

Monnari Trade SA

Analysis of the preliminary partial results for the 4Q 2022

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Key data

Market price [PLN]	4,7
Growth/decrease potential [%]	53,0%
Market cap [mln PLN]	143,8
Free float [%]	61,3%
Industry	clothes retail
WSE code	MON
Bloomberg code	MON PW

Analyst

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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	32,9
MONNARI TRADE S.A.	15,1
Fair Sp. z o.o.	8,3

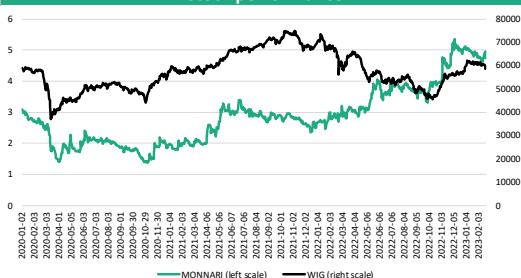
Growth factors

Sales network growth
Competitive offer
High cash amount

Risk factors

Risk of recession
Costs pressure

Stock performance



Source: DM Banku BPS SA calculations

Monnari Trade has provided preliminary data on **revenues** and **gross margin on sales for the 4Q 2022**. Thus, the Company has announced preliminary, partial financial results for the entire 2022.

We consider the estimates given as good. Monnari Trade has almost entirely rebuilt its revenues after the pandemic. Sale in the **fourth quarter** was higher than a year ago (increase by 11.7% y/y) and amounted to PLN 93.5 million. This is only 3 percent less than in the record-breaking, non-pandemic fourth quarter of 2019. At that time, sales amounted to PLN 96.4 million. **Throughout the year**, however, the Company managed to generate higher than in 2019 and record-breaking revenues (PLN 288.4 million compared to PLN 282.2 million in 2019). To a large extent, this was possible thanks to very good results in the second quarter. The key indicator in the footwear industry, however, is the gross margin on sales. It was higher both in the fourth quarter as well as in the entire 2022 (increase by 0.4 p.p. and 2.6 p.p. respectively), which, in a challenging last year, should be evaluated positively.

Preliminary, partial results confirm the solid foundations of the Company. Despite the uncertainty in the macroeconomic environment, we assess the prospects for further growth positively, which is impacted by: strong labor market, relative appreciation of zloty against the dollar, slowing down the inflation rate in Poland and the suspension of the monetary policy tightening cycle.

The Company's results are very close to our estimates.

Financial results for 4Q 2022 against the DM Banku BPS forecasts

mIn PLN	4Q 2022	DM BPS forecasts	Comparison to the DM BPS forecasts
Revenue	93,5	91,7	2,0%
Sales margin	58,6%	59,5%	-0,9 p.p.

Source: DM Banku BPS SA, Company

Financial results for 2022 against the DM Banku BPS forecasts

mIn PLN	2022	DM BPS forecasts	Comparison to the DM BPS forecasts
Revenue	288,4	286,6	0,6%
Sales margin	57,3%	57,6%	-0,3 p.p.

Source: DM Banku BPS SA, Company

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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