

# **1H 2023 Company Results**

PT Medco Energi Internasional Tbk (IDX Ticker: MEDC) Jakarta, October 2023

www.medcoenergi.com





Key Messages	3
Performance Update	4
Operational and Financial Performance 2018 – 2023	5
What to Expect Next	6
Business Strategy	7
Production & Power Sales	8
Capex & Opex	9
Financial Performance	10
Capital Structure	11
ESG Performance	13 – 14
Portfolio and Key Assets	15 – 22
Business and Financial Statistics	23 – 27

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### **KEY MESSAGES**

Solid Operational Performance

### Improving Oil Prices

### Successful AMMN IPO

Deleveraging and Dividends

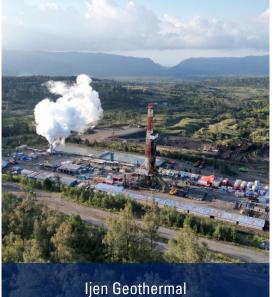
Project Delivery

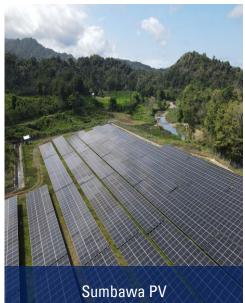
< Portfolio Management





Corridor - Central Grissik Plant







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### **PERFORMANCE UPDATE**

FINANCIAL & OPERATIONAL PERFORMANCE	ENERGY TRANSITION AND SUSTAINABILITY
<ul> <li>Meet or exceed all 2023 operational guidance</li> <li>Full year 2023 EBITDA and Net Income consensus <ul> <li>AMMN 02 2023 Net Income lower</li> </ul> </li> <li>Medco has grown substantially since 2018 <ul> <li>Hydrocarbon production 1.88x</li> <li>Reserves and resources 2.40x and 1.60x</li> <li>Power Generation capacity 1.42x</li> <li>Gas: Liquids mix risen from 62% to 80%</li> </ul> </li> </ul>	<ul> <li>On track to deliver 2025 and 2030 Climate Change targets</li> <li>EMA conditional import permit 600MW Bulan PV</li> <li>CCS studies in progress on Natuna and Corridor</li> <li>Batam combined cycle expansion PPA signed</li> <li>Natuna Bronang platfrom placed in service</li> <li>Progressing Ijen Geothermal and Bali PV projects</li> </ul>
GROWTH	CAPITAL STRUCTURE

4

### M) MEDCOENERGI

#### **OPERATIONAL AND FINANCIAL PERFORMANCE 2018 – 2023** HYDROCARBON PRODUCTION (MBOEPD) **POWER CAPACITY (MW)** 2P RESERVES (MMBOE) Liquids **Fixed Priced Gas** Gas IPP Renewables Oil Price (US\$/bbl) **Indexed Priced Gas** Gas 2023F 2P RLI: 14.1 year Include Tanzania in 2023 58% 21% 2023G 2023G 2023F CASH COST (US\$/boe) EBITDA (US\$mn) CAPITAL SPEND (US\$mn) Production (mboepd) 1,593 9.9 9.5 9.1 8.4 6.9 - 7.4 28 86 1H 2023 1H 2023 1H 2023 SHAREHOLDER RETURN DELEVERAGING (US\$bn) **CREDIT RATING** Consolidated CAGR 2018-20231 Fitch RG 25.0% 3.2 3.0 2.8 2.8 2.7 per year B1 2.2 2.2 CAGR 2013-2018 В B+ **B2** 10.2% **B2** per year В <sup>1</sup>As of September 2023 2023F



### WHAT TO EXPECT NEXT

New GSAs on Corridor and Senoro

Additional reserves from Corridor, Natuna, Senoro and Tanzania

Dividend payments and debt repayments

Selective portfolio management; close the Middle East acquisition

Complete ongoing Natuna projects; progress Corridor, Senoro and Tanzania developments

Investment decision on Bali PV; progress Bulan PV and Ijen Geothermal



Maintain ESG improvement trajectory and expand Energy Transition capability

# 

# **BUSINESS STRATEGY IS DELIVERING**

### Building a Leading Southeast Asian Energy and Natural Resources Company



- Copper & Gold Mining
   World class copper resource

   Significant resource discoveries on the existing license
  - Growing electrification will continue to support copper demand
  - Successful IPO, current market cap US\$26+bn
  - Medco owns ~21% of AMMN

- Aggregator of large, mature producing assets
- Extend reserve life and add value through low risk exploration on producing licenses
- Increase efficiency, abate emissions, grow gas portfolio as a Transition Fuel
- Continue trajectory on ESG and credit ratings to deliver long term shareholder return
- Grow Clean and Renewable Portfolio with larger scale projects
- Transition to Low Carbon Energy
- Build expertise on Geo-thermal, PV, LNG and Hydrogen

7



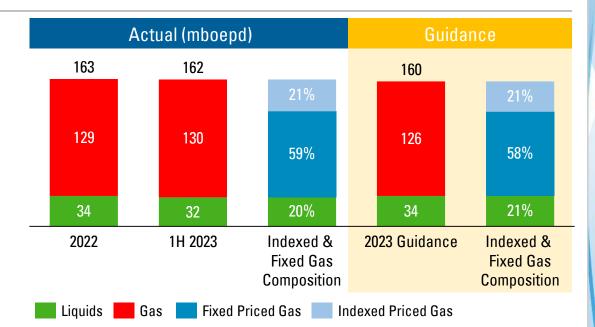
### **PRODUCTION & POWER SALES**

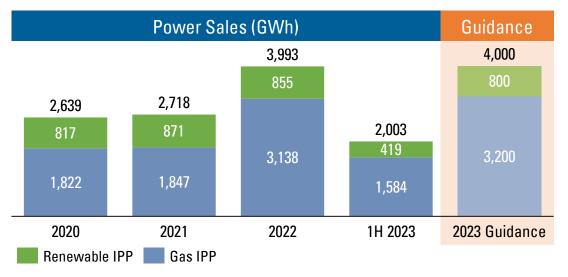
#### MEDCOENERGI

- 1H 2023Oil & Gas production 162 mboepd
- Production 80% gas and 20% liquids; 42% total production exposed to current price environment, 58% production at fixed prices
- Power 2,003 GWh sales following the Riau IPP 275 MW and Sumbawa PV 26 MWp new facilities

#### 2023 Guidance

- Production guidance 160 mboepd
- Fixed price gas contracts with strong counterparties are natural hedge
- Hedged 4.3% of 2H-23 production at US\$51.86/bbl and 1.5% of 2024 production at US\$60/bbl
- Power sales guidance 4,000 GWh with 20% from Renewable IPP







### **CAPEX & OPEX**

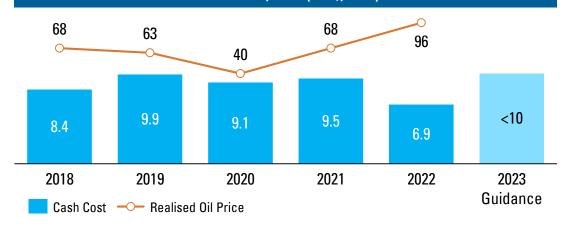
#### 1H 2023

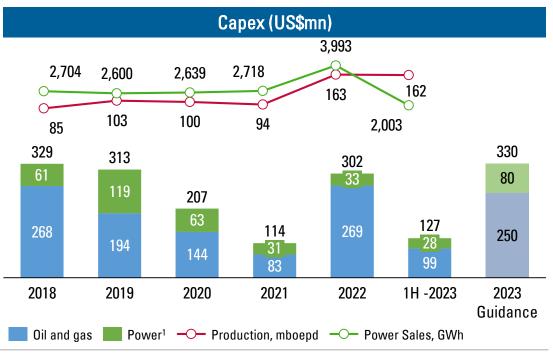
- Oil & Gas capex US\$99mn, Power<sup>1</sup>US\$28mn.
- 1H 2023 capex spending for developments in Natuna, Corridor and Ijen Geothermal IPP
- Oil & gas cash costs<sup>2</sup> US\$7.4/boe

#### 2023 Guidance

- Oil & Gas capex US\$250mn, focused on Natuna and Corridor developments
- Maintain Oil & Gas cash costs sub US\$10/boe
- Power<sup>1</sup> capex US\$80mn focused on Ijen Geothermal IPP

#### Cash Cost/Unit (US\$/boe)





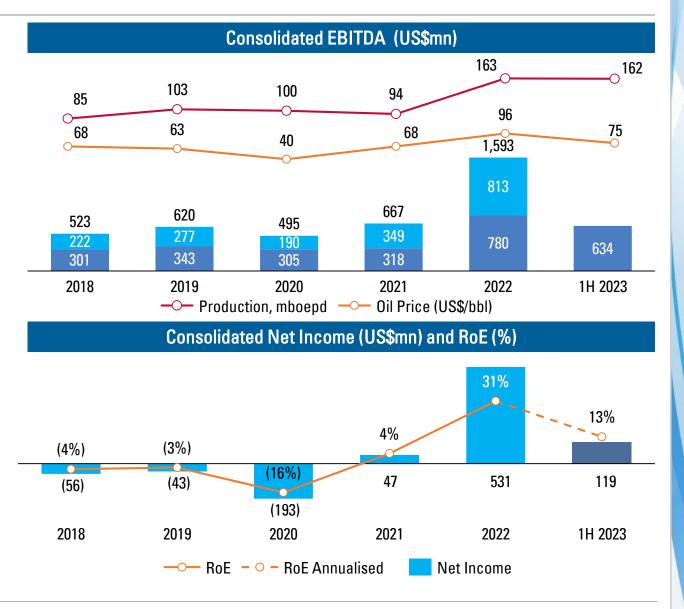
1) Net working interest

2) Unit cash cost excludes production and expenditure on Oman KSF service contract



### **FINANCIAL PERFORMANCE**

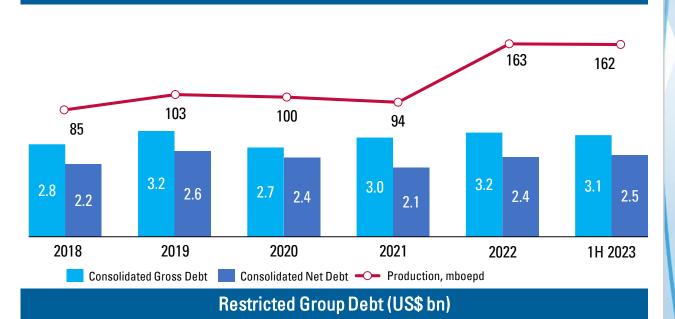
- EBITDA US\$634mn, Net Income US\$119mn, CFO US\$179mn
- Oil & Gas production 162 mboepd up 6% Y-o-Y
- Oil & Gas prices down 28% and 15% respectively Y-o-Y
- Power generated up 8% Y-o-Y, offset by non-cash Fx losses
- AMMN successful IPO on July 5<sup>th</sup> but lower Q2 earnings



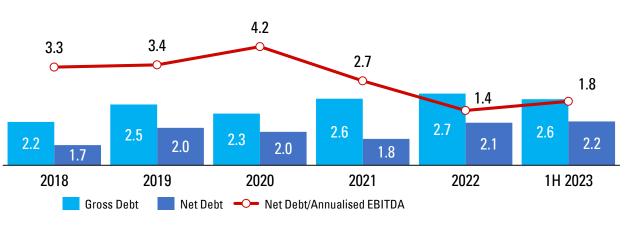
# **CAPITAL STRUCTURE**

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- 2022 dividend: IDR39 per share
- Continue to deleverage through early buyback of USD/IDR Notes, early and scheduled amortizing repayments
  - Natuna acquisition, November 2016 US\$240mn debt repaid 18 months
  - Ophir acquisition, May 2019 US\$544mn debt repaid 18 months
  - Corridor acquisition, March 2022 US\$850mn debt repaid 24 months
- Middle East acquisition expected to close Q4 2023
- Average shareholder return 25% p.a. during 2018 – 2023<sup>1</sup>



**Consolidated Debt and Production (US\$ bn)** 



11



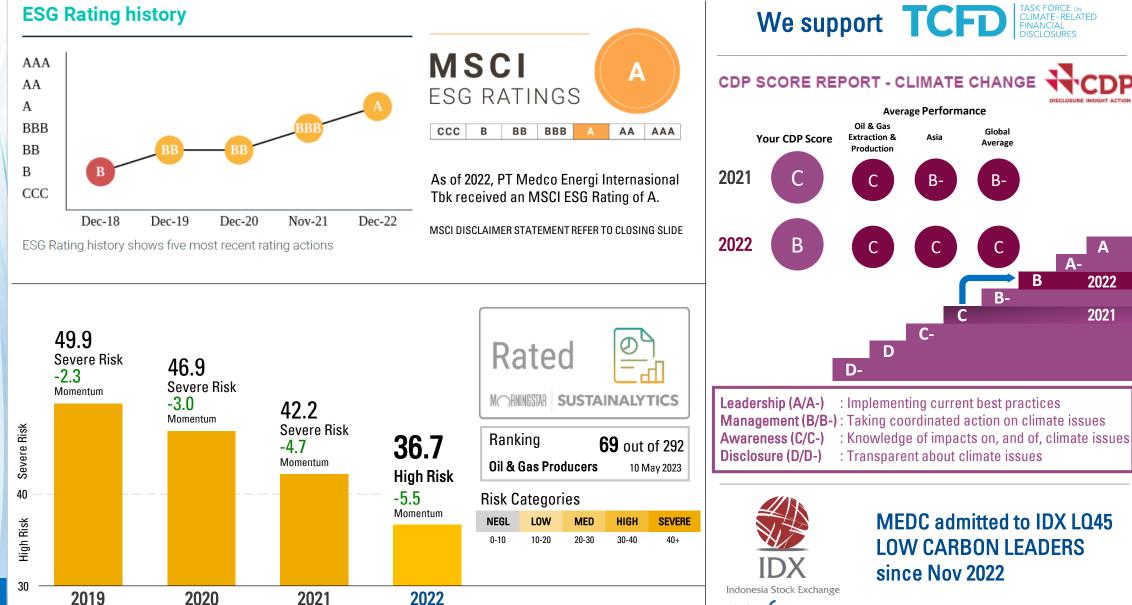
### **APPENDIX**



### **ESG RATINGS**



#### **ESG Rating history**



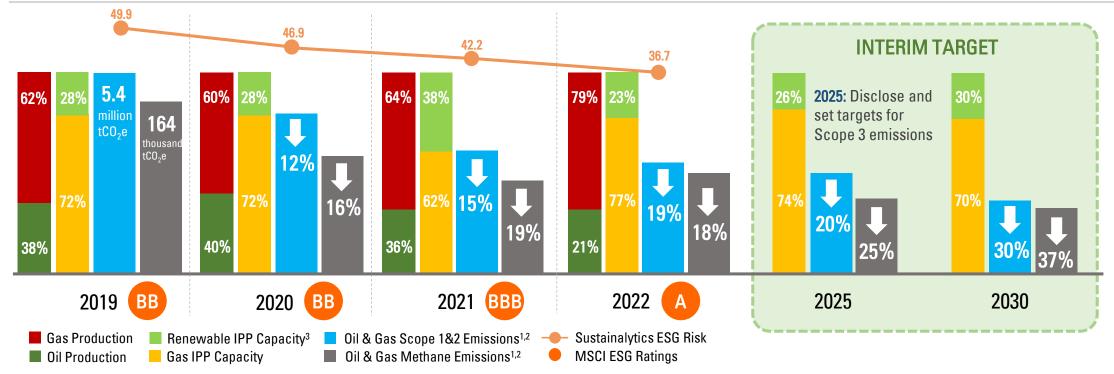
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WORLD FEDERATION OF EXCHANGES

2022

2021

# FOCUS ON CONSISTENT ESG IMPROVEMENT



#### 2023 -2027 BUILD ON OUR SUSTAINABILITY SUCCESS

- Develop Just Transition Plan.
- Embed Climate Change Strategy in Corporate Business and Financial Plan.
- Enhance governance, systems, capability building for Human Rights
- 2023 2024

- Reduce 20% of E&P GHG Scope 1 & 2 Emissions
- Reduce 25% of E&P Methane Emissions
- Increase Renewable Mix Installed Capacity by 26%
- Disclose Scope 3 Emissions

2025

Commit to Upstream CCS pilot project.

2026

2027

- Further integrate Sustainability into business to enhance value creation
- Reach top quartile ESG performer in the Oil & Gas E&P sector in South East Asia
- Maintain or improve MSCI A, Sustainalytics 36.7, CDP B
- Materiality Assessment update for the next 5year roadmap
- Internal carbon pricing and carbon trading: credit and offset.
- Partnership programmes to promote data transparency and for implementation of best practices along value chain.

- Update Goals and KPIs based on 2022 Materiality Assessment
- Enhance Sustainability & Climate Change Capability
- Establish Human Rights Policy
- Quantitative Climate-related Risk
   Assessment

14

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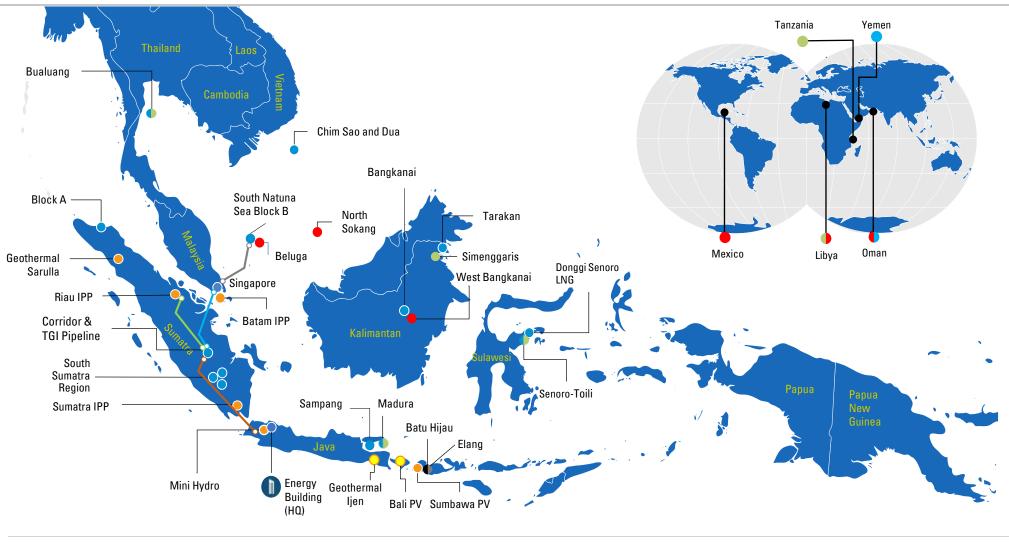
- 1) Scope 1&2 E&P GHG and methane operational control emissions including Corridor & Ophir
- Reduction from 2019 base year

3) Power renewable equity share installed capacity. Government of Indonesia target 2025: 23% and 2030: 25%

### **MEDCOENERGI PORTFOLIO**

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Power Installed
 Power Development



Mining Production
 Mining Development
 Mining Exploration



### **PORTFOLIO MANAGEMENT**

**Closed and Integrated Value Adding Acquisitions** 



Acquisitions have added value through enhanced scale, control and organizational competence. Acquisition targets are screened to ensure:

- Improved MedcoEnergi credit status and profitability
- Manageable risk (knowledge of asset, organization capabilities, subsurface, markets)
- Growth & upside potential and consistent with MedcoEnergi's energy transition strategy

2016	2016	2016/17	2017/2019	2019	2022	2023/2024
South Natuna Sea Block B	PT Newmont Nusa Tenggara	Block A, Aceh	PT Medco Power Indonesia	Ophir Energy plc	ConocoPhillips Indonesian Assets	Middle East Acquisition
Access to offshore capabilities and Singapore and Malaysia gas markets	Copper as a strategic component of electrification	Secured resources and project control	Regain full control of MPI and secured full alignment of MPI business strategy	Expanded Southeast Asian presence	Entrenched position as the leading supplier of piped gas to Indonesia and Singapore markets	Non operated producing asset with significant room for gas volume growth and Medco ESG influence
	۲		<b>(5)</b>			
US\$225mn	US\$650mn (net)	US\$65mn	US\$161mn	£408mn	US\$1,355mn	ТВА

#### **Portfolio Rationalization**

• Non-core assets sales to focus business on oil & gas, power, and copper mining

• Further portfolio upgrading through selective asset divestments

2017/2019	2018/2019	2018 - 2020	2019	2021	2022/2023
Mature Assets	Sale of Non Core Assets	Amman Mineral (AMNT)	Exit Ophir's deep water licenses	PT Medco Power Indonesia	International Non Operated Assets
Bawean, 35% of SSB & Rimau PSC and acreages USA & Tunisia	<ul> <li>Divested water distribution project and small coal mine</li> <li>Sale of 51% of property business</li> </ul>	Monetized shareholder loan, conversion into equity, and sale of 3.7% and 10%	Mexico Block 5, EG, Aru, W Papua, Bangladesh, Vietnam	Medco Power and Kansai Electric formed a 60:40 strategic alliance in Gas IPP and O&M, for growth in the Power sector	Divestment of non- operated international assets
🔔 US\$85mn	🔔 🍥 💷 US\$180mn	US\$464mn 🍥	🔔 US\$19mn	🕖 Investment in Growth	(1) US\$100mn



# **CORRIDOR BLOCK, INDONESIA**

### **Completed Corridor integration**

#### Key Facts

- Sumatra based PSC with 7 producing gas fields, and 2 producing oil fields
- Indirect ownership of gas pipelines to Duri and Singapore
- PSC extended to December 2043
- Energy Council "Asia Pacific Deal of The Year"

### Integration and Adding Value

- Immediately accretive with production volumes and sales prices above acquisition case
- Completed systems, organization and office integration
- Implemented ~US\$50mn operational, procurement, and commercial recurring synergy
- Signed new GSPL Gas Sales Agreement (GSA), further GSAs in progress
- Now focus on reserve additions and ESG targets



MedcoEnergi (operator) - 54% | Repsol - 36% | Pertamina -10%



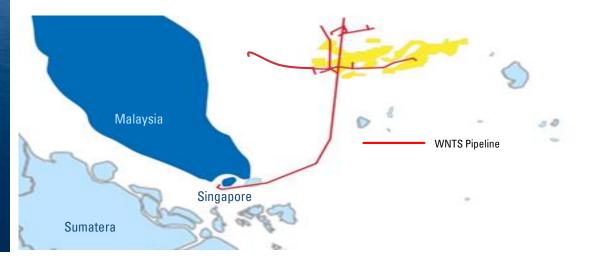
### **SOUTH NATUNA SEA BLOCK B, INDONESIA**

#### World-class offshore operational capabilities





- Operated offshore PSC in the South Natuna Sea, world class facilities, large hydrocarbon base, license expires October 2028
- Operated West Natuna Transportation System (WNTS), a 656 km 28" gas trunk line to Singapore
- Commodity linked priced gas sales into Singapore
- Progressing development of the four 2020 discoveries
- Hiu, Malong and Belida Extension placed into service in 2022, Bronang September 2023, Forel Q3 2024
- Signed new Q1 2023 GSA3 with SembGas



18

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### **SENORO-TOILI, INDONESIA**

445 MMSCFD

340

Upstream WI Senoro

30% 50%

20%

**JOB TOMORI** 

(Senoro)

Upstream

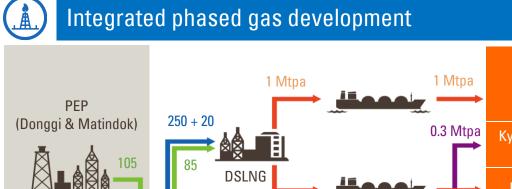
(Gas Producer)

Structure

Pertamina

MedcoEnergi

Mitsubishi & Kogas



PLN

.....

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Fertilizer

PGN (Gas Network-Jargas)

Downstream

29.0%

59.9%

Downstream

(Gas Buyer)

62

1 Mtpa

0.7 Mtpa

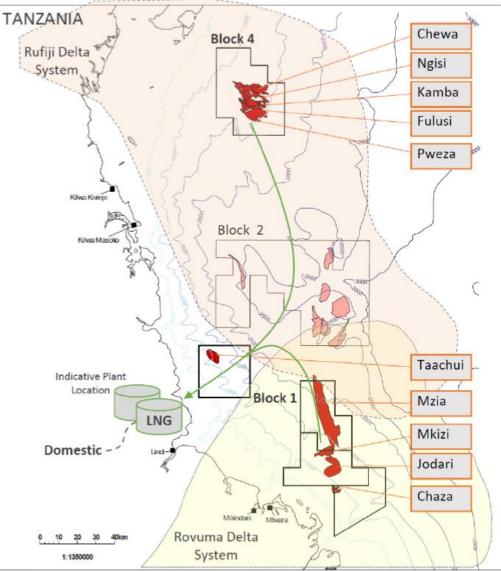
LNG Buyer

- JERA (Japan)
   Joint Operated onshore license, first production Q3 2015
   20 Year PSC Extension effective from December 2027, monetizing ~2.0 TCF gross reserves
   Progressing Senoro Phase 2
  - Progressing Senoro Phase 2 Development



### **TANZANIA LNG PROJECT**

### ) Unlocking gas reserves of 12 TCF from Blocks 1 and 4



- Acquired through Ophir plc take-over in 2019
- The JV partners in Block 1 and 4 are Medco (20%), Shell (operator, 60%), and Pavilion Energy (20%)
- Block 1 & 4 and Block 2 (Equinor and ExxonMobil) have agreed to unitize the blocks and jointly develop the gas discoveries as an LNG project
- A Host Government Agreement (HGA) with a legal and commercial framework for the project and an Amended PSA, with revised fiscal terms and unitization of the blocks, is currently being negotiated
- The envisaged development is to build a 15 mtpa onshore LNG plant to liquefy the gas and sell to premium LNG markets

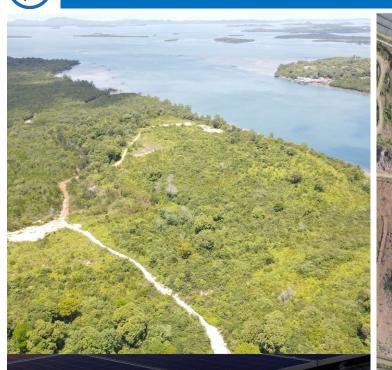
Source: Shell

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### **MEDCO POWER**

Expanding supply of clean and environmentally friendly energy



#### **BULAN ISLAND SOLAR PV POWER PLANT**

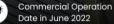
~2 GWp

The consortium of Medco Power Indonesia, PacificLight, and Gallant Venture received conditional approval from EMA Singapore to import electricity to Singapore from solar farm on Bulan Island, Indonesia.



Expected Commercial Operation Date by 2027 SUMBAWA SOLAR PV POWER PLANT 26 MWp

Indonesia's largest operating ground-mounted Solar PV Power Plant for captive Amman Mineral Nusa Tenggara mining operation.



Reduced CO<sub>2</sub> around 40,000 ton/annum with cost savings in excess of USD 1 million/annum.

Banyuwangi Substation.

#### A phase 1 development consists of 34 MW geothermal power facilities and ~28 km transmission line to

110 MW\*

\*Contracted Capacity (PPA)

IJEN GEOTHERMAL POWER PLANT

 Phase 1 Commercial Operation Date in Q4 2024 Phase 2 Commercial Operation Date in Q4 2026

Bondowoso, East Java

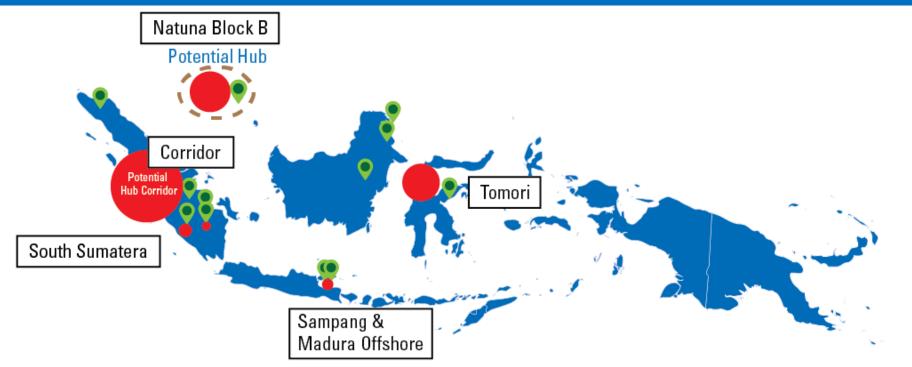
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# **CARBON CAPTURE & STORAGE (CCS) OPPORTUNITIES**

Medco operates 10 producing PSCs in Indonesia with significant CO<sub>2</sub> Storage potential



#### **CCS** Opportunities

- CCS technology can unlock development of Medco high CO<sub>2</sub> gas fields
- Medco PSCs can provide CO<sub>2</sub> storage & management for adjacent PSC high CO<sub>2</sub> gas fields
- Medco PSCs have potential to become CO<sub>2</sub> storage hubs for CO<sub>2</sub> intensive industries including from neighboring countries

#### CCS Progress

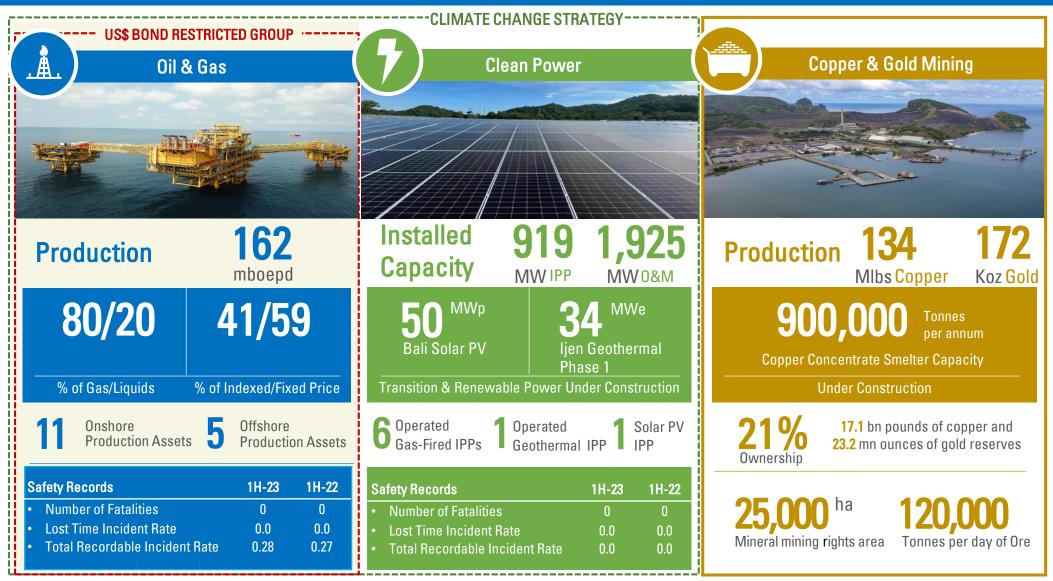
- CCS is an element of Medco's climate change strategy
- CO<sub>2</sub> storage volume has been estimated for all Medco assets
- Indonesian CCS regulations have rapidly progressed in 2023
- Feasibility studies now ongoing to mature potential CCS projects
- MOUs signed with external parties for potential CCS projects

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### **CORE BUSINESS STATISTICS**

#### Build long-term value with a portfolio of sustainable energy and natural resource businesses



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# **OIL AND GAS STATISTICS**

MEDCOENERGI	Metrics	1H 2023	1H 2022	YoY ∆%	FY 2022	FY 2021	YoY Δ%					Net 2	P Reserve	s, MMB0E			
	Production <sup>1</sup>								1-23 9 RLI: 8.9	9x							
	Oil, MBOPD	32.1	33.5	(4.3)	33.5	34.4	(2.6)	5-y	yr 2P RF	R : 1.7x							
	Gas, MMSCFD	709.2	651.9	8.8	704.1	319.7	120.3	5-}	yr 2P FL	)&A : US\$6.3	<sup>3/boe</sup> 125	20	481	25	4	C	457
N7AI	Lifting/Sales							_	389	52	125				4	6	457
	Oil Lifting, MBOPD	30.3	31.6	(3.9)	32.6	33.6	(3.0)										
	Gas Sales, BBTUPD	672.6	618.9	8.7	667.1	299.8	122.5										
	Oman Service Contract, MBOPD	7.7	7.4	3.8	7.4	7.2	2.8										
$\lambda = \lambda h$	Average Realized Price																
	Oil, US\$/bbl	75.2	104.4	(27.9)	96.2	68.0	41.5	:	2021	Production	Corrido Acquisit		is 2022	Production	n Divestment	Revisions	s 1H 2023
	Gas, US\$/MMBTU	7.2	8.5	(15.3)	8.2	6.5	26.2		Net	Hydrocar	-						
	Fixed gas price, US\$/MMBTU	6.2	7.1	(12.2)	6.8	6.4	6.2		Net Hydrocarbon Production <sup>1</sup> , MB0EPD			Net Contingent Resources, MME					
	Indexed gas price, US\$/MMBTU	9.9	11.8	(16.4)	11.6	6.7	73.1				163	162	160				
	ESG Indicators													1,126	996		1,040
	Scope 1&2 GHG emissions <sup>2</sup> , million tCO2e				4.3	4.4	(2.3)	1	100	94	120	100	105		550		1,010
	Scope 1&2 GHG emissions intensity <sup>2</sup> (tCO2 eq/1,000 TOE Production)				286	279	2.5		60	60	129	130	125	1,016	895		933
	Methane emissions <sup>2</sup> , thousand tCO2e				133	131	1.5		40	34	34	32	35	110	101		108
	E&P Recordable Incident Rate (TRIR)				0.24	0.39	(38.5)	2	020	2021	2022	1H 2023	2023	2020	2021		2022
													uidance				
													Liquids	Gas			

2) Operational control



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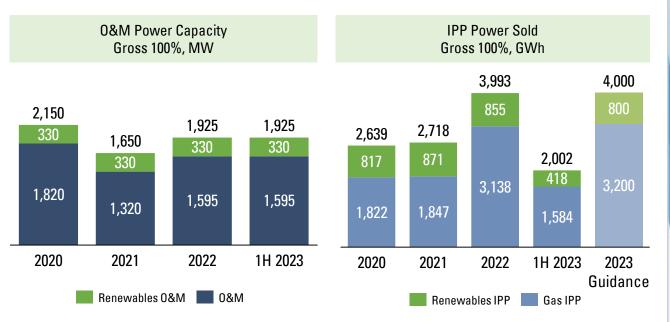
### **MEDCO POWER STATISTICS**

Metrics	1H 2023	1H 2022	YoY ∆%	FY 2022	FY 2021	YoY Δ%				
IPP Sold and O&M Capacity <sup>1</sup>										
IPP Sold, GWh	2,003	1,857	7.9	3,993	2,718	46.9				
Renewables, GWh	419	424	(1.2)	855	871	(1.8)				
Gas IPP, GWh	1,584	1,433	10.6	3,138	1,847	69.9				
0&M Capacity, MW	1,925	1,925	0.0	1,925	1,650	16.7				
Average Realized Price <sup>2</sup>										
IPP, ¢/kwh	8.8	3.6	4.2	(14.8)						
ESG Indicators										
Renewable installed capacity <sup>3</sup> (%)		23	38	(39.5)						
Scope 1&2 GHG emissions <sup>4</sup> (thousand tCO2e)		1,364	859	58.8						
Scope 1&2 GHG emissions intensity4 (tCO2 eq/MWh)0.490.54(9										
Power Recordable Incident 0.00 0.00 N Rate (TRIR)										
<ol> <li>Gross 100% interest and includes Sarulla production</li> <li>Excludes Fuel Component</li> <li>Equity share</li> </ol>										

Gross Operating Installed Capacity, MW



Note: Decrease in O&M installed capacity due to contract expiry of Mobile Power Plant in 2021.



4) Operational control



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# **AMMAN MINERAL STATISTICS**



### FINANCIAL STATISTICS (1H 2023 vs 1H 2022<sup>1</sup>)



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