



MEDCOENERGI

Investor Update

PT Medco Energi Internasional Tbk.

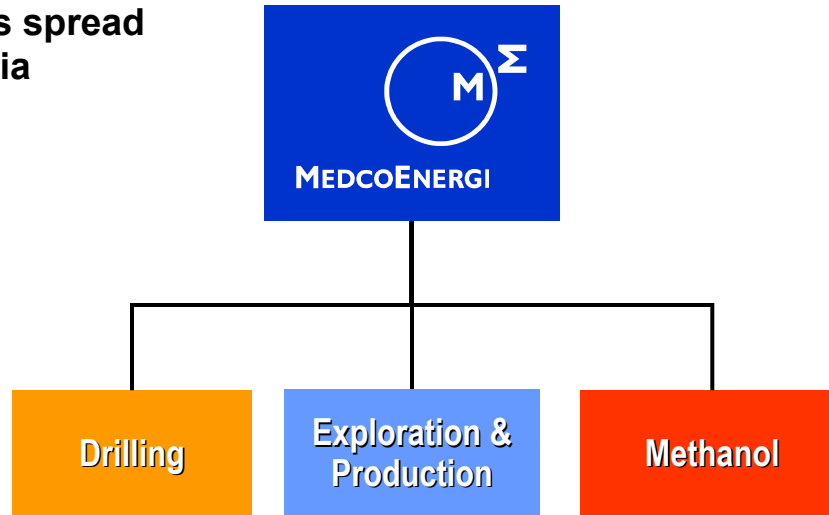
Jakarta, February 2005

Energy from Nature. For Nature

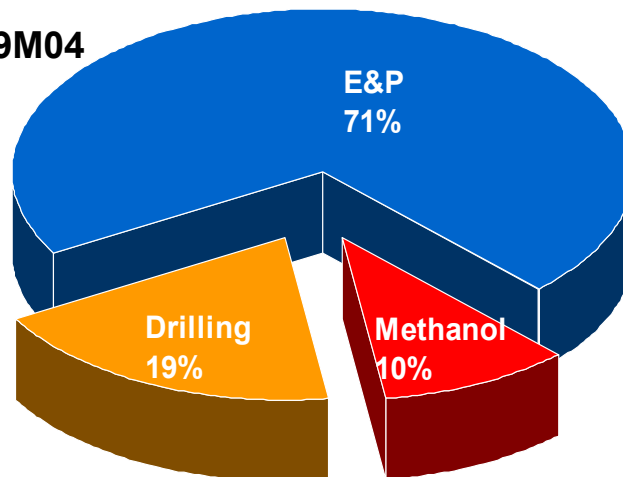
This document contains certain financial conditions and results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by 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.

Introduction

Strategic assets spread across Indonesia



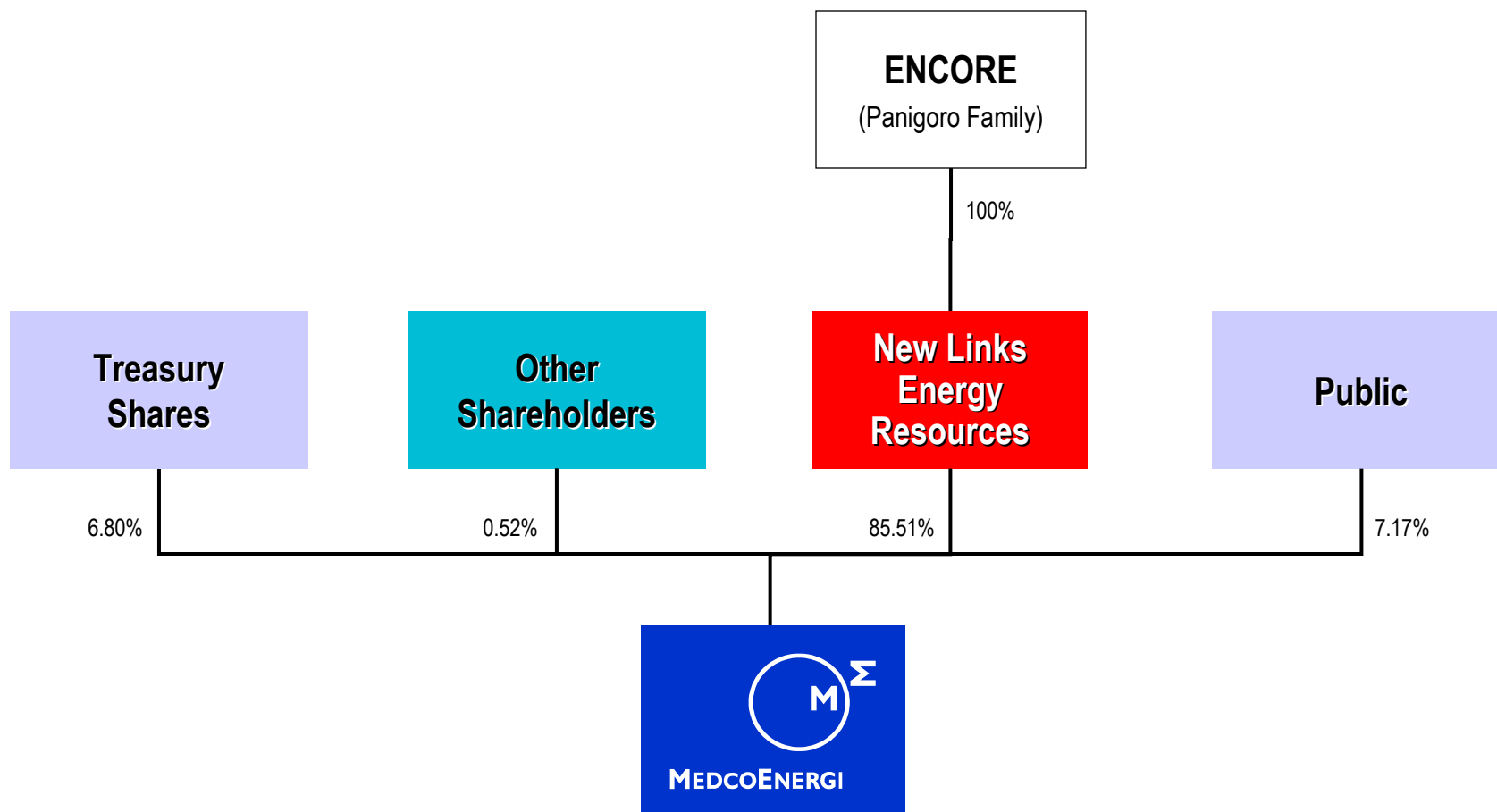
Revenue Breakdown 9M04



- E&P focused company, supported by onshore and offshore drilling operations, expanding to power opportunities
- Independent integrated energy company in Indonesia
 - 1P ~ 170 mmboe*
 - 2P ~ 370 mmboe*
- Strong balance sheet and cashflows
- Rated above the sovereign by S&P
 - B+ (S&P)
 - B2 (Moody's)
 - AA- (Pefindo)

*In-house estimate

Ownership Structure



Note: as of February 18, 2004

Advisors		Commissioners	
Ismail Saleh		President Commissioner	John Sadrak Karamoy
Arifin Panigoro		Commissioner	Yani Yuhani Rodyat
Subroto		Commissioner	Suwit Pitchart *
Directors		Commissioner	Maroot Mrigadat*
CEO	Hilmi Panigoro	Commissioner	Andrew Gerard Purcell*
CFO	Sugiharto*	Commissioner	Retno Dewi Z. Arifin
COO	Rashid I. Mangunkusumo	Commissioner	Gustiaman Deru*
CPO	Yongyosh Krongphanich*	Commissioner	Sudono N.S

* Planned changes as a result of resignation and changes of shareholder structure.

Medco's corporate strategy is delivered through well defined business strategies developed at the four business units

Exploration & Production

- Replace, add and grow reserves through exploration and acquisition.
- Exploration within producing blocks.
- Optimize productivity: Convert exploration success to fast track development.
- Monetize large uncommitted gas reserves through aggressive marketing effort.

Drilling

- Continue to capitalize on competitive advantage as low-cost niche player.
- Consolidate on-shore and off-shore operations.
- Continue expanding in offshore drilling activities.

Petrochemicals

- Increase productivity and utilization rates.
- Selectively explore diversification opportunities in gas-based petrochemical sector to create market for Medco's significant gas reserves.
- Capitalize on new LPG plant on stream 2004.

Power

- Gas to Power!
- Continue to develop small to medium size power plants (<200MW). Expand Batam from Simple Cycle to Combined Cycle.
- Develop Power Plant Service capabilities. Operating Services Group that will compliment power plant asset.

Major Recent Activities



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Novus

- Successful **acquisition of Novus Petroleum Ltd** in July 2004. **Booked additional 1P* reserves of 46.7 mmboe**, after asset sales.

* In-house company estimates

Jeruk Prospect

- **Potentially large oil discovery**; Jeruk-2 appraisal well encounters ~ 380 m oil column. Flow rate of 7,488 bopd from DST-1 of Jeruk-2.

Gas Contracts

- Signed HOA to supply **100 mmcf** gas sales to **Krakatau Steel** (Lematang) starting in 2006.
- Signed MoU for **100 mmcf** of gas sales to **PGN** for 15 years starting in 2006 (Lematang).
- Signed MoU for **20 mmcf** of gas sales to the **PLTG** Sebaya plant (Madura).

Langsa

- Oil fields reactivation, **up to 6,000 bopd production** starting 1Q05.

Oman

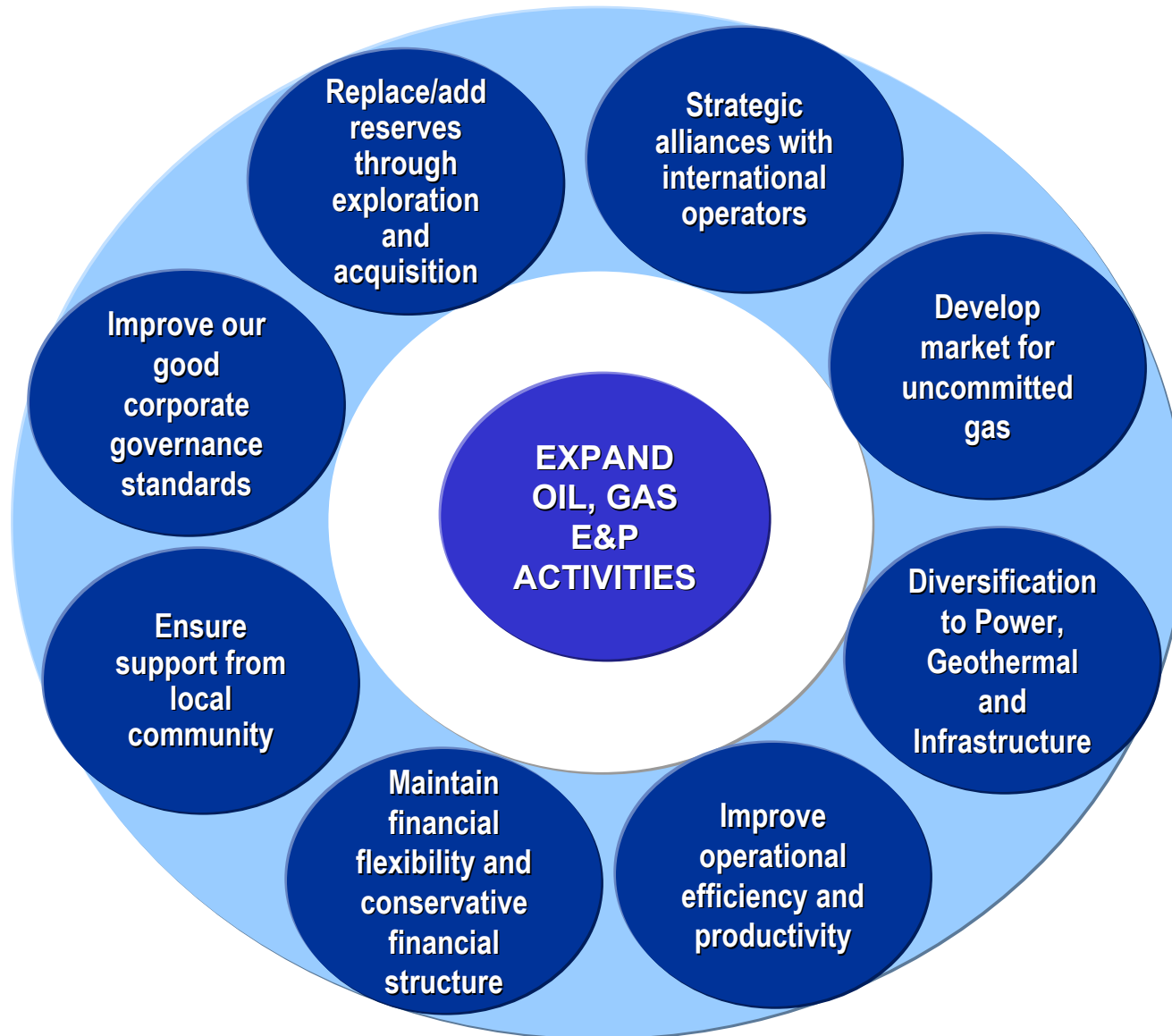
- **Signed GSA** with Ras Al Khaimah's Gas Commission, February 2005, to supply gas from West Bukha field.

Power

- Inaugurate **Batam Gas-powered Power Plant**, capacity of 55 MWatt, in October 2004.

Libya

- January 2005, a 50:50 joint venture with Verenex Energy Inc. in **bidding oil and gas acreage of Area 47, Libya**.



E&P

- Indonesia new venture opportunities
- Overseas expansion to hydrocarbon rich Middle East and North Africa (Libya)

Power

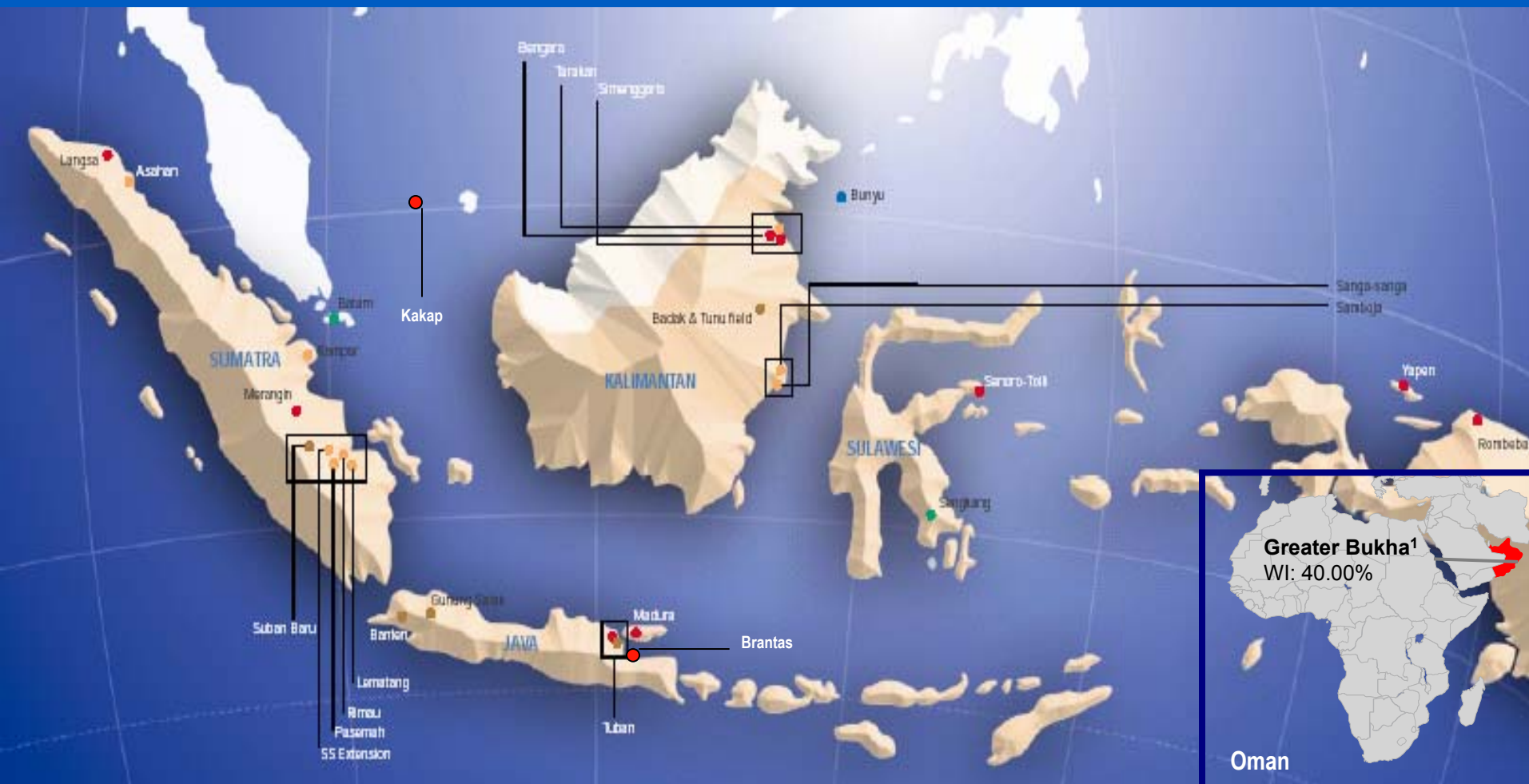
- In 2004 Medco Energi ventured to the Power sector to create market for the Company's significant gas reserves and to seize opportunities in the growing Indonesian power sector
- Geothermal power opportunities

Energy Infrastructure

- Pipeline
- Distribution

Operational Highlights

OPERATION HIGHLIGHTS	FY04	FY03	Δ%
Oil PRODUCTION / BOPD (MEPI)	54,000	69,000	-21
Oil / BOPD (Ex-Novus)	3,370	0	N/A
Gas Sales /MMCFD (MEPI)	106.7	87.3	22
Gas Sales /MMCFD (Ex-Novus)	74.5	0	N/A
TOTAL Oil and Gas production (BOEPD)	87,570	78,020	12
Offshore Rig Utilization / %	100	78	28
Onshore Rig Utilization / %	53	57	-7
Methanol Production / MT	237,000	265,500	-10
Methanol Sales / MT	241,000	262,000	-8
Crude Price, USD/barrel	36.78	29.33	25
Methanol Price, USD/MT	230	212	8



MedcoEnergi's E&P assets in Indonesia:

- 9 producing blocks
- 8 exploration blocks
- 1 exploration drilling

MedcoEnergi's exploration assets outside Indonesia (Mid. East):

- 1 producing block
- 3 exploration blocks

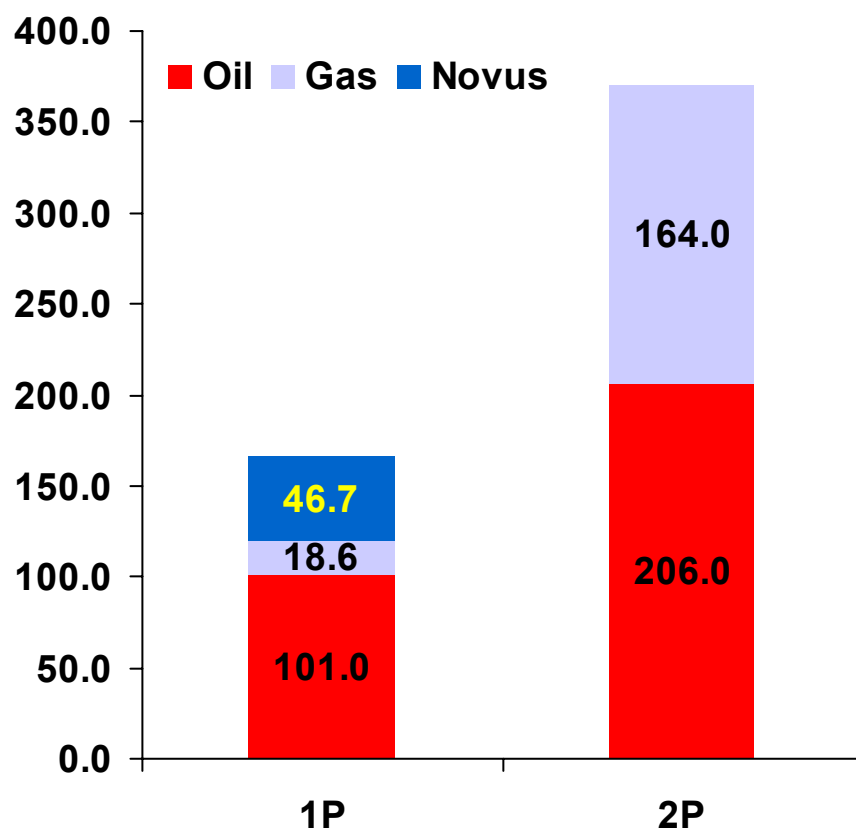
Major assets are:

- Rimau for oil reserves
- Kakap and Brantas gas
- Senoro –Toili and Lematang for gas reserves
- Kampar / Extension for oil reserves

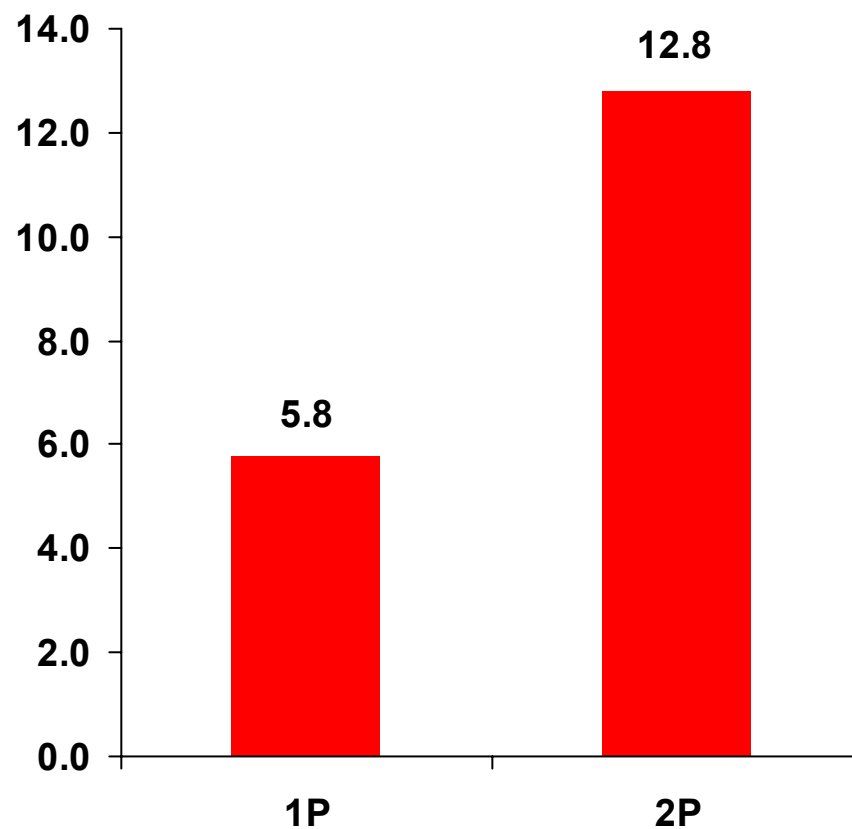
E & P Sizeable and Quality Reserve Portfolio

In-house company estimates

Reserves (mmboe)



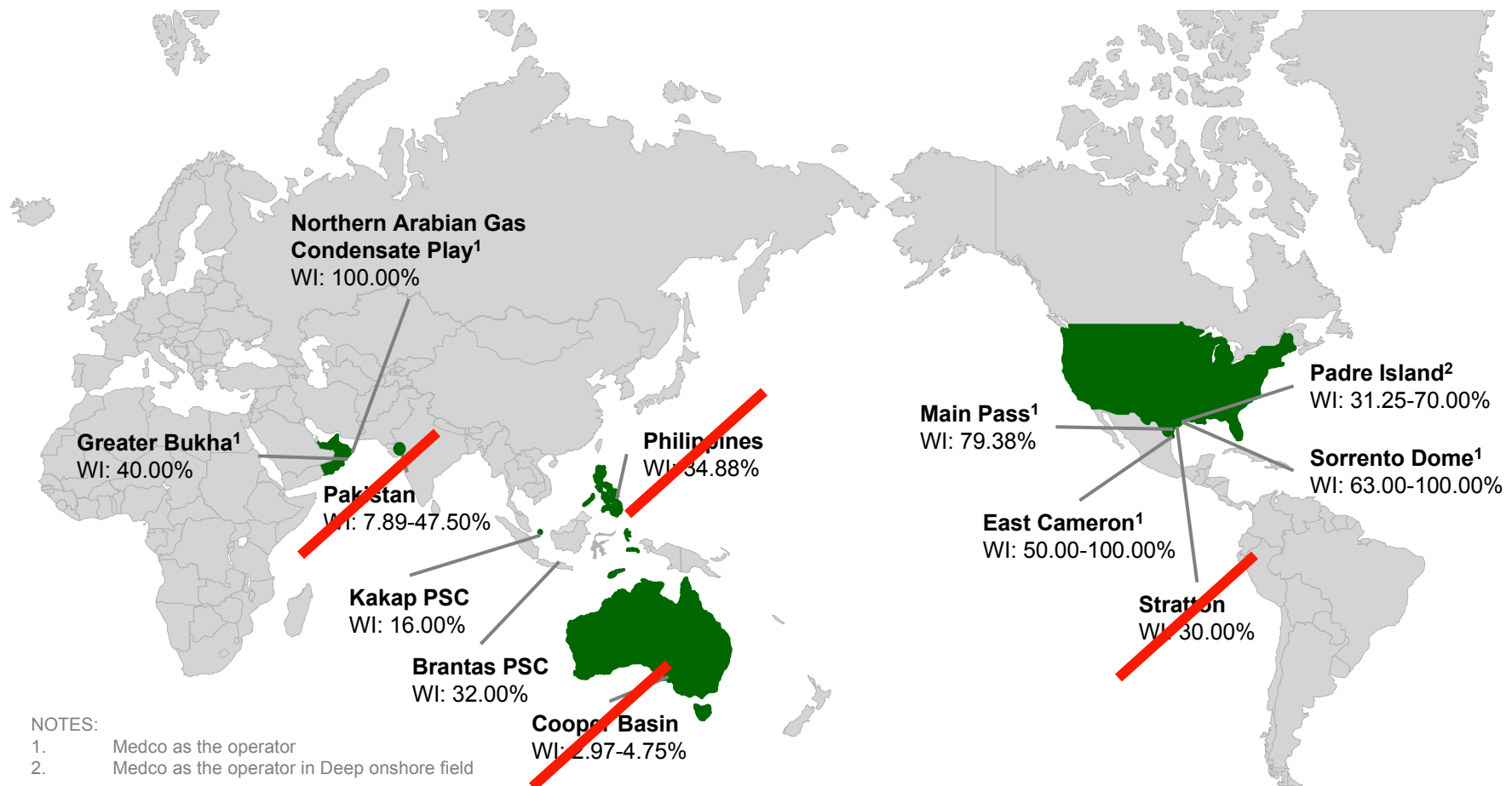
Reserves Life Index (years)



Asset Sales (ex Novus)



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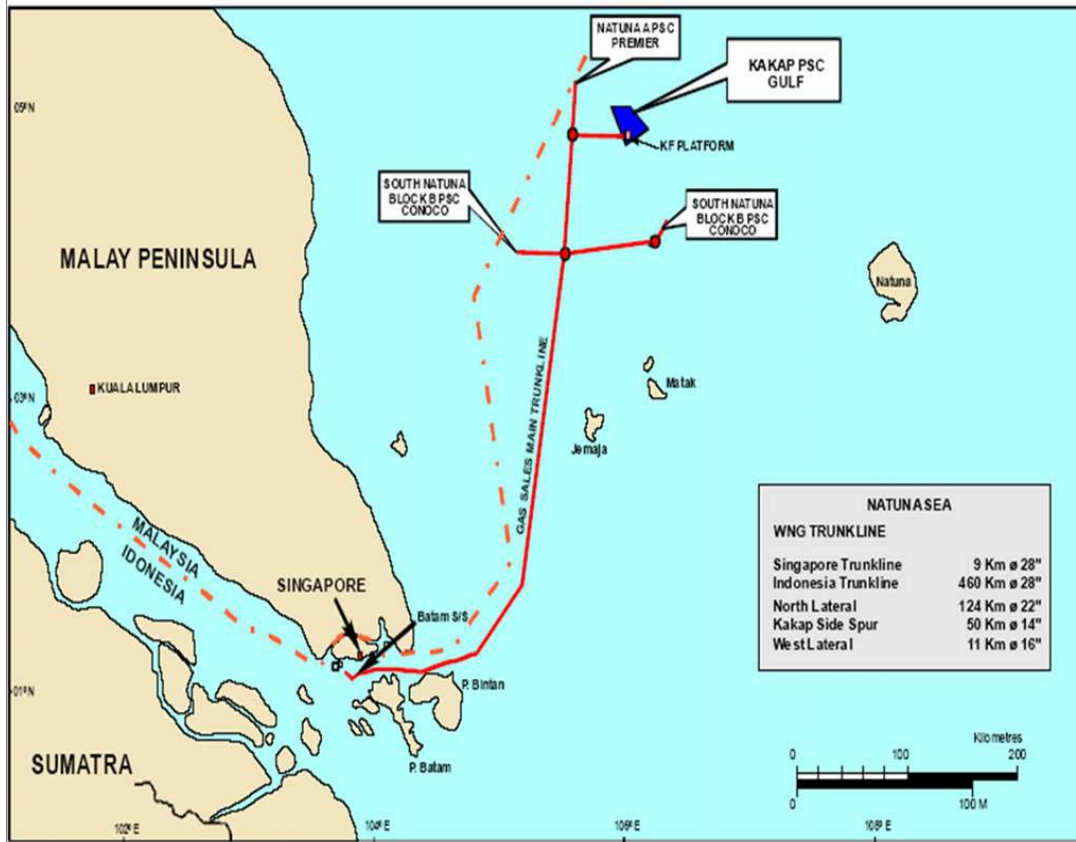


- On September 15, 2004 – EGM approved sales of Ex-Novus Assets.
- Whole Australian Assets and 36% of Indonesian Assets (Kakap PSC and Brantas PSC) are sold to Santos valued at USD 110 million. Received partial payment from Santos in December of USD 97.9 million.
- Appointed CSFB as advisor for sales of the US Assets. Expected to be concluded by 1H05.
- Sold Stratton gas field (one of five US Assets) worth USD 45 million.

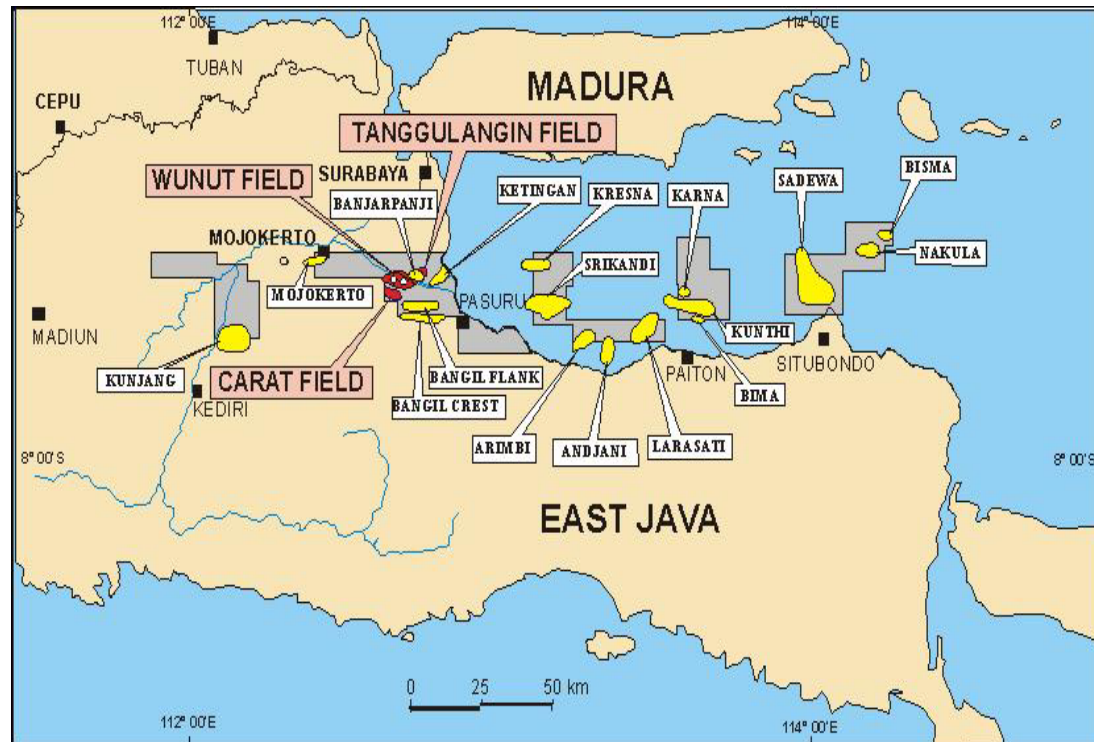
Kakap Update



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- Operated by Star Energy
- Net Working Interest average daily production as of end 2005:
 - Gas **11.51 MMCFD**
 - Oil **1,569 BOPD**



- Operated by Lapindo (ENRG)
- Net Working Interest average daily production as of end 2005 is **23.57 MMCFD**.
- Compressors are being installed to improve deliverability.
- Small oil discovery in Tanggulangin gas-field being appraised.
- Drilled Carat-2 well, awaiting testing and result,

Brantas

- Operated by ENRG (Energi Mega Persada)
- Completed Wunut-2 well, plug and abandoned
- Tanggulangin-3 tested 776 barrel of oil per day
- Drilled Carat-2 exploration well depth 1,149 m, waiting further evaluation and testing

Senoro-Toili

- Tiaka oil field development wells for long term production testing (scheduled to go Onstream by 2H05)
- Continued infrastructure development activities to support E&P programs

Simenggaris

- Prepared exploration drilling program
- Gas prone block, with potential power market for PLN

Bengara

- Completed acquisition and processing of 274 kms seismic data
- Gas prone block

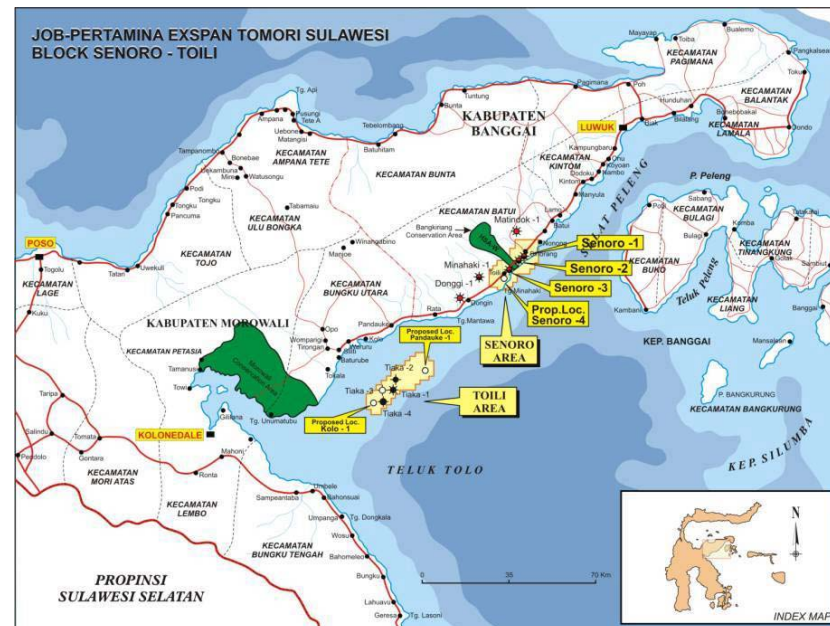
Madura

- Drilled Sebaya-2 delineation well, depth 1,894 m. Continue drilling
- Reprocesses 8 seismic lines
- Gas prone province. Nearby markets in East Java industrial complexes

Lematang

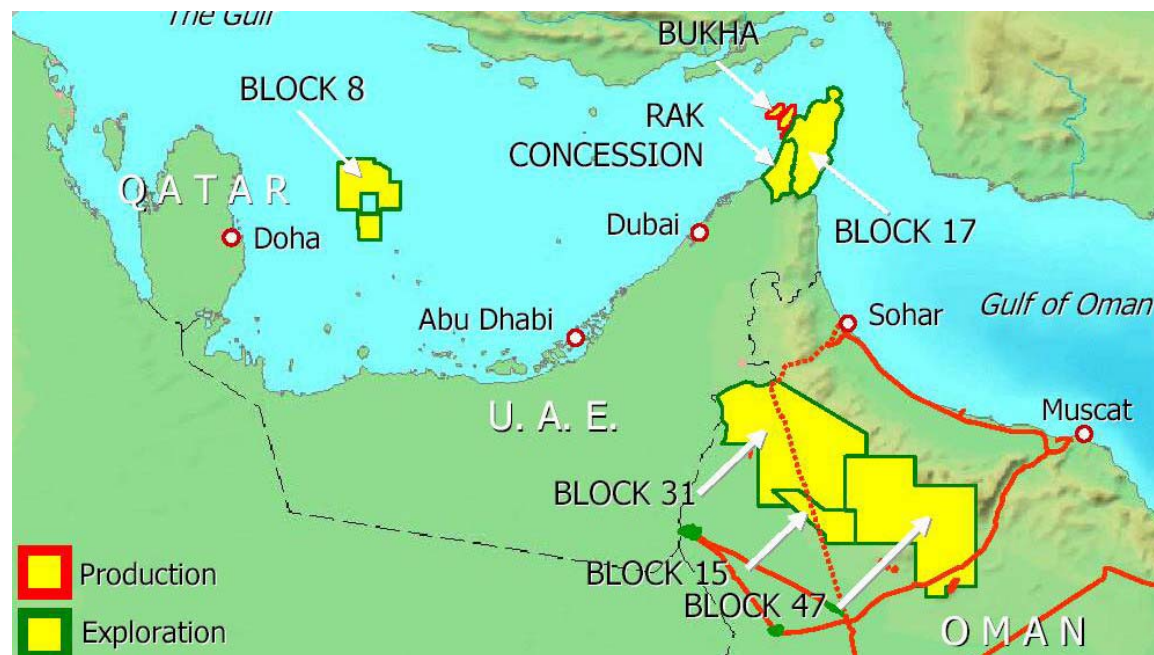
- Banteng-1 plugged and abandoned (Dryhole)

- Medco has taken a pro-active approach in commercializing its significant gas reserves. The Company is working together with downstream investors to secure long term contracts for its natural gas, especially the 2P reserves of 1.5 Tcf at Senoro field in Central Sulawesi.
- Tiaka oil field currently in development. Expected to go onstream by 1H05 with production rate ~ 6,000 bopd.



Options	Status
1. Methanol	Study for Methanol Plant in Senoro with capacity of 3000 ton per day – utilizing gas of 100 mmcfd
2. Mini LNG	Study for mini LNG plant with capacity of 1.4 million tons per year – utilizing gas ~ 150 mmcfd
3. Gas pipeline	Study of gas sales to nearby mining companies, eg. INCO – utilizing gas from 50 – 150 mmcfd

- Medco holds 40% interest in the Bukha field Oman, consisting of 4 blocks, and 100% interest in the Northern Arabian Gas Condensate Play (NAGP) exploration block in the UAE
- On February 7, 2005, Medco signed GSA with RAK Gas to supply gas from West Bukha field



Batam Gas-powered Plant



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- ◆ PLN Batam has installed capacity of 170 MW. All power generators running on diesel fuel – expensive production cost
- ◆ Electricity demand is growing on average of 20% per annum – Batam is the highest electricity growth in the nation
- ◆ Diesel subsidy is no longer available (high production cost), in need of fuel diversification for future efficient power generators



Batam Gas-powered Plant

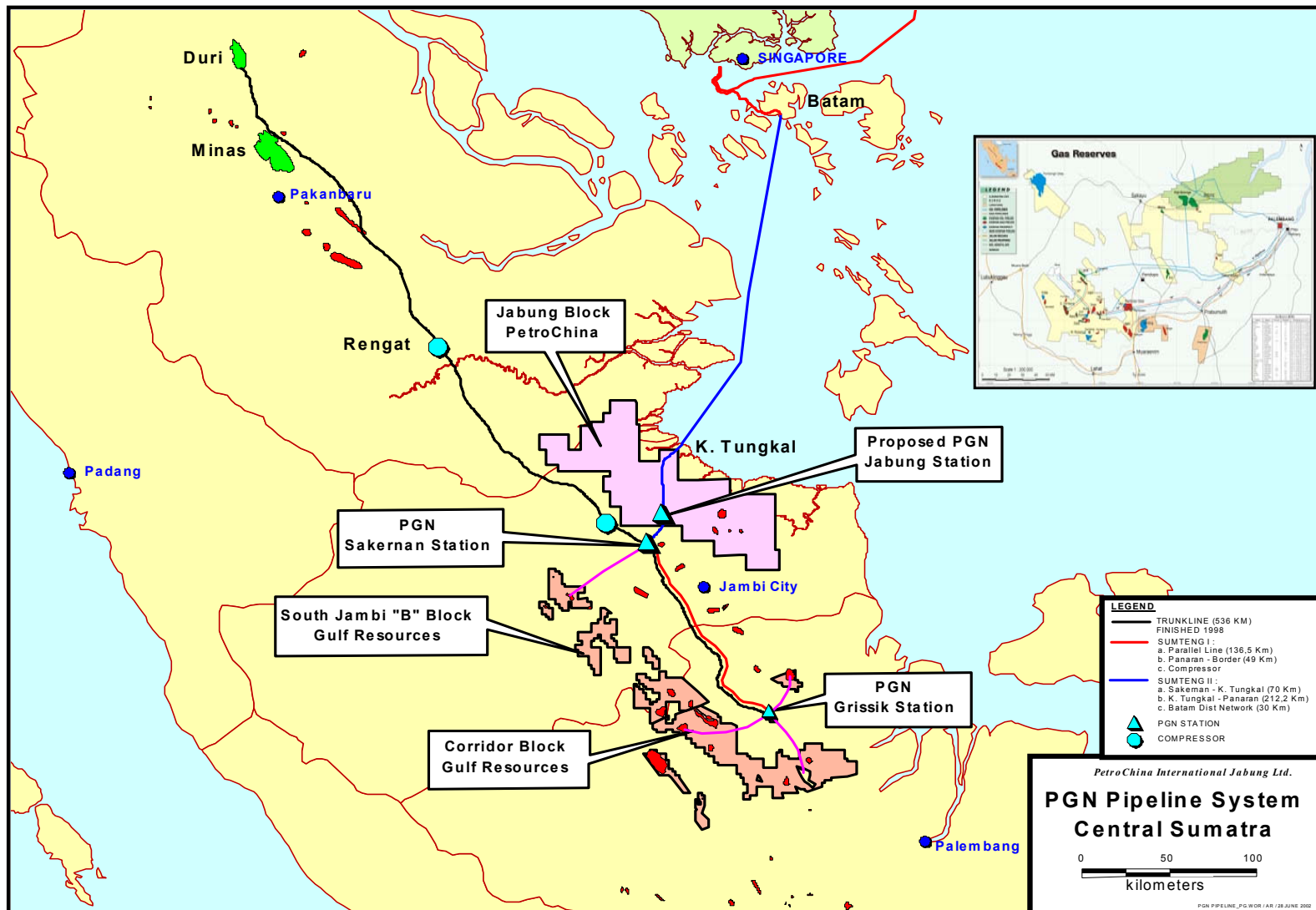


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- Location : Batam, Riau
- Joint venture with YPK PLN / PLN
- MedcoEnergi ownership : 54%
- Inaugurated and operational in October 2004 with total investment of USD 30 M
- Initial capacity : 55 MW
- Price : Rp 197 / kwh
- Buyer : PLN Batam
- Term of contract : 12 years



Power – Sumatran Gas Opportunity



50 – 70 MMSCFD Gas Opportunity to Batam from Lematang Block over the Next 5 yrs

- Located in Musi Banyuasin, South Sumatra.
- Ownership 100%.
- Operational since 1Q04 with total investment of USD 22 million.
- Production capacity ~ 200 mt/d LPG, 400 bbl/d Condensate, 12 mmscfd Lean Gas
- Quantity of utilized Flared Gas ~ 20 mmscfd
- Buyer :
 - LPG – Pertamina
 - Lean Gas – PLN
 - Condensate - Pertamina



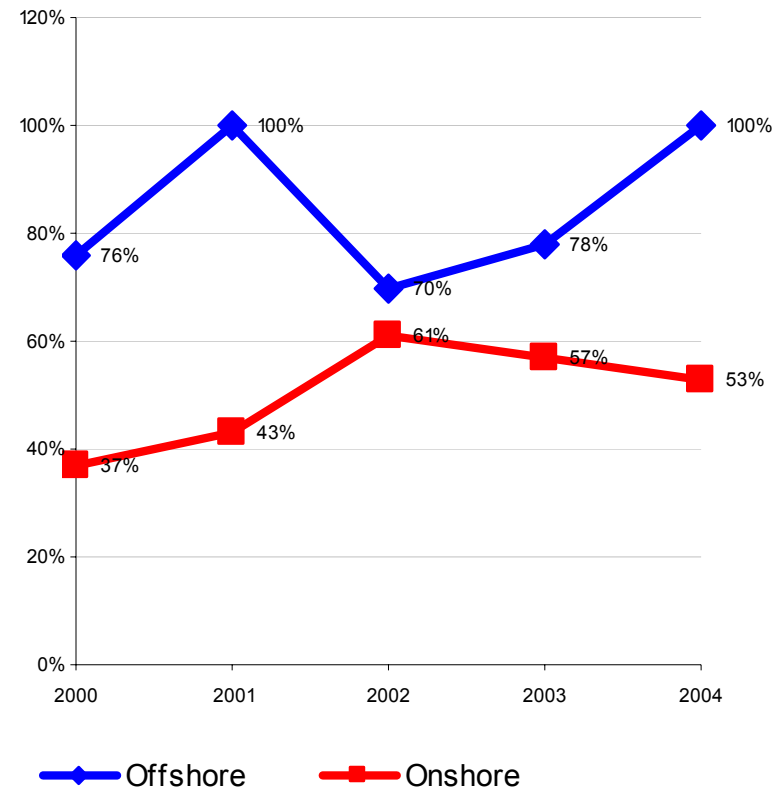


78%

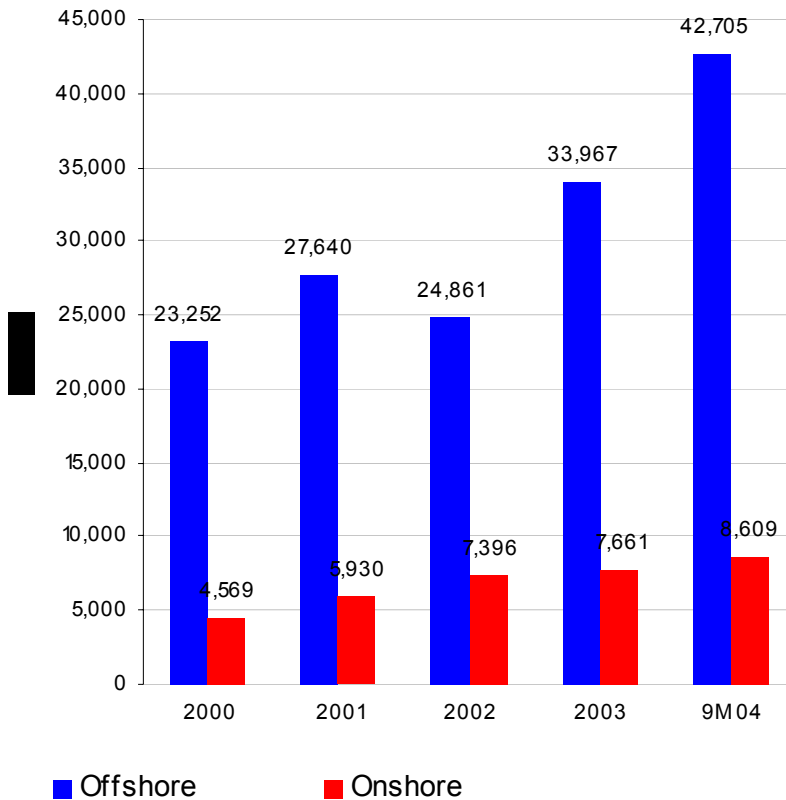
PT Apexindo Pratama Duta Tbk. (onshore / offshore drilling)

- ◆ Incorporated in 1991
- ◆ Operates five offshore rigs
- ◆ Operates 11 onshore rigs
- ◆ Key long term clients like Total ensure high utilisation
- ◆ Revenue of USD74.3 M in 9M04

Average Utilization



Average Daily Revenues

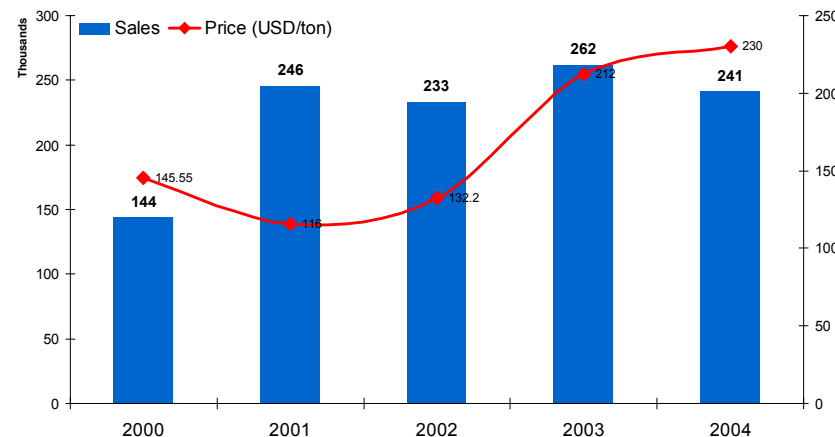


- Revenues are USD based while the bulk of operating cost are Rupiah based (approx. 60%)
- For onshore contracts, drilling services are provided under short-term basis (normally less than 1 year)
- Longer-term (>1 year) typical for offshore contracts

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



Financial Highlights

FINANCIAL HIGHLIGHTS (in million USD)	9M04	9M03	Δ%
Revenue	410.3	345.4	19
Gross Profit	163.0	146.9	11
Income from Operations	117.3	112.9	4
Net Income	44.5	41.4	7
EPS (USD/share)	0.014	0.013	8
Equity	512.5	475.1	8
Total Assets	1,427.7	1,012.2	41

Closing Remarks

Medco is well positioned within the competitive landscape of the Indonesian oil and gas industry

- USD revenues from international offtakers
- Quality reserve portfolio of producing and development assets
- Historically successful acquisition and development strategy
- Domestic operator with experienced management team

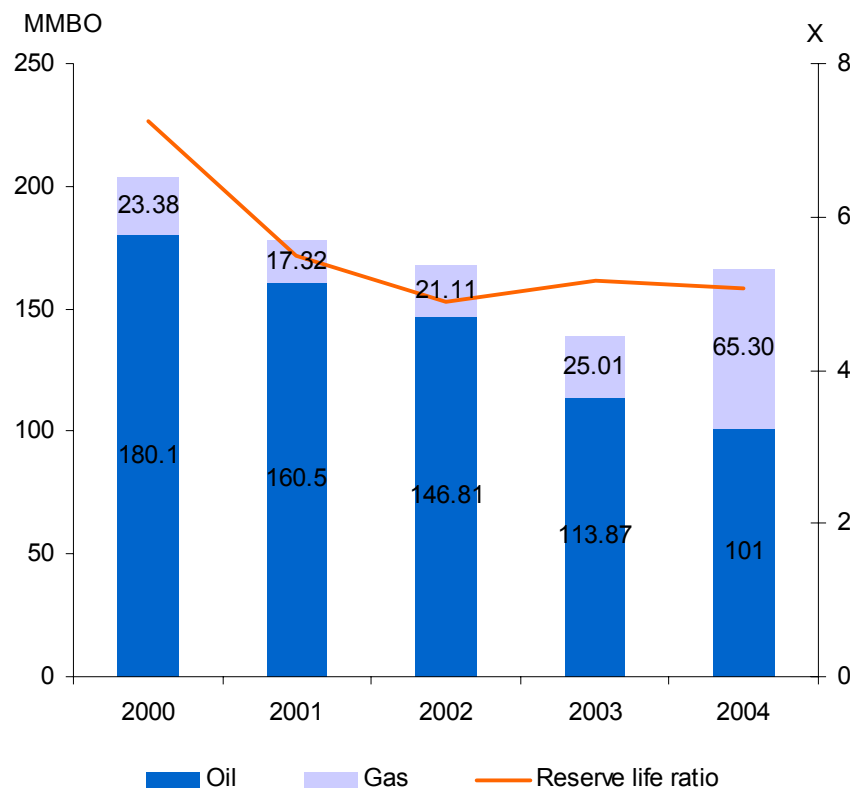
Supplements

E & P Reserves and Production

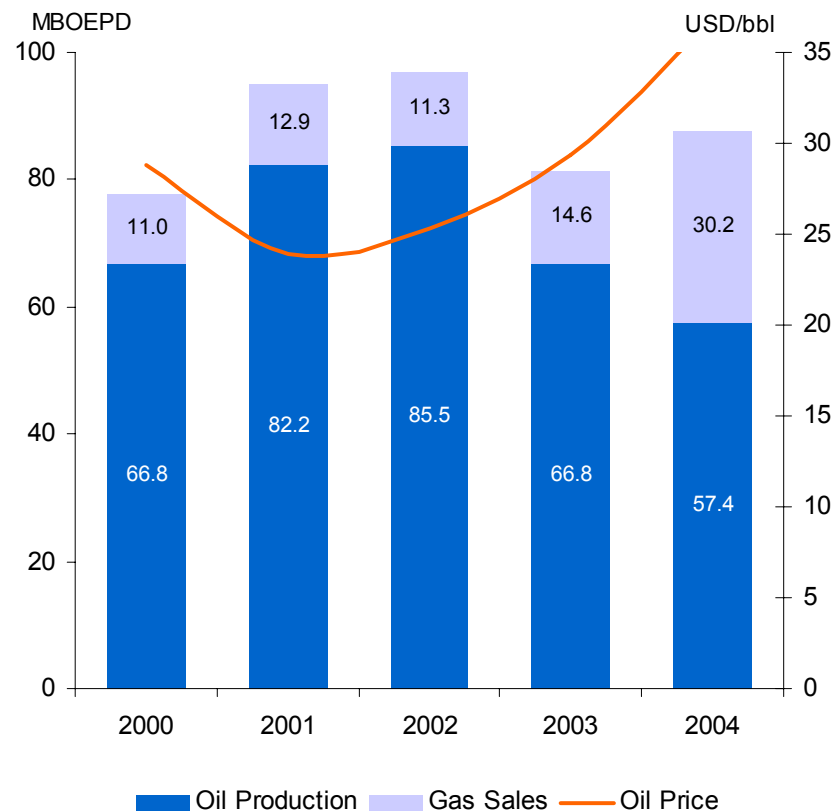


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Gross Reserves (MMBOE)



Average daily production (MBOEPD)

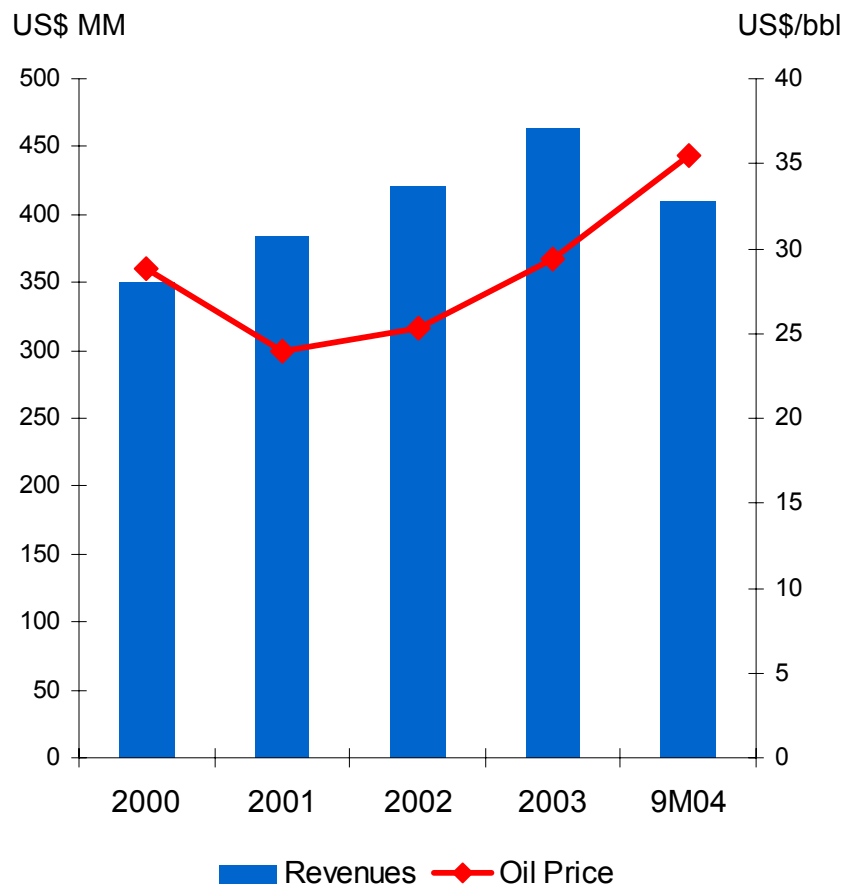


Source: Gaffney Cline & Associates (1 January 2004)

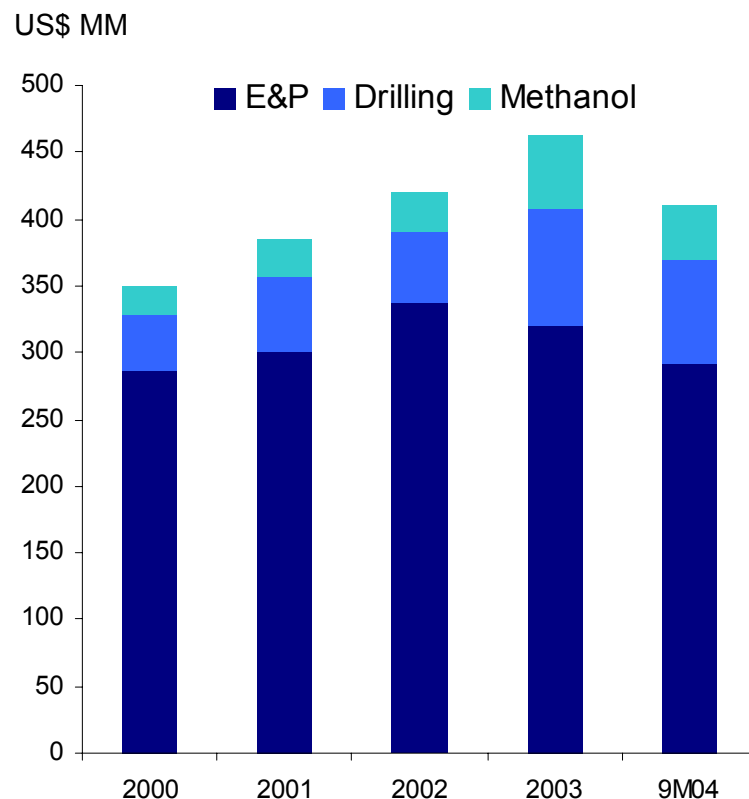
* In-house estimate

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

Revenues



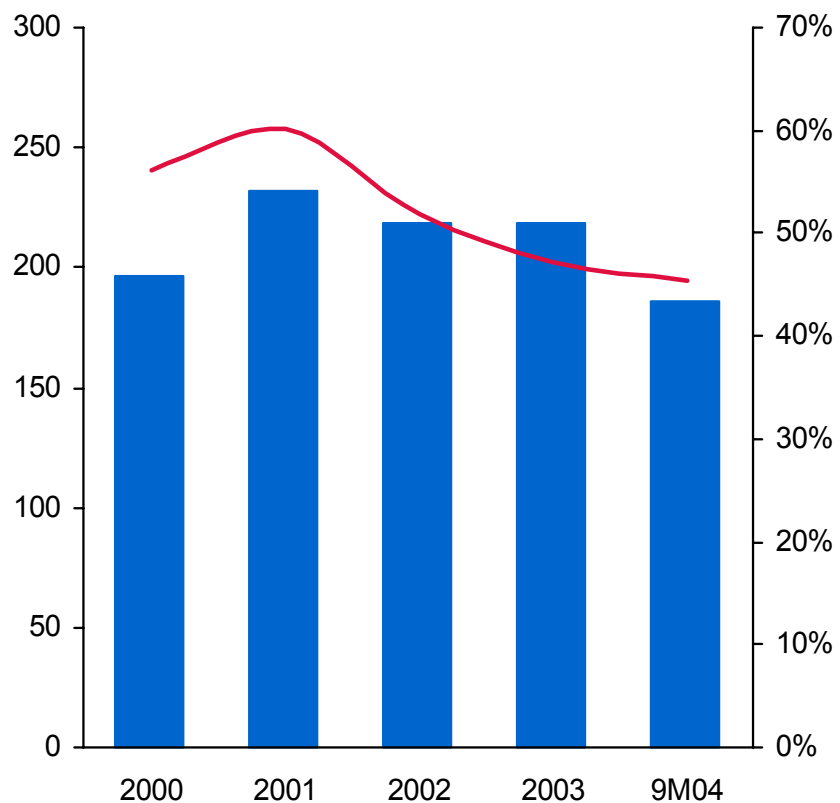
Revenue Contribution



EBITDA

US\$ MM

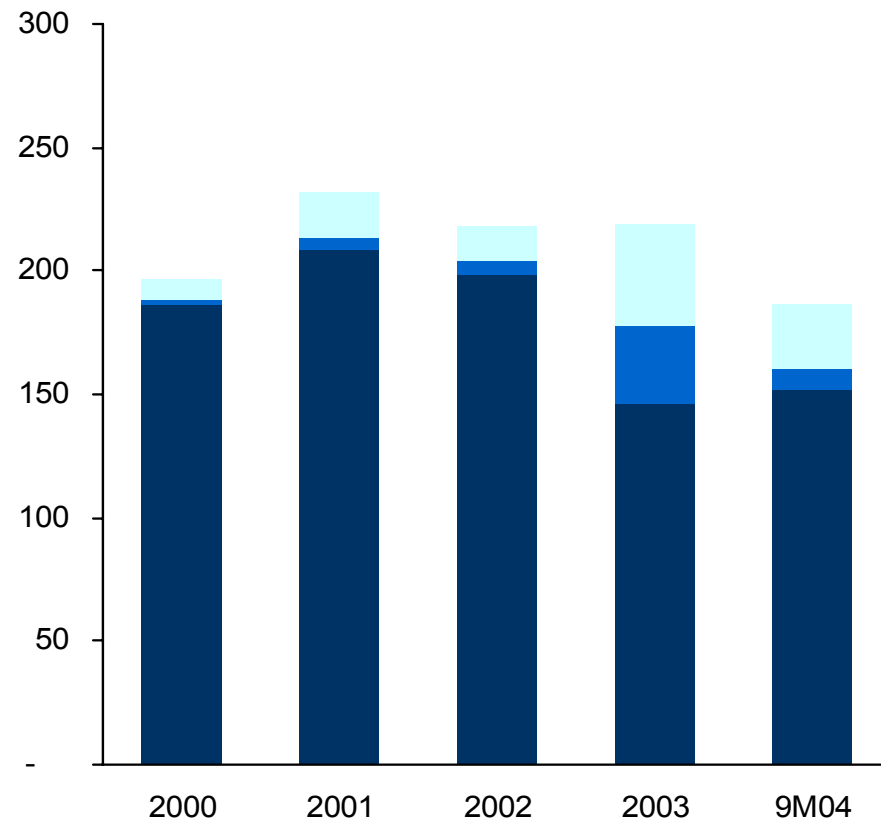
Margin



— EBITDA Margin

EBITDA Contribution

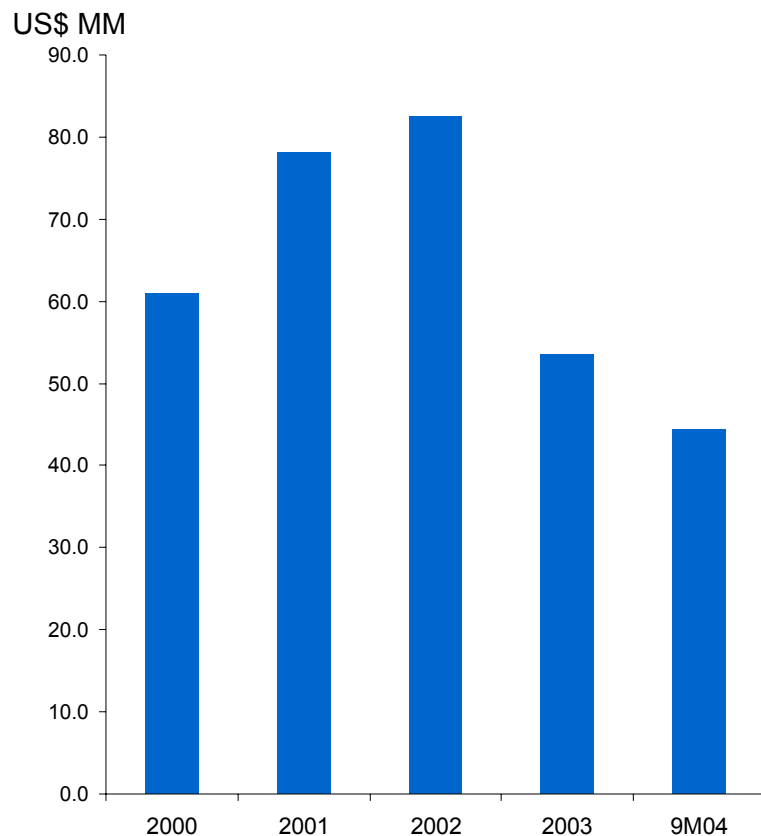
US\$ MM



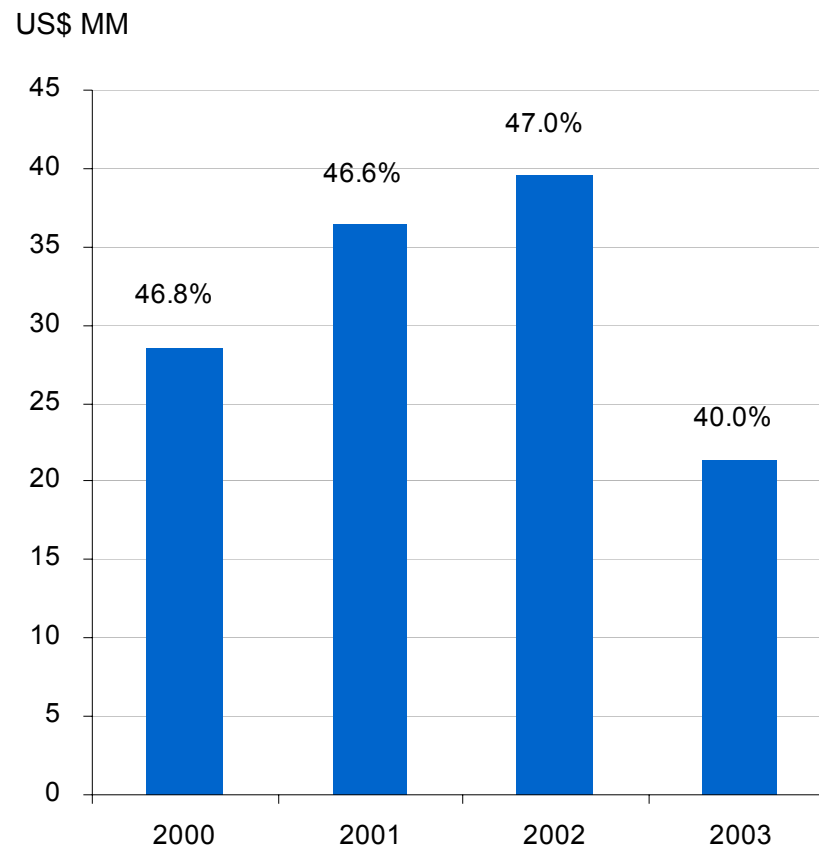
■ E&P ■ Methanol ■ Drilling

Net Profit and Dividends

Net Profit



Dividends and Dividend Payouts



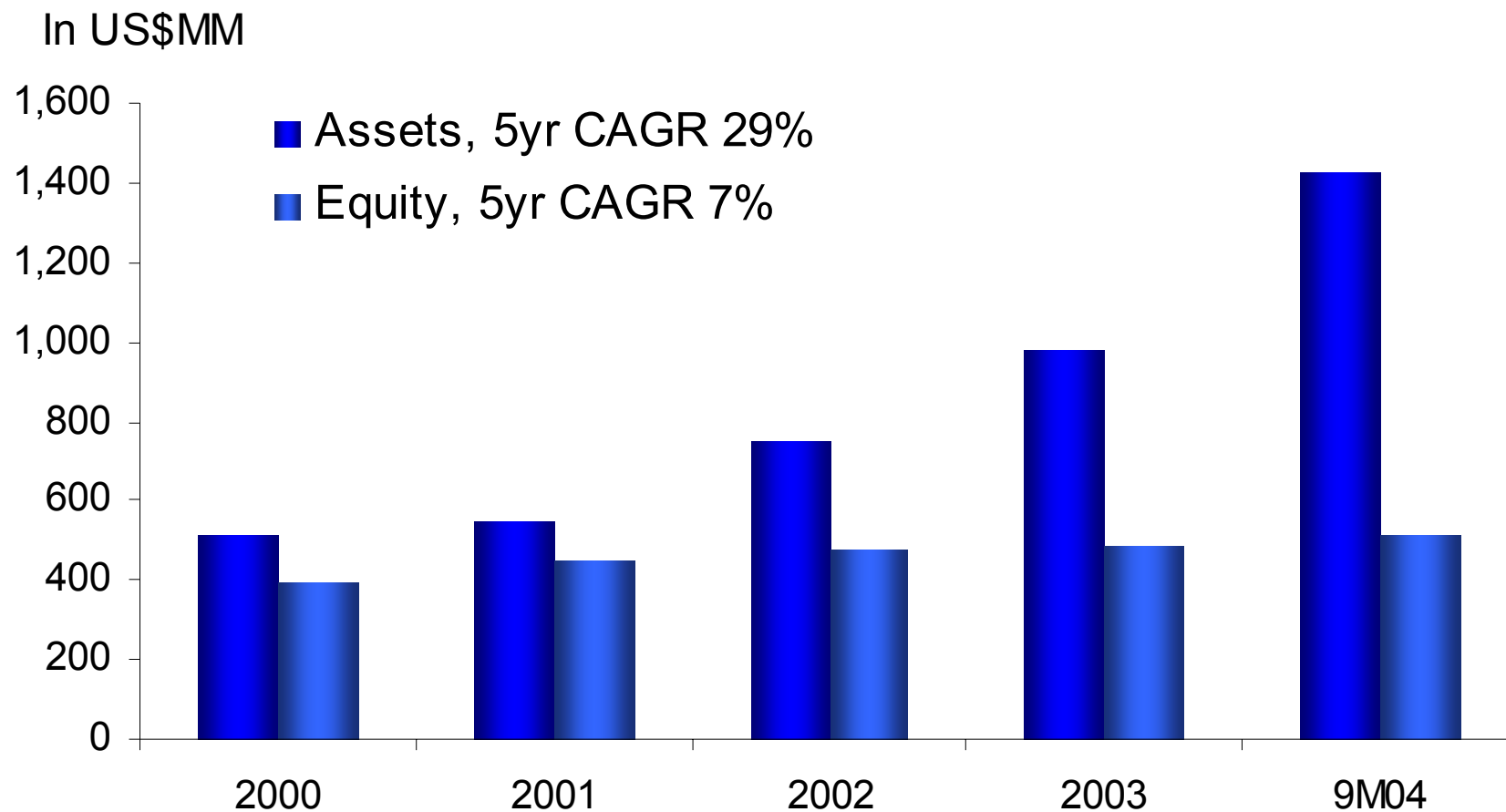
Note: Dividend payout ratio above bars

Exchange rate in 2000 and 2001 used was 1US\$ = Rp8,420

Strong asset growth



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Thank You