



MEDCOENERGI

Press Release
PT Medco Energi Internasional Tbk

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AGMS MEDCOENERGI: PERFORMED IN 2014 DESPITE INDUSTRY CHALLENGES

Jakarta, 20 April 2015 - PT Medco Energi Internasional Tbk ("MedcoEnergi" or the "Company") today convened the Annual General Meeting of Shareholders ("AGMS") in which the Company approved and ratified the 2014 Annual Report and 2014 Audited Consolidated Financial Statements, as well as the new composition of the Board of Commissioners and the Board of Directors. In addition to approving the Directors' report on the financial statements ending on December 31 2014, the shareholders also approved the dividend payout of US\$0.00121 per share. Dividends will be paid on May 22, 2015 in the amount of US\$4.05 million.

Through the continuous execution of cost-efficiency efforts started in 2013, the Company managed to maintain the stability of the operational and financial performance despite the natural oil production decline and the oil price fall in late 2014. In 2014, the Company managed to increase 2P oil and gas reserves by 40 MMBOE, hence, increasing the reserve Life Index from 14 years to 17 years. The Company also successfully arrested the decline of oil production from its mature fields in Indonesia to around 7%, much less compared to the natural decline of 20% per year. The Company recorded oil and gas production of 56,000 barrels of oil equivalent per day (BOEPD), down from 62,000 BOEPD in 2013. The realized average of oil price in 2014 was US\$97.83 per barrel, lower than the US\$108.26 per barrel in 2013. During 2014, the Company booked sales and operating revenues of US\$750 million, of which 93% or US\$701 million came from the oil and gas exploration and production business unit. As the result of renegotiation of several gas sales contracts in Indonesia, **the Company achieved an increase of gas price to US\$5.60 per million british thermal unit (MMBTU), compared to US\$5.13/ MMBTU in 2013.** This achievement boosted the Company's financial performance in 2014 by an additional revenue of US\$40 million, compared to the Company's revenue from gas sales in 2013.

In line with the continuous efforts for efficiency, **the Company managed to reduce selling, general, and administration costs in 2014 to US\$110 million, down 5.8% from the amount recorded in 2013 of US\$117 million.** During the fiscal year of 2014, MedcoEnergi posted a net profit attributable to the parent entity of the Company ("Net Income") of US\$10.1 million.

The Company achieved significant progress in the development of major projects and continues to do so in the first quarter of 2015. The Senoro gas development project in Sulawesi has now reached more than 98% completion, including drilling of 13 wells and commencing the pre-commissioning of the CPP (Central Processing Plant) facility, enabling gas delivery tests. **The gas delivery to the LNG plant owned by PT DSLNG, (Donggi Senoro LNG) is planned to start in the second quarter of 2015 for a gas supply contract period of 2027.** In another gas project, **the Block A located in Aceh, Gas Sales Agreement (GSA) with PT. Pertamina was signed in early 2015 with a gas price of US\$9.45/MMBTU** for 13 years of supply. The Final Investment Decision (FID) will be made in mid-2015 with a target gas delivery in late 2017, for a gas supply of 58 billion british thermal unit (BBTU) per day and a total gas volume of 198 TBTU. In the Rimau Block in South Sumatra, the Enhanced Oil Recovery (EOR) pilot project was completed and successfully proved the feasibility of this technology on a small scale by achieving the incremental oil production as designed.

In 2014, the Company expanded its portfolio of international oil and gas assets through the acquisition of one exploration license in Papua New Guinea and eight concession blocks in Tunisia, as well as winning the tender of one exploration block in Oman. The blocks in Tunisia have increased the Company's production by 2,500 BOEPD and 2P reserves by 12 MMBOE. Further development of these Tunisia assets will increase production to 16,000 BOEPD by 2019.



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President Director and CEO of MedcoEnergi, Lukman Mahfoedz stated "We closed 2014 successfully by maintaining our operating and financial performance. The Company's two most important projects, Senoro Gas and DSLNG, are both ready to operate in mid-2015 and will contribute significantly to MedcoEnergi's revenues for decades ahead and deliver value to the shareholders and the government of Indonesia. MedcoEnergi's contribution to the government of Indonesia in 2014 and 2013 amounted to US\$680 million and US\$868 million respectively, derived from oil and gas production sharing as well as taxes. In the last 14 years, MedcoEnergi's total contribution to the state is US\$11.8 billion." Lukman also added, "To anticipate weakening oil prices, the Company will continue to implement efficiency efforts, tightly monitor costs and proceed with prudence particularly in the challenging times today and in the future."

MedcoEnergi is a publicly listed integrated energy company with a focus on exploration and production of oil and gas. MedcoEnergi has operations in Indonesia, including operating 9 oil and gas blocks and having an economic participating interest in an exploration field. Overseas, MedcoEnergi operates in Libya, Oman, Papua New Guinea, Tunisia, Yemen and the Gulf of Mexico in the United States of America. In addition MedcoEnergi operates several gas-fired and coal power plants, supplying electricity to the Indonesian State-Owned Electricity Company (Perusahaan Listrik Negara/PLN), and also coal mining and gas distribution businesses

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.

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