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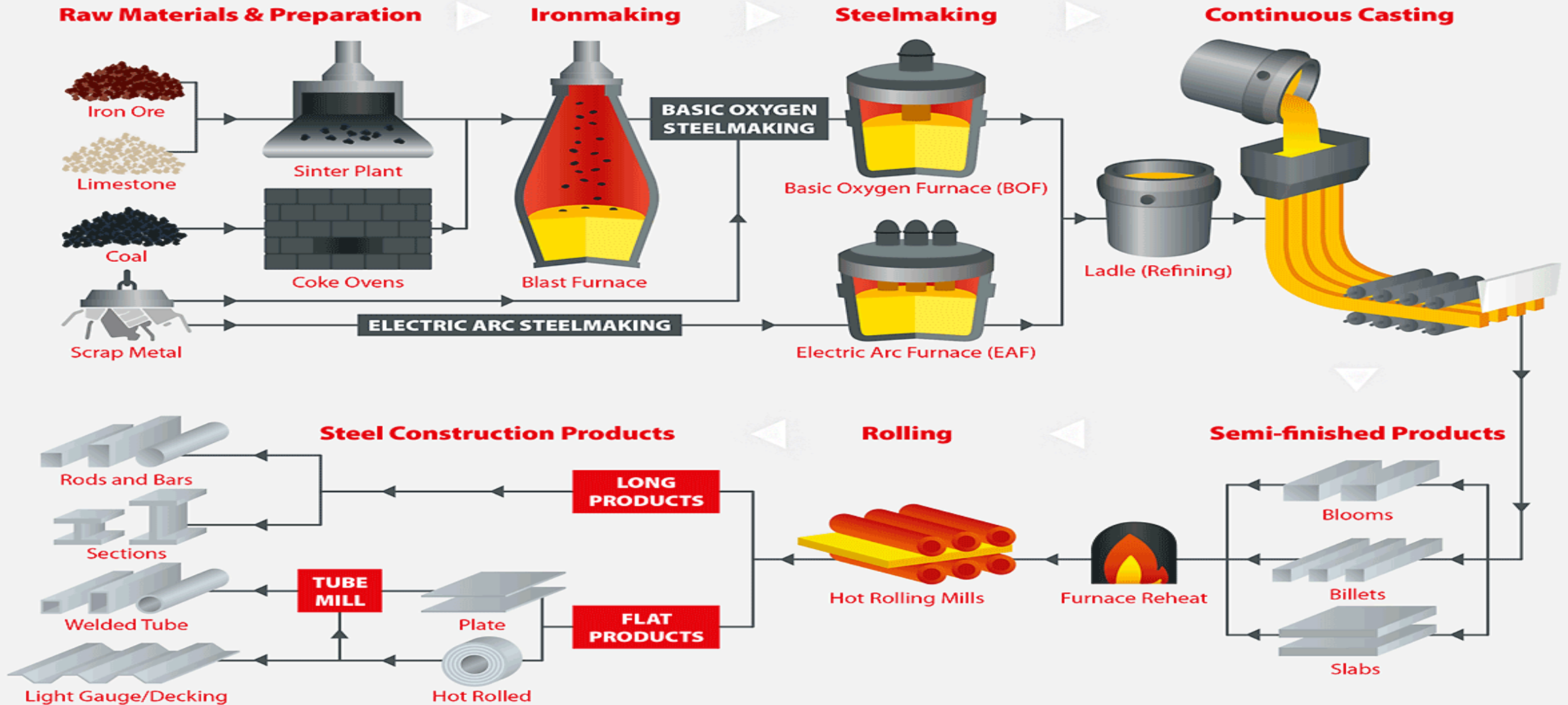
Unbiased and Balanced

Investing in Steel Sector

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Jan 2021

Steel making process



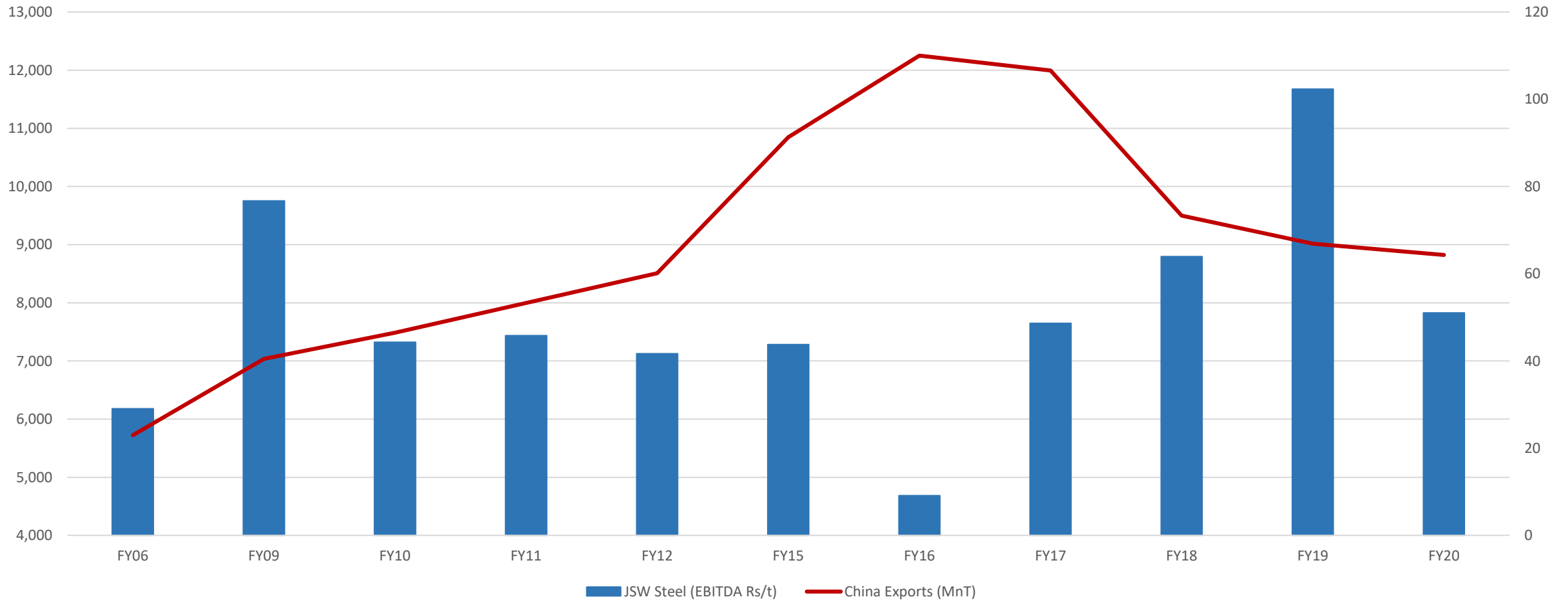
Steel Capacities (2019) – it's all about China

	Crude Steel (Mt)	Global Share (%)	BOF Share (%)	EAF Share (%)	DRI in EAF (%) ²	BF plant age ³ (years)
China	996	53.3	90	10	1	12
European Union	158	8.5	59	41	6	45
North America	119	6.4	32	68	14	53
India	111	6.0	44	56	57	18
CIS ¹	100	5.4	65	29	17	50
Japan	99	5.3	75	25	0	44
Korea	71	3.8	68	38	2	27
ME & Africa	60	3.2	10	90	87	42

1. CIS has a BOF + EAF share of 93%, with the remaining 7% being Open Hearth Furnaces (OHF)
2. Estimated Direct Reduced Iron (DRI) consumption (production + net import) / EAF production
3. Regional capacity-weighted average age for the integrated steel plants. This is a sample estimate, not a census of all operations.

China Exports – Margins shrink

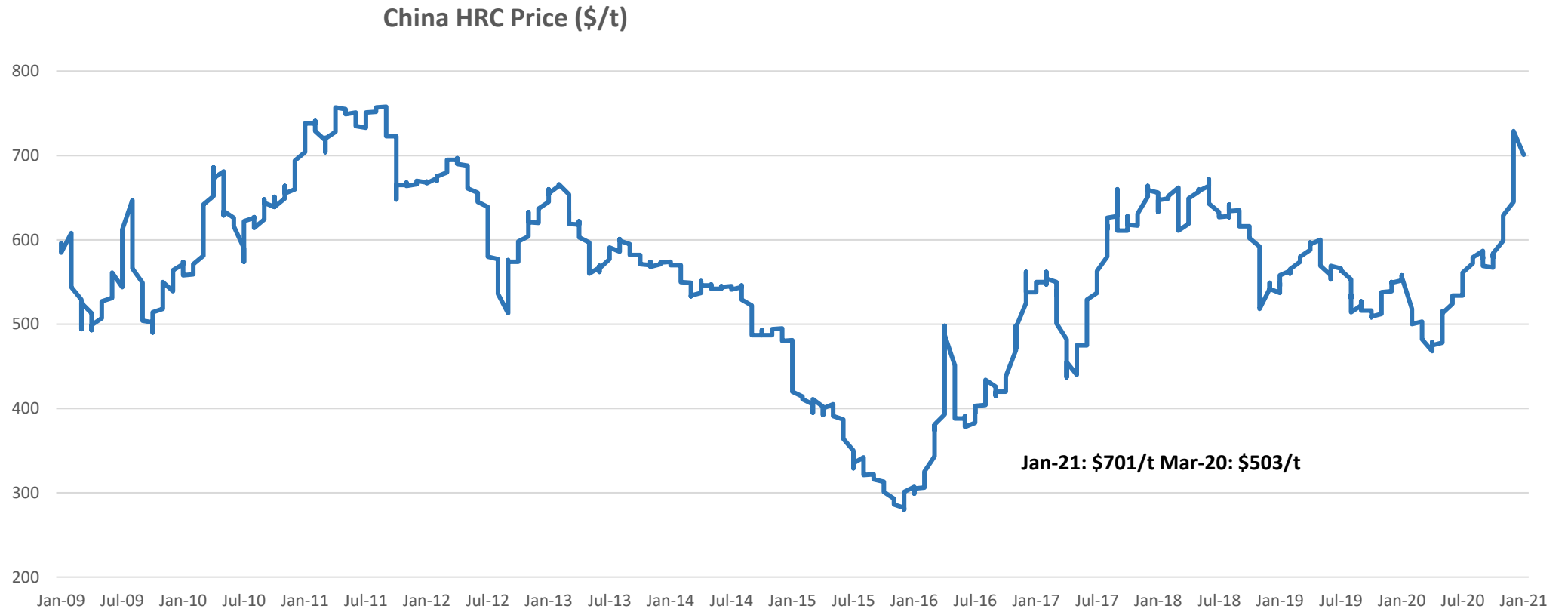
JSW Steel Margin vs Chinese Steel Exports



China Steel Exports 2020 – Imports for the first time

	Steel exports	Billet exports	Steel imports	Billet imports	Net imports
Jan	3,905	2	1,020	602	-2,286
Feb	3,905	2	1,020	602	-2,286
Mar	6,476	3	1,137	529	-4,813
Apr	6,319	2	1,006	476	-4,838
May	4,401	0	1,280	845	-2,277
Jun	3,701	2	1,878	2,484	659
Jul	4,176	0	2,606	2,613	1,043
Aug	3,678	2	2,240	3,224	1,785
Sept	3,828	0	2,885	1,689	746
Oct	4,039	2	1,932	1,614	-495
Nov	4,402	1	1,854	2,793	244

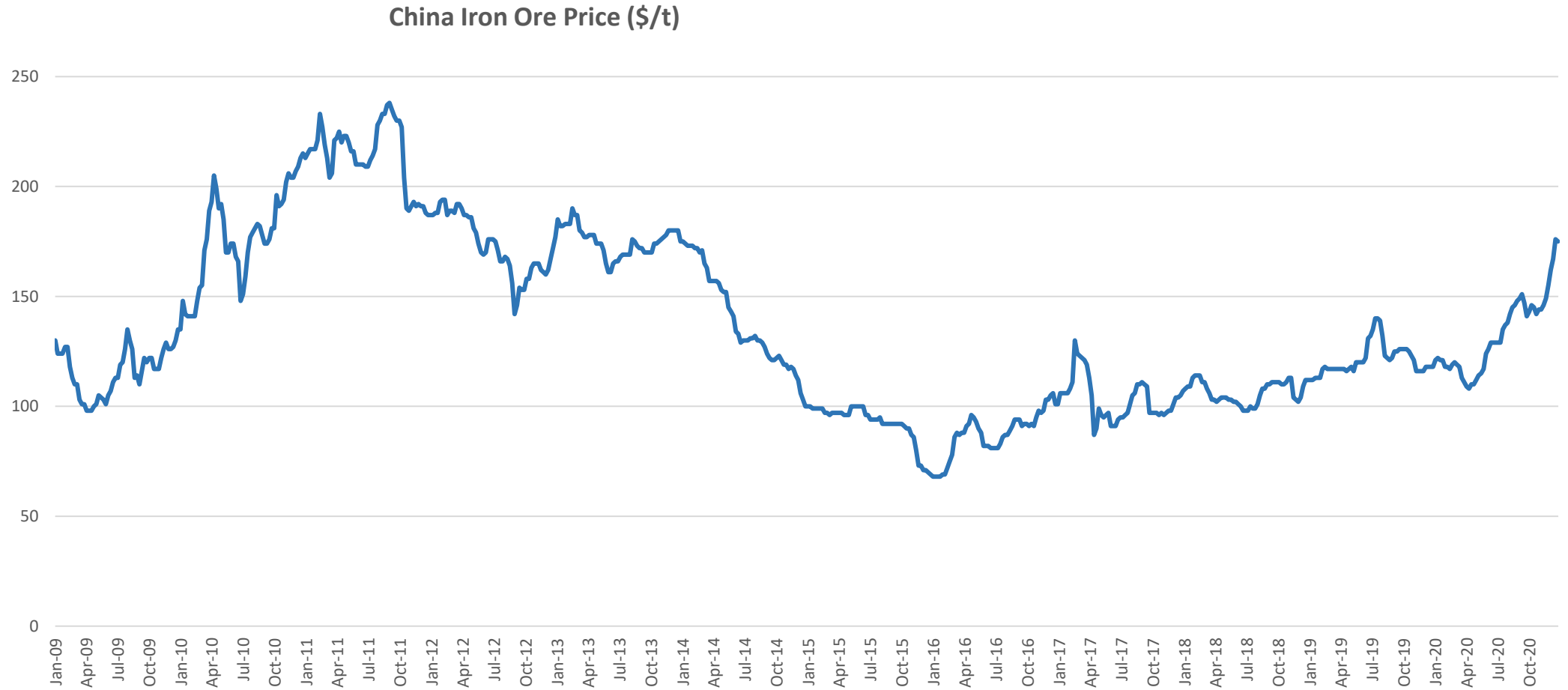
Steel Prices – Nearing 10 year high



Steel Spreads – still below peak



As Iron ore Prices – take away profits



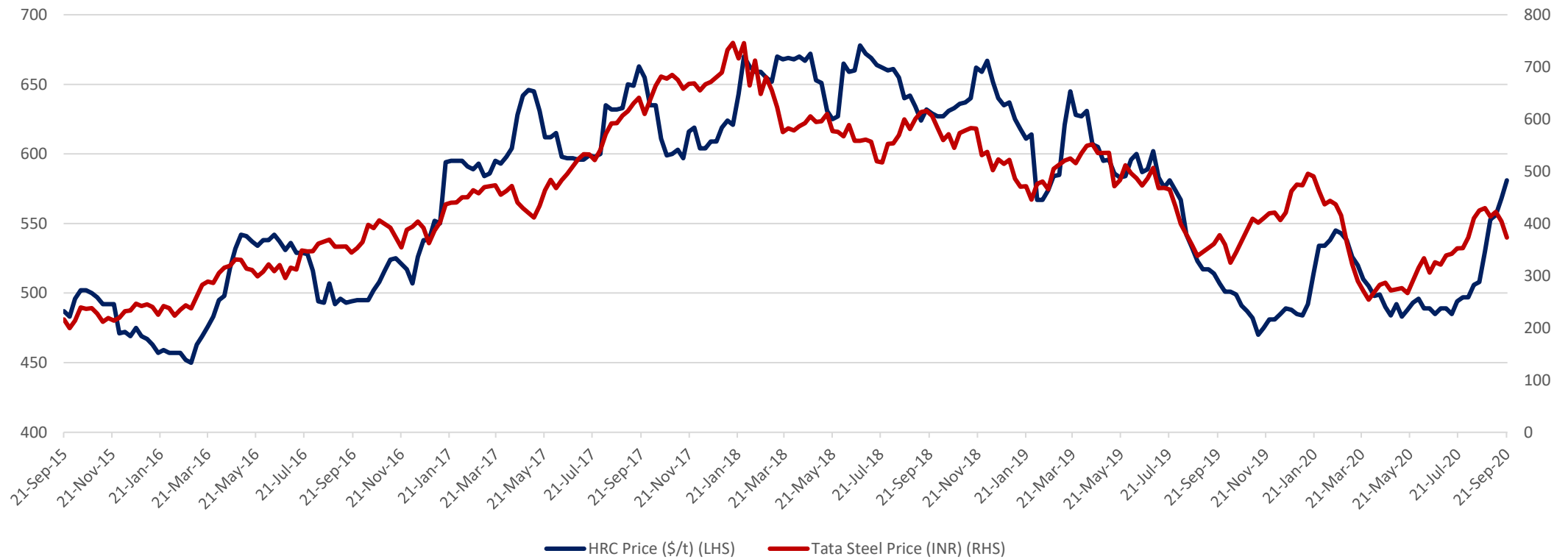
Who has most iron ore?

Company	Captive Iron Ore (Mnt)	Extra EBITDA at Rs1000/t price increase (Rs mn)	Mkt Cap (Rs mn)	% of market cap
NMDC	30	30000	298680	10.0%
TATA	28	28000	622530	4.5%
SAIL	22	22000	165630	13.3%
Godawari	1.8	1800	13890	13.0%

Source: GIA Research

Commodity Price the main driver of stock price

HRC Price vs Tata Steel Stock Price

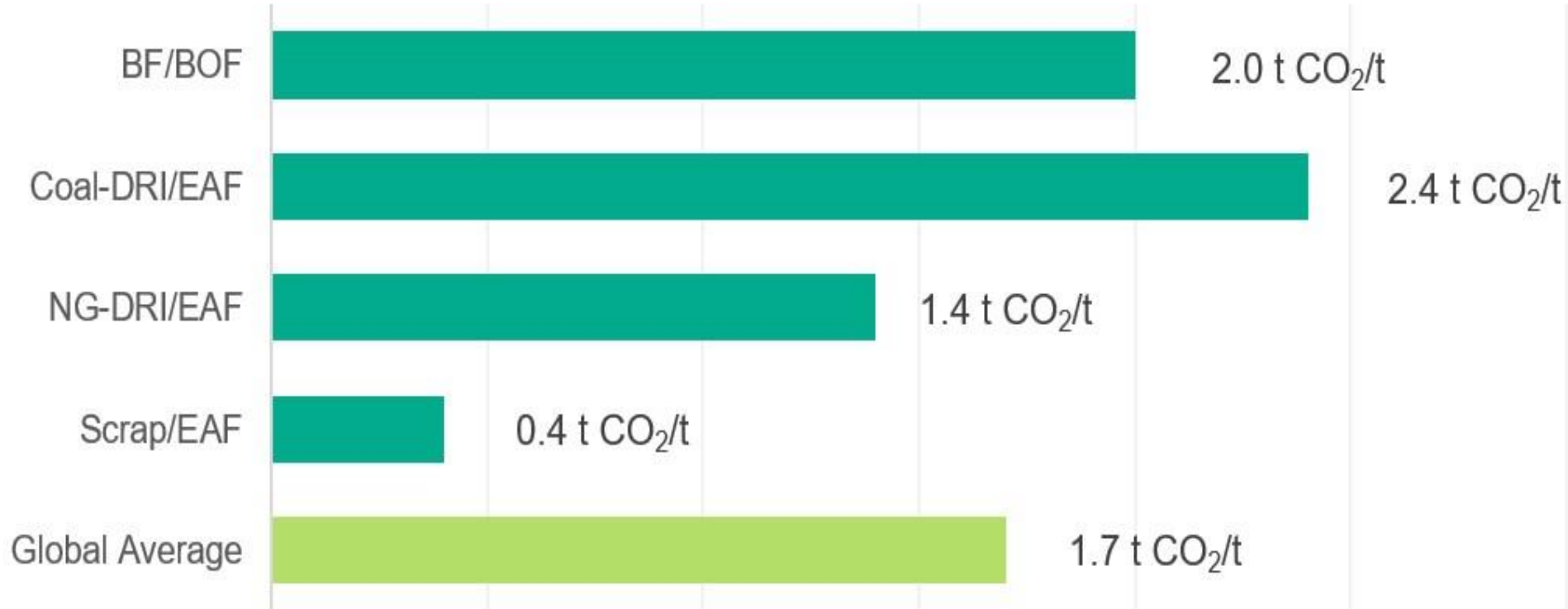


Valuations – some distance away from peak

Price to Book - Nifty Metal



Pollution – Points for future discussion



1. The carbon intensity is calculated with direct emissions from ironmaking, steelmaking, casting and hot-rolling as well as indirect emissions from off-site power sources

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