



# **1H-2021 COMPANY UPDATE**

PT Medco Energi Internasional Tbk (IDX Ticker: MEDC) Jakarta, 4 November 2021



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# **EXECUTIVE SUMMARY**

1H21 Oil & Gas Production: 94mboepd; Power Sales: 1,355GWh

Realized oil price US\$62.3/bbl. ~8.1% of production hedged in 2H-21

All three business segments delivering profit

Cash and Cash Equivalents US\$551mn; Debt US\$2.6bn, US\$442mn debt<sup>1</sup> repaid in LTM. Net Debt to EBITDA<sup>(1)</sup> at 3.1x, retain target of 3.0x leverage at mid-cycle prices

Credit Ratings affirmed: B+ Fitch, B+ S&P, B1 Moodys, idA+ Pefindo

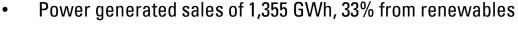
Scope 1 emissions intensity down 15% since 2018 33% GWh Power sales from renewables

Closed Kansai Electric Strategic Alliance for LNG to Power Won Singapore 100MW PV import license

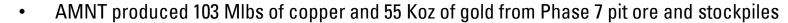


# **OPERATIONAL SUMMARY**

- 1H21 Oil and gas production 94 mboepd. Production capacity is ~110 mboepd
- Slow recovery in Indonesian gas demand in key markets, expects domestic gas in Indonesia will continue to improve in 2022
- 1H21 Oil & Gas cash costs US\$9.6/boe, slightly higher due to costs to remedy unplanned shutdowns. Full year guidance remains below US\$10/boe
- Progressing on Gas development in South Natuna Sea Block B first gas expectation: Hiu Phase 2 by Q2-2022, Belida Extension by Q4-2022, Bronang in Q4-2023 and Forel oil development target onstream by Q4-2023.



- Commissioning Riau gas IPP 275 MW ~100% complete, ready for operation by end of 2021
- Ijen Geothermal Phase-1 30MW development initiated
- Sumbawa PV 26 MWp, more than 40% complete, on track for commercial operation in Q1-2022
- A consortium signed to develop 100 MW pilot Solar Power Import Project with capacity 670MWp in Pulau Bulan, Riau Province, following the award of in-principle import license from Singapore Energy Market Authority
- Kansai strategic alliance tendering for LNG to Power projects with AMNT Smelter as the anchor



- Phase 8 waste removal has begun
- Issued a Letter of Intent with EPC contractor and technical provider of the smelter project









# **BUSINESS UPDATE – OIL AND GAS**

Gas volumes have begun to recover since lockdown restrictions fully eased Oct 2021. Oil prices volatile but around a high mean

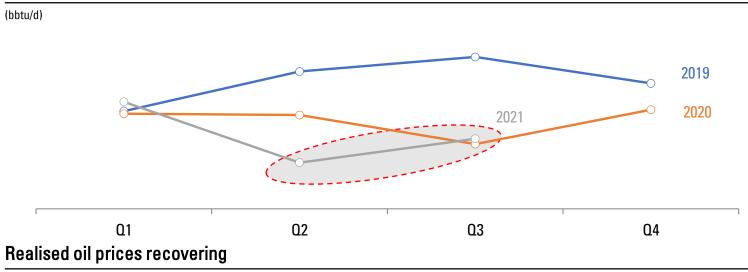
### **Business updates**

- 2021 production guidance 95 mboepd. Production capacity is ~110 mboepd
  - Indonesian gas demand still recovering; lockdown restrictions fully lifted on 18 0ct
  - November 2021 entry production run rate is 102 mboepd
- The Company expects that the demand for domestic gas in Indonesia will continue to improve in 2022
- 2020 regulation on consumer US\$6/mmbtu price cap introduced but no financial or liquidity impact

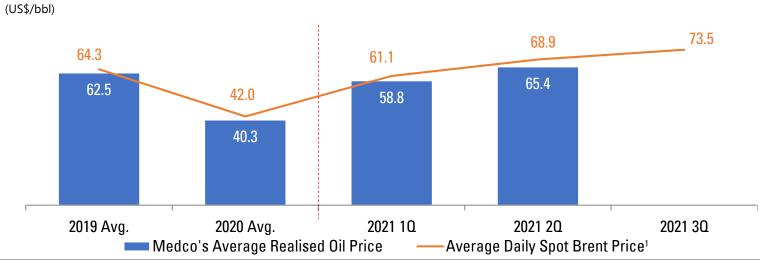
### **Project updates**

- Aceh gas production above expectation post extended Acid Frac shutdown
- DSLNG-Senoro-PAU planned maintenance shutdown completed
- Block B Hiu gas development and Forel oil development ongoing with improved economic terms

### Gas volumes recovering















# **BUSINESS UPDATE – MPI and AMNT**

MPI development pipeline weighted towards renewable sources. AMNT phase 7 production well timed with resurgence in copper prices.

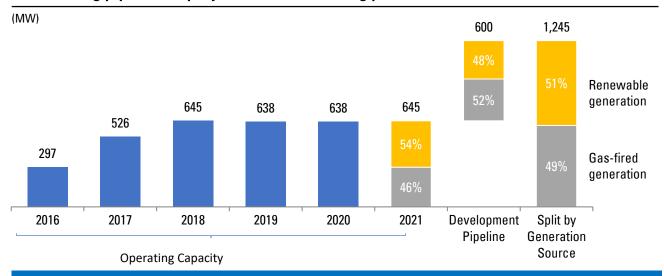
### **Medco Power**

- Commissioning Riau gas IPP 275 MW ~100% complete
- Sumbawa PV 26 MWp, more than 40% complete, on track for commercial operation in 1Q-2022
- Bali 2x25MWp tender; PPA negotiation progressing
- Ijen Geothermal phase 1 30MW development initiated
- Signed HoA with Pertamina Geothermal to jointly develop Geothermal fields in Indonesia
- New 100MW Bulan Singapore import project awarded
- Kansai strategic alliance tendering for LNG to Power projects with AMNT Smelter as the anchor

### **Amman Minerals**

- Amman Minerals produced 103 Mlbs of copper and 55 Koz of gold in 1H-21 from higher grade Phase 7 pit ore and stockpiles
- Issued a Letter of Intent with EPC contractor and technical provider of the smelter project

### MPI: Strong pipeline of projects with increasing penetration of renewables in the mix



AMNT: Self-sustaining business which will become an important contributor to Medco in the near-term

Profitable since 40 2020, with production now accessing high-grader Phase 7 orebody

Copper prices +63.1% LTM, strong outlook given demand pullthrough from electrification

Phase 8 waste removal has begun



# FINANCIAL SUMMARY

- 1H 2021 EBITDA US\$318mn, Oil price US\$62.3/bbl, 61% up Y-o-Y, gas prices US\$5.9/mmbtu
- Profits on three business segment, Oil & Gas US\$88mn, Power US\$22mn and AMNT US\$33mn following price improvement and Phase 7 performance. Profits were offset by headquarters and financing charges. Consolidated Net Income US\$46.5mn
- 1H 2021 Capex US\$28mn, consistent with lower activity during COVID-19 restriction, expect to increase in 2H but remains within FY2021 guidance. Oil & Gas Capex US\$14mn and Power Capex US\$14mn
- Consolidated Debt US\$2.6bn, down 14% Y-o-Y. Restricted Group Debt<sup>2</sup> US\$2.2bn and Net Debt<sup>2</sup> US\$1.9bn, down 17% and 11% Y-o-Y respectively
- Net Debt to EBITDA<sup>2</sup> 3.1x due to improved EBITDA and deleveraging. Medco will use excess cash to continue to reduce debt Q-o-Q. Average loan life 5 years
- Strong liquidity, cash & cash equivalents US\$551mn. 2021 IDR Bonds maturities secured in escrow
- Climate change strategy published, continued progress on ESG and reporting in alignment with TCFD<sup>3</sup>

<sup>1)</sup> Prices for Oil FY20 US\$40.3/bbl, FY19 US\$62.5/bbl) and Gas FY20 US\$5.2/MMBTU, FY19 US\$6.7/MMBTU

<sup>2)</sup> Restricted Group (RG): excluding Medco Power

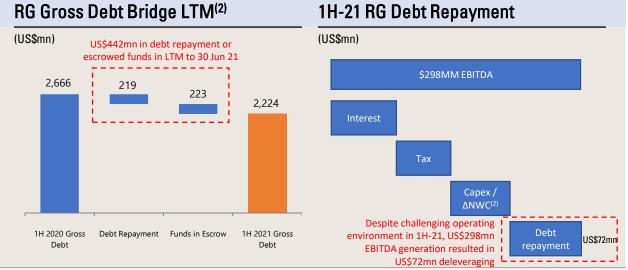
<sup>3)</sup> Task Force on Climate-Related Financial Disclosure



# FINANCIAL HIGHLIGHTS

- EBITDA 1H-2021 was US\$318 million, a 15% increase Y-o-Y, mainly due to recovering commodity prices
- Realized oil prices were US\$62.3/bbl, 61% higher Y-o-Y (US\$38.7/bbl).
   Weighted average gas prices US\$5.9/mmbtu, 8% higher Y-o-Y (US\$5.4/mmbtu)
- Debt repayment or escrowed funds of US\$\$442mn in LTM to 1H2021
- Despite challenging operating environment in 1H-21, US\$298mn RG EBITDA generation resulted in US\$72mn deleveraging at Restricted Group





<sup>1)</sup> Restricted Group (RG): excluding Medco Power

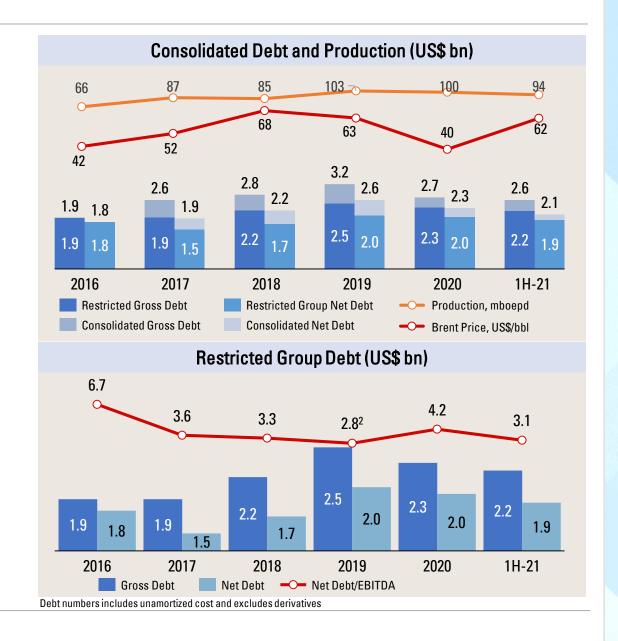
LTM EBITDA to 30 June 2021 was US\$497mn.

<sup>3)</sup> Change in Net Working Capital.



# **DELEVERAGING**

- Consolidated Debt US\$2.6bn, down 14% Y-o-Y.
   RG Debt US\$2.2bn and RG Net Debt US\$1.8bn, down 17% and 11% Y-o-Y respectively
- Ophir debt has been effectively repaid with scale, geographic diversity and credit enhancement retained
- RG Net Debt to EBITDA 3.1x. Will use excess cash to consistently deleverage each quarter. Average loan life 5 years.
- 1H-2021 Cash US\$551mn, closing 1H-21 with strong liquidity
- 2021 and 2022 IDR bond maturities already in escrow with 2023–24 capital market debt maturities US\$155mn as of Sept 2021



<sup>)</sup> Restricted Group (RG): excluding Medco Power

Pro forma result assume Ophir consolidated as of 1 January 2019



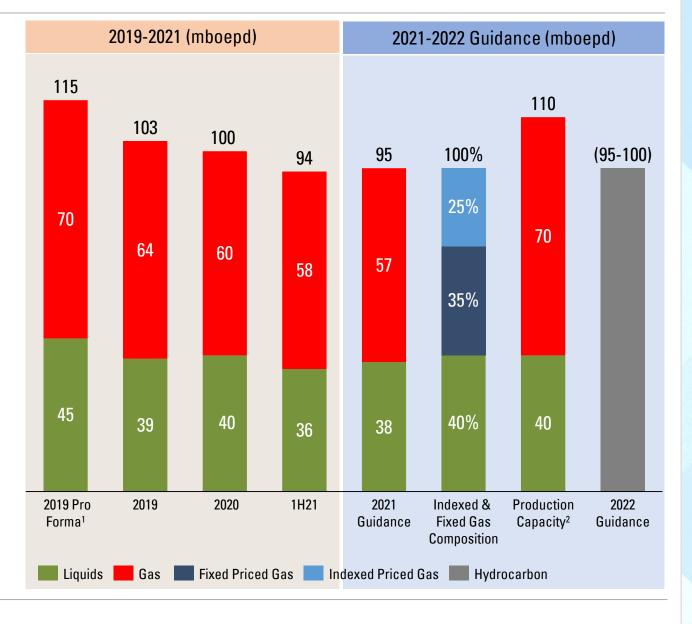
# **2021 GUIDANCE: PRODUCTION**

### 1H-2021 Actual

- Production 94 mboepd within guidance
- Hedge puts of ~14% 2021 production, 2H-2021
   ~8.1% at ~US\$50/bbl, 1H-2022 3.8% production
   at ~ US\$51/bbl as at June 2021
- Gas demand below normal pre-COVID-19 levels

### 2021 & 2022 Guidance

- 2021 guidance 95 mboepd
  - Q2-2021 unplanned downtime in Aceh and Vietnam, 2 3 mboepd
  - Weak Gas demand in East Java, Aceh and Singapore (LNG competition)
- Company policy is to hedge up to 20% of production
- Fixed price Gas contracts are a natural hedge
- 2022 production guidance 95-100mboepd,
   Company expects demand for domestic gas in Indonesia will continue to improve in 2022



<sup>1)</sup> Pro forma result assume Ophir consolidation from 1 January 2019

<sup>2)</sup> Production capacity for gas is Maximum Daily Contracted Quantity



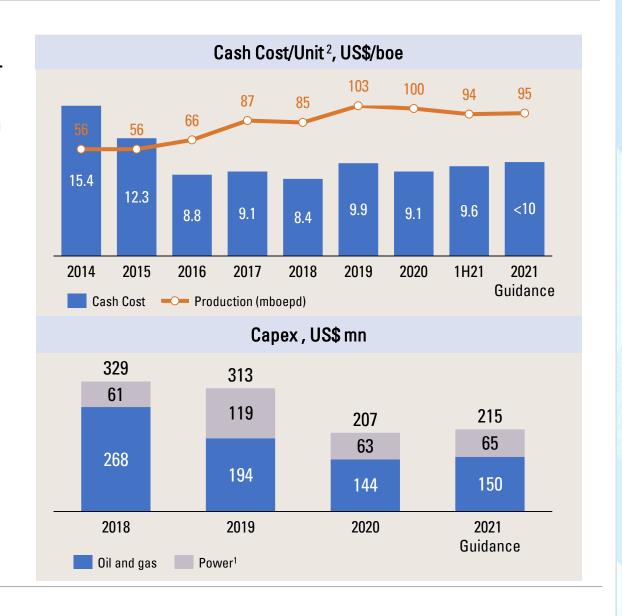
# **2021 GUIDANCE: EXPENDITURE**

# 1H-2021 Actual

- Oil & Gas Capex US\$14mn. Activities ramping up but will be under full year guidance of US\$150mn
- Power<sup>1</sup> US\$14 mn, to progress Riau Project commissioning. On track to meet or be under full year guidance of US\$65mn
- Oil and Gas cash costs US\$9.6/boe, slightly higher due to costs to remedy unplanned shutdowns in Q2. FY21 within guidance

# 2021 Guidance

- Oil & Gas Capex US\$150mn, Power¹ US\$65mn
- Remain disciplined on expenditure but retain flexibility if demand recovers
- Oil and Gas cash costs <US\$10/boe</li>



Power capex is working interest Riau (51%) and Ijen (51%)

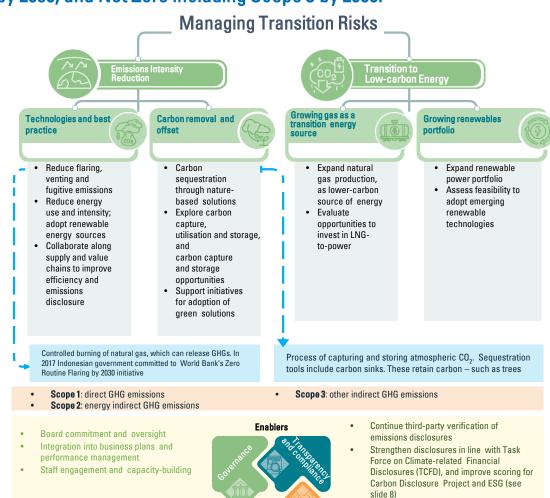
<sup>2)</sup> Unit cash cost excludes production and expenditure on Oman KSF service contract



# **CLIMATE CHANGE STRATEGY**

Medco has committed to achieve Scope 1 & 2 Net Zero emissions by 2050, and Net Zero including Scope 3 by 2060.

- Hydrocarbons will be a large part of the world's energy mix for the medium term, especially in Asia
- Portfolio rebalancing by major oil and gas companies is continuing to create opportunities for regional players
- Companies holding hydrocarbon assets in the future will be those with transparency, governance and practices consistent with investors highest values
- Medco Actions focused around three Strategies
  - Emissions Intensity Reduction
  - Transition to Low Carbon Energy
  - Manage Emerging Physical Climate Risks
- The Enablers for success
  - Governance
  - Data management
  - Transparency and compliance
  - Collaboration and engagement



Engage with regulators and investors to

monitor emerging regulations and trends

Collaborate with stakeholders to drive the

low-carbon economy

Improve Emission Data Management

calculation in alignment with protocols

Improve scope-3 collection and

System

and standards



# **MANAGING TRANSITION RISKS**



12%

Reduced E&P Scope 1 intensity 2018-2020

60%/52%/89%

of 2021 production / 2P reserves / Contingent Resources is gas

**54%** 

of 2021 operating power generation capacity is renewable energy

# **294m lbs**

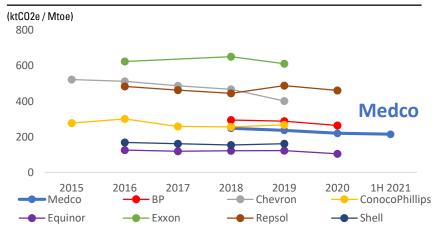
copper production (renewable assets require 3-15x more copper than conventional power)

136,749

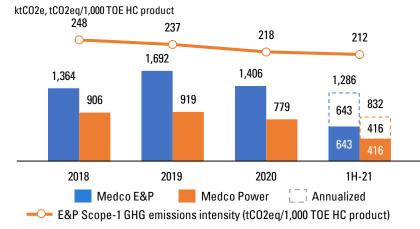
Tons CO2 eq. 2020 offset from renewables<sup>(1)</sup>

### E&P and MPI Scope-1 GHG Emissions<sup>(2)</sup> (in 1,000 tCO2eq)

### GHG Scope 1+2 (Intensity) – Global O&G Companies<sup>(3)</sup>



### GHG Scope 1+2 (Intensity) - Medco E&P and MPI



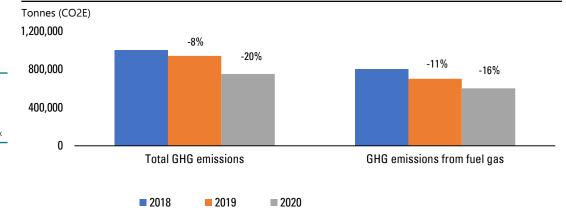
### Since acquisition Medco has reduced GHG emissions from South Natuna Sea Block B(2)

### **SNSB** facilities

# floating production storage and offloading vessel floating storage and offloading vessel moveable gasproduction unit 1 drilling production logistics and air transport base at Matak



## SNSB Reduced Total GHG Emissions by 20%, 2019-20



Based on ESDM (Ministry of Energy and Mineral Resources) 2016 emission factor in Java, Madura, and Bali (Jamali).

central processing

- All data is verified by third parties, except for 1H-21 figures.
- 3) Source: Public filings.



# **WHAT TO EXPECT IN 2021**

# Covid-19: Maintain and adapt Strict Protocols



Disciplined capital investment and portfolio management



Prudent liquidity and liability management. Consistently repay debt quarter-on-quarter



Maintain cost focus with Oil and Gas cash costs < US\$10/boe



Place into service Riau IPP and Natuna Hiu development



Progress next stage of POD preparation for Natuna discoveries and appraise Ijen Geothermal



Capture MPI renewables and LNG-Power projects and AMNT IPO



Secure GSA renewals/new GSAs and PSC License extensions



Evaluate credit enhancing acquisitions and portfolio management to progress Climate Change strategy



Renew 2022-2027 ESG and Energy Transition targets

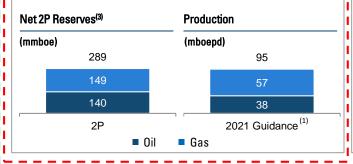


# **COMPANY OVERVIEW**

Medco has three core business segments; all profitable in 1H-21.

# **USD Bond Restricted Group** Oil & Gas • 2021 production guidance: 95 mboepd (110 mboepd production capacity), ~60% gas(1) • ~34% of production under TOP protected fixed price gas contracts • Cost efficient operator at <US\$10/boe

- Operator / joint operator of key blocks
- 2P Reserves 52% gas with Life Index of 9.8 years (2) and Contingent Resources 89% gas
- Project management skills to develop complex projects on time and within budget
- Low risk, infrastructure led exploration focus to cost effectively extend reserve life





- Medium sized joint venture gas, geothermal, hydro power generation plants and photovoltaics
- 2021 guidance: gross installed capacity of 939MW IPP and 1.965MW 0&M(1)

Climate Change Strategy

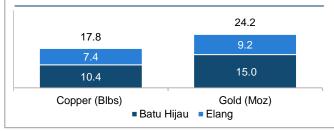
- 33% of power sales in 1H-21 were from renewable generation sources (54% of operating capacity is renewable sources)
- Pilot 100MW Bulan Island project to export solar power to Singapore; in-principle approval of license received
- Cost efficient operator at IDR147/kWh (US\$0.8 cents/kWh)
- Alliance with Kansai Electric will unlock gas to power growth potential



### **Copper & Gold Mining**

- Ownership of 23% in Amman Mineral Nusa Tenggara ("AMNT")
- Independently financed, world class integrated porphyry copper and gold deposit
- Phase 7 redevelopment fully funded without recourse to Medco; production ramped up April 2020
- Multiple resources and prospects within business area, including the sizeable Elang resource
- Long term demand for copper driven by electrification during energy transition





- Guidance has been provided for informational purposes only. Actual results may differ materially from the guidance based on many factors, including factors beyond our control. As a result, investors are strongly cautioned not to place undue reliance on guidance provided
- Reserves Life Index and F&D cost/boe as of 31 Dec 2020.
- As at 30 June 2021
- As at 31 December 2020.

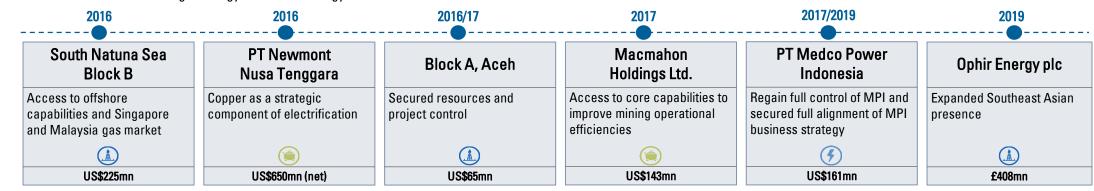


# TARGETED PORTFOLIO MANAGEMENT

# **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
- Consistent with MedcoEnergi's energy transition strategy



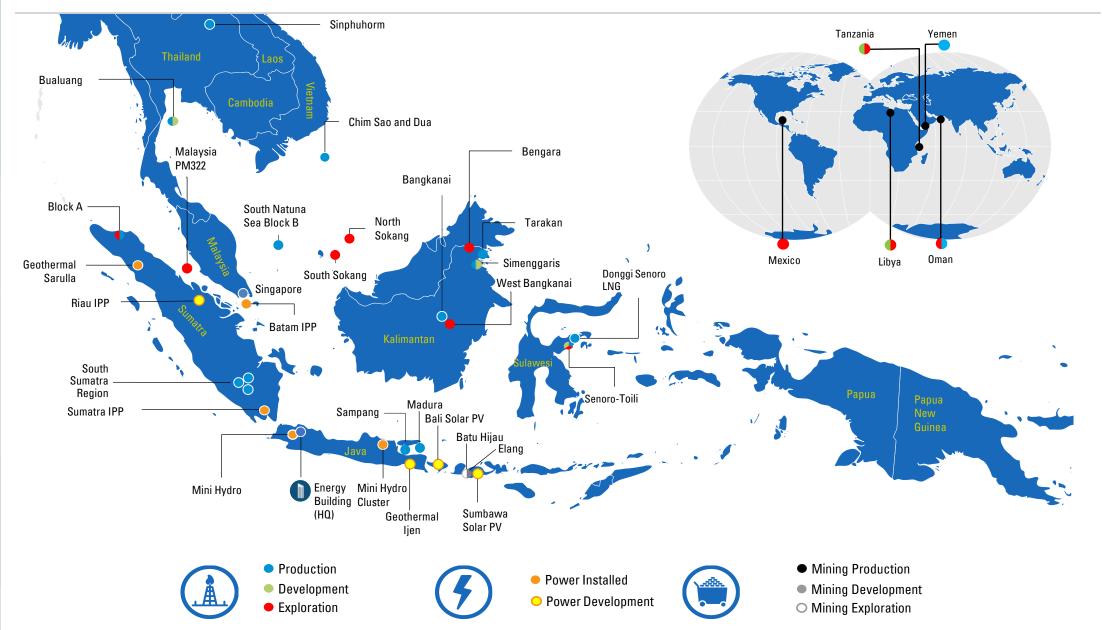
### **Portfolio Rationalization**

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





# **ASSET PORTFOLIO**





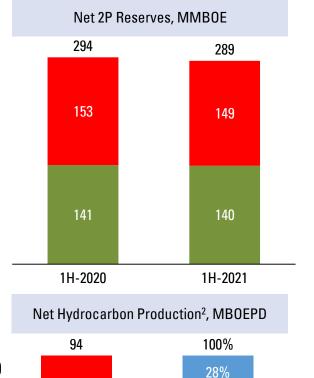


# **OIL AND GAS STATISTICS**

Metrics	1H-20	1H-21	YoY ∆%
Production <sup>2</sup>			
Oil, MBOPD	41.0	35.8	(12.6)
Gas, MMSCFD	325.8	312.4	(4.1)
Lifting/Sales			
Oil Lifting <sup>2</sup> , MBOPD	39.3	35.3	(10.1)
Gas Sales, BBTUPD	306.8	291.7	(4.9)
Oman Service Contract, MBOPD	7.8	7.3	(6.8)
Average Realized Price			
Oil, USD/barrel	38.7	62.3	60.9
Gas, USD/MMBTU	5.4	5.9	8.3
ESG Indicators			
Scope-1 Intensity <sup>3</sup> (tCO2 eq/1,000 TOE Production)	229.4	202.8	(11.6)
Scope-1 Energy Consumption3 (in million GJ)	8.7	8.5	(2.3)
E&P Recordable Incident Rate (TRIR)	0.53	0.40	(24.5)



- 1H21 Proved Developed Reserves are 83% of 1P Reserves
- 2020 5-year 2P F&D¹ cost US\$10.1/boe
- Average realized gas price US\$5.9/MMBTU; blend of fixed US\$6.1/MMBTU and indexed US\$5.6/MMBTU contracted gas sales
- Gas contracts underpinned by Take-or-Pay



34%

38%

1H-2021 Indexed

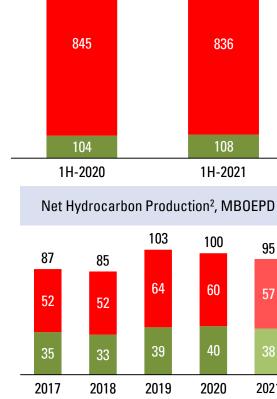
& Fixed Gas

Gas Fixed Price Gas Indexed Price Gas

58

36

1H-2021



Net Contingent Resources, MMB0E

944

2021 Guidance

949

<sup>1) 5-</sup>year average 2P Reserves Replacement Ratio, Reserves Life Index and F&D cost/boe as of 31 Dec 2020

<sup>2)</sup> Includes Oman Service Contract

<sup>3)</sup> Energy consumption numbers and 1H-21 Scope-1 Intensity number are not audited



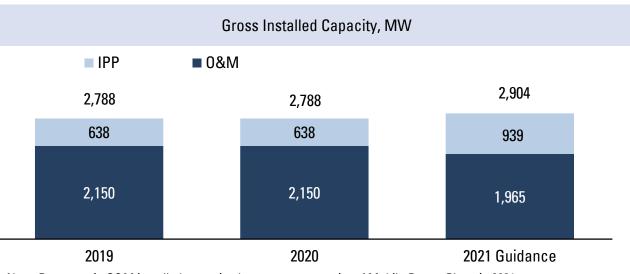


# **MEDCO POWER STATISTICS**

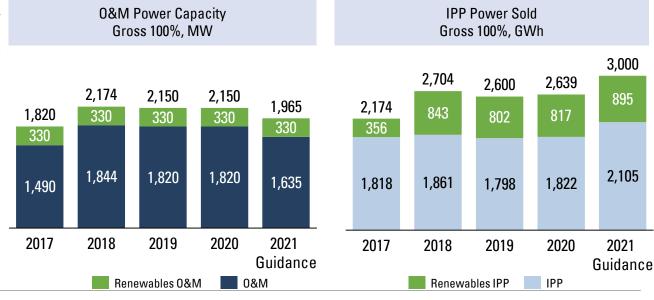
Metrics°	1H-20	1H-21	YoY $\Delta\%$
IPP Sold and O&M Capacity			
IPP Sold, GWh	1,136	1,355	19.3
Renewables, GWh	412	443	7.5
Non Renewables, GWh	724	912	25.9
0&M Capacity, MW	2,150	1,650	(23.2)
Average Realized Price*			
IPP, ¢/kwh	4.0	4.1	2.0
ESG Indicators			
Scope-1 GHG Intensity <sup>1</sup> (tCO2 eq/MWh)	0.52	0.54	4.0
Power Recordable Incident Rate (TRIR)	0.28	0.00	N/A
°Gross 100% interest and includes goothermal n	roduction		

<sup>°</sup>Gross 100% interest and includes geothermal production

- Commissioning Riau gas IPP 275 MW ~100% complete
- Ijen Geothermal phase 1 30MW development initiated
- Sumbawa PV 26 MWp, more than 40% complete, on track for commercial operation in 1Q-2022
- Bali 2x25MWp tender; PPA negotiation progressing



Note: Decrease in O&M installed capacity due to contract expiry of Mobile Power Plant in 2021.



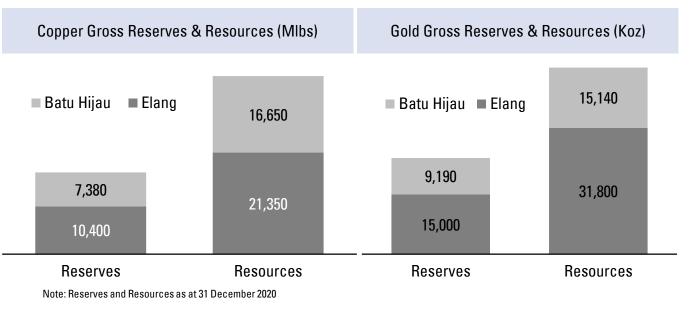
<sup>\*</sup>Excludes Fuel Component



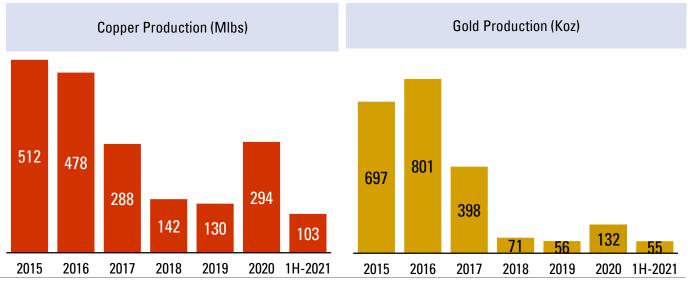


# **AMMAN MINERAL STATISTICS**

Metrics	1H-20	1H-21	YoY Δ%
Production			
Copper, Mlbs	106.0	103.1	(2.8)
Gold, Koz	37.0	55.0	48.5
Sales			
Copper, Mlbs	92.0	95.7	4.0
Gold, Koz	32.6	53.7	64.7
Average Realized Price			
Copper, USD/lbs	2.47	4.02	63.1
Gold, USD/oz	1,671	1,797	7.6

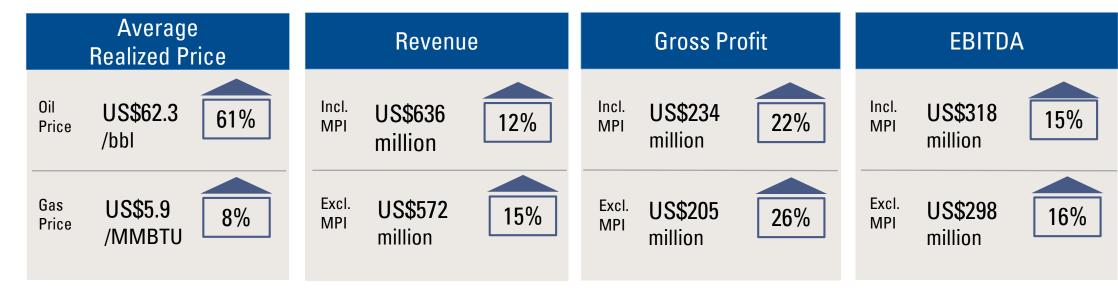


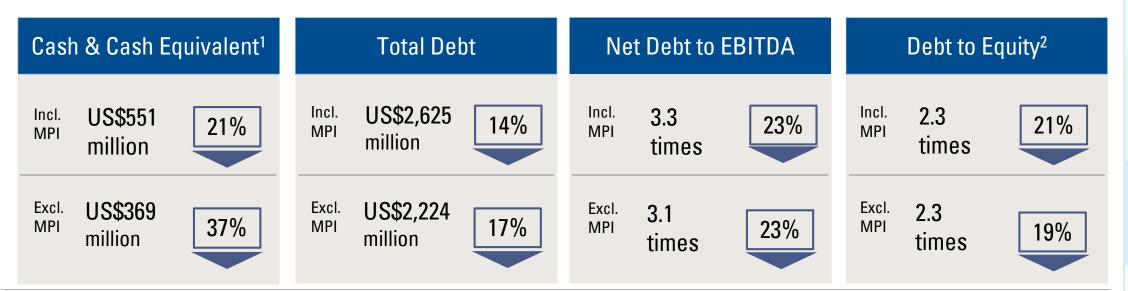
- Phase 7 producing pit ore, remains ontrack to hit the high-grade ore in Q4-21
- Phase 8 waste removal in progress
- Export permit renewed for 579,444 Wet Metric Ton (WMT)
- Issued a Letter of Intent for the EPC and technical service of the smelter project





# FINANCIAL STATISTICS (1H-2021 vs 1H-2020)





Cash & Cash Equivalent includes restricted cash in banks

<sup>2)</sup> Adjusted Debt to Equity





# **MULTI YEAR PROGRAM FOR CARBON OFFSET**



# Biodiversity programs

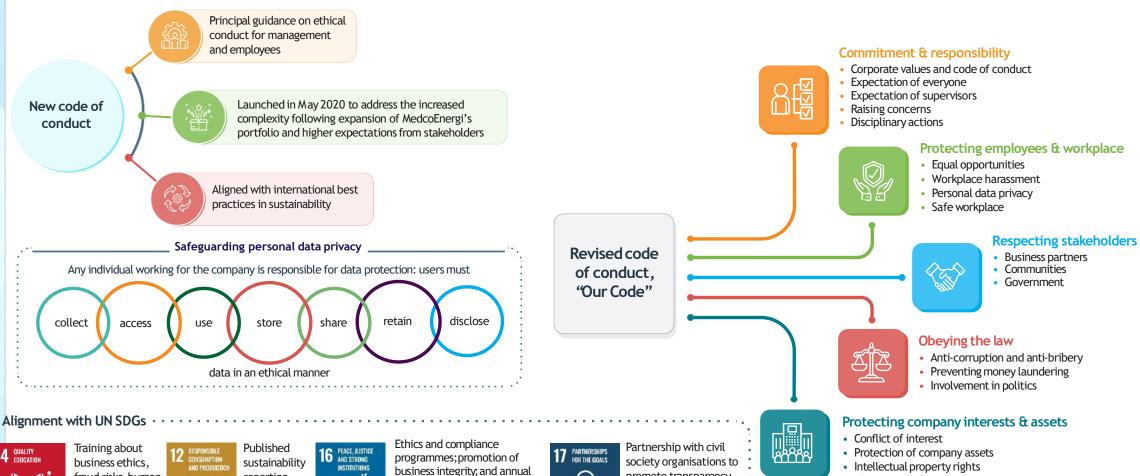
Rimau, South Sumatra	Bukit Jambul, Lematang, South Sumatra	Tarakan, North Kalimantan	Matak, Riau Islands	Sumbawa, West Nusa Tenggara	Batam, Riau
Preservation of targeted 33 native species plants covering 73 ha.	Planted 32,167 hardwood trees in Lematang to maintain biodiversity and watersheds.	Preservation of the Bornean ironwood tree, rare and native to Southeast Asia, by nurturing 69 ironwood trees and 56 Gaharu trees.	Conducted environmental awareness program to support our local community in conserving local biodiversity.	Planted a million trees including 42 endemic species to conserve Sumbawa's biodiversity.	Tree plantation program since 2019 in collaboration with Bakau Merah NGO in Tanjung Piayu, Batam. Total number of mangrove seedlings planted was ± 17,000 trees.
Protection of 7 ha of tropical forest and 27 types of native plant	tropical forest and 27 types of native plant species.  Nuara Enim, South Sumatra Rehabilitated 124	local community, developing	balls near natural coral reefs on the Monyet Supported conservation of the endangered conserve Tarakan's cal habitat.  Sevitalized mangrove reests by planting 100 mangrove edlings to help the inservation of the endangerod.  Supported conservation of the endangered Benete Bay, with 94 reef balls placed in sandy locations that have no coral reefs. A total of 1,959 reef balls deployed in this area.  South South South South reefs on the Monyet Beach in the area of Benete Bay, with 94 reef balls placed in sandy locations that have no coral reefs. A total of 1,959 reef balls deployed in this area.	balls near natural coral	Jambi, South Sumatera
• •				Beach in the area of Benete Bay, with 94 reef balls placed in sandy locations that have no coral reefs. A total of 1,959 reef balls	Donated US\$99,450 in each year 2020-2025 through the Community-led Conservation in Rio Kemunyang Village Forest, Jambi. Monies are used for vegetation and community climate change projects
Planted bamboo trees at the Rimau PSC to improve watershed quality.	hectares of land in the Sungai Bukit Jambul watershed area and engaged local government, academics and local	to conserve Tarakan's local habitat.  Revitalized mangrove			
Replanted Shorea trees across 670 ha to help conserve the Padamaran River watershed.	Shorea trees communities in the preservation activities. he n River	forests by planting 4,100 mangrove seedlings to help the conservation of the long-nosed monkeys.			consider officing projects



# **BEST IN CLASS CORPORATE GOVERNANCE**



# MedcoEnergi's revised code of conduct is aligned with international best practices



statement of adherence and

from all employees

conflict of interest declarations

promote transparency

and business integrity

ICT system

Insider trading

fraud risks, human

rights, anti-bribery

and corruption

reporting



# PT Medco Energi Internasional Tbk

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