

Medco Energi Internasional

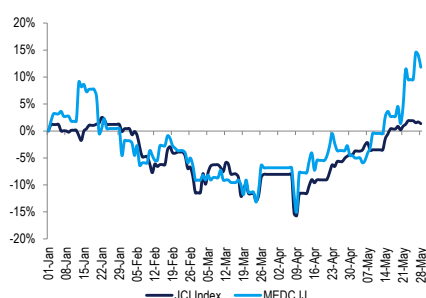
HOLD (*unchanged*)

Company update | MEDC IJ | 1 June 2025
Stock Data

Target price	Rp1,200
Prior TP	Rp1,200
Current price	Rp1,230
Upside/downside	-2%
Shares outstanding (mn)	25,136
Market cap (Rp bn)	30,918
Free float	21%
Avg. 6m daily T/O (Rp bn)	43

Price Performance

	3M	6M	12M
Absolute	18.8%	9.3%	-12.8%
Relative to JCI	9.9%	10.3%	-11.7%
52w low/high (Rp)	935 – 1,450		


Major Shareholders

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

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1Q25 result: miss on AMMN associate income loss; EBITDA came in-line

- MEDC reported US\$18mn NP in 1Q25 (-81% qoq/-76% yoy), below consensus estimates and ours (5%/9% consensus/IPS).
- EBITDA of US\$332mn was broadly in-line with ours/consensus estimates (28% of cons/ours) but NP was below mainly due to loss from AMMN.
- We maintain our FY25/26/27F NP forecasts for now as we await more operational data details. Maintain Hold rating with Rp1,200/share.

1Q25 review: below on slightly lower crude price & associate loss

MEDC reported US\$18mn NP in 1Q25 (-81% qoq/-76% yoy), below ours/consensus estimates at 9%/5% mainly due to loss from AMMN as there were no copper concentrates export made in 1Q25. MEDC recorded an EBITDA of US\$332mn as operating expenses improved on yoy/qoq basis by -8%/-36%, despite soft crude oil price environment in 1Q25. Consensus may have to downgrade MEDC's earnings further as it has yet to take into account AMMN's new guidance & zero export during 1Q25, in addition to lower Brent oil price YTD (-14%).

Operational: ASP flattish on soft price environment, O&G vol. declined

Oil & gas production was below management guidance of 145-150mboepd at 143mboepd on maintenance from Senoro field which are expected to continue until 2Q25F before stabilizing. As a result, both oil lifting and gas sales were down on yoy/qoq basis at -6%/-1% and -8%/-5%, respectively (Fig. 2) while lifting from Oman services remain flattish at 8.8mbopd in 1Q25. ASP was also flattish at US\$72.2/bbl (flat qoq) as crude oil price traded at around US\$74-75/bbl on average in 1Q25.

Amman Mineral (AMMN): no concentrate exports in 1Q25

AMMN reported US\$139mn net loss in 1Q25, a wider loss on qoq basis as it also reported US\$80mn net loss in 4Q24. As copper cathode has only started production in Mar25 and is still currently in ramp-up process, AMMN only recorded US\$2mn revenue (-99% qoq) as Amman didn't obtain any export quota for its copper concentrates. Cathode production and sales shall improve in 2Q25F onwards following the smelter ramp-up. This led to MEDC recording US\$20mn associate income loss in 1Q25.

Maintain our Hold rating with an unchanged TP of Rp1,200/share

We maintain our Hold rating and kept our FY25/26/27F NP forecast unchanged as we await more details from management. Our TP of Rp1,200/share is also unchanged. We maintain our Hold rating as we think there are limited re-rating catalysts from crude oil price, with potential earnings downgrade from AMMN. Upside risk to our call is M&A, while downside risk include lower crude oil price.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	2,249	2,399	2,196	2,021	2,072
EBITDA	1,255	1,272	1,177	1,132	1,175
Net profit	331	367	193	316	361
EPS growth	-38%	11%	-47%	63%	14%
ROE	18%	17%	9%	13%	13%
PER (x)	5.1	4.6	8.7	5.3	4.7
EV/EBITDA (x)	3.7	3.4	3.6	3.5	3.1
Dividend yield	4%	4%	4%	4%	0%
IPS vs. consensus			60%	96%	107%

Source: Company, Indo Premier

Share price closing as of: 24 April 2025

Fig. 1: 1Q25 financial summary

MEDCO 1Q25 results	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenue	560	556	1%	616	-9%	2,196	26%	2,118	26%
Cost of revenue	(331)	(324)	2%	(362)	-9%	(1,342)	25%	(1,153)	29%
Gross profit	229	233	-1%	254	-10%	854	27%	965	24%
Gross profit margin (%)	41%	42%		41%		39%		46%	
Operating expenses	(48)	(52)	-8%	(74)	-36%	(217)	22%	(235)	20%
EBIT	182	181	1%	179	1%	637	28%	730	25%
EBIT margin (%)	32%	32%		29%		29%		34%	
Depreciation & amortization	151	145	4%	111	34%	540	28%	446	34%
EBITDA	332	326	2%	291	14%	1,177	28%	1,176	28%
EBITDA margin (%)	59%	59%		47%		54%		56%	
Finance income	11	14	-24%	32	-67%	88	12%		N/A
Finance costs	(79)	(72)	9%	(90)	-12%	(304)	26%		N/A
Profit from JV/Asso	(20)	23	-187%	0	-8760%	(73)	27%		N/A
Other inc. (exp.)	(1)	5	-127%	43	-103%	0	N/A		N/A
Profit before tax	92	150	-39%	164	-44%	348	26%	677	14%
Income tax	(72)	(71)	1%	(70)	3%	(150)	48%		N/A
Tax rate (%)	78%	47%		42%		43%			
Minorities	(3)	(6)	-53%	(3)	-11%	(4)	77%		N/A
Discontinued operations	0	(0)		3		(1)	-45%		N/A
Net profit	18	73	-76%	94	-81%	193	9%	336	5%
Net margin (%)	3%	13%		15%		9%			
Core profit	18	70	-74%	70	-74%	193	9%	336	5%

Source: Bloomberg, Indo Premier

Fig. 2: 1Q25 operational summary

Summary	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS
Production							
Oil (mboepd)	39.0	44.0	-11%	41.9	-7%		
Gas (mboepd)	104.0	113.0	-8%	113.0	-8%		
Sales							
Oil lifting, mbopd	40.5	43.1	-6%	41.0	-1%	41.0	99%
Gas sales, bbtupd	531.8	577.6	-8%	559.6	-5%	560.0	95%
Oman Service, mbopd	8.8	8.9	-1%	8.9	-1%	8.8	100%
ASP							
Oil, US\$/bbl	72.2	79.0	-9%	72.0	0%	69.4	104%
Gas, US\$/mmbtu	7.1	7.0	1%	7.1	0%	6.8	104%

Source: Bloomberg, Indo Premier

Fig. 3: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				25F	26F	27F	25F	26F	27F	25F	26F	27F
AKRA IJ	AKR Corporindo	Buy	1,480	9.6	8.1	7.6	7.0	5.2	4.5	8.7%	6.8%	0.0%
MEDC IJ	Medco Energi Internasional	Hold	1,200	8.7	5.3	4.7	3.6	3.5	3.1	3.6%	3.7%	2.0%
PGEO IJ	Pertamina Geothermal	Hold	850	14.5	12.7	11.7	7.9	7.1	6.4	5.4%	5.2%	0.0%
PGAS IJ	Perusahaan Gas Negara	Hold	1,500	7.5	9.6	N/A	3.5	4.2	N/A	8.9%	9.3%	N/A

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	2,249	2,399	2,196	2,021	2,072
Cost of sales	(1,216)	(1,466)	(1,342)	(1,206)	(1,207)
Gross profit	1,034	933	854	815	865
SG&A Expenses	(241)	(217)	(217)	(223)	(230)
Operating profit	792	717	637	592	635
Net interest	(227)	(221)	(215)	(164)	(134)
Income from associates	39	113	(73)	140	147
Others	123	63	0	0	0
Pre-tax income	728	671	348	568	649
Income tax	(340)	(289)	(150)	(245)	(280)
Minority interest	(42)	(2)	(1)	(1)	(1)
Discontinued operations	15	13	4	6	7
Net income	331	367	193	316	361

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	354	637	626	941	1,230
Receivable	348	361	331	304	312
Inventory	127	156	143	128	129
Other current assets	718	663	663	663	663
Total current assets	1,547	1,817	1,763	2,037	2,333
Fixed assets	65	109	161	212	263
Other non-current assets	5,857	6,001	5,680	5,630	5,580
Total non-current assets	5,922	6,110	5,841	5,842	5,844
Total assets	7,468	7,927	7,604	7,879	8,177

ST loans	148	55	0	0	0
Payable	288	344	315	283	283
Other payables	202	238	240	240	240
Current portion of LT loans	0	0	0	0	0
Other current liabilities	784	869	228	228	228
Total current liab.	1,422	1,505	783	751	751
Long term loans	2,900	2,871	3,195	3,225	3,225
Other LT liab.	1,119	1,199	1,155	1,155	1,155
Total non-current liabilities	4,019	4,070	4,350	4,380	4,380
Total liabilities	5,441	5,576	5,133	5,131	5,131

Equity	121	121	121	121	121
Retained earnings	1,248	1,545	1,665	1,942	2,240
Minority interest	659	685	685	685	685
Total SHE + minority int.	2,028	2,351	2,471	2,748	3,046
Total liabilities & equity	7,468	7,927	7,604	7,879	8,177

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	122	322	186	316	361
Depr. & amortization	562	453	548	540	540
Changes in working capital	80	80	(36)	9	(8)
Others	0	0	0	0	0
Cash flow from operating	763	855	697	865	893
Capital expenditure	(1,104)	(478)	(279)	(541)	(541)
Others	(15)	(128)	0	0	0
Cash flow from investing	(1,119)	(606)	(279)	(541)	(541)
Loans	169	111	(356)	30	0
Equity	5	(7)	0	0	0
Dividends	(64)	(70)	(73)	(39)	(63)
Others	0	0	0	0	0
Cash flow from financing	110	34	(429)	(9)	(63)
Changes in cash	(246)	283	(11)	315	289

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	46%	39%	39%	40%	42%
Operating margin	35%	30%	29%	29%	31%
Pre-tax margin	32%	28%	16%	28%	31%
Net margin	15%	15%	9%	16%	17%
ROA	4%	5%	3%	4%	4%
ROE	18%	17%	9%	13%	13%
Acct. receivables TO (days)	6.5	6.6	6.6	6.6	6.6
Inventory TO (days)	9.6	9.4	9.4	9.4	9.4
Payable TO (days)	4.2	4.3	4.3	4.3	4.3
Debt to equity	2.0	1.8	1.6	1.4	1.3
Interest coverage ratio (x)	2.9	2.3	2.1	2.0	2.2
Net gearing	1.6	1.6	1.3	1.1	0.9

Source: Company, Indo Premier