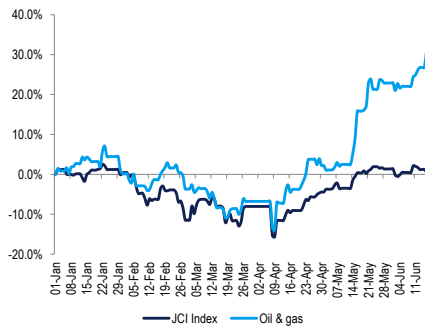


Sector update | 16 June 2025

## Sector Index Performance

	3M	6M	12M
Absolute	43.2%	26.4%	18.2%
Relative to JCI	33.9%	29.3%	12.5%



## Summary Valuation Metrics

P/E (x)	2025F	2026F	2027F
AKRA IJ	10.4	9.1	8.6
MEDC IJ	11.6	7.1	6.2
PGEO IJ	26.2	23.0	21.1
PGAS IJ	7.4	9.4	N/A

EV/EBITDA (x)	2025F	2026F	2027F
AKRA IJ	7.0	5.5	4.9
MEDC IJ	4.1	4.0	3.6
PGEO IJ	13.7	12.3	11.3
PGAS IJ	3.5	4.1	N/A

Div. Yield	2025F	2026F	2027F
AKRA IJ	7.7%	6.1%	0.0%
MEDC IJ	3.1%	3.3%	0.0%
PGEO IJ	3.0%	2.9%	0.0%
PGAS IJ	9.0%	9.5%	N/A

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## Escalating geopolitical tension a +ve tailwind; but price likely to stabilize

- Crude oil spiked to US\$75/bbl (+12% wow) on intensifying geopolitical tensions between Israel and Iran (c.2% global seaborne supply).
- Further escalation —particularly attacks targeting Iran's oil refineries or a full-fledged war—would be a positive tailwind for prices
- However, fundamentals remain unchanged, as any potential loss from Iran could be offset by Saudi and OPEC+; we expect oil price to stabilize.

## Overview of current geopolitical tension between Israel and Iran

Crude oil price rose by +12% on weekly basis, mainly driven by escalating geopolitical tensions between Israel and Iran. Net long positions in Brent oil increased as a result of such tension (Fig. 4), as speculators anticipated supply losses from Iran's crude production, which recently reached a multi-year high of ~3.2mn bblpd—the highest since 2020. Meanwhile, Iran crude oil exports stood at ~1.7mn bblpd as of May25, accounting c.2% of global seaborne crude oil supply. Oil E&P equity prices also rose accordingly (Fig. 3), with MEDC's share price increasing by +16% domestically.

## Supply-chain disruption at the Strait of Hormuz is a positive tailwind for oil prices

We think any supply chain disruption in the Strait of Hormuz would act as positive tailwind for crude oil price. Such disruption would only occur under limited scenarios, including the willingness or capability of the Iranian government to shut down the strait. Aside from that, further attacks on Iran's oil infrastructure or tankers near Kharg Island could also cause disruption. However, all of these scenarios remain highly unpredictable, and historical precedent suggests geopolitical tensions rarely escalate into full-scale wars.

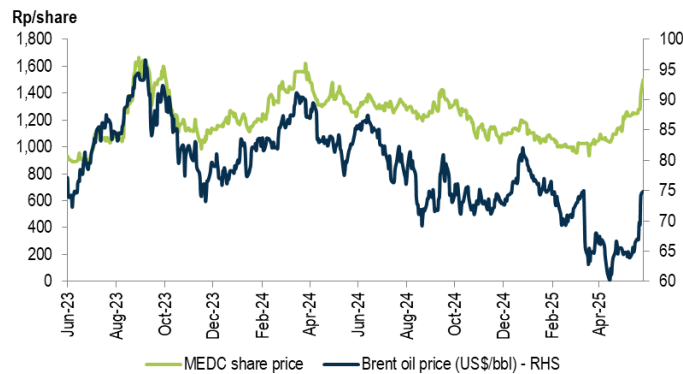
## Potential supply loss from Iran could be offset from OPEC+ and US Shale

Nevertheless, we expect crude oil price to stabilize and maintain our FY25F oil price forecast at an average of US\$60-70/bbl. We believe the potential supply loss from Iran – up to 1.7mn bblpd of seaborne exports or 500k bblpd in downstream products (i.e. fuel oil & naphtha) –could be offset by: 1) elevated global oil inventory, particularly in China, 2) OPEC+, which may raise its production ceiling by another 800k bblpd from its remaining voluntary cuts (1.4mn bblpd ceiling has been raised YTD), and 3) increased US shale oil production, as a result of a more favorable oil price environment compared to WTI price level in the past few months, at below US\$70/bbl.

## Expect oil prices to stabilize unless the situation worsen; Maintain Neutral

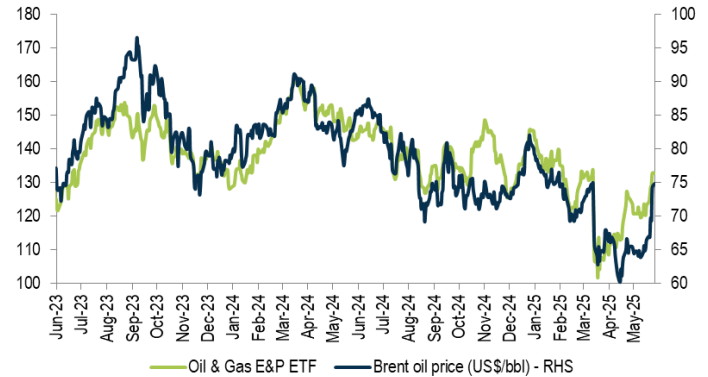
As underlying fundamentals and the supply-demand balance would remain unchanged, we think recent price spike (+12% wow) is unjustified. Thus, we maintain our Neutral stance on the sector as well as our Hold rating on MEDC. We recommend investors to take profit on MEDC following recent oil price rally, and prefer Metals & Mining over Oil & Gas sector, with MDKA as our top pick ([report](#)). Upside risks include further escalation of Israel and Iran geopolitical tensions, and faster-than-expected demand recovery. Meanwhile, downside risks include weaker-than-expected demand and further increase in OPEC+ production ceiling.

**Fig. 1: Brent oil price vs MEDC share price**



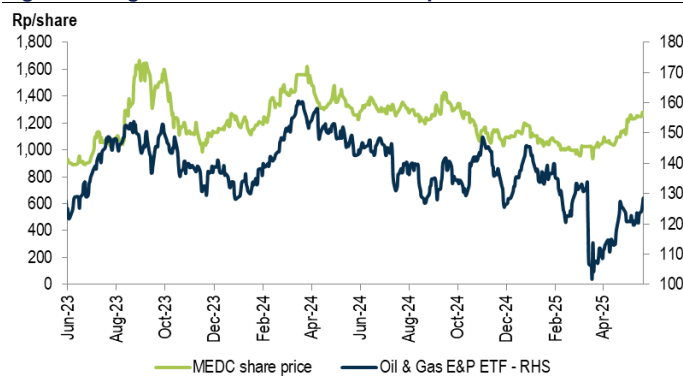
Source: Bloomberg, Indo Premier

**Fig. 2: Brent oil price vs. Oil & Gas ETF**



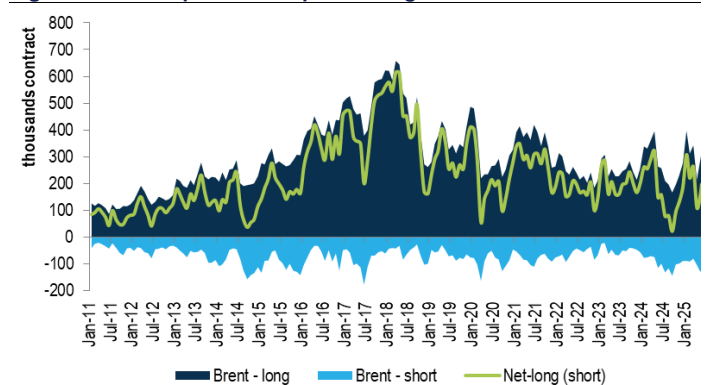
Source: Bloomberg, Indo Premier

**Fig. 3: Oil & gas E&P ETF vs MEDC share price**



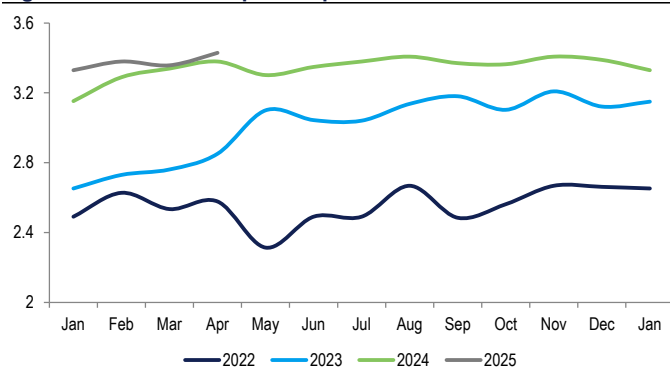
Source: Bloomberg, Indo Premier

**Fig. 4: Brent oil speculators' positioning**



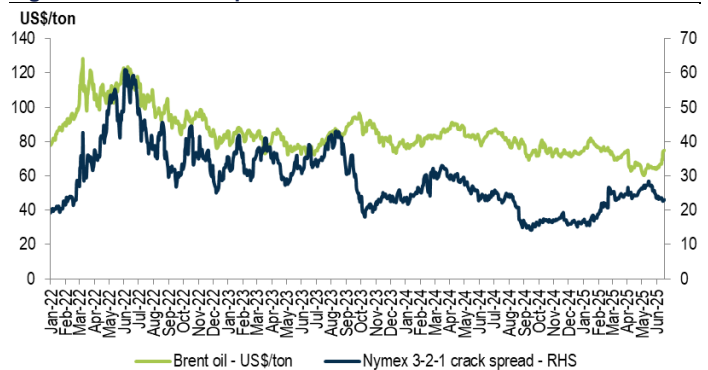
Source: Bloomberg, Indo Premier

**Fig. 5: Iranian crude oil price export**



Source: Bloomberg, Indo Premier

**Fig. 6: Brent & crack spread**



Source: Bloomberg, Indo Premier

**Fig. 7: Oil & Gas stocks under our coverage & recommendation**

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	10.4	9.1	8.6	7.0	5.5	4.9	7.7%	6.1%	0.0%
MEDC IJ	Medco Energi Internasional	Hold	1,200	11.6	7.1	6.2	4.1	4.0	3.6	3.1%	3.3%	0.0%
PGEO IJ	Pertamina Geothermal	Hold	850	26.2	23.0	21.1	13.7	12.3	11.3	3.0%	2.9%	0.0%
PGAS IJ	Perusahaan Gas Negara	Hold	1,500	7.4	9.4	N/A	3.5	4.1	N/A	9.0%	9.5%	N/A

Source: Bloomberg, Company data, Indo Premier

## SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

## COMPANY RATINGS

- BUY : Expected total return of 10% or more within a 12-month period
- HOLD : Expected total return between -10% and 10% within a 12-month period
- SELL : Expected total return of -10% or worse within a 12-month period

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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