



Perusahaan Gas Negara

Investor Presentation

3M 2014 Update

Disclaimer:

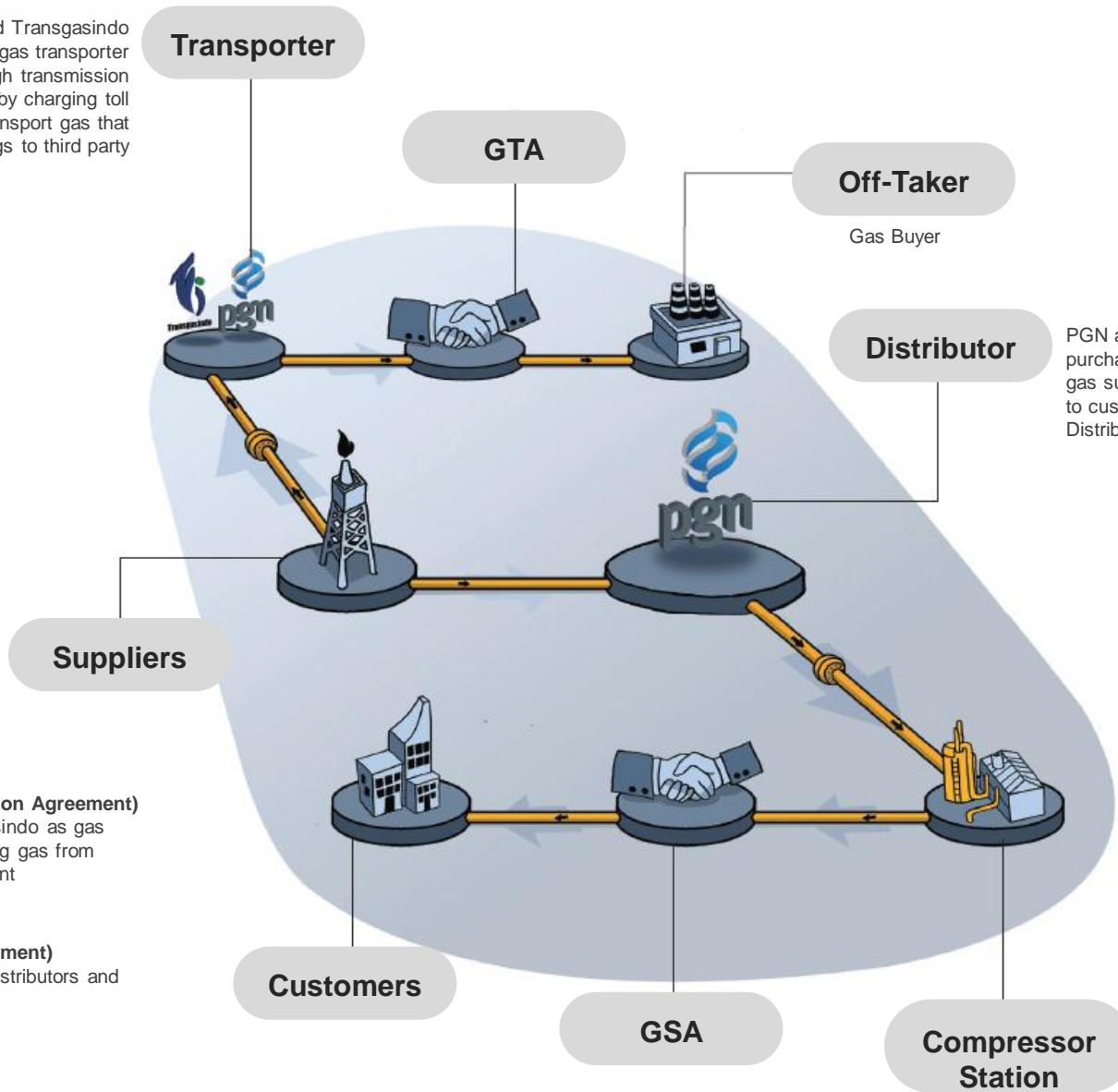
The information contained in our presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions 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 from distribution and less than 10% from transmission

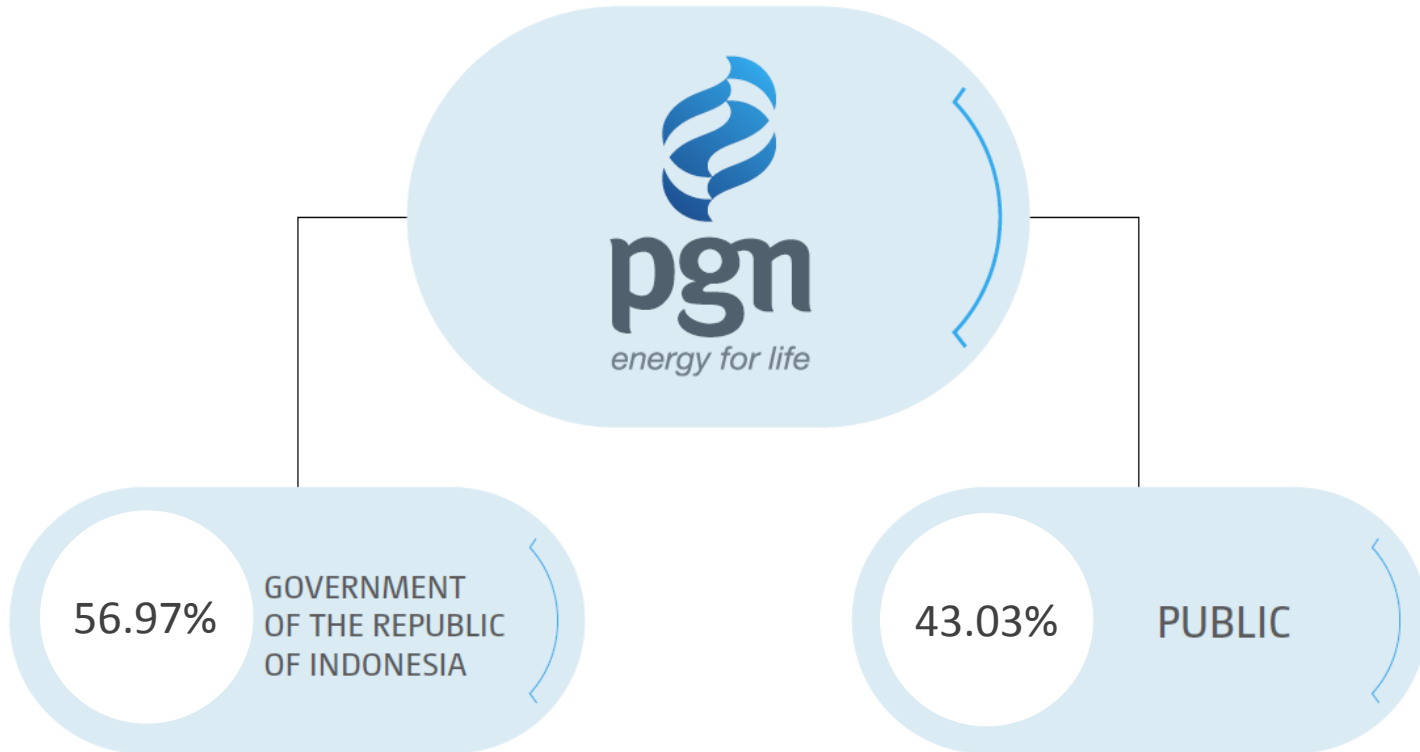


GTA (Gas Transportation Agreement)
Between PGN/Transgasindo as gas transporter in transferring gas from suppliers to off taker point

GSA (Gas Sales Agreement)
Between PGN as gas distributors and customers

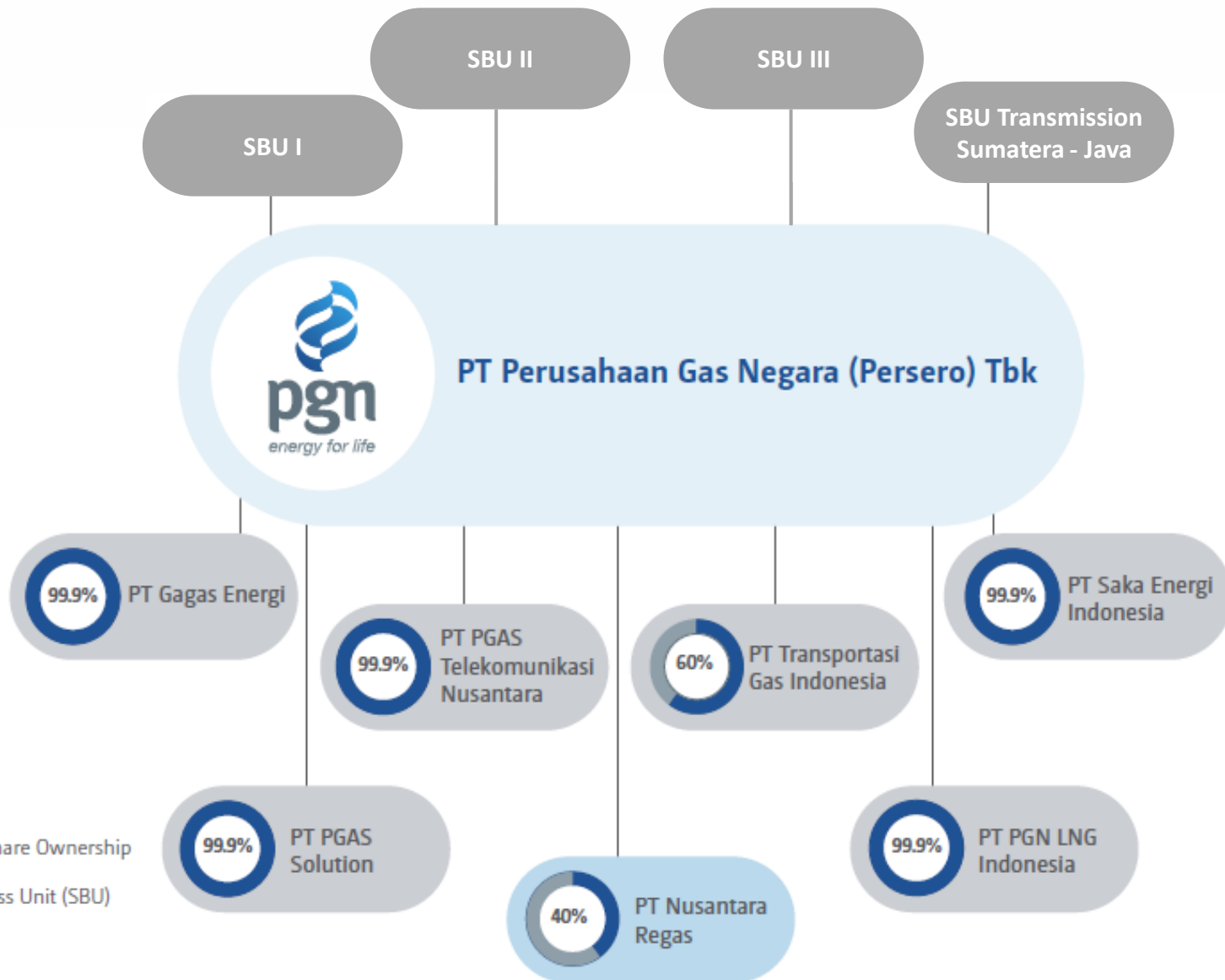
PGN as integrator purchases gas from various gas supplier and distributes to customers through PGN Distribution pipeline

Shareholding Structure

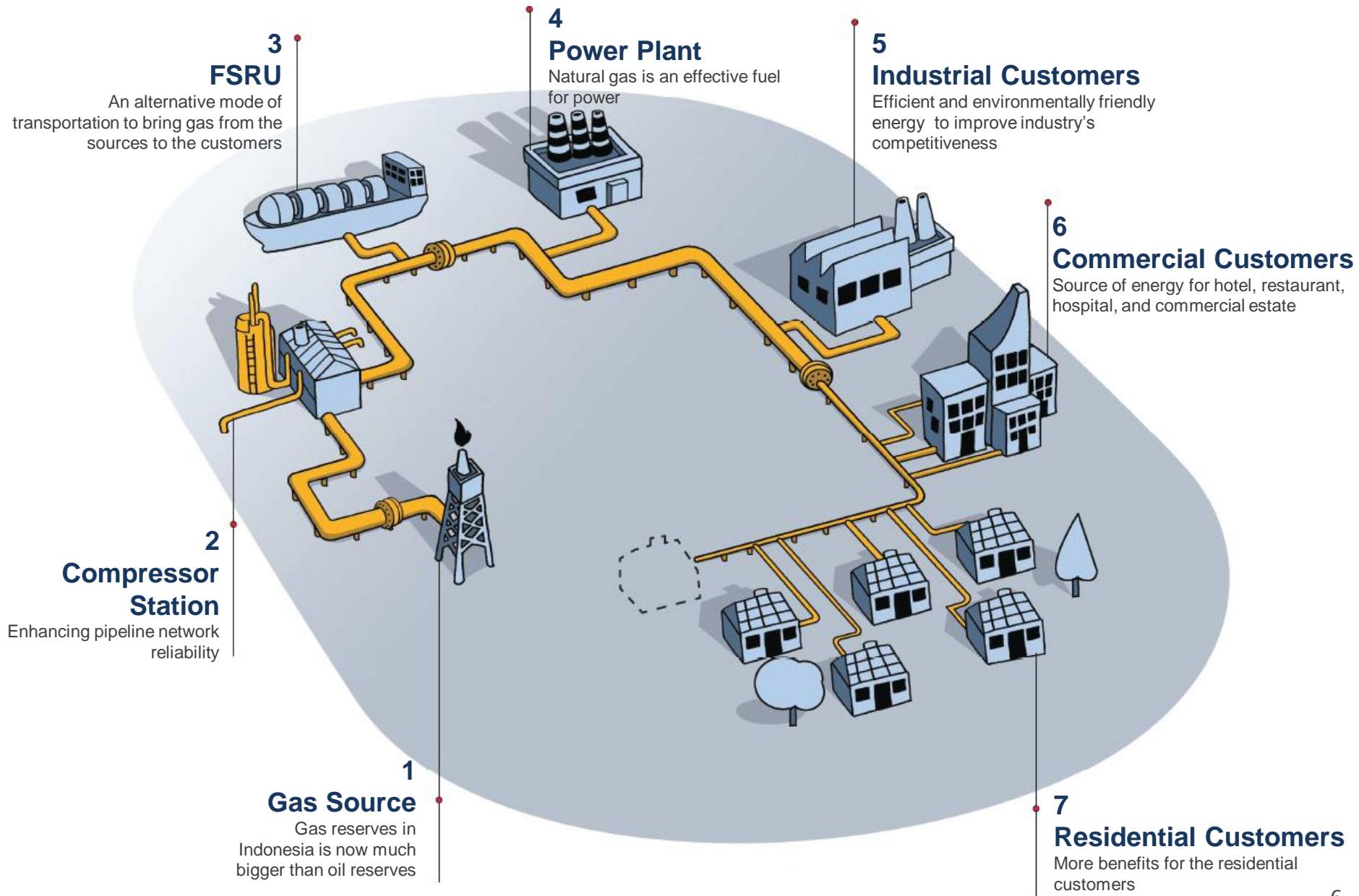


*) Total : 24,241,508,196 shares
Public Share includes 1,850,000 shares of Treasury Stock

PGN GROUP STRUCTURE



Natural Gas Business Chain



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).

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

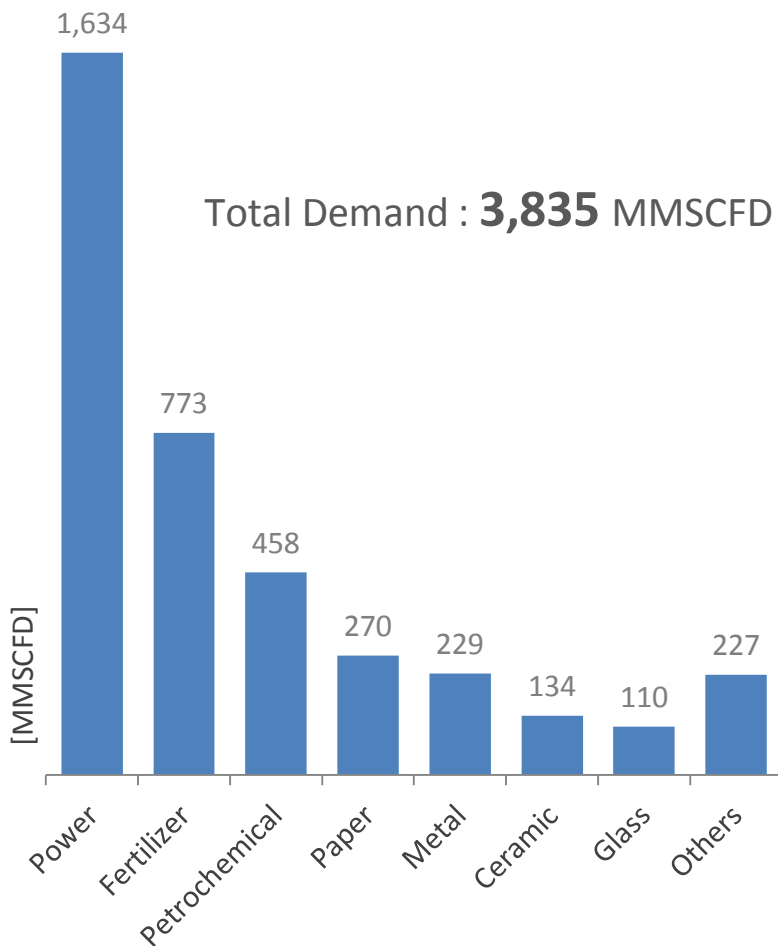
- Set the structure of natural gas trading, transmission and distribution business and licensing.
- Provides special rights and licensing for dedicated downstream.
- Set pricing mechanism for piped natural gas:
 - Residential regulated by BPH Migas.
 - Special users determined by Minister of Energy and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



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
Power Demand Projection (PLN)

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

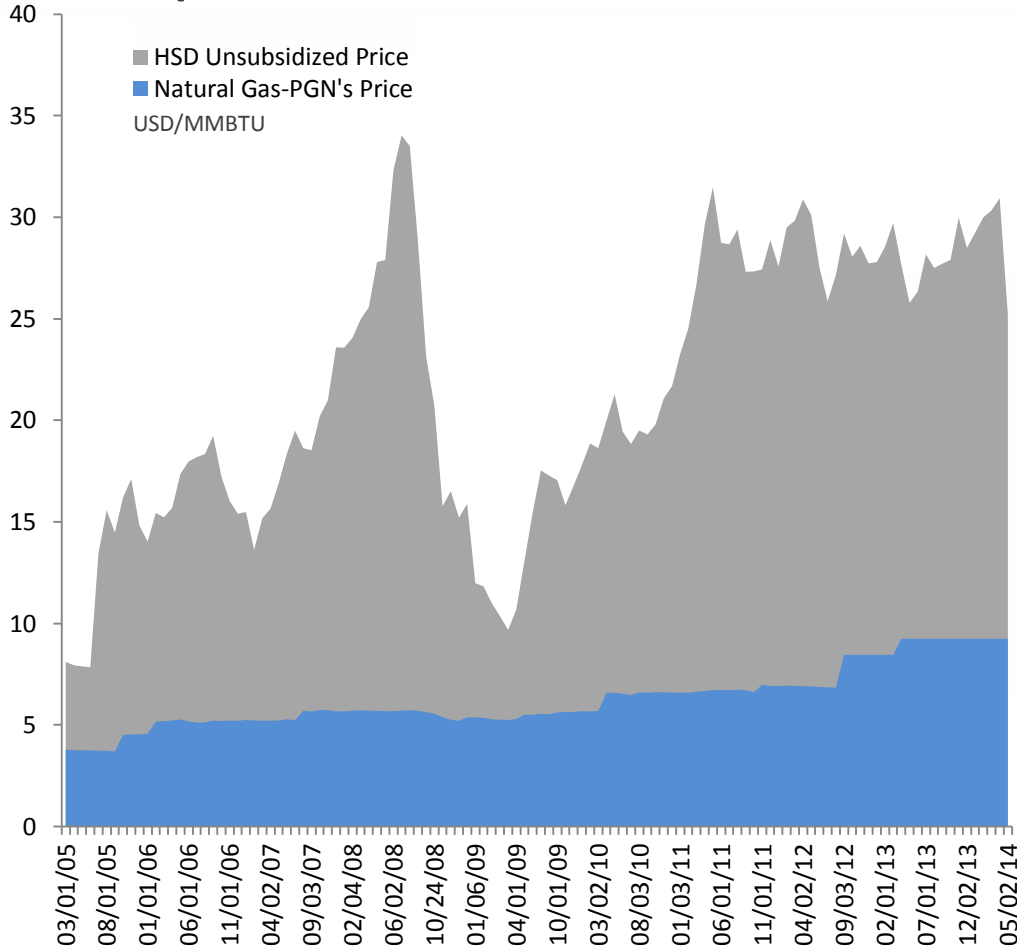
- Expand existing distribution and transmission capacity.
- Plan for inter-mode gas transportation such as CNG and LNG.

Aim for non-conventional sources

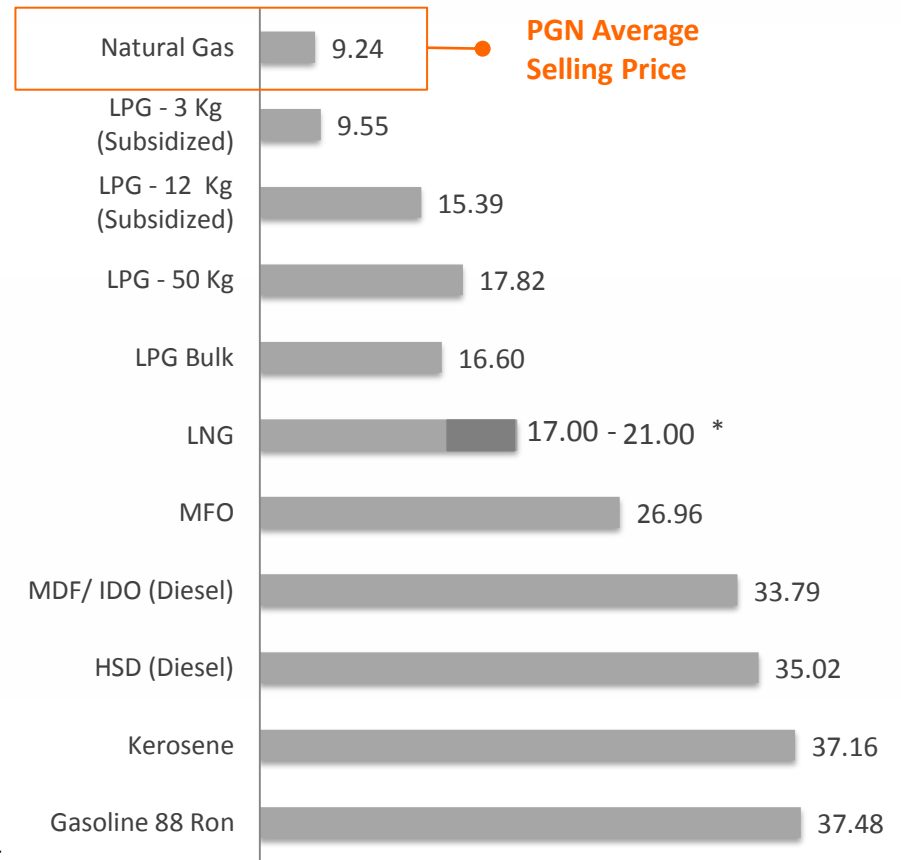
- Plan and anticipate the non-conventional sources.

Opportunity in Price Advantage

Comparison Between HSD vs Natural Gas

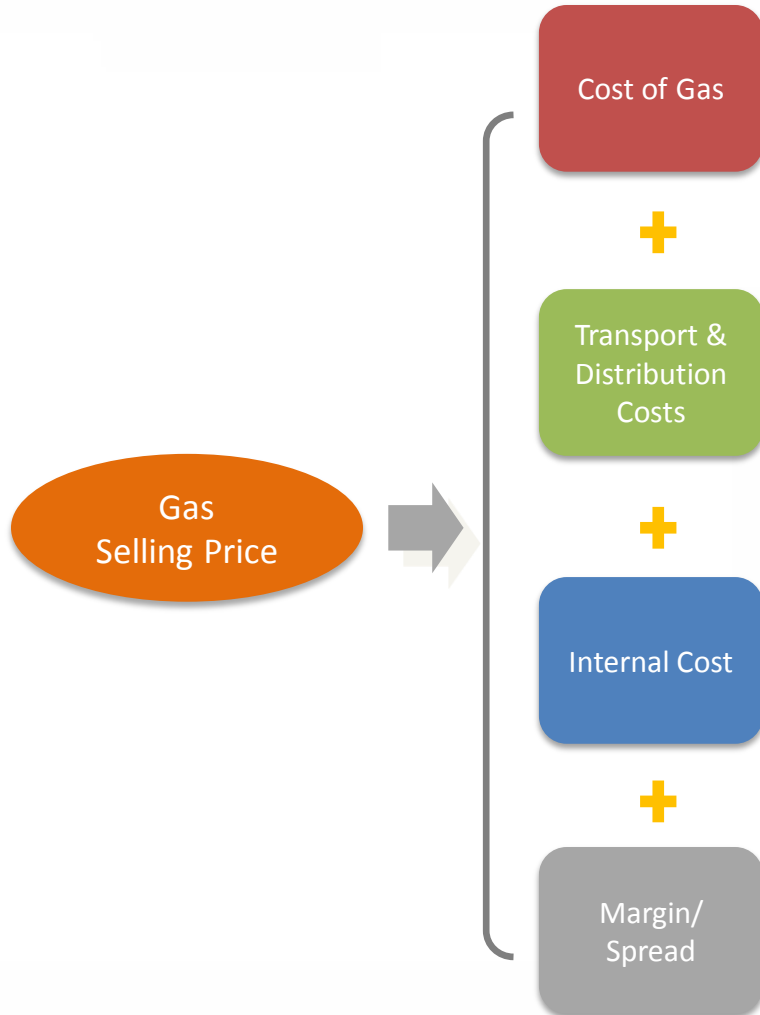


Note:
 BI Foreign Exchange Midrate



Note:
 Fuel price Pertamina as of May, 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

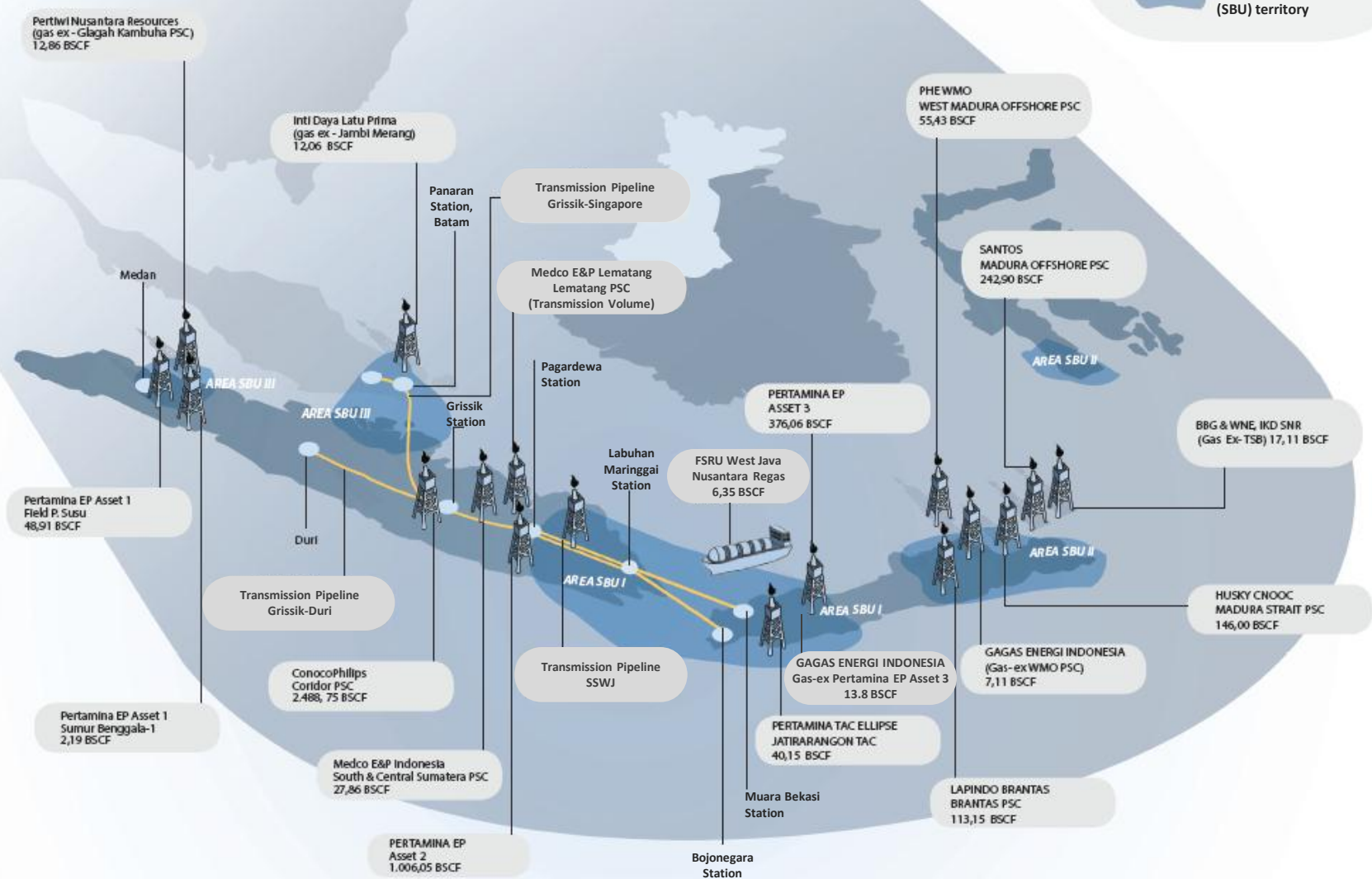
Intended to stimulate more supplies to meet the growing demands

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

- PGN Owned High Pressure pipelines and infrastructures
- Natural gas sources owned by other
- Station
- Strategic Business Unit (SBU) territory



We Serve All Segments

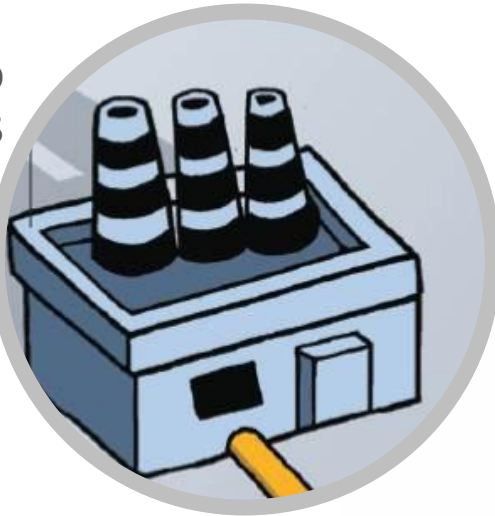
INDUSTRIES AND POWER PLANTS

97.32%

of total volumes

1,310

Customers



COMMERCIALS & SME

2.47%

of total volumes

1,723

Customers



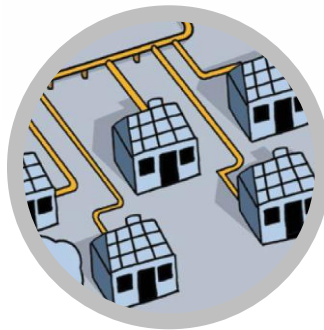
HOUSEHOLDS

< 1%

of total volumes

89,831

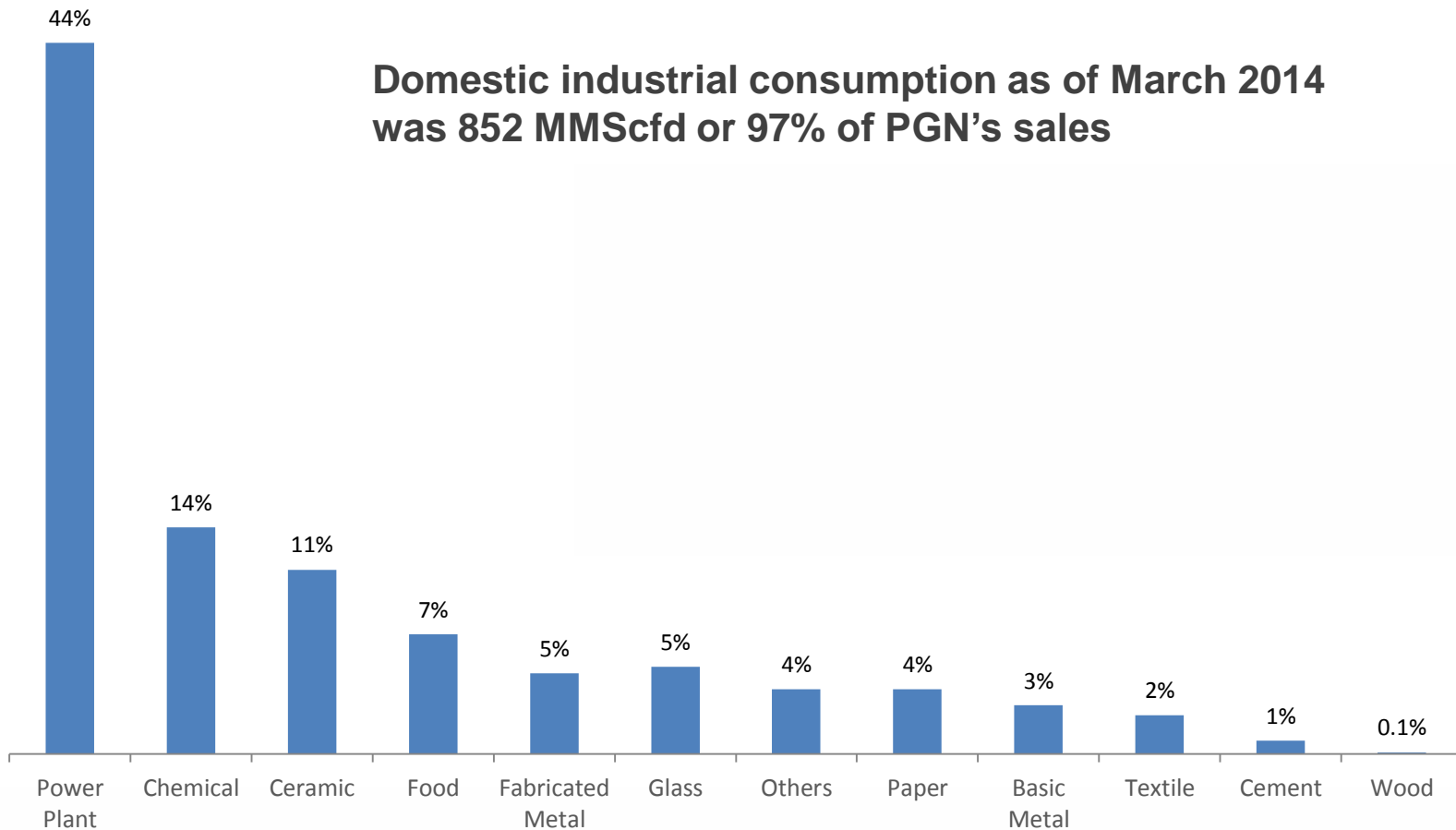
Customers



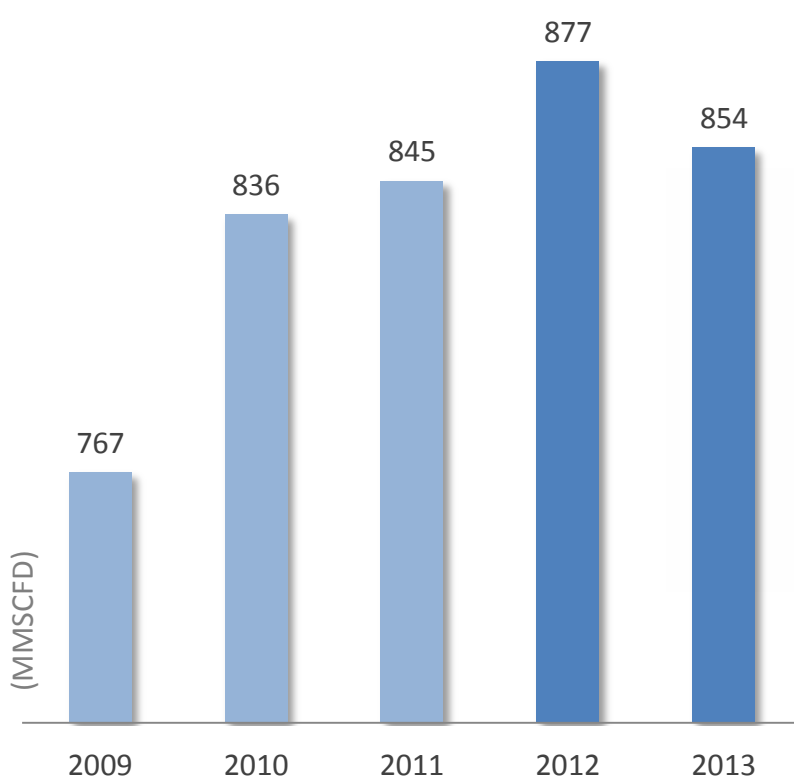
**)as of March2014*

Diversified Industrial Customer

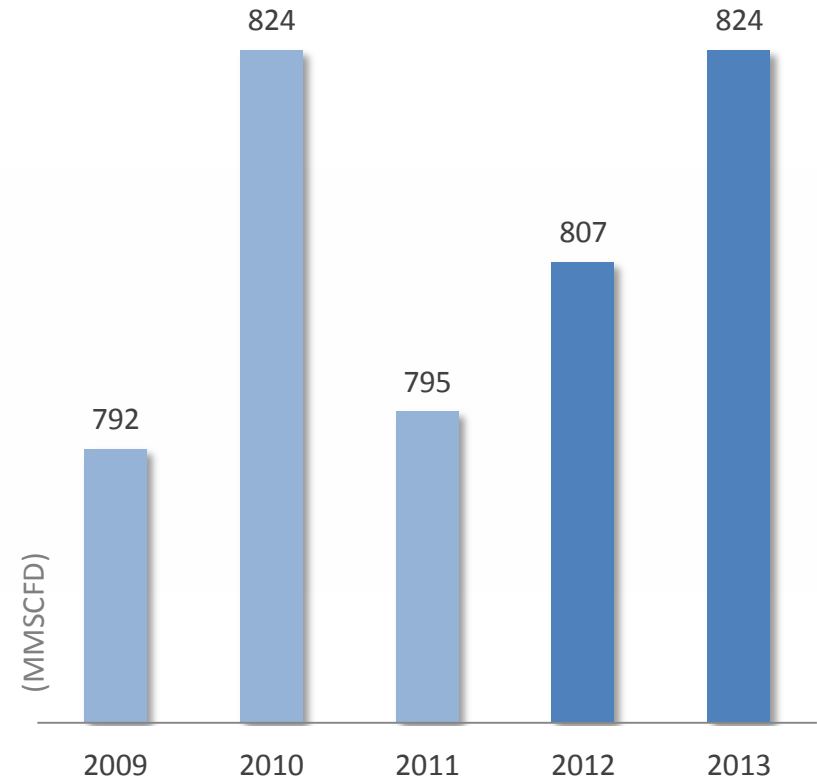
Domestic industrial consumption as of March 2014
was 852 MMScfd or 97% of PGN's sales



Annual Growing Operational Performance

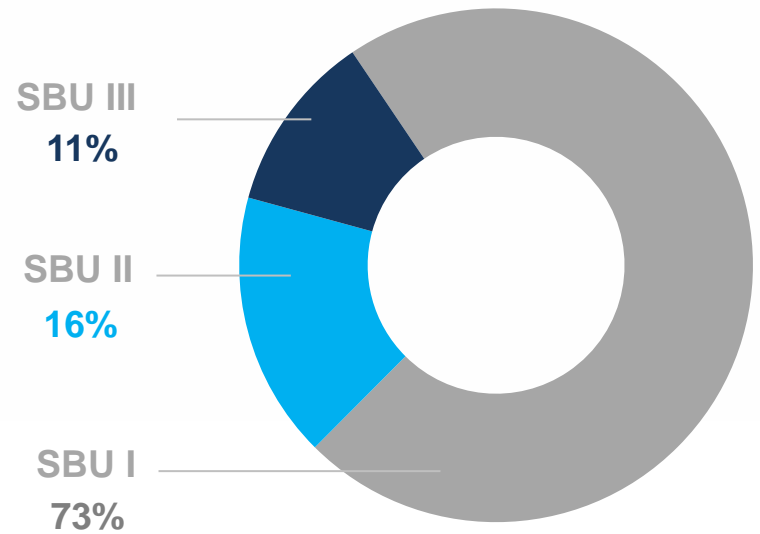
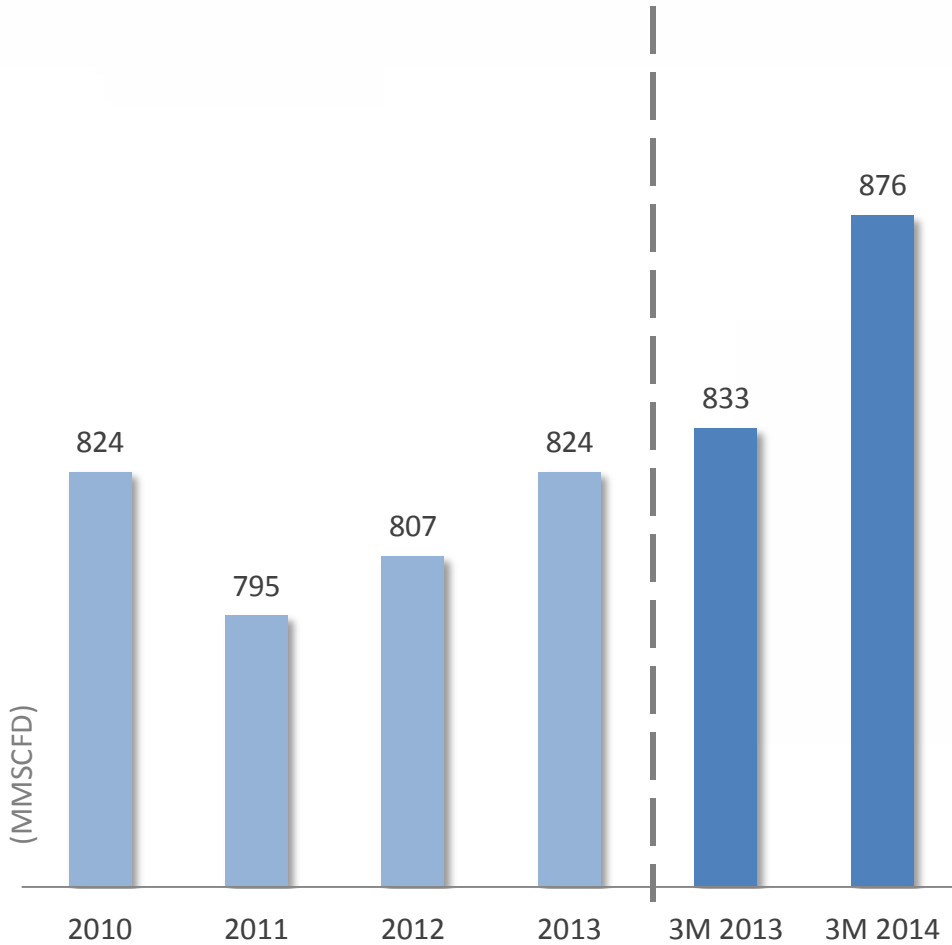


Transmission



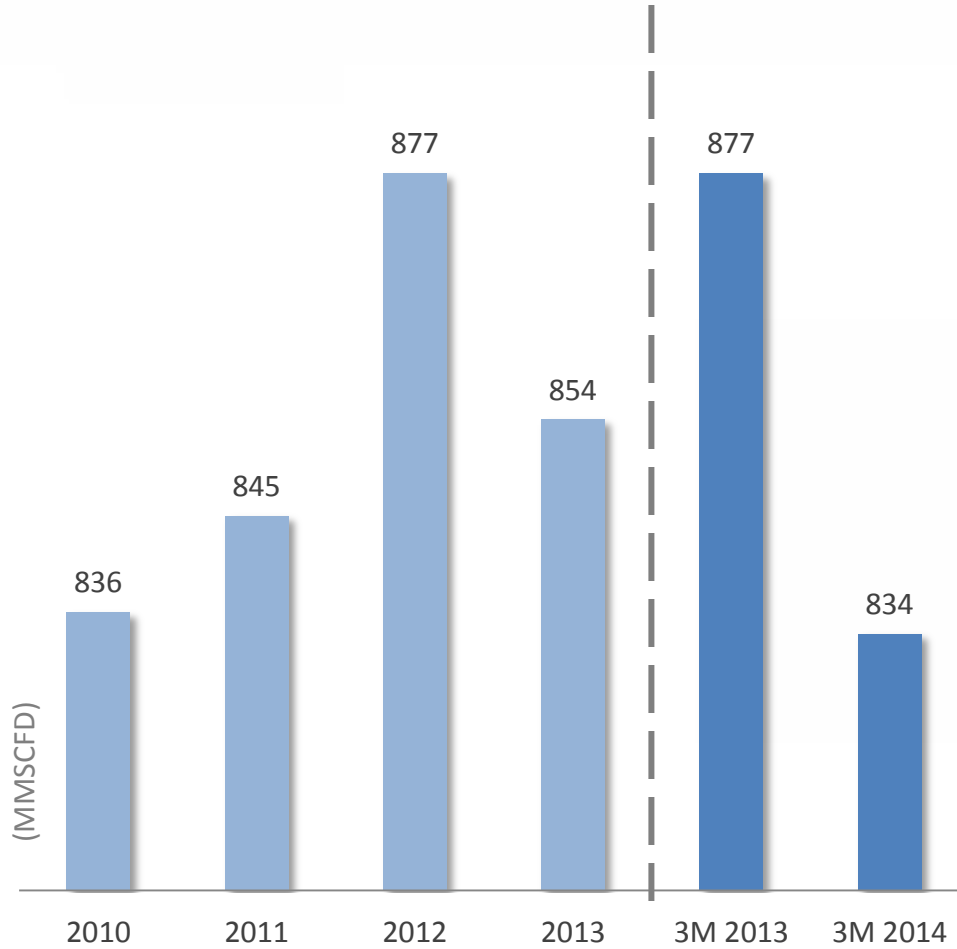
Distribution

Distribution Performance

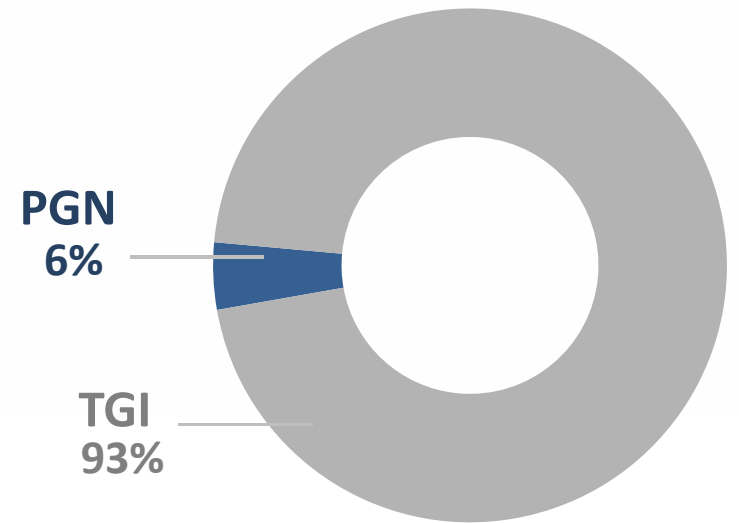


Distribution

Transmission Performance



Transmission



Consolidated Statements of Comprehensive Income 3M 2014

In USD Mio	3M 2014	3M 2013	
Revenues	841.6	731.1	↑
Cost of Revenues	502.2	371.7	↑
Gross Profit	339.4	359.4	↓
Operating Income	233.9	256.6	↓
EBITDA	276.14	298.71	↓
Net Income	176.7	253.6	↓

Consolidated Statements of Financial Position

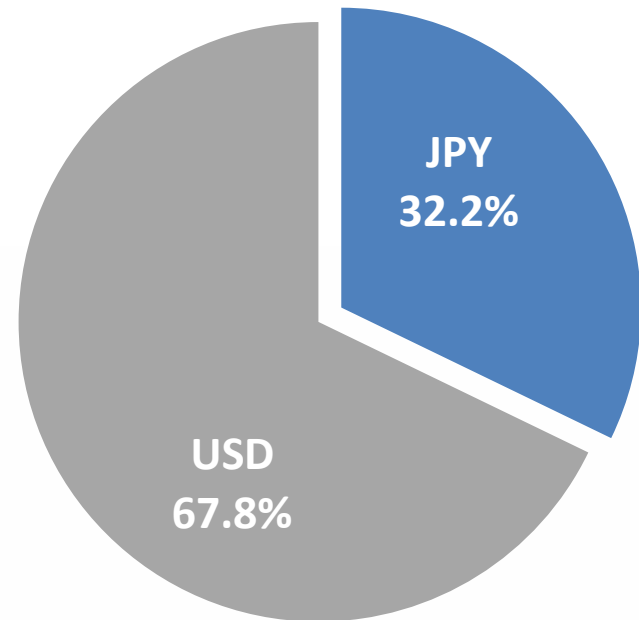
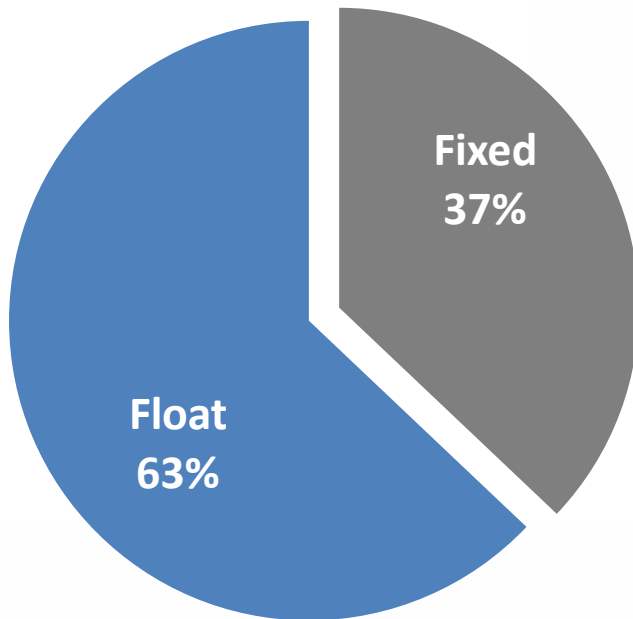
In USD Mio	Mar 31, 2014	Dec 31, 2013
Current Assets	1,761	1,780
Non Current Assets	3,597	2,583
Total Assets	5,358	4,363
Current Liabilities	1,916	886
Non Current Liabilities	978	750
Total Equity	2,464	2,727
Total Liabilities And Shareholders Equity	5,358	4,363

Key Ratios	FY 2013
Debt to Equity Ratio (x)	0.38
EBITDA/Interest expense (x)	57.26
Return on Investment (%)	28.81

Debt Composition

as of 3M 2014

Long-term debt amounting to
USD 704 million
Mostly long dated/maturity loans
from Developmental Banks

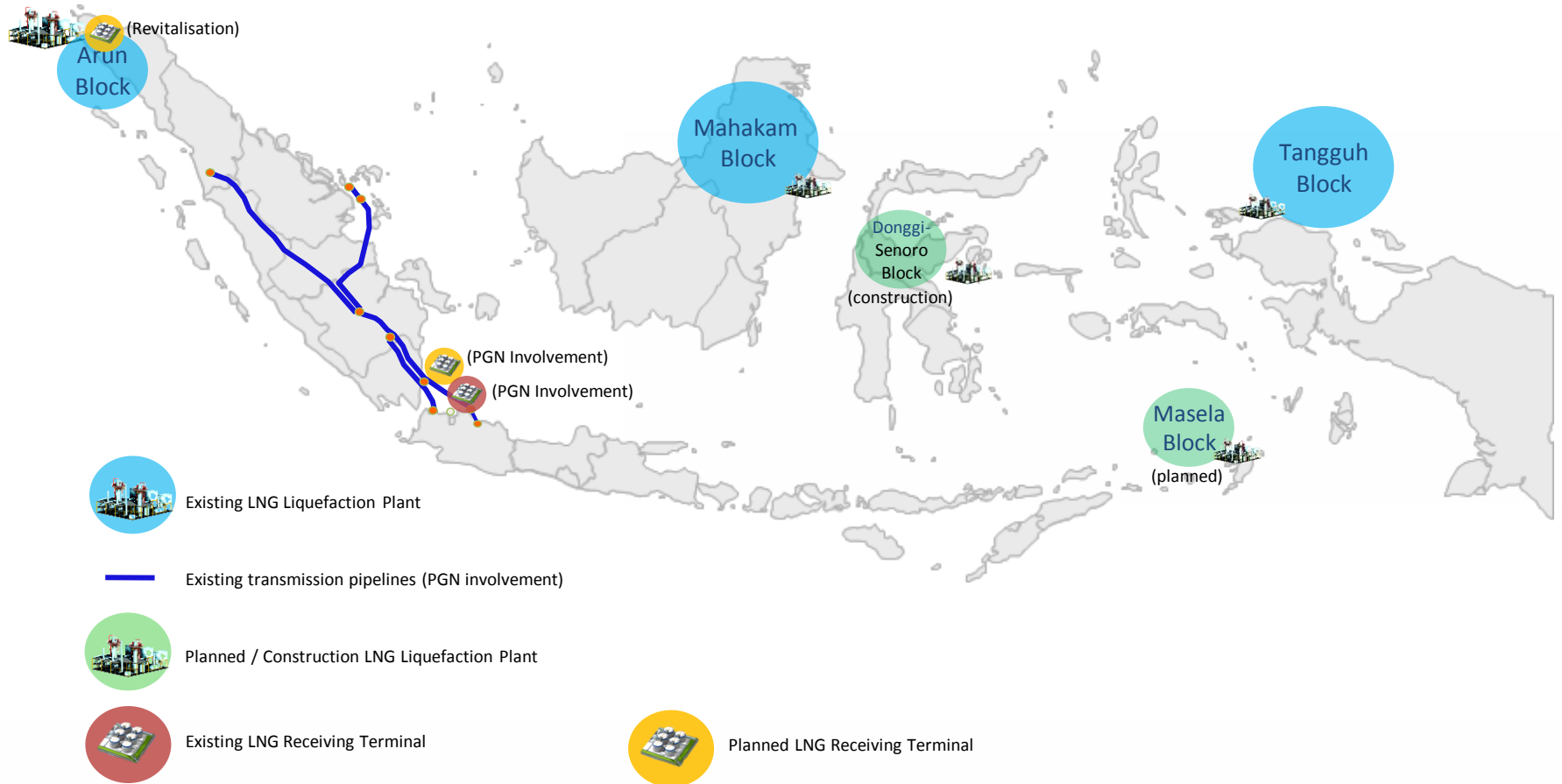


Effective Cost of
Debt of Around **1.80%**

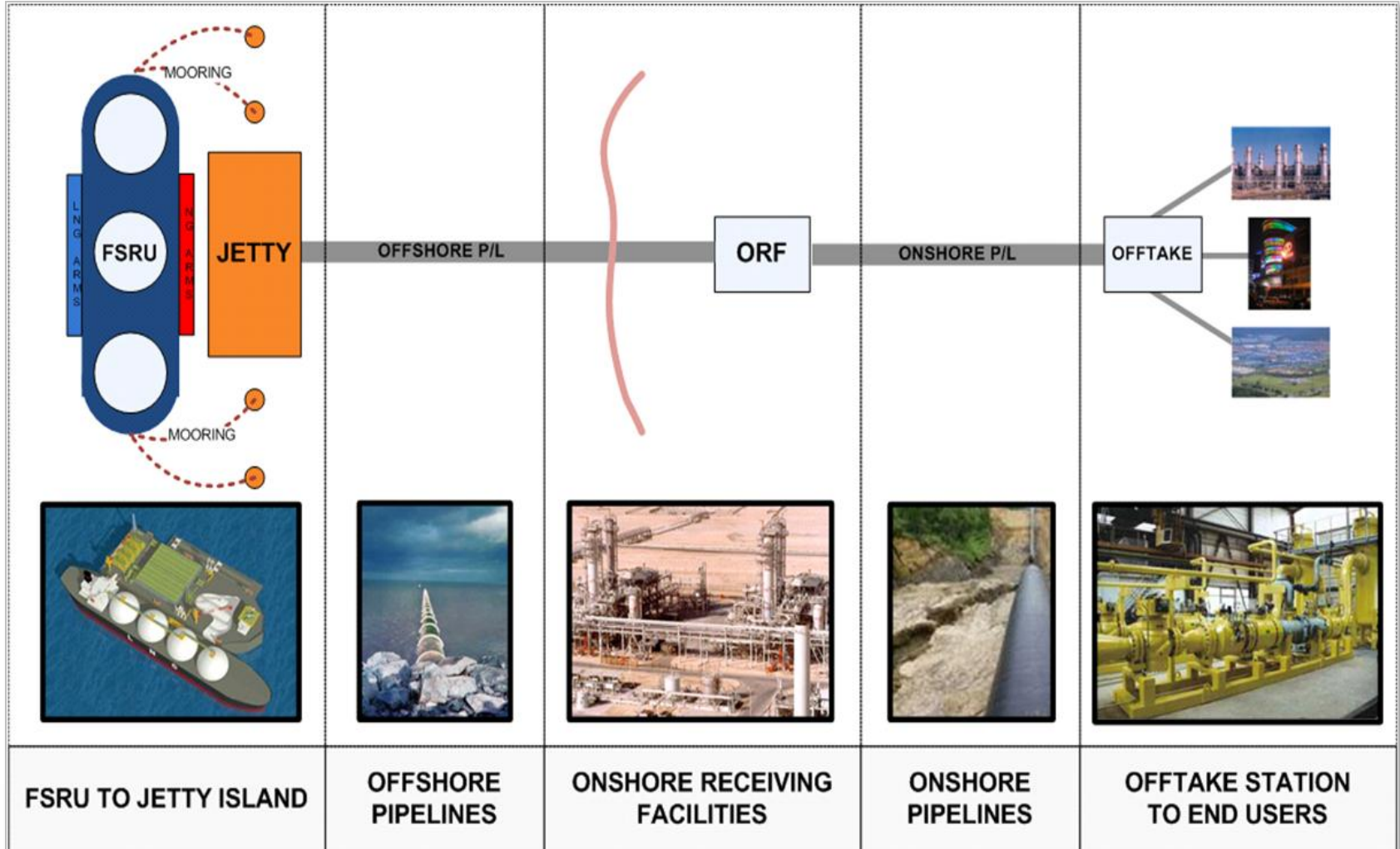
Event	Detail of Event
<p>May 17, 2014 FSRU Lampung progress</p>	<p>Installation and connection of the PGN FSRU Lampung and the Tower Yoke Mooring System in Lampung offshore site</p>
<p>May 16, 2014 USD 1.35 billion Global Senior Bonds Issuance</p>	<p>PGN issued USD 1.35 billion of Global Senior Bonds with a 10 year tenors and 5.125% coupon. The bond will be used for capital expenditure, working capital requirements and general corporate purposes</p>
<p>May 6, 2014 Signing agreement to join the development of Fasken Eagle Ford Acreage, South Texas, USA</p>	<p>Saka have executed definitive agreements of \$175 million in total cash consideration (\$125 million in cash to be paid at closing and \$50 million in cash to carry a portion of Swift Energy's future field development costs) to acquire a 36% full participating interest in Swift Energy's Fasken properties. Closing is anticipated on or about June 30, 2014, subject to normal closing conditions.</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

Event	Detail of Event
<p>Jan 3, 2014 Signing upstream agreement with Kufpec Pangkah PSC</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>
<p>August 28, 2013 Cikande – Bitung pipelines development</p>	<p>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.</p>
<p>June 21, 2013 Signing upstream agreement with Kufpec Pangkah PSC</p>	<p>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%</p>
<p>May, 2013 Signing upstream agreement with Bangkanai PSC</p>	<p>PGN through its subsidiary Saka Energi Indonesia (SEI) acquired 30% participating interest in Bangkanai PSC from Salamander with transaction value of USD 27 Million</p>
<p>March, 2013 Signing upstream agreement with Ketapang PSC</p>	<p>PGN through its subsidiary SEI acquired 20% participating interest in Ketapang PSC from Sierra Oil Services Limited with transaction value of USD 71 Million</p>

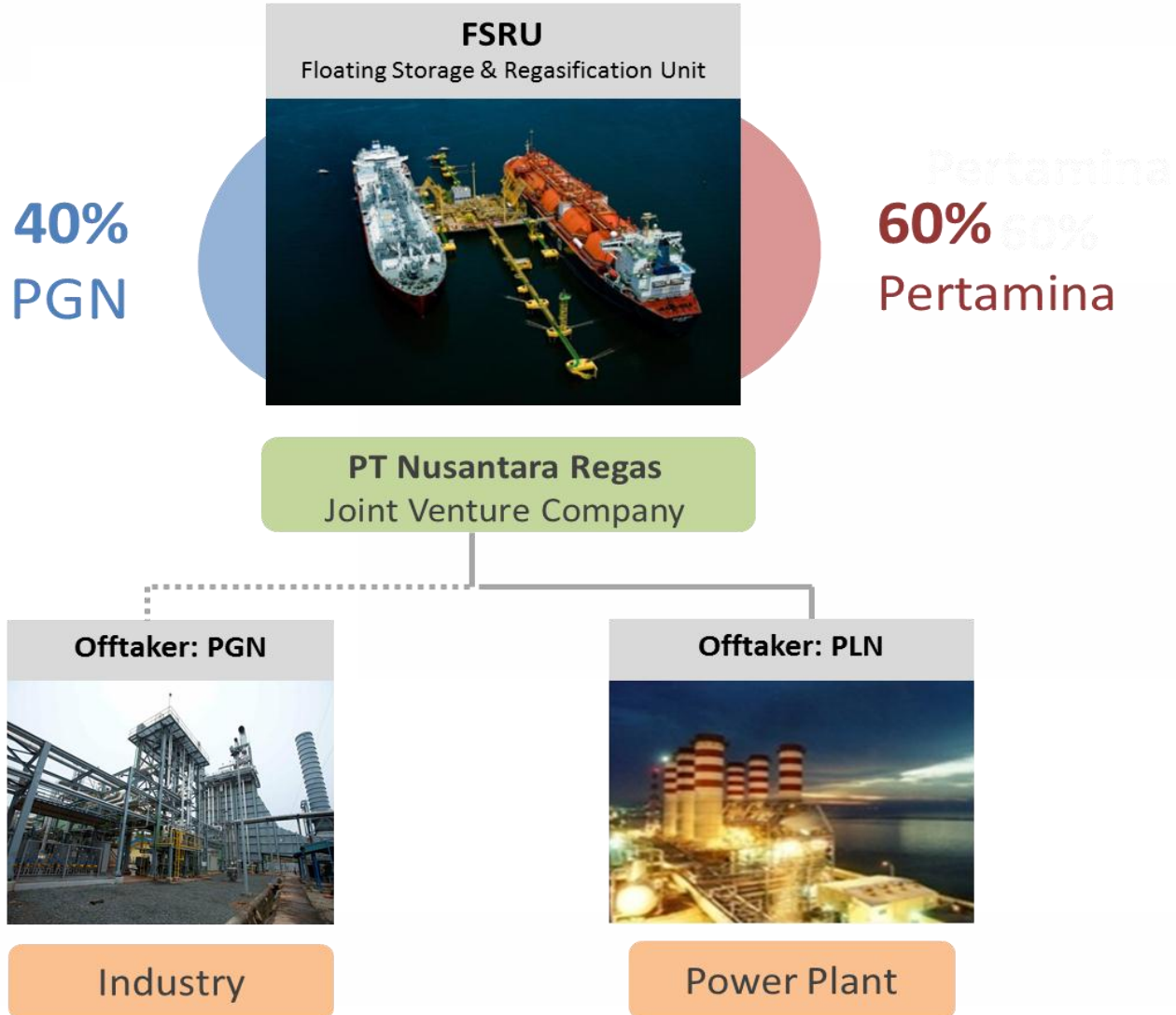
Plan for New LNG Infrastructure



Floating LNG Terminal Overview



FSRU Project – West Java



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
Scope	FSRU, jetty, subsea and overland pipelines	

Recent Development



West Java:

- Gas has been source with 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

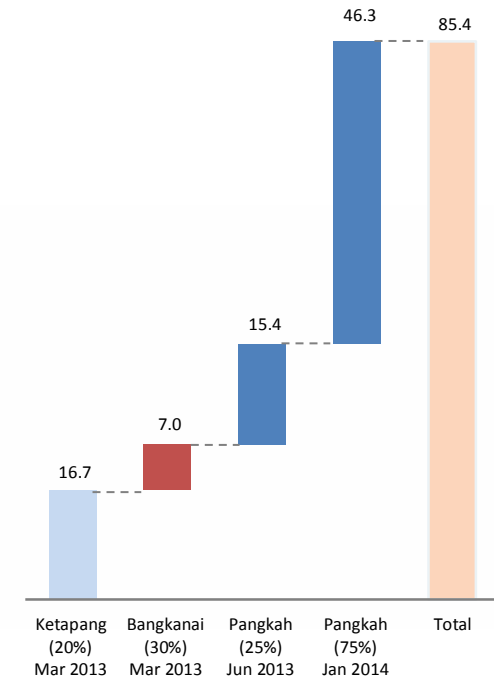


Asset	% WI	Operator	PSC Expiry	Commercial reserves		2013E Production (kboepd)
				mmboe	% Gas	
A Pangkah	100.0	Saka Energi Indonesia	2026	61.7	54.3%	13.7 ¹
B Ketapang	20.0	Petronas	2028	16.7	17.3%	-
C Bangkanai	30.0	Salamander	2033	7.0	92.3%	-
D South Sesulu	100.0	Saka Energi Indonesia	2031	-	-	-
Total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

NOTE

.....

.....

.....

.....

.....

.....

.....

.....

.....

NOTE

.....

.....

.....

.....

.....

.....

.....

.....

.....

NOTE

.....

.....

.....

.....

.....

.....

.....

.....

.....



Thank You

Contact:

Investor Relations

PT Perusahaan Gas Negara (Persero) Tbk
Jl. K H Zainul Arifin No. 20, Jakarta-11140,
Indonesia

Ph: +62 21 6334838 Fax: +62 21 6331632
<http://www.pgn.co.id>