

Results for the first quarter ended 30 June 2017

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its results for the First Quarter ended 30<sup>th</sup> June, 2017 ("1Q FY2018" or the "Quarter").

Key highlights of the quarter:
**Standalone Performance:**

- Crude Steel production : 3.91 million tonnes, up by 1% YoY
- Saleable Steel sales : 3.51 million tonnes, up by 5% YoY
- Revenue from operations : ₹ 15,096 crores
- Operating EBITDA: ₹ 2,198 crores
- PAT : ₹ 419 crores

**Consolidated Performance:**

- Revenue from operations : ₹ 15,977 crores
- Operating EBITDA : ₹ 2,617 crores
- PAT : ₹ 624 crores

Operational Performance:

After a sharp ramp up of utilization in 4QFY17, crude Steel production during the quarter stood at 3.91 million tonnes.

Particulars	(Million tonnes)		% YoY Growth
	1Q FY2018	1Q FY2017	
<b>Production: Crude Steel</b>	<b>3.91</b>	<b>3.87</b>	<b>1%</b>
<b>Saleable Steel:</b>			
- Rolled: Flat	2.57	2.48	4%
- Rolled: Long	0.75	0.74	2%
- Semis	0.18	0.12	47%
<b>Total Sales</b>	<b>3.51</b>	<b>3.34</b>	<b>5%</b>

The current quarter was marked by industry wide destocking, especially for long products and sales through the trade channel, as customers in general adopted a cautious approach towards carrying inventories in the run up to GST implementation, which impacted our domestic sales volume. As a result, overall steel sales volume stood at 3.51 million tonnes during the quarter with some accumulation of inventory. The company remained focused on enriching the product mix and sales of value added and special products grew by 12% YoY, primarily due to higher volume of Electrical steel, CRCA, Galvanised and Colour Coated products.

Exports during the quarter surged by 26% YoY, as demand as well as pricing for steel products in international markets remained buoyant.

#### Standalone Financial Performance:

JSW Steel recorded Revenue from operations for the quarter of ₹15,096 crores. Operating leverage impact from lower sales volumes and higher prices of inputs like iron ore, fluxes and power led to Operating EBITDA for the quarter of ₹2,198 crores, with an EBITDA margin of 15.9%. The net profit after tax stood at ₹419 crores for the quarter.

The net gearing (Net Debt to Equity) stood at 1.71x at the end of the quarter (as against 1.53x at the end of FY2017) and Net Debt to EBITDA stood at 3.81x (as against 3.20x at the end of FY2017).

#### Subsidiaries' Performance:

##### JSW Steel Coated Products:

During the quarter, JSW Steel Coated Products registered a production volume (Galvanised/Galvalume products) of 0.44 million tons and sales volume of 0.48 million tonnes. The Revenue from operations and Operating EBITDA for the quarter stood at ₹3,060 crores and ₹205 crores respectively. Net Profit after Tax was ₹117 crores for the quarter.

##### US Plate and Pipe Mill:

The US based Plate and Pipe Mill facility produced 65,491 net tonnes of Plates and 11,562 net tonnes of Pipes, reporting a capacity utilization of 28% and 8%, respectively during the quarter. Sales volumes for the quarter stood at 52,410 net tonnes of Plates and 11,993 net tonnes of Pipes. It reported an EBITDA of \$5.1 million for the quarter, reflecting a turnaround in operations.

#### Consolidated Financial Performance:

JSW Steel recorded Revenue from operations of ₹15,977 crores for the quarter. The Operating EBITDA for the quarter was ₹2,617 crores, with an EBITDA margin of 17.8%. The Net Profit after Tax for the quarter stood at ₹624 crores, after incorporating the financials of subsidiaries, joint ventures and associates.

The net gearing at the end of the quarter stood at 1.97x (as against 1.85x at the end of FY2017), while Net debt to EBITDA stood at 3.76x (as against 3.41x at the end of FY2017).

#### Outlook

Global growth outlook is on track and economic activity in both advanced and emerging/developing economies is expected to accelerate. US growth expectations have been marked down amidst less expansionary policy stance, while the Euro area activity continues to improve, helped by continued expansionary monetary policy, reduced political uncertainty and better domestic demand. Japan growth outlook is marginally better than earlier expectations, supported by private consumption and export growth. Chinese economic growth has positively surprised on the back of fiscal policy supported front-loaded infrastructure investment. Thus, global growth outlook for CY2017 remains firm.

Global steel production grew by ~36mmt in 1HCY17 as against WSA (World Steel Association) CY2017 estimate for demand growth of ~20mmt. However, China has positively surprised with a ~35mmt apparent steel demand growth in 1HCY17, driven by fiscal stimulus, against a flattish demand estimate by WSA for CY17. Global steel demand growth appears to be better than earlier expectations.

Chinese steel exports have come down by ~28% in 1HCY17. However, exports from Japan and Korea continue to remain at elevated levels with pricing at a discount to their domestic market. Steel prices are improving with cost push from iron ore and coking coal amidst improved demand environment in China.

Steel imports into India, after correcting in April, have again risen to ~8mmt on annualised basis. Crude steel production in 1QFY18 increased by 3.5%YoY, whereas apparent finished steel consumption in the quarter grew by 4.6%YoY. Steel demand is improving with increasing public sector spending; reflected in increased activity in sectors like roads, power T&D, solar energy, earthmoving equipment, pre-engineered buildings, and water & gas pipelines. Steel demand is on track to grow by 5% in FY2018; although sluggish private capex remains a concern.

*JSW Steel Ltd., belonging to the JSW group, part of the O P Jindal Group, is one of the lowest cost steel producers in the world. The group has diversified interests in mining, carbon steel, power, industrial gases, ports and cement. JSW Steel Limited is engaged in manufacture of flat and long products viz. hot rolled coils, cold rolled coils, galvanised products, galvalume products, colour coated products, auto grade / white goods grade flat products, bars and rods. Incorporated in 1994, JSW Steel Limited is one of the largest producers and exporters of coated flat products in the country with presence in over 100 countries across five continents.*

### **Forward looking and Cautionary Statements:**

*Certain statements in this release 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 risks 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, 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 - has made strategic investments, withdrawal of fiscal governmental incentives, 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.*

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