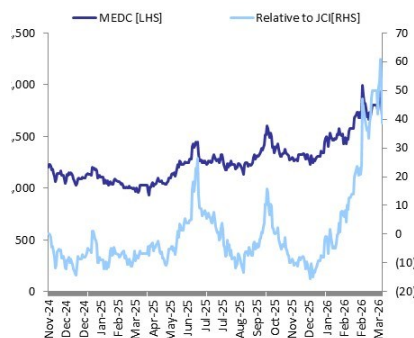


Overweight

(Maintained)

Tactical (3M): OW

MEDC relative to JCI Index



Oil and Gas

Oil Price Scenarios: Pricing in Disruptions

- We see ~8–11mb/d of oil supply at risk, with Brent potentially rising to US\$105–135/ bbl under our disruption scenarios.
- SoH (~20% global flows) and the resulting tanker disruption amplify supply loss via higher freight and rerouting delays
- Despite emerging flows into SoH, we continue to see Moderate disruption as our base case and retain tactical (3M) OW.

Oil Price Scenarios

Over the past 30 days, the Middle East conflict has rapidly evolved into a realized physical supply disruption, with global oil supply losses now estimated at ~8–11mbpd (~9–11% of global demand). Recent vessel tracking data from Hormuztracker suggest that tanker traffic through the Strait of Hormuz remains severely disrupted. While flows have begun to partially resume, the scale of recovery remains limited, leaving ~9–10% of global tanker fleet still delayed or stranded. We frame our price scenarios based on the duration of a potential Strait of Hormuz disruption and resulting net supply loss. Under our three scenarios, Brent could rise to US\$80–90/bbl in mild disruption, US\$105–115/bbl in a sustained scenario, and up to US\$110–135/bbl in prolonged disruption. However, we emphasize that demand destruction and supply response mechanisms could cap the duration of elevated prices.

SoH Reopening Remains a Critical Factor

The Strait of Hormuz represents the most critical oil chokepoint globally, handling ~20% of global oil supply (~17–20mb/d) and a significant share of LNG exports. Even partial disruption, through tanker attacks, higher war-risk premiums, or shipping constraints can reduce effective supply beyond physical production losses. Tanker rerouting could extend shipping time by ~10–15 days (via Cape of Good Hope), while freight and insurance costs could rise by >2–3x, tightening prompt availability of crude and refined products. As a result, effective supply to Asia could decline disproportionately, amplifying price volatility.

Indonesia's Vulnerability Lies in Volume

From a regional perspective, ASEAN remains highly exposed to oil supply shocks, particularly as 25–48% of the region's import flow through the Strait of Hormuz. While Indonesia appears less dependent on Middle East imports on a direct basis, indirect exposure via Singapore raises its effective reliance to ~32%, broadly in line with the Philippines but below Thailand and Vietnam at ~60%+. However, Indonesia faces one of the largest risks in absolute terms, with ~324 kbpd of imports at risk, second only to Singapore.

Maintaining Positive Tactical view in Upstream and Coal

Despite recent development pointing toward rising flows into SoH, we continue to see Moderate disruption as our base case. At the sector level, we assign a tactical (3M) OW view on upstream oil & gas, with MEDC as our top pick given its production growth (165–170 Mbpd in FY26F; ~5.7–8.9% y-y) and strong earnings leverage to oil prices. We also like the coal names as the preferred beneficiaries of a prolonged energy shock.

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Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2026F
					2026F	2027F	2026F	2027F	
Medco Energi International	MEDC IJ	BUY	2,000	40,218.0	9.3	8.6	1.0	0.9	11.4

Oil Price Scenarios: Pricing in Disruptions

Oil Market Disruption Price Scenarios

We frame our price scenarios based on the duration of a potential Strait of Hormuz disruption and resulting net supply loss. With a **pre-war equilibrium of ~104.5 mbpd**, even small disruptions can drive disproportionate price moves due to inelastic demand and limited buffers. The market is increasingly *barbell-shaped*, **skewed toward rapid resolution or prolonged disruption rather than a moderate base case**.

Exhibit 1. Oil and Gas Market Shock Scenario

Parameter	Pre-War Baseline	MILD (2–6 Wks)			MODERATE (6–16 Wks)			PROLONGED (3–6+ Mo)		
	Pre-War	Low	Mid	High	Low	Mid	High	Low	Mid	High
A. Oil Price Projections										
Brent Crude (US\$/bbl)	70	80	85	90	100	110	115	110	120	135
WTI Crude (US\$/bbl)	66	75	80	85	90	92	108	105	115	125
Brent % Change vs Pre-War	0%	14%	21%	29%	36%	50%	64%	57%	71%	93%
B. LNG / Gas Price Projections										
JKM LNG Spot (US\$/MMBtu)	14	18	21	25	28	34	40	45	52	60
TTF Natural Gas (€/MWh)	38	48	57	65	60	75	90	100	130	160
Henry Hub (US\$/MMBtu)	3.2	3.5	3.8	4.2	4	4.8	5.5	5	6	7.5
JKM % Change vs Pre-War	0%	29%	50%	79%	100%	143%	186%	221%	271%	329%
C. Supply Disruption Metrics										
Hormuz Disruption (% normal flow)	100%	40%	30%	20%	15%	10%	5%	5%	3%	1%
Supply Disruption (Mbpd)	0	2	3.5	5	8	10	12	14	16	18
Qatar LNG Offline (% capacity)	0%	15%	30%	45%	40%	60%	70%	70%	85%	100%
OPEC+ Pipeline Rerouting (Mbpd)	1.8	2.5	3	4	1.5	1.8	2.5	0.8	1	1.5
SPR Release (Mbbl/day equiv)	0	1.4	1.4	2	1.4	2	2.5	0.5	1	1.4
Net Supply Loss (Mbpd)	0	0.5	2	4	6	9	11	12	15	17

Source: Bloomberg, BRIDS Estimates

Mild Scenario (2–6 weeks): Resolution Bias Caps Downside

Despite recent escalation risks following Trump's ultimatum on Iran, we maintain a mild scenario becomes the near-term base case with a bias for de-escalation. This scenario assumes Hormuz flows partially recover (~20–40%), limiting net supply losses to ~1–4 mbpd via rerouting and SPR releases. Downside is increasingly constrained, while residual logistics disruption sustains a risk premium. Under this scenario, we see Brent stabilizing at \$80–90/bbl.

Moderate Scenario (6–16 weeks): A Transition Case

Under the moderate scenario, we see Hormuz flows at ~5–20% and net losses of ~6–11 mbpd. This outcome is conditional on sustained disruption. Crossing the ~4-week threshold triggers cascading tanker disruptions and faster inventory drawdowns. We see Brent to be in the \$100–115/bbl range which reflects a transition scenario between resolution and prolonged disruption.

Prolonged Scenario (3–6+ months): Tail Risk

On the upside, the prolonged scenario remains a tail risk. While Trump signals a path to resolution, near-term escalation raises miscalculation risk, particularly around energy infrastructure and shipping. Hormuz flows could fall to <5%, implying ~12–17 mbpd losses and pushing the market into scarcity with non-linear pricing and demand destruction. Brent is expected at \$110–135/bbl.

Recent Development: From Risk Premium to Physical Disruption

Over the past 30 days, the conflict has rapidly evolved from a geopolitical risk premium into a **realized physical supply disruption**, with global oil supply losses now estimated at ~8–11mbpd, based on BloombergNEF under this disruption scenarios.

Recent vessel tracking data from Hormuztracker suggest that latest tanker traffic (as of 7-Apr) through the Strait of Hormuz remains severely disrupted, with only ~7 vessels transiting day (vs ~139/day avg). While flows have begun to partially resume, the scale of recovery remains limited, with significant portion of global tanker fleet still delayed or stranded (~9-10% of global tanker fleet) This reinforces the view that logistics, rather than production capacity, remains the binding constraint in the oil market.

At the same time, the probability of a near-term resolution has declined. While initial expectations pointed to a short-lived disruption, ongoing military escalation and persistent shipping risks indicate that **a rapid normalization of flows is increasingly unlikely**.

Implication: Base Case Shift Toward Sustained Disruption

Taken together, these developments suggest that the market is transitioning away from short-duration shock toward a moderate-duration disruption scenario, characterized by:

- Partial or constrained Hormuz flows (~5-20% of normal levels)
- Sustained tanker disruption and elevated freight costs
- Net global supply losses ~8-11 Mbpd

Accordingly, **we adopt the Moderate (6-16 weeks) disruption scenario as our base case**, with Brent expected to trade in the **US\$100-115/bbl** range, reflecting the physical disruption.

What has changed vs. the last five decades?

The Iran conflict has triggered one of the largest oil supply shocks in modern history, with disruptions estimated at ~11–15mbpd—equivalent to roughly ~20% of global oil flows through the Strait of Hormuz. Crucially, the closure of the chokepoint has constrained core OPEC export capacity, where only ~5–6mbpd out of ~19.8mbpd production can bypass the Strait, leaving a substantial portion of supply effectively stranded. This marks a structural shift from historical precedents, where disruptions were largely country-specific and geographically contained.

Exhibit 2. Historical Oil Price at a Glance and Major Global Supply Shocks



Source: Bloomberg, BRIDS

Unlike previous crises such as the Gulf War or Arab Spring where supply losses of 1–5mbpd could be offset by spare capacity the current shock reflects a systemic disruption to critical global infrastructure. The key stabilizing mechanism OPEC spare capacity (~5–6mbpd) is rendered ineffective, as it is geographically concentrated within the Gulf and trapped behind the same chokepoint. The implication is a breakdown in the traditional shock-absorption function of the oil market, increasing the risk of nonlinear price responses and prolonged physical tightness.

Exhibit 3. Historical Oil Supply Disruption

Event	Timeline	Lost of Oil Volume	% Global	Duration	Price Impact
Arabian Embargo	1973-74	~4.5mn bpd	~7%	5 months	+302%
Revolution of Iran	1978-79	~5.6mn bpd	~9%	6 months	+150%
Gulf War (Iran - Iraq)	1980-81	~4.1mn bpd	~7%	years	+75%
Quwait Invasion by Iraq	1990-91	~4.3mn bpd	~7%	7 months	+180%
Arab Spring	2011	~1.5mn bpd	~1.7%	a month	+30%
Russia - Ukraine War	2022	~1.3mn bpd	~3%	continue	+70%
Hormuz Disruption	2026	~11-15mn bpd	~20%	continuing	+55% ongoing

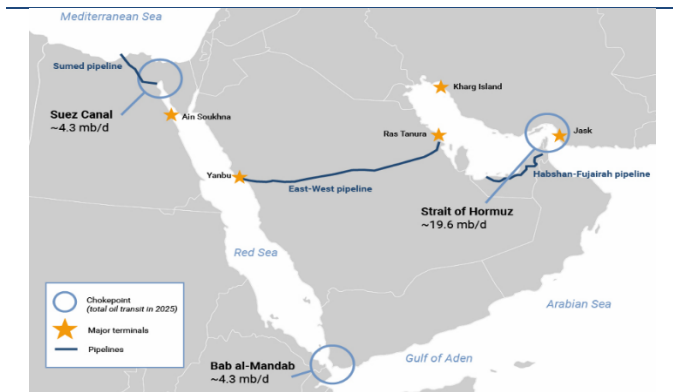
Source: Bloomberg, BRIDS

Strait of Hormuz Reopening Remains a Critical Factor

The Strait of Hormuz is a narrow maritime chokepoint linking the Persian Gulf to global markets, functioning as the primary export after Gulf producers including Saudi Arabia, UAE, Kuwait, Qatar, Iraq, Bahrain and Iran. **It carries ~30-38% of global seaborne oil trade, with ~85-90% of flows directed toward Asia.** Alternatives routes remain structurally limited, with only Saudi Arabia and UAE possessing bypass pipeline infrastructure, and even then at constrained capacity of **~3-5 Mbpd well below normal transit volumes.**

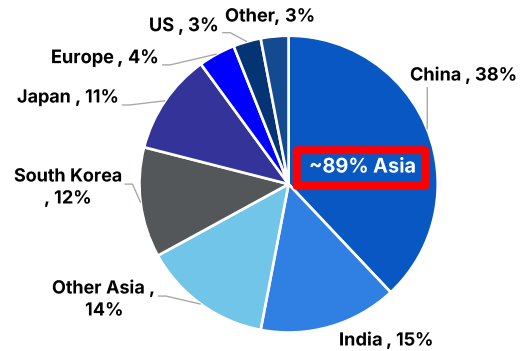
The constraint is even more acute in LNG markets. **More than ~110 bcm of LNG (~19% of global trade) transits through the Strait,** with >90% of exports from Qatar and the UAE dependent on this route. Unlike oil, LNG lacks viable alternative routing options and has minimal strategic stockpiles, significantly reducing the system’s ability to absorb disruption and amplifying supply rigidity in the event of closure.

Exhibit 4. Alternative routes



Source: Bloomberg, IEA

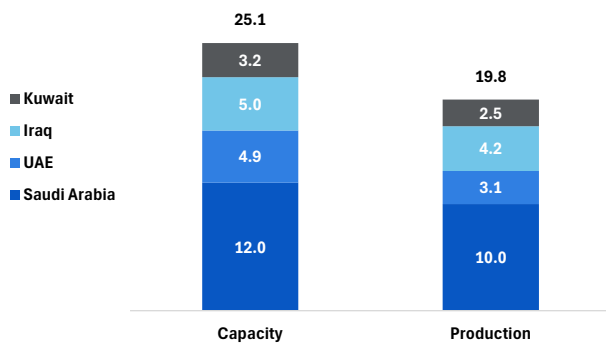
Exhibit 5. % share of oil that transit at waterway



Source: Bloomberg, BRIDS

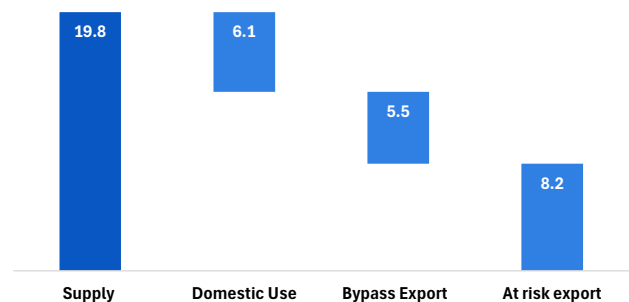
From a supply-side perspective, **core OPEC holds ~25.1 Mbpd of production capacity with actual output of ~19.8 Mbpd,** implying **~5-6 Mbpd of spare capacity** that historically serves as a market buffer. However, the closure of the Strait renders this buffer ineffective due to logistical constraints, as spare capacity is geographically concentrated within the Gulf. As a result, **~8-9 Mbpd of exports are placed at risk,** materially tightening global balances and reinforcing the systemic nature of the current disruption.

Exhibit 6. Middle East crude oil capacity (mbpd)



Source: OPEC, Rystad Energy, BRIDS

Exhibit 7. Core OPEC Supply and at-risk volumes (mbpd)

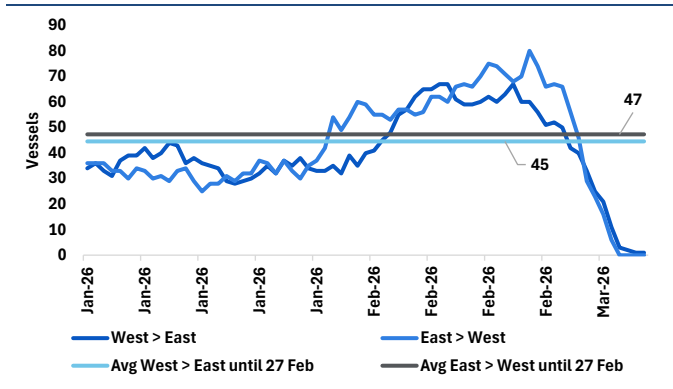


Source: OPEC, Rystad Energy, BRIDS

Tanker Disruption

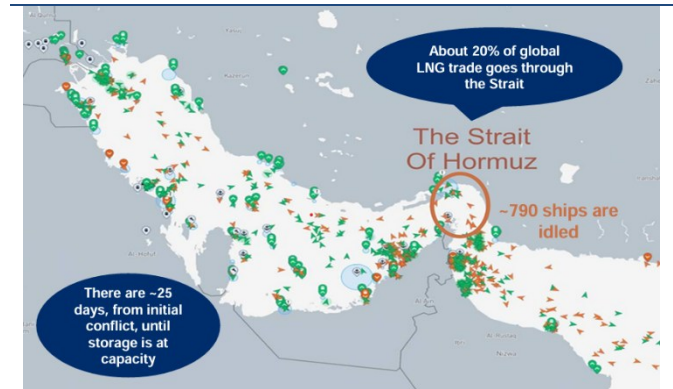
The closure of the Strait of Hormuz has triggered a severe disruption in global oil flows, affecting approximately **~21 mbpd (~30-38% of global seaborne oil trade)**, with most flows directed toward Asia. See Exhibit 7, tanker traffic has declined sharply to near-zero levels, indicating a collapse in physical flows. This has led to a growing dislocation between upstream supply availability in the Gulf and the ability to distribute barrels to end markets.

Exhibit 8. Vessels Flow through SoH



Source: Vortexa Tracking

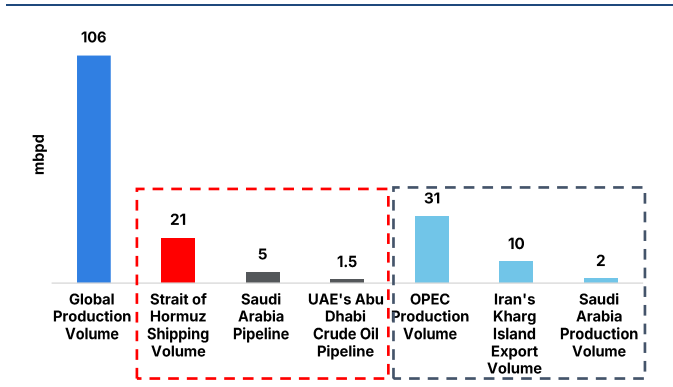
Exhibit 9. Tanker traffic in the Strait of Hormuz



Source: Bloomberg, BRIDS

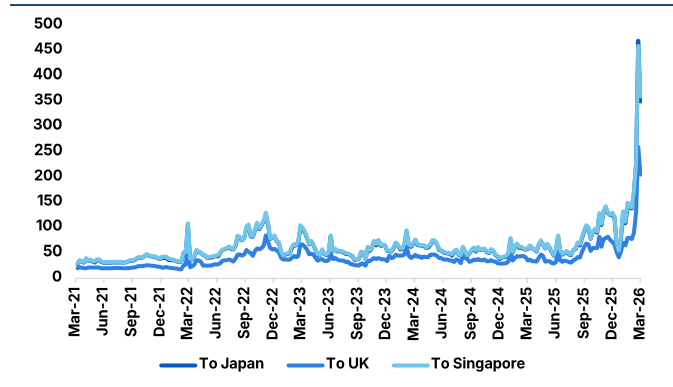
An estimated **~9-10% of the global tanker fleet primarily VLCC's remains stranded the Gulf**, removing up to **~125mn barrels of transport capacity from the market**. See Exh 8 highlights a sharp spike in freight rates across key routes, reflecting extreme tightness in tanker availability. The combined impact of higher freight costs, elevated war-risk premium, increased bunker fuel expenses, and shipment delay is driving a non-linear increase in delivered oil prices.

Exhibit 10. ~20% of global oil volume is disrupted



Source: Vortexa Tracking

Exhibit 11. Rate for tanker from Persian Gulf are surging



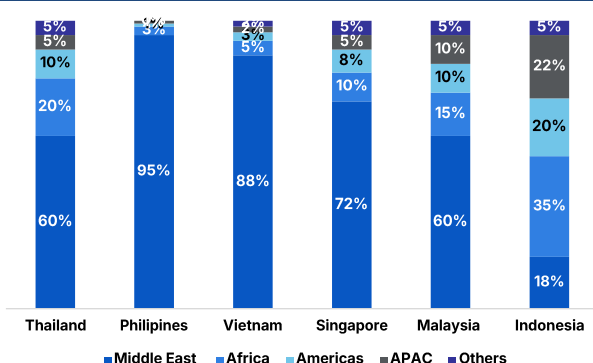
Source: Bloomberg, BRIDS

From a historical perspective, current conditions represent the **most acute disruption since the Tanker War of the 1980s**. Even prior to full escalation, **tanker crossings had already declined by ~26%**, while VLCC freight rates surged nearly threefold. A prolonged disruption risks pushing the system toward a logistical tipping point, potentially exacerbating price volatility and accelerating demand destruction across oil-consuming sectors.

Impact on Indonesia and ASEAN

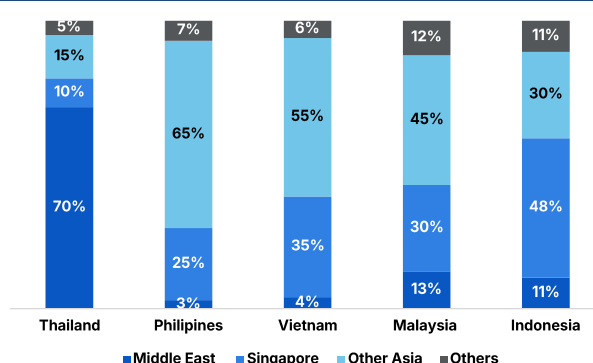
ASEAN's energy resilience to Strait of Hormuz closure remains uneven, largely reflecting differences in crude and petroleum import structures. **Dependence on Middle East crude is notably high in the Philippines (~95%), Vietnam (~88%) and Singapore (~72%), while Indonesia is relatively lower at ~18%.** However, **downstream exposure remains material, as Indonesia imports ~48%** of its petroleum from Singapore (out of ~640 Kbpd vs crude 370 Kbpd), with Singapore in turn sourcing >70% of its crude from the Middle East. Under a moderate disruption scenario, we see import at risk at ~11-16% of total oil imports, reflecting higher pass-through from disrupted ME flows. As disruption extend, indirect exposure via Singapore could further amplify toward the upper end of the range (See Exh 16).

Exhibit 12. ASEAN Crude Oil Import Structure



Source: TradeMap, BRIDS

Exhibit 13. ASEAN Petroleum Import Structure



Source: TradeMap, BRIDS

Exhibit 14. Adjusted oil exposure to Middle East

Country	Total Import (mn bbl)	Direct ME (mn bbl)	Direct ME (%)	Adjusted ME (mn bbl)	Adjusted ME (%)
Thailand	275	170	61.9%	173	62.8%
Vietnam	108	56	52.1%	67	62.0%
Malaysia	366	93	25.5%	141	38.5%
Philippines	145	31	21.2%	46	32.0%
Singapore	845	143	16.9%	143	16.9%
Indonesia	369	50	13.6%	119	32.1%

Source: IEA, TradeMap, BRIDS Estimates

Exhibit 15. At-Risk Supply by Country

Country	Crude Import (kbpd)	Refined Import (kbpd)	Total Oil Import (kbpd)	Adjusted ME Exposure	At-Risk Supply (kbpd)	Annualized Volume at Risk (mn bbl)
Thailand	612	141	753	62.8%	473	173
Philippines	78	319	398	62.0%	246	90
Vietnam	169	126	295	38.5%	113	41
Singapore	543	1772	2,315	32.0%	741	270
Malaysia	267	735	1,001	16.9%	169	62
Indonesia	371	640	1,011	32.1%	324	118

Source: IEA, TradeMap, BRIDS Estimates

Exhibit 16. Indonesia Oil Import Risk

At Risk Supply = 324 Kbpd
 Assumption of Indonesia's total oil imports = 1,011 Kbpd
 Assumption of Indonesia's oil demand = 1,650 Kbpd

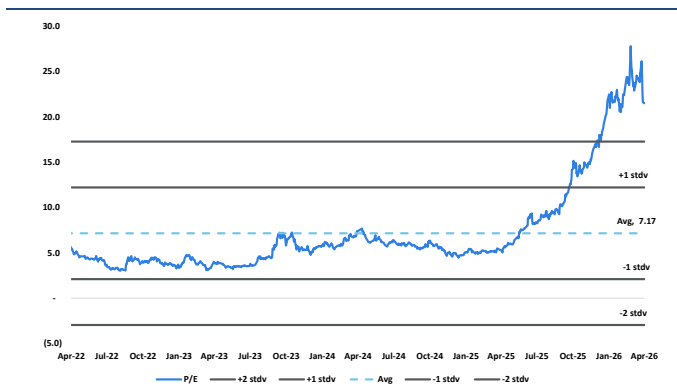
Scenario	Hormuz Flow	Net Supply Loss (Mbbpd)	Assumption on disruption pass-through to exposed barrels	Actual supply loss (kbpd)	Effective import at risk (% of total oil imports)	Effective demand at risk (% of demand)	Annualized volume at risk (Mn bbl)	Monthly equivalent (Mn bbl)
Mild	20-40%	~0.5-4	20-30%	65 - 97	6.4 - 9.6%	3.9 - 5.9%	23.7 - 35.4	2.0 - 2.9
Moderate	5-15%	~6-11	35-50%	113 - 162	11.2 - 16.0%	6.8 - 9.8%	41.2 - 59.1	3.4 - 4.9
Prolonged	<5%	~12-17	50-70%	162 - 227	16.0 - 22.5%	9.8 - 13.8%	59.1 - 82.9	4.9 - 6.9

Source: BRIDS Estimates

Maintaining Positive Tactical view in Upstream and Coal

Despite recent development pointing toward rising flows into SoH, we continue to see Moderate disruption as our base case. At the sector level, we assign a tactical (3M) OW view on upstream oil & gas, with MEDC as our top pick given its production growth (165–170 Mbpd in FY26F; ~5.7–8.9% y-y) and strong earnings leverage to oil prices. We also like the coal names as the preferred beneficiaries of a prolonged energy shock.

Exhibit 17. MEDC P/E 4-Years Band



Source: Bloomberg, BRIDS Estimates

Exhibit 18. MEDC EV/EBITDA 5-Years Band



Source: Bloomberg, BRIDS Estimates

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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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