

Exporter Visit – PT Gunawan Dianjaya Steel Tbk (GDST)RECEIVED 17 MAY
2013Background

The public file version of the Exporter Questionnaire Response of PT Gunawan Dianjaya Steel Tbk (“GDST”) discloses limited information that aids in understanding the type and nature of GDST’s production and supply (to both domestic and export markets).

Production capacity

Since GDST was established in 1989, production of hot rolled steel plate (from imported slab) has been fairly stable at approximately 400,000 tonnes per annum. Since 2010, however, GDST has increased production investment and by August 2012 had improved output to approximately 480,000 tonnes per annum. GDST is aiming to produce 550,000 tonnes per annum in the coming years.

Due to an uncertain global economy and improving growth rates on the Indonesian domestic market, GDST has refocused its supply to the domestic market, with less export volumes, resulting in improved revenues throughout 2012.

Financial performance

GDST’s financial performance in 2011 did not track with the increase in sales revenues experienced. GDST’s gross, operating and net profit margins in 2011 were 12 per cent, 6 per cent, and 3 per cent respectively. GDST’s net profit was predicted to halve again in 2012, suggesting returns on the domestic market are low (perhaps a reflection of higher raw material costs).

GDST has invested in upgrading plant machinery since 2010 hence, depreciation expenses will be high across the investigation period.

It is noted that GDST has four (4) high rolling mill machines manufacturing HRC plate. It is expected that GDST would have separate cost centres for each rolling mill.

Questionnaire response

It is not clear why the following is redacted from the public file version of the Response:

- Names of GDST Directors (publicly available);
- The differences between goods sold on domestic and export markets (what is the concern with identifying differences?);
- That GDST is an importer of plate (refer G-8). It is public information that the company sources its slab from the Ukraine and Russia.

According to Section D of the Response, GDST sells to distributors on the domestic market. GDST’s domestic sales, however, are sold to shipyard contractors, construction companies, steel traders and heavy equipment companies. The breakdown between sales to distributors and end-use customers is important to justify any possible claim for a level of trade adjustment.