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Press Release **PT Medco Energi Internasional Tbk**	• **President Director**	:	**Hilmi Panigoro**
	• **Director & CEO**	:	**Roberto Lorato**
	• **Director & CFO**	:	**Anthony R. Mathias**
	• **Director & COO**	:	**Ronald Gunawan**
	• **Director & CHCO**	:	**Amri Siahaan**

MedcoEnergi Announces Its Limited Reviewed 2018 Nine-Month Results

2018 NINE-MONTH RESULTS

Financial

- Gross profit US$498.4 million, 68% higher year-on-year.
- EBITDA US$450.2 million, 47% higher year-on-year.
- Net Debt to EBITDA excluding Medco Power further declining to 3.2x.
- Strong liquidity with cash and cash equivalents above US$500 million

Operational

- Oil and gas production 83.7mboepd; an increase of 9% quarter on quarter
- Full year production guideline maintained at 85mboepd;
- Mandate signed with IFC to take an increased ownership stake in Medco Power.
- Generated power sales 2,001 GWh, up by 30% year-on-year.
- Oil and gas unit costs $8.8/boe
- Tarakan PSC extended 20 years, until 2042

Jakarta, 10 November 2018 – PT Medco Energi Internasional Tbk ("MedcoEnergi" or the "Company") announced the Limited Review of its consolidated financial statements for the period ending 30 September 2018 ("9M 2018").

Roberto Lorato, CEO of the Company said that "Our nine months results were solid, with higher EBITDA and improved operating margins from continued cost discipline. In 2015 we set a net debt to EBITDA target of 3.0x and I am pleased to see further incremental progress to meeting that target."

Financial Highlights:

- Gross profit was US$498.4 million, 68% higher than the first nine months of 2017, with a 54% gross margin up from 50% in nine months of 2017. Over 95% of the Company's revenue was received in US dollars, and approximately 60% of expenditures were paid in Indonesian rupiah.
- EBITDA was US$450.2 million, 47% higher than the first nine months of 2017 driven by improved commodity and power prices and stables volumes, together with the consolidation of Medco Power. Oil and gas prices increased 39% and 11% to US$68.8/bbl and US$6.1/mmbtu respectively and average nine months non-fuel component power price year on year rose by 36%.
- Net debt to EBITDA excluding Medco Power was 3.2x, well below the 3.6x at year-end 2017, and 6.6x at year-end 2016 and on track to meet the Company's target of 3.0x. Consolidated net debt to EBITDA was 3.6x, well below the 4.5x at year-end 2017.
- The oil and gas segment booked a net income of US$113.1 million, while the consolidated net loss of US$11.1 million was due to non-cash losses from mining affiliate PT Amman Mineral Nusa Tenggara ("AMNT"). AMNT completed mining phase-6 of the Batu Hijau mine in Q3 2017; subsequent revenues are generated from processing the stockpiled ore.
- In the current uncertain price environment, the Company's liquidity is strong with cash and cash equivalents above US$500million. Long-term gas contracts underpinned with take-or-pay quantities make up 67% of Company's production, of which 35% are fixed price gas contracts and 32% indexed to commodity prices. A further 20% of 2019 liquids production is hedged to a Brent equivalent floor of ~$50/bbl.
- The Company has now refinanced and combined its Senoro and Block A Reserved Based Lending (RBL) Facilities into a single RBL with an accordion to fund future developments.

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- Drilling and project efficiencies and deferrals together with favorable exchange rates have allowed the Company to further reduce its 2018 capital spending guidance to US$340million. The Company's consolidated capital guidance for 2019 is US$270 million, which will allow further room for deleveraging and maintain liquidity.
- The Company has obtained revised shareholder approval for a non-preemptive private placement of up to 10% of issued shares at a minimum price of IDR868/share, ~US$100 million. Discussions continue to place these shares to qualified and preferred buyers.

Operational Highlights

- Nine-month 2018 average oil and gas production was 83.7 mboepd, an increase of 9% quarter on quarter. Block A Aceh gas development project is ramping up from current 34 mmscfd to 83 mmscfd by year-end 2018.
- The Company is maintaining its 2018 full year guidance of ~85 mboepd and has the capacity to deliver up to 100 mboepd, subject to gas customer demand. 2019 oil and gas production guidance is 85mboepd.
- Oil and gas unit cash costs were US$8.8 per boe. The Company will maintain the guidance for unit cash costs to be kept below US$10.0 per boe in 2019 and 2020.
- The Company received a 20 year of extension of the Tarakan PSC from the Government of Indonesia.
- Medco has signed a Mandate with the International Finance Corporation to increase its stake in Medco Power. The Company has also appointed JPMorgan to identify a second strategic investor for Medco Power to support continued growth.
- Medco Power Indonesia's gross installed capacity rose more than 10% year-on-year to 2,819MW, following commercial operation in May of the third and final unit of phase one of the Sarulla Geothermal facility. 2019 guidance gross installed capacity is at 2,835MW.
- The Riau gas fired CCPP has secured Financing Declaration from PLN in September 2018. The project is now under construction, aiming to reach commercial operation in Q2 2021. Funding is being provided by a consortium of international banks.
- AMNT continues to progress its future developments with phase 7 financing now fully secured with over US$1.2Bn of committed facilities from four major Asian based banks. First production from phase 7 is expected in first half of 2020.

Hilmi Panigoro, President Director of MedcoEnergi, said that "I am pleased with the nine-month results and to announce the issue of our Sustainability Report which clearly lays out the Company's commitment to long term goals for best practice sustainable operations and development."

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