



Perusahaan Gas Negara

Investor Presentation

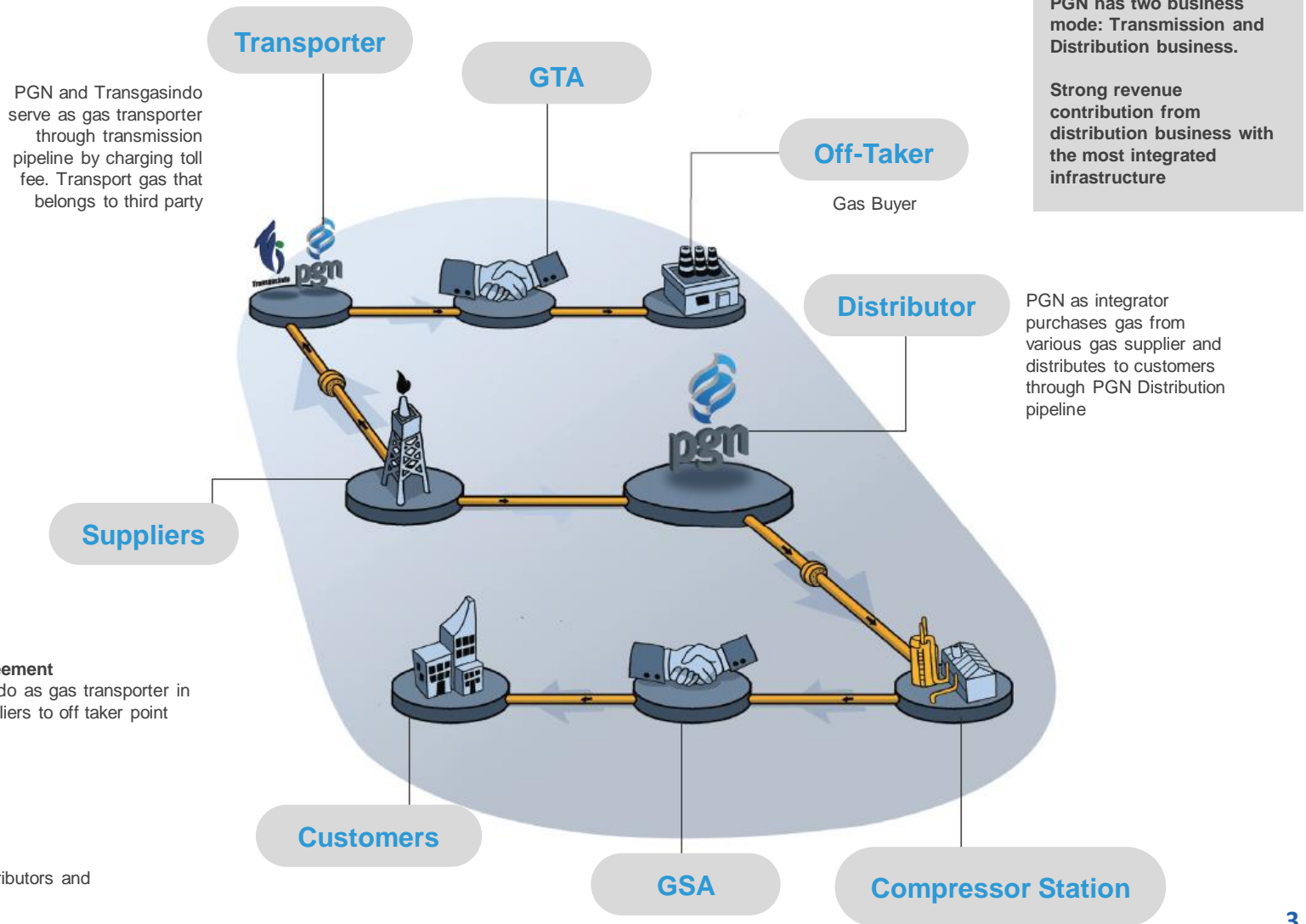
12M 2014 Update

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



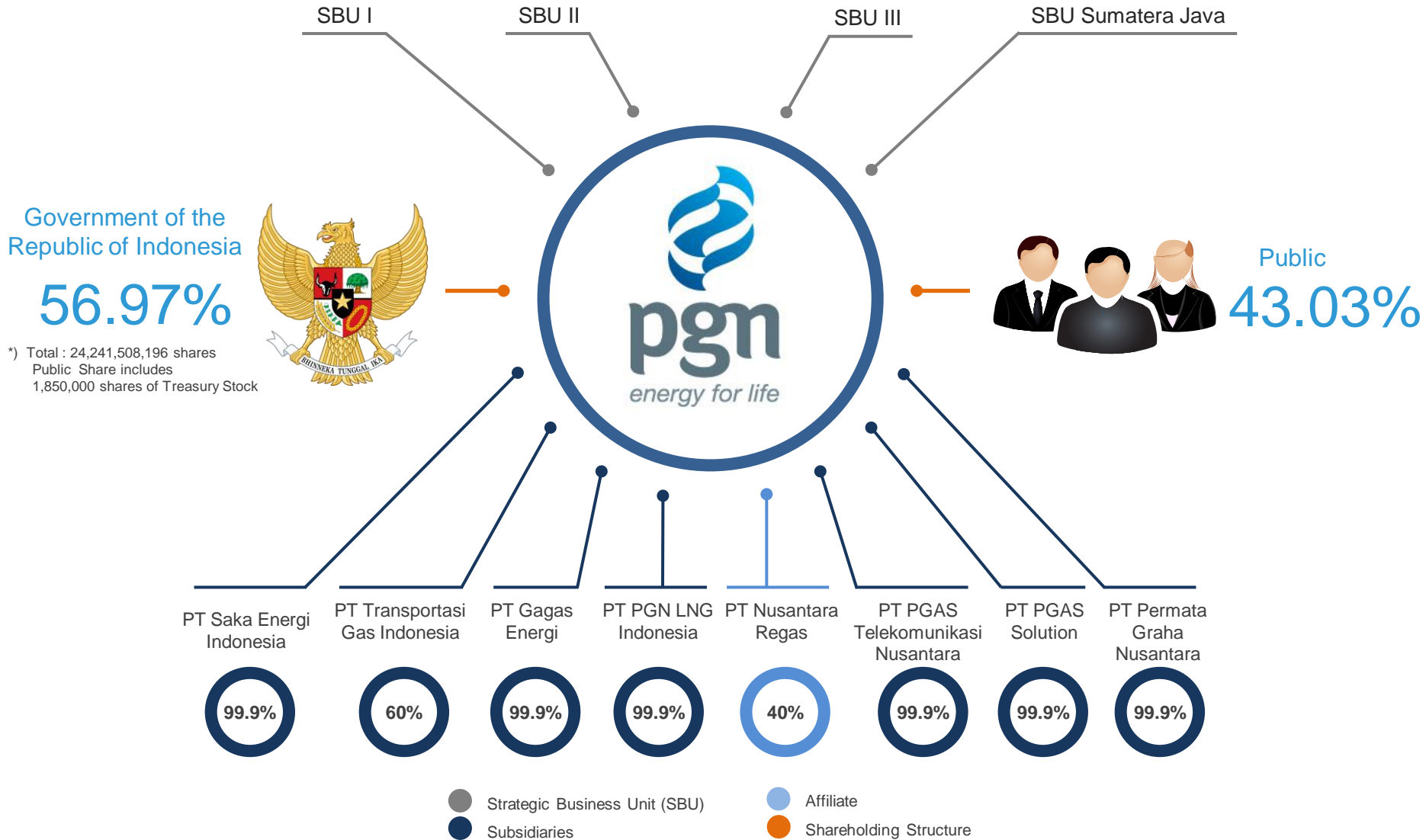
PGN has two business mode: Transmission and Distribution business.

Strong revenue contribution from distribution business with the most integrated infrastructure

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

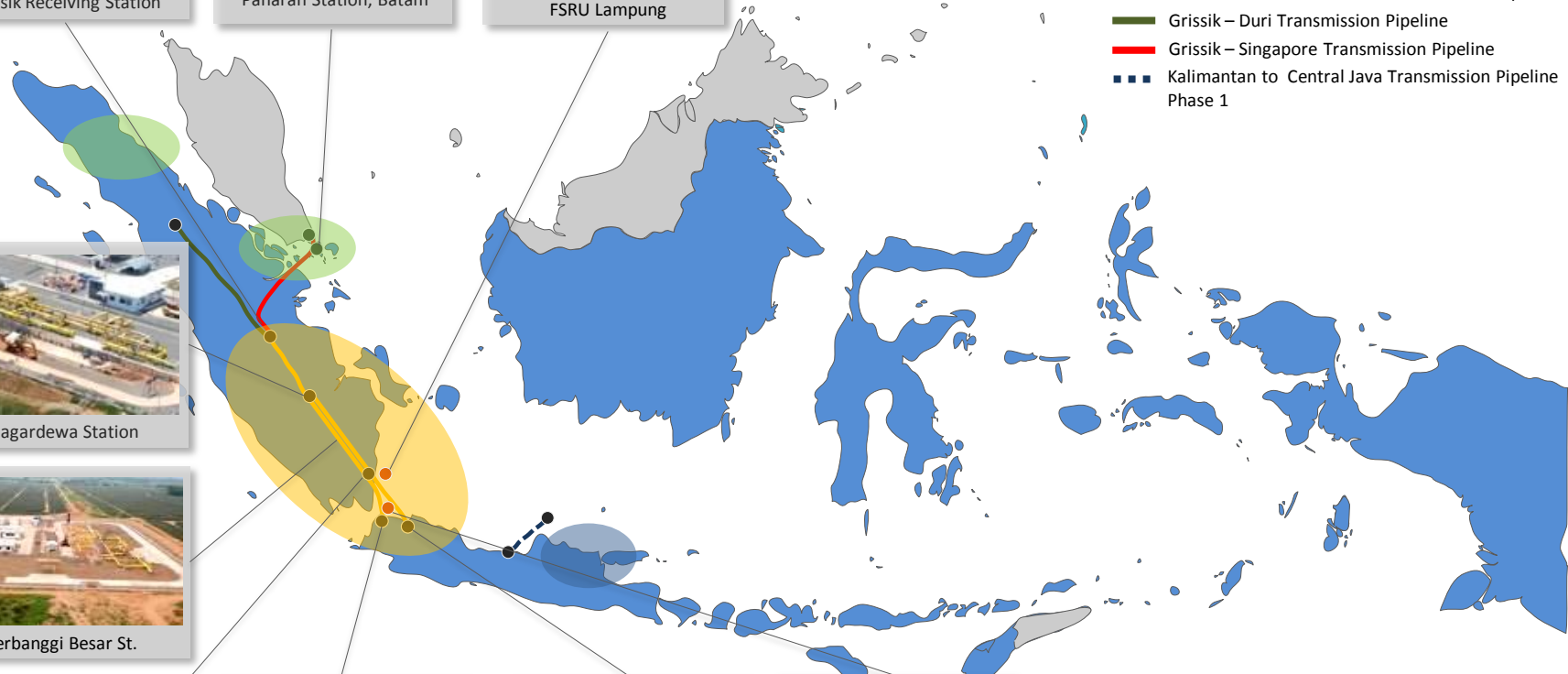


Muara Bekasi Station



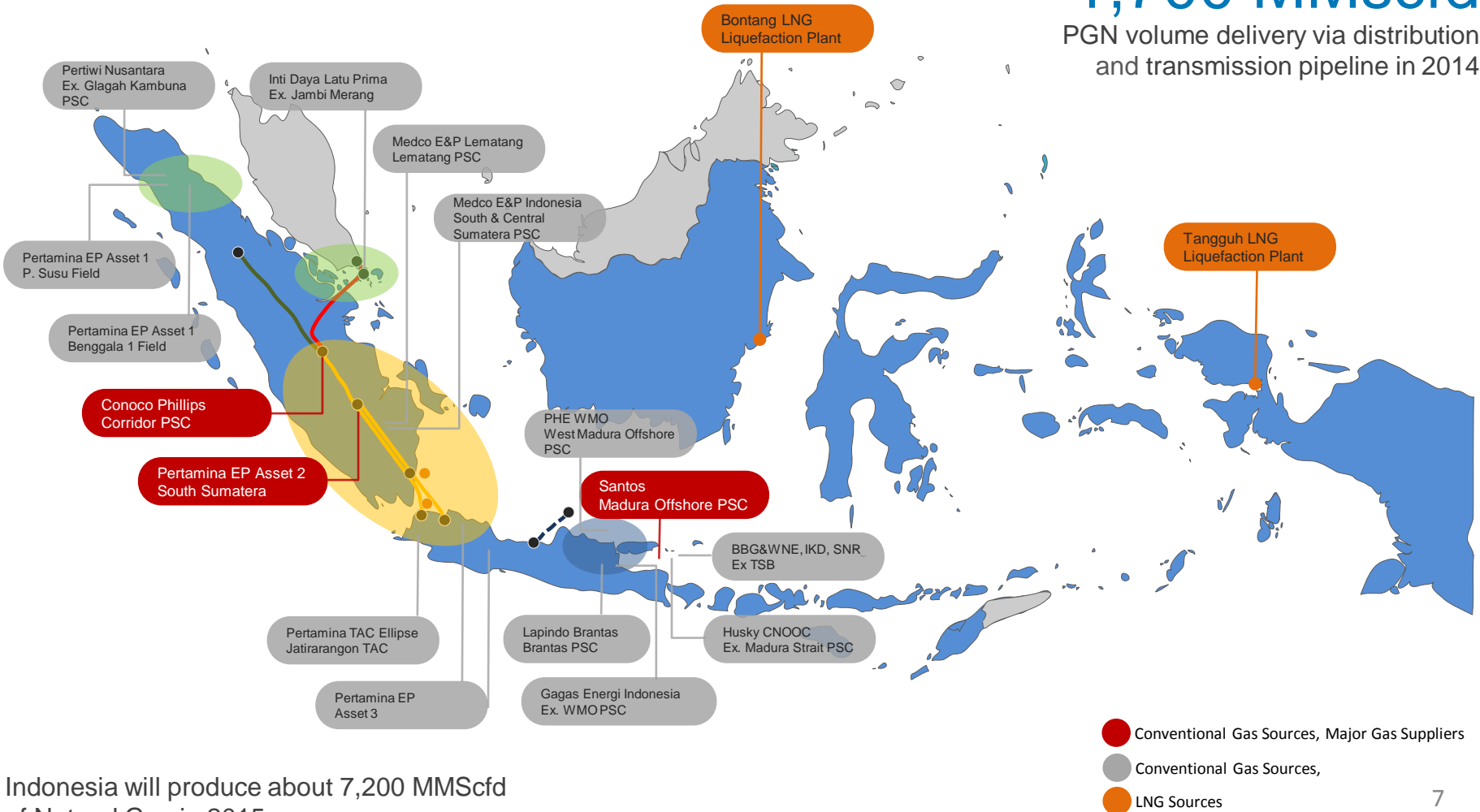
Nusantara Regas

- 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

1,700 MMscfd
 PGN volume delivery via distribution and transmission pipeline in 2014



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

We Serve All Segments

INDUSTRIES AND POWER PLANTS

97.24%

of total volumes

1,439

Customers



COMMERCIAL & SME

2.55%

of total volumes

1,752

Customers



HOUSEHOLDS

< 1%

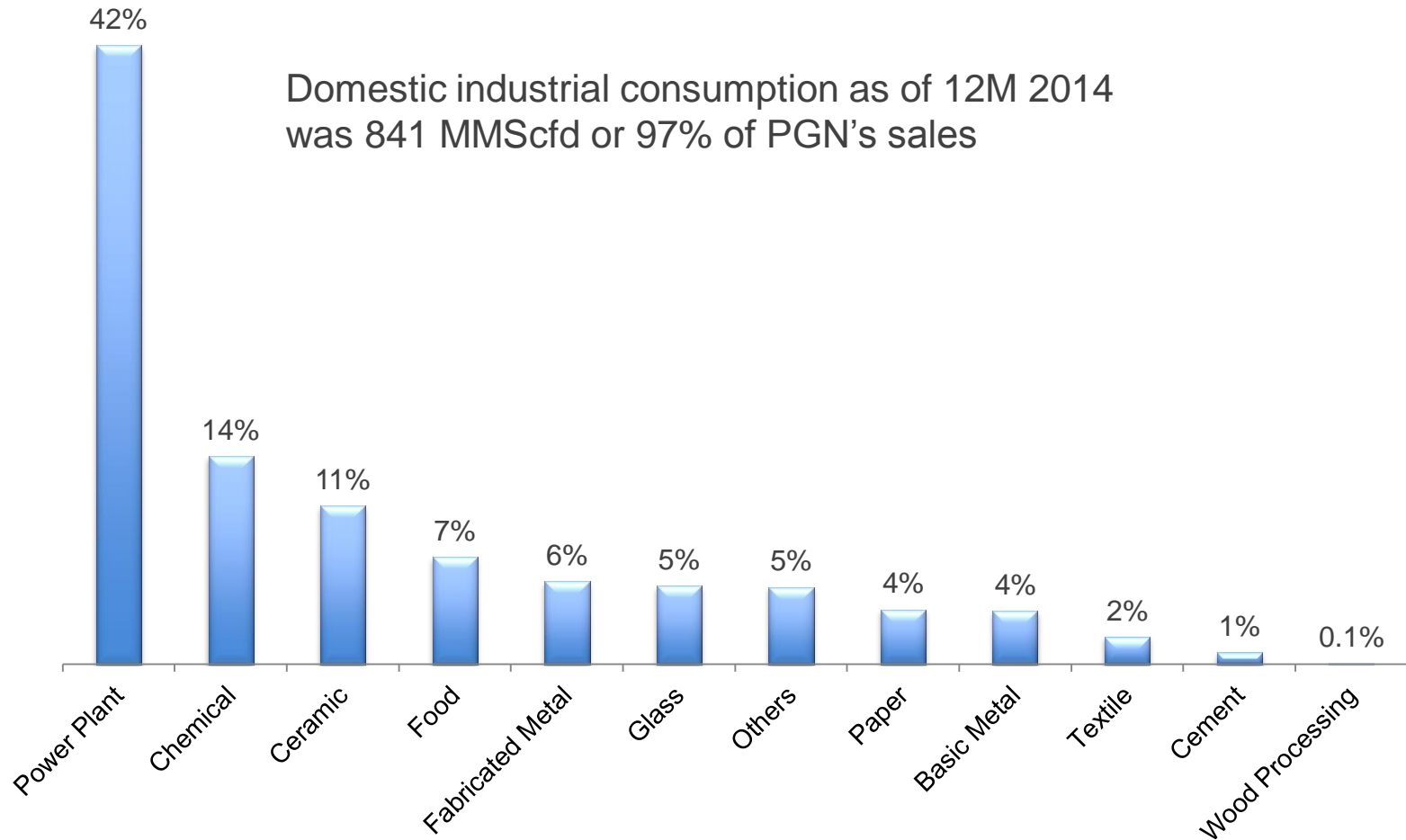
of total Volumes

92,858

Customers

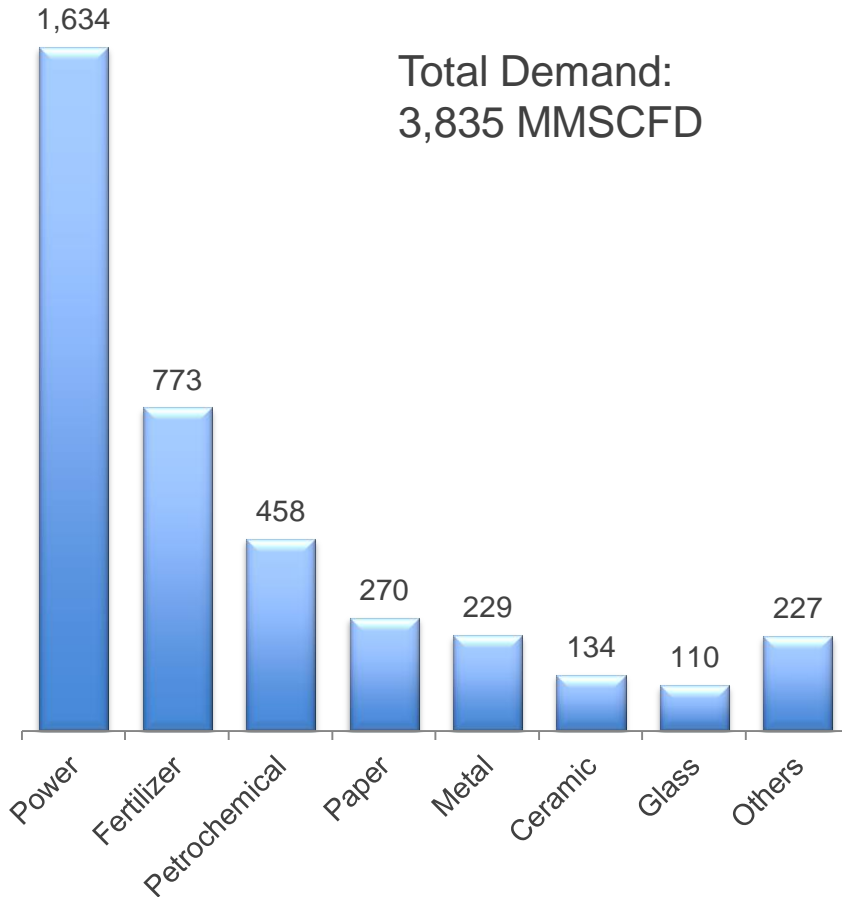
**) Number of customers as of December 2014*

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

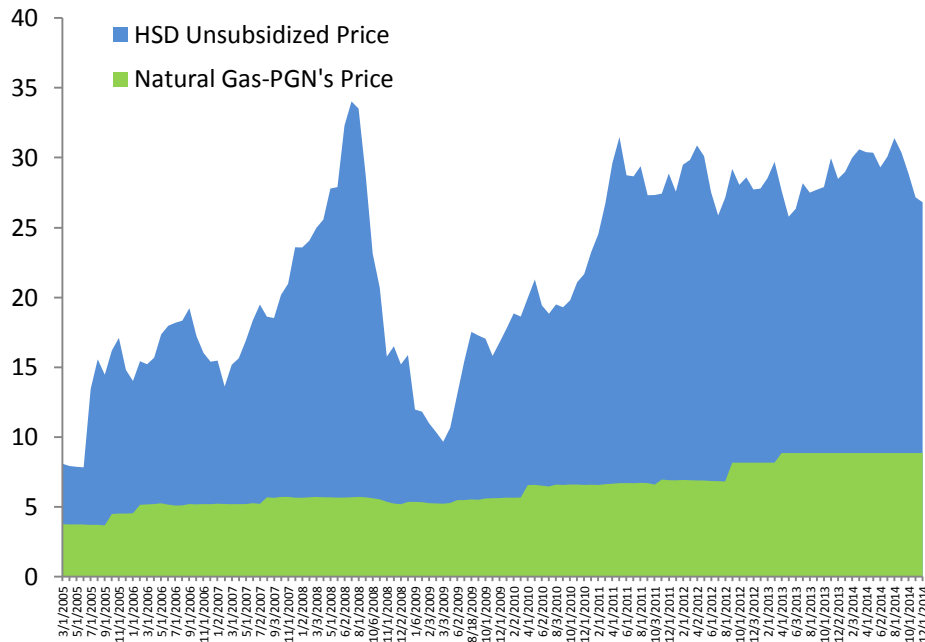
- Plan and anticipate the non-conventional sources.



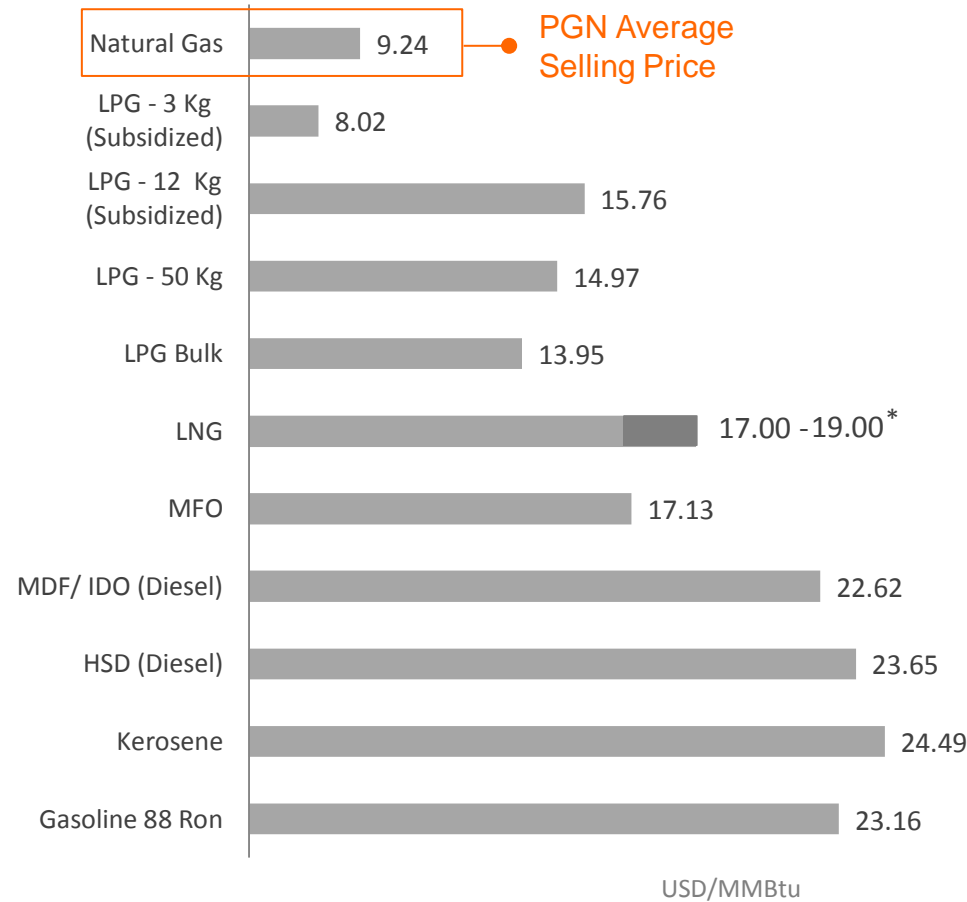
Opportunity in Price Advantage

Comparison between HSD vs Natural Gas

USD/MMBTU

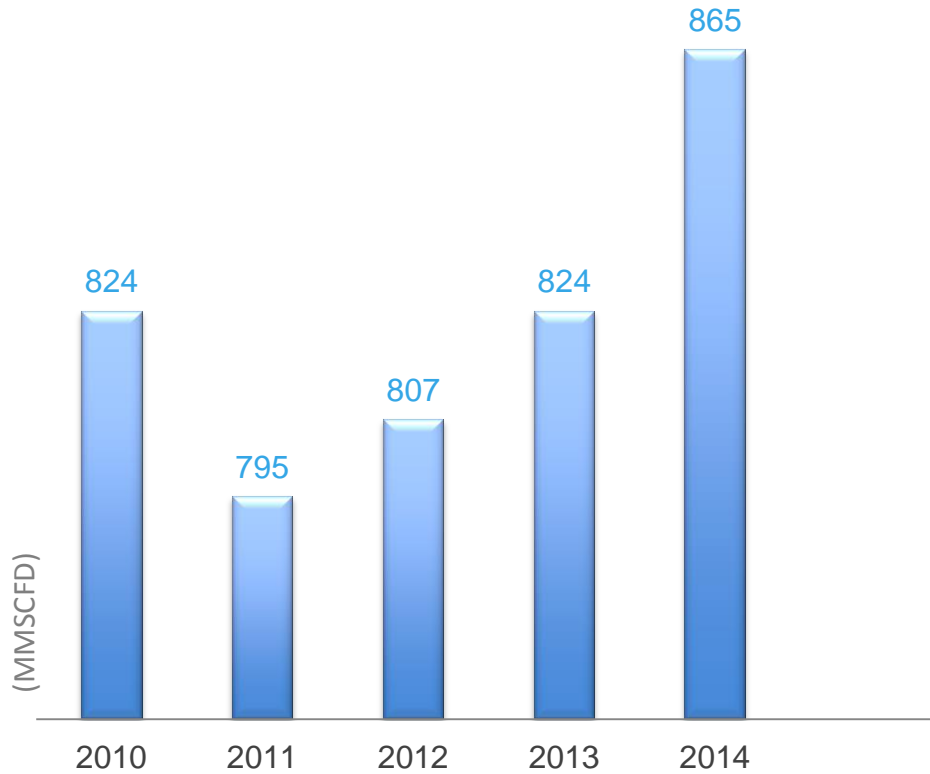


Note:
IDR-USD: BI mid spot rate

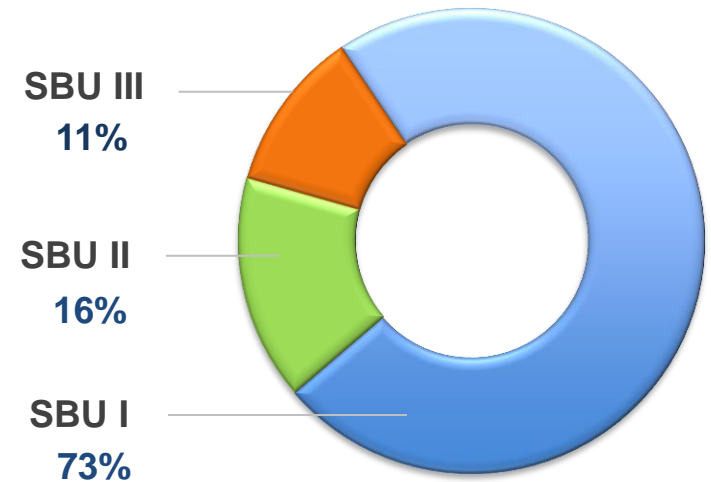


Note:
Fuel price Pertamina as of January 2015
Exchange rate USD 1 = IDR 11.900
* Subject to ICP

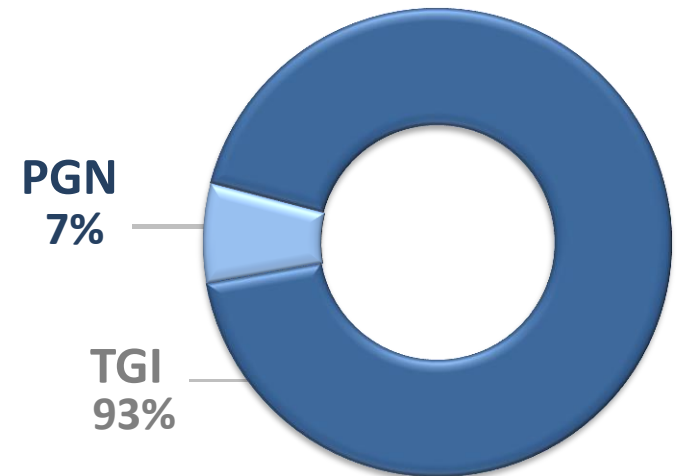
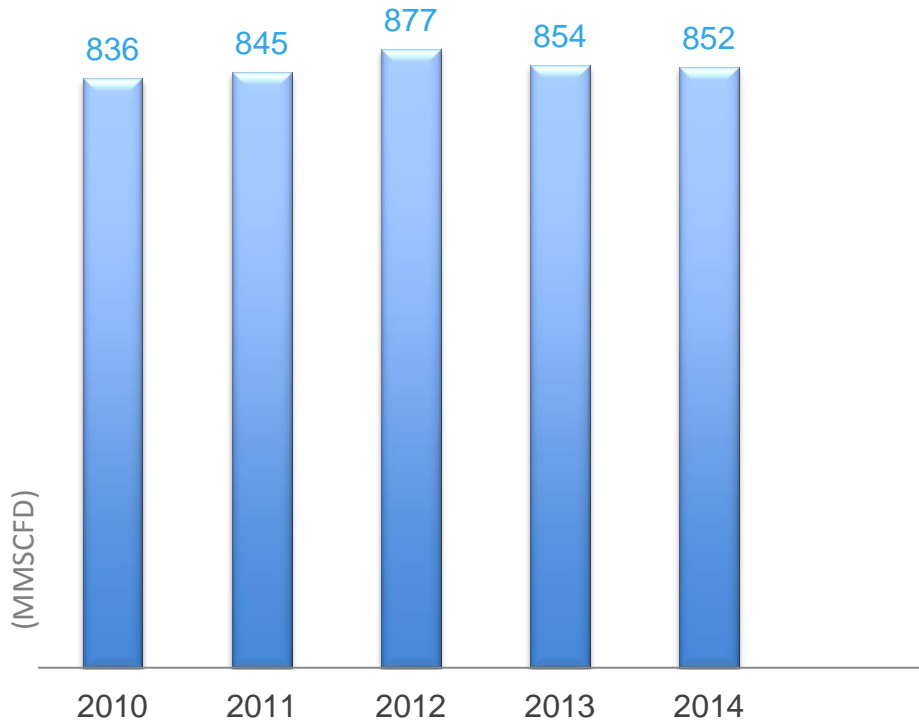
Distribution Performance



Distribution



Transmission Performance



Transmission

Consolidated Statements of Comprehensive Income 12M 2014

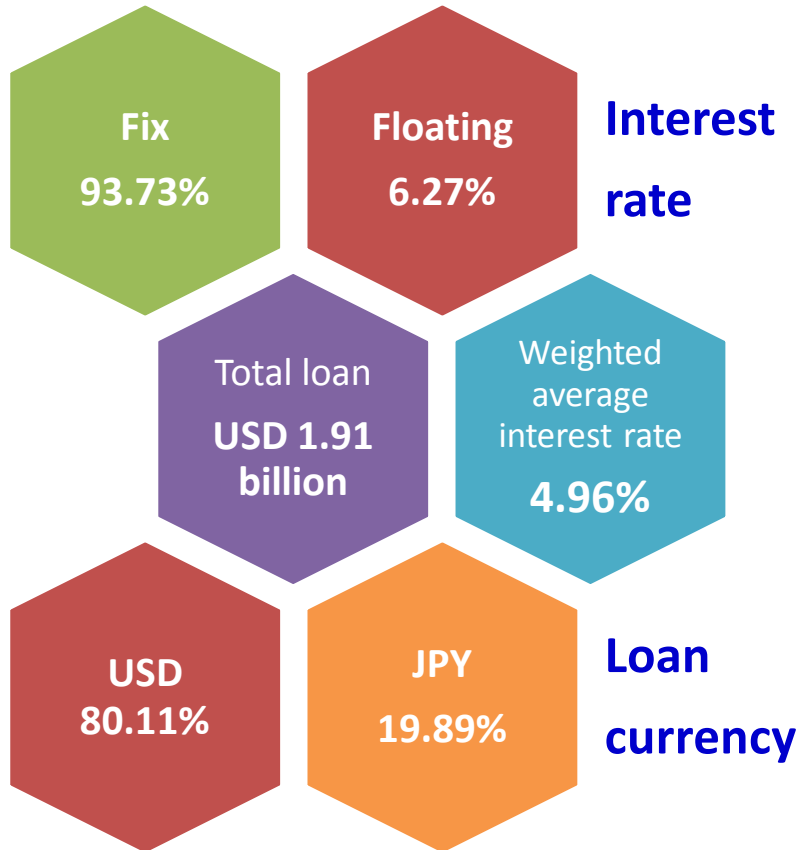
In USD Million	12M 2013	12M 2014
Revenues	3,001.5	3,408.6
Cost of Revenues	1,583.9	1,943.8
Gross Profit	1,417.7	1,464.8
Operating Income	933.4	982.1
EBITDA	1,120.4	1,160.9
Net Income	804.5	722.8



Consolidated Statements of Financial Position

In USD Million	Dec 31, 2013	Dec 31, 2014
Current Assets	1,781	1,861
Non Current Assets	2,537	4,355
Total Assets	4,318	6,216
Current Liabilities	886	1,091
Non Current Liabilities	761	2,162
Total Equity	2,671	2,963
Total Liabilities And Shareholders Equity	4,318	6,216

Ratios	FY 2013	FY 2014
Debt to Equity Ratio (x)	0.38	0.64
EBITDA/Interest expense (x)	51.2	15.4

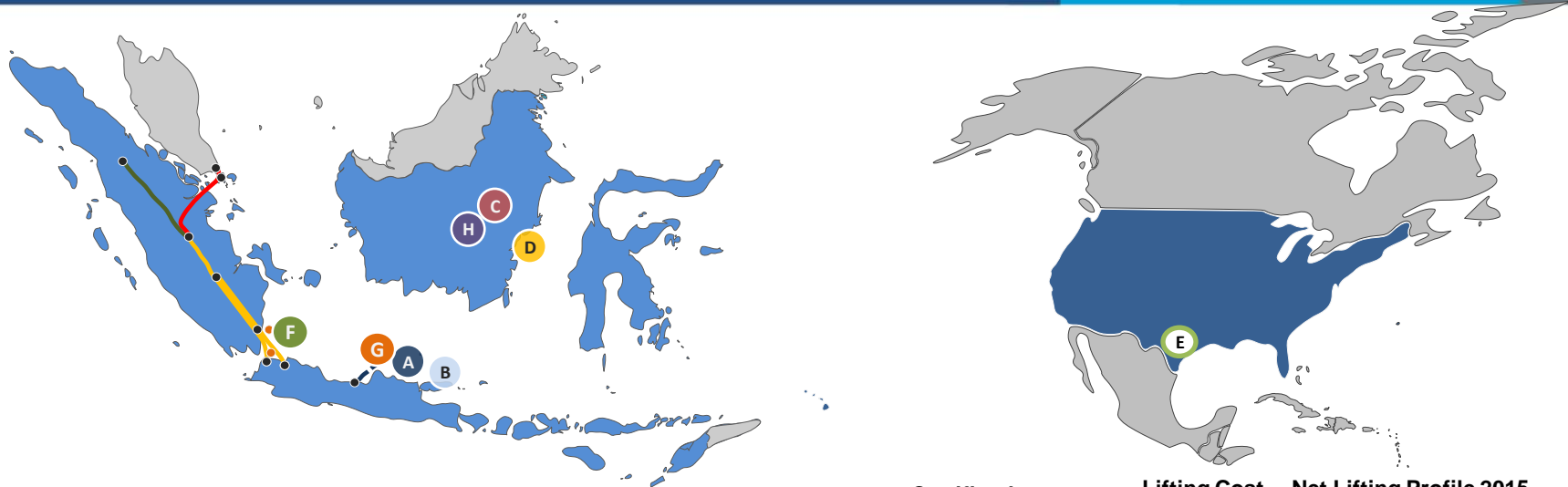


Credit Rating 2014

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	Net Lifting Profile 2015	
							USD/bbl	Oil (BOPD)	Gas (MMSCFD)
A Pangkah	100	SEI	784	Production	2026	191.6 MMBOE (2P), D&M 2009	22	5,375	32
B Ketapang	20	Petronas	885	Development	2028	60 MMBOE, Gas 70 BCF (2P), Lemigas Reserves Certification		1,614	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	6.5	-	26
F SES	8.91	CNOOC	6,082	Production	2018	112.5 MMBOE (2P), RPS 2012	25.53	2,923	9
G Muriah	20	Petronas	2,823	Development	2021	493 BCF (OGIP), LAPI 4 Nov 2002		-	6
H West Bangkanai	30	Salamander	5,463	Development	2043	-		-	-

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



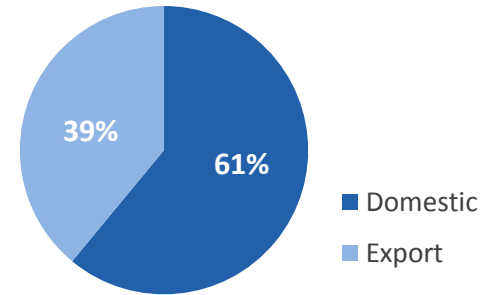
Pangkajene Block



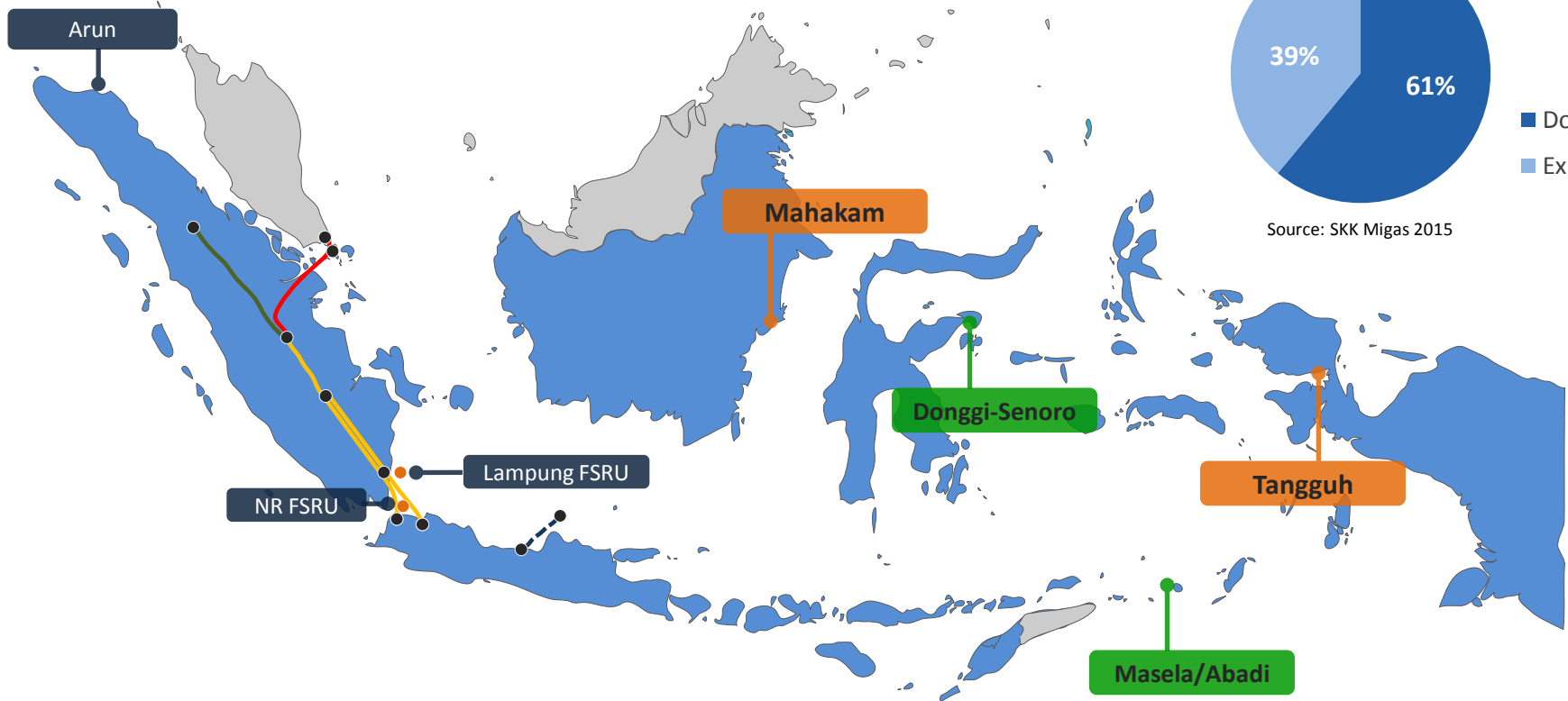
Offshore platform Pangkah Block, East Java

National LNG Infrastructure

Indonesia Natural Gas Allocation

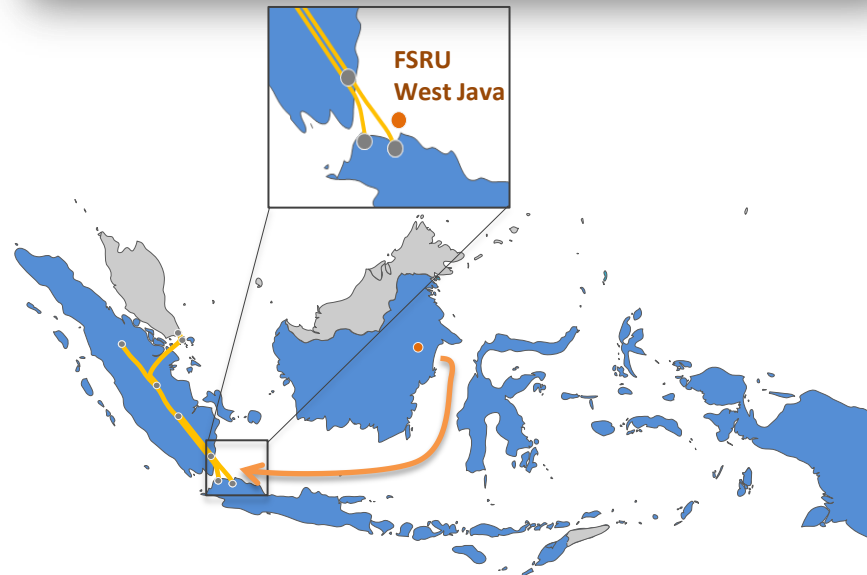


Source: SKK Migas 2015



- Existing LNG Liquefaction Plant
- Existing transmission pipelines (PGN involvement)

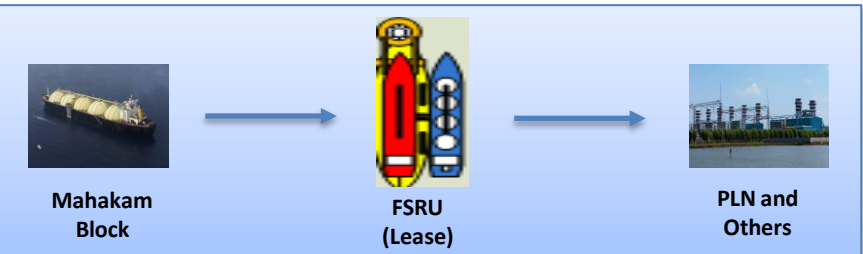
- Planned / Development LNG Liquefaction Plant
- Existing LNG Receiving Terminal



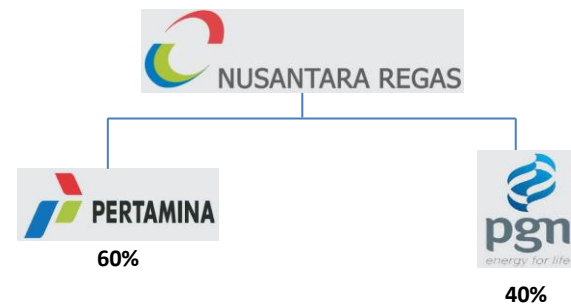
Description

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

Business Process

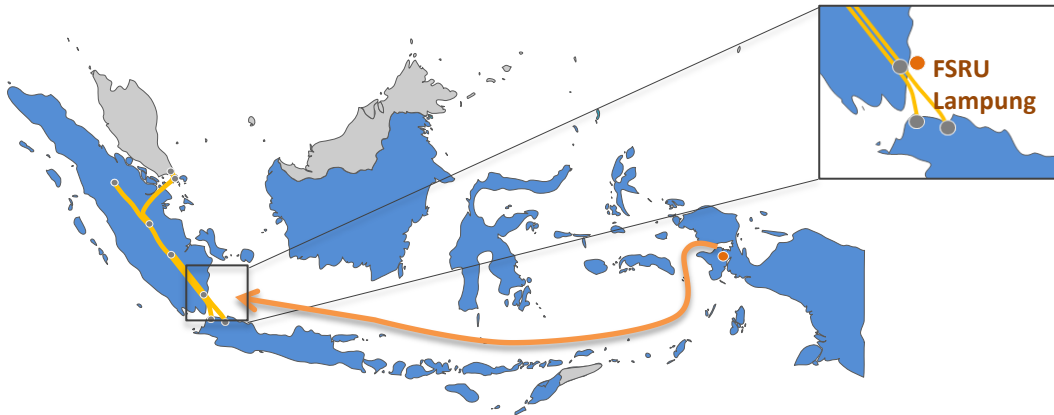


Shareholder

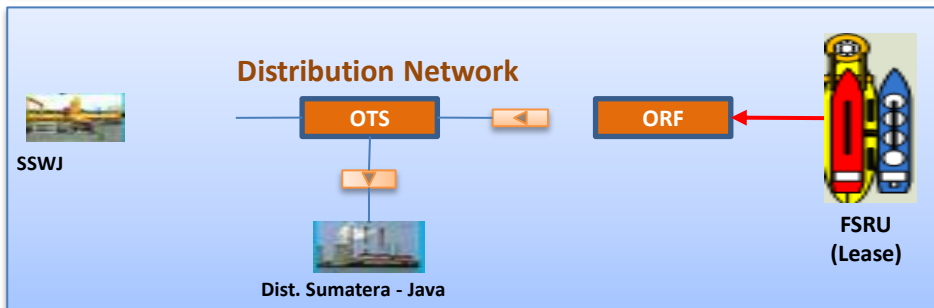


FSRU Lampung

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

Event	Detail of Event
<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>
<p>December 2014 Completion of several distribution pipeline projects</p>	<p>PGN completed distribution pipeline networks in Lampung (Labuhan Maringgai – Tanjung Karang), 90 km long with a capacity of 80 MMScfd, in West Java (Cikande – Bitung), 35 km long with a capacity of 150 MMScfd and in Batam (Panaran – Tanjung Uncang), 18 km long with a capacity of 80 MMScfd. PGN will also operate city gas network which is designed to deliver gas to 5,200 houses in Jakarta, 4,000 houses in Cirebon, 4,320 houses in Bogor and 382 houses in Tangerang.</p>
<p>Oct 27, 2014 Signing an MOU with PLN's subsidiary, PT Pembangkitan Jawa Bali</p>	<p>Under the MOU, PGN agreed to help providing more natural gas-based energy to supply PLN's existing and new power plants including the infrastructures and supporting facilities.</p>
<p>Oct 1, 2014 Gas in to household customer in Semarang region</p>	<p>In the form of CNG, PGN deliver natural gas to a cluster of industry and household in Tambak Aji, Semarang</p>
<p>Augt 28, 2014 Signing a syndicated loan of USD 650 million</p>	<p>The lender are Australia & New Zealand Banking Group Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets Singapore Pte. Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Sumitomo Mitsui Banking Corporation and others with five - year tenor.</p>

Event	Detail of Event
<p>July 10, 2014 Signing a joint venture agreement with Swift Energy to develop Fasken Eagle Ford Acreage, South Texas, USA</p>	<p>Saka Energi Indonesia (SEI) and Swift Energy closed an agreement of \$175 million in total cash consideration to develop Fasken Eagle Ford shale properties in South Texas, USA. SEI paid \$125 million in cash at closing for a 36% full participating interest and \$50 million in cash to carry a portion of Swift Energy's future field development costs.</p>
<p>May 17, 2014 FSRU Lampung progress</p>	<p>Installation and connection of the PGN FSRU Lampung and the Tower Yoke Mooring System in Lampung offshore site</p>
<p>May 16, 2014 USD 1.35 billion Global Senior Bonds Issuance</p>	<p>PGN issued USD 1.35 billion of Global Senior Bonds with a ten-year tenor and 5.125% coupon. The bond will be used for capital expenditure, working capital requirements and general corporate purposes</p>
<p>March 27, 2014 Resolution of Annual General Meeting of Shareholders on the composition of management</p>	<p>The meeting honorably discharged Mr. Kiagus Ahmad Badaruddin as the member of the Board of Commissioners and replaced him with Mr. A. Edy Hermantoro, the Director General of oil and gas of Energy and Mineral Resources.</p>
<p>March 27, 2014 Resolution of Annual General Meeting of Shareholders on Dividend</p>	<p>Rp 5,100,024,084,438,- from the profit attributable to the parent of entity of year 2013 or Rp 210.40 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 28, 2014. - Cash market May 2, 2014. • Payment date of cash dividend May 19, 2014
<p>Jan 3, 2014 Acquiring the remaining 75% of Pangkah PSC from Hess</p>	<p>PGN through its subsidiary Saka Energi Indonesia (SEI) acquired the remaining 75% participating interest in Pangkah PSC with transaction value of USD 650 Million. Saka Pangkah purchased the entire issued share capital of Hess (Indo-Pangkah Limited and of Hess Pangkah LLC). With the acquisition, Saka now holds 100% ownership of Ujung Pangkah.</p>

NOTE

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NOTE

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Thank You

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