

# PT Pertamina (Persero) FY 2019 and Q1 2020 Performance

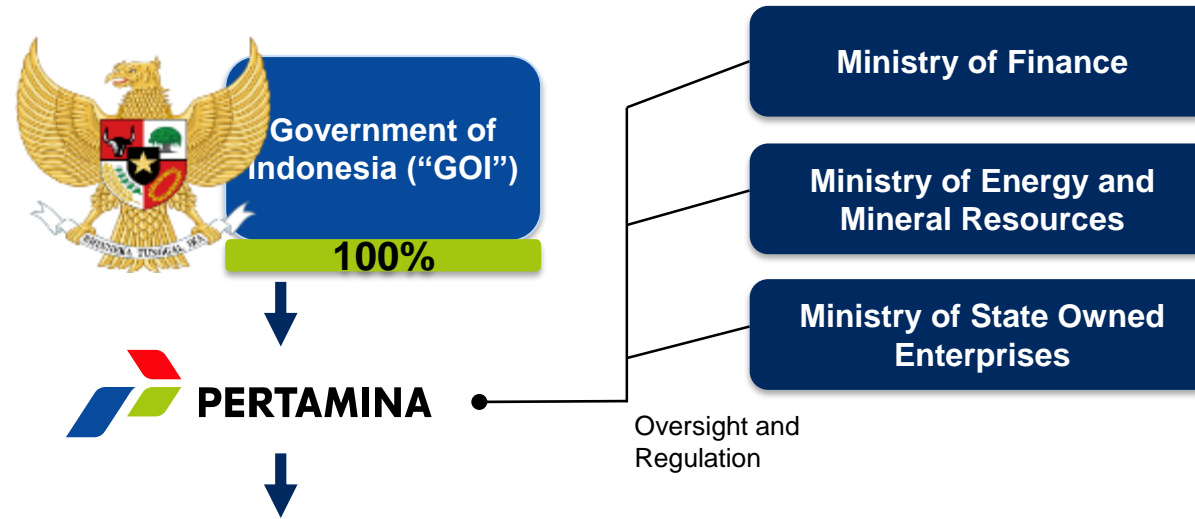
Jakarta, 3 July 2020



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# 100 percent owned by the Government of Indonesia

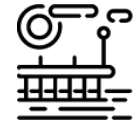


Operates across Indonesia with 6 refinery units, 8 marketing regions, largest acreage of upstream operation, fast array of distribution network and infrastructure, and overseas business and operation. Pertamina has 30 subsidiaries ranging from upstream and downstream operations, also in financial and services sectors.

Pertamina issued around USD15 billion of global bond (include PGAS), with latest ratings (Moody's, S&P and Fitch): **Baa2 (Stable) / BBB (Negative) / BBB (Stable)**, in line with the sovereign's ratings

# Full Year 2019 Performance

# An integrated oil & gas company in Indonesia



## FY 2019

	Upstream	Refinery	Downstream	Others
Revenues	USD 54.58 Bio	USD 6.41 Bio	USD 44.06 Bio	USD 4.11 Bio
Operating Income (loss)	USD 4.90 Bio	USD 5.13 Bio	USD (0.78) Bio	USD 0.55 Bio

The largest number of exploration and production blocks and the most own-operated work area of 232,981 km<sup>2</sup> in Indonesia

Oil & Gas Production: 901 MBOEPD

Oil & Gas Lifting: 734 MBOEPD

Electricity generated from geothermal activity 4,292.2 GWh

Pertamina is the dominant refining company, operates seven refinery (including TPPI)  
 Total capacity of 1.1 MMBLS/D  
 Total intake is approx 962 MBBLS/D

Dominant fuel distributors with more than 7,000 retail points  
 Total sales of fuel 195 thousand KL per day  
 Total sales fuel and non fuel: 88 million KL  
 Significant downstream infrastructure, including fuel stations, fuel terminals, LPG filling plants, tankers, etc

With PGAS integration, Pertamina group will be able to meet domestic gas demand with efficient prices and infrastructure  
 Subsidiaries ranging from logistics, financial services, healthcare, hospitality, and air charter, that support Pertamina operations

# Full Year Financial & Operational Highlights

USD Billion

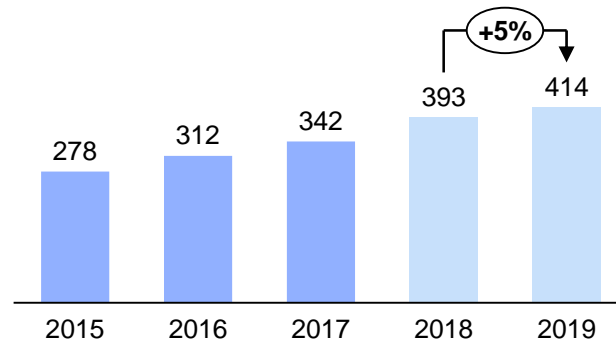
Financial	2019	2018
ICP	62.38	67.47
Forex rate	14,146	14,246
Revenue	54.6	57.9
Net income	2.53	2.53
EBITDA	7,91	9,20
EBITDA margin	14.49%	15.89%
CF from operations	4.49	3.17

Operational		2019	2018
Production	MMBOE/D	901	920
Lifting	MMBOE/D	734	757
Geothermal	GWh	4,292	4,182
P1	MMBOE	309	426
Reserve replacement ratio	%	102%	138%*)
Sales volume (fuel & non fuel)	Million KL Eq.	88	86
Capital investments	Billion USD	4.10	5.45

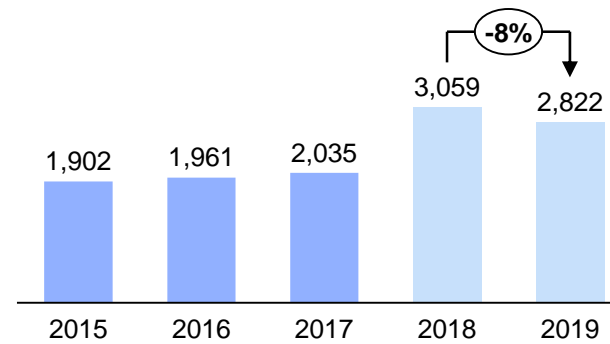
\*) due to acquisition of some oil block such as PHE OSES and PHM

# Upstream production slightly decrease, due to resource declining..

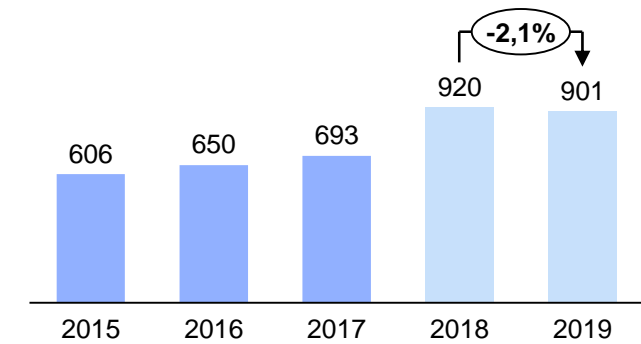
### Daily Oil Production (MBOPD)



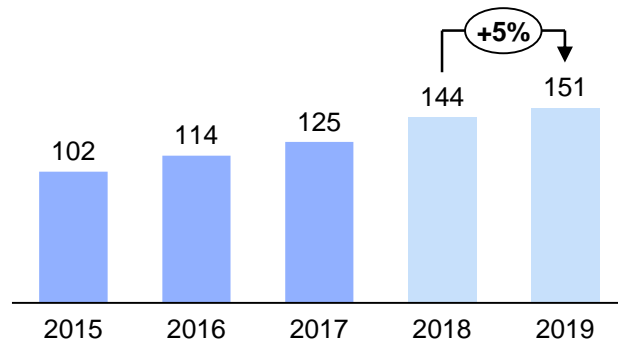
### Daily Gas Production (MMSCFD)



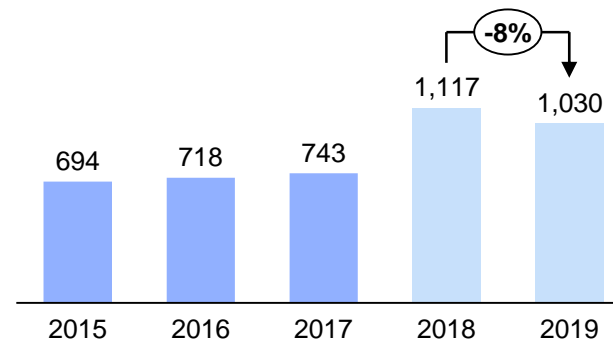
### Daily Oil and Gas Production (MBOEPD)



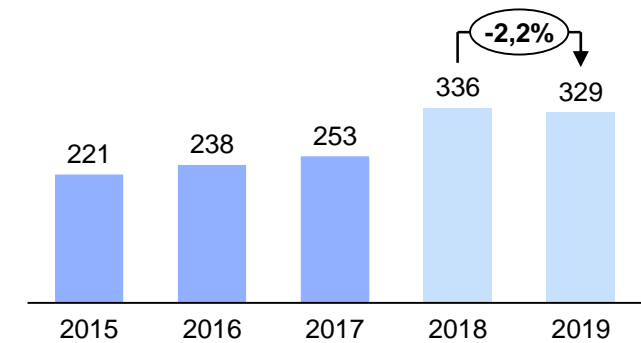
### Cumulative Oil Production (MMBO)



### Cumulative Gas Production (BSCF)

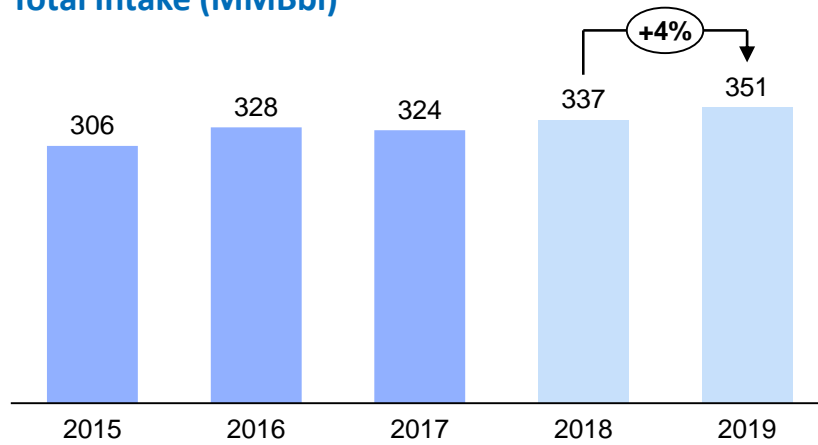


### Cumulative Oil and Gas Production (MMBOE)

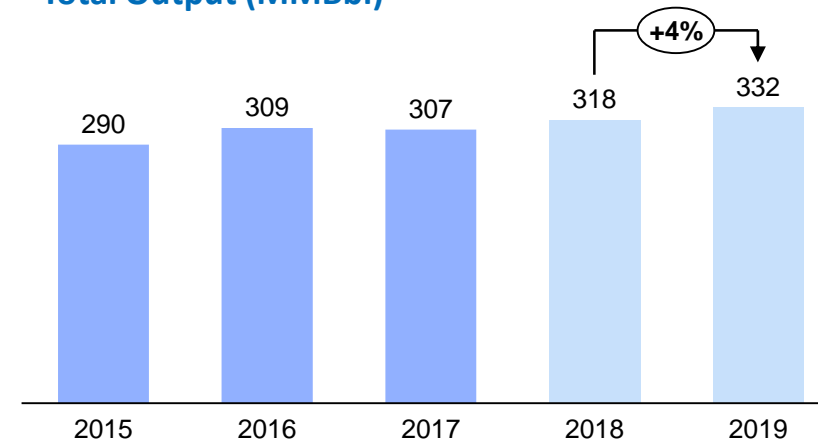


# Close to 1 million barrel per day of refinery productions

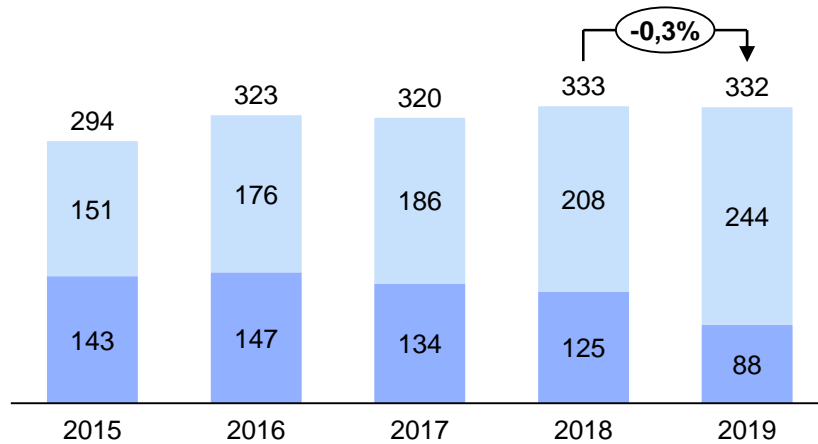
Total Intake (MMBbl)



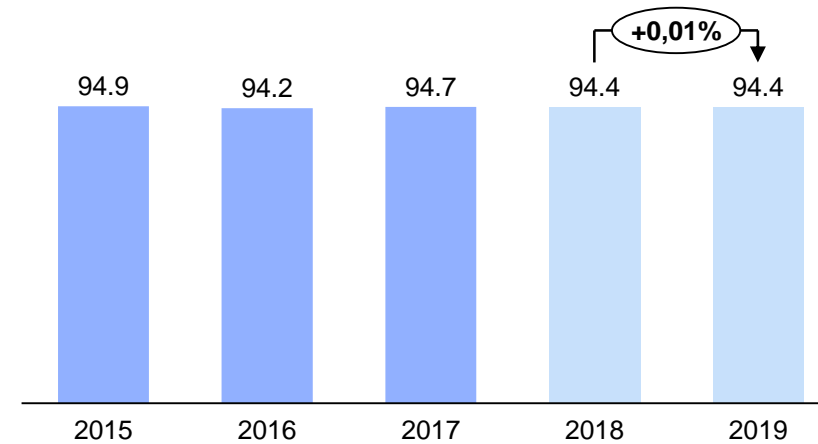
Total Output (MMBbl)



Crude Intake (MMBbl)



Yield Total Output On Total Intake (%)

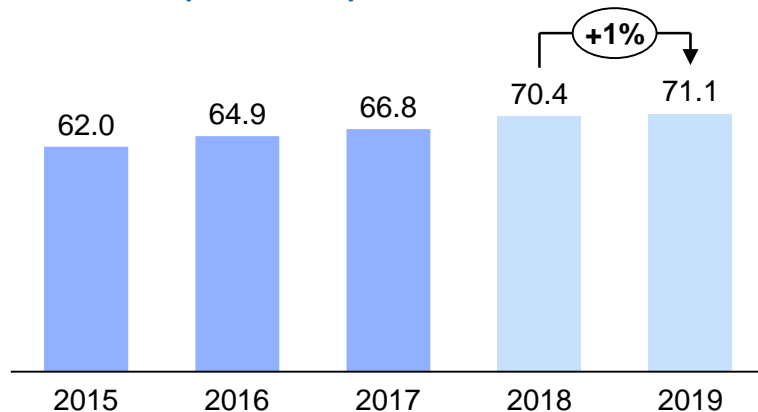


Domestic Import

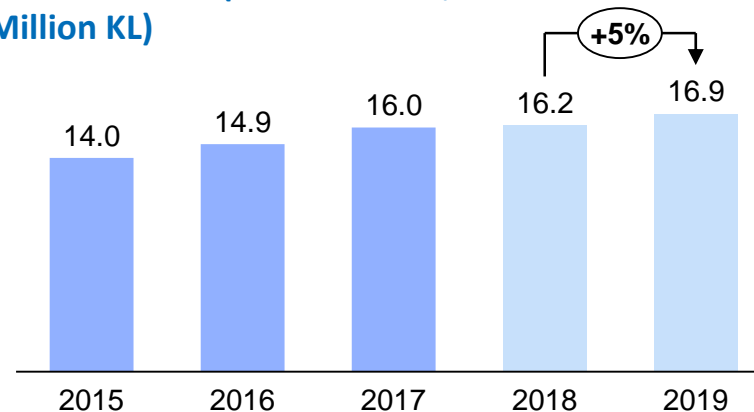


# Total fuel sales slightly increase by 1%

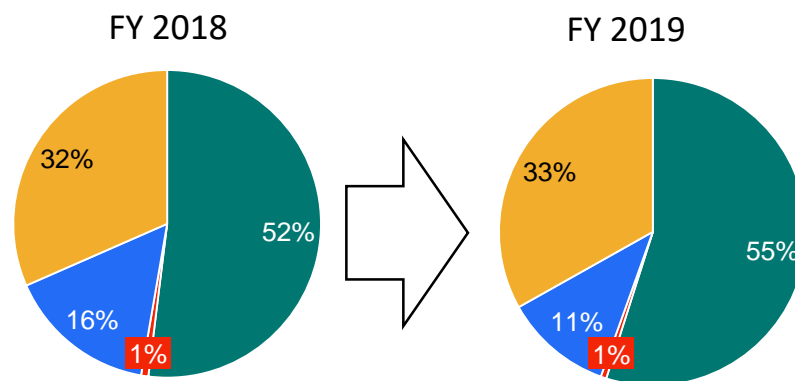
Fuel Sales (Million KL)



Non-Fuel Sales (Domestic Gas, Petrochemical & Lubricant) (Million KL)



Shift in Gasoline Consumption (Total National Sales)



- PERTALITE (RON 90)
- PERTAMAX TURBO (RON 98)
- PERTAMAX (RON 92)
- PREMIUM (RON 88)

## Having fully supported by GOI, Pertamina still received compensation for the difference between the formula price and the retail price for 2019 and maintained its profitability

	USD Billion		
	FY 2019 (Audited)	FY 2018 (Audited)	Δ%
Revenues	54.58	57.93	-6%
COGS	(39.56)	(42.79)	-8%
Upstream Production & Lifting Cost	(5.00)	(4.39)	14%
Exploration Cost	(0.21)	(0.27)	-23%
Other Operation Activities Cost	(1.74)	(1.27)	37%
Gross Margin	8.08	9.22	-12%
Sales & Marketing Cost	(1.62)	(1.64)	-1%
General & Administration Cost	(1.55)	(1.33)	17%
Other Income/(Expenses)	(0.02)	(0.52)	-97%
Pre tax income	4.88	5.73	-15%
Taxes	(2.26)	(3.01)	-25%
Net Income	2.62	2.72	-4%
Adjustment merging entity's income & non-controlling interest	(0.09)	(0.19)	-53%
Net Income owners of the parent entity	2.53	2.53	0%

# Pertamina's financial position remains stable with strong government support

USD Billion

	FY2019	FY 2018	△%
Cash & Cash Equivalent*	7.33	9.45	-22%
Account Receivable	3.45	3.23	7%
Government Receivable**	6.69	4.76	41%
Other Receivable	1.14	0.88	29%
Inventories	5.89	6.32	-7%
Long Term Investment	2.97	2.82	5%
Fixed Assets	13.35	12.86	4%
Oil & Gas Assets	19.76	18.61	6%
Other Assets**	6.50	5.78	12%
<b>Total Assets</b>	<b>67.09</b>	<b>64.72</b>	<b>4%</b>

	FY2019	FY 2018	△%
Short-term Loans	1.27	4.35	-71%
Trade Payables	4.64	3.68	26%
Other Payables	5.68	5.53	3%
Long-term Loan**	2.12	2.23	-5%
Bond Payables	12.61	11.09	14%
Employee Benefits Liabilities	1.99	1.85	8%
Other Non-current Payables	7.55	6.39	18%
<b>Total Liabilities</b>	<b>35.87</b>	<b>35.11</b>	<b>2%</b>
<b>Total Equity</b>	<b>31.22</b>	<b>29.61</b>	<b>5%</b>

\* Including restricted cash and short-term investment

\*\* Include current and non current portion

## Pertamina also has strong cash flows from operation to fund capex and to reduce short term debt

	USD Billion		
	FY2019	FY 2018	%
Cash Flows from Operating Activities	4.49	3.17	42%
Cash Flows from Investing Activities	(3.90)	(3.50)	-11%
Cash Flows from Financing Activities	(3.06)	3.27	-194%
Net Cash Flows	(2.47)	2.93	-184%
Effect of Exchange Rate	0.11	(0.23)	148%
Beginning Balance	9.11	6.41	42%
Cash & Cash Equivalent at Year End	6.76	9.11	-26%

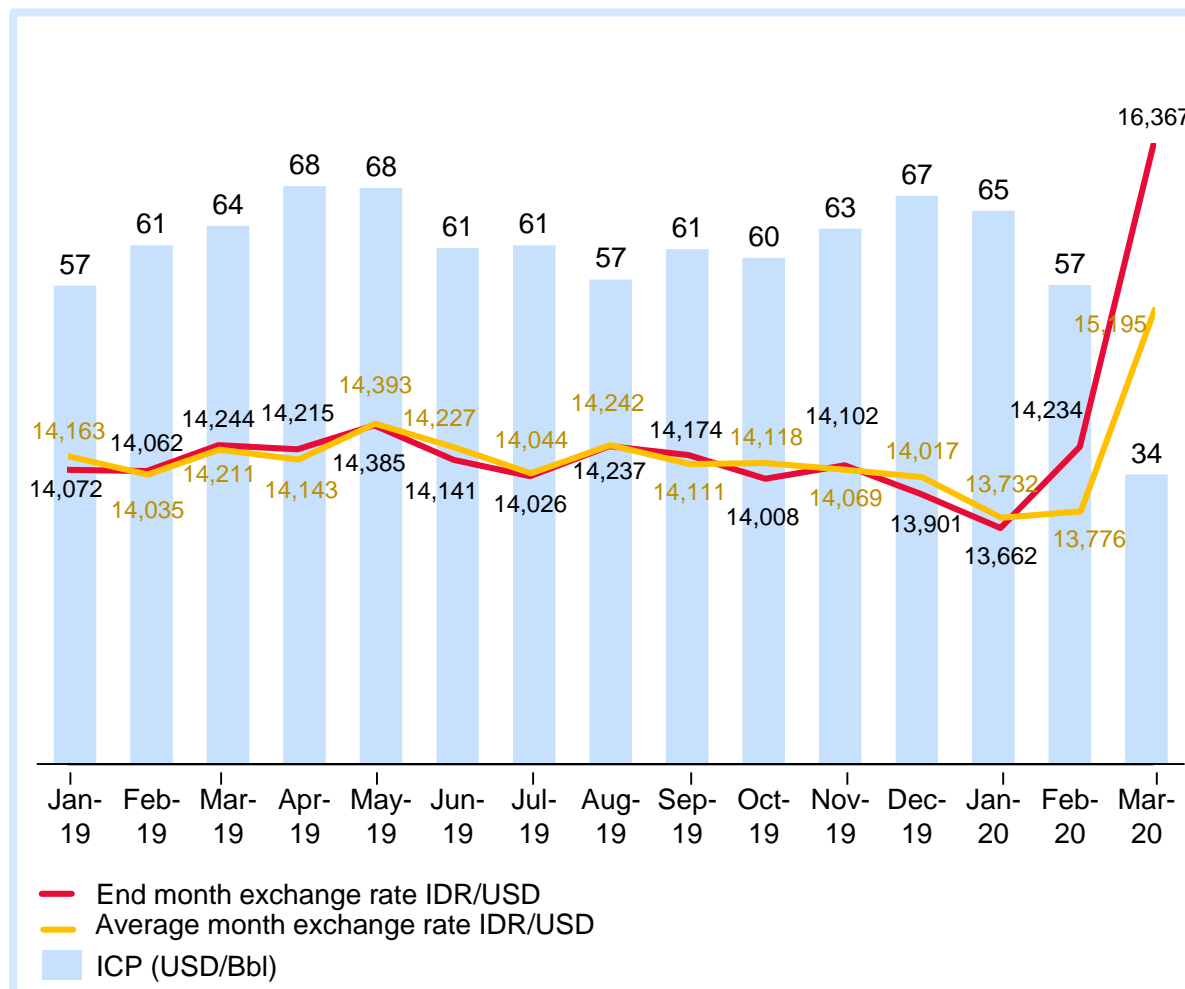
The high beginning cash balance and the strong cash flows from operation results in stronger ability to fund capital expenditure and to reduce loan for working capital from USD4.4 billion to USD1.3 billion.

# Q1 2020 Performance

# Financial Highlights Q1 2020

USD Billion

	2020		2019		
	Q1	Q4	Q3	Q2	Q1
<b>Balance sheet</b>					
Total assets	66.2	67.1	64.5	64.7	65.1
Total liabilities	38.0	35.9	34.8	35.0	35.0
Total debt	19.9	16.0	16.6	16.4	16.8
<b>Income statement</b>					
Revenue	12.2	54.6	39.2	25.5	12.7
EBITDA	0.5	7.9	5.2	3.7	2.0
<b>Cash flow</b>					
CF from operations	(0.6)	4.5	3.3	1.6	0.8
<b>Capital investments</b>					
	0.8	4.1	2.0	1.1	0.5



The decrease in oil price, depreciation of IDR, and decrease in fuel demand due to Covid-19 have significantly affected Pertamina's statement of income and statement of cash flows.

# The COVID-19 significantly affected Pertamina's financial performance

	USD Billion		
	Q1 2020	Q1 2019	△%
Revenues	12.25	12.67	-3%
COGS	(9.49)	(9.01)	5%
Upstream Production & Lifting Cost	(1.17)	(1.16)	1%
Exploration Cost	(0.03)	(0.03)	25%
Other Operation Activities Cost	(0.44)	(0.38)	18%
Gross Margin	1.11	2.09	-47%
Sales & Marketing Expenses	(0.34)	(0.45)	-23%
General & Administration Expenses	(0.40)	(0.39)	1%
Other Income/(Expenses)	(1.02)	(0.06)	1640%
Pre Tax Income	(0.64)	1.19	-154%
Taxes	(0.48)	(0.62)	-23%
Net Income	(1.12)	0.57	-296%
Adjustment merging entity's income & non-controlling interest	(0.03)	(0.05)	-52%
Net Income owners of the parent entity	(1.15)	0.52	-321%

## Decreasing in demand in Q1 2020 creating pressure to the cash flows

	USD Billion		
	3M 2020	3M 2019	%
Cash Flows from Operating Activities	(0.65)	0.76	-186%
Cash Flows from Investing Activities	(0.84)	(0.64)	-31%
Cash Flows from Financing Activities	2.76	(0.96)	388%
Net Cash Flows	1.27	(0.84)	251%
Effect of Exchange Rate	(0.46)	0.04	-1250%
Beginning Balance	6.76	9.11	-26%
Cash & Cash Equivalent at Period End	7.57	8.32	-9%

The negative cash flows from operation is affected by higher crude price, decreasing in demand and depreciation of IDR.



# Pertamina is conducting several strategic actions to improve its performance in 2020

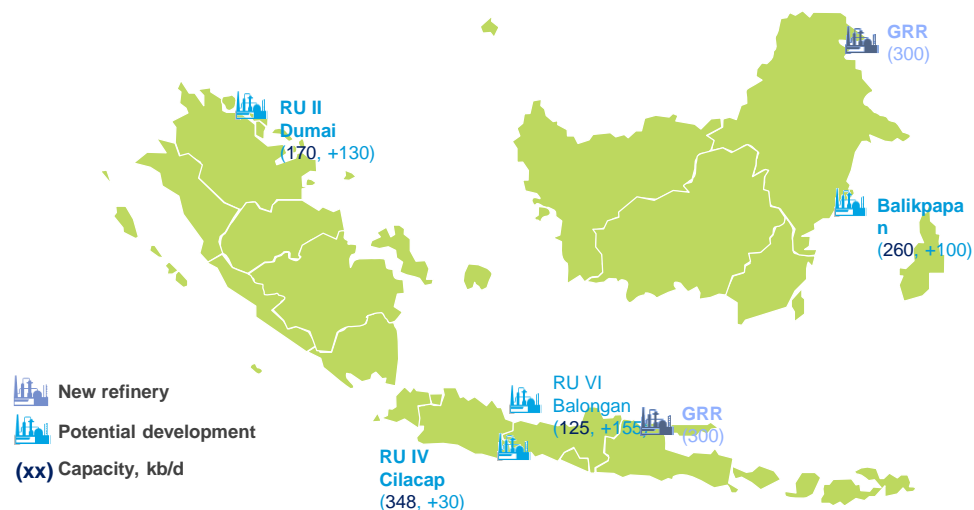
## Operational

1. Capital expenditure budget cutting of 23%, focusing on capex required for maintaining the infrastructure reliability, including refineries' TA/OH and RDMP Projects, and for maintaining upstream production.
2. Inventory build up
3. Maintain oil production to reduce import
4. Energy efficiency by using natural gas/PLN supply for replacing refinery fuel
5. Utilize partnership scheme in investment projects in order to obtain the technology and to reduce the risks
6. Cost efficiency by performing digital transformation initiatives, such as Fuel Station (SPBU) Digitalization, Digital Procurement
7. Optimize Pertamina Loyalty Program and discount program to increase revenue

## Financial

1. Operating expense budget cutting of 30%
2. GOI supports for receivable cash settlement
3. Optimize Forex Hedging
4. Improve cash flow performance
  - a. Optimize Pertamina Group Cash Management (Treasury Center)
  - b. Third parties receivable management
  - c. Renegotiate payment terms
5. Utilize alternative financing, such as partnership for investment projects execution, in order to maintain Pertamina's leverage

# Facing the challenges, Pertamina still maintains the commitment to continue 4 RDMP, 1 GRR projects & TPPI petrochemical project



<b>Increase the capacity</b>  <b>2 million</b> from ~1 million barrel per day	<b>Crude flexibility</b>  <b>~2%S</b> Sulfur handling limit from 0.4% to ~2.0% S
<b>Yield valuable products</b>  <b>~95% vol.</b> from ~75% vol.	<b>Increase fuel production</b>  <b>1700 kbpd</b> from 600 kbpd

## Refinery development funding

- Pertamina signed a Memorandum of Understanding with Korea Trade Insurance Corporation (K-Sure) and a Framework Agreement (FA) with Korea Eximbank
- The agreement is to support Pertamina's projects, including modernization and construction of refineries known as the Refinery Development Master Plan Program (RDMP) and the New Grass Root Refinery (NGRR).

## Balikpapan refinery development

- The company has signed EPC contract with consortium of SK Engineering & Construction Co. Ltd., Hyundai Engineering Co. Ltd., PT Rekayasa Industri, dan PT PP (Persero) Tbk. amounted USD4 billion.
- The project will increase the capacity from 260 MB/D to 360 MB/D. Revitalization of Balikpapan Refinery is divided into two stages. The first phase is targeted to be completed in 2021 and then follows the second phase in 2022.

## Cilacap Blue Sky Project (PLBC)

- The Blue Sky Project at the Cilacap refinery has been completed and is fully operational.
- PLBC took an investment of US \$ 392 million with the scope of work including: revamping the Platforming Unit, construction of a new LNHT - Isomerization unit, and the construction of several Utilities units to support the PLBC process unit.
- PLBC increased production capacity in Cilacap Refinery especially for Pertamina products.
- Pertamina's production capacity has now increased by 668 thousand barrels per month to 1.668 million per month.

## TPPI Petrochemical Projects

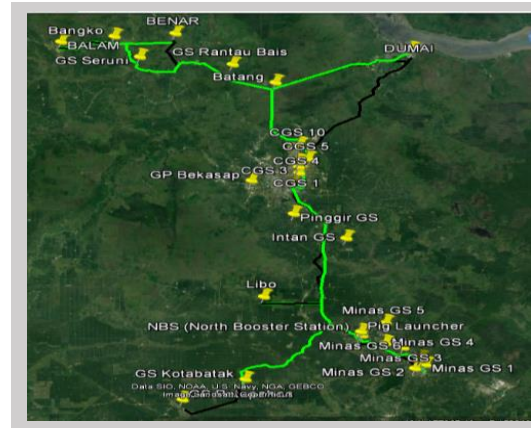
- Revamp Platforming to increase capacity from 37 KBD to 46 KBD
- Revamp Aromatic Section to increase production capacity of Paraxylene from 496.000MTA to 780.000MTA
- Olefin complex development will increase Gross Refining Margin by increasing the yield of valuable derivative products of LPG and Naptha, such as Polyethylene dan Polypropylene.

# As Oil and Gas Holding, Pertamina supports PGN Group to improve its focus for increasing revenue and operation efficiency in the gas business

Pursuant to Government Regulation No. 6/2018, PGN becomes a Sub Holding Gas of Pertamina Oil and Gas Holding since February 28, 2018

## Pertamina aligned and transferred the gas business to PGN

- The LNG business, including the LNG trade to be carried out by PGN
- Integration of commercial business and transportation of natural gas between PGN and Pertagas;

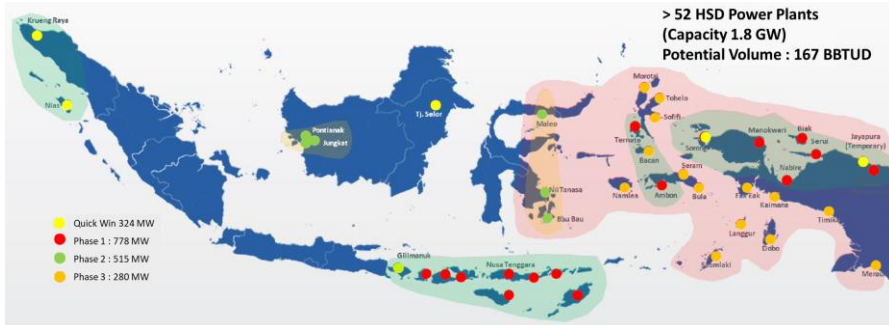


Rokan Oil Transmission Pipeline

Length : 367km  
Target Q2 2021

## Implementation of MEMR Regulations No. 8 and No. 10 year 2020

- PEP and PHE as subsidiaries of Pertamina and gas suppliers of PGN have signed a Letter of Agreement for upstream price adjustments in accordance with MEMR decree No. 89K/10/MEM/2020
- For PGN Group, the total volume that has received upstream price adjustments is 164.73 BBTU (including PTG and PTGN)



## Pertamina assignment to PGN

1. Implementation MEMR Decree No. 13 year 2020 for the Implementation of Supply Provision and Development of Liquefied Natural Gas (LNG) Infrastructure and Conversion of the Use of Fuel Oil into LNG in the Supply of Electric Power of PLN
2. Implementation MEMR Decree No. 11 year 2019 for Natural Gas Supply and Distribution through Natural Gas Distribution for Households;

# Retail business strategies are developed through Go Retail, Go Digital, and Go Customer to maintain market leadership...



Optimized MyPertamina app  
Pertamina's loyalty program and  
integrated online payments



Pertashop, increasing the accessibility of fuel  
and other Pertamina products in remote area



Berkah Energi Pertamina,  
marketing program to increase  
the sales volume of high  
margin products



Customer  
care service,  
focus on  
product  
information



LinkAja, e-payment  
platform that can be  
used across SoE  
merchants and  
products.



SPBU  
Digitalization



Expand  
Retail  
insurance  
service

## ... while strategizing to increase production in the upstream sector

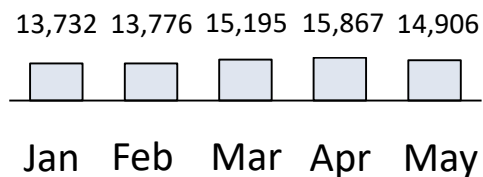


Develop asset  
transition plan for  
Rokan block

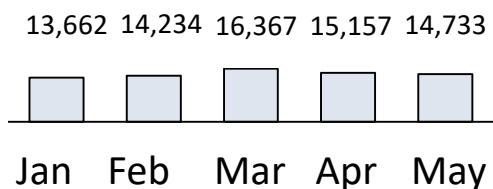
New exploration in  
Mahakam block

# As the main parameters is starting to rebound in May 2020, it is expected that Pertamina's performance is recovering

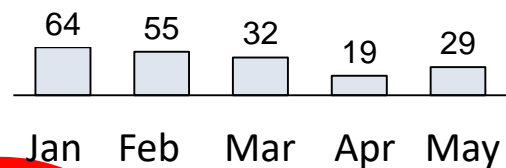
**Average Monthly Exchange Rate**



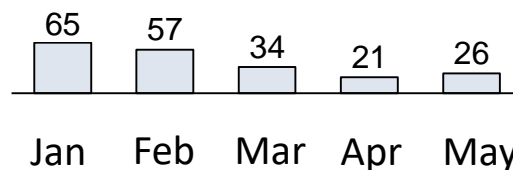
**End Month Exchange Rate**



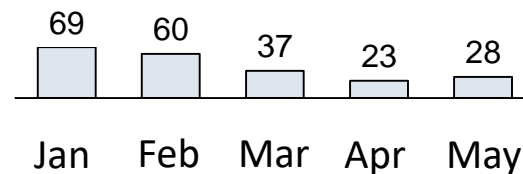
**Brent Price (USD/BBI)**



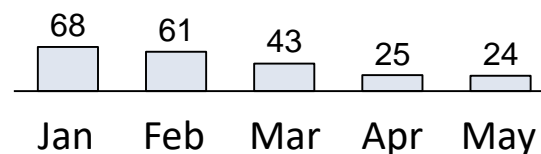
**ICP (USD/BBI)**



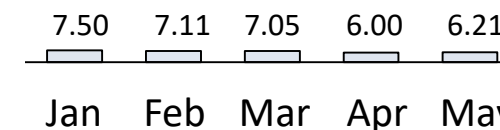
**Domestic Crude Purchase Price (USD/BBI)**



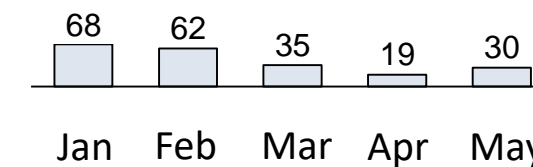
**Import Crude Purchase Price (USD/BBI)**



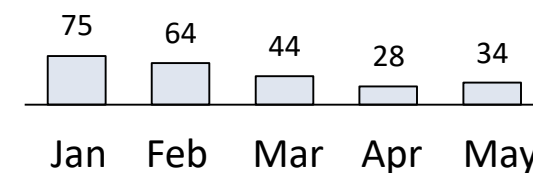
**Downstream Sales Volume (Thousand KL)**



**Premium MOPS Equivalent (USD/BBI)**



**Solar MOPS Equivalent (USD/BBI)**





**THANK  
YOU**