Q1 FY'19

Industry Update & Key Performance Highlights

JINDAL STEEL & POWER

9th August, 2018

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PRESENTATION OUTLINE

Q1 FY'19

INDUSTRY UPDATE

BRIEF BACKGROUND

OPERATIONAL PERFORMANCE

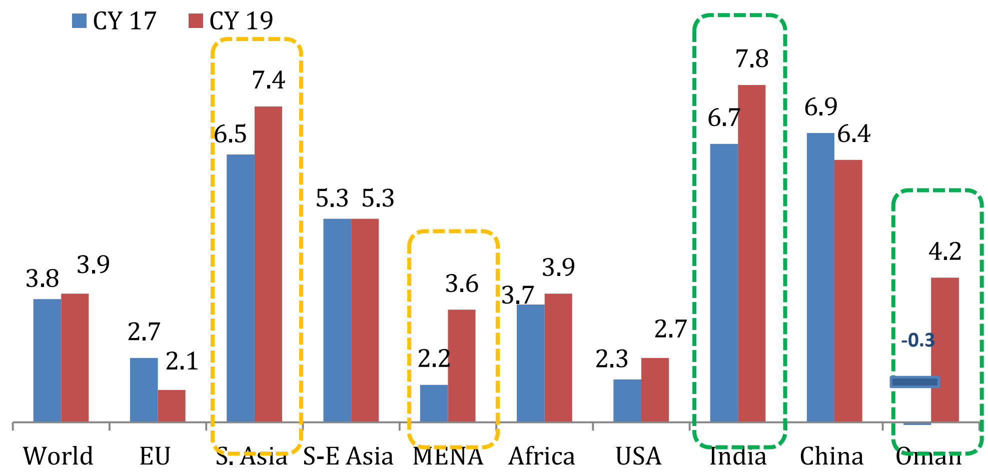
INDUSTRY DEVELOPMENTS

Benign Global Economic Environment

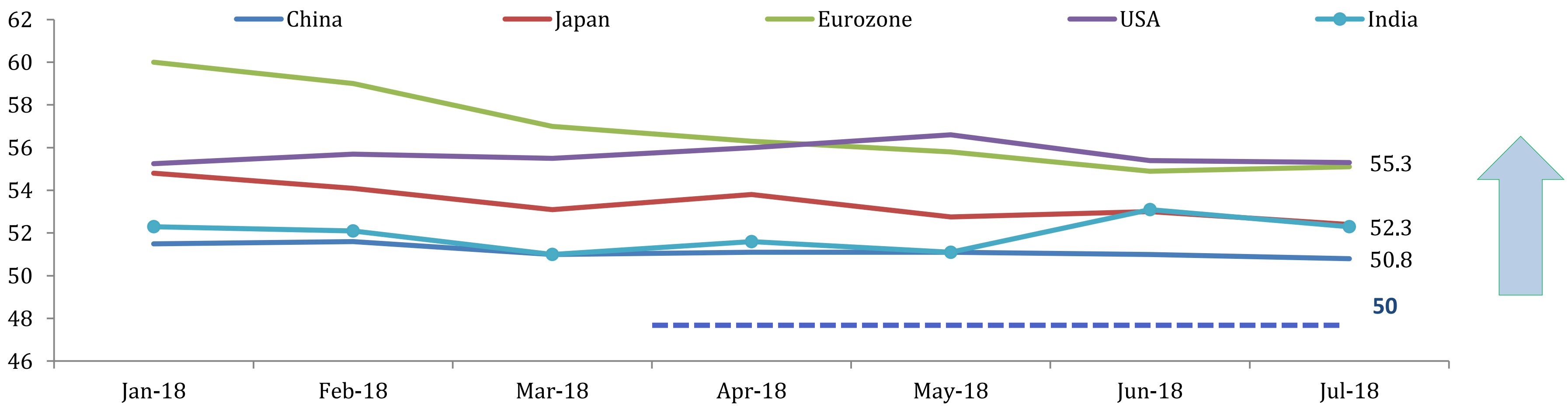
Strong Global Economy:

- >Global growth momentum strengthens and is on a broader footing.
- > US growth momentum remains strong, driven by Fiscal stimulus and high consumer demand
- >Solid fundamentals & recovery in EU,
- >Growth in India and ASEAN remains on a solid ground
- > Oman Economy likely to be strong

> Strong GDP Projection



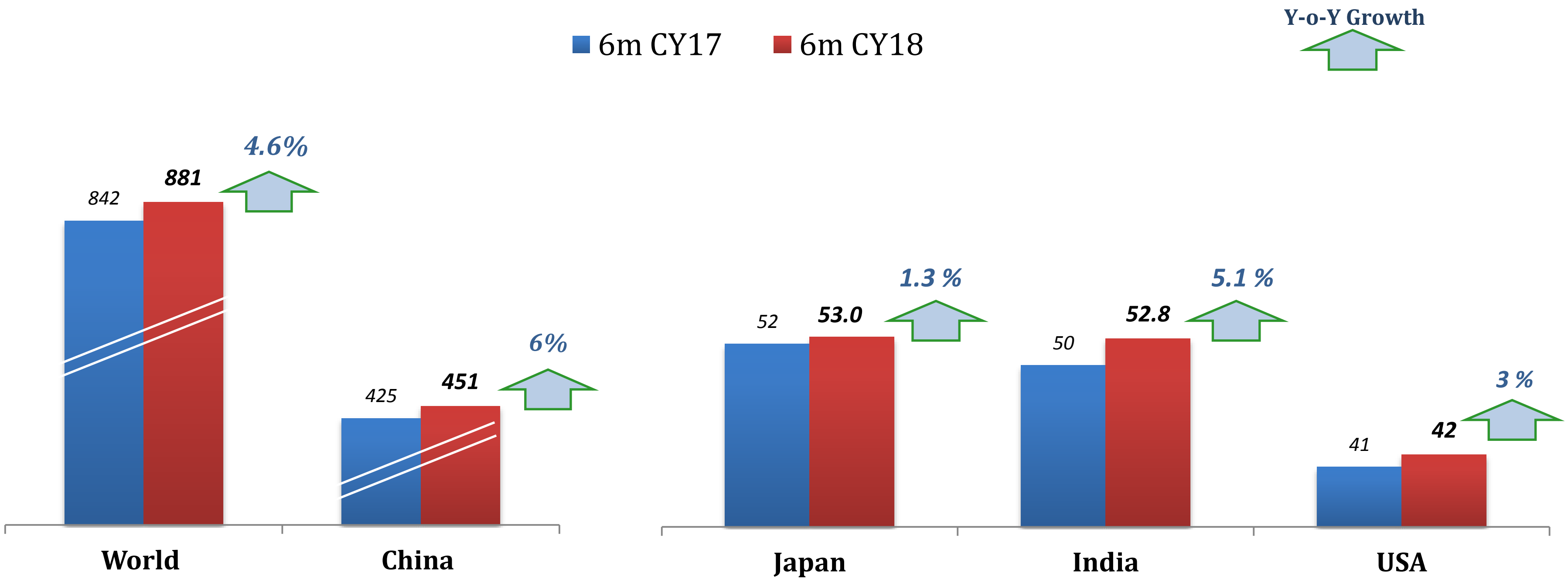
> PMI of major Economy is well above 50



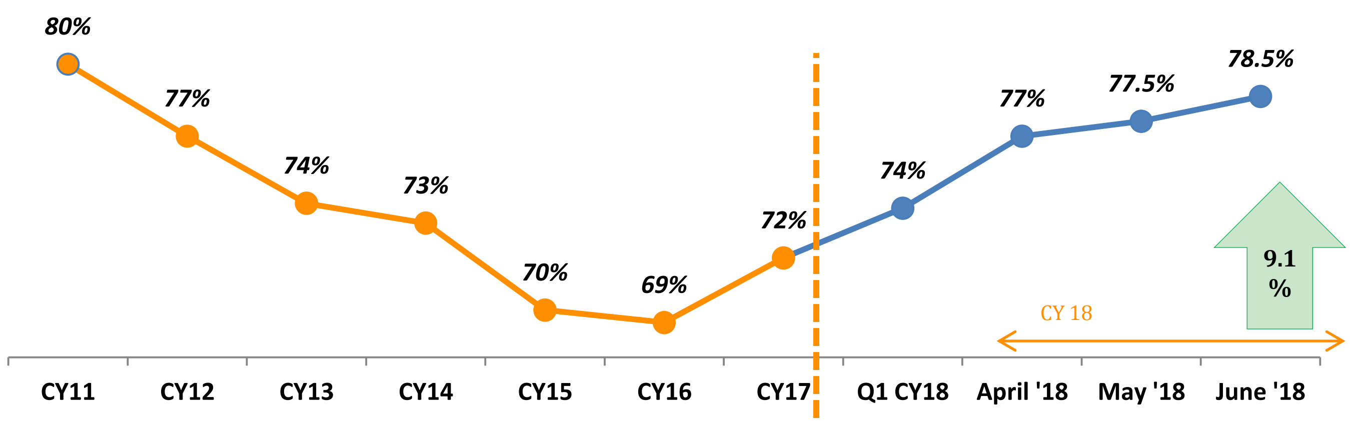
Source: WSA/CISA/Broker Reports/JSPL Estimates

Global Steel Production Increased Significantly

Led by higher output from major producing countries



> Global Steel Capacity Utilization improved significantly



Source: WSA/JSPL Estimates

Healthy Domestic Business Environment for Steel Industry

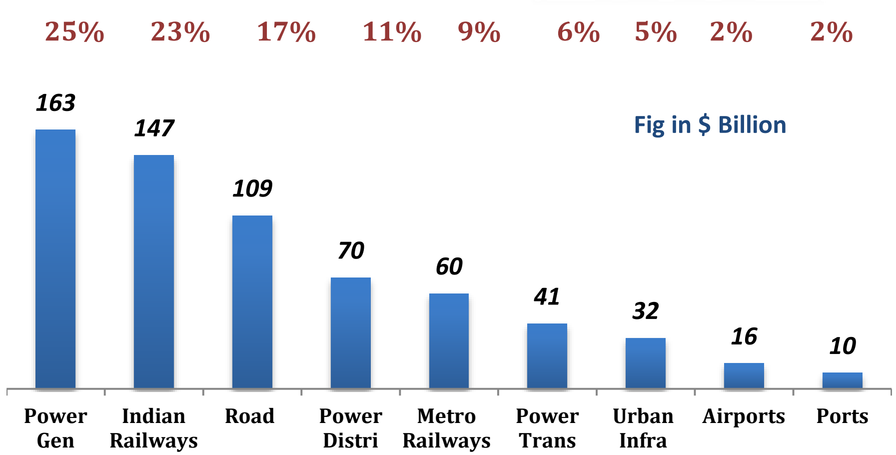
Higher Budgetary allocation for **Infrastructure & Rural Development**

Rural Housing demand to accelerate further with **recent increase in MSP** for Kharif Crop by 150%

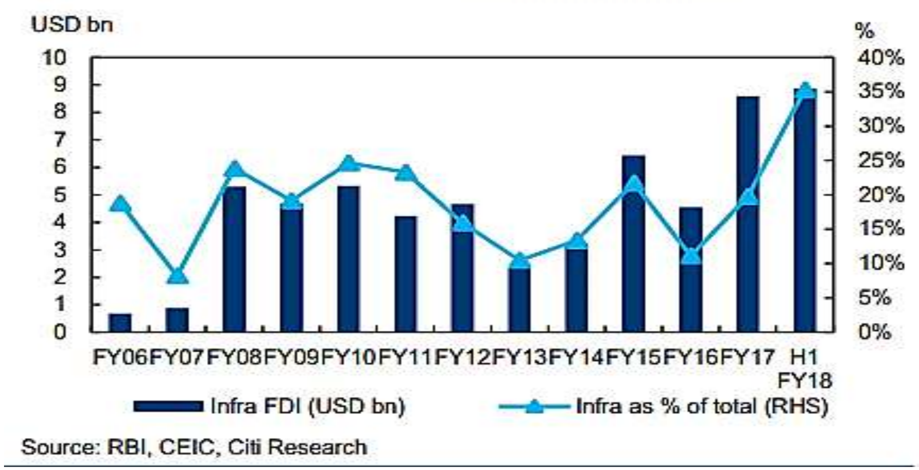
Significant **Indian Railway reform & Capex** planned. Thrust to **Metro** project at A&B Class City

PMAY Schemes in Rural & Urban area gaining momentum

> Estimated Infra Capex planned : Total $650 Billion in 5 Yr (2018-23)



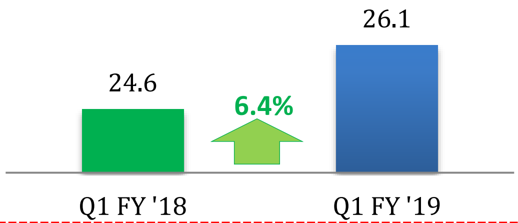
> FDI in Infra Picks Up



Source: RBI/Citi Research/JSPL Estimates

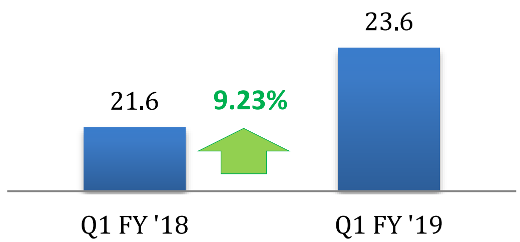
Indian Steel Industry: Major Highlights

Fig in Mt



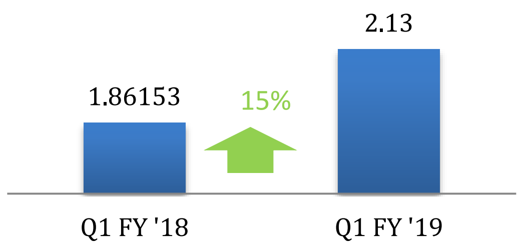
Crude Production

- ✓ The Crude steel production grew by 6.4% during Q1 FY'19 (y-o-y)
- ✓ The Primary producers grew by 12.6 %



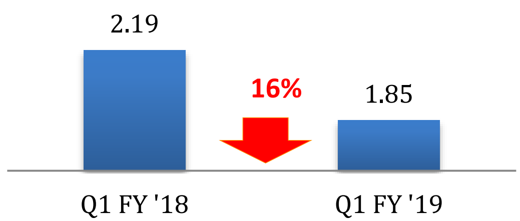
Finished Steel Consumption

- ✓ Finished Steel Consumption Grew up by 9 % during Q1 FY'19
- ✓ Carbon Steel Consumption grew by 9.5%
- ✓ While Alloy Steel Consumption grew by 6.8%



Imports

- ✓ Imports grew by 15% during Q1 FY'19 (y-o-y)
- ✓ Korea (35%), Japan (18%) & China (17%) remains the biggest exporters to India
- ✓ Three countries Accounted for ~70 % of total imports



Exports

- ✓ Exports decreased by 16% during Q1FY 19
- ✓ India Became the Net Importer of Steel during Q1 FY '19
- ✓ Indian Steel producers found it more beneficial to sell within India on back of robust steel demand

Source: JPC

Indian Domestic Carbon Steel Demand

Domestic Carbon Steel Market Size Continue to Expand

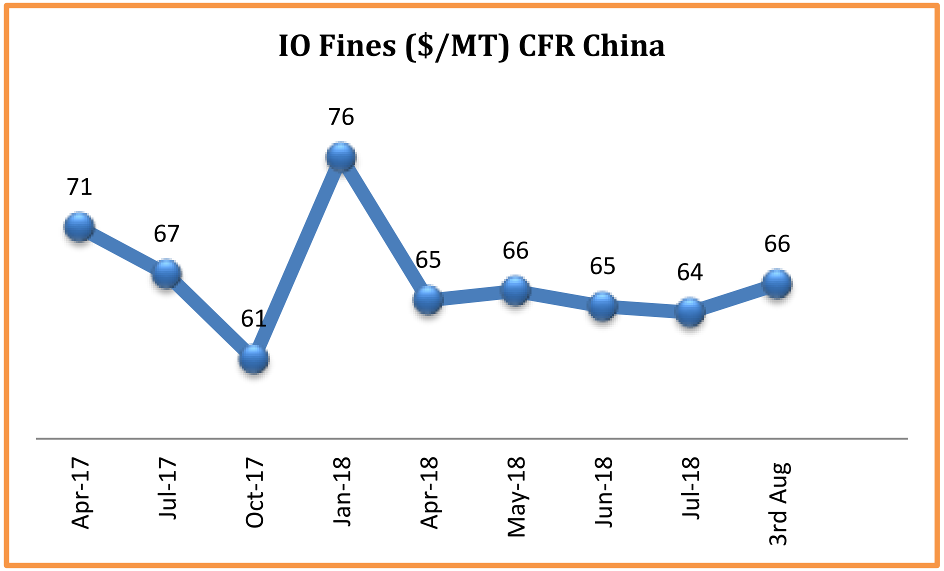
Fig in Mt	Category	Consumption (FY'18)	Growth (y-o-y)	Consumption (Q1 FY'19)	Growth (y-o-y)
Long Carbon Steel	Bars & Rods	34.4	2.2%	8.85	4.3%
	Structurals	8.0	2.2%	2.12	9%
	Rly. Materials	1.23	17.3%	0.33	39%
Flat Carbon Steel	Plate	5.13	(0.4)%	1.3	11.7%
	HRC/Skelp	16.4	20%	4.1	1.4%
	CR Sheets/Coils	3.3	(25)%	1.06	66.6%
	GP/GC	7.6	14%	2.06	19%
	Finished Carbon Steel	**81.8**	**6.3%**	**21.36**	**9.5%**

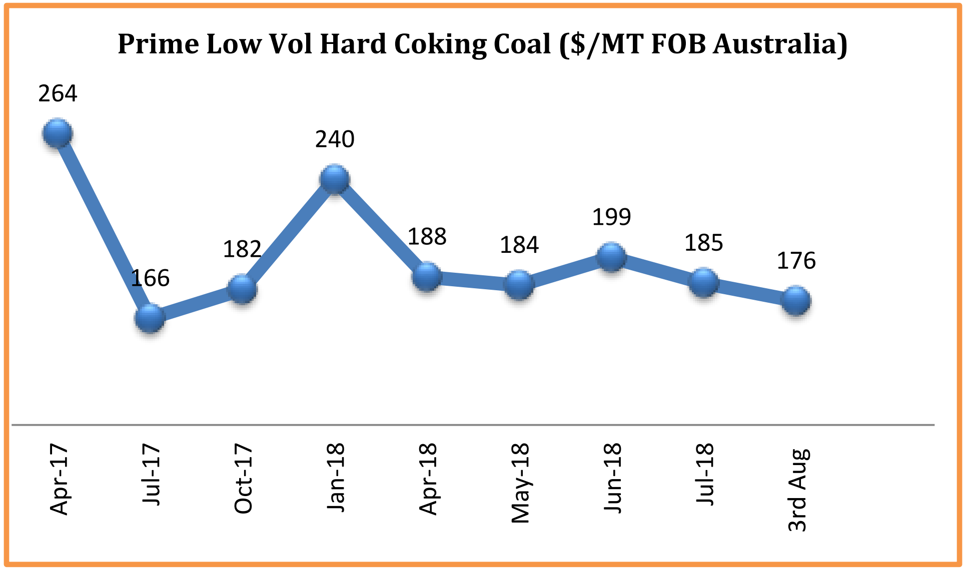
Indian Steel Demand Outlook:
India's Finished Steel demand could Grow by 5.5% & 6% in CY2018 & CY2019 respectively

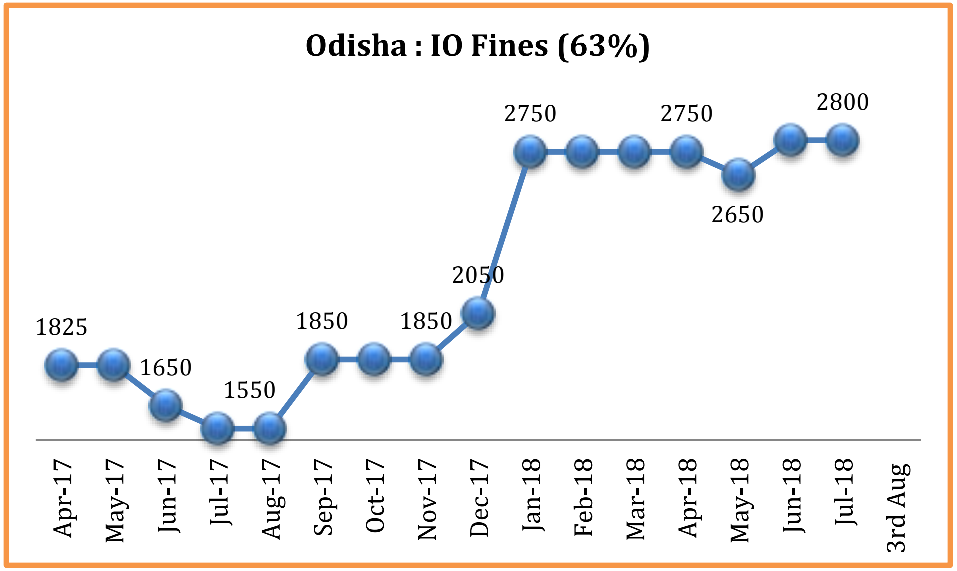
Source: WSA/JPC

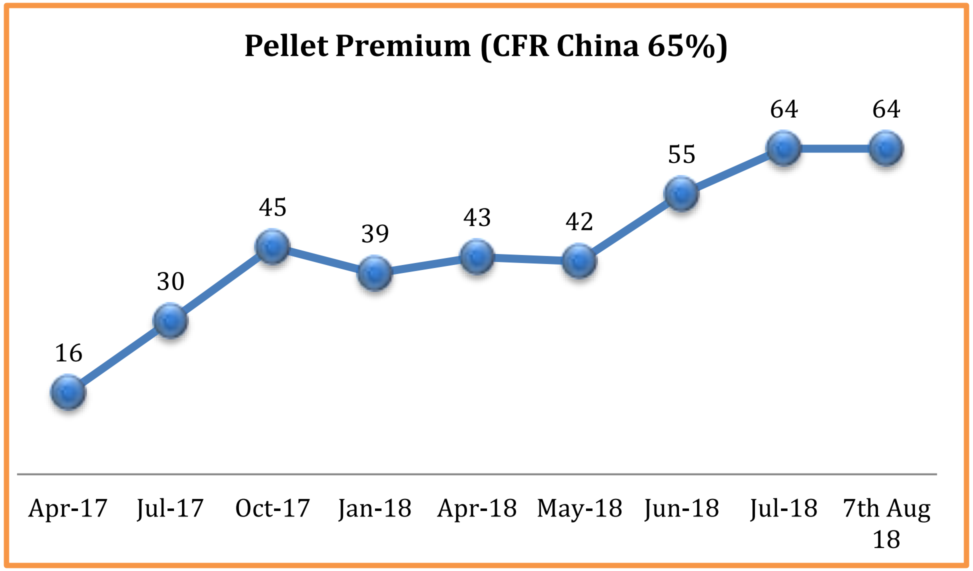
INDUSTRY UPDATE
STEEL SECTOR

Raw Material Price Trend









Source: Platts/Steel Mint

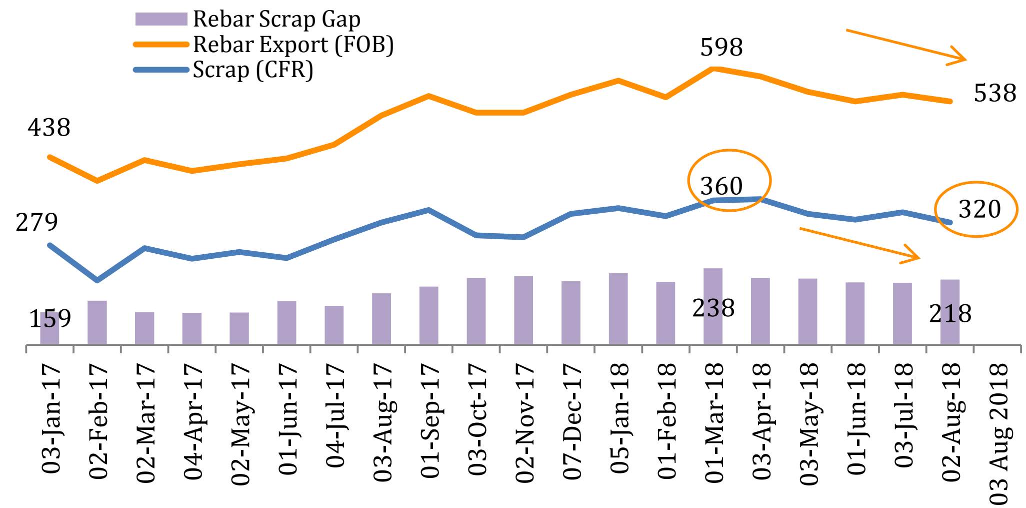
Global Finished Steel & RM Spread Continuously Widened

> Finished Steel Vs RM Spread

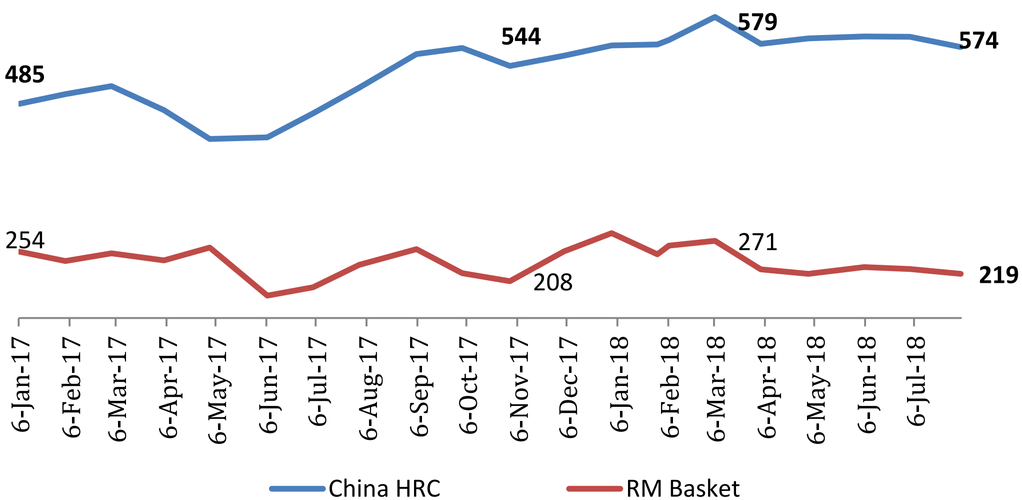
- > Steel Vs Raw Materials basket is continuously Increasing since 2017
- > The Flat Product spread is continuously increasing

> Chinese steel stocks level remains below 6 year average

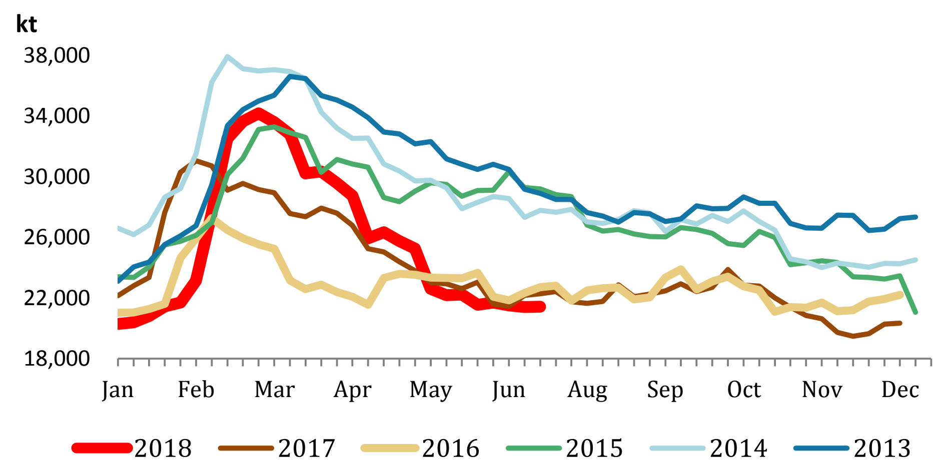
> Turkish Rebar to Scrap Spread Softened



> Chinese Flat Spread widen on robust demand



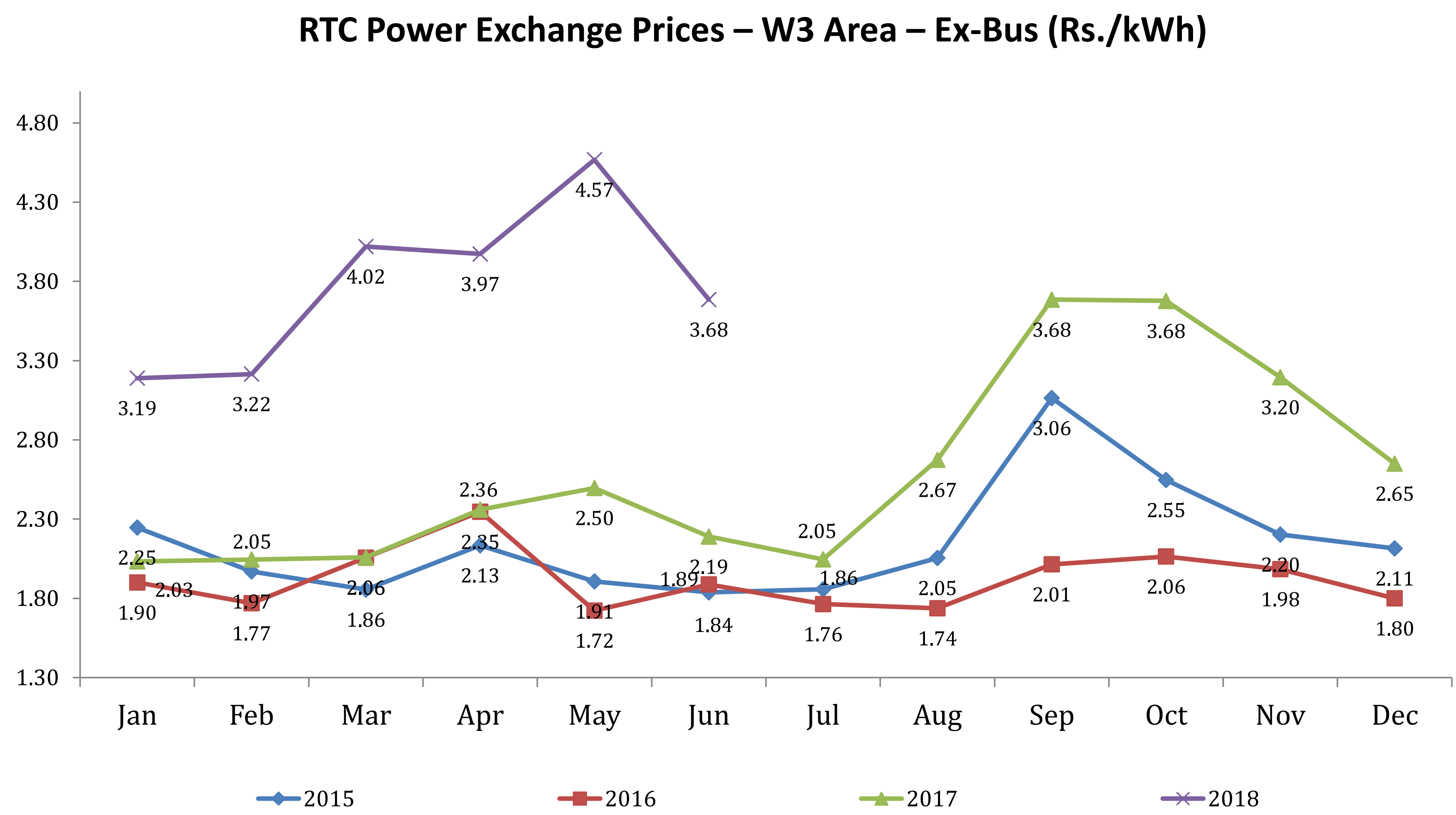
> Chinese steel inventory at all time lowest level



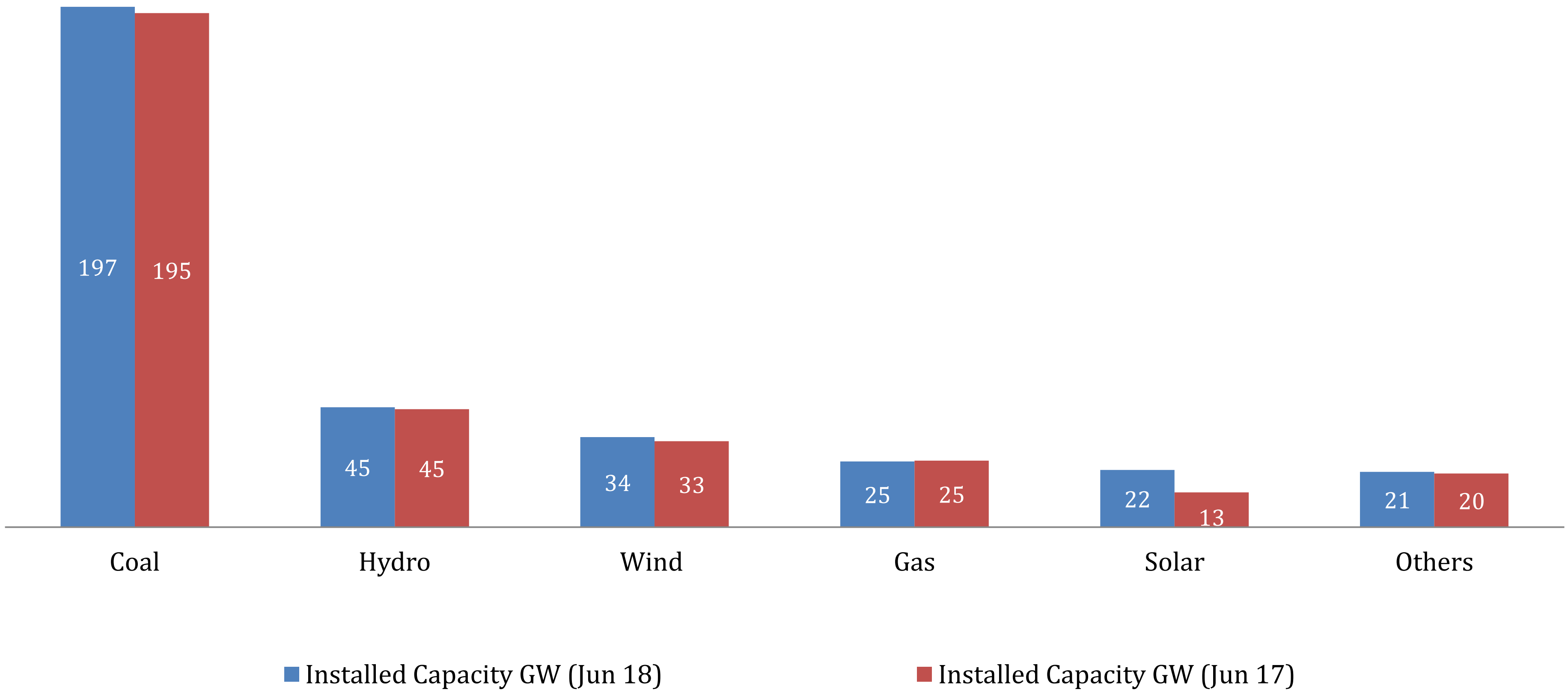
Source: Platts/Steel Mint/Metal Bulletin/Morgan Stanley

INDUSTRY UPDATE
POWER SECTOR

Power Exchange Prices



Installed Capacity in India as on June'18



344 GW

330 GW

Source: CEA

PRESENTATION OUTLINE

Q1 FY'19

INDUSTRY UPDATE

BRIEF BACKGROUND

OPERATIONAL PERFORMANCE

Business Segments

Steel	Power	Global Ventures
		

Current Capacities – Domestic & Global

Steel	Power	Global Ventures
8.6 MTPA Steel* 3.11 MTPA* Iron ore 9 MTPA* Pellet Plant	IPP – 3400MW** CPP – 1634 MW	2 MTPA Steel Coal 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

(10.60 MTPA)

SMS 10.60 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)*
- BF 2.125 MTPA
- DRI 1.32 MTPA
- SMS 3.6MTPA
- Plate Mill 1.00 MTPA
- RUBM 0.75 MTPA
- MLSM 0.60 MTPA
- CPP 824 MW

Angul *(Odisha)*
- CGP 225,000 Nm3/Hr
- BF 3.2 MTPA
- DRI 1.8 MTPA
- SMS 2.5 MTPA
- SMS 2.5 MTPA
- BRM 1.4 MTPA
- Plate Mill 1.2 MTPA
- CPP 810 MW

Barbil *(Odisha)*
- Pellet Plant 9 MTPA

Patratu *(Jharkhand)*
- WRM 0.60 MTPA
- BRM 1.0 MTPA

Oman
- HBI 1.5 MTPA
- SMS 2.0 MTPA
- BRM 1.4 MTPA

JPL
- Tamnar 3400 MW

Mining
- Iron Ore 3.11 MTPA
- Coal Overseas 6.60 MTPA

Power | Hot Metal | Liquid Steel | Finished Steel

**Plant capacities shown above are completed but not all are commissioned*

Manifold Growth in the Last 5 Years

	FY '14	FY '18	
Steel - India	3 MTPA	8.6 MTPA	~2.86x
Power	1,000 MW	3400 MW	3.4x
Oman	0 MTPA	2 MTPA	Add
Pellet	4.5 MTPA	9 MTPA	~2x

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

...... potential for BIG LEAP

	FY18 Capacity (1)	Production in FY18	Upside Potential
Steel – India Capacity	8.6 MTPA	4.02 MTPA	**114%**
Steel – Oman Capacity	2.0 MTPA	1.67 MTPA	**20%**
Independent Power Capacity	3,400 MW	1237 MW	**174%**
Pellet Capacity	9.0 MTPA	6.86 MTPA	**31%**

Upside potential remains to be exploited

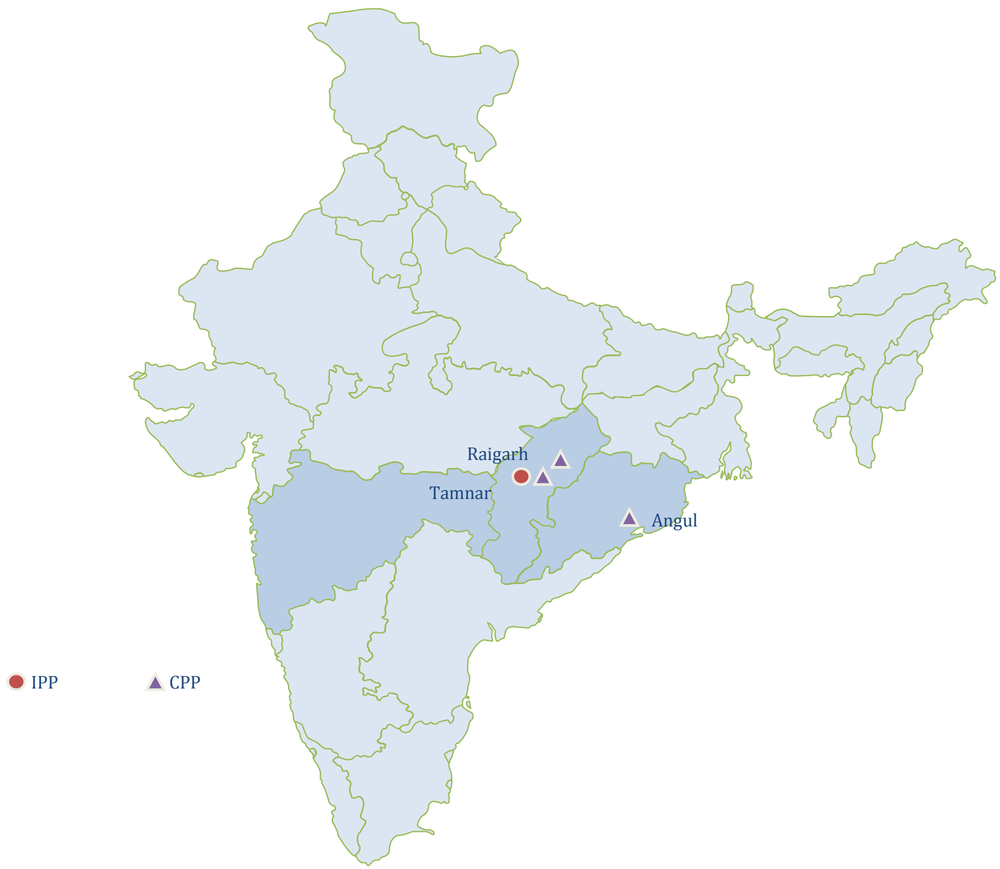
JSPL Standalone Key Financials

(Figures in Rs. Crores)

Parameter(in Crores of INR)	Q1 FY 2018-19	Q4 FY 2017-18	Q1 FY 2017-18	%QoQ	%YoY
Turnover	6,734	5,752	3,374*	*+17%*	*+100%*
EBITDA	1,645	1,519	750	*+8%*	*+119%*
EBITDA %	24%	26%	22%		
Depreciation + Amortization	577	468	481	*+23%*	*+20%*
Interest	605	686	532	*-12%*	*+14%*
PBT (Before Exceptional)	463	364	(263)	*+27%*	
Exceptional	--	194	--		
PBT	463	170	(263)	*+173%*	
PAT	332	145	(178)	*+129%*	

**Adjusted for Excise Duty/GST Changes*

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
1000MW (4 X 250)

EUP -II
1200MW (2 X 600)

EUP -III
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 ▪ TNEB – 200 MW	▪ TNEB – 400MW ▪ CSEB – 60MW ▪ KSEB – 200MW ▪ KSEB – 150MW	▪ CSEB – 60MW
Evacuation		▪ Open access available	▪ Open access available	▪ Open access available

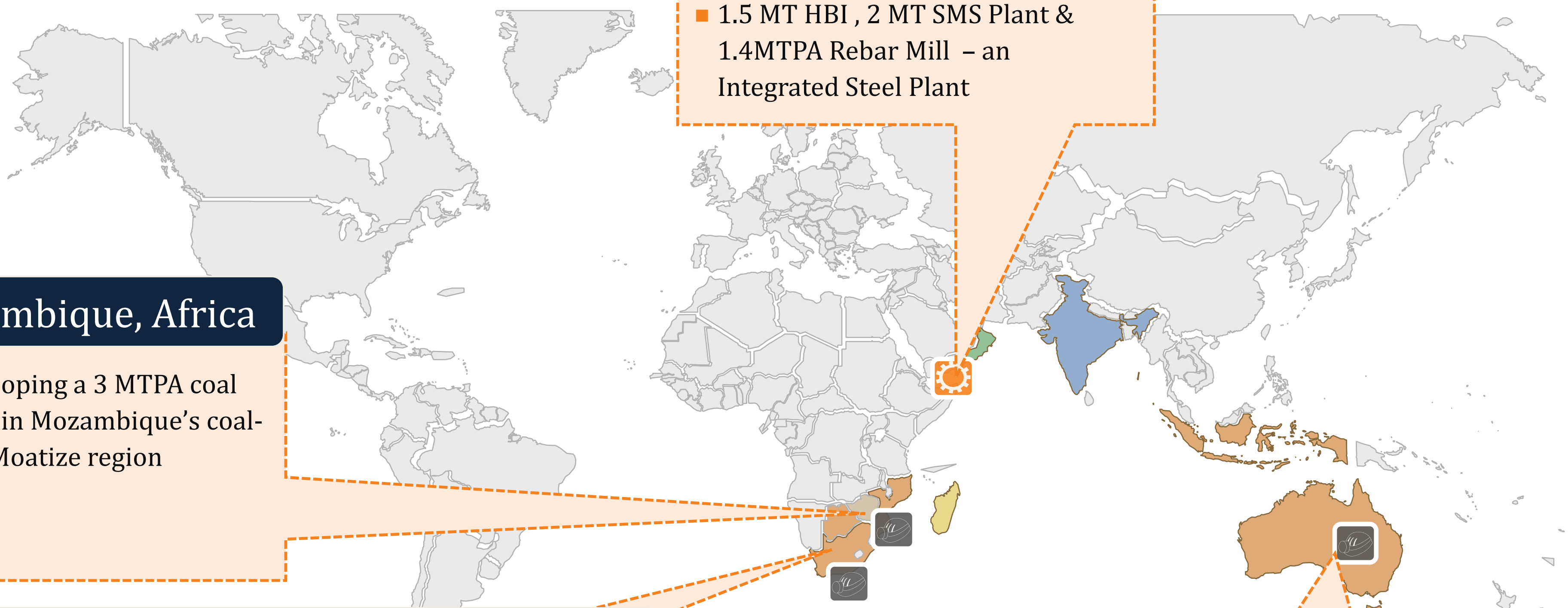
Raw materials, transmission & PPAs in place for achieving higher PLF

JPL Key Financials

(Figures in Rs. Crores)

Parameter(in Crores of INR)	**Q1 FY 2018-19**	**Q4 FY 2017-18**	**Q1 FY 2017-18**	**%QoQ**	**%YoY**
Turnover	968	952	1,079	*+2%*	*-10%*
EBITDA	314	265	468	*+18%*	*-33%*
EBITDA %	32%	28%	43%		
Depreciation + Amortization	329	377	373	*-13%*	*-12%*
Interest	216	237	227	*-9%*	*-5%*
PBT	(163)	(282)	(62)		
PAT	(134)	(272)	(32)		
Cash Profit	167	98	310	*+71%*	*-46%*
Generation (million units)	2,751	2,310	3,186	*+19%*	*-14%*

Summary of International Operations



Shadeed, Oman

- 1.5 MT HBI , 2 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

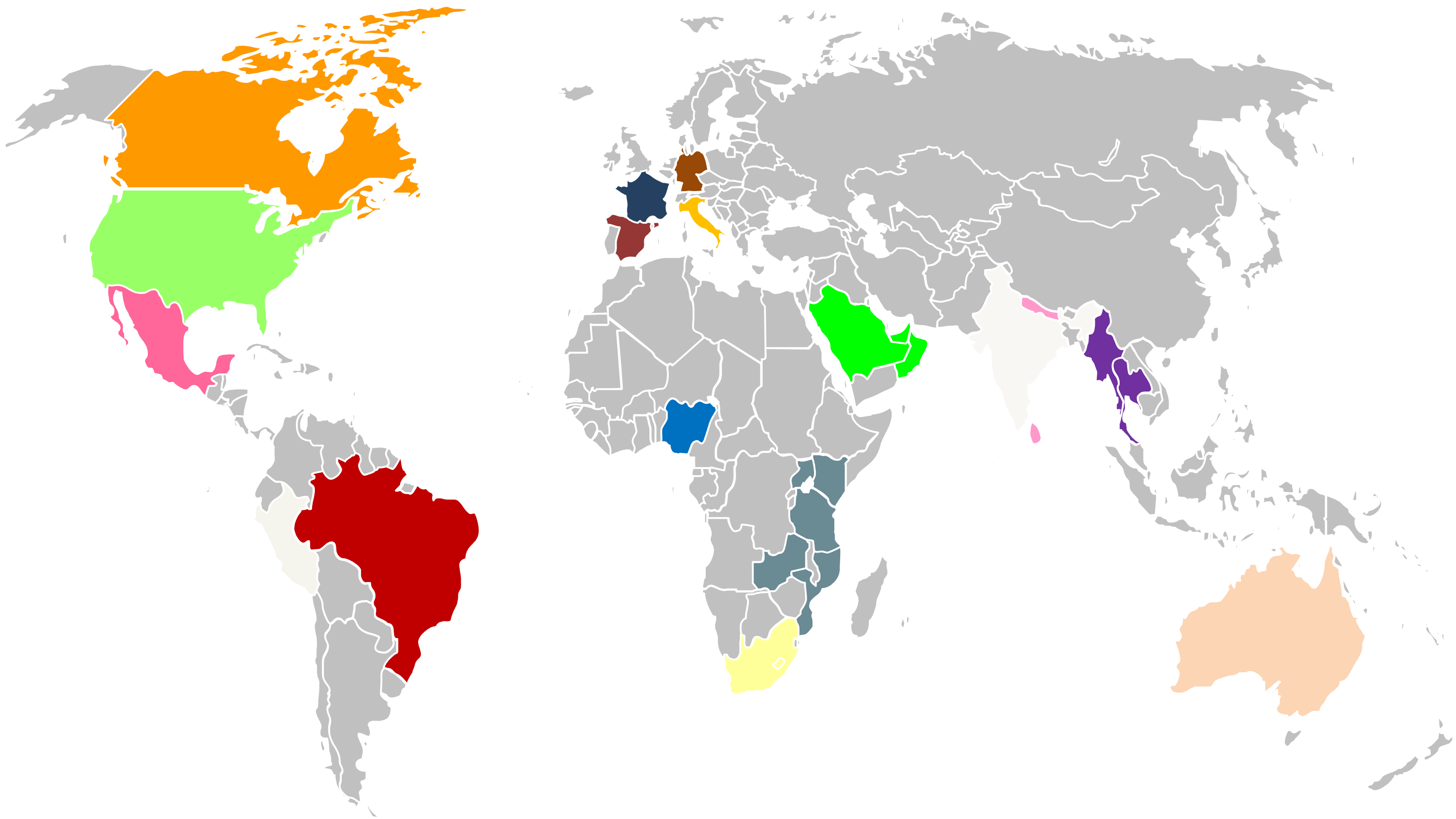
Listed Operating Entity in India

Jindal Steel & Power (Mauritius) Ltd

Holding company for overseas business

Oman	Australia	South Africa	Mozambique
2 MTPA Steel plant	Coking Coal	Anthracite Coal	Thermal/ Coking Coal

JSPL Global Export Footprints Growing Day by Day



America/ Canada

Africa

Middle East

SE Asia

Europe

Oceania

Neighbouring countries

JSPL Consolidated Key Financials

(Figures in Rs. Crores)

Parameter(in Crores of INR)	Q1 FY 2018-19	Q4 FY 2017-18	Q1 FY 2017-18	%QoQ	%YoY
Turnover	9,665	8,599	5,669*	*+12%*	*+71%*
EBITDA	2,277	2,137	1,353	*+7%*	*+68%*
EBITDA %	*24%*	25%	24%		
Depreciation + Amortization	1,040	960	962	*+8%*	*+8%*
Interest	973	1,071	901	*-9%*	*+8%*
PBT (Before Exceptional)	264	106	(510)	*+149%*	
Exceptional	- -	438	--		
PBT	264	(332)	(510)		
PAT	110	(426)	(421)		

**Adjusted for Excise Duty/GST Changes*

PRESENTATION OUTLINE

Q1 FY'19

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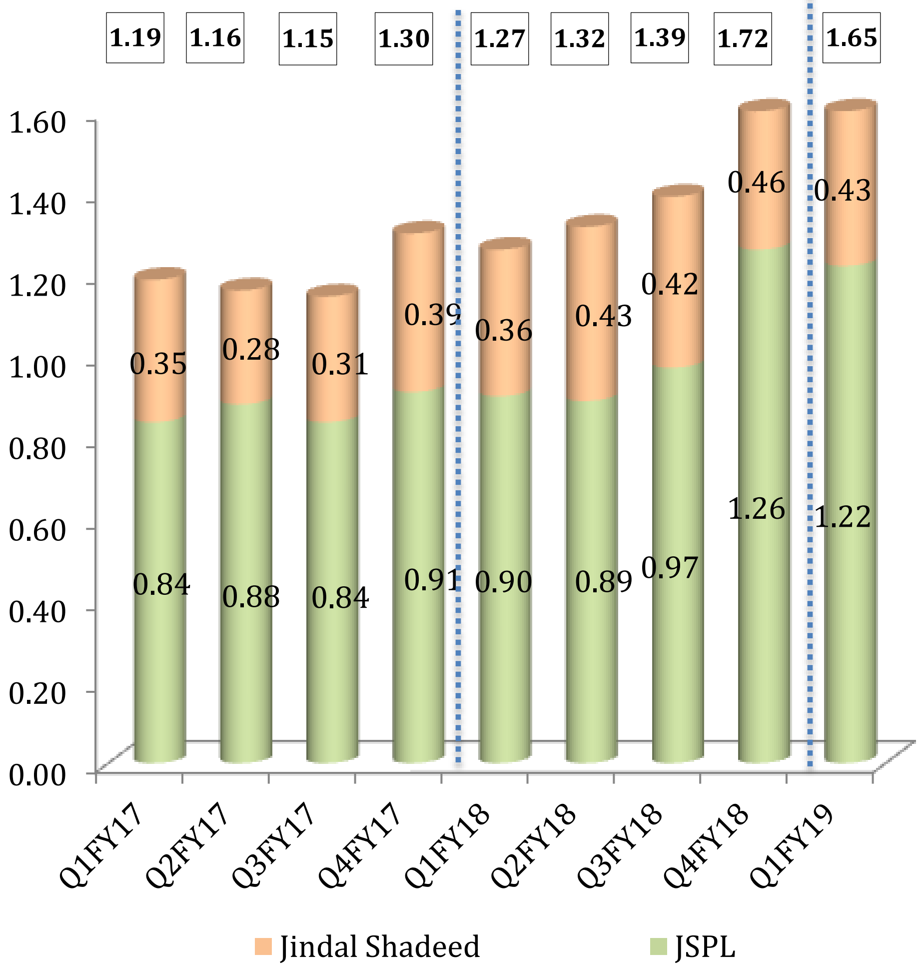
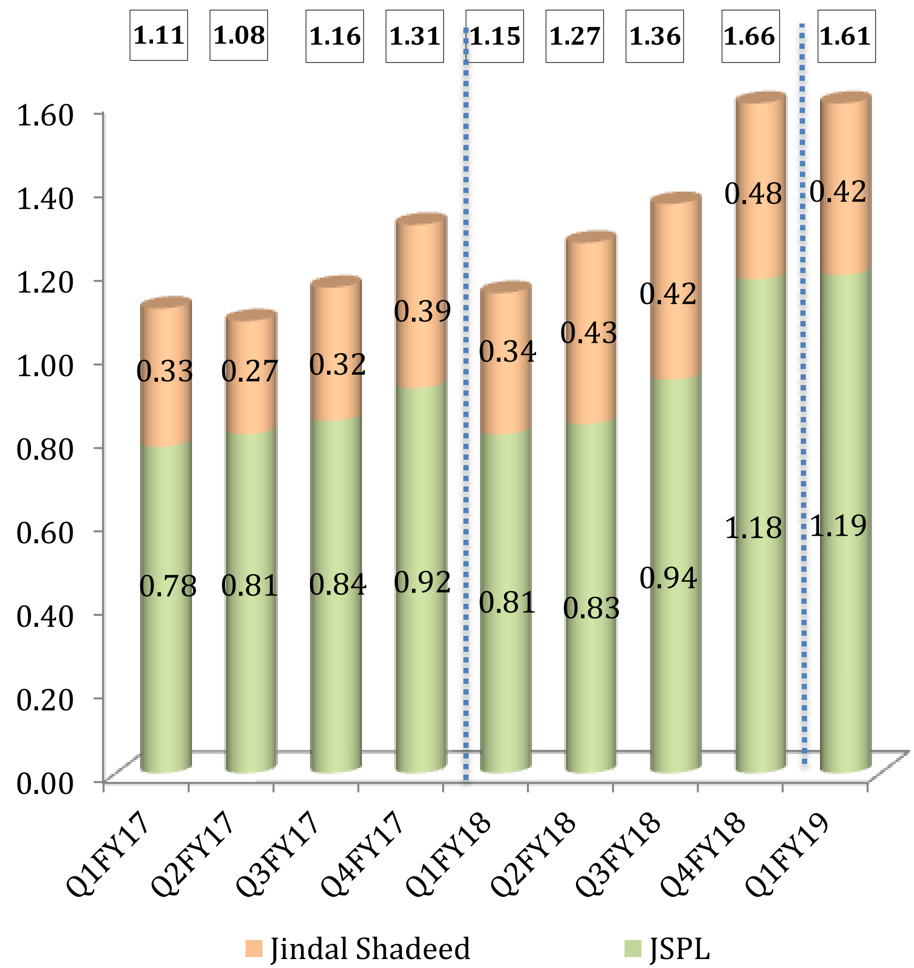
OPERATIONAL PERFORMANCE

Operational Performance

Consolidated Steel Production



Consolidated Steel Sales



(Figures in Million Tonnes)

Key Performance Highlights

- *JSPL Consolidated reported positive PAT at Rs 110 Cr in Q1FY19*
- *JSPL's Consolidated EBITDA increased by 68% Y-o-Y for Q1FY19*
- *JSPL's Standalone PAT increased by 129% Q-o-Q for Q1FY19*
- *JSPL's Standalone EBITDA increased by 119% Y-o-Y for Q1FY19*
- *Oman 's EBITDA increased by 111% Y-o-Y*
- JPL Cash Profit increased from Rs. 98 Crs in Q4 FY 18 to Rs. 167 Crs in Q1 FY19
- *Increase in JPL Generation by 19% from 2,310 MU in Q4FY18 to 2,751 MU in Q1FY19*

Key Priority for Q2FY19

Asset Sweating

- ✓ Capacity Utilization:
  - Speedy Angul Ramp Up
  - Focus on Value Added Products across all segment of products
- ✓ Efficient Supply Chain to support Volume Growth
  - Explore New Markets to support volume sales

Raw Material Security

- ✓ Scout for Captive Resources:
  - Continue to scout for captive sources & linkages
  - Utilization of overseas mines to hedge & secure Raw Material
- ✓ Optimal Availability of raw material at plant to support production
  - Optimal Availability of Raw Material (IO/Coal/Pellet) for Steel Plants & Power Plants
  - Inventory Norms Created for each unit to optimize Working Capital

Financial Prudence

- ✓ Focus on reducing financial leverage
  - International Assets Rationalization
  - Limit and reduce debt exposure on Indian Business
- ✓ Working Capital Management
  - Manage Cash to Cash Cycle
  - Inventory /Receivable Control
  - Cash collection

Key Customers & Adding…

JINDAL PANTHER

ANGUL

JINDAL

RAIGARH

OMAN

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THANK YOU