



JSWSL: SECT: MUM: SE: 2018-19
February 06, 2019

| | |
|---|--|
| 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). |
|---|--|

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 Q3 FY 2018-19 ended on 31.12.2018.

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

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



Business
Environment

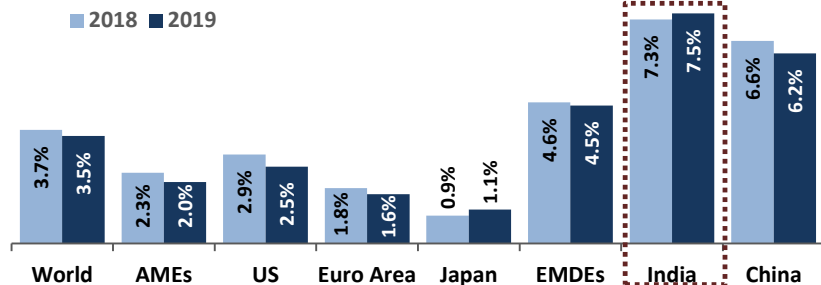
Operational
Performance

Financial
Performance

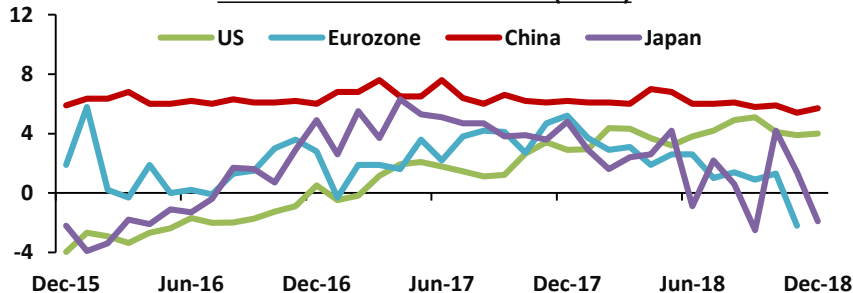
Projects and
Acquisitions
Update

Global economy

GDP growth projections (%YoY)



Index of Industrial Production (%YoY)



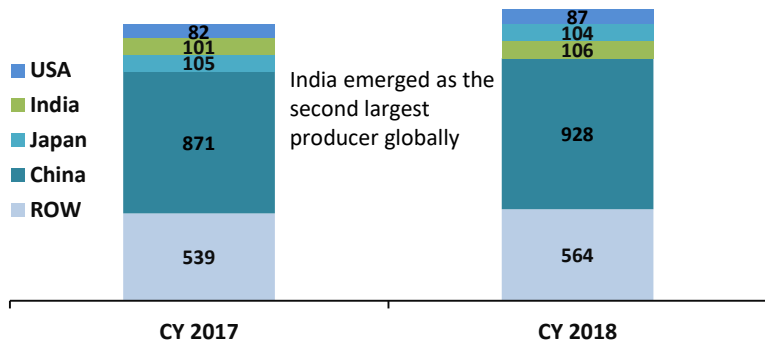
- IMF revises global GDP forecast for 2019 to 3.5% from 3.7%
- US growth underpinned by tight labour markets, fiscal impulse from tax cuts and Fed's stance to complete balance sheet normalization based on economic and financial developments
- Euro area growth has softened on back of weak industrial growth 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

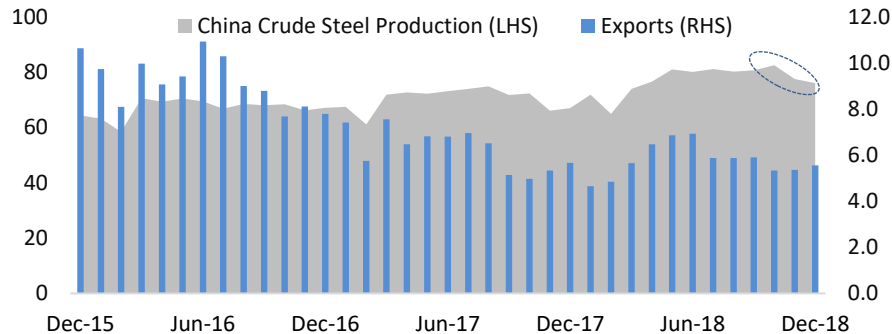
Source: Eurostat, METI Japan, Federal Reserve, NBS China, IMF (Jan 2019)

Global steel

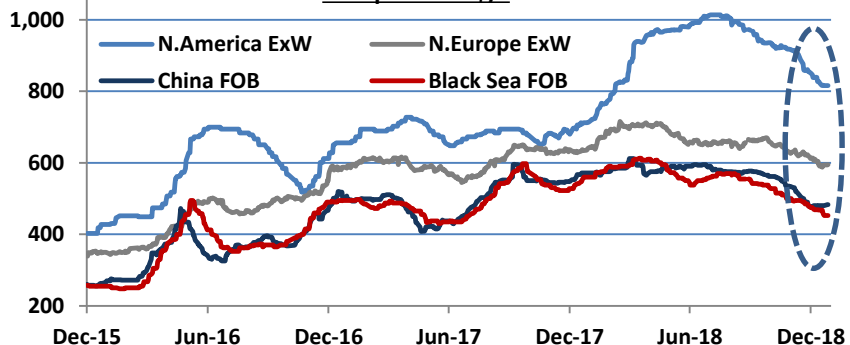
World Steel Production (mt) in CY 2017 and CY2018



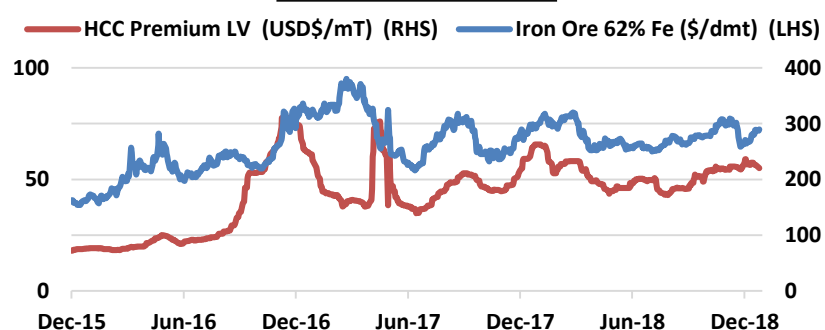
China Steel Production and Export (mt)



HRC prices US\$/t



Raw Material Price Trend



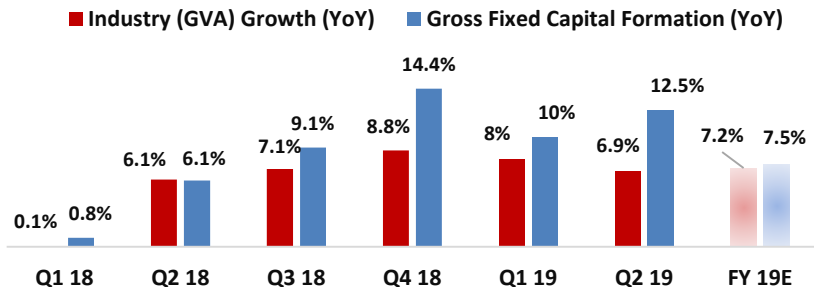
Headwinds in the near term, but Chinese policy measures are expected to stimulate demand

Source: WSA, Bloomberg, Platts

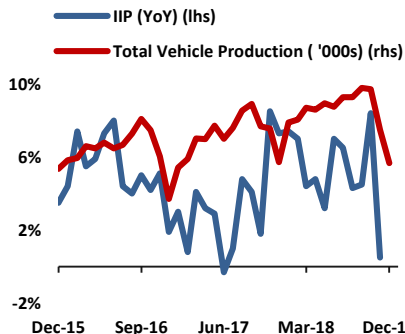
Indian economy

Industry (GVA) Growth and Gross Fixed Capital Formation

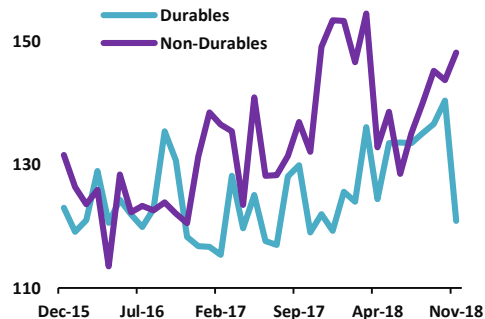
(YoY)



Total Vehicle Production vs. IIP



IIP - Use Based (Consumer index)

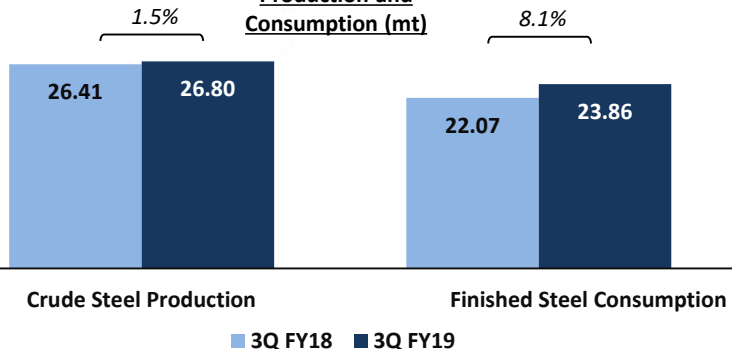


- Continued strong momentum in government spending on infrastructure driving an increase in Gross Fixed Capital formation
- Additional budgetary allocation in the Interim Budget towards infrastructure, railways and defence are key positives.
- Tax benefits for real estate developers as well as for the 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

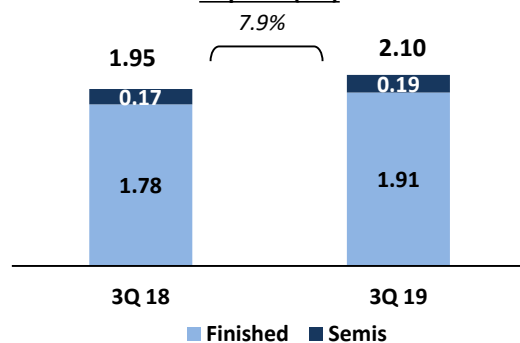
Growth outlook underpinned by government spending and consumer demand

Indian steel

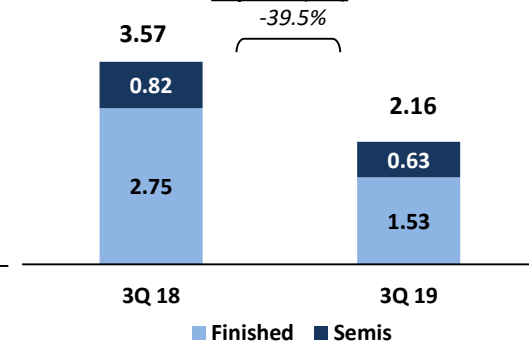
Production and Consumption (mt)



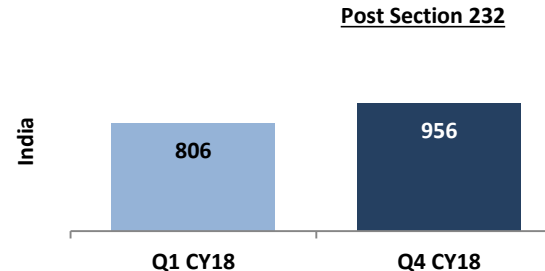
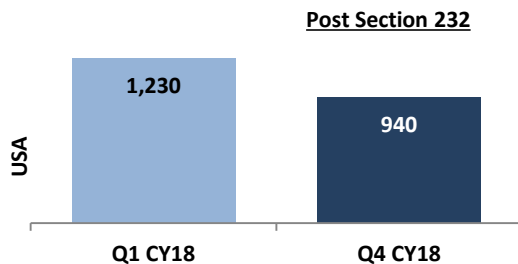
Imports (mt)



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



Business
Environment

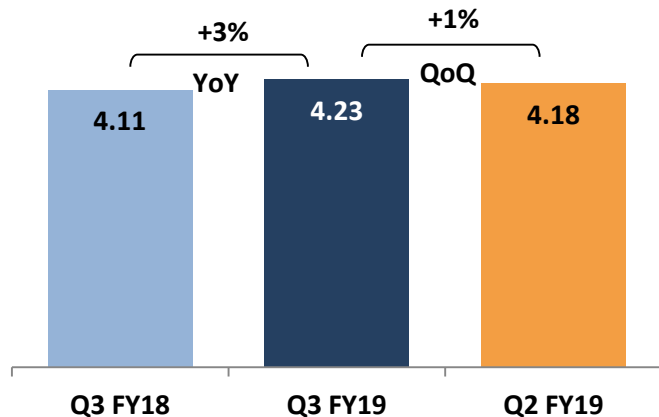
Operational
Performance

Financial
Performance

Projects and
Acquisitions
Update

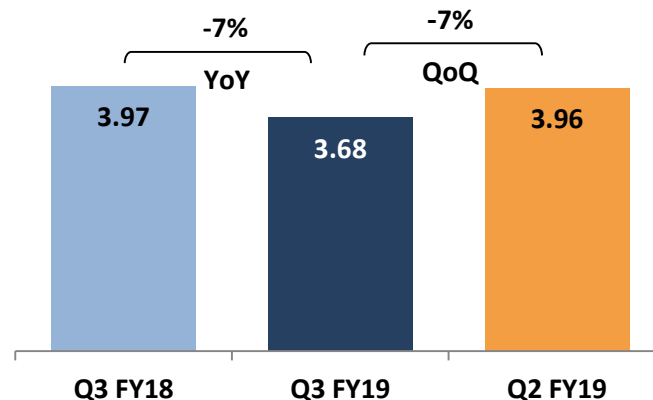
Quarterly volumes- standalone

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



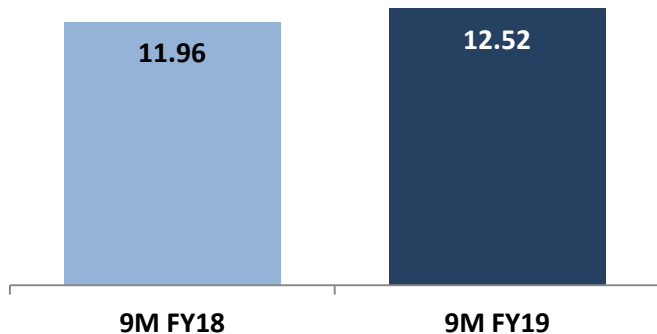
| | Q3 FY18 | Q3 FY19 | Q2 FY19 |
|-------|---------|---------|---------|
| Flat | 2.80 | 2.61 | 2.87 |
| Long | 0.90 | 0.89 | 0.89 |
| Semis | 0.27 | 0.17 | 0.20 |

9M FY2019 volumes-standalone

Crude Steel Production

+5%

YoY

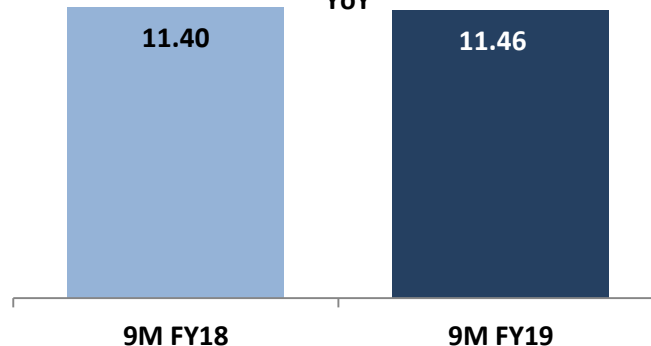


| | 9MFY18 | 9MFY19 |
|------|--------|--------|
| Flat | 8.46 | 8.73 |
| Long | 2.48 | 2.88 |

Steel Sales

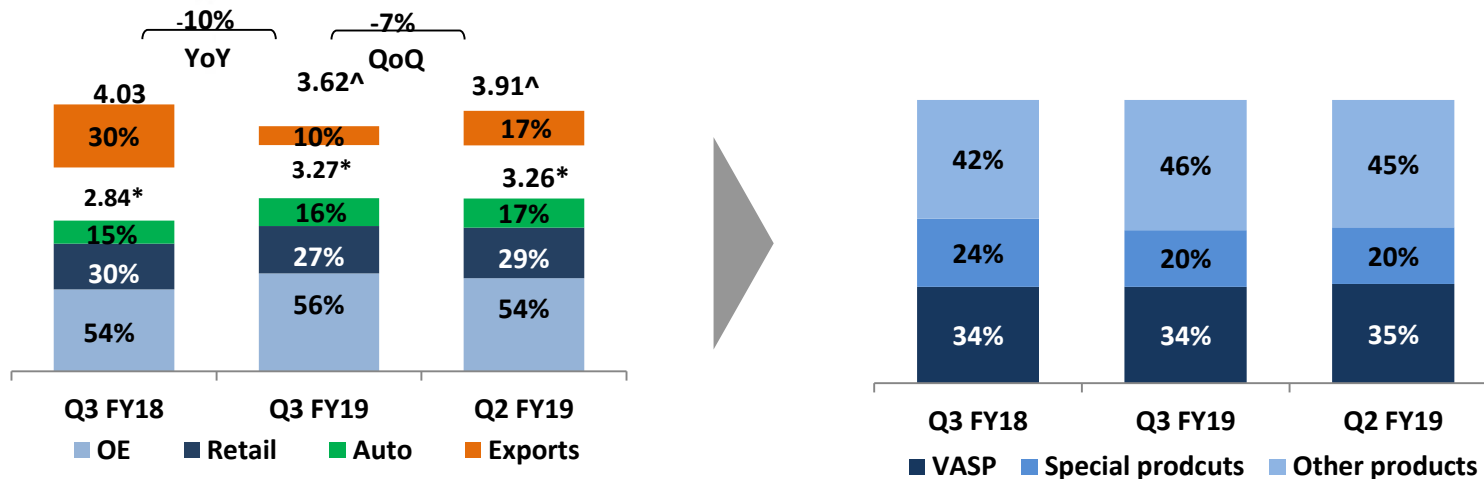
1%

YoY



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

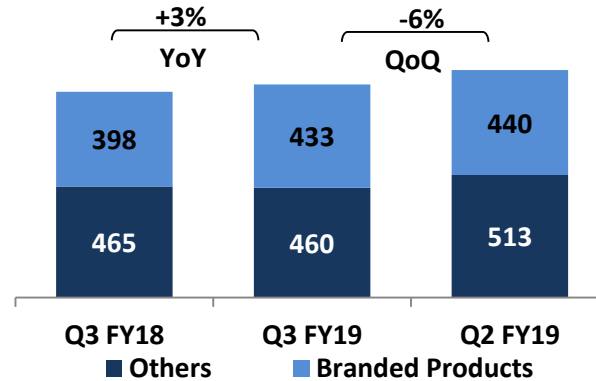
Quarterly sales highlights – consolidated



- ✓ 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)



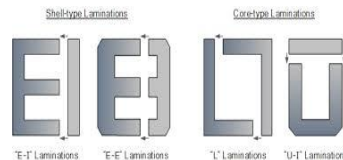
Long Member

SPFC590DP(CRCA)



Fender Apron Support

35C300(Electrical Steel)



Lamination

SPRC440(CRCA)



Tail Gate Striker



Agenda



Business
Environment

Operational
Performance

Financial
Performance

Projects and
Acquisitions
Update

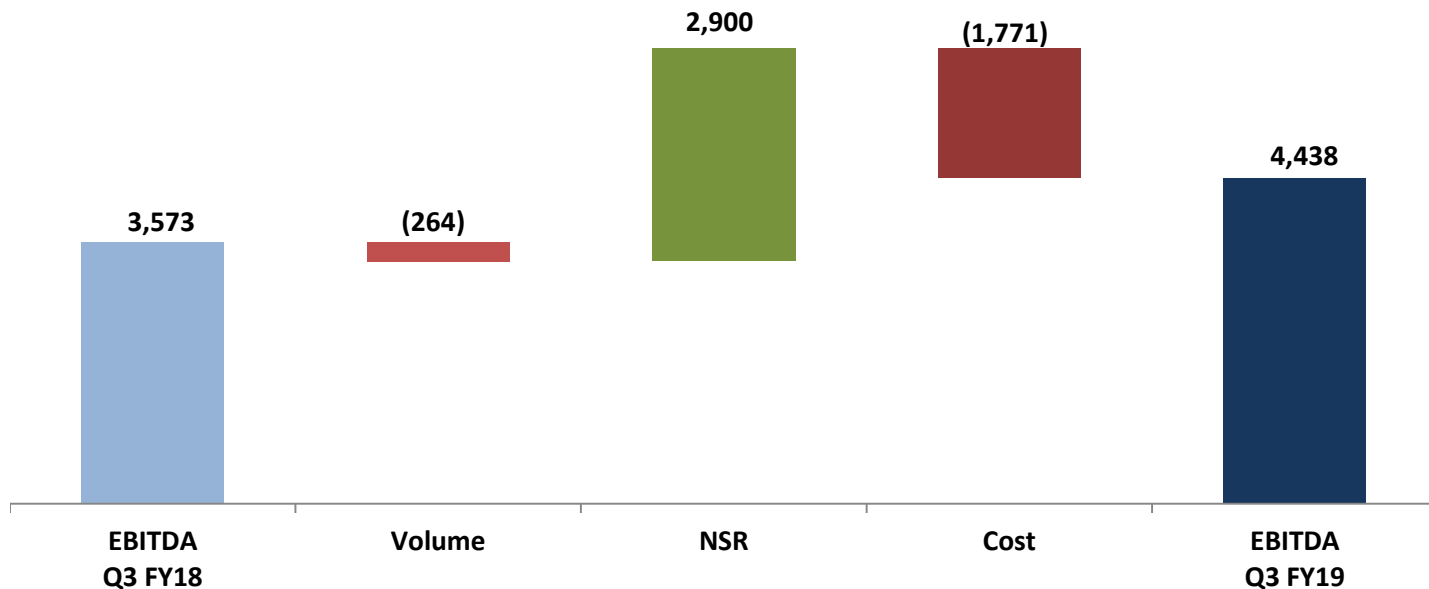
Financials – standalone

₹ crore

| Particulars | Q3 FY19 | Q3 FY18 | 9M FY19 | 9M FY18 |
|-------------------------|---------------|---------|---------------|---------|
| Revenue from operations | 18,393 | 16,813 | 57,026 | 47,564 |
| Operating EBITDA | 4,438 | 3,573 | 14,062 | 8,698 |
| Other Income | 67 | 43 | 436 | 140 |
| Finance Cost | 957 | 892 | 2,752 | 2,718 |
| Depreciation | 855 | 769 | 2,532 | 2,273 |
| Profit Before Tax | 2,693 | 1,955 | 9,214 | 3,847 |
| Exceptional Loss | - | 234 | - | 234 |
| Tax | 801 | 595 | 2,700 | 1,223 |
| Profit after Tax | 1,892 | 1,126 | 6,514 | 2,390 |
| Diluted EPS* | 7.83 | 4.66 | 26.95 | 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 | 91,183 | 59,623 | 252,201 | 177,428 |
| <i>Utilization (%)</i> | 38% | 24% | 36% | 24% |
| Pipe Mill | 16,367 | 15,109 | 50,264 | 38,159 |
| <i>Utilization (%)</i> | 12% | 11% | 12% | 9% |

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

USD mn

| Key P&L data | Q3 FY19 | Q3 FY18 | 9M FY19 | 9M FY18 |
|-------------------------|---------------|---------|---------------|---------|
| Revenue from Operations | 104.70 | 56.58 | 304.09 | 173.19 |
| EBITDA | 4.06 | 3.86 | 20.25 | 9.97 |

Financials – consolidated

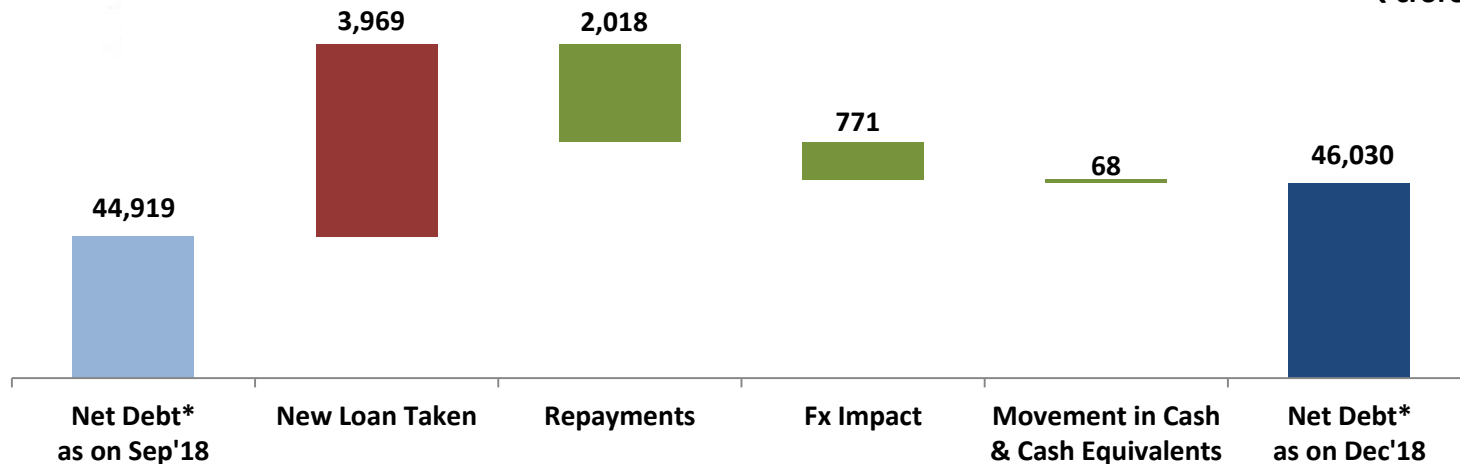


₹ crore

| Particulars | Q3 FY19 | Q3 FY18 | 9M FY19 | 9M FY18 |
|-------------------------|---------------|---------|---------------|---------|
| Revenue from operations | 20,318 | 18,264 | 62,389 | 51,875 |
| Operating EBITDA | 4,501 | 3,851 | 14,512 | 9,504 |
| Other Income | 37 | 42 | 151 | 122 |
| Finance Cost | 1,021 | 923 | 2,871 | 2,818 |
| Depreciation | 1,078 | 852 | 2,957 | 2,522 |
| Profit Before Tax | 2,439 | 2,118 | 8,835 | 4,286 |
| Exceptional Loss | | 264 | - | 264 |
| Tax | 820 | 94 | 2,809 | 823 |
| Share of Joint Ventures | (16) | 14 | 3 | 35 |
| Profit after Tax | 1,603 | 1,774 | 6,029 | 3,234 |
| Diluted EPS * | 6.72 | 7.25 | 25.30 | 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">Production volume increased by 3% YoY aided by higher utilisation at Vijayanagar and DolviOverall sales volume lower by 10% YoY mainly due to lower ExportsDomestic sales volume increased by 15% YoY; sales to automotive segment increased 23% YoY |
| Realisation | <ul style="list-style-type: none">Average sales realisation increased on the back of higher steel prices, currency depreciation and higher sales to OEMs |
| Operating Costs | <ul style="list-style-type: none">Blended iron ore costs increased by 6% YoY due to higher iron ore pricesCoking coal cost increased by 7% YoY mainly due to higher prices and currency depreciationFerro alloys, refractory and electrode costs are also higher YoYPower and fuel costs increased with rising energy prices and weaker currency |
| Subsidiaries | <ul style="list-style-type: none">Newly acquired assets Acero and Aferpi are ramping up their operations |



Agenda



Business
Environment

Operational
Performance

Financial
Performance

Projects and
Acquisitions
Update

Update on the recently acquired assets

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

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



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