



JSWSL: SECT: MUM: SE: 2019-20
October 23, 2019

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1. National Stock Exchange of India Ltd. Exchange Plaza Plot No. C/1, G Block Bandra – Kurla Complex Bandra (E), Mumbai – 400 051 NSE Symbol: JSWSTEEL Kind Attn.: Mr. Hari K, President (Listing)	2. BSE Limited Corporate Relationship Dept. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001. Scrip Code No.500228 Kind Attn: The General Manager (CRD).
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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 2019-20 ended on 30.09.2019.

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

Thanking you,

Yours faithfully,
For **JSW STEEL LIMITED**

Lancy Varghese
Company Secretary



A Vision to Execute **Better.**

Everyday.

JSW Steel Limited

Q2 FY 2019-20 Results Presentation

Oct 23, 2019



Key highlights – Q2 FY20



Consolidated performance

- ✓ Revenue from operations : ₹ 17,572 crore
- ✓ Operating EBITDA : ₹ 2,731 crore
- ✓ Net Profit : ₹ 2,536 crore
- ✓ Net Debt to Equity : 1.36x and Net Debt to EBITDA : 3.23x
- ✓ Diluted Earning Per Share : ₹ 10.59 per share

Operational performance

- ✓ Production from captive Iron ore mines at 1.25mt up 58% QoQ

Outlook/Guidance

- ✓ Considering current market conditions and severe monsoon impact in H1 FY20, likely to achieve ~97% of FY20 production and sales guidance
- ✓ Recalibrate FY20 capex to ₹ 11,000 crore (from ₹ 15,708 crore)

Other highlights

- ✓ JSW Steel Salem works received the prestigious Deming Prize - 2019 for excellence in Total Quality Management
- ✓ JSW Vijayanagar and Salem works were recognized with Sustainability Award-2019, by The Indian Institute of Metals



Agenda



Business
Environment

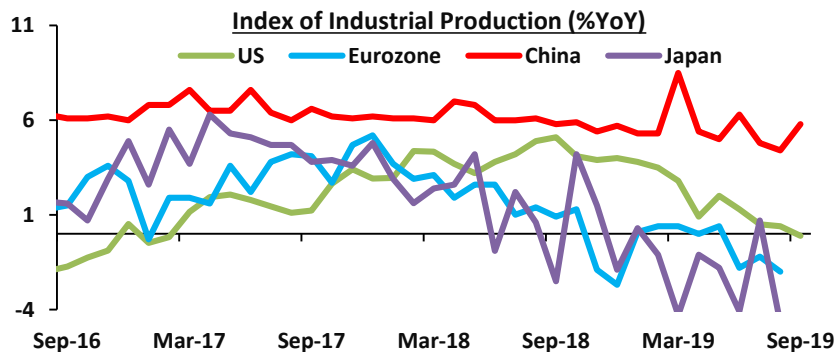
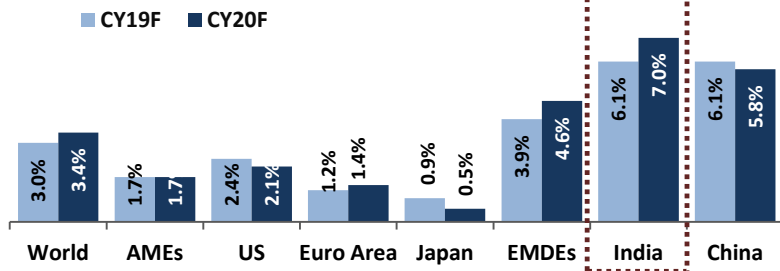
Operational
Performance

Financial
Performance

Projects Update

Global economy

GDP growth – 2019 and 2020 projections in Oct 2019
(%YoY)

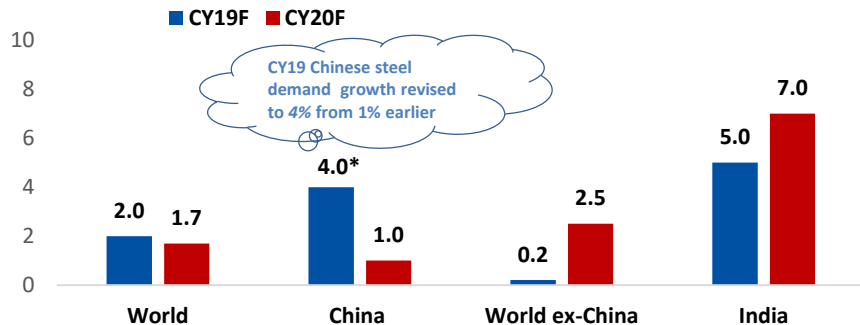


- IMF revises global GDP forecast for 2019 to 3.0% from 3.2% earlier
- US growth outlook has softened on the back of contraction in manufacturing, while service sector is in moderate expansionary mode. Fed’s accommodative policies are supportive for moderate economic expansion
- Euro area growth remains fragile on the back of trade and political uncertainties
- Japan growth outlook is subdued as headwinds of external trade weakness and fiscal impulse fades way
- Chinese growth slowing down on expected lines. Policymakers likely to facilitate proactive fiscal and monetary measures to mitigate the downward pressure on economy
- Resolution of trade wars to stabilise global growth – geopolitical tensions are added risks

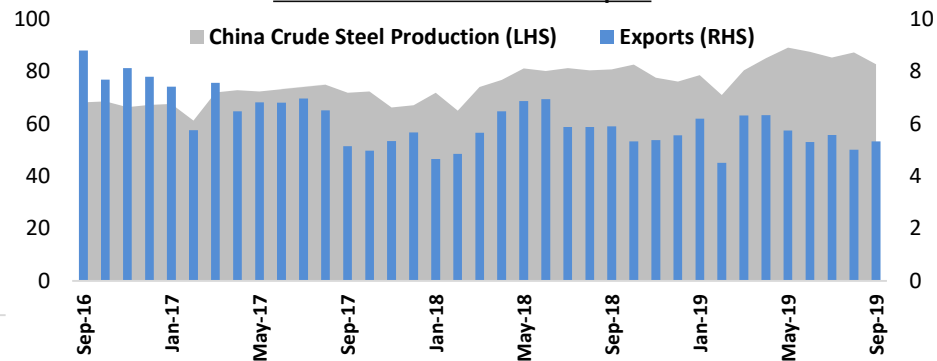
Resolution of trade conflicts and combination of fiscal and monetary policies to aid recovery

Global steel

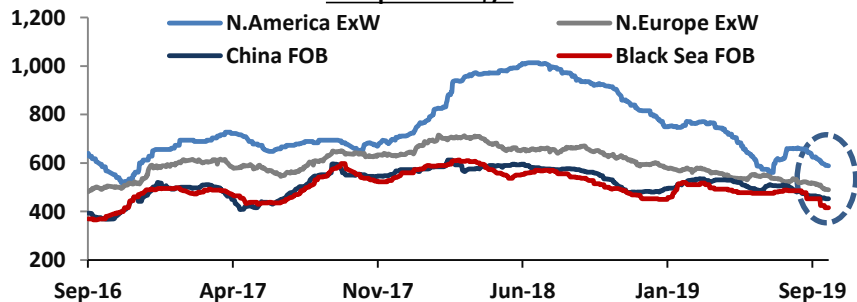
Global finished steel demand growth estimates (%YoY)



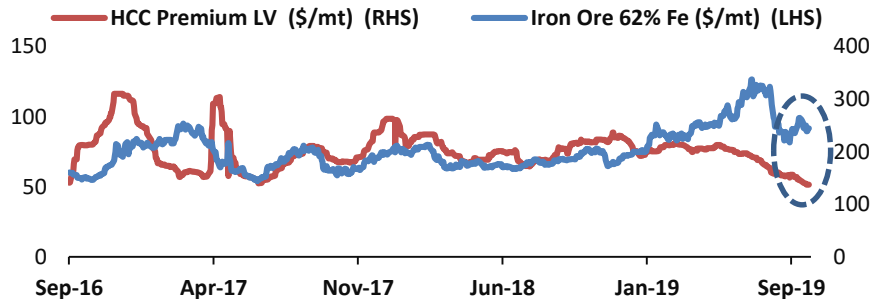
China Steel Production and Export



HRC prices US\$/t



Raw Material Price Trend



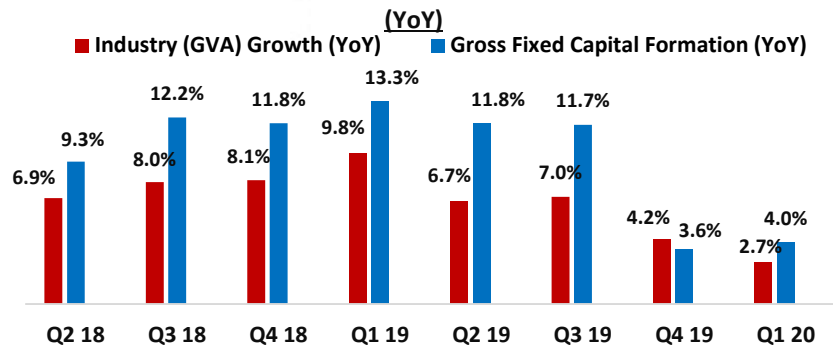
Capacity rationalisation and production cuts to support steel spreads

Source: WSA, Bloomberg, Platts

* China continued to close most of its outdated induction furnaces in 2017, a category which was not captured in official statistics. However it is believed that some degree of under-reporting from 2018 could still affect the 2019 growth rate. While nominal steel demand growth in 2019 stood at 7.9%, the dynamics of steel using sectors suggest growth of 4.0% in real terms. Accordingly, real global growth in 2019 is 2%.

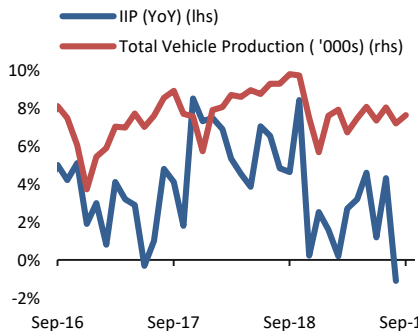
Indian economy

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

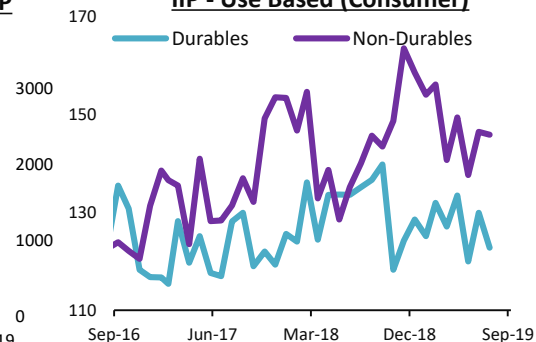


- Economic activities during the quarter were weak, underpinned by credit squeeze, weakened consumer sentiment and prolonged monsoon season - IIP growth and manufacturing PMI dropped sharply
- Government has undertaken a series of measures -reduction in corporate tax rate, unclogging pending government payments, GST refunds which augurs well for the business sentiments and likely to aid economic growth
- Government is mulling measures to monetise investments in order to generate resources for infrastructure investment – likely to support an uptick in GFCF cycle over the medium term
- Weaker automotive volumes witnessed a modest recovery in September (vs Aug) on the back of festivity demand and various initiatives of government to facilitate credit availability in the system
- Good monsoon bodes well for recovery in the underlying rural demand and consumer sentiments
- Central bank’s accommodative stance is supportive for growth

Total Vehicle Production vs. IIP



IIP - Use Based (Consumer)

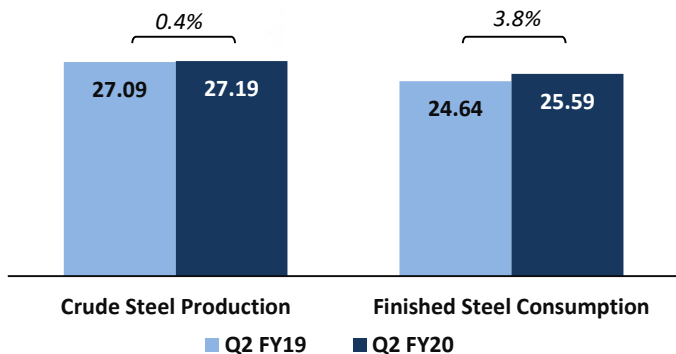


Supportive fiscal and monetary measures likely to spur investment and consumer demand

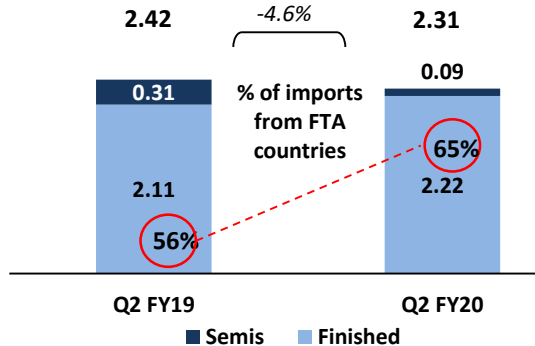
Source: CSO India, SIAM

Indian steel

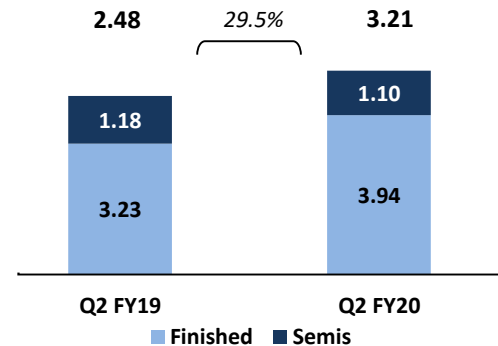
Production and Consumption (mt)



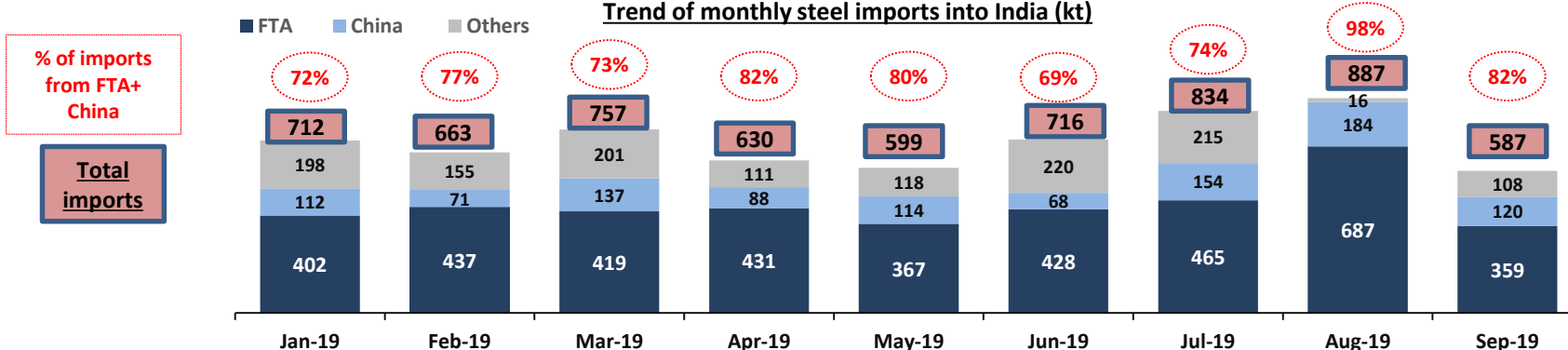
Steel Imports (mt)



Steel Exports (mt)



Trend of monthly steel imports into India (kt)



Domestic steel demand growth likely to be ~ 5% in FY20

Source: JPC, FTD (US Census Bureau)

Government Initiatives for Steel Sector

Steel Import Monitoring System- SIMS

- ❖ SIMS implemented from 16th September
- ❖ Monitor real time import data on quality, quantity and value
- ❖ Arrest circumvention of mis-classification, mis-declaration and avoid under / over-invoicing
- ❖ Prevent imports of defective steel

Anti-Dumping Duty on Galvalume

- ❖ Anti-dumping duty ranging from \$28-200/t implemented on Galvalume products wef 15th Oct
- ❖ Imports from China, South Korea and Vietnam are subject to duties

Others

- ❖ **Draft Steel Scrap Policy**- Promote circular economy via resource conservation, energy efficient and low carbon foot print
- ❖ **Safety codes** - Draft code and guidelines for improving standards of safety in Iron and Steel sector
- ❖ **Competitiveness** - a) Proposal to reduce royalty from 15% to 5% on low grade Iron ore fines, b) Remission of Duties or Taxes on Export Products (RoDTEP) to replace existing MEIS
- ❖ **Steel usage** – Engagement with international agencies to promote steel intensive design for roads, bridges and commercial & residential housing



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Environment

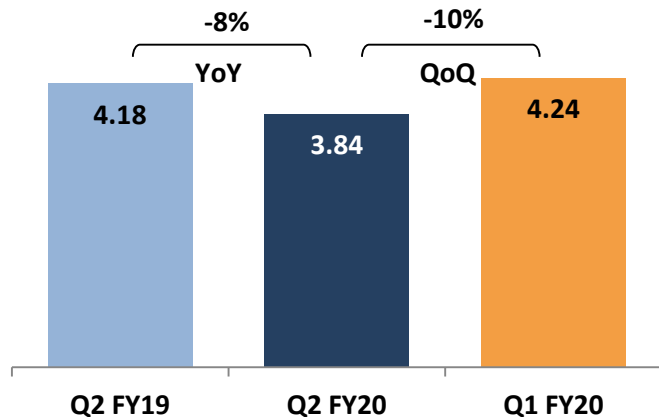
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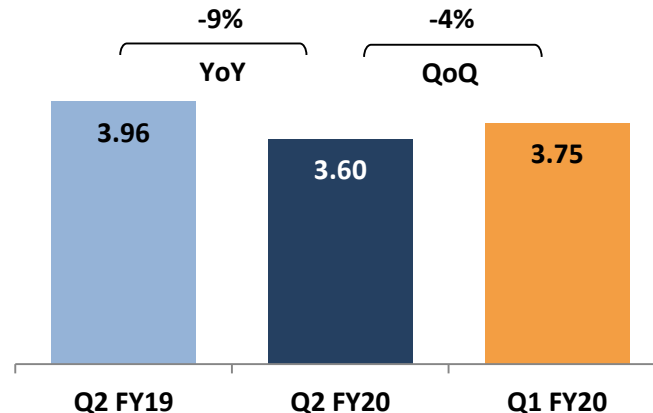
Projects
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Quarterly volumes- standalone

Crude Steel Production



Steel Sales

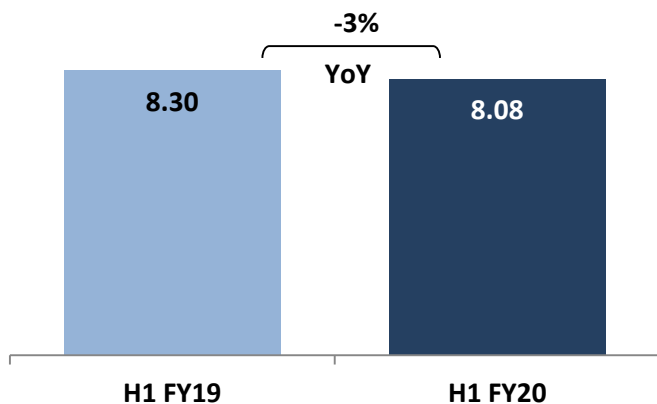


	Q2 FY19	Q2 FY20	Q1 FY20
Flat	2.96	2.71	2.91
Long	0.91	0.82	1.05

	Q2 FY19	Q2 FY20	Q1 FY20
Flat	2.87	2.58	2.67
Long	0.89	0.85	0.93
Semis	0.20	0.18	0.15

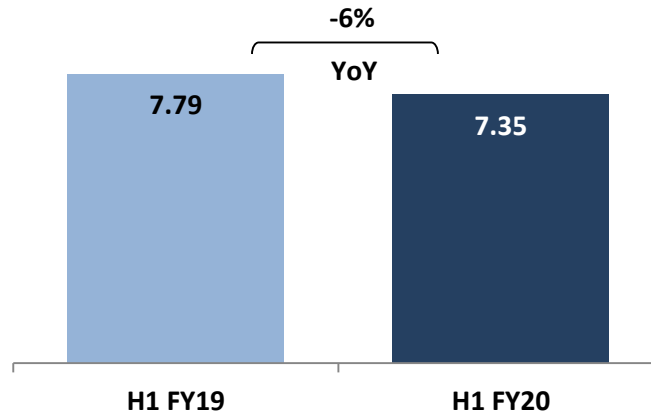
Half yearly volumes- standalone

Crude Steel Production



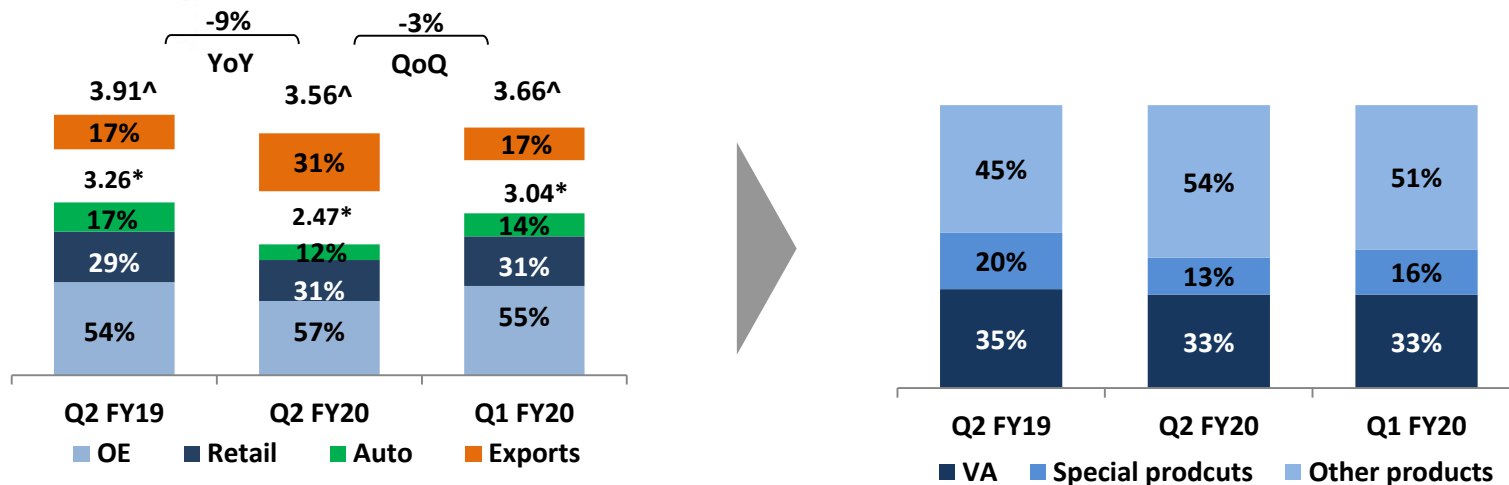
	H1 FY19	H1 FY20
Flat	5.83	5.62
Long	1.84	1.87

Steel Sales



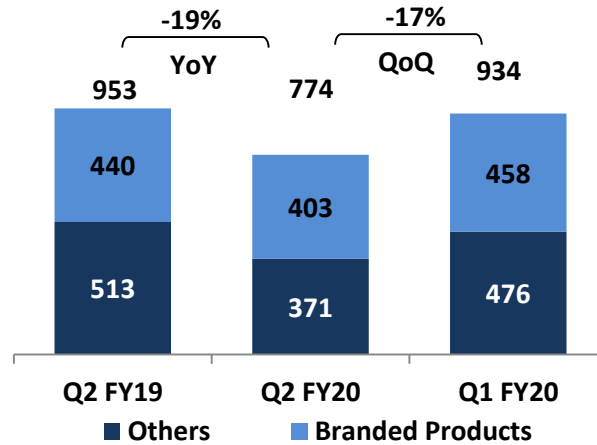
	H1 FY19	H1 FY20
Flat	5.60	5.25
Long	1.76	1.78
Semis	0.43	0.32

Quarterly sales highlights – consolidated



- Tactically increased exports (68% YoY, 77% QoQ) to mitigate headwinds from weak domestic demand
- Sharp decline in automotive steel sales owing to weak underlying automotive demand; partially offset by increased share in certain segments of OE
 - Robust growth in sales to appliances (41% YoY) and solar sector (18% YoY)

Retail segment highlights



All figures in charts are in kt

- Overall retail sales declined by 19% YoY on the back of sluggish domestic demand and tight liquidity conditions across the value chain
- Share of Branded products increased to 52% vs 46% in Q2 FY19
- Engaged with over 5,300 influencers and contacted 3,000+ end customers

Product/ Grade approved in Q2 FY20

SPFC980DP (CRCA)



Seat Base

SPRC440E (CRCA)



Cushion Panel

ASTM A 653 SS 60 (HSLA, 275 GSM) HRGI



Torque Tube (for Solar Structures - Export)

SPCC T (CRCA)



Frame Tubes (HSPI)

SGCC 250GSM (GICF)



Frame Tubes (HSPI)



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Financials – standalone

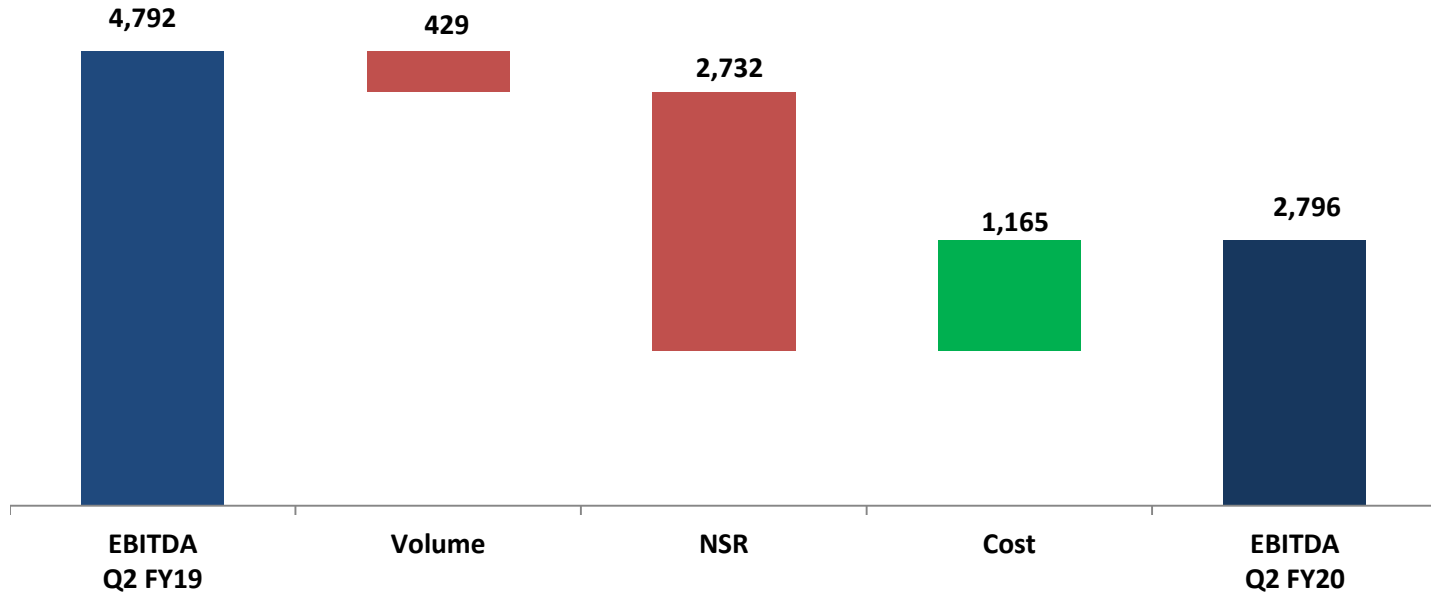
₹ crore

Particulars	Q2 FY20	Q2 FY19 [#]	Q1 FY20 [#]
Revenue from operations	15,520	19,707	17,698
Operating EBITDA	2,796	4,792	3,832
Other Income	188	198	159
Finance Cost	1,075	936	1,005
Depreciation	874	856	826
Profit Before Tax	1,035	3,198	2,160
Tax	(1,882)	947	721
Profit after Tax	2,917	2,251	1,439
Diluted EPS*	12.07	9.31	5.95

Operating EBITDA movement – standalone



₹ crore



Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q2 FY20	Q2 FY19	Q1 FY20
Production*	0.42	0.46	0.44
Sales	0.43	0.45	0.45

₹ crore

Key P&L data	Q2 FY20	Q2 FY19	Q1 FY20
Revenue from Operations	2,788	3,144	2,990
Operating EBITDA	153	88	172
Profit after Tax	157	13	70

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q2 FY20	Q2 FY19	Q1 FY20
Plate Mill	58,106	80,241	83,516
<i>Utilization (%)</i>	25%	34%	36%
Pipe Mill	15,746	19,877	23,093
<i>Utilization (%)</i>	11%	14%	17%

Sales (net tonnes)	Q2 FY20	Q2 FY19	Q1 FY20
Plate Mill	53,333	75,179	57,032
Pipe Mill	7,020	19,884	23,195

USD mn

Key P&L data	Q2 FY20	Q2 FY19	Q1 FY20
Revenue from Operations	59.12	107.57	98.61
EBITDA	(11.21)	5.50	2.00

Update on Key Subsidiaries / JV

JSW Steel USA Ohio	<ul style="list-style-type: none">▪ Production of 87,337 net tonnes and sales volume of 98,063 net tonnes▪ EBITDA (loss) of US\$31.6 million, including inventory write down of US\$13.2million
JSW Steel Italy (Aferpi)	<ul style="list-style-type: none">▪ Production of 130,897 tonnes and sales volume of 131,710 tonnes▪ EBITDA (loss) of Euro 6.9 million
Monnet Ispat and Energy Limited (JV of AION Capital and JSW Steel Ltd)	<ul style="list-style-type: none">▪ Steel making operations were impacted by earlier announced maintenance shut down and repairs▪ Production from Blast Furnance is expected to restart in Q4 FY20▪ Pellet production of 410kt and DRI production of 182kt in Q2 FY20

Financials – consolidated



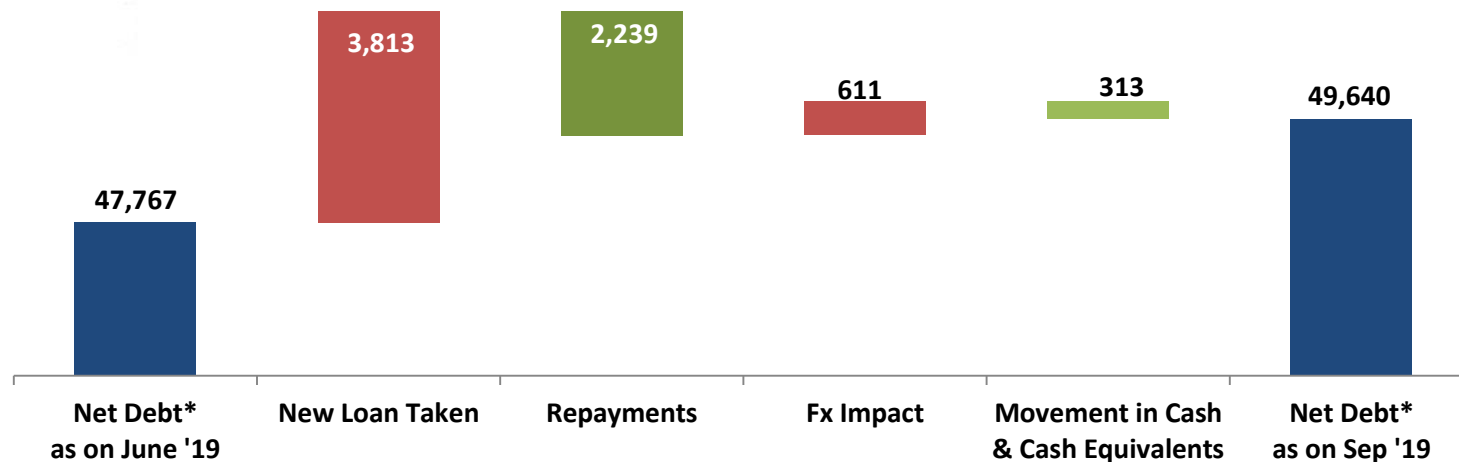
₹ crore

Particulars	Q2 FY20	Q2 FY19	Q1 FY20
Revenue from operations	17,572	21,552	19,812
Operating EBITDA	2,731	4,906	3,716
Other Income	156	56	141
Finance Cost	1,127	963	1,042
Depreciation	1,057	974	1,026
Share of Joint Ventures	(15)	(2)	(19)
Profit Before Tax	688	3,023	1,770
Tax	(1,848)	936	762
Profit after Tax	2,536	2,087	1,008
Diluted EPS *	10.59	8.79	4.25

* Not Annualized

Net debt movement – consolidated

₹ crore



Particulars	30.09.2019	30.06.2019	30.09.2018
Net Debt (crore)	49,640	47,767	44,919
Cash & cash equivalent (crore)	10,322	10,011	1,445
Net Debt/Equity (x)	1.36	1.35	1.46
Net Debt/EBITDA (x)	3.23	2.72	2.35

Q2 FY20 Results – Drivers of Performance

Volumes	<ul style="list-style-type: none"> ▪ Production volume decreased by 8% YoY on back of prolonged monsoon, planned shutdown and slowdown in the automotive sector ▪ Overall sales volume decreased by 9% YoY primarily driven by weak domestic demand, tactically increased exports (68% YoY) and share of exports in shipments stood at 31%
Realisation	<ul style="list-style-type: none"> ▪ Average sales realization was lower YoY, driven by lower domestic steel prices and higher share of exports
Other operating income	<ul style="list-style-type: none"> ▪ Recognized investment linked incentive (pertaining to Dolvi works) of ₹ 512 crores during the quarter, including ₹ 466 crores in relation to earlier years.
Operating Costs	<ul style="list-style-type: none"> ▪ Lower cost of key raw materials like iron ore and coal ▪ Ferroalloys and electrode costs are lower ▪ Power, fuel costs and consumables decreased with lowering energy prices
Subsidiaries	<ul style="list-style-type: none"> ▪ JSW Steel Ohio (Acero) and JSW Steel Italy (Aferpi) are ramping up their operations
Taxation	<ul style="list-style-type: none"> ▪ Reversal of deferred tax liability amounting to ₹ 2,207 crore relating to the temporary differences that would reverse post migration to the new tax rate



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Key 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

Captive Power

- Installing 175 MW WHRB and 60 MW CPP to harness flue gases and steam from CDQ
- Commissioning by March 2020

Coke oven Phase 2

- Installing Second line of 1.5 MTPA coke oven battery along with CDQ
- Commissioning by June 2020



Key Project updates- Vijayanagar

CRM1 complex capacity expansion (0.85mtpa to 1.80 mtpa)

- Two CGL lines of 0.45mtpa each
- New 1.2mtpa Continuous Pickling line
- Commissioning in phases during H1 FY20

Color Coating line (0.3mtpa)

- Commissioning by March 2021

Coke Oven plant

- 1.5 MTPA Coke Oven battery
- Part of cost savings project, commissioning in FY21

Pellet plant

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



Key Project updates- others

Vasind and Tarapur: Downstream projects

- **Modernisation-cum-capacity enhancement projects**
 - increase in GI/GL capacity by 1.08 MTPA
 - increase in colour coating capacity by 0.28 MTPA
 - Commissioning in phases during H2 FY20
- **Additional Tinplate Line at Tarapur (0.25mtpa)**
 - Commissioning by March 2022
- **0.5mtpa Continuous Annealing Line at Vasind**
 - Commissioning by March 2022

Kalmeshwar- Capacity enhancement of PPGL by 0.22 mtpa

- Commissioning by March 2021

Rajpura, Punjab -0.25mtpa Color Coated Line

- Commissioning by March 2022



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



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