

**BUY:**  
MNDY

**Current Price:**  
\$225

**Target Price:**  
\$284

**Upside:**  
26%

# Monday.com Ltd (NASDAQ: MNDY)

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## Software Sector

Sector Head: James Davide

Lead Analysts: Blake Owen, Jake Byrne

# Company Overview



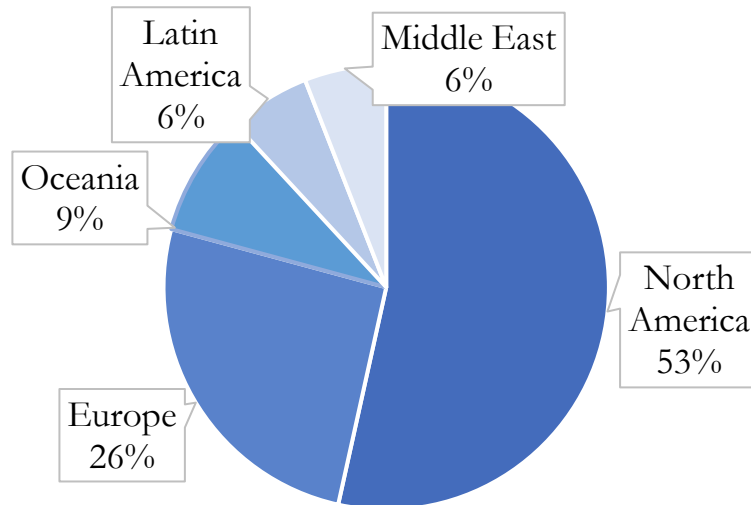
## Segment Breakdown

Workflow management – helps teams manage their projects efficiently on a collaborative platform

Relationship management – helps sales teams manage customer relationships and sales processes

Development management – helps software development teams manage their development cycle

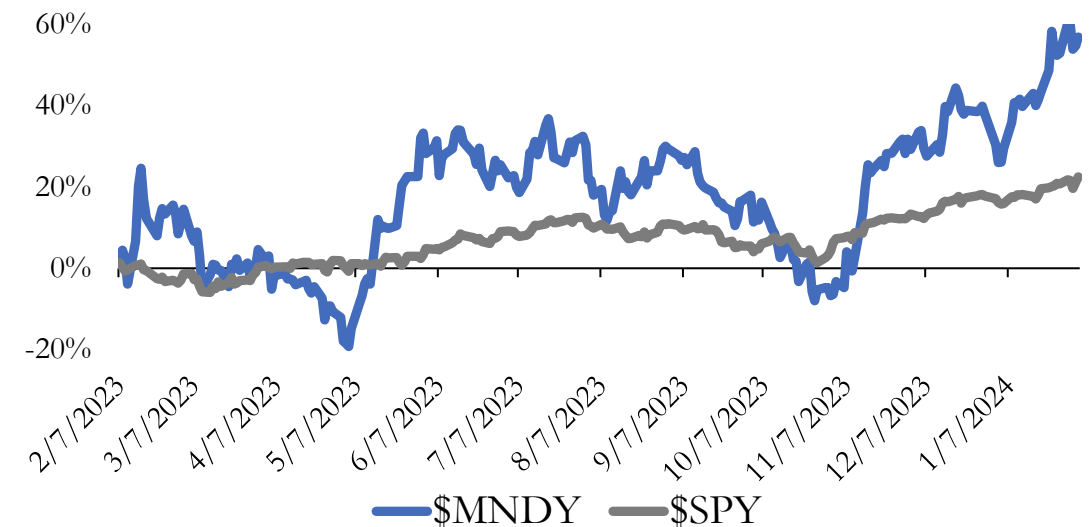
## Geographic Revenue Breakdown



## Current Statistics

Current Share Price	\$225.8
52-Week Range	\$108.3-\$239.2
Revenue Growth (yoy)	40.6%
Market Cap	\$11.4 Billion
Enterprise Value	\$10.4 Billion

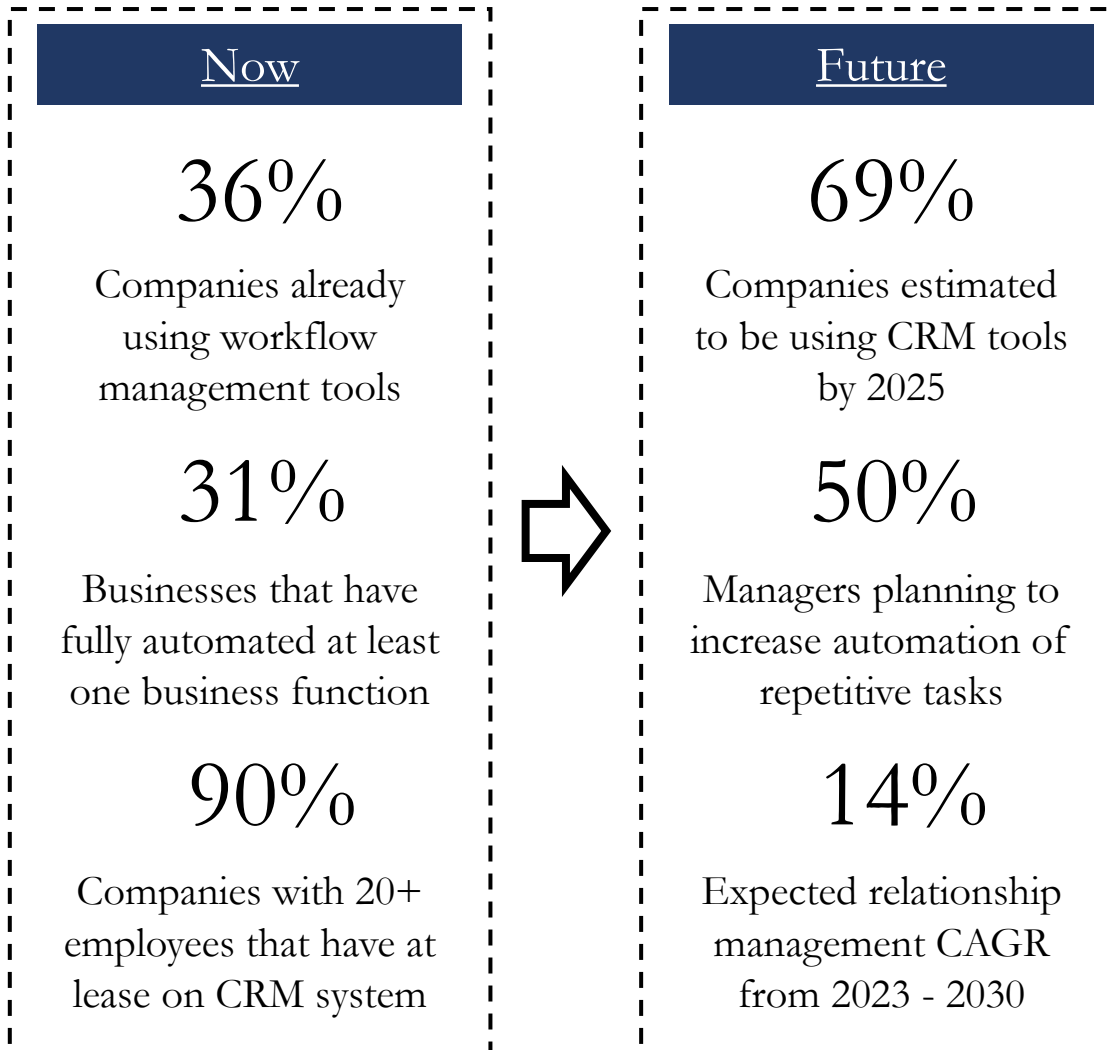
## Share Price Analysis



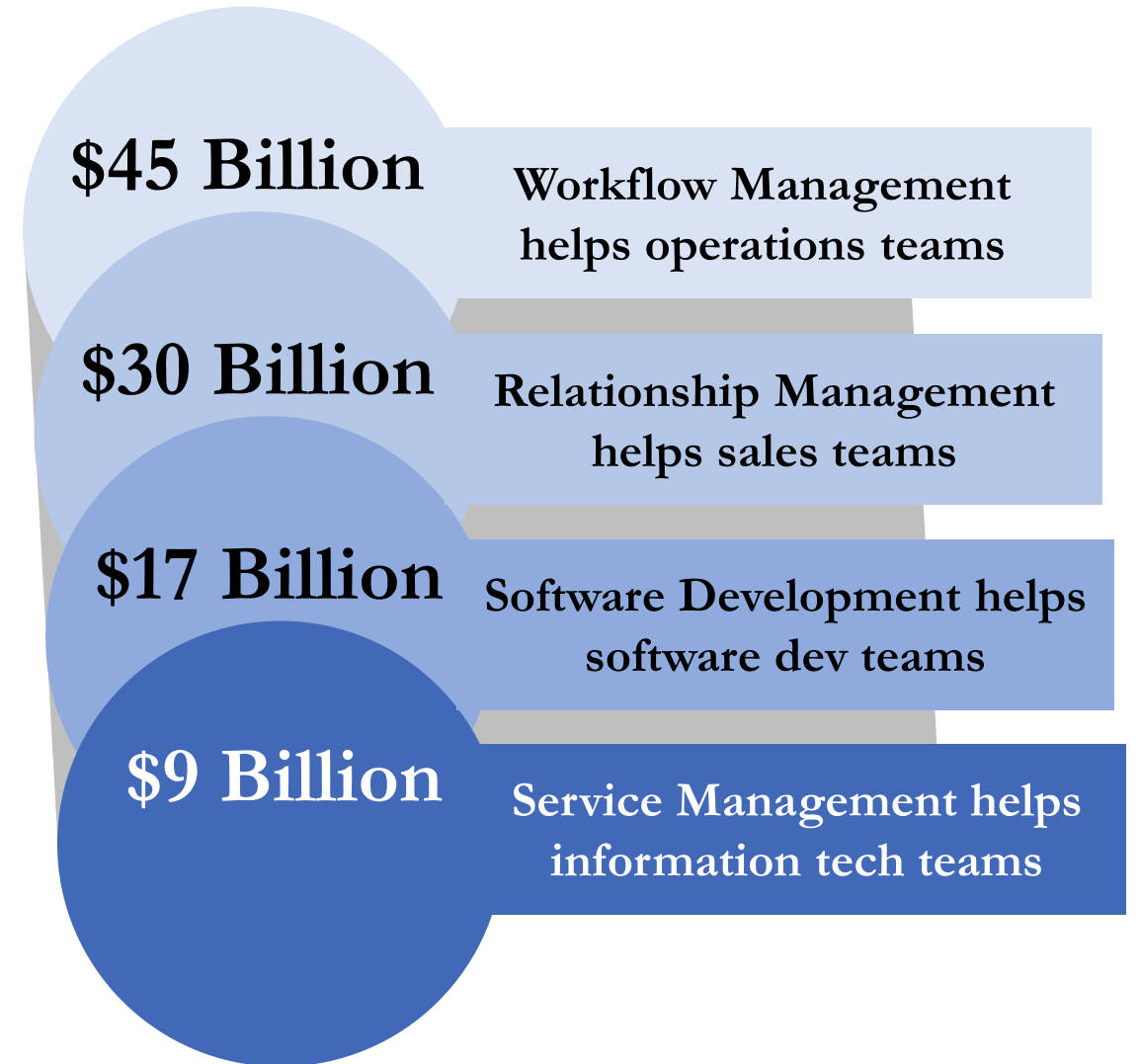
# Industry Overview



## *Purpose and Trends of Each Business Segment*












## *Total Addressable Market*

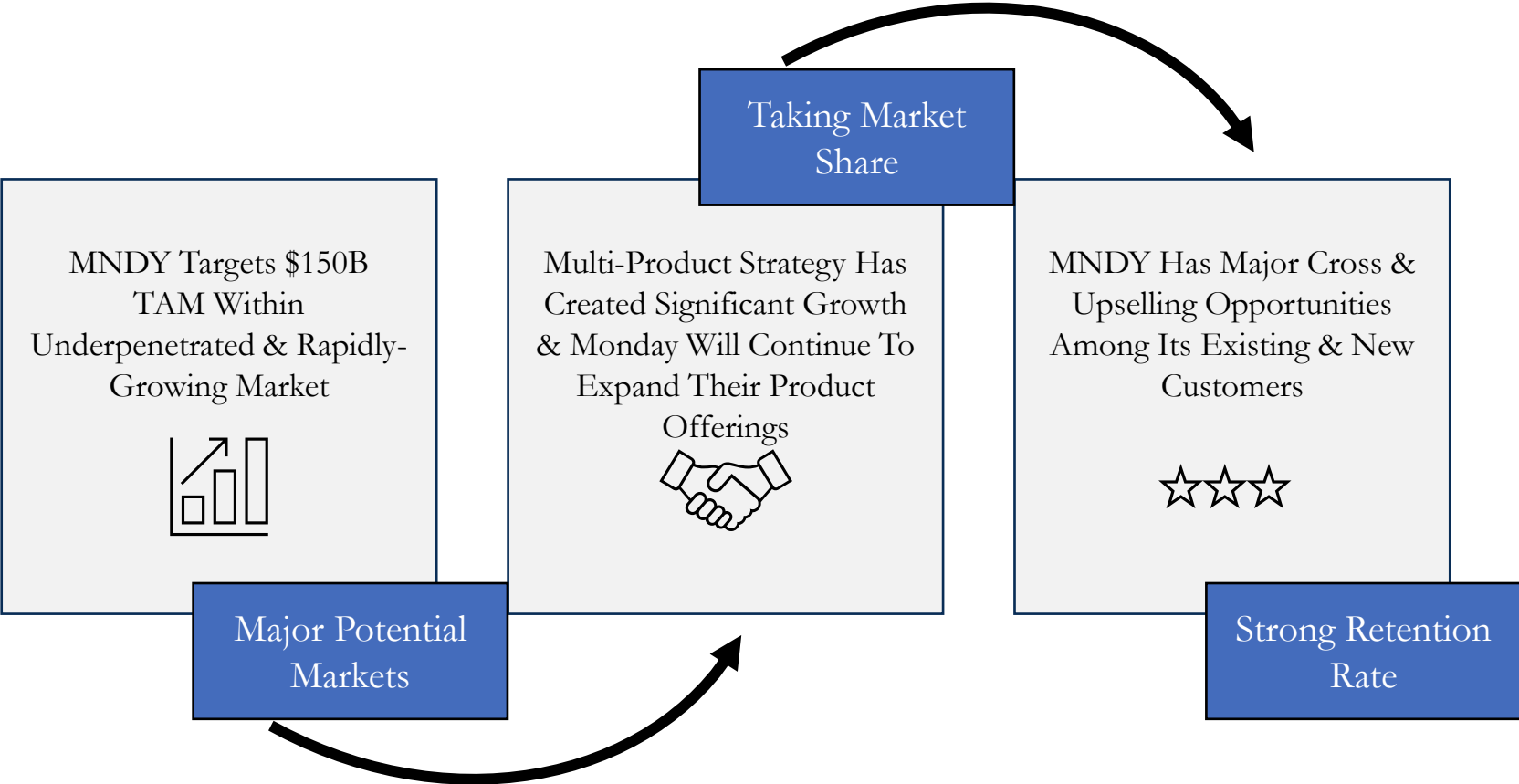


# Competitive Environment



	Asana	Monday.com	Smartsheet
<b>WORKFLOW MGMT SOFTWARE</b>			
<b>COUNTRY</b>	 United States	 Israel	 United States
<b>ANNUAL REVENUE</b>	\$652.50mm	\$729.70mm	\$956.85mm
<b>REVENUE GROWTH</b> (2022-2023 YoY)	19.24%	40.59%	24.68%
<b>EV/Revenue</b> (2024 FWD)	5.1x	11.0x	4.9x
<b>\$100k+ Paying Customers</b>	553	833	1904
<b>Net Retention Rate</b>	110%	110%	116%
<b>INTEGRATED PARTNERSHIPS</b>			
<b>STOCK-BASED COMPENSATION</b> (2022-2023 YoY)	31.0%	14.0%	22.0%

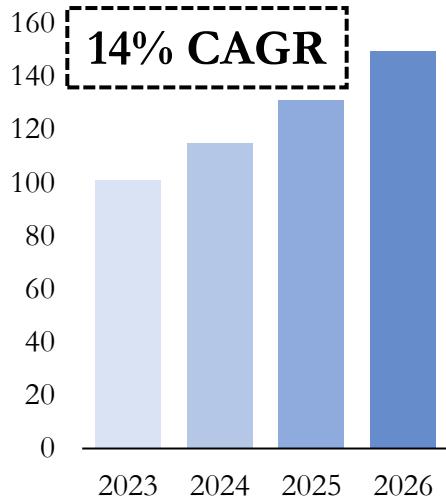
# Investment Thesis



# Monday Transformation and Untapped Market



## TAM Growth



**Monday Sales CRM** had 500% yoy revenue growth and 25M in ARR

**Monday Dev** had 300% yoy account growth and has 1300 paying accounts

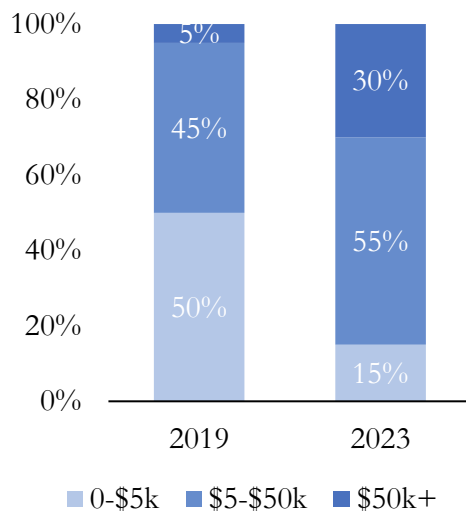
## Expansion Upmarket

Monday is moving upmarket with their scaling of MondayDB, a database manager

Monday plans to increase automation and scale their dashboards to 5 million item data capacity by 2025

Largest customer: 25,000 users

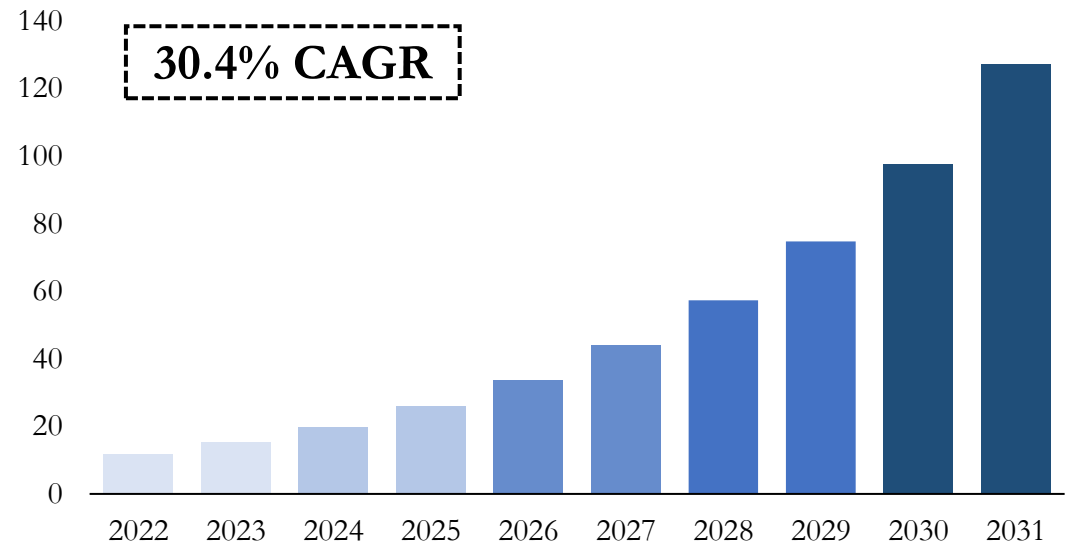
## Contract Size



**Monday** has been able to attract larger customers

As Monday continues to develop it will be able to better support larger customers

## Workplace Management Growth



# Rapid Growth Expansion

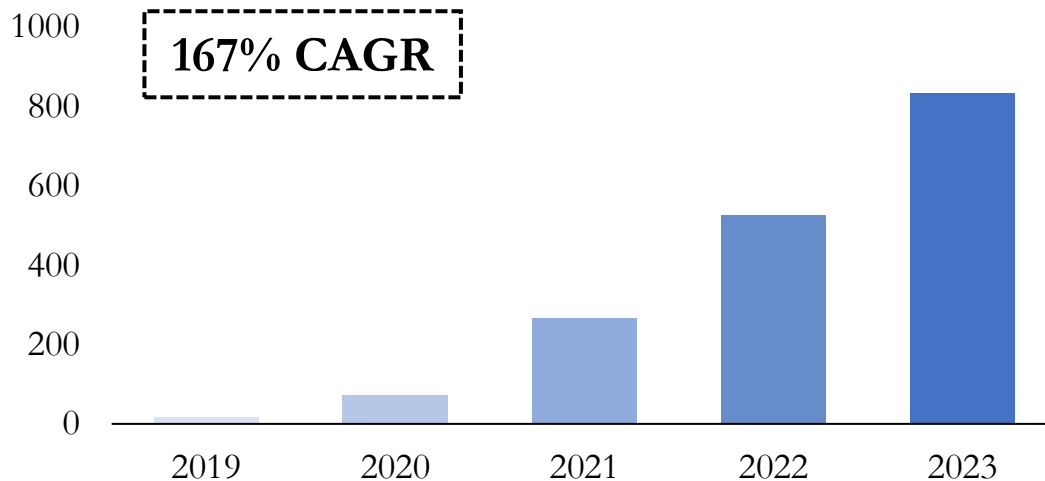


## Monday Service

**Monday Service** is being launched by the end of 2024 and will expand Monday.com into IT

**Monday Products** share 80% of the same code and Monday Service will allow for more companies to develop their own features into Monday.com

## \$100K+ ARR Customers



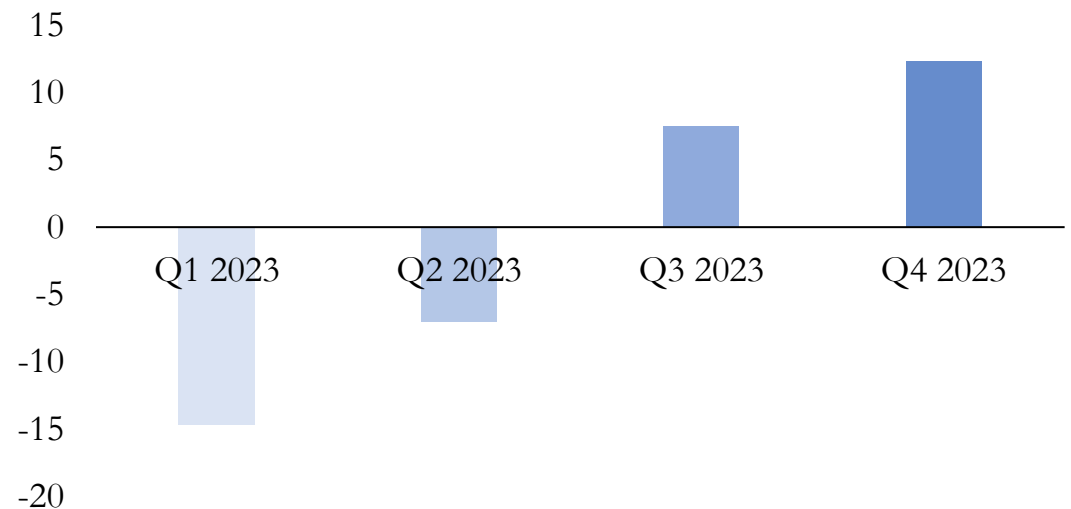
## Why Monday Growth Will Continue

Monday has evolved into a multi-product platform and a flexible platform to build a business on

Monday's automation of simple tasks has allowed them to beat out their peers

Monday customers help create new use cases and create their own 3<sup>rd</sup> party APIs to use on Monday

## Net Income (\$USD Millions)

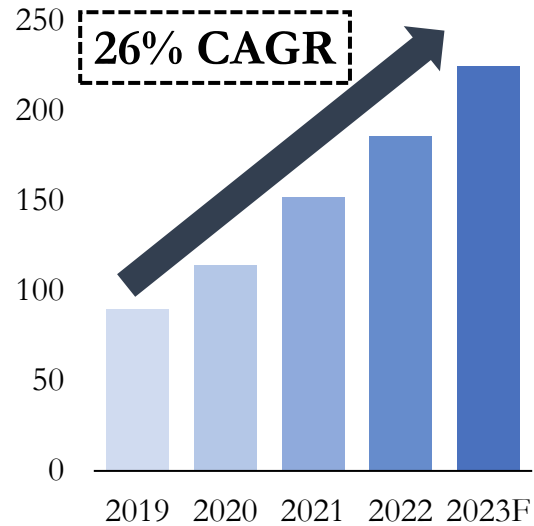


# Durable Growth



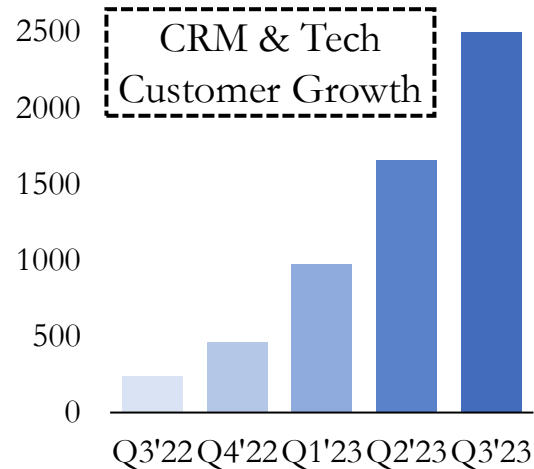
Cross-selling, upselling, and pricing adjustments are set to double Monday's annual contract value (ACV) by 2026

## *New Customer Growth*



**Upselling** involves getting Monday customers to purchase the same higher-quality products

**Cross-selling** involves getting Monday customers to purchase different product offerings



Cross-selling has been driving growth due to Monday selling CRM and Tech management to current customers

CRM and Tech customers have 1.7x average ACV

## *High Customer Retention*

Once a customer begins using Monday, it becomes very hard for an organization to stop using it

Q3 2023 Net Dollar Retention Rate: 110%

ACV > 50k Net Dollar Retention Rate: 115%

## *Updated Pricing Strategy*

Monday will roll out an updated pricing strategy through 2024, which is unlikely to impact consumer demand due to their consistently high retention rate

**01**  
Product-specific pricing

**02**  
Multi-product bundles

**03**  
Consumption add-on pricing



# Valuation



## Trading Range

*(For Reference Only)*

Analyst Consensus

52 Week High/Low

## Comps Analysis

ps - FWD EV / Rev

## DCF Analysis

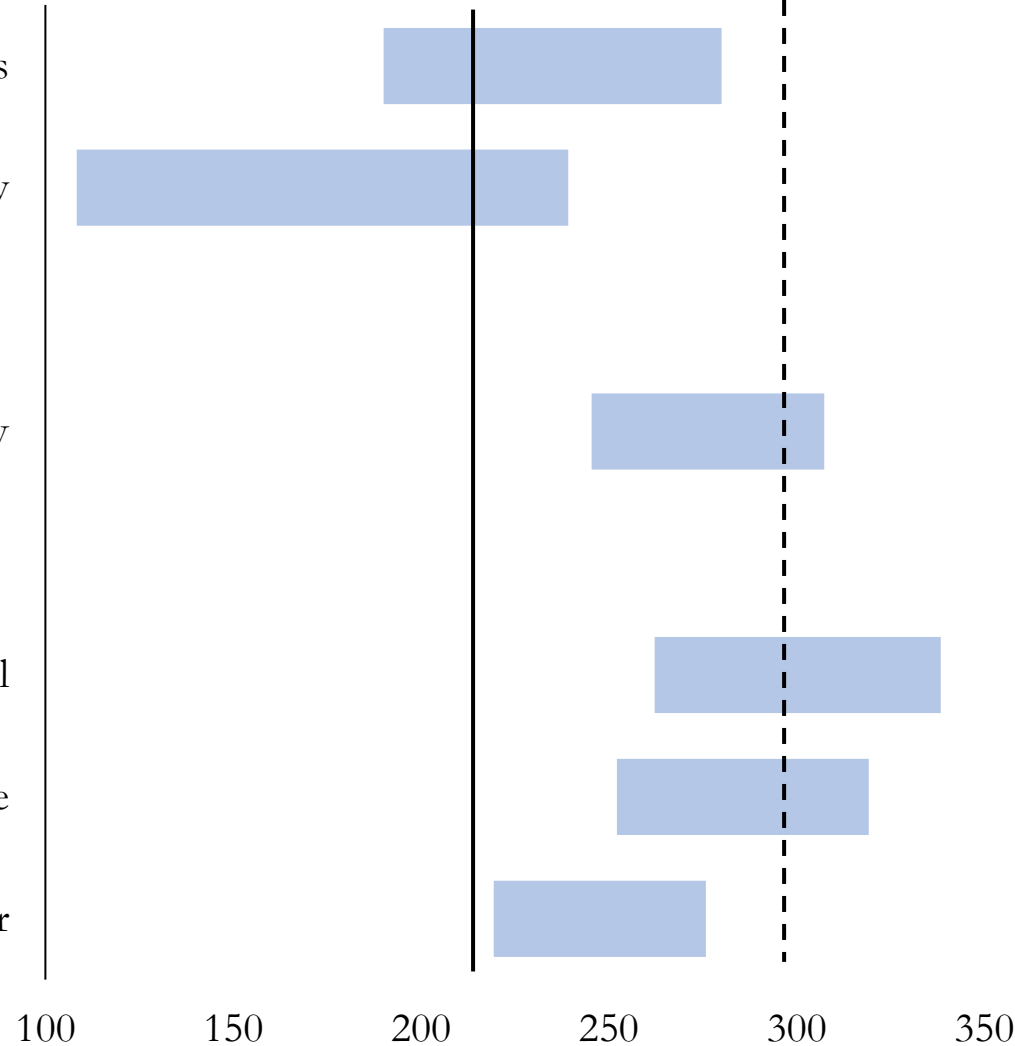
DCF Bull

DCF Base

DCF Bear

Current Share Price:  
**\$229.25**

Target Price:  
**\$296.64**



## Key Assumptions:

	11.0x	11.5x	12.0x	12.5x	13.0x
14.7%	255.9	266.5	277.2	287.8	298.4
13.7%	261.0	271.9	282.8	293.7	304.5
12.7%	266.4	277.5	288.6	299.7	310.8
11.7%	271.8	283.2	294.6	305.9	317.3
10.7%	277.5	289.1	300.8	312.4	324.0

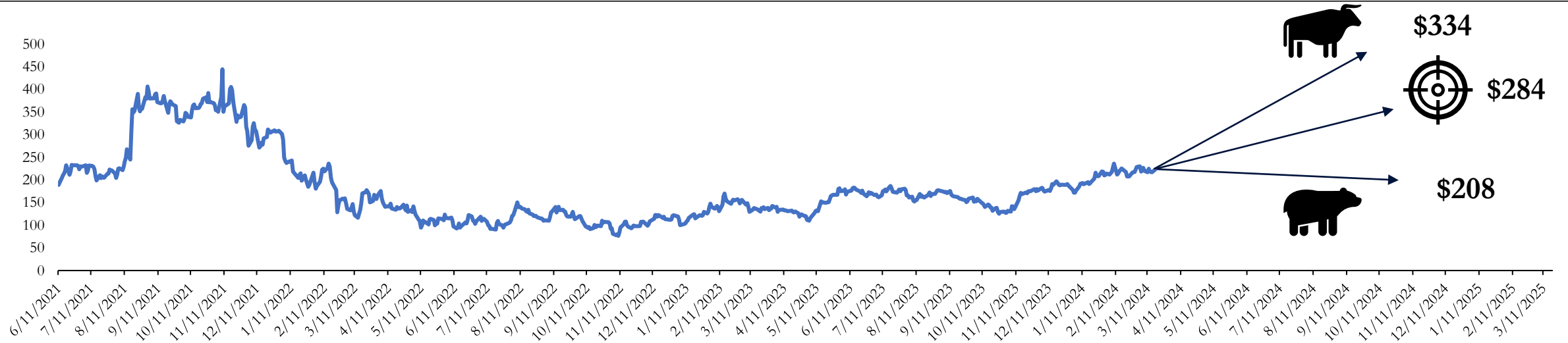
*WACC: 12.7%*

*Terminal Multiple: 11.8x*

*Beta: 1.54*

*2024E Revenue Growth: 27.3%*

# Risks



## Bear Case

- FWD EV/ Rev: **8.2x**  
(share price of \$192)
- Monday.com faces significant competition and has difficulty retaining its customer base
- Monday Service's launch isn't as successful and there is more churn than expected from the price increases

## Base Case

- FWD EV/Rev: **11.8x**  
(share price of \$284)
- Monday.com outperforms guidance and achieves high 20% – low 30% revenue growth
- Continued expansion of product offering drives consistent net retention

## Bull Case

- EV/2024E Revenue: **14.8x**  
(share price of \$352)
- Monday.com continues to beat guidance and Monday Service launches earlier than expected
- Lower churn rate from price increase than expected

BUY:  
MNDY

Current Price:  
\$225

Target Price:  
\$284

Upside:  
26%

Thank You!

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Questions?

# Appendix A: Income Statement



Monday.com									
Consolidated Income Statement (\$ in millions)									
	FY2020	FY2021	FY2022	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
<b>Net Revenues</b>	161	308	519	730	929	1,161	1,440	1,728	2,039
% growth		91.3%	68.4%	40.6%	27.3%	25.0%	24.0%	20.0%	18.0%
Cost of Goods Sold	22	39	67	81	102	128	158	190	224
<b>Gross Margin</b>	139	269	453	649	827	1,033	1,281	1,538	1,814
Gross Margin, %	86.0%	87.3%	87.2%	88.9%	89.0%	89.0%	89.0%	89.0%	89.0%
<b>Operating Expenses</b>									
Research & Development	43	74	127	157	186	232	288	346	408
Sales & Marketing	191	268	392	438	511	615	734	847	958
General & Administrative	54	53	85	93	111	139	173	207	245
<b>Operating Income</b>	(151)	(126)	(152)	(39)	19	46	86	138	204
EBIT Margin	-93.4%	-40.9%	-29.3%	-5.3%	2.0%	4.0%	6.0%	8.0%	10.0%
Financial Income (Expense), Net	1	(1)	23	42	0	0	0	0	0
<b>Pretax Income</b>	(150)	(127)	(129)	3	19	46	86	138	204
Income Tax Expense	(2)	(2)	(7)	(5)	(4)	(10)	(18)	(29)	(43)
<b>Net Income (Loss)</b>	(152)	(129)	(137)	(2)	15	37	68	109	161
Basic & Diluted Average Shares	12	30	46	49					
<b>Basic &amp; Diluted EPS</b>	\$ (12.63)	\$ (4.26)	\$ (2.99)	\$ (0.04)					

# Appendix B: Balance Sheet



<b>Monday.com</b>		
<b>Consolidated Balance Sheet (\$ in millions)</b>	<b>FY2022</b>	<b>FY2023</b>
Current Assets		
Cash and cash equivalents	886	1,116
Accounts receivable, net	13	18
Prepaid expenses and other current assets	25	39
<b>Total current assets</b>	<b>924</b>	<b>1,173</b>
Property and equipment, net	34	37
Operating lease right-of-use assets	80	62
Other long-term assets	0.585	3
Total long-term assets	115	103
<b>Total assets</b>	<b>1,039</b>	<b>1,276</b>
Accounts payable	7	25
Accrued expenses and other current liabilities	74	107
Deferred revenue, current	198	266
Operating lease liabilities, current	19	18
<b>Total current liabilities</b>	<b>298</b>	<b>416</b>
Operating lease liabilities, non-current	59	43
Deferred revenue, non-current	2	3
Total long-term liabilities	61	46
<b>Total liabilities</b>	<b>359</b>	<b>462</b>
Other comprehensive income (loss)	-3	10
Share capital and additional paid-in capital	1,265	1,388
Accumulated deficit	-583	-584
<b>Total shareholders' equity</b>	<b>680</b>	<b>814</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,039</b>	<b>1,276</b>

# Appendix C: Cost Build



<b>Monday.com</b>									
Cost Build (\$ in millions)	FY2020	FY2021	FY2022	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
<b><u>Operating Expense Projections</u></b>									
Cost of Goods Sold	22	39	67	82	102	128	158	190	224
Research & Development	43	74	127	154	186	232	288	346	408
Sales & Marketing	191	268	392	433	511	615	734	847	958
General & Administrative	54	53	85	94	111	139	173	207	245
<b><u>Other Projections</u></b>									
Income Tax	(2)	(2)	(7)	(8)	(4)	(10)	(18)	(29)	(43)
Capital Expenditures	(6)	(14)	(19)	(8)	(12)	(12)	(12)	(12)	(12)
D&A			9	9	11	13	13	13	13
<b><u>Cost Drivers</u></b>									
COGS (% of sales)	14.0%	12.7%	12.8%	11.2%	11.0%	11.0%	11.0%	11.0%	11.0%
S&M (% of sales)	27.0%	23.9%	24.5%	21.1%	20.0%	20.0%	20.0%	20.0%	20.0%
G&A (% of sales)	118.8%	87.0%	75.5%	59.3%	55.0%	53.0%	51.0%	49.0%	47.0%
R&D (% of sales)	33.7%	17.4%	16.5%	12.8%	12.0%	12.0%	12.0%	12.0%	12.0%
<b><u>Other Projections</u></b>									
Tax Rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%

# Appendix D: WACC



## Monday.com

### Weighted Average Cost of Capital Calculation

Market value of debt	-
Weight of debt	0.0%
Pre-Tax cost of debt	6.8%
Tax Rate	21.0%
<b>Tax effected cost of debt</b>	<b>5.4%</b>
Market value of equity	11,216
Weight of equity	100.0%
Risk free rate	4.3%
Market risk premium	5.5%
Levered Beta	1.54
<b>Cost of equity</b>	<b>12.7%</b>
<b>Weighted average cost of capital</b>	<b>12.7%</b>

# Appendix E: DCF



## Monday.com

Discounted Cash Flow Model (\$ in millions)

(\$ in Millions)	2021F	2022F	2023E	2024E	2025E	2026E	2027E	2028E		
Revenue	\$308	\$519	\$730	\$929	\$1,170	\$1,463	\$1,756	\$2,072		
Revenue growth		68.4%	40.6%	27.3%	26.0%	25.0%	20.0%	18.0%		
EBIT	(126)	(152)	(39)	19	47	88	140	207		
EBIT margin	-40.9%	-29.3%	-5.3%	2.0%	4.0%	6.0%	8.0%	10.0%		
NOPAT	(100)	(120)	(30)	15	37	69	111	164		
Tax rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%		
Plus: D&A		9	9	11	13	13	13	13		
Less: CapEx	(14)	(19)	(8)	(12)	(12)	(12)	(12)	(12)		
Less: Δ NWC			100	79	105	127	126	135		
<b>FCFF</b>	<b>(113)</b>	<b>(130)</b>	<b>70</b>	<b>93</b>	<b>142</b>	<b>198</b>	<b>238</b>	<b>299</b>		
Discount factor (years)				0.50	1.50	2.50	3.50	4.50		
<b>Multiple method</b>										
Enterprise value		12,772			11.0x	11.5x	12.0x	12.5x	13.0x	
Less: Debt		-			14.7%	255.9	266.5	277.2	287.8	298.4
Plus: Cash		1,116			13.7%	261.0	271.9	282.8	293.7	304.5
Equity value		13,888			12.7%	266.4	277.5	288.6	299.7	310.8
Diluted shares outstanding		49			11.7%	271.8	283.2	294.6	305.9	317.3
<b>Price per share</b>		<b>\$284.62</b>			10.7%	277.5	289.1	300.8	312.4	324.0



# Appendix F: Comparable Companies



## Monday.com

Comparable Companies Analysis (\$ in thousands)

Company	Ticker	Current Share Price	2023E Financial Statistics				Forward Sales		Enterprise Value /		
			Equity Value	Enterprise Value	Sales	Debt	Cash	2024E Sales	YoY Sales Growth (%)	2023E Sales	2024E Sales
Monday.com	MNDY	229.25	11,216	10,161	730	61	1,120	927	27.0%	13.9x	11.0x
<b>TIER 1: Collaborative Work Management (CWM)</b>											
Asana	ASAN	15.59	3,505	3,263	653			726	11.2%	5.0x	4.5x
Smartsheet	SMAR	39.6	5,442	4,862	958			1,143	19.2%	5.1x	4.3x
Jfrog	FROG	44.31	4,710	4,188	350			427	22.0%	12.0x	9.8x
Global-E	GLBE	37.6	6,176	5,882	570			749	31.4%	10.3x	7.9x
Hubspot	HUBS	620.52	31,445	30,844	2,170			2,559	17.9%	14.2x	12.1x
<b>Mean</b>										<b>9.3x</b>	<b>7.7x</b>
<b>Median</b>										<b>10.3x</b>	<b>7.9x</b>
<b>TIER 2: Broader High-Growth SAAS</b>											
DataDog	DDOG	122.86	40,774	39,094	2,128			2,572	20.8%	18.4x	15.2x
MongoDB	MDB	360.15	26,230	25,442	1,683			1,935	15.0%	15.1x	13.1x
Zscaler	ZS	198.07	29,682	28,456	1,896			2,345	23.7%	15.0x	12.1x
Confluent	CFLT	31.8	9,941	9,154	777			950	22.3%	11.8x	9.6x
GitLab	GTLB	59.87	9,443	8,444	580			729	25.7%	14.6x	11.6x
Samsara	IOT	37.18	20,085	19,636	937			1,196	27.5%	20.9x	16.4x
Atlassian	TEAM	197.26	51,171	50,830	3,892			4,643	19.3%	13.1x	10.9x
Procore	PCOR	81.18	11,764	11,180	950			1,140	20.0%	11.8x	9.8x
Braze	BRZE	53.57	5,349	4,972	440			572	30.2%	11.3x	8.7x
<b>Mean</b>										<b>14.7x</b>	<b>12.0x</b>
<b>Min</b>										<b>11.3x</b>	<b>8.7x</b>
<b>Q1</b>										<b>11.8x</b>	<b>9.8x</b>
<b>Median</b>										<b>14.6x</b>	<b>11.6x</b>
<b>Q3</b>										<b>15.1x</b>	<b>13.1x</b>
<b>Max</b>										<b>20.9x</b>	<b>16.4x</b>
<b>Mean</b>										<b>\$ 300</b>	<b>\$ 249</b>
<b>Min</b>										<b>\$ 237</b>	<b>\$ 187</b>
<b>Q1</b>										<b>\$ 245</b>	<b>\$ 208</b>
<b>Median</b>										<b>\$ 298</b>	<b>\$ 242</b>
<b>Q3</b>										<b>\$ 309</b>	<b>\$ 271</b>
<b>Max</b>										<b>\$ 420</b>	<b>\$ 334</b>

# Appendix G: Working Capital



<b>Monday.com</b>							
Net Working Capital (\$ in thousands)	FY2022A	FY2023A	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
Revenue	519	730	929	1,161	1,440	1,728	2,039
COGS	67	81	102	128	158	190	224
SG&A	477	531	622	755	907	1,054	1,203
<b>Current Assets</b>							
Accounts Receivable	13	18	20	25	32	38	45
Prepaid Expenses and Other	25	39	46	56	67	78	89
<b>Total Current Assets</b>	<b>38</b>	<b>57</b>	<b>66</b>	<b>81</b>	<b>98</b>	<b>115</b>	<b>133</b>
<b>Current Liabilities</b>							
Accounts Payable	7	25	22	26	33	39	46
Deferred Revenue	198	266	339	424	525	631	744
Accrued Liabilities	74	107	125	152	182	212	242
<b>Total Current Liabilities</b>	<b>279</b>	<b>398</b>	<b>486</b>	<b>602</b>	<b>740</b>	<b>881</b>	<b>1,032</b>
<b>Net Working Capital</b>	<b>(241)</b>	<b>(341)</b>	<b>(420)</b>	<b>(521)</b>	<b>(642)</b>	<b>(766)</b>	<b>(898)</b>
<b>(Increase)/Decrease in NWC</b>							
		100	79	100	121	124	133
<b>Assumptions</b>							
<b>Current Assets</b>							
Days Sales Outstanding	9.3	9.0	8.0	8.0	8.0	8.0	8.0
Prepays and Other CA (% of SG&A)	5.2%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
<b>Current Liabilities</b>							
Days Payable Outstanding	40	112	80	75	75	75	75
Deferred Revenue (% of rev)	38.2%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%
Accrued Liabilities (% of SG&A)	15.4%	20.1%	20.1%	20.1%	20.1%	20.1%	20.1%

# Appendix H: Monday Project Example

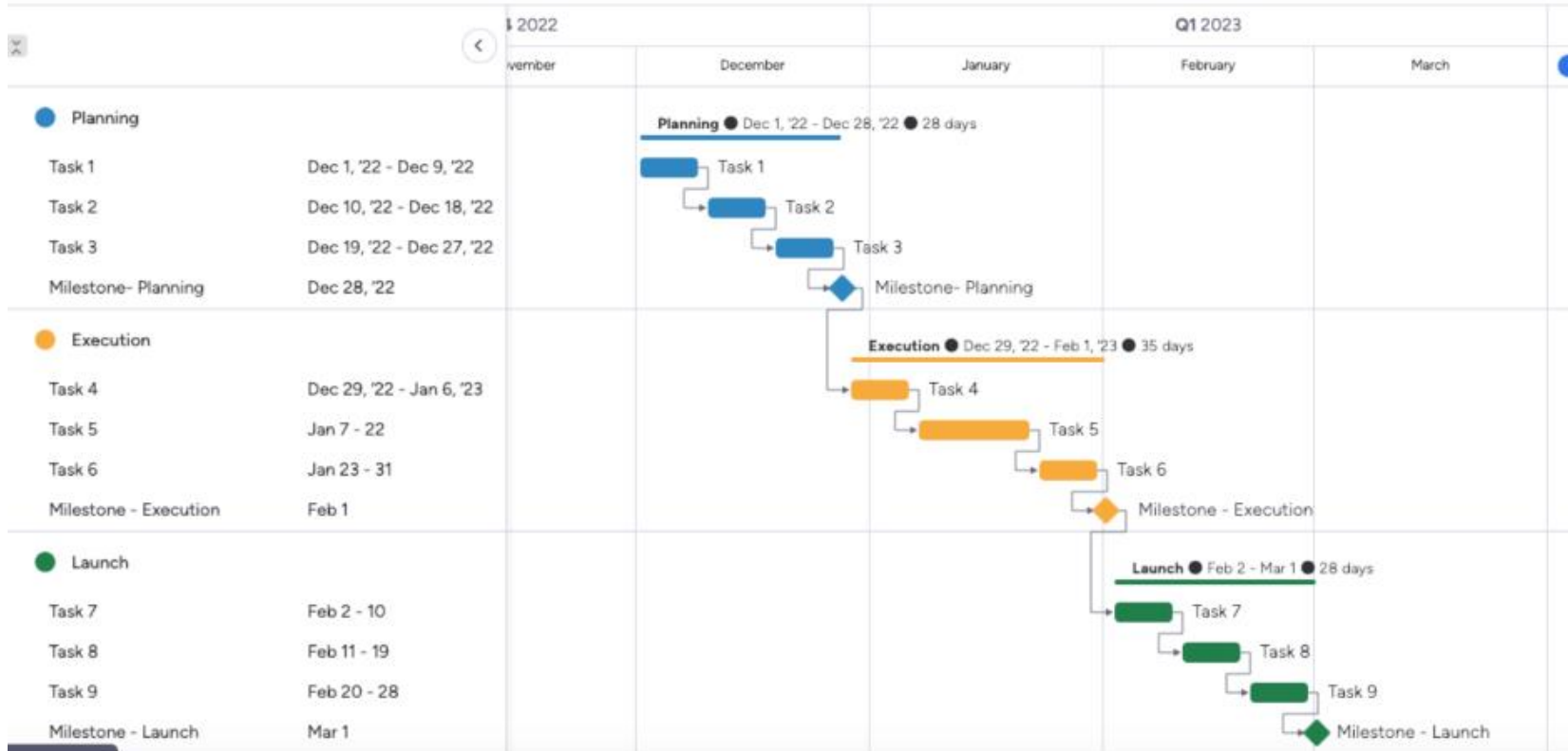


## Single Project

Manage your individual project from this board. Set up tasks, owners, timelines, and more. See [See More](#)

Main Table | Tasks Assigned To ... | Project Dashboard | **Gantt** | +

New Task | + Add widget | Search | Person | Filter | Baseline | Auto Fit | Months | - + | ...

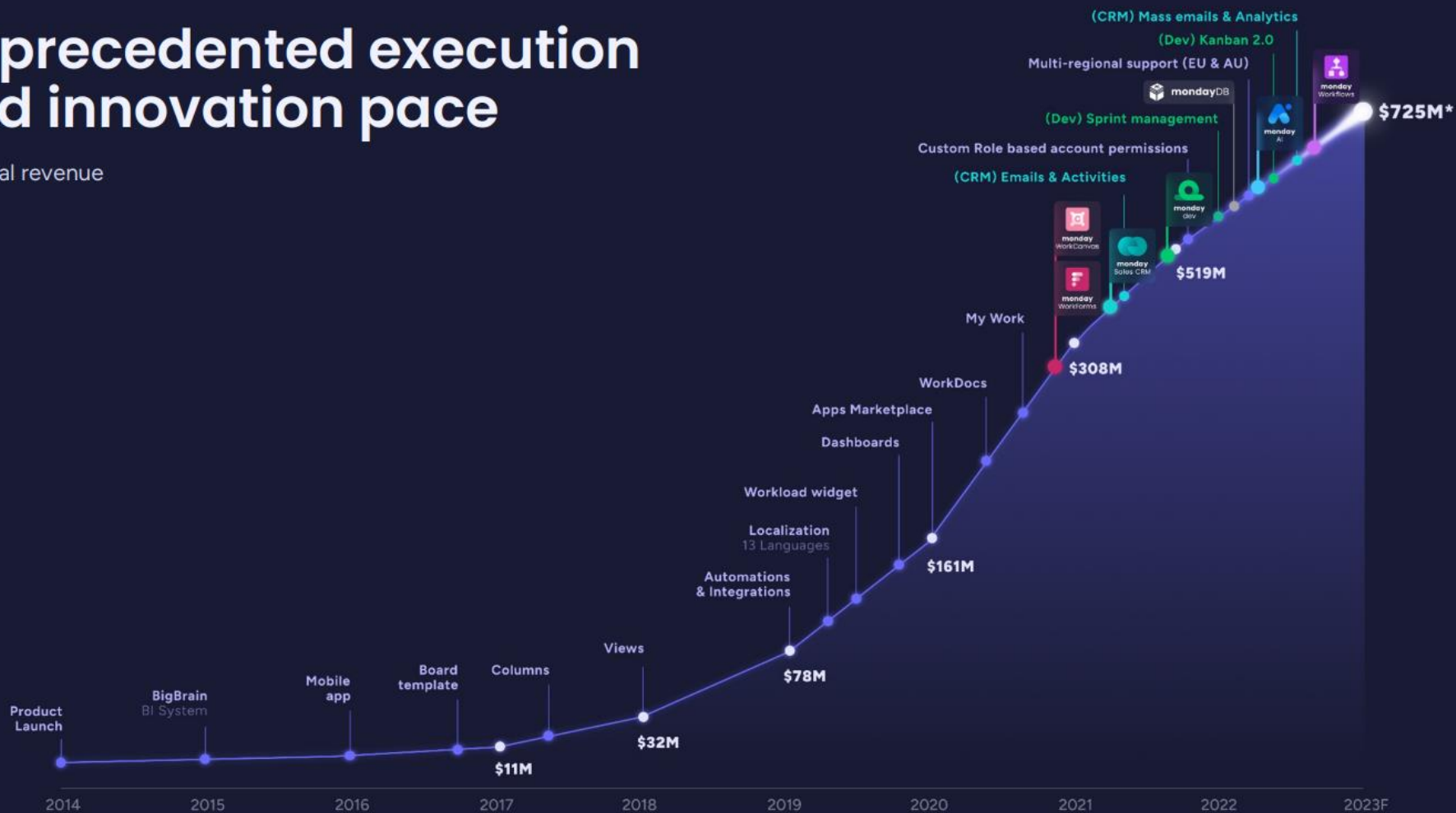


# Appendix I: Monday Growth Timeline



## Unprecedented execution and innovation pace

— Total revenue



Strategic vision | [Product strategy](#) | Go-to-market overview | Financial strategy

\*Estimate for FY23 Note: FY23 guidance calls for total revenue of \$723M-\$725M

# Appendix J: Monday TAM



## Large and growing Total Addressable Market (TAM)



**WM** \$45B

- Collaborative applications
- Project and portfolio management



**CRM** \$30B

- Sales force productivity and management
- Marketing campaign management
- Customer service



**DEV** \$17B

- Application development
- System and service management
- Collaboration and planning



**SERV** \$9B

- IT service management
- IT operations management
- Request management

Sources: Current and projected TAM from the relevant segments of the following reports. IDC Worldwide Collaborative Applications Forecast 2023-2027, IDC Worldwide Project and Portfolio Management Software Forecast 2023-2027, IDC Worldwide Customer Relationship Management Applications Software Forecast 2022-2026, IDC Worldwide DevOps Software Tools Forecast 2023-2027, IDC Worldwide ITSM Applications Forecast 2023-2027

# Appendix K: Monday DB Scale



## Superior product performance at scale with mondayDB



2023  
Speed



JUN

mondayDB 1.0  
Large boards  
loaded at <4  
seconds

NOV

mondayDB 1.1  
Large dashboards  
Loaded at <5  
seconds

NEXT MILESTONE

DEC

mondayDB 1.2  
New monday API  
capabilities:  
• Filter  
• Sort

2024  
Scale



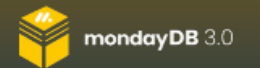
MAR

mondayDB 2.0  
100K items per  
board  
500K items per  
dashboard\*

SEP

mondayDB 2.1  
Smarter  
automations  
Formula calculations  
in automations

2025  
Premium



MAR

mondayDB 3.0  
Premium  
1M items per board  
5M items per  
dashboard

# Appendix L: Monday App Marketplace



Enhancing capabilities with

## **monday** app marketplace

**Open API**

access for developers  
and customers

**393**

marketplace apps

**218**











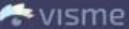













apps collecting  
payments

**700K+**

app installs

**40%**

of customers installed at  
least one app

 AI Automation & Insights	 Phone solution	 Automated Emails	 Time tracking	 CRM	 Form Builder	 Dashboard reporting	 Subitem support
 Recruiting	 Communication	 visme Presentation software	 Doc generator	 Invoice collection	 Online Marketing	 Sales Communication	 Resource Management
 ziflow® Creative collaboration	 Support	 Proofing	 DocuSign Compliance	 Collaboration	 Document compliance	 Task Management	 Marketing videos