

PT Medco Energi Internasional Tbk

Analysts: Gifar Indra Sakti / Martin Pandiangan

Phone/Fax/E-mail: (62-21) 5096 8469 / 5096 8468 / gifar.sakti@pefindo.co.id / martin.pandiangan@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Mar-2021	Dec-2020	Dec-2019	Dec-2018	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idA+/Stable</i>					
Rated Issues		Total Adjusted Assets [USD Mn]	5,929.5	5,833.8	5,930.5	5,185.4
<i>Proposed Shelf Registration Bond IV</i>	<i>idA+</i>	Total Adjusted Debt [USD Mn]	2,876.5	2,948.7	3,237.3	2,854.8
<i>Shelf Registration Bond III</i>	<i>idA+</i>	Total Adjusted Equity [USD Mn]	1,294.1	1,146.4	1,277.8	1,320.2
<i>Shelf Registration Bond II</i>	<i>idA+</i>	Total Sales [USD Mn]	300.2	1,093.3	1,375.7	1,218.3
Rating Period		EBITDA [USD Mn]	159.4	502.2	626.8	585.3
<i>June 17, 2021 – June 1, 2022</i>		Net Income after MI [USD Mn]	6.9	(189.0)	(38.8)	(51.3)
Rating History		EBITDA Margin [%]	53.1	45.9	45.6	48.0
<i>JAN 2021</i>	<i>idA+/Stable</i>	Adjusted Debt/EBITDA [X]	*4.5	5.9	5.2	4.9
<i>MAY 2020</i>	<i>idA+/Negative</i>	Adjusted Debt/Adjusted Equity [X]	2.2	2.6	2.5	2.2
<i>NOV 2017 – JAN 2020</i>	<i>idA+/Stable</i>	FFO/Adjusted Debt [%]	*7.5	2.6	6.7	8.2
<i>APR 2016 – MAY 2017</i>	<i>idA+/Negative</i>	EBITDA/IFCCI [X]	2.9	1.8	2.8	2.7
<i>OCT 2015</i>	<i>idA+/Stable</i>	USD Exchange Rate [IDR/USD]	14,572	14,105	13,901	14,481
<i>JUN 2015</i>	<i>idAA-/Negative</i>					
<i>2012 - 2014</i>	<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.

PT Medco Energi Internasional Tbk's proposed Shelf Registration Bond IV rated "idA+"

PEFINDO has assigned its "idA+" rating to PT Medco Energi Internasional Tbk's (MEDC) proposed Shelf Registration Bond IV Year 2021 with a maximum amount of IDR5 trillion with the first phase of IDR1 trillion, comprising of series A and Series B that will due in 36 months and 60 months, respectively. The proceeds mostly will be used to refinance its outstanding bonds due in 2022 and finance its working capital. PEFINDO has also affirmed its "idA+" ratings for PT Medco Energi Internasional Tbk (MEDC) and its outstanding debt issuances. The Company will repay its maturing Shelf-Registered Bond II phase II tranche B amounting to IDR701.0 billion on September 30, 2021 using funds already secured in the escrow account. As of March 31, 2021, MEDC had cash and cash equivalent of USD694.1 million (including USD189.7 million restricted time deposit and cash in banks). 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.

Debt security rated *idA* indicates that the obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is strong, however, the debt security is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated debt. 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, North Africa, and Southeast Asia; power generation; and mining. In 1Q2021, 92.4% of its revenue was generated from oil and gas, followed by the power business at 7.3%, and others at 0.3%. At the end of March 2021, its shareholders were PT Medco Daya Abadi Lestari (51.6%), Diamond Bridge Pte Ltd (21.5%), PT Medco Duta (0.2%), management (0.6%), and public (26.1%).

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.