### MEDCOENERGI ()<sup>2</sup>

# **Company Update – December 2019**

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

SUSTAINABLE GROWTH



Anthony R. Mathias Chief Financial Officer



Sonia Ayudiah Head of Corporate Finance and Treasury



Myrta Sri Utami Head of Investor Relations and Planning

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Portfolio, Business Strategy & Company Update

- Ophir Integration
- 2019 Guidance
- Appendix Key assets

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

Ophir Energy plc: Acquisition and delisting complete

Integration: Recurring synergy ~US\$50mn p.a. One-time capital saving ~US\$130mn

Portfolio rationalization: Ongoing high grading

Oil & Gas: Production 100 mboepd, pro forma Ophir 110 mboepd

MPI: Finalizing new entrant

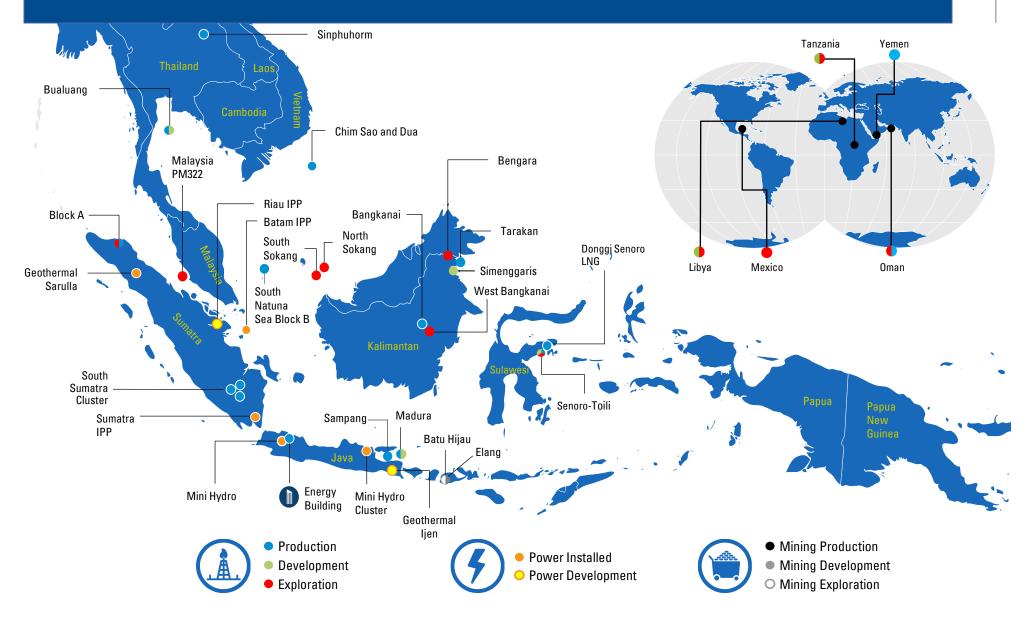
Deleveraging: Target year-end Gross Debt<sup>1</sup> US\$2.6 bn Pro Forma Net Debt / EBITDA below 3.0x

Credit Rating: B+ Fitch, B (Positive outlook) S&P, Moody's B2 (Positive outlook)

<sup>1)</sup> Restricted Group only

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

### Asset Portfolio



### **Business Strategy**

#### Building a Leading Southeast Asian Energy and Natural Resources Company

- Cost Efficient Operator
- Extracting Synergies across the group
- Selective Acquisition & Portfolio rationalization
- Focus on Governance & Sustainability

#### Oil & Gas

- 110mboepd gas focused annual production
- Cost Efficient Operator at US\$10/boe
- Monetization of oil & gas discovered resources
- Project Management skills to develop complex projects on time and budget
- Low risk exploration focus with running room in producing licenses

#### **Clean Power**

- Installed capacity of 638MW (1,000MW by 2021) medium sized joint venture gas, geothermal and hydro power generation plants
- Cost Efficient Operator at IDR113/kWh (US\$0.8 cents/kWh)
- Complementary project
  management and subsurface
  capabilities
- Power generation and LNG capabilities to enable monetization of stranded gas
- Expand third party operating and maintenance services

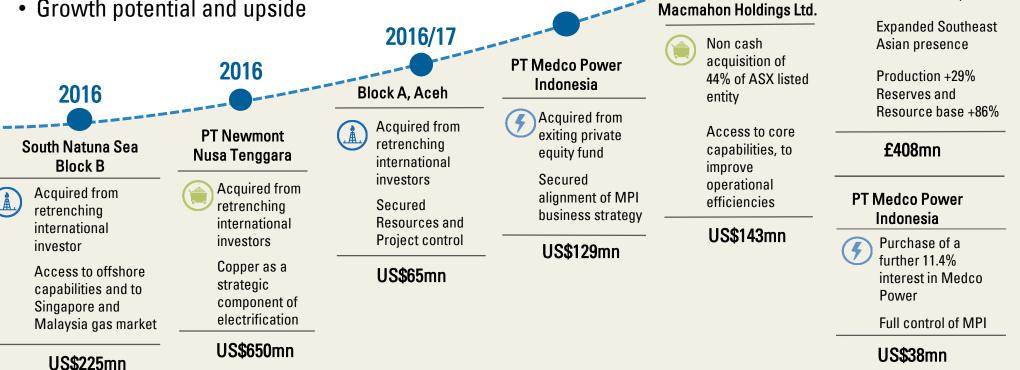
### Copper Mining

- World class integrated low cost copper mine
- Phase 7 redevelopment funded and in progress; first production 2020
- Multiple resources and prospects within business area, including the giant Elang resource
- Long term demand for copper driven by electrification during energy transition

Acquisitions have added value through enhanced scale, control and organizational competence resulting in improved efficiency, diversification and access to growth opportunities.

Acquisition targets are screened to ensure:

- Improved MedcoEnergi credit status and profitability
- Risks are manageable (knowledge of asset, organization capabilities, subsurface, markets) 2017
- Growth potential and upside



2019

**Ophir Energy plc** 

Cash acquisition of

**UK** listed entity

2017

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# Ophir Integration recurring synergies ~US\$50mn

Business & Process > US\$5mn

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

#### Recurring synergies ~US\$50mn



- Standardize 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



- 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

# One-time capital saving US\$130mn

9



- 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)



**Q3** 2019

# Bualuang drilling: 70 days ahead of plan



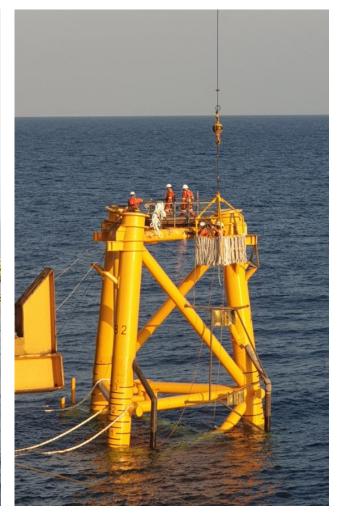
Commissioning Well Head Platform Charlie First Oil Dec 2019

# **Q2** Mo

Meliwis development progressing per plan (57%) First Gas Q2 2020







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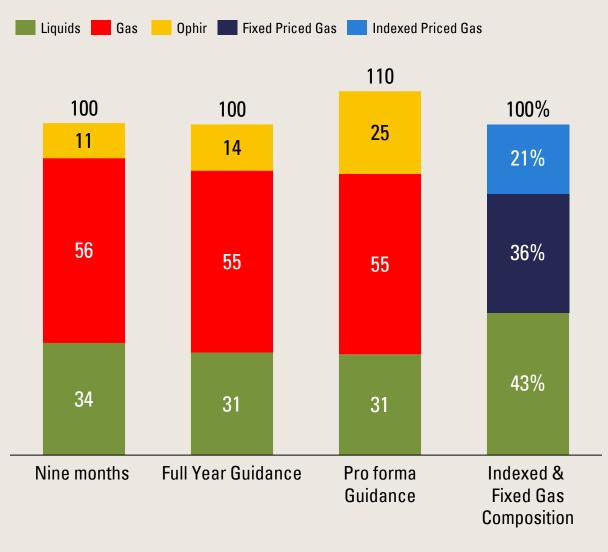
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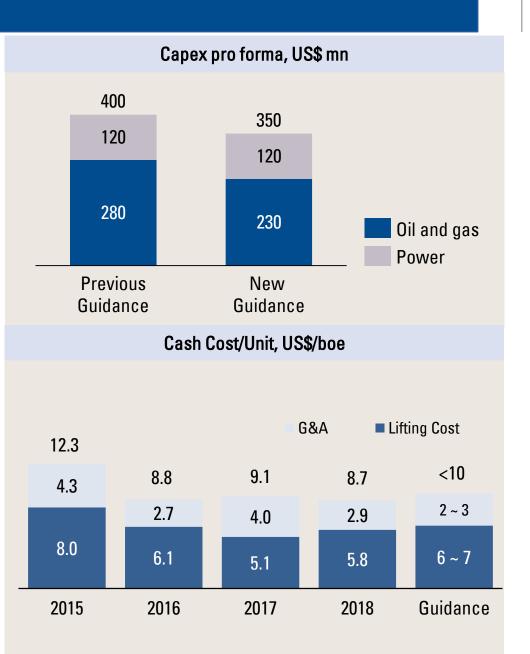




- Nine months production 100 mboepd
- 2019 Ophir portfolio production guidance
   26 mboepd (Ophir Initial Guidance: 25 mboepd)
- Production guidance 100 mboepd, 110 mboepd pro forma Ophir
- Gas market demand will determine production



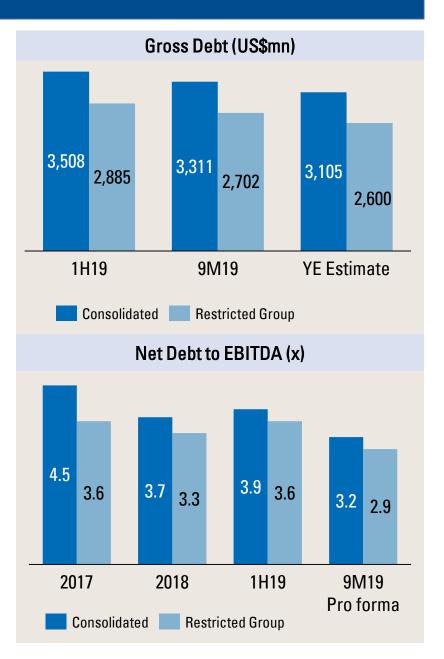
- Full year capex guidance US\$350mn pro forma Ophir
- Ophir pro forma capex reduced by US\$30mn
- Portfolio rationalization net savings of >US\$100mn
- Bualuang and Meliwis Project seamless handover
- Ophir asset unit cost reduced by ~\$2/boe
- Oil and gas unit cash costs maintained below US\$10/boe.





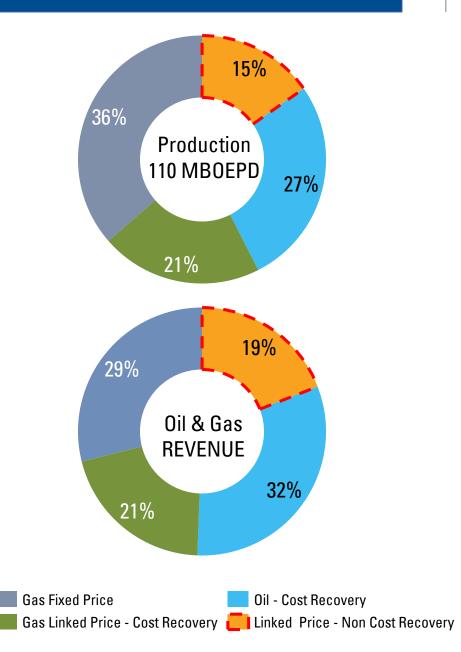
## Maintaining commitment to deleverage

- Ophir priority debt repaid in June US\$355mn; consolidated priority debt 7% of Total Assets
- US\$180mn debt repaid in 30. 2020 bullet maturities secured in escrow
- Meet restricted group Gross Debt US\$2.6bn
- Net Debt to EBITDA<sup>1</sup> Pro forma 2.9x
- Target Net Debt to EBITDA<sup>1</sup> at 3.0x or below at mid-cycle price

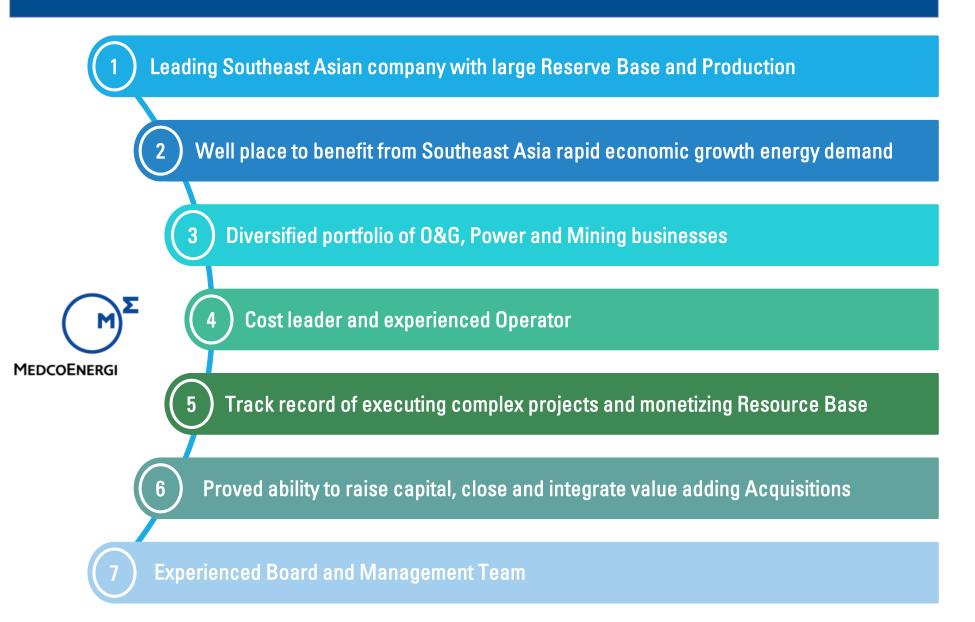


### **Commodity Hedging**

- Fixed priced gas is 36% total production and provides a natural floor against price volatility with EBITDA ~US\$250mn
- PSCs with cost recovery further limit impact of price volatility
- Remaining exposure is strongly correlated to Brent
- Hedge maximum 15% of production using up to 7% in Put structures and the remaining with Collars



### Medco at a Glance



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# 🔔 South Natuna Sea Block B, Indonesia

#### World-class offshore operational capabilities

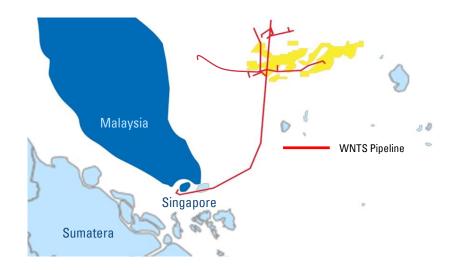




Working InterestMedcoEnergi (Operator)40%Medco Daya Abadi Lestari35%Prime Energy25%

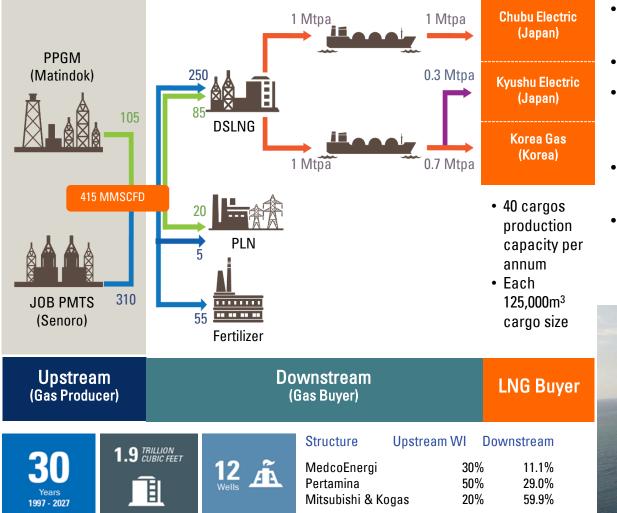


- MedcoEnergi operated offshore PSC in the South Natuna Sea, world class facilities, large hydrocarbon base
- MedcoEnergi also operates the West Natuna Transportation System (WNTS), a 500 km 28" gas trunk line with access to Singapore and Malaysia
- License expires in October 2028, 2018 daily gross maximum rate gas production 235 BBTUPD.
- Strong net cash flow linked to commodity linked and fixed priced gas sales into Singapore and Malaysia
- Future near field exploration, subsea developments and production optimization will extend field life and mitigate asset decline rate
- Three well exploration program in 2019





#### Integrated – Midstream phased gas development



- Joint Operated onshore license, first production Q3 2015. Contract expires in 2027
- Daily maximum production 310 MMSCFD
- Gross proved reserves of 1.1 TCF with additional 2.7 TCF Gross Contingent Resources
- Phase 2 will increase production above 450 MMSCFD
- Progressing Senoro Phase 2. Drilling expected 2020





#### Phase I will monetize 237 TBTU of gas and 5.17 MMBO of condensate for the domestic market



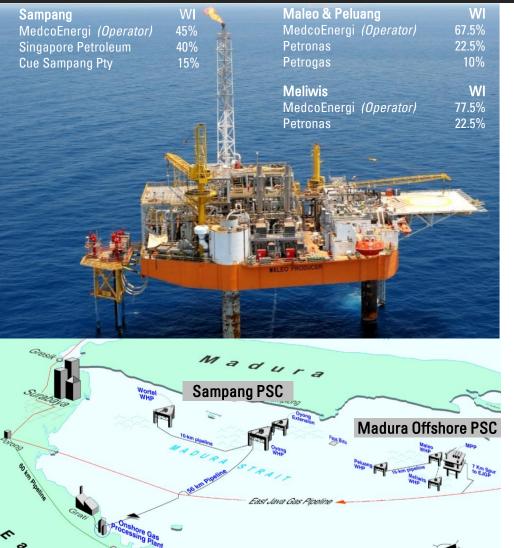
Working Interest MedcoEnergi (Operator) 85% Medco Daya Energi Nusantara 15%

- Operated onshore license, complex HPHT drilling and development
- Over US\$600M Development, Project Financed by 15 International banks
- First gas August 1, 2018. PSC expires in 2031. GSA with Pertamina, total volume of 198 TBTU over 13 years
- Remote location. Successful CSR engagement with local community
- Phase 2 and 3 development of gas discoveries with gross Contingent Resources of > 5 TCF, to generate up to 1 GW to support Sumatra electricity demand growth



# Madura and Sampang, Indonesia

#### Stable production with upside in Sampang and Meliwis development



#### Madura Offshore

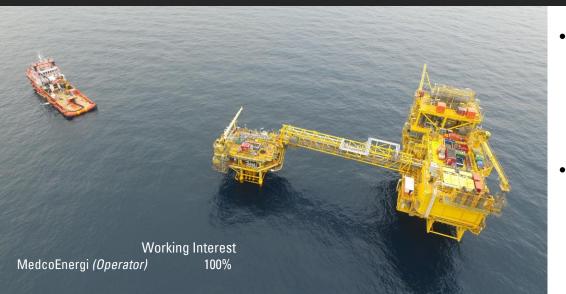
- Meliwis will add new production and extend economic life of the block
- Gas from Maleo & Peluang fields also Meliwis field in the future are processed on Maleo Production Platform (MPP) and sold to East Java gas buyers at upstream meters via East Java Gas Pipeline (EJGP)

#### Sampang

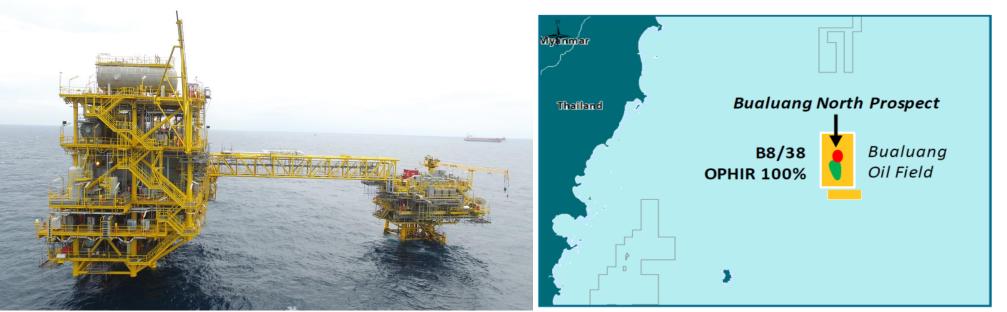
- Following a successful gas exploration well at Paus Biru-1 (27 km East of Oyong), working towards with reserves certification, POD, GSA and FID after Penentuan Status Eksplorasi (PSE) from SKK Migas
- Gas from Oyong and Wortel fields are delivered via upstream pipeline to Grati Onshore Processing Facility and sold to PT Indonesia Power at upstream meters

# 🔔 Bualuang Field, B8/38 Concession, Thailand

#### Phase 4B development first oil Q4 2019



- Development includes 2 bridge-linked Well Head Platforms connected via export pipeline to FSO Suksan Salamander; recently completed 2018 drilling campaign (3 new wells, 3 workovers).
- Phase 4B: includes installation of 12 slot conductor-supported platform and 12 new wells



# ( Chim Sao/Dua Fields, 12W PSC, Vietnam

#### Managing natural decline through series of well interventions



- Production through Lewek EMAS FPS0
- Chim Sao wells are tied back from a 20-slot Well Head Platform
- 3 Dua wells are subsea completions with subsea tie-back to the FPSO

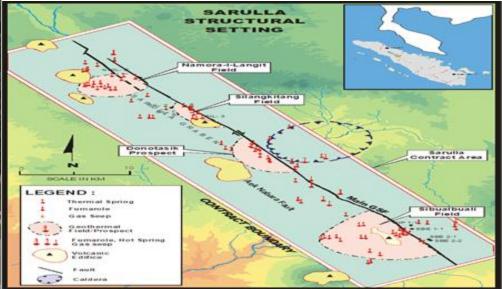


## Sarulla: Phased Geothermal Power Developments

#### The largest single-contract geothermal power project in the world



- Phase I 110MW, commercial operation March 2017, Phase 2 and 3 CoD October 2017 and May 2018. Total contracted capacity of 330MW
- 30 years Energy Sales Contract with PLN with Take or Pay 90% capacity factor. MPI provides plant 0&M
- Investment cost of US\$1.7 billion, project financing with JBIC, ADB, and 6 commercial banks

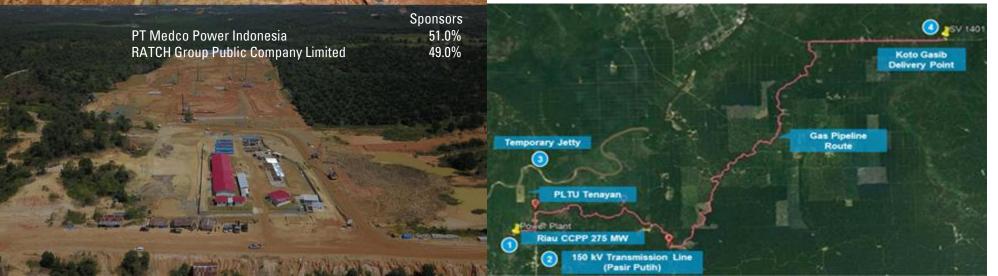


# **F** Riau Combined Cycle Power Project

#### Construction started in November 2018, COD expected by 2021



- Located in Pekanbaru, Riau, Central Sumatera
- Combined Cycle Gas Power Plant with a total capacity of 275MW (COD in 2021)
- Project Finance by a consortium of international banks
- 20 year PPA with PLN
- Investment cost US\$284 million

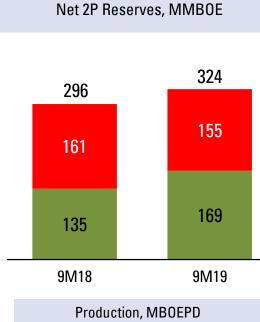


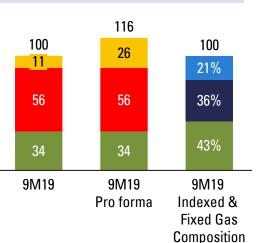
# Oil and Gas Statistics

Metrics	9M18	9M19	YoY Δ%
Production <sup>o</sup>			
Oil, MBOPD	32.8	38.2	15.5
Gas, MMSCFD	272.7	342.9	29.8
Lifting/Sales			
Oil Lifting, MBOPD	26.8	38.4	18.4
Gas Sales, BBTUPD	279.8	321.2	35.1
Oman Service Contract, MBOPD	8.3	7.8	25.1

°Includes Oman Service Contract

- 2018 five-year average 2P Reserves Replacement Ratio 1.1x, with Reserves Life Index of 9 Years
- 2018 5-year 2P F&D cost US\$11/boe
- Long term gas contracts underpinned by take-or-pay. Split ~57:43 fixed price and commodity indexed pricing



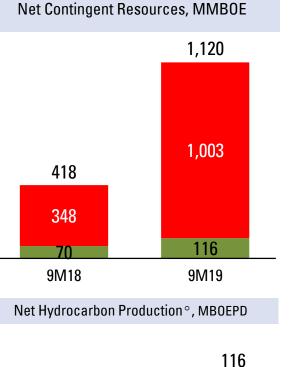


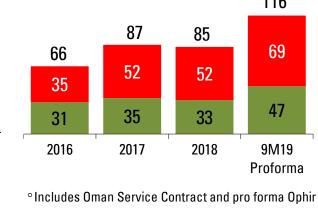
Gas

Liquids

Ophir

Fixed Priced Gas

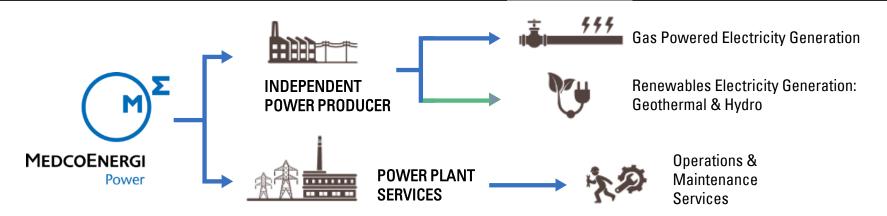




Indexed Priced Gas

# Medco Power Indonesia: Business Overview

#### Independent Clean Power Producer with 9 operated assets across Indonesia



638 MW Operating Asset + 1,005 MW project in the pipeline 2,150 MW 0&M business + 925 MW pipeline 0&M business



# Amman Mineral Nusa Tenggara: Phased Mining Developments

#### World-class Copper and Gold Mining operations with long term upside



- Copper and gold mine in Sumbawa, Nusa Tenggara
- Full development of Phase 7 began in 2018, production expected in 2020
- Developing on-site smelter
- Elang has the potential for annual production to exceed 300~430 M lbs copper and 350~600 K oz gold



### Financial Statistics

Revenue		Gross Profit		EBITDA		Operating Cash flow					
Incl. MPI	US\$626 million	9%	Incl. MPI	US\$347 million	9%	Incl. MPI	US\$343 million	14%	Incl. MPI	US\$265 million	86%
Excl. MPI	US\$532 million	17%	Excl. MPI	US\$297 million	12%	Excl. MPI	US\$303 million	19%	Excl. MPI	US\$188 million	80%
Pro forma Ophir	US\$795 million	39%	Pro forma Ophir	US\$400 million	25%	Pro forma Ophir	US\$450 million	50%	Pro forma Ophir	US\$308 million	116%
	Cash & Cash Equivalent		Total Debt		Net Debt to EBITDA		Debt to Equity				
Incl. MPI	US\$838 million	54%	Incl. MPI	US\$3,508 million	32%	Incl. MPI	3.9 times	11%	Incl. MPI	2.5 times	34%
Excl. MPI	US\$701 million	51%	Excl. MPI	US\$2,885 million	40%	Excl. MPI	3.6 times	15%	Excl. MPI	2.3 times	31%
Pro forma Ophir	US\$838 million	54%	Pro forma Ophir	US\$3,508 million	32%	Pro forma Ophir	3.0 times	15%	Pro forma Ophir	2.5 times	34%

The percentage figures compares 1H18 to 1H19 Financial Results

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



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