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## **PT Krakatau Steel postpones its IPO till 2009**

*Friday, 17 Oct, 2008*

FT reported that Krakatau Steel is to postpone its USD 330 million initial public offering until 2009 and might cancel it unless market conditions improve significantly.

Mr Fazwar Bujang CEO of Krakatau Steel said that the global financial turbulence, which has seen the Jakarta market fall 45% this year and the rupiah weaken 7.5% in the past month, meant the company would have to be flexible in deciding how to expand from its 2.5 million tonnes a year capacity.

It may be noted that global giants such as ArcelorMittal, BlueScope Steel, TATA and Essar are among the companies that have expressed interest in owning part of Krakatau Steel.

Indonesian government, which regards Krakatau Steel as conspicuously underperforming and in need of a world class partner, initially wanted to sell about 40% to a strategic buyer. Opposition from within the company and parliament forced that plan to be abandoned, but legislators have approved the sale of up to 30% via an IPO next month.

Mr Fazwar said that an IPO was still his preferred option, with one anchor investor and enough shareholders to ensure a decent free float. He added that "We are considering many options. Many people are interested in Krakatau Steel but we must do what's best for the company. Unless economic conditions improve this might mean canceling the IPO and looking at another, more flexible, solution."

He further added that the money from an IPO would be used to help finance expansion plans that have been priced at USD 1.5 billion. The company aims to double production to 5 million tonnes by 2011. Indonesia imports about 3 million tonnes of steel.

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