



# 1H 2020 Company Results

PT Medco Energi Internasional Tbk  
(IDX Ticker: MEDC)

# Contents

## Performance Summary

COVID 19 - MedcoEnergi Response	3
1H 2020 Executive Summary	4
1H 2020 Financial Summary	5
1H 2020 Operational Summary	6
Financial Highlights	7

## Business Guidance

2020 Guidance	8
What to Expect 2020-2021	11

## Appendix

Active Portfolio Management	12
Asset Portfolio	13
Oil and Gas Statistics	14
Financial Statistics	15

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# COVID 19 - MedcoEnergi Response

## Prioritizing Health and Safety of Workforce and Communities

### WORK FORCE SAFETY

- No direct impact from Covid 19 and US\$8 mn spending to maintain business continuity
- Pre site access quarantine and screening, reduced occupancy, revised medivac protocol, extended remote site rotation and work from home support
- Educational campaigns focusing on personal hygiene, use of face masks and social distancing
- Telephone line for employees and families with Company doctor follow up monitoring and support
- Phased return to work with enhanced cleaning, enforced social distancing, reduced elevator occupancy and office refits



### COMMUNITY SUPPORT

- Donations to hospitals, community health centers and health clinics of medical & testing equipment and personal PP&E
- Donations to communities of sterilization & sanitation equipment, vitamins & supplements and food staples
- Educational campaigns focusing on personal hygiene, face masks and social distancing
- Redirecting community capacity building, e.g. teaching production of cloth facemasks in Medco supported women tailor cooperatives



# 1H 2020 Executive Summary

Consolidated EBITDA US\$305 mn, down by 5% year-on year

Oil & Gas: Production 101 mboepd, up by 5% year-on-year

Meliwis project delivered first gas and approval to develop Paus Biru gas field

Successful exploration drilling in Natuna Block B and Ijen Geothermal

Capex US\$178 mn (Oil & Gas US\$120 mn and Power US\$58 mn)

Tender and Exercised Call on US\$400 mn 144A/Reg S Senior Notes

Strong liquidity with cash and cash equivalents US\$695 mn

Strategic alliance between Medco Power Indonesia and Kansai Electric Power

Rights Issue completed raising IDR1.8 tn (~US\$120 mn)

# 1H 2020 Financial Summary

- Consolidated EBITDA US\$305 mn, down 5% y-o-y, cost efficiencies and synergies from the integration of Ophir Energy, supporting EBITDA despite lower demand, and 39% drop in oil price (1H 2020 US\$38.7/bbl, 1H 2019 US\$63.6/bbl); Q2 2020 realized oil price US\$26.5/bbl
- Net Income US\$96 mn loss, profits from Oil & Gas and Power segments offset by Amman Mineral Nusa Tenggara (AMNT) losses, oil price financial impairments and losses on discontinued operations
- Capex of US\$178 mn, Oil & Gas US\$120 mn for completion of July 1<sup>st</sup> gas Meliwis Project, exploration drilling in Block B Natuna, and Power US\$58 mn on construction of Riau IPP Project and Ijen Geothermal exploration drilling
- Tender and exercised call on US\$400 mn 144A/Reg S Senior Notes due in 2022
- Gross Debt<sup>1</sup> US\$2.7 bn, down 8% y-o-y, improved Net Debt<sup>1</sup> US\$2,074 mn, down by 5% y-o-y
- Net Debt to EBITDA<sup>1</sup> 3.7x, will maintain its 3.0x leverage target and continue to reduce debt with the expectation that commodity prices will recover in the near term
- Expenditure deferrals & reductions of +US\$200 mn to preserve cash and support balance sheet
- Strong liquidity, cash & cash equivalents US\$695 mn, 2020/21 IDR Bond maturities in escrow
- Rights Issue completed, 43% oversubscribed, proceeds of IDR1,785 bn (~US\$120 mn), 98% shareholders subscribing

# 1H 2020 Operational Summary



- Production 101 mboepd, up 5% from 1H 2019, following the Ophir acquisition. Q2 gas demand is essentially at TOPQ, significantly below capacity to deliver and below normal pre Covid-19 levels
- Cash costs US\$7.8/boe, within guidance and below 1H 2019 despite US\$8 mn spending to maintain business continuity during the Covid-19 pandemic
- Meliwis development, Madura Offshore PSC, delivered first gas July 2020
- Successful commercial exploration discoveries with the Bronang-2 and Kaci-2 wells, drilled a further successful exploration well in September with the Terubuk-5 well. These discoveries will be fast tracked for development through existing South Natuna Sea PSC infrastructure.
- Ophir integration and synergies on track, London and IHQ offices closed. Consolidated overhead costs reduced by 19%



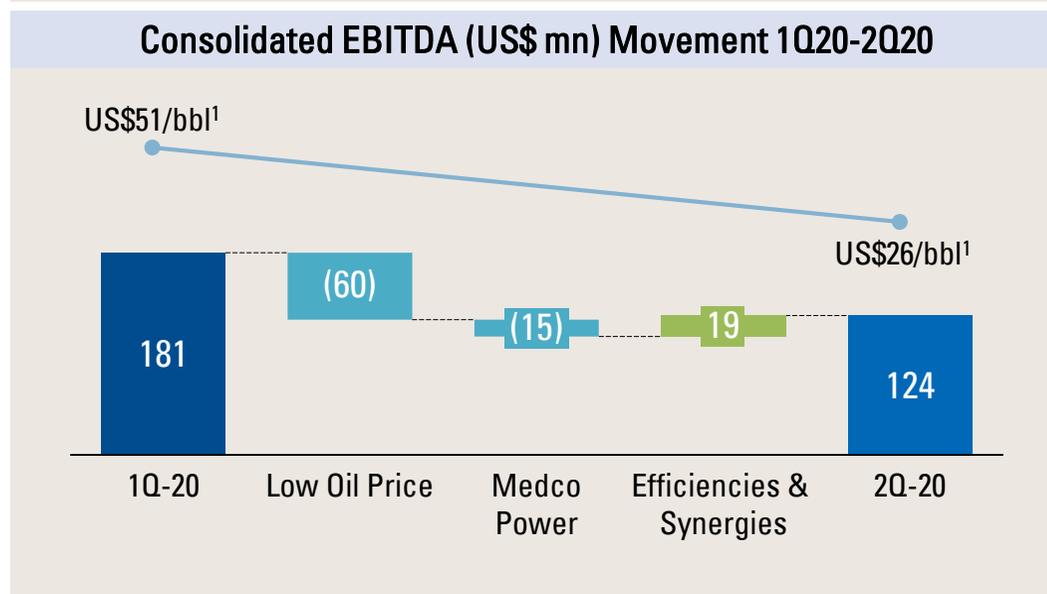
- Power generation sales 1,136 GWh, down by 9% year-on-year mainly due to lower demand
- Riau IPP construction 86% complete and on track for place in-service 2021
- Successful Ijen geothermal steam exploration, progressing two further wells to prove commerciality
- Progressing civil works for the 26MWp PV facility in Sumbawa
- Strategic alliance between Medco Power Indonesia and Kansai Electric Power



- AMNT 1H 2020 production from stockpile 106 Mlbs copper and 37 Koz gold
- Accessing productive ore from AMNT Phase 7, with first production ramping up April 2020
- Working to extend the smelter project completion by 12-18 months

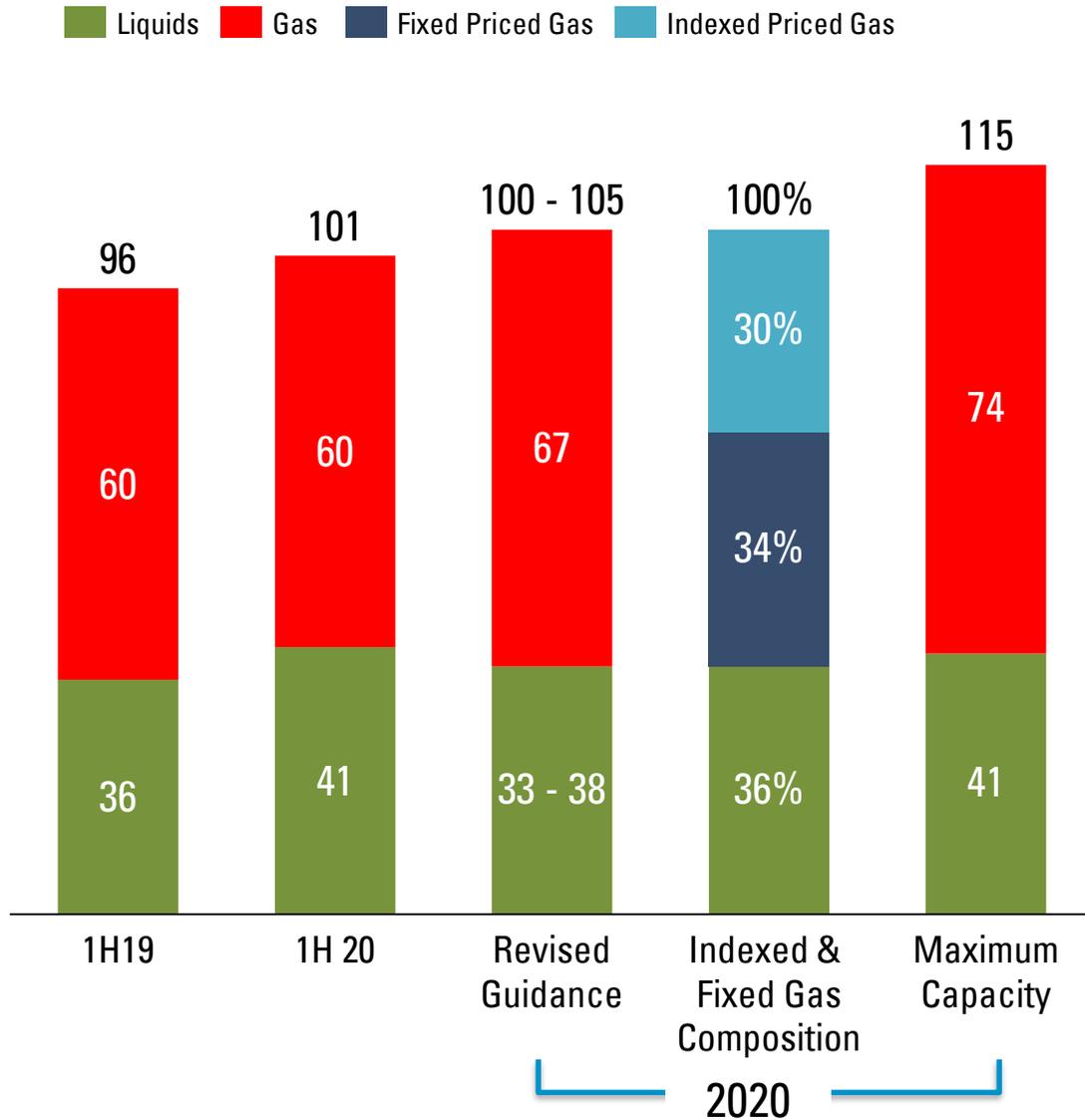
# Financial Highlights

- Consistent EBITDA growth throughout the commodity price cycle
- Flat EBITDA y-o-y despite lower energy demand and a 39% drop in realized oil prices (1H 2020 US\$38.7/bbl, 1H 2019 US\$63.6/bbl)
- Accretive Ophir 2019 acquisition
- Half year overhead costs reduced by US\$17 mn post efficiencies and Ophir Energy synergies



<sup>1</sup> Weighted Average Oil Price (WAP)

# 2020 Guidance: Production



## 1H 2020 Actual

- Production 101 mboepd within revised guidance, up 5% year-on-year following the Ophir acquisition
- Q2 gas demand at TOPQ, significantly below capacity to deliver and below normal pre Covid-19 levels
- Hedged 7.5% of 2020 production into 2021 at an average price of US\$48/bbl and US\$42/bbl to provide a further buffer against the continued volatile price environment

## 2020 Guidance

- Revised 2020 guidance 100 – 105 mboepd
- Policy to hedge maximum 15% of production

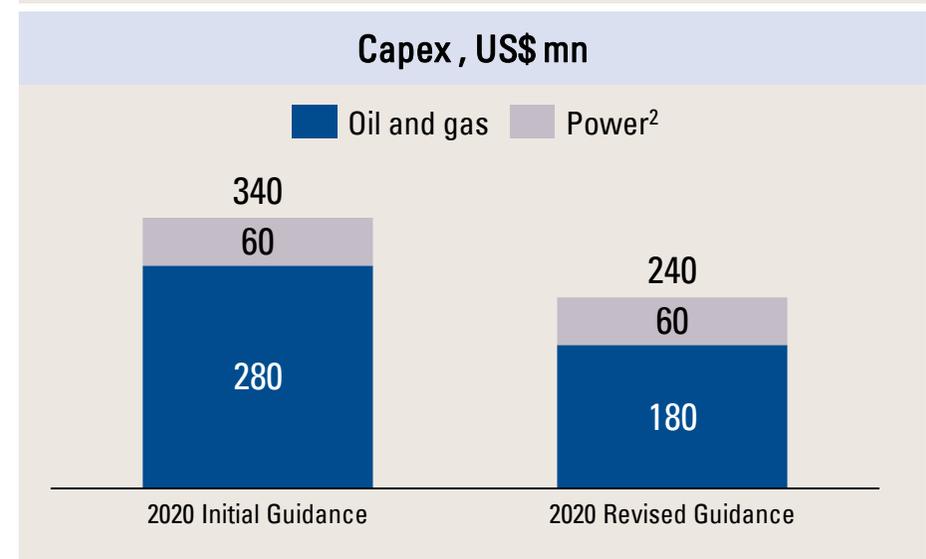
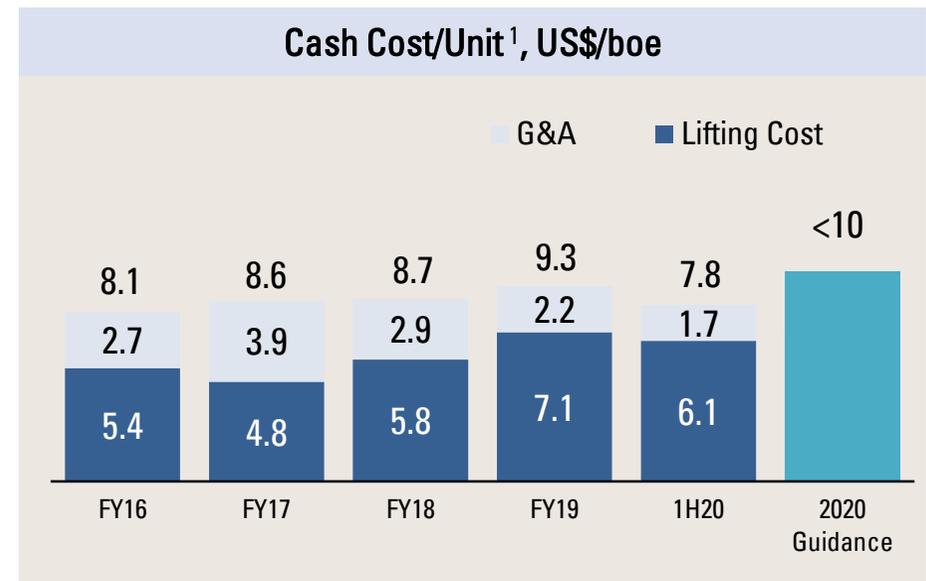
# 2020 Guidance: Expenditure

## 1H20 Actual

- 1H capex US\$178 mn, US\$120 mn in Oil & Gas and US\$58 mn in Power; full year in line with 2020 guidance
- Unit cash costs US\$7.8/boe, within guidance, below y-o-y despite low demand and spending to maintain business continuity during the Covid-19 pandemic

## 2020 Guidance

- High grading of capex program with 2020 revised guidance, US\$100 mn deferrals and savings
- 2020 US\$80 mn (15%) operating expenditure reduction; targeting US\$100 mn
- Ophir synergies on track, unit cash costs below <US\$10/boe
- Every 10% full year depreciation in IDR improves unit cost by ~50¢/boe

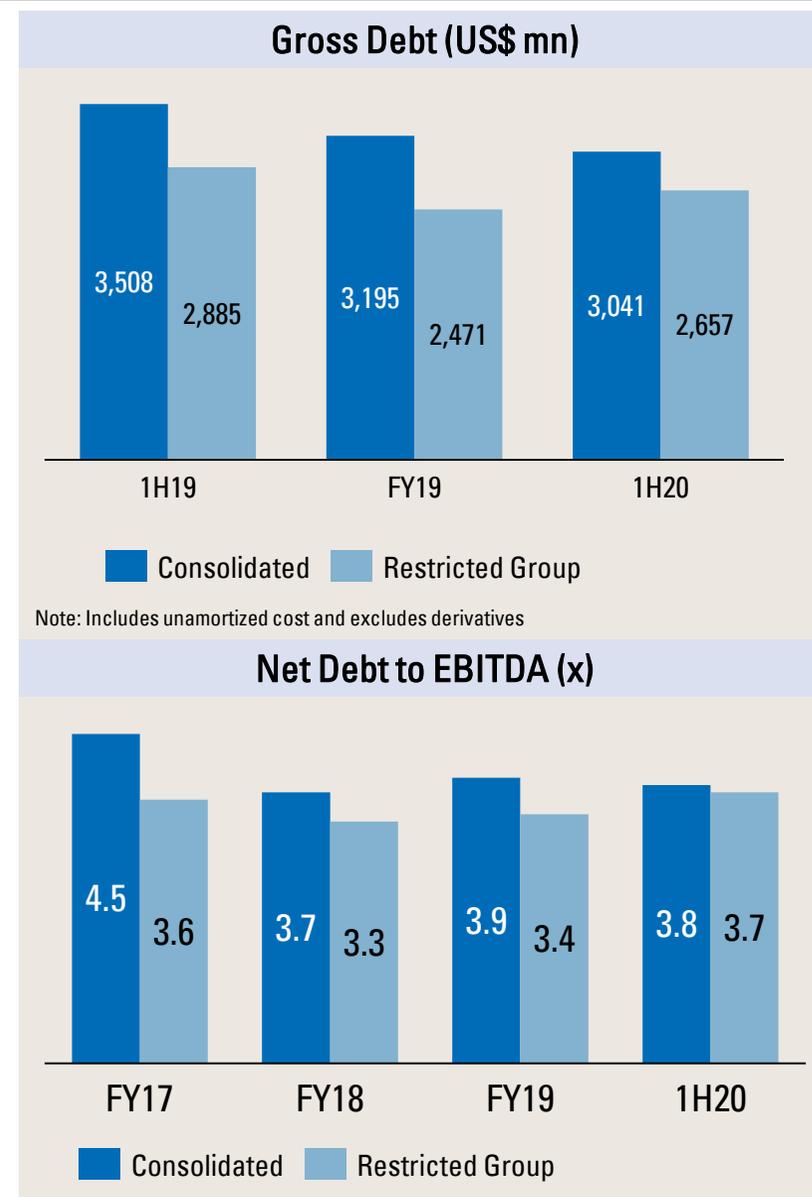


<sup>1</sup> Unit cash cost excludes production and expenditure on Oman KSF service contract

<sup>2</sup> Power capex presented as per working interest Riau (51%) and Ijen (51%)

# Commitment to deleverage

- Retired 2022 US\$400 mn Notes via 1H Tender Offer and Q3 Call Exercise
- Restricted Group Gross Debt US\$2.7 bn, down 8% y-o-y, with improved Net Debt<sup>1</sup> of US\$2 bn, down 5% y-o-y. 2021 maturities secured in escrow
- Net Debt to EBITDA<sup>1</sup> 3.7x, maintained leverage target of 3.0x, and continue to reduce gross debt with the expectation of commodity price recovery in near term
- Announced intent to early repay ~US\$200 mn 2021 IDR bonds in Q4 2020



# What To Expect 2020-2021

Covid-19 Focus: Prioritizing Health and Safety and minimize business disruption

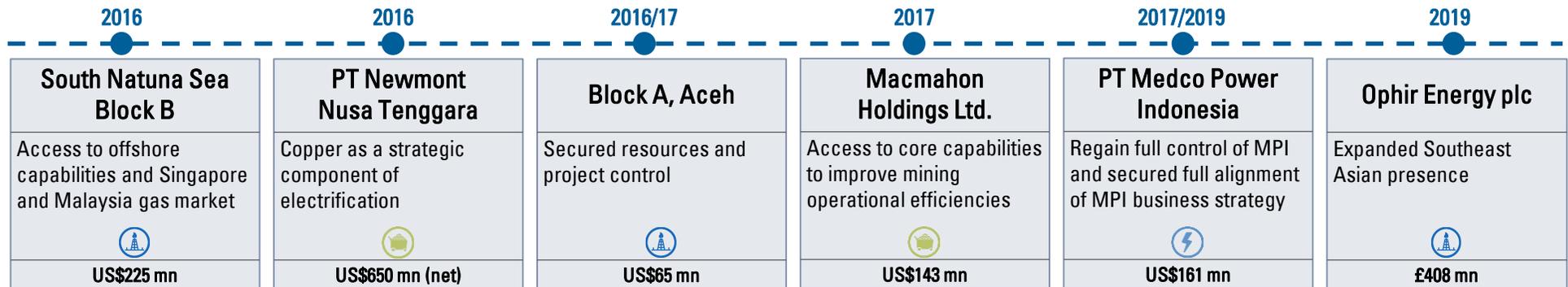
- ✓ Prudent liquidity and liability management
- ✓ Disciplined capital investment and portfolio management
- ✓ Operating and procurement synergies, cash costs < US\$10/boe
- ✓ Complete Riau IPP, Bali & Sumbawa PV and Phase 7 developments
- ✓ Appraise and fast track development of Block B discoveries
- ✓ Maintain fixed price TOP gas contracts EBITDA ~US\$250 mn
- ✓ Progress Medco Power strategic alliance with Kansai Electric and AMNT IPO
- ✓ Early repay ~US\$200 mn 2021 IDR bonds in Q4 2020

# Active Portfolio Management

## Closed and Integrated Value Adding Acquisitions

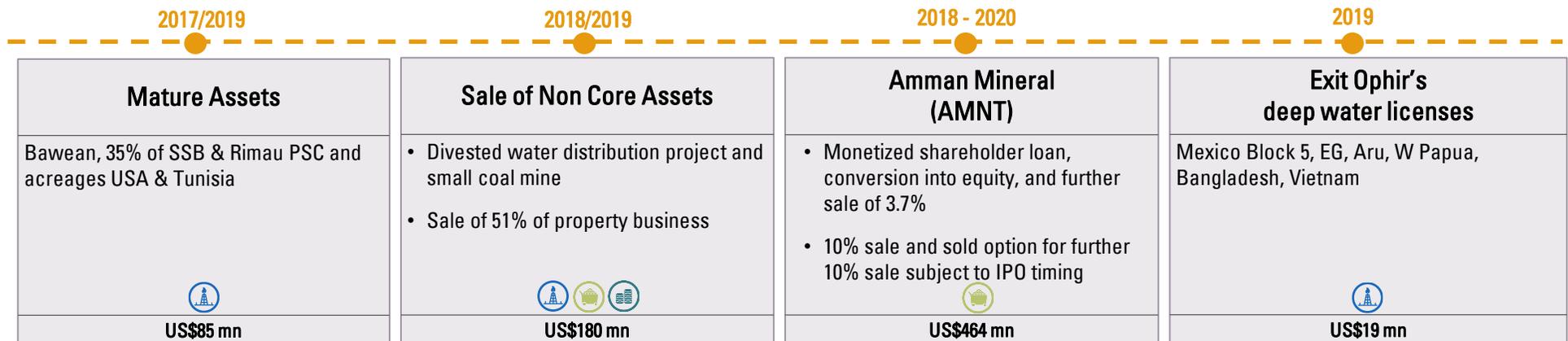
Acquisitions have added value through enhanced scale, control and organizational competence. Acquisition targets are screened to ensure:

- 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



# Asset Portfolio



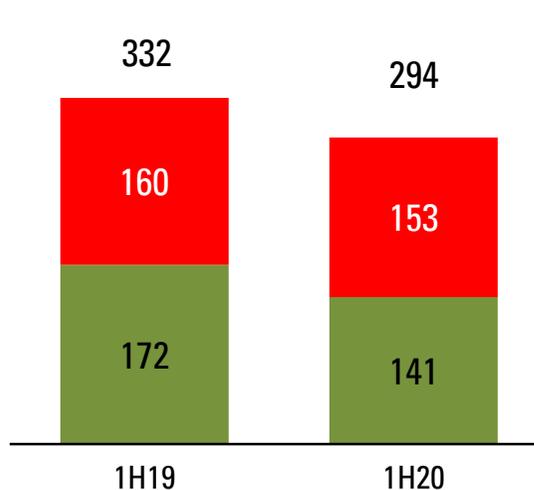
# Oil and Gas Statistics

Metrics	1H19	1H20	YoY Δ%
<b>Production<sup>o</sup></b>			
Oil, MBOPD	35.6	41.0	15.2
Gas, MMSCFD	336.7	325.8	(1.2)
<b>Lifting/Sales</b>			
Oil Lifting <sup>o</sup> , MBOPD	35.1	39.3	11.8
Gas Sales, BBTUPD	309.9	306.8	(1.0)
Oman Service Contract, MBOPD	6.7	7.8	17.1
<b>Average Realized Price</b>			
Oil, USD/barrel	63.6	38.7	(39.1)
Gas, USD/MMBTU	6.9	5.5	(20.1)

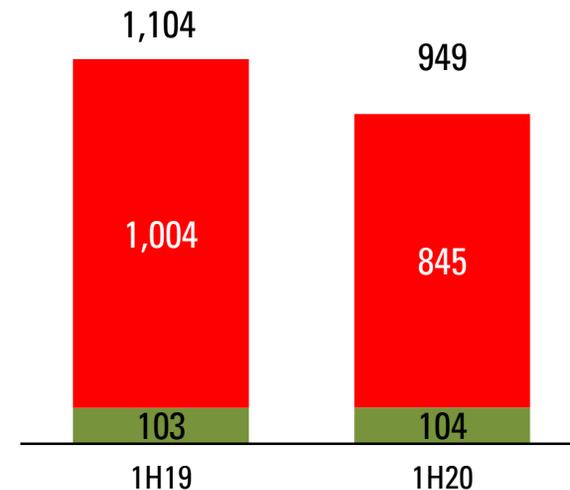
<sup>o</sup> Includes Oman service contract

- 5-year average 2P Reserves Replacement Ratio<sup>1</sup> 1.1x, with 2P Reserves Life Index<sup>1</sup> of 8.6 Years
- 5-year 2P F&D cost<sup>1</sup> US\$12.5/boe post Ophir acquisition
- Average realized gas price US\$5.5/MMBTU; blend of fixed US\$6.2/MMBTU and indexed US\$4.8/MMBTU contracted gas sales
- Long term gas contracts underpinned by take-or-pay

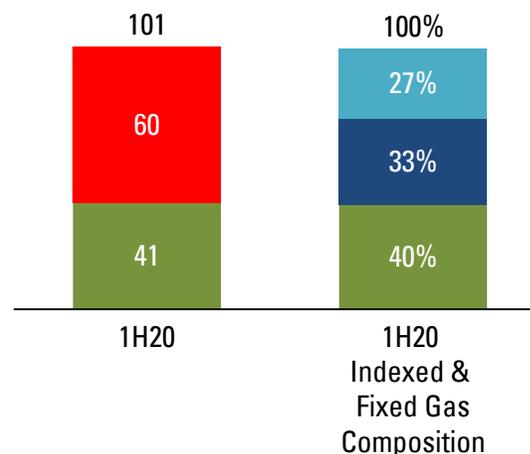
Net 2P Reserves, MMBOE



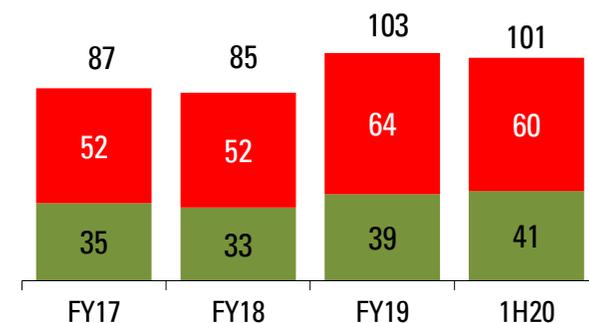
Net Contingent Resources, MMBOE



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



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



<sup>o</sup> Includes Oman Service Contract and Ophir starting 1 June 2019

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

# Financial Statistics (1H19 vs 1H20)

Average Realized Price		Revenue		Gross Profit		EBITDA	
Oil Price	US\$38.7 /bbl	Incl. MPI	US\$552 million	Incl. MPI	US\$203 million	Incl. MPI	US\$305 million
	39%		8%		38%		5%
Gas Price	US\$5.5 /MMBTU	Excl. MPI	US\$473 million	Excl. MPI	US\$168 million	Excl. MPI	US\$280 million
	20%		11%		43%		1%
Cash & Cash Equivalent <sup>1</sup>		Total Debt		Net Debt to EBITDA		Debt to Equity	
Incl. MPI	US\$695 million	Incl. MPI	US\$3,041 million	Incl. MPI	3.8 times	Incl. MPI	2.7 times
	17%		13%		7%		-
Excl. MPI	US\$586 million	Excl. MPI	US\$2,659 million	Excl. MPI	3.7 times	Excl. MPI	2.6 times
	16%		8%		3%		7%

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



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