Q4 & FY19 Earnings Presentation – May 20, 2019

JINDAL STAINLESS LIMITED

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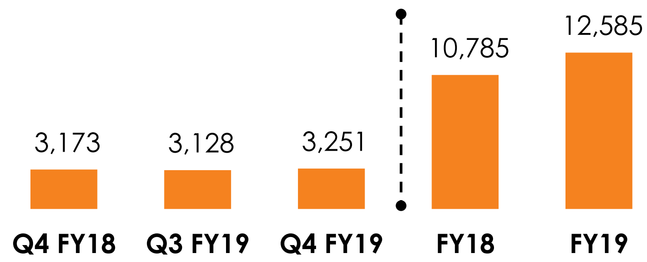
Q4 & FY19 Results Overview

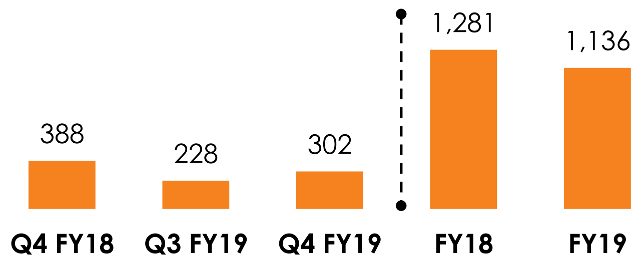
Key Financials Highlights – Q4 & FY19

Net Revenue from operations



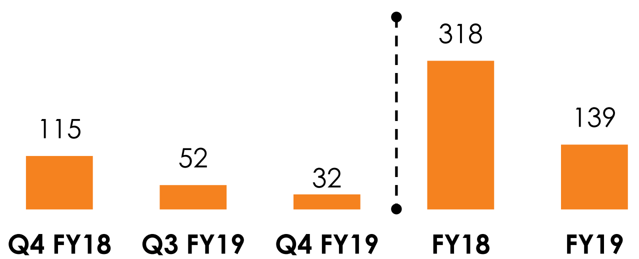
Shift (%)	QoQ: 4%	YoY: 2%	17%

EBITDA



Shift (%)	QoQ: 33%	YoY: (22%)	(11%)

PAT

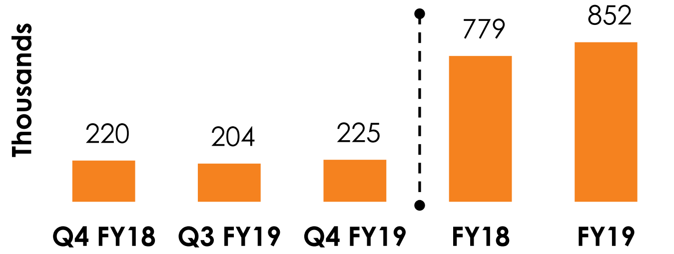


Shift (%)	QoQ: (38%)	YoY: (72%)	(56%)

Note: Standalone financials; All figures in Rs. crore unless stated otherwise

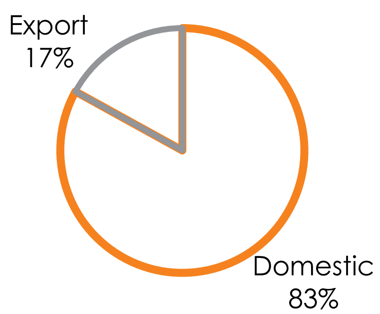
Key Operational Update – Q4 & FY19

SMS Sales Volume (MT)

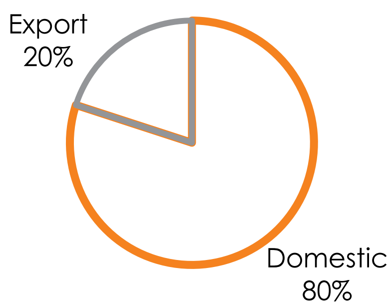


Shift (%)	QoQ: 10%	YoY: 2%	9%

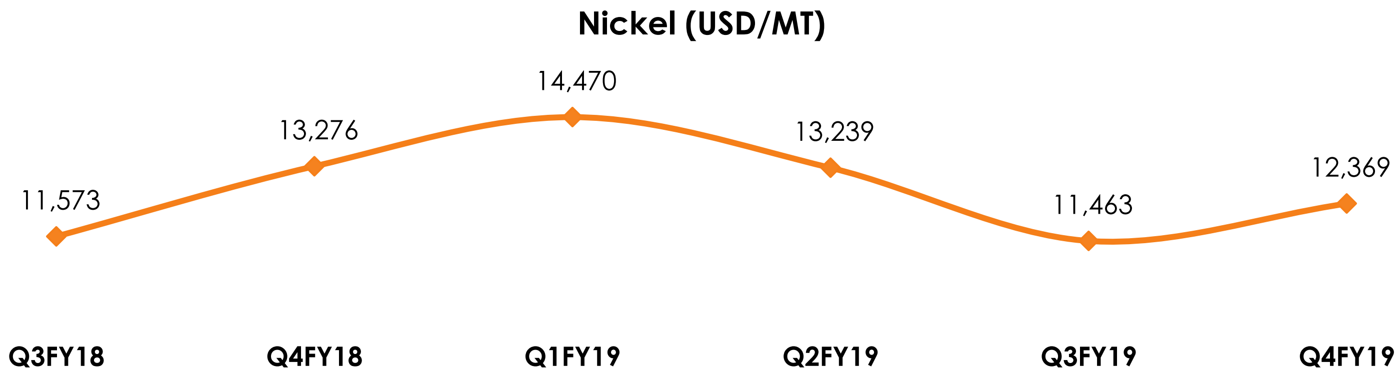
Sales Composition – Q4 FY19



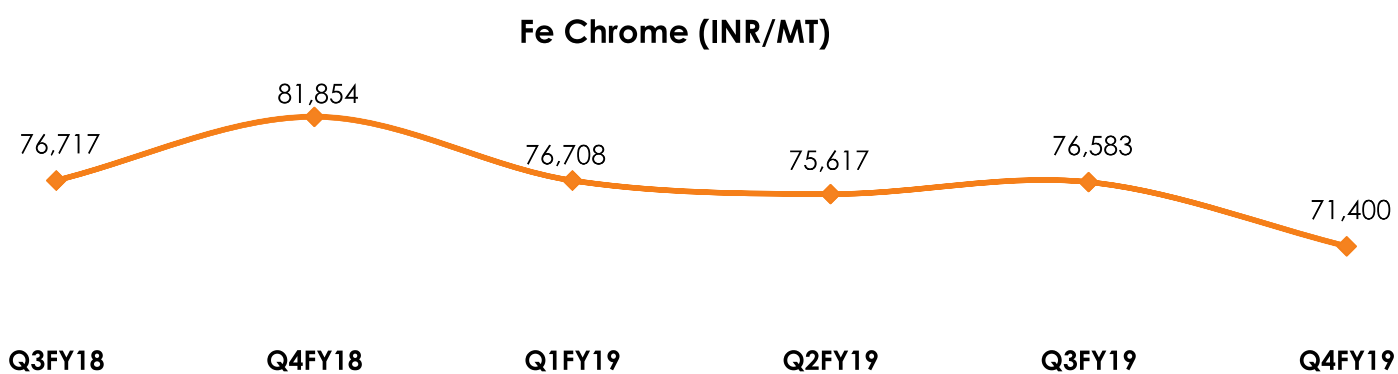
Sales Composition – FY19



Key Raw Materials – Price Trend



Note: Average quarterly prices; Source: Bloomberg



Note: Average quarterly prices; Source: Steel Mint

Q4 FY19 Financial and Operational Discussions

- **Net Revenue grows to Rs. 3,251 crore, up 2% Y-o-Y**
  - On a quarter-on-quarter basis, Sales volume registered an improvement of 10% to 224,865 MT.
  - Despite a challenging external trade environment, stable demand from various segments such as Railways, Metros, Pipe & Tubes, Process industries, etc. supported topline performance

- **EBITDA at Rs. 302 crore, down 22% Y-o-Y**
  - The Company has reported a healthy uptick in Q4 FY19 performance compared to Q3 FY19 – with margins improving by 200 bps on a Q-o-Q basis. EBITDA per ton improved to Rs. 13,443 in Q4 FY19
  - Higher consumable costs like graphite electrode, power and fuel led to decline in Y-o-Y performance

- **Net profit stood at Rs. 32 crore, vs. Rs. 115 crore in Q4FY18**
  - Exceptional item includes forex gain of Rs. 17 crore and recompense provision on CDR loan of Rs.18 crore in Q4FY19.

FY19 Financial and Operational Discussions

- **Net Revenue grows to Rs. 12,585 crore, up 17% Y-o-Y**
  - Sales volume increases by 9% to 852,479 MT
  - Higher sales volume coupled with better realizations contributed towards revenue growth in FY19

- **EBITDA at Rs. 1,136 crore, down by 11% Y-o-Y**
  - EBITDA margins were under pressure due to negative inventory valuation impact on account of input price movement during the year
  - Higher consumable costs like graphite electrode had an adverse impact
  - Focus on improving volumes, operational efficiencies and cost rationalization should lead to normalization of margin performance in the coming year

- **PAT stood at Rs. 139 crore, down by 56% Y-o-Y**
  - FY 19 interest cost stood at Rs.614 crore. In the previous year, finance cost was lower on account of interest refund of Rs. 109 crore.

Key Developments

Consortium of Corporate Debt Restructuring (CDR) lenders have agreed to allow CDR exit for the Company with effect from March 31, 2019 subject to requisite approval from their respective competent authorities

- The recompense liability as on March 31, 2019 has been determined in compliance with the extant guidelines and has been duly accounted for in books of accounts.
- The aggregate liability of recompense as on March 31, 2019 was determined at Rs. 191 crore as per extant guidelines
  - The Company made an incremental provision for Rs. 57 crore in Q4FY19 vs Rs. 27 crore in Q3FY19. With this, the entire recompense liability as on March 31, 2019 is fully provided for
- CDR exit will give JSL more opportunities to consolidate its financial and leadership position in the industry

Management Comment

Commenting on the performance, Mr. Abhyuday Jindal, Managing Director, Jindal Stainless Ltd. said:

"CDR exit will give us more opportunities to consolidate our financial and leadership position.

We are now looking forward to an intervention by the Indian Government to create a level playing field for Indian manufacturers. The industry needs Government support to compete with rampant dumping by FTA and other countries. To the double disadvantage of Indian manufacturers, the domestic stainless steel industry is faced with the challenge of inverted import duty structure. While imports of finished goods from FTA countries are duty-free, Indian producers have to pay a 2.5% import duty on stainless steel scrap and ferro-nickel, the two most important raw materials, both of which are unavailable in the country. Further, in the absence of an effective safeguard duty structure, all trade remedial measures imposed by the Government are being circumvented through dumped, subsidized, or re-routed imports. We need active Government support to bring alive the Make in India vision and create more jobs for the domestic economy."

Abridged P&L Statement

Particular (Rs. crore)	Q4 FY19	Q4 FY18	YoY Change (%)	FY19	FY18	YoY Change (%)
Net Revenue from operations	**3,251**	**3,173**	**2%**	**12,585**	**10,785**	**17%**
Total Expenditure	**2,949**	**2,784**	**6%**	**11,449**	**9,504**	**20%**
EBITDA	**302**	**388**	**(22%)**	**1,136**	**1,281**	**(11%)**
EBITDA / ton	**13,443**	**17,643**	**(24%)**	**13,325**	**16,445**	**(19%)**
EBITDA margin (%)	**9.3%**	**12.2%**	**(290 bps)**	**9.0%**	**11.9%**	**(290 bps)**
Other Income	**9**	**11**	**(18%)**	**28**	**45**	**(39%)**
Finance Cost	**161**	**124**	**30%**	**614**	**541**	**14%**
Depreciation	**92**	**75**	**23%**	**335**	**304**	**10%**
Exceptional gain/loss*	**(1)**	**(33)**	**Na**	**6**	**1**	**361%**
PBT	**57**	**167**	**(66%)**	**221**	**483**	**(54%)**
Tax	**24**	**52**	**(53%)**	**82**	**165**	**(51%)**
PAT	**32**	**115**	**(72%)**	**139**	**318**	**(56%)**
PAT margin (%)	**1.0%**	**3.6%**	**(260 bps)**	**1.1%**	**3.0%**	**(190 bps)**
EPS (Diluted) in INR	**0.7**	**2.0**	**(66%)**	**2.9**	**5.8**	**(50%)**

Note: Standalone financials

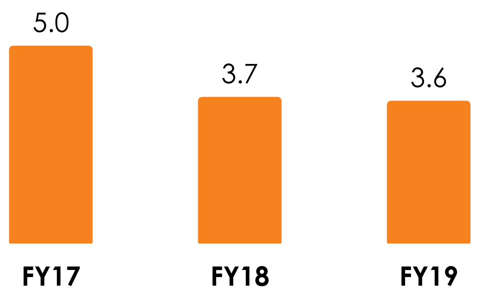
** Exceptional items represent net foreign exchange gain/(loss) and mark-to-market gain/(loss) on foreign exchange derivative forward contracts and recompense provision*

Comfortable Debt Position

Description - Borrowings (Rs. Crore)	As on Mar. 2019	As on March 2018	As on March 2017
Long term debt	2,050	2,457	3,405
Inter corporate loan from related party	900	900	485
OCRPS*	695	607	-
Total Long term debt	**3,645**	**3,963**	**3,890**
Short term borrowing (less than 12 months)	473	766	1,738
Total Debt	**4,118**	**4,729**	**5,628**
Cash & Investments	14	37	42
Net Debt	**4,104**	**4,692**	**5,586**
Long Term Debt Breakup:			
-INR Debt	3,139	3,248	2,902
-Foreign Currency Debt	506	715	988

*Note : *Optionally Convertible Redeemable Preference Shares*

Net Debt/EBITDA



- **Healthy Cash generation to comfortably support debt repayment**
- **Focus on further improving debt position going forward**

Key Financial Ratios

	FY19	FY18	FY17
EBITDA margin (%)	9.0%	11.9%	13.3%
PAT Margin (%)	1.0%	3.0%	0.7%
Net Debt to Equity	1.7	2.0	3.2
Net Debt to EBITDA	3.6	3.7	5.0
Return on Equity (%)	5.8%	15.5%	3.5%
Return on Capital employed (%)	12.0%	15.6%	10.3%

Note:

1) *Net Debt includes short-term & long term debt less cash & investments*
2) *ROE(%) is calculated as PAT /Avg. Networth*
3) *ROCE(%) is calculated as EBIT /Avg. Capital employed*

Annexure

About Us

Jindal Stainless Ltd. (JSL) is amongst the leading stainless steel manufacturing companies in the world and India's largest stainless steel manufacturer. The Company operates an integrated stainless steel plant at Jajpur, Odisha. The complex has a total stainless steel capacity of 0.8 million tonnes per annum.

JSL has the 'State-of-the-Art' machinery and engineering from the best of European suppliers, capable of producing globally competitive stainless steel products. The Company has a well-established distribution network with service centers in both domestic and an overseas market to serve its customers.

A leader and a name synonymous with 'Enterprise', 'Excellence' and 'Success', Company's ethos mirrors most characteristics similar to the metal it produces; akin to stainless steel JSL is innovative and versatile in its thought process; strong and unrelenting in its operations. JSL's growth over the last 4 decades has been backed by the excellence of its people, value driven business operations, customer centricity, adoption of one of the best safety practices in the stainless steel industry and a commitment for social responsibility.

For further information please contact:

Goutam Chakraborty / Shreya Sharma

Jindal Stainless Ltd

Tel: +91 11 26188345

Email:
goutam.chakraborty@jindalstainless.com

shreya.sharma@jindalstainless.com

Anoop Poojari / Devrishi Singh

Citigate Dewe Rogerson

Tel: +91 22 6645 1211 / 1222

Email: anoop@cdr-india.com

devrishi@cdr-india.com

Thank You