

9M13 Investors' Update

PT Medco Energi Internasional Tbk.

October, 2013
www.medcoenergi.com
Energy Company of Choice

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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.

Company Profile



Business Strategy

01

Strengthen the portfolio of producing assets, including acquisitions.

02

Increase the reserve life index through exploration activities.

03

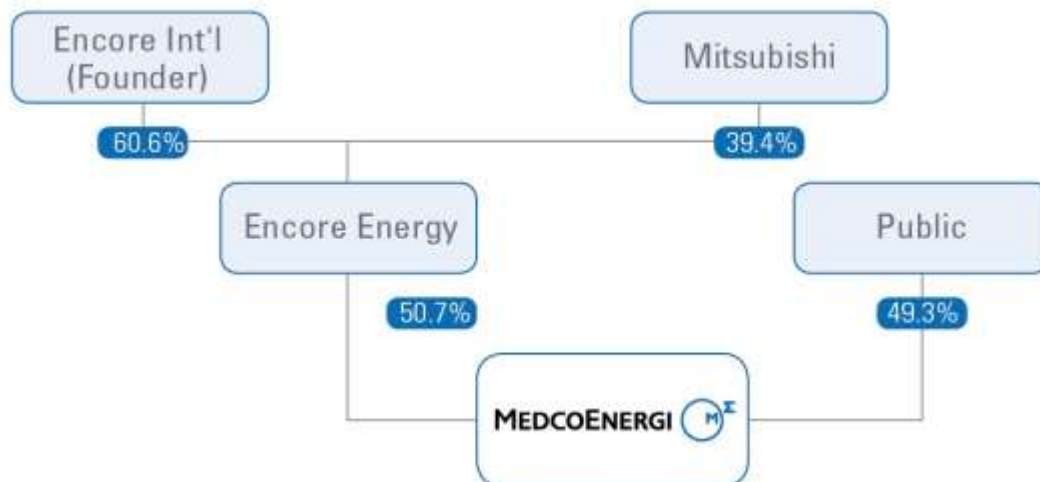
Complete all Major Projects as planned

04

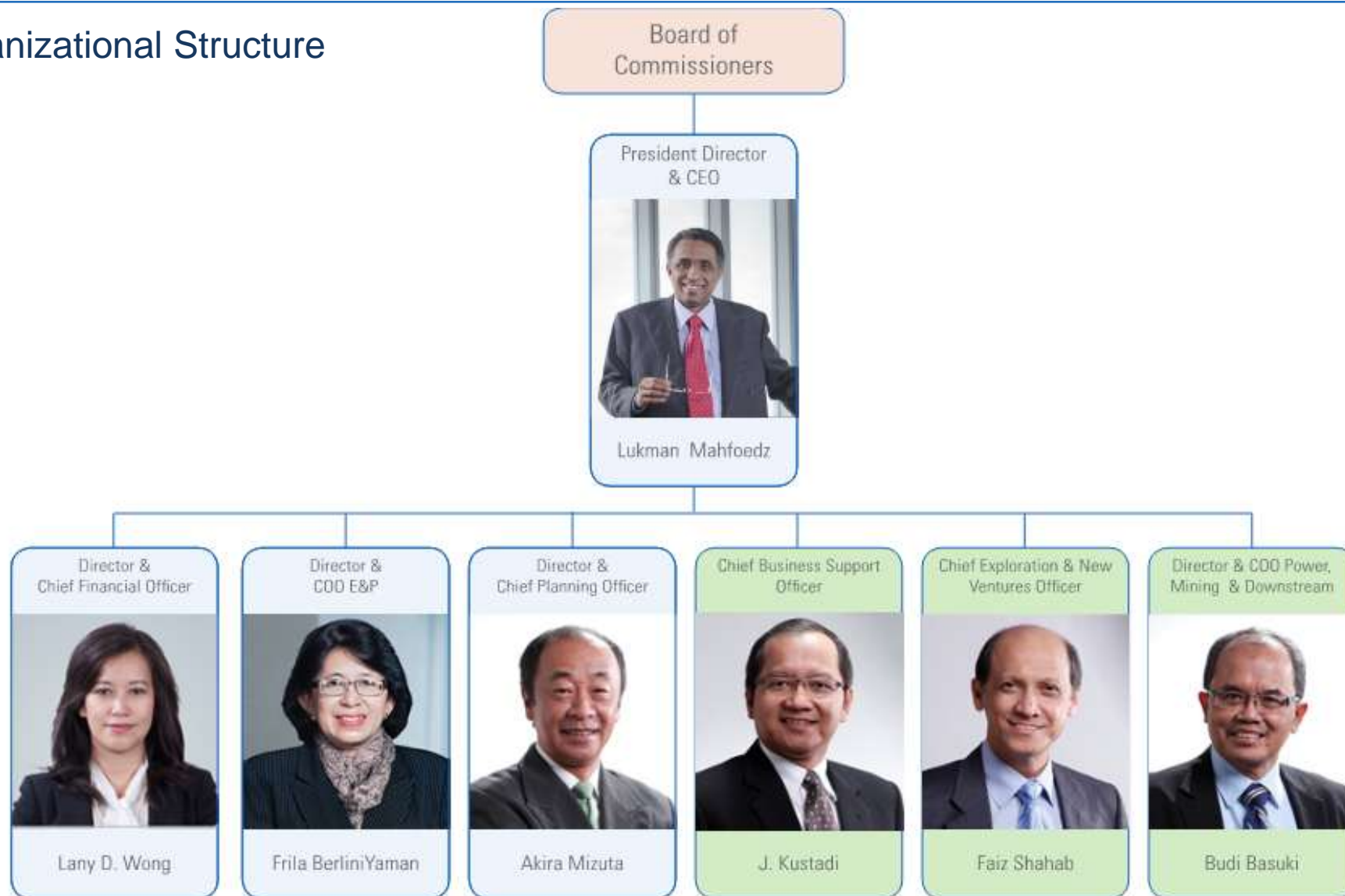
Accelerate the growth of non-oil and gas assets through strategic partners.

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).



Organizational Structure



Company Performance



Corporate Achievement Summary

July 31th 2013

MedcoEnergi through its subsidiary PT Medco E&P Tomori Sulawesi has signed a loan facility agreement with StanChart and Bank Mandiri for its Senoro Upstream project financing.

- Structured as a reserve based revolving facility, the loan facility is in the amount of USD260 million with a seven year tenor.
- In the Agreement, SCB and Bank Mandiri each provide 50% of total loan or equal to USD130 million respectively.

September 3rd 2013

MedcoEnergi unveils its exploration drilling program for 2013 and 2014 as part of the Company's strategy to discover more oil and gas reserves.

- The exploration drilling program consists of 12 wells (5 domestic, 7 abroad) in 2013 and 16 wells (6 domestic, 10 abroad) in 2014.
- Up to September 2013, MedcoEnergi has completed five wells, for which two wells are in Indonesia (in Block A, Aceh and in Simenggaris Block, East Kalimantan) and three wells in Block 9 Malik, Yemen.

October 14th 2013

MedcoEnergi's Production Sharing Contract of Merangin I working area in Jambi has expired.

- MedcoEnergi had 80% participating interest in Merangin I PSC through PT Medco E&P Merangin
- Since Medco doesn't hold the rights to conduct oil and gas exploration anymore, the Company shall return the contract area back to the Government of Indonesia through SKKMigas
- The expiration and handover of Merangin I PSC has no impact on the Company's revenue from oil and gas.

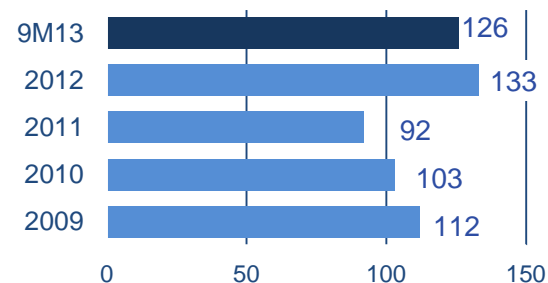
October 16th 2013

PT Medco Ethanol Lampung a wholly owned subsidiary of PT Medco Downstream Indonesia which runs its business in ethanol production has discontinued and closed down its operation due to insufficiency of sustainable feedstock supply.

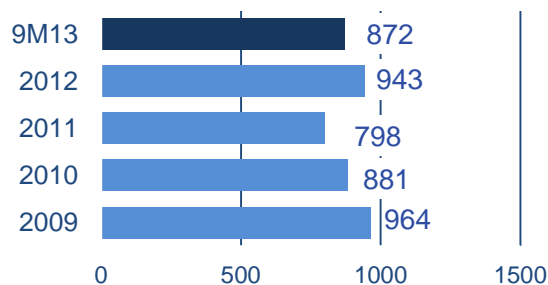
- After the shut down the Company has no more operating business unit in downstream sector
- The Company will reclassify the impacted subsidiaries accounts in the Company financial statements as "Non-current Assets Held for Sale and Discontinued Operations"

Operational Performance

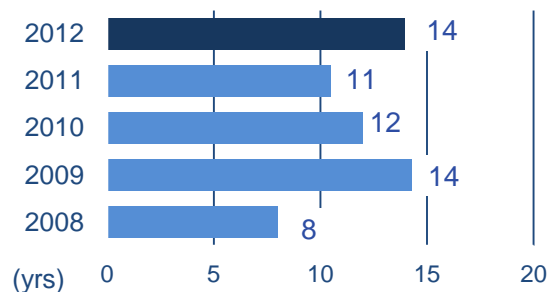
2P Oil Reserves in MMBO



2P Gas Reserves in BCF



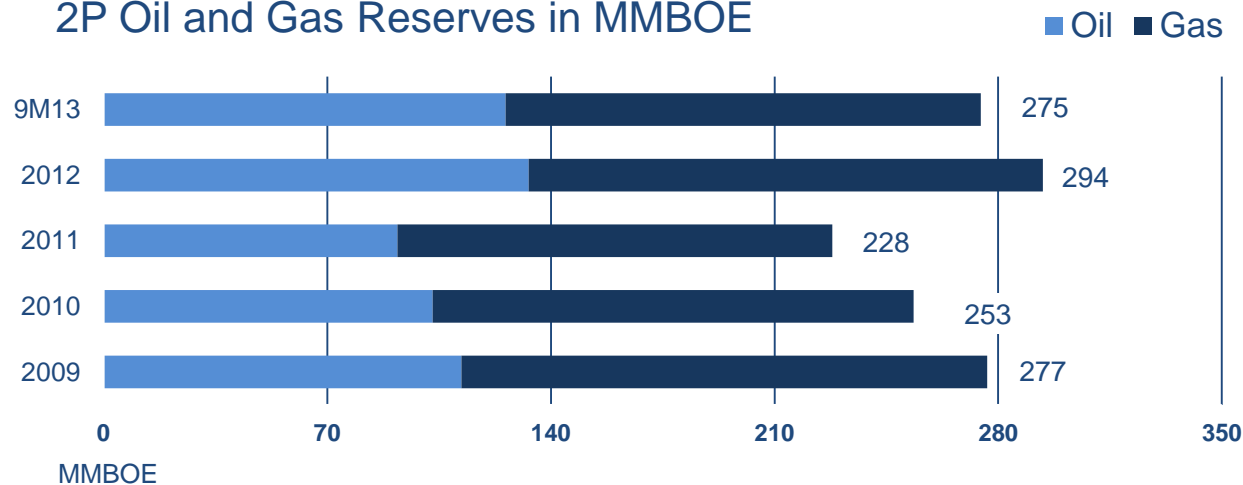
Reserves Life Index



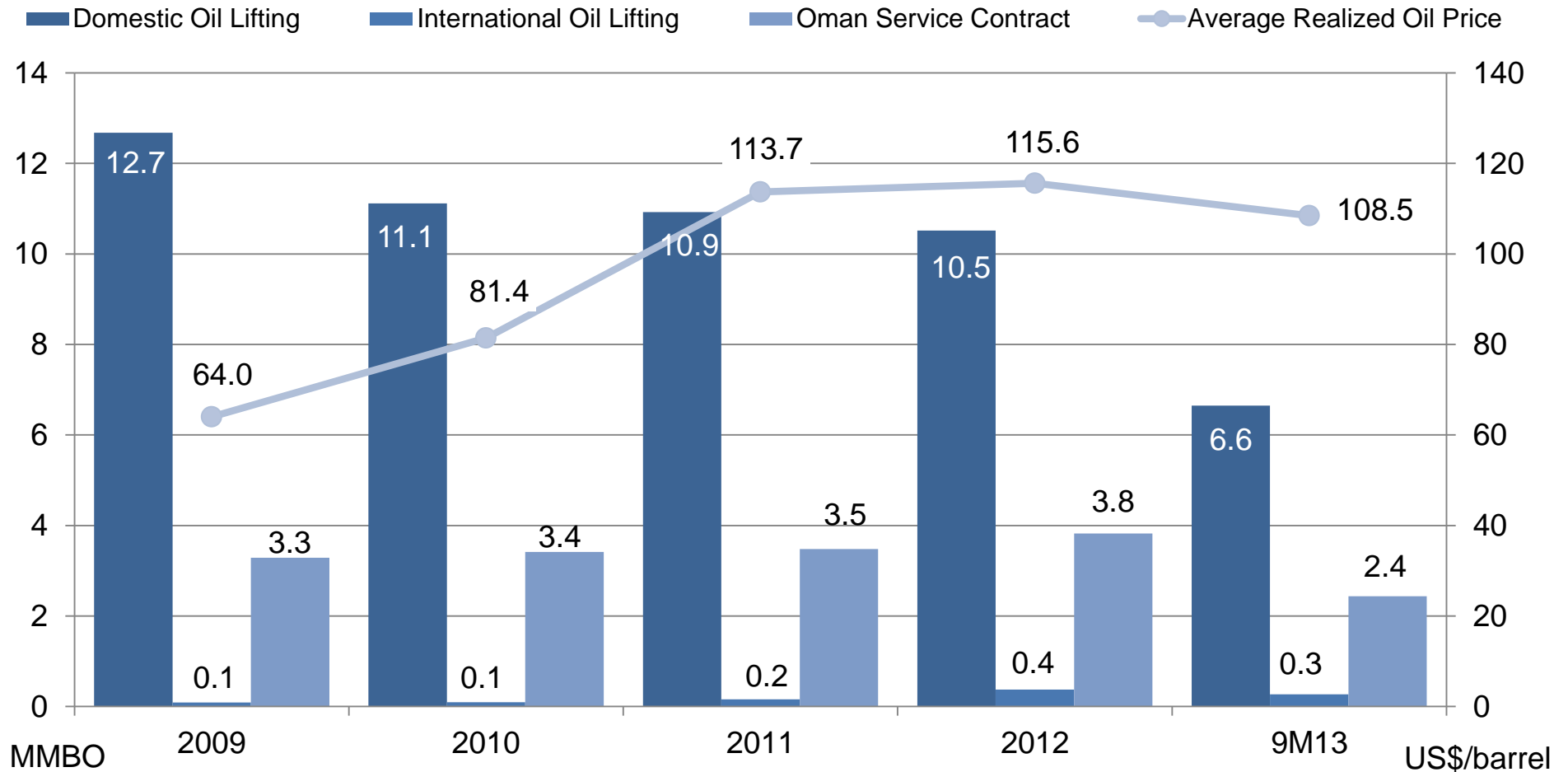
Oil and Gas E&P	9M12	9M13	Δ%
Proved Reserves - 1P (MMBOE)	221.5	207.7	(6.2)
Proved and Probable Reserves - 2P (MMBOE)	291.9	274.6	(5.9)
Oil Lifting / MBOPD	30.4	25.3	(16.6)
Oman Service Contract / MBOPD	10.6	8.9	(15.9)
Gas Sales / BBTUPD	153.2	152.4	(0.5)
Total Oil and Gas (MBOEPD)*	56.6	51.4	(9.2)
Average Oil Price, USD/barrel	117.7	108.5	(7.8)
Average Gas Price, USD/mmbtu	3.9	5.32	35.8

*excluding Oman Service contract

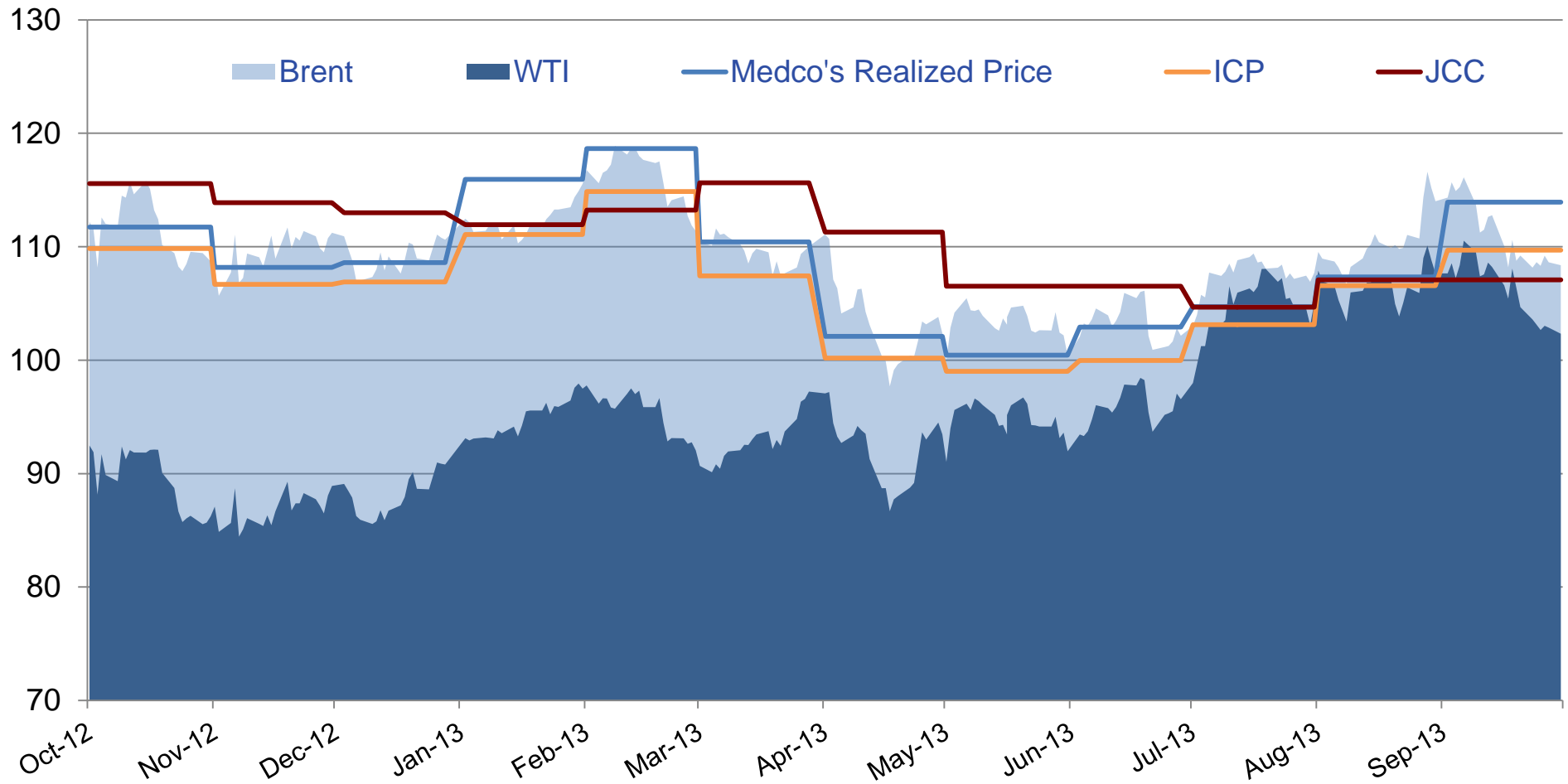
2P Oil and Gas Reserves in MMBOE



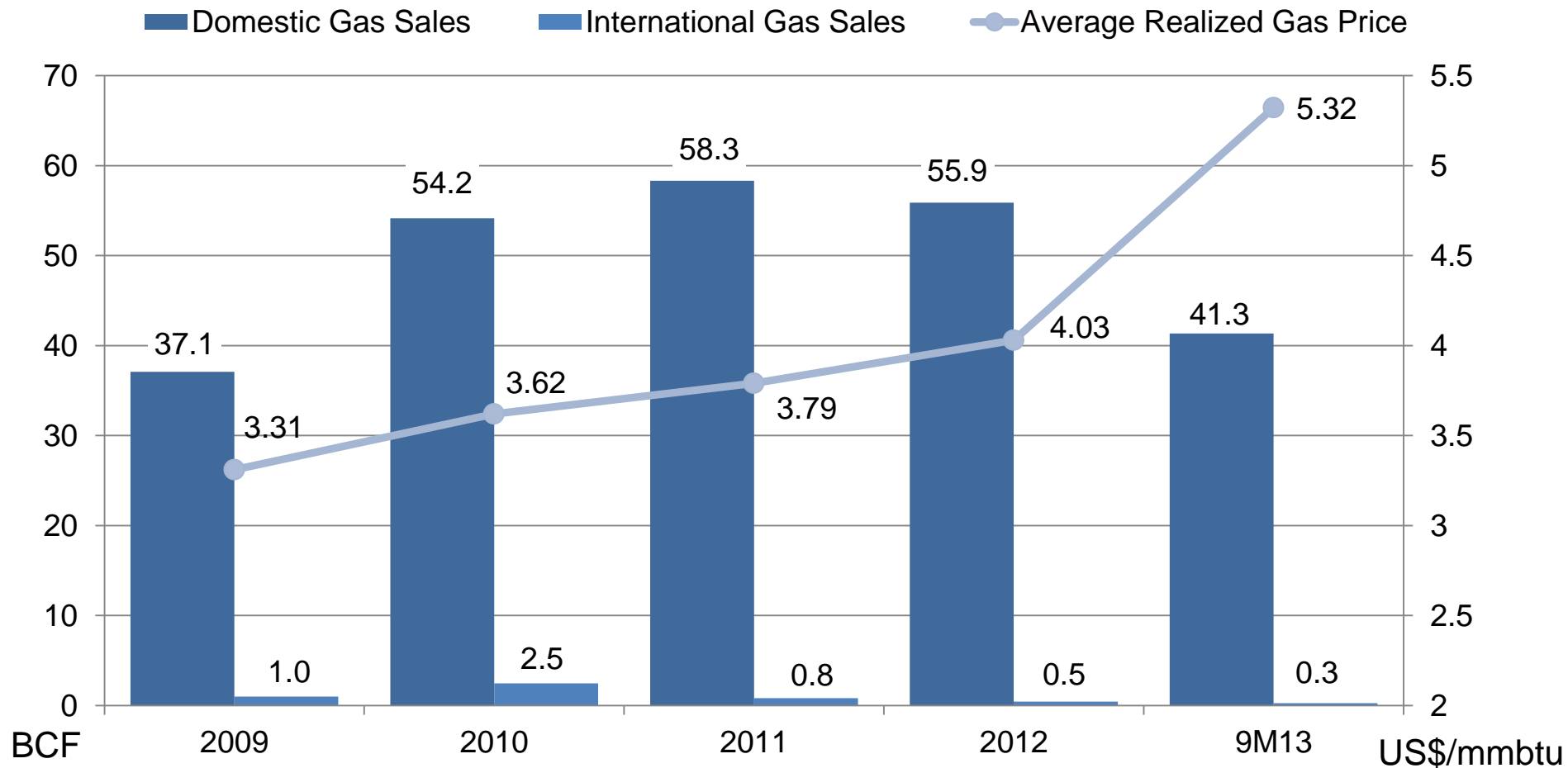
Oil Lifting and Service Contract



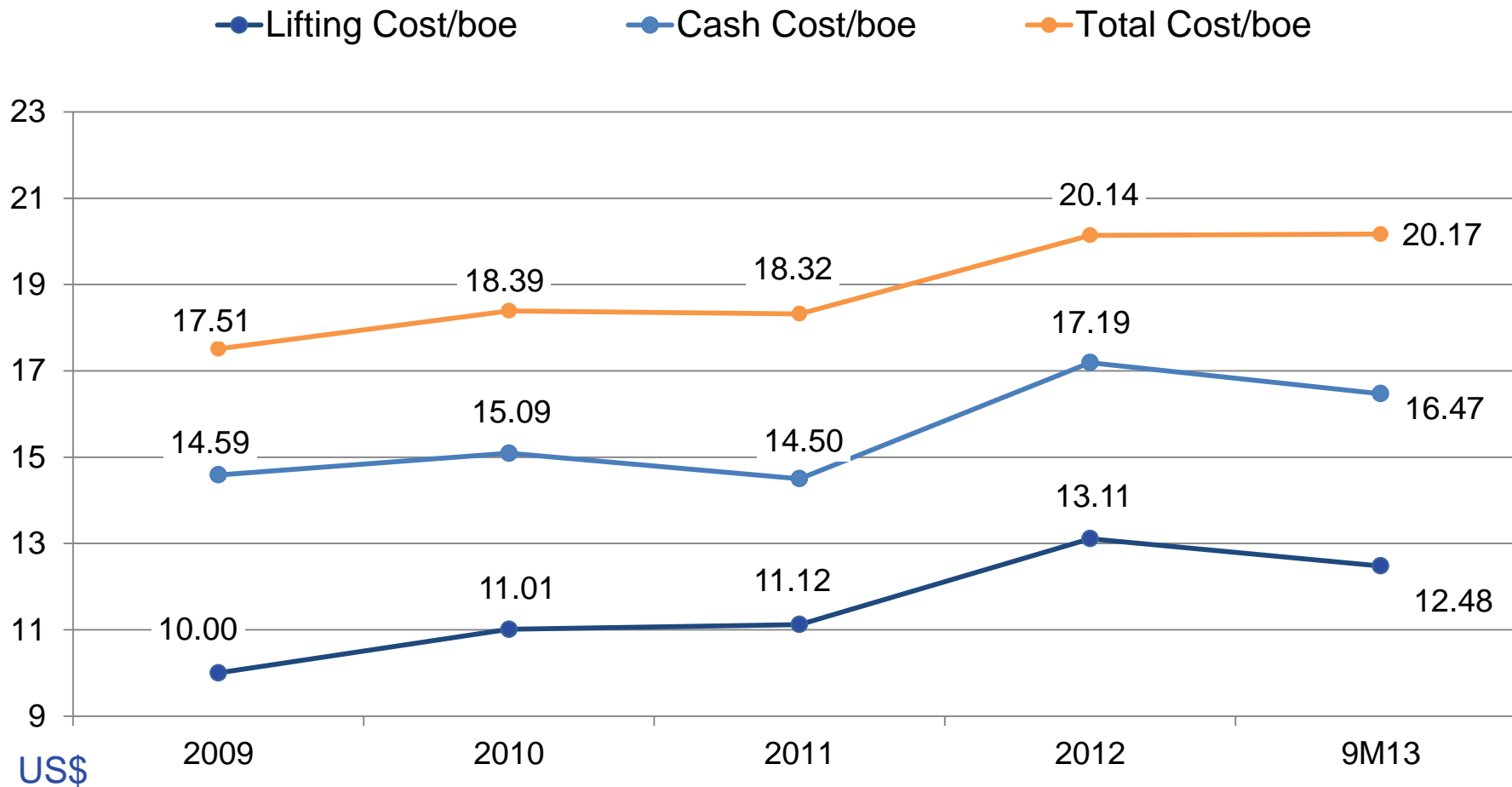
Oil Price Comparison



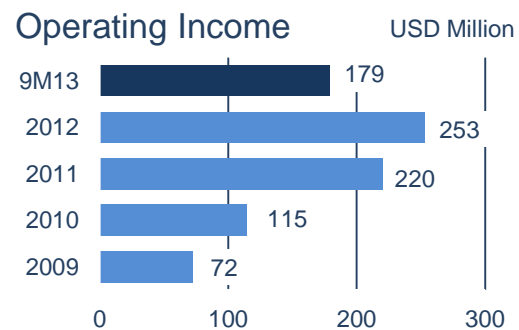
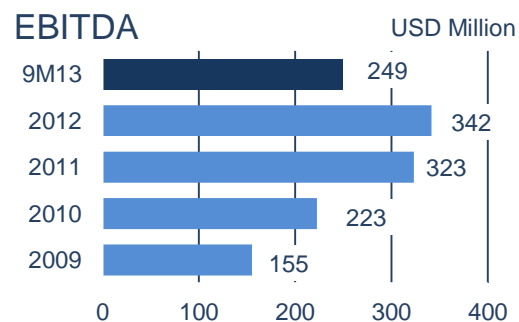
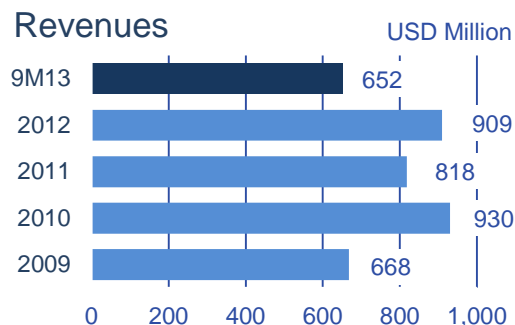
Gas Sales



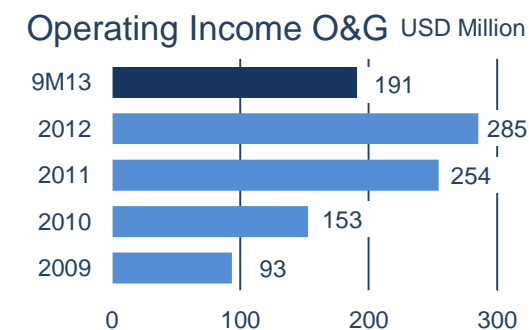
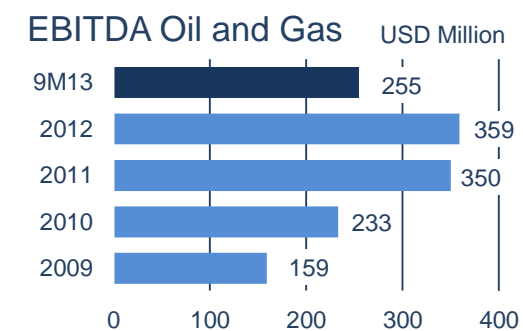
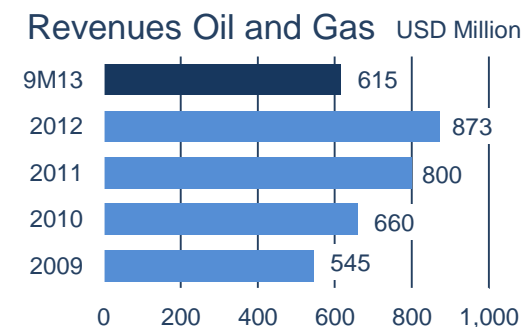
Oil and Gas Costs



Financial Performance

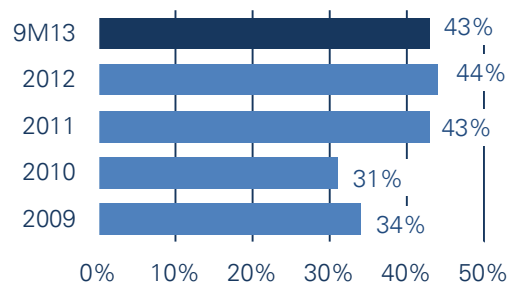


Financial Highlights (USD mm)	9M12	9M13	Δ%
Revenue	659.8	652.2	(1.1)
• Oil and Gas	643.5	615.2	(4.4)
• Non Oil and Gas	16.3	37.1	127.8
Gross Profit	311.8	277.5	(11.0)
Operating Income	210.5	179.1	(14.9)
EBITDA	264.2	249.3	(5.6)
Earnings Before Tax	161.1	151.1	(6.2)
Net Income	21.0	10.0	(52.3)
Cash and cash equivalents	716.3	386.8	(46.0)
Total Assets	2,826.2	2,578.0	(8.8)
Total Liabilities	1,973.5	1,680.0	(14.9)
Equity	838.6	886.6	5.7
Market Capitalization	594.3	753.3	26.7
EPS (USD/share)	0.0071	0.0030	(57.7)
Capex	101.2	129.1	27.5

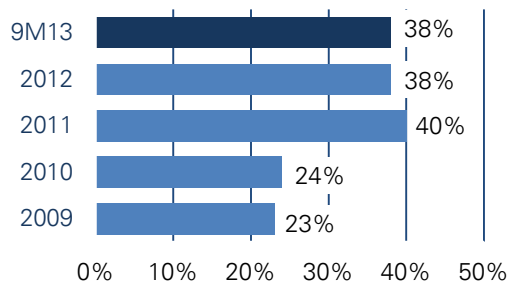


Financial Performance (cont'd)

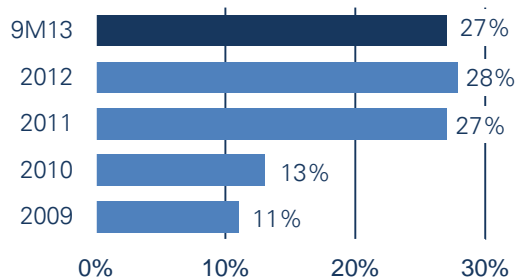
Gross Margin Consolidated



EBITDA Margin Consolidated



Operating Margin Consolidated



Profitability (%)	9M12	9M13	Δ%
Gross Margin	47.3%	42.5%	(10.0)
EBITDA Margin	40.0%	38.2%	(4.5)
Operating Margin	31.9%	27.5%	(13.9)
Net Margin	3.2%	1.5%	(51.8)

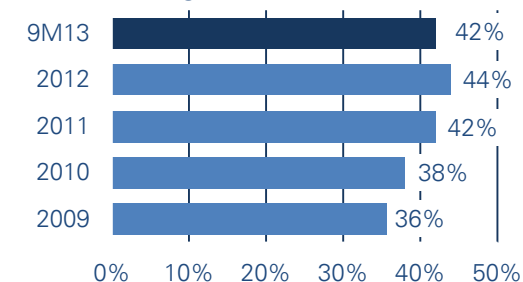
Return on Equity - Annualized	3.3%	1.5%	(54.9)
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Efficiency Ratios (x) - Annualized	9M12	9M13	Δ%
Revenue/ fixed assets	0.87	0.80	(8.5)
Revenue/ net working capital	1.05	1.85	77.4

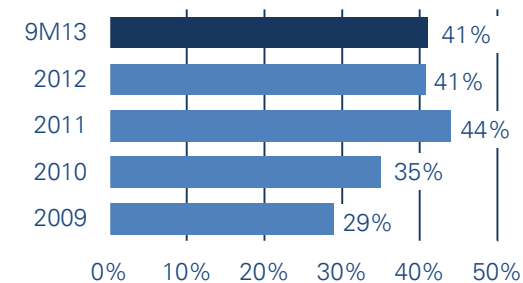
Liquidity (x)	9M12	9M13	Δ%
Cash Ratio	1.25	0.89	(28.8)
Quick Ratio	2.14	1.92	(10.2)
Current Ratio	2.46	2.08	(15.7)

Investment Ratios (x)	9M12	9M13	Δ%
CapEx to Revenue	0.15	0.20	29.0
CapEx to Depreciation	1.89	1.84	(2.5)

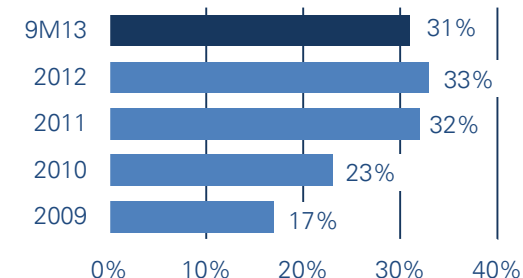
Gross Margin Oil and Gas



EBITDA Margin Oil and Gas



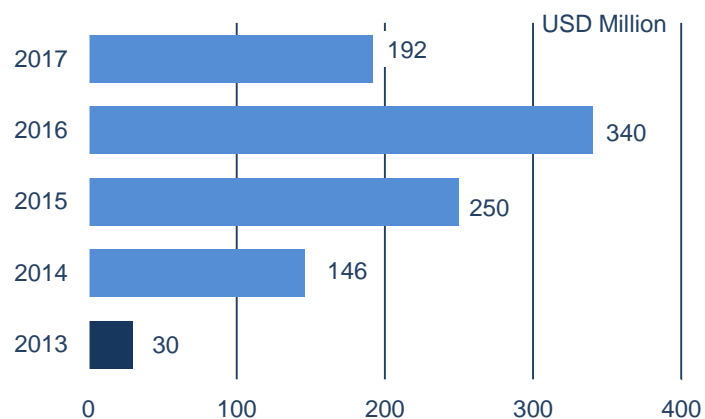
Operating Margin Oil and Gas



Financial Performance (cont'd)

CONSOLIDATED DEBTS (in USD mn)		9M12	9M13	Δ%
A. Total Bank Loans		906.9	441.7	(51.3)
Current		249.0	61.1	(75.4)
Non Current		657.9	380.6	(42.2)
B. Other Obligations		586.0	642.5	9.6
Current: MTN		31.9	29.9	(6.2)
Rupiah Bonds		-	85.1	n.m.
Non Current: Related Party		166.6	128.4	(22.9)
MTN		29.9	-	n.m.
Rupiah Bonds		258.2	299.6	16.0
USD Bonds		99.3	99.5	0.2
Total		1,492.9	1,084.2	(27.4)

Debt Maturity Profile



Leverage Ratios (x)	9M12	9M13	Δ%
Debt to Equity Ratio	1.78	1.22	(31.3)
Net Debt to Equity Ratio	0.93	0.79	(15.0)
Total Liabilities / Total Equity	2.35	1.89	(19.5)
Coverage Ratios (x)	9M12	9M13	Δ%
Debt to EBITDA – Annualized	4.24	3.26	(23.0)
Net debt/ EBITDA – Annualized	2.20	2.10	(4.8)
EBITDA to Interest Coverage Ratio	3.88	4.56	17.5
Capital Structure (x)	9M12	9M13	Δ%
Net debt to (net debt + equity)	0.48	0.44	(8.4)
Debt to Capital	0.64	0.55	(14.1)

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

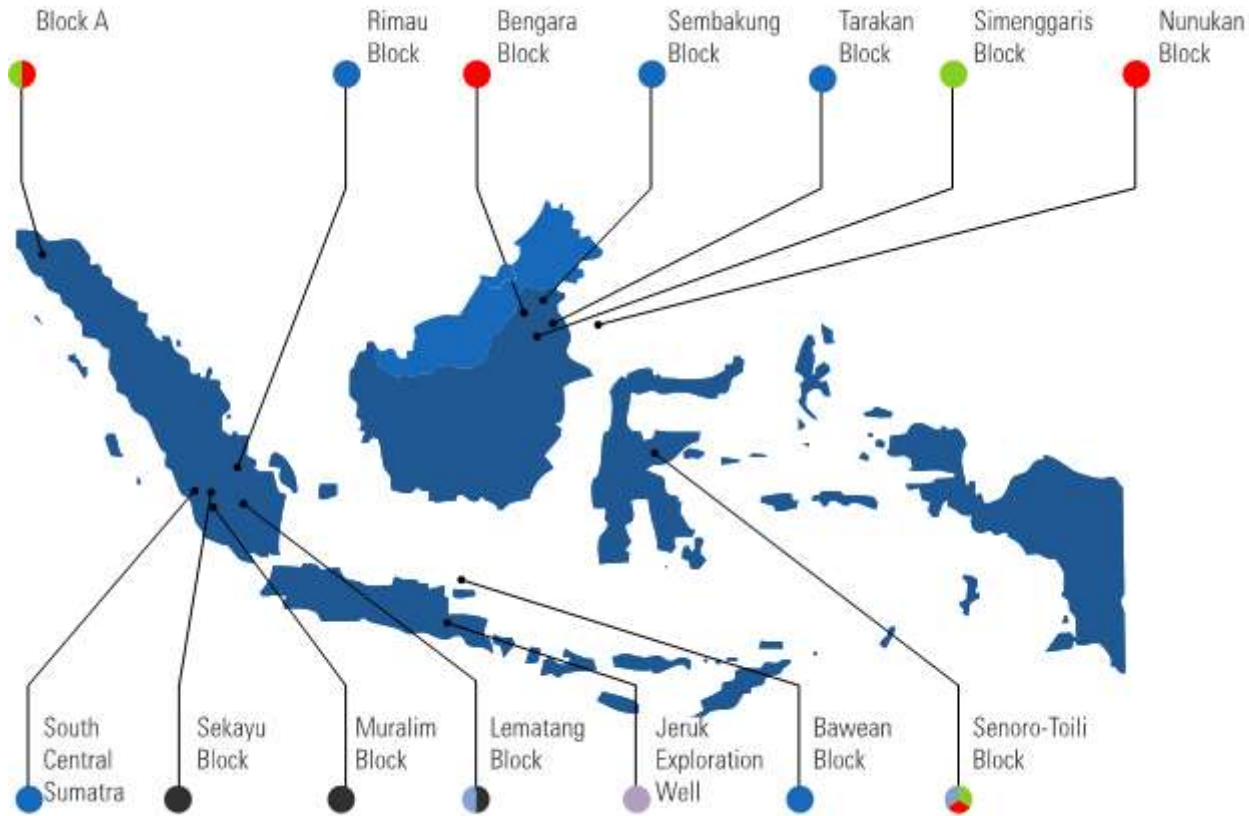


- The best Annual Report in the Annual Report Award 2005
- The best of top 10 Companies at GCG Perception Index by IICG and SWA Magazine
- One of Indonesia’s Most Admired Knowledge Enterprises (MAKE) 2007

Business Activities



Oil and Gas E&P (Indonesia)

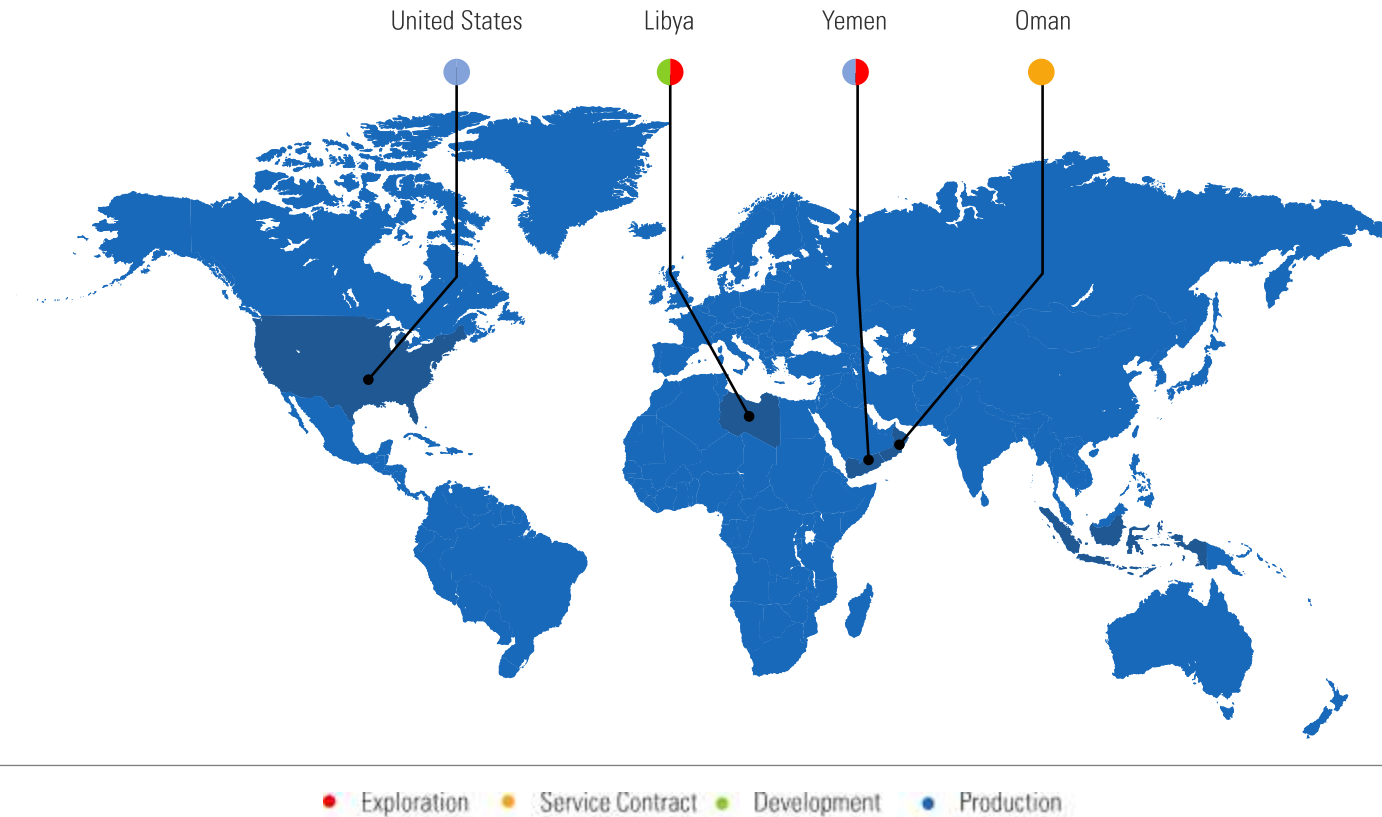


● Exploration ● Service Contract ● Development ● Production ● CBM ● Economic Participation

In Indonesia, Medco operates 9 blocks, maintains working interests in 2 blocks operated by strategic partners, and holds economic participating interest in an exploration field. Moreover the Company also holds 3 CBM contracts.

Oil and Gas E&P (International)

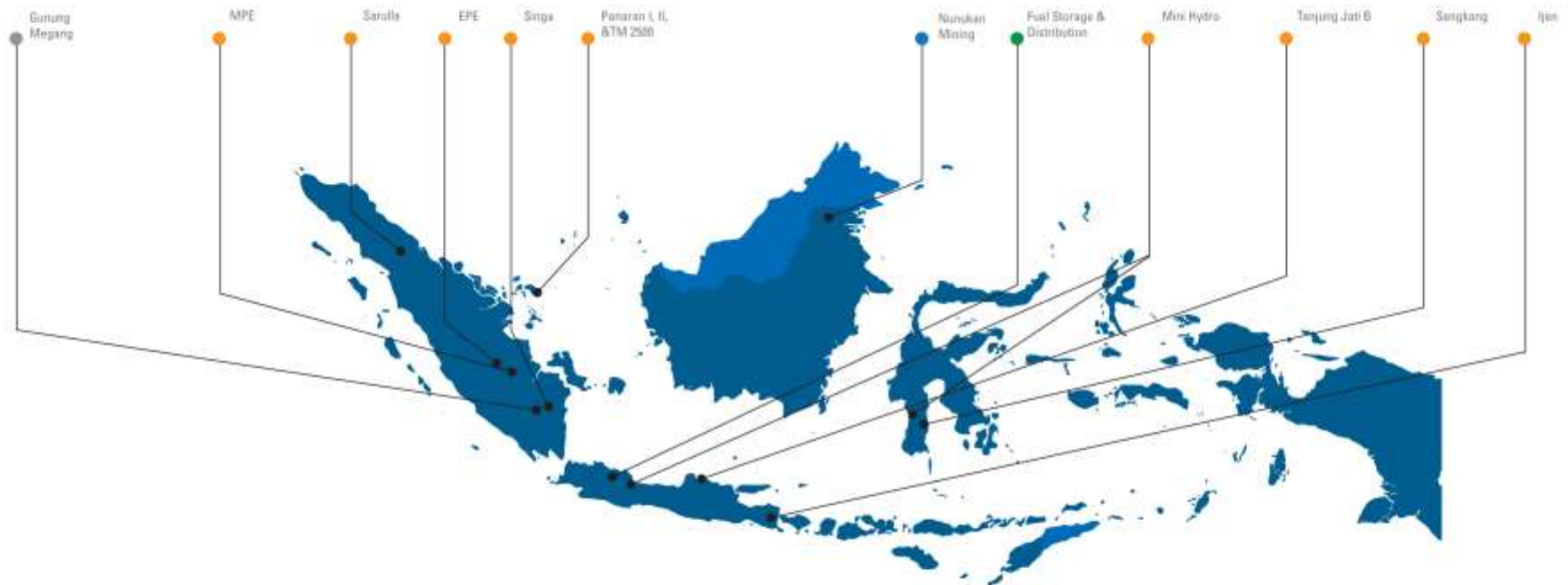
“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



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

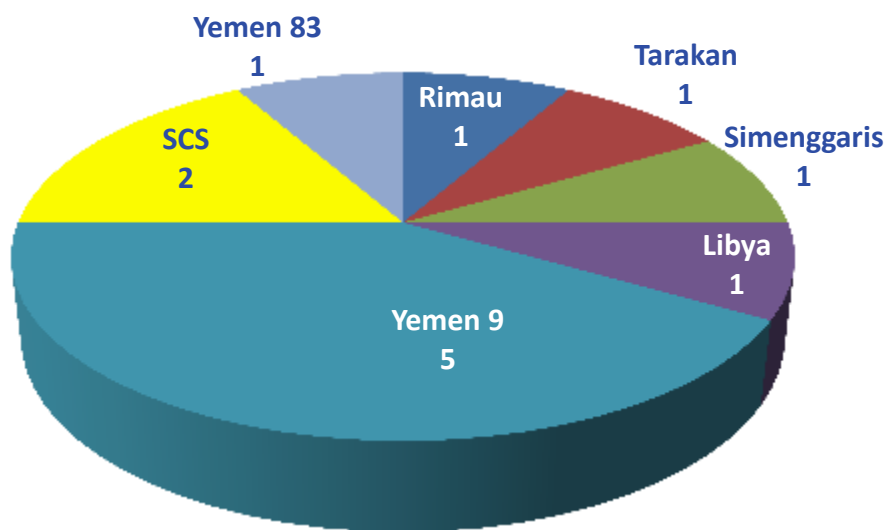
“During 2013-2015 Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions and PSC contractors appointment”

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
TOTAL E&P CAPEX	422.9	619.6	403.2	1,445.6
Non E&P Capex	30.8	25.5	4.2	60.5
Acquisitions	76.6	-	-	76.6
TOTAL CAPEX NET	530.3	645.1	407.4	1,582.7

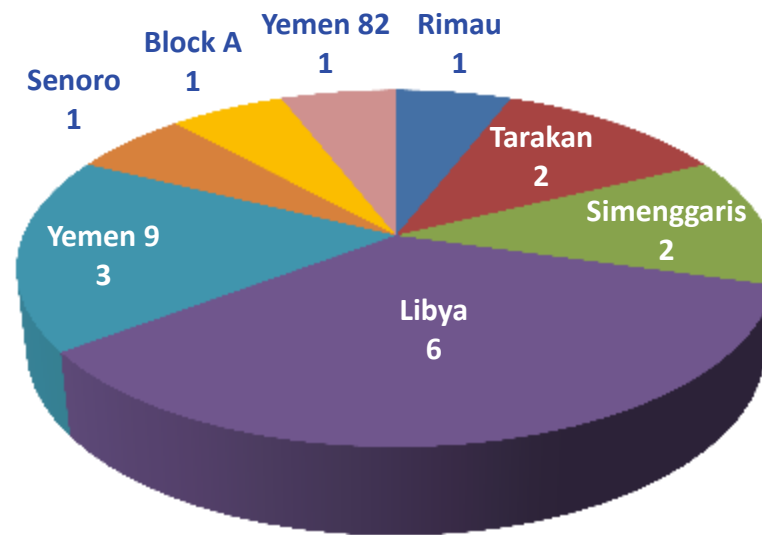
*Net Working Interest to MedcoEnergi. Forecasted figures, subject to change. Capex for producing assets will be funded internally through cost recovery, while capex for development capex will be funded proportionately through equity and debt.

Exploration Program

“MedcoEnergi actively carries on exploration drilling program to discover more oil and gas reserves. The Company unveils its program consisting of 12 wells in 2013 and 16 wells in 2014”



2013



2014

Senoro Upstream Project Progress



Senoro drilling well spud on 16 September 2013



Construction of CPP and Material off Loading Facilities

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 23 million safety man hours
 - LNG Plant EPC progress currently reached 92.8% as of September 2013
 - Project Finance signing targeted in 4Q-2013



DSLNG Downstream Project Progress





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