



## MEDCOENERGI

<b>Press Release</b> <b>PT Medco Energi Internasional Tbk</b>	<ul style="list-style-type: none"> <li>• <b>President Director</b> : Hilmi Panigoro</li> <li>• <b>Director &amp; CEO</b> : Roberto Lorato</li> <li>• <b>Director &amp; CFO</b> : Anthony R. Mathias</li> <li>• <b>Director &amp; COO</b> : Ronald Gunawan</li> <li>• <b>Director &amp; CHCO</b> : Amri Siahaan</li> </ul>
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### MedcoEnergi Announces its Audited 2017 Results

#### SUMMARY OF 2017 PERFORMANCE

##### Operational

- Oil and gas production volumes increased 31.5% year-on-year
- Average production 86.8 MBOEPD (66.0 MBOEPD in 2016)
  - Oil Production – 35.1 MBOPD
  - Gas Production – 278.0 MMSCFD
  - Unit costs of US\$9.1/BOE

##### Financial

- EBITDA of US\$434.2 million (US\$267.7 million in 2016)
- Net profit of US\$127.1 million (US\$184.8 million in 2016)
- Net debt to EBITDA of 3.7x (ex. MPI) and back to the level in 2014
- Strong liquidity with cash and cash equivalents and including restricted cash of US\$635 million

Jakarta, 11 April 2018 – PT Medco Energi Internasional Tbk (“MedcoEnergi” or the “Company”) announced a net profit of US\$127.1 million and a 31.5% year-on-year increase in oil and gas production volumes for the year ended 31 December 2017 (“2017”).

Roberto Lorato, CEO, said “We are pleased with these results, which reflect solid operating performance achieved while delivering a complex set of business efficiency programs, including the integration of the South Natuna Sea offshore assets.”

##### Operational Highlights

- Oil and Gas production of 86.8 MBOEPD was 31.5% higher year-on-year, driven by strong performance from the South Natuna Sea fields following its acquisition in the fourth quarter of 2016, as well as continued higher production from the Senoro field, and lower decline in the South Sumatra and Rimau fields. The Company’s 2017 annual, and three-year-average Reserve Replacement Ratio (RRR) were both approximately 1.3x.
- The Block A Aceh project is on schedule and budget with commissioning gas achieved on 25 March 2018, the field will ramp up to its full 58 BBTUD capacity during the second quarter.
- During the fourth quarter of 2017 the Company increased its ownership in Medco Power Indonesia (“MPI”) from 49.0% to 88.6%, and began consolidating MPI in its financial statements. Positioned as a national power company focusing on gas- and renewable- clean energy power plants, MPI operates plants with a gross generating capacity of 526MW and provides operations and maintenance services to plants generating 2,150MW. The Company expects to generate significant future synergies from its portfolio of operated gas fields, LNG facilities and new MPI gas fired power plants. MPI’s short-term focus however is to complete the Pusaka mini-hydro and Sarulla Unit 3 geothermal facilities, both of which are expected to reach commercial operation in the second quarter 2018.
- In 2017 PT Amman Mineral Nusa Tenggara (“AMNT”), the Company’s mining affiliate completed its smelter feasibility studies and repaid both the senior and mezzanine acquisition debt facilities. In the fourth quarter AMNT began development of phase-7 of the existing Batu Hijau mine from its own cash resources, and subsequently secured further financing for the development. In 2017 appraisal drilling



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of the Elang discovery continued and this has enabled AMNT to increase Elang's expected resource size.

### Financial Highlights

- Full-year revenue rose to US\$925.6 million, increased 56.9% year-on-year due to both higher production and stronger commodity prices. Average realized prices were US\$51.5/BBLs (+21.9% year on year) for oil and US\$5.5/MMBTU (+25.7% year on year) for gas. Revenue from MPI contributed 7% of the Company's total 2017 revenue following consolidation in the fourth quarter.
- The Company continues to focus on efficiency with 2017 unit cash costs of US\$9.1/BOE, lower than the Company's commitment to keep cash costs below US\$10/BOE through 2020.
- As a result EBITDA jumped 62.2% year on year to US\$434.2 million, with an improved EBITDA margin of 46.9% (45.4% in 2016). Net debt to EBITDA was 3.7x in 2017 excluding MPI, and 4.6x including MPI; both well below the 6.5x in 2016.
- On the bottom line, the Company booked a net profit of US\$127.1 million, compared to US\$184.8 million in 2016. Full year 2017 results included several non-recurring charges and expenses against profit including pre-sale adjustments on assets held-for-sale, and the Company's net profit share of AMNT interest and financing charges for the repaid acquisition and mezzanine debt (US\$62.3 million), unwind costs for price hedges (US\$135.7 million) and early termination packages for permanent and contract employees terminated in 2017 (US\$20.4 million).
- In the fourth quarter 2017 the Company completed a 1 for 3 rights issue raising approximately US\$195 million with approximately US\$200 million from attached warrants expected to be exercised from July 2018 onwards.

Hilmi Panigoro, President Director, said "The Company performed very well in 2017 despite a volatile environment, and we are well-positioned to remain competitive in the years to come. The recent successful corporate actions, including the acquisition of a controlling interest in MPI, issuing a second USD bond and completing our rights issue have strengthened our capital structure and provided value to our shareholders."

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MedcoEnergi is a publicly listed, integrated energy and natural resources company with significant interests in Mining and Power Generation alongside its core Oil & Gas Exploration & Production activities in Indonesia, the Middle East, North Africa and the US.

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.

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