KRAKATAU POSCO

PT KRAKATAU POSCO

1Q-25 Performance Review

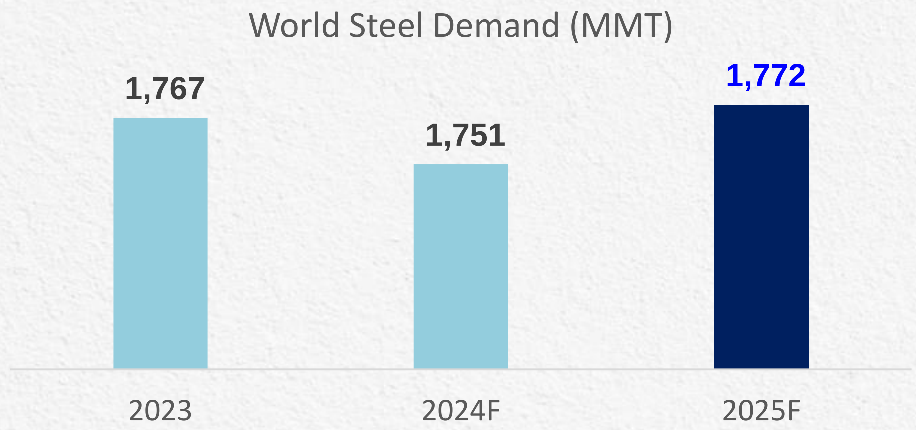
May 2025

Steel Industry Outlook

KRAKATAU POSCO

Global

☑ Global steel demand is projected to rebound in 2025



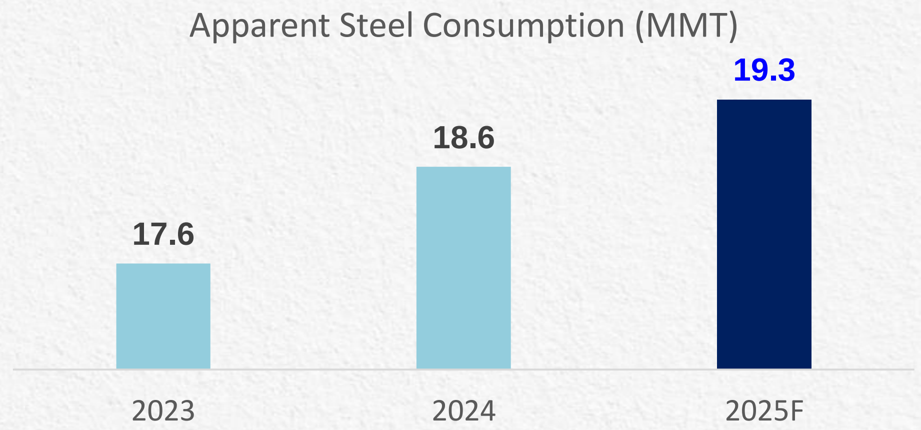
❑ Steel Demand Growth by Region

EU	+3.5% y-o-y growth; gradual recovery is expected from recovered construction sector
India	+8.5% y-o-y growth; robust growth mainly fueled by all steel consuming sectors esp. infrastructure
China	△1% y-o-y growth; expected to fall deeper due to prolonged real estate sector downturn
ASEAN	+3.5% y-o-y growth; demand forecasted to rebound driven by infrastructure investments and expansion across multiple steel-consuming sectors

(source: Worldsteel ‘24. Oct)

Domestic

☑ Indonesia steel consumption is expected to increase 3.8% vs. ‘24



❑ Growth of Steel User Sectors in Indonesia

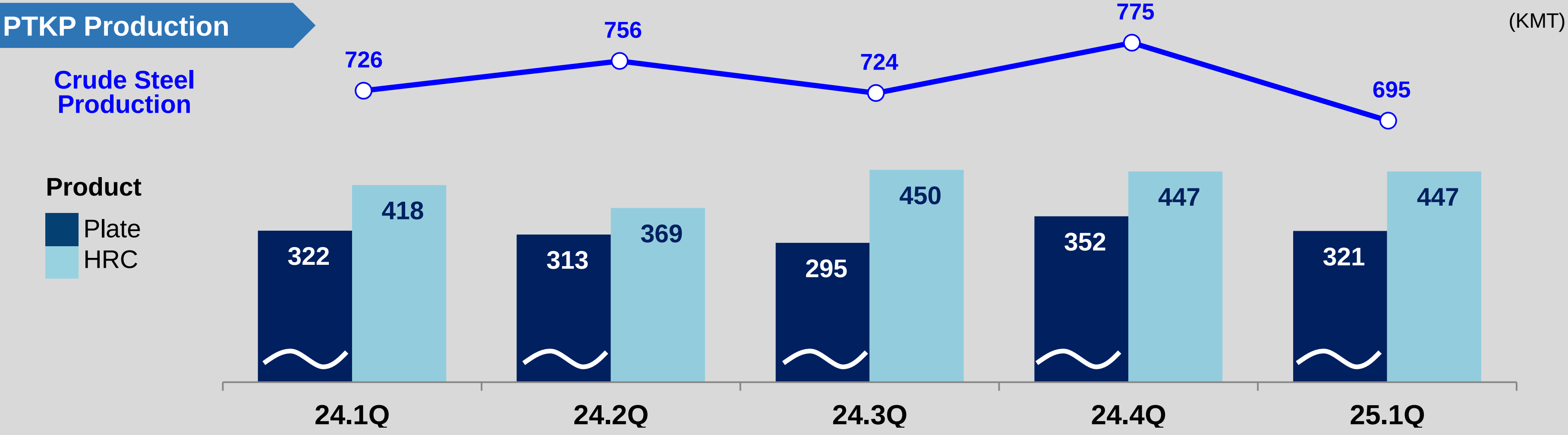
Construction	Growth by 5.48% led by government infrastructure projects, property sector and new industrial areas
Manufacturing	PMI shows uptrend during Q1 ‘25 indicating production expansion and increased demand
Automotive	Car sales expected to increase (2024: 865K units→ 2025: 900K units), followed by steel needs for car production
Property	Construction of 3 million housing units (government strategic project) to increase the absorption of downstream steel products

(source: IISIA ‘25. Apr)

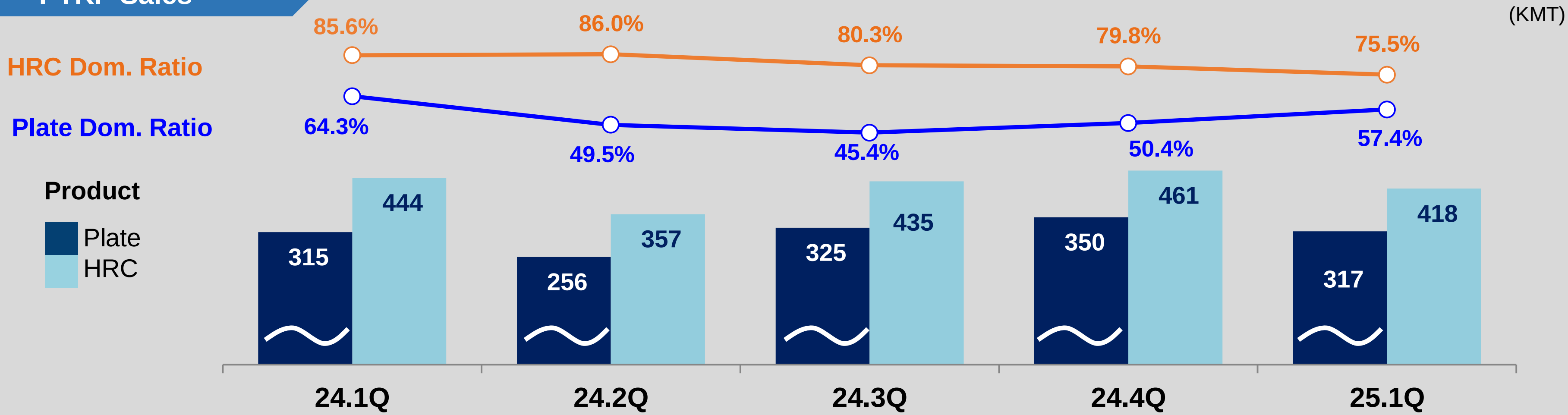
PTKP Production & Sales

KRAKATAU POSCO

PTKP Production



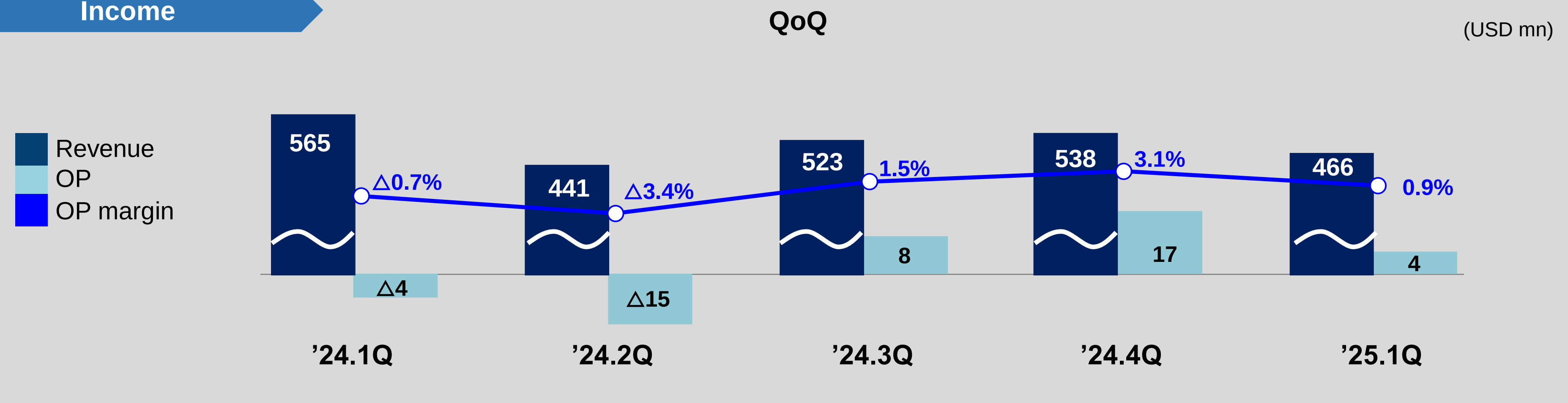
PTKP Sales



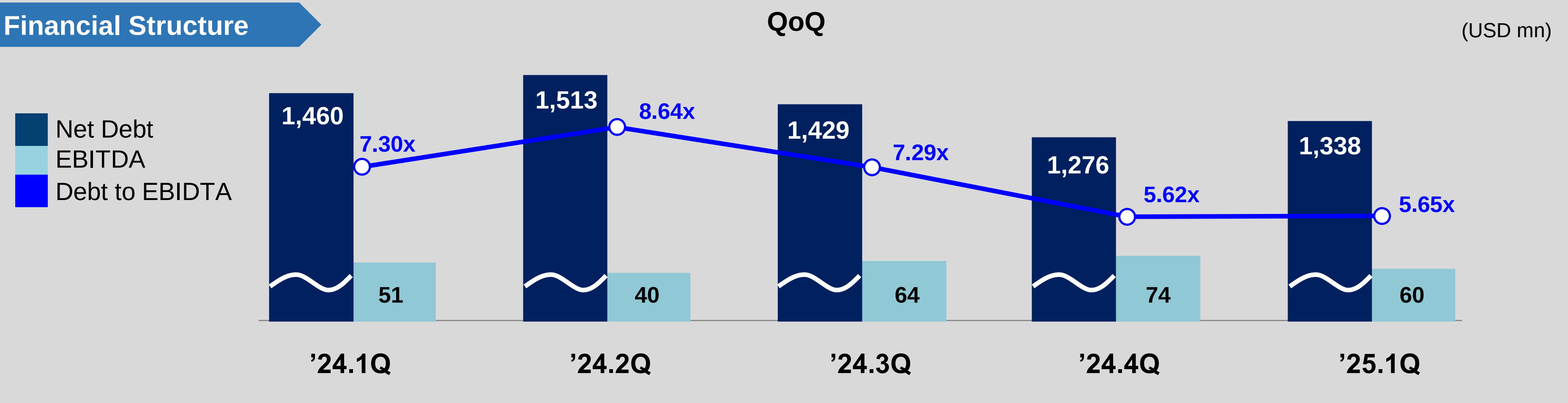
Source: PTKP

PTKP Financial Performance

Income



Financial Structure



Notes: 1) Net Debt : Total Debt – Cash & equivalents

Source: PTKP

Strategy to Improve Profitability & Achieve Prudent Financial Ratio

KRAKATAU POSCO

Profitability Improvement

1 Maximum use of local and low-cost iron ore/ coal

0 → **10%** Iron ore

8 → **25%** Coal

- Develop mixing technology to adapt with local & low-cost materials
- Discovering new supplier

2 Replacement high-priced Fe (iron) sources

68.6 → **82.7**kg/t-s Self/ low-priced Fe sources

- Strengthening processing facility to increase utilization of Fe source material other than scrap (i.e MSB)

3 Energy cost savings

30 → **27%** Power Purchase Ratio

- Efficiency reinforcement and generator operation rate increase

4 Increase sales of Strategic Product

14 → **20%** Strategic Product Sales

- Expanding project supply in infrastructure
- Securing contract with major supplier of automotive and heavy equipment

Prudent Financial Ratio

Target Leverage and Credit Metrics

Max.**4.5x** Debt / EBITDA

Maintain prudent leverage levels and ratios

Working Capital

AR	Speed up collection through forfeiting
Inventory	Inventory turnover optimization
AP	Supply Chain Finance for Local RM

Minimum Cash Balance

$13Mn

Daily needs US$ 6.5Mn
x
2D funding period

Capital Expenditures

$34Mn Per Annum

with purpose of maintaining stable Production within capacity 3MMT

Source: PTKP

Appendix – Income Statement

KRAKATAU POSCO

(USD million, %)	2023	2024		1Q 2025
			4Q	
Revenue	**2,397**	**2,067**	**538**	**466**
Gross Profit	**218**	**73**	**37**	**20**
(Gross Profit Ratio)	9.1%	3.5%	6.9%	4.3%
SG&A	△41	△61	△28	△15
Other Income, Net	13	△5	8	-
Operating Income	**191**	**6**	**17**	**4**
(Operating Income ratio)	8.0%	0.3%	3.1%	0.9%
Finance Cost, Net	△140	△130	△32	△27
Net Income	**51**	**△124**	**△15**	**△23**
EBITDA	**410**	**230**	**74**	**60**
(EBITDA Margin Ratio)	17.1%	11.1%	13.8%	12.9%

Source: PTKP

Appendix – Balance Sheet

KRAKATAU POSCO

(USD million, %)	2023	2024	1Q 2025
Current Assets	**629**	**523**	**582**
Cash and Cash Equiv.	42	18	26
Trade and other Receivable	184	115	113
Inventory	380	380	430
Non Current Assets	**2,412**	**2,231**	**2,179**
Fixed Assets	2,398	2,217	2,166
Total Assets	**3,041**	**2,754**	**2,761**
Current Liabilities	**1,022**	**867**	**902**
Non Current Liabilities	**1,109**	**1,091**	**1,086**
※Bond and Loan	*1,309*	*1,088*	*1,162*
Total Liabilities	**2,131**	**1,958**	**1,988**
Total Equity	**910**	**796**	**773**
※Debt/EBITDA	*3.73*	*5.62*	*5.65*

Source: PTKP

THANK YOU