



KRAKATAU STEEL
PARTNERSHIP FOR SUSTAINABLE GROWTH

H1 2013 RESULTS

Jakarta, September 2013

PT Krakatau Steel (Persero) Tbk.

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

Market Capitalization - as of June 30, 2013
(IDR million)
7,493,125

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

Share price (Closing), IDR

1 April 2013 650
28 June 2013 475
3 month high 650
3 month low 445

Shareholders composition - as of June 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 FIRST SEMESTER OF 2013 RESULTS

Financial Highlights

Description (USD mn)	H1 2013	H1 2012	Change (%)
Revenue	1,109.2	1,155.2	-4.0
Cost of Revenues	1,001.3	1,102.8	-9.2
Gross Profit	107.9	52.4	105.9
Operating Expenses	83.5	78.5	6.3
Operating Income	44.5	(13.0)	-
EBITDA	85.2	38.8	119.6
Profit Attributable to Owners of Parent Entity	10.6	(9.8)	-
EPS (Rp/share)	0.0007	(0.0006)	-
Total Assets	2,490.6	2,561.9	-2.8
Interest Expenses	(23.5)	(21.5)	9.2

Ratio	H1 2013	H1 2012
Gross Margin	9.73%	4.54%
Operating Margin	4.02%	-1.12%
Net Margin	0.96%	-0.85%
EBITDA Margin	7.68%	3.36%
Debt to Equity	88.39%	88.11%
Debt to Assets	39.99%	38.38%
Return on Equity (ROE) *	0.94%	-0.88%
Return on Assets (ROA) *	0.42%	-0.40%

* return H1 2013 & H1 2012 in 6 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 H1 2013 decreased 4.0% Year-on-Year (YoY) to US\$ 1,109.2 million, due to lower average selling prices, such as a 10.9% YoY decrease in HRC selling prices. However, a contribution from the engineering sector of US\$ 123,4 million offset the lower selling prices of steel products.
- Gross profit rose 105.9% YoY to US\$ 107.9 million, triggered by a 9.2% YoY decrease in cost of revenues on the back of lower raw materials cost by 16.7% YoY, although gas prices increased 50% YoY.
- The company booked profit attributable to owners of the parent entity of US\$ 10.6 million from a loss of US\$ 9.8 million in H1 2012, in line with the increase in gross profit.
- EBITDA increased 119.6% YoY to US\$ 85.2 million, in line with higher gross and operating profit.

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.

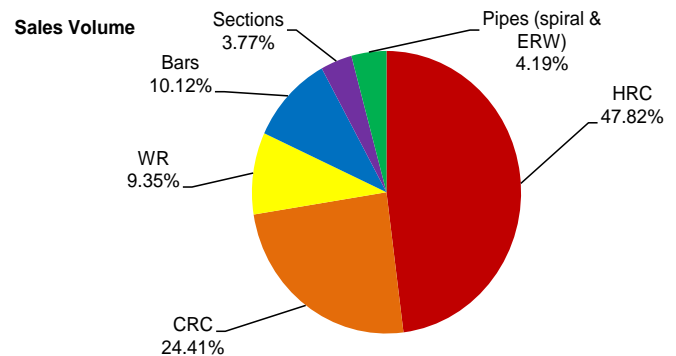


MARKETING RESULTS

Steel Sales (tons)	H1 2013	H1 2012	Change (%)	Average Selling Price USD/ton	H1 2013	H1 2012	Change (%)
HRC	570,875	576,430	-1.0	HRC	704	790	-10.9
CRC	291,403	287,250	1.4	CRC	834	901	-7.5
WR	111,597	122,685	-9.0	WR	701	777	-9.8
Bars	120,836	133,387	-9.4	Bars	704	677	4.1
Sections	45,045	56,706	-20.6	Sections	770	888	-13.3
Pipes (spiral & ERW)	50,011	27,248	83.5	Pipes (spiral & ERW)	673	1,347	-50.0
Others	3,964	0					
Total	1,193,731	1,203,705	-0.8				

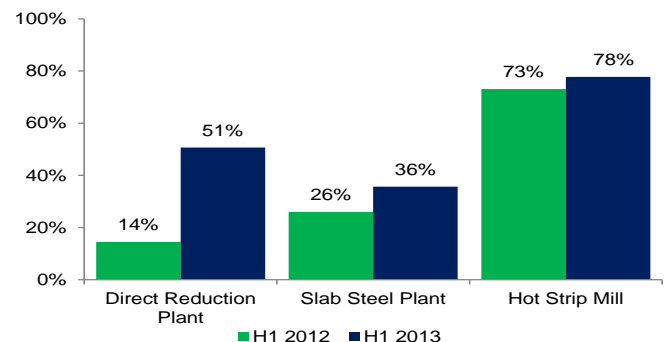
Market Analysis

- Steel prices started to pick up in Q1 2013 and reach the highest level 620-640 USD/ton for HRC East Asia Import Price in February. Then, steel prices in Asia have been falling steadily since March until reached 500 – 550 USD/ton in June. Chinese mills have dropped their export prices in line with domestic market levels, to try to secure more volume in the regional markets.
- Demand has been fair in Asia in H1 2013, but both flats and longs prices have been affected by sentiment changes in China and the region.
- Domestic steel demand for flat products increased in H1 2013 by 4% compared to the same period last year, which driven by economic condition and the growth of key sectors (automotive, construction, and manufacturing). Car production rose 11% compared to H1 2012, while construction sector grew 7%.



OPERATIONAL RESULTS

Production (tons)	H1 2013	H1 2012	Change (%)
Sponge Iron	383,910	109,740	249.8%
Slab	320,547	233,661	37.2%
HRC	932,947	877,153	6.4%



- Production of HRC in H1 2013 increased 6.4% YoY to 932,947 tons and utilization rose to 78%. Production of sponge iron and slab steel rose 249.8% YoY and 37.2% YoY to 383,910 tons and 320,547 tons, respectively.
- Slab production increased 6.4% YoY to 932,947 tons and capacity utilization of the Slab Steel Plant (SSP) rose to 36% from 26%.

BALANCE SHEET (in million US dollar)

NERACA	6/30/2013 Unaudited	12/31/2012 Audited	BALANCE SHEET
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	208.7	270.3	Cash & cash equivalents
Investasi jangka pendek	7.8	7.8	Short-term investments
Deposito yang dibatasi penggunaannya	4.0	4.1	Restricted time deposits
Piutang Usaha - bersih	327.5	391.6	Trade receivables (net)
Piutang lain-lain - bersih	41.3	20.9	Other receivables (net)
Persediaan - bersih	768.5	652.4	Inventories (net)
Uang muka dan biaya dibayar dimuka	73.8	40.9	Advances and prepaid expenses
Pajak dibayar dimuka	11.7	11.6	Prepaid taxes
Jumlah Aset Lancar	1,443.5	1,399.7	Total Current Assets
ASET TIDAK LANCAR			NON CURRENT ASSETS
Taksiran tagihan pajak	62.5	77.0	Estimated claims for tax refund
Investasi pada saham - bersih	249.1	244.4	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	23.3	20.1	Deferred tax assets (net)
Aset tetap - bersih	819.8	748.9	Fixed Asset (net)
Aset lain-lain	72.5	71.9	Other assets
Jumlah Aset Tidak Lancar	1,227.2	1,162.3	Total Non Current Assets
JUMLAH ASET	2,670.7	2,561.9	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES
LIABILITAS LANCAR			Current Liabilities
Hutang bank jangka pendek	1,003.4	807.4	Short-term bank loans
Hutang usaha	171.4	264.5	Trade payables
Hutang lain-lain	12.0	14.7	Other payables
Hutang pajak	10.6	29.5	Taxes payable
Biaya yang masih harus dibayar	36.9	24.6	Accrued expenses
Liabilitas imbalan kerja jangka pendek	23.2	11.0	Short-term employee benefits liabilities
Uang muka penjualan dan lainnya	43.2	71.2	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	53.3	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
Jumlah Liabilitas Lancar	1,354.6	1,244.4	Total Current Liabilities
LIABILITAS TIDAK LANCAR			NON CURRENT LIABILITIES
Liabilities pajak tangguhan - bersih	3.5	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	147.6	154.8	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	7.4	6.9	LT liabilities, net of current portion
Liabilitas imbalan kerja jangka panjang	37.1	37.7	LT employee benefits liabilities
Jumlah Liabilitas Tidak Lancar	195.6	201.5	Total Non Current Liabilities
JUMLAH LIABILITAS	1,550.2	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, 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	117.0	117.0	Additional paid-in capital, net
Pendapatan komprehensif lainnya	(10.4)	(5.3)	Other comprehensive income
Saldo laba			Retained earnings
Dicadangkan	146.8	146.8	Appropriated
Tidak dicadangkan	(7.7)	(18.4)	Unappropriated
Saldo laba, net	139.1	128.5	Retain Earning, net
Kepentingan Non Pengendali	18.8	19.9	Non-controlling interest
Total Ekuitas	1,120.5	1,116.0	Equities, net
JUMLAH LIABILITAS DAN EKUITAS	2,670.7	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	6/30/2013	6/30/2012	PROFIT & LOSS STATEMENT
	Unaudited	Unaudited	
Pendapatan bersih	1,109.2	1,155.2	Net Revenues
Beban pokok pendapatan	1,001.3	1,102.8	Cost of Revenues
Laba (rugi) kotor	107.9	52.4	Gross Profit
Beban penjualan	(24.9)	(21.4)	Selling expenses
Beban umum dan administrasi	(48.5)	(50.5)	General and administrative expenses
Penjualan limbah produksi	2.9	6.5	Sales of waste products
Pendapatan lain-lain	10.5	11.1	Other income
Beban lain-lain	(3.3)	(11.1)	Other expenses
Laba operasi	44.5	(13.0)	Income from Operations
Bagian laba (rugi) dari entitas asosiasi	(3.0)	(0.0)	Share in profit (loss) of associates
Pendapatan keuangan	3.6	5.4	Finance income
Laba selisih kurs, neto	(4.3)	29.6	Gain on foreign exchange, net
Beban keuangan	(23.5)	(21.5)	Finance expenses
Laba sebelum beban (manfaat) pajak	17.4	0.4	Income Before Tax
Beban (manfaat) pajak - bersih	7.5	9.5	Tax Expense (Benefit)
Laba (rugi) tahun berjalan	9.9	(9.1)	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	(5.4)	(6.3)	of the financial statements of Subsidiaries
Total pendapatan (rugi) komprehensif	4.6	(15.4)	Total comprehensive income (loss)
Total laba (rugi) yang dapat diatribusikan kepada:			Total profit (loss) attributable to:
Pemilik entitas induk	10.6	(9.8)	Owners of the parent entity
Kepentingan non pengendali	(0.7)	0.7	Non-controlling interests
Total	9.9	(9.1)	
Laba Per Saham Dasar dan Dilusian	0.00063	(0.00058)	Basic Income Per Share

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