



Perusahaan Gas Negara

Investor Presentation

6M 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

PGN and Transgasindo serve as gas transporter through transmission pipeline by charging toll fee. Transport gas that belongs to third party

Transporter

GTA

Off-Taker

Gas Buyer

Distributor

PGN has two business mode: Transmission and Distribution business.

Strong revenue contribution from distribution business with the most integrated infrastructure

PGN as integrator purchases gas from various gas supplier and distributes to customers through PGN Distribution pipeline

Suppliers

Customers

GSA

Compressor Station

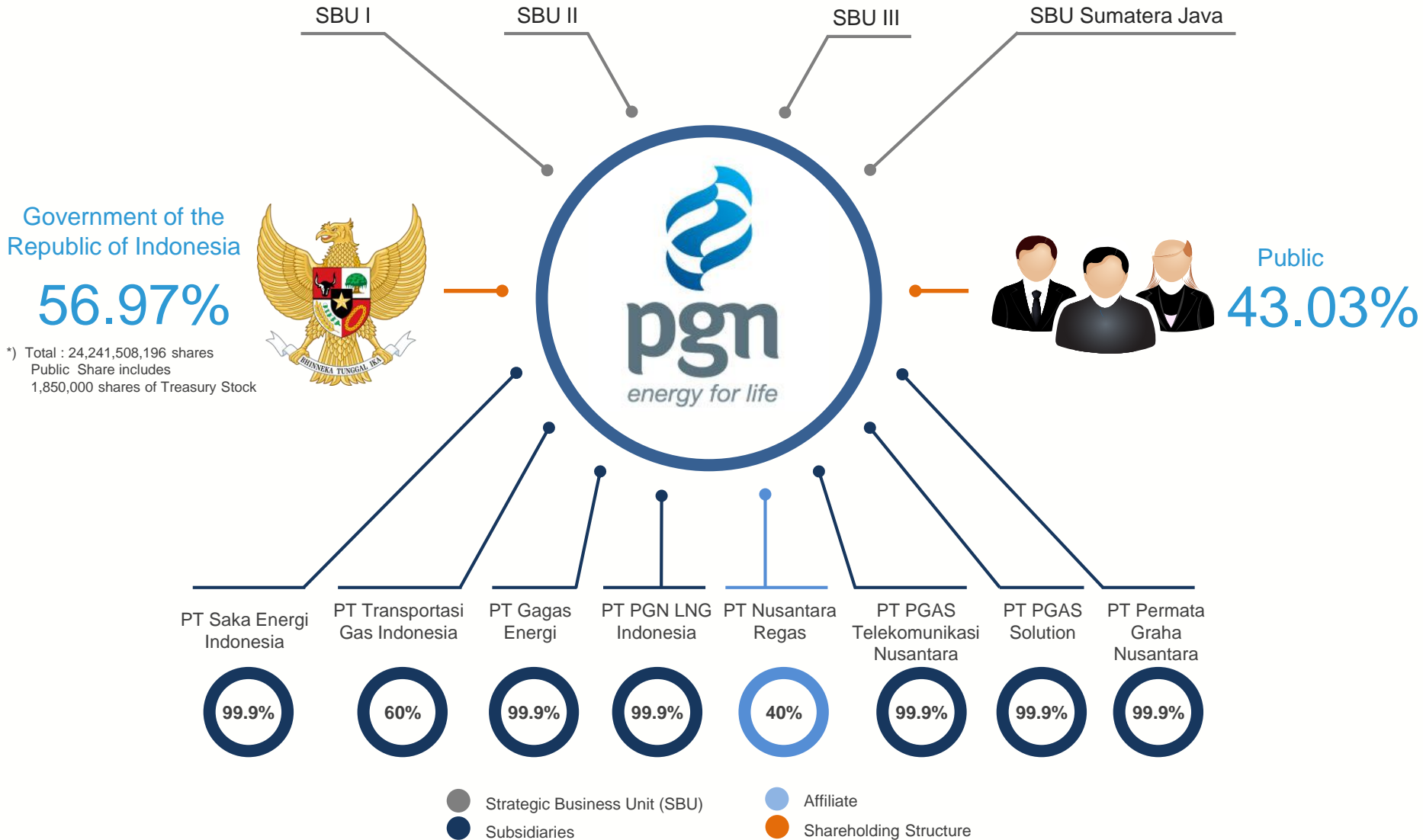
GTA

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 Group Structure



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 St.



Labuhan Maringgai St.



Bojonegara Station

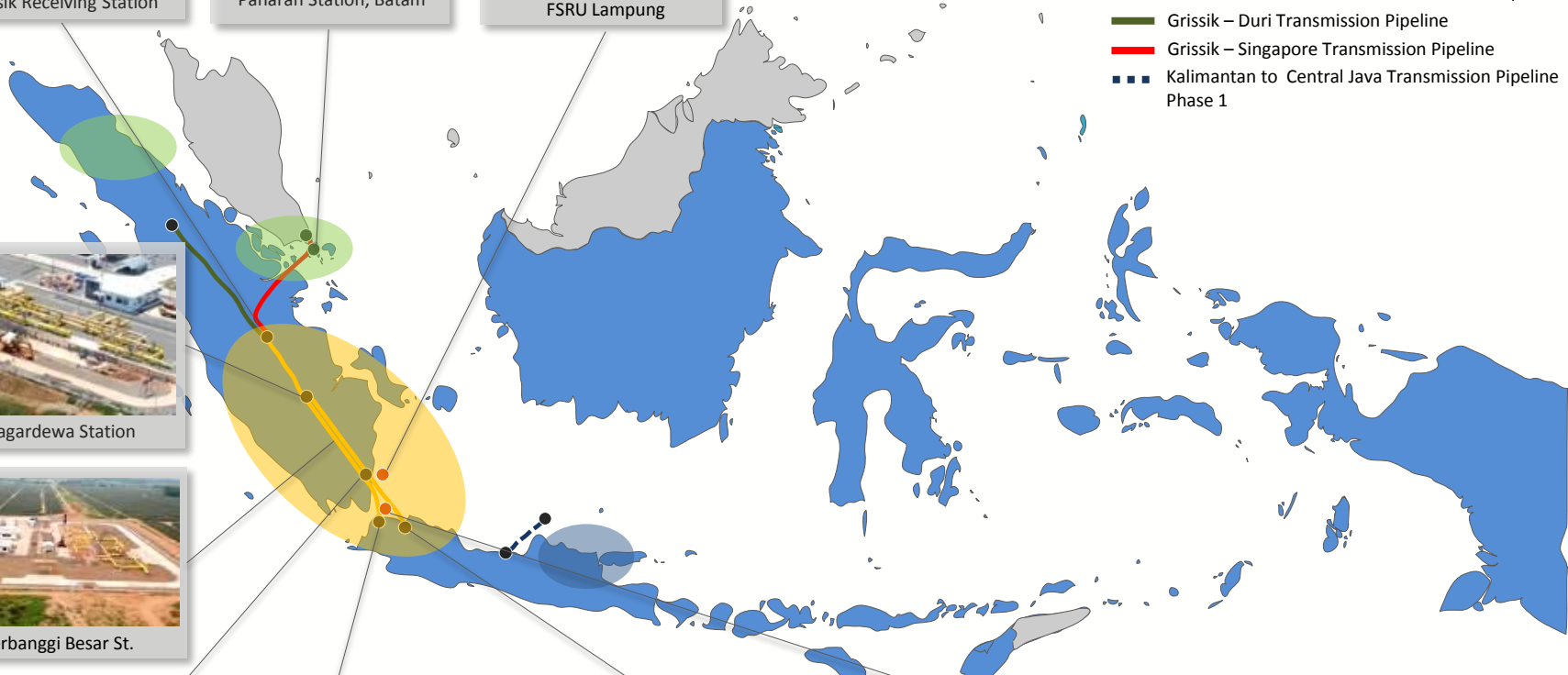


Muara Bekasi Station



Nusantara Regas

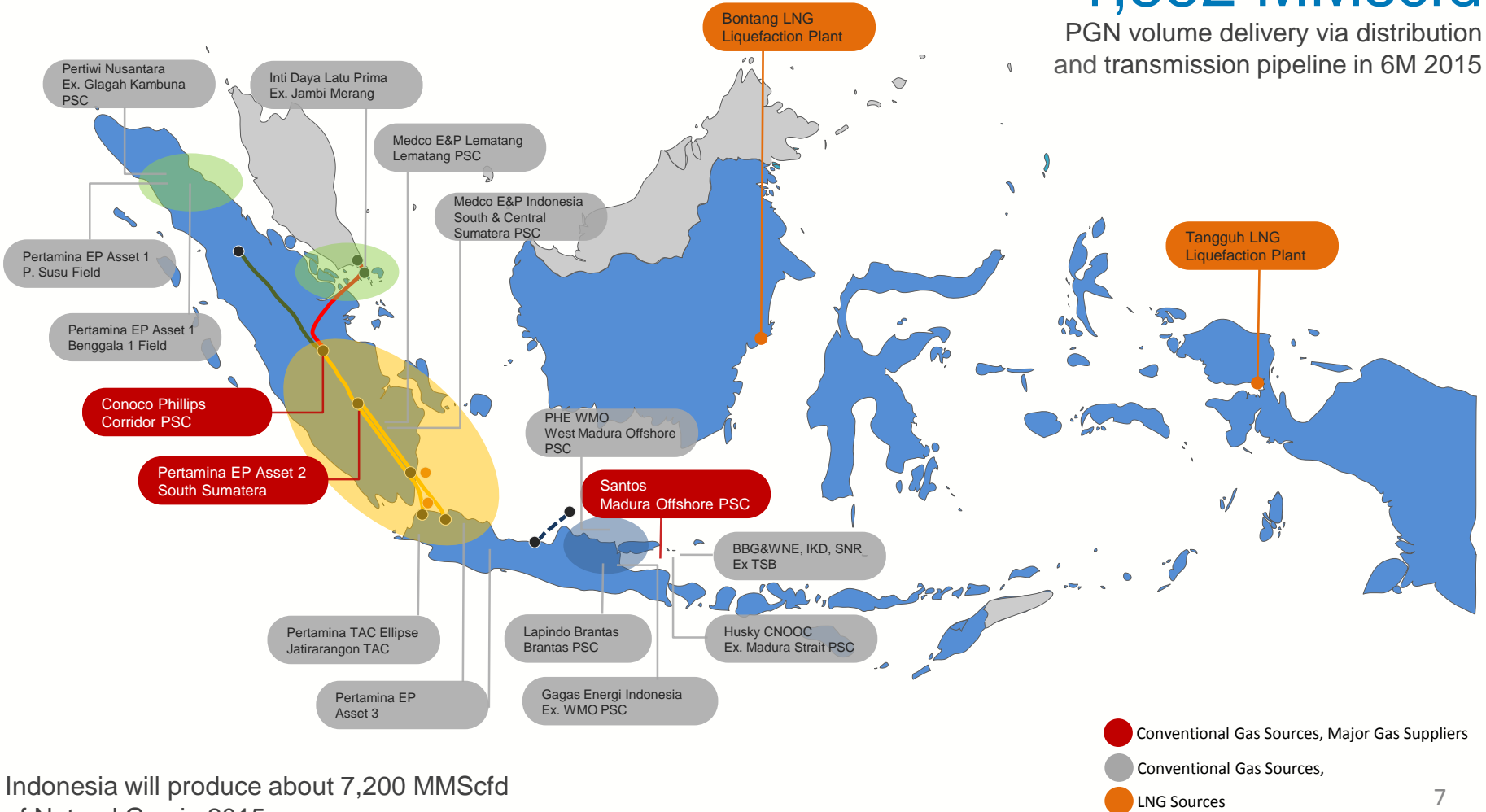
- Strategic Business Unit (SBU) I
- Strategic Business Unit (SBU) II
- Strategic Business Unit (SBU) III
- FSRU Facilities
- South Sumatra – West Java Transmission Pipeline
- Grissik – Duri Transmission Pipeline
- Grissik – Singapore Transmission Pipeline
- - - Kalimantan to Central Java Transmission Pipeline Phase 1



Sources of Gas

1,552 MMscfd

PGN volume delivery via distribution and transmission pipeline in 6M 2015



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

We Serve All Segments

INDUSTRIES AND POWER PLANTS

97.01%

of total volumes

1,489

Customers



COMMERCIAL & SME

2.75%

of total volumes

1,788

Customers



HOUSEHOLDS

0.24%

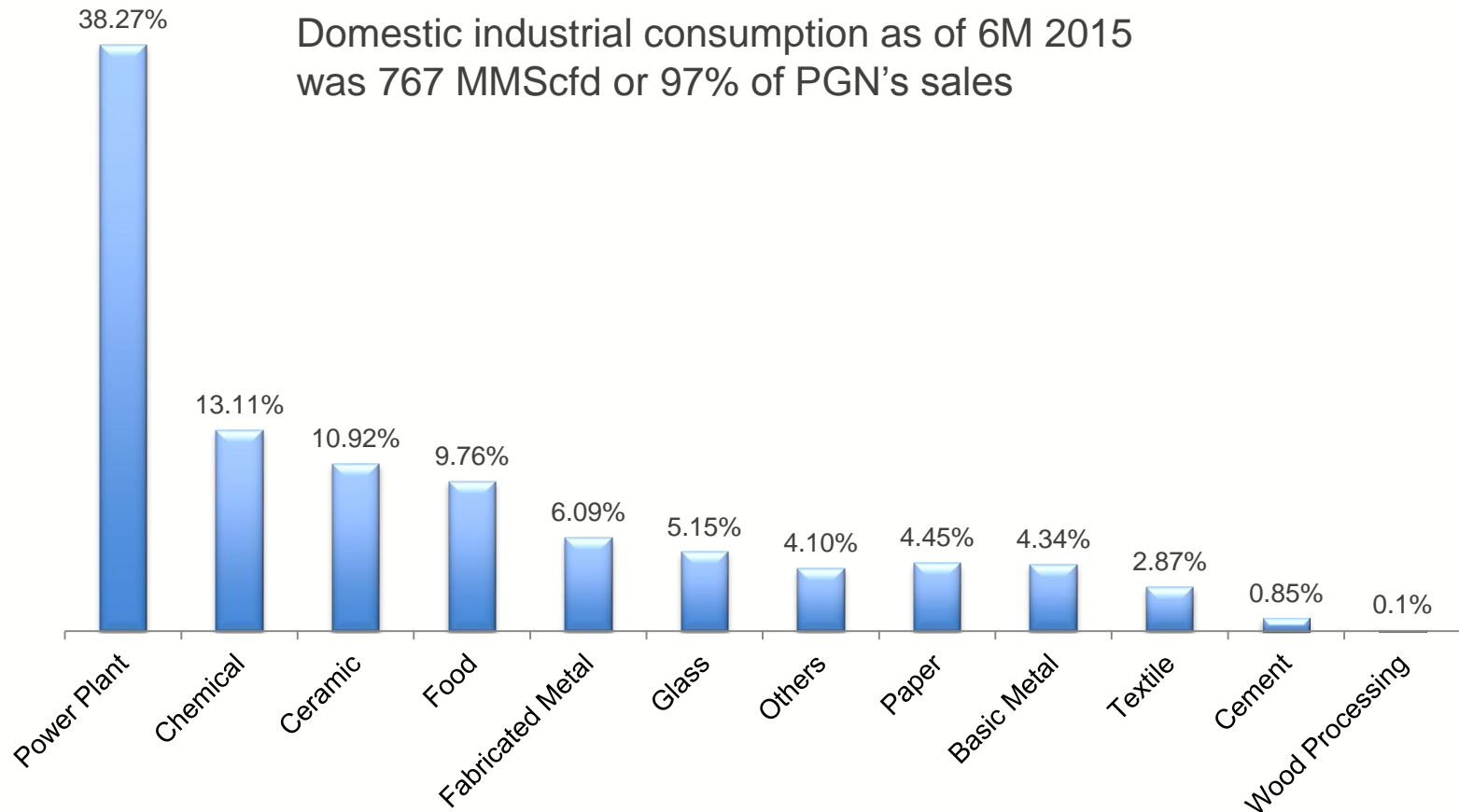
of total Volumes

95,690

Customers

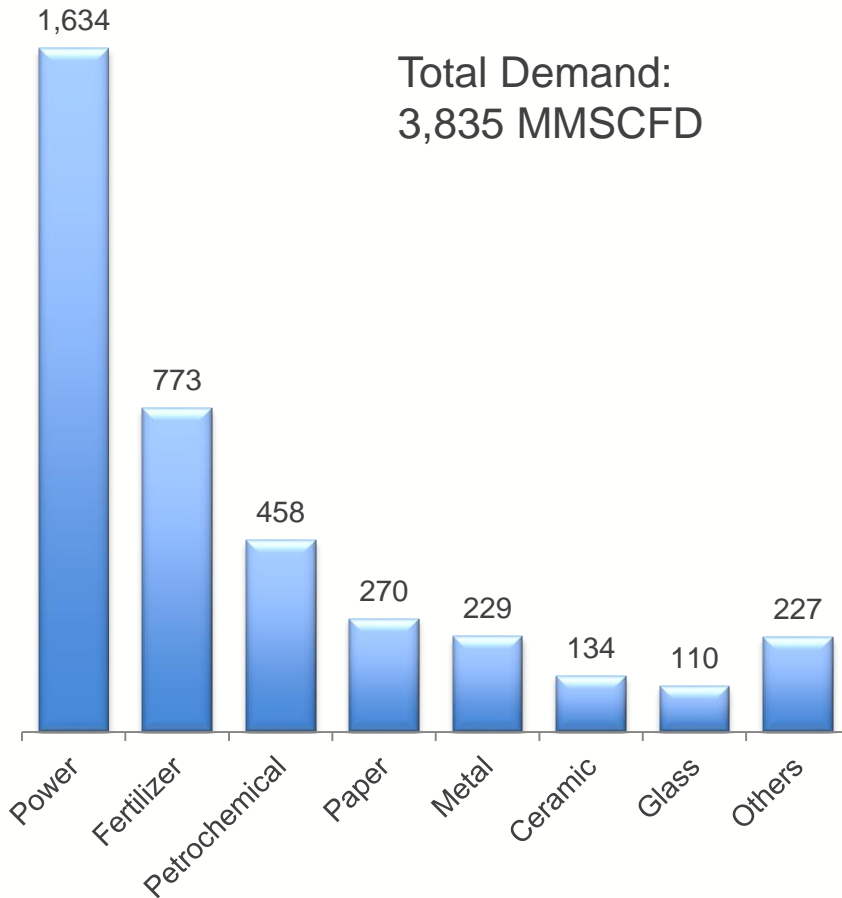
**) Number of customers as of June 2015*

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.

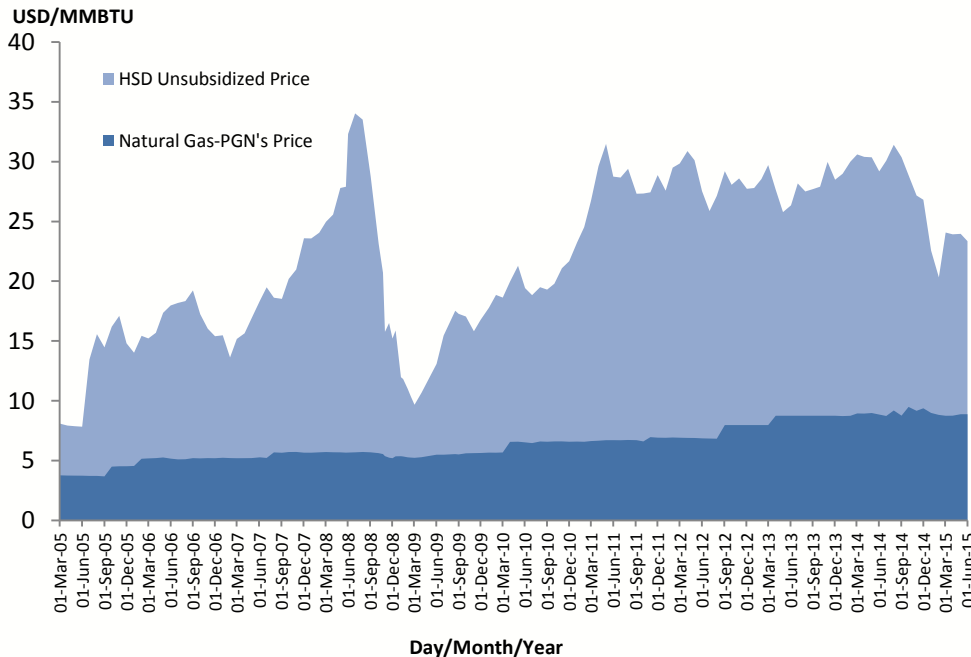
Aim for non-conventional sources

- Plan and anticipate the non-conventional sources.

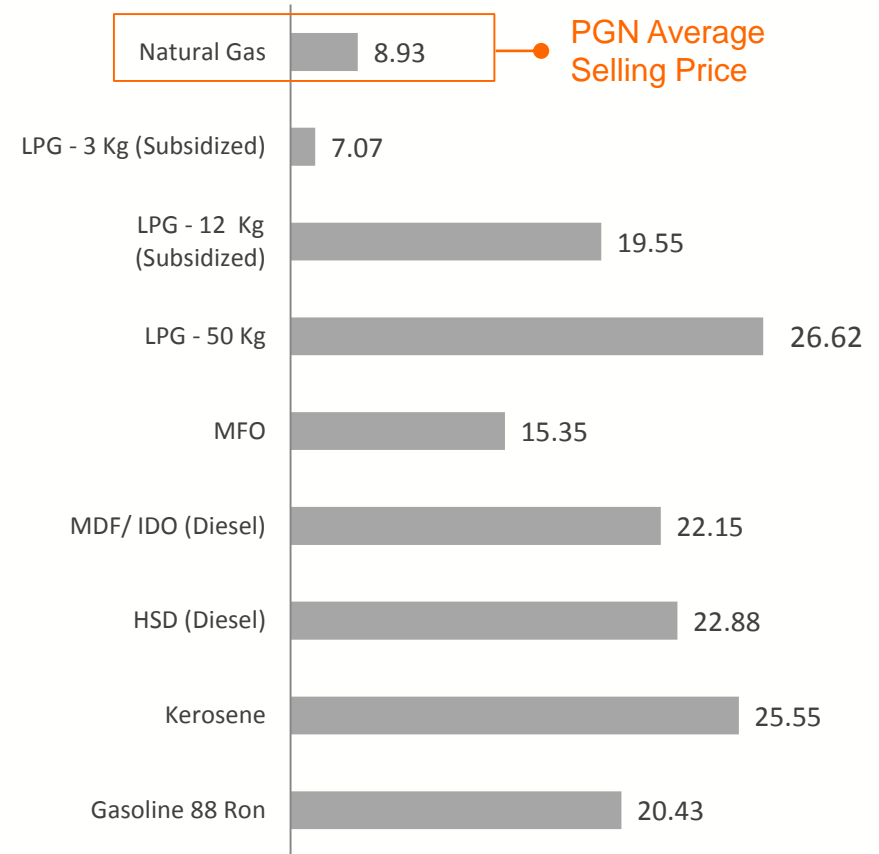


Opportunity in Price Advantage

Comparison between HSD vs Natural Gas



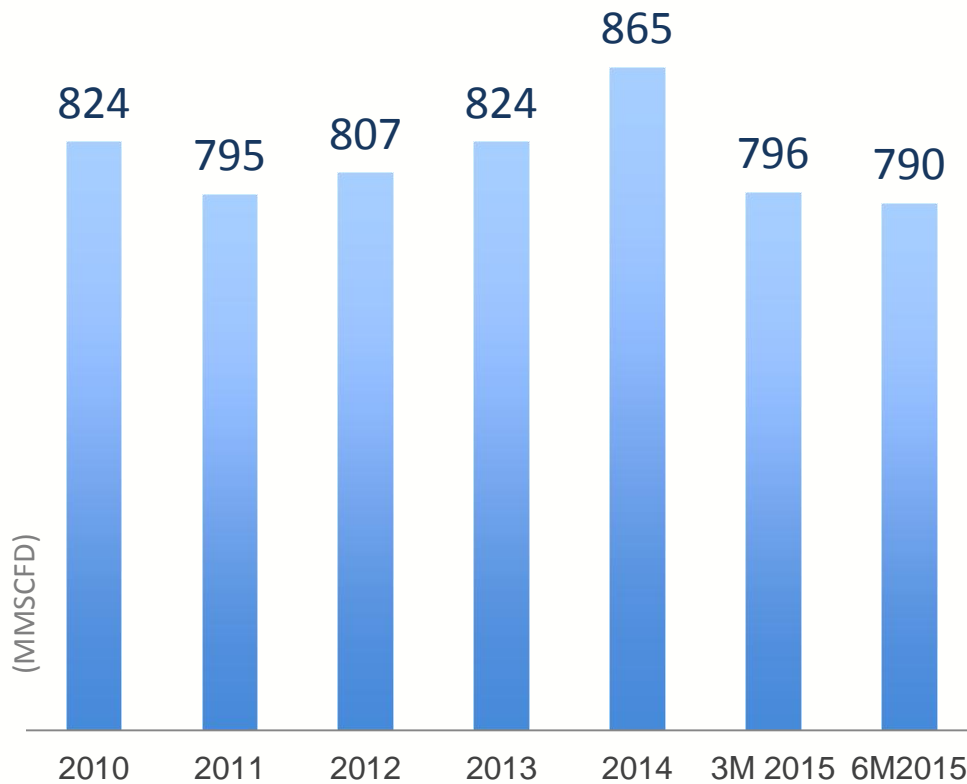
Note:
IDR-USD: BI mid spot rate



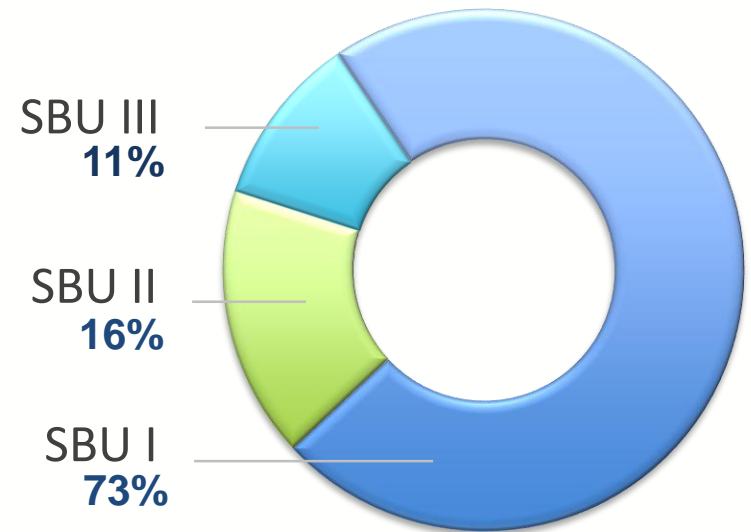
Note:
Fuel price Pertamina as of June 2015
Exchange rate USD 1 = IDR 13.500
* Subject to ICP

USD/MMBTU

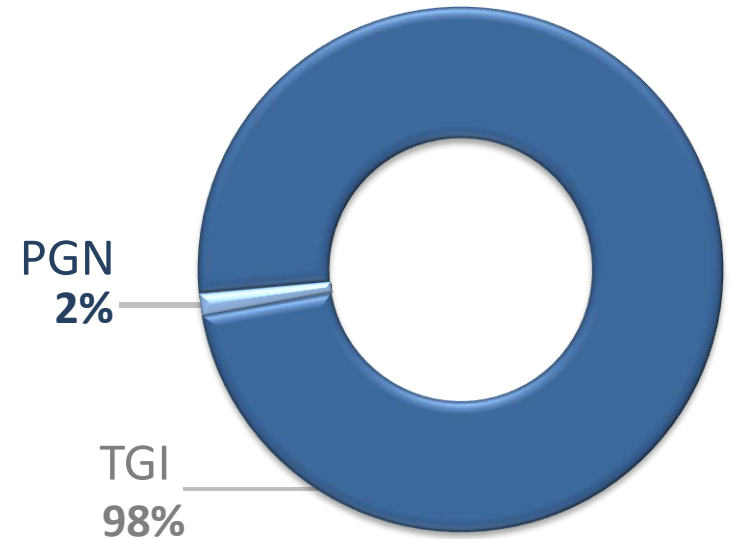
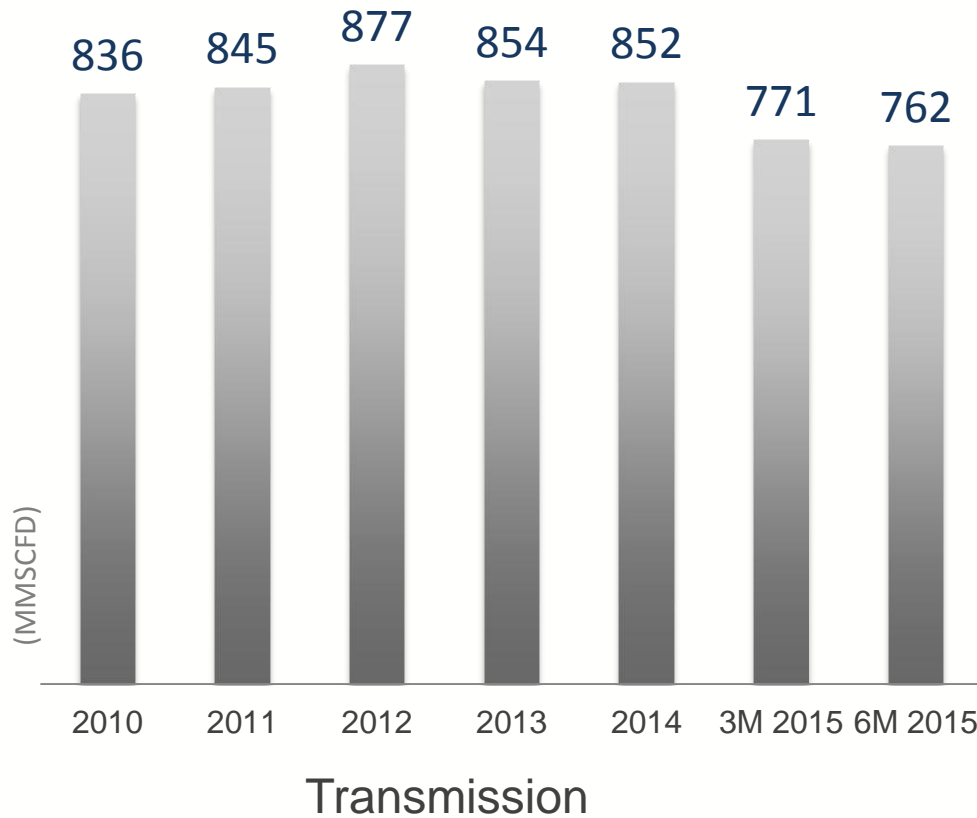
Distribution Performance



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 6M 2015

In USD Million	6M 2015	6M 2014
Revenues	1,415.88	1,625.90
Cost of Revenues	937.06	977.93
Gross Profit	478.82	647.97
Operating Income	289.88	470.72
EBITDA	417.10	573.56
Net Income	227.34	370.05

Consolidated Statements of Financial Position

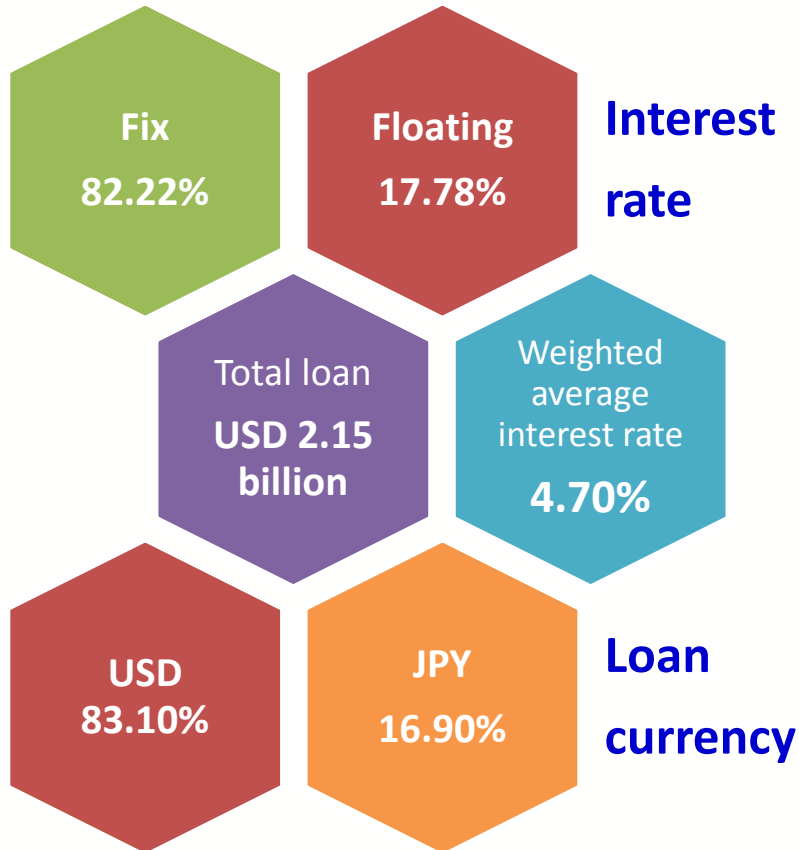
In USD Million	June 30, 2015	Dec 31, 2014*
Current Assets	1,322	1,735
Non Current Assets	4,445	4,333
Total Assets	5,767	6,068
Current Liabilities	577	1,032
Non Current Liabilities	2,352	2,161
Total Equity	2,838	2,875
Total Liabilities And Shareholders Equity	5,767	6,068

Ratios	June 30, 2015	FY 2014*
Debt to Equity Ratio (x)	0.75	0.64
EBITDA/Interest expense (x)	7.1	25.1

*) Restated

Loan Composition

As of June 30, 2015

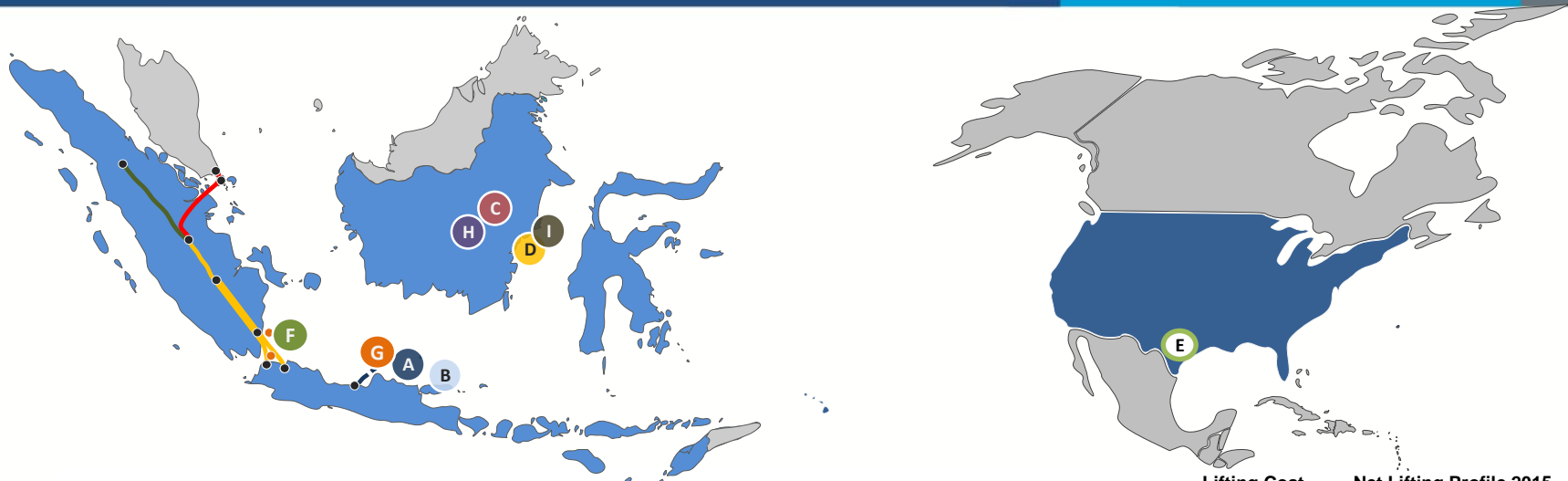


Credit Rating 2015

MOODY'S	Baa3
STANDARD & POOR'S	BB+
FitchRatings	BBB-
Pefindo	idAAA

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

Upstream Assets



Asset	% WI	Operator	Area (Km2)	Status	Contract Expiry	Certification Reserves	Lifting Cost USD/bbl	Net Lifting Profile 2015	
								Oil (BOPD)	Gas (MMSCFD)
A Pangkah	100	SEI	784	Production	2026	191.6 MMBOE (2P), D&M 2009	12	5,375	32
B Ketapang	20	Petronas	885	Development	2028	60 MMBOE, Gas 70 BCF (2P), Lemigas Reserves Certification	29	1,665	2
C Bangkanai	30	Salamander	1,385	Development	2033	218 BCF, GCA 2011. 298 BCF (2P), RPS 2011	-	-	-
D South Sesulu	100	SEI	2,970	Exploration	2039	-	-	-	-
E Fasken (Texas)	36	Swift Energy	8,300	Production	2050	Lower Eagle Ford : 556 BCF Upper Eagle Ford : 450 BCF	6.2	-	40
F SES	8.91	CNOOC	6,082	Production	2018	112.5 MMBOE (2P), RPS 2012	30	2,948	5
G Muriah	20	Petronas	2,823	Development	2021	493 BCF (OGIP), LAPI 4 Nov 2002	-	-	-
H West Bangkanai	30	Salamander	5,463	Exploration	2043	-	-	-	-
I Muara Bakau	11.67	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



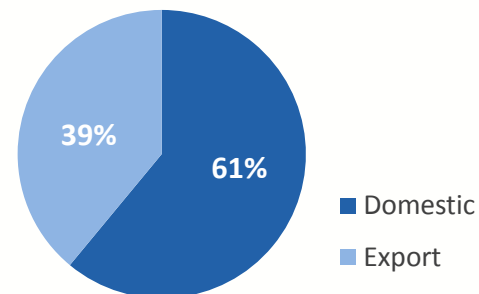
Pangkah Block



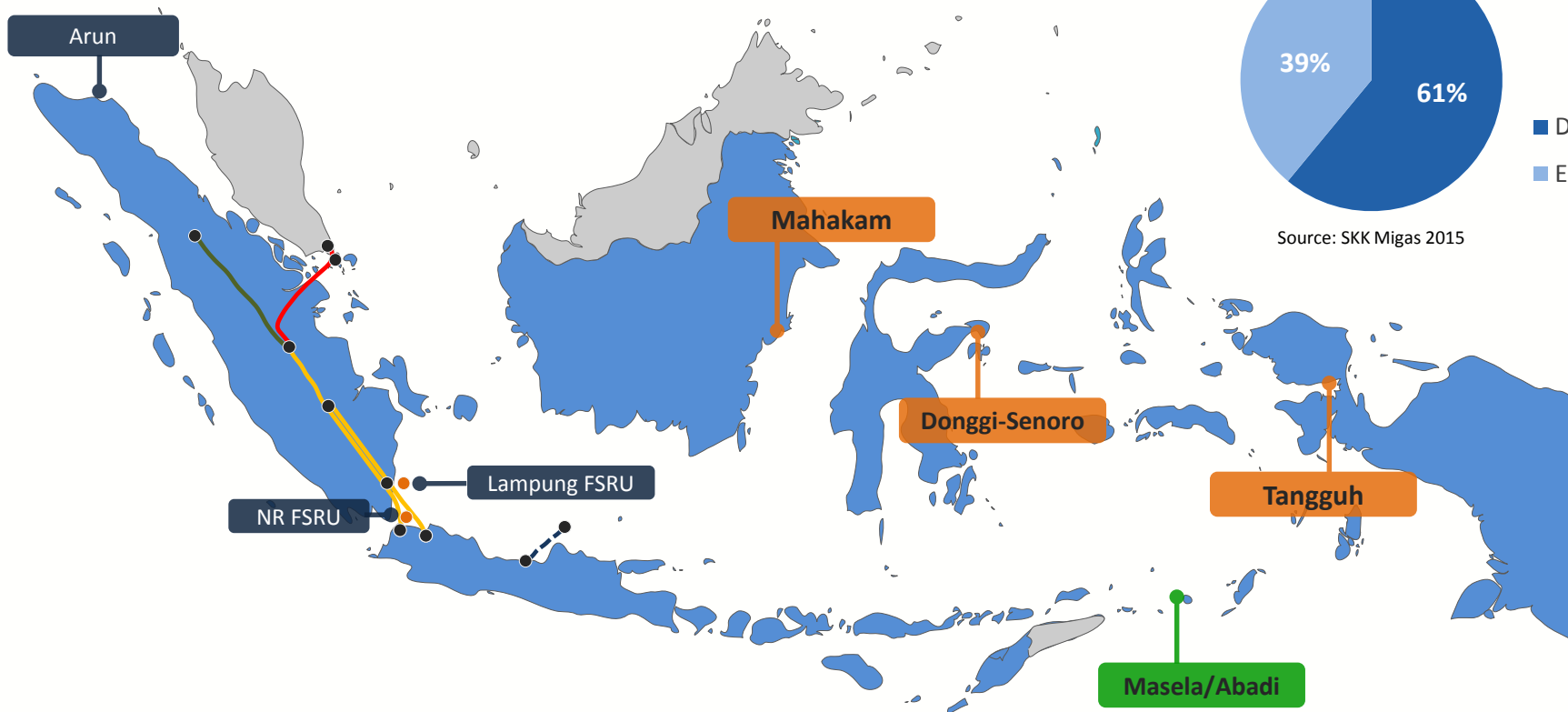
Offshore platform Pangkah Block, East Java

National LNG Infrastructure

Indonesia Natural Gas Allocation

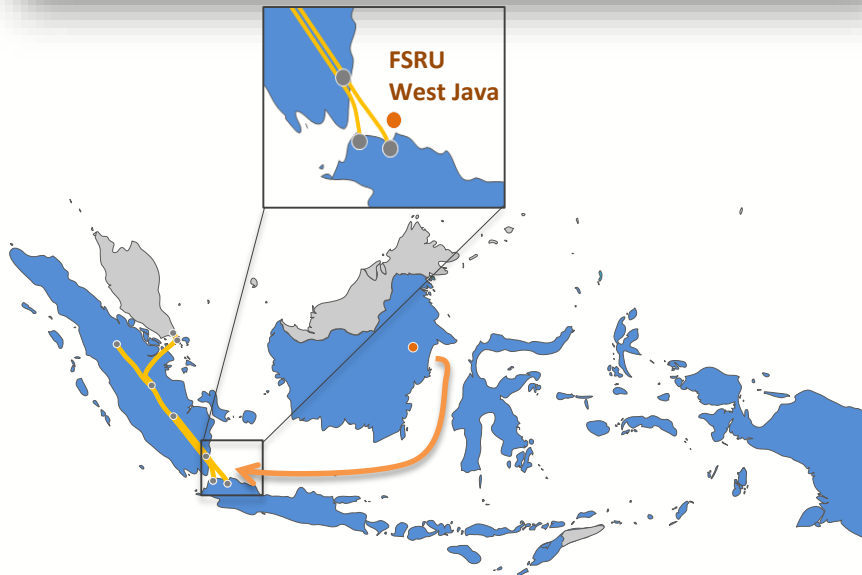


Source: SKK Migas 2015



Existing LNG Liquefaction Plant
Existing transmission pipelines (PGN involvement)

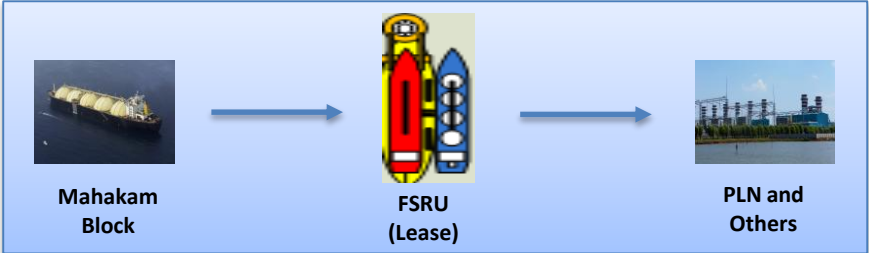
Planned / Development LNG Liquefaction Plant
Existing LNG Receiving Terminal



Description

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

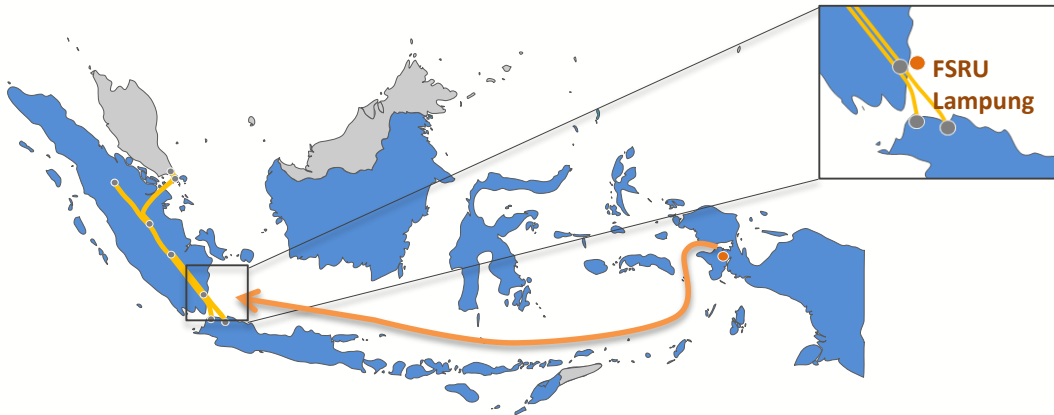
Business Process



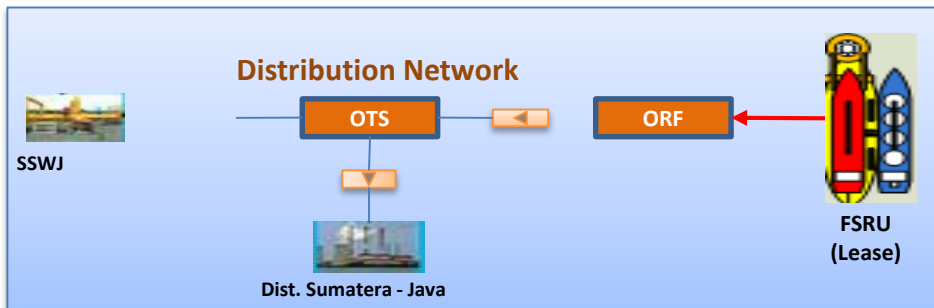
Shareholder



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 ³
Regas Capacity	240 MMSCFD
Offshore Pipeline	±21 km
Diameter	24"

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 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>
<p>April 6, 2015 Resolution of Annual General Meeting of Shareholders on the composition of management</p>	<p>The meeting honorably discharged Mr. Bayu Krisnamurthi, Mr.A Edy Hermantoro, Mr. Firmanzah, Mr. Pudja Sunasa, Mr. Widya Purnama as the member of the Board of Commissioners and replaced with Mr. Iman Sugema, Mr. Tirta Hidayat, Mr. M Ikhsan, Mr. Paiman Rahardjo, Mr. IGN Wiratmaja Puja as the newmember of the Board of Commissioners.</p>
<p>April 6, 2015 Resolution of Annual General Meeting of Shareholders on Dividend</p>	<p>Rp 3,510,872,093,109,- from the profit attributable to the parent of entity of year 2014 or Rp 144.84 per share were distributed as cash dividend to shareholders:</p> <ul style="list-style-type: none"> • Cum dividend: <ul style="list-style-type: none"> - Regular and negotiable market April 13, 2015. - Cash market April 16, 2015. • Payment date of cash dividend May 8, 2015

Recent Updates

Event	Detail of Event
<p>April 1, 2015 PGN signd HOA with power sectors</p>	<p>Under the agreement, PGN will supply Millenium Power plant with gas starting 1Q 2017 to 2024 with gas demand at its peak of 200 BBTUD.</p>
<p>March 10, 2015 PGN operates gas fueling station in Surabaya</p>	<p>It's the fifth gas fueling station that PGN has built with a capacity of 0.5-1 mmscfd equivalent to 15,000-30,000 liter of gasoline equivalent (lge). This year PGN plan to develop more gas fueling station in Jakarta and surrounding area along with Batam, Lampung, Surabaya and Riau</p>
<p>Feb 6, 2015 PGN and Pertamina signed a MoU regarding a plan of cooperation to facilitate gas distribution to natural gas filling stations in Indonesia.</p>	<p>The synergy between PGN that owns and operates pipelines to supply gas and Pertamina that has network in the retail business will enable the acceleration of natural gas infrastructure development for the transport sector and to support the conversion to CNG fuel.</p>
<p>Jan 11, 2015 PGN start delivering natural gas to Lampung</p>	<p>PGN is currently delivering natural gas to three industries in Lampung including Coca Cola, Nestle, Phillips Seafood following the signing of GSPA with 14 industries in Lampung in mid 2014.</p>

NOTE

A series of ten horizontal rows of small black dots, intended for writing notes.



Thank You

Contact:

Investor Relations

PT Perusahaan Gas Negara (Persero) Tbk

Mid Tower Manhattan 26th Floor, Jl. TB Simatupang Kav. 1-S

Jakarta, Indonesia

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

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