



PT KRAKATAU POSCO

3Q 2024 Performance Review

October 2024

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This document includes predictive information about the business and financial status and results of the company and the relevant industry. The predictive information contained in this document relates to future events, not past ones, and includes opinions and predictions that entail uncertainties and risks.

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All financial figures presented in this document have been prepared in accordance with the Indonesian local accounting standards, Pernyataan Standar Akuntansi Keuangan (PSAK), which may differ in certain respects from generally accepted accounting principles in other countries, including Generally Accepted Accounting Principles in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRS) applied in other countries.

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01

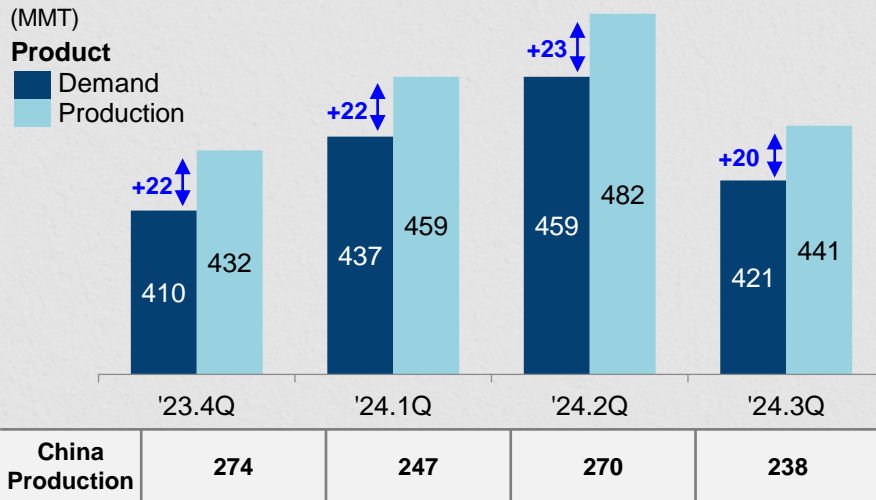
3Q Steel Industry & KP Condition

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China steel supply flooded the global market, pushing down prices; PTKP sales increased following active marketing

Global Steel Market



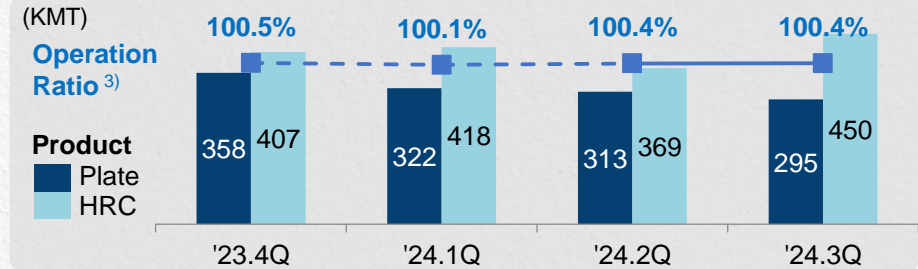
- Global steel production declined after subdued demand in global markets and declining steel prices, further weakened by high exports from China
 - China's production dominated increasing global steel, forced into tough business environment

【 Product Price 】

(USD/Ton)	'23.4Q	'24.1Q	'24.2Q	'24.3Q	QoQ
Plate ¹⁾	557	580	548	496	△52
HRC ²⁾	536	550	529	482	△47

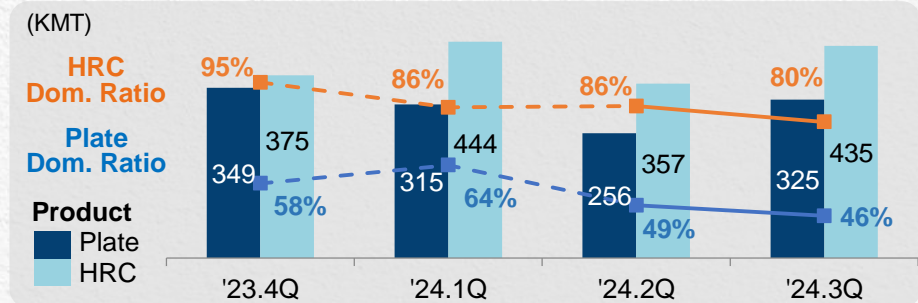
- In World Steel Association's recent outlook, there is optimism for 2025, with a projected growth of 1.9% in developed world steel demand due to potential recovery in global manufacturing

PTKP Production



- Plate and HRC production declined following maintenance work in 1H
- Plate production in 3Q declined as efficiency strategy due to declining domestic plate prices and to maintain low inventory; HRC Increased

Sales



- Domestic sales ratio decreased following weak demand in project / construction sector during the Indonesian presidential election period and cheaper imported steel in Indonesia
- Sales quantity increased in 3Q following active marketing to stockists and the manufacturing sector, as well as exports

02

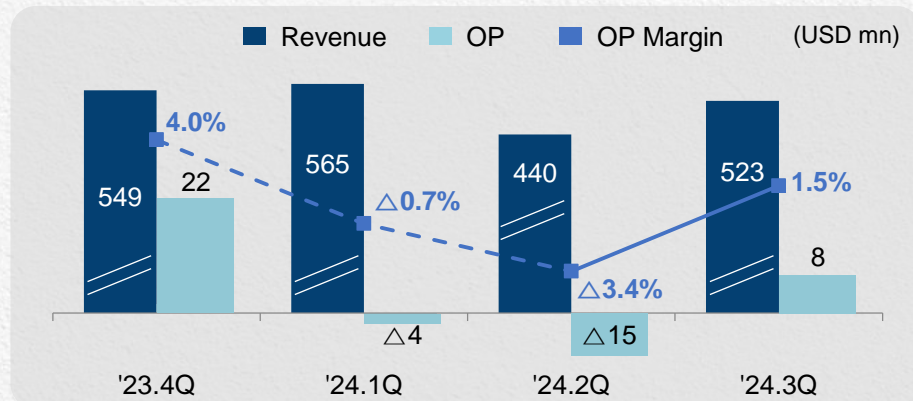
3Q Performance Overview

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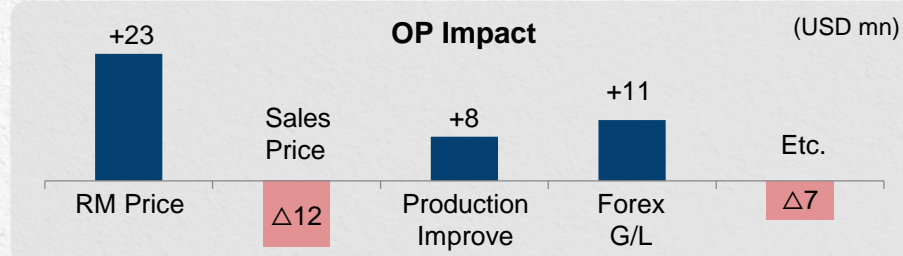


3Q operating profit increased with optimized production and successfully achieved debt rebalancing

Income

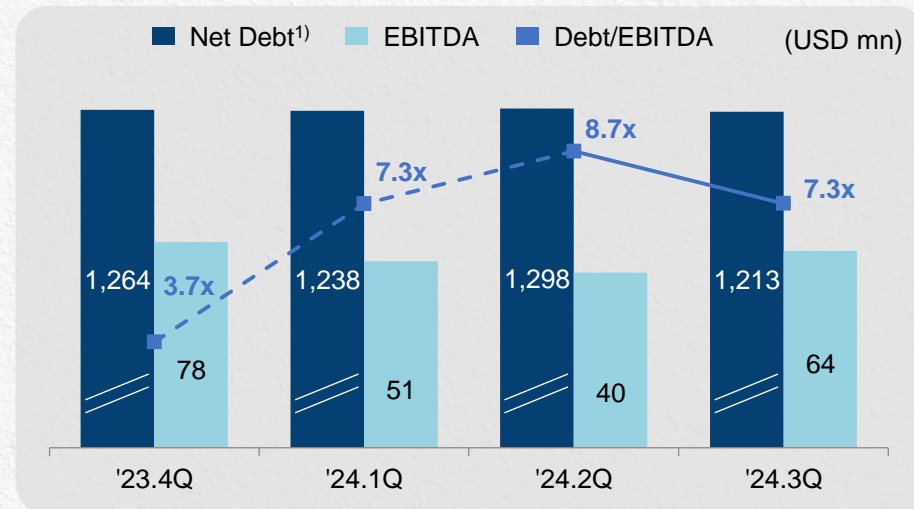


OP Impact



- Despite decreased sales prices, Operating Margin increased following the improvement in production and decrease in raw material cost
 - RM Price (USD/t) : [Iron Ore] 2Q 118 → 3Q 107 (Δ11)
[Coal] 2Q 287 → 3Q 267 (Δ20)
 - Sales Price (USD/t) : [Plate] 2Q 692 → 3Q 644 (Δ48)
[HRC] 2Q 647 → 3Q 639 (Δ8)
- ※ USD/IDR: ('23.4Q) 15,416 ('24.1Q) 15,853 (2Q) 16,421 (3Q) 15,138

Financial Structure



- We continue to put our efforts to reduce Net Debt - although EBITDA was weak in 2Q, causing the Debt/EBITDA ratio to rise, it has decreased to 7.3x in 3Q and is expected to improve further in 4Q
 - Successfully achieved debt rebalancing over 2Q and 3Q of 2024
 - If the company had not performed rebalancing, the Long Term Loan Ratio would have been only 23% as of the 3Q of 2024, and the loans maturing within 1 year would have amounted to \$1 billion
 - However, through rebalancing, the Long Term Loan Ratio increased to 69%, and the loans maturing within 1 year are only \$405 million
- ※ In the case of short-term loans, there is an unused credit line of US\$300mn, ensuring ample liquidity

03

Strategies to Improve Future Performance

KRAKATAU POSCO



PTKP has implemented a number of strategic initiatives to strengthen its competitiveness and to improve its revenue and margins

1 Maximum Use of Low-cost Raw Materials

- Reduce manufacturing costs by expanding the use of local low-cost raw materials (iron ore/coal)
- Use of self-made iron sources – improve self-resource use process and develop maximum use technology
- Obtain low-interest trade credit for raw material

2 Product Development and Process Innovation

- Strategic expansion of steel product types, strengthening agile response to market conditions through process innovation
- Increase the ratio of high-profit strategic products to 20% in 2026 from the current level of 10%
- Development of super low-cost specialized products in response to the competition from imported steel products

3 Improve supply chain structure

- Identify improvements in the supply chain line to reduce costs and diversification of supply lines
- Accelerate technology improvement and Per capita productivity through in-house and out-of-house training, troubleshooting, etc

4 Create Barriers for Imported Steel Products

- Reduction of Import License – Propose to continue reducing import license through Ministry of Trade, Industry and Energy
 - ※ Import License is a permission from the Indonesian government to allow manufacturers to import steel
- Request the Indonesian government to impose Anti-Dumping duties on HRP/Plate products.
 - Outreach Activities: Briefing on Current Issues for the Government and Hosting a Forum on Domestic Expansion, Inviting Anti-Dumping Committee Chairman to Cileon Plant and Policy Recommendations, etc.

Appendix

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(USD million, %)	'23.4Q	'24.1Q	'24.2Q	'24.3Q	QoQ
Revenue	549	565	440	523	+82
Gross Profit	37	14	1	20	+19
<i>(Gross Profit Ratio)</i>	<i>6.7%</i>	<i>2.5%</i>	<i>0.3%</i>	<i>3.9%</i>	<i>+3.5%</i>
SG&A	(10)	(11)	(11)	(12)	(1)
Other Income, Net	(5)	(7)	(6)	(1)	5
Operating Income	22	(4)	(15)	8	+23
<i>(Operating Income ratio)</i>	<i>4.0%</i>	<i>(0.7%)</i>	<i>(3.4%)</i>	<i>1.5%</i>	<i>+4.9%</i>
Finance Cost, Net	(31)	(31)	(34)	(34)	0
Net Income	(9)	(34)	(49)	(26)	+23
EBITDA	78	51	40	64	+24
<i>(EBITDA Margin Ratio)</i>	<i>14.1%</i>	<i>9.1%</i>	<i>9.2%</i>	<i>12.2%</i>	<i>+3.0%</i>

(USD million, %)	'23.4Q	'24.1Q	'24.2Q	'24.3Q	QoQ
Current Assets	629	685	638	661	+23
Cash and Cash Equiv.	42	43	76	85	+9
Trade Receivable	177	247	125	124	-1
Inventory	380	380	422	437	+15
Non Current Assets	2,412	2,362	2,309	2,265	-44
Fixed Assets	2,398	2,347	2,295	2,250	-44
Total Assets	3,041	3,047	2,947	2,926	-21
Current Liabilities	1,022	1,064	547	1,032	+485
Non Current Liabilities	1,109	1,107	1,574	1,094	-480
※ <i>Bond and Loan</i>	1,306	1,281	1,373	1,297	-76
Total Liabilities	2,132	2,172	2,120	2,126	+6
Total Equity	910	875	827	800	-27
※ <i>Debt/EBITDA</i>	3.7	7.3	8.6	7.3	-1.4

Overview

KRAKATAU POSCO

No. 1 Integrated Steel Mill in Southeast Asia

- Establishment: 26th Aug, 2010
- Investment Amount: apprx. US\$ 3.5bn
- Shareholders: POSCO (50%), PT KRAKATAU STEEL (50%)
- Control: POSCO's consolidated subsidiary
(Board of Directors: POSCO 4, PT KRAKATAU STEEL 3)
- Production Capacity: 3mn tons per annum
- Number of employees: 2,497
- Location: Cilegon, Banten (388Ha)

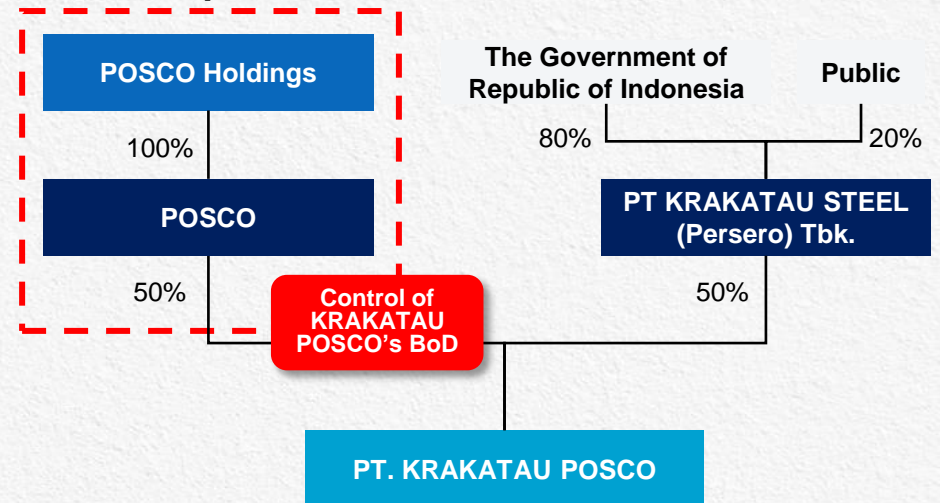
Business Presence & Main Plants



Main Plants (Integrated Steel Mill)

- ✓ Coke Plant
- ✓ Sinter Plant
- ✓ **Blast Furnace** (3 Million Ton/Year)
- ✓ Steelmaking Plant
- ✓ **Plate Mill** (1.5 Million Ton/Year)
- ✓ **Hot Rolling Mill** (1.5 Million Ton/Year)

Ownership Structure



Key Milestones



KRAKATAU POSCO has a simple shareholding structure and both POSCO and KRAKATAU STEEL have long-term commitments to the company

