

T H E W I L L

T O W I N



JSW Steel Limited

4QFY17 Results Presentation

May 17, 2017

FY2017 - A Year of Resilience – industry leading ROCE of 14%

Challenges

- Deliver 25% YoY volume growth to meet guidance
- Intensifying competitive pressure in domestic market with a surge in domestic steel production, elevated level of imports
- Subdued demand growth in domestic steel market, post de-monetisation
- Cost pressures due to raw material price volatility and availability
- Improve gearing ratios and maintain a liquid and strong balance sheet

Performance

- ✓ Ensured ramp-up of newly commissioned capacity in record time and met production guidance for the year
- ✓ Industry leading sales volume growth of > 20%YoY - strategically increased exports and product mix enrichment/optimisation
- ✓ Engagement on policy advocacy to institute trade remedial measures for level playing field
- ✓ Increased coal blends and diversified sourcing to optimise cost and availability issues
- ✓ Multiple performance improvement initiatives – on logistics, operating efficiencies, procurement, digitalisation, etc.
- ✓ Prudent financial policies to keep overall debt in check and restore gearing ratios within targeted levels

Key highlights – 4QFY17

Standalone performance	<ul style="list-style-type: none"> ✓ Highest ever quarterly Crude Steel production: 4.10 million tonnes ✓ Highest ever quarterly Steel sales: 3.96 million tonnes ✓ Quarterly EBITDA : ₹ 3,004 crores ✓ Net Debt to Equity: 1.53x and Net Debt to EBITDA: 3.20x
JSW Steel Coated Products	<ul style="list-style-type: none"> ✓ Quarterly Steel sales: 0.44 million tonnes ✓ Quarterly EBITDA: ₹ 161 crores
Consolidated performance	<ul style="list-style-type: none"> ✓ Highest ever Revenue from operations: ₹ 17,917 crore ✓ Quarterly Operating EBITDA : ₹ 3,165 crore ✓ Net Debt to Equity: 1.85x and Net Debt to EBITDA: 3.41x
Key update	<ul style="list-style-type: none"> ✓ 1st prize for Fair Business Practices by Jamanalal Bajaj Trust in Large Manufacturing Enterprises for 2016 to JSW Steel Coated Products ✓ The Indian Merchant Chamber Ramkrishna Bajaj National Quality (IMC-RBNQ) Performance Excellence Trophy 2016 in Manufacturing Category to JSW Steel Coated Products ✓ Prestigious ‘Rising Brand’ Awards by ELSOL Research Trend & Consulting (ERTC) in Infrastructure Category for JSW Neosteel TMT bars

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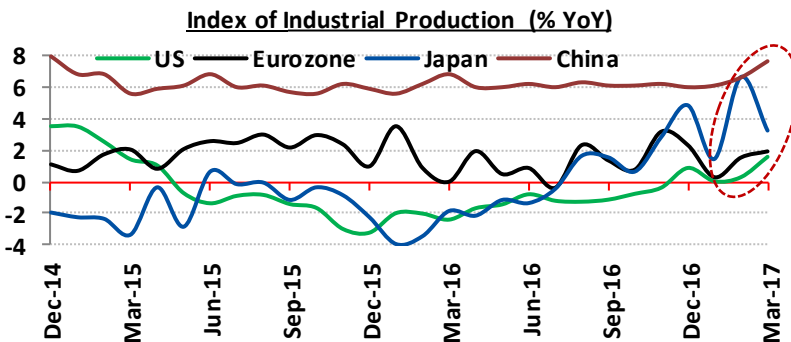
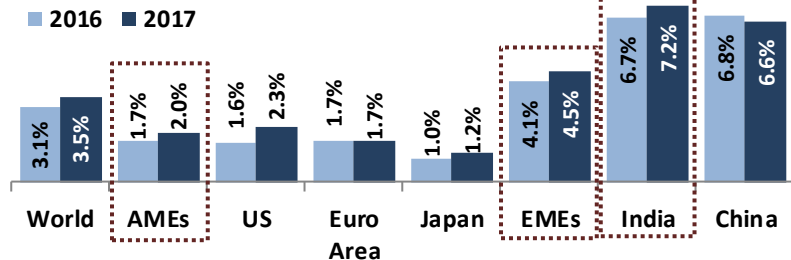
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Global economy

GDP growth - IMF projections for 2016 and 2017 (%YoY)

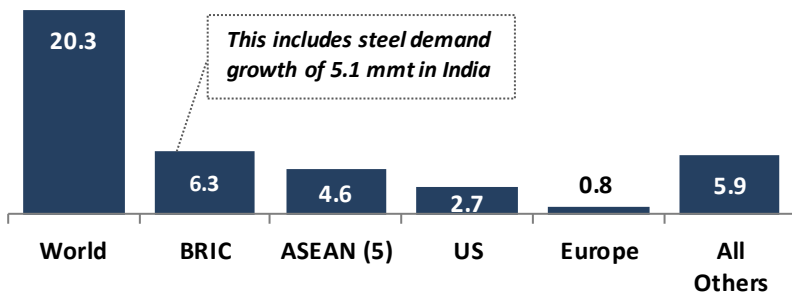


- Global growth outlook is constructive with improving momentum in both advanced as well as key emerging market economies
- US growth in 1QCY17 was an outlier - impacted by lower private consumption amidst deflation, unusual weather and higher inventories; 2017 outlook is robust
- Euro area continues to see moderate growth supported by expansionary monetary policy, rising exports and stable consumer spending
- Japan, despite soft domestic consumption, is benefiting from export growth, policy support and improved corporate profits
- Chinese economy probably reached a cyclical peak driven by real estate growth, deflation and re-stocking; likely to witness managed deceleration in growth

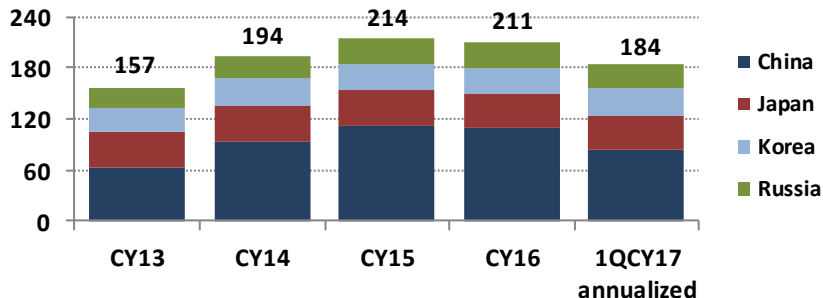
Global economy projected to grow by 3.5% in CY17 vs. 3.1% In CY16

Global steel scenario

CY17 Global finished steel demand growth estimates (mmt)



Steel exports (mn tonnes)

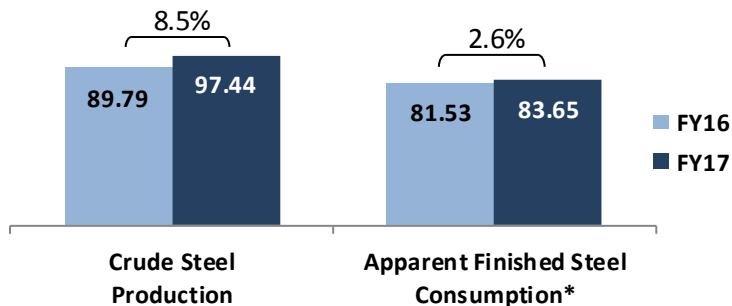
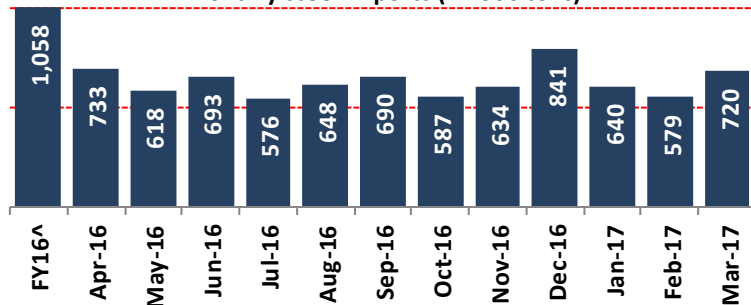


- Global steel demand is expected to grow by ~20mmt in CY17 primarily driven by growth in India and ASEAN (5); Chinese steel demand is expected to remain flattish
- However, 1QCY17 steel production is already up by ~22mmt on YoY basis with improved capacity utilization in most regions
- Despite a 8.8mmt increase in steel production in 1QCY17, Chinese steel exports are down mainly due to increasing trade remedial measures by importing countries and restocking demand in China before CNY
- Exports from Japan and Korea continue to remain at elevated levels with pricing at a discount to their domestic market prices
- Higher coking coal prices to keep steel prices range-bound

Global steel trade to be driven by increasing trade remedial measures

Indian economy and steel industry

Monthly steel imports (in '000 tons)



- Steel imports remain at ~8mmt on annualized basis; suspicion of circumvention of trade remedial measures necessitates stringent monitoring mechanism
- Steel demand is expected to grow by ~4mmt i.e. ~5% in FY18 driven by:
 - Budgetary allocation of Rs. 4 trillion for infrastructure development with thrust on affordable housing, water and gas pipelines, renewable energy and road sector, and
 - Recovery in Rural demand on the back normal monsoon expectations
- The National Steel Policy 2017 charts out a roadmap to enhance per capita steel consumption to 160 kg by FY31 (from 61 kg in 2015)

Steel demand to benefit from rising infrastructure spend and improving consumer demand

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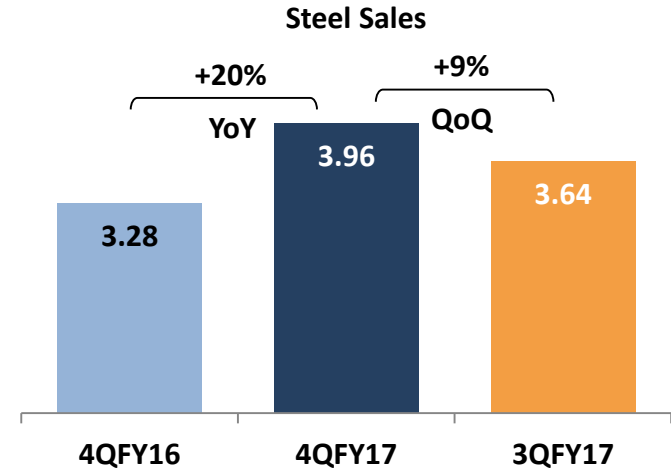
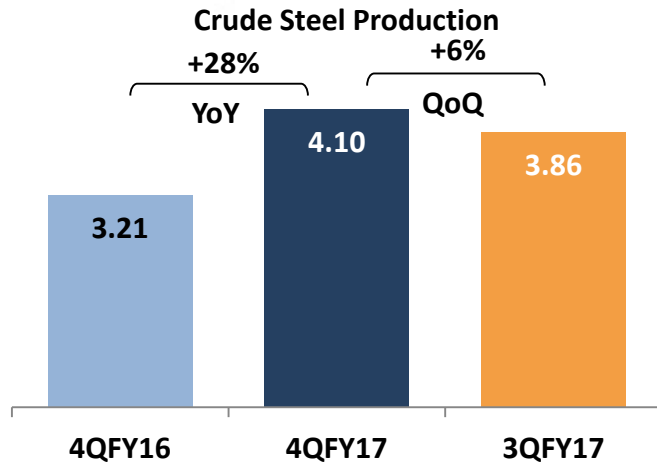
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Quarterly volumes – standalone

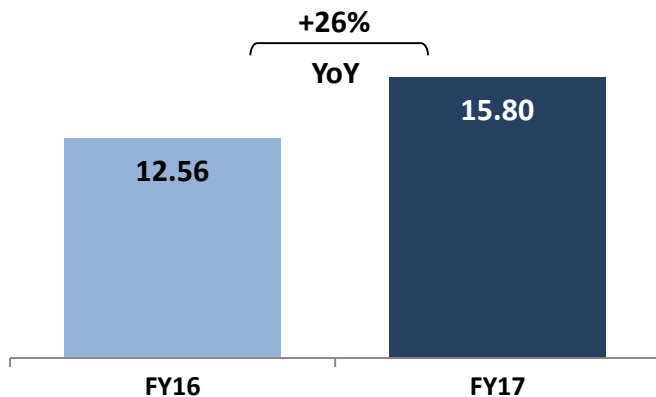


	4QFY16	4QFY17	3QFY17
Flat	2.38	2.98	2.83
Long	0.77	0.82	0.74

	4QFY16	4QFY17	3QFY17
Flat	2.44	2.90	2.79
Long	0.78	0.78	0.73
Semis	0.07	0.27	0.12

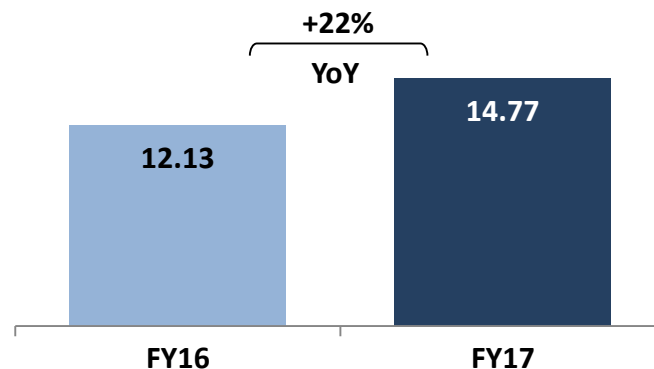
Full year volumes – standalone

Crude Steel Production



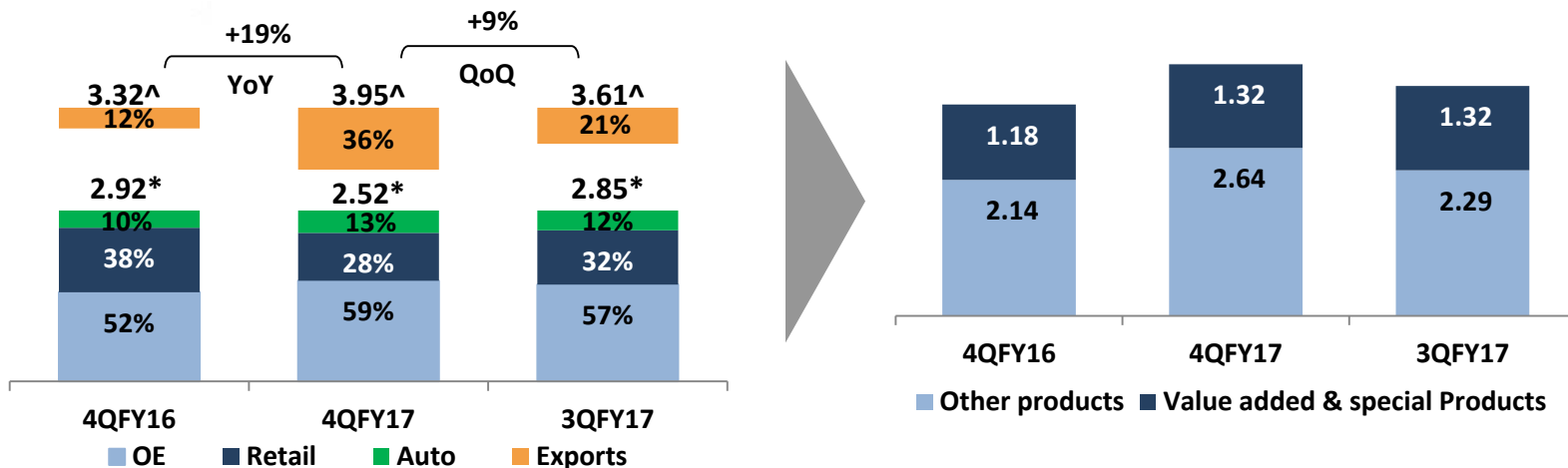
	FY16	FY17
Flat	9.32	11.41
Long	2.73	3.21

Steel Sales



	FY16	FY17
Flat	9.20	10.97
Long	2.71	3.06
Semis	0.21	0.74

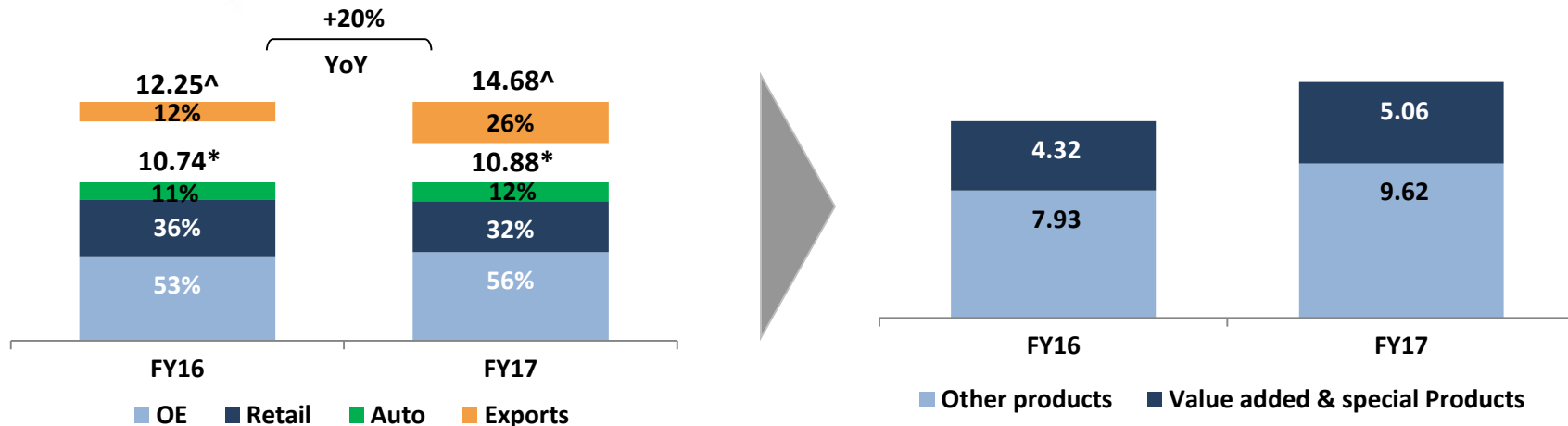
Quarterly sales highlights – consolidated



- ✓ Overall sales grew 19%YoY; strategically focused on exports due to weak domestic demand
- ✓ Developed new products and added new customers for CRCA export markets as well as increased exports volume of galvalume and pre-painted galvalume products
- ✓ Overall value added & special products (VASP) sales remain robust with –
 - increased focus towards certain sectors like automobile, renewal energy and consumer durables
 - increase in sales of Electrical Steel and CRCA products

Focused efforts towards value added & special products sales

Full year sales highlights – consolidated



- ✓ Overall sales grew 20%YoY; strategically focused on exports and sales of value added & special products (VASPs)
- ✓ Increased focus towards certain sectors like consumer durables, general engineering & automotive in VASP; overall VASP sales grew 17%YoY with increase in sales of products like Electrical Steel, CRCA and Coated

Delivered industry leading sales volume growth at 20%YoY

Retail and OEM segment highlights for FY17

Retail segment

- ✓ Added 750 new Retailers to the network; JSW now has footprints across 575 districts with over 7,900 exclusive and non-exclusive retail outlets
- ✓ Engaged with 14,000+ influencer/ retailers through 1,100 meets, 525 engineers visited Vijayanagar works through 15 plant visits, insured 16,000+ masons
- ✓ **JSW Neosteel (TMT)** – overall sales grew by 15%YoY to 1.06mmt in FY17 with 29%YoY increase in ECP based sales



OEM Segment

Automobile sector:

- ✓ Overall sales grew 11%YoY in FY17
- ✓ Supplying steel to all major players in India
- ✓ Developed more than 19 new products/grade

Appliance sector:

- ✓ Overall sales grew 128%YoY in FY17
- ✓ Approvals from all major players are in place
- ✓ Increasing penetration with strategic focus on Galvalume by replacing GI product

Solar sector:

- ✓ Overall sales of coated products grew 86%YoY in FY17
- ✓ Galvalume sales grew 126%YoY
- ✓ Only producer and supplier of Galvalume material under “GALVOS” brand with 20 years of warranty and of 600 GSM GP material in India
- ✓ Developed two new products: 1.5mm Galvalume and 650 GSM GI
- ✓ Added 2 large customers (Soft bank/Neusol)

Automotive, Appliance and General Eng. grade approvals

Applications	Components	Grades Approved								
Automotive	Hood	270F	340P	270F	340P	JSC340HN	CR240B2			
	Roof	270F	590R	CR210B2						
	Doors	270F	JSC270DU	270F	JAC270DU	SGARC40				
	Body side outer	270F	270F	JAC340P	SCGA 270D + JAZ					
	BIW (Inner)	980Y	590R	440W						
	Floor	270F	HX220YD	SAGA270C						
	Structural	980Y	590Y	590R	BSK46	SAPH 370				
	Reinf. Pillar	980Y	HX180YD	SGARC440						
	Fuel Tank	DX57								
	Wheels	SPFH440	SPFH590	SAPH 590	HR 750					
	Engine	SCM435	S36CV	86B45	SAE1070	SAE4140	SAE1018	EN1APB	16MnCr5LSi	
	Transmission	16MnCr5	SAE4124	SAE8822	SAE5160	SAE4145	20MnCr5Ni			
	Axels	150M36								
	Tractor	815M17								
	Suspension	51CrMoVn								
Bearings	100CrMnSi6-4	SAF5019								
Appliance	Front Panel	EDD	IF							
	Side Panel	D	DD							
	Cylinder Cell	IS15194 HS345								
General Engineering	Structural	SS540	MSL Gr6	ASTM A 792	5700MC					
	Weather Resistant	IRSM 41								

CR

HR

Coated

Alloy Steel Longs

HRPO

 Indicates new grade approval in 4QFY17

Above mentioned approved grades are the highest among the specific product/grade-group; the lower grades upto the highest grades are also approved.

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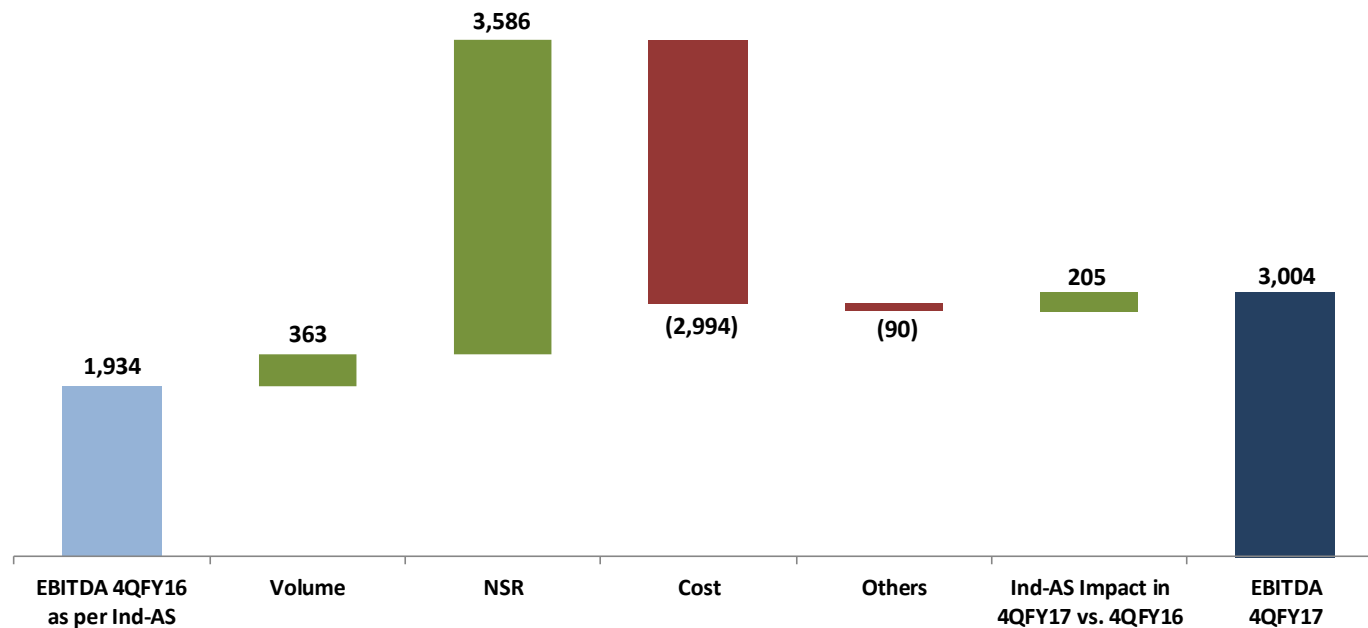
Financials – standalone

₹ crore

Particulars	4QFY17	4QFY16	FY17	FY16
Revenue from operations	16,952	10,615	56,913	40,859
Operating EBITDA	3,004	1,934	11,543	6,369
Other Income	82	23	255	318
Finance Cost	963	829	3,643	3,219
Depreciation	785	721	3,025	2,847
Exceptional Items	-	2	-	5,860
Profit Before Tax	1,338	406	5,131	(5,239)
Tax	334	39	1,555	(1,710)
Profit after Tax	1,003	367	3,577	(3,530)
Diluted EPS (₹)*	4.15	1.52	14.80	(14.75)

Operating EBITDA movement – standalone

₹ crore



Operational performance – JSW Steel Coated Products

Million tonnes

Volumes	4QFY17	4QFY16	FY17	FY16
Production	0.43	0.40	1.72	1.48
Sales	0.44	0.42	1.71	1.53

₹ crore

Key P&L data	4QFY17	4QFY16	FY17	FY16
Revenue from Operations	2,732	2,004	9,753	7,699
Operating EBITDA	161	97	630	348
Profit after Tax	69	30	277	75

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	4QFY17	4QFY16	FY17	FY16
Plate Mill	47,015	32,430	175,952	197,408
<i>Utilization (%)</i>	19%	15%	18%	21%
Pipe Mill	12,803	11,462	41,234	54,262
<i>Utilization (%)</i>	9%	8%	7%	10%

Sales (net tonnes)	4QFY17	4QFY16	FY17	FY16
Plate Mill	34,793	30,158	124,270	156,373
Pipe Mill	13,047	11,857	42,773	59,032

USD mn

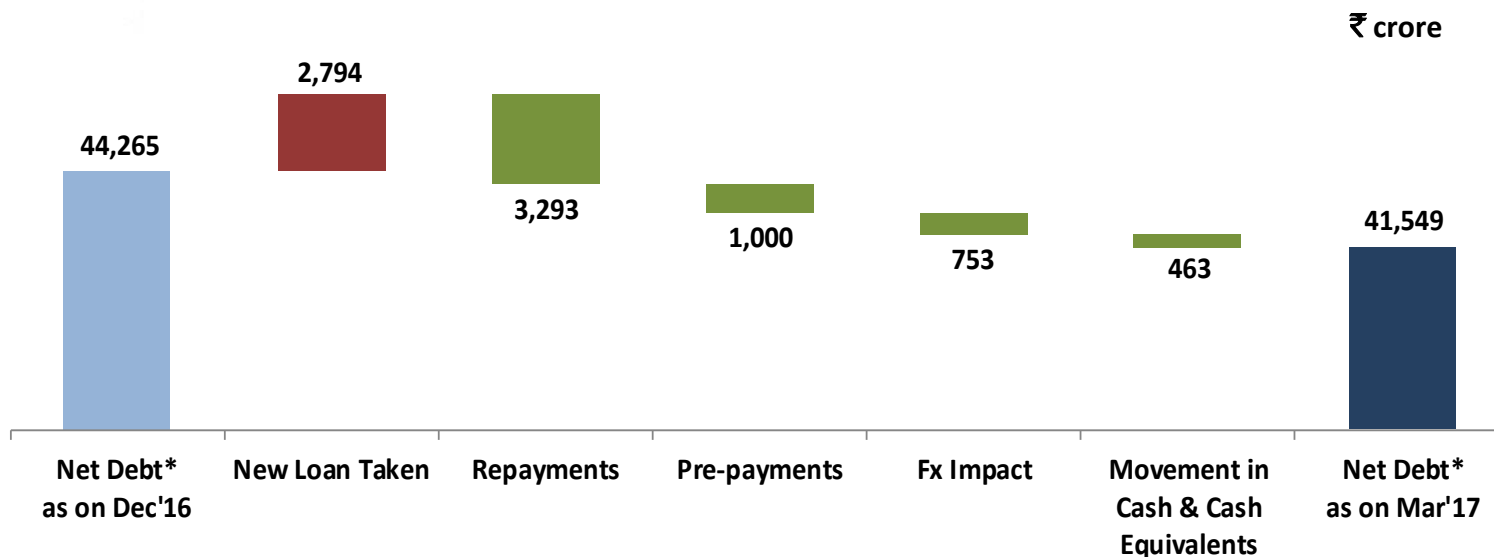
Key P&L data	4QFY17	4QFY16	FY17	FY16
Revenue from Operations	43.00	33.48	137.94	178.93
EBITDA + Other Income	1.31	(10.19)	(8.27)	(27.57)

Financials – consolidated

₹ crore

Particulars	4QFY17	4QFY16	FY17	FY16
Revenue from operations	17,917	11,747	60,536	45,977
Operating EBITDA	3,165	1,924	12,174	6,401
Other Income	56	68	152	180
Finance Cost	948	856	3,768	3,601
Depreciation	878	828	3,430	3,323
Exceptional Items	-	1	-	2,125
Profit Before Tax	1,395	307	5,128	(2,468)
Tax	399	9	1,674	(1,966)
Share of Associates and Joint Ventures	12	2	13	21
Profit after Tax	1,009	301	3,467	(481)
Diluted EPS (₹)*	4.20	1.23	14.58	(1.40)

Net debt movement – consolidated



Particulars	31.03.2017	31.12.2016
Cash & cash equivalent (₹ crore)	1,785	1,322
Net Debt/Equity (x)	1.85	2.11
Net Debt/EBITDA (x)	3.41	4.05

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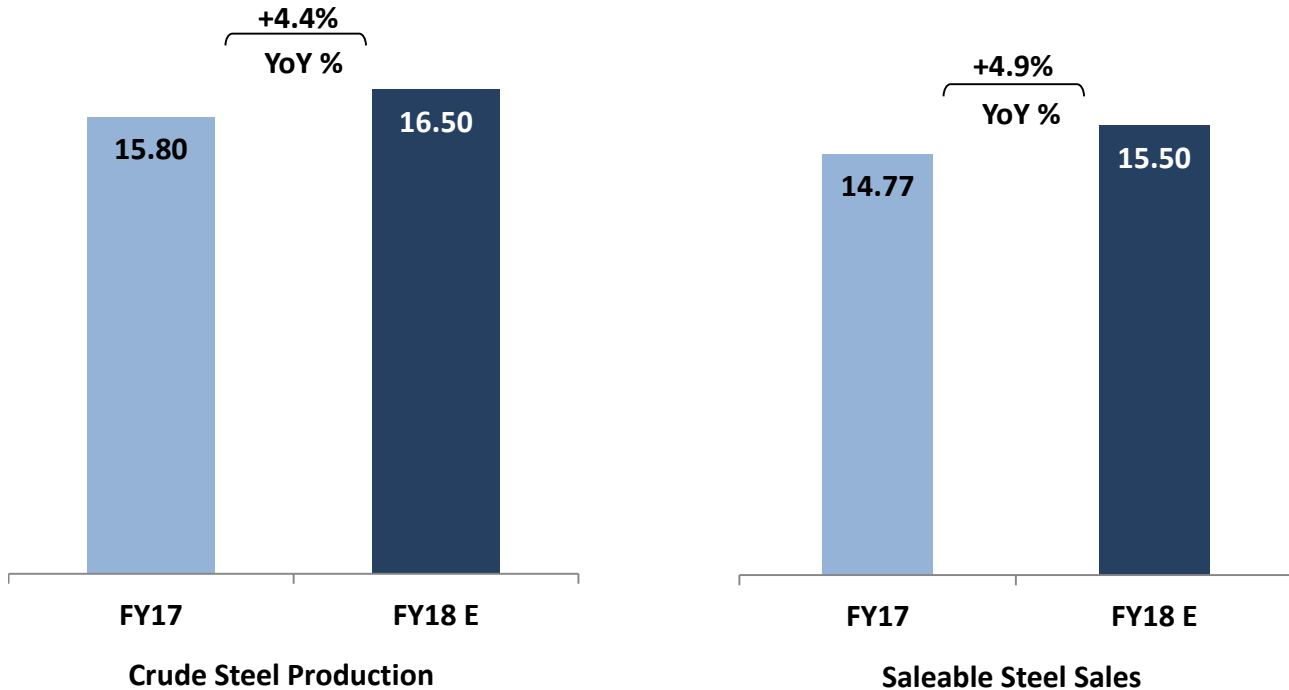
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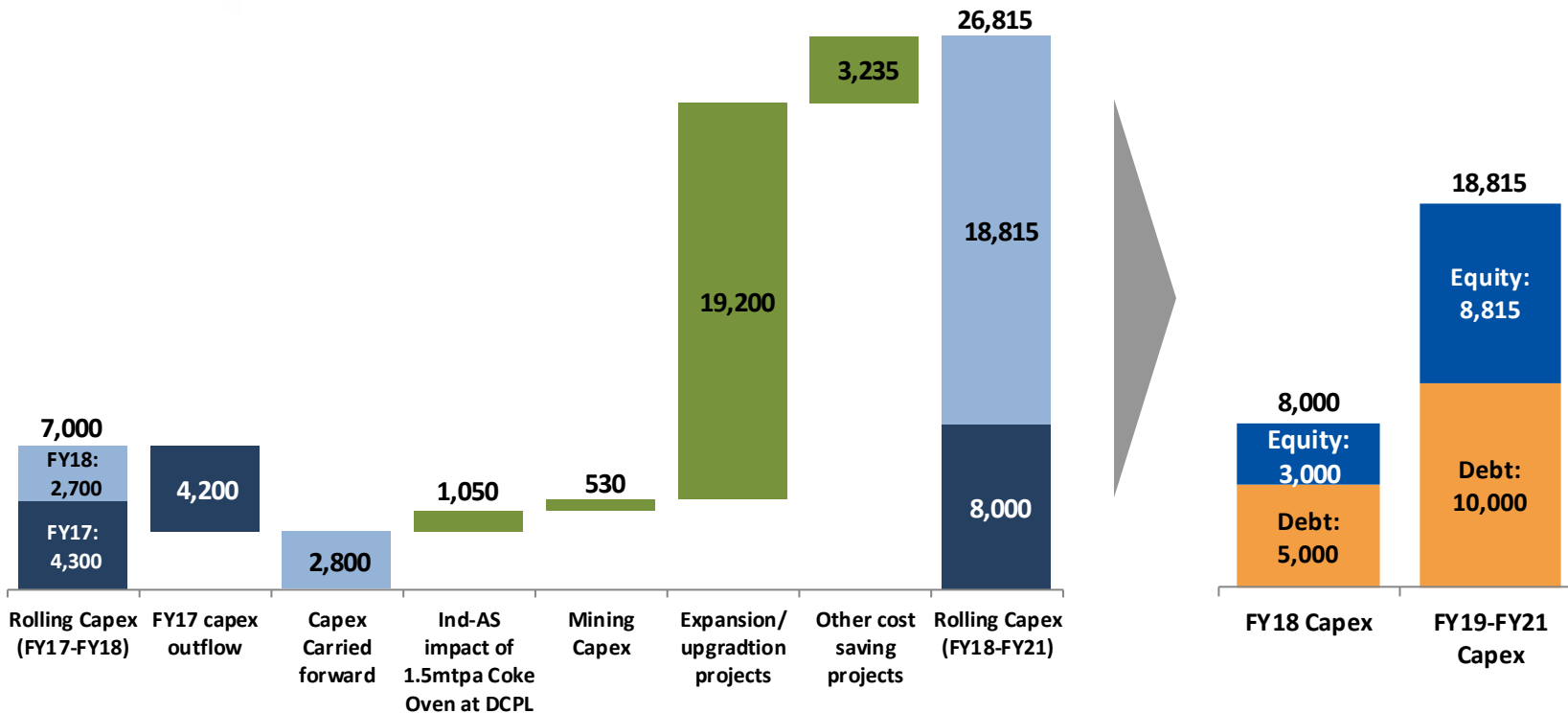
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Volume guidance for FY18



Rolling Capex Plan: FY18-21



Key Projects

Dolvi: increasing steel making capacity to 10 MTPA

- Total project cost – ₹ 15,000 crore
- Total capacity will be increased from 5 MTPA to 10 MTPA. The major facilities to be set-up under the expansion project are:
 - 4.5 MTPA Blast furnace with 5 MTPA Steel Melt Shop
 - 5.75 MTPA Sinter plant, 4 MTPA Pellet plant, and 4 Kilns of 600 TPD LCPs
 - 5 MTPA Hot Strip Mill
- Commissioning: by March 2020

Vijayanagar: BF-3 revamp and upgradation

- Total project cost – ₹ 1,000 crore
- BF-3 capacity will be increased from 3 MTPA to 4.5 MTPA after the revamp and up-gradation project
- Commissioning: 20 months from zero date
- Overall Vijayanagar works capacity will remain at 12 MTPA as existing high cost operations at BF-2 will be shut down post completion of this project.

Key Projects contd. ...

Vijayanagar: CRM-1 complex capacity expansion

- Total project cost – ₹ 2,000 crore
- CRM1 complex capacity will be increased from 0.85 MTPA to 1.80 MTPA alongwith two Continuous Galvanizing Line of 0.45 MTPA each, a new 1.2 MTPA Continuous Pickling Line for HRPO products, and a new 0.80 MTPA HR Skin Pass Mill for HR Black & HRSPO products
- Commissioning: by Sep 2019

Vasind and Tarapur : modernisation-cum-capacity enhancement

- Total project cost – ₹ 1,200 crore
- The modernisation cum capacity enhancement project includes:
 - increase in cold rolling capacity from 1.16 MTPA to 2.12 MTPA by replacing existng CR mills with Batch Tandem CR mills
 - increase in GI/GL capacity by 0.63 MTPA
 - increase in colour coating capacity by 0.08 MTPA
- Commissioning: by April 2019

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