

Hedging Disclosure

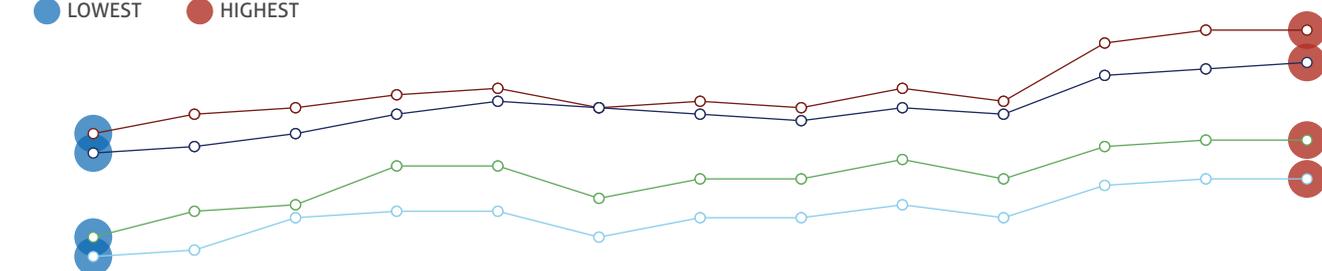
March 2017

FUEL PRICE COMPARISON

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

○ BRENT ○ SIN JETKERO ○ GA GROUP ○ PERTAMINA

● LOWEST ● HIGHEST



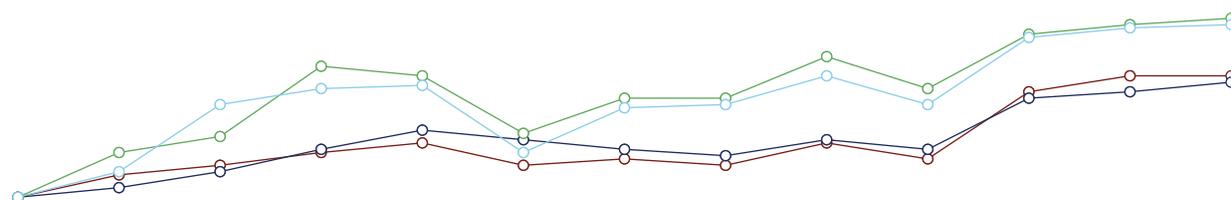
	2016										2017		
	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
○ BRENT	0.23	0.24	0.29	0.30	0.30	0.26	0.29	0.29	0.31	0.29	0.34	0.35	0.35
○ SIN JETKERO	0.26	0.30	0.31	0.37	0.37	0.32	0.35	0.35	0.38	0.35	0.40	0.41	0.41
○ GA GROUP	0.39	0.40	0.42	0.45	0.47	0.46	0.45	0.44	0.46	0.45	0.51	0.52	0.53
○ PERTAMINA	0.42	0.45	0.46	0.48	0.49	0.46	0.47	0.46	0.49	0.47	0.56	0.58	0.58

Source: Bloomberg, March 2017

FUEL PRICE 1-YEAR GROWTH

(N=1 MOVEMENT)

○ BRENT 54.40% ○ SIN JETKERO 55.69% ○ GA GROUP 35.90% ○ PERTAMINA 38.10%



	2016										2017		
	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR

PRICE GAP

(Pertamina vs. Brent vs. Sin JetKero)

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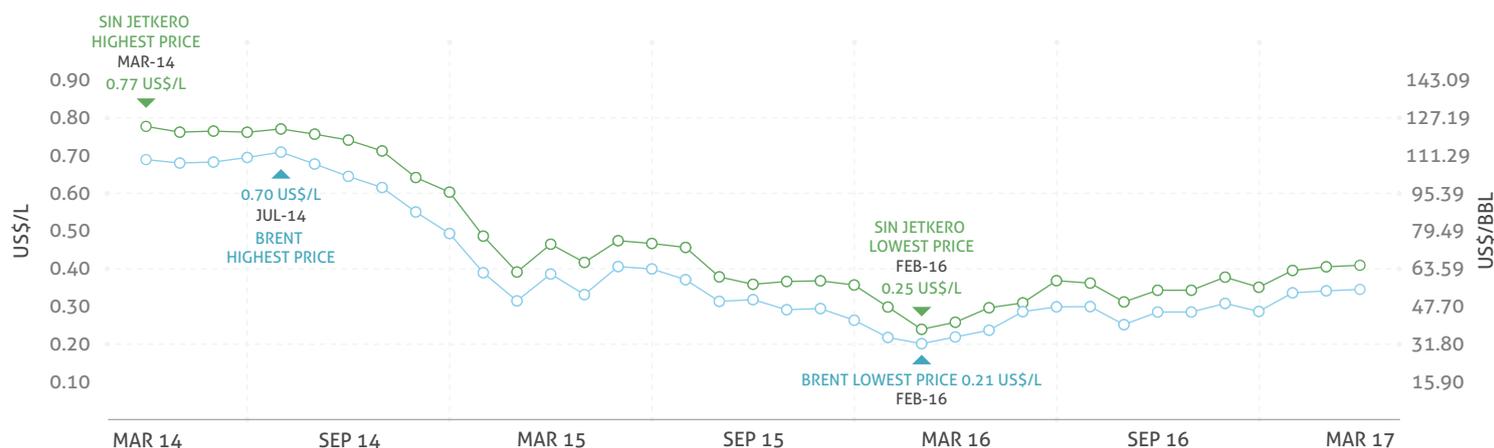
BRENT	GAP	PERTAMINA	GAP	SIN JETKERO
MAR 2017				
0.35	23.10 USc (66.18%)	0.58	16.87 USc (41.02%)	0.41
AVERAGE 2016				
0.28	17.56 USc (62.69%)	0.46	12.20 USc (36.55%)	0.33

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, March 2017

PRICE (US\$/BBL)	MAR 17	Δ1 MONTH	Δ3 MONTHS	Δ6 MONTHS	Δ12 MONTHS
SIN JETKERO (Δ%)	65.39	64.77 (0.95%)	56.37 (15.99%)	55.13 (18.61%)	42.00 (55.69%)
BRENT (Δ%)	55.49	54.89 (1.09%)	46.44 (19.50%)	46.18 (20.16%)	35.94 (54.40%)

FUEL HEDGING

For 2017 fuel hedging program, the company is allowed to hedge for the proportion of 50% or 7.5 million bbl. out of the estimated 15 million bbl. 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 and the choice of instrument will be expected to lead the company to grab more market opportunities, give more certainty and mitigate more risks of an increasing fuel price especially when the market is under the uncertainty between bullish and bearish given the situation of OPEC compliance on the production cut and the rising of US Shale oil.

Up to March 2017, the company has hedged 2.1 million bbl. by which the 1.6 million bbl. will be due in 2017. At this point, 11% of 2017 fuel consumption, mostly within the second half of 2017, has been hedged at the effective price 7% below the 2017 budget price while the percentage fuel consumption within Q1-2018 has been hedged with the level of the effective price is pretty much the same as in 2017 (different by Usc 0.04/litre). 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 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. Up to March 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.

The effort to mitigate exposures of the company's 2017 book value in USD, the company will still engage in value hedge by conducting 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. 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. At the moment, the company is not at the position to enter more Cross Currency Swap transactions amid the appreciation of IDR and the rising of the Fed's rate while BI seems to maintain its rate as it narrows the gap between those two interest differential.