Buy

(Maintained)

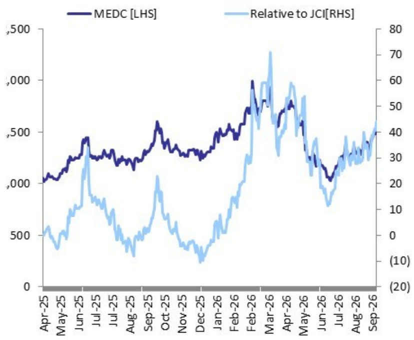
Tactical (3M): **OW**

Last Price (Rp)	**1,575**
Target Price (Rp)	**2,200**
Previous TP (Rp)	***2,200***
Upside/Downside	**+39.7%**
No. of Shares (mn)	**25,136**
Mkt Cap (Rpbn/US$mn)	**38,584/2,189**
Avg, Daily T/O (Rpbn/US$mn)	**121.5/6.9**
Free Float (%)	**24.5**
Major Shareholder (%)	
Medco Daya Abadi Lestari	**51.5**
Diamond Bridge Pte Ltd	**21.5**

EPS Consensus (US$cents)

	2026F	**2027F**	**2028F**
BRIDS	1.5	1.7	1.6
Consensus	1.7	1.8	1.9
BRIDS/Cons (%)	**(9.8)**	**(7.3)**	**(13.3)**

MEDC relative to JCI Index



Source: Bloomberg

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Medco Energi International (MEDC IJ)

1H26 Preview: Solid Volume, Firm Oil Prices & AMMN Contribution to Drive Earnings Rebound

- **2Q26 O&G output stayed strong at 171 mboepd (+1.2% q-q; +18.2% y-y), with key projects on track.**
- **Expect 2Q26 earnings to rebound on firmer prices and AMMN contribution**
- **Maintain Buy rating TP Rp2,200, with solid operations and firm oil prices; risks remain on prices and AMMN ramp-up.**

Operational Performance Remained Strong in 1H26

MEDC recorded 1H26 O&G production of 170 mboepd (+18.9% y-y), reaching the upper end of its FY26F guidance. 2Q26 production also improved to 171 mboepd (+1.2% q-q), driven by higher oil and gas output. Power sales rose to 2,323 Gwh (+16.5% y-y), supported by the ELB expansion, Ijen Geothermal, and East Bali Solar PV. On the development front, Senoro Phase-2A reached full onstream in Jun-26, while Bualuang Renewal Plan Phase-1 added ~2,000 bopd gross production in 2Q26. Looking ahead, Sambar development remains on track for partial onstream in 4Q26F, with peak production targeted at ~85 mmscfd gross.

2Q26F / 1H26F Earnings Preview

We expect 2Q26F earnings to accelerate, supported by higher realized oil and gas prices, sustained production and higher contribution from AMMN as its smelter ramp up. We estimate 2Q26F revenue at US$804.5mn (+20.4% q-q; 39.2% y-y), bringing 1H26F revenue to ~US$1.47bn (+29.4% y-y). We assume oil lifting of 48 mbopd and gas lifting of 633.6 mmscfd, with oil ASP rising to US$97/bbl and implied gas price to US$5.68/mcf. Accordingly, we forecast 2Q26F EBITDA at US$492mn (+41.0% q-q), while net profit is estimated at US$149mn (+122 .2% q-q; +661.7% y-y), supported by an estimated US$52.6mn contribution from AMMN's smelter ramp-up. This should bring 1H26 net profit to an estimated ~US$216mn (+148% y-y), or 56% of our FY26F estimate.

Maintain Buy rating with unchanged TP of Rp2,200.

We maintain our Buy rating on MEDC with unchanged our SOTP-based TP of Rp2,200. We remain positive on MEDC's earnings outlook, supported by solid O&G operations and a favorable oil price environment. Brent has remained elevated, reaching ~US$100/bbl since Jul26, while the US Strategic Petroleum Reserve has declined to ~286mn barrels, its lowest level since Nov82, potentially supporting tighter oil market conditions. Key risks to our view include lower-than-expected oil prices, weaker production delivery, project delays, higher cash cost, and a slower-than-expected AMMN smelter ramp-up

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (US$mn)	2,399	2,395	2,588	2,602	2,629
EBITDA (US$mn)	1,264	1,256	1,431	1,432	1,444
EBITDA Growth (%)	1.5	(0.6)	13.9	0.1	0.9
Net Profit (US$mn)	367	101	386	420	414
EPS (US$cents)	1.5	0.4	1.5	1.7	1.6
EPS Growth (%)	11.1	(72.5)	282.0	8.8	(1.3)
BVPS (US$cents)	8.4	8.6	10.1	11.6	13.1
PER (x)	6.0	21.7	5.7	5.2	5.3
EV/EBITDA	2.5	2.8	3.7	3.8	3.9

Source: MEDC, BRIDS Estimates

Exhibit 1. MEDC 1H26 Operational

Operational data	2Q25	1Q26	2Q26	QoQ (%)	YoY (%)	1H25	1H26	YoY (%)
O&G Production Total (MBOEPD)	**143**	**169**	**171**	***1.2***	***19.6***	**143**	**170**	***18.9***
Oil (MBOPD)	42	47	49	*4.3*	*16.7*	40	48	*20.0*
Gas (MMSCFD)	551	661	668	*1.1*	*21.2*	559	665	*19.0*
Gas/Liquids (%)	71	72	72			72	72	
Net 2P Reserves (MMBOE)	**483**	**551**	**541**	***(1.8)***	***12.0***	**483**	**541**	***12.0***
Power IPP Sold (GWh)	**1,122**	**1,053**	**1,270**	***20.6***	***13.2***	**1,994**	**2,323**	***16.5***
Renewables (GWh)	254	299	291	*(2.7)*	*14.6*	497	590	*18.7*
Non Renewables (GWh)	869	754	979	*29.8*	*12.7*	1,497	1,733	*15.8*
Renewables PoT (%)	23	28	23	*(18)*	-	25	25	-

Source: MEDC, BRIDS

Exhibit 2. Strong ASP Recovery to Lift MEDC's 2Q26E Earnings Estimate

Operational Assumptions			
Item	**1Q26A**	**2Q26F**	**q-q**
Days in period	90	91	*1.1%*
Oil production (mbopd)	47.0	49.0	*4.3%*
Gas production (mmscfd)	661.0	668.0	*1.1%*
Total O&G production (mboepd)	**169.0**	**171.0**	***1.2%***
Oil lifting (mbopd)	48.0	48.0	*0.0%*
Gas lifting (mmscfd)	627.0	633.6	*1.1%*
Total lifting (mboepd)	**156.0**	**157.8**	***1.2%***
Oil ASP (US$/bbl)	75.1	97.0	*29.2%*
Implied gas price (US$/mscf)	5.17	5.68	*10.0%*

Revenue Build for 2Q26F		
Segment	**Calculation**	**US$mn**
Oil revenue	48.0 mbopd x 91 days x $97.0/bbl	423.9
Gas revenue	633.6 mmscfd x 91 days x $5.68/mscf	327.6
Non-O&G revenue	-	53.0
Total revenue 2Q26F		**804.5**

Earnings Estimates 2Q26F			
Income Statement	**1Q26A**	**2Q26F**	**q-q**
Revenue	**668.3**	**804.5**	***20.4%***
COGS	(436.6)	(441.1)	*1.0%*
Gross Profit	**231.7**	**363.4**	***56.8%***
GPM	*35%*	*45%*	
Opex / SG&A	(53.3)	(53.6)	*0.5%*
EBIT	**178.4**	**309.8**	***73.7%***
OPM	*27%*	*39%*	
EBITDA	**349.1**	**492.2**	***41.0%***
EBITDA margin	*52%*	*61%*	
Other income/(expense)	(28.7)	(20.6)	*-28.1%*
Pre-tax profit	**149.7**	**289.2**	***93.2%***
Tax + NCI	(82.6)	(140.1)	*69.6%*
Net Profit	**67.1**	**149.1**	***122.2%***
NPM	*10%*	*19%*	

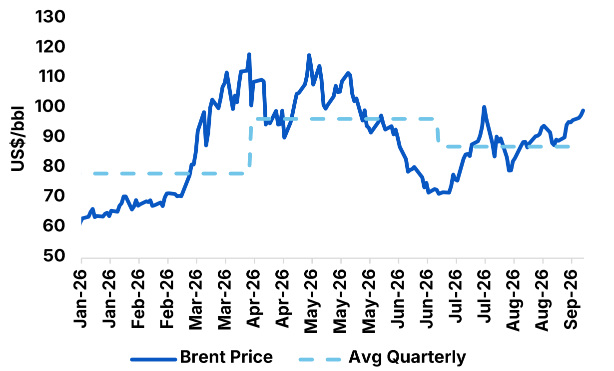
Source: MEDC, BRIDS Estimates

Exhibit 3. MEDC's 2Q26F Preview: Higher O&G Prices to Drive Strong 2Q26F Earnings Growth

MEDC (US$Mn)	2Q25	1Q26	2Q26F	q-q (%)	y-y (%)	Our FY26F	Cons FY26F	A/E (%)	A/C (%)
Revenue	578	668	804	20.4	39.2	2,588	2,649	56.9	55.6
Gross Profit	207	232	363	56.8	76.0	1,059	1,035	56.2	57.5
Operating Profit	156	178	310	73.6	98.3	813	866	60.1	56.4
EBITDA	293	349	492	41.0	68.3	1,431	1,488	58.8	56.5
Net Profit	20	67	149	121.1	661.7	386	373	56.1	58.0
GPM	35.7%	34.7%	45.2%			40.9%	39.1%		
OPM	27.0%	26.7%	38.5%			31.4%	32.7%		
NPM	3.4%	10.1%	18.5%			14.9%	14.1%		

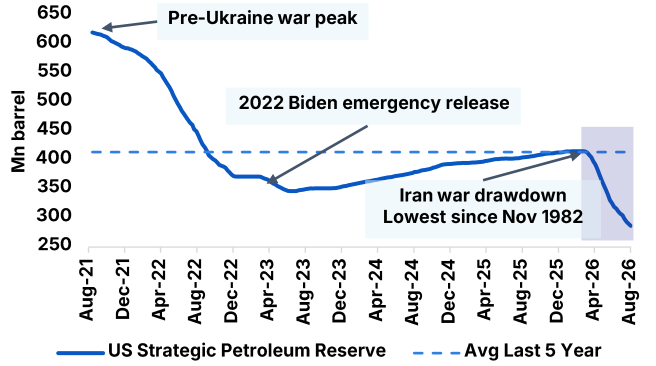
Source: MEDC, BRIDS Estimates

Exhibit 4. Brent Crude Price Volatility and Quarterly Trends



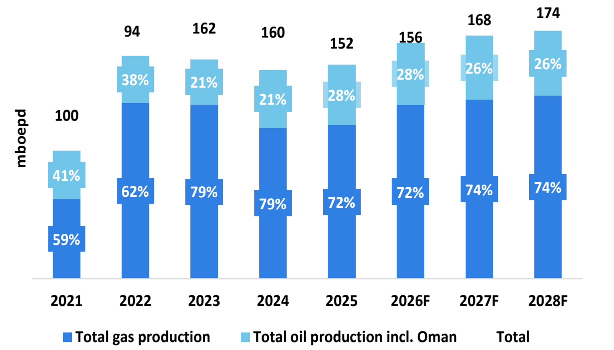
Source: Bloomberg, BRIDS

Exhibit 5. US Strategic Petroleum Reserve Depletes to Multi-Decade Lows



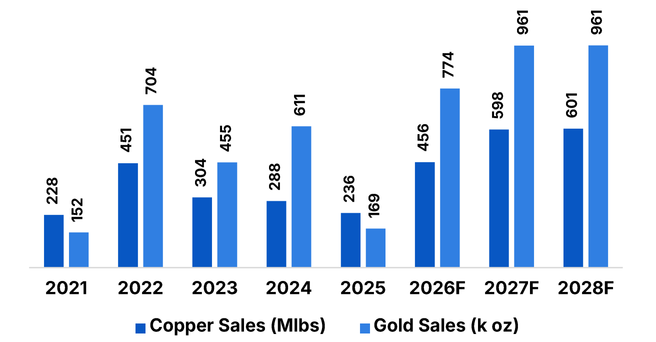
Source: Bloomberg, BRIDS

Exhibit 6. Oil and Gas Production Trend 2021-27F



Source: MEDC, BRIDS Estimates

Exhibit 7. AMMN's Gold & Copper Sales (21-28F)



Source: MEDC, AMMN, BRIDS Estimates

Exhibit 8. MEDC's P/E Band (4-year)

Source: Bloomberg, BRIDS Estimates

Exhibit 9. MEDC's EV/EBITDA Band (5-year)

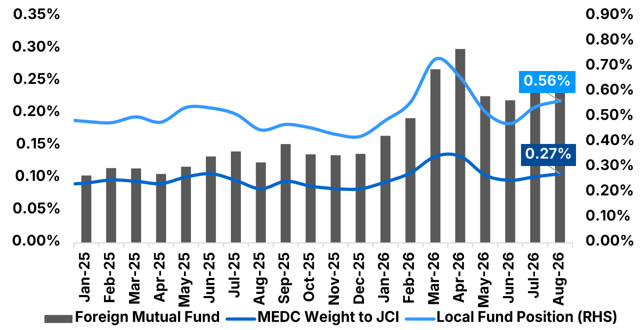
Source: Bloomberg, BRIDS Estimates

Exhibit 10. Peers comparable

Date	Company	Company	Mkt.Cap (USD mn.)	PE		EV/EBITDA		ROA		ROE	
				26F	27F	26F	27F	26F	27F	26F	27F
MEDC IJ	**MEDC IJ Equity**	**MEDCO ENERGI INTERNASIONAL**	**2,192**	**5.7**	**5.2**	**3.7**	**3.8**	**4.6**	**4.9**	**16.4**	**15.4**
ENRG IJ	ENRG IJ Equity	ENERGI MEGA PERSADA TBK PT	2,218	27.7	27.7	N/A	N/A	5.0	4.0	9.0	9.0
ARAMCO AB	ARAMCO AB Equity	SAUDI ARABIAN OIL CO	1,679,300	13.5	14.1	6.8	6.8	17.5	16.2	29.4	25.3
XOM US	XOM US Equity	EXXONMOBIL HOLDINGS CORP	665,848	13.5	14.9	7.3	7.6	11.2	9.2	18.7	15.4
CVX US	CVX US Equity	CHEVRON CORP	414,517	13.1	15.9	6.2	6.9	10.0	8.8	16.4	12.9
SHEL US	SHEL US Equity	SHELL PLC-ADR	274,094	8.7	10.5	4.2	4.7	7.6	6.6	17.6	13.0
TTE US	TTE US Equity	TOTALENERGIES SE	205,577	8.3	9.2	4.7	5.0	7.6	6.7	19.6	15.6
386 HK	386 HK Equity	CHINA PETROLEUM & CHEMICAL	95,814	11.6	10.3	5.3	4.9	2.0	2.3	5.3	5.6
BP US	BP US Equity	BP PLC-SPONS ADR	117,508	7.4	10.3	3.2	3.7	5.0	3.9	23.7	14.6
IPCO SS	IPCO SS Equity	INTERNATIONAL PETROLEUM CORP	2,920	26.6	13.0	10.6	6.2	N/A	N/A	11.2	25.9
			Average.	**14.5**	**14.0**	**6.0**	**5.7**	**8.3**	**7.2**	**16.7**	**15.3**

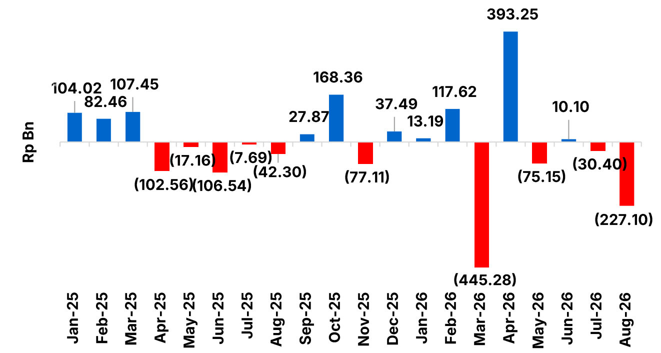
Source: Bloomberg, BRIDS

Exhibit 11. MEDC's fund positioning



Source: Bloomberg, BRIDS Estimates

Exhibit 12. MEDC's monthly foreign flow (Rpbn)



Source: Bloomberg, BRIDS Estimates

Exhibit 13. Income Statement

Year to 31 Dec (US$mn)	2024A	2025A	2026F	2027F	2028F
Revenue	**2,399**	**2,395**	**2,588**	**2,602**	**2,629**
COGS	(1,466)	(1,459)	(1,530)	(1,560)	(1,585)
Gross profit	**933**	**936**	**1,059**	**1,042**	**1,044**
EBITDA	**1,264**	**1,256**	**1,431**	**1,432**	**1,444**
Oper. profit	**717**	**708**	**813**	**795**	**794**
Interest income	86	34	34	26	17
Interest expense	(307)	(324)	(303)	(303)	(321)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	113	88	181	234	253
Other Income (Expenses)	63	(102)	4	4	4
Pre-tax profit	**671**	**404**	**728**	**755**	**747**
Income tax	(289)	(291)	(331)	(325)	(324)
Minority interest	(13)	(13)	(12)	(11)	(9)
Net profit	**367**	**101**	**386**	**420**	**414**
Core Net Profit	**369**	**101**	**386**	**420**	**414**

Exhibit 14. Balance Sheet

Year to 31 Dec (US$mn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	637	569	438	277	195
Receivables	591	672	704	706	711
Inventory	156	144	151	154	157
Other Curr. Asset	421	245	245	245	245
Fixed assets - Net	109	142	157	173	188
Other non-curr.asset	6,001	6,591	6,677	7,209	7,856
Total asset	**7,927**	**8,363**	**8,372**	**8,764**	**9,351**
ST Debt	559	348	394	394	417
Payables	491	452	465	471	475
Other Curr. Liabilities	455	588	496	496	496
Long Term Debt	1,028	1,410	3,105	3,105	3,282
Other LT. Liabilities	3,042	3,205	1,156	1,156	1,156
Total Liabilities	**5,576**	**6,003**	**5,616**	**5,622**	**5,826**
Shareholder's Funds	2,119	2,153	2,538	2,913	3,286
Minority interests	232	207	219	229	239
Total Equity & Liabilities	**7,927**	**8,363**	**8,372**	**8,764**	**9,351**

Exhibit 15. Cash Flow

Year to 31 Dec (US$mn)	2024A	2025A	2026F	2027F	2028F
Net income	367	101	386	420	414
Depreciation and Amort.	548	548	618	637	650
Change in Working Capital	13	(88)	(25)	0	(2)
OtherOper. Cash Flow	292	346	0	0	0
Operating Cash Flow	**1,219**	**906**	**978**	**1,057**	**1,061**
Capex	(578)	(914)	(720)	(1,184)	(1,313)
Others Inv. Cash Flow	209	158	0	0	0
Investing Cash Flow	**(369)**	**(757)**	**(720)**	**(1,184)**	**(1,313)**
Net change in debt	44	321	(400)	0	200
New Capital	2	(21)	0	0	0
Dividend payment	(70)	(80)	(3)	(45)	(41)
Other Fin. Cash Flow	(545)	(437)	13	11	9
Financing Cash Flow	**(569)**	**(218)**	**(389)**	**(34)**	**169**
Net Change in Cash	**281**	**(68)**	**(132)**	**(160)**	**(82)**
Cash - begin of the year	354	637	569	438	277
Cash - end of the year	637	569	438	277	195

Exhibit 16. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	6.7	(0.2)	8.1	0.5	1.0
EBITDA	1.5	(0.6)	13.9	0.1	0.9
Operating profit	(9.6)	(1.1)	14.7	(2.2)	(0.1)
Net profit	11.1	(72.5)	282.0	8.8	(1.3)
Profitability (%)					
Gross margin	38.9	39.1	40.9	40.1	39.7
EBITDA margin	52.7	52.4	55.3	55.0	54.9
Operating margin	29.9	29.6	31.4	30.6	30.2
Net margin	15.3	4.2	14.9	16.1	15.7
ROAA	4.8	1.2	4.6	4.9	4.6
ROAE	18.6	4.7	16.4	15.4	13.4
Leverage					
Net Gearing (x)	0.4	0.5	1.1	1.0	1.0
Interest Coverage (x)	2.3	2.2	2.7	2.6	2.5

Source: MEDC, BRIDS Estimates

Equity Research – Company Update

Thursday, 10 September 2026

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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