



**KRAKATAU STEEL**  
PARTNERSHIP FOR SUSTAINABLE GROWTH

# FY 2013 RESULTS

Jakarta, March 2014

## ANNOUNCEMENT OF TWELVE MONTH 2013 RESULTS

### Financial Highlights

Description (USD mn)	FY 2013	FY 2012	Change (%)
Revenue	2,084.4	2,287.4	(8.9)
Cost of Revenues	1,988.8	2,165.0	(8.1)
Gross Profit	95.6	122.4	(21.9)
Operating Expenses	174.3	189.3	(7.9)
Operating Income	(1.1)	15.9	(106.7)
EBITDA	59.6	76.5	(22.1)
Profit Attributable to Owners of Parent Entity	(13.9)	(20.4)	-
EPS (USD/share)	(0.0)	(0.0)	-
Total Assets	2,379.5	2,561.9	(7.1)
Interest Expenses	(45.7)	(40.6)	12.4

Ratio	FY 2013	FY 2012
Gross Margin	4.59%	5.35%
Operating Margin	-0.05%	0.70%
Net Margin	-0.67%	-0.89%
EBITDA Margin	2.86%	3.34%
Debt to Equity	95.65%	88.11%
Debt to Assets	42.29%	38.38%
Return on Equity (ROE) *	-1.33%	-1.83%
Return on Assets (ROA) *	-0.57%	-0.82%

\* : Return FY 2013 & FY 2012 in 12 months

- The company posted steel sales volume of 2,4 million tons in FY 2013, or a 3.0% Year-on-Year (YoY) increase. However, net revenues decreased 8.9% YoY due to lower average selling prices, such as a 13.8% YoY decline in HRC selling prices. The decline in average selling prices were due to lower global steel prices and weaker rupiah exchange rate against the USD.
- Gross profit decreased 21.9% YoY to US\$ 95.6 million. A 8.1% YoY decrease in cost of revenues, on the back of lower raw material cost by 15.1% YoY, could not offset the decline in average selling prices and higher gas prices (15.0% from PGN and 43.0% from Pertamina) also put pressure on gross profit.
- The company booked loss attributable to owners of the parent entity of US\$ 13.9 million, compared to US\$ 20.4 million in FY 2012, due to lower operating margin and to a share in loss of associates of US\$ 12.3 million, US\$ 11.5 million of which was incurred from PT Krakatau Posco as the steel mill construction of the joint venture was still in progress until early December 2013.
- Total assets decreased 7.1% YoY to US\$ 2,380 million due to lower cash and cash equivalents and accounts receivables, in line with the decrease in revenues. A 20.4% YoY decline in inventory to US\$ 519,1 million, which was due to the company's inventory efficiency program, also contributed to the lower total assets.
- EBITDA fell 22.1% YoY to US\$ 59.6, in line with the low operating margin. A sharp increase in foreign exchange gain also contributed to the lower EBITDA.

### PT Krakatau Steel (Persero) Tbk.

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

**Market Capitalization - as of December 31, 2013 (IDR million)**  
7,808,625

**Issued shares - as of December 31, 2013 (million shares)**  
15,775

### Share price (Closing), IDR

1 January 2013 640  
31 December 2013 495  
**12 month high 680**  
**12 month low 445**

### Shareholders composition - as of December 31, 2013

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  
PT Krakatau National Resources

### Website

<http://www.krakatausteel.com>

### Investor Relations

Jakarta Office  
PT Krakatau Steel (Persero) Tbk.  
Gedung Krakatau Steel, lantai 9  
Jl. Jend. Gatot Subroto Kav. 54  
Jakarta Selatan 12950  
Phone : (+62 21) 5253552  
Fax : (+62 21) 5200661  
Email : [ir@krakatausteel.com](mailto:ir@krakatausteel.com)

Cilegon Office  
Gedung ADB, Jl. Industri No. 5 P.O.Box 14  
Cilegon, Banten 42435  
Phone : (+62 254) 372301  
Fax : (+62 254) 372303  
Email : [ir@krakatausteel.com](mailto:ir@krakatausteel.com)

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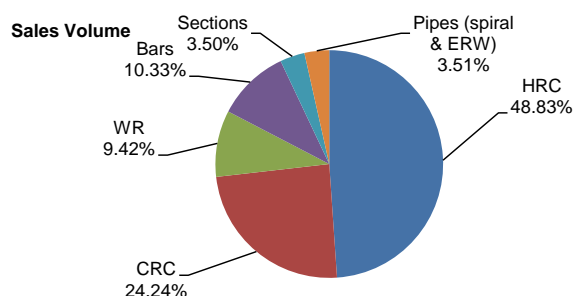


## MARKETING RESULTS

Steel Sales (tons)	FY 2013	FY 2012	Change (%)	Average Selling Price USD/ton	FY 2013	FY 2012	Change (%)
HRC	1,160,268	1,142,519	1.6	HRC	666	772	-13.8
CRC	575,831	509,224	13.1	CRC	799	878	-9.1
WR	223,899	229,476	-2.4	WR	666	753	-11.5
Bars	245,422	196,271	25.0	Bars	676	743	-9.1
Sections	83,269	108,608	-23.3	Sections	735	851	-13.6
Pipes (spiral & ERW)	83,305	77,878	7.0	Pipes (spiral & ERW)	1,147	1,177	-2.6
Others	3,964	43,894	-91.0				
<b>Total</b>	<b>2,375,958</b>	<b>2,307,870</b>	<b>3.0</b>				

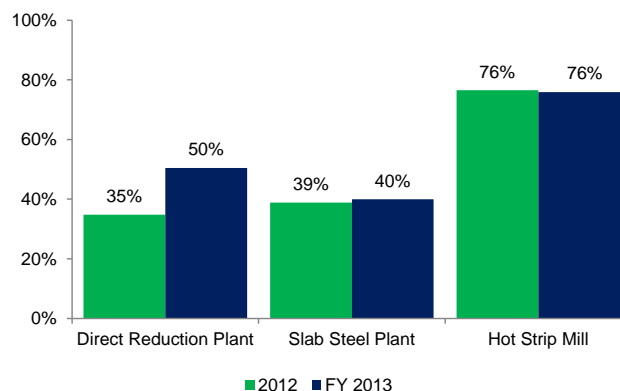
## Market Analysis

- Steel prices started to pick up in Q1 2013 and reach the highest level US\$ 620-640/ton for East Asia Import Price CFR in February. However, steel prices in Asia fluctuated and reached the lowest level at US\$ 506 – 554/ton in June. Then steel prices increased slightly at US\$540-570/ton in November-December.
- Global steel demand slightly increase in FY 2013 about 3.0%, with Chinese steel apparent demand grew only 7.0% while elsewhere down 2.0%. While in 2014, world steel demand expect to grow only 3.0%, with China's economy slow down while economic rebound in advanced economic countries.
- Domestic steel demand for flat and long products FY 2013 increase by 6.0% compared to last year, driven by moderate economic growth. The key steel consuming sectors such as construction and manufacturing has remained robust; car production 2013 rose by 11.0%, while construction sector grew by around 6.5%.



## OPERATIONAL RESULTS

Production (tons)	FY 2013	FY 2012	Change (%)
Sponge Iron	756,739	522,135	44.9%
Slab	719,921	699,510	2.9%
HRC	1,821,025	1,835,968	-0.8%



- Production of HRC in FY 2013 slightly decreased 0.8% YoY to 1,821,025 tons and utilization remained at 76%. Production of sponge iron and slab steel rose 44.9% YoY and 2.9% YoY to 756,739 tons and 719,921 tons, respectively.
- Capacity utilization of the Direct Reduction Plant (DRP) and the Slab Steel Plant (SSP) rose to 50% and 40%, respectively, in line with the increase in production.



## BALANCE SHEET (in million US dollar)

NERACA	12/31/2013 Audited	12/31/2012 Audited	BALANCE SHEET
<b>ASET</b>			<b>ASSETS</b>
<b>ASET LANCAR</b>			<b>CURRENT ASSETS</b>
Kas dan setara kas	190.2	270.3	Cash & cash equivalents
Investasi jangka pendek	7.8	7.8	Short-term investments
Deposito yang dibatasi penggunaannya	0.0	4.1	Restricted time deposits
Piutang Usaha - bersih	276.2	391.6	Trade receivables (net)
Piutang lain-lain - bersih	57.0	20.9	Other receivables (net)
Persediaan - bersih	519.1	652.4	Inventories (net)
Uang muka dan biaya dibayar dimuka	35.5	40.9	Advances and prepaid expenses
Pajak dibayar dimuka	9.4	11.6	Prepaid taxes
<b>Jumlah Aset Lancar</b>	<b>1,095.2</b>	<b>1,399.7</b>	<b>Total Current Assets</b>
<b>ASET TIDAK LANCAR</b>			<b>NON CURRENT ASSETS</b>
Taksiran tagihan pajak	54.4	77.0	Estimated claims for tax refund
Investasi pada saham - bersih	255.4	244.4	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	38.0	20.1	Deferred tax assets (net)
Aset tetap - bersih	855.5	748.9	Fixed Asset (net)
Aset lain-lain	80.9	71.9	Other assets
<b>Jumlah Aset Tidak Lancar</b>	<b>1,284.3</b>	<b>1,162.3</b>	<b>Total Non Current Assets</b>
<b>JUMLAH ASET</b>	<b>2,379.5</b>	<b>2,561.9</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	800.5	807.4	Short-term bank loans
Hutang usaha	179.9	264.5	Trade payables
Hutang lain-lain	19.8	14.7	Other payables
Hutang pajak	12.9	29.5	Taxes payable
Biaya yang masih harus dibayar	24.2	24.6	Accrued expenses
Liabilitas imbalan kerja jangka pendek	9.2	11.0	Short-term employee benefits liabilities
Uang muka penjualan dan lainnya	31.2	71.2	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	59.8	21.1	Current portion of LT loans
Bagian liabilities jk panjang yg jth tempo 1 th	0.7	0.4	Current portion of LT liability
<b>Jumlah Liabilitas Lancar</b>	<b>1,138.1</b>	<b>1,244.4</b>	<b>Total Current Liabilities</b>
<b>LIABILITAS TIDAK LANCAR</b>			<b>NON CURRENT LIABILITIES</b>
Liabilities pajak tangguhan - bersih	4.3	2.1	Deferred tax liabilities, net
Uang muka konstruksi, bagian jangka panjang	-	-	Advance for construction, long term portion
Pinjaman jk panjang stl dikurangi jth tempo 1 th	146.0	154.8	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	7.7	6.9	LT liabilities, net of current portion
Liabilitas imbalan kerja jangka panjang	31.2	37.7	LT employee benefits liabilities
<b>Jumlah Liabilitas Tidak Lancar</b>	<b>189.3</b>	<b>201.5</b>	<b>Total Non Current Liabilities</b>
<b>JUMLAH LIABILITAS</b>	<b>1,327.5</b>	<b>1,446.0</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	856.0	856.0	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	117.2	117.0	Additional paid-in capital, net
Pendapatan komprehensif lainnya	(55.6)	(5.3)	Other comprehensive income
Saldo laba			Retained earnings
Dicadangkan	146.8	146.8	Appropriated
Tidak dicadangkan	(32.3)	(18.4)	Unappropriated
Saldo laba, net	114.5	128.5	Retain Earning, net
Kepentingan Non Pengendali	20.0	19.9	Non-controlling interest
<b>Total Ekuitas</b>	<b>1,052.1</b>	<b>1,116.0</b>	<b>Equities, net</b>
<b>JUMLAH LIABILITAS DAN EKUITAS</b>	<b>2,379.5</b>	<b>2,561.9</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 million US dollar)

LAPORAN LABA RUGI	12/31/2013 Audited	12/31/2012 Audited	PROFIT & LOSS STATEMENT
Pendapatan bersih	2,084.4	2,287.4	Net Revenues
Beban pokok pendapatan	1,988.8	2,165.0	Cost of Revenues
<b>Laba (rugi) kotor</b>	<b>95.6</b>	<b>122.4</b>	<b>Gross Profit</b>
Beban penjualan	(40.3)	(42.5)	Selling expenses
Beban umum dan administrasi	(95.2)	(105.4)	General and administrative expenses
Penjualan limbah produksi	3.6	9.6	Sales of waste products
Laba pengalihan aset tetap	12.2	7.0	Gain on transfer of fixed asset
Laba pematangan tanah	-	0.9	Gain on site preparation work
Pendapatan lain-lain	28.1	27.9	Other income
Beban lain-lain	(5.1)	(4.1)	Other expenses
<b>Laba operasi</b>	<b>(1.1)</b>	<b>15.9</b>	<b>Income from Operations</b>
Bagian laba (rugi) dari entitas asosiasi	(12.3)	(5.4)	Share in profit (loss) of associates
Pendapatan keuangan	6.9	9.4	Finance income
Laba selisih kurs, neto	37.4	5.2	Gain on foreign exchange, net
Beban keuangan	(45.7)	(40.6)	Finance expenses
<b>Laba sebelum beban (manfaat) pajak</b>	<b>(14.7)</b>	<b>(15.5)</b>	<b>Income Before Tax</b>
Beban (manfaat) pajak - bersih	(1.1)	4.1	Tax Expense (Benefit)
<b>Laba (rugi) tahun berjalan</b>	<b>(13.6)</b>	<b>(19.6)</b>	<b>Profit (loss) for the year</b>
<b>Pendapatan komprehensif lain</b>			<b>Other comprehensive income</b>
Selisih kurs karena penjabaran laporan keuangan			Difference in foreign currency translation
Entitas Anak - neto	(50.3)	(10.2)	of the financial statements of Subsidiaries
<b>Total pendapatan (rugi) komprehensif</b>	<b>(63.9)</b>	<b>(29.8)</b>	<b>Total comprehensive income (loss)</b>
<b>Total laba (rugi) yang dapat diatribusikan kepada:</b>			<b>Total profit (loss) attributable to:</b>
Pemilik entitas induk	(14.0)	(20.4)	Owners of the parent entity
Kepentingan non pengendali	0.4	0.9	Non-controlling interests
<b>Total</b>	<b>(13.6)</b>	<b>(19.6)</b>	
<b>Laba Per Saham Dasar dan Dilusian</b> (dalam Dolar AS penuh)	<b>(0.0009)</b>	<b>(0.0012)</b>	<b>Basic Income Per Share</b> (in full US Dollar amount)

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