



PRESS RELEASE

April 26, 2016

Medco's ratings affirmed at "idA+", with a negative outlook

PEFINDO has affirmed its "idA+" ratings for PT Medco Energi Internasional Tbk (MEDC), its Bond III Year 2012, Shelf Registration Bond I Year 2012-2013, and Shelf Registration USD Bond I Year 2011-2012. We have also affirmed the "idA+" rating for the Company's maturing Shelf Registration USD Bond I First Phase Year 2011 of USD50 million due on July 14, 2016, which will be repaid from internal cash. The ratings reflect the Company's strong liquidity position, diversified assets, and favorable oil and gas reserves. However, its aggressive capital structure, moderate cash flow protection measures, and inherent risks related to the oil and gas industry put constraints on the ratings. In addition, we revised the rating outlook to "negative" from "stable". The negative outlook was assigned to anticipate the Company's more aggressive capital structure and cash flow protection measures on a sustainable basis if low crude oil and gas prices are sustained, while its debt level is increasing.

MEDC is the largest privately owned Indonesian oil and gas company, with operations domestically and overseas, focusing on oil and gas exploration and production (E&P) business. Through its subsidiaries and affiliated companies, it is also engaged in other energy related businesses, such as coal mining, and has minority stakes in power generation. In 2015, 91.3% of its revenue was generated from oil and gas, while coal sales and other services accounted for the remaining 8.7%. At the end of 2015, its shareholders consisted of Encore Energy Pte Ltd (51.3%), Credit Suisse AG SG Trust Account Client (21.0%), PT Prudential Life Assurance (10.0%), and others including the public (17.7%). Encore Energy is owned by the Panigoro family, through Encore International (60.6%), and Mitsubishi Corp (39.4%).

Rating Period: April 22, 2016 – April 1, 2017
April 22, 2016 – July 14, 2016 (Shelf Registration Bond I First Phase Year 2011)
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