



MEDCOENERGI 

# 1Q 2019 RESULTS

PT Medco Energi Internasional Tbk. (IDX Ticker: MEDC)

SUSTAINABLE GROWTH



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Ophir Acquisition: Successfully completed on 21 May 2019

EBITDA US\$160 million up by 8% year-on-year

Production 90.5 mboepd above guidance

MPI: Generated power sales 624 GWh up by 6% year-on-year

Completed sale of 51% interest in the Energy Building, Tunisia SPA signed, conversion and monetization of AMNT shareholder loan

Rating upgrade to B+ Fitch, B (Positive outlook)  
S&P, Moody's affirmed B2 (Positive outlook)

Strong Liquidity with cash and cash equivalent above US\$540 million



- Successful completion of Ophir acquisition on 21 May 2019
- Gross Profit US\$172 million, 14% higher y-o-y with an improved 61% gross margin.
- EBITDA US\$160 million, 8% higher y-o-y from improved margins, due to increased in gas sales from Block A. MPI contributed 13% to Consolidated EBITDA.
- Oil, Gas and Power segments generated Net Income of US\$61 million 44% higher y-o-y. Consolidated Net Income was a US\$28 million 29.7% higher y-o-y.
- Net Debt to EBITDA<sup>1</sup> 3.1x (3.3x in 2018).
- Completed sale of 51% interest in the Energy Building, progressing Tunisia sale, conversion and monetization of AMNT shareholder loan. Fund from asset sales will support deleveraging.
- Issued a seven-year tenor US\$650 million (7NC4) bond with a 7.375% coupon to fund Ophir acquisition and repay certain indebtedness.
- Received rating upgrade from B (Positive outlook) to B+ from Fitch, B (Positive outlook) from S&P and Moody's affirmed B2 (Positive outlook).

<sup>1)</sup> Annualized and excluding Medco Power Indonesia (MPI)



- Oil and gas production 90.5 mboepd and above guidance
- Unit cash costs US\$7.9 per boe and within guidance
- Block A fully commissioned and passed Government's 'Place in Service' test, GSA capacity test
- Yemen resumed production

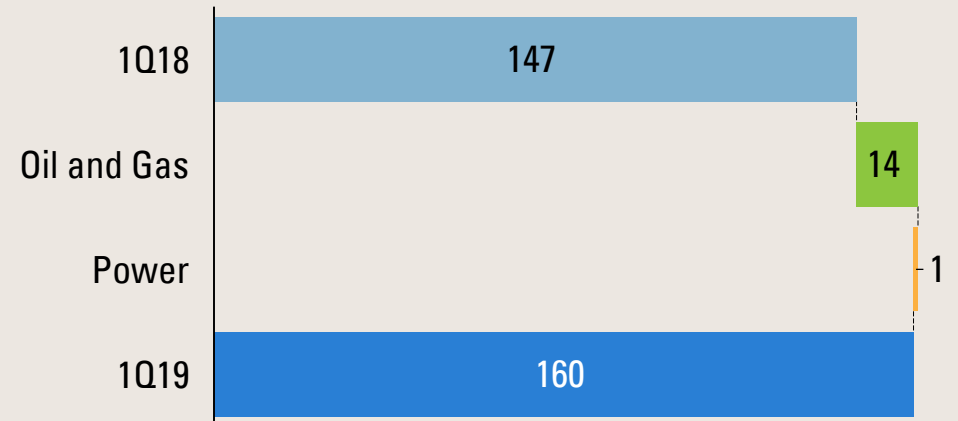
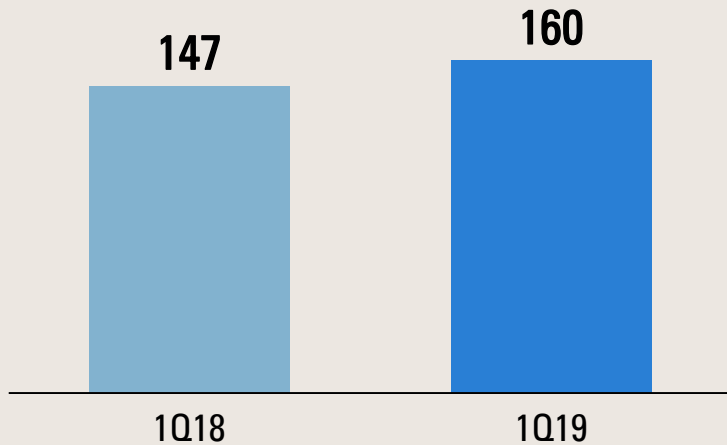


- MPI gross operating installed capacity 2,819 MW, and generated power sales of 624 GWh, 6% higher y-o-y following the full operation of Sarulla Geothermal Unit 3
- MPI's Riau gas fired CCPP signed project finance agreements with a consortium of international banks

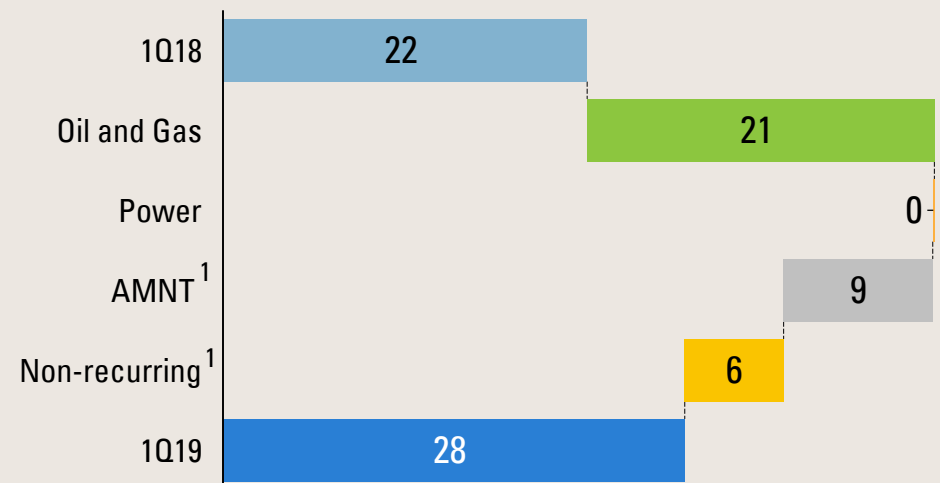
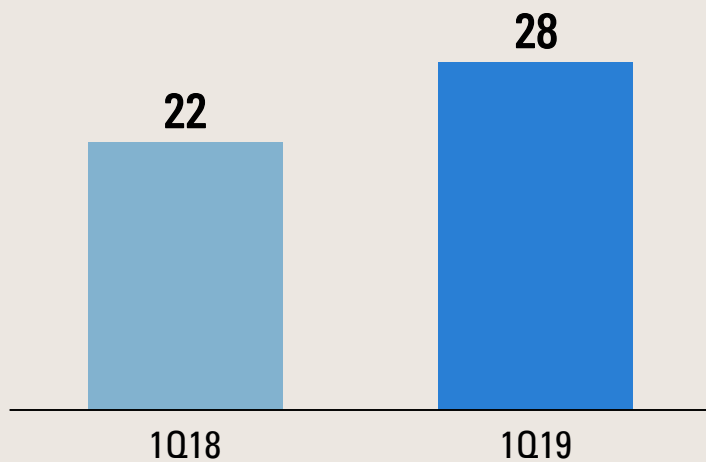


- AMNT production from stockpile 33.9 Mlbs of copper, 16.8 Koz of gold
- Obtained copper concentrate export permit extension for 336,100 wmt

### Underlying EBITDA (US\$ mn) Categorized by Segments

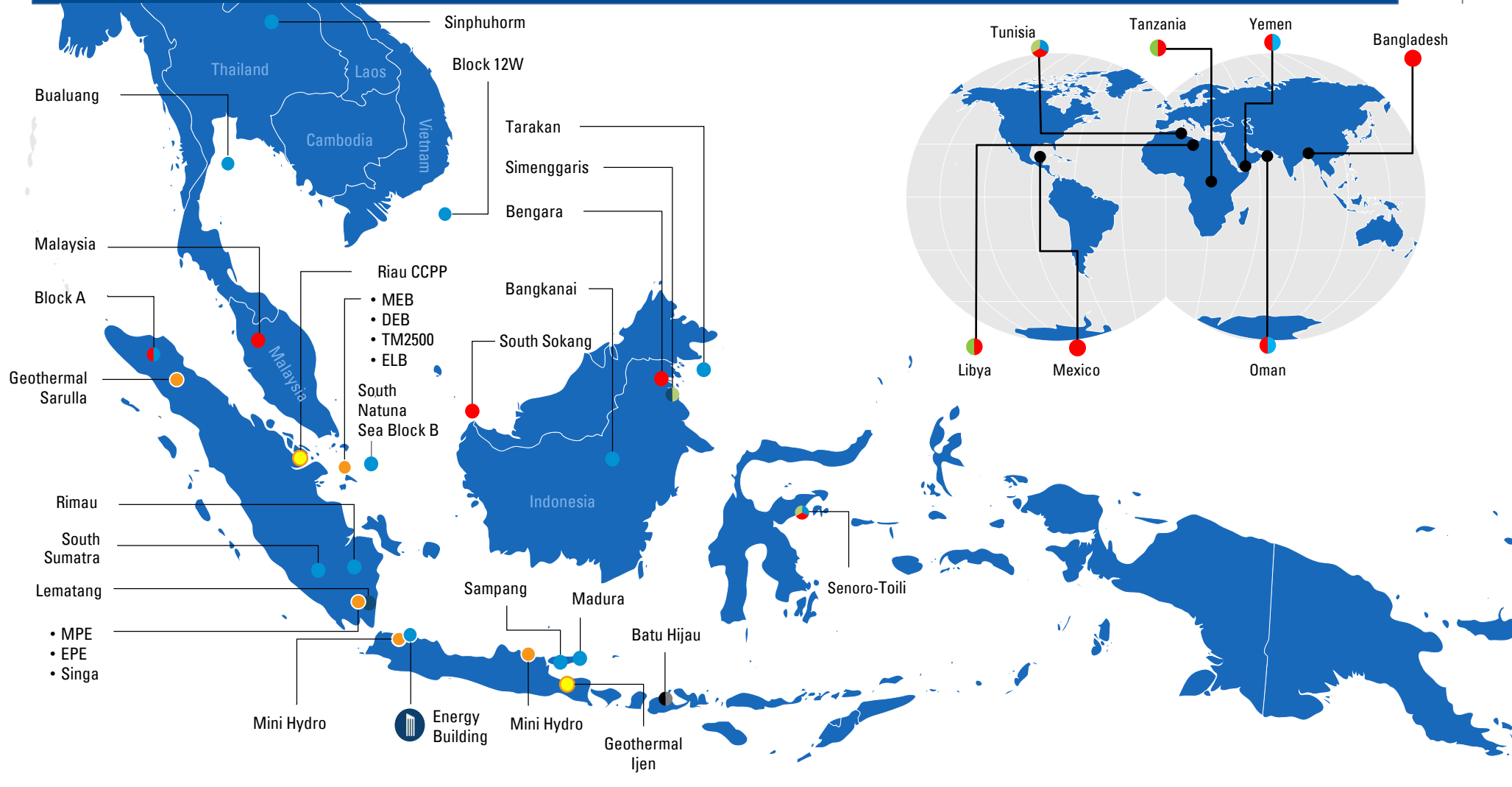


### Underlying Net Income (US\$ mn) Categorized by Segments



<sup>1)</sup> Non-cash items

# Leading E&P player in Southeast Asia



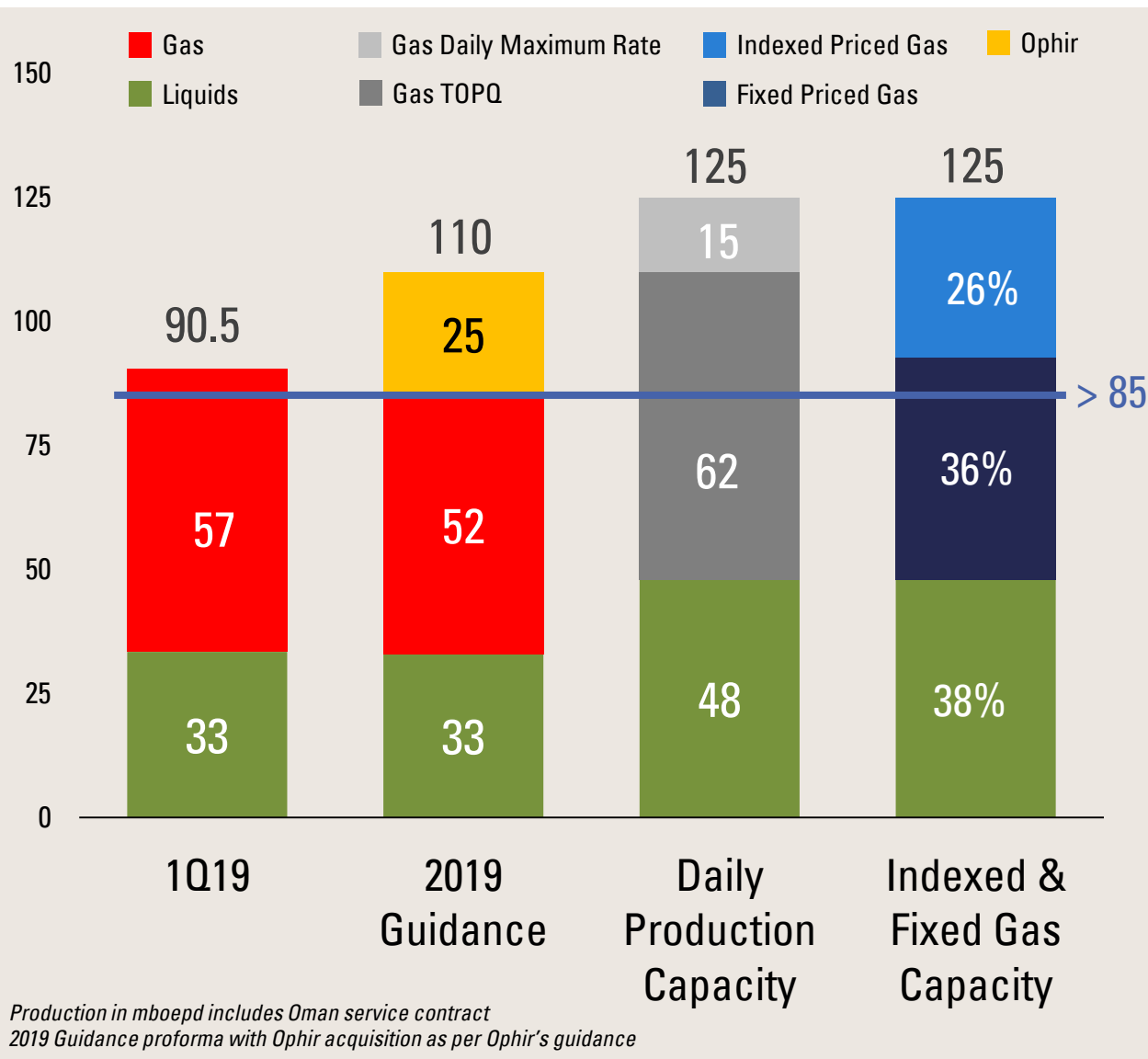
- Production
- Development
- Exploration



- Power Installed
- Power Development



- Mining Production
- Mining Development
- Mining Exploration

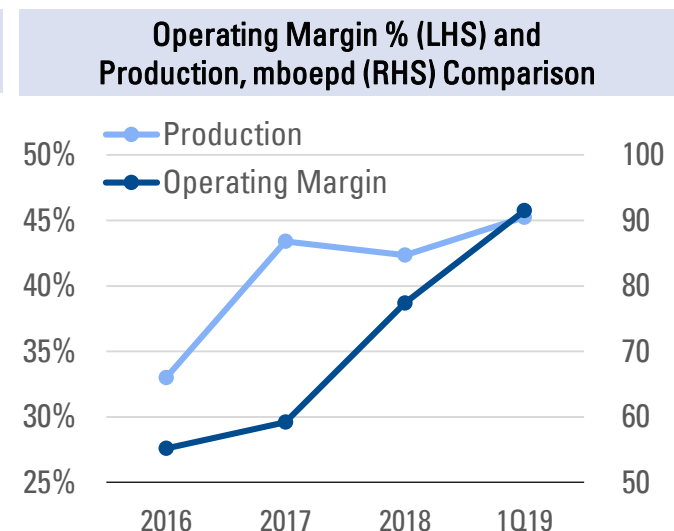
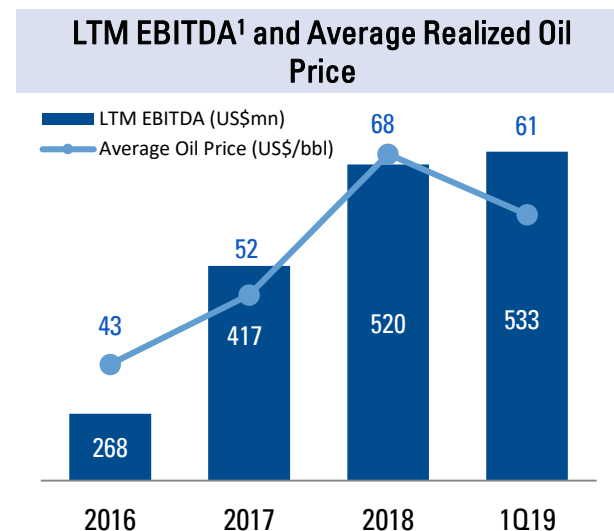
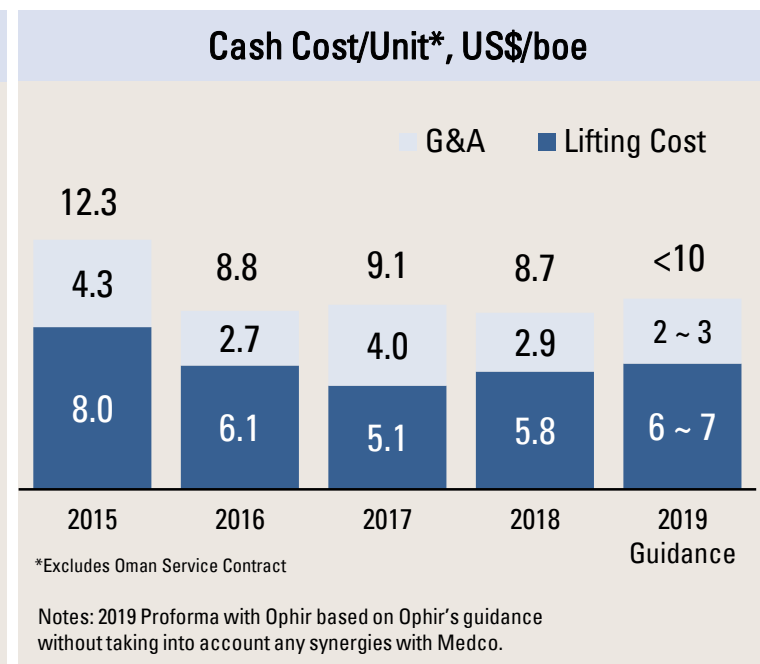
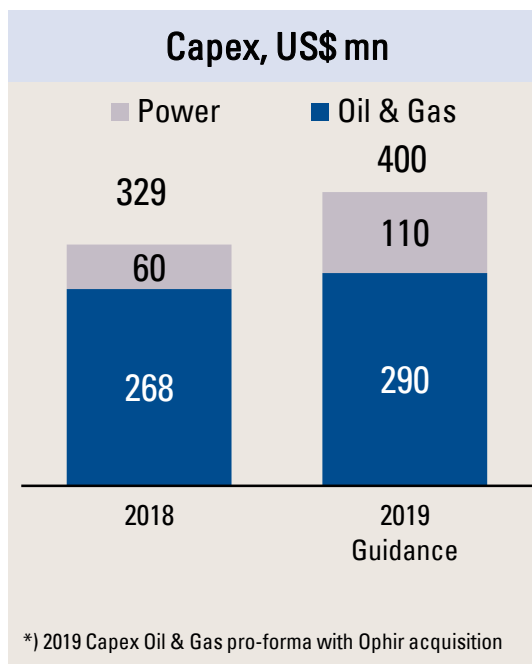


- 1Q19 production 90.5 mboepd; due to Block A at full production
- 2019 guidance 110 mboepd including Ophir. Daily Production Capacity 125 mboepd.
- ~62:38 gas to oil production capacity
- Gas market demand will determine annual production.
- Continue to hedge up to 25% of liquids production and up to 50% of index price gas





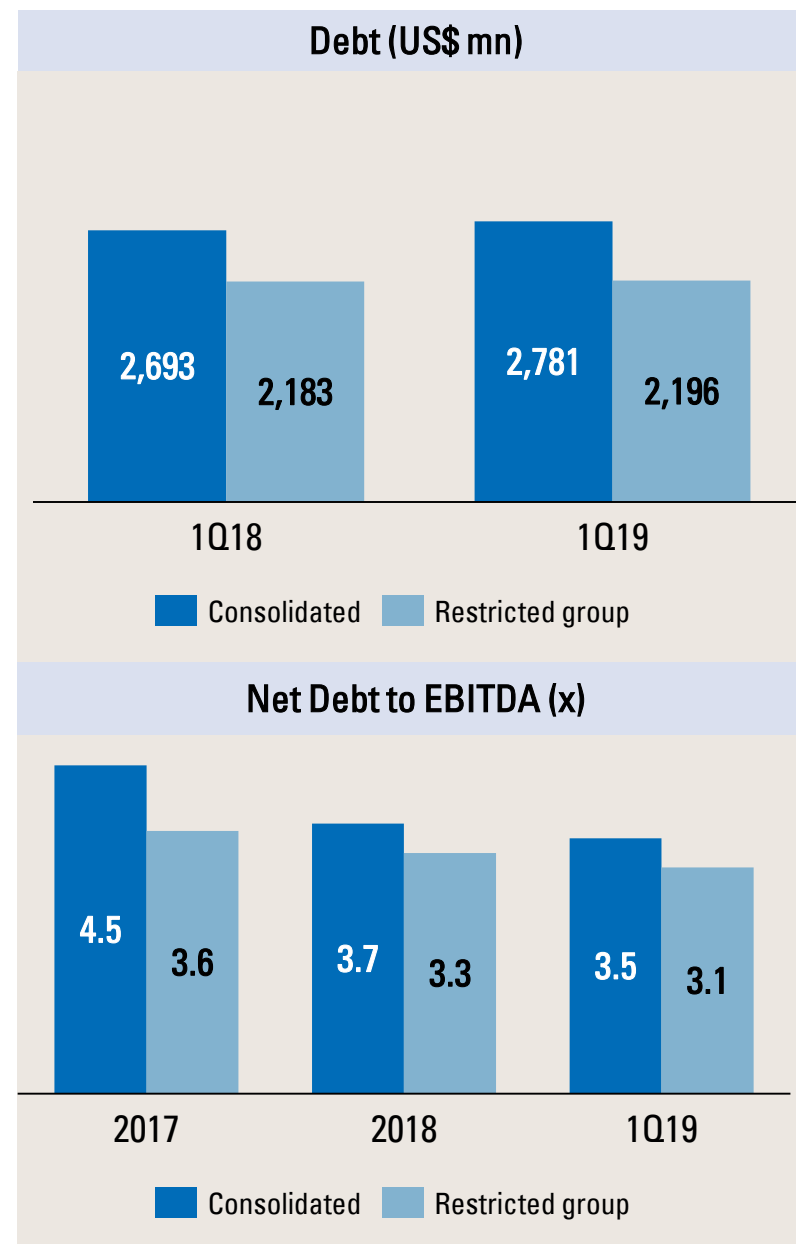
- 2019 pro-forma capex US\$400 million including Ophir
- 1Q19 oil and gas unit cash costs US\$7.9/boe. Oil and gas unit cash costs, including Ophir will be maintained below US\$10/boe.
- Production and margin growth driving increased EBITDA despite volatility in commodity prices
- An annualized US\$10/BBL increase in Brent Price will increase EBITDA by ~US\$115 million



<sup>1</sup>) EBITDA excl. Medco Power



- May 2019 USD bond extended average debt maturity to 4 years from 3 years.
- 2020 and 2021 debt bullet maturities secured in escrow
- Gross debt flat y-o-y, repayments off-set by addition of Block A new debt
- Net Debt to EBITDA<sup>1</sup> 3.1x, consolidated Net Debt to EBITDA 3.5x.
- Post Ophir acquisition Net Debt to EBITDA target will be at 3.0x or below at mid-cycle price



<sup>1)</sup> Annualized and excluding MPI



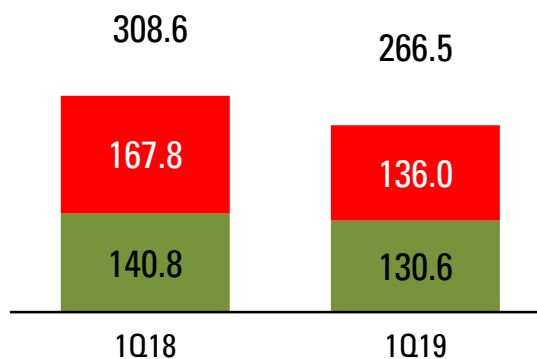


Metrics	1Q18	1Q19	YoY Δ%
<b>Production<sup>o</sup></b>			
Oil, MBOPD	33.9	33.4	(1.4)
Gas, MMSCFD	274.1	314.4	14.7
<b>Lifting/Sales</b>			
Oil Lifting, MBOPD	25.7	23.8	(7.2)
Gas Sales, BBTUPD	265.2	277.0	4.4
Oman Service Contract, MBOPD	7.6	6.6	(13.2)
<b>Average Realized Price</b>			
Oil, USD/barrel	63.3	60.8	(4.0)
Gas, USD/MMBTU	5.7	7.1	23.9

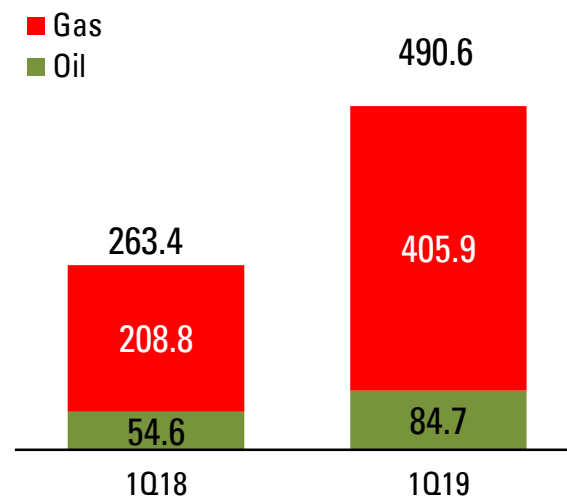
<sup>o</sup>Includes Oman Service Contract

- 2018 three-year average Proved Reserves Replacement Ratio 1.2x, with Reserves Life Index of 10 Years
- Average realized gas price \$7.1/MMBTU; blend of fixed \$6.5/MMBTU and indexed \$7.5/MMBTU contracted gas sales
- Long term gas contracts underpinned by take-or-pay. Split ~58:42 fixed price and commodity indexed pricing

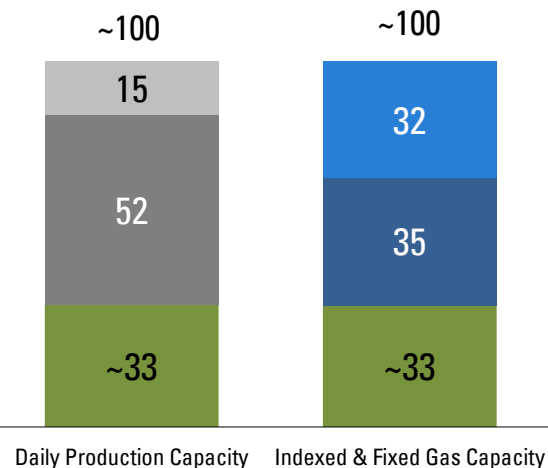
Net 2P Reserves, MMBOE  
Life Index: 10 Years



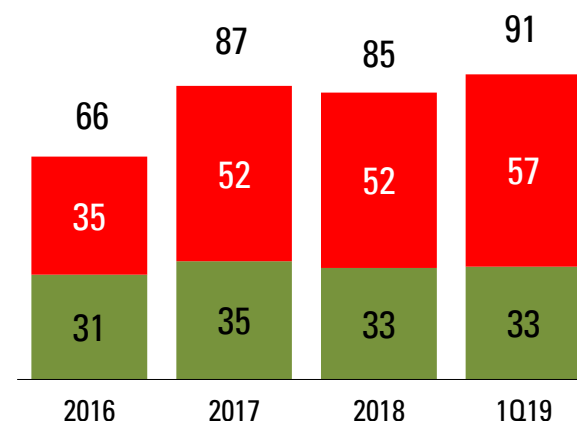
Net Contingent Resources, MMBOE



Production Capacity, MBOEPD



Net Hydrocarbon Production<sup>o</sup>, MBOEPD



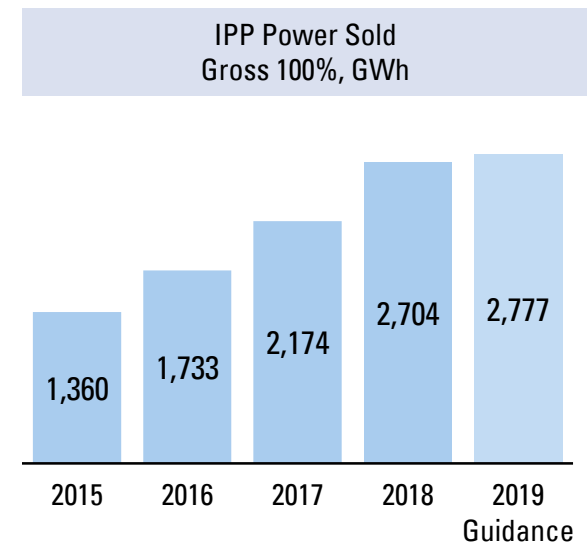
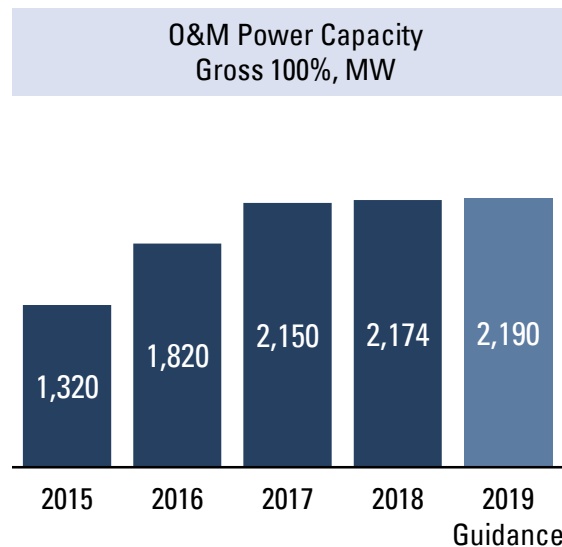
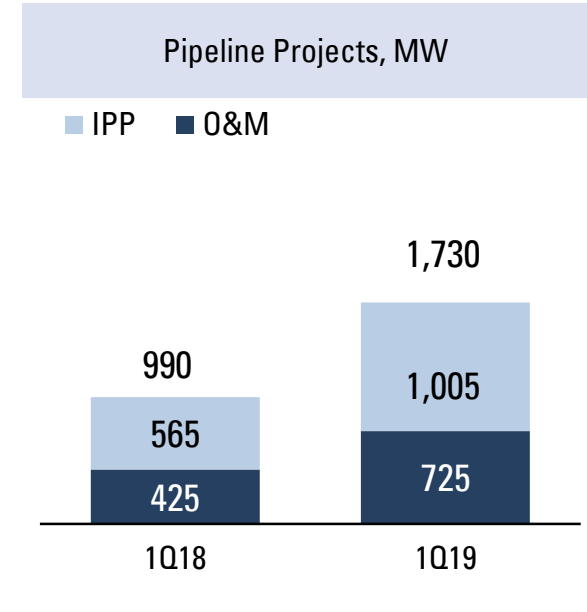
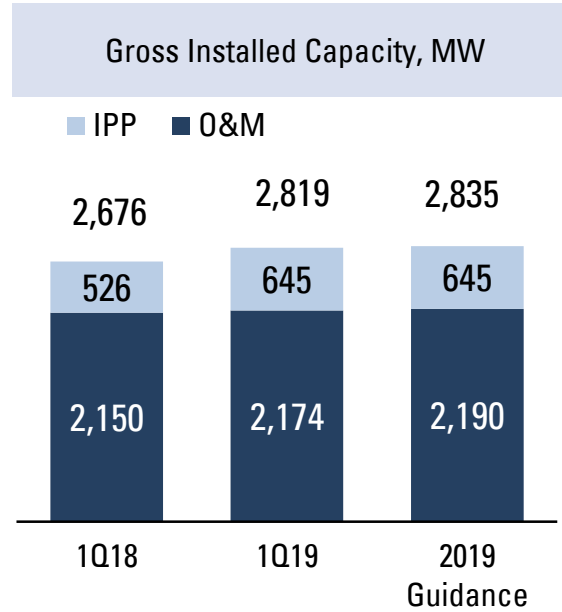
<sup>o</sup>Includes Oman Service Contract



Metrics <sup>o</sup>	1Q18	1Q19	YoY Δ%
<b>IPP Sold and O&amp;M Capacity</b>			
IPP Sold, GWh	590	624	5.7
O&M Capacity, MW	2,150	2,174	1.1
<b>Average Realized Price*</b>			
IPP, Cent/kwh	3.63	3.92	8.0

<sup>o</sup>Gross 100% interest and includes geothermal production  
<sup>\*</sup>Excludes Fuel Component

- Identify a second strategic investor to support continued growth
- MPI gross operating installed capacity rose to 2,819 MW following completion of the 330MW Sarulla Geothermal facility
- Riau CCPP secured Financing Declaration from PLN, and signed loan agreement with consortium of International Banks in Q1 2019. COD expected Q2 2021.
- Ijen farm down in progress. Appraisal drilling to begin Q4 2019.



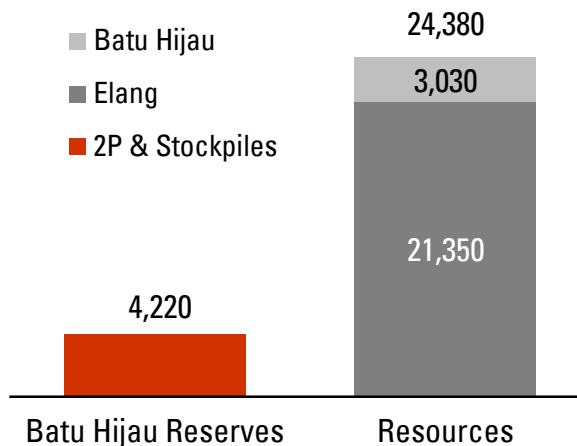


Metrics <sup>o</sup>	1Q18	1Q19	YoY Δ%
<b>Production</b>			
Copper, Mlbs	40.4	33.9	(16.0)
Gold, koz	19.2	16.8	(12.4)
<b>Sales</b>			
Copper, Mlbs	25.0	32.2	29.0
Gold, koz	16.3	15.9	(2.8)
<b>Average Realized Price</b>			
Copper, USD/lbs	3.02	2.81	(6.9)
Gold, USD/oz	1,309	1,304	(0.4)

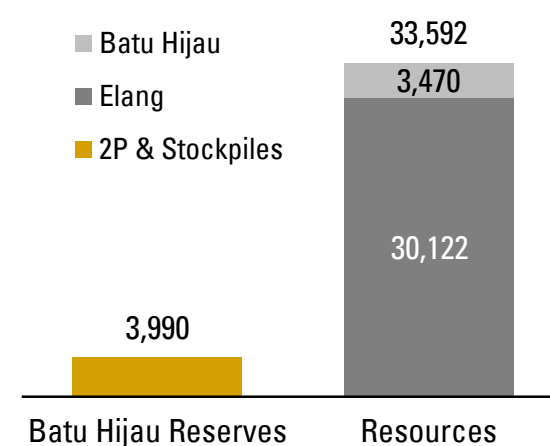
<sup>o</sup>Gross 100% interest

- The Batu Hijau Mine is in Phase 7 development; during cut back of Phase 7, production are generated from processing of the stockpiled ore.
- Obtained export permit extension for 2019
- Phase 7 is currently financed with loan facilities from four major Asian based banks. Ore body is expected starting 2020
- Elang JORC assessment in progress
- Obtained environment permits for development of a 1.3 mtpa smelter to be located at Benete, West Sumbawa. Outotec has been appointed to develop the Front-End Engineering Design (FEED).
- Signed HoA with MPI for development of a 300MW onsite IPP

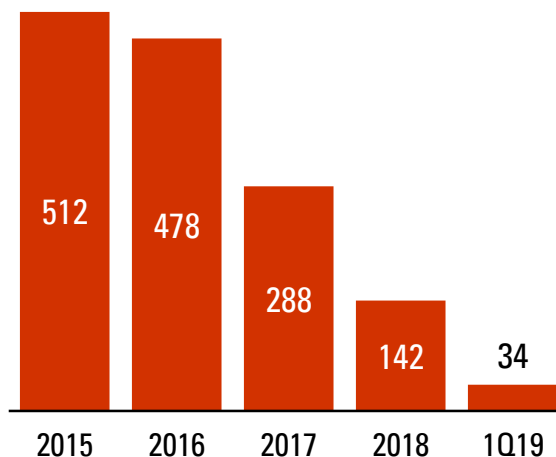
Copper Gross Reserves & Resources – 2018 (Mlbs)



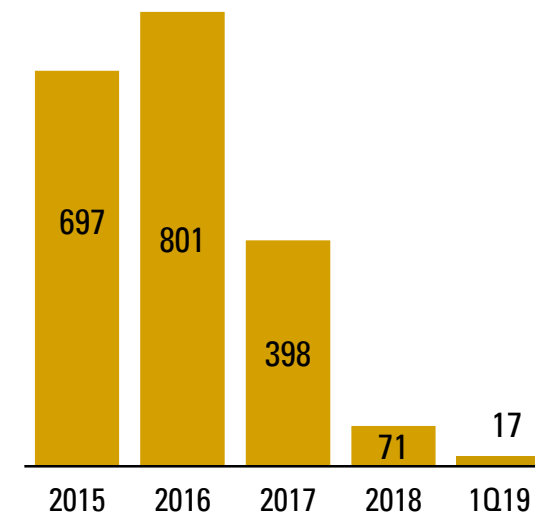
Gold Gross Reserves & Resources – 2018 (koz)



Copper (M lbs) Production Gross 100%



Gold (k oz) Production Gross 100%



# Consolidated Financial performance

Profit & Loss (US\$ mn)	1Q18	1Q19	YoY Δ%
Revenue	285.6	283.9	(0.6)
- Oil and gas	228.4	239.5	4.9
- Power	57.0	43.7	(23.3)
- Others	0.3	0.7	161.3
DDA	35.1	29.6	(15.9)
Gross Profit	150.9	172.3	14.2
S, G & A	38.7	42.4	9.6
Operating Income	112.2	129.9	15.8
EBITDA	147.3	159.5	8.2
<b>Net Income</b>	<b>21.6</b>	<b>28.1</b>	<b>29.7</b>

Profitability Ratios (%)	1Q18	1Q19	YoY Δ%
Gross Margin	52.8	60.7	14.9
Operating Margin	39.3	45.8	16.5
EBITDA Margin	51.6	56.2	8.9
Net Income Margin	7.6	9.9	30.4

Balance Sheet (US\$ mn)	1Q18	1Q19	YoY Δ%
Cash and cash equivalents <sup>°</sup>	639.6	544.3	(14.9)
Investments	1,059.2	1,126.7	6.4
Fixed Assets	1,313.7	1,394.4	6.1
Total Assets	5,138.5	5,080.8	(1.1)
Total Liabilities	3,678.1	3,661.7	(0.4)
• Loans	1,277.6	1,246.3	(2.4)
• Capital Market Debts	1,415.8	1,534.8	8.4
• Other Liabilities	984.8	880.6	(10.6)
<b>Equity</b>	<b>1,460.4</b>	<b>1,419.1</b>	<b>(2.8)</b>

Financial Ratios (x)	1Q18	1Q19	YoY Δ%
Debt to Equity	1.8	2.0	6.3
Current Ratio	1.7	1.5	(10.3)
EBITDA to Interest	3.1	3.4	10.5
Net Debt to EBITDA <sup>°</sup>	3.5	3.5	0.6

<sup>°</sup> Includes restricted cash

# Financial performance: excluding Medco Power

Profit & Loss (US\$ mn)	1Q18	1Q19	YoY Δ%
Revenue	228.6	240.2	5.1
- Oil and gas	228.4	239.5	4.9
- Others	0.3	0.7	161.3
DDA	34.0	27.8	(18.1)
Gross Profit	124.2	147.1	18.4
S, G & A	31.9	35.6	11.7
Operating Income	92.4	111.5	20.7
EBITDA	126.3	139.3	10.3
<b>Net Income</b>	<b>19.3</b>	<b>25.9</b>	<b>34.6</b>

Profitability Ratios (%)	1Q18	1Q19	YoY Δ%
Gross Margin	54.3	61.2	12.7
Operating Margin	40.4	46.4	14.9
EBITDA Margin	55.2	58.0	5.0
Net Income Margin	8.4	10.8	28.1

Balance Sheet (US\$ mn)	1Q18	1Q19	YoY Δ%
Cash and cash equivalents <sup>°</sup>	546.1	447.5	(18.0)
Investments	1,059.2	1,126.7	6.4
Fixed Assets	1,252.5	1,360.9	8.6
Total Assets	4,276.6	4,194.6	(1.9)
Total Liabilities	2,973.3	2,946.7	(0.9)
• Loans	790.4	744.6	(5.8)
• Capital Market Debts	1,392.9	1,451.0	4.2
• Other Liabilities	790.1	751.0	(4.9)
<b>Equity</b>	<b>1,303.2</b>	<b>1,247.9</b>	<b>(4.2)</b>

Financial Ratios (x)	1Q18	1Q19	YoY Δ%
Debt to Equity	1.7	1.8	5.0
Current Ratio	1.8	1.6	(14.8)
EBITDA to Interest	3.3	3.8	16.8
Net Debt to EBITDA <sup>°</sup>	3.2	3.1	(3.2)

<sup>°</sup> Includes restricted cash





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