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BUY

LP 1,135/Share
TP 1,335/Share
(+18% Upside)

Company Information

General Information

Ticker	MEDC
52-week range	502 - 1,600
YTD Return (%)	39.46%
VS JCI (%)	-4.78%
Last Price (IDR per share)	1,135
Target Price	1,335
Share Outstanding (Bn shares)	4.3
Market Cap (Rp tn)	20.10
Sector	Oil

Source: Company

Shareholders

Csagsing-Encore Energy Pte Ltd	26.85%
Diamond Bridge Pte., Ltd	21.61%
Csagsing-Clio Capital Ventures Ltd	15.59%
Csagsing- PT Medco Daya Abadi Lestari	8.10%
Public	27.85%

Source: Company

Dividend Payment

Year	Payment
2014	16.34
2015	0
2016	0
2017*	0

Source:Proclick

Stock Price



Source:Proclick

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PT Medco Energi International Tbk sepanjang kuartal I-2018 mencatatkan kenaikan pendapatan sebesar +37.4% YoY menjadi USD 288.92 juta. Kenaikan tersebut ditopang harga realisasi minyak yang lebih tinggi mencapai USD 63.3 per bl (+22.7%) dan gas sebesar USD 5.7 per mmbtu (+3.6%). Namun, laba bersih terkoreksi sebesar -40% YoY menjadi USD 26.28 juta disebabkan beberapa faktor yakni tarif pajak efektif Perseroan yang lebih tinggi dibandingkan dengan kuartal yang sama tahun sebelumnya karena adanya perubahan peraturan, beban pokok yang naik sebesar +28.1% YoY menjadi USD 137.36 juta akibat perseroan menambahkan beban pokok penjualan tenaga listrik dan jasa terkait lainnya sebesar USD 29.47 juta. Selain itu, beban pendanaan yang naik signifikan mencapai +62.9% YoY menjadi USD 47.89 juta juga menjadi penekan laba bersih.

Pada tahun 2018, pendapatan MEDC diproyeksikan akan meningkat menjadi USD 1,183.87 juta atau naik sebesar +27.9% YoY didorong naiknya harga minyak dunia yang mencapai USD 70 per bl di tahun ini. Naiknya harga minyak tersebut disebabkan adanya ketegangan geopolitik yang terjadi di Timur Tengah. Laba bersih diprediksi masih terkoreksi menjadi USD 136.45 juta (-12% YoY) akibat peningkatan beban pokok yang diperkirakan mencapai USD 659.73 juta (+21% YoY) dan naiknya tarif pajak efektif yang lebih tinggi dibandingkan tahun sebelumnya.

Berdasarkan metode *Free Cash Flow to Firm (FCFF)*, kami mendapatkan harga wajar Rp 1,335 per lembar saham dengan tingkat PER dan PBV FY 2018 masing – masing sebesar 12.46x dan 1.08x. Harga MEDC yang sudah rendah membuat kami masih merekomendasikan accumulate dengan potensial upside +18%.

Exhibit 1. Financial Highlights

	2016	2017	2018F	2019F
Revenue (USD Mn)	590.0	925.6	1,183.9	1,355.7
Gross Profit	249.3	420.7	524.1	586.7
EPS (Rp)	925.1	127.0	107.2	121.0
Book Value (Rp)	3,554.1	1,144.5	1,238.3	1,305.2
Current Ratio	1.3	1.5	1.7	1.5
Debt Ratio	0.75	0.73	0.72	0.72
Debt to Equity Ratio (DER)	3.04	2.68	2.52	2.60
Net Profit Margin (NPM)	39%	17%	12%	11%
ROA	6%	3%	2%	3%
ROE	26%	11%	9%	9%
PER	1.44	10.51	12.46	11.03
PBV	0.38	1.17	1.08	1.02

Source: Company and Profindo estimates

Exhibit 2. Simplified Balance Sheet

ASSETS(in USD mn)	2016	2017	2018	2019
Cash and Cash Equivalents	164.56	489.04	389.27	385.06
Trade Receivables	534.82	635.37	688.58	788.52
Inventories	70.29	88.91	115.33	134.44
Other Current Asset	364.59	761.73	953.15	830.21
Total Current Asset	1,134.26	1,975.05	2,146.32	2,138.23
Other Receivable	51.79	88.05	90.83	95.37
Finance Lease Receivables-Net of Curr	-	244.58	252.52	265.14
Long Term Investment	924.50	887.33	1,033.38	1,043.71
Fixed Asset	5.17	67.92	73.60	80.96
Goodwill	16.24	67.02	67.02	67.02
Other Non Current Asset	1,465.17	1,830.83	2,014.08	2,161.12
Total Non Current Assets	2,462.87	3,185.74	3,531.43	3,713.33
Total Asset	3,597.13	5,160.79	5,677.76	5,851.57

Liabilities and Equity (in USD mn)	2016	2017	2018	2019
Short-term Bank Loans	16.00	42.00	74.00	-
Trade Payables	207.44	311.67	423.64	493.83
Current Maturities	395.02	365.27	390.67	171.36
Other Current Liabilities	242.10	574.71	543.21	594.37
Total Current Liabilities	860.56	1,293.64	1,431.52	1,259.57
Long Term Debts	1,522.32	2,181.86	2,373.91	2,642.86
Other Non Current Liabilities	323.74	282.62	295.54	322.26
Total Non Current Liabilities	1,846.06	2,464.47	2,669.45	2,965.12
Total Liabilities	2,706.62	3,758.11	4,100.97	4,224.69
Equity	890.51	1,402.67	1,576.78	1,626.88
Total Liabilities and Equity	3,597.13	5,160.79	5,677.76	5,851.57

Source: Company and Profindo estimates

Exhibit 3. Income Statement

USD (mn)	2016	2017	2018F	2019F
Net Revenue	590.04	925.64	1,183.87	1,355.71
Growth(%)	-6.1%	56.9%	27.9%	14.5%
Cost of Goods Sold	(340.69)	(504.91)	(659.73)	(769.04)
Gross Profit	249.35	420.73	524.14	586.66
Operating Expense	(102.94)	(165.78)	(189.42)	(216.91)
Operating Income	146.41	254.95	334.72	369.75
Financial Income	7.58	32.31	11.84	13.56
Other Operating Income	240.66	148.91	45.53	50.24
Earning Before Interest Tax (EBIT)	394.64	436.17	392.10	433.54
Finance Cost	(99.57)	(140.69)	(164.68)	(182.09)
Earning Before Tax (EBT)	295.07	295.48	227.42	251.46
Taxes	(63.29)	(139.83)	(90.97)	(100.58)
Net Income	231.79	155.65	136.45	150.87
Growth(%)	-225%	-33%	-12%	11%
Outstanding Share (Bn)	3.33	16.30	17.70	17.70

Source: Company and Profindo estimates

Exhibit 4. Financial Ratio

	2016	2017	2018	2019
Core Ratios				
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%
Earning Per Share	925.07	127.00	7.71	8.52
Book Value Per Share	267.22	86.05	89.08	91.91
Return on Sales (NPAT/Sales %)	39%	17%	12%	11%
Asset Turnover (Sales / Total Assets)	16%	18%	21%	23%
Asset Leverage (Total Assets/Equity)	404%	368%	360%	360%
Return on Equity (NPAT/Equity %)	26.0%	11.1%	8.7%	9.3%
Cash Dividend/share	0.00	0.00	0.00	0.00
Number of shares outstanding	3.33	16.30	17.70	17.70
Profitability				
Gross Profit / Sales (%)	42%	45%	44%	43%
Net Operating Profit / Sales (%)	25%	28%	28%	27%
Profit before Tax / Sales (%)	50%	32%	19%	19%
Return on Capital Employed (ROCE)	16%	12%	10%	10%
Return on Invested Capital (ROIC)	17%	16%	12%	14%
Return on Assets (ROA)	6%	3%	2%	3%
Operating Efficiency				
Inventory Days	75.3	64.3	63.8	63.8
Trade Receivables (Debtor) Days	330.8	250.5	212.3	212.3
Creditors Days	222.2	225.3	234.4	234.4
Funding Gap Debtors+Inventory-Credit	183.9	89.5	41.7	41.7
Fixed Asset Turnover	11412%	1363%	1609%	1675%
Financial Structure				
Current Ratio	1.32	1.53	1.50	1.70
Quick Ratio (Acid Test)	1.24	1.46	1.42	1.59
Working Capital (Million)	(273.70)	(681.41)	(714.80)	(878.67)
Gross Gearing (Debt to Equity) (%)	217%	185%	87%	87%
Net Gearing (%)	199%	150%	155%	149%
Solvency (Times Interest Earned)	1.03	1.18	1.15	1.19

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Profindo Stock Rating

BUY : The share price is expected to increase by 20% or more
ACCUMULATE: The share price is expected to increase at least by 10%
HOLD : The share price is expected to move within range of +/- 10%
REDUCE: The Share price is expected to decline within range of 10% - 20%
SELL : The share price is expected to decline by more than 20%

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