Q4 FY'18

Industry Update & Key Performance Highlights

JINDAL STEEL & POWER

9th May, 2018

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PRESENTATION OUTLINE

Q4 FY'18

INDUSTRY DEVELOPMENTS | BRIEF BACKGROUND | OPERATIONAL PERFORMANCE

INDUSTRY DEVELOPMENTS

Better Economy & Steel Demand-Supply Balance

Strong Global Economy:

>Global growth momentum strengthens and is on a broader footing . Solid U.S. fundamental, firming recovery in EU, China re-acceleration, recovery in developing economies .
>Moderate rebound in oil prices, contained inflation
>Most benign global economic environment since the financial crisis
>Growth in India and ASEAN remains on a solid ground
>Many developing countries are progressing with structural reforms

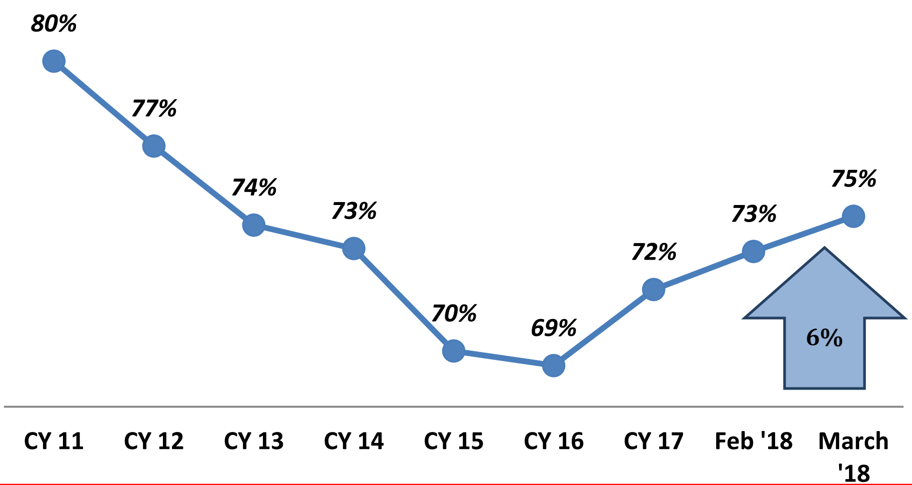
Steel demand recovered across key markets

> Tail wind continue to push

Capacity cuts in China improve supply and demand balance

>150 mt cuts according to long-term capacity reduction plan
>35 mt cuts expected going forward due to stricter environmental policies
>**protectionism and capacity reduction lead to lower pressure from Chinese Export**

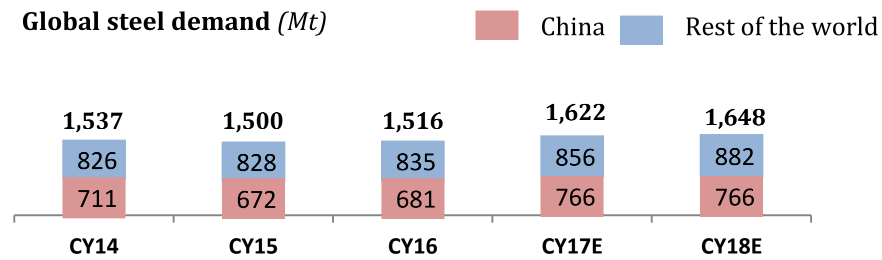
> Global Steel Capacity Utilization improved in CY17



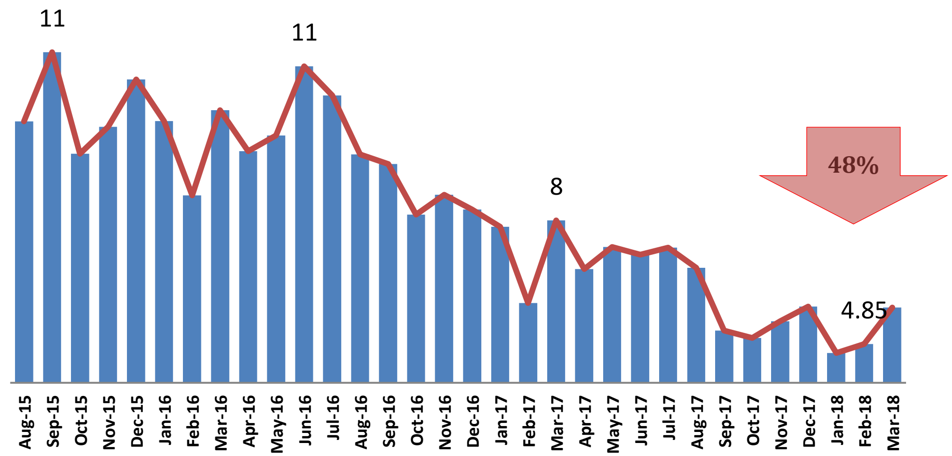
> Global economic momentum bodes well for steel demand growth

> Following the closure of outdated induction furnaces in FY17 , nominal growth rate for steel demand in China increased to 12.4% / 766 million tonnes
> WSA expects 1.8% world demand growth for finished steel for CY 18

Global steel demand *(Mt)*



> Chinese Export Down by 48% from its peak level



Source: WSA/CISA/Broker Reports/JSPL Estimates

Spreads Widen on Demand Growth

Raw material basket increase lags steel prices growth

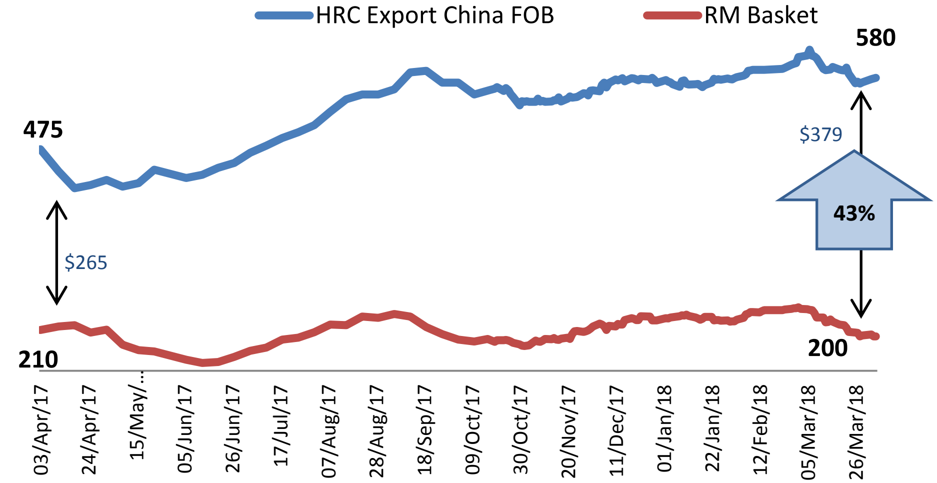
>Steel Vs Raw Materials basket : Spread +43%
>Recent uptick is driven by lower inventories and one-off (congestions in ports in Australia)

Chinese steel stocks level remains below 5Y average

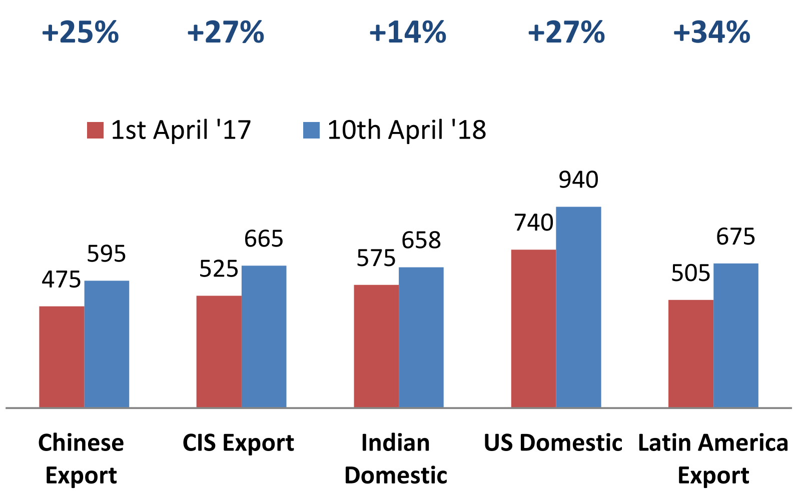
Steel prices react strongly to better supply/demand balance :

>EU: prices improved on lower competition and cost push
>Russia: prices are set to grow in Jan/Feb
>China: FOB prices up on limited supply and raw materials growth

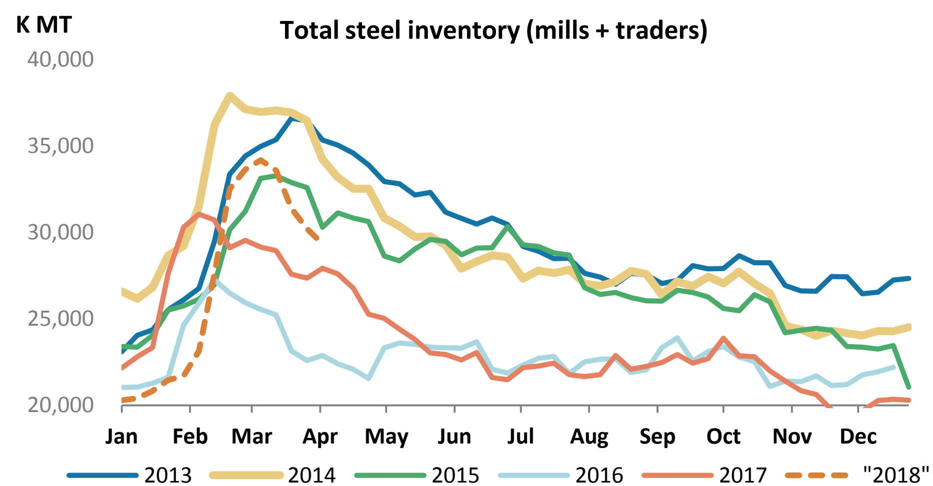
> Steel spreads up on higher steel demand



> Price increases in key markets (Plate Price: $/MT)

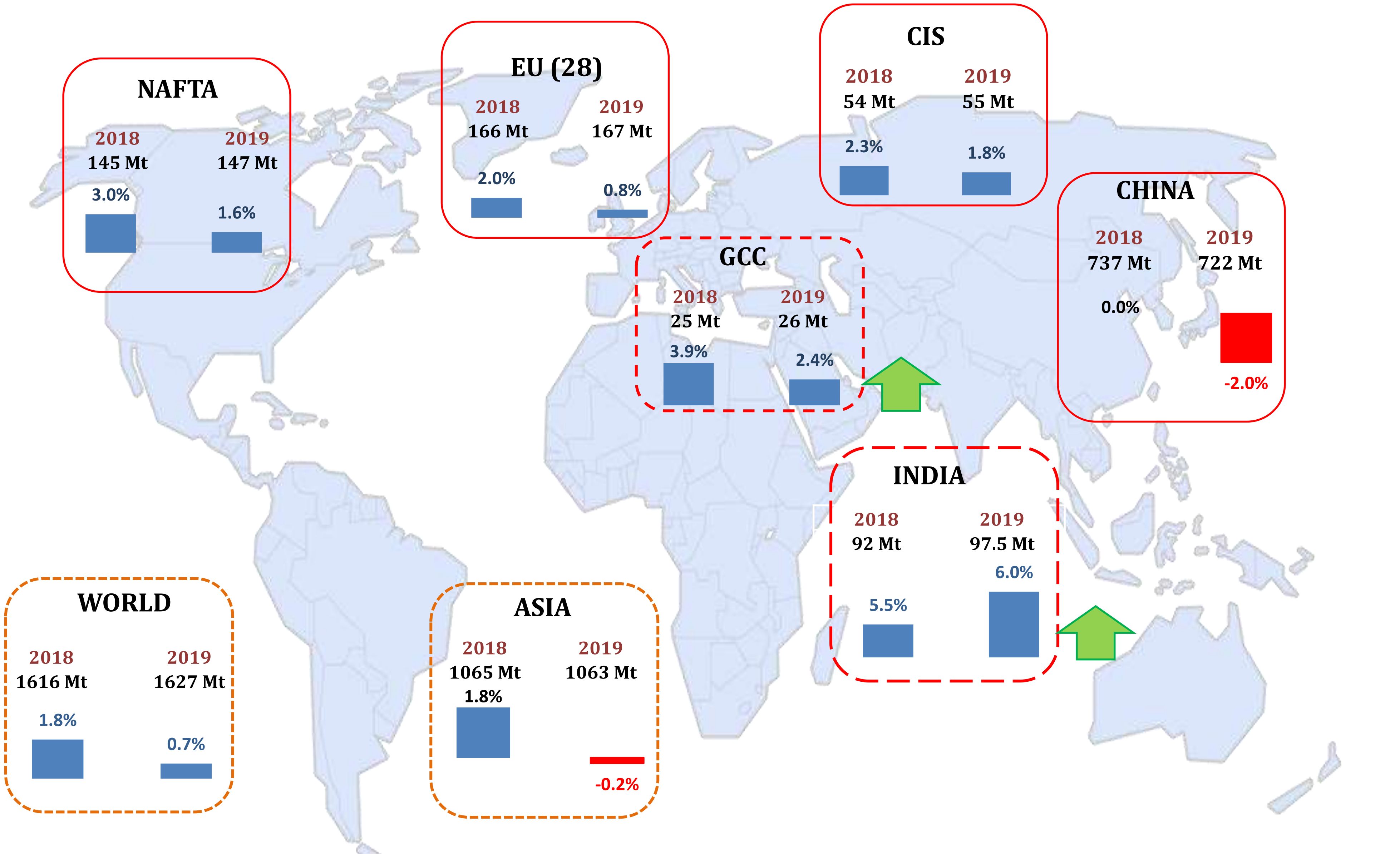


> Chinese steel stocks levels remain low while supply picks up



Source: WSA/Metal Bulletin/JSPL Estimates

World: Short Range Demand Outlook



Source: WSA

GCC Countries: Depend on Steel Imports

GCC Market:

> There is a **clear domestic supply gap over Consumption**

>Crude Production grown up by a CAGR 11% (7 years)

>Consumption of Steel grown up by a CAGR 2.7% (7 years)

> Long Steel consumption (~75%) higher Vs Flat Steel

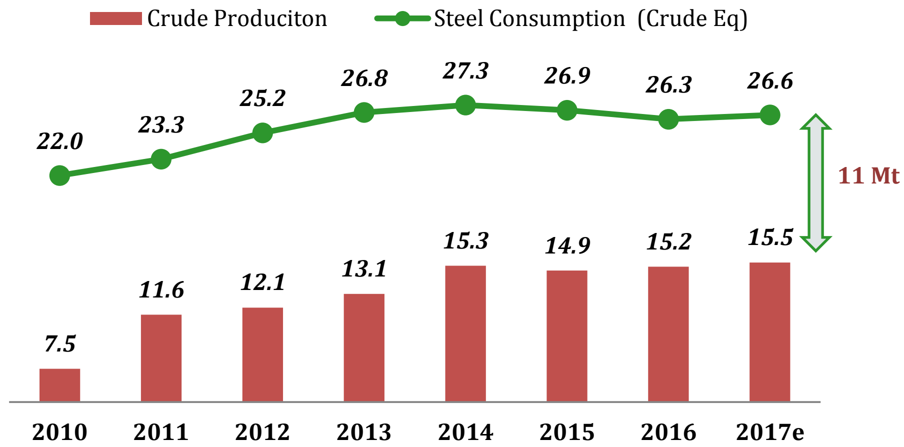
> **Majority of Expansions** by state-affiliated companies:

- Like Sabic, ESI, Qasco etc.

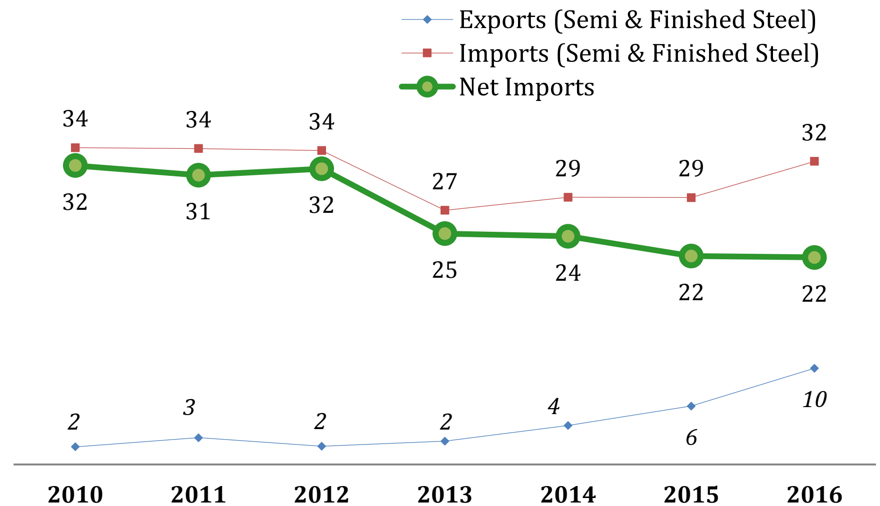
> **Pellet**:

- GIIC (Bahrain) and Vale (Oman) Cumulative Pellet capacity of **20 Mt**
- Enough to satisfy much of the merchant demand

> GCC: Crude Production Vs Consumption



> Middle East : Net Import Middle East



Middle East Market:

>The Middle East market is heavily depended on the imports

> Annual Net Imports of more then 20 Mt

➢However net imports is declining over the last few years due to emergence of local supply

GCC: Bahrain, Kuwati, Oman, Qatar, Saudi Arabia & UAE

Source: WSA/SPL Estimates

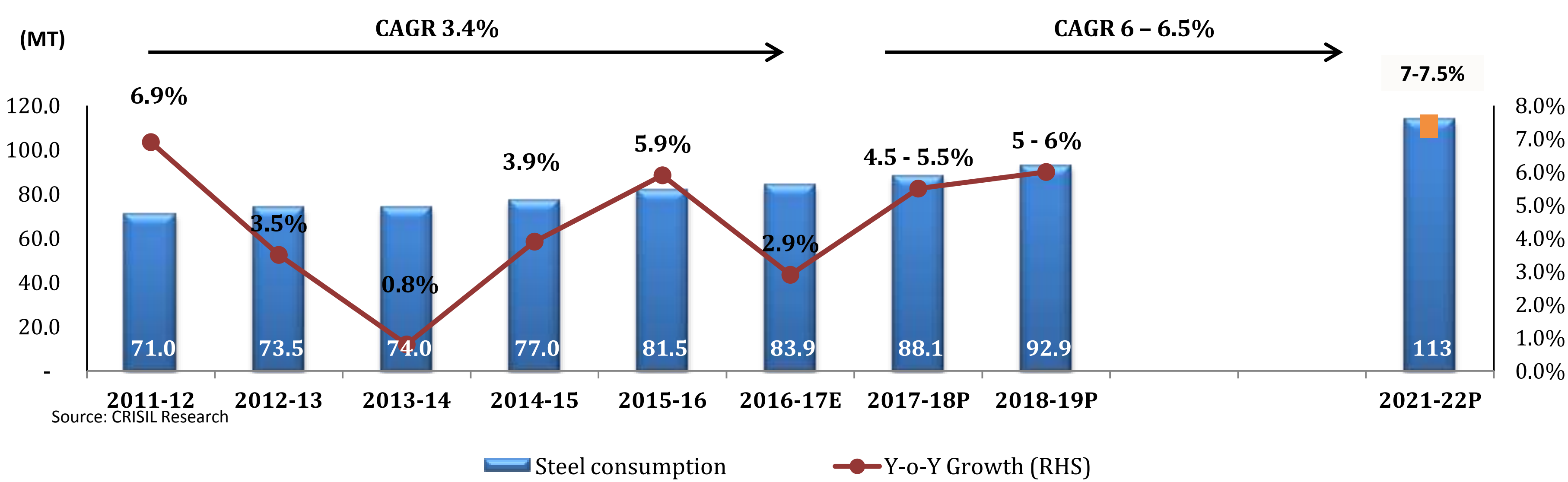
Robust Outlook for Indian Steel Industry

>India's per capita steel consumption is expected to increase to 175 Kg in 2025; potentially a 250Mt crude consumption opportunity,

>**GDP Per capita** has gone up to ~$2000/Capita in March '18 compared with $1,751.85 in March '17, will likely to go further

>Government pushing for more steel intensive manufacturing industries and Construction practices

> Indian steel demand forecast Increased government spending to spur growth



Source: CRISIL/World Bank/JSPL Estimates

Impetus on Infrastructure Spending

It is estimated that, on average, a 1% increase in infrastructure investment is associated with a 1.2% increase in GDP growth

> **Mega programme** for Road Construction (Bharatmala)

> Significant **Railway reform & Spending**

> Emergence of New Infra Segments:

- Civil Aviation : Nextgen Airport for Bharat (NABH Nirman) & UDAN Scheme
- Impetus on Solar & Renewables Power
- Metros in A & B Class city

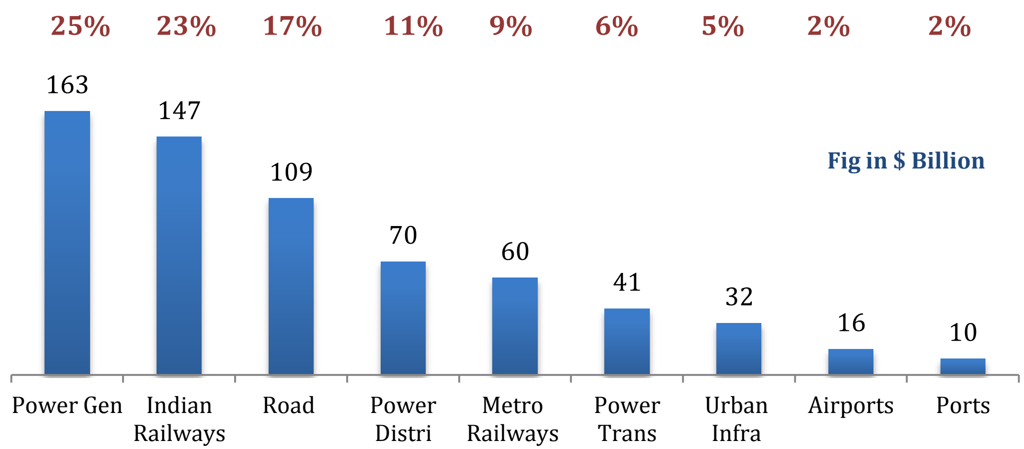
>Gov initiated major reforms, project implementation becomes swifter

- Reduction of Stuck projects
- Project running behind Declined (Current 25% Vs 56% in March 13
- Better Payment terms & Speedier Dispute Resolution
- Open & Transparent Bidding in various projects

> National Highway construction pace accelerated

- Current 26KM/day Vs 3-6KM/day during 2012-14

> Estimated Infra Capex planned : Total $650 Billion in 5 years (2018 to 2023)



> FDI in Infra Picks Up

Source: RBI, CEIC, Citi Research

Source: GOI Announcements/JSPL Estimates

Indian Domestic Carbon Steel Demand

Domestic Carbon Steel Market Size Continue to Expand

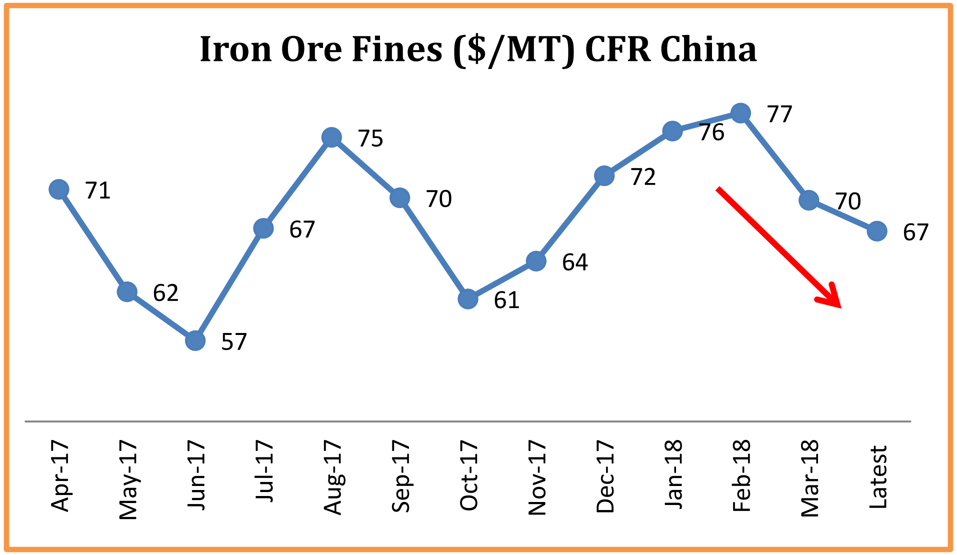
Fig in Mt	Category	Consumption (FY' 17)	Growth (y-o-y)	Consumption (FY'18)	Growth (y-o-y)
Long Carbon Steel	Bars & Rods	**33.7**	5.1%	34.4	2.2%
	Structurals	**7.8**	4.3%	8.0	2.2%
	Rly. Materials	**1.05**	13 %	1.23	17.3%
Flat Carbon Steel	Plate	**5.15**	2.1%	5.13	(0.4)%
	HRC/Skelp	**13.68**	9.8%	16.4	20%
	CR Sheets/Coils	**4.4**	2.1%	3.3	(25)%
	GP/GC	**6.6**	0.9%	7.6	14%
	Finished Carbon Steel	**76.96**	4.2 %	**81.8**	**6.3%**

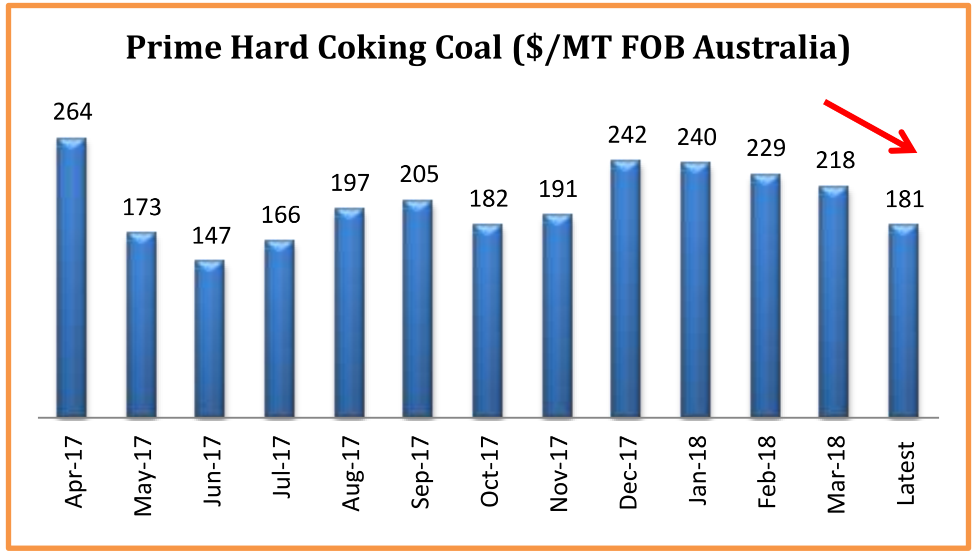
Indian Steel Demand Outlook:
India's Finished Steel demand will Grow by 5.5% & 6% in 2018 & 2019 respectively

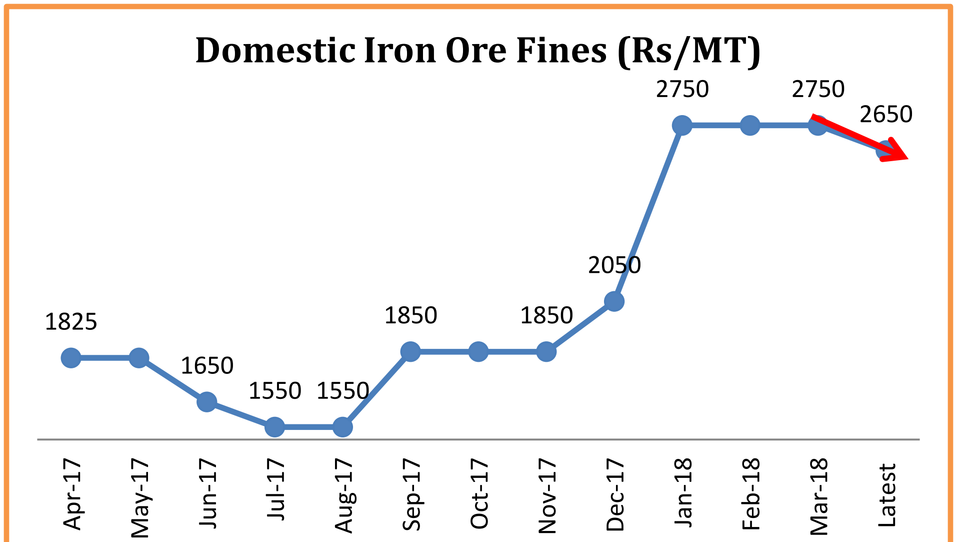
Source: WSA/JPC

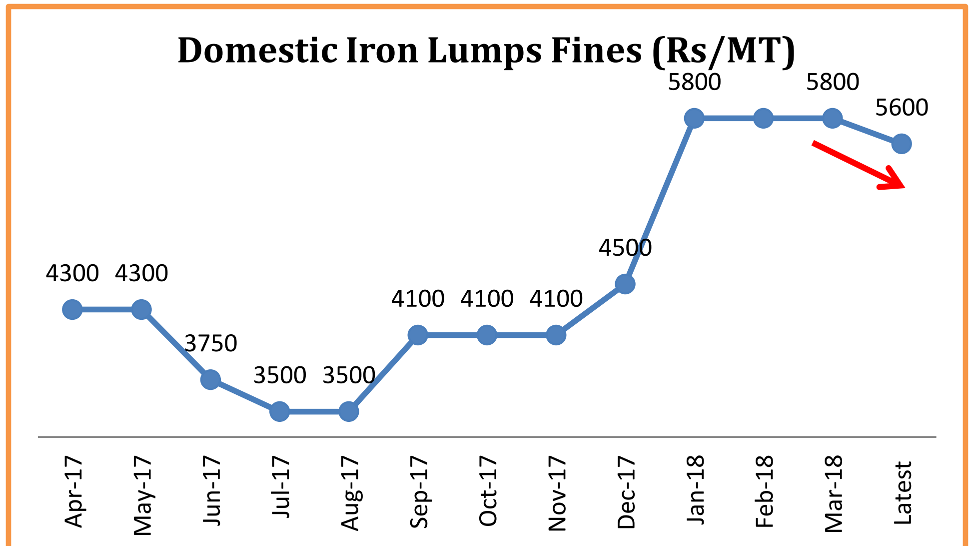
INDUSTRY UPDATE
STEEL SECTOR

Raw Material Price Trend





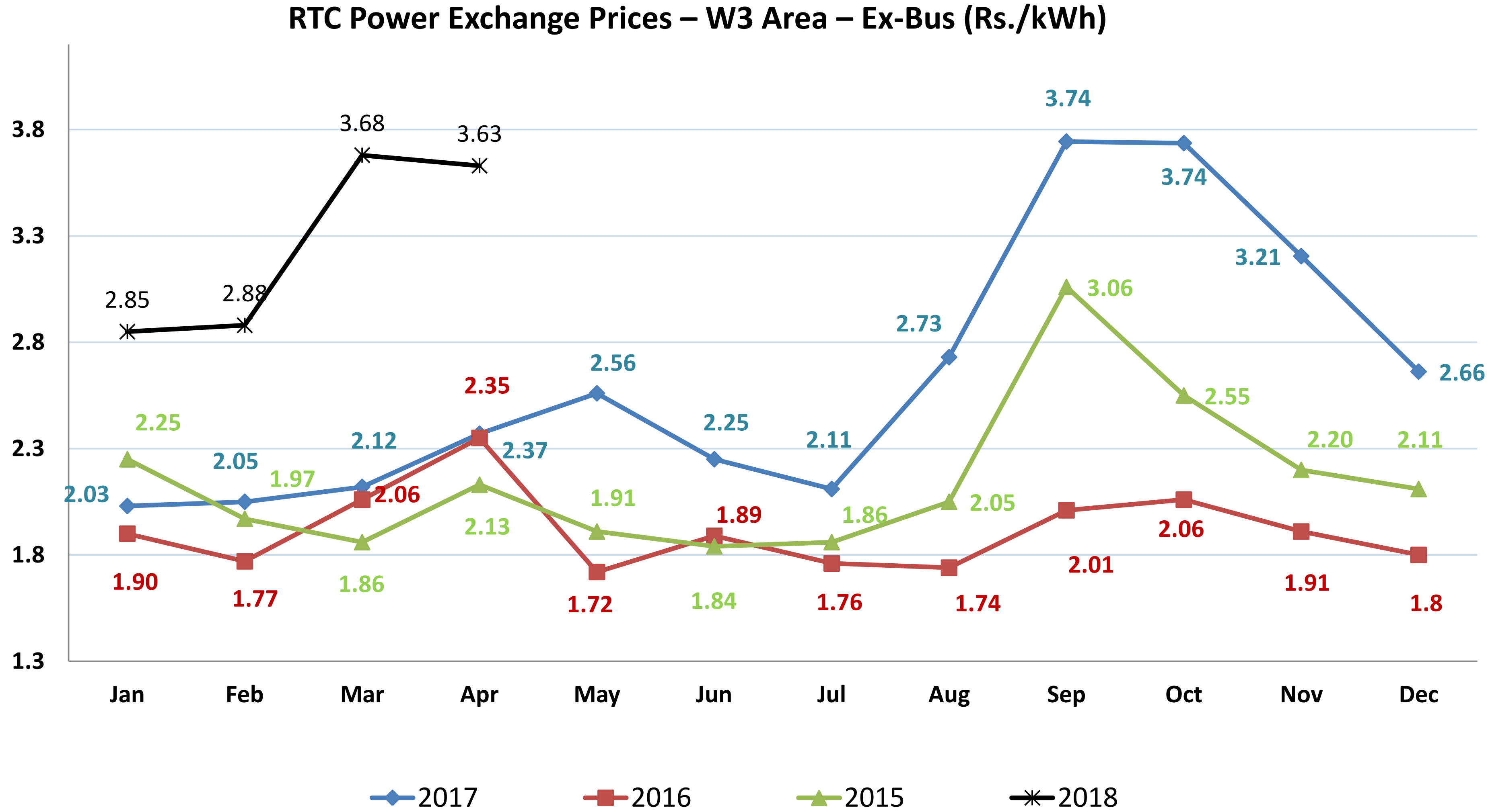




Source: Platts/Steel Mint

INDUSTRY UPDATE
POWER SECTOR

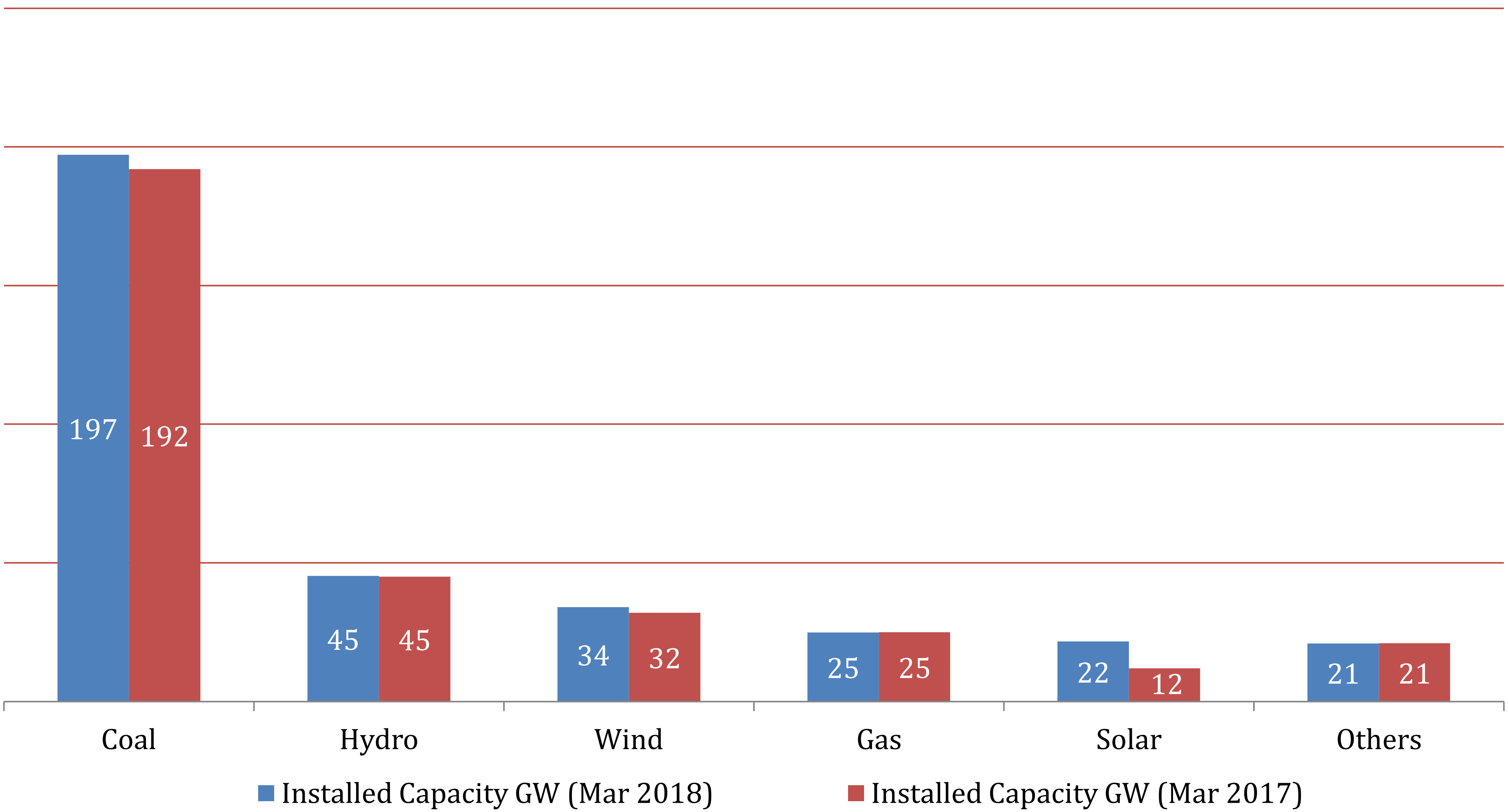
Power Exchange Prices



* For equal comparison, Transmission charges/losses of Rs 0.34/Unit taken for all years.

Source: IEX

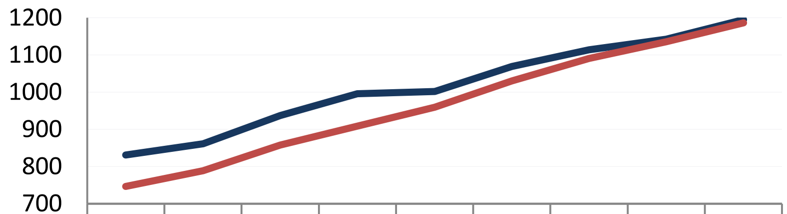
Installed Capacity in India as on Mar'18



Source: CEA

Power Business: Low Demand

Energy Requirement vs Availability (in BUs)

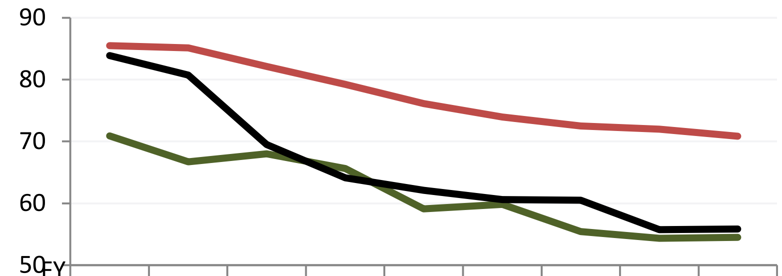


FY	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Requirement	831	862	937	996	1002	1069	1114	1143	1195
Availability	747	788	858	909	960	1031	1091	1135	1187

➢ Gap between Energy Requirement and Availability reduced to 0.7% in FY 17-18.

➢ Gap between Peak Demand and Availability reduced to 2% in FY 17-18.

Sector-wise PLF (%)



FY	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Central	85.5	85.1	82.1	79.2	76.1	73.96	72.52	71.98	70.85
State	70.9	66.7	68	65.6	59.1	59.83	55.41	54.35	54.51
Private	83.9	80.7	69.5	64.1	62.1	60.58	60.49	55.73	55.82

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

✓ While Demand is increasing by ~4.5%, the fall in PLF of IPPs is due to coal shortage and rapid addition of conventional & renewable capacities.

✓ 75% of the Exchange Market (~ 5000MW) is met by State Utilities and only 25% by IPPs.

✓ Government's program of "24x7 Power for All", coupled with expected boom in Electric Vehicles is likely to augment demand in the long term

✓ Upcoming State & Central elections are also likely to result in a spurt in demand in the short term

Source: CEA

PRESENTATION OUTLINE

Q4'FY18

INDUSTRY DEVELOPMENTS

BRIEF BACKGROUND

OPERATIONAL PERFORMANCE

JSPL: Among Top World Class Steel Maker

Ranked "25"

World Class Steel Makers in World

by

***World Steel Dynamics - USA** (June 2017)*

Ahead of

Hadeed (ranked 26) **RINL (ranked : 27)**

Positives

Expanding Capacity (score: 10/10)	**Location in high growth market** (score: 10/10)	**Location Close to Customer** (score: 810)	**Harnessing Tech Revolution** (score: 9/10)	**Labour Cost** (score: 9/10)	**Environment & Safety** (score: 9/10)	**Pricing Power in home Market** (score: 7/10)

Area for improvement

Size (score: 3/10)	**Coking Coal Mines** (score: 3/10)	**Balance Sheet** (score: 3/10)	**Iron Ore Mines** (score: 5/10)	**Profitability** (score: 5/10)	**Value Add product mix** (score: 6/10)	**Downstream business & Energy Cost** (score: 6/10)

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

(6.55 MTPA)

WRM 0.60 MTPA

RUBM 0.75 MTPA

MLSM 0.60 MTPA

Plate Mill 2.20 MTPA

BRM 2.4 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 2.0 MTPA		Coal Overseas 6.60 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

***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

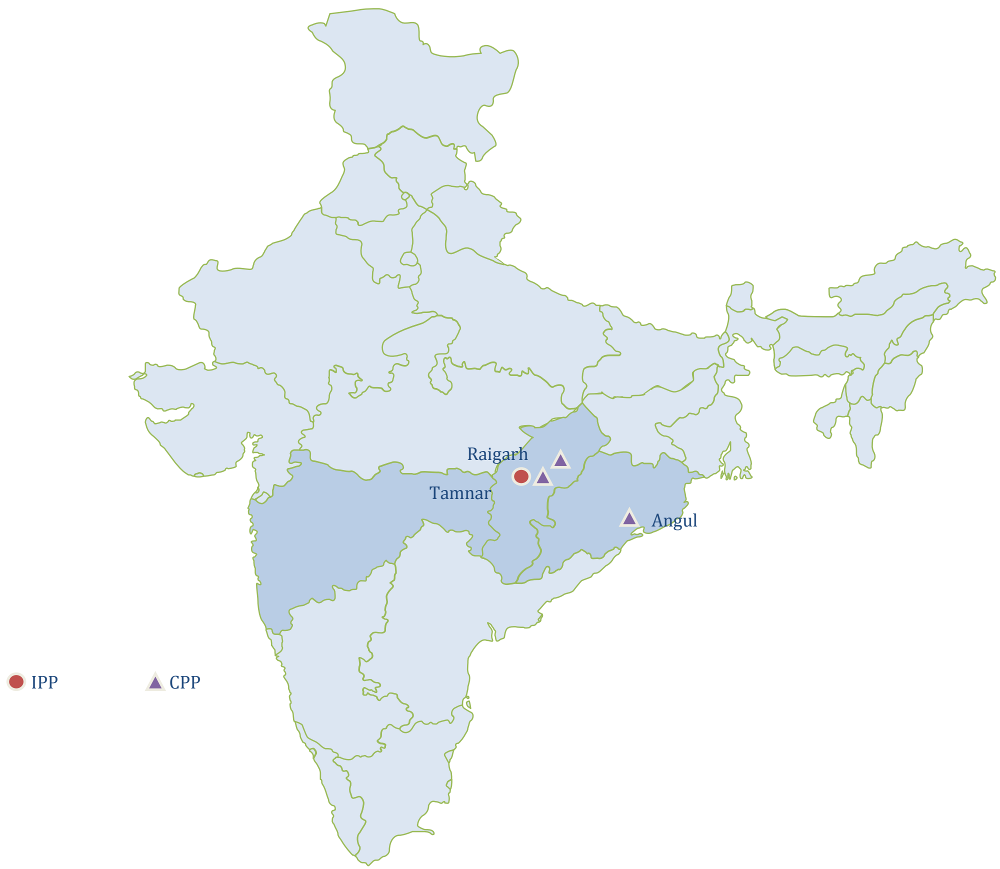
(Figures in Rs. Crores)

Particulars	Q4FY18	Q3FY18	Q4FY17	%QoQ	%YoY
Total Revenue	5,752	4,272	4,545	+35%	+27%
EBITDA	1,519	921	914	+65%	+66%
EBITDA %	26%	22%	20%		
Depreciation	468	465	489	+1%	-4%
Finance Cost	686	594	515	+16%	+33%
PBT before Exceptional	364	(138)	(81)		
Exceptional Items	194	-	-		
Profit/(Loss) Before Tax	170	(138)	(81)		
Profit/(Loss) After Tax	145	(74)	(116)		

(Figures in Rs. Crores)

Particulars	FY18	FY17	%YoY
Total Revenue	17,523	15,494	+13%
EBITDA	3,973	2,902	+37%
EBITDA %	23%	19%	
Depreciation	1,910	2,044	-7%
Finance Cost	2,391	2,324	+3%
PBT before Exceptional	(328)	(1,457)	
Exceptional Items	344	-	
Profit/(Loss) Before Tax	(672)	(1,457)	
Profit/(Loss) After Tax	(362)	(986)	

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

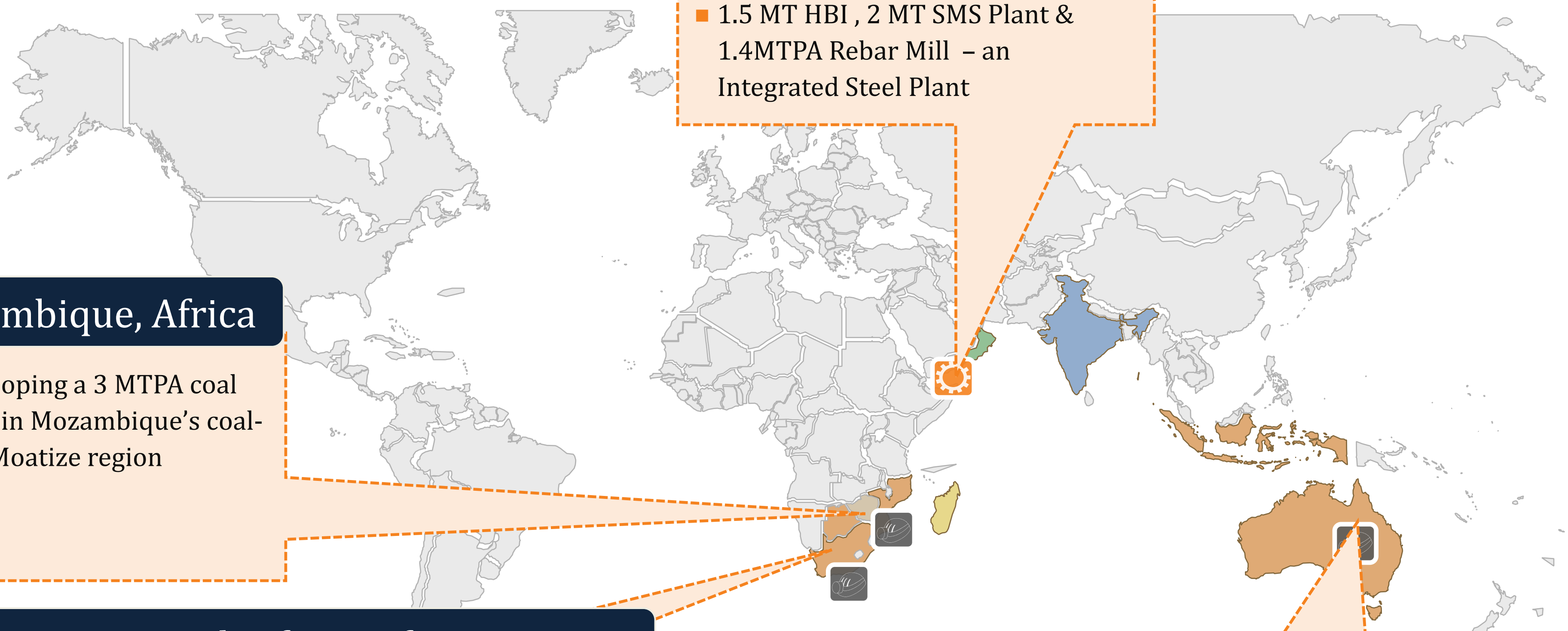
(Figures in Rs. Crores)

Particulars	Q4FY18	Q3FY18	Q4FY17	%QoQ	%YoY
Net Sales	952	1,172	863	-19%	+10%
EBITDA	265	356	381	-26%	-31%
EBITDA %	28%	30%	44%		
Depreciation + Amortization	377	381	376	-1%	
Interest	237	244	235	-3%	+1%
Profit/(Loss) Before Tax	(282)	(198)	(135)		
Profit/(Loss) After Tax	(272)	(173)	(84)		
Cash Profit	98	186	241	-48%	-60%
Generation (MU)	2,310	2,982	2,336	-23%	-1%

(Figures in Rs. Crores)

Particulars	FY18	FY17	%YoY
Net Sales	4,081	3,119	+31%
EBITDA	1,434	1,048	+37%
EBITDA %	35%	34%	
Depreciation + Amortization	1,508	1,436	+5%
Interest	936	789	+19%
Profit/(Loss) Before Tax	(733)	(780)	
Profit/(Loss) After Tax	(673)	(668)	
Cash Profit	778	656	+19%
Generation (MU)	10,905	9,176	+19%

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

- Acquired 60.3% stake in Wollongong Coal

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 Consolidated Key Financials

(Figures in Rs. Crores)

Particulars	Q4FY18	Q3FY18	Q4FY17	%QoQ	%YoY
Total Revenue	8,599	6,993	6,756	+23%	+27%
EBITDA	2,136	1,607	1,552	+33%	+38%
EBITDA %	25%	23%	23%		
Depreciation	960	963	1006		-5%
Finance Cost	1,071	967	864	+11%	+24%
PBT before Exceptional	106	(323)	(309)		
Exceptional Items	438	--	(253)		
Profit/(Loss) Before Tax	(332)	(323)	(56)		
Profit/(Loss) After Tax	(426)	(277)	(98)		

(Figures in Rs. Crores)

Particulars	FY18	FY17	%YoY
Total Revenue	27,841	22,696	+23%
EBITDA	6,469	4,709	+37%
EBITDA %	23%	21%	
Depreciation	3,883	3,949	-2%
Finance Cost	3,866	3,441	+12%
PBT before Exceptional	(1,277)	(2,671)	
Exceptional Items	587	372	
Profit/(Loss) Before Tax	(1,864)	(3,043)	
Profit/(Loss) After Tax	(1,624)	(2,540)	

PRESENTATION OUTLINE

Q4 FY'18

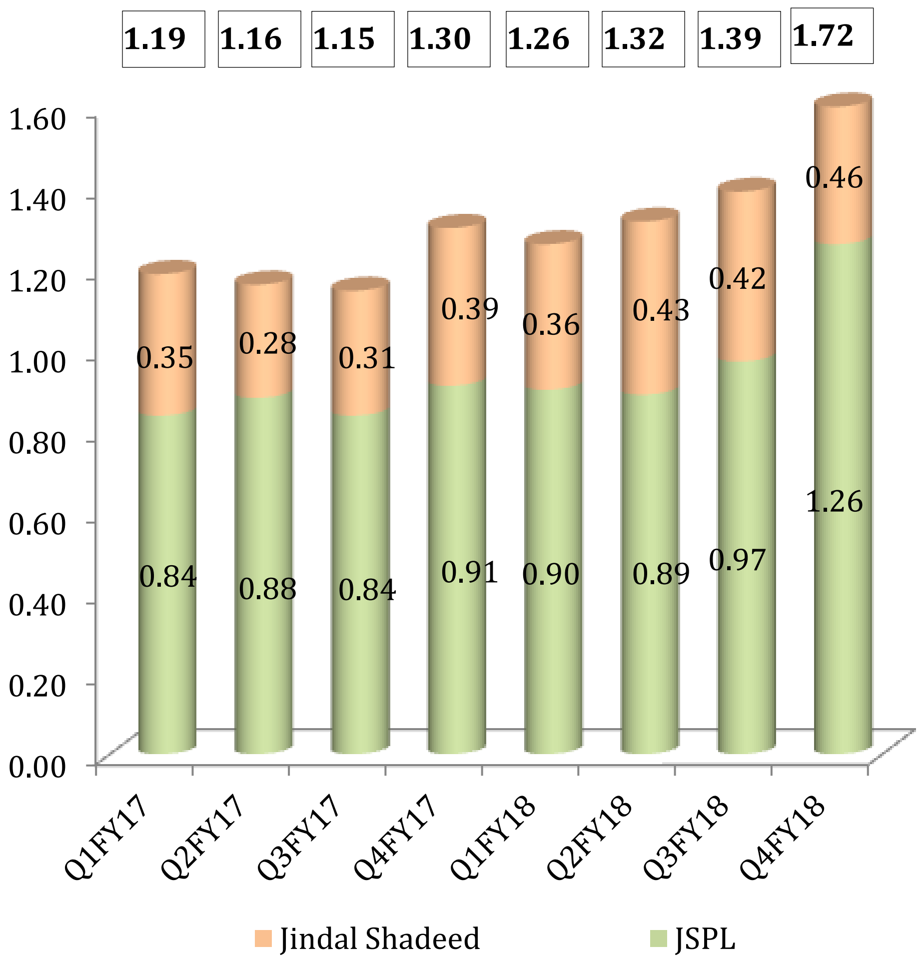
INDUSTRY DEVELOPMENTS

BRIEF BACKGROUND

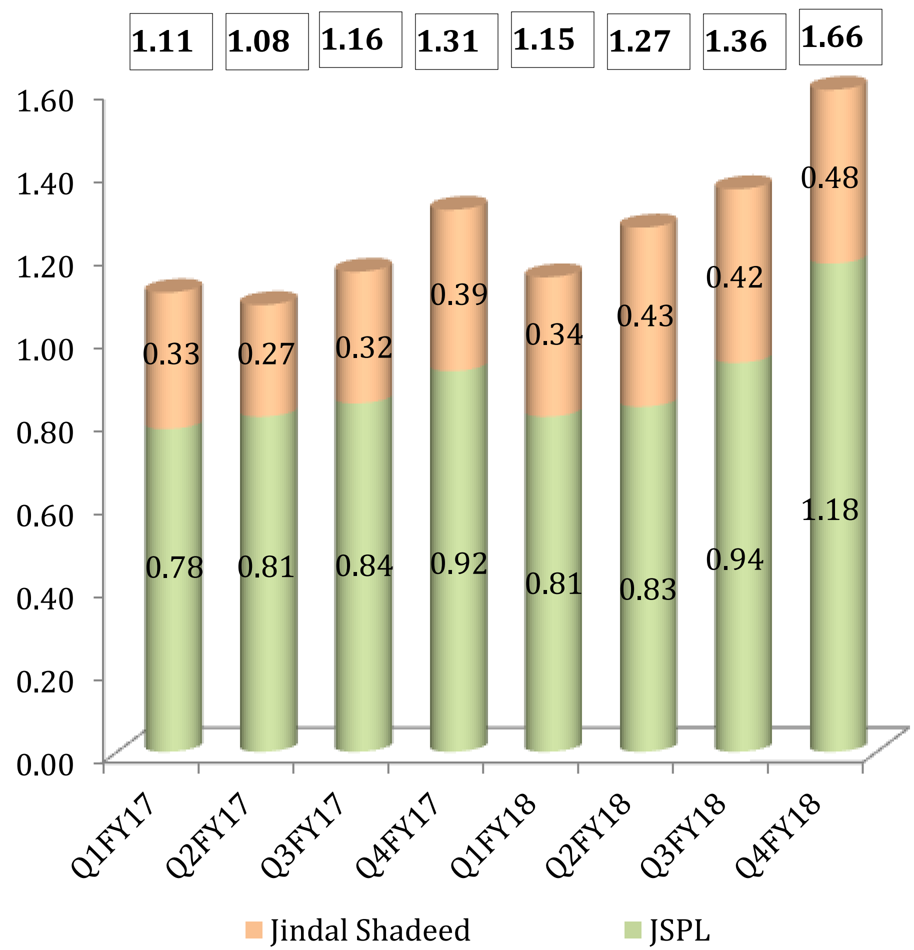
OPERATIONAL PERFORMANCE

Operational Performance

Consolidated Steel Production



Consolidated Steel Sales



(Figures in Million Tonnes)

Key Performance Highlights

- *Highest Ever Crude Steel Production in 4QFY18 at 1.72MT*
- *JSPL's Standalone EBITDA increased by 66% Y-o-Y for Q4FY18*
- *JSPL Standalone reported positive PAT at Rs 145 Cr in Q4FY18 after13 successive quarters*
- *JSPL's Consolidated EBITDA increased by 38% Y-o-Y for Q4FY18*
- *Oman 's EBITDA increased by 107% during FY18*
- *Commencement of mining operations in Australia*
- *Increase in JPL Generation by 19% and in EBITDA by 37% Y-o-Y in FY18*

Awards & Accolades

Oman

- ***Sultan QABOOS*** *award for industrial excellence & Innovation – 2017-18*
- ***Frost & Sullivan Award*** *- 2017*

Tensa

- *Conferred with 23 Nos, prizes during 55th Annual Mines Safety week celebration -2017, under the aegies of Directorate General of Mines Safety*

Patratu

- *JSPL Patratu awarded* ***Golden Bird Excellence Safety Award 2017 (Platinum Category)*** *towards achievement of workers' safety at the workplace*

Key Customers & Adding...

CPWD	NPCIL	कोंकण रेलवे कॉर्पोरेशन लिमिटेड KONKAN RAILWAY CORPORATION LTD.
Bureau of Indian Standards	पावरग्रिड	INDIAN RAILWAYS
एनटीपीसी NTPC	इंडियनऑयल IndianOil	रेल विकास निगम लिमिटेड Rail Vikas Nigam Limited
JUSCO A TATA Enterprise		IRCON
SIMPLEX INFRASTRUCTURES LTD	ADITYA BIRLA UltraTech	Indiabulls Indiabulls Power Limited.
LARSEN & TOUBRO It's all about Imagineering	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

दिल्ली मेट्रो रेल कॉरपोरेशन लिमिटेड 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 FORMERLY BANSAL CONTRACTORS INDIA LTD (Powered by Professionals)	LODHA BUILDING A BETTER LIFE
ESSAR	MAHARASHTRA SEAMLESS LIMITED	ABG
इंजीनियर्स इंडिया लिमिटेड ENGINEERS INDIA LIMITED Delivering Excellence through People	Indian Boiler Regulations - 1950	mbe McNally Bharat

ANGUL

RAIGARH

OMAN

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THANK YOU