

# 1H13 Investors' Update

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PT Medco Energi Internasional Tbk.

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July, 2013  
[www.medcoenergi.com](http://www.medcoenergi.com)  
Energy Company of Choice

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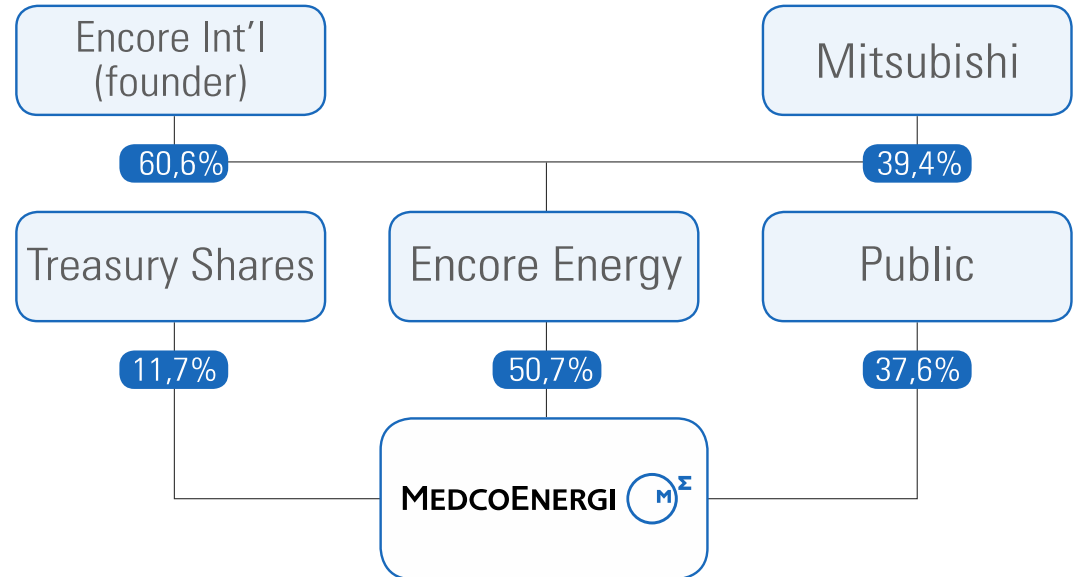
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# Company Profile



## Shareholdings Structure

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 coal mining and have minority stakes in High Speed Diesel trading, and power generation to Perusahaan Listrik Negara (PLN).



## Business Strategy

01

Strengthen the portfolio of producing assets, including acquisitions.

02

Increase the reserve life index through exploration activities.

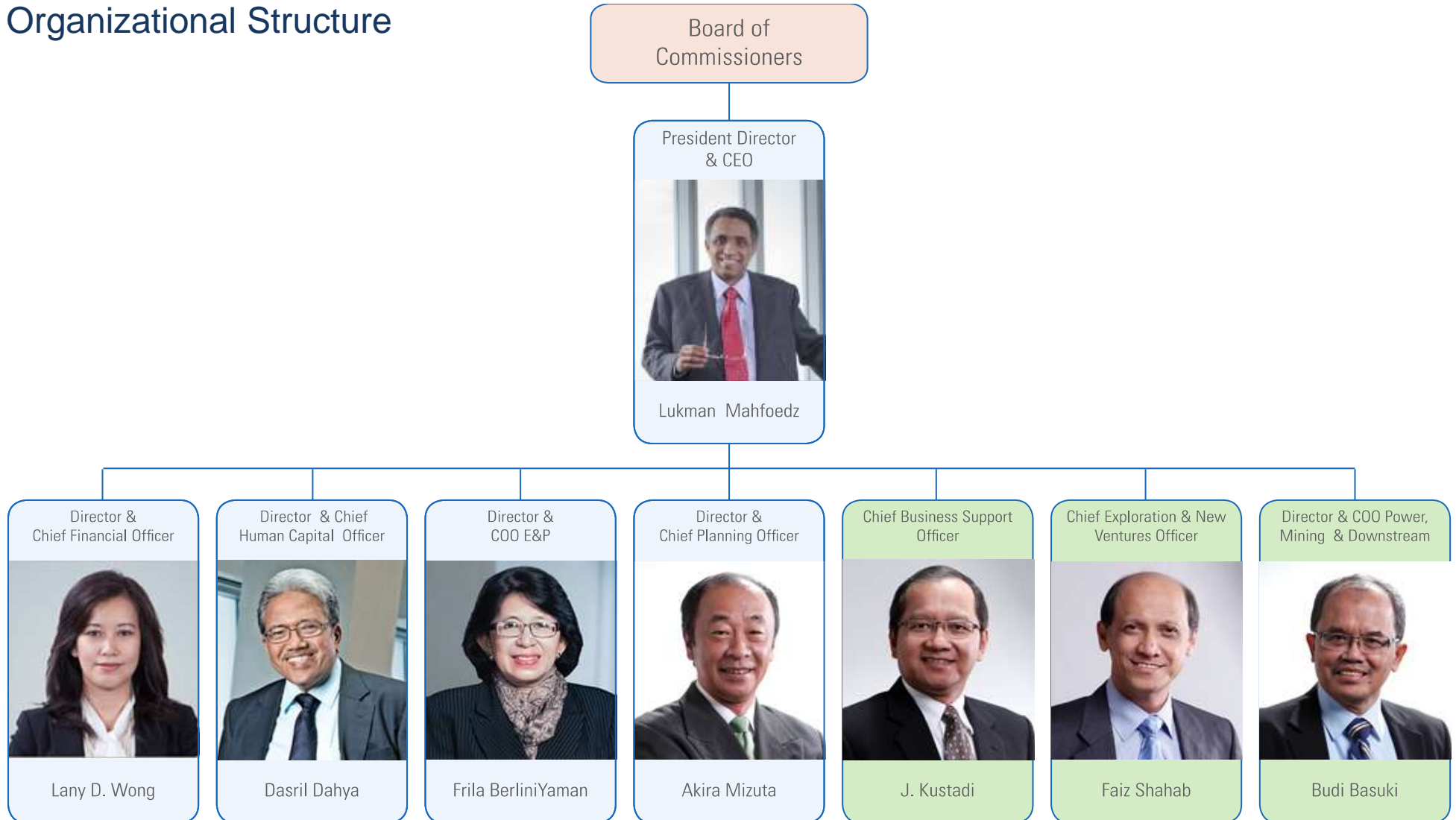
03

Complete all Major Projects as planned

04

Accelerate the growth of non-oil and gas assets through strategic partners.

# Organizational Structure



# Company Performance



## Corporate Updates

### January 21<sup>th</sup> 2013

Signed a HOA in Senoro-Toili and GSA amendments for PGN (PLN Muara Tawar) and Meppogen

- The Head of Agreement is with PT Panca Amara Utama for gas supply of 55mmscfd (2015-2027) and gas price is based on a formula indexed to international Ammonia price.
- GSA amendment (PGN for PLN Muara Tawar): a 152% price increase from USD 4.69/MMBTU to USD 7.11/MMBTU in 2013 (and 3% escalation per annum).
- GSA amendment (Meppogen): a 283% price increase from USD 2.3/MMBTU to USD 6.5/MMBTU (with 3% escalation per annum).

### March 7<sup>th</sup> 2013

MedcoEnergi signed an Asset Swap Transaction with Salamander

- The Company swaps its 15% participating interest in the Bangkanai PSC for Salamander's participating interests of 21% and 41.7% in the Simenggaris PSC and in the Bengara-1 PSC respectively .
- After swap, MedcoEnergi increases its ownership in Simenggaris PSC to 62.5% and in Bengara-1 PSC to 100%. Conversely MedcoEnergi will fully divest its interest in the Bangkanai PSC.

### March 25<sup>th</sup> 2013

MedcoEnergi Commences Development of Area 47 Libya

- The Joint Operating Company (JOC) namely Nafusah Oil Operations B.V. has been officially established between NOC (51%), Medco (24.5%) and LIA (24.5%)
- The formation of the JOC will help facilitate further organization expansion and expedite the development progress. Production from Libya Area 47 is envisaged to have a plateau of 50,000 BOPD.
- The Company has obtained a two-year extension for Appraisal for the remaining 10 discoveries in Area 47 which will be followed by the Phase-2 development.

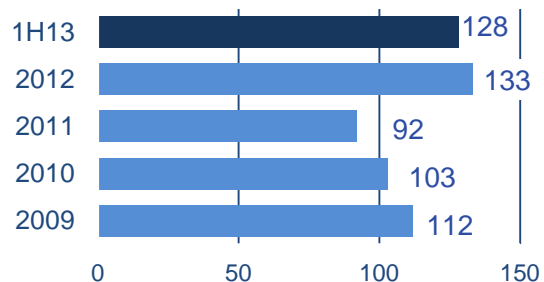
### May 12<sup>th</sup> 2013

MedcoEnergi Strikes Gas in Matang-1 Exploration Well located in Block A PSC, Aceh.

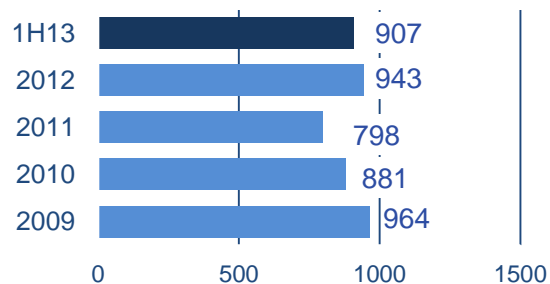
- From the initial result of the test, the well is flowing 25 MMSCFD through a 52/64 inch choke with a low H<sub>2</sub>S content, approximately 15% CO<sub>2</sub>.
- The Company is the operator of the block with a participating interest of 41.67% with partners Premier Oil (41.67%) and Japex (16.66%). In 2010 MedcoEnergi successfully obtained the PSC contract extension until 2031.

## Operational Breakdown

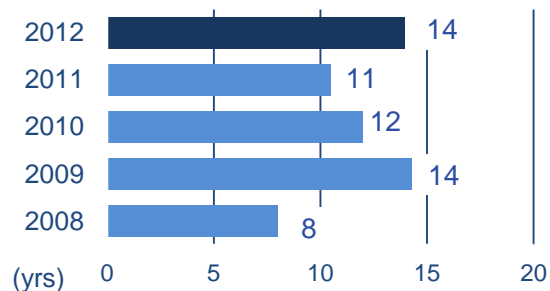
### 2P Oil Reserves in MMBO



### 2P Gas Reserves in BCF



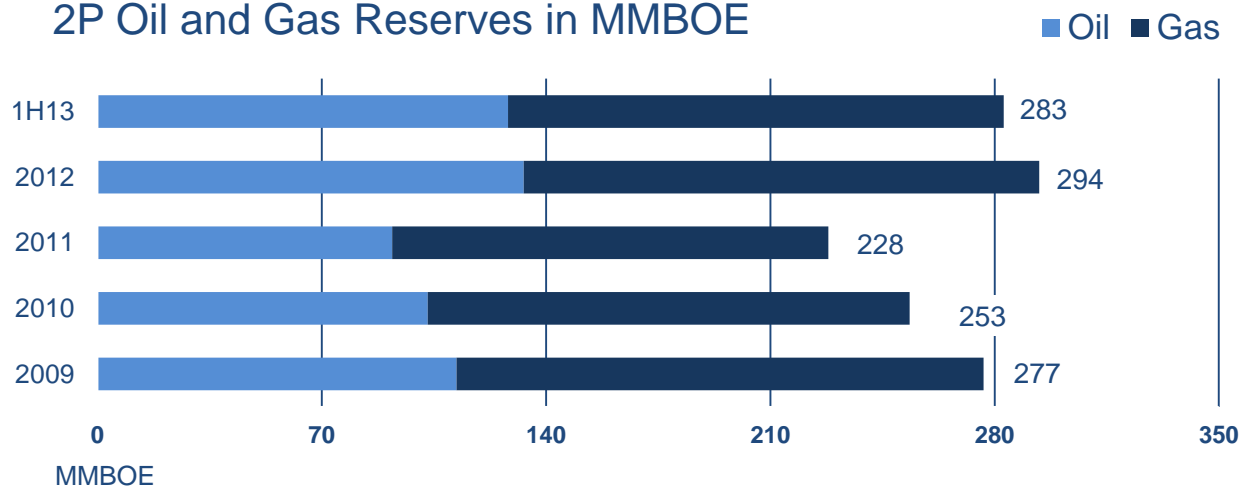
### Reserves Life Index



Oil and Gas E&P	1H12	1H13	Δ%
Proved Reserves - 1P (MMBOE)	227.3	216.0	(5.0)
Proved and Probable Reserves - 2P (MMBOE)	297.7	282.8	(5.0)
Oil Lifting / MBOPD	30.4	24.8	(18.6)
Oman Service Contract / MBOPD	10.7	9.2	(14.2)
Gas Sales / BBTUPD	153.9	153.9	0.0
Total Oil and Gas (MBOEPD)*	56.7	51.1	(10.0)
Average Oil Price, USD/barrel	120.8	108.5	(10.2)
Average Gas Price, USD/mmbtu	3.83	5.17	35.0

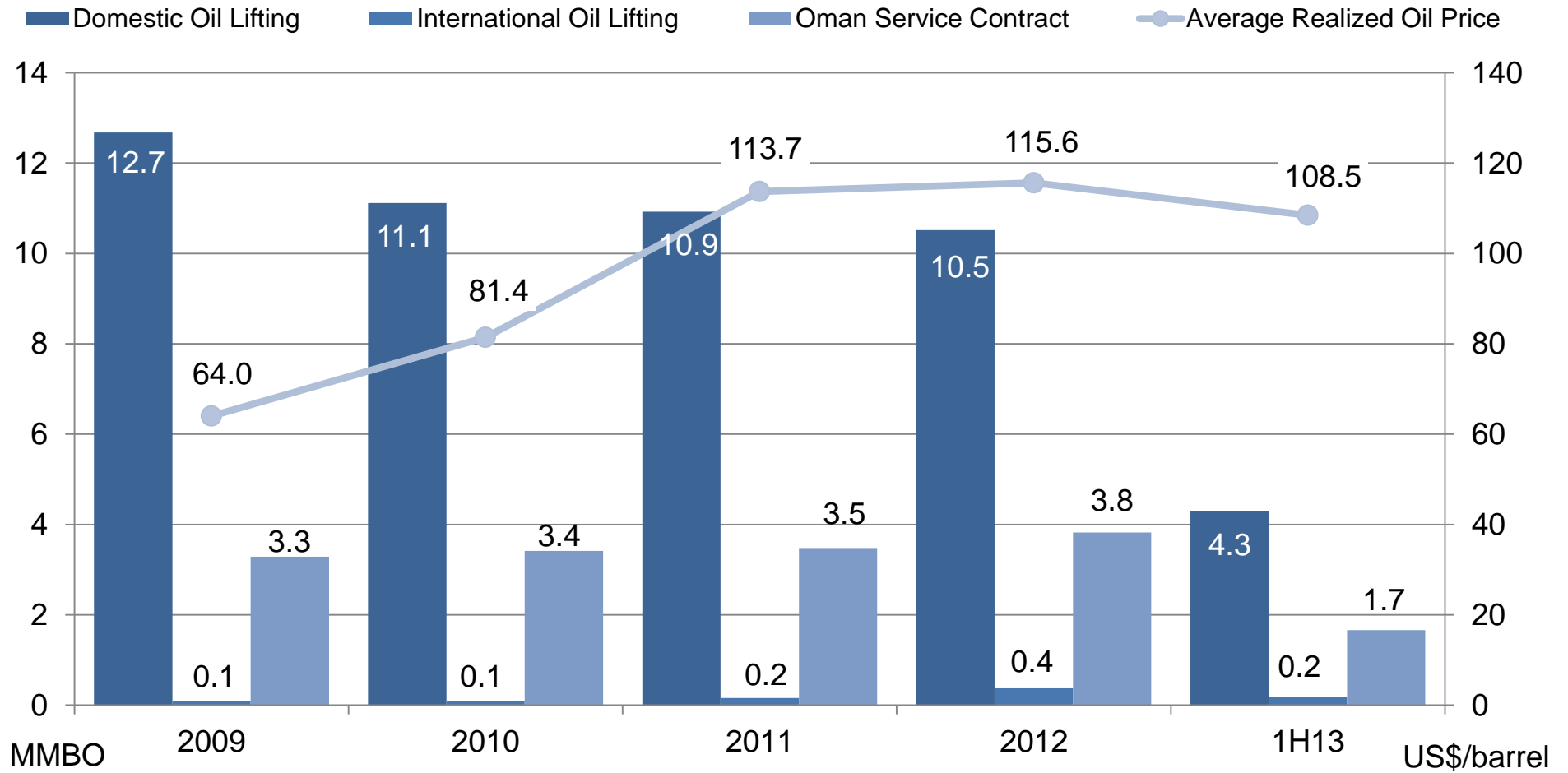
\*excluding Oman Service contract

### 2P Oil and Gas Reserves in MMBOE

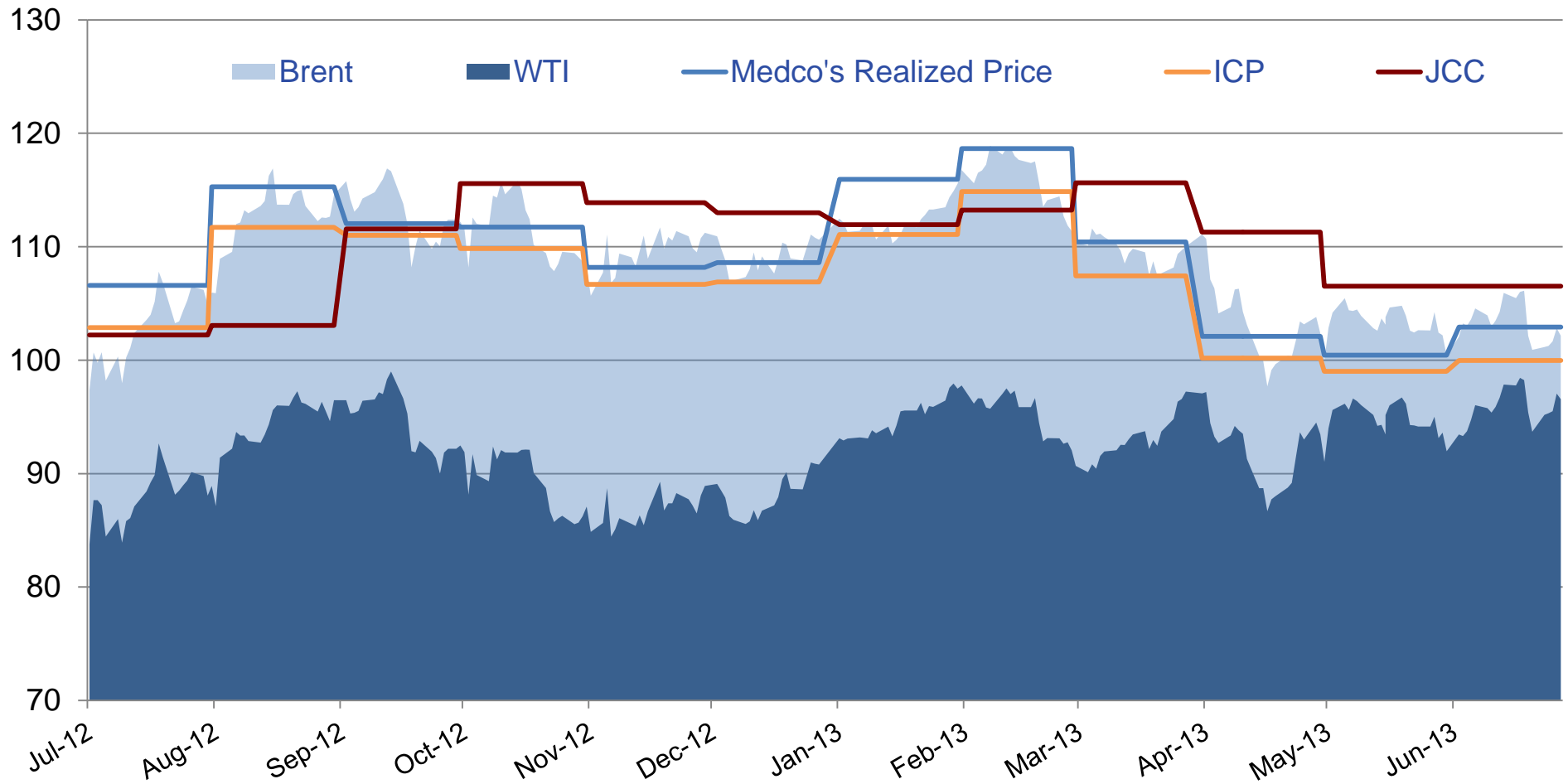




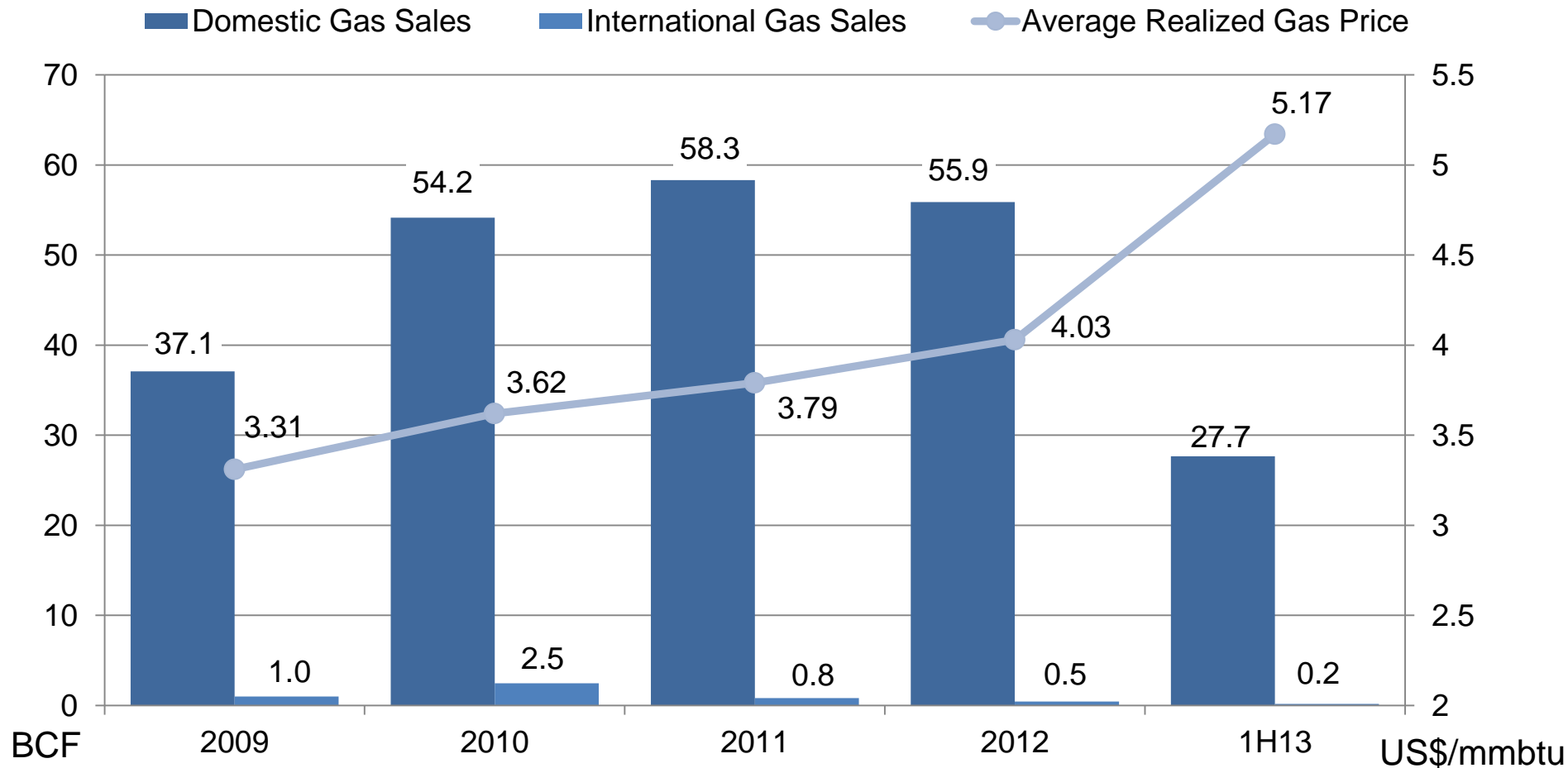
## Oil Lifting and Service Contract



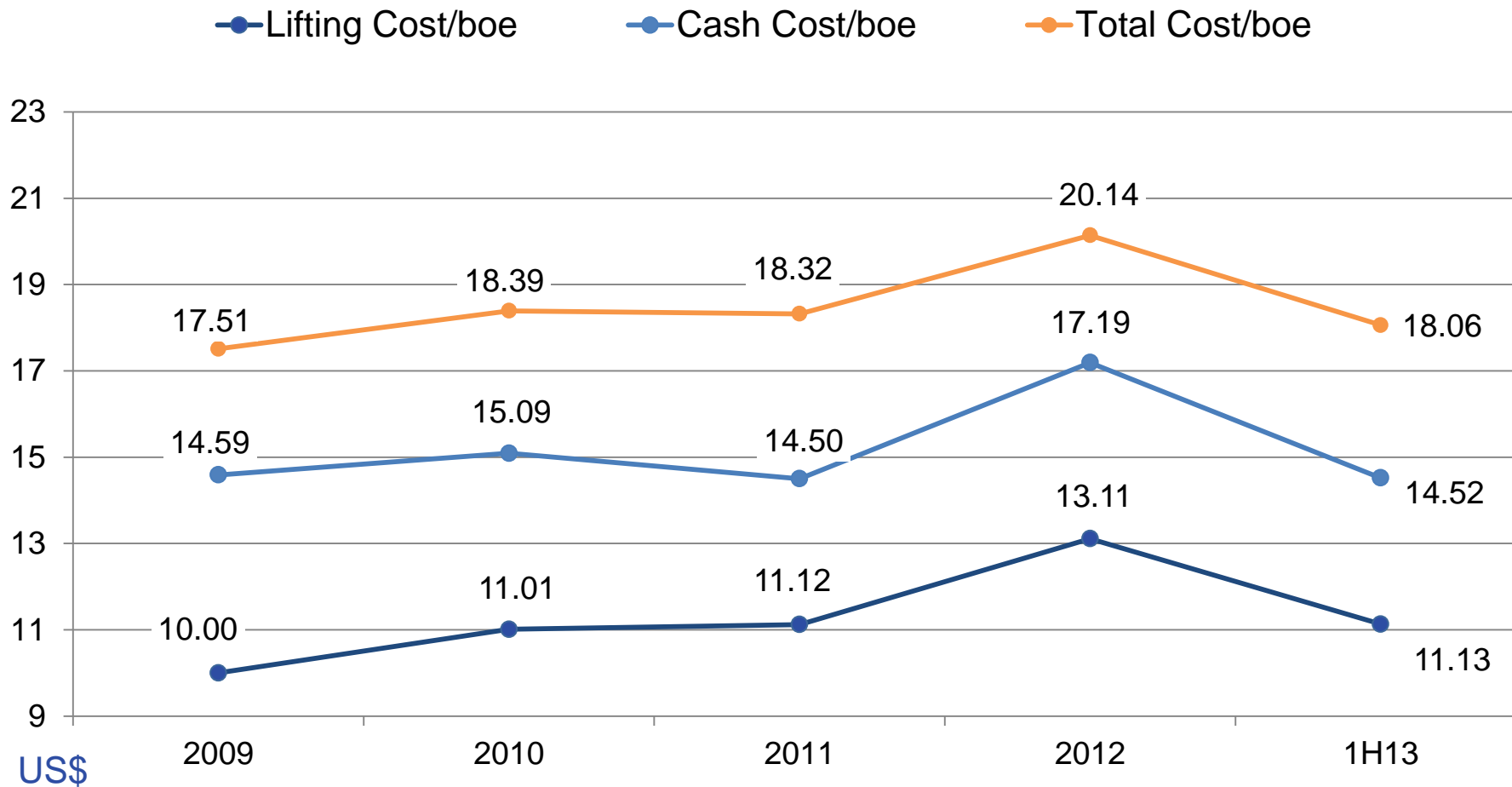
## Oil Price Comparison



## Gas Sales

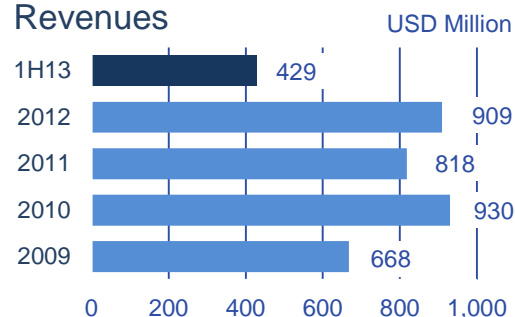


## Oil and Gas Costs

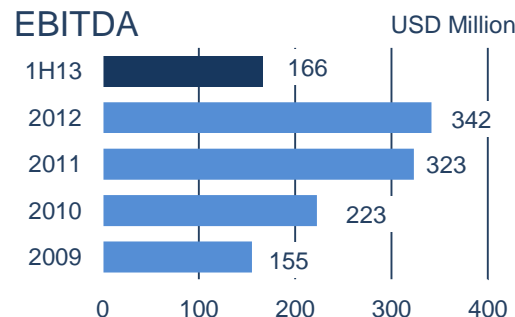


## Financial KPIs

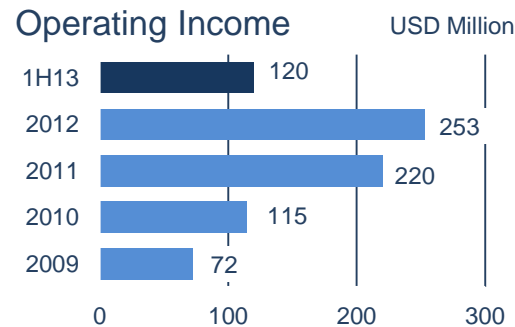
### Revenues



### EBITDA

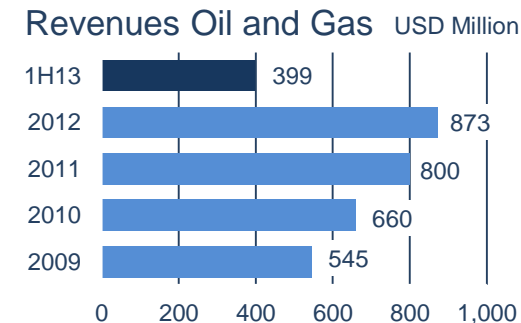


### Operating Income

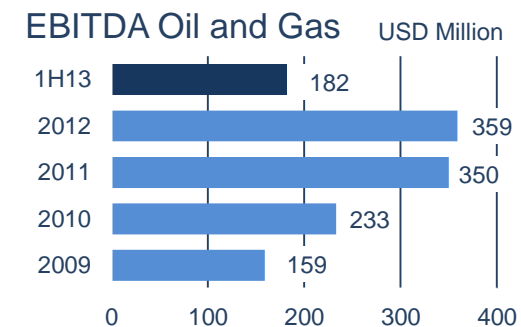


Financial Highlights (USD mm)	1H12	1H13	Δ%
Revenue	459.5	428.5	(6.7)
• Oil and Gas	450.6	398.7	(11.5)
• Non Oil and Gas	8.8	29.8	237.1
Gross Profit	217.6	188.5	(13.4)
Operating Income	143.4	120.2	(16.2)
EBITDA	181.4	166.3	(8.3)
Earnings Before Tax	109.5	83.9	(23.4)
Net Income	11.2	5.1	(54.5)
Cash and cash equivalents	733.0	403.3	(45.0)
Total Assets	2,723.2	2,582.9	(5.2)
Total Liabilities	1,874.1	1,755.7	(6.3)
Equity	835.5	816.7	(2.3)
Market Capitalization	632.7	567.2	(10.4)
EPS (USD/share)	0.0038	0.0017	(55.3)
Capex	41.0	83.3	103.1

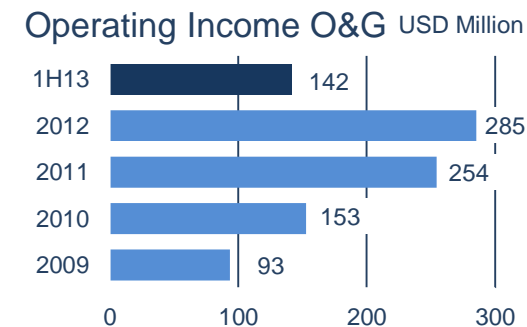
### Revenues Oil and Gas



### EBITDA Oil and Gas

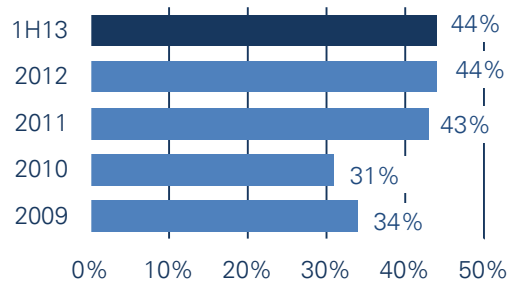


### Operating Income O&G

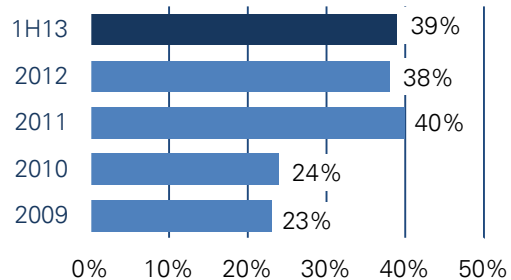


## Financial KPIs (cont'd)

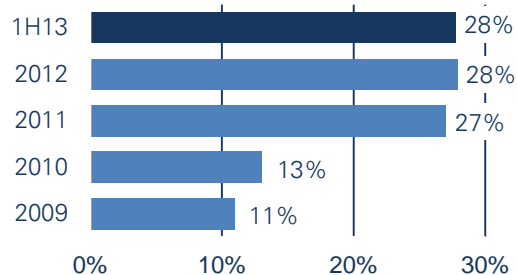
### Gross Margin Consolidated



### EBITDA Margin Consolidated



### Operating Margin Consolidated



Profitability (%)	1H12	1H13	Δ%
Gross Margin	47.4%	44.0%	(7.1)
EBITDA Margin	39.5%	38.8%	(1.7)
Operating Margin	31.2%	28.0%	(10.2)
Net Margin	2.4%	1.2%	(51.3)

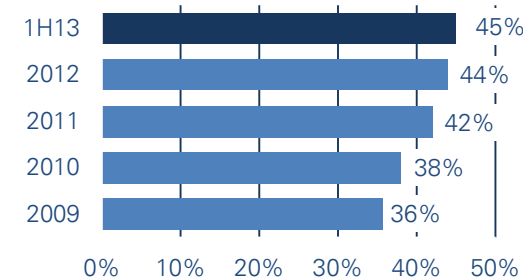
Return on Equity - Annualized	2.7%	1.2%	(53.5)
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Efficiency Ratios (x) - Annualized	1H12	1H13	Δ%
Revenue/ fixed assets	0.91	0.77	(15.2)
Revenue/ net working capital	1.53	2.34	52.7

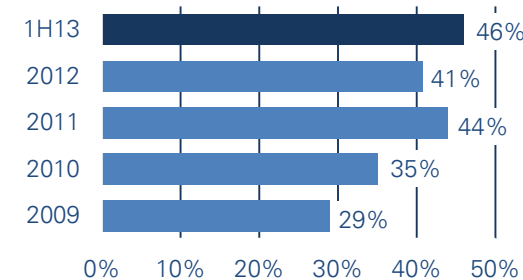
Liquidity (x)	1H12	1H13	Δ%
Cash Ratio	1.02	0.75	(26.2)
Quick Ratio	1.69	1.57	(7.1)
Current Ratio	1.84	1.69	(8.2)

Investment Ratios (x)	1H12	1H13	Δ%
CapEx to Revenue	0.09	0.19	117.8
CapEx to Depreciation	1.08	1.80	67.2

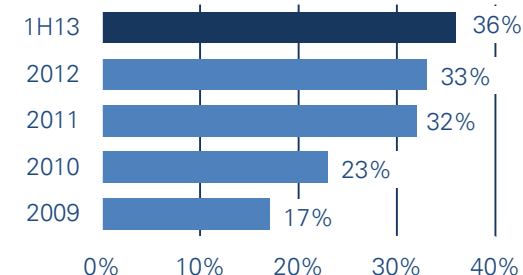
### Gross Margin Oil and Gas



### EBITDA Margin Oil and Gas



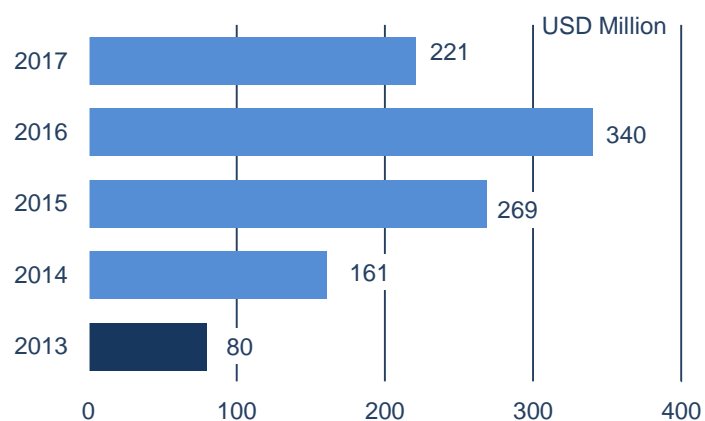
### Operating Margin Oil and Gas



## Financial KPIs (cont'd)

CONSOLIDATED DEBTS (in USD mn)		1H12	1H13	Δ%
<b>A. Total Bank Loans</b>		<b>829.6</b>	<b>512.4</b>	<b>(38.2)</b>
Current		405.2	111.1	(72.6)
Non Current		424.4	401.3	(5.5)
<b>B. Other Obligations</b>		<b>596.3</b>	<b>706.6</b>	<b>18.5</b>
Current:	MTN	32.0	29.9	(6.4)
	Rupiah Bonds	-	99.6	n.m.
Non Current:	Related Party	193.9	127.1	(34.4)
	MTN	29.9	-	n.m.
	Rupiah Bonds	261.1	350.5	34.2
	USD Bonds	79.4	99.4	25.2
<b>Total</b>		<b>1,425.9</b>	<b>1,219.0</b>	<b>(14.5)</b>

## Debt Maturity Profile



Leverage Ratios (x)	1H12	1H13	Δ%
Debt to Equity Ratio	1.71	1.49	(12.5)
Net Debt to Equity Ratio	0.83	1.00	20.4
Total Liabilities / Total Equity	2.24	2.15	(4.2)
Coverage Ratios (x)	1H12	1H13	Δ%
Debt to EBITDA – Annualized	3.93	3.67	(6.8)
Net debt/ EBITDA – Annualized	1.91	2.45	28.4
EBITDA to Interest Coverage Ratio	3.95	4.23	7.1
Capital Structure (x)	1H12	1H13	Δ%
Net debt to (net debt + equity)	0.45	0.50	9.3
Debt to Capital	0.63	0.60	(5.0)

## Awards



### 2013

- The Health, Safety and Environment Shield Award from Petroleum Development Oman



### 2012

- Gold PROPER for Rimau Block in South Sumatra, Green PROPER for South Sumatra Extension Block (South Sumatra) Tarakan Block (East Kalimantan), Kampar Block (Riau) and Sembakung Block (East Kalimantan), and Blue PROPER for Lematang Block (South Sumatra) and Medco Ethanol Lampung from the Ministry of Environment of Indonesia.
- GCG Award – The Best Non-Financial from Indonesian Institute for Corporate Directorship
- Best Booth Award – Achieved best booth at Indonesian Petroleum Association Exhibition 2012



### 2011

- Gold PROPER for Rimau Block in South Sumatra and Green PROPER for South Sumatra Extension Block (South Sumatra), Tarakan Block (East Kalimantan), and Kampar Block (Riau) from the Ministry of Environment of Indonesia.
- GCG Award – The Best Non-Financial from Indonesian Institute for Corporate Directorship



### 2010

- GCG Award – The Best Equitable Treatment of Shareholders from the Indonesian Institute for Corporate Directorship
- Green PROPER for Rimau Block, South Sumatra Extension and Kampar from Ministry of Environment of Indonesia.
- Millennium Development Goals Award from Metro TV for category of Environmental Sustainability



### 2009

- GCG Award – Best Overall 2009 from Indonesian Institute for Corporate Directorship
- Annual Report Award 2008 as first runner-up in the category of private non-financial public and listed company
- Millennium Development Goals Award from Metro TV for category Improvement Gender Equality and Women Empowerment through its community development program of Organic System of Rice Intensification (SRI)



### 2008

- Green Corporate Award in the category of Environment for Medco Methanol Bunyu from Association of Indonesian Engineers
- Environmental Management & Monitoring Award for Medco Power Indonesia from Ministry of Environment of Indonesia
- Zero Accident Award for PT Medco LPG Kaji from Department of Manpower RI



### 2007

- “No Lost Time Accident” awards from the Government for several assets including Tarakan and Rimau blocks
- Social Empowerment Award from the Coordination Ministry of Peoples Welfare (Menko Kesra) in 2007
- One of Indonesia’s Most Admired Knowledge Enterprises (MAKE) 2007

### 2006

- The best Annual Report in the Annual Report Award 2005
- The best of top 10 Companies at GCG Perception Index by IICG and SWA Magazine
- One of Indonesia’s Most Admired Knowledge Enterprises (MAKE) 2007

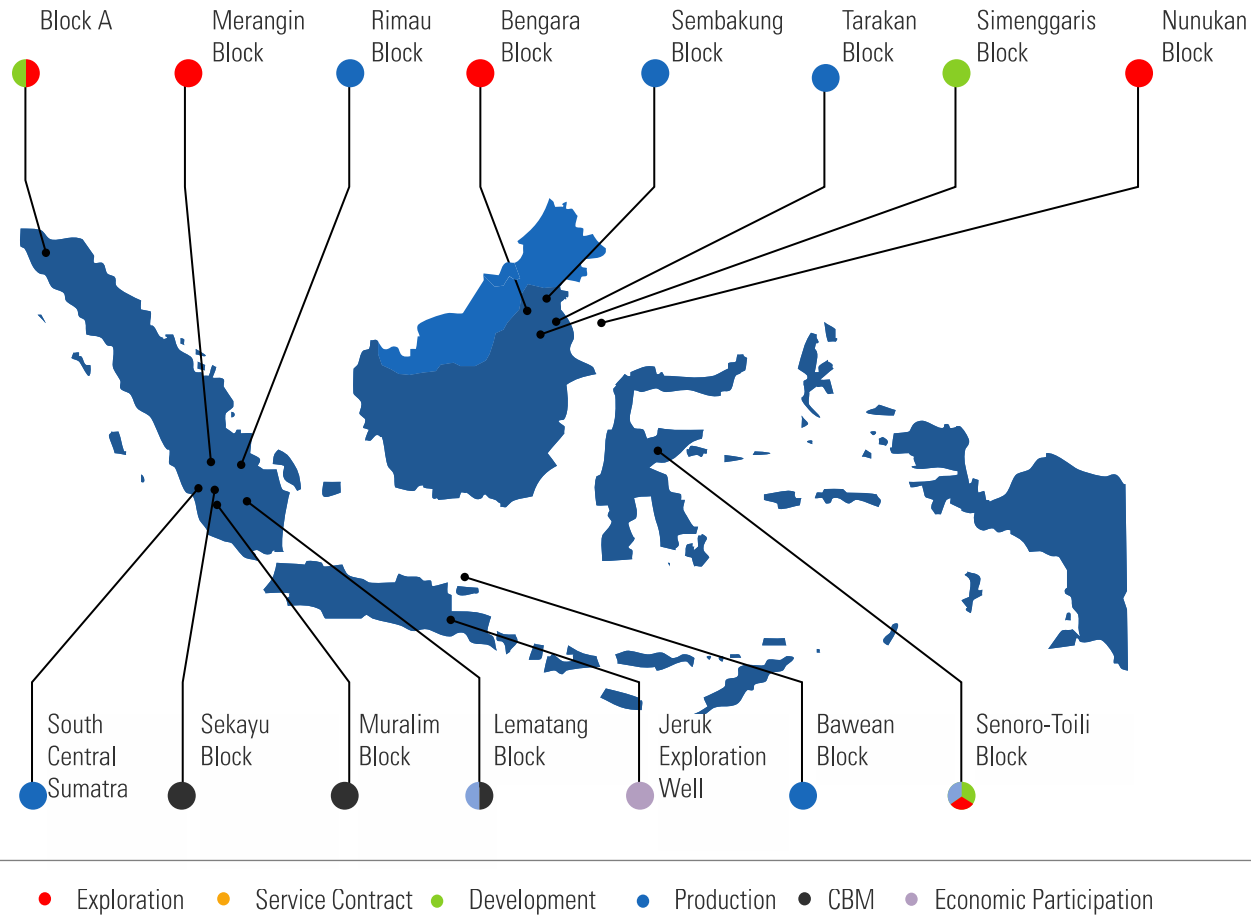




# Business Activities



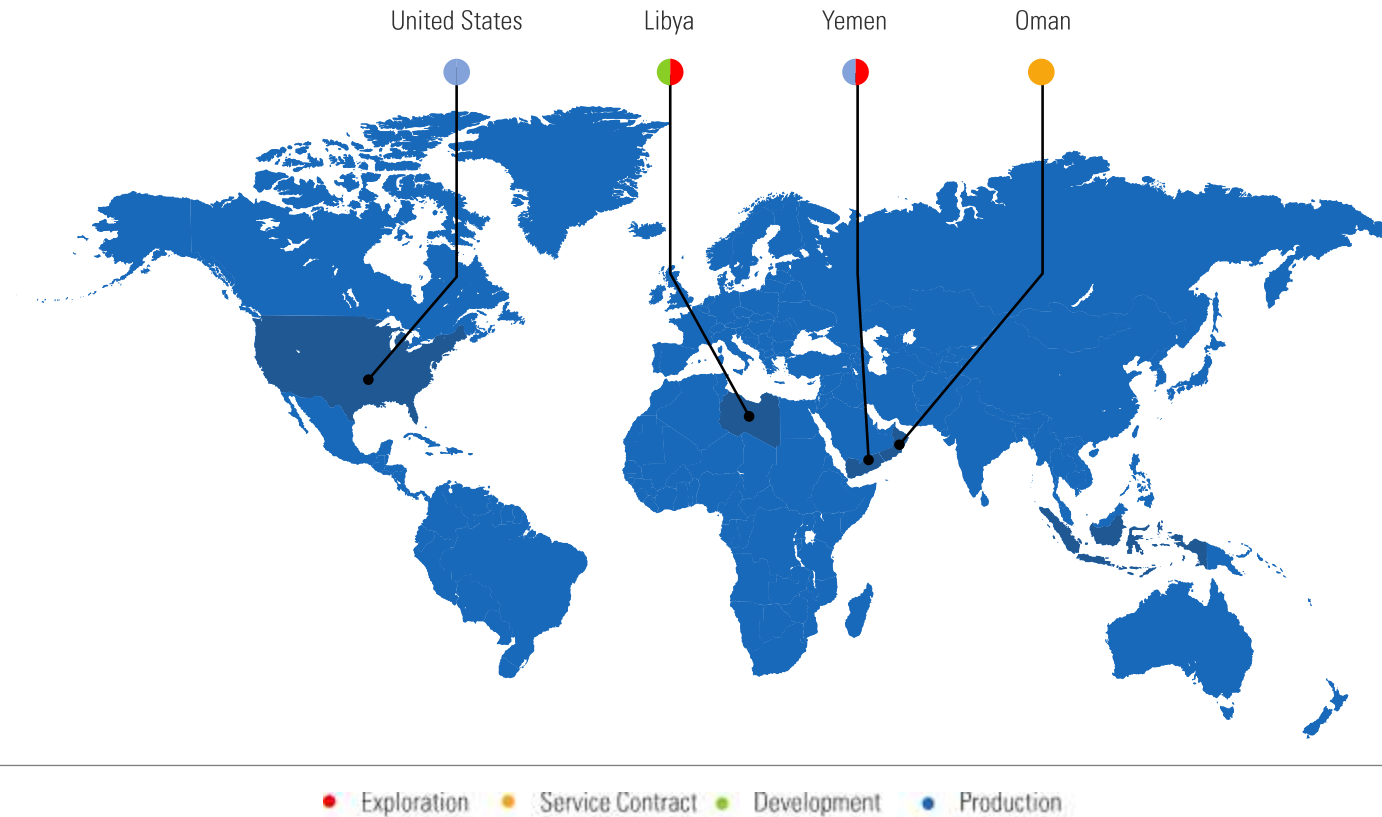
## Oil and Gas E&P (Indonesia)



In Indonesia, Medco operates 11 blocks, maintains working interests in 2 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

## Oil and Gas E&P (International)

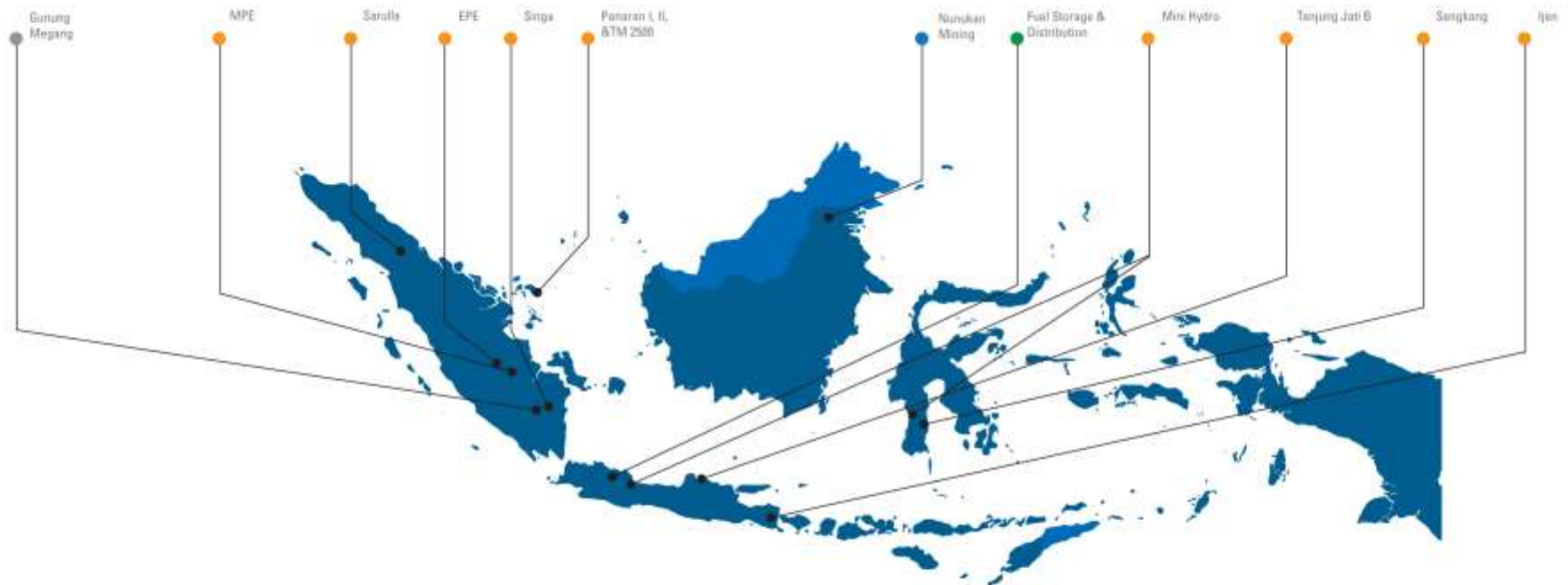
“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



Medco’s international operations spread across 7 assets in the Middle East, North Africa and the US.

## Other Energy Related Business

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



● Power   
 ● Downstream   
 ● Mining   
 ● Gas

## Other Energy Related Business



### Power

Operated through Medco Power Indonesia, with an ownership structure of Saratoga Power (51%) and MedcoEnergi (49%), the company's businesses include:

- 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 190 MW
- 1 Operation & Maintenance Contract in Tanjung Jati B Coal Plant, C. Java 1,320 MW
- Engineering, Procurement and Construction contracts

MedcoEnergi believes electricity remains an attractive business and can provide added value to the Company in the future by pursuing new projects such as:

- A Combined Cycle Power Plant or CCGT project in Panaran I through Mitra Energi Batam (30MW)
- Build, operate and maintain Simple Cycle Gas Turbine Power Plant (70 MW) located in Tanjung Uncang through Energi Listrik Batam and is designed for Combined Cycle thereafter the capacity will increase to be 110 MW
- Two geothermal projects in Sarulla, North Sumatra (3x110MW) and Ijen, East Java (2x55MW)
- Mini hydro projects in Cibalapulang 1 (9MW), Cibalapulang 2&3 (13 MW) and Pusaka Parahiangan (15MW) all located in Cianjur-West Java, Simonggo-Tornauli (8 MW) located in Sumatera.

The addition of these new assets will help drive Medco Power Indonesia's installed capacity grow to more than 800 MW within next 5 (five years).



### 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 on October 2012
- Peak production estimated at 500,000 ton per year



### 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

### Downstream

HSD storage and distribution, with storage capacity of 22,700 kL, operated by Puma Energy.

## Capex Profile

“During 2013-2015 Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions and PSC contractors appointment”

E&P CAPEX	2013 F	2014 F	2015 F	3-YR F
Producing Assets	107.6	175.2	87.6	370.5
Exploration Capex	36.5	63.7	39.5	139.8
Development Capex	71.1	111.5	48.1	230.7
Development Assets	217.9	405.7	301.8	925.4
Senoro Upstream	129.7	147.7	15.3	292.7
Others	88.2	258.0	286.5	632.7
Exploration Assets	13.6	17.6	3.7	34.9
Donggi-Senoro LNG	83.7	21.1	10.1	114.9
<b>TOTAL E&amp;P CAPEX</b>	<b>422.9</b>	<b>619.6</b>	<b>403.2</b>	<b>1,445.6</b>
Non E&P Capex	30.8	25.5	4.2	60.5
Acquisitions	76.6	-	-	76.6
<b>TOTAL CAPEX NET</b>	<b>530.3</b>	<b>645.1</b>	<b>407.4</b>	<b>1,582.7</b>

\*Net Working Interest to MedcoEnergi. Forecasted figures, subject to change. Capex for producing assets will be funded internally through cost recovery, while capex for development capex will be funded proportionately through equity and debt.



## Senoro Upstream Project Progress



Pipeline construction



MOF Construction



## DSLNG Downstream Project Summary



### Ownership Structure:

Mitsubishi & Kogas 59.9%, Pertamina 29% and MedcoEnergi 11.1%

### Downstream Status:

- ❖ Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product
- ❖ Scope : Build 2.0 MT per annum LNG facilities, target first LNG to buyer by 4Q-2014.
- ❖ Status:
  - Achieved 20 million safety man hours
  - LNG Plant EPC progress currently reached 88% as of May 2013
  - Project Finance signing targeted in 4Q-2013



## DSLNG Downstream Project Progress

Process Train Area



Utilities Area



LNG Tank Area



Jetty Area





Company Address :

PT Medco Energi Internasional Tbk.  
The Energy Building 52<sup>nd</sup> Floor  
SCBD Lot 11A  
Jl. Jend. Sudirman, Jakarta 12190  
Indonesia  
P. +62-21 2995 3000  
F. +62-21 2995 3001

Investor Relations:

Sumantri Slamet  
M. +62-811 158 298  
Email. [sumantri.slamet@medcoenergi.com](mailto:sumantri.slamet@medcoenergi.com)

Nugraha Adi  
M. +62-819 815 815  
Email. [nugraha.adi@medcoenergi.com](mailto:nugraha.adi@medcoenergi.com)

Iwan Wiryono  
M. +62-838 800 1629  
Email. [iwan.wiryono@medcoenergi.com](mailto:iwan.wiryono@medcoenergi.com)

Website :

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