

ANNOUNCEMENT OF FIRST QUARTER OF 2015 RESULTS

Jakarta, April 2015

PT Krakatau Steel (Persero) Tbk.

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

Market Capitalization - as of March 31, 2015 (IDR million)

6,751,700

Issued shares - as of March 31, 2015 (million shares)

15,775

Share price (Closing), IDR

1 January 2015 483
31 March 2015 428
3 month high 484
3 month low 426

Shareholders composition - as of March 31, 2015

Government of Indonesia 80.00%
Public 20.00%

Board of Directors

President Director Sukandar
Production & Technology Director Hilman Hasyim
Finance Director Anggiasari Hindratmo
Marketing Director Dadang Danusiri
Logistics Director Ogi Rulino
Human Resources & Business Development Director Imam Purwanto

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
PT Krakatau National Resources

Major Affiliated Company

PT Krakatau Posco

Website

<http://www.krakatausteel.com>

Financial Highlights

Description (USD mn)	Q1 2015	Q1 2014	Change (%)
Revenue	352.0	459.5	-23.4
Cost of Revenues	(349.4)	(448.9)	-22.2
Gross Profit	2.7	10.6	-74.6
Operating Expenses	(32.6)	(19.7)	65.2
Operating Income (loss)	(29.9)	(9.2)	225.7
EBITDA	(7.5)	19.0	-
Profit (loss) Attributable to Owners of Parent Entity	(42.3)	(46.3)	-8.6
EPS (USD/share)	(0.0027)	(0.0029)	-
Total Assets	2,671.2	2,331.1	14.6
Interest Expenses	(20.0)	(11.2)	78.6
Ratio	Q1 2015	Q1 2014	
Gross Margin	0.76%	2.30%	
Operating Margin	-8.50%	-2.00%	
Net Margin	-12.01%	-10.07%	
EBITDA Margin	-2.13%	4.12%	
Debt to Equity	182.04%	105.81%	
Debt to Assets	56.90%	44.45%	
Return on Equity (ROE) **	-5.06%	-4.73%	
Return on Assets (ROA) **	-1.60%	-1.96%	

* : Balance sheet items for period Q1 2014 are based on FY 2014 figures

** : Return Q1 2015 & Q1 2014 in 3 months

- PT Krakatau Steel (Persero) Tbk. continues its steps to improve, focus on regaining market share and continue to proceed high-grade steel products. Moreover, in a challenging climate, the company increased its market share from 41% in 2013 to 44% in 2014, thus maintaining its position as HRC market leader.
- In Q1 2015 section and bar steel sales volume increased 8.8% YoY and 0.5% YoY to 14,015 tons and 46,313 tons, respectively. HRC sales volume decreased 43.2% to 190,677 tons, while CRC sales volume only declined 0.7% YoY to 136,170 tons. However, the company's total steel sales volume decreased 26.2% YoY to 432,579 tons. Moreover, the drop in international steel prices also pushed down domestic steel prices. Average steel sales price decreased between 3.6% to 12.4%. Average price of hot rolled coil/HRC and cold rolled coil/CRC decreased 8.2% to US\$ 597/ton and 9.9% to US\$698/ton respectively. Price of wide rod decreased 12.4% to US\$562/ton, section steel dropped 8.6% to US\$564/ton, and bar steel decreased 3.6% to US\$668/ton.
- Nevertheless, the company along with Indonesia's steel association (IISIA) remain optimistic over steel demand in the domestic steel market on hopes that state budget spending on infrastructure projects could begin in the second quarter of the year. Furthermore, the company along with the domestic steel industry association hope that the proposed higher import duties on imported steel, which is expected to be imposed in the near future, could improve steel industry utilization and improve steel prices in the domestic market.
- From a sales point of view, the company booked net revenues of US\$352.0 million, down 23.4% YoY. Although cost of revenues decreased 22.2% YoY to US\$349.4 million, it has not been able to offset the decrease in net revenues. This resulted in the company only being able to book a gross profit of US\$2.7 million or 74.6% YoY lower.

Investor Relations

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DISCLAIMER

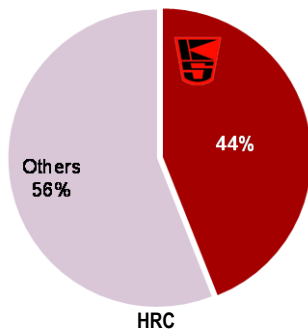
This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve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

- Operating loss increased to US\$29.9 million in Q1 2015 from US\$9.2 million in the same period last year, in line with the decline in gross profit.
- The company booked an 8.6% YoY decline in loss attributable to owners of the parent entity from US\$46.3 million in Q1 2014 to US\$42.3 million. Of the net loss amount, 51% is contributed from lead associated companies, especially PT Krakatau Posco. A 78.6% YoY increase in finance expense also contributed to the net loss. The loss can be offset with an increase in currency exchange derivative revenue US\$ 26.3 million year-over-year. This managed to decrease the financial loss generated by the associated companies.
- PTKP posted slab and plate sales volume of 529,000 tons and 131,000 tons in Q1 2015, respectively. Furthermore, the mill produced 509,000 tons of slabs and 124,000 tons of plates during the same period. PTKP currently operates at an operation rate of 87%.

Market Share

- Krakatau Steel has been able to increase its HRC market share to 44% in FY 2014 from 41% in FY 2013, thus maintaining its position as a leader in the Indonesian market.

Market Share FY 2014



Source: Company data

Market Analysis

- Decline in steel prices continued in January – March 2015. Steel prices in China were recorded at US\$400/ton (China Domestic Shanghai) and CFR East Asia import prices stood at US\$394/ton.
- The downward trend in steel prices was also seen in the domestic market as demand remained stagnant in the first 3 months of the year. Steel demand in the domestic market is expected to improve in the second half of 2015 on expectation that the government starts to spend its budget on infrastructure.
- Global steel demand is expected to remain flat in 2015, while crude steel production is expected to grow at 4% this year.

OPERATIONAL RESULTS

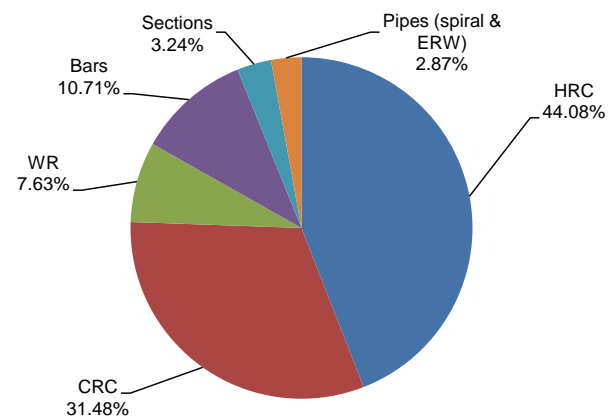
- Production of HRC in Q1 2015 declined 37.0% YoY from 462,345 tons to 291,314 tons and utilization dropped to 49%, in line with the weak demand in the domestic market.
- Production of CRC, on the other hand, increased 12.1% YoY from 135,751 tons to 152,231 tons and capacity utilization of the Cold Rolling Mill (CRM) was higher at 72% during the same period.

MARKETING RESULTS

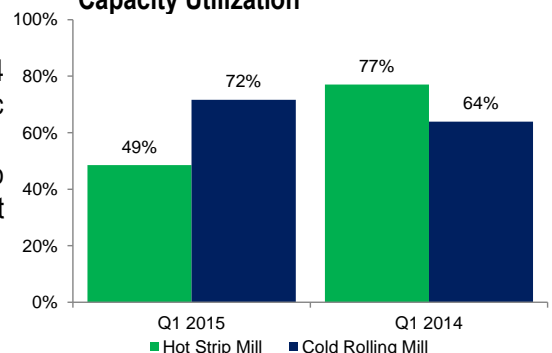
Steel Sales (tons)	Q1 2015	Q1 2014	Change (%)
HRC	190,677	335,417	-43.2
CRC	136,170	137,143	-0.7
WR	33,008	35,001	-5.7
Bars	46,313	46,074	0.5
Sections	14,015	12,876	8.8
Pipes (spiral & ERW)	12,395	19,378	-36.0
Others	0	0	
Total	432,579	585,889	-26.2

Average Selling Price USD/ton	Q1 2015	Q1 2014	Change (%)
HRC	597	651	-8.2
CRC	698	775	-9.9
WR	562	641	-12.4
Bars	564	617	-8.6
Sections	668	692	-3.6
Pipes (spiral & ERW)	998	735	35.8

Sales Volume



Capacity Utilization



BALANCE SHEET (in million US dollar)

	3/31/2015	12/31/2014	
NERACA	Unaudited	Audited	BALANCE SHEET
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	192.7	236.7	Cash & cash equivalents
Investasi jangka pendek	-	-	Short-term investments
Deposito yang dibatasi penggunaannya	40.0	20.2	Restricted time deposits
Piutang Usaha - bersih	210.0	248.8	Trade receivables (net)
Piutang lain-lain - bersih	41.9	31.2	Other receivables (net)
Persediaan - bersih	541.3	480.9	Inventories (net)
Uang muka dan biaya dibayar dimuka	53.0	33.5	Advances and prepaid expenses
Pajak dibayar dimuka	28.6	7.4	Prepaid taxes
Jumlah Aset Lancar	1,107.6	1,058.6	Total Current Assets
ASET TIDAK LANCAR			NON CURRENT ASSETS
Taksiran tagihan pajak	52.6	58.4	Estimated claims for tax refund
Investasi pada saham - bersih	194.5	213.1	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	85.9	80.4	Deferred tax assets (net)
Aset tetap - bersih	1,166.2	1,097.4	Fixed Asset (net)
Aset tidak digunakan dalam operasi	1.5	2.0	Assets not used in operations
Aset real estat	13.3	14.4	Real estate assets
Deposito yang dibatasi penggunaannya	32.1	28.2	Restricted time deposits
Aset lain-lain	17.6	47.5	Other assets
Jumlah Aset Tidak Lancar	1,563.6	1,541.4	Total Non Current Assets
JUMLAH ASET	2,671.2	2,600.1	TOTAL ASSETS

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

BALANCE SHEET (in million US dollar)

	3/31/2015	12/31/2014	
NERACA	Unaudited	Audited	BALANCE SHEET
LIABILITAS DAN EKUITAS			LIABILITIES
LIABILITAS LANCAR			Current Liabilities
Hutang bank jangka pendek	1,198.6	1,037.1	Short-term bank loans
Hutang usaha	140.8	202.9	Trade payables
Hutang lain-lain	15.3	37.5	Other payables
Hutang pajak	17.2	14.7	Taxes payable
Biaya yang masih harus dibayar	54.0	33.8	Accrued expenses
Liabilitas imbalan kerja jangka pendek	8.4	8.5	Short-term employee benefits liabilities
Uang muka penjualan dan lainnya	22.1	23.3	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	55.7	55.4	Current portion of LT loans
Bagian liabilities jk panjang yg jth tempo 1 th	0.1	0.0	Current portion of LT liability
Jumlah Liabilitas Lancar	1,512.3	1,413.3	Total Current Liabilities
LIABILITAS TIDAK LANCAR			NON CURRENT LIABILITIES
Liabilities pajak tangguhan - bersih	1.8	0.4	Deferred tax liabilities, net
Uang muka konstruksi, bagian jangka panjang	8.7	8.3	Advance for construction, long term portion
Pinjaman jk panjang stl dikurangi jth tempo 1 th	265.4	247.8	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	5.7	6.4	LT liabilities, net of current portion
Liabilitas imbalan kerja jangka panjang	42.4	42.5	LT employee benefits liabilities
Jumlah Liabilitas Tidak Lancar	324.0	305.4	Total Non Current Liabilities
JUMLAH LIABILITAS	1,836.4	1,718.6	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	116.3	116.3	Additional paid-in capital, net
Pendapatan komprehensif lainnya	(69.1)	(65.4)	Other comprehensive income
Saldo laba			Retained earnings
Dicadangkan	146.8	146.8	Appropriated
Tidak dicadangkan	(227.5)	(185.2)	Unappropriated
Saldo laba, net	(80.6)	(38.4)	Retain Earning, net
Kepentingan Non Pengendali	12.3	13.0	Non-controlling interest
Total Ekuitas	834.9	881.4	Equities, net
JUMLAH LIABILITAS DAN EKUITAS	2,671.2	2,600.1	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)

	3/31/2015	3/31/2014	
LAPORAN LABA RUGI	Unaudited	Unaudited	PROFIT & LOSS STATEMENT
Pendapatan bersih	352.0	459.5	Net Revenues
Beban pokok pendapatan	349.4	448.9	Cost of Revenues
Laba (rugi) kotor	2.7	10.6	Gross Profit
Beban penjualan	(7.5)	(9.1)	Selling expenses
Beban umum dan administrasi	(27.9)	(20.5)	General and administrative expenses
Penjualan limbah produksi	0.9	4.9	Sales of waste products
Laba pengalihan aset tetap	-	-	Gain on transfer of fixed asset
Laba pematangan tanah	-	-	Gain on site preparation work
Pendapatan lain-lain	2.5	5.1	Other income
Beban lain-lain	(0.6)	(0.2)	Other expenses
Laba operasi	(29.9)	(9.2)	Income from Operations
Bagian laba (rugi) dari entitas asosiasi	(21.6)	(21.0)	Share in profit (loss) of associates
Pendapatan keuangan	1.5	1.6	Finance income
Laba selisih kurs, neto	26.3	(14.4)	Gain on foreign exchange, net
Beban keuangan	(20.0)	(11.2)	Finance expenses
Laba sebelum beban (manfaat) pajak	(43.7)	(54.1)	Income Before Tax
Beban (manfaat) pajak - bersih	(0.8)	(4.7)	Tax Expense (Benefit)
Laba (rugi) tahun berjalan	(42.9)	(49.4)	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	(4.0)	(23.1)	of the financial statements of Subsidiaries
Total pendapatan (rugi) komprehensif	(46.9)	(72.5)	Total comprehensive income (loss)
Total laba (rugi) yang dapat diatribusikan kepada:			Total profit (loss) attributable to:
Pemilik entitas induk	(42.3)	(46.3)	Owners of the parent entity
Kepentingan non pengendali	(0.6)	(3.1)	Non-controlling interests
Total	(42.9)	(49.4)	
Laba Per Saham Dasar dan Dilusian	(0.0027)	(0.0029)	Basic Income Per Share
(dalam Dolar AS penuh)			(in full US Dollar amount)

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