



MEDCOENERGI

Press Release PT Medco Energi Internasional Tbk	• President Director	:	Hilmi Panigoro
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	• Director & CFO	:	Anthony R. Mathias
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MedcoEnergi Announces 1Q 2018 Results

SUMMARY 1Q 2018 PERFORMANCE

Operational

- Average production 85.5 mboed
 - Oil production 33.9 mboed, gas production 274.1 mmscfd
 - Cash costs of US\$8.3 per boe

Financial

- EBITDA US\$148.0 million 41.1% higher than 1Q 2017
- Gross profit of US\$151.6 million, 43.7% higher than 1Q 2017
- Annualized net debt to EBITDA of 3.2x (3.5x incl. MPI)
- Strong liquidity with cash, cash equivalents including restricted cash of US\$633.8 million

Jakarta, 3rd May 2018 – PT MedcoEnergi Internasional Tbk (“MedcoEnergi” or the “Company”) announces its financial results for the quarter ending 31 March 2018 (“1Q 2018”).

Roberto Lorato, CEO of MedcoEnergi, said “Along with our 1Q 2018 results we are pleased to announce the new gas discovery in South Sumatra which will increase our gas reserves and production for the domestic market. The integration of Medco Power Indonesia is progressing well and we expect to further leverage the Company’s gas portfolio and technical skills to capture the substantial growth opportunities in this sector.”

Operational Highlights

- Oil and Gas production in 1Q 2018 was 85.5 mboepd, higher than the fourth quarter 2017 and above 2018 full year guidance but 6% below first quarter 2017 due to lower demand from gas customers.
- Production from MPI in 1Q 2018 was 593 GWh, 36% above first quarter 2017 following commercial operation of the Sarulla geothermal development unit I and II in March and October 2017. The third and final unit of the phase one development is expected to reach commercial operation by mid-May.
- The Company is pleased to announce a new gas discovery at its Nowera-1 exploration well in South Sumatera. The well spudded in February and flowed commercial volumes after penetrating 120 feet of gas bearing carbonate in the Baturaja Formation. Further testing and appraisal will be conducted to determine the resource size prior to commercialization.
- The Block A Aceh gas development is on schedule and budget with commissioning gas achieved on 25th March. The field will reach its full 58 bbtud capacity by the end of the second quarter.
- PT Amman Mineral Nusa Tenggara (“AMNT”) the Company’s mining affiliate continues to generate earnings from its stock-pile following completion of phase-6 in 2017. Phase-7 development of the Batu Hijau mine and appraisal drilling on the Elang resource continues to ramp up.

Financial Highlights

- Revenue of US\$288.9 million was 36% higher than the first quarter 2017 due to higher realized prices for oil, US\$63.3 per bbl (+22.7%) and gas US\$5.7 per mmbtu (+3.6%). MPI contributed 19.7% of the



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Company's first quarter revenue, with an average selling price of US\$4.41 cents/kwh higher than the first quarter 2017 (+59.1%).

- Cash costs continue to be a focus area with unit cash costs of US\$8.3 per boe in line with Company's focus to maintain cash cost of below US\$10.0 per boe.
- The Company recorded gross profit of US\$151.6 million, 43.7% higher than first quarter 2017 with a gross margin of 52.5%, higher than the 49.6% in first quarter 2017.
- The Company recorded EBITDA of US\$148.0 million, 41.1% higher than first quarter 2017 with an improved EBITDA margin of 51.2%, higher than the 49.3% in the first quarter 2017.
- The Company booked net profit of US\$21.6 million, compared to US\$43.1 million in first quarter 2017. Excluding ~US\$20 million of non-recurring gains in the first quarter 2017, first quarter 2018 net profit was impacted by lower gas demand and the completion of AMNT phase-6 in Q3 2017.
- In January 2018 the Company raised US\$500 million through a US\$ bond with a seven-year tenor and 6.75% coupon. Net of restricted cash first quarter debt was essentially flat at US\$2.5 billion. Annualized net debt to EBITDA improved to 3.5x and 3.2x excluding Medco Power.
- AMNT continues to progress towards an IPO and the Company diluted its interest in AMNT to 32.3% during the first quarter. AMNT is in negotiations for additional cash injections, which may result in further dilution of the Company's interest.

Hilmi Panigoro, President Director MedcoEnergi, said "This is a good start for 2018, despite temporary lower gas demand from some of our customers. In the second quarter of 2018, our focus is now to safely complete the phase I development and commissioning of Block A Aceh and the integration of MPI. With an improving commodity price environment and our stronger financial position we will continue our plans to invest in the future."

MedcoEnergi is a publicly listed, integrated energy and natural resources company with significant interests in Mining and Power Generation alongside its core Oil & Gas Exploration & Production activities in Indonesia, the Middle East, North Africa and the US.

This document may contain projections, plans, strategies, policies and objectives of PT Medco Energi Internasional Tbk. ("the Company"), which should 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 to differ materially from those expressed or implied in these statements. The Company does not guarantee that any action taken in reliance on this document will bring specific results.

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