# Q4 FY'19

# Industry Update & Key Performance Highlights

JINDAL STEEL & POWER

21st May, 2019

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# PRESENTATION OUTLINE

Q4 FY'19

*Highlights*

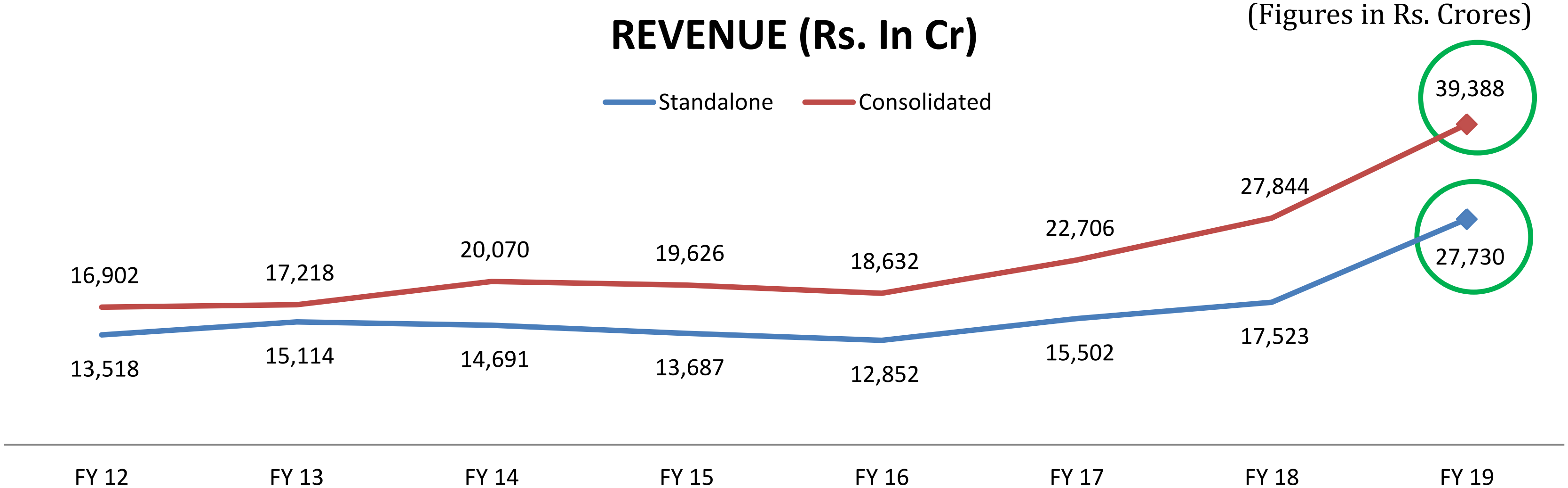
INDUSTRY UPDATE

COMPANY UPDATE

# HIGHLIGHTS

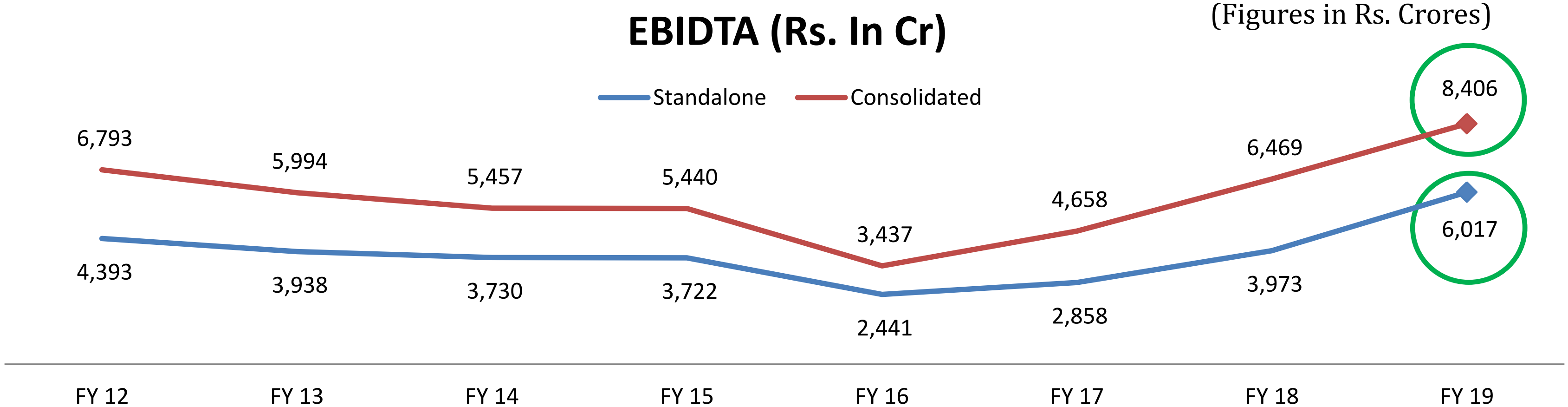
# Highest ever Revenue & EBITDA in FY19

(Figures in Rs. Crores)




***JSPL achieved ever highest Revenue in FY19***

(Figures in Rs. Crores)

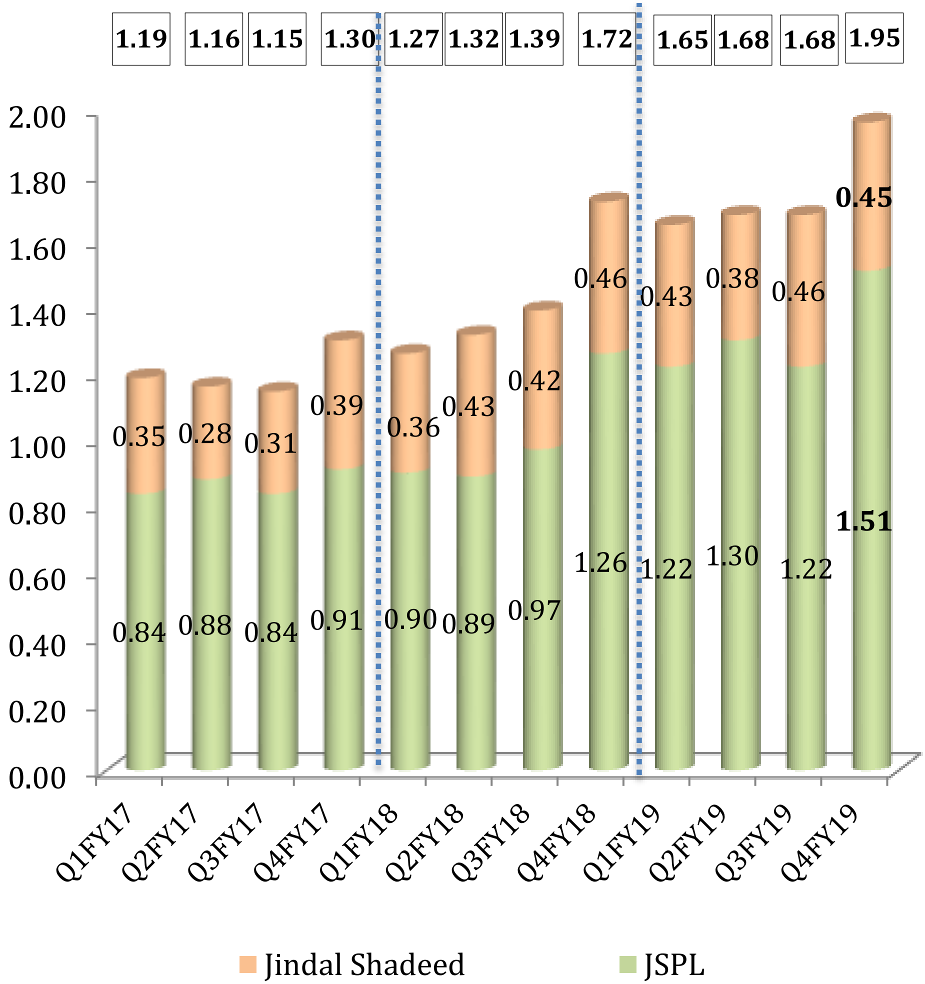



***JSPL achieved ever highest EBITDA in FY19***

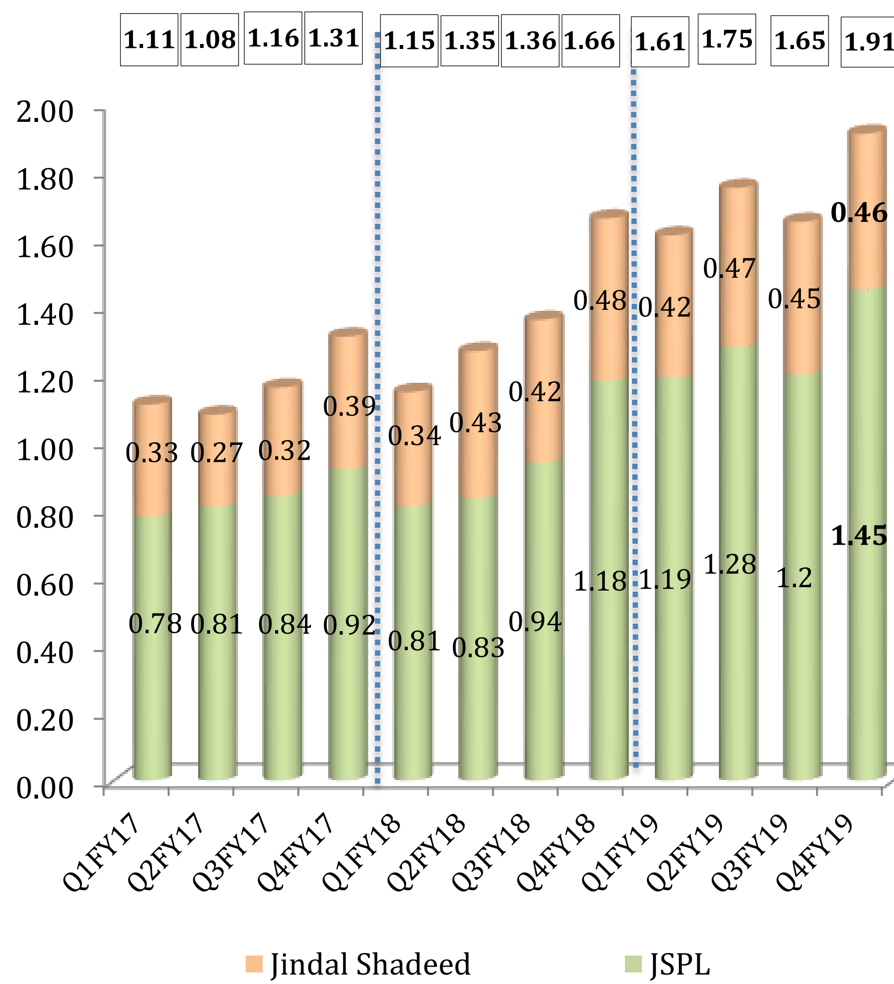
# Operational Performance

## *Highest Ever Production & Sales*

### Consolidated Steel Production




### Consolidated Steel Sales




*(Figures in Million Tonnes)*

# PRESENTATION OUTLINE

Q4 FY'19

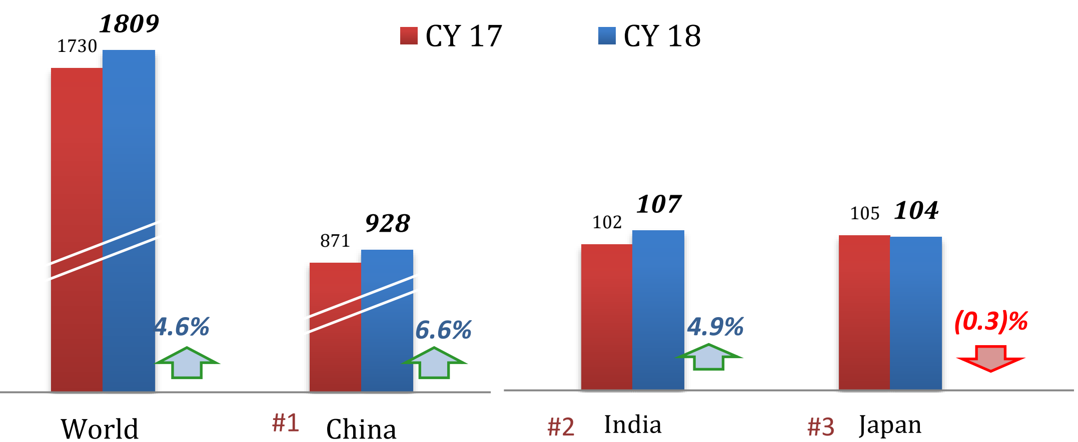
HIGHLIGHTS

*INDUSTRY UPDATE*

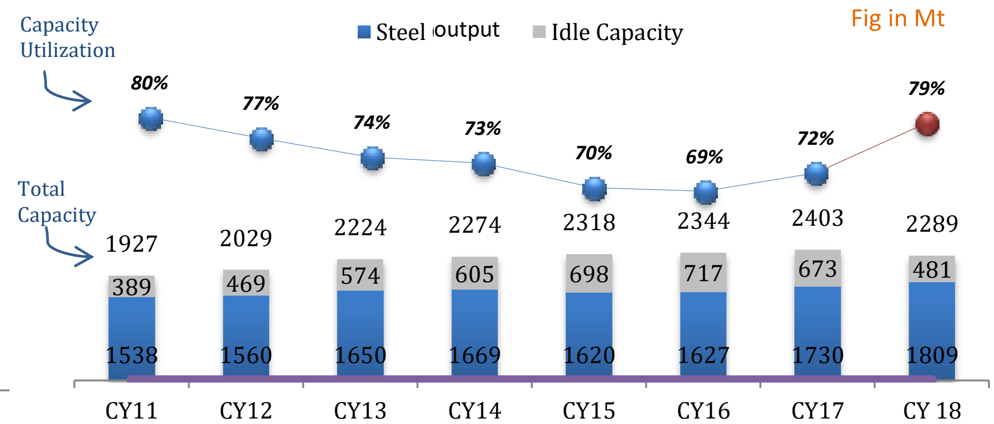
COMPANY UPDATE

# Global Steel Production increased amid moderate demand outlook

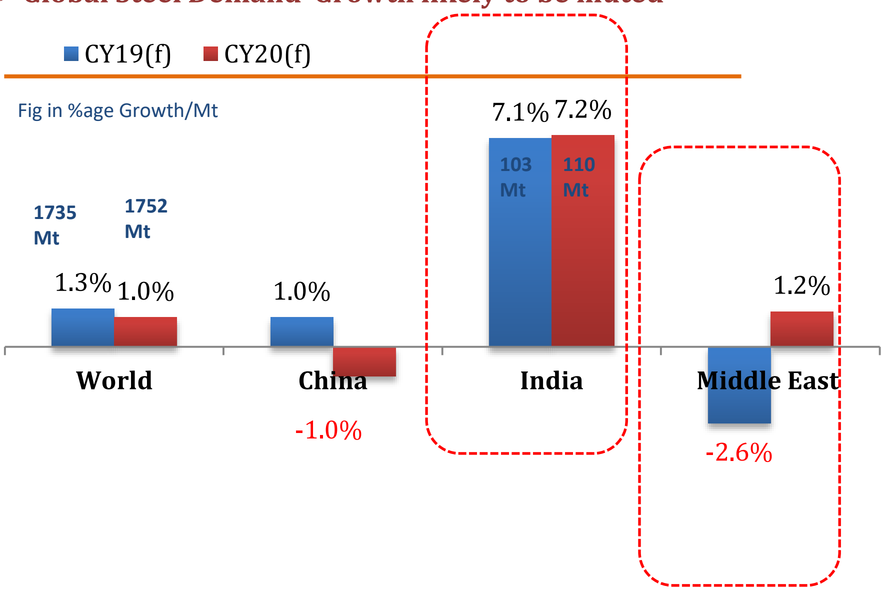
## > Global Steel Production improved significantly




## > Global Capacity Utilization improved, but persistent Idle Capacity




## > Global Steel Demand Growth likely to be muted




> Following a **good demand cycle in CY 17**, steel producers **ramp up steel output in CY 18.**

> Global **Estimated Idle capacity of 480 Mt in CY 18**

> Global **Demand outlook remains moderate**

a) **Indian Demand** Outlook likely to remain **robust**

b) **Middle East** Demand likely to **shrink.**

Source : WSA/Morgan Stanley/JSPL Estimates

# Steel Prices and Spread was marginally softer in Q4 FY 19

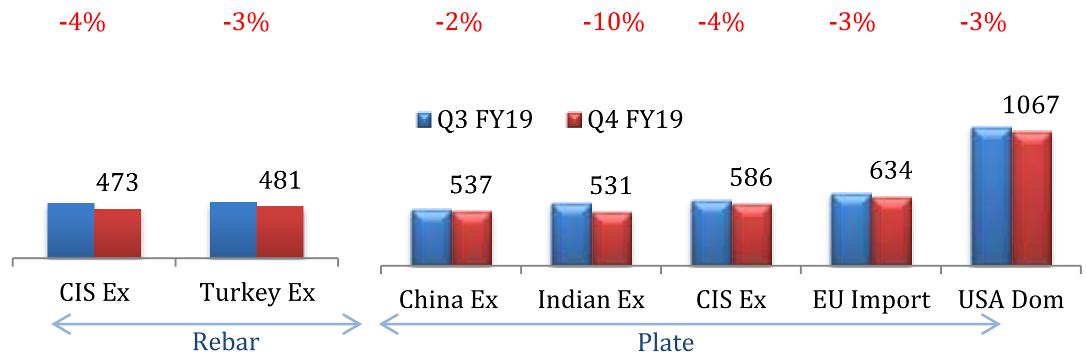
> **Steel Prices weakened during Q4 (q-o-q),** despite fairly higher consumption in Feb+March

> Asian Steel Spreads have narrowed during Q4 due to Raw Material Price Rally.

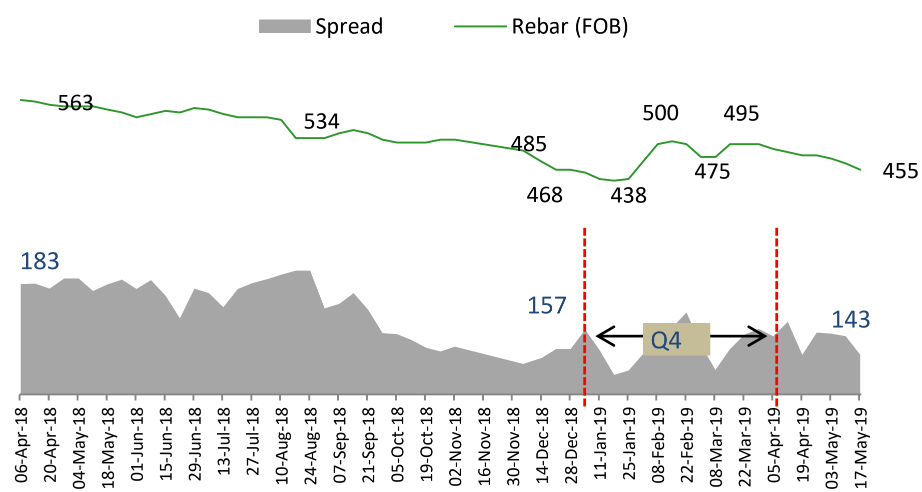
- Spread hovered in $240-270/MT range in Q4
- Similarly Turkish Spread hovered in $135-160/MT in Q4

> **Middle East Steel Spreads** was adversely affected due to **aggressive Iranian Offers**.

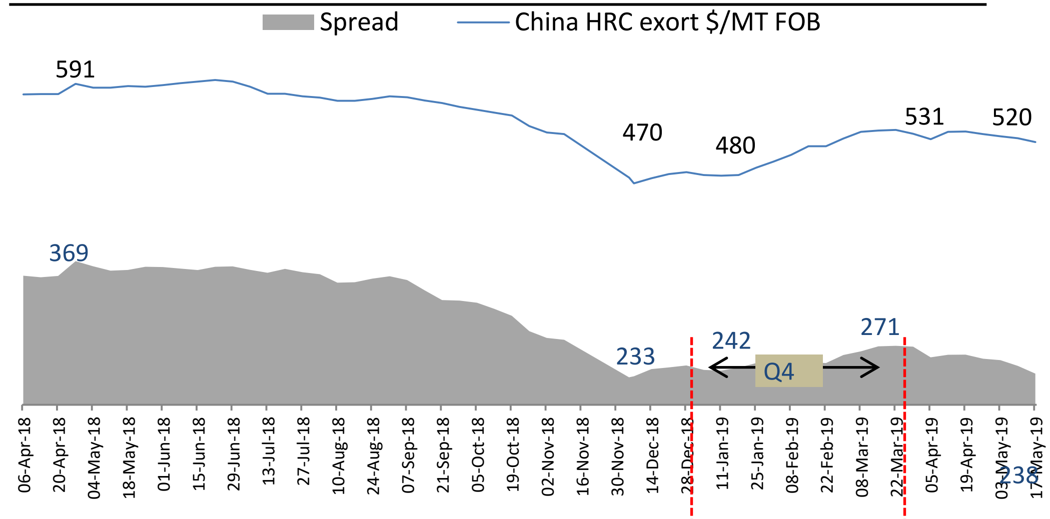
**> Steel Prices decreased in Q4 FY19 (Q-o-Q) (Fig in $/MT)**




**> Middle East Steel Spread : (Turkey Rebar Export Vs Scrap Import)**




**> Asian Steel Spread : (Chinese HRC Export Vs RM Imports)**




**Source : MB/JSPL Estimates**

# Global Iron Ore Supply Concern : Prices likely to remain stronger in FY 20

Iron Ore :

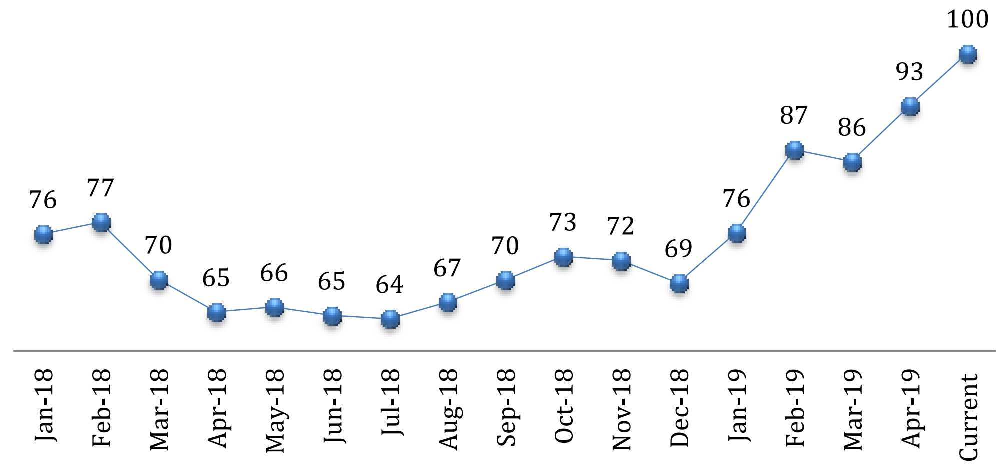
- Seaborne Iron ore prices remain strong due to **disrupted supply from Brazil and Australia**;
- Vale ore production loss since accident double of initial estimates.
- Loss of Iron ore Fines output of 92.8 MTPA, about 6% of the total Seaborne global supply
- Vales' pellet feed supply will also be affected by around 10MTPA

- During End March, Rio Tinto declared force majeure as Cyclone Veronica damaged the Cape Lambert

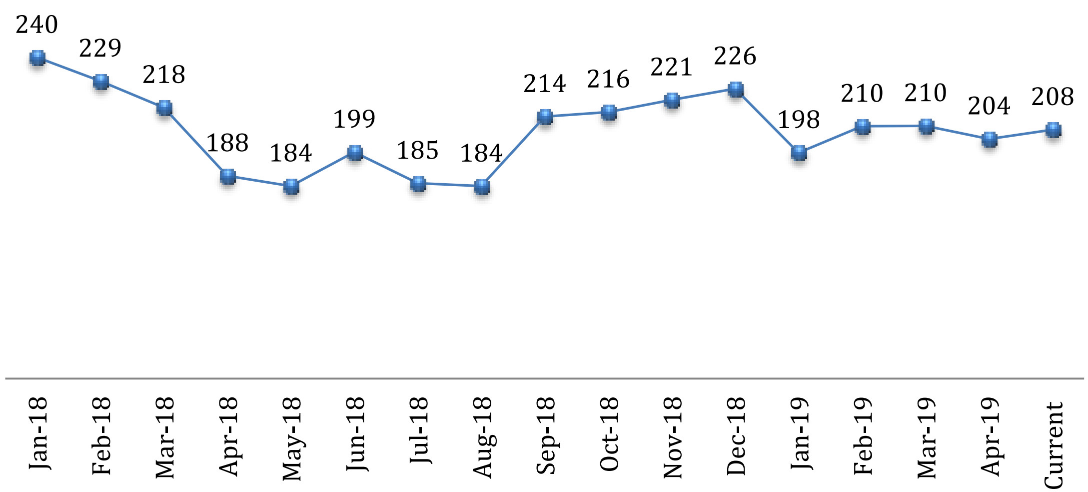
Coking coal

- Prices remains firm and traded above $200/MT due to healthy demand from China & India.

> Iron Ore Prices 62% CFR China ($/MT)




> PLV Price Trend - FOB Australia ($/MT)

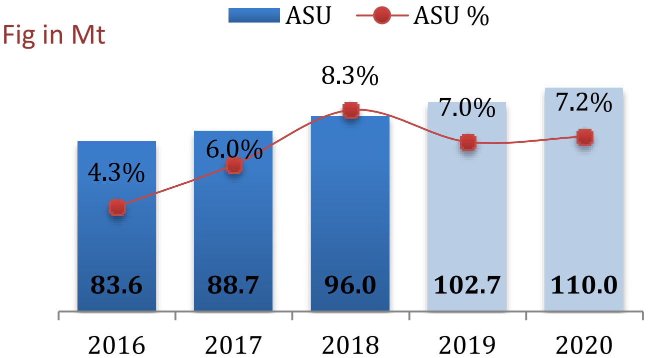



Source : Platts/JSPL Estimates

# Indian Steel Demand likely to remain robust supported by construction growth

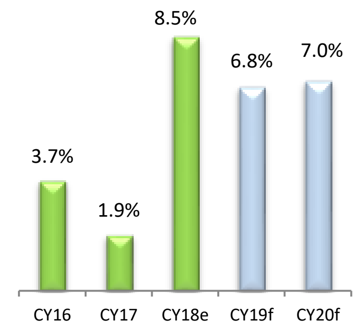
## > Indian Steel Demand likely to remain Robust

Fig in Mt



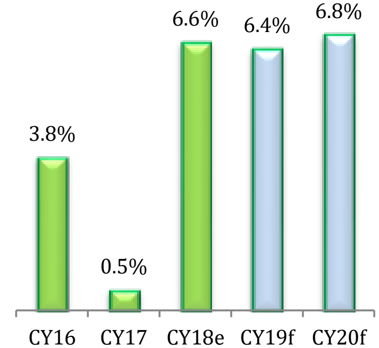

## > Construction Growth

SWIP Weight: 62%



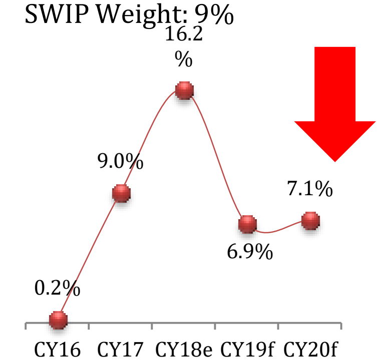

## > Capital Goods Growth

SWIP Weight: 15%




## > Automobile Growth

SWIP Weight: 9%




SWIP: Steel Weighted Industrial Production
ASU: Apparent Steel Use (Steel Demand)

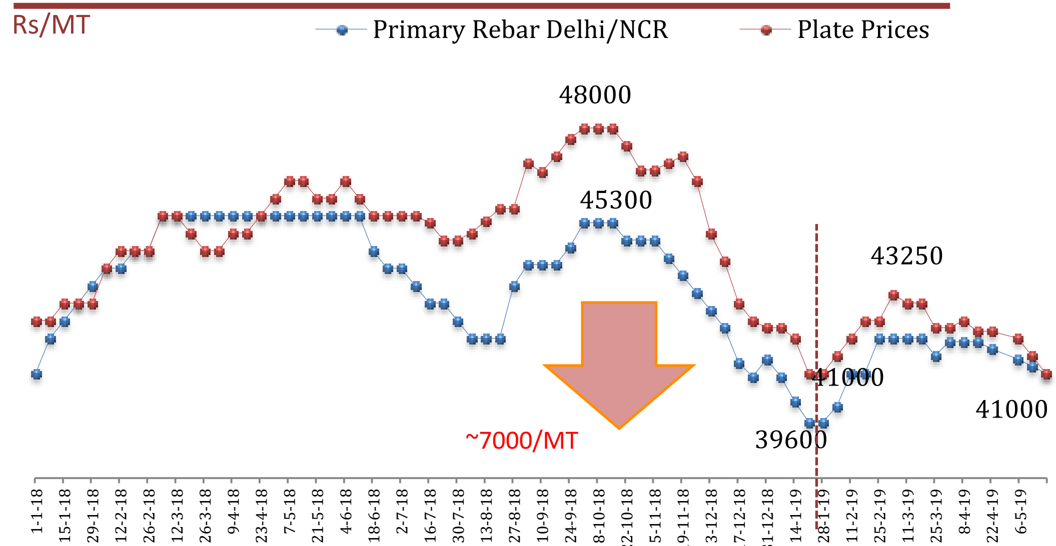
**Steel Demand :**

- ✓ Demand growth was primarily driven by **booming infrastructure sector**
  - Construction sector has witnessed a consistent revival during 2018 mainly supported by government spending on infrastructure.
  - Construction sector likely to maintain current momentum with gradual rise in investment
- ✓ **Automotive demand estimated to decline**
- ✓ SME and other Industrial sectors witnessed sluggish growth;

**Margin Pressure in Q3/Q4**

- ✓ **Average Industry price realizations fell sharply** during the quarter as domestic steel prices fell until Jan'19 before witnessing a modest recovery
- ✓ **Steel margins** were under pressure with decline in average realization and higher input costs

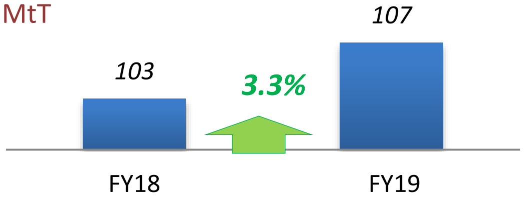
## Finsihed Steel Prices (Ex Delhi )




Source: WSA/JSPL Estimates

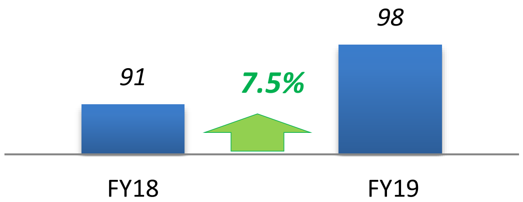
# Indian Steel Industry : FY '19 Major Highlights

Fig in MtT



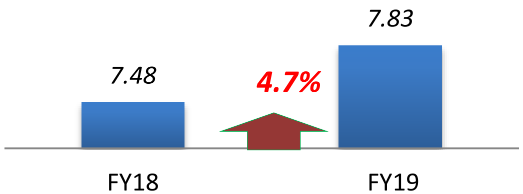

## Crude Production

- ✓ The **Crude steel production** grew by **3.3%** during FY '19 (y-o-y)
- ✓ The **Primary producers** grew by **7.1%** (63.6Mt) while **Other Producers** production **declined** by 1.8% (42.96 MT)
- ✓ **At 138 MT, crude steel capacity indicated a utilization of 77% compared to 75% of last year.**



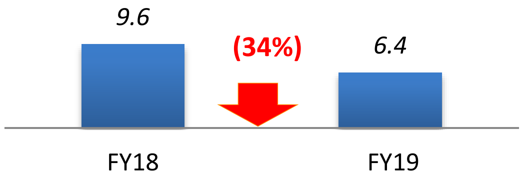

## Finished Steel Consumption

- ✓ Finished **Steel Consumption Grew by 7.5 % during same period**
- ✓ **Carbon Steel** Consumption increased by 5.8%
- ✓ Alloy Steel Consumption increased by 25%




## Imports

- ✓ Imports increased by 5%
- ✓ Korea (34%), China (18%), Japan (15%) & Indonesia (3%) remains the biggest exporters to India




## Exports

- ✓ **Exports decreased by 34% mainly due to better Domestic Prices.**
- ✓ India **Became Net Importer** during FY 19

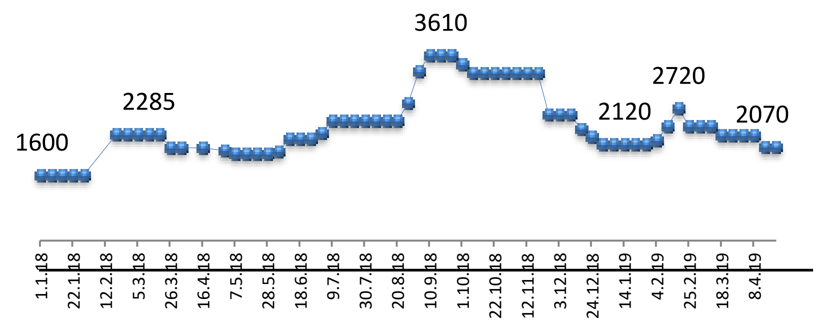
Source: JPC

# Raw Material Supply Volatility

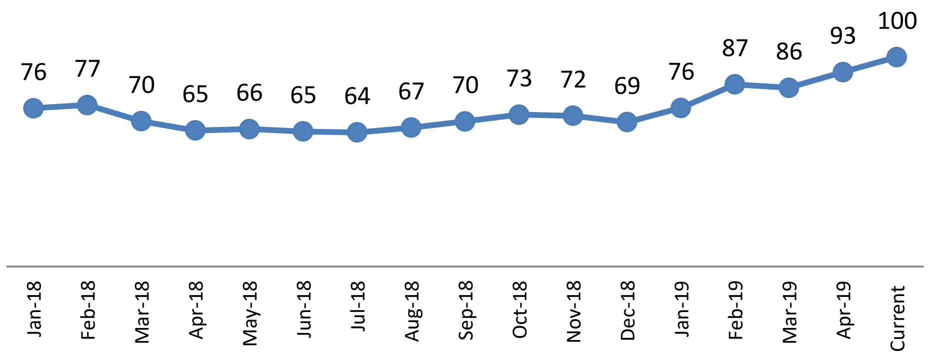
Raw Material Supply Volatility:

- **Supply volatility** in domestic iron ore led to price volatility in contrast with international IO Prices trend
- Future domestic iron ore supplies bit **uncertain**.
- L**ikely shortage of Iron ore, post 2020** as major non-captive mining leases are due to lapse on 31st March ‘20.
- Out of 169mtpa non-captive iron ore mine capacity in States of Odisha, CG and Jharkhand, 87mtpa (51%) is going to lapse on 31st March ’20
- **Lapsing of large mine capacity is bound to create large demand- supply imbalance** in iron ore

> Domestic IO Price (62% fine Odisha Rs/MT)



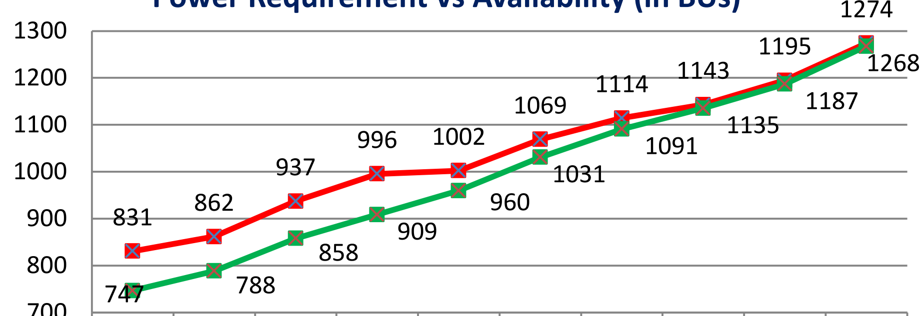

> International IO prices CFR China ($/MT)




Source: Platts/Market/JSPL Estimates

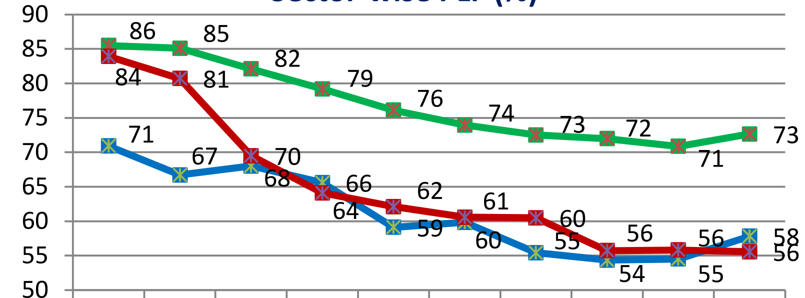
# Power Business

## Power Requirement vs Availability (in BUs)



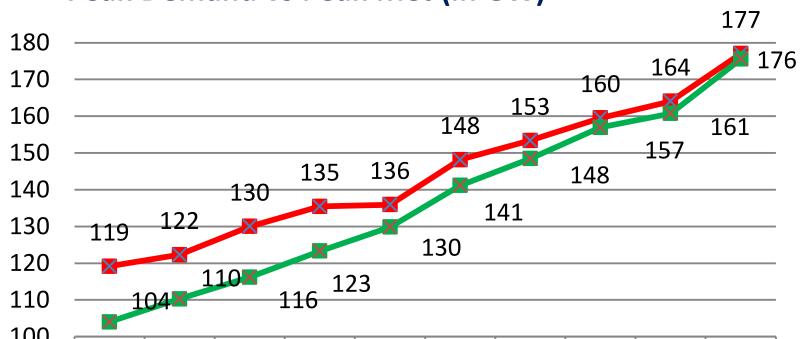

| | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 | 17-18 | 18-19 |
|---|---|---|---|---|---|---|---|---|---|---|
| Requirement | 831 | 862 | 937 | 996 | 1002 | 1069 | 1114 | 1143 | 1195 | 1274 |
| Availability | 747 | 788 | 858 | 909 | 960 | 1031 | 1091 | 1135 | 1187 | 1268 |

## Sector-wise PLF (%)




| | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 | 17-18 | 18-19 |
|---|---|---|---|---|---|---|---|---|---|---|
| Central | 86 | 85 | 82 | 79 | 76 | 74 | 73 | 72 | 71 | 73 |
| State | 71 | 67 | 68 | 66 | 59 | 60 | 55 | 54 | 55 | 58 |
| Private | 84 | 81 | 70 | 64 | 62 | 61 | 60 | 56 | 56 | 56 |

## Peak Demand vs Peak Met (in GW)




| | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 | 17-18 | 18-19 |
|---|---|---|---|---|---|---|---|---|---|---|
| Peak Demand | 119 | 122 | 130 | 135 | 136 | 148 | 153 | 160 | 164 | 177 |
| Peak Met | 104 | 110 | 116 | 123 | 130 | 141 | 148 | 157 | 161 | 176 |

***PLF for Private Sector decreased by 28% during last decade***

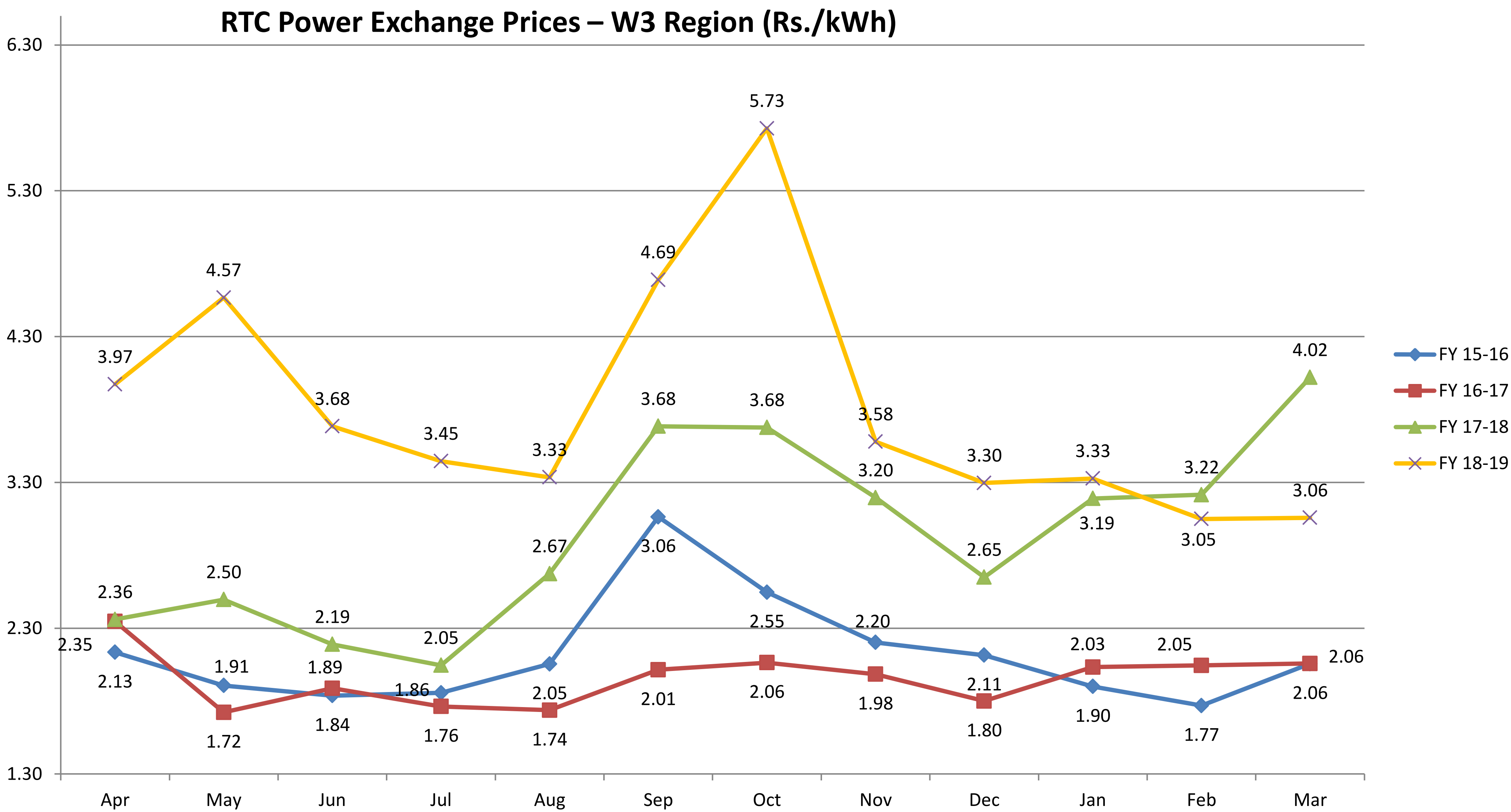
***While Demand is increasing by ~6.6%, the fall in PLF of IPPs is due to coal shortage and rapid addition of conventional & renewable capacities.***

***Gap between Energy Requirement and Availability reduced to 0.5% in FY 18-19 as compared to 0.7% in FY 17-18.***

***Gap between Peak Demand and Availability reduced to 0.5% in FY 18-19 as compared to 2% in FY 17-18.***

*Source: CEA*

# IEX Clearing Price Trend




*Source: IEX*

# PRESENTATION OUTLINE

Q4 FY'19

HIGHLIGHTS

INDUSTRY UPDATE

*COMPANY UPDATE*

# Business Segments

| Steel | Power | Global Ventures |
|---|---|---|

**Current Capacities – Domestic & Global**

| Steel | Power | Global Ventures |
|---|---|---|
| 8.6 MTPA Steel*<br>3.11 MTPA* Iron ore<br>9 MTPA* Pellet Plant | IPP – 3400MW**<br>CPP – 1634 MW | 2.4 MTPA Steel<br>Coal & Iron Ore Mines |

***Domestic**

*****1000 MW Divestment announced***

# Steel Capacities across Life Cycle

## *Iron Making*

*(9.95 MTPA)*

**DRI 3.12 MTPA**

**BF 5.33 MTPA**

**HBI 1.50 MTPA**

## Liquid Steel

*(11.00 MTPA)*

**SMS 11.00 MTPA**

## Finished Steel

*(7.95 MTPA)*

**WRM 0.60 MTPA**

**RUBM 0.75 MTPA**

**MLSM 0.60 MTPA**

**Plate Mill 2.20 MTPA**

**BRM 3.80 MTPA**

# Detailed plant wise capacities

| Raigarh (Chhattisgarh) | Angul (Odisha) | Barbil (Odisha) | Patratu (Jharkhand) | Oman | JPL | Mining |
|---|---|---|---|---|---|---|
| BF 2.125 MTPA | CGP 225,000 Nm3/Hr | Pellet Plant 9 MTPA | WRM 0.60 MTPA | HBI 1.5 MTPA | Tamnar 3400 MW | Iron Ore 3.11 MTPA |
| DRI 1.32 MTPA | BF 3.2 MTPA | | BRM 1.0 MTPA | SMS 2.4 MTPA | | |
| SMS 3.6MTPA | DRI 1.8 MTPA | | | BRM 1.4 MTPA | | |
| Plate Mill 1.00 MTPA | SMS 2.5 MTPA | | | | | |
| RUBM 0.75 MTPA | SMS 2.5 MTPA | | | | | |
| MLSM 0.60 MTPA | BRM 1.4 MTPA | | | | | |
| CPP 824 MW | Plate Mill 1.2 MTPA | | | | | |
| | CPP 810 MW | | | | | |

Power　Hot Metal　Liquid Steel　Finished Steel

# Manifold Growth in the Last 5 Years

| | FY '14 | FY '19 | |
|---|---|---|---|
| Steel - India | 3 MTPA | 8.6 MTPA | ~2.86x |
| Power | 1,000 MW | 3400 MW | 3.4x |
| Oman | 0 MTPA | 2.4 MTPA | Add |
| Pellet | 4.5 MTPA | 9 MTPA | ~2x |

**All major capex completed – scale of growth is approx. Three Times**

# …… potential for BIG LEAP

| | FY19 Capacity | Production in FY19 | Upside Potential |
|---|---|---|---|
| **Steel – India Capacity** | 8.6 MTPA | 5.25 MTPA | **64%** |
| **Steel – Oman Capacity** | 2.4 MTPA(1) | 1.71 MTPA | **40%** |
| **Independent Power Capacity** | 3,400 MW | 1187 MW | **186%** |
| **Pellet Capacity** | 9.0 MTPA | 7.08 MTPA | **27%** |

**Upside potential remains to be exploited**

# JSPL Standalone Key Financials

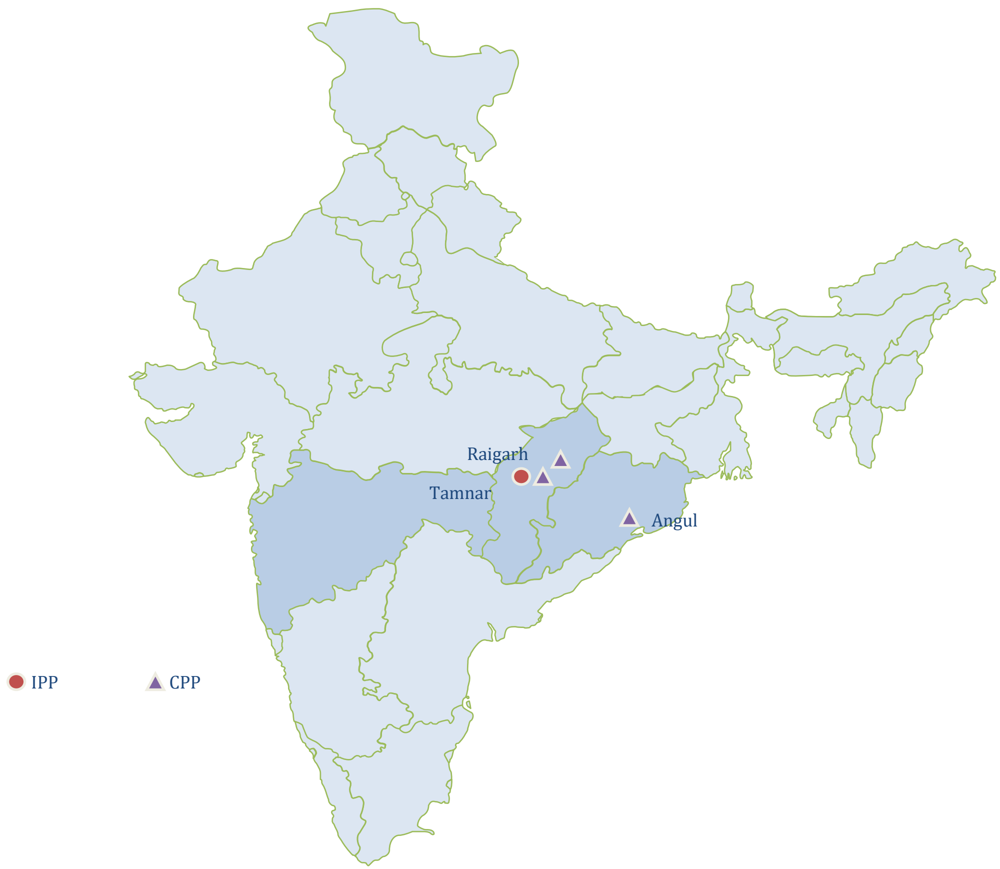
(Figures in Rs. Crores)

| **Parameter**(in Crores of INR) | Q4 FY 2018-19 | Q3 FY 2018-19 | Q4 FY 2017-18 | %QoQ | %YoY |
|---|---|---|---|---|---|
| Turnover | 7,402 | 6,745 | 5,752 | *10%* | 29% |
| EBITDA | 1,440 | 1,480 | 1,519 | *-3%* | -5% |
| EBITDA % | *19%* | *22%* | *26%* | | |
| Depreciation + Amortization | 576 | 572 | 468 | *1%* | 23% |
| Interest | 980 | 635 | 686 | *54%* | 43% |
| PBT (Before Exceptional) | (115) | 287 | 364 | | |
| Exceptional | 1,654 | - | 194 | | |
| PBT | (1,769) | 287 | 170 | | |
| PAT | (1,154) | 177 | 145 | | |

(Figures in Rs. Crores)

| **Parameter**(in Crores of INR) | FY 2018-19 | FY 2017-18 | %YoY |
|---|---|---|---|
| Turnover | 27,730 | 17,523 | *58%* |
| EBITDA | 6,017 | 3,973 | *51%* |
| EBITDA % | *22%* | *23%* | |
| Depreciation + Amortization | 2,307 | 1,910 | *21%* |
| Interest | 2,896 | 2,391 | *21%* |
| PBT (Before Exceptional) | 829 | (328) | |
| Exceptional | 1,398 | 344 | *306%* |
| PBT | (570) | (672) | *15%* |
| PAT | (263) | (362) | *27%* |

# JSPL - Power Capacities




Independent Power Projects (IPP)

| Project | Capacity (MW) | Fuel | Configuration | Status |
|---|---|---|---|---|
| Tamnar 1* | 1,000 | Coal | 4x250 MW | Operational |
| Tamnar 2 | 2,400 | Coal | 4x600 MW | Operational |

Captive power projects (within JSPL)

| Project | Capacity (MW) | Fuel | Configuration | Status |
|---|---|---|---|---|
| DCPP, Raigarh | 540 | Coal | 4x135 MW | Operational |
| JSPL, Raigarh | 284 | Coal & waste heat | 1x24 MW (Waste heat) 2x55 MW 6x25 MW | Operational |
| Angul, Odisha | 810 | Coal | 6 x135 MW | Operational |

**One of the largest thermal portfolios in India**

***Divestment announced***

# JINDAL POWER LIMITED

*96.43% subsidiary of JSPL*

| | | |
|---|---|---|
| **EUP -I**<br>**1000MW (4 X 250)** | **EUP -II**<br>**1200MW (2 X 600)** | **EUP -III**<br>**1200MW (2 X 600)** |

# PPA Arrangements

| Project | Buyer | Type | Period From | Period To | Quantum (MW) |
|---|---|---|---|---|---|
| Tamnar II (Phase 1) | Tamil Nadu | Long Term | Feb-14 | Sep-28 | 400 |
| Tamnar I | Tamil Nadu | Medium Term | Sep-17 | Aug-19 | 200 |
| Tamnar II (Phase 1) | KSEB | Long Term | Jun-16 | May-41 | 200 |
| Tamnar II (Phase 1) | KSEB | Long Term | Oct-17 | Sep-42 | 150 |
| Tamnar II (Phase 1) | Chhattisgarh | Long Term | After commercial operation of Unit and for complete life of plant | | 60 |
| Tamnar II (Phase 2) | Chhattisgarh | Long Term | After commercial operation of Unit and for complete life of plant | | 60 |

**Over 30% of total capacity tied up ***

* **Out of 3400 MW (IPP)**

# Key Contractual Arrangements for JPL

| | | Tamnar-I, 1,000 MW (EUP I) | Tamnar-II - 1,200 MW (EUP II) | Tamnar-II - 1,200 MW (EUP III) |
|---|---|---|---|---|
| FSA |  | ▪ Coal sourced through – market purchase and e-auction | ▪ Long term linkage from Mahanadi Coal Limited (MCL) and South Eastern Coalfields Limited (SECL) | ▪ Coal sourced through – market purchase and e-auction |
| PPA |  | ▪ Bilateral/short term/ exchange<br>▪ TNEB – 200 MW | ▪ TNEB – 400MW<br>▪ CSEB – 60MW<br>▪ KSEB – 200MW<br>▪ KSEB – 150MW | ▪ CSEB – 60MW |
| Evacuation |  | ▪ Open access available | ▪ Open access available | ▪ Open access available |

Raw materials, transmission & PPAs in place for achieving higher PLF

# JPL Key Financials

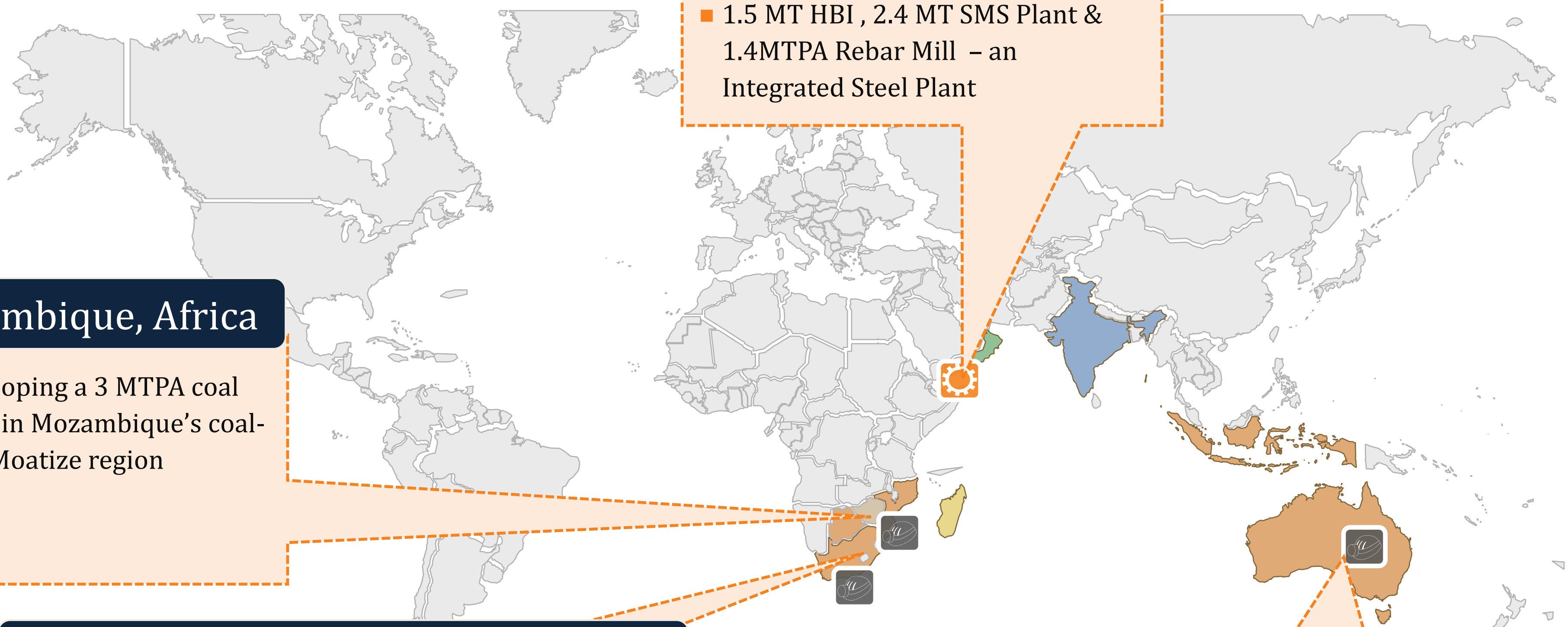
(Figures in Rs. Crores)

| **Parameter**(in Crores of INR) | **Q4 FY 2018-19** | **Q3 FY 2018-19** | **Q4 FY 2017-18** | **%QoQ** | **%YoY** |
|---|---|---|---|---|---|
| Turnover | 999 | 990 | 947 | *1%* | *5%* |
| EBITDA | 267 | 273 | 265 | *-2%* | *1%* |
| EBITDA % | *27%* | *28%* | *28%* | | |
| Depreciation + Amortization | 324 | 334 | 377 | *-3%* | *-14%* |
| Interest | 236 | 219 | 237 | *8%* | *0%* |
| PBT (Before Exceptional) | 44 | (202) | (282) | | |
| Exceptional | 81 | - | - | | |
| PBT | (37) | - | - | | |
| PAT | 13 | (160) | (292) | *108%* | |
| Cash Profit | 368 | 131 | 98 | *180%* | *277%* |
| Generation (million units) | 2,609 | 2,609 | 2,310 | - | *13%* |

(Figures in Rs. Crores)

| **Parameter**(in Crores of INR) | **FY 2018-19** | **FY 2017-18** | **%YoY** |
|---|---|---|---|
| Turnover | 3,858 | 4,059 | *-5%* |
| EBITDA | 1,155 | 1,434 | *-19%* |
| EBITDA % | *30%* | *35%* | |
| Depreciation + Amortization | 1,320 | 1,508 | *-12%* |
| Interest | 893 | 936 | *-5%* |
| PBT (Before Exceptional) | (504) | (733) | *31%* |
| Exceptional | 81 | - | |
| PBT | (585) | - | |
| PAT | (436) | (673) | *35%* |
| Cash Profit | 816 | 778 | *5%* |
| Generation (million units) | 10,396 | 10,905 | *-5%* |

# Summary of International Operations



## Shadeed, Oman

- 1.5 MT HBI , 2.4 MT SMS Plant & 1.4MTPA Rebar Mill – an Integrated Steel Plant

## Mozambique, Africa

- Developing a 3 MTPA coal mine in Mozambique's coal-rich Moatize region

## South Africa, Africa

- JSPL's Kiepersol Colliery produces Anthracite coal, sold domestically and internationally.

## Australia

- 60.3% stake in Wollongong Coal Ltd which comprises of two coking coal mines – Wongawilli and Russel Vale

# Holding structure for global operations

**Jindal Steel & Power Ltd**
Listed Operating Entity in India

**Jindal Steel & Power (Mauritius) Ltd**
Holding company for overseas business

- **Oman** — 2.4 MTPA Steel plant
- **Australia** — Coking Coal
- **South Africa** — Anthracite Coal
- **Mozambique** — Thermal/ Coking Coal

# JSPL Consolidated Key Financials

(Figures in Rs. Crores)

| **Parameter**(in Crores of INR) | Q4 FY 2018-19 | Q3 FY 2018-19 | Q4 FY 2017-18 | %QoQ | %YoY |
|---|---|---|---|---|---|
| Turnover | 10,159 | 9,580 | 8,599 | *6%* | *18%* |
| EBITDA | 1,845 | 2,077 | 2,137 | *-11%* | *-14%* |
| EBITDA % | *18%* | *22%* | *25%* | | |
| Depreciation + Amortization | 2,373 | 1036 | 960 | *129%* | *147%* |
| Interest | 1,163 | 1,042 | 1071 | *12%* | *9%* |
| PBT (Before Exceptional) | (1,692) | 14 | 106 | | |
| Exceptional | 1,734 | 0 | 438 | | |
| PBT | (3,426) | 14 | (332) | | |
| PAT | (2,713) | (87) | (426) | | |

(Figures in Rs. Crores)

| **Parameter**(in Crores of INR) | FY 2018-19 | FY 2017-18 | %YoY |
|---|---|---|---|
| Turnover | 39,388 | 27,844 | *41%* |
| EBITDA | 8,406 | 6,469 | *30%* |
| EBITDA % | *21%* | *23%* | |
| Depreciation + Amortization | 5,480 | 3,883 | *41%* |
| Interest | 4,264 | 3,866 | *10%* |
| PBT (Before Exceptional) | (1,323) | (1,277) | *-4%* |
| Exceptional | 1,478 | 587 | *152%* |
| PBT | (2,802) | (1,864) | *-50%* |
| PAT | (2,412) | (1,624) | *-48%* |

# Key Customers & Adding…

- CPWD
- NPCIL
- Konkan Railway Corporation Ltd.
- Bureau of Indian Standards
- पावरग्रिड
- Indian Railways
- एनटीपीसी NTPC
- इंडियनऑयल IndianOil
- Rail Vikas Nigam Limited
- JUSCO
- IRCON
- SIMPLEX INFRASTRUCTURES LTD
- ADITYA BIRLA UltraTech
- Indiabulls Power Limited.
- LARSEN & TOUBRO
- vedanta
- JSW ISPAT STEEL LIMITED
- 山东电力建设第一工程公司 SEPCOI Electric Power Construction Corporation
- JAYPEE GROUP
- नालको NALCO A Navratna Company
- बी एण्ड आर B AND R
- DG MAP In Pursuit of Excellence
- Delhi Metro Rail Corporation Ltd.
- NHAI
- बी एच ई एल BHEL
- RELIANCE
- IMMA
- LANCO
- GL Group
- viraj projects
- Punj Lloyd
- HP
- FLSmidth
- BANSAL INFRATECH SYNERGIES INDIA LTD
- LODHA BUILDING A BETTER LIFE
- ESSAR
- MAHARASHTRA SEAMLESS LIMITED
- ABG
- ENGINEERS INDIA LIMITED
- Indian Boiler Regulations - 1950
- McNally Bharat

# ANGUL

# RAIGARH

# OMAN

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# THANK YOU