

# Monnari Trade SA

2022-10-21 17:05

## Key data

Target price [PLN]	6,7
DCF Valuation [PLN]	5,3
Comparative Valuation [PLN]	10,4
Market price [PLN]	3,9
Growth/decrease potential [%]	74,1%
Market cap [mln PLN]	118,3
Free float [%]	63,7%
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

[%]

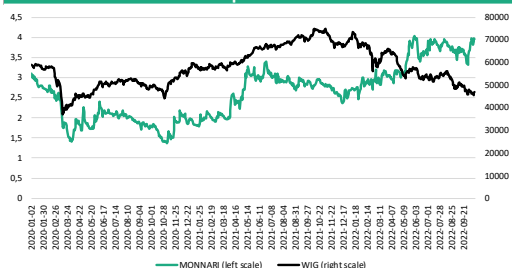
Misztal Mirosław	31,2
MONNARI TRADE S.A.	14,85
Fair Sp. z o.o.	8,29

### Growth factors

Sales network growth	Low value of domestic currency
Competitive offer	Costs pressure
High cash amount	Risk of recession

### Risk factors

## Stock performance



Source: DM Banku BPS SA calculations

## Revenues recovered after the pandemic, record high net profit thanks to the sale of the part of the Geyer Gardens

**We evaluate the six-month results as very good both in terms of revenues and profits.** Sales reached a record high level in the history of the Company of PLN 128.8 million, with a significant contribution of the result for the second quarter (PLN 73.5 million). The net profit amounted to PLN 45.6 million, which was under the influence of a one-off event (recognition of the profit on the sale of a part of Geyer Gardens in the amount of PLN 43.9 million). Excluding the impact of a one-off event, the Company can boast a still high gross profit of PLN 10.9 million, which is higher than in the previous, non-pandemic years. **This means that the Company has not only regained profitability on its core business, but also generates a satisfactory level of margins, thanks to, among others, consistent cost discipline.**

The Management Board of the Company declares expansion and opening of new stores, but the **macroeconomic environment is challenging.** The significant threats include lower consumer spendings due to: high inflation, weak domestic currency, decline in real purchasing power of households and high interest rates. Although the tightening of monetary policy was stopped in October, however a return to the cycle of increasing interest rates is possible.

**Nevertheless, the financial situation of the Company remains very strong.** Thanks to the sale of a part of Geyer's Gardens, the Company has significant cash resources (PLN 97.7 million), and the redemption of 75% of the preferential loan from PFR will additionally strengthen the already very high liquidity.

**Finally, we increase our valuation to PLN 6.7 per share** at the end of 2022, which results from the upward revision of our forecasts on the level of profits and a significant cash pool in the Company.

PLN thd	2021	2022P	2023P	2024P	2025P	2026P
Sales	232 422	283 695	289 248	313 187	339 108	367 173
EBITDA	30 072	43 761	28 159	29 322	30 168	34 266
EBITDA margin	12,9%	15,4%	9,7%	9,4%	8,9%	9,3%
EBIT	19 337	36 685	17 776	18 193	18 298	21 621
Net income	20 696	63 560	10 732	11 368	12 148	15 512
Equity	211 451	276 164	288 892	302 895	317 858	336 965
Net debt	-34 983	-69 891	-67 659	-53 372	-48 450	-58 187
P/E	5,8	1,9	11,2	10,6	9,9	7,8
P/BV	0,6	0,4	0,4	0,4	0,4	0,4
EV/EBITDA	2,9	1,2	1,9	2,3	2,4	1,8
EPS	0,7	2,1	0,4	0,4	0,4	0,5

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)
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 Czamecki
NTT SYSTEM	nd	8,3	5,04	Financial forecast	2021-11-24	Łukasz Bryl, Tomasz Czamecki
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 Czamecki
NTT SYSTEM	nd	8,3	5,16	Analysis of results	2021-12-03	Łukasz Bryl, Tomasz Czamecki
MONNARI TRADE	nd	5,3	2,57	Analysis of results	2021-12-10	Łukasz Bryl, Tomasz Czamecki
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 Czamecki, 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 Czamecki
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
VIVID GAMES	nd	1,29	1,26	Analysis of results	2022-05-26	Łukasz Bryl
MONNARI TRADE	nd	6,21	3,87	Analysis of results	2022-05-31	Łukasz Bryl
NTT SYSTEM	nd	7,92	4,28	Analysis of results	2022-05-31	Łukasz Bryl
UNIBEP	nd	11	8,1	Analysis of results	2022-05-31	Artur Wizner
PROTEKTOR	nd	3,6	2,83	Analysis of results	2022-06-01	Artur Wizner
JSW	BUY	74	38,7	Analytical report	2022-09-12	Artur Wizner
UNIBEP	nd	10	7,2	Analytical report	2022-09-20	Artur Wizner
VIVID GAMES	nd	1,07	1,03	Analytical report	2022-09-29	Łukasz Bryl
SNIEZKA	HOLD	67	64,2	Analytical report	2022-09-29	Artur Wizner
NTT SYSTEM	nd	7,03	3,95	Analytical report	2022-10-04	Łukasz Bryl
PROCHEM	nd	30	34,8	Analytical report	2022-10-05	Artur Wizner
PROTEKTOR	nd	2,9	2,6	Analytical report	2022-10-12	Artur Wizner
MONNARI TRADE	nd	6,74	3,87	Analytical report	2022-10-21	Łukasz Bryl