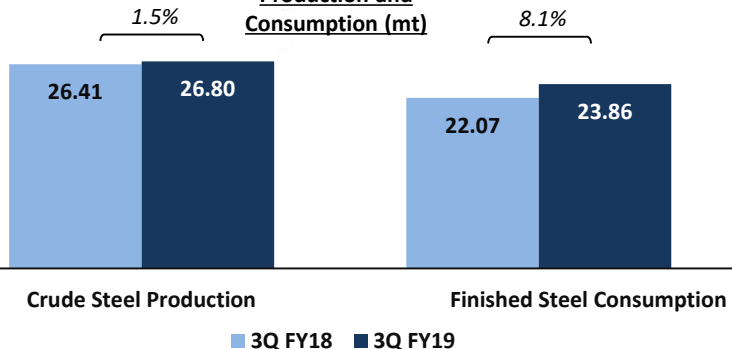


- Continued strong momentum in government spending on infrastructure driving an increase in Gross Fixed Capital formation
- Additional budgetary allocation in the Interim Budget towards infrastructure, railways and defence are key positives.
- Tax benefits for real estate developers as well as for the end users augurs well for the real estate sector
- Announced outlays of INR ~1 trillion in the Interim Budget via direct income support scheme, pension benefits and tax rebates to spur rural spending and aid overall consumer demand
- Tailwinds of recent decline in crude oil prices in late 2018, moderating inflation and easing liquidity are visible
- International trade tensions remain headwinds to exports

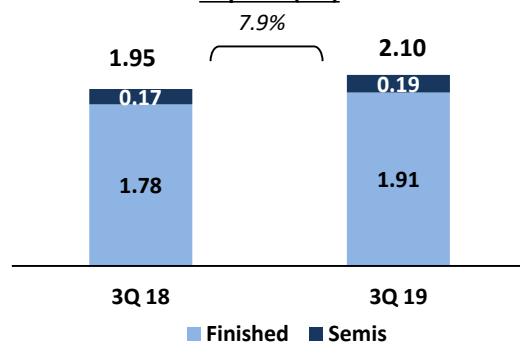
**Growth outlook underpinned by government spending and consumer demand**

# Indian steel

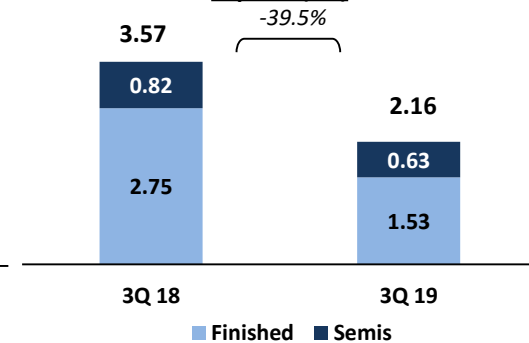
**Production and Consumption (mt)**



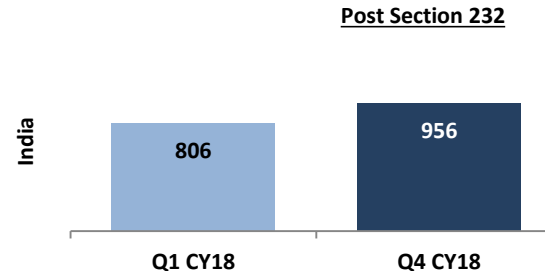
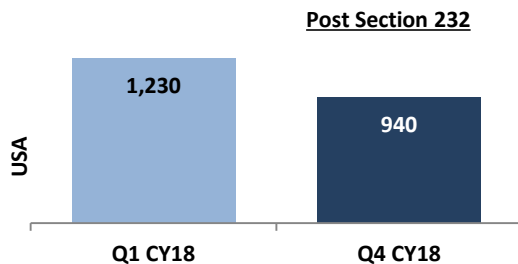
**Imports (mt)**



**Exports (mt)**



## Exports (kt) from Japan and South Korea



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



# Agenda

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Environment

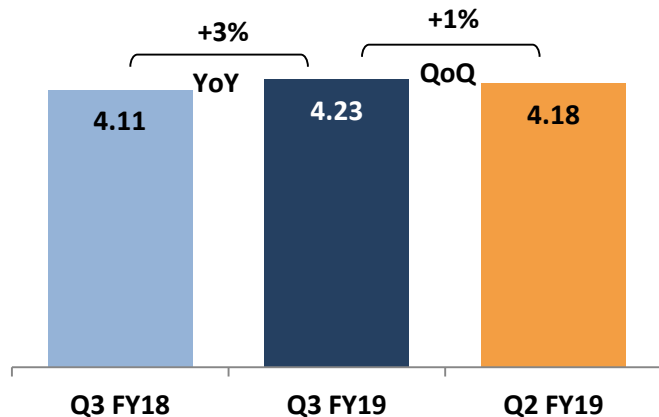
Operational  
Performance

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Projects and  
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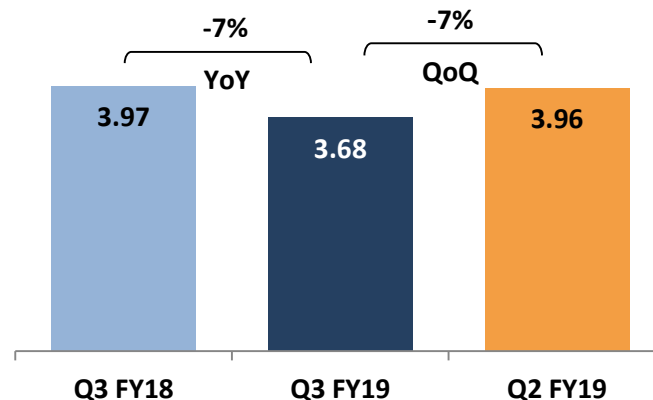
# Quarterly volumes- standalone

### Crude Steel Production



	Q3 FY18	Q3 FY19	Q2 FY19
Flat	2.81	2.90	2.96
Long	0.88	1.04	0.91

### Steel Sales



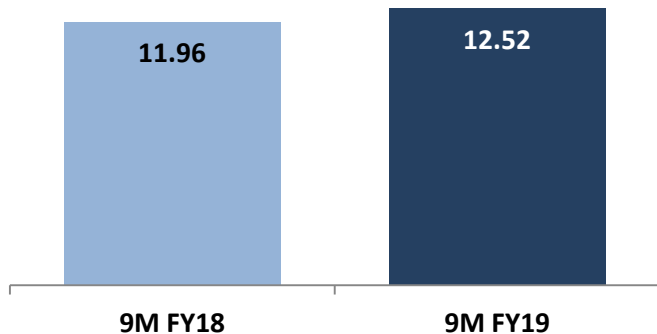
	Q3 FY18	Q3 FY19	Q2 FY19
Flat	2.80	2.61	2.87
Long	0.90	0.89	0.89
Semis	0.27	0.17	0.20

# 9M FY2019 volumes-standalone

**Crude Steel Production**

+5%

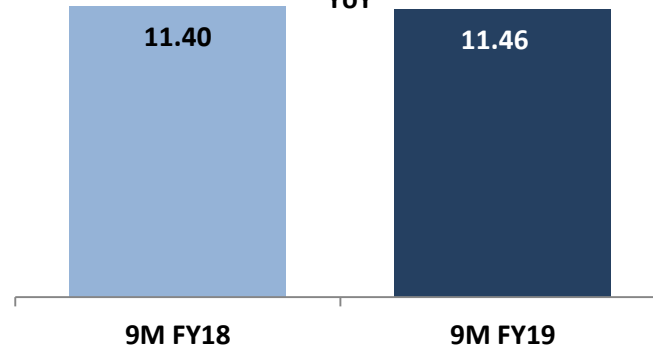
YoY



**Steel Sales**

1%

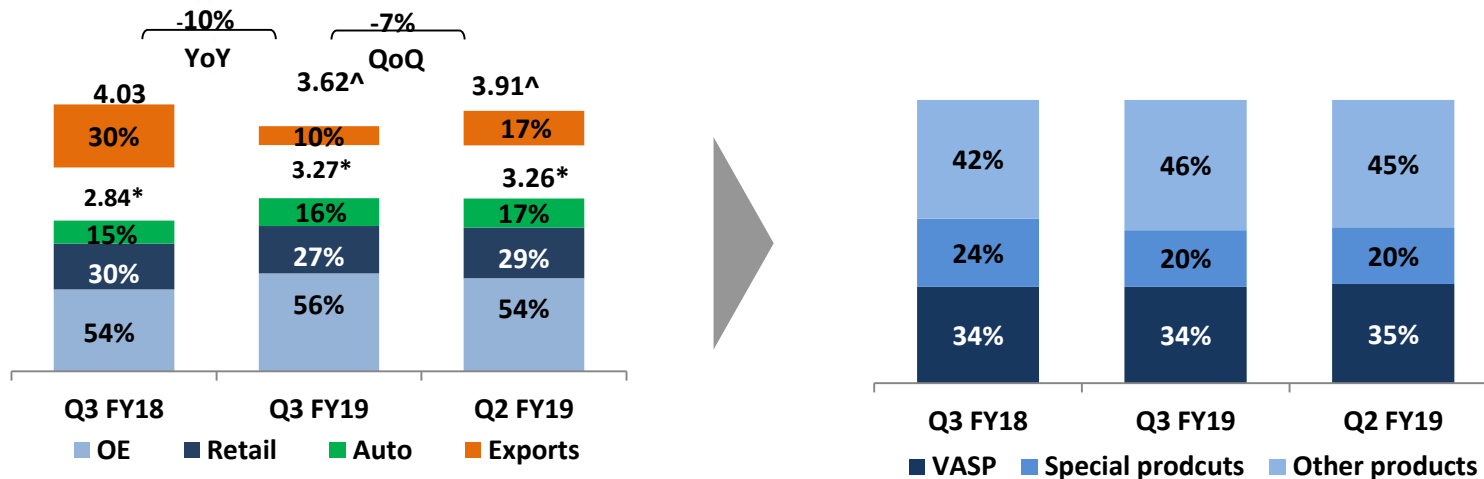
YoY



	9MFY18	9MFY19
Flat	8.46	8.73
Long	2.48	2.88

	9MFY18	9MFY19
Flat	8.20	8.21
Long	2.51	2.66
Semis	0.69	0.60

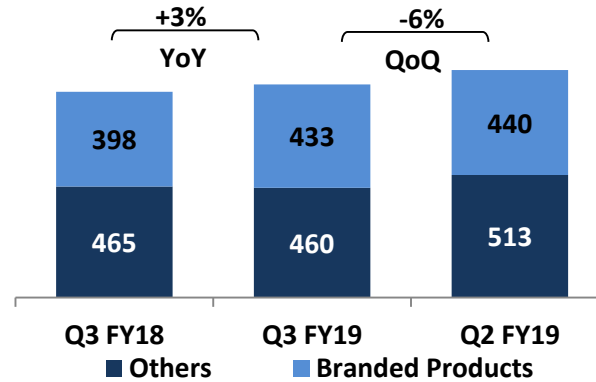
# Quarterly sales highlights – consolidated



- ✓ Domestic Sales grew by 15% YoY
- ✓ Domestic market share increases by 80 bps YoY to 13.7% in 3QFY19
- ✓ Sales to Automotive customers grew by 23% YoY, against automotive production growth of 7.3% YoY
- ✓ Overall VASP and Special products share is 54%

**Strategically focused on increasing domestic sales ( 15% YoY growth)**

# Retail segment highlights



- ✓ Overall retail sales grew by 3% YoY and Branded sales volume increased by 9% YoY
- ✓ JSW has footprint across 575 districts with over 9,500 exclusive and non-exclusive retail outlets
- ✓ Engaged with 5,500+ influencers through 250+ meets
- ✓ 4,000 Engineer's contacted through Mega Engineer's Conference to promote "Neosteel" brand

**Branded sales volume increased by 9% YoY**

# Product/ Grade approved in Q3 FY19

## 450-XXXT(Electrical Steel)



Pole sheet material

## IS 15961(Galvalume)



Bus Body

## HS800(HR)



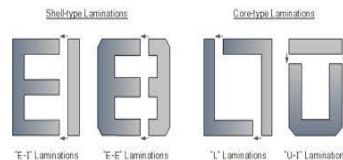
Long Member

## SPFC590DP(CRCA)



Fender Apron Support

## 35C300(Electrical Steel)



Lamination

## SPRC440(CRCA)



Tail Gate Striker



# Agenda

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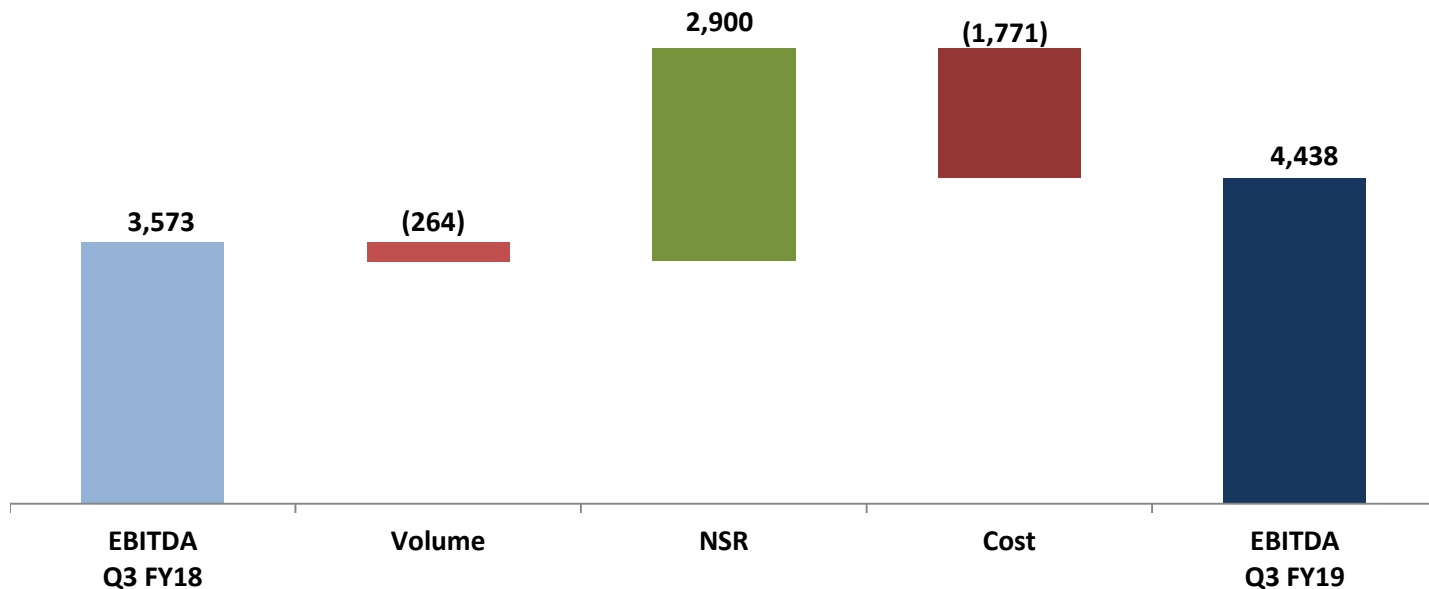
## Financials – standalone

₹ crore

Particulars	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Revenue from operations	<b>18,393</b>	16,813	<b>57,026</b>	47,564
Operating EBITDA	<b>4,438</b>	3,573	<b>14,062</b>	8,698
Other Income	<b>67</b>	43	<b>436</b>	140
Finance Cost	<b>957</b>	892	<b>2,752</b>	2,718
Depreciation	<b>855</b>	769	<b>2,532</b>	2,273
Profit Before Tax	<b>2,693</b>	1,955	<b>9,214</b>	3,847
Exceptional Loss	-	234	-	234
Tax	<b>801</b>	595	<b>2,700</b>	1,223
Profit after Tax	<b>1,892</b>	1,126	<b>6,514</b>	2,390
Diluted EPS*	<b>7.83</b>	4.66	<b>26.95</b>	9.89

# Operating EBITDA movement – standalone

₹ crore



# Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Production	0.42	0.35	1.31	1.22
Sales	0.42	0.51	1.30	1.59

₹ crore

Key P&L data	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Revenue from Operations	2,964	3,088	9,140	9,690
Operating EBITDA	97	90	306	436
Profit after Tax	18	18	73	188

# Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Plate Mill	<b>91,183</b>	59,623	<b>252,201</b>	177,428
<i>Utilization (%)</i>	<b>38%</b>	24%	<b>36%</b>	24%
Pipe Mill	<b>16,367</b>	15,109	<b>50,264</b>	38,159
<i>Utilization (%)</i>	<b>12%</b>	11%	<b>12%</b>	9%

Sales (net tonnes)	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Plate Mill	<b>69,634</b>	41,486	<b>210,622</b>	143,121
Pipe Mill	<b>16,737</b>	16,044	<b>51,194</b>	39,860

USD mn

Key P&L data	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Revenue from Operations	<b>104.70</b>	56.58	<b>304.09</b>	173.19
EBITDA	<b>4.06</b>	3.86	<b>20.25</b>	9.97

# Financials – consolidated

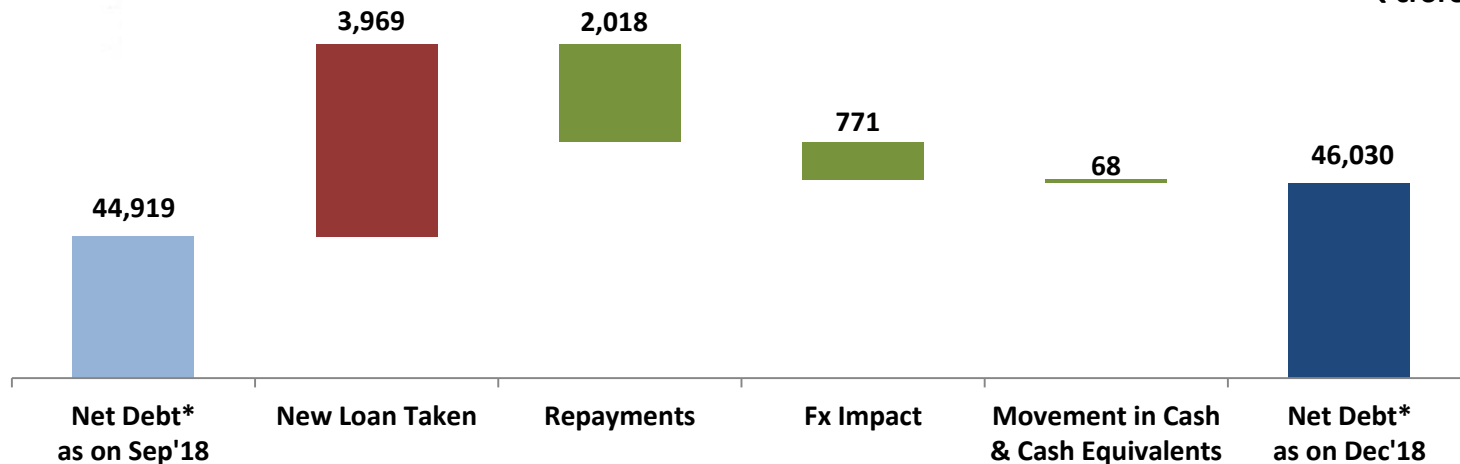


₹ crore

Particulars	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Revenue from operations	<b>20,318</b>	18,264	<b>62,389</b>	51,875
Operating EBITDA	<b>4,501</b>	3,851	<b>14,512</b>	9,504
Other Income	<b>37</b>	42	<b>151</b>	122
Finance Cost	<b>1,021</b>	923	<b>2,871</b>	2,818
Depreciation	<b>1,078</b>	852	<b>2,957</b>	2,522
Profit Before Tax	<b>2,439</b>	2,118	<b>8,835</b>	4,286
Exceptional Loss		264	-	264
Tax	<b>820</b>	94	<b>2,809</b>	823
Share of Joint Ventures	<b>(16)</b>	14	<b>3</b>	35
Profit after Tax	<b>1,603</b>	1,774	<b>6,029</b>	3,234
Diluted EPS *	<b>6.72</b>	7.25	<b>25.30</b>	13.31

# Net debt movement – consolidated

₹ crore



Particulars	31.12.2018	30.09.2018	31.03.2018
Net Debt (crore)	46,030	44,919	38,019
Cash & cash equivalent (crore)	1,513	1,445	1,374
Net Debt/Equity (x)	1.40	1.46	1.38
Net Debt/EBITDA (x)	2.32	2.35	2.57

## Q3 FY19 Results – Drivers of Performance



Volumes	<ul style="list-style-type: none"><li>Production volume increased by 3% YoY aided by higher utilisation at Vijayanagar and Dolvi</li><li>Overall sales volume lower by 10% YoY mainly due to lower Exports</li><li>Domestic sales volume increased by 15% YoY; sales to automotive segment increased 23% YoY</li></ul>
Realisation	<ul style="list-style-type: none"><li>Average sales realisation increased on the back of higher steel prices, currency depreciation and higher sales to OEMs</li></ul>
Operating Costs	<ul style="list-style-type: none"><li>Blended iron ore costs increased by 6% YoY due to higher iron ore prices</li><li>Coking coal cost increased by 7% YoY mainly due to higher prices and currency depreciation</li><li>Ferro alloys, refractory and electrode costs are also higher YoY</li><li>Power and fuel costs increased with rising energy prices and weaker currency</li></ul>
Subsidiaries	<ul style="list-style-type: none"><li>Newly acquired assets Acero and Aferpi are ramping up their operations</li></ul>



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## Update on the recently acquired assets

<p><b>JSW Steel USA Ohio</b></p>	<ul style="list-style-type: none"> <li>▪ Facilities include a 1.5 MTPA Electric Arc Furnace (EAF), 2.80 MTPA continuous Slab caster and a 3.0 MTPA Hot Strip Mill (HSM)</li> <li>▪ Commenced production from HSM, gradual ramp up expected during FY20</li> <li>▪ EAF and Slab Caster commenced operations in December 2018, to ramp up gradually</li> <li>▪ Production of 55,438 net tonnes and sales volume of 47,339 net tonnes</li> <li>▪ EBITDA (loss) of US\$10.55 million for the quarter</li> </ul>
<p><b>JSW Steel Italy (Aferpi)</b></p>	<ul style="list-style-type: none"> <li>▪ Facilities comprise of a Rail Mill (0.32mtpa), Bar Mill (0.4 mtpa) and Wire Rod Mill (0.6 mtpa)</li> <li>▪ Restarted production from Wire Rod Mill in November 2018 and Production from Bar Rod mill commenced in January 2019</li> <li>▪ Production of 68,036 tonnes and sales volume of 45,948 tonnes</li> <li>▪ EBITDA (loss) of Euro 7.36 million for the quarter</li> </ul>
<p><b>Monnet Ispat and Energy Limited (JV of AION Capital and JSW Steel Ltd)</b></p>	<ul style="list-style-type: none"> <li>▪ DRI plant of 0.53mtpa ramped up to full capacity</li> <li>▪ Pellet plant commenced production in Q3 FY2019</li> <li>▪ Sinter plant commenced operations in Jan 2019</li> <li>▪ Blast Furnace, SMS I and Bar mill expected to be operationalized in Q4 FY2019</li> </ul>

# 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 from September 2019



# Project updates

## Pipe conveyer at Vijayanagar

- For environment friendly and low cost transportation of iron ore from mines to the plant
- Total length of 24km and capacity of 20 mtpa
- Commissioned in Q3, under trial run



## Tinplate mill at Tarapur

- To cater to the growing market of tinplate for packaging industry
- Capacity of 0.25 mtpa
- Commissioned in Q3, under trial run



# 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 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