

1H13 Investors' Update

PT Medco Energi Internasional Tbk.

July, 2013
www.medcoenergi.com
Energy Company of Choice

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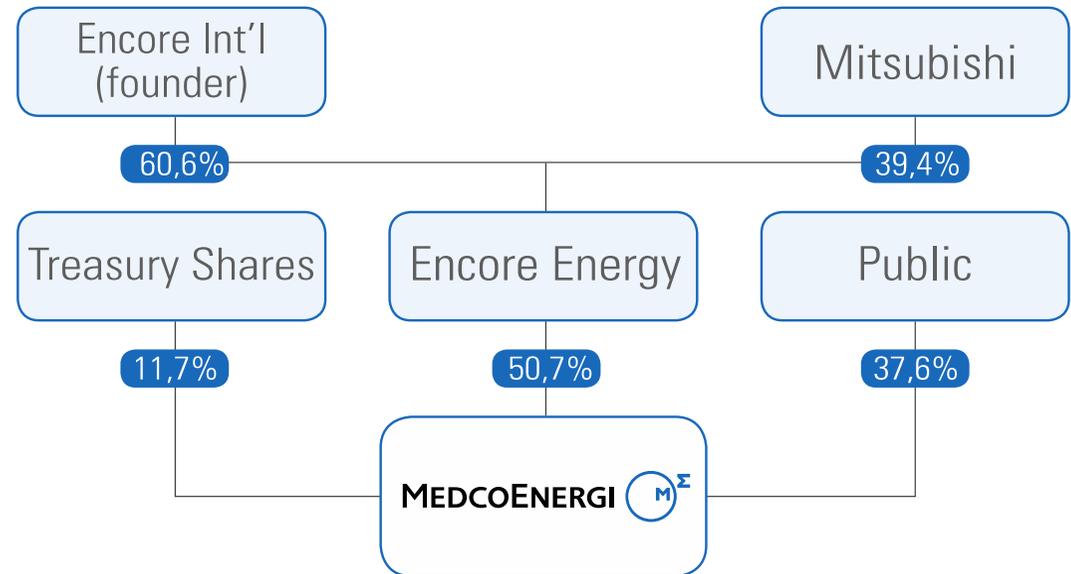
This document contains certain results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by their nature, involve risks and uncertainties that could cause actual results and development to differ materially from those expressed or implied in these statements. PT MEDCO ENERGI INTERNASIONAL TBK. does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

Company Profile



Shareholdings Structure

PT Medco Energi Internasional Tbk. is a publicly listed integrated energy company with focus in exploration and production of oil and gas business. MedcoEnergi also has other energy related businesses in coal mining and have minority stakes in High Speed Diesel trading, and power generation to Perusahaan Listrik Negara (PLN).



Business Strategy

01

Strengthen the portfolio of producing assets, including acquisitions.

02

Increase the reserve life index through exploration activities.

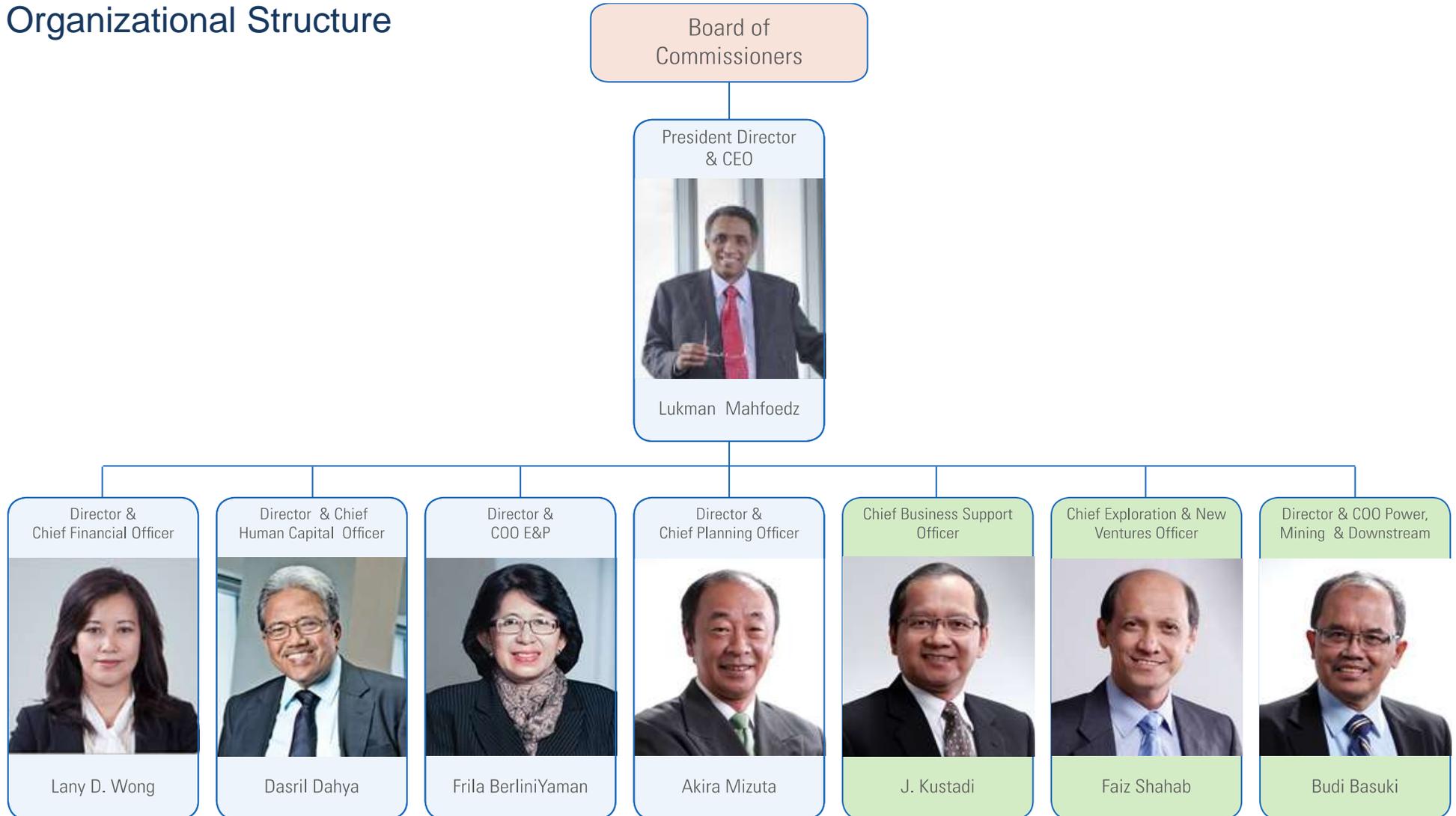
03

Complete all Major Projects as planned

04

Accelerate the growth of non-oil and gas assets through strategic partners.

Organizational Structure



Company Performance



Corporate Updates

January 21th 2013

Signed a HOA in Senoro-Toili and GSA amendments for PGN (PLN Muara Tawar) and Meppogen

- The Head of Agreement is with PT Panca Amara Utama for gas supply of 55mmscfd (2015-2027) and gas price is based on a formula indexed to international Ammonia price.
- GSA amendment (PGN for PLN Muara Tawar): a 152% price increase from USD 4.69/MMBTU to USD 7.11/MMBTU in 2013 (and 3% escalation per annum).
- GSA amendment (Meppogen): a 283% price increase from USD 2.3/MMBTU to USD 6.5/MMBTU (with 3% escalation per annum).

March 7th 2013

MedcoEnergi signed an Asset Swap Transaction with Salamander

- The Company swaps its 15% participating interest in the Bangkanai PSC for Salamander's participating interests of 21% and 41.7% in the Simenggaris PSC and in the Bengara-1 PSC respectively .
- After swap, MedcoEnergi increases its ownership in Simenggaris PSC to 62.5% and in Bengara-1 PSC to 100%. Conversely MedcoEnergi will fully divest its interest in the Bangkanai PSC.

March 25th 2013

MedcoEnergi Commences Development of Area 47 Libya

- The Joint Operating Company (JOC) namely Nafusah Oil Operations B.V. has been officially established between NOC (51%), Medco (24.5%) and LIA (24.5%)
- The formation of the JOC will help facilitate further organization expansion and expedite the development progress. Production from Libya Area 47 is envisaged to have a plateau of 50,000 BOPD.
- The Company has obtained a two-year extension for Appraisal for the remaining 10 discoveries in Area 47 which will be followed by the Phase-2 development.

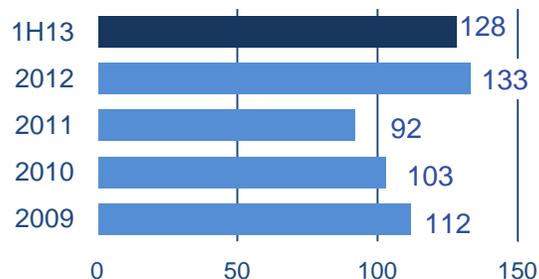
May 12th 2013

MedcoEnergi Strikes Gas in Matang-1 Exploration Well located in Block A PSC, Aceh.

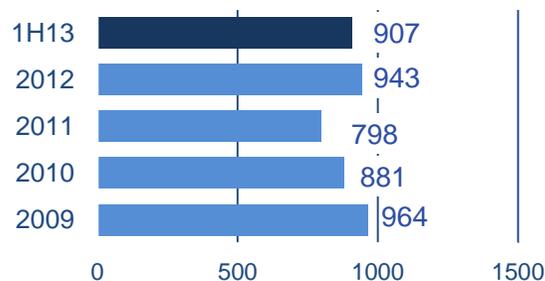
- From the initial result of the test, the well is flowing 25 MMSCFD through a 52/64 inch choke with a low H₂S content, approximately 15% CO₂.
- The Company is the operator of the block with a participating interest of 41.67% with partners Premier Oil (41.67%) and Japex (16.66%). In 2010 MedcoEnergi successfully obtained the PSC contract extension until 2031.

Operational Breakdown

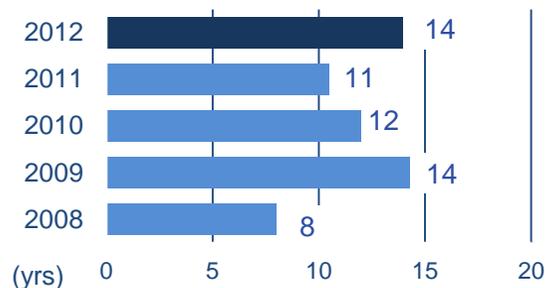
2P Oil Reserves in MMBO



2P Gas Reserves in BCF



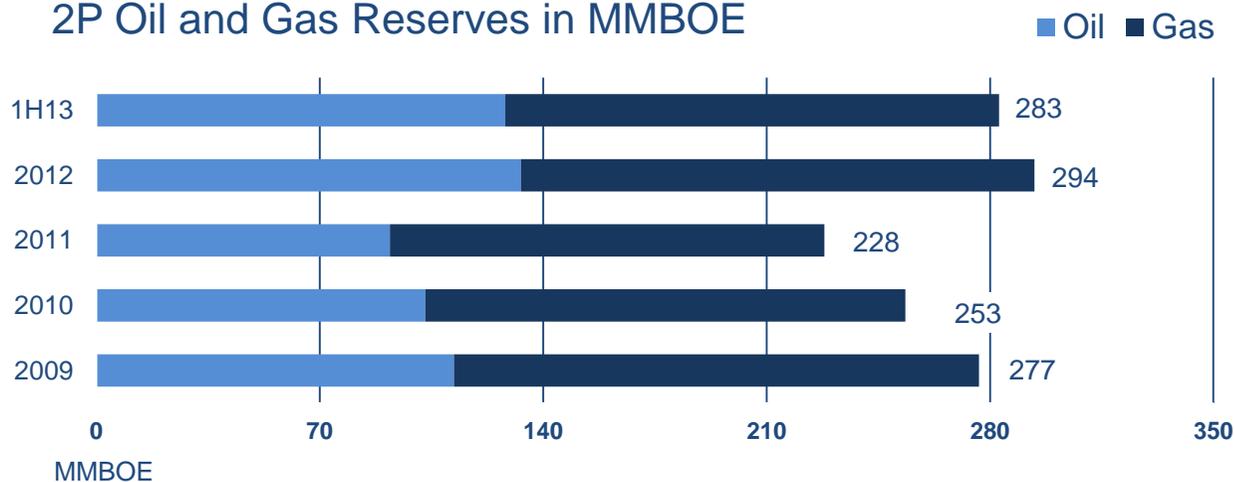
Reserves Life Index



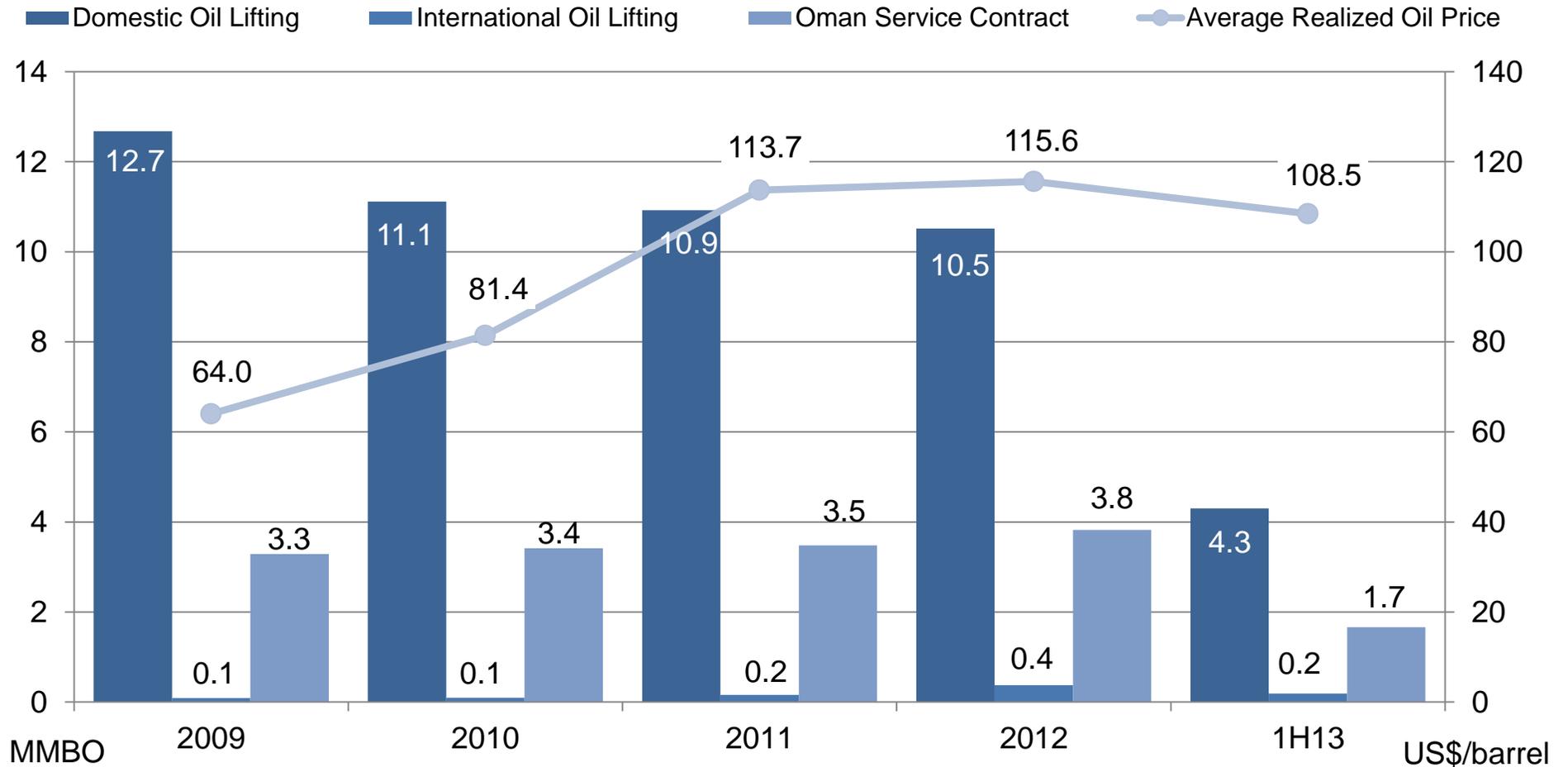
Oil and Gas E&P	1H12	1H13	Δ%
Proved Reserves - 1P (MMBOE)	227.3	216.0	(5.0)
Proved and Probable Reserves - 2P (MMBOE)	297.7	282.8	(5.0)
Oil Lifting / MBOPD	30.4	24.8	(18.6)
Oman Service Contract / MBOPD	10.7	9.2	(14.2)
Gas Sales / BBTUPD	153.9	153.9	0.0
Total Oil and Gas (MBOEPD)*	56.7	51.1	(10.0)
Average Oil Price, USD/barrel	120.8	108.5	(10.2)
Average Gas Price, USD/mmbtu	3.83	5.17	35.0

*excluding Oman Service contract

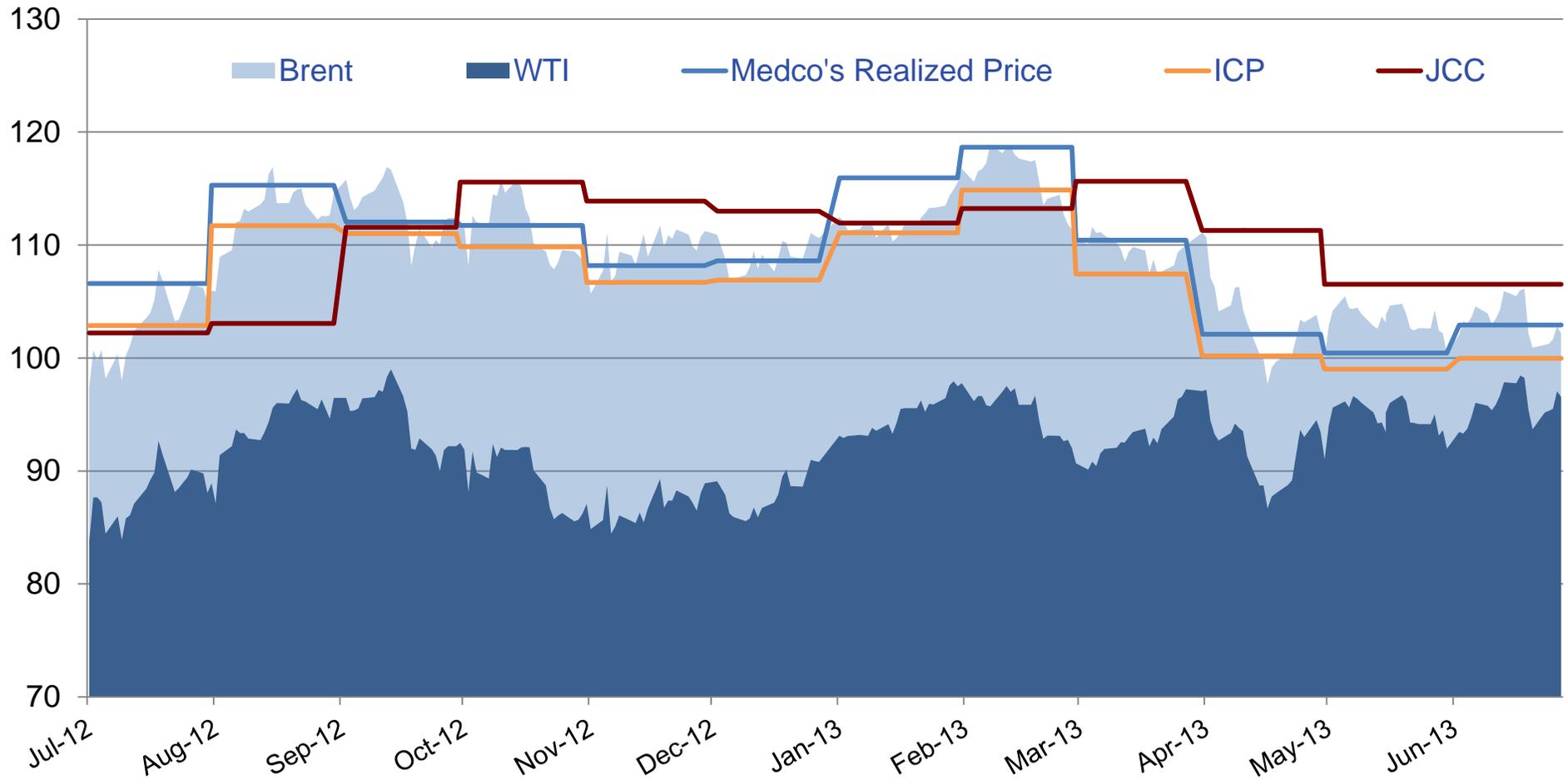
2P Oil and Gas Reserves in MMBOE



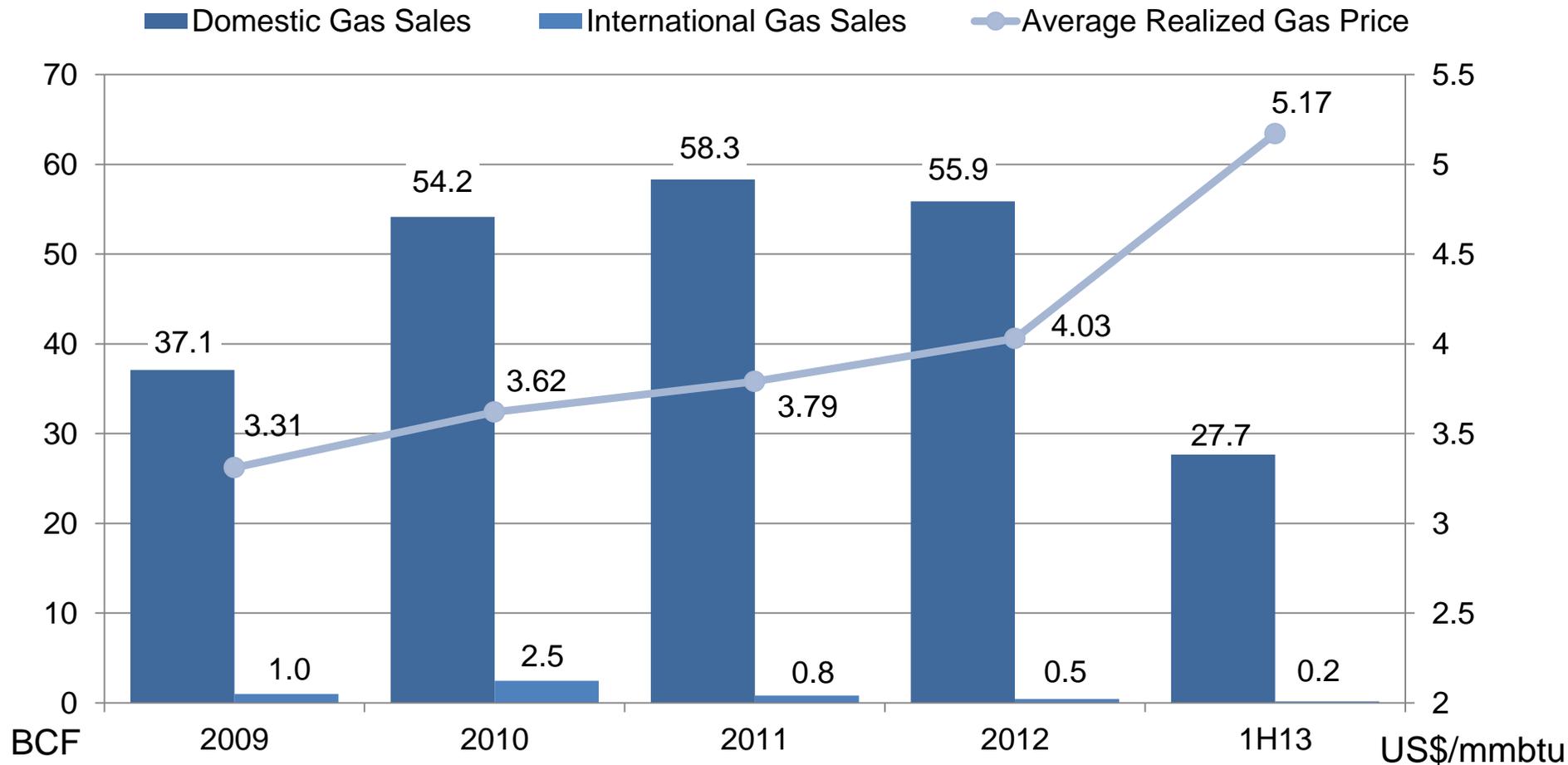
Oil Lifting and Service Contract



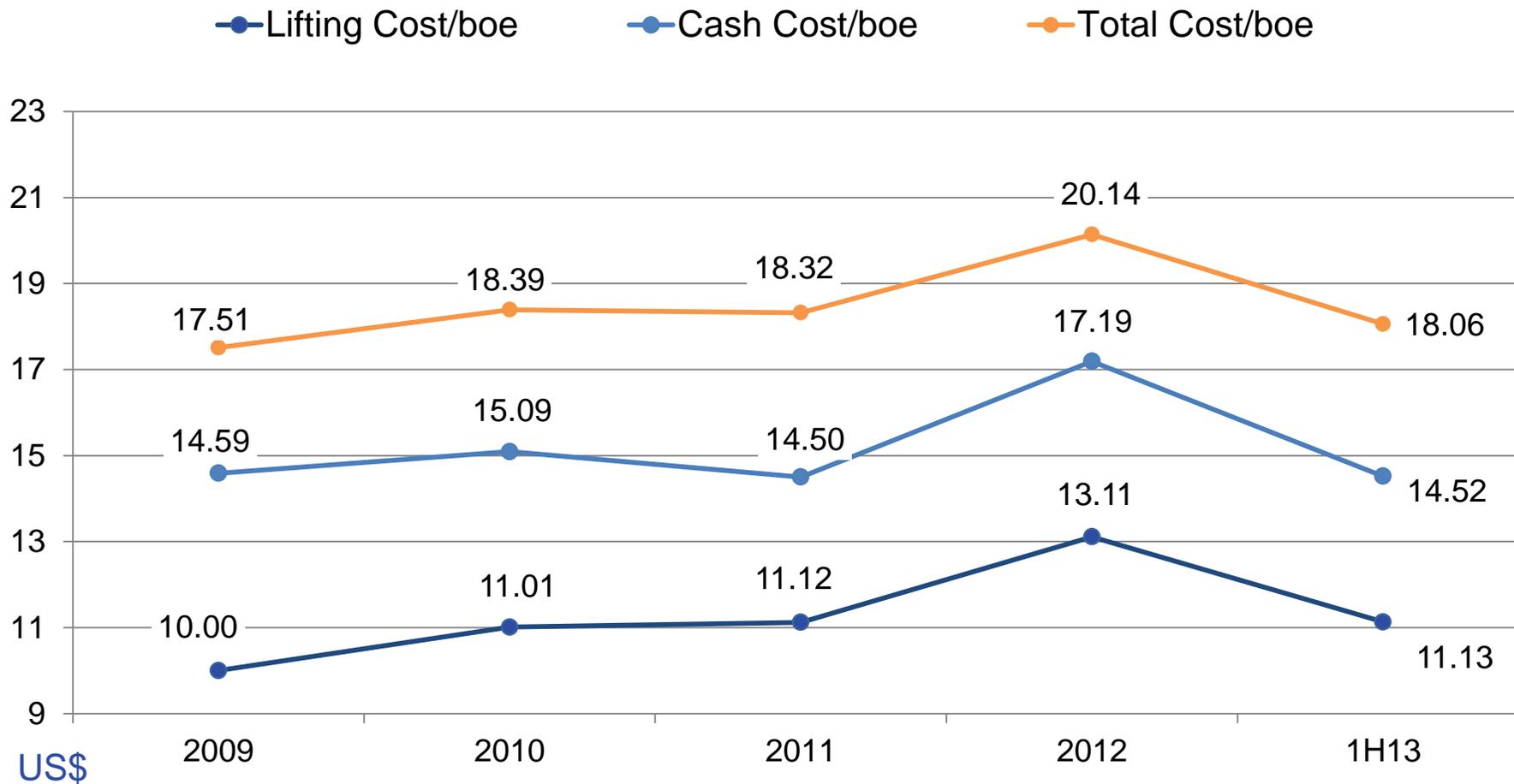
Oil Price Comparison



Gas Sales

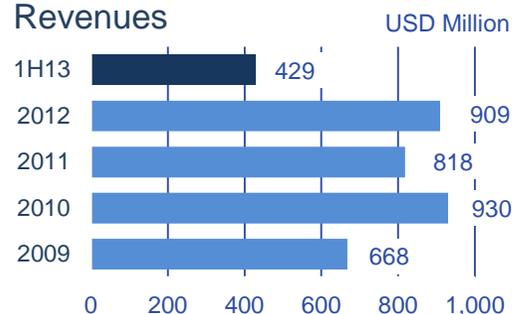


Oil and Gas Costs

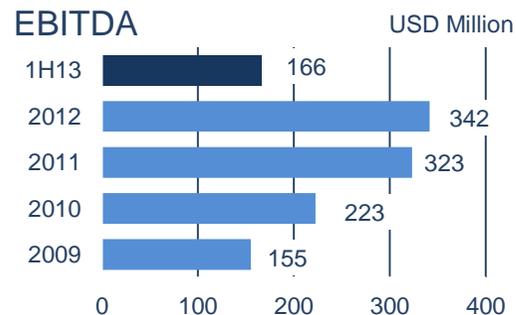


Financial KPIs

Revenues



EBITDA

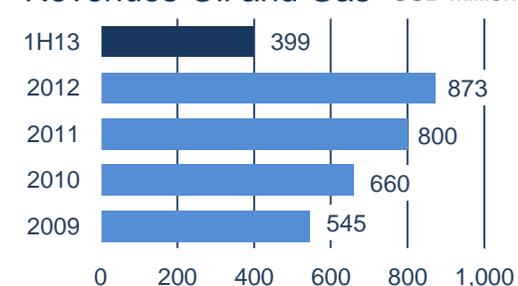


Operating Income

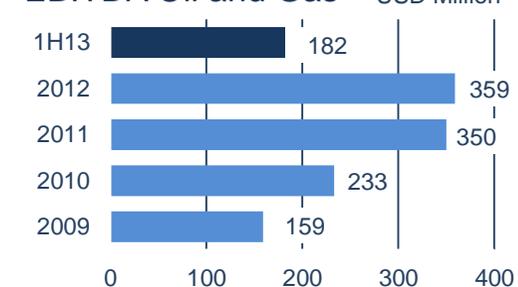


Financial Highlights (USD mm)	1H12	1H13	Δ%
Revenue	459.5	428.5	(6.7)
• Oil and Gas	450.6	398.7	(11.5)
• Non Oil and Gas	8.8	29.8	237.1
Gross Profit	217.6	188.5	(13.4)
Operating Income	143.4	120.2	(16.2)
EBITDA	181.4	166.3	(8.3)
Earnings Before Tax	109.5	83.9	(23.4)
Net Income	11.2	5.1	(54.5)
Cash and cash equivalents	733.0	403.3	(45.0)
Total Assets	2,723.2	2,582.9	(5.2)
Total Liabilities	1,874.1	1,755.7	(6.3)
Equity	835.5	816.7	(2.3)
Market Capitalization	632.7	567.2	(10.4)
EPS (USD/share)	0.0038	0.0017	(55.3)
Capex	41.0	83.3	103.1

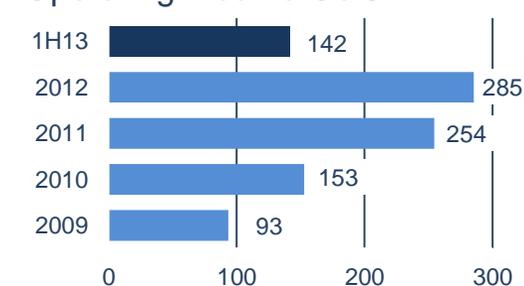
Revenues Oil and Gas



EBITDA Oil and Gas

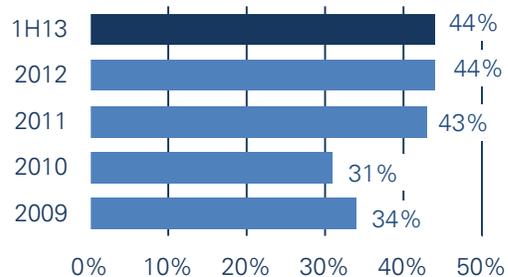


Operating Income O&G

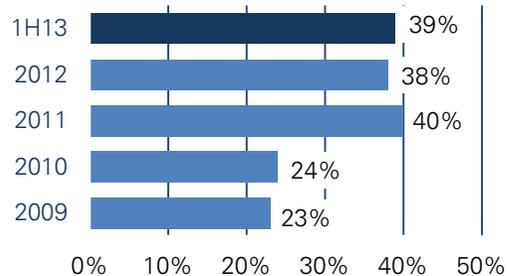


Financial KPIs (cont'd)

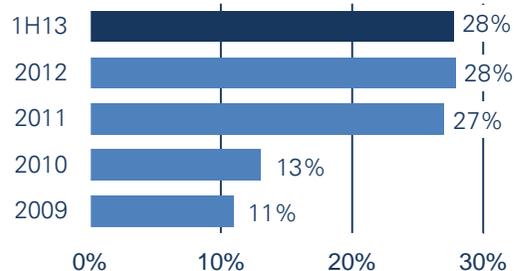
Gross Margin Consolidated



EBITDA Margin Consolidated



Operating Margin Consolidated



Profitability (%)	1H12	1H13	Δ%
Gross Margin	47.4%	44.0%	(7.1)
EBITDA Margin	39.5%	38.8%	(1.7)
Operating Margin	31.2%	28.0%	(10.2)
Net Margin	2.4%	1.2%	(51.3)

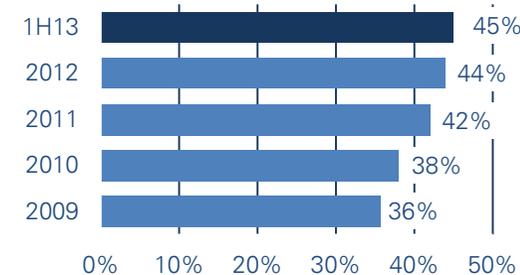
Return on Equity - Annualized	2.7%	1.2%	(53.5)
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Efficiency Ratios (x) - Annualized	1H12	1H13	Δ%
Revenue/ fixed assets	0.91	0.77	(15.2)
Revenue/ net working capital	1.53	2.34	52.7

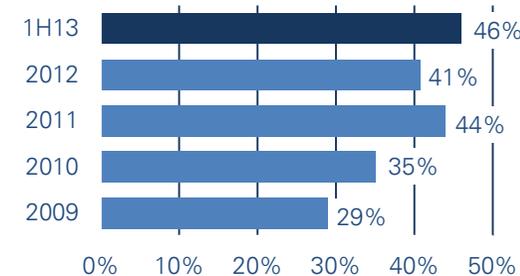
Liquidity (x)	1H12	1H13	Δ%
Cash Ratio	1.02	0.75	(26.2)
Quick Ratio	1.69	1.57	(7.1)
Current Ratio	1.84	1.69	(8.2)

Investment Ratios (x)	1H12	1H13	Δ%
CapEx to Revenue	0.09	0.19	117.8
CapEx to Depreciation	1.08	1.80	67.2

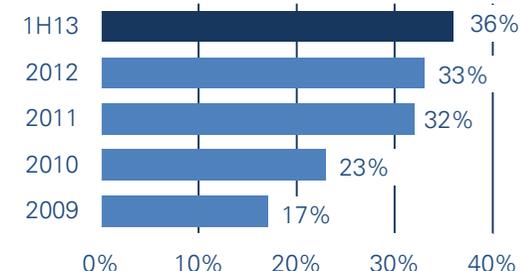
Gross Margin Oil and Gas



EBITDA Margin Oil and Gas



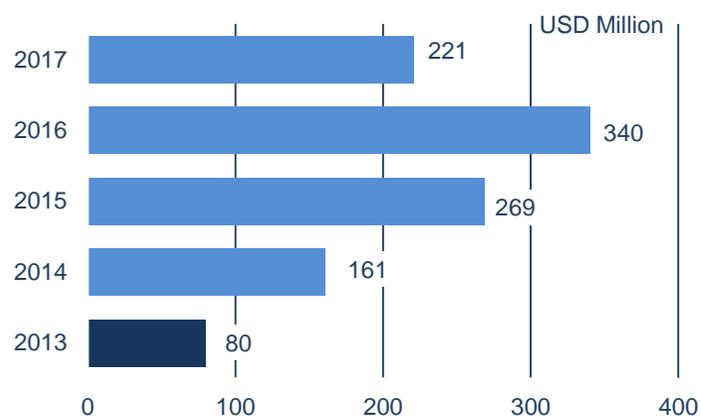
Operating Margin Oil and Gas



Financial KPIs (cont'd)

CONSOLIDATED DEBTS (in USD mn)		1H12	1H13	Δ%
A. Total Bank Loans		829.6	512.4	(38.2)
Current		405.2	111.1	(72.6)
Non Current		424.4	401.3	(5.5)
B. Other Obligations		596.3	706.6	18.5
Current:	MTN	32.0	29.9	(6.4)
	Rupiah Bonds	-	99.6	n.m.
Non Current:	Related Party	193.9	127.1	(34.4)
	MTN	29.9	-	n.m.
	Rupiah Bonds	261.1	350.5	34.2
	USD Bonds	79.4	99.4	25.2
Total		1,425.9	1,219.0	(14.5)

Debt Maturity Profile



Leverage Ratios (x)	1H12	1H13	Δ%
Debt to Equity Ratio	1.71	1.49	(12.5)
Net Debt to Equity Ratio	0.83	1.00	20.4
Total Liabilities / Total Equity	2.24	2.15	(4.2)
Coverage Ratios (x)	1H12	1H13	Δ%
Debt to EBITDA – Annualized	3.93	3.67	(6.8)
Net debt/ EBITDA – Annualized	1.91	2.45	28.4
EBITDA to Interest Coverage Ratio	3.95	4.23	7.1
Capital Structure (x)	1H12	1H13	Δ%
Net debt to (net debt + equity)	0.45	0.50	9.3
Debt to Capital	0.63	0.60	(5.0)

Awards



2013

- The Health, Safety and Environment Shield Award from Petroleum Development Oman

2012



- Gold PROPER for Rimau Block in South Sumatra, Green PROPER for South Sumatra Extension Block (South Sumatra) Tarakan Block (East Kalimantan), Kampar Block (Riau) and Sembakung Block (East Kalimantan), and Blue PROPER for Lematang Block (South Sumatra) and Medco Ethanol Lampung from the Ministry of Environment of Indonesia.

- GCG Award – The Best Non-Financial from Indonesian Institute for Corporate Directorship

- Best Booth Award – Achieved best booth at Indonesian Petroleum Association Exhibition 2012

2011



- Gold PROPER for Rimau Block in South Sumatra and Green PROPER for South Sumatra Extension Block (South Sumatra), Tarakan Block (East Kalimantan), and Kampar Block (Riau) from the Ministry of Environment of Indonesia.

- GCG Award – The Best Non-Financial from Indonesian Institute for Corporate Directorship

2010



- GCG Award – The Best Equitable Treatment of Shareholders from the Indonesian Institute for Corporate Directorship

- Green PROPER for Rimau Block, South Sumatra Extension and Kampar from Ministry of Environment of Indonesia.

- Millennium Development Goals Award from Metro TV for category of Environmental Sustainability



2009

- GCG Award – Best Overall 2009 from Indonesian Institute for Corporate Directorship
- Annual Report Award 2008 as first runner-up in the category of private non-financial public and listed company
- Millennium Development Goals Award from Metro TV for category Improvement Gender Equality and Women Empowerment through its community development program of Organic System of Rice Intensification (SRI)

2008



- Green Corporate Award in the category of Environment for Medco Methanol Bunyu from Association of Indonesian Engineers
- Environmental Management & Monitoring Award for Medco Power Indonesia from Ministry of Environment of Indonesia
- Zero Accident Award for PT Medco LPG Kaji from Department of Manpower RI

2007



- “No Lost Time Accident” awards from the Government for several assets including Tarakan and Rimau blocks
- Social Empowerment Award from the Coordination Ministry of Peoples Welfare (Menko Kesra) in 2007
- One of Indonesia’s Most Admired Knowledge Enterprises (MAKE) 2007

2006

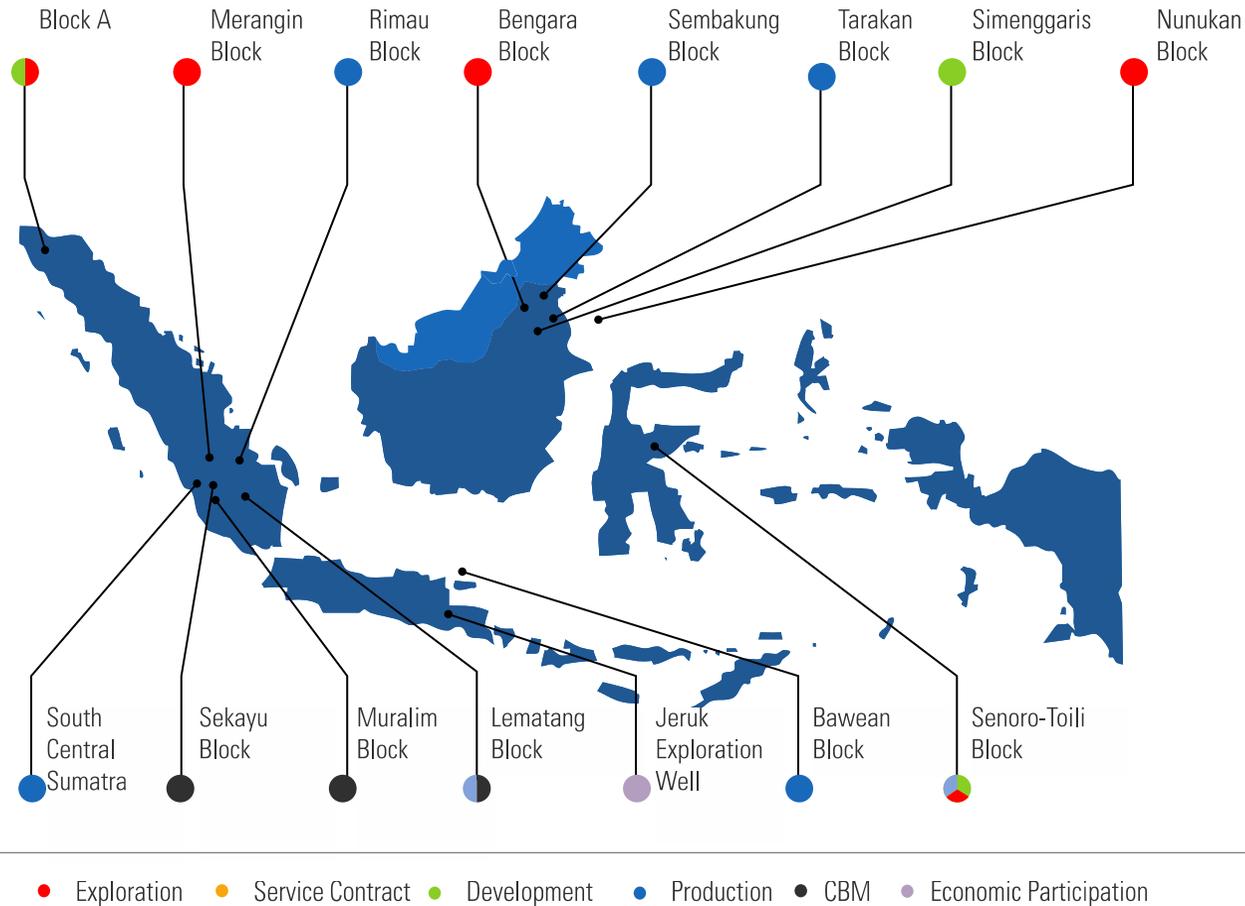


- The best Annual Report in the Annual Report Award 2005
- The best of top 10 Companies at GCG Perception Index by IICG and SWA Magazine
- One of Indonesia’s Most Admired Knowledge Enterprises (MAKE) 2007

Business Activities



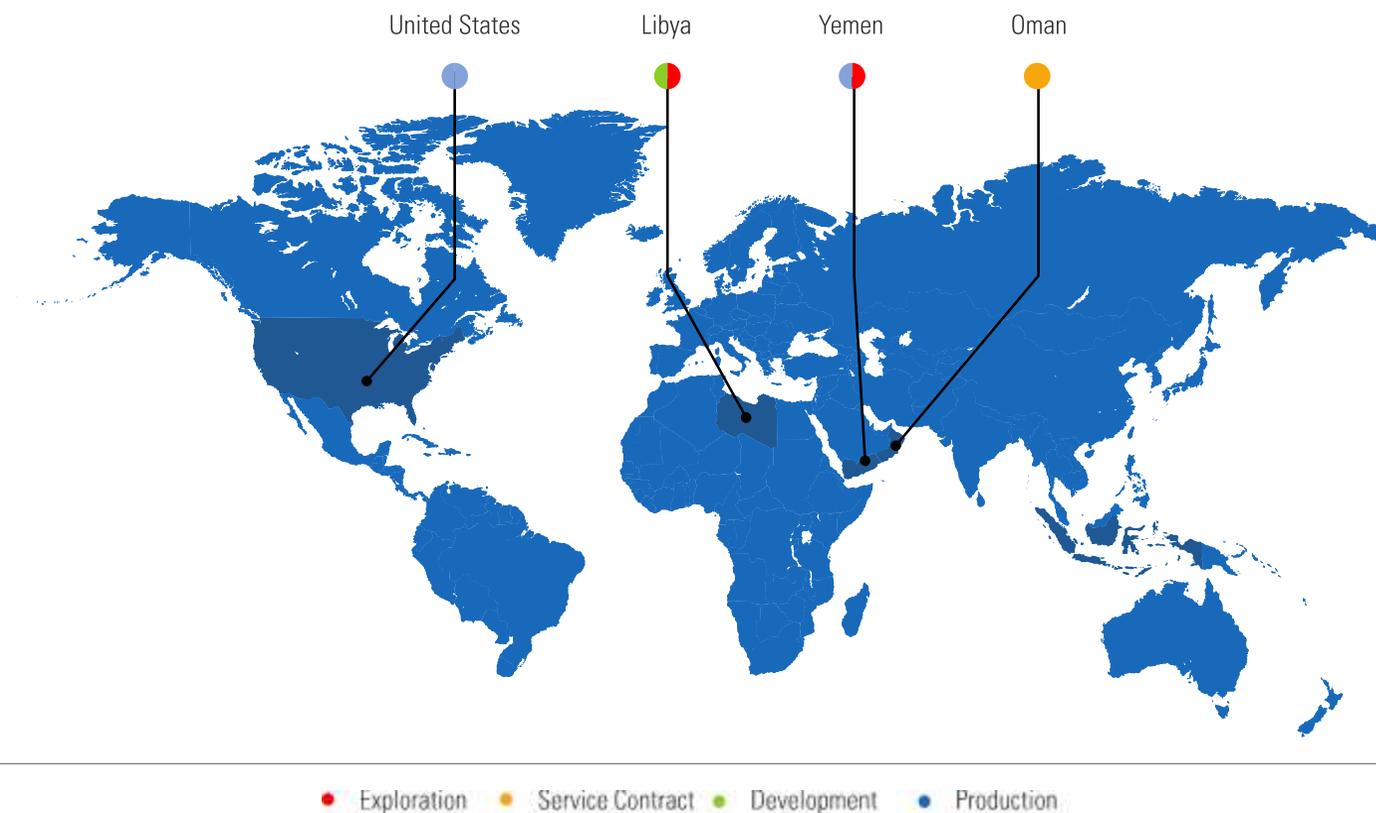
Oil and Gas E&P (Indonesia)



In Indonesia, Medco operates 11 blocks, maintains working interests in 2 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

Oil and Gas E&P (International)

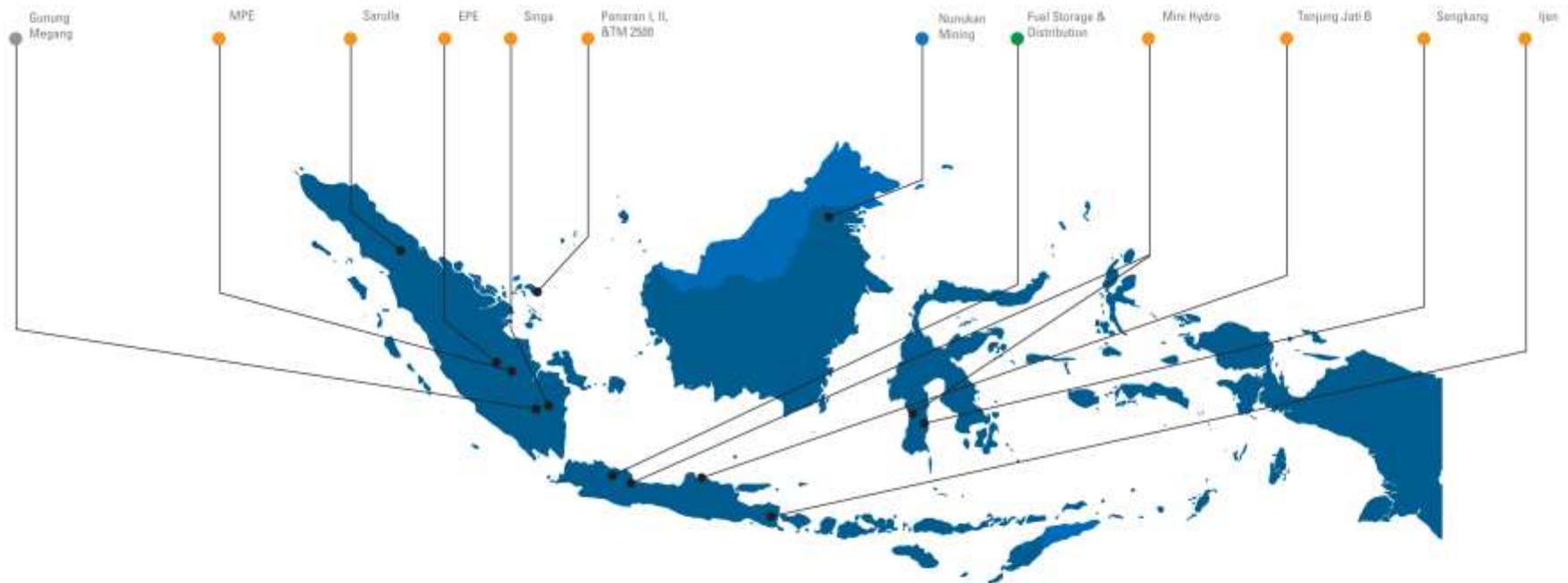
“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



Medco’s international operations spread across 7 assets in the Middle East, North Africa and the US.

Other Energy Related Business

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



● Power
 ● Downstream
 ● Mining
 ● Gas

Other Energy Related Business



Power

Operated through Medco Power Indonesia, with an ownership structure of Saratoga Power (51%) and MedcoEnergi (49%), the company's businesses include:

- 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 190 MW
- 1 Operation & Maintenance Contract in Tanjung Jati B Coal Plant, C. Java 1,320 MW
- Engineering, Procurement and Construction contracts

MedcoEnergi believes electricity remains an attractive business and can provide added value to the Company in the future by pursuing new projects such as:

- A Combined Cycle Power Plant or CCGT project in Panaran I through Mitra Energi Batam (30MW)
- Build, operate and maintain Simple Cycle Gas Turbine Power Plant (70 MW) located in Tanjung Uncang through Energi Listrik Batam and is designed for Combined Cycle thereafter the capacity will increase to be 110 MW
- Two geothermal projects in Sarulla, North Sumatra (3x110MW) and Ijen, East Java (2x55MW)
- Mini hydro projects in Cibalapulang 1 (9MW), Cibalapulang 2&3 (13 MW) and Pusaka Parahiangan (15MW) all located in Cianjur-West Java, Simonggo-Tornauli (8 MW) located in Sumatera.

The addition of these new assets will help drive Medco Power Indonesia's installed capacity grow to more than 800 MW within next 5 (five years).



Coal Mining

- Operates two Mining Rights at Nunukan, East Kalimantan. Production started in February 2012
- 1 Block already in production, with first coal cargo shipment on October 2012
- Peak production estimated at 500,000 ton per year



Gas Pipeline

Booster Compressor and 17.5km pipeline at Gunung Megang South Sumatra

Drilling Services (EPI)

Provide well services / workover rigs and Electric Wireline Logging (EWL) for oil & gas operations

Downstream

HSD storage and distribution, with storage capacity of 22,700 kL, operated by Puma Energy.

Capex Profile

“During 2013-2015 Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions and PSC contractors appointment”

E&P CAPEX	2013 F	2014 F	2015 F	3-YR F
Producing Assets	107.6	175.2	87.6	370.5
Exploration Capex	36.5	63.7	39.5	139.8
Development Capex	71.1	111.5	48.1	230.7
Development Assets	217.9	405.7	301.8	925.4
Senoro Upstream	129.7	147.7	15.3	292.7
Others	88.2	258.0	286.5	632.7
Exploration Assets	13.6	17.6	3.7	34.9
Donggi-Senoro LNG	83.7	21.1	10.1	114.9
TOTAL E&P CAPEX	422.9	619.6	403.2	1,445.6
Non E&P Capex	30.8	25.5	4.2	60.5
Acquisitions	76.6	-	-	76.6
TOTAL CAPEX NET	530.3	645.1	407.4	1,582.7

*Net Working Interest to MedcoEnergi. Forecasted figures, subject to change. Capex for producing assets will be funded internally through cost recovery, while capex for development capex will be funded proportionately through equity and debt.

Senoro Upstream Project Progress



Pipeline construction



MOF Construction

DSLNG Downstream Project Summary



Ownership Structure:

Mitsubishi & Kogas 59.9%, Pertamina 29% and MedcoEnergi 11.1%

Downstream Status:

- ❖ Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product
- ❖ Scope : Build 2.0 MT per annum LNG facilities, target first LNG to buyer by 4Q-2014.
- ❖ Status:
 - Achieved 20 million safety man hours
 - LNG Plant EPC progress currently reached 88% as of May 2013
 - Project Finance signing targeted in 4Q-2013



DSLNG Downstream Project Progress

Process Train Area



Utilities Area



LNG Tank Area



Jetty Area





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