



MEDCOENERGI

MedcoEnergi Announces First Half 2020 Results

Summary Results

Financial

- EBITDA US\$305 million.
- Gross Profit US\$203 million.
- Net Debt to EBITDA¹ 3.7x.
- Strong liquidity with cash and cash equivalents above US\$695 million.

Operational

- Oil and gas production 101 mboepd.
- Medco Power generated sales of 1,136 GWh.
- Oil and gas cash production cost US\$7.8 per boe.
- Capex expenditures US\$178 million.

Jakarta, 03 October 2020 – PT Medco Energi Internasional Tbk² announces its first half 2020 financial results (“1H 2020”).

Roberto Lorato, CEO, said “The collapse in energy demand due to the Covid-19 pandemic forced second quarter oil prices below US\$30/bbl and cut gas demand to a minimum. In response to these extraordinary circumstances, we have instigated workplace safety protocols to protect our people and ensure business continuity, reduced expenditures by US\$200 million and revised 2020 production guidance to 100 – 105 mboepd. However, as we anticipate better times ahead our Oil and Gas segment will continue to invest in exploration and value adding capital projects, whilst Medco Power is completing its 275MW Riau CCGPP Project.”

Financial Highlights

- Completed a 43% oversubscribed IDR1,785 billion (~US\$120 million) Rights Issue with 98% of shareholders subscribing.
- 1H 2020 EBITDA was US\$305 million, down 5% year-on-year. Cost efficiencies and synergies from the integration of Ophir Energy reduced overhead costs by US\$17 million, supporting flat EBITDA despite lower energy demand and a 39% drop in realized oil prices (1H 2020 US\$38.7/bbl, 1H 2019 US\$63.6/bbl).
- Net Income in 1H 2020 was a US\$96 million loss, with profits from Oil and Gas and Power segments offset by Amman Mineral Nusa Tenggara (AMNT) losses, oil price financial impairments and losses on discontinued operations.
- Liquidity remains strong with US\$695 million cash and equivalents at 30 June, up from US\$595 million at year-end 2019.
- The Company has hedged 7.5% of 2020 production into 2021 at an average price of US\$48/bbl and US\$42/bbl to provide a buffer against further low energy demand.
- In June 2020 the Company signed Agreements with SKK Migas on several Indonesian PSCs to keep the Company’s gas revenue unchanged while aligning consumer gas prices with Ministerial Decrees No.89K/2020 and No.91K/2020.
- Capital expenditures in 1H 2020 were US\$178million, US\$120 million in Oil & Gas for the July completion of the Meliwis Project in East Java, successful exploration drilling in South Natuna and US\$58 million in Medco Power on the construction of the Riau CCGPP and Ijen Geothermal exploration drilling.
- In Q1 2020 the Company conducted a tender offer of its US\$400 million 144A/Reg S Senior Notes and in August exercised a call option on the remaining debt.
- Gross Debt¹ was US\$2.7 billion, down 8% year-on-year with improved Net Debt¹ of US\$2,074 million, down by 5% year-on year. Net Debt to EBITDA¹ at end 1H 2020 was 3.7x, the Company will maintain its leverage target of 3.0x and will continue to reduce debt with the expectation that commodity prices will recover in the near term.

¹ Annualized and excluding PT Medco Power Indonesia (“MPI” or “Medco Power”)

² PT Medco Energi Internasional Tbk (“MedcoEnergi” or “Company”)



MEDCOENERGI

Operational Highlights

- Oil and gas production was 101 mboepd, up 5% year-on-year following the Ophir acquisition. Gas demand is significantly below the Company's capacity to deliver and below normal pre Covid-19 levels.
- Unit cash costs were US\$7.8 per boe, within guidance and below 1H 2019 despite US\$8 million spending to maintain business continuity during the Covid-19 pandemic
- Following commercial exploration discoveries in Q1 2020 with the Bronang-2 and Kaci-2 wells, the Company has drilled a further successful exploration well in September with the Terubuk-5 well. These discoveries will be fast tracked for development through existing South Natuna Sea PSC infrastructure.
- Medco Power and Kansai Electric Power Company have signed a Strategic Alliance to develop new gas IPP facilities in Indonesia.
- Medco Power generated sales of 1,136 GWh in 1H 2020, a 9% decrease year-on-year due to lower electricity demand.
- The recent Ijen 6-1 and 5-1 exploration wells in Blawan Ijen, East Java discovered a strong steam reservoir and Medco Power is progressing two further wells to prove the commercial viability of a Geothermal development.
- Construction of the Riau CCGPP progressed to 86%, with completion expected in 2021 and construction has begun on the 26MWp PV facility in Sumbawa.
- Phase 7 development in AMNT began accessing productive ore with production ramping up from April 2020. In 1H 2020 AMNT produced 106 Mlbs of copper and 37 Koz of gold.

2020 Full Year Guidance

Following reduced near term energy demand revised 2020 guidance is as follows:

- Oil & Gas production of 100 – 105 mboepd
- Oil & gas unit cash costs below US\$10/boe
- Total capital expenditures below US\$240million
- Power sales of 2,600 GWh

Hilmi Panigoro, President Director, said "I want to express my thanks to shareholders who subscribed to the rights issue and have shared in Medco's success over our 40 year history. As I look forward I am excited to see recent exploration success in Natuna and the alliance with Kansai Electric which will unlock opportunities to expand our Gas and Power businesses."

PT Medco Energi Internasional Tbk. ("MedcoEnergi") is a leading Southeast Asian integrated energy and natural resources company listed on the Indonesia Stock Exchange (MEDC-IDX). MedcoEnergi has three key business segments, Oil & Gas, Power and Mining. MedcoEnergi explores for and produces oil and gas primarily in Indonesia and is expanding its presence in the Southeast Asia. The Group operates gas, geothermal and hydro power plants in Indonesia through Medco Power Indonesia and a non-consolidated interest in Amman Mineral Nusa Tenggara which operates a large Indonesian copper and gold mine.

This document may contain projections, plans, strategies, policies and objectives of MedcoEnergi 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.

For further information please call: Corporate Secretary | Investor Relations | Tel: (62-21) 2995 3000, Fax: (62-21) 2995 3001
Email: corporate.secretary@medcoenergi.com | investor.relations@medcoenergi.com | Website: www.medcoenergi.com