

Monnari Trade SA

2022-05-18 13:15

Analytical report

Key data

Target price [PLN]	5,5
DCF Valuation [PLN]	4,6
Comparative Valuation [PLN]	6,9
Market price [PLN]	3,5
Growth/decrease potential [%]	60,0%
Market cap [mln PLN]	105,8
Free float [%]	68,0%
Industry	clothes retail
WSE code	MON
Bloomberg code	MON PW

Analysts

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Company profile

The company focuses on creating own comprehensive collections, aimed mainly at women over 30, in the attractive segment of brand clothing. Production is outsourced, the collections are sold through a network of own showrooms and online.

Source: www.gpw.pl

Shareholders:

	[%]
Misztal Mirosław	2620,0%
NN OFE	570,0%

Growth factors

Sales network growth	Low value of domestic currency
Competitive offer	Low profitability
High cash amount	Supply chain disruptions
Strong consumer demand	Costs pressure

Risk factors

Post-pandemic sales recovery and income, profitability as a challenge

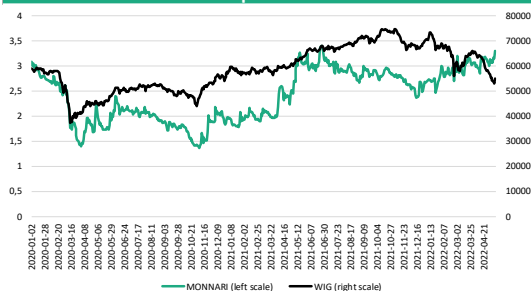
After a decline in revenues in 2020 and a net loss of minus PLN 30.5 million, Monnari Trade is rebuilding sales and profitability. The results for 2021 were positively influenced by external factors (post-pandemic recovery) and one-off events in the Company. The sale of the half of Geyer's Gardens (Ogrody Geyera), partial loan write-off received from the Polish Development Fund Group allowed the Company to receive a significant inflow of cash. A prospect of receiving a new loan (Q2 2022) will strengthen Company liquidity. At the end of 2021, the Company had over PLN 70 million in cash. On the revenue side, we expect continued good results in Q1, however, we forecast lower profitability than in the period before the pandemic.

Among the **greatest threats** we identify the decline in consumer purchasing power caused by inflation, the weakening of the Polish zloty and disturbances in supply chains from Asian countries (mainly from China).

Among the **greatest opportunities** we recognize the development of the sales through its own and franchise networks as well as investments in the remaining part of the Geyer Gardens that will be lead to the increase of the Company's assets potentially being for sale.

Finally, we **increase the target price of the Company to PLN 5.5 per 1 share.**

Stock performance



Source: DM Banku BPS SA calculations

PLN thd	2021	2022P	2023P	2024P	2025P	2026P
Sales	232 422	267 139	289 248	313 187	339 108	367 173
EBITDA	30 072	27 618	26 103	27 138	27 448	30 486
EBITDA margin	12,9%	10,3%	9,0%	8,7%	8,1%	8,3%
EBIT	19 337	18 594	13 166	13 106	12 262	14 059
Net income	20 696	13 116	7 772	8 838	9 171	10 637
Equity	211 451	227 607	237 180	248 066	259 362	272 464
Net debt	-34 983	-75 630	-70 435	-64 101	-61 212	-70 590
P/E	5,1	8,1	13,6	12,0	11,5	9,9
P/BV	0,5	0,5	0,4	0,4	0,4	0,4
EV/EBITDA	2,4	1,1	1,4	1,5	1,6	1,2
EPS	0,7	0,4	0,3	0,3	0,3	0,3

Source: DM Banku BPS SA, E - estimates

Basic definitions

CAPEX (capital expenditures) - investment expenditures on product development, system implementation (including intangible assets) or tangibles assets in the part in which the capital is intended to maintain the company's current ability to generate income.

DCF (discounted cash flows) - discounted cash flows; all future cash flows are estimated and discounted in order to determine their present value. The value of the discount rate used corresponds to the cost of capital and includes an assessment of the risk related to future cash flows.

DFCF - Discounted FCF (Free Cash Flows to Firm).

EBIT (earnings before interest and taxes) - operating income i.e. the income before deduction of taxes and interest.

EBITDA (earnings before interest, taxes, depreciation and amortization) - the company's operating profit before deducting interest on interest-bearing liabilities (loans, bonds), taxes, amortization and depreciation of tangible and intangible assets; here EBITDA = operating income + amortization of tangible fixed assets + depreciation of intangible assets.

EV (Enterprise Value) - total enterprise value; here EV = current stock market capitalization + net debt.

EV / EBITDA - the ratio is calculated by dividing the present value of the enterprise (EV) by the value of EBITDA.

FCFF (Free Cash Flow to Firm) - free cash flows for owners of equity capital and creditors, which can be defined as flows resulting from the company's operating and investment activities, after all financial expectations of capital donors, i.e. all parties financing the company, have been settled.

WSE - Warsaw Stock Exchange.

NOPLAT - net operating result less adjusted taxes; here NOPLAT = EBIT * (1 - tax rate).

P / BV (price / book value) - the ratio is calculated by dividing the current capitalization of a listed company by the book value of its equity, which is provided in the company's balance sheet.

P / E (price earnings ratio) - stock exchange ratio. It is calculated by dividing the market price of one share by the net profit per share.

PV TV - Present Value, ie the residual value (TV) discounted at the present moment.

CR - current report.

SB - Supervisory Board.

TV (Terminal Value) - residual value; enterprise value after the forecast period; here estimated with the help of the Gordon model.

WACC - weighted average cost of capital; financial indicator informing about the average relative cost of capital engaged in financing the enterprise.

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This report is published on the day of its completion on the publicly available <https://dmbps.pl/wsparcie-analityczne/program-wsparcia-pokrycia-analitycznego-gpw/monnari-trade-s-a>

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https://dmbps.pl/informacje/228/Regulamin_zarzadzania_konfliktami_interesow_w_Domu_Maklerskim_Banku_BPS_SA

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List of recommendations issued within the last 12 months as part of the Analytical Coverage Support Program 3.0.

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
PROCHEM	nd	31	24,8	Analytical report	2021-05-17	Tomasz Czarniecki, Artur Wizner
VIVID GAMES	nd	1,59	1,61	Analytical report	2021-05-19	Tomasz Czarniecki, Artur Wizner
ML SYSTEM	HOLD	126	118	Initial report	2021-06-30	Tomasz Czarniecki, Artur Wizner
NTT SYSTEM	nd	8,3	5,98	Initial report	2021-09-01	Łukasz Bryl, Tomasz Czarniecki
UNIBEP	nd	17	12,9	Initial report	2021-09-07	Artur Wizner
MONNARI TRADE	nd	5,3	2,8	Initial report	2021-09-07	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,6	3,6	Initial report	2021-09-07	Artur Wizner, Tomasz Czarniecki
PROCHEM	nd	31	25	Initial report	2021-10-06	Artur Wizner
NTT SYSTEM	nd	8,3	5,8	Analysis of results	2021-10-01	Łukasz Bryl, Tomasz Czarniecki
MONNARI TRADE	nd	5,3	2,9	Analysis of results	2021-10-01	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,6	3,4	Analysis of results	2021-10-08	Artur Wizner, Tomasz Czarniecki
VIVID GAMES	nd	1,23	1,39	Analytical report	2021-10-18	Łukasz Bryl, Tomasz Czarniecki
PROCHEM	nd	31	25,4	Analysis of results	2021-11-17	Artur Wizner
VIVID GAMES	nd	1,23	1,37	Financial forecast	2021-11-24	Łukasz Bryl, Tomasz Czarniecki
NTT SYSTEM	nd	8,3	5,04	Financial forecast	2021-11-24	Łukasz Bryl, Tomasz Czarniecki
UNIBEP	nd	14	10,35	Analytical report	2021-11-24	Artur Wizner
VIVID GAMES	nd	1,23	1,34	Analysis of results	2021-12-02	Łukasz Bryl, Tomasz Czarniecki
NTT SYSTEM	nd	8,3	5,16	Analysis of results	2021-12-03	Łukasz Bryl, Tomasz Czarniecki
MONNARI TRADE	nd	5,3	2,57	Analysis of results	2021-12-10	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,6	3,17	Analytical report	2021-12-10	Artur Wizner
INTERFERIE	SELL	6,73	7,5	Initial report	2021-12-30	Łukasz Bryl
JSW	BUY	45	34,87	Analytical report	2021-12-30	Artur Wizner
JSW	BUY	46,4	35,4	Analytical report	2022-01-04	Artur Wizner
SNIEZKA	HOLD	84	79,8	Analytical report	2022-03-24	Artur Wizner
UNIBEP	nd	11	9	Analytical report	2022-04-21	Artur Wizner
NTT SYSTEM	nd	7,94	5	Analytical report	2022-05-04	Tomasz Czarniecki, Łukasz Bryl
PROCHEM	nd	37	32,8	Analytical report	2022-05-10	Artur Wizner
VIVID GAMES	nd	1,25	1,17	Analysis of results	2022-05-13	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	3,6	2,8	Analytical report	2022-05-13	Artur Wizner
PROCHEM	nd	37	33,6	Analysis of results	2022-05-17	Artur Wizner
MONNARI TRADE	nd	5,5	3,5	Analytical report	2022-05-18	Łukasz Bryl