PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Medco Energi Internasional Tbk

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CREDIT PROFILE

Corporate Rating *idA+/Stable*

Rated Issues
Proposed Shelf Registration Bond IV *idA+*
Shelf Registration Bond III *idA+*
Shelf Registration Bond II *idA+*

Rating Period
June 17, 2021 – June 1, 2022

Rating History

JAN 2021	*idA+/Stable*
MAY 2020	*idA+/Negative*
NOV 2017 – JAN 2020	*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	**Mar-2021** (Unaudited)	**Dec-2020** (Audited)	**Dec-2019** (Audited)	**Dec-2018** (Audited)
Total Adjusted Assets [USD Mn]	5,929.5	5,833.8	5,930.5	5,185.4
Total Adjusted Debt [USD Mn]	2,876.5	2,948.7	3,237.3	2,854.8
Total Adjusted Equity [USD Mn]	1,294.1	1,146.4	1,277.8	1,320.2
Total Sales [USD Mn]	300.2	1,093.3	1,375.7	1,218.3
EBITDA [USD Mn]	159.4	502.2	626.8	585.3
Net Income after MI [USD Mn]	6.9	(189.0)	(38.8)	(51.3)
EBITDA Margin [%]	53.1	45.9	45.6	48.0
Adjusted Debt/EBITDA [X]	*4.5	5.9	5.2	4.9
Adjusted Debt/Adjusted Equity [X]	2.2	2.6	2.5	2.2
FFO/Adjusted Debt [%]	*7.5	2.6	6.7	8.2
EBITDA/IFCCI [X]	2.9	1.8	2.8	2.7
USD Exchange Rate [IDR/USD]	14,572	14,105	13,901	14,481

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%).