



KRAKATAU STEEL
PARTNERSHIP FOR SUSTAINABLE GROWTH

FY 2012 RESULTS

Jakarta, April 2013

PT Krakatau Steel (Persero) Tbk.

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

Market Capitalization - as of December 31, 2012
(IDR million)
10,096,000

Issued shares - as of December 31, 2012
(million shares)
15,775

Share price (Closing), IDR

2 January 2012 840
31 December 2012 640
3 month high 740
3 month low 640

Shareholders composition - as of December 31, 2012

Government of Indonesia 80.00%
Public 20.00%

Board of Directors

President Director Ivan 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 FULL YEAR 2012 RESULTS

Financial Highlights

Description (USD mn)	FY 2012	FY 2011	Change (%)
Revenue	2,287	2,033	12.5
Cost of Revenues	2,165	1,875	15.5
Gross Profit	122	158	-22.6
Operating Expenses	189	239	-21.0
Operating Income	16	114	-86.1
EBITDA	76	93	-17.6
Net Income	(20)	151	-113.5
EPS (Rp/share)	(0.0013)	0.0096	-113.5
Total Assets	2,562	2,398	6.8
Interest Expenses	(41)	(35)	17.1

Ratio	FY 2012	FY 2011
Gross Margin	5.35%	7.78%
Operating Margin	0.70%	5.62%
Net Margin	-0.89%	7.44%
EBITDA Margin	3.34%	4.56%
Debt to Equity	88.11%	68.84%
Debt to Assets	38.38%	33.61%
Return on Equity (ROE) *	-1.83%	12.92%
Return on Assets (ROA) *	-0.82%	6.98%

* return FY 2012 & FY 2011 in 12 months

- Starting from FY 2012, the company changed the presentation currency of the consolidated financial statements from Rupiah to US Dollar in accordance with the adoption of PSAK No. 10.
- Net revenues in FY 2012 grew 12.5% Year-on-Year (YoY) to US\$ 2.3 billion, triggered by a 11.4% YoY increase in steel sales volume and in contribution from non-steel revenues, mainly from the engineering and construction services.
- However, a 15.5% YoY increase in cost of revenues to US\$ 2.1 billion and lower average selling prices of steel products resulted in a 22.6% YoY decrease in gross profit. The company's higher cost of revenues in Q4 2012 as a result of a 35% increase in gas price in September 2012 caused the higher cost of revenues in FY 2012.
- The company posted a net loss of US\$ 20.4 million compared to a net income of US\$ 151.2 million in FY 2011 (restated from FY 2011 net profit figure of Rp 1.02 trillion or equivalent to US\$ 112.8 million at exchange rate of Rp 9,068/USD) due to the lower gross profit and also a drop in operating income. The latter mainly came from a 91.6% YoY drop in gain on transfer of fixed assets and a 88.4% YoY decline in gain on site preparation work.
- EBITDA decreased 17.6% YoY to US\$ 76.4 billion, in line with a decline in operating income.

Investor Relations

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DISCLAIMER

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.



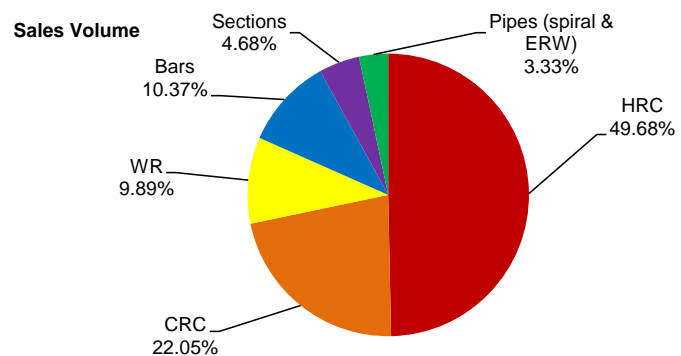
MARKETING RESULTS

Steel Sales (tons)	FY 2012	FY 2011	Change (%)
HRC	1,142,519	1,053,784	8.4
CRC	509,224	405,435	25.6
WR	229,476	227,399	0.9
Billet & slab	44,512	4,744	838.2
Bars	196,271	186,421	5.3
Sections	108,608	100,008	8.6
Pipes (spiral & ERW)	77,878	94,531	-17.6
Total	2,308,488	2,072,323	11.4

Average Selling Price USD/ton	FY 2012	FY 2011	Change (%)
HRC	772	864	-10.6
CRC	878	995	-11.7
WR	753	776	-2.9
Bars	743	736	1.0
Sections	851	888	-4.1
Pipes (spiral & ERW)	1,177	1,071	9.9

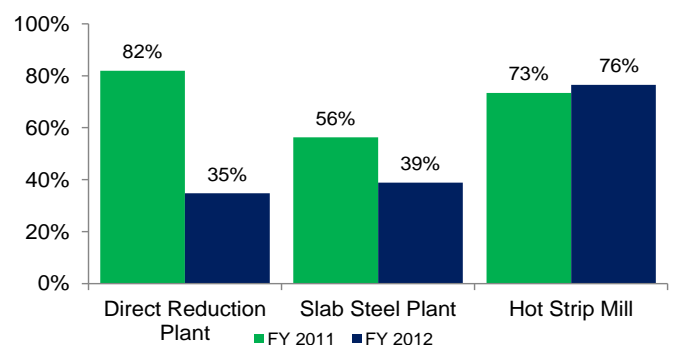
Market Analysis

- Economic crisis in Europe negatively affected global steel demand and prices. Weak demand and prices were seen in Europe, USA and some parts in Asia starting in Q2 2012. However, steel prices started to pick up in the Asian market in Q4 2012 due to increasing demand as China's economy began to improve.
- Domestic steel demand continued to increase and steel consumption in Indonesia is estimated to grow 7.0% to 11.7 million tons, along with GDP growth of 6.2%. Construction and automotive sectors were the main drivers in the domestic steel market, triggered by the government's infrastructure projects and increasing car sales.



OPERATIONAL RESULTS

Production (tons)	FY 2012	FY 2011	Change (%)
Sponge Iron	522,135	1,228,312	-57.5%
Slab	699,510	1,014,165	-31.0%
HRC	1,835,968	1,760,851	4.3%



- Production of HRC in FY 2012 increased 4.3% YoY to 1,835,968 tons and utilization rose to 76%. However, sponge iron and slab steel production dropped 57.5% YoY and 31.0% YoY, respectively.
- The decline in sponge iron production was due to the delay in the start of normal operations of the Direct Reduction Plant (DRP). The delay was caused by technical problems at the DRP during the startup of the Zero Reformer technology. As a result of the technical problems, the DRP operates at half of its production capacity.
- The decrease in slab steel production and the low utilization rate of the Slab Steel Plant (SSP) was a result of the lower sponge iron supply from the DRP. On the other hand, the utilization rate of the Hot Strip Mill (HSM) slightly increased as the company purchased slabs to substitute the decrease in slab production from the SSP.



BALANCE SHEET (in million US dollar)

NERACA	12/31/2012 Audited	12/31/2011 Audited	BALANCE SHEET
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	270.3	396.3	Cash & cash equivalents
Investasi jangka pendek	7.8	17.9	Short-term investments
Deposito yang dibatasi penggunaannya	4.1	-	Restricted time deposits
Piutang Usaha - bersih	391.6	246.3	Trade receivables (net)
Piutang lain-lain - bersih	20.9	15.8	Other receivables (net)
Persediaan - bersih	652.4	779.1	Inventories (net)
Uang muka dan biaya dibayar dimuka	40.9	30.8	Advances and prepaid expenses
Pajak dibayar dimuka	11.6	-	Prepaid taxes
Jumlah Aset Lancar	1,399.7	1,486.1	Total Current Assets
ASET TIDAK LANCAR			NON CURRENT ASSETS
Taksiran tagihan pajak	77.0	55.8	Estimated claims for tax refund
Investasi pada saham - bersih	244.4	183.1	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	20.1	3.1	Deferred tax assets (net)
Aset tetap - bersih	748.9	615.8	Fixed Asset (net)
Aset lain-lain	71.9	54.2	Other assets
Jumlah Aset Tidak Lancar	1,162.3	912.0	Total Non Current Assets
JUMLAH ASET	2,561.9	2,398.1	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES
LIABILITAS LANCAR			Current Liabilities
Hutang bank jangka pendek	807.4	640.9	Short-term bank loans
Hutang usaha	264.5	221.6	Trade payables
Hutang lain-lain	14.7	38.0	Other payables
Hutang pajak	29.5	13.9	Taxes payable
Biaya yang masih harus dibayar	24.6	17.4	Accrued expenses
Liabilitas imbalan kerja jangka pendek	11.0	10.7	Short-term employee benefits liabilities
Uang muka penjualan dan lainnya	71.2	51.5	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	21.1	20.6	Current portion of LT loans
Bagian liabilities jk panjang yg jth tempo 1 th	0.4	0.5	Current portion of LT liability
Jumlah Liabilitas Lancar	1,244.4	1,015.0	Total Current Liabilities
LIABILITAS TIDAK LANCAR			NON CURRENT LIABILITIES
Liabilities pajak tangguhan - bersih	2.1	2.8	Deferred tax liabilities, net
Uang muka konstruksi, bagian jangka panjang	-	25.0	Advance for construction, long term portion
Pinjaman jk panjang stl dikurangi jth tempo 1 th	154.8	144.4	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	6.9	6.0	LT liabilities, net of current portion
Liabilitas imbalan kerja jangka panjang	37.7	34.2	LT employee benefits liabilities
Jumlah Liabilitas Tidak Lancar	201.5	212.4	Total Non Current Liabilities
JUMLAH LIABILITAS	1,446.0	1,227.5	TOTAL LIABILITIES
EKUITAS			SHAREHOLDER'S EQUITY
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, 2010 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	117.0	116.0	Additional paid-in capital, net
Pendapatan komprehensif lainnya	(5.3)	4.9	Other comprehensive income
Saldo laba			Retained earnings
Dicadangkan	146.8	141.6	Appropriated
Tidak dicadangkan	(18.4)	33.1	Unappropriated
Saldo laba, net	128.5	174.7	Retain Earning, net
Kepentingan Non Pengendali	19.9	19.1	Non-controlling interest
Total Ekuitas	1,116.0	1,170.6	Equities, net
JUMLAH LIABILITAS DAN EKUITAS	2,561.9	2,398.1	TOTAL LIABILITIES AND EQUITY

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	12/31/2012 Audited	12/31/2011 Audited	PROFIT & LOSS STATEMENT
Pendapatan bersih	2,287.4	2,032.9	Net Revenues
Beban pokok pendapatan	2,165.0	1,874.7	Cost of Revenues
Laba (rugi) kotor	122.4	158.1	Gross Profit
Beban penjualan	(42.5)	(31.9)	Selling expenses
Beban umum dan administrasi	(105.4)	(109.8)	General and administrative expenses
Penjualan limbah produksi	9.6	3.6	Sales of waste products
Laba pengalihan aset tetap	7.0	83.3	Gain on transfer of fixed asset
Laba pematangan tanah	0.9	7.9	Gain on site preparation work
Pendapatan lain-lain	27.9	10.6	Other income
Beban lain-lain	(4.1)	(7.5)	Other expenses
Laba operasi	15.9	114.2	Income from Operations
Bagian laba (rugi) dari entitas asosiasi	(5.4)	0.5	Share in profit (loss) of associates
Pendapatan keuangan	9.4	14.7	Finance income
Laba selisih kurs, neto	5.2	67.3	Gain on foreign exchange, net
Beban keuangan	(40.6)	(34.7)	Finance expenses
Laba sebelum beban (manfaat) pajak	(15.5)	162.0	Income Before Tax
Beban (manfaat) pajak - bersih	4.1	10.7	Tax Expense (Benefit)
Laba (rugi) tahun berjalan	(19.6)	151.3	Profit (loss) for the year
Pendapatan komprehensif lain			Other comprehensive income
Selisih kurs karena penjabaran laporan keuangan			Difference in foreign currency translation
Entitas Anak - neto	(10.2)	(1.7)	of the financial statements of Subsidiaries
Total pendapatan (rugi) komprehensif	(29.8)	149.6	Total comprehensive income (loss)
Total laba (rugi) yang dapat diatribusikan kepada:			Total profit (loss) attributable to:
Pemilik entitas induk	(20.4)	151.2	Owners of the parent entity
Kepentingan non pengendali	0.9	0.1	Non-controlling interests
Total	(19.6)	151.3	
Laba Per Saham Dasar dan Dilusian	(0.0012)	0.0096	Basic Income Per Share

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