PT Perusahaan Gas Negara (Persero) Tbk

INVESTOR PRESENTATION

9M-2017 Update

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.

Company Vision and Mission

VISION

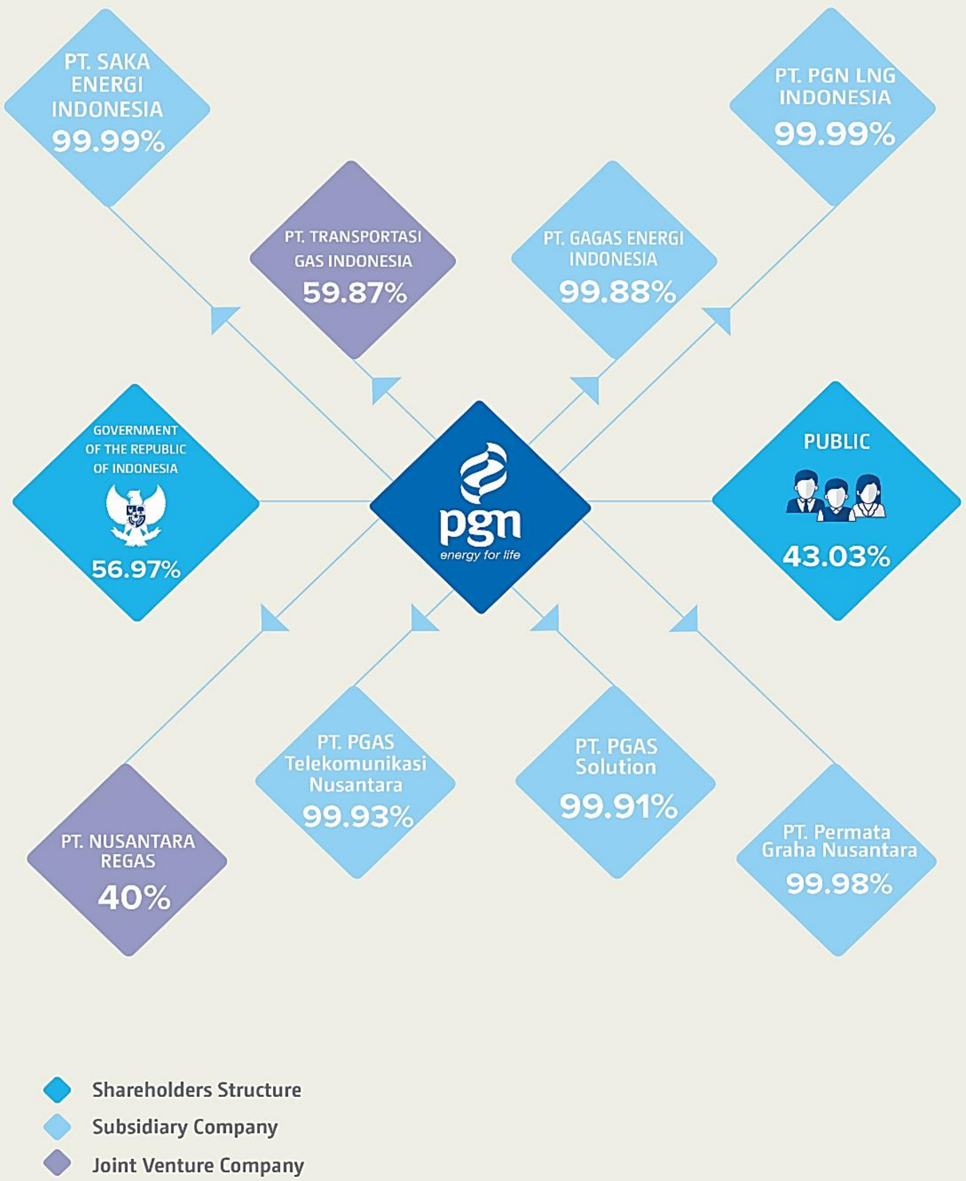
To Become the World-Class Energy Company in Gas Business in 2020

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.

Company Structures



PGN is an SOE with main business in natural gas. Currently, the Government of Indonesia holds 57% of shares while the remaining 43% is freefloat.

In line with its effort to strengthen the core business and expand further, PGN has transformed into a synergized company comprising upstream, downstream and supporting business.

It has six subsidiaries and two joint ventures, namely :

PGN's Subsidiary	Business
PT Saka Energi Indonesia	Upstream
PT PGN LNG Indonesia	Downstream
PT Gagas Energi Indonesia	Downstream
PT Nusantara Regas	Downstream
PT Transportasi Gas Indonesia	Downstream
PT PGAS Telekomunikasi Nusantara	Supporting
PT PGAS Solution	Supporting
PT Permata Graha Nusantara	Supporting

Existing Business Coverage

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 be function as the backbone to distribution pipeline.

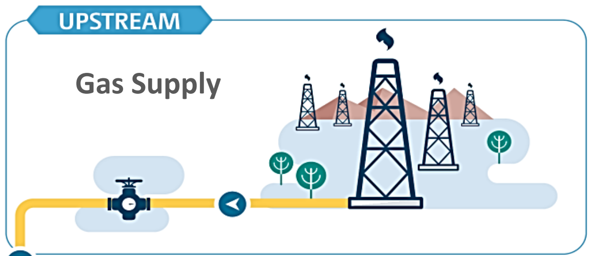
Upstream Business

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

Other Supporting Business

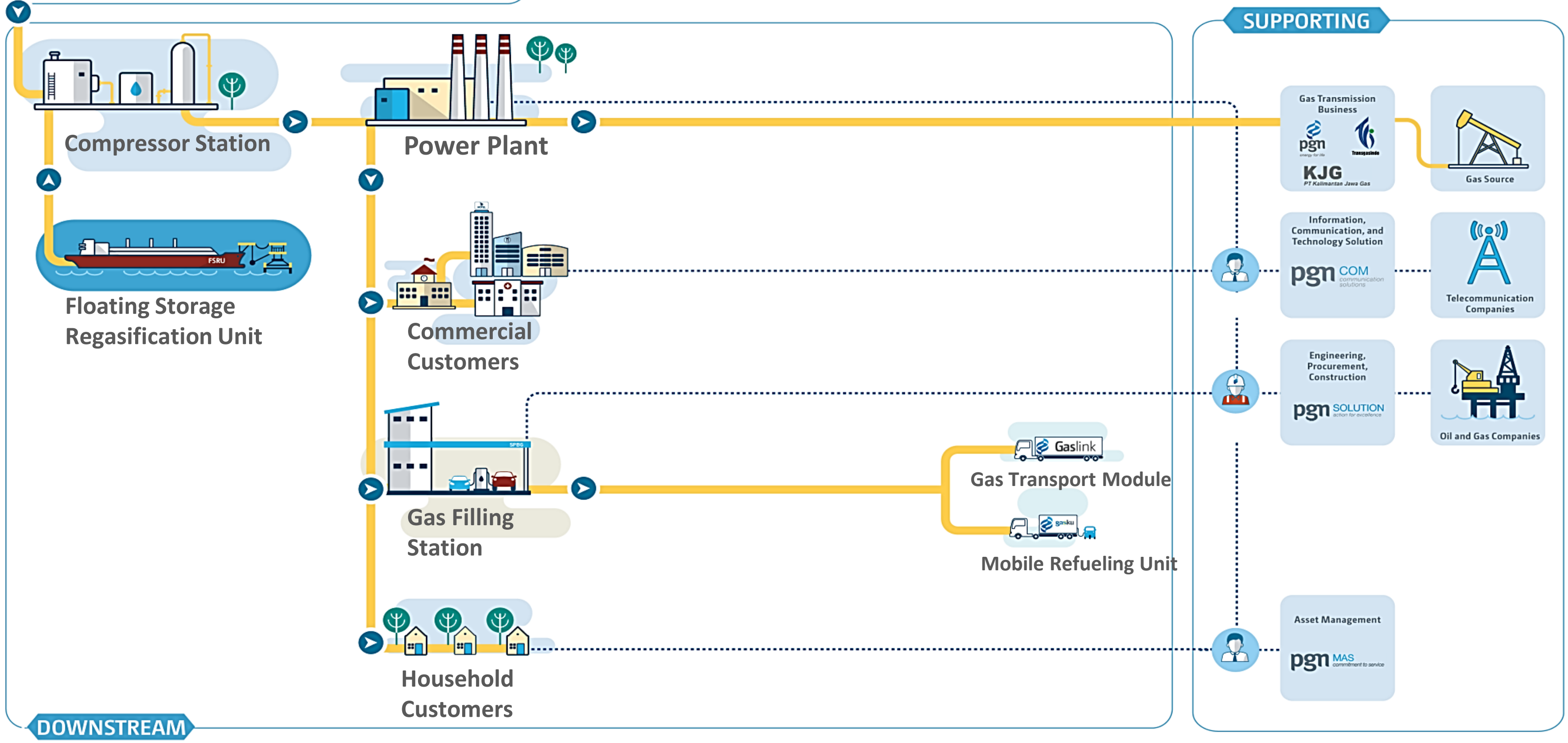
Taking business opportunities along the natural gas value chain; LNG, CNG, related gas business services, fiber optic for telecommunication, management of asset & facilities

Business Model

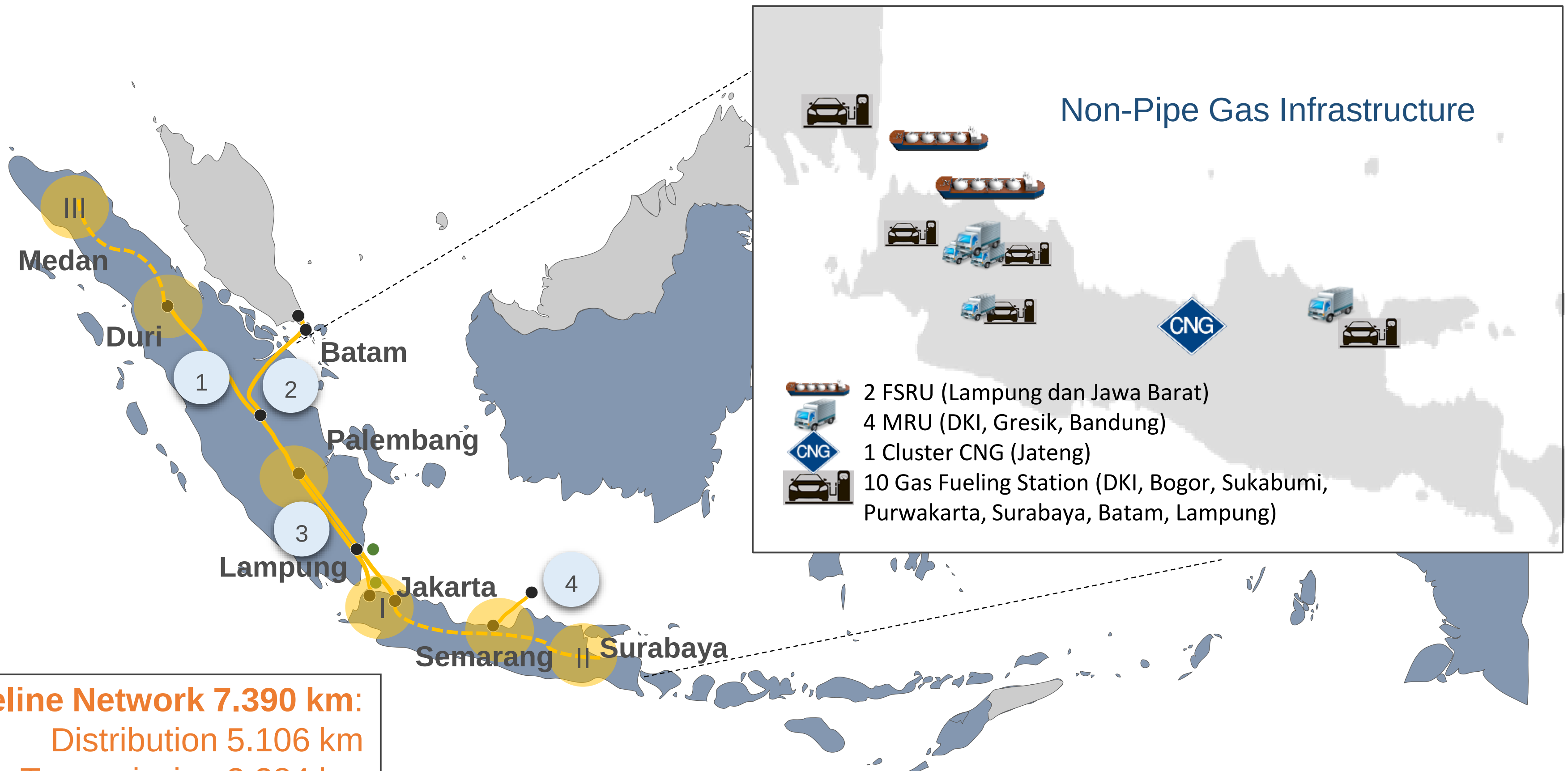


The existing business model allows PGN to integrate its gas block in upstream to transmission pipeline for offtaker and integrate its LNG FSRU and conventional gas to distribution pipeline for customers.

At the same time, the supporting businesses provide excellent service in the form of infrastructures integrity and reliability as well as safety for customers satisfaction.



Existing Gas Infrastructure



Pipeline Network 7.390 km:
Distribution 5.106 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 Distribusi East Java and Central Java
III Distribution North Sumatra, Riau and Kepulauan Riau

Operation
Plan

Business Achievements

Downstream Business

- Operating in 3 Major Coverage Area, 19 cities and 12 provinces in Indonesia
- Transporting and Distributing Gas 1,502 MMScfd

Gas Infrastructure

Developing ±7,390 km length pipeline network, 2 unit FSRU, 10 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 ±36,905 boepd

9M-2017 Highlights

DOWNSTREAM

- Distribution volume was 802 MMScfd in Q3-2017 (up 17% QoQ) or 767 MMScfd for 9M-2017.
- Average sales price USD 8.56/MMBtu
- Average cost of gas USD 6.04/Mmbtu (incl. LNG)

INFRASTRUCTURE

- Duri – Dumai Transmission
  - JV with Pertagas
  - Plan of Operation end 2018
- Duri – Dumai Distribution
  - Plan of Operation end 2018

UPSTREAM

Overall net lifting ±36,905 boepd

- Oil 9,338 bpd
- Gas 128 MMScfd
- LNG 26 MMScfd
- LPG 158 MTPD

REVENUES

Consolidated revenues of USD 2,165 Million

- D&T 83%
- Upstream 15 %
- Others 2%

EBITDA

EBITDA USD 632 Million

- D&T 69%
- Upstream 31%

OPERATING & NET INCOME

- Operating income USD 268 Million
- Net income USD 98 Million

CAPEX

Revised from USD 500 Million to ± USD 300 Million

- D&T 36%
- Upstream 56%
- Others 8%

CAPITAL STRUCTURE

PGN maintain a capital structure within the covenant from its creditors.

- Debt to Equity ratio 0.76x
- Debt Service ratio 5.9x

WEIGHTED INTEREST RATE

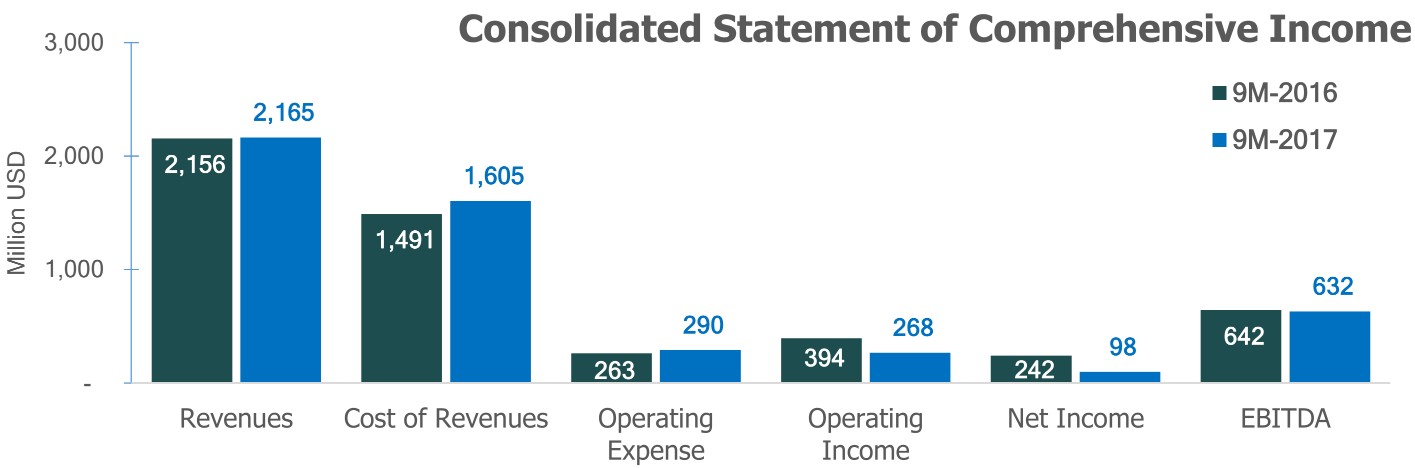
Weighted cost of debt 5.51%

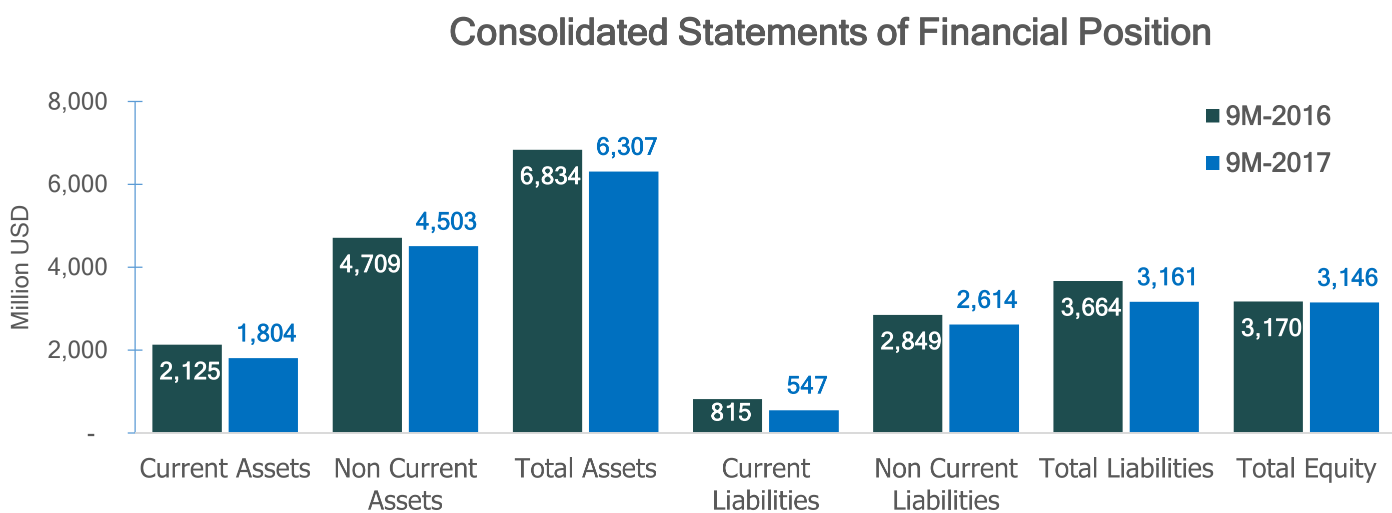
CASH FLOW

Cash and cash equivalent at end of period September 2017 USD 956 million

Financial Performance

9M-2017 and 9M-2016

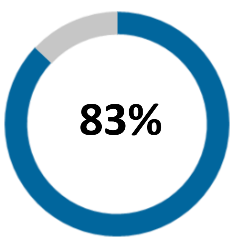




Financial Performance

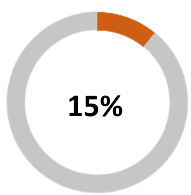
Comprehensive Income Statement	30 Sept 2017	30 Sept 2016
In Million USD		
Revenues	2,165	2,156
Cost of Revenues	(1,605)	(1,491)
Gross Profit	560	665
Operating Income	268	394
EBITDA	632	642
Tax Expense	(88)	(50)
Net Income	98	242

Cash Flow	30 Sept 2017	30 Sept 2016
In Million USD		
Cash flow from operating	546	437
Cash flow from investment	(232)	(388)
Cash flow from financing	(662)	(8)



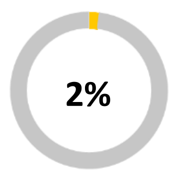
Distribution

contributes 83% to the total consolidated revenues



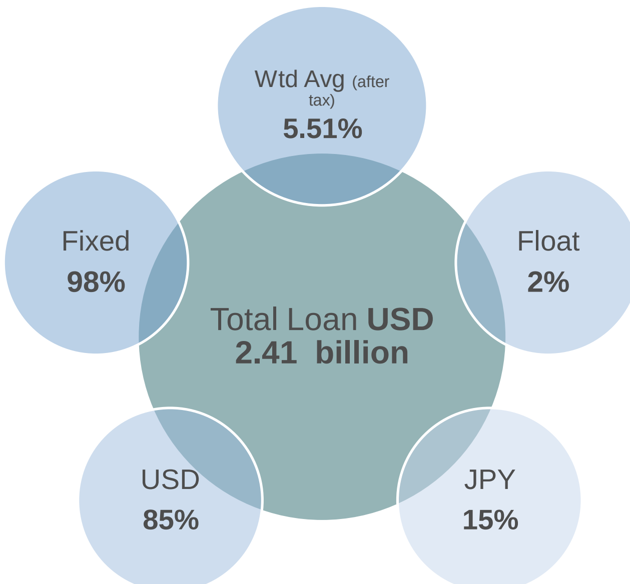
Oil and Gas

contributes 15% to the total consolidated revenues



Other Operations

Supporting and joint venture businesses contribute 2%. The businesses included LNG regasification, finance lease, technical and maintenance service, office & building management serivice



Financial Performance

Impact of Macroeconomy

- Unfavorable market conditions has had a profound impact on Indonesia industry, not least on the national gas industry
- The contraction in demand of commodities including natural gas
- Government's incentives to maintain competitiveness for national industries and gas users such as fertilizer, petrochemicals and steel

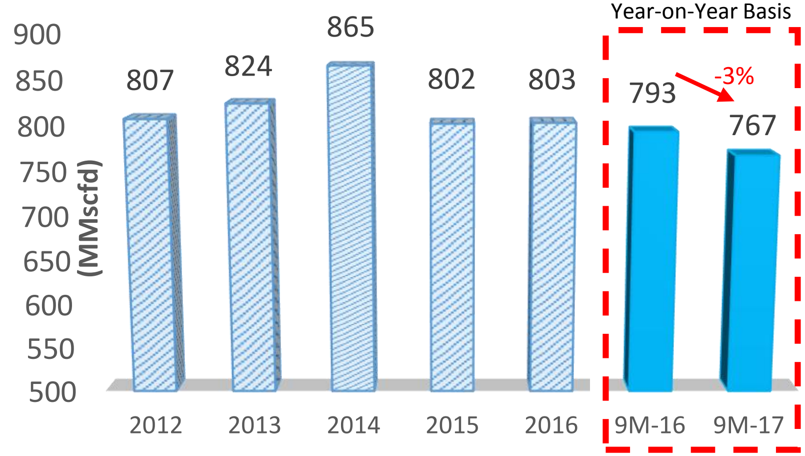
	30 Sept 2017	30 Sept 2016
Financial Ratios		
EBITDA Margin (%)	29.2	29.8
Net Debt / EBITDA (x)	2.2	2.5
EBITDA / Interest Expense (x)	5.9	7.6
Debt / Equity (%)	76.1	93.5
ROA (%)	10.0	9.6
ROE (%)	3.2	8.4
ROCE (%)	5.1	6.9

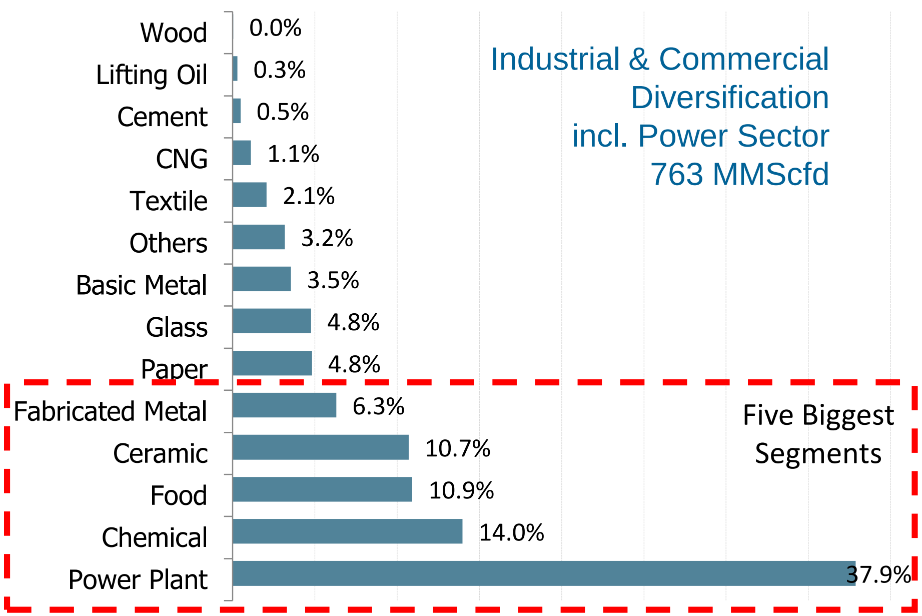
Credit Rating	Rating	Outlook
Moody's	Baa3	Positive
Standar & Poor's	BBB-	Stable
Fitch Ratings	BBB-	Positive
Pefindo	idAAA	Stable

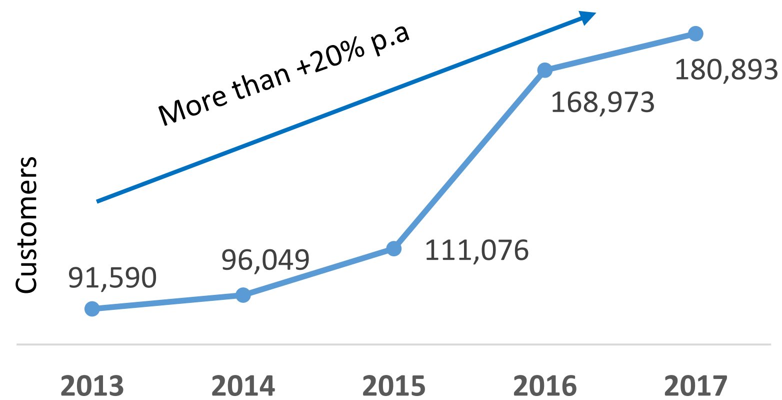
Downstream - Distribution Business

Distribution

- In 9M-2017, PGN delivered 767 MMscfd, lower by 27 MMScfd from the corresponding period 2016
- Regional Distribution I contributed 70%, Regional Distribution II contributed 17% and Regional Distribution III 13% to the total sales
- YoY declining was impacted by lowering consumption in second quarter mainly from power sector and industries



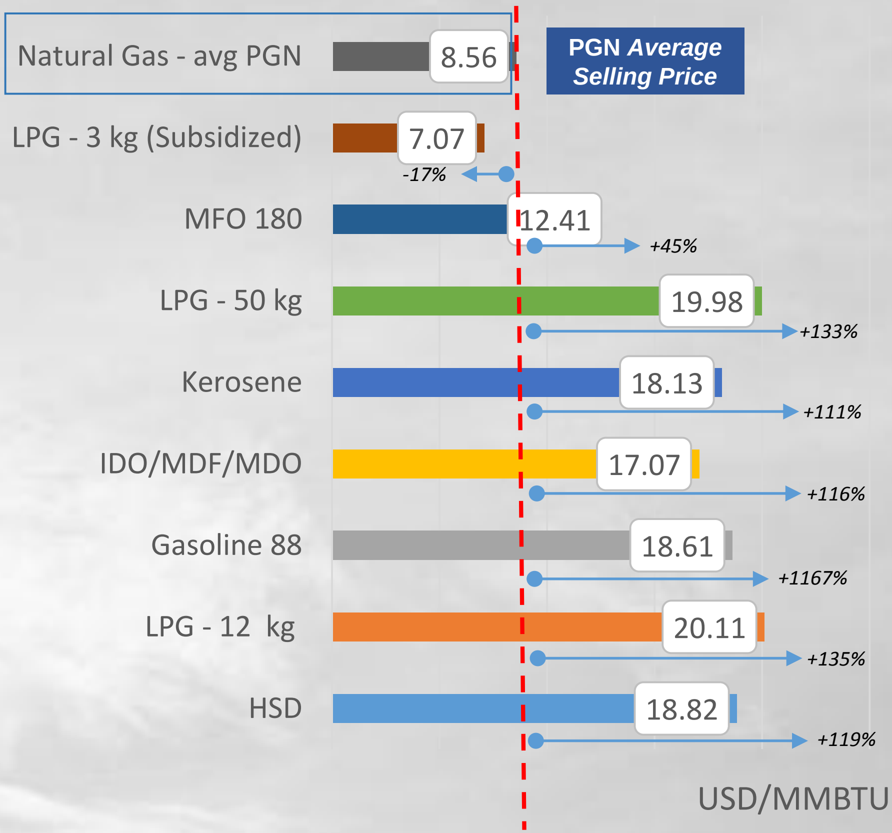




Industries and Power Plants	Commercial & SME	Households
97.1% of total sales volume	2.5% of total sales volume	0.4% of total sales volume
1,739 Customers*	1,984 Customers*	177,170 Customers*

*Number of customers as of 30 September 2017

Downstream – Gas Sales Price



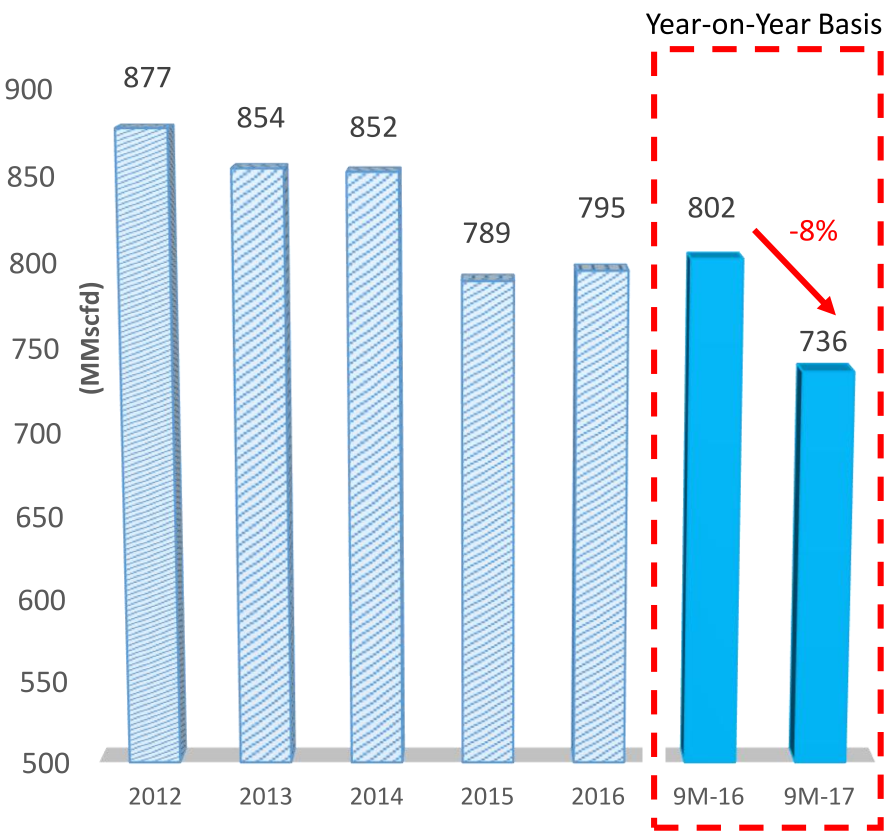
- In nine month period, PGN's average selling price was USD 8.56/MMBtu
- Price of gas remained competitive than other energy sources. However, amid market competition, PGN offers special and incentive price which can benefitting the customers from using larger gas volume. The aims is to maintain PGN's market share
- PGN has been diligently approaching other SOE and private sectors to form a synergy of business in which PGN can provide gas and related services.

Based on :
Price of Pertamina Depot as of Sept 2017
Exchange Rate IDR 13,492

Downstream - Transmission Business

Transmission

- In 9M-2017, PGN, KJG, TGI delivered 8 MMscfd, 76 MMScfd, 651 MMScfd respectively. The transmission volume decreased by 8% yoy from the corresponding period 2016
- Gas transported from Kepodang field operated by Petronas through Kalimantan – Java pipeline decreased by 19 MMScfd from 95 to 76 MMScfd due to declining reserve from supplier
- Gas transported by TGI, the joint venture, to off-taker in Central Sumatera and Singapore decreased by 39 MMScfd from 690 to 651 MMScfd. This was due to lower absorption of TGI's customer in Central Sumatra and Singapore.



Upstream Business – Saka Energi Indonesia

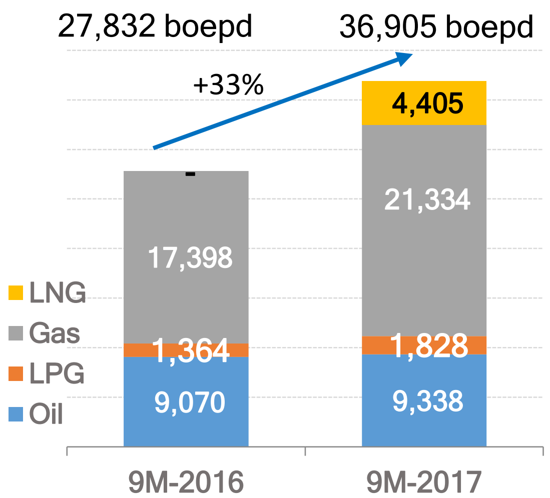
- At present, PGN's subsidiary Saka Energi Indonesia has acquired 11 oil and gas blocks where most of them are in producing stage and located in Indonesia
- It operates oil and gas blocks, Pangkah in East Java while hold participating interest for the remaining blocks
- Muara Bakau block starts producing by first half 2017. Current production 467 MMScfd
- Saka Energi has received approval from SKK Migas for POD of Sidayu 4 well of Pangkah block

Acquired Oil and Gas Blocks

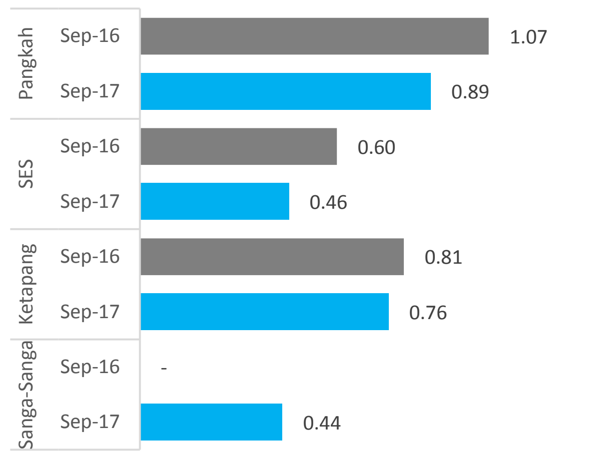
Aset	%Wi	Operator	Area (Km2)	Status	PSC Expiry
Pangkah	100	SEI	784	Production	2026
Ketapang	20	Petronas	885	Production	2028
Bangkanai	30	Salamander	1,395	Production	2033
South Sesulu	100	SEI	625	Exploration	2039
Fasken (Texas)	36	Swift Energy	8,300 acres	Production	2050
SES	8.9	CNOOC	6,082	Production	2018
Muriah	20	Petronas	2,823	Production	2021
West Bangkanai	30	Salamander	5,463	Exploration	2043
Muara Bakau	11.7	Eni	1,082	Production	2032
Wokam	100	SEI	3,714	Exploration	2040
Sanga-Sanga	37.81	SEI & Vico	1,075	Production	2018

Upstream Performance

Oil and Gas Lifting

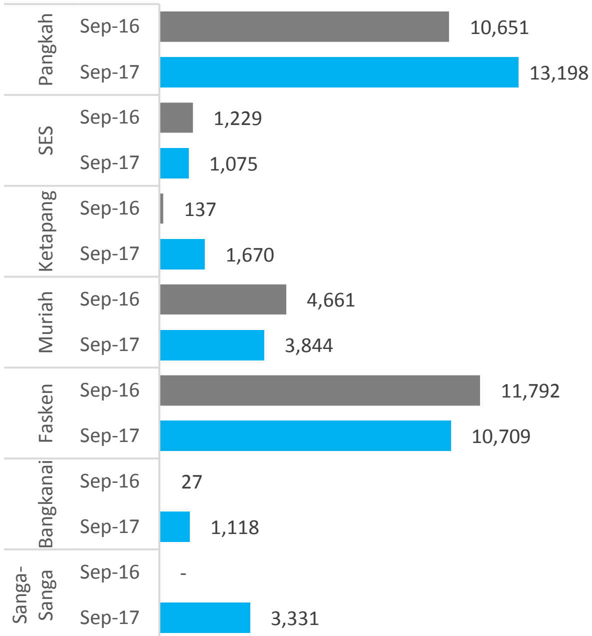


Crude Oil & Condensate (MMBBL)



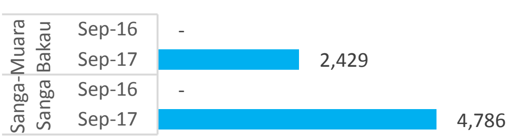
	9M-16	9M-17
Total Crude Oil Lifting	2.49	2.55

Gas (BBTU)



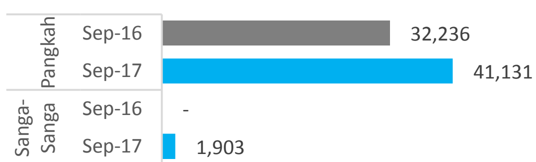
	9M-16	9M-17
Total Gas Lifting	28,498	34,946

LNG (BBTU)



	9M-16	9M-17
Total LNG Lifting	0	7,215

LPG (MT)



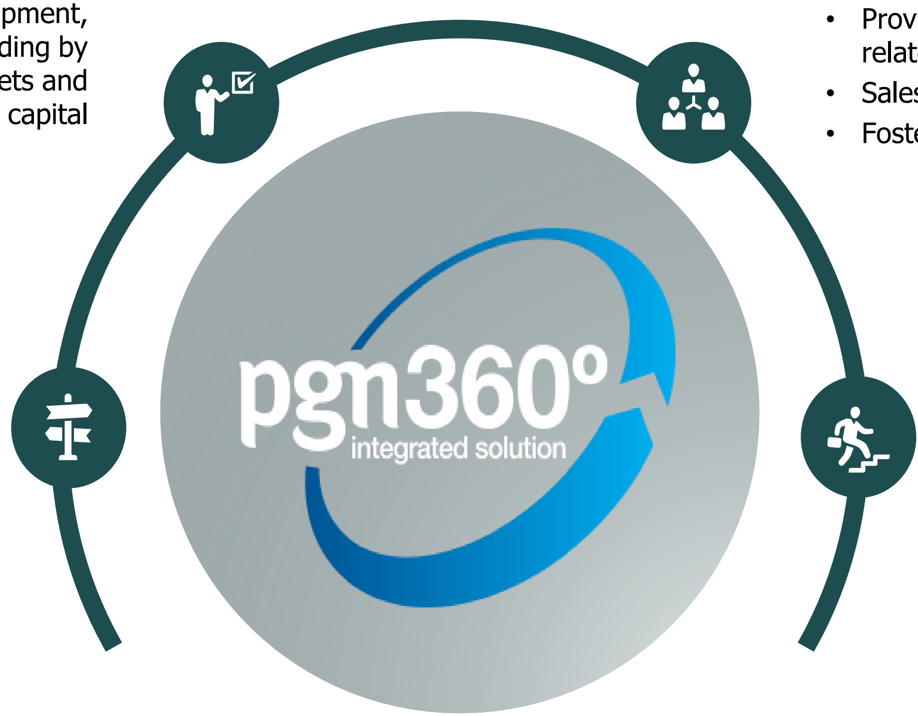
	9M-16	9M-17
Total LPG Lifting	32,236	43,034

Optimization

Designing the plan, development, operational , trading by optimising available asets and human capital

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 develoment
- Focus on strengthenning the core business

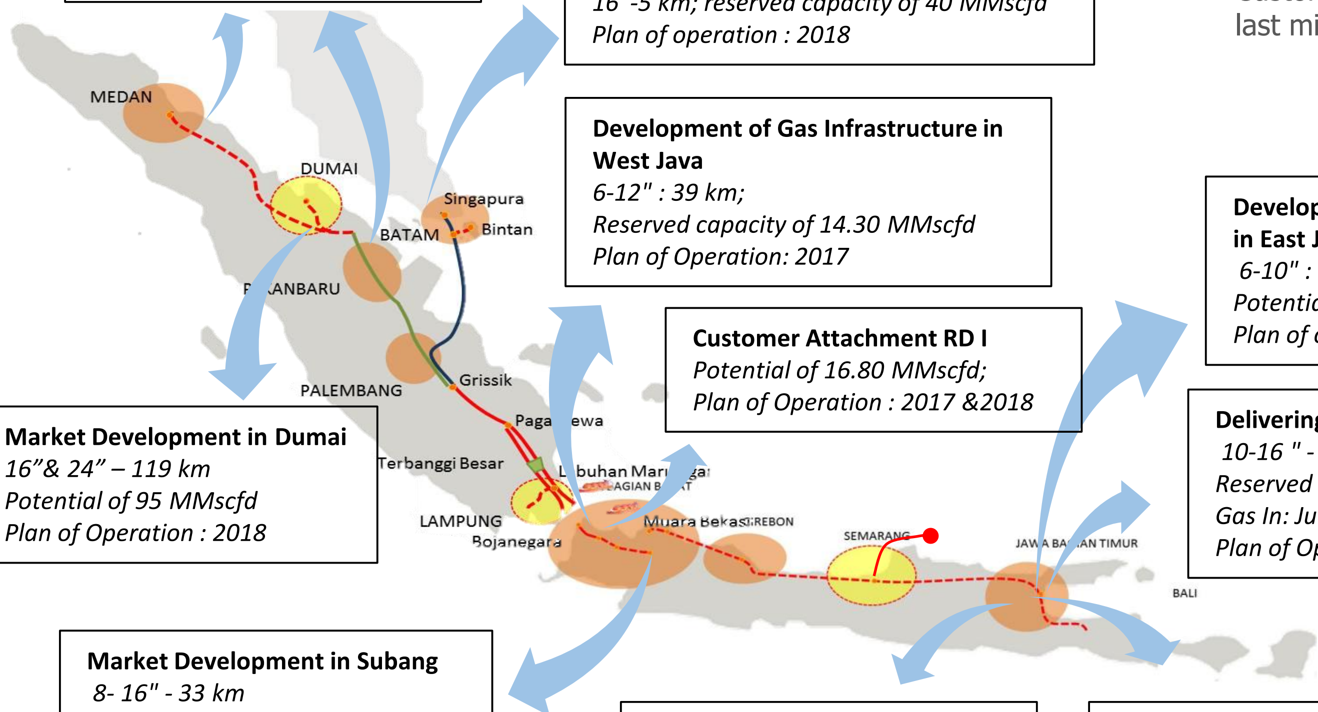
Maximizing Value Creation

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

PGN GROUP

Infrastructure & Market Development 2020

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



Customer Attachment RD III
Potential of 0.70 MMscfd
Plan of operation: 2017 &2018

Development of Transmission Pipeline *WNTS-Pemping*
16"-5 km; reserved capacity of 40 MMscfd
Plan of operation : 2018

Development of Gas Infrastructure in West Java
6-12" : 39 km;
Reserved capacity of 14.30 MMscfd
Plan of Operation: 2017

Development of Gas Infrastructure in East Java
6-10" : 14 km
Potential of 4.30 MMscfd;
Plan of operation: 2017

Customer Attachment RD I
Potential of 16.80 MMscfd;
Plan of Operation : 2017 &2018

Market Development in Dumai
16"& 24" – 119 km
Potential of 95 MMscfd
Plan of Operation : 2018

Delivering Gas to RD II
10-16 " - 2.1 km
Reserved Capacity of 60 MMscfd);
Gas In: June 7, 2017;
Plan of Operation : 2017

Market Development in Subang
8- 16" - 33 km
Potential of 29.64 MMscfd
Plan of operation : 2019

Customer Attachment RD II
Potential of 6.03 MMscfd;
Plan of Operation : 2017 &2018

Market Development in Gresik, Lamongan and Tuban
Phase I : 24" - 11.5 km
Potential of 36 MMscfd
Plan of Operation: 2017

Evolving Gas Regulation

October 2015

Third Economic Policy Package
Lowering energy price including gasoline, electricity and gas price

February 2016

Decree of ESDM Minister No. 6 /2016
Guideline and procedure to determine allocation, utilization and price of gas

May 2016

Presidential Decree No. 40 /2016
Determination of gas price for seven industries (specific users)

June 2016

Decree of ESDM Minister No. 16 /2016
Procedure for determining the price for specific users

November 2016

Decree of ESDM Minister No. 40/2016
Gas prices for three specific industries i.e the fertilizer, petrochemical and steel industry

July 2017

Gas Price Amendment CPGL – PGN
ESDM Minister approved increased gas price of ConocoPhillips to PGN in Batam Area

July 2017

Decree of ESDM Minister No. 45 /2017
Guideline to determine utilization and price of gas for electricity sector

pgn
energy for life

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