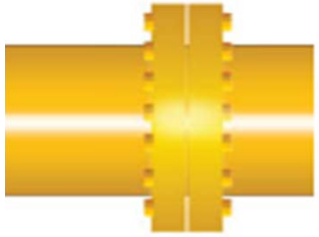
PT PERUSAHAAN GAS NEGARA (Persero) Tbk.

Perusahaan Gas Negara

Presentation to the investors

October 2010 update

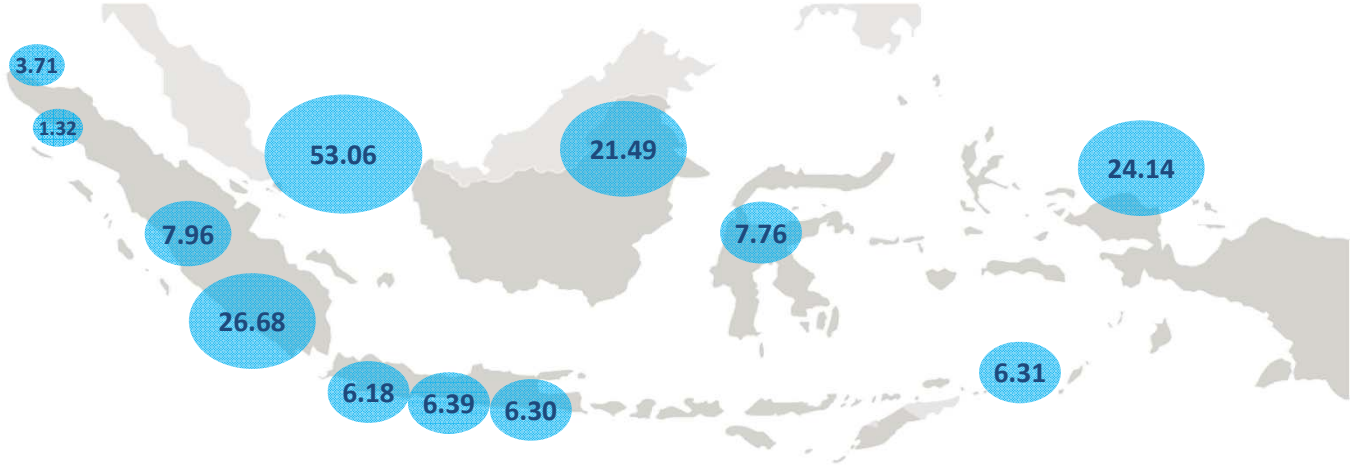


Disclaimer:

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.

Indonesia: A Major Producer of Natural Gas

The largest proven gas reserves in Asia Pacific
Ahead of Australia, China and Malaysia (BP World Energy Report 2010)



Source: *Director General of Oil and Gas*

Natural Gas: Proved reserves (BP World Energy Report 2010)

Trillion cubic metres	2005	2006	2007	2008	**2009**	2009 share of total
Indonesia	2.48	2.63	3.00	3.18	**3.18**	1.7%
Australia	2.35	2.34	2.29	3.08	**3.08**	1.6%
China	1.53	1.68	2.26	2.46	**2.46**	1.3%
Malaysia	2.48	2.48	2.38	2.38	**2.38**	1.3%
Total Asia Pacific	**13.48**	**13.75**	**14.65**	**16.00**	**16.24**	**8.7%**
Total World	**172.28**	**173.18**	**176.68**	**185.28**	**187.49**	**100.0%**

Experience domestic natural gas shortages
Due to fast growing demand and limited natural gas infrastructure

Demand for Natural Gas – Key Drivers

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

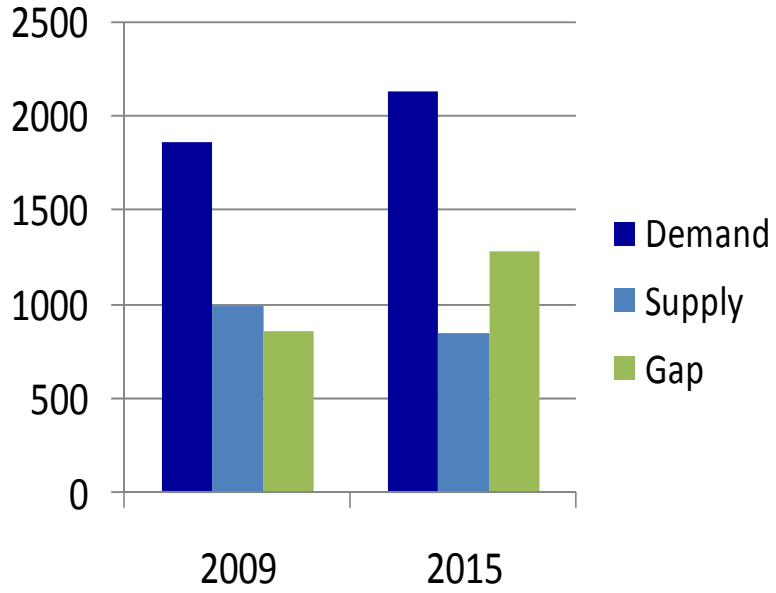
- Pent-up demand from the conversion of existing dual fired power plants pending availibility of gas

Demand from the industries

- Require natural gas to compete in the era of Free Trade Agreement.

Unmet Demand for Natural Gas

Power Sector



Source : PLN Primary Energy Unit

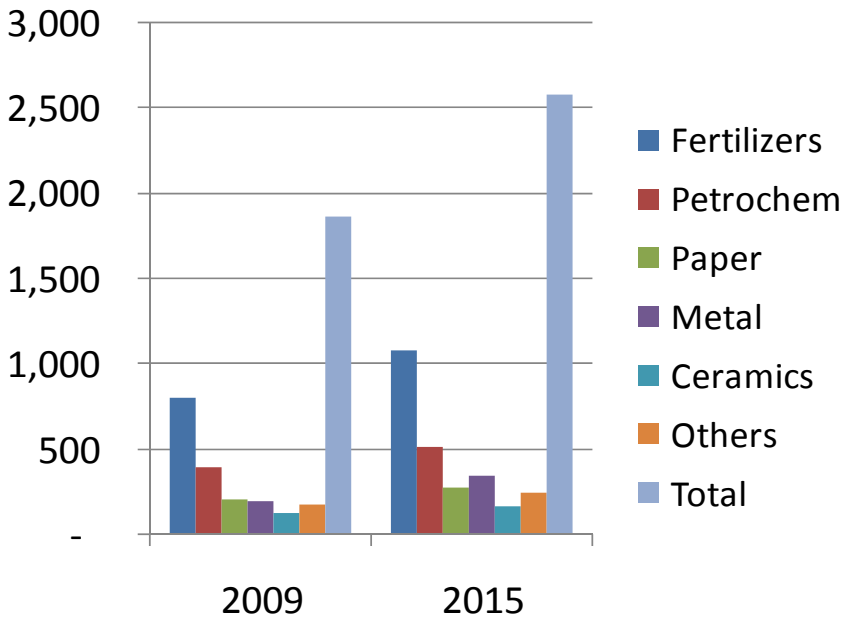
Ministry of Industry cited major gas shortage for industry

Firm unmet demand from industry of 0.4 BSCFD

PLN (state power company) gas demand was 1.8 BSCFD in 2009 for existing dual fired power plants growing to 2.1 BSCFD in 2015. Representing unmet demand of 0.8 BSCFD

Additional demand of 0.1 BSCFD from IPP

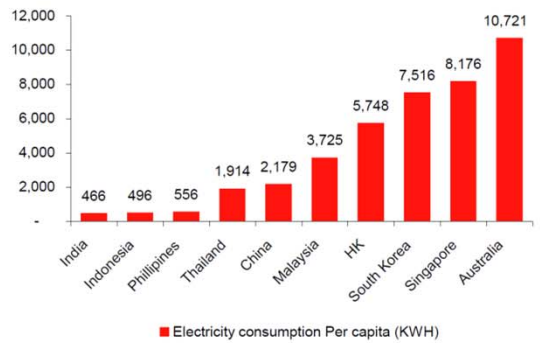
Industry – Non Power Sector



Source : Ministry of Industry and PGN

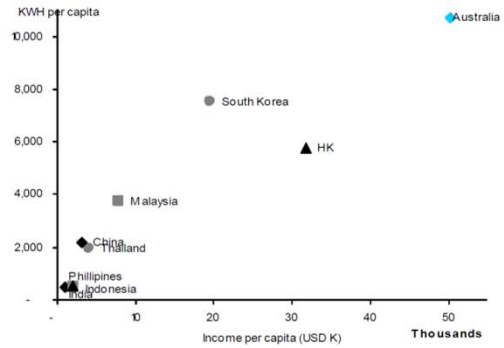
Current Low Consumption to Drive Demand

Fig 24 Asia Pacific electricity consumption per capita



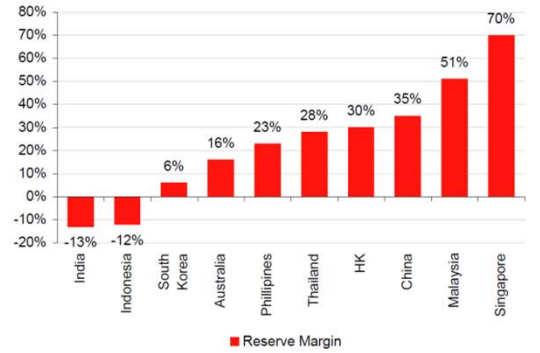
Source: Bloomberg, Macquarie Research, April 2010

Fig 25 Income per capita vs electricity per capita



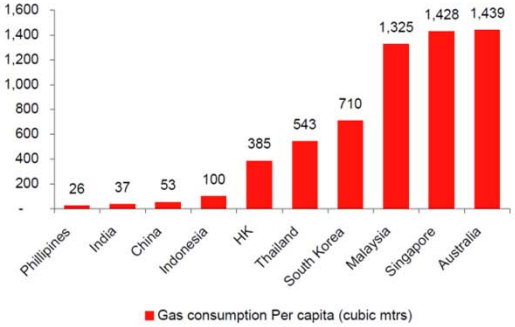
Source: Bloomberg, Macquarie Research, April 2010

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

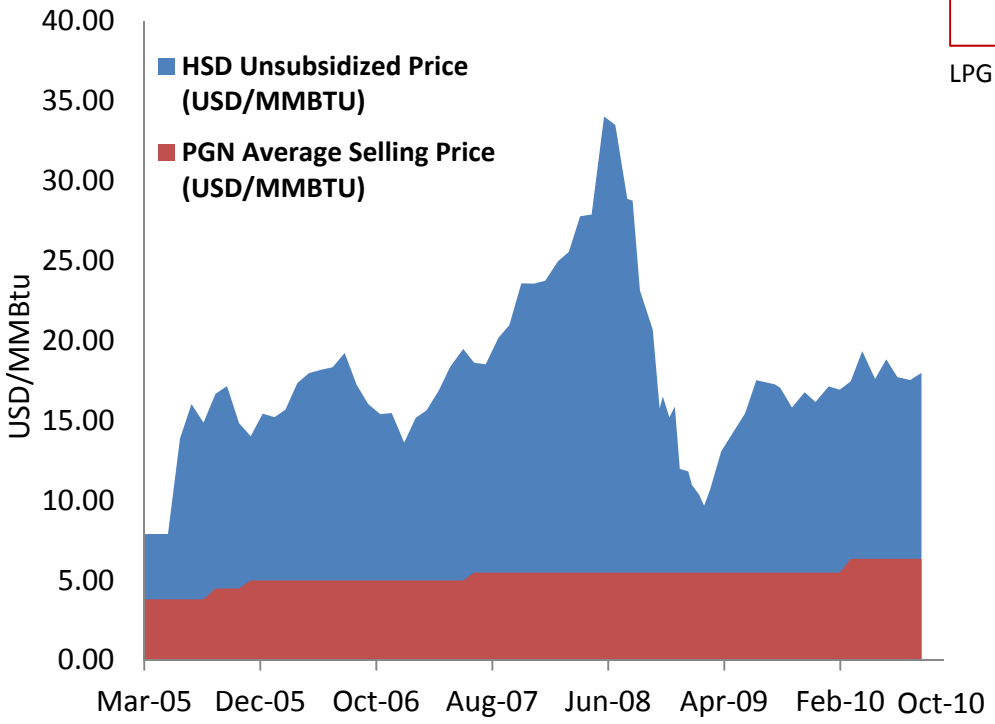
Ensure the continuing growth of demand for natural gas

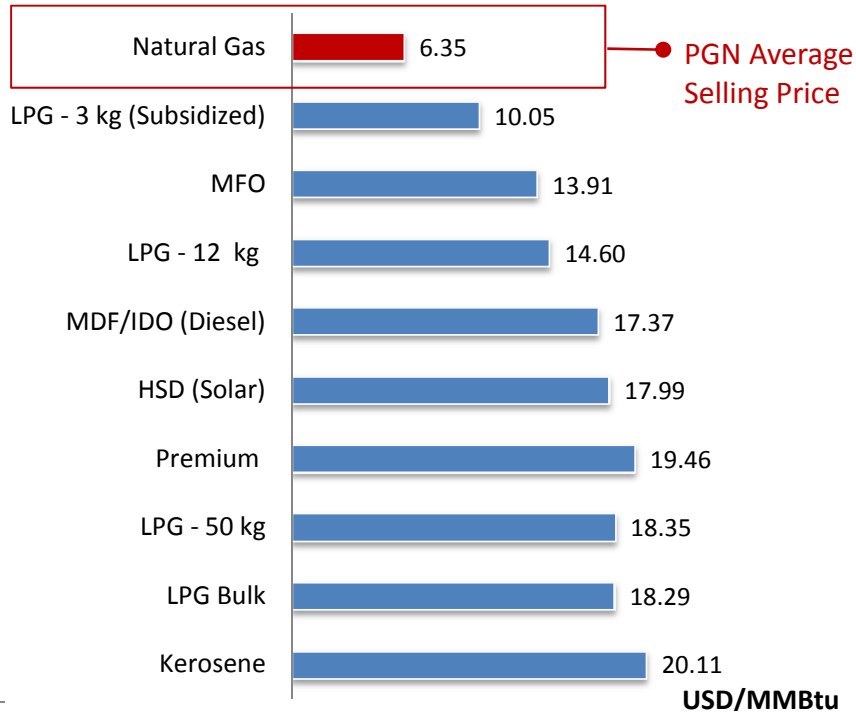
Opportunity : Price Advantages

Lower gas price compares to other fuels

Industrial Prices are set on B-to-B basis

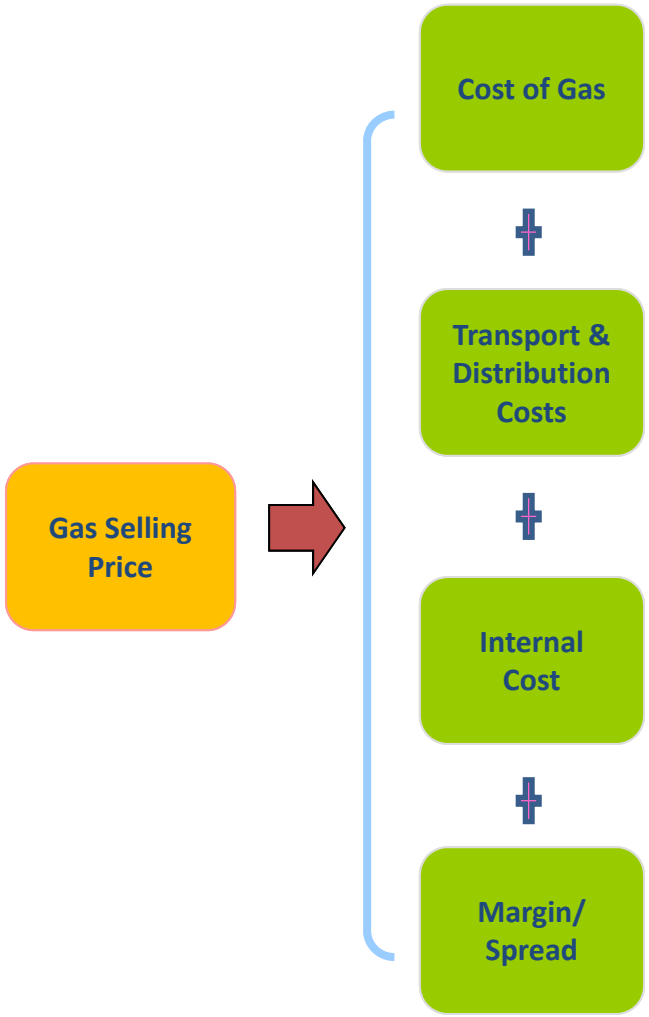
PGN Gas Price and HSD Price





Note:
Fuel price Pertamina as of 15 October 2010
Exchange rate IDR 9,000/USD

New 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

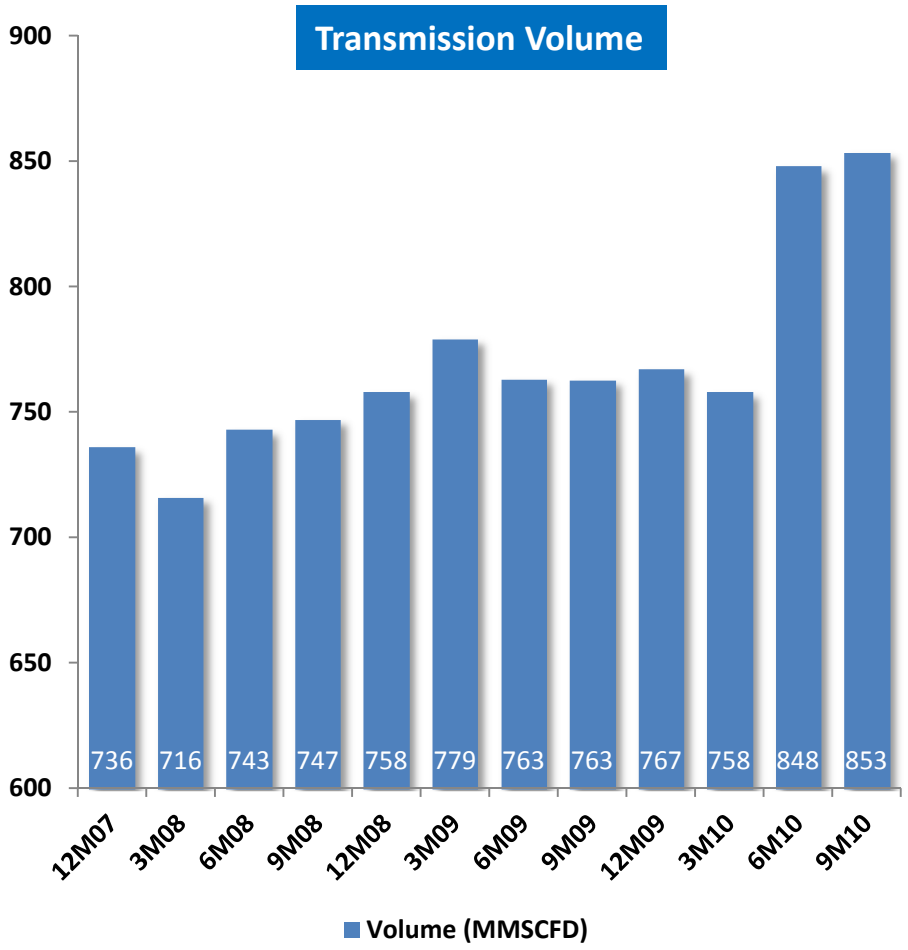
- Demand and Supply Dynamics
- Affordability
- Reasonable Margin

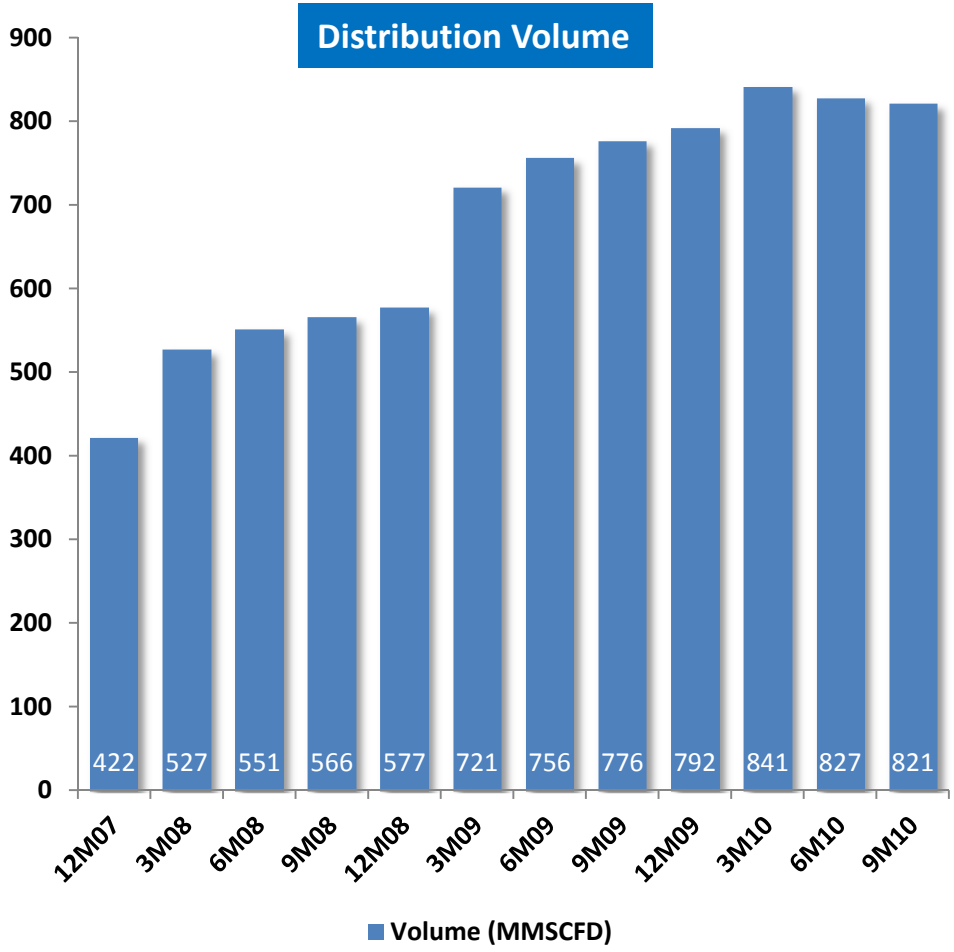
Intended to stimulate more supplies to meet the growing demands

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

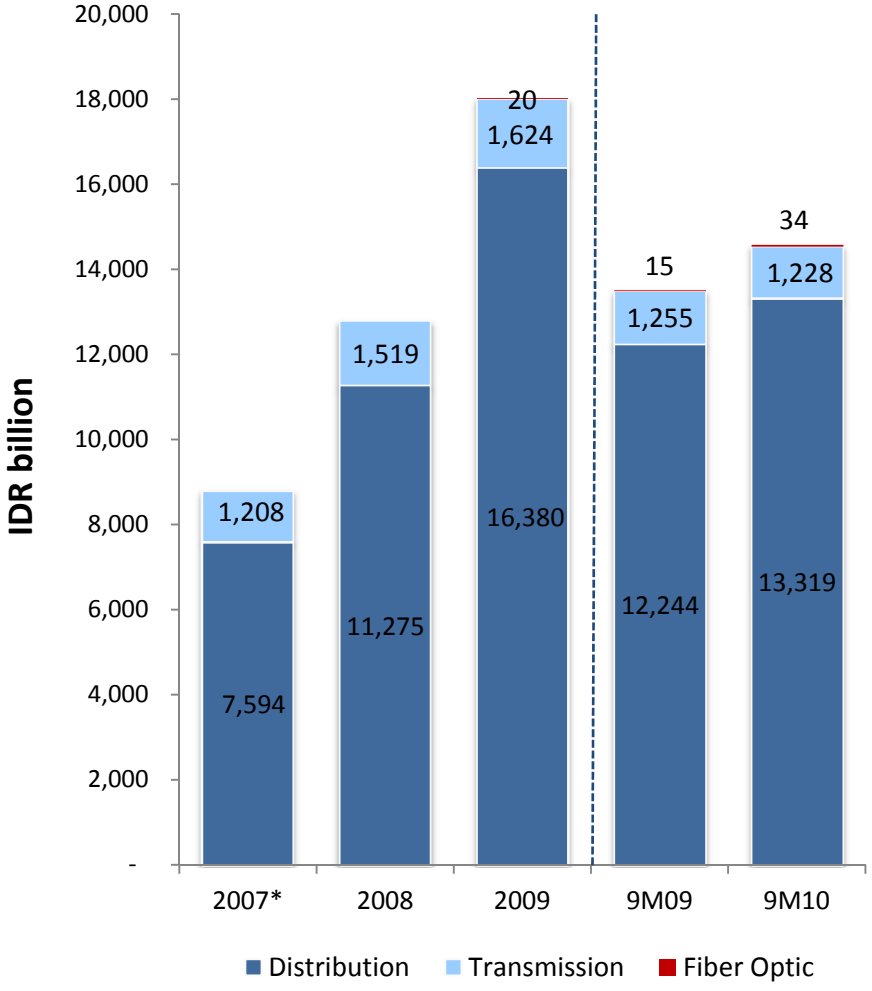




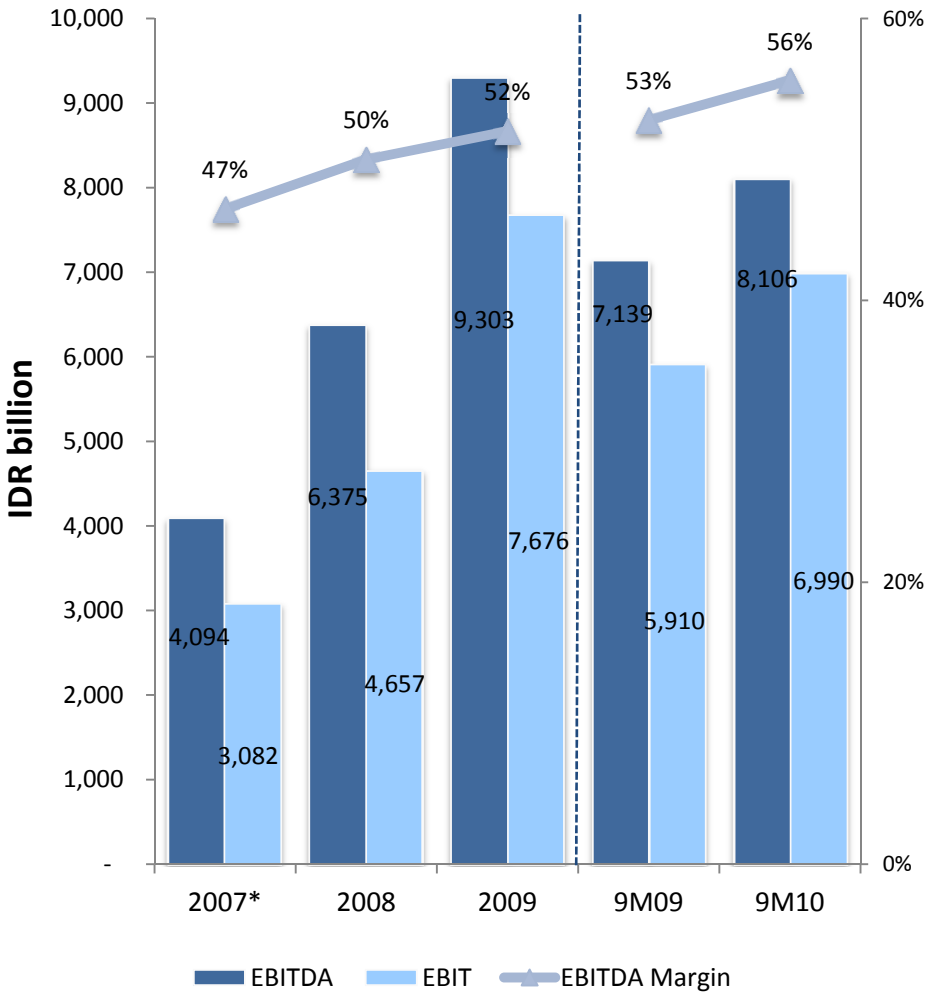
Deliver strong growth following completion of SSWJ

Growing Revenues, Expanding EBITDA

Revenue

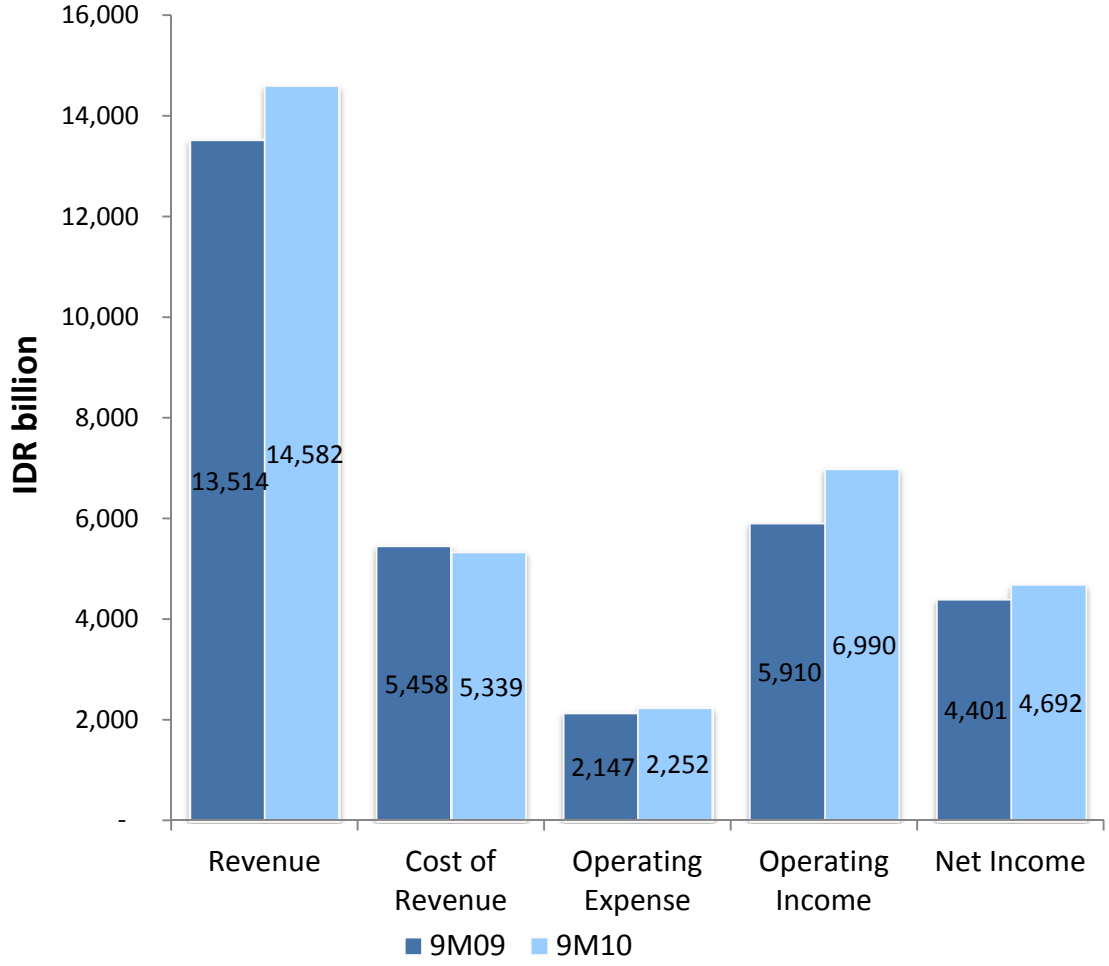


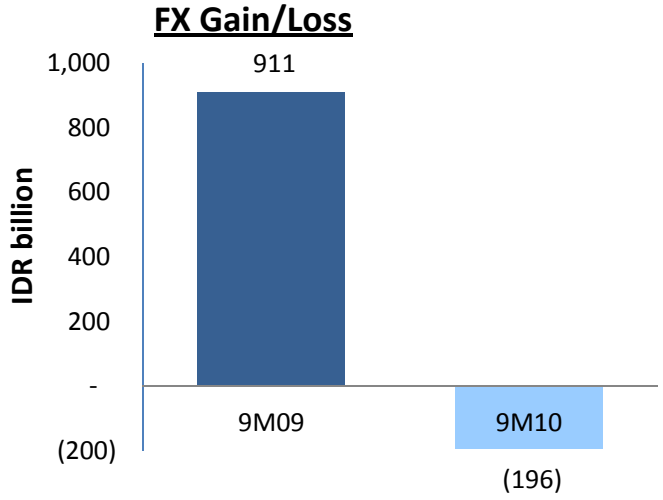
EBITDA and EBIT



*note: as restated

Financial Statements (9M-2010)





Exchange Rate

- 30 Sept 2009
  USD 1 = IDR 9,681 & JPY 1 = IDR 107.79
- 30 Sept 2010
  USD 1 = IDR 8,924 & JPY 1 = IDR 106.77

Our Sound Balance Sheet

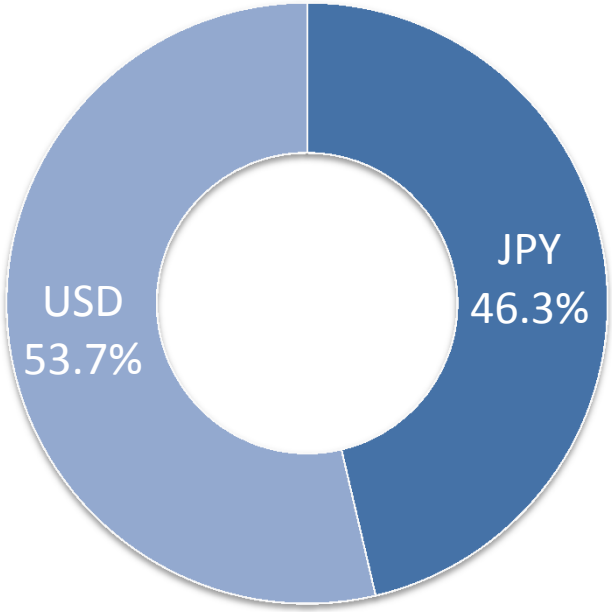
(IDR billion)	Sept 30, 2009	Sept 30, 2010	%
Current Assets	8,140	12,270	51
Non Current Assets	19,468	18,185	-7
Total Assets	**27,608**	**30,455**	**10**
Current Liabilities	3,484	4,180	20
Non Current Liabilities	13,080	12,799	-2
Minority Interest In Net Assets of a Subsidiary	1,024	1,177	15
Total Equity	10,020	12,299	23
Total Liabilities And Shareholders Equity	**27,608**	**30,455**	**10**

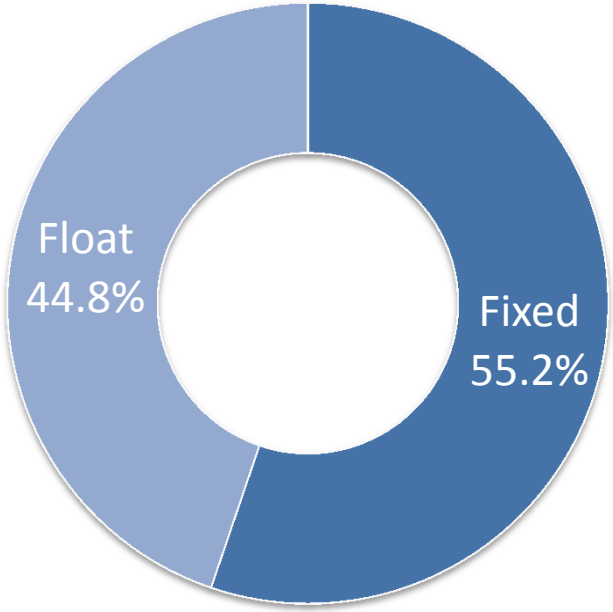
Key Ratios	2008	2009	9M10
Debt to Equity Ratio (x)	1.9	1.0	1.1
Return on Investment (ROI)	25%	32%	27%
Return on Equity (ROE)	10%	113%	62%
Net debt/EBITDA (x)	1.6	0.6	0.4
Net debt/Equity (x)	1.4	0.4	0.3
EBITDA/Interest expense (x)	11.7	16.7	29.9

DEBT COMPOSITION

(as of Sept 30, 2010)

Long-term debt amounting to USD 1.196 billion
Mostly long dated/maturity loans from Developmental Banks

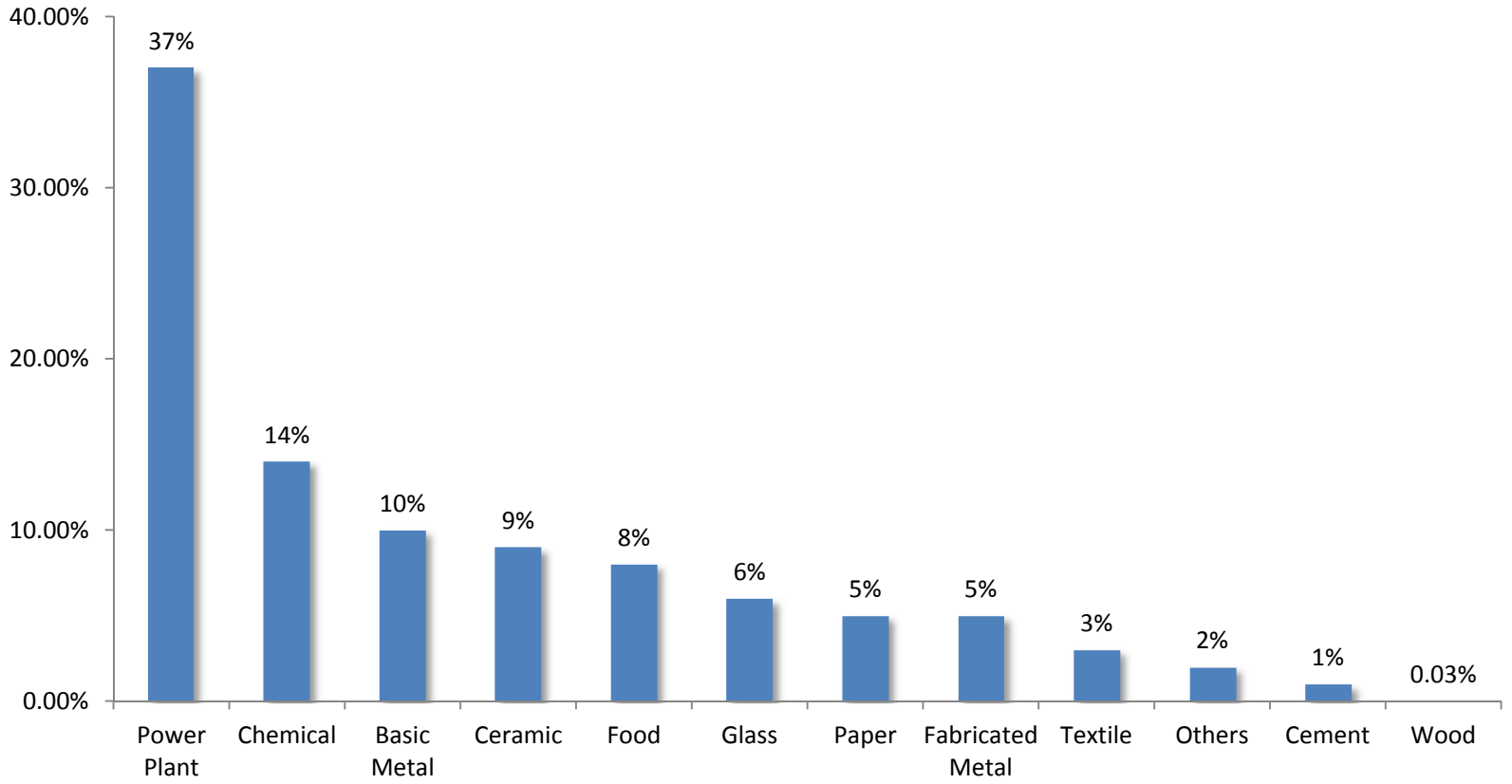




Effective Cost of Debt of Around 2.6%

Customers' Profile

As of September 30, 2010, sales volume of industrial customers was 804 MMSCFD or equal to 98% of PGN's sales

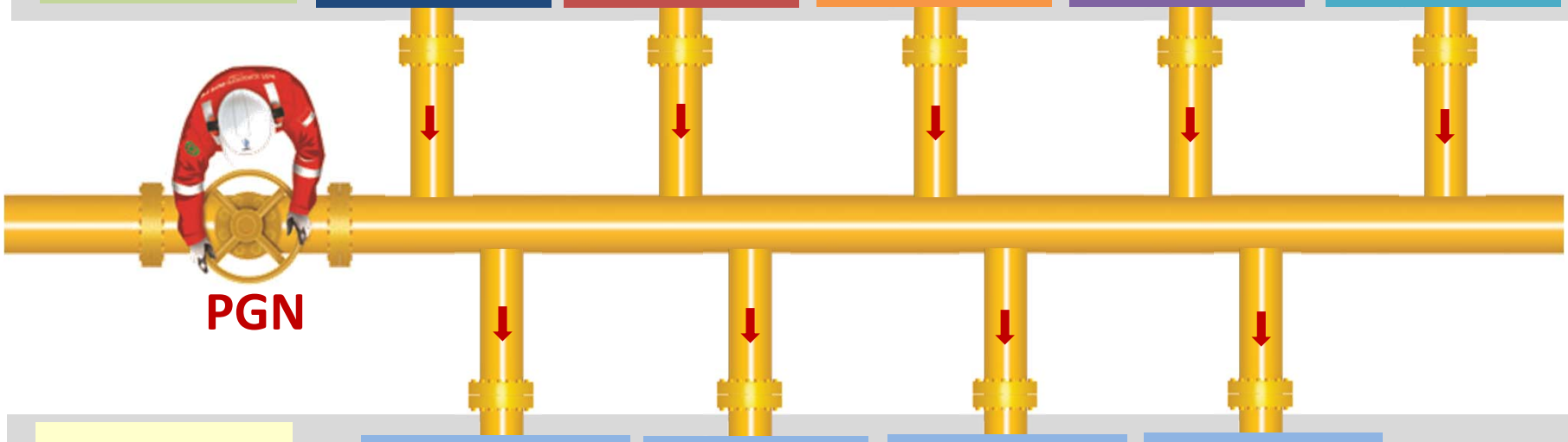


Our Business Model

GAS SUPPLY
- Contracted for volume and prices

Key Suppliers – Under Upstream Authority / BPMigas

ConocoPhillips | PERTAMINA | Santos | Husky Energy | MEDCOENERGI



CUSTOMERS
- Contracted for volume
- Business-to-business Prices

Industrial Customers (Steel Millls, Petrochemical, Ceramics, Textile, Glass)

Power Sectors (PLN, IPP)

Commercial Customers (Hotels, Shopping Malls, Commercial buildings)

Residential Customers

Represented 98% of volume

Our Corporate Structure

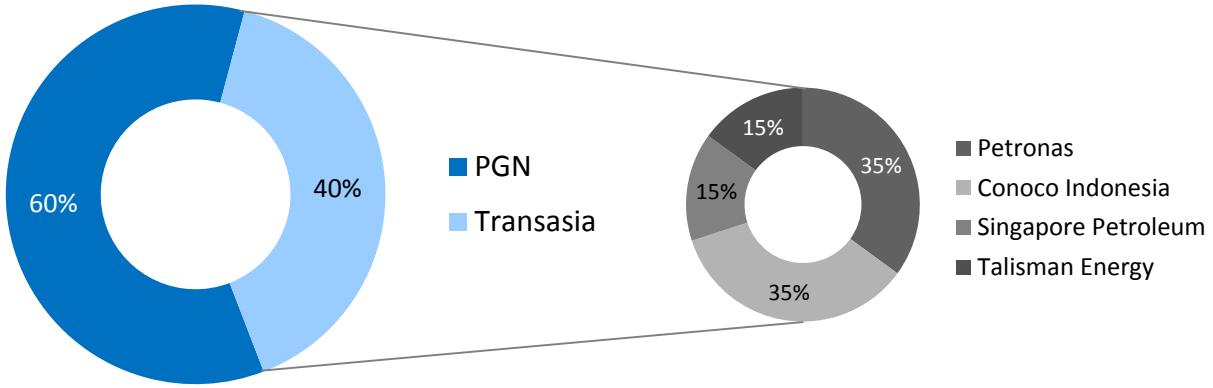
PT Perusahaan Gas Negara (Persero) Tbk

- **SBU I**
- **SBU II**
- **SBU III**
- **SBU Transmisi (SSWJ)**

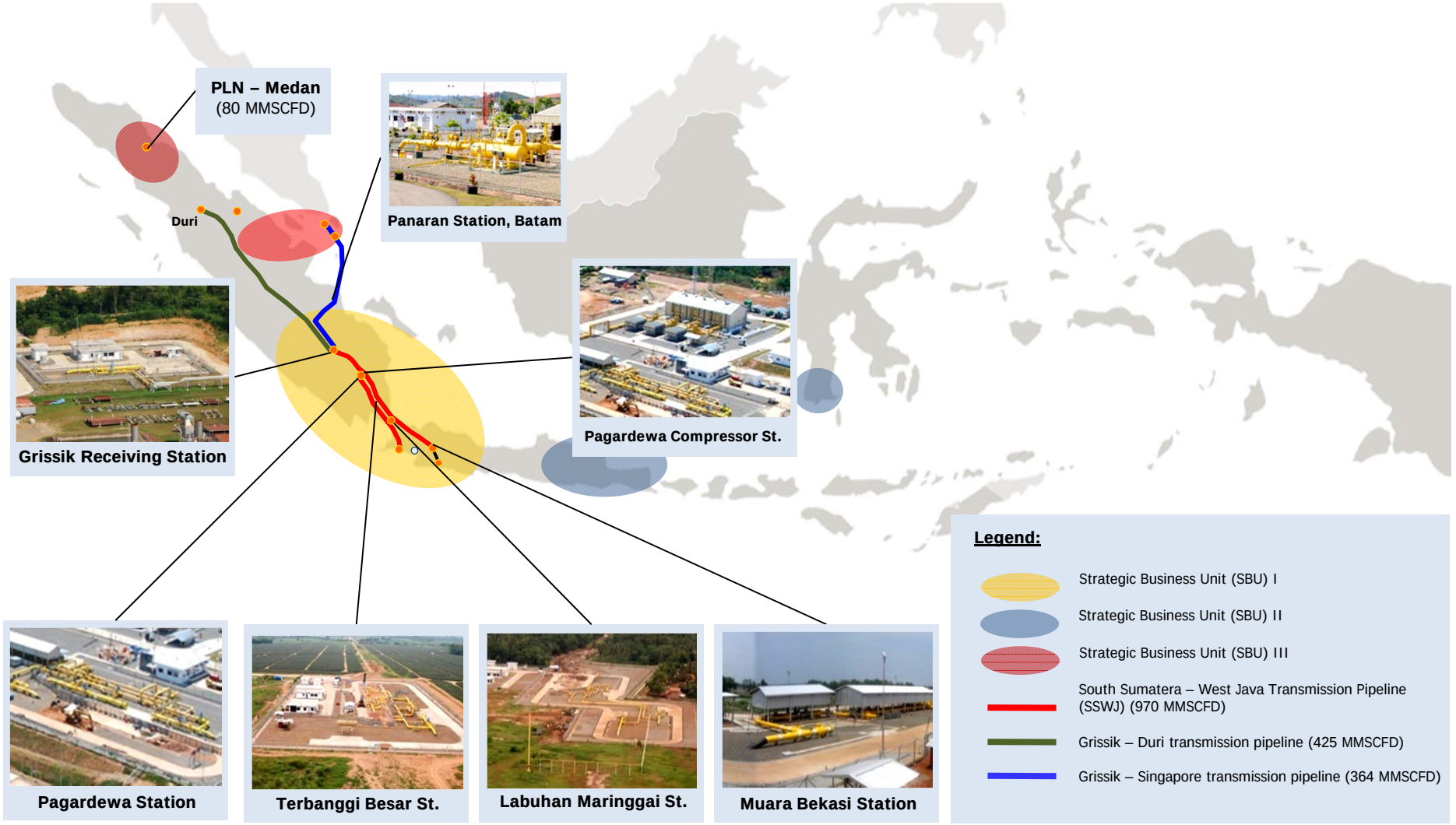
Subsidiaries:

- **PT Transgasindo*** (Grissik-Duri and Grissik-Singapura)
- **PT PGAS Telekomunikasi Nusantara**
- **PT PGAS Solution**

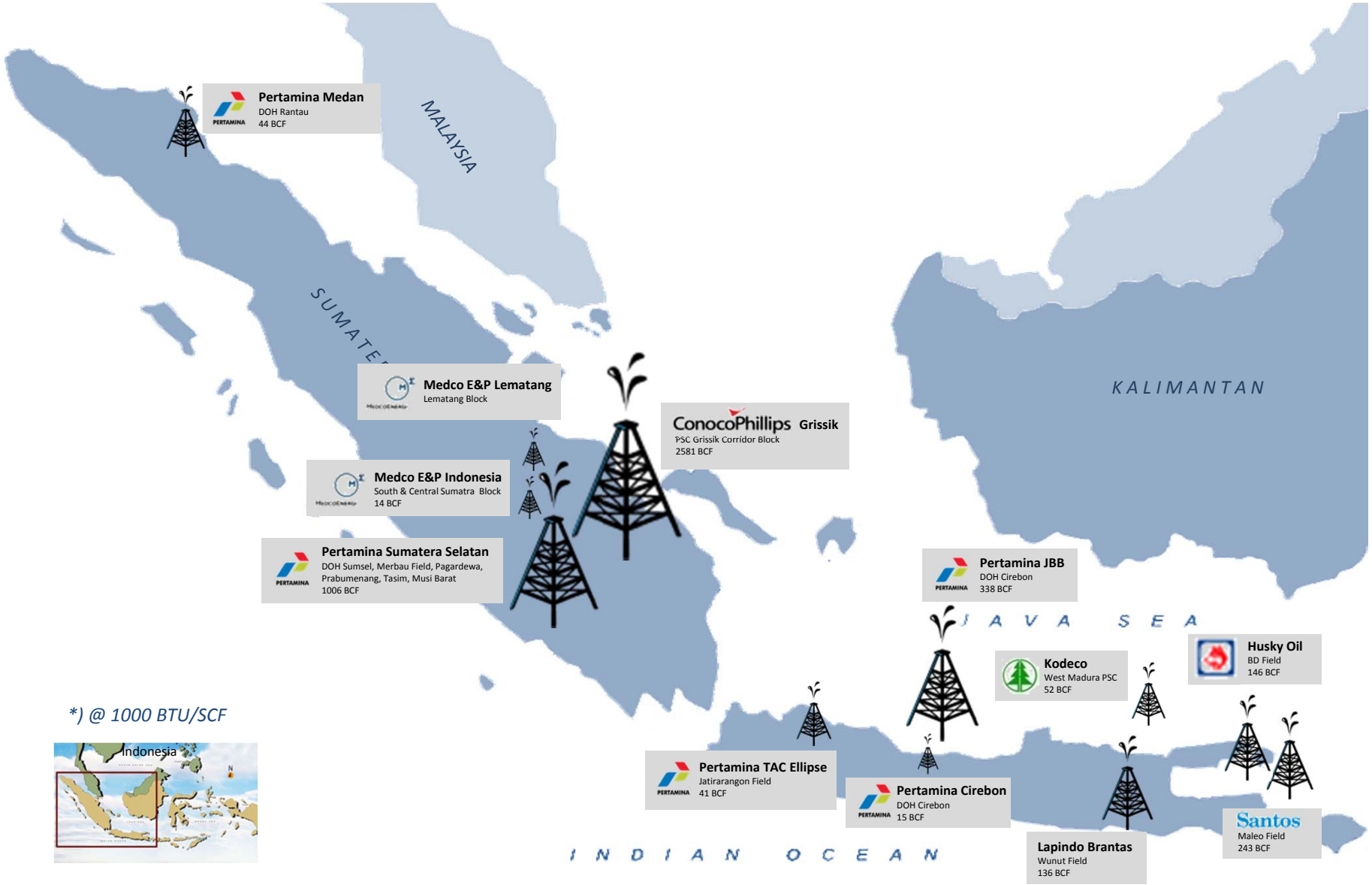
***)Transgasindo Shareholder Composition**



Our Network & Facilities



Our Sources of Gas



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

Recent Developments

Event	Detail of Event
12 October 2010 **Nusantara Regas signed HoA LNGSPA and HoA GSA**	• Nusantara Regas signed Head of Agreement on LNG Sales and Purchase Agreement (HoA LNGSPA) with Total E&P Indonesie, Inpex Corporation, and Pertamina to supply LNG Receiving Terminal in West Java from Mahakam Block, East Kalimantan. The supplies will up to 11.75 million tons for 11 years with delivery point at Bontang. • Nusantara Regas signed Head of Agreement on Gas Sales Agreement (HoA GSA) with PLN to supply PLN Muara Karang and PLN Tanjung Priok power plants.

Plan for New LNG Infrastructure

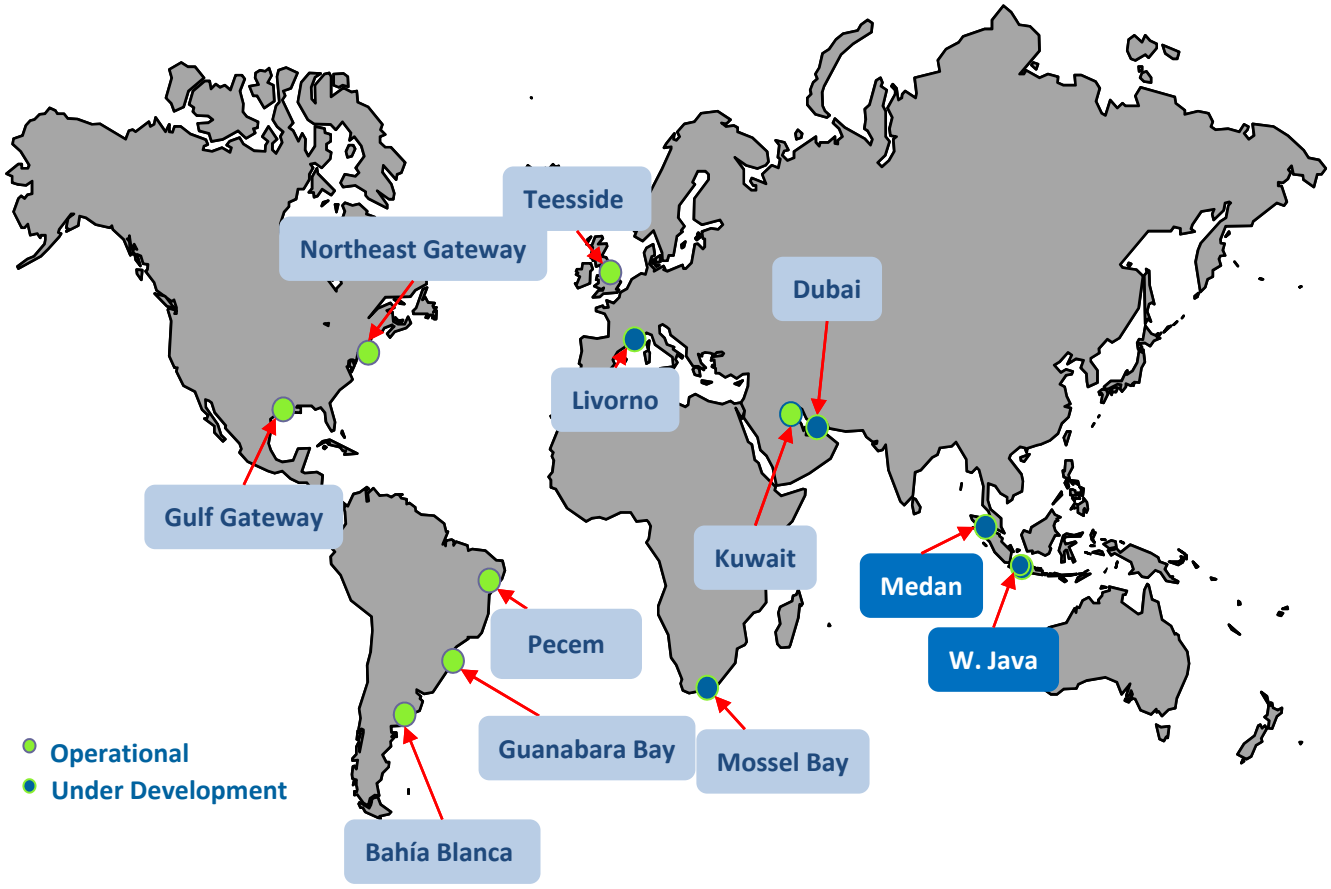
To Build the first 2 LNG Receiving Terminals

Source: *LNGpedia*

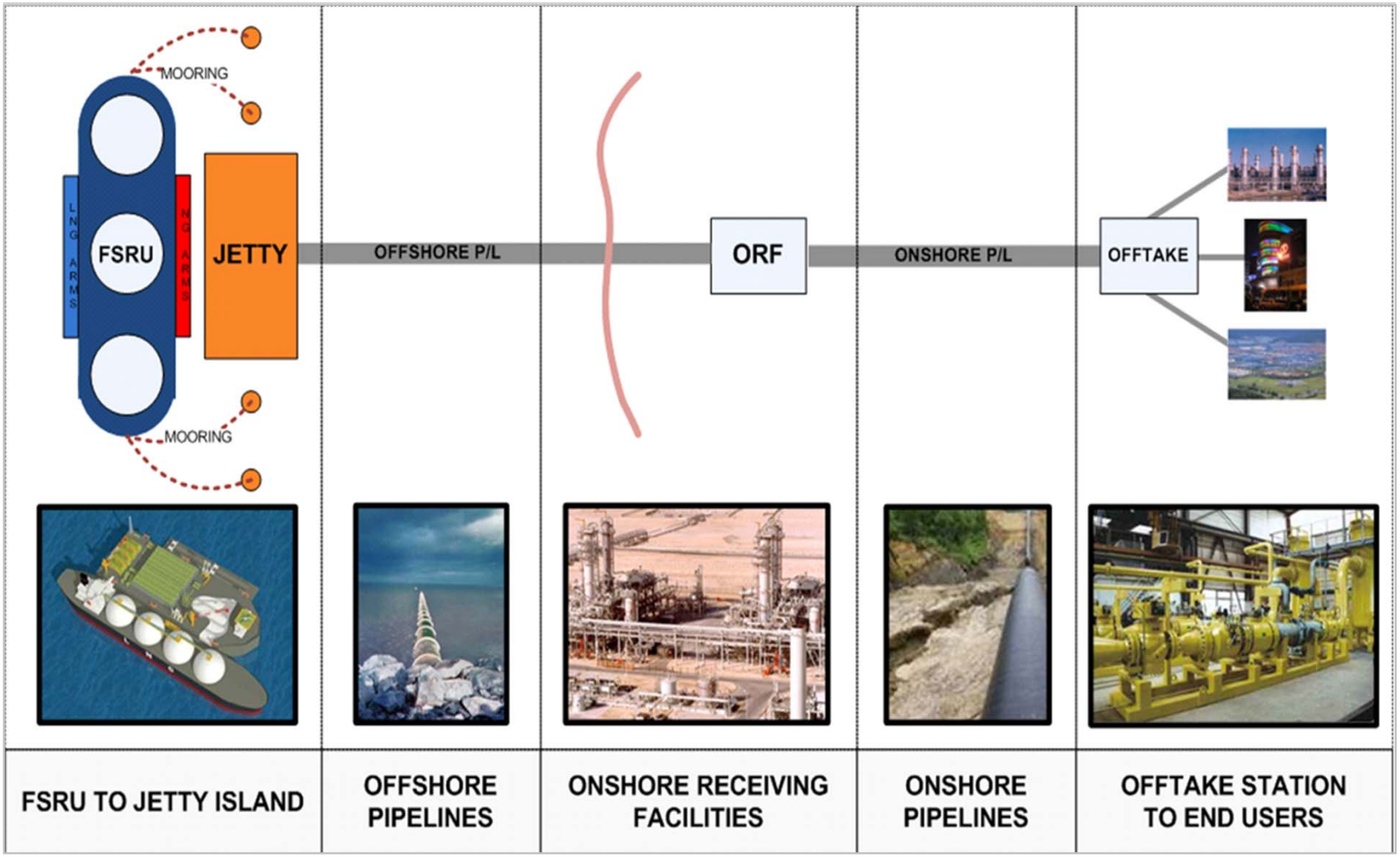
Floating LNG Terminals

LNG Ship “Golar Spirit” converted into LNG Regas Terminal

Source: *LNGpedia*



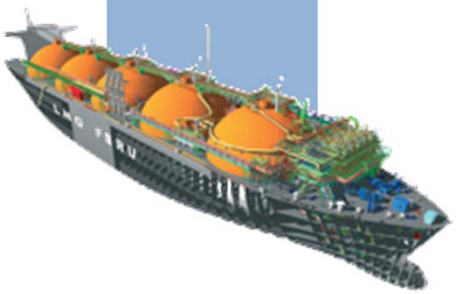
Floating LNG Terminal Overview



LNG Receiving Terminals

	WEST JAVA	NORTH SUMATRA
Location	Jakarta Bay	Belawan, Medan
Capacity (MTPA)	1.5 – 3 MTPA	1.5 MTPA
Customers	Power plants, industry	
Potential Supply	Bontang and others	Domestic and international sources
Owner	PGN (40%) Pertamina (60%)	PGN
Scope	FSRU, jetty, subsea and overland pipelines	

West Java FSRU – Recent Developments



Cooperation aspects:

- PLN pulled out of consortium citing focus on core-business
- JV between PGN and Pertamina signed

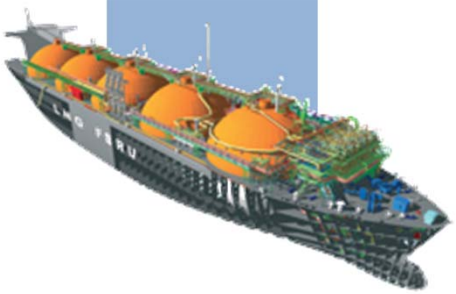
Technical aspects:

- JV appointed WorleyParsons Indonesia as Project Management Consultant
- Tender for EIA Consultant in evaluation process

Commercial aspects:

- LNG SPA being negotiated
- JV preparing key terms of GSPA with PLN

North Sumatera FSRU – Recent Developments



Legal/Coordination:

- Close coordination with Regional Government of North Sumatera and Belawan Port Authority

Technical aspects:

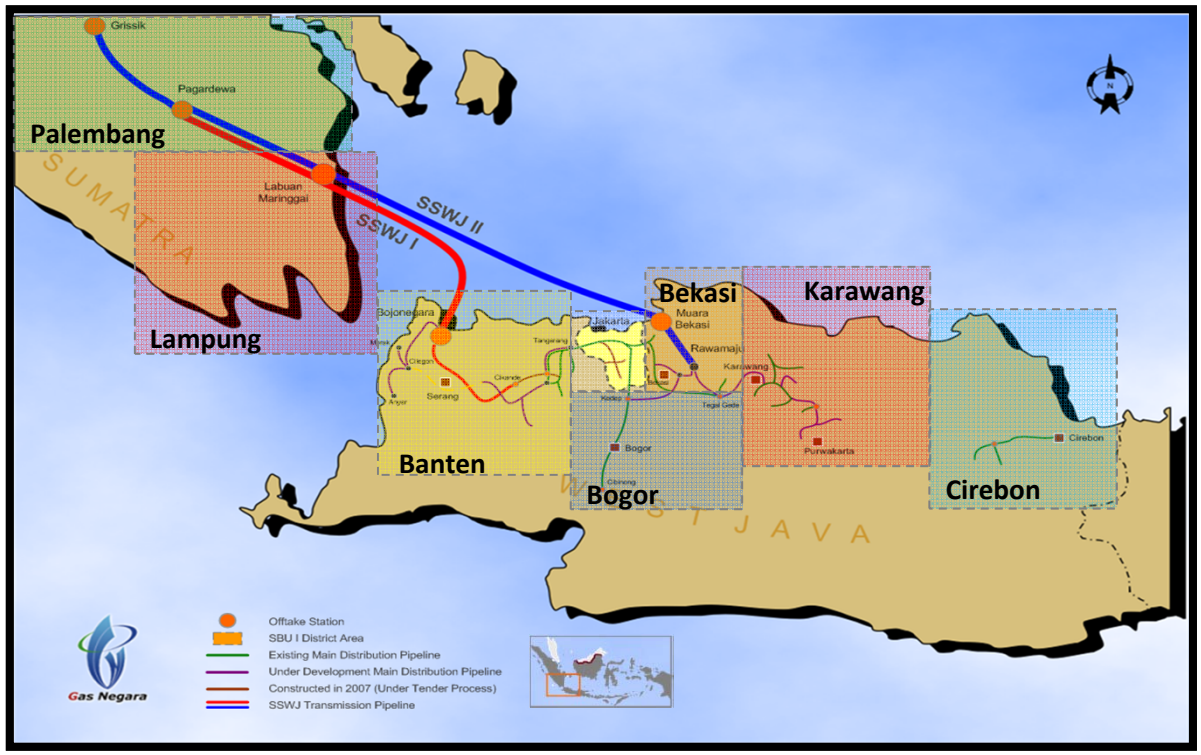
- LAPI ITB has been awarded as EIA consultant
- Foster Wheeler has been awarded as Project Management Consultant

Commercial aspects:

- MoU with PLN as gas offtaker signed
- Initial discussion with BP Tangguh and BP Migas on LNG supply

West Java Distribution Expansion

460 km West Java Distribution Expansion Project



460 km expansion of Jakarta, Bekasi, Cikampek, Bogor and Banten distribution system

System capacity increased by

- 85% in West Java
- 50% nationwide

Gas supply from South Sumatra

Scheduled for completion in 2011

Project funded by World Bank and PGN

Recently Issued Regulations

Government Regulation No. 55/2009

- Upstream has a mandate to meet domestic demand by allocating 25% of natural gas production

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

Guidance For 2010

Gas Flow Projections

- **Transmission: flat**
- **Distribution: 800-900 MMSCFD**

Capital Expenditure

- **Commitment in 2010: USD 200-250 million**

THANK YOU

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