

Medco Energi Internasional

BUY (upgrade)

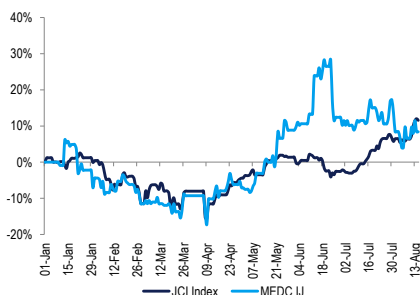
Company update | MEDC IJ | 26 August 2025

Stock Data

Target price	Rp1,600
Prior TP	Rp1,200
Current price	Rp1,225
Upside/downside	+31%
Shares outstanding (mn)	25,136
Market cap (Rp bn)	30,792
Free float	21%
Avg. 6m daily T/O (Rp bn)	77

Price Performance

	3M	6M	12M
Absolute	-2.8%	16.1%	-5.8%
Relative to JCI	-12.8%	-1.0%	-9.7%
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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EBITDA is set to improve on Corridor M&A, positive on oil price; U/G to Buy

- We expect Corridor's addl. 24% participating interest from Repsol to add US\$190mn EBITDA per annum starting Aug25 onwards.
- Additionally, we see positive backdrop on crude oil price as all negatives have been priced-in – i.e. OPEC+ raising 2.2mn bblpd production ceiling.
- We raised our FY25F/26F/27F EBITDA forecast by +10%/+21%/+16%, respectively, raised our TP to Rp1,600/share, and upgrade rating to Buy.

EBITDA and NP bottoming in 2Q25 on Corridor's block addl. interest

We expect MEDC's EBITDA and NP to hit the trough in 2Q25 on Corridor's block 24% addl. participating interest acquisition from Repsol ([report](#)), which will be effective starting Aug25 onwards. Note that Corridor's block is set to improve MEDC's EBITDA by US\$190mn per annum (using a mid-cycle oil price of US\$65/bbl). Thus, starting 2H25F, we estimate oil & gas production to increase by +17% yoy to 167mbopd vs. 1H25 (143 mbopd) driven by Corridor along with West Forel & Terubuk fields in Natuna. Additionally, we also expect associate income to improve following completion of Amman's precious metal refinery (PMR) plant in Jul25 and continuous NP delivery from PT TGI (Transgasindo). Overall, we expect +8% EBITDA growth in 2H25F vs. 1H25, taking into account lower oil price in 3Q25F-to-date in comparison to slightly higher oil price base in 1H25.

Positive backdrop on crude oil price; limited downside

We think crude oil price already has limited downside with concern on overall oil demand and supply – i.e. OPEC+ having already completed all of its production cuts and raised 2.2mn bblpd production ceiling in addition to production growth from Brazil (+230k bblpd YTD). In contrary to market's view that oil demand is weak, U.S implied demand for both crude oil and other petroleum products (i.e. gasoline, jet-fuel, etc) have actually been higher vs. 5-year average (Fig. 3 & 4). We also see U.S shale-oil production to decline by FY26F on Permian basin maturity. However, we think OPEC+ crude exports increase in upcoming months would be the only downside risks left, in our view.

Upgrade to Buy (from Hold) with TP of Rp1,600/share

We upgrade our FY25F/26F/27F EBITDA forecast by +10%/+21%/+16%, respectively, as we lower our oil price assumptions in FY25F to US\$68/bbl on average, vs. US\$72/bbl previously, albeit this was eventually offset by additional participating interest of 24% in Corridor block (MEDC to own 70% interests in Corridor). We also raised our SOTP-based target price on the back of higher O&G EBITDA to Rp1,600/share (from Rp1,200/share previously), by assigning 3x EV/EBITDA multiples (on par with regional peers) to MEDC's core O&G business. Downside risks include unplanned shutdown in MEDC's O&G fields, higher than expected supply.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	2,249	2,399	2,349	2,479	2,479
EBITDA	1,255	1,272	1,290	1,369	1,363
Net profit	331	367	121	340	362
EPS growth	-38%	11%	-67%	180%	6%
ROE	18%	17%	6%	14%	13%
PER (x)	5.9	5.3	16.1	5.7	5.4
EV/EBITDA (x)	3.9	3.6	3.9	3.4	3.2
Dividend yield	3%	3%	4%	4%	0%
IPS vs. consensus			76%	126%	120%

Source: Company, Indo Premier

Share price closing as of: 26 August 2025

Changes to our key assumptions and forecast

We raised our FY25F/26F/27F EBITDA forecast by +10%/+21%/+16%, respectively, mainly driven by additional volume coming from Corridor block, albeit we conservatively put US\$8.5/boe cash costs in our forecast period, which was in-line with company guidance of <US\$10/boe. Note that Corridor block would be officially under MEDC's balance-sheet by July 28th, 2025, and hence on quarterly basis, there will be partial positive impact in 3Q25F, with full impact to be realized by 4Q25F. Company mentioned that by 4Q25F, production could reach 180mboepd (vs. 143mboepd in 1H25).

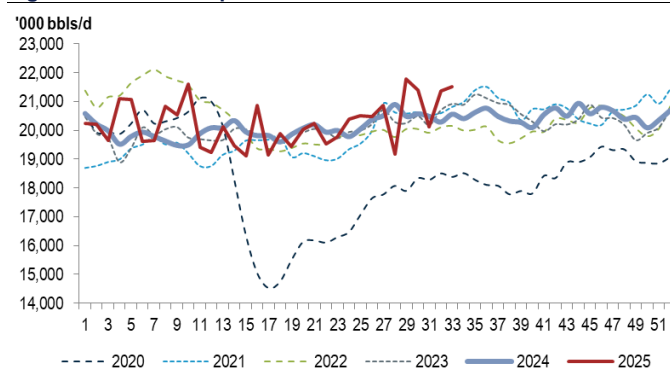
Below operating line, we expect an increase in interest costs, as a result of higher interest-bearing debt due to additional loans for Corridor acquisition, while for AMMN, we expect narrower net loss in FY25F, taking into account 1H25 achievement in addition to the completion of precious metal refinery (PMR) plant by Jul25, which is set to contribute gold sales volume in 2H25F (1H25: 0 gold sales).

Fig. 1: Old vs new forecast

MEDC		New forecast			Forecast change			Consensus			Indo Premier vs Consensus		
US\$ mn	2024A	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenues	2,399	2,349	2,479	2,479	7%	23%	20%	2,244	2,336	2,341	105%	106%	106%
Gross profit	933	929	963	962	9%	18%	11%	888	993	990	105%	97%	97%
Operating profit	717	725	753	746	14%	27%	17%	655	733	728	111%	103%	103%
EBITDA	1,272	1,290	1,369	1,363	10%	21%	16%	1,148	1,285	1,296	112%	107%	105%
NPAT	367	121	340	362	-37%	8%	0%	159	270	301	76%	126%	120%
%y-y													
Revenues		-2%	6%	0%				-6%	4%	0%			
Gross profit		0%	4%	0%				-5%	12%	0%			
Operating profit		1%	4%	-1%				-9%	12%	-1%			
EBITDA		1%	6%	0%				-10%	12%	1%			
NPAT		-67%	180%	6%				-57%	70%	11%			
Gross margin	38.9%	39.6%	38.8%	38.8%				39.6%	42.5%	42.3%	0.0%	-3.7%	-3.5%
Operating margin	29.9%	30.9%	30.4%	30.1%				29.2%	31.4%	31.1%	1.7%	-1.0%	-1.0%
EBITDA margin	53.0%	54.9%	55.2%	55.0%				51.2%	55.0%	55.4%	3.8%	0.2%	-0.4%
NPAT margin	15.3%	5.2%	13.7%	14.6%				7.1%	11.6%	12.8%	-1.9%	2.1%	1.8%

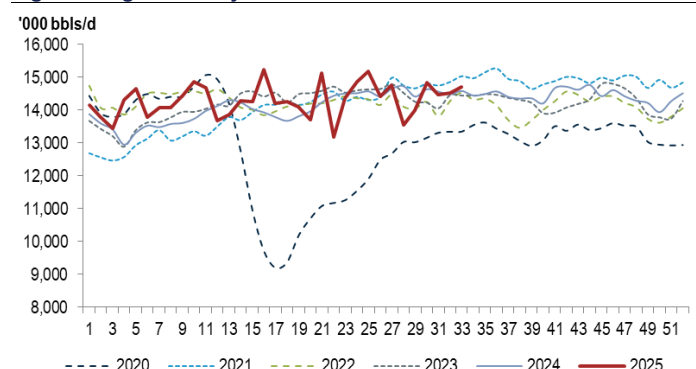
Source: Company data, Indo Premier

Fig. 2: U.S 4-week implied oil demand



Source: EIA, Indo Premier

Fig. 3: U.S gasoline + jet-fuel + distillates demand



Source: EIA, Indo Premier

Fig. 4: MEDC’s sum-of-the-parts (SOTP) valuation

Valuation	Basis	Multiples (x)	Base value (US\$ mn)	Value (US\$ mn)
Oil & Gas (E&P upstream)	FY 26F EV/EBITDA	3.0	1,374	4,121
Power	FY 26F PBV	1.0	504	504
Amman Mineral (AMMN), 21% stake	12-month forward P/E	12.0	267	671
Total				5,296
Enterprise value (US\$ mn)	4,121			
(-) Debt	(3,374)			
(+) Cash	603			
(+) Power + AMMN	1,175			
Equity value (US\$ mn)	2,525			
bn shares	25.1			
Equity value (Rp/share)	1,600			

Source: Company data, Indo Premier

Fig. 5: 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	9.9	8.7	8.3	6.7	5.3	4.7	8.0%	6.3%	7.1%
MEDC IJ	Medco Energi Internasional	Buy	1,600	15.9	5.7	5.3	3.9	3.4	3.2	3.6%	3.8%	1.3%
PGEO IJ	Pertamina Geothermal	Hold	850	26.4	22.2	20.0	12.2	11.1	10.2	3.0%	2.8%	3.4%
PGAS IJ	Perusahaan Gas Negara	Hold	1,500	8.5	7.5	7.5	3.6	3.0	2.8	10.2%	9.4%	10.7%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	2,249	2,399	2,349	2,479	2,479
Cost of sales	(1,216)	(1,466)	(1,420)	(1,516)	(1,517)
Gross profit	1,034	933	929	963	962
SG&A Expenses	(241)	(217)	(204)	(210)	(216)
Operating profit	792	717	725	753	746
Net interest	(227)	(221)	(279)	(266)	(249)
Income from associates	39	113	13	146	176
Others	123	63	3	0	0
Pre-tax income	728	671	462	632	673
Income tax	(340)	(289)	(337)	(285)	(303)
Minority interest	(42)	(2)	(1)	(1)	(1)
Discontinued operations	15	13	2	7	7
Net income	331	367	121	340	362

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	354	637	266	603	896
Receivable	348	361	354	373	373
Inventory	127	156	151	161	162
Other current assets	718	663	663	663	663
Total current assets	1,547	1,817	1,433	1,800	2,093
Fixed assets	65	109	161	212	263
Other non-current assets	5,857	6,001	6,105	6,055	6,005
Total non-current assets	5,922	6,110	6,266	6,267	6,269
Total assets	7,468	7,927	7,699	8,067	8,362
ST loans	148	55	0	0	0
Payable	288	344	333	355	356
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	801	824	824
Long term loans	2,900	2,871	3,344	3,374	3,374
Other LT liab.	1,119	1,199	1,155	1,155	1,155
Total non-current liabilities	4,019	4,070	4,499	4,529	4,529
Total liabilities	5,441	5,576	5,300	5,353	5,353
Equity	121	121	121	121	121
Retained earnings	1,248	1,545	1,593	1,908	2,203
Minority interest	659	685	685	685	685
Total SHE + minority int.	2,028	2,351	2,399	2,715	3,009
Total liabilities & equity	7,468	7,927	7,699	8,067	8,362

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net income	122	322	114	340	362
Depr. & amortization	562	453	548	565	616
Changes in working capital	80	80	(49)	(7)	0
Others	0	0	0	0	0
Cash flow from operating	763	855	612	898	979
Capital expenditure	(1,104)	(478)	(704)	(566)	(618)
Others	(15)	(128)	0	0	0
Cash flow from investing	(1,119)	(606)	(704)	(566)	(618)
Loans	169	111	(206)	30	0
Equity	5	(7)	0	0	0
Dividends	(64)	(70)	(73)	(24)	(68)
Others	0	0	0	0	0
Cash flow from financing	110	34	(280)	6	(68)
Changes in cash	(246)	283	(371)	337	293

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	46%	39%	40%	39%	39%
Operating margin	35%	30%	31%	30%	30%
Pre-tax margin	32%	28%	20%	26%	27%
Net margin	15%	15%	5%	14%	15%
ROA	4%	5%	2%	4%	4%
ROE	18%	17%	6%	14%	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	1.5	1.4
Interest coverage ratio (x)	2.9	2.3	2.2	2.3	2.4
Net gearing	1.6	1.6	1.3	1.4	1.1

Source: Company, Indo Premier