



# Perusahaan Gas Negara

## Investor Presentation

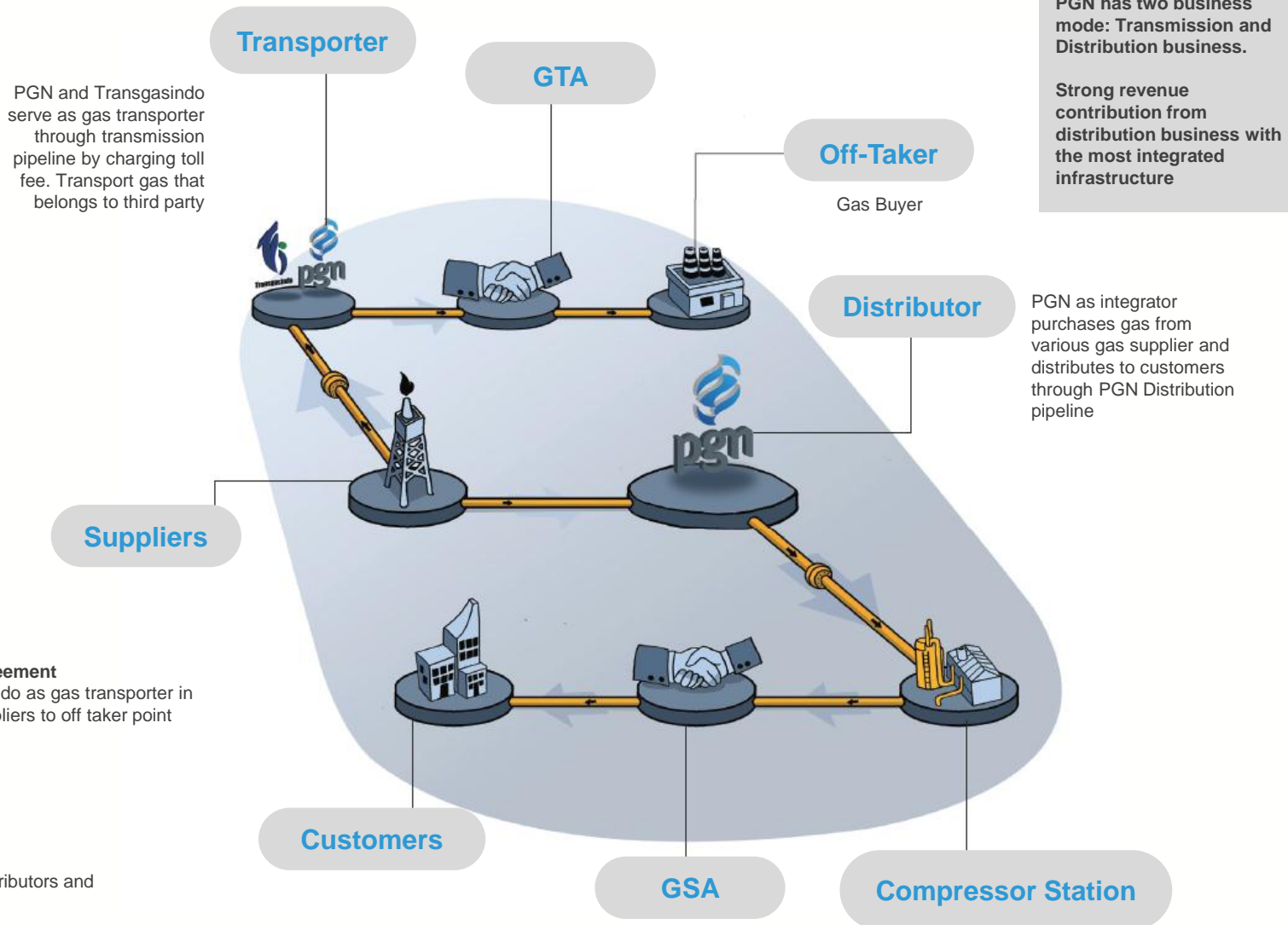
*9M 2015 Update*

**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.

# Business Model

Dominant player in domestic natural gas transmission and distribution

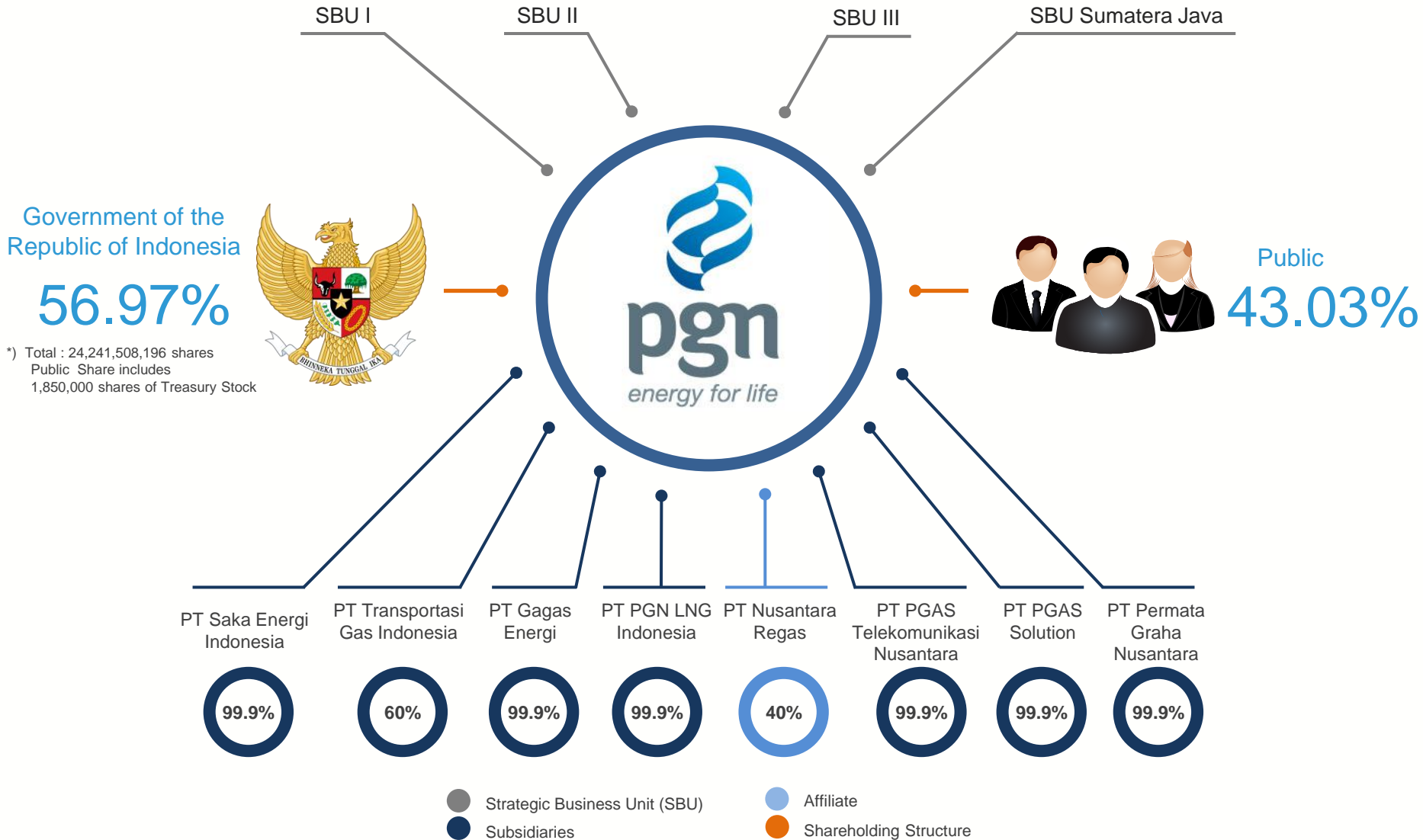


**GTA**  
**Gas Transportation Agreement**  
 Between PGN/Transgasindo as gas transporter in transferring gas from suppliers to off taker point

**GSA**  
**Gas Sales Agreement**  
 Between PGN as gas distributors and customers

PGN has two business mode: Transmission and Distribution business.  
 Strong revenue contribution from distribution business with the most integrated infrastructure

# PGN Group Structure



\*) Total : 24,241,508,196 shares  
Public Share includes  
1,850,000 shares of Treasury Stock

# Key Stakeholders and Related Regulations



Ministry of  
State Own Enterprise



Ministry of Energy and  
Mineral Resources



Special Task Force for Oil and  
Gas Business Activities



Downstream  
Oil and Gas Regulator

## Minister of Energy and 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 and Mineral Resources Decree No. 3/2010

- Upstream has a mandate to serve domestic demand by 25% of natural gas production.
- Domestic gas utilization priorities for national oil and gas production, fertilizer, electricity and industrial uses.
- Exemption for existing Gas Sales & Purchase Agreements, Heads of Agreement, Memorandum of Understanding or negotiations in progress.

# Pipelines, Facilities and Distribution Areas



Grissik Receiving Station



Panaran Station, Batam



FSRU Lampung



Pagardewa Station



Terbanggi Besar Station



Labuhan Meringgai St.



Bojonegara Station

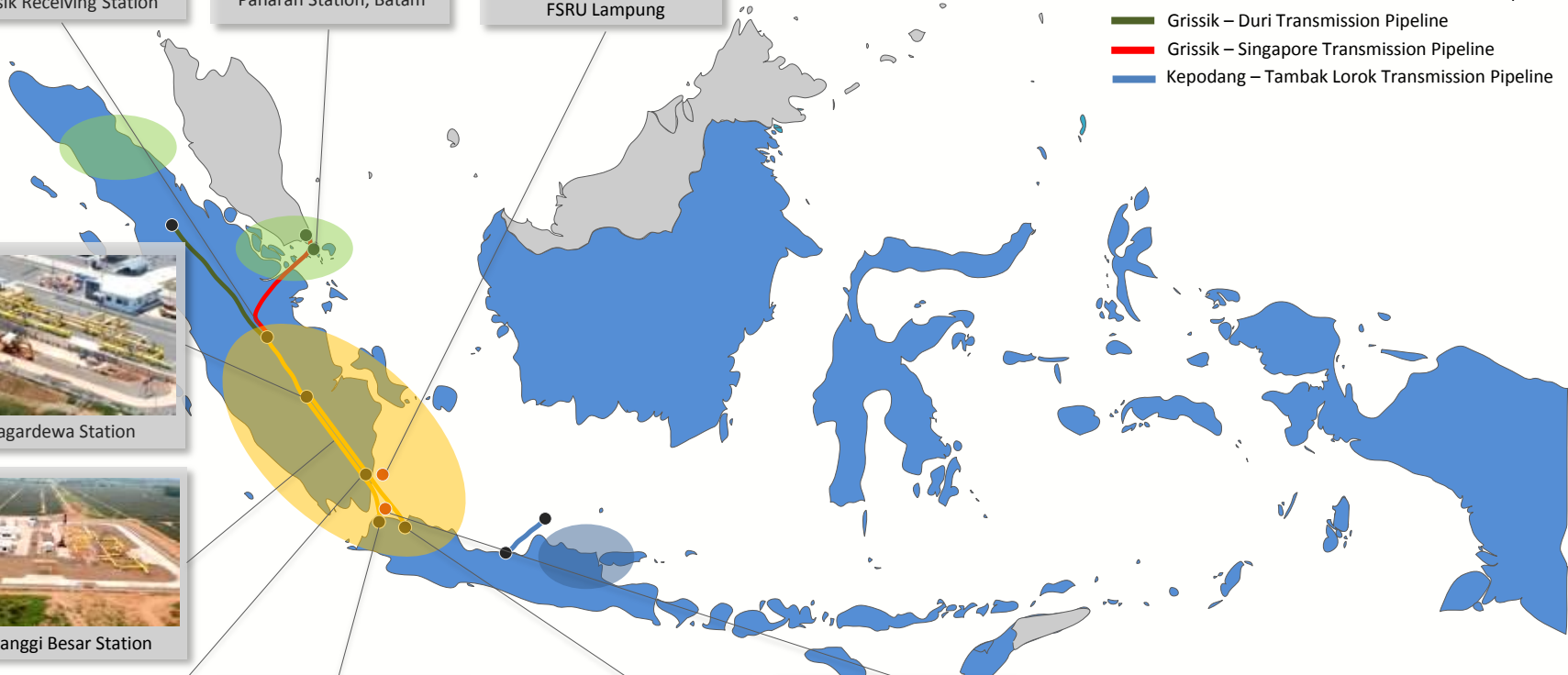


Muara Bekasi Station



Nusantara Regas

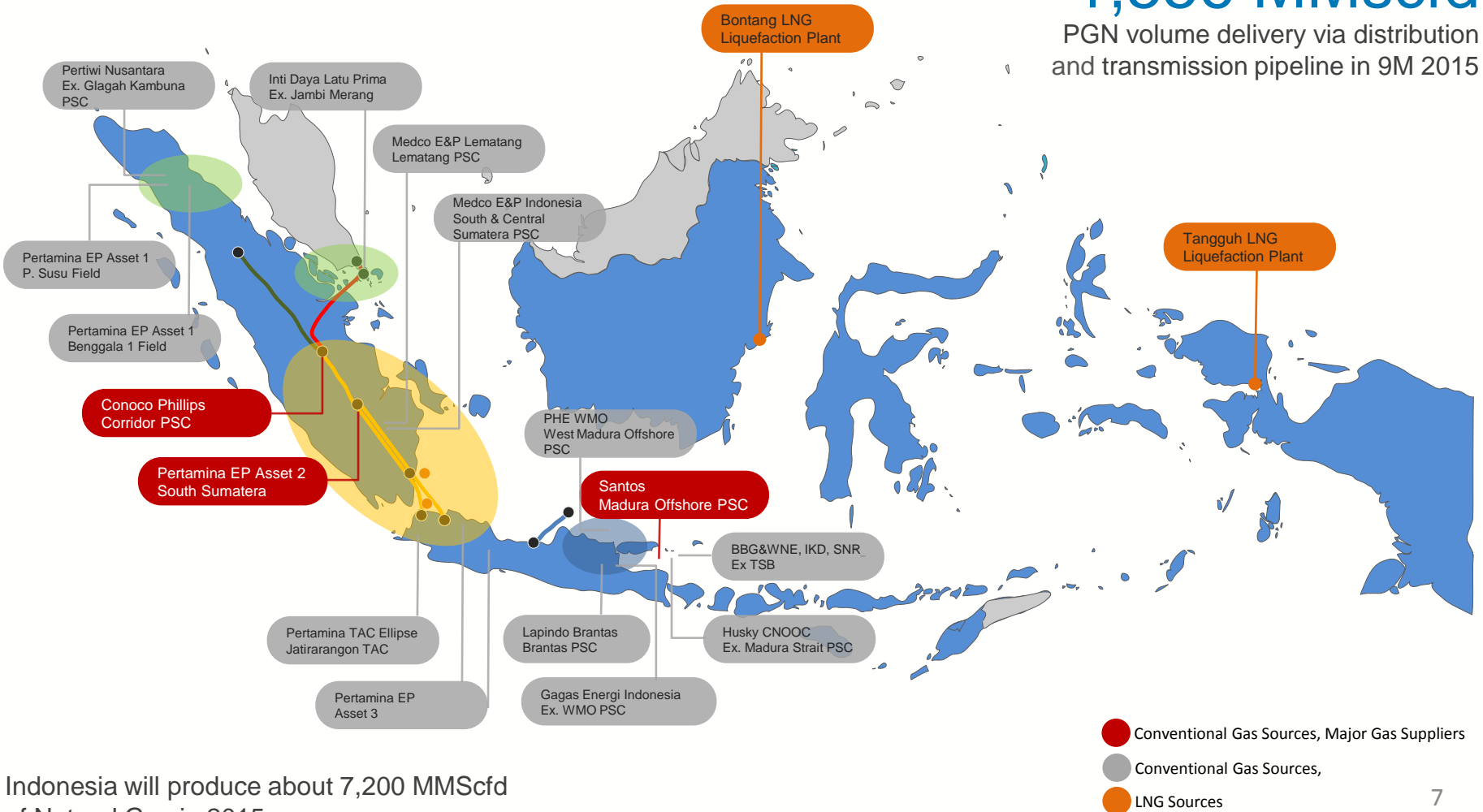
- Regional Distribution (RD) I
- Regional Distribution (RD) II
- Regional Distribution (RD) III
- FSRU Facilities
- South Sumatra – West Java Transmission Pipeline
- Grissik – Duri Transmission Pipeline
- Grissik – Singapore Transmission Pipeline
- Kepodang – Tambak Lorok Transmission Pipeline



# Sources of Gas

## 1,556 MMscfd

PGN volume delivery via distribution and transmission pipeline in 9M 2015



Indonesia will produce about 7,200 MMScfd of Natural Gas in 2015 Source: SKK Migas

# We Serve All Segments

## INDUSTRIES AND POWER PLANTS

**96.92%**

of total volumes

**1,499**

Customers



## COMMERCIAL & SME

**2.84%**

of total volumes

**1,801**

Customers



## HOUSEHOLDS

**0.24%**

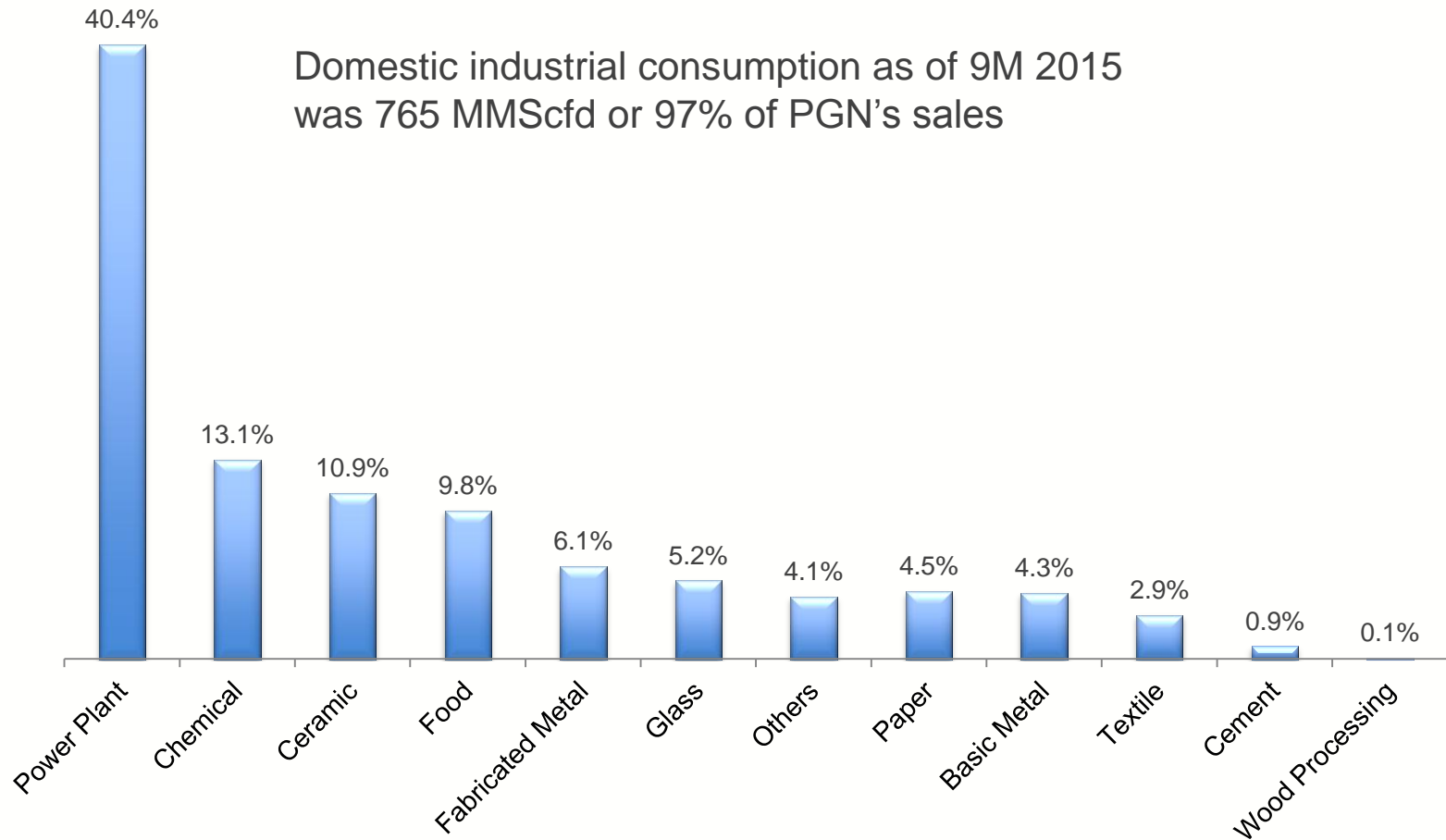
of total Volumes

**97,799**

Customers

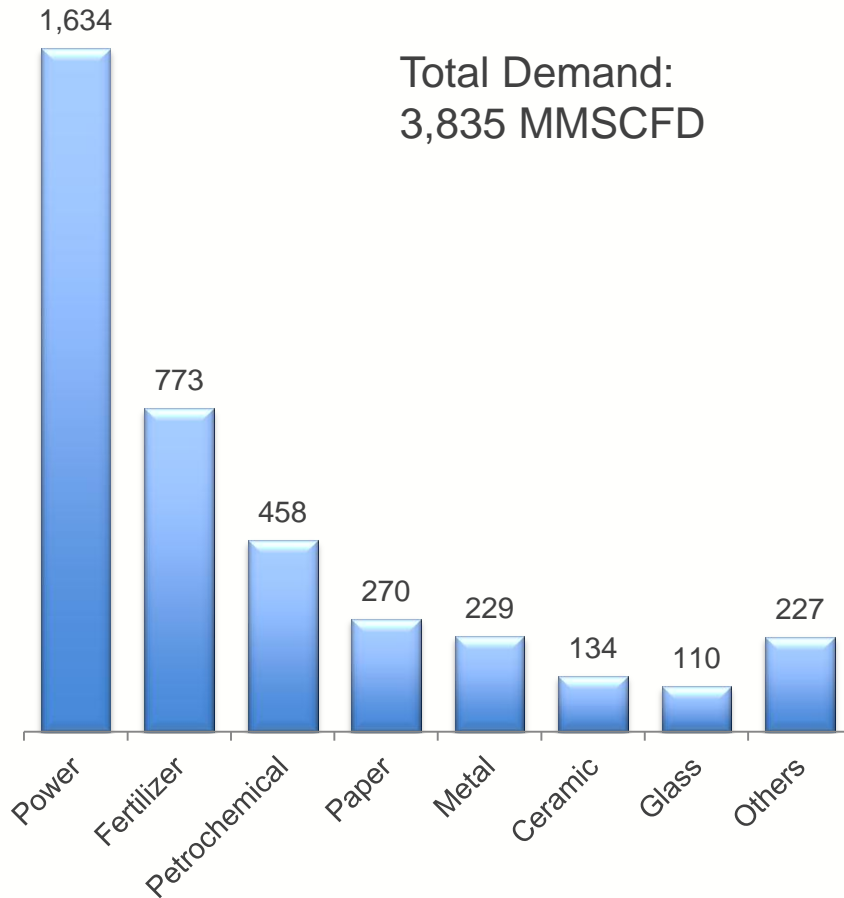
*\*) Number of customers as of September 2015*

# Diversified Industrial Customer



# Demand for Natural Gas

## Indonesia Potential Demand



### No Subsidy of Fuel for the Industries

Subsidies for industries revoked in 2005.

### Pricing and Efficiencies

Significant price and efficiencies benefits by converting to natural gas, as well as environmental concerns.

### Conversion of Power Plants

Pent-up demand from the conversion of existing dual fired power plants pending availability of gas.

### Demand from the industries

Require natural gas to compete in the era of Free Trade Agreement

Source: Ministry of Industry Republic of Indonesia and PLN

# Strategy to Meet Demand

## Obtain access to new gas supplies

- Actively seeking new gas supplies, starting from the ones located in the proximity of existing infrastructure.
- Seek to obtain more allocation from the imposed domestic market obligations to new production and contracts, but will require new infrastructure to be built.

## Develop existing and build new infrastructure

- Expand existing distribution and transmission capacity.
- Plan for inter-mode gas transportation such as CNG and LNG.

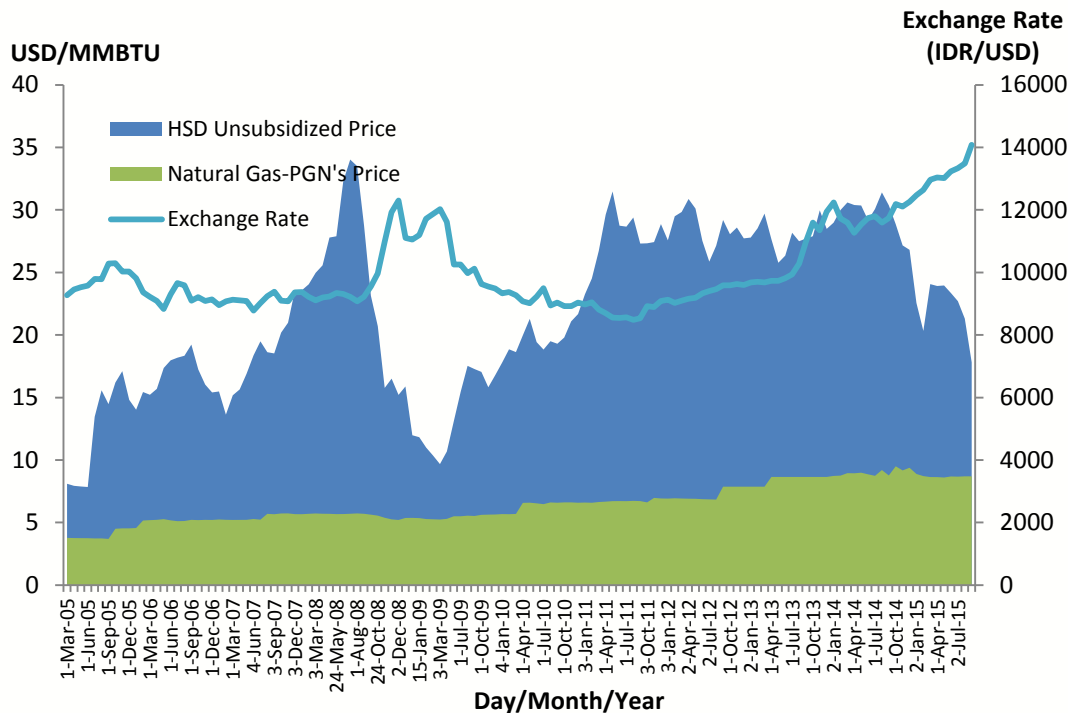
## Aim for non-conventional sources

- Plan and anticipate the non-conventional sources.

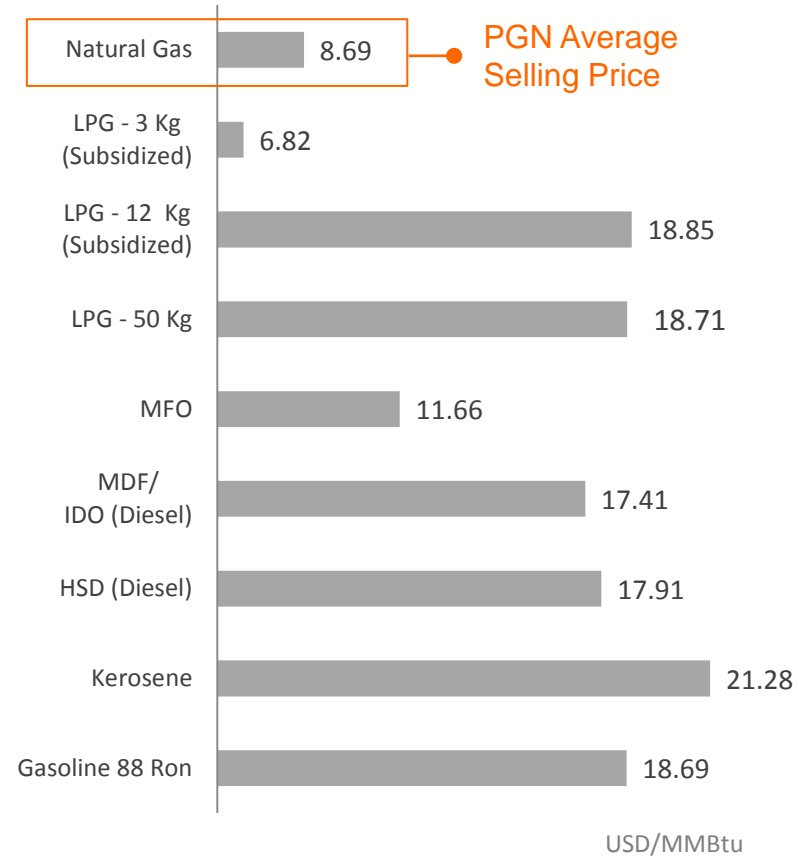


# Opportunity in Price Advantage

## Comparison between HSD vs Natural Gas

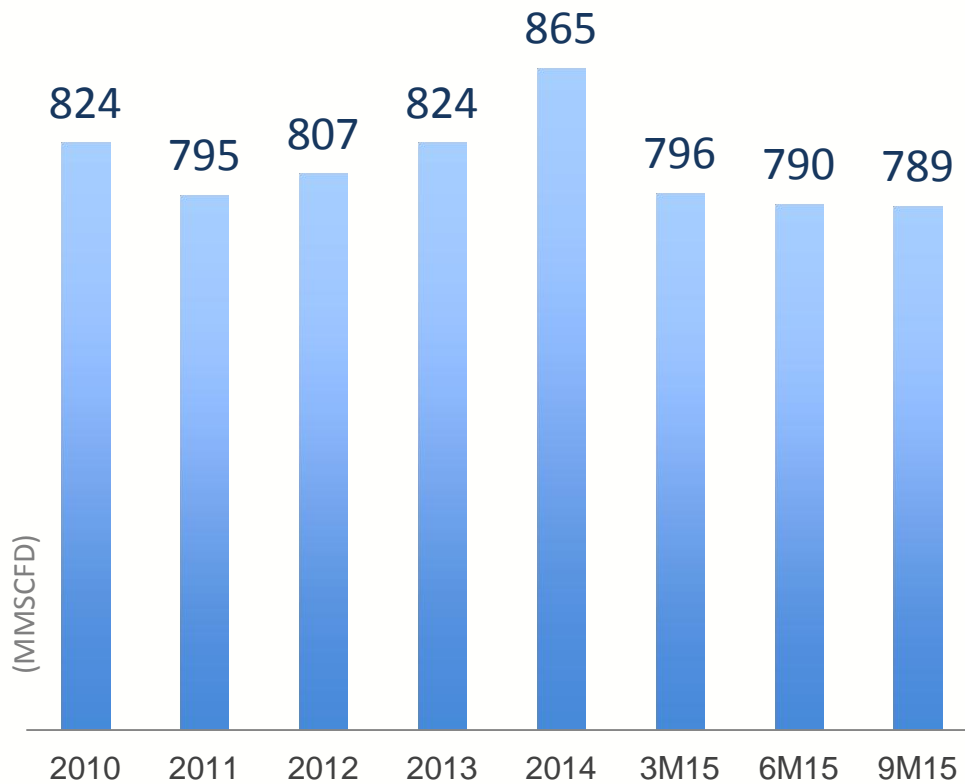


Note:  
IDR-USD: BI mid spot rate

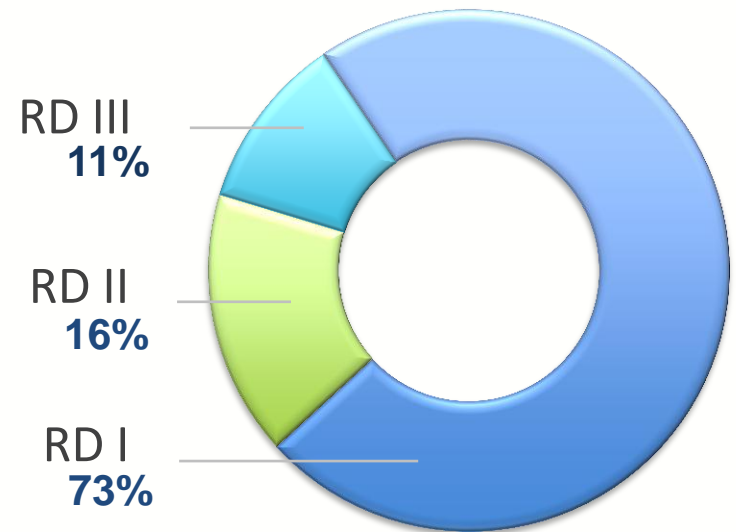


Note:  
Fuel price Pertamina as of September 2015  
Exchange rate USD 1 = IDR 14,000  
\* Subject to ICP

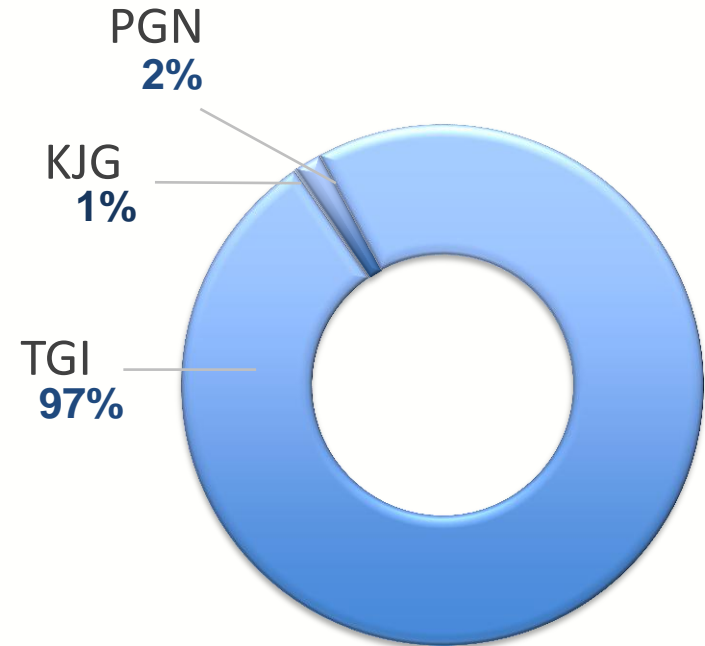
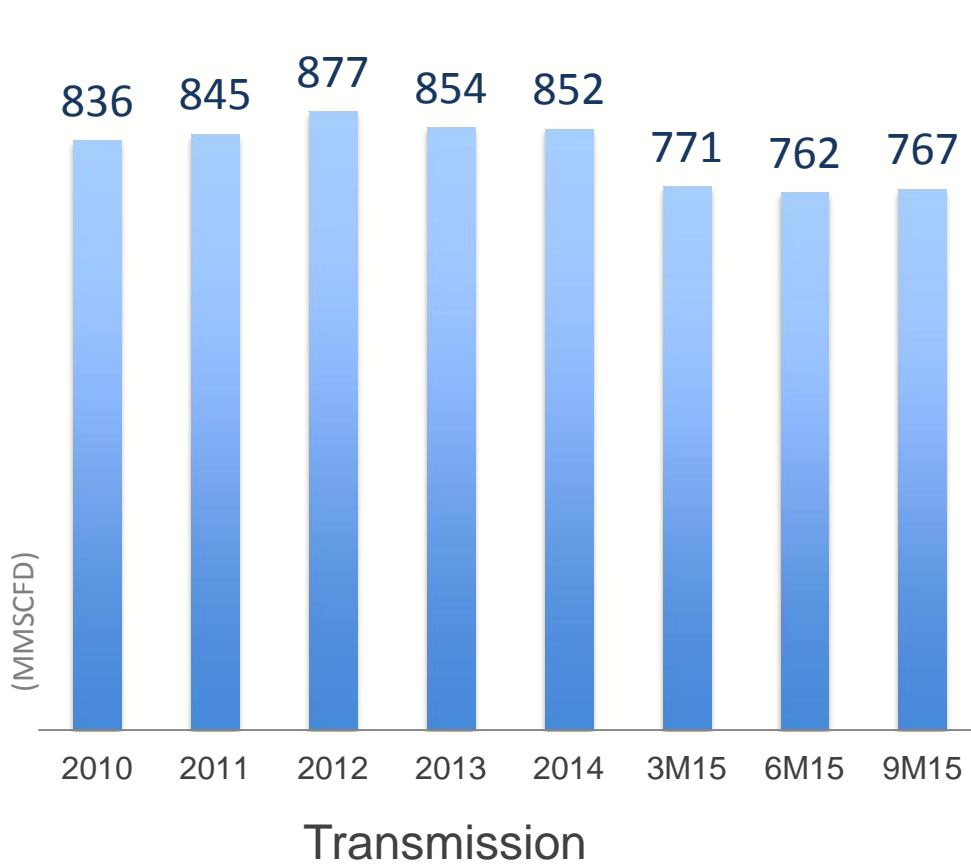
# Distribution Performance



Distribution



# Transmission Performance



Note:

\*) Effective January 1, 2015, PGN adopted PSAK 65 (the revised 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 9M 2015

In USD Million	9M 2015	9M 2014
Revenues	2,138.23	2,395.15
Cost of Revenues	1,435.35	1,427.33
Gross Profit	702.89	967.82
Operating Income	422.43	701.07
EBITDA	614.34	863.13
Net Income	306.32	591.80

# Consolidated Statements of Financial Position

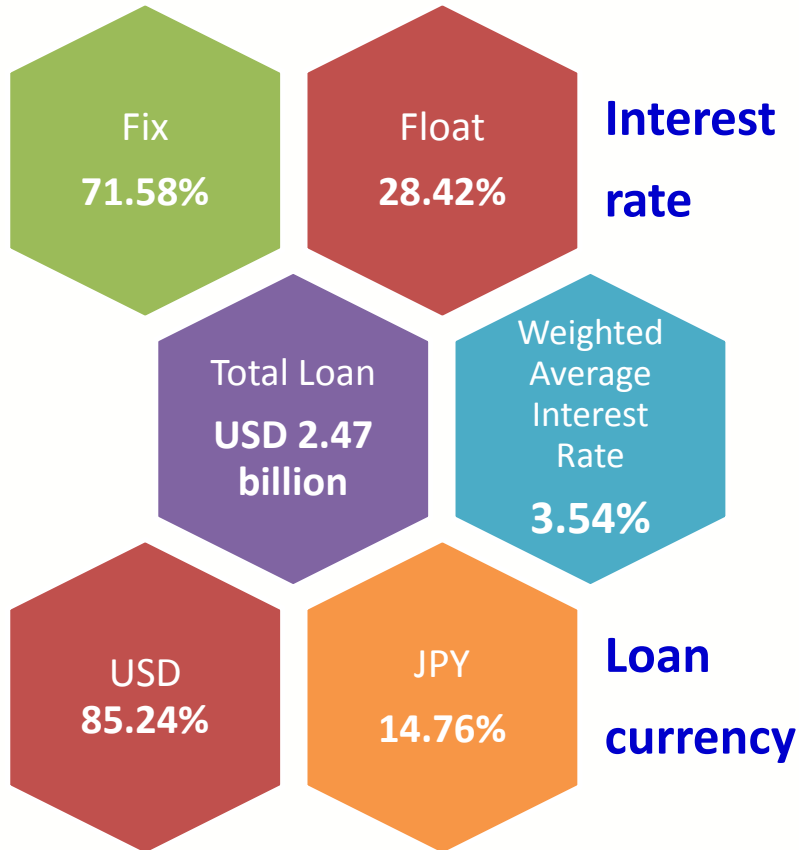
In USD Million	Sep 30, 2015	Sep 31, 2014*
Current Assets	1,551	1,735
Non Current Assets	4,631	4,333
<b>Total Assets</b>	<b>6,182</b>	<b>6,068</b>
Current Liabilities	597	1,032
Non Current Liabilities	2,677	2,161
Total Equity	2,908	2,875
<b>Total Liabilities And Shareholders Equity</b>	<b>6,182</b>	<b>6,068</b>

Ratios	Sep 30, 2015	FY 2014*
Debt to Equity Ratio (x)	0.85	0.64
EBITDA/Interest expense (x)	7.3	20.2

\*) Restated

# Loan Composition

As of June 30, 2015



## Credit Rating 2015

MOODY'S

Baa3

STANDARD  
& POOR'S

BB+

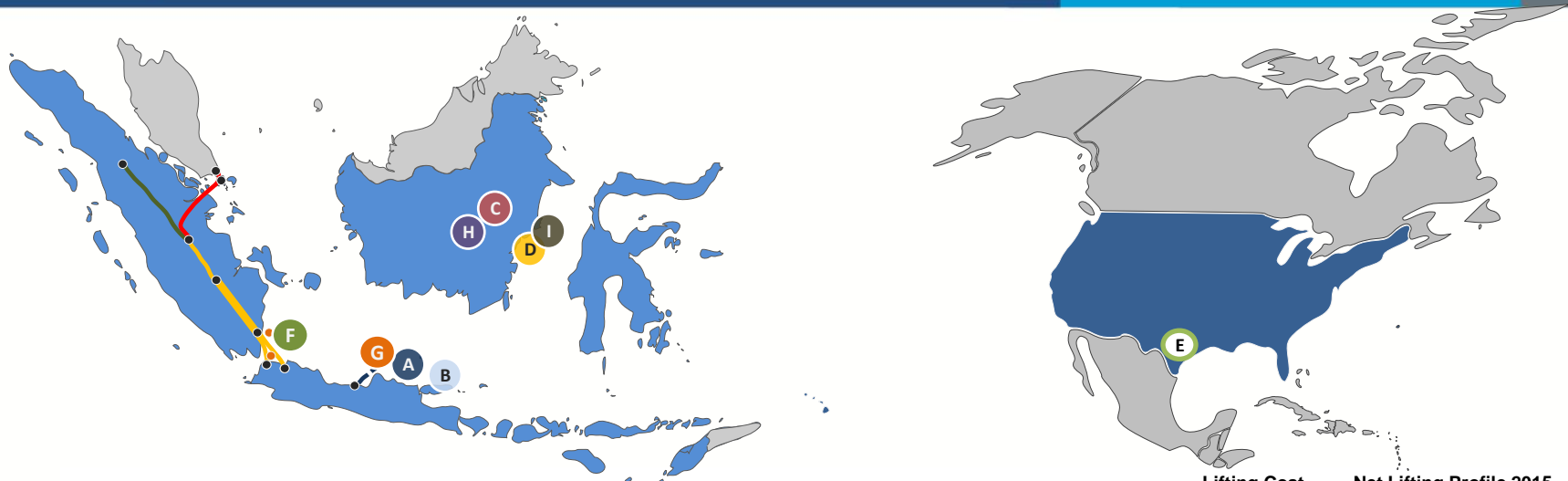
FitchRatings

BBB-

Pefindo

idAAA

Long-term loan mainly sourced from developmental banks and bond proceeds



Asset	% WI	Operator	Area (Km2)	Status	Contract Expiry	Certification Reserves	Lifting Cost USD/bbl	Net Lifting Profile 2015	
								Oil (BOPD)	Gas (MMSCFD)
<b>A</b> Pangkah	100	SEI	784	Production	2026	191.6 MMBOE (2P), D&M 2009	12	5,375	32
<b>B</b> Ketapang	20	Petronas	885	Development	2028	60 MMBOE, Gas 70 BCF (2P), Lemigas Reserves Certification	29	1,665	2
<b>C</b> Bangkanai	30	Salamander	1,385	Development	2033	218 BCF, GCA 2011. 298 BCF (2P), RPS 2011	-	-	-
<b>D</b> South Sesulu	100	SEI	2,970	Exploration	2039	-	-	-	-
<b>E</b> Fasken (Texas)	36	Swift Energy	8,300	Production	2050	Lower Eagle Ford : 556 BCF Upper Eagle Ford : 450 BCF	6.2	-	40
<b>F</b> SES	8.91	CNOOC	6,082	Production	2018	112.5 MMBOE (2P), RPS 2012	30	2,948	5
<b>G</b> Muriah	20	Petronas	2,823	Development	2021	493 BCF (OGIP), LAPI 4 Nov 2002	-	-	-
<b>H</b> West Bangkanai	30	Salamander	5,463	Exploration	2043	-	-	-	-
<b>I</b> Muara Bakau	12	Eni	1,082	Development	2032	Gas 1.9 TCF (Recoverable), Condensate 1.2 MMBbl, Inhouse Eni & GDF, 2013	-	-	-

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

# Oil and Gas Assets



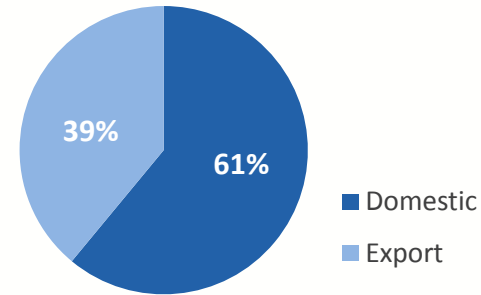
Pangkah Block



Offshore platform Pangkah Block, East Java

# National LNG Infrastructure

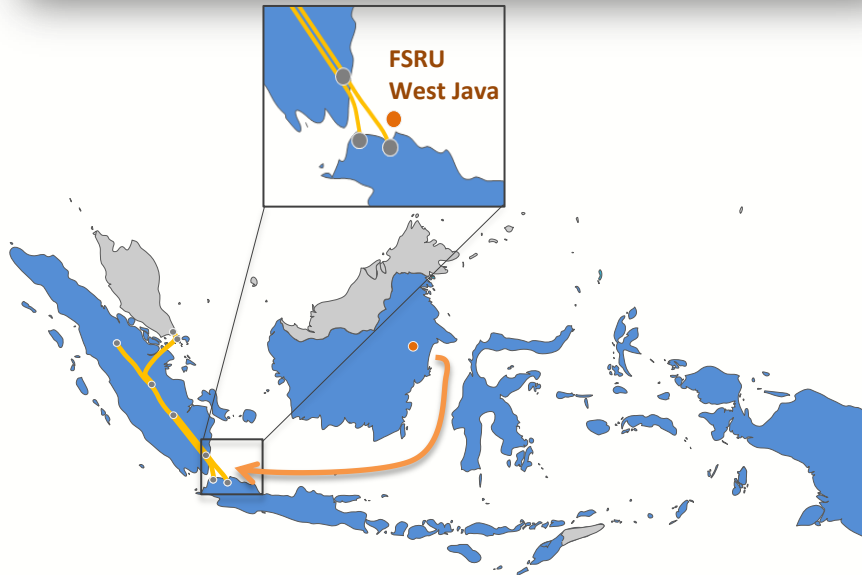
Indonesia Natural Gas Allocation



Source: SKK Migas 2015



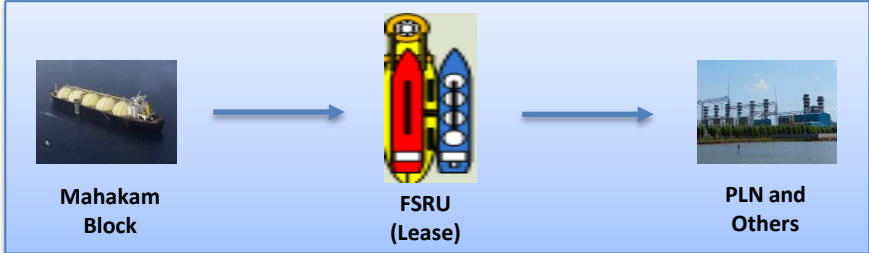
- Existing LNG Liquefaction Plant
- Planned / Development LNG Liquefaction Plant
- Existing transmission pipelines (PGN involvement)
- Existing LNG Receiving Terminal



## Description

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

## Business Process

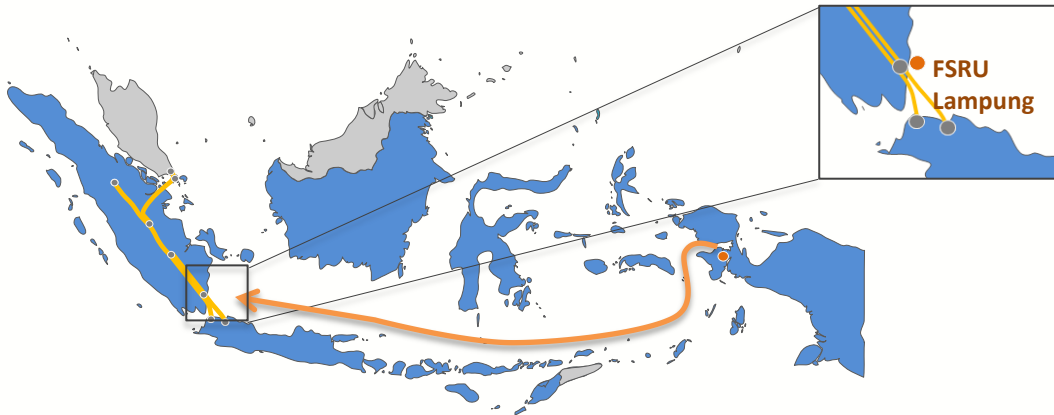


## Shareholder

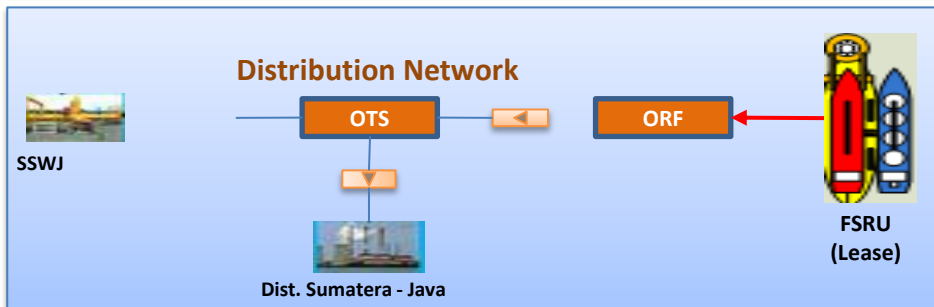


# FSRU Lampung

Integrated with the largest downstream transmission pipeline South Sumatera – West Java to serve Sumatera and Java market



## Business Process



## Specification

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

Event	Detail of Event
<p>October 2015 PGN's subsidiary, PT PGN LNG ("PLI") received one LNG cargo shipment from Tangguh</p>	<p>The FSRU Lampung has loaded about 138,000 m3 of LNG to be regassified and delivered to PGN's customers in West Java.</p>
<p>August 2015 PGN's subsidiary ,PT Kalimantan Jawa Gas ("KJG") completed the development of transmission pipeline connecting Kepodang field of Muriah Block to PLN's power plant Tambak Lorok in Central Java</p>	<p>Since first gas-in in August until September 2015, KJG has transported about 50 MMSCFD of gas to PLN's power plant Tambak Lorok. Under the contract, the gas will be ramping up to the maximum of 116 MMSCFD and fuel PLN's power plant until 2027.</p>
<p>On June 30, 2015, PGN and Pertamina's subsidiary, Pertagas, have signed a new Gas Sales Purchase Agreement ("GSPA") to supply the undersupplied gas market in North Sumatra with gas ex LNG from Arun Regasification Terminal.</p>	<p>The GSPA is effective for 5 years to supply industrial customers through PGN's distribution pipelines. PGN has set on August 1, 2015 a new gas tariff that introduces a blending supply scheme of existing 3 mmscfd conventional gas and additional 5 mmscfd gas ex LNG. With Pertagas' sales price of gas ex LNG at about about USD 13.8/mmbtu, the new tariff for Medan area has been accordingly adjusted to the average level equivalent to USD 14/mmbtu from the previous average of USD 9/mmbtu.</p>

Event	Detail of Event
<p>May 2015 Central Bank issued regulation No.17/3/PBI/2015 on the Mandatory Use of Rupiah.</p>	<p>Bank Indonesia obliged the mandatory use of Rupiah in Indonesia starting July 1st, 2015 which applies to almost all domestic transactions. PGN has obtained BI's approval to delay the implementation of the regulation in the Company's business transaction until the end of December 2015. PGN has been allowed to do a review and thorough analysis of the impact in using Rupiah as transaction currency on its business process and financial performance before asking for exemption from the Central Bank's requirement.</p>
<p>April 28, 2015 Saka Energi Indonesia (SEI) discovery in South Sesulu, offshore East Kalimantan</p>	<p>Saka Energi Indonesia (SEI) has discovered gas reserve of 500 BCF (2P) and expect to submit the Plan of Development for the block in 2017-2018</p>
<p>April 15, 2015 Acquiring 11.66% of Muara Bakau PSC from GDF Suez</p>	<p>PGN through its subsidiary Saka Energi Indonesia (SEI) acquired 11.666% participating interest in Muara Bakau PSC and unitization of 0.038520% participating interest in Indonesia Deepwater Development Project which intersect with Muara Bakau PSC.</p>

# NOTE

A series of eight horizontal dotted lines for writing notes.





# Thank You

Contact:

Investor Relations

PT Perusahaan Gas Negara (Persero) Tbk

Mid Tower Manhattan 26<sup>th</sup> Floor, Jl. TB Simatupang Kav. 1-S

Jakarta, Indonesia

Ph: +62 21 6334838 Fax: +62 21 6331632

<http://www.pgn.co.id>