

PGAS

PT Perusahaan Gas Negara Tbk

Powered for Upside

- PGAS is Indonesia's dominant gas infrastructure player with over 13,500 km of pipelines and 823k+ customers across all key energy segments.
- 1Q25 showed strong regas (+25% YoY) and transmission (+10% YoY), while upstream fell; margin recovery expected in 2H25 as piped gas mix improves.
- USD337mn FY25 capex supports five major projects, including LNG Hub Arun and city gas rollout, driving long-term volume and EBITDA growth.
- Valuation at 2.3x FY25F EV/EBITDA and 9-10% yield offers upside as execution improves and energy transition themes gain traction.

Leading Integrated Gas Infrastructure Player

PT Perusahaan Gas Negara Tbk (PGAS) is Indonesia's largest integrated gas company with operations across upstream, midstream, and downstream. It manages 13,581 km of pipelines, 2 FSRUs, 1 regas terminal, 10 gas stations, and 2 LPG plants, serving 823,000+ customers. Upstream is run through Saka Energi (11 E&P blocks), but growth is driven by mid-downstream. As of May 2025, 54% of gas volume came from non-HGBT customers and 46% from HGBT (regulated), with power (27%) and chemicals (18%) as key demand drivers. Gas supply is sourced 41% from Pertamina Group and 59% from others, mainly the Corridor Block. PGAS holds a dominant 91% market share in gas trading and is expanding into biomethane, hydrogen, and CO₂ transport as part of its energy transition strategy.

4M25: Strong Regas and Transmission Offset Weak Upstream Volumes

Gas trading volume remained flat at 836 BBTUD (+4% MoM; -1% YoY), while regasification surged to 244 BBTUD (+7% MoM; +25% YoY), and transmission rose to 1,620 MMSCFD (+10% YoY), reflecting strong domestic gas demand. However, upstream production fell sharply to 16,104 BOEPD (-6% MoM; -28% YoY), indicating potential decline in field output or asset maturity. Oil transportation grew to 172,703 BOEPD (+16% YoY), suggesting higher throughput or improved utilization of transport assets. LPG processing increased to 122 TPD (-7% MoM; +13% YoY), aligning with growing consumption or recovery in industrial demand. The gas trading volume composition shows 54% comes from non-HGBT users, with power (27%) and chemical (18%) sectors as key offtakers, providing a stable end-user base. Capex stood at USD64 million YTD, or only ~19% of the FY25F target of USD337.7 million.

Strategic Capex Execution Underway to Unlock Long-Term Value

During Pertamina Investor Day 2026 on 16 July 2025, PGAS outlined USD295mn capex for 2024–2027 across five strategic projects to strengthen revenue and support Indonesia's energy transition. The largest is the Cikampek–Plumpang crude pipeline (USD90mn, 79.8k BOPD, 1Q27 target), followed by the Tegal–Cilacap gas pipeline (USD125mn, 60 MMSCFD, 3Q26 target), both in FEED phase. The City Gas Project (USD29mn) targets 590 km pipeline and 200k new household connections in 2025, up from 133,928 since 2021. Arun LNG Hub (USD42mn) is 78% complete for 2Q25 commissioning, aligning with PGAS's plan for 5 onshore and 1 floating LNG terminals. A USD5mn biomethane project (1.2 BBTUD, 2Q27) marks PGAS's entry into green gas. These initiatives support the company's roadmap to unlock 997.5 BBTUD downstream potential, 100k HH/year, 1,292 km pipelines, and 2 decarbonization programs by 2034.

BUY with Rp1,900 TP

We initiate a BUY rating on PGAS with a target price of Rp1,900, implying 2.3x FY25F EV/EBITDA (-1 std deviation 5Y historical average). The stock also offers attractive dividend yields of 9-10%. With execution of strategic projects, and margin normalization, we believe PGAS offers a rare mix of yield and infrastructure upside. **Key risks:** prolonged reliance on high-cost LNG affecting margins, delays in infrastructure project execution, and regulatory uncertainties related to gas pricing and energy transition policies.

Key Financial Highlights

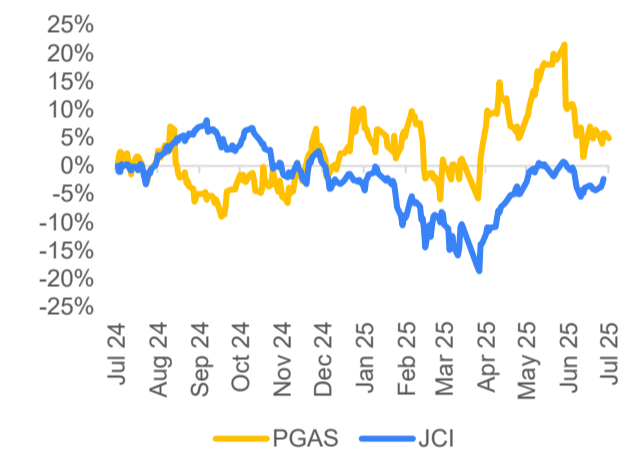
Key Metrics	2022	2023	2024	2025F	2026F
Revenue (USD mn)	3,569	3,646	3,789	3,864	3,944
EBITDA (USD mn)	1,028	962	901	903	934
Net Profit (USD mn)	326	278	339	337	352
EPS Growth (%)	7.4	-13.1	27.6	2.4	4.5
P/E (x)	8.75	10.07	6.18	8.34	7.98
EV/EBITDA (x)	4.03	3.99	3.95	3.98	3.87
Dividend Yield (%)	7.09	8.04	10.79	9.58	10.00

BUY

Stock Information (as of July 16, 2025)

Last Price (Rp)	1,570
Target Price (Rp)	1,900
Potential Upside	21.0%
Market Cap (Rp tn)	38.1
52 Week Range (Rp)	1,895 – 1,425
Free Float	43.0%
Share Out. (bn)	24.2
Beta	1.6

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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INVESTMENT SUMMARY

PGAS offers an attractive investment case as Indonesia’s dominant gas infrastructure player, with strong leverage to the country’s growing demand for cleaner energy and industrial fuel. Despite short-term earnings pressure from higher LNG costs, we expect a recovery in profitability driven by normalization of supply mix (93% piped gas vs 7% LNG) and increasing utilization of regasification and transmission assets. Operational momentum is building, with gas transmission volume projected to grow ~7–8% YoY in FY25F-FY26F and regasification expected to maintain a high growth trajectory at ~+30% YoY, supported by demand from PLN and industrial clusters. Meanwhile, upstream volume may remain soft in FY25 due to natural decline, but drilling activity is expected to resume in Pangkah and Bangkanai by 2H25. We forecast FY26 EBITDA to rebound to ~USD934 million (+28% YoY) and net profit to reach ~USD350 million, restoring margins closer to historical norms.

Looking further ahead, PGAS is entering a capex-heavy growth cycle that can reshape its long-term earnings profile. With USD337 million in FY25 capex, and major projects like the LNG Hub Arun, Tegal-Cilacap pipeline, and city gas expansion entering commissioning phases between 2H25 and 2026, we expect a structural uplift in regulated and recurring revenues. These infrastructure investments, along with pilot projects in biomethane and hydrogen, align PGAS with Indonesia’s Net Zero ambitions and could unlock entirely new verticals in the next 3–5 years. Valuation remains attractive at ~2.3x FY25F EV/EBITDA, a discount to regional peers, while the company retains ample financial flexibility with USD1.5bn in cash and a low net gearing of 34%. We believe the risk-reward is compelling, with re-rating potential as margin recovery, project delivery, and green energy execution materialize.

Figure 1. PGAS’s Expansion

Project Name	Type	Capacity	Total Capex (USD mn)	2025 Capex (USD mn)	Progress (as of 1Q25)	Target Commissioning
Cikampek-Plumpang Pipeline	Oil Transportation	79.8k BOPD	90	20	FEED completed; EPC procurement phase	1Q27
Tegal-Cilacap Pipeline	Gas Transmission	60 MMSCFD	125	7	FEED & commercial arrangement	3Q26
City Gas Expansion	Downstream Distribution	200,000 HH / 590 km new pipes	Annual	29	6,252 new HH connections in 2025	Rolling Annual
LNG Hub Arun (Tank F-6004)	LNG Storage & Regas	1.2 BBTUD	42	12	78.5% (Tank); 91.1% (Non-tank)	2Q25
Biomethane Project	Green Gas (Pilot Project)	127,200 m ³ / 1.2 BBTUD (est.)	5	1	Finalizing supply-demand, EPC prep	2Q27

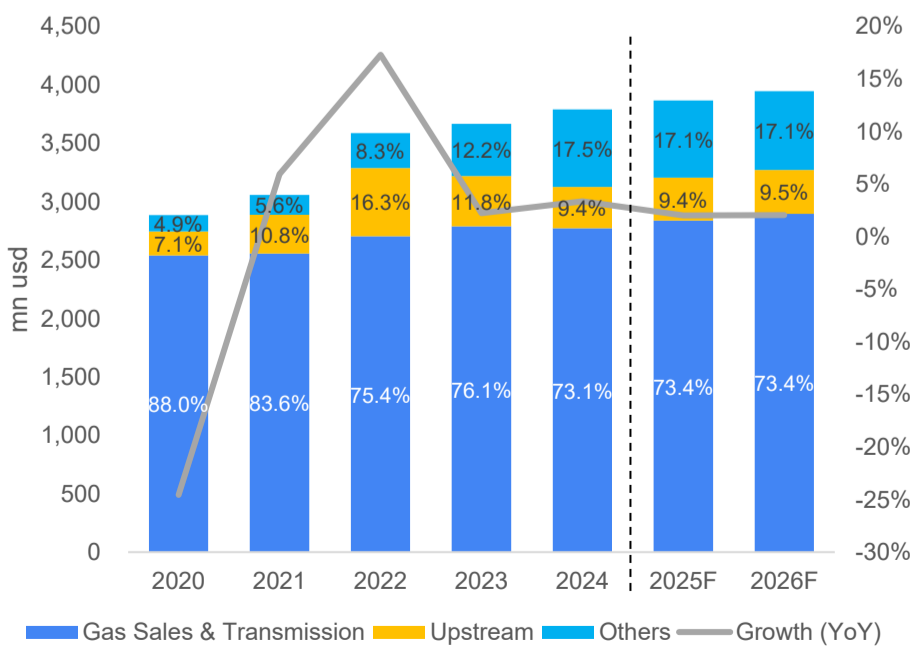
Source: Company, Ajaib Research

Figure 4. PGAS’s 1Q25 Financial Results

Key Metrics	3M25	3M24	YoY	1Q25	4Q24	QoQ
Revenue	967	949	1.8%	967	972	-0.6%
Gross Profit	141	212	-33.6%	141	170	-17.3%
Gross Margin	14.5%	22.3%		14.5%	17.5%	
EBITDA	205	306	-33.0%	205	225	-8.9%
EBITDA Margin	21.2%	32.2%		21.2%	23.1%	
Net Profit	62	106	-41.3%	62	76	-18.4%
Net Margin	6.4%	11.1%		6.4%	7.8%	

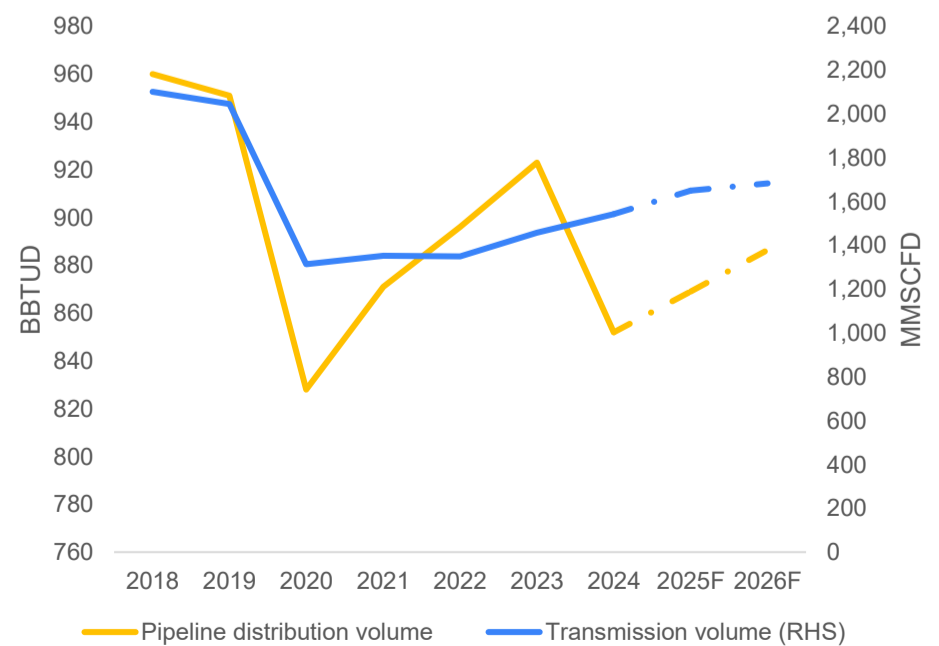
Source: Company, Ajaib Research

Figure 2. PGAS’s Revenue Breakdown



Source: Company, Ajaib Research

Figure 3. PGAS’s Distribution & Transmission Volume



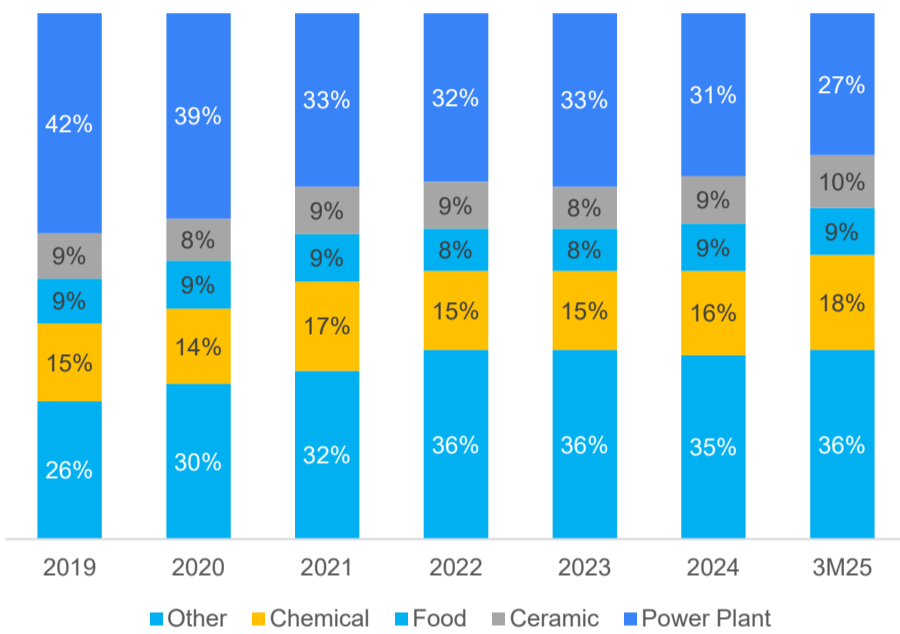
Source: Company, Ajaib Research

Figure 5. PGAS's 4M25 Operational Results

Segment	Unit	4M25	4M24	YoY	May-25	Apr-25	MoM	FY25 Target
Gas Trading	BBTUD	836	841	-1%	816	782	4%	873-958
Transmission	MMSCFD	1,620	1,472	10%	1,643	1,650	0%	1,435
Upstream	BOEPD	16,104	22,405	-28%	15,141	16,027	-6%	17,227
Regasification*	BBTUD	244	195	25%	273	236	16%	168
LPG Processing	TPD	122	107	13%	124	134	-7%	100
Oil Transportation	BOEPD	172,703	149,286	16%	172,980	174,695	-1%	178,347
LNG Trading (CNTIC)	BBTUD	99	0	N.A	99	0	N.A	N.A

Source: Company, Ajaib Research

Figure 5. PGAS's Client Mix



Source: Company, Ajaib Research

Figure 7. Historical Valuation

Key Metrics	Value
-1 Std-Dev. EV/EBITDA Band	2.3
EBITDA 2025F	14,931
Net Debt 2025F	-10,949
Equity Value (Rp bn)	46,000
Target Price (Rp)	1,900
Current Price (Rp)	1,565
Potential Upside	21.4%

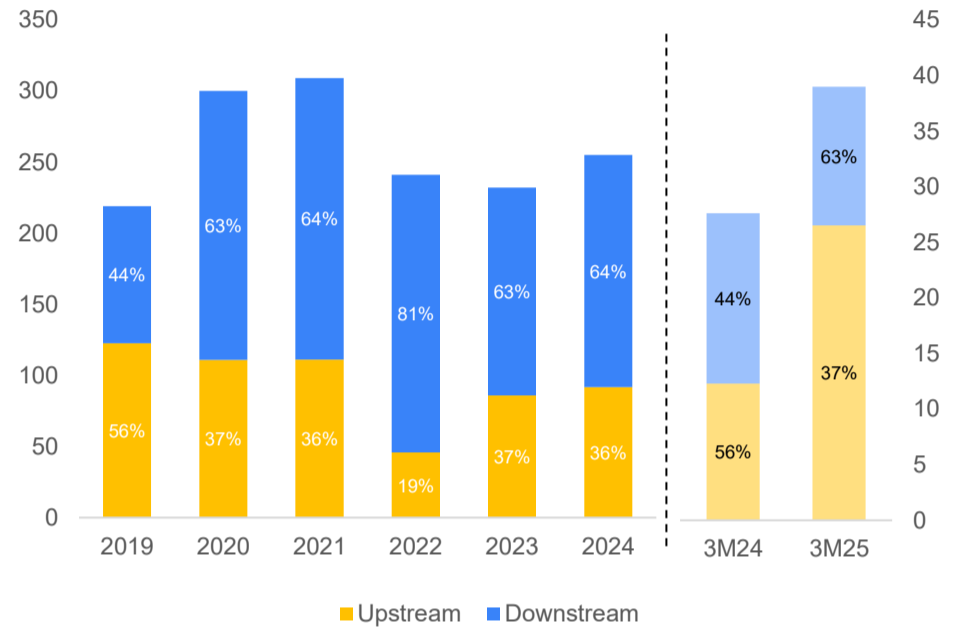
Source: Bloomberg, Ajaib Research

Figure 8. Peers Valuation Comparison

Company	Market Cap (USD mn)	P/E (x)	EV/EBITDA (x)	ROE (%)	ROIC (%)	EBITDA Growth (%)	EPS Growth (%)
PERUSAHAAN GAS NEGARA TBK PT	2,356	8.1	2.8	9.8	7.5	(7.8)	21.7
RUKUN RAHARJA TBK PT	696	27.8	8.6	15.1	10.6	15.0	(0.3)
PETRONET LNG LTD	5,296	11.5	6.1	21.3	15.0	2.7	9.8
PETRONAS GAS BHD	8,245	18.9	10.4	13.4	10.1	0.8	0.9
PETROVIETNAM GAS JSC	6,115	15.1	8.8	16.4	13.5	(7.3)	(7.2)
Sector Average		16.3	7.3	15.2	11.3	0.7	5.0

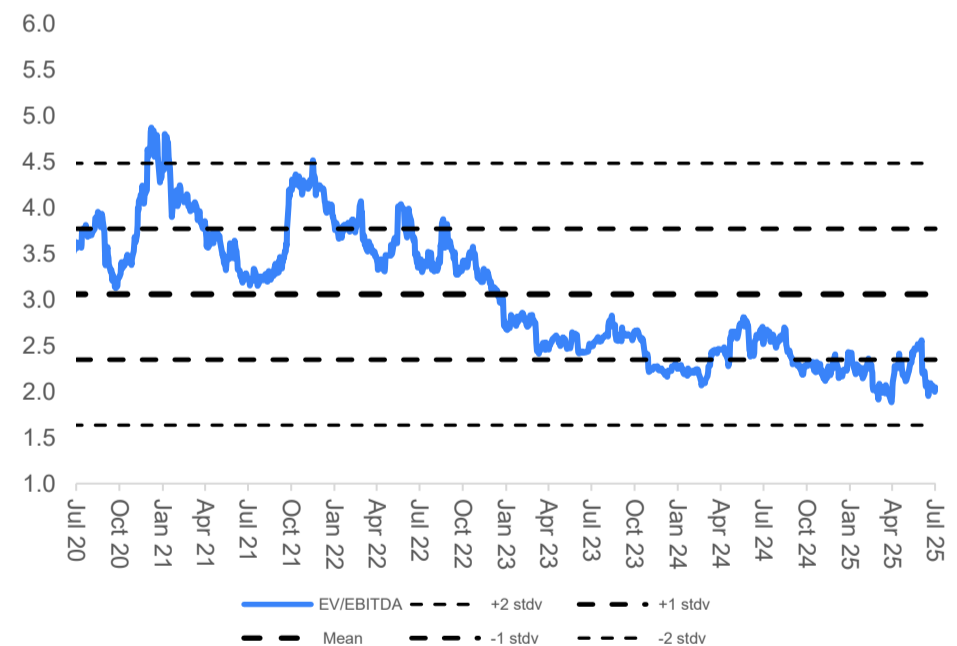
Source: Bloomberg, Ajaib Research

Figure 6. PGAS's Capex Realization (USD mn)



Source: Company, Ajaib Research

Figure 7. PGAS's Historical EV/EBITDA Band



Source: Bloomberg, Ajaib Research

Financial Statement

Income Statement (USD mn)	2022	2023	2024	2025F	2026F
Revenue	3,569	3,646	3,789	3,830	3,926
Cost of revenue	-2,788	-2,913	-3,031	-3,071	-3,143
Gross Profit	781	734	757	759	783
OpEx	-188	-191	-235	-237	-219
Operating Profit	592	542	523	521	564
EBITDA	1,028	962	901	901	952
Other Income (Expenses)	57	31	71	71	73
Net Interest Expense	-106	-49	-15	-21	-24
Pre-tax profit	543	524	578	572	613
Income Tax	-141	-147	-139	-137	-147
NPAT	401	377	440	435	466
Net Profit	326	278	339	335	366
EPS (Rp)	201	174	222	226	247

Cashflow Statement (USD mn)	2022	2023	2024	2025F	2026F
Net Profit	326	278	339	335	366
D&A	369	436	420	378	380
Changes in Working Capital	-89	118	44	19	-19
Others	83	8	-7	-2	-2
Operating Cash Flow	689	840	795	730	724
Capital Expenditure	-352	-423	-308	-485	-499
Changes in other assets	321	263	166	111	145
Investing Cash Flow	-32	-160	-142	-374	-353
Net - Borrowing	-811	-604	-274	-290	-34
Dividend	-206	-228	-222	-272	-297
Other Financing	304	-50	-18	-39	-7
Financing Cash Flow	-713	-883	-515	-600	-337
Net - Cash Flow	-56	-203	138	-243	34
Cash at beginning	1,503	1,448	1,245	1,383	1,140
Cash at ending	1,448	1,245	1,383	1,140	1,174

Source: Company, Ajaib Research

Balance Sheet (USD mn)	2022	2023	2024	2025F	2026F
Cash & equivalents	1,448	1,245	1,383	1,140	1,174
Receivables	568	448	386	422	432
Inventories	60	71	82	75	76
Others	137	129	136	138	139
Total Current Assets	2,212	1,892	1,987	1,773	1,822
Fixed Assets	2,633	2,621	2,509	2,616	2,735
Other Non-Current Assets	2,349	2,086	1,920	1,808	1,663
Total Non-Current Assets	4,982	4,707	4,429	4,424	4,398
Total Assets	7,195	6,599	6,416	6,198	6,219
ST. Debt	48	630	214	218	222
Payables	236	245	237	285	278
Other current Liability	708	587	683	633	600
Total Current Liability	993	1,462	1,134	1,135	1,100
LT. Debt	2,101	916	1,058	764	725
Other LT Liabilities	659	681	552	548	556
Total Non-Current Liability	2,761	1,596	1,610	1,311	1,282
Total Liability	3,753	3,059	2,744	2,446	2,382
Retained Earnings	2,821	2,870	2,987	3,050	3,119
Others	621	670	684	701	718
Total Equity	3,442	3,540	3,672	3,751	3,837
Total LiabilitiesEquity	7,195	6,599	6,416	6,198	6,219

Key Ratios (%)	2022	2023	2024	2025F	2026F
Gross Profit Margin	21.9	20.1	20.0	19.8	19.9
Operating Margin	16.6	14.9	13.8	13.6	14.4
EBITDA Margin	28.8	26.4	23.8	23.5	24.3
Net Profit Margin	9.1	7.6	9.0	8.7	9.3
Return on Equity	9.5	7.9	9.2	8.9	9.5
Debt to Equity	62.5	43.7	34.6	26.2	24.7
Net Gearing	20.4	8.5	-3.0	-4.2	-5.9

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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