



PRESS RELEASE  
July 1, 2016

## Medco's shelf registration bond II rating assigned at "idA+", with a negative outlook

PEFINDO has assigned its "idA+" rating to the proposed Shelf Registration Bond II PT Medco Energi Internasional Tbk (MEDC) Year 2016-2017 amounting to a maximum of IDR5 trillion, in which the first tranche of IDR1.5 trillion will be issued in the second quarter of 2016. The bond proceeds will be used for refinancing (70%) and capital expenditure (30%). PEFINDO has also affirmed its "idA+" ratings for PT Medco Energi Internasional Tbk, 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 the inherent risks related to the oil and gas industry constrain 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 sustained basis if crude oil and gas prices remain low, while its debt level increases.

MEDC is the largest privately owned Indonesian oil and gas company, with domestic and overseas operations. It is focused on oil and gas exploration and production (E&P). Through its subsidiaries and affiliated companies, it is also engaged in other energy-related businesses, such as coal mining, and has minority interests 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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