THE OIC GROUP

IDN GROUP 12

Monthly Report

February 2026

MedcoEnergi

REPSOL

OIC Research Group | Analyst Group Report

Director: Edward Gomulia **Analysts**: Vincent Tiono, William Sumarlie, Ernita Jocelyne, Stephanie Kowinto February 2026

Medco Acquires Key Asset from Repsol in a US$425 million Deal

Transaction Summary

Announcement Date	June 26, 2025
Transaction Size	US$425 mn
Close Date	Q3, 2025
Deal Structure	All cash, 24% ownership
EV/EBITDA	4.62x
P/E	10.54x

Deal Background

- PT Medco Energi Internasional Tbk (MEDC) completed the acquisition of Fortuna International (Barbados), Inc. from Repsol E&P S.à.r.l. for **US$425 million**, finalized in **July 2025**.
- Fortuna holds an indirect **24% participating interest in the PSC Corridor gas block** in South Sumatra, Indonesia.
- Following the transaction, Medco's effective ownership in PSC Corridor **increased from 46% to 70%**, with PT Pertamina Hulu Energi retaining 30%.
- PSC Corridor is one of Indonesia's largest gas-producing assets, comprising seven producing gas fields and one oil field, supported by long-term gas sales contracts.
- The acquisition aligns with Indonesia's broader energy transition agenda, positioning gas as a transitional fuel toward a lower-carbon energy system.

Deal Rationale

Acquirer

- **Strengthens Medco's core upstream gas portfolio** with a high-quality, cash-generative producing asset.
- Increases **operational control** over a strategic national gas asset with long-life reserves and stable production.
- **Enhances free cash flow visibility** supported by long-term take-or-pay gas contracts to Indonesia and Singapore.
- Aligns with Medco's capital discipline strategy, prioritizing brownfield acquisitions with immediate cash flow over greenfield risk

Seller

- Supports Repsol's strategy to **optimize its global portfolio and recycle capital from non-core assets**.
- **Frees up capital for energy transition investments** and higher-priority growth projects.
- **Reduces exposure to mature upstream assets** while maintaining focus on core geographic regions.
- Monetizes value from a producing asset at an attractive valuation amid volatile global energy markets.
- Transfers operational responsibility to a local strategic operator with strong regulatory and market alignment.

Acquirer

PT Medco Energi Internasional Tbk (IDX:MEDC)

PT Medco Energi Internasional Tbk is a Jakarta-based diversified energy company engaged in oil and gas exploration and production, power generation, and natural resources, with operations across Indonesia and selected international markets.

Founded Year	1980
HQ	Indonesia
Market Cap	Rp 31.75T (US$1.89 bn)
TTM Revenue	Rp 38.5T (US$2.37 bn)
LTM EBITDA	US$800.5mn
TTM Net Income	Rp 1.87T (US$179.7 mn)
EV/EBITDA	3.85x (5Y)
P/E	5.79x (5Y)

Seller

Repsol S.A. (BME: REP)

Repsol, S.A. is a Spanish multinational energy company operating globally across Upstream, Industrial, Customer, and Low-Carbon Generation segments. It explores and produces oil and gas, refines and trades fuels, supplies energy products, and develops renewables, hydrogen, biofuels, and decarbonization solutions, headquartered in Madrid since 1927, with diversified integrated business operations.

Founded Year	1927
HQ	Spain
Market Cap	US$16.77 bn
TTM Revenue	US$48.91 bn
EBITDA	US$4.7 bn
TTM Net Income	US$1.14 bn
EV/EBITDA	5.30x
P/E	17.11x (trailing)

Source: Bloomberg Technoz, Market Screener, Medco Energi, Tempo

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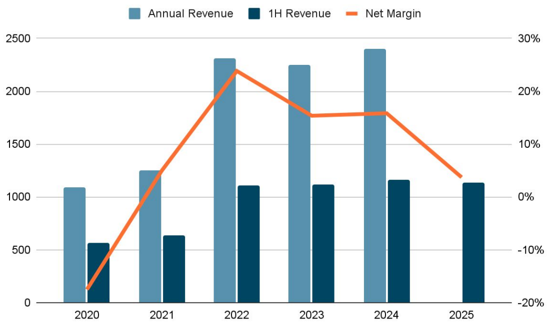
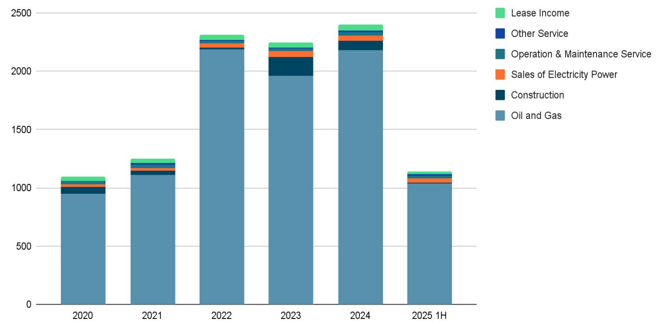
Acquirer Overview: PT Medco Energi Internasional Tbk (IDX:MEDC)

MEDCOENERGI

Medco 5-Y Revenue (US$ mn) and Net Margin (%)



Revenue Breakdown (US$ mn)



Revenue, Profitability, and Segment Analysis:

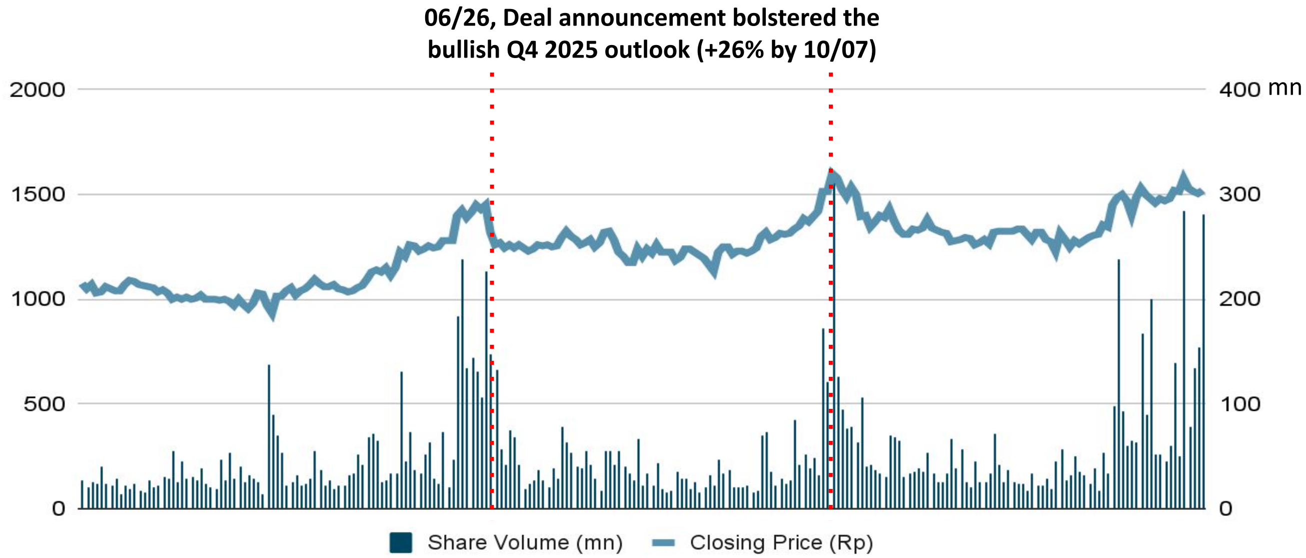
- **Oil and Gas Dominance:** Medco's revenue is driven by oil and gas operations, contributing US$2100mn (88%) in 2024. **Revenue doubled from US$1100mn (2020) to US$2400mn (2024)**, with profit of US$380mn and 17% return on tangible equity.
- **Margin Compression in 1H2025:** **Net margin declined sharply to 3.7% from 18.2% (1H2024)**, driven by a $100mn swing in equity income from associates/JVs. The primary driver was PT Amman Mineral Internasional (20.92% stake), which swung from US$133mn profit (1H2024) to US$31mn loss (1H2025).

Cash Flow Analysis & CapEx / Debt Raising Profile:

- **Strong Operating Cash Flow Generation:** Medco generated US$1200mn operating cash flow in 2024—up 69% YoY—covering US$436mn capex and US$7mn dividends. In 1H2025, US$398mn operating cash flow funded US$185mn capex and US$26mn share buybacks.
- **Improved Leverage and Active Debt Management:** Medco's net debt-to-EBITDA improved to 1.8x in 2024 from 2.1x in 2023, aided by the Oman Block 60 acquisition. The company actively manages debt through US$400mn Senior Notes (May 2025), Rupiah bonds, and opportunistic USD bond buybacks. With liquidity rising to US$824mn (June 2025) from US$583mn a year prior, Medco balances growth, deleveraging, and shareholder returns.

Market Sentiment & Future Strategy Focus:

- **Production Growth Targets:** Medco targets 165,000–170,000 boepd production in 2026, up from 156,000 boepd average in 2025, driven by Corridor PSC and Natuna Block B. Power sales are targeted at 4,550 GWh.
- **Strategic Consolidation:** The **Fortuna International acquisition raises Medco's Corridor PSC stake from 46% to 70%**, consolidating control over a key Indonesian gas asset.



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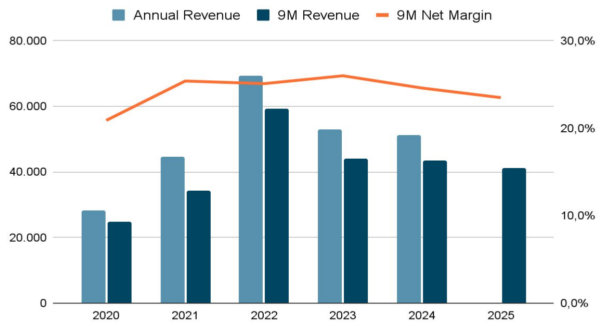
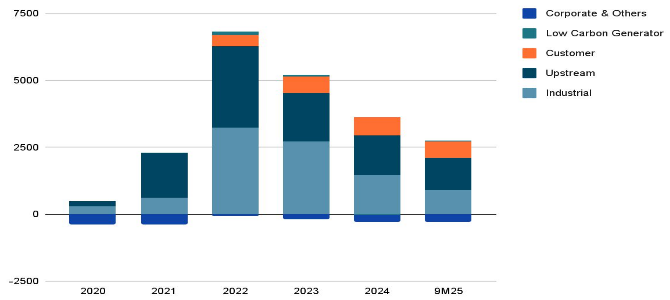
Seller Overview: Repsol, S.A. (BME: REP)

Repsol's 5Y Revenue (EUR€ mn) and Net Margin (%)



Adjusted Income Breakdown (EUR€ mn)



Revenue, Profitability, and Segment Analysis:

- **Slowing Revenue and Net Margin**: In 9M25, Repsol recorded a revenue of €41.1bn (-5.6% YoY) and the net income fell to €1.17bn (-34.31% YoY), due to ongoing divestment strategies and a decline in brent crude prices.
- **Upstream & Industrials**: Upstream led with €1.21bn (44.1%) and **the fastest growing segment** with 50.19% CAGR rate (2020-2024) across exploration and production of crude oil and natural gas reserves. Followed by industrials, which contributed €897mn (32.6%) from oil refining, petrochemicals, and trading.
- **Customer & Low Carbon Generation (LCG):** Represents **repsol's strategic pivot toward energy transition**. The customer segment generated €599mn (21.76%), involving gas stations and utilities services. The LCG segment, while currently the smallest in terms of adjusted income at €43mn (1.56%), is a major focus for investment.

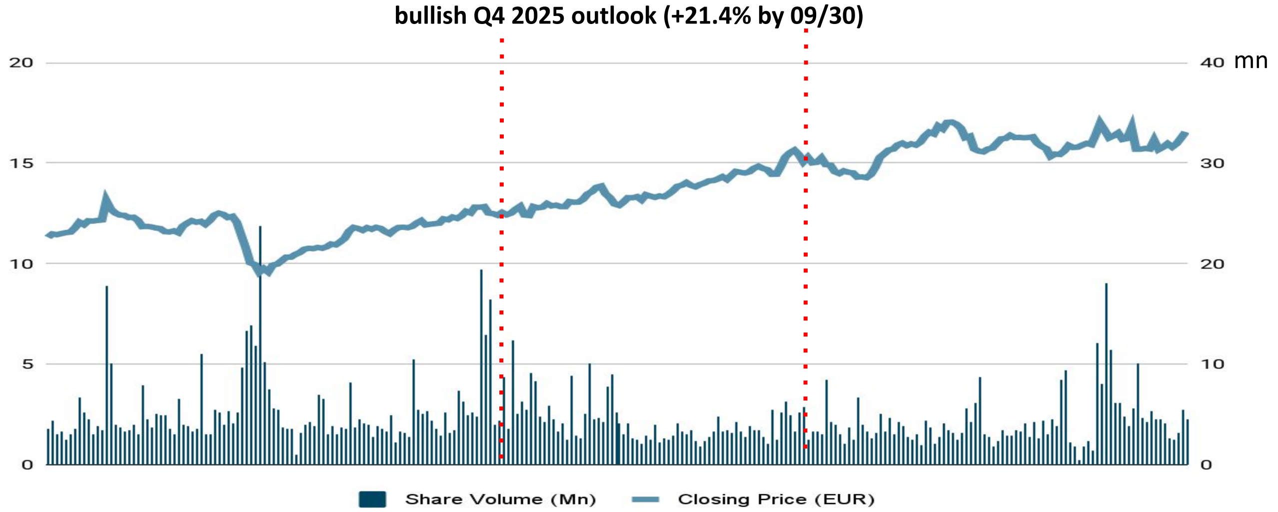
Cash Flow, Capital Expenditure, and Debt Analysis.

- **Resilient Cash Flow:** Throughout 9M25, Repsol recorded a positive operating cash flow of €3.8bn (+14.5% YoY) with a disciplined capital allocation strategy; reflected in its positive free cash flow of €1.52bn after a negative free cash flow of -€1.19bn
- **Capex & Debt Raising Profile:** Total investment for the 9M25 reached €3.88bn, comprised of €3.5bn of organic capex - focused primarily on upstream (€1.66bn), industrials (€0.8bn), and low carbon generation (€0.7bn) - and €0.38bn in inorganic investments. Net debt rose to €6.89bn (+24.5% YoY), which resulted in a net debt/capital employed ratio of 20.5%, driven by high levels of investment and shareholder remuneration.

Market Sentiment & Future Strategy Focus.

- **2024-2027 Strategic Update:** Repsol's focuses on **profitable energy transition** by allocating over 35% of its total net investments (€16–€19bn) to low-carbon projects, while maintaining high shareholder returns by increasing its dividend up to €0.9/share (+30% YoY). By divesting full interests in PSC Corridor, Repsol expects to reduce net debt by approx. $350mn and focuses on its long-term sustainability strategies.

06/26, Deal announcement bolstered the bullish Q4 2025 outlook (+21.4% by 09/30)



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Trading Comparables

Company	Ticker	Market Cap	Revenue	EBITDA	Net Income	EV/EBITDA	P/E
PT Energi Mega Persada Tbk	JK: ENRG	Rp43.9tn (US$2.6bn)	US$509mn	US$127mn	US$79mn	21.69x	22.33x
PTT Exploration & Production	SET: PTTEP	฿480.4bn (US$15.2bn)	฿287.5bn (US$9.2bn)	฿217.1 bn (US$6.9bn)	฿61bn (US$ 1.9bn)	2.36x	7.87x
Jadestone Energy plc	LSE: JSE	£134.077mn (US$184.5mn)	US$438.2mn	US$139.7mn	US$19.8mn	2.17x	8.24x
PT MedCo Energi Internasional Tbk	JK: MEDC	Rp37.8 tn (US$2.2bn)	US$2.4bn	US$800.5mn	US$179.7mn	6.87x	12.83x
Mean						**8.27x**	**12.82x**
Median						**4.62x**	**10.54x**

Precedent Transaction

Announce Date	Target	Acquirer	%Cash	Transaction Value ($US mn)	EV ($US mn)	EqV ($US mn)	EV / EBITDA	P/E
25 July 2023	SHELL	PETRONAS; PT Pertamina Hulu	100%	650	246,360	210,150	4.64x	15.03x
2 March 2022	Conoco Philips	PT MedCo Energi Internasional Tbk	100%	1,355	142,520	129,678	5.52x	14.70x
Mean				**1,002.5**	**194,440**		**5.08x**	**14.87x**
Median				**1,002.5**	**194,440**		**5.08x**	**14.87x**

Analysis

- PT MedCo Energi Internasional Tbk has a current **EV/EBITDA value of 6.87x**. However, based on the precedent transactions, past Mergers and Acquisition (M&A) deals in the oil and gas industry have an EV/EBITDA value at around 5x. This implies that **MedCo could acquire Fortuna at a lower EV/EBITDA multiple.**
- Based on the trading comparables, PT MedCo Energi Internasional Tbk is in the mid-tier company. **MedCo is not undervalued and not overvalued** because its EV/EBITDA and P/E ratio values are relatively higher than the median values. This indicates that MedCo is fairly valued in the market.
- Before acquiring Fortuna S.A., MedCo owned a **46% stake** in the Corridor Block, which it gained through its earlier purchase of ConocoPhillips' shares. Following the acquisition of Fortuna, MedCo's ownership in the Corridor Block **increased to 70%**.

Source: Yahoo!Finance, Medco, Forbes, Petronas, Kawi Energy, LNG Prime, Macrotrends, ConocoPhilips, Upstream

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Synergies

Operational Synergies:

- **Integrated Operations:** Consolidating a 70% stake in the Corridor Asset allows Medco to centralize decision-making across Suban, Grissik, Dayung, and Sumpal fields. This enables streamlined strategies, coordinated drilling campaigns (like Corridor ACD2X), and synchronized compressor upgrades (Suban Compressor Revamping), improving overall operational efficiency.
- **Enhanced asset management:** Medco's direct operational control, under the PSC extended to 2043, allows for strategic reserve management and long-term development planning, including LTR Gas Development and Sambar Gas Development. Improved field uptime and optimized well development plans increase production reliability and extend asset life.

Financial Synergies:

- **Revenue visibility:** The Corridor Asset is fully contracted with take-or-pay agreements with 7 buyers, ensuring that revenue streams are predictable. Medco reduces market exposure risk, enhancing financial stability and investment planning for future projects.
- **Strategic positioning:** The portfolio includes installed 1 MWp rooftop solar PV, reducing ~934 tCO_2e annually, and long-term gas production capability. Medco strengthens its role in Indonesia's energy transition, aligning with ESG goals and low-carbon objectives, while expanding its influence in the domestic gas market.

Potential Risks & Challenges

Operational and Execution Risks:

- **Integration complexity:** Merging Fortuna's operations with Medco's existing PSC Corridor management could face delays or inefficiencies
- **Maintenance and field performance:** Aging infrastructure or unexpected technical issues in the gas and oil fields may disrupt production.
- **Regulatory compliance:** Operational changes must comply with Indonesian energy regulations, environmental standards and local stakeholder requirements

Financial and Market Risks:

- **Commodity price volatility:** Gas and oil price fluctuations can affect revenue and cash flow projections, as well as investor confidence. The recent downtrend in Brent crude oil prices due to geopolitical conflicts may negatively impact revenues and average selling price.
- **Market demand and policy risk:** Changes in domestic or regional gas demand, or shifts in government energy policy could affect long term revenue projections. The Indonesian government has announced plans to increase oil and gas production in the country, by cutting regulations, reactivating idle wells and enhancing output at already producing assets. Since 2017, Indonesia uses a gross-split system, where the government automatically takes a share of produced oil and gas.

Conclusion

Strategic value creation:

- The **US$425 million** acquisition of Fortuna International represents a strategically sound move that increases Medco's stake in PSC Corridor from **46% to 70%**, consolidating operational control over one of Indonesia's most significant gas-producing assets

Financial Attractiveness:

- Acquired at an EV/EBITDA multiple of **4.62x**—below the precedent transaction median of 5.08x and Medco's own trading multiple of 6.87x—the deal offers immediate value creation potential and accretive economics supported by long-term take-or-pay gas contracts

Strategic Alignment

- The transaction strengthens Medco's position as a key player in Indonesia's energy transition, aligning with national priorities to position natural gas as a bridge fuel while demonstrating capital discipline through brownfield acquisition with immediate cash flow generation

Risk Adjusted Outlook

- While commodity price volatility and integration execution remain key risks, the asset's stable cash flow profile, existing infrastructure, and long-term contracts provide downside protection and position Medco for sustainable value creation through 2027 and beyond

Source: Individual research, Q3 2024 Earning Call, Refinitiv, and Trading Economics