Press Release
January 15, 2019

PT Medco Energi Internasional Tbk

Analysts: Niken Indriarsih/Wilson Soegianto

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / niken.indriarsih@pefindo.co.id / wilson.soegianto@pefindo.co.id

CREDIT PROFILE

Corporate Rating	*idA+/Stable*
Rated Issues	
MTN V/2016	*idA+*
Shelf Registration Bond III	*idA+*
Shelf Registration Bond II	*idA+*
Shelf Registration Bond I	*idA+*
Rating Period	
January 14, 2019 – January 1, 2020	
Rating History	
JAN 2018	*idA+/Stable*
NOV 2017	*idA+/Stable*
2016 - 2017	*idA+/Negative*
OCT 2015	*idA+/Stable*
JUN 2015	*idAA-/Negative*
2012 - 2014	*idAA-/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Sep-2018	Dec-2017	Dec-2016	Dec-2015
	(Limited Review)	(Audited)	(Audited)	(Audited)
Total Adjusted Assets [USD Mn]	5,109.5	5,093.8	3,580.8	2,864.5
Total Adjusted Debt [USD Mn]	2,818.8	2,664.3	2,064.6	1,737.8
Total Adjusted Equity [USD Mn]	1,353.3	1,335.6	874.2	656.3
Total Sales [USD Mn]	927.5	925.6	590.0	583.3
EBITDA [USD Mn]	450.2	434.3	267.8	220.1
Net Income after MI [USD Mn]	(11.1)	127.1	184.8	(188.1)
EBITDA Margin [%]	48.5	46.9	45.4	37.7
Adjusted Debt/EBITDA [X]	*4.7	6.1	7.7	7.9
Adjusted Debt/Adjusted Equity [X]	2.1	2.0	2.4	2.6
FFO/Adjusted Debt [%]	*8.4	7.0	6.1	6.3
EBITDA/IFCCI [X]	2.8	3.0	2.7	2.7
USD Exchange Rate [IDR/USD]	14,929	13,548	13,436	13,795

FFO = EBITDA – IFCCI + gross interest income – current tax expense
EBITDA = operating profit + depreciation expense + amortization expense
IFCCI = gross interest expense + other financial charges + capitalized interest; (FX loss not included)
*MI = minority interest   * = Annualized*
The above ratios have been computed based on information from the company and published accounts. Where applicable, some mites have been reclassified according to PEFINDO's definitions.

PEFINDO affirms "idA+" rating for PT Medco Energi Internasional Tbk

PEFINDO has affirmed its **"idA+"** ratings for PT Medco Energi Internasional Tbk (MEDC), its Shelf Registration Bond III Year 2018-2019, Shelf Registration Bond II Year 2016-2017, Medium Term Notes (MTN) V Year 2016 Phase I Seri A, and Shelf Registration Bond I Year 2012-2013. The outlook for the corporate rating is **"stable"**.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher rated obligors.

The plus (+) sign in a particular rating indicates that it is relatively strong within the respective rating category.

The corporate rating reflects MEDC's diversified assets, favorable oil and gas reserves, and good operating management. Its aggressive capital structure, moderate cash flow protection measures, and inherent risks related to the commodity-based sectors constrain the rating.

The rating will be raised if MEDC significantly improves its capital structure to a moderate level, supported by its deleveraging plans and potential improvement in its profitability on the back of efficiency efforts and expected improved commodity prices, in addition to portfolio rationalization and strategic partnerships to finance its further development of PT Amman Mineral Nusa Tenggara (AMNT). The rating will be lowered if MEDC fails to execute its corporate actions and initiatives, and/or if commodity prices decline, which could affect its revenue and/or profitability. The rating could also be lowered if it incurs higher than projected debt without being compensated by a stronger business profile, which could weaken its capital structure and cash flow protection measures on a sustained basis. We have not incorporated MEDC's plan to acquire Ophir, a London based oil and gas exploration and production (E&P) company, into the rating as there is no firm offer of the acquisition and no information on the financing source for the acquisition. We will review the rating when MEDC makes a firm offer of the acquisition on January 28, 2019 at the latest.

MEDC is a publicly listed, integrated energy and natural resources company, with three main businesses in its core business of oil and gas E&P activities in Indonesia, the Middle East, North Africa, and the United States; power generation; and mining. During the first nine months of 2018, 81.7% of its revenue was generated from oil and gas, followed by revenue from power business at 18.2%, and other services at 0.2%. At the end of September 2018, its shareholders were PT Medco Daya Abadi Lestari (50.5%), Diamond Bridge Pte Ltd (21.6%), PT Medco Duta (0.2%), PT Multifabrindo Gemilang (0.1%), management (1.1%), and public (26.5%).