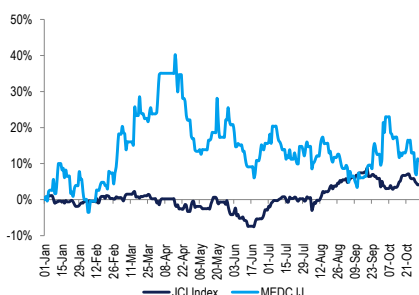


Stock Data

Target price	Rp1,700
Prior TP	Rp, 1,700
Current price	Rp1,280
Upside/downside	+33%
Shares outstanding (mn)	25,136
Market cap (Rp bn)	32,174
Free float	23%
Avg. 6m daily T/O (Rp bn)	74

Price Performance

	3M	6M	12M
Absolute	-3.0%	-5.2%	9.9%
Relative to JCI	-7.4%	-9.9%	-4.2%
52w low/high (Rp)	985 – 1,620		



Major Shareholders

Medco Daya Abadi Lestari	51.6%
Diamond Bridge Pte Ltd	21.5%

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### 3Q24 result: slightly below consensus on lower AMMN contribution

- MEDC reported 9M24 NP of US\$273mn (+13% yoy), which came slightly below ours and consensus forecasts (72% IPS/70% consensus).
- 3Q24 NP stood at US\$72mn (-44% qoq/-41% yoy) as associate income contribution from AMMN declined by -59% qoq.
- We maintain our NP forecast for now and kept our TP unchanged at Rp1,700/share with a Buy rating.

#### 3Q24 review: robust upstream dragged down by AMMN

MEDC reported 9M24 NP of US\$273mn (+13% yoy), which came slightly below ours and consensus forecast (72% IPS/70% consensus). In 3Q24, NP stood at US\$72mn (-44% qoq/-41% yoy) dragged down by AMMN, while MEDC's upstream business remain relatively resilient in spite of lower oil price environment (-6% qoq) as revenue remain flattish qoq at US\$618mn while GP margin improved by +110bps qoq to 37%, supported by lower costs from Power business. Opex trended slightly higher to US\$46mn (+4% qoq), but nevertheless, 3Q24's EBIT and EBITDA grew by +4%/+2% on qoq basis. Below operating line, associate income from AMMN contributed only US\$29mn to MEDC (-59% qoq) with no extraordinary items below the line, resulting in an NP of US\$72mn in 3Q24.

#### AMMN: flat revenue qoq but NP significantly declined in 3Q24

On 100% basis, AMMN recorded US\$946mn net revenue in 3Q24 (flat qoq), as export activity has restarted after AMMN obtained their export permit for copper concentrate in Jul24. However, despite its flattish revenue trend, AMMN's NP significantly declined by -59% qoq to only US\$140mn in 3Q24 (or US\$29mn attributable to MEDC). As AMMN FS is yet to be out, we think the decline in NP could be explained by potentially higher cash costs or one-off costs as gold price rise (+6% qoq) shall cancelled out the copper price decline (-6% qoq) in 3Q24. Overall, we expect AMMN to maximize its concentrate export until the permit expired in Dec24 while retaining some of the copper for smelter trial & ramp-up purposes in 4Q24F.

#### Maintain our Buy rating with an unchanged TP of Rp1,700/share

We maintain our FY24F/25F/26F NP forecast for now pending details from AMMN result (currently on limited review), as achieving consensus FY24F forecast would largely dependent on the associate income from AMMN. Hence, we maintain our Buy rating and kept our SOTP-based TP of Rp1,700/share unchanged. Downside risks include lower oil price environment due to soft China oil demand and outcome of US election, and higher than expected cash costs per boe. Key catalysts: M&A activities, particularly on maturing oil & gas fields that MEDC has expertise on.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	2,312	2,249	2,301	2,393	2,240
EBITDA	1,593	1,255	1,295	1,326	1,294
Net profit	531	331	381	321	324
EPS growth	1029%	-38%	15%	-16%	1%
ROE	34%	18%	18%	13%	12%
PER (x)	3.7	6.0	5.2	6.1	6.1
EV/EBITDA (x)	2.8	3.9	3.8	3.6	3.6
Dividend yield	0%	3%	3%	3%	4%
IPS vs. consensus			99%	96%	103%

Source: Company, Indo Premier

Share price closing as of: 31 October 2024

Fig. 1: 3Q24/9M24 financial summary

MEDC 9M24 results	9M24	9M23	% yoy	3Q24	3Q23	% yoy	2Q24	% qoq	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenue	1,783	1,670	7%	618	554	12%	609	1%	2,301	77%	2,214	81%
Cost of revenue	(1,103)	(937)	18%	(389)	(291)	34%	(390)	0%	(1,304)	85%	(1,139)	97%
<b>Gross profit</b>	<b>680</b>	<b>733</b>	<b>-7%</b>	<b>228</b>	<b>263</b>	<b>-13%</b>	<b>219</b>	<b>4%</b>	<b>997</b>	<b>68%</b>	<b>1,075</b>	<b>63%</b>
Gross profit margin (%)	38%	44%		37%	47%		36%		43%		49%	
Operating expenses	(142)	(160)	-11%	(46)	(42)	9%	(44)	4%	(241)	59%	(220)	65%
<b>EBIT</b>	<b>537</b>	<b>572</b>	<b>-6%</b>	<b>182</b>	<b>220</b>	<b>-17%</b>	<b>174</b>	<b>4%</b>	<b>756</b>	<b>71%</b>	<b>855</b>	<b>63%</b>
EBIT margin (%)	30%	34%		29%	40%		29%		33%		39%	
Depreciation & amortization	436	364	20%	146	85	72%	145	0%	539	81%	440	99%
<b>EBITDA</b>	<b>973</b>	<b>936</b>	<b>4%</b>	<b>328</b>	<b>305</b>	<b>7%</b>	<b>320</b>	<b>2%</b>	<b>1,295</b>	<b>75%</b>	<b>1,295</b>	<b>75%</b>
EBITDA margin (%)	55%	56%		53%	55%		53%		56%		58%	
Finance income	54	33	63%	20	12	70%	20	2%	49	109%		N/A
Finance costs	(217)	(196)	11%	(75)	(64)	17%	(70)	6%	(285)	76%		N/A
Profit from JV/Asso	113	1	8885%	24	(20)	-220%	66	-63%	222	51%		N/A
Other inc. (exp.)	20	91	-78%	4	79	-95%	11	-63%	11	183%		N/A
<b>Profit before tax</b>	<b>507</b>	<b>501</b>	<b>1%</b>	<b>156</b>	<b>227</b>	<b>-31%</b>	<b>201</b>	<b>-22%</b>	<b>753</b>	<b>67%</b>	<b>816</b>	<b>62%</b>
Income tax	(220)	(255)	-14%	(83)	(105)	-21%	(66)	26%	(332)	66%		N/A
Tax rate (%)	43%	51%		53%	46%		33%		44%			
Minorities	(10)	(15)	-36%	2	(4)	-150%	(5)	-138%	(21)	46%		N/A
Discontinued operations	(4)	11		(3)	5		(1)		(1)	444%		N/A
<b>Net profit</b>	<b>273</b>	<b>242</b>	<b>13%</b>	<b>72</b>	<b>123</b>	<b>-41%</b>	<b>128</b>	<b>-44%</b>	<b>381</b>	<b>72%</b>	<b>390</b>	<b>70%</b>
Net margin (%)	15%	15%		12%	22%		21%		17%			

Source: Bloomberg, Indo Premier

Fig. 2: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
AKRA IJ	AKR Corporindo	Buy	1,700	11.6	9.1	8.2	8.7	6.5	5.7	9.1%	7.3%	6.0%
MEDC IJ	Medco Energi Internasional	Buy	1,700	5.0	5.6	5.3	3.7	3.3	3.1	3.2%	3.3%	4.0%
PGEO IJ	Pertamina Geothermal	Hold	1,250	15.6	15.1	13.5	8.3	7.6	6.9	4.5%	4.8%	5.0%
PGAS IJ	Perusahaan Gas Negara	Hold	1,500	7.6	8.6	9.2	3.6	4.0	4.1	8.0%	9.3%	8.2%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	2,312	2,249	2,301	2,393	2,240
Cost of sales	(1,066)	(1,216)	(1,340)	(1,413)	(1,303)
<b>Gross profit</b>	<b>1,246</b>	<b>1,034</b>	<b>961</b>	<b>980</b>	<b>937</b>
SG&A Expenses	(220)	(241)	(241)	(249)	(256)
<b>Operating profit</b>	<b>1,026</b>	<b>792</b>	<b>720</b>	<b>732</b>	<b>681</b>
Net interest	(220)	(227)	(235)	(222)	(215)
Income from associates	233	39	222	96	145
Others	7	123	11	0	0
<b>Pre-tax income</b>	<b>1,046</b>	<b>728</b>	<b>717</b>	<b>605</b>	<b>611</b>
Income tax	(508)	(340)	(316)	(266)	(269)
Minority interest	13	(42)	(1)	(1)	(1)
Discontinued operations	21	15	20	17	17
<b>Net income</b>	<b>531</b>	<b>331</b>	<b>381</b>	<b>321</b>	<b>324</b>

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	600	354	285	378	572
Receivable	321	348	356	370	346
Inventory	106	127	140	147	136
Other current assets	725	718	736	736	736
<b>Total current assets</b>	<b>1,751</b>	<b>1,547</b>	<b>1,516</b>	<b>1,631</b>	<b>1,790</b>
Fixed assets	0	0	0	0	0
Other non-current assets	5,181	5,922	6,039	6,144	6,249
<b>Total non-current assets</b>	<b>5,181</b>	<b>5,922</b>	<b>6,039</b>	<b>6,144</b>	<b>6,249</b>
<b>Total assets</b>	<b>6,932</b>	<b>7,468</b>	<b>7,555</b>	<b>7,775</b>	<b>8,039</b>
ST loans	0	0	0	0	0
Payable	35	148	0	0	0
Other payables	190	288	318	335	309
Current portion of LT loans	0	0	0	0	0
Other current liabilities	1,154	986	463	463	463
<b>Total current liab.</b>	<b>1,379</b>	<b>1,422</b>	<b>781</b>	<b>798</b>	<b>772</b>
Long term loans	34	86	86	86	86
Other LT liab.	3,771	3,933	4,341	4,299	4,329
<b>Total non-current liabilities</b>	<b>3,805</b>	<b>4,019</b>	<b>4,427</b>	<b>4,385</b>	<b>4,415</b>
<b>Total liabilities</b>	<b>5,184</b>	<b>5,441</b>	<b>5,208</b>	<b>5,183</b>	<b>5,187</b>
Equity	156	159	159	159	159
Retained earnings	981	1,248	1,562	1,807	2,067
Minority interest	610	621	626	626	626
<b>Total SHE + minority int.</b>	<b>1,748</b>	<b>2,028</b>	<b>2,347</b>	<b>2,592</b>	<b>2,852</b>
<b>Total liabilities &amp; equity</b>	<b>6,932</b>	<b>7,468</b>	<b>7,555</b>	<b>7,775</b>	<b>8,039</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	969	122	448	321	324
Depr. & amortization	305	562	453	575	594
Changes in working capital	239	80	(53)	(5)	9
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>1,512</b>	<b>763</b>	<b>849</b>	<b>892</b>	<b>927</b>
Capital expenditure	(1,534)	(1,104)	(597)	(680)	(699)
Others	15	(15)	(52)	0	0
<b>Cash flow from investing</b>	<b>(1,519)</b>	<b>(1,119)</b>	<b>(650)</b>	<b>(680)</b>	<b>(699)</b>
Loans	172	169	(202)	(43)	30
Equity	14	5	0	0	0
Dividends	(60)	(64)	(66)	(76)	(64)
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>126</b>	<b>110</b>	<b>(268)</b>	<b>(119)</b>	<b>(34)</b>
<b>Changes in cash</b>	<b>119</b>	<b>(246)</b>	<b>(69)</b>	<b>93</b>	<b>194</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	54%	46%	42%	41%	42%
Operating margin	44%	35%	31%	31%	30%
Pre-tax margin	45%	32%	31%	25%	27%
Net margin	23%	15%	17%	13%	14%
ROA	8%	4%	5%	4%	4%
ROE	34%	18%	18%	13%	12%
Acct. receivables TO (days)	7.2	6.5	6.5	6.5	6.5
Inventory TO (days)	10.1	9.6	9.6	9.6	9.6
Payable TO (days)	30.5	8.2	N/A	N/A	N/A
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio (x)	4.0	2.9	2.5	2.7	0.0
Net gearing	1.6	0.0	0.0	0.0	0.0

Source: Company, Indo Premier