



Investor Update

3Q – 2019

**PUSHING
BOUNDARIES**

pgn SAKA
power to discover

December 2019



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Section 1

Corporate Overview





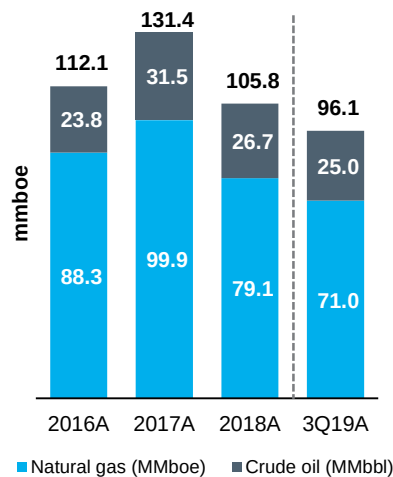
Introduction to PGN Saka

PGN Saka is the upstream arm of PT Perusahaan Gas Negara (Persero) Tbk ("PGN"). PGN Saka works in close cooperation with its parent to acquire, explore and develop natural gas resources and complements PGN's role as the sole gas midstream player in Indonesia

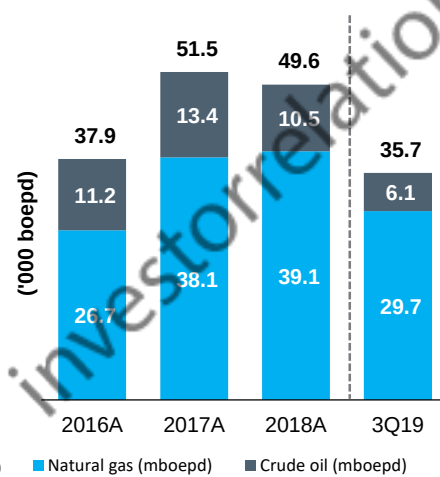
Corporate milestones

2016	2017	2018	3Q – 2019
- Acquired Wokam - Bangkalanai first production - Acquired 37.8% in Sanga Sanga - Ketapang first production (gas)	- Muara Bakau starts production 2 POD's in Pangkah for West Pangkah and Sidayu	- Hydrocarbon discovery in Tambakboyo field (Pangkah) from TKBY 2 well - Signing of West Yamdena and Pekawai PSCs	- Technical discovery of TKBY 3 well at Pangkah - UPA16 production well onstream at Pangkah
US\$150 million revolving credit facility	- Obtained credit rating of Ba1 / BB+ / BB+ (Moody's / S&P / Fitch) - US\$625 million bond issuance - US\$ 250 million syndication bank loan⁴	Repaid US\$200mio of Shareholders Loan in 3Q18	- Repaid US\$200mio of Shareholders Loan in 1Q19 - Repayment \$125 million of Saka 2017 \$250 million loan facility in Q319

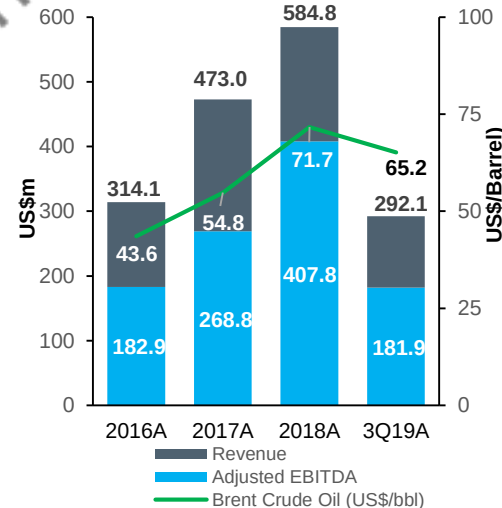
Net 2P reserves^{1,2}



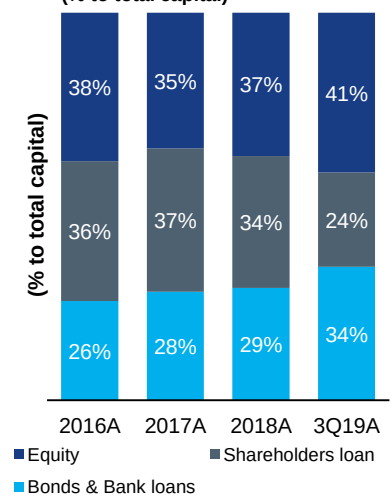
Average daily net production



Revenue and Adjusted EBITDA³



Capitalization (% to total capital)



Note:

1. Net working interest to PGN Saka, Management estimates as at FY ending December

2. 3Q19 reserve estimate calculated based on FY2018 estimate deducted by production YTD

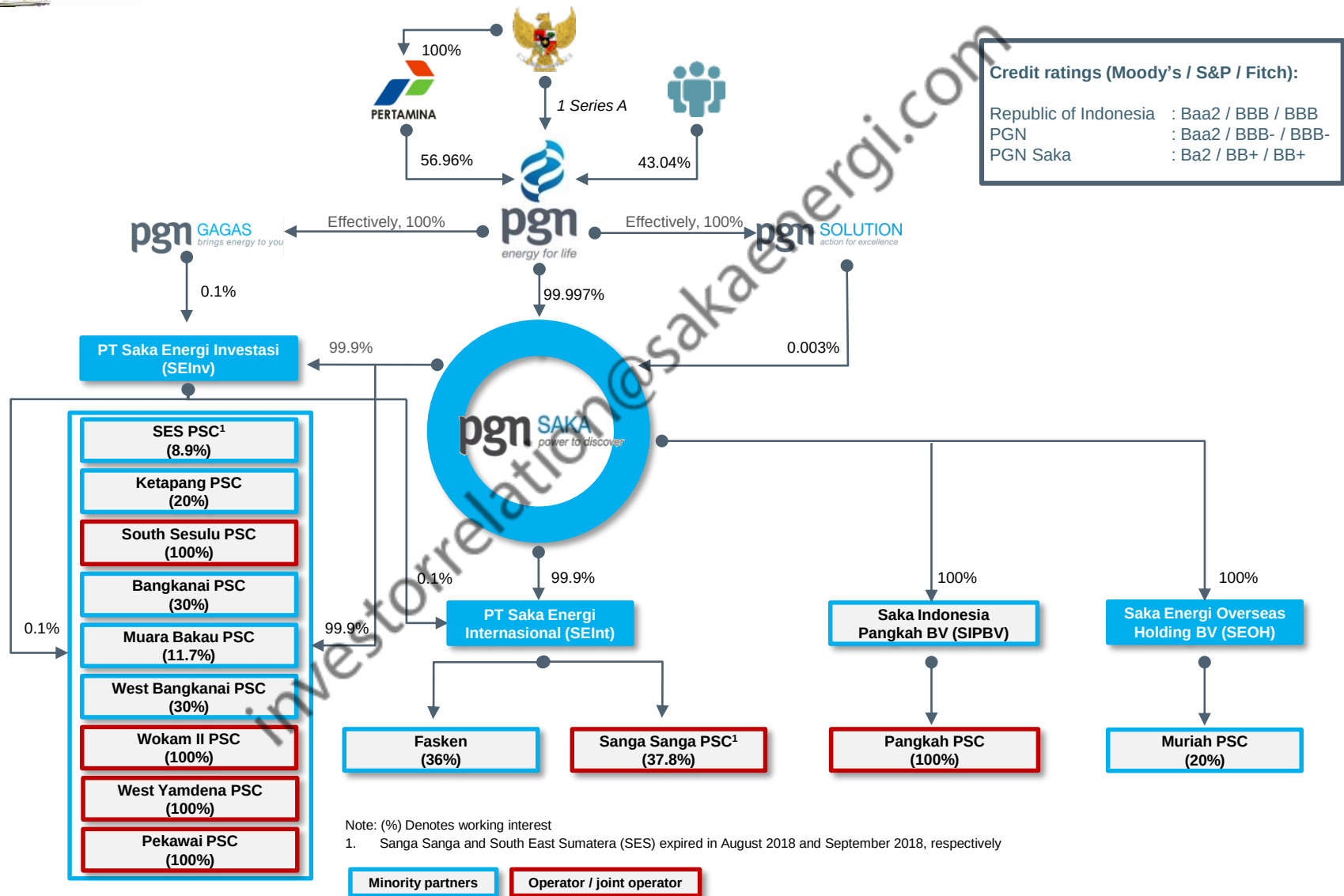
3. Adjusted EBITDA is not a standard measure or measure of financial performance under IFAS or U.S. GAAP. Please see the Appendix for EBITDA reconciliation

4. Amended (and upside) 2015 syndicated bank loan facility



Shareholding and Organizational Structure

PGN Saka is a 100%-owned subsidiary of PGN, and is ultimately owned by the Government of Indonesia.

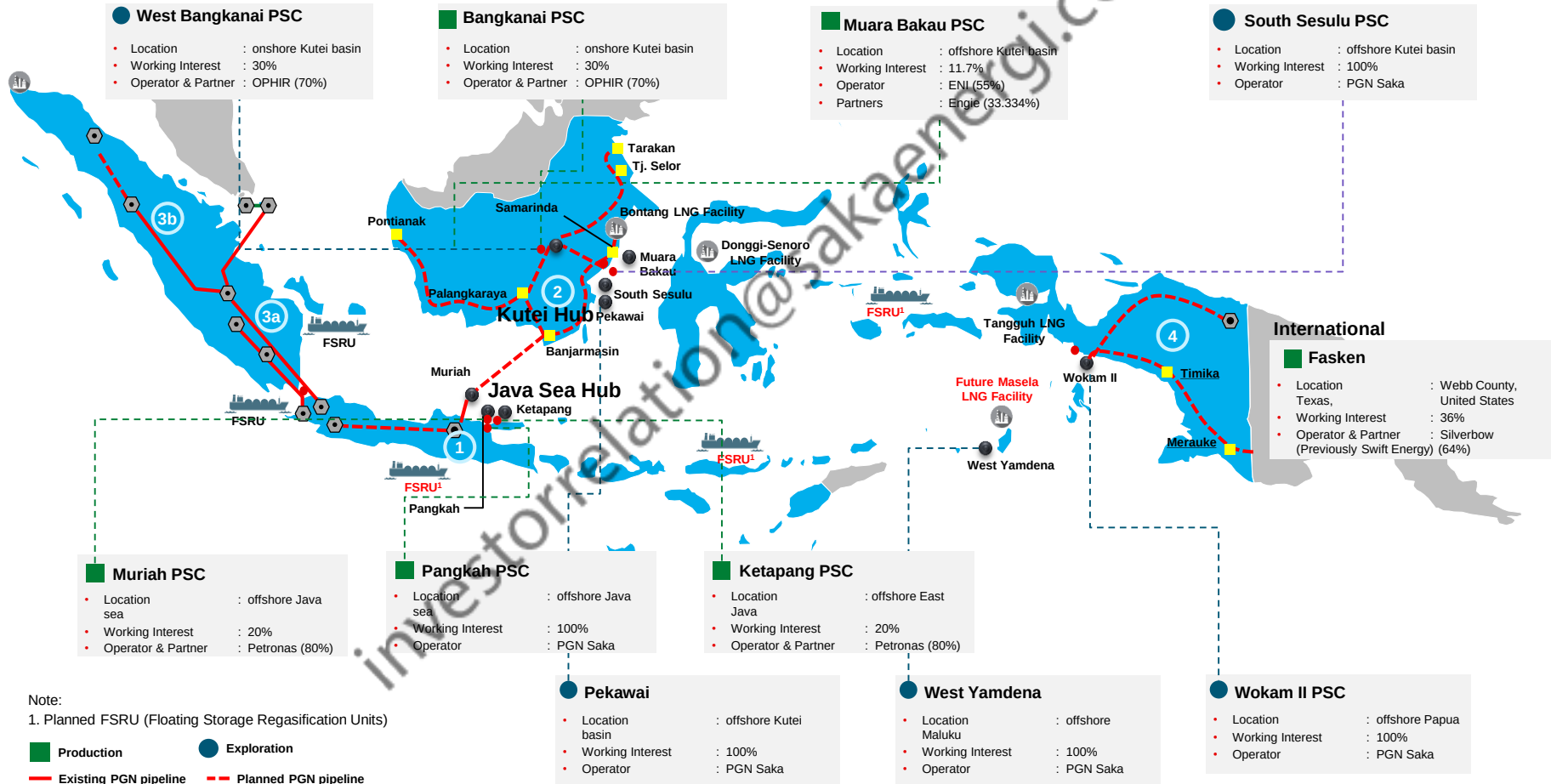


Balanced Mixed Portfolio in Strategic Locations

Strategy: "Expanding Energy Infrastructure"

- 1) Java Sea Hub : Java – South Eastern Indonesia
- 2) Kutei Hub : Kalimantan – Eastern Indonesia
- 3) Western Indonesia Hub : Sumatra – Java
- 4) Papua Hub : Papua

PGN Saka's assets in Indonesia are clustered around current and future PGN hubs, securing upstream gas resource for PGN's infrastructure build-up

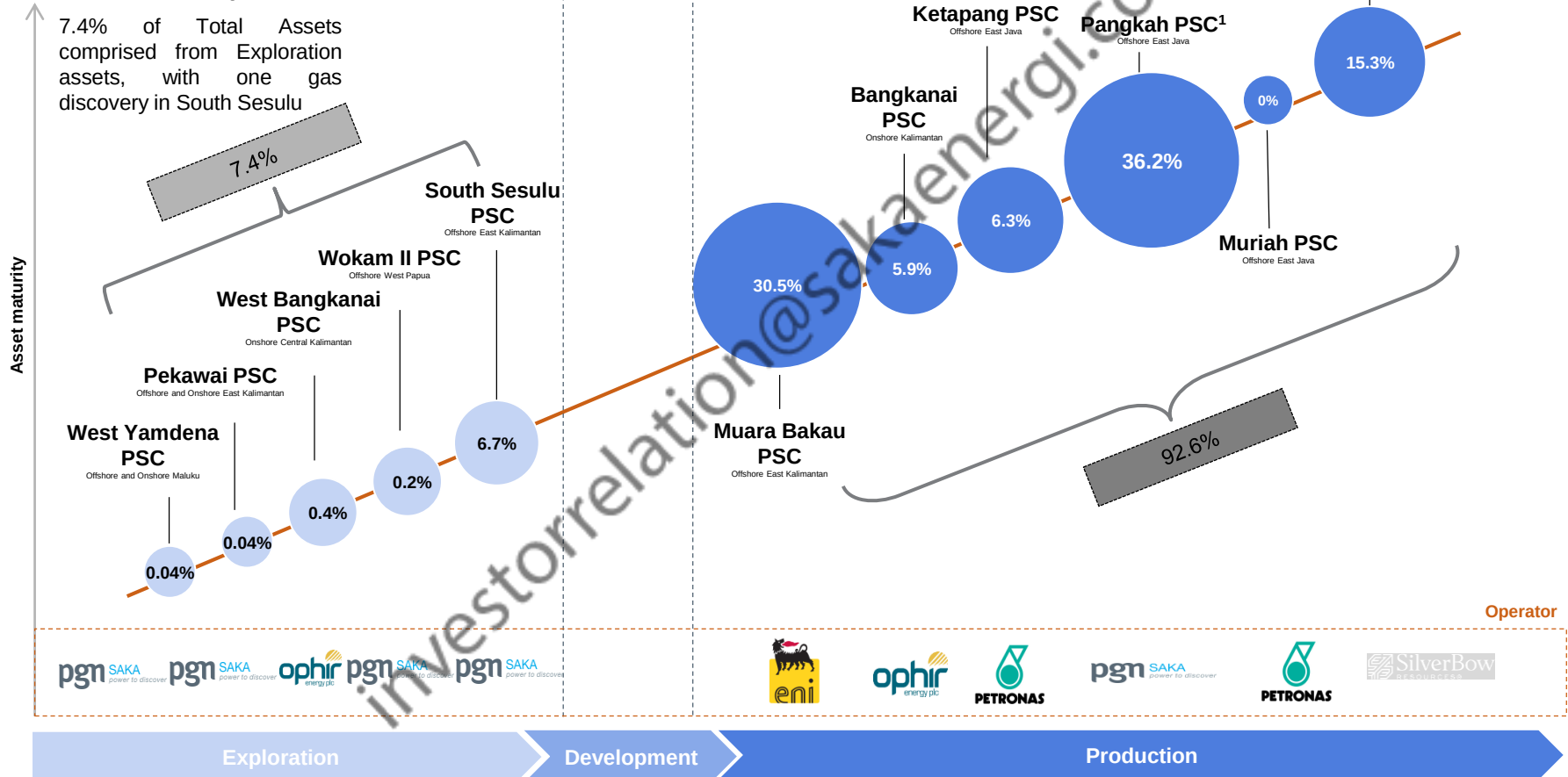




Balanced Portfolio of Upstream Assets

PGN Saka has a diversified portfolio of asset across development cycles and production cycles, partnering with world class operators

Assets Classified by Total Assets



Notes:

1. Pangkah PSC has additional upside for near term production and reserve growth potential through development and exploration

Section 2

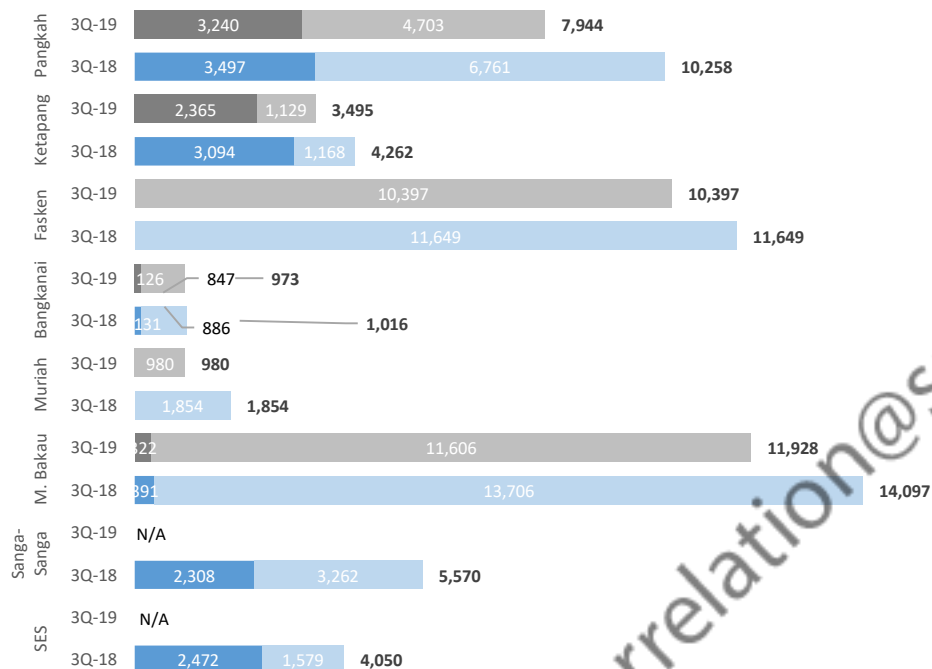
Operational & Financial Highlights



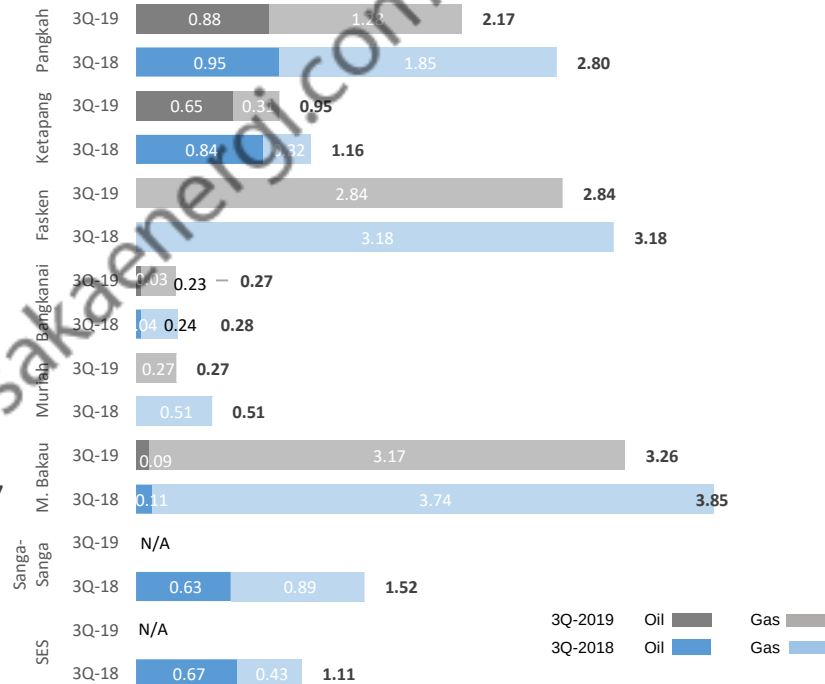


Operational Highlights – Production

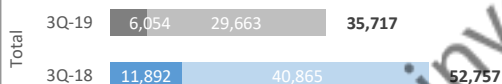
Daily Production (boepd)*



Production Volume (mmboe)*



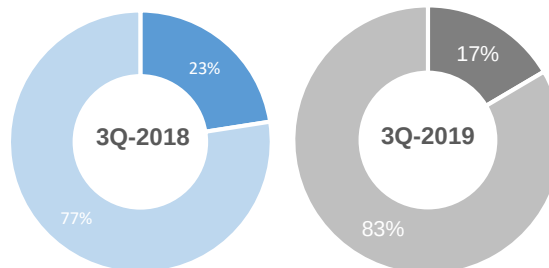
Total Daily Production (boepd)



Total Production Volume (mmboe)



Production Composition (%)



Highlights

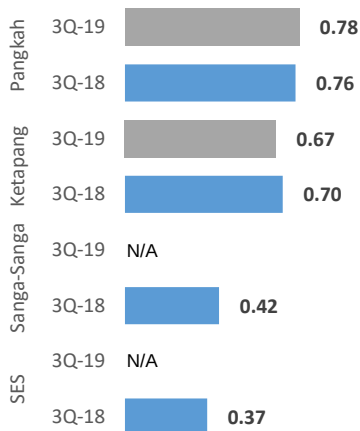
- 3Q-19 total production (9.75 mmboe) declined from 3Q-18 (14.40 mmboe), mainly driven by the expiry of Sanga Sanga and SES PSC's.
- 3Q-19 gas production daily rate was 172mmscfd, while oil was 6,054boepd. The overall production decreased by 32% compared to 3Q-18.

*Net Production based on FQR as reported to SKK Migas, excluding in-field use gas and flare.

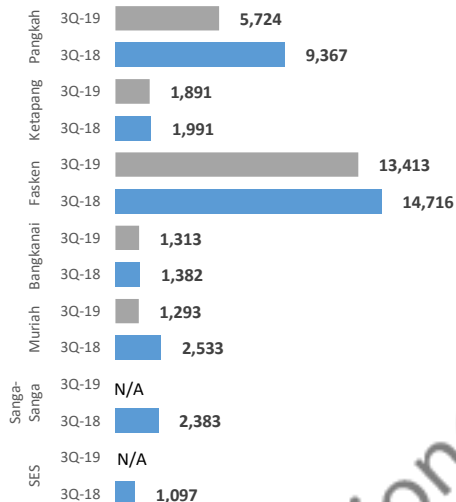


Operational Highlights - Lifting

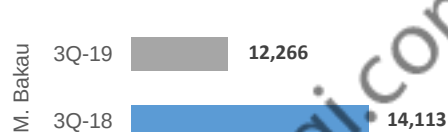
Crude Oil Lifting (mmbbl)



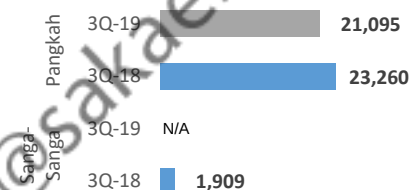
Gas Lifting (mmscf)



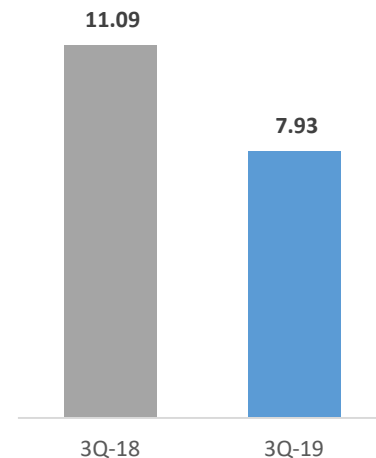
LNG Lifting (bbtu)



LPG Lifting (MT)

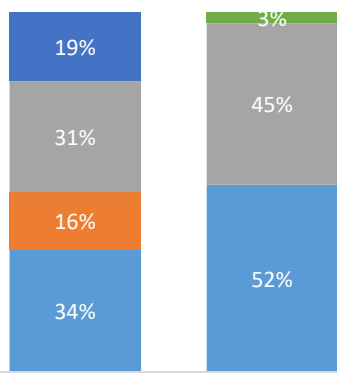


Total Lifting (mmboe)

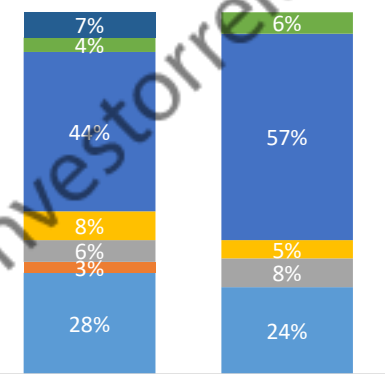


Lifting Contribution (%)

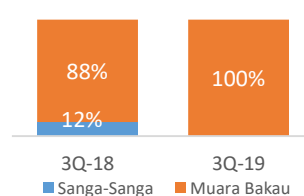
Crude Oil



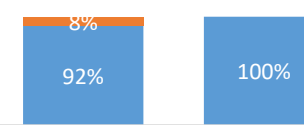
Natural Gas



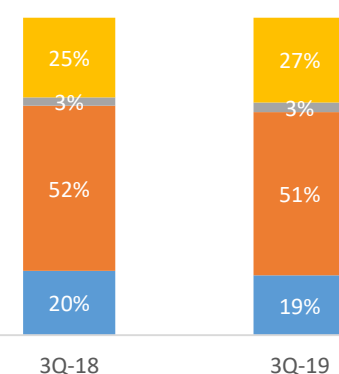
LNG



LPG



Total Lifting Contribution (%)



■ Pangkah
 ■ SES
 ■ Ketapang
 ■ Bangkanai
 ■ Sanga-Sanga
 ■ Muara Bakau

■ Pangkah
 ■ SES
 ■ Ketapang
 ■ Muriah
 ■ Fasken
 ■ Bangkanai
 ■ Sanga-Sanga
 ■ Muara Bakau

■ Pangkah
 ■ Sanga-Sanga

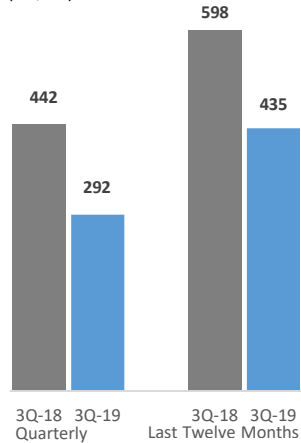
■ Crude Oil
 ■ Gas
 ■ LPG
 ■ LNG



3Q-2019 Financial Highlights

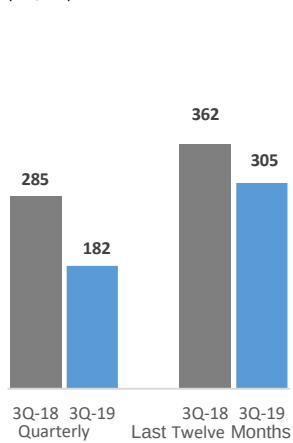
Revenue

(US\$m)



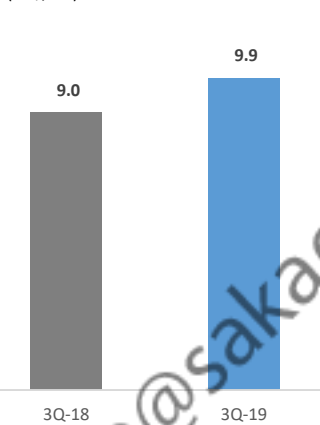
EBITDA

(US\$m)

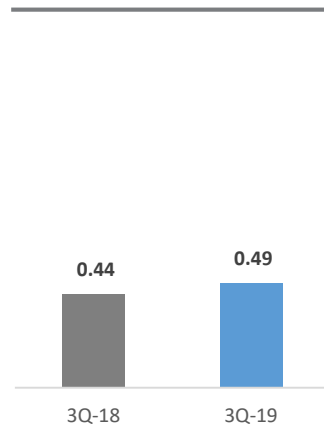


Opex/bbl

(US\$/bbl)



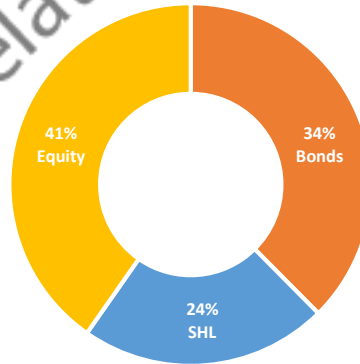
Total Net Debt to Equity¹



Debt to EBITDA²



Capital Structure



Note:

- 1) Net Debt defined as the aggregate outstanding principal of interest bearing financial indebtedness of the group by excluding the shareholder loans, any cash in hand and any monies standing to the credit of any bank accounts of such member of the group.
- 2) Debt to EBITDA defined as the aggregate outstanding principle of all debt excluding shareholders loan divided by EBITDA

Consolidated Comprehensive Income Statement	in million USD	
	3Q-2018 (Unaudited)	3Q-2019 (Unaudited)
Revenues	442	292
Cost of Revenues	(333)	(248)
Gross Profit	109	44
Operating Expense	(8)	(8)
Total Other Income (Expense)	(1)	(40)
EBIT	99	(4)
Finance Cost	(51)	(48)
EBT	48	(52)
Total Tax Benefit (Expense)	(58)	(17)
Profit (Loss) for this Year	(10)	(69)
EBITDA	285	182

Consolidated Comprehensive Balance Sheet	in million USD	
	3Q-2018 (Unaudited)	3Q-2019 (Unaudited)
Current Assets	759	681
Non-Current Assets	1,837	1,590
Total Assets	2,596	2,271
Current Liabilities	236	206
Non-Current Liabilities	1,574	1,322
Total Equity	787	743
Total Liabilities and Equity	2,596	2,271

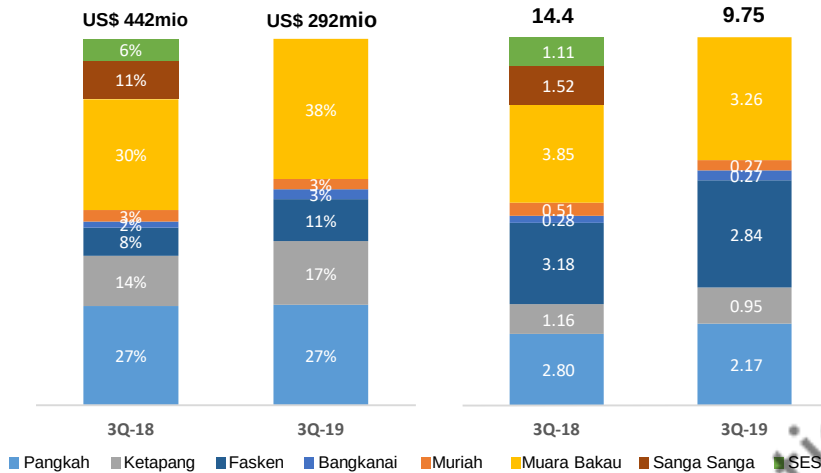


3Q-2019 Revenue Performance

Revenue Breakdown and Contribution per Asset

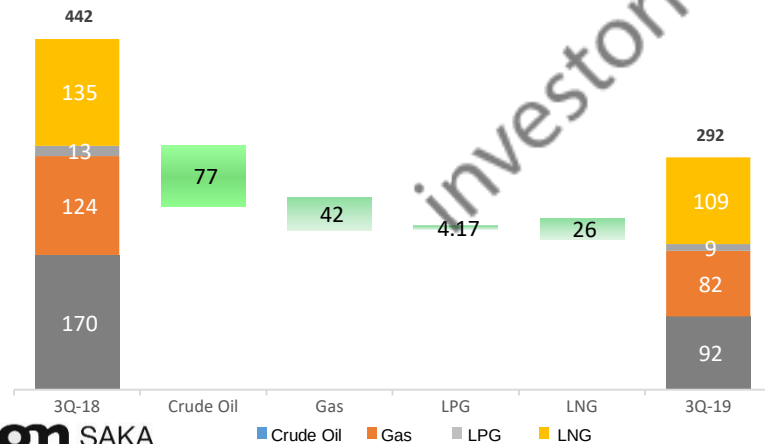
REVENUE CONTRIBUTION in percentage (%)

PRODUCTION per Asset (in mmboe)

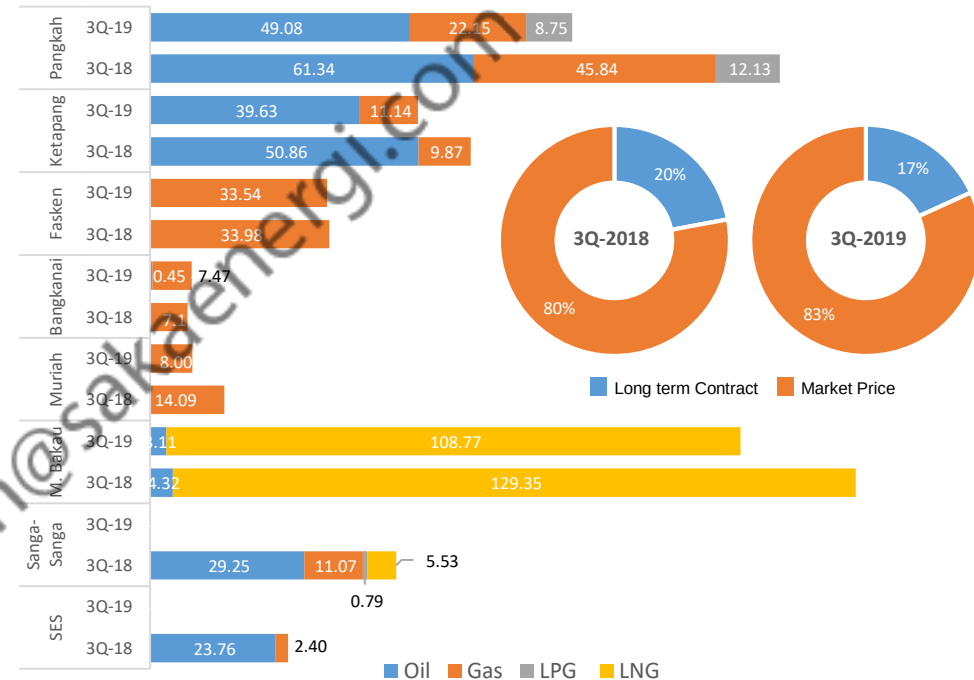


Revenue Breakdown and Contribution per Commodity

in million USD



In million USD



Realized Price

Commodity	3Q-2018	3Q-2019	Δ%
Crude Oil (\$/bbl)	75.4	61.6	-18%
Gas (\$/mmbtu)	3.7	3.5	-6%
LPG (\$/MT)	513.3	414.6	-19%
LNG (\$/mmbtu)	8.4	8.9	6%

Appendix A

EBITDA Reconciliation





EBITDA Reconciliation

EBITDA reconciliation	Audited 2017A	Audited 2018A	Unaudited 3Q-2019A
Profit/(Loss) for the year	(93.7)	16.2	(69.5)
Plus:			
Finance cost	70.7	68.1	48.0
Depreciation, depletion, and amortization	259.4	266.1	146.0
Depreciation on general and administrative expenses	-	-	-
Income tax benefit / (expense)	46.5	67.0	17.3
Minus:			
Finance income, net of tax	(7.2)	(8.4)	(5.8)
EBITDA	275.7	409.1	136.0
Plus:			
Impairment losses on oil and gas properties	(7.0)	26.2	44.2
Impairment losses on goodwill	-	-	-
Gain from acquisitions	-	-	-
Extraordinary/Non-Recurring Expense.....	-	9.6	-
Net other expenses/(income)	-	-	2.3
Non-cash losses/(gains)	-	-	(0.6)
Minus:			
Extraordinary/Non-Recurring Income.....	-	(37.1)	-
Adjusted EBITDA	268.7	407.8	181.9

EBITDA and Adjusted EBITDA are widely used financial indicators of a company's ability to service and incur debt, but are not standard measures under IFAS or U.S. GAAP. Accordingly, EBITDA and Adjusted EBITDA should not be considered in isolation or construed as alternatives to cash flows, revenue, or any other measures of financial performance or as indicators of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. We have also included Adjusted EBITDA because we believe it is a more indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. EBITDA and Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies and components of our EBITDA and Adjusted EBITDA may not be comparable to similarly named components presented by other companies whose financial statements were prepared under generally accepted accounting principles other than IFAS. Investors should not compare our EBITDA and Adjusted EBITDA or components of our EBITDA and Adjusted EBITDA to EBITDA or Adjusted EBITDA or components of EBITDA or Adjusted EBITDA presented by other companies.

Appendix B

Regulation and upstream fiscal regime

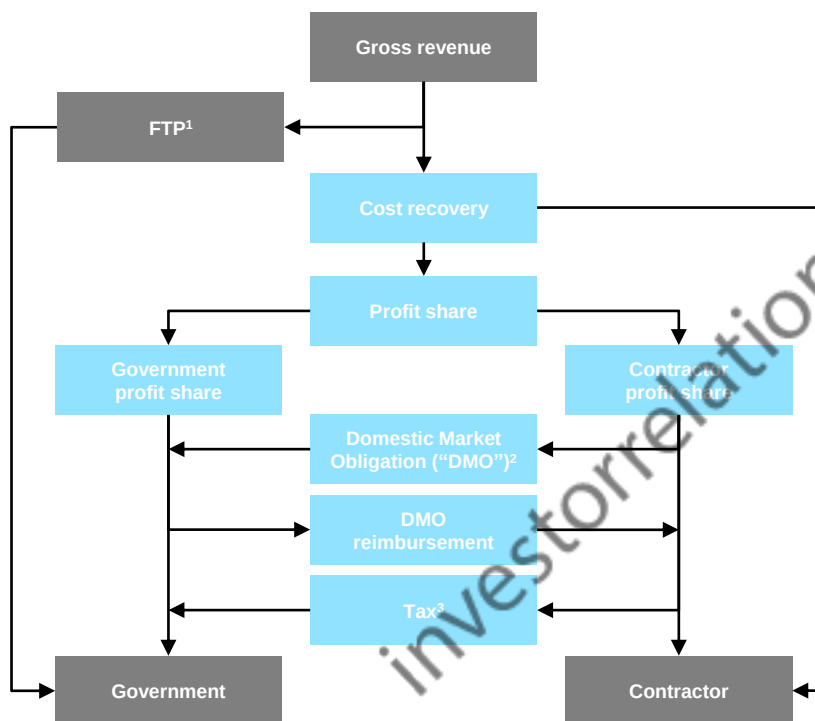




Regulation and Upstream Fiscal Regime

Fiscal regime

- The fiscal system in Indonesia is governed by the Production Sharing Contract (PSC) regime. Royalty, in the form of First Tranche Petroleum ("FTP") is paid on production and the standard rate of corporate income tax is applied to profits. There have been different vintages of PSC models, the difference being in the rate or method of calculation in items such as bonuses, cost recovery ceiling, FTP, profit sharing split, depreciation, investment credit and income taxes.
- It should be noted that in some contracts additional incentives have been negotiated. In addition, PSCs awarded in licensing rounds post-2003A have incorporated contract-specific levels of FTP, investment credit and profit oil / gas splits.



Source: Wood Mackenzie April 2017 Indonesia market report

Notes:

- FTP may be divided between the contractor and the government, based on the contract.
- The contractor is required to supply a percentage of oil production to the domestic market, multiplied by its pre-tax profit oil/gas entitlement percentage, capped at the amount of its combined share of FTP and profit share. The contractor receives a discounted price for those volumes.
- A withholding tax rate of 20% is applied on the balance after income tax has been charged.

Gross PSC

- In January 2017A the Ministry of Energy and Mineral Resources ("MEMR") introduced the Gross PSC terms through decree 8/2017. The Gross PSC removes the cost recovery mechanism, and the government and contractors split gross revenues. Upstream operations will continue to be supervised and managed by SKK Migas, but the new terms promise the operators a greater degree of freedom in managing the budget, costs and asset operations. The new terms will be applied to future license awards and contract extensions. Contractors may also choose to adopt the new terms for existing PSCs.
- The government's base share of revenues will be 57% for oil production and 52% for gas production. The contractors share of revenues can be increased, depending on field complexity. For example, a deepwater or an unconventional field will see the contractor's share of gross revenues increase by 16%. The prevailing rules of taxation is understood to apply. DMO oil will receive full market price.
- A number of aspects of the gross split PSC terms will have to be clarified by further regulatory changes, particularly on procurement without cost recovery and taxation. The fiscal term's standing in relation to the pending revision of the Oil and Gas Law is also uncertain.

	Standard PSC (2015 licensing round)	Gross PSC
FTP	FTP based on gross production, shared between government and contractor based on profit share percentage	No FTP applicable
Cost recovery	Capital and operating costs recovered from production after FTP	No cost recovery
Production sharing	Remaining production after cost recovery is shared based on flat percentage	Gross production shared between government and contractor based on gross production share percentage
Oil DMO price	DMO is set at 25% of market price	DMO is set at market price
Income tax	25% income tax plus 20% withholding tax (40% effective tax rate)	Not specified



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