



MEDCOENERGI

FY10 Investors' Update

PT Medco Energi Internasional Tbk.

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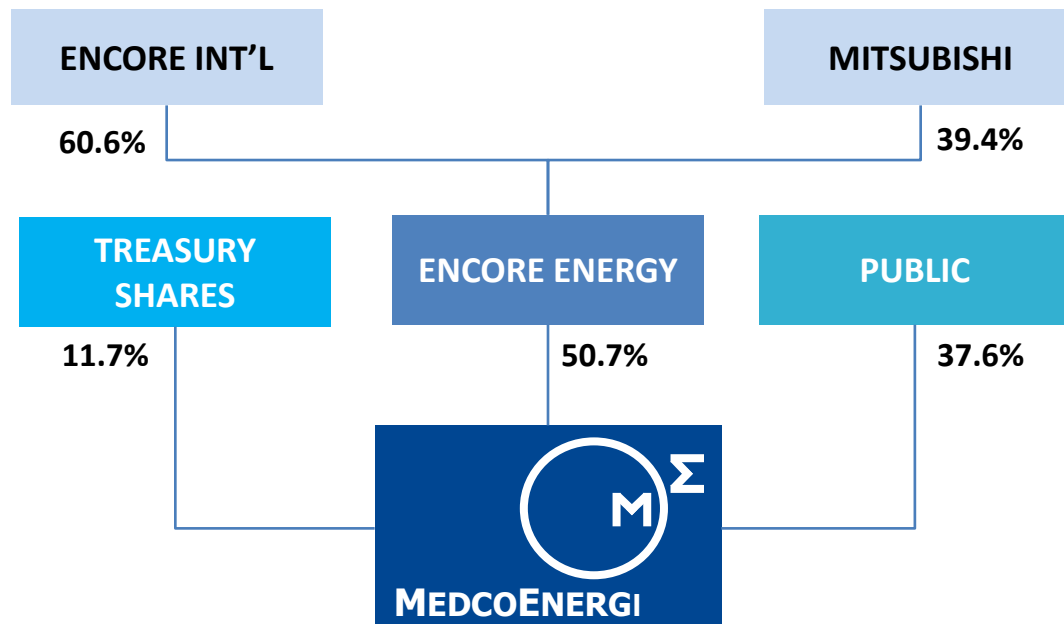
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Overview: Profile & Assets Portfolio

Shareholding Structure

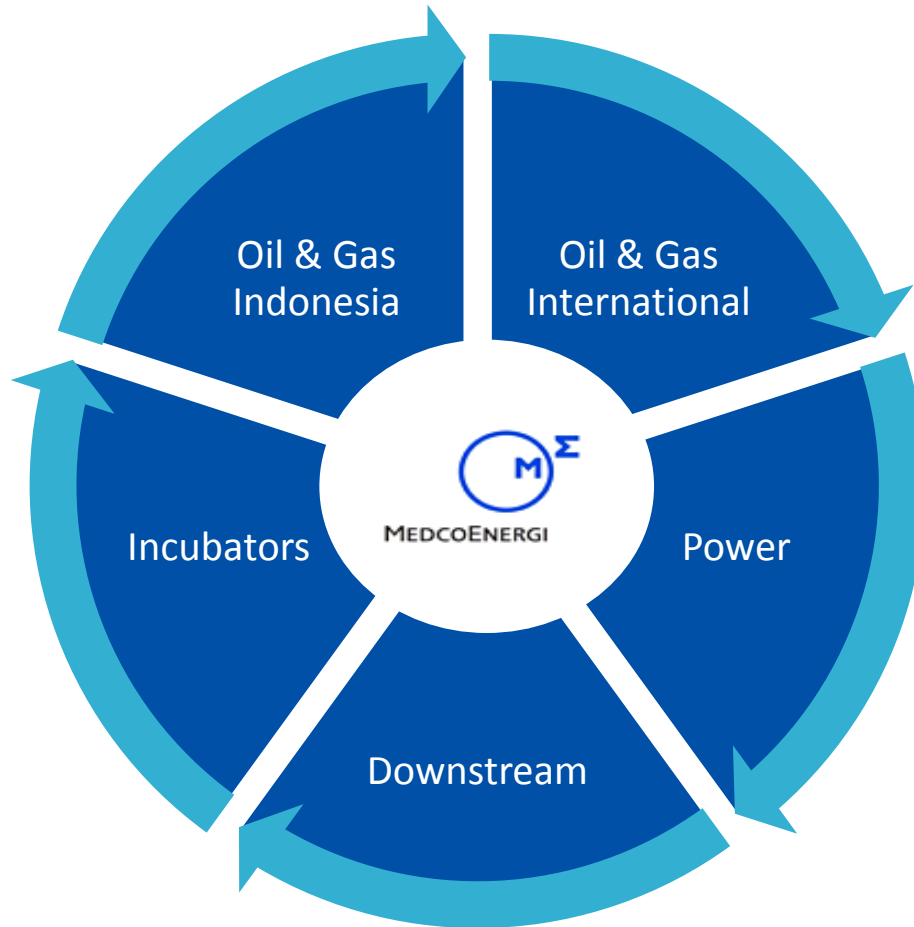


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PT Medco Energi Internasional Tbk (“MEI”) is an investment holding company with 1 operating – holding company for domestic oil and gas business unit, and 3 sub-holding companies for international oil and gas, power generation, and downstream industries.

Stockholder Composition	FY10	FY09	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.”

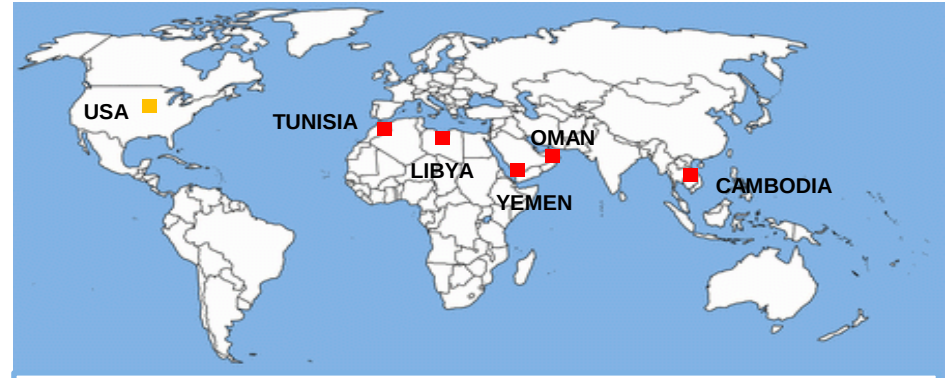


Medco E&P Indonesia

- 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

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 From April to November 2010, MedcoEnergi **made six new oil discoveries at Area 47, Libya**, which came from the N1-47/02, L1-47/02, O1-47/02, K1-47/02, P1-47/02 and D1-47/04 exploration wells. The discoveries resulted a combined aggregate main flow rate of 13,339 BOPD. Since exploration drilling activities began in March 2005 up to December 2010, there were 20 exploration wells and 6 appraisal wells drilled in the Area 47. Out of 20 exploration wells drilled, it has oil discovery in 18 wells, and 2 discoveries from appraisal wells. This accounted for more than 80% success rate.
- 5 The Indonesian Minister of Energy and Mineral Resources, has signed off the **consent letter for Donggi-Senoro gas allocation** on June 17th, 2010.
- 6 MedcoEnergi's partner in Tunisia, Pioneer Natural Resources Anaguid Ltd. **announced a successful drilling of Mona-1 well, located at Anaguid Exploration Permit in South Tunisia** on October 26th, 2010. The well was drilled and tested at initial gross production rate of approximately 4,077 MBOEPD at 32/64" choke. MedcoEnergi held a 40% participating interest in Tunisia through Medco Tunisia Anaguid Ltd. Pioneer is the operator of the block.

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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.

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MedcoEnergi has **signed a loan facility agreement of USD 120 million with Mitsubishi Corp.** to help finance the Donggi-Senoro LNG Plant (DS-LNG) in Senoro-Toili, Sulawesi. The loan facility was secured on December 31st, 2010 from MedcoEnergi's DS-LNG consortium partner Mitsubishi Corp. through its wholly-owned subsidiary PT Medco LNG Indonesia (MLI), while MedcoEnergi as the holding company will act as guarantor.

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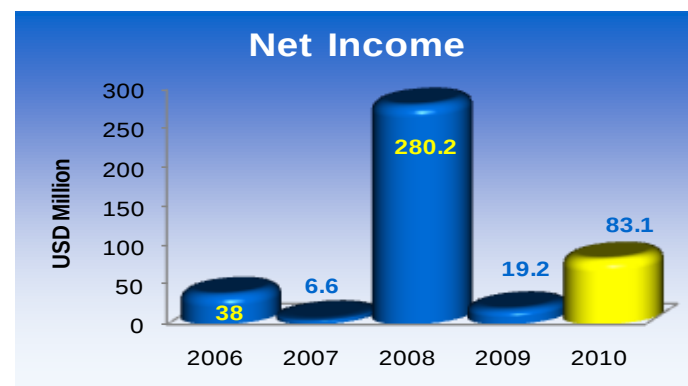
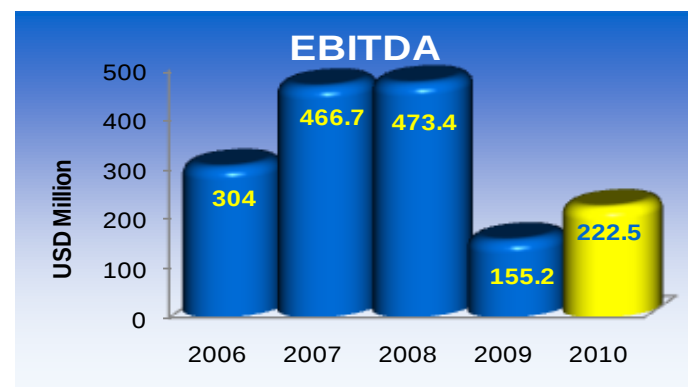
On January 24th, 2011 MedcoEnergi announced that **the Final Investment Decision (FID) for Senoro-Toili Gas and LNG Projects has been reached**. In conjunction with the FID, the company also managed to pare down its participating interest in DS-LNG from 20% to 11.1% through dilution which is in accordance to the Company's strategy in developing its Key Projects.

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MedcoEnergi has completed the **divestment of 100% shares of Tomori E&P Limited (TEL) to Mitsubishi Corp. for USD 260 million** on January 31st, 2011. The transaction refers to the Company which has recently acquired 20% undivided working interest of Senoro-Toili Production Sharing Contract (PSC) from PT Medco E&P Tomori Sulawesi (MEPTS) on December 22nd, 2010 both of whom are wholly-owned subsidiaries of PT Medco Energi Internasional Tbk. (MEI). With the acquisition of TEL, MEI still hold a 30% stake in Senoro-Toili PSC through MEPTS.

Business Performance: Financial & Operational KPIs

Financial Highlights (USD mm)	FY10	FY09	Δ%
Revenue	929.9	667.8	39.2
Gross Profit	287.8	229.1	25.6
Income from Operations	114.5	72.2	58.6
EBITDA	222.5	155.2	43.3
Earnings Before Tax	215.9	50.6	327.0
Net Income	83.1	19.2	331.9
Equity	786.1	708.8	10.9
Total Assets	2,278.1	2,040.5	11.6
Total Liabilities	1,463.2	1,312.8	11.5
Market Capitalization	1,250.9	868.6	44.0
EPS (USD/share)	0.0282	0.0065	333.8

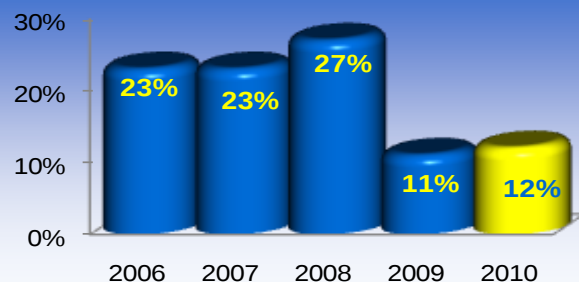


Financial KPIs (cont'd)

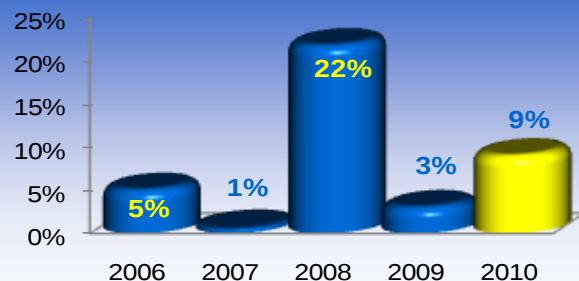


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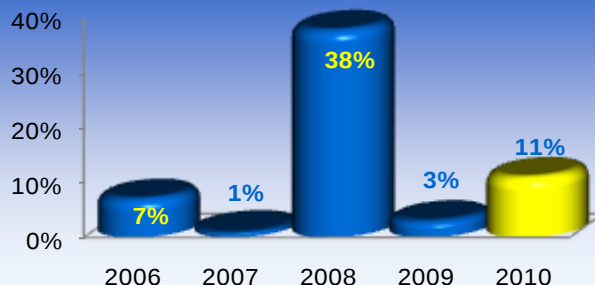
Operating Margin



Net Margin



Return on Equity

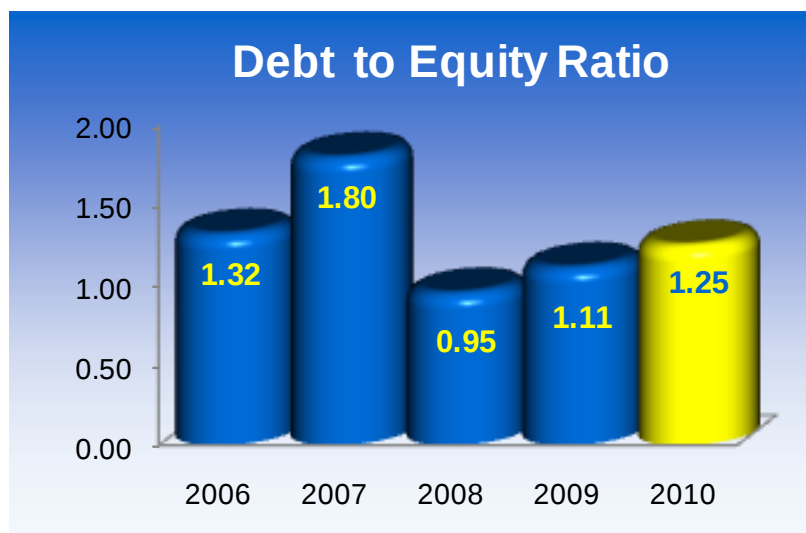


Profitability Ratios (%)	FY10	FY09	Δ%
Gross Margin	30.9%	34.3%	(9.8)
EBITDA Margin	23.9%	23.2%	2.9
Operating Margin	12.3%	10.8%	13.9
Net Margin	8.9%	2.9%	210.2
Return on Equity	10.6%	2.7%	289.4

Efficiency Ratios (x)	FY10	FY09	Δ%
Revenue/ fixed assets	0.85	0.65	31.8
Revenue/ net working capital	1.78	2.37	(24.7)

Investment Ratios (x)	FY10	FY09	Δ%
CapEx/ Revenue	0.15	0.40	(56.2)
CapEx/ Depreciation	1.33	3.24	(53.1)

CONSOLIDATED DEBTS (in USD mn)	FY10	FY09	Δ%
A. Total Bank Loans	668.7	496.7	34.6
Current Portion	175.4	128.2	36.7
Non Current Portion	493.3	368.5	33.9
B. Other Obligations	315.6	288.6	9.4
Rupiah Bonds (due in 2012 and 2014)	166.2	158.7	4.8
MTN (due in 2011 and 2012)	149.4	41.8	257.2
USD Notes (Paid in 22 May 2010)	0.0	88.1	n.m.
Total	984.3	785.3	25.3

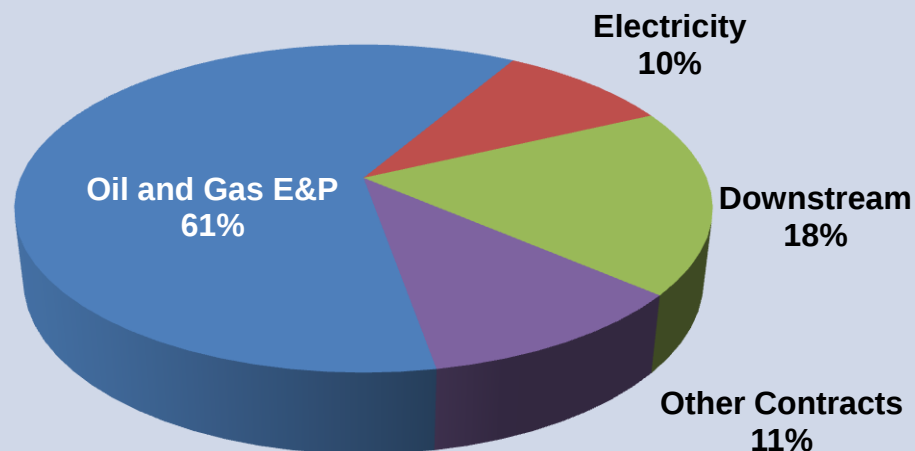


Capital Structure (x)	FY10	FY09	Δ%
Net debt/total equity	1.02	0.75	36.4
Net debt/(net debt + equity)	0.51	0.43	18.0

Liquidity & Solvability (x)	FY10	FY09	Δ%
Cash Ratio	0.36	0.50	(28.1)
Quick Ratio	1.84	1.41	31.1
Current Ratio	2.04	1.55	31.4
Debt to Equity Ratio	1.25	1.11	13.0
Net Debt to Equity Ratio	1.02	0.75	36.4
Total Liabilities/Total Equity	1.86	1.85	0.5

Coverage Ratios (x)	FY10	FY09	Δ%
Interest Coverage Ratio	2.87	3.10	(7.2)
Net debt/EBITDA	3.62	3.43	5.6

Segmental breakdown, FY10 Revenues



Business Segment (in USD mn)	FY10 Revenue	FY09 Revenue	Δ%
Oil and Gas, Exploration & Production	569.4	470.2	21.1
Electricity	88.9	66.1	34.6
Downstream	170.1	47.8	256.1
Other Contracts	101.5	83.8	21.2
Consolidated Revenue	929.9	667.8	39.2

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	FY10	FY09	Δ%
Proved Reserves - 1P (MMBOE)	201.4	235.5	(14.5)
Proved and Probable Reserves - 2P (MMBOE)	253.5	276.5	(8.3)
Oil Lifting / MBOPD	30.72	34.99	(12.2)
Gas Sales / MMCFD	155.15	104.34	48.7
Total Oil and Gas (MBOEPD)	57.24	52.82	8.4
Average Oil Price, USD/barrel	81.41	64.02	27.2
Average Gas Price, USD/mmbtu	3.62	3.11	16.4
Revenues (mn USD)	569.4	470.2	21.1
Cost of Sales (mn USD)	323.0	269.9	19.7
Net Income (mn USD)	242.4	75.2	222.4

Breakdown by Business Segments (cont'd)

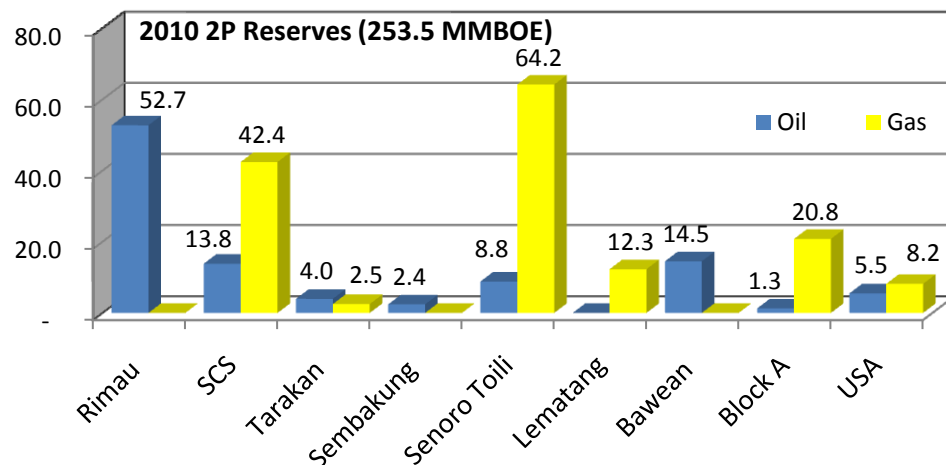
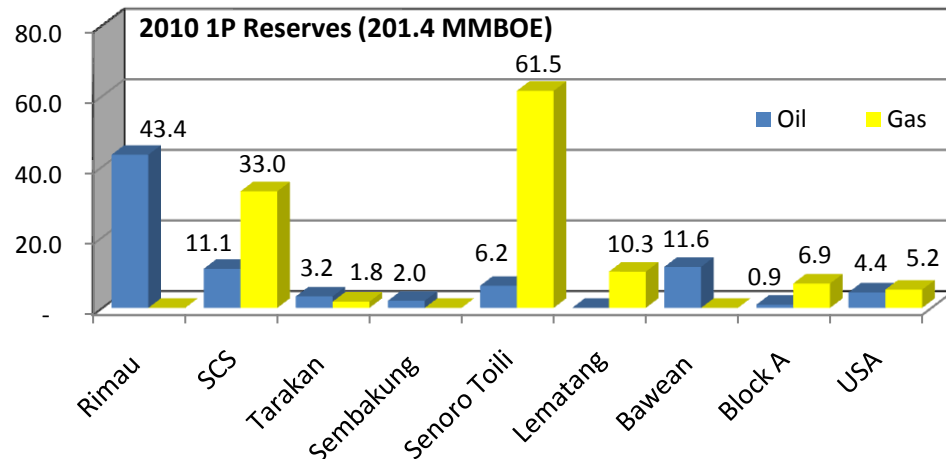


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Electricity	FY10	FY09	Δ%
Power Production - IPP / GWH	1,217	870	39.9
Power Production - O&M / GWH	9,271	8,221	12.8
Revenues (mn USD)	88.9	66.1	34.6
Cost of Sales (mn USD)	60.6	48.3	25.5
Net Income (mn USD)	(0.08)	1.47	n.m.
Downstream	FY10	FY09	Δ%
Fuel Distribution / KL	254,418	92,024	176.5
Average HSD Price / Rp per liter	6,184	5,495	12.5
Ethanol Production/ KL	19,764	8,665	128.1
Average Ethanol Price, USD / KL	559.1	488.6	14.4
LPG Sales / MT per day	42.0	45.2	(7.1)
LPG Price/ USD per MT	651	447	45.5
Revenues (mn USD)	170.1	47.8	256.1
Cost of Sales (mn USD)	175.4	48.6	261.0
Net Income (mn USD)	(18.8)	(32.0)	(41.1)
Other Contracts	FY10	FY09	Δ%
Revenues (mn USD)	101.5	83.8	21.2
Cost of Sales (mn USD)	83.1	71.9	15.6
Net Income (mn USD)	8.8	3.1	178.1

Business Development: Reserves & Exploration Program

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



❖ **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.

❖ As of FY10, both Medco’s 1P reserves and 2P reserves are comprised of **41% oil** and **59% gas**.

→ 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.

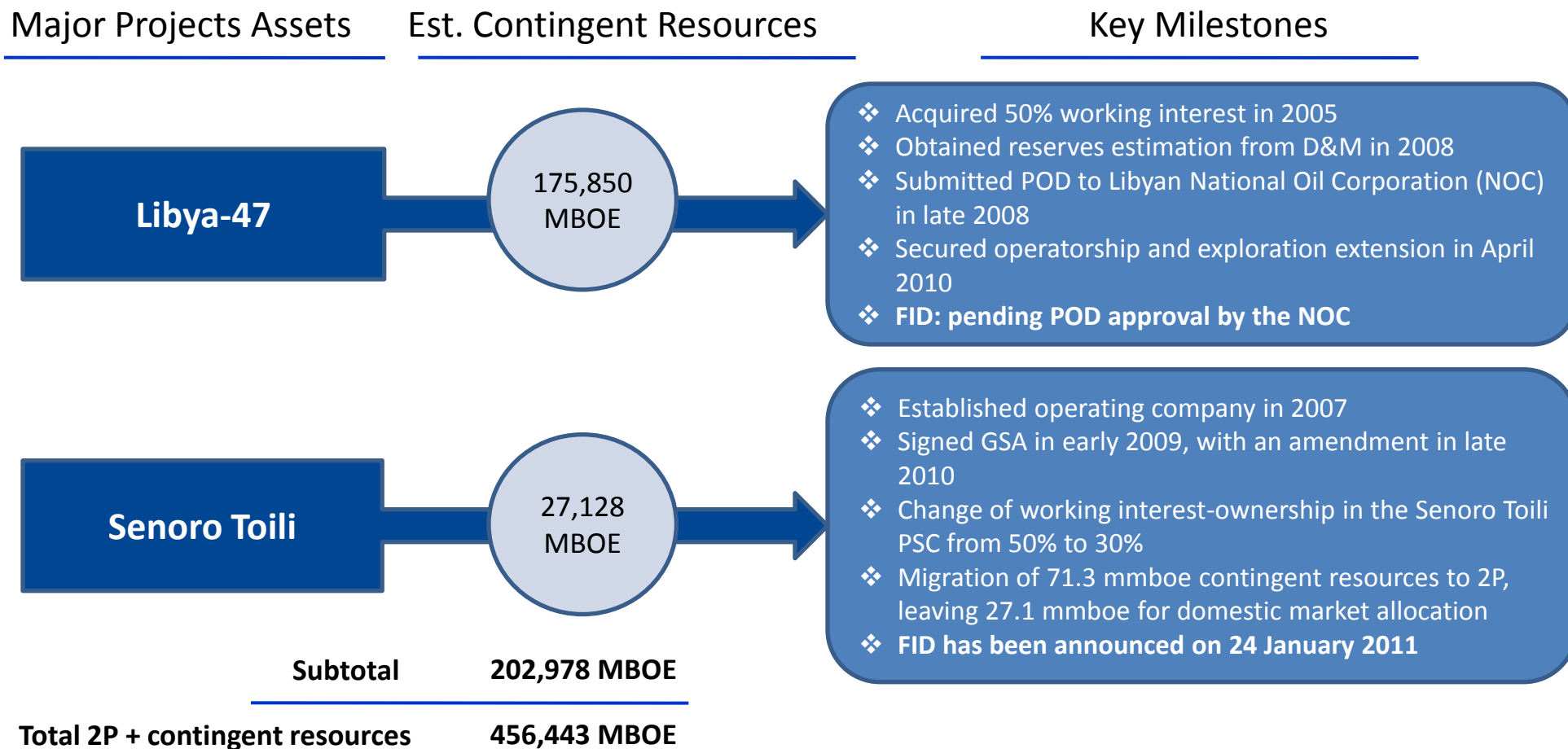
- Libya-47
- Senoro Toili
- Bangkanai
- Simenggaris

Contingent Resources

**217.2
MMBOE**

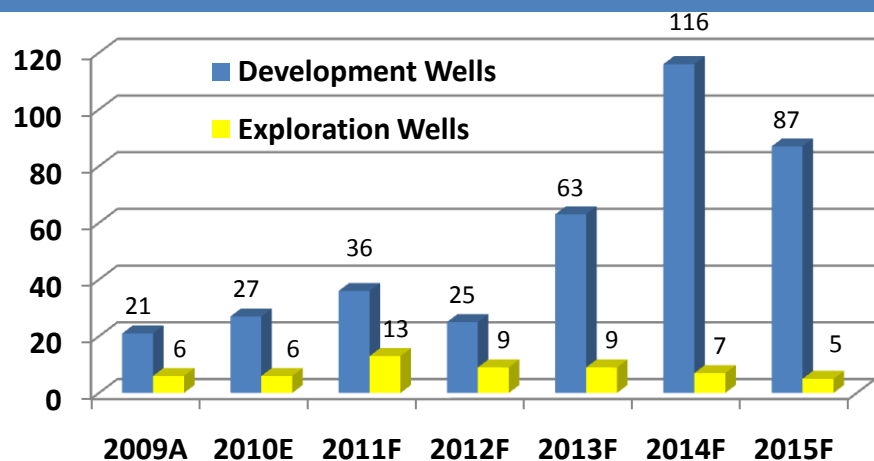
71% oil, 29% gas

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

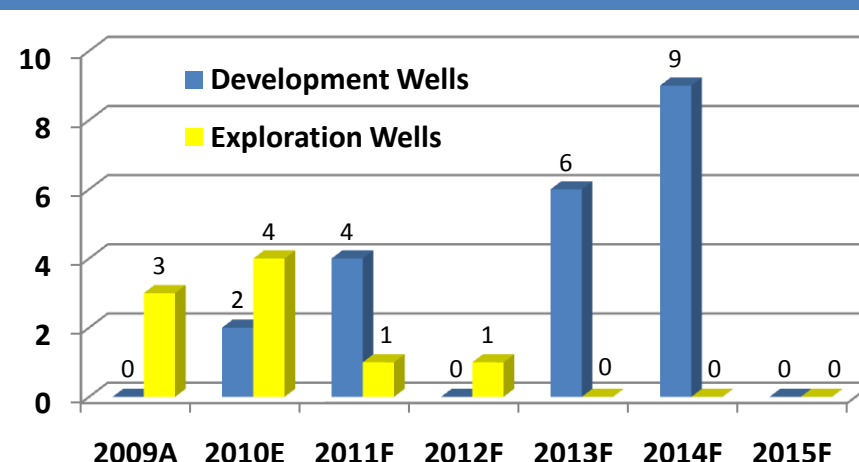


“To help arrest the decline and replenish reserves due to production of existing and new assets, Medco will do more exploration drillings in the future.”

Indonesia E&P



International E&P

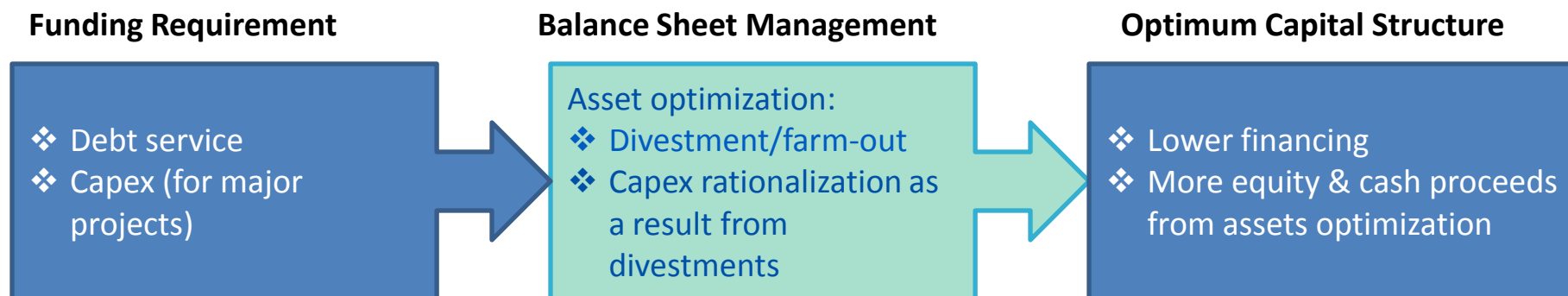


	2004	2005	2006	2007	2008	2009	2010
Oil and Gas Capex	235.09	140.57	156.51	312.64	284.30	198.61	126.94
Reserve Addition, MMBOE	(6.53)	39.74	4.34	30.26	(9.88)	154.00	32.19
Actual 3 Year Avg F&D \$/BOE	10.98	9.41	14.18	8.20	30.48	4.56	3.46
Actual 3 Year Avg RRR	0.37	0.52	0.41	0.86	0.31	2.49	2.75
Reserves Life Index, years	5.84	6.37	6.90	6.50	7.21	6.53	12.27

“During the next 3 years Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions.”

E&P CAPEX	2009	2010	2011 F	2012 F	2013 F	3-YR F
Exploration Capex	33.5	38.5	89.8	86.9	67.4	244.1
Development Capex	165.1	88.4	148.6	263.4	301.9	713.9
TOTAL E&P CAPEX	198.6	126.9	238.4	350.3	369.3	958.0
Non E&P Capex	70.7	17.0	194.8	125.7	63.9	384.4
TOTAL CAPEX NET	269.3	143.9	433.2	476.0	433.2	1,342.4

“Asset optimization/divestment strategy is in place to reshape Medco’s asset portfolio.”



Asset Optimization

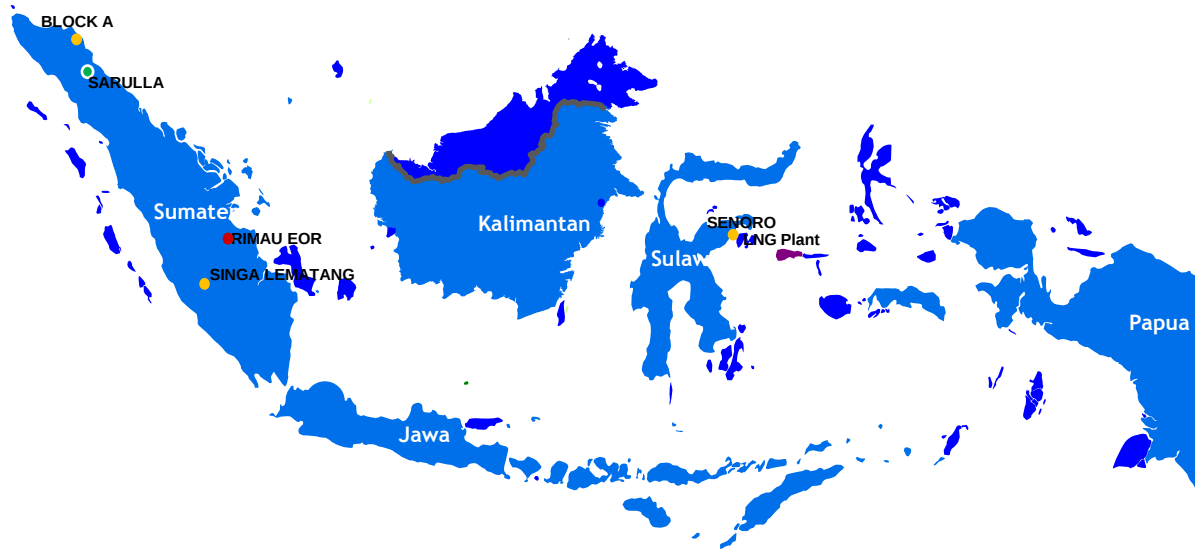
- ❖ Strategic minority divestment in subsidiaries.
- ❖ Divestment of maturing assets (where Medco does not hold operatorship).
- ❖ Prioritize capex allocation for major projects, accompanied by regular review of cost and schedule.
- ❖ Limited funding for selected exploration activities and new incubator 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.

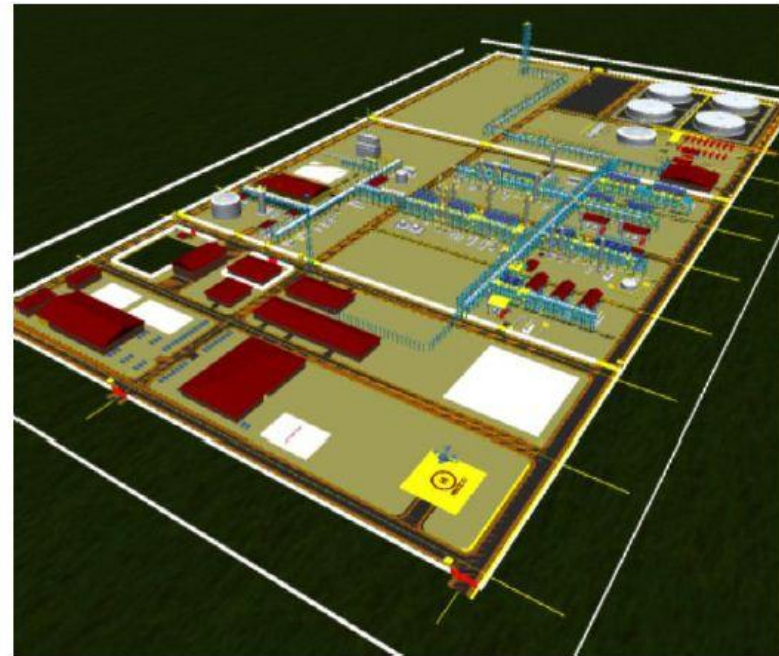
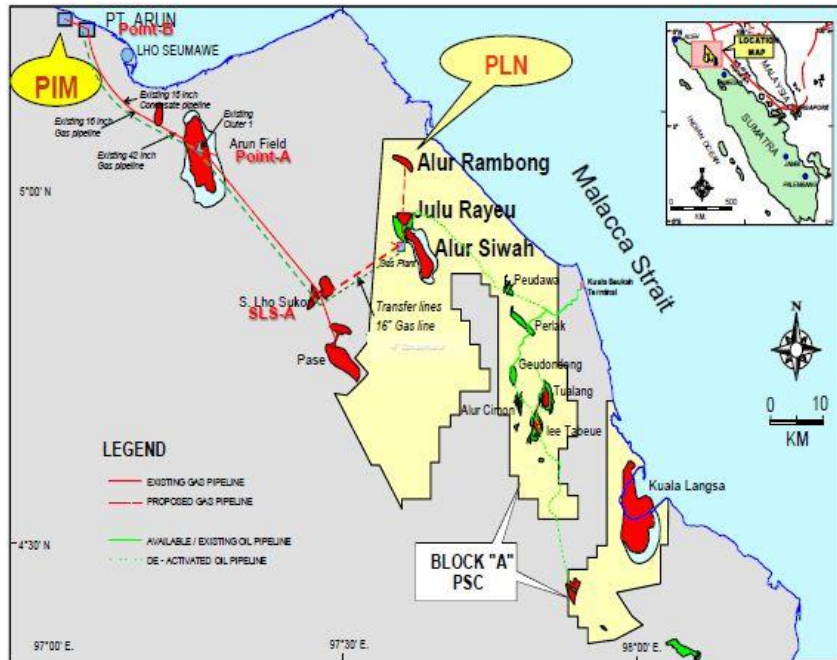
Highlights: Projects Initiatives

Major Projects Portfolio



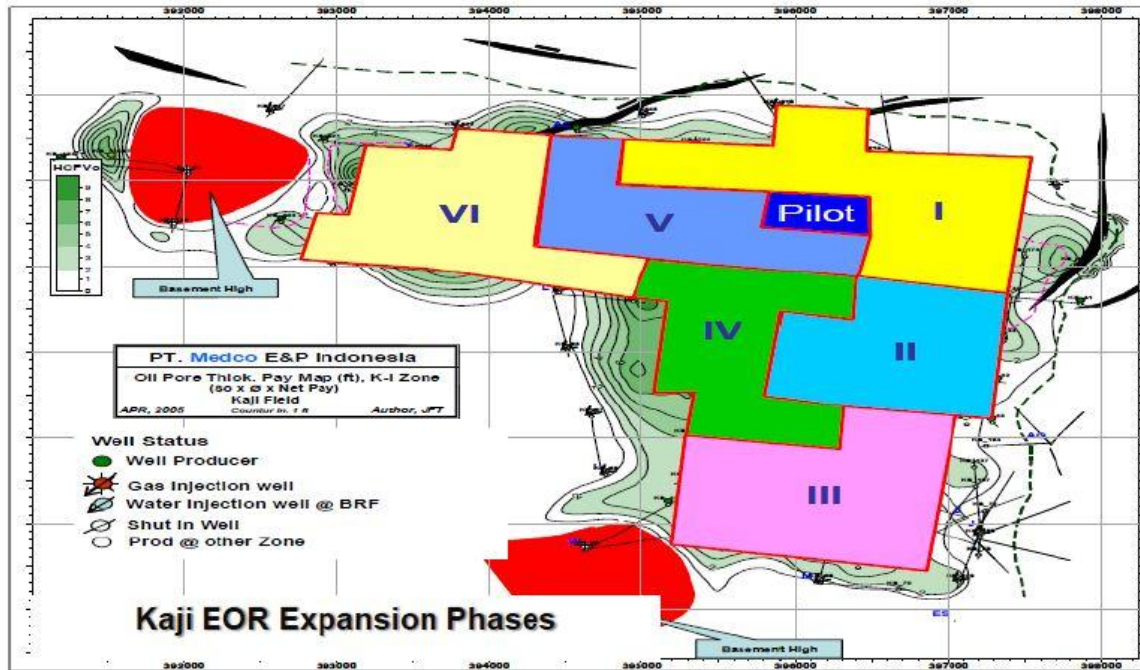
- Oil Development
- Power Plant
- Gas Development

PROJECTS	TARGET Start-Up	Project Descriptions	% ownership	Partners	Page
Block A	2013 - 2015	Gas field development up to 110 MMscfd	41.67%	Premier, Japex	25
Rimau	2013	Oil field - Enhanced Oil Recovery	95%	PD-PDE	26
Senoro	2014	Gas field development up to 250 MMscfd	30%	Pertamina	27
DS- LNG	2014	LNG plant , single train of 2.1 mtpa capacity	11.1%	Pertamina, Mitsubishi	27
Libya 47	2014	Oil field development of 50,000 - 100,000 bopd	50%	Verenex (LIA)	28
Sarulla	2014 - 2015	Geothermal power plant, 3x110 MW	37.25%	Kyushu, Ormat, Itochu	29



Block A

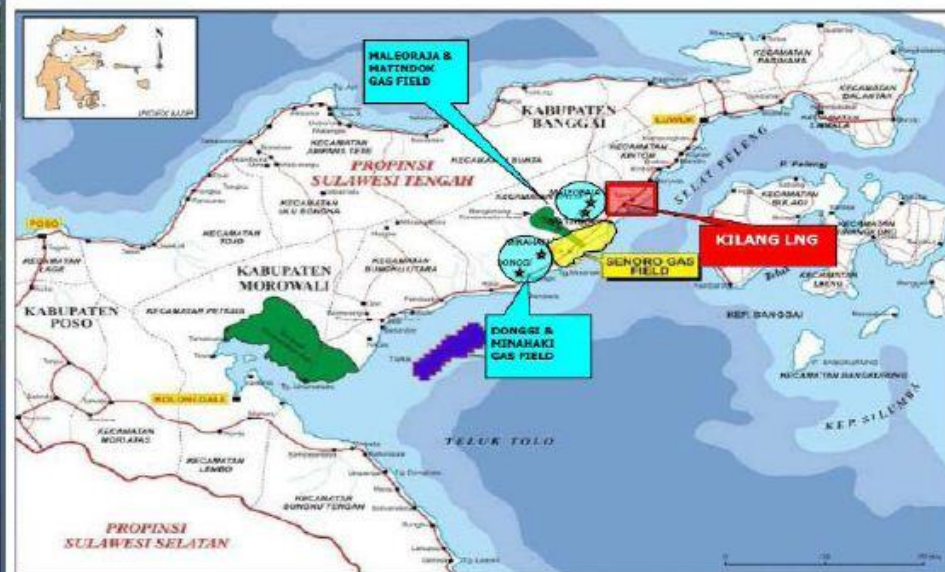
- ❖ Objective : Monetize 121.7 BCF 2P gas contingent resources;
- ❖ Project Scope: 2 x 60 MMSCFD gas plant and associated pipeline
- ❖ Project Status:
 - FEED completed; continue preparing EPC tender documents;
 - Complete pre-sanctioned review by independent consultant to improve project readiness prior to FID;
 - GSA with Pupuk Iskandar Muda ("PIM") and PLN have been signed in 2007 and 2008, respectively. Gas prices for both buyers have been approved by MESDM in 2009. GSA with PIM has been effective on 12 November 2010;
 - Obtained PSC Extension up until 2031 from the Government;
 - Final Investment Decision is targeted to be reached on 4Q11.



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

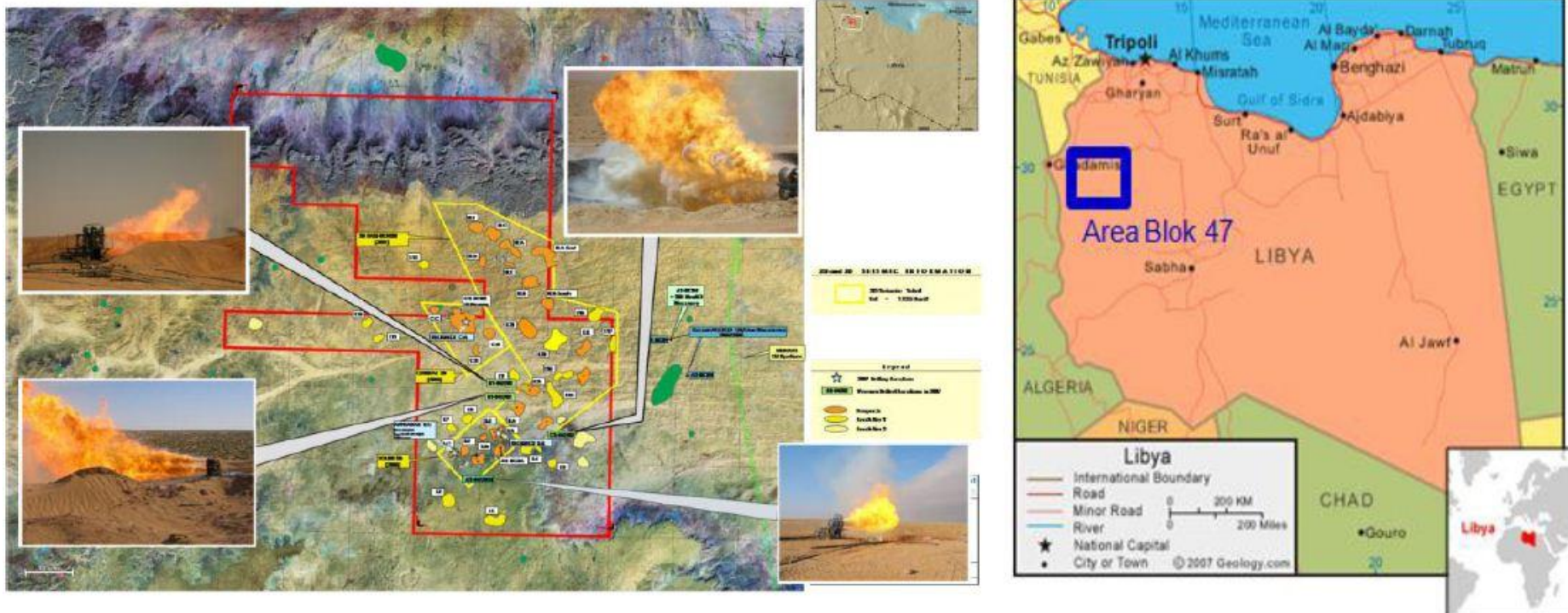
Upstream:

- Project Scope: currently build 250 MMSCFD plant and associated pipelines,
- Project Status:
 - Final Investment Decision approved;
 - Change of working interest-ownership in the Senoro Toili PSC on 31 January 2011 from 50% to 30%;
 - Received US\$260mn from the 20% sale to Mitsubishi;
 - Financing – negotiations with local banks.

Downstream:

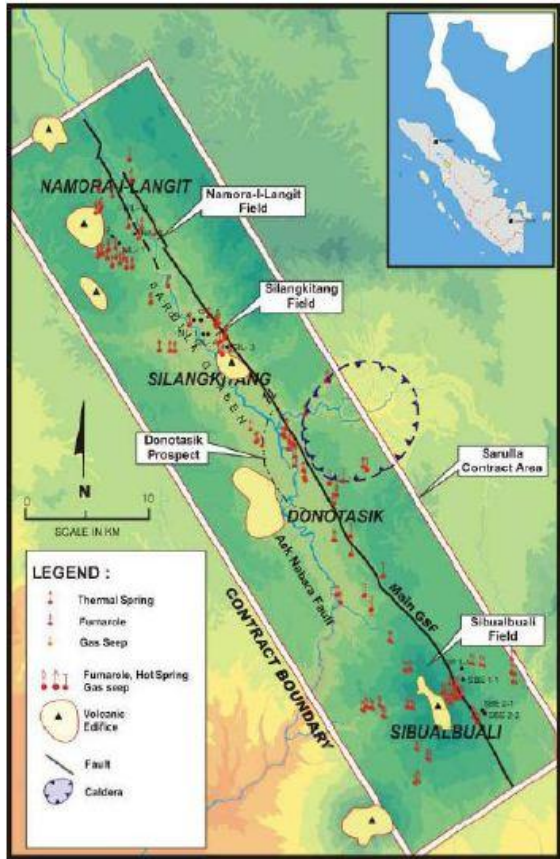
- Project Scope : Build 2.1 MT per annum LNG facilities
- Project Status:
 - Final Investment Decision approved;
 - Dilution Agreement has been signed on 31 December 2010 and upon its effectiveness will change the shares-ownership from 20% to 11.1%;
 - Secured US\$120mn loan facility from Mitsubishi for financing.

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 26 wells drilled, 20 exploration wells and 6 appraisal wells;
 - Successful exploration results with aggregate flow of 123,025 bopd based on 17 exploration and 2 appraisal wells;
 - Obtained operatorship replacing Verenex and extended exploration period until 31 March 2011;
 - Continue exploring financing in the form of reserve based lending.
 - Maintain monitoring on the latest situation in Libya's uprising.

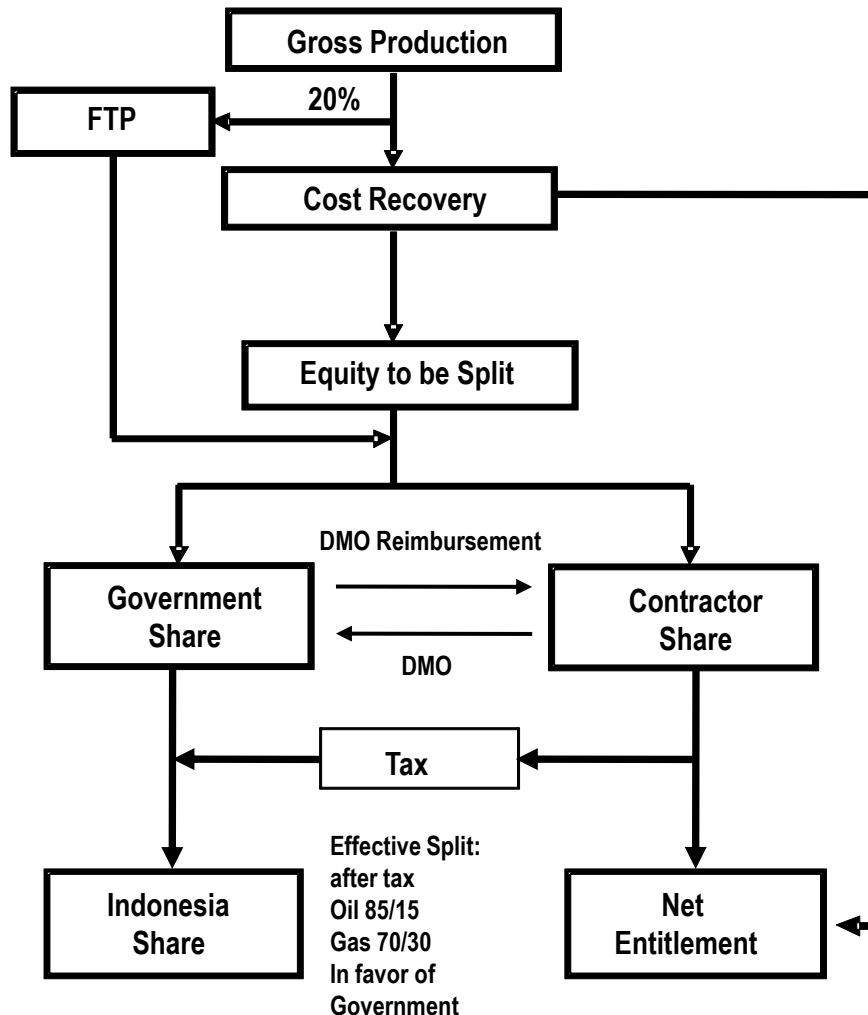
Sarulla Geothermal



- ❖ 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 related agreements 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.

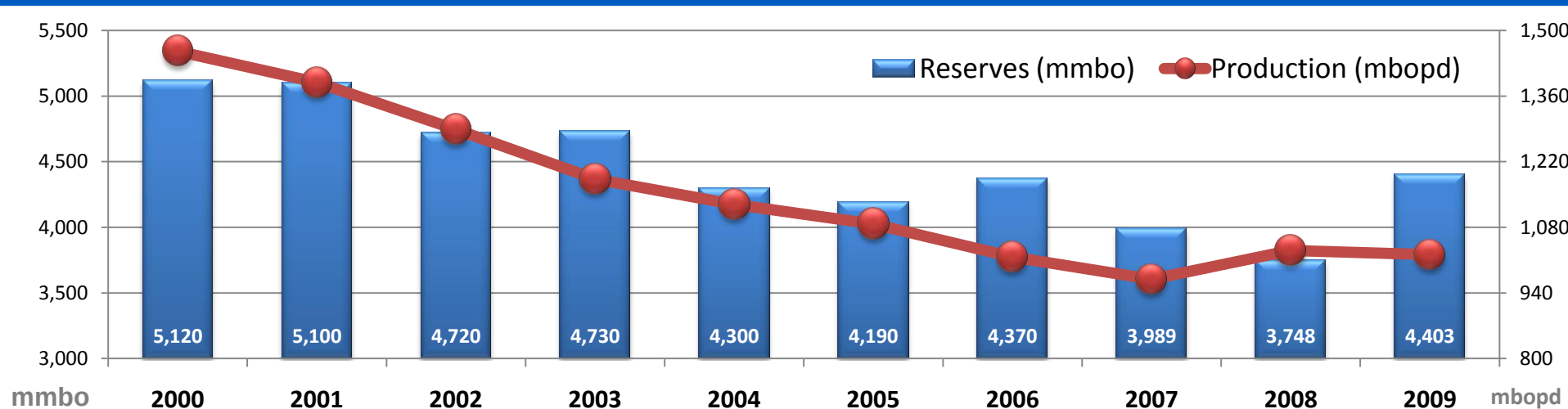
Appendix

“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.”

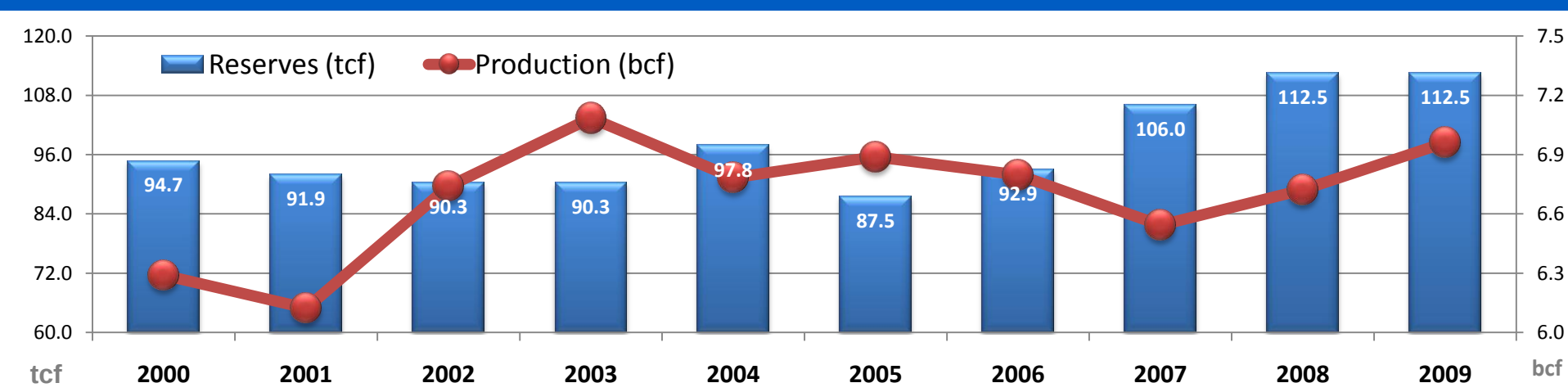


- ❖ Right after production, 20% of it is “provisioned” to meet the First Tranche of Petroleum (FTP) requirement of the PSC. This FTP will later on be shared between government and contractor according to the agreed split ratio.
- ❖ Thereafter the remaining 80% of the revenue are deducted by recoverable 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

Energy Mix Conversion Table



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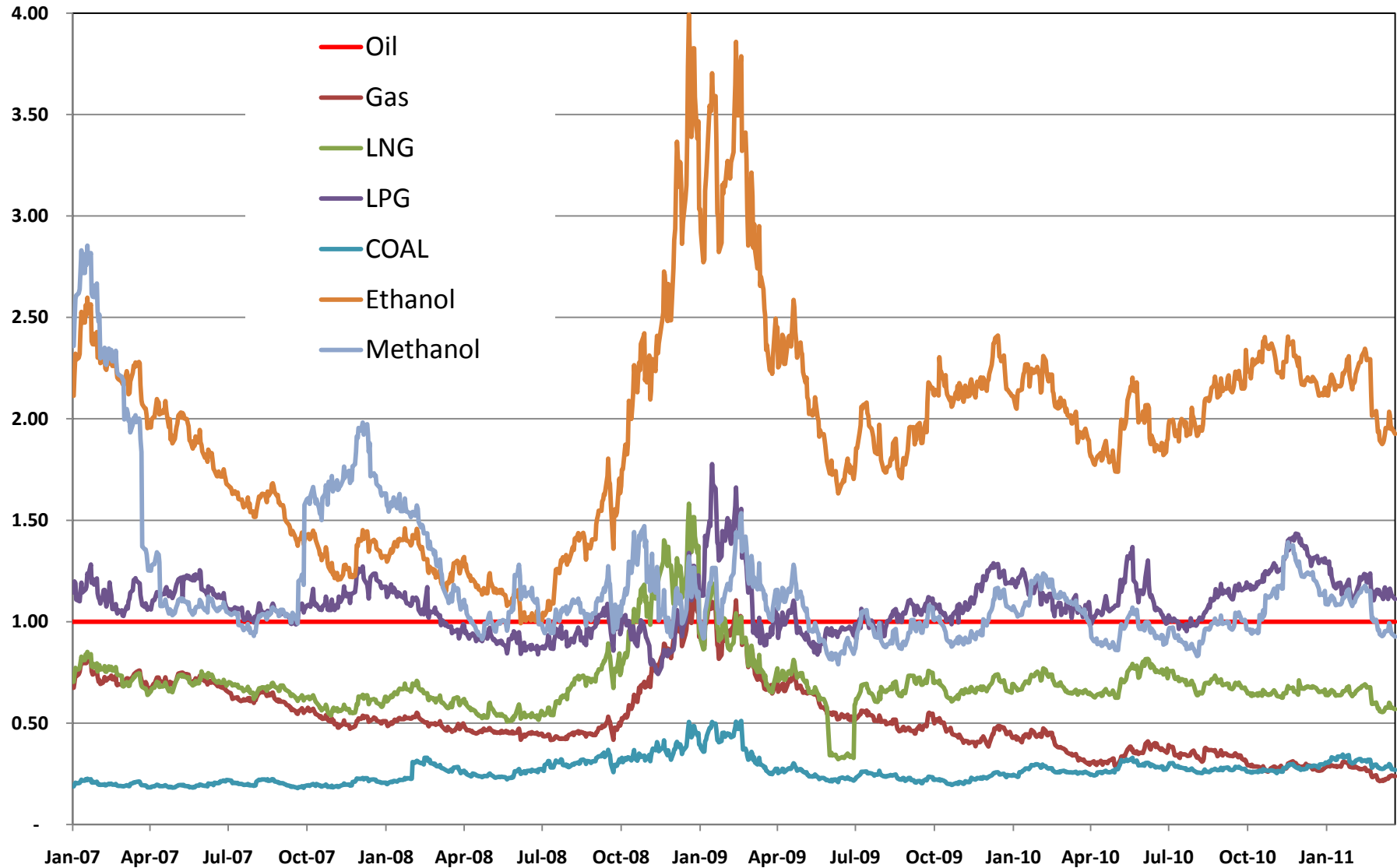
Crude Oil 1 barrel	Natural Gas 1 mmbtu	LNG 1 metric ton	LPG 1 metric ton	Coal Bituminous 1 metric ton	Ethanol 1 metric ton	Methanol 1 metric ton	Unit: Volume
MMBTU EQUIVALENT							Unit: Energy
5.85	1.00	51.80	47.30	26.46	28.11	20.91	
MEGAJOULE EQUIVALENT							Unit: Price/ Energy Output
6,172	1,055	54,653	49,905	27,912	29,653	22,064	
Price US\$102.7/ barrel	Price US\$4.17/ mmbtu	Price US\$516.5/ metric ton	Price US\$923/ metric ton	Price US\$124.75/ metric ton	Price US\$920/ metric ton	Price US\$340/ metric ton	
16.63	3.95	9.45	18.50	4.47	31.03	15.41	
PRICE US\$/GIGAJOULE							
	Cheapest				Most Expensive		

Note: Respective price of energy source is quoted as of 22nd March 2011 from Bloomberg

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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