

BUY (Unchanged)

Target Price (IDR) 1,600 (from 1,600)

Potential Upside (%) 77.8

Price Comparison

Cons. Target Price (IDR)	1,438
SSI vs. Cons. (%)	111.3

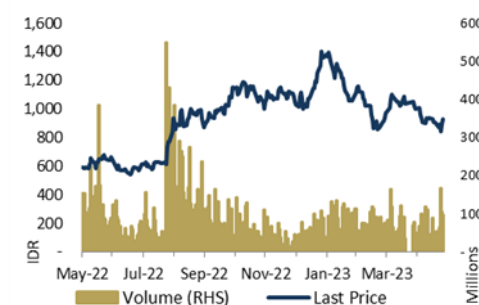
Stock Information

Last Price (IDR)	900
Shares Issued (Mn)	25,136
Market Cap. (IDR Bn)	22,623
52-Weeks High/Low (IDR)	1,430/540
3M Avg. Daily Value (IDR Bn)	75.8
Free Float (%)	22.8
Shareholder Structure:	
PT Medco daya abadi lestari	51.5
Diamond Bridge PTE. LTD	21.46
Masyarakat	26.4

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(11.3)	(10.9)	(21.7)	97.4
JCI Return	(2.4)	(3.3)	(2.3)	(4.8)
Relative	(8.9)	(7.6)	(19.5)	58.7

Stock Price & Volumes, 12M



Company Background

PT Medco Energi Internasional Tbk atau MedcoEnergi adalah perusahaan minyak dan gas asal Indonesia. Perusahaan ini bergerak dalam bidang Perdagangan dan Holding, Eksplorasi dan Produksi Minyak & Gas, Tenaga Listrik, Jasa, Kimia dan Sewa Properti.

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Elevated O&G Prices to Give a Leg Up

Kinerja 1Q23: Pembangkit listrik sebagai penyokong utama. MEDC membukukan pertumbuhan topline yang positif di 1Q23, dengan pendapatan sebesar USD 558 juta (+14% yoy), terutama didorong oleh bisnis pembangkit listrik (USD 111 juta, +255% yoy). Sementara itu, penjualan migas turun menjadi USD 393 juta (-1.6%) akibat penurunan ASP minyak mentah menjadi USD 77.1/bbl (-22.3% yoy) meskipun ada kenaikan produksi migas menjadi 165 mbopd (+29.9% yoy). MEDC membukukan laba operasional sebesar USD 178 juta (-10.9% yoy); penurunan ini terutama disebabkan oleh penurunan margin migas (53%, -220 bps) dan kenaikan OpEx (USD 54 juta, +29.9% yoy). Margin operasional perseroan turun menjadi 32% (-894 bps). Terakhir, MEDC membukukan EBITDA sebesar USD 325 juta (+3.8% yoy) dan laba bersih sebesar USD 80 juta (-11.3% yoy), lebih rendah dari estimasi kami dan konsensus.

Harga minyak berpotensi stabil ditengah potensi pengurangan produksi. Penurunan harga minyak baru-baru ini (karena melemahnya permintaan dari AS dan China) menyebabkan penurunan ASP MEDC menjadi hanya USD 77/bbl di 1Q23, dibandingkan USD 100/bbl di 1Q22. Namun, kami memangkas proyeksi harga Brent FY23F menjadi USD 80/bbl karena Saudi dan OPEC+ mengisyaratkan bahwa ada potensi pemotongan produksi. Baru-baru ini, OPEC+ kembali memangkas produksi minyaknya sekitar 1,16 mmbopd, sehingga total pemotongan produksinya menjadi 3.66 mmbopd (3.7% dari permintaan minyak global). Tesis kami terkait harga minyak yang akan ternormalisasi namun tetap tinggi juga didukung oleh penurunan persediaan minyak mentah AS, yang kami yakini akan berlanjut di kuartal-kuartal mendatang; namun, lemahnya permintaan dari China dan AS berpotensi menahan reli harga, mendorong kami untuk memangkas proyeksi kami.

Normalisasi harga minyak, margin lebih rendah = turunkan proyeksi. Tahun ini, kami yakin MEDC akan meraup pendapatan besar dari bisnis gasnya, terutama dengan kontrak penjualan baru untuk blok Corridor dan kenaikan ASP (USD 7.7/mmbtu), yang akan turut mendorong bisnis migas MEDC. Namun, karena sifat bisnis ini yang memang memiliki margin rendah, kami memangkas proyeksi margin kami menjadi 51% dan menurunkan estimasi EBITDA dan laba bersih kami untuk MEDC masing-masing menjadi USD 1.1 miliar dan USD 314 juta. Revisi ini didukung oleh revisi proyeksi harga minyak kami (lihat bagian sebelumnya), dan dengan Bergeraknya proyek Geothermal Ijen, MEDC berpotensi mengalami penurunan margin dari bisnis pembangkit listriknya. Terakhir, kami masih menunggu lampu hijau untuk IPO AMNT, yang akan menjadi katalis positif bagi saham MEDC yang sedang merosot (-21.56%.YTD)

BUY, TP IDR 1,600. Kami mempertahankan pandangan bullish kami untuk MEDC, dengan rating BUY dan TP berbasis SOTP sebesar IDR 1,600 (4.7x EV/EBITDA FY23F). Risiko Utama: Penurunan harga migas dan volume lifting.

Forecast and Valuations (@ IDR 900 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (USD Mn)	1,252	2,312	2,045	2,042	2,042
EBITDA(USD Mn)	667	1,593	1,108	1,084	1,061
EV/EBITDA (x)	6.6	2.7	3.7	3.8	4
Net Profit (USD Mn)	47	531	314	280	210
EPS (USD)	0.0	0.0	0.0	0.0	0
EPS Growth (%)	n.a	1,033	(40.8)	(11.1)	(25)
P/E Ratio (x)	40.4	3.3	5.7	6.4	9
BVPS (IDR)	0	0	0	0	0
P/BV Ratio (x)	1.8	1.1	1.0	0.9	1
DPS (IDR)	-	37	21	19	14
Dividend Yield (%)	-	3.4	2.0	1.8	1.3
ROAE (%)	3.9	35.7	16.5	12.7	8.6
ROAA (%)	0.8	8.4	4.4	3.7	2.7
Interest Coverage (x)	3.0	6.1	4.0	3.9	3.9
Net Gearing (%)	2.0	1.5	1.1	1.0	0.9

Figure 1. SOTP Valuation

Business	Method	Multiple (x)	2023 EBITDA	Valuations (USDmn)	Stake	Value to MEDC (USDmn)	Notes
Oil & Gas	EV/EBITDA	3.1	1,130	3,523	100.00%	3,523	50% Discount to Peers
Power	EV/EBITDA	7.3	60	441	100.00%	441	50% Discount to Peers
AMNT	EV/EBITDA	3.8	1,400	5,355	23.13%	1,239	20% Discount to Peers
Enterprise Value (USDmn)						5,203	
(-) Debt						(3,400)	
(+) Cash						1,124	
(-) Minority Interest						(224)	
Equity Value (USDmn)						2,702	
Equity Value (IDRbn)						40,527	

Source: SSI Research

Figure 2. Medco Power's Peers

TICKER	Company Name	Market Cap (USDmn)	EV/EBITDA			PE		
			2022	2023	2024	2022	2023	2024
ORA US	Ormat Technologies Inc.	5,043	18.94	13.37	11.80	52.96	42.59	32.32
FGEN PM	First Gen Corp	1,316	3.34	3.03	2.94	4.28	4.57	4.52
6504 JT	Fuji Electric Co Ltd	6,527	9.10	7.22	6.56	15.00	13.72	12.49
GE US	General Electric Co	110,747	13.49	11.36	8.08	31.34	49.88	25.50
CEG US	Constellation Energy	27,453	11.57	10.89	9.71	-	20.93	15.56
VWS DC	Vestas Wind Systems A/S	29,015	-	26.16	13.58	-	341.75	34.04
688223 CH	Jinko Solar Co Ltd	18,506	29.43	12.30	9.58	48.83	20.26	15.24
CSIQ US	Canadian Solar Inc	2,799	8.90	6.52	5.63	6.65	7.63	7.07
BEP US	Brookfield Renewable	14,785	15.47	27.23	24.66	-	-	-
DQ US	Daqo New Energy	3,071	0.42	0.45	0.72	1.65	2.41	4.43
AQN CN	Algonquin Power & Utilities	5,895	16.16	12.57	11.89	65.42	14.94	14.43
Weighted Average			12.73	14.03	10.18	22.89	74.69	21.72

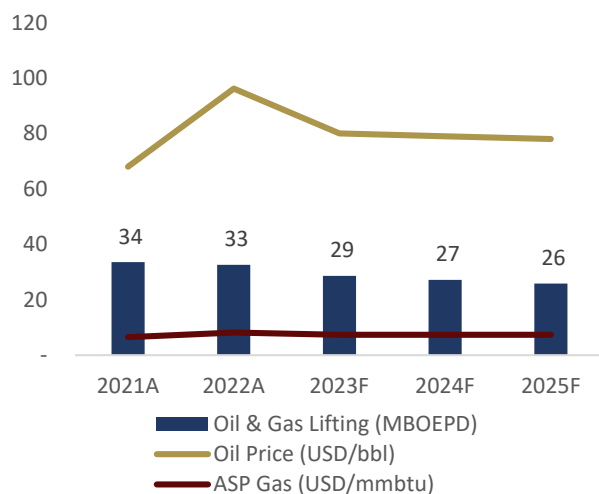
Source: Bloomberg, SSI Research

Figure 3. AMNT's Peers

Ticker	Name	Mkt Cap (USDmn)	P/E (x)		P/B (x)		EV / EBITDA (x)	
			2023F	2024F	2023F	2024F	2023F	2024F
GLEN LN	Glencore PLC (GLNCY)	65,033	6.54	7.23	1.39	1.35	3.91	4.27
BHP AU	BHP Group Ltd	142,776	9.78	10.15	3.17	2.94	5.03	5.08
RIO LN	Rio Tinto PLC	100,682	7.71	8.21	1.75	1.63	4.26	4.43
358 HK	Jiangxi Copper Co. Ltd	7,606	6.26	6.23	0.49	0.46	7.40	7.12
VALE US	Vale SA	59,274	4.79	5.69	1.50	1.35	3.30	3.68
1088 HK	China Shenhua Energy	82,525	7.49	7.48	1.18	1.14	4.57	4.63
AAL LN	Anglo American PLC (NGLC)	38,044	7.02	7.41	1.17	1.04	3.73	3.91
2600 HK	Aluminum Corporation of China	11,773	10.53	8.50	0.91	0.82	7.29	6.73
2899 HK	Zijin Mining Group Co. Ltd.	39,415	10.75	8.96	2.41	1.96	8.66	7.38
Weighted Average			7.97	8.20	1.93	1.78	4.75	4.79

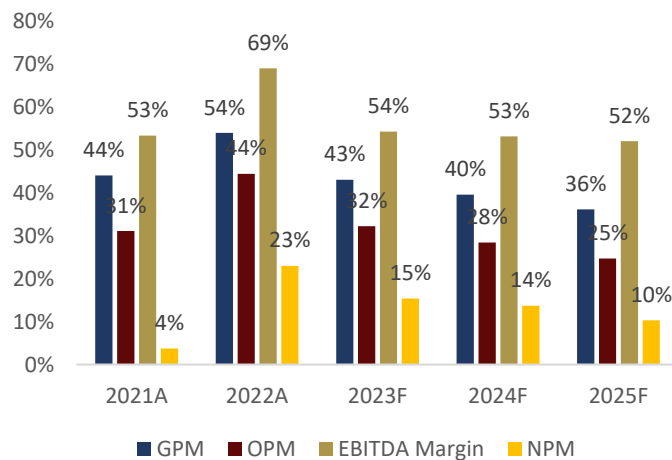
Source: Bloomberg, SSI Research

Figure 4. Oil & Gas Lifting and ASP



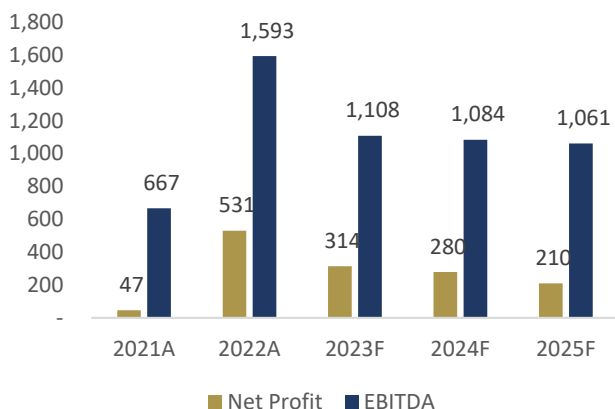
Source: Company, SSI Research

Figure 5. Blended Margins



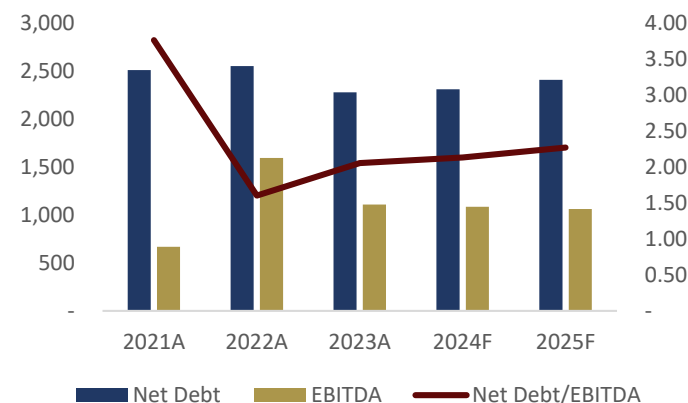
Source: Company, SSI Research

Figure 6. EBITDA & Net Profit Trajectory



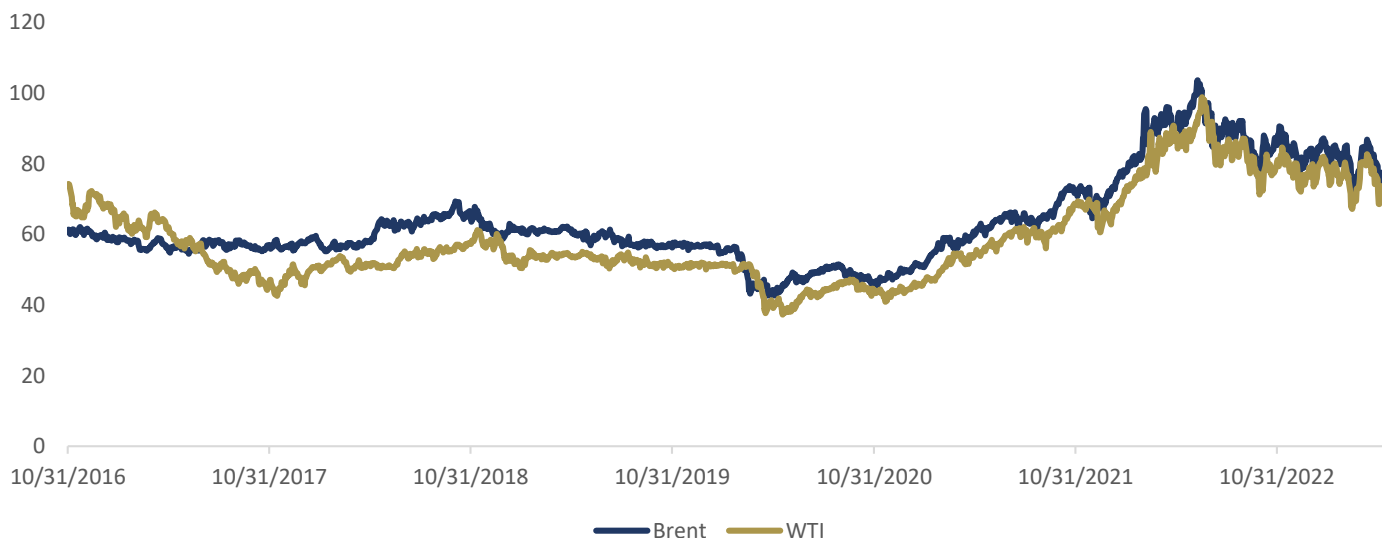
Source: Company, SSI Research

Figure 7. Net Debt to EBITDA



Source: Company, SSI Research

Figure 8. 7-Year Historical Oil Price



Source: Bloomberg, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Revenue	1,252	2,312	2,045	2,042	2,042
COGS	(701)	(1,066)	(1,166)	(1,235)	(1,305)
Gross profit	551	1,246	879	807	737
SG&A	(162)	(220)	(221)	(227)	(233)
Depreciations	278	567	450	504	557
Operating Profit	389	1,026	658	580	504
EBITDA	667	1,593	1,108	1,084	1,061
Interest Expense	(222)	(259)	(280)	(277)	(273)
Interest Income	9	40	47	54	49
Pre-Tax Profit	269	1,046	624	555	453
Income Tax	(223)	(508)	(289)	(255)	(222)
Extraordinary Gain/(Loss)	-	-	-	-	-
Profit Incl. Minority	31	510	294	259	190
Minority Interest	(16)	(21)	(21)	(21)	(21)
Net Profit	47	531	314	280	210

Balance Sheet					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Cash & Equivalents	481	600	1,124	1,052	913
Receivables	479	616	489	477	466
Inventories	101	106	113	120	127
Other Curr. Assets	72	59	48	48	48
Total Current Asset	1,701	1,751	2,007	1,930	1,786
Net Fixed Assets	2,033	2,954	3,286	3,616	3,944
Other Non-Curr. Assets	1,950	2,226	2,221	2,221	2,221
Total Asset	5,684	6,932	7,514	7,767	7,951
Payables	250	286	302	315	327
ST. Debt	315	436	411	386	361
Other Curr. Liabilities	440	658	658	658	658
Total Current Liability	1,006	1,379	1,371	1,358	1,346
LT. Debt	2,674	2,715	2,989	2,974	2,959
Other LT. Liabilities	775	1,090	1,093	1,095	1,097
Total Liability	4,455	5,184	5,454	5,428	5,403
Minority Interest	157	190	224	255	277
Total Equity	1,229	1,748	2,060	2,339	2,548

Cash Flow					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Profit Incl. Minority	(193)	31	510	294	259
Depreciation & Amort.	333	278	567	450	504
Working capital chg	311	7	148	17	17
Operating Cash Flow	978	1,600	1,256	1,101	1,078
Capital Expenditure	160	(921)	(332)	(330)	(328)
Others	(137)	(277)	5	-	-
Investing Cash Flow	23	(1,198)	(327)	(330)	(328)
Dividend Paid	-	-	60	36	32
Net Borrowing	262	162	249	(40)	(40)
Others	(775)	(759)	(792)	(803)	(849)
Financing Cash Flow	(514)	(597)	(543)	(843)	(889)
Net Changes	487	(196)	387	(72)	(139)
Cash at Beginning	446	933	737	1,124	1,052
Cash at Ending	933	737	1,124	1,052	913

Key Ratios					
Y/E Dec (%)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	44.0	53.9	43.0	39.5	36.1
Operating Margin (%)	31.1	44.4	32.2	28.4	24.7
EBITDA Margin (%)	53.3	68.9	54.2	53.1	52.0
Pre-Tax Margin (%)	21.5	45.2	30.5	27.2	22.2
Net Profit Margin (%)	3.7	23.0	15.4	13.7	10.3
Debt to Equity (%)	2.4	1.8	1.7	1.4	1.3
Net Gearing (x)	2.0	1.5	1.1	1.0	0.9
ROE	3.9	35.7	16.5	12.7	8.6
ROA	0.8	8.4	4.4	3.7	2.7

Major Assumptions					
Y/E Dec	21A	22A	23F	24F	25F
Total oil & gas lifting (MBOEPD)	34	33	29	27	26
Average oil price (USD/bbl)	68	96	80	79	78
ASP gas total (USD/mmbtu)	6.5	8.2	7.4	7.4	7.4
ASP Copper (USD/lb)	4.21	3.56	3.00	3.00	3.00
ASP Gold (USD/oz)	1,799	1,737	1,700	1,700	1,700

Regional & Global Peers Comparison

Ticker	Company	Market Cap (USDmn)	PE (x)		PBV (x)		EV/EBITDA (x)		ROA (%)		ROE (%)	
			2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
ARAMCO AB	Saudi Aramco	2,071,465	15.3	15.3	4.6	4.2	7.4	7.3	19.7	19.2	31.8	28.1
XOM US	ExxonMobil	430,174	10.7	11.4	2.1	2.0	5.6	5.9	9.7	9.1	19.6	17.3
CVX US	Chevron	297,175	11.1	10.9	1.8	1.8	5.8	5.8	8.6	9.2	16.3	16.5
SHELL NA	Shell	206,240	6.2	6.4	1.0	0.9	3.6	3.7	6.7	6.3	15.4	13.0
601857 CH	PetroChina Co	182,860	9.5	9.5	0.9	0.9	3.6	3.7	5.4	5.4	9.9	9.2
TTE US	TotalEnergies	152,778	5.8	6.4	1.2	1.1	3.5	3.8	7.3	6.2	22.2	17.7
COP US	ConocoPhillips	126,508	11.3	10.3	2.6	2.3	4.9	4.9	11.9	11.5	24.1	22.3
BP US	BP PLC	105,925	6.1	6.2	1.4	1.2	3.1	3.3	6.4	5.5	23.2	18.8
Weighted Average			12.78	12.84	3.34	3.11	6.23	6.27	14.89	14.44	26.04	23.10

Source: Bloomberg, SSI Research (valuation at last price)

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