



# Perusahaan Gas Negara

## Investor Presentation

*12M 2015 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.

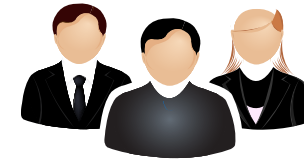
# PGN Group and Ownership

Government of  
Republic Indonesia

56.97%

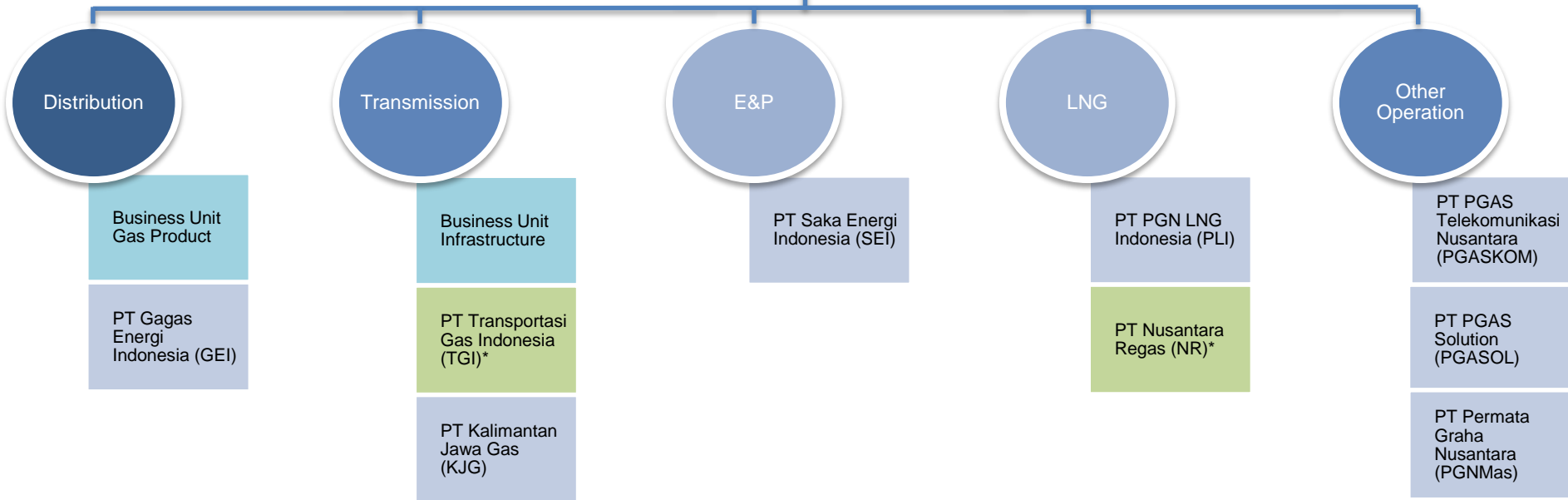


Total Shares: 24,241,508,196  
Incl. 1,850,000 Treasury Stock and 1 Seri-A Dwiwarna Share



Public

43.03%

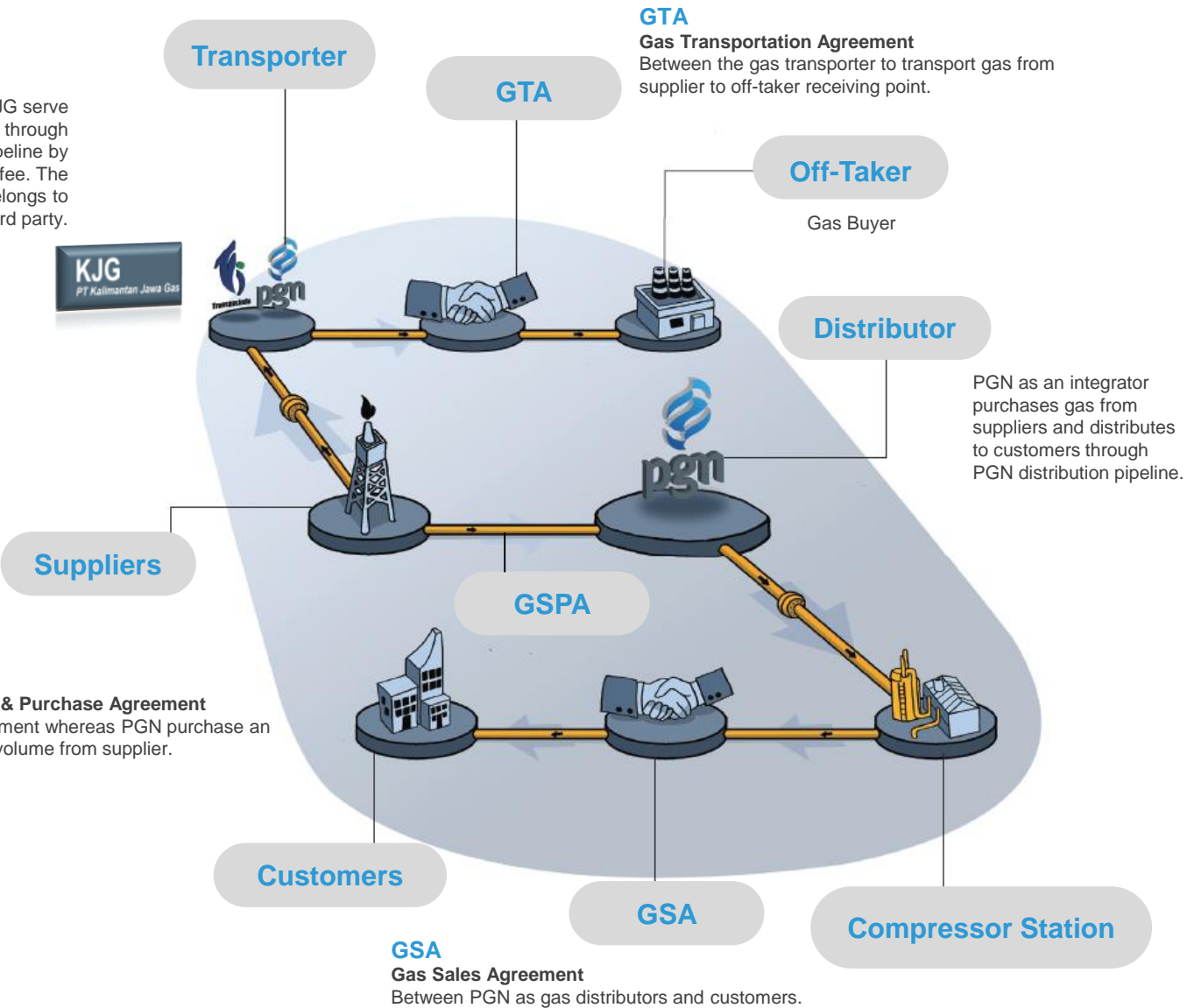


\*) TGI and NR are join control and unconsolidated

# Business Model

Leading Player in Indonesia Natural Gas Transmission and Distribution

PGN, TGI and KJG serve as gas transporter through transmission pipeline by charging toll fee. The transported gas belongs to third party.



# Key Stakeholders and Related Regulations



Ministry of  
State Owned Enterprise



Ministry of Energy and  
Mineral Resources



Special Task Force for Oil and  
Gas Business Activities



Downstream  
Oil and Gas Regulator

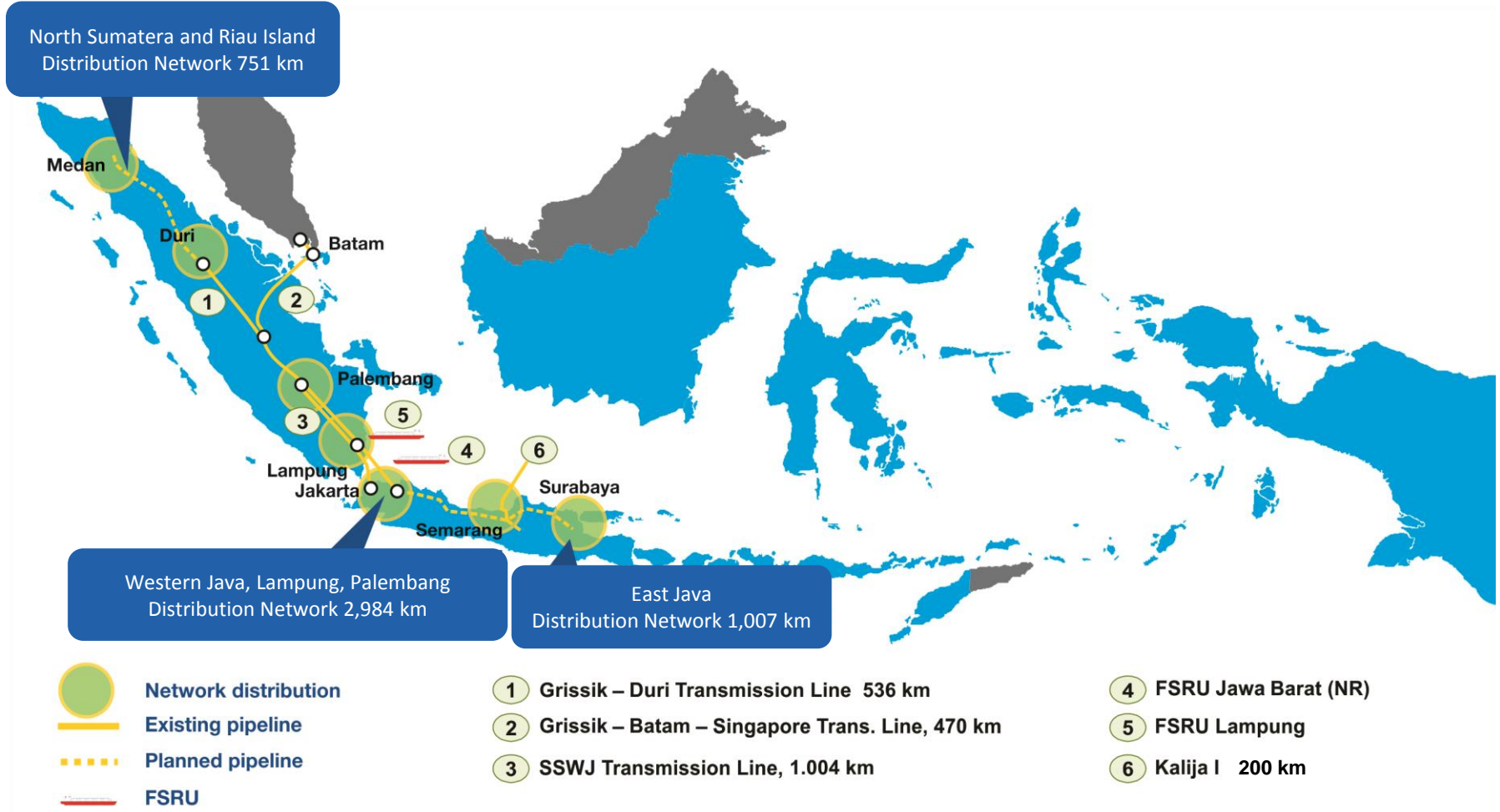
## Minister of Energy & Mineral Resources

### Decree No. 19/2009

- Set the structure of natural gas trading, transmission and distribution business and licensing.
- Provides special rights and licensing for dedicated downstream.
- Set pricing mechanism for piped natural gas:
  - Residential regulated by BPH Migas.
  - Special users determined by Minister of Energy and Mineral Resources.
  - General users determined by the companies.

## Minister of Energy & Mineral Resources Decree No. 06/2016

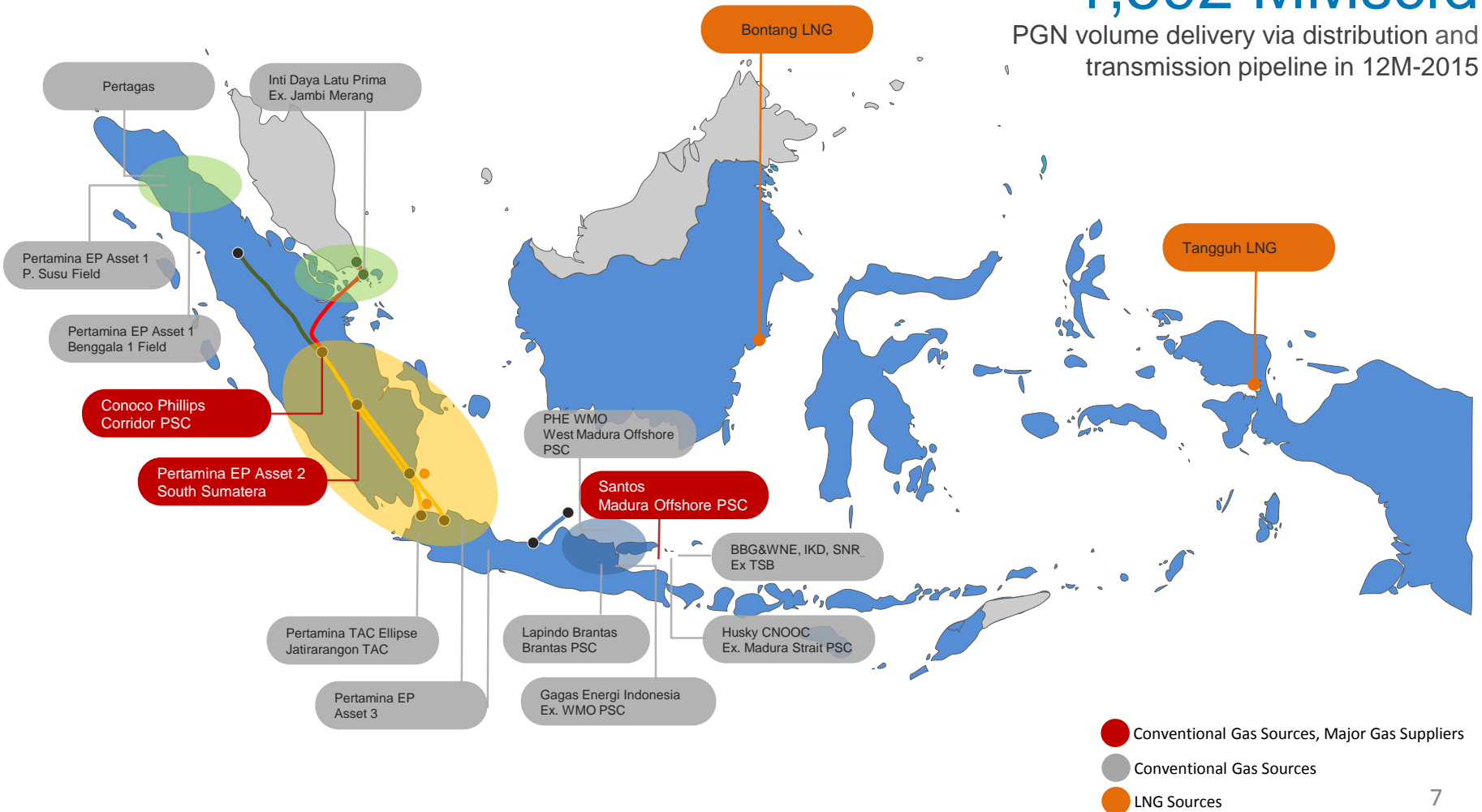
- Supersede Minister & Energy Mineral Resources Decree No. 37/2015
- Priority of allocation and utilization of domestic natural gas are intended for:
  - Transportation, residential, small user;
  - Production of oil and gas;
  - Fertilizer;
  - Gas-based industry;
  - Power plant;
  - Use gas for fuel.
- The assigned enterprises are as follows:
  - State Owned Enterprise;
  - Regional Owned Enterprise;
  - Business entities licensed in the provision of gas fuel for transportation.



# Sources of Gas

## 1,592 MMscfd

PGN volume delivery via distribution and transmission pipeline in 12M-2015



# We Serve All Segments

## INDUSTRIES AND POWER PLANTS

96.96%  
of total volumes  
1,529  
Customers



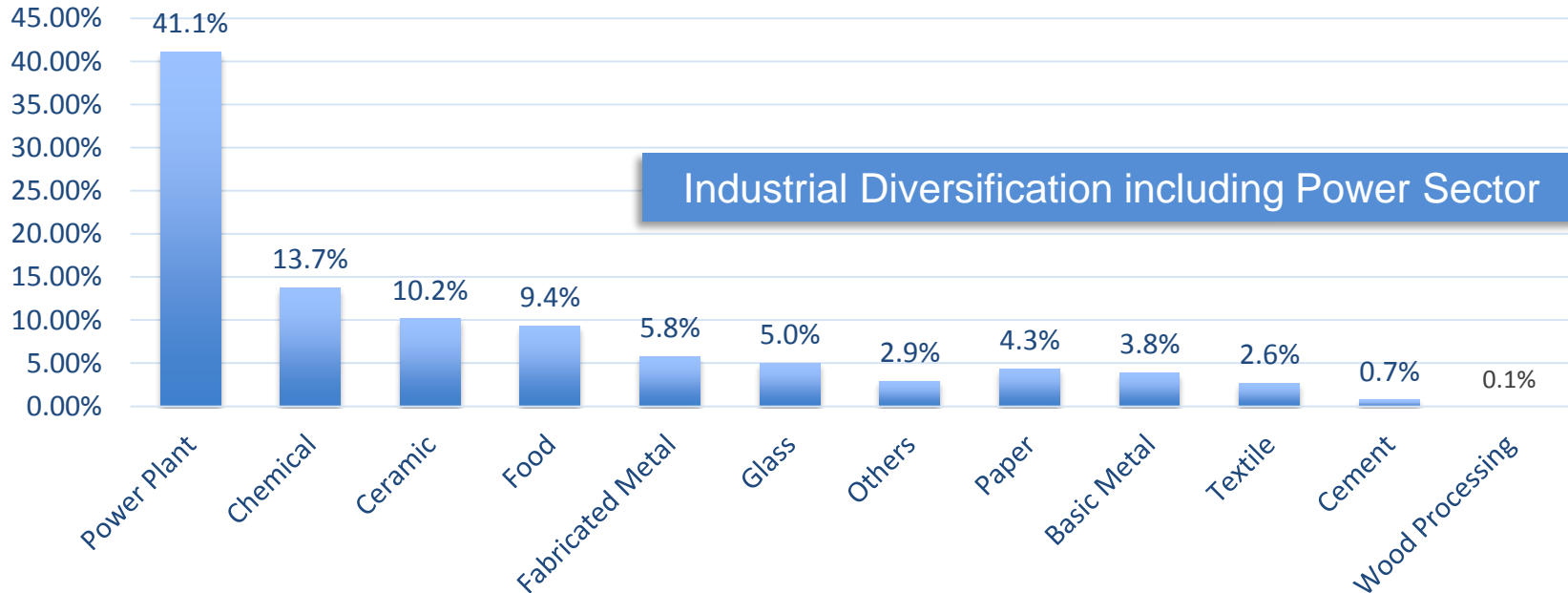
## COMMERCIAL & SME

2.80%  
of total volumes  
1,857  
Customers



## HOUSEHOLDS

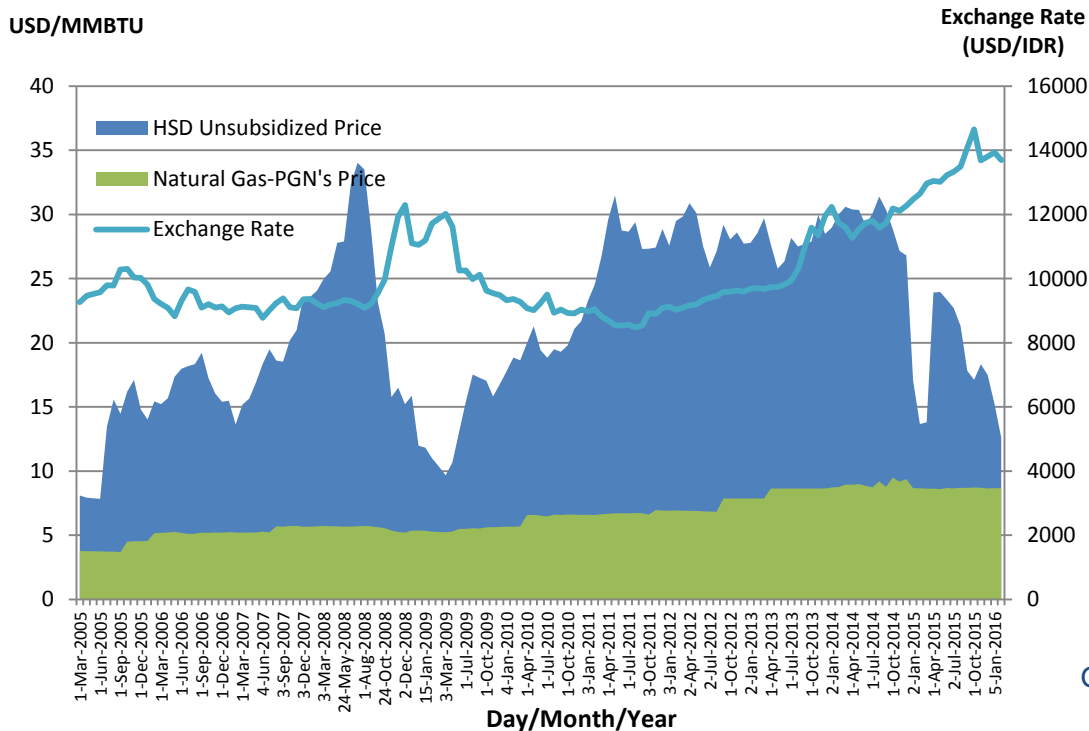
0.24%  
of total Volumes  
107,690  
Customers



\*) Data as of December 2015 / 12M-2015

# Opportunity in Price Advantage

## Comparison between HSD vs Natural Gas

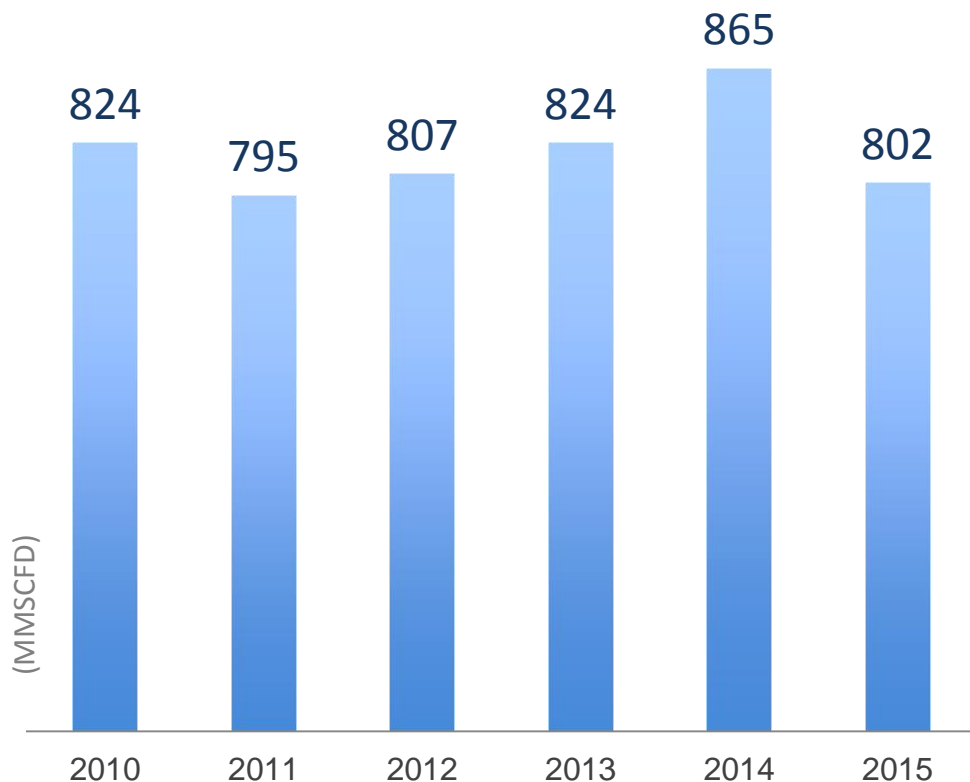


Note:  
IDR-USD: BI mid spot rate

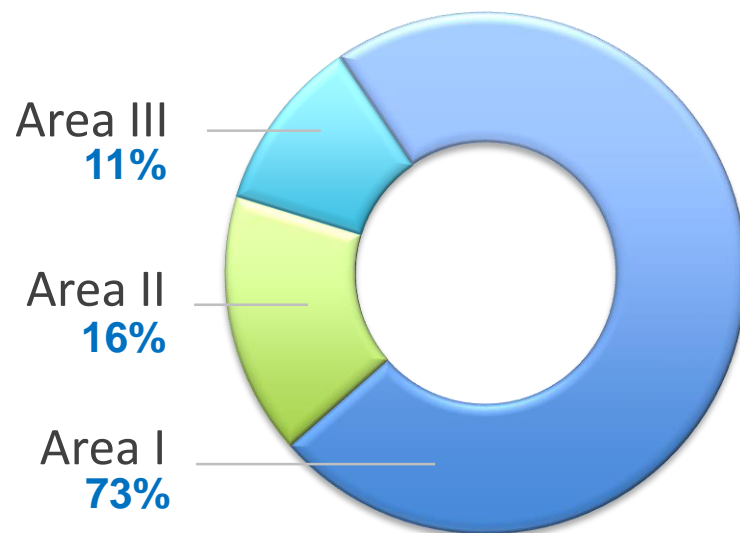


Note:  
Fuel price Pertamina as of February 2016  
Exchange rate USD 1 = IDR 14,000  
\* Subject to ICP

# Distribution Performance

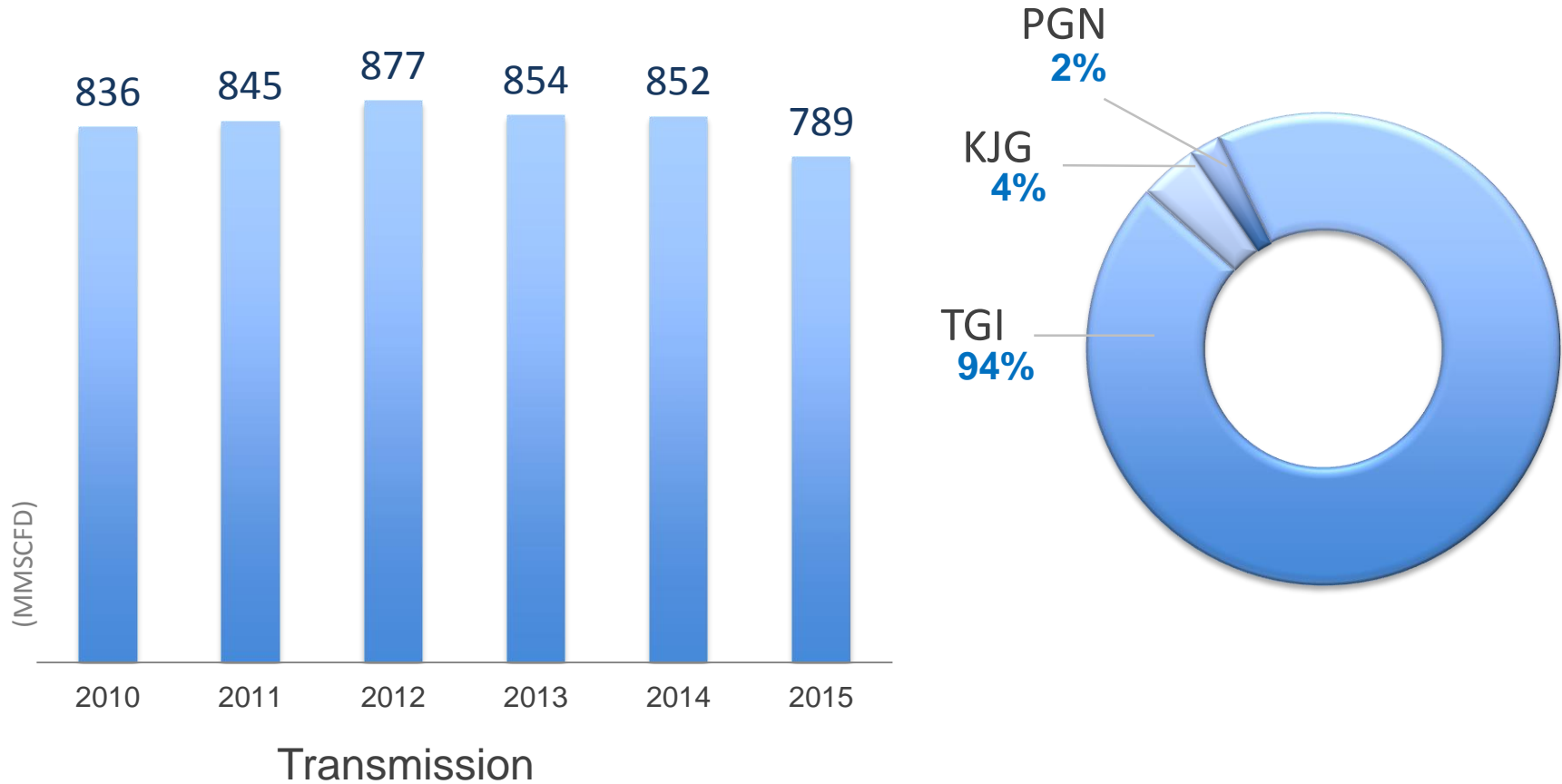


Distribution



- Area I: Western Part of Java, Lampung, & South Sumatera
- Area II: East Java & Central Java
- Area III: Sumatera Utara, Riau & Riau Island

# 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	Dec 31, 2015	Dec 31, 2014*
Revenues	3,068.79	3,253.39
Cost of Revenues	2,105.68	1,967.91
Gross Profit	963.11	1,285.48
Operating Income	565.49	859.01
EBITDA	941.08	1,114.47
Net Income	401.20	711.18

\*) Restated

# Consolidated Statements of Financial Position

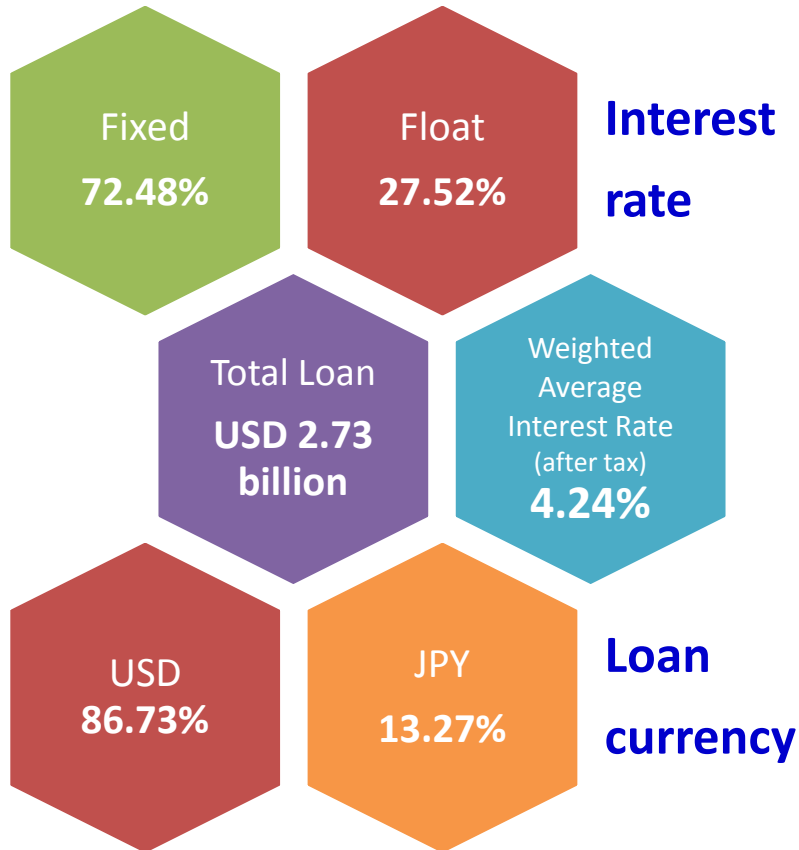
In USD Million	Dec 31, 2015	Dec 31, 2014*
Current Assets	1,723	1,735
Non Current Assets	4,772	3,954
<b>Total Assets</b>	<b>6,495</b>	<b>5,689</b>
Current Liabilities	667	669
Non Current Liabilities	2,805	2,145
Total Equity	3,023	2,875
<b>Total Liabilities And Shareholders Equity</b>	<b>6,495</b>	<b>5,689</b>

Ratios	Dec 31, 2015	Dec 31, 2014*
Net Debt to Equity Ratio (x)	0.5	0.2
EBITDA/Interest expense (x)	8.8	16.0

\*) Restated

# Loan Composition

As of December 31, 2015



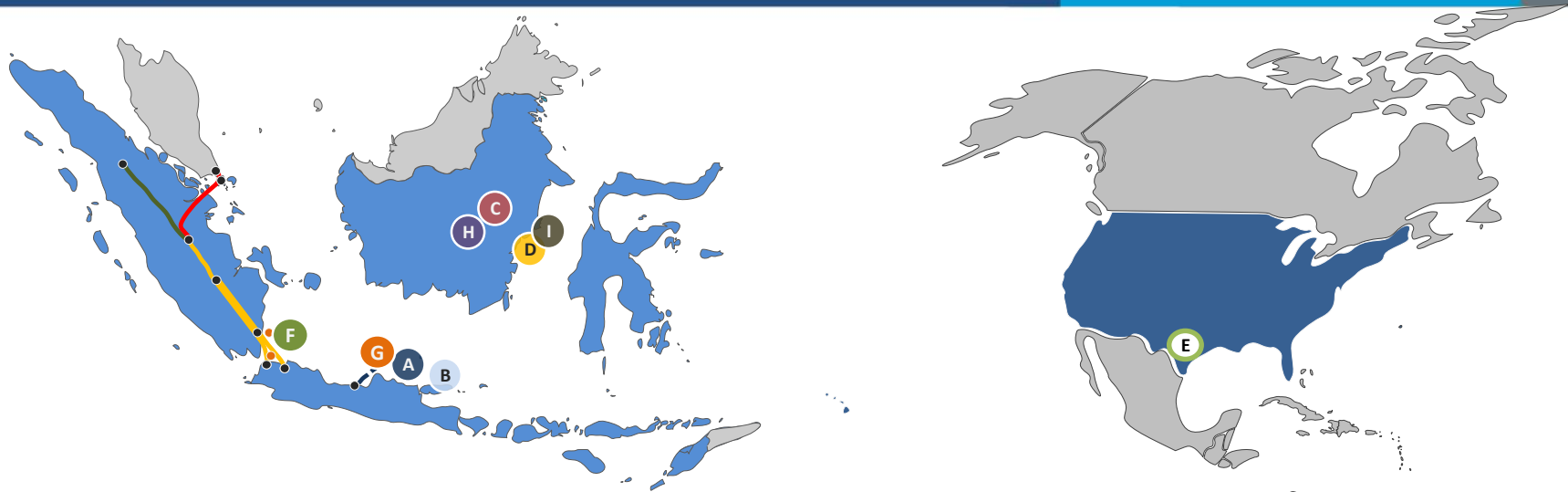
## Credit Rating 2015

<b>MOODY'S</b>	Baa3
<b>STANDARD &amp; POOR'S</b>	BB+
<b>FitchRatings</b>	BBB-
<b>Pefindo</b>	idAAA

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

# Upstream Assets

As of 12M 2015



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

Source : Saka Energi Indonesia. (SEI)

## 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 Asset in Pangkah, East Java



Pangkah Block



Offshore platform Pangkah Block, East Java

# Discovery on Upstream Asset



**Saka Energi Indonesia (SEI) discovered gas reserve in South Sesulu, offshore East Kalimantan**

Natural gas discovery in SIS-A#1 Well, offshore Kutai Basin with a final depth of drilling 8,200 feet total vertical deep subsea.

**Potential new reserve in Sidayu field, Pangkah block, East Java.**

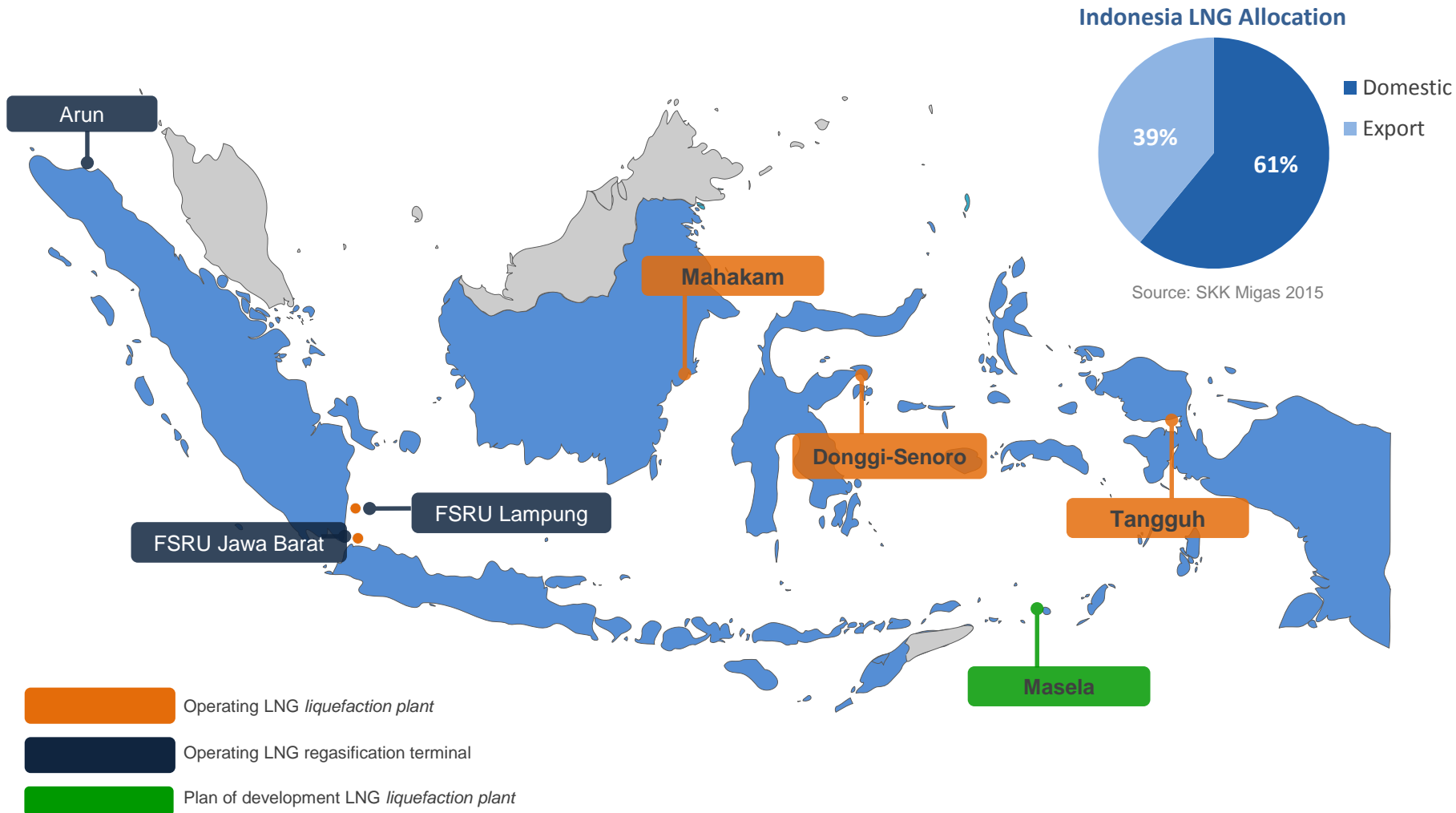
Discovery of potential reserve which mainly oil in Sidayu-3 Field. *Plan of Development (POD)* will be proposed to SKK Migas for approval before starting production.



**Gold Category of 2015 Exploration Performance from SKK Migas.**

Saka Indonesia Sesulu was awarded with Gold Category from SKK Migas for its exploration performance in 2015.

# Indonesia's LNG Infrastructure



# LNG Gas Supply

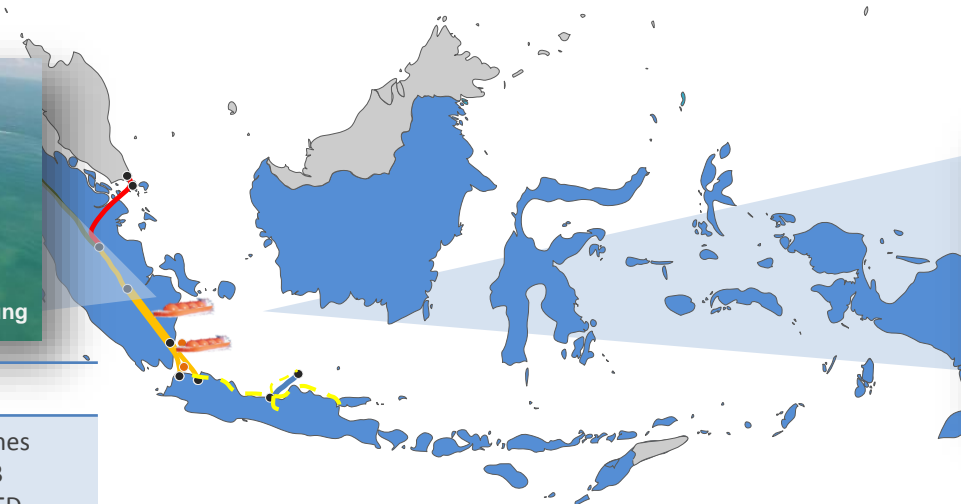


FSRU Lampung

### Specification

DWT	81,900 tonnes
Storage Capacity	170,000 m <sup>3</sup>
Regas Capacity	240 MMSCFD
Offshore Pipeline	±21 km
Diameter	24"

- **138,000 m<sup>3</sup> LNG cargo** received by PLI from Tangguh Block to be regasified and distributed to PGN customers in Western part of Java or Southern Part of Sumatera. In October 2015, FSRU Lampung distributed 91.67 Bbtud.



FSRU Jawa Barat

### Specification

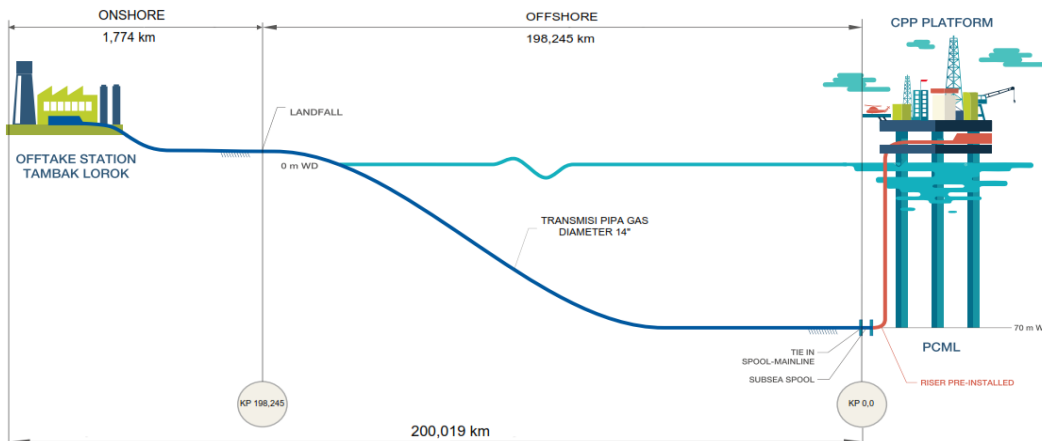
Capacity	3 MTPA
Offshore Pipeline	±15 km
Diameter	24"
LNG Supply Contract	11.75 MT

- **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.



Event	Detail of Event
<p>December 31, 2015 North Sumatera gas price adjustment.</p>	<p>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.</p>
<p>December 16, 2015 Acquiring 100% of Wokam II PSC from Murphy Wokam Oil Company Ltd.</p>	<p>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 &amp; 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.</p>
<p>October - November 2015 Delivery of LNG cargo by PLI.</p>	<p>PGN's subsidiary, PGN LNG Indonesia (PLI), has regasified one cargo LNG to PGN in October 2015. The cargo of 3,023,085 MMbtu or equivalent to 32.86 BBtud during 4<sup>th</sup> quarter of 2015 was shipped from Tangguh Block to anticipate demand from consumers in West Java area.</p>
<p>October 28, 2015 PLI as the tender winner of Pomalaa project.</p>	<p>PLI was awarded by PT Antam (Persero) Tbk as the tender winner of Pomalaa Project to supply regasified LNG to fuel the smelter for ferronickel processing at Pomalaa – South East Sulawesi. The use of regasified LNG is expected to lower the company's ferronickel production cost. The tender was conducted in accordance with prevailing regulations.</p>







# Thank You

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