



MEDCOENERGI

Public Expose

PT Medco Energi Internasional Tbk.

December 17 , 2008

www.medcoenergi.com

Energy Company of Choice

- | | |
|-------|---|
| 14:00 | Registration |
| 14:10 | Opening by MC and followed by Safety briefing |
| 14:15 | Presentation by CEO |
| 15:00 | Questions and Answers |
| 15:35 | Closing by MC |
| 15:40 | Finished |



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. 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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Overview

MedcoEnergi Business Portfolio

- 1 Build a business with profitable growth based on three main businesses, E&P, Power and downstream (renewables, fuel distribution and other downstream businesses that utilize upstream resources e.g. LPG, Methanol, and Power).
- 2 Develop a strong position in renewable fuels over 5-8 year period by reconfiguring and refocusing Medco Downstream's businesses leveraging off Indonesia's vast agriculture economy.
- 3 Improve MEG global position and increasing clarity around MedcoEnergi's international activity footprint
- 4 Allowing flexibility and innovation through allocation of capital to a "New Business Incubator" unit

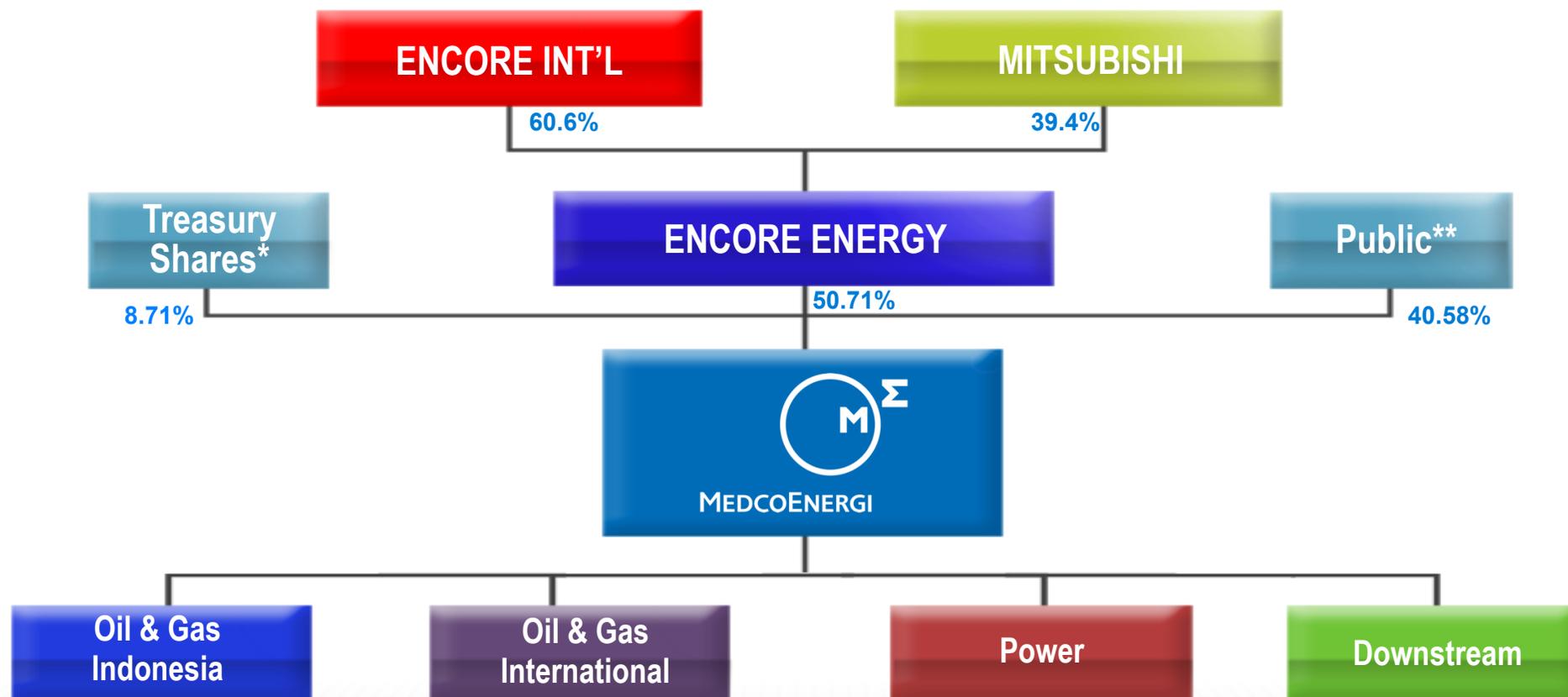
MedcoEnergi Organizational Effectiveness

- 5 Enhance MedcoEnergi's organizational effectiveness by instilling rigorous financial discipline, fostering a pervasive performance culture and building personnel competencies

MedcoEnergi's Ownership Structure



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- E&P Oil and Gas focused company, expanding to downstream and power sectors.
- Strategic assets spread across Indonesia's prolific hydrocarbon bearing basins as well as international assets.
- Reserves Portfolio as of 30th September 2008:
 - Gross 1P reserve – 118.25 MMBOE (67% oil, 33% gas)
 - Gross 2P reserve – 206.81 MMBOE (65% oil, 35% gas)
 - Contingent resources – 542.36 MMBOE (44% oil, 56% gas)

Note: Contingent Resources consist of Senoro Toili (gas), Block A, Bangkanai, Simenggaris and Libya, but excludes Rimau EOR

*as of Dec. 15, 2008 = 11.23%

**as of Dec. 15, 2008 = 38.06%



Indonesia –

Oil & Gas:

- 9 producing blocks*
- 2 development block*
- 5 exploration blocks*
- 1 economic interest

Power:

- Panaran 1 & 2 Power Plant in Batam (118 MW)*
- Batam Back-up Power Plant (20MW)*
- Tanjung Jati B (O&M) in Central Java (1,320MW)*
- Sarulla Geothermal in North Sumatra (330MW)**

Downstream:

- 1 Methanol plant in East Kalimantan*
- 1 LPG plant in South Sumatra*
- 1 Wholesale storage and distribution facilities of refined fuels in Jakarta*
- 1 Ethanol plant in Lampung, South Sumatra*

*Operator

** Ongoing Project

USA * – Producing (12 mmscfd):

- East Cameron (317/318)
- Main Pass (64/65 and 57)

– Exploration

- Mustang Island (758)
- Brazos Area (435, 437, 451, 492, 514)
- West Delta (52)

Yemen* - Exploration:

- Block 82/83 (45% working interest)

Libya – Exploration and Discovery:

- Block 47 (50% working interest)
- Significant oil discovery

Oman* – Service Contract (12 mbod):

- Karim Small Fields

Cambodia* - Exploration:

- Block E (41.25% working interest)
- Block 12 (52.5% working interest)

Tunisia - Exploration:

- Anaguid Block (40% working interest)

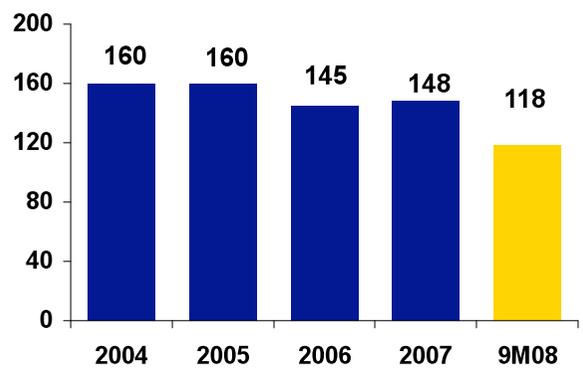


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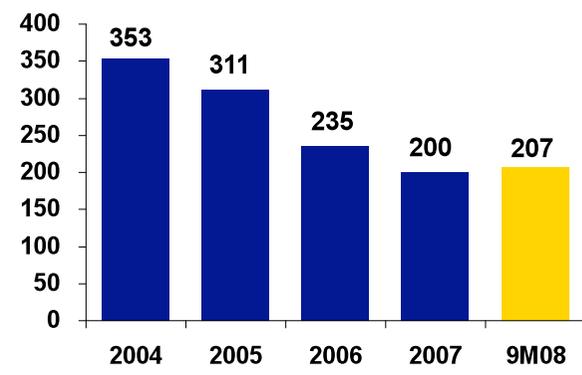
9M 2008 Performance

OPERATIONAL HIGHLIGHTS	9M08	9M07	Δ%
Oil Lifting / MBOPD	47.09	49.98	(5.8)
Gas Sales / MMCFD	107.45	116.94	(8.1)
TOTAL Oil and Gas (MBOEPD)	65.46	69.97	(6.4)
Crude Price, USD/barrel	113.53	66.86	69.8
Gas Price, USD/mmbtu	4.49	2.81	58.0
Power Production / GWH	684.21	688.50	(0.6)
Fuel Distribution / 000' KL	172.64	15.09	1,044.1
Methanol Sales / 000' MT	98.76	68.00	45.2
Methanol Price, USD/MT	342.00	240.00	42.5
LPG Production / MTD	45.24	78.31	(42.2)
LPG Price, USD/MT	793.61	375.12	111.6

1P Reserves in MMBOE

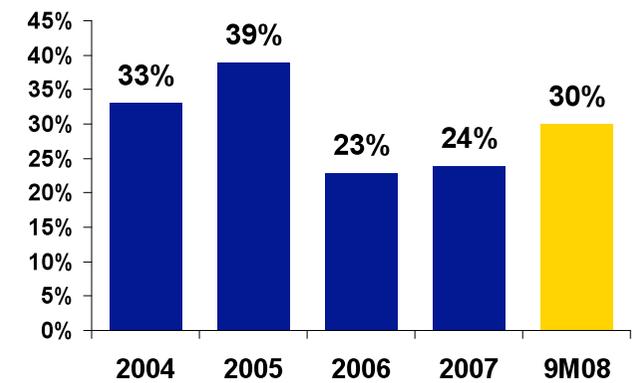


2P Reserves in MMBOE

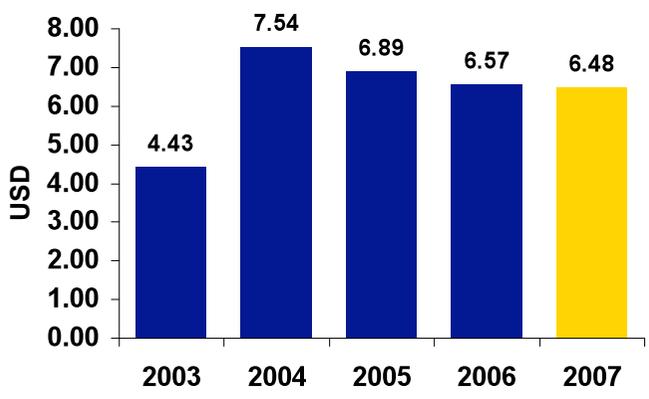


Note : Reserves quoted exclude Rimau (EOR) and Libya

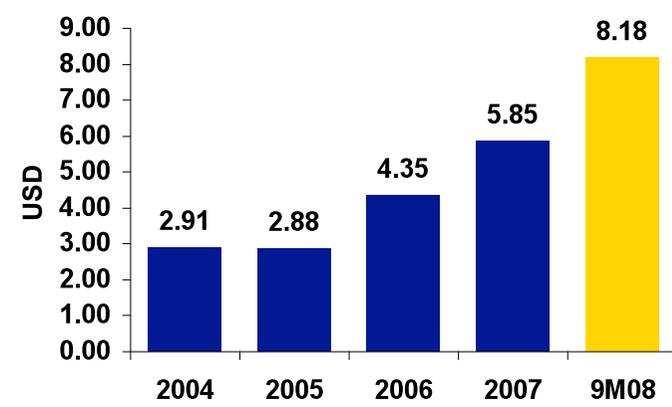
Operating Margin



Finding and Development per BOE

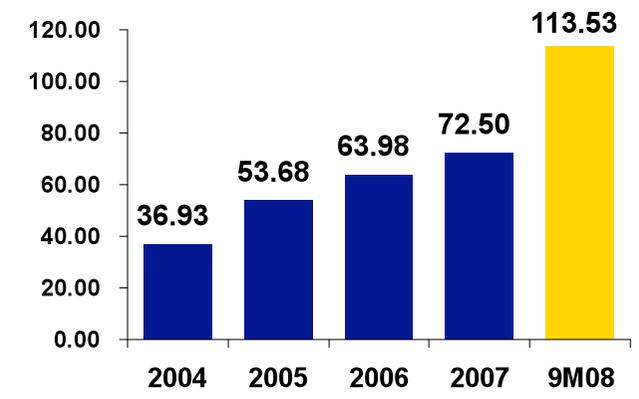


Lifting Cost per BOE



Note: Lifting Cost is based on production volume.

Oil Price



Financial Highlights

FINANCIAL HIGHLIGHTS (in million USD)	9M08	9M07**	Δ%
Revenue	972.2	641.4	51.6
Gross Profit	413.8	298.0	38.9
Income from Operations	296.5	203.3	45.8
EBITDA	374.8	312.0	20.1
Earnings Before Tax	485.4	129.0	276.2
Net Income	292.6	37.0	690.3
EPS (USD/share)*	0.0962	0.0119	708.4
Equity	766.3	551.3	39.0
Total Assets	2,120.3	2,061.6	2.8

*Primary EPS

**As restated for changes in accounting policy on Asset Retirement Obligation

Current Financial Status

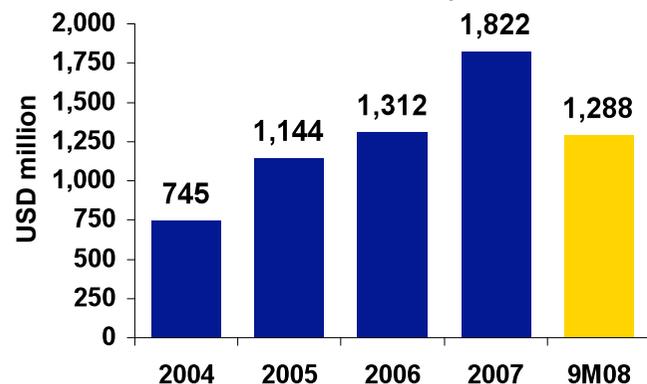


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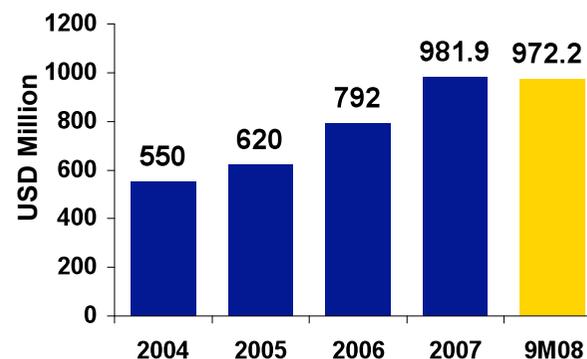
CONSOLIDATED DEBTS (in million USD)	9M08	9M07	Δ%
A. Total Bank Loans	362.67	274.45	32.14
Current Portion	68.10	73.73	(7.64)
Non Current Portion	294.57	200.72	46.80
B. Other Long Term Obligations	421.20	634.65	(33.63)
USD Notes and Bonds (Maturity 2010 & 2011)	295.34	427.27	(30.90)
Rupiah Bonds (Maturity 2009)	125.86	207.38	(39.31)
Total	783.87	909.01	(13.78)
STOCKHOLDER COMPOSITION	9M08*	9M07	9M08%
Encore Energy Pte. Ltd.	1,689,393,006	1,689,393,006	50.71
Public	1,352,651,944	1,419,461,444	40.58
Treasury Shares	290,406,500	223,597,000	8.71
2000 & 2001 Program	223,597,000	223,597,000	6.71
2008 (XI.B.2 Buy Back)*	66,809,500	-	2.00
Total	3,332,451,450	3,332,451,450	100.00

*Subsequent to September 30, 2008, the Company repurchased an additional 83,761,500 shares (18,751,500 shares under XI.B.2. Buy Back and 65,010,000 shares under XI.B.3. Buy Back) or representing 2.52% of total shares issued. As of Dec. 15, 2008, the total number of treasury shares was 374,168,000 shares or representing 11.23% of total shares issued.

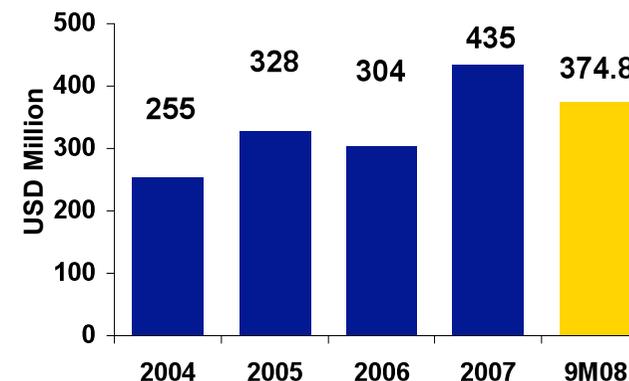
Market Capitalization at end of period



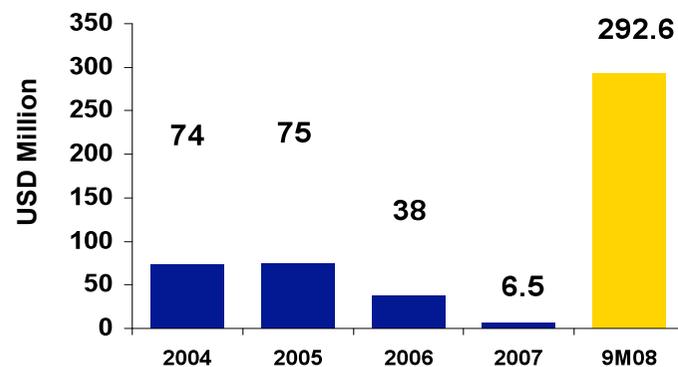
Revenues



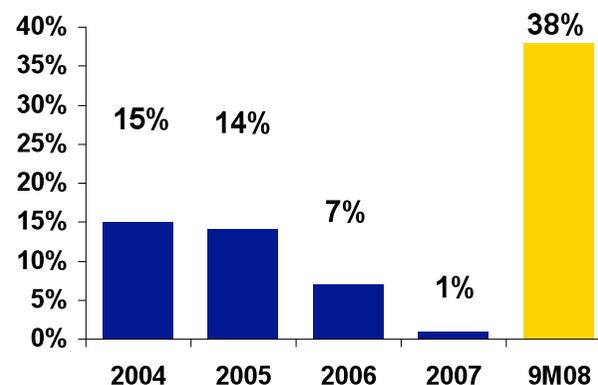
EBITDA



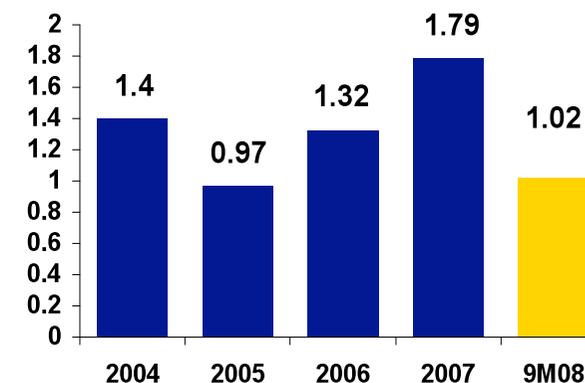
Net Income



Return on Equity



Debt to Equity Ratio



Assets Divestment Program

As of September 30, 2008



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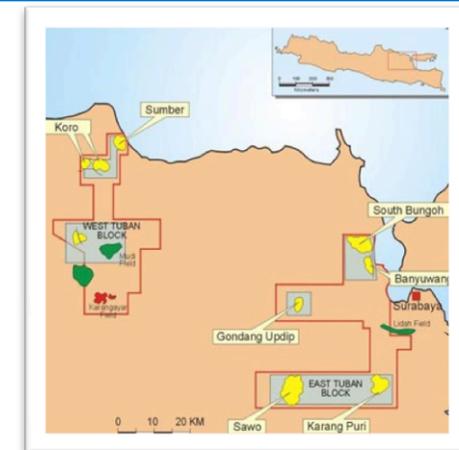
Shares sales of PT Apexindo Pratama Duta Tbk – Drilling Services

Objective	: Focus on E&P business
Number of shares	: 1,287,045,106 (48.8%)
Buyer	: PT Mitra Rajasa Tbk
Term of Payment	: USD 272 million – cash USD 68.2 million – 1-year secured note
Completion Date	: September 10, 2008
Financial Impact	: Increase equity by USD 234.62 million Reduce debt by USD 190 million



Shares sales of PT Medco E&P Tuban – 25% interests of Tuban PSC

Objective	: Focus on operated assets in Indonesia
Number of shares	: 100%
Buyer	: PT Pertamina E&P Persero
Price	: USD 6.6/BOE (gross USD 42 million)
Completion Date	: September 11, 2008
Financial Impact	: Increase equity by USD 14 million
Reserves Impact	: 6,469 MBOE debooked



Gain on divestment of assets above:

- USD 248.62 million

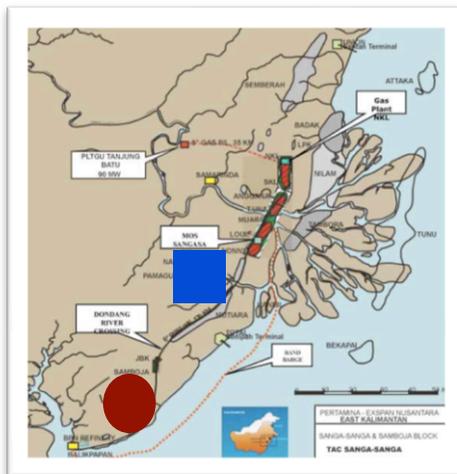
Expiration Contract of Working Area Subsequent Event



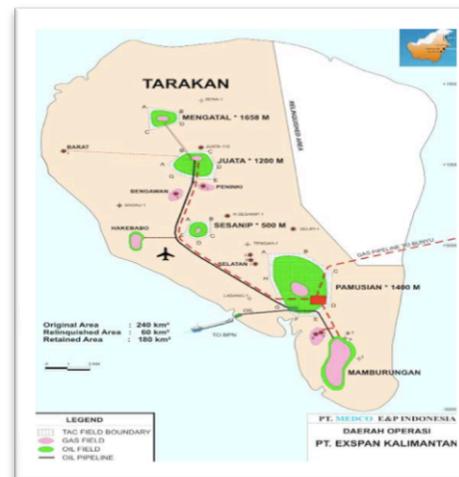
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East Kalimantan TAC

- Date of expiry : October 15, 2008
- Fields : Sanga-Sanga, Samboja, Tarakan
- Production Impact: Reduce by 4,456 BOPD and 1.08 MMSCFD
- Reserve Impact : 2P 1.8 MMBOE de-booked



■ Sanga-sanga
● Samboja

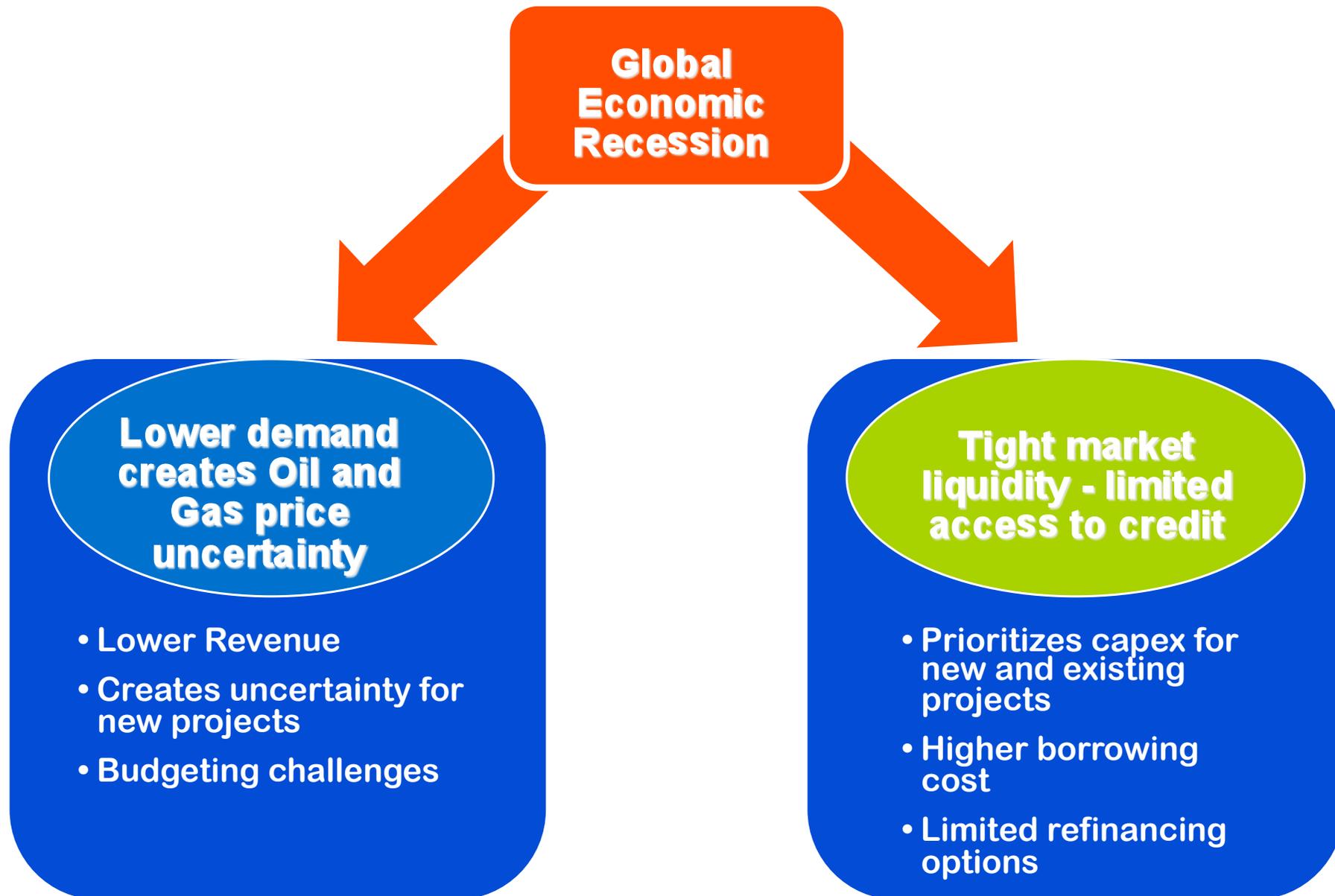


● Tarakan



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Challenges Ahead



Near Term Plans

Asset Management Plans

- Continue asset optimizations - strengthen cash position, invite partners with strong technical and financial capabilities;
- Prioritize capex allocation to key projects and existing operations;
- Cost containment and reduction program (internally and externally);
- Maintain limited funding for highly selected exploration activities and new incubator business unit for future growth
- Explore other projects and allocate capital which generate immediate/near term cashflow opportunities

Liability/Financing Plans

- Continue ECA (i.e. JBIC) and multilateral (i.e. ADB) project financing for certain key projects;
- Continue project financing at the assets level;
- Utilize reserves based lending for selective E&P assets;
- Discipline over project execution and capital stewardship
- Explore Rupiah and other forms of financing at reasonable prices
- Intensify management of working capital and foreign exchange



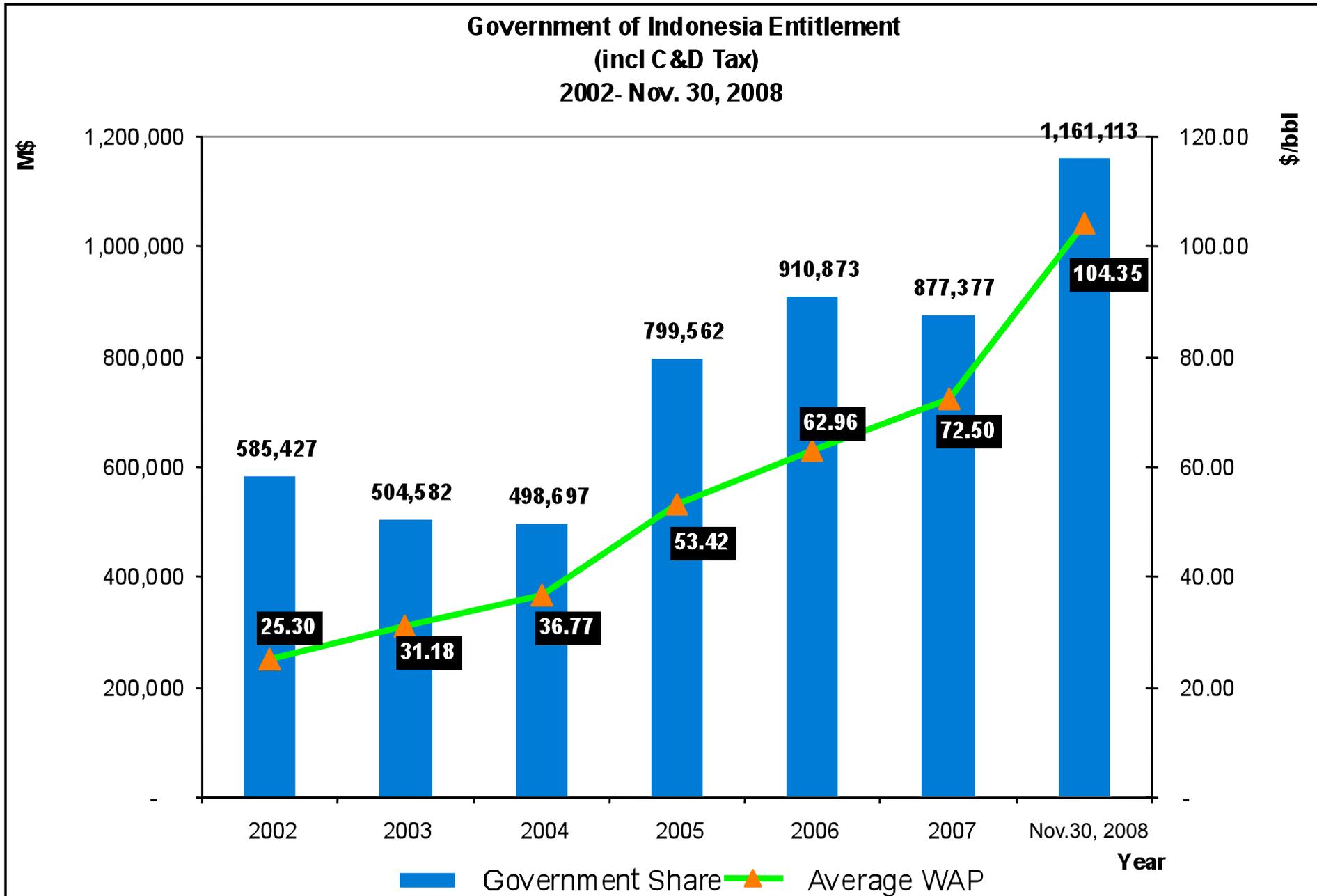
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7 Key Projects Update

Contribution to the Government of Indonesia from E&P Indonesia



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“Alignment with current financial situation and energy market dynamics to capture the future value”

- **Delivered one strategic Key Project in Y'2008 :**
 - Bio-ethanol plant : First drop of production on Nov. 26, 2008
- **Other 6 Key Projects in progress for Y'2009-2012 delivery :**
 - 1 project (Singa-Lematang) : Construction on going for June 2009 start-up
 - 5 projects : Completed most contracting terms with relevant parties, pending certain commercial resolutions and host government approval:
 - Block A
 - Senoro Gas Development (Upstream and Downstream)
 - Sarulla
 - Rimau – EOR
 - Libya, Area 47
- **Progressing project milestones with prudent execution strategy and pace**

- **Provide revenue to the Government of Indonesia**
- **Supports national energy program and national industries**
 - Bio-Ethanol Renewable energy
 - Block A
 - Gas supply to PLN for electricity
 - PIM for fertilizer
 - Singa Gas supply to PLN for electricity
 - Sarulla Electricity for greater North Sumatra
 - Senoro Upstream Monetization of a relatively remote gas field
 - Senoro Downstream LNG Innovative LNG business structure with much less risk to Government
 - Rimau – EOR Increase national oil production
 - Libya, Area 47 Increase Indonesia’s global profile and develop national employees global capabilities
(including other international operation)
- **Multiplier effects to the Local Government and Communities**
 - Job opportunities during construction and operation
 - Local government and communities income
 - Tax revenue



- Gas development
- Power Generation
- Oil development
- Renewables

Total Budgeted 5 Yrs Investment for these projects USD 1.7 Billion USD (net Medco's share)*

PROJECTS	TARGET Start Up	Project Descriptions	% ownership	Partners
Bioethanol	2008	Bio-ethanol plant of 60,000 kL per year from cassava	100%	-
Singa	2009	Gas field development of 50 MMscfd	74.12%	Lundin Lematang
Block A	2011	Gas field development of 120 MMscfd	41.67%	Premier, Japex
Libya 47	2011	Oil field development of 50,000 - 100,000 bopd	50%	Verenex
Rimau	2011	Oil field - Enhanced Oil Recovery – 64 MMBO	95%	PD-PDE
Senoro	2012	Gas field development of 250 MMscfd	50%	Pertamina
DS- LNG	2012	LNG plant , single train of 2.1 mtpa capacity	20%	Pertamina, Mitsubishi
Sarulla	2012	Geothermal power plant, 3x110 MW	37.20%	Kyushu, Ormat, Itochu

*Subject to certain conditions, all the projects will be reviewed regularly and options explored to maximize value

Bio-Ethanol, Lampung

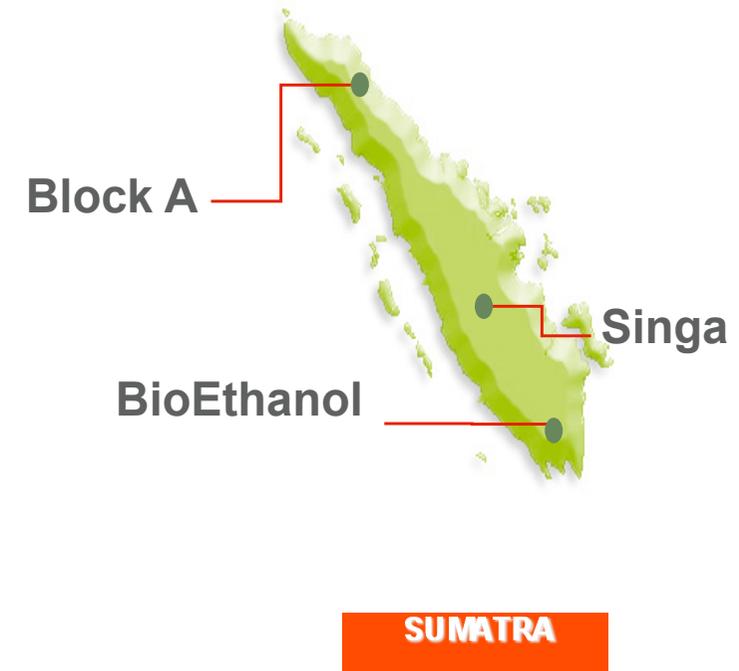
- First drop production on Nov. 26, 2008
- Commercial production/first shipment expected by end of January' 09
- Early production will reach an estimated 50,000 kl per year

Singa - Lematang

- Gas Production Facilities under construction - 60% complete
- Drilling tender being awarded
- Project financing with BCA of USD 25 million
- Start-up, Phase I : June' 09 (25 mmscfd) and Phase 2 : August' 09 (25 mmscfd)

Block A

- Gas Sales Agreement with PIM signed
- POD approval received from BP-Migas
- Awaiting government approval on PSC extension
- FEED and Soil investigation ongoing
- Start-up : Mid 2011



Libya – Block 47

- Successful exploration result (14 exploration and appraisal wells)
 - Gross Contingent Resources of 351.7 mmboe
- Final Appraisal, POD and Joint Operation Company formation with Libya National Oil Company being finalized
- Phase -1 production expected for 2011 at 50,000 bopd
- Financing option being studied : Reserves Based Lending



Rimau (EOR)

- Drilled 18 EOR wells
- Chemical Rental & EPC contracts in progress for 6 patterns .
- Pilot project implementation in 2009 (chemical injection)
- Funded by cash-flow from Rimau operations
- Production in stages starting in 2011



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Senoro Gas Development

- HoA Gas Sales Agreement signed on August' 29th, 2008
- Gas Sales Agreement being reviewed by BP-Migas for approval
- HoA SPA LNG agreed by LNG buyer
- EIA (AMDAL) principally agreed by Ministry of Environment.
- EPC for LNG being renegotiated to reflect current market price
- Financing with JBIC and commercial banks in progress
- LNG's 1st shipment: end of 2012



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Sarulla Geothermal

- EPC contract negotiation commencing
- Consortium is under discussions with JBIC, ADB and other commercial banks to secure project financing.
- Construction will be in 3 phases over the next 5 years; project start-up 2012



SUMATRA

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Thank You

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