

Monnalisa

Sponsored Research

Italy | Consumer Products & Services

Investment Research



Company Flash Note

Neutral

Recommendation unchanged

Share price: EUR 4.15

closing price as of 28/05/2021

Target price: EUR 4.60

from Target Price: EUR 3.80

Upside/Downside Potential 10.8%

Reuters/Bloomberg

MNL.MI/MNL.IM

Market capitalisation (EURm) 22

Current N° of shares (m) 5

Free float 26%

Daily avg. no. trad. sh. 12 mth (k) 11

Daily avg. trad. vol. 12 mth (k) 41.28

Price high/low 12 months 5.70 / 2.18

Abs Perfs 1/3/12 mths (%) -0.48/6.96/40.20

Key financials (EUR)	12/20	12/21e	12/22e
Sales (m)	33	41	50
EBITDA (m)	(7)	(2)	3
EBITDA margin	nm	nm	6.1%
EBIT (m)	(7)	(5)	(0)
EBIT margin	nm	nm	nm
Net Profit (adj.)(m)	(3)	(4)	(0)
ROCE	-6.9%	-9.8%	0.0%
Net debt/(cash) (m)	8	8	7
Net Debt Equity	0.3	0.3	0.3
Net Debt/EBITDA	-1.2	-4.3	2.4
Int. cover(EBITDA/Fin.int)	(4.9)	(6.4)	10.2
EV/Sales	0.9	0.8	0.6
EV/EBITDA	nm	nm	10.3
EV/EBITDA (adj.)	nm	nm	10.3
EV/EBIT	nm	nm	nm
P/E (adj.)	nm	nm	nm
P/BV	0.7	0.8	0.8
OpFCF yield	-29.1%	-4.2%	1.8%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.40)	(0.75)	(0.02)
BVPS	5.83	4.91	4.89
DPS	0.00	0.00	0.00

Shareholders

Jafin 2 74%;



Source: FactSet

MONNALISA Consumer Products & Services Sector (Rebased)

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Reason: Company newsflow

31 May 2021

On track to recover

Like many listed companies operating in the premium/luxury sector, Monnalisa was severely hit by the Covid-19 pandemic. This transitional period has given companies the opportunity to revise their P&L structure ready for a normalised period with a leaner cost base and even with a short-term rationalised development plan. In our view, even though Monnalisa has cautiously postponed some development plans, the current and the following years will benefit from the innovations the company developed in 2020 and in the recent years and from a greater knowledge of the customer base (see the online development but also the fine tuning in the marketing-mix).

- ✓ The pandemic affected FY 20 sales strongly (in line with our estimates), though H2 20 Y/Y was better than H1 20 Y/Y. E-commerce, in line with the market trends, rose to EUR 4.7m reaching an overall incidence on total sales of 14% (10% on FY 19), driven by direct online, which grew 21% Y/Y and reached 5.2% of total sales (vs. 3% in FY 19). EBITDA adj. was EUR -2.2m vs. our EUR -4m estimates, thanks to a 24% drop in personnel costs, 21% drop in rents and 41% drop in marketing costs. EBITDA was EUR -6.5m (our est. EUR -8m). Adjustments to EBITDA amounted to EUR 4.3m. The net loss adj. was EUR -2.5m, flat Y/Y and better than our EUR -7m forecast. The net financial position was negative at EUR 8m vs. our EUR -10m estimates. Monnalisa had 47 DOS at the end of December 2020 (vs. 48 December 2019).
- ✓ Monnalisa has always operated through its proprietary brand, a worldwide renowned luxury apparel brand. However, given its strong capabilities in product design, conception and industrialisation, the company is entering the new business of licenses, which is expected to be developed only on a very selective basis (1 or 2 brands). In November 2020, Monnalisa management announced they had signed a 5-year multi-channel license agreement with Chiara Ferragni; the first collection is due in F/W 2021/2022. The impact on Monnalisa's top line will be material, in our estimates from in H2 21E. The aim of the agreement is to grow the "1-10 years" fashion brand Chiara Ferragni globally.
- ✓ The license agreement with Chiara Ferragni is likely to boost sales; the e-commerce channel is still showing high growth rate. By area, we understand that China is growing vs. 2020 and vs. 2019 (double digits up); Russia is doing well, as is the US (especially Miami). April was positive, beating the company's estimates.
- ✓ We have improved FY 21E sales performance slightly, including the contribution from the Chiara Ferragni license agreement and new store openings, even though we have assumed a still tough Q1 21E, affected by store closures. EBITDA adj. prudentially excludes approx. EUR 1m one-off cost, we estimate, from possible shop closures (2 big shops).
- ✓ Our new DCF includes unchanged mid- and long-term growth rates vs. our previous valuation. WACC=8.5% (beta, to 1.3), g= 1.5% (unchanged). FY 20E net debt is lower than in our previous estimates (now at EUR 8m). We have obtained a fair value of EUR 4.6/sh.

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CONTENTS

FY 20 results	3
Retail development	5
Net financial position & capex	6
New estimates	8
Valuation	9



FY 20 results

The pandemic affected FY 20 sales strongly (in line with our estimates), though H2 20 Y/Y was better than H1 20 Y/Y. E-commerce, in line with the market trends, rose to EUR 4.7m reaching an overall incidence on total sales of 14% (10% in FY 19), driven by direct online, which grew 21% Y/Y and reached 5.2% of total sales (vs. 3% in FY 19). EBITDA adj. was EUR -2.2m vs. our EUR -4m estimates, thanks to a 24% drop in personnel costs, 21% drop in rents and 41% drop in marketing costs. EBITDA was EUR -6.5m (our est. EUR -8m). Adjustments to EBITDA amounted to EUR 4.3m. The net loss adj. was EUR -2.5m, flat Y/Y and better than our EUR -7m forecast. The net financial position was negative at EUR 8m vs. our EUR -10m estimates. Monnalisa had 47 DOS at the end of December 2020 (vs. 48 December 2019).

Monnalisa FY 20 results

EUR m	FY 19	FY 20	Y/Y Chg.	FY 20E	delta % vs. our estimates
Retail	15.5	9.6	-38.0%	10.9	-11.6%
% on sales	32.4%	28.6%		31.9%	
Wholesale	31.0	22.2	-28.2%	21.7	2.5%
% on sales	64.6%	66.1%		63.6%	
B2C	1.5	1.8	20.8%	1.5	16.9%
% on sales	3.0%	5.2%		4.5%	
Total sales	47.9	33.6	-29.9%	34.1	-1.4%
EBITDA	-2.9	-6.5	nm	-8.0	
EBITDA adj.	0.3	-2.2	nm	-4.0	
EBIT	-7.6	-7.4	nm	-11	
EBIT adj.	-2.9	-2.8	nm	-7.2	
Net Income	-8.4	-7.8	nm	-11.7	
Net income adj.	-2.5	-2.5	nm	-7.0	

Source: company data and Banca Akros estimates

We outline that the e-commerce channel growth (+21% Y/Y) was driven by the company's strategic choice to invest in its proprietary platform.

Monnalisa FY 20 sales geo-mix

EUR m	FY 19	FY 20	Y/Y Chg.
Italy	15.7	10.8	-31.7%
% on sales	32.8%	32.0%	
Europe	13.0	8.7	-33.1%
% on sales	27.1%	25.9%	
Rest of the World	19.2	14.2	-26.2%
% on sales	40.0%	42.1%	
Total sales	47.9	33.6	-29.9%

Source: company data

In line with the sector's trend, Italy and Europe were the most penalised areas by the pandemic, given the store opening restrictions and the lack of tourists once the stores did re-open.



Monnalisa FY 20 P&L, details

EUR m	FY 19	FY 20	Y/Y Chg.
Sales	47.9	33.6	-29.9%
Profit/(loss) non-core income	0.8	0.5	-33.6%
Total revenues	48.7	34.1	-29.9%
<i>Costs for raw materials and finished products</i>	-13.2	-11.9	-10.3%
<i>Costs for production services</i>	-6.7	-4.1	-38.9%
Product manufacturing costs	-20.0	-16.0	-20.0%
Gross profit	28.7	18.1	-36.9%
Costs for use of third-party assets	-6.7	-5.3	-21.1%
Marketing costs	-2.6	-1.5	-42.7%
Costs for other services	-8.9	-7.0	-20.7%
Personnel costs	-12.4	-9.5	-23.8%
Miscellaneous operating costs	-1.0	-0.9	-10.6%
<i>Provisions for bad and doubtful accounts</i>	-0.1	-0.5	244.0%
EBITDA	-2.9	-6.5	125.5%
One-off costs	-3.3	-4.3	32.7%
EBITDA adj.	0.3	-2.2	-841.9%
Depr. & amort.	-4.7	-0.9	-81.3%
EBIT	-7.6	-7.4	-2.4%
Financials	-0.3	-1.3	317.4%
PBT	-7.9	-8.7	10.5%
Taxes	-0.5	0.9	-277.6%
Consolidated net profit	-8.4	-7.8	-7.5%

Source: company data

As already mentioned, Monnalisa underwent strict operating cost control (opex down 25% in our calculations in FY 20 Y/Y), including the closure of under-performing stores, the cut or postponement of marketing spending, rent renegotiations, the use of government subsidies, the voluntary reduction in the remuneration by the Chairman, the CEO, the creative director and 2 executives. We point out that the huge difference in depreciation and amortisation in FY 20 vs. FY 19 was due to the possibility given by Italian law to suspend depreciation and amortisation in FY 20. This exemption was applied to the depreciation and amortisation of Monnalisa's parent company only.

We also point out the increase in provisions for doubtful accounts in FY 20, in view of possible wholesale customer insolvencies.

Details of one-off costs: EUR 4.3m one-off costs are split as follows: EUR 1.8m inventory write-downs, EUR 1.7m related to stores (store closures in Brazil, new shop openings in FY 20 with negative EBITDA, loss making shops opened in H2 19), EUR 0.7m other one-off costs.

Financial expenses were affected by higher losses on forex than last year – translation effect.



Retail development

Monnalisa continued its retail development plan, at least for those points of sale already secured; moreover, it kept the development of retail outlets, in order to dispose of the leftover and to get good profit per outlet.

In 2020, there were 8 new store openings and 9 store closures.

In addition to the new openings/closures reported in the table below, we remind readers that Monnalisa opened a TPOS in New Dehli in India in H1 20 and that it also opened 2 temporary stores in Japan in 2020.

Retail development in FY 20

New openings	Time	Country	City	Location
DOS (from TPOS)	H1 20	France	Paris	Galleries Lafayette
DOS	H1 20	France	Nice	Galleries Lafayette
DOS	H1 20	France	Nice	Galleries Lafayette
Total new openings in H1 20	3			
DOS	August	Singapore	Singapore	Marina Bay Sands
DOS (from TPOS)	October	Italy	Milano	La Rinascente
DOO	October	Italy	Barberino del Mugello	Barberino Designer Outlet
DOO	H2 20	Italy	Noventa di Piave (VE)	Noventa di Piave Designer Outlet
DOS	H2 20	Taiwan	Taipei	
Total new openings in H2 20	5			
Total new openings in FY 20	8			
Closures	Time	Country	City	Location
DOO	H1 20	China	Shenzen	MIXC
DOO	H1 20	China	Shanghai	Florentia Village
DOS	H1 20	Russia	Russia	European Center
DOS	H1 20	Brazil	Recife	
DOS	H1 20	Turkey	Istanbul	Istanbul airport
Total closures in H1 20	5			
DOS	H2 20	Hong Kong	Hong Kong	Lee Garden
DOS	H2 20	Brazil		
DOS	H2 20	Brazil	converted into TPOS	
DOS	H2 20	Brazil	converted into TPOS	
Total closures in H2 20	4			
Total closures in FY 20	9			

Source: company data and Banca Akros

Monnalisa has increased the number of multi-brand wholesale e-commerce platforms to 18 – in addition to its proprietary e-shop - from 8 last year. The number of bricks and mortar wholesale stores - independent multi-brand - has remained unchanged vs. last year (>500).

Planned retail development

Monnalisa opened a new DOS in Turkey, in the mall located in the Istinye Park area of Istanbul, in Q1 21. Expectations are for the following new openings in 2021: 1 DOS in San Marino (the Monnalisa subsidiary is already in place), 1 DOS in Nanjing (August/September), 1 shop in concession in Corte Inglés Castellana Madrid (H2 21), 1 outlet in Shanghai (H2 21), the relocation of the Florentia village of Shanghai. There should be 6 new openings, including 1 relocation. 2 shops could be closed (under negotiations). We understand that the company has already secured most of the expected new openings in 2021. In 2022, the only location the company has unveiled as a new opening is a DOO in the Mc Arthur Glenn mall of Paris-Giverny in Paris. We cannot not rule that the company will conduct active scouting of new locations in China already in 2022, even if we understand that the bulk of new openings has been moved to 2023, 2024 and 2025.



Net financial position & capex

Capex was EUR1.3m in FY 20: it was allocated mainly to software (to complete the PLM and to the new e-commerce platform ramp-up) and to the retail expansions, only for those projects already secured. As a reminder, in Q3 20, under the Liquidity Decree, medium/long-term unsecured loans of over EUR 5m were sought and obtained, of which EUR 3.3m for new funding. In addition, a EUR 0.8m loan was obtained from Simest to finance the new opening in Singapore. The net financial position improved vs. June 2020, when it was negative at EUR 9.5m. Moreover, the company received an additional EUR 1.7m loan from Simest in Q1 21 to re-finance the existing debt and to provide a source to finance the new store opening in Turkey.

Net financial position YE 19 and YE 20

EUR m	YE 19	YE 20
Cash	-8.4	-4.1
Current financial receivables	-2.9	-2.4
Current financial debt	5.7	1.8
Current portion M/L debt	2.5	2.4
Other financial current debts	0.0	0.2
NFP short term	-3.1	-2.1
M/L financial debt	6.6	10.1
NFP	3.4	8.0

Source: company data



Business development and outlook

✓ Strategic partnership with Chiara Ferragni and selective licensing strategy

Monnalisa has always operated through its proprietary brand, a worldwide renowned luxury apparel brand. However, given its strong capabilities in product design, conception and industrialisation, the company is entering the new business of licenses, which is expected to be developed only on a very selective basis (1 or 2 brands).

In November 2020, Monnalisa management announced they had signed a 5-year multi-channel license agreement with Chiara Ferragni; the first collection is due in F/W 2021/2022. The impact on Monnalisa's top line will be material, in our estimates, from H2 21E (when the F/W collection is delivered). The aim of the agreement is to grow the "1-10 years" fashion brand Chiara Ferragni globally.

The agreement is for the development, production and distribution of apparel and accessories under the Chiara Ferragni brand. The terms of the agreement are not known, but we estimate a few million euros (EUR 3 / 4m) yearly contribution to Monnalisa's top line. Monnalisa is due to pay royalties with an estimated amount in line with the market practice. We understand that, on average, Chiara Ferragni's products have higher margins than the main Monnalisa's collections.

✓ Brand identity strengthening and brand extension

Monnalisa's communication is more customer-oriented and data-driven than before. They are using new media (i.e. a Tik Tok account was opened. The social media fanbase increased by 19% in 2020). Moreover, it is targeting more effective micro-influencers than a large base. Monnalisa is also developing its newborn product line further along with the boy line and the accessories offer to create a lifestyle brand for babies. The company has unveiled the estimated value of the Monnalisa brand (not included in the balance sheet accounting, estimated by a third party specializing in intellectual property), which is in the range of EUR 20m.

✓ The retail network is under control

The aim is to increase shops' profitability (unprofitable shops will be closed) and to further expand the network only in a second stage (from 2023 in existing markets and in new countries, especially in APAC).

✓ The digital transformation

This has involved the whole company: it has allowed for the creation of a virtual showroom and has accelerated the transition to online, including the possibility to connect directly to digital platforms that make Monnalisa's inventories visible. **Monnalisa is undertaking a new project in order to also involve wholesalers.**

Monnalisa has recently opened its platform on Farfetch.

✓ Efficiency

The company is working on cost control and to increase the gross margin (through prices and better operational efficiency), it is also pointing to higher production capacity utilisation (i.e. internal production of sweatshirts) and higher logistics capacity utilisation.

✓ Current trading

The license agreement with Chiara Ferragni is boosting sales and the e-commerce channel is still showing high growth rate. By area, we understand that China is growing vs. 2020 and vs. 2019 (double digits up); Russia is doing well, as is the US (especially Miami). April was positive, beating the company's estimates.



New estimates

New estimates

EUR m	FY 20	FY 21E	Y/Y chg.	FY 22E	Y/Y chg.	FY 23E	Y/Y chg.	EUR m	FY 21E old	FY 21E new	FY 22E old	FY 22E new
Total revenues	33.6	41.5	23.4%	50.0	20.6%	52.8	5.6%	Total revenues	39.8	41.5	46.6	50.0
EBITDA	-6.5	-1.9		3.1		4.3		EBITDA	-1.4	-1.9	3.4	3.1
Non-rec. items	-4.3	-1.1		0.0		0.0		Non-rec. items	0.0	-1.1	0.0	0.0
EBITDA adj.	-2.2	-0.9		3.1		4.3		EBITDA adj.	-1.4	-0.9	3.4	3.1
% on sales				6.1%		8.0%		% on sales			7.3%	6.1%
EBIT	-7.4	-5.0		0.0		1.2		EBIT	-4.9	-5.0	-0.3	0.0
Net profit	-7.8	-4.8		-0.1		0.8		Net profit	-5.7	-4.8	-0.9	-0.1
Net profit adj.	-2.5	-3.8		-0.1		0.8		Net profit adj.	-5.7	-3.8	-0.9	-0.1

Source: Banca Akros estimates

We have improved our FY 21E sales performance, including the contribution from the Chiara Ferragni license agreement and new store openings, even though we have assumed a still tough Q1 21E, affected by store closures. EBITDA adj. prudentially excludes an approx. EUR 1m one-off cost, we estimate, from possible shop closures (2 big shops). We have estimated D&A in line with FY 19. We assume a positive contribution from taxes also in FY 21E. FY 22E sales estimates include the contribution from Chiara Ferragni for the full year and a small number of new shops. We expect opex to increase slightly. For FY 23E, we have assumed top line organic growth; as such, new openings and new license agreements could sizably improve our estimates. We have also considered higher capex than in FY 20 in our 3-year projections to include Monnalisa's new projects. We expect the net financial position to slightly improve over the next 3 years, with a little help from the net working capital.



Valuation

Our new DCF includes unchanged mid- and long-term growth rates vs. our previous valuation. WACC=8.5% (beta, to 1.3), g= 1.5% (unchanged). FY 20E net debt is lower than in our previous estimates (now at EUR 8m). We have obtained a fair value of EUR 4.6/sh.

Cash flow estimates

CASH FLOW (EUR m)	2021	2022	2023	2024	2025	2026	2027	2028	2029	Norm.year
Net Sales	41.5	50.0	52.8	58.1	63.9	69.0	73.9	77.5	81.4	82.6
% change	25.5%	20.6%	5.6%	10.0%	10.0%	8.0%	7.0%	5.0%	5.0%	1.5%
EBITDA	-1.9	3.1	4.3	5.8	7.7	8.3	8.9	9.3	9.8	7.4
% margin	-4.6%	6.1%	8.2%	10.0%	12.0%	12.0%	12.0%	12.0%	12.0%	9.0%
% change	-70.7%	nm	41.6%	34.1%	32.0%	8.0%	7.0%	5.0%	5.0%	-23.9%
Depreciation, amortiz. & other provisions	3.1	3.1	3.1	3.8	3.9	3.9	3.9	3.5	3.5	2.0
% sales	7.5%	6.2%	5.9%	6.5%	6.1%	5.7%	5.3%	4.5%	4.3%	2.4%
EBIT	-5.0	0.0	1.2	2.0	3.8	4.4	5.0	5.8	6.3	5.4
% margin	-12.1%	-0.1%	2.3%	3.5%	5.9%	6.3%	6.7%	7.5%	7.7%	6.6%
Taxes	0.5	0.3	-0.3	-0.5	-1.0	-1.1	-1.3	-1.5	-1.6	-1.4
NOPLAT	-4.5	0.2	1.0	1.5	2.8	3.2	3.7	4.3	4.6	4.0
Gross Operating Cash Flow	-1.4	3.3	4.1	5.3	6.7	7.1	7.6	7.8	8.1	6.0
Capex	-1.8	-2.8	-2.8	-3.8	-3.6	-4.0	-4.0	-3.5	-3.5	-2.0
% sales	4.3%	5.6%	5.3%	6.5%	5.7%	5.8%	5.4%	4.5%	4.3%	2.4%
Change in Net Working Capital	2.6	0.2	-0.8	-1.3	-1.3	-1.3	-1.3	-1.0	-1.1	-0.6
Cash Flow to be discounted	-0.6	0.7	0.46	0.2	1.8	1.8	2.3	3.3	3.5	3.4

Source: Banca Akros estimates

Like many listed companies in the premium/luxury sector, Monnalisa was severely hit by the Covid-19 pandemic, but margins and the net financial position were less affected than, probably, market expectations. This transitional period has given companies the opportunity to revise their P&L structure ready for a normalised period with a leaner cost base and even with a short-term rationalised development plan. In our view, even though some development plans have been cautiously postponed by Monnalisa, we believe that the current and the following years will benefit from the innovations the company has developed in its business models in 2020 and from a greater knowledge of the customer base (see the online development but also the fine tuning in the marketing-mix).



Monnalisa: Summary tables

PROFIT & LOSS (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Sales	52.7	50.1	33.0	41.5	50.0	52.8
Cost of Sales & Operating Costs	-47.5	-53.0	-39.6	-43.4	-46.9	-48.5
Non Recurrent Expenses/Income	-2.1	-3.2	-4.3	-1.0	0.0	0.0
EBITDA	5.2	-2.9	-6.5	-1.9	3.1	4.3
EBITDA (adj.)*	7.3	0.3	-2.2	-0.9	3.1	4.3
Depreciation	-3.1	-4.7	-0.9	-3.1	-3.1	-3.1
EBITA	2.2	-7.6	-7.4	-5.0	-0.0	1.2
EBITA (adj)*	4.2	-4.4	-3.1	-4.0	-0.0	1.2
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.2	-7.6	-7.4	-5.0	-0.0	1.2
EBIT (adj.)*	4.2	-4.4	-3.1	-4.0	-0.0	1.2
Net Financial Interest	-0.4	-0.3	-1.3	-0.3	-0.3	-0.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	2.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	1.7	-7.9	-8.7	-5.3	-0.3	1.0
Tax	-0.4	-0.5	0.9	0.5	0.3	-0.3
<i>Tax rate</i>	<i>24.4%</i>	<i>n.m.</i>	<i>10.7%</i>	<i>9.4%</i>	<i>76.1%</i>	<i>27.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	-0.0	-0.0	0.0	0.0	0.0
Net Profit (reported)	1.3	-8.4	-7.8	-4.8	-0.1	2.8
Net Profit (adj.)	2.8	-2.5	-2.5	-3.9	-0.1	2.8
CASH FLOW (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Cash Flow from Operations before change in NWC	4.3	-3.7	-6.9	-1.7	3.0	5.9
Change in Net Working Capital	-1.4	2.0	2.3	2.6	0.2	-0.8
Cash Flow from Operations	2.9	-1.7	-4.6	0.9	3.2	5.1
Capex	-8.9	-3.7	-1.4	-1.8	-2.8	-2.8
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-5.9	-5.4	-6.0	-0.9	0.4	2.3
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	16.7	-0.5	1.4	0.7	0.4	0.1
Change in Net Debt	11	-6	-5	0	1	2
NOPLAT	3.2	-4.7	-2.8	-3.6	-0.0	0.9
BALANCE SHEET & OTHER ITEMS (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Tangible Assets	18.1	18.3	18.3	15.4	15.1	14.8
Net Intangible Assets (incl. Goodwill)	7.6	5.1	4.9	5.6	5.6	5.6
Net Financial Assets & Other	2.2	2.9	2.4	2.4	2.4	2.4
Total Fixed Assets	27.9	26.3	25.6	23.4	23.1	22.8
Inventories	17.8	18.5	16.4	17.6	18.6	19.1
Trade receivables	11.3	9.6	7.2	7.9	8.9	9.4
Other current assets	4.1	3.2	3.4	2.1	1.8	2.1
Cash (-)	-16.0	-11.3	-6.5	-6.4	-6.7	-6.8
Total Current Assets	49.2	42.6	33.6	34.0	35.9	37.4
Total Assets	77.0	68.9	59.2	57.4	59.0	60.2
Shareholders Equity	47.4	38.9	30.5	25.7	25.6	26.4
Minority	0.0	0.0	-0.0	-0.0	-0.0	-0.0
Total Equity	47.4	38.9	30.5	25.7	25.6	26.4
Long term interest bearing debt	7.8	6.6	10.1	10.3	9.9	9.7
Provisions	1.6	1.8	2.0	2.3	2.4	2.5
Other long term liabilities	0.7	0.8	1.4	1.7	2.0	2.2
Total Long Term Liabilities	10.1	9.2	13.5	14.3	14.3	14.3
Short term interest bearing debt	5.7	8.1	4.4	4.4	4.2	4.2
Trade payables	7.8	7.9	6.8	9.3	10.3	10.6
Other current liabilities	3.9	3.9	3.1	3.7	4.6	4.8
Total Current Liabilities	17.4	19.9	14.2	17.4	19.1	19.5
Total Liabilities and Shareholders' Equity	74.9	68.0	58.2	57.4	59.0	60.2
Net Capital Employed	49.4	45.9	42.8	38.0	37.5	38.0
Net Working Capital	21.3	20.2	16.8	16.3	17.2	17.9
GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
<i>Sales growth</i>	<i>10.6%</i>	<i>-5.0%</i>	<i>-34.1%</i>	<i>25.5%</i>	<i>20.6%</i>	<i>5.6%</i>
EBITDA (adj.)* growth	-3.5%	-96.4%	n.m.	n.m.	n.m.	41.6%
EBITA (adj.)* growth	-20.4%	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT (adj.)* growth	-20.4%	n.m.	n.m.	n.m.	n.m.	n.m.



Monnalisa: Summary tables

GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Profit growth	-6.2%	n.m.	0.0%	n.m.	n.m.	n.m.
EPS adj. growth	-6.0%	n.m.	n.m.	n.m.	n.m.	n.m.
DPS adj. growth						
EBITDA (adj)* margin	13.8%	0.5%	n.m.	n.m.	6.1%	8.2%
EBITA (adj)* margin	8.0%	-8.9%	-9.3%	-9.7%	-0.1%	2.3%
EBIT (adj)* margin	8.0%	n.m.	n.m.	n.m.	n.m.	2.3%
RATIOS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Debt/Equity	-0.1	0.1	0.3	0.3	0.3	0.3
Net Debt/EBITDA	-0.5	-1.2	-1.2	-4.3	2.4	1.6
Interest cover (EBITDA/Fin.interest)	11.8	n.m.	n.m.	n.m.	10.2	21.7
Capex/D&A	287.7%	79.1%	155.6%	58.1%	90.3%	90.3%
Capex/Sales	16.8%	7.4%	4.2%	4.3%	5.6%	5.3%
NWC/Sales	40.4%	40.3%	51.0%	39.3%	34.5%	33.9%
ROE (average)	7.3%	-5.8%	-7.2%	-13.9%	-0.3%	10.6%
ROCE (adj.)	6.8%	-10.8%	-6.9%	-9.8%	0.0%	2.4%
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
ROCE (adj.)/WACC	0.8	-1.3	-0.8	-1.2	0.0	0.3
PER SHARE DATA (EUR)***	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Average diluted number of shares	5.2	5.2	5.2	5.2	5.2	5.2
EPS (reported)	0.00	-1.61	-1.49	-0.92	-0.02	0.00
EPS (adj.)	0.00	-0.71	-0.40	-0.75	-0.02	0.00
BVPS	9.05	7.43	5.83	4.91	4.89	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
EV/Sales	0.9	0.8	0.9	0.8	0.6	0.6
EV/EBITDA	9.4	n.m.	n.m.	n.m.	10.3	7.2
EV/EBITDA (adj.)*	6.8	n.m.	n.m.	n.m.	10.3	7.2
EV/EBITA	22.9	-5.0	-4.2	-6.5	-758.5	25.3
EV/EBITA (adj.)*	11.7	-8.5	-10.1	-8.1	-758.5	25.3
EV/EBIT	22.9	n.m.	n.m.	n.m.	n.m.	25.3
EV/EBIT (adj.)*	11.7	n.m.	n.m.	n.m.	n.m.	25.3
P/E (adj.)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/BV	1.0	0.8	0.7	0.8	0.8	n.m.
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	1.1	0.9	0.8	0.9	0.8	0.8
OpFCF yield	-11.9%	-17.3%	-29.1%	-4.2%	1.8%	10.4%
OpFCF/EV	-12.0%	-14.4%	-19.3%	-2.8%	1.2%	7.2%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	n.m.
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Price** (EUR)	9.50	6.00	3.94	4.15	4.15	4.15
Outstanding number of shares for main stock	5.2	5.2	5.2	5.2	5.2	5.2
Total Market Cap	49.7	31.4	20.6	21.7	21.7	21.7
Gross Financial Debt (+)	13.5	14.7	14.5	14.7	14.1	13.8
Cash & Marketable Securities (-)	-16.0	-11.3	-6.5	-6.4	-6.7	-6.8
Net Financial Debt	-2.5	3.4	8.0	8.3	7.4	7.0
Lease Liabilities (+)						
Net Debt	-2.5	3.4	8.0	8.3	7.4	7.0
Other EV components	2.2	3.0	2.5	2.5	2.4	2.4
Enterprise Value (EV adj.)	49.4	37.8	31.1	32.5	31.6	31.2

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Consumer Products & Services/Personal Goods

Company Description: Monnalisa is a premium/luxury childrenswear company. It designs, produces and distributes 0-16 year high-end childrenswear, under the proprietary brand Monnalisa. It is present in more than 60 countries through different channels and in the most important department stores worldwide.



Il presente documento è stato redatto da Giada Cabrino (Socio AIAF) che svolge funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 31 May 2021, ore 10:52 italiane.**

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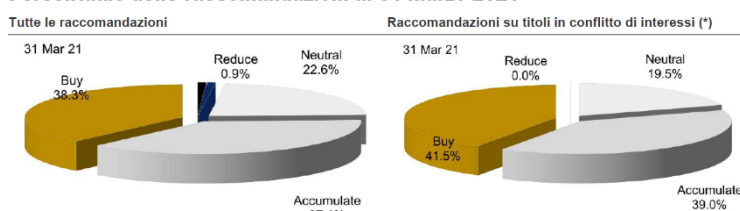
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Percentuale delle raccomandazioni al 31 marzo 2021



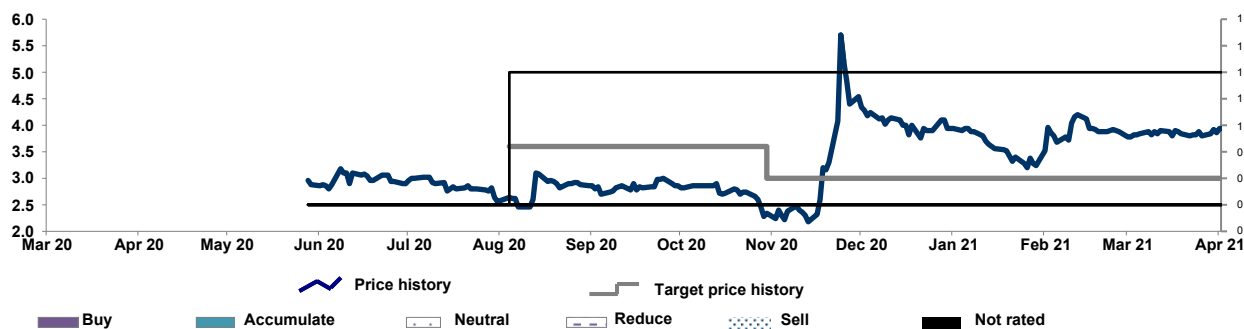
(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35,65% del totale degli emittenti oggetto di copertura

Recommendation history for MONNALISA

Date	Recommendation	Target price	Price at change date
03-May-21	Neutral	3.80	4.20
30-Oct-20	Neutral	3.00	2.34
04-Aug-20	Neutral	3.60	2.64

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Giada Cabrino, CIIA (since 04/08/2020)





ESN Recommendation System

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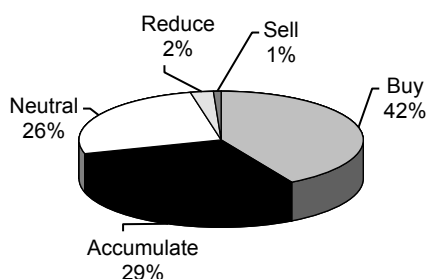
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- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
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Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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