



# 9M 2020 Company Results

PT Medco Energi Internasional Tbk  
(IDX Ticker: MEDC)

# Contents

## Performance Summary

COVID 19 - MedcoEnergi Response	3
9M 2020 Executive Summary	4
9M 2020 Financial Summary	5
9M 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

The following presentation has been prepared by PT Medco Energi Internasional Tbk. (the "Company") and contains certain projections, plans, business strategies, policies of the Company and industry data in which the Company operates in, which could be treated as forward-looking statements within the meaning of applicable law. Such forward-looking statements, by their nature, involve risks and uncertainties that could prove to be incorrect and cause actual results to differ materially from those expressed or implied in these statements. The Company does not guarantee that any action, which may have been taken in reliance on this document will bring specific results as expected. The Company disclaims any obligation to revise forward-looking statements to reflect future events or circumstances

# COVID 19 - MedcoEnergi Response

## Prioritizing Health and Safety of Workforce and Communities

### WORK FORCE SAFETY

- No business impact from COVID-19, US\$8 mn spending to maintain business continuity
- Pre-entry quarantine and screening to worksites, extended site rotation, revised medivac protocol, and work from home support
- Educational and well being campaigns with regular communication using multiple channels to reach workforce and their families
- Employee health monitoring program and medical hotline for employees and families
- Enhanced Return to Work protocols and facilities



### COMMUNITY SUPPORT

- Donations to hospitals, community health centers and clinics with COVID-19 testing equipment and personal PPE
- Community donations 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
- Support distant learning education during COVID-19 pandemic (including gadget donations, teacher empowerment)



# 9M 2020 Executive Summary

Consolidated EBITDA US\$422 mn, down by 5% y-o-y

Oil and gas prices down 37% and 25% respectively y-o-y

Oil & Gas: Production 100 mboepd, flat y-o-y

Successful exploration drilling in Natuna Block B and Ijen Geothermal

Capex US\$194 mn (Oil & Gas US\$147 mn and Power US\$47 mn)

Strong liquidity with cash and cash equivalents US\$618 mn

Strategic alliance between Medco Power Indonesia and Kansai Electric Power

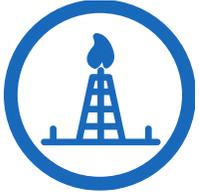
Rights Issue completed raising IDR1.8 tn (~US\$120 mn)

November repaid US\$170 mn IDR bonds, US\$16 mn Notes buyback in 2020

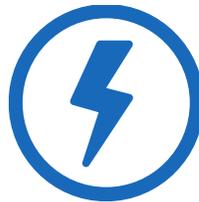
# 9M 2020 Financial Summary

- Consolidated EBITDA US\$422 mn, down 5% y-o-y, due to cost efficiencies and Ophir Energy synergies offsetting the impacts of low energy demand. Energy demand and commodity prices<sup>2</sup> impacted by Covid-19 pandemic with 37% drop in oil price and 25% drop in gas price.
- Oil prices recovered to US\$40.6/bbl (Q3), up 52% Q-on-Q. Q3 gas prices continued to fall from US\$5.2/mmbtu (Q2) to US\$4.6/mmbtu (Q3), due to contractual lagging oil price linkage
- Both oil and gas prices rebounding positively in Q420.
- Net Income US\$130 mn loss. Q2 loss of US\$76 mn, improved to US\$34 mn loss in Q3 despite lower gas prices, a dry hole in Mexican deep-water drilling and continued low electricity demand
- AMNT Phase-7 production benefited from higher copper and gold prices with Net Income US\$21 mn, first quarterly profit since 2016.
- Capex US\$194 mn, Oil & Gas US\$147 mn for completion of Meliwis in East Java, exploration drilling in Natuna Block B and Power US\$47 mn for the Riau IPP and Ijen Geothermal exploration drilling
- Gross Debt<sup>1</sup> US\$2.5 bn and improved Net Debt<sup>1</sup> US\$2 bn, down 6% and 9% y-o-y respectively. Net Debt to EBITDA<sup>1</sup> 3.9x, maintained 3.0x leverage target and continue to reduce debt Q-on-Q expecting commodity prices will recover in the near term
- Rights Issue 43% oversubscribed for IDR1.8 tn (~US\$120 mn) with 98% shareholders subscribing
- Strong liquidity, cash & cash equivalents US\$618 mn. Retired ~US\$170 mn IDR Bonds in Nov and repurchased US\$16 mn of USD Notes to date in 2020

# 9M 2020 Operational Summary



- Oil and gas production 100 mboepd, within guidance, though gas demand continues to be significantly below normal pre Covid-19 pandemic levels
- Unit cash costs US\$7.6/boe, within guidance, despite additional costs to maintain business continuity and employee safety during the Covid-19 pandemic
- A two well platform drilling program at Kerisi, Natuna Block B in July increased in oil production and gas deliverability
- Four commercial exploration gas discoveries (Bronang-2, Kaci-2, West Belut-1 & Terubuk-5 wells) in Natuna Block B will be fast tracked for development (2021-22) in parallel with Hiu gas development



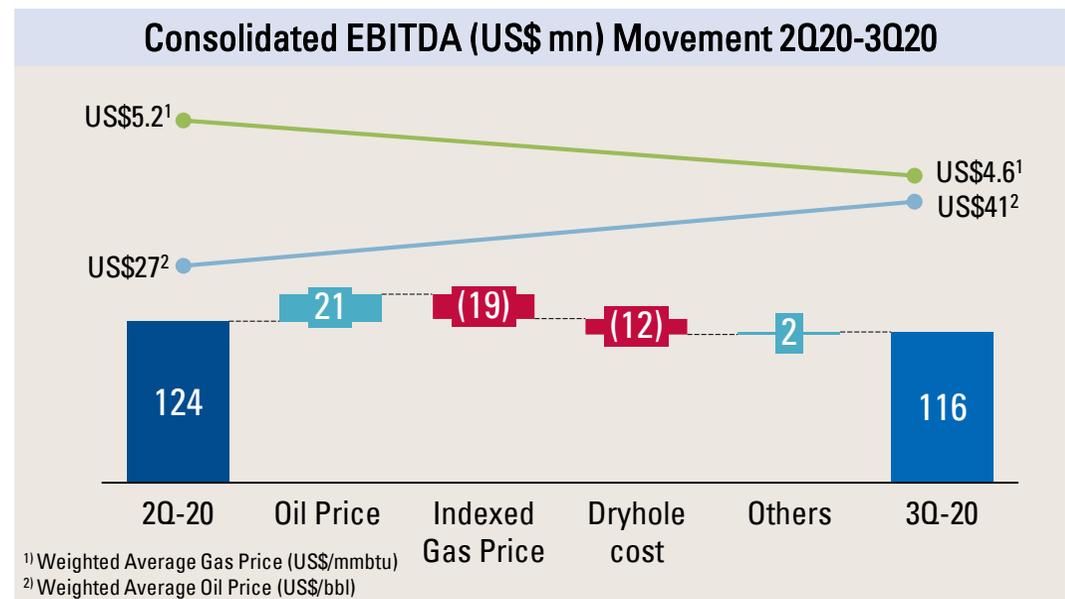
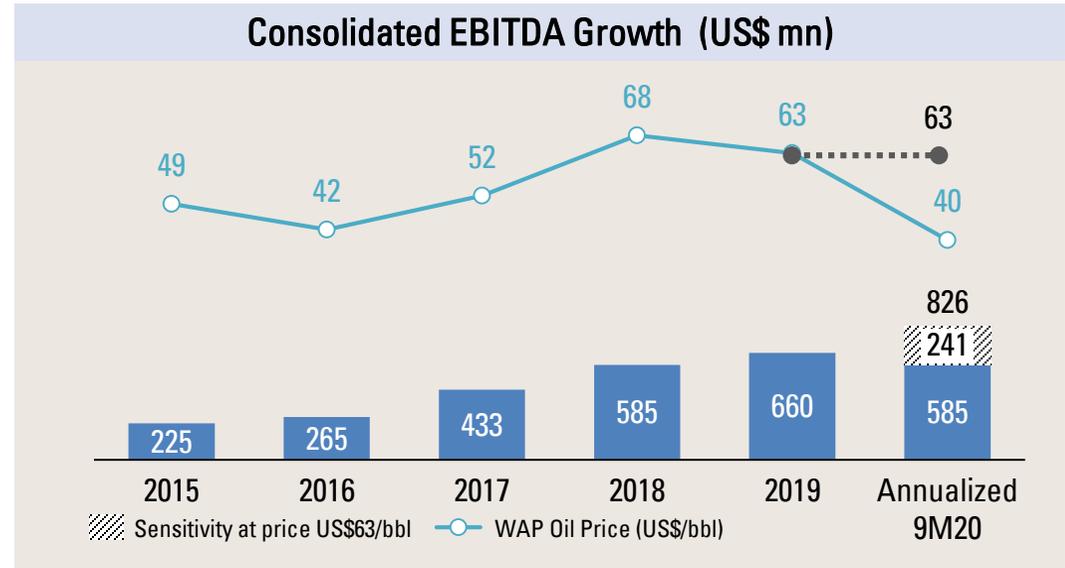
- Medco Power generated sales of 1,956 GWh
- Signed a Strategic Alliance with Kansai Electric Power Company to develop new gas IPP facilities in Indonesia
- Riau IPP construction 91% complete and on track for place in service 2021
- Successful steam exploration wells in Ijen Geothermal, further wells are progressing to prove commerciality
- Construction has begun on the 26MWp PV facility in Sumbawa



- AMNT accessing productive ore from Phase 7 with production ramping up from April 2020
- Produced 192 Mlbs copper and 73 Koz of gold from pit ore and stockpile processing
- Working to extend smelter project completion by 12 – 18 months, completion has reached 25% as of July 2020

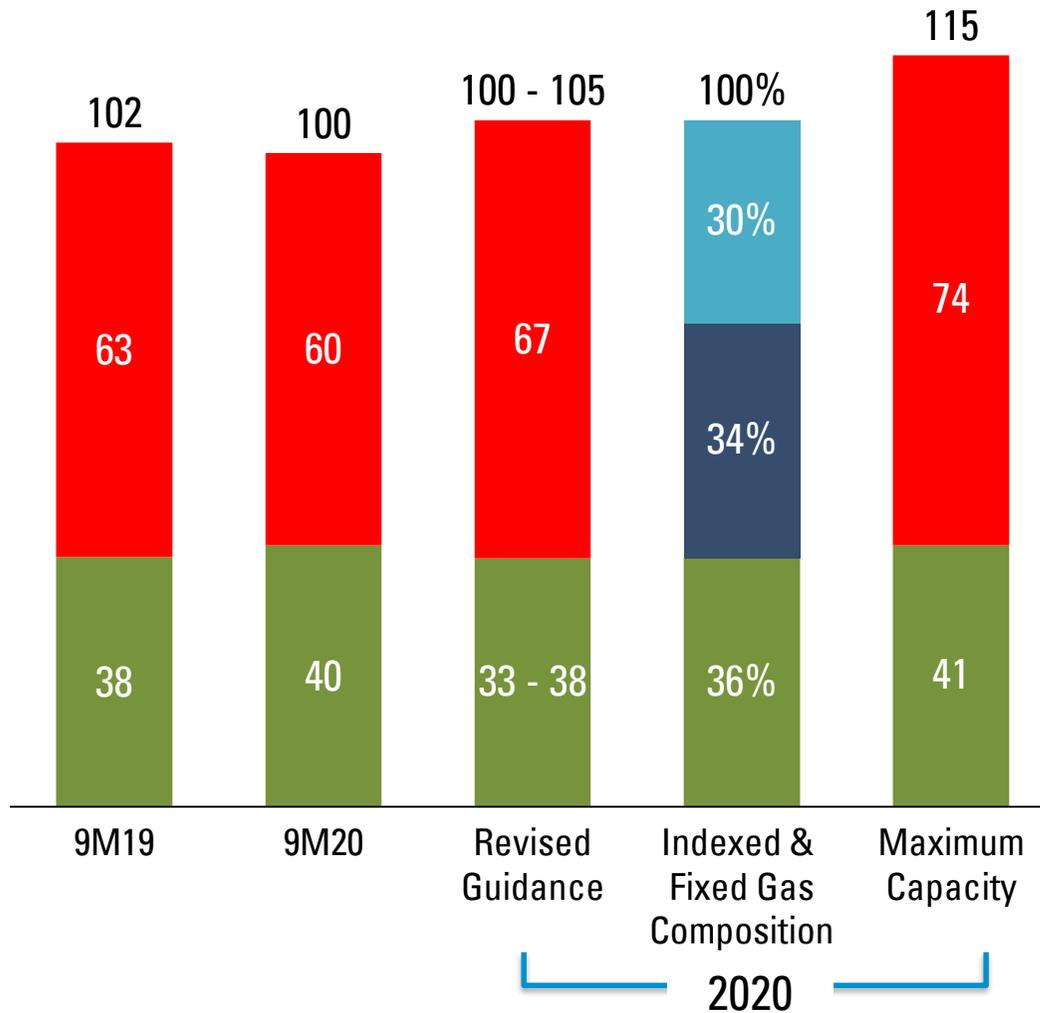
# Financial Highlights

- 2020 EBITDA down only 5% y-o-y despite lower energy demand and falling prices<sup>1</sup>
- Oil prices recovered in Q3, gas prices continued to fall, due to contractual lagging price linkage
- Overhead costs and cash paid to suppliers down y-o-y post efficiencies and Ophir Energy synergies
- Gas volumes still subdued but both oil and indexed-gas prices are rebounding positively in Q420



# 2020 Guidance: Production

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



## 9M 2020 Actual

- Production 100 mboepd within revised guidance
- Q3 gas demand at TOPQ, significantly below capacity to deliver and below normal pre Covid-19 levels
- Hedged 8% of 2020 production into 2021 at an average price of US\$48/bbl and US\$43/bbl to provide a further buffer against the continued volatile price environment

## 2020 Guidance

- 2020 guidance 100 – 105 mboepd
- Building positions to reach policy to hedge maximum 15% of production

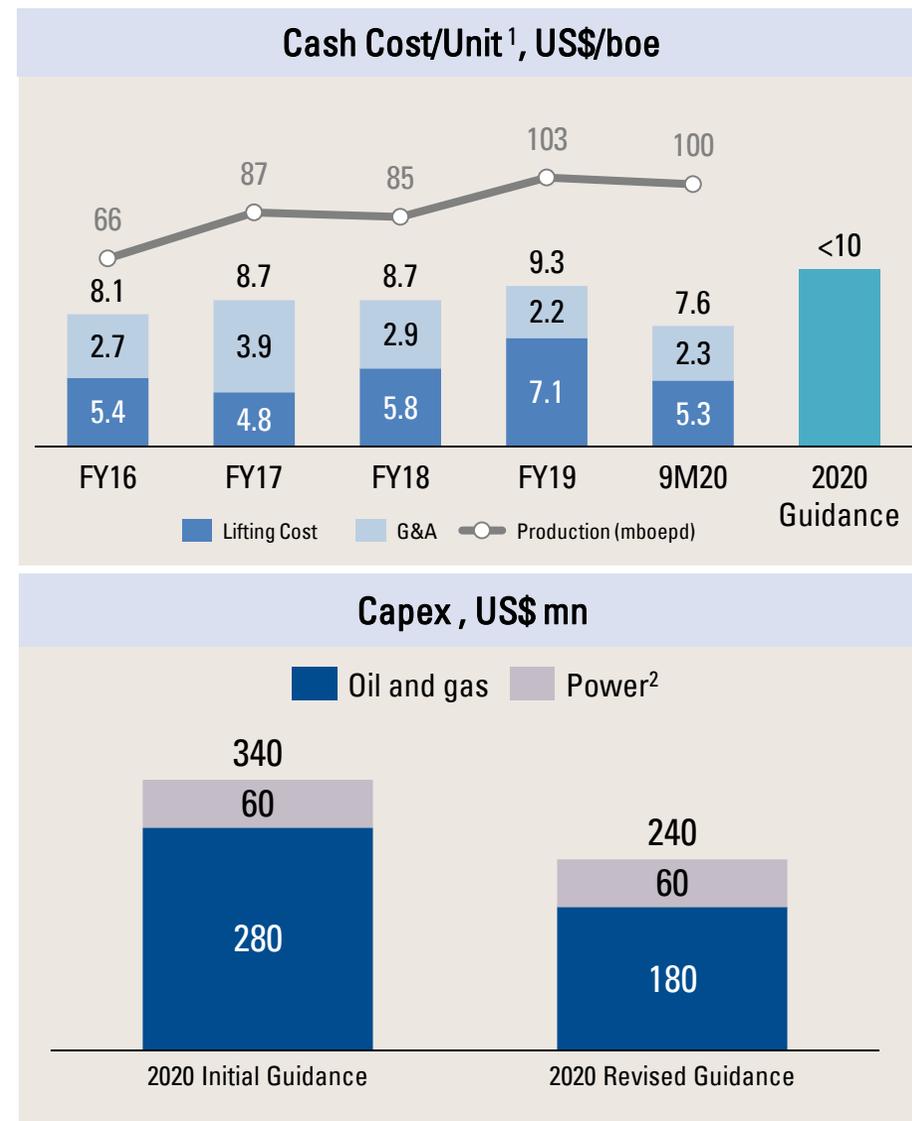
# 2020 Guidance: Expenditure

## 9M20 Actual

- 9M capex US\$194 mn, US\$147 mn in Oil & Gas and US\$47 mn in Power<sup>2</sup>
- Unit cash costs US\$7.6/boe, within guidance, below y-o-y despite low demand and spending to maintain business continuity during the Covid-19 pandemic

## 2020 Guidance

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

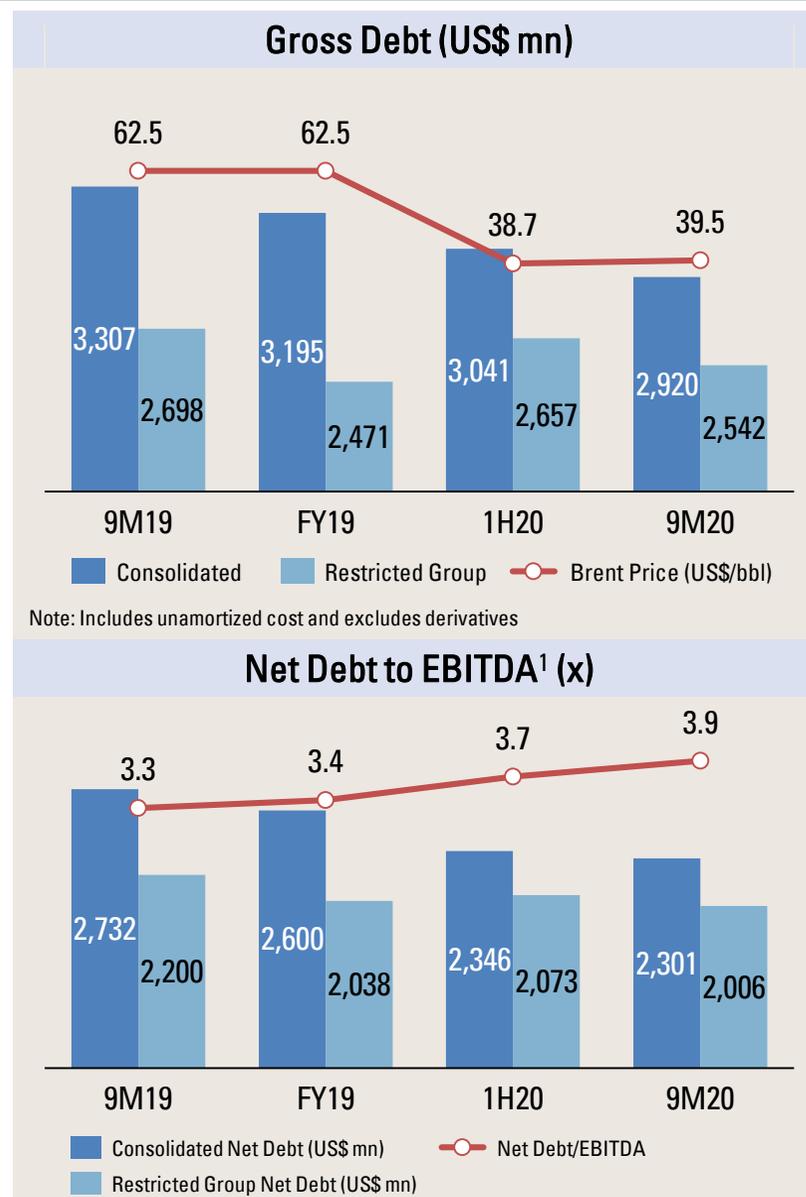


<sup>1</sup> Unit cash cost excludes production and expenditure on Oman KSF service contract

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

# Commitment to deleverage

- Issued Q1 US\$650 mn Notes to settle 2022 Notes call and 2021 maturities
- Retired 2022 US\$400 mn Notes via 1H Tender Offer and Q3 Call
- Restricted Group Gross Debt US\$2.5 bn, down 6% y-o-y, with improved Net Debt<sup>1</sup> of US\$2 bn, down 9% y-o-y. 2021 maturities secured in escrow
- Net Debt to EBITDA<sup>1</sup> 3.9x, continue to reduce gross debt every quarter despite low prices
- Retired ~US\$170 mn 2021 IDR bonds and purchased US\$16 mn Notes in 2020; US\$6M in November



# What To Expect 2020-2021

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

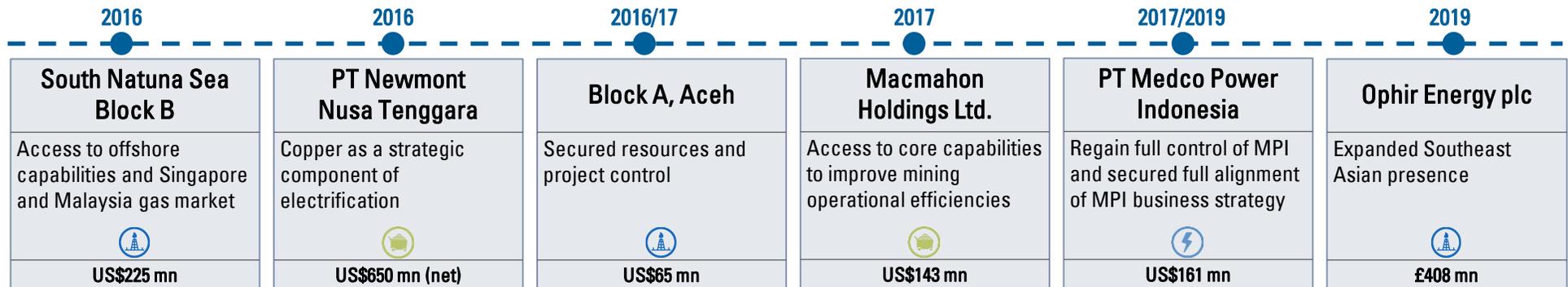
- ✓ Prudent liquidity and liability management
- ✓ Disciplined capital investment and portfolio management
- ✓ Operating and procurement synergies, cash costs < US\$10/boe
- ✓ Complete Riau IPP, Bali & Sumbawa PV and Phase 7 developments
- ✓ Appraise and fast track development of Block B discoveries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

# Active Portfolio Management

## Closed and Integrated Value Adding Acquisitions

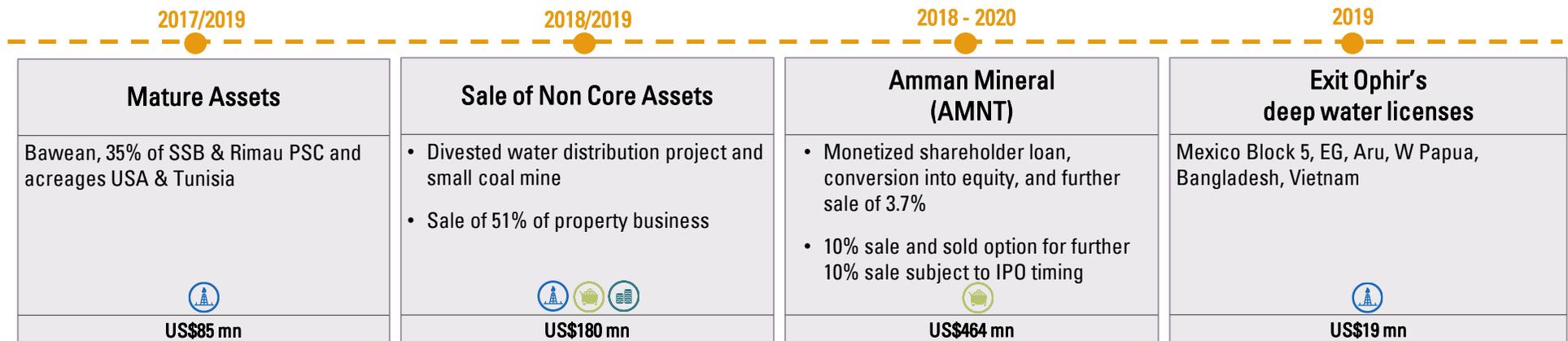
Acquisitions have added value through enhanced scale, control and organizational competence. Acquisition targets are screened to ensure:

- 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



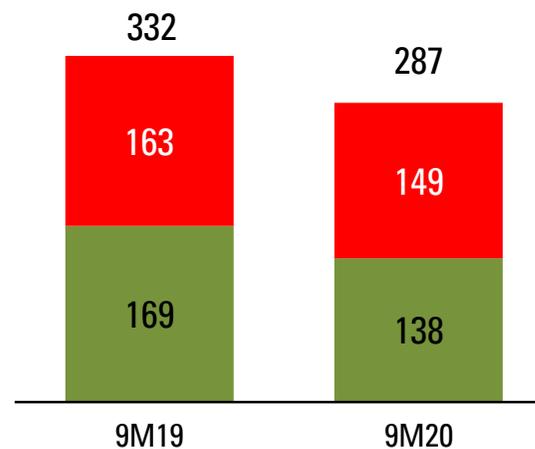
# Oil and Gas Statistics

Metrics	9M19	9M20	YoY Δ%
<b>Production<sup>o</sup></b>			
Oil, MBOPD	38.2	40.6	6.3
Gas, MMSCFD	340.9	319.3	(6.3)
<b>Lifting/Sales</b>			
Oil Lifting <sup>o</sup> , MBOPD	37.7	38.9	3.2
Gas Sales, BBTUPD	321.2	299.8	(6.7)
Oman Service Contract, MBOPD	7.1	7.6	6.8
<b>Average Realized Price</b>			
Oil, USD/barrel	62.5	39.5	(36.7)
Gas, USD/MMBTU	6.9	5.1	(25.3)

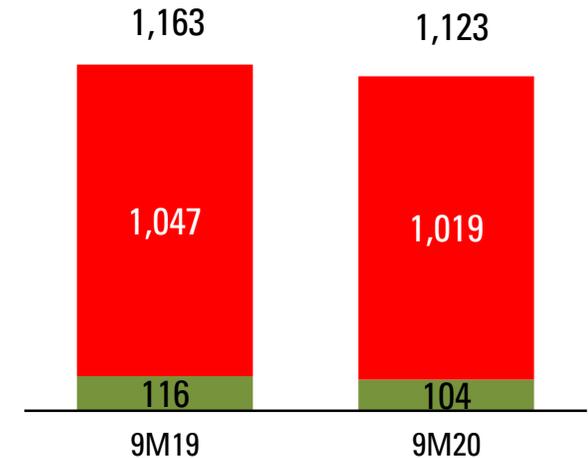
<sup>o</sup> Includes Oman service contract

- 5-year average 2P Reserves Replacement Ratio<sup>1</sup> 1.1x, with 2P Reserves Life Index<sup>1</sup> of 9.3 Years
- 5-year 2P F&D cost<sup>1</sup> US\$12.5/boe post Ophir acquisition
- Average realized gas price US\$5.1/MMBTU; blend of fixed US\$6.0/MMBTU and indexed US\$4.2/MMBTU contracted gas sales
- Long term gas contracts underpinned by take-or-pay

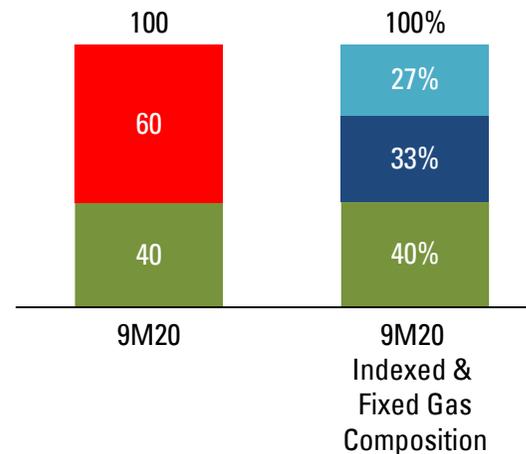
Net 2P Reserves, MMBOE



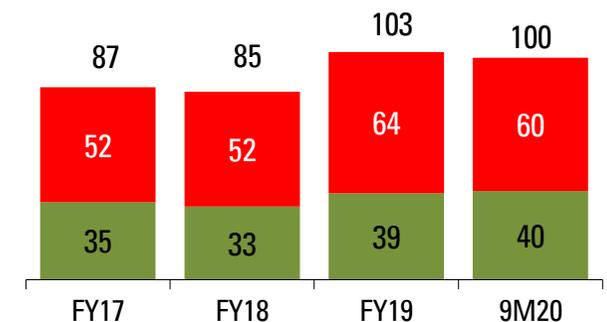
Net Contingent Resources, MMBOE



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



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



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

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

# Financial Statistics (9M19 vs 9M20)

Average Realized Price		Revenue		Gross Profit		EBITDA	
Oil Price	US\$39.5 /bbl	Incl. MPI	US\$793 million	Incl. MPI	US\$288 million	Incl. MPI	US\$422 million
	37%		18%		29%		5%
Gas Price	US\$5.1 /MMBTU	Excl. MPI	US\$681 million	Excl. MPI	US\$241 million	Excl. MPI	US\$389 million
	25%		20%		35%		8%
Cash & Cash Equivalent <sup>1</sup>		Total Debt		Net Debt to EBITDA		Debt to Equity	
Incl. MPI	US\$618 million	Incl. MPI	US\$2,920 million	Incl. MPI	4.1 times	Incl. MPI	2.4 times
	8%		12%		11%		12%
Excl. MPI	US\$536 million	Excl. MPI	US\$2,542 million	Excl. MPI	3.9 times	Excl. MPI	2.3 times
	8%		6%		1%		4%

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



## PT Medco Energi Internasional Tbk.

The Energy Building 53<sup>rd</sup> Floor

SCBD Lot 11A

Jl. Jend. Sudirman, Jakarta 12190

Indonesia

P. +62-21 2995 3000

F. +62-21 2995 3001

Email: [investor.relations@medcoenergi.com](mailto:investor.relations@medcoenergi.com)

---

Website : [www.medcoenergi.com](http://www.medcoenergi.com)

---