



MEDCOENERGI 

# 2019 Nine months Company Results

PT Medco Energi Internasional Tbk. (IDX Ticker: MEDC)

SUSTAINABLE GROWTH



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# Nine Months Audited 2019 Results: Executive Summary

Consolidated EBITDA US\$477 million, pro forma Ophir US\$605 million

Ophir Acquisition: Accretive EBITDA with US\$129 million pro forma

Ophir Acquisition : Integration on-track synergies > US\$50 million p. a. from 2020

Oil & Gas: Production 102 mboepd, pro forma Ophir 117 mboepd

Oil & Gas: Bualuang Phase 4B first oil with initial production rates 12,900 bopd

Portfolio Rationalization: Continued high grading

Credit rating: B+ Fitch, B+ S&P, B1 Moody's

Deleveraging: Net Debt to EBITDA pro forma Ophir 3.0x



- EBITDA US\$477 million, pro forma Ophir US\$605 million
- The acquisition of Ophir Energy Plc was immediately accretive contributing EBITDA US\$129 million proforma (post one-time transaction costs US\$35 million), EBITDA US\$71 million since 1 June
- Ophir debt US\$355 million repaid in June, US\$211<sup>1</sup> million repaid in 3Q 2019; met US\$2.6<sup>2</sup> billion gross debt at year end
- Liquidity strong with cash and cash equivalents of US\$575 million
- Net debt to EBITDA<sup>2</sup> 3.9x, pro forma<sup>3</sup> 3.0x
- All 2019 and 2020 bullet maturities secured in escrow
- Capex US\$183 million, pro forma Ophir Capex US\$204 million

<sup>1</sup>) Restricted debt

<sup>2</sup>) Annualized for the restricted group

<sup>3</sup>) Pro forma EBITDA assume combined results from 1 January 2019.



- Oil and Gas production 102 mboepd, pro forma Ophir 117 mboepd. Unit cash costs US\$9.5 per boe
- Bualuang Phase 4B, Thailand first oil December 2019 with initial production rates above expectation, at 12,900 bopd
- Meliwis, East Java gas development, and Buntal-5, sub-sea development in South Natuna Sea Block B first gas on track for midyear 2020.



- Medco Power generated power sales of 1,870 GWh
- Riau IPP reach financial close with lenders, construction progress 46%, expected in-service date of Q2 2021



- AMNT production from stockpile was 96 Mlbs copper and 42 Koz gold
- Progressing Phase 7 development and Smelter FEED.
- Smelter Front-End Engineering Design 70% completed.



## Recurring synergies ~US\$50mn

## One-time capital saving US\$130mn



### Business & Process > US\$5mn

- Centralized treasury functions for cash management and authority matrix
- Accessed restricted cash US\$57mn
- Migrated multiple overseas data centers to Jakarta
- Centralized Procurement Tender Boards
- Business process alignment
- Adopted Medco SAP closing multiple Financial, Procurement and Maintenance systems



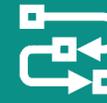
### Production & Operations > US\$10mn

- Standardized HSE incident reporting
- Safe handover of Operations without business interruption
- 2019 Production Guidance 26 mboepd (Ophir Initial Guidance: 25 mboepd)
- Ophir assets Proforma Opex/bbl: US\$14/boe (Ophir Initial Guidance US\$16/boe)
- Contract cross assignment to access best rates



### People & Offices > US\$40mn

- London Office sublet. Service office to close March 2020
- Headcount reduced by 50 to date. Further 30 by Q1 2020
- Ophir staff directly engaged through 'Integration Management Office'
- Integrated Organizations and localized manpower



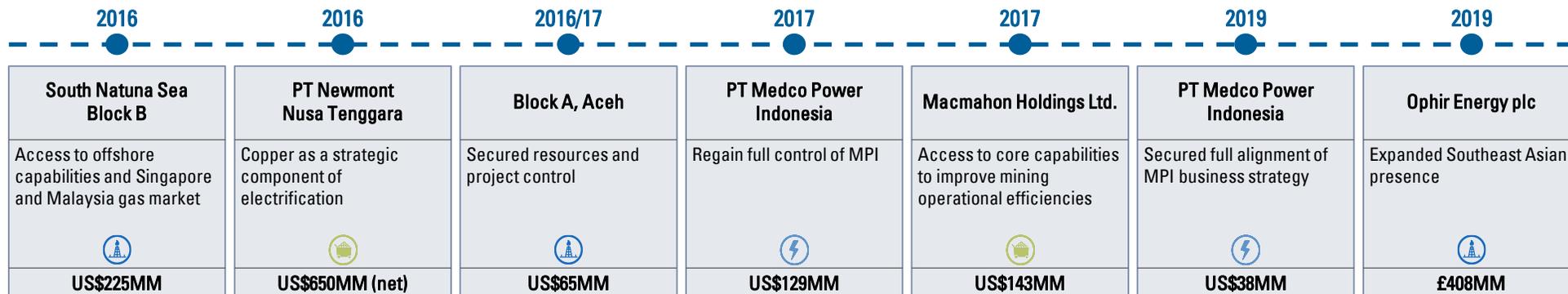
### Capital & Projects US\$130mn

- Portfolio rationalization US\$100mn+ savings
- Safe handover of Bualuang and Meliwis Projects without disruption
- Contract cross assignment to access best rates
- 2019 Capex Guidance US\$120mn (Ophir Initial Guidance US\$150mn)

## Closed and Integrated Value Adding Acquisitions

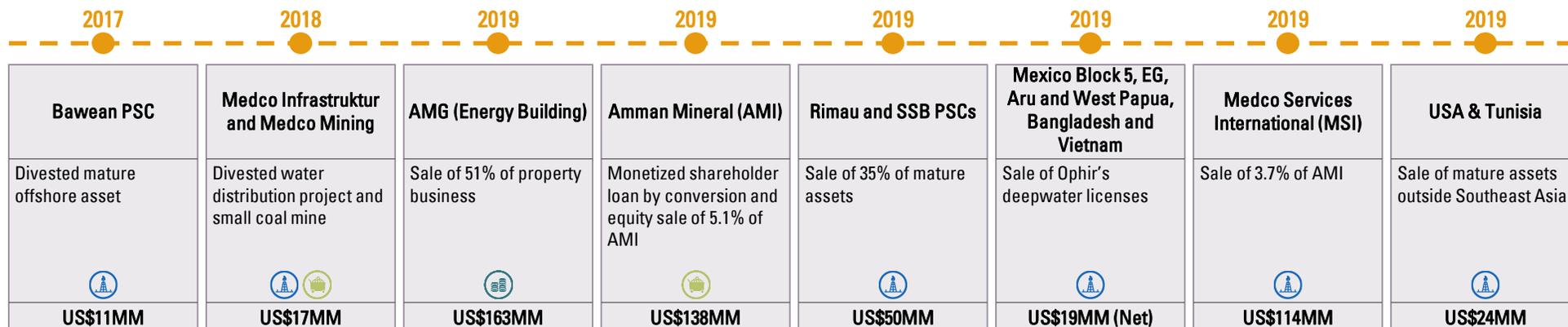
Acquisitions have added value through enhanced scale, control and organizational competence. Acquisition targets are screened to ensure:

- Improved MedcoEnergi credit status and profitability
- Risks are manageable (knowledge of asset, organization capabilities, subsurface, markets)
- Growth potential and upside

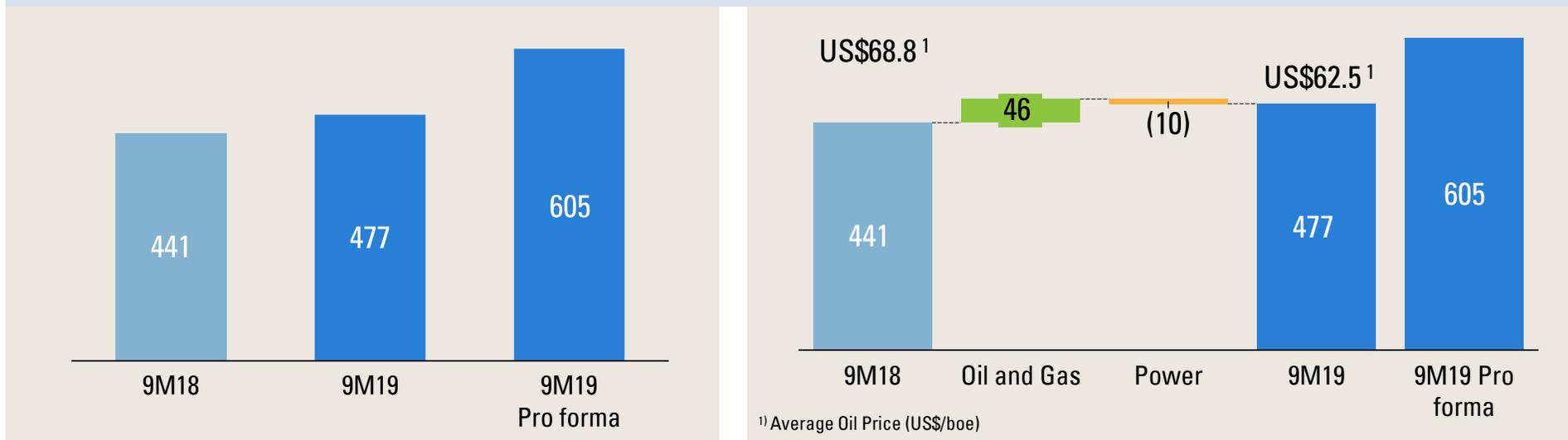


## Portfolio Rationalization

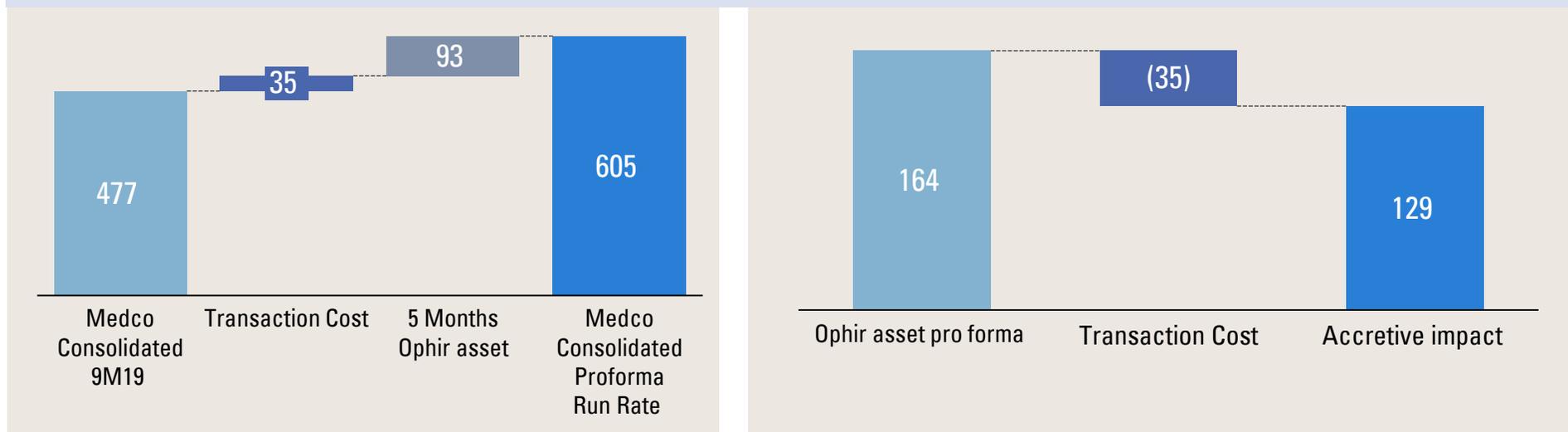
- Non-core assets sales to focus business on oil & gas, power, and copper mining
- Further portfolio upgrading through selective asset divestments



## Underlying EBITDA (US\$ mn) Categorized by Segments



## Ophir EBITDA Accretive (US\$ mn)



Ophir results are consolidated from 1 June 2019. Pro forma results assume combined results from 1 January 2019.

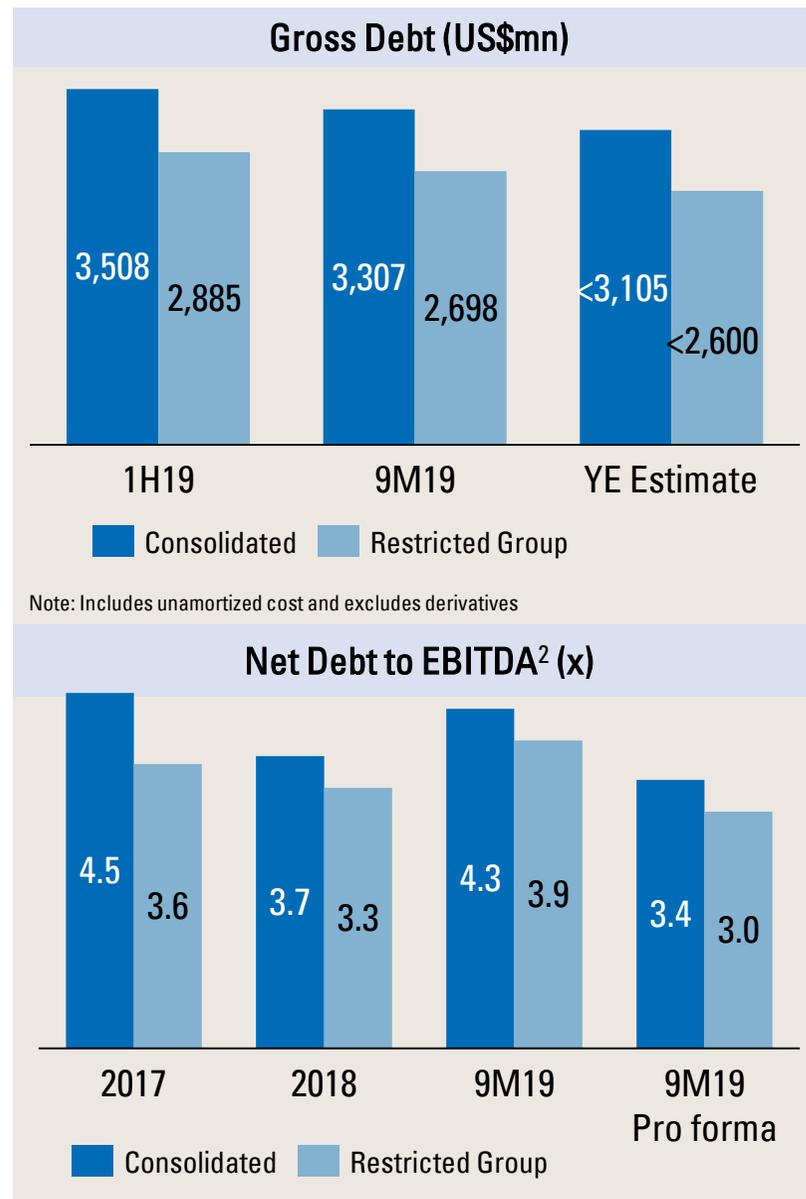


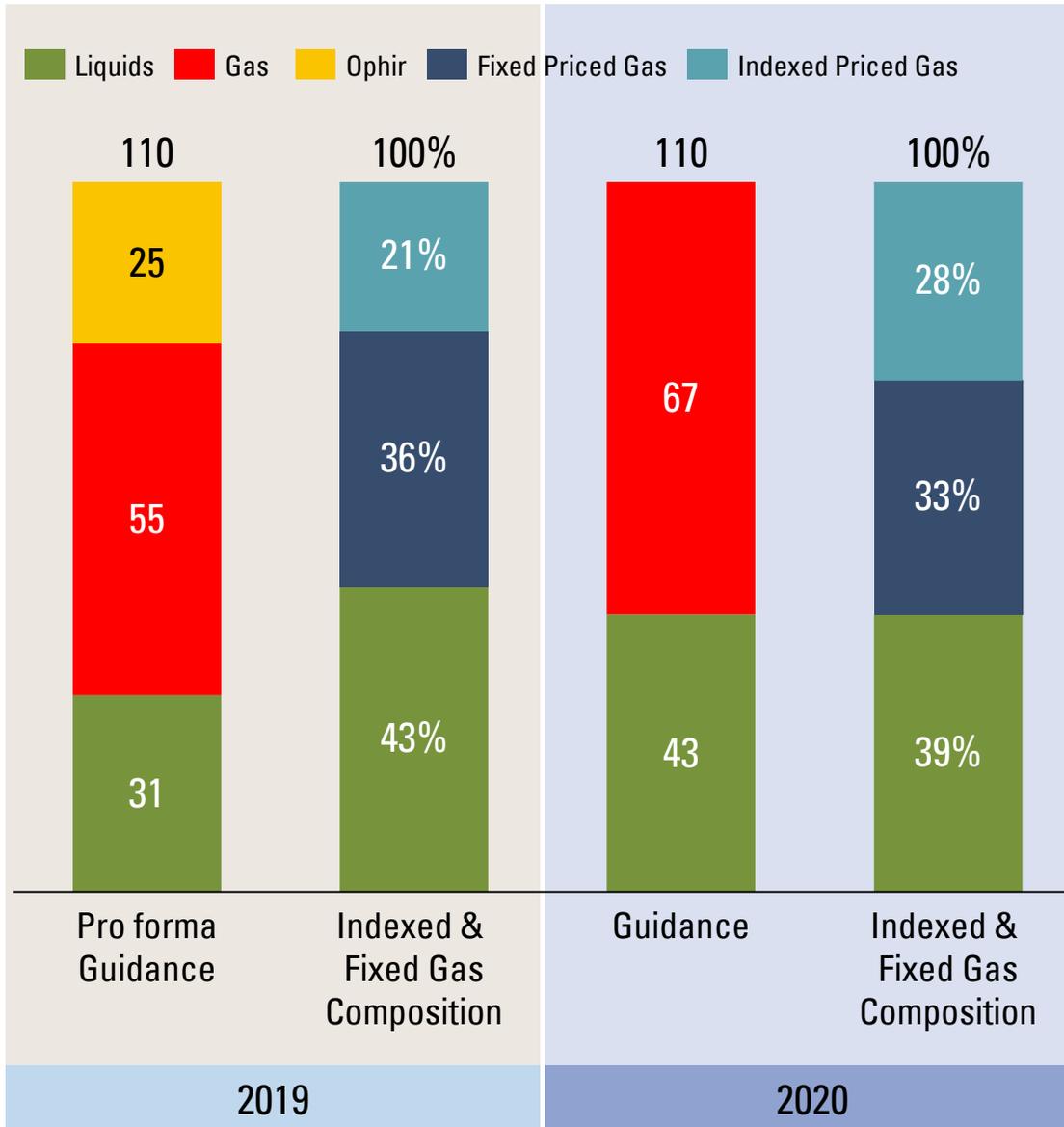
# Maintaining commitment to deleverage

- Ophir priority debt repaid in June US\$355 million; consolidated priority debt 6% of Total Assets
- US\$211<sup>1</sup> million debt repaid in 3Q 2019. 2020 bullet maturities secured in escrow
- Meet restricted group Gross Debt US\$2.6 billion with US\$300 million effective cash applied to the Ophir acquisition
- Net Debt to EBITDA<sup>2</sup> pro forma 3.0x
- Target Net Debt to EBITDA<sup>2</sup> at 3.0x or below at mid-cycle price

<sup>1</sup>) Restricted group

<sup>2</sup>) Annualized for the restricted group





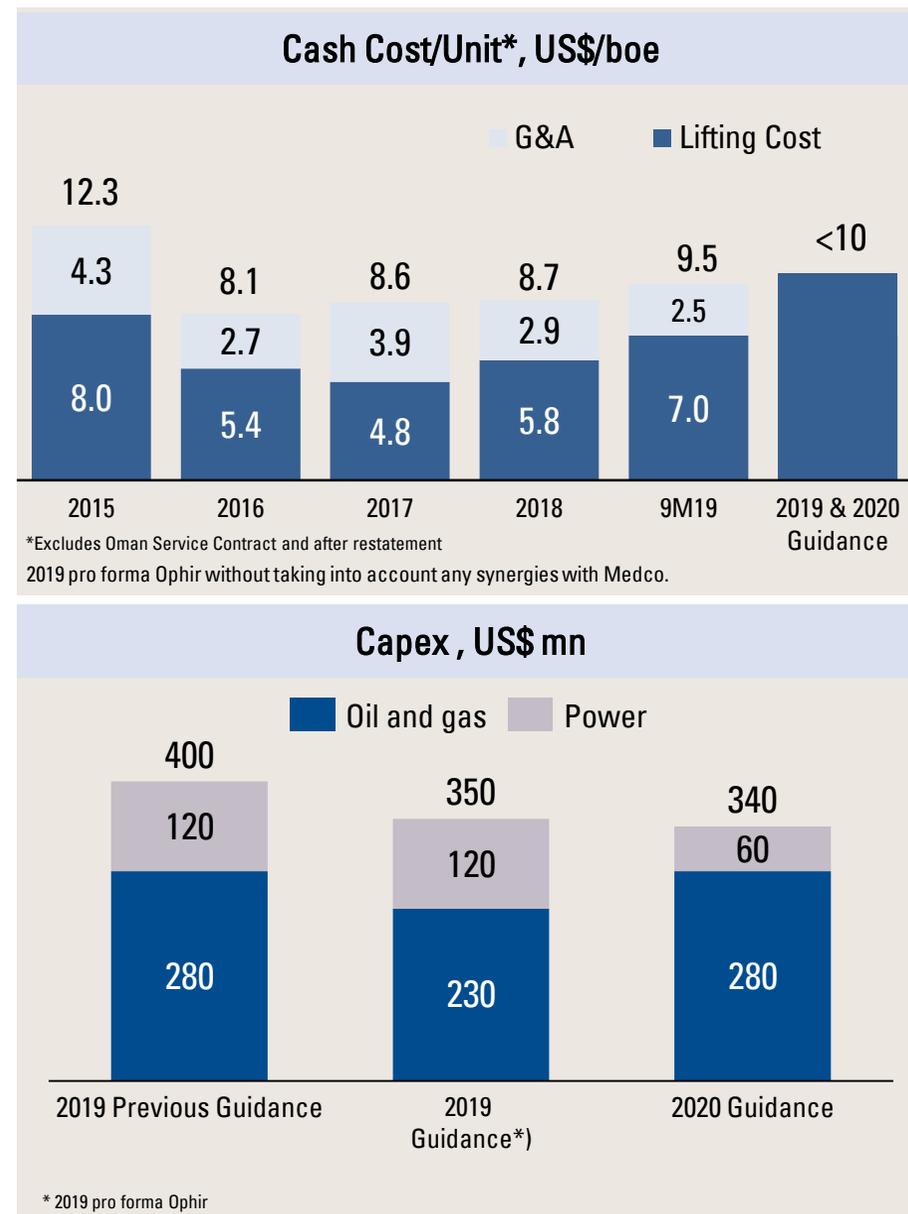
Pro-forma Production includes Oman service contract

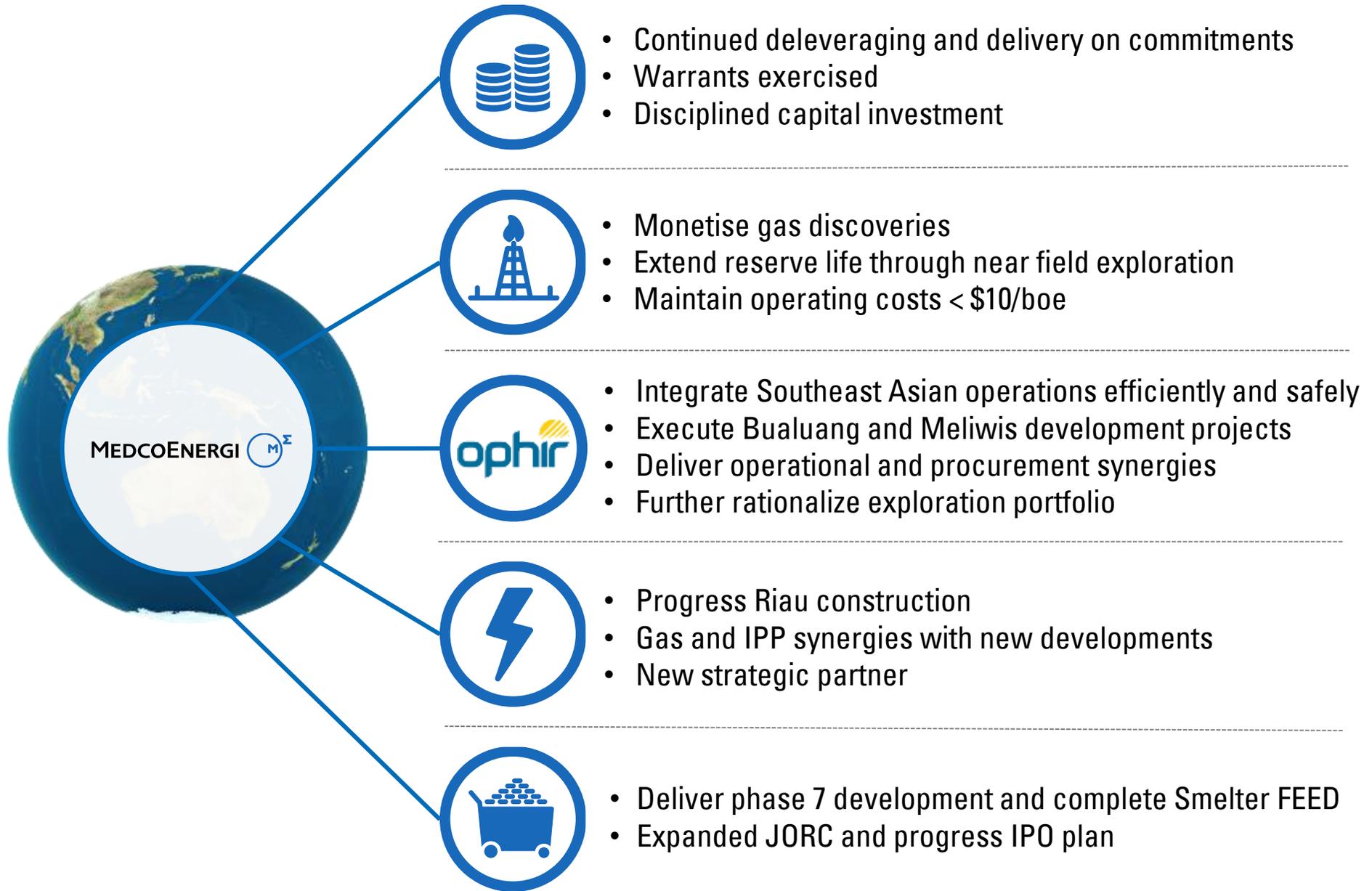
- Nine months production 102 mboepd; Pro forma 117 mboepd
- 2019 Ophir portfolio production guidance 26 mboepd (Ophir Initial Guidance: 25 mboepd)
- 2019 Production guidance 100 mboepd, 110 mboepd pro forma Ophir
- 2020 Production guidance 110 mboepd
- Gas market demand will determine production

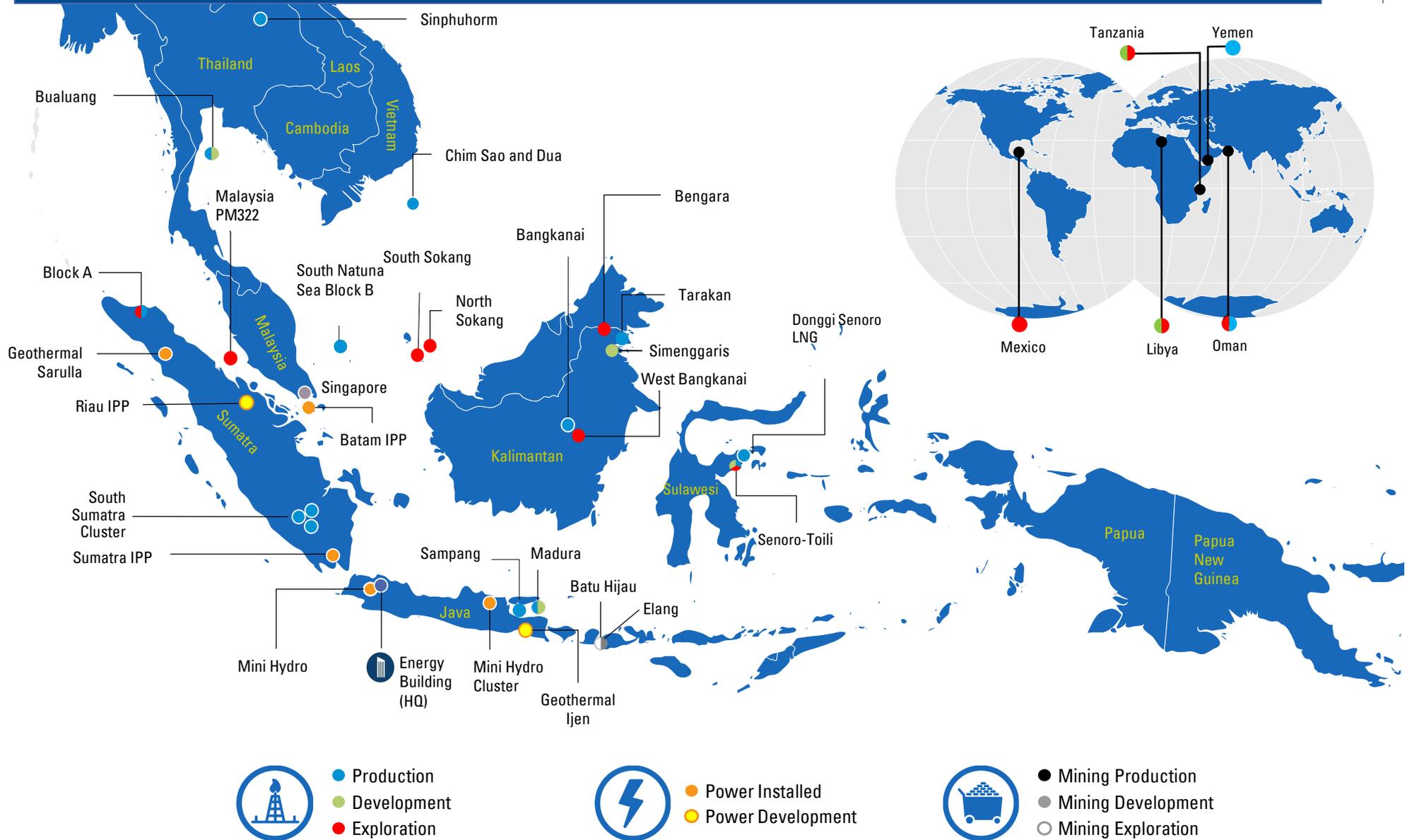


- 9M 2019 capex US\$183 million, US\$204 million pro forma Ophir.
- 2019 capex guidance US\$350 million pro forma Ophir; 2020 capex guidance US\$340 million.
- 9M 2019 Oil and Gas unit cash costs US\$9.5/boe<sup>1</sup>. Oil and Gas unit cash costs, will be maintained below US\$10/boe.
- Production and margin growth driving increased EBITDA despite volatility in commodity prices.

<sup>1</sup>) Unit cash cost exclude Oman







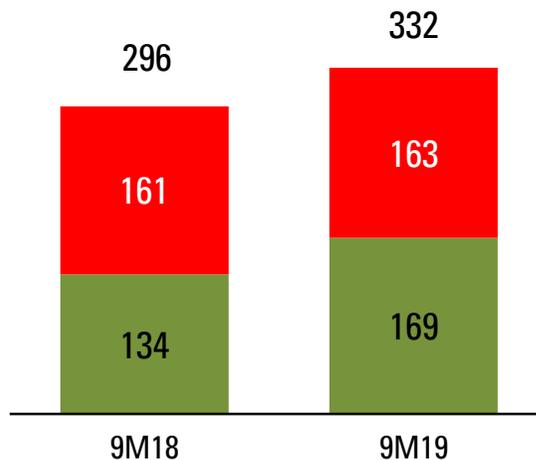


Metrics	9M18	9M19	YoY Δ%
<b>Production<sup>o</sup></b>			
Oil, MBOPD	32.8	38.2	16.5
Gas, MMSCFD	272.7	340.9	25.0
<b>Lifting/Sales</b>			
Oil Lifting, MBOPD	26.0	30.6	17.7
Gas Sales, BBTUPD	261.7	321.2	22.7
Oman Service Contract, MBOPD	7.4	7.1	(4.1)
<b>Average Realized Price</b>			
Oil, USD/barrel	68.8	62.5	(9.2)
Gas, USD/MMBTU	6.2	6.9	11.3

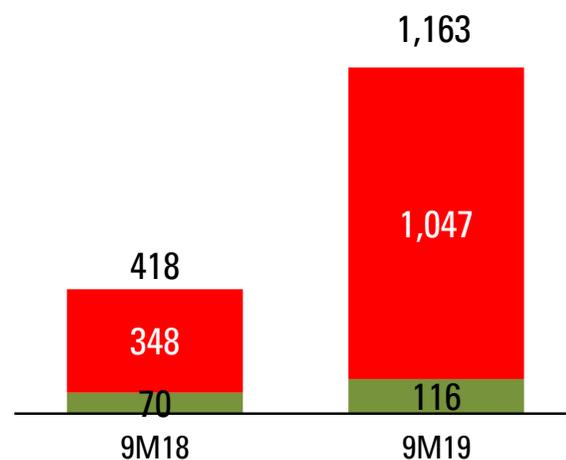
<sup>o</sup>Includes Oman Service Contract

- 2018 five-year average 2P Reserves Replacement Ratio 1.1x, with Reserves Life Index of 9 Years
- 5-year 2P F&D cost US\$11/boe post Ophir acquisition
- Average realized gas price US\$6.9/MMBTU; blend of fixed \$6.8/MMBTU and indexed \$7.0/MMBTU contracted gas sales
- Long term gas contracts underpinned by take-or-pay. Split ~57:43 fixed price and commodity indexed pricing

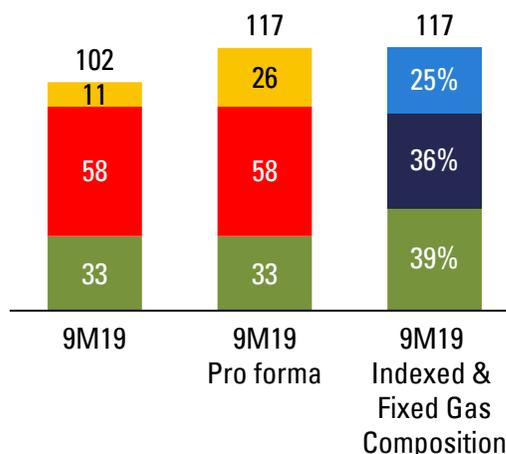
Net 2P Reserves, MMBOE



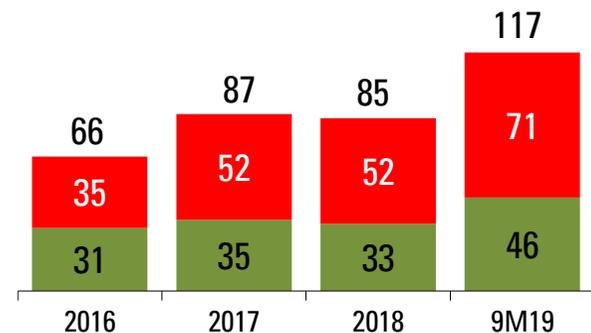
Net Contingent Resources, MMBOE



Production, MBOEPD



Net Hydrocarbon Production<sup>o</sup>, MBOEPD



<sup>o</sup>Includes Oman Service Contract and pro forma Ophir

■ Liquids 
 ■ Gas 
 ■ Ophir 
 ■ Fixed Priced Gas 
 ■ Indexed Priced Gas

# Financial Statistics (YTD 9M19 vs YTD 9M18)

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Average Realized Price			Revenue			Gross Profit			EBITDA		
Oil Price	US\$62.5 /bbl	9%	Incl. MPI	US\$1,016 million	13%	Incl. MPI	US\$440 million	10%	Incl. MPI	US\$477 million	8%
Gas Price	US\$6.9 /MMBTU	11%	Excl. MPI	US\$854 million	17%	Excl. MPI	US\$370 million	10%	Excl. MPI	US\$424 million	12%
Blended Price	US\$48 /boe	--	Pro forma Ophir	US\$1,026 million	40%	Pro forma Ophir	US\$381 million	7%	Pro forma Ophir	US\$552 million	45%
Cash & Cash Equivalent <sup>1</sup>			Total Debt			Net Debt to EBITDA			Debt to Equity		
Incl. MPI	US\$575 million	--	Incl. MPI	US\$3,307 million	20%	Incl. MPI	4.3x	17%	Incl. MPI	2.4 times	26%
Excl. MPI	US\$499 million	--	Excl. MPI	US\$2,698 million	25%	Excl. MPI	3.9x	18%	Excl. MPI	2.2 times	--
Pro forma Ophir	US\$499 million	--	Pro forma Ophir	US\$2,698 million	25%	Pro forma Ophir	3.0x	9%	Pro forma Ophir	2.2 times	--

Pro forma results assume combined results from 1 January 2019. Pro forma Ophir in this slide includes only restricted group

<sup>1)</sup> Cash & Cash Equivalent includes restricted cash in banks



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