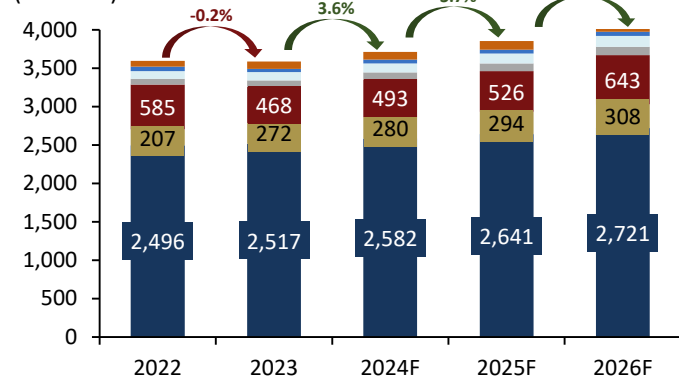


Perusahaan Gas Negara (PGAS): IDR 1,580 – BUY, SSI TP: IDR 1,800 (from 1,300); Cons. TP: 1,520

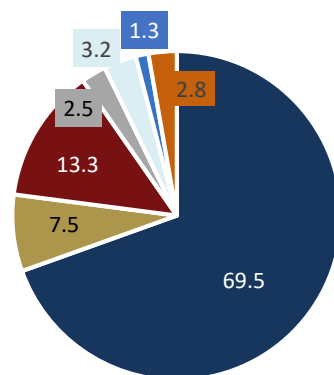
Revenue Breakdown and Growth, 22A-26F

(USD Mn)



■ Gas Distribution
 ■ Gas Transmission
 ■ Oil and Gas Sales
 ■ Gas Processing
■ Gas Regasification
 ■ Oil Transportation
 ■ Lease and Others

Revenue Pie Chart (%), 24F



Peer Comparables

Ticker	Market Cap. (IDRTn)	Rating	Target Price	Ytd	2024F				
				Net Buy (Sell) (IDRBn)	EV/EBITDA (x)	P/E (x)	P/BV (x)	EPS Growth (%)	Div. Yield (%)
PGAS IJ	38.3	BUY	1,800	617.9	2.8	8.1	0.6	7.2	2.2
MEDC IJ	35.1	BUY	2,200	203.6	4.3	8.5	1.2	-12.5	1.3
AKRA IJ	32.1	BUY	2,200	67.3	6.1	9.0	2.2	18.7	5.3
RAJA IJ	5.9	BUY	2,200	15.0	5.7	15.6	2.4	45.7	3.3
Sector	111.4			903.8	4.4	8.9	1.3	6.4	2.9

Upgrade TP to IDR 1,800, reflecting 2.8x EV/EBITDA FY24F on:

- Management has guided for higher 1Q24 gas spread that will continue throughout the year at a range of USD 1.6-USD 1.8/mmbtu, resulting in favorable margins ahead. Higher gas spread of USD 1.72/mmbtu resulted in increased 1Q24 EBITDA margin of 34.4%, and robust bottom-line growth to USD 121.1 million (+40.8% YoY).
- 1Q24 venture into LNG with Petronas, contributed USD 61 million (margin spread of USD 3/mmbtu), is expected to add 5.7% to PGAS's total 2024 revenue amounting to USD 3.7 billion.
- Despite potential stake sale in Pangkah field, the 8.7% YTD hike in WTI oil price provides a strong revenue outlook for Saka in 2Q24 and potentially throughout the year. Saka posted 1Q24 top-line of USD 113.8 million, down -11.8% YoY, and 12% PGAS' revenues, before reaching USD 440 million in FY24F, up +5.2% YoY, and accounting for 13.3% of PGAS total sales.

Risks to our call:

- A threat to revenue emerges as the government plans to expand the USD 6/mmbtu HGBT from 7 to 11 industries. The HGBT pricing scheme is subsidized, yielding zero margin for PGAS, potentially resulting in lower overall margins if this expansion materializes.
- Recent news implicates PGAS in a potential corruption case involving the LNG terminal project in Teluk Lamong, causing potential losses: IDR 383.2 billion (revenues) and net loss of IDR 241.9 billion from a GSPA transaction with PT Inti Alasindo Energy. This could negatively impact PGAS, especially if found guilty, reflecting poor corporate governance.

Relative Performance vs JCI

