

1Q14 Investors' Update

PT Medco Energi Internasional Tbk.

1 May, 2014
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

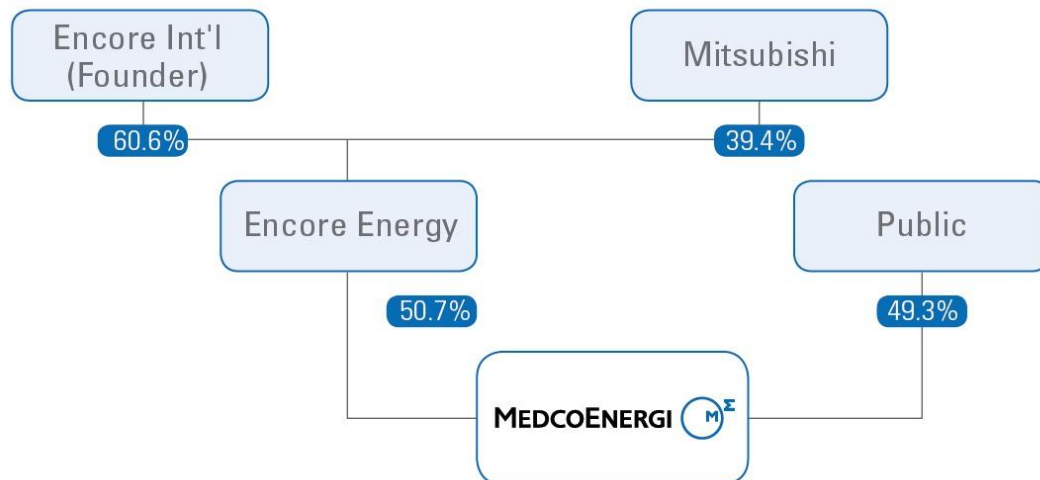
Complete all Major Projects as planned

04

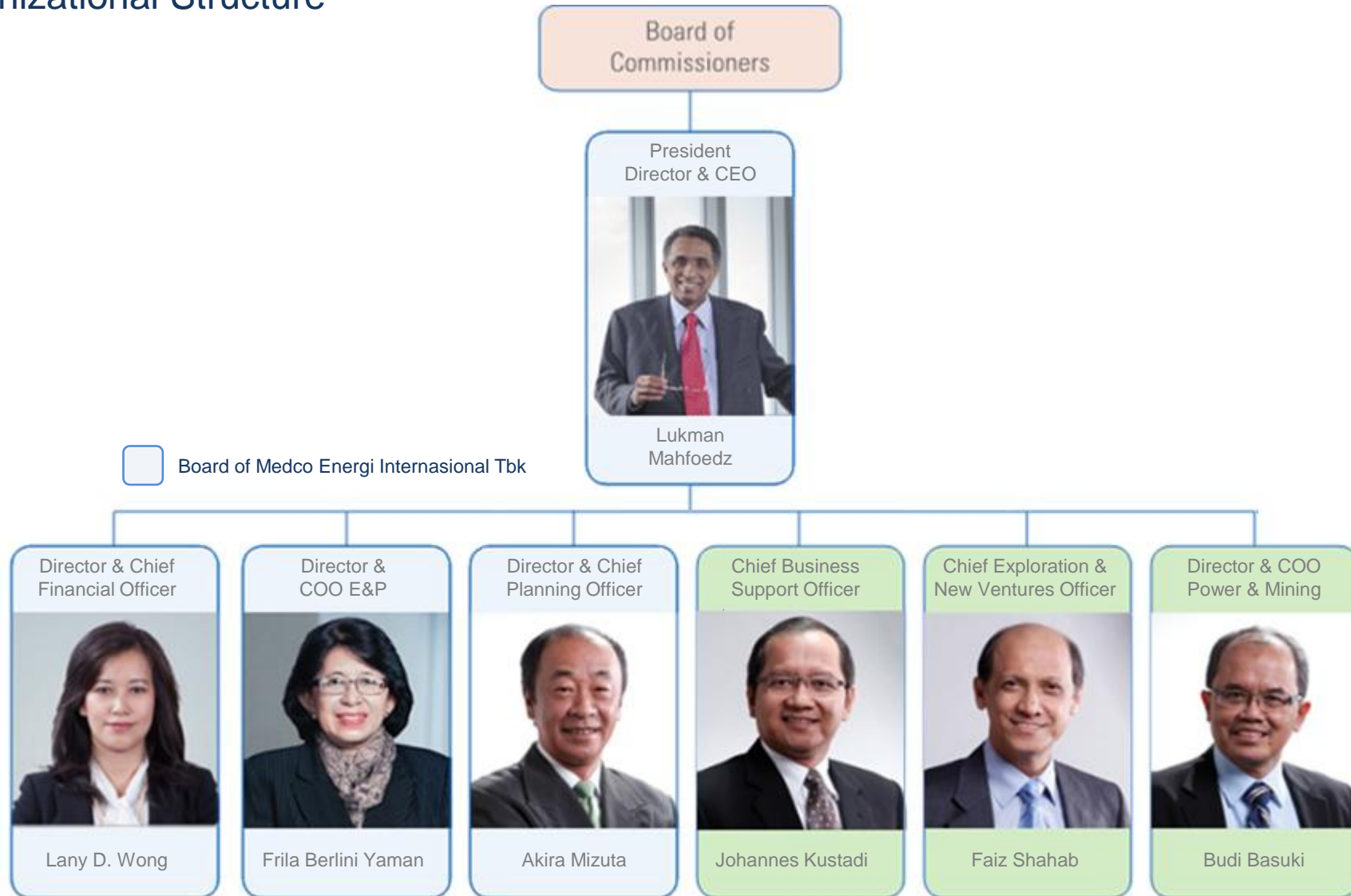
Accelerate the growth of non-oil and gas assets through strategic partners.

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



Corporate Updates

January 21th 2013

Signed GSA amendment with PGN for PLN Muara Tawar: increase from USD 4.69/MMBTU to USD 7.11/MMBTU and signed GSA amendment with Meppogen: increase from USD 2.3/MMBTU to USD 6.5/MMBTU. Both have 3% escalation per annum.

March 7th 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.

May 12th 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 H2S content, approximately 15% CO2.

July 31th 2013

MedcoEnergi through its subsidiary PT Medco E&P Tomori Sulawesi has signed a loan facility agreement in the amount of USD260 million with StanChart and Bank Mandiri for its Senoro Upstream project financing.

October 14th 2013

MedcoEnergi's Production Sharing Contract of Merangin I working area in Jambi has expired and returned back to the Government of Indonesia. Revenue was not impacted since it's still an exploration asset.

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.

February 10th 2014

MedcoEnergi has acquired 90% shares in Moonbi Energy Ltd. holder of oil and gas exploration license in PPL 470 area located in the Western Province of Papua New Guinea.

March 13th 2014

MedcoEnergi through its Joint Operating Body in Senoro-Toili signed a Gas Sales Agreement with PT Panca Amara Utama for gas supply of 55mmscfd.

March 20th 2014

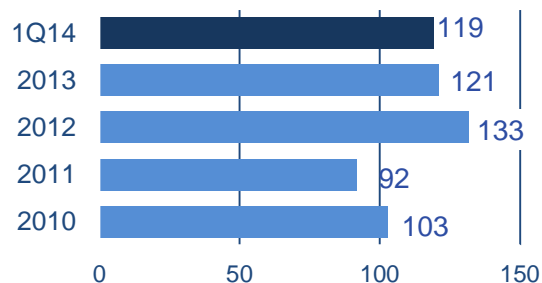
MedcoEnergi has sold the remaining stake it has of 35.28% in PT Medco Sarana Kalibaru the fuel distribution and storage unit to Puma Energy

Company Performance

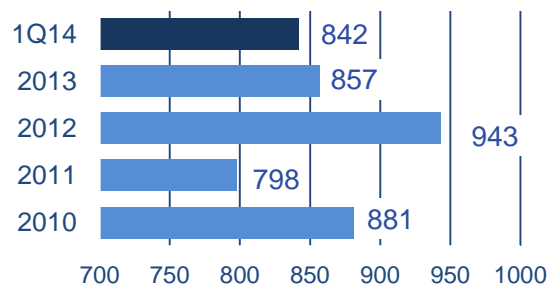


Operational Performance

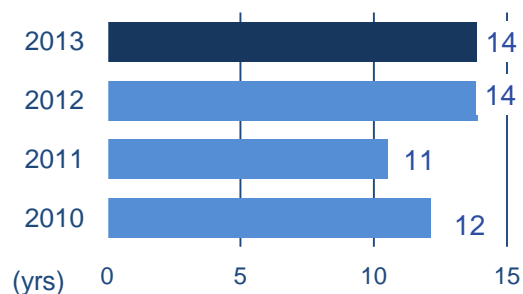
2P Oil Reserves in MMBO



2P Gas Reserves in BCF



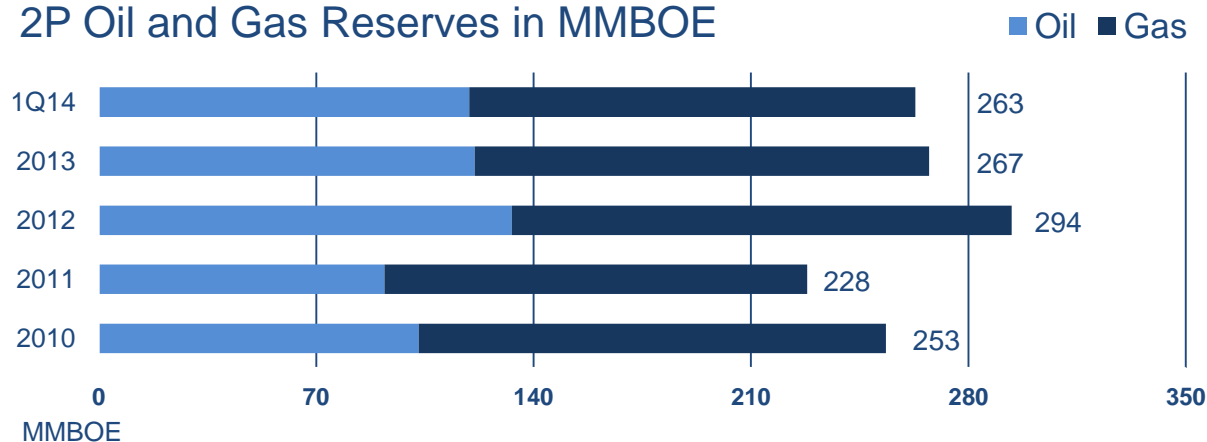
2P Reserves Life Index



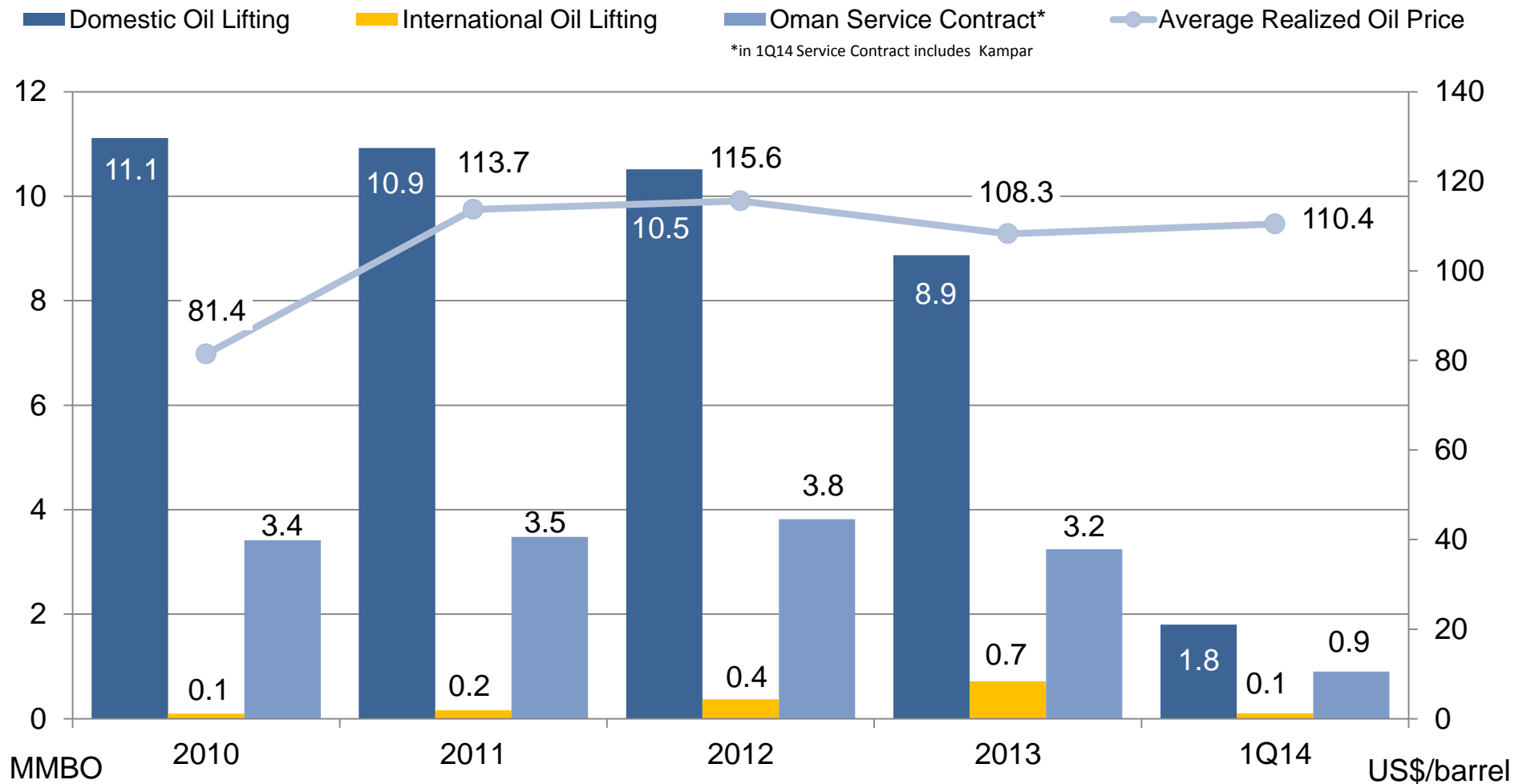
Oil and Gas E&P	1Q13	1Q14	Δ%
Proved Reserves - 1P (MMBOE)	222.0	197.5	(11.0)
Proved and Probable Reserves - 2P (MMBOE)	289.1	263.0	(9.1)
Oil Lifting / MBOPD	25.0	19.8	(20.6)
Oman Service Contract / MBOPD	9.7	8.8	(9.7)
Oil Lifting including Kampar&Oman Service Contracts	34.7	30.3	(12.7)
Gas Sales / BBTUPD	155.0	136.2	(12.1)
Total Oil and Gas Production (MBOEPD)*	66.8	58.6	(12.2)
Average Oil Price, USD/barrel	115.1	110.4	(4.0)
Average Gas Price, USD/mmbtu	5.1	6.6	29.9
Coal Sales, MT	97,000	112,972	16.5
Average Coal Price, USD/MT	83.7	77.8	(7.0)

*including Service Contracts

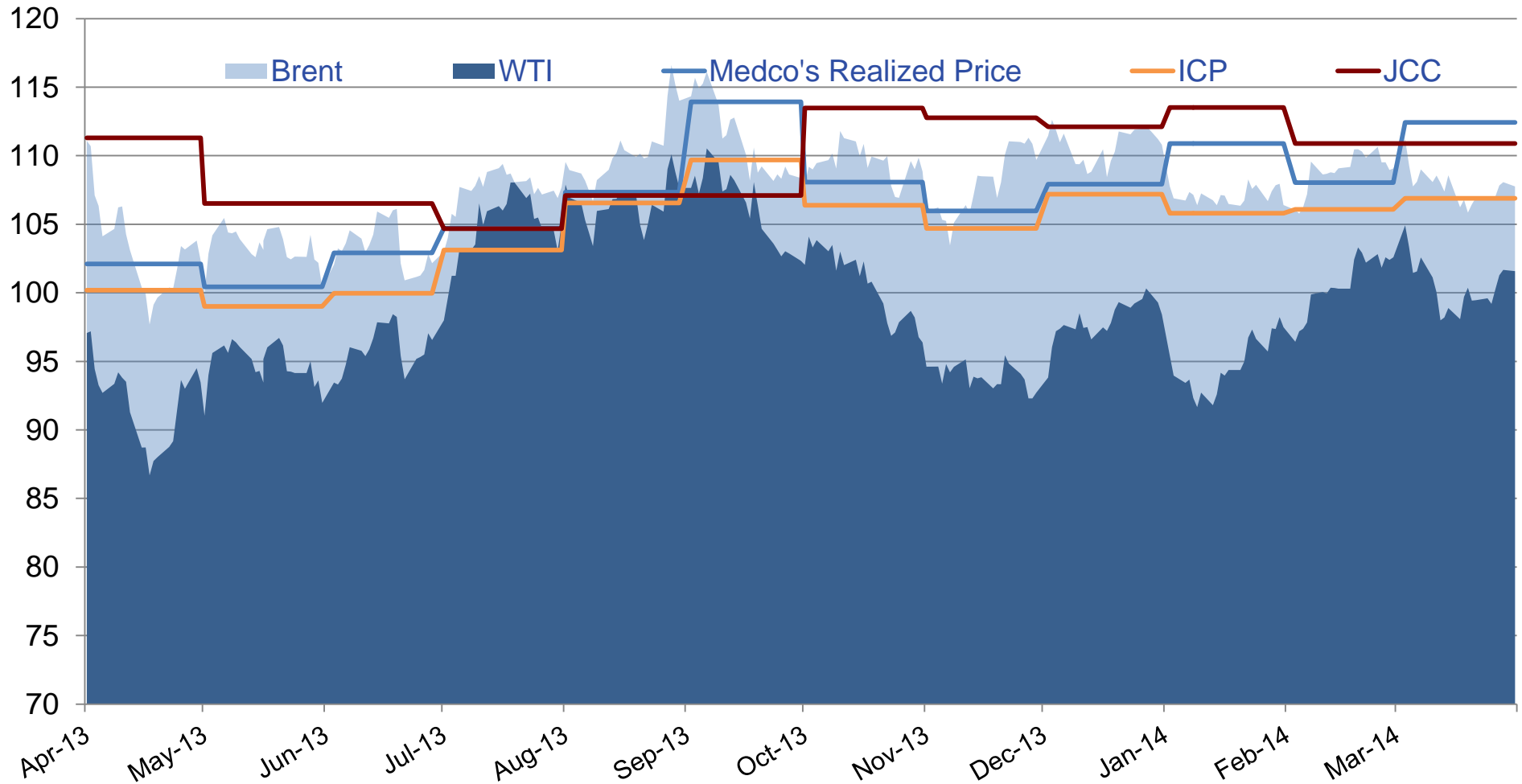
2P Oil and Gas Reserves in MMBOE



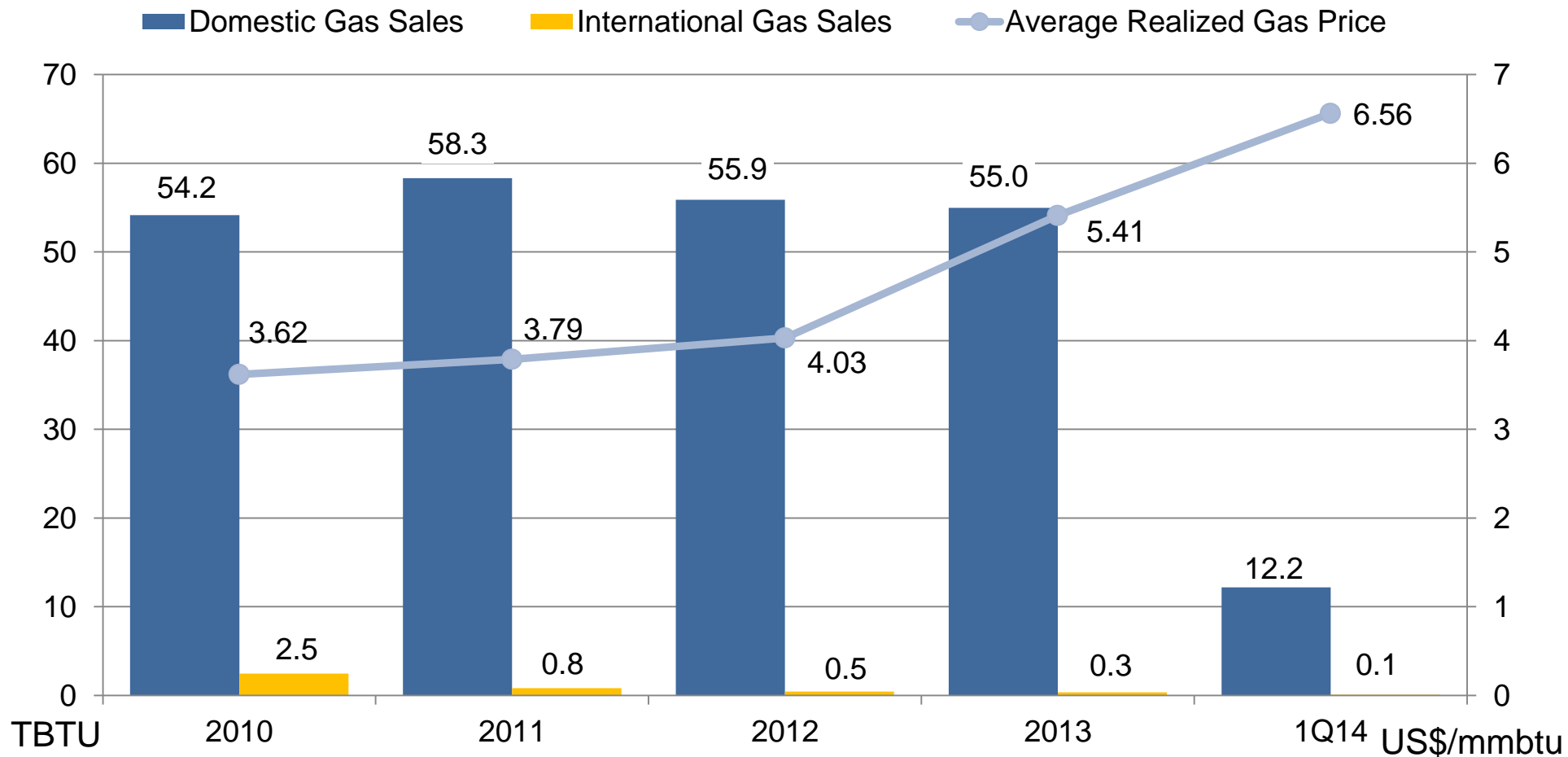
Oil Lifting and Service Contract



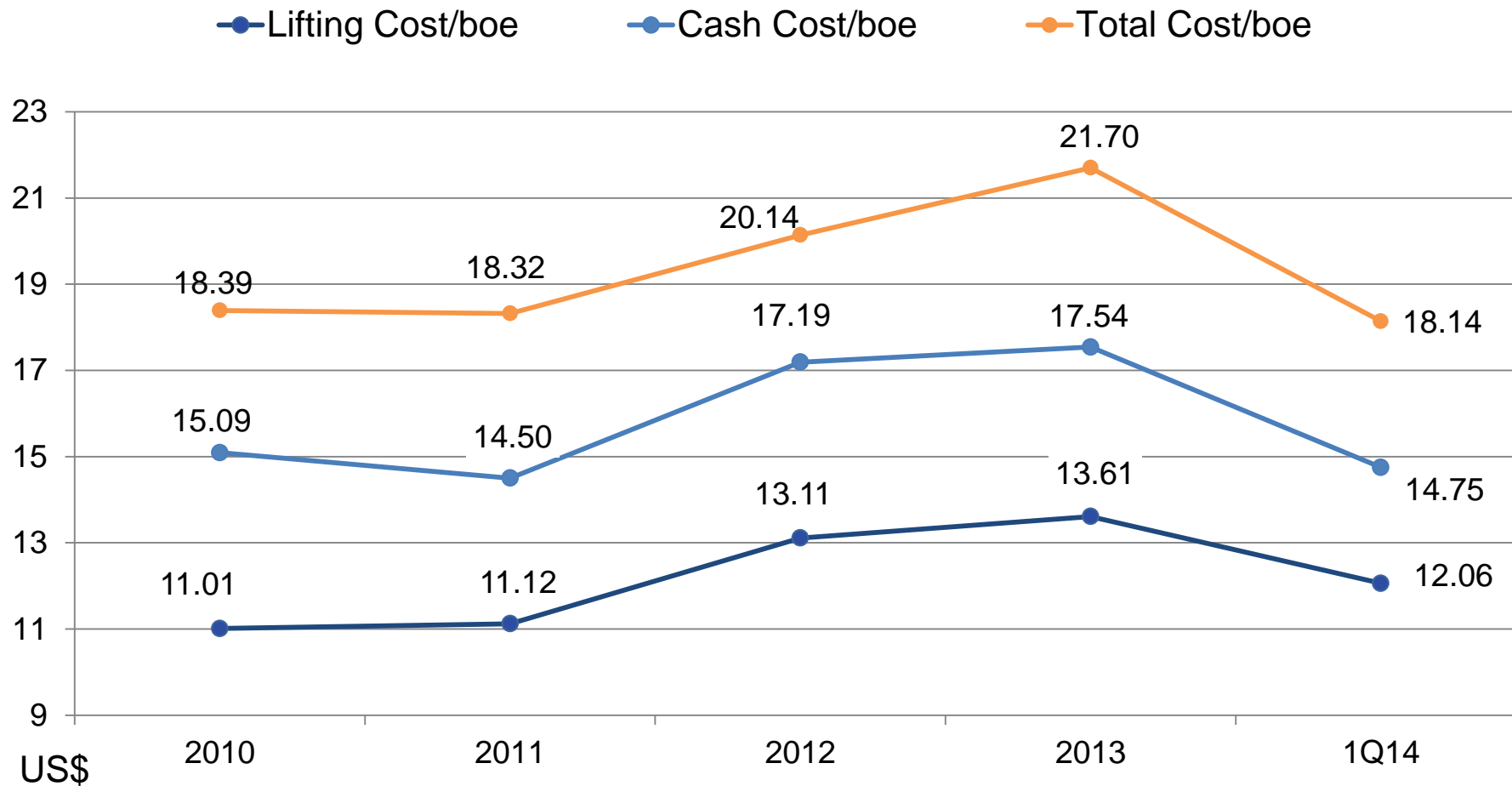
Oil Price Comparison (US\$/barrel)



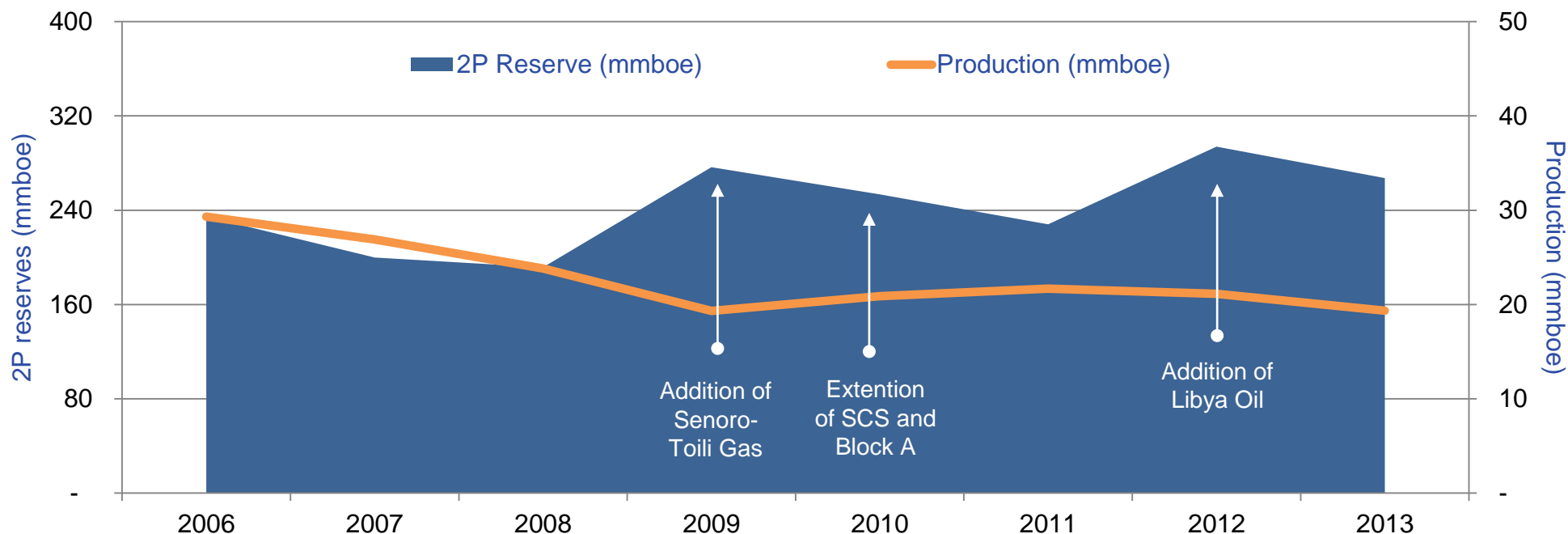
Gas Sales



Oil and Gas Costs

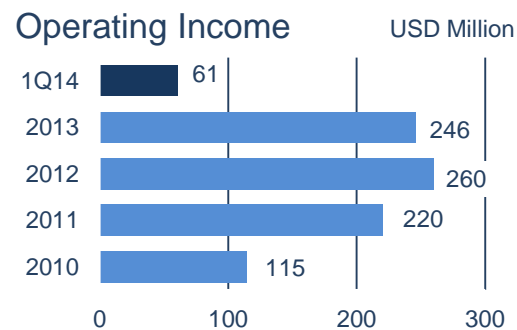
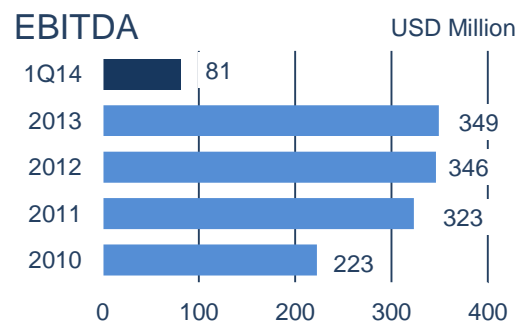
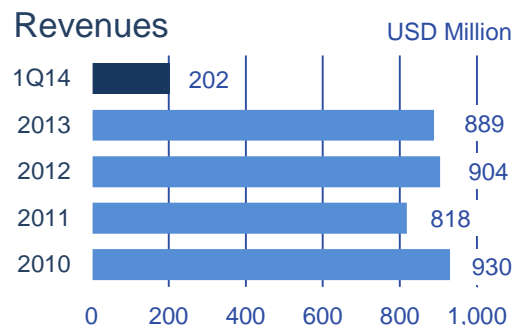


Production Track Record

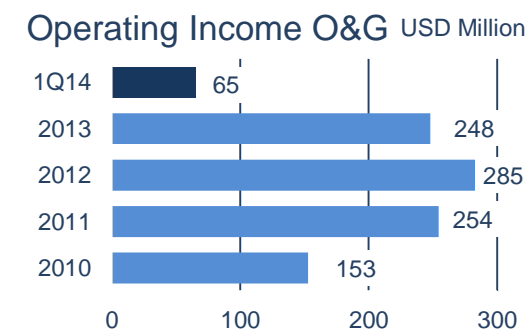
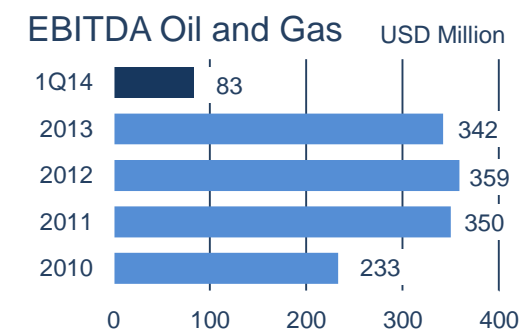
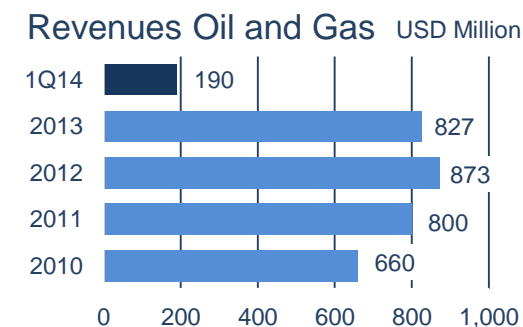


Production Track Record	2009	2010	2011	2012	2013
Oil and Gas Capex \$mn	198.61	126.94	143.14	189.21	219.5
2P Reserve Addition, MMBOE	113.20	46.77	(3.66)	87.02	(7.34)
Actual 3 Year Avg F&D \$/BOE	5.66	3.30	3.00	3.53	7.26
Actual 3 Year Avg RRR	2.01	2.88	2.53	2.04	1.22
2P Reserves Life Index, years	14.32	12.13	10.52	13.92	13.82

Financial Performance

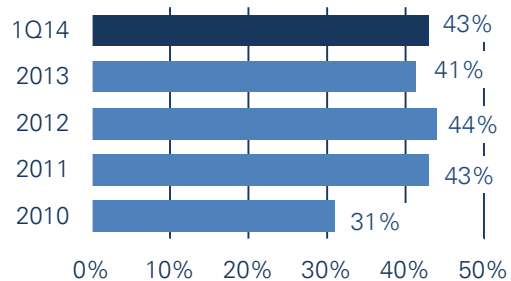


Financial Highlights (USD mm)	1Q13	1Q14	Δ%
Revenue	220.2	202.0	(8.3)
• Oil and Gas	206.5	190.3	(7.8)
• Non Oil and Gas	13.7	11.6	(14.8)
Gross Profit	88.7	85.9	(3.1)
Operating Income	59.7	60.9	2.1
EBITDA	82.6	81.2	(1.7)
Earnings Before Tax	44.7	44.6	(0.1)
Net Income	1.8	3.6	97.0
Cash and cash equivalents	456.1	373.8	(18.0)
Total Assets	2,646.1	2,689.0	1.6
Total Liabilities	1,803.7	1,774.7	(1.6)
Equity	832.6	901.1	8.2
Market Capitalization	555.5	794.8	43.1
EPS (USD/share)	0.0006	0.0011	83.3
Capex	33.1	84.2	154.4

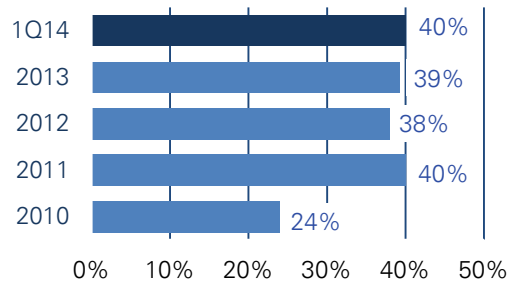


Financial Performance (cont'd)

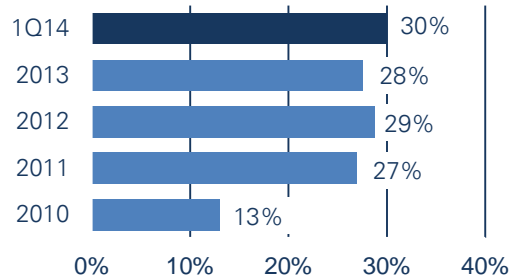
Gross Margin Consolidated



EBITDA Margin Consolidated



Operating Margin Consolidated



Profitability (%)	1Q13	1Q14	Δ%
Gross Margin	40.3%	42.5%	5.6
EBITDA Margin	37.5%	40.2%	7.2
Operating Margin	27.1%	30.2%	11.3
Net Margin	0.8%	1.8%	114.7

Return on Equity - Annualized	0.9%	1.6%	82.0
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Efficiency Ratios (x) - Annualized	1Q13	1Q14	Δ%
Revenue/ fixed assets	0.83	0.67	(19.9)
Revenue/ net working capital	1.43	1.60	11.8

Liquidity (x)	1Q13	1Q14	Δ%
Cash Ratio	1.02	0.91	(10.8)
Quick Ratio	2.13	2.00	(6.1)
Current Ratio	2.37	2.22	(6.2)

Investment Ratios (x)	1Q13	1Q14	Δ%
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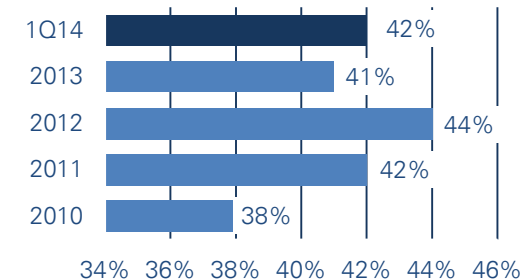
CapEx to Revenue	0.15	0.42	177.3
CapEx to Depreciation	1.44	4.15	187.7

Investment Ratios (x)	1Q13	1Q14	Δ%
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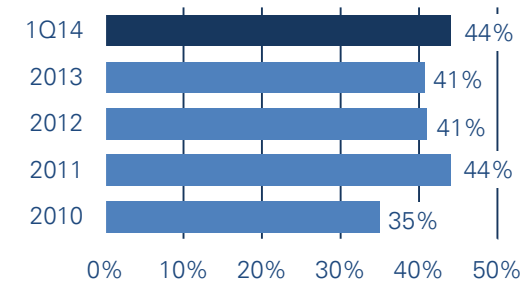
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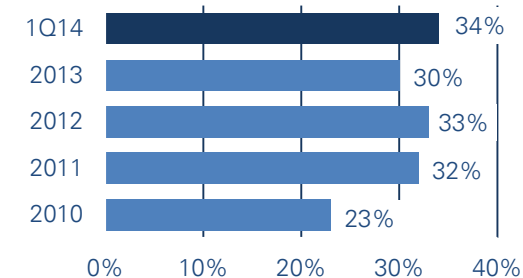
Gross Margin Oil and Gas



EBITDA Margin Oil and Gas



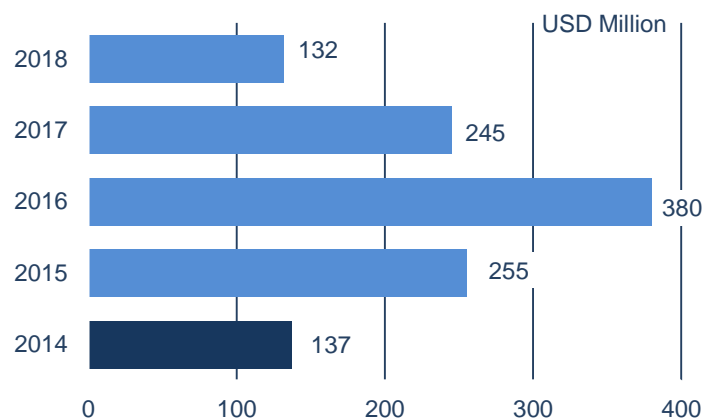
Operating Margin Oil and Gas



Financial Performance (cont'd)

CONSOLIDATED DEBTS (in USD mn)		1Q13	1Q14	Δ%
A. Total Bank Loans		590.9	568.2	(3.8)
Current		111.3	50.6	(54.6)
Non Current		479.6	517.6	7.9
B. Other Obligations		714.9	622.8	(12.9)
Current: MTN		29.9	-	n.m.
Rupiah Bonds		-	86.5	n.m.
Non Current: Related Party		125.8	132.3	5.1
Rupiah Bonds		459.8	305.4	(33.6)
USD Bonds		99.4	98.6	(0.8)
Total		1,305.8	1,191.0	(8.8)

Debt Maturity Profile

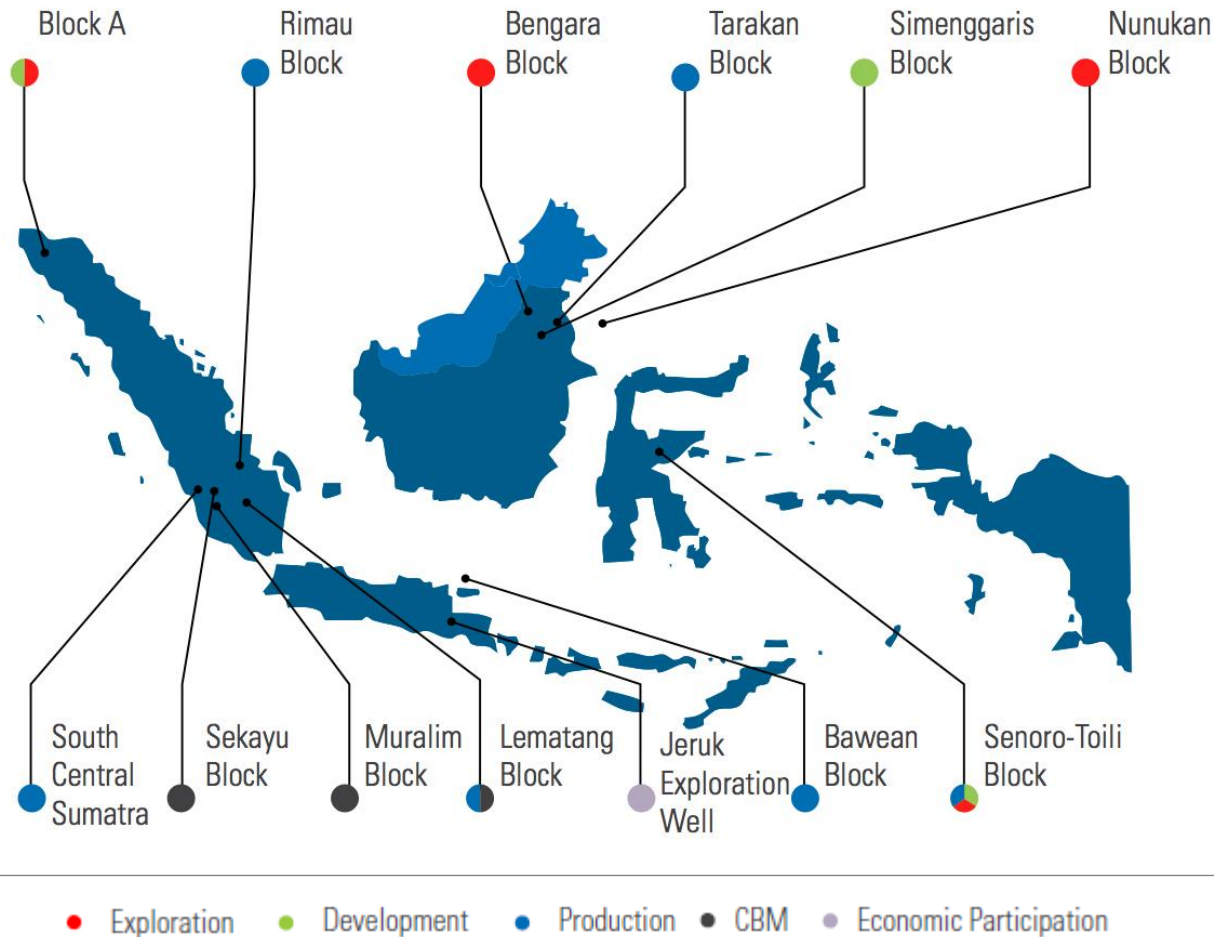


Leverage Ratios (x)	1Q13	1Q14	Δ%
Debt to Equity Ratio	1.57	1.32	(15.7)
Net Debt to Equity Ratio	1.02	0.91	(11.1)
Total Liabilities / Total Equity	2.17	1.97	(9.1)
Coverage Ratios (x)	1Q13	1Q14	Δ%
Debt to EBITDA - Annualized	3.95	3.67	(7.2)
Net debt/ EBITDA - Annualized	2.57	2.51	(2.2)
EBITDA to Interest Coverage Ratio	4.29	5.00	16.6
Capital Structure (x)	1Q13	1Q14	Δ%
Net debt to (net debt + equity)	0.51	0.48	(5.8)
Debt to Capital	0.61	0.57	(6.8)

Business Activities



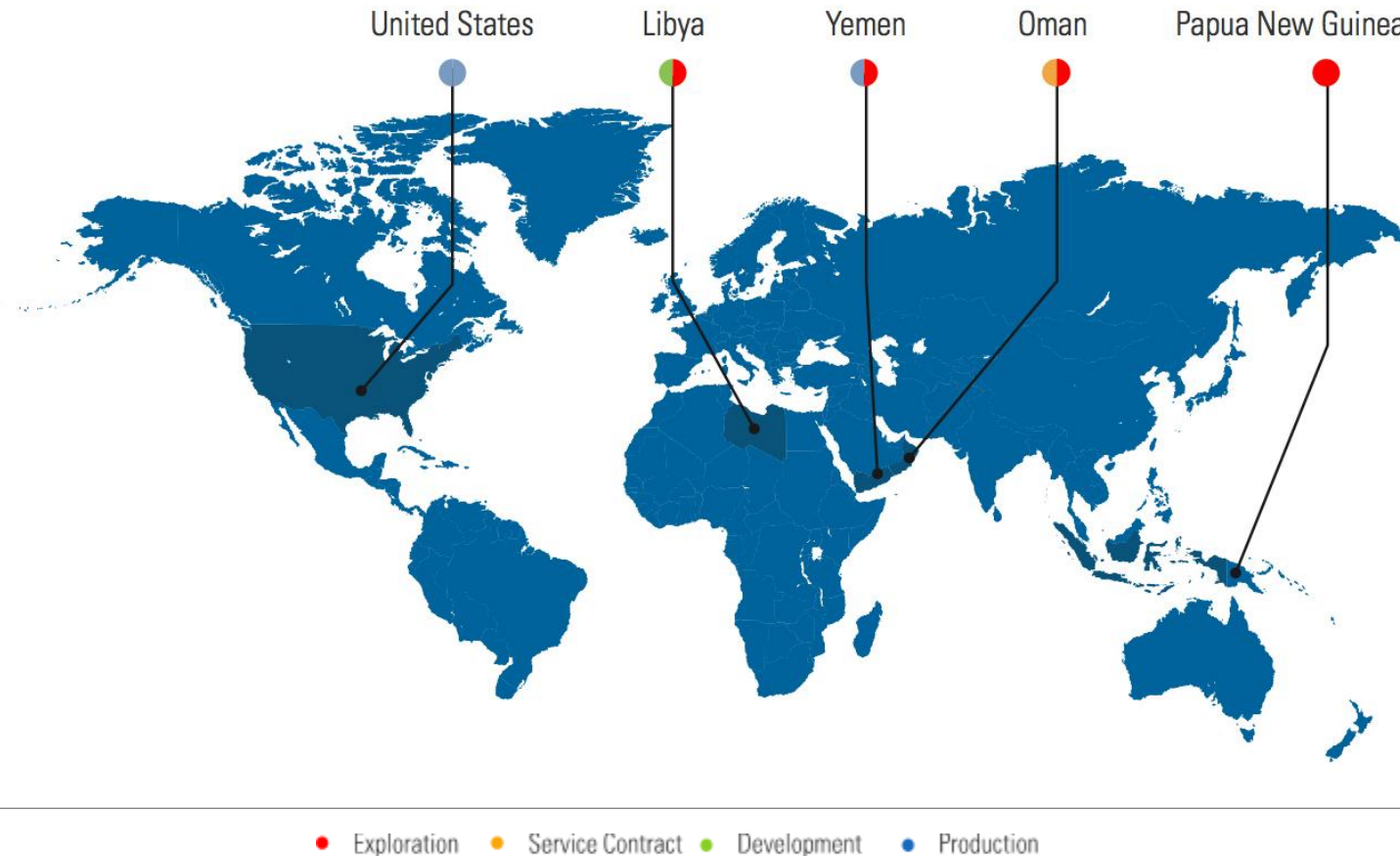
Oil and Gas E&P (Indonesia)



In Indonesia, Medco operates 9 blocks, maintains working interests in 1 block 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)

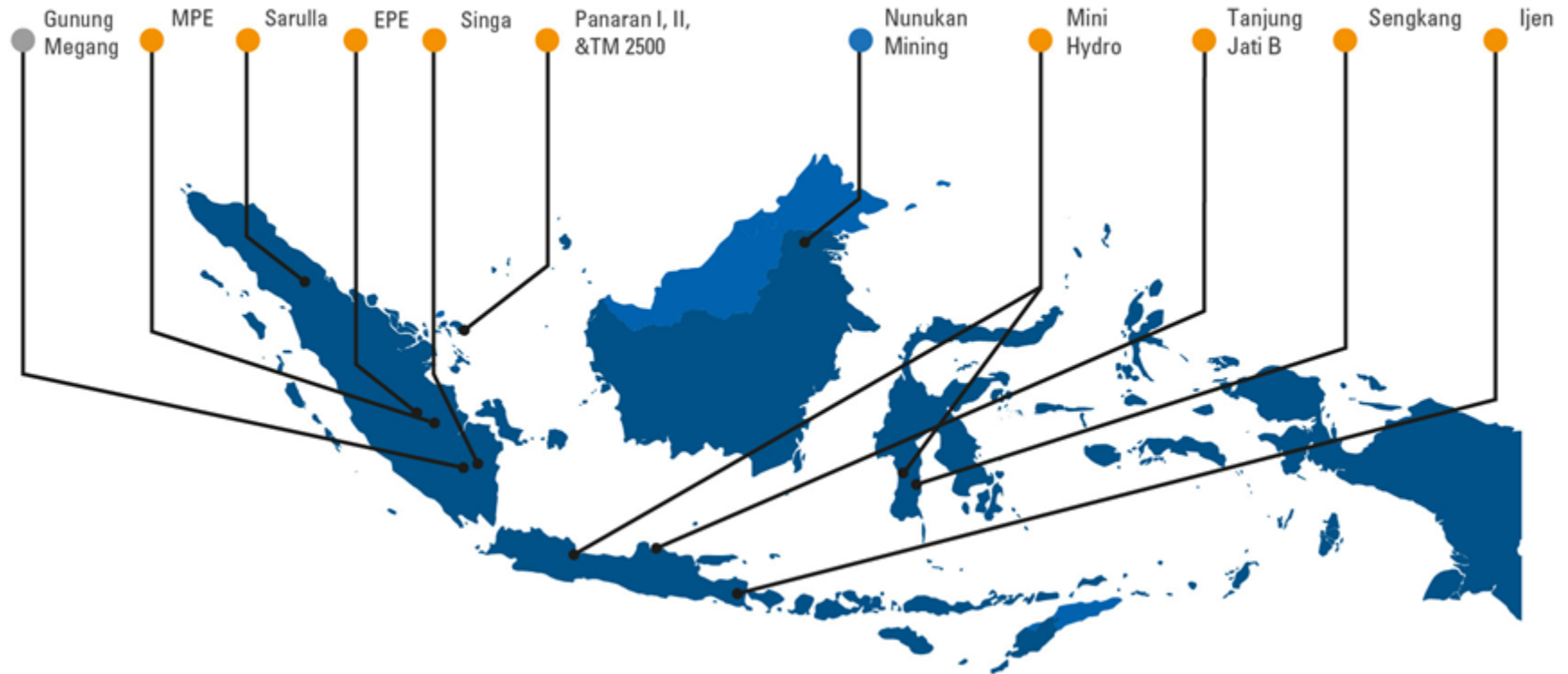
“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



Medco’s international operations spread across 8 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.”



● Gas ● Power ● Mining

Other Energy Related Business (cont'd)



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, Central 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 and operate Simple Cycle GasTurbine Power Plant of 70 MW in Tanjung Uncang, Batam upgradeable to 110 MW (CCGT)
- Two geothermal projects in Sarulla, North Sumatra (3x110MW) and Ijen, East Java (2x55MW)
- Mini hydro projects in West Java and Sumatera with total targeted capacity of 45MW.

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)

PT Exspan Petrogas Intranusa provides well services / workover rigs and Electric Wireline Logging (EWL) for oil & gas operations

Capex Profile

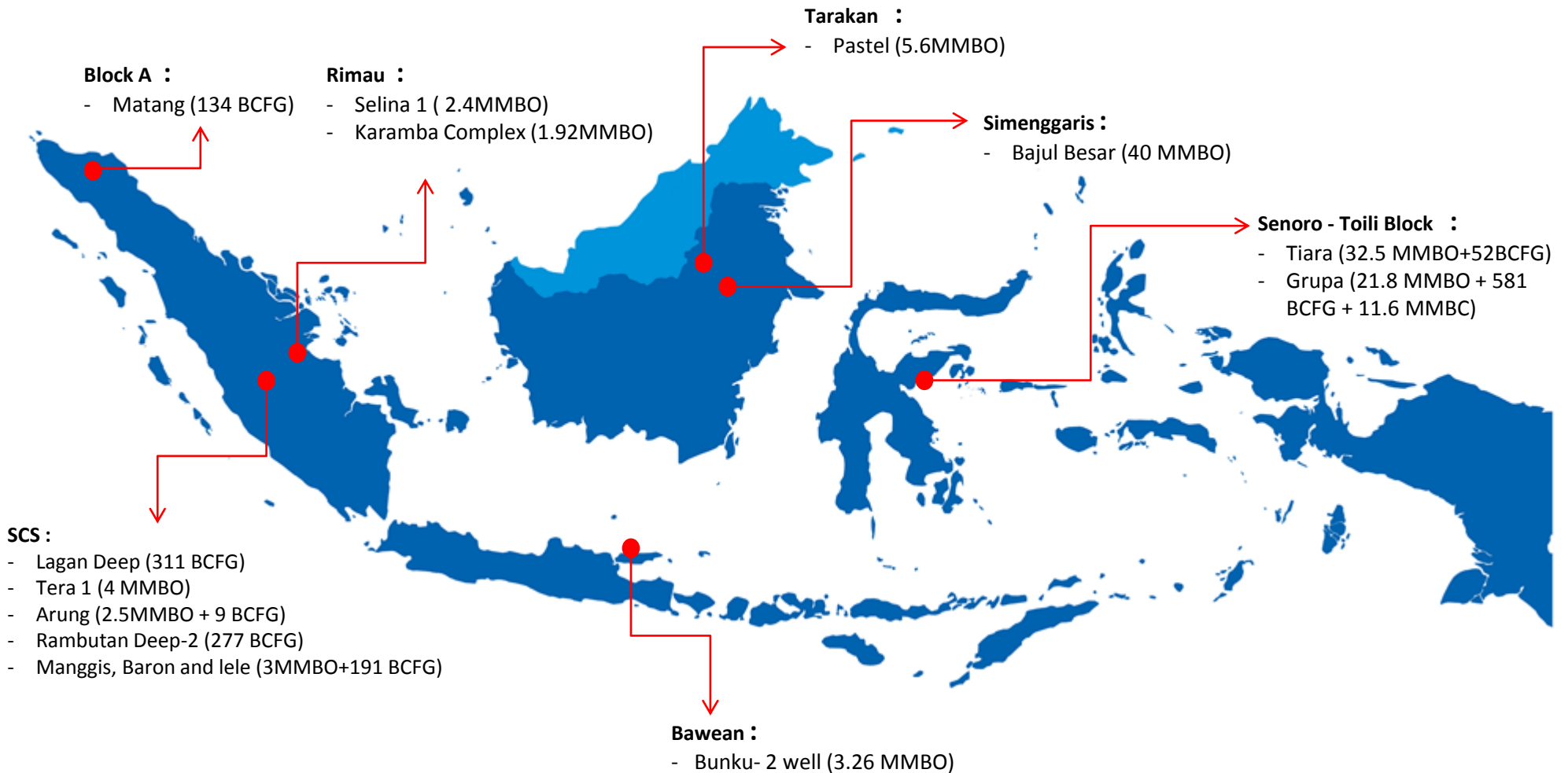
“During 2014-2016 Medco will spent substantial amount of Capex to start develop its Major Projects following the approval of their Final Investment Decisions and PSC contractors appointment”

E&P CAPEX	2014 F	2015 F	2016 F	3-YR F
Producing Assets	116.0	165.8	152.7	434.4
Exploration Capex	51.5	82.1	43.8	177.4
Development Capex	64.4	83.7	108.9	257.0
Development Assets	269.3	358.0	195.4	822.7
Senoro Upstream	153.5	52.0	50.6	256.1
Others	115.9	306.0	144.8	566.7
Exploration Assets	18.4	10.7	13.2	42.3
Donggi-Senoro LNG	27.3	12.2	-	39.5
TOTAL E&P CAPEX	431.0	546.6	361.2	1,338.9
Non E&P Capex	10.1	25.7	14.2	50.0
TOTAL CAPEX NET	441.1	572.4	375.4	1,388.9

*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 will be funded proportionately through equity and debt.

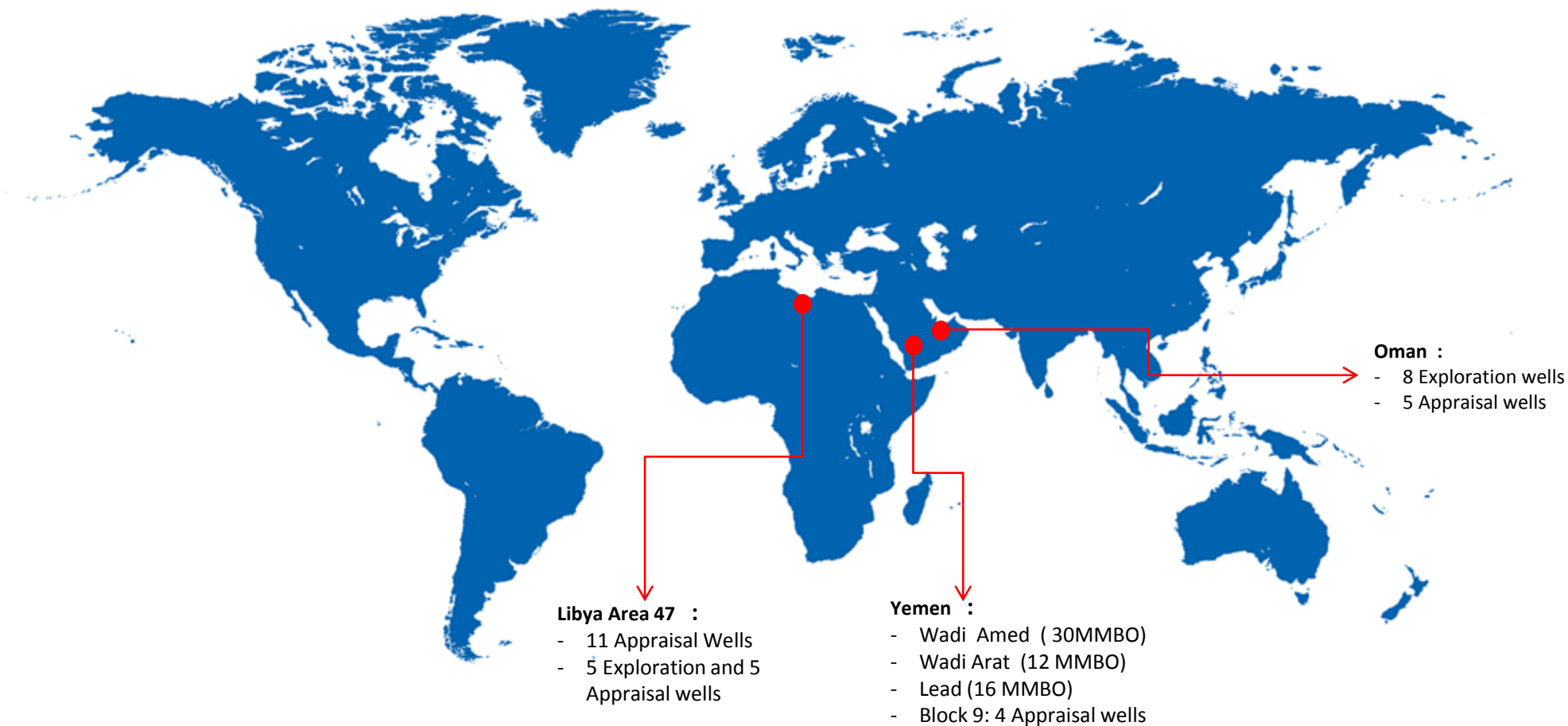
Exploration Program: Domestic

“Estimated potential resources addition for Domestic and International (2013 – 2018) :
 375 MMBOE net unrisks resources or 78 MMBOE net risked resources”



Exploration Program: International

“Estimated potential resources addition for Domestic and International (2013 – 2018) :
 375 MMBOE net unrisks resources or 78 MMBOE net risked resources”



Major Projects Development



Projects	Summary	% Ownership	Partners	Page
Senoro	Gas field development up to 310 MMscfd	30%	Pertamina, Mitsubishi, Kogas	26
DSLNG	LNG plant, single train of 2.0 mtpa capacity	11.1%	Pertamina, Mitsubishi, Kogas	30

Senoro Upstream Project

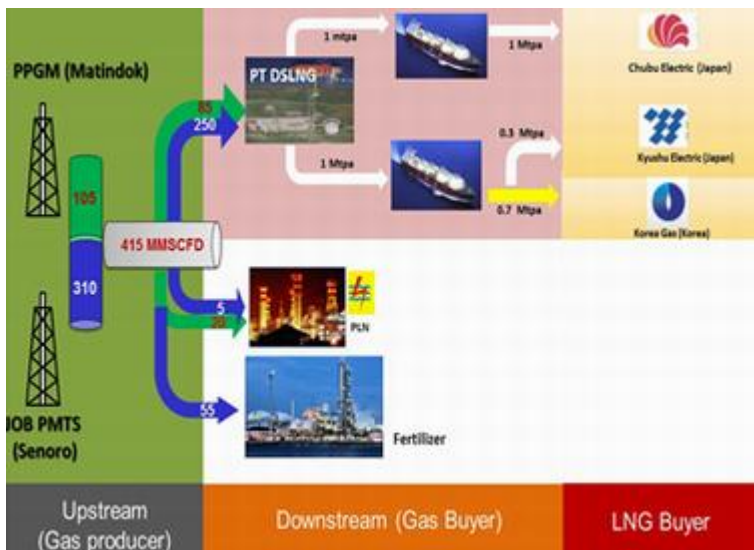


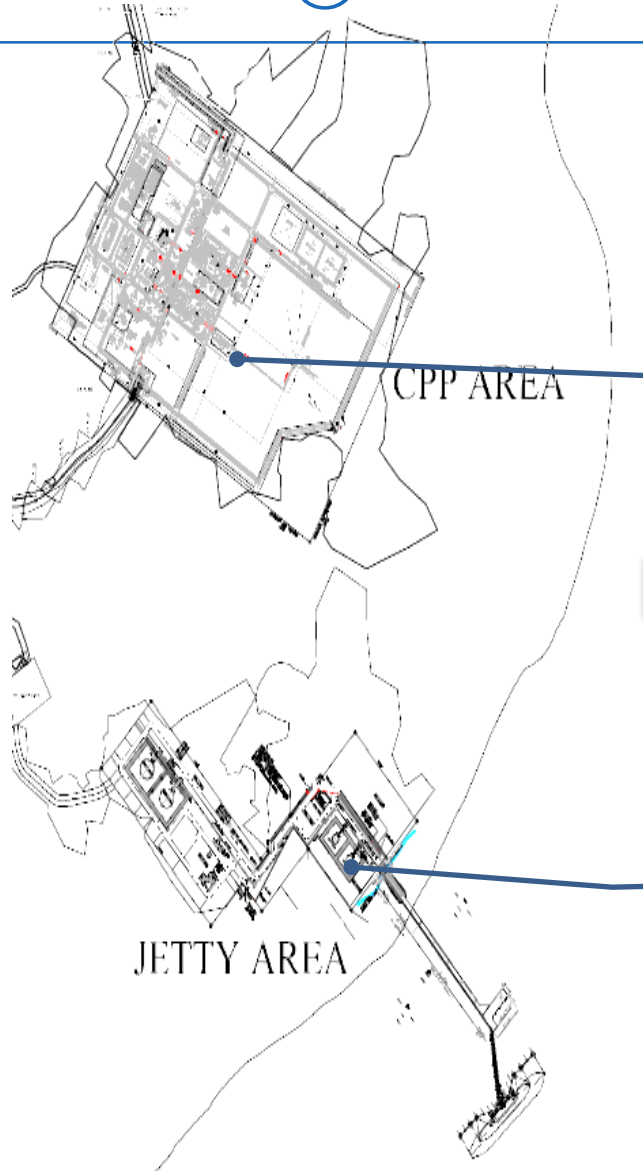
Working Interest Structure:

Pertamina 50%, MedcoEnergi 30% and Mitsubishi & Kogas 20%

Upstream Status:

- ❖ Objective: Commercialize 1.96 TCF of gross 2P reserve and contingent gas resources through LNG product
- ❖ Scope: Build 310 MMSCFD plant, target Commissioning by end of 2014
- ❖ Status:
 - Overall Progress is 70.86% as of April 2014, with targeted completion on December 2014
 - Obtained Project financing for Senoro project from Standard Chartered and Bank Mandiri on July 31, 2013.
 - Material offloading facility is ready and functioning
 - Senoro Development Drilling Rig Completed three Senoro development drilling & two re-entry wells in March 2014
 - GSA with Panca Amara Utama has been signed on March 13, 2014





Amine Absorber



Erection Amine absorber



Pit Pond #11 Shoring



Main Pipe rack

Facilities Pictures



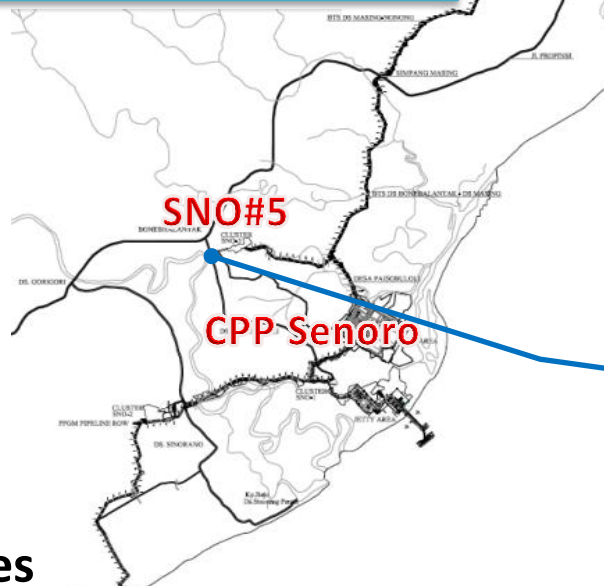
Control Room USO



Use Metering



Welding at KP 4+000



Facilities Pictures



H2S Removal vessel



Material off Loading Facilities



Senoro Drilling development Well and Well Testing at Senoro#13

DSLNG Downstream Project



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 completion of plant facilities by end of 2014.
- ❖ Status:
 - Achieved 30 million safety man hours
 - LNG Plant EPC progress currently reached 98% as of April 2014
 - Plant Commissioning targeted in 3Q-2014
 - Project Finance signing targeted in 2Q-2014



DSLNG Downstream Project Progress



1. Material Offloading Facility 2. Refrigerant Storage 3. LNG Tank 4. LNG Jetty 5. Air Fin Coolers 6. Flare 7. MCHE
8. Firewater Tank 9. Main Control Room 10. Gas Turbine Generators 11. Main Substation



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