Hedging Disclosure
September 2018

PRICE COMPARISON

Source: Bloomberg, September 2018

INDEX | UNITS | 2017 | 2018
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| | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP |
Euro Brent | US$/L | 0.32 | 0.35 | 0.36 | 0.39 | 0.40 | 0.43 | 0.41 | 0.42 | 0.45 | 0.48 | 0.47 | 0.47 | 0.46 | 0.46 | 0.52 | 0.52 | 0.52 | 0.52 | 0.53 | 0.54 | 0.57 | 0.57 | 0.57 | 0.57 | 0.62 | 0.61 | 0.60 | 0.62 |
Singapore Jet Kerosene | US$/L | 0.39 | 0.42 | 0.42 | 0.46 | 0.49 | 0.49 | 0.49 | 0.48 | 0.51 | 0.55 | 0.53 | 0.54 | 0.53 | 0.53 | 0.50 | 0.50 | 0.50 | 0.50 | 0.53 | 0.54 | 0.57 | 0.57 | 0.57 | 0.57 | 0.62 | 0.61 | 0.61 | 0.62 |
Garuda Indonesia Group | US$/L | 0.50 | 0.49 | 0.50 | 0.53 | 0.54 | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 | 0.61 | 0.61 | 0.62 | 0.62 | 0.50 | 0.49 | 0.50 | 0.53 | 0.54 | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 | 0.62 | 0.61 | 0.60 | 0.62 |
Pertamina | US$/L | 0.52 | 0.52 | 0.52 | 0.53 | 0.54 | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 | 0.62 | 0.61 | 0.60 | 0.62 |

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.
In September 2018 oil prices were up 6.23 USD/bbl on average caused by global crude inventories continued to draw despite higher than expected supply. US sanctions on Iran and uncertainties about spare capacities of major producers also indicated to be the main driver. And OPEC & Non-OPEC short term spare capacity down to historical lows. On distillates side, demand remained very solid despite early signs of economic slowdown.

Therefore, Garuda Indonesia decided to not enter the market to have additional hedged volumes along September 2018. As the result, hedged volumes of Garuda Indonesia remained 5.89 million bbl. This amount consists of 4.49 million bbl. Which equivalents to 28.78% ratio from estimated total fuel consumption in 2018 with average hedge price at 46.07 US¢/liter or 73.24 USD/bbl. The other 1.4 million bbl. will be due in 2019 with an average hedging price is at 53.00 US¢/liter or 84.27 USD/bbl.

In the future, global oil supply at the beginning of Q4 2018 is expected to be higher supported by estimated OPEC crude supply increased by 42Kb/d to 32.63Mb/d followed by Non-OPEC supply which up +2.01Mb/d year on year led by the US. The estimation is expected to be an initial indication for Garuda Indonesia to add more volume by executing hedging transaction on the right time with some precaution as well of any upcoming bearish event in the further period.

The FED increased its FED fund rate by 2-2.5% in September 2018. US economic growth was strong, unemployment extremely low and wages rate has accelerated significantly. USD index closed higher up to 0.75% at the end of September 2018. These positive events from the US have affected by the depreciation of other currencies, including the IDR.

Along with the IDR remains depreciated towards USD in September 2018. Therefore Garuda Indonesia engaged in a forward transaction to fulfill needs of USD while to avoid further depreciation of IDR. The transaction was for the total amount of US$20 million won by ANZ. In addition, Garuda engaged in call spread transactions to mitigate the exposure of Garuda’s foreign exchange liability in compliance with Bank Indonesia’s regulation at the last week of the month won by CIMB, BRI, and Mandiri.