



MEDCOENERGI

9M10 Investors' Update

PT Medco Energi Internasional Tbk.

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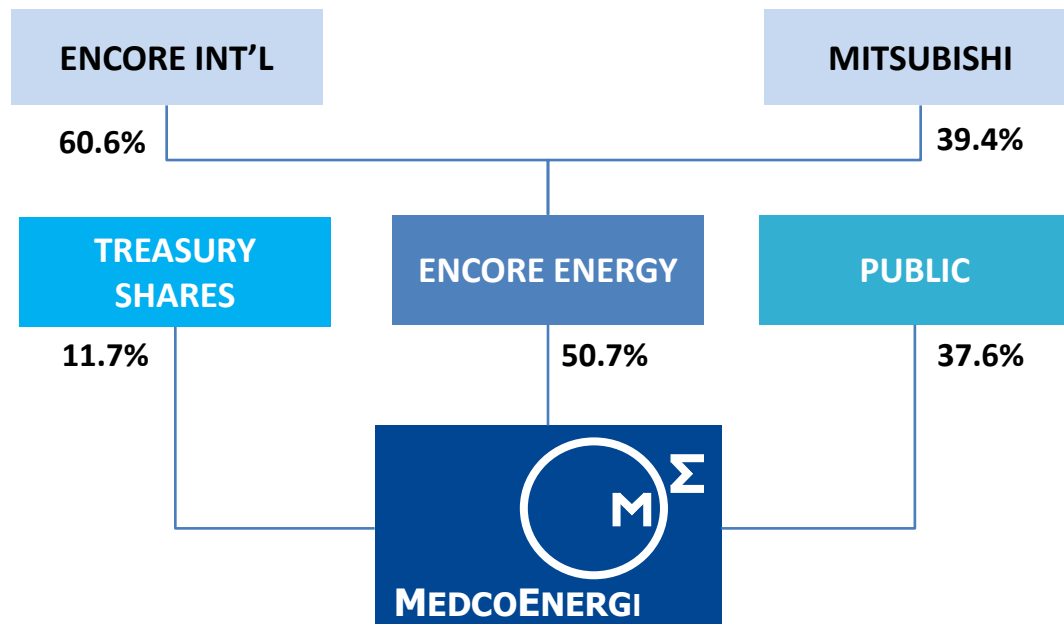
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Overview: Profile & Strategy

Shareholding Structure

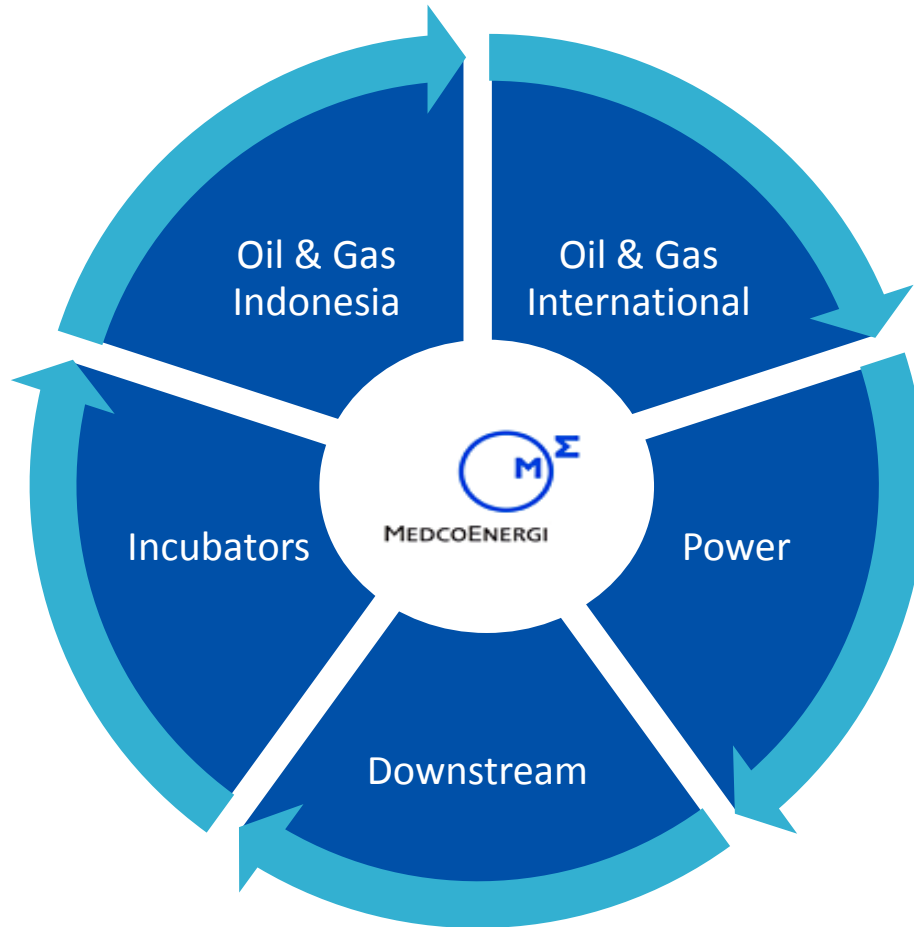


MEDCOENERGI



PT Medco Energi Internasional Tbk (“MEI”) is an investment holding company with 1 operating – holding company for domestic oil and gas business unit, and 3 sub-holding companies for international oil and gas, power generation, and downstream industries.

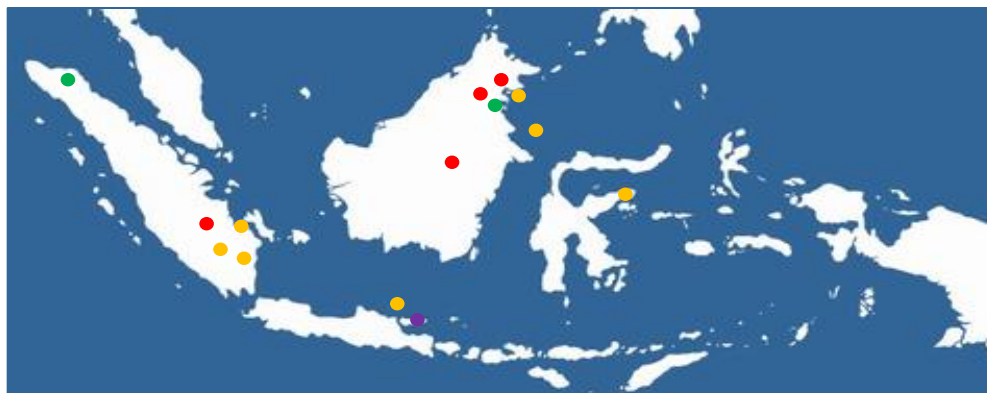
Stockholder Composition	9M10	9M09	Δ%
Encore Energy Pte. Ltd.	1,689,393,006	1,689,393,006	50.70
Public	1,252,603,944	1,252,603,944	37.58
Treasury Shares	390,454,500	390,454,500	11.72
Total	3,332,451,450	3,332,451,450	100.00



“A leading, domestic E&P focused company with international oil and gas assets, supported by diversified business portfolio.”

- ❖ An integrated energy company, operating in:
 - Oil and gas E&P sector (domestic and international assets)
 - Power sector (power generation plants, EPC and O&M services)
 - Downstream sector (renewables, fuel distribution and other utilization of upstream resources)
- ❖ With a long-term view, Medco allocates a portion of its capital to its incubator unit to supervise the development for nurturing new energy-related business opportunities, e.g.:
 - Coal Bed Methane
 - Natural gas distribution
 - Mining (coal)

“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”

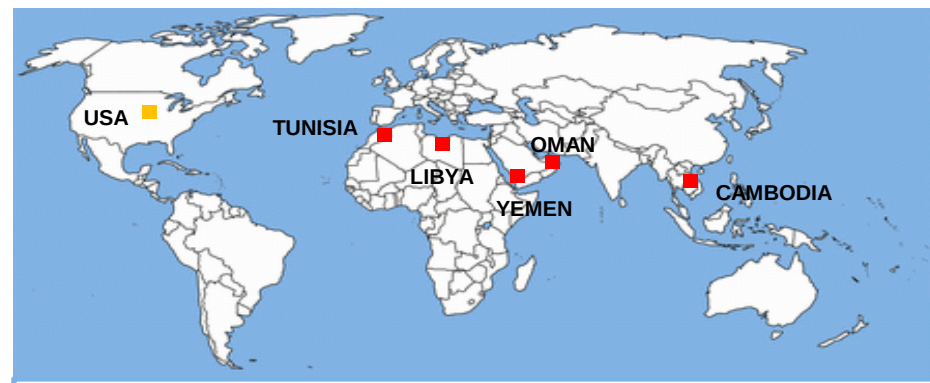


Medco E&P Indonesia

- In Indonesia, Medco operates 10 blocks, maintains working interests in 3 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

Indonesia

■ Producing blocks	7	■ Exploration blocks	4
■ Development blocks	2	■ Economic participation	1



Medco Energi Global

- Medco's international operations spread across 20 assets in Asia, Africa, and the US.

US (incl. Gulf of Mexico)

■ Producing blocks	8
■ Exploration blocks	5

Libya

■ Exploration block	1
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Yemen

■ Exploration blocks	2
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Oman

■ E&P service contract	1
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Tunisia

■ Exploration block	1
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Cambodia

■ Exploration blocks	2
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“Other revenue streams not only further diversify risks but also monetize upstream assets by midstream and downstream integration.”

Medco Power Indonesia

- 2 gas-fired power generation plants with a mobile truck mounted power plant in Batam and 3 gas-fired power generation plants in South Sumatra with total capacity of 185.1 MW
- 1 Operation & Maintenance project in Tanjung Jati B, Central Java 1,320 MW



Medco Downstream Indonesia

- LPG plant in Rimau, South Sumatra, with capacity of 73,000 ton/year -- processing associated gas from Rimau block
- Ethanol plant in Lampung, with capacity of 180 KL/day
- HSD storage and distribution, with storage capacity of 22,700 KL.

Incubator Projects

- Coal Bed Methane project, South Sumatra
- Coal Mining project, East Kalimantan
- Gas Pipeline project, Gunung Megang – Pagar Dewa

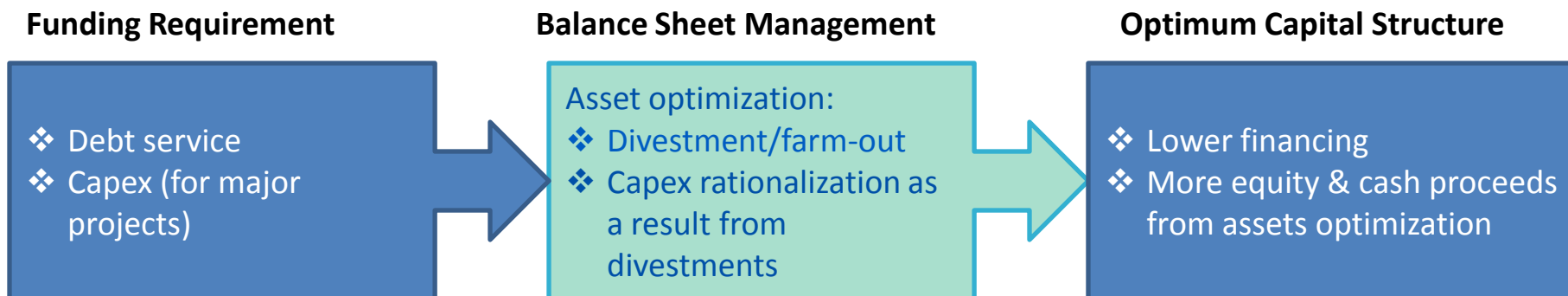
Business Portfolio

1	Build a business with profitable growth based on three main businesses; E&P, Power and downstream.
2	Develop a strong position in renewable fuels over 5 – 8 year period by reconfiguring and refocusing Medco Downstream's businesses leveraging off Indonesia's vast agriculture economy.
3	Improve Medco Global's position and increase clarity around the Group's international activity footprint.
4	Allowing flexibility and innovation through allocation of capital to a New Business Incubator unit.

Organizational Effectiveness

5	Enhance organizational effectiveness by instilling rigorous financial discipline, fostering a pervasive performance culture and building personnel competencies.
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“Asset optimization/divestment strategy is in place to reshape Medco’s asset portfolio.”



Asset Optimization

- ❖ Strategic minority divestment in subsidiaries.
- ❖ Divestment of maturing assets (where Medco does not hold operatorship).
- ❖ Prioritize capex allocation for major projects, accompanied by regular review of cost and schedule.
- ❖ Limited funding for selected exploration activities and new incubator business for future growth.
- ❖ Cost containment and reduction program.
- ❖ Explore opportunistic-driven projects (icl. potential acquisitions) with immediate value generation.

Liability/Financing Plans

- ❖ Continue discussion with ECA and multilateral agencies, which less affected by recent credit crunch, to finance major projects.
- ❖ Utilize the underlying assets/reserved –based lending for selective E&P assets.
- ❖ Continue to explore various financing options (bank facilities, capital market instruments) with competitive price.
- ❖ Balance the proportion of debt at corporate and subsidiary level, project finance at assets level.

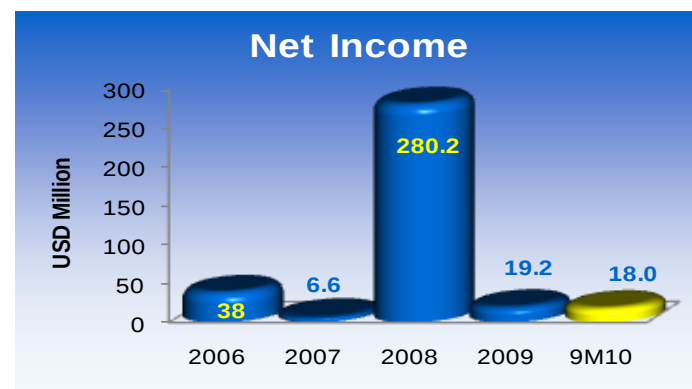
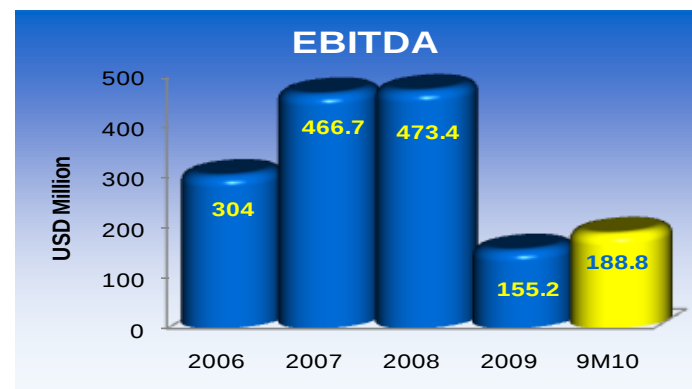
The Business: Financial & Operational KPIs

Financial KPIs



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Financial Highlights (USD mm)	9M10	9M09	Δ%
Revenue	632.8	482.2	31.2
Gross Profit	226.9	143.9	57.7
Income from Operations	116.9	35.8	226.6
EBITDA	188.8	117.4	60.8
Earnings Before Tax	51.1	34.9	46.2
Net Income	18.0	15.2	18.5
Equity	721.6	704.6	2.4
Total Assets	2,099.8	1,890.7	11.1
Total Liabilities	1,355.0	1,170.9	15.7
Market Capitalization	1,241.6	998.3	24.4
EPS (USD/share)	0.0061	0.0050	22.0

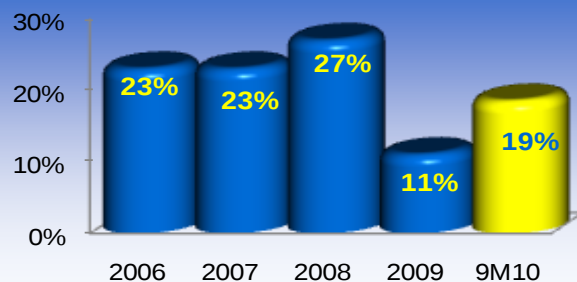


Financial KPIs (cont'd)

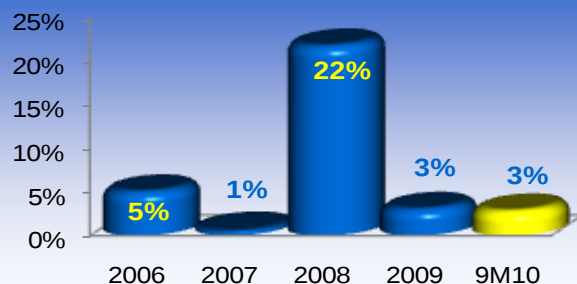


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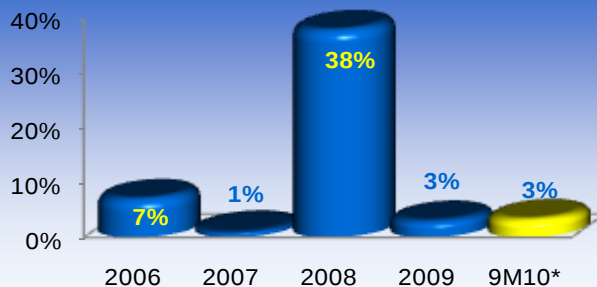
Operating Margin



Net Margin



Return on Equity



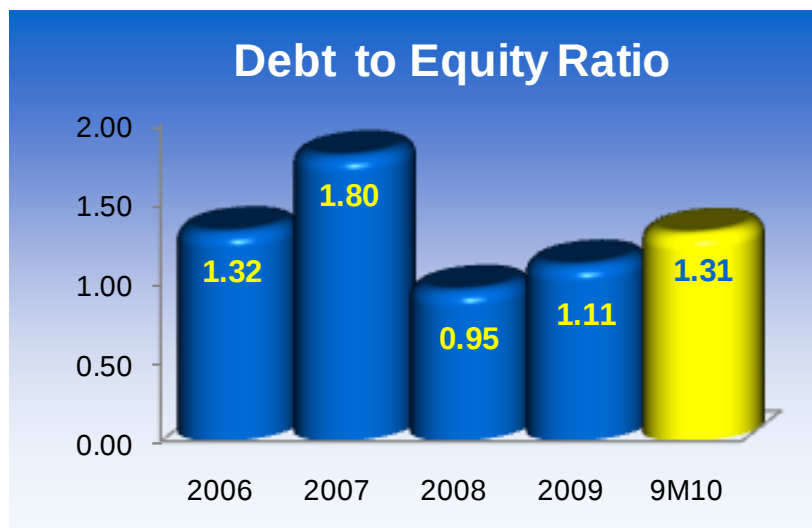
*Annualized

Profitability Ratios (%)	9M10	9M09	Δ%
Gross Margin	35.9%	29.8%	20.2
EBITDA Margin	29.8%	24.3%	22.5
Operating Margin	18.5%	7.4%	148.9
Net Margin	2.8%	3.1%	(9.7)
Return on Equity - Annualized	3.3%	2.9%	15.7

Efficiency Ratios (x)	9M10	9M09	Δ%
Revenue/ fixed assets - Annualized	1.15	1.02	12.8
Revenue/ net working capital - Annualized	3.58	2.64	35.8

Investment Ratios (x)	9M10	9M09	Δ%
CapEx/ Revenue	0.18	0.38	(52.5)
CapEx/ Depreciation	1.57	2.22	(29.2)

CONSOLIDATED DEBTS (in USD mn)	9M10	9M09	Δ%
A. Total Bank Loans	677.1	472.8	43.2
Current Portion	158.1	75.8	108.7
Non Current Portion	519.0	397.0	30.7
B. Other Obligations	267.0	242.1	10.3
Rupiah Bonds (due in 2012 and 2014)	167.3	154.1	8.5
MTN (due in 2011 and 2012)	99.7	0.0	n.m.
USD Notes (Paid in 22 May 2010)	0.0	88.0	n.m.
Total	944.1	714.9	32.1

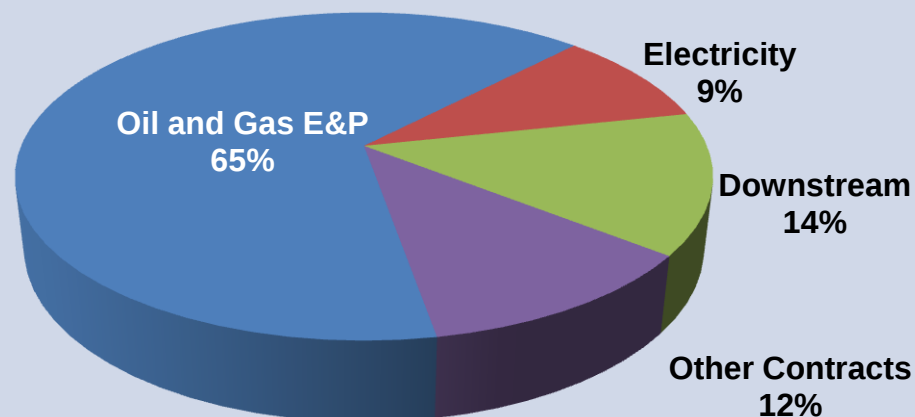


Capital Structure (x)	9M10	9M09	Δ%
Net debt/total equity	1.08	0.74	46.4
Net debt/(net debt + equity)	0.52	0.42	22.3

Liquidity & Solvability (x)	9M10	9M09	Δ%
Cash Ratio	0.42	0.49	(13.8)
Quick Ratio	1.59	1.64	(3.5)
Current Ratio	1.89	1.91	(0.8)
Debt to Equity Ratio	1.31	1.01	29.0
Net Debt to Equity Ratio	1.08	0.74	46.4
Total Liabilities/Total Equity	1.88	1.66	13.0

Coverage Ratios (x)	9M10	9M09	Δ%
Interest Coverage Ratio	3.39	3.01	12.9
Net debt/EBITDA – Annualized	3.09	0.21	1,391.6

Segmental breakdown, 9M10 Revenues



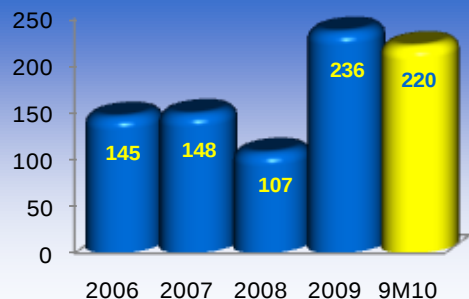
Business Segment (in USD mm)	9M10 Revenues	9M09 Revenues	Δ%
Oil and Gas, Exploration & Production	411.4	345.8	19.0
Electricity	59.5	48.0	24.1
Downstream	88.1	26.5	231.8
Other Contracts	73.7	61.9	19.2
Consolidated Net Income after Eliminations	632.8	482.2	31.2

Breakdown by Business Segments (cont'd)



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1P Reserves in MMBOE



2P Reserves in MMBOE



Lifting in MBOEPD



Lifting Cost per BOE



Oil and Gas E&P	9M10	9M09	Δ%
Proved Reserves - 1P (MMBOE)	220.1	89.1	146.9
Proved and Probable Reserves - 2P (MMBOE)	261.1	172.8	51.1
Oil Lifting / MBOPD	30.54	35.08	(12.9)
Gas Sales / MMCFD	151.35	104.35	45.0
Total Oil and Gas (MBOEPD)	56.41	52.92	6.6
Average Oil Price, USD/barrel	79.38	59.61	33.2
Average Gas Price, USD/mmbtu	3.59	3.07	16.9
Revenues (mn USD)	411.4	345.8	19.0
Cost of Sales (mn USD)	216.1	222.4	(2.8)
Net Income (mn USD)	76.7	67.7	13.3

Breakdown by Business Segments (cont'd)



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Electricity	9M10	9M09	Δ%
Power Production - IPP / GWH	800	635	25.9
Power Production - O&M / GWH	6,709	4,881	37.5
Revenues (mn USD)	59.5	48.0	24.1
Cost of Sales (mn USD)	42.4	35.1	20.9
Net Income (mn USD)	0.92	(1.49)	n.m.
Downstream	9M10	9M09	Δ%
Fuel Distribution / KL	134,868	60,697	122.2
Average HSD Price / Rp per liter	5,966	4,474	33.3
Ethanol Production/ KL	14,443	3,735	286.7
Average Ethanol Price, USD / KL	590	405	45.7
LPG Sales / MT per day	42.3	46.1	(8.2)
LPG Price/ USD per MT	621	399	55.5
Revenues (mn USD)	88.1	26.5	231.8
Cost of Sales (mn USD)	88.2	26.5	233.3
Net Income (mn USD)	(7.5)	(18.6)	(59.9)
Other Contracts	9M10	9M09	Δ%
Revenues (mn USD)	73.7	61.9	19.2
Cost of Sales (mn USD)	59.1	54.3	8.8
Net Income (mn USD)	6.2	1.0	507.6

“The combination of oil and gas reserves on Medco’s portfolio will help sustain production life for years to come”

Indonesia	International	1P (Proved)
▪ Rimau ▪ Kampar ▪ Lematang ▪ Tarakan ▪ Sembakung ▪ Senoro Toili ▪ Bawean	▪ East Cameron ▪ Main Pass ▪ Mustang Island ▪ Brazos ▪ West Delta	220.1 MMBOE 37% oil, 63% gas

Indonesia	International	2P (Proved and Probable)
▪ Rimau ▪ Kampar ▪ Lematang ▪ Tarakan ▪ Sembakung ▪ Senoro Toili ▪ Bawean	▪ East Cameron ▪ Main Pass ▪ Mustang Island ▪ Brazos ▪ West Delta	261.1 MMBOE 40% oil, 60% gas

Based on 9M10 data

- ❖ **1P or Proved reserves:**
Reserves claimed to have a reasonable certainty (normally at least 90% confidence) of being produced.
- ❖ **2P or Proved and Probable reserves:**
Reserves claimed to have a lower certainty (at least 50% confidence) of being produced due to operational, contractual, or regulatory uncertainties.
- ❖ **Contingent Resources:**
Discoveries not yet considered fully ready for commercial development due to certain contingencies.

→ Most of 2P reserves and Contingent Resources are **technically proven** – conversion to proved reserves is pending certain milestones of commerciality factors e.g. government approvals, final POD etc.

▪ Libya-47 ▪ Block A ▪ Senoro Toili ▪ Bangkanai ▪ Simenggaris	Contingent Resources 257.30 MMBOE 60% oil, 40% gas
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Reserves Profile: Potential Additional Reserves



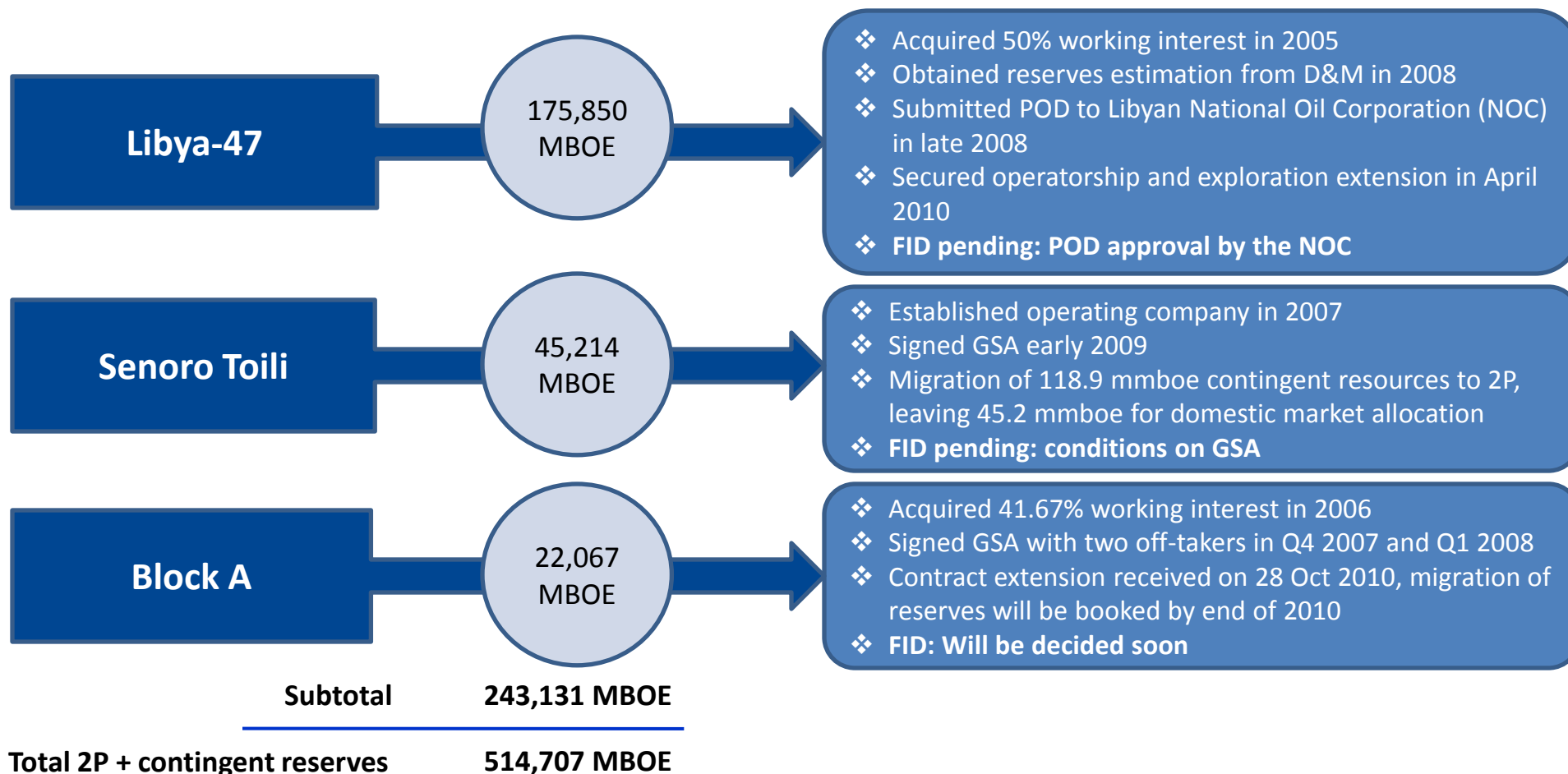
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“Medco will book its technically proven discovery from major projects as proved reserves upon achievement of certain milestones.”

Major Projects Assets

Est. Contingent Resources

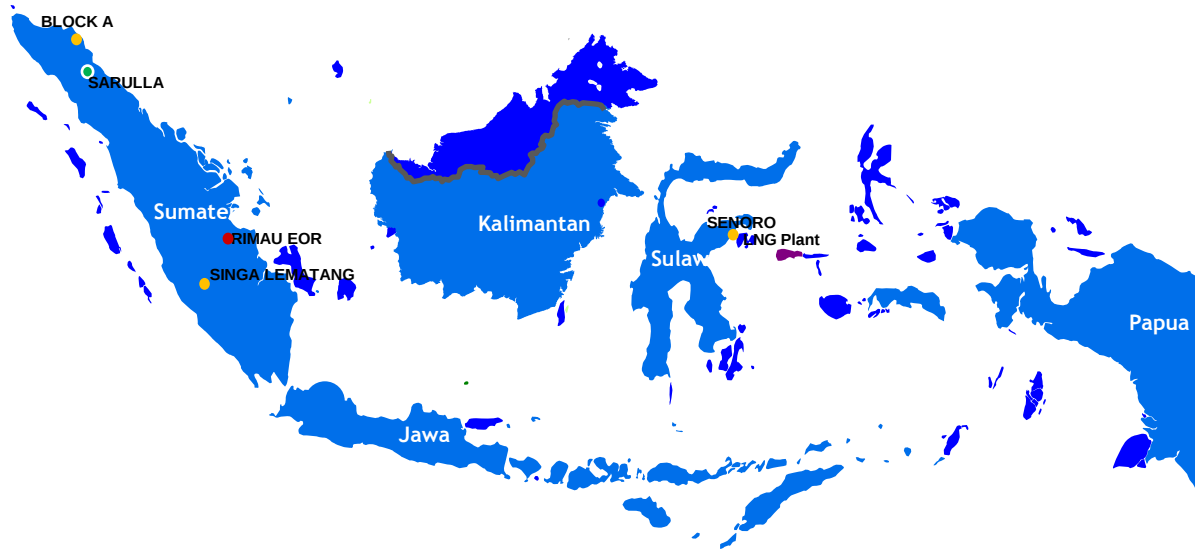
Key Milestones



Highlights: Corporate & Projects Milestones

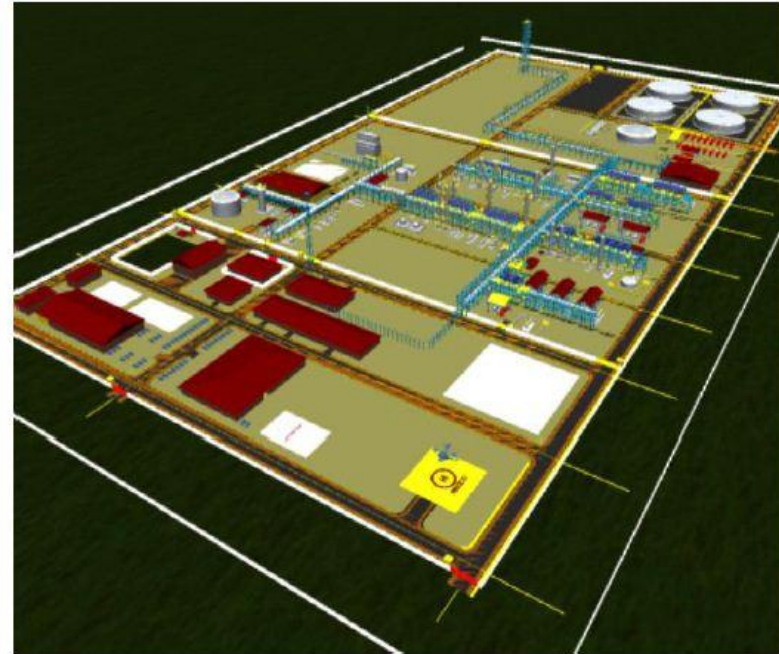
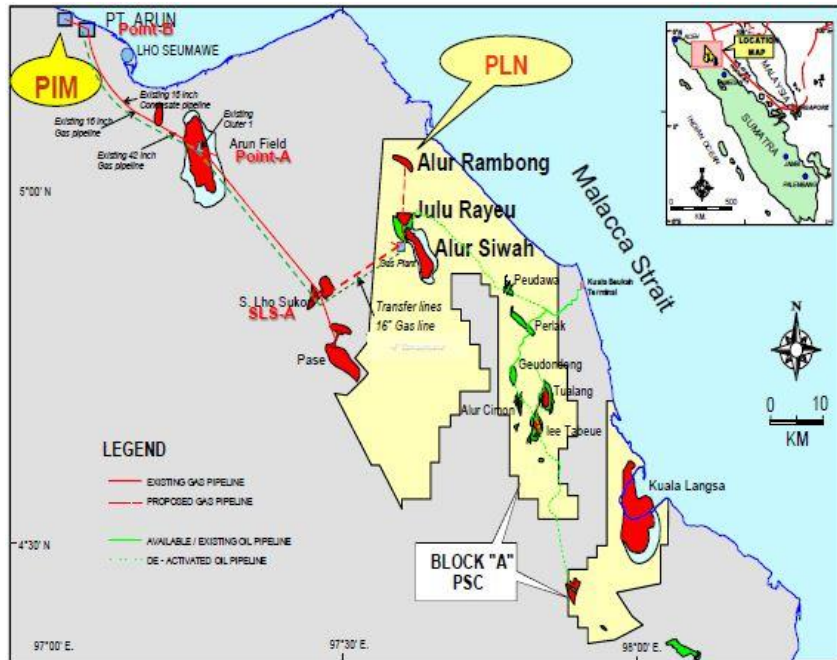
1	MedcoEnergi has issued the 2nd Medium Term Notes (MTN) in a total amount of USD 50 million on March 22nd 2010. The MTN were issued in two tranches: Series A in the amount of USD 40 million with coupon rate of 7.25% per annum and a 2-year tenor and Series B in the amount of USD 10 million with coupon rate of 8.00% per annum and a 3-year tenor.
2	MedcoEnergi completed the construction of Combined Cycle Power Plant in PLTGU Panaran II, Batam and started the operation on March 25th 2010. The combined cycle which is operated by the Company's indirect subsidiary PT Dalle Energy Batam will add another 20.6 MW of power supply from Panaran II by utilizing steam produced from the simple cycle gas turbine generator. Prior to this, Panaran II produces 61.5 MW of power supply from 55.5 MW (2x27.75 MW) gas turbine generator and 6 MW chiller.
3	MedcoEnergi secured operatorship of Area 47 in Libya from the Libyan General People's Committee (GPC) starting April 1st 2010 replacing Verenex Energy Area 47 Libya Limited (VEAL). GPC also granted a one year extension to the exploration period commencing the same date of Operatorship. The move came after Verenex Energy Inc. which is Medcoenergi's partner and also operator of Area 47 was acquired by Libya Investment Authority (LIA) a sovereign wealth fund established by the Libyan Government in 2006 and has assets in excess of US\$65 billion.
4	The Indonesian Minister of Energy and Mineral Resources, has signed off the consent letter for Donggi-Senoro gas allocation on June 17th, 2010.
5	From May to July 2010, MedcoEnergi made three new oil discoveries at Area 47, Libya , which came from the N1-47/02, L1-47/02 and O1-47/02 exploration wells. The discoveries resulted a combined aggregate main flow rate of 9,409 BOPD. Since exploration drilling activities began in September 2006, there were 24 wells drilled in the Area 47, which consisted of 20 exploration and 4 appraisal wells. Out of 20 exploration wells drilled, it has oil discovery in 15 wells, and 2 discoveries from appraisal wells.
6	On October 28th 2010, MedcoEnergi received Contract Extensions for three of its PSC blocks from the Government of Republic of Indonesia. Contract Extensions were given for South and Central Sumatra PSC until 2033, Block A PSC in Aceh until 2031 and Bawean PSC located at offshore East Java until 2031.

Major Projects Portfolio



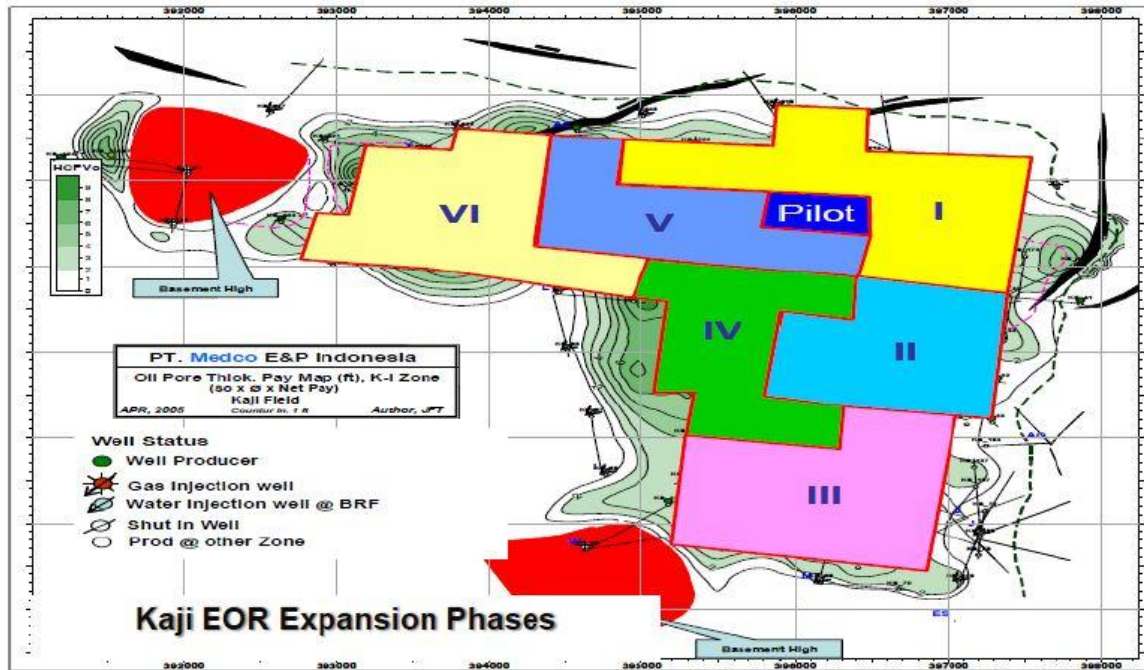
- Oil Development
- Power Plant
- Gas Development

PROJECTS	TARGET Start-Up	Project Descriptions	% ownership	Partners	Page
Block A	2013 - 2015	Gas field development up to 110 MMscfd	41.67%	Premier, Japex	22
Rimau	2013	Oil field - Enhanced Oil Recovery	95%	PD-PDE	23
Senoro	2014	Gas field development up to 250 MMscfd	50%	Pertamina	24
DS- LNG	2014	LNG plant , single train of 2.1 mtpa capacity	20%	Pertamina, Mitsubishi	24
Libya 47	2014	Oil field development of 50,000 - 100,000 bopd	50%	Verenex	25
Sarulla	2014 - 2015	Geothermal power plant, 3x110 MW	37.25%	Kyushu, Ormat, Itochu	26



Block A

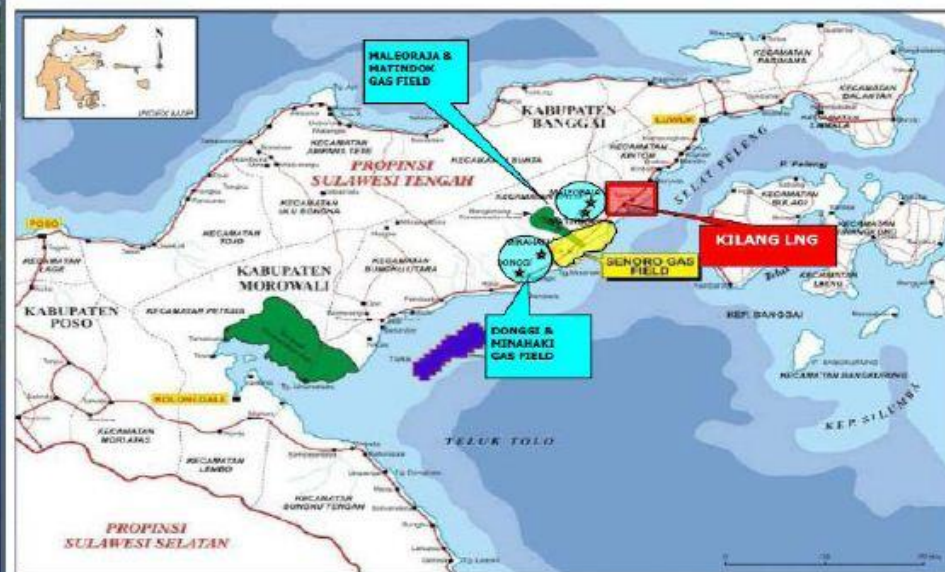
- ❖ Objective : Monetize 121.7 BCF 2P gas contingent resources;
- ❖ Project Scope: 2 x 60 MMSCFD gas plant and associated pipeline
- ❖ Project Status:
 - FEED completed; continue preparing EPC tender documents;
 - Complete pre-sanctioned review by independent consultant to improve project readiness prior to FID;
 - GSA with Pupuk Iskandar Muda and PLN have been signed in 2007 and 2008, respectively. Gas prices for both buyers have been approved by MESDM in 2009;
 - Obtained endorsement from Local Oil and Gas Regulator, PSC Extension up until 2031 received from the Government. No major capex before Final Investment Decision.



Rimau Enhanced Oil Recovery Project

- ❖ Objective : Increase oil production volume from existing reservoir by using new EOR technique
- ❖ Project Scope : Implementation of pilot project Enhance Oil Recovery (EOR) to increase around 60MMBOE Original Oil In Place (OOIP) in 2013
- ❖ Project Status:
 - Obtained budget approval from BPMIGAS, major contracts are awarded and site preparation work started.
 - This pilot project is a step to full expansion, contains 6 pattern drilling;
 - Capex will be internally funded from operation.

Senoro Gas/LNG Development



Objective : Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG Product

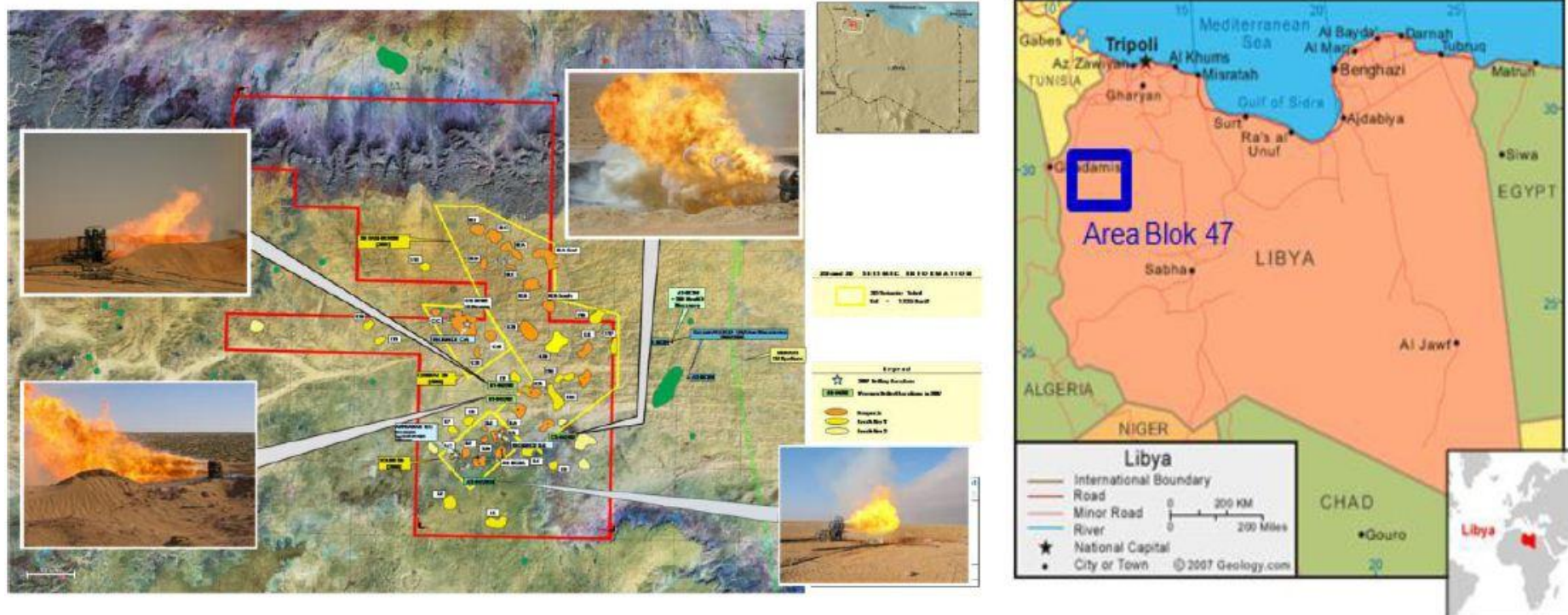
Upstream:

- Project Scope: Build 250 MMSCFD plant and associated pipelines,
- Project Status:
 - Reserve assessment by GCA completed;
 - ESDM has recommended project to proceed;
 - No major capex before Final Investment Decision;
 - Financing – negotiations with commercial banks.

Downstream:

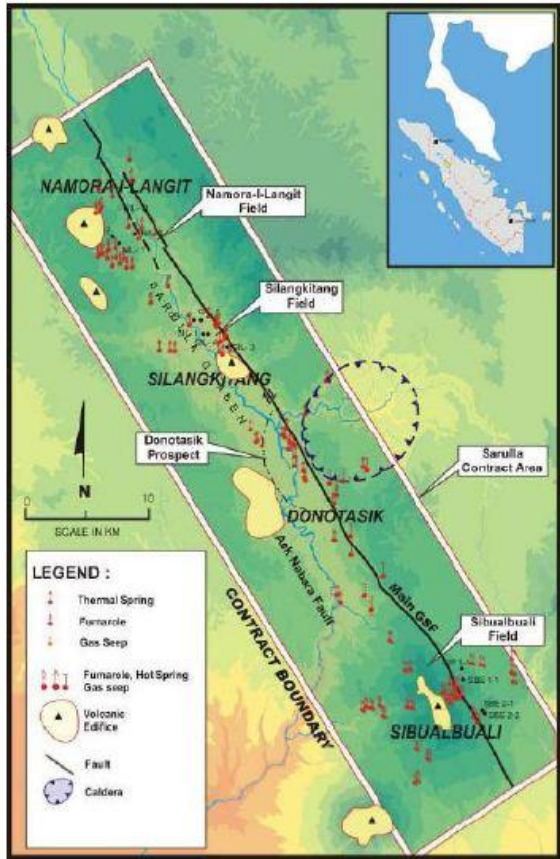
- Project Scope : Build 2.1 MT per annum LNG facilities
- Project Status:
 - GSA signed with Senoro PSC and Matindok PSC, and LNG HOA with Japanese (Kyushu & Chubu) and Korean (KoGas) buyers;
 - Financing – continuing negotiations with JBIC and commercial banks.
 - Final Investment Decision – closing out outstanding CPs

Libya Block 47



- ❖ Objective : Development of area 47 oil discovery in Libya with Gross Contingent Resources of 352 MMBOE
- ❖ Project Scope : Produce 50-100 MBOPD production facilities with associated pipelines
- ❖ Project Status :
 - Total 24 wells drilled, 20 exploration wells and 4 appraisal wells;
 - Successful exploration results with aggregate flow of 119,345 bopd based on 15 exploration and 2 appraisal wells;
 - Obtained operatorship replacing Verenex and extended exploration period until 31 March 2011;
 - Target to obtain commerciality in 4Q10;
 - Continue exploring financing in the form of reserve based lending.

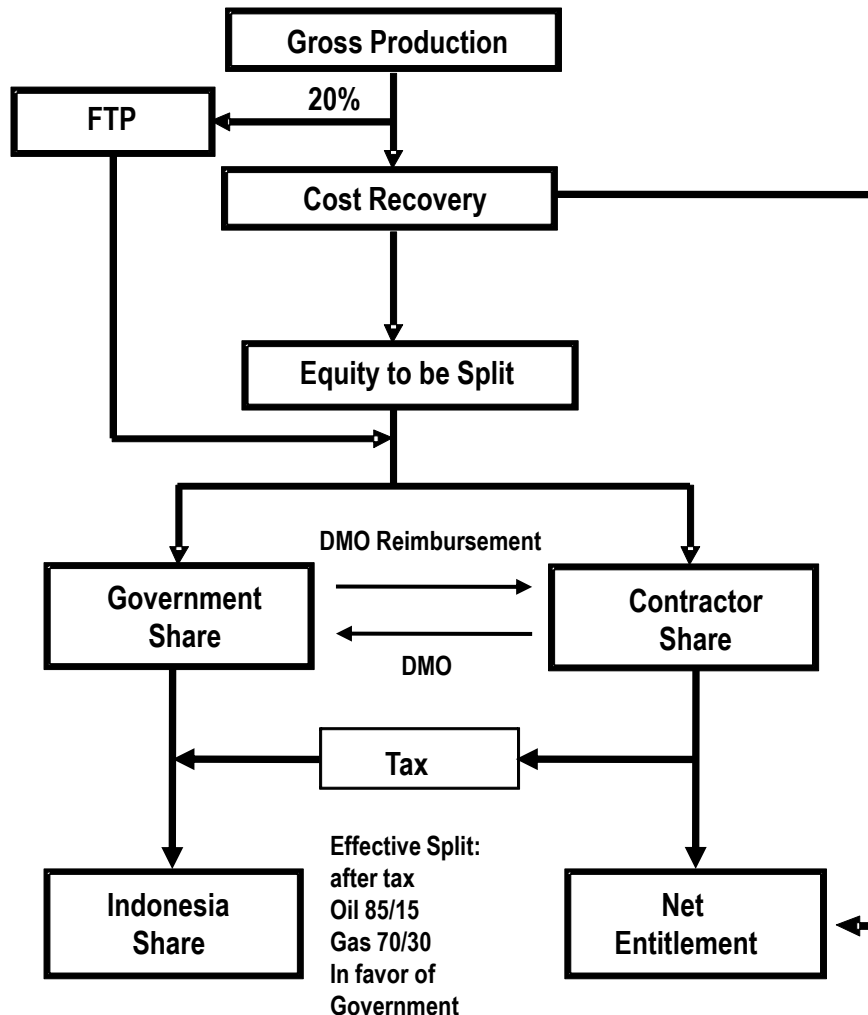
Sarulla Geothermal



- ❖ Objective : Develop renewable energy resources in Geothermal sector by building strategic alliances with Kyushu, Ormat, Itochu
- ❖ Project Scope : Build geothermal power plant 3x110MW in Sarulla North Sumatra, using combined cycle unit and Ormat Energy Converter
- ❖ Project Status :
 - Electricity Tariff – renegotiate underway with PLN;
 - Engineering, Procurement & Construction (EPC), Drilling, O&M contract – preparing for negotiations and finalization;
 - Financing – positive response from JBIC/ADB and other commercial banks to provide funding.

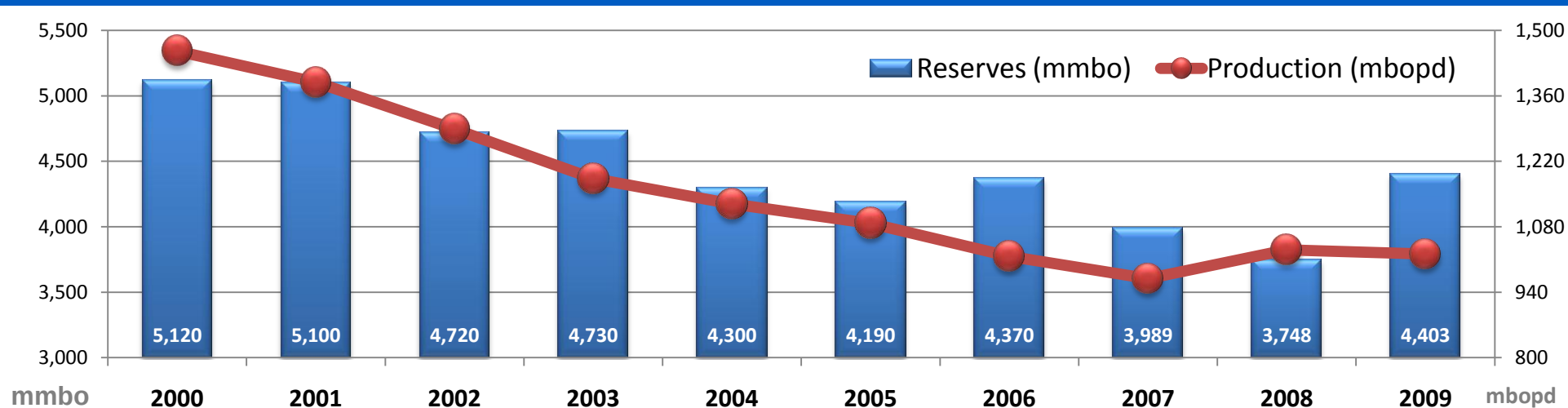
The Industry: Background and Market Positioning

“Under PSC mechanism, production level will indirectly affect the contractor’s entitlement. However, as the cost recovery is done dollar to dollar, volume becomes less relevant and impact will mainly be on the margin.”

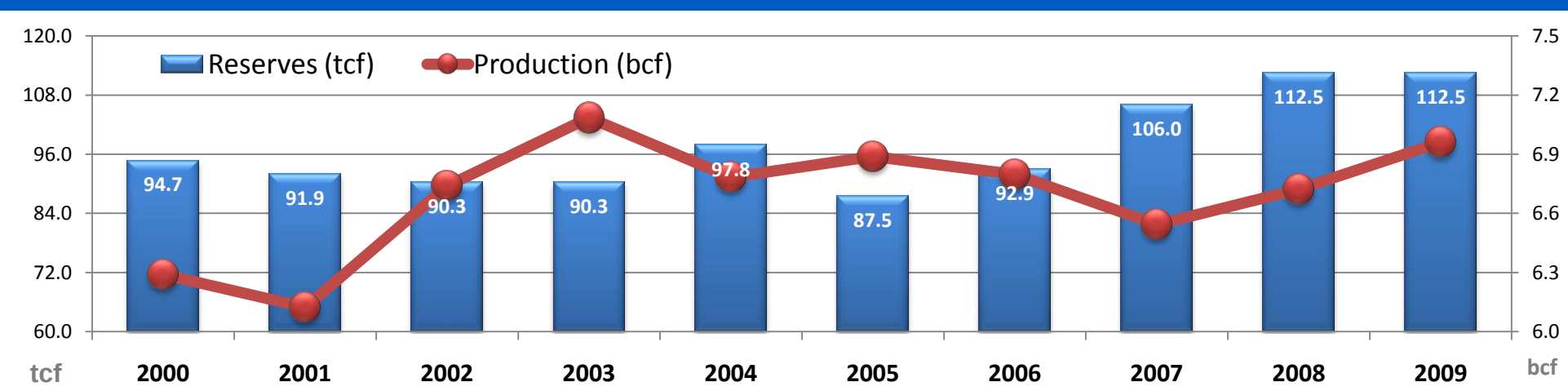


- ❖ Right after production, 20% of it is “provisioned” to meet the First Tranche of Petroleum (FTP) requirement of the PSC. This FTP will later on be shared between government and contractor according to the agreed split ratio.
- ❖ Thereafter the remaining 80% of the revenue are deducted by recoverable operating cost becoming the amount of equity to be split.
- ❖ Prior to splitting the share between government and the contractor, the FTP provisioned earlier is added back to the equity.
- ❖ Then each party will receive each share according to the agreed split. Typically 85:15 for oil and 65:35 for gas. Note: split for Senoro is 65:35 oil, 60:40 gas.
- ❖ The contractor will need to serve Domestic Market Obligation (DMO), normally up to 25% of contractor share. DMO holiday applies for the first 60 months.
- ❖ Afterwards, the contractor receives its net contractor share. Together with the recoverable operating cost to be recovered in oil, they comprise the total contractor share (entitlement).

Indonesia Proved Oil Reserves and Production

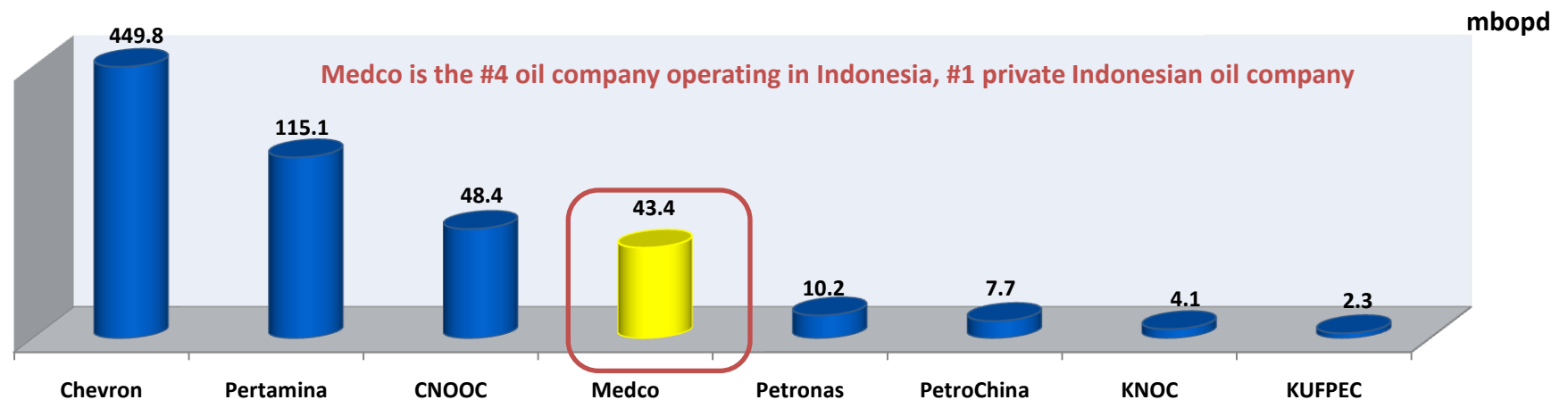


Indonesia Proved Gas Reserves and Production

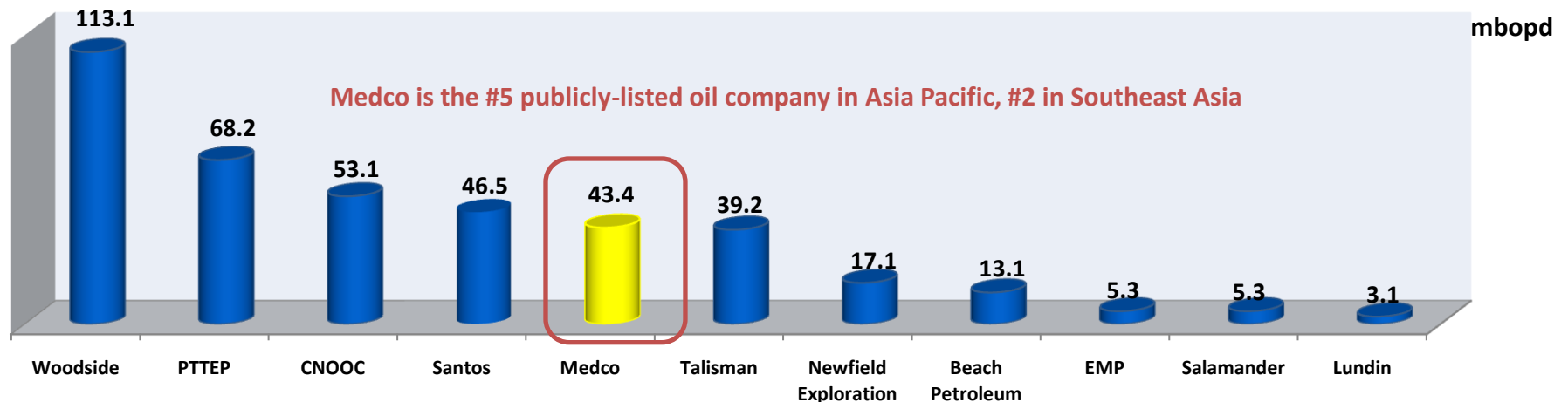


Source: ESDM

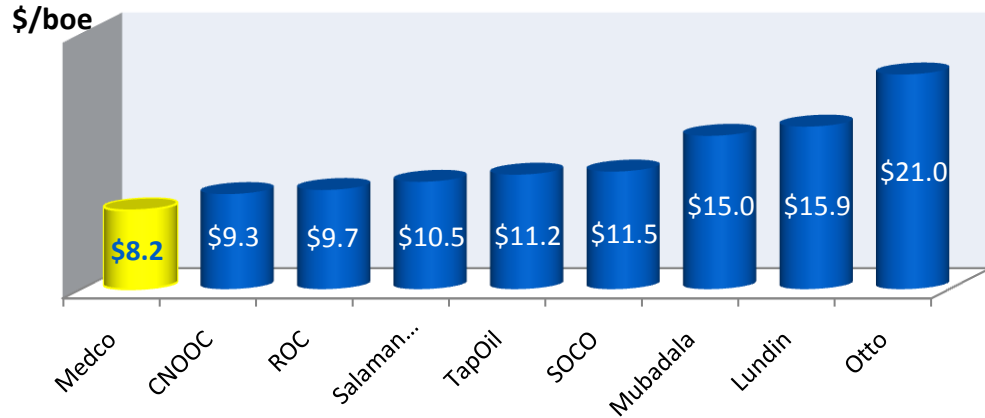
2008 gross oil/condensate production of oil upstream operators in Indonesia



2008 gross oil production of publicly-listed Asia Pacific E&P companies



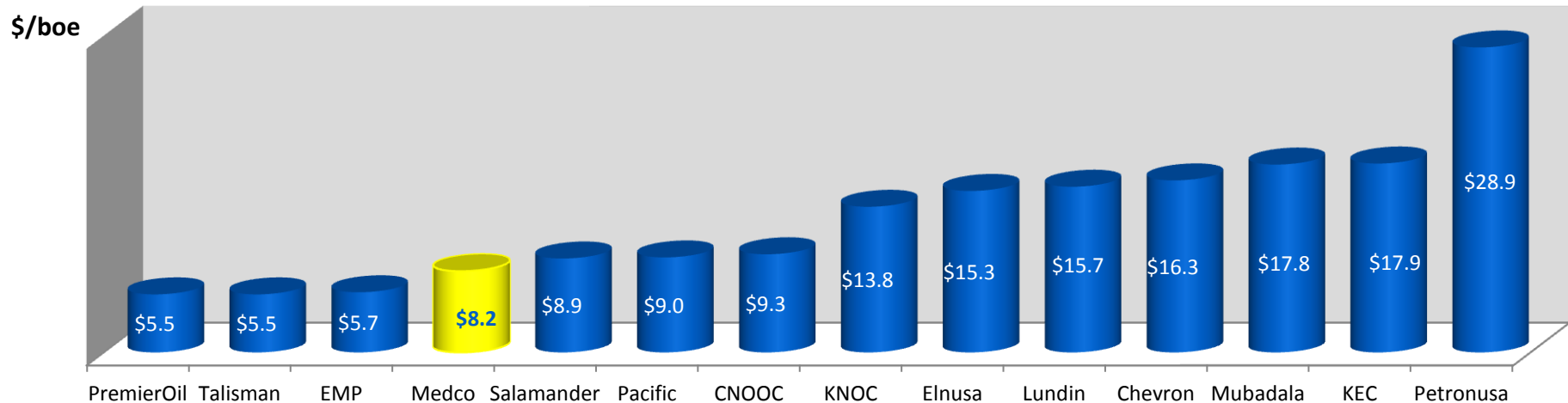
2008 firm-wide lifting costs of Asia Pacific E&P companies



“PSC’s cost recovery structure mitigates industry-wide cost escalation. Medco has been relatively cost-efficient and is one of the lowest cost oil companies in Indonesia.”

- ❖ Lifting costs leader amongst Asia Pacific oil producers.
- ❖ Competitive cost structure enables Medco to:
 - Extend life of its fields
 - Compete for bidding for new assets
 - Compete more effectively in a lower oil price environment
 - Obtain higher operating margins and lower capital costs for growth

2008 lifting costs for major operators in Indonesia

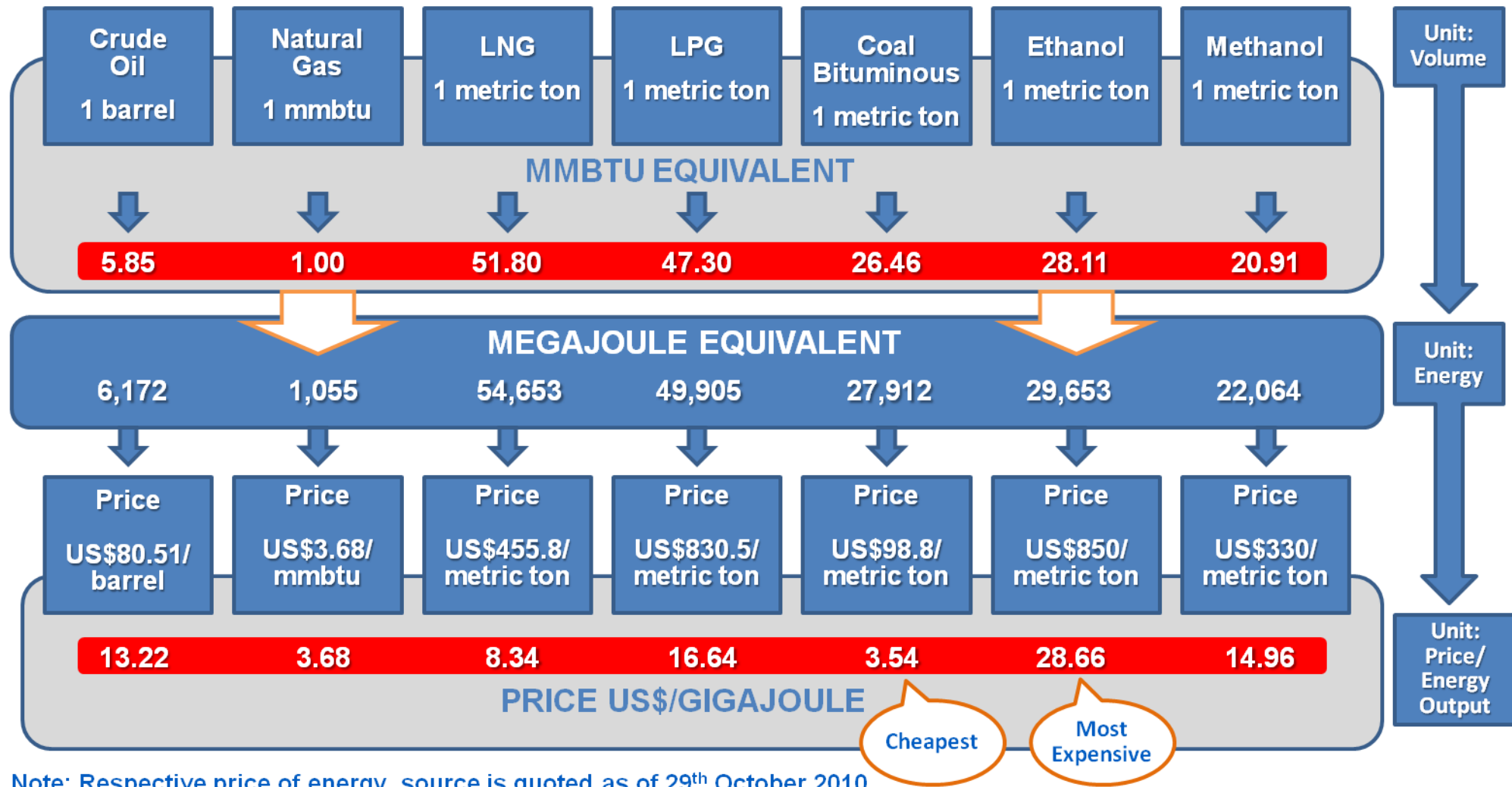


Source: WoodMackenzie

Energy Mix Conversion Table



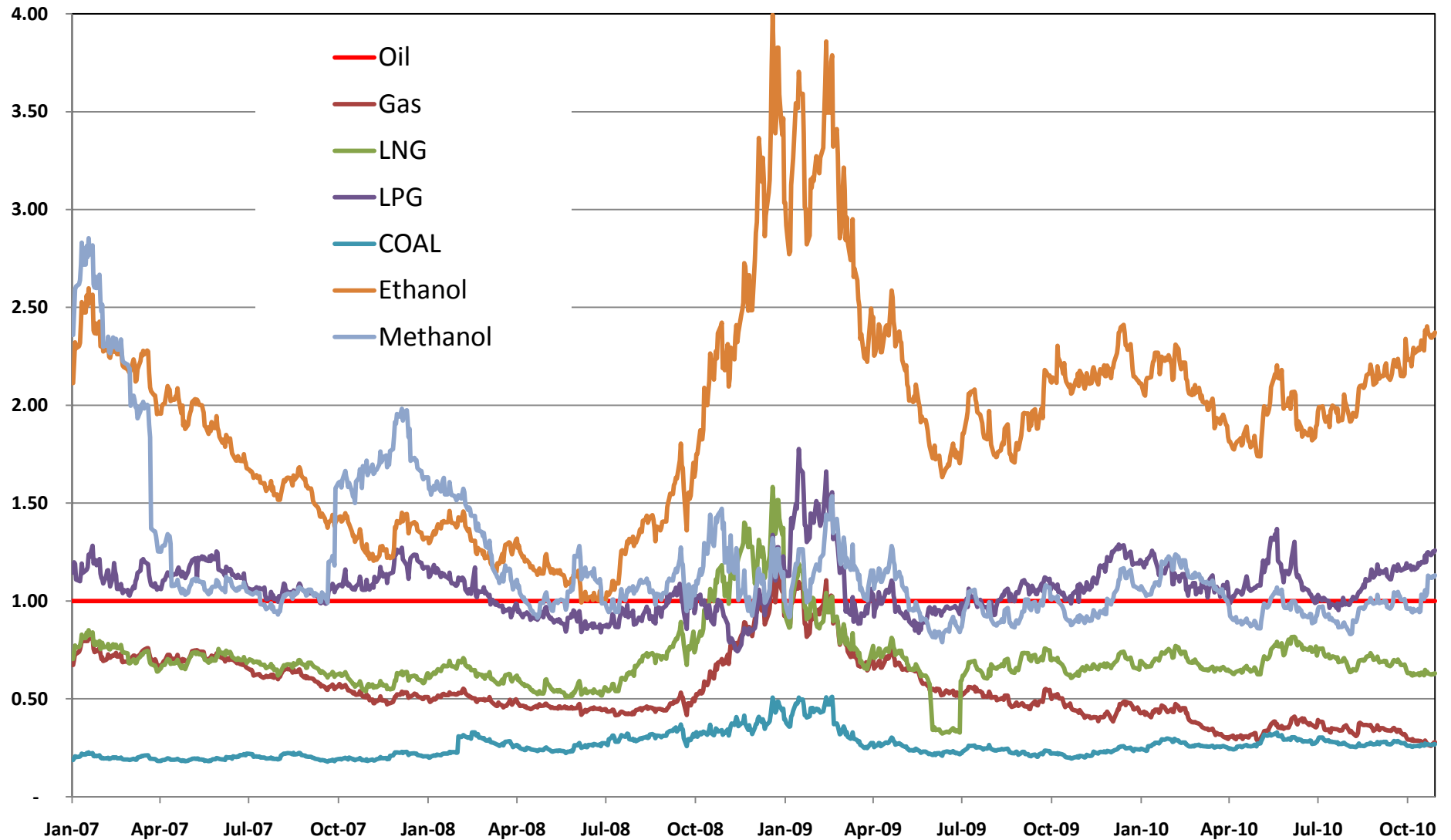
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Energy Price Parity Chart



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Note: Oil is the base for Energy Price Parity acting as the denominator to other types of energy



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