



# INVESTOR PRESENTATION 12M-2017 Update

**PT Perusahaan Gas Negara (Persero) Tbk**

[www.pgn.co.id](http://www.pgn.co.id)

# DISCLAIMER

The information contained in our presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions subject to various risk. No assurance can be given that further events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.

## ABOUT PGAS

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

## HEADQUARTER

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

### **Investor Relations Contact:**

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Phone: +62 21 8064 1111

# Company Introduction

## VISION

To Become the World-Class Energy Company in Gas Business in 2020

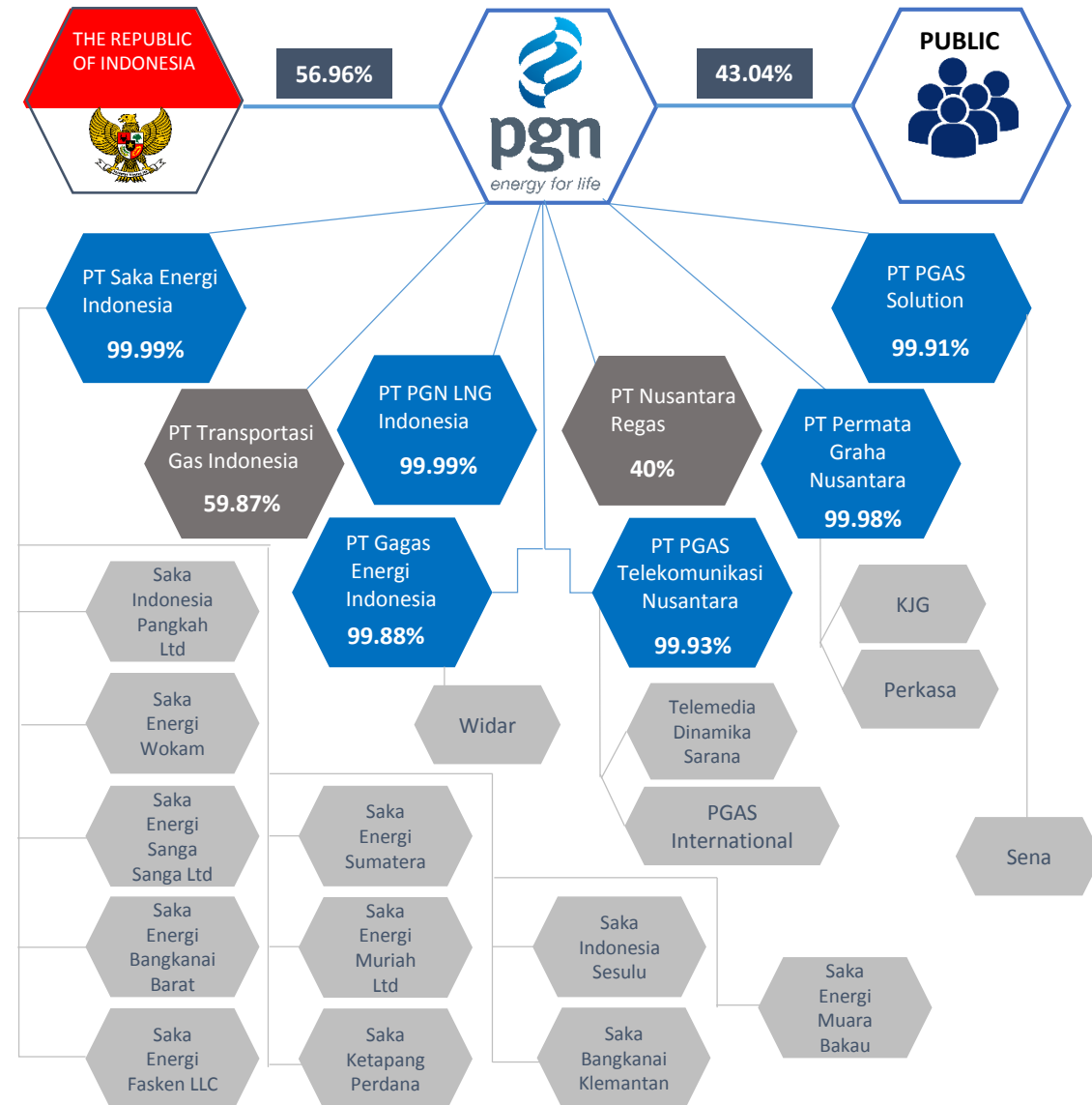
## MISSION

To increase the Company's added values for stakeholders through:

- Customers**  
 Energy needs fulfillment solution that is safe, value-added, economic, and increase the competitiveness;
- Society**  
 The improvement of welfare and sustainable economic growth through energy independence and environmental conservation efforts;
- Shareholders / Investors**  
 The creation of the optimal and sustainable Company's values through internal and external synergies.

|  |  |
|--|--|
|  |  |
| Type   | Public   |
| Index  | IDX:PGAS   |
| Founded  | 13 May 1965                                      |
| Headquarter  | Jakarta  |
| CEO  | Jobi Triananda Hasjim                            |
| Industry   | Gas Transmission and Distribution                |
| Subsidiaries   | 8  |
| Total Assets   | USD 6.3 Billion (2017)                           |
| No. Employees  | 1,352 (2017)<br><i>Notes: 395 Subs Secondees</i> |
| Website  | www.pgn.co.id                                    |

### Group Structure\*



# Business Coverage and Infrastructures

## Distribution Business

Buying and selling gas to customers by virtue of pipeline infrastructure in three main areas in West Java, East Java and North Sumatera.



## Transmission Business

Transporting gas of customers; suppliers or off-takers through pipeline. The pipeline can also function as the backbone to distribution pipeline.

## Downstream Business

- Operating in 3 Major Coverage Area, 39 cities and 12 provinces in Indonesia
- Transporting and Distributing Gas ±1,500 MMSCFD

## Gas Infrastructure

- Developing ±7,453 km length pipeline network, 2 unit FSRU, 12 Gas Fueling Station, 4 MRU

## Upstream Business

- Total assets 11 blocks (8 blocks in operation, 3 blocks in exploration)
- Increasing oil and gas production and lifting to ±39,233 BOEPD

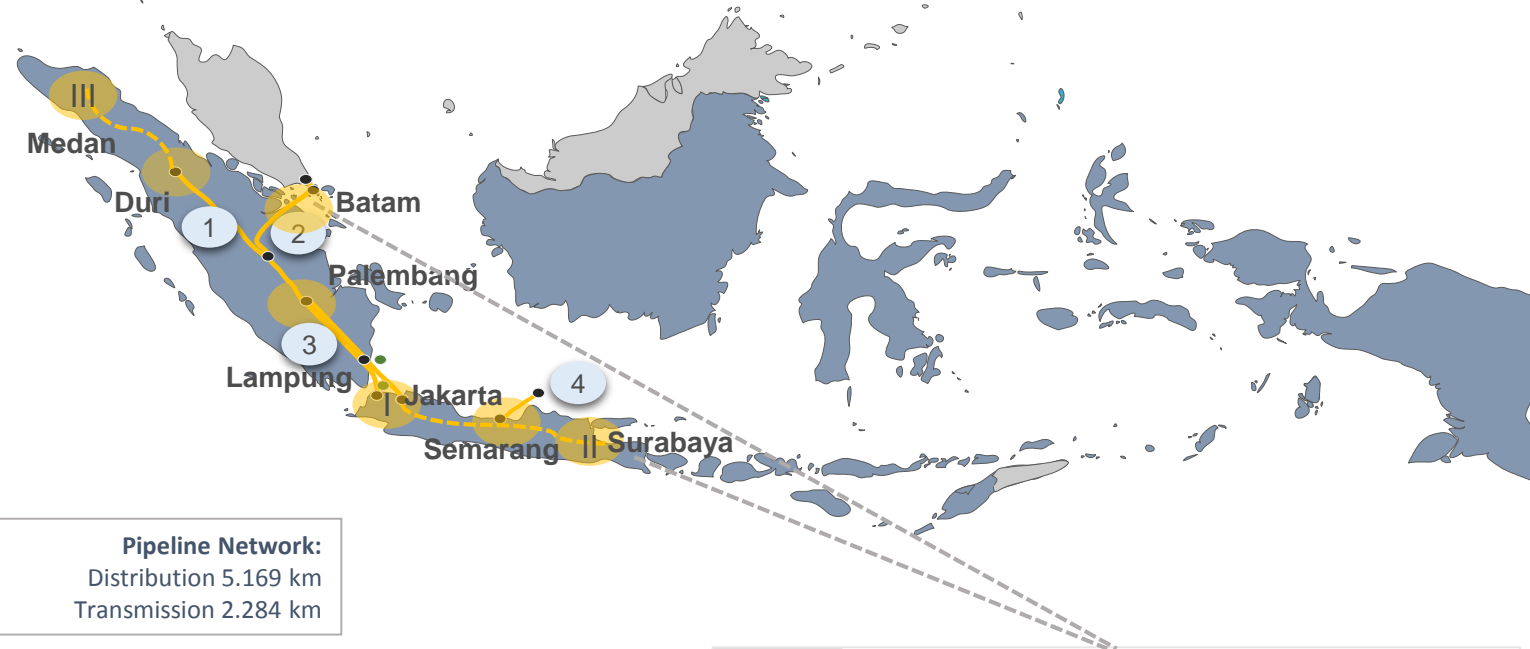
## Upstream Business

Investing participating interest in PSC and operating oil and gas blocks to support Indonesia production and lifting and to hedge downstream business



## Other Supporting Business

Taking business opportunities along the natural gas value chain; LNG, CNG, related gas business services, fiber optic for telecommunication, management of asset & facilities



**Pipeline Network:**  
Distribution 5.169 km  
Transmission 2.284 km

- 1 Transmission Pipeline Grissik – Duri
  - 2 Transmission Pipeline Grissik – Batam – Singapore
  - 3 Transmission Pipeline SSWJ
  - 4 Transmission Pipeline Kalija
- I Distribution West Java, Lampung, Palembang
  - II Distribution East Java and Central Java
  - III Distribution North Sumatera, Riau and Kepulauan Riau



# 12M-2017 Highlights

## DOWNSTREAM



Distribution Volume  
**772 MMSCFD**



Sales Price  
~ **USD 8.54/MMBTU**  
Cost of Gas  
~ **USD 6.07/MMBTU**  
(incl. LNG)



Transmission Volume  
**729 MMSCFD**  
(Incl. TGI & KJG)

## INFRASTRUCTURE



Pipeline Network  
**7,453 km**  
Developed 175 km  
in 2017

## UPSTREAM

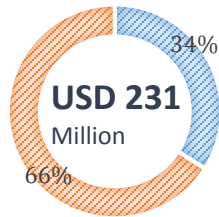


Overall net lifting  
**±39,233 BOEPD**

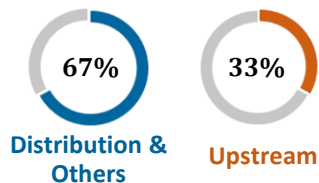
- Oil **8,995 BOEPD**
- Gas **139 BBTUD**
- LNG **32 BBTUD**
- LPG **150 MTPD**

## CAPEX

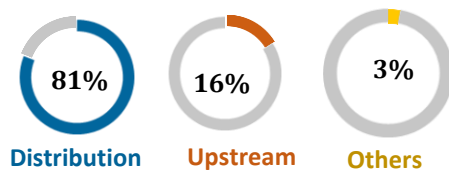
■ Distribution & Others ■ Upstream



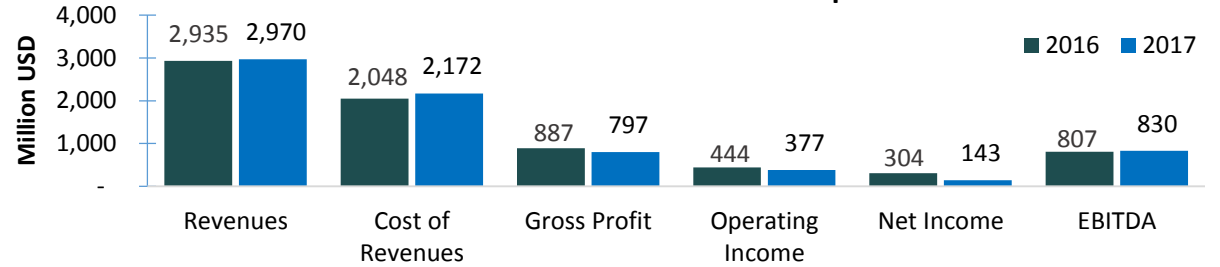
### EBITDA Contribution



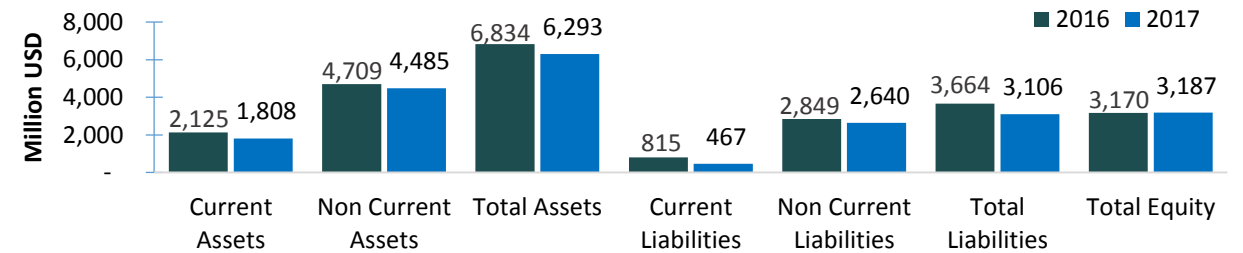
### Revenue Contribution



### Consolidated Statement of Comprehensive Income



### Consolidated Statements of Financial Position



### Impact of Macroeconomy

- Unfavorable gas market conditions
- Contracting demand of commodities
- Government's incentives for fertilizer, petrochemicals and steel

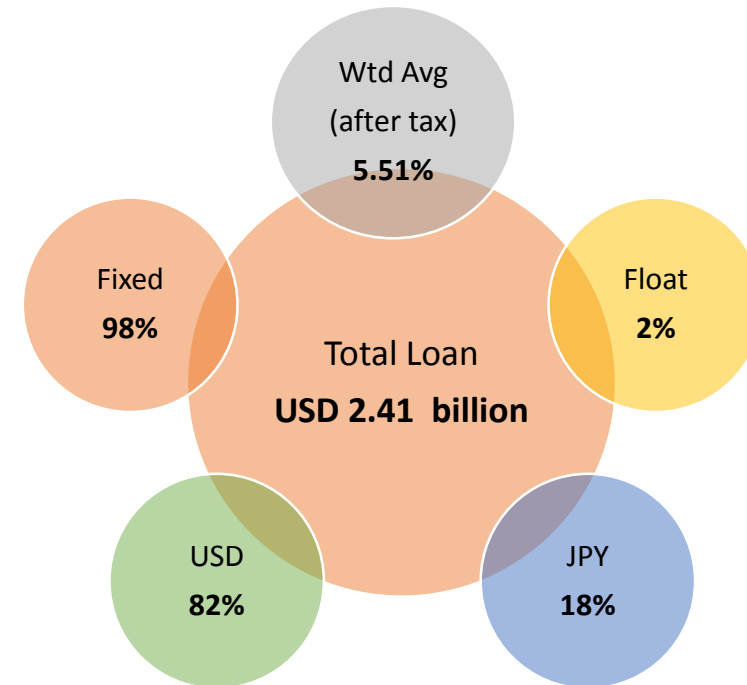
### OPERATING EXPENSE

|                             | 31 Dec 2017 | 31 Dec 2016 |
|-----------------------------|-------------|-------------|
| <i>In Million USD</i>       |             |             |
| Distribution & Transmission | 237         | 220         |
| General & Administration    | 203         | 234         |
| <b>TOTAL</b>                | <b>440</b>  | <b>454</b>  |

# Financial Performance

| Financial Ratios                         | 31 Dec 2017 | 31 Dec 2016 |
|--|-------------|-------------|
| EBITDA Margin (%)                        | 28.0        | 27.5        |
| EBITDA / Interest Expense (x)            | 5.6         | 6.1         |
| Debt (Interest Bearing Debt)/ Equity (%) | 75.1        | 91.6        |
| ROA (%)                                  | 13.2        | 11.8        |
| ROE (%)                                  | 4.5         | 9.6         |

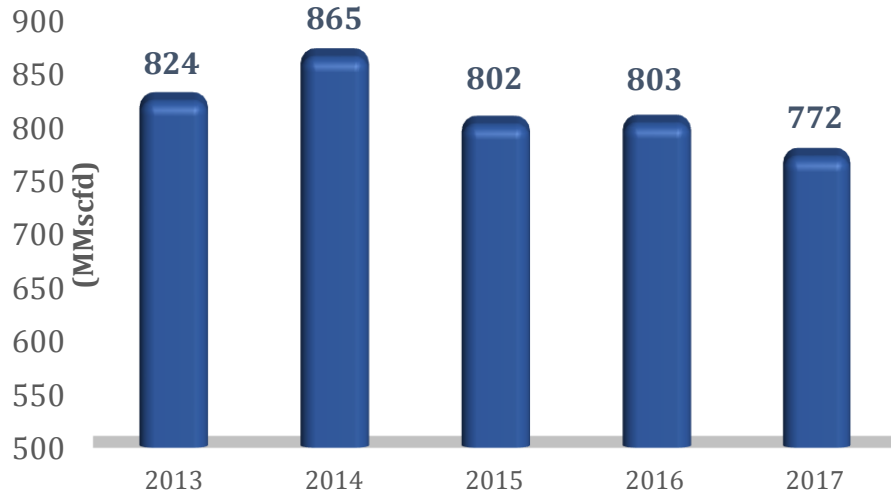
| Cash Flow <i>(In Million USD)</i> | 31 Dec 2017 | 31 Dec 2016 |
|-----------------------------------|-------------|-------------|
| Beginning Balance                 | 1.304       | 1.136       |
| Cash flow from operating          | 578         | 656         |
| Cash flow from investment         | (189)       | (501)       |
| Cash flow from financing          | (648)       | (5)         |
| Foreign Exchange Impact           | (18)        | 8           |
| Ending Balance                    | 1.026       | 1.304       |



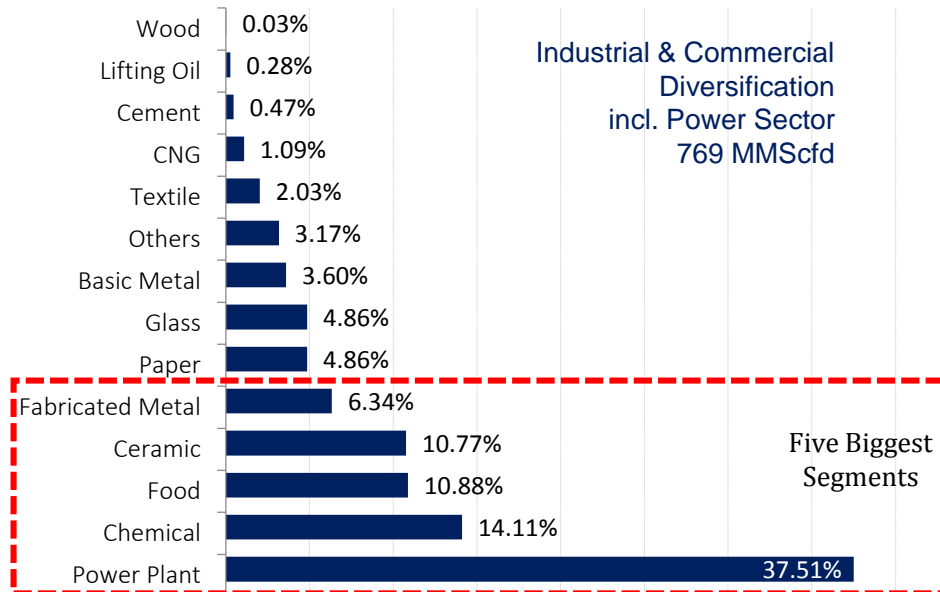
As of 26 February 2018

| Credit Rating    | Rating | Outlook  |
|------------------|--------|----------|
| Moody's          | Baa3   | Positive |
| Standar & Poor's | BBB-   | Stable   |
| Fitch Ratings    | BBB-   | Stable   |
| Pefindo          | idAAA  | Stable   |

# Contribution - Distribution



Lower consumption in 2Q-2017 from power sector and industries



## Industries and Power Plants

97.2% of total sales volume

1,741 Customers

## Commercial & SME

2.5% of total sales volume

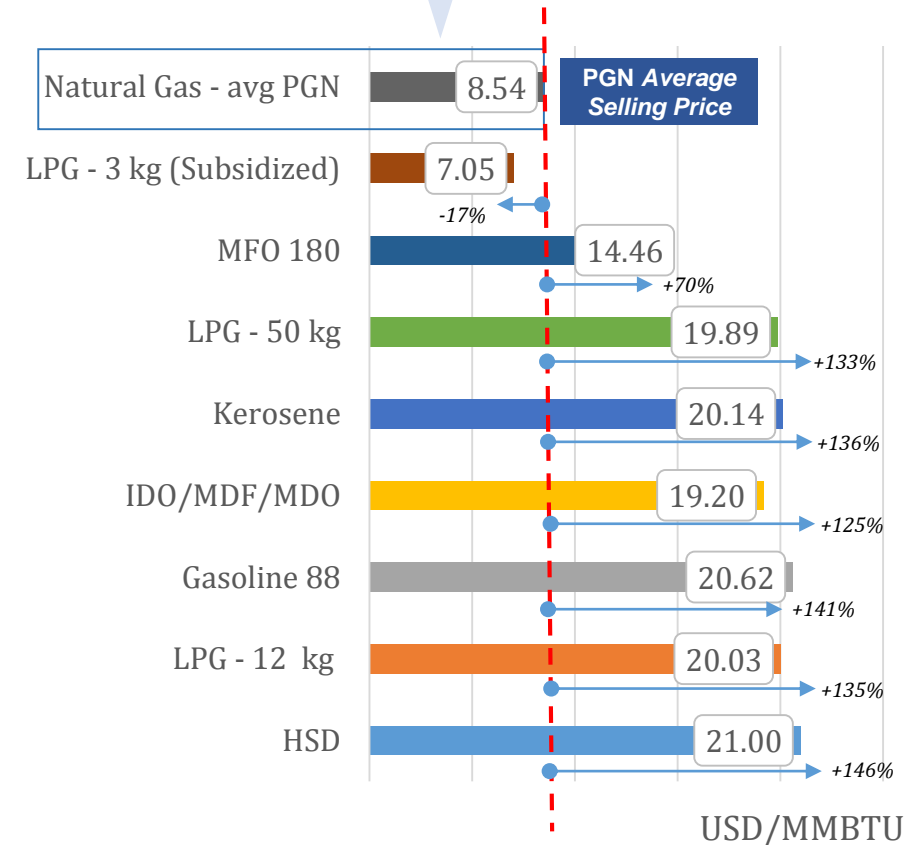
1,991 Customers

## Households

0.4% of total sales volume

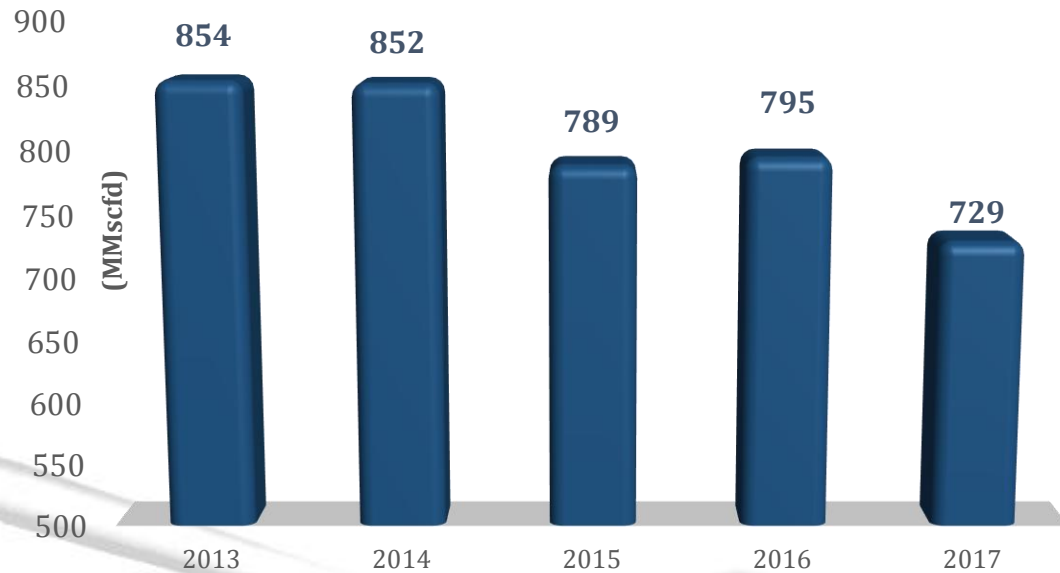
192,489 Customers

Price of gas remained competitive than other energy sources



Exchange Rate USD/IDR : 13,548 (as of 31 Dec 2017)

# Contribution – Downstream Transmission



Transmission

## 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 Central Sumatera and Singapore decreased by 41 MMScfd from 686 to 645 MMScfd. This was due to contractual decline of TGI's customer.

## Operated by KJG

- Total Length: ± 200 km (Kepodang- Tambak Lorok)
- Off-taker : PLN
- Volume 76 MMScfd
- Gas transported from Kepodang field operated by Petronas through Kalimantan – Java pipeline decreased by 16 MMScfd from 92 to 76 MMScfd due to declining reserve from supplier

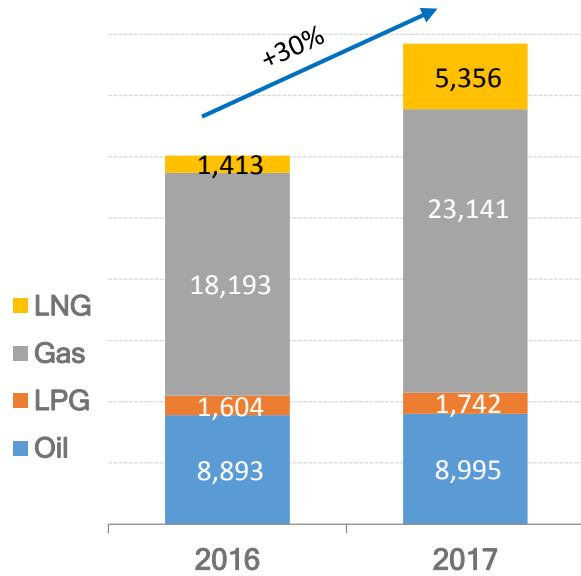
## Operated by PGN

- Total Length: ± 1,077 km (incl. SSWJ)
- Off-taker: PLN, BBG
- Volume 8 MMScfd

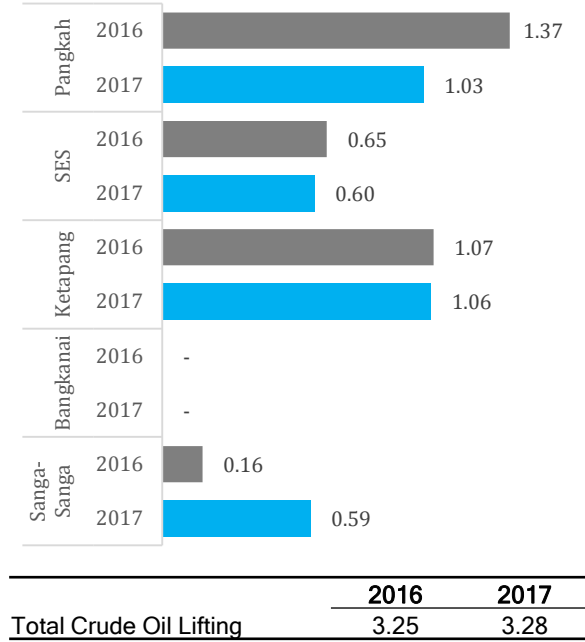
# Contribution – Upstream

## Oil and Gas Lifting

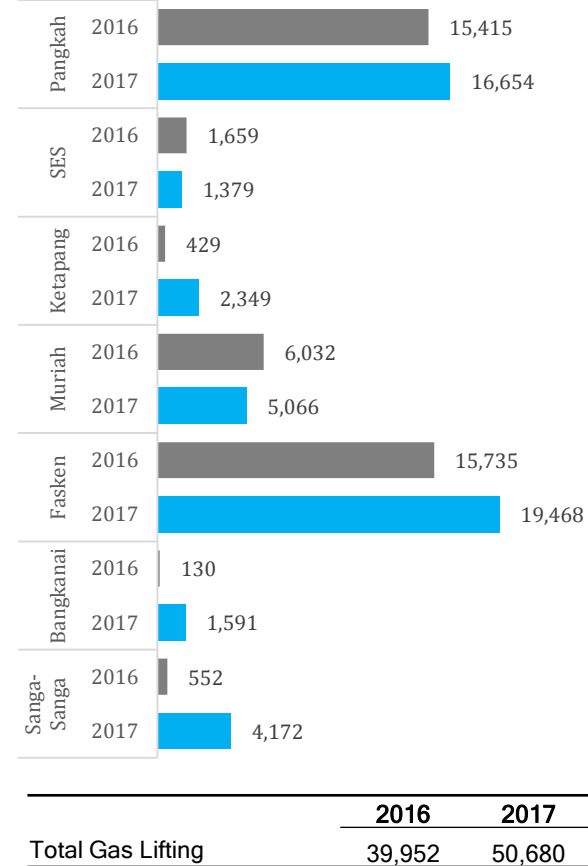
30,103 boepd      39,233 boepd



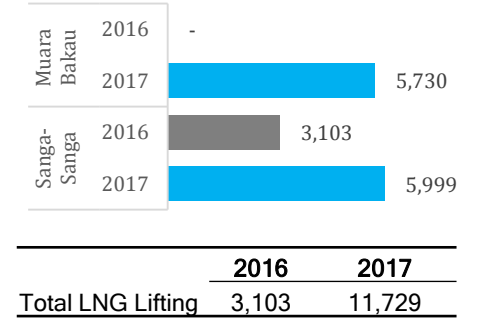
## Crude Oil & Condensate (MMBBL)



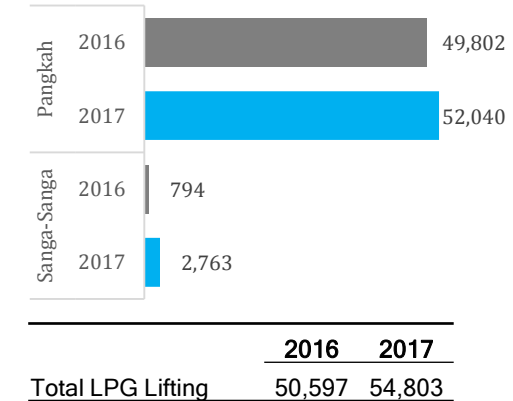
## Gas (BBTU)



## LNG (BBTU)



## LPG (MT)



# Contribution – Others

|                             |                   |
|-----------------------------|-------------------|
| 2017<br>USD 89.5<br>Million | 62% Finance Lease |
|                             | 15% Fibre Optic   |

23% Pipeline Construction & Maintenance

|                             |                   |
|-----------------------------|-------------------|
| 2016<br>USD 73.1<br>Million | 86% Finance Lease |
|                             | 13% 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.

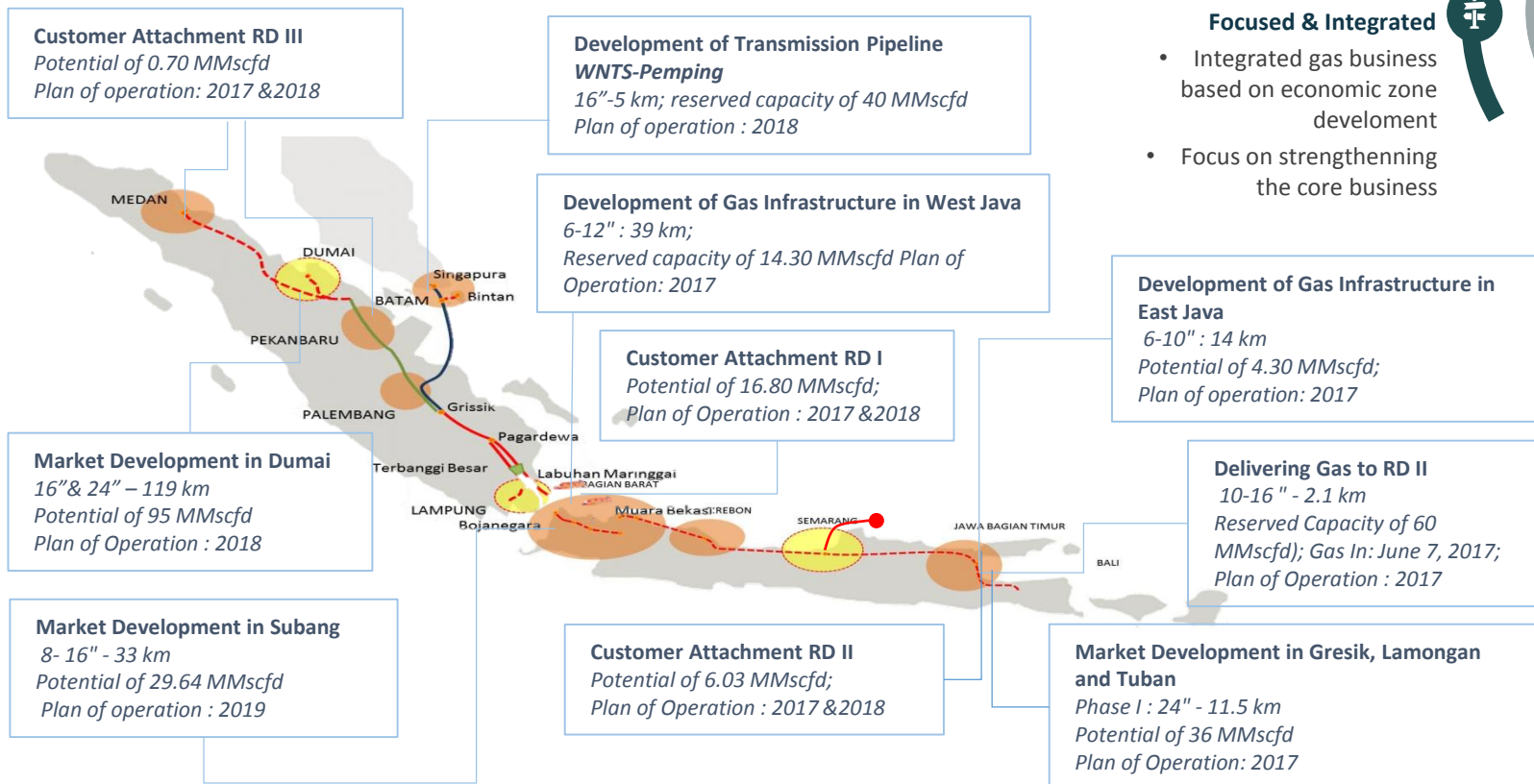
**Fibre optic** represents PGASCOM's revenues of network services to the customers.

**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

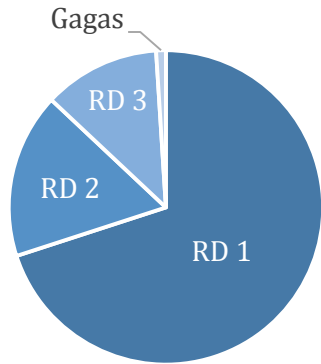


# 2018 Targets – Guidelines for Investors

Organic PGAS only & Subject to Change

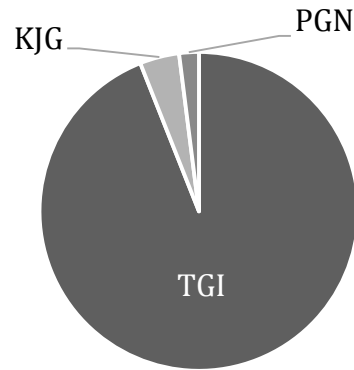
Distribution Volume  
**775 MMSCFD**

Zero growth or flat in 2018

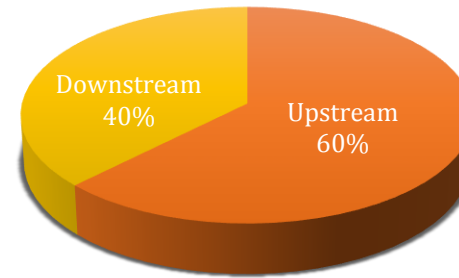


Transmission Volume  
**665 MMSCFD**

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**

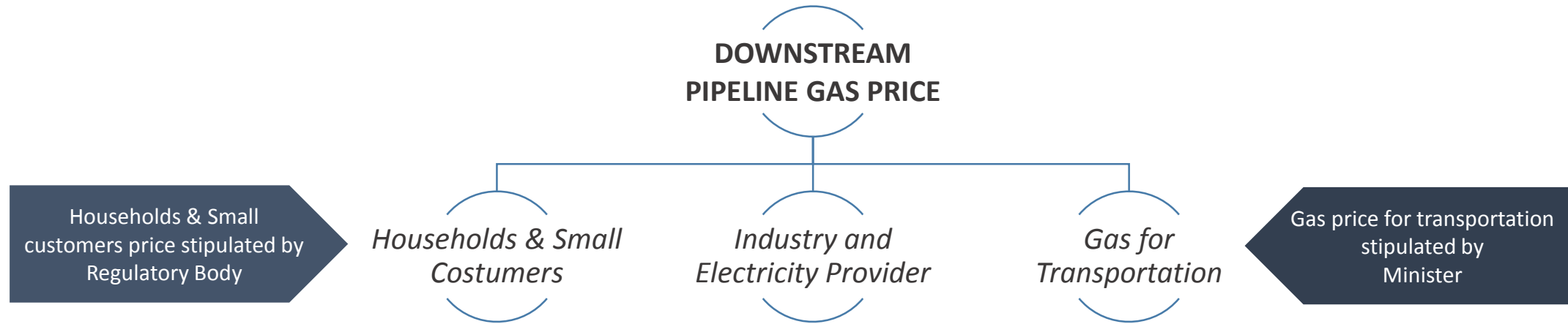
**67 km** length of pipeline

JV with Pertamina

Plan of operation end 2018

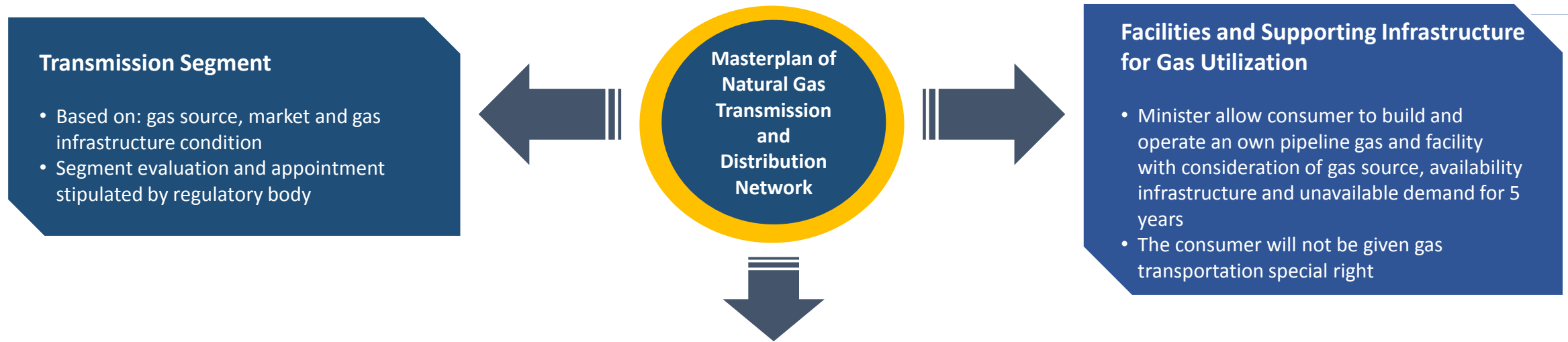


# EMR Ministerial Regulation (PERMEN ESDM) No. 58/2017



**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;"><i>= Cost of Service / Volume</i></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> |



## Downstream Gas Business

### 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

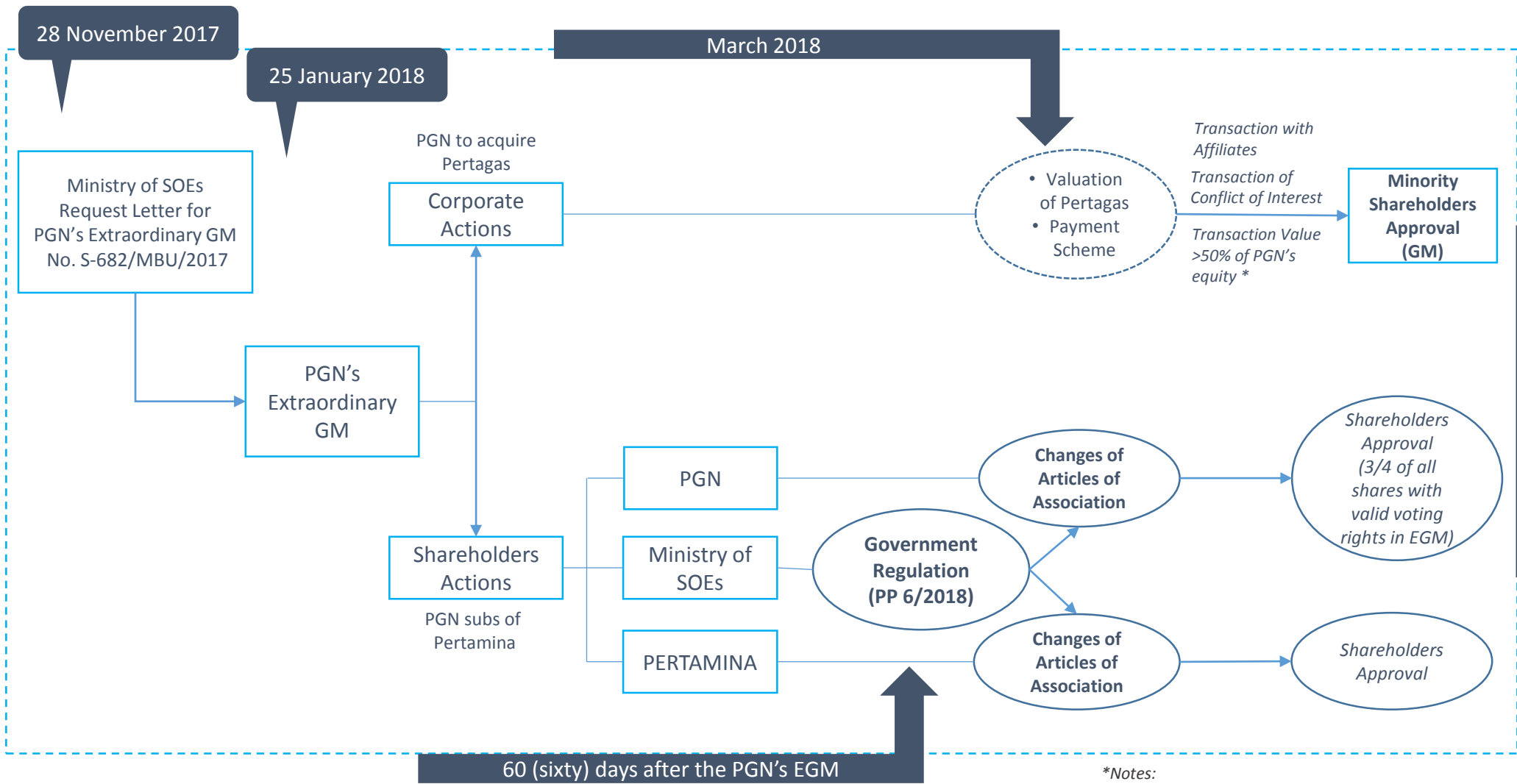
### Non Pipeline Transportation and Storage

- 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

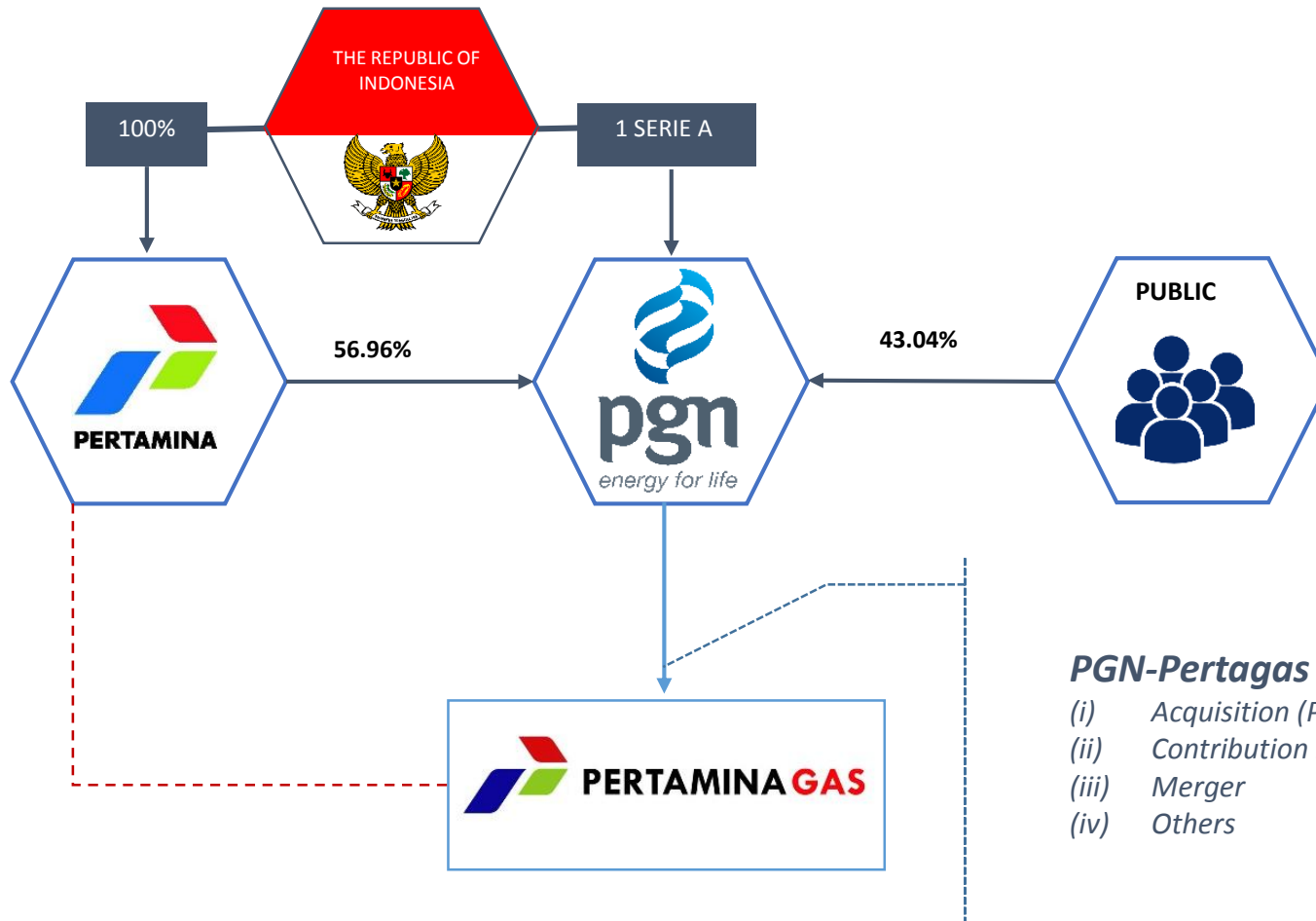
Oil & Gas Holding Plan

Oil & Gas Holding



\*Notes:  
 • PGN's equity : USD 3.17 Bio (2016)  
 • According to POJK IX.E.1 and POJK IX.E.2

# Structure of Oil and Gas Holding



## ***PGN-Pertagas Options***

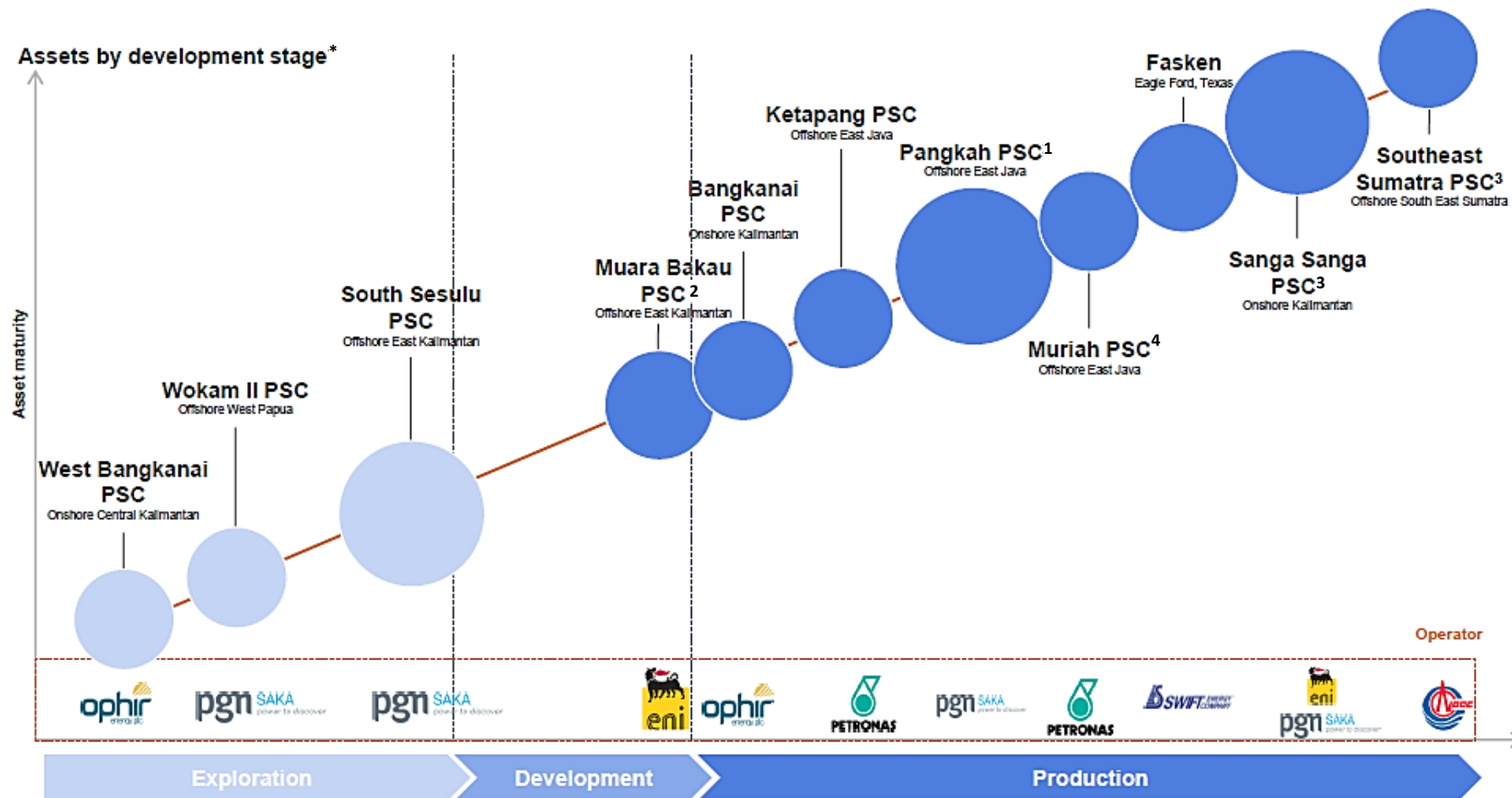
- (i) Acquisition (PGAS acquire the shares of Pertagas owned by Pertamina)
- (ii) Contribution in kind
- (iii) Merger
- (iv) Others

# 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 Q4: 560 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 395 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

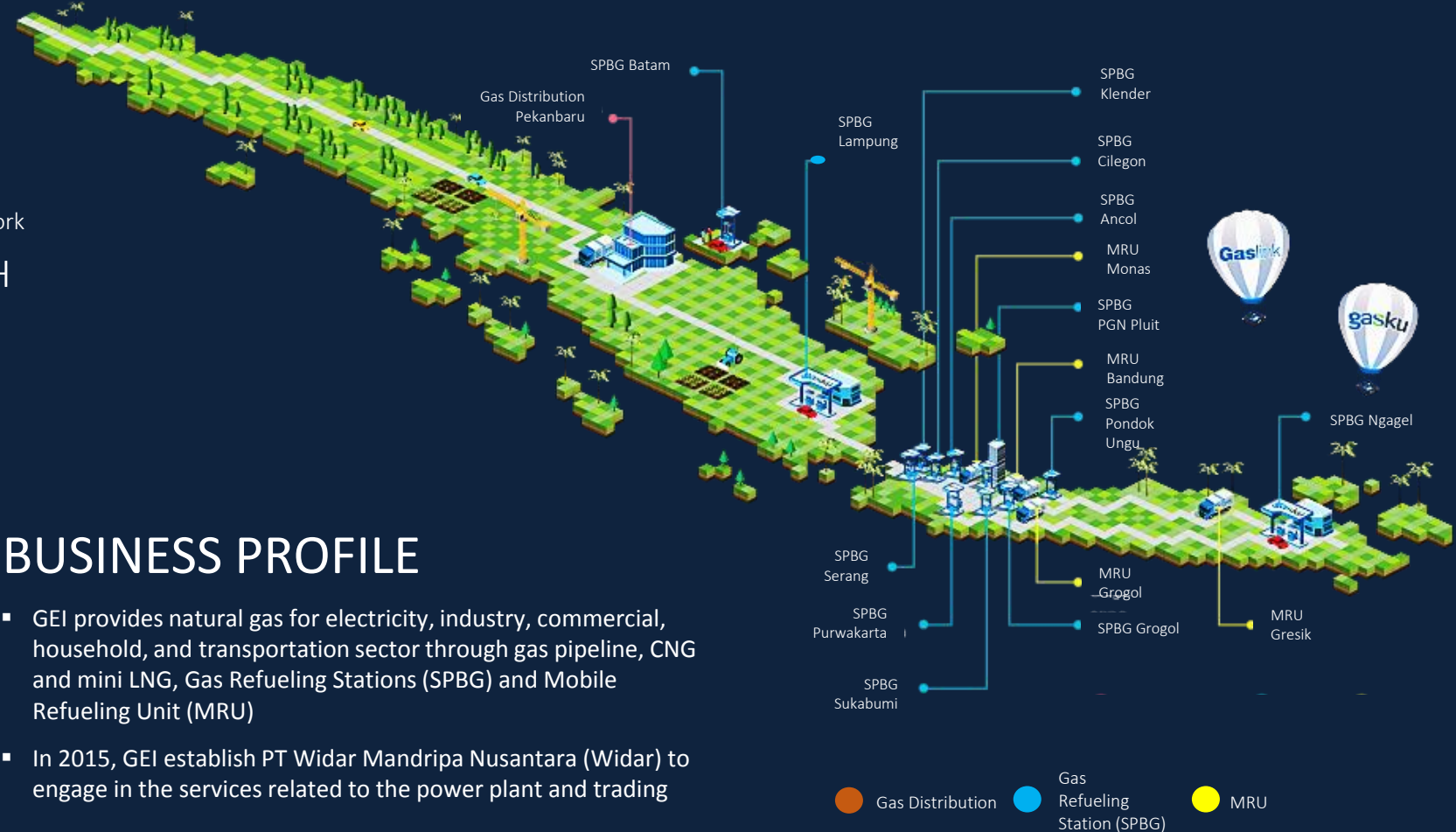
TOTAL VOLUME 2017

7 MMSCFD

- Regional I : 9 SPBG & 3 MRU
- Regional II : 1 SPBG & 1 MRU
- Regional III : 1 SPBG & 1 Gas Distribution Network

ELECTRICITY BUSINESS 2017 : 7,237,083 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 78 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)



**Transgasindo**  
energy connect synergy

| Type          | Private                            |
|---------------|------------------------------------|
| Founded       | 1 February 2002                    |
| Headquarter   | Jakarta                            |
| CEO           | Zuryati Simbolon                   |
| Industry      | Gas Transportation                 |
| Subsidiaries  | -                                  |
| Total Assets  | USD 554 Million (2017 - Unaudited) |
| No. Employees | 285 (2017)                         |
| Website       | www.tgi.co.id                      |

## Grissik – Duri Pipeline

Pipeline Length  
± 536 km  
Distribution capacity  
± 427 MMscfd

## Grissik – Singapore Pipeline

Pipeline Length  
± 220 km onshore  
± 248 km offshore  
Distribution capacity  
± 465 MMscfd



# Joint Venture – Nusantara Regas



|               |  |
|---------------|--|
| Type          | Private  |
| Founded       | 14 April 2010  |
| Headquarter   | Jakarta  |
| CEO           | Tammy Meidharma Sumarna  |
| Industry      | LNG<br>Regassification<br>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 2017 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

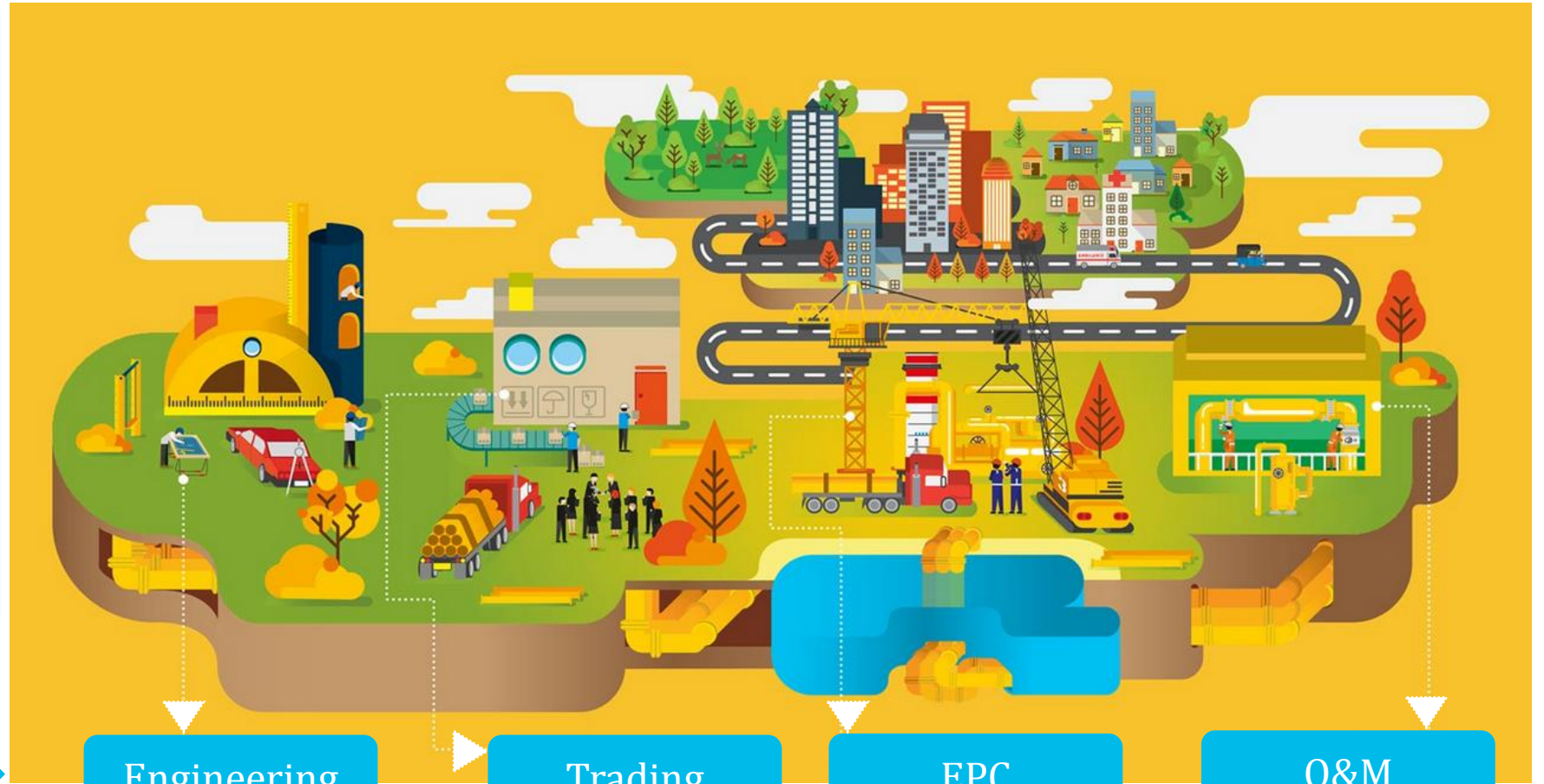


# Subsidiary – PGAS Solution



|               |  |
|---------------|--|
| Type          | Private  |
| Founded       | 6 August 2009  |
| Headquarter   | Jakarta  |
| CEO           | Chaedar  |
| Industry      | Engineering  |
| Subsidiaries  | 1 (PT Solusi Energi Nusantara/SENA)                                |
| Total Assets  | USD 99 Million (2017)  |
| No. Employees | 325 (2017)   |
| Website       | <a href="http://www.pgn-solution.co.id">www.pgn-solution.co.id</a> |

## 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 32 Million (2017)   |
| No. Employees | 106 (2017)  |
| Website       | www.pgasc.com.co.id   |



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

## BUSINESS PROFILE


Through the coverage of fiber optic cable network available throughout Jakarta - Sumatera - Batam - Singapura, PGASCOM has provided services throughout that backbone for operator customers, corporate customers, and PGN.



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   | Adrian Prihutomo  |
| 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 290 Million (2017)  |
| No. Employees   | 80 (2017)   |
| Website   | <a href="http://www.pgnmas.co.id">www.pgnmas.co.id</a>  |

**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



# 2017 Recognitions

Best of Asia Pacific  
World's Best Annual Report 2017  
ARC Awards



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