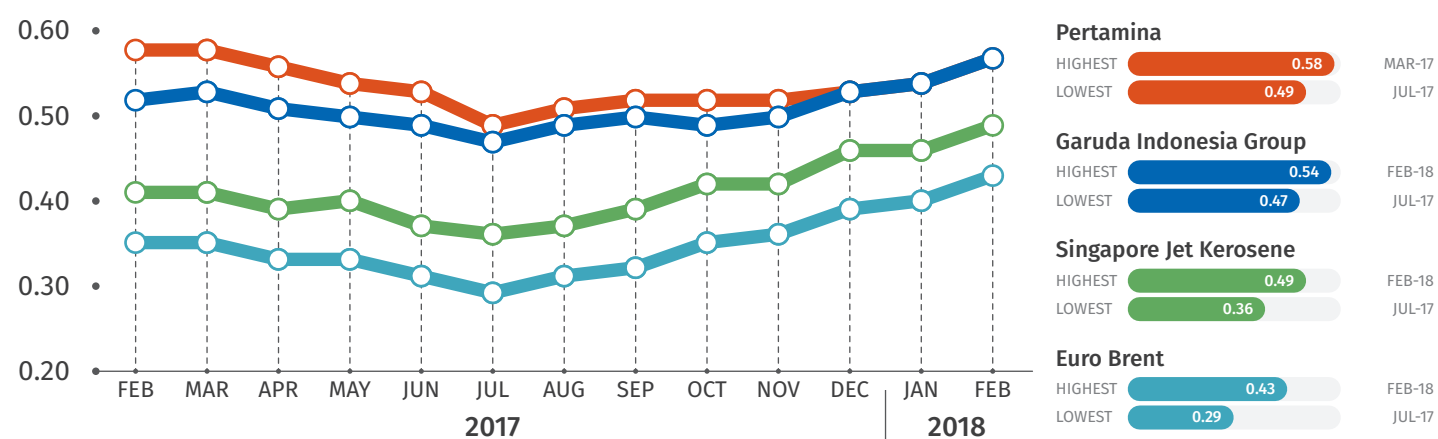


# Hedging Disclosure

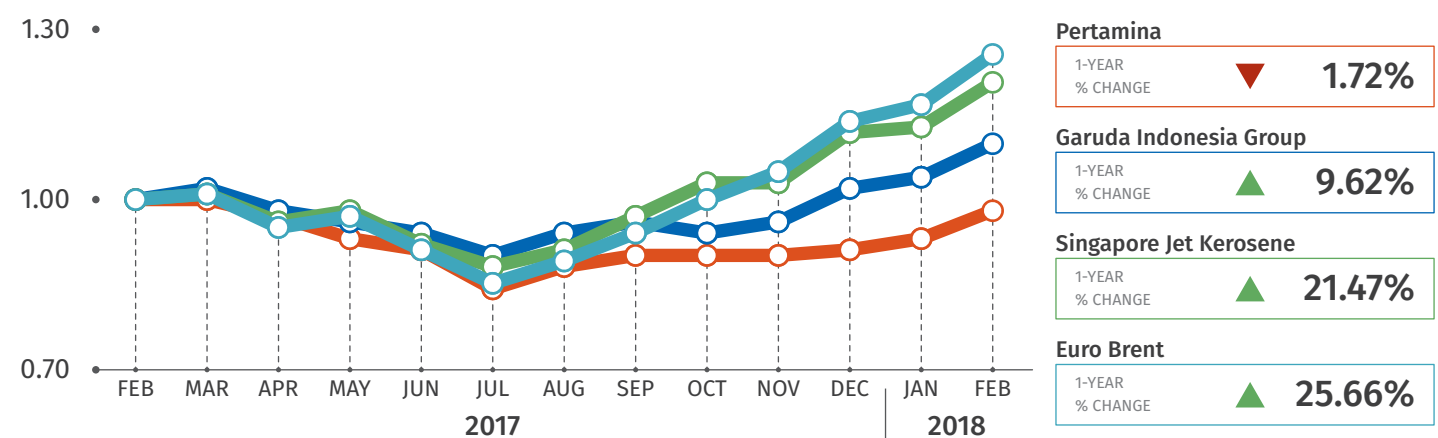
February 2018

## PRICE COMPARISON

Source: Bloomberg, February 2018



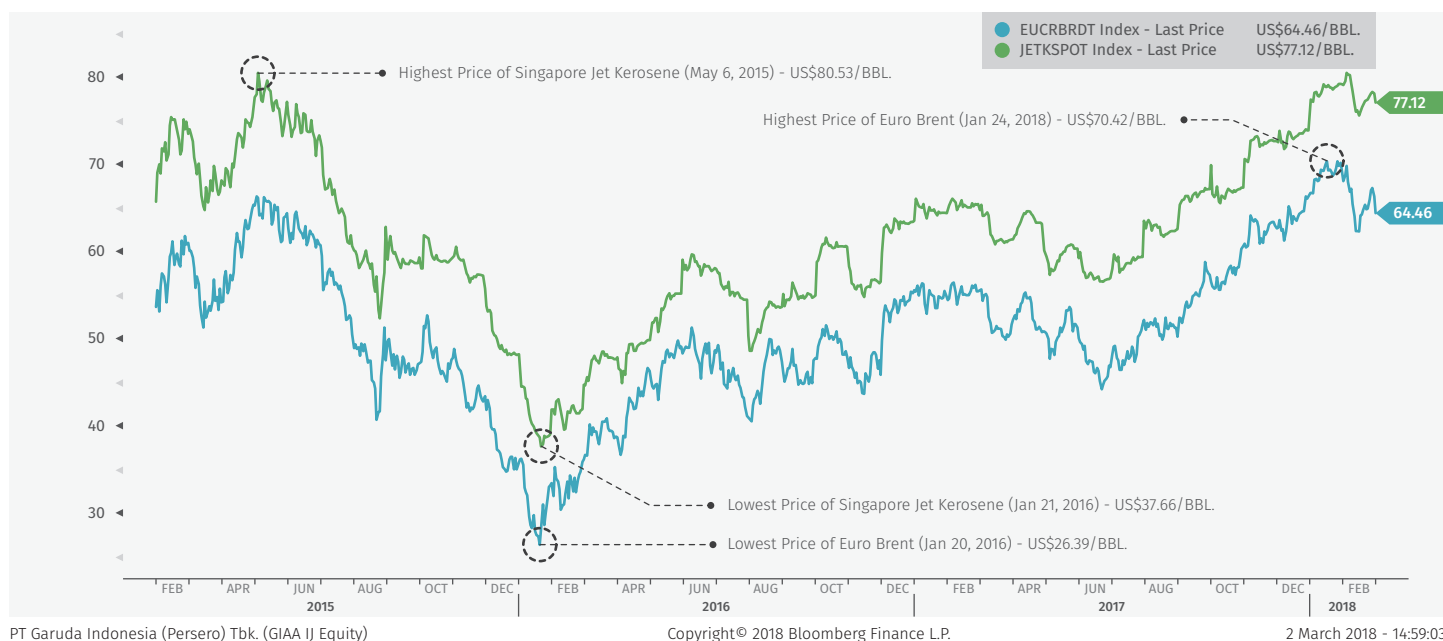
INDEX	UNITS	2017												2018	
		FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	
Euro Brent	US\$/L	0.35	0.35	0.33	0.33	0.31	0.29	0.31	0.32	0.35	0.36	0.39	0.40	0.43	
Singapore Jet Kerosene	US\$/L	0.41	0.41	0.39	0.40	0.37	0.36	0.37	0.39	0.42	0.42	0.46	0.46	0.49	
Garuda Indonesia Group	US\$/L	0.52	0.53	0.51	0.50	0.49	0.47	0.49	0.50	0.49	0.50	0.53	0.54	0.57	
Pertamina	US\$/L	0.58	0.58	0.56	0.54	0.53	0.49	0.51	0.52	0.52	0.52	0.53	0.54	0.57	



PERIODE	PERTAMINA		VS. EURO BRENT		VS. SINGAPORE JET KEROSENE		
	US\$/L	US\$/L	Δ (US¢)	Δ (%)	US\$/L	Δ (US¢)	Δ (%)
February 2018	0.57	0.43	13.61	31.36	0.49	7.51	15.16
Average YTD February 2018	0.56	0.42	13.23	31.30	0.49	6.29	12.79
Average 2017	0.54	0.34	19.50	57.06	0.41	13.10	32.30

### Notes:

"Pertamina" is the average value of domestic in to plane fuel prices paid to Pertamina, meanwhile "Garuda Indonesia Group" is the average value of domestic and international in to plane fuel prices paid to suppliers. And due to Pertamina's one-month late price adjustments, Euro Brent and Sin Jet Kerosene prices used are adjusted one-month behind.



INDEX	UNITS	FEB-18	Δ 1-MONTHS		Δ 3-MONTHS		Δ 6-MONTHS		Δ 12-MONTHS	
		Average	Average	% Chg.	Average	% Chg.	Average	% Chg.	Average	% Chg.
Singapore Jet Kerosene	US\$/BBL.	78.69	73.48	7.09	66.95	17.54	59.13	33.08	64.78	21.47
Euro Brent	US\$/BBL.	68.99	64.21	7.44	57.62	19.73	48.69	41.69	54.90	25.66

## FUEL HEDGING

As per February 2018, it can be concluded that crude oil dropped from January highs but did not manage to find clear a clear direction afterward amid high volatility. However, it gave Garuda Indonesia an opportunity to hit the market to add more hedged volume as we add 500,000 bbl. for the Q3-18 to mitigate any risk of increasing fuel price during hajj flight. At the end of February 2018, Garuda Indonesia has hedged 4.3 million bbl. This amount is consist of 4.1 million bbl. which equivalent 26.28% of the estimated total fuel consumption along 2018. Therefore the average hedge price per February 2018 is 45.19 US\$/liter or 71.85 USD/bbl. The other 200,000 bbl. will be due in first quarter of 2019 with average hedge price 46.01 US\$/liter or 73.16 USD/bbl.

Going forward, Garuda sees that market may focus on numerous revision of US forecast by the EIA for the short and medium term. Thus, global financial markets turmoil added to bearish pressure on risky assets while OPEC good compliance put a floor on prices. Given this high volatility on the market, Garuda Indonesia will approach prudently on further entering the market towards 2018 by taking into account inherent aspects.

## FX HEDGING

Along with February 2018, speculation earlier implemented on The FED hike its interest rate still has an important role in USD appreciation towards global currencies. Moreover, US inflation expectations remain no higher than one year ago, give the positive impact of the appreciation of USD. Garuda Indonesia believes the external factors will have important role inherent in the movement of USD/IDR as there have been only limited factors which may affect the movement, particularly the appreciation of USD/IDR.

As the impact of the market condition, on the second week of February 2018 forward transaction has been executed by USD 15,000,000 as Garuda Indonesia can gain an advantage in avoiding the depreciation of USD/IDR to fulfill the need of USD in term of the cash flow aspect. On the other hand, in February 2018 Garuda Indonesia decided to get into the derivative market as well by executing cross currency swap transaction by USD 176.72 million with five months tenor. Given the fluctuation of USD/IDR which occurred in February 2018, Garuda believes by locking-in the value of non-USD items of liability will mitigate any risk of foreign exchange translation in the Garuda book.