



KRAKATAU STEEL
PARTNERSHIP FOR SUSTAINABLE GROWTH

M9 2013 RESULTS

Jakarta, November 2013

PT Krakatau Steel (Persero) Tbk.

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

Market Capitalization - as of September 30, 2013
(IDR million)
8,045,250

Issued shares - as of September 30, 2013
(million shares)
15,775

Share price (Closing), IDR

1 July 2013 480
30 September 2013 510
3 month high 540
3 month low 450

Shareholders composition - as of September 30, 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

Website

<http://www.krakatausteel.com>

ANNOUNCEMENT OF NINE MONTH 2013 RESULTS

Description (USD mn)	M9 2013	M9 2012	Change (%)
Revenue	1,571.0	1,694.0	-7.3
Cost of Revenues	1,484.6	1,627.9	-8.8
Gross Profit	86.4	66.0	30.9
Operating Expenses	132.6	133.8	-0.9
Operating Income	8.2	(9.5)	-
EBITDA	44.8	51.2	-12.5
Profit (Loss) Attributable to Owners of Parent Entity	(10.1)	(43.8)	-77.0
EPS (USD/share)	(0.0005)	(0.0028)	-82.3
Total Assets*	2,452.7	2,561.9	-4.3
Interest Expenses	(34.1)	(30.9)	10.4

Ratio	M9 2013	M9 2012
Gross Margin	5.5%	3.9%
Operating Margin	0.5%	-0.6%
Net Margin	-0.6%	-2.6%
EBITDA Margin	2.9%	3.0%
Debt to Equity *	98.5%	88.1%
Debt to Assets *	43.1%	38.4%
Return on Equity (ROE) * **	-0.9%	-3.9%
Return on Assets (ROA) * **	-0.4%	-1.8%

* : Balance sheet items for period M9 2012 are based on FY 2012 figures

** : Return M9 2013 & M9 2012 in 9 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.
- The company posted a 4.9% YoY increase in sales volume. However, net revenues in M9 2013 decreased 7.3% Year-on-Year (YoY) to US\$ 1,570.0 million, due to lower average selling prices, such as a 13.9% YoY decrease in HRC selling prices.
- Gross profit rose 30.9% YoY to US\$ 86.4 million due to a 8.8% YoY decrease in cost of revenues on the back of lower raw materials cost by 27.1% YoY, although gas prices increased 50% YoY.
- However, the company booked loss attributable to owners of the parent entity of US\$ 10.1 million due to low operating margin and share in loss of associates of US\$ 9.5 million, which is mainly incurred from PT Krakatau Posco as the steel mill construction of the joint venture is still in progress.
- EBITDA decreased 12.5% YoY to US\$ 44.8 million, in line with the low operating margin. A sharp increase in gain on foreign exchange also contributed to the lower EBITDA.

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.



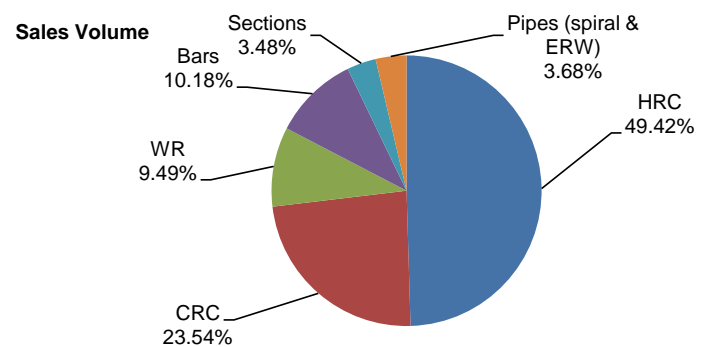
MARKETING RESULTS

Steel Sales (tons)	M9 2013	M9 2012	Change (%)
HRC	890,293	846,617	5.2
CRC	423,529	385,795	9.8
WR	170,713	174,312	-2.1
Bars	183,251	181,823	0.8
Sections	62,551	78,495	-20.3
Pipes (spiral & ERW)	66,212	49,069	34.9
Others	3,964	0	
Total	1,800,513	1,716,112	4.9

Average Selling Price USD/ton	M9 2013	M9 2012	Change (%)
HRC	674	783	-13.9
CRC	812	896	-9.4
WR	677	768	-11.8
Bars	687	687	0.0
Sections	756	876	-13.7
Pipes (spiral & ERW)	1,057	1,161	-8.9

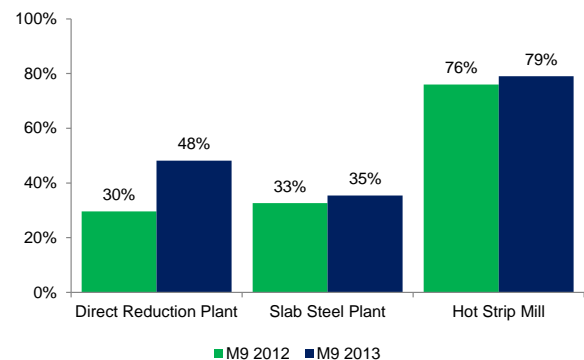
Market Analysis

- Steel prices started to pick up in Q1 2013 and reach the highest level 620-640 USD/ton for East Asia Import Price CFR in February. Then, steel prices in Asia have been falling steadily until reached the lowest level at 506 – 554 USD/ton in June. In July-August, steel prices slightly increase however that levels adjusted downwards in September and early October.
- Demand in Asia has been fair in H1 2013, nonetheless going into Q4 demand has been weaker than usual, with both flats and longs prices being adversely affected by lowered sentiment and higher export volumes from China.
- Domestic steel demand for flat products increased in H1-2013 by 4% compared to the same period last year, driven by moderate economic growth. The key steel consuming sectors such as construction and manufacturing has remained robust; car production of M9 2013 rose by 11%, while construction sector grew by around 7%.



OPERATIONAL RESULTS

Production (tons)	M9 2013	M9 2012	Change (%)
Sponge Iron	542,218	333,341	62.7%
Slab	478,603	440,016	8.8%
HRC	1,422,642	1,367,308	4.0%



- Production of HRC in M9 2013 increased 4.0% YoY to 1,422,642 tons and utilization rose to 79%. Production of sponge iron and slab steel rose 62.7% YoY and 8.8% YoY to 542,218 tons and 478,603 tons, respectively.
- Capacity utilization of the Direct Reduction Plant (DRP) and the Slab Steel Plant (SSP) rose to 48% and 35%, respectively.



BALANCE SHEET (in million US dollar)

NERACA	9/30/2013 Unaudited	12/31/2012 Audited	BALANCE SHEET
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	177.8	270.3	Cash & cash equivalents
Investasi jangka pendek	8.1	7.8	Short-term investments
Deposito yang dibatasi penggunaannya	-	4.1	Restricted time deposits
Piutang Usaha - bersih	305.8	391.6	Trade receivables (net)
Piutang lain-lain - bersih	40.5	20.9	Other receivables (net)
Persediaan - bersih	576.2	652.4	Inventories (net)
Uang muka dan biaya dibayar dimuka	36.5	40.9	Advances and prepaid expenses
Pajak dibayar dimuka	21.7	11.6	Prepaid taxes
Jumlah Aset Lancar	1,166.7	1,399.7	Total Current Assets
ASET TIDAK LANCAR			NON CURRENT ASSETS
Taksiran tagihan pajak	61.4	77.0	Estimated claims for tax refund
Investasi pada saham - bersih	243.2	244.4	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	37.2	20.1	Deferred tax assets (net)
Aset tetap - bersih	878.4	748.9	Fixed Asset (net)
Aset lain-lain	66.0	71.9	Other assets
Jumlah Aset Tidak Lancar	1,286.1	1,162.3	Total Non Current Assets
JUMLAH ASET	2,452.7	2,561.9	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES
LIABILITAS LANCAR			Current Liabilities
Hutang bank jangka pendek	861.7	807.4	Short-term bank loans
Hutang usaha	135.8	264.5	Trade payables
Hutang lain-lain	23.2	14.7	Other payables
Hutang pajak	33.8	29.5	Taxes payable
Biaya yang masih harus dibayar	17.4	24.6	Accrued expenses
Liabilitas imbalan kerja jangka pendek	23.2	11.0	Short-term employee benefits liabilities
Uang muka penjualan dan lainnya	34.0	71.2	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	14.0	21.1	Current portion of LT loans
Bagian liabilities jk panjang yg jth tempo 1 th	0.2	0.4	Current portion of LT liability
Jumlah Liabilitas Lancar	1,143.4	1,244.4	Total Current Liabilities
LIABILITAS TIDAK LANCAR			NON CURRENT LIABILITIES
Liabilities pajak tangguhan - bersih	7.9	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	180.7	154.8	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	8.2	6.9	LT liabilities, net of current portion
Liabilitas imbalan kerja jangka panjang	39.7	37.7	LT employee benefits liabilities
Jumlah Liabilitas Tidak Lancar	236.5	201.5	Total Non Current Liabilities
JUMLAH LIABILITAS	1,379.8	1,446.0	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	117.0	Additional paid-in capital, net
Pendapatan komprehensif lainnya	(40.3)	(5.3)	Other comprehensive income
Saldo laba			Retained earnings
Dicadangkan	146.8	146.8	Appropriated
Tidak dicadangkan	(28.4)	(18.4)	Unappropriated
Saldo laba, net	118.4	128.5	Retain Earning, net
Kepentingan Non Pengendali	21.9	19.9	Non-controlling interest
Total Ekuitas	1,072.9	1,116.0	Equities, net
JUMLAH LIABILITAS DAN EKUITAS	2,452.7	2,561.9	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	9/30/2013	9/30/2012	PROFIT & LOSS STATEMENT
	Unaudited	Unaudited	
Pendapatan bersih	1,571.0	1,694.0	Net Revenues
Beban pokok pendapatan	1,484.6	1,627.9	Cost of Revenues
Laba (rugi) kotor	86.4	66.0	Gross Profit
Beban penjualan	(33.7)	(32.6)	Selling expenses
Beban umum dan administrasi	(71.7)	(72.0)	General and administrative expenses
Penjualan limbah produksi	11.2	4.1	Sales of waste products
Laba pengalihan aset tetap	-	7.8	Gain on transfer of fixed asset
Pendapatan lain-lain	17.0	22.1	Other income
Beban lain-lain	(1.1)	(4.8)	Other expenses
Laba operasi	8.2	(9.5)	Income from Operations
Bagian laba (rugi) dari entitas asosiasi	(9.5)	(2.3)	Share in profit (loss) of associates
Pendapatan keuangan	3.8	6.4	Finance income
Laba selisih kurs, neto	24.2	2.3	Gain on foreign exchange, net
Beban keuangan	(34.1)	(30.9)	Finance expenses
Laba sebelum beban (manfaat) pajak	(7.4)	(34.0)	Income Before Tax
Beban (manfaat) pajak - bersih	0.5	10.7	Tax Expense (Benefit)
Laba (rugi) tahun berjalan	(7.9)	(44.7)	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	(34.9)	(4.9)	of the financial statements of Subsidiaries
Total pendapatan (rugi) komprehensif	(42.8)	(49.5)	Total comprehensive income (loss)
Total laba (rugi) yang dapat diatribusikan kepada:			Total profit (loss) attributable to:
Pemilik entitas induk	(10.1)	(43.8)	Owners of the parent entity
Kepentingan non pengendali	2.2	(0.9)	Non-controlling interests
Total	(7.9)	(44.7)	
Laba Per Saham Dasar dan Dilusian	(0.0005)	(0.0028)	Basic Income Per Share

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