



MEDCOENERGI

MedcoEnergi Announces 2020 Nine-Month Results

Summary Results

Financial

- EBITDA US\$422 million
- Gross Profit US\$288 million
- Net Debt to EBITDA¹ 3.9x
- Strong liquidity with cash and cash equivalents above US\$600 million

Operational

- Oil and gas production 100 mboepd
- Medco Power generated sales of 1,956 GWh
- Oil and gas cash production cost US\$7.6 per boe
- Net Capex expenditures US\$194 million

Jakarta, 30 November 2020 – PT Medco Energi Internasional Tbk² announces its 2020 nine-month financial results (“9M 2020”).

Roberto Lorato, CEO said “Clearly the low energy prices caused by the pandemic have significantly impacted our operations and results. However, despite these difficult times we have progressed our strategy along multiple fronts. This year we have had exploration success in both Natuna and Ijen, signed a Strategic Alliance with a strong partner in Kansai Electric, strengthened our balance sheet with a well-supported and successful rights issue and invested cost savings and synergies into debt buy backs and repayments. Now, as we approach the year-end, commodity prices are recovering and AMNT has returned to profit with first production from phase 7 capitalizing on rising copper and gold prices.”

Financial Highlights

- In the first nine months, energy demand and commodity prices were impacted by the Covid-19 pandemic. Oil prices were US\$39.5/bbl, 37% below 2019 (US\$62.5/bbl) and gas prices were US\$5.1/mmbtu, 25% below 2019 (US\$6.9/mmbtu). Oil prices in Q3 recovered to US\$40.6/bbl, up 52% from the US\$26.8/bbl in Q2, however gas prices continued to fall in Q3, from US\$5.2/mmbtu in Q2 to US\$4.6/mmbtu in Q3, due to the contractual linkage of some contract gas prices to prior quarter oil price. In Q4, both oil and gas prices are rebounding positively.
- Net Income was a loss of US\$130 million with extremely difficult trading conditions, especially in Q2 where Net Income was a loss of US\$76 million. Net Income in Q3 was a US\$34 million loss, following a dry hole in Mexican deep-water drilling, low gas prices linked to Q2 oil price and continued low electricity demand in Medco Power. AMNT reported a Q3 profit of US\$21 million, the first quarterly profit since 2016 with first production from phase 7 benefiting from higher copper and gold prices.
- EBITDA was US\$422 million, down only 5% year-on-year due to cost efficiencies and synergies after completing the integration of Ophir Energy, offsetting the impacts of low energy demand.
- Liquidity remains strong with US\$618 million cash and equivalents at 30 September, up from US\$596 million at year-end 2019.
- Capital expenditures were US\$194 million, US\$147 million in Oil & Gas spent on completing the Meliwis project in East Java, successful exploration drilling in South Natuna Sea Block B and US\$47 million in Medco Power for the construction of the Riau CCPP and Ijen Geothermal exploration drilling.
- A successful rights issue was completed in September, 43% oversubscribed and raising IDR1,785 billion (~US\$120 million) with 98% of shareholders subscribing.
- 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 Notes.

¹ Excluding PT Medco Power Indonesia (“MPI” or “Medco Power”)

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



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- Gross Debt¹ at nine months was US\$2.5 billion, down 6% year-on-year with Net Debt¹ US\$2 billion, down by 9% year-on-year. The Company will maintain a leverage target of 3.0x and continue to reduce debt each quarter with the expectation that commodity prices will recover in the near term.
- In subsequent events in November the Company repaid ~US\$170 million of IDR Bonds and purchased a further US\$6 million of its own USD Notes.

Operational Highlights

- Oil and gas production was 100 mboepd, within guidance, though gas demand continues to be significantly below normal pre Covid-19 pandemic levels.
- Unit cash costs were US\$7.6 per boe, within guidance, despite additional costs to maintain business continuity and employee safety during the Covid-19 pandemic.
- A two well platform drilling program at Kerisi, South Natuna Sea Block B PSC in July increased in oil production and gas deliverability.
- Four commercial exploration gas discoveries were made in South Natuna Sea Block B PSC with the Bronang-2, Kaci-2, West Belut-1 and Terubuk-5 wells. These discoveries will be fast tracked for development in 2021-22 in parallel with the previously planned Hiu development.
- Medco Power signed a Strategic Alliance with Kansai Electric Power Company to develop new gas IPP facilities in Indonesia.
- Medco Power generated sales of 1,956 GWh. The recent exploration wells in Blawan Ijen, East Java have discovered a steam reservoir and further wells are progressing to prove the commercial viability of a future Geo-thermal development.
- Construction of the 275MW Riau CAPP is now 91% complete and construction has begun on the 26MWp PV facility in Sumbawa.
- The phase 7 development in AMNT began accessing productive ore with production ramping up from April 2020. AMNT produced 192 Mlbs copper and 73 Koz of gold from pit ore and stockpile processing.

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 recent rights issue and have shared in Medco’s success over our 40 year history. With the Kansai Electric alliance, exploration success and AMNT now returning to profit it is pleasing to see Medco emerging from this difficult time as a stronger company.”

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.

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