

**JSW Steel reports highest ever quarterly saleable steel sales**

Mumbai, India: JSW Steel Limited ("JSW Steel" or the "Company") today reported its results for the Second Quarter and the Half Year ended 30<sup>th</sup> Sep, 2015 ("2Q FY2016" or the "Quarter" and "1H FY2016" or the "Half year").

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

- Highest ever quarterly Saleable Steel sales: 3.19 million tonnes, up by 4% YoY
- Crude Steel production: 3.25 million tonnes, lower by 1% YoY
- Gross Turnover: ₹10,780 crores
- Operating EBITDA: ₹1,566 crores
- Net debt to Equity: 1.22x
- Net debt to EBITDA: 4.55x

**Consolidated Performance:**

- Gross Turnover: ₹11,928 crores
- Operating EBITDA: ₹1,729 crores
- Net debt to Equity: 1.72x
- Net debt to EBITDA: 5.32x

**Operational Performance:**

During the quarter, the Company reported Crude Steel production of 3.25 million tonnes while Saleable Steel sales volume stood at 3.19 million tonnes. The details of production and sales volumes are as under:

Particulars	(Million tonnes)					
	2Q FY2016	2Q FY2015	YoY growth	1H FY2016	1H FY2015	YoY Growth
<b>Production: Crude Steel</b>	<b>3.25</b>	<b>3.30</b>	<b>-1%</b>	<b>6.65</b>	<b>6.40</b>	<b>4%</b>
<b>Sales:</b>						
- Rolled: Flat	2.50	2.47		4.91	4.79	
- Rolled: Long	0.65	0.48		1.28	0.96	
- Semis	0.03	0.12		0.11	0.20	
<b>Total Saleable Steel</b>	<b>3.19</b>	<b>3.07</b>	<b>4%</b>	<b>6.29</b>	<b>5.94</b>	<b>6%</b>

Despite intensifying competition due to dumping of steel by steel surplus countries, consolidated domestic sales volume grew robust 22% YoY. The consolidated domestic sales volume stood at 2.82 million tonnes as retail sales grew by 80% YoY with widening retail penetration.

**Standalone Financial Performance:**

JSW Steel recorded Gross Turnover and Net Sales for the quarter of ₹10,780 crores and ₹9,653 crores respectively. The Company reported an Operating EBITDA of ₹1,566 crores with EBITDA margin of 16.0%. The net profit after tax stood at ₹241 crores for the quarter.

The Company has made a provision of ₹ 116 crores during the quarter towards carrying value of its investment, mainly in the US Plate & Pipe mill.

Gross Turnover and Net Sales for the half year stood at ₹21,847 crores and ₹19,634 crores respectively. The Operating EBITDA for the half year was ₹3,070 crores. The company posted a Net profit of ₹ 272 crores for the half year.

The net gearing stood at 1.22x as on 30<sup>th</sup> September 2015 (as against 1.13x as on 30<sup>th</sup> June 2015) and Net Debt to EBITDA was at 4.55x (as against 3.66x as on 30<sup>th</sup> June 2015).

### **Subsidiaries Performance:**

#### **JSW Steel Coated Products:**

During the quarter, JSW Steel Coated Products registered a production (Galvanised/Galvalume products) volume of 0.36 Million Tons and sales volume of 0.37 million tonnes. The Gross Turnover and Net Sales for the quarter stood at ₹1,927 crores and ₹1,787 crores, respectively. It recorded an Operating EBITDA of ₹102 crores and a Net Profit after Tax of ₹22 crores for the quarter.

#### **Chile Iron ore Mines:**

The Chile operations remain under care and maintenance from end April 2015. The Company reported an EBITDA loss of \$0.48 million for the quarter.

#### **US Plate and Pipe Mill:**

The US based Plate and Pipe Mill facility produced 0.058 million net tonnes of Plates and 0.016 million net tonnes of Pipes, reporting a capacity utilization of 25% and 12%, respectively, during the quarter. Sales volumes for the quarter stood at 0.042 million net tonnes of Plates and 0.018 million net tonnes of Pipes. It reported an EBITDA Loss of \$3.1 million for the quarter.

### **Consolidated Financial Performance:**

JSW Steel recorded Gross Turnover and Net Sales of ₹11,928 crores and ₹10,743 crores respectively for the quarter. The Company reported Operating EBITDA of ₹1,729 crores and a Net Profit after Tax of ₹117 crores, respectively, after incorporating the financials of subsidiaries, joint ventures and associates.

Gross Turnover and Net Sales for the half year stood at ₹24,484 crores and ₹22,125 crores respectively. The Operating EBITDA was ₹3,357 crores and the Net profit was ₹10 crores for the half year.

The net gearing at consolidated level was 1.72x at the end of the quarter (as against 1.66x as on 30<sup>th</sup> June 2015), Net debt to EBITDA at consolidated level is 5.32x (as against 4.51x as on 30<sup>th</sup> June 2015) and the weighted average interest cost of debt was at 7.15% (vis-à-vis 7.19% as on 30<sup>th</sup> June 2015).

### **Projects Update:**

The Company has taken shutdown of one of its Blast Furnaces at Vijayanagar for relining and modification from 19<sup>th</sup> August 2015 and this is expected to commission in December 2015. The Blast furnace at Dolvi too went under shutdown for capacity expansion from 17<sup>th</sup> October 2015, and is likely to be commissioned in December 2015. Other ongoing projects are progressing satisfactorily and are likely to complete as per schedule.

### **Outlook:**

The International Monetary Fund has revised down its forecast for World economic growth for CY2015 from 3.3% to 3.1% yet again and global growth expectations are weighed down primarily due to weaker prospects for some of the large emerging market economies and oil-exporting countries.

The world crude steel production in 9MAY15 was lower by 2.5%YoY – most of the regions continue to witness a decline. The regional steel prices remain under pressure driven by surging exports from steel-surplus countries at predatory prices and declining demand. Chinese steel exports continue to increase even at prices below the marginal cost as domestic demand falls faster than production cuts, which is resulting in a global supply glut. Several countries have already initiated tariff / non-tariff barriers to arrest dumping of steel in their markets, the unbridled exports at predatory prices will further intensify trade remedial actions across the regions.

Indian steel industry continues to suffer from uncontrolled imports at prices significantly lower than domestic prices in exporting countries – especially from Korea, Japan and China; consumption of domestically produced steel was down by 2.3% YoY in 1HFY16 as total steel imports were up by 42% YoY. The finished steel exports also decreased by 26% YoY in 1HFY16. The dumping of steel into India has resulted in excess availability which continues to dent market sentiments and remains a serious threat to the domestic steel industry.

The government of India imposed provisional safeguard duty in September 2015 on import of certain grades of Hot Rolled Coils. It is encouraging to see that Government of India has acted swiftly in imposing the duty to mitigate the hardship being faced by Indian Steel industry. As the imports remained at elevated level for other types of steel products in the value chain, It is imperative to also impose appropriate duty on all other steel products in the value chain to stop injury to the industry.

Domestic iron ore prices are correcting on the back of improving supply with restart of mining capacities.

In India, overall activity levels is showing an uptick, monetary easing by the Reserve Bank of India is supportive of growth and recent data print of Industrial Production is also encouraging. Public spending on a few infrastructure segments seems to be picking up; however, the momentum needs to be sustained in the coming quarters. Increase in public spending and progress of policy reforms are key to kick-start the investment cycle.

*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, it has grown to about US \$11 billion. 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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