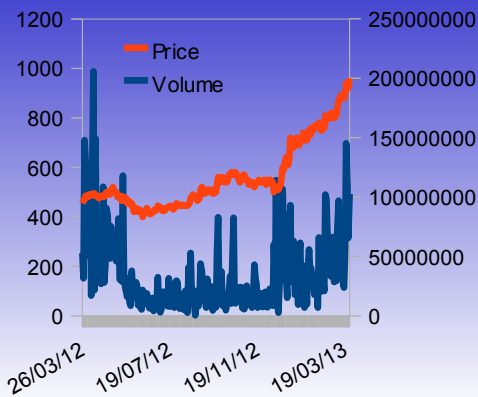


27 Mar , 2013  
Building & Construction

Price Rp 1020  
Target Price Rp. 1340  
JKSE Index 4928



**Investment Consideration**

**Expecting Jump in FY2013F Net Income**

For the past 2 years PT Modernland has recorded a significant jump in its revenue and net income. In FY2012 MDLN recorded IDR 1,057bn revenue (CAGR 101% of 2 years) and IDR 260bn net income (CAGR 160% of 2 years). We estimated that MDLN FY2013f Revenue could reach up to IDR 1,903bn with a total of net income IDR 841bn or three times higher compared to 2012A net income, due to property and industrial estate sales, as well as additional income from its hospitality business.

**Expanding the Industrial Estate Sector**

To expand its industrial estate, MDLN is planning to acquire additional 1000ha located behind the Cikande site in next 2 years and new 1300ha located in Bekasi. At the end of 2012, only 275 ha of Cikande estate that was left underdeveloped, The new addition to MDLN landbank is expected to boost MDLN income in the next 2years. Supported by the demand of Industrial Estate in Indonesia, we believe that MDLN would be able to meet its sales target this year and sustain its share price growth.

**Valuation: TP IDR 1340 or 31% Upside**

Within a year horizon, We believe that MDLN will trade at 10x PE which equivalent to 1340 or 31% upside. We recommend to buy the stock.

**Stock Information**

Bloomberg Code MLDN IJ  
Market Cap (IDR bn) 6,015  
52-week high (IDR) 970  
52-week low (IDR) 395  
Shares issued (mn) 6,266  
6-m avg. daily Val (IDR) 660  
Free float (%) 59.71%

**Major share holders (%)**  
AA Land Pte Ltd. 28.87%  
PT. Bumi Perkasa Permai 6.30%  
PT. Bintang Sukses Pratama 5.11%  
Public (below 5% each) 59.71%

**USD/ IDR (IDR)**  
2012 9388  
2013 (avg 6 month) 9672

**Key Indicator 2013F**  
ROE (%) 22.49%  
NTA (IDR bn) 5,814  
Interest Cover (x) 11.67  
Total Debt to Equity (x) 0.55

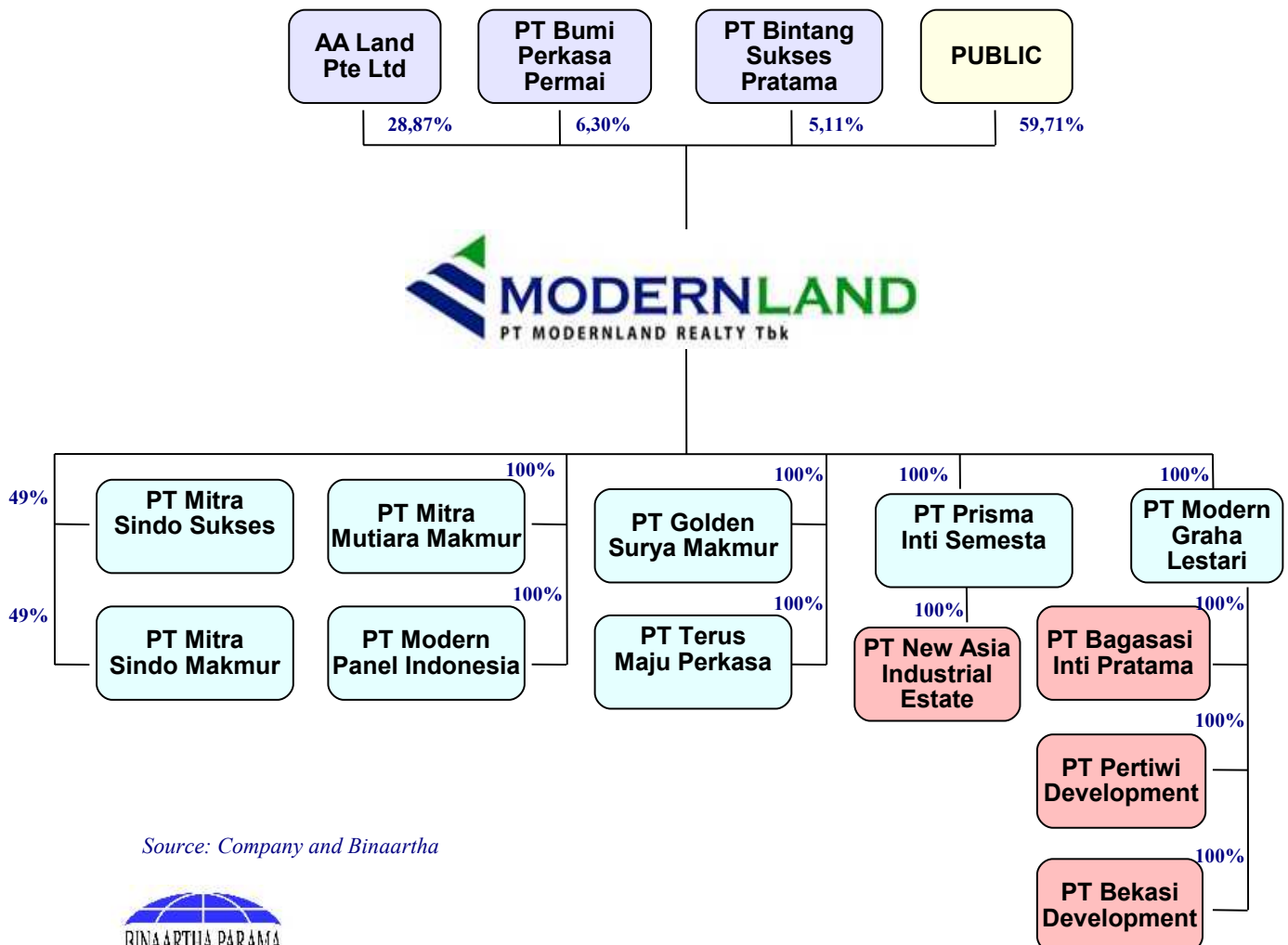
Profit and Loss (IDR Bn)	2009A	2010A	2011A	2012A	2013F	2014F
Net Revenues	292,73	261,33	504,64	1.057,77	1.903,11	2.205,93
Cost of Revenues	(140,40)	(120,27)	(238,01)	(556,04)	(581,43)	(607,97)
Gross Profit	152,33	141,05	266,62	501,73	1.321,68	1.597,95
Operating Expenses	(86,28)	(59,01)	(116,64)	(154,74)	(187,41)	(226,98)
Operating Income	66,05	82,05	149,99	346,99	1.134,27	1.370,98
Other Income	(50,71)	(30,12)	(51,77)	(35,38)	(201,98)	(234,12)
Profit Before Tax	15,34	51,93	98,22	311,61	932,29	1.136,86
Tax Expense	(12,99)	(13,33)	(24,10)	(51,13)	(91,10)	(105,59)
Profit Before Min. Interest	2,36	38,60	74,12	260,47	841,20	1.031,27
Minority Interest	0,00	0,00	0,03	0,05	0,10	0,08
Net Income	2,36	38,60	74,14	260,52	841,30	1.031,35

Source: Company and Binaartha

## Company Background

Established on 8 August 1983, PT Modernland is moving in a real estate industry which known as a residential township developer. The very first project of the township development is widely known as Kota Modern. For more than 20 years, PT Modernland succeed to build its image and become a widely known developer in Indonesia and Asia. To expand its business, PT Modernland also developing few more projects. By cooperating with Keppel Land, PT Modernland is developing a new township development the Jakarta Garden City. Started on 1991 the company diversified its business to Industrial Estate business. Recently PT Modernland also acquire another land located in Bekasi as the additional land bank to its industrial estate. Other than that, PT Modernland also acquired a hotel located in Gajah Mada, Jakarta, Indonesia.

## Group Structure



Source: Company and Binaartha



## Modern Cikande Site



## Expanding the Industrial Estate Sector

Cikande Industrial Estate, is MDLN first industrial estate, was established in the early 1991. Cikande is located in near the Soekarno Hatta International Airport, Jakarta and two international seaports (Ciwandan and Cigading). By the end of 2012, Modern Cikande Industrial Estate (MCIE) has sold up to 700ha of its land inventory and left with 295ha being still undeveloped. UP to 163 companies are operating in this area, dominated by local companies. MDLN expect MCIE could meet its targeted of selling 100ha net sales per year with ASP IDR 1mn per square meter. Besides its land inventory, MDLN is planning to acquire additional 1000ha located behind existing Cikande location and 1300ha in Bekasi. MDLN is expecting to start marketing this area by the end of 2015 and aiming at ASP USD 160 per square meter. The fund to acquire this additional land was obtained from internal cash and bond issuance.

## Jakarta Garden City



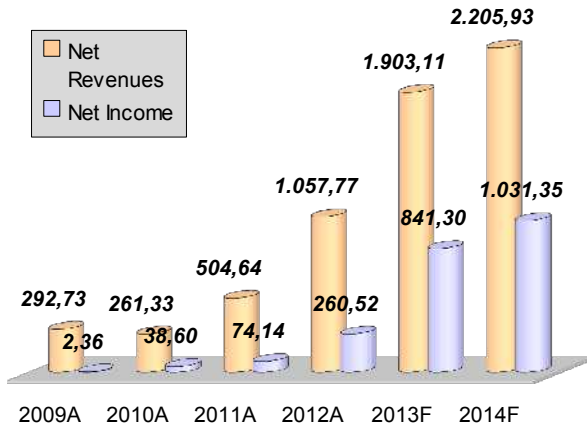
## More Projects and Landbank Inventory

Aiming to the middle to high end market segment, MDLN is developing a new township development called Jakarta Garden City (JGC). Two joint venture companies were formed to operate this projects, owned 51% by Keppel Land of Singapore and 49% by Modernland. The development of the project is expected to last for more than 10 years. For its middle market segment MDLN also preparing a few more projects such as Modern Hill, Modern Green Residences, and Modern Park. The new projects will be marketed starting 2014. Considering the amount of the land inventory that has been acquired by MDLN we believe that MDLN will be able to meet its targeted sales and income.

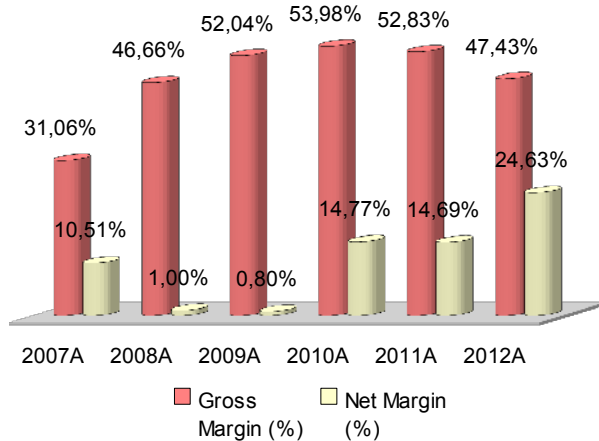
## Land Inventory per Dec 12 (in Ha)

Projects	Land Inventory in Ha per Dec 2012		
	Total Land Bank	Gross	Net
Kota Modern	400		15,1
Modern Hill	60		9,7
Bukit Cibadak Indah	7	7,2	
Modern Cikande A	1.050	276,5	13,3
Modern Cikande B	1.000		
Puri Mas	8		5,0
Jakarta Garden City	270	44,1	
Modern Green Residences	100	98,8	
Bekasi Residential Land Ind. Park	1.300		
Modern Gateway	224	54,3	

## Revenue & Net Income yoy (IDR bn)



## Gross Margin and Profit Margin yoy (%)



## Novotel Gajah Mada



## Expecting in Net Income to tripple

These past few years have been the boom moment for real estate industry in Indonesia. MDLN benefited from the boom as well, which reflected on the significant jump of its revenue and net income. MDLN recorded for more than 4x jump of its FY2010A revenue from IDR 261bn to IDR 1,057bn in FY2012A, net income soars from IDR 38,6bn in FY2010A to IDR 260,52bn in FY2012A. In 2012, MDLN agreed with Alam Sutera Realty Tbk to sell a total of 170ha in Modern Gateway. The sales to Alam Sutra and Industrial estate in Cikande become the major contributors in boosting MDLN revenue.

Spreading its wings to hospitality business, by the end of 2012, MDLN has completed the development of a hotel located in Gajah Mada Jakarta, managed by Novotel. For the first few months from its opening date, the hotel achieved 80% occupancy rates.

We expect that MDLN will be able to maintain its gross profit margin at the level above 45% followed by its net income margin to be above 14%. With the addition of its landbank and significant increase of selling price, we expect MDLN will be able to maintain sales revenue and profit margin. We estimate MDLN FY2013F Revenue would reach up to IDR 1,903bn with a total of net income IDR 841bn, growing by 80% and 225% respectively from 2012.

## Stocks Valuation

Within a year horizon, we believe that MDLN will trade at 10x P/E which equivalent to 1340 or 31% upside. Buy

Profit and Loss (IDR Bn)	2009A	2010A	2011A	2012A	2013F	2014F
<b>Net Revenues</b>	292,73	261,33	504,64	1.057,77	1.903,11	2.205,93
Cost of Revenues	(140,40)	(120,27)	(238,01)	(556,04)	(581,43)	(607,97)
<b>Gross Profit</b>	152,33	141,05	266,62	501,73	1.321,68	1.597,95
Operating Expenses	(86,28)	(59,01)	(116,64)	(154,74)	(187,41)	(226,98)
<b>Operating Income</b>	66,05	82,05	149,99	346,99	1.134,27	1.370,98
Other Income	(50,71)	(30,12)	(51,77)	(35,38)	(201,98)	(234,12)
<b>Profit Before Tax</b>	15,34	51,93	98,22	311,61	932,29	1.136,86
Tax Expense	(12,99)	(13,33)	(24,10)	(51,13)	(91,10)	(105,59)
<b>Profit Before Min. Interest</b>	2,36	38,60	74,12	260,47	841,20	1.031,27
Minority Interest	0,00	0,00	0,03	0,05	0,10	0,08
<b>Net Income</b>	2,36	38,60	74,14	260,52	841,30	1.031,35
<b>EPS</b>	0,77	12,63	24,26	41,57	134,25	164,58
<b>EBITDA</b>	(8,56)	22,32	62,45	557,24	1.202,03	1.432,96
# share	3.056.845.688	3.056.845.688	3.056.845.688	6.266.533.661	6.266.533.661	6.266.533.661

## Ratio Highlight

Growth (% YoY)	2008A	2009A	2010A	2011A	2012F	2013F
Sales	-17,88%	23,45%	-10,73%	93,11%	109,61%	79,92%
OP	-3,22%	92,43%	24,22%	82,81%	131,35%	226,89%
EBITDA	-14,11%	-134,09%	-360,81%	179,74%	792,31%	115,71%
NP	-92,15%	-1,13%	1538,82%	92,07%	251,37%	222,93%
EPS	-93,67%	-1,13%	1538,82%	92,07%	71,40%	222,93%

### Profitability (%)

Operating Margin	14,48%	22,56%	31,40%	29,72%	32,80%	59,60%
EBITDA margin	10,59%	-2,92%	8,54%	12,37%	52,68%	63,16%
NET Profit margin	1,00%	0,80%	14,77%	14,69%	24,63%	44,21%
ROA	0,13%	0,13%	1,90%	3,08%	5,67%	14,47%
ROE	0,23%	0,23%	3,47%	6,25%	11,70%	22,49%

### Stability

Total debt/ Total equity (x)	0,77	0,7	0,83	1,03	1,06	0,55
Int. Coverage (x)	1,66	0,49	1,43	2,17	4,45	11,67
int. & ST debt coverage (x)	0,03	0,04	0,04	0,04	0,03	0,04

### Per Share data (Rp)

EPS	0,78	0,77	12,63	24,26	41,57	134,25
BVPS	340,67	341,44	364,12	388,17	355,22	597,07
SPS	77,57	95,76	85,49	165,08	168,8	303,69
Ebitda/share	8,21	-2,8	7,3	20,43	88,92	191,82
DPS	263,31	237,82	300,83	400,36	377,53	330,77



**RESEARCH TEAM**  
**(62 21) 520 6678 ext. 118**

*Disclaimer; PT Binaartha Parama has compiled this report in good faith, using information believed to be reliable. PT Binaartha Parama and its analysts take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Parama only. This report is not an invitation to buy or sell any security. PT Binaartha Parama may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.*

