

PGAS PT Perusahaan Gas Negara Tbk

Staying Relevant

- Gas remains a critical transition fuel as domestic supply tightens, lifting LNG's role to ~18–20% of the mix by 2026 and reinforcing PGAS's strategic position under a regulated pricing framework.
- 2026 volume growth is supported by higher transmission and trading volumes (+4% YoY) and stronger upstream lifting (+16% YoY), offsetting softer regasification and LPG processing.
- Earnings stay defensive but increasingly sensitive to LNG pricing, with margins reliant on effective LNG–pipeline gas blending amid higher LNG penetration.
- Valuation upside underpins a BUY with a higher target price of Rp2,500, driven by improved supply security, margin resilience, and stable cash flows.

Gas as a Transition Backbone Amid Tightening Supply

Amid accelerating renewable penetration, gas remains positioned as a critical bridge fuel to preserve system reliability and baseload stability, reinforcing PGAS's strategic importance as Indonesia's dominant gas transmission and distribution operator. Declining upstream production from mature fields is expected to widen the domestic supply gap, with PGAS customer gas demand projected to grow around 2-3% per year. As a result, LNG's share in the gas supply mix is set to rise from around 10% in 2024 to approximately 18-20% by 2026, supported by up to 19 LNG cargoes while awaiting new upstream projects such as Masela, Andaman, and Indonesia Deepwater Development (IDD) toward the late 2020s. This shift occurs within a regulated pricing framework, where average national gas prices are capped at around USD 8.3 per MMBTU, with industrial users paying USD3-6 per MMBTU, making LNG affordability and effective blending strategies critical to prevent fuel switching to alternatives such as non-subsidized LPG and gasoline.

2026 Volume Growth Driven by Transmission, LNG, and Upstream

Operationally, PGAS guides for resilient volume growth in 2026, with gas trading volumes targeted at 877 BBTUD (+4% YoY), and gas transmission throughput rising to 1,620 MMSCFD (+4% YoY), driven by industrial demand and network expansion in Java and Sumatra. Regasification volumes are guided slightly lower at 219 BBTUD (vs 227 BBTUD in 2025) as LNG utilization is optimized, with LNG accounting for 20% of supply (vs 80% piped gas). Upstream oil and gas lifting is projected to increase to 19,162 BOEPD (+16% YoY), supported by drilling and workover activities, while oil transportation volumes remain broadly stable at 175,011 BOEPD and LPG processing volumes decline to 100 TPD (-12% YoY) as part of portfolio rationalization.

Defensive Earnings with LNG Price Sensitivity and Transition Optionality

PGAS retains a defensive, infrastructure-backed earnings profile, although LNG pricing remains the key margin variable. In line with rising LNG penetration, management indicated 11 LNG cargoes in 2025, increasing to a planned 22 cargoes in 2026, with LNG procurement prices guided at USD15.8–16.7 per MMBTU in 2026, implying an estimated USD0.6 per MMBTU saving vs. 2025 and supporting margin stability. This necessitates continued blending with lower-cost pipeline gas to sustain an average selling price of around USD9 per MMBTU, with LNG margins targeted at approximately USD1.85 per MMBTU. Capital expenditure is guided at USD353 million (+14% YoY), focused on pipelines, LNG and regasification infrastructure, and city gas expansion, alongside continued development of LNG aggregation, LNG bunkering, and early-stage biomethane and carbon transport initiatives to support long-term energy transition monetization.

Supply Security Drives Valuation Upside

We reiterate our **BUY** rating on PGAS with a **higher target price of Rp2,500** (from Rp1,900), implying 3.6x FY26F EV/EBITDA, equivalent to +1 standard deviation above its 5-year historical average. This re rating is justified by improving gas supply visibility through secured LNG volumes, evidence of margin resilience despite rising LNG penetration, and enhanced cash flow stability supported by disciplined capital allocation and sustained dividend payouts. **Key risks:** prolonged reliance on high-cost LNG pressuring margins, delays in infrastructure and LNG project execution, and regulatory uncertainties surrounding gas pricing and energy transition policies.

Key Financial Highlights

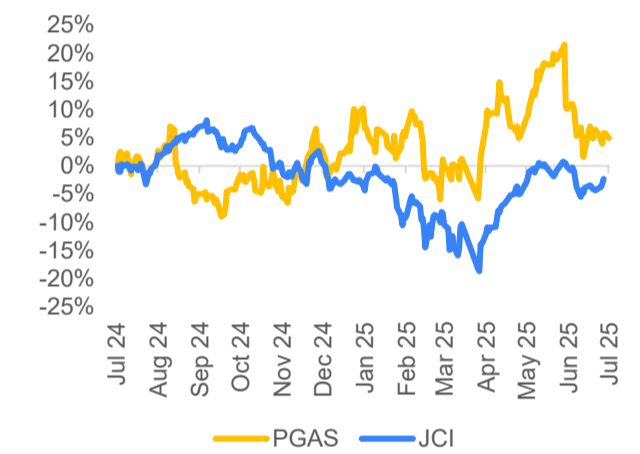
Key Metrics	2023	2024	2025F	2026F	2027F
Revenue (USD mn)	3,646	3,789	3,794	3,917	4,003
EBITDA (USD mn)	962	901	883	947	977
Net Profit (USD mn)	278	339	320	361	378
EPS Growth (%)	-13.1	27.6	-2.1	12.8	4.6
P/E (x)	6.48	7.15	8.77	10.17	9.72
EV/EBITDA (x)	3.99	3.95	4.07	3.82	3.71
Dividend Yield (%)	12.48	9.33	9.53	8.22	8.60

BUY

Stock Information (as of February 2, 2025)

Last Price (Rp)	2,180
Target Price (Rp)	2,500
Potential Upside	14.7%
Previous TP (Rp)	1,900
Market Cap (Rp tn)	52.8
52 Week Range (Rp)	2,310 – 1,425
Free Float	43.0%
Share Out. (bn)	24.2

Stock Performance Comparison vs JCI



Shareholders

PGAS's Shareholders	%
PT Pertamina Persero	56.96
Public	43.02
Others	0.02

Company Description

PGAS's Company Profile

PT Perusahaan Gas Negara Tbk is an Indonesia-based company, which is engaged in natural gas distribution and transportation. The Company is engaged in upstream oil and gas, midstream and downstream fields across the Indonesian peninsula.

Analyst

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Figure 1. PGAS's 2025E Operational Highlights

Segment	Unit	2024	2025E	YoY	% to Target	2026F	YoY
Gas Trading	BBTUD	852	845	-0.8%	97%	877	3.8%
Transmission	MMSCFD	1,543	1,553	0.7%	108%	1,620	4.3%
Upstream	BOEPD	20,300	16,493	-18.8%	96%	19,162	16.2%
Regasification	BBTUD	218	227	4.1%	135%	219	-3.5%
LPG Processing	TPD	108	113	4.7%	113%	100	-11.5%
Oil Transportation	BOEPD	161,600	173,567	7.4%	97%	175,011	0.8%

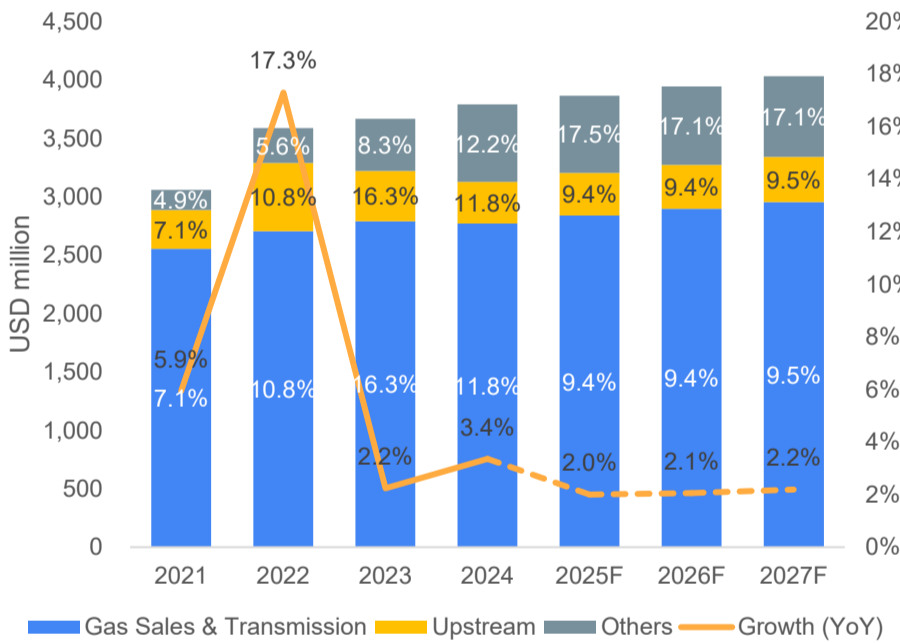
Source: Company, Ajaib Research

Figure 2. PGAS's 9M25 Financial Results

Key Metrics	9M25	9M24	YoY	3Q25	2Q25	QoQ	3Q24	YoY	% of 2025E
Revenue	2,923	2,817	4%	985	971	1%	978	1%	77%
Gross profit	502	587	-14%	183	179	2%	180	1%	
Gross margin	17%	21%		19%	18%		18%		
EBIT	379	443	-14%	142	136	4%	156	-9%	
EBIT margin	13%	16%		14%	14%		16%		
EBITDA	522	576	-9%	191	183	4%	202	-5%	
EBITDA margin	18%	20%		19%	19%		21%		
Net profit	238	263	-10%	93	82	13%	78	20%	74%
Net margin (%)	8%	9%		9%	8%		8%		

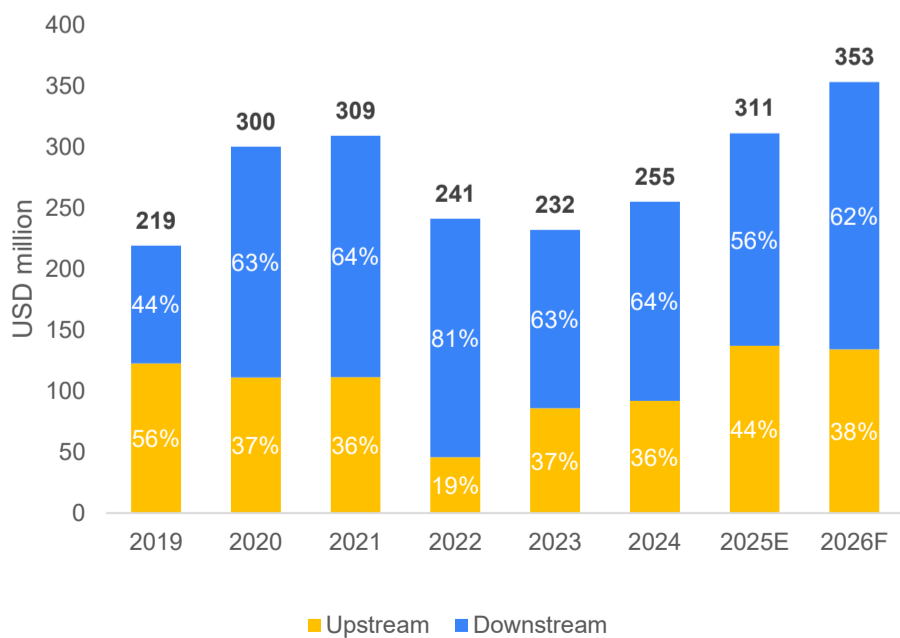
Source: Company, Ajaib Research

Figure 3. PGAS's Revenue Breakdown



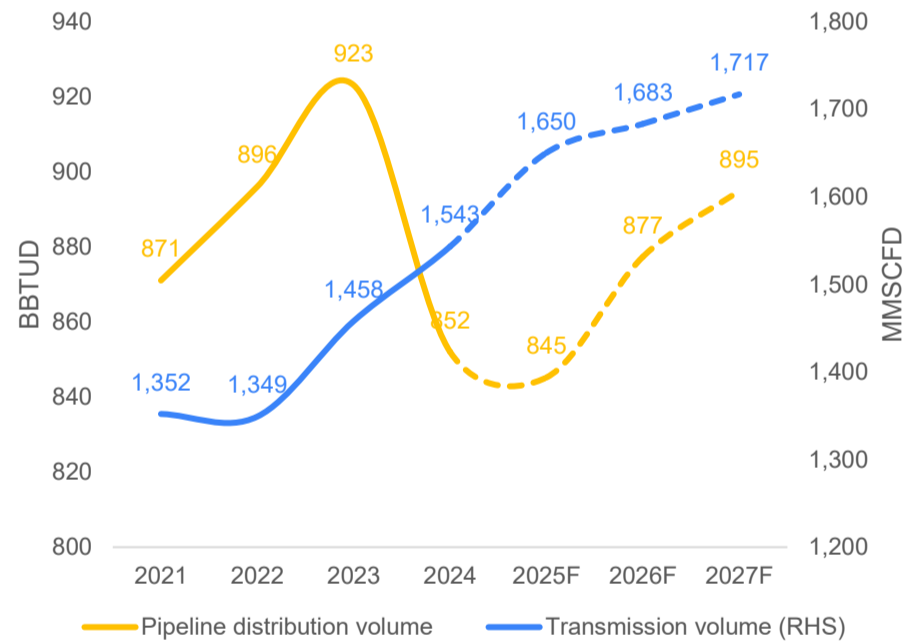
Source: Company, Ajaib Research

Figure 5. PGAS's Capex Guidance



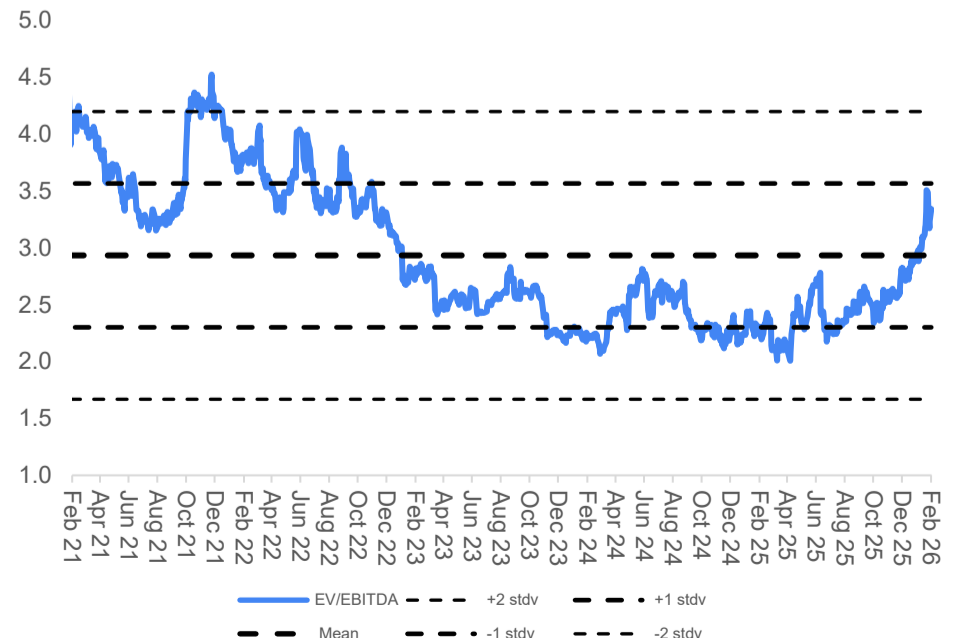
Source: Company, Ajaib Research

Figure 4. PGAS's Distribution & Transmission Volume



Source: Company, Ajaib Research

Figure 6. PGAS's Historical EV/EBITDA Band



Source: Bloomberg, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

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