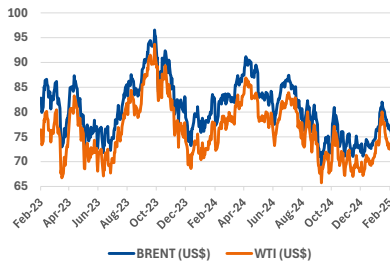


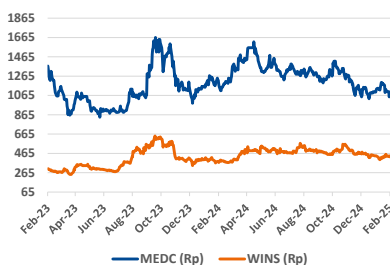
Neutral

(Maintained)

Brent and WTI price



Share Price



Source: Bloomberg, BRIDS

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Oil and Gas

Possible gas export ban is unlikely to materialize

- The MEMR mentioned a potential suspension of natural gas exports to prioritize domestic use amidst rising demand.
- Though backed by Presidential Regulation no.22/2017, we believe companies under our coverage are hardly affected.
- We maintain our Neutral stance, favoring WINS>MEDC as we see WINS could benefit from elevated charter rates and higher utilization.

Mulling over gas export ban

On the 20th Jan25, the Minister of Energy and Mineral Resources mentioned a potential suspension of natural gas exports to prioritize domestic use amid rising gas consumption demand of c.1,471 TBTU in FY25 and c.2,659 TBTU by FY34 and PLN's concern about LNG shortage in 1Q25. However, it was recently revealed that the issue had been resolved after PLN bought export-bound LNG cargoes. However, to ensure sufficient energy supply for local industries and power generation, the ministry is still mulling over future gas export bans, though it was reiterated that existing long-term contracts must be fulfilled.

Who are these gas exporters?

Based on the Indonesian Central Bureau of Statistics, we found that there are four ports that export LNG, which are Badak LNG in Bontang, Tangguh gas field in Bintuni, Donggi Senoro in Luwuk, and Simenggaris in Tarakan, of which MEDC owns participating interest in Senoro (30%) and Simenggaris (62.5%). On the other hand, there are two ports that export piped gas, which are from the Corridor block through Batam, and the Natuna block through Riau Islands, in which MEDC owns a participating interest 46% and 40%, respectively.

Implication towards existing policies

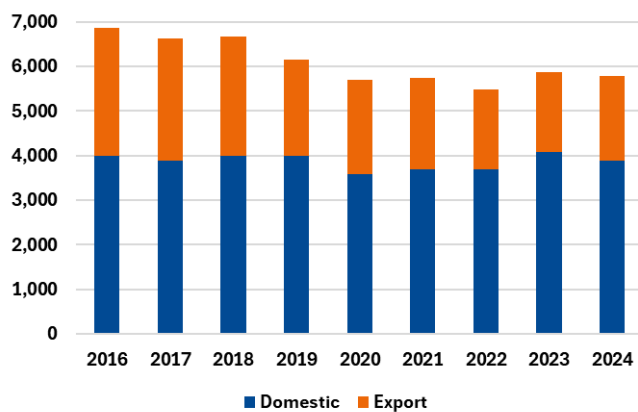
Based on Presidential Regulation No. 22 of 2017, which pertains to Indonesia's long-term national energy general plan (RUEN), it was mentioned that the MEMR targets to reduce gas exports by 20% from FY16 levels and eliminate gas exports entirely by FY36. Based on data from MEMR, Indonesia's gas exports have fallen from 2.860 BBTUD in FY16 to 1.905 BBTUD in FY24, which is a -33.4% drop in the past 9 years, while production has slowly declined from 6.856 BBTUD to 5.786 BBTUD over the same period, marking a -15.6% decline. However, domestic consumption has risen from 58% in 2016 to 67% in 2024, which is a progressive step towards the ministry's goal. On the other hand, gas exports are to be banned entirely in FY36, which is still 12 years away. Looking at current gas export contracts (Ex. 8), we find that MEDC is clear of any possible export ban as its contract ends between FY28-30.

Maintain Neutral on the sector

We reiterate our Neutral rating on the sector with a pecking order of WINS (Buy, TP Rp610) > MEDC (Buy, TP Rp1,400) as WINS should see sustained elevated charter rates and stronger utilization rates amidst stronger demand for exploration. Meanwhile, MEDC is faced with production stagnancy amid oil price declines and lower AMMN contribution from phase 8 mining and smelter start-up, which might hurt FY25F earnings.

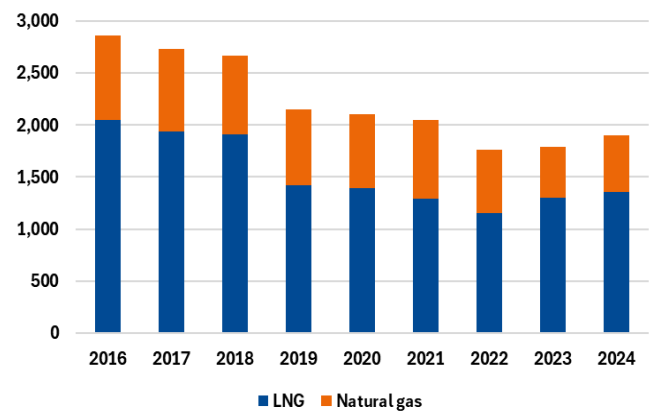
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2024F	2025F	2024F	2025F	
Wintermar Offshore Marine	WINS IJ	BUY	610	1,850.7	4.6	4.1	0.6	0.5	13.0
Medco Energi International	MEDC IJ	BUY	1,400	26,393.0	4.4	6.3	0.7	0.7	10.4

Exhibit 1. Natural gas production (In BBTUD)



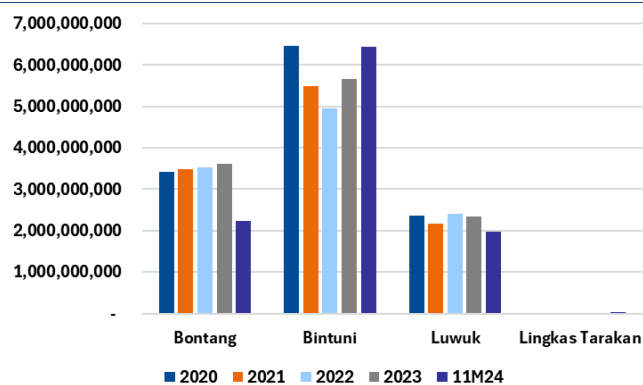
Source: MEMR, BRIDS

Exhibit 2. Natural gas export breakdown (In BBTUD)



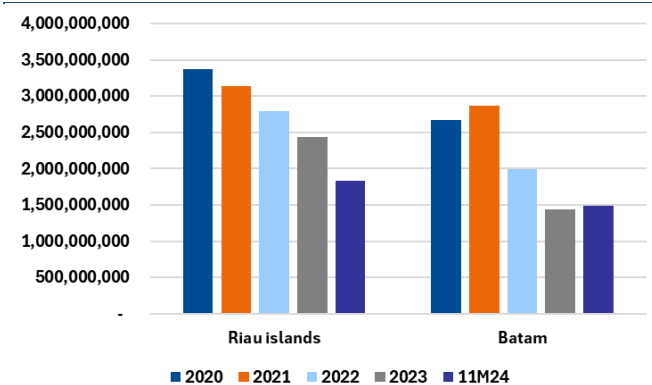
Source: MEMR, BRIDS

Exhibit 3. LNG export volume by ports (In Kg)



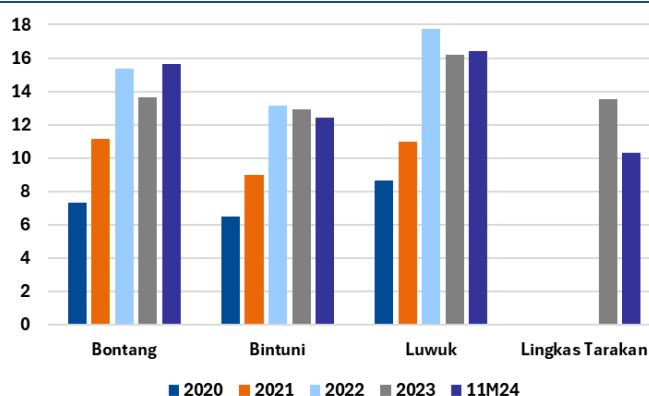
Source: BPS, BRIDS

Exhibit 4. Piped gas export volume by ports (In Kg)



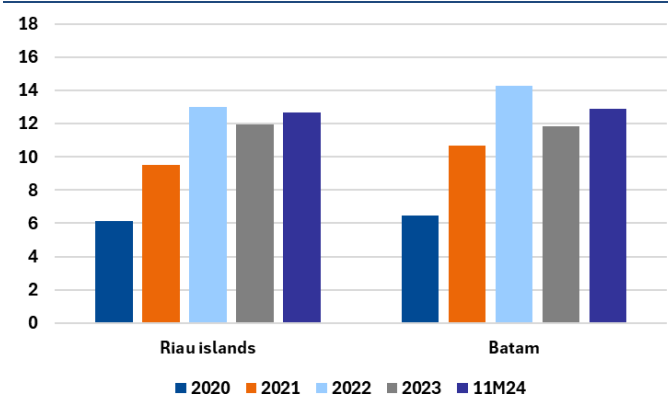
Source: BPS, BRIDS

Exhibit 5. LNG export ASP by ports (US\$/MMBtu)



Source: BPS, BRIDS

Exhibit 6. Piped gas export ASP by ports (US\$/MMBtu)



Source: BPS, BRIDS

Exhibit 7. LNG facility capacity

Company	Location	Capacity (MMTPA)	Notes
Arun LNG	Lhokseumawe	12.9	Stopped operating since 2014
Badak	Bontang	21.6	Operating
BP	Tangguh	11.4	Operating
Donggi Senoro LNG	Luwuk	2.0	Operating
Kayan LNG Nusantara	Simenggaris	0.2	Operating since Oct'23
Total installed capacity		48.1	
Total operating capacity		35.2	

Source: MEMR, BRIDS

Exhibit 8. Oil market demand and supply (mbpd)

Working area	Contract with	Total contract quantity (TCQ)	Contract period
LNG			
Senoro-Toili	Donggi Senoro LNG	1,417 TBTU	15 years after LNG plant COD (2030) or after commitment is fulfilled or the end of Senoro-Toili PSC
Simenggaris	Kayan LNG Nusantara	47,091 MMSCF/ 48.8 TBTU	The end of PSC term (2028) or after TCQ is fulfilled
Piped gas			
Natuna	SembCorp Gas Pte. Ltd.	105 TBTU	15-Oct-28
Natuna	Pertamina to SembCorp	2,888 TBTU	27 years since start date (2026) or after commitment is fulfilled
Corridor	Gas Supply Pte. Ltd.	241.5 TBTU	31-Dec-28 or upon fulfillment of TCQ

Source: Company, BRIDS

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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