



MEDCOENERGI

Press Release PT Medco Energi Internasional Tbk	<ul style="list-style-type: none"> • President Director : Hilmi Panigoro • Director & CEO : Roberto Lorato • Director & CFO : Anthony R. Mathias • Director & COO : Ronald Gunawan • Director & CHCBSO : Amri Siahaan
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MedcoEnergi Announces Its Audited 2018 Results

2018 Summary Results	
<u>Financial</u>	
<ul style="list-style-type: none"> • Gross Profit¹ US\$645million 53% higher year-on-year. • EBITDA¹ US\$596million 37% higher year-on-year. • Net Debt to EBITDA¹ excluding Medco Power 3.3x (3.6x in 2017). • Strong liquidity with cash and cash equivalents US\$627million. • Capital spending US\$329 million and below guidance. 	
<u>Operational</u>	
<ul style="list-style-type: none"> • Oil and gas production 85mboepd and in line with guidance. • Generated 2,704 GWh power sales, 24% higher year on year and in line with guidance. • Oil and gas unit costs US\$8.7 per boe (US\$9.1 per boe in 2017) and below guidance. • Received 20-year extensions for the Rimau and Tarakan PSCs. 	

Jakarta, 8 April 2019 – PT Medco Energi Internasional Tbk (“MedcoEnergi” or the “Company”) announced its audited consolidated financial statements for the year ended 31 December 2018 (“2018”).

Roberto Lorato, CEO, said “Our year end results were solid, with higher EBITDA and improved operating margins from continued cost discipline. The successful completion of the Block A Aceh gas development confirms our strong project capabilities, whilst the recent approval by Ophir shareholders of our acquisition of Ophir Energy is an exciting opportunity to acquire a complementary portfolio of assets, creating enhanced scale, diversification and growth opportunities for the benefit of our stakeholders, employees, partners and host countries. We will continue to work in order to complete the transaction by the end of the second quarter”.

Financial Highlights

- Gross Profit¹ US\$645million, 53% higher than 2017, with an improved 52% gross margin (46% in 2017).
- EBITDA¹ US\$596million (US\$582million Consolidated) up 37% from 2017 driven by improved margins, higher commodity and power prices and the full year consolidation of Medco Power.
- Oil and gas prices increased 32% and 16% year on year to US\$67.8/bbl and US\$6.4/mmbtu respectively and Medco Power Indonesia (MPI) power prices (excl. fuel) increased 28%.
- The oil and gas segment generated Net Income of US\$135million increased 80% year-on-year, however Consolidated Net Income was a US\$51 million loss due mainly to non-cash losses from mining affiliate PT Amman Mineral Nusa Tenggara (“AMNT”) as they accelerate development of Phase 7.
- Net debt to EBITDA¹ excluding MPI was 3.3x (3.6x in 2017). Consolidated Net Debt to EBITDA¹ was 3.7x (4.5x in 2017).
- Drilling, project efficiencies and deferrals together with favorable exchange rates allowed the Company to reduce capital spending to US\$329million.
- MPI generated power sales were 2,704 GWh, 24% higher year on year and in line with 2018 guidance following the commissioning of Sarulla Geothermal.
- MPI raised IDR1.2 trillion from its first capital market transaction through the issue of a standard and a sharia-compliant bond.

¹ Including newly held for sale assets



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- The divestment of the coal mining and water infrastructure businesses were completed in 2018. The sale of the oil and gas assets in the USA was completed in quarter one 2019 as was the sale of a 51% interest in the Energy Building.
- The Company received shareholder approval for a non-preemptive private placement of up to 10% of issued shares at a minimum price of IDR868/share, ~US\$100million. Discussions continue to place these shares to qualified and preferred buyers.
- The Company's liquidity is strong with cash and cash equivalents of US\$627million at year-end.

Operational Highlights

- Oil and gas production was 85mboepd, in line with guidance and unit cash costs were US\$8.7 per boe.
- The Company received 20-year extensions for both the Rimau and Tarakan PSCs.
- The Nowera-1 exploration well discovered gas in South Sumatra PSC and an accelerated plan of development has been approved by SKKMIGAS with first gas expected in 2021. Signed new GSA contract with PGN to sell additional gas from South Sumatra PSC for 30bbtupd.
- MPI gross operating installed capacity rose to 2,819 MW following completion of the 330MW Sarulla Geothermal facility. MPI's Riau gas fired CCPP development signed project finance agreements with a consortium of international banks.
- AMNT 2018 production from stockpile was 141.9 Mlbs of copper and 70.9 Koz of gold. AMNT continues to progress the phase 7 development which is now fully financed with US\$1.2Bn of committed facilities from four major Asian based banks. First production from phase 7 is expected in first half of 2020.
- AMNT obtained the Environmental Impact Assessment and Environment Feasibility permits from the Nusa Tenggara Barat Provincial Government for development of a 1.3 million ton smelter to be located at Benete, West Sumbawa. Outotec Oyj has been appointed to develop the Front-End Engineering Design.
- The Company published a comprehensive GRI (Global Reporting Initiative) compliant 2014 - 2017 Sustainability Report which included measureable commitments to future Sustainability targets.

2019 Guidance

The Company expects the acquisition of Ophir Energy plc ("Ophir") to be completed in the second quarter. Operational guidance for 2019 is as follows:

- Pro-forma production will be 110mboepd following the completion of Ophir acquisition.
- Oil and gas unit cash costs will be maintained below US\$10 per boe.
- MPI will generate power sales of 2,850 GWh.
- Pro-forma capex of US\$400million or below.
- The Company will adopt a Net Debt to EBITDA target of 3.0x or below.

Hilmi Panigoro, President Director, said "The Company performed very well in 2018 despite a challenging business environment and our financial position has further strengthened on the back of our strong operational performance in the Oil, Gas and Power businesses. The recent approval by Ophir Shareholders is clearly a milestone demonstrating our maturity and capability to manage a complex, multi-jurisdictional transaction. Closing the transaction in second quarter will further strengthen our position as a regional integrated energy and natural resources company."

MedcoEnergi is a leading Southeast Asian integrated energy and natural resources company listed on the Indonesia Stock Exchange (MEDC-IDX). MedcoEnergi has three key business segments, Oil & Gas, Power and Mining. MedcoEnergi explores for and produces oil and gas primarily in Indonesia and is expanding its presence in the Southeast Asia. The Group operates gas, geothermal and hydro power plants in Indonesia through its 88% consolidated interest in Medco Power Indonesia (12% held by the International Finance Corporation) and a non-consolidated interest in PT Amman Mineral Nusa Tenggara which operates a large Indonesian copper and gold mine.

This document may contain projections, plans, strategies, policies and objectives of PT Medco Energi Internasional Tbk. ("the Company"), which should be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. The Company does not guarantee that any action taken in reliance on this document will bring specific results.