



# INVESTOR PRESENTATION 3M-2018 Update



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## ABOUT PGAS

**PT Perusahaan Gas Negara Tbk (IDX:PGAS)** is an Indonesia-based, public-listed company engaging in the transmission and distribution of natural gas primarily in Indonesia.

Previously established as a State-Owned Company (SOE), PGAS has been officially merged with PT Pertamina (Persero) to become its subsidiary since 11 April 2018 as part of Government of Indonesia's holding initiatives.

## HEADQUARTER

Jl. K.H. Zainul Arifin No. 20 Jakarta, Indonesia  
Website: [www.pgn.co.id](http://www.pgn.co.id)

### Investor Relations Contact:


PT Perusahaan Gas Negara Tbk  
Mid Tower Manhattan 26<sup>th</sup> Floor  
Jl. TB Simatupang Kav. 1-S, Jakarta, Indonesia  
Email: [investor.relations@pgn.co.id](mailto:investor.relations@pgn.co.id)  
Phone: +62 21 8064 1111



# Business Coverage and Infrastructures

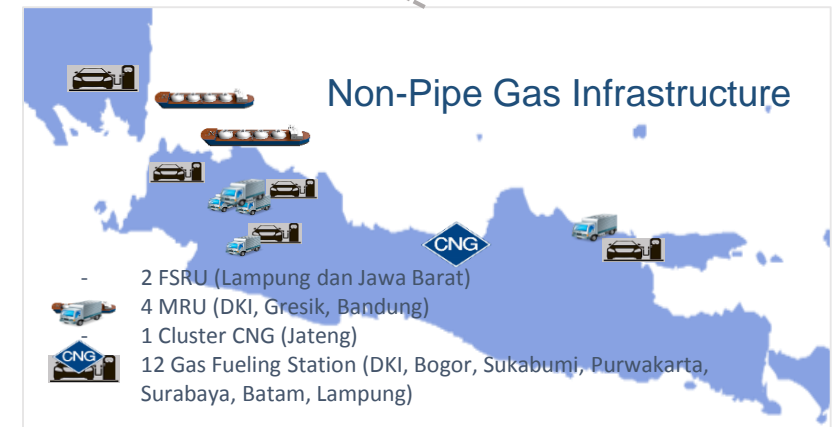
<b>Distribution Business</b>		<b>Transmission Business</b>
Buying and selling gas to customers by virtue of pipeline infrastructure in three main areas in West Java, East Java and North Sumatera.		Transporting gas of customers; suppliers or off-takers through pipeline. The pipeline can also be function as the backbone to distribution pipeline.

<b>Downstream Business</b>	<ul style="list-style-type: none"> <li>▪ Operating in 3 Major Coverage Area, 39 cities and regencies (12 provinces) in Indonesia</li> <li>▪ Transporting and Distributing Gas ±1,565 MMSCFD</li> </ul>
<b>Gas Infrastructure</b>	<ul style="list-style-type: none"> <li>▪ Developing ±7,453 km length pipeline network, 2 unit FSRU, 12 Gas Fueling Station, 4 MRU</li> </ul>
<b>Upstream Business</b>	<ul style="list-style-type: none"> <li>▪ Total assets 11 blocks (8 blocks in operation, 3 blocks in exploration)</li> <li>▪ Oil and gas lifting ±36,696 BOEPD</li> </ul>

<b>Upstream Business</b>		<b>Other Supporting Business</b>
Investing participating interest in PSC and operating oil and gas blocks to support Indonesia production and lifting and to hedge downstream business		Taking business opportunities along the natural gas value chain; LNG, CNG, related gas business services, fiber optic for telecommunication, management of asset & facilities



- 1 Transmission Pipeline Grissik – Duri
- 2 Transmission Pipeline Grissik – Batam – Singapore
- 3 Transmission Pipeline SSWJ
- 4 Transmission Pipeline Kalija
- Distribution Area
  - Distribution West Java, DKI Jakarta, Lampung, South Sumatra and Banten
  - Distribution East Java and Central Java, North Kalimantan and Papua
  - Distribution North Sumatra, Riau and Kepulauan Riau



# 3M-2018 Highlights

## DOWNSTREAM



Distribution Volume

**836 MMSCFD** (YoY up 2.5%)

Sales Price

**~USD 8.41/MMBTU** (YoY down 2%)



Cost of Gas

**~USD 6.07/MMBTU** (YoY up 1%)  
(incl. LNG)



Transmission Volume

**728 MMSCFD** (YoY flat)

(Incl. TGI & KJG)

## UPSTREAM



Overall net lifting

**±36,696 BOEPD**  
(YoY flat)

- Oil **7,053 BOEPD**
- Gas **127 MMSCFD**
- LNG **45 BBTUD**
- LPG **91 MTPD**

## INFRASTRUCTURE



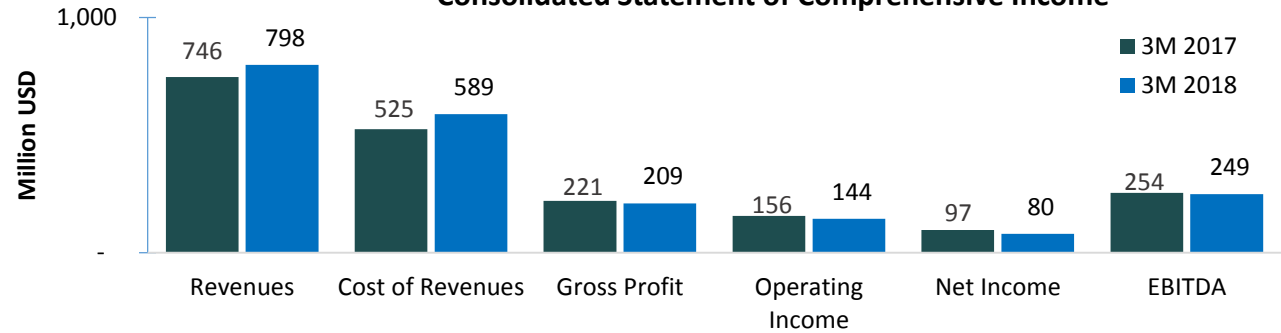
Pipeline Network

**7,453 km**

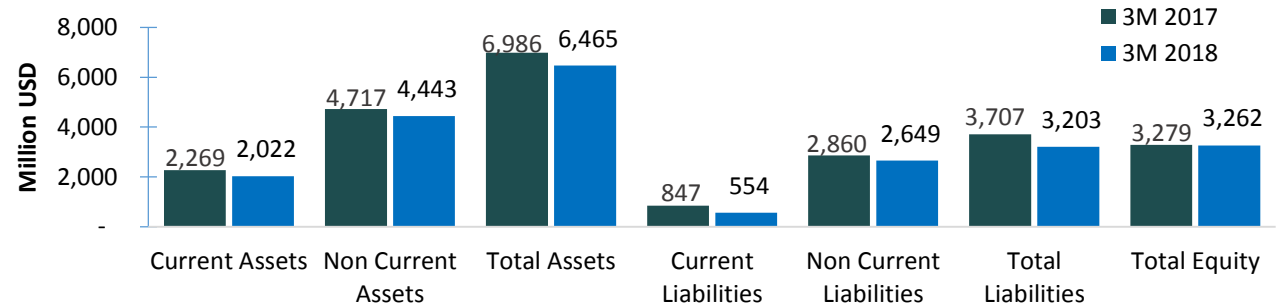
### IMPACT OF MACROECONOMY

- Weakening Rupiah against US Dollar
- Stronger electricity and industries consumption
- Tightening Government's Policy

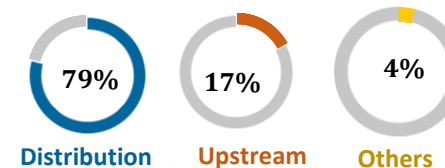
### Consolidated Statement of Comprehensive Income



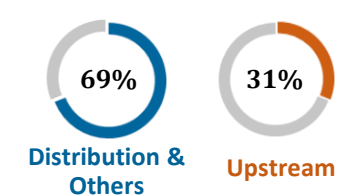
### Consolidated Statements of Financial Position



### Revenue Contribution



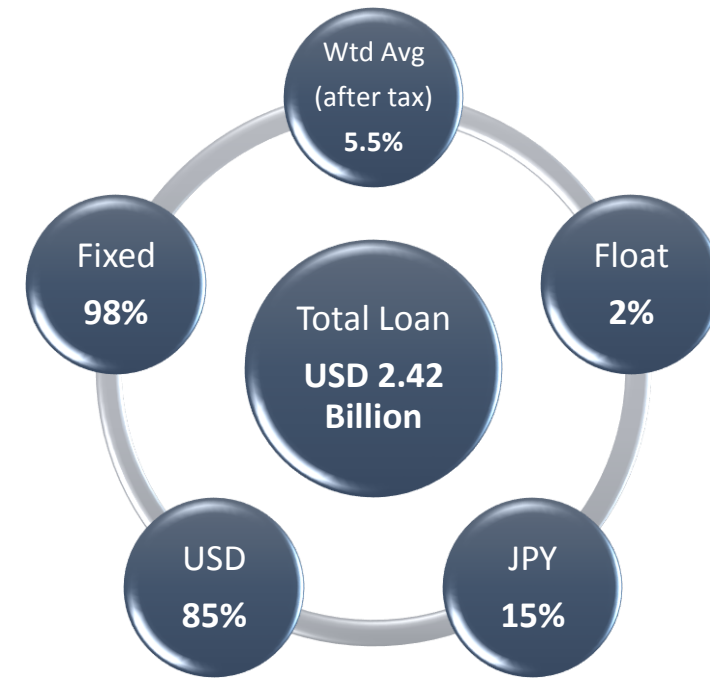
### EBITDA Contribution



# Financial Performance

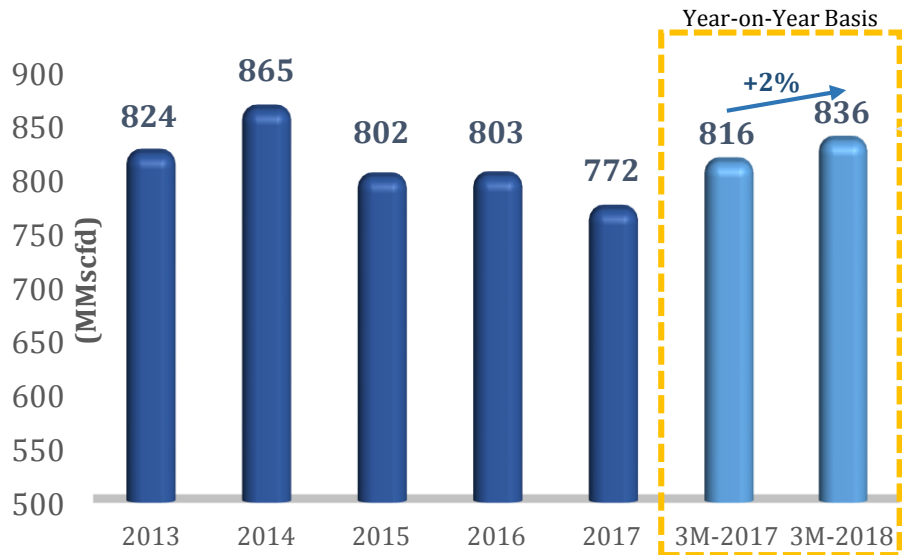
Financial Ratios	31 March 2018	31 March 2017
EBITDA Margin (%)	31.2	34
EBITDA / Interest Expense (x)	8.66	8.73
Debt (Interest Bearing Debt)/Equity (%)	73.7	86.9

Cash Flow (In Million USD)	31 March 2018	31 March 2017
Beginning Balance	1.026	1.304
Cash flow from operating	207	271
Cash flow from investment	(18)	(76)
Cash flow from financing	(9)	(68)
Foreign Exchange Impact	(9)	10
Ending Balance	1.197	1.440



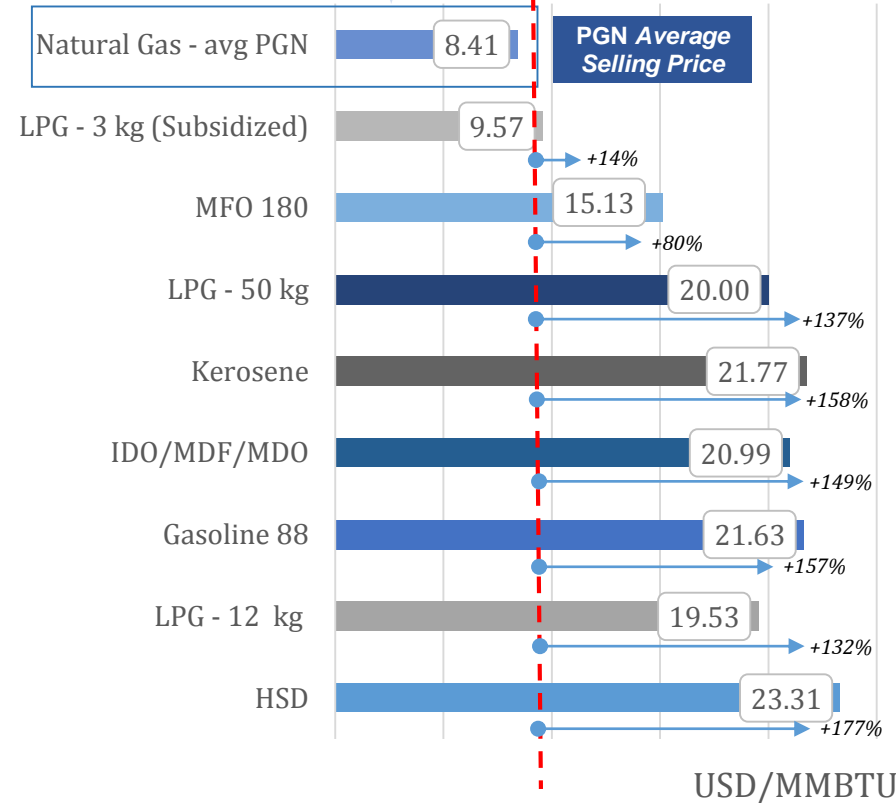
As of 13 April 2018		
Credit Rating	Rating	Outlook
Moody's	Baa2	Stable
Standar & Poor's	BBB-	Stable
Fitch Ratings	BBB-	Stable
Pefindo	idAAA	Stable

# Contribution - Distribution

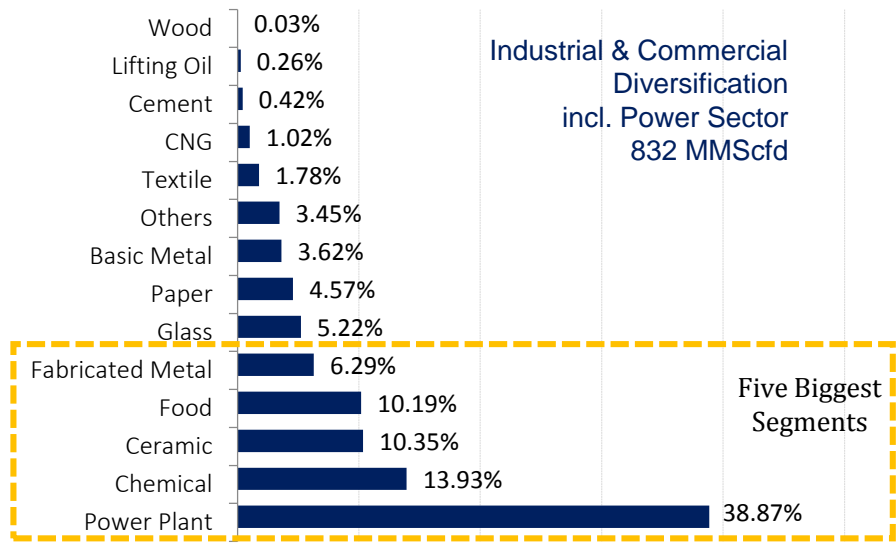


Distribution volume was 836 MMScfd in Q1 2018 (up 6% QoQ) due to higher consumption from power sector and industries

Price of gas remained competitive than other energy sources



Exchange Rate USD/IDR : 13,756 (as of 29 March 2018)



## Industries and Power Plants

97% of total sales volume

1,722 Customers

## Commercial & SME

2% of total sales volume

1,988 Customers

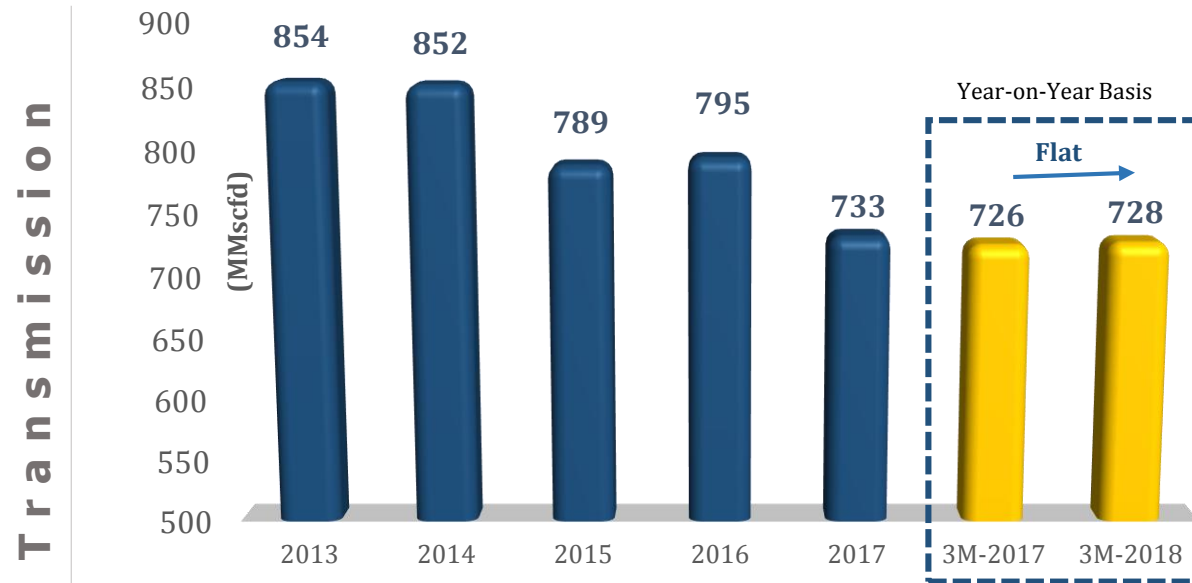
## Households

1% of total sales volume

199,604 Customers

\*Number of customers as of 31 March 2018

# Contribution – Downstream Transmission



The transmission volume was relatively flat both YoY and QoQ. The increasing transmission volume from PGN & TGI offset the declining volume from KJG.

## Operated by PGN

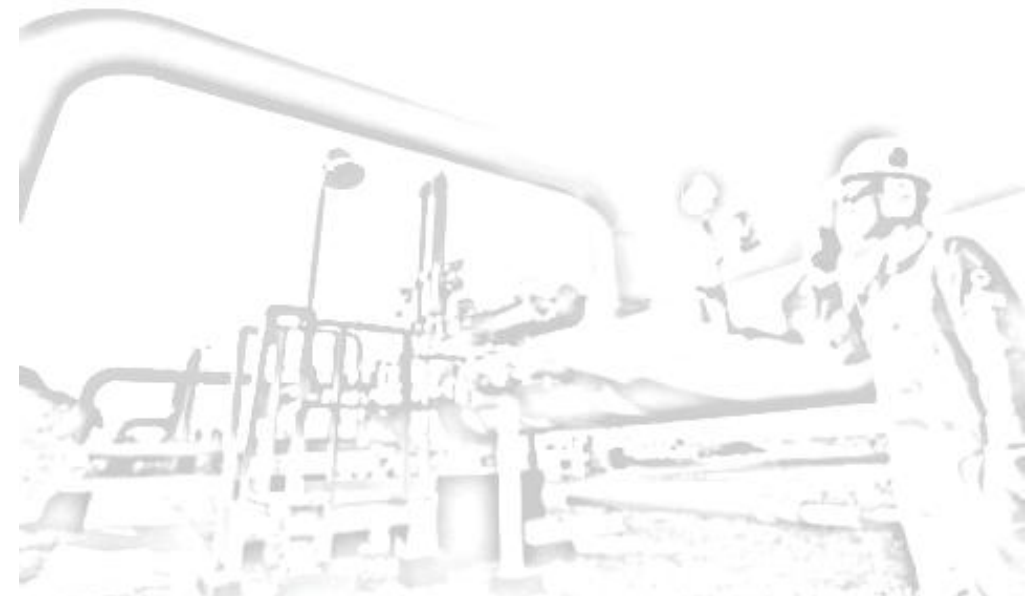
- Total Length: ±1,077km (incl. SSWJ)
- Off-taker: PLN, BBG
- Volume 20 MMScfd

## Operated by TGI

- Total Length: ± 1,000 km
- Off-taker: CPI, Gas Supply Pvt. Ltd., PGN, PLN
- Total Volume: 645 MMScfd
- Gas transported by TGI to off-taker in Singapore and Batam increased 11 MMScfd from 634 to 645 MMScfd.

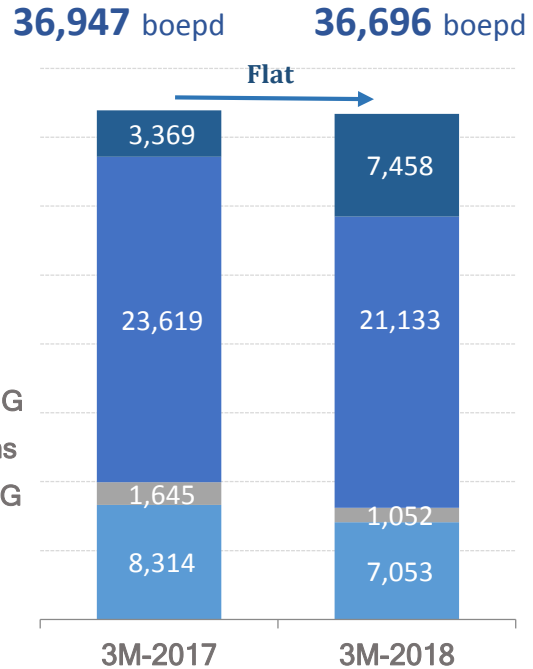
## Operated by KJG

- Total Length: ± 200 km (Kepodang- Tambak Lorok)
- Off-taker : PLN
- Volume 64 MMScfd
- Gas transported from Kepodang field operated by Petronas through Kalimantan – Java pipeline decreased 15 MMScfd from 79 to 64 MMScfd due to declining reserve from supplier



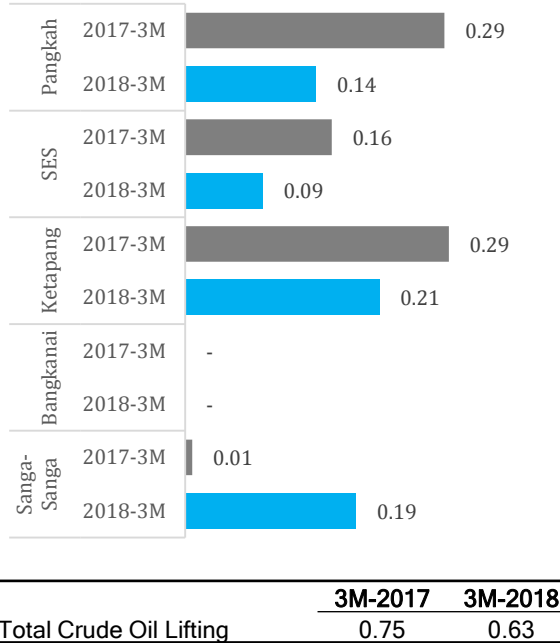
# Contribution – Upstream

## Oil and Gas Lifting

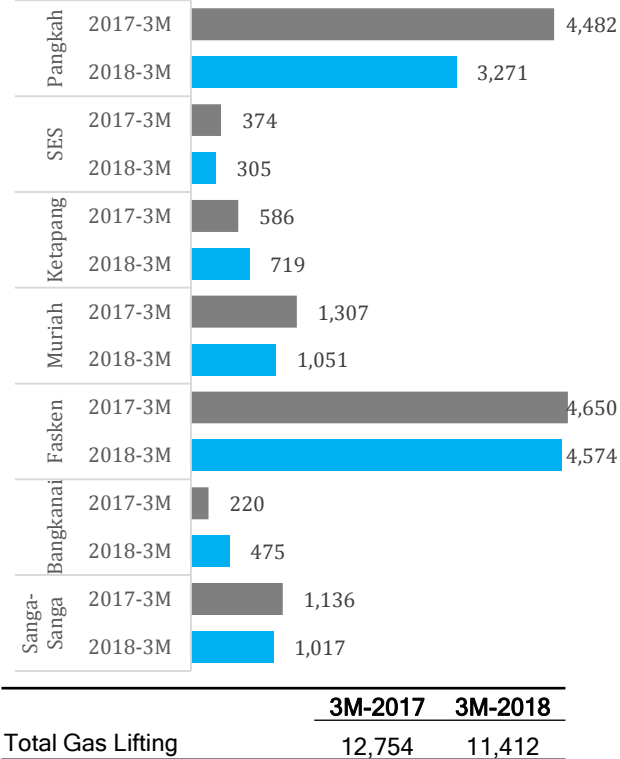


In 3M-2018, lifting volume of oil and gas business was relatively flat from corresponding period 2017. The increasing lifting volume of LNG offset the decreasing in oil, gas & LPG lifting volume

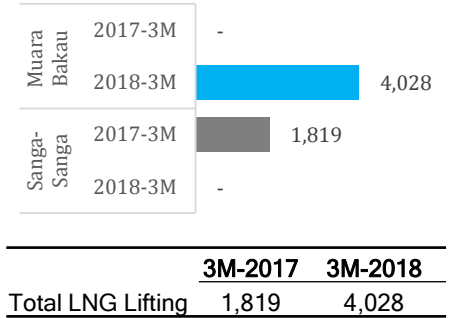
## Crude Oil & Condensate (MMBBL)



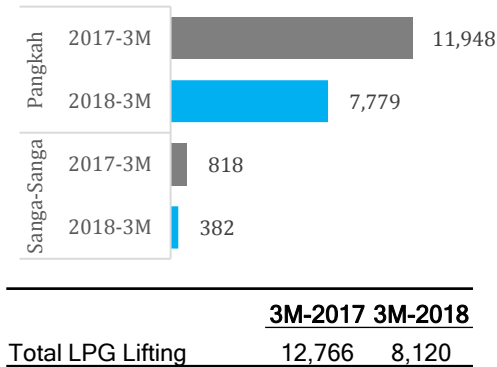
## Gas (BBTU)



## LNG (BBTU)



## LPG (MT)



# Contribution – Others

3 M - 2 0 1 8  
USD 31 Million

40% Finance Lease

10% Fibre Optic

50% Pipeline Construction & Maintenance

3 M - 2 0 1 7  
USD 15 Million

89% Finance Lease

10% Fibre Optic

1% Pipeline Construction & Maintenance

**Finance Lease** represents KJG's interest in relation to finance lease under the gas transportation agreement between KJG, PLN and PC Muriah Ltd. under the provision of GTA Kalija 1

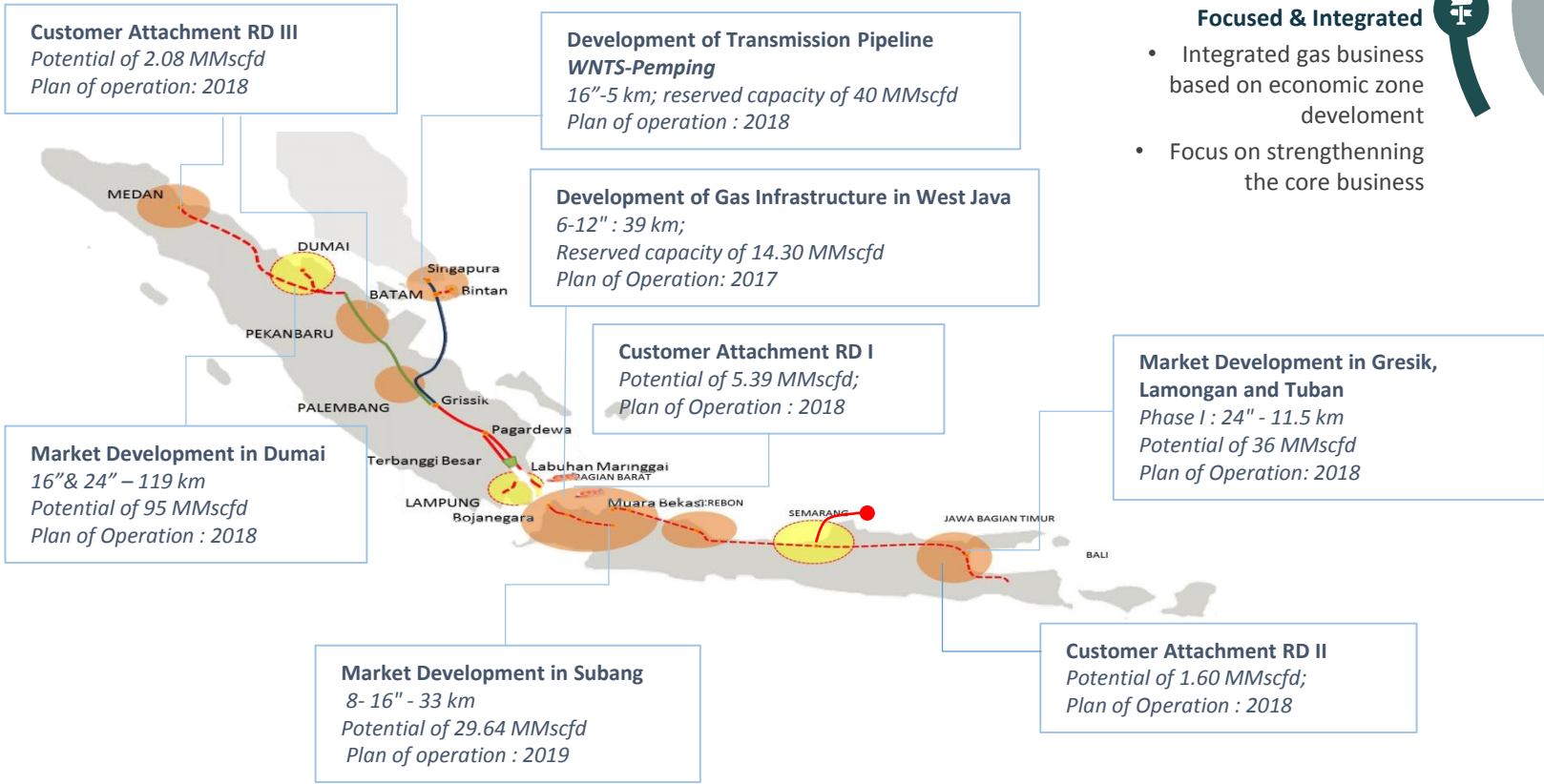
**Fibre optic** represents PGASCOM's revenues of network services to the customers

**Pipeline construction and maintenance** represents PGASSOL's revenues of services to its the customers.



# Strategy & Market Development

- Development of market by construction of distribution backbone
- Delivering gas to RD by developing pipeline or modifying system in station
- Customer attachment to build access until last mile



**Optimization**  
Designing the plan, development, operational, trading by optimising available assets and human capital

## PGN GROUP



## Customer Intimacy

- Providing customers the gas and related service as reliable energy
- Sales force as marketing agency
- Fostering relationship with customers

## Focused & Integrated

- Integrated gas business based on economic zone development
- Focus on strengthening the core business

## Maximizing Value Creation

- Encouraging subsidiaries to create further business opportunity
- Priority of investment and development that gives beneficial impact for long term

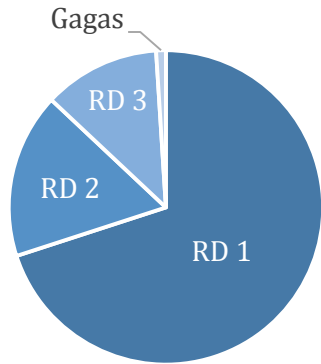


# 2018 Targets – Guidelines for Investors

Organic PGAS only & Subject to Change

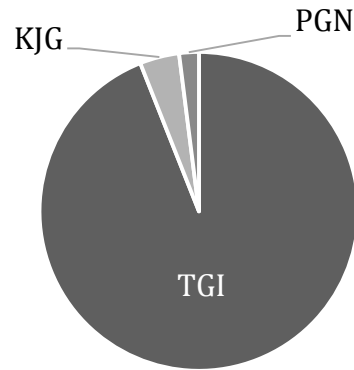
Distribution Volume  
**775 MMSCFD**

Zero growth or flat in 2018

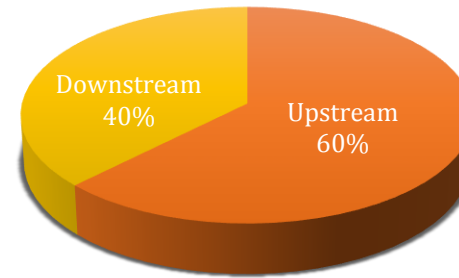


Transmission Volume  
**665 MMSCFD**

No change on toll fees



Total CAPEX  
**USD 400 Million**



Margin / Spread  
**USD 2.2 – 2.5/MMBTU**

Oil Price **USD 48/barrel**  
State Budget (APBN) Guideline

Upstream Lifting  
**35,435 BOEPD**

Lower due to expiry of Sanga-Sanga & SES



**Duri – Dumai Distribution**

**56 km** length of pipeline

Plan of Operation end 2018

**Duri – Dumai Transmission**

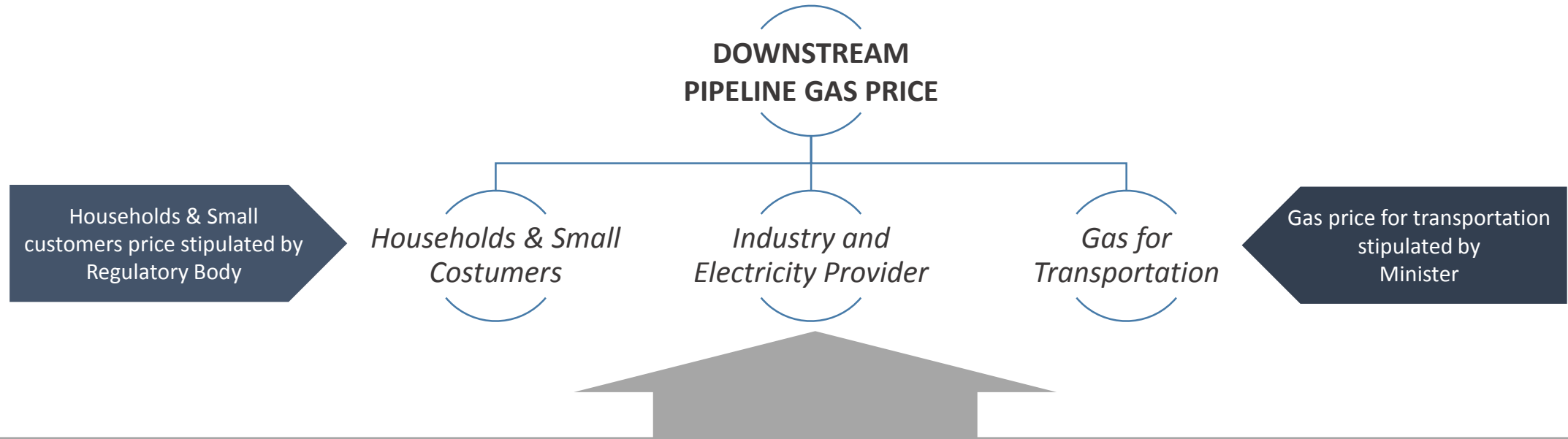
**67 km** length of pipeline

JV with Pertamina

Plan of operation end 2018



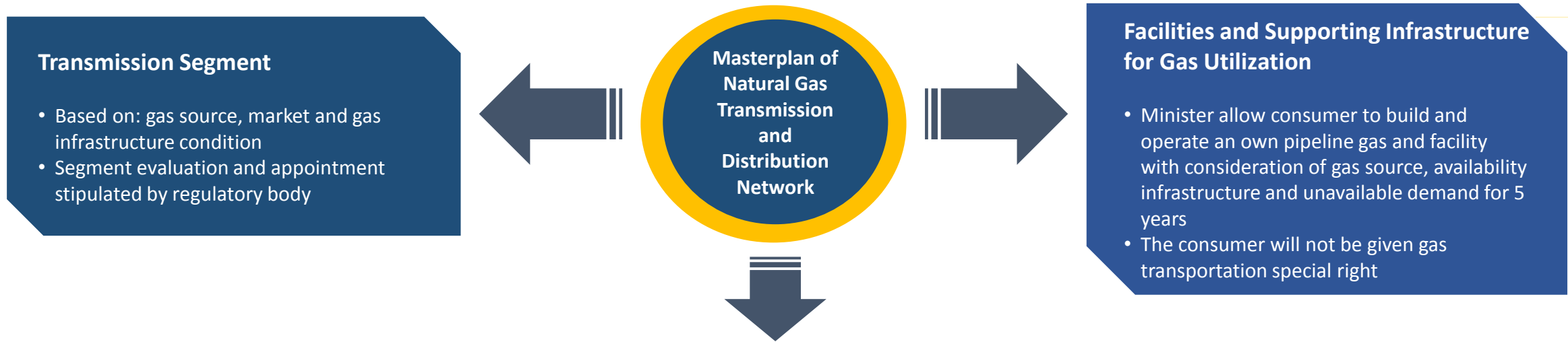
# EMR Ministerial Regulation (PERMEN ESDM) No. 58/2017



**Weighted Average of End User Price = Cost of Gas + Infrastructure Management Cost + Trading Cost**

Implementation	Infrastructure Management Cost	Infrastructure Management Formula	Trading Cost
<ul style="list-style-type: none"> <li>Industry and Electricity provider gas price stipulated by Minister of EMR</li> <li>Prevail for 5 years and open to be evaluated per annum</li> <li>18 months grace period from date of signatory (27 December 2017)</li> </ul>	<ul style="list-style-type: none"> <li>Toll fee stipulated by regulatory body</li> <li>Gas distribution setup by: IRR 11%, 60% utilization/gas allocation and project economics</li> <li>Liquefaction</li> <li>Compression</li> <li>Regasification</li> <li>LNG/CNG storage</li> <li>LNG/CNG transportation</li> </ul>	<p style="text-align: center;"><math>= \text{Cost of Service} / \text{Volume}</math></p> <p>Cost of Service are:</p> <ul style="list-style-type: none"> <li>Asset value</li> <li>Operational and maintenance</li> <li>General and administrative</li> <li>Gas Losses</li> <li>Insurance</li> <li>Fee</li> <li>Tax and levy</li> </ul>	<ul style="list-style-type: none"> <li>Maximum 7% of cost of gas</li> <li>The maximum percentage should be shared B2B in extended gas supply chain</li> </ul>

# EMR Ministerial Regulation (PERMEN ESDM) No. 4/2018



**Transmission**

- Transporter should acquired business permit including owning pipeline and facility
- Special right of new transmission segment will be awarded in tender mechanism or minister appointment

**Distribution and Trading Area**

- The holder of distribution network special right will be given distribution and trading area including gas allocation from tender proposal
- The special right exclusively for 30 years for new area and 15 years for existing infrastructure owner
- Area tender mechanism will consider existing infrastructure and consumer
- Special right holder can cooperate with other to directly selling gas to end user in sub trading area

**Non Pipeline Trading**

- Trader using CNG and LNG mode should acquire business permit and owning or controlling the asset
- Asset categorized as LNG receiving terminal, regasification unit, compression and decompression facility, gas filling station or else

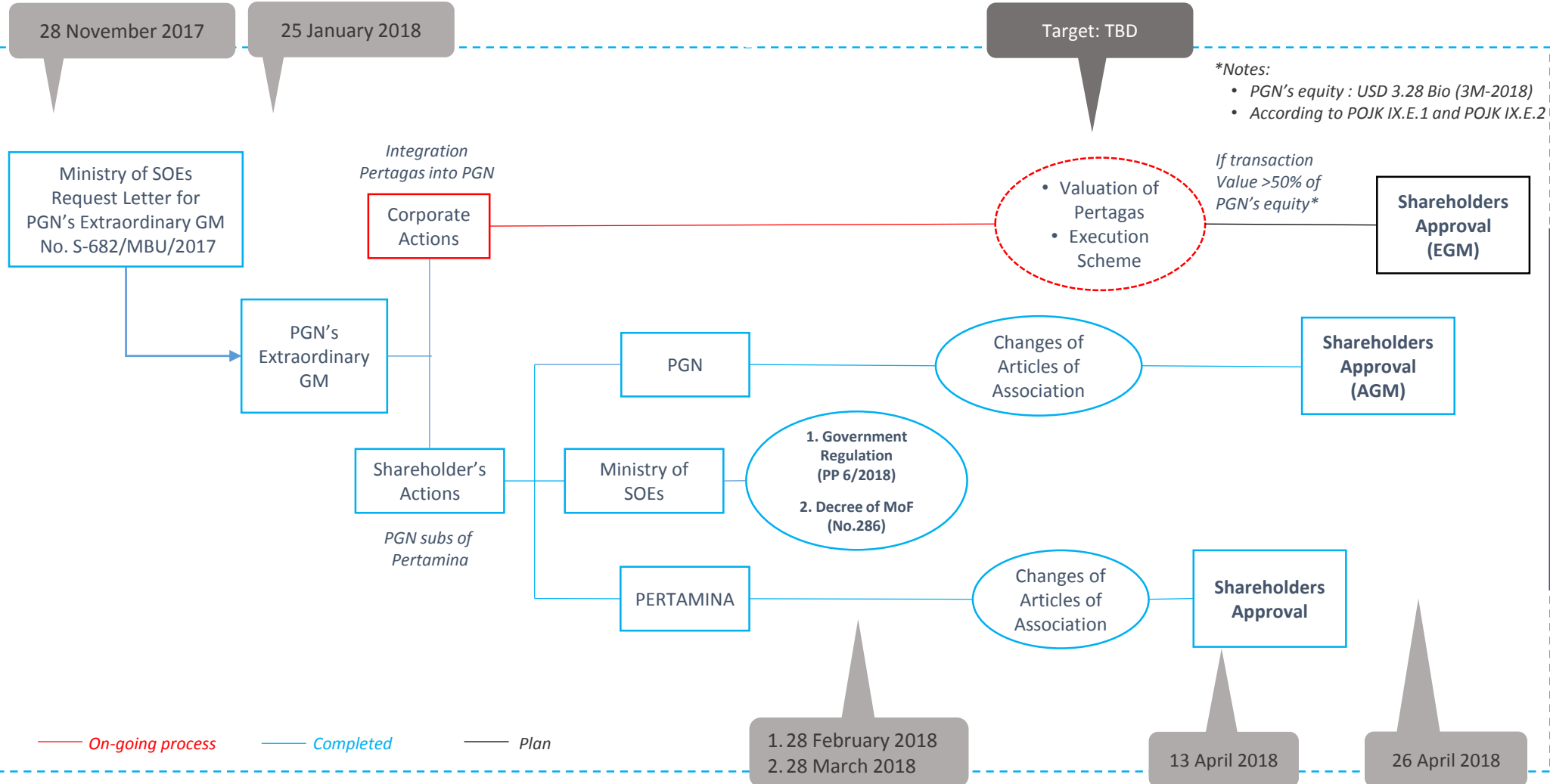
**Non Pipeline Transportation and Storage**

- Permit for transportation and storage including: CNG or LNG transportation, CNG or LNG storage
- Business licensee have to own or control the facility

# Government Regulation – Oil & Gas Holding

Oil & Gas Holding Plan

Oil & Gas Holding

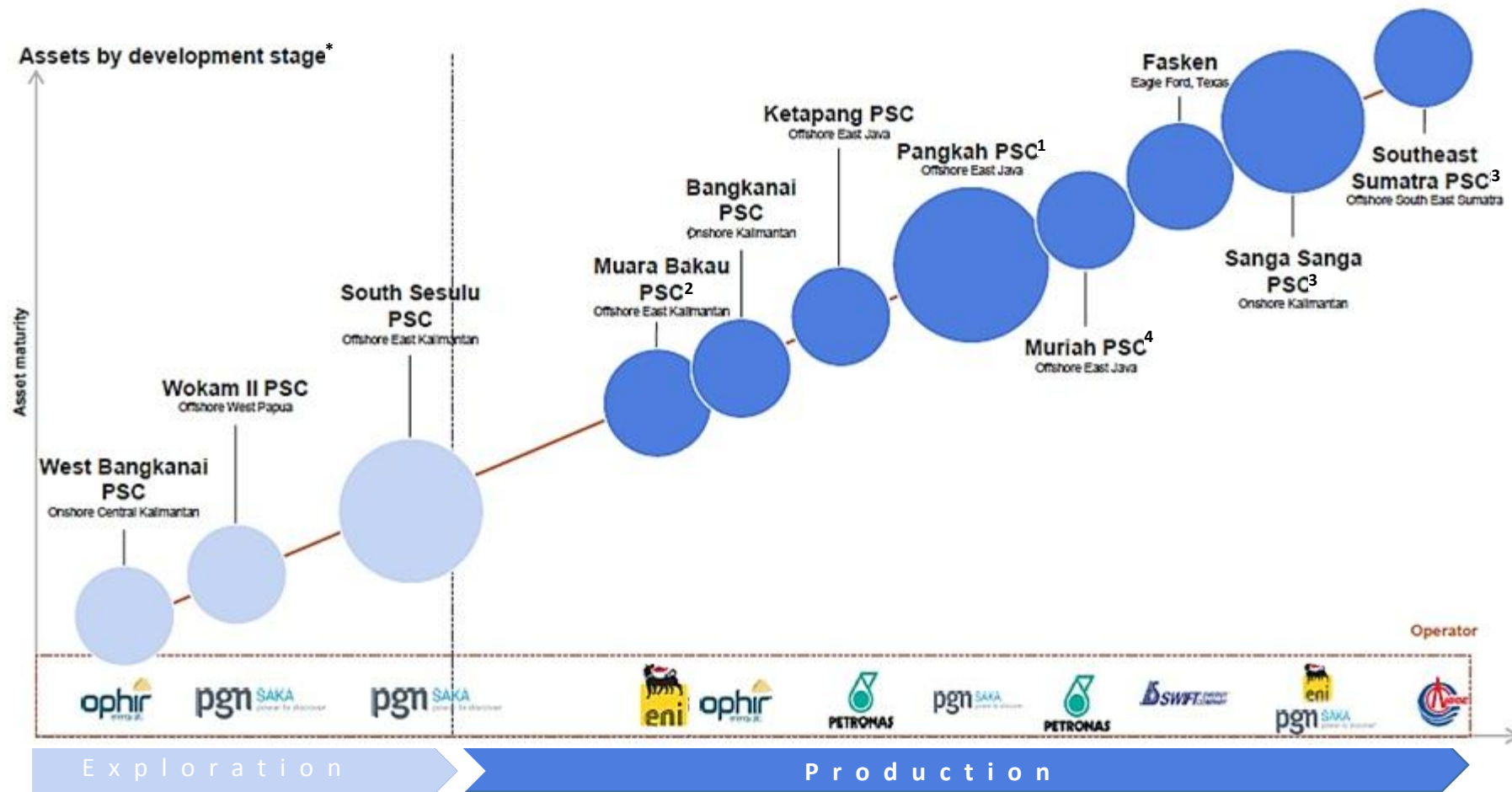


# Subsidiaries Information



# Subsidiary – Saka Energi Indonesia

Type	Private
Founded	27 June 2011
Headquarter	Jakarta
CEO	Tumbur Parlindungan
Industry	Oil & Gas Upstream
Subsidiaries	25
Total Assets	USD 2.6 Billion (2017)
No. Employees	302 (2017)
Website	www.sakaenergi.com



## Business Updates

\* Notes : Not to be scale

1. Pangkah PSC has additional upside for near term production and reserve growth potentials through development and exploration.
2. Muara Bakau block starts producing by first half 2017. Total production in Q1-2018: 660 MMScfd
3. Sanga-sanga PSC and SES PSC due to expire in Q3 2018
4. Force Majeure status of Kepodang Field in Muriah PSC due to unexpected declining amount of reserve and lifetime of production is still under reviewed by SKK Migas. SEI has 20% of PI

# Subsidiary

## PGN LNG Indonesia

**pgn** LNG  
*born to make  
it happen*

Type	Private
Founded	26 June 2012
Headquarter	Jakarta
CEO	Mugiono
Industry	LNG Regasification
Subsidiaries	-
Total Assets	USD 415 Million (2017)
No. Employees	48 (2017)
Website	<a href="http://www.pgnlng.co.id">www.pgnlng.co.id</a>



**PGN FSRU LAMPUNG**

### FSRU Dimension

**294**  
m LOA

**26**  
m Depth Moulded

### PGN FSRU Lampung :

- Owned by PT Hoegh LNG Lampung
- Leased for 20 years based on the Amendment and Restatement Agreement of the Original Lease, Operation and Maintenance Agreement dated 17 October 2012 as novated to PT PGN LNG Indonesia
- Pipeline Specification 24", API 5L (SAWL) X-65 (PSL 2)
- Capacity: 1,5 to 2 MTPA
- Send out rate: 240 MMSCFD

### Supported by:

- Onshore Receiving Facility (ORF) Labuhan Maringgai that is connected to the PGN FSRU Lampung through a 21 km offshore pipeline
- Off Take Station (OTS) Labuhan Maringgai
- Supporting fleets in order to support ship-to-ship activity and daily operation of PGN FSRU Lampung

### Tower Yoke Mooring System (TYMS)

- Owned by PT PGN LNG Indonesia
- Build by SOFEC, China
- Seabed : 23 m
- Height : 48,5 m (from seabed to topdeck of TYMS)
- TYMS contains two axis joint that allow the vessel to roll and pitch relative to the tower and liquid ballast to provide restoring forces to mooring and the vessel

FSRU is located approximately close to gas receiving and dividing station Labuhan Maringgai or exactly at the coordinates 5°26'30" S and 150°56'30" E.

It is integrated with SSWJ pipeline facility connecting gas sources in Sumatera with the largest potential customers in West Java, Indonesia.

# Subsidiary – Gagas Energi Indonesia

## BUSINESS UPDATES

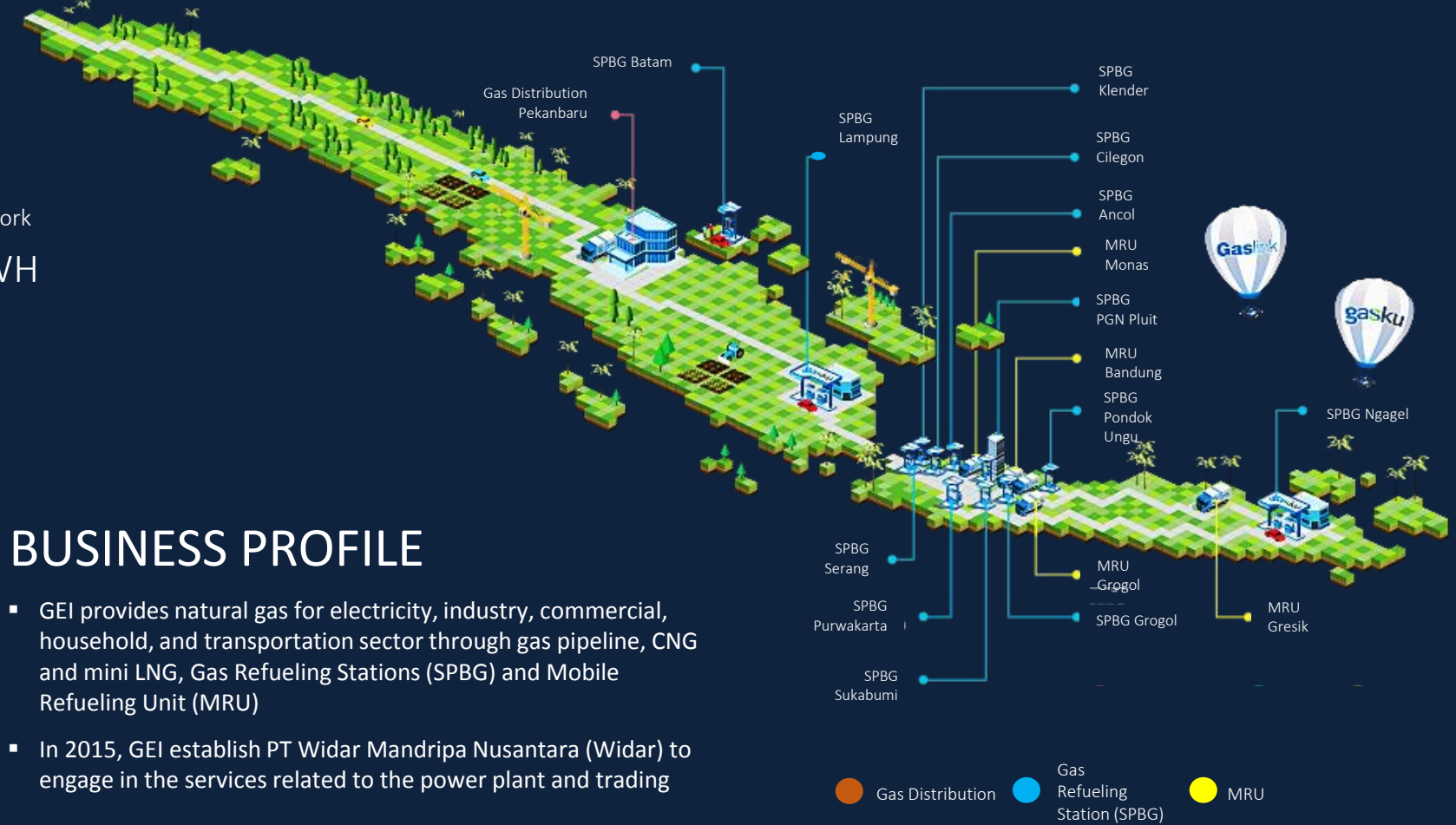
3M-2018 VOLUME

5 MMSCFD

- Regional I : 10 SPBG & 3 MRU
- Regional II : 1 SPBG & 1 MRU
- Regional III : 1 SPBG & 1 Gas Distribution Network

3M-2018 ELECTRICITY BUSINESS : 664,410 KWH

	
Type	Private
Founded	27 June 2011
Headquarter	Jakarta
CEO	Ahmad Cahyadi
Industry	Gas Downstream
Subsidiaries	1 (PT Widar Mandripa Nusantara/WIDAR)
Total Assets	USD 83 Million (2017)
No. Employees	76 (2017)
Website	www.gagas.co.id



## BUSINESS PROFILE

- GEI provides natural gas for electricity, industry, commercial, household, and transportation sector through gas pipeline, CNG and mini LNG, Gas Refueling Stations (SPBG) and Mobile Refueling Unit (MRU)
- In 2015, GEI establish PT Widar Mandripa Nusantara (Widar) to engage in the services related to the power plant and trading

# Subsidiary – Transportasi Gas Indonesia (TGI)

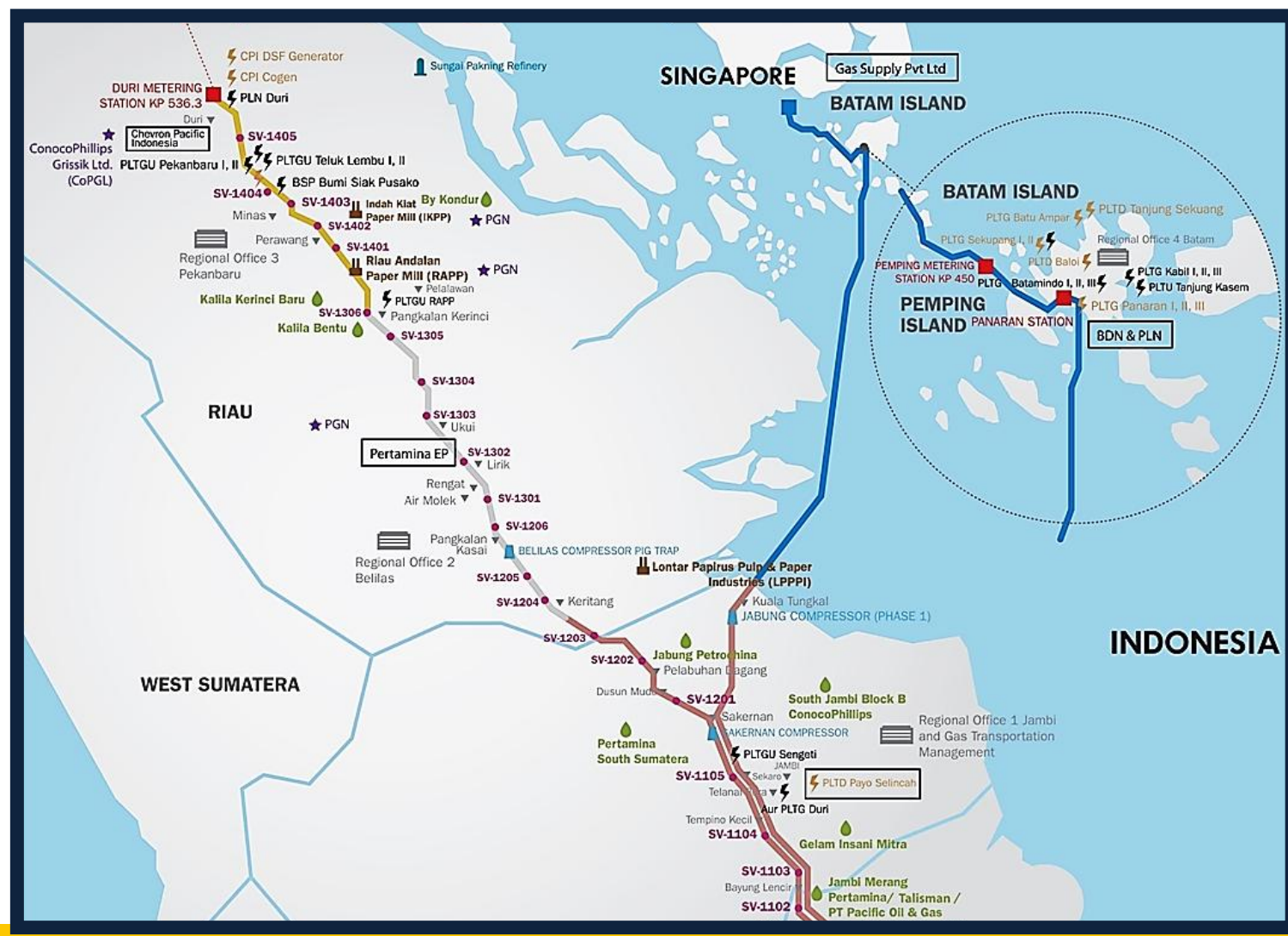


Type	Private
Founded	1 February 2002
Headquarter	Jakarta
CEO	Zuryati Simbolon
Industry	Gas Transportation
Subsidiaries	-
Total Assets	USD 550 Million (2017)
No. Employees	285 (2017)
Website	www.tgi.co.id

<b>Grissik – Duri Pipeline</b> Pipeline Length ± 536 km	<b>Grissik – Singapore Pipeline</b> Pipeline Length ± 470 km
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## BUSINESS UPDATES

- Transportation volume in 3M-2018: 645 MMscfd
- Level of infrastructure reliability : 99.96%



# Joint Venture – Nusantara Regas



Type	Private
Founded	14 April 2010
Headquarter	Jakarta
CEO	Tammy Meidharma Sumarna
Industry	LNG Regassification Through FSRU
Subsidiaries	-
Total Assets	USD 277 Million (2017)
No. Employees	73 (2017)
Website	<a href="http://www.nusantararegas.com">www.nusantararegas.com</a>

LNG Volume 3M-2018  
**211 BBTud**

Operating FSRU Nusantara Regas Satu located in Jakarta Bay as the first LNG Receiving Terminal in Indonesia

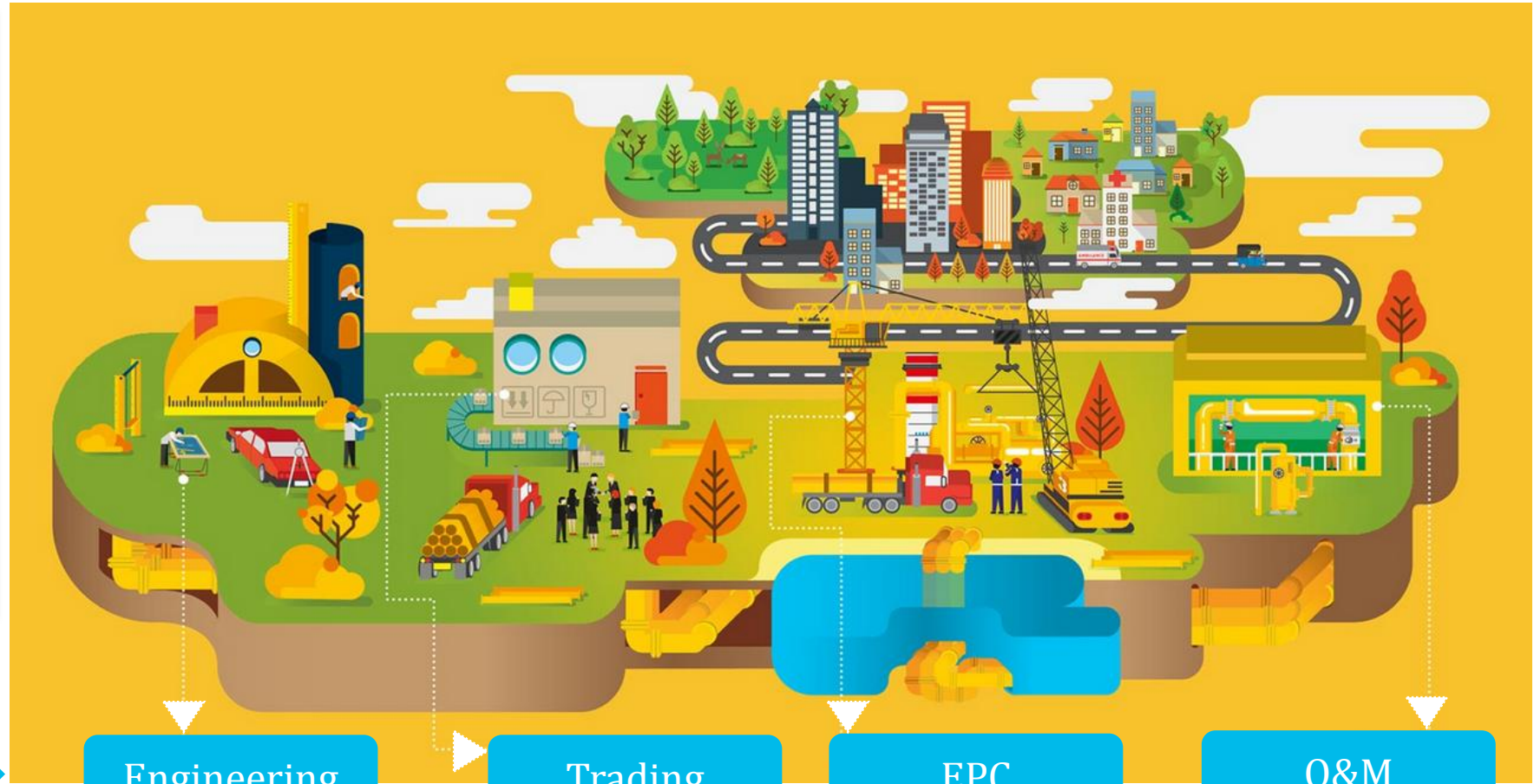
- Regasification capacity : 500 MMscfd.
- LNG Suppliers : Mahakam PSC and Tangguh PSC
- Offtaker : PLN Muara Karang



# Subsidiary – PGAS Solution



Type	Private
Founded	6 August 2009
Headquarter	Jakarta
CEO	Chaedar
Industry	Engineering
Subsidiaries	1 (PT Solusi Energi Nusantara/SENA)
Total Assets	USD 113 Million (2017)
No. Employees	325 (2017)
Website	www.pgn-solution.co.id



## Line of Business

**Engineering**

Establish SENA in 2015 to provide engineering services in the O&G industry, including pipeline, mechanical, electrical, geodetic, civil, process & telemetry sectors.

**Trading**

A Reliable Partner of Armatury Group, world biggest valve producer.

**EPC**

Building city gas pipeline, onshore - offshore Kalija gas pipeline, SPBG/Gas Refueling Station gas station upgrading.

**O&M**

More than 5,200 km in length of gas pipeline in its operation & maintenance (O&M)

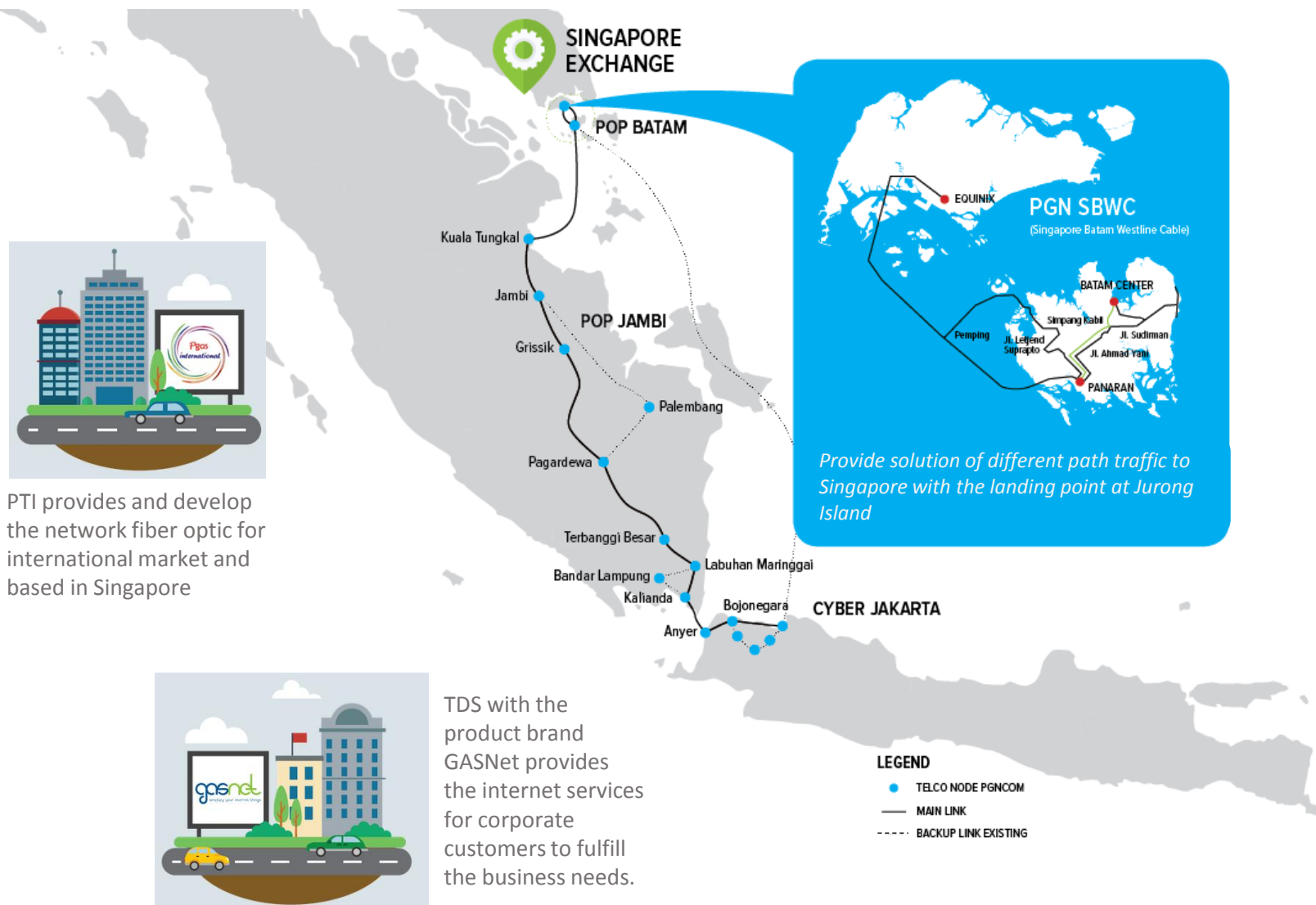
# Subsidiary – PGAS Telecommunication

**pgn** COM  
always reliable

Type	Private
Founded	10 January 2007
Headquarter	Jakarta
CEO	Sri Budi Mayaningsih
Industry	Information & Communication Technology
Subsidiaries	2 <ul style="list-style-type: none"> <li>PGAS International Pte, Ltd (PTI)</li> <li>PT Telemedia Dinamika Sarana (TDS)</li> </ul>
Total Assets	USD 35 Million (2017)
No. Employees	106 (2017)
Website	www.pgasc.com.co.id

## BUSINESS UPDATES

Throughout the year of 2017, PGASCOM successfully booked sales capacity of 2,424,905 Mbps and delivered telecommunication services reliability of 99.87%.



PTI provides and develop the network fiber optic for international market and based in Singapore



TDS with the product brand GASNet provides the internet services for corporate customers to fulfill the business needs.

# Subsidiary – Permata Graha Nusantara

	
Type	Private
Founded	24 April 2014
Headquarter	Jakarta
CEO	Baskara Agung Wibawa
Industry	Property & Facility Management
Subsidiaries	2 <ul style="list-style-type: none"> <li>• PT Kalimantan Jawa Gas (KJG)</li> <li>• PT Permata Karya Jasa (Perkasa)</li> </ul>
Total Assets	USD 293 Million (2017)
No. Employees	80 (2017)
Website	www.pgnmas.co.id

**Facility Management**  
Office & gas station support, warehouse & building maintenance

**Asset Management**  
Creating added value on PGN's property assets

**Real Estate**  
Developing gas based industrial & commercial estates and residential housing

Developed Residential Area for PGN Group

Managing ±25 PGN's non-productive assets

**PERMATA IN NUMBERS**

±335,558 M<sup>2</sup>  
Building Management Services

±68,200 M<sup>2</sup>  
Building Maintenance Services

±44 (locations)  
Gas Station Supports

±25 (locations)  
Temporary Facilities Services

±110 (users)  
Office Supports

±115 (clients)  
Office Stationery Services



# Recognitions 2017

Best of Asia Pacific  
World's Best Annual Report 2017



Best organizational Governance  
CSR Core Subject Performance of  
ISO 26000



#2 BUMN Non-Listed  
Annual Report Award 2016



Winner - Energy Category  
Best Sustainability Report 2015  
SRA 2016



Best Overall  
Best Sustainability Report  
2015 SRA 2016



BUMN Performance Excellence Award 2017  
Emerging Industry Leader



Lloyd's Register  
LRQA Certificate



Top CSR Awards 2017



2017 Stevie Award  
The International Business Award



BUMN Performance Excellence Award 2017

Silver Award  
Security Management System



Occupational Safety & Health  
Management System



ISO 14001:2004



OHSAS 18001:2007

Gold Winner  
2017 Stevie Award



2016 Vision Award  
#1 Worldwide Annual Report Competition