



PRESS RELEASE

FINANCIAL RESULTS FOR FIRST QUARTER FY 2022-23

JSP 1QFY23: Resilient operational performance amidst challenging market conditions

- Consolidated Adjusted PAT of INR 1,929 Cr
- Consolidated Adjusted EBITDA of INR 2,993Cr
- Standalone Adjusted EBITDA of INR 2,865Cr

JSP Standalone 1QFY23 Performance

- Gross Revenue# INR 14,541Cr;
- Adjusted EBITDA: INR 2,865Cr**;
- Adjusted Profit after tax: INR 2,072Cr;
- Steel* production : 1.99 million tonnes
- Steel* sales : 1.74 million tonnes

*including pig iron; #Incl. GST; ** Adjusted for one-off FX gain of INR446Cr

JSP Consolidated 1QFY23 Performance:

- Gross Revenue# INR 14,738Cr;
- Adjusted EBITDA: INR 2,993Cr**;
- Adjusted Profit after tax: INR 1,929Cr;

#Incl. GST, **Adjusted for one-off FX gain of Standalone of INR446Cr

Industry update:

India's Steel production and demand in 1QFY23 were sequentially lower due to sluggish domestic demand and lower exports. The Country reported Crude Steel production of 31.4mt (2% lower sequentially). India's apparent Steel demand of 27.7mt also declined by 4% Q-o-Q but increased by 11% Y-o-Y due to benign base (1QFY22 was impacted by COVID induced slowdown). India's finished steel exports were negatively impacted by export duty imposed in the month of May 2022, resulting in a sharp fall of 38% Y-o-Y to 2.2mt in 1QFY23.



Global steel Industry continues to face severe margin pressures due to precipitous fall in steel prices across geographies. After hitting a peak in April 2022, India export Hot Rolled Coil (HRC) have witnessed a sharp fall with spot prices down around 40% from the peak. Domestic HRC and rebar prices have followed export prices and are lower by 20- 25% in the past 3 months. Challenges for the steel industry were further compounded by rising input costs as coking coal prices remained elevated for majority of 1QFY23. While the industry continues to face lower steel prices, benefit of lower coking coal should reflect after a lag of 45-60 days.

1. **Standalone:**

JSP 1QFY23 production of 1.99mt was 6% lower Q-o-Q and was marginally lower on a Y-o-Y basis (-1% Y-o-Y). The Company reported sales of 1.74mt during the quarter, which were 16% lower Q-o-Q (+8% Y-o-Y); as both domestic and export volumes were impacted by challenging market conditions and imposition of export duty in May 2022. Exports accounted for 26% of sales in 1QFY23 (vs. 29% in 4QFY22).

JSP's 1QFY23 Gross revenues of INR 14,541Cr declined by 7% Q-o-Q (+27% Y-o-Y) as lower volumes more than offset the benefit from higher realisations. Notwithstanding higher input costs, 1QFY23 Adjusted EBITDA of INR 2,865Cr** was 8% higher Q-o-Q (-35% Y-o-Y). 1QFY23 Adjusted Profit after tax (PAT) of INR 2,072Cr (Adjusted for exceptional) increased 44% Q-o-Q (-22% Y-o-Y) on higher operating profit and lower finance costs.

Pellet production of 1.92mt declined 11 % Y-o-Y (-3% Q-o-Q) due to negligible external sales (30KT vs. 400KT in 1QFY21).

** Adjusted for one-off FX gain of INR446Cr

2. **Global Ventures**

a) Mozambique: Chirodzi mine produced 0.93 MT ROM (-11% Q-o-Q,-1% YoY) in 1QFY23. However, coking coal sales of 197 KT were 25% higher Q-o-Q (+36% Y-o-Y). Mozambique operations reported EBITDA of US\$43mn for 1QFY23, driven by higher sales volumes and realisations.

b) South Africa: During 1QFY23, Kiepersol mine in South Africa reported production of 146 KT ROM (+12% Q-o-Q, -1% Y-o-Y) and sales of 74KT (-20% Q-o-Q,+2% Y-o-Y). The mine reported EBITDA of US\$11mn for the quarter.



- c) **Australia:** During 1QFY23, Russel Vale mine produced 138 KT ROM (+10 % Q-o-Q). Dispatches also increased 8% Q-o-Q to 79KT. The mine reported EBITDA of US\$3mn for the quarter. Wongawilli colliery remains under care & maintenance.

3. **Consolidated**

JSP 1QFY23 Consolidated Gross Revenues fell 8% Q-o-Q to INR 14,738Cr (+26% Y-o-Y), driven by lower steel and pellet sales partially offset by higher realisations. Adjusted EBITDA of INR 2,993Cr** was higher by 3% Q-o-Q but declined 32% Y-o-Y due to rise in input costs and unfavourable base in the prior year (low cost iron ore inventory available in 1QFY22). 1QFY23 Adjusted Profit after tax declined by 23% Y-o-Y (+5% Q-o-Q) to INR 1,929Cr on the back of lower operating profit, partially offset by lower finance costs.

Funds from JPL divestment has further strengthened JSP's balance sheet with Consolidated Net Debt declining further by INR 1,149Cr in 1QFY23 to end the quarter at INR7,727Cr. Net Debt to EBITDA has improved to 0.54x (from 0.57x in the previous quarter).

** Adjusted for one-off FX of Standalone of INR 446Cr

4. **Outlook**

Confluence of COVID induced slowdown in China, high inflation and ongoing conflict in Europe has posed significant headwinds for the steel sector. Global Crude steel production has declined by 6.3% in the first five months of 2022, with steel production contracting in all major steel producing regions on a Y-o-Y basis, with the exception of India (+6.5% Y-o-Y). While World Steel Association (WSA) forecasts muted global steel demand in 2022 (+0.4% Y-o-Y), India's steel demand growth is expected to be the highest among top steel consuming nations at 7.5%, boosted by higher spends on infrastructure and gradual revival of the automotive sector. Over the long term, India's Ministry of Steel expects country's steel production to double from 120 million tonnes to 240 million tonnes in the next eight years, implying a CAGR (Compounded Annual Growth Rate) of 9%.

Notwithstanding near term challenges, the Company will aim to become Net Debt free by end of FY23. With a strong balance sheet to support growth, increasing raw material security, and low cost of production, JSP remains well positioned to withstand cyclical challenges and will continue to work on its goal to enhance stakeholder value.



PRODUCTION

PRODUCT(Million Tonnes)	Q1 FY 23	Q4 FY 22	Q1 FY 22
Steel*	1.99	2.11	2.01
Pellets	1.92	1.98	2.16

SALES

PRODUCT(Million Tonnes)	Q1 FY 23	Q4 FY 22	Q1 FY 22
Steel*	1.74	2.08	1.61
Pellets (External Sales)	0.03	0.14	0.40

*including Pig iron

STANDALONE FINANCIAL RESULTS

PARAMETER	Q1 FY 23	Q4 FY 22	Q1 FY 22
Gross Revenue*	14,541	15,579	11,473
Adjusted EBITDA**	2,865	2,657	4,411
Depreciation + Amortization	540	551	556
Interest	258	295	444
PBT (Before exceptional)	2,534	2,009	3,554
Exceptional	5,805	(324)	
Adjusted PAT	2,072	1,440	2,661

*Incl. GST, **Adjusted for one-off FX gain of INR 446Cr

CONSOLIDATED FINANCIAL RESULTS

PARAMETER	Q1 FY 23	Q4 FY 22	Q1 FY 22
Gross Revenue*	14,738	16,089	11,698
Adjusted EBITDA**	2,993	2,900	4,426
Depreciation + Amortization	596	272	602
Interest	364	373	561
PBT (Before exceptional)	2,503	2,428	3,410
Exceptional	61	(406)	
Adjusted PAT (Continuing Operations)	1,929	1,844	2,516

*Incl. GST, **Adjusted for one-off FX gain of Standalone of INR 446Cr



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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.