

TICKERS		ISSUED SHARES	SHARE PRICE				MARKET CAPITALIZATION	SHAREHOLDERS	
IDX	KRAS	(as of 03/31/2018)	(closing, IDR/share)				(as of 03/31/2018)	Government	80%
Bloomberg	KRAS.IJ	19.346.396.900	01 Jan 2018	416	9 month high	550	8.473.722	Public	20%
Reuters	KRAS.JK	shares	31 Mar 2018	438	9 month low	412	IDR million		

Higher Revenue, Sales Volume and Gross Profit

Jakarta, April 2018

Krakatau Steel Reports First Quarter Results

- *Krakatau Steel's net revenue increased 38.85% Year-on-Year (YoY) to US\$486,17 million in Q1 2018 due to higher average selling prices of steel products.*
- *Total Sales volume of steel product grew 24.27% YoY to 607,130 tons in Q1 from 488,558 tons in the same period last year.*
- *The company booked a 10.35% YoY increase in gross profit to US\$66.79 million in Q1 2018 from US\$60.53 million in the same period last year and as the results the company was able to maintain positive operating profit of US\$21.23 million in Q1 2018.*
- *Average selling price of all steel product increase between 7.86% - 30.03% in Q1 2018 compare to Q1 2017.*
- *Krakatau Steel has delivered 57,000 tons of steel products to its consortium partner for the Jakarta-Cikampek II (Japek II) elevated toll road project..*

KRAS HRC Selling Price



Latest Updates:

- On 21 February 2018, Company signed Memorandum of Understanding (MOU) with PT Wijaya Karya Industri & Konstruksi, a subsidiary of State Owned Company, to supply Hot Rolled Plate for their project in several city of Indonesia such of bridges and flyover.
- Up to March 2018 Krakatau Steel has delivered 57,000 tons of steel products to its consortium partner for the construction of the Jakarta-Cikampek II (Japek II) elevated toll road since the beginning project in May 2017. The company is committed to delivering 200,000 tons of steel products for the project..
- As of 31 March 2018, the construction progress of Hot Strip Mill #2 (HSM#2) has reached 66,60%. HSM#2 project will increase the production capacity of Hot Rolled Steel of the company by 1,5 million tons per year.

Financial Results

Description (USD mn)	Q1 2018	Q1 2017	Change (%)	Ratio	Q1 2018	Q1 2017
Revenue	486.17	350.14	38.85	Gross Margin	13.74%	17.29%
Cost of Revenues	(419.38)	(289.61)	(44.81)	Operating Margin	4.37%	6.12%
Gross Profit	66.79	60.53	10.35	EBIT DA Margin ¹	11.71%	16.74%
Operating Profit (loss)	21.23	21.44	(0.98)	Debt to Equity (X) ²	1.01	0.97
EBITDA ¹	56.92	58.62	(2.91)	Debt to Assets (X) ²	0.45	0.44
Cash and Cash Equivalents	254.86	280.87	(9.26)			
Total Assets	4,104.98	4,114.39	(0.23)			

¹ : EBITDA figures exclude share of loss in associates

² : The debt component used in the calculation of Debt to Equity and Debt to Assets is total interest-bearing debt

³ . Balance sheet items for Q1 2017 are based on FY 2017 figures

Investor Relations

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DISCLAIMER

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Company Performance Update:

- Krakatau Steel recorded a 38.85% Year-on-Year (YoY) increase in net revenues to US\$486.17 million in Q1 2018 on the back of higher average selling prices of steel products. Increase in average selling prices was seen across all steel products, including HRC (+16.17% YoY to US\$658/ton) and CRC (+7.86% YoY to US\$703/ton). Total steel sales volume also increase 24.27% YoY to 607,130 tons.
- Cost of revenues grew 44.81% YoY to US\$419.38 million as production cost was 47.42% YoY higher. The higher production cost was mainly due to a 77.34% YoY increase in raw material cost to US\$29.18 million, in line with higher average price of raw materials purchased by the company. As the result, the company posted a 10.35% YoY increase in gross profit to US\$66.80 million in Q1 2018 from US\$60.53 million in the same period last year and the company was able to maintain positive operating profit US\$21.23 million in Q1 2018.
- Total sales volume of steel product increase 24.27% YoY to 607,130 tons in Q1 2018 from 488,558 tons in Q1 2017. In Q1 2018 HRC increase 42.79% to 328,879 tons, CRC increase 5.85% to 160,449 tons, Steel Pipe increase 18.51% to 31,488 tons and Long Product increase 7.79% to 86,314. Long product sales volume in Q1 2018 consist of WR 38,081 tons, Steel Bar 38,252 tons and Steel Section 9,981 tons.

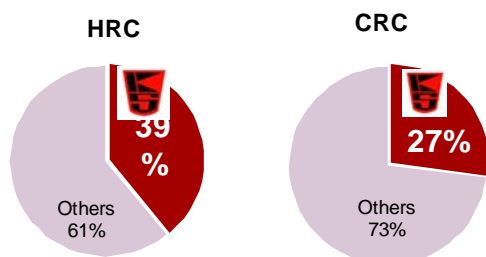
Marketing Results

Steel Sales (tons)	Q1 2018	Q1 2017	Change (%)
HRC	328,879	230,324	42.79
CRC	160,449	151,585	5.85
Long Product	86,314	80,079	7.79
Pipes (spiral & ERW)	31,488	26,570	18.51
Total	607,130	488,558	24.27

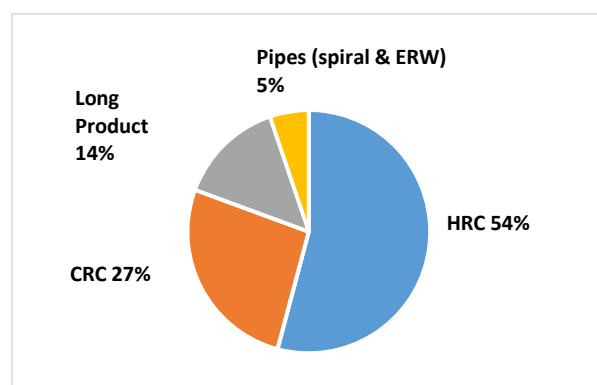
source: Company data

Average Selling Price USD/ton	Q1 2018	Q1 2017	Change (%)
HRC	658	566	16.17
CRC	703	652	7.86
Long Product	642	524	22.55
Pipes (spiral & ERW)	854	709	20.54

Market Share FY 2017



Sales Volume Q1 2018



Market Analysis

- For the next few months WSD expects HR export price will be rallying \$50-100 per tonne, while the current average export price, excluding the Chinese price, is about \$640 per tonne. By this October WSD expects export price will decrease to \$525. A decline seems almost inevitable because: a) the shortages era has ended; b) current high domestic and export price will stimulate overproduction; c) steel buyers will decide to wait and not place orders because they fear near-term price declines. (*World Steel Dynamics Fast Track Analysis #162, April 2018*)
- Domestic steel prices in Indonesia fluctuated in line with fluctuations in global steel prices. In the end of 2017, steel prices rallied from Q1 2018. The uptrend resumed late in September following the rising trend in Chinese steel prices. We expect domestic steel prices will decline in Q2; this condition will occur in the middle of the second quarter.
- In efforts to protect local steel products, on 3 April 2018 the Government issued a regulation of the Minister of Finance No. 27/PMK.010/2018 on imposition of antidumping import duties on imported steel wire rod products from China. The duty is between 10.2% - 13.5% and this rule was applied since 17 April 2018.
- As President Donald Trump signed a regulation on increasing import duties on steel to 25% and aluminum 10% beginning in March and earlier this April, the Chinese government fought back by imposing high tariffs on 128 products. Andry Asmoro, Economist of Bank Mandiri, said that for Indonesia, the trade war between the US and China will not have a major impact if the tariff increase applied is not on a product exported to both countries. Meanwhile, Secretary General of Indonesian Employers Association (APINDO) Sunny Iskandar said the import policy applied by the US and China could be an opportunity for Indonesia to focus on developing its flagship product. (KONTAN Tuesday, April 3, 2018)