

## PT Medco Energi Internasional Tbk

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| <b>CREDIT PROFILE</b>              |                       | <b>FINANCIAL HIGHLIGHTS</b>       |                 |                 |                 |                 |
|------------------------------------|-----------------------|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                    |                       | <b>As of/for the year ended</b>   | <b>Sep-2019</b> | <b>Dec-2018</b> | <b>Dec-2017</b> | <b>Dec-2016</b> |
|                                    |                       |                                   | (Audited)       | (Audited)       | (Audited)       | (Audited)       |
| <b>Corporate Rating</b>            | <i>idA+/Stable</i>    | Total Adjusted Assets [USD Mn]    | 6,148.3         | 5,185.4         | 5,093.8         | 3,580.8         |
| <b>Rated Issues</b>                |                       | Total Adjusted Debt [USD Mn]      | 3,364.7         | 2,854.8         | 2,664.3         | 2,064.6         |
| Shelf Registration Bond III        | <i>idA+</i>           | Total Adjusted Equity [USD Mn]    | 1,293.2         | 1,320.2         | 1,335.6         | 874.2           |
| Shelf Registration Bond II         | <i>idA+</i>           | Total Sales [USD Mn]              | 1,015.9         | 1,218.3         | 905.1           | 561.9           |
| <b>Rating Period</b>               |                       | EBITDA [USD Mn]                   | 476.5           | 585.3           | 433.0           | 264.8           |
| January 14, 2020 – January 1, 2021 |                       | Net Income after MI [USD Mn]      | 19.3            | (51.3)          | 127.1           | 184.8           |
| <b>Rating History</b>              |                       | EBITDA Margin [%]                 | 46.9            | 48.0            | 47.8            | 47.1            |
| JAN 2019                           | <i>idA+/Stable</i>    | Adjusted Debt/EBITDA [X]          | *5.3            | 4.9             | 6.2             | 7.8             |
| JAN 2018                           | <i>idA+/Stable</i>    | Adjusted Debt/Adjusted Equity [X] | 2.6             | 2.2             | 2.0             | 2.4             |
| NOV 2017                           | <i>idA+/Stable</i>    | FFO/Adjusted Debt [%]             | *6.0            | 8.2             | 7.1             | 6.1             |
| APR 2016 – MAY 2017                | <i>idA+/Negative</i>  | EBITDA/IFCCI [X]                  | 2.5             | 2.7             | 3.0             | 2.7             |
| OCT 2015                           | <i>idA+/Stable</i>    | USD Exchange Rate [IDR/USD]       | 14,174          | 14,481          | 13,548          | 13,436          |
| JUN 2015                           | <i>idAA-/Negative</i> |                                   |                 |                 |                 |                 |
| 2012 - 2014                        | <i>idAA-/Stable</i>   |                                   |                 |                 |                 |                 |

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+” ratings for PT Medco Energi Internasional Tbk and its bonds

PEFINDO has affirmed its “idA+” ratings for PT Medco Energi Internasional Tbk (MEDC), its Shelf Registration Bond III Year 2018-2019, and Shelf Registration Bond II Year 2016-2017. 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 indicates that the rating is relatively strong within the respective rating category.

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

The rating will be raised if MEDC significantly improves its capital structure as reflected by debt to EBITDA at less than 3.5x on a sustainable basis, 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 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. The rating could also be under pressure if commodity prices decline, which could affect its revenue and profitability.

MEDC is a publicly listed, integrated energy and natural resources company, with three main businesses in its core business of oil and gas exploration and production (E&P) activities in Indonesia, the Middle East, and North Africa; power generation; and mining. During the first nine months of 2019 (9M2019), 83.9% of its revenue was generated from oil and gas, followed by revenue from power business at 15.9%, and other services at 0.2%. At the end of September 2019, 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 (1.3%), and public (26.3%).

**DISCLAIMER**

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