Contents

- Economic Review
- Steel Performance & Apparent Steel Consumption
- Steel Consuming Sectors
- Review of 2016 Performance
- Outlook for 2017
### Economic Review: Macroeconomic

#### Indonesia GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Indicator</th>
<th>Unit</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>GDP</td>
<td>%, y-o-y</td>
<td>6.0</td>
<td>5.6</td>
<td>5.0</td>
<td>4.9</td>
<td>5.0</td>
</tr>
<tr>
<td>2013</td>
<td>Export</td>
<td>%, y-o-y</td>
<td>2.0</td>
<td>5.3</td>
<td>(1.2)</td>
<td>(2.0)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>2014</td>
<td>Import</td>
<td>%, y-o-y</td>
<td>6.2</td>
<td>1.0</td>
<td>(2.4)</td>
<td>(5.8)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>2015</td>
<td>Trade Balance</td>
<td>Mil. USD</td>
<td>(1,669)</td>
<td>(4,077)</td>
<td>(2,199)</td>
<td>7,671</td>
<td>8,783</td>
</tr>
<tr>
<td>2016</td>
<td>Exchange Rate</td>
<td>IDR/USD</td>
<td>9,718</td>
<td>10,445</td>
<td>11,876</td>
<td>13,392</td>
<td>13,305</td>
</tr>
</tbody>
</table>

*Source: Bank of Indonesia, Indonesia Statistic Bureau*
Economic Review:
Inflation & Bank of Indonesia Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation</th>
<th>BI Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2013</td>
<td>8.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2014</td>
<td>8.4%</td>
<td>7.5%</td>
</tr>
<tr>
<td>2015</td>
<td>3.4%</td>
<td>7.5%</td>
</tr>
<tr>
<td>2016</td>
<td>3.0%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

Source: Bank of Indonesia, Indonesia Statistic Bureau
## Economic Review: Growth by Sectors

<table>
<thead>
<tr>
<th>Business Sector</th>
<th>Unit</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishery</td>
<td>%, y-o-y</td>
<td>4.59</td>
<td>4.2</td>
<td>4.24</td>
<td>3.77</td>
<td>3.25</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>%, y-o-y</td>
<td>3.02</td>
<td>2.53</td>
<td>0.43</td>
<td>-3.42</td>
<td>1.06</td>
</tr>
<tr>
<td>Manufacturing industry</td>
<td>%, y-o-y</td>
<td>5.62</td>
<td>4.37</td>
<td>4.64</td>
<td>4.33</td>
<td>4.29</td>
</tr>
<tr>
<td>Electricity &amp; gas procurement</td>
<td>%, y-o-y</td>
<td>10.06</td>
<td>5.23</td>
<td>5.9</td>
<td>0.9</td>
<td>5.39</td>
</tr>
<tr>
<td>Water procurement, waste management, recycling</td>
<td>%, y-o-y</td>
<td>3.34</td>
<td>3.32</td>
<td>5.24</td>
<td>7.07</td>
<td>3.6</td>
</tr>
<tr>
<td>Construction</td>
<td>%, y-o-y</td>
<td>6.56</td>
<td>6.11</td>
<td>6.97</td>
<td>6.36</td>
<td>5.22</td>
</tr>
<tr>
<td>Wholesale &amp; retail, cars and motorcycles repairment</td>
<td>%, y-o-y</td>
<td>5.4</td>
<td>4.81</td>
<td>5.18</td>
<td>2.59</td>
<td>3.93</td>
</tr>
<tr>
<td>Transport &amp; warehousing</td>
<td>%, y-o-y</td>
<td>7.11</td>
<td>6.97</td>
<td>7.36</td>
<td>6.68</td>
<td>7.74</td>
</tr>
<tr>
<td>Accomodation &amp; food provision</td>
<td>%, y-o-y</td>
<td>6.64</td>
<td>6.8</td>
<td>5.77</td>
<td>4.31</td>
<td>4.94</td>
</tr>
<tr>
<td>Information &amp; communication</td>
<td>%, y-o-y</td>
<td>12.28</td>
<td>10.39</td>
<td>10.12</td>
<td>9.69</td>
<td>8.87</td>
</tr>
<tr>
<td>Financial services &amp; insurance</td>
<td>%, y-o-y</td>
<td>9.54</td>
<td>8.76</td>
<td>4.68</td>
<td>8.59</td>
<td>8.9</td>
</tr>
<tr>
<td>Real estate</td>
<td>%, y-o-y</td>
<td>7.41</td>
<td>6.54</td>
<td>5</td>
<td>4.11</td>
<td>4.3</td>
</tr>
<tr>
<td>Company services</td>
<td>%, y-o-y</td>
<td>7.44</td>
<td>7.91</td>
<td>9.81</td>
<td>7.69</td>
<td>7.36</td>
</tr>
<tr>
<td>Government administration, defense, mandatory social security</td>
<td>%, y-o-y</td>
<td>2.13</td>
<td>2.56</td>
<td>2.38</td>
<td>4.63</td>
<td>3.19</td>
</tr>
<tr>
<td>Education services</td>
<td>%, y-o-y</td>
<td>8.22</td>
<td>7.44</td>
<td>5.47</td>
<td>7.33</td>
<td>3.84</td>
</tr>
<tr>
<td>Health &amp; social activity services</td>
<td>%, y-o-y</td>
<td>7.97</td>
<td>7.96</td>
<td>7.96</td>
<td>6.68</td>
<td>5</td>
</tr>
<tr>
<td>Other services</td>
<td>%, y-o-y</td>
<td>5.76</td>
<td>6.4</td>
<td>8.93</td>
<td>8.08</td>
<td>7.8</td>
</tr>
<tr>
<td>GDP</td>
<td>%, y-o-y</td>
<td>6.03</td>
<td>5.56</td>
<td>5.01</td>
<td>4.88</td>
<td>5.02</td>
</tr>
</tbody>
</table>

*Source: Bank of Indonesia, Indonesia Statistic Bureau*
Steel Performance: Crude Steel (1/2)

Crude Steel Utilization

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>38%</td>
</tr>
<tr>
<td>2013</td>
<td>45%</td>
</tr>
<tr>
<td>2014</td>
<td>54%</td>
</tr>
<tr>
<td>2015</td>
<td>57%</td>
</tr>
<tr>
<td>2016</td>
<td>47%</td>
</tr>
</tbody>
</table>
Steel Performance: Crude Steel (2/2)

Slabs Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.72</td>
<td>1.95</td>
<td>-</td>
<td>2.66</td>
</tr>
<tr>
<td>2013</td>
<td>0.72</td>
<td>2.09</td>
<td>-</td>
<td>2.81</td>
</tr>
<tr>
<td>2014</td>
<td>1.99</td>
<td>3.22</td>
<td>0.30</td>
<td>4.91</td>
</tr>
<tr>
<td>2015</td>
<td>2.43</td>
<td>1.46</td>
<td>0.63</td>
<td>3.26</td>
</tr>
<tr>
<td>2016</td>
<td>2.84</td>
<td>1.51</td>
<td>0.75</td>
<td>3.60</td>
</tr>
</tbody>
</table>

Billets Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.54</td>
<td>1.87</td>
<td>0.01</td>
<td>3.41</td>
</tr>
<tr>
<td>2013</td>
<td>1.93</td>
<td>1.74</td>
<td>0.01</td>
<td>3.66</td>
</tr>
<tr>
<td>2014</td>
<td>2.37</td>
<td>0.58</td>
<td>0.01</td>
<td>2.94</td>
</tr>
<tr>
<td>2015</td>
<td>2.44</td>
<td>1.20</td>
<td>0.01</td>
<td>3.63</td>
</tr>
<tr>
<td>2016</td>
<td>1.91</td>
<td>1.42</td>
<td>0.00</td>
<td>3.33</td>
</tr>
</tbody>
</table>
Steel Performance: HRC/P

HR Coils Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.90</td>
<td>1.83</td>
<td>0.02</td>
<td>3.71</td>
</tr>
<tr>
<td>2013</td>
<td>1.86</td>
<td>1.90</td>
<td>0.04</td>
<td>3.72</td>
</tr>
<tr>
<td>2014</td>
<td>2.06</td>
<td>1.71</td>
<td>0.06</td>
<td>3.71</td>
</tr>
<tr>
<td>2015</td>
<td>1.65</td>
<td>1.63</td>
<td>0.04</td>
<td>3.24</td>
</tr>
<tr>
<td>2016</td>
<td>2.05</td>
<td>1.68</td>
<td>0.09</td>
<td>3.64</td>
</tr>
</tbody>
</table>

HR Plates Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.81</td>
<td>0.89</td>
<td>0.15</td>
<td>1.55</td>
</tr>
<tr>
<td>2013</td>
<td>0.54</td>
<td>0.80</td>
<td>0.05</td>
<td>1.30</td>
</tr>
<tr>
<td>2014</td>
<td>1.54</td>
<td>0.57</td>
<td>0.33</td>
<td>1.78</td>
</tr>
<tr>
<td>2015</td>
<td>1.33</td>
<td>0.28</td>
<td>0.37</td>
<td>1.24</td>
</tr>
<tr>
<td>2016</td>
<td>1.50</td>
<td>0.20</td>
<td>0.38</td>
<td>1.32</td>
</tr>
</tbody>
</table>
Steel Performance: CRC/S

### CRC/S Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.86</td>
<td>1.46</td>
<td>0.07</td>
<td>2.25</td>
</tr>
<tr>
<td>2013</td>
<td>1.05</td>
<td>1.45</td>
<td>0.06</td>
<td>2.44</td>
</tr>
<tr>
<td>2014</td>
<td>1.17</td>
<td>1.37</td>
<td>0.06</td>
<td>2.49</td>
</tr>
<tr>
<td>2015</td>
<td>1.07</td>
<td>1.22</td>
<td>0.05</td>
<td>2.25</td>
</tr>
<tr>
<td>2016</td>
<td>1.07</td>
<td>1.39</td>
<td>0.05</td>
<td>2.41</td>
</tr>
</tbody>
</table>
Steel Performance: Sections & Bars

Sections Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.44</td>
<td>0.57</td>
<td>0.02</td>
<td>0.99</td>
</tr>
<tr>
<td>2013</td>
<td>0.45</td>
<td>0.63</td>
<td>0.02</td>
<td>1.05</td>
</tr>
<tr>
<td>2014</td>
<td>0.66</td>
<td>0.41</td>
<td>0.02</td>
<td>1.06</td>
</tr>
<tr>
<td>2015</td>
<td>0.80</td>
<td>0.30</td>
<td>0.01</td>
<td>1.09</td>
</tr>
<tr>
<td>2016</td>
<td>0.76</td>
<td>0.21</td>
<td>0.01</td>
<td>0.97</td>
</tr>
</tbody>
</table>

Decrease

Bars Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.48</td>
<td>0.48</td>
<td>0.02</td>
<td>1.94</td>
</tr>
<tr>
<td>2013</td>
<td>1.61</td>
<td>0.48</td>
<td>0.02</td>
<td>2.06</td>
</tr>
<tr>
<td>2014</td>
<td>1.61</td>
<td>0.48</td>
<td>0.02</td>
<td>2.07</td>
</tr>
<tr>
<td>2015</td>
<td>1.74</td>
<td>0.42</td>
<td>0.03</td>
<td>2.14</td>
</tr>
<tr>
<td>2016</td>
<td>1.67</td>
<td>0.42</td>
<td>0.04</td>
<td>2.06</td>
</tr>
</tbody>
</table>

Decrease
Steel Performance: Wire Rods

Wire Rods Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.81</td>
<td>0.49</td>
<td>0.06</td>
<td>1.25</td>
</tr>
<tr>
<td>2013</td>
<td>0.68</td>
<td>0.72</td>
<td>0.06</td>
<td>1.33</td>
</tr>
<tr>
<td>2014</td>
<td>0.63</td>
<td>0.76</td>
<td>0.05</td>
<td>1.34</td>
</tr>
<tr>
<td>2015</td>
<td>0.67</td>
<td>0.63</td>
<td>0.03</td>
<td>1.26</td>
</tr>
<tr>
<td>2016</td>
<td>0.59</td>
<td>0.84</td>
<td>0.06</td>
<td>1.38</td>
</tr>
</tbody>
</table>
Steel Consuming Sectors: HRC/P

HRC/P Consuming Sectors

- General Structures & Others
- Shipbuildings
- Rerollings
- Oil & Gas Pipes
- Comm. Pipes & Tubes
- Boiler & PV
- Automotive

2015
- General Structures & Others: 34%
- Shipbuildings: 7%
- Rerollings: 27%
- Oil & Gas Pipes: 1%
- Comm. Pipes & Tubes: 13%
- Boiler & PV: 2%
- Automotive: 16%

2016
- General Structures & Others: 37%
- Shipbuildings: 6%
- Rerollings: 28%
- Oil & Gas Pipes: 1%
- Comm. Pipes & Tubes: 10%
- Boiler & PV: 1%
- Automotive: 18%
Steel Consuming Sectors: CRC/S

CRC/S Consuming Sectors

- Coil Centers & Others: 12% in 2015, 10% in 2016
- TMBP: 8% in 2015, 7% in 2016
- Pipes & Tubes: 5% in 2015, 5% in 2016
- Home-Office-Electrical App.: 2% in 2015, 2% in 2016
- GI Sheets + Zincalumes: 1% in 2015, 1% in 2016
- Enamels: 1% in 2015, 1% in 2016
- Drums: 1% in 2015, 1% in 2016
- Automotive: 1% in 2015, 1% in 2016

Comparison between 2015 and 2016:
- CRC/S consumption increased from 46% to 43%.
- Other sectors showed minor changes with slight decreases in consumption.

Note: The percentages may not sum up to 100% due to rounding or other statistical considerations.
Review of 2016 Performance

- Generally, Indonesia economic performance showed an improvement in the last consecutive 3 years, that was marked by well maintained of inflation.

- The apparent steel consumption increased significantly (10%) higher than the year 2015 meanwhile crude steel production was decrease last year due to the increasing of billet import.

- Major industrial sectors in the year 2016 were dominated by construction, automotive, shipbuilding and GI Sheet.
Outlook for 2017

- Indonesia economic growth in 2017 as Bank Indonesia forecasted is 5.4%. That will be supported mainly by the infrastructure projects.

- Crude steel production rate is forecasted higher than previous years due to operation again of some iron and steel making plants.

- Government infrastructure projects will be the main driver sector to improve the steel consumption.

- Global oversupply production especially in China is still a major challenge to Indonesian steel industry.

- Krakatau Steel Nippon Steel Sumikin and Krakatau Osaka Steel will be in fully production.

- Krakatau Steel Hot Strip Mill no. 2 will be commissioned in 2019.
THANK YOU