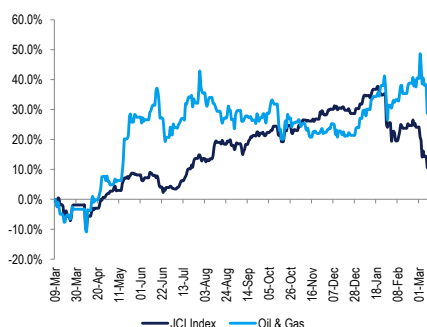


Sector update | 9 March 2026

Sector Index Performance

	3M	6M	12M
Absolute	2.8%	-0.7%	28.7%
Relative to JCI	17.8%	6.0%	18.2%



Summary Valuation Metrics

P/E (x)	2025F	2026F	2027F
AKRA IJ	10.2	9.0	8.5
MEDC IJ	18.4	6.3	6.0
PGEO IJ	16.6	13.9	12.6
PGAS IJ	10.2	9.0	9.1

EV/EBITDA (x)	2025F	2026F	2027F
AKRA IJ	6.9	5.5	4.8
MEDC IJ	4.3	3.8	3.5
PGEO IJ	7.9	7.2	6.5
PGAS IJ	4.4	3.8	3.6

Div. Yield	2025F	2026F	2027F
AKRA IJ	7.8%	6.2%	6.9%
MEDC IJ	2.6%	2.8%	1.1%
PGEO IJ	4.8%	4.5%	5.4%
PGAS IJ	8.5%	7.8%	8.9%

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Unprecedented scenario unfolded; reiterating our Overweight stance

- We are entering an unprecedented oil supply disruption with very limited number of tankers passing through Hormuz in the past week.
- Impact on oil price likely to be felt at least for the next 1-2 months due to production lead-time in GCC and limited impact from SPR release.
- On the positive side, there might be some geopolitical tension uplift as >US\$100/bbl pricing likely to raise chances of ending the war quickly.

US-Iran conflict: unprecedented escalation hitting oil infrastructure

What truly surprises us and potentially the market is the unprecedented escalation, which involved hitting Iranian oil infrastructure during the weekend – Shahrhan Oil Depot. In retaliation, Iran has hit Bahrain's desalination plant, a key infrastructure to its economy, along with few attacks on other Gulf countries. While such movement has yet to completely weaken Iran's ability to export oil (i.e. Shahrhan Depot is mainly used for domestic use; and storage for refined products, not crude), this has led to panic-buying with global oil-on-water likely to decline continuously (Fig. 3), leading crude prices to trade at US\$106-117/bbl as of today. At this rate, our-base case scenario is elevated oil price with potential price upside, exceeding an all-time-high level of >US\$150/bbl until either conflict resolution occurs and/or demand destruction as consumers aren't able to absorb prices.

Decoupling correlation between energy-equities & underlying price

Not only in Indonesia, but we have also seen that global oil and gas exploration and production (E&P) share prices have yet to fully reflect the rise in crude oil prices - i.e. Brent oil performing +51% post-war while oil ETF only up by +11%. We think the primary reason would be the duration as several O&G would only benefit if oil price to remain elevated after certain period of time. Among our coverage, we continue to like **MEDC** (Buy; TP Rp2k/share), **ESSA** (Buy; TP Rp1.2k/share) as Ferretcon prices likely to rise on LNG supply-disruption, and **AADI** (Buy; TP Rp12k/share).

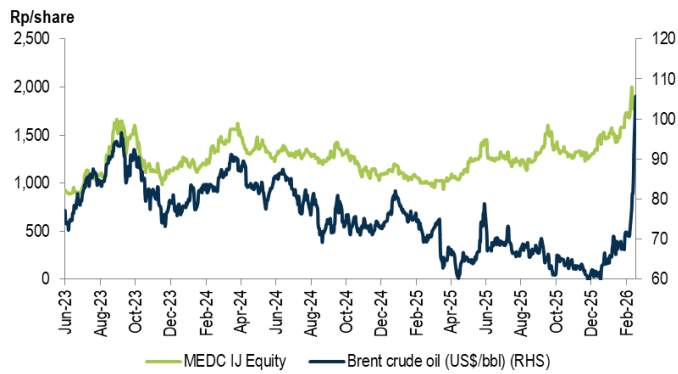
Energy prices likely to remain elevated unless Hormuz is "re-opened"

We think the disruption is unlikely to be solved over some immediate peace-talks as there might be some lag time for oil production to restart – particularly in Iraq, Kuwait, and Bahrain (~4mn bblpd; c.4% global supply), with other Gulf countries set to run-out of storage and lower their production if the war continues to prolong. On natural-gas/LNG side, QatarLNG has already mentioned that it will halt production for at least 2 weeks with another 2 weeks to fully ramp-up to their full capacity. Regarding potential global SPR release of 300-400mn bbl, we think the pace of the release is imperative and we foresee that it would only be able to partially offset supply disruption out of Hormuz (up to ~10mn bblpd excl. Iran).

Maintain sector Overweight amid continued rising in escalation

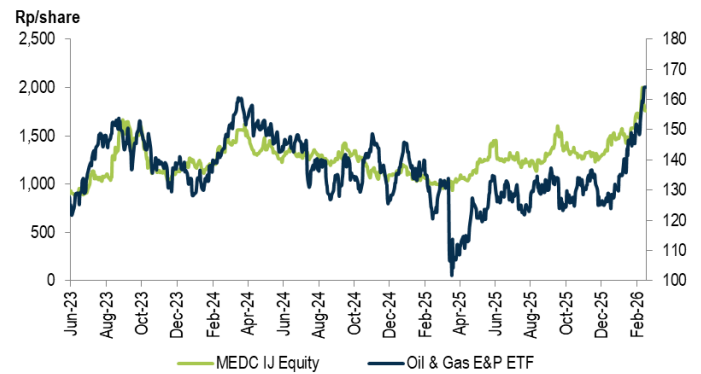
We maintain our sector Overweight rating on Energy sector as we think the sector is likely to outperform JCI. Nevertheless, short-term sentiments on rapid increase in crude oil prices are likely to be negative across Indonesian equities, given the risk disseminating from weaker Rp and concern over Indonesia's fiscal situation ([report](#)). Conflict resolution will also likely lead to negative short-term sentiment on the so-called war-proxies, but we think this would give an attractive entry-prices to our top picks - MEDC, ESSA, AADI, as energy prices shall remain elevated.

Fig. 1: Brent oil price vs MEDC share price



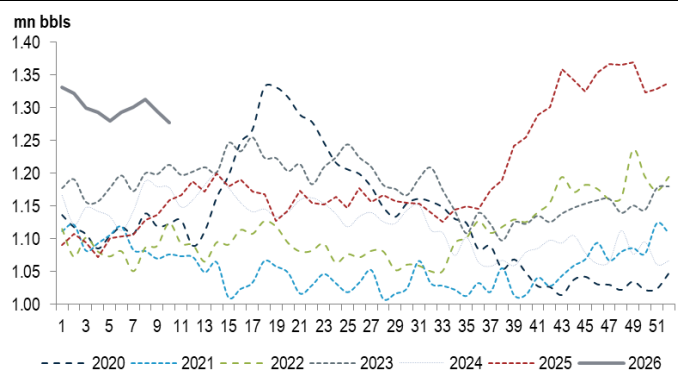
Source: Bloomberg, Indo Premier

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



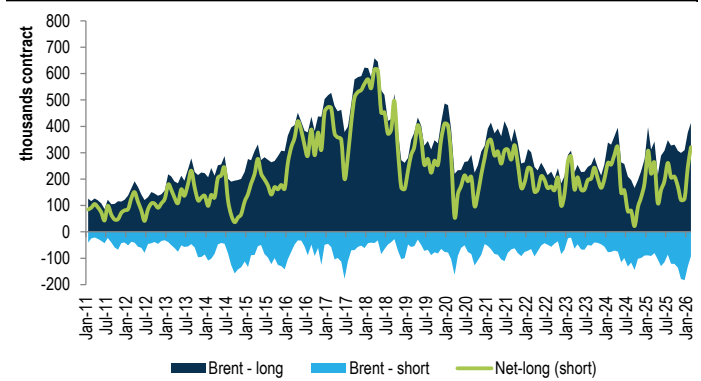
Source: Bloomberg, Indo Premier

Fig. 3: Global oil-on-water



Source: Bloomberg, Indo Premier

Fig. 4: Brent oil speculators' positioning



Source: Bloomberg, Indo Premier

Fig. 5: 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	10.2	9.0	8.5	6.9	5.5	4.8	7.8%	6.2%	6.9%
MEDC IJ	Medco Energi Internasional	Buy	2,000	18.4	6.3	6.0	4.3	3.8	3.5	2.6%	2.8%	1.1%
PGEO IJ	Pertamina Geothermal	Hold	1,650	16.6	13.9	12.6	7.9	7.2	6.5	4.8%	4.5%	5.4%
PGAS IJ	Perusahaan Gas Negara	Hold	1,800	10.2	9.0	9.1	4.4	3.8	3.6	8.5%	7.8%	8.9%

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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