

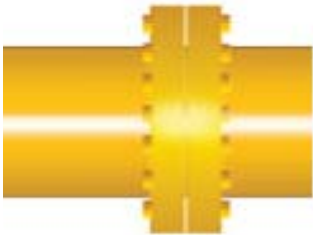


PT PERUSAHAAN GAS NEGARA (Persero) Tbk.

# Perusahaan Gas Negara

Presentation to the investors

*October 2011 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.*

# Demand for Natural Gas

## 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

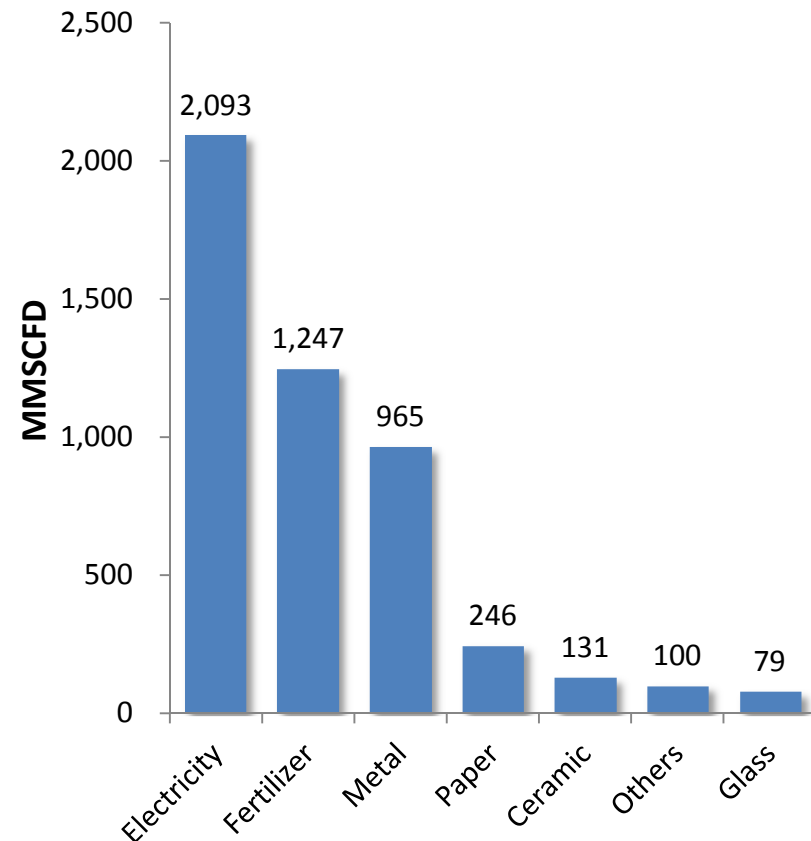
## Conversion of Power Plants

- 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

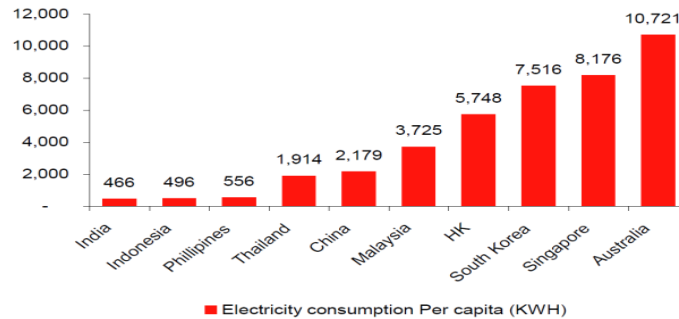
Industry Demand 2011



Source: Ministry of Industry Republic of Indonesia & PLN

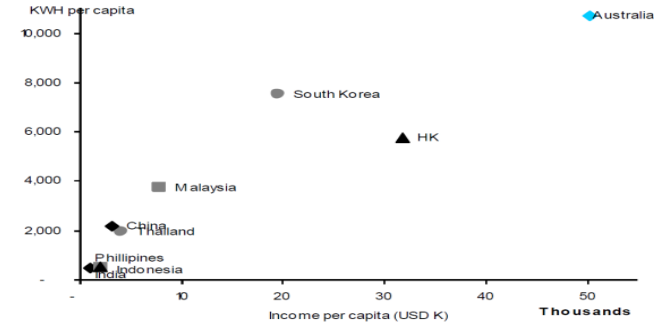
# Current Low Consumption to Drive Demand

**Fig 24 Asia Pacific electricity consumption per capita**



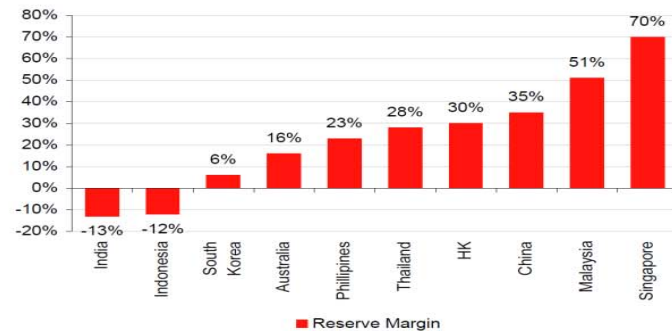
Source: Bloomberg, Macquarie Research, April 2010

**Fig 25 Income per capita vs electricity per capita**



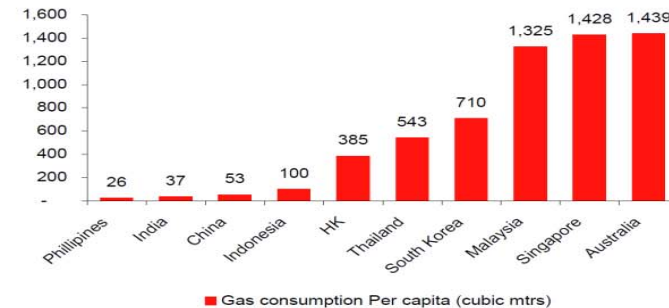
Source: Bloomberg, Macquarie Research, April 2010

**Fig 26 Indian/Indonesian = negative reserve margins**



Source: Bloomberg, Macquarie Research, April 2010

**Fig 27 Asia Pacific gas consumption per capita**



Source: Bloomberg, Macquarie Research, April 2010

Low level of current consumption of natural gas and electricity  
Ensure the continuing growth of demand for natural gas

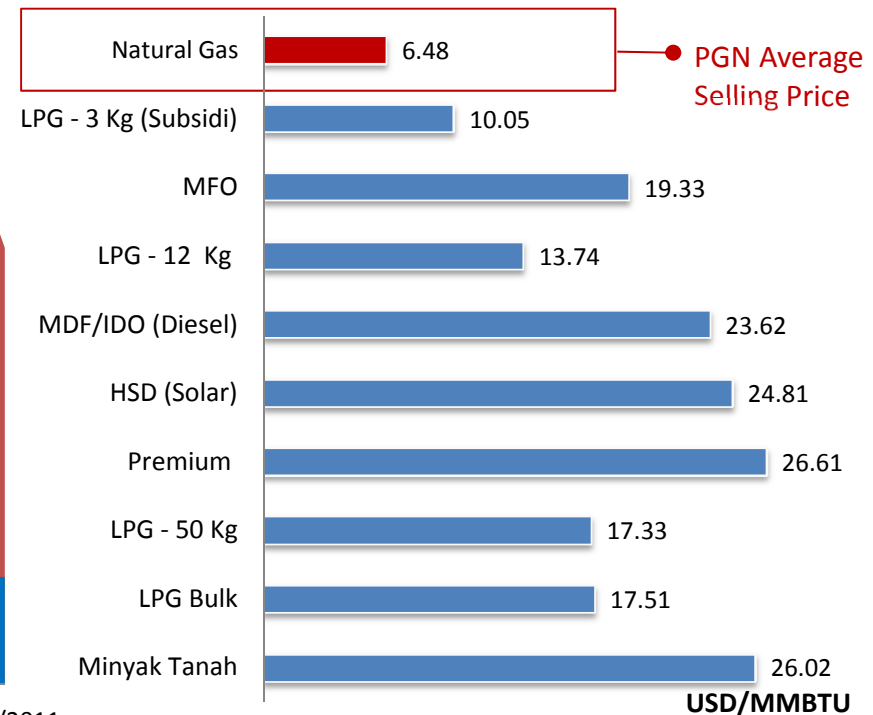
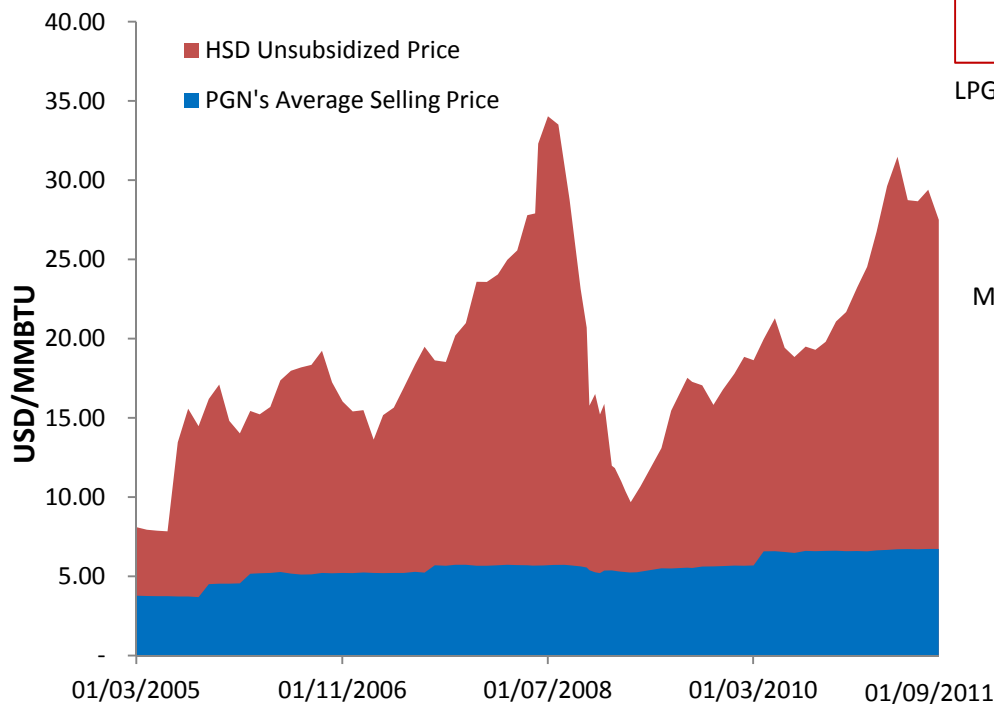


# Opportunity : Price Advantages

Lower gas price compares to other fuels

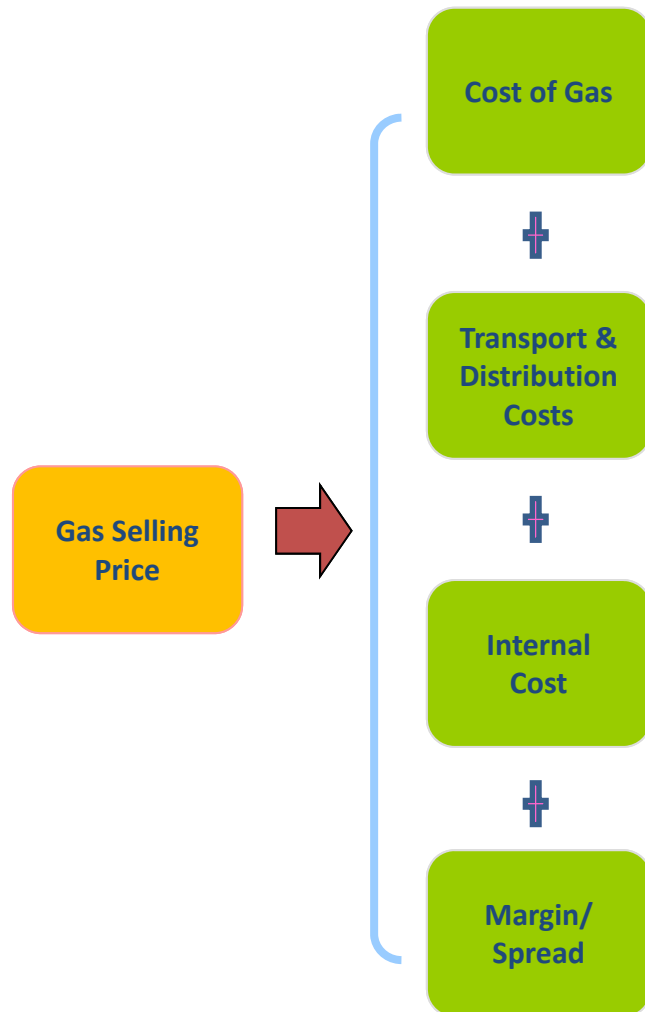
Industrial Prices are set on B-to-B basis

**PGN Gas Price and HSD Price**



Note:  
Fuel price Pertamina as of 1 Sept 2011  
Exchange rate USD 1 = IDR 9,400

# 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

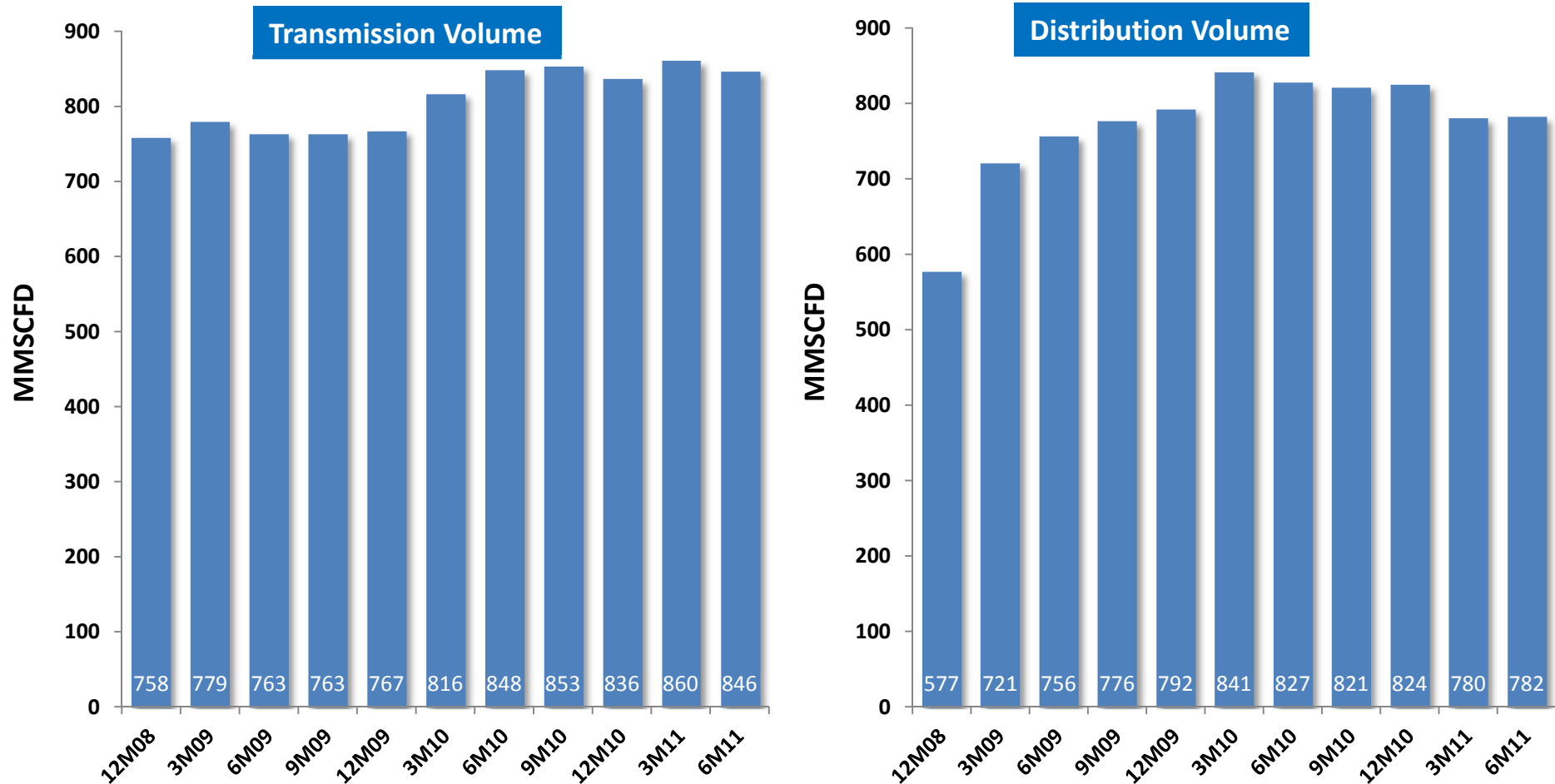
- Demand and Supply Dynamics
- Affordability
- Reasonable Margin

**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 starting from 1 April 2010

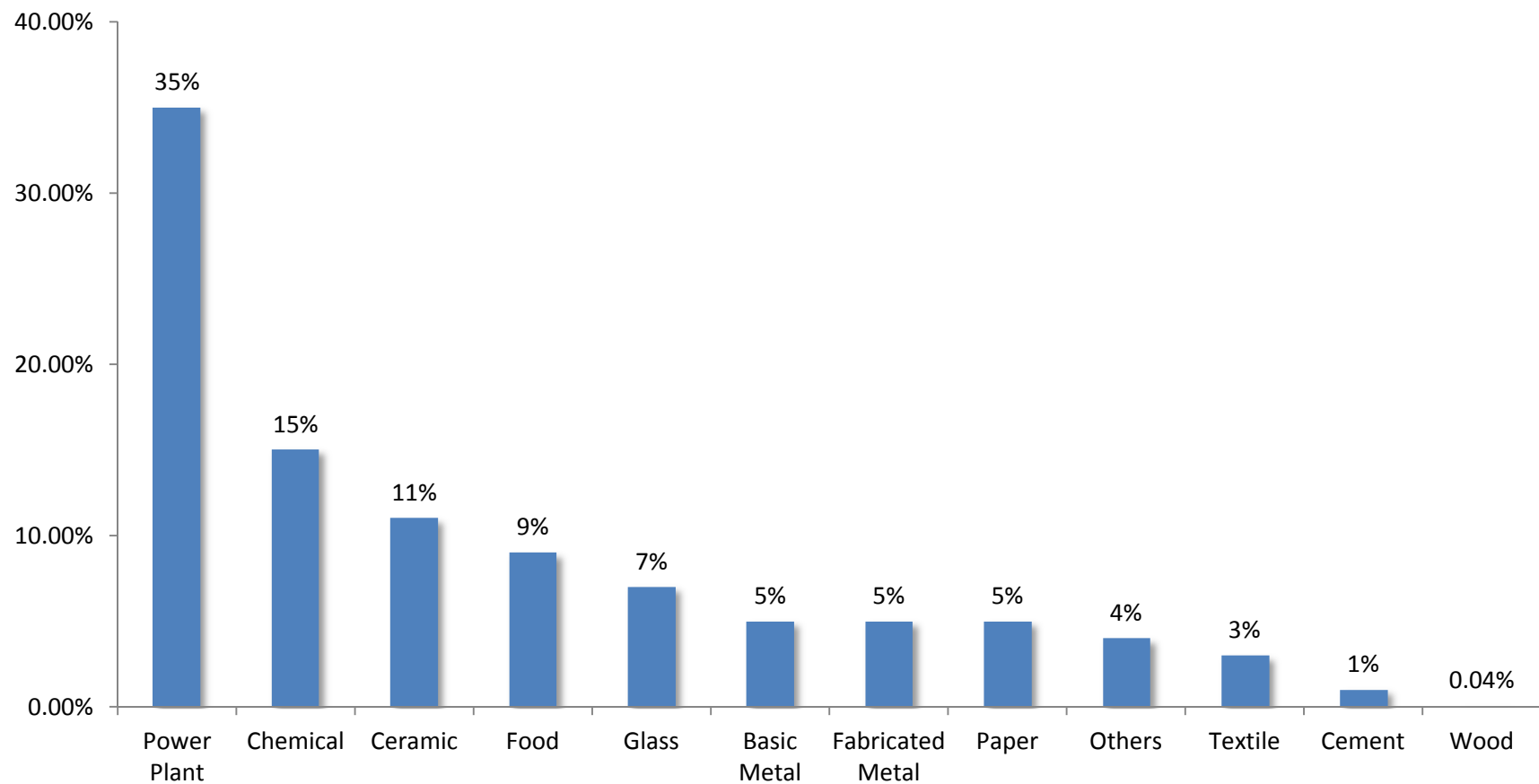
# Growing operational performance



Deliver strong growth following completion of SSWJ

# Customers' Profile

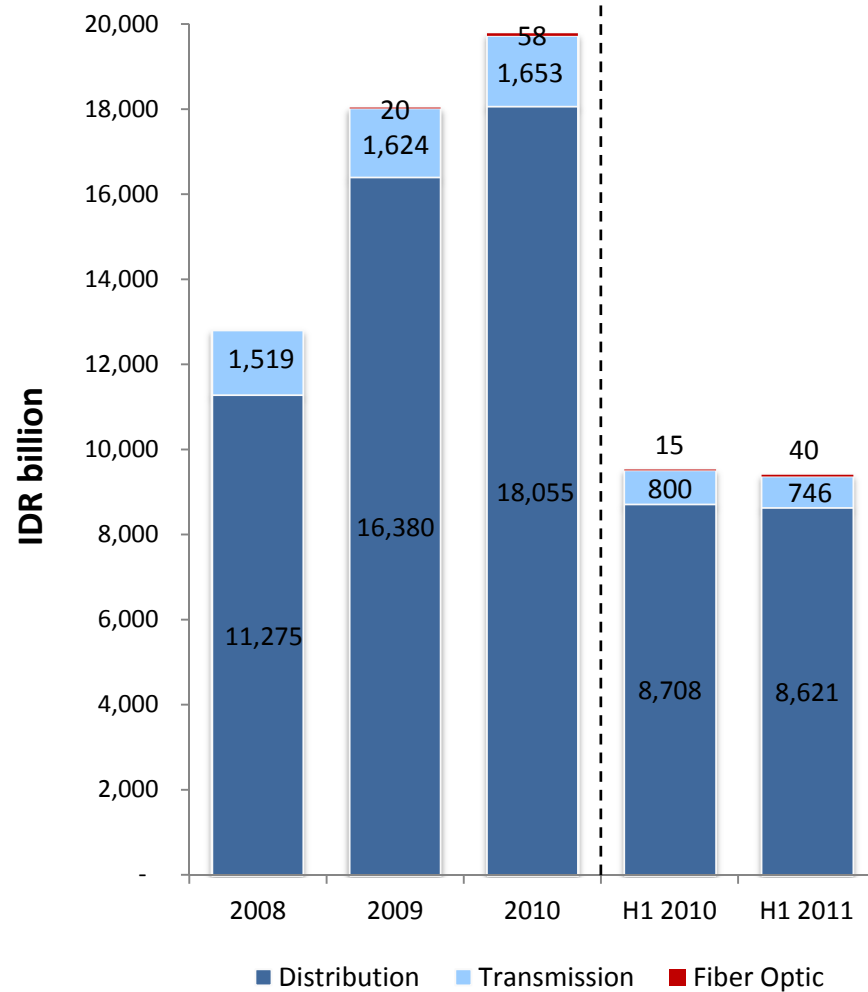
As of June 30, 2011, sales volume of industrial customers was 758 MMSCFD  
or equal to 97% of PGN's sales



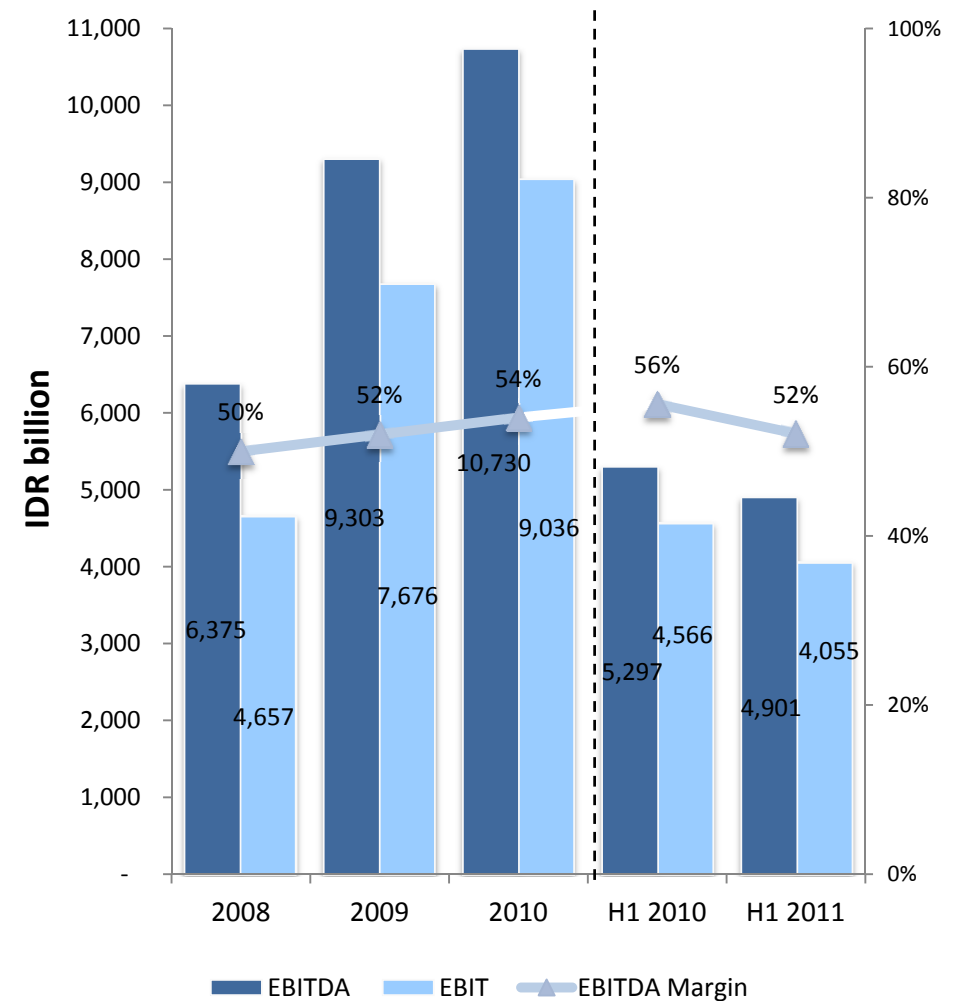


# Growing Revenues, Expanding EBITDA

## Revenue



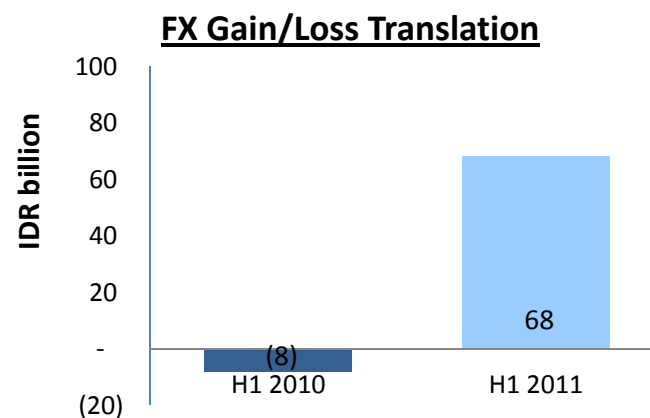
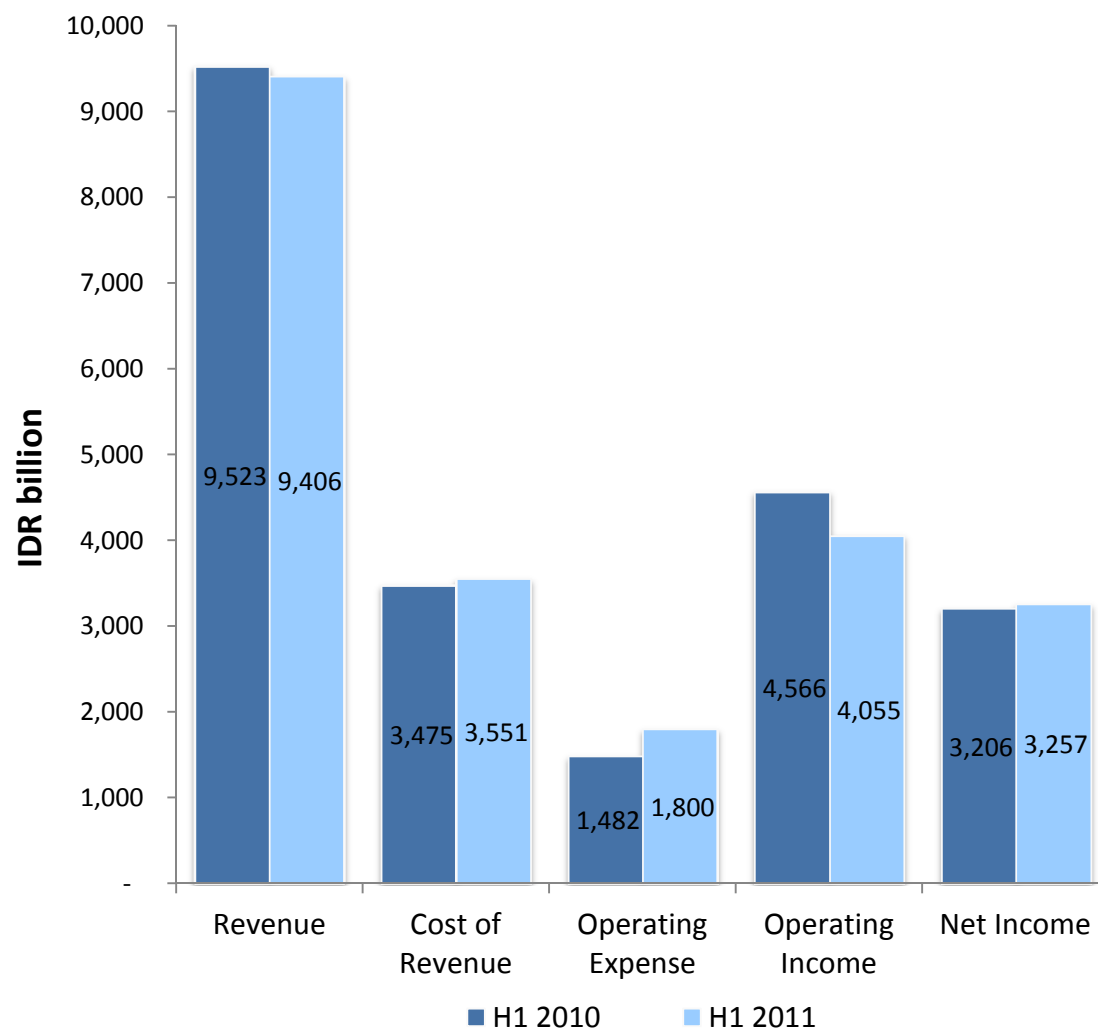
## EBITDA and EBIT





# Consolidated Statements of Comprehensive Income

## H1 2011



Exchange Rate	
- 30 Jun 2010	USD1 = IDR9,083 & JPY1 = IDR102.58
- 30 Jun 2011	USD1 = IDR8,597 & JPY1 = IDR106.72

# Consolidated Financial Position Statement

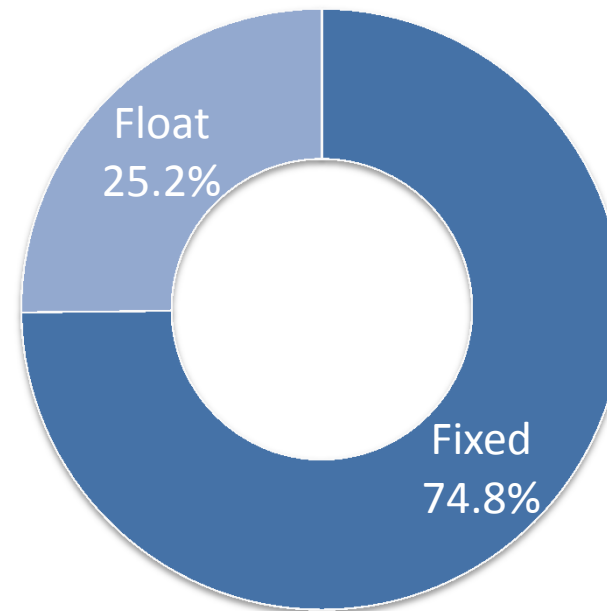
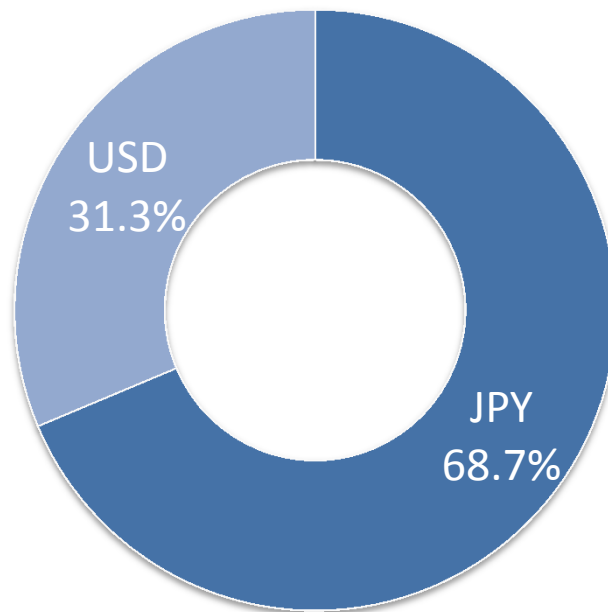
(IDR billion)	1 Jan 2010/ 31 Dec 2009	Dec 31, 2010	Jun 30, 2011
Current Assets	9,211	13,858	14,785
Non Current Assets	19,408	18,229	17,032
<b>Total Assets</b>	<b>28,619</b>	<b>32,087</b>	<b>31,817</b>
Current Liabilities	3,729	4,036	6,726
Non Current Liabilities	12,163	12,950	10,864
Total Equity	12,726	15,101	14,226
<b>Total Liabilities And Shareholders Equity</b>	<b>28,619</b>	<b>32,087</b>	<b>31,817</b>

Key Ratios	H1 2010	H1 2011
Debt to Equity Ratio (x)	1.0	0.8
Net debt/Equity (x)	0.2	-
EBITDA/Interest expense (x)	28.6	40.2

# DEBT COMPOSITION

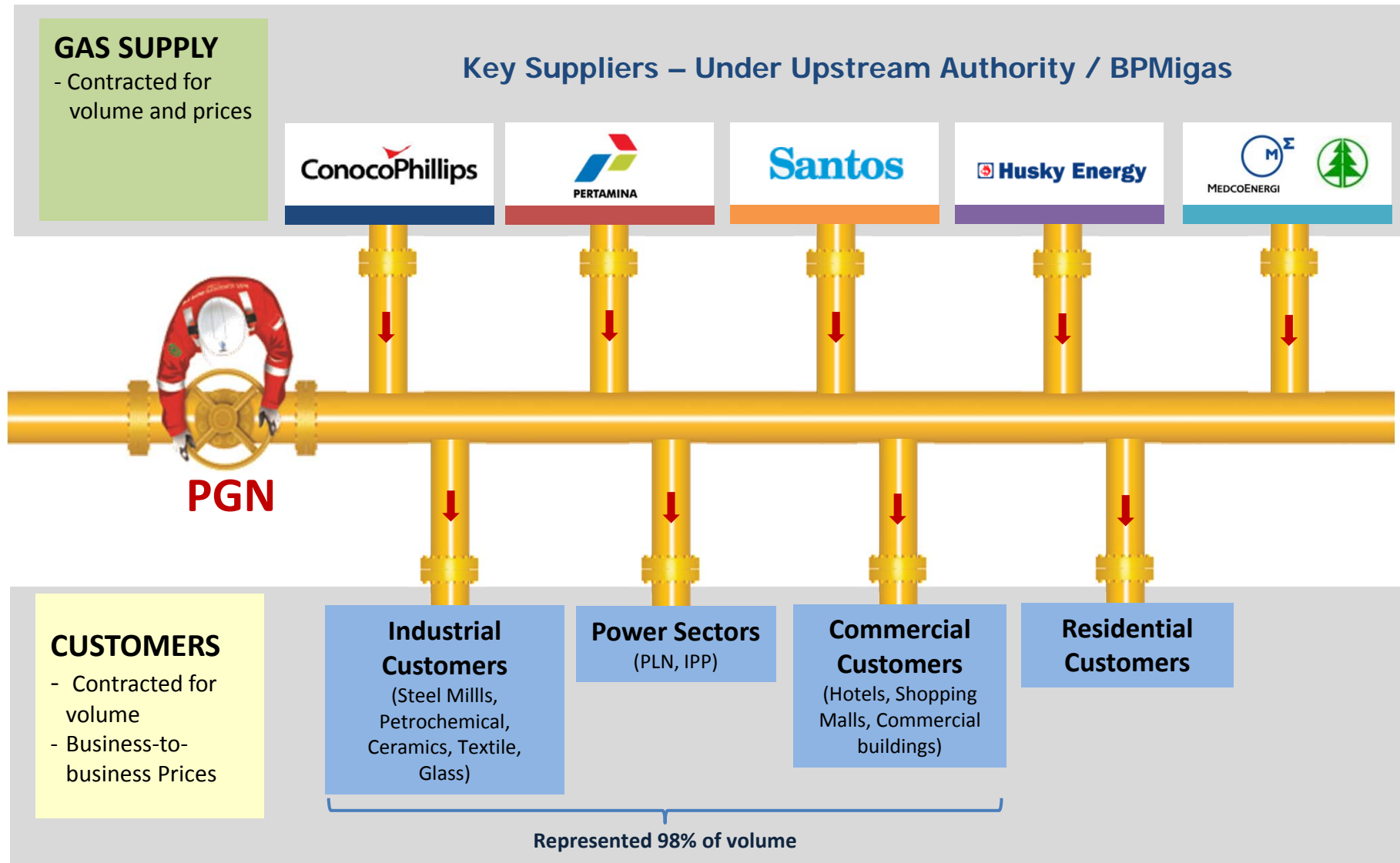
(as of Sept 30, 2011)

**Long-term debt amounting to USD 903 million**  
**Mostly long dated/maturity loans from Developmental Banks**

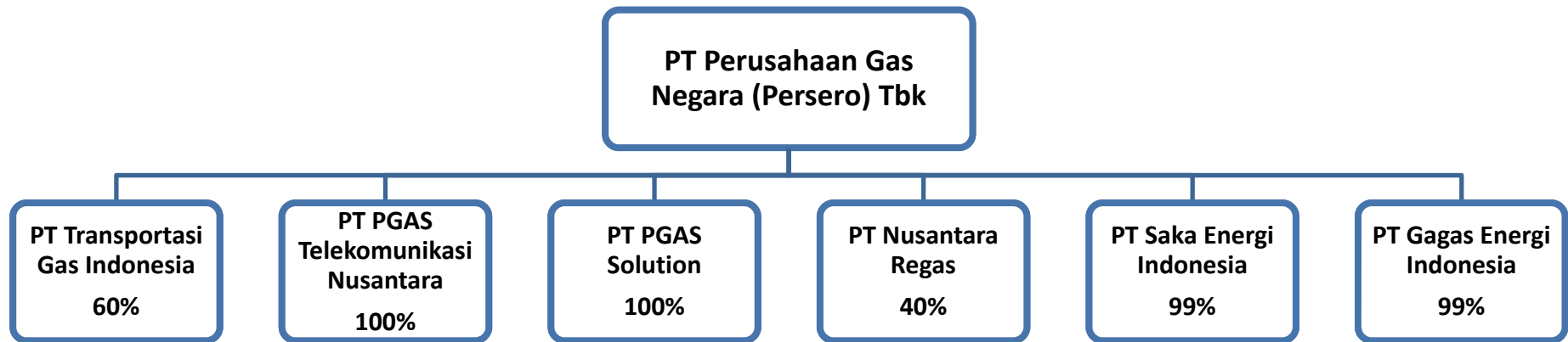


**Effective Cost of Debt of Around 2.2%**

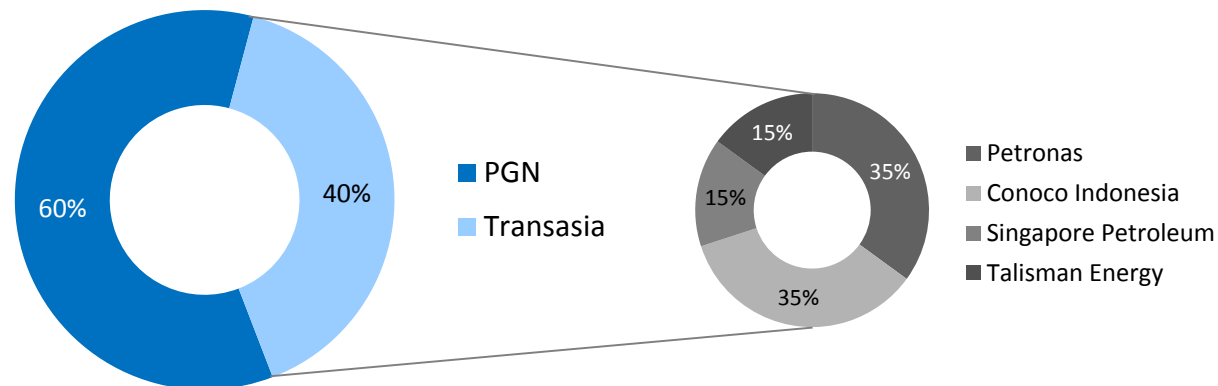
# Our Business Model



# Subsidiaries and Affiliates

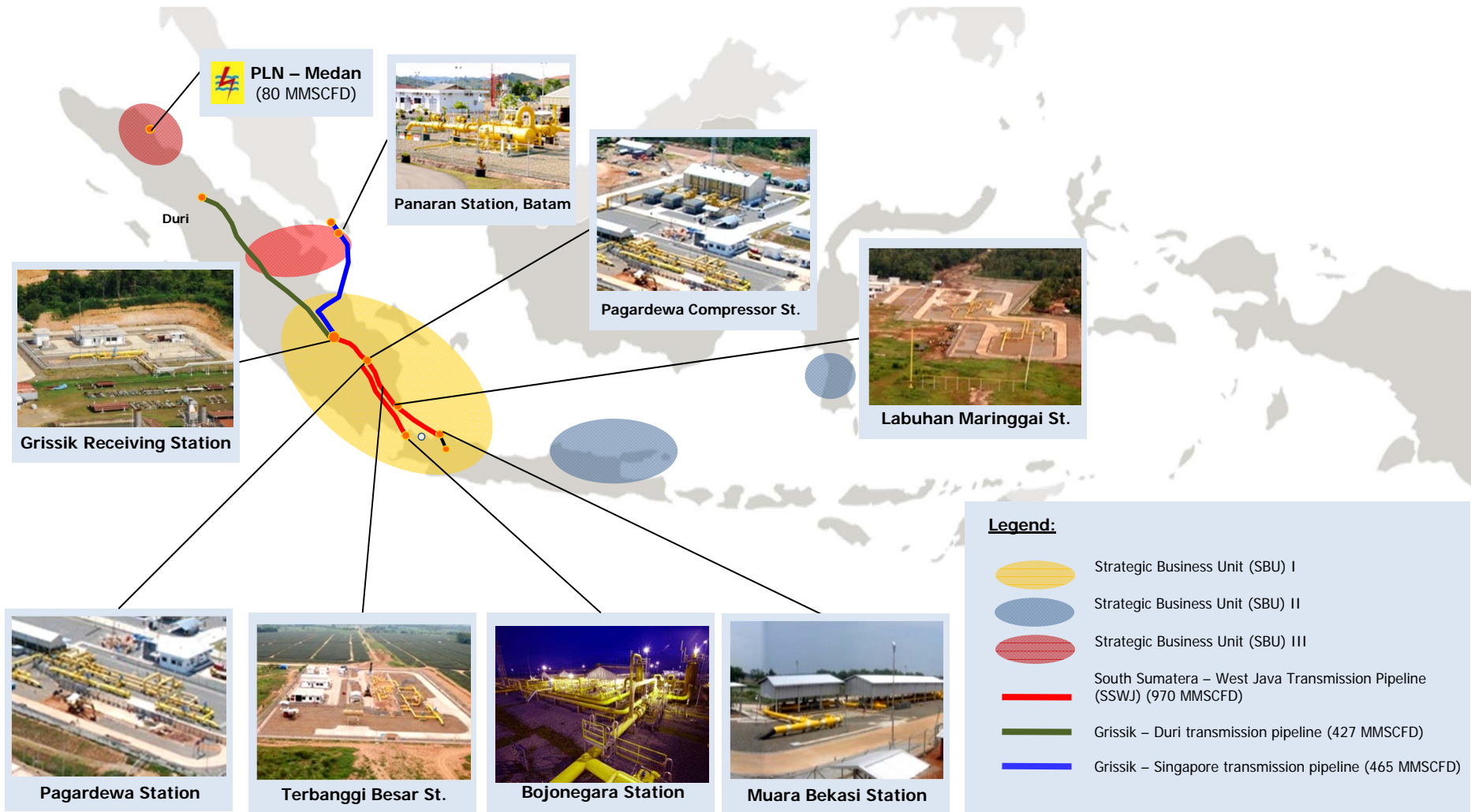


\*)PT Transportasi Gas Indonesia Shareholder Composition

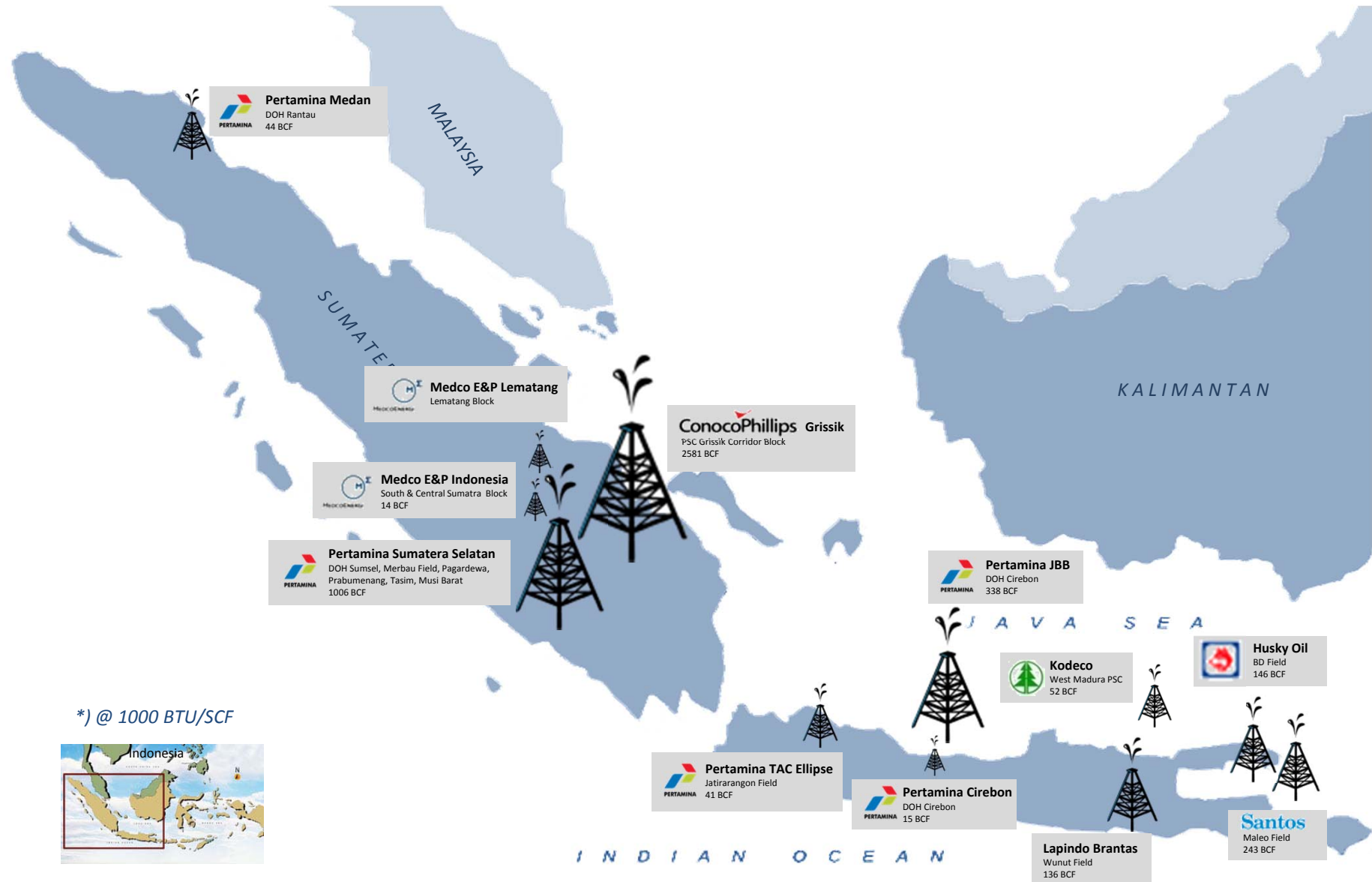




# Our Network & Facilities



# Our Sources of Gas



\*) @ 1000 BTU/SCF



# 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 productions 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 such as Coal-Bed Methane

# Plan for New LNG Infrastructure



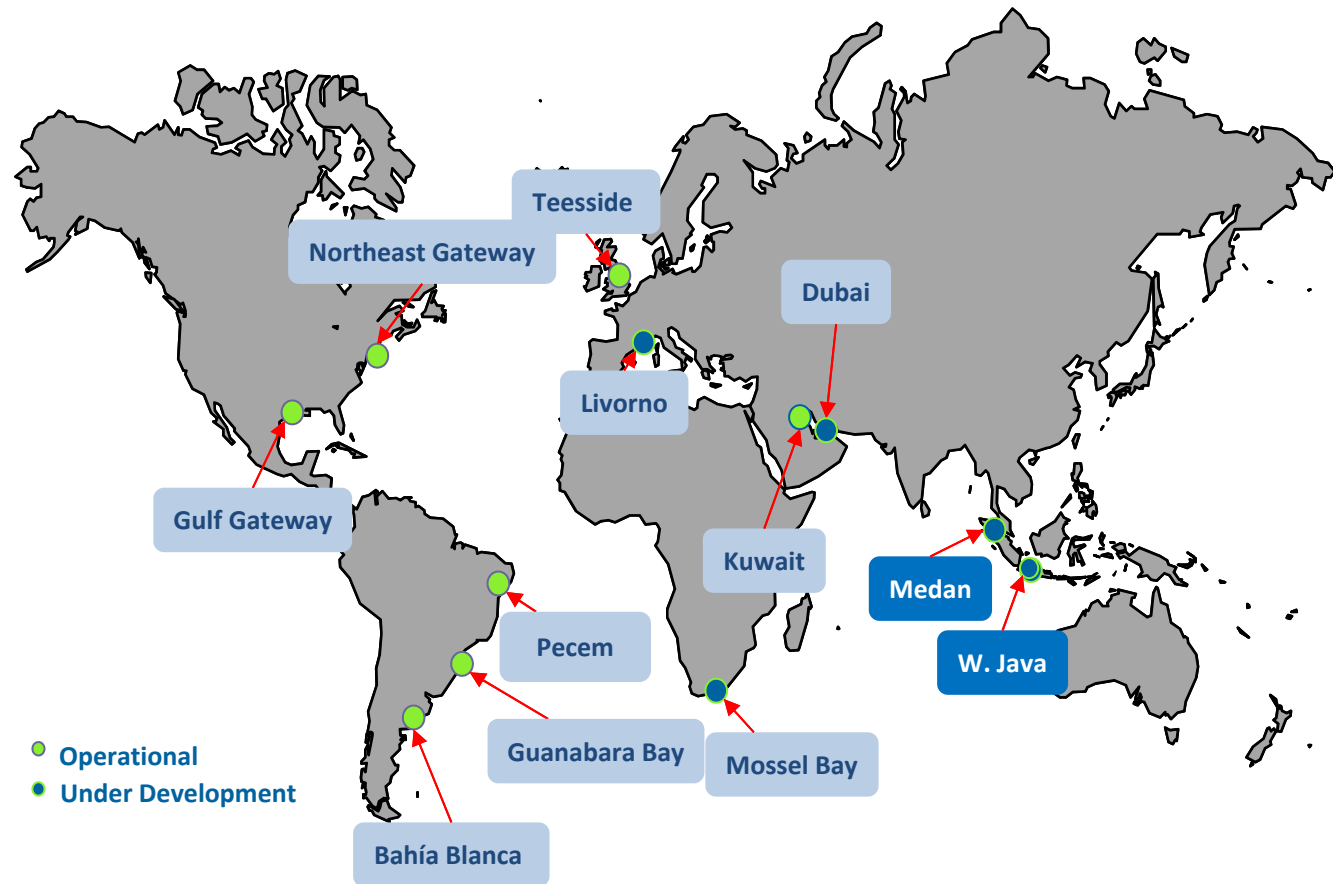
Source: *LNGpedia*

# Floating LNG Terminals



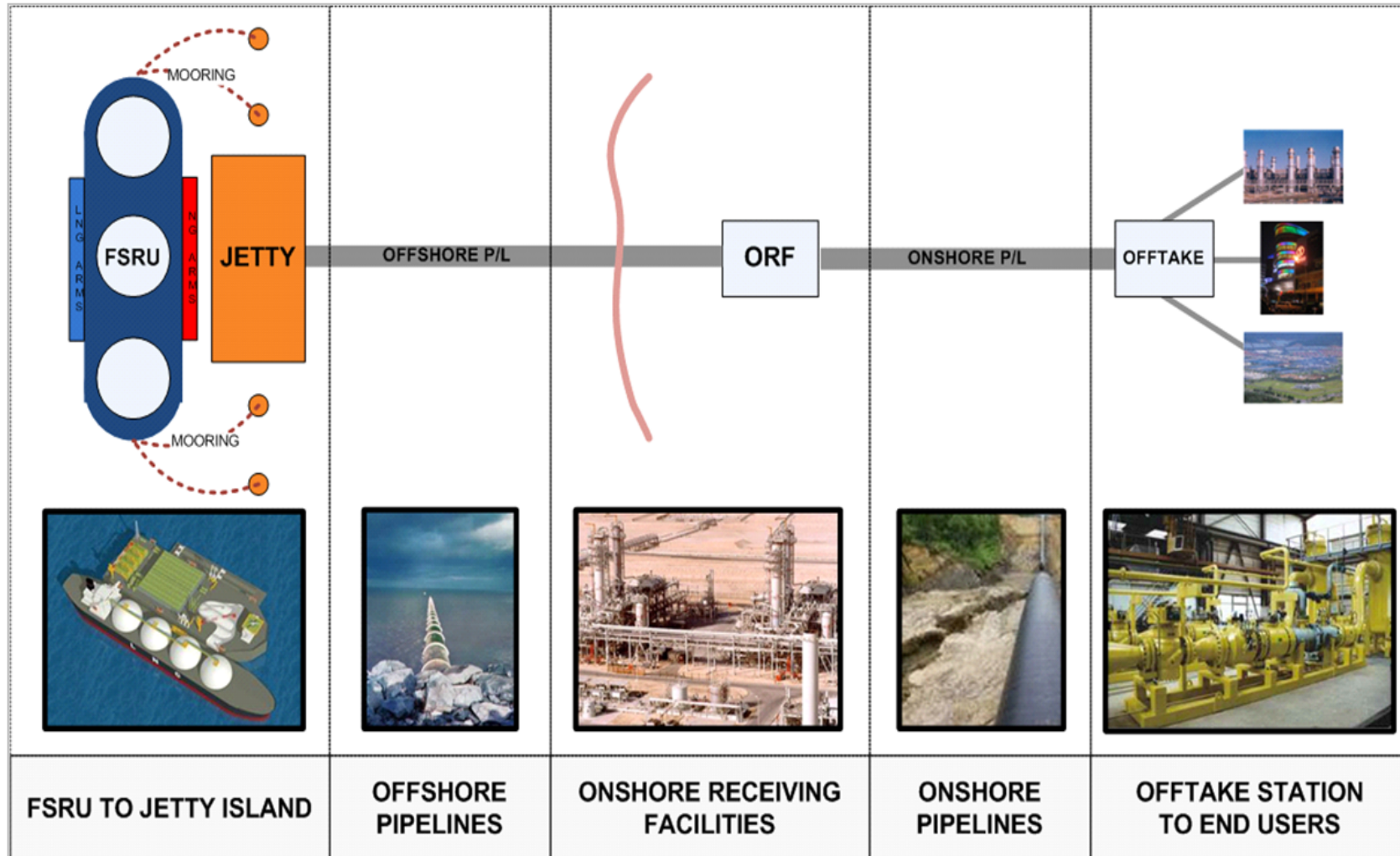
LNG Ship “Golar Spirit” converted into LNG Regas Terminal

Source: *LNGpedia*





# Floating LNG Terminal Overview





# LNG Receiving Terminals

	WEST JAVA	NORTH SUMATRA
Location	Jakarta Bay	Belawan, Medan
Capacity (MTPA)	3 MTPA	1.5 - 2 MTPA
Customers	Power plants, industry	
Potential Supply	HoA with Mahakam PSC (Total-Inpex-Pertamina)	Ongoing Negotiation with BP Tangguh
Owner	PGN (40%) Pertamina (60%)	PGN
Scope	FSRU, jetty, subsea and overland pipelines	

# FSRU Projects – Recent Developments

## West Java:

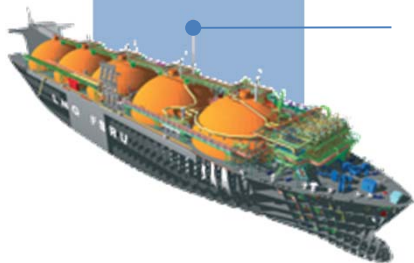
- HoA has been signed with Mahakam PSC for the provision of 11.75 MT of LNG supply over 11 years and back-to-back HoA with PLN as the offtaker
- Nusantara Regas (a JV between Pertamina and PGN) signed Time Charter Party with Golar LNG for the hire of FSRU for 11 years
- Golar LNG has positioned the LNG Carrier “Khan-Nur” in the Jurong Shipyard in Singapore for the conversion to FSRU
- Nusantara Regas has appointed REKIN as the EPC for the undersea pipelines and the ORF
- Plan for commissioning of FSRU in 2012

## North Sumatera:

- Foster Wheeler Iberia has been appointed as the Project Management Consultant
- Final stage of negotiation of EPC Provider LNG FSRU in third quarter 2011

## General :

- Government to waive application of cabotage principle for vessels related oil and gas



# 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
  - 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



# Recent Updates

Event	Detail of Event
<b>27 June 2011</b> <b>Resolution of Annual General Meeting of Shareholders</b>	<p>Rp3,743,616,762,287 or equal to 60% of net income as cash dividend for FY2010 performance with distribution as follow:</p> <ul style="list-style-type: none"> <li>Interim dividend has been distributed with amount Rp247,244,488,099 equivalent to Rp10.20 per share.</li> <li>Remaining cash dividend Rp3,496,372,274,188 equivalent to Rp144.24 per share will be distributed to shareholders.</li> <li>Cum dividend: <ul style="list-style-type: none"> <li>Regular and negotiable market 19 July 2011.</li> <li>Cash market 22 July 2011.</li> </ul> </li> <li>Payment date of cash dividend 4 August 2011.</li> </ul>
<b>July 2011</b> <b>MoU Signing between PGN and Petroliam National Berhard (Petronas)</b>	<ul style="list-style-type: none"> <li>Identification potential business partnership in gas business value chain in line with PGN expansion strategy "beyond pipeline".</li> </ul>
<b>July 2011</b> <b>HoA Signing between PGN and PT Indogas Kriya Dwiguna (IKD)</b>	<ul style="list-style-type: none"> <li>Source of gas: Terang Sirasun Batur gas field operated by Kangean Energi Indonesia, Ltd.</li> <li>Target delivery January 2012 with amount of volume 20 BBTUD.</li> <li>Potential customer in East Java distribution area.</li> </ul>
<b>1 August 2011</b> <b>MoU Signing between PT Medco CBM Lematang, PT Methanindo Energy Resources and PT Saka Energi Indonesia</b>	<ul style="list-style-type: none"> <li>Establishes rights and obligations of operating and non-operating parties under Lematang CBM PSC, including joint exploration, appraisal, development and production of CBM from 805.8 km<sup>2</sup> block.</li> <li>Medco will be appointed as operator of the block.</li> <li>Lematang CBM PSC allows the company a maximum 10 years exploration and 20 years of exploitation period.</li> </ul>
<b>1 September 2011</b> <b>Gas Sales Price Adjustment for Custromers in Medan</b>	<ul style="list-style-type: none"> <li>The increasing gas sales price from the upstream producers in Medan (North Sumatera region) has impelled PGN to adjust its selling price to customers in that area. Effective 1 September 2011, PGN adjusted the selling price to an average of USD 8.9/MMBTU. (Exchange rate USD 1 = IDR 9,400)</li> </ul>

# Board of Commissioners

(After EGMS 6 April 2011)



**Tengku Nathan Machmud**

President Commissioner and Independent Commissioner



**Kiagus Ahmad Badaruddin**

Commissioner

(Senior Adviser to the Minister of Finance, Acting DG of Budget)



**Widya Purnama**

Independent Commissioner

(Former President Director of Pertamina)



**Pudja Sunasa**

Commissioner

(Inspector General of the Ministry of Energy and Mineral Resources)



**Megananda Daryono**

Commissioner

(Deputy Minister of SOE)

# Board of Directors

(After EGMS 6 April 2011)



Hendi Prio Santoso  
President Director



Michael Baskoro  
Director of Commerce



M Riza Pahlevi  
Director of Finance



M Wahid Sutopo  
Director of Investment Planning  
and Risk Management

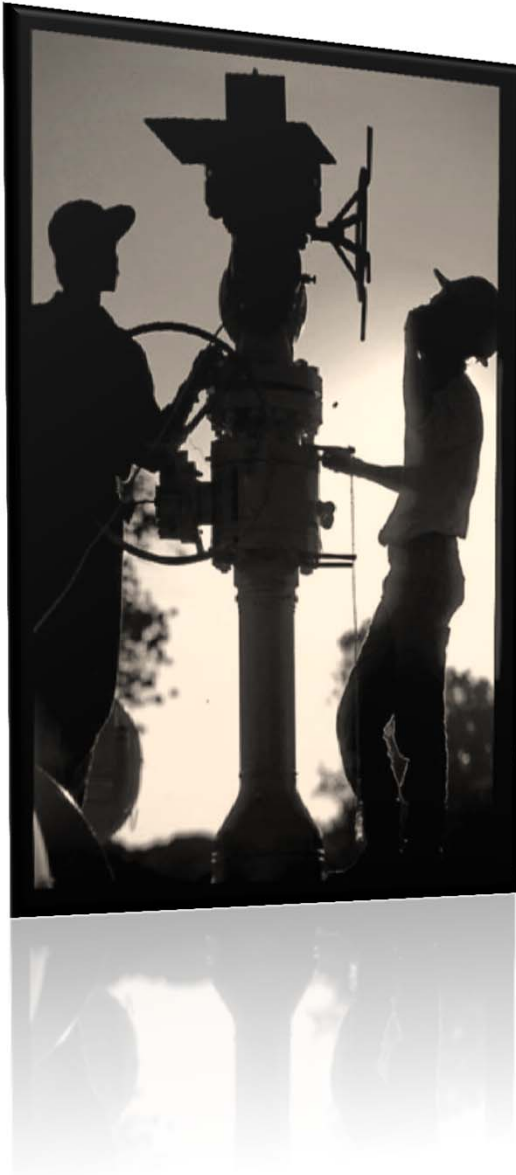


Eko Soesanto Tjiptadi  
Director of Human Resources  
and General Affairs



Jobi Triananda Hasjim  
Director of Technology  
and Development





# ***THANK YOU***

**Contact:**

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