

Perusahaan Gas Negara

BUY (upgrade)

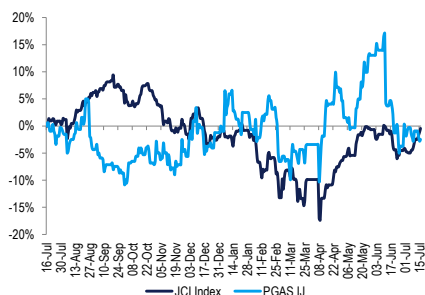
Company update | PGAS IJ | 16 July 2025

Stock Data

Target price	Rp1,800
Prior TP	Rp1,500
Current price	Rp1,570
Upside/downside	+15%
Shares outstanding (mn)	24,242
Market cap (Rp bn)	38,059
Free float	43%
Avg. 6m daily T/O (Rp bn)	106

Price Performance

	3M	6M	12M
Absolute	-6.8%	-5.1%	-2.5%
Relative to JCI	-18.5%	-8.5%	-2.0%
52w low/high (Rp)	1,435 – 1,885		



Major Shareholders

PT Pertamina	56.9%
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Distribution spread may improve from 2Q25 onwards; upgrade to Buy

- Distribution spread shall improve starting 2Q25F onwards on temporary client-mix change between HGBT & non-HGBT and addl. gas supply.
- Hence, we expect distribution spread to bottom out in 1Q25 as we expect FY25F spread to average US\$1.7/mmbtu vs. US\$1.5/mmbtu in 1Q25.
- We upgrade our rating from Hold to Buy on better earnings stability and attractive dividend yield (~11%): TP is raised to Rp1,800/share

Distribution spread may have bottomed in 1Q25

We think gas distribution spread may have bottomed in 1Q25 (US\$1.5/mmbtu) as starting 2Q25F, there will be client-mix switch from cheap gas price (HGBT) customers to regular customers (non-HGBT) due to maintenance in May25 and Jun25 from fertilizer plants. Thus, the supply that is usually delivered to fertilizer plants (HGBT) can be re-allocated to other customers (non-HGBT), which shall improve distribution spread in 2Q25, in our view. We expect PGAS' distribution spread to improve to US\$1.7/mmbtu in 2Q25F or around +14% qoq.

2H25 shall be supported by additional gas supply

Aside from temporary increase in non-HGBT gas supply mix, we expect there would be an additional gas supply from Corridor Block and other blocks starting 2H25F. The estimated gas supply addition would be around 40-50bbtud and all of which will be distributed to non-HGBT customers, per our discussion with company. Combined with LNG (c.11% of total gas supply vs. 3% in FY24) which also has distribution spread of >US\$2/mmbtu, we expect PGAS' distribution spread to average US\$1.7/mmbtu in FY25F.

Improving Pertagas but Saka will continue to be a drag to profitability

Other than gas distribution business, PGAS' other businesses including those that are under Pertagas are improving on yoy basis (Fig. 3-8). However, we expect Saka Energi to continue to be a drag to PGAS' overall profitability as a result of natural volume decline which is yet to be offset by further exploration activities. Note that Saka Energi has recorded a breakeven on GP basis in 1Q25 with loss expected in 2Q25F onwards, as per our estimates.

Upgrade to Buy rating with Rp1,800/share TP

We upgrade our rating from Hold to Buy rating as we believe PGAS' distribution spread has bottomed out in 1Q25 in addition to PGAS' improving profitability and earnings stability which is the key to utilities company's valuation, in our view. With 80% dividend payout ratio (DPR) likely to be maintained, dividend yield remains quite attractive at around 11% yield, based on FY25F earnings. Our TP is raised to Rp1,800/share as we raise our P/E target multiples to 8x FY25F (from previously 7x). We also think concern over LNG supply is overblown with government commitment over LNG supply. We also fine-tuned our FY25F/26F NP forecast by -4%/-1%.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	3,646	3,789	3,757	3,802	3,780
EBITDA	707	736	654	736	749
Net profit	278	339	313	356	353
EPS growth	-15%	22%	-8%	14%	-1%
ROE	10%	12%	11%	12%	12%
PER (x)	8.8	7.2	7.8	6.9	6.9
EV/EBITDA (x)	3.9	3.0	3.3	2.7	2.5
Dividend yield	9%	9%	11%	10%	0%
IPS vs. consensus			97%	110%	104%

Source: Company, Indo Premier

Share price closing as of: 16 July 2025

Fig. 1: Forecast changes summary

PGAS	New forecast			Forecast change			Consensus			Indo Premier vs Consensus		
US\$ mn	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenues	3,757	3,802	3,780	5%	6%	na	3,824	3,902	3,990	98%	97%	95%
Gross profit	683	765	778	-9%	-3%	na	778	793	830	88%	96%	94%
Operating profit	478	556	564	-9%	6%	na	484	479	497	99%	116%	114%
EBITDA	654	736	749	-4%	-1%	na	917	927	944	71%	79%	79%
NPAT	313	356	353	-4%	-1%	na	322	324	339	97%	110%	104%
%y-y												
Revenues	3%	1%	-1%				5%	2%	2%			
Gross profit	-7%	12%	2%				6%	2%	5%			
Operating profit	-10%	16%	2%				-9%	-1%	4%			
EBITDA	-8%	13%	2%				30%	1%	2%			
NPAT	13%	14%	-1%				16%	1%	5%			
Gross margin	18.2%	20.1%	20.6%				20.3%	20.3%	20.8%	-2.2%	-0.2%	-0.2%
Operating margin	12.7%	14.6%	14.9%				12.7%	12.3%	12.5%	0.1%	2.3%	2.5%
EBITDA margin	17.4%	19.4%	19.8%				24.0%	23.8%	23.7%	-6.6%	-4.4%	-3.8%
NPAT margin	8.3%	9.4%	9.3%				8.4%	8.3%	8.5%	-0.1%	1.1%	0.9%

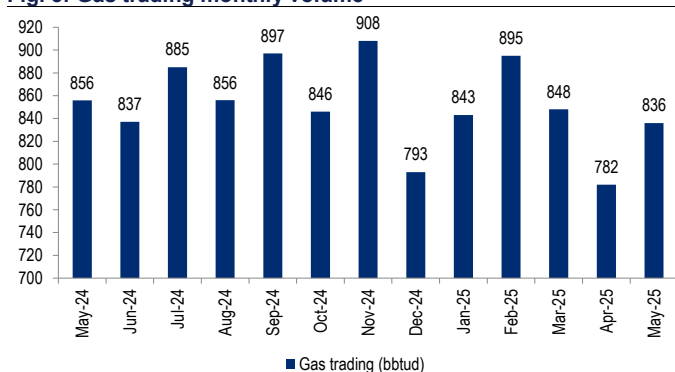
Source: Company data, Bloomberg, Indo Premier

Fig. 2: Operational data assumptions

PGAS operational number	Old forecast			New forecast			Changes (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Volume									
Gas sales/trading (bbtud)	830	820	na	852	845	850	3%	3%	na
Gas transmission (mmscfd)	1,435	1,487	na	1,543	1,450	1,487	8%	-3%	na
Oil and gas lifting (mmboe)	6.3	5.8	na	7.5	6.0	5.7	18%	4%	na
Oil transportation (mmboe)	65	63	na	59	63	61	-10%	0%	na
LPG processing (ton)	36,500	36,865	na	39,420	44,530	44,975	8%	21%	na
Margin									
Gas distribution spread (US\$/mmbtu)	2.0	1.6	na	2.0	1.7	1.8	2%	7%	na

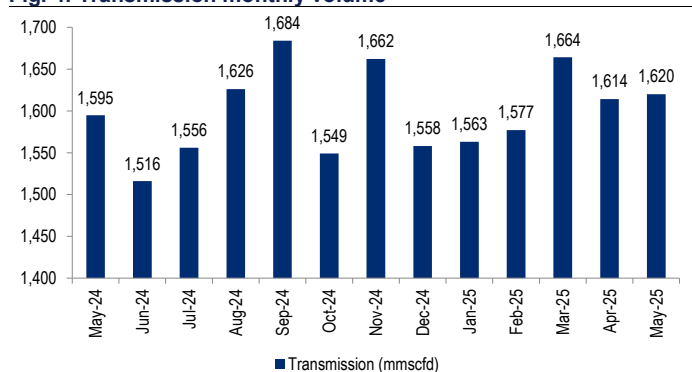
Source: Bloomberg, Indo Premier

Fig. 3: Gas trading monthly volume



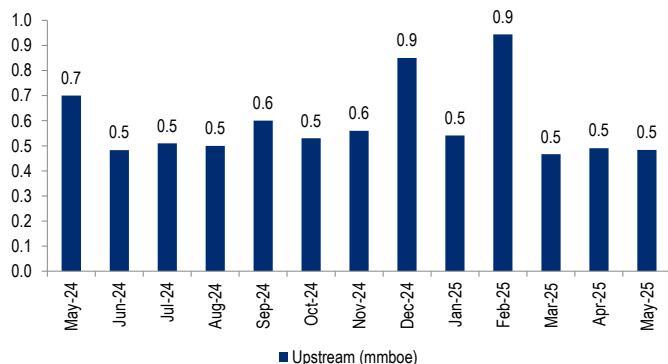
Source: Company data, Indo Premier

Fig. 4: Transmission monthly volume



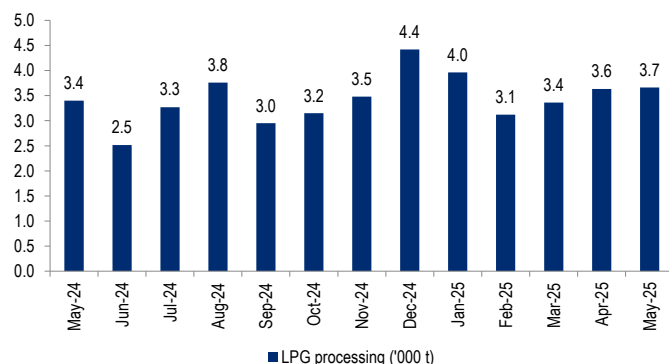
Source: Company data, Indo Premier

Fig. 5: Upstream monthly volume



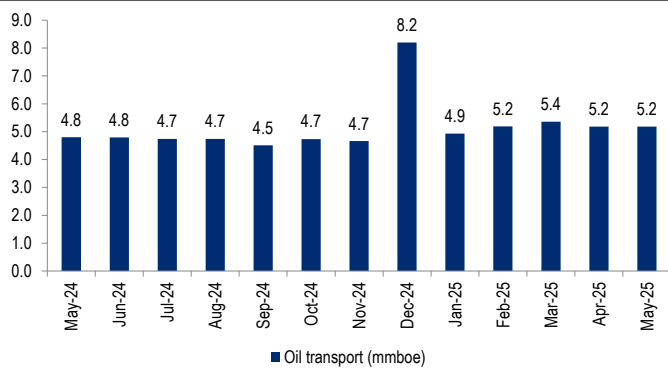
Source: Company data, Indo Premier

Fig. 6: LPG processing monthly volume



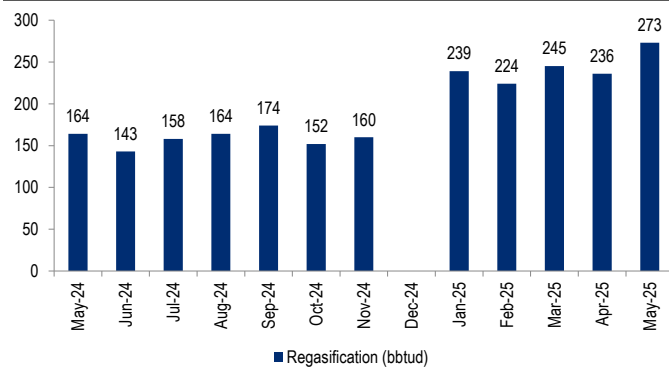
Source: Company data, Indo Premier

Fig. 7: Oil transport monthly volume



Source: Company data, Indo Premier

Fig. 8: Regasification monthly volume



Source: Company data, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	3,646	3,789	3,757	3,802	3,780
Cost of sales	(2,913)	(3,031)	(3,074)	(3,037)	(3,002)
Gross profit	734	757	683	765	778
SG&A Expenses	(202)	(201)	(205)	(209)	(214)
Operating profit	532	556	478	556	564
Net interest	(49)	(15)	1	14	20
Income from associates	65	72	80	80	80
Others	(24)	(35)	(10)	0	0
Pre-tax income	524	578	549	650	664
Income tax	(147)	(139)	(132)	(156)	(159)
Minority interest	(99)	(100)	(104)	(138)	(151)
Net income	278	339	313	356	353

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	1,245	1,383	1,483	1,511	1,615
Receivable	448	386	383	387	385
Inventory	71	82	83	82	81
Other current assets	129	136	109	109	109
Total current assets	1,892	1,987	2,058	2,090	2,191
Fixed assets	307	312	312	312	312
Other non-current assets	4,400	4,117	4,091	4,061	4,026
Total non-current assets	4,707	4,429	4,403	4,373	4,338
Total assets	6,599	6,416	6,461	6,463	6,529

ST loans	3	0	0	0	0
Payable	245	237	241	238	235
Other payables	117	198	198	198	198
Current portion of LT loans	75	114	0	0	0
Other current liabilities	1,023	585	585	585	585
Total current liab.	1,462	1,134	1,024	1,021	1,018
Long term loans	916	1,058	1,171	1,071	1,071
Other LT liab.	681	552	552	552	552
Total non-current liabilities	1,596	1,610	1,724	1,624	1,624
Total liabilities	3,059	2,744	2,748	2,645	2,642

Equity	(124)	(124)	(124)	(124)	(124)
Retained earnings	2,870	2,987	3,029	3,134	3,203
Minority interest	794	808	808	808	808
Total SHE + minority int.	3,540	3,672	3,713	3,818	3,887
Total liabilities & equity	6,599	6,416	6,461	6,463	6,529

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	289	324	331	356	353
Depr. & amortization	175	179	176	180	185
Changes in working capital	17	242	14	(6)	0
Others	0	0	0	0	0
Cash flow from operating	481	746	521	529	539
Capital expenditure	60	95	(150)	(150)	(150)
Others	73	(116)	0	0	0
Cash flow from investing	133	(21)	(150)	(150)	(150)
Loans	(604)	(374)	0	(100)	0
Equity	15	10	0	0	0
Dividends	(228)	(222)	(272)	(251)	(284)
Others	0	0	0	0	0
Cash flow from financing	(817)	(586)	(272)	(351)	(284)
Changes in cash	(203)	138	99	29	104

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	22%	20%	20%	18%	20%
Operating margin	16%	15%	15%	13%	15%
Pre-tax margin	15%	14%	15%	15%	17%
Net margin	9%	8%	9%	8%	9%
ROA	5%	4%	5%	5%	6%
ROE	12%	10%	12%	11%	12%
Acct. receivables TO (days)	6.3	8.1	9.8	9.8	9.8
Inventory TO (days)	46.8	41.0	37.0	37.0	37.0
Payable TO (days)	11.8	11.9	12.8	12.8	12.8
Debt to equity	0.8	0.6	0.4	0.4	0.4
Interest coverage ratio (x)	5.6	7.2	9.8	9.3	11.4
Net gearing	0.3	0.1	(0.1)	(0.1)	(0.1)

Source: Company, Indo Premier