

Medco Energi Internasional

HOLD (unchanged)

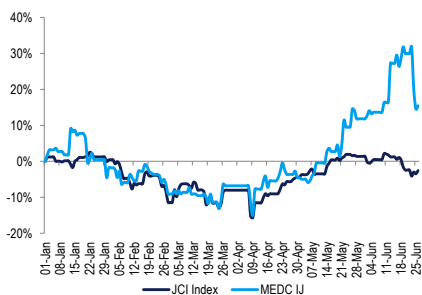
Company update | MEDC IJ | 26 June 2025

Stock Data

Target price	Rp1,200
Prior TP	Rp, 1,200
Current price	Rp1,270
Upside/downside	-6%
Shares outstanding (mn)	25,136
Market cap (Rp bn)	31,923
Free float	21%
Avg. 6m daily T/O (Rp bn)	80

Price Performance

	3M	6M	12M
Absolute	23.3%	16.5%	-3.8%
Relative to JCI	16.7%	18.9%	-3.7%
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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Repsol stake acquisition is expected to complete in 3Q25F & value accretive

- MEDC has announced the acquisition of an additional 24% working interest in Corridor block, previously owned by Repsol E&P.
- The acquisition is valued at US\$425mn (subject to customary adjustments) and is expected to be completed by 3Q25F.
- With such acquisition, MEDC is set to own 70% participating interest in Corridor and we think such acquisition is value-accretive.

Overview on 24% additional working interest acquisition in Corridor

Medco Energi has announced that it is set to acquire additional 24% working interest in Corridor Block PSC (production sharing contract), which would raise MEDC's working interest to 70% in the Corridor Block – previously 46% (Fig. 1). The acquisition is set to be completed by 3Q25F with an acquisition value of US\$425mn. As of 1Q25, Corridor Block PSC is producing around c.115mboepd or equivalent to 617 mmscfd of natural gas and 4.1mbopd of crude oil. We think Repsol's divestment is somewhat expected given continuous divestment in Indonesian O&G assets in the past – including exploration in Andaman & Ogan Komering PSC, and renewed focus on renewables portfolio.

Is this a value-accretive acquisition?

Assuming the acquisition value of US\$425mn for 24% working interest, on 100% basis, Corridor Block PSC is valued at slightly less than US\$1.8bn. If we assume Corridor PSC's net 2P reserve of around 111mmboe for the existing 46% stake, the acquisition is valued at around US\$7.2/boe as per our estimates, which was lower in comparison to initial Corridor block acquisition at US\$10.9/boe and Oman's US\$13.4/boe. On DCF basis, we think NPV is positive which exceed the costs of acquisition even under conservative assumption of mid-cycle price of US\$65/bbl. Thus, we can conclude that the acquisition is value-accretive as per our estimates, albeit several details from the company are still pending.

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

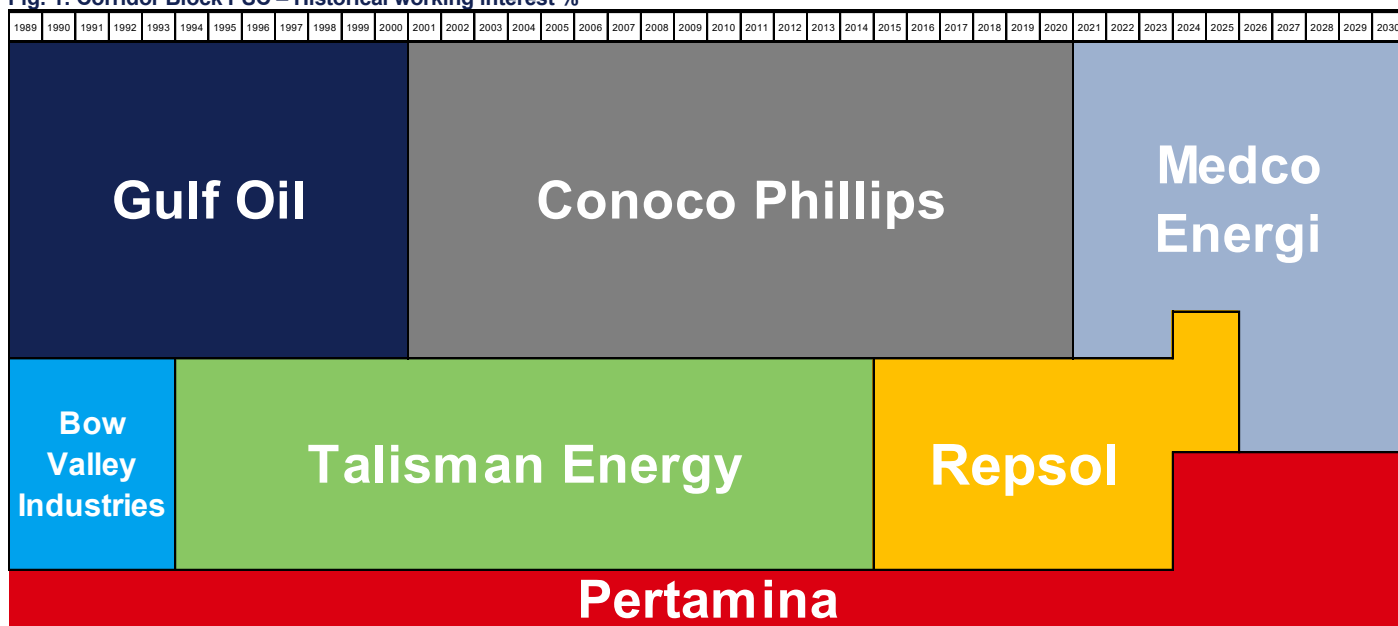
We estimate an incremental EBITDA addition of around US\$150-200mn in FY26F, assuming a mid-cycle price of US\$65/bbl. However, we maintain our NP estimates and TP for now, as further details are yet to be disclosed (3Q25F target). We think geopolitical risks premium on oil has evaporated post the Iran-Israel ceasefire and thus we maintain our FY25F crude oil price range of US\$60-70/bbl. Additionally, several U.S shale oil producers have managed to hedged around 25-40% of their production this year during the oil price rally, based on our channel check. As such, oil S-D is now skewed to surplus at least until 4Q25F, in our view; underpinning our Hold rating.

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: Corridor Block PSC – Historical working interest %



Source: Bloomberg, Indo Premier

Fig. 2: Previous Medco's acquisition

	South Natuna Sea Block B PSC	Ophir Energy Plc	Corridor PSC	Oman 60 & 48 EPSA
Investment	US\$225mn	US\$544mn	US\$1,355mn	US\$713mn
Financing	83% debt - 17% cash	65% debt - 35% cash	60% debt - 40% cash	70% debt - 30% cash
Repayment	18 months	18 months	24 months	24-36 months
Credit impact	1. EBITDA +US\$240mn 2. Net income +US\$78mn 3. Net debt/EBITDA ~1x 4. 2P cost US\$6.6/boe	1. EBITDA +US\$250mn 2. Net income +US\$10mn 3. Net debt/EBITDA ~2x 4. 2P cost US\$8.6/boe	1. EBITDA +US\$700mn 2. Net income +US\$270mn 3. Net debt/EBITDA ~1x 4. 2P cost US\$10.9/boe	1. EBITDA +US\$160mn 2. Net income US\$20mn 3. Net debt/EBITDA ~3x 4. 2P cost US\$13.4/boe

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	8.5	8.0	6.5	5.1	4.5	8.3%	6.5%	0.0%
MEDC IJ	Medco Energi Internasional	Hold	1,200	10.3	6.3	5.5	3.9	3.8	3.4	3.5%	3.7%	0.0%
PGEO IJ	Pertamina Geothermal	Hold	850	22.2	19.5	17.8	11.7	10.5	9.6	3.5%	3.4%	0.0%
PGAS IJ	Perusahaan Gas Negara	Hold	1,500	6.8	8.7	N/A	3.2	3.8	N/A	9.8%	10.3%	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