

MEDCOENERGI

# Investor Update

Indonesia: Power, Oil & Gas Conference

PT Medco Energi Internasional Tbk.

December 2005

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

Energy Company of Choice

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



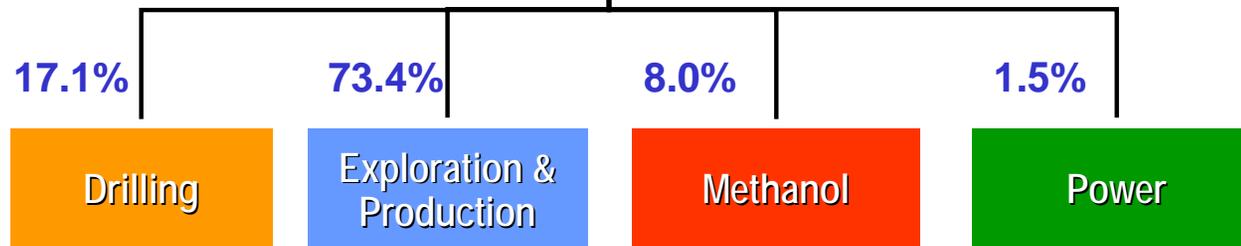
# 1. **Company Overview**

2. 9M05 Financial Highlights
3. 9M05 Operational Highlights
4. 2006 Programs

Strategic assets spread  
across Indonesia



## 9M05 Revenue Contributions

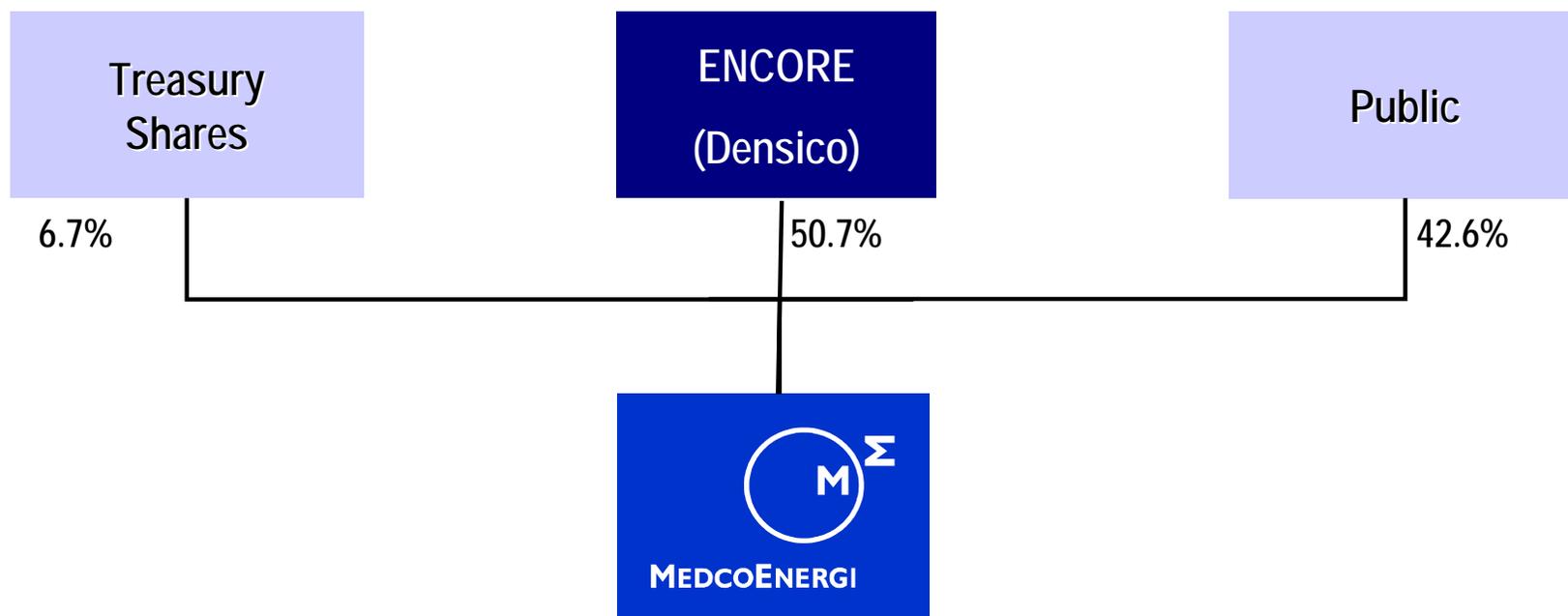


- E&P Oil and Gas focused company, supported by onshore and offshore drilling operations, expanding to power opportunities.
- Medco (MEDC IJ) is listed in JSX and Luxembourg (GDS),
  - Gross 1P reserve – 159.7 MMBOE (59% oil, 41% gas)
  - Gross 2P reserve – 574.0 MMBOE (35% oil, 65% gas)
- Medco's Oil and Gas assets in Indonesia are strategically located to supply growing gas demand.

# Ownership Structure



MEDCOENERGI



Note: as of September 30, 2005

## 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



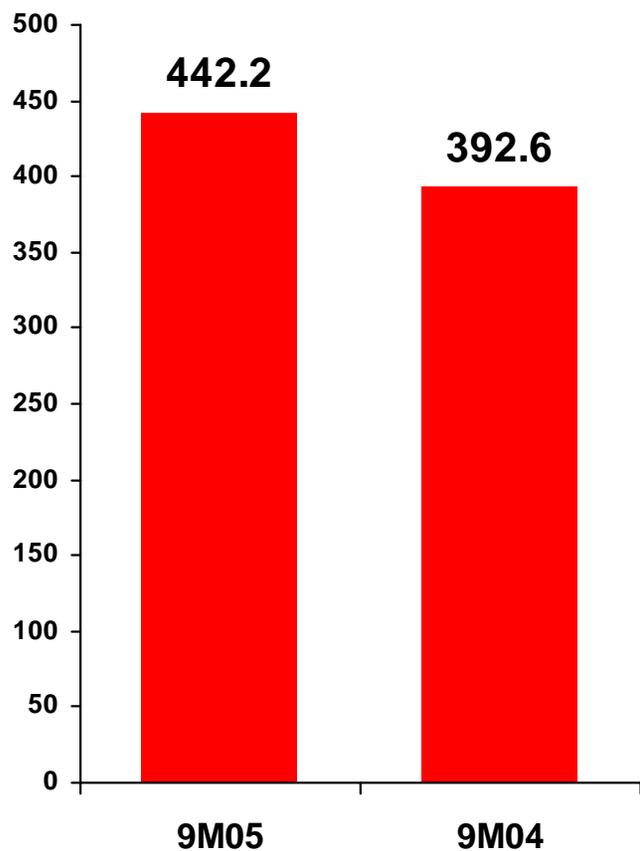
1. Company Overview
- 2. 9M05 Financial Highlights**
3. 9M05 Operational Highlights
4. 2006 Programs

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

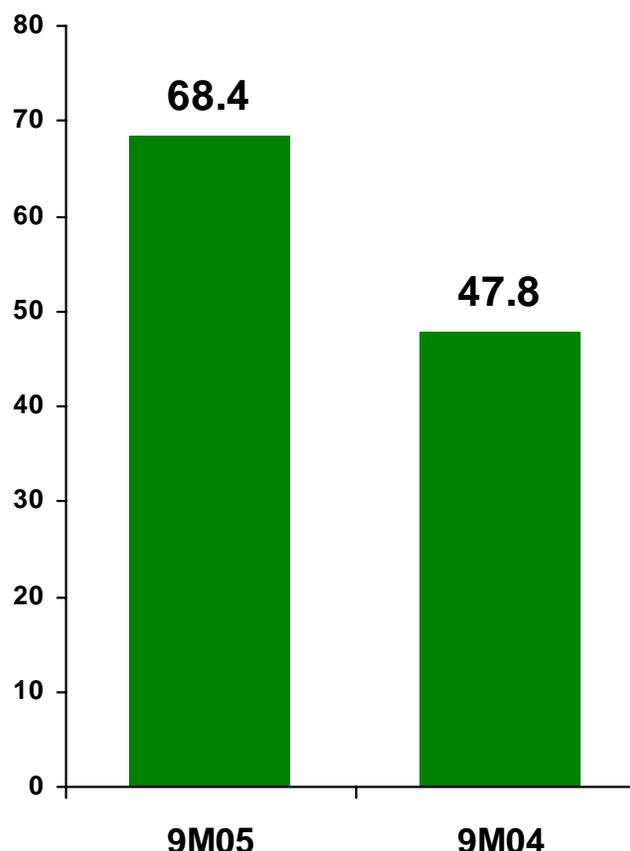


MEDCOENERGI

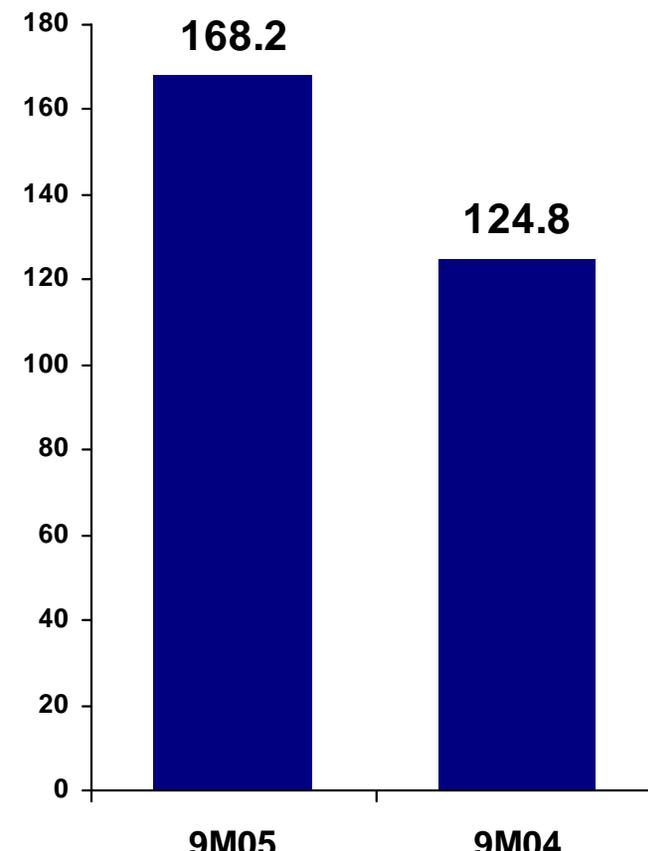
## Revenues



## Net Income



## Cash & Equivalents



EPS (in US dollars)

0.0220

0.0154

- **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.



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

# Oil and Gas Assets Snapshot as of September 30, 2005



MEDCOENERGI



## Medco Energi's E&P assets:

- 14 producing blocks
- 7 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

# 9M05 Operational Highlights



MEDCOENERGI

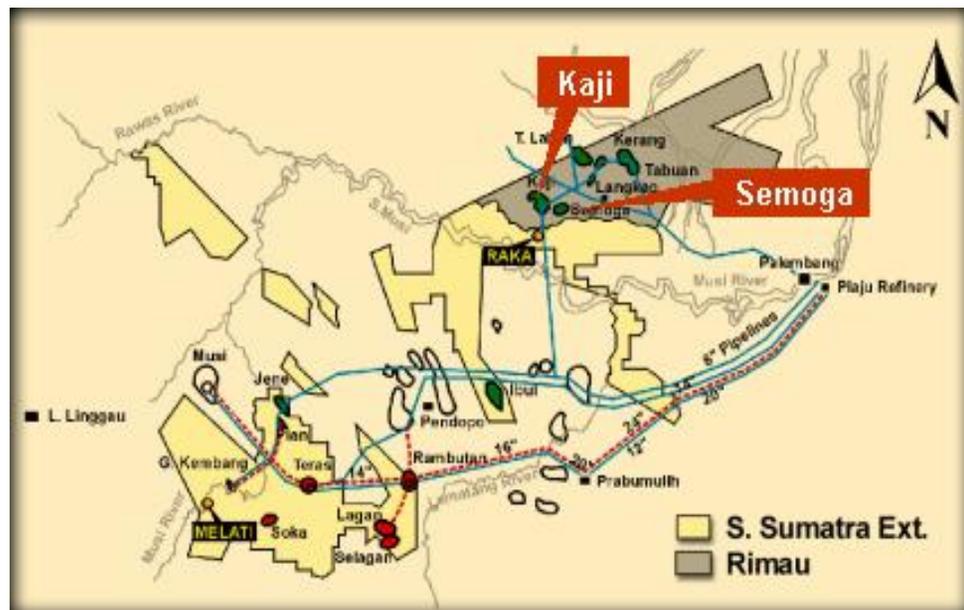
<b>OPERATION HIGHLIGHTS</b>	<b>9M05</b>	<b>9M04</b>	<b>Δ%</b>
Oil Production / BOPD	54,600	57,290	-4.7
Gas Sales / MMCFD	135.8	205.5	-33.9
<b>TOTAL Oil and Gas production (BOEPD)</b>	<b>77.2</b>	<b>91.5</b>	<b>-15.6</b>
Crude Price, USD/barrel	53.33	35.42	50.6
Gas Price, USD/mmbtu	3.25	3.31	-1.8
Offshore Rig Utilization / %	100	100	0
Onshore Rig Utilization / %	46	54	-15.0
Methanol Production / MT	155,000	177,000	-12.0
Methanol Sales / MT	152,000	175,229	-13.3
Methanol Price, USD/MT	233	232	1.0
LPG Delivered / MT*	25,675	12,296	109.0

\* Started production in March 2004

# Rimau PSC – Update



MEDCOENERGI



- Average daily production **33,150 bopd** for 9M05 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 23 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. Cumulative 9M05 production is 25,675 MTON

# Accelerating Senoro's Development



MEDCOENERGI

## Numerous Developments on Senoro

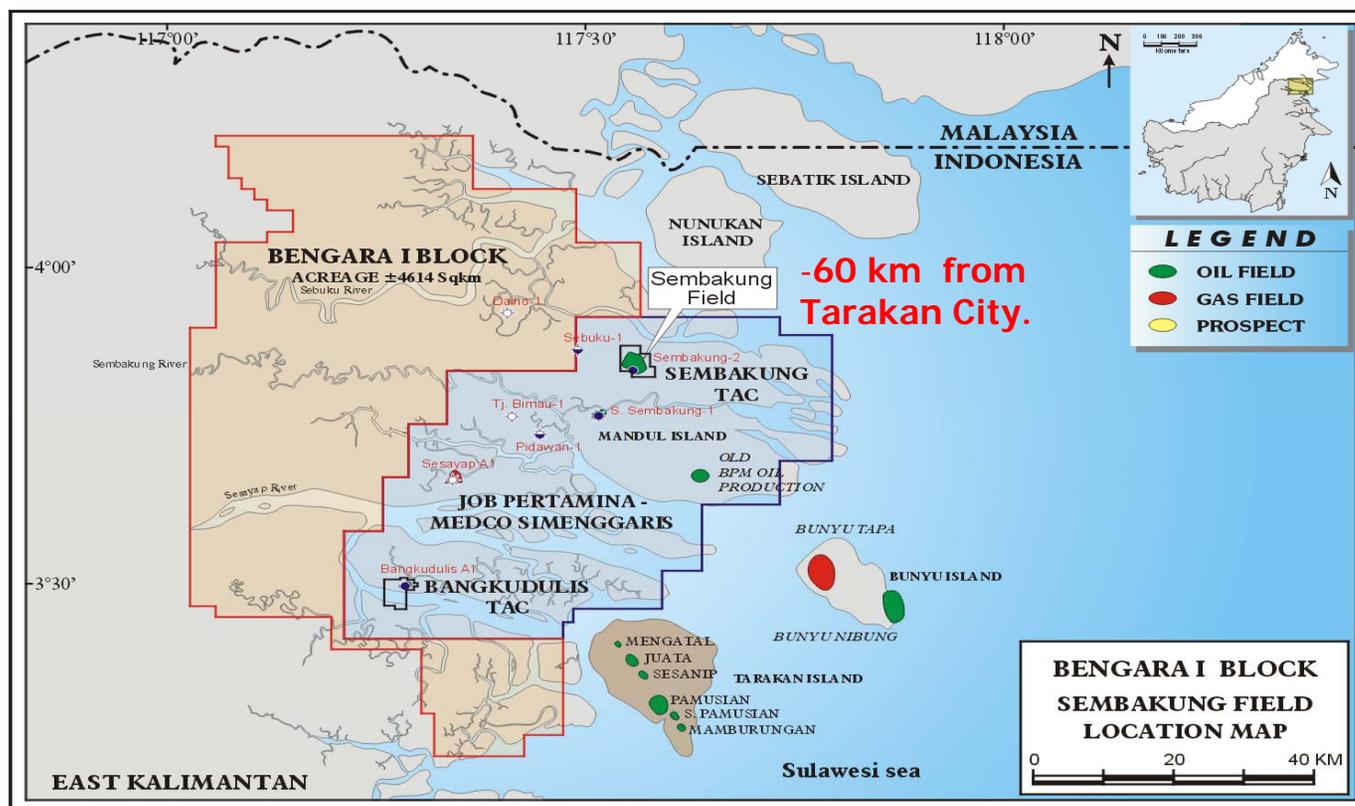
- Tiaka oil field started producing 1,400 BOPD, expected production rate 4,000 BOPD
- Over 2.5 tcf (2P total, 417 mmboe) of natural gas under marketing
- Significant progress in 2005:
  - June: Exclusivity agreement to sale to mini-LNG project of a Australian-listed company (120 mmcf/d)
  - May: Development plan approved in 2005 for up to 230 mmcf/d (Phase I)
  - March: Binding-HOA to supply Ammonia Plant (130 mmcf/d), Panca Amara Utama
- Other options for Phase II:
  - MOU with PGN for East Java, CNG, (100 mmcf/d)
  - CNG to Bali IPP (100 mmcf/d)
  - Direct sales to Inco & Antam Mines (up to ~200 mmcf/d of demand)



# Recent Acquisition – Sembakung TAC



MEDCOENERGI

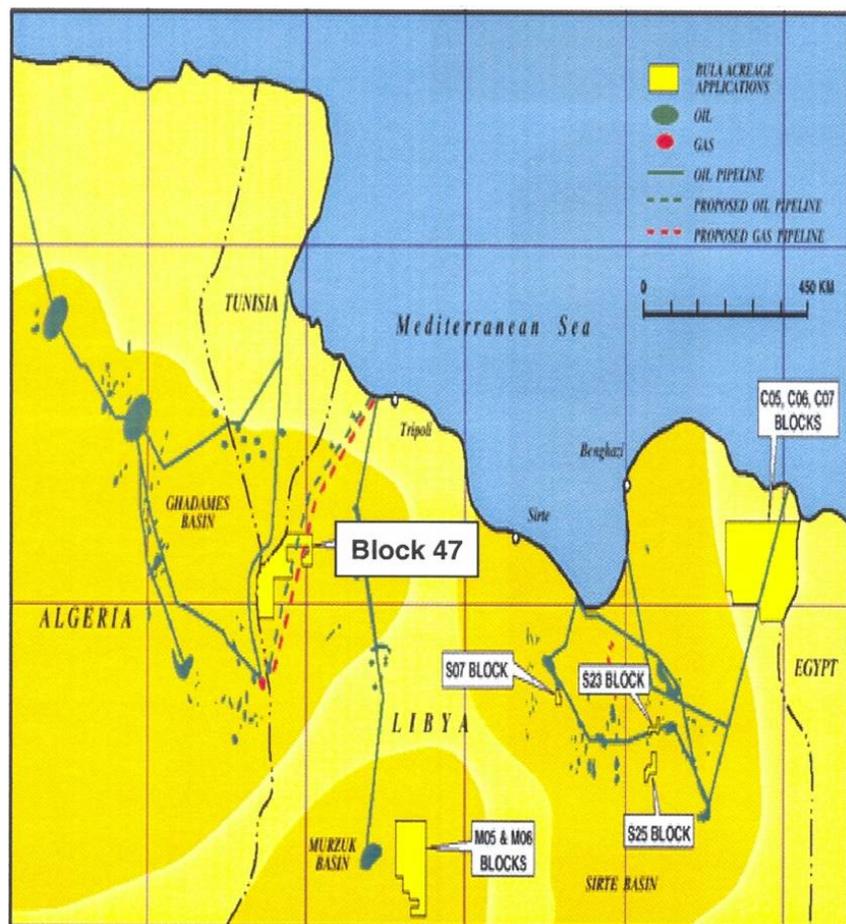


- Contractor's entitlement : 28.846% of (share oil minus cost); 67.3077% for gas.
- Block size 23.37 sq km, onshore area in NE in Kalimantan
- Contract Term : 22 December 2013
- Medco 100%
- Excellent synergy with Medco's surrounding blocks; Nunukan, Simenggaris, Bengara and Tarakan.
- Proved and probable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

# Libya Update – Oil Upside



MEDCOENERGI



- Medco signed an Exploration and Production Sharing Agreement (“EPSA”) with Libya’s National Oil Company for Area 47
- 6,182 sq kilometer area in the Ghadames Basin, Northwest Libya
- Effective March 12, 2005
- Medco 50% and Verenex 50%
- 2D & 3D seismic is expected to start in 2005, and drilling commences in 2006
- Significant oil upside: discoveries of 2 oil fields, approximately total of 60 million barrels

- MEDCO and Santos entered into “Sole Risk Exploration” on the Jeruk field – Sampang PSC on a 50:50 basis.
- Sampang PSC JOA:
  - Production is scheduled in 2008.
  - The penalty back-in payment is ± USD 190 million.
  - Continue dialog with the other parties of the Sampang PSC to modify the penalty against working interest.

- 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

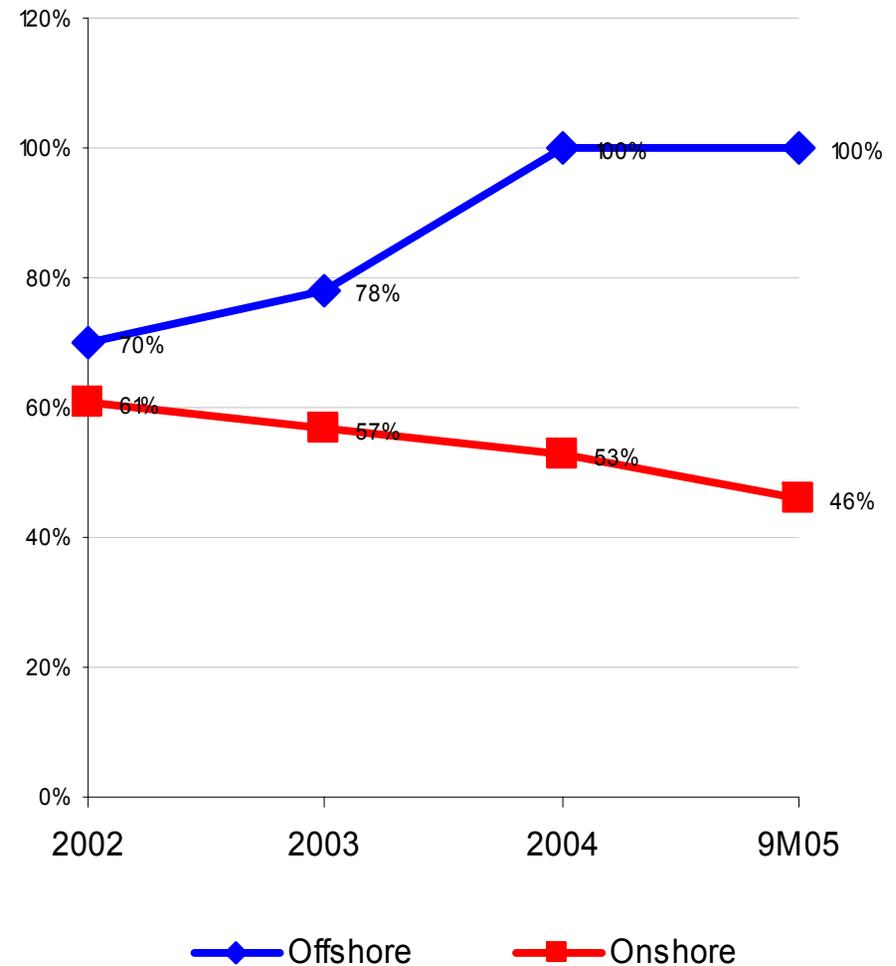


52%

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

- ◆ Incorporated in 1991
- ◆ Operates 5 offshore rigs
- ◆ Operates 11 onshore rigs
- ◆ Key long term clients like Total ensure high utilisation
- ◆ Revenue of USD75.6 M in 9M05

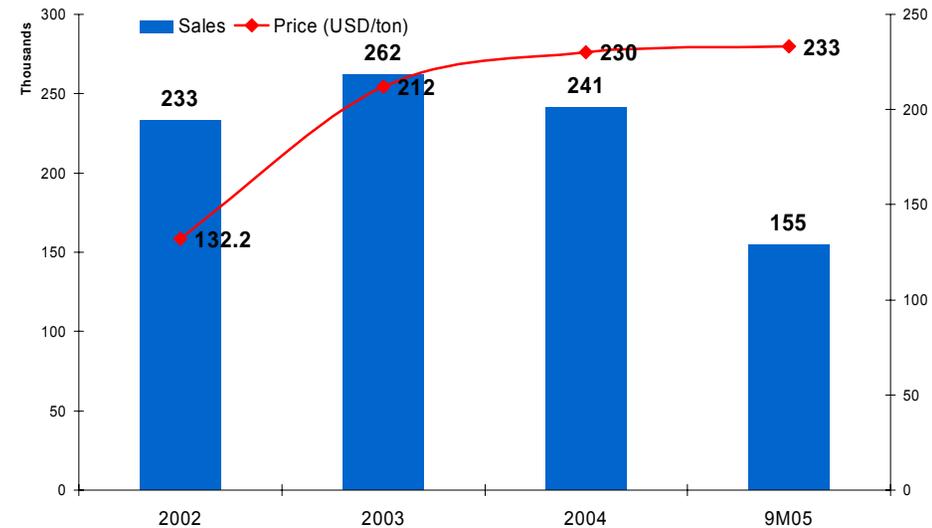
## Average Utilization



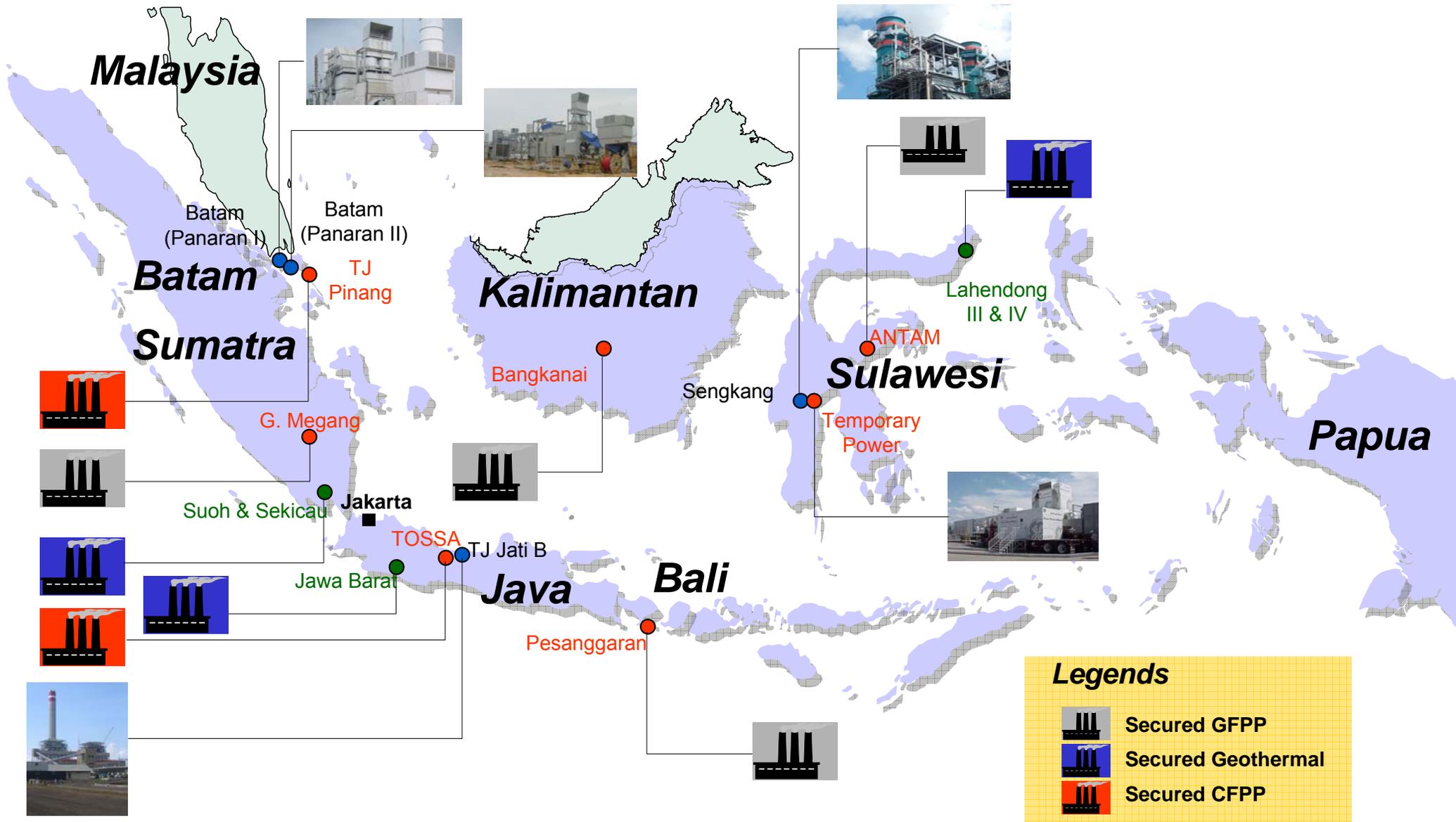
## Methanol Business Overview

- 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



## Business Area



## 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 PRIMA SERVICES

- O & M Agreement has been effective as of 19 September 2005.
- MPI and GAS established MGPS (51%/49%) as a vehicle to own 80% share of TJPS.
- MPI has mobilized 85 personnel as of October 2005.

## DALE ENERGI BATAM

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



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

## CAPEX

- **The total amount is ± USD300 Million**
- **Drilling Program:**
  - 24 exploration wells
  - 131 development wells.
- **Development Status**
  - **Lematang** gas field – Singa field
    - a. In the process of finalizing HoA
    - 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

- We will continue to acquire both domestic and international assets within our financial strength

## PRODUCTION

- Oil production is expected flat
- Gas production is projected to increase by  $\pm 45\%$  on daily production compared with realized September 2005 performance

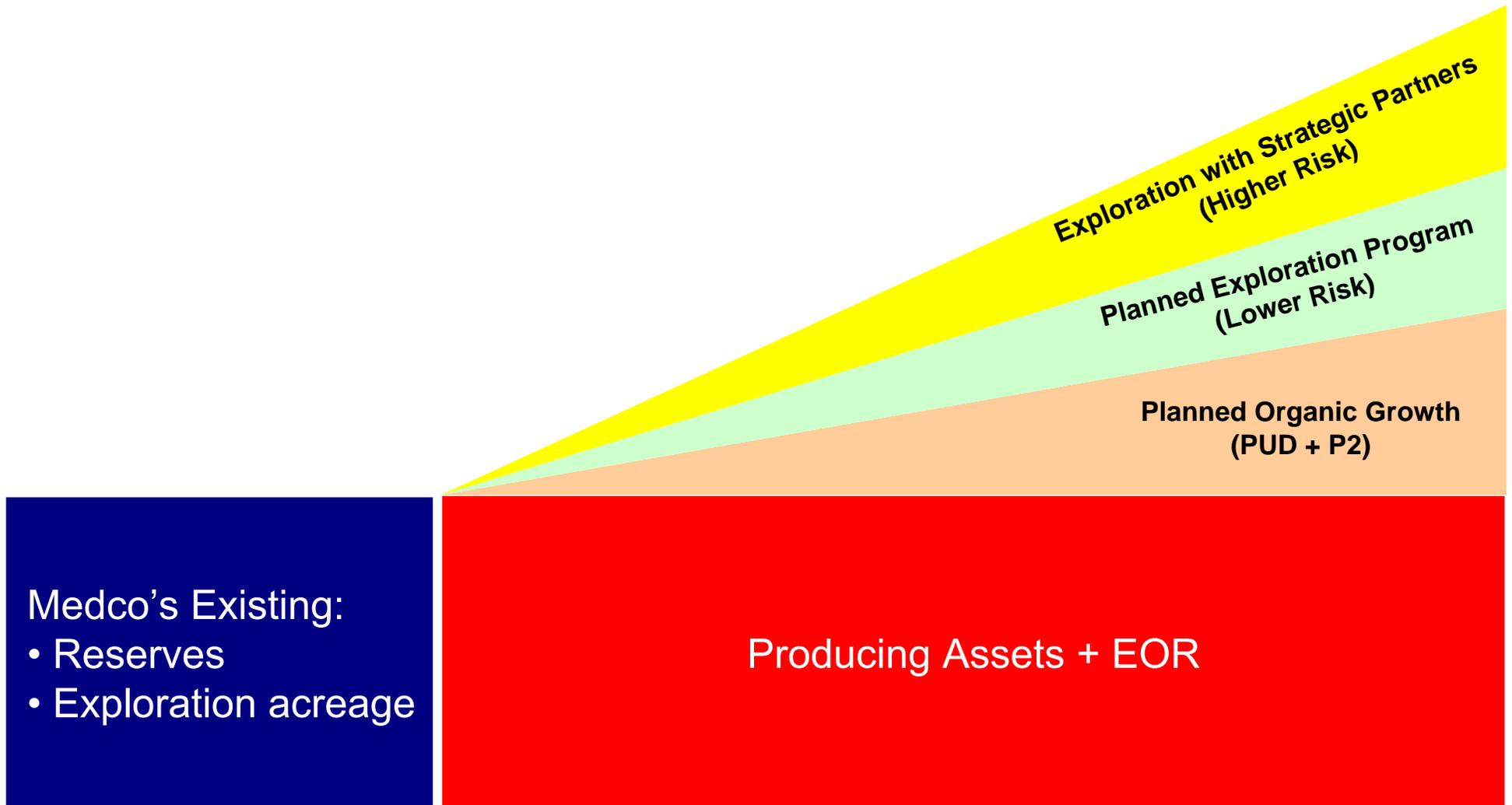
## LIABILITY – LONG TERM DEBT

- Raise funds on project by project basis
- We are in the position to analyze the possibility of refinancing all the bonds which will going to mature

# Comprehensive Growth Strategy



MEDCOENERGI





MEDCOENERGI

# Supplements

# Financial Highlights 9M05



MEDCOENERGI

<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

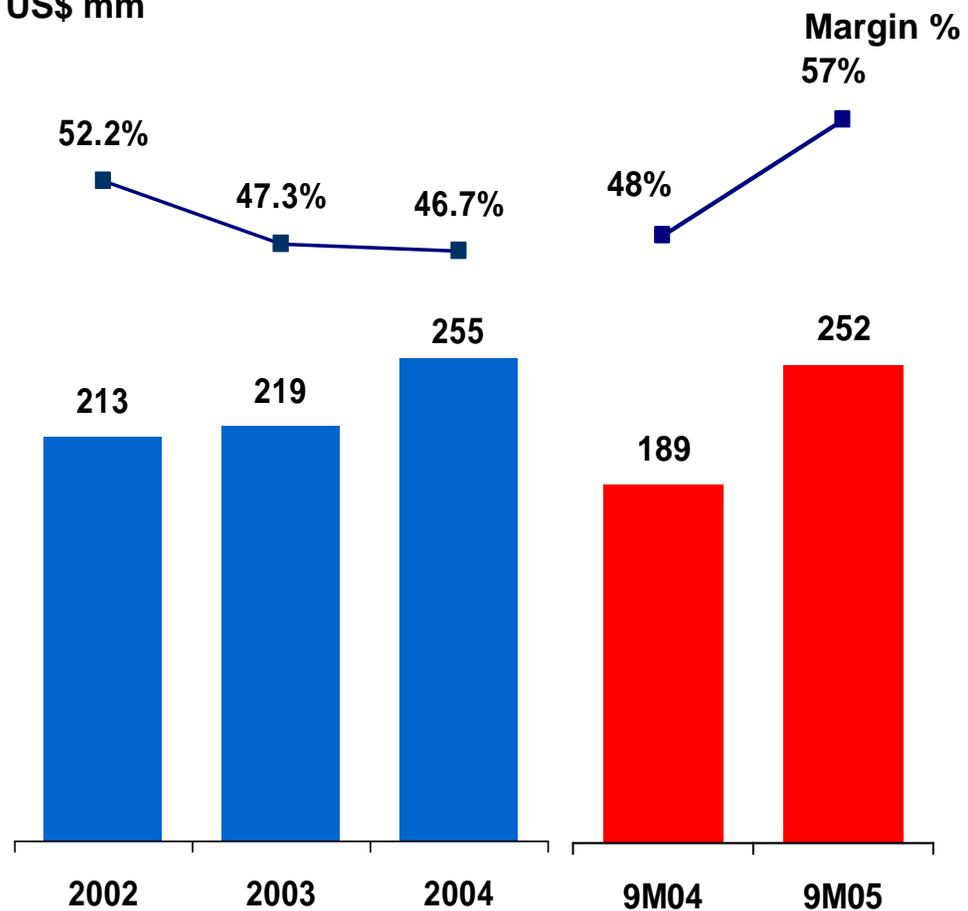
# EBITDA Growth



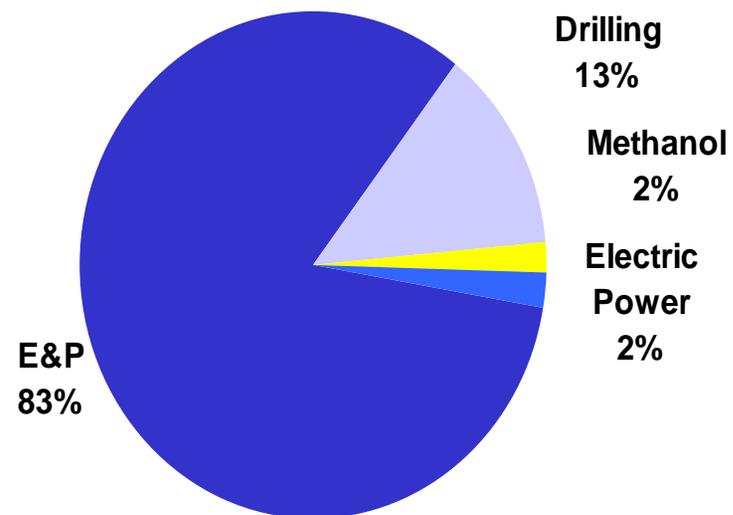
MEDCOENERGI

## EBITDA

US\$ mm



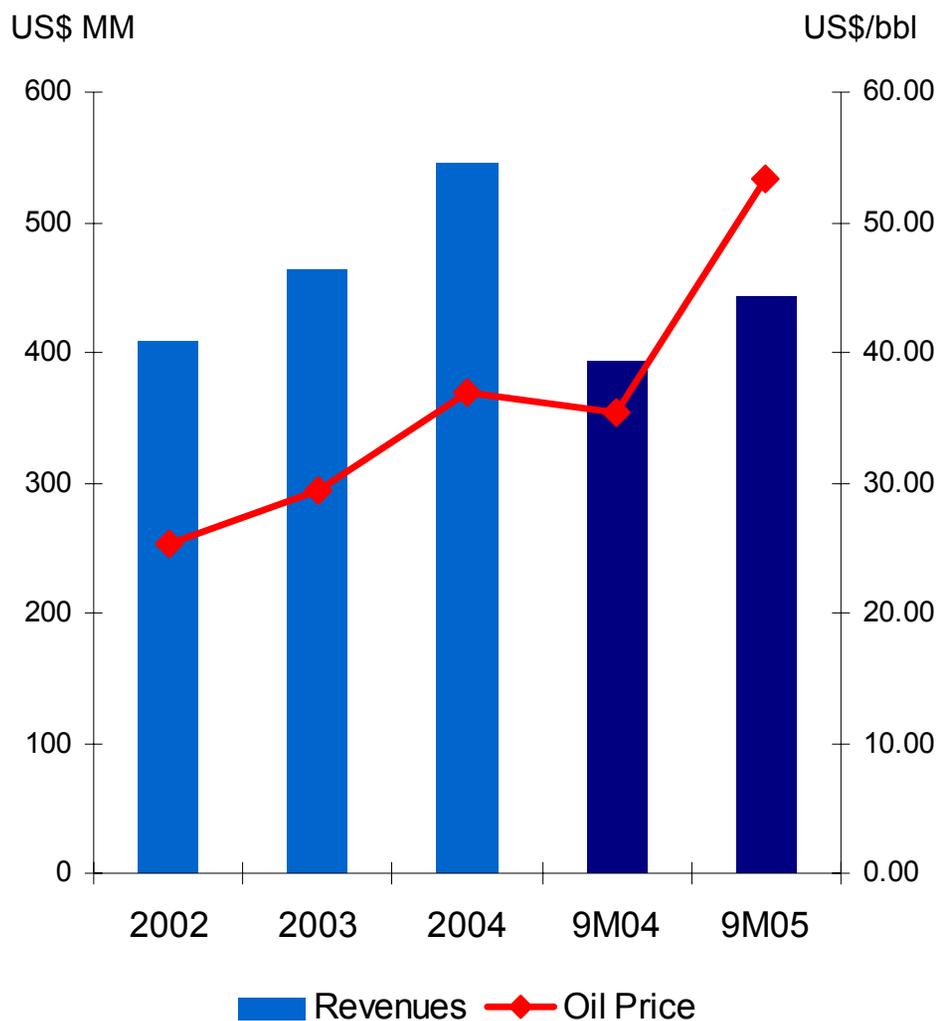
## EBITDA 9M05



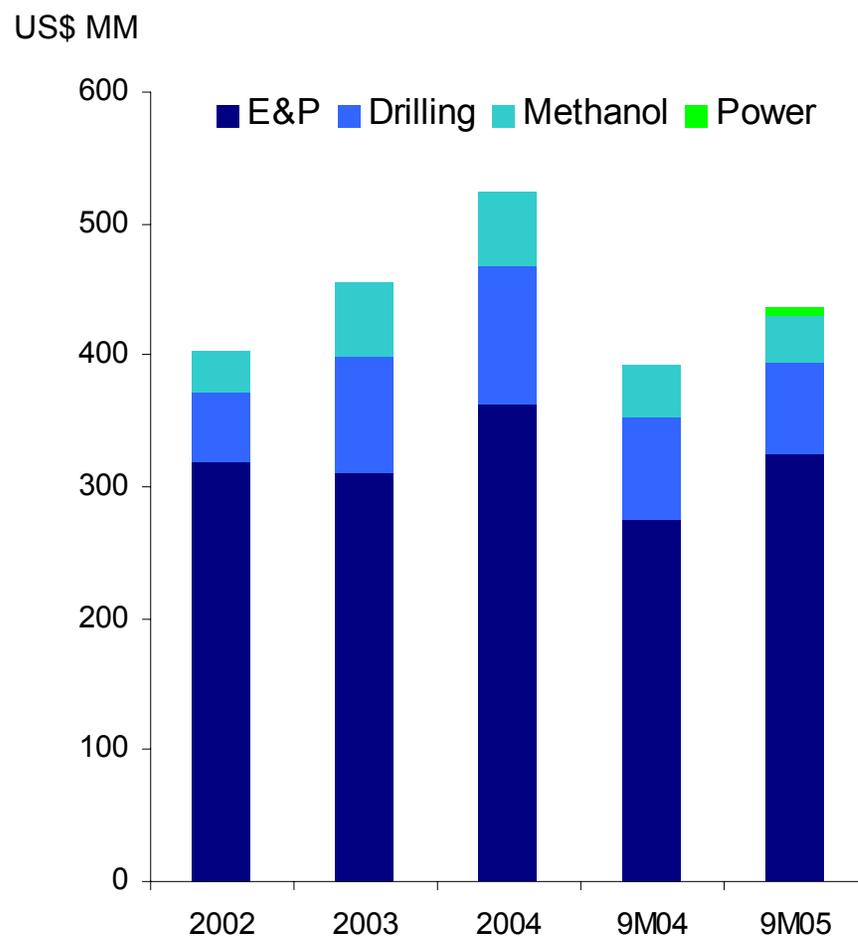
US\$252 mm

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

Revenues



Revenue Contribution

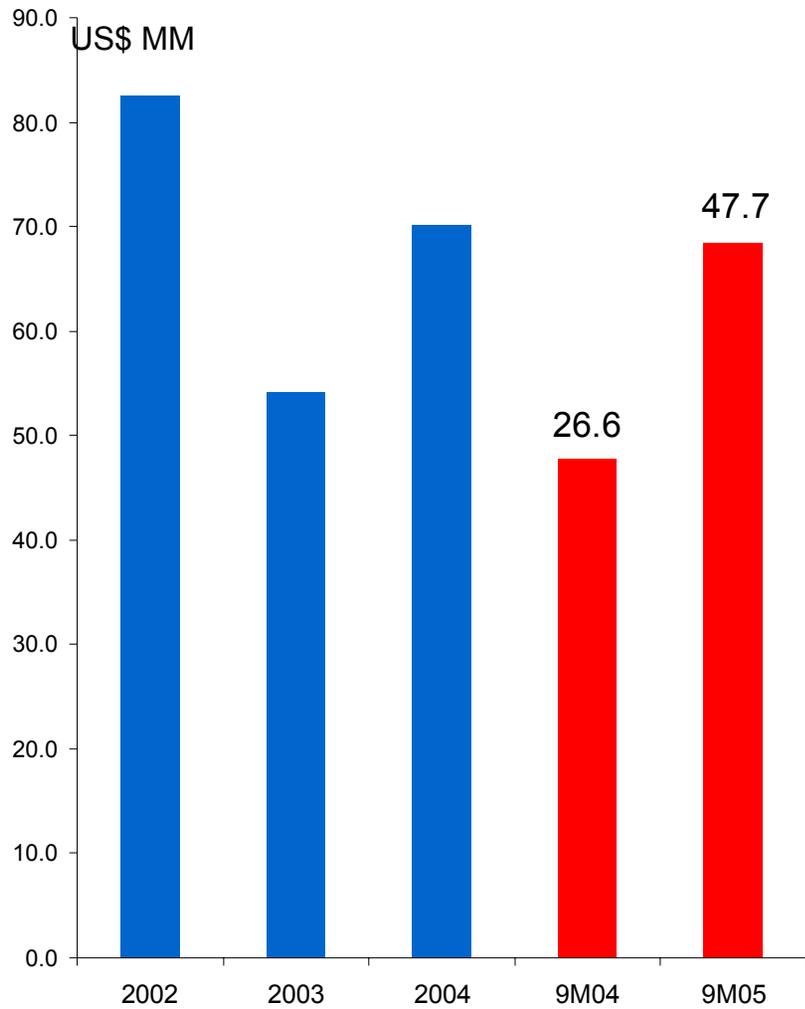


# Net Profit and Dividends

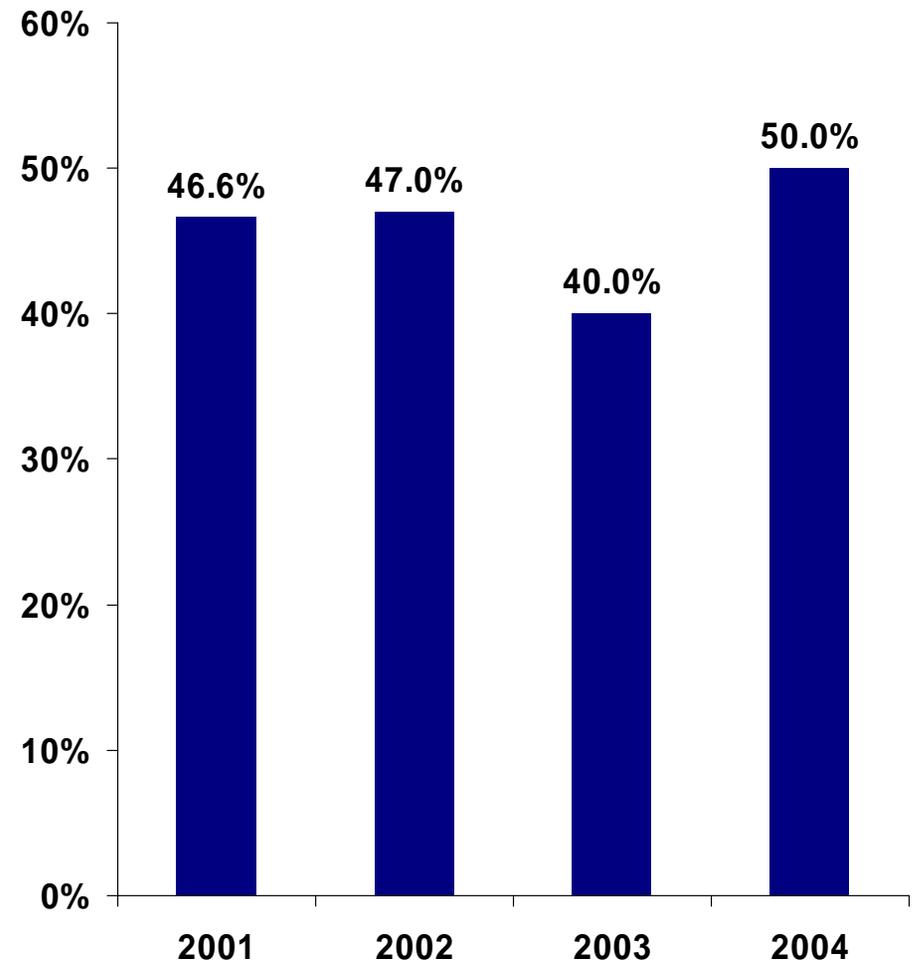


MEDCOENERGI

## Net Profit



## Dividend Payouts



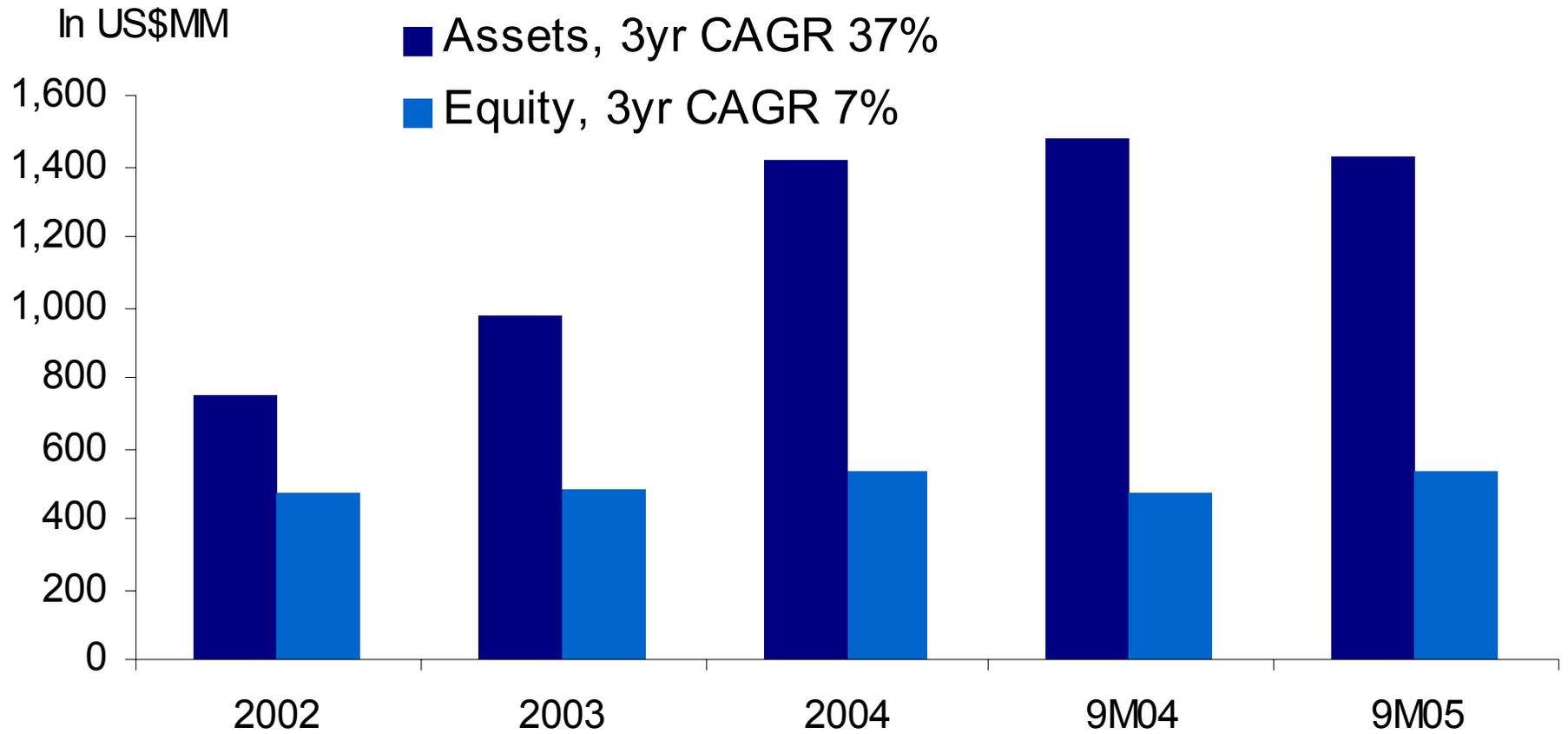
Note: Dividend payout ratio above bars

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

# Strong asset growth



MEDCOENERGI

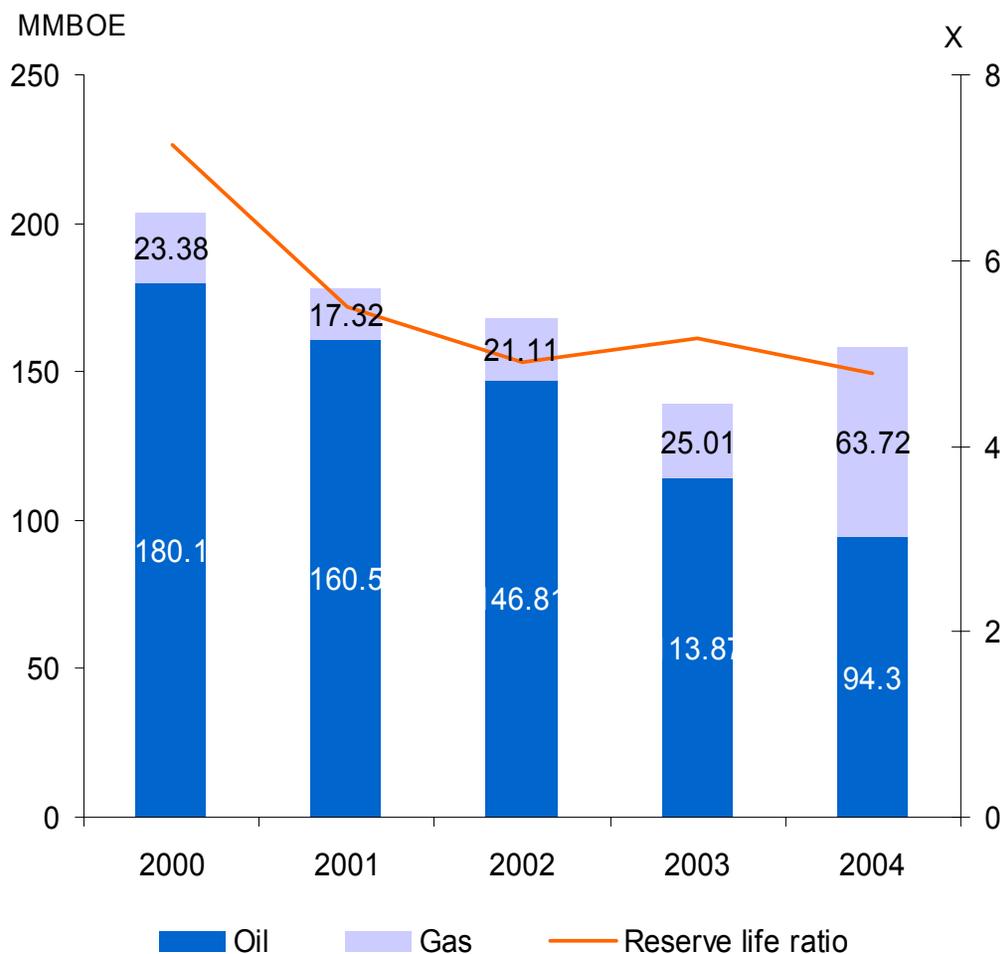


# E & P Reserves and Production

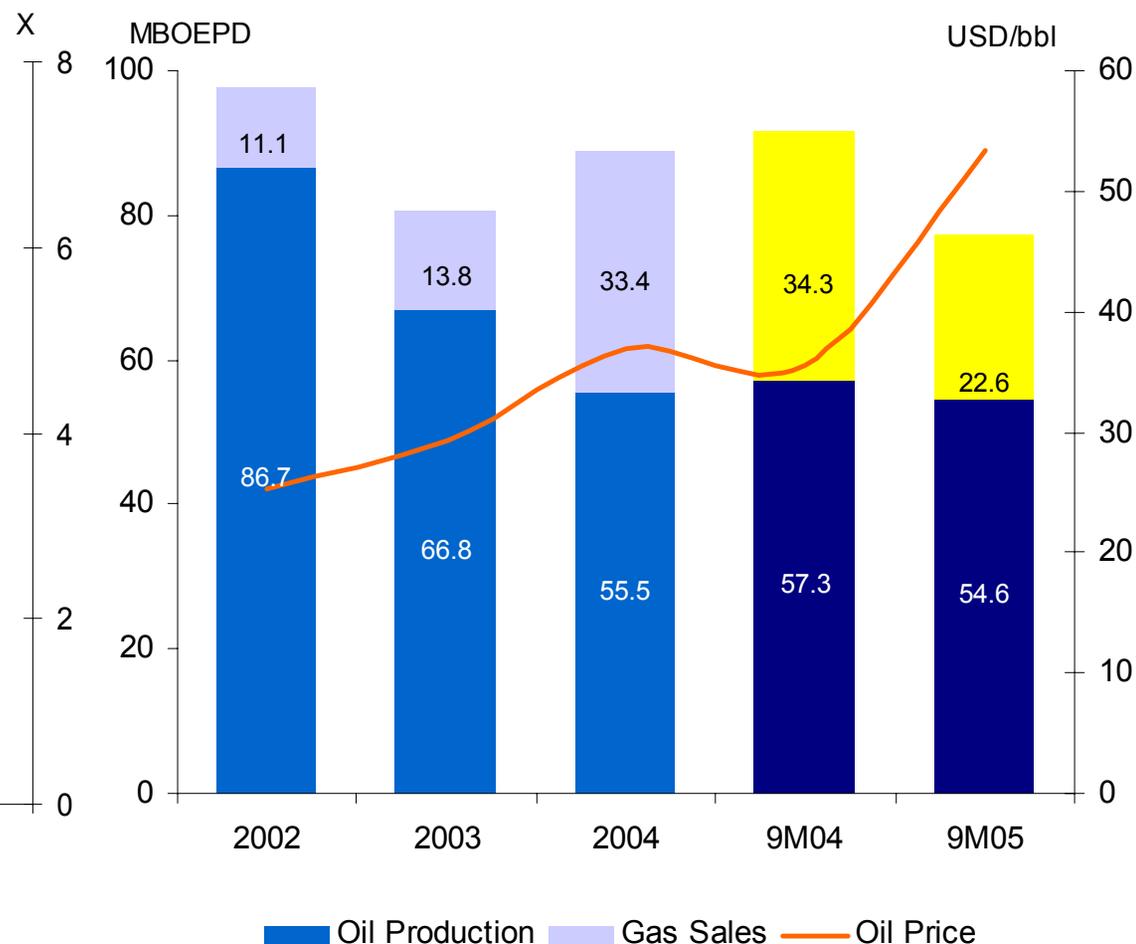


MEDCOENERGI

## 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)



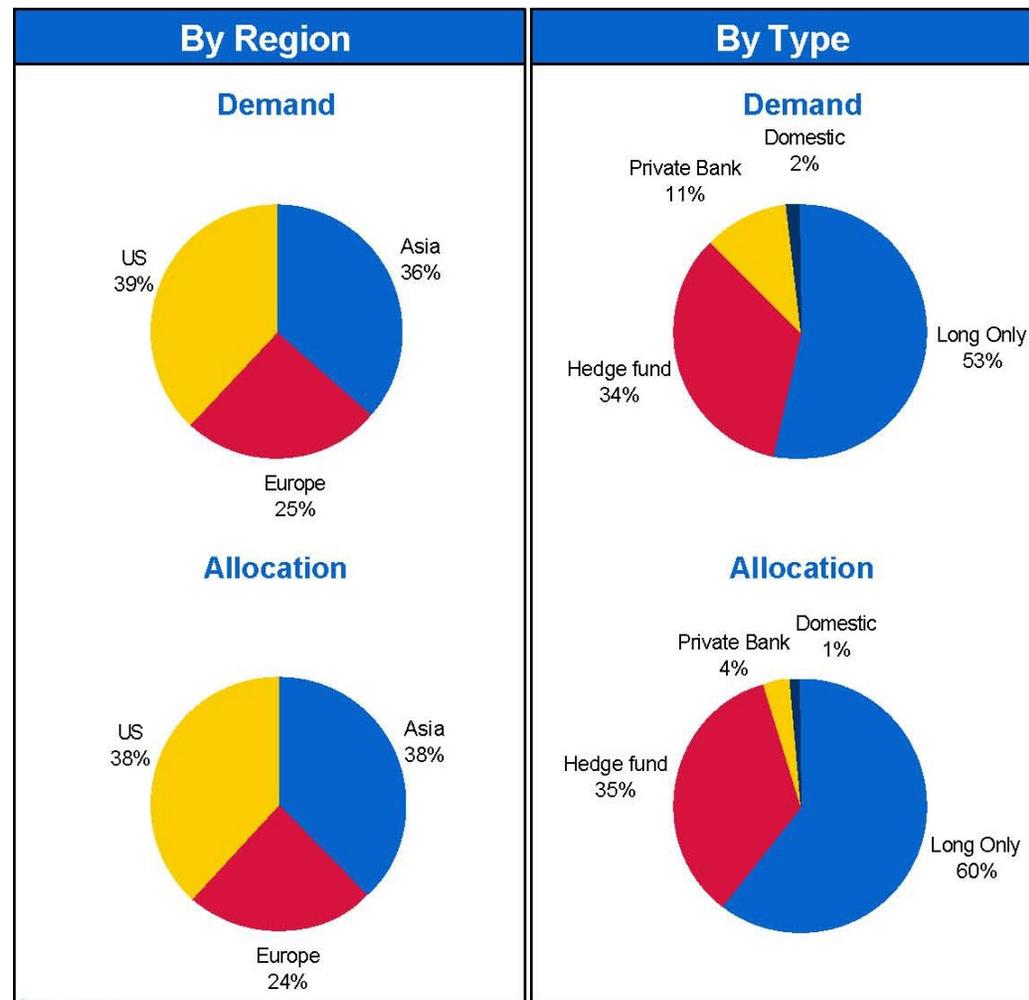
MEDCOENERGI

<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

- 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



## **Company address:**

PT Medco Energi Internasional Tbk.

Graha Niaga Building Floor 16th

Jl. Sudirman 58

Jakarta 12190

Indonesia.

P. +62-21 250 5459

F. +62-21 250 5536

Investor Relations: Gamala Katoppo

M. +62-812 802 3402

Email: [gamala.katoppo@medcoenergi.com](mailto:gamala.katoppo@medcoenergi.com)

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

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.