



Perusahaan Gas Negara

August 2008



AGENDA

- I. PGN's Overview & The Year in Review**
- II. Indonesian Gas Industry**
- III. Business Review**
- IV. Project Progress**
- V. Operational and Financial Results**
- VI. Future Plan**



I. PGN's Overview & Recent Update

PGN's OVERVIEW

- A national leading gas transmission and distribution company.
- Engaged in domestic downstream natural gas business to provide natural gas for industrial, commercial and household customers.
- As of Q1 2008, PGN control 87% market share of transmission business and 93% of distribution.
- As of Q1 2008, 716.39 MMScfd of natural gas were transported through transmission pipeline and 526.64 MMScfd gas sold to domestic customers using distribution network.
- Listing on JSX and SSX (now Indonesia Stock Exchange), known as PGAS, on December 15, 2003 with IPO price of IDR 1,500 per share.
- The Republic of Indonesia owns 55% of shares while Public holds 45% of shares.
- On August 4, 2008, PGN's market capitalization was IDR 48.8 trillion (USD 5.4 billion), ranked 9 among top ten listed companies and ranked 4 among top ten listed SOE, in Indonesia Stock Exchange.
- PGAS exercised a 5:1 ratio stock split (Closing Price at Rp.2,125) on August 4, 2008.



RECENT UPDATE

- ❑ South Sumatra West Java (“SSWJ”) Gas Pipeline Project
 - ✓ Pagardewa – Labuhan Maringgai – Bojonegara and Labuhan Maringgai – Muara Bekasi gas pipeline sections have been in operation since March and July 2007. Grissik – Pagardewa gas pipeline section has been in operation since October 2007.
 - ✓ Pagardewa Compressor Station is in operation since April 2008.
 - ✓ Currently, the South Sumatra West Java (the system) gas pipeline is capable to transport gas up to 470 MMScfd.
- ❑ The 463 km of West Java Main Gas Distribution Pipeline is scheduled to complete in 2009. Going forward, the gas distribution expansion will be adjusted in line with the market demand.
- ❑ New gas supply and sales agreements.
 - ✓ A 50 MMScfd Head of Agreement signed with ConocoPhillips to supply gas from Ketapang block for East Java network. The gas delivery is scheduled to start in 2011 with 5 years contract period.
 - ✓ 150 MMScfd firm basis and 100 MMScfd interruptible basis Gas Sales Agreement with PLN signed in April 2008 for 3 years. These new gas contracts are an addition to the previous 50 MMScfd firm basis Gas Sales Agreement signed in July 2007 for 5 years period. The gas will be used for PLN power plant in Muara Tawar.
 - ✓ 11.75 million ton LNG supply MoA, from Mahakam Blok PSC, signed by Total E&P Indonesia-INPEX Corporation and PGN LNG consortium in July 2008.

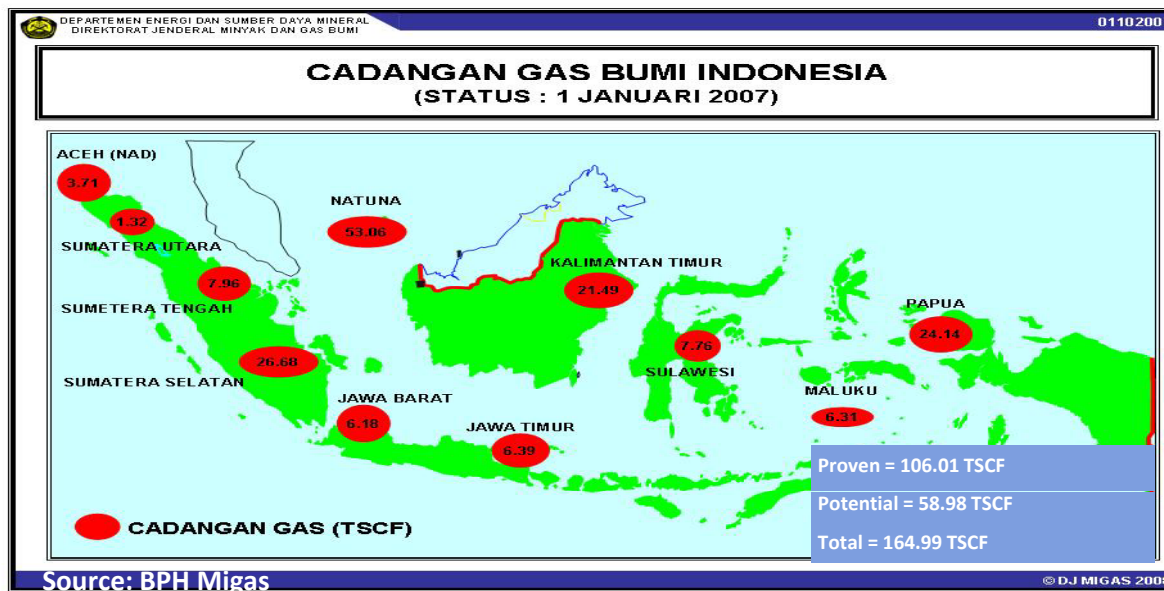


II. Indonesia Gas Industry

INDONESIAN GAS MARKET OVERVIEW

- Indonesia has the largest proven natural gas reserves in Asia Pacific
 - As of Jan 2007, proven gas reserves in Indonesia were 106.01 trillion cubic feet and potential gas reserves in Indonesia were 58.98 trillion cubic feet
- The transmission and distribution infrastructure has a significant role in the domestic gas industry
 - Majority of the gas reserves are located in Sumatra and Kalimantan, far away from the fuel-consuming, industrial areas like Java
 - Natural gas utilization (export and domestic) has reached 2.71 TSCF in 2007 and is expected to increase going forward. This rising trend would require a further expansion of the nation's pipeline network.

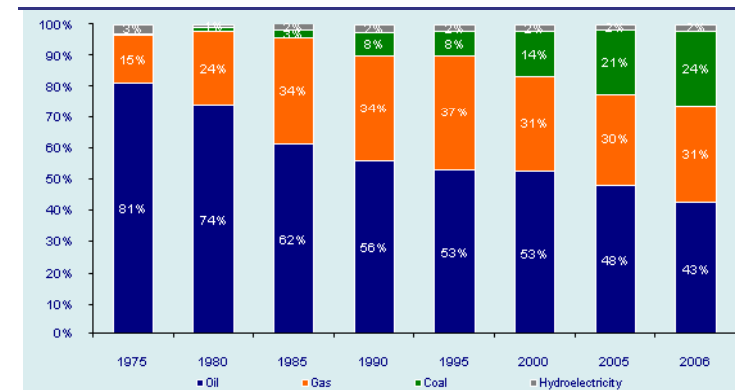
Indonesian Gas Reserves as of 1 Jan 2007



POTENTIAL SHIFT FROM OIL TO GAS CONSUMPTION

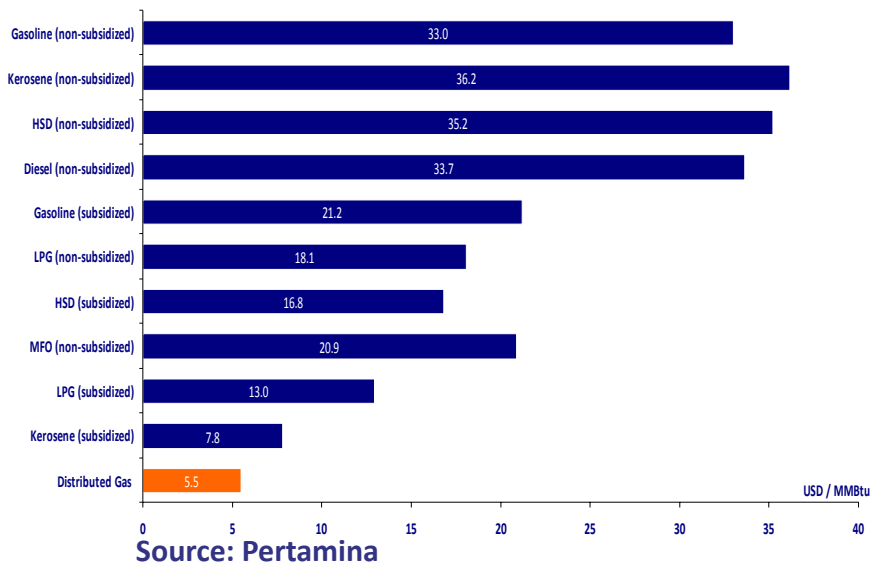
- Primary energy consumption in Indonesia has reached 11.8 BScfd in 2006
- Oil contribution in total energy consumption continue to decline due to the surging oil price and the reduction of oil subsidies in Indonesia
 - Indonesian government reduced the oil subsidies in October 2005 and May 2008. As a result, the subsidized HSD price has jumped from USD 5.84/MMBtu in September 2005 to USD 16.37 /MMBtu in May 2008, representing a price increase of more than 100%
 - Gas has a strong price advantage against oil and the oil-related subsidy reduction resulted in a major industry shift from oil to gas consumption
 - The new gas transmission pipeline is predicted to accelerate the shift from oil to gas consumption

Indonesia's Primary Energy Consumption
by Energy Type

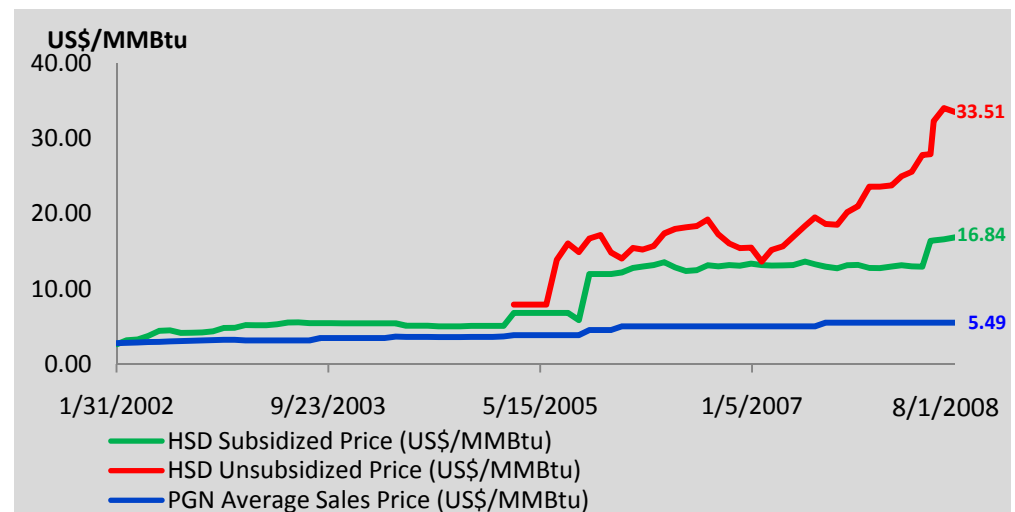


Source: BP Statistical Review of World Energy 2007

Relative Energy Price (as of July 15, 2008)



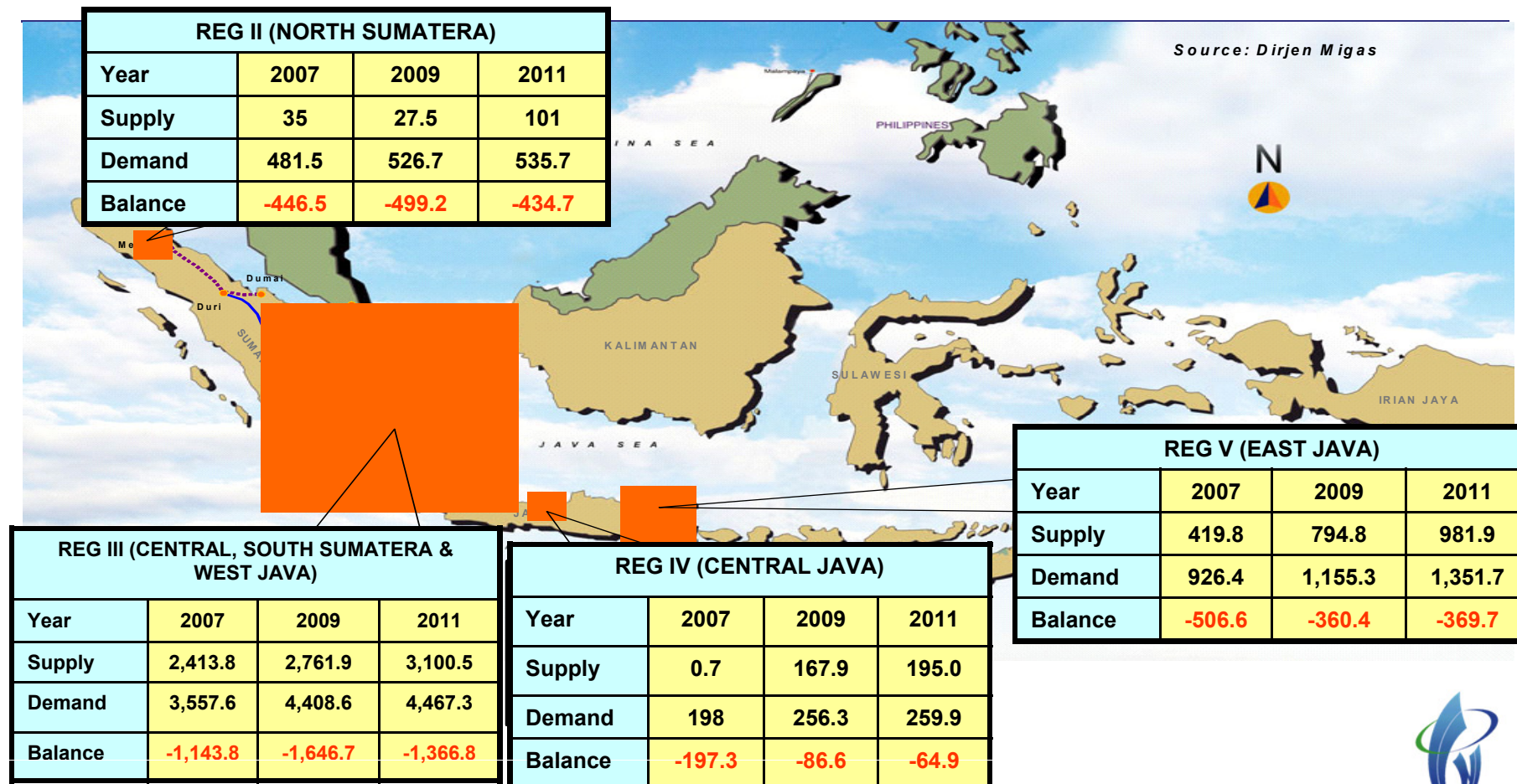
PGN Gas Price Vs HSD Price



Note: based on crude oil price of USD 124/barrel

INDONESIAN GAS MARKET OUTLOOK

Contracted, Committed and Potential Gas Supply & Demand for Major Regions in Indonesia

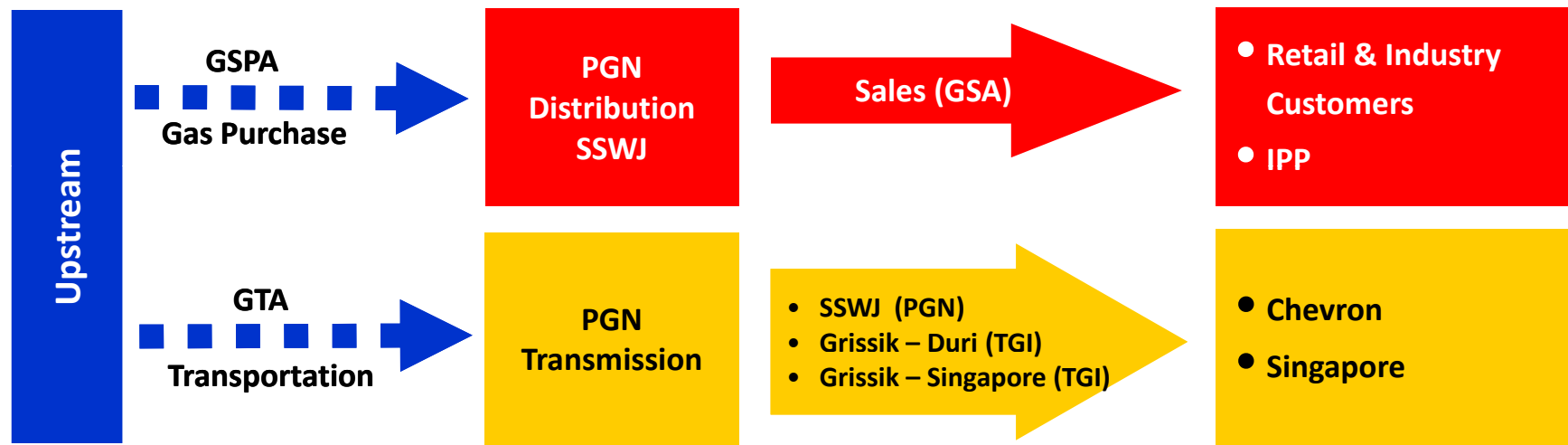




III. Business Review

PGN's EXISTING BUSINESS

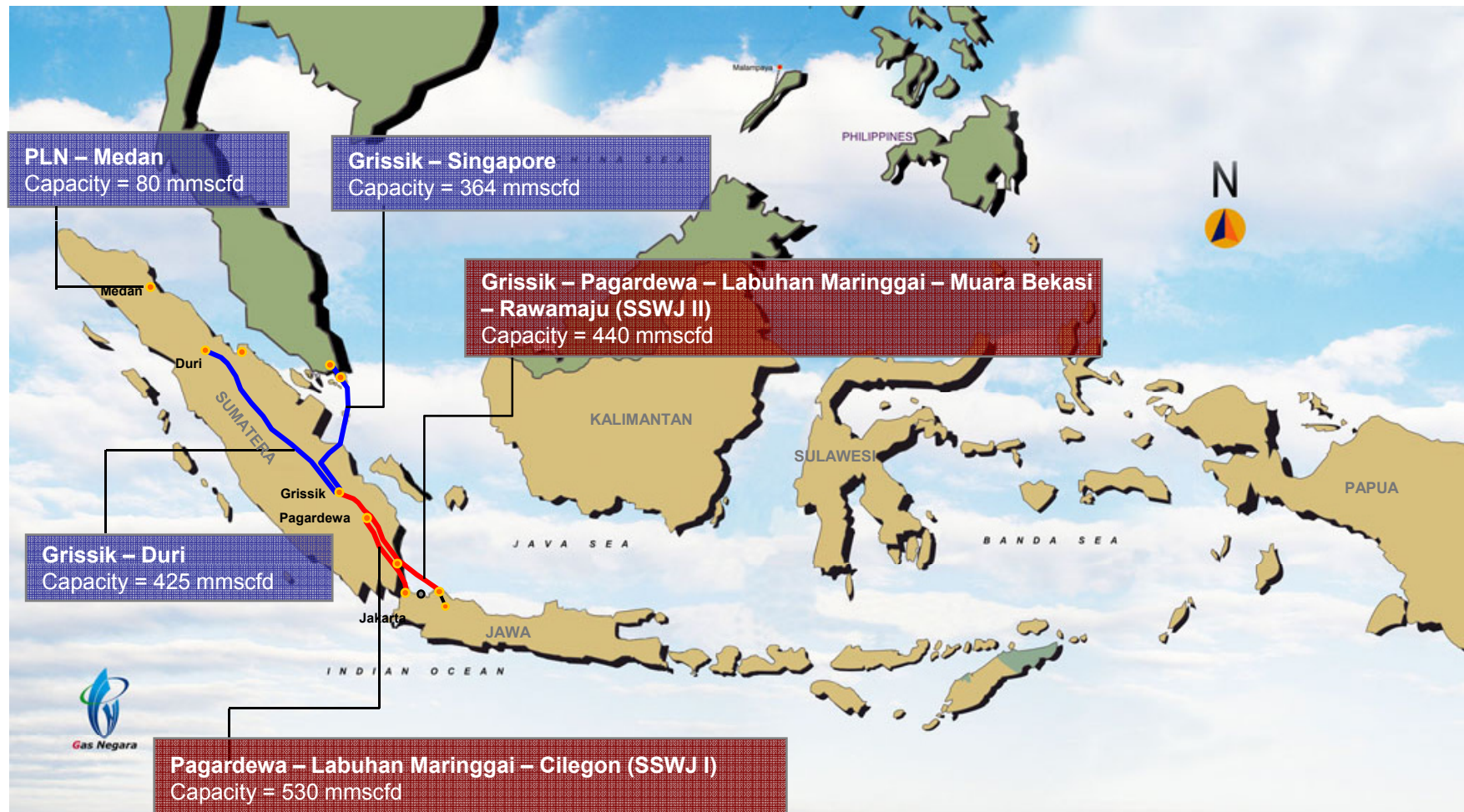
- PGN has a dominant market position in gas distribution and transmission in Indonesia
- The SSWJ Project will provide greater control over volumes delivered to the distribution business and generate stable earnings from the transmission volume



Gas Supply for Distribution Business	Distribution – Sale of Gas to End User	Transmission – Transport Third Party's Gas
• Gas Sales & Purchase Agreement (GSPA) – Long-term contract – Take-or-pay volumes – Fix price in US\$	• Gas Sales Agreements (GSA) – Minimum pay volumes – Price in US\$ & IDR	• Gas Transmission Contract (GTA) – Long-term contract – Minimum ship-or-pay volumes – Tariffs in US\$

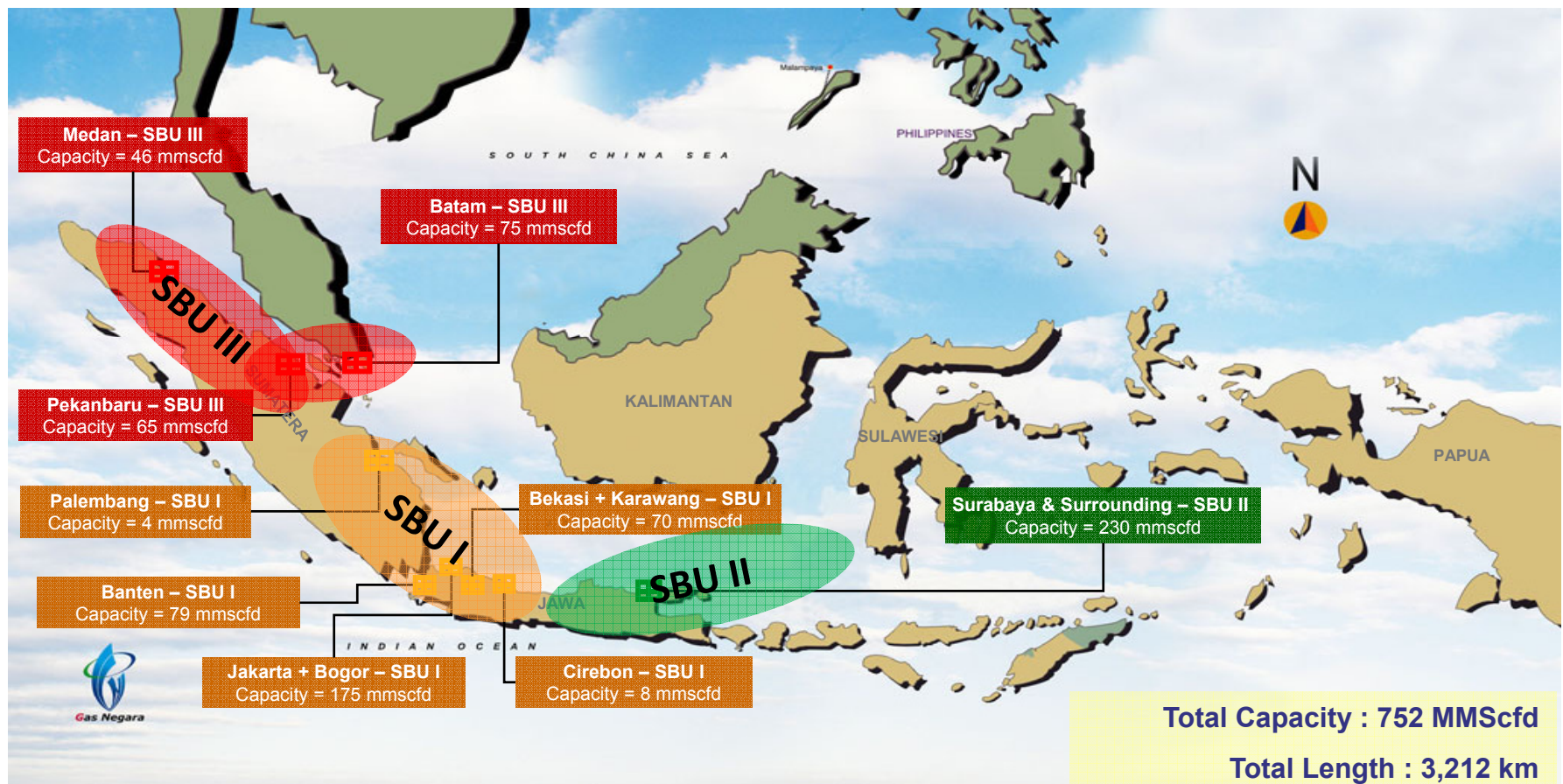
EXISTING TRANSMISSION NETWORK

- PGN and its 60%-owned subsidiary TGI operate transmission pipelines with a total length of 1,074km and a combined capacity of 869 mmscfd. After completion of the SSWJ Project, the capacity will increase to 1,839 mmscfd, representing an increase of more than 100%



EXISTING DISTRIBUTION NETWORK

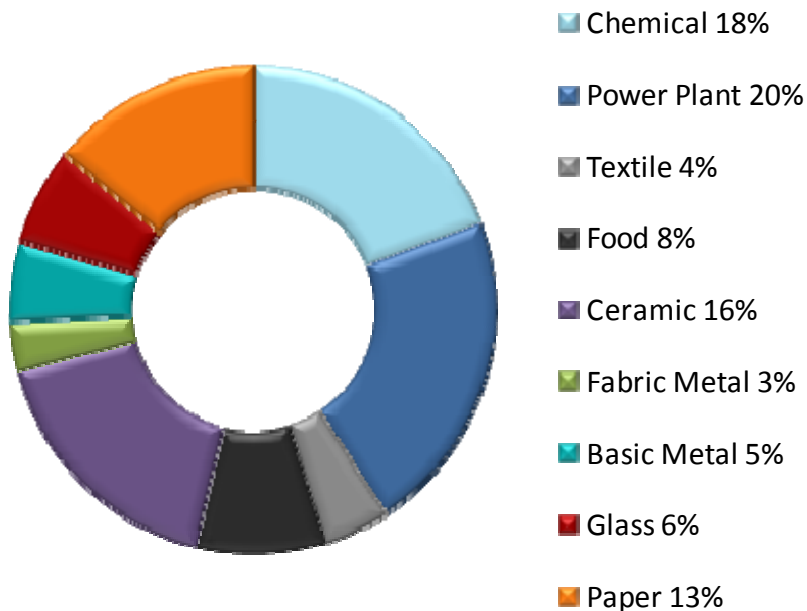
- PGN has developed an extensive distribution network covering 9 major cities in Indonesia
- The network and facilities are managed by three SBUs – West Java (SBU I), East Java (SBU II) and Sumatra (SBU III)
- Household selling price increased by 60%, in December 1, 2007, to USD 7.53/MMbtu.
- Industrial selling price increased by 9.73%, in August 1, 2007, to USD 5.49/MMBTU.



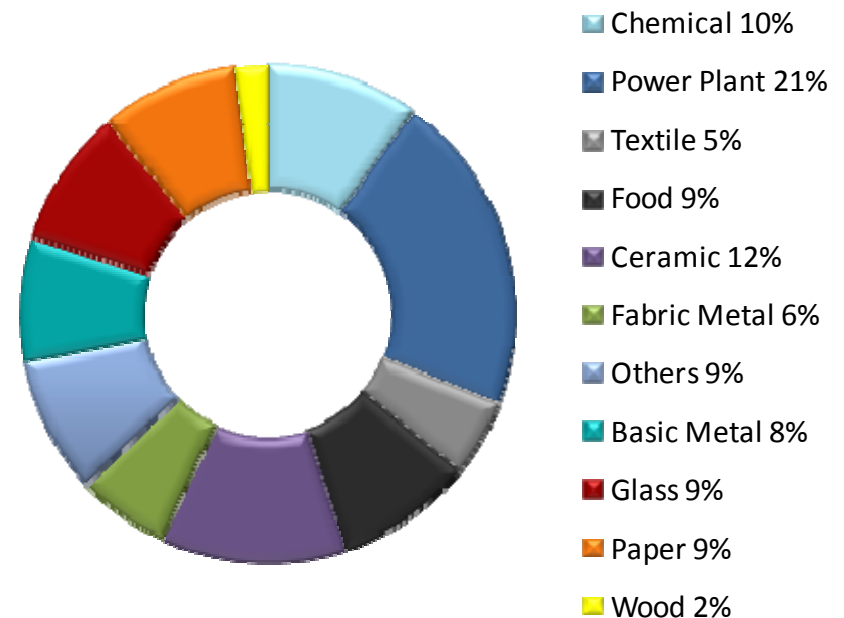
STRONG DISTRIBUTION CUSTOMER BASE

- Industrial customers continue to dominate PGN's customer base and drive PGN's distribution business growth. As of March 31, 2008, sales volume of industrial customers was 519 MMScfd or equal to 98.6% of PGN's sales.

2007 Industrial Customer Consumption

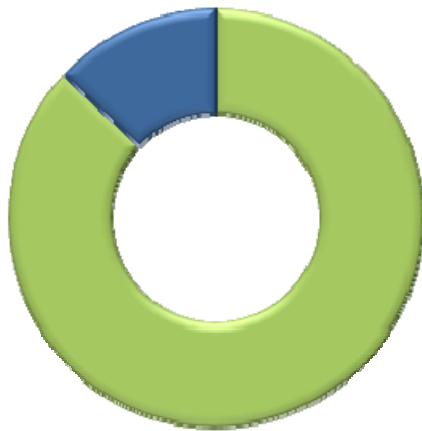


Q1 2008 Industrial Customer Consumption



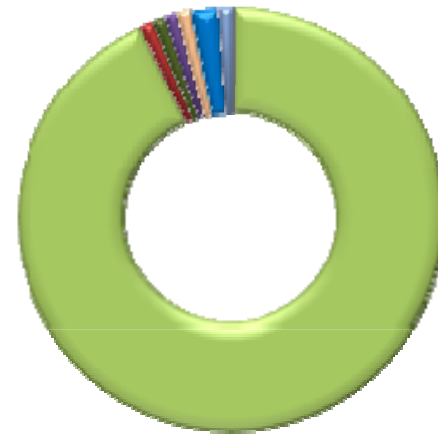
PGN's MARKET SHARE

Q1 2008 Transmission



■ PGN 87% ■ Pertagas 13%

Q1 2008 Distribution



■ PGN 93% ■ Manggala 1%
■ Bayu Buana 1% ■ Rabana 1%
■ Sadikun 1% ■ EHK 2%
■ Banten Inti Gasindo 1%

VOLUME PROJECTION

(MMScfd)

Distribution	2008E
SBU I	380
SBU II	144
SBU III	76
Total	600
Transmission	765

Note :

- 2008 average Distribution volume includes potential new contracts of 200 MMScfd with PLN which is expected to start flowing the gas in the mid of August 2008.

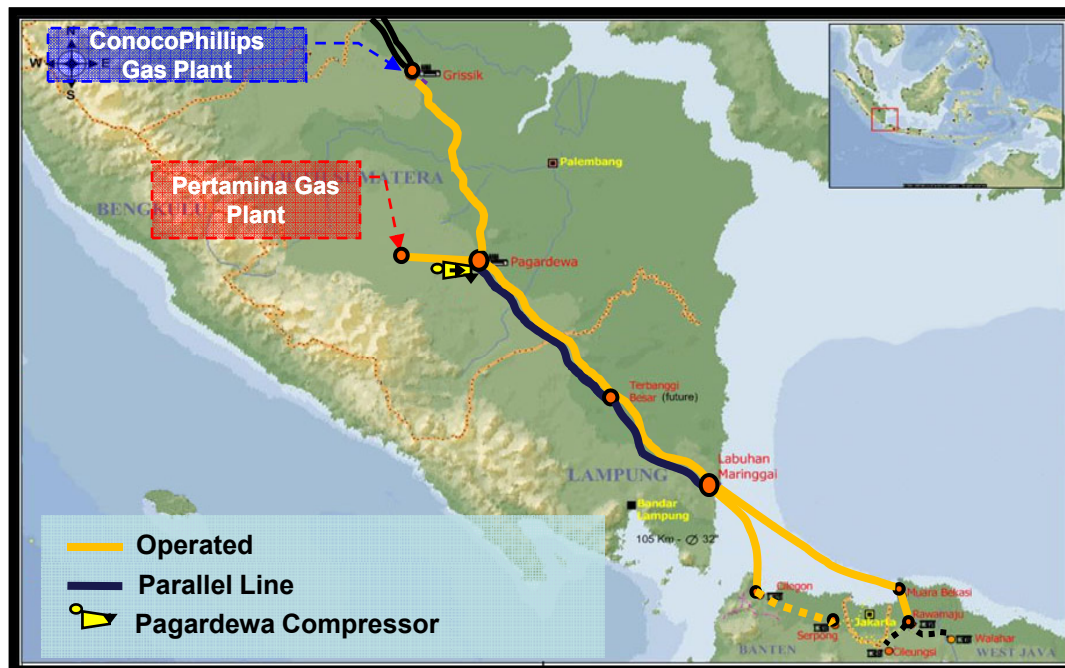
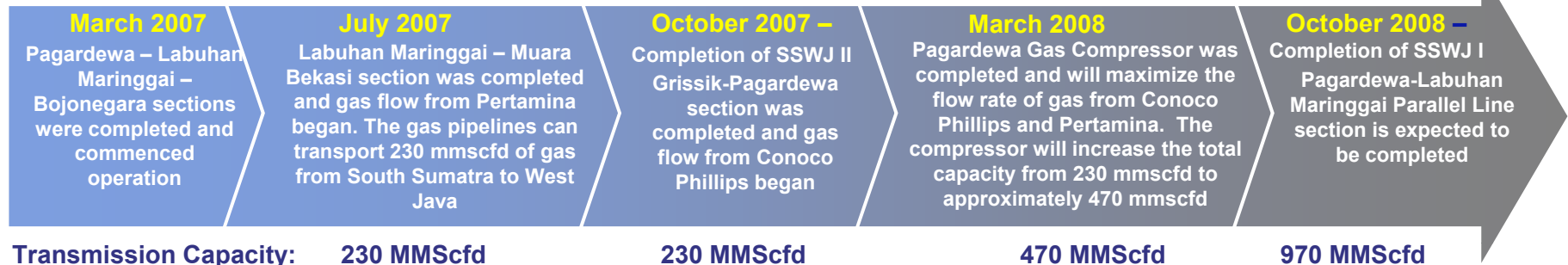




IV. Project Progress

SSWJ PROGRESS & KEY MILESTONES

- The overall SSWJ Project is expected to be completed by Oct 2008 with the completion of the Pagardewa-Labuhan Maringgai parallel line. The total capacity of SSWJ is expected to be 970 MMScfd



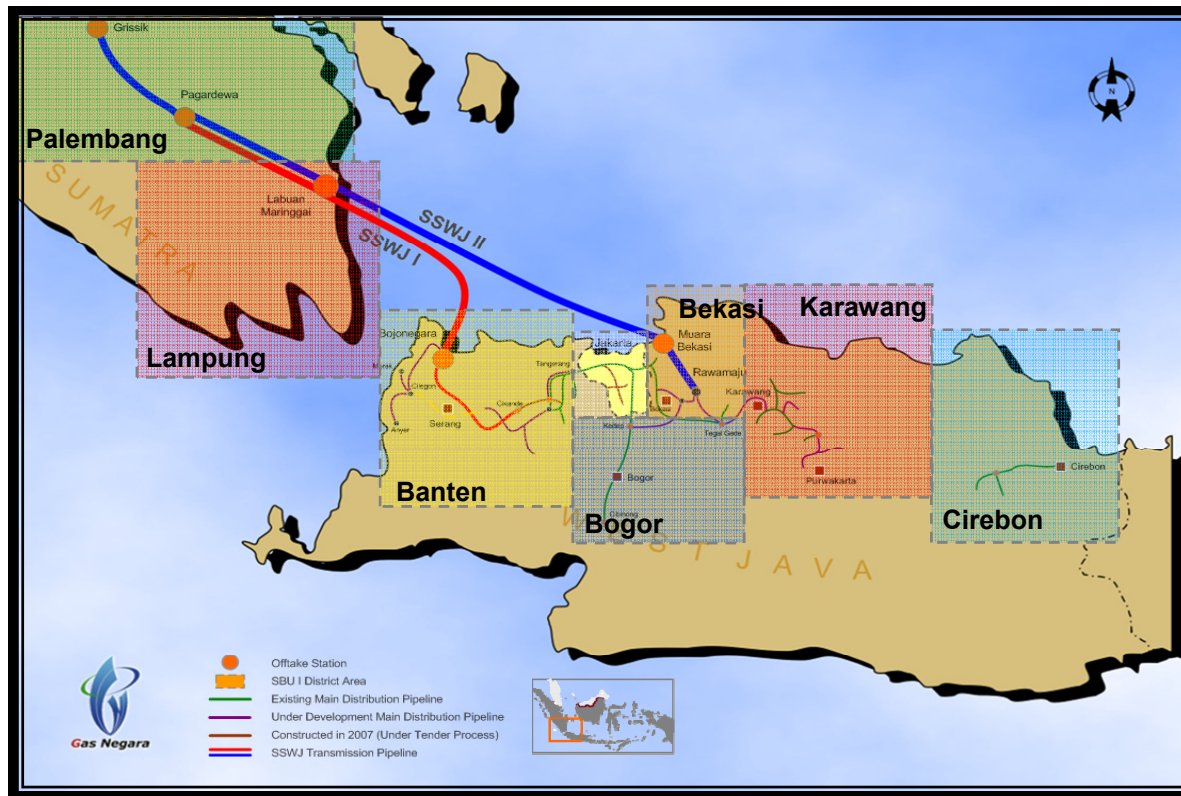
Latest status (as of July 29, 2008):

- Cleaning & gauging (KP4 to KP271), hydrostatic test (KP4 to KP271), sectional valves installation, future connections installation, drying, nitrogen purging and mechanical completion were completed.
- Target for commissioning: end of August 2008
- Construction progress : 99 %
- Overall progress (including material) : 99.6%
- Target for completion : October 2008



WEST JAVA DISTRIBUTION EXPANSION

The West Java Distribution Expansion Project with 463km main pipelines commenced in 2005. The project aims to distribute the gas from SSWJ and is expected to be fully completed in 2009



PGN is expanding its distribution network in Jakarta, Bekasi, Cikampek, Bogor, Banten and the surrounding areas

The expansion started in 2005 and is scheduled to reach completion in 2009. The Project will expand the distribution network in West Java by 463 km in line with increasing gas volume transported from South Sumatra.

After completion PGN total distribution capacity will reach $\pm 1,500$ MMScfd.

The project is funded by World Bank via IBRD (USD 80 million) and PGN's internal cash flow

WEST JAVA DISTRIBUTION PROGRESS & KEY MILESTONES

Aug 2007

Distribution mainlines for Rawamaju-Kalimalang-Kedep-Pondok Ungu and Rawamaju-Walahar were partially completed and commenced operations. The pipelines received gas from SSWJ to PGN's existing and new customers

Sept 2007

**Distribution
mainline for Bitung-
Batu Ceper was
partially completed
and commenced
operations to
strengthen the
existing network**

Dec 2007

**Distribution mainline
for Bitung-Batuceper
and distribution
branchlines for Banten,
Bogor, Jakarta, Bekasi
and Karawang are
expected to complete
by Dec 2007**

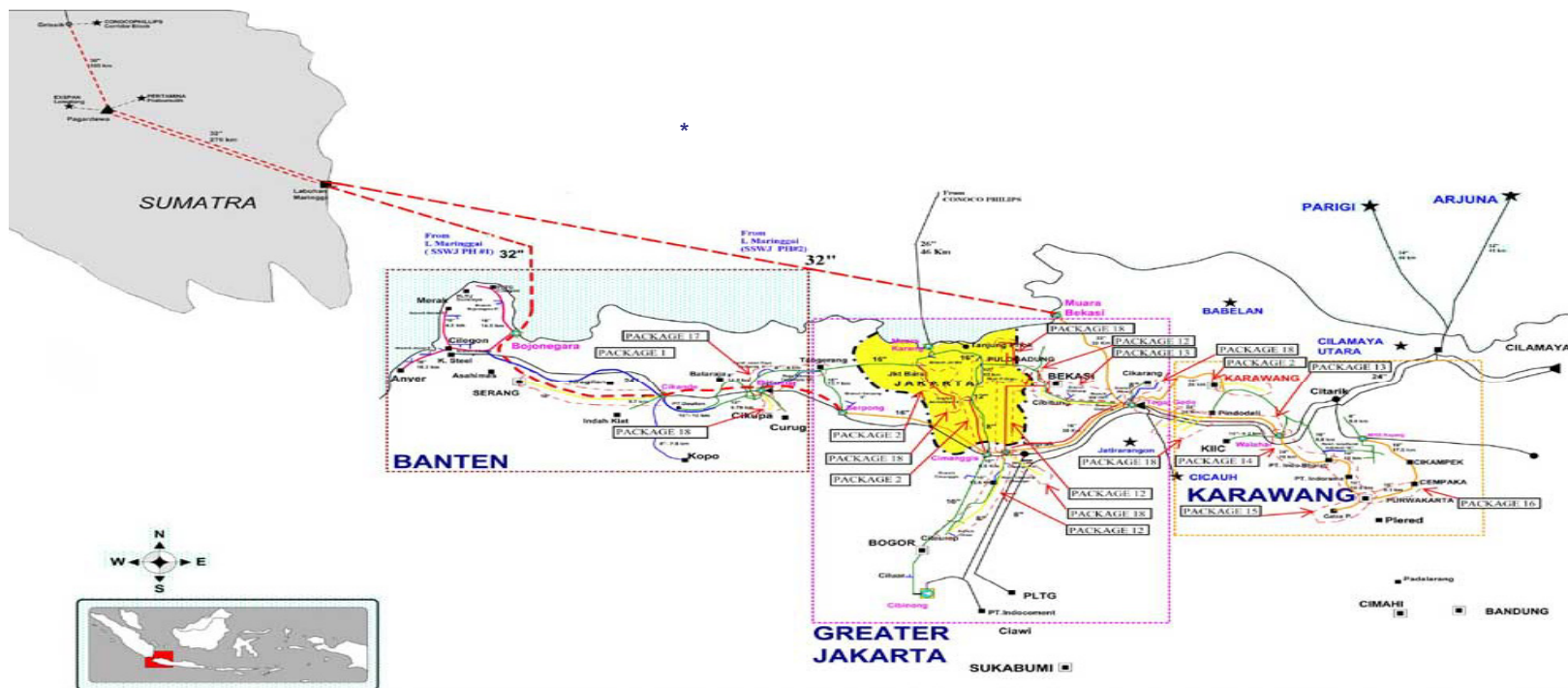
Mar & Jun 2008

Distribution mainlines for Banten and Greater Jakarta are expected to complete

Oct 2008 – Pipeline Completion of World Bank Packages

Feb 2009 – Pipeline Completion of PGN Packages

Dec 2009 – Completion of Bojonegoro-Serpong transmission mainline



PROJECTED CAPEX

(Million USD)

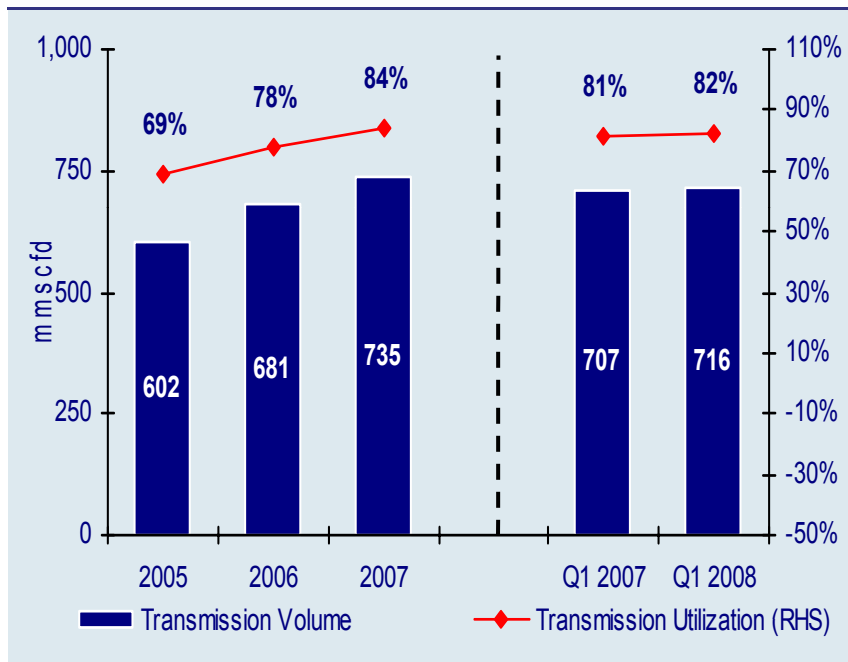
Project	2008E
Transmission	163.7
Distribution	103.0
LNG	0.9
Total	267.6



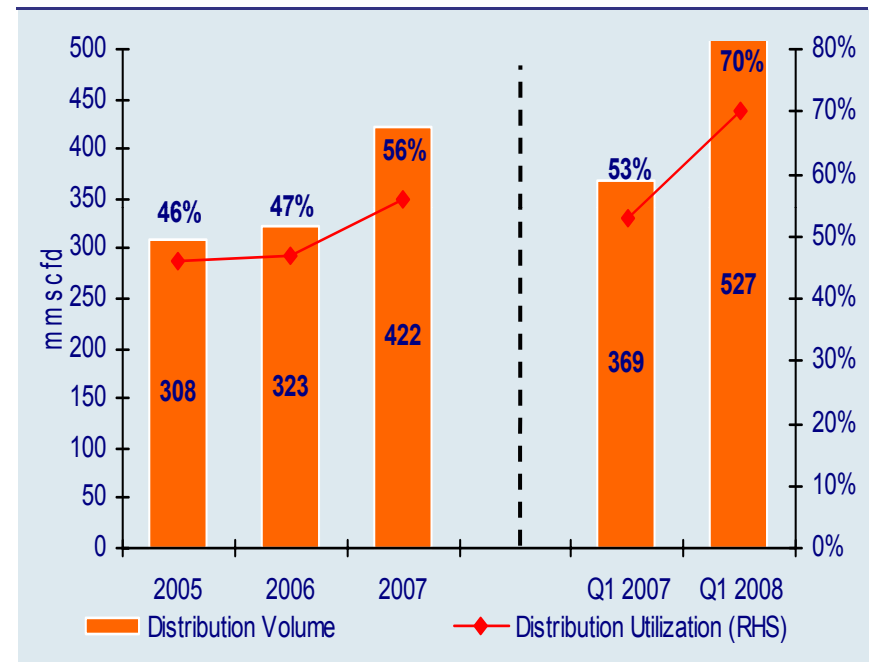
V. Operational & Financial Results

OPERATING PERFORMANCE HIGHLIGHTS

Transmission Volume

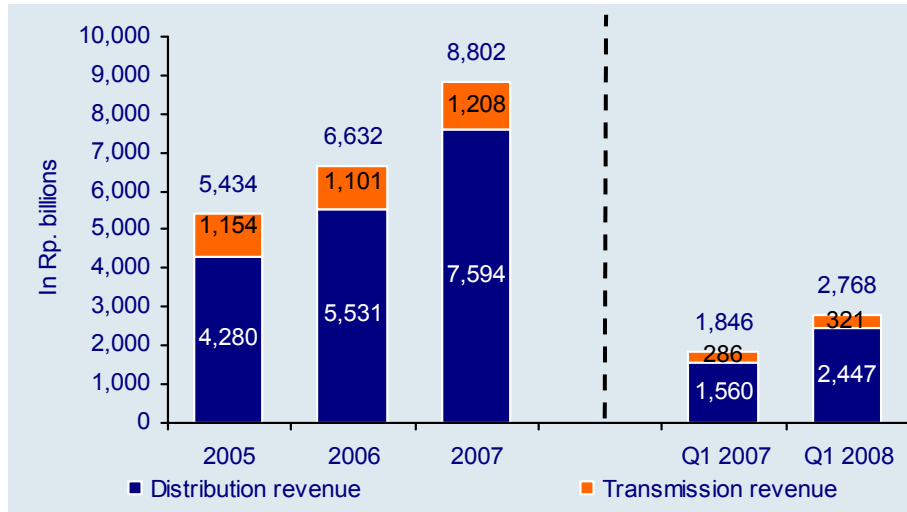


Distribution Volume

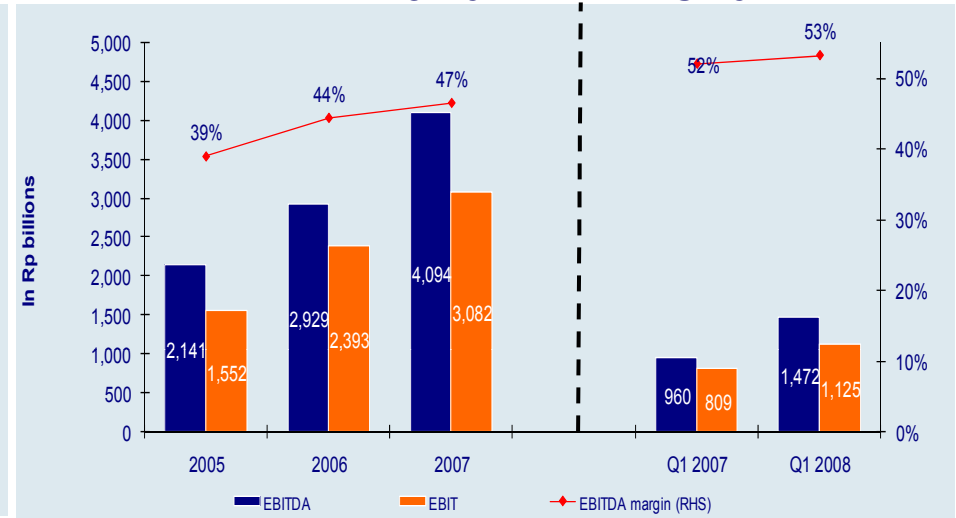


FINANCIAL HIGHLIGHTS

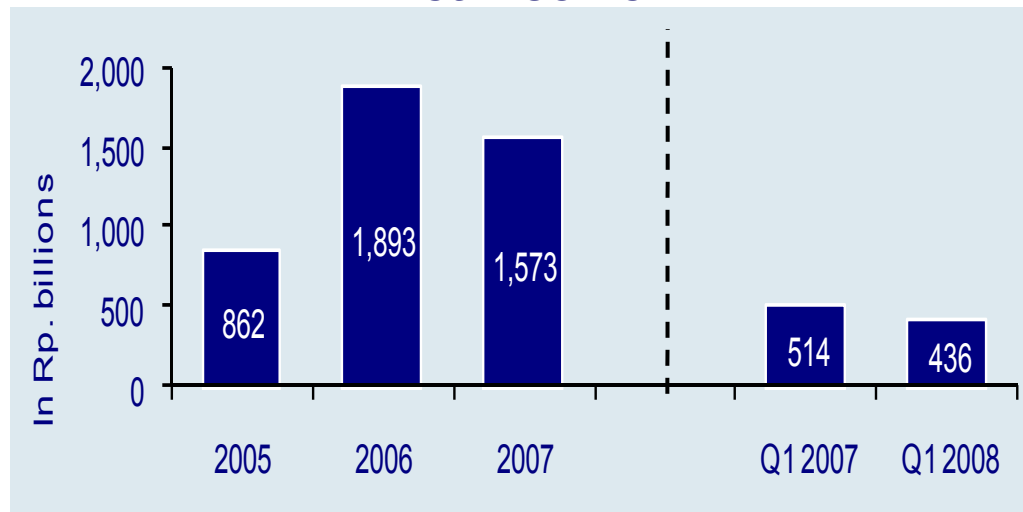
Revenue Trend



EBITDA and EBIT Trend

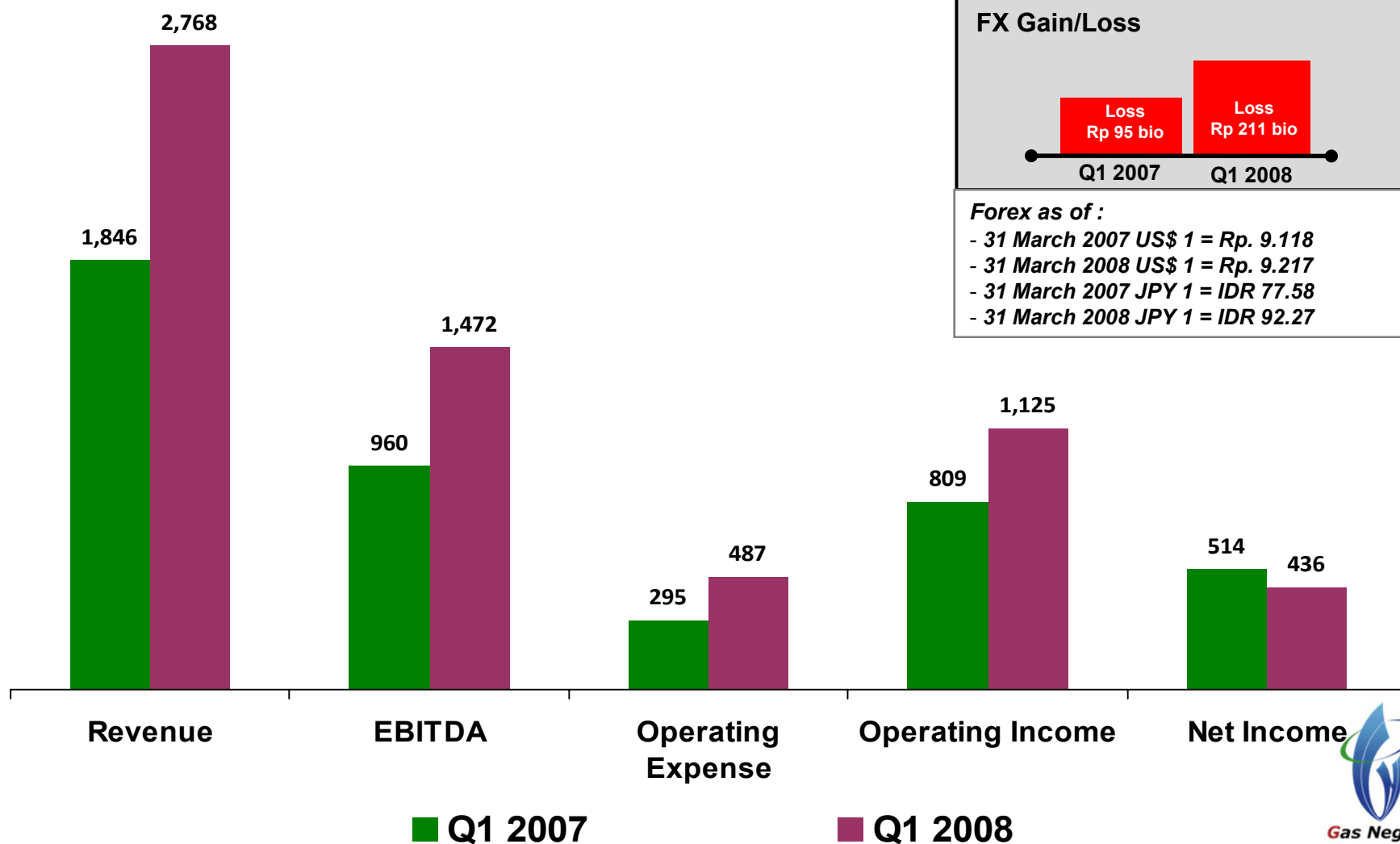


Net Income



INCOME STATEMENT Q107 vs Q108

(billion rupiah)



CONSOLIDATED BALANCE SHEET

<i>(in billion Rupiah)</i>	2007	Q1 2007	Q1 2008	%
Current Assets	3.715	2.860	4.498	57
Non Current Assets	16.633	14,404	16.255	13
Total Assets	20.348	17.264	20.753	20
Current Liabilities	3.169	2.752	2.367	(14)
Non Current Liabilities	10.015	7.644	10.293	35
Minority Interest In Net Assets of a Subsidiary	729	732	718	(2)
Government Project Funds	127	127	127	-
Total Shareholders Equity	6.308	6.009	7.248	21
Total Liabilities And Shareholders Equity	20.348	17.264	20.753	20

Forex as of :

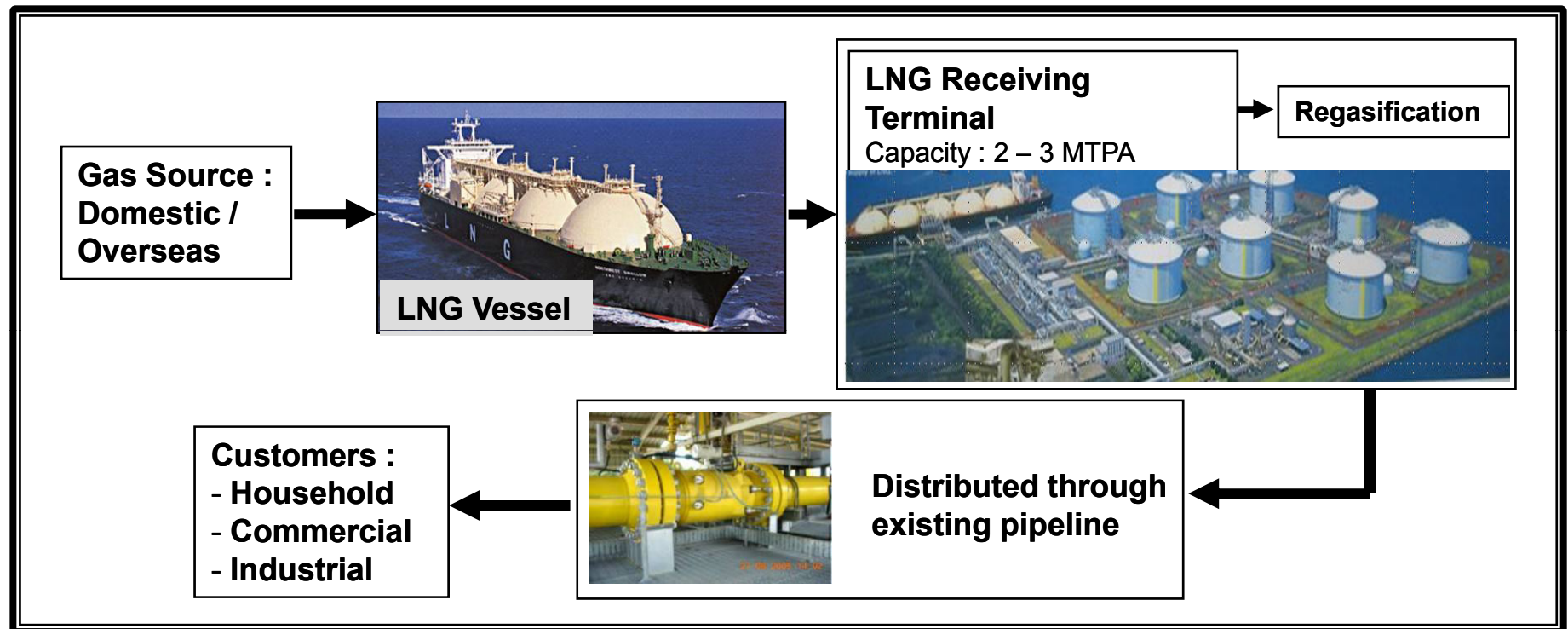
- 31 March 2007 US\$ 1 = Rp. 9.118
- 31 March 2008 US\$ 1 = Rp. 9.217
- 31 December 2007 US\$ 1 = Rp. 9.419





IV. Future Plan

LNG RECEIVING TERMINAL



- Based on feasibility study in 2003, to fulfill increasing demand and to secure gas supply in Java, PGN plan to build LNG Receiving Terminal that will start to operate in 2014.
- Implementation program:
 - Deepening Feasibility Study.
 - Proceed of FEED and EIA.
 - Socio-cultural study for preparation of land acquisition.
 - Secure of gas supply from domestic (Bontang-Kalimantan or Tangguh-Papua) or overseas.
 - 11.75 million ton LNG supply MoA, from Mahakam Blok PSC, signed by Total E&P Indonesia INPEX Corporation and PGN LNG consortium in July 2008.

DURI – MEDAN TRANSMISSION PIPELINE

Project Scope

- ▶ Duri - Medan transmission pipeline (28" - 509km)
- ▶ Additional:
 - Compressor : Simpang Dumai (9,000 HP)
 - Kondur spurline : BY - Simpang Dumai (20" - 155km)

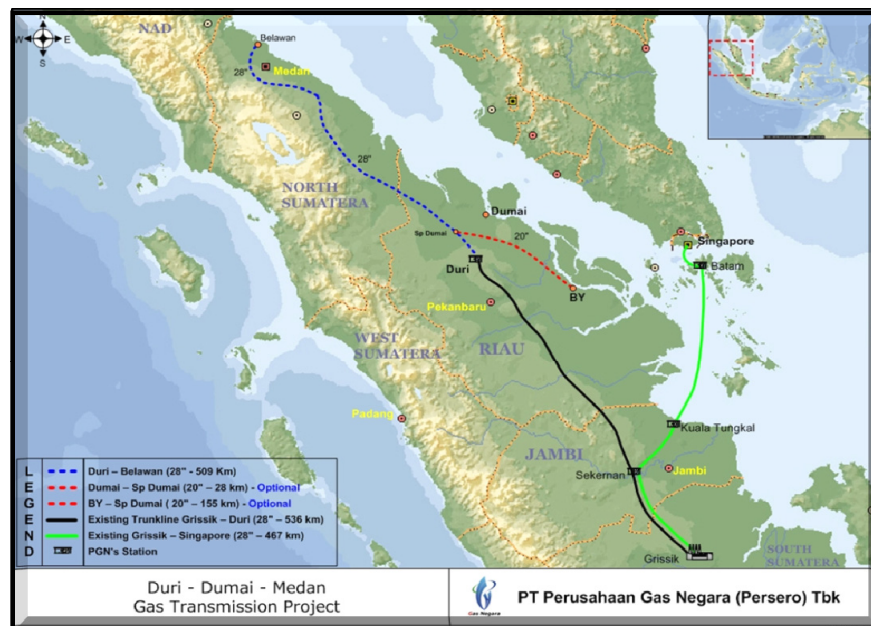
Justification

- ▶ A critical step in sustaining and expanding the North-Sumatra gas distribution market
- ▶ Strategic opportunity to establish PGN's Sumatra gas dominance by locking-up gas supply
- ▶ Complete the integration of the Sumatra island-wide transmission network

Status

- ▶ Feasibility study and FEED have been completed
- ▶ EIA Methodology has been approved by GOI
- ▶ Principal permits from the MEMR has been received
- ▶ Financing arrangements underway
- ▶ Gas supply status from South Sumatera is being negotiated with potential sources like ConocoPhillips and Kondur Dumai

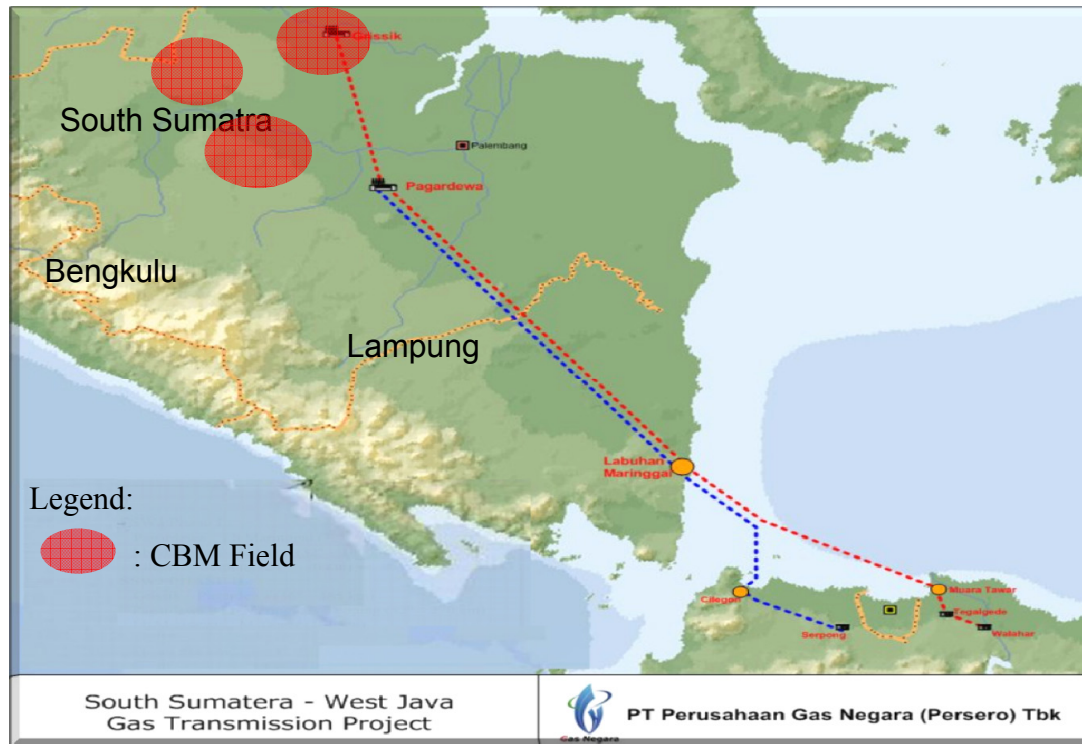
Location



Key Statistics

- ▶ **Date of Completion: Target 2012**
- ▶ **Total Length: 664 km (incl. spurline)**
- ▶ **Capacity: 250 mmscfd**

Integrated CBM Development with Pipeline Transmission



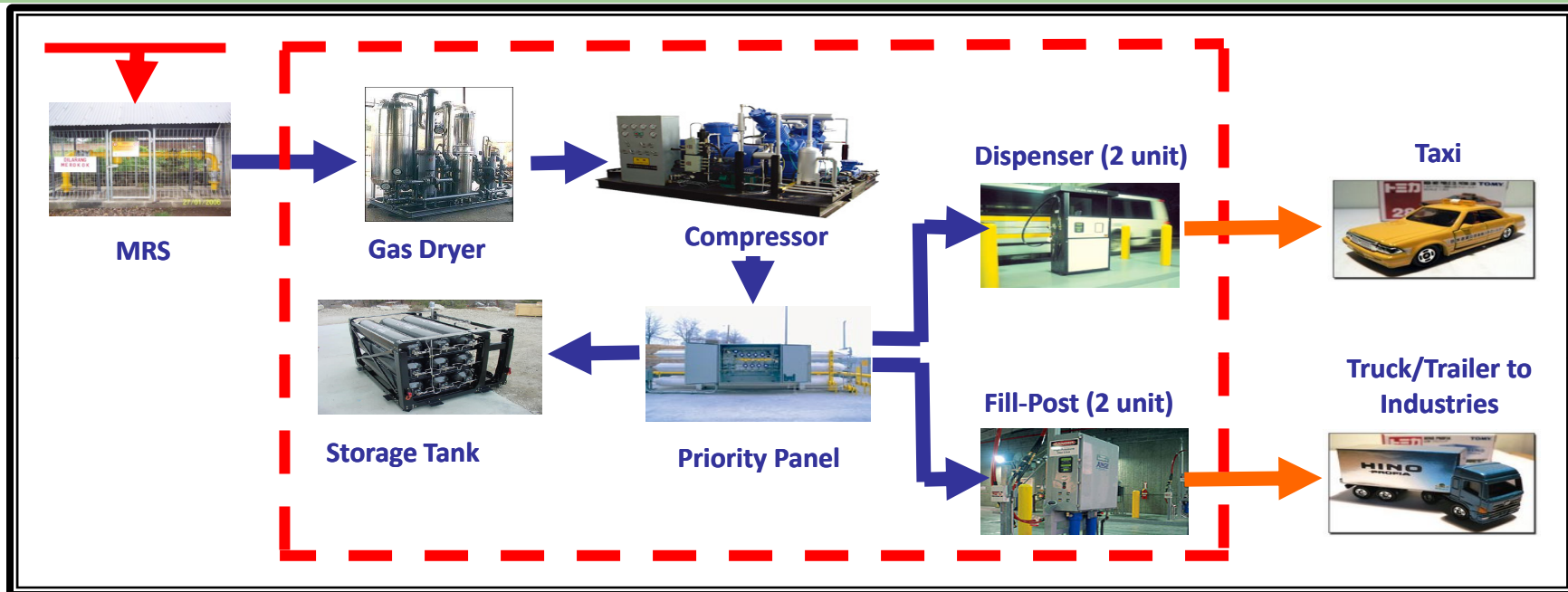
CBM supply for existing SSWJ P/L

- CBM reserves in South Sumatra of 183 TCF
- The CBM fields in South Sumatra are located near the South Sumatra West Java (SSWJ) transmission pipelines which can be utilized as off taker of gas from CBM development, and therefore support CBM upstream activities.

Implementation Program:

- Geological study in Muara Enim, South Sumatra to identify potential drilling location (partially supported by Japanese institution) was completed in 2007
- Conduct CBM study in South Sumatra and Kalimantan to identify potential CBM location, inventory CBM drilling, preliminary drilling design, establish environmental consideration, identify regulatory for CBM development, and recommend CBM model contract

PILOT PROJECT CNG PONDOK UNGU



1. CNG system is developed as a market expansion strategy to meet gas demand outside the PGN's gas pipeline network.
2. Site Location at Pondok Ungu – Bekasi, West Java.
3. CNG Station is owned and will be operated by PGN to sell the CNG to private distributor company.
4. Station Capacity is 3 MMSCFD to fulfill demand industries and NGV.
5. Start construction in 2008.
6. Start operation in 2009.
7. Status: process of EPC Contractor Bidding.



Thank You

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