



PRESS RELEASE

FINANCIAL RESULTS FOR SECOND QUARTER & HALF YEAR FY 2021-22

JSPL posts strong growth in 2QFY22

- JSPL reports Standalone PAT of INR 2,711 Cr; Consolidated PAT of INR 2,584 Cr
- Consolidated Net Debt reduced to INR 11,164 Cr in 2QFY22 (down INR 4,063 Cr QoQ)
- Consolidated Net Debt to EBITDA improves to 0.62x; on track to become Net Debt free in FY23
- Angul Blast Furnace (BF) receives additional 1MTPA Consent to Operate (CTO)
- Jindal Power (JPL) divestment approved by shareholders; closure expected in FY22
- JSPL declared preferred bidder for Kasia Mine; will significantly enhance iron ore security

JSPL Standalone Performance

<u>2QFY22 Highlights</u>	<u>1HFY22 Highlights</u>
▪ Gross Revenue# INR 14,550 Cr; ▪ Net Revenue INR 13,261 Cr; ▪ EBITDA: INR 4,519 Cr; ▪ Profit after tax: INR 2,711 Cr; ▪ Steel* production : 1.93 million tonnes ▪ Steel* sales : 2.13 million tonnes	▪ Gross Revenue# INR 26,024 Cr; ▪ Net Revenue INR 23,646 Cr; ▪ EBITDA: INR 9,043 Cr; ▪ Profit after tax: INR 5,372 Cr; ▪ Steel* production : 3.94 million tonnes ▪ Steel* sales : 3.74 million tonnes

JSPL Consolidated Performance:

<u>2QFY22 Highlights</u>	<u>1HFY22 Highlights</u>
▪ Gross Revenue# INR 14,902 Cr; ▪ Net Revenue INR 13,612 Cr; ▪ EBITDA: INR 4,594 Cr; ▪ Profit after tax: INR 2,584 Cr;	▪ Gross Revenue# INR 26,600 Cr; ▪ Net Revenue INR 24,221 Cr; ▪ EBITDA: INR 9,133 Cr; ▪ Profit after tax: INR 5,100 Cr;

*including pig iron; #Incl. GST; \$ from continuing operations

Notwithstanding sluggish domestic demand due to ongoing monsoons in the country; JSPL reported robust growth in sales and production in 2QFY22. JSPL's sales volume surged 32% Q-o-Q and 10% Y-o-Y to hit a record of 2.13 million tonnes during the quarter. 2QFY22 also marked the first time JSPL steel sales have crossed 2 million tonnes quarterly volumes. The company continues to benefit from buoyant export markets as share of exports in overall volumes increased to more than 40% in 2QFY22 compared



to 34% in Q1FY22 (38% in Q2FY21). Exports have become key channel of sales for the Company, especially in times of subdued domestic demand.

First half of FY22 further showcases the company's operational flexibility under challenging market conditions helping the company to post a solid production growth of 12% YoY and sales growth of 7% YoY. Resilient operational performance in 1HFY22 and anticipated pick up in domestic construction activities in 2H gives confidence to achieve our full year production target of 8.0-8.5 million tonnes. **JSPL has recently received an additional 1MTPA Consent to Operate (CTO) for the Angul Blast furnace (CTO of 4.25mtpa from 3.2mtpa currently) raising our capacity to 9.6MTPA.**

JSPL has been declared as the preferred bidder for Kasia Iron Ore Mine in Odisha. Kasia Mine has a large geological resource of 278 million tonnes of iron ore and it consists of an average Fe grade of approx. 62.5%. Kasia is an operational mine having an Environmental Clearance (EC) of 7.5 MTPA. The mine is only 17 km away from JSPL's Barbil pellet plant. Iron ore from Kasia will significantly boost JSPL's raw material security; especially as the company makes steady progress on its plans to raise its pellet capacity to 21mtpa (from 9mtpa now) by FY24 and steel capacity to ~16mtpa (from 9.6mtpa) by FY25. The company is also working towards setting up a slurry pipeline between Barbil and Angul (c200kms), which will not only help reduce logistics costs but also lower carbon and dust emissions associated with raw material transport through road. **JSPL remains committed to continually improve its energy performance with a clear goal of bringing down our carbon emissions below 2tCO₂/TCS by 2030 (2 tonnes of carbon dioxide/ tonne of crude steel).**

Higher volumes coupled with continued upward momentum in steel prices in 2QFY22 resulted in standalone net revenues rising to INR 13,261 Cr. This was however partially offset by lower pellet sales (due to rising internal consumption) and declining pellet realizations. Better steel volumes and realizations resulted in standalone EBITDA at INR 4,519 Cr for the reported quarter.

2QFY22 continued to witness sharp rise in input costs, impact of which was compounded by exhaustion of low cost iron ore inventory in 1QFY22. While coking coal prices had risen sharply during the quarter, the impact was significantly lower given the company had already booked material at lower prices for the quarter. Upward trend in coking coal (Premium hard coking coal) prices have continued in October 21, rising beyond USD400/t for the first time ever. Higher coking coal prices is likely to impact margins going forward. However, incremental supply from WCL's Russel Vale mine in Australia and declining iron ore prices should help contain margin compression from rising coking coal prices.



Strong operational cash flows, improving working capital, declining finance cost, and lower capex have all contributed towards continuous deleveraging in 2QFY22. **Consolidated net debt has declined further to INR 11,164 Cr in 2QFY22 (from INR 15,227 Cr in June 2021).** For the reported quarter, finance costs have declined by 31% YoY in 2QFY22 and 32% YoY in 1HFY22. JSPL's unflinching focus on strengthening its balance sheet has resulted in its Net debt declining by c. 35,350 Cr from a peak of c. 46,500 Cr in FY16. Conclusion of Jindal Power Limited (JPL) divestment (accounted as asset held for sale) will result in Net Debt declining further by INR3,015 Cr, taking JSPL a step closer to its vision of becoming a Net Debt free company by FY23- a rare feat in the Steel sector. The divestment has received strong backing from the shareholders' approving the transaction in the EGM held on 3rd September 2021. The company is currently in the process of getting relevant approvals from JSPL as well as JPL lenders and expect the divestment to conclude in FY22 itself.

1. **JSPL Standalone Performance**

During 2QFY22, JSPL Standalone reported highest ever steel Sales (incl. pig iron) of 2.13 million tonnes (Up 32% QoQ). Sales volumes during the quarter were ahead of production of 1.93 million tonnes, resulting in inventories declining sequentially. Inventory levels for the Company have normalised in 2QFY22 from higher levels seen in 1Q. Higher internal consumption also resulted in external sales of pellets falling to 0.20 million tonnes (down 49 % QoQ).

Higher volumes and improved steel prices led to JSPL reporting record Gross revenues of INR 14,550 Cr. However, sharp rise in iron ore costs due to exhaustion of low cost inventory, higher coking coal costs (including associated freight costs) and lower pellet sales resulted in EBITDA being reported at INR 4,519 Cr. Strong operating profit and declining finance costs have all contributed in JSPL posting profit after tax (PAT) of INR 2,711 Cr (up 2% QoQ).

2. **Global Ventures**

- a) **Mozambique:** Chirodzi mine produced 954 KT ROM (up 9% YoY) in 2QFY22. Mozambique operations reported 2QFY22 EBITDA of US\$ 17.2mn (up 417% QoQ) on rising coking coal prices.
- b) **South Africa:** Kiepersol mine in South Africa produced 181 KT ROM (up 22% QoQ). The mine reported an EBITDA of US\$ 1.8mn for the quarter on the back of improved coal prices.
- c) **Australia:** Russell Vale mine has started production post receiving the final go ahead from the regulatory authorities. JSPL is expected to get the first shipment in the current month (November



2021). Wongawilli colliery continues to remain under care & maintenance as WCL (Wollongong Coal Limited) continues to work towards securing additional approval for restarting the mine.

3. **JSPL Consolidated Performance**

The continued exemplary performance by all businesses including Overseas mines, contributed in JSPL reporting a record consolidated Gross revenues of INR 14,902 Cr and Consolidated EBITDA of INR 4,594 Cr. Higher operating profit and lower finance cost has led to consolidated PAT rising to INR 2,584 Cr (up 3% QoQ). Net Debt to EBITDA (Trailing) for the Continuing operations at the end of quarter ending September'21 stood at 0.62x (vs 0.96x as of June'21).

Outlook:

India has recently hit the 100-Crore vaccination milestone with more than 75% of the eligible population having taken the first dose. Steady vaccination ramp-up and easing of COVID related restrictions are likely to help in broadening the recovery, and external demand conditions remain supportive. After remaining subdued in 1HFY22, construction and infrastructure activities are expected to recover strongly in 2HFY22 as seasonally strong demand period sets in. This bodes well for JSPL with two thirds of its product portfolio catering largely to India's Construction & Infrastructure sector.

Taking a cue from falling seaborne iron ore prices, the domestic iron ore prices have also been declining for the past three months. This could aid margins for the company going forward with three fourth of this key raw material sourced from third parties at this juncture. Start of operations from Kasia mine by end of 3QFY22 along with the operating Tensa mine is expected to provide more than 70% iron ore security for the Company's steel operations. The domestic steel industry however continues to grapple with the sharp rise in the coking coal prices. Premium Hard Coking coal has risen by 180% so far in FY22 and currently trading close to USD400/t levels. However, resumption of our Russel Vale mine in Australia will provide some relief from rising coking coal costs, with first shipment expected in November 21.



PRODUCTION

PRODUCT(Million Tonnes)	Q2 FY 22	Q1 FY 22	Q2 FY 21	1H FY 22	1H FY 21
Steel*	1.93	2.01	1.84	3.94	3.50
Pellets	1.80	2.16	2.01	3.96	3.88

SALES

PRODUCT(Million Tonnes)	Q2 FY 22	Q1 FY 22	Q2 FY 21	1H FY 22	1H FY 21
Steel*	2.13	1.61	1.93	3.74	3.49
Pellets	0.20	0.40	0.73	0.60	1.55

**including Pig iron*

CONSOLIDATED FINANCIAL RESULTS

PARAMETER	Q2 FY 22	Q1 FY 22	Q2 FY 21	1H FY 22	1H FY 21
Gross Revenue*	14,902	11,698	8,957	26,600	15,934
Net Revenue	13,612	10,610	8,149	24,221	14,666
EBITDA	4,594	4,539	2,395	9,133	4,204
Depreciation + Amortization	610	602	612	1,212	1,218
Interest	482	561	701	1,042	1,535
PBT	3,507	3,410	1,228	6,916	1,600
PAT (Continuing Operations)	2,584	2,516	897	5,100	1,133

**Incl. GST*

STANDALONE FINANCIAL RESULTS

PARAMETER	Q2 FY 22	Q1 FY 22	Q2 FY 21	1H FY 22	1H FY 21
Gross Revenue*	14,550	11,473	8,667	26,024	15,408
Net Revenue	13,261	10,385	7,859	23,646	14,140
EBITDA	4,519	4,524	2,435	9,043	4,263
Depreciation + Amortization	562	556	568	1,118	1,130
Interest	350	444	554	794	1,158
PBT	3,626	3,554	1,325	7,180	1,987
PAT (Continuing Operations)	2,711	2,661	998	5,372	1,503

**Incl. GST*



FOR FURTHER INFORMATION PLEASE CONTACT:

For Media Interaction:	For Investor Queries:
1. Mr. Sudeep Purkayastha (Head- Corporate Communication) Tel: +91-11-41462198 Mobile: +91-98994 41119 Email: sudeep.purkayastha@jindalsteel.com 2. Mr. Ramakrishna Parag (Corporate Communication) Tel: +91-11-41462198 Mobile: +91-74282 09898 Email: ram.prayag@jindalsteel.com 3. Mr. Kuldeep Singh Bais (Corporate Communication) Mobile: +91- 98996 92981 Email: kuldeep.singh@jindalsteel.com	1. Mr. Nishant Baranwal (Head- Investor Relations) Tel: +91-11-41462198 Email: nishant.baranwal@jindalsteel.com 2. Mr. Rajesh Lachhani (GM- Investor Relations) Tel: +91-124-6612036 Mobile: +91 97429 47821 Email: rajesh.lachhani@jindalsteel.com 3. Mr. Gourav Sancheti (DM- Investor Relations) Tel: +91-124-6612094 Mobile: +91 90382 40683 Email: gourav.sancheti@jindalsteel.com

Forward looking and Cautionary Statements: -

Certain statements in this release concerning the 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, ability to manage growth, intense competition within steel industry including those factors which may affect company's cost advantage , time and cost overruns on fixed – price, company's ability to manage 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 (including but not limited to balance sheet related items) are provisional in nature and could materially change in future, based on any restatements or regrouping of items etc.