



Perusahaan Gas Negara

Investor Presentation

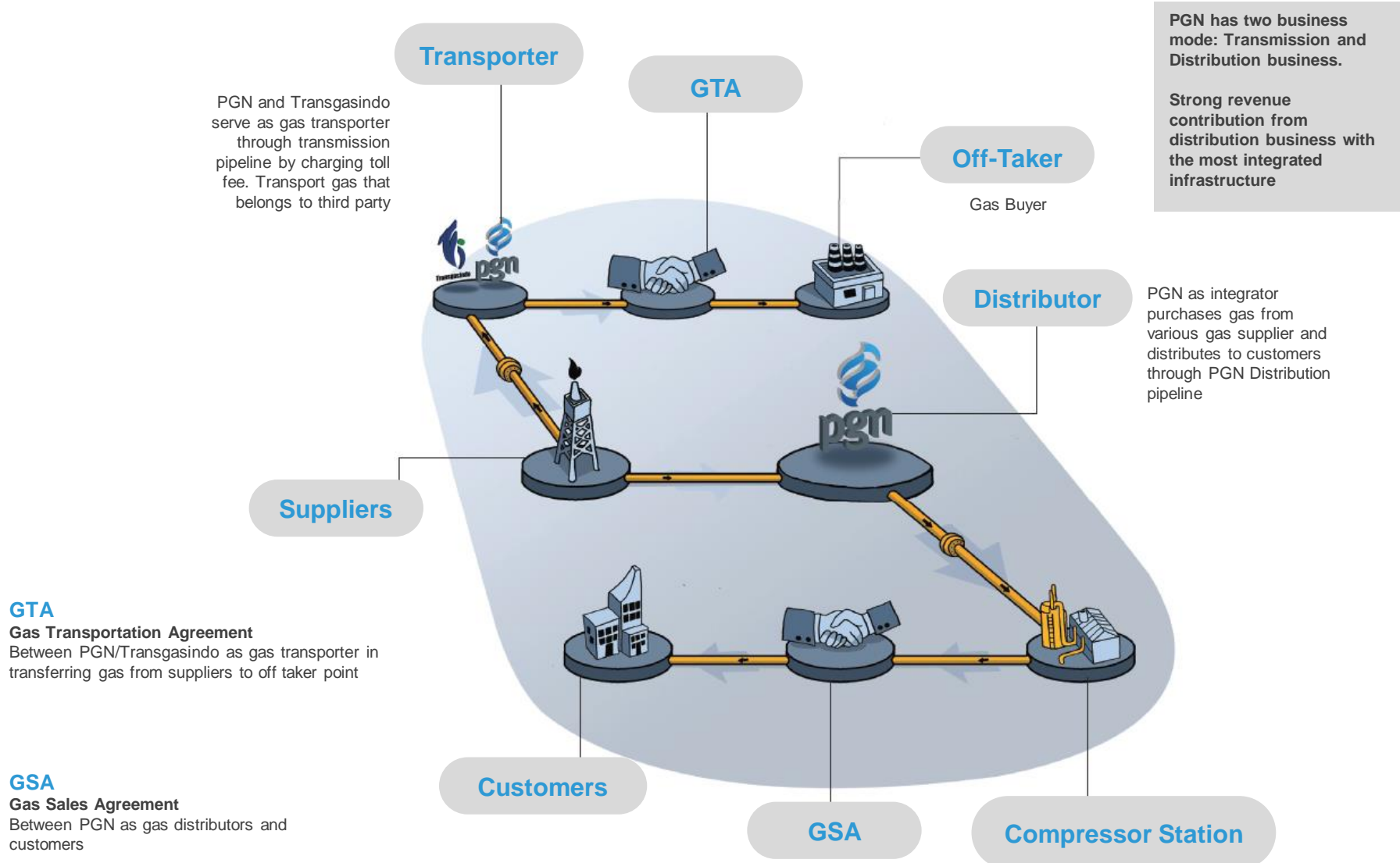
9M 2014 Update

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.

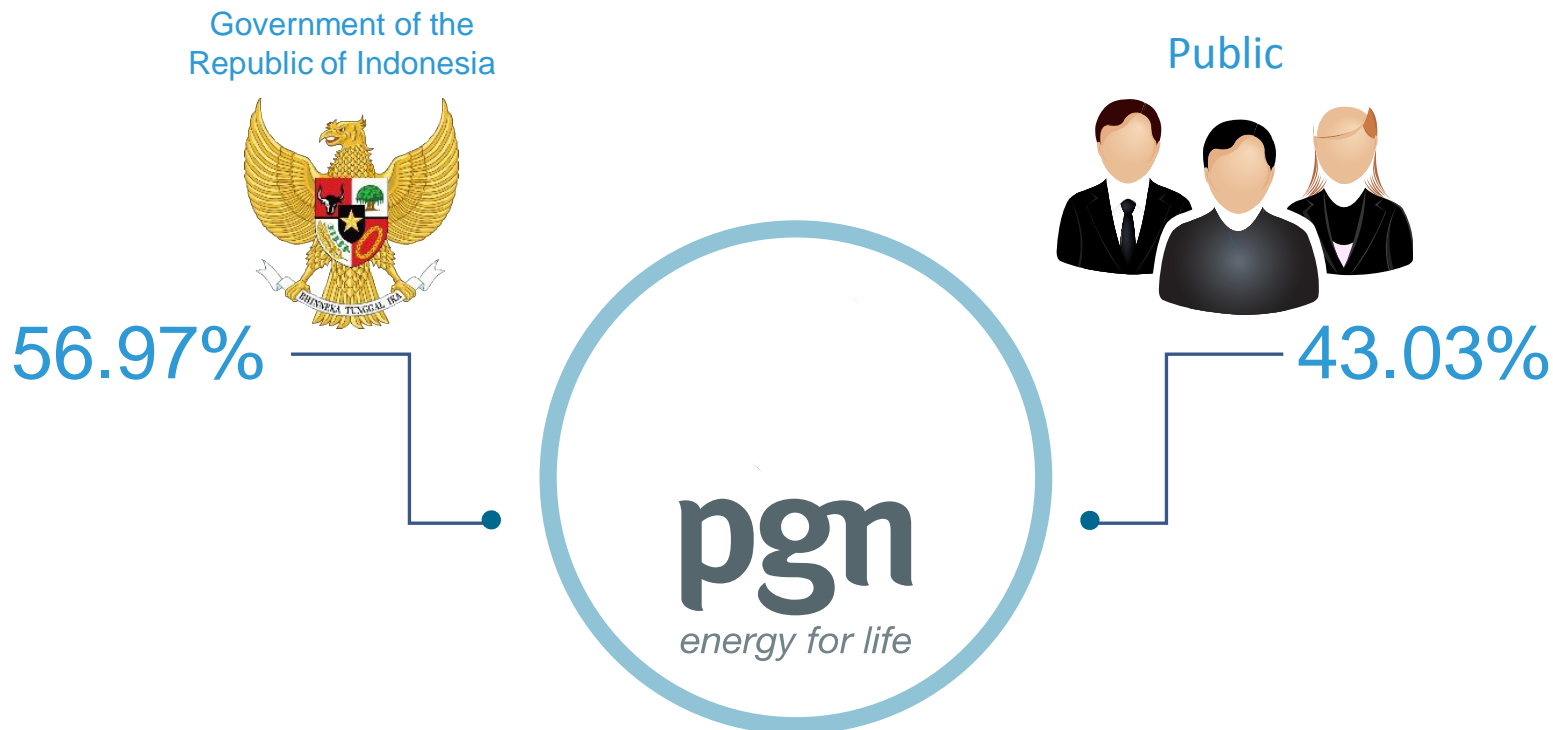
Business Model

Dominant player in domestic natural gas transmission and distribution



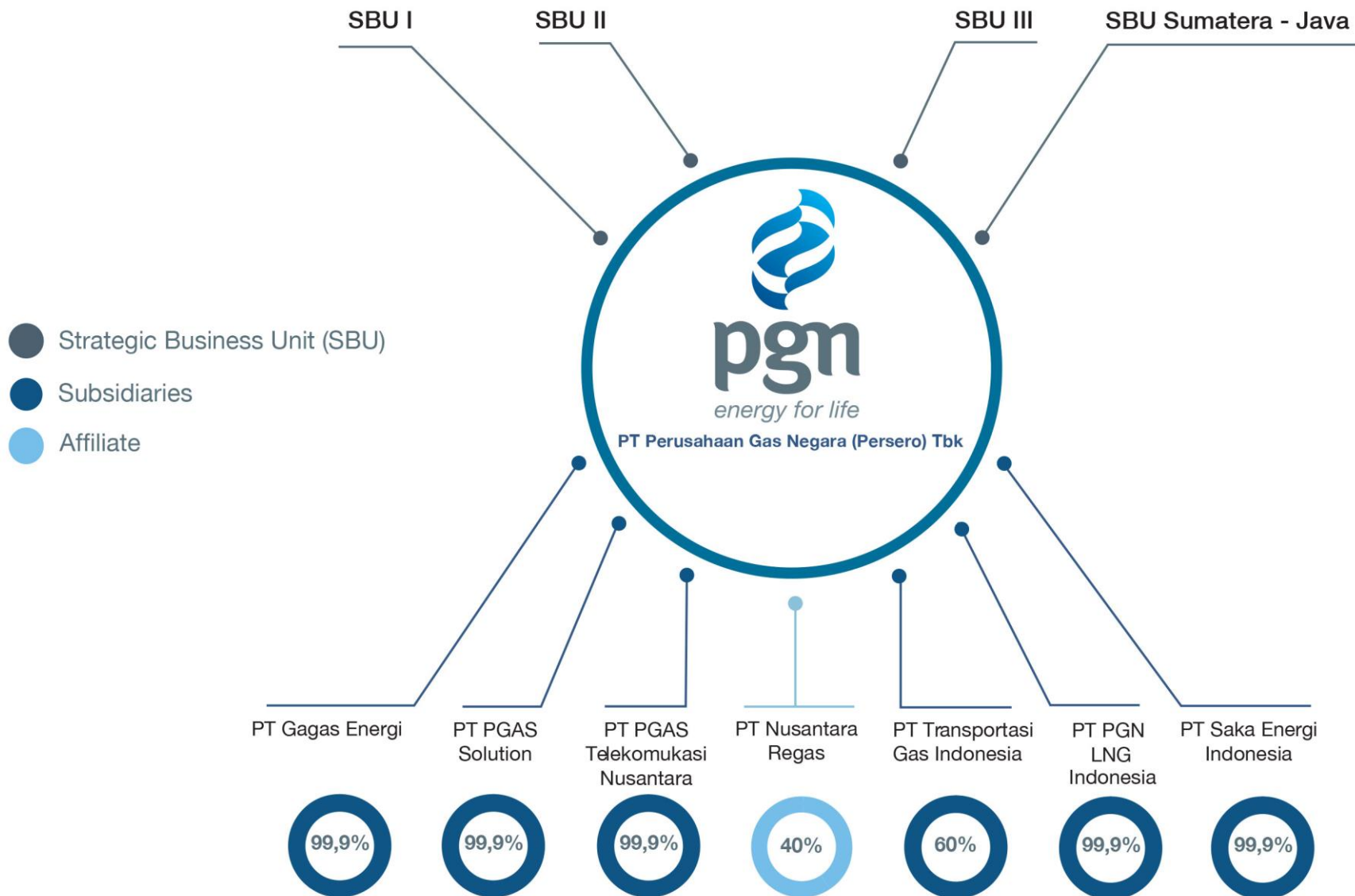
Shareholding Structure

Per 31 Desember 2013

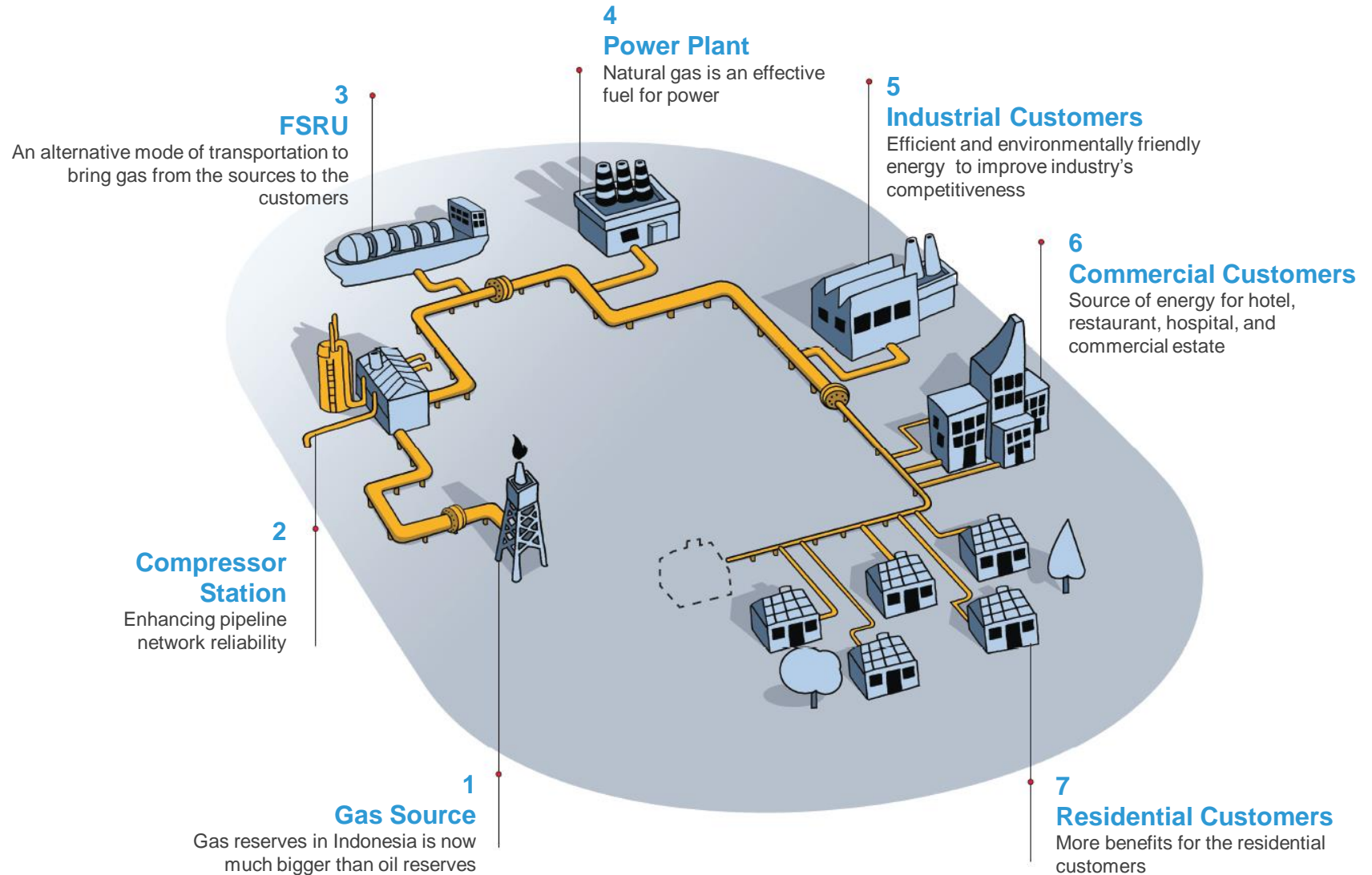


*) Total : 24,241,508,196 shares
Public Share includes 1,850,000 shares of Treasury Stock

PGN Group Structure



Natural Gas Business Chain



Key Stakeholders



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



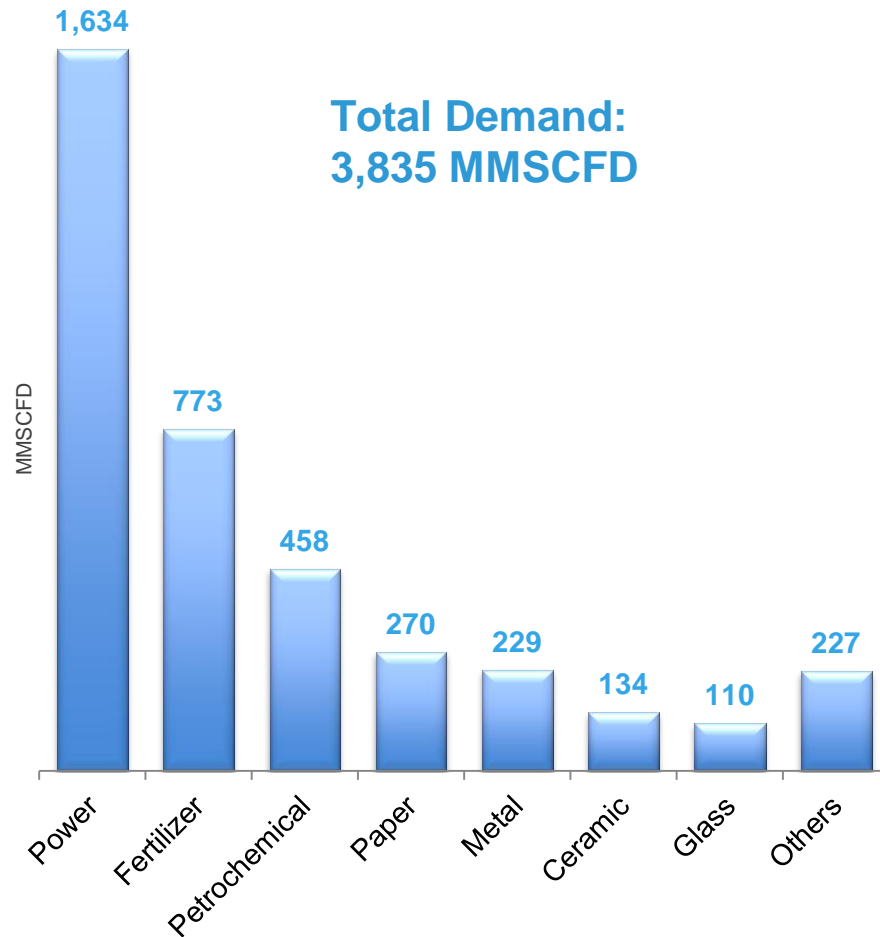
Minister of Energy and Mineral Resources Decree No. 19/2009

- 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, Memorandum 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 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.

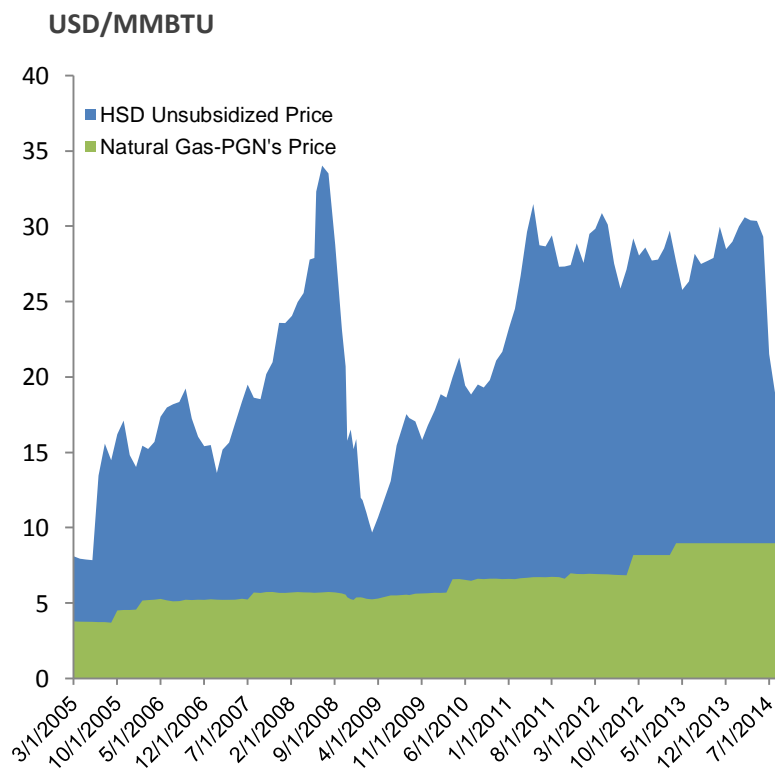
Aim for non-conventional sources

- Plan and anticipate the non-conventional sources.

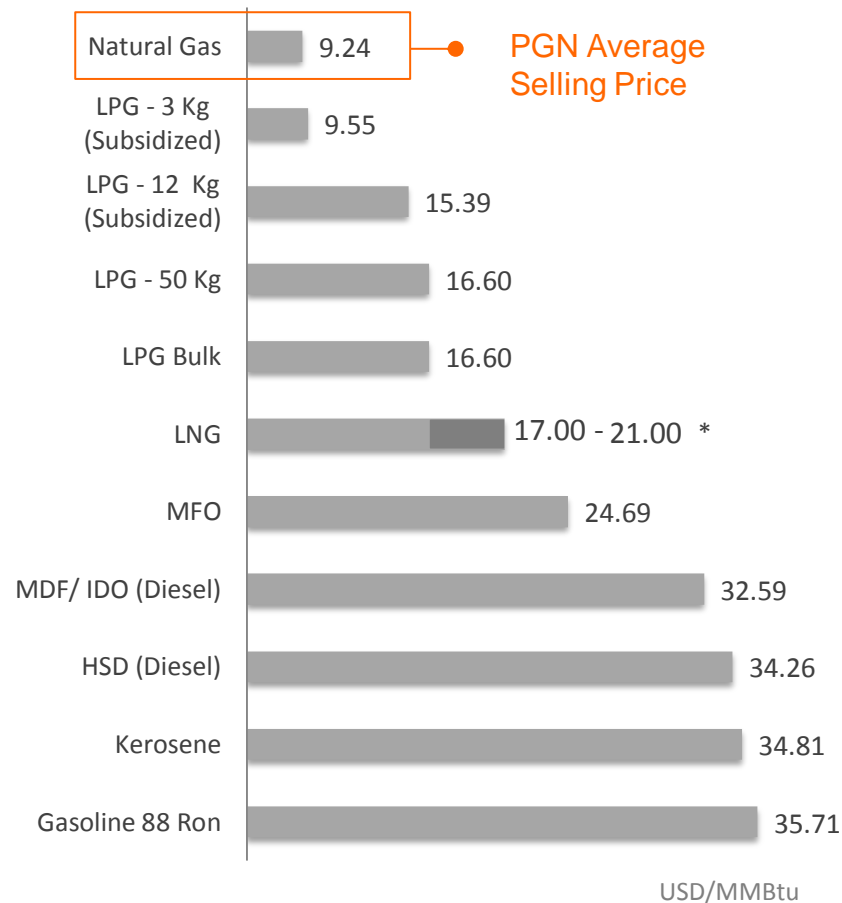


Opportunity in Price Advantage

Comparison between HSD vs Natural Gas

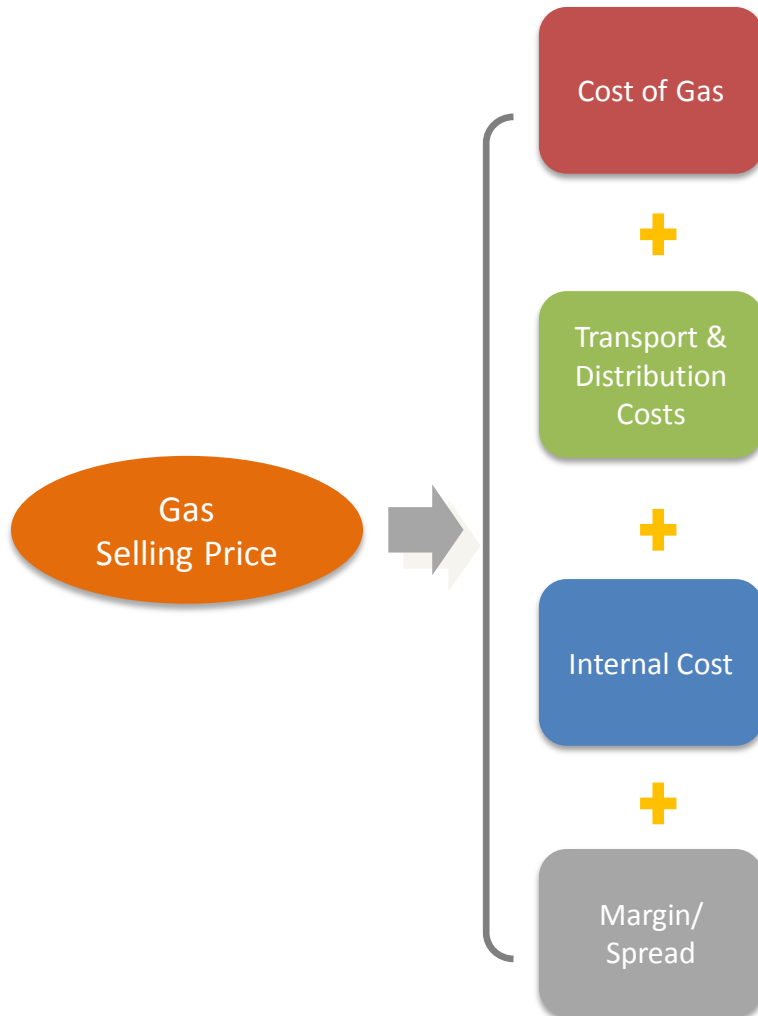


Note:
IDR-USD: BI mid spot rate



Note:
Fuel price Pertamina as of Aug, 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

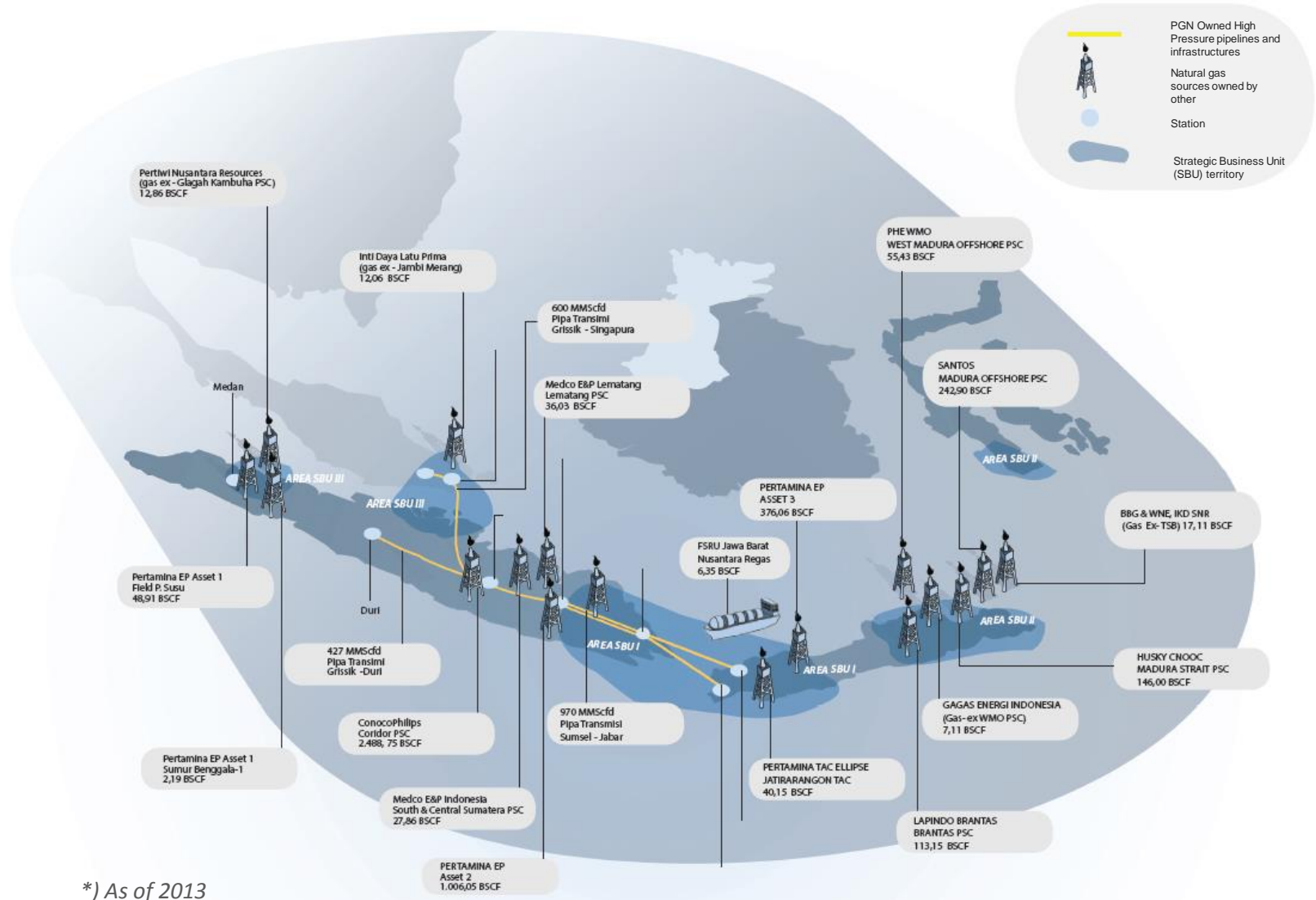
- Demand and Supply Dynamics
- Affordability
- Reasonable Margin

Intended to stimulate more supplies to meet the growing demands

Implementation

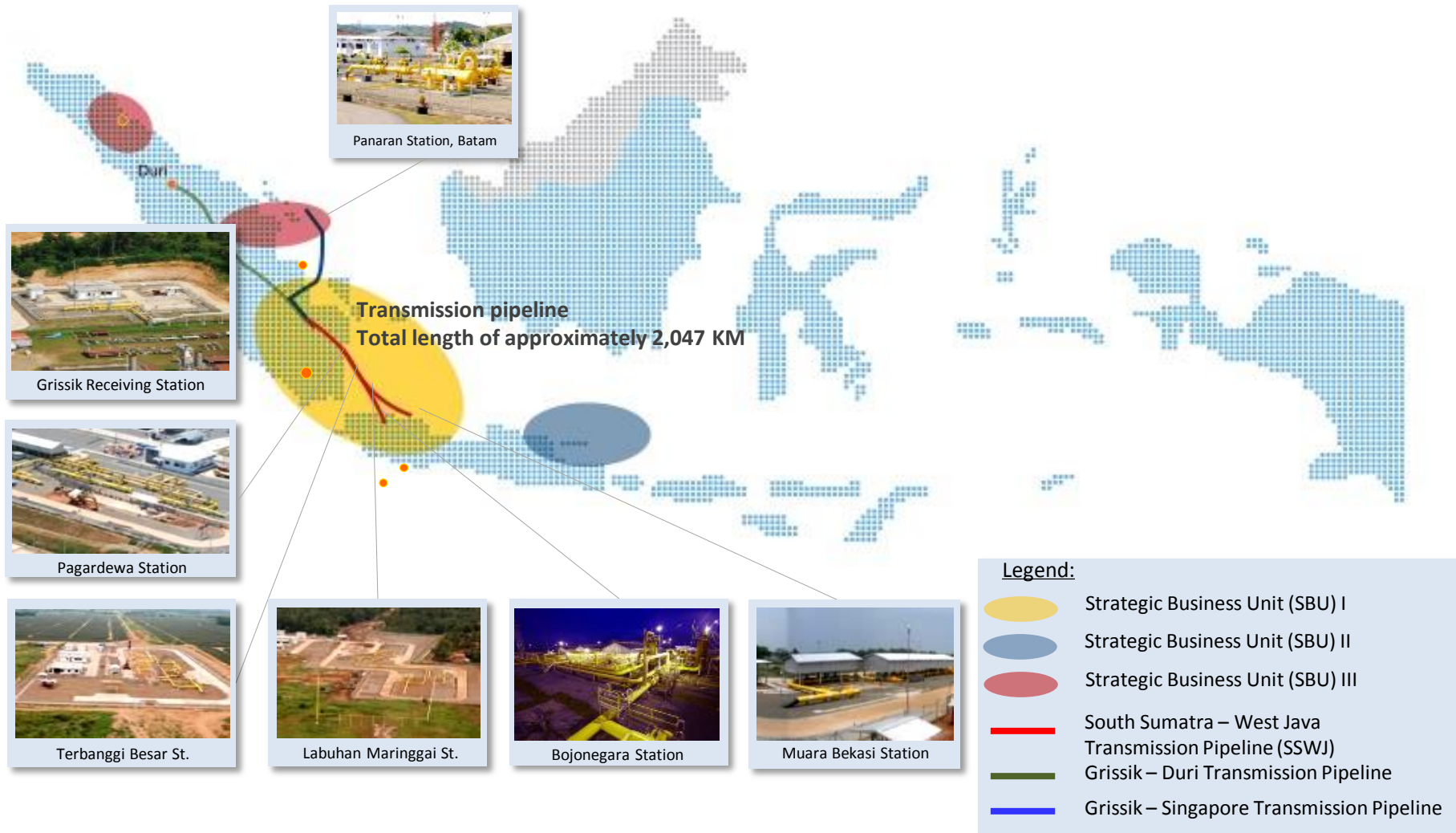
- PGN has taken the effort to communicate and educate the end users market on the merit of new pricing flexibility.
- Implement new pricing scheme with “regionalized” and “differentiated pricing” on nationwide basis from 1 April 2010.

Pipeline Facilities, Distribution Area and Sources of Gas



*) As of 2013

Transmission Pipeline Network



We Serve All Segments

INDUSTRIES AND POWER PLANTS

97.24%

of total volumes

1,455

Customers



COMMERCIAL & SME

2.55%

of total volumes

1,738

Customers



HOUSEHOLDS

< 1%

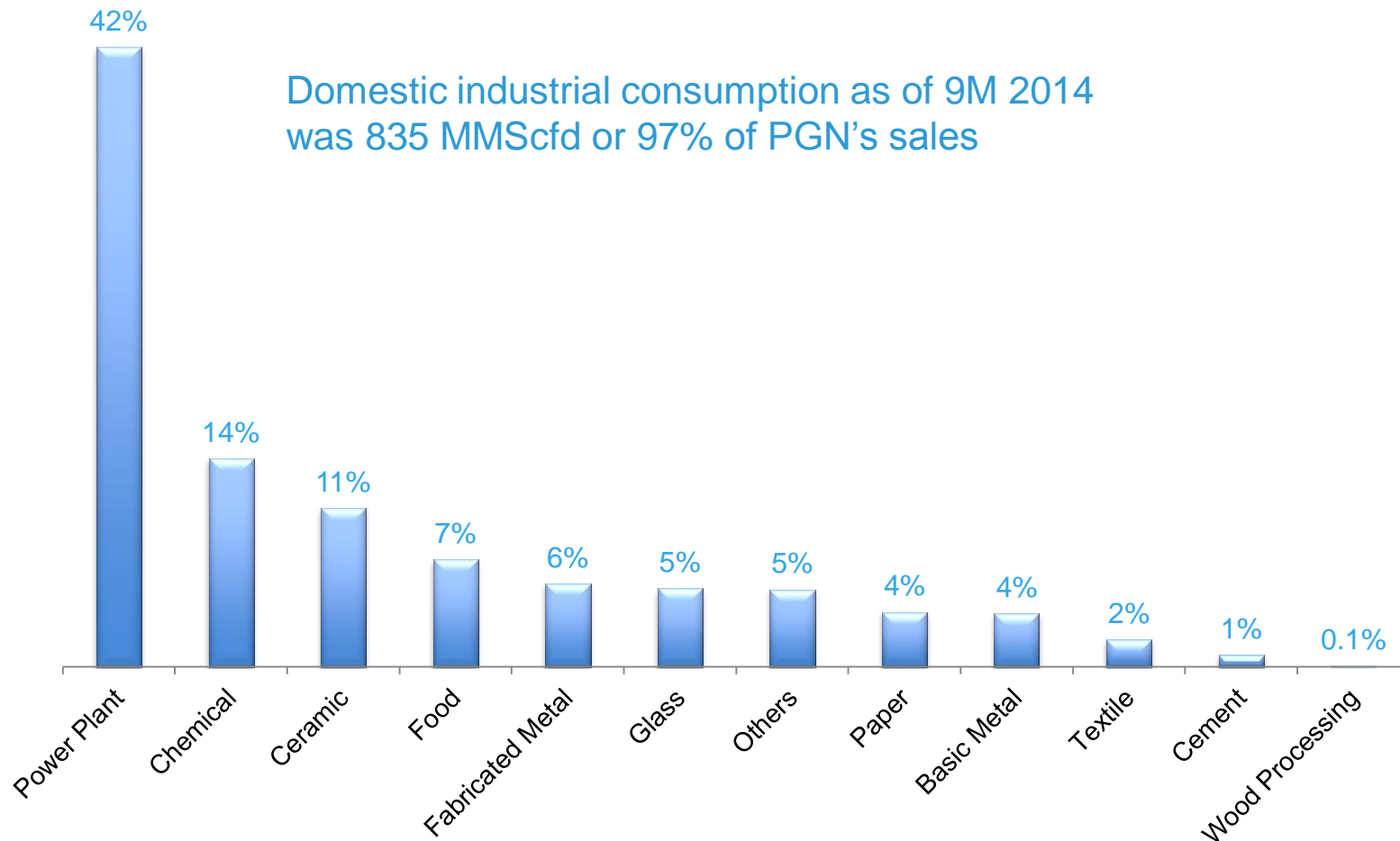
of total Volumes

90,440

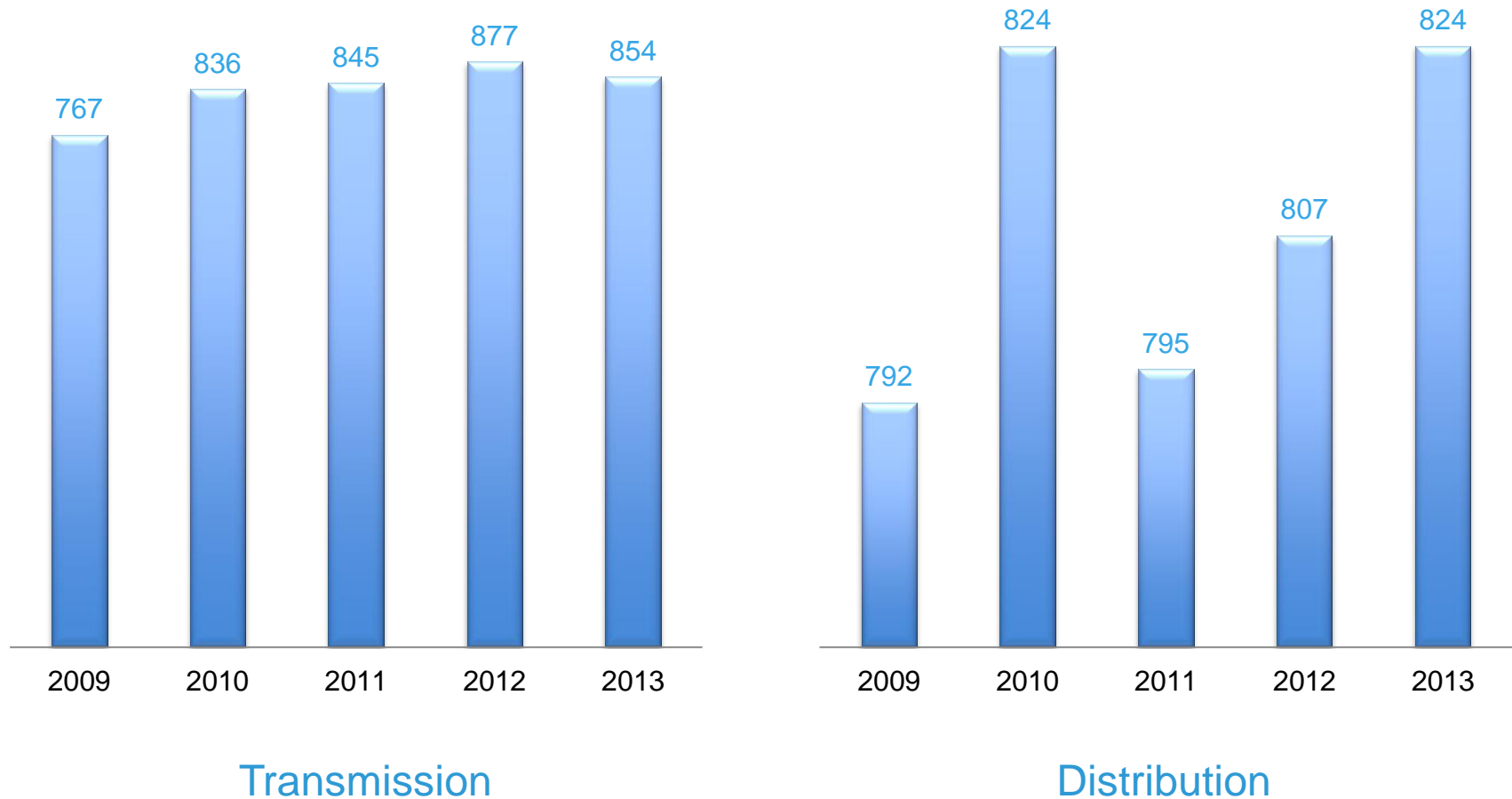
Customers

**) Number of customers as of September 2014*

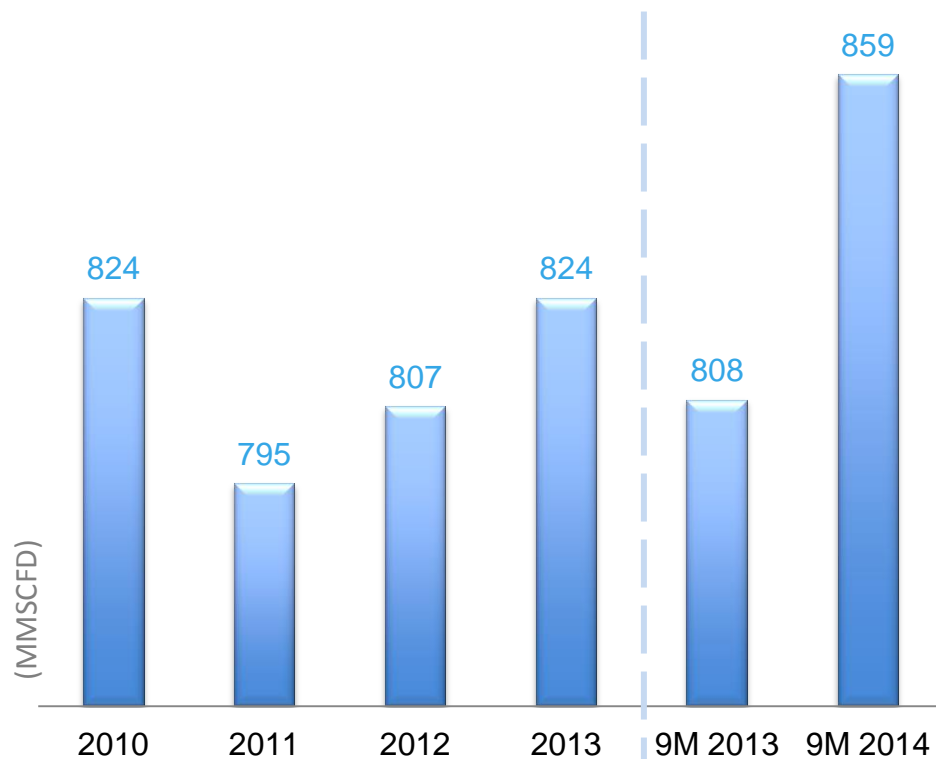
Diversified Industrial Customer



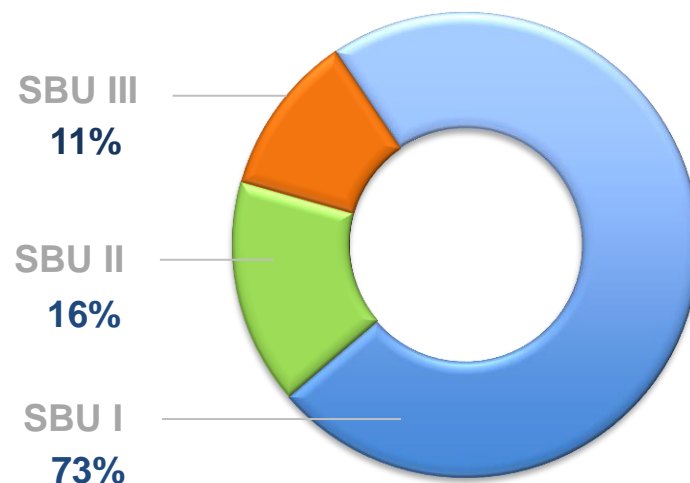
Annual Growing Operational Performance



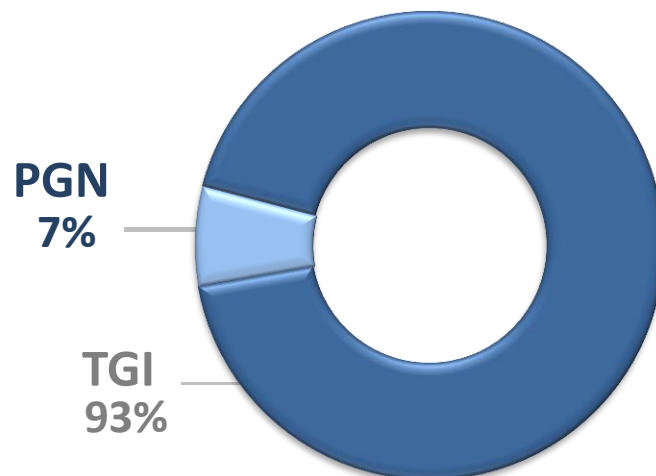
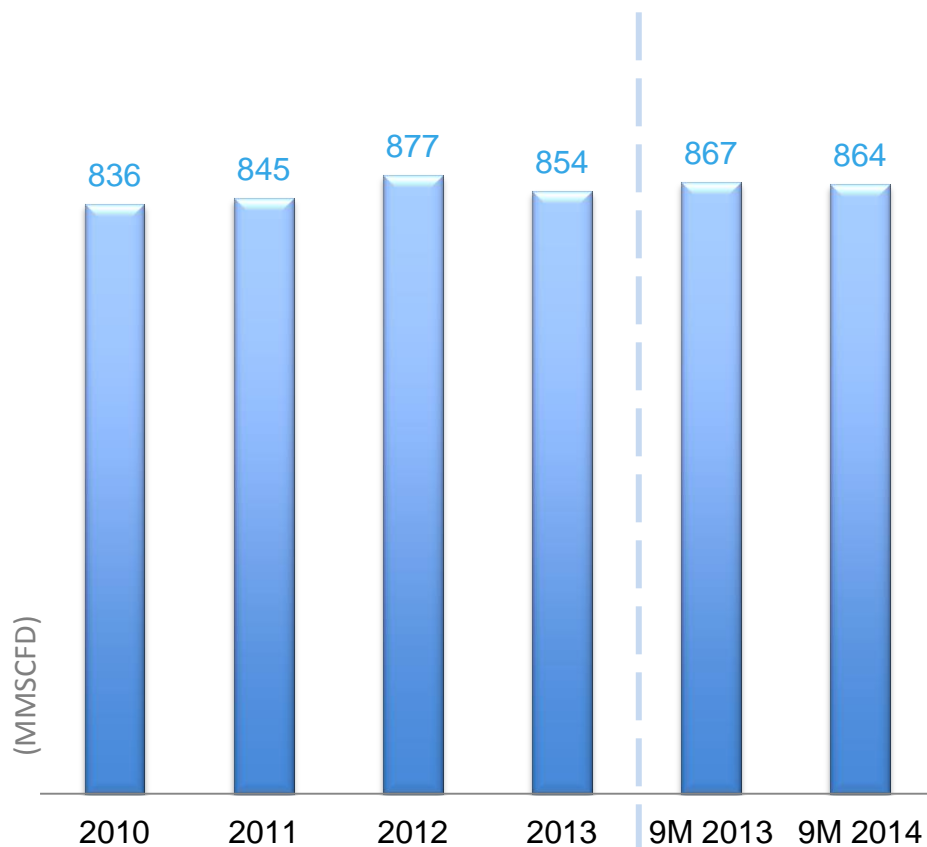
Distribution Performance



Distribution



Transmission Performance



Transmission

Consolidated Statements of Comprehensive Income 9M 2014

In USD Mio	9M 2013	9M 2014
Revenues	2,201.0	2,513.6
Cost of Revenues	1,157.2	1,411.3
Gross Profit	1,043.8	1,102.3
Operating Income	697.6	769.7
EBITDA	836.0	898.2
Net Income	641.6	591.8



Consolidated Statements of Financial Position

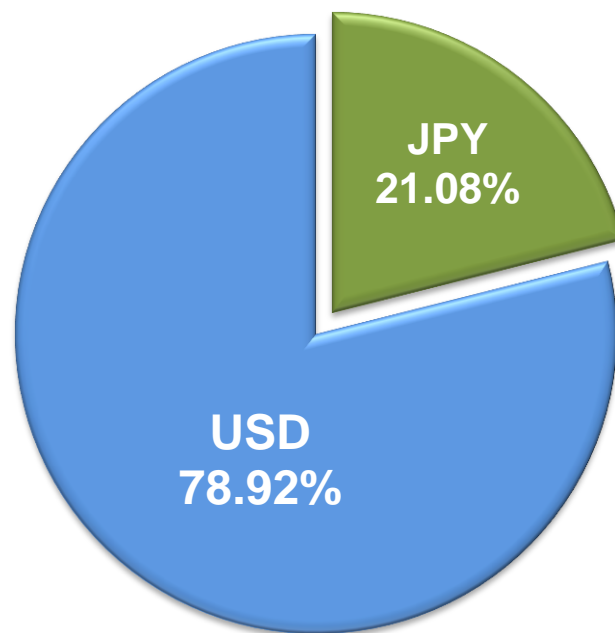
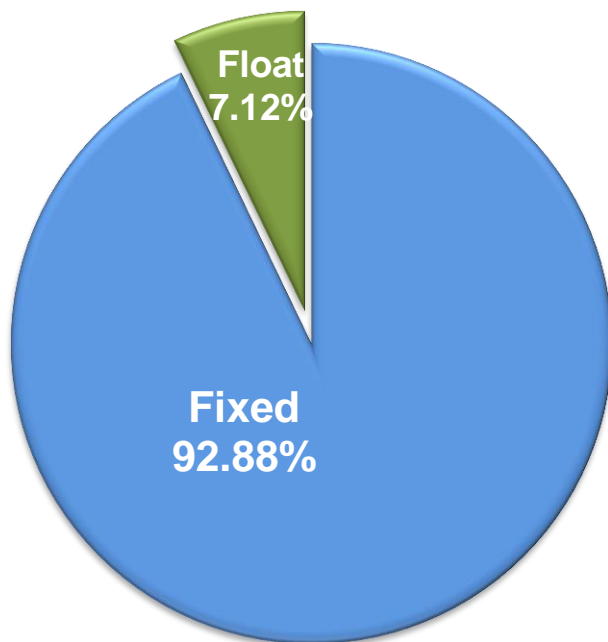
In USD Mio	Dec 31, 2013	Oct 31, 2014
Current Assets	1,781	1,901
Non Current Assets	2,537	3,517
Total Assets	4,318	5,417
Current Liabilities	886	458
Non Current Liabilities	771	2,152
Total Equity	1,657	2,807
Total Liabilities And Shareholders Equity	4,318	5,417

Ratios	FY 2013	Oct 31, 2014
Debt to Equity Ratio (x)	0.39	0.69
EBITDA/Interest expense (x)	60.2	20.3

Loan Composition

As of 30 September 2014

Total loan amounting to
USD 1,968 million
Mostly long dated/maturity loans
from Developmental Banks and
bond proceeds



Weighted average
cost of debt **4.16%**

Recent Updates

Event

Detail of Event

Oct 27, 2014
Signing an MOU with PLN's subsidiary,
PT Pembangkitan Jawa Bali

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.

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 ten-year tenor and 5.125% coupon. The bond will be used for capital expenditure, working capital requirements and general corporate purposes

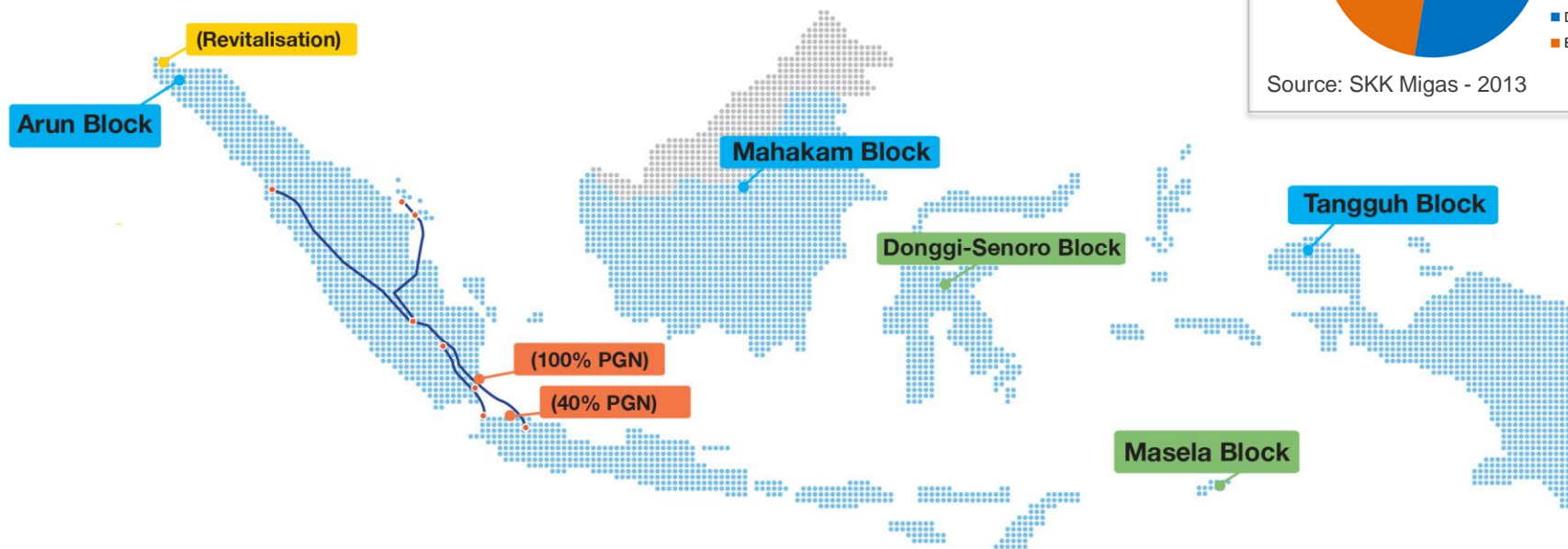
March 27, 2014
Resolution of Annual General Meeting of
Shareholders on the composition of
management

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.

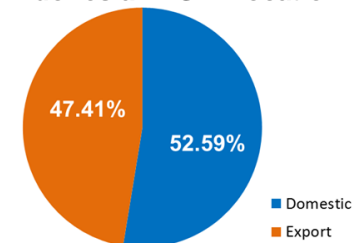
Recent Updates

Event	Detail of Event
March 27, 2014 Resolution of Annual General Meeting of Shareholders on Dividend	<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
Jan 3, 2014 Acquiring the remaining 75% of Pangkah PSC from Hess	<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>
August 28, 2013 Cikande – Bitung pipelines development	<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>
June 21, 2013 Signing upstream agreement with Kufpec Pangkah PSC	<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>
May, 2013 Signing upstream agreement with Bangkanai PSC	<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>
March, 2013 Signing upstream agreement with Ketapang PSC	<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>

National LNG Infrastructure



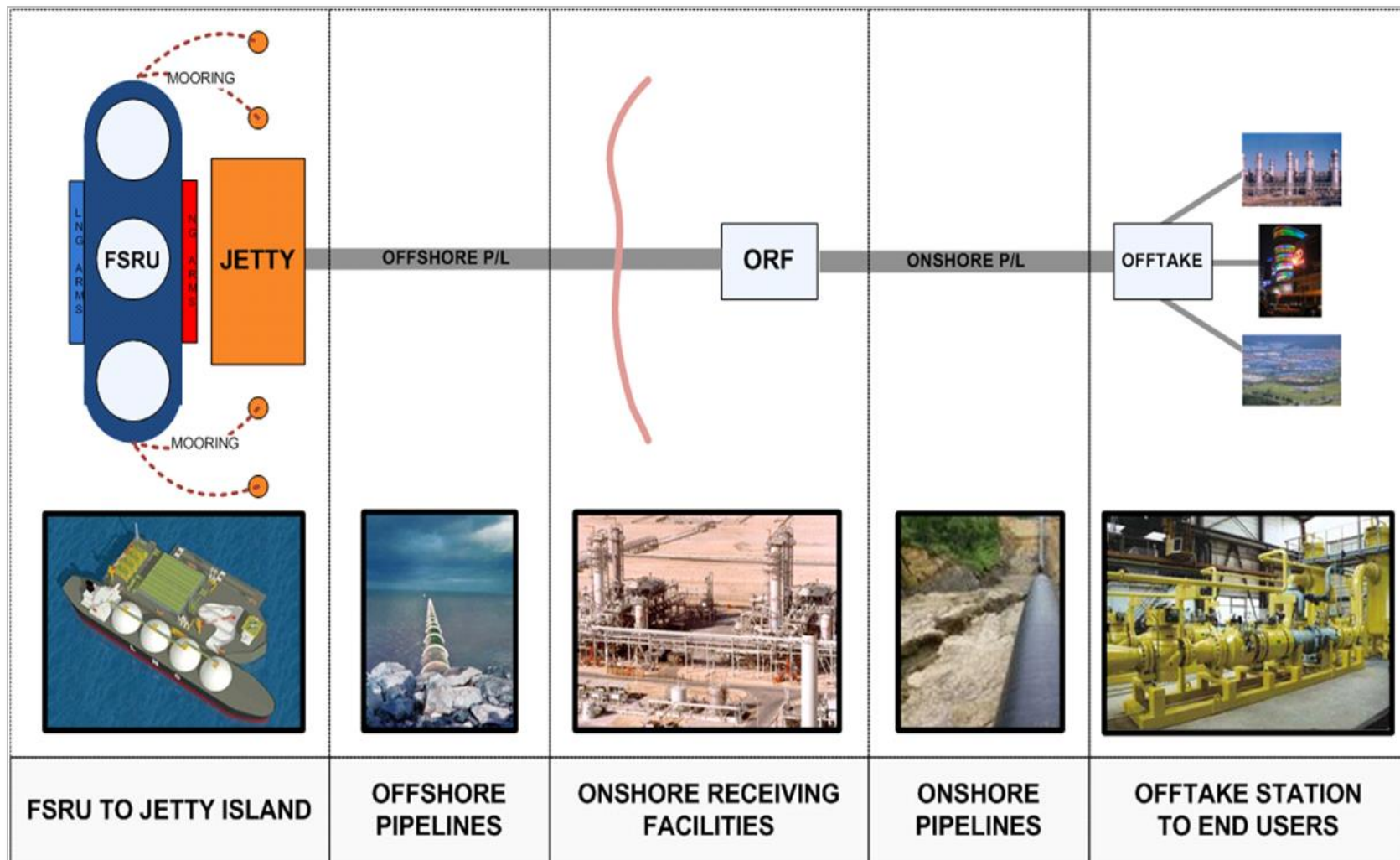
Indonesia LNG Allocation



Source: SKK Migas - 2013



Floating LNG Terminal Overview



FSRU Project

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 up and running since 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 in the 2H 2014
- Government allocations in terms of cargoes from BP Tangguh, Papua

FSRU Project – West Java

40%
PGN

FSRU
Floating Storage & Regasification Unit



60%
Pertamina

PT Nusantara Regas
Joint Venture Company

Offtaker: PGN



Industry

Offtaker: PLN

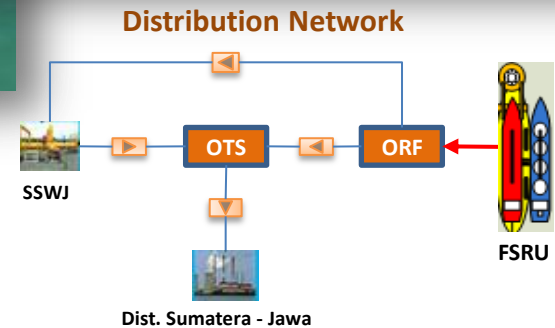


Power Plant

Proyek FSRU - Lampung

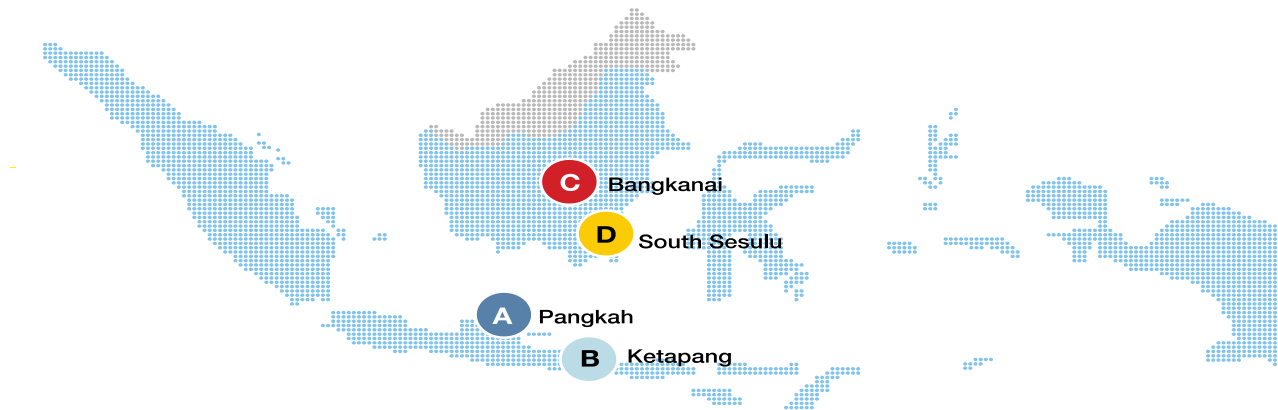


The first FSRU in Asia which is integrated with pipeline network



Upstream Assets

Peta Asset Blok Minyak dan Gas



Asset	% WI	Operator	Status	PSC	Commercial Reserve	
					MMBOE ⁽¹⁾ / BCF ⁽²⁾	% Gas
A Pangkah (Indonesia)	100	Saka Energi Indonesia	Production	2026	62 ⁽¹⁾	54%
B Ketapang (Indonesia)	20	Petronas	Development	2028	17 ⁽¹⁾	17%
C Bangkanai (Indonesia)	30	Salamander	Development	2033	7 ⁽¹⁾	92%
D South Sesulu (Indonesia)	100	Saka Energi Indonesia	Exploration	2031	71 ⁽¹⁾	82%
E Fasken (Texas)	36	Swift Energy	Production		87,6 ⁽²⁾	99%

Source : Saka Energi Indonesia.

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



Thank You

Contact:

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