PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Medco Energi Internasional Tbk

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CREDIT PROFILE

Corporate Rating	*idA+/Negative*
Rated Issues	
Shelf Registration Bond III	*idA+*
Shelf Registration Bond II	*idA+*
Rating Period	
May 18, 2020 – January 1, 2021	
Rating History	
JAN 2020	*idA+/Stable*
JAN 2019	*idA+/Stable*
JAN 2018	*idA+/Stable*
NOV 2017	*idA+/Stable*
APR 2016 – MAY 2017	*idA+/Negative*
OCT 2015	*idA+/Stable*
JUN 2015	*idAA-/Negative*
2012 - 2014	*idAA-/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Sep-2019** (Audited)	**Dec-2018** (Audited)	**Dec-2017** (Audited)	**Dec-2016** (Audited)
Total Adjusted Assets [USD Mn]	6,148.3	5,185.4	5,093.8	3,580.8
Total Adjusted Debt [USD Mn]	3,364.7	2,854.8	2,664.3	2,064.6
Total Adjusted Equity [USD Mn]	1,293.2	1,320.2	1,335.6	874.2
Total Sales [USD Mn]	1,015.9	1,218.3	905.1	561.9
EBITDA [USD Mn]	476.5	585.3	433.0	264.8
Net Income after MI [USD Mn]	19.3	(51.3)	127.1	184.8
EBITDA Margin [%]	46.9	48.0	47.8	47.1
Adjusted Debt/EBITDA [X]	*5.3	4.9	6.2	7.8
Adjusted Debt/Adjusted Equity [X]	2.6	2.2	2.0	2.4
FFO/Adjusted Debt [%]	*6.0	8.2	7.1	6.1
EBITDA/IFCCI [X]	2.5	2.7	3.0	2.7
USD Exchange Rate [IDR/USD]	14,174	14,481	13,548	13,436

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, revises outlook to negative

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. However, we have revised the Company's corporate rating outlook to **"negative"** from **"stable"** in anticipation of longer than expected low oil price condition, which could reduce projected EBITDA and weaken its capital structure and cash flow protection measures. The Company is taking several initiatives to response the situation, such as efficiency efforts in capital expenditure and operating expenses as well as lower production volume guidance in anticipation of lower demand with expected slower economic growth. On the other side, PEFINDO has no issue on MEDC's liquidity position as several initiatives have been done to secure the payment on its maturing debt instruments.

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 lowered if MEDC fails to execute its corporate actions and initiatives to maintain profitability, and/or 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 the commodity prices remain low in the medium term or continue to decline, which could adversely affect its revenue and profitability. The outlook will be revised to stable if MEDC executes its deleveraging plans, supported by 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).

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, North Africa, and Southeast Asia; 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 the 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%).