



A Vision to Execute **Better.**

Everyday.

JSW Steel Limited
Q4 FY 2019-20 Results Presentation
May 22, 2020

FY 2019–20 - Highlights



Consolidated performance	<ul style="list-style-type: none">❖ Crude Steel production: 16.06 million tonnes, implying 97% of FY 20 guidance despite COVID-19 related impact❖ Saleable Steel Sales: 14.90 million tonnes❖ Operating EBITDA : ₹ 11,873 crore, PAT : ₹ 3,919 crore, Diluted Earnings Per Share: ₹16.67 /share❖ Net Debt to Equity : 1.48x and Net Debt to EBITDA : 4.50x❖ Cash & Cash Equivalents of ₹ 12,004 crore
Operational Performance	<ul style="list-style-type: none">❖ Volume from operationalised captive Iron Ore mines at 4.11 mn tonnes in FY20 (~15% self-sufficiency)❖ Preferred bidder for additional Iron Ore mines in both Karnataka and Odisha, to increase vertical integration❖ Calibrated FY20 capex spend to ₹ 10,200 crore (from ₹ 15,708 crore) for FY20
Key highlights	<ul style="list-style-type: none">❖ Board has recommended dividend at ₹ 2 per share❖ Ranked 7th amongst Top 34 World Class Steelmakers by World Steel Dynamics❖ Salem works received the prestigious Deming Prize 2019 for excellence in Total Quality Management❖ Vijayanagar and Salem works' recognized with Sustainability Award-2019, by The Indian Institute of Metals

Key highlights – Q4 FY20



Consolidated performance	<ul style="list-style-type: none">❖ COVID-19 significantly impacted supply chain and operations, especially in the month of March 2020❖ Crude Steel production: 3.97 million tonnes❖ Saleable Steel Sales: 3.65 million tonnes❖ Operating EBITDA : ₹ 2,975 crore❖ PAT : ₹ 188 crore
Other Key Highlights	<ul style="list-style-type: none">❖ Total non cash impairment charge of ₹ 805 crore, of which ₹ 725 crore pertains to mining assets in Chile❖ Strong domestic sales volume growth (3% QoQ)❖ Proactive drawdown from additional credit lines to boost liquidity❖ Preferred bidder for 4 Iron Ore mines in Odisha with combined reserves of over 1 billion tonnes – to boost strategic security of key raw material resource



Agenda



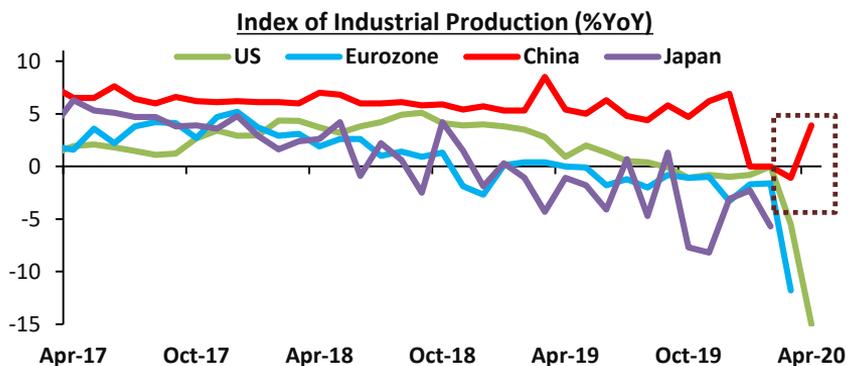
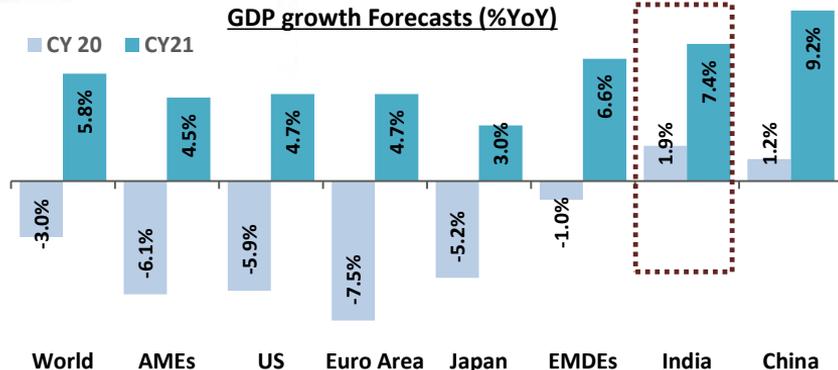
Business
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Operational
Performance

Financial
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Forward Guidance &
Projects Update

Global economy

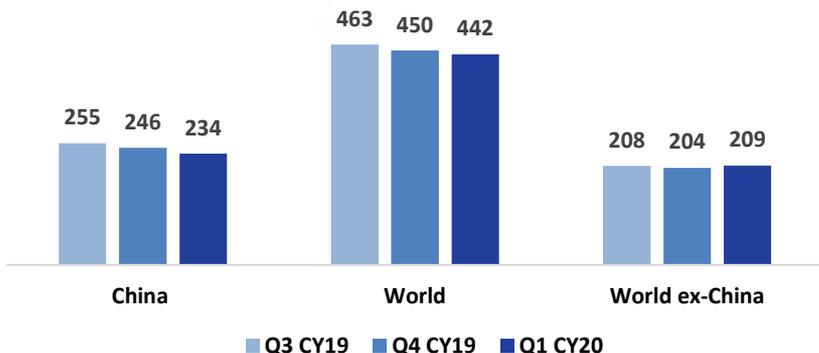


- IMF expects global GDP to contract by 3% in 2020, with further downside risks, amidst extreme uncertainty around the pandemic and an abrupt halt of global economic activities
- Global growth expected to recover in 2021 on the back of swift policy measures
- Recent PMI and IP prints unsurprisingly reflect plummeting economic activity across US, EU and Japan
- In China, economic activities are picking up from April onwards - timely (and expected) fiscal and monetary measures bode well for remainder of 2020 outlook
- Synchronised policy measures across the globe, with about US\$ 19 trillion (G-20 countries) of announcements (both monetary and fiscal), to aid economic recovery
- Partial lifting of lockdown restrictions underway, a possible re-emergence of contagion in such areas pose risks to the outlook

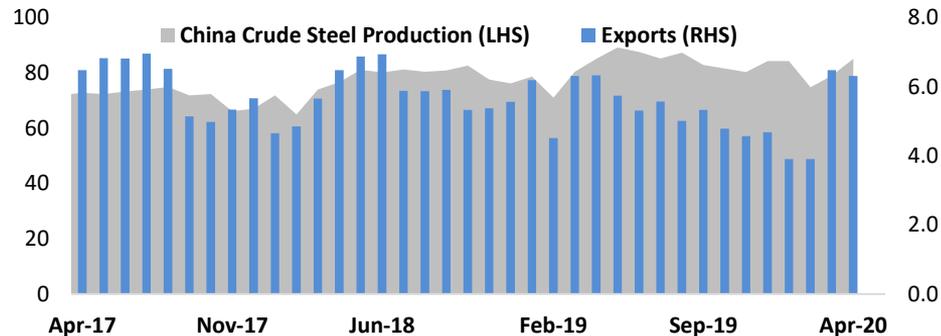
Targeted policy measures underway to mitigate the economic fallout of pandemic

Global steel

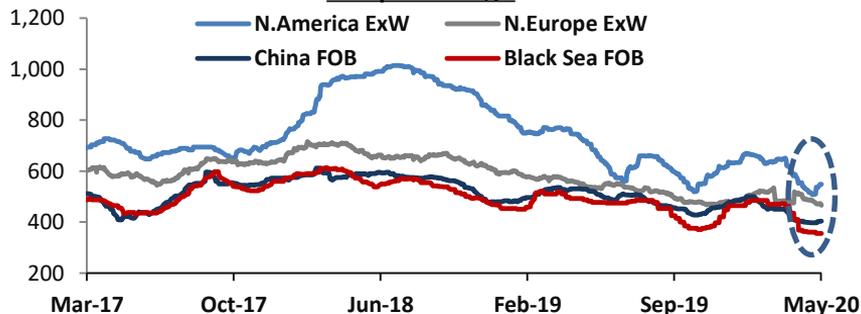
Global Crude Steel production (mnt)



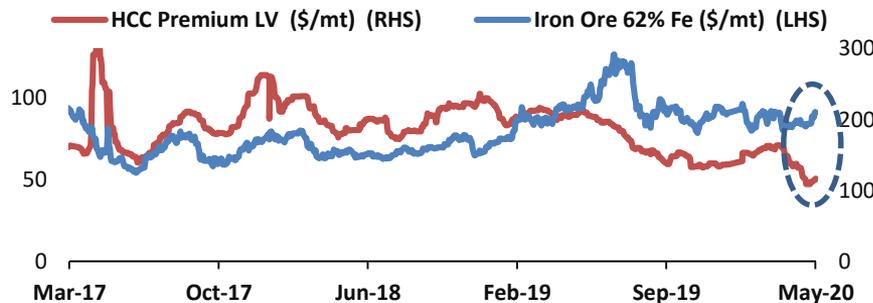
China Steel Production and Export (mnt)



HRC prices US\$/t



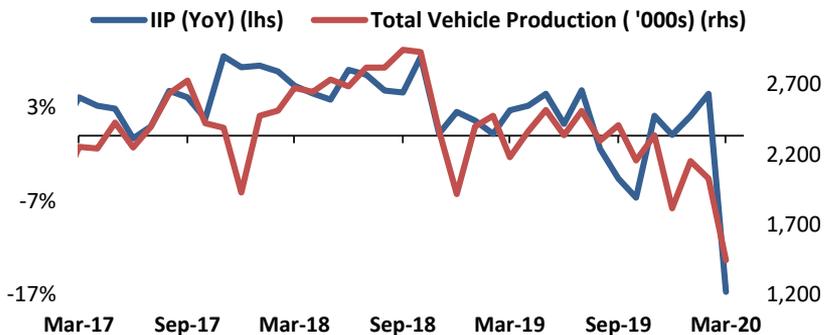
Raw Material Price Trend



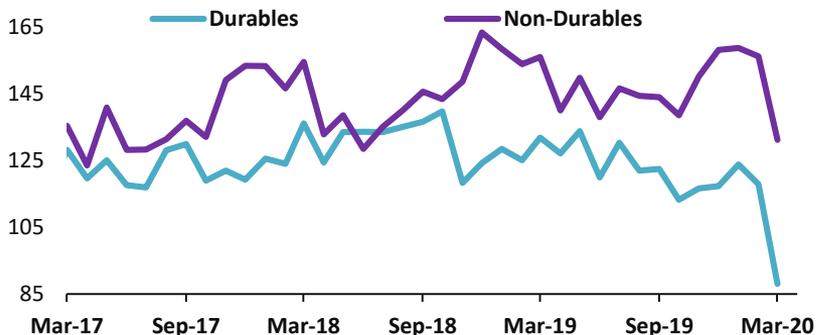
Global Steel supply side adjustments underway in step with weaker demand outlook

Indian economy

Total Vehicle Production vs. IIP



IIP - Use Based (Consumer)

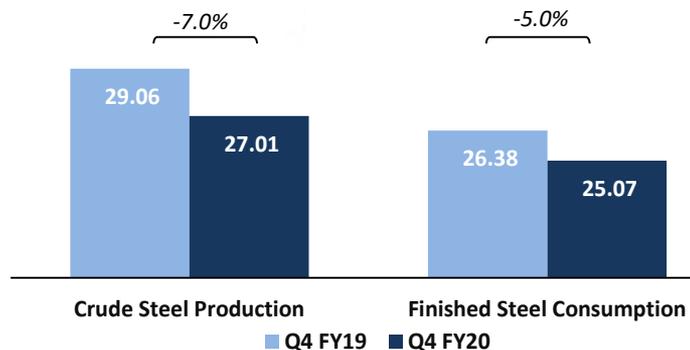


- COVID-19 severely impacted domestic economic activities and there is an elevated level of uncertainty
- India imposed one of the strictest form of “lock down” to contain the pandemic. Phased easing of restrictions currently underway
- India unleashed policy stimulus equivalent to 10% of GDP or INR 20 trillion
 - ❖ Monetary measures of rate cuts, liquidity support through OMOs, LTROs and TLTROs
 - ❖ INR1.7 trillion support for the vulnerable section of the society in the form of direct cash transfer and basic food security
 - ❖ Substantial liquidity injection and favorable business environment for the MSMEs
 - ❖ Impetus on the rural economy as measures are directly focused on increasing income and consumption
 - ❖ Structural reforms in the agriculture, mining and manufacturing sectors
- Workforce remobilization will be a key challenge for the core sectors of the economy, while lower energy prices and expectations of a normal monsoon are positive for consumption outlook
- Gradual recovery expected in second half of FY 21

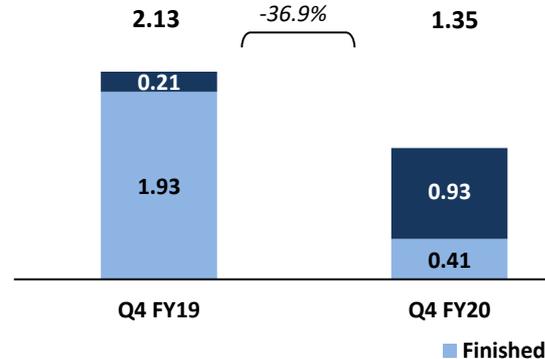
Timely and sizeable policy measures will support economic recovery; policy execution is key

Indian steel- Q4 and FY20

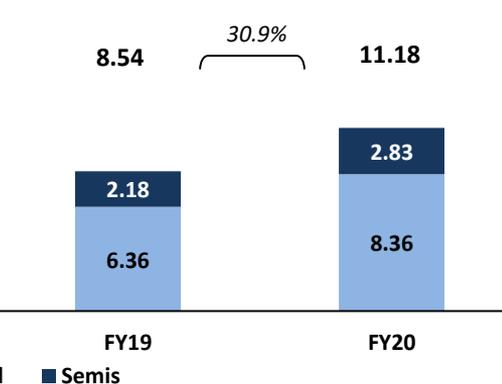
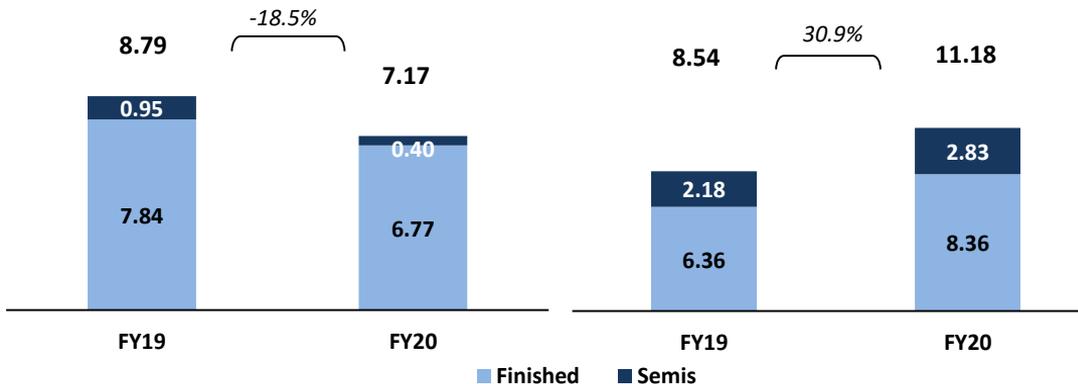
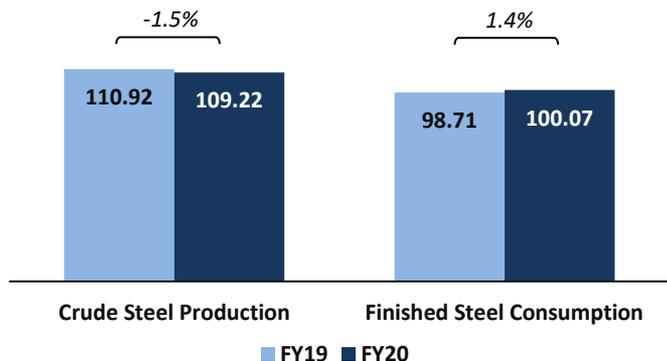
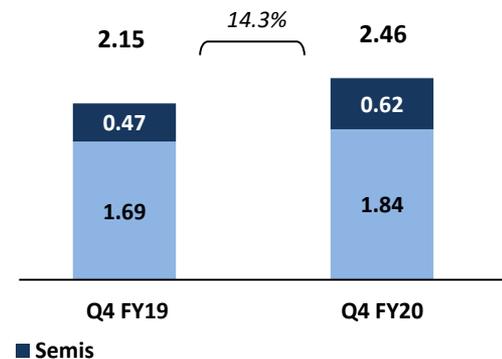
Production and Consumption (mt)



Steel Imports (mt)



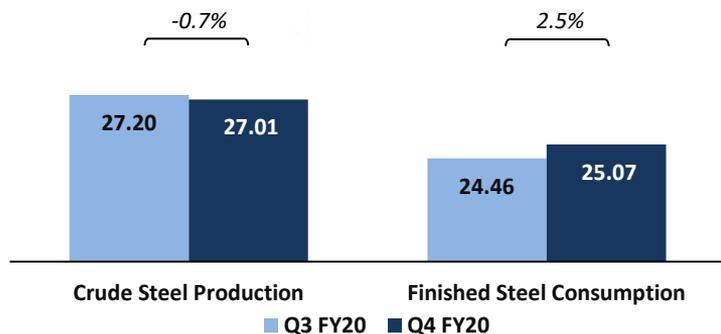
Steel Exports (mt)



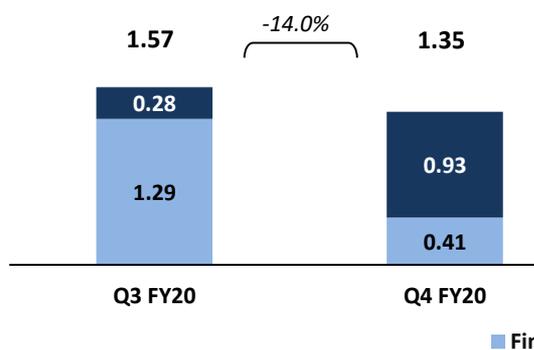
Supply side adjustments, elevated level of exports to partially mitigate weak demand; gradual recovery expected in H2 FY21

Indian steel – trends

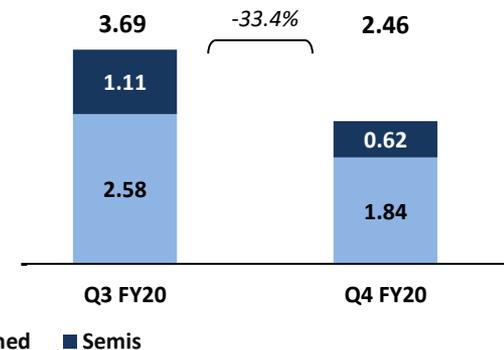
Production and Consumption (mt)



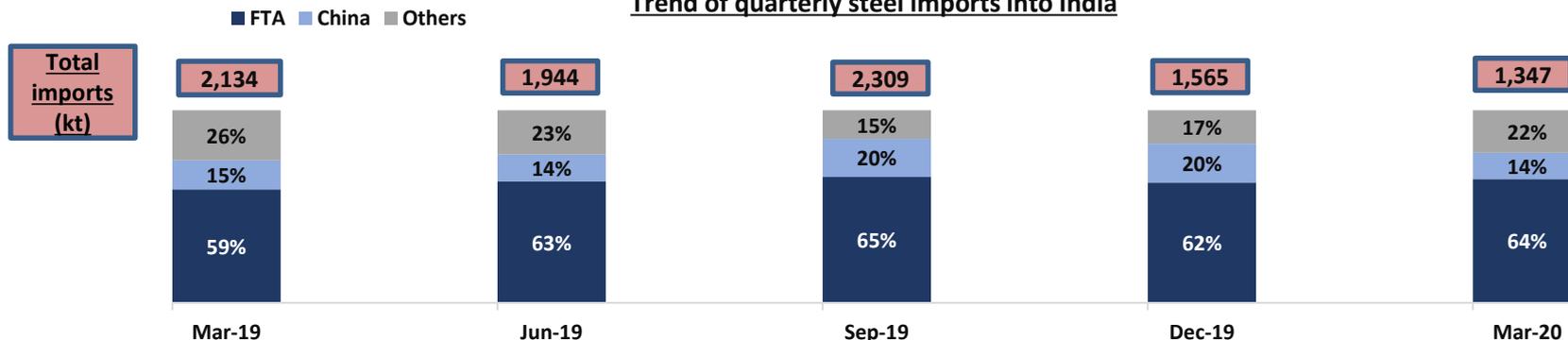
Steel Imports (mt)



Steel Exports (mt)



Trend of quarterly steel imports into India



Elevated level of imports from FTA countries in a weak demand environment is a key risk

JSW Group – COVID-19 response



Committed INR 100 Crores (~\$13.3m) to the PM-CARES Fund



- Group covered 19 locations has assisted 150 villages with food security and sanitization drives
- Collective response & support - each employee has committed a minimum of a single day's salary to PM-CARES Fund

- Conversion of a number of facilities across JSW Group locations to Isolation Wards, including remote areas like Sholtu (Himachal Pradesh), to limit the stress on community hospitals.
- 250+ people trained in COVID management
- 2,788 habitations sanitized



- Funds have also been earmarked to source and import Ventilators, Testing Kits, PPE kits.
- 1,000 PPEs distributed
- 3,000 gloves supplied to PHC
- 10,000 surgical masks supplied to PHC
- 250,000 face mask distributed
- 5,000 families received soap for handwashing

- Supported with staples and other essential dietary requirements to communities around the Group Facilities.
- 390,000 people received food including the people stranded at Kalmeshwar, the migrant workers, frontline healthcare workers, and the communities around JSW Group locations.



The Group remains committed to serve the nation and dynamically respond to all societal requirements in the future



Agenda



Business
Environment

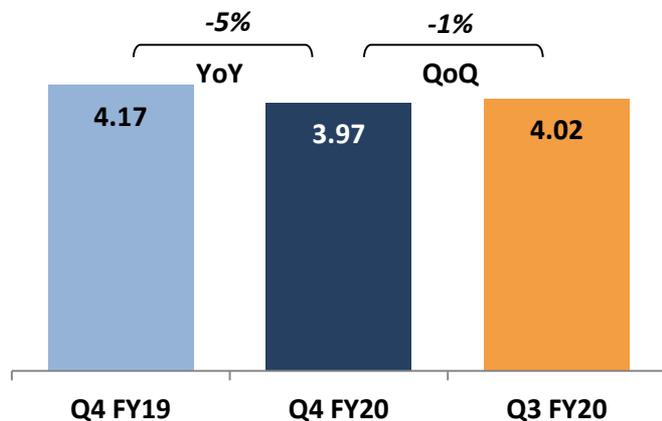
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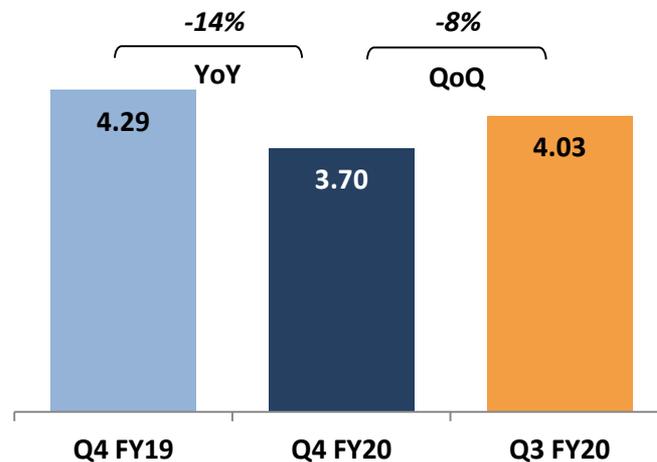
Quarterly volumes- standalone

Crude Steel Production



	Q4 FY19	Q4 FY20	Q3 FY20
Flat	3.01	2.87	2.86
Long	0.99	0.95	0.89

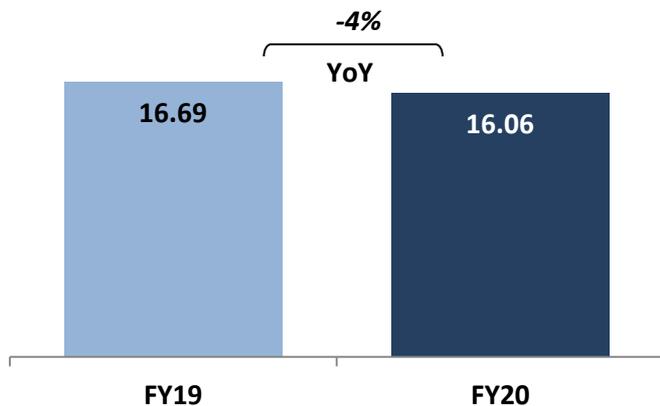
Steel Sales



	Q4 FY19	Q4 FY20	Q3 FY20
Flat	3.08	2.70	2.98
Long	1.04	0.86	0.88
Semis	0.18	0.13	0.18

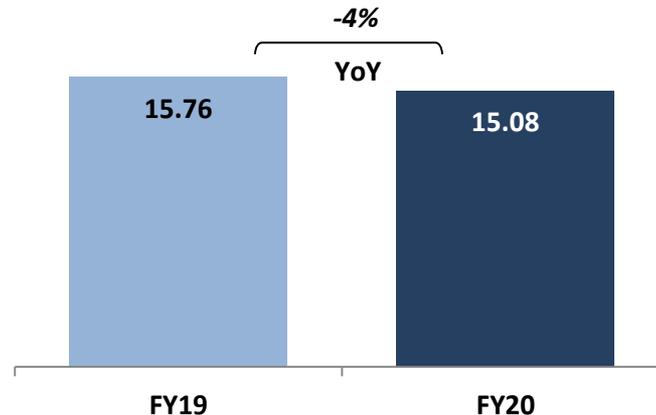
FY20 volumes- standalone

Crude Steel Production



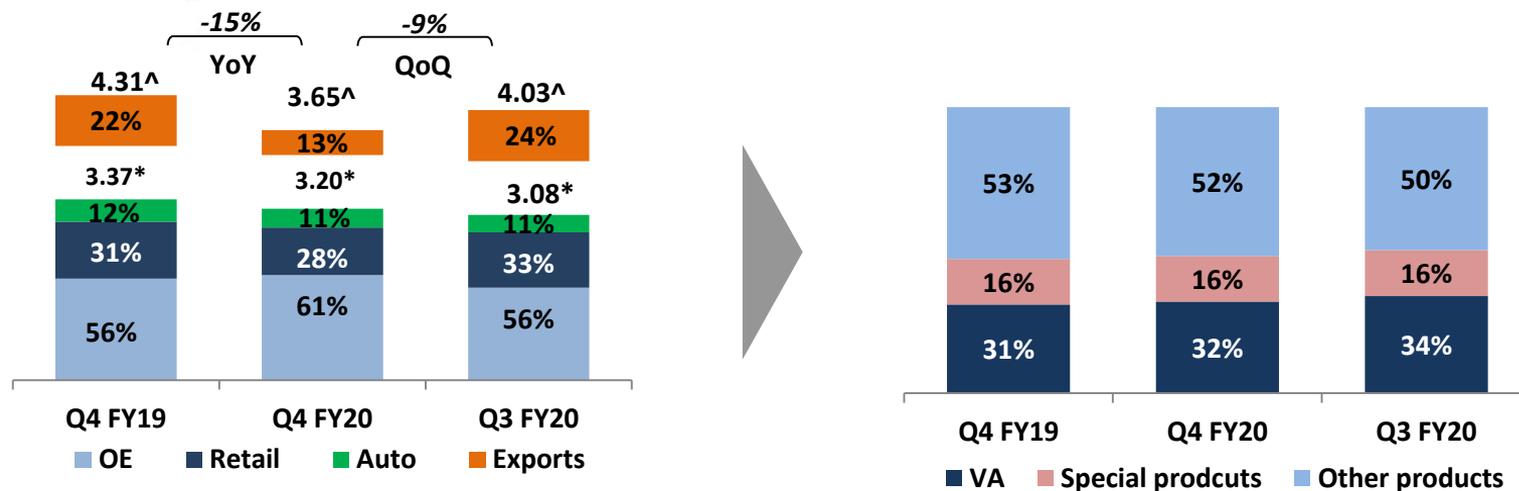
	FY19	FY20
Flat	11.74	11.35
Long	3.87	3.72

Steel Sales



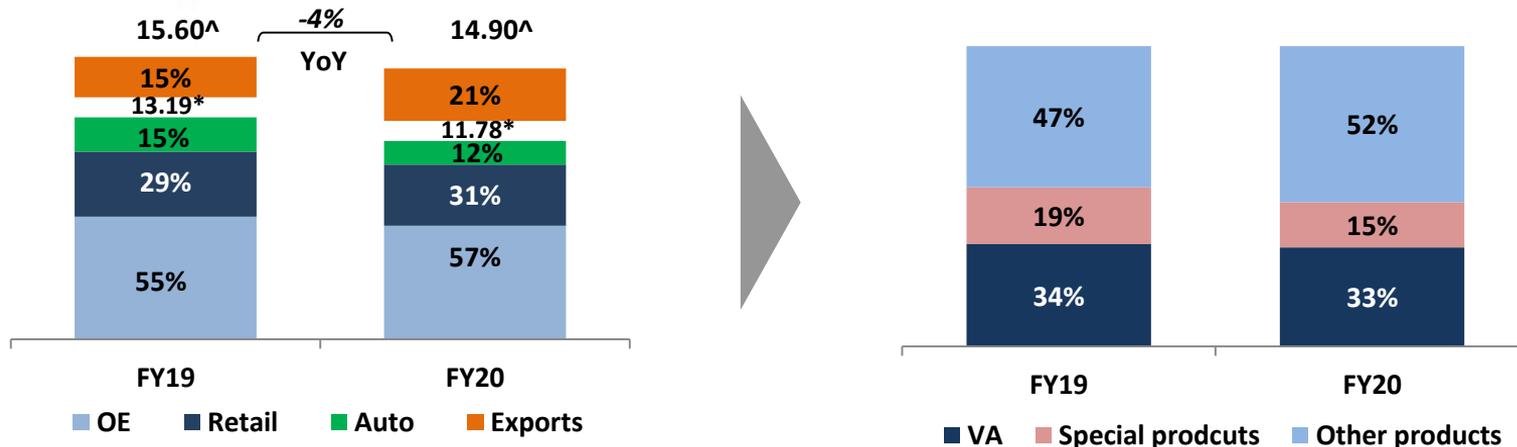
	FY19	FY20
Flat	11.29	10.92
Long	3.69	3.52
Semis	0.78	0.63

Q4 FY20 sales highlights – consolidated



- Sales volumes decreased by 15% YoY and 9% QoQ; given the impact of COVID-19 related lock down in the latter half of March 2020
 - Domestic sales volumes grew by 3% QoQ
- Automotive steel sales grew by 8% QoQ, despite an overall decline in the domestic automotive production by about 11%

FY20 sales highlights – consolidated



- Sales volumes decreased by 4% driven by a weaker domestic demand
 - Substantially increased exports (up by 30% YoY) to mitigate the headwinds in the domestic market
- Decline in automotive steel sales owing to weak underlying automotive demand; partially offset by increased share in certain segments of OE
 - Strong growth in sales to appliances segment (up by 35% YoY)
- Share of Branded products in the retail segment increased to 49% vs 46% in FY19 - Extensive outreach, focused brand building efforts and digital campaigns to improve the competitive positioning in the retail segment

Product approval status in Q4 FY20

GP250 (PPGI)



Refrigerator Cabinet

JVHC140N (Tin Plate)



Cap Seal for Drums and Barrels

D Grade (PPGL)



Refrigerator U Shell

JSC340H (CRCA)



Hood Outer

IS10748 (HRPO)



Steering column shaft tubes

DP780 (CRCA)



Automotive Part

46 new products were approved in FY20



Agenda



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Financials – standalone

₹ crore

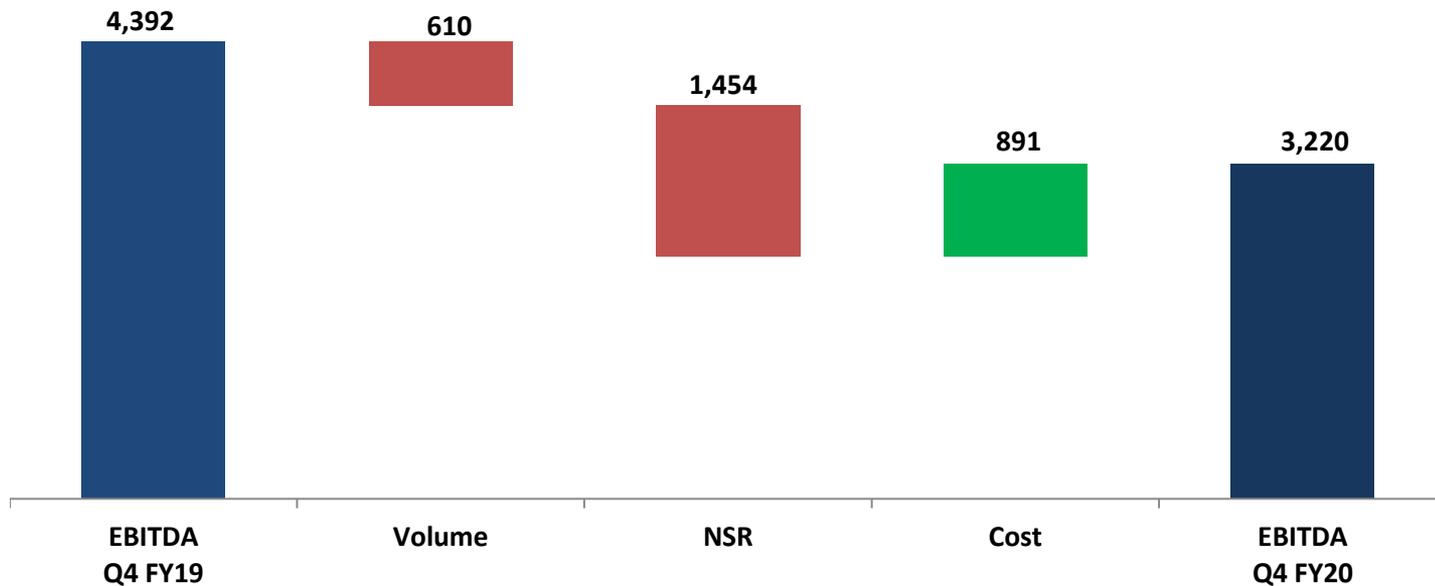
Particulars	Q4 FY20	Q4 FY19 [#]	FY20	FY19 [#]
Revenue from operations	15,277	19,860	64,262	77,187
Operating EBITDA	3,220	4,392	12,517	18,513
Other Income	146	82	628	405
Finance Cost	954	1,000	4,022	3,789
Depreciation	929	884	3,522	3,421
Exceptional Items	1,309	-	1,309	-
Profit before Tax	174	2,590	4,292	11,707
Tax Expenses/ (Credit)	(68)	863	(999)	3,586
Profit after Tax	242	1,727	5,291	8,121
Diluted EPS*	1.00	7.14	21.89	33.60

Restated pursuant to the merger of certain wholly owned subsidiaries

**EPS of Q4 FY20, Q4 FY19 are not annualized*

Operating EBITDA movement – standalone

₹ crore



Operational performance – JSW Steel Coated Products



Million tonnes

Volumes	Q4 FY20	Q4 FY19	FY20	FY19
Production	0.44	0.43	1.77	1.74
Sales	0.47	0.49	1.86	1.79

₹ crore

Key P&L data	Q4 FY20	Q4 FY19	FY20	FY19
Revenue from Operations	2,915	3,184	11,675	12,324
Operating EBITDA	91	86	550	393
Profit after Tax	19	7	296	80

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q4 FY20	Q4 FY19	FY20	FY19
Plate Mill	63,528	81,290	275,629	333,491
<i>Utilization (%)</i>	27%	34%	30%	35%
Pipe Mill	15,193	22,996	68,701	73,260
<i>Utilization (%)</i>	11%	17%	12%	13%

Sales (net tonnes)	Q4 FY20	Q4 FY19	FY20	FY19
Plate Mill	55,274	63,890	218,388	274,513
Pipe Mill	27,534	23,785	69,077	74,980

USD mn

Key P&L data	Q4 FY20	Q4 FY19	FY20	FY19
Revenue from Operations	89.64	114.78	311.41	418.87
EBITDA	(9.90)	5.83	(31.69)	26.09

Operational performance – Ohio, USA

Operational (net tonnes)	Q4 FY20	Q4 FY19	FY20	FY19*
HRC Production	73,138	55,264	314,784	135,522
HRC Sales	72,888	59,660	300,923	126,791

USD mn

Key P&L data	Q4 FY20	Q4 FY19	FY20	FY19*
Revenue from Operations	56.54	38.67	185.10	88.81
Operating EBITDA	(20.19)	(27.81)	(113.07)	(41.62)

Operational performance – Piombino, Italy

Production (tonnes)	Q4 FY20	Q4 FY19	FY20	FY19*
Rolled Products (Bars, Wire Rod & Rails)	99,060	117,051	512,432	195,926
Grinding Ball	14,184	10,348	60,718	23,602

Sales (tonnes)	Q4 FY20	Q4 FY19	FY20	FY19*
Rolled Products (Bars, Wire Rod & Rails)	113,201	92,197	516,608	147,426
Grinding Ball	14,760	12,491	54,504	21,166

Euro mn

Key P&L data	Q4 FY20	Q4 FY19	FY20	FY19*
Revenue from Operations	93.57	75.97	402.71	126.35
Operating EBITDA	(10.91)	(2.97)	(31.91)	(17.37)

Monnet Ispat and Energy (JV of AION Capital and JSW Steel)



₹ crore

Key P&L data	Q4 FY20	Q4 FY19	FY20	FY19*
Revenue from Operations	617	533	2,638	1,130
Operating EBITDA	5	(44)	(46)	(17)
Net Profit After Tax	(104)	(150)	(492)	(244)

Financials – consolidated

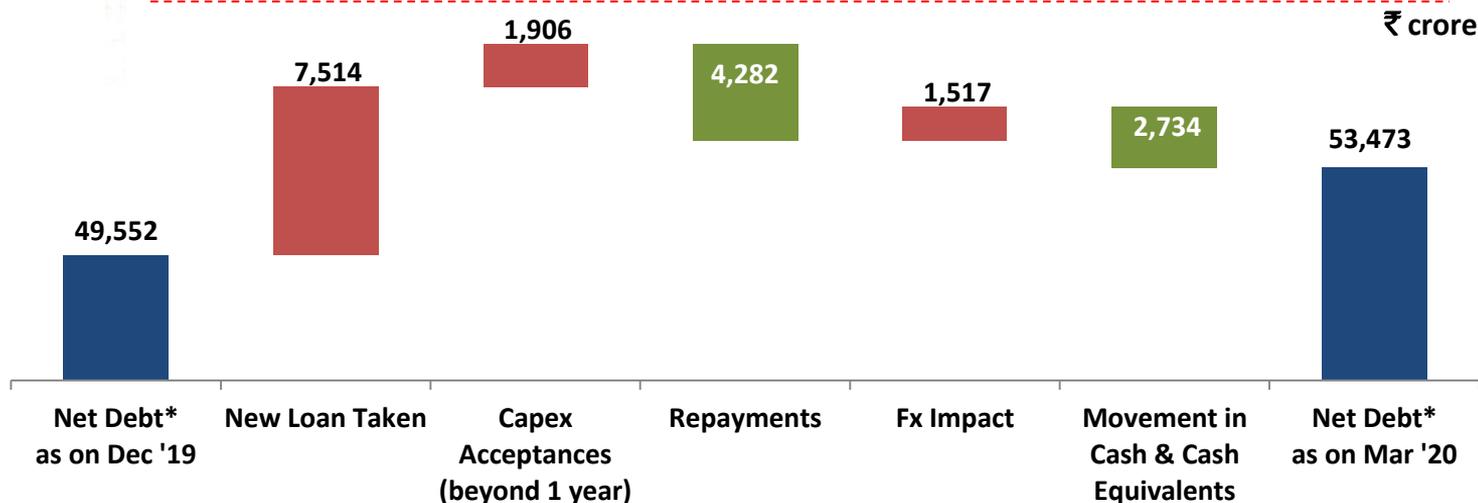


₹ crore

Particulars	Q4 FY20	Q4 FY19	FY20	FY19
Revenue from operations	17,887	22,368	73,326	84,757
Operating EBITDA	2,975	4,440	11,873	18,952
Other Income	122	53	546	204
Finance Cost	1,036	1,046	4,265	3,917
Depreciation	1,108	1,084	4,246	4,041
Share of Profit/ (Loss) of joint ventures	(29)	(33)	(90)	(30)
Exceptional Items	805		805	
Profit before Tax	119	2,330	3,013	11,168
Tax Expenses / (Credit)	(69)	835	(906)	3,644
Profit after Tax	188	1,495	3,919	7,524
Diluted EPS*	0.95	6.31	16.67	31.60

*EPS of Q4 FY20, Q4 FY19 are not annualized

Net debt movement – consolidated



Particulars	31.03.2020	31.12.2019	31.03.2019
Net Debt (crore)	53,473	49,552	45,969
Cash & cash equivalent (crore)	12,004	9,270	6,269
Net Debt/Equity (x)	1.48	1.35	1.34
Net Debt/EBITDA (x)	4.50	3.71	2.43

Q4 FY20 Standalone Results – Drivers of Performance



Volumes	<ul style="list-style-type: none">▪ Lower production given the impact of COVID-19 related lock down from last week of March 2020▪ Sales volumes decreased by 9% QoQ; weaker business sentiments in the latter half of March 2020▪ Domestic sales volumes grew by 3% QoQ▪ Automotive steel sales grew by 8% QoQ, despite an overall decline in the domestic automotive production by 11%
Realisation	<ul style="list-style-type: none">▪ Net sales realization increased by 8% QoQ, driven by strong domestic steel prices▪ Higher proportion of domestic sales
Operating Costs	<ul style="list-style-type: none">▪ Lower cost of key raw materials like Coal QoQ▪ Other expenditure was higher given the sharp depreciation of INR▪ Higher fixed cost on the back of lower sales and production volumes
Exceptional Items	<ul style="list-style-type: none">▪ Total non-cash impairment charge of ₹ 1,309 crore, of which ₹ 852 crore pertains to mining assets in Chile and ₹ 377 crore relates to the US operations
Finance Cost	<ul style="list-style-type: none">▪ Reduction in Finance Cost QoQ due to 28bps reduction in WAIR



Agenda



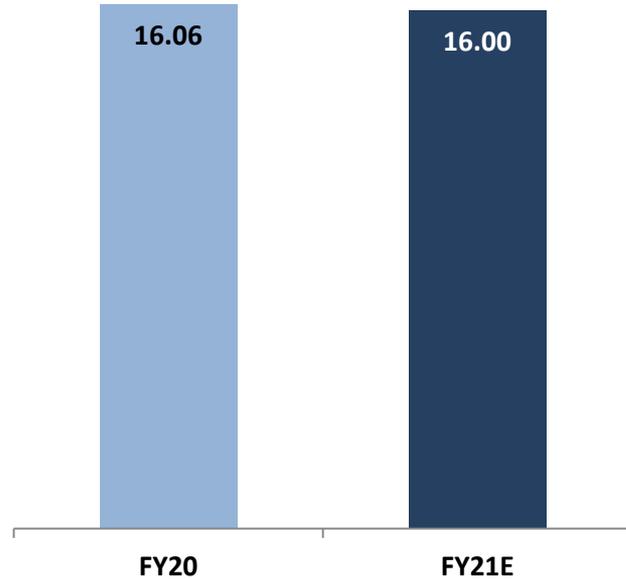
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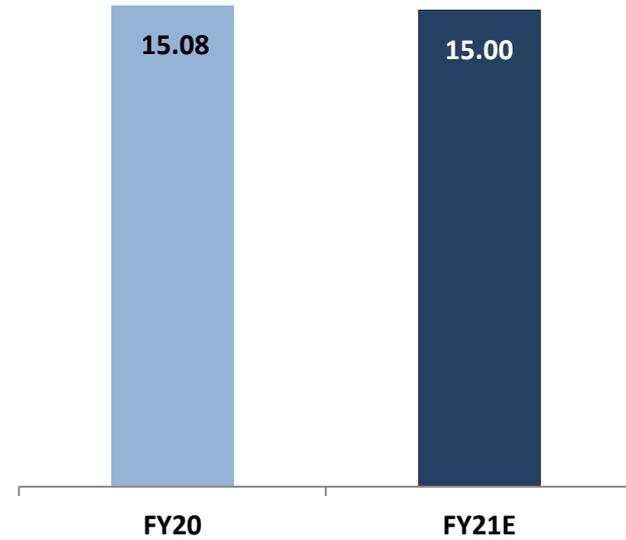
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Guidance for FY2021

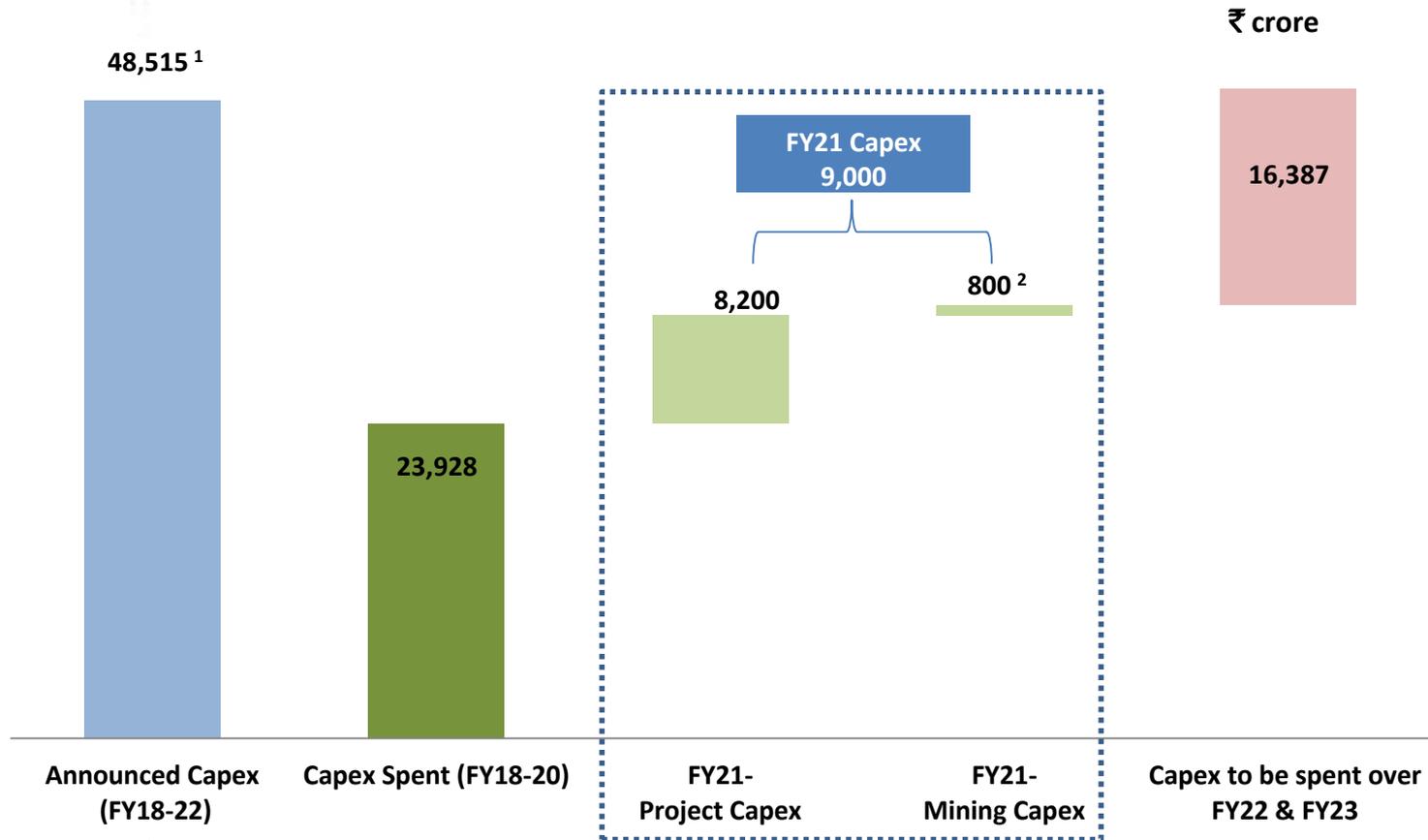


Crude Steel Production



Saleable Steel Sales

Rolling Capex Plan- Annual update



1. After adjusting savings of INR 200 crore

2. Excluding INR 1,200 crore of up front payment which will be adjusted from the premium payable on extraction of iron ore from the respective mines

FY 2021 – Key Strategic Priorities

- While COVID-19 has brought about significant challenges, the company is committed to its key strategic priorities in FY2021
- Calibrate planned Capex to about ₹ 9,000 crores for FY2021 - cut back from earlier guidance of ₹ 16,340 crores. Priority to complete key strategic projects during the year
 - ❖ 5 to 10mtpa capacity expansion at Dolvi
 - ❖ Wire Rod Mill and Pellet Plant at Vijayanagar
 - ❖ Selective downstream projects (like CRM1 upgradation at Vijayanagar)
 - ❖ Commence Iron Ore mining from new mines in Odisha and Karnataka
- Targeted cost saving measures to recalibrate the cost base across all areas of operations, and leveraging on technology and digitalization to drive value
- Committed to proactive liability management and conserving / enhancing liquidity
- Given the prevailing uncertainty, the Company will closely monitor the operating environment and respond appropriately

Key Project Updates - Dolvi

5 to 10mtpa expansion

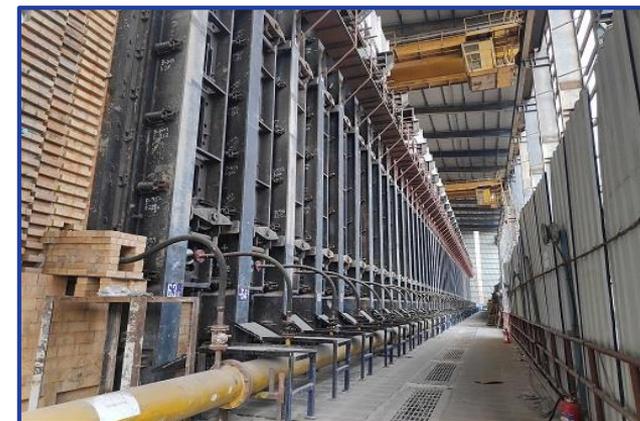
- Doubling steel making capacity from 5mtpa to 10mtpa
- To enhance capacity of flat products portfolio
- Commissioning during H2 FY21

Captive Power

- Installing 175 MW WHRB and 60 MW CPP to harness flue gases and steam from CDQ
- Commissioning during H2 FY21

Coke oven Phase 2

- Installing Second line of 1.5 MTPA coke oven battery along with CDQ
- Commissioning during H2 FY21



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 H2 FY21

Color Coating line (0.3mtpa)

- Commissioning by March 2021

Pellet plant

- 8 MTPA Pellet plant
- Part of cost savings project, commissioning by Q2 FY21



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 FY21
- **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