Perusahaan Gas Negara

Investor Presentation

6M 2014 Update

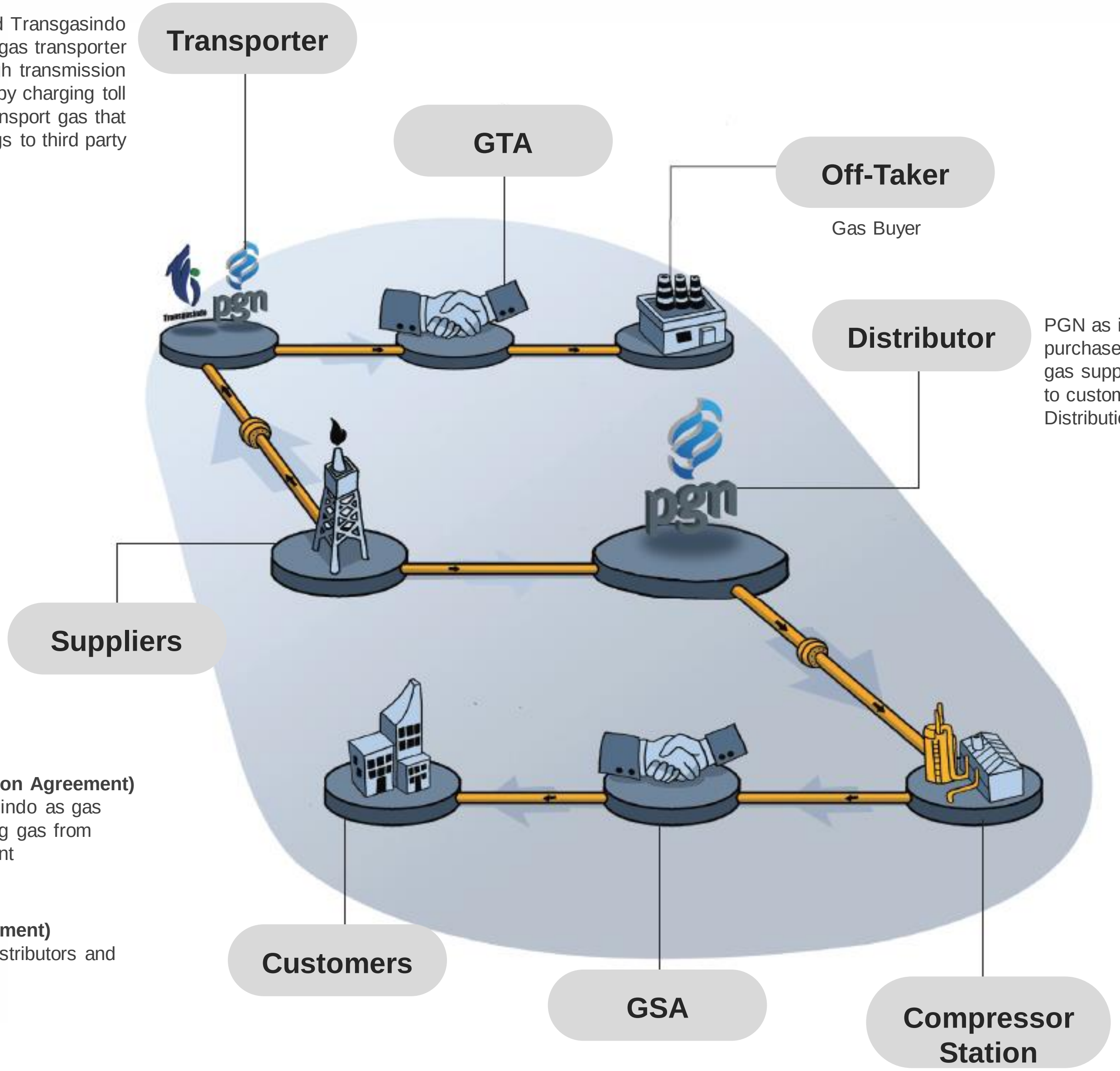
Disclaimer:

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



PGN has two business mode: Transmission and Distribution business. More than 90% of PGN revenues is generated form distribution and less than 10% from transmission

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

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

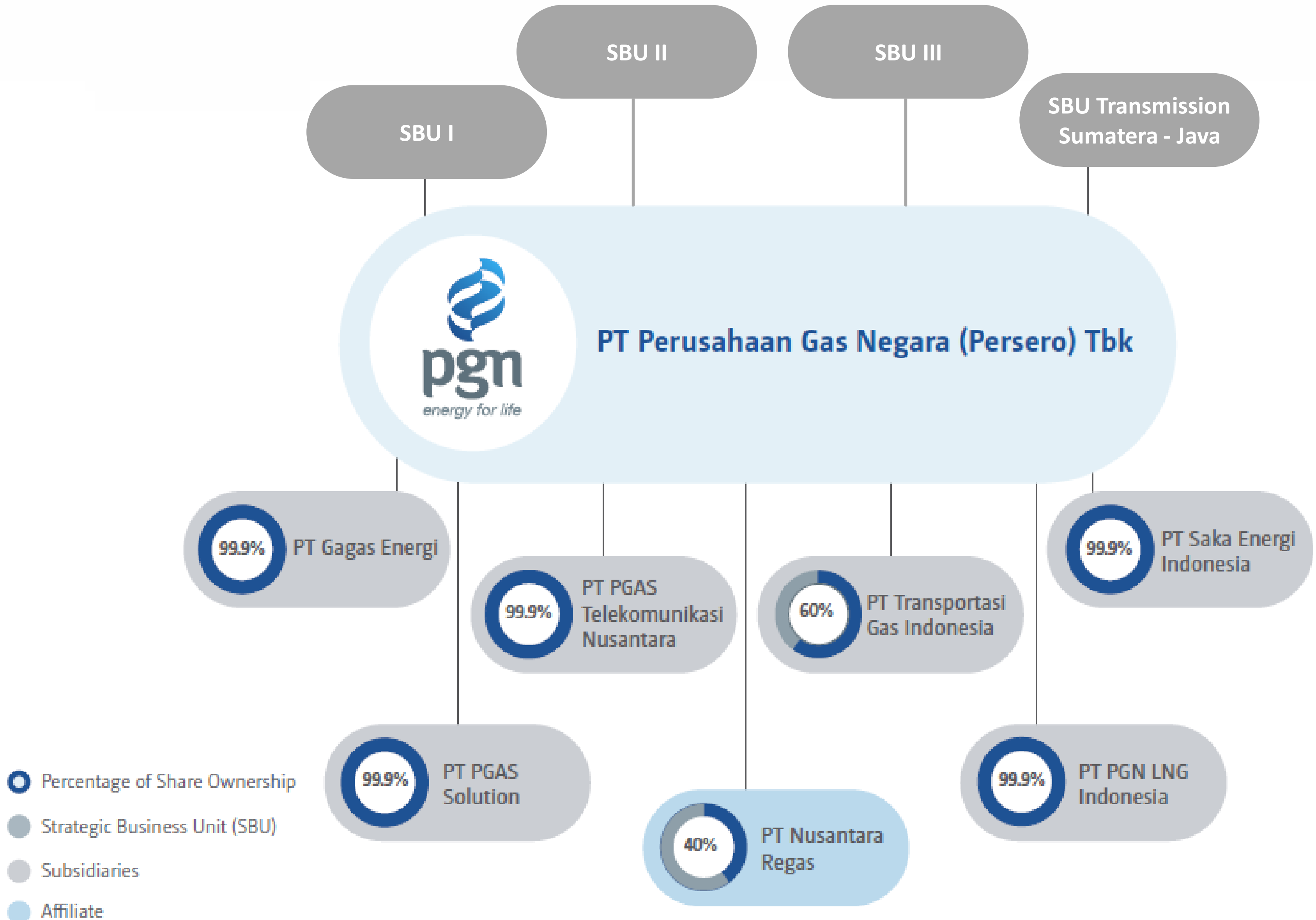
Shareholding Structure

56.97% GOVERNMENT OF THE REPUBLIC OF INDONESIA

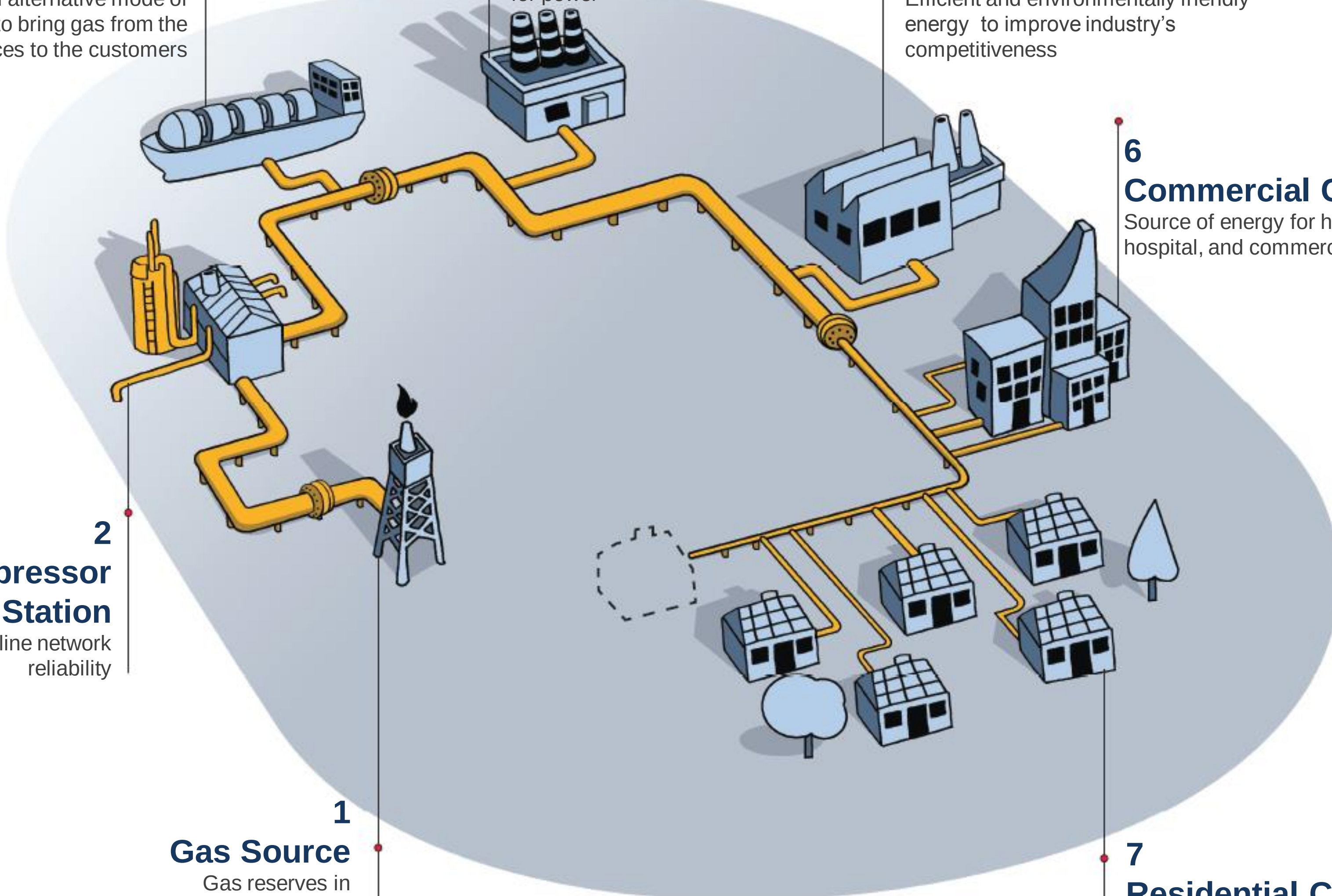
43.03% PUBLIC

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

PGN GROUP STRUCTURE



Natural Gas Business Chain



1
Gas Source
Gas reserves in Indonesia is now much bigger than oil reserves

2
Compressor Station
Enhancing pipeline network reliability

3
FSRU
An alternative mode of transportation to bring gas from the sources to the customers

4
Power Plant
Natural gas is an effective fuel for power

5
Industrial Customers
Efficient and environmentally friendly energy to improve industry's competitiveness

6
Commercial Customers
Source of energy for hotel, restaurant, hospital, and commercial estate

7
Residential Customers
More benefits for the residential customers

Key Stakeholders

KEMENTERIAN
BADAN USAHA MILIK NEGARA

Minister of State Own Enterprise

To act as Government of Republic of Indonesia shareholder proxy.

Minister of Energy and Mineral Resources

To formulate national implementation and technical policies in energy and mineral resources sector.

Special Task Force for Oil and Gas Business Activities

To manage the upstream oil and gas business activities under a Cooperation Contract and to maximize the benefits and revenue to the state for the greatest welfare of the people.

Downstream Oil and Gas Regulator

To regulate and to supervise downstream oil and gas activities (processing, transportation, storage and trading).

Related Regulations

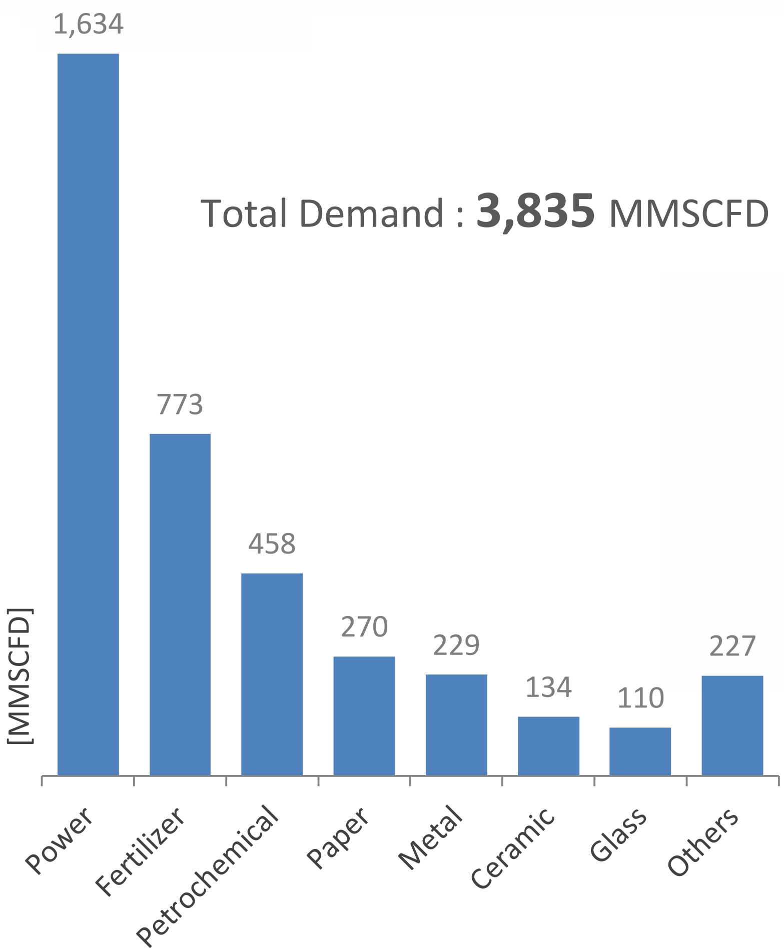
Minister of Energy and Mineral Resources Decree No. 19/2009

- 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, Memoranda of Understanding or negotiations in progress.

Demand for Natural Gas 2014



Source: Ministry of Industry Republic of Indonesia
Power Demand Projection (PLN)

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.

Strategy to Fulfill 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

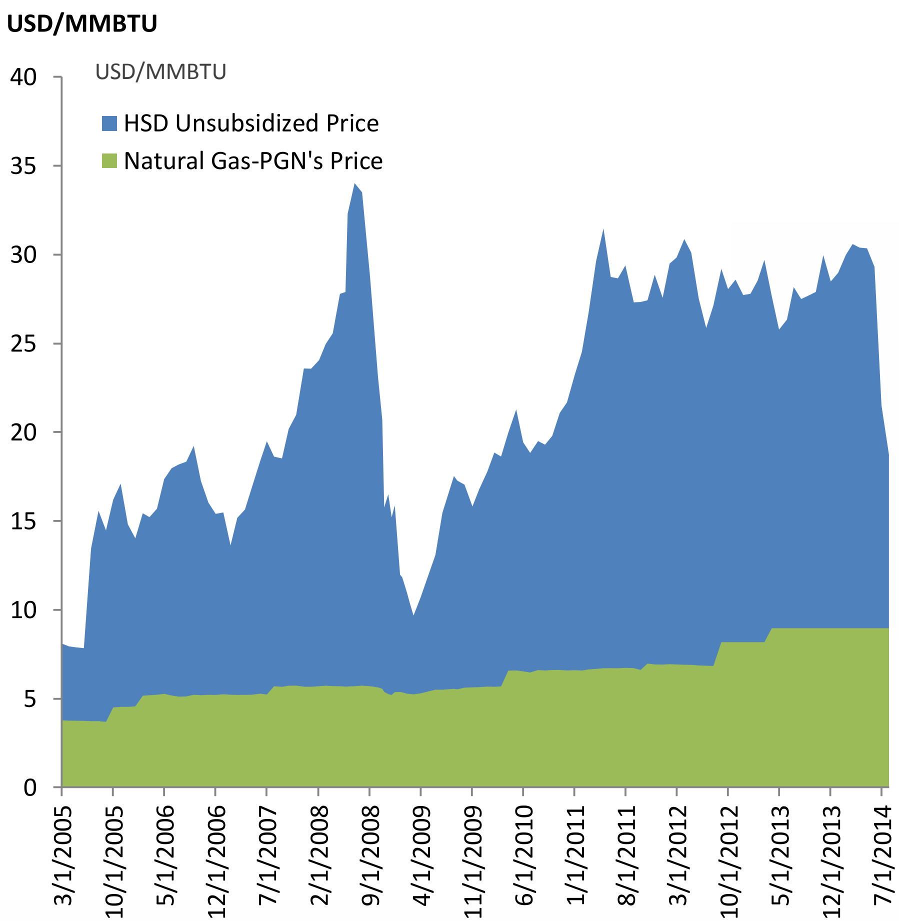
- Expand existing distribution and transmission capacity.
- Plan for inter-mode gas transportation such as CNG and LNG.

Aim for non-conventional sources

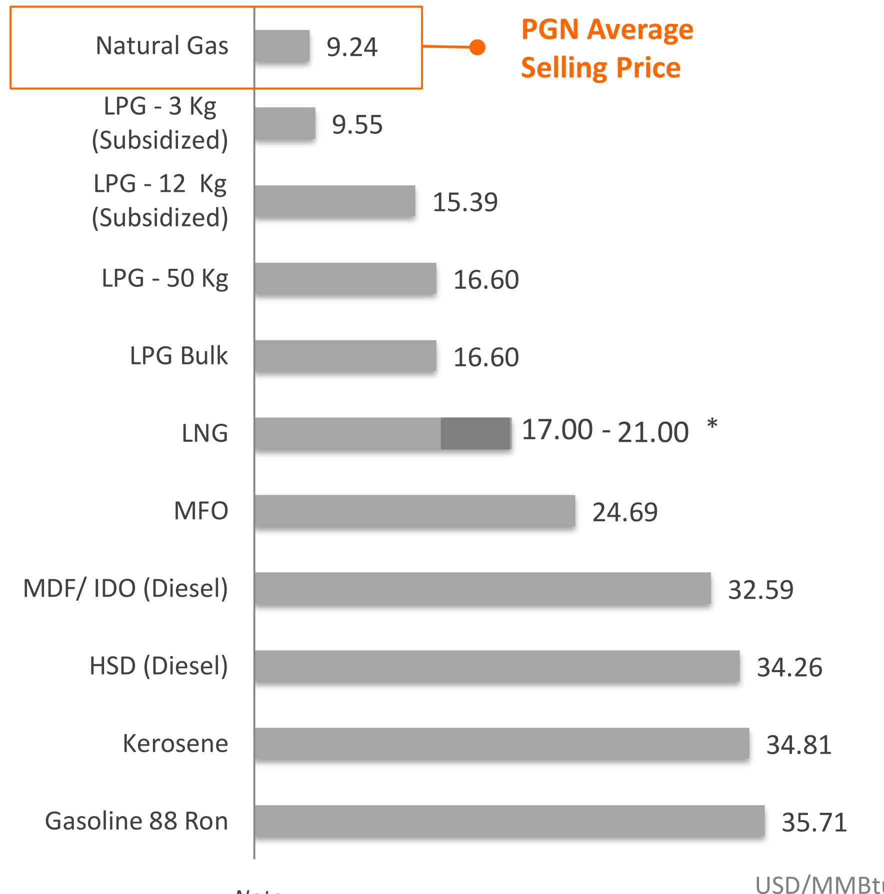
- Plan and anticipate the non-conventional sources.

Opportunity in Price Advantage

Comparison Between HSD vs Natural Gas

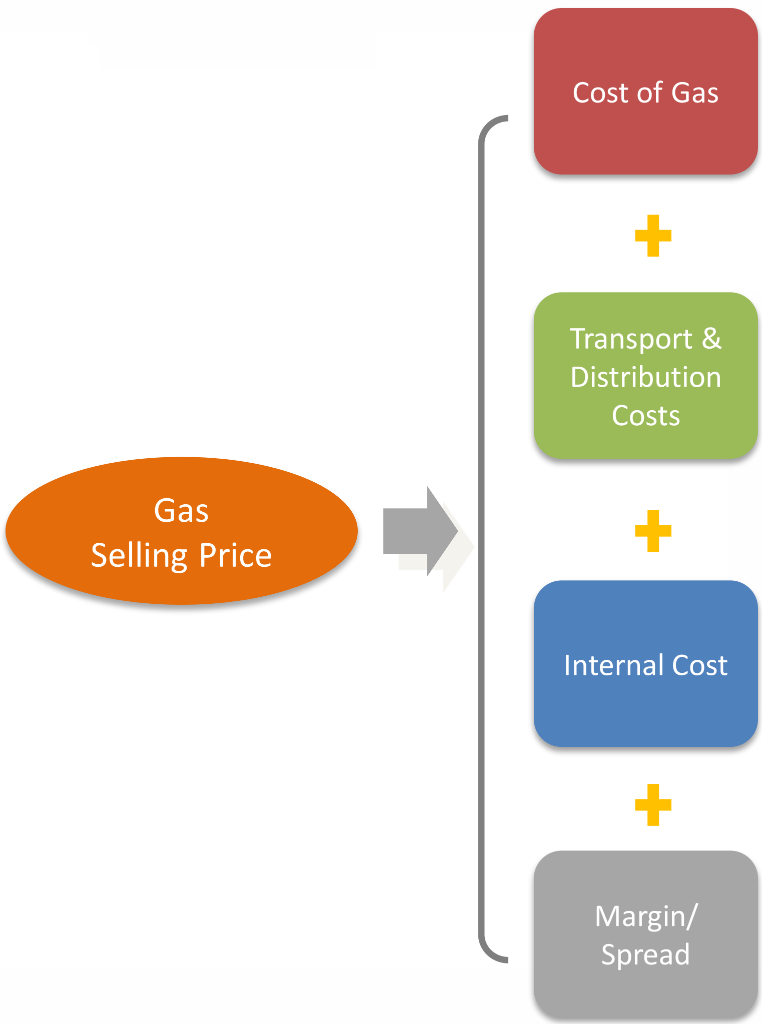


Note:
IDR-USD: BI mid spot rate



Note:
Fuel price Pertamina as of Augt, 2014
Exchange rate USD 1 = IDR 10,000
** Subject to ICP*

Distribution Pricing Scheme



Minister of Energy and Mineral Resources Decree No. 19 Year 2009

- Allows pricing for “general users” to be determined by the Companies.
- General users are non-subsidized industries and power plants.

Pricing Considerations

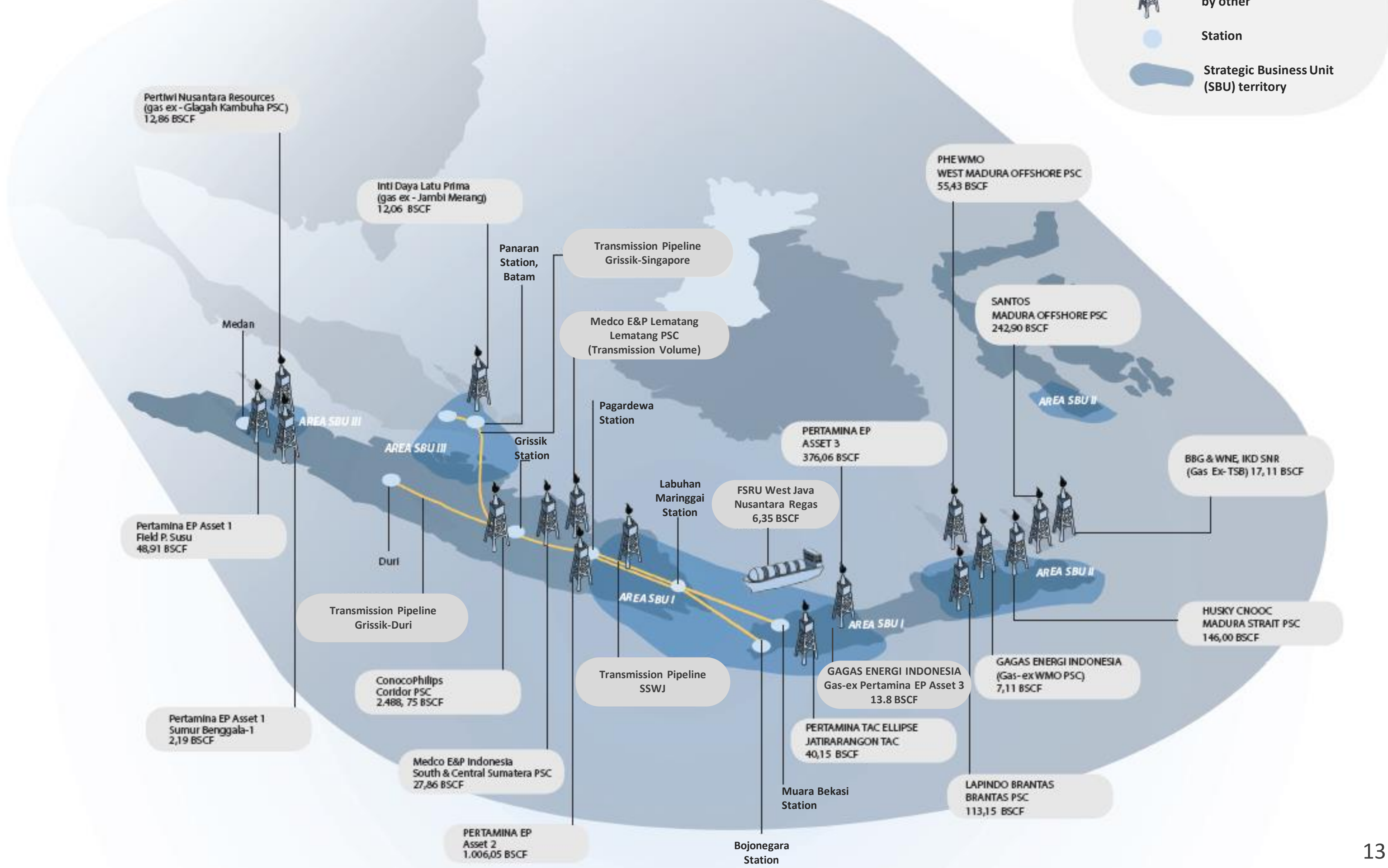
- Demand and Supply Dynamics
- Affordability
- Reasonable Margin

Intended to stimulate more supplies to meet the growing demands

Implementation

- PGN has taken the effort to communicate and educate the end users market on the merit of new pricing flexibility.
- Implement new pricing scheme with “regionalized” and “differentiated pricing” on nationwide basis from 1 April 2010.

Pipeline Facilities, Distribution Area and Sources of Gas



We Serve All Segments

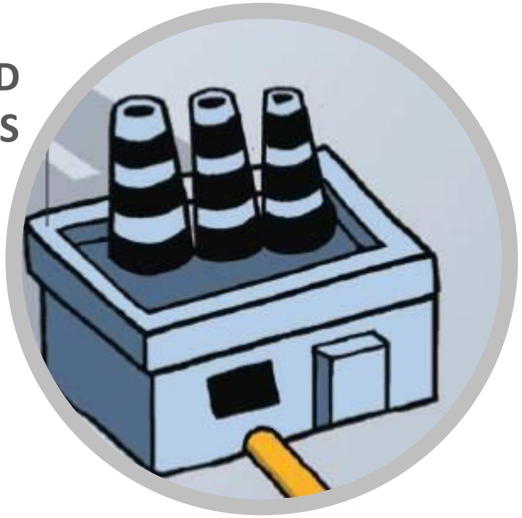
INDUSTRIES AND POWER PLANTS

97.26%

of total volumes

1,365

Customers



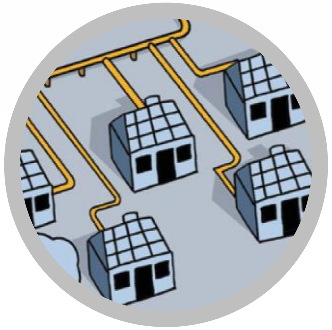
COMMERCIALS & SME

2.52%

of total volumes

1,729

Customers



HOUSEHOLDS

< 1%

of total volumes

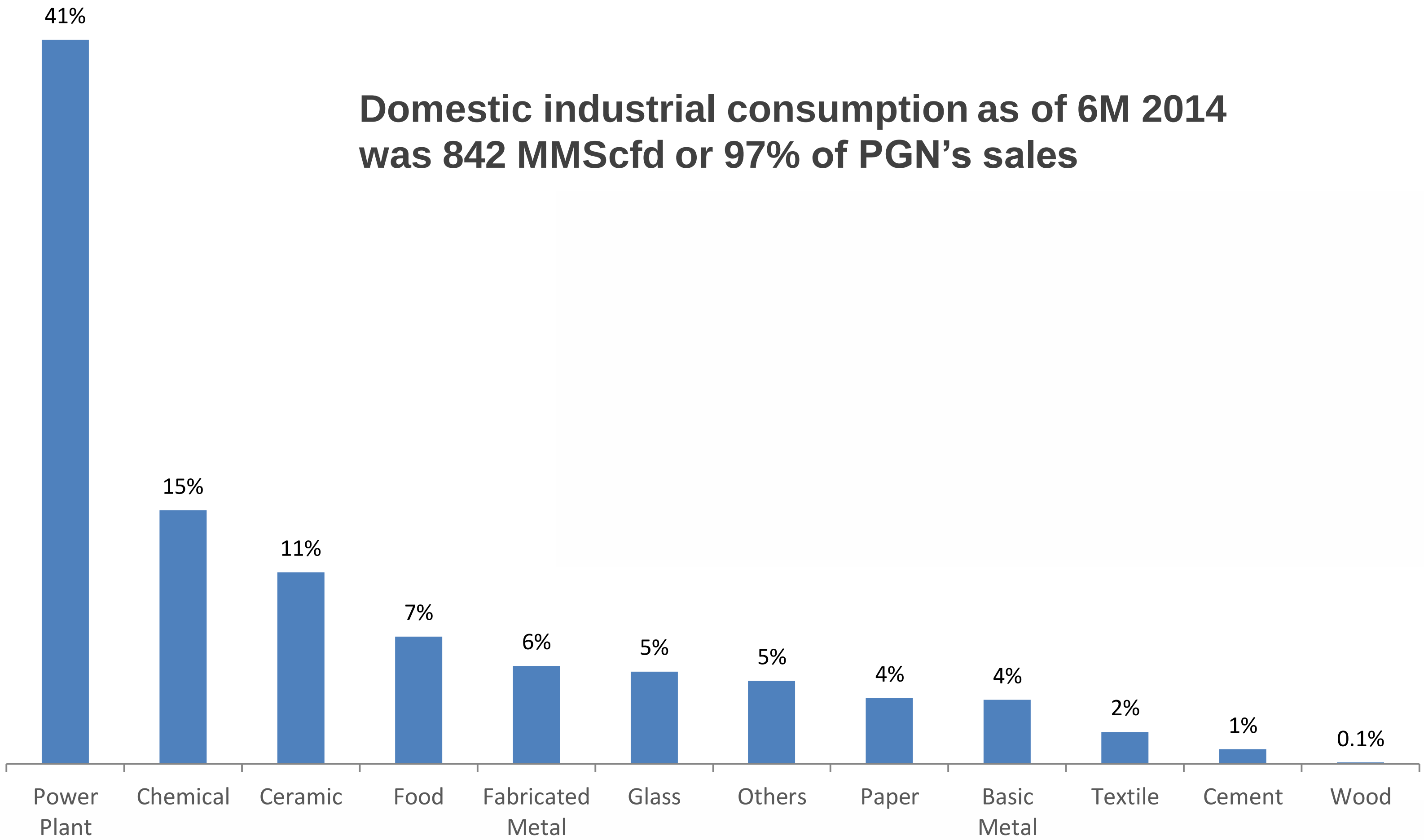
90,349

Customers

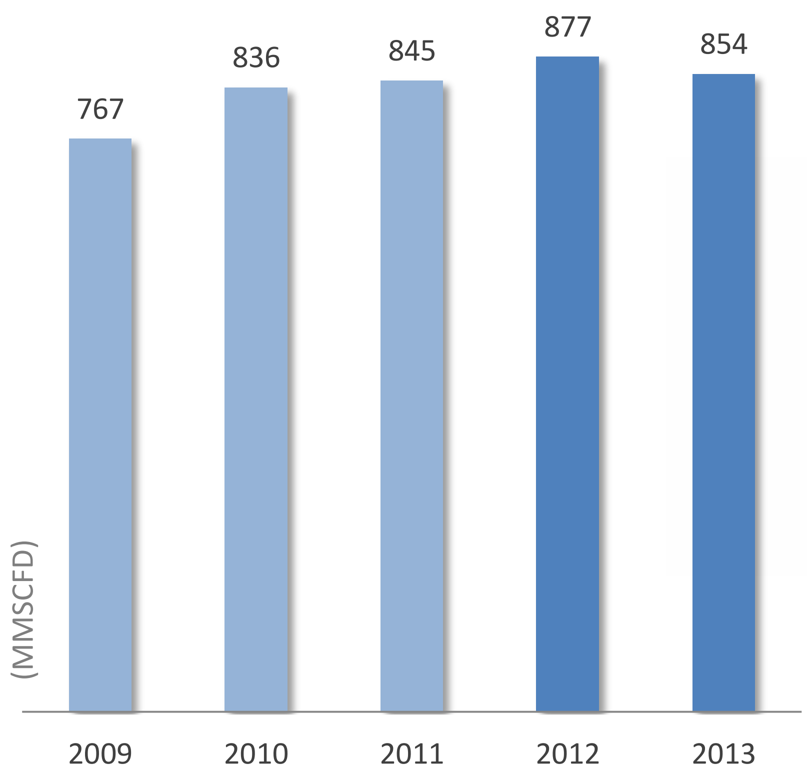
**) number of customers as of June 2014*

Diversified Industrial Customer

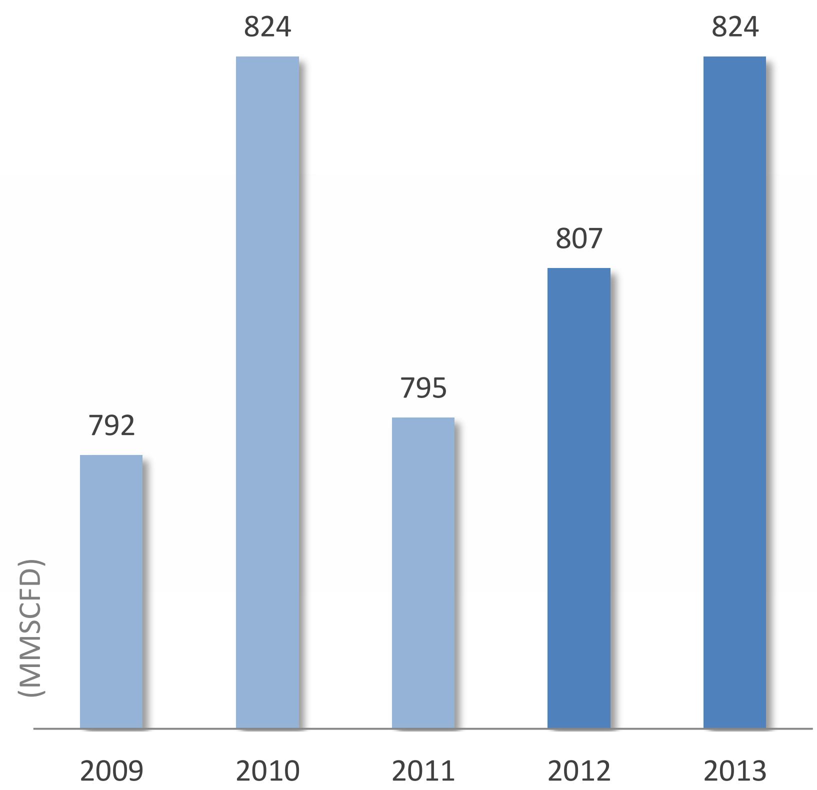
Domestic industrial consumption as of 6M 2014 was 842 MMScfd or 97% of PGN's sales



Annual Growing Operational Performance

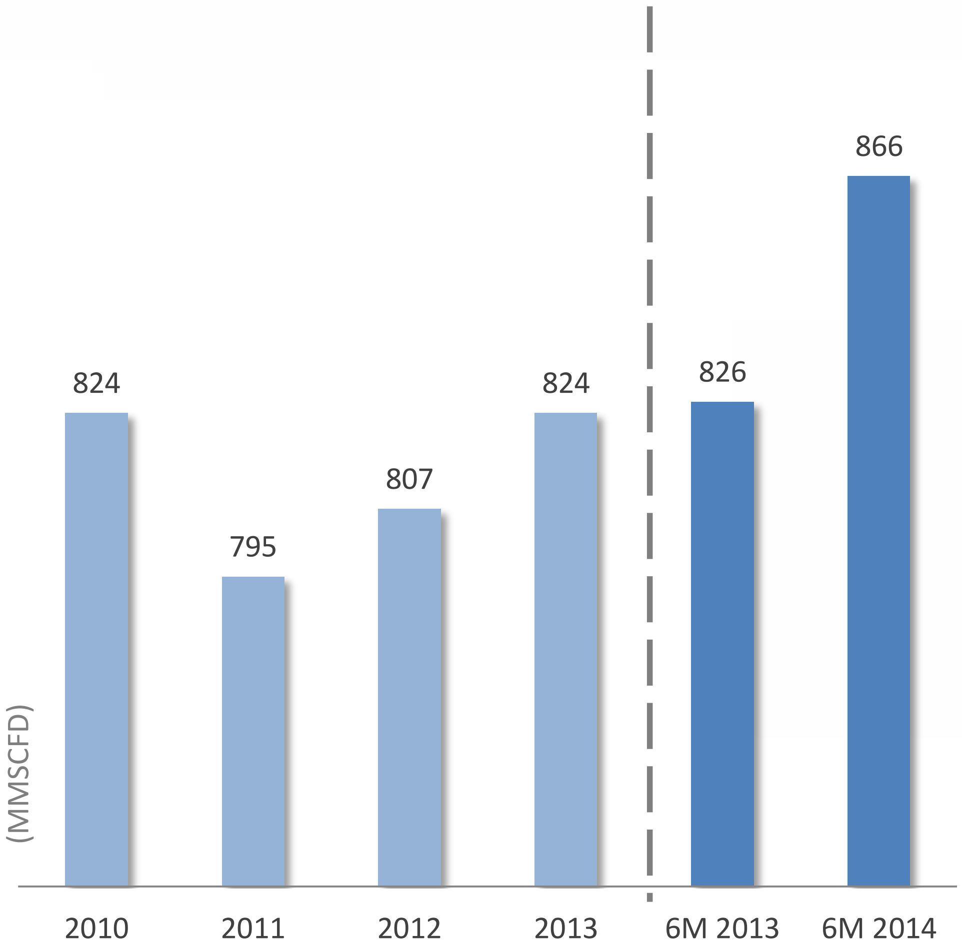


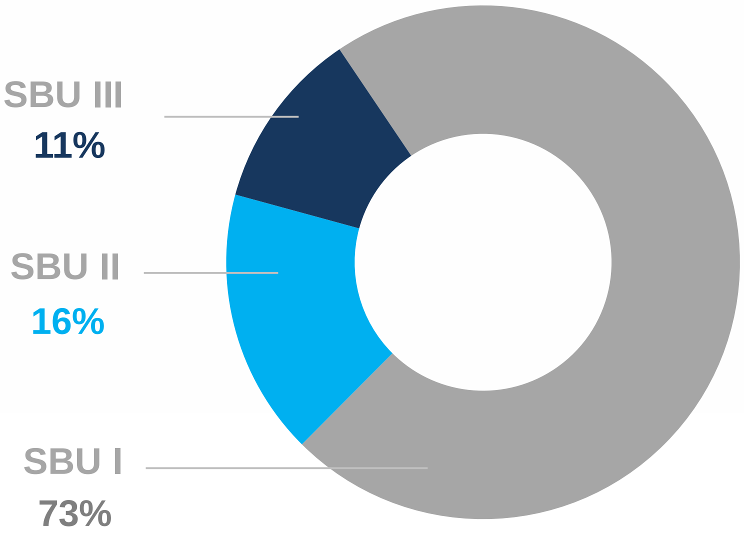
Transmission



Distribution

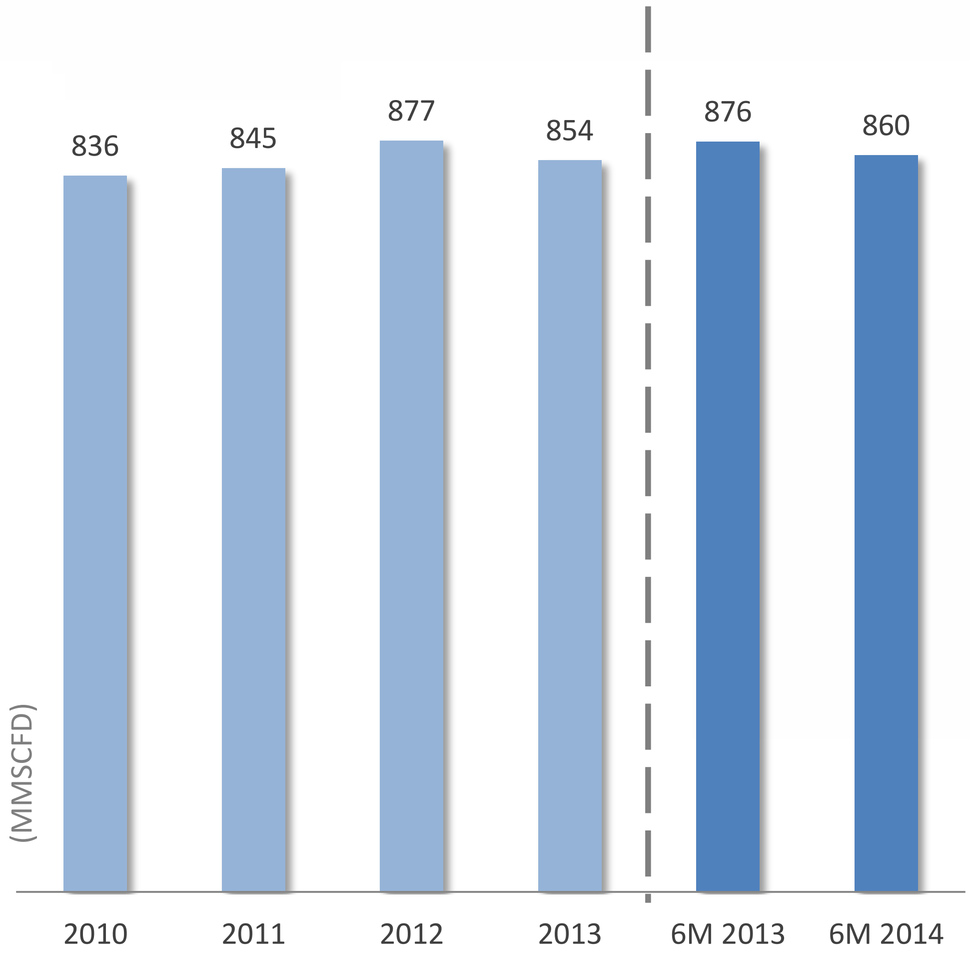
Distribution Performance



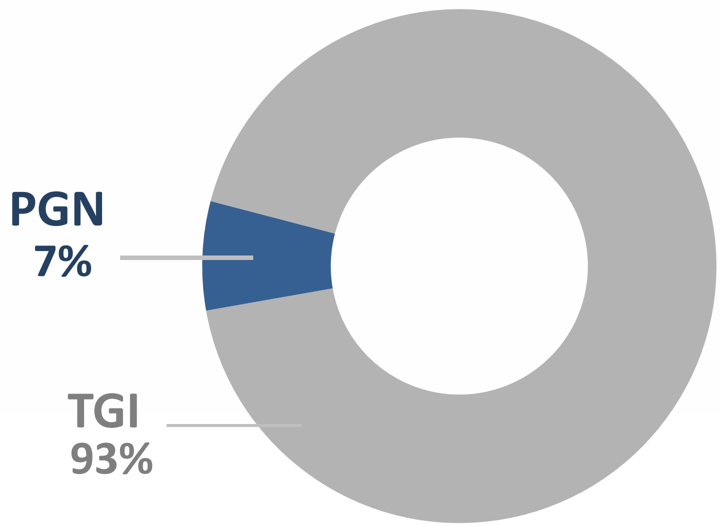


Distribution

Transmission Performance



Transmission



Consolidated Statements of Comprehensive Income 6M 2014

In USD Mio	6M 2014	6M 2013
Revenues	1,703.7	1,491.7
Cost of Revenues	967.3	786.8
Gross Profit	736.3	704.9
Operating Income	518.1	487.0
EBITDA	603.2	573.5
Net Income	370.1	457.5

Consolidated Statements of Financial Position

In USD Mio	Jun 30, 2014	Jun 30, 2013
Current Assets	2,071	1,781
Non Current Assets	3,531	2,537
Total Assets	**5,602**	**4,318**
Current Liabilities	783	886
Non Current Liabilities	2,219	771
Total Equity	2,600	2,661
Total Liabilities And Shareholders Equity	**5,602**	**4,318**

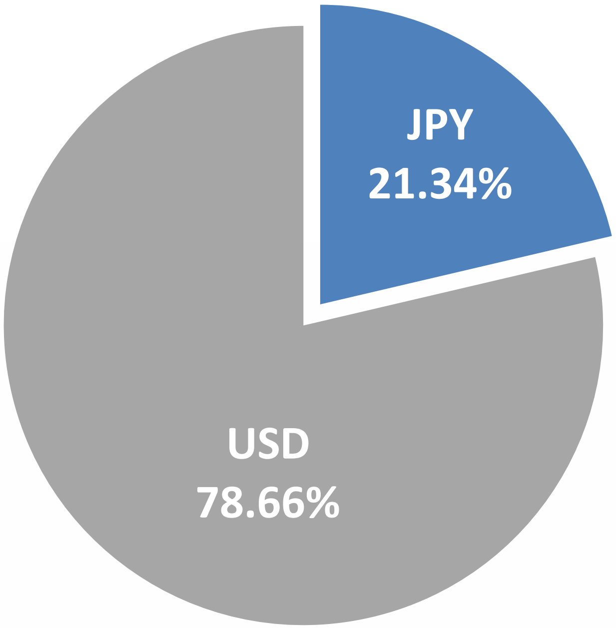
Ratios	6M 2014	FY 2013
Debt to Equity Ratio (x)	0.81	0.38
EBITDA/Interest expense (x)	25.2	57.26

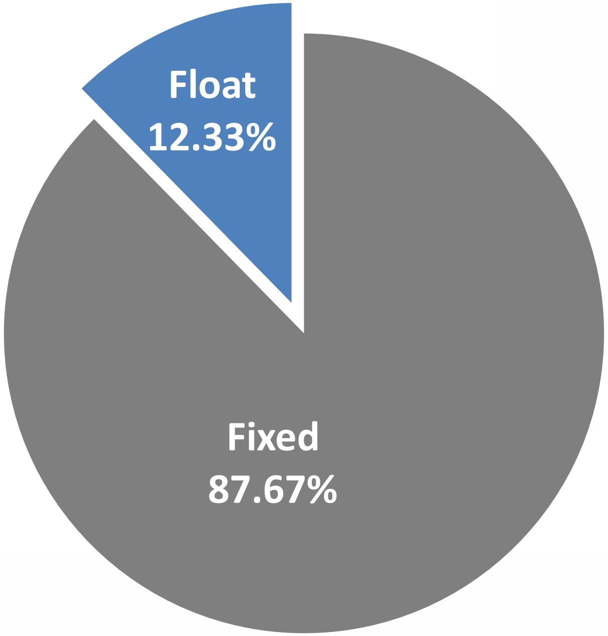
LoanComposition

as of June 30, 2014

Total loan amounting to USD 2,134 million

Mostly long dated/maturity loans from Developmental Banks and bond proceeds





Effective Cost of Debt of Around 3.96%

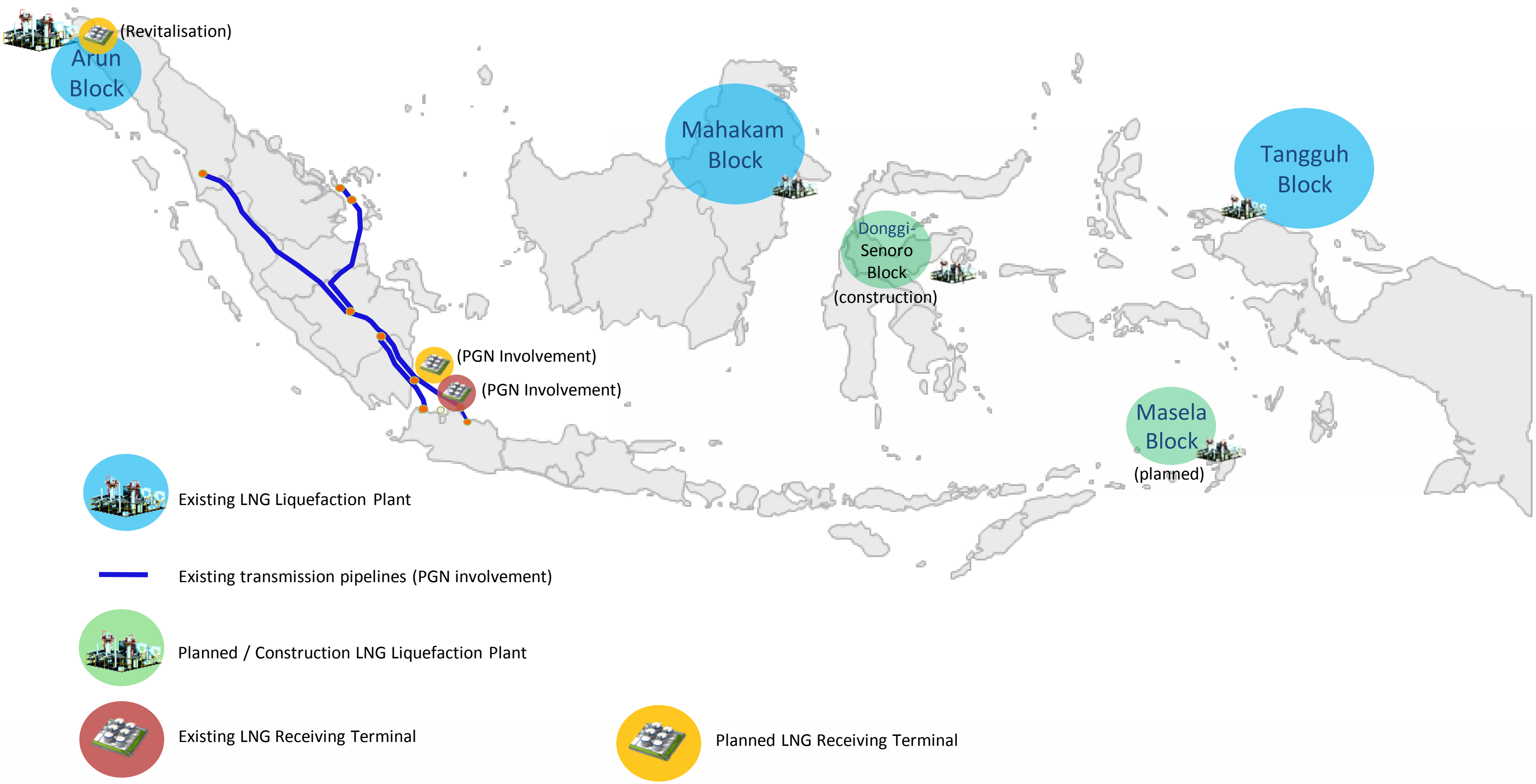
Updates

Event	Detail of Event
Augt 28, 2014 Signing a syndicated loan of USD 650 million	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.
July 10, 2014 Signing a joint venture agreement with Swift Energy to develop Fasken Eagle Ford Acreage, South Texas, USA	Saka Energi Indonesia (SEI) and Swift Energy closed an agreement of $175 million in total cash consideration to develop Fasken Eagle Ford shale properties id 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.
May 17, 2014 FSRU Lampung progress	Installation and connection of the PGN FSRU Lampung and the Tower Yoke Mooring System in Lampung offshore site
May 16, 2014 USD 1.35 billion Global Senior Bonds Issuance	PGN issued USD 1.35 billion of Global Senior Bonds with a 10 year tenors and 5.125% coupon. The bond will be used for capital expenditure, working capital requirements and general corporate purposes
March 27, 2014 Resolution of Annual General Meeting of Shareholders on the composition of management	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.

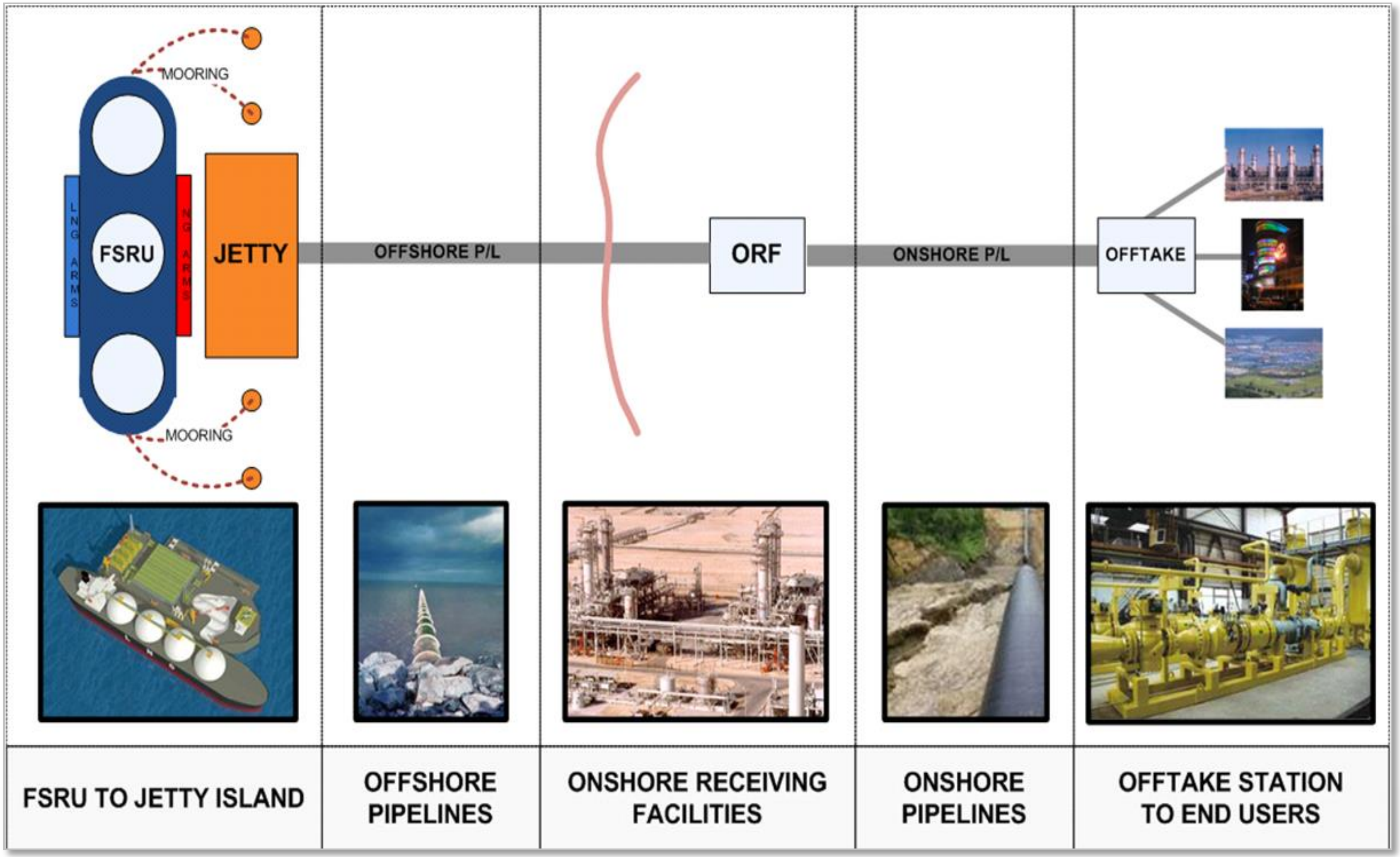
Recent Updates

Event	Detail of Event
March 27, 2014 Resolution of Annual General Meeting of Shareholders on Dividend	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: • Cum dividend: - Regular and negotiable market April 28, 2014. - Cash market May 2, 2014. • Payment date of cash dividend May 19, 2014
Jan 3, 2014 Acquiring the remaining 75% of Pangkah PSC from Hess	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.
August 28, 2013 Cikande – Bitung pipelines development	The 30Km; 24 inch pipelines development has progressed 90%. This segment is a continuation of the Bojonegara – Cikande segment, which is part of the SSWJ pipelines.
June 21, 2013 Signing upstream agreement with Kufpec Pangkah PSC	PGN through its subsidiary Saka Energi Indonesia (SEI) acquired 25% participating interest in Pangkah PSC with transaction value of USD 265 Million through shares takeover of KUFPEC Indonesia B.V from Kuwait Foreign Petroleum Company K.S.C with percentage shares ownership of 100%
May, 2013 Signing upstream agreement with Bangkanai PSC	PGN through its subsidiary Saka Energi Indonesia (SEI) acquired 30% participating interest in Bangkanai PSC from Salamander with transaction value of USD 27 Million
March, 2013 Signing upstream agreement with Ketapang PSC	PGN through its subsidiary SEI acquired 20% participating interest in Ketapang PSC from Sierra Oil Services Limited with transaction value of USD 71 Million

Plan for New LNG Infrastructure



Floating LNG Terminal Overview



FSRU Project – West Java

FSRU
Floating Storage & Regasification Unit

40%
PGN

60%
Pertamina

PT Nusantara Regas
Joint Venture Company

Offtaker: PGN

Industry

Offtaker: PLN

Power Plant

FSRU Projects

Project Overview

	West Java	Lampung
Location	Jakarta Bay	Labuhan Maringgai
Capacity (MTPA)	3	1.8
Customers	Power plants, industry	
Owner	PGN (40%) Pertamina (60%)	PGN (100%)
Scope	FSRU, jetty, subsea and overland pipelines	

Recent Development

West Java:

- Gas has been sourced from Mahakam PSC to the amount of 11.75 MT of LNG supply over 11 years and back-to-back HoA with PLN as the off-taker.
- FSRU Nusantara Regas-1 has been positioning at Jakarta Bay and operating starting June 2012.
- LNG supplies is coming from Bontang.

Lampung:

- Installation and connection of the FSRU and the Tower Yoke Mooring System at Lampung offshore site on May 17th
- Commissioning and facilities final preparation before commercialization on the 2H 2014
- Government allocations in terms of cargoes from BP Tangguh, Papua

Upstream Assets

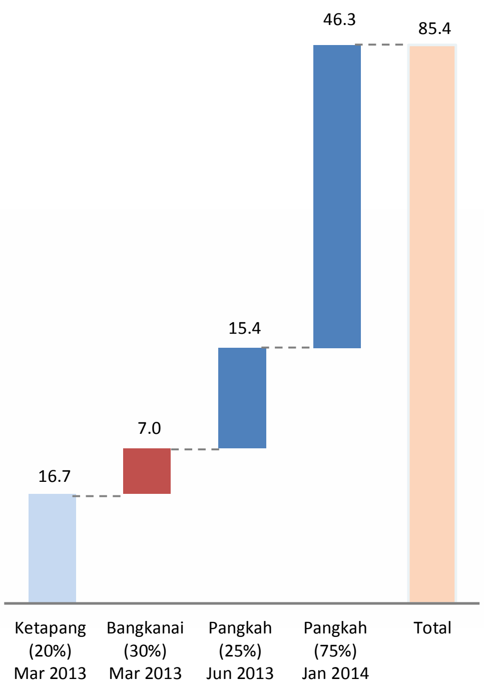
Asset Map

Asset	% WI	Operator	PSC Expiry	Commercial reserves mmboe	Commercial reserves % Gas	2013E Production (kboepd)
A Pangkah	100.0	Saka Energi Indonesia	2026	61.7	54.3%	13.7[1]
B Ketapang	20.0	Petronas	2028	16.7	17.3%	-
C Bangkanai	30.0	Salamander	2033	7.0	92.3%	-
D South Sesulu	100.0	Saka Energi Indonesia	2031	-	-	-
Total				**85.4**	**50.2%**	**13.7**

Source: Wood Mackenzie.

[1] 2013E production figure based on 100% PGN interest

Net 2P Reserves (mmboe)



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
- Stronger pricing power with gas suppliers

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Thank You

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