



**Public Expose 2017**

**Delivering Value**

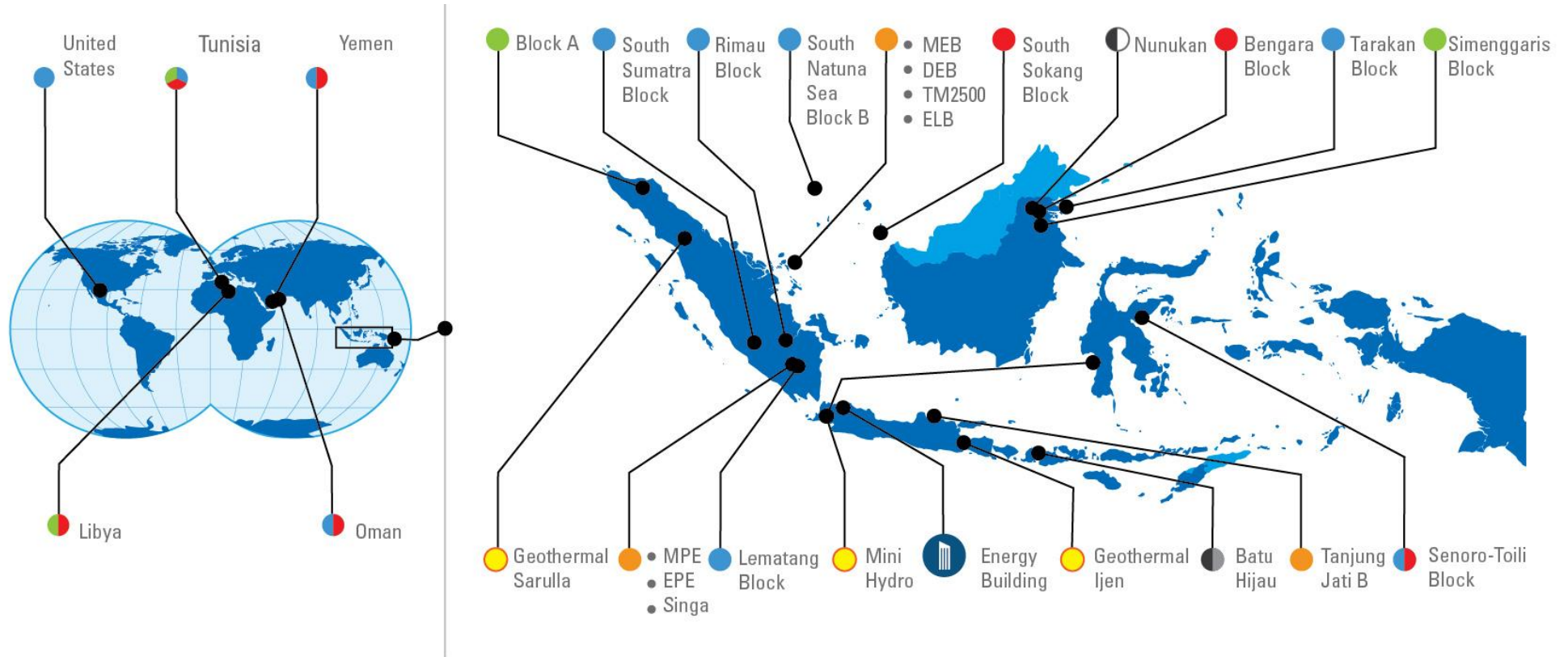
MEDCOENERGI 




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# Introduction: Operations in three Key Business Segments, concentrated in Indonesia

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



 Production (Blue dot)  
 Development (Green dot)  
 Exploration (Red dot)

 Power Installed (Orange dot)  
 Power Development (Yellow dot)

 Mining Production (Black dot)  
 Mining Development (Grey dot)  
 Mining Exploration (White dot)



**President Director**  
Hilmi Panigoro



**Director**  
**Chief Executive Officer**  
Roberto Lorato



**Director**  
**Chief Financial Officer**  
Anthony Mathias



**Director**  
**Chief Human Capital &  
Business Support**  
Amri Siahaan



**Director**  
**Chief Operating Officer**  
Ronald Gunawan

2016 was a transformational year for MedcoEnergi in which we seized opportunities to acquire strategic producing assets. During 1H17 we focused on extracting maximum value from our new and existing asset portfolio.

Our strategy is building a leading company across three key business segments, competitive in a low price environment, with a solid platform of producing assets and excellent growth prospects.

Our new, more diversified asset portfolio, together with the progress we have made on cost efficiency and capital discipline, positions MedcoEnergi as a very attractive and dependable investment proposition for the long term.

We aim to deliver long-term value and optimize returns to our investors, lenders and other stakeholders through continuous improvements in operational and financial performance.

# Company Milestones

1980

Established as **Meta Epsi Pribumi** Drilling Company

1994

**Initial Public Offering** in Indonesia

1995

Acquired **100% shares of Stanvac Indonesia** from Exxon/Mobil

1996

Discovered **major onshore oil reserves** in Kaji-Semoga

2005

Awarded EPSA IV PSC Contract for **Area 47 Libya**

2006

Awarded Oman Service Contract. **Increased production by 100%** within 5-years

2007

Discovered **352 MMBOE** hydrocarbon resources in Area 47 Libya; 90% exploration success ratio

2009

**LNG Sales Agreement signed** with Japanese & Korean buyers, gas to be supplied from Senoro-Toili Block

2010

Awarded **20 year extension** for 3 Indonesian PSCs (South Sumatra, Block A and Bawean)

2011

**Final Investment Decision for Senoro-Toili** Gas and LNG projects

2013

Secured **Project Financing** for **Senoro-Toili**

2014

Secured **Project Financing** for **DSLNG** and **Sarulla**

2015

**Senoro-Toili** and **DSNLG** begin production  
**25 year of extension** for Karim, Oman  
Signed **GSA** for Block A Aceh

2016

Acquired a 41.1% indirect interest in **AMNT**  
Acquired a 40% Operatorship in the **South Natuna Sea Block B PSC**  
Awarded **10 year extension on Lematang PSC** and increased holding to 100%



- 1H17 oil and gas production of 89.8 mboepd compared to 64 mboepd in 1H16.
- South Natuna Sea Block B, acquired at the end of 2016, contributed 24.3 mboepd in 1H17.
- The Block A Aceh Gas Development reached over 60% completion as of October 2017. Signed a project finance facility agreement with three international banks.
- Won a US\$ 24.8 million arbitration award for claims against Singapore Petroleum Ltd. and Cue Energy Pty Ltd.



- Sarulla Geothermal Power plant Unit I began commercial production in March 2017, Unit II in early October, one month ahead of schedule. Unit III commercial operation expected in Q2 2018.
- MedcoPower was awarded the Operation & Maintenance contract for the Sarulla Geothermal Power plants.
- MedcoPower won the tender to construct a 275MW IPP in Riau, PPA was signed in April 2017.
- MedcoEnergi strengthened its ownership in MedcoPower by acquiring a controlling interest



- The Indonesian Government granted the conversion of AMNT's Contract of Work (CoW) into a Special Mining Permit (IUPK) and also extended its export license permit.
- Acquired 44.3% shares in the Australian mining contractor company Macmahon through a shares to assets transaction.
- Macmahon has been awarded the life of mine contract by AMNT.
- Complete Smelter feasibility studies and signed MoU with Freeport



- 1H17 Net Profit US\$80.7 million, compared to US\$11.3 million in 1H16.
- Gross and Net margins improved year-on-year, with unit cash cost < US\$10 at US\$ 8.2/BOE
- Revenue and EBITDA were up by 54.3% and 61.7% respectively on higher oil and gas prices.
- Debt reduced by 8.2% from year end 2016
- Raised Rp 2.23 trillion through the shelf-registered IDR bond program and US\$400 million through Global USD bond issuance
- Finalized 1:4 stock split in September 2017
- Shareholders approved Rights and Warrants issue on 2<sup>nd</sup> November 2017



## Oil and Gas E&P

1H16 1H17 YoYΔ%

### Production

Oil, MBOPD	30.2	35.5	17.6
Gas, MMSCFD	197.8	290.6	46.9
Total Oil and Gas, MBOEPD*	64.0	89.8	40.4

### Lifting/Sales

Oil Lifting, MBOPD	20.6	26.4	28.6
Gas Sales, BBTUPD	206.4	286.3	38.7
Oman Service Contract, MBOPD	8.3	8.1	(2.8)

### Average Realized Price

Average Oil Price, US\$/barrel	38.3	49.3	28.8
Average Gas Price, US\$/MMBTU	4.2	5.6	32.8

\*Includes Oman Service Contract



## Power

1H16 1H17 YoYΔ%

### Production and Capacity<sup>o</sup>

IPP Power Production, GWh	712	901	26.5
O&M Capacity, MW	1,320	1,930	46.2

### Average Realized Price\*

IPP, Cent/kwh	2.93	2.70	(7.8)
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\*Excludes Fuel Component



## Mining

1H16 1H17 YoYΔ%

### Sales<sup>o</sup>

Copper Sold, Mlbs	235	161	(31.3)
Gold Sold, Koz	384	192	(49.9)

### Average Realized Price

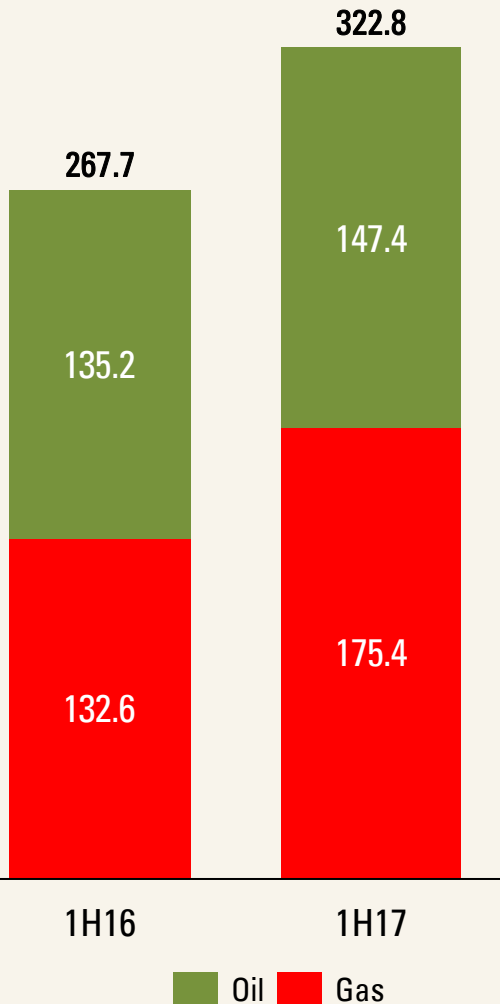
Copper, USD/lbs	1.98	2.48	25.3
Gold, USD/oz	1,234	1,188	(3.8)

<sup>o</sup>Gross 100% interest

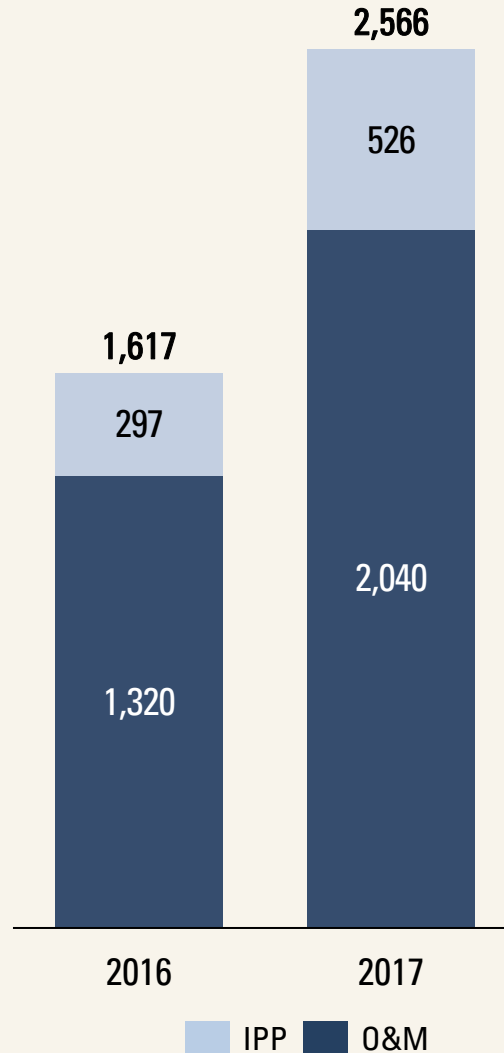


**Oil & Gas: Net 2P Reserves, MMBOE**

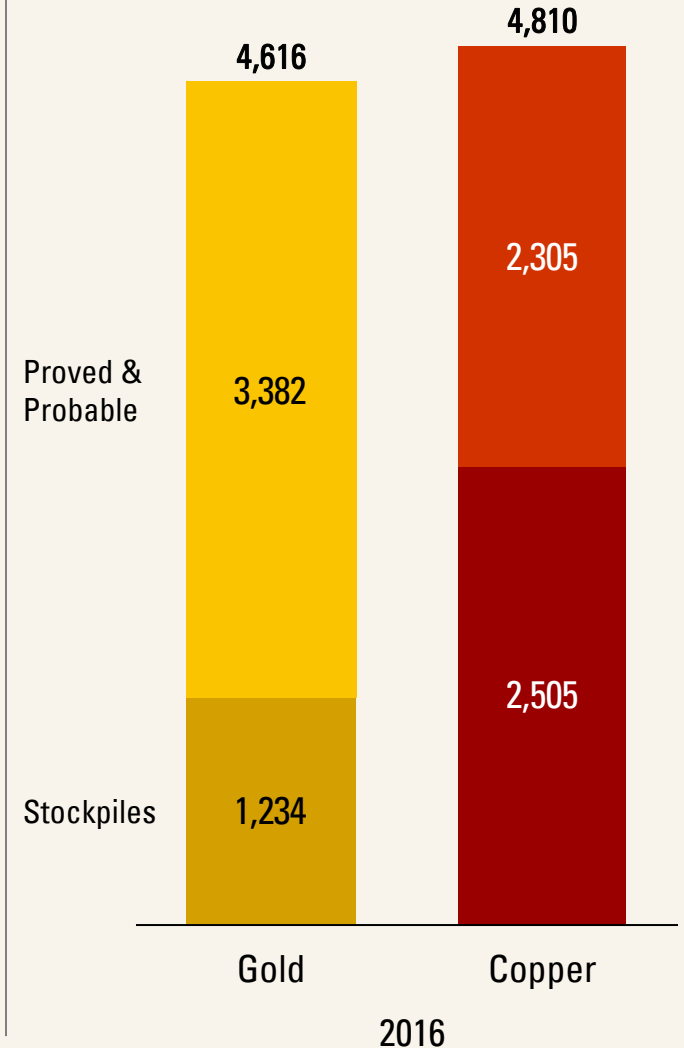
Life Index : 11 years



**Power: Gross Installed Capacity, MW**



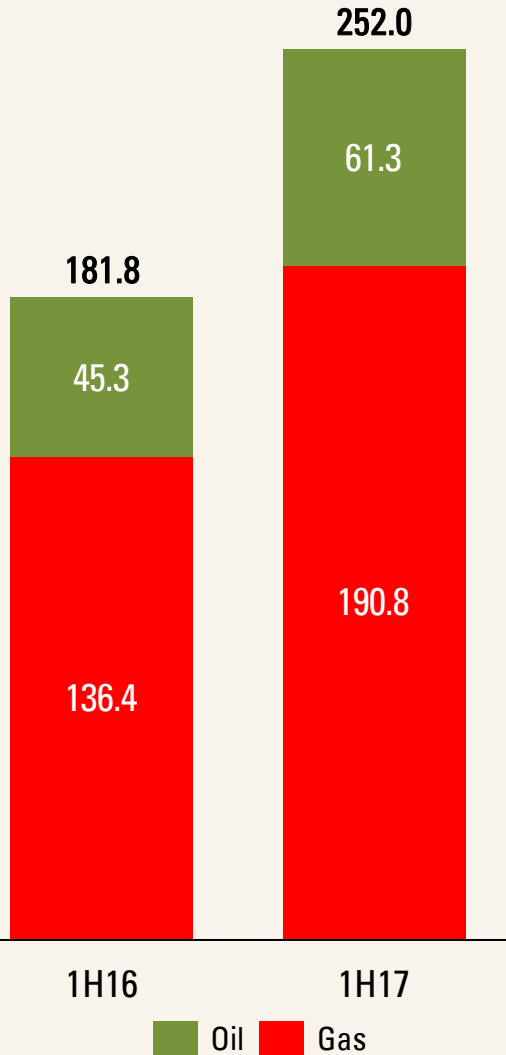
**Mining: Gross Gold (Koz) and Copper (Mlbs) Reserves**



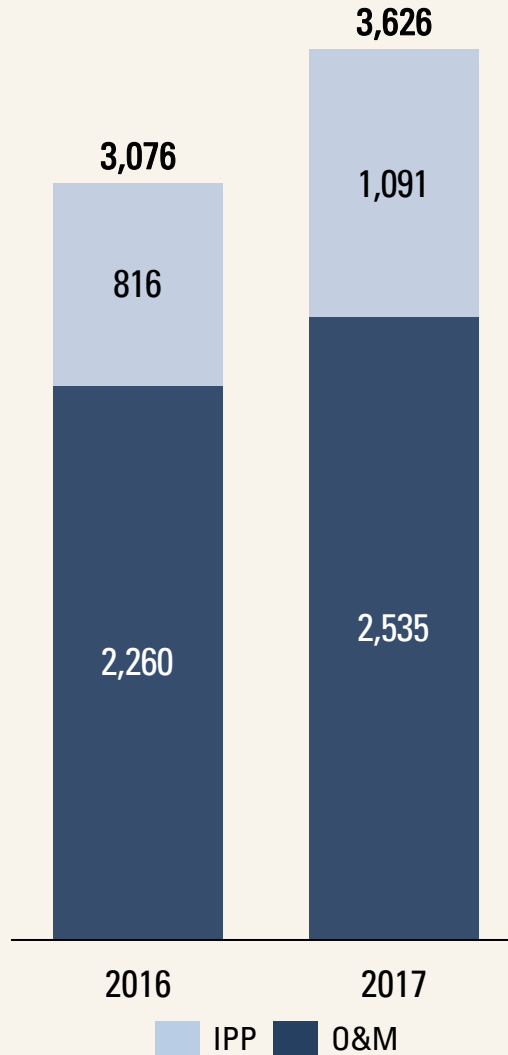




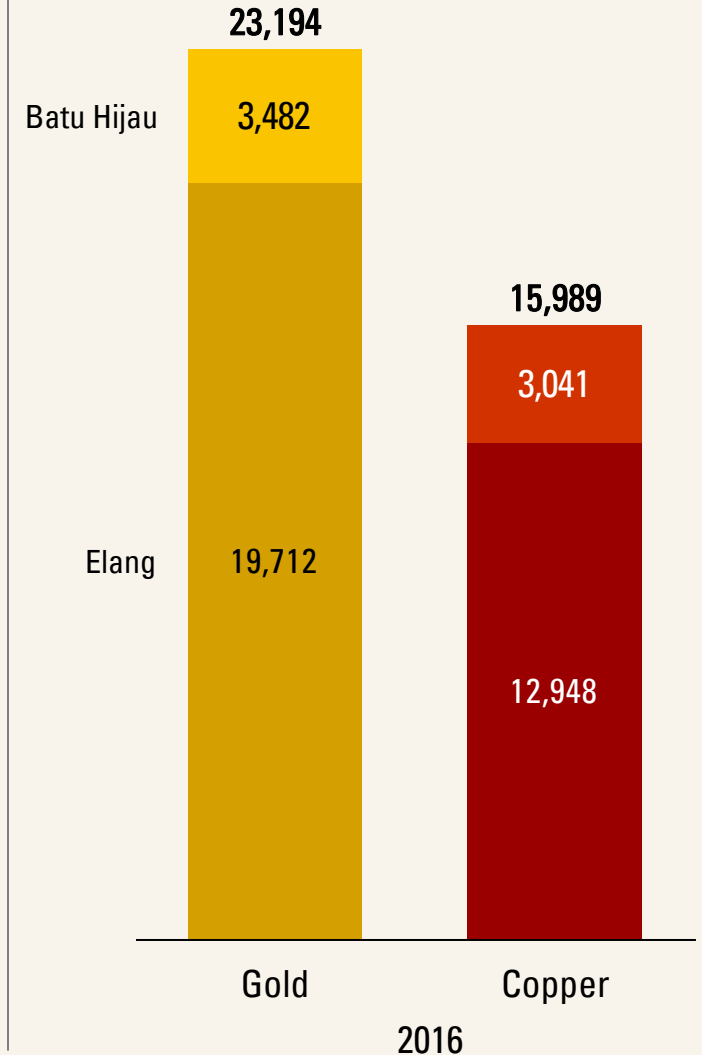
**Oil & Gas: Net Contingent Resources, MMBOE**



**Power: Gross Installed Capacity & Committed Projects, MW**



**Mining: Gross Gold (Koz) and Copper (Mlbs) Resources**



Profit & Loss (US\$ mn)	1H16*	FY16*	1H17
Revenue	261.5	583.0	403.5
Production & Lifting Costs	82.0	205.1	98.3
DDA	54.6	111.4	70.7
Gross Profit	114.3	246.8	198.2
S, G & A	45.1	94.7	68.6
Operating Income	69.2	152.1	129.6
EBITDA	123.9	263.5	200.3
Profit (Loss) before Tax	38.6	292.8	147.6
<b>Net Income</b>	<b>11.3</b>	<b>184.8</b>	<b>80.7</b>

\*Restated 1H16 and FY16 financial results

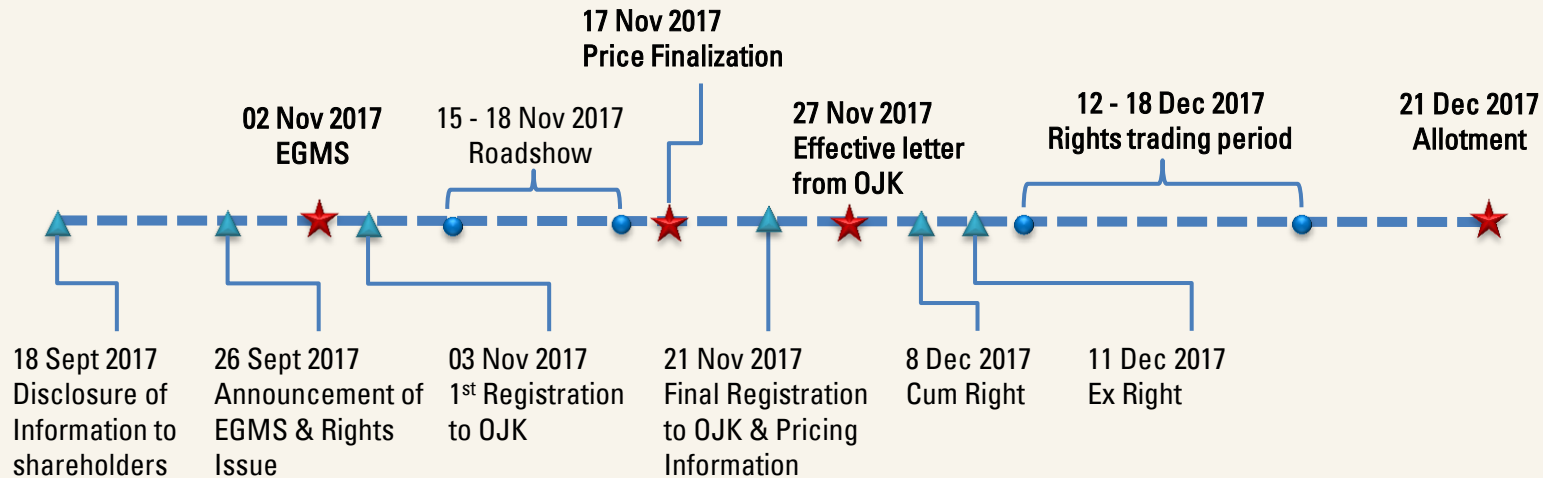
Balance Sheet (US\$ mn)	1H16	FY16	1H17
Cash and cash equivalents	371.3	164.6	217.6
Investments	678.3	1,280.4	1,581.8
Fixed Assets	1,492.4	1,364.4	1,089.2
Total Assets	2,929.0	3,597.1	3,674.8
Total Liabilities	2,202.0	2,706.6	2,710.9
• Bank Loans	1,100.6	1,254.0	1,069.5
• Capital Market Debts	509.0	679.3	704.9
• Other Liabilities	592.4	773.3	936.5
<b>Equity</b>	<b>727.1</b>	<b>890.5</b>	<b>963.9</b>

Profitability Ratios (%)	1H16	FY16	1H17
Gross Margin	43.7%	42.3%	49.1%
Operating Margin	26.5%	26.1%	32.1%
EBITDA Margin	47.4%	45.2%	49.6%
Net Income Margin	4.3%	31.7%	20.0%

Financial Ratios (x)	1H16	FY16	1H17
Current Ratio	1.34	1.32	1.33
Debt to Equity	2.21	2.17	1.84
EBITDA to Interest	2.44	2.65	3.34
Net Debt to EBITDA <sup>°</sup>	5.00	6.71	3.89

<sup>°</sup>Annualized

## Timeline



Indicative Information	
Rights Ratio (Old : New)	3 : 1
Estimated Rights Exercise Price per Share	Rp450 – Rp600
Maximum amount of proceed from Rights Issue	Rp2,670 billion
Warrants Ratio (Right : Warrant)	1 : 1
Warrants Exercise Period and Estimated Price per Share:	
❖ Phase I (1 July 2018 – 31 December 2018)	Rp500 – Rp700
❖ Phase II (1 January 2019 – 31 December 2019)	Rp550 – Rp750
❖ Phase III (1 January 2020 – 11 December 2020)	Rp600 – Rp850

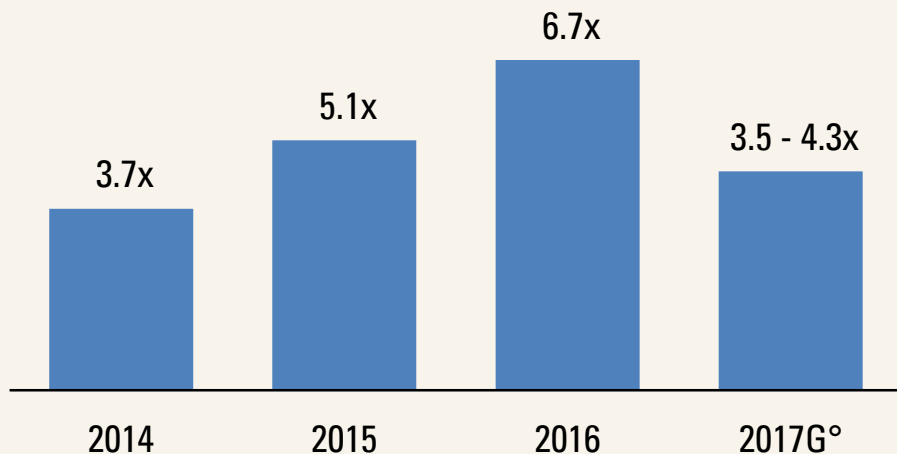
### Use of proceeds from Rights Exercise

After deduction of share issuance cost will be used for the full and /or partial payment of debt.

### Use of proceeds from Warrants Exercise:

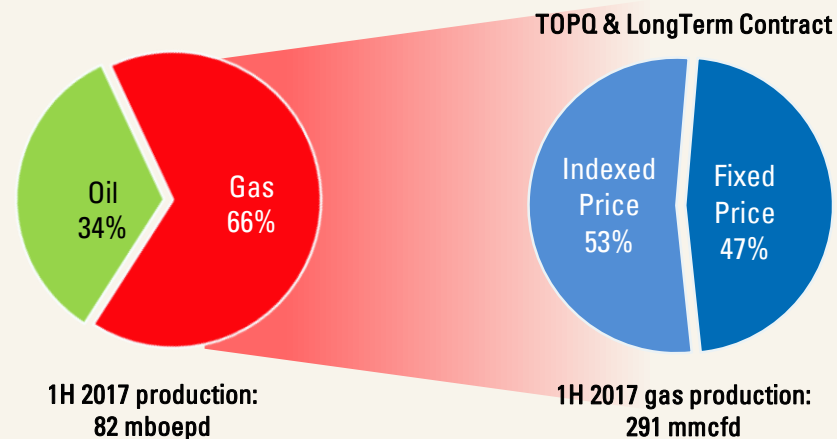
After deduction of share issuance cost, will be used for working capital of the Company and/or the subsidiaries of the Company and/or for the full /partial payment of the Company's liabilities.

## Net Debt to EBITDA

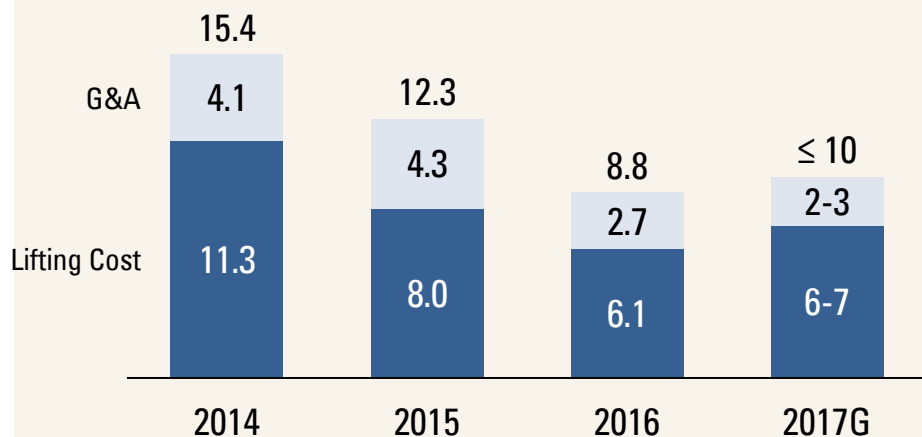


° Based on restricted group in the USD Bond Covenant

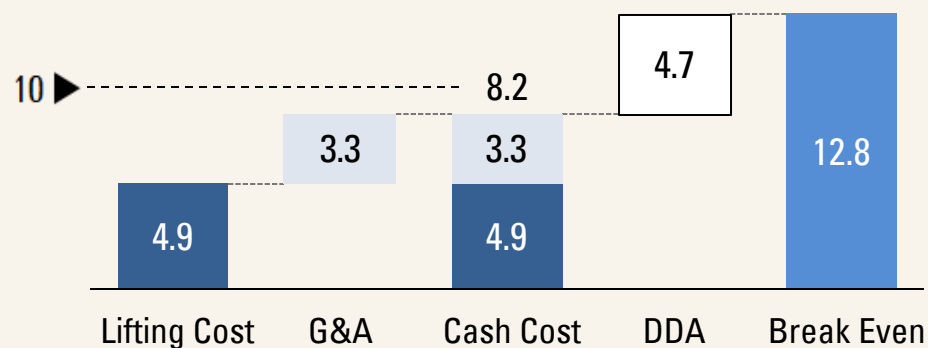
## 1H17 Oil & Gas Breakdown



## Oil&Gas Cash Cost/Unit\* (US\$/BOE)



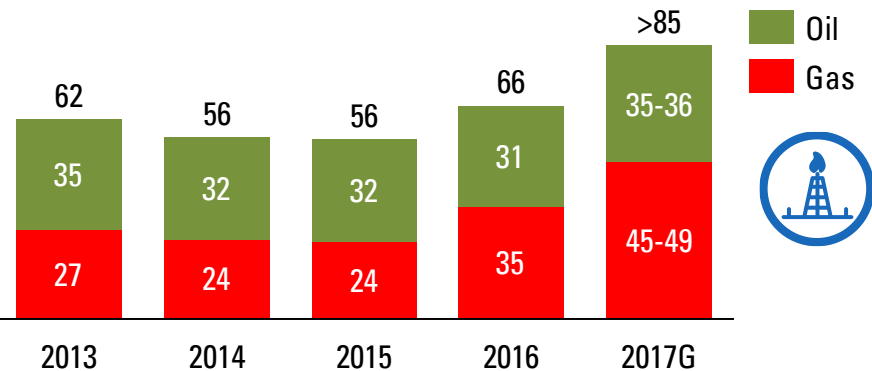
## 1H17 Oil & Gas Total Cost\* (US\$/BOE)



\* Cash cost without Oman Service Contract

# A National Company Leading in Three Key Business Segments

Hydrocarbon Production\* (Net), MBOEPD

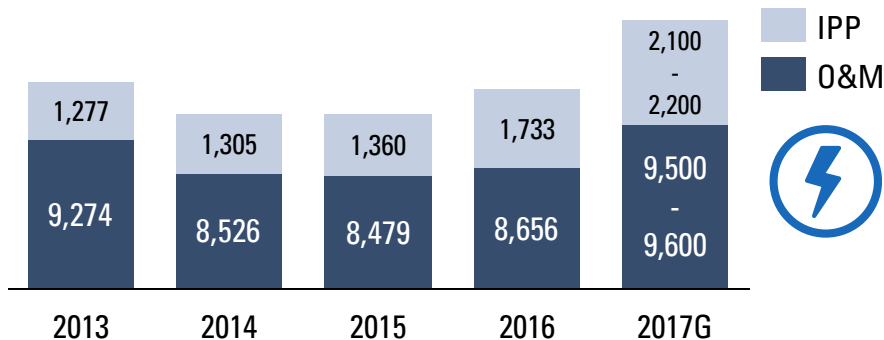


## Oil & Gas

- Complete Aceh development on schedule, on budget
- Monetise existing domestic discoveries
- Near field Exploration and cost recovery funded drilling and subsea developments
- Unit costs below \$10/boe through 2020
- Further Portfolio rationalization

\*Includes Oman Service Contract

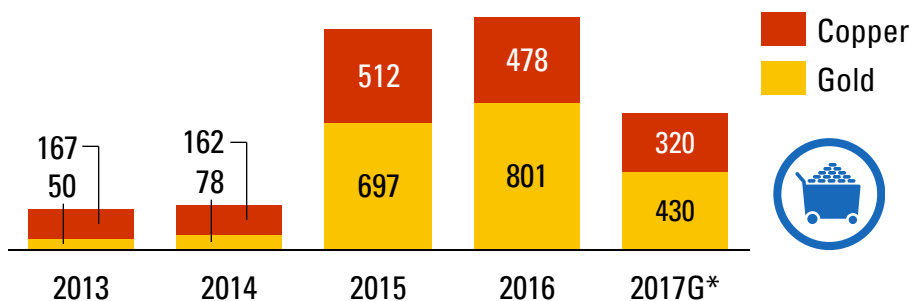
Power Production – Gross 100%, GWh



## Power: Medco Power Indonesia

- Break ground on Riau EPC and complete Sarulla Geothermal
- Greater integration of Upstream gas and onsite Gas IPPs
- New IPPs will focus upon Western Indonesia, medium sized gas and geothermal plants
- Expand profitable O&M services
- Portfolio rationalization

Copper (Mlbs) & Gold (Koz) Production\* Gross 100%



## Mining: PT Amman Mineral Nusa Tenggara

- Enhancing operational efficiencies and implement organizational optimization
- Refinance acquisition loans to expedite phase 7 development
- Develop smelter project. Finalize feasibility studies, funding through assets injection, project financing & strategic partner.
- Complete Joint Ore Reserves Committee (JORC) appraisal for Elang development

\*Includes stockpile processing



Extensive experience in managing decline and controlling costs on maturing assets



## Rimau

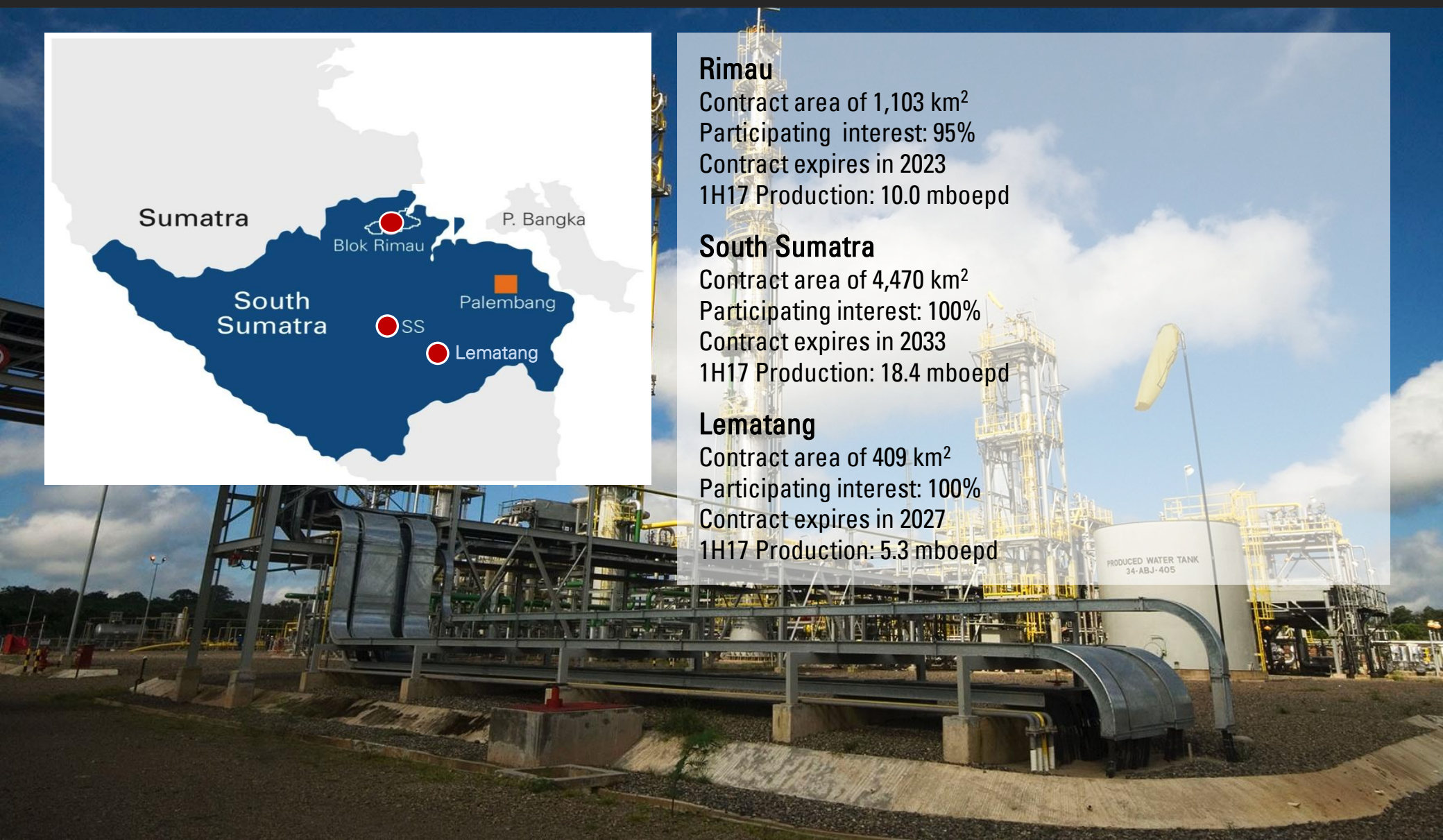
Contract area of 1,103 km<sup>2</sup>  
Participating interest: 95%  
Contract expires in 2023  
1H17 Production: 10.0 mboepd

## South Sumatra

Contract area of 4,470 km<sup>2</sup>  
Participating interest: 100%  
Contract expires in 2033  
1H17 Production: 18.4 mboepd

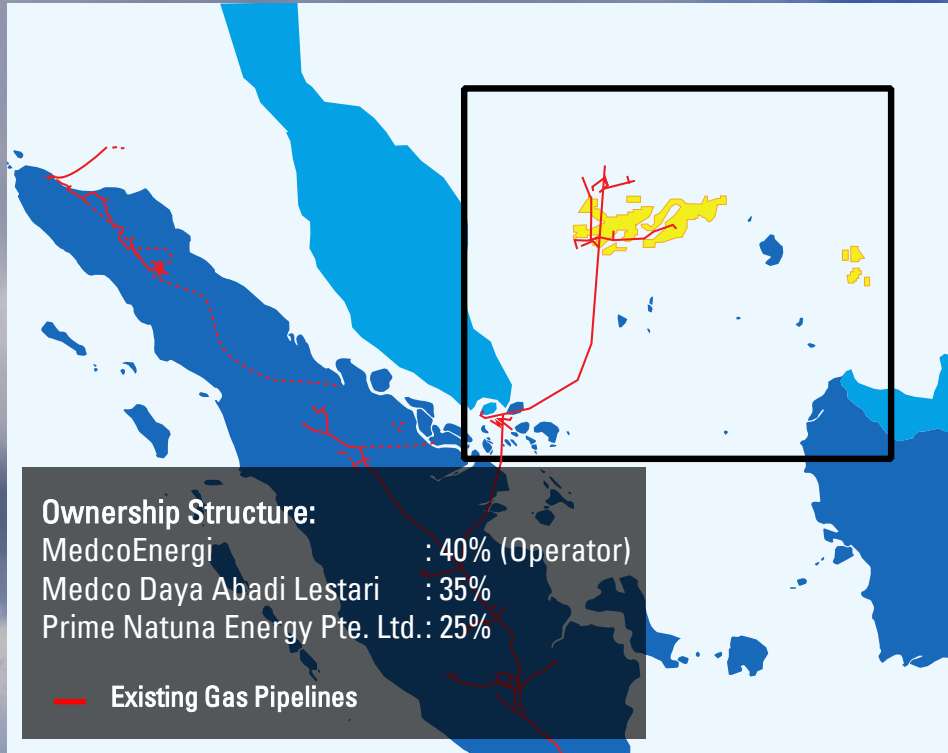
## Lematang

Contract area of 409 km<sup>2</sup>  
Participating interest: 100%  
Contract expires in 2027  
1H17 Production: 5.3 mboepd





## Enhancing capabilities through the integration of world-class offshore operations



Offshore PSC in the South Natuna Sea, world class facilities, large hydrocarbon base (gross resources > 569 mmboe)

Acquisition completed November 2016, contract expires in October 2028

MedcoEnergi operates the PSC and the West Natuna Transportation System (WNTS)

1H17 gross production 60.8 mboepd.

Strong net cash flow linked to attractively priced gas sales agreements into premium markets

Future near field exploration, subsea developments and production optimization will extend field life and optimize asset decline.



# South Natuna Sea Block B - Offshore Facilities

Integrated Offshore Production Systems Operated to the Highest Standard

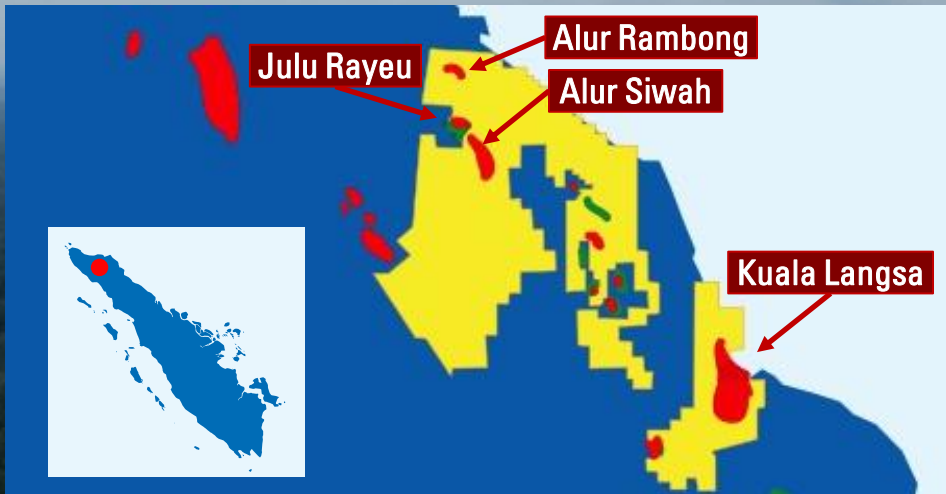






# Block A Aceh: Phased Gas Developments

Phase I will monetize 237 TBTU of gas and 5.17 MMBO of condensate for the domestic market



MedcoEnergi operated PSC. First gas 2018, PSC expiry 2031. Consolidated interest to 85%

Engineering, procurement, and construction over 60% completed as of October 2017

Secured a project finance facility agreement with three international banks in July 2017.

GSA with Pertamina over 58 BBTUD for 13 years

Proactive CSR engagement with local community

Phase II and III development of gas discoveries with resources of > 5TCF, enough to generate 1.5GW to support Sumatra electricity demand growth

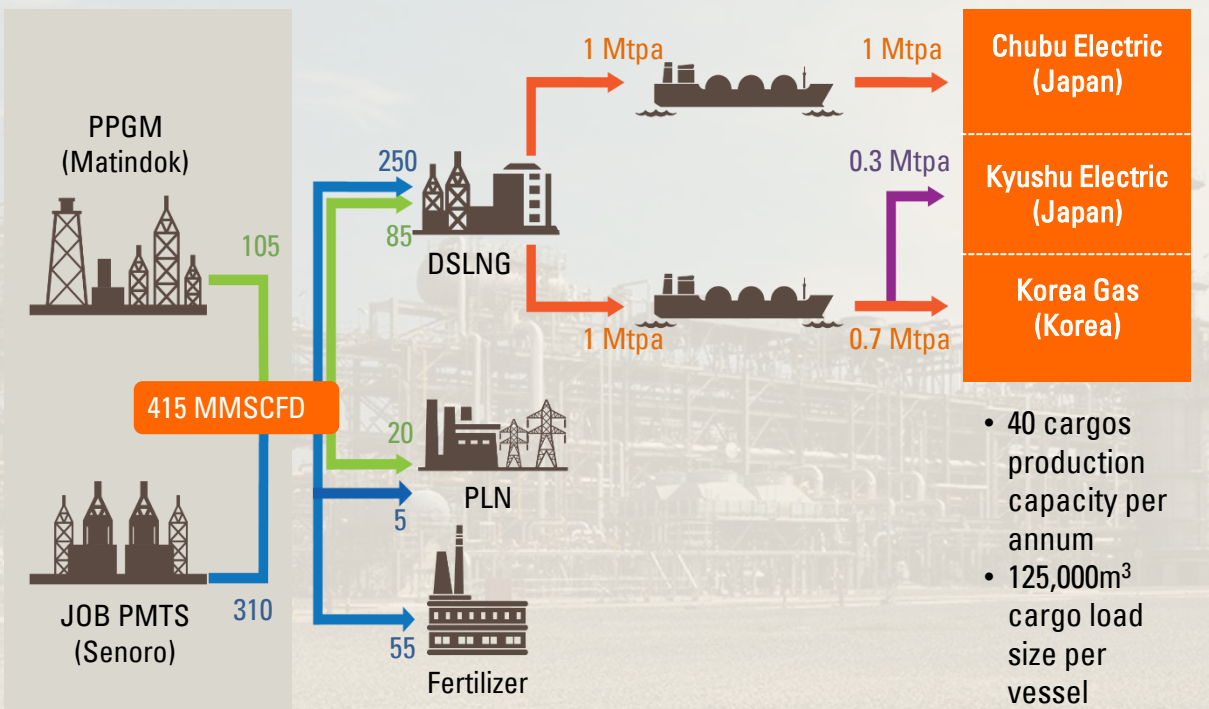
## Ownership Structure:

- Medco E&P Malaka 85% (Op)
- KrisEnergy (Aceh B.V.) 15%

CPP area site preparation progress



## Senoro Upstream/Downstream Value Chain



- 40 cargos production capacity per annum
- 125,000m<sup>3</sup> cargo load size per vessel

<b>Upstream</b> (Gas Producer)	<b>Downstream</b> (Gas Buyer)	<b>LNG Buyer</b>
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<b>30</b> Years 1997 - 2027	<b>1.9</b> TRILLION CUBIC FEET	<b>12</b> Wells	<b>Structure</b>	<b>Upstream WI</b>	<b>Downstream</b>
			MedcoEnergi	30%	11.1%
			Pertamina	50%	29.0%
			Mitsubishi & Kogas	20%	59.9%

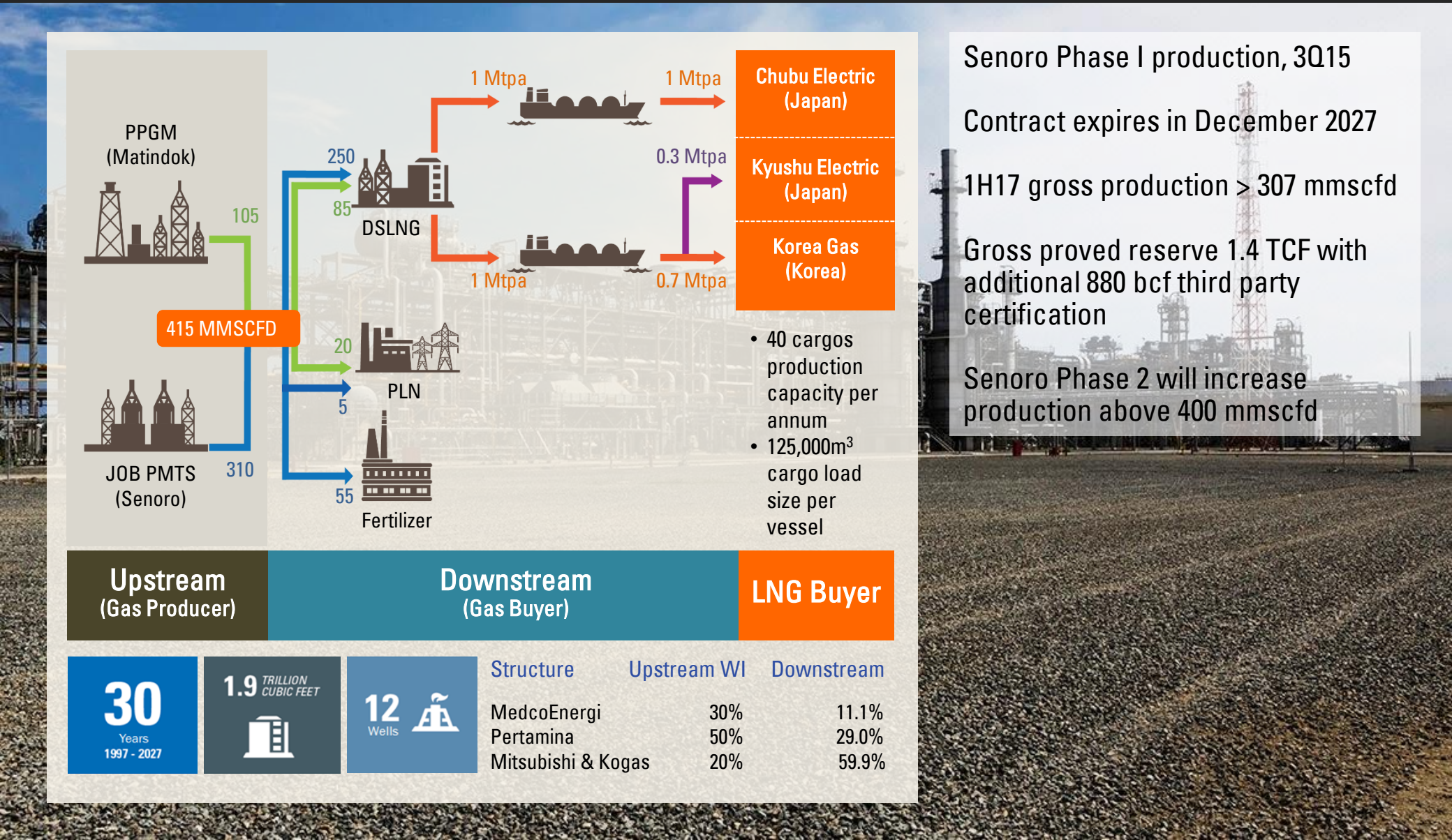
Senoro Phase I production, 3Q15

Contract expires in December 2027

1H17 gross production > 307 mmscfd

Gross proved reserve 1.4 TCF with additional 880 bcf third party certification

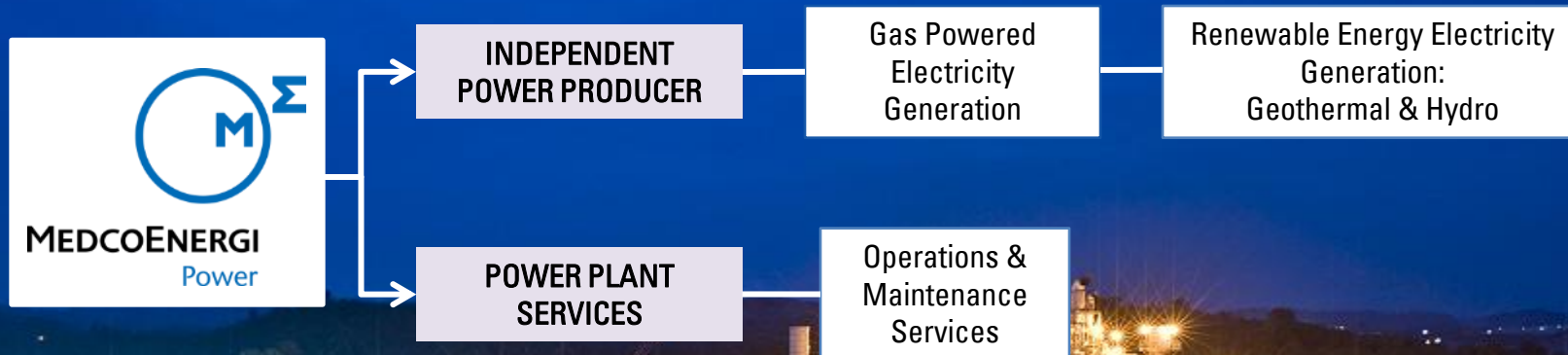
Senoro Phase 2 will increase production above 400 mmscfd





## Focusing on Independent Power Producer and Operation & Maintenance Businesses

### BUSINESS OVERVIEW



**526 MW Operating Asset + 565 MW asset under construction**  
**2,040 MW O&M business + 495 MW committed O&M business**

### BUSINESS STRATEGY

- Committed to clean energy, primarily natural gas and geothermal
- Focus on Western Indonesia due to abundance of sources (gas and geothermal) and largest electricity demand
- Focus on medium sized power plants (100-300MW) and selective larger power plants
- Target larger IPPs with intention to expand the O&M services business
- Identify and extract more synergies within MEI Group



# Medco Power Indonesia: Asset Portfolio





# Sarulla: Phased Geothermal Power Developments

The largest single-contract geothermal power project in the world

Unit I 110MW, commercial operation in March 2017 and Unit II 110MW, commercial operation in October 2017.

Unit III commercial operation in Q2 2018. Total contracted capacity of 330MW.

30 years Energy Sales Contract with PLN with Take or Pay 90% capacity factor. MPI provides plant O&M.

Partners INPEX, ORMAT, ITOCHU and KYUSHU

Investment cost of US\$1.6 billion with secured project financing with JBIC, ADB, and 6 commercial banks





Access to world-class Mining operations with long term upside



Transaction completed: 2 November 2016

Copper and gold mine in Sumbawa, Nusa Tenggara, established under 4th generation COW expiring in 2030, Converted into IUPK.

1H17 production: 141.5 Mlbs copper, 163.3 Koz gold

2016 Reserves (Proven + Probable):

4,810 Mlbs copper + 4,616 Koz gold.

2016 Resources (Measured + Indicated + Inferred):

3,041 Mlbs copper + 3,482 Koz gold

Potential Development: Elang with est. resources 12,945 Mlbs copper, 19,712 Koz gold with potential to produce 300~430 Mlbs copper and 350~600 Koz gold



## Delivering Value

- 1H17 production results ahead of full year guidance; up 40.4% compared to 1H16 at 89.8 mboepd
- 1H17 Revenue and EBITDA up by 54.3% and 61.7% respectively on higher volumes and lower costs
- Gross and Net margins improved, to 49.1% and 20.0% respectively and Annualized Net Debt/EBITDA improved to 3.89x

## Creating Value

- Block A, Aceh Development over 60% completed as of October 2017
- Sarulla Unit I began commercial production in March 2017, Unit II in October 2017
- AMNT's CoW to IUPK conversion approved, extending its export license permit by a year

## Looking Forward

- Maintain E&P unit cash cost below \$10 per boe
- Monetize discovered reserve and resource base
- Increase synergy between Upstream and Power businesses
- Finalize AMNT mine and smelter plans
- Further portfolio rationalization and deleveraging
- Deliver long term balanced returns to Shareholders and Lenders



Company Address :

PT Medco Energi Internasional Tbk.  
The Energy Building 53<sup>rd</sup> Floor  
SCBD Lot 11A  
Jl. Jend. Sudirman, Jakarta 12190  
Indonesia  
P. +62-21 2995 3000  
F. +62-21 2995 3001

Investor Relations:

Geroad Jusuf  
Head of Investor Relations  
Email. [geroad.jusuf@medcoenergi.com](mailto:geroad.jusuf@medcoenergi.com)

Andhika Suryadharma  
Investor Relations Capital Market  
Email. [andhika.suryadharma@medcoenergi.com](mailto:andhika.suryadharma@medcoenergi.com)

A. Nugraha Adi  
Investor Relations Analyst  
Email. [nugraha.adi@medcoenergi.com](mailto:nugraha.adi@medcoenergi.com)

Website : [www.medcoenergi.com](http://www.medcoenergi.com)