

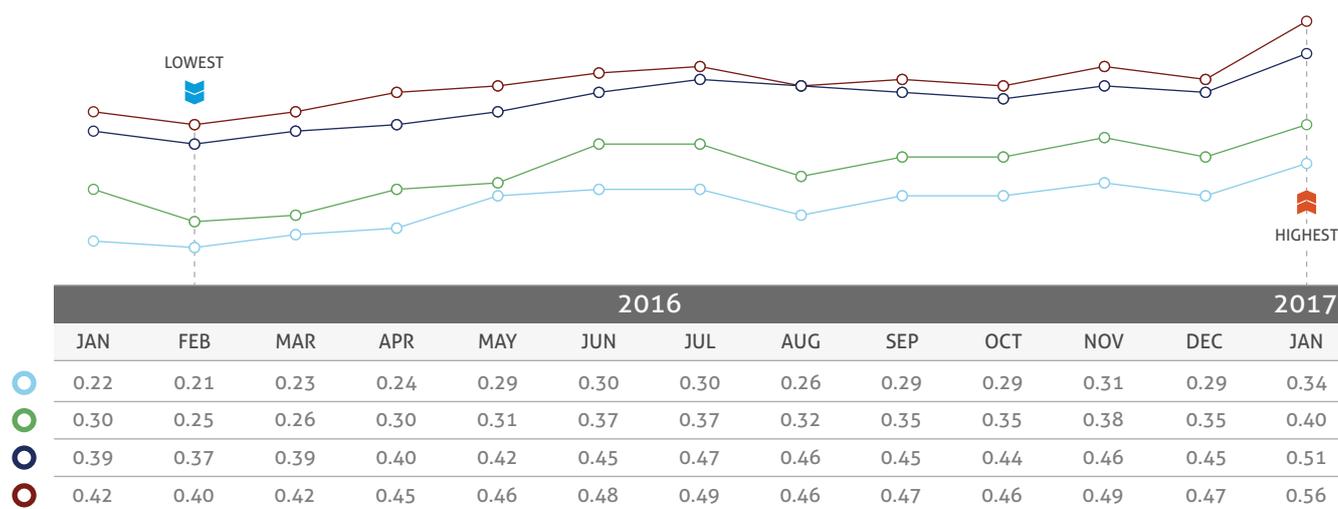
Hedging Disclosure

January 2017

FUEL PRICE COMPARISON

All data is presented in US\$/L, except stated otherwise

● BRENT ● SIN JETKERO ● GA GROUP ● PERTAMINA

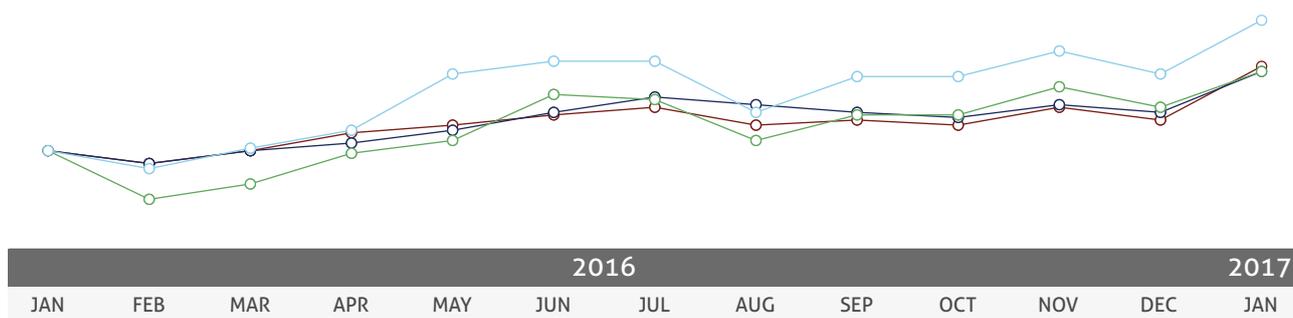


Source: Bloomberg, January 2017

FUEL PRICE 1-YEAR GROWTH

(N=1 MOVEMENT)

● BRENT 51.23% ● SIN JETKERO 31.13% ● GA GROUP 30.77% ● PERTAMINA 33.33%



PRICE GAP

(Pertamina vs. Brent vs. Sin JetKero)

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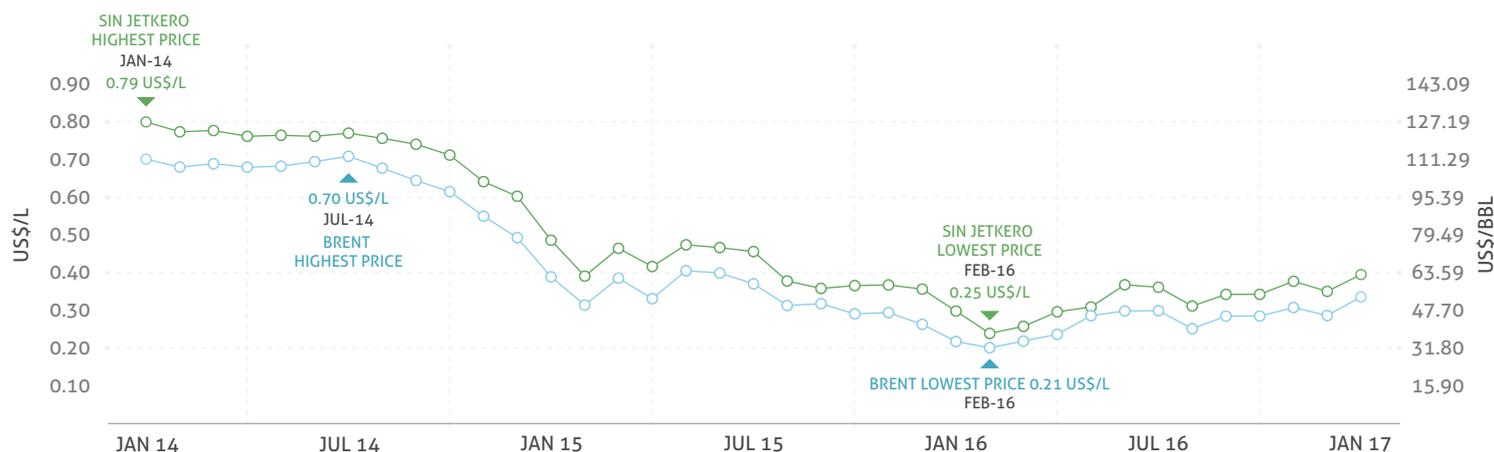
BRENT	GAP	PERTAMINA	GAP	SIN JETKERO
JAN 2017				
0.34	21.99 USc (64.68%)	0.56	16.20 USc (40.72%)	0.40
AVERAGE 2016				
0.28	17.56 USc (62.69%)	0.46	12.20 USc (36.55%)	0.33

Note:

- Pertamina: The average of domestic fuel prices paid to Pertamina.
- GA Group: The average of domestic and international fuel prices paid to suppliers.
- Due to Pertamina's one-month late price adjustments, Brent and Sin JetKero prices used are adjusted one month behind.

HISTORICAL PRICE

○ BRENT ○ SIN JETKERO



Source: Bloomberg, January 2017

PRICE (US\$/BBL)	JAN 17	Δ1 MONTH	Δ3 MONTHS	Δ6 MONTHS	Δ12 MONTHS
SIN JETKERO (Δ%)	63.27	56.37 (12.23%)	55.14 (14.74%)	58.06 (8.97%)	48.25 (31.13%)
BRENT (Δ%)	54.07	46.44 (16.43%)	46.19 (17.05%)	48.42 (11.66%)	35.75 (51.23%)

FUEL HEDGING

For 2017 fuel hedging program, the company is allowed to hedge for the proportion of 50% or 7.5 Mio bbls out of the estimated 15 Mio bbls of total fuel consumption, totaling from all Garuda Indonesia and Citilink flights. With the 2017 target of market fuel price at 44.27 USc/liter, hence maintaining the average uplifting price at 54.27 USc/liter, the company will conduct the fuel hedging activities through the swap.

In addition, the company is also experiencing a change in the fuel hedging policy which the company is now able to hedge for the period beyond a current fiscal year with the maximum contract of 12-month. The change of the policy will be expected to lead the company to grab more market opportunities and mitigate more risks of an increasing fuel price especially when the company considers 2017 to be crucial due to the OPEC and Non-OPEC agreement to cut their productions.

Up to January 2017, the company has hedged 1/8 volume of the 2017 second half total fuel consumptions at the level of market price is at 42.34 USc/liter. The company welcomes new counterparties for fuel hedging by engaging the working relationships with HSBC and Totsa, the subsidiary of Total Oil Company. With having more active counterparties, the company ensures that the price offered by each counterparty will be competitive and brings the benefit for the company itself.

FX HEDGING (US\$)

Regarding the FX hedging program, the company will still engage in both cash flow hedge, in order to meet the needs of USD and the requirement of Peraturan Bank Indonesia No. 16/21/PBI/2014 imposed by Indonesian Central bank, and also value hedge, due to the exposure of the company's book value in USD. The company appreciates the new instrument imposed by the Indonesian Central Bank in the form of Call Spread and will consider the instrument to be potentially used for the company's FX Hedging activities, besides Value Today, FX Spot and FX Forward. The trend of the IDR movement will determine the choice of the instrument as the company has always been monitoring the movement of IDR market by engaging in both fundamental and technical aspects.

The effort to mitigate exposures of the company's 2017 book value in USD will still be conducted through the cross-currency swap transactions. Moreover, this year, the company also urges the subsidiaries, such as Citilink, GMF and Garuda Indonesia to be more active as well in the hedging activities with the expectation that Garuda Group as a whole can minimize the exposure of book value in USD. Within January 2017, amid the appreciation of IDR, there were no activities conducted in regard to the FX Hedging activities. The company prefers purchasing USD with the Value Today rate to FX Spot or Forward while the exposure of book value has already been minimized by the effects of previous Cross Currency Swap transactions and the restructuring of other IDR item in the company's liability side.