PRESS RELEASE

FINANCIAL RESULTS FOR SECOND QUARTER & HALF YEAR FY 2018-19

JSPL reports Net Profit of Rs. 279 Crores

Angul Ramps up; Monsoon hit Quarter

- 2QFY19 Consolidated PAT Rs. 279 Cr
- 2QFY19 Standalone PAT Rs. 383 Cr
- 2QFY19 Consolidated EBITDA up 61% YoY
- 2QFY19 Standalone EBITDA up 85% YoY
- 2QFY19 Mozambique EBITDA positive

JSPL Standalone 2QFY19 Performance (YoY):

- Turnover : Rs. 6,849 Cr; increased by 87%
- EBITDA: Rs. 1,452 Cr; increased by 85%
- EBITDA Margin: 21%
- Crude Steel Production: 1.30 million tonnes
- Steel Sales: 1.28 million tonnes

JSPL Consolidated 2QFY19 Performance (YoY):

- Turnover : Rs. 9,982 Cr; increased by 63%
- EBITDA : Rs. 2,207 Cr; increased by 61%
- EBITDA Margin: 22%
- EBITDA – Oman : US$ 46 mn
- Crude Steel Production: 1.67 million tonnes
- Steel Sales: 1.75 million tonnes

JPL 2QFY19 Performance (YoY):

- Turnover : Rs. 911 Cr
- EBITDA : Rs. 302 Cr
- EBITDA Margin: 33%

1. JSPL Standalone Performance

The quarter ended Sept'2018 was a monsoon hit quarter and is traditionally the weakest in terms of sales volumes and steel prices during the year. But with Angul production ramping up, JSPL Standalone Steel production rose 46% to 1.30 million tonnes (0.89 million tonnes in 2QFY18) while Standalone Steel sales during 2QFY19 increased to 1.28 million tonnes (up 53% YoY). The Angul production continues to ramp up with the Blast Furnace achieving production levels of more than 9000 tonnes per day.

The revenues for JSPL Standalone came in at Rs. 6,849 Cr (up 87% YoY). Increasing raw material costs and declining realizations (more in longs than flats) led to a pressure on the margins in 2QFY19. JSPL Standalone reported EBITDA of Rs. 1,452 Cr (Up 85% YoY) and Profit After Tax of Rs. 383 Cr as compared to a loss of Rs. 255 Cr in 2QFY18.

During 2QFY19, production of pellets increased by 2% YoY to 1.62 million tonnes and the company achieved external sales of pellets of 0.74 MT during 2QFY19.

2. Jindal Power Ltd (JPL)

Lack of availability of coal continues to hamper operations in JPL. JPL generated 2,427 units in the reported September quarter as compared to 2,751 units in 1QFY19 (12% QoQ decrease).

Despite the low volumes, better realizations helped JPL post revenue of 911 Cr in the quarter ending Sept'2018. Despite of higher coal costs (up 10% QoQ), JPL maintained EBITDA margins at 33% vs 32% in 1QFY19. EBITDA in 2QFY19 came in at Rs. 302 Cr (as compared to Rs. 314 Cr in 1QFY19). JPL continues to generate cash profits, which stood at Rs. 150 Cr in the reported quarter.

3. Global Ventures

3.1. Oman: During the quarter ended 30th Sep'2018, Jindal Shadeed recorded production of 0.38 million tonnes of crude steel (as against 0.43 million tonnes in 2QFY18) due to an annual maintenance shutdown in the month Sept' 2018. It reported EBITDA of US$ 46 mn for 2QFY19 (vs. US$55 mn in 2QFY18). The rebar mill at Oman achieved production of 0.23 million tonnes this quarter.

3.2. Mozambique: Mines at Mozambique produced ~0.5 million tonnes ROM in 2QFY19 and continue to ramp up. Mozambique generated EBITDA of US$ 5.7 mn for the reported quarter.

3.3. Australia: During 2QFY19, Wongawilli mines continued to ramp up and produced approx. 115KT. Russell Vale mines continues to be under care & maintenance.

4. JSPL Consolidated Performance

JSPL produced 1.67 million tonnes on the Consolidated level (up 27% from 1.32 million tonnes in 2QFY18) and sold 1.75 million tonnes (up 38% from 1.27 million tonnes in 2QFY18).

JSPL reported Consolidated Revenues of Rs. 9,982 Cr (up 63% YoY) while Consolidated EBITDA increased to Rs. 2,207 Cr from Rs. 1,373 Cr (in 2QFY18), up 61% YoY. JSPL Consolidated Profits after Tax jumped from a loss of Rs. 499 Cr in 2QFY18 to a profit of Rs. 279 Cr in 2QFY19.

Net Debt to EBITDA (Trailing) at the end of 2QFY19 stood at 5x as compared to 6.6x as of March'2018. JSPL Consolidated Net Debt consists of a domestic net debt of Rs. 27,400 Cr and overseas net debt of US$2bn.

5. Overview and Outlook:

5.1. Steel:

The World Steel Association revised their global demand estimates upwards, on back of increasing China demand growth, to 2.1% from 1.8%. Despite an increase in raw material prices, the production in China has continued to grow with Finished Steel prices also softening over the past quarter. The winter cuts on the anvil need to be watched closely as the Chinese government tweaked its policy by allowing local authorities to set their own anti-smog measures instead of blanket cuts on all crude steel production across the nation. The continuing US-China trade tensions as well as initial signs of sluggishness in China's economy could well pose a risk to the Global Steel outlook.

India remains steadfast in its Steel demand growth, backed by Government spending in infrastructure, roads, rails, transmission and housing. The growth in housing demand is now more widespread with pick up in villages & tier-2/tier-3 cities & towns balancing out the listlessness in big cities.

With continued measures by the government to protect the Steel industry, the outlook for the domestic steel demand remains robust with Steel demand growth expected to outstrip the capacity additions in the coming years. The recent happenings in the financial sector which have further drained out the liquidity in the markets though could pose a near term risk to the demand. On the back of the infrastructure spend by the government and possible fall in personal consumption due to liquidity concerns, outlook on the long products' demand is expected to be better than flat products in the near term.

5.2. Power:

Coal shortage has severely impacted thermal power generation during Q2FY19. A very large number of power plants had critical coal stocks and had to default in meeting PPA obligations. In addition to the domestic coal scarcity, problems for the domestic power players were amplified with increasing international coal prices, depreciating rupee and increased generation from wind and hydro during the monsoon season. With the effect of monsoon almost over, coal production is expected to rise and subsequent more coal e-auctions by Coal India subsidiaries could help thermal power plants to scale up the generation. Conventional energy being reliable and round-the-clock power source will continue to play important role for providing grid security as against renewable energy supply which impacts grid stability as availability of renewable energy is periodic and heavily depends on seasonal and weather pattern.

With Government of India's "24 X 7 Power for All" initiative and healthy GDP growth prediction during current financial year, the power demand is expected to increase. The demand for power is also expected to get a boost on account of forthcoming elections in 2019. The demand for most parts of October has been highly encouraging and peak merchant power rates have been in excess of Rs. 10 per kWh.

However, coal sourcing continues to remain a major challenge, both in terms of availability and rising coal prices. Increase in coal freight due to diesel price hike and depreciating Rupee, resulting in costlier coal import could continue hurting the thermal power generators. We expect this key challenge to be mitigated significantly in the short term by expeditious implementation of coal tolling arrangement of State Governments with generators and in the long term by introduction of Commercial Mining as proposed by the Govt. of India.

STANDALONE FINANCIAL RESULTS

Year on Year (Quarter)

Parameter(in Crores of INR)	**Quarter 2**		**Change (%)**
	2018-19	**2017-18**	
Turnover	6,849	3,668	*+87%*
EBITDA	1,452	784	*+85%*
EBITDA %	*21%*	*21%*	
Depreciation + Amortization	583	496	*+18%*
Interest	676	578	*+17%*
PBT (Before Exceptional)	194	(290)	--
Exceptional	(255)	150	--
PBT	449	(440)	--
PAT	383	(255)	--

Quarter on Quarter

Parameter	**Q2 FY 18-19**	**Q1 FY 18-19**	**Change (%)**
Turnover	6,849	6,734	*+2%*
EBITDA	1,452	1,645	*-12%*
EBITDA %	*21%*	*24%*	
Depreciation + Amortization	583	577	*+1%*
Interest	676	605	*+12%*
PBT (Before Exceptional)	194	463	*-58%*
Exceptional	(255)	--	--
PBT	449	463	*-3%*
PAT	383	332	*+15%*

CONSOLIDATED FINANCIAL RESULTS

Year on Year (Quarter)

Parameter	Quarter 2		Change (%)
	2018-19	2017-18	
Turnover	9,982	6,123	*+63%*
EBITDA	2,207	1,373	*+61%*
EBITDA %	*22%*	*22%*	
Depreciation + Amortization	1,031	998	*+3%*
Interest	1,086	927	*+17%*
PBT Before Exceptional	91	(550)	--
Exceptional Item	(255)	150	--
PBT	347	(699)	--
PAT	279	(499)	--

Quarter on Quarter

Parameter	Q2 FY 18-19	Q1 FY 18-19	Change (%)
Turnover	9,982	9,665	*+3%*
EBITDA	2,207	2,277	*-3%*
EBITDA %	*22%*	*24%*	
Depreciation + Amortization	1,031	1,040	*-1%*
Interest	1,086	973	*+12%*
PBT (Before Exceptional)	91	264	*-65%*
Exceptional	(255)	--	--
PBT	347	264	*+31%*
PAT	279	110	*+154%*

PRODUCTION (Consolidated)

Year on Year

Product (Million Tonnes)	Quarter 2		Change (%)
	2018-19	2017-18	
Steel*	1.67	1.32	+27%
Pellets	1.62	1.58	+2%

Quarter on Quarter

Product (Million Tonnes)	Q2 FY 18-19	Q1 FY 18-19	Change (%)
Steel*	1.67	1.65	+1%
Pellets	1.62	1.76	-8%

***only Slab/Round/Bloom/Beam Blank (includes Oman)**

SALES (Consolidated)

Year on Year

Product (Million Tonnes)	Quarter 2		Change (%)
	2018-19	2017-18	
Steel Products*	1.75	1.27	+38%
Pellets (External sales)	0.74	0.86	-14%

Quarter on Quarter

Product (Million Tonnes)	Q2 FY 18-19	Q1 FY 18-19	Change (%)
Steel Products*	1.75	1.61	+9%
Pellets (External sales)	0.74	0.83	-11%

***Slabs/Bloom/Billets/Structurals& Rails/Universal Plate/Coil/Converted Angle/Channel/ Wire Rod /TMT/Fabricated Beams/Plates (Includes Oman)**

JINDAL POWER LIMITED (JPL)

(A SUBSIDIARY OF JSPL)

Year on Year (Quarter)

Particulars(in Crores of INR)	Quarter 2		Change (%)
	2018-19	**2017-18**	
Turnover	911	878	*+4%*
EBITDA	302	345	*-12%*
EBITDA%	*33%*	*39%*	
Depreciation + Amortization	333	377	*-12%*
Interest	222	227	*-2%*
PBT	(183)	(190)	--
PAT	(153)	(176)	--
Cash Profit	150	187	*-20%*
Generation (million units)	2,427	2,427	--

Quarter on Quarter

Particulars(in Crores of INR)	**Q2 FY 18-19**	**Q1 FY 18-19**	**Change (%)**
Turnover	911	968	*-6%*
EBITDA	302	314	*-4%*
EBITDA%	*33%*	*32%*	
Depreciation + Amortization	333	329	*+1%*
Interest	222	216	*+3%*
PBT	(183)	(163)	--
PAT	(153)	(134)	--
Cash Profit	150	167	*-10%*
Generation (million units)	2,427	2,751	*-12%*

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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 , time and cost overruns on fixed – price, our ability to manage our operations, reduced demand for steel , power etc., 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. The numbers & statements in this release are provisional in nature and could materially change in future, based on any restatements or regrouping of items etc.