

Medco's Ratings Affirmed at "**idAA-**"

PEFINDO has affirmed its "**idAA-**" ratings for PT Medco Energi Internasional Tbk (MEDC) and its Shelf Registration Bond I Year 2012-2013, Shelf Registration USD Bond I Year 2011-2012, and Bond III/2012. The outlook of MEDC's corporate rating is "**stable**". The ratings reflect MEDC's higher revenue potential in the near to medium term with Senoro projects, favorable oil and gas reserves, and strong liquidity position. However, its sizeable capital expenditure and exploration failure risk, which are naturally inherent factors within the oil and gas industry, put constraints to the ratings.

MEDC is the largest privately-owned Indonesian oil and gas company, with operations in Indonesia and overseas, focusing on oil and gas exploration and production (E&P) business. Through its subsidiaries and affiliated companies, MEDC is also engaged in other energy related businesses such as in coal mining, and has minority stakes in power generation. In the first half of 2014 (1H2014), 92.5% of its revenue was generated from oil and gas business, while other services generated the remaining 7.5%. On June 30, 2014, MEDC's shareholders consisted of Encore Energy Pte. Ltd. (50.7%) and others including the public (49.3%). Encore Energy is owned by the Panigoro family, through Encore International (60.6%), and Mitsubishi Corp. (39.4%).

Rating Period: October 8, 2014 – October 1, 2015

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