

Perusahaan Gas Negara Investor Presentation

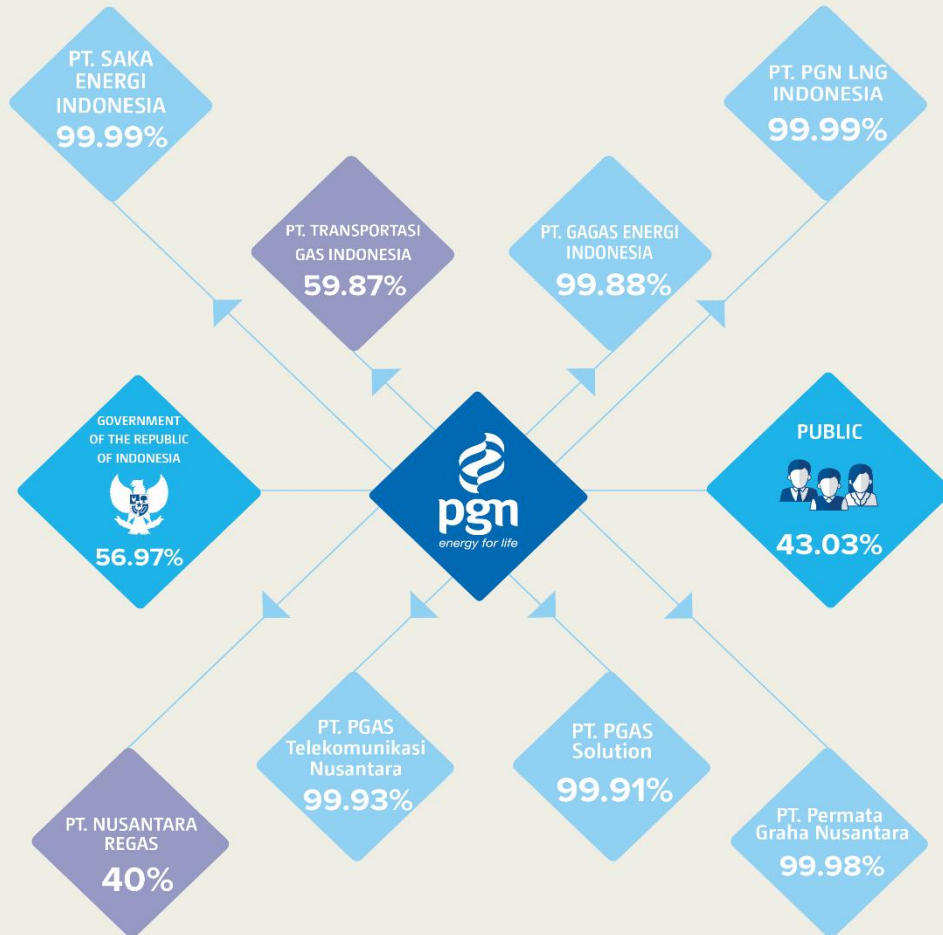
3M 2017 Update



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.

PGN's Group & Ownership



- ◆ Shareholders Structure
- ◆ Subsidiary Company
- ◆ Joint Venture Company

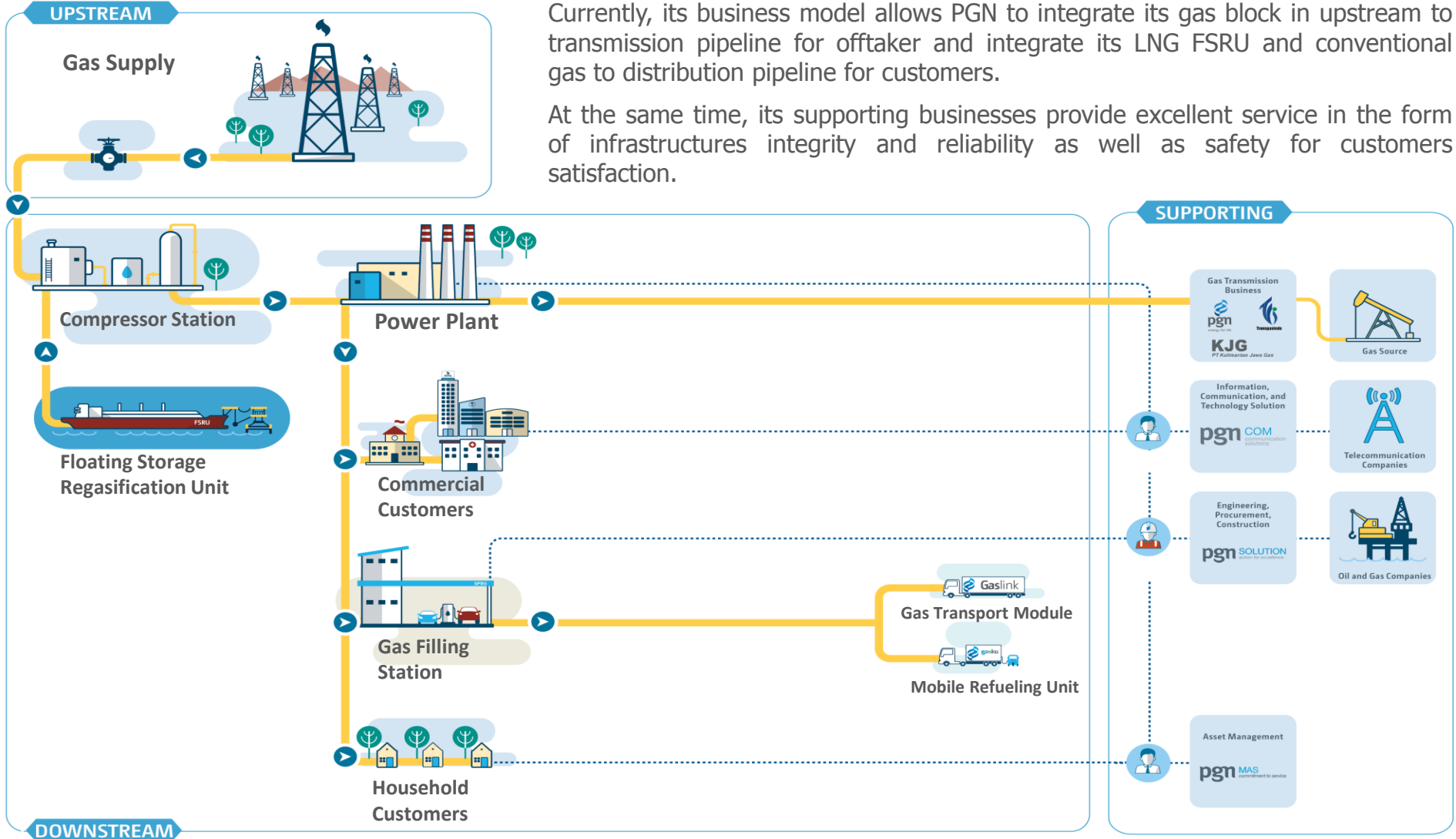
PGN is an SOE with main business in natural gas. Currently, the Government of Indonesia holds 57% of shares while the remaining 43% is freefloat.

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	Transmission
PT PGAS Telekomunikasi Nusantara	Supporting
PT PGAS Solution	Supporting
PT Permata Graha Nusantara	Supporting

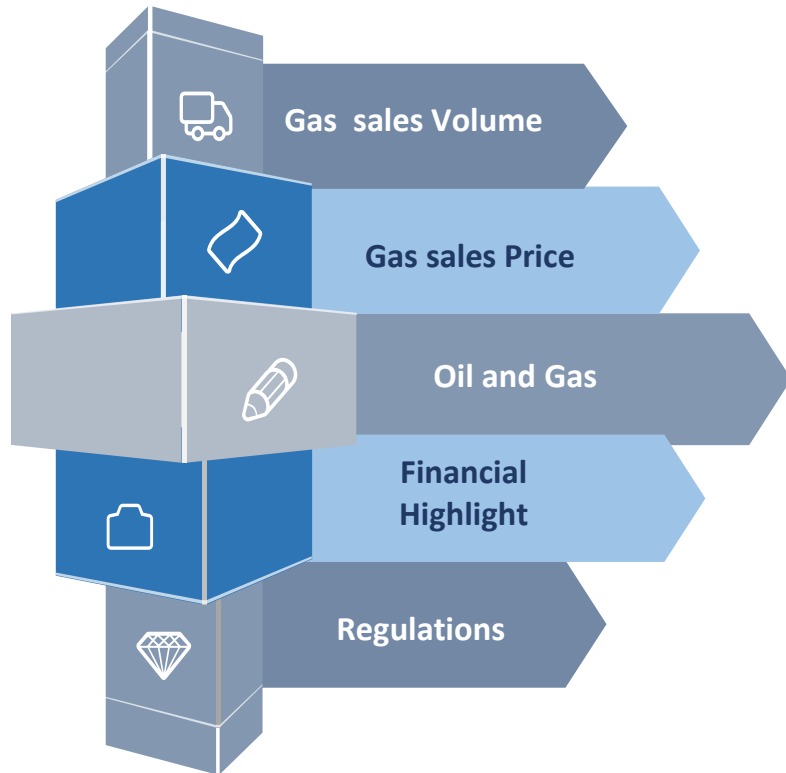
Business Model



Currently, its 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.

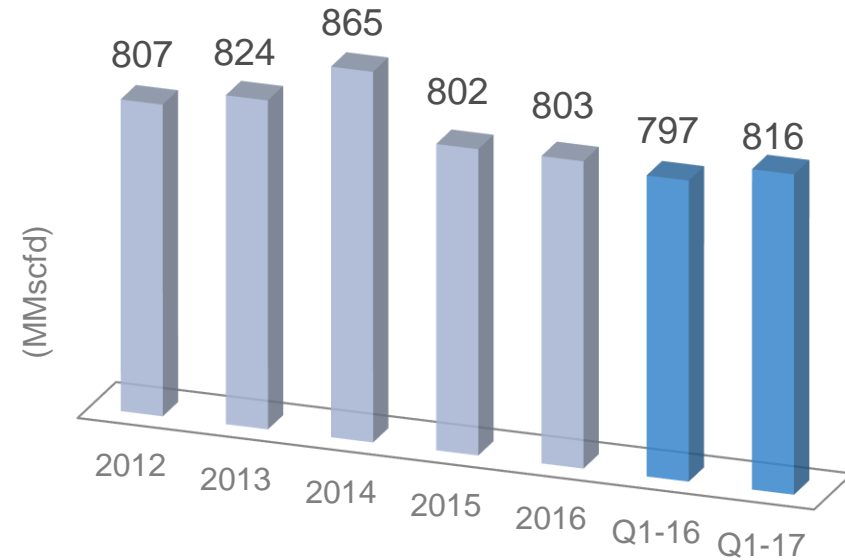
At the same time, its supporting businesses provide excellent service in the form of infrastructures integrity and reliability as well as safety for customers satisfaction.

Highlights of the Quarter



- Gas sales volume**
 Gas sales in distribution business in first quarter was 816 MMScfd, mostly from conventional gas reserves
- Gas sales price**
 The average price for the gas sold to distribution customers was USD 8.58/MMBtu
- Oil and gas lifting**
 Lifting of oil , gas, LNG, LPF carried out by subsidiary's portfolio were 8,226 bpd, 127 MMScfd, 8 MMScfd, 156 MTPD respectively
- Revenues**
 PGN earned a consolidated revenues of USD746 Million
- EBITDA**
 The EBITDA was USD254 Million
- Operating & Net Income**
 Its business generated operating income USD156 Million & net income USD97 Million
- Capex Plan**
 The company plans to roll out USD500 Million for its capex
- Capital Structure**
 PGN maintain a capital structure within the covenant from its creditors. As of now its Debt to Equity ratio was 0.87
- Weighted Interest Rate**
 PGN's weighted cost of debt was 4.57%
- Cash Flow**
 Its whole operation in first quarter allocates a free cash flow of USD136 Million

Downstream – Distribution Business



- In first quarter 2017, PGN delivered 816 MMscfd, increased by 19 MMScfd from the corresponding period last year
- Regional Distribution I contributed 72%, Regional Distribution II contributed 16% and Regional Distribution III 12% to the total sales
- Yoy, the first quarter period showed improvement of gas sales in the back of increased electricity consumption
- Gas supply mostly came from the conventional reserves as PGN carefully watched the dynamics of global oil price movement and its impact on the LNG price

Downstream – Distribution Business

Industries and Power Plants

97.37%
of total volumes
1,652
Customers*



Commercial & SME

2.33%
of total volumes
1,929
Customers*

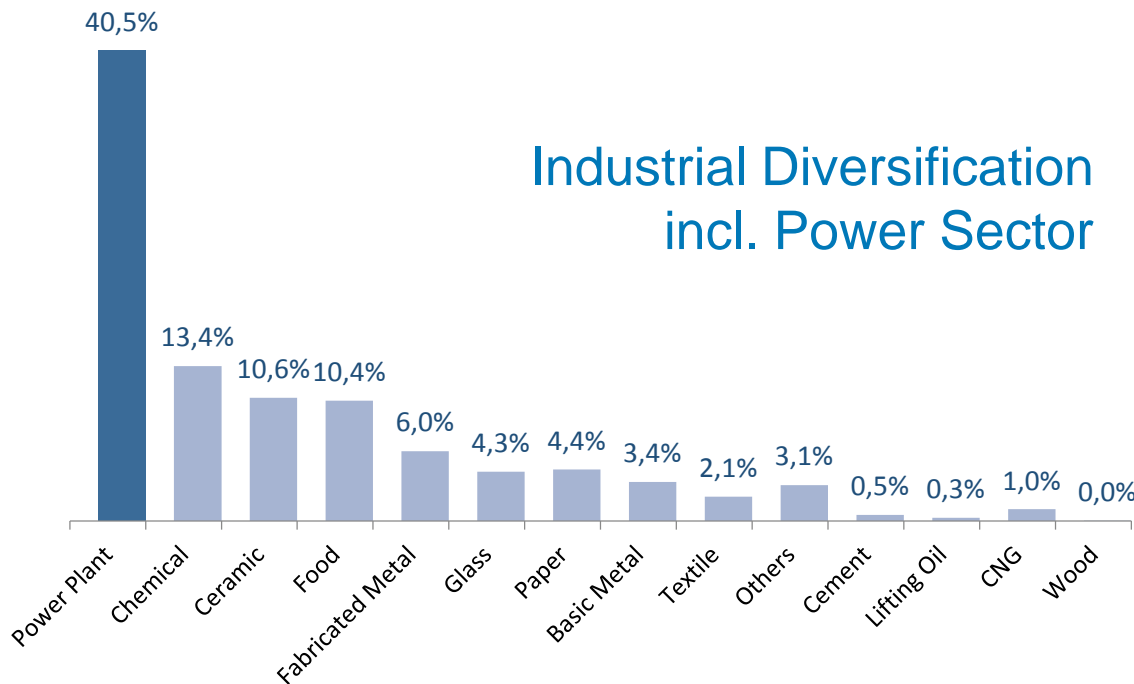


Households

0.31%
of total volumes
165,392
Customers*

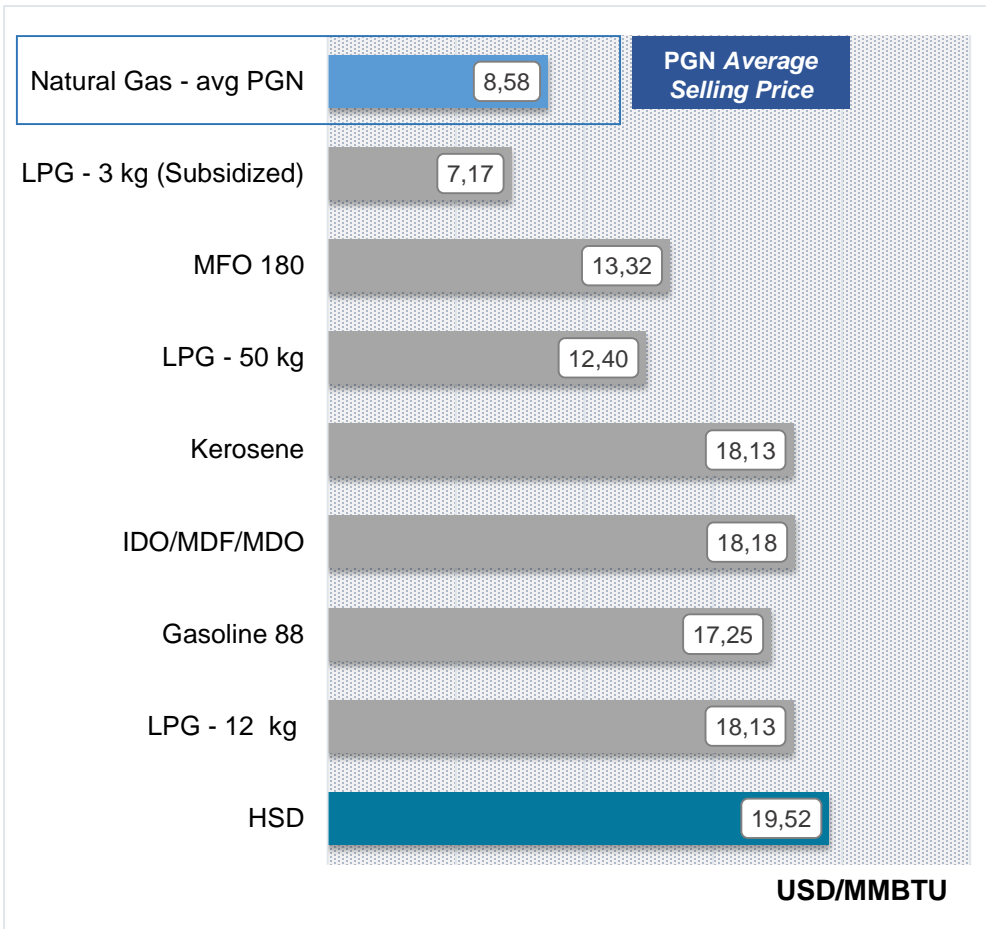


*Number of customers as of Dec 2016



- Out of 816 MMScfd of gas sold to customers, 97% or 795 MMScfd went to industries and power plants
- PGN served about 14 type of industry where power plant or electricity being the largest consumer followed by chemical, ceramics, food and fabricated metal as Top 5
- In general, the composition of gas consumption by the industry has not changed much due to the slow pace of economy rebound
- Electricity increased its natural gas utilization with PLN took 218 MMScfd delivered mostly to Muara Tawar power plant of 120 MMScfd

Downstream – Gas Sales Price



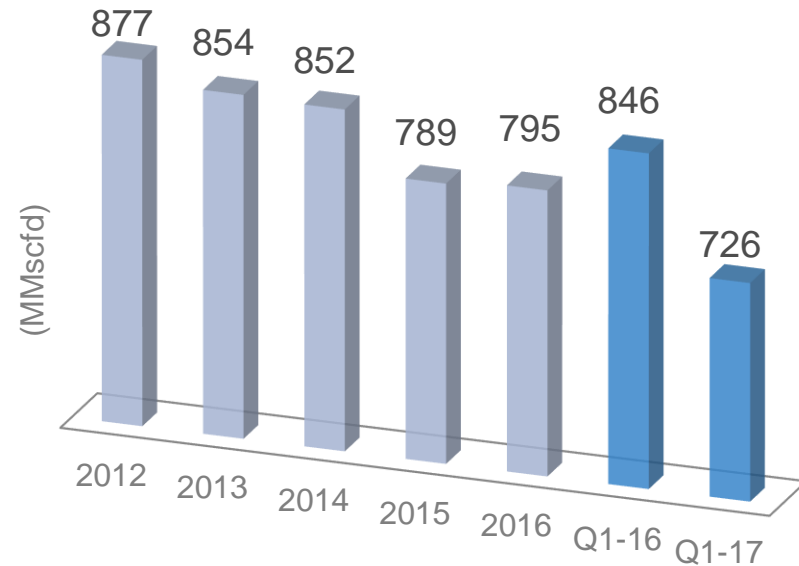
- In the first quarter 2017, PGN maintained an average of selling price of USD 8.58/MMBTU
- On negotiation basis and to support the electricity sector, adjustment of price and volume was made to power plant of PLN in Muara Tawar in the second half 2016
- With natural gas price has been less competitive than it had before few years back, PGN applies a strategy of offering a more integrated service which can benefitting the customers from using larger gas volume
- 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.

Downstream – Transmission Business

KJG
PT Kalimantan Jawa Gas

pgn
energy for life

Transgasindo
energy connect synergy



- In first quarter 2017, PGN, KJG, TGI delivered 13 MMscfd, 79 MMScfd, 634 MMScfd respectively. The transmission volume decreased by 14% yoy from the corresponding period last year
- Gas transported from Kepodang field operated by Petronas through Kalimantan – Java pipeline decreased by 27 MMScfd due to lower volume from supplier
- Gas transported by TGI, the joint venture, to offtaker in Central Sumatera and Singapore decreased by 82 MMScfd This was due to lower absorption of TGI’s customer in Central Sumatera 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
- Saka Energi is working on Muara Bakau block to start producing by second half 2017 and is processing POD submission of Sidayu well of Pangkah block to SKK Migas

Acquired Oil and Gas Blocks

Asset	%Wi	Operator	Area (Km2)	Status	Contract 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	Development	2032
Wokam	100	SEI	3,714	Exploration	
Sanga-Sanga	37.81	SEI & Vico	1,075	Production	2018

Upstream Business – Lifting Volume

- The production and lifting volume in Q1-2017 increased inline with the acquisition



LIFTING

Crude Oil & Condensate (BBLs)

Location	2016-3M	2017-3M
Pangkajene	298.984	286.780
SES	187.000	162.000
Ketapang	239.553	291.571

	2016-3M	2017-3M
Total Crude Oil Lifting	725.537	740.352

LPG (MT)

Location	2016-3M	2017-3M
Pangkajene	8.659	13.605
Sanga-Sanga	0	413

	2016-3M	2017-3M
Total LPG Lifting	8.659	14.018

Gas (MMBTU)

Location	2016-3M	2017-3M
Pangkajene	2.919.625	4.145.656
SES	251.517	162.901
Fasken	3.048.885	4.432.539
Ketapang	0	585.733
Muriah	1.759.789	1.307.280
Bangkanai	0	164.114
Sanga-Sanga	0	654.535

	2016-3M	2017-3M
Total Gas Lifting	7.979.815	11.452.758

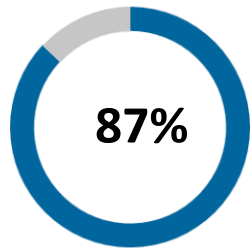
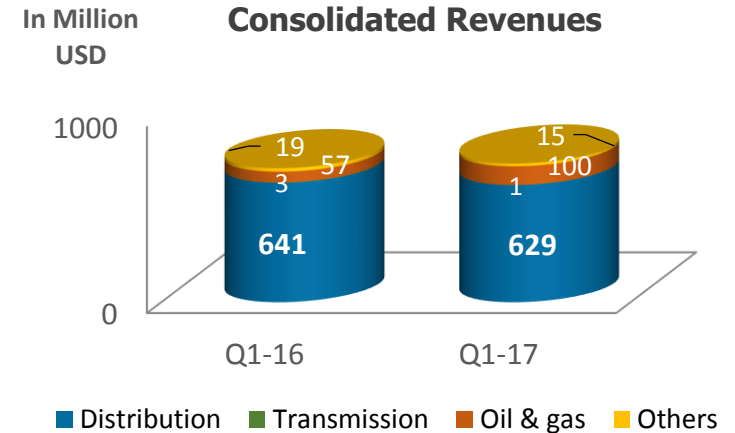
LNG (MMBTU)

Location	2016-3M	2017-3M
Sanga-Sanga	0	678.903

	2016-3M	2017-3M
Total LNG Lifting	0	678.903

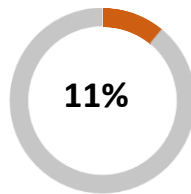
Financial Highlight – Consolidated

In USD Million	March 31, 2017	March 31, 2016
Revenues	746	720
Cost of Revenues	525	497
Gross Profit	221	224
Operating Income	156	158
EBITDA	254	230
Net Income	97	101



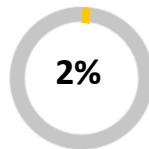
Distribution

contributes 87% to the total consolidated revenues



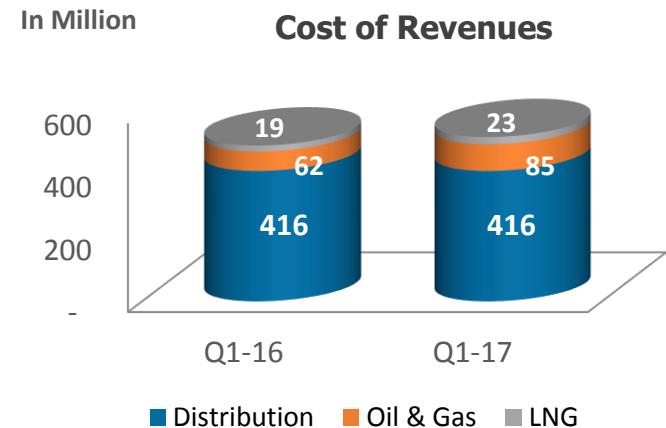
Oil & Gas

contributes 11% to the total consolidated revenues



Other Operation

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



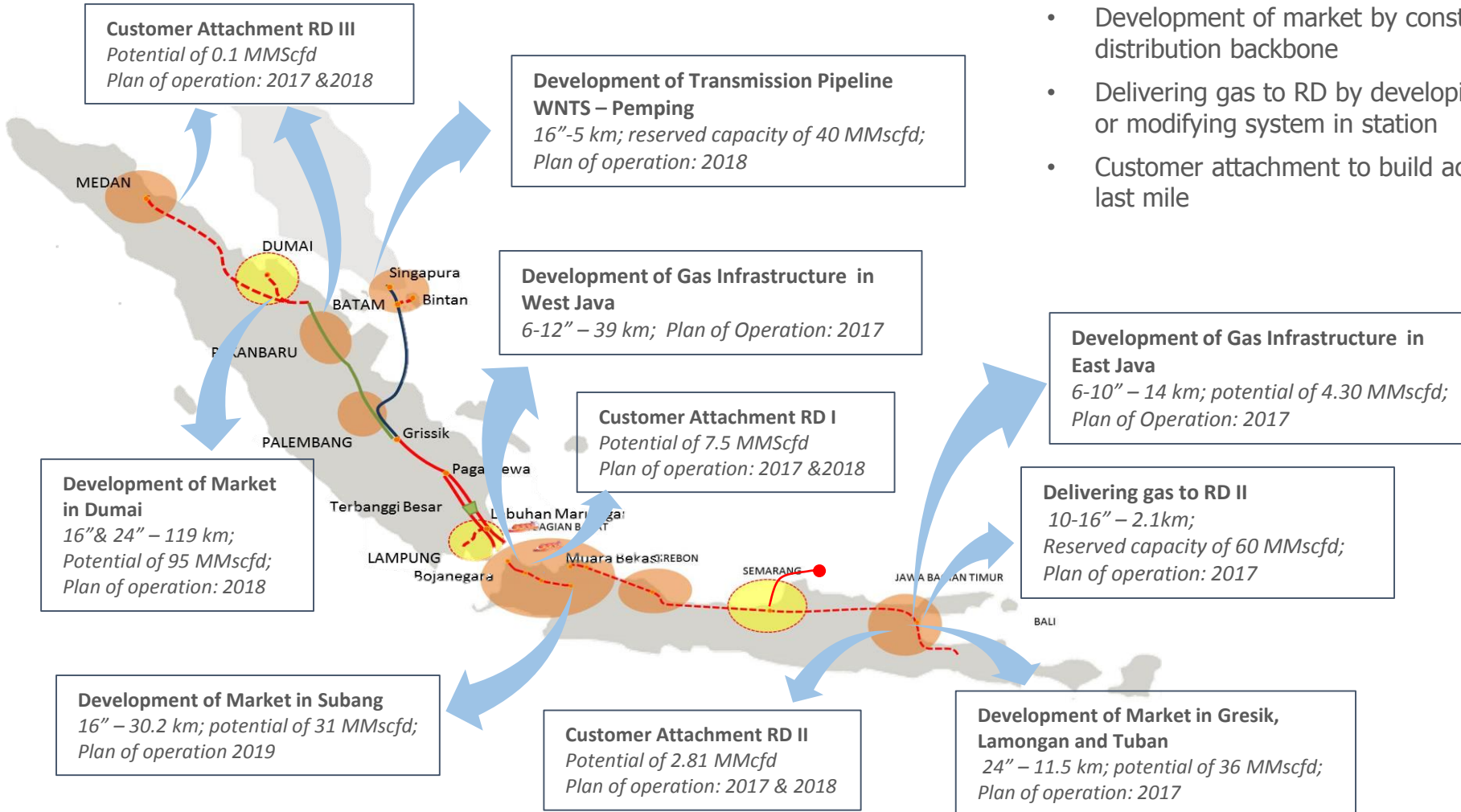
Financial Statements – Highlight

In USD Million	March 31, 2017	Dec 31, 2016
Current Assets	2,269	2,125
Non Current Assets	4,717	4,709
Total Assets	6,986	6,834
Current Liabilities	847	815
Non Current Liabilities	2,860	2,849
Total Equity	3,279	3,170
Total Liabilities And Shareholders Equity	6,986	6,834

In USD Million	March 31, 2017	March 31, 2016
Cash flow from operating	271	152
Cash flow from investment	(76)	(142)
Cash flow from financing	(68)	(20)
Free Cash Flow	136	0.5

Ratios	March 31, 2017	March 31, 2016	Dec 31, 2016
Net Debt / Equity	0.4 X	0.5 X	0.5 X
EBITDA / Interest Expense	8.7 X	8.9X	6.1 X
ROI			12%

Infrastructure & 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

Recent Government Policies and Regulations



Central Bank Deputy Letter No. 18/5/DpG-DKSP/ Srt/B

Mandatory use of Rupiah in Indonesia

- Central Bank approved the postponement of the implementation of mandatory use of Rupiah proposed by ESDM.
- Postponement applies to oil and gas sector including :
 - Gas Transportation Fee
 - Gas sales includes LNG regasification process
 - Gas transportation tariff
- Postponement is valid until February 23, 2026 and effective starting 30 days after the approval date



Decree of Minister of ESDM No. 40/2016

Gas Prices for Specific Industry i.e the fertilizer industry, petrochemical and steel.

- Incentive is given considering the use of gas as feedstock and their strategic position to support economy growth.
- Gas price for the three industries was equal to approximately USD6/MMBTU.



Government Regulation No. 72/2016

revised government regulation No.44/2005 on procedure and administration of the state capital investment in SOEs and Limited Liability Companies.

- Procedures for the transfer of state ownership in an SOE to other SOEs so as to constitute parent-subsidiary company relationships.

Evolving Gas Regulation

Third Economic Policy Package

Lowering energy price including gasoline, electricity and gas price



October 2015

Decree of ESDM Minister No. 6 /2016

Guideline and procedure to determine allocation, utilization and price of gas



February 2016

Presidential Decree No. 40 /2016

Determination of gas price for seven industries (specific users)



May 2016

Decree of ESDM Minister No. 16 /2016

Procedure for determining the price for specific users



June 2016

Decree of ESDM Minister No. 40/2016

Gas prices for three specific industries i.e the fertilizer, petrochemical and steel industry



November 2016



Thank You

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