



MEDCOENERGI

# Investor Update

PT Medco Energi Internasional Tbk.

February 20, 2006

[www.medcoenergi.com](http://www.medcoenergi.com)

Energy Company of Choice

- 1. Company Overview**
- 2. 9M05 Financial Highlights**
- 3. 12M05 Operational Highlights**
- 4. 2006 Programs**

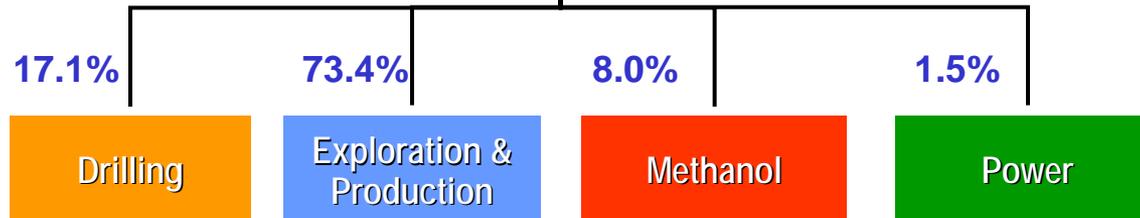


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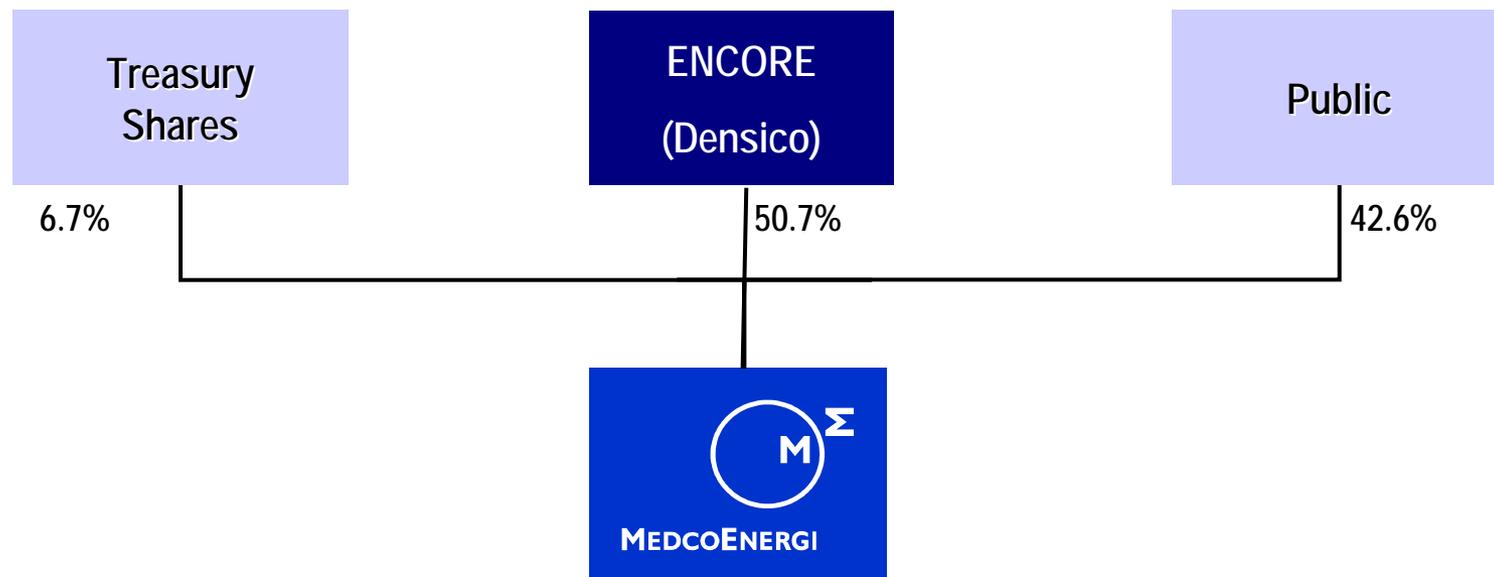
Strategic assets spread across Indonesia



Highlights Revenue Contributions



- E&P Oil and Gas focused company, supported by onshore and offshore drilling operations, expanding to power opportunities.
- Reserves Portfolio (per January 1, 2005):
  - Gross 1P reserve – 159.7 MMBOE (59% oil, 41% gas)
  - Gross 2P reserve – 574.0 MMBOE (35% oil, 65% gas)
- Medco's Oil and Gas assets in Indonesia are strategically located to supply growing gas demand.



- Medco (MEDC IJ) is listed in Jakarta Stock Exchange and Luxembourg (GDS).
- Market Capitalization ~ USD 1.2 billion (at IDR. 3,325/share and IDR 9,200)
- Number of shares 3,332,451,450

## Strategy

## Implementation

### Exploration

- Primary Indonesia focus
- Disciplined approach to exploration – focus on:
  - Best prospects
  - Near existing fields
- Strategic alliance with foreign partners

- From 2005-2007, plan to drill 60 exploration wells
  - 43 wildcats and 17 delineation wells
- Target 7 Indonesian exploration & 4 production blocks, and Libya
- Anadarko (US Company)

### Acquisitions

- Indonesia focus
- Balanced mix of producing and exploration assets

- Leverage Indonesia network, market intelligence and experience to acquire new blocks



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# 9M05 Financial Results (in million US\$)

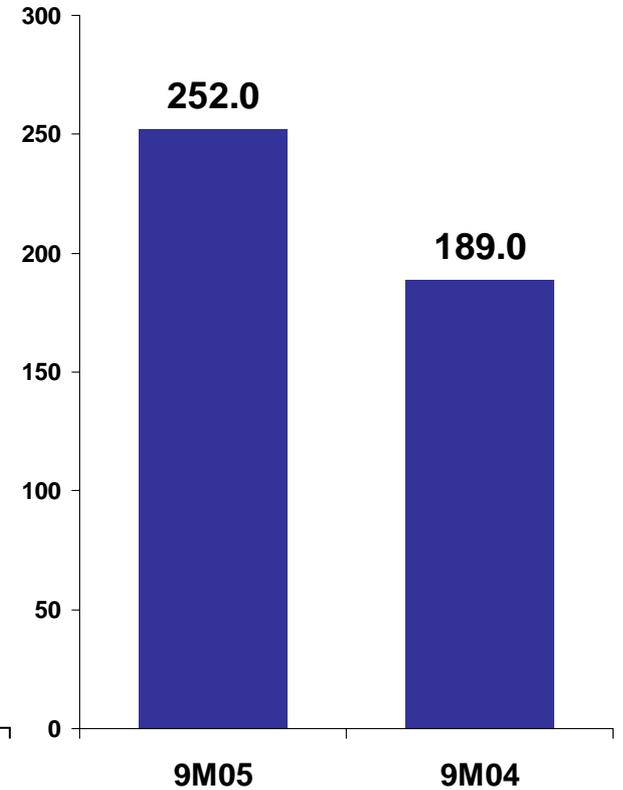
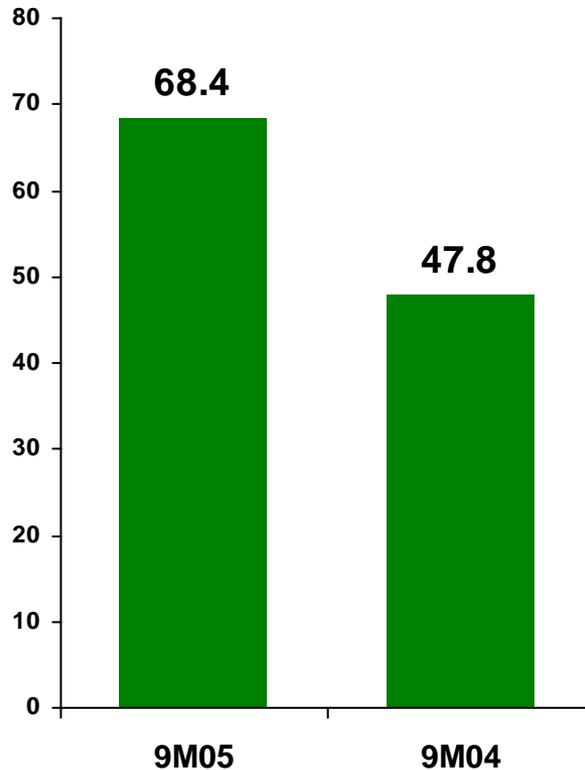
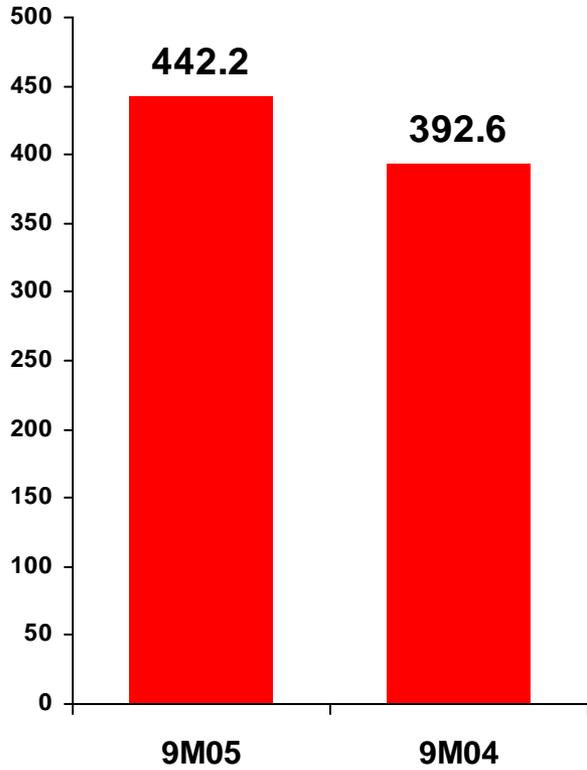


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Revenues\*

Net Income\*

EBITDA\*



EPS (in US dollars) 0.0220 0.0154

\*Unaudited

- **Revenues in 9M05\* increased 12.7% to USD 442.2 million** due to increased oil price, USD 53.33/barrel in 9M05 vs USD 35.42/barrel in 9M04.
- **9M05\* Income from Operations increased 56.0% to USD 192.0 million** mainly from reduced exploration expenses (mostly from reduced dry hole cost). In addition to depreciation & amortization; (1) due to sales of Novus & Asahan assets, (2) changes of useful life of drilling rigs from 17 to 20 years.
- **Production in 9M05 down 15.6% yoy** as a result of Novus assets divestment.
- **Medco is still on track** with its focus in growing the E&P business through a combination of (1) optimization of oil and gas assets (drilled 56 development wells out of 74 wells scheduled in 2005), (2) acquisition and (3) exploration. In addition to monetization of the sizeable gas reserves in Sulawesi.



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# Oil and Gas Operations



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Medco Energi's E&P operations:

- 15 producing blocks
- 8 exploration blocks

Major assets are:

- Rimau, SS Extension and Kampar (oil production)
- Senoro – Toili (gas reserves)



Diversified block portfolio with strategic locations next to Java, Sumatra and Singapore

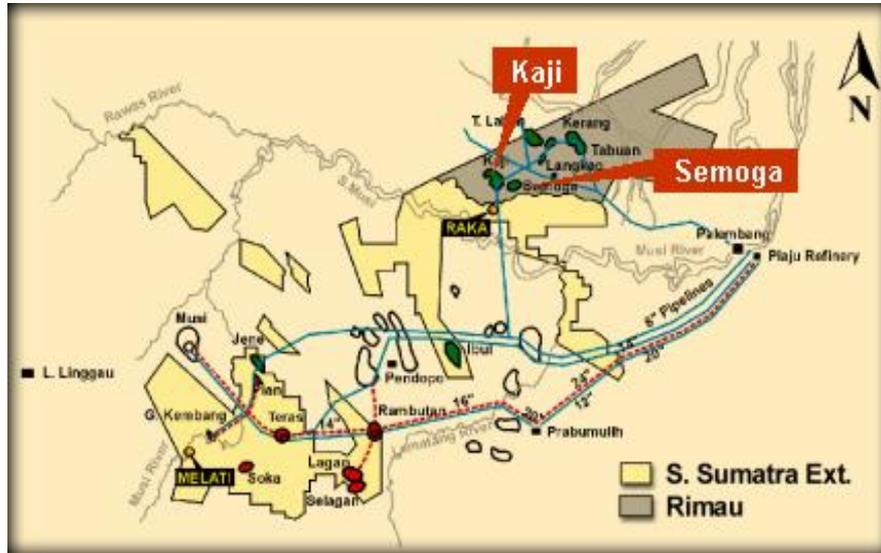
# 12M05 Operational Highlights



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OPERATION HIGHLIGHTS	2005	2004	Δ%
Oil Production / BOPD	57,040	55,500	2.8
Gas Sales / MMCFD	136.28	150.06	-9.2
<b>TOTAL Oil and Gas production (BOEPD)</b>	<b>80.34</b>	<b>81.15</b>	<b>-1.0</b>
Crude Price, USD/barrel	53.69	37.96	41.4
Gas Price, USD/mmbtu	2.59	2.04	27.0
Offshore Rig Utilization / %	100	100	0
Onshore Rig Utilization / %	51	53	-3.8
Methanol Production / MT	199,000	237,000	-16.0
Methanol Sales / MT	200,000	241,000	-17.0
Methanol Price, USD/MT	225	230	-2.2
LPG / MTD*	96.81	55.41	74.7
LPG price, USD/MT	329	360	-8.6

\* Started production in March 2004



- Average daily production **34,000 bopd** for 12M05 period
- Contract expires on 23 April 2023, acquired from Exxon-Mobil (Stanvac) in 1995
- Medco 95%
- PDPDE 5%
- Contract oil sale to; e.g. Itochu, PTTEP and Mitsui
- Reserves:
  - 1P 63.3 MMBO (GCA Jan 2005)
  - 2P 109.6 MMBO (GCA Jan 2005)
- Optimizing production efforts:
  - completed 27 development wells
  - POD progress on waterflooding
  - Study for EOR in 2006 (Schlumberger/Mitsubishi)
- An LPG plant in Kaji/Semoga to allow 200 tons/day of propane and butane production. 12M05 average daily production is 96.81 MTD

## Numerous Developments on Senoro

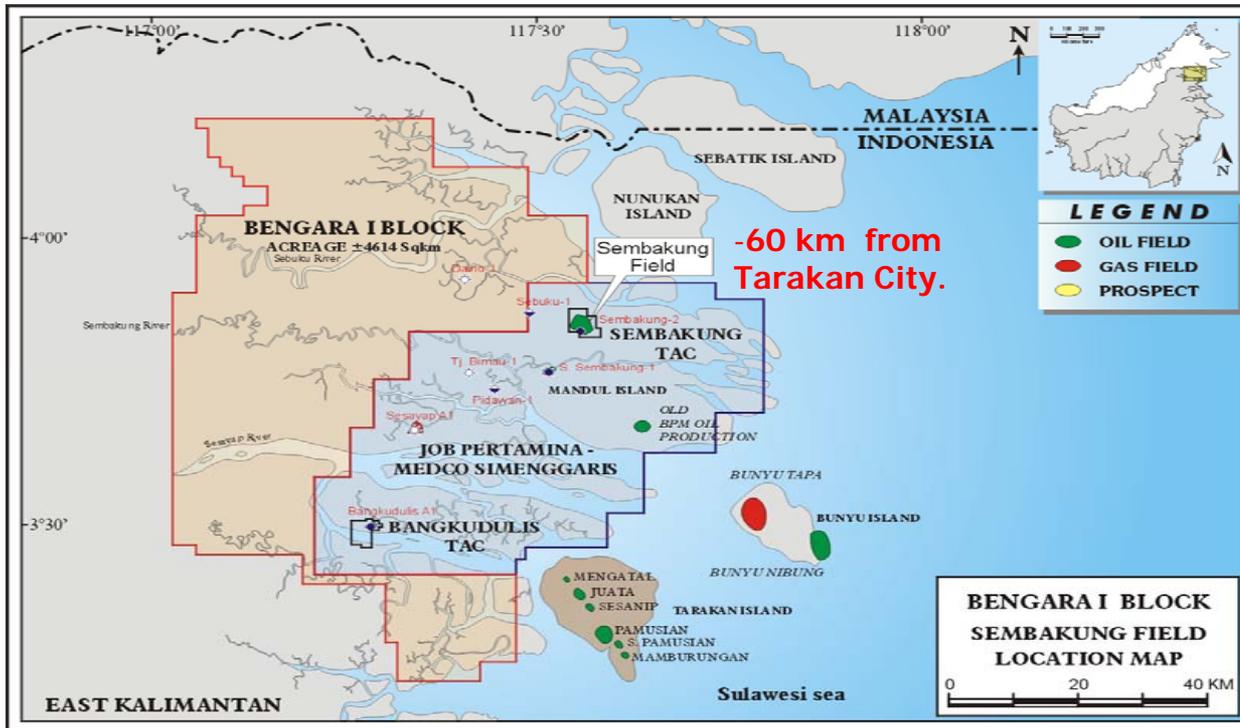
- **JOB with Pertamina:**
  - Medco 50%
  - Pertamina 50%
- **Tiaka oil field currently producing 2,000 BOPD**, expected production rate 4,000 BOPD by end of year
- **Over 2.5 tcf (2P total, 417 mmboe)** of natural gas under marketing. Medco share 208 mmboe
- **Progress Update:**
  - Delineation drilling to prove up reserves: 4 wells to be drilled in 1H06.
  - June '05: Exclusivity agreement to sale to mini-LNG project of a Australian-listed company (120 mmcfd)
  - May '05: Development plan approved in 2005 for up to 230 mmcfd (Phase I)
  - March '05: Binding-HOA to supply Ammonia Plant (130 mmcfd), Panca Amara Utama



# Recent Acquisition – Sembakung TAC



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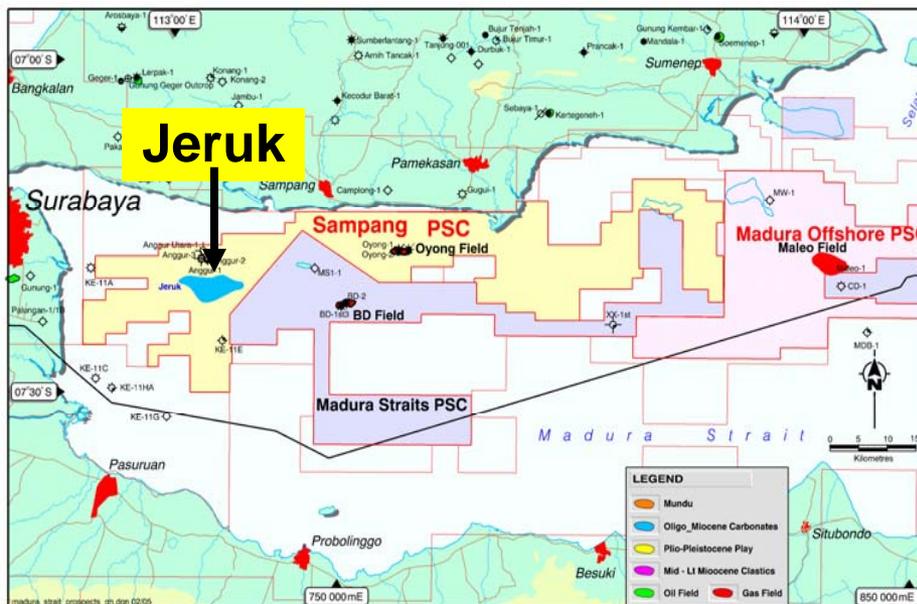
- Contractor's entitlement : 28.846% of (share oil minus cost); 67.3077% for gas.
- Block size 23.37 sq km, onshore area in NE in Kalimantan
- Contract Term : 22 December 2013
- Medco 100%
- Purchase price of USD 31.7 million.
- Proved and probable (2P) oil reserves of 12.6 million barrel (MMBO) as of January, 2005.
- Excellent synergy with Medco's surrounding blocks; Nunukan, Simenggaris, Bengara and Tarakan.
- The average production rate for the period ended June 30, 2005 was 5,000 bopd

# Jeruk Prospect – Update



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- Located offshore east of Surabaya, within Sampang PSC
- Medco Economic Interest in Jeruk prospect: 25%
- Expired Contract: December 4, 2027
- Estimated Jeruk Reserve: ~170 million barrel oil (Initial Santos Estimates)
- “Acquisition cost” of USD 22 million
- Exploration Activities:
  - Drill Jeruk 3 in 1H06
  - 2006 drilling program: Plan to drill 4 wells
- Total Depth ~ 5500 m,
- Target: Kujung Formation.

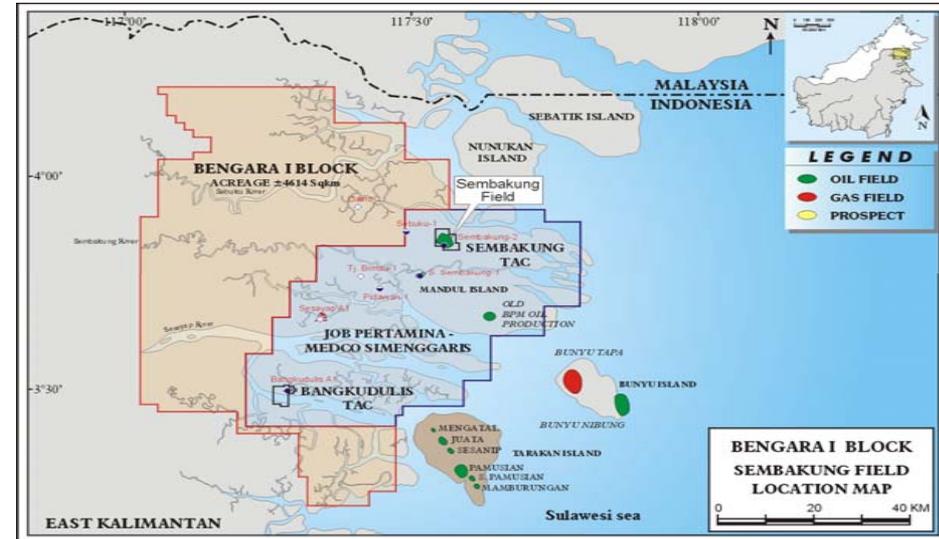


# Anadarko – Exploration Joint Venture



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- On July 26, 2005, Medco entered into an Exploration Joint Venture Agreement (“EJVA”) with a wholly-owned subsidiary of Anadarko Petroleum Corporation (“Anadarko”)
- Under the EJVA, Anadarko has committed to:
  - 3 year work program (exploration)
  - Medco’s Indonesian blocks (except Merangin) at a cost USD 80 million
  - Anadarko’s interest up to 40% in initial interest
- 2005 activities:
  - Executed 3 implementation agreements on EJVA; Nunukan, Simenggaris and Tarakan Seismic
  - Drilled Sesayap B1 in Simenggaris Block, East Kalimantan

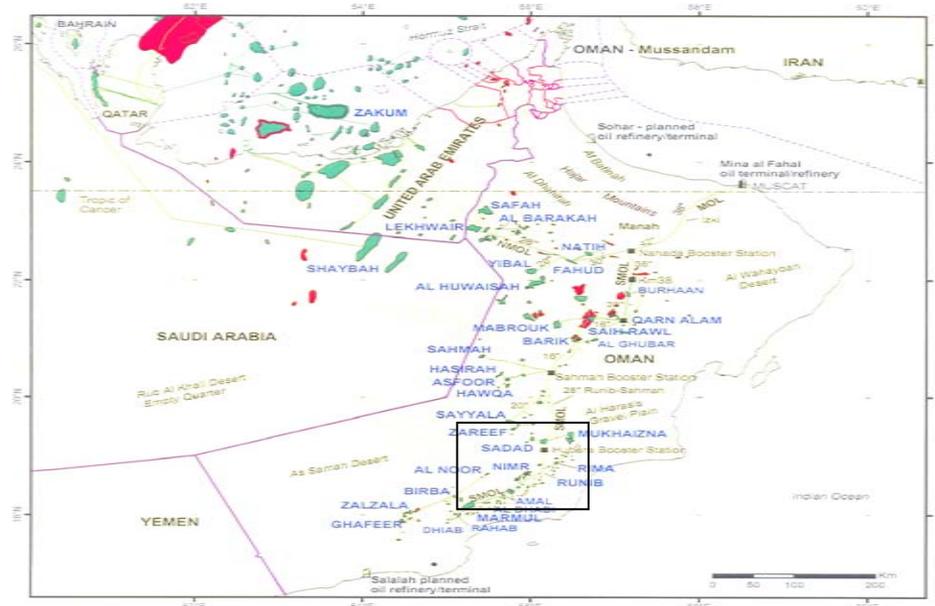


# Oman Update: Karim Fields



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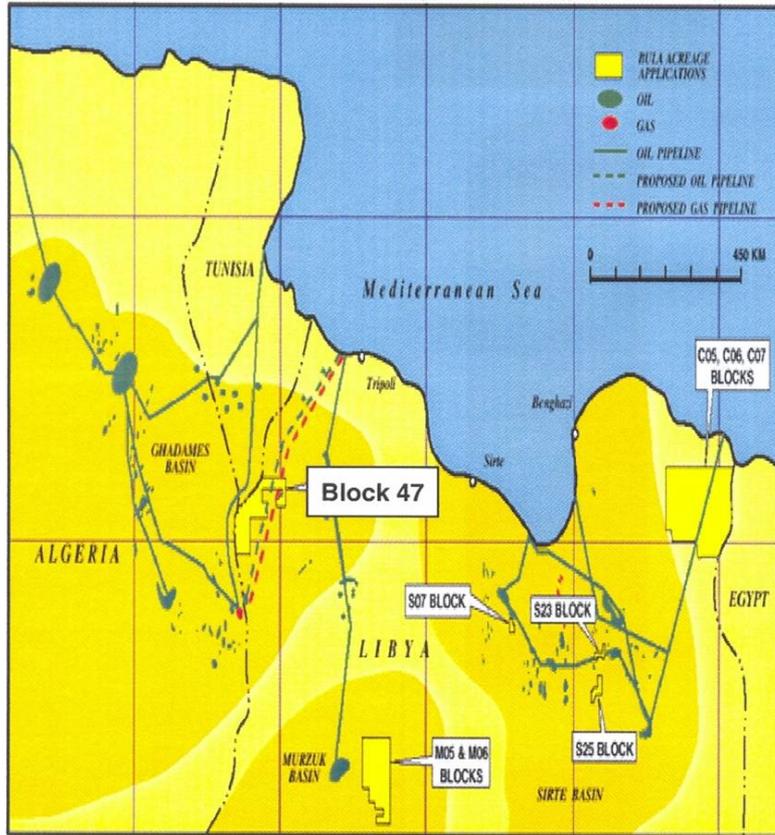
- Location: The Sultanate of Oman
- Status: Producing fields; ~18,000 bopd
- Effective: February 8, 2006
- Contract expires: 10 years contract
- Economic Interest:
  - Medco Energi 51%
  - OOC 25%
  - Kuwait Energy 15%
  - Other Omani 9%
- Signature Bonus of USD 30 million
- Plan to double the existing production by 2008
- Strategy: “beach-head” to the prolific oil and gas assets of the Middle East
- 100% cost recovery with a maximum of 30% of gross revenue annually.



# Libya Update – Oil Upside



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- Medco signed an Exploration and Production Sharing Agreement (“EPSA”) with Libya’s National Oil Company for Area 47
- Effective March 12, 2005. Expire in 2035
- Medco 50% and Verenex 50%
- 6,182 sq kilometer area in the Ghadames Basin, Northwest Libya
- Exploration Activities 2006:
  - 2D & 3D seismic 1H06
  - Drilling commences 2H06: 3 wells and 1 work-over well
- Significant oil upside: discoveries of 2 oil fields, estimated total of 60 million barrels

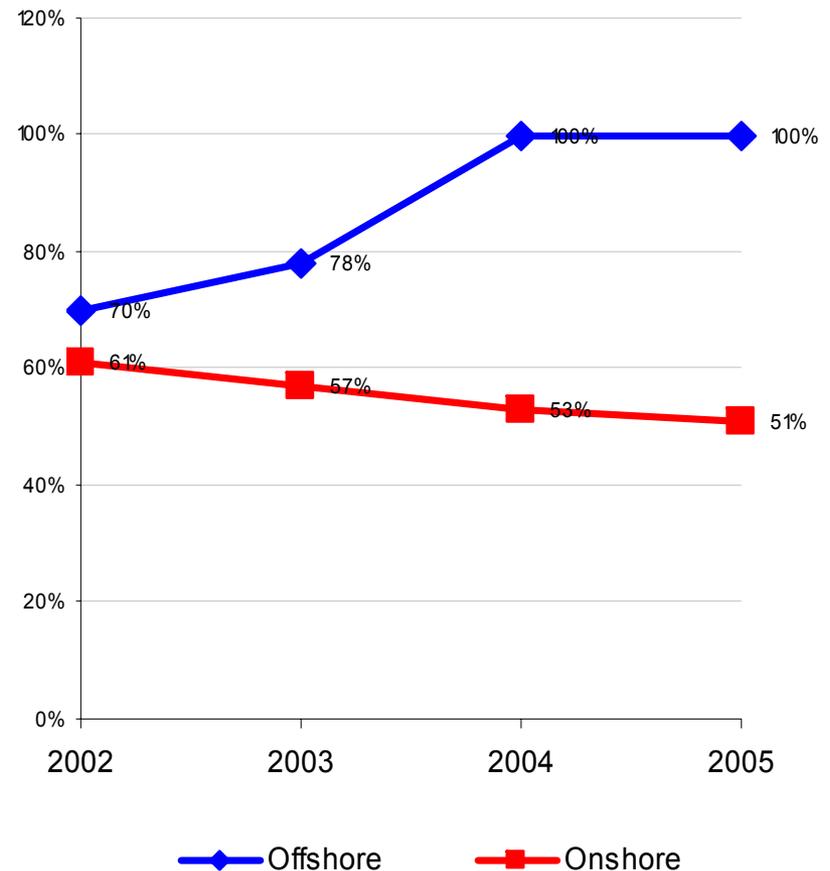


52%

## PT Apexindo Pratama Duta Tbk. (onshore / offshore drilling)

- ◆ Incorporated in 1991
- ◆ Operates 5 offshore rigs (1 additional jack-up rig scheduled operating in early 2007)
- ◆ Operates 11 onshore rigs
- ◆ Key long term clients like Total ensure high utilisation
- ◆ Revenue of USD75.6 M in 9M05

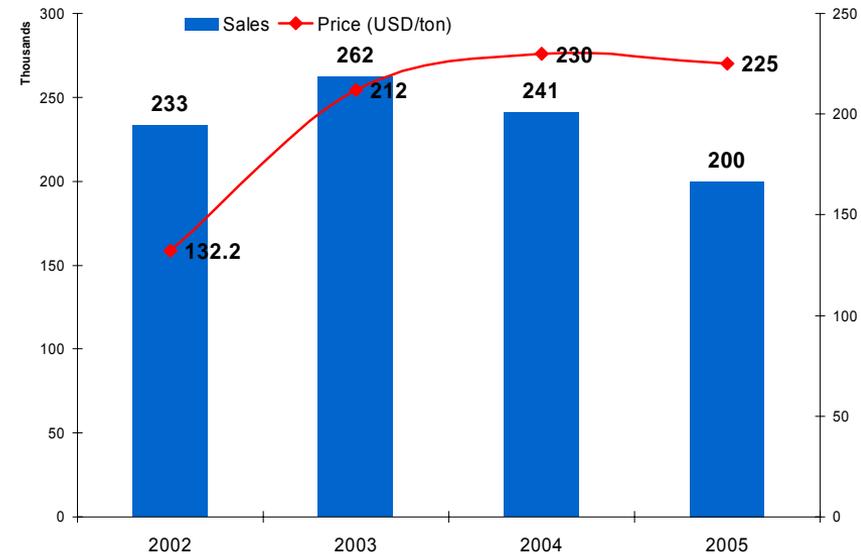
Average Utilization

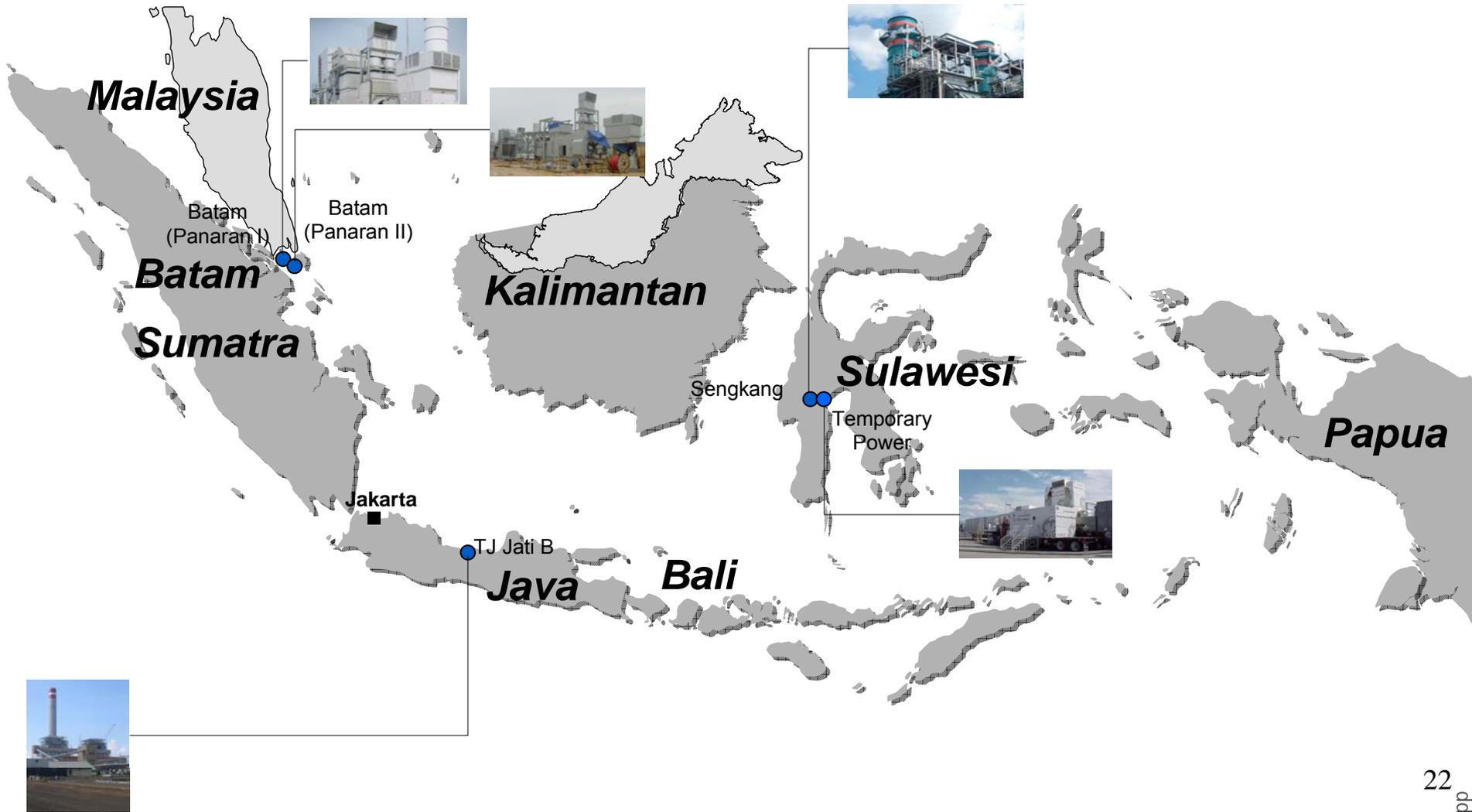


## Methanol Business Overview

- Lease and operate a Methanol Plant owned by PERTAMINA
- Plant location on Bunyu Island—East Kalimantan
- 330,000 ton / annum (900 Ton/day operating capacity)
- Natural Gas feedstock from Tarakan
- 60% exports, 40% domestic market sales

## Methanol Sales





## MEDCO POWER INDONESIA

- Signed Taking Over Agreement of 65% shares of 2x40MW **Gas Fired Power Plant in South Sumatra**
- Signed MOU Agreement with PLN Tarakan for 20MW **Temporary Power Sengkang**

## MITRA ENERGI BATAM

- Continuous Plant operations with 90% availability compared to 84% contract TOP.

## TANJUNG JATI B

- O & M Agreement has been effective as of 19 September 2005, for 23 years.
- Consortium: Medco and Fortum
- Contract value of Rp. 2.8 trillion to the consortium.

## DALE ENERGI BATAM

- Unit 1 arrived and currently put in place.
- On-going negotiation with PLN

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## CAPEX

- **The total amount is ± USD300 Million**
- **Drilling Program:**
  - Approx. 20 exploration wells
  - Approx. 130 development wells.
- **Development Status**
  - **Lematang** gas field – Singa field
    - a. Signed Head of Agreement to supply PGN ~50 mmcf/d
    - b. Target for commissioning and start up in Q1'08.
  - **Tarakan**, to cope with the gas deliverability short-fall for Methanol Bunyu Plant
    - a. Short Term Plan, helping Pertamina Bunyu in funding remedial works for their production wells.
    - b. Long Term Plan,
      - Joint with Pertamina Bunyu to develop their gas fields
      - Gas field developing in Nunukan block
      - Tarakan exploration activities

## ACQUISITION

- Medco will continue to look for opportunities, both domestic and international assets within our financial strength

## PRODUCTION

- Oil production is expected flat for the 2006 and 2007 from existing oil and gas portfolio
- Gas production is projected to increase by  $\pm 45\%$  on daily production compared with realized 2005 performance

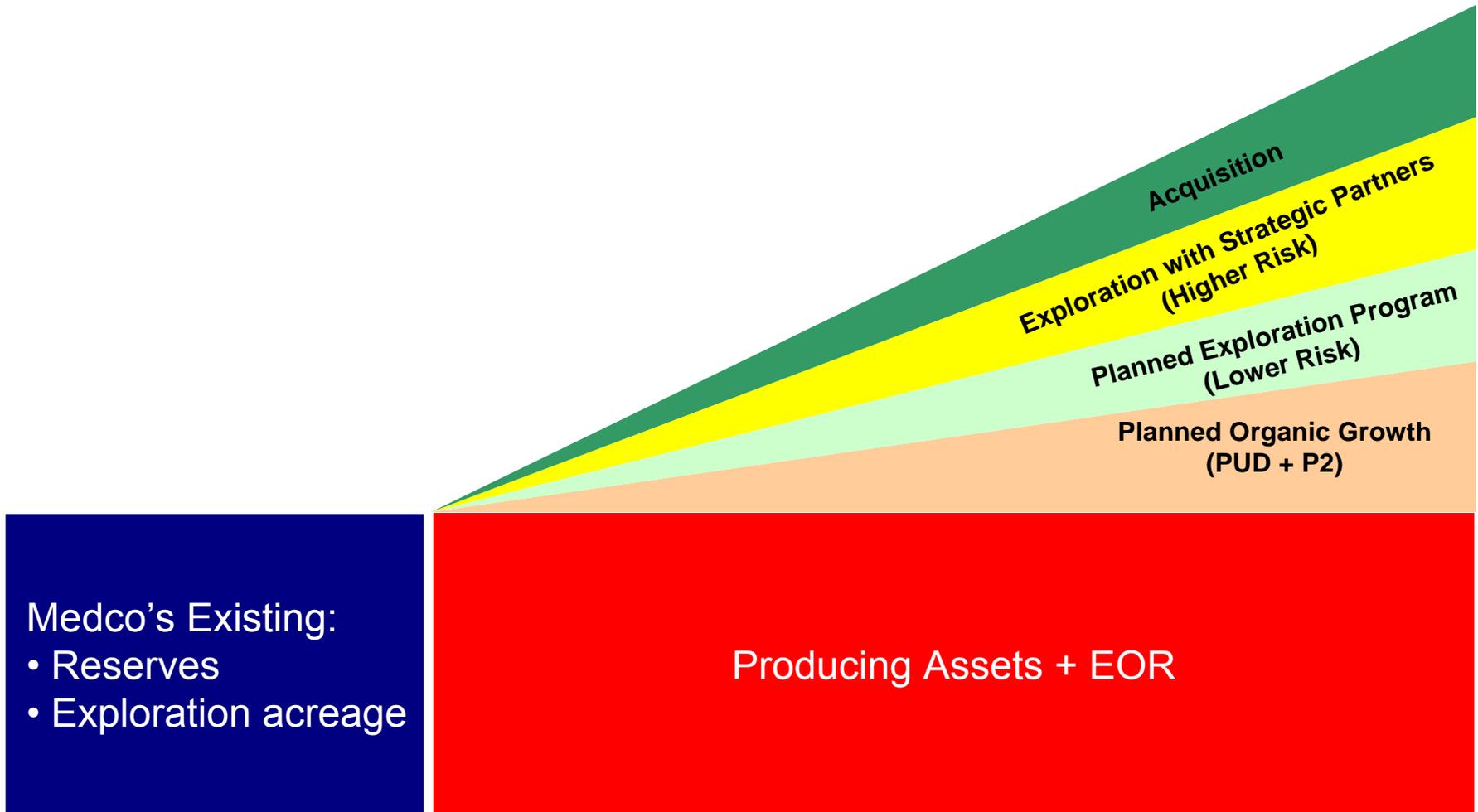
## LIABILITY – LONG TERM DEBT

- Raise funds on project by project basis

# Comprehensive Growth Strategy



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## Company address:

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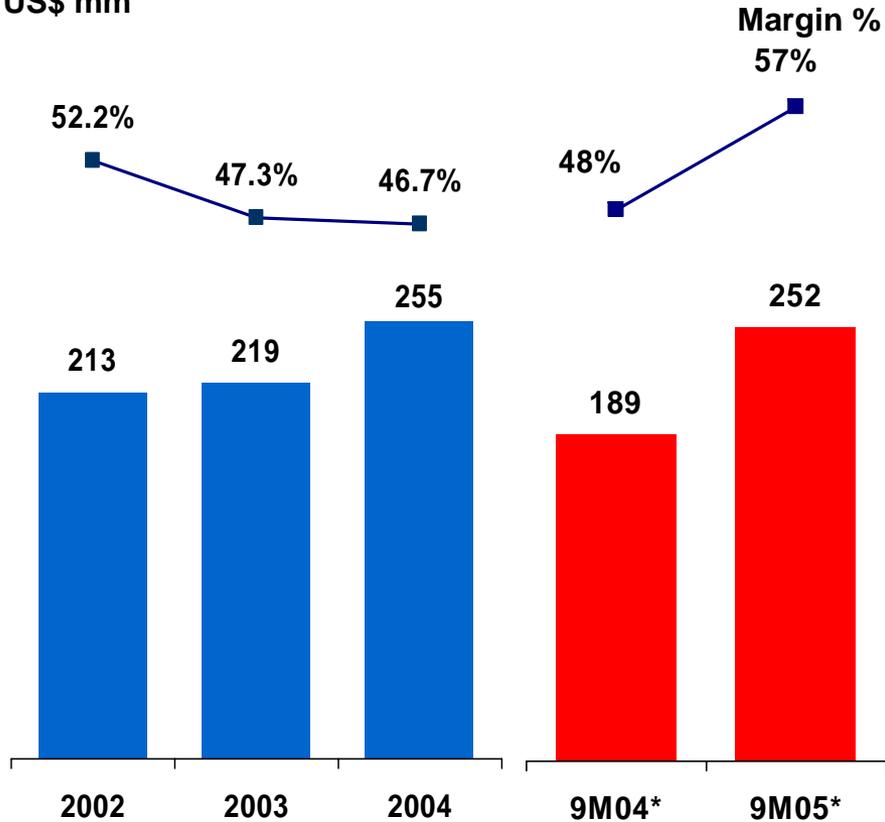
# Supplements

<b>FINANCIAL HIGHLIGHTS (in million USD)</b>	<b>9M05*</b>	<b>9M04*</b>	<b>Δ%</b>
Revenue	442.2	392.5	12.7
Gross Profit	248.4	172.6	43.9
Income from Operations	192.0	123.1	56.0
Net Profit Before Tax	144.0	93.3	54.3
<b>Net Income</b>	<b>68.4</b>	<b>47.8</b>	<b>43.1</b>
EPS (USD/share)	0.0220	0.0154	42.8
Equity	529.1	473.6	11.7
Total Assets	1,424.3	1,480.3	-4.0

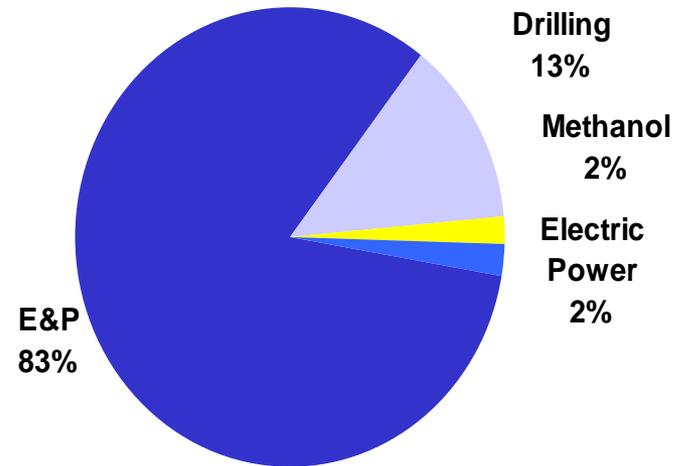
\*Unaudited

## EBITDA

US\$ mm



## EBITDA 9M05\*

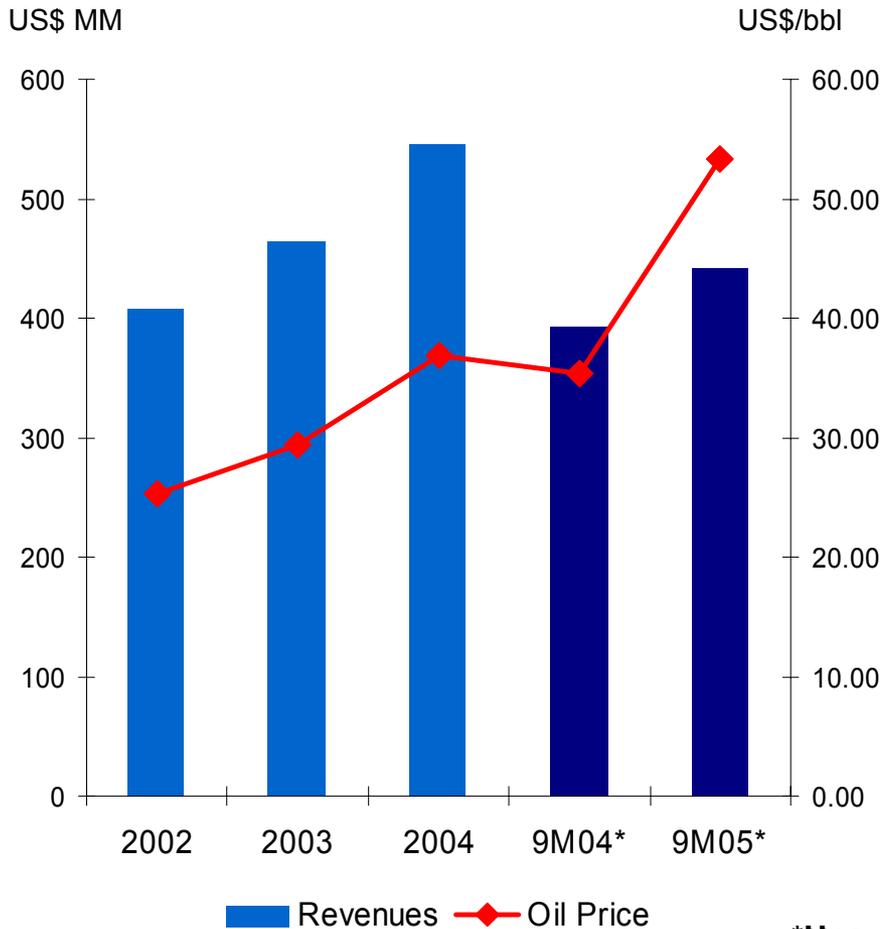


US\$252 mm

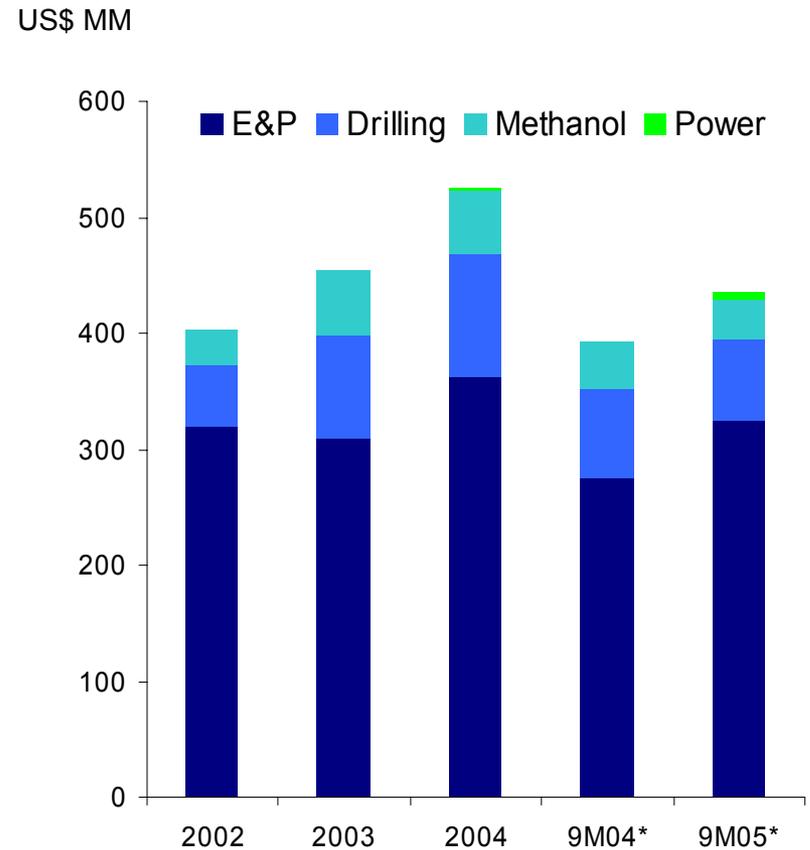
\*Unaudited

## Despite oil price volatility, Medco grew its revenues by diversification of its assets

Revenues

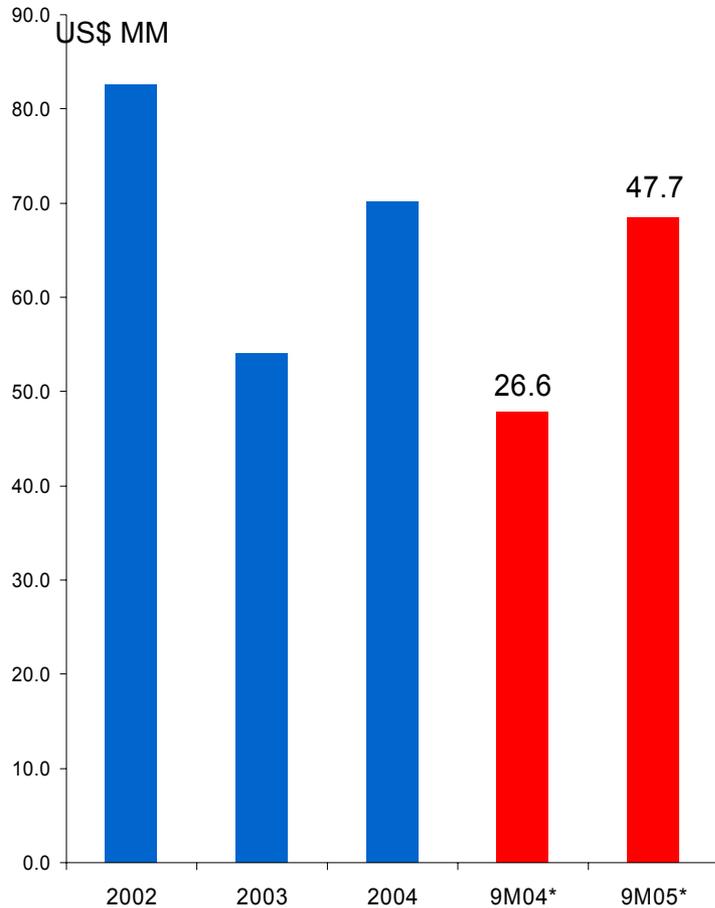


Revenue Contribution

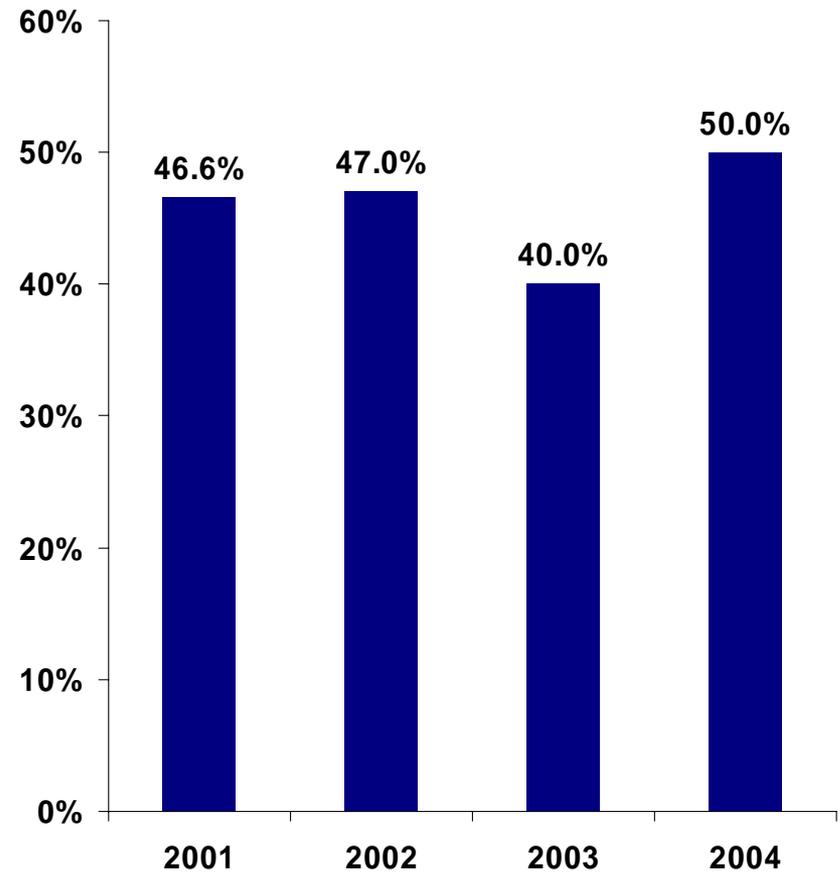


\*Unaudited

## Net Profit



## Dividend Payouts

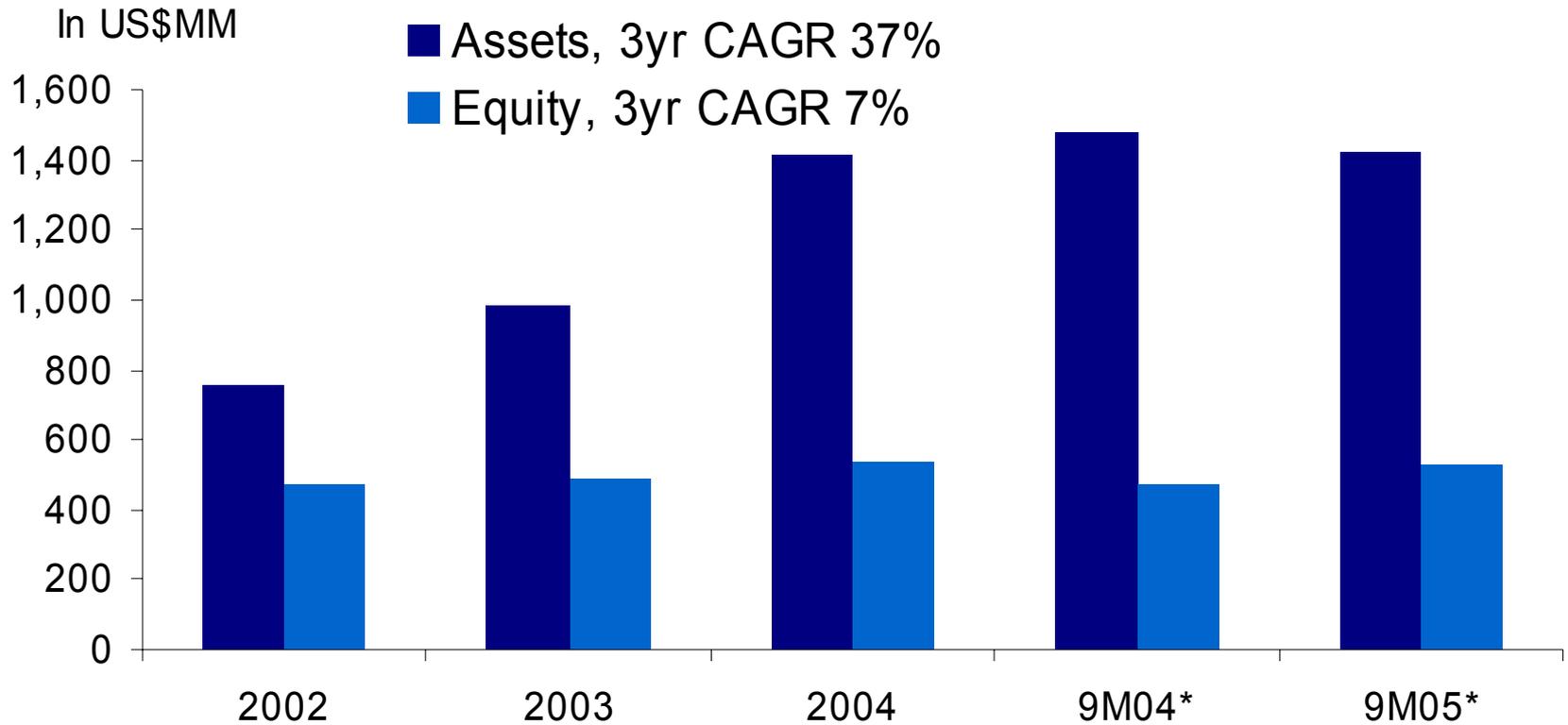


Note: Dividend payout ratio above bars  
Exchange rate in 2000 and 2001 used was 1US\$ = Rp8,420

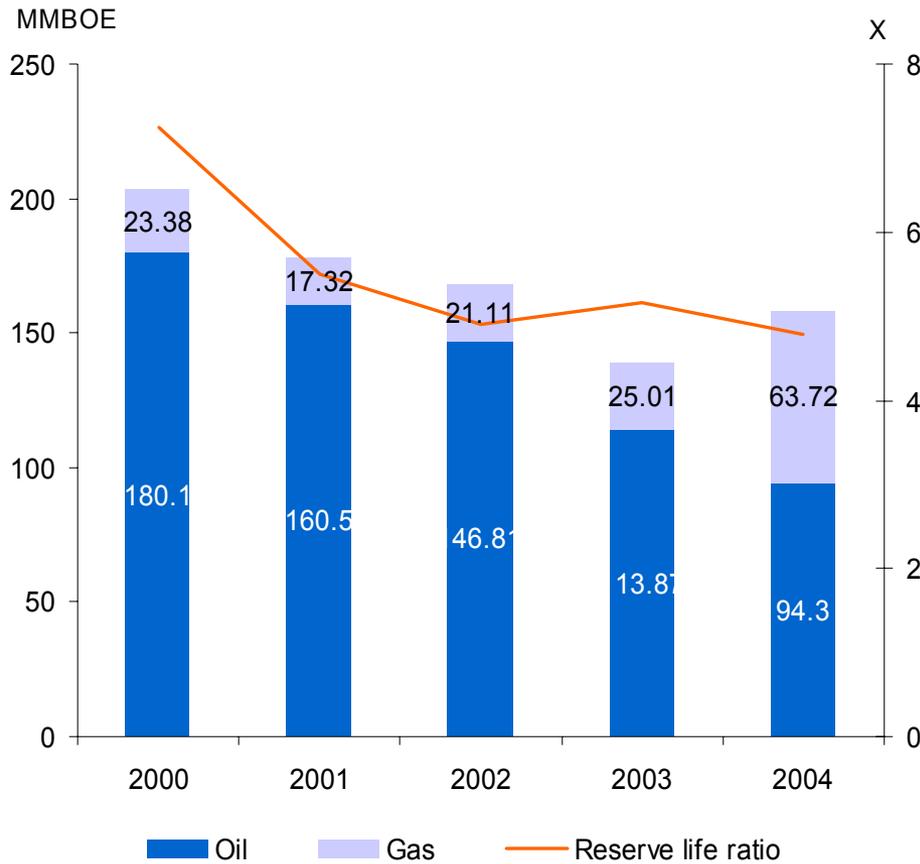
# Strong asset growth



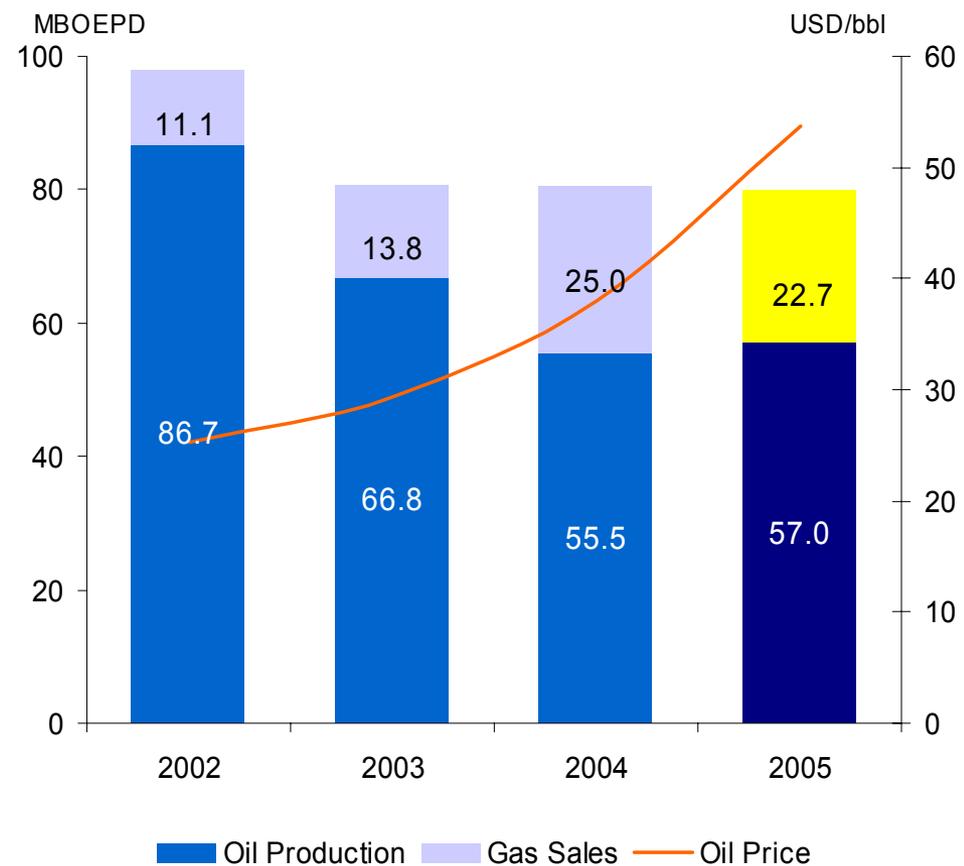
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## Gross Reserves (MMBOE)



## Average daily production (MBOEPD)



Source: Gaffney Cline & Associates (1 January 2005) and in-house estimates

# Offering Summary of Global Depository Receipt (GDR)



MEDCOENERGI

<b>Issuer</b>	<ul style="list-style-type: none"><li>● PT Medco Energi Internasional Tbk</li></ul>
<b>Offering Size</b>	<ul style="list-style-type: none"><li>● Approximately US\$300 million with over-allotment option</li></ul>
<b>Type of Security</b>	<ul style="list-style-type: none"><li>● Secondary common shares directly or in the form of global depository shares</li><li>● Each GDS will represent 50 common shares</li></ul>
<b>Selling Shareholder</b>	<ul style="list-style-type: none"><li>● Encore International Limited</li></ul>
<b>Offering Structure</b>	<ul style="list-style-type: none"><li>● Europe/Asia: Reg S</li><li>● US: 144A (QIBs only)</li><li>● Domestic: Institutional</li></ul>
<b>Listing</b>	<ul style="list-style-type: none"><li>● Luxembourg Stock Exchange</li><li>● IOB System of the London Stock Exchange</li><li>● PORTAL Market of NASDAQ</li></ul>
<b>Lock-up Period</b>	<ul style="list-style-type: none"><li>● 90 days after the Closing Date (August 3, 2005)</li></ul>
<b>Joint Bookrunners</b>	<ul style="list-style-type: none"><li>● Merrill Lynch International</li><li>● Credit Suisse First Boston</li><li>● UOB</li></ul>

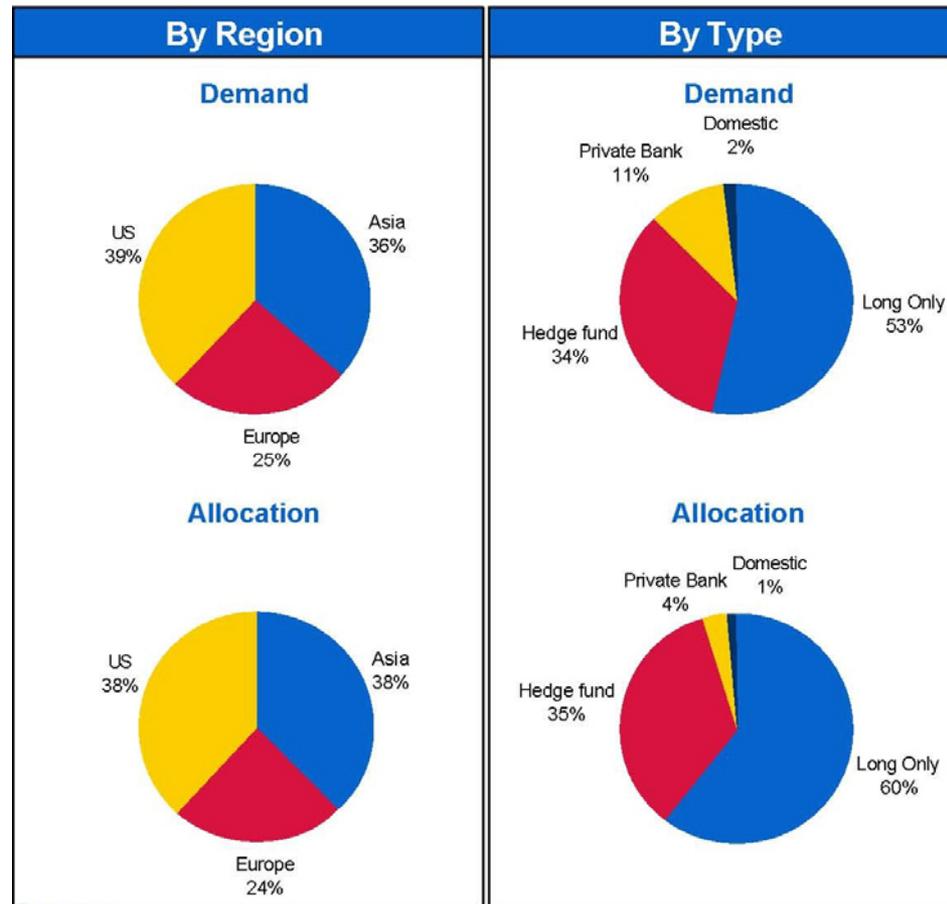
# Offering Summary of Global Depository Receipt (GDR) - continue



MEDCOENERGI

- Largest Corporate equity issuance in Indonesia since the 1997 crisis
- Total gross order of US\$ 846 million (3-times oversubscribe), involving 119 investors from:
  - USA 39%
  - Asia 31%
  - Europe 25%
- Approximately 25% investors are “first-timers” in Indonesia

## Demand & Allocation Breakdown



This document contains certain financial conditions and results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by their nature, involve risks and uncertainties that could cause actual results and development to differ materially from those expressed or implied in these statements. PT MEDCO ENERGI INTERNASIONAL TBK. does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.