



JSWSL: SECT: MUM: SE: 2018-19  
October 25, 2018

<b>1. National Stock Exchange of India Ltd.</b> Exchange Plaza Plot No. C/1, G Block Bandra – Kurla Complex Bandra (E), Mumbai – 400 051 <b>NSE Symbol: JSWSTEEL</b>  <b>Kind Attn.: Mr. Hari K, President (Listing)</b>	<b>2. BSE Limited</b> Corporate Relationship Dept. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001, <b>Scrip Code No.500228</b>  <b>Kind Attn: The General Manager (CRD).</b>
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**Sub: Investor/Analyst Presentation - Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations 2015")**

Dear Sir,

Pursuant to Regulation 30 of the Listing Regulations, 2015, we enclose herewith for your information a copy of the presentation made to Analysts for the Q2 FY 2018-19 ended on 30.09.2018.

This is for the information of your members and all concerned.

Thanking you,

Yours faithfully,  
For **JSW STEEL LIMITED**

**Lancy Varghese**  
Company Secretary



# JSW Steel Limited

Q2 FY 2018-19 Results Presentation

October 25, 2018

**Better Everyday**



## Key highlights – Q2 FY19

### Standalone performance

- ✓ Crude Steel production: 4.18 million tonnes, up by 6% YoY
- ✓ Saleable Steel Sales: 3.96 million tonnes, up by 1% YOY
- ✓ Operating EBITDA: ₹ 4,802 crores, up by 64% YoY
- ✓ PAT: ₹ 2,284 crores, up by 170% YoY
- ✓ Net Debt to Equity: 1.30x and Net Debt to EBITDA: 2.22x

### Consolidated performance

- ✓ Saleable Steel Sales: 3.91 million tonnes
- ✓ Operating EBITDA: ₹ 4,906 crores and PAT: ₹ 2,087 crores
- ✓ Net Debt to Equity: 1.46x and Net Debt to EBITDA: 2.35x

### Key Updates

- ✓ Vijayanagar works received the prestigious Deming Prize for excellence in Total Quality Management
- ✓ JSW Steel included in the NIFTY50 Index, India's premier index of the National Stock Exchange
- ✓ Coke Oven at Dolvi, Tinsplate line at Tarapur and Pipe Conveyer at Vijayanagar close to commissioning
- ✓ Completed acquisition of Monnet Ispat & Energy Limited in consortium with AION Capital Partners Limited



# Agenda

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Business  
Environment

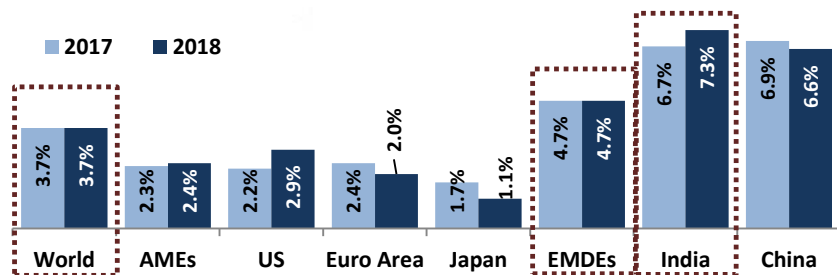
Operational  
Performance

Financial  
Performance

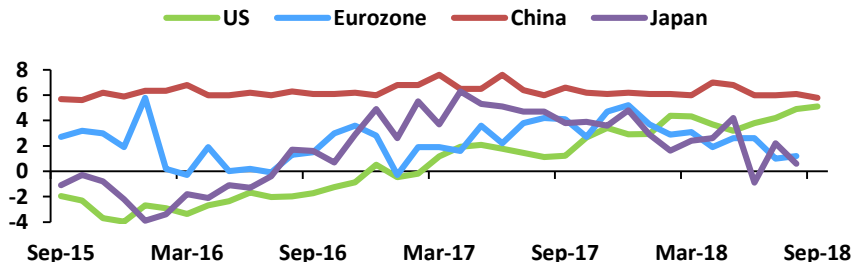
Projects  
Update

# Global economy

**GDP growth - 2017 and projections for 2018 (%YoY)**



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



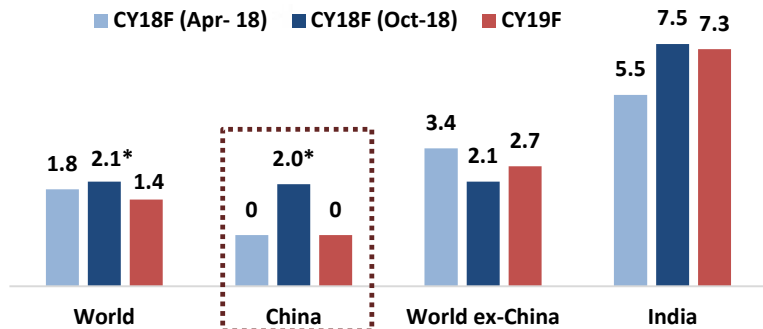
- Global GDP forecast for 2018 trimmed to 3.7% from 3.9%
- US growth remains robust underpinned by tight labour markets, fiscal impulse from tax cuts and enhanced government spending
- Euro area growth remains above trend, but rising political uncertainty and trade fears pose risks
- Japan's growth outlook is firm, rising investments, budgetary support and healthy private consumption add to tailwinds
- China's growth rate continues to soften in an orderly manner, despite concerns over moderation in external demand and regulatory tightening of financial sector. Fiscal and monetary policy measures underway to avoid any hard landing
- Higher crude oil prices, strong USD and escalating trade tensions pose risks to growth outlook

**Global growth outlook softens due to escalating trade measures and reversal of capital flows from EMs**

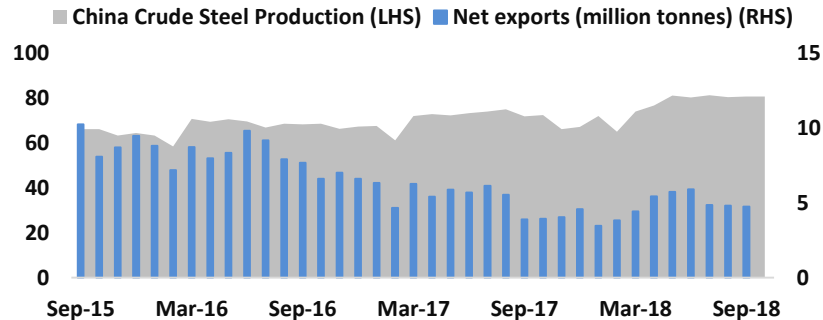
Source: Bloomberg, IMF (Oct 2018)

# Global steel

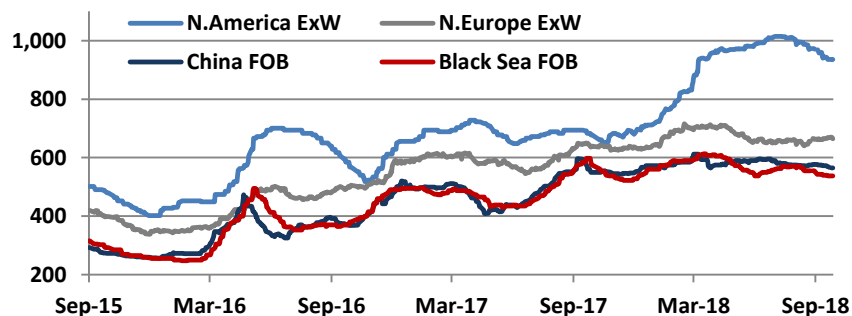
**Global finished steel demand growth estimates (%YoY)**



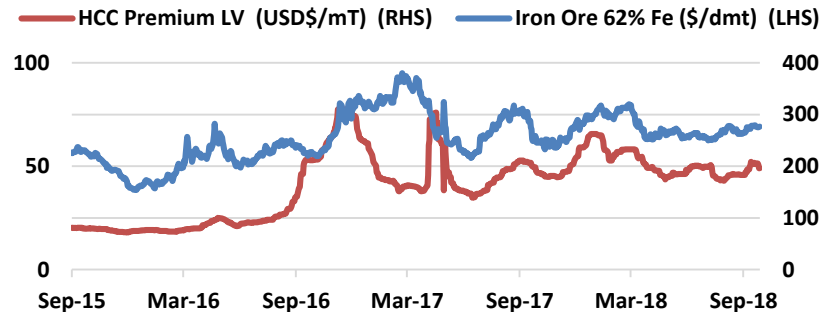
**China Steel Production and Export**



**HRC prices US\$/t**



**Raw Material Price Trend**



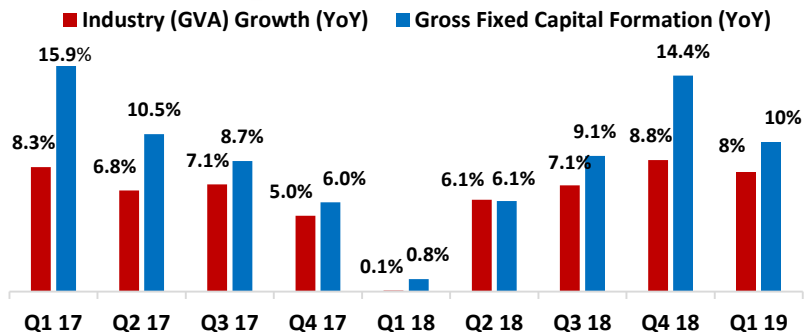
**Resolution of trade tensions and currency stability to drive growth in global steel demand**

Source: WSA (SRO, Apr and Oct-18), Bloomberg, Platts  
 \*China real steel demand growth adjusted for closure of outdated IFs in 2017

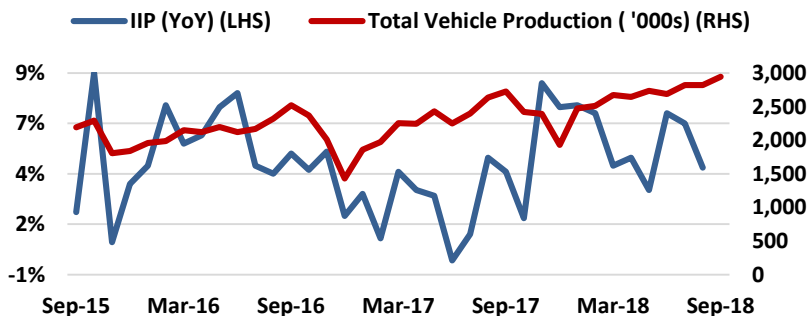


# Indian economy

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



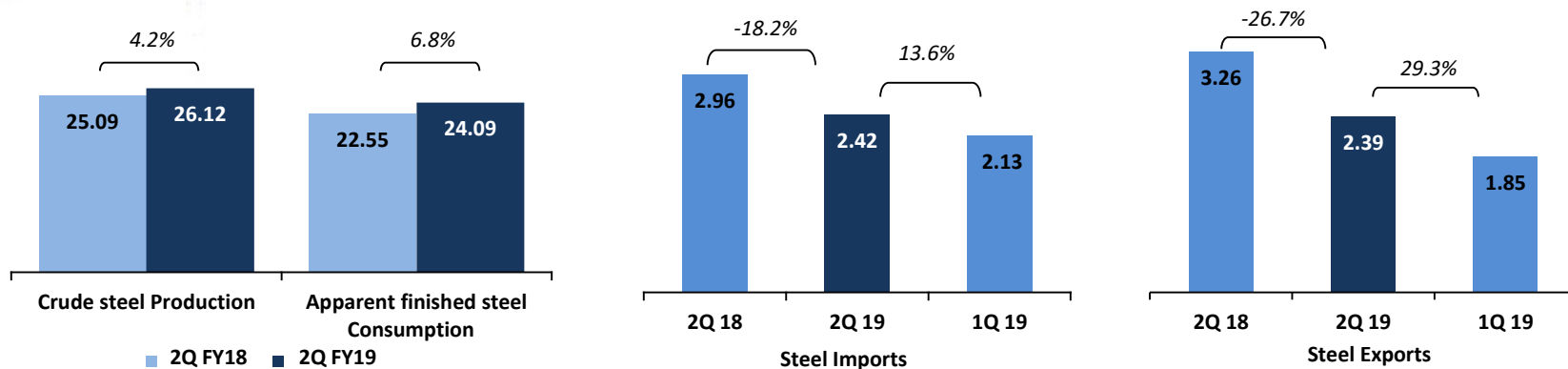
## Total Vehicle Production vs. IIP



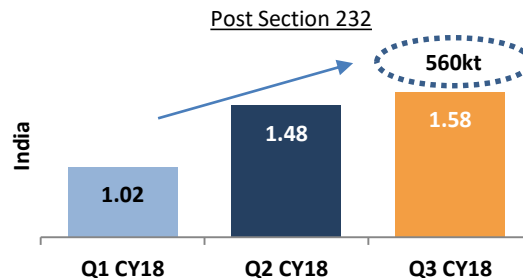
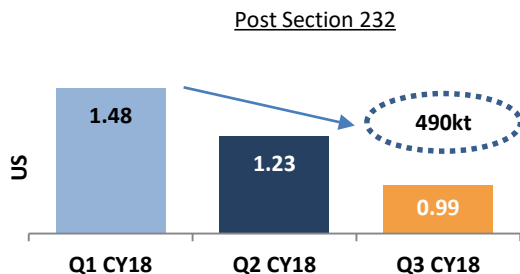
- Strong momentum in government spending on infrastructure driving an increase in Gross Fixed Capital (GFC) formation
- Robust consumer demand continues to drive strong vehicle production and consumer durable volumes
- Rural demand momentum remains firm underpinned by higher disposable income and higher MSPs
- IIP and Manufacturing PMI prints remain volatile
- Rates cycle has an upward bias, with rising input prices and robust domestic demand
- High oil prices, surging inflation, deficit rainfall and tight liquidity conditions pose risks to growth outlook

**FY2019 growth outlook underpinned by momentum in government spending and consumer demand**

# Indian steel



## Exports from China, Japan and Korea in YTD CY2018



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





# Agenda

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Business  
Environment

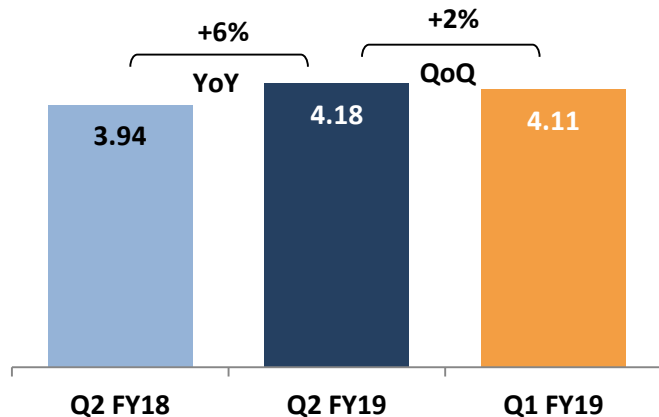
Operational  
Performance

Financial  
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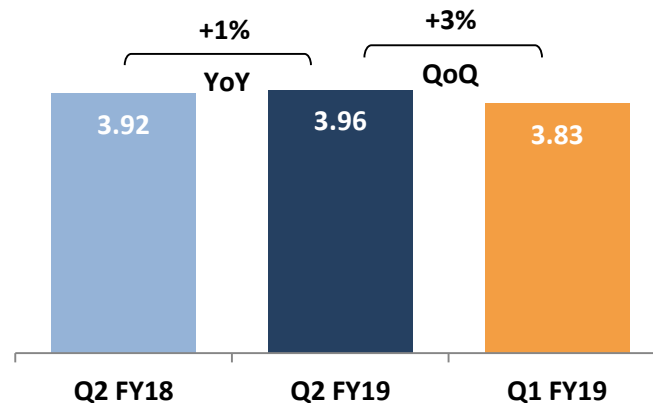
Projects  
Update

# Quarterly volumes – standalone

### Crude Steel Production



### Steel Sales

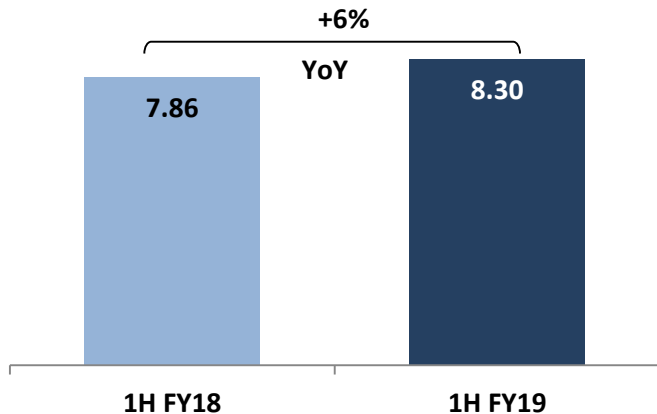


	Q2 FY18	Q2 FY19	Q1 FY19
Flat	2.89	2.96	2.87
Long	0.77	0.91	0.93

	Q2 FY18	Q2 FY19	Q1 FY19
Flat	2.83	2.87	2.73
Long	0.86	0.89	0.87
Semis	0.24	0.20	0.23

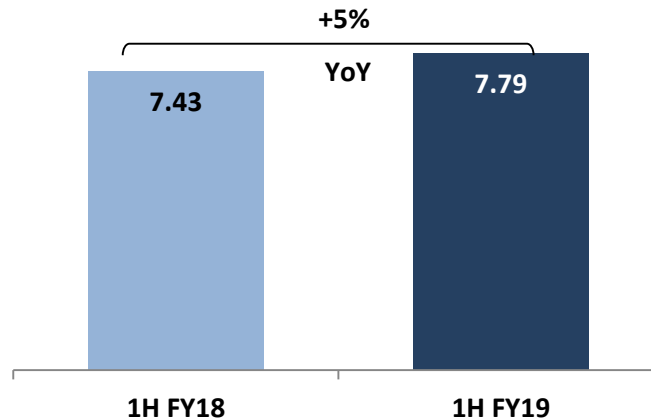
# Half yearly volumes – standalone

**Crude Steel Production**



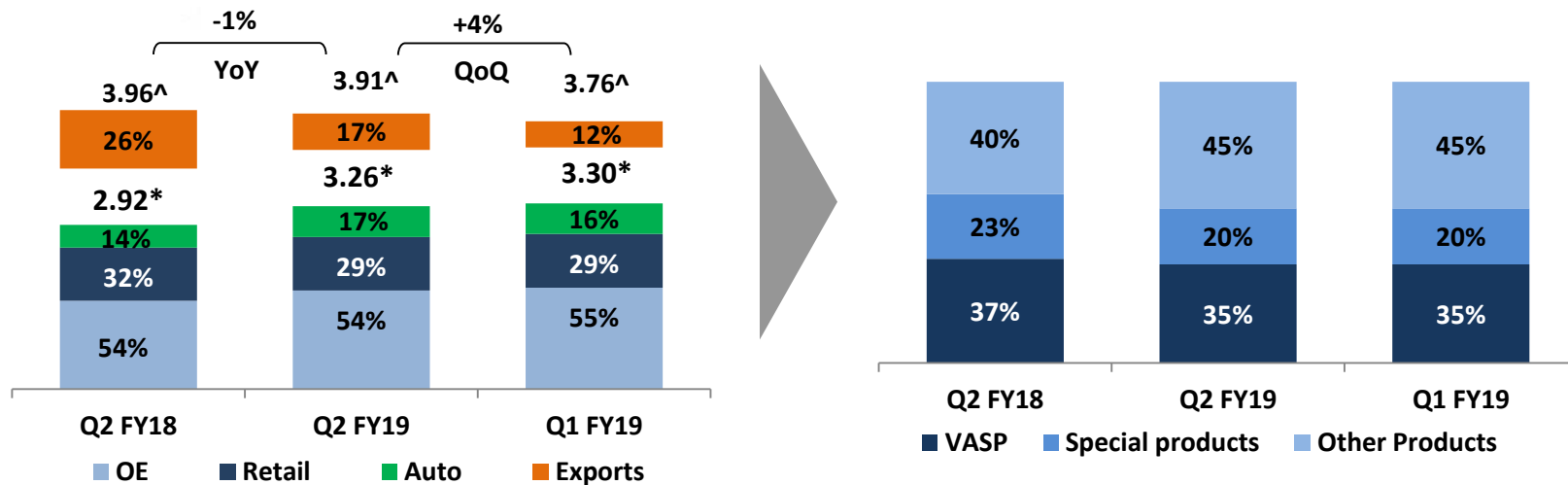
	1HFY18	1HFY19
Flat	5.65	5.83
Long	1.61	1.84

**Steel Sales**



	1HFY18	1HFY19
Flat	5.40	5.60
Long	1.61	1.76
Semis	0.42	0.43

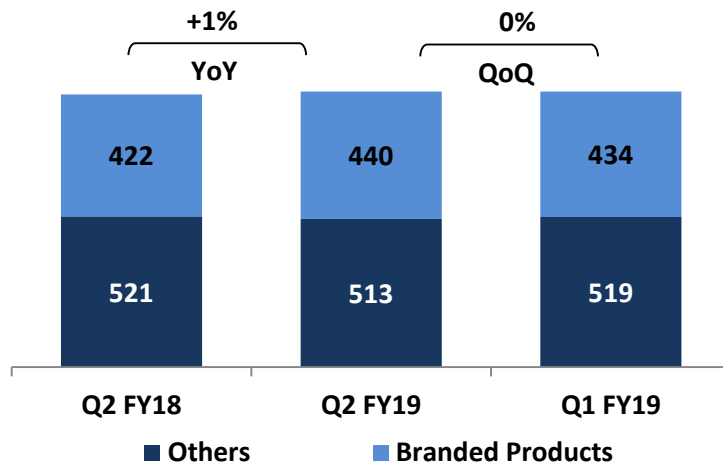
# Quarterly sales highlights – consolidated



- ✓ Exports accounted for 17% of total shipments (from 26% last year)
- ✓ Overall VASP & Special products share is 55%
- ✓ Sales to Automotive customers grew by 36% YoY against automotive production growth of 10.4% YoY

**Strategically focused on increasing domestic sales ( 11% YoY growth)**

## Retail segment highlights for Q2 FY19



- ✓ Branded sales volumes increased by 4% YoY, Retail sales was flat YoY
- ✓ JSW has footprint across 575 districts with over 9000 exclusive and non-exclusive retail outlets
- ✓ Engaged with 2,500+ influencers through 250+ meets

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

# Product/ Grade approval in Q2 FY19

## 38MnVS6(Alloy Long)



Wheel Hub (Sundaram Fasteners Ltd)

## EN 10346 S 350GD(GI)



Grain Silo(Fowler Westrup)

## 41Cr4 (Alloy Long)



Front Axle Beam(Bharat Forge)

## SAE 5130M (Alloy Long)



Crown Wheel(Echjay Industries)

## 50SP560E(Electrical Steel)



Alternator (Tempel Precision)

## 65C530 S-C5H (Electrical)



Industrial motor & generators



# Agenda

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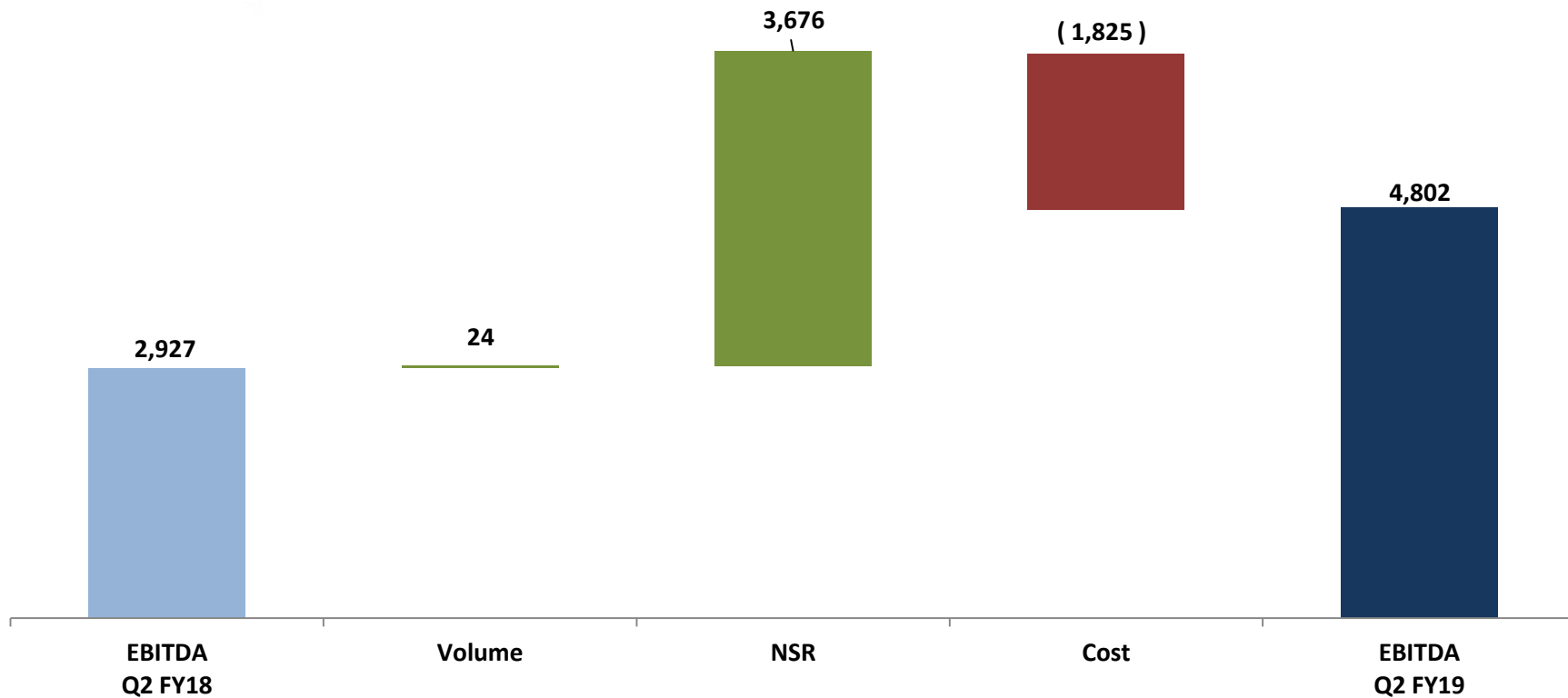
## Financials – standalone

₹ crore

Particulars	Q2 FY19	Q2 FY18	H1 FY19	H2 FY18
Revenue from operations	19,669	15,320	38,633	30,751
Operating EBITDA	4,802	2,927	9,624	5,125
Other Income	202	49	369	97
Finance Cost	929	919	1,795	1,826
Depreciation	858	772	1677	1504
Profit Before Tax	3,217	1,285	6,521	1,892
Tax	933	440	1,899	628
Profit after Tax	2,284	845	4,622	1,264
Diluted EPS (`)*	9.45	3.50	19.12	5.23

# Operating EBITDA movement – standalone

₹ crore



# Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Production	<b>0.46</b>	0.43	<b>0.89</b>	0.87
Sales	<b>0.45</b>	0.59	<b>0.88</b>	1.08

₹ crore

Key P&L data	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Revenue from Operations	<b>3,144</b>	3,477	6,175	6,602
Operating EBITDA	<b>88</b>	141	209	346
Profit after Tax	<b>13</b>	53	55	170

## Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Plate Mill	<b>80,241</b>	52,315	<b>161,018</b>	117,806
<i>Utilization (%)</i>	<b>34%</b>	22%	<b>34%</b>	25%
Pipe Mill	<b>19,877</b>	11,488	<b>33,898</b>	23,050
<i>Utilization (%)</i>	<b>14%</b>	8%	<b>12%</b>	8%

Sales (net tonnes)	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Plate Mill	<b>75,179</b>	49,226	140,988	101,635
Pipe Mill	<b>19,884</b>	11,822	34,458	23,815

USD mn

Key P&L data	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Revenue from Operations	<b>107.57</b>	56.14	199.39	116.61
EBITDA	<b>5.50</b>	1.00	16.18	6.10

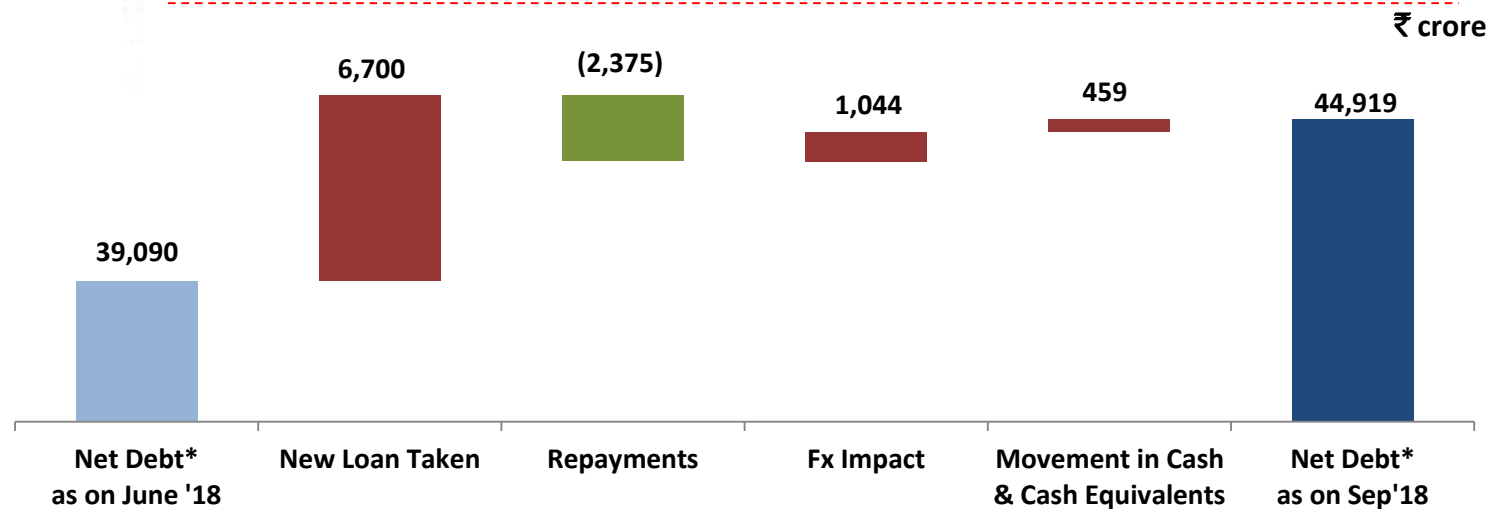
# Financials – consolidated



₹ crore

Particulars	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Revenue from operations	21,552	17,240	42,071	33,611
Operating EBITDA	4,906	3,036	10,011	5,653
Other Income	56	39	114	80
Finance Cost	963	950	1,850	1,895
Depreciation	974	851	1,879	1,670
Profit Before Tax	3,025	1,274	6,396	2,168
Tax	936	445	1,989	729
Share of Joint Ventures	(2)	7	19	21
Profit after Tax	2,087	836	4,426	1,460
Diluted EPS (₹)*	8.79	3.47	18.58	6.06

## Net debt movement – consolidated



Particulars	30.09.2018	30.06.2018	31.03.2018
Net Debt	44,919	39,090	38,019
Cash & cash equivalent (₹ crore)	1,445	1,904	1,374
Net Debt/Equity (x)	1.46	1.32	1.38
Net Debt/EBITDA (x)	2.35	2.26	2.57

## Q2 FY19 Results – Drivers of Performance



Volumes	<ul style="list-style-type: none"><li>Production volume increased by 6% YoY aided by higher utilisation at Vijayanagar and Salem</li><li>Overall sales volume a tad lower as Q2 FY18 included 3<sup>rd</sup> party conversion arrangements</li><li>Domestic sales volume increased by 11% YoY; sales to automotive segment increased 36% 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 of Value Added and Special Products (VASP)</li></ul>
Other Operating Income	<ul style="list-style-type: none"><li>2QFY19 other operating income includes recognition of incentives of ₹ 309 crore post the notification of incentive schemes under the GST regime.</li></ul>
Operating Costs	<ul style="list-style-type: none"><li>Blended iron ore costs increased YoY due to higher iron ore prices and sourcing mix changes</li><li>Coking coal prices increased YoY due to higher benchmark indices and currency depreciation</li><li>Ferro alloys, refractory and electrode costs surged sharply 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>JSW Coated Steel performance impacted by lagged transmission of substrate costs</li><li>Plate &amp; Pipe Mill at Baytown performance aided by higher utilization and improving spreads</li><li>New overseas assets remained a drag as operations stabilize and start-up activities progress</li></ul>





# Agenda

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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 Q3 FY2019



### Tinplate mill at Tarapur

- To cater to the growing market of tinplate for packaging industry
- Capacity of 0.25 mtpa
- Commissioning: by Q3 FY2019



# 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

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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**