

Perusahaan Gas Negara Investor Presentation

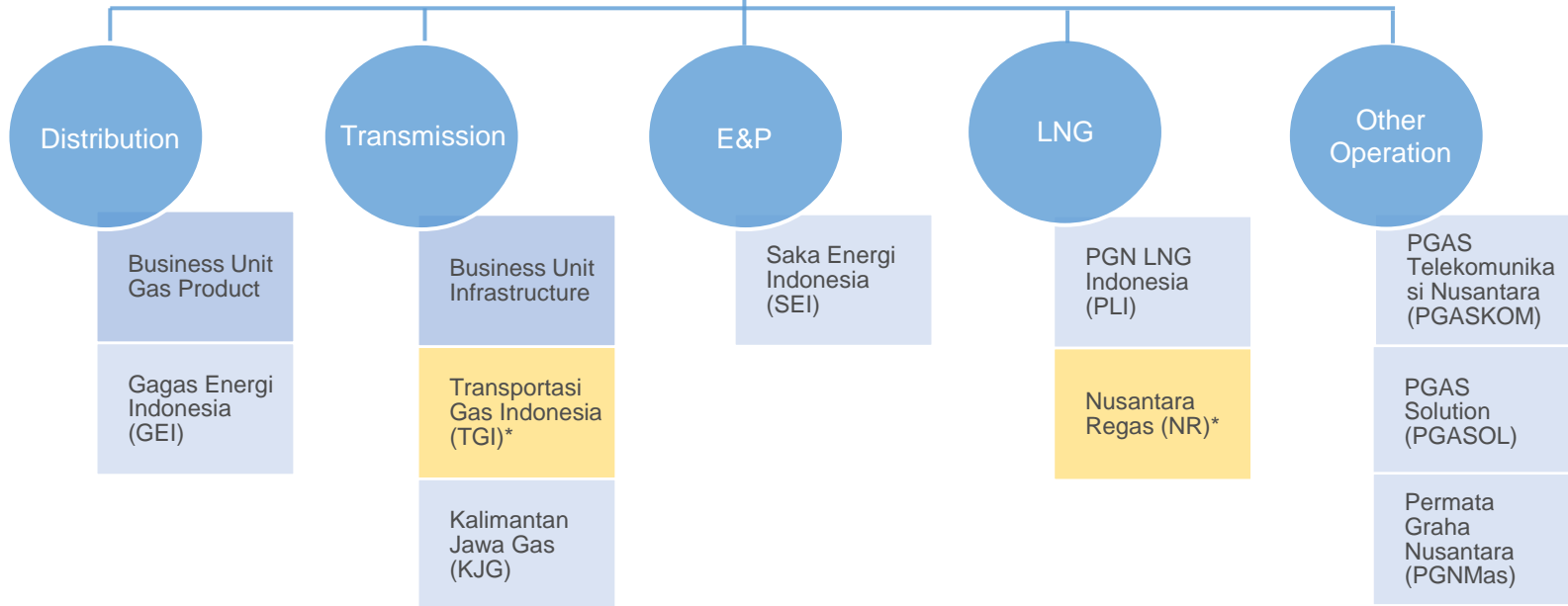
6M 2016 Update



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.

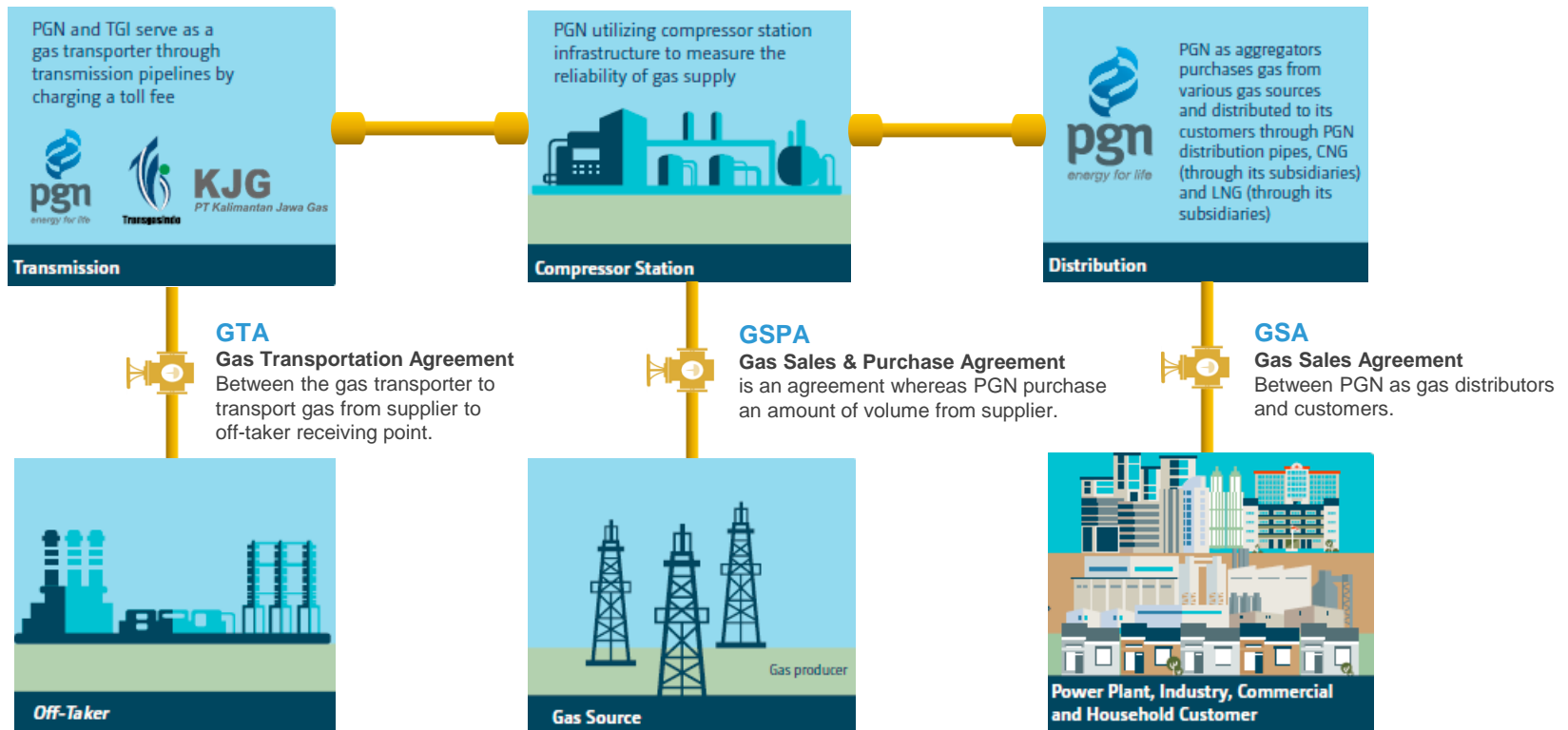
PGN Group and Ownership



*) TGI and NR are join control and unconsolidated

Business Model

Leading Player in Indonesia Natural Gas Transmission & Distribution



Recent Government Policies and Regulations

Third Economic Policy Package

Lower Energy Price Policy including gasoline, electricity and gas price

- The price of gas (originating from the country's new gas fields) is set according to the purchasing power of the fertilizer industry, which is equal to USD \$7/MMBTU. The price of gas for other industries (such as petrochemical, ceramics, etc.) will be reduced in accordance with the ability of their respective industries. The government can offer a cheaper gas price by making the gas distribution system more efficient & by reducing state revenues from gas.
- Gas price cut will not affect the revenues share for Contractor of PSC.
- Lower gas prices will come into effect per 1 January 2016.

Ministerial Decree of ESDM No. 6 year 2016

Guideline and Procedure for determining Gas Allocation and Utilization and Price

- Gas allocation and utilization for domestic will be determined based on the following priority : for transportation, residential and small enterprise; for enhancing oil and gas production, for fertilizer, for gas-based industry, power and gas fueled industry.
- Priority of gas allocation and utilization is given to SOE, local government enterprises or other entities that own gas trading licence
- Gas price is determined by considering gas field (upstream) economics , domestic and international gas price as well as added value of domestic gas usage

Presidential Decree No. 40 year 2016

Determination of gas price

- Gas price is determined by considering gas field (upstream) economics , domestic and international gas price as well as added value of domestic gas usage
- The price of certain natural gas is set by the ESDM Minister if it cannot meet the economics of the field and if it is higher than \$6/mmbtu
- The price of certain natural gas considers gas availability and added value to economy growth provided by industry
- Pricing of certain natural gas is intended for industries engaged in the fertilizer, petrochemical, oleochemical, steel, ceramics, glass & rubber gloves

Ministerial Decree of ESDM No. 16 year 2016

Procedure for determining the price for certain natural gas

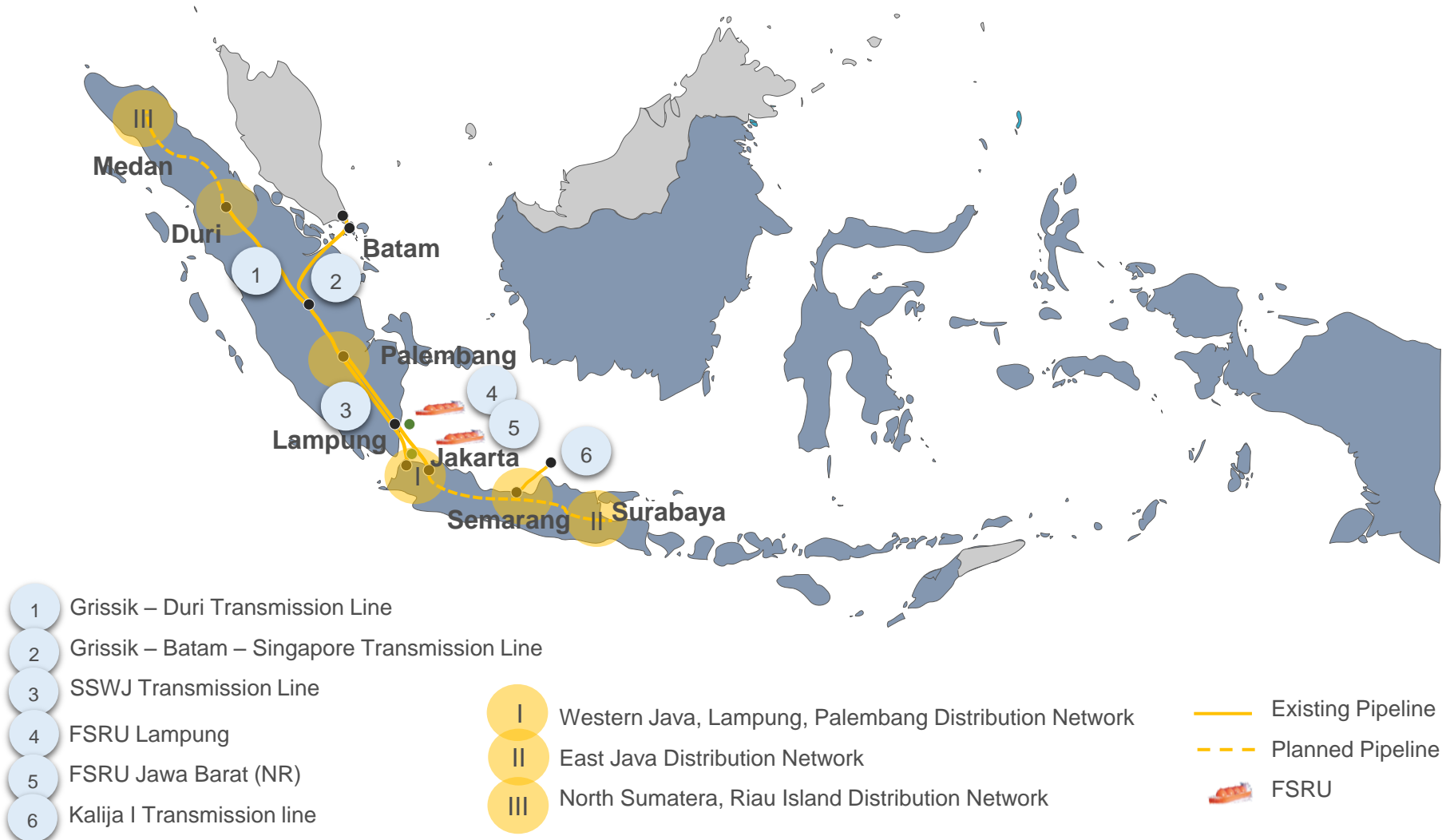
- The price of certain natural gas is set by the ESDM Minister if it cannot meet the economics of the field and if it is higher than \$6/MMBTU
- Industry should propose request for certain natural gas price to Minister of Industry
- The gas business or trading entity should pass on the adjustment of gas price purchase from contractors to its gas selling price to customers
- Maximum price cut is USD2/MMBTU.
- Gas price of certain natural gas will not affect revenue share to contractors of PSC

Central Bank Deputy Letter No. 18/5/DpG-DKSP/ Srt/B dated 26 July 2016

Mandatory use of Rupiah in Indonesia

- Central Bank approved the postponement of the implementation of mandatory use of Rupiah which previously proposed by ESDM. Billing quotation may use foreign exchange but transaction payment will be in in Rupiah
- Postponement applies to oil and gas sector including :
 - a. Gas Transportation Fee
 - b. Gas sales includes LNG regasification process
 - c. Gas transportation tariff
- Postponement is valid until February 23, 2026 and effective starting 30 days after the approval date.

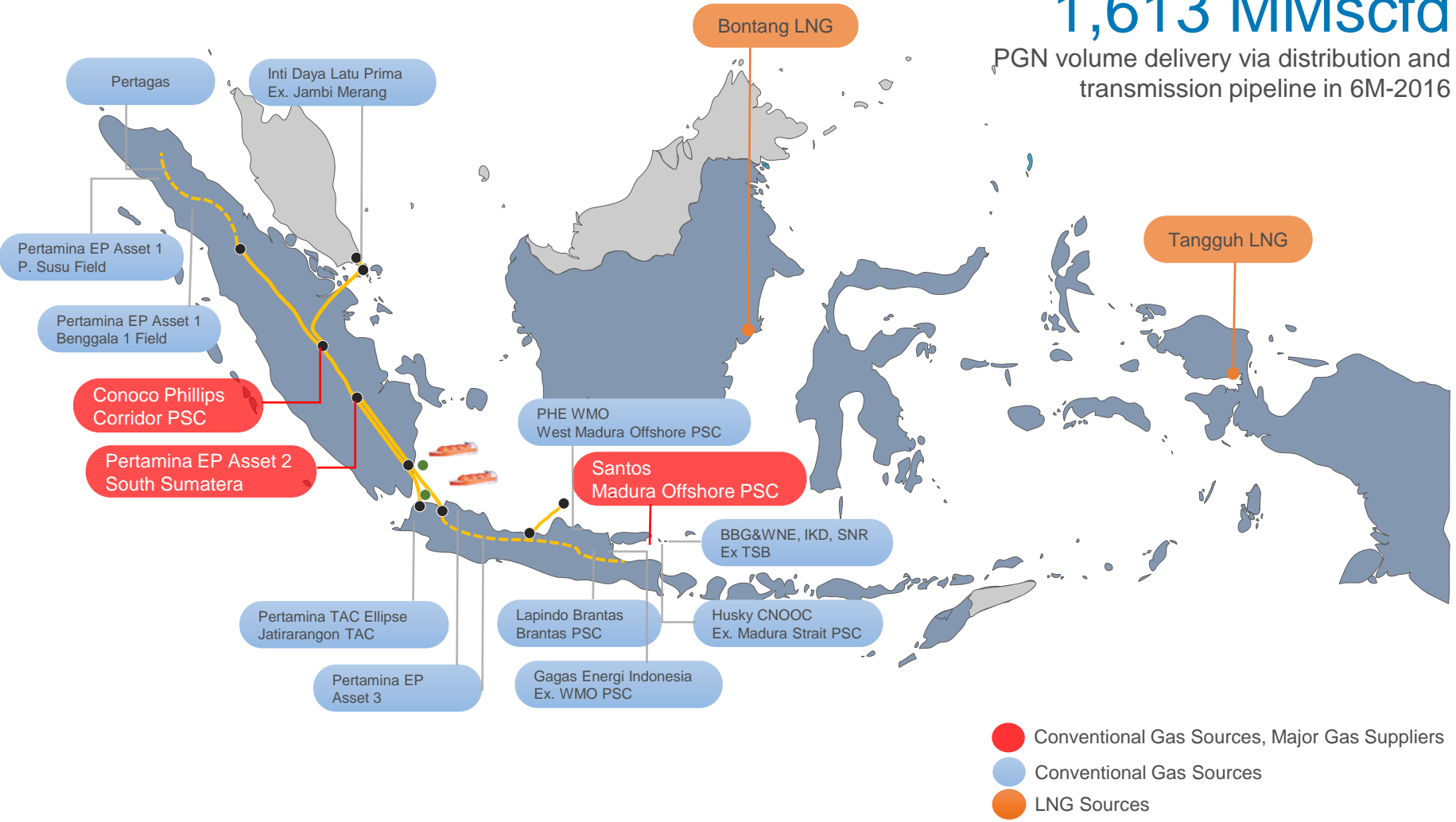
Network Infrastructure – Transmission & Distribution Regions



Source of Gas

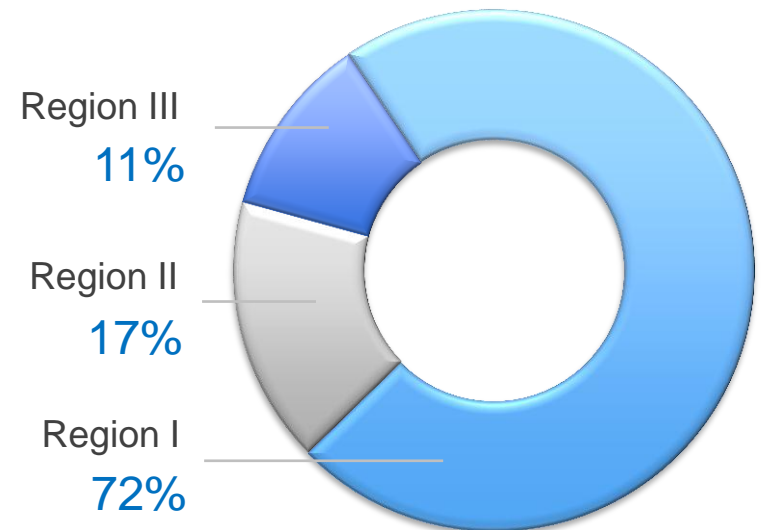
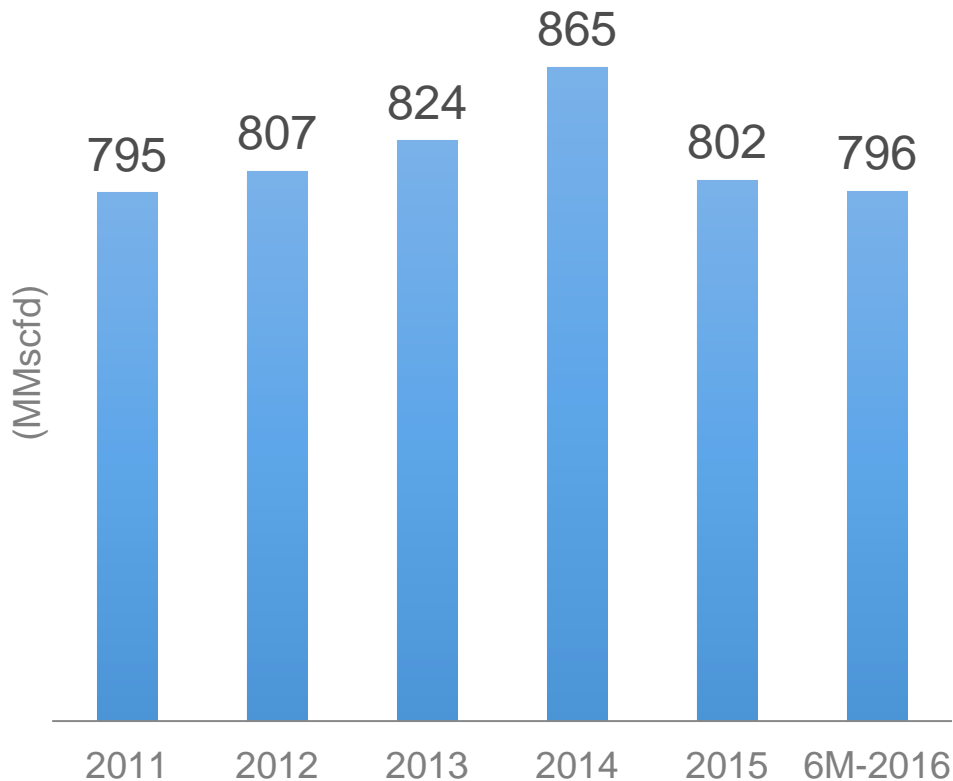
1,613 MMscfd

PGN volume delivery via distribution and transmission pipeline in 6M-2016



- Conventional Gas Sources, Major Gas Suppliers
- Conventional Gas Sources
- LNG Sources

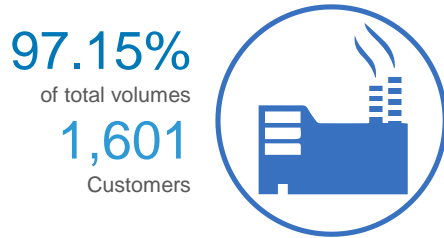
Distribution Performance



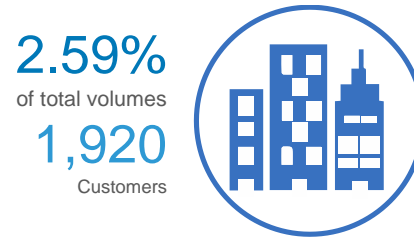
Region I : Western Java, Lampung, Palembang
Region II : East Java & Central Java
Region III : North Sumatera & Riau Islands

Serve All Segments

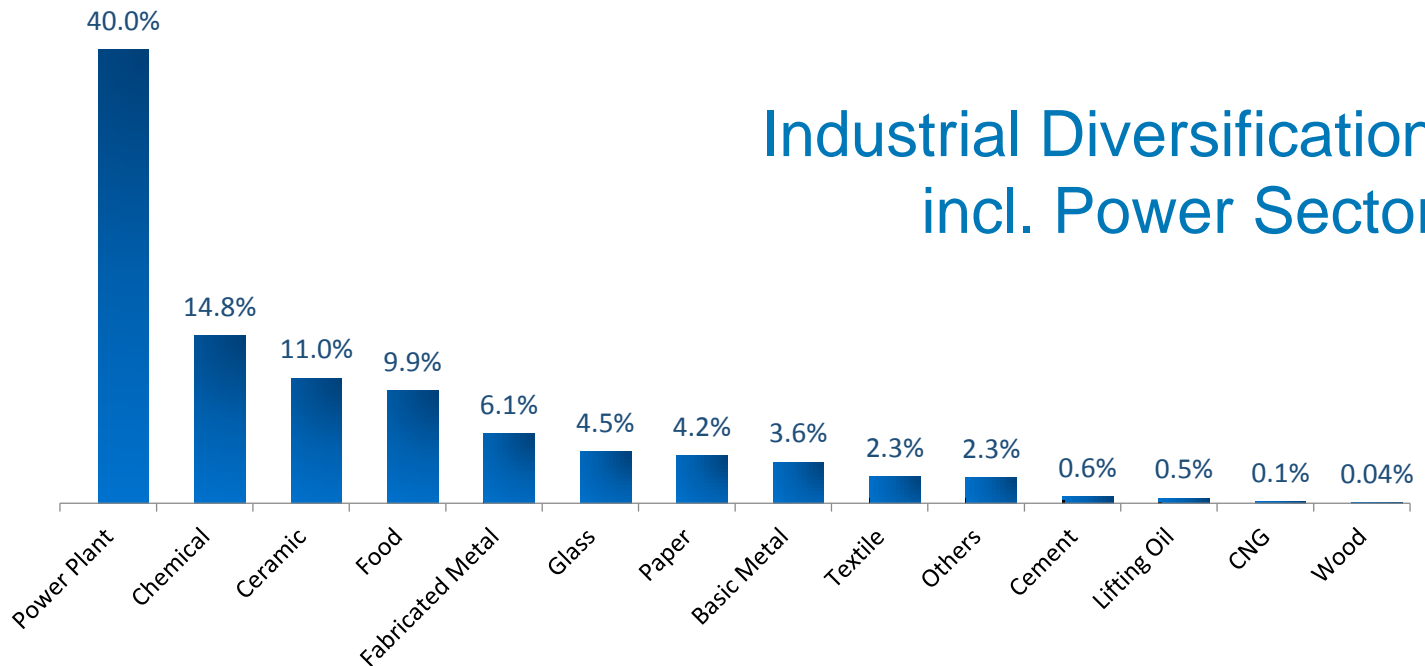
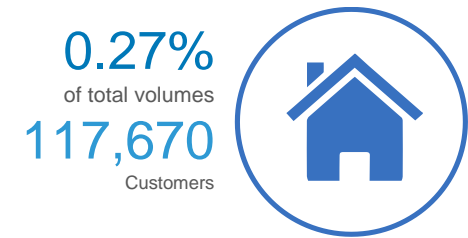
Industries and Power Plants



Commercial & SME

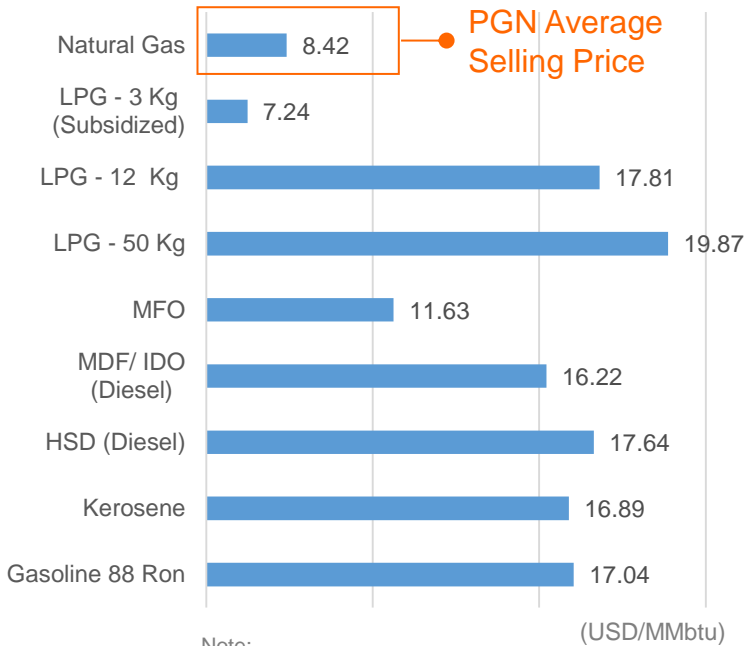


Households

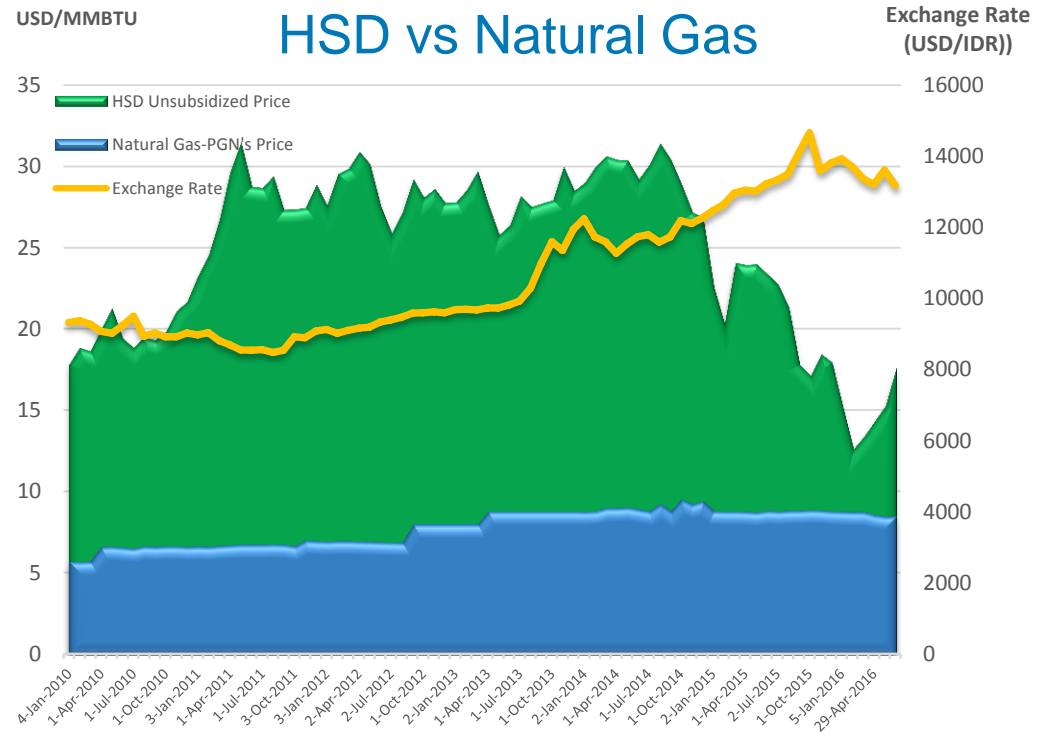


*) Data as of June 2016/ 6M-2016

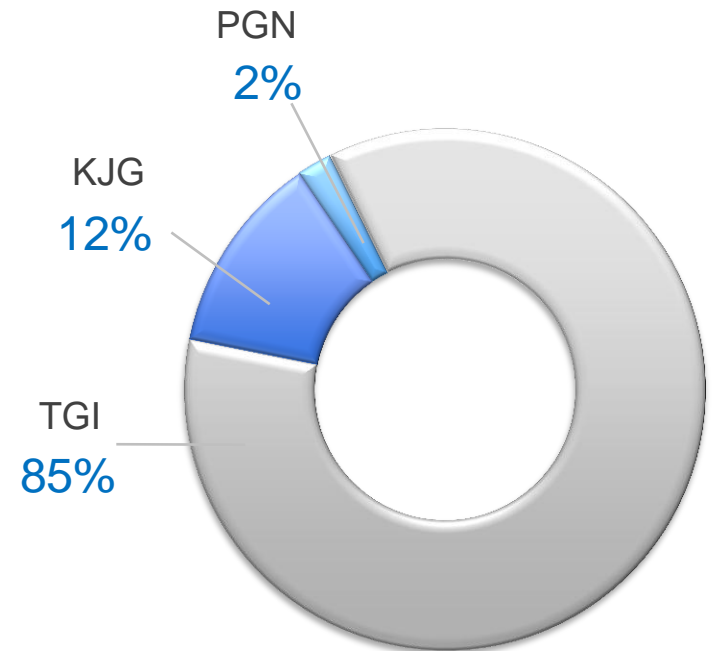
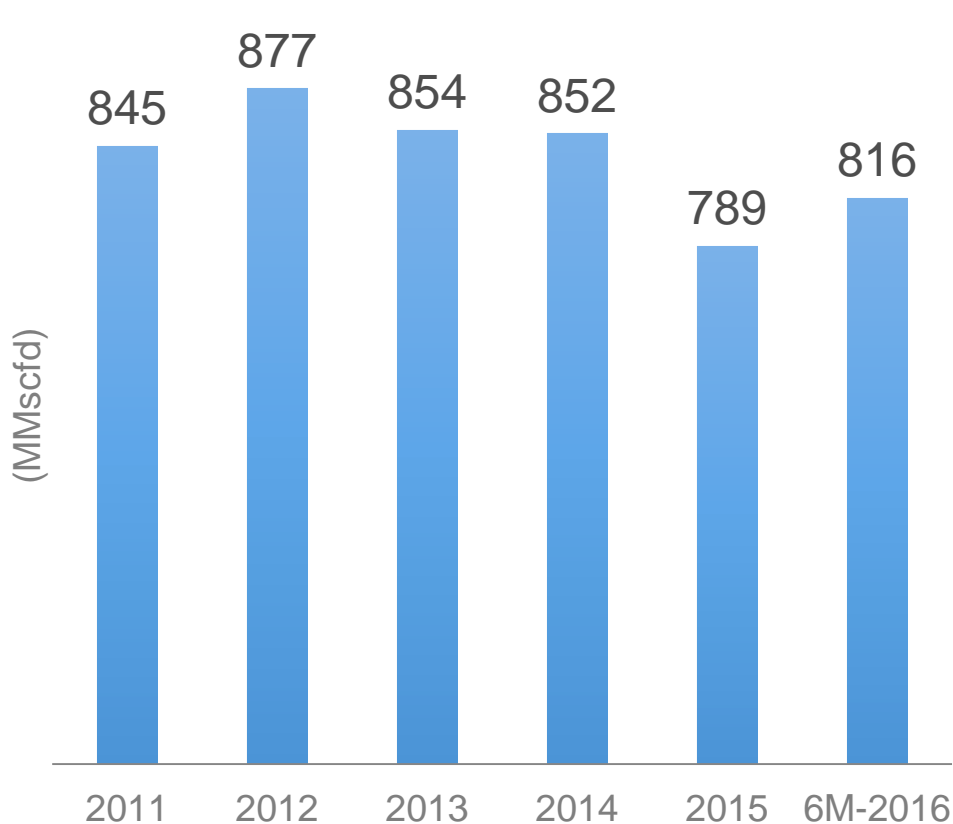
Opportunity in Price Advantage



Note:
 Fuel price Pertamina as of June 2016
 Exchange rate USD 1 = IDR 13,180
 * Subject to ICP



Transmission Performance



Note:

*) As of January 1, 2015, PGN adopted PSAK 65 (Indonesian Statements of Financial Accounting Standards) regarding consolidated financial statements whereby it reassessed its control over its entities and requires PGN to unconsolidate PT Transportasi Gas Indonesia (TGI).

Consolidated Statements of Comprehensive Income

| In USD Million | June 30, 2016 | June 30, 2015 |
|------------------|---------------|---------------|
| Revenues | 1,439.2 | 1,415.9 |
| Cost of Revenues | 993.1 | 937.1 |
| Gross Profit | 446.1 | 478.8 |
| Operating Income | 262.0 | 289.9 |
| EBITDA | 430.7 | 417.1 |
| Net Income | 152.4 | 227.3 |

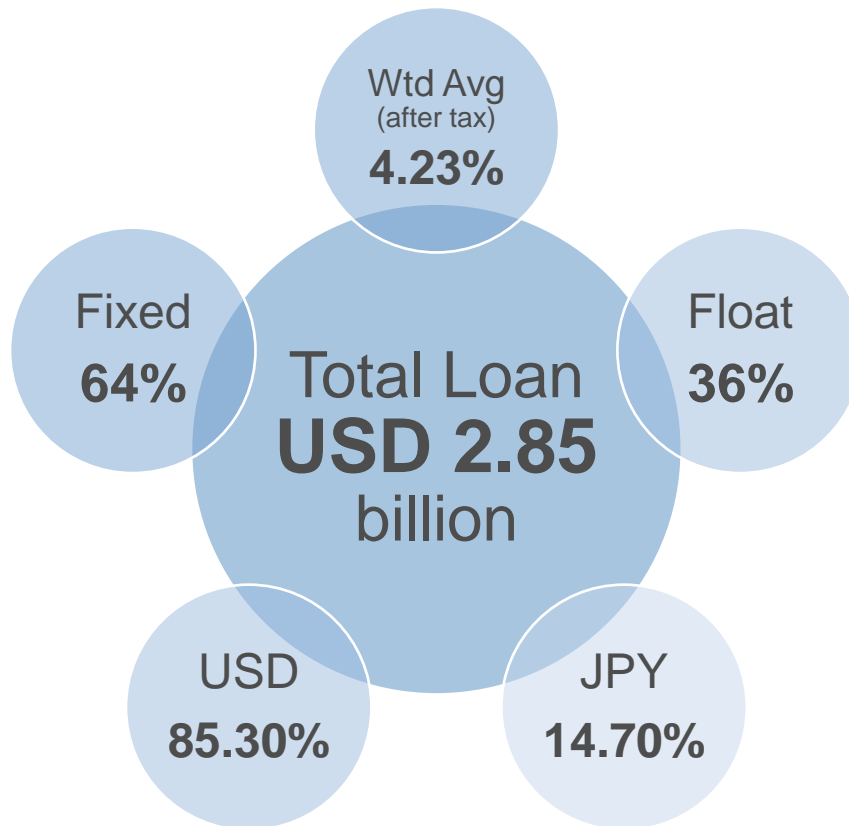
Consolidated Statements of Financial Position

| In USD Million | June 30, 2016 | Dec 31, 2015 |
|--|----------------------|---------------------|
| Current Assets | 1,710.0 | 1,722.5 |
| Non Current Assets | 4,827.2 | 4,772.5 |
| Total Assets | 6,537.2 | 6,495.0 |
| Current Liabilities | 644.4 | 667.3 |
| Non Current Liabilities | 2,874.8 | 2,804.9 |
| Total Equity | 3,018.0 | 3,022.8 |
| Total Liabilities And Shareholders Equity | 6,537.2 | 6,495.0 |

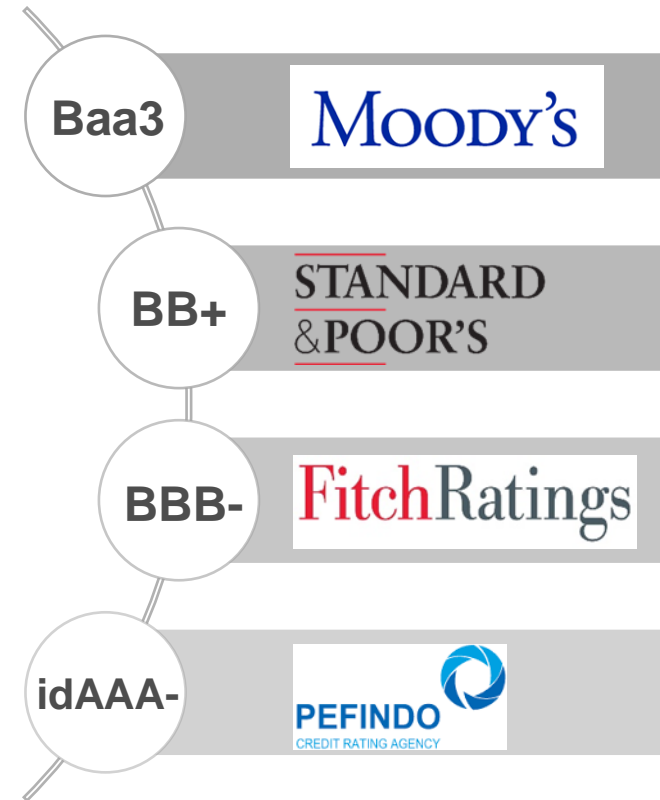
| Ratios | June 30, 2016 | June 30, 2015 |
|---------------------------|----------------------|----------------------|
| Net Debt / Equity | 0.6 | 0.5 |
| EBITDA / Interest Expense | 7.2 | 8.3 |

Loan Composition

As of June 30, 2016

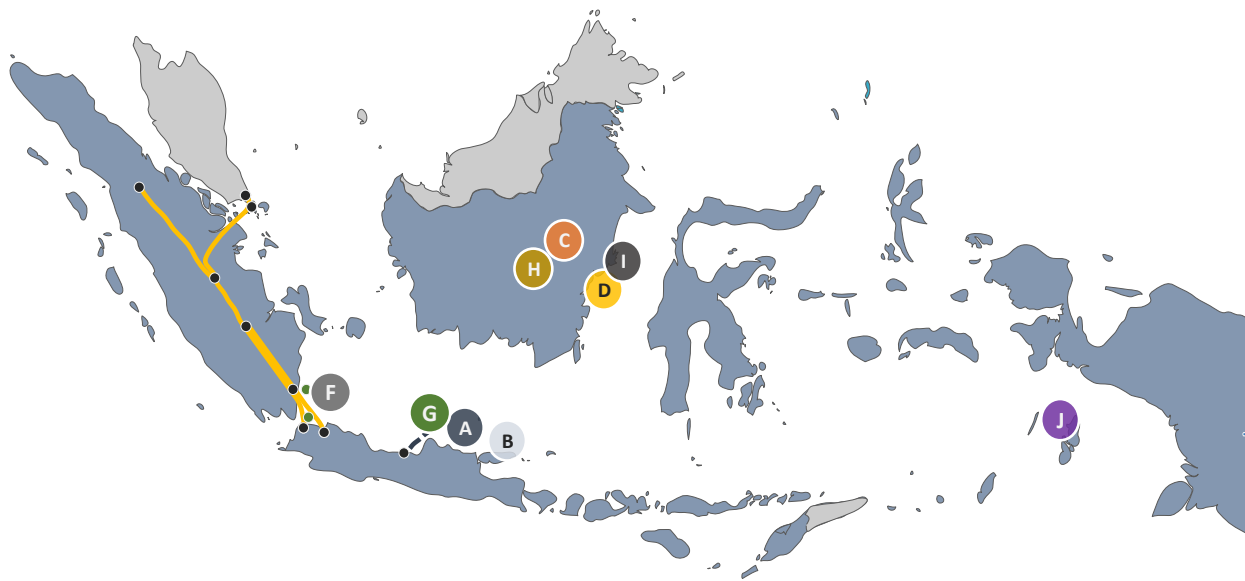


Credit Rating 2016



Long-term loan sourced from developmental banks, bond proceeds and commercial banks.

Upstream Assets



| Asset | % WI | Operator | Area (Km2) | Status | Contract Expiry |
|-------------------------|------|--------------|-------------|-------------|-----------------|
| A Pangkah | 100 | SEI | 784 | Production | 2026 |
| B Ketapang | 20 | Petronas | 885 | Production | 2028 |
| C Bangkanai | 30 | Salamander | 1,395 | Development | 2033 |
| D South Sesulu | 100 | SEI | 625 | Exploration | 2039 |
| E Fasken (Texas) | 36 | Swift Energy | 8,300 acres | Production | 2050 |
| F SES | 8.9 | CNOOC | 6,082 | Production | 2018 |
| G Muriah | 20 | Petronas | 2,823 | Production | 2021 |
| H West Bangkanai | 30 | Salamander | 5,463 | Exploration | 2043 |
| I Muara Bakau | 11.7 | Eni | 1,082 | Development | 2032 |
| J Wokam | 100 | SEI | | Exploration | |

Strategic Benefits

- Increased security of gas supply in Indonesia's supply-constrained gas market
- Future gas volume contribution from projects coming online will drive gas distribution volume and revenue growth
- Natural hedge against future gas price hikes and stronger pricing power with gas suppliers

Upstream Assets

Portfolio Strategy

Field Discovery

Add value through development / commercialization

Step Out Exploration

Low risk exploration using subsurface knowledge

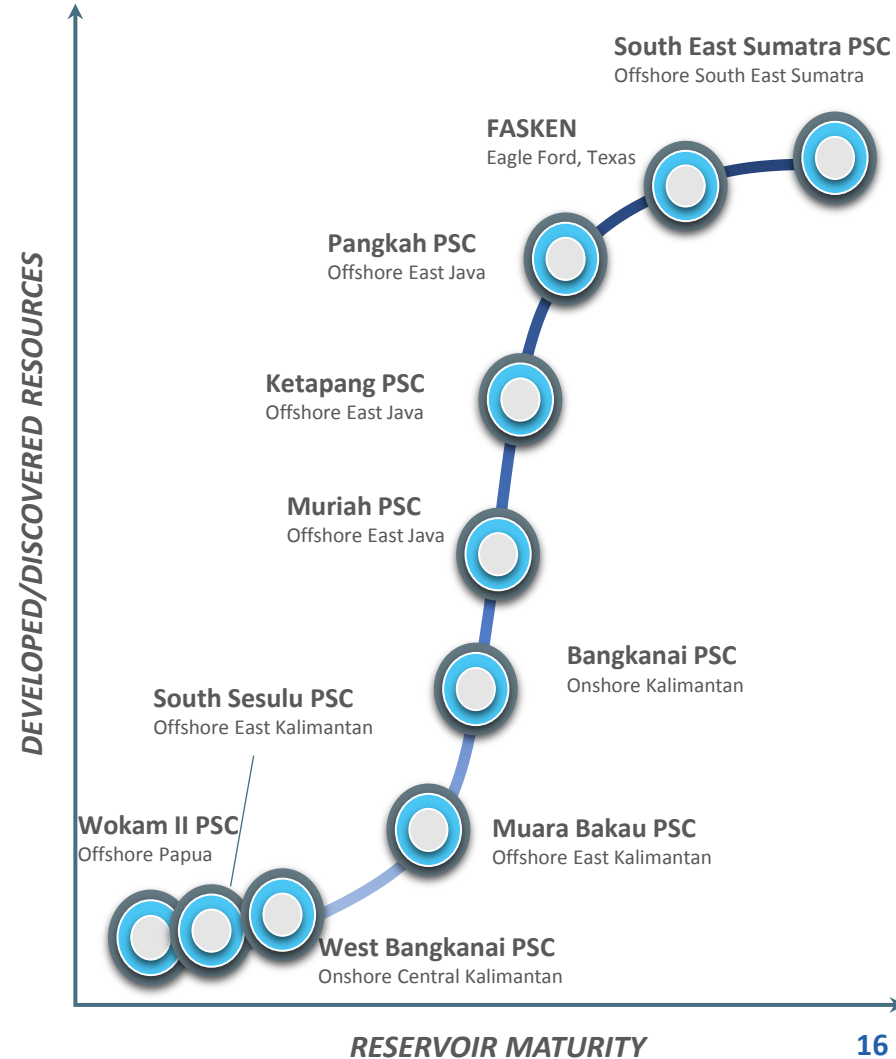
Surrounding Acreage

Add value through development / commercialization

- Enhanced technical insight
- Operational flexibility
- Financial synergies



Building a portfolio of opportunities

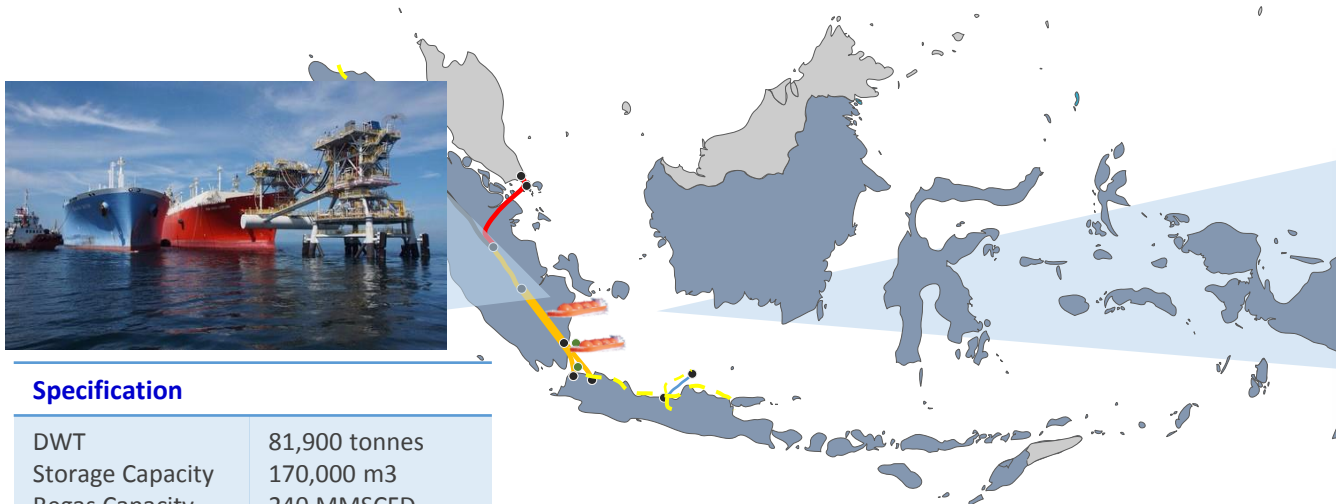


LNG Gas Supply



Specification

| | |
|-------------------|------------------------|
| DWT | 81,900 tonnes |
| Storage Capacity | 170,000 m ³ |
| Regas Capacity | 240 MMSCFD |
| Offshore Pipeline | ±21 km |
| Diameter | 24" |



FSRU Jawa Barat

Specification

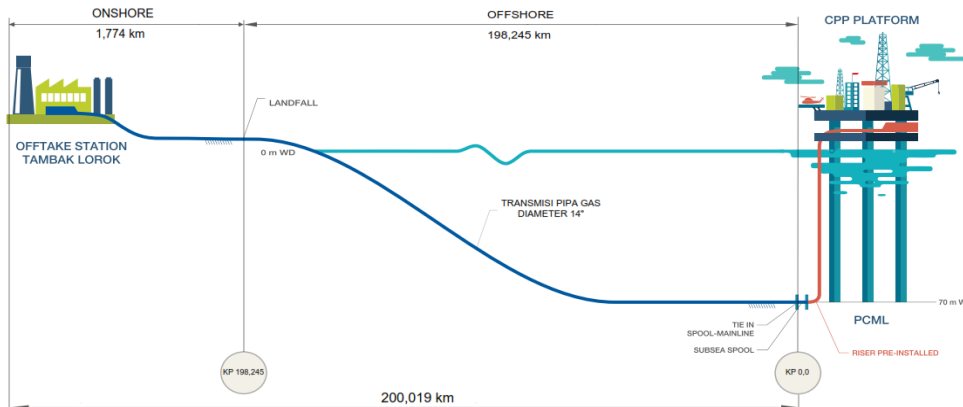
| | |
|---------------------|----------|
| Capacity | 3 MTPA |
| Offshore Pipeline | ±15 km |
| Diameter | 24" |
| LNG Supply Contract | 11.75 MT |

- **About 1.1 million cubic meter of LNG** or 8 cargoes will be shipped to FSRU Lampung of subsidiary, PGN LNG Indonesia from Tangguh Block in 2016. Three LNG cargoes have been regassified from January until May 2016 and delivered through pipeline to PGN's customers in West Java.
- **LNG GSPA between PGN & Pertamina** was signed in June 2015 to serve gas demand in Medan, South Sumatera for 5 years.

Kepodang-Tambak Lorok Transmission Pipeline



- Kalimantan Jawa Gas (KJG) completed Kepodang – Tambak Lorok pipeline project at the end of August 2015. It has delivered gas from Muriah Block to PLN’s Tambak Lorok power plant in Central Java. The volume will ramp-up to maximum of 116 MMSCFD.
- Saka Energi Indonesia (SEI) has participating interest of 20% in Muriah Block.



Recent Updates

| Event | Detail of Event |
|--|--|
| August, 2016 Agreement with PLN regarding extension of gas delivery to PLN power plant in Muara Tawar | PGN and PLN agreed to extend delivery of gas to PLN power plant in Muara Tawar. Under the agreement, additional volume and more stable offtake with new price will be applied starting from August 2016. |
| May 26, 2016 Delivery of LNG cargo | One LNG cargo from Tangguh Block arrived at FSRU Lampung in May 2016. The cargo has been regassified and delivered through pipeline to PGN's customers in West Java. Hence, 3 cargoes have been regassified in the period of first half 2016. |
| April 2 & 24, 2016 Delivery of LNG cargoes | Two LNG cargoes were shipped from Tangguh Block to FSRU Lampung in April 2016. The cargoes have been regassified and delivered through pipeline to PGN's customers in West Java. In 2016, about 1.1 million cubic meter or 8 cargoes of LNG will be shipped to FSRU Lampung. |
| April 8, 2016 Resolution of Annual General Meeting of Shareholders on the composition of Management | <ul style="list-style-type: none"><li data-bbox="726 885 1779 1011">• The meeting honorably discharged, Mr. Iman Sugema and Mr. Muhammad Zamkhani as the member of the Board of Commissioners and replaced with Mr. Fajar Harry Sampurno and Mr. Kiswodarmawan as the new member of the Board of Commissioners.<li data-bbox="726 1053 1779 1243">• The meeting changed the nomenclature of the member of the Board of Directors' position and appointed: Mr. Hendi Prio Santoso as the President Director and Mr. Muhammad Wahid Sutopo, Mr. Nusantara Suyono, Mr. Danny Praditya, Mr. Dilo Seno Widagdo and Mr. Hendi Kusnadi as the Directors.. |

Recent Updates

| Event | Detail of Event |
|--|--|
| April 8, 2016 Resolution of Annual General Meeting of Shareholders on Dividend | Rp 2,213,734,528,459,- from the profit attributable to the parent of entity of year 2015 or Rp 91.32 per share were distributed as cash dividend to shareholders: Cum dividend: <ul style="list-style-type: none">• Regular and negotiable market April 15, 2016.• Cash market April 20, 2016.• Payment date of cash dividend May 12, 2016 |
| December 31, 2015 North Sumatera gas price adjustment. | At the end of 2015 LNG supply price was declined affected by the global oil price drop. PGN accordingly adjusted the blended price to its customers in Medan area. The adjustment has been implemented since December 2015 reducing the gas price from USD 14/MMbtu to USD 12.22/MMbtu. |
| December 16, 2015 Acquiring 100% of Wokam II PSC from Murphy Wokam Oil Company Ltd. | Saka Energi Indonesia (SEI) as PGN's subsidiary, acquired 100% of participating interest in Wokam II PSC in the amount of USD 250,000. The transaction will be effective upon approval obtained from the government and the Special Task Force for Upstream Oil & Gas Business Activities (SKK Migas). Up to the date of concluding the consolidated financial statements, the approval is currently undergoing. Based on the agreement, PT Saka Energi Wokam acts as the operator. It has not started its commercial activities at this moment. |

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Thank You

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