



PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL

HEG/SECTT/2019

15<sup>th</sup> February, 2019

|   |   |   |   |
|---|---|---|---|
| 1 | <b>BSE Limited</b><br>25 <sup>th</sup> Floor, P J Towers<br>Dalal Street<br>MUMBAI - 400 001.<br><b>Scrip Code : 509631</b> | 2 | <b>National Stock Exchange of India Limited</b><br>Exchange Plaza, 5th Floor<br>Plot No.C/1, G Block, Bandra - Kurla Complex<br>Bandra (E),<br>MUMBAI - 400 051.<br><b>Scrip Code : HEG</b> |
|---|---|---|---|


**Sub: Investors presentation on the Unaudited Financial Results of the Company for the Q3 of FY 2019.**

Dear Sir,

Please find enclosed a copy of Investors Presentation on the Unaudited financial results of the Company for the Q3 of FY 2019 for your information and record please.

Thanking you,

Yours faithfully,  
For **HEG LIMITED**

  
(**VIVEK CHAUDHARY**)  
**COMPANY SECRETARY**  
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Encl : as above

## HEG LIMITED



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Corporate Identification No.: L23109MP1972PLC008290



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***Q3 of FY19 Investor Update Presentation***

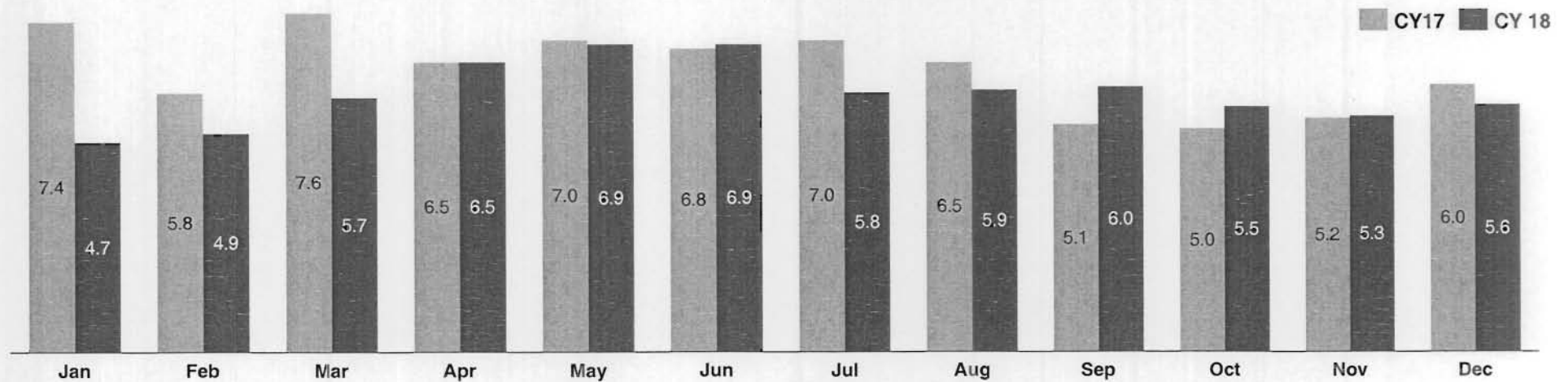
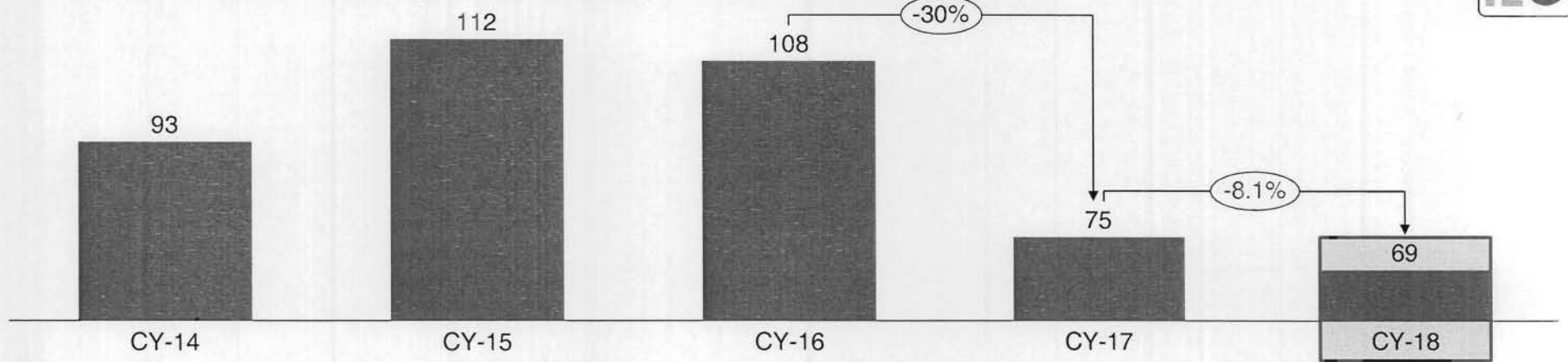
## WORLD STEEL SCENARIO (JAN-DEC) 2018, MMT

| Crude Steel Production | 2017  | (Jan-Dec) 2018 | Change<br>2018 vs. 2017 |
|------------------------|-------|----------------|-------------------------|
| World                  | 1,730 | 1,809          | 4.6 %                   |
| China                  | 871   | 928            | 6.6 %                   |
| World without China    | 859   | 881            | 2.5 %                   |

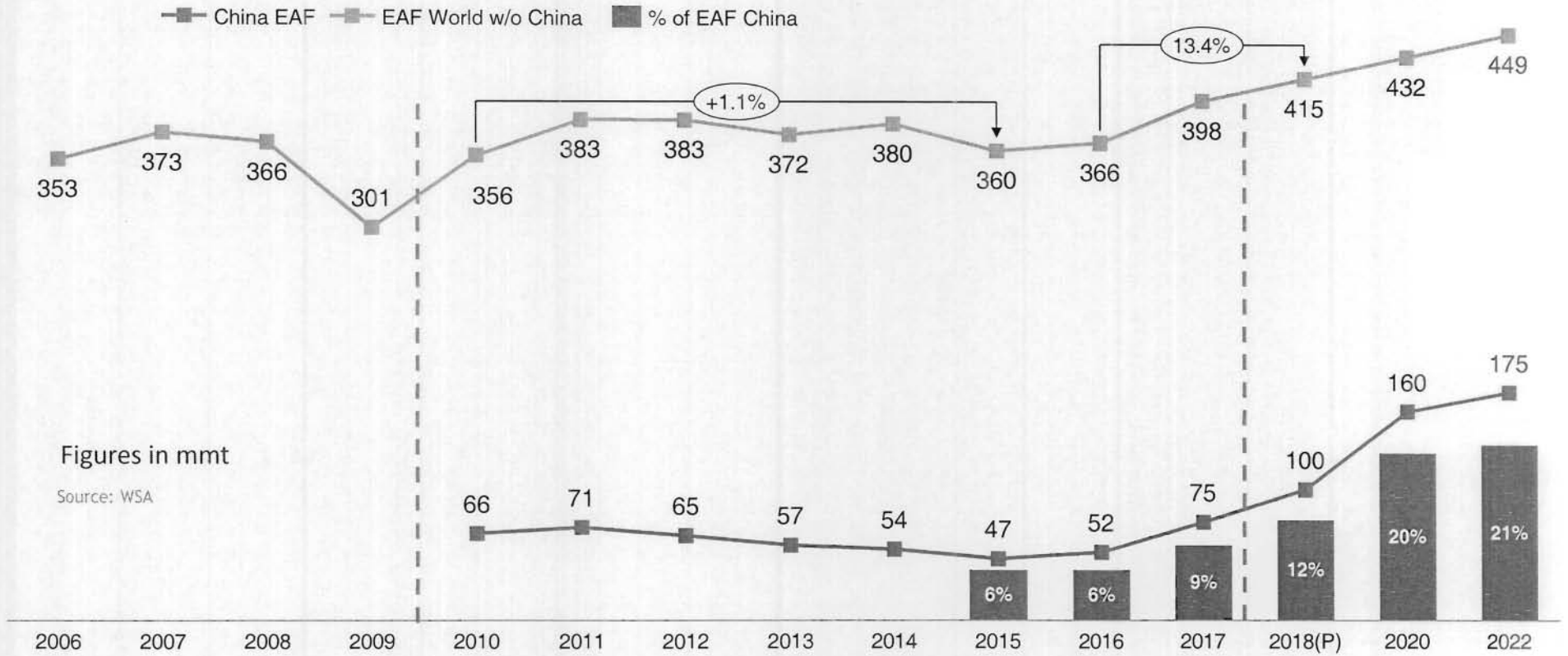
| Growth /<br>Decline Areas | % ↑  | % of world pdn |
|---------------------------|------|----------------|
| Asia                      | 5.6  | 70%            |
| Middle East               | 11.7 | 2%             |
| Africa                    | 7.2  | 1%             |
| N. America                | 4.1  | 7%             |
| S. America                | 1.3  | 2%             |
| Europe                    | 0    | 17%            |

India produced 106 mmt steel posting a growth of 5.0%

# China's finished steel exports- Monthly & Year Wise Trends



# EAF World Production –Without China & China



- The estimates between 2018 & 2022 are taken at growth rate of 2% per annum for rest of the world
- Additional EAF capacity of 110 mmt between 2016 and 2020, would mean an additional demand of appx 275,000 mt of GE in China. Which may further go upto 310,000 mt by 2022

## Industry Outlook

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- ❖ Global crude steel production reached 1.81 billion tonnes for the year 2018, up by 4.6% compared to 2017
- ❖ China has achieved its capacity elimination target by 2018. however output cuts for environmental reasons will be less stringent in 2019.
- ❖ In CY18 China's finished steel exports decreased by 8.1% on year to 69.336 MMT in 2018 due to strong domestic market driven by steel capacity elimination and output cuts for environmental reasons.
- ❖ China is pushing for more incentive policies to boost domestic demand in major steel consumption sectors like infrastructure, vehicles and white goods
- ❖ India removed antidumping duties on graphite electrodes imported from China in September 2018 which has increased imports.
- ❖ Needle coke supply continues to be tight and our efforts are on to organize as much coke as possible
- ❖ All needle coke suppliers are now offering prices on half yearly basis which is a departure from past practice where they used to give prices valid for one year
- ❖ Demand for UHP Graphite electrodes continues to remain strong and prices are expected to remain stable at an elevated level.





## Financial Snapshot

*in Rs. Crore (except EPS)*

|                        | Q3 FY19 | Q2 FY19 | Q1 FY19 | Q3 FY18 | FY18   |
|------------------------|---------|---------|---------|---------|--------|
| REVENUE FROM OPERATION | 1865    | 1794    | 1587    | 843     | 2758   |
| EBITDA*                | 1351    | 1389    | 1197    | 563     | 1734   |
| EBITDA Margin          | 72%     | 77%     | 75%     | 67%     | 63%    |
| EBIT                   | 1332    | 1371    | 1180    | 544     | 1661   |
| EBIT Margin            | 71%     | 76%     | 74%     | 65%     | 60%    |
| PAT                    | 867     | 889     | 770     | 342     | 1081   |
| PAT Margin             | 46%     | 50%     | 49%     | 41%     | 39%    |
| EPS                    | 216.93  | 222.45  | 192.77  | 85.62   | 270.61 |

\* EBITDA includes Other Income

## Segmental Performance – Graphite Electrodes



*in Rs. Crore*

|                     | Q3 FY19 | Q2 FY19 | Q1 FY19 | Q3 FY18 | FY18 |
|---------------------|---------|---------|---------|---------|------|
| Net Sales           | 1858    | 1793    | 1587    | 831     | 2739 |
| Export (% of sales) | 80%     | 72%     | 69%     | 65%     | 71%  |
| EBITDA Margin       | 70.7%   | 77.2%   | 75.3%   | 64.4%   | 61%  |
| EBIT Margin         | 70%     | 76.37%  | 74.40%  | 63%     | 59%  |

- ❖ Capacity utilisation at around 82% during the Quarter.
- ❖ USD/INR favorable, as graphite electrode business is net exporting segment.



## Segmental Performance – Power

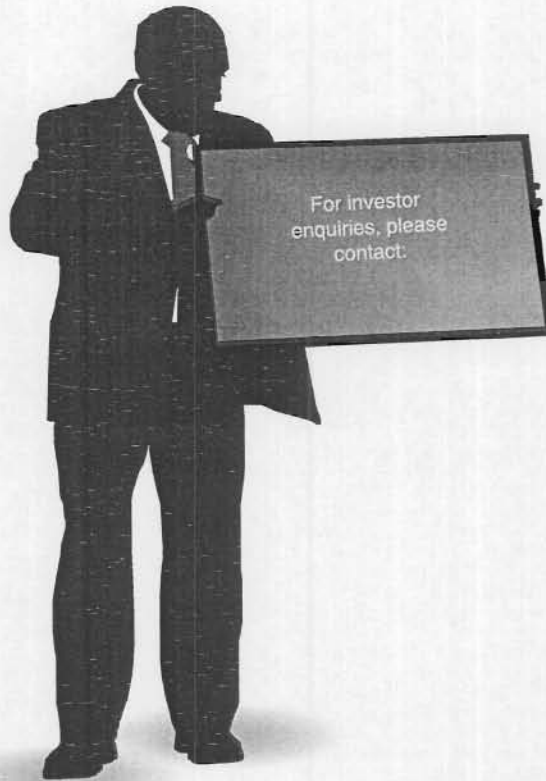


in Rs. Crore

|               | Q3 FY19 | Q2 FY19 | Q1 FY19 | Q3 FY18 | FY18   |
|---------------|---------|---------|---------|---------|--------|
| Net Sales     | 35.37   | 28.85   | 27.88   | 69.32   | 213.80 |
| EBITDA Margin | -       | (16)%   | (6)%    | 35%     | 28%    |
| EBIT Margin   | (8)%    | (26)%   | (18)%   | 30%     | 23%    |

- ❖ Coal availability under FSA with Coal India acutely short. Sourcing of coal from open market affecting bottom line.
- ❖ Net sales reduced in Q3 of FY19 vs. Q3 of FY18, as company has been able to negotiate a win win deal with state electricity board since Feb 2018. Hence, own generation reduced due to commercial reasons.

# Thank You



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