

PT Medco Power Indonesia

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2017	Dec-2016	Dec-2015	Dec-2014
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Stable</i>	Total Adjusted Assets [IDR Bn]	12,871.4	11,243.1	9,049.3	4,986.8
Rated Issues		Total Adjusted Debt [IDR Bn]	7,868.8	7,544.0	5,574.0	2,764.6
<i>Bond I/2018</i>	<i>idA</i>	Total Adjusted Equity [IDR Bn]	3,818.7	2,710.1	2,515.7	1,685.7
<i>Sukuk Wakalah I/2018</i>	<i>idA(sy)</i>	Total Sales [IDR Bn]	3,730.8	3,597.2	3,093.1	1,817.1
Rating Period		EBITDA [IDR Bn]	1,068.3	717.3	348.3	140.8
<i>April 16, 2018 – April 1, 2019</i>		Net Income after MI [IDR Bn]	196.7	110.9	104.8	99.3
Rating History		EBITDA Margin [%]	28.6	19.9	11.3	7.7
-		Adjusted Debt/EBITDA [X]	7.4	10.5	16.0	19.6
		Adjusted Debt/Adjusted Equity [X]	2.1	2.8	2.2	1.6
		FFO/Adjusted Debt [%]	6.8	3.9	1.0	-0.3
		EBITDA/IFCCI [X]	2.1	1.7	1.3	1.1
		USD Exchange Rate [IDR/USD]	13,548	13,436	13,795	12,440

*FFO = EBITDA – IFCCI + interest income – current tax expense
EBITDA = (operating profit + depreciation exp. + amortization exp.)
IFCCI = (gross interest expense + other financial charges + capitalized interest); foreign exchange loss not included
MI = minority interest
The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.*

PEFINDO assigns “idA” ratings to PT Medco Power Indonesia

PEFINDO has assigned its “idA” rating to PT Medco Power Indonesia (MDPI). PEFINDO has also assigned its “idA” and “idA(sy)” ratings to MDPI’s proposed Bond I Year 2018 of IDR600 billion and Sukuk Wakalah I Year 2018 of IDR600 billion. The proceeds of the planned issuance will be used to refinance its subsidiaries’ debt of IDR850 billion, to enable direct access to cash flow of several subsidiaries, while the rest will be for capital expenditure (capex). The outlook for the corporate rating is “stable”.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The suffix (sy) means the rating mandates compliance with Islamic principles.

The corporate rating reflects our view on MDPI’s position as a strategically important subsidiary of its parent, PT Medco Energi Internasional Tbk (MEDC, idA+/Stable), favorable off-taker agreements, and stable profitability margin. However, the rating is constrained by risks related to power projects, its aggressive capital structure, and its weak cash flow protection measures.

Any possibility of a rating upgrade in the next 12-18 months is limited, as we expect its sizeable capex to continue exerting pressure on its financial profile. We may consider a rating upgrade if MDPI significantly improves its financial profile, which could be achieved through a significant improvement in its operational efficiency, an enhancement in its market position, and/or a significant deleveraging effort. We may lower the rating if its revenue and/or EBITDA are significantly less than projected, and/or if its debt exceeds projections. The rating will also be under pressure if we view there is a significant deterioration of support from parent.

Established in 2004, MDPI is an independent power producer (IPP) focused on clean energy power plants, mainly gas and geothermal. Its main business is to produce and supply power to state-owned electricity company PT Perusahaan Listrik Negara (Persero) (PLN, idAAA/Stable), especially in the western part of Indonesia. As of December 31, 2017, its power plants have a total installed capacity of 526 megawatts (MW), where most of it is gas fired. It also provides operation and maintenance (O&M) services, with a total capacity of 2,150 MW, mainly through TJB Power Services (TJBPS). As of December 31, 2017, its shareholders were PT Medco Power Internasional (previously PT Saratoga Power) (51%) and MEDC (49%). Following the acquisition of Saratoga’s shares by MEDC in October 2017, PT Saratoga Power has effectively changed its corporate name to PT Medco Power Internasional as of March 2018. PT Medco Power Internasional is owned by MEDC (77.7%) and International Finance Corporation (IFC, 22.3%).

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