



KRAKATAU STEEL
PARTNERSHIP FOR SUSTAINABLE GROWTH

M9 2012 RESULTS

Jakarta, November 2012

PT Krakatau Steel (Persero) Tbk.

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

Market Capitalization - as of September 30, 2012 (IDR million)
10,569,250

Issued shares - as of September 30, 2012 (million shares)
15,775

Share price (Closing), IDR

2 January 2012 840
30 September 2012 670
3 month high 810
3 month low 650

Shareholders composition - as of September 30, 2012

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 2012 RESULTS

Financial Highlights

Description (Rp bn)	M9 2012	M9 2011	Change (%)
Revenue	15,878	12,654	25.5
Cost of Revenues	14,728	11,443	28.7
Gross Profit	1,150	1,210	-5.0
Operating Expenses	978	961	1.8
Operating Income	172	250	-31.1
EBITDA	878	834	5.2
Net Income	5	1,044	-99.5
EPS (Rp/share)	0.3	66.2	-99.5
Total Assets	23,376	20,730	12.8
Interest Expenses	(287)	(207)	38.7

Ratio	M9 2012	M9 2011
Gross Margin	7.24%	9.57%
Operating Margin	1.08%	1.97%
Net Margin	0.03%	8.25%
EBITDA Margin	5.53%	6.59%
Debt to Equity	98.04%	70.74%
Debt to Assets	42.45%	35.52%
Return on Equity (ROE) *	0.05%	10.03%
Return on Assets (ROA) *	0.02%	5.45%

* return M9 2012 & M9 2011 in 9 months

- Net revenues in M9 2012 grew 25.5% Year-on-Year (YoY) to Rp 15.9 trillion, triggered by a 16.3% YoY increase in steel sales volume and in contribution from non-steel revenues, mainly from the engineering and construction services.
- However, cost of revenues increased 28.7% YoY to Rp 14.7 trillion, in line with the increase in net revenues, resulting in a 5.0% YoY decrease in gross profit. Higher volume and price (in rupiah) of purchased slabs also contributed to the increase in cost of revenues.
- Net income dropped 99.5% YoY to Rp 5.4 billion due to higher interest expenses, which rose 38.7% YoY to Rp 287.3 billion. Furthermore, the company booked a loss on foreign exchange of Rp 197.0 billion in M9 2012 compared to Rp 40.5 billion in gain on foreign exchange during the same period last year. The foreign exchange loss was due to the weaker rupiah exchange rate against the euro and the U.S. dollar. In addition, the company only booked Rp 73.9 billion in gain on transfer of fixed assets in M9 2012 compared to Rp 745.4 billion in M9 2011.
- EBITDA, on the other hand, rose 5.2% YoY to Rp 877.8 billion due to a sharp increase in capitalized borrowing costs on construction in progress and higher depreciation charges.

Investor Relations

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DISCLAIMER

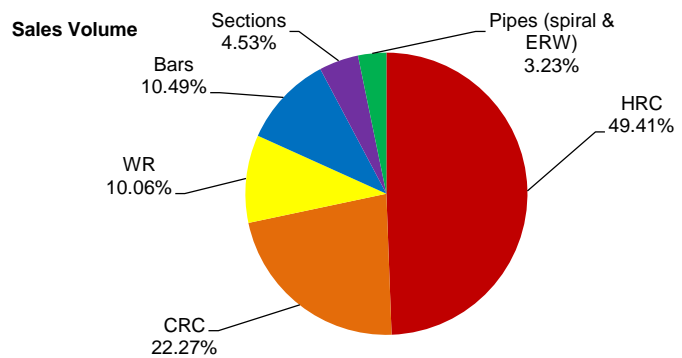
This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve 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

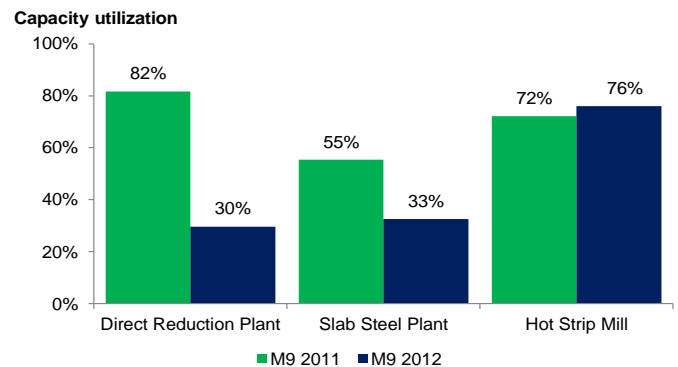
Steel Sales (tons)	M9 2012	M9 2011	Change (%)	Average Selling Price Rp/kg	M9 2012	M9 2011	Change (%)
HRC	846,617	772,406	9.6	HRC	7,263	7,691	-5.6
CRC	385,795	270,895	42.4	CRC	8,320	8,883	-6.3
WR	174,312	149,735	16.4	WR	7,125	6,812	4.6
Bars	181,823	136,051	33.6	Bars	6,365	6,613	-3.7
Sections	78,495	79,674	-1.5	Sections	8,123	7,747	4.9
Pipes (spiral & ERW)	49,069	66,853	-26.6	Pipes (spiral & ERW)	10,851	8,440	28.6
Total	1,716,112	1,475,613	16.3				

- Steel demand in Asia remained weak during Q3 2012, which caused a sharp decline in steel prices in the region. The decline in steel prices in Asia affected prices in domestic market.
- However, sales volume of Krakatau Steel grew 16.3% YoY to 1,716,112 tons in M9 2012 on the back of stronger demand from general structure sector. The increase in sales volume signals improvement in steel consumption in Indonesia, mainly from construction, manufacturing and infrastructure sectors.



OPERATIONAL RESULTS

Production (tons)	M9 2012	M9 2011	Change (%)
Sponge Iron	333,341	918,658	-63.7%
Slab	440,016	746,935	-41.1%
HRC	1,367,308	1,299,224	5.2%



- Production of HRC in M9 2012 increased 5.2% YoY to 1,367,308 tons and utilization rose to 76%. However, sponge iron and slab steel production dropped 63.7% YoY and 41.1% YoY, respectively.
- The decline in sponge iron and slab steel production was due to the revitalization process of the Direct Reduction Plant (DRP) and the Slab Steel Plant (SSP). The start up of the revitalized DRP, which was scheduled for May 2012, was delayed due to technical problems following the installation of the Zero Reformer technology.
- The company purchased slabs to substitute the decrease in sponge iron production, which resulted in higher volume of purchased slabs. Iron ore pellets purchases, on the other hand, decreased as a result of the delay in the start up of DRP.

BALANCE SHEET (in billion rupiah)

NERACA	9/30/2012 Unaudited	12/31/2011 Audited As represented	BALANCE SHEET
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	2,322	3,594	Cash & cash equivalents
Investasi jangka pendek	76	162	Short-term investments
Deposito yang dibatasi penggunaannya			Restricted time deposits
Piutang Usaha - bersih	3,612	2,234	Trade receivables (net)
Piutang lain-lain - bersih	107	142	Other receivables (net)
Persediaan - bersih	6,684	6,804	Inventories (net)
Uang muka dan biaya dibayar dimuka	418	278	Advances and prepaid expenses
Pajak dibayar dimuka	78	-	Prepaid taxes
Factoring			Factoring
Pekerjaan dalam Penyelesaian			Construction in progress
Jumlah Aset Lancar	13,296	13,213	Total Current Assets
ASET TIDAK LANCAR			NON CURRENT ASSETS
Taksiran tagihan pajak	723	506	Estimated claims for tax refund
Investasi pada saham - bersih	2,222	1,626	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	158	30	Deferred tax assets (net)
Aset tetap - bersih	6,691	5,644	Fixed Asset (net)
Aset lain-lain	287	493	Other assets
Jumlah Aset Tidak Lancar	10,080	8,298	Total Non Current Assets
JUMLAH ASET	23,376	21,512	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES
LIABILITAS LANCAR			Current Liabilities
Hutang bank jangka pendek	8,291	5,812	Short-term bank loans
Hutang usaha	1,596	2,009	Trade payables
Hutang lain-lain	134	345	Other payables
Hutang pajak	167	126	Taxes payable
Biaya yang masih harus dibayar	254	255	Accrued expenses
Uang muka penjualan dan lainnya	525	466	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	224	187	Current portion of LT loans
Bagian liabilities jk panjang yg jth tempo 1 th	28	4	Current portion of LT liability
Factoring	-	-	Factoring
Jumlah Liabilitas Lancar	11,219	9,205	Total Current Liabilities
LIABILITAS TIDAK LANCAR			NON CURRENT LIABILITIES
Liabilities pajak tangguhan - bersih	16	47	Deferred tax liabilities, net
Uang muka konstruksi, bagian jangka panjang	227	227	Advance for construction, long term portion
Pinjaman jk panjang stl dikurangi jth tempo 1 th	1,409	1,313	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	46	55	LT liabilities, net of current portion
Liabilities kesejahteraan	337	310	Estimated liabilities for employee benefits
Jumlah Liabilitas Tidak Lancar	2,035	1,952	Total Non Current Liabilities
JUMLAH LIABILITAS	13,254	11,157	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	7,888	7,888	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	1,016	1,016	Additional paid-in capital, net
Modal disetor lainnya	6	-	Other paid-in capital
Selisih transaksi perubahan ekuitas AP	18	18	Difference arising from transactions resulting in change in the equity of Subsidiary
Komponen ekuitas lainnya	(33)	(33)	Other equity components
Saldo laba			Retained earnings
Dicadangkan	1,394	1,344	Appropriated
Tidak dicadangkan	(339)	(52)	Unappropriated
Saldo laba, net	1,056	1,292	Retain Earning, net
Kepentingan Non Pengendali	172	174	Non-controlling interest
Total Ekuitas	10,122	10,355	Equities, net
JUMLAH LIABILITAS DAN EKUITAS	23,376	21,512	TOTAL LIABILITIES AND EQUITY

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



INCOME STATEMENT (in billion rupiah)

LAPORAN LABA RUGI	9/30/2012 (Unaudited)	9/30/2011 (Unaudited)	PROFIT & LOSS STATEMENT
Pendapatan bersih	15,878	12,654	Net Revenues
Beban pokok pendapatan	14,728	11,443	Cost of Revenues
Laba (rugi) kotor	1,150	1,210	Gross Profit
Beban Usaha			Operating Expenses
Distribusi dan Penjualan	289	202	Distribution and sales
Administrasi	689	758	Administration
Laba (rugi) operasi	172	250	Income from Operations
Penghasilan (beban) lain-lain			Other Income
Laba (rugi) selisih kurs	(197)	41	Gain on foreign exchange
Beban bunga	(287)	(207)	Interest Expense
Penjualan limbah produksi	1	66	Sales of waste products
Pendapatan bunga	72	100	Interest income
Laba penyelesaian kewajiban imbalan pasca kerja			Gain from post retirement healthcare liab
Laba pengalihan aset tetap	74	745	Gain on transfer of fixed asset
Laba pematangan tanah	14	51	Gain on site preparation work
Kepentingan non pengendali atas (laba) rugi bersih Anak Perusahaan			Non-controlling interest in net (income) loss of Subsidiaries
Bagian laba (rugi) entitas asosiasi			Profit (loss) associated company
Lain-lain bersih	142	110	Miscellaneous, net
Laba sebelum beban (manfaat) pajak	(9)	1,156	Income Before Tax
Beban (manfaat) pajak - bersih	(14)	112	Tax Expense (Benefit)
Total Pendapatan komprehensif tahun berjalan	5	1,044	Total comprehensive income for the year
Hak minoritas atas laba bersih anak perusahaan			Minority Interest in net (income) loss of Subsidiaries
Pos Luar Biasa setelah pajak			
Laba Per Saham Dasar dan Dilusian (dalam Rupiah penuh)	0	66	Basic Income Per Share (in full Rupiah amount)

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