



MEDCOENERGI 

1H12 Investors' Update

PT Medco Energi Internasional Tbk.

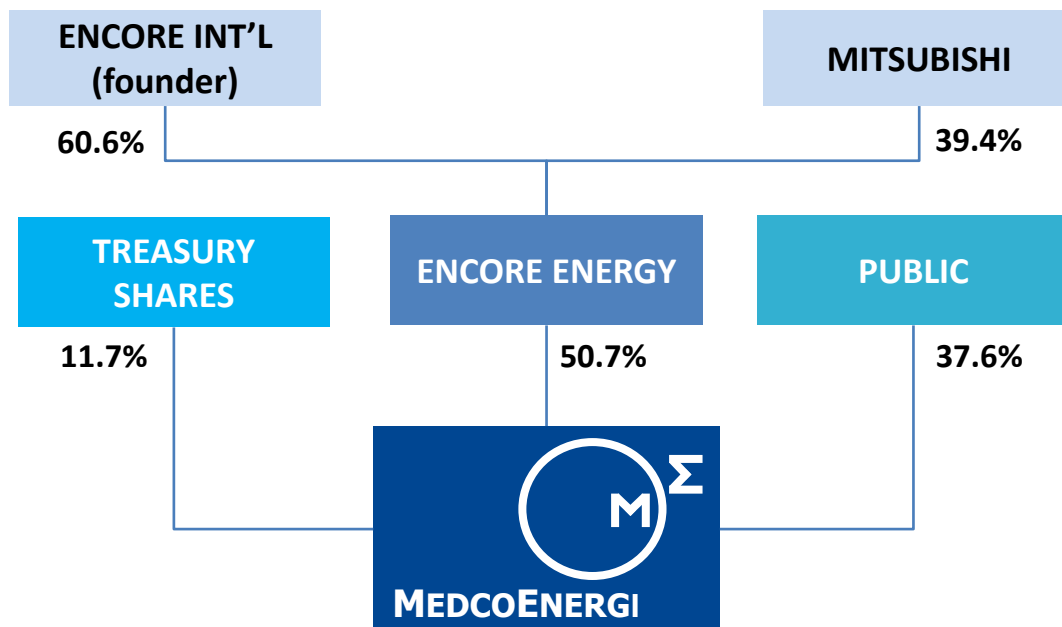
September, 2012 | www.medcoenergi.com | Energy Company of Choice

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01

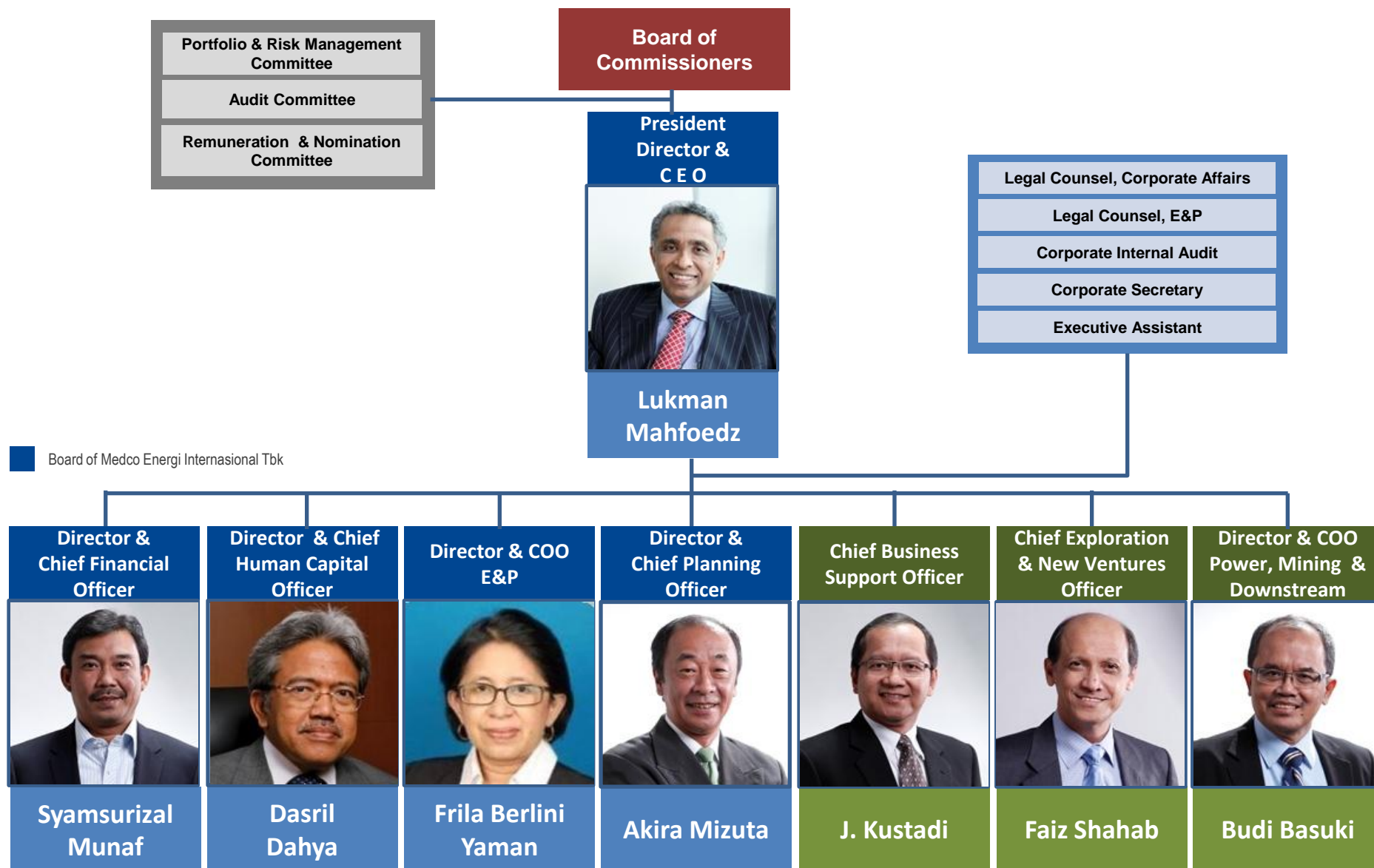
The Overview: Profile & Assets Portfolio



PT Medco Energi Internasional Tbk. is a publicly listed integrated energy company with focus in exploration and production of oil and gas business. MedcoEnergi also has other energy related businesses in Liquefied Petroleum Gas, bio-ethanol, and involved in trade and distribution HSD, and operates some power plants and supplies electricity to the Perusahaan Listrik Negara (PLN).

Stockholder Composition	1H12	%
Encore Energy Pte. Ltd.	1,689,393,006	50.70
Public	1,252,603,944	37.58
Treasury Shares	390,454,500	11.72
Total	3,332,451,450	100.00

Medco Energi Internasional Tbk. Organization Structure

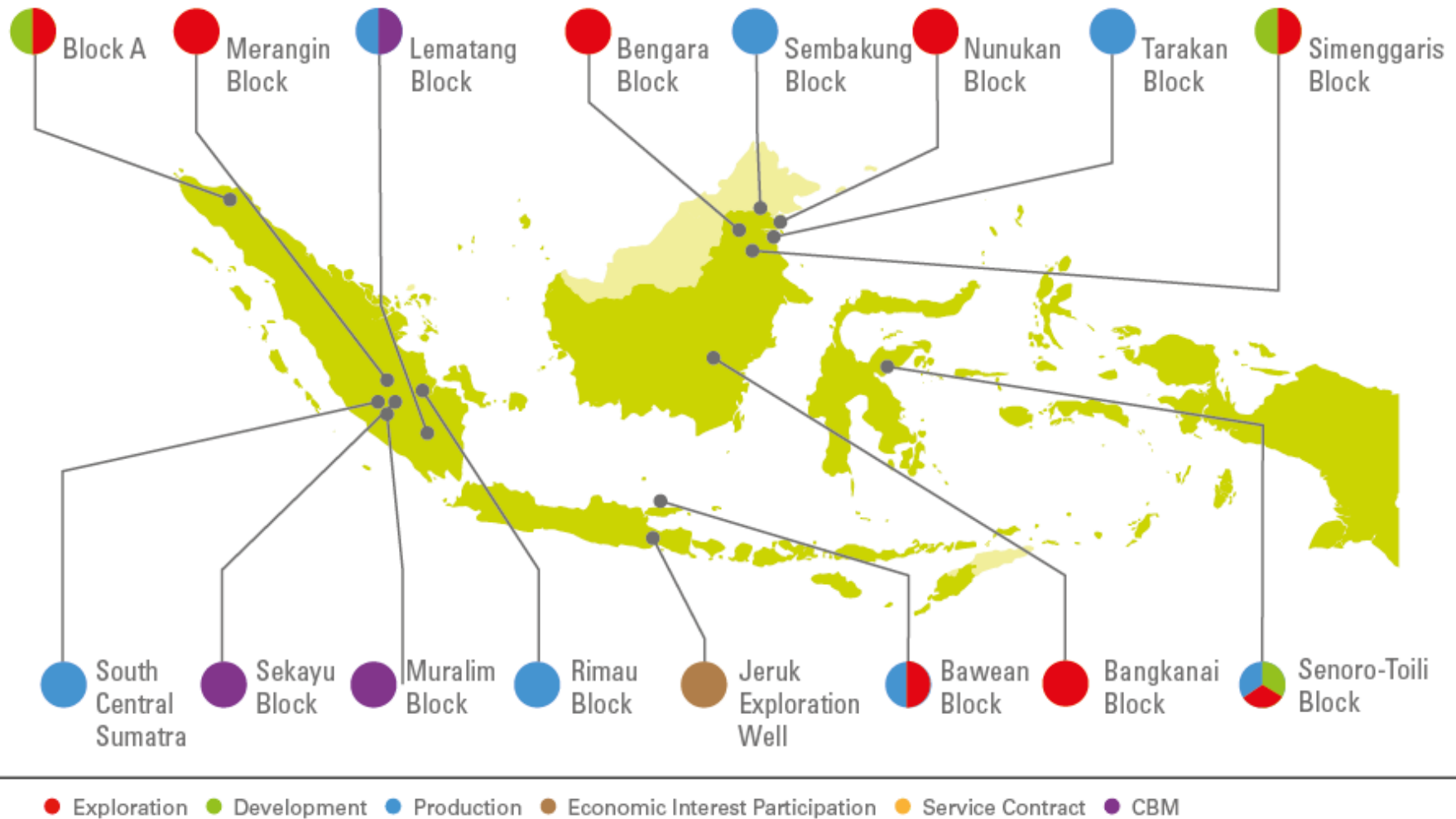


Board of Medco Energi Internasional Tbk

Our Business Strategy

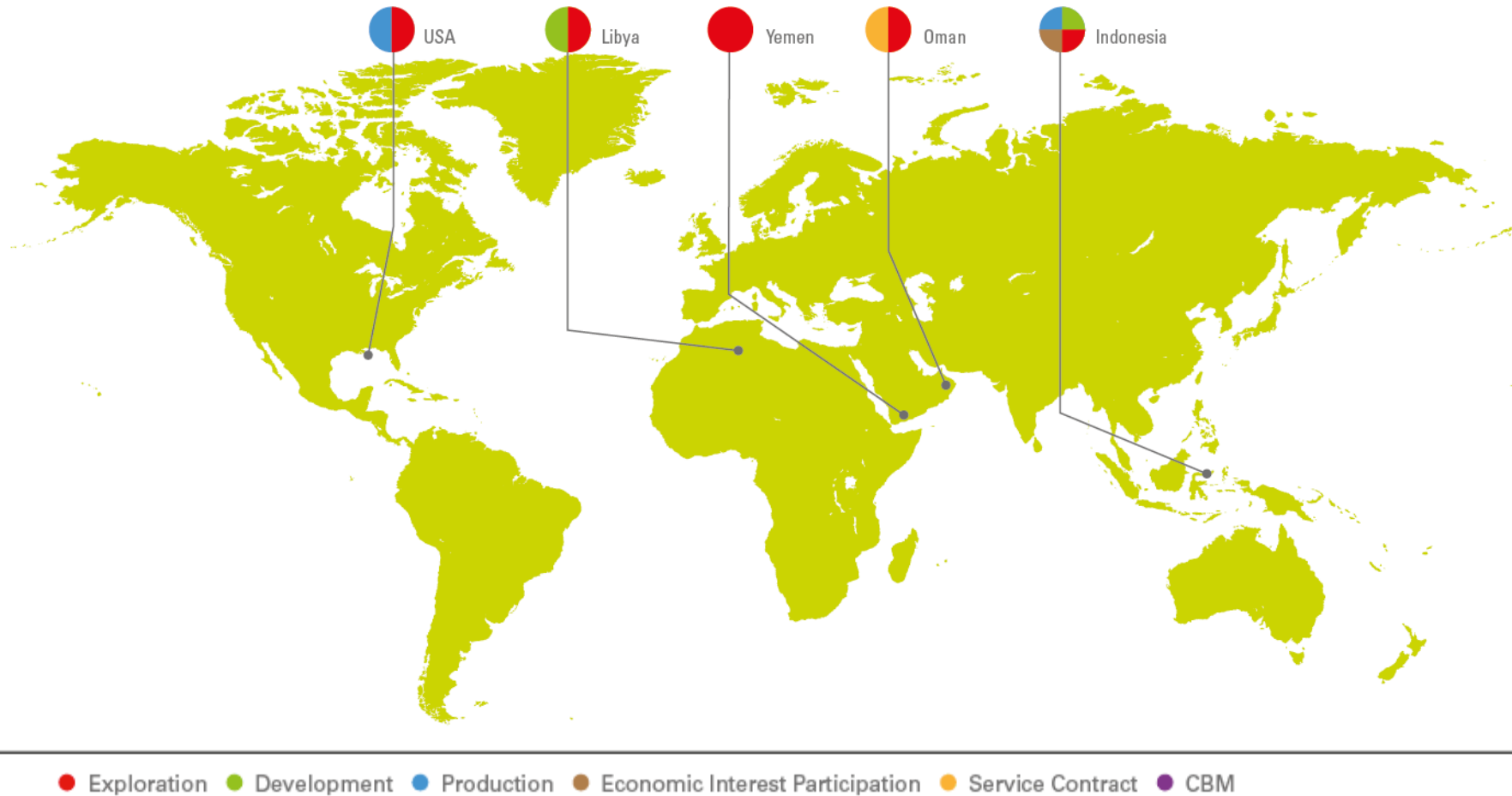
- Strengthen the portfolio of producing assets, including acquisitions.
- Increase the reserve life index through exploration activities.
- Complete all Major Projects as planned
- Accelerate the growth of non-oil and gas assets through strategic partners.





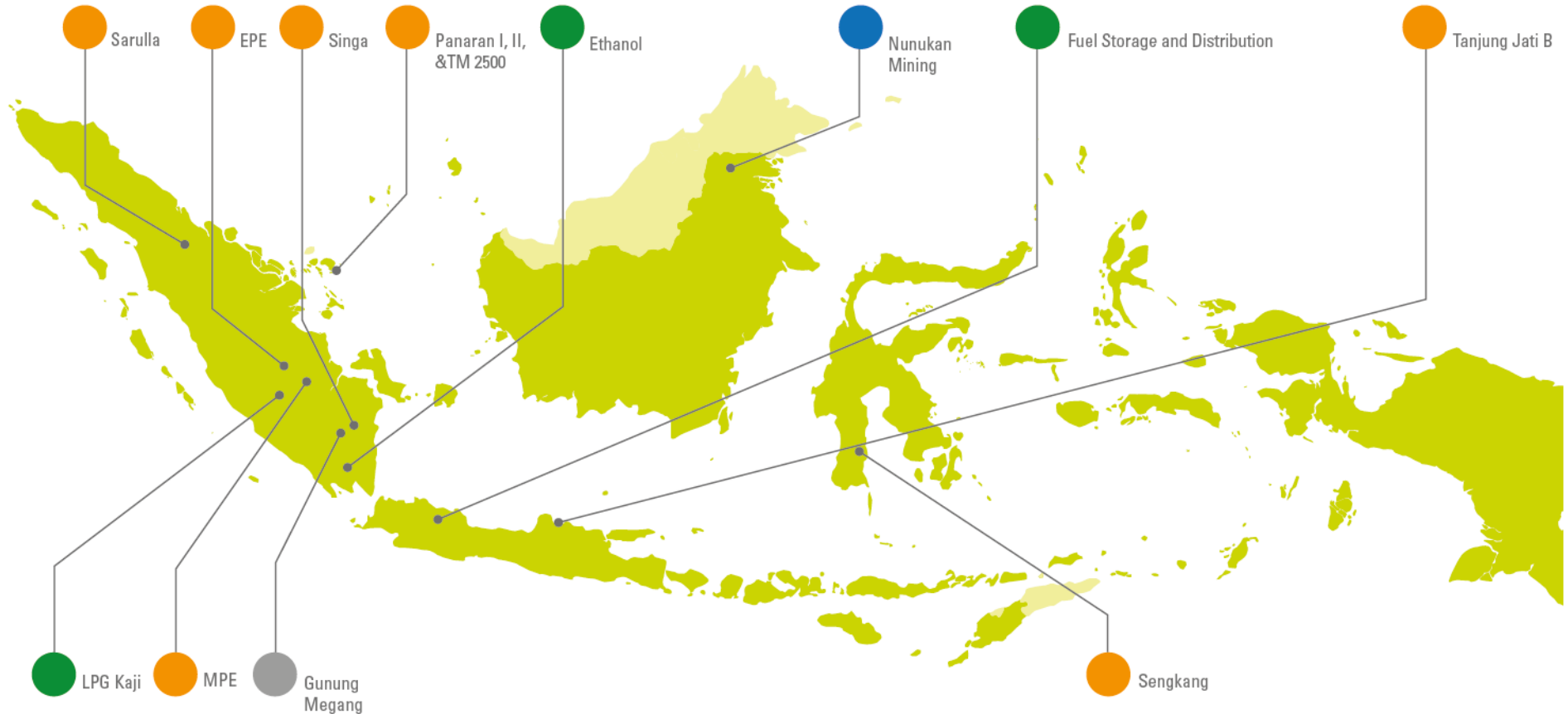
In Indonesia, Medco operates 10 blocks, maintains working interests in 3 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



Medco's international operations spread across 10 assets in Asia, Africa, and the US.

“Other revenue streams not only further diversify risks but also monetize upstream assets by midstream and downstream integration.”



● Power ● Downstream ● Mining ● Gas



MEDCOENERGI
Downstream



Downstream

- LPG plant in Rimau, South Sumatra, with capacity of 73,000 ton/year -- processing associated gas from Rimau block
- Ethanol plant in Lampung, with capacity of 180 kL/day
- HSD storage and distribution, with storage capacity of 22,700 kL



MEDCOENERGI
MINING



Coal Mining

- Operates two Mining Rights at Nunukan, East Kalimantan. Production started in February 2012
- 1 Block already in production, with first coal cargo shipment at the end of September 2012
- Peak production estimated at 500,000 ton per year



MEDCOENERGI



Gas Pipeline

- Booster Compressor and 17.5km pipeline at Gunung Megang South Sumatra

Drilling Services (EPI)

- Provide well services / workover rigs and Electric Wireline Logging (EWL) for oil & gas operations



MEDCOENERGI
Power



Power*

- 2 gas-fired power generation plants with a mobile truck mounted power plant in Batam and 3 gas-fired power generation plants in South Sumatra with total capacity of 189.5 MW
- 1 Operation & Maintenance Contract in Tanjung Jati B Coal Plant, C. Java 1,320 MW

*(49% participating interest)

1

MedcoEnergi, **has divested 51% of its shares in PT Medco Power Indonesia (MPI) to PT Saratoga Power** on 16 December 2011. The divestment was also structured that subscription of new shares took place in two phases as specified in the Shares Purchase and Subscription Agreement (SPSA) which was signed on 14 November 2011. After the effective subscription of Phase I and Phase II by PT Saratoga Power and MedcoEnergi which was completed entirely on 16 January 2012, the total amount paid by PT Saratoga Power was USD112,000,000.

2

On March 14, 2012 MedcoEnergi has **signed Memorandum of Understanding (MoU) to develop Coal Bed Methane (CBM) business** with Korea Gas Corporation (KOGAS). This MOU signing commences the mutual cooperation in the area of CBM development for both companies. MedcoEnergi and KOGAS will jointly identify and study all the best possibilities in implementing projects that can monetize and add value to CBM, including business opportunities relating to CBM industry, such as: Liquefied Natural Gas (LNG), pipelined gas, Dimethyl Ether (DME).

3

MedcoEnergi on June 11, 2012 announced the **issuance of a 5-year Rupiah Bond III with Principal Amount of Rp 1.5 trillion** and Coupon Rate of 8.75% per annum. MedcoEnergi signed a swap agreement with PT Bank DBS Indonesia and Standard Chartered Bank to enter a Cross Currency Swap (CCS) arrangement for the issued Bond, in which proceed of the Bond will be received in US Dollar (USD). Hence, the Company has converted its Rupiah liability into USD liability with the all-in interest expenses applied is 4.85% per annum.

4

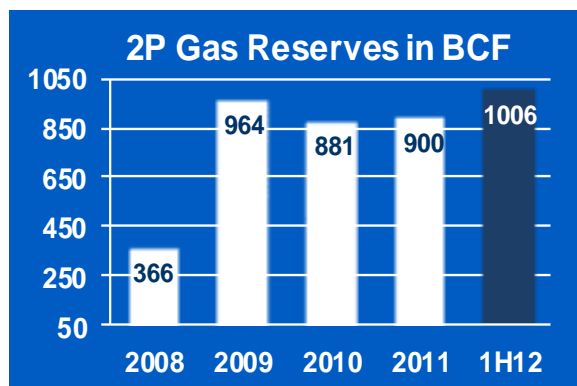
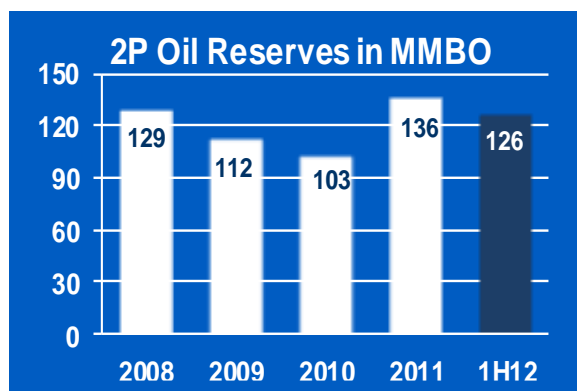
MedcoEnergi on June 19, 2012 announced that its **production from the Karim Small Fields in Oman has reached over 22,000 BOPD**, a record number since the Company was awarded the service contract in 2006 when the production was around 9,500 BOPD. The Company operates Karim Small Fields under a production service contract on behalf of PDO (Petroleum Development of Oman), which is jointly owned by the Government of Oman and Shell. The Company, through Medco Oman LLC, holds 55% of participating interest.

5

MedcoEnergi through its wholly owned subsidiary, Medco Yemen Malik Ltd. has **signed a Sale and Purchase Agreement with Reliance Exploration & Production DMCC (REPDMCC) to acquire 25% participating interest in Block 9 (Malik)** Republic of Yemen on July 5, 2012, with effective economic date of 1st January 2012. MedcoEnergi and REPDMCC are now in the process to reach Completion of the SPA.

02

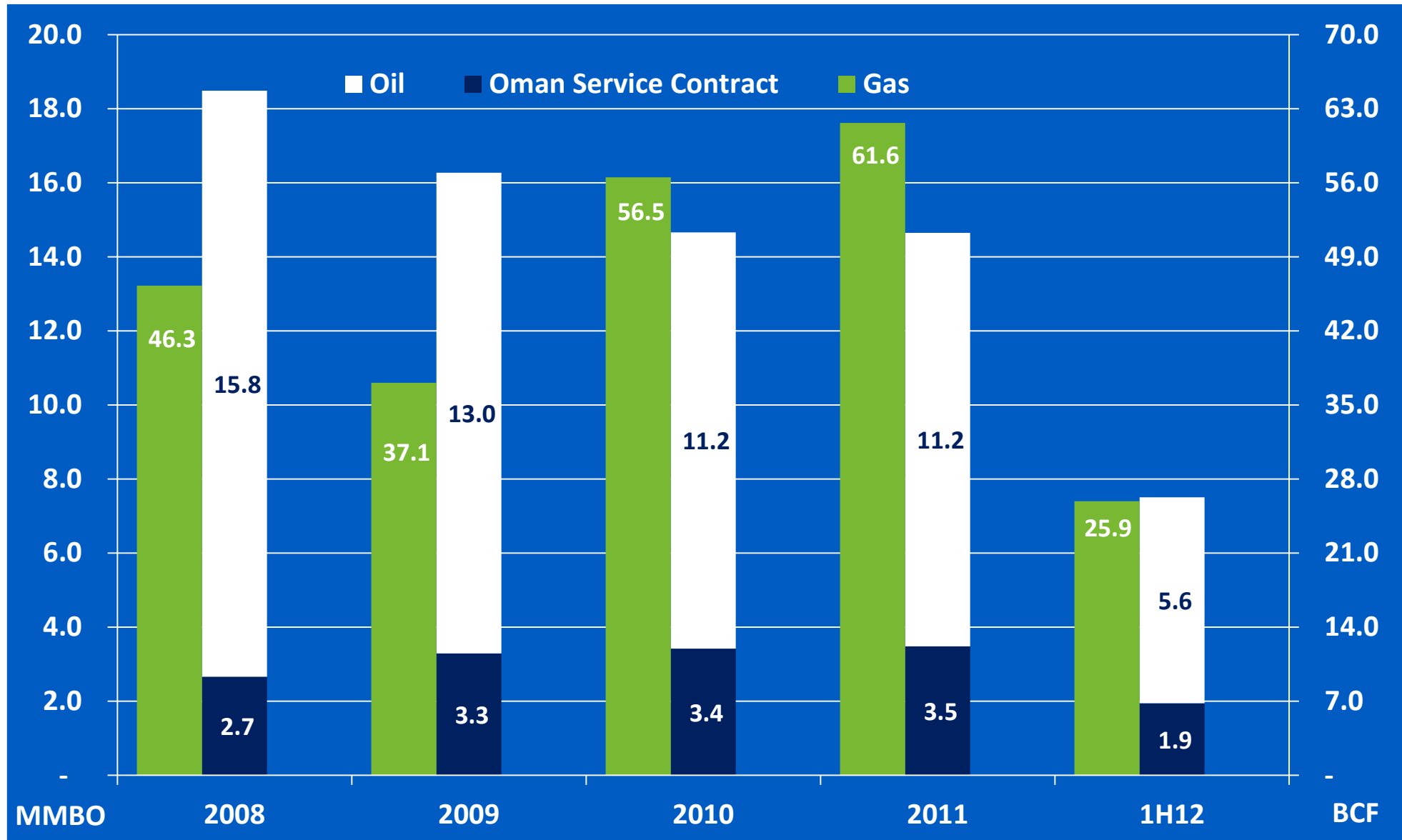
Business Performance: Operational & Financial KPIs



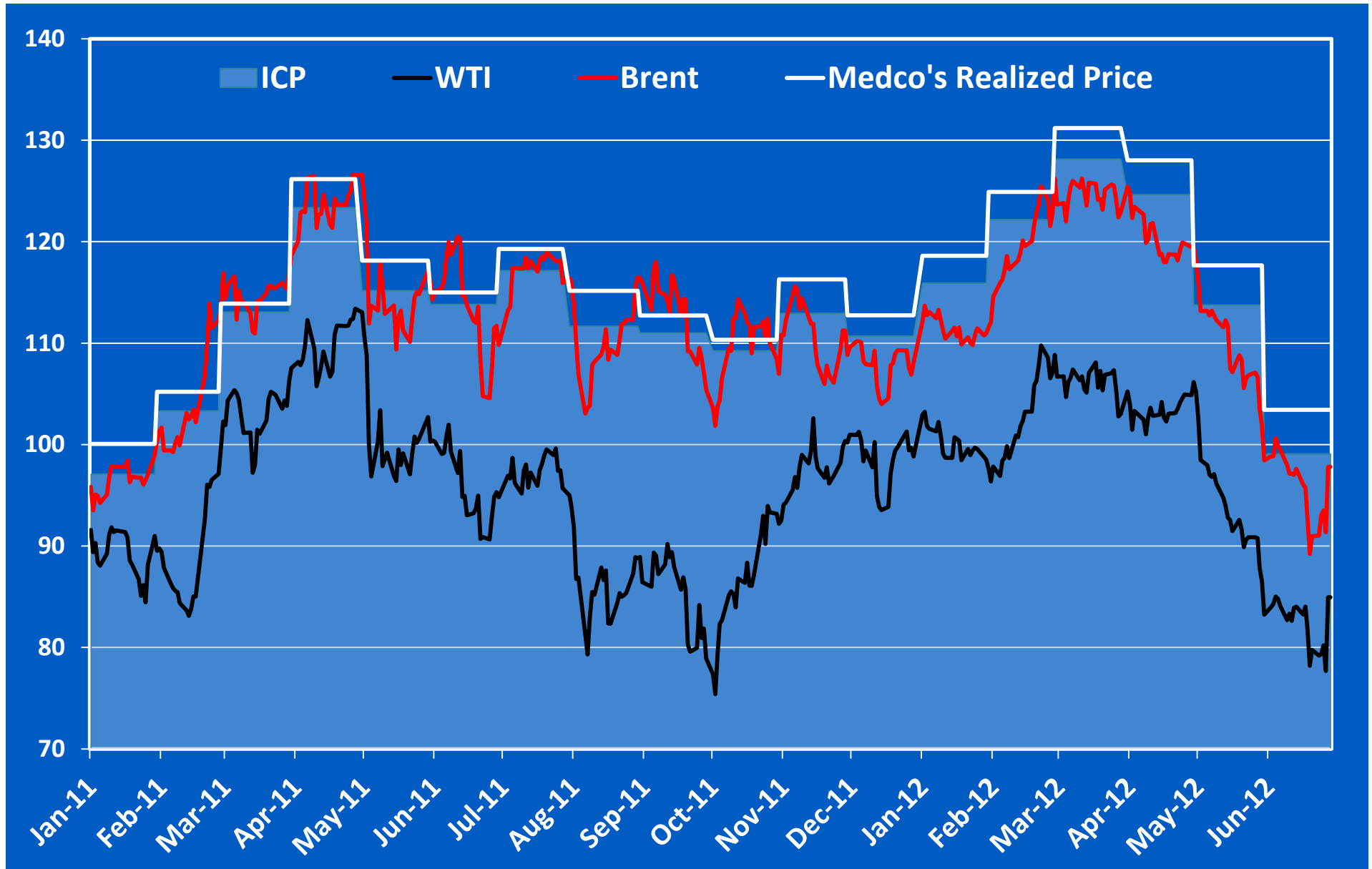
Oil and Gas E&P	1H11	1H12	Δ%
Proven Reserves - 1P (MMBOE)	190.9	227.3	19.1
Proven and Probable Reserves - 2P (MMBOE)	242.9	297.7	22.6
Oil Lifting / MBOPD	29.3	30.4	4.0
Oman Service Contract / MBOPD	9.3	10.7	15.1
Gas Sales / MMCFD	159.6	153.9	(3.6)
Total Oil and Gas* (MBOEPD)	65.8	67.4	2.4
Average Oil Price, USD/barrel	113.2	120.8	6.7
Average Gas Price, USD/mmbtu	3.76	3.83	1.9
LPG Sales / MT per day	41.5	41.6	0.3
LPG Price/ USD per MT	826.9	882.2	6.7
Non-Oil and Gas	1H11	1H12	Δ%
HSD Sales (000 KL)	132.1	133.0	0.7
HSD Price (Rp/KL)	7,191	8,115	12.8
Ethanol Production (KL)	10,058	5,367	(46.6)
Ethanol Price (USD/MT)	598	773	29.3
Electricity Generation (GWh)	627	588	(6.2)

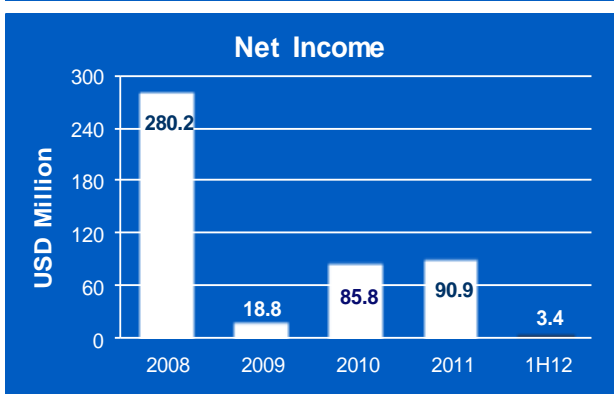
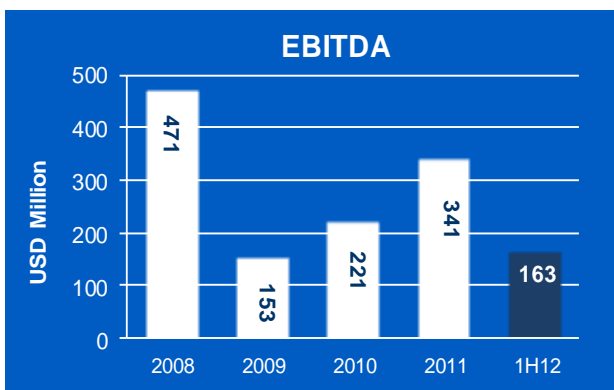
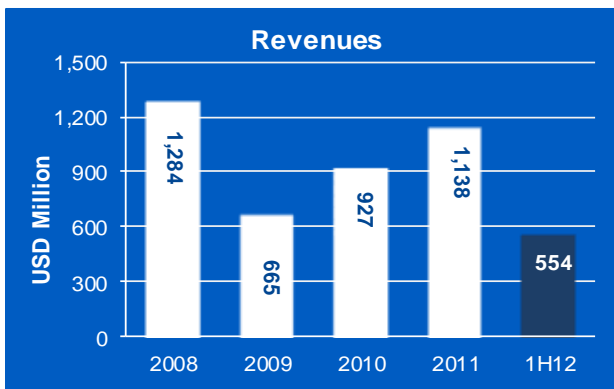
*Including Oman Service contract

Historical Oil & Gas Production

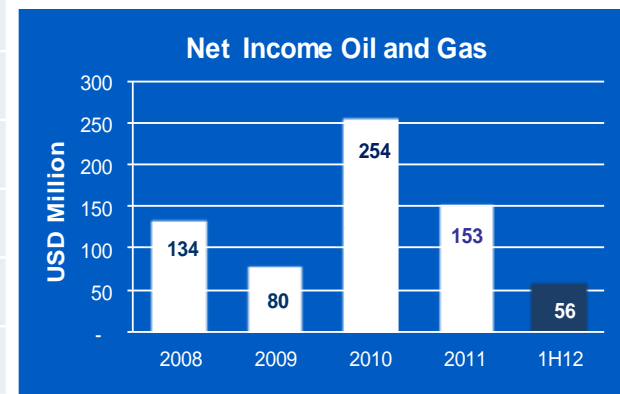
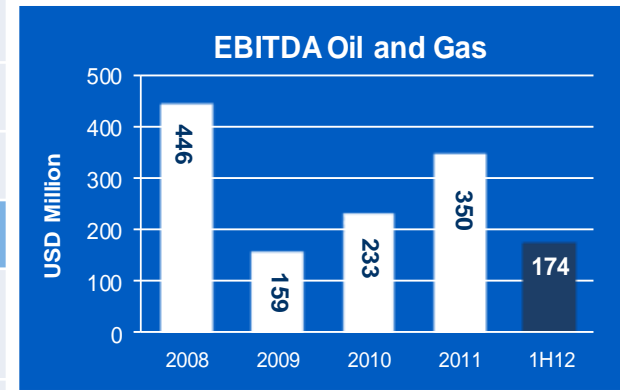
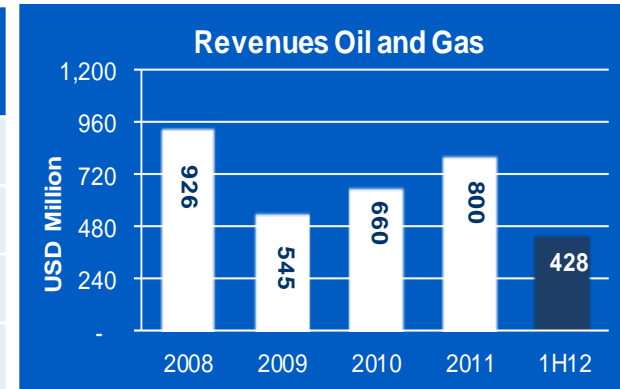


Oil Price Comparison



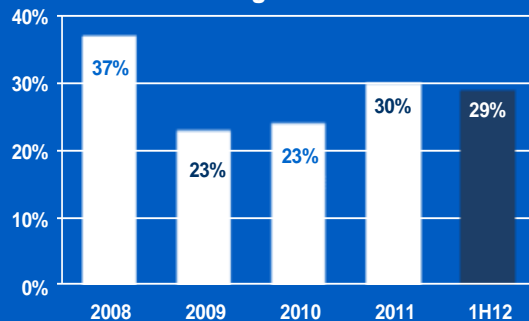


Financial Highlights (USD mm)	1H11	1H12	Δ%
Revenue	586.4	554.3	(5.5)
• Oil and Gas	422.9	428.2	1.3
• Non Oil and Gas	163.6	126.1	(22.9)
Gross Profit	182.4	203.4	11.5
Operating Income	111.6	126.3	13.2
EBITDA	165.8	162.6	(1.9)
Earnings Before Tax	63.9	91.0	42.3
Net Income*	8.0	3.4	(57.1)
Cash and Cash Equivalents	363.1	733.4	102.0
Total Assets	2,328.0	2,626.6	12.8
Total Liabilities	1,520.5	1,785.4	17.4
Equity*	775.9	827.7	6.7
Market Capitalization	910.9	632.7	(30.5)
EPS (USD/share)	0.0027	0.0012	(56.5)
Capex	92.3	56.1	(39.2)

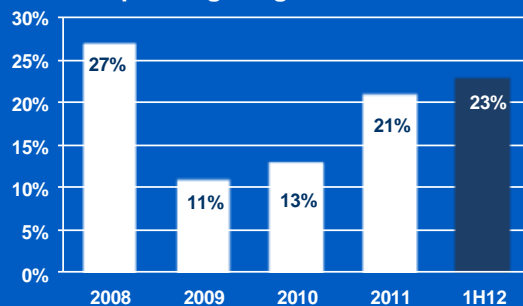


*Attributable to Equity holders of the parents

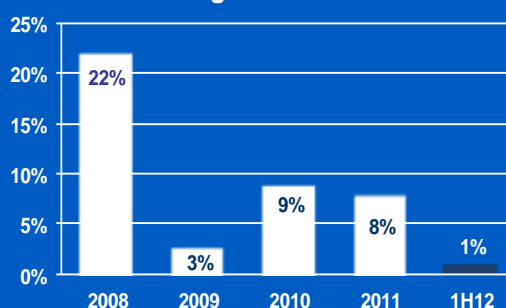
EBITDA Margin Consolidated



Operating Margin Consolidated



Net Margin Consolidated



Profitability Ratios (%)

	1H11	1H12	Δ%
Gross Margin	31.1%	36.7%	18.0
EBITDA Margin	28.3%	29.3%	3.7
Operating Margin	19.0%	22.8%	19.7
Net Margin	1.4%	0.6%	(54.6)
Return on Equity - Annualized	2.1%	0.8%	(59.8)

Leverage Ratios (x)

	1H11	1H12	Δ%
Debt to Equity	1.32	1.65	25.3
Net Debt to Equity	0.85	0.76	(10.0)
Total Liability to Total Equity	1.96	2.16	10.1

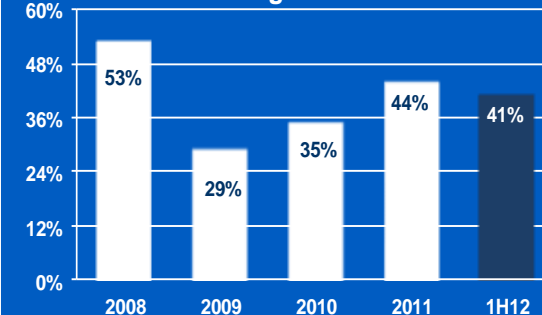
Coverage Ratios (x)

	1H11	1H12	Δ%
Debt/EBITDA – Ann.	3.08	4.20	36.4
Net debt/EBITDA – Ann.	1.98	1.94	(2.1)
EBITDA to Interest	4.10	4.18	1.8

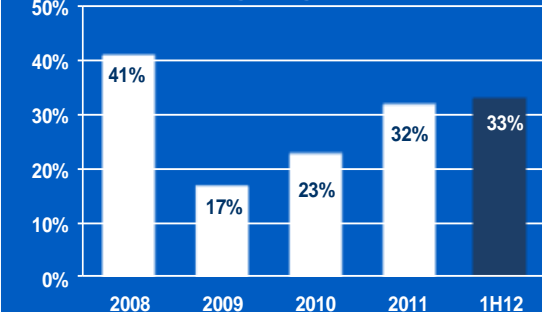
Efficiency Ratios (x) – Ann.

	1H11	1H12	Δ%
Revenue/fixed assets	1.18	1.18	(0.8)
Revenue/net working capital	2.89	1.88	(34.9)

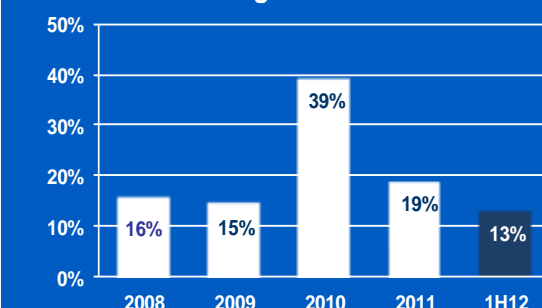
EBITDA Margin Oil and Gas



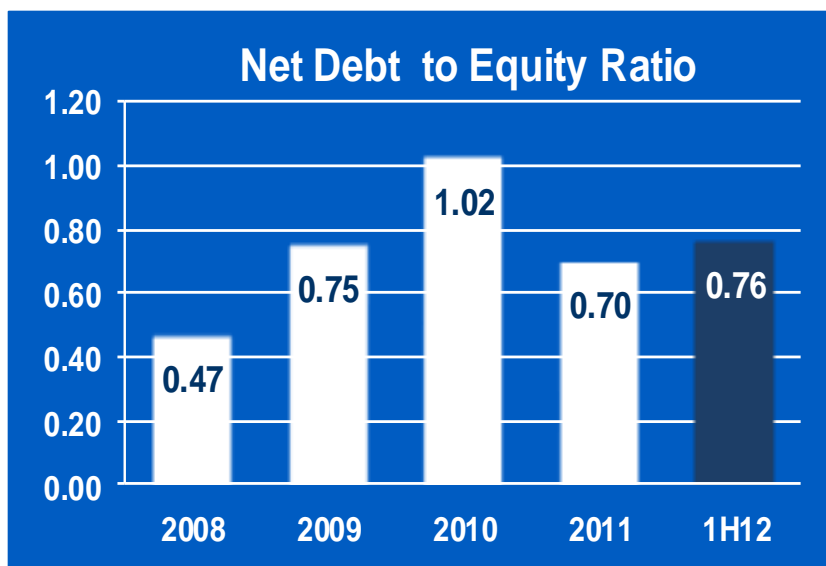
Operating Margin Oil and Gas



Net Margin Oil and Gas



CONSOLIDATED DEBTS (in USD mn)	1H11	1H12	Δ%
A. Total Bank Loans	701.5	857.8	22.3
Current	128.5	433.3	237.2
Non Current	573.0	424.4	(25.9)
B. Other Obligations	319.7	507.6	58.8
Current: MTN	89.2	32.0	(64.2)
Rupiah Bonds	59.7	-	n.m.
Non Current: Related Party	-	105.2	n.m.
MTN	56.4	29.9	(47.1)
Rupiah Bonds	114.4	261.1	128.3
USD Bonds	-	79.4	n.m.
Total	1,021.1	1,365.3	33.7

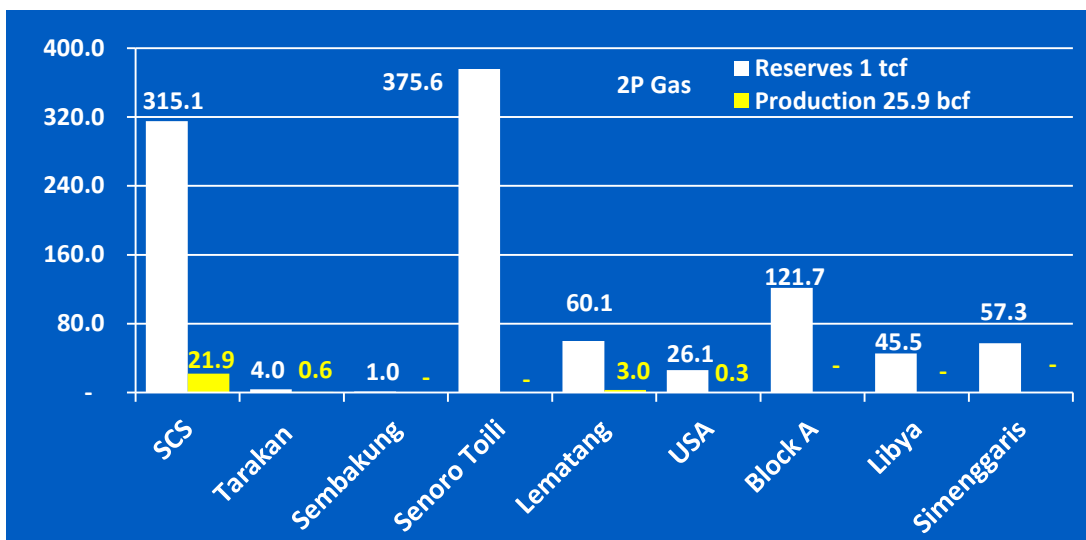
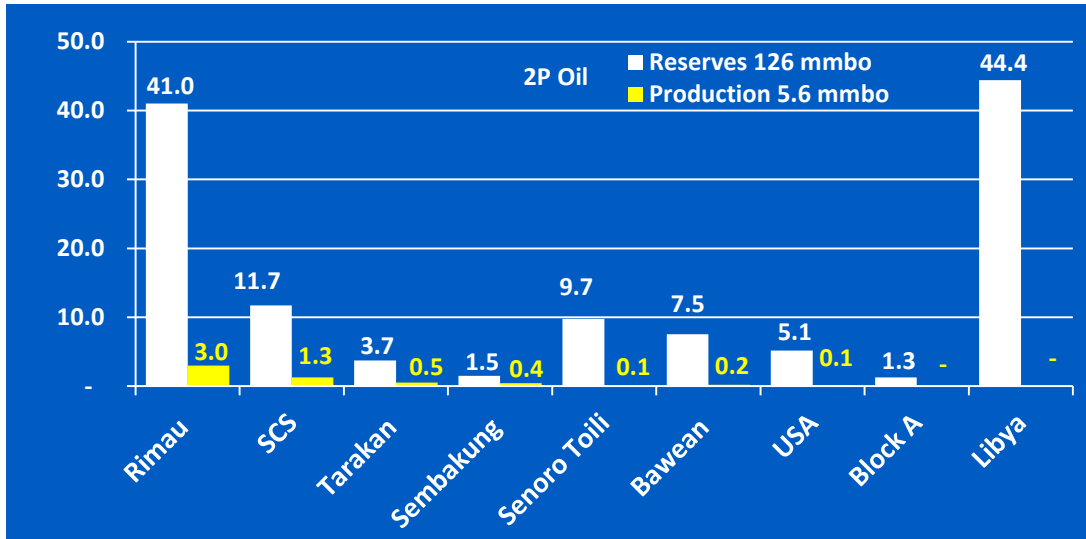


Liquidity (x)	1H11	1H12	Δ%
Cash Ratio	0.63	1.03	64.0
Quick Ratio	1.56	1.73	11.5
Current Ratio	1.70	1.83	7.4
Investment Ratios (x)	1H11	1H12	Δ%
CapEx to Revenue	0.16	0.10	(35.7)
CapEx to Depreciation	1.70	1.55	(9.1)
Capital Structure (x)	1H11	1H12	Δ%
Net debt to equity	0.85	0.76	(10.0)
Net debt to (net debt + equity)	0.46	0.43	(5.7)
Debt to Capital	0.57	0.62	9.6

03

Business Development: Reserves and Capex

“The combination of oil and gas reserves on Medco’s portfolio will help sustain production life for years to come”



❖ **2P or Proven and Probable reserves:**

Reserves claimed to have a lower certainty (at least 50% confidence) of being produced due to operational, contractual, or regulatory uncertainties. For 1H12, the addition of reserves from Libya, Simenggaris and SCS has increased the 2P Oil and Gas reserves to 126 mmbo and 1 bcf respectively.

❖ As of 1H12, Medco’s 2P reserves are comprised of **42.3% oil** and **57.7% gas**.

→ Most of 2P reserves and Contingent Resources are **technically proven** – conversion to proven reserves is pending certain milestones of commerciality factors e.g. government approvals, final POD etc.

<ul style="list-style-type: none"> ▪ Libya-47 ▪ Senoro Toili ▪ Bangkanai ▪ Simenggaris 	Contingent Resources
	110.9 MMBOE
	54% oil, 46% gas

“During the next 3 years Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions.”

E&P CAPEX	2010	2011	2012 F	2013 F	2014 F	3-YR F
Exploration Capex	38.5	46.5	29.4	31.9	14.3	75.6
Development Capex	88.4	96.6	339.6	393.5	330.2	1,063.3
TOTAL E&P CAPEX	126.9	143.2	369.0	425.4	344.5	1,138.9
Non E&P Capex	17.0	13.2	69.3	64.7	0.3	134.3
TOTAL CAPEX NET	143.9	156.3	438.4	490.1	344.8	1,273.2

*Forecasted figures, subject to change

04

Highlights: Asset Development Projects



PROJECTS	TARGET Start-Up	Project Descriptions	% Ownership	Partners
Senoro	2014	Gas field development up to 310 MMscfd	30%	Pertamina, Mitsubishi, Kogas
DSLNG	2014	LNG plant , single train of 2.0 mtpa capacity	11.1%	Pertamina, Mitsubishi, Kogas
Libya 47	2015-2016	Oil field development of 50,000 - 100,000 bopd	25%	National Oil Company (NOC), Libyan Investment Authority (LIA)
Block A	2014 - 2016	Gas field development up to 110 MMscfd	41.67%	Premier, Japex
Rimau EOR	2015	Oil field - Enhanced Oil Recovery	95%	PD-PDE



Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product

Upstream:

- ❖ Scope: Build 310 MMSCFD plant, target 3Q 2014
- ❖ Status:
 - Obtain POD approval in May 2011 and AFE approval on Feb 2012
 - Site Preparation activities on CPP reach 75% progress, ready for handover CPP area to EPC contractor in 4Q 2012, and Jetty area in 1Q 2013
 - EPC CPP contract awarded to Tripatra – Samsung Consortium (TSC) on 17 Sept 2012
 - Land Acquisition of 127 hectares of CPP and Jetty and 21 km of Pipeline ROW to DSLNG are substantially completed.
 - Project Financing Due Diligence is ongoing.





Laying out tarp in the CPP Area



Clearing alternative access road to CPP area



Fixing access road from Senoro 1 to Quarry 2



Drainage construction in access road from Senoro 1 to Quarry 2



Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product

Downstream:

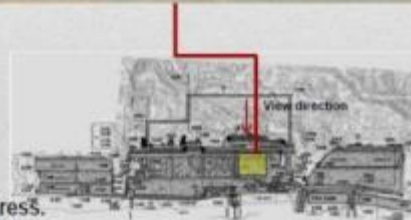
- ❖ Scope : Build 2.0 MT per annum LNG facilities, target first LNG to buyer by 4Q 2014.
- ❖ Status:
 - Commence LNG EPC contract on 28 Feb 2011.
 - EPC progress currently reach 60% (10% ahead of schedule) as of end of August 2012.
 - Project Financing Due Diligence is ongoing.





C300 : 071-TK-1001 [LNG Tank]

- Roof block assembly in progress.
- PC Wall 4th lift Rebar and Form Works in progress.



A-000 Process Train Area :

- Main Process Pipe Rack Columns & Beams
- Sub Rack formworks & rebar and concrete works
- Steel structure erection & Gusset Plate welding
- Manhole & GRE U/G Pipe works
- Unit S/S & LER-1 Building rebar and formworks
- Equipment Foundation work (MCHE & Compressors)
- Table Top Concrete Foundation work



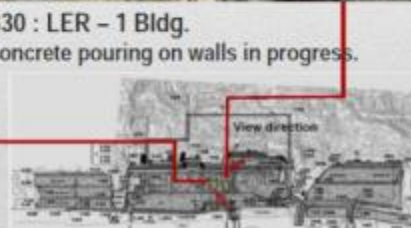
A320 : 063-D-1001 [HP Fuel Gas Mixing Drum]

- Rebar works for footing & pedestal in progress.



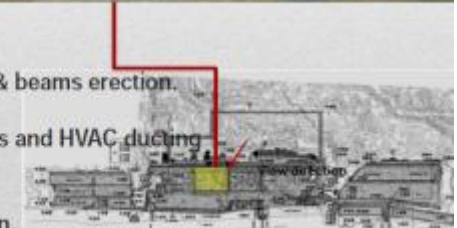
A330 : LER - 1 Bldg.

- Concrete pouring on walls in progress.



B000 : Utility Area

- V-Ditch construction and Piperack columns & beams erection.
- GTG Foundation works.
- MCR & Main S/S super structure, block works and HVAC ducting installation.
- A/G Piping installation on Pipe Sleepers.
- Equipment Foundation works & Tank erection.



Area 47 Exploration Map

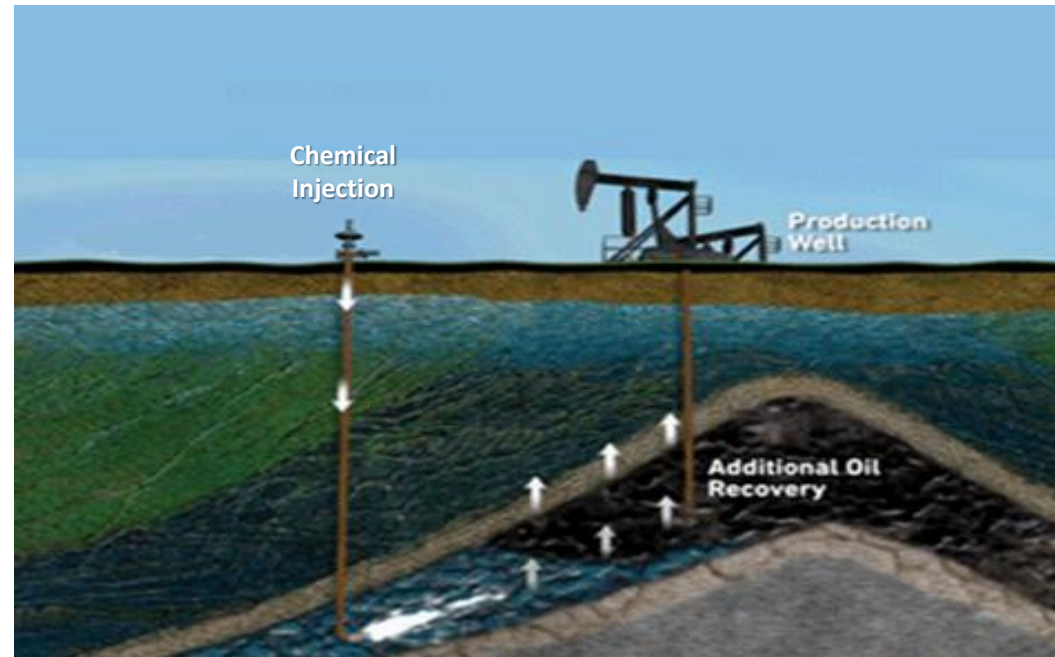
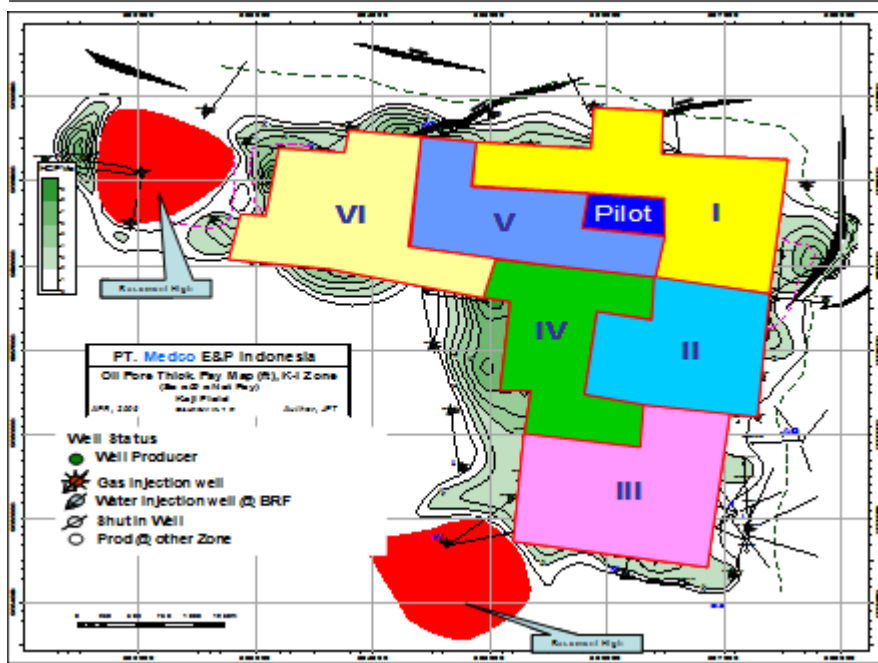


Exploration Success Ratio :
Global Conventional : 20%
Medco in Libya : 90%





- ❖ Scope : Produce 50-100 MBOPD production facilities with associated pipelines
- ❖ Status :
 - Total 26 wells drilled, 20 exploration wells and 6 appraisal wells. 18 out of 20 exploration wells discovered oil/gas.
 - Obtained Commerciality Declaration on 14 December 2011.
 - Continue Joint Operation Agreement (JOA) and Shareholder Agreement (SHA) negotiation with National Oil Company (NOC) of Libya
 - Pre-Engineering study is still ongoing with target for completion in mid October 2012



- ❖ Objective: Increase oil production from existing reservoir using enhanced recovery technique (surfactant)
- ❖ Scope : Implementation of Chemical Flooding EOR project in Kaji Semoga to increase the recovery of oil in place by up to 60 MMBO starting 2015
- ❖ Status :
 - Started pre-flush activity in Dec 2011
 - Obtain Mechanical Completion of Chemical Injection Facility on August and continue with commissioning activities. Target to start Chemical Injection by Sep 2012.
 - Capex will be internally funded from operation.



View of EOR Station from SP Injection & Production Area



View of EOR Pilot Station from SP Warehouse Area



Asphalting Road (Northern Side)



Asphalting Road (Eastern Side)



Production Area



Production Area (split stone has been laying)



Future office illustration

- ❖ **Scope:**
Build 2 x 55 MMSCFD gas plant facilities and associated pipeline, to monetize 343 BCF of gross gas reserves; to supply state owned fertilizer company (PIM).
- ❖ **Status:**
 - EPC contract re-tender in process, in consultation with BPMIGAS for Direct Selection Tender
 - Facility Sharing Agreement (FSA) finalization with Exxon Mobil Indonesia (EMOI), DJKN and PT Arun is ongoing, target to conclude by 4Q-2012
 - Matang-1 exploration contracts are ready, rig mobilization has started and rigging up is still ongoing. Plan to spud in October 2012.



Compaction access road to Matang-1 well site



Grading access road to well site location



Excavation drainage at Site Camp



Back fill wastewater disposal tank



This document contains certain 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.

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