

Investor & Analyst Meeting

Auditorium Graha PGAS, 11 Januari 2019



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The Emergence of Indonesia's Gas Sub-holding

Jakarta, 11 January 2019



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A member of Pertamina

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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.

ABOUT PGAS

PT Perusahaan Gas Negara Tbk (IDX:PGAS) is an Indonesia-based, publicly listed company engaging in integrated gas business.

Previously established as a State-Owned Company (SOE), PGAS has been officially acquired by PT Pertamina (Persero) to become its subsidiary since 11 April 2018 as part of Government of Indonesia's Oil & Gas Holding initiatives. With the acquisition of 51% stake in PT Pertamina Gas (and its subsidiaries), PGAS has formally been the Gas Sub-holding Company since 28 December 2018.

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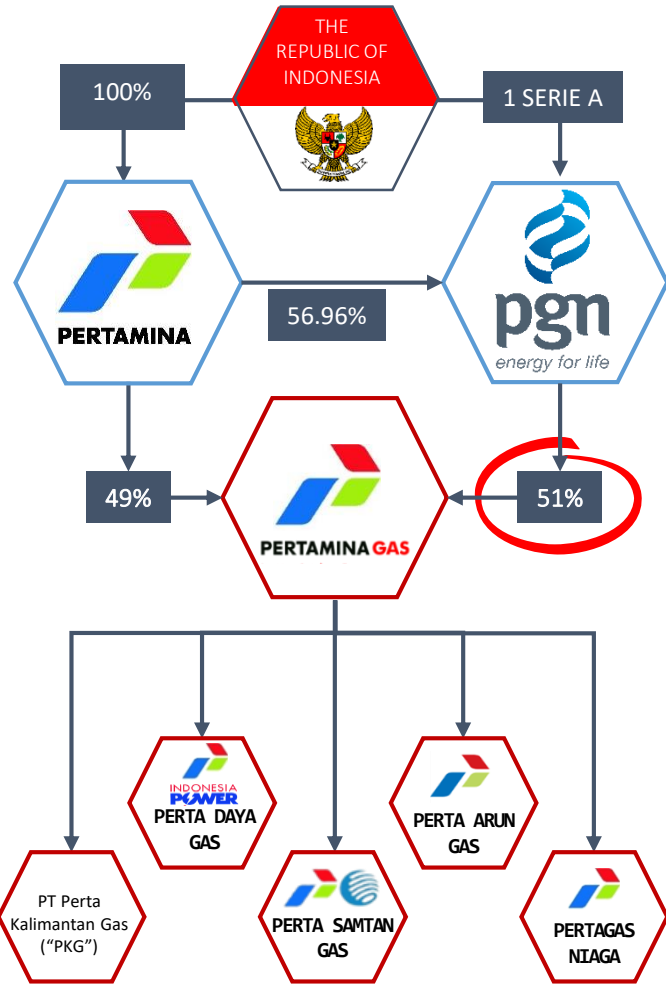
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Infrastructure &
Technology*



Danny Praditya

*Director of
Commerce*

Acquisition of PTG and Subsidiaries - Overview



Structure

- PGAS acquired 51% stake in PT Pertamina Gas (“PTG”) from PT Pertamina (Persero) (“Pertamina”)
- Transaction perimeter includes PTG and all of its subsidiaries
- Pertamina retains 49% stake in PTG

Purchase Price

- USD 1.35 b (IDR c. 20.2 T based on USD / IDR exchange rate of 14,929) for c. 51% of PTG
- Implied transaction equity value of c. USD 2.65 b (IDR 39.5 T) for 100% of PTG
- Payment terms: 50% cash and 50% promissory note (8.41% pa) due in 6 months

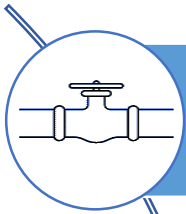
Key milestones

- Execution of CSPA on 29 June 2018
- Execution of Amended and Restated SPA on 28 December 2018 (Transaction completion)

Rationales

- Acquisition of PTG Group (the second largest mid and downstream gas company) will strengthen PGAS’ position as the leader in gas industry in Indonesia
- Strengthens PGAS’ investment portfolio, business units (gas processing and utilities), ensuring gas / LNG supply, area of operations, integration of pipelines and infrastructure, which will optimise PGAS’ revenues
- Enhance efficiencies in PGAS’ value chain, achieve synergy, and synchronize operational and capex planning to accelerate market penetration which will positively impact PGAS’ performance
- Integrated gas business will widen PGAS’ role as the Gas Sub-holding
- Gas business consolidation which will improve PGAS’ regional & global competitiveness

Key Transaction Considerations



Strengthen PGN's position as the market leader in mid – downstream gas industry in Indonesia



Implementation of the Indonesian Government's Oil & Gas Holding strategy with PGN as the Gas Subholding Company

51%

Acquisition of controlling stake while managing cash flow through a 50/50 upfront and deferred payment structure



Ability to achieve significant financial and operational benefits from the integration of Pertagas and Subsidiaries









A fair value based on extensive due diligence conducted by registered independent valuer



PTG and Subsidiaries – Solid Performance with Robust Margin



30 September 2018 (9 months) – Stand Alone (In USDm)

	Company	Business Line	Total Assets	Revenue	EBITDA Margin (%)	Net Margin (%)	
1	 <p>PERTAMINA GAS Igniting Brighter Future</p>	PTG is a Pertamina subsidiary with a focus on midstream and downstream gas industry	Gas and oil transportation through Pertagas' pipelines	1,913	263	49%	39%
2	 <p>PERTAMINA PERTAGAS NIAGA</p>	A gas distribution company to accommodate government regulation to separate transmission and distribution	Gas Distribution, including feed and sales to consumers in Indonesia	102	164	2%	2%
3	 <p>PERTAMINA PT. Perta Arun Gas Lhokseumawe, Aceh</p>	PAG was established to develop gas processing business mainly in Aceh and North Sumatera	LNG regasification with PLN in Medan as main customer	138	64	64%	46%
4	 <p>PT. PERTA-SAMTAN GAS</p>	JV with Korean Samtan Co. Ltd. To develop gas processing in South Sumatera	LPG gas processing with Pertamina as main customer	179	90	52%	28%
5	 <p>PERTA DAYA GAS PERTAMINA GAS INDONESIA POWER</p>	JV with Indonesia Power to develop CNG business in Central Java	CNG gas compression with Indonesia Power as the main customer	51	9	84%	22%
6	 <p>PT Perta Kalimantan Gas</p>	JV with Medco Gas Indonesia to operate gas procurement for JOBP Pertamina – Medco Simenggaris	Dormant company	N/A	N/A	N/A	N/A

PTG and Subsidiaries – Financial and Operational Performance



PTG and Subsidiaries (Consolidated)	30 September 2018 (9 months)	31 December 2017 (full year)
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Financials

Revenue (USDm)	473	625
EBITDA (USDm)	189	258
EBITDA margin (%)	40%	40%
Net Income (USDm)	103	141
Net margin (%)	22%	23%
Total assets (USDm)	1,980	1,927
Total liabilities (USDm)	670	722
Shareholders Equity (USDm)	1,310	1,205
ROE- Annualized (%)	10%	12%
Debt / Equity Ratio (x)	0.3x	0.3x

PTG and Subsidiaries (Consolidated)	30 September 2018 (9 months)	31 December 2017 (full year)
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Operational Performance

Distribution Vol. (BBTU)	33,162	46,680
Gas Transmission Vol. – PTG only (MMScf)	391,120	502,043
Oil Transportation Vol. (barrel)	2,797,178	3,377,386
Gas Processing (Ton)	146,967	206,409
LNG Regassification (BBTU)	33,310	42,160
Gas Compression (BBTU)	2,894	2,755
Gas Transmission Pipeline (km)	2,223	2,219

Transaction to Provide Positive Financial Consolidation for PGN



30 September 2018 (9 months)	PGN	Pertagas and Subsidiaries	Transaction effects	Pro-forma consolidated PGN
<u>Income Statement</u>				
Revenue (USDm)*	2,445	473	(14)	2,903
EBITDA (USDm)*	707	189	-	896
EBITDA Margin (%)*	28.9%	40.0%	-	30.9%
Net income (USDm)*	218	103	(51)	271
Net Margin (%)*	8.9%	22%		9.3%
ROE (% , based on annualized figures)*	8.6%	10.2%		10.8%
<u>Balance Sheet</u>				
Total assets (USDm)*	6,661	1,980	(679)	7,962
Total liabilities (USDm)*	3,345	670	673	4,688
Shareholders Equity (USDm)*	3,316	1,310	(1,352)	3,274
D/E (x)*	0.75x	0.3x		1.08x

*PTG figures for Revenue, EBITDA, and Net Income are based on pro-forma by Tanudiredja, Wibisana, Rintis, and Partners (a member of the PWC global network) which includes intra company elimination



Business Scope

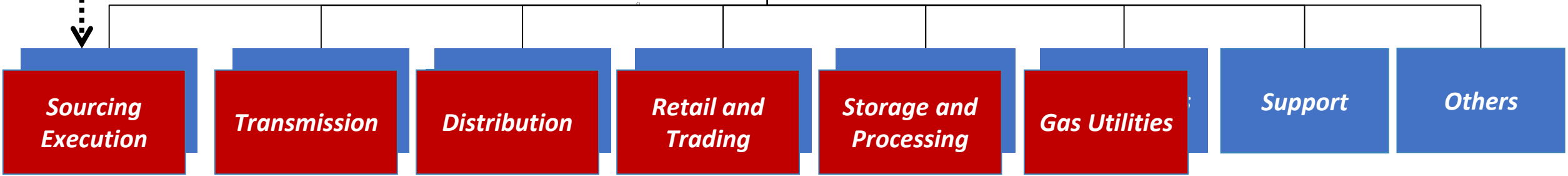


Sourcing Strategy



Legend

- PGN's business line
- PTG & Subs business line



In line with the Government's Oil and Gas Holding strategy, PGN is now the Gas Sub-Holding managing integrated (midstream and downstream) gas businesses

Through the acquisition of Pertagas and Subsidiaries, PGN will strengthen its transmission, distribution, processing, retail and trading business lines

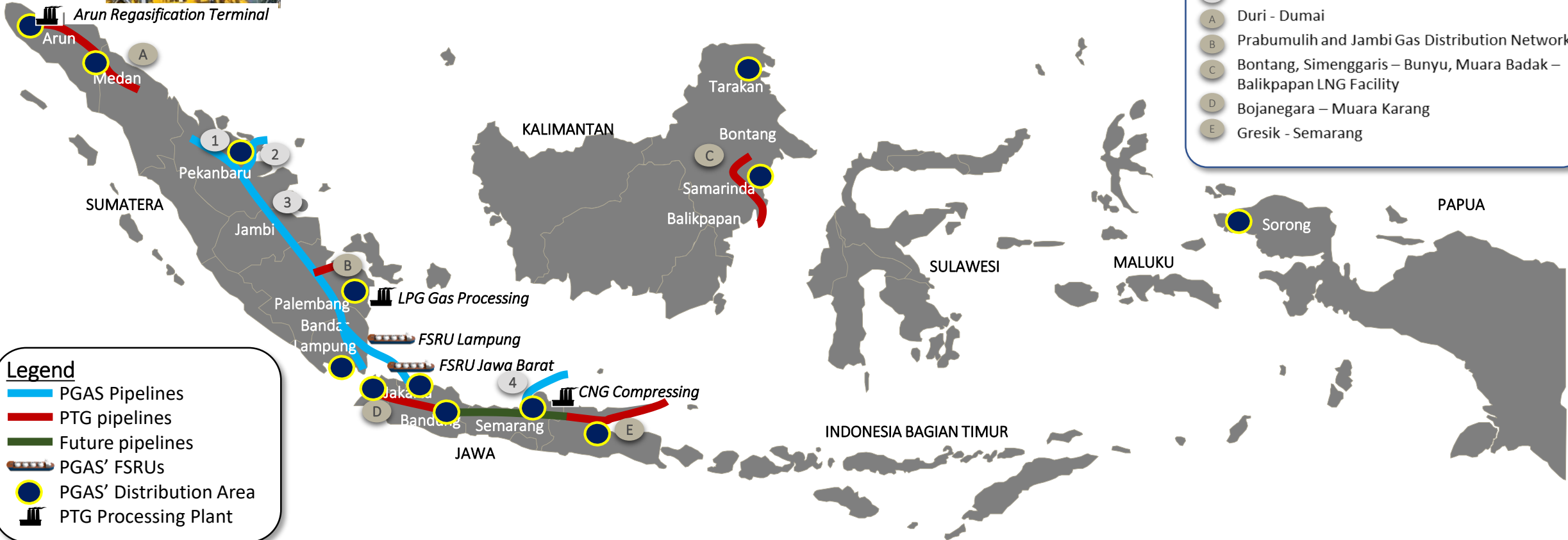
Transaction will Strengthen PGN Position as Market Leader



- Total gas pipeline network of 9,740 km covering 14 provinces and 55 regencies
- 2 FSRUs + 1 land-based regasification terminal
- 12 Gas Fueling Stations
- 2 Processing plant (stripping and compression)
- 4 MRUs

Key pipelines

- 1 Grissik – Duri
- 2 Grissik – Batam – Singapore
- 3 South Sumatra – West Java
- 4 Kalija
- A Duri - Dumai
- B Prabumulih and Jambi Gas Distribution Network
- C Bontang, Simenggaris – Bunyu, Muara Badak – Balikpapan LNG Facility
- D Bojanegara – Muara Karang
- E Gresik - Semarang



Legend

- PGAS Pipelines
- PTG pipelines
- Future pipelines
- PGAS' FSRUs
- PGAS' Distribution Area
- PTG Processing Plant

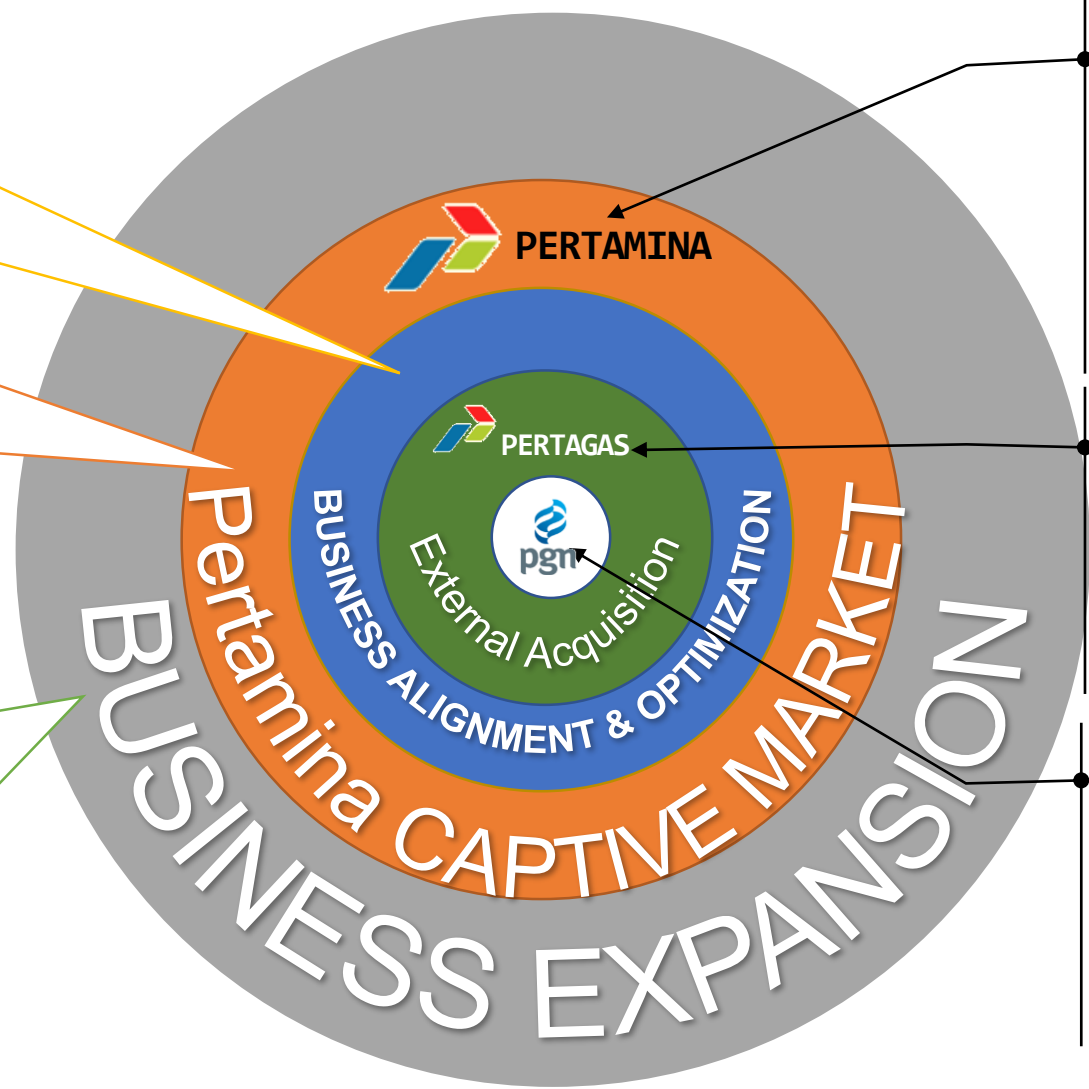
Potential Synergies From the Transaction



- Optimizing the existing infrastructures
- Alignment of business, pricing, marketing
- Operational savings (consultants, IT, Building, O&M, etc)

- Secure new gas supplies from Pertamina
- Secure business deals for PGAS Subsidiaries
- Cost Savings as member of Pertamina

- Segmentation in the existing areas
- Penetration of new (domestic & International) markets
- Increase of gas product sales (LNG, CNG, City gas)



- Business inside Pertamina Group:
- Upstream: Crude Oil, Trading/Export/Domestic Refineries, LNG Plant, Production Facilities
 - Midstream: Refineries (total capacity 1.1 Mio bbl/d, Petrochemical Plants, LPG Plants, LNG Shipping
 - Downstream: Distribution through fuel depots and stations; kerosene, gasoline, diesel, HSD, LPG, LNG (~5 MTPA)

- Pertagas Values:
- About 2,000 km transmission pipeline (2017)
 - About 1,375 mmscfd transmission volume (2017) and 128 mmscfd of distribution volume (2017)
 - Est. Long-term annual volume growth 2%
 - FY17 Earnings of USD141 Mio

- PGAS Stand Alone:
- Distribution 800-850 mmscfd with estimate volume annual growth 2%
 - Transmission volume of ~ 700 mmscfd
 - Market Cap of ~ IDR 51 trillion
 - Total asset size of US\$6 billion
 - Eight Subsidiaries



Proposed Synergy Initiatives until 2022

Additional Annual EBIT Contribution (in USD Mio)

- Business Alignment & Optimization with Pertamina (ST/MT)**
Mainly from Pipeline Optimization for Tanjung Priok and Balongan
Others from Optimization of overlapped customers, Competitive-based pricing alignment, Joint Marketing in Dumai, Takeover of Pertamina's gas allocation from 3rd parties, and Cost Savings (i.e. consulting, legal, IT, land rental, O&M, Trainings etc)
- Captive Markets from O&G Holding (MT/LT)**
Mainly from Revamping of Oil pipeline with BOT scheme
Others from O&M contract in PHE Mahakam, PEP new Supply, Cost Savings
- Business Expansion in Sub Holding Gas (MT/LT)**
Mainly from Develop household gas pipeline with PPP scheme
Others from Streamlining CNG processing and transportation, LNG retails

By Year 2022
40-50 40%

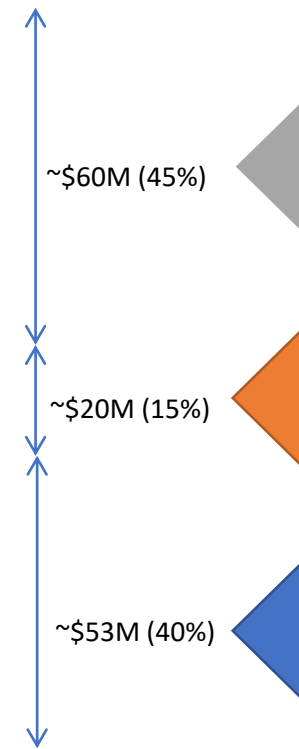
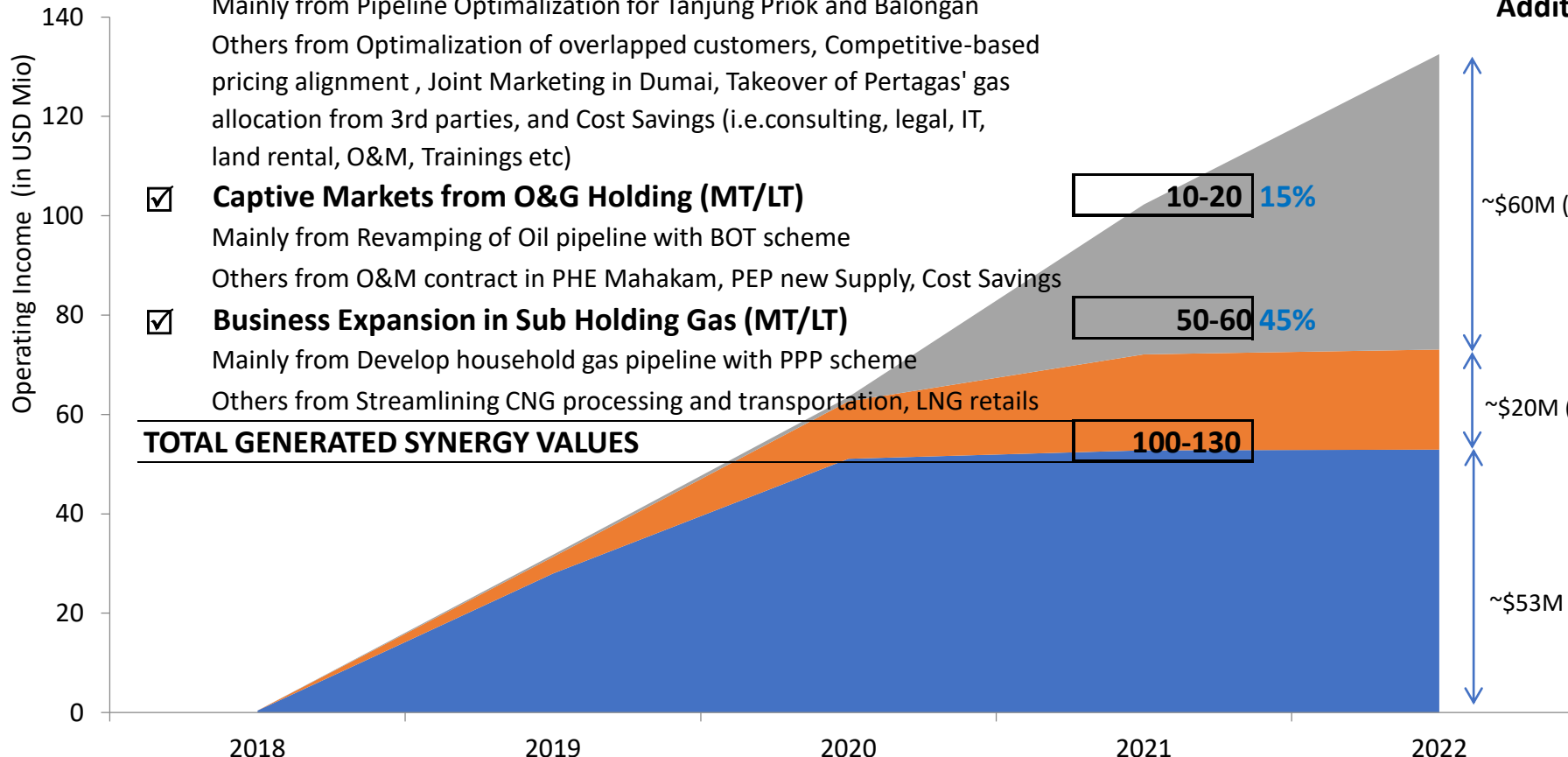
10-20 15%

50-60 45%

100-130

Estimated Synergy Value 2019 – 2022 \$330.48

Cost Savings	\$12.70 (4%)
Additional Operating Income	\$317.78 (96%)



In long run, the growth of the newly established Sub Holding Gas is depending on

- Capturing potential deals inside of Pertamina Groups (at least USD 20 Mio)
- Business Expansion with full support from Pertamina as O&G Holding (at least USD 60 Mio)

Both segments contributes 60% for added value

Short-term plan is to align Pertamina Infrastructure & Business into PGAS to optimize the outcomes of up to USD 53 Mio p.a. or 40% of the total Synergy

■ Business Expansion in Sub Holding Gas (MT/LT) ■ Captive Market in O&G Holding (MT/LT)
 ■ Business Alignment & Optimization with Pertamina (ST/MT)

PGN's Near Term Growth Plan



Strategy

- 1 Asset and operation optimization particularly in East Java and West Java areas
- 2 Expansion of distribution business in key markets:
 - Sumatera (Greater Medan Area & Dumai-Riau)
 - Java (Greater Semarang Area – C Java, E Java, & W Java)
 - Central and Eastern Indonesia
- 3 Completion of transmission lines:
 - Gresik – Semarang
 - Grissik – Pusri
- 4 Market expansion for LNG business for power and retail sectors
 - Tapping into Central and Eastern Indonesia markets
 - Retailing LNG
- 5 Synergy within Pertamina Group and other SOES

2019 Targets

Total CAPEX (USDm)	460
Transmission Volume (MMScfd)	2,100
Distribution Volume (MMScfd)	900 – 950
Upstream Lifting* (BOEPD)	30,000
Gross Profit / Unit (USD/MMBTU)**	2 – 2.5

* Lower due to expiry of Sanga-Sanga & SES in 2018

** may be reviewed if necessary

Thank You