



MEDCOENERGI

MedcoEnergi Announces First Quarter 2020 Results

Summary Results

Financial

- EBITDA US\$181 million.
- Gross Profit US\$120 million.
- Net Debt to EBITDA¹ 3.0x.
- Strong liquidity with cash and cash equivalents above US\$775 million.

Operational

- Oil and gas production 101 mboepd.
- Medco Power generated sales of 694 GWh.
- Oil and gas cash production cost US\$7.7 per boe.
- Capex expenditures US\$67 million.

Jakarta, 26 August 2020 – PT Medco Energi Internasional Tbk² announces its consolidated financial statements for the period ended 31 March 2020 (“1Q 2020”).

Roberto Lorato, CEO, said “This year, 2020, will be remembered for the global spread of Covid-19 and the unprecedented collapse of oil prices and energy demand. While commodity prices and capital markets have begun to recover Medco has responded quickly with protocols to ensure the well-being of our staff and over US\$200 million of expenditure deferrals and reductions to preserve cash and support our balance sheet. Despite reducing our capital program, I am pleased to see successful exploration discoveries in both Natuna and Ijen”

Financial Highlights

- The previously announced Rights Issue is progressing as planned with target completion in early September.
- Q1 2020 EBITDA was US\$181 million, an increase of 13% from US\$160 million in Q1 2019 due to the acquisition of Ophir Energy Plc, in June 2019, which more than offset the 15% drop in realized oil prices (Q1 2020 US\$51.3/bbl, Q1 2019 US\$60.7/bbl). Q1 2020 EBITDA was also flat with Q4 2019 (US\$183 million) despite an 18% drop in realized oil prices from Q4 2019 (US\$62.9/bbl).
- Net Income in Q1 2020 was a US\$20 million loss, with profits from the Oil and Gas and Power segments, offset by losses in Amman Mineral Nusa Tenggara (AMNT) as the phase 7 development progresses.
- Liquidity remains strong with US\$775 million cash and equivalents at the end of Q1 2020, up from US\$544 million in Q1 2019 and US\$595 million at year-end 2019.
- The Company has hedged 7.5% of 2020 production into 2021 at an average price of US\$48/bbl and US\$42/bbl to provide a further buffer against the continued volatile price environment.
- Capital expenditures in Q1 2020 were US\$67 million, US\$51 million in Oil & Gas and US\$16 million in Power, down from the US\$130 million in Q4 2019 following the early completion in December 2019 of the Phase 4B Bualuang development in Thailand and deferrals and reductions in the 2020 capital program.
- Net Debt to EBITDA¹ at end Q1 2020 was 3.0x, with net debt of US\$1,961 million down from the US\$2,038 million at Q4 2019. In August 2020 the Company exercised the call option on its US\$400 million 144A/Reg S Senior Notes due in 2022, and fully repaid the remaining outstanding debt after the successful tender offer earlier in March. This has allowed earlier deleveraging and reduced future Financing Charges.
- In June 2020 the Company signed Agreements with SKK Migas on several Indonesian PSCs to keep the Company’s gas revenue unchanged while reducing consumer gas prices in line with Ministerial Decrees No.89K/2020 and No.91K/2020.

Operational Highlights

- Oil and gas production in Q1 2020 was 101 mboepd, up 10% from Q1 2019, but down 5% from Q4 2019 due to the extended Q1 2020 shutdown in Block A Aceh.

¹ Annualized and excluding PT Medco Power Indonesia (“MPI” or “Medco Power”)

² PT Medco Energi Internasional Tbk (“MedcoEnergi” or “Company”)



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- Block A Aceh resumed full operations in early March 2020 after the completion of its Central Processing Plant scheduled maintenance program, which was extended in order to address land stability concerns caused by exceptionally high seasonal rainfall.
- Unit cash costs in Q1 2020 were US\$7.7 per boe, in line with full year guidance and flat with Q1 2019.
- The Meliwis gas development project in the Madura Offshore PSC, East Java was safely placed into service in July 2020. The field is produced through an unmanned platform to supply gas to local industries.
- The Paus Biru gas field in the Sampang PSC, offshore East Java obtained partner and SKK MIGAS approval to develop a similar unmanned wellhead platform.
- The 2020 exploration drilling program in South Natuna Sea Block B PSC has been successful following commercial discoveries in both the Bronang-2 and Kaci-2 wells. The wells tested with high-quality dry gas and have opened up a new play with several future opportunities. Two further exploration wells will be drilled in Block B during 2020.
- Medco Power generated sales of 694 GWh in Q1 2020, an 11% increase year on year mainly due to higher deliveries from the Sarulla Geothermal facility.
- The recent geothermal exploration in Blawan Ijen, East Java discovered a steam reservoir with the Ijen 6-1 well. Testing to assess commerciality is underway while the rig has moved to drill a further geothermal exploration well Ijen 5-1 and further two exploration wells will be completed prior to Q1 2021.
- Construction of the Riau CCGPP is 84% complete and the project on track to be placed into service in 2021.
- Medco Power is also starting civil works for the 26MWp PV facility in Sumbawa and in discussion with PLN to finalize the design of 2x25MWp PV facilities in Bali and securing the land for the project.
- Phase 7 development in Amman Mineral Nusa Tenggara has begun accessing productive ore with production ramping up from April 2020. In Q1 2020 AMNT produced 45 Mlbs of copper and 16 Koz of gold.
- MedcoEnergi is committed to maintaining workplace safety, business continuity and complying with Covid-19 best practice health and safety protocols. The Company has also supported the communities in which it operates in their fight against Covid-19 by donating medical & testing equipment, personal PP&E, sterilization and sanitation equipment to hospitals, community health centers and health clinics. MedcoEnergi has also supported communities by conducting educational campaigns focusing on personal hygiene, use of facemasks and social distancing.

2020 Full Year Guidance

With US\$200 million of expenditure reductions, guidance for 2020 is as follows:

- Oil & Gas production of 100 – 105 mboepd
- Oil & gas unit cash costs below US\$10/boe
- Total capital expenditures below US\$240million
- Power sales of 2,600 GWh

Hilmi Panigoro, President Director, said “The world and our industry continue to adapt to these extraordinarily challenging times caused by the coronavirus pandemic and low oil price environment. Medco will continue to focus on safeguarding the well-being of our people and minimizing the impact to our business as we continue to deliver on our commitments to stakeholders”.

PT Medco Energi Internasional Tbk 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 Medco Power Indonesia and a non-consolidated interest in Amman Mineral Nusa Tenggara which operates a large Indonesian copper and gold mine.

This document may contain projections, plans, strategies, policies and objectives of MedcoEnergi 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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