



MEDCOENERGI

Press Release

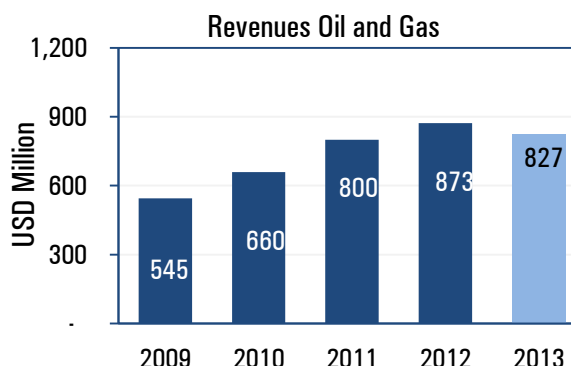
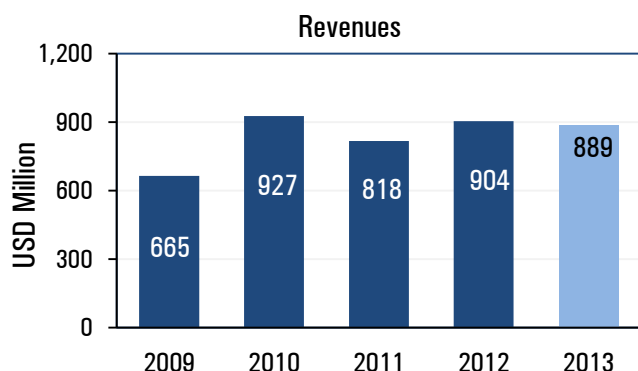
PT Medco Energi Internasional Tbk

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|----------------------------|---|-----------------|
| • President Director & CEO | : | Lukman Mahfoedz |
| • Director & CFO | : | Lany Wong |
| • Director & COO E&P | : | Frila B. Yaman |
| • Director & CPO | : | Akira Mizuta |

MEDCOENERGI'S AGMS AND PERFORMANCE OF FIRST QUARTER 2014

Jakarta 30 April 2014, PT Medco Energi International Tbk ("MedcoEnergi" or "the Company") today concluded its 2014 Annual General Meeting of Shareholders ("AGMS"), in which the AGMS approved the Company's Annual Report and ratified the Consolidated Financial Statements year-ending 2013. The AGMS also approved the reappointment of the current Board of Commissioners and Director who were appointed in last year's AGMS on 26 April 2013.

As stated in the 2013 Company's Financial Statements, MedcoEnergi recorded sales and revenues of US\$889 million, a 1.7% decrease compared to US\$904 million last year. The oil and gas Exploration and Production (E&P) business units remain the largest contributor, providing 93% of total sales and revenues. **Despite the lower crude oil price and oil production, the Company has managed to maintain a stable operation and financial performance to date.** MedcoEnergi was able to boost revenues from gas sales. With gas sales volume maintained in the range of 55 BCF, **the average gas price was increased significantly to US\$ 5.41/MMBTU from US\$ 4.03/MMBTU in 2012 (an increase of 34%).**



In 2013, the Company had a successful exploration program. Four of six exploration wells, both in Indonesia and overseas, discovered and tested hydrocarbon, **resulting in a exploration success rate of 67%.** In addition, six other exploration wells have indications of hydrocarbons and are currently being tested.

In line with the Company's continuous efforts for cost efficiency, MedcoEnergi reduced its head office and G&A (General and Administration) costs by 15% from US\$142 million in 2012 to US\$121 million in 2013. For the full year of 2013, the Company booked gross profit and operating income of US\$367 million and US\$246 million respectively. **The Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") was maintained at US\$349 million in 2013** (compared to US\$346 million in 2012).

In the area of financing, the Company, with a strong cashflow of US\$524 million in the beginning of 2013, retired several corporate loans, especially for high interest-bearing loans. As a result, the financing cost was reduced to US\$77 million (compared with US\$95 million in 2012). The Company's net income from continuing operations was calculated at US\$40 million which is stable compared with US\$41 million in 2012. To further improve the operational and financial performance, the Company also restructured its downstream business, including closing down the operation of the ethanol plant in Lampung. In 2013, the Company also made provisions for several oil and gas assets to reflect the economic value of those assets.

For the full year of 2013, MedcoEnergi recorded 2013 profit attributable to equity holders of the parent company ("Net Income") from its continuing operations at US\$12.6 million. With this Net Income, the AGMS approved the distribution of



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dividends based on a ratio of 40% (higher than last year's dividend distribution ratio of 30%). The dividends will be paid on 16 June 2014 for a sum of US\$5.03 million.

First Quarter 2014 Performance

In 1Q 2014, the Company booked sales and revenues of US\$202 million, a 8% decrease from US\$220 million in 1Q 2013, mainly because of lower of crude oil price and lower oil production rate. Similar to the previous year, MedcoEnergi has been successful at managing its mature oil fields, arresting the rates of production decline from these aging fields to below 10% year-on-year, against the industry trend of 25-30% per year. **In this quarter, the Company also successfully renegotiated its gas price contract and increased the gas price from US\$5.15/MMBTU in 1Q 2013 to US\$6.56/MMBTU in 2014. The Company continues its initiative for cost efficiency and successfully reduced production costs by 12%, from US\$131.5 million in 1Q 2013 to US\$ 116.0 million in 1Q 2014. In addition, the head office and G&A costs were further reduced from US\$29 million in 1Q 2013 to US\$25 million for the same quarter in 2014.** With this continuous efficiency initiative, the first quarter of 2014 operating income was improved to US\$61 million (compared to US\$59 million for the same quarter in 2013). The 1Q 2014 EBITDA was recorded at US\$81.2 million (compared to US\$82.6 million for the same quarter in 2013). The Company booked 1Q 2014 Net Income of US\$ 3.6 million (an increase from US\$1.8 million for the same quarter in 2013).

As of the first quarter of 2014, the Company's Major Projects have shown good progress. The Senoro gas development project has reached 71% completion whilst the Donggi Senoro LNG plant has reached 98% completion and is expected to receive first Senoro gas supply for commissioning by the third quarter of 2014. The gas development project in Block A is in the process of finalizing the gas supply contract with Pertamina (for onward supply to Pupuk Iskandar Muda) and PLN, including a gas price increase. The Enhanced Oil Recovery (EOR) Pilot Project in the Rimau Block is deemed successfully completed by achieving the target additional oil recovery. The Libya Area 47 project has commenced its detailed engineering design work (FEED) and will continue into the EPC contract award by early 2015.

MedcoEnergi's President Director & CEO, Lukman Mahfoedz, stated "We achieved our main target in oil and gas exploration and production despite the decline in oil production due to the natural decline of aging oil wells. We also finished the year 2013 on solid operating and financial performances to take the Company forward to accomplish and deliver our Major Projects development." In his closing remarks, Lukman cited "I am very confident that MedcoEnergi will grow significantly, commencing with the commissioning of our first Major Project, Senoro Gas, and the subsequent completion of other Major Projects in 2016 and beyond."

MedcoEnergi is publicly listed integrated energy company with focus in exploration and production of oil and gas business. MedcoEnergi has operations in Indonesia, including operating 9 oil and gas blocks, maintaining working interest in one block operated by partner, and holding economic participating interest in an exploration field. In overseas, MedcoEnergi operates in Oman, Yemen, Libya, Papua New Guinea and Gulf of Mexico in the United States of America. In addition MedcoEnergi operates several gas-fired, coal power plants and supplies electricity to the Indonesian State-Owned Electricity Company (Perusahaan Listrik Negara/PLN), coal mining and also gas distribution business.

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. Forward 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. 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.

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