



**KRAKATAU STEEL**  
PARTNERSHIP FOR SUSTAINABLE GROWTH

# H1 2012 RESULTS

Jakarta, July 2012

## PT Krakatau Steel (Persero) Tbk.

IDX : KRAS  
Reuters : KRAS.JK  
Bloomberg : KRAS.IJ

**Market Capitalization - as of June 30, 2012  
(IDR million)**  
11,831,250

**Issued shares - as of June 30, 2012  
(million shares)**  
15,775

### Share price (Closing), IDR

2 January 2012 840  
30 June 2012 750  
**3 month high 880**  
**3 month low 660**

### Shareholders composition - as of June 30, 2012

Government of Indonesia 80.00%  
Public 20.00%

### Board of Directors

President Director Irvan Kamal Hakim  
Production Director Hilman Hasyim  
Finance Director Sukandar  
Marketing Director Yerry  
Logistics Director Imam Purwanto  
Human Resources Director Dadang Danusiri  
Technology and Business Development Director Widodo Setiadharmaji

### Consolidated Subsidiaries

PT Krakatau Wajatama  
PT KHI Pipe Industries  
PT Meratus Jaya Iron & Steel  
PT Krakatau Daya Listrik  
PT Krakatau Tirta Industri  
PT Krakatau Bandar Samudera  
PT Krakatau Industrial Estate Cilegon  
PT Krakatau Engineering  
PT Krakatau Information Technology  
PT Krakatau Medika

### Website

<http://www.krakatausteel.com>

## ANNOUNCEMENT OF FIRST SEMESTER 2012 RESULTS

### Financial Highlights

Description (Rp bn)	H1 2012	H1 2011	Change (%)
Revenue	11,023	8,411	31.1
Cost of Revenues	10,163	7,507	35.4
Gross Profit	860	904	-4.8
Operating Expenses	648	577	12.3
Operating Income	212	326	-35.0
EBIT DA	734	706	3.9
Net Income	106	1,367	-92.3
EPS (Rp/share)	7	87	-92.3
Total Assets	23,180	20,070	15.5

Ratio	H1 2012	H1 2011
Gross Margin	7.80%	10.74%
Operating Margin	1.92%	3.88%
Net Margin	0.96%	16.25%
EBIT DA Margin	6.66%	8.40%
Debt to Equity	91.90%	63.08%
Debt to Assets	40.52%	33.64%
Return on Equity (ROE) *	1.04%	12.77%
Return on Assets (ROA) *	0.47%	7.26%

\* return H1 2012 & H1 2011 in 6 months

- Net revenues in H1 2012 rose 31.1% Year-on-Year (YoY) to Rp 11.0 trillion, triggered by a 25.2% YoY increase in steel sales volume.
- However, the increase in net revenues could not offset the higher cost of revenues, which rose 35.4% YoY. A 11.5% YoY increase in iron ore pellet prices to US\$240.1/ton contributed to the higher cost of revenues.
- Net income dropped 92.3% YoY to Rp 106 billion due to a 12.3% YoY increase in operating expenses and 62.8% YoY increase in interest expenses. A 47.2% YoY increase in delivery expense contributed to the higher operating expenses. Furthermore, the company no longer booked gain from transfer of fixed assets in H1 2012 compared to a gain of Rp 1.1 trillion during the same periode last year.
- EBITDA, on the other hand, grew 3.9% YoY to Rp 734.2 billion due to a sharp increase in capitalized borrowing costs on construction in progress and higher depreciation charges.

### Investor Relations

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This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risk and uncertainty that could cause actual results and development to differ materially from those expressed or implied in these statements. PT Krakatau Steel (Persero) Tbk does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

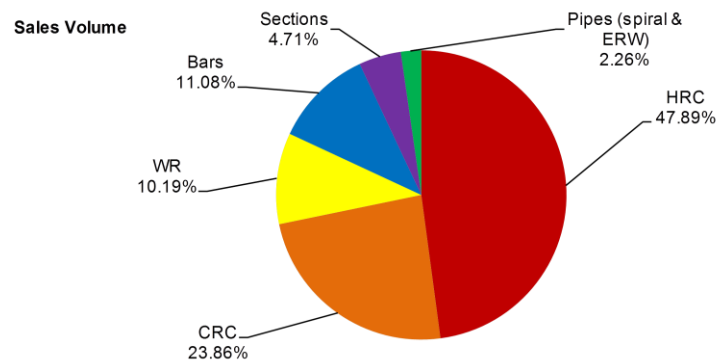


## MARKETING RESULTS

Steel Sales (tons)	H1 2012	H1 2011	Change (%)
HRC	576,430	508,120	13.4
CRC	287,250	163,609	75.6
WR	122,685	99,145	23.7
Bars	133,387	93,774	42.2
Sections	56,706	52,651	7.7
Pipes (spiral & ERW)	27,248	43,863	-37.9
<b>Total</b>	<b>1,203,705</b>	<b>961,162</b>	<b>25.2</b>

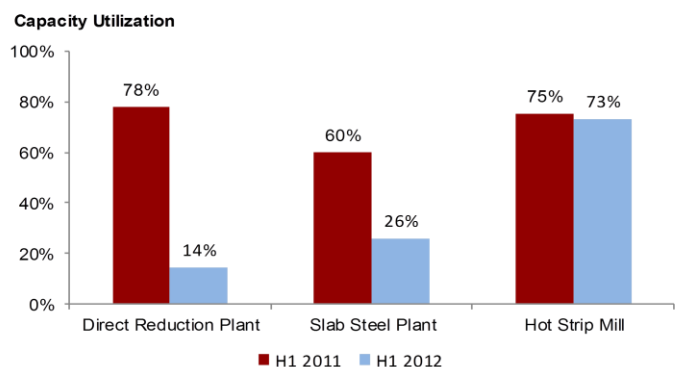
Average Selling Price Rp/kg	H1 2012	H1 2011	Change (%)
HRC	7,251	7,866	-7.8
CRC	8,292	8,896	-6.8
WR	7,141	6,795	5.1
Bars	6,215	6,574	-5.5
Sections	8,157	7,735	5.5
Pipes (spiral & ERW)	12,438	9,890	25.8

- Steel demand has weakened since the middle of May 2012 in China, Far East (Japan, South Korea and Taiwan) and Southeast Asia regions. The weak demand affected steel selling prices in domestic market.
- However, sales volume of Krakatau Steel's steel products (HRC, CRC and WR) grew 28.0% YoY to 986,365 tons in H1 2012 on the back of stronger demand from general structure sector. The increase in sales volume signals improvement in steel consumption in Indonesia, mainly from construction, manufacturing and infrastructure sectors.



## OPERATIONAL RESULTS

Production (tons)	H1 2012	H1 2011	Change (%)
Sponge Iron	109,740	590,736	-81.4%
Slab	233,661	539,522	-56.7%
HRC	877,153	904,922	-3.1%



- Production of HRC in H1 2012 decreased 3.1% YoY to 877,153 tons and utilization decreased to 73%. Lower sponge iron and slab steel production contributed to the decrease in HRC production.
- Sponge iron and slab steel production dropped 81.4% YoY and 56.7% YoY, respectively, as a result of the revitalization process of the Direct Reduction Plant (DRP) and the Slab Steel Plant (SSP). The start up of the revitalized DRP, which was scheduled for May 2012, was delayed due to technical problems following the installation of the Zero Reformer technology.

## BALANCE SHEET (in billion rupiah)

NERACA	6/30/2012	12/31/2011	BALANCE SHEET
	Unaudited	Audited As represented	
<b>ASET</b>			<b>ASSETS</b>
<b>ASET LANCAR</b>			<b>CURRENT ASSETS</b>
Kas dan setara kas	3,431	3,594	Cash & cash equivalents
Investasi jangka pendek	75	162	Short-term investments
Deposito yang dibatasi penggunaannya			Restricted time deposits
Piutang Usaha - bersih	3,005	2,234	Trade receivables (net)
Piutang lain-lain - bersih	94	142	Other receivables (net)
Persediaan - bersih	6,616	6,804	Inventories (net)
Uang muka dan biaya dibayar dimuka	347	278	Advances and prepaid expenses
Pajak dibayar dimuka	76	-	Prepaid taxes
Factoring			Factoring
Pekerjaan dalam Penyelesaian			Construction in progress
<b>Jumlah Aset Lancar</b>	<b>13,644</b>	<b>13,213</b>	<b>Total Current Assets</b>
<b>ASET TIDAK LANCAR</b>			<b>NON CURRENT ASSETS</b>
T aksiran tagihan pajak	654	506	Estimated claims for tax refund
Investasi pada saham - bersih	1,987	1,626	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	55	30	Deferred tax assets (net)
Aset tetap - bersih	6,437	5,644	Fixed Asset (net)
Aset lain-lain	403	493	Other assets
<b>Jumlah Aset Tidak Lancar</b>	<b>9,536</b>	<b>8,298</b>	<b>Total Non Current Assets</b>
<b>JUMLAH ASET</b>	<b>23,180</b>	<b>21,512</b>	<b>TOTAL ASSETS</b>
<b>LIABILITAS DAN EKUITAS</b>			<b>LIABILITIES</b>
<b>LIABILITAS LANCAR</b>			<b>Current Liabilities</b>
Hutang bank jangka pendek	7,834	5,812	Short-term bank loans
Hutang usaha	1,511	2,009	Trade payables
Hutang lain-lain	455	345	Other payables
Hutang pajak	159	126	Taxes payable
Biaya yang masih harus dibayar	214	255	Accrued expenses
Uang muka penjualan dan lainnya	573	466	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	220	187	Current portion of LT loans
Bagian liabilitas jk panjang yg jth tempo 1 th	31	4	Current portion of LT liability
Factoring	-	-	Factoring
<b>Jumlah Liabilitas Lancar</b>	<b>10,998</b>	<b>9,205</b>	<b>Total Current Liabilities</b>
<b>LIABILITAS TIDAK LANCAR</b>			<b>NON CURRENT LIABILITIES</b>
Liabilities pajak tangguhan - bersih	17	47	Deferred tax liabilities, net
Uang muka konstruksi, bagian jangka panjang	227	227	Advance for construction, long term portion
Pinjaman jk panjang stl dikurangi jth tempo 1 th	1,338	1,313	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	50	55	LT liabilities, net of current portion
Liabilities kesejahteraan	330	310	Estimated liabilities for employee benefits
<b>Jumlah Liabilitas Tidak Lancar</b>	<b>1,962</b>	<b>1,952</b>	<b>Total Non Current Liabilities</b>
<b>JUMLAH LIABILITAS</b>	<b>12,960</b>	<b>11,157</b>	<b>TOTAL LIABILITIES</b>
<b>EKUITAS</b>			<b>SHAREHOLDER'S EQUITY</b>
Modal saham			Share capital
nominal Rp.500 (angka penuh) per saham pada tanggal 30 September 2010 dan 31 Desember 2010			Par value Rp.500 (full amount) per share as of September 30, 2011 and December 31, 2010
nominal Rp.1.000.000 (angka penuh) per saham pada tanggal 1 Januari 2010/31 Desember 2009			par value Rp.1,000,000 (full amount) per share as of January 1, 2010/December 31, 2009
Modal dasar			Authorized capital
40.000.000.000 saham pada tahun 2011 dan 2010			40,000,000,000 shares in 31/3/2011 and 31/12/2010
8.000.000.000 saham pada 31 Maret 2010			8,000,000,000 shares in 31 Maret 2010
Modal ditempatkan dan disetor penuh	7,888	7,888	Issued and fully paid
15.775.000.000 saham pada tahun 2011 dan 2010			15,775,000,000 shares in 31/3/2011 dan 31/12/2010
2.000.000 saham pada 31 Maret 2010			2,000,000 shares in 31 Maret 2010
Tambahan modal disetor	1,016	1,016	Additional paid-in capital, net
Modal disetor lainnya	6	-	Other paid-in capital
Selisih transaksi perubahan ekuitas AP	18.47	18	Difference arising from transactions resulting in change in the equity of Subsidiary
Komponen ekuitas lainnya	(33)	(33)	Other equity components
Saldo laba			Retained earnings
Dicadangkan	1,394.31	1,344	Appropriated
Tidak dicadangkan	(241.49)	(52)	Unappropriated
Saldo laba, net	1,153	1,292	Retain Earning, net
Kepentingan Non Pengendali	172.71	174	Non-controlling interest
<b>Total Ekuitas</b>	<b>10,220</b>	<b>10,355</b>	<b>Equities, net</b>
<b>JUMLAH LIABILITAS DAN EKUITAS</b>	<b>23,180</b>	<b>21,512</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

See accompanying notes to consolidated financial statements, which form an integral part of the consolidated financial statements.



## INCOME STATEMENT *(in billion rupiah)*

LAPORAN LABA RUGI	6/30/2012 (Unaudited)	6/30/2011 (Unaudited)	PROFIT & LOSS STATEMENT
Pendapatan bersih	11,023	8,411	Net Revenues
Beban pokok pendapatan	10,163	7,507	Cost of Revenues
<b>Laba (rugi) kotor</b>	<b>860</b>	<b>904</b>	<b>Gross Profit</b>
Beban Usaha			Operating Expenses
Distribusi dan Penjualan	198	136	Distribution and sales
Administrasi	450	441	Administration
<b>Laba (rugi) operasi</b>	<b>212</b>	<b>326</b>	<b>Income from Operations</b>
Penghasilan (beban) lain-lain			Other Income
Laba (rugi) selisih kurs	(15)	50	Gain on foreign exchange
Beban bunga	(252)	(155)	Interest Expense
Penjualan limbah produksi	1	26	Sales of waste products
Pendapatan bunga	49	57	Interest income
Laba penyelesaian kewajiban imbalan pasca kerja			Gain from post retirement healthcare liab
Laba pengalihan aset tetap		1,090.30	Gain on transfer of fixed asset
Laba pematangan tanah	35	-	Gain on site preparation work
Kepentingan non pengendali atas (laba) rugi bersih Anak Perusahaan			Non-controlling interest in net (income) loss of Subsidiaries
Bagian laba (rugi) entitas asosiasi			Profit (loss) associated company
Lain-lain bersih	115	85	Miscellaneous, net
<b>Laba sebelum beban (manfaat) pajak</b>	<b>145</b>	<b>1,480</b>	<b>Income Before Tax</b>
Beban (manfaat) pajak - bersih	39	113	Tax Expense (Benefit)
<b>Total Pendapatan komprehensif tahun berjalan</b>	<b>106</b>	<b>1,367</b>	<b>Total comprehensive income for the year</b>
Hak minoritas atas laba bersih anak perusahaan			Minority Interest in net (income) loss of Subsidiaries
Pos Luar Biasa setelah pajak			
<b>Laba Per Saham Dasar dan Dilusian</b> (dalam Rupiah penuh)	<b>6.71</b>	<b>86.63</b>	<b>Basic Income Per Share</b> (in full Rupiah amount)

See accompanying notes to consolidated financial statements, which form an integral part of the consolidated financial statements.