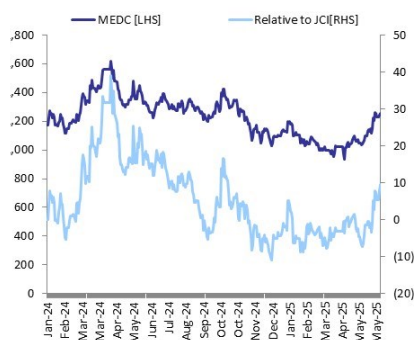


Hold

(Downgraded)

Last Price (Rp)	1,255
Target Price (Rp)	1,320
Previous Target Price (Rp)	1,400
Upside/Downside	+5.2%
No. of Shares (mn)	25,136
Mkt Cap (Rpbn/US\$m)	31,546/1,937
Avg, Daily T/O (Rpbn/US\$m)	37.8/2.3
Free Float (%)	21.1
Major Shareholder (%)	
Medco Daya Abadi Lestari	51.7
Diamond Bridge Pte Ltd	21.6
EPS Consensus (US\$cents)	
	2025F 2026F 2027F
BRIDS	0.8 1.0 0.9
Consensus	1.3 1.5 1.4
BRIDS/Cons (%)	(42.0) (35.1) (38.8)

MEDC relative to JCI Index



Source: Bloomberg

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Medco Energi International (MEDC IJ)

A weaker FY25 on lower O&G output, exacerbated by AMMN's commissioning delays

- 1Q25 net profit dropped by -81% qoq/ -76% yoy to US\$18mn due to AMMN's -US\$29mn loss and seasonally weaker gas sales (-4.2% qoq).
- Based on mgmt's FY25 guidance, we see weaker earnings from lower O&G output of 145-150 mboepd (vs. 152 mboepd in FY24).
- We downgraded our rating to Hold with a lower SOTP-based TP of Rp1,320, mainly caused by lower AMMN earnings.

Weaker 1Q25 earnings from AMMN's loss

MEDC's 1Q25 net profit dropped to US\$18mn, -81% qoq, reaching 9.3%/5.4% of our/cons estimate. The weak result was mainly caused by AMMN's inability to export copper concentrate as it is still in the commissioning phase of its copper cathode smelter, resulting in MEDC recording a -US\$20mn loss in JV, with AMMN's net loss of US\$29mn. 1Q25 revenue also dropped by -9% qoq to US\$560mn, which was in line with our/cons estimate at 26.4%/25.7%. Revenue dropped due to lower O&G sales of US\$509mn, -10% qoq, as gas lifting slightly dropped to 532BBTUD (-4.2% qoq), from a seasonally low demand and maintenance in Senoro, though it was offset by stronger oil lifting of 41MBOPD (+4.4% qoq).

Potential weakness from lower FY25 O&G output

Mgmt has set a guidance that sees lower O&G output of 145-150 mboepd (vs. 152 mboepd in FY24). Nonetheless, MEDC will continue with its drilling and exploration in its major assets to maintain production from natural decline. In 1Q25, Natuna's Terubuk and Forel fields have come onstream, producing equivalent to c. 30MBOEPD. MEDC has guided higher power sales of 4,500GWh (vs. 4,108GWh in FY24), due to the addition of Ijen Geothermal since late 2024. 1Q25 result saw power sales drop by -24% qoq, where non-renewables power sales dropped by -32% qoq due to maintenance in Riau IPP. However, it was offset by the commencement of Ijen geothermal.

Lowering our FY25 estimates

Based on the guidance, we have lowered our FY25F earnings by -28% to US\$190mn, as we decreased our O&G output to 146mboepd (from: 150mboepd), oil price assumption to US\$70/bbl (from: US\$75/bbl), as well as cut AMMN's earnings contribution by -25% to US\$65mn following the delays in the commissioning phase and the rejection of concentrate export in Mar25. Meanwhile, our FY26F is largely unchanged, with only revenue growth of +3.7% to US\$2.1bn, as we expect stronger oil contribution.

Downgrade rating to Hold with a lower TP of Rp1,320

We downgraded our rating to **Hold** with a lower TP of Rp1,320 based on our SOTP-valuation. The lower TP mainly reflects our estimation of AMMN's lower contribution in FY25. Key risks are lower oil prices and AMMN's financial performance.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US\$m)	2,249	2,399	2,122	2,123	2,124
EBITDA (US\$m)	1,245	1,264	1,030	1,030	1,030
Net Profit (US\$m)	331	367	190	245	215
EPS Growth (%)	(37.7)	11.1	(48.4)	29.1	(12.1)
PER (x)	5.9	5.3	10.2	7.9	9.0
PBV (x)	1.1	0.9	0.8	0.8	0.7
EV/EBITDA	2.1	2.2	4.3	4.5	4.8

Source: MEDC, BRIDS Estimates

Exhibit 1. MEDC 1Q25 result

Medco Energi International

MEDC	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M24	3M25	YoY (%)	% of 25F BRIDS	% of FY25F Cons
PROFIT & LOSS (US\$Mn)										
Revenue	556	616	560	(9.0)	0.7	556	560	0.7	26.4%	25.7%
Cost of revenue	(324)	(362)	(331)	(8.6)	2.3	(324)	(331)	2.3		
Gross profit	233	254	229	(9.7)	(1.4)	233	229	(1.4)		
Operating expenses	(52)	(74)	(48)	(36.0)	(8.2)	(52)	(48)	(8.2)		
Operating profit	181	179	182	1.2	0.5	181	182	0.5	34.7%	24.9%
EBITDA	328	293	330	12.9	0.7	328	330	0.7	32.1%	28.1%
Other income/(expense)	(30)	(15)	(90)	491.3	194.8	(30)	(90)	194.8		
Pre-tax profit	150	164	92	(44.1)	(38.9)	150	92	(38.9)		
Taxes	(71)	(70)	(72)	2.9	0.9	(71)	(72)	0.9		
Loss discontinued operations	(0)	3	0	(84.5)	(272.3)	(0)	0	(272.3)		
Non-controlling interests	(6)	(3)	(3)	(11.0)	(53.2)	(6)	(3)	(53.2)		
Net profit	73	94	18	(81.3)	(75.7)	73	18	(75.7)	9.3%	5.4%
Margins (%)										
Gross	41.8	41.2	40.9			41.8	40.9			
EBIT	32.5	29.1	32.4			32.5	32.4			
EBITDA	59.0	47.5	58.9			59.0	58.9			
Net	13.1	15.3	3.1			13.1	3.1			
Operational data										
Oil production (MBOPD)	44	40	39	(2.3)	(11.8)	44	39	(11.8)		
Oil lifting (MBOPD)	43	39	41	4.4	(6.0)	43	41	(6.0)		
Oil ASP (US\$/bbl)	79.0	72.0	72.2	0.3	(8.6)	79.0	72.2	(8.6)		
Gas production (MMSCFD)	618	593	567	(4.5)	(8.3)	618	567	(8.3)		
Gas lifting (BBTUD)	578	555	532	(4.2)	(7.9)	578	532	(7.9)		
Gas ASP (US\$/MMBTU)	7.0	7.1	7.1	-	1.4	7	7	1.4		
Fixed gas price (US\$/MMBTU)	5.8	5.8	6.0	3.4	3.4	6	6	3.4		
Indexed gas price (US\$/MMBTU)	10.1	9.9	9.4	(5.1)	(6.9)	10	9	(6.9)		
Copper production (Mlbs)	98	59	37	(37.9)	(62.2)	98	37	(62.2)		
Copper sales (Mlbs)	80	17	-	(100.0)	(100.0)	80	-	(100.0)		
Copper ASP (US\$/lb)	3.9	3.4	-	(100.0)	(100.0)	3.9	-	(100.0)		
Gold production (K Oz)	167	95	32	(65.9)	(80.6)	167	32	(80.6)		
Gold sales (K Oz)	138	38	-	(100.0)	(100.0)	138	-	(100.0)		
Gold ASP (US\$/Oz)	2,117	2,943	-	(100.0)	(100.0)	2,117	-	(100.0)		
IPP sold (GWh)	1,062	1,146	871	(24.0)	(18.0)	1,062	871	(18.0)		
Renewables (GWh)	204	219	243	11.0	19.1	204	243	19.1		
Non Renewables (GWh)	857	927	628	(32.3)	(26.7)	857	628	(26.7)		
O&M Capacity (MW)	1,925	1,975	2,060	4.3	7.0	1,925	2,060	7.0		
IPP ASP (c/kwh)	3.5	3.5	4.0	14.3	14.3	3.5	4.0	14.3		

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. Forecast changes

in US\$Mn	2025F		2026F		2027F		Changes	
	Old	New	Old	New	Old	New	2025F	2026F
Revenue	2,083	2,122	2,047	2,123	2,047	2,124	1.9%	3.7%
Gross Profit	937	736	901	736	901	736	-21.5%	-18.3%
EBITDA	1,199	1,030	1,166	1,030	1,166	1,030	-14.1%	-11.7%
Net Profit	264	190	246	245	246	215	-28.1%	-0.4%
Gross margin	45.0%	34.7%	44.0%	34.7%	44.0%	34.7%		
EBITDA margin	57.6%	48.5%	57.0%	48.5%	57.0%	48.5%		
Net margin	12.7%	8.9%	12.0%	11.5%	12.0%	10.1%		
Production (Bbl/day)	152	146	152	146	152	146	-3.9%	-3.9%
Oil Price (US\$/Bbl)	75	70	72	70	72	70	-6.7%	-2.8%

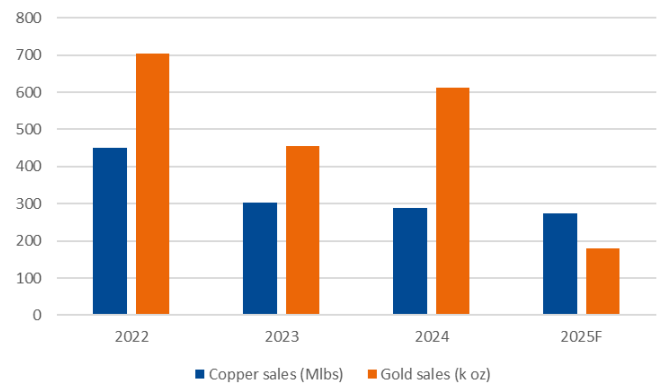
Source: Company, BRIDS Estimates

Exhibit 3. SOTP valuation

SOTP valuation	Method	Equity value (USDmn)
Oil and gas	DCF	1,087
AMMN	Target P/E 2025F 15x	976
Total equity value (USDmn)		2,063
USD/IDR		16,000
Total equity value (IDRbn)		33,007
Outstanding shares (bn)		25.1
Target price (IDR/sh)		1,320

Source: BRIDS Estimates

Exhibit 4. AMMN's gold and copper sales (2022-2025F)



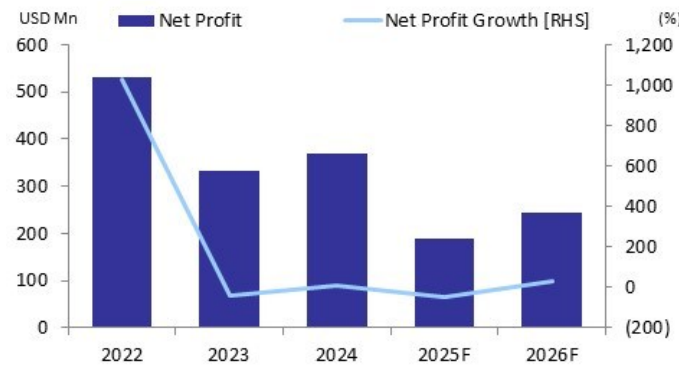
Source: Company, BRIDS Estimates

Exhibit 5. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 6. Net Profit and Growth



Source: Company, BRIDS Estimates

Exhibit 7. Margins



Source: Company, BRIDS Estimates

Exhibit 8. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 9. Income Statement

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Revenue	2,249	2,399	2,122	2,123	2,124
COGS	(1,216)	(1,466)	(1,386)	(1,387)	(1,387)
Gross profit	1,034	933	736	736	736
EBITDA	1,245	1,264	1,030	1,030	1,030
Oper. profit	792	717	524	524	524
Interest income	49	86	73	85	70
Interest expense	(276)	(307)	(282)	(282)	(299)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	39	113	65	110	110
Other Income (Expenses)	123	63	26	26	26
Pre-tax profit	728	671	406	462	431
Income tax	(340)	(289)	(209)	(210)	(210)
Minority interest	(15)	(13)	(7)	(7)	(6)
Net profit	331	367	190	245	215
Core Net Profit	373	369	190	245	215

Exhibit 10. Balance Sheet

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	354	637	834	590	512
Receivables	570	591	550	550	550
Inventory	127	156	148	148	148
Other Curr. Asset	485	421	421	421	421
Fixed assets - Net	65	109	123	136	149
Other non-curr.asset	5,857	6,001	5,807	6,276	6,744
Total asset	7,468	7,927	7,894	8,131	8,535
ST Debt	372	504	476	476	504
Payables	405	491	472	472	472
Other Curr. Liabilities	645	510	510	510	510
Long Term Debt	691	1,028	2,848	2,848	3,019
Other LT. Liabilities	3,327	3,042	1,052	1,052	1,052
Total Liabilities	5,441	5,576	5,357	5,357	5,557
Shareholder's Funds	1,829	2,119	2,298	2,527	2,726
Minority interests	199	232	239	246	252
Total Equity & Liabilities	7,468	7,927	7,894	8,131	8,535

Exhibit 11. Cash Flow

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income	331	367	190	245	215
Depreciation and Amort.	453	548	506	506	506
Change in Working Capital	50	13	32	0	0
Other Oper. Cash Flow	(111)	292	0	0	0
Operating Cash Flow	723	1,219	727	751	721
Capex	(1,173)	(435)	(326)	(988)	(988)
Others Inv. Cash Flow	543	66	0	0	0
Investing Cash Flow	(629)	(369)	(326)	(988)	(988)
Net change in debt	84	137	(200)	0	200
New Capital	5	2	0	0	0
Dividend payment	(64)	(35)	(31)	(15)	(16)
Other Fin. Cash Flow	(365)	(673)	27	7	6
Financing Cash Flow	(340)	(569)	(204)	(8)	189
Net Change in Cash	(246)	281	197	(245)	(77)
Cash - begin of the year	600	354	637	834	590
Cash - end of the year	354	637	834	590	512

Exhibit 12. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	(2.7)	6.7	(11.5)	0.0	0.0
EBITDA	(21.6)	1.5	(18.5)	0.0	0.0
Operating profit	(22.8)	(9.6)	(26.9)	0.0	0.0
Net profit	(37.7)	11.1	(48.4)	29.1	(12.1)
Profitability (%)					
Gross margin	46.0	38.9	34.7	34.7	34.7
EBITDA margin	55.4	52.7	48.5	48.5	48.5
Operating margin	35.2	29.9	24.7	24.7	24.7
Net margin	14.7	15.3	8.9	11.5	10.1
ROAA	4.6	4.8	2.4	3.1	2.6
ROAE	19.5	18.6	8.6	10.2	8.2
Leverage					
Net Gearing (x)	0.3	0.4	1.0	1.0	1.0
Interest Coverage (x)	2.9	2.3	1.9	1.9	1.7

Source: MEDC, BRIDS Estimates

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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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