# Q3 FY'18

# Industry Update & Key Performance Highlights

JINDAL STEEL & POWER

25th January, 2018

# DISCLAIMER

This presentation may contain certain forward looking statements concerning JSPL's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ 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, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance. We do not undertake to update our forward-looking statements.

This presentation is not intended, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in JSPL or any of it's subsidiary undertakings or any other invitation or inducement to engage in investment activities, neither shall this presentation nor the fact of it's distribution form the basis of, or be relied on in connection with, any contract or investment decision. Few numbers in this presentation are purely indicative & provisional and could change later.

# PRESENTATION OUTLINE

Q3 FY'18

INDUSTRY DEVELOPMENTS

BRIEF BACKGROUND

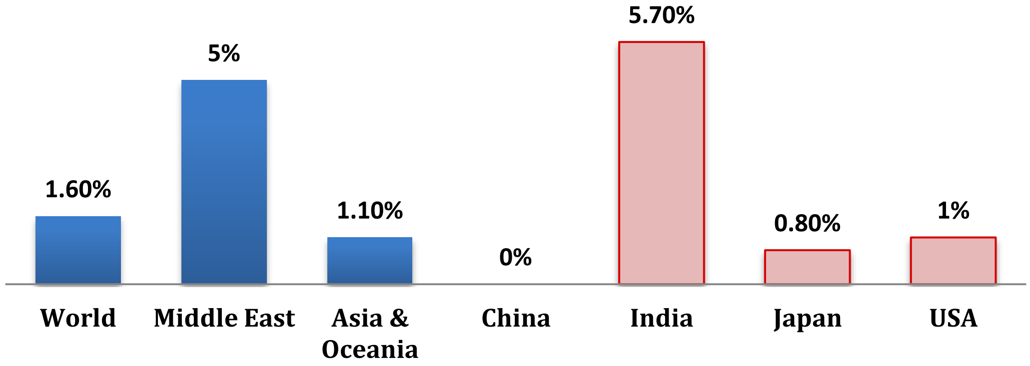
OPERATIONAL PERFORMANCE

# Green Shoots in Global Steel Market

1. 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
2. Most benign global economic environment since the financial crisis
3. Growth in India and ASEAN remains on a solid ground
4. Many developing countries are progressing with structural reforms

- **2018** world Finished **Steel Demand Revised Upward**
- **Protectionism and capacity reduction lead to lower pressure from Chinese Export**
- Global Steel Prices stabilizes due to **Upward demand and Firming Raw material prices**

**CY 2018 steel demand outlook revised upward**




Source: WSA

# Indian Steel Scenario : Apr-Nov FY '18 Major Highlights

| (Qty : Mt) | FY '17 | | April-Dec FY '18 | |
|---|---|---|---|---|
| Domestic Steel Industry | Qty | change (y-o-y) | Qty | change (y-o-y) |
| **Crude Steel Production** | 97.4 | 8.50% | 75.6 | 4.8% |
| **Finished Steel (Non Alloy+Alloy)** | | | | |
| **Import** | 7.23 | -38% | 6.1 | 11% |
| **Export** | 8.25 | 102% | 7.6 | 53% |
| **Real Consumption (Demand)** | 83.65 | 2.60% | 64.87 | 5.2% |

**April- Dec FY '18 : Other Highlights**

> **Crude Production** of **Primary Producers** grew by 6.8% (y-o-y) (43.5Mt.

> **India remains the Net Exporter of steel during 9months FY '18**

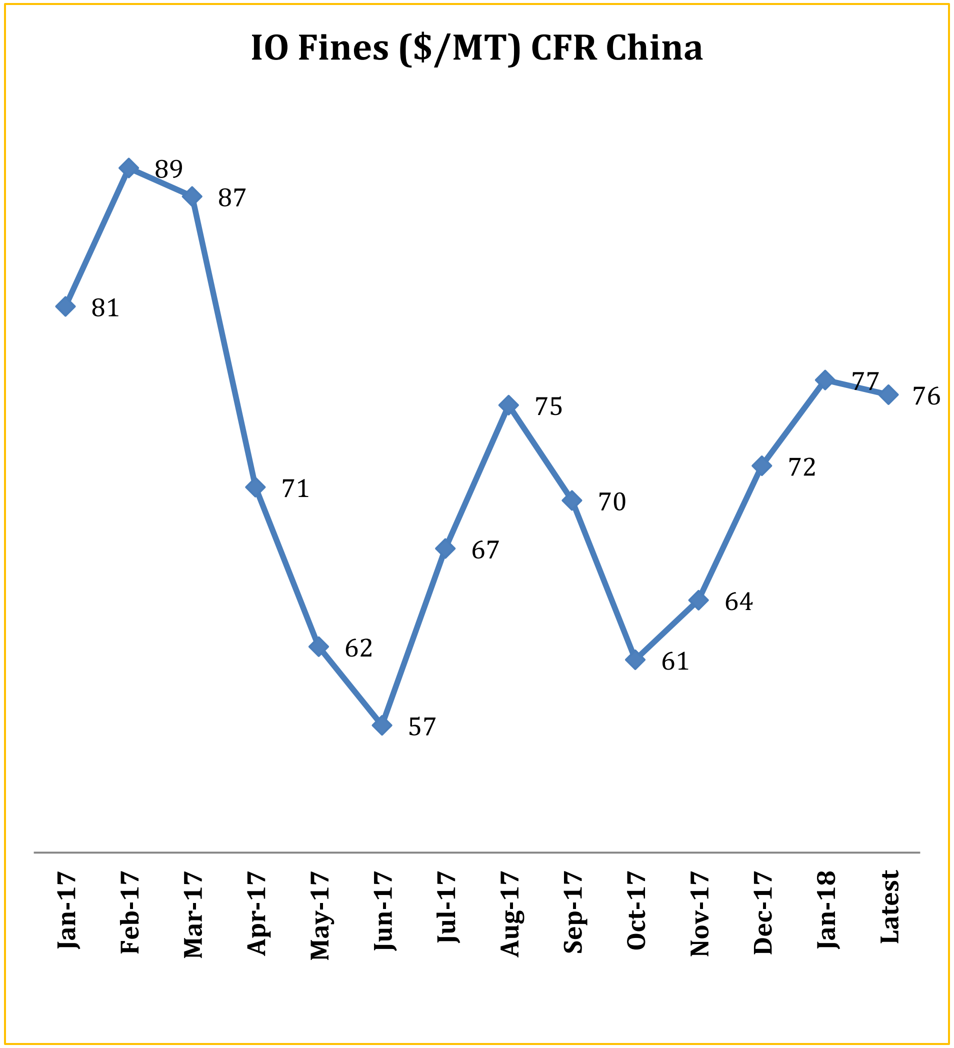
> **Finished Steel Demand :**

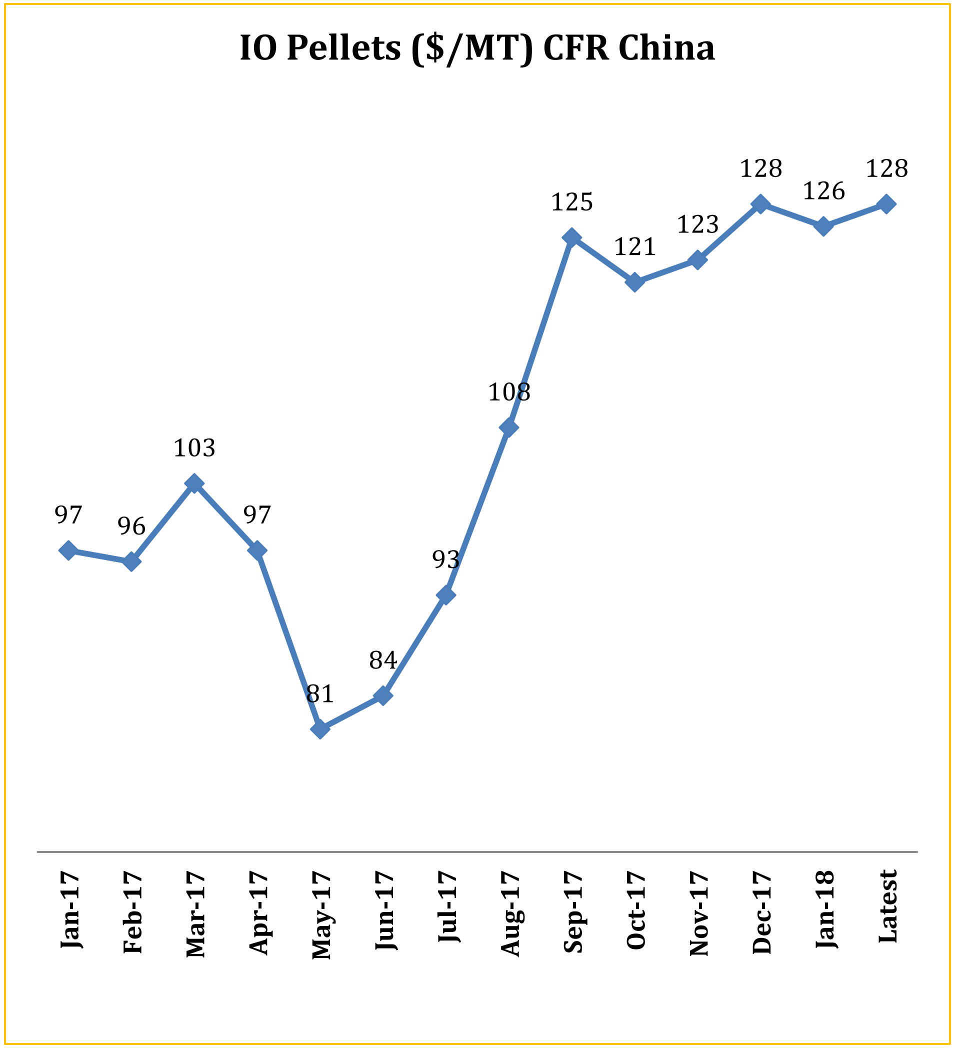
- Over all Steel consumption of finished steel grew by 5.2%
- Finished **Carbon Steel** Consumption grew by 4.9%, While Finished **Alloy Steel** Consumption **increased** by 8%

Source: JPC

# INDUSTRY UPDATE
# STEEL SECTOR

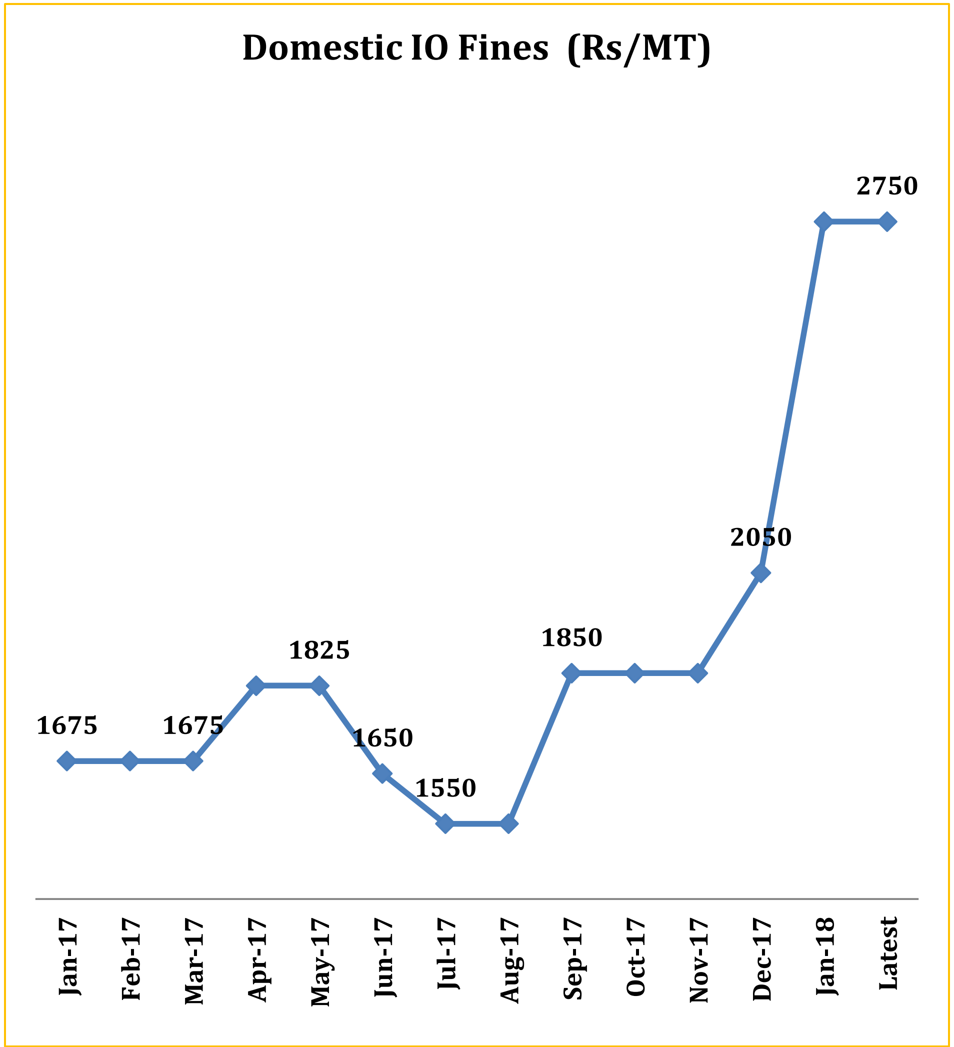
## International Iron Ore & Pellet Price Trend

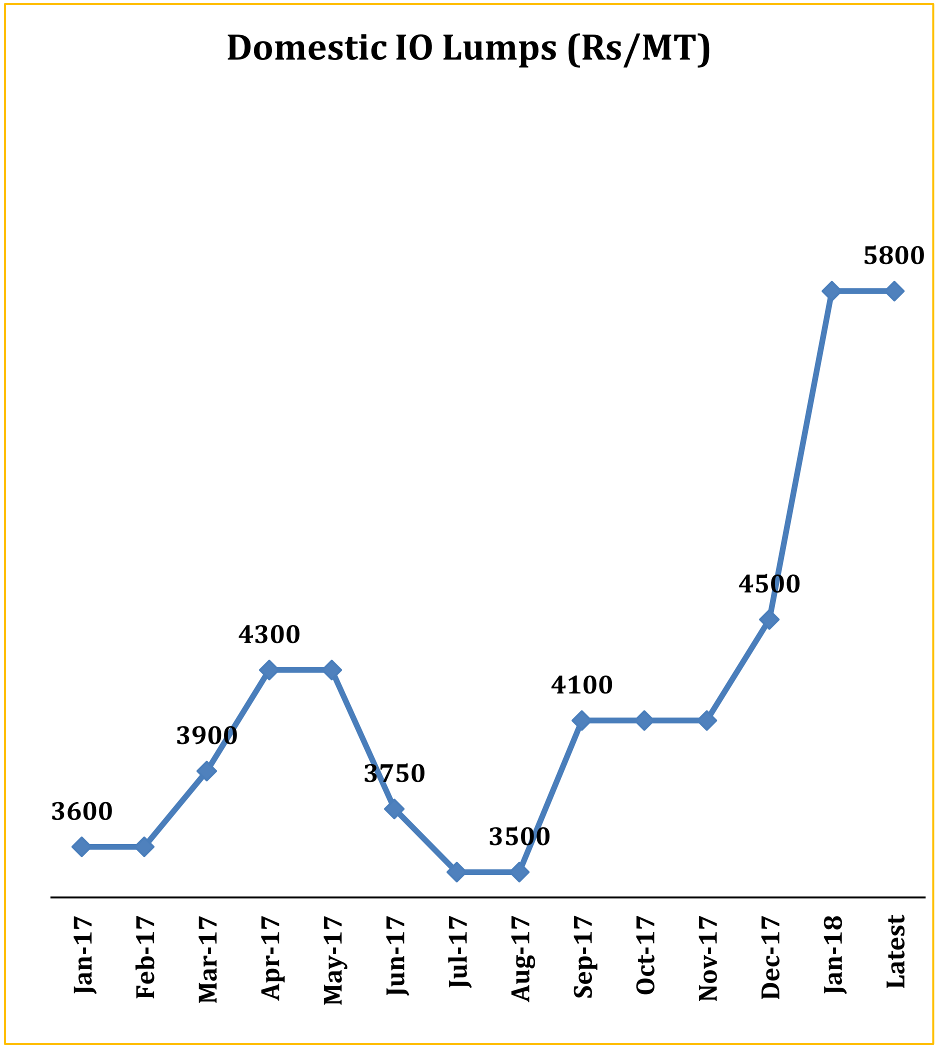



**Source: Platts/Steel Mint**

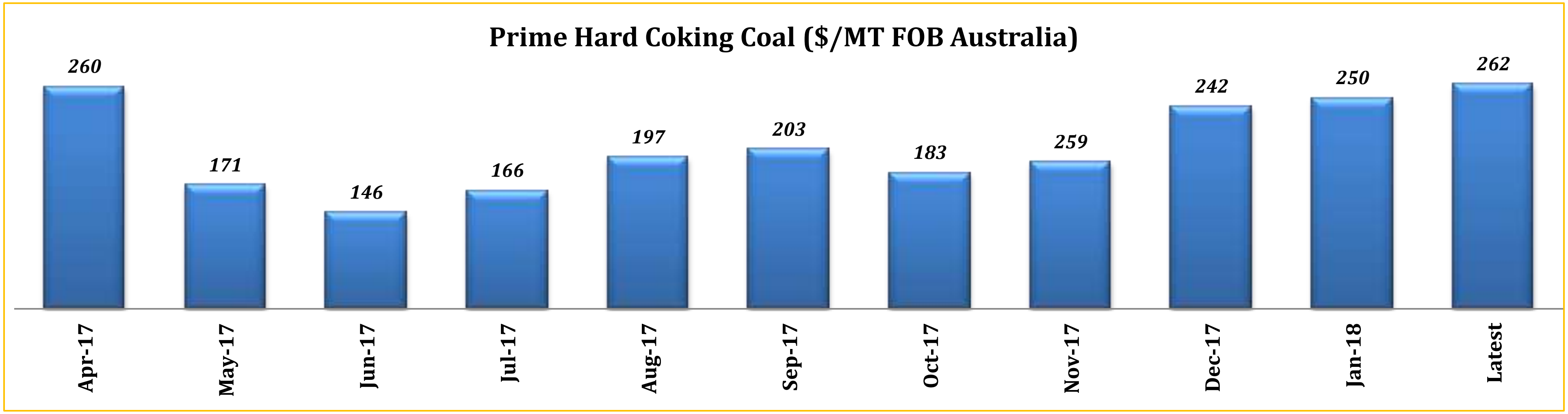
# Domestic Iron Ore Trend

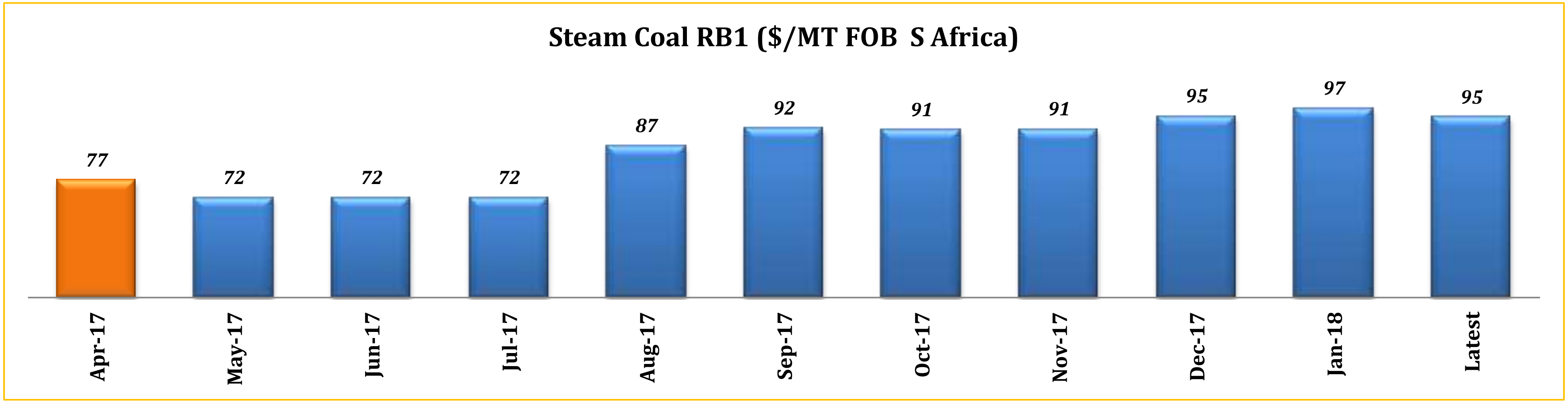



**Source: Platts/Steel Mint**

# International Coal : Price Trend



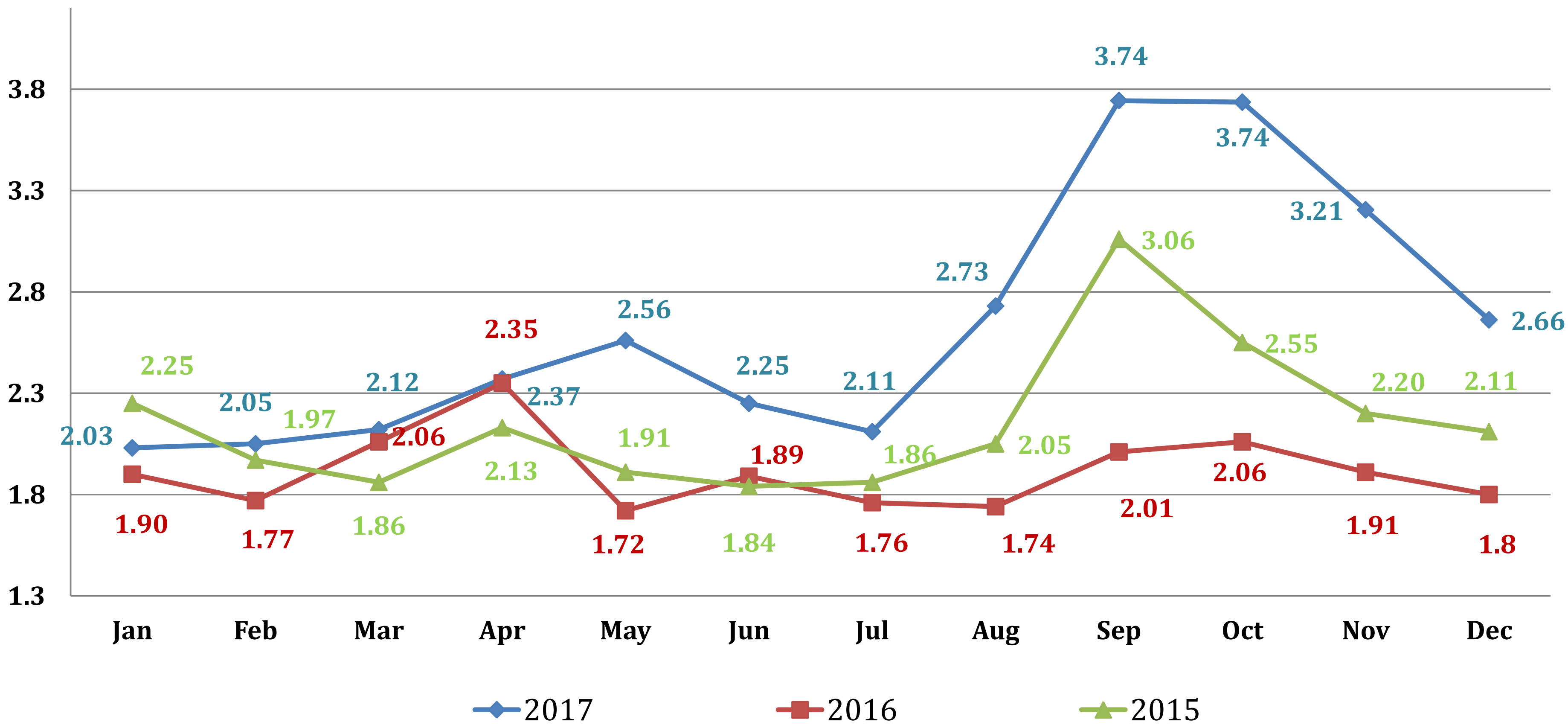




**Source: Platts, Argus**

# INDUSTRY UPDATE
# POWER SECTOR

## Major Updates: Exchange Prices

RTC Power Exchange Prices – W3 Area – Ex-Bus (Rs./kWh)




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

*Source: IEX*

# PRESENTATION OUTLINE

Q3'FY18

INDUSTRY DEVELOPMENTS

BRIEF BACKGROUND

OPERATIONAL PERFORMANCE

# 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 MTPA Steel<br>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)*

- 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

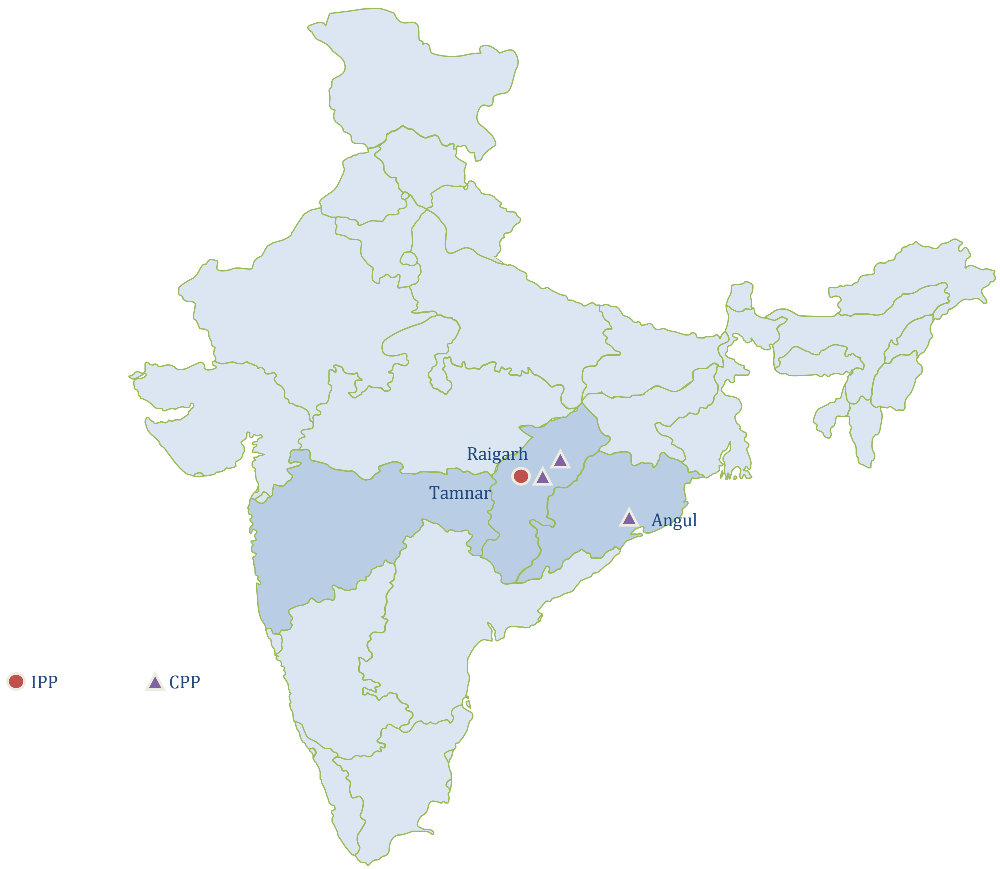
**Plant capacities shown above are completed but not all are commissioned*

# Standalone Q3 FY 18 –Snapshot of Key Financials

(Figures in Rs. Crores)

| Particulars | Q3FY18 | Q2FY18 | Q3FY17 | %QoQ | %YoY |
|---|---|---|---|---|---|
| Total Revenue | 4,272 | 3,668 | 3,898 | +16% | +10% |
| EBITDA | 921 | 784 | 784 | +17% | +17% |
| EBITDA % | 22% | 21% | 20% | | |
| Depreciation | 465 | 496 | 542 | -6% | -14% |
| Finance Cost | 594 | 578 | 540 | +3% | +10% |
| PBT (Before Exceptional) | (138) | (290) | (298) | +52% | +54% |
| Exceptional | -- | 150 | -- | | |
| Profit/(Loss) Before Tax | (138) | (440) | (298) | +69% | +54% |
| Profit/(Loss) After Tax | (74) | (255) | (187) | +71% | +60% |
| Cash Profit | 327 | 56 | 244 | +484% | +34% |

# 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<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 |

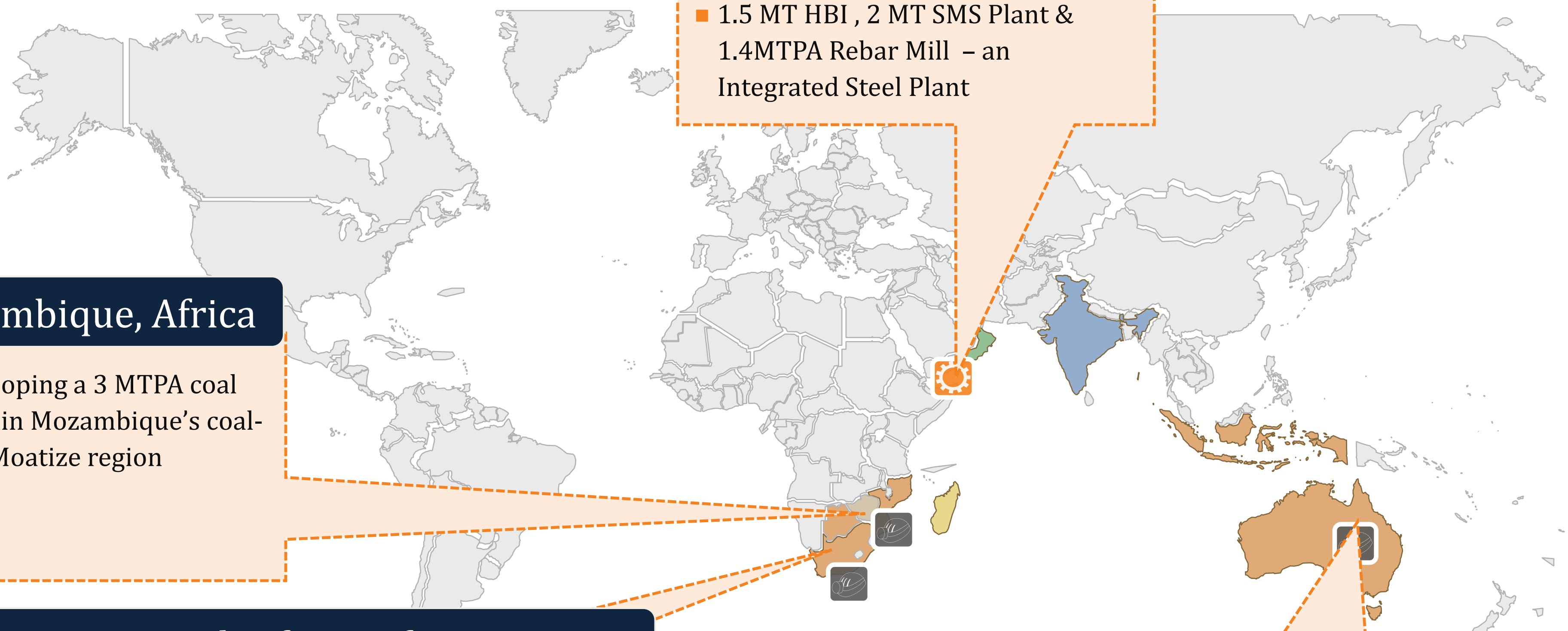
**Raw materials, transmission & PPAs in place for achieving higher PLF**

# JPL Q3 FY18 – Snapshot of Key Financials

(Figures in Rs. Crores)

| Particulars | Q3FY18 | Q2FY18 | Q3FY17 | %QoQ | %YoY |
|---|---|---|---|---|---|
| Net Sales | 1,172 | 878 | 854 | +33% | +37% |
| EBITDA | 356 | 345 | 302 | +3% | +18% |
| EBITDA % | 30% | 39% | 35% | | |
| Depreciation + Amortization | 381 | 377 | 385 | +1% | -1% |
| Interest | 244 | 227 | 200 | +8% | +22% |
| Profit/(Loss) Before Tax | (198) | (190) | (182) | -4% | -8% |
| Profit/(Loss) After Tax | (173) | (176) | (162) | +1% | -7% |
| Cash Profit | 186 | 187 | 203 | -- | -8% |
| Generation (MU) | 2,982 | 2,427 | 2,356 | +23% | +27% |

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

# Consolidated Q3 FY 18 –Snapshot of Key Financials

(Figures in Rs. Crores)

| Particulars | Q3FY18 | Q2FY18 | Q3FY17 | %QoQ | %YoY |
|---|---|---|---|---|---|
| Total Revenue | 6,993 | 6,123 | 5,787 | +14% | +21% |
| EBITDA | 1,606 | 1,373 | 1,277 | +17% | +26% |
| EBITDA % | 23% | 22% | 22% | | |
| Depreciation | 963 | 998 | 1,027 | -3% | -6% |
| Finance Cost | 967 | 927 | 835 | +4% | +16% |
| PBT Before Exceptional | (323) | (550) | (586) | +41% | +45% |
| Exceptional | -- | 150 | -- | | |
| Profit/(Loss) Before Tax | (323) | (699) | (586) | +54% | +45% |
| Profit/(Loss) After Tax | (277) | (499) | (455) | +44% | +39% |
| Cash Profit | 643 | 298 | 442 | +116% | +45% |

# PRESENTATION OUTLINE

Q3 FY'18

INDUSTRY DEVELOPMENTS

BRIEF BACKGROUND

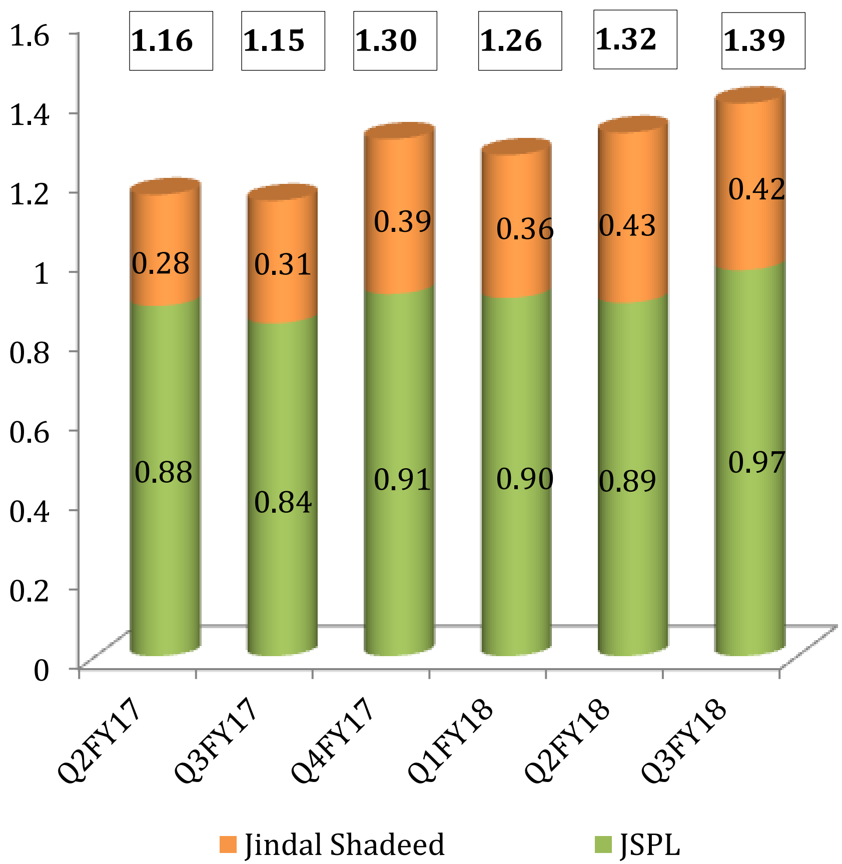
OPERATIONAL PERFORMANCE

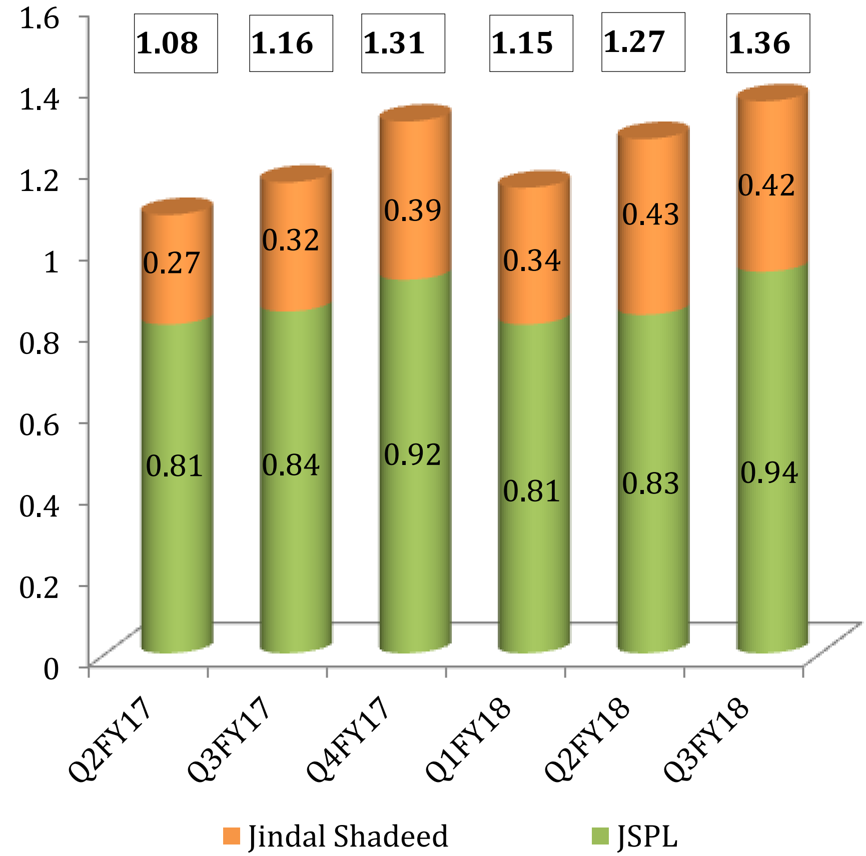
# OPERATIONAL PERFORMANCE

## Consolidated Steel Production

## Consolidated Steel Sales

(Figures in Million Tonnes)



# Key Performance Highlights

*Basic Oxygen Furnace completed at Angul.*

*JSPL's  Standalone EBITDA increased by 17% Y-o-Y  for  Q3FY18*

*JSPL's Consolidated EBITDA increased by 26% Y-o-Y for Q3FY18*

*Oman 's EBITDA increased by 198% Y-o-Y in 3QFY18*

*Commencement of mining operations in Australia*

*Increase in JPL Generation by  27% and in EBITDA by  18% Y-o-Y  in Q3FY18*

# 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 (A Government of India Enterprise) |
| 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 SEPCO1 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 |
| BHEL | RELIANCE | IMMA |
| | LANCO | GL Group |
| viraj projects | Punj Lloyd | HP |
| FLSmidth | BANSAL INFRATECH SYNERGIES INDIA LTD (Powered by Professionals) | LODHA BUILDING A BETTER LIFE |
| ESSAR | MAHARASHTRA SEAMLESS LIMITED | ABG |
| ENGINEERS INDIA LIMITED Delivering Excellence through People | Indian Boiler Regulations - 1950 | mbe McNally Bharat |

**For any information please contact: -**

Mr. Nishant Baranwal – Head, Investor Relations
Tel : +91 11-41462198
Mobile:+91 8800690255
Email: - nishant.baranwal@jindalsteel.com

Ms. Shweta Bagaria – Assistant Manager, Investor Relations
Tel: +91-124-6612073
Mobile: +91 95995 53717
Email: shweta.bagaria@jindalsteel.com

# THANK YOU