

PRESS RELEASE

FINANCIAL RESULTS FOR SECOND QUARTER & HALF YEAR FY 2019-20

Diversified Value Added Products provide Strength to Monsoon-Hit Quarter

- 2QFY20 JSPL Standalone reports profit
- 2QFY20 JSPL Consolidated EBITDA Rs.1,642 Cr
- 2QFY20 JSPL Standalone EBITDA Rs.1,255 Cr
- JPL continues to generate cash profit Rs. 228 Cr
- Mozambique achieved ROM production 656MT; up by 40% YoY

JSPL Standalone 2QFY20 Performance (YoY):

- Turnover : Rs. 6,573 Cr;
- EBITDA: Rs. 1,255 Cr;
- EBITDA Margin: 19%
- Steel and related products production : 1.58 million tonnes up 16% YoY
- Steel and related products sales : 1.46 million tonnes up 10% YoY
- Crude Steel production: 1.44 million tonnes up 11% YoY
- Crude Steel sales:1.33 million tonnes up 5% YoY

JSPL Consolidated 2QFY20 Performance (YoY):

- Turnover : Rs. 8,939 Cr;
- EBITDA : Rs. 1,642 Cr;
- EBITDA Margin: 18%
- EBITDA – Oman : US\$ 16 mn
- Crude Steel Production: 1.84 million tonnes; up 10% YoY
- Crude Steel Sales: 1.70 million tonnes; down 3% YoY

JPL 2QFY20 Performance (YoY):

- Turnover : Rs.947 Cr
- EBITDA : Rs. 299 Cr
- EBITDA Margin: 32%
- Power Generation – 2,271 MU; down by 6% YoY

The Quarter ended September'19 highlighted the strength in the diversified and the differentiated product profile of JSPL. Though the quarter was due to be the weakest given the monsoon season, further weakened by the muted economic growth in the country; products like Rails, Structures, Plates and other such value added products helped the company partially offset the steep fall in

prices and profitability during the reported quarter.

1. JSPL Standalone Performance

Despite of being traditionally the weakest quarter due to lack of construction activity during rains, on back of Angul production ramp up, JSPL Standalone reported a rise in production of 16% YoY for Steel & related products to 1.58 million tonnes (1.36 million tonnes in 2QFY19) and sales during 2QFY19 of 1.46 million tonnes (up 10% YoY). Crude Steel production in Standalone rose to 1.44 million tonnes (up 11% YoY) while sales were at 1.33 million tonnes (up 5% YoY).

PRODUCTION			
Product (Million Tonnes)	Quarter 2		Change (%)
	2019-20	2018-19	
Crude Steel	1.44	1.30	+11%
Related Products**	0.14	0.06	+148%
Total (Steel & Related Products)	1.58	1.36	+16%

SALES			
Product (Million Tonnes)	Quarter 2		Change (%)
	2019-20	2018-19	
Crude Steel	1.33	1.28	+5%
Related Products**	0.13	0.05	+168%
Total (Steel & Related Products)	1.46	1.32	+10%

On the back of a varied product portfolio & sustained efforts to market & sell Value-added, the revenues for JSPL Standalone came in at Rs. 6,573 Cr, while EBITDA was reported at Rs. 1,255 Cr. In 2QFY20, Our differentiated & high value-added products continued to perform well. While Rail Universal Beam Mill continues to generate volumes more than double as compared to the same period last year, the plate mills continued to roll out plates at the same intensity quarter on quarter.

During 2QFY20, production of pellets has seen a rise of 12% YoY at 1.81 million tonnes. The company achieved a rise of 43% QoQ in external sales of pellets and sold 0.74 MT during 2QFY20.

2. Jindal Power Ltd (JPL)

Weather conditions, especially extended monsoon and flooding across various states and slowdown in economic activities in major states have resulted in lower power demand during Q2FY20. On the

other hand, coal production was impacted due to heavy monsoon and labour strike during the quarter further worsening the coal shortage situation for power generators. JPL generated 2,271 million units in the reported September quarter as compared to 2,427 million units in 2QFY19.

The revenue for 2QFY20 had seen a rise of 4 % compared to the same quarter in FY19. JPL reported EBITDA of Rs. 299 Cr. Despite been a monsoon hit low generation quarter, the power business continues to generate cash with cash profits at Rs. 228 Cr for the reported quarter.

3. Global Ventures

- a. Oman:** During the quarter ended 30th September'2019, Jindal Shaded reported production of 0.41 million tonnes of crude steel (as against 0.38 million tonnes in 2QFY19, up 9%). The company reported EBITDA of US\$16mn for 2QFY20.
- b. Mozambique:** During this quarter, the mines in Mozambique continued to ramp up at a good pace. In 2QFY20, the mine at Chirodzi produced 656 KT ROM (up 40% YoY) and reported EBITDA of US\$ 3.2 Mn. The slump in the coking coal prices in this quarter impacted the revenue & the profitability as compared to the previous quarter.
- c. Australia:** During 2QFY20, both the Wongawilli & Russell Vale mines remained under care & maintenance.

4. JSPL Consolidated Performance

JSPL, on a consolidated level, produced 1.99 million tonnes of steel & related products (up 15% from 1.73 million tonnes in 2QFY19) and sold 1.82 million tonnes of steel & related products (up 1% from 1.80 million tonnes in 2QFY19).

In terms of crude steel, for the consolidated entity, the company produced 1.84 million tonnes of crude steel on the consolidated level (up 10% from 1.67 million tonnes in 2QFY19) and sold 1.70 million tonnes of crude steel (down 3% from 1.75 million tonnes in 2QFY19).

JSPL reported Consolidated Revenues of Rs. 8,939 Cr & Consolidated EBITDA of Rs.1,642 Cr.

Net Debt for the quarter ending September'2019 was reported at Rs.36,501 Cr (deduction of

Rs.1,120 Cr). Net Debt reduced by Rs.1,471 Cr, excluding the impact of foreign exchange QoQ.

4. Overview and Outlook:

Steel:

The World Steel Association predicts the world steel demand to grow by 1.7% in 2020. In present times, the biggest concerns around steel demand can be elucidated mainly by three issues, starting with the uncertainty around the international trade environment, the timing & quantum of government support to economies and the perception of risk in the economies, impacting individual spending patterns. While the economic environment has been facing the above stated issues for most of 2019, the outlook on all three fares better as we move into the next calendar year. US & China seem to be reaching a tentative agreement on most trade matters and all the major economies including US are easing their economies with rate cuts and other such monetary benefits. The Consumer Confidence is still running low but could see lagging of the recent stimuli.

IMF predicts Indian economy to grow at 7% in 2020 as against an estimated 6.1% in 2019. Backed by slew of measures by the government including cuts in Corporate Taxation, increased allocation and spending to infrastructure sector; the demand for steel could be better than the first half of FY20. Seasonally too, period from October to March is better in terms of steel consumption with the rains waning and pick up in construction activity.

JSPL, being primarily a long steel producer, is expected to be a beneficiary of the infrastructure spend and the increased construction activity in the near term. Moreover, value added products like Rails, Value Added Plates and Structures are expected to continue to provide stable topline and profitability. JSPL has also emerged as the highest bidder for Gare IV/1 coal Block (rated capacity 6MTPA) in the recently held coal block auctions at a closing bid of Rs.230/t. This will help in increasing coal availability for the company's overall operations. It will also help the country in reducing its dependence on coal imports.

Power:

With the end of monsoon, the power demand as well as coal production is expected to rise. More coal e-auctions by Coal India subsidiaries are expected in coming months, which would help thermal power plants to scale up the generation. Some southern and eastern states are likely to come up with short-term power requirement tenders too.

Coal continues to remain a major challenge, both in terms of availability and the consequential impact on prices. The company is focused on mitigating the challenges in coal sourcing by procuring coal from traders at competitive prices and also by importing high GCV coal in addition to allocation of coal through Special Forward and Spot e-auctions of CIL subsidiary companies. In the long term, the company has planned to rope in coal tolling tie-up with State Governments and coal swapping arrangements with other generators. Introduction of commercial mining for the private sector initiated by Govt. of India is also expected to reduce coal woes for thermal power generators in the long run.

STANDALONE FINANCIAL RESULTS

Year on Year (Quarter)

Parameter(in Crores of INR)	Quarter 2	
	2019-20	2018-19
Turnover	6,573	6,849
EBITDA	1,255	1,452
EBITDA %	19%	21%
Depreciation + Amortization	582	583
Interest	657	676
PBT (Before Exceptional)	16	194
Exceptional		255
PBT	16	449
PAT	15	383

Quarter on Quarter

Parameter	Q2 FY 19-20	Q1 FY 19-20
Turnover	6,573	7,085
EBITDA	1,255	1,608
EBITDA %	19%	23%
Depreciation + Amortization	582	567
Interest	657	697
PBT	16	344
PAT	15	224

CONSOLIDATED FINANCIAL RESULTS

Year on Year (Quarter)

Parameter	Quarter 2	
	2019-20	2018-19
Turnover	8,939	9,982
EBITDA	1,642	2,207
EBITDA %	18%	22%
Depreciation + Amortization	1,039	1031
Interest	1,030	1086
PBT Before Exceptional	(427)	91
Exceptional Item	-	255
PBT	(427)	347
PAT	(399)	279

Quarter on Quarter

Parameter	Q2 FY 19-20	Q1 FY 19-20
Turnover	8,939	9,946
EBITDA	1,642	2,173
EBITDA %	18%	22%
Depreciation + Amortization	1,039	1,054
Interest	1,030	1,109
PBT (Before Exceptional)	(427)	11
Exceptional	-	-
PBT	(427)	11
PAT	(399)	(87)

PRODUCTION

Year on Year (Standalone)

Product (Million Tonnes)	Quarter 2	
	2019-20	2018-19
Steel*	1.44	1.30
Related Products**	0.14	0.06
Total	1.58	1.36
Pellets	1.81	1.62

Year on Year (Consolidated)

Product (Million Tonnes)	Quarter 2	
	2019-20	2018-19
Steel(including Oman)*	1.84	1.67
Related Products**	0.14	0.06
Total	1.99	1.73

SALES

Year on Year (Standalone)

Product (Million Tonnes)	Quarter 2	
	2019-20	2018-19
Steel*	1.33	1.28
Related Products**	0.13	0.05
Total	1.46	1.32
Pellets(External Sales)	0.74	0.74

Year on Year (Consolidated)

Product (Million Tonnes)	Quarter 2	
	2019-20	2018-19
Steel(including Oman)*	1.70	1.75
Related Products**	0.13	0.05
Total	1.82	1.80

*Slabs/Bloom/Billets/Structurals& Rails/Universal Plate/Coil/Converted Angle/Channel/ Wire Rod /TMT/Fabricated Beams/Plates (Includes Oman)

**Pigiron & Granshot

PRODUCTION

Half Yearly (Standalone)

Product (Million Tonnes)	Half Yearly	
	2019-20	2018-19
Steel*	2.89	2.52
Related Products**	0.26	0.18
Total	3.15	2.70
Pellets	3.58	3.38

Half Yearly (Consolidated)

Product (Million Tonnes)	Half Yearly	
	2019-20	2018-19
Steel(including Oman)*	3.69	3.33
Related Products**	0.26	0.18
Total	3.95	3.51

SALES

Half Yearly (Standalone)

Product (Million Tonnes)	Half Yearly	
	2019-20	2018-19
Steel*	2.76	2.46
Related Products**	0.21	0.16
Total	2.97	2.62
Pellets(External Sales)	1.26	1.58

Half Yearly (Consolidated)

Product (Million Tonnes)	Half Yearly	
	2019-20	2018-19
Steel(including Oman)*	3.54	3.36
Related Products**	0.21	0.16
Total	3.74	3.52

*Slabs/Bloom/Billets/Structurals& Rails/Universal Plate/Coil/Converted Angle/Channel/ Wire Rod /TMT/Fabricated Beams/Plates (Includes Oman)

**Pigiron & Granshot

JINDAL POWER LIMITED (JPL)

(A SUBSIDIARY OF JSPL)

Year on Year (Quarter)

Particulars(in Crores of INR)	Quarter 2	
	2019-20	2018-19
Turnover	947	911
EBITDA	299	302
EBITDA%	32%	33%
Depreciation + Amortization	292	333
Interest	214	222
PBT	(64)	(183)
PAT	(35)	(153)
Cash Profit	228	150
Generation (million units)	2,271	2,427

Quarter on Quarter

Particulars(in Crores of INR)	Q2 FY 19-20	Q1 FY 19-20
Turnover	947	1,114
EBITDA	299	360
EBITDA%	32%	32%
Depreciation + Amortization	292	289
Interest	214	217
PBT	(64)	(3)
PAT	(35)	23
Cash Profit	228	286
Generation (million units)	2,271	2,982

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Forward looking and Cautionary Statements: -

Certain statements in this release concerning our 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, our ability to manage growth, intense competition within steel industry including those factors which may affect our cost advantage , time and cost overruns on fixed – price, our ability to manage our 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.