

MEDCOENERGI

FY 2007 Presentation

PT Medco Energi Internasional Tbk.

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www.medcoenergi.com

Energy Company of Choice

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2007 - refined the seven broad-based strategic objectives in the pursuit of:

1. A continued focus on E&P activities with a balanced portfolio in Indonesia and abroad;
2. Selective opportunities arising from the deregulation of the Indonesian downstream market with an initial focus on the low capital sector in the downstream chain;
3. Power opportunities in the underdeveloped Indonesian power sector and international captive power sector with a focus on “green” power projects;
4. A lean and efficient structure of four sub-holding companies:
 - **MedcoEnergi Global** holding all international E&P assets (established in 2007);
 - **Medco Downstream** Indonesia holding all downstream assets (to be established in 2008);
 - **Medco Power Indonesia** holding all power assets (to be established in 2008); and
 - **MedcoEnergi E&P Indonesia** as a management holding of the Indonesian E&P assets (established in prior years);
6. Continual development of key strategic alliances, both E&P and non-E&P sectors in Indonesia and abroad;
7. Continued integration of various businesses to create synergies within the group to enhance stakeholders value.

E&P Upstream

In line with our strategy to increase production volume through creating new markets for uncommitted gas, four Gas Sales Agreements have been signed:

- Block A, 7-yr 280bcf with *Pupuk Iskandar Muda* (USD 5.00/mmbtu). Commencing 2010;
- Lematang, 9-yr 130bcf with *PLN* (USD 3.22/mmbtu average). Commencing 2009;
- South Central Sumatra, 14-yr 240bcf (USD 3.00/mmbtu escalation 2.5% per annum) with *Pupuk Sriwidjaja*;
- Tarakan, 6 months 5.7bcf (USD 2.20/mmbtu) with *Medco Methanol Bunyu*.

To increase production volume through reserves development:

- Started a Pilot Project for the Enhanced Oil Recovery (EOR) in the Rimau Block.

To build strategic alliances:

- Farm-outs to Salamander Energy, Anadarko, Kuwait Energy and Lundin on assets in Indonesia and abroad.

While to increase reserves through exploration and acquisitions:

- Successful exploration of Area 47 in Libya with 6 discoveries out of 6 attempts with an aggregate flowrate of 75,000 bopd. Production slated for end of 2009;
- Acquired several new exploration assets in Tunisia, Yemen, Cambodia and the US;
- Successful exploration in Indonesia, specifically in Tuban and Simenggaris.

Drilling

Apexindo had its best year in terms of revenues and net income with record breaking day rates attributed to:

- The delivery of a new jackup rig which was accompanied by new contracts;
- Securing new contract for the existing jackup rig at competitive rates.

Downstream

- Initiated subholding structure for all downstream assets;
- Construction of the ethanol plant commenced with target completion in 2H 2008;
- Ventured into several businesses such as petroleum commodity trading and fuel farms and wholesale distribution;
- Established a joint venture company that owns and operates the Donggi-Senoro LNG facility;
- Initiated strategic minority divestment of Ethanol.

Power

- Initiated subholding structure for all power assets. Planned strategic minority divestment in the power subholding;
- Continued investment in “green energy” by;
 - signed of a Head of Agreement with partners for the 340MW Sarulla geothermal project, in addition sold interest to strategic partner Kyushu Electric Power and additional stake to Itochu;
 - signed a Joint Venture Agreement with Biofuel Industries of Singapore to build 24.8 MW Biomass Cogeneration Power Plant in Jurong.

Net Income by Business Segments

Business Segment (in million USD)	Net Income
Medco Energi Internasional, Tbk.	(19.64)
Exploration & Production – Local	139.66
Exploration & Production – Foreign	(115.62)
Drilling	31.11
Downstream	0.19
Power	0.49
Eliminations	(29.65)
Consolidated after Eliminations	6.54

Significant Factors Effecting Net Income



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(in million USD)	FY07	Adjusted FY07
Net Income	6.5	6.5
Non-recurring		
Increased DD&A as a result of impairments	-	30.7
Sale of Sorrento Dome	-	20.5
Impairment on U.S. Assets	-	25.9
TOTAL	6.5	77.1

Production	FY07	FY06	Δ%
Oil Lifting / MBOPD	50.4	56.4	-10.6
Gas Sales / MMCFD	117.5	127.1	-7.6
TOTAL Oil and Gas (MBOEPD)	70.5	78.1	-9.7
Reserve Replacement (3-yr running average)	127%	91%	39.5
Finding and Development Cost (3-yr running average) per barrel	USD 6.48	USD 6.57	-1.4
Lifting Cost per barrel	5.85	4.35	34.6

P1 Reserves	MBOE
P1 Balance as of 31/12/2007	147,888
Block A ⁽¹⁾	23,221
Simenggaris ⁽²⁾	10,535
Bangkanai ⁽²⁾	3,638
Libya ⁽³⁾	-
Adjusted P1 as of 31/12/2007	185,282

NOTES :

- (1) The Group's contingent reserve estimated for the Block A are based on Gas Sales Agreement (GSA) with Pupuk Iskandar Muda and PLN, assuming the PSC is extended beyond 2011
- (2) The Group contingent reserve estimates for the Bangkanai and Simenggaris block are based on in-house estimates and subject to finalization of Gas Sales Agreement GSAS
- (3) The Group holds a 50% non-operating interest in the Area 47 license in Libya with a number of discoveries and exploration opportunities. No contingent reserves have been disclosed at this time as the National Oil Company of Libya is currently reviewing a resource assessment submitted by the Operator, Verenex Energy Inc. We expect to book some reserve in 2008

MedcoEnergi identified a number of areas in which improvement is required as the Company begins developing more into an integrated domestic energy company with international exploration and operations. In particular, the Company intends to improve and strengthen its capabilities in the following areas:

- Capital allocation amongst business segments and geographical areas;
- Capital stewardship over projects;
- Project management;
- Assessment of investment opportunities;
- Corporate oversight over major projects;
- Human resource development;
- Comprehensive peer review (in-house or independent) in regards to reserves; and
- A peer review on company wide exploration opportunities.

1. The Company is undertaking an asset optimization program, involving:
 - sale of some **domestic E&P interests**. Close 3Q 2007;
 - strategic minority divestment in **Medco Power Indonesia**. Teaser being finalized potential bidders identified. Close 4Q 2008 or early 2009;
 - minority and/or full divestment in **Apexindo**. Continue studying options in light of market condition. Sold 2.5% of Apexindo on 26th March 2008;
 - strategic minority divestment in **Medco Ethanol**. Studying options, target close end 2008 – early 2009; and
 - minority divestment in **Medco Energi Global**. Continue studying options in light of market condition.
2. The program will:
 - strengthen the Company's financial position and operations;
 - improve the risk profile and corporate governance in 2008 and beyond; and
 - allows key human resources to be redeployed to our seven key development projects.
3. MedcoEnergi has seven key development projects which will transform the company and create substantial shareholder value over the next 5 years, which are:
 - Senoro LNG
 - Block A
 - Sarulla Geothermal
 - Lampung Ethanol
 - Rimau EOR
 - Lematang Gas
 - Block 47 Libya

Milestones for 2008

1. Finalize the Gas Sales Agreement and award the Engineering, Procurement and Contract on the **Senoro LNG project** which will allow the recognition of significant gas reserves;
2. Finalize the PSC extension for **Block A** gas development which will allow the recognition of significant gas reserves;
3. Complete the **Rimau EOR** pilot project which will provide a basis to determine the additional reserves which could be recovered;
4. Execute the **Lematang** gas project development to ensure first quarter 2009 operation;
5. Reach a final investment decision for the **Sarulla Geothermal** project which will provide certainty to investors on value;
6. Advance the Libya discovery to a stage which will provide a clear picture to investors as to the size of reserves associated with this discovery and future cashflows; and
7. Complete construction of the ethanol plant and start production.

- Maintaining sufficient debt capacity and financing flexibility for future expansion in line with the corporate strategic plan;
 - Deconsolidation of USD190 million Apexindo's debt providing both Medco Energi and Apexindo with financial flexibility;
 - Proceeds from the asset optimization plan will significantly strengthen our cash flow, capital structure and borrowing capacity position; and
 - Replace ethanol equity financing with debt financing
- Continue utilizing swap/derivative instruments to manage currency and interest swap with a strategy of 50% hedged;
- Securing non or limited recourse financing needs of our key development projects and other assets;
 - More timely matching financing with capital spending;
 - Provides an external validation on the projects economics
- Securing and using stand-by bank facilities for:
 - Have undrawn banking facilities amounting to USD 165 million;
 - Withdrew USD 95 million under a bank facility from Bank Mandiri for use in the event of the put option under the US Dollar bond is exercised;
- Managing our debt maturity profile and currency exposure, to limit any restrictive covenants and to obtain competitive cost of fund on new or existing debt;
- Centralized treasury and liability management while exercising discipline on capital allocation

Financial & Operation Highlights



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FINANCIAL HIGHLIGHTS (in million USD)	FY07	FY06	Δ%
Revenue	981.9	792.4	23.9
Gross Profit	368.3	287.5	28.1
Income from Operations	235.0	180.0	30.5
EBITDA	435.4	304.0	43.2
Earnings Before Tax	111.8	169.5	-34.0
Net Income	6.5	38.1	-82.9
EPS (USD/share)	0.0021	0.0123	-82.9
Equity	524.7	535.9	-2.1
Total Assets	2,147.5	1,841.6	16.6

Financial & Operational Highlights



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OPERATIONAL HIGHLIGHTS	FY07	FY06	Δ%
Oil Lifting / MBOPD	50.4	56.4	-10.6
Gas Sales / MMCFD	117.5	127.1	-7.6
TOTAL Oil and Gas (MBOEPD)	70.5	78.1	-9.7
Crude Price, USD/barrel	72.5	64.0	13.3
Gas Price, USD/mmbtu	3.2	2.8	14.3
Onshore Rig Utilization / %	70%	68%	2.9
Offshore Rig Utilization / %	83%	100%	-17.0
Methanol Production / 000' MT	114	137	-16.7
Methanol Sales / 000' MT	117	137	-14.6
Methanol Price, USD/MT	294	238	23.5
LPG Production / MTD	73.7	100.1	-26.4
LPG Price, USD/MT	440.1	316.6	39.0



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Attachments



48.9%

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

- ◆ Incorporated in 1991.
- ◆ Operates 6 offshore rigs, two jack-ups and 4 swamp barges.
- ◆ Currently operates 8 onshore rigs.
- ◆ Key long term clients like Total ensure high utilization.
- ◆ Revenue of USD 200 M in FY 2007.
- ◆ Market Capitalization USD 601 million (As of December 28th 2007)

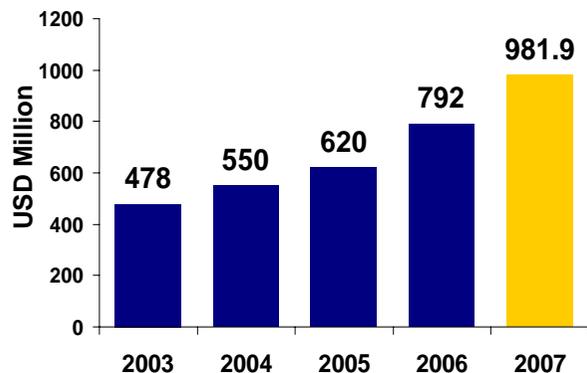
FINANCIAL HIGHLIGHTS (in million USD, unless otherwise stated)	FY07	FY06	Δ%
Revenue	200.0	156.3	27.9
Gross Profit	76.3	52.4	45.6
Income from Operations	67.0	43.8	52.8
EBITDA	100.9	64.6	56.1
Earnings Before Tax	46.0	51.9	-11.4
Net Income	34.3	31.5	8.8
Equity	234.4	215.8	8.6
Total Assets	489.5	449.3	8.9
Debt to Equity (Ratio)	0.82	0.86	-4.9
Net Debt to Equity (Ratio)	0.58	0.71	-18.0
Offshore average daily revenues Jack ups	76,211	71,429	6.7
Offshore average daily revenues Swamp barges	53,019	49,689	6.7
Onshore, average daily revenues	22,530	19,515	15.4

Financial and Operating Highlights

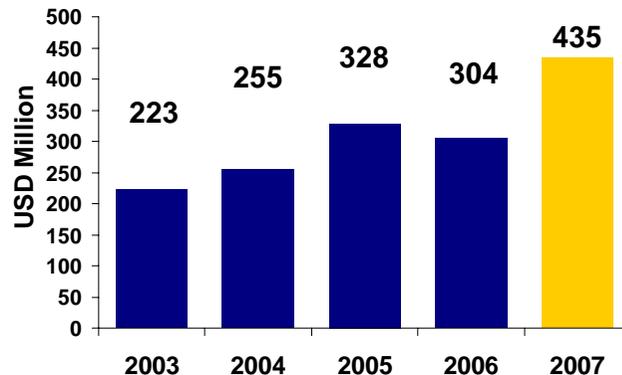


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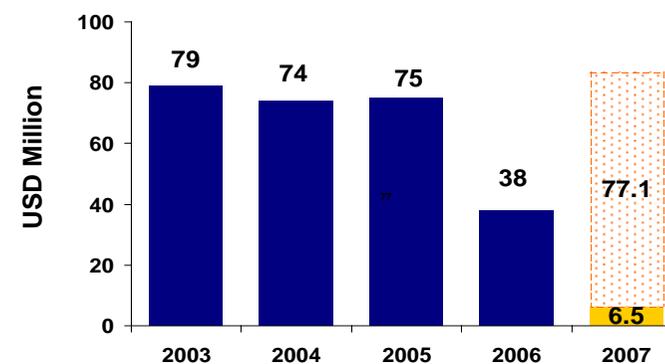
Revenues



EBITDA

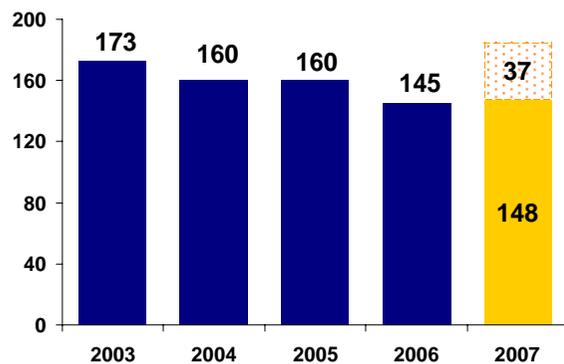


Net Income



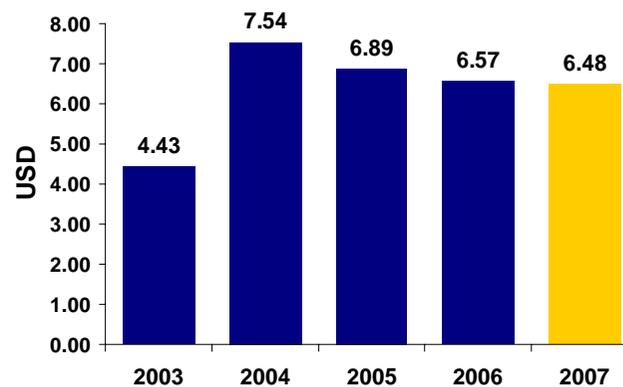
Note: Net Income for 2007 is adjusted for non-recurring cost from the US.

1P Reserves in MMBOE

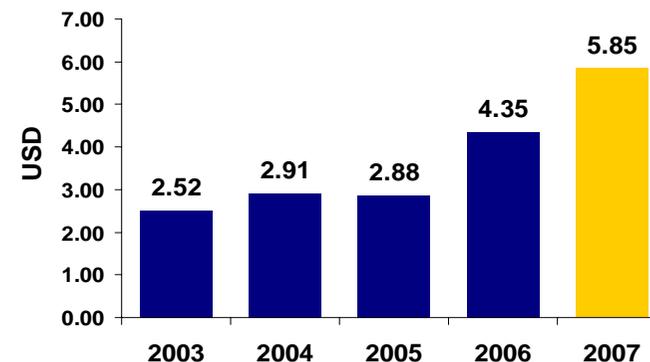


Note: Reserves quoted for 2007 includes Block A (GSA), Simenggaris and Bangkanai.

Finding and Development per BOE



Lifting Cost per BOE



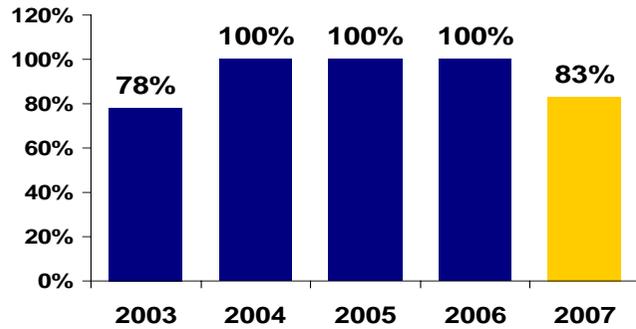
Note: Lifting Cost is based on production volume.

Financial and Operating Highlights

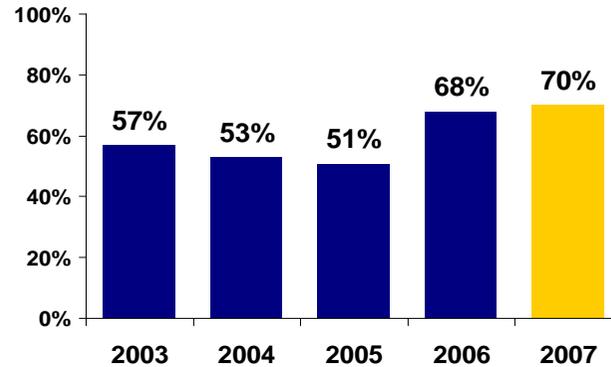


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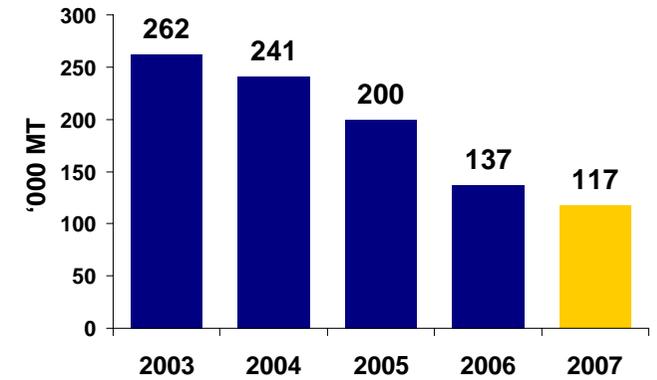
Offshore utilization rate



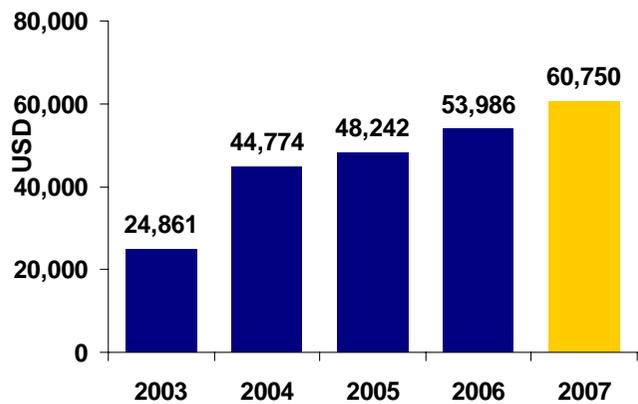
Onshore utilization rate



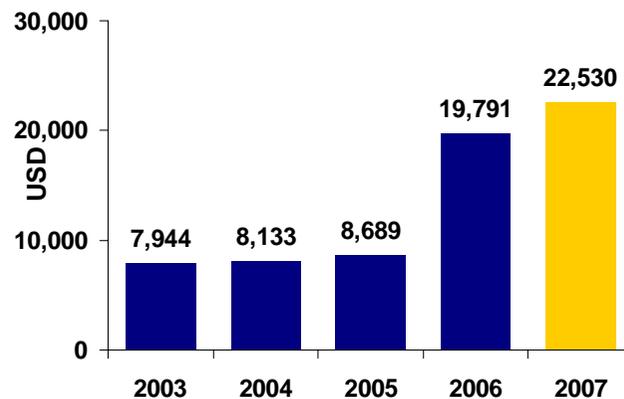
Methanol sales



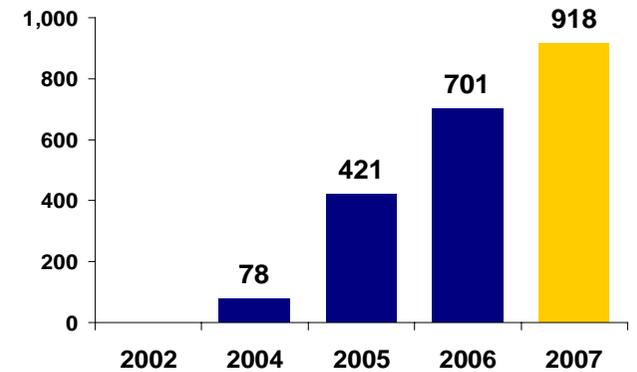
Offshore average daily revenues



Onshore average daily revenues



Power production in GWH



RATIOS	FY07	FY06	Δ%
Liquidity & Solvability			
Cash Ratio	0.70	0.75	-15.4
Quick Ratio	1.68	1.87	-16.5
Current Ratio	1.97	2.26	-20.0
Debt to Equity Ratio	1.79	1.56	14.6
Net Debt to Equity Ratio	1.06	0.98	6.7
Total Liabilities / Total Equity	2.85	2.23	30.4
Profitability			
Gross Margin	37%	36%	9.8
EBITDA Margin	39%	41%	-8.4
Operating Margin	25%	23%	11.3
Net Margin	0.71%	4.80%	85.7
Interest Coverage Ratio	5.41	6.98	-26.6
Return on Equity	0.01	0.07	-82.6

RATIOS	FY07	FY06	Δ%
Coverage Ratios (x)			
Income from Operations/ net interest	3.29	3.87	-12.0
Net debt/ EBITDA	1.76	1.97	-4.1
Efficiency Ratios (x)			
Revenue/ fixed assets	0.82	0.76	-3.3
Revenue/ net working capital	2.69	1.90	49.1
Investment Ratios (x)			
CapEx/ Revenue	0.15	0.42	-31.5
CapEx/ Depreciation	0.40	2.65	-71.8
Capital Structure (%)			
Net debt/ total equity	1.28	1.21	6.8
Net debt/ (net debt + equity)	0.56	0.55	3.0

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