

# Monnari Trade SA

13.06.2023 08:30

## Key data

<b>Target price [PLN]</b>	<b>7,3</b>
DCF Valuation [PLN]	5,4
Comparative Valuation [PLN]	11,3
Market price [PLN]	5,1
Growth/decrease potential [%]	42,7%
Market cap [mln PLN]	155,9
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	34,1
MONNARI TRADE S.A.	15,1
Fair Sp. z o.o.	8,3

### Growth factors

Strong PLN  
Competitive offer  
High cash amount

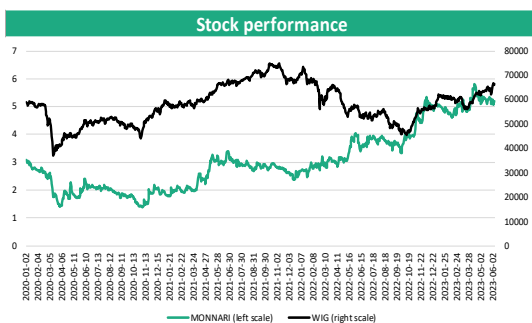
### Risk factors

Risk of recession  
Costs pressure

## Record-breaking revenues, inflation is a friend and a foe

Relatively good, compared to the broader market, retail sales results in the clothing and footwear category for the first quarter were also reflected in Monnari Trade's revenues. Despite the fact that the first quarter is usually the worst for clothing companies and the fact that Monnari Trade has reduced the number of stores and sales space, the Company generated a record-breaking quarterly revenue of PLN 67.5 million, which is partly due to higher prices of the products offered. The Company also managed to maintain a relatively high gross margin on sales at the level of 55.4%. Nevertheless, the environment of high inflation in Poland also generates strong pressure on the Company's cost side. Selling costs increased by 21.2% y/y, although we perceive this rather as a consequence of higher revenues due to the fact that the cost of renting space in shopping malls is related to the sales revenue. On the other hand, the increase in general management costs by as much as 57.4% is based on growing wage requirements and the general increase in prices in the country, which we assess negatively. On the other hand, we positively assess the fact that, despite the loss on operating activities, the Company managed to generate a positive net result at the end of the first quarter, which is partly due to high financial revenues (Monnari Trade invested surplus cash after selling part of Geyer's Gardens).

**Finally, we are lowering our valuation to PLN 7.3 (from PLN 7.8) per share at the end of 2023, which is mainly due to the decrease in the multiples of comparable companies.**



Source: DM Banku BPS SA calculations

PLN thd	2021	2022	2023P	2024P	2025P	2026P	2027P
<b>Sales</b>	232 422	287 730	315 107	327 612	333 233	348 715	375 169
<b>EBITDA</b>	30 072	33 527	28 184	30 279	32 055	34 739	40 557
<b>EBITDA margin</b>	12,9%	11,7%	8,9%	9,2%	9,6%	10,0%	10,8%
<b>EBIT</b>	19 337	28 134	20 218	22 426	24 123	26 687	32 378
<b>Net income</b>	20 696	57 443	16 298	17 681	19 588	21 769	26 766
<b>Equity</b>	211 451	266 521	287 932	311 738	337 276	365 500	399 444
<b>Net debt</b>	-34 983	-47 849	-17 054	-49 949	-58 967	-77 997	-87 601
<b>P/E</b>	7,1	2,6	9,0	8,3	7,5	6,8	5,5
<b>P/BV</b>	0,7	0,6	0,5	0,5	0,4	0,4	0,4
<b>EV/EBITDA</b>	3,7	3,0	4,6	3,2	2,7	2,0	1,5
<b>EPS</b>	0,7	1,9	0,5	0,6	0,6	0,7	0,9

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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## List of recommendations issued within the last 12 month

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
JSW	BUY	74	38,7	Analytical report	12.09.2022	Artur Wizner
UNIBEP	N/A	10	7,2	Analytical report	20.09.2022	Artur Wizner
VIVID GAMES	N/A	1,07	1,03	Analytical report	29.09.2022	Łukasz Bryl
SNIEZKA	HOLD	67	64,2	Analytical report	29.09.2022	Artur Wizner
NTT SYSTEM	N/A	7,03	3,95	Analytical report	04.10.2022	Łukasz Bryl
PROCHEM	N/A	30	34,8	Analytical report	05.10.2022	Artur Wizner
PROTEKTOR	N/A	2,9	2,6	Analytical report	12.10.2022	Artur Wizner
MONNARI TRADE	N/A	6,74	3,87	Analytical report	21.10.2022	Łukasz Bryl
PROCHEM	N/A	30	35	Analysis of results	15.11.2022	Artur Wizner
UNIBEP	N/A	10	8,84	Analysis of results	18.11.2022	Artur Wizner
VIVID GAMES	N/A	1,09	1,05	Analysis of results	29.11.2022	Łukasz Bryl
MONNARI TRADE	N/A	7,20	4,85	Analysis of results	01.12.2022	Łukasz Bryl
NTT SYSTEM	N/A	7,50	4,12	Analysis of results	02.12.2022	Łukasz Bryl
PROTEKTOR	N/A	2,90	2,19	Analysis of results	06.12.2022	Artur Wizner
MONNARI TRADE	BUY	8,63	4,82	Analytical report	13.03.2023	Łukasz Bryl
PROTEKTOR	HOLD	2,70	2,36	Analytical report	13.03.2023	Artur Wizner
ESOTIQ & HENDERSON	BUY	47,23	29,2	Analytical report	13.03.2023	Łukasz Bryl
COCCODRILLO	BUY	26,77	17,75	Analytical report	13.03.2023	Łukasz Bryl
WITTCHEN	BUY	40,83	27	Analytical report	13.03.2023	Łukasz Bryl
VRG	BUY	5,07	3,3	Analytical report	13.03.2023	Artur Wizner
WOJAS	BUY	11,75	7,96	Analytical report	13.03.2023	Artur Wizner
LPP	HOLD	9328,17	9430	Analytical report	13.03.2023	Artur Wizner
CCC	SELL	27,57	35,43	Analytical report	13.03.2023	Artur Wizner
SILVANO GROUP	BUY	14,14	5,45	Analytical report	13.03.2023	Łukasz Bryl
SNIEZKA	BUY	83,00	71,6	Analytical report	17.03.2023	Artur Wizner
JSW	BUY	71,00	45,78	Analytical report	05.04.2023	Artur Wizner
NTT SYSTEM	N/A	7,90	5	Analytical report	12.04.2023	Łukasz Bryl
VIVID GAMES	N/A	1,05	0,82	Analytical report	05.05.2023	Łukasz Bryl
UNIBEP	N/A	13,30	10,4	Analytical report	09.05.2023	Artur Wizner
MONNARI TRADE	N/A	7,84	5,34	Analytical report	12.05.2023	Łukasz Bryl
PROTEKTOR	N/A	2,70	2,30	Analytical report	12.05.2023	Artur Wizner
PROCHEM	N/A	30,00	31,00	Analytical report	17.05.2023	Artur Wizner
VIVID GAMES	N/A	0,90	0,90	Analytical report	05.06.2023	Łukasz Bryl
NTT SYSTEM	N/A	8,62	4,89	Analytical report	05.06.2023	Łukasz Bryl
PROCHEM	N/A	32,70	31,20	Analytical report	06.06.2023	Artur Wizner
PROTEKTOR	N/A	2,80	2,27	Analytical report	09.06.2023	Artur Wizner
MONNARI TRADE	N/A	7,28	5,10	Analytical report	13.06.2023	Łukasz Bryl