



## Point72 Academy Case Competition

Vera Venture | October 13<sup>th</sup>, 2025

### Analysts:

Justin Meneses – justin.meneses@emory.edu

Felipe Cardozo – felipe.cardozo.sr@emory.edu

**NASDAQ: MNDY**

**Short | Target Price: \$71.33**

Implied Return: (61.58%)

Date: 10/13/2025

Year End: 12/31/2025

# Table of Contents

---

## Understanding the Company and Understanding the Investment decision

### I. Overview

- I. Company Overview and Service
- II. Industry Overview & Market Comps

### II. Market Thesis

### III. Investment Thesis

- I. Catalyst 1.
- II. Catalyst 2.
- III. Catalyst 3.


### IV. Valuations

- I. Traditional Valuation Approaches
- II. Quantitative Valuation Techniques

### V. Risk & Mitigants

# Company Overview and Service

Providing cloud-based operating systems to build, manage, and integrate custom workflows & tools

 <b>PUBLIC COMPANY   MNDY-US (NASDAQ)</b> monday.com Ltd.   Next Report Nov 17	\$185.65	+0.62	+0.32%	\$9,862.44M
	Closed: Price   Oct 13, 2025 16:00 Exch Time			Fully Diluted Mkt Cap

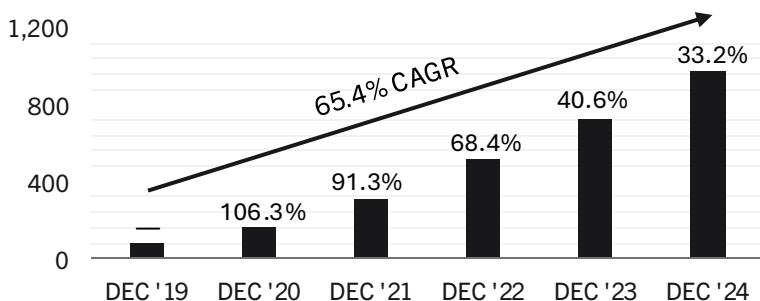
## Company Description

**Overview:** Tel Aviv-based SaaS company offering a cloud-based work OS that enables organizations to build, manage, and automate workflows. Its modular platform supports custom apps, tool integrations, and team collaboration. Operates globally across the US, EMEA, UK, and other markets

**Strategies:** drives growth by evolving its Work OS platform with AI and innovation, expanding its suite of interoperable products, and strengthening its app marketplace and partner ecosystem. Focusing on delivering value to large enterprises and scaling its “go-to-market” strategy through both self-serve and sales-led models, driving customer adoption and expansion

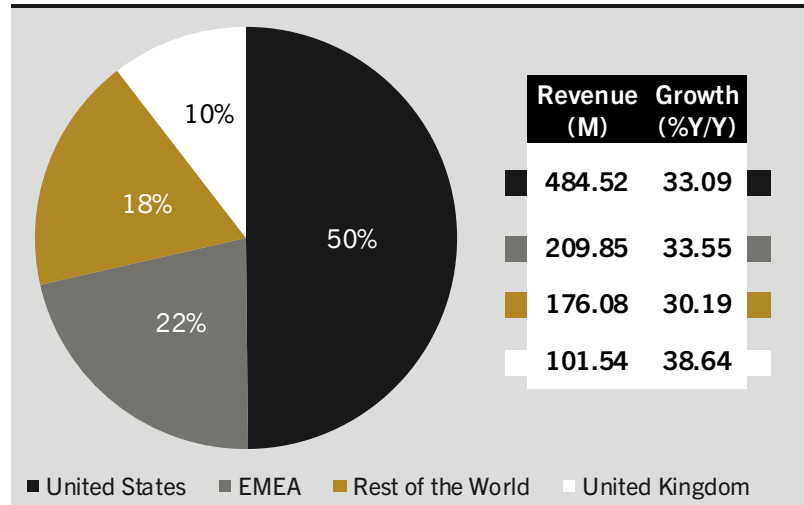
**Evolving as its AI-powered Work OS expands its products and ecosystem, scaling adoption and enterprise value**

## <sup>1</sup>Sales Segment: Work Operating System



Source: SEC, FinViz

## Company Description



## Financial Highlights

Company	5Yr Cagr	Dec '22	Dec '23	Dec '24	Dec '25E
Gross Margin (%)	87.64	87.18	88.95	88.68	89.86
FCF Margin (%)	6.89	1.57	28.09	30.44	26.29
Current Ratio	2.72	3.10	2.82	2.64	2.72
Pre-Tax Margin	—	-24.94	0.46	3.55	17.67
Operating Margin	—	-29.29	-5.29	-2.16	12.86



### Notes

I. All figures in millions of U.S. Dollar

# Industry Overview & Market Comps

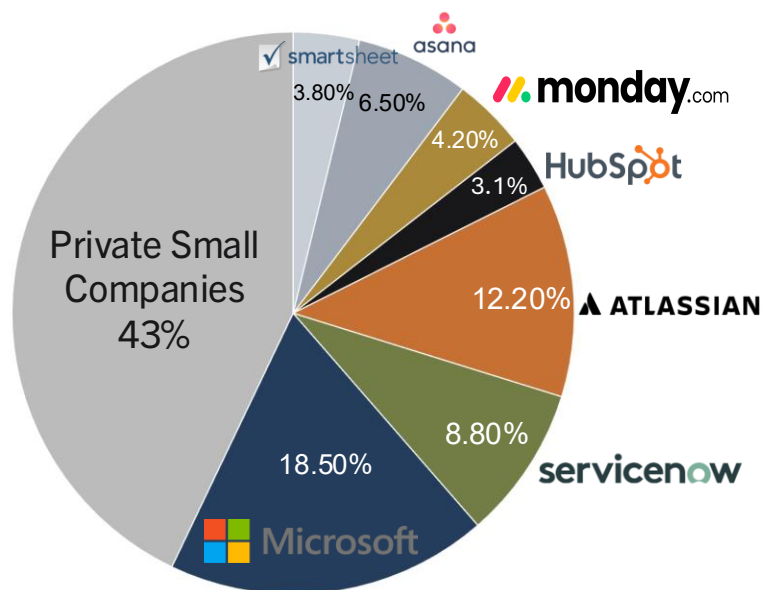
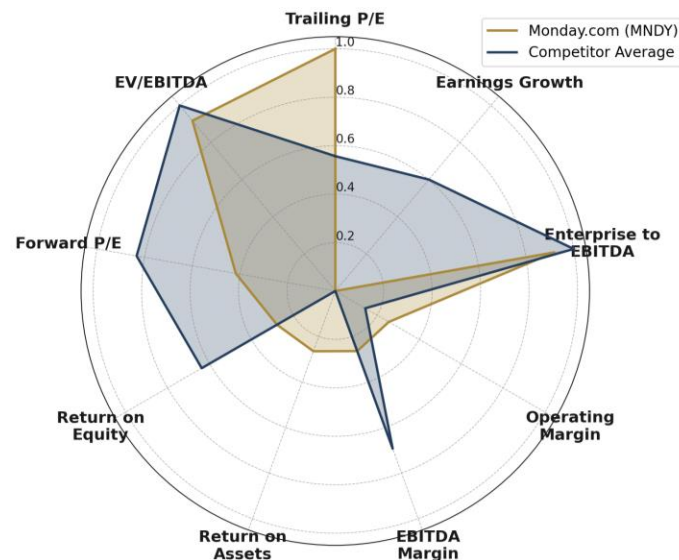
## Operating within the cloud-based ERP and work management software industry

### Industry Dynamics & Trends

**Market Size & Growth:** The global Collaborative Work Management (CWM) software market is valued around \$50–60 B in 2025, covering project management and team collaboration tools (SAM for modern SaaS platforms is a subset). Analysts forecast ~15–20% CAGR over the next 3–5 years as firms digitize workflows and adopt AI-enabled project tools. (Sources: Gartner, IDC, StockStory; data as of 2025)

**Industry Snapshot:** The Work Management SaaS space delivers cloud-based platforms for task, project, and workflow coordination with automation and integrations. Adoption spans SMBs to enterprises under subscription models. Growth is propelled by cloud migration, AI copilots, and tool ecosystems, amid consolidation, privacy regulation (GDPR, CCPA), and cyclical IT-spend sensitivity

### Market Comps (as of Oct 10, 2025) Q2 2025



Company	P/E Ratio	Revenue (LTM)	Operating Margin	EV/EBITDA
Microsoft (MSFT)	37.7x	\$282B	44.90%	24.38
ServiceNow (NOW)	116.0x	\$12.1B	12.10%	78.77
Atlassian (TEAM)	N/A*	\$5.2B	-2.10%	-952.87
HubSpot (HUBS)	N/A*	\$2.8B	-3.00%	-477.61
Monday.com (MNDY)	242.9x	\$1.1B	-3.90%	-769.56
Asana (ASAN)	N/A*	\$756M	-25.10%	-15.86




# Market Thesis

## Assessing the Disconnect Between Market Pricing and Analyst Expectations

### Recent MNDY Analyst Recom


**Analyst**  
Steven Enders

**Rating: Buy**  
Target Price: \$332  
Implied Return: ~80.90%  
Date: 10/08/25




**Analyst**  
Jackson Ader

**Rating: Overweight**  
Target Price: \$330  
Implied Return: ~79.82%  
Date: 10/08/25



**Analyst**  
Ryan Macwilliams

**Rating: Overweight**  
Target Price: \$258  
Implied Return: ~40.71%  
Date: 10/06/25



#### (A) Early Alignment (Late '23-Early '24)

- Market and analysts in sync: targets \$220-\$250 vs. price \$180-\$230; Tight spreads (~\$25-\$40) reflect steady fundamentals and sentiment; Consistent ANR upgrades as execution remained strong

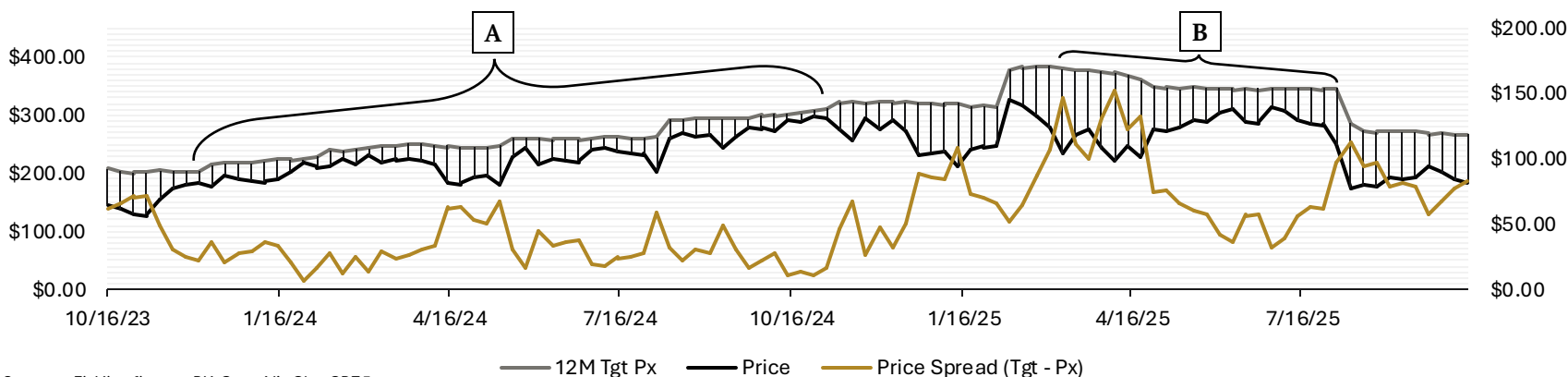
#### (B) Divergence Emerges (Mid '24-Mid '25)

- Analyst targets rose 30% (\$260 to \$345); Price stalled in \$230-\$310 range Spread peaked at \$132 (Apr '25); Optimism outpacing fundamentals

Despite a 12-month target of \$266 vs. a current price of \$183 (~45% implied upside), the market reflects analyst optimism over actual performance. Targets remain tied to 2024 momentum, overlooking weaker recent execution; a valuation gap driven by outdated bullish ANRs rather than fundamentals

Street sentiment remains too positive; valuation driven by analyst inertia, not fundamentals; Set-up favors mean reversion as optimism unwinds

### MNDY Analyst Targets vs. Actual Share Price Over Time



Sources: FinViz, yfinance PY, OpenAI's ChatGPT5



# Investment Thesis & GenAI Eval

## Capitalizing on Market Mispricing: MNDY as a Short Opportunity

### Vera Venture Recom: SHORT

#### Variant Perspective

The market is overestimating MNDY's valuation based on its continued growth and solid financial position

However, investors are overlooking the company's heavy reliance on interest income and Non-GAAP EBIT adjustments to maintain positive net income

The market is overvaluing MNDY by extrapolating topline growth (~30% YoY) and robust gross margins (~88%) while underappreciating the company's dependence on interest income (~40% of net income) and heavy reliance on non-GAAP EBIT adjustments to show profitability. With operating margins still negative (-5% GAAP) and limited leverage as scale matures, current valuation multiples (~12x EV/Sales) overstate sustainable earnings power

Event Path	Focus turns to Q3 earnings (Nov 10-13), a key test of slowing growth, EBIT pressure, and reliance on interest income. IR commentary or a possible Investor Day update will drive sentiment. ~1-2 months out, track EBIT revisions and sentiment shifts confirming margin weakness	1.1 months	Q3 Earnings	Next earnings
		~1-2 month	IR Commentary	Investor Day
		~1-2 months out	Revisions & momentum	Revisions to EBIT

Key GPT KPI	Valuation																
Monitoring enterprise customers >\$50K ARR is critical for our short thesis, as slowing growth or churn in this cohort signals weakening core revenue and exposes the company's reliance on unsustainable income streams	Our analysis combines multiple quantitative approaches:  A DCF, comparable-company analysis (COMPS), and a Bayesian simulation incorporating Monte Carlo methods and stochastic processes, which together highlight that while our DCF yields ~\$71/share, the broader models converge around ~\$130, well below the market price, supporting a short recommendation	A Q3 Earnings B Revisions & momentum C IR Commentary															
<table border="1"> <thead> <tr> <th>Year</th> <th>Customers &gt; \$50K ARR</th> <th>Growth</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>793</td> <td>--</td> </tr> <tr> <td>2022</td> <td>1,474</td> <td>85.88%</td> </tr> <tr> <td>2024</td> <td>2,295</td> <td>55.70%</td> </tr> <tr> <td>2025</td> <td>3,201</td> <td>39.48%</td> </tr> </tbody> </table>	Year	Customers > \$50K ARR	Growth	2021	793	--	2022	1,474	85.88%	2024	2,295	55.70%	2025	3,201	39.48%	<b>MNDY is considerably overvalued, trading well above its intrinsic value, supporting a decisive short recommendation</b>	<b>Rational</b> A: primary market catalyst B: Historical ~19 trading days post-earnings updates C: Typical pre/post-earnings engagement window
Year	Customers > \$50K ARR	Growth															
2021	793	--															
2022	1,474	85.88%															
2024	2,295	55.70%															
2025	3,201	39.48%															



Sources: SEC, OpenAI's ChatGPT 5



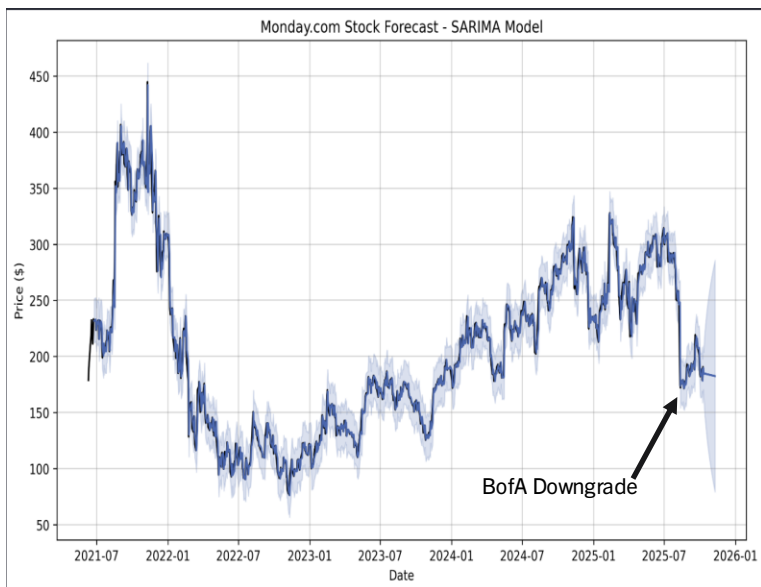
# Catalyst 1.

## “Paper Profits” and Weak Earnings Quality Behind the Valuation Premium

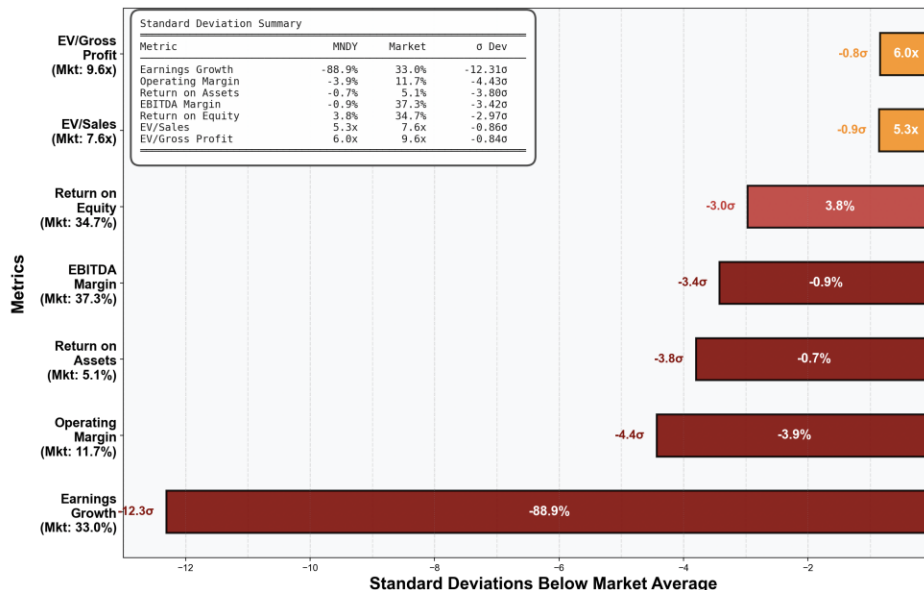
### Questionable Profitability & Downgrades

#### “PAPER” PROFITABILITY

**Sentiment:** Bank of America downgraded MNDY to Neutral, citing AI-driven hits to SEO traffic—an ongoing issue management also flagged around Google changes—while insiders filed Form 144s, including Co-CEO Eran Zinman’s planned sale of 15,000 shares, with additional recent dispositions disclosed, further indicating potential changes within the company’s financial strategy



### Weak to Critical Performing Metrics



#### “PAPER” PROFITABILITY

Monday.com’s FY2024 profitability stems mainly from \$60 million in interest income from its \$1.5 billion cash reserves, not its core operations. While the company posted a net income of \$32 million, its SaaS business incurred a \$21 million operating loss, indicating ongoing structural unprofitability. The company’s reliance on high interest rates raises concerns about the sustainability and quality of its earnings if rates decline

Source: Barrons, Q4 Capital



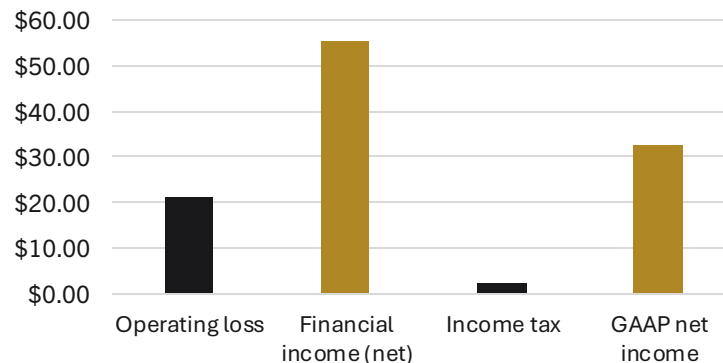
## Catalyst 2.

### Premium Valuation Meets Insider Selling and Short-Building Pressure

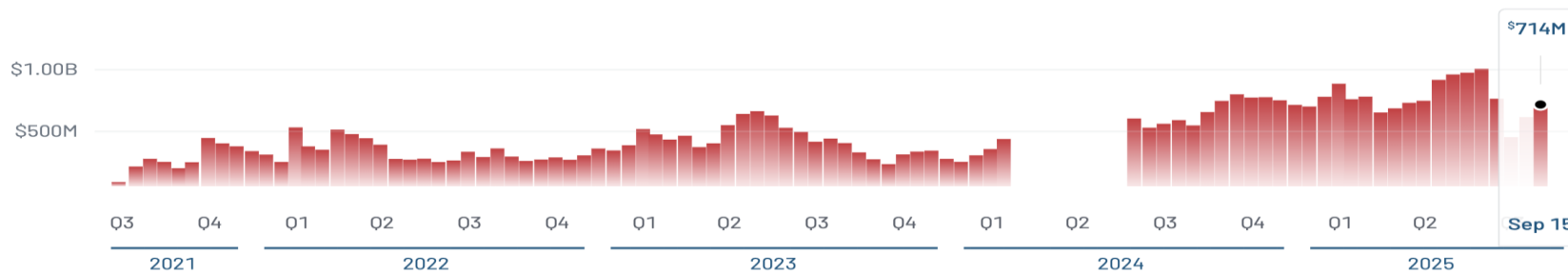
#### Insider selling and short-interest buildup signal fading confidence in sustainability of premium valuation

- Monday.com's valuation is detached from weakening fundamentals. Growth is slowing, margins narrowing, and guidance softening, yet the stock trades at premium multiples (~46x FWD P/E, 8.6x P/S) more fitting for high-growth peers. Repeated "beat-and-lower" earnings and 20–26 % post-Q2 2025 sell-offs show investor confidence in its perpetual-growth story is fading
- Insider selling and rising short interest deepen the bearish setup. Co-CEO Eran Zinman sold ~\$12 M in stock, joined by other executives under 10b5-1 plans, signaling fading confidence. Short interest rose to ~3.6 M shares (≈9 % float, +16 % m/m), with 3 days-to-cover—showing funds are positioned for further downside

Report Date	Shares Sold Short	Volume (m)	Report Change	Percentage of Float Shorted
9/15/25	3,690,000	\$713.98	16.40%	9.00%
8/31/25	3,170,000	\$611.81	23.80%	7.70%
8/15/25	2,560,000	\$449.89	-11.70%	6.20%
7/31/25	2,900,000	\$760.64	-17.90%	7.20%
7/15/25	3,530,000	\$1000	14.20%	8.80%



#### MNDY Short Interest Over Time



#### Notes

I. All figures in millions of U.S. Dollar

## Catalyst 3.

### Platform Instability and Support Failures Undermine Enterprise Retention



#### Elastic Demand Under Competitive Pressure

Company's service demand has grown elastic, with customers scaling back seats or switching to cheaper tools amid macro pressure. Rising discounting and deferred renewals signal reactive demand, and its nonessential product footprint makes it an early target in IT budget cuts

Period	Revenue (\$M)	YoY Growth	NDR
Q4'24	268.0	+32%	112%
Q1'25	282.3	+30%	112%
Q2'25	299.0	+27%	111%
Q3'25 (guide)	311–313	+24–25%	—

#### Dependence on External Factors

Monday.com's growth now depends on short-cycle SMB demand and marketing efficiency rather than durable enterprise adoption, making revenue highly sensitive to sentiment, ad costs, and seasonality. With few long-term contracts and below-peer customer tenure, churn risk rises sharply when IT budgets tighten

Indicator	Q1'25	Q2'25
Customers >\$50k ARR	3,444	3,702
Customers >\$100k ARR	1,330*	1,472
Management on lower-end	—	“Weakness in the lower side... part of it is because of the Google changes.”
Company risk factor	—	“Reliance on... web search engines to direct traffic.”



# Traditional Valuation Approaches

## Through a Discounted Cash Flow and Comparable Company Analysis MNDY's true value appears

Revenue by Platform	2025 E	2026 E	2027 E	2028 E	2029 E
Work Operating Systems	\$1,188.08	\$1,434.81	\$1,710.53	\$2,024.45	\$2,378.47

Discounted Cash Flow Analysis	2025E	2026E	2027E	2028E	2029E
Unlevered Free Cash Flow	35.26	76.98	148.42	212.12	320.03
Present Value of UFCF	7.56	71.57	124.62	160.86	219.19
Discount Period (10/13/2025)	0.11	0.72	1.72	2.72	3.72

Assumptions	WACC			
<b>Operating Assumptions:</b>	Market Capitalization	\$9,394.59	Enterprise Value	\$2,417.17
▪ Revenue: Optimistic	Risk Free Rate(5yr treasury)	4.06%	Cash	\$1,461.60
▪ Non-GAAP EBIT: Conservative	Equity Risk Premium (Damodaran)	3.77%	Total Debt	\$77.02
▪ D&A : Moderate	Beta	1.79	Equity Value	\$3,801.75
▪ CapEx: Conservative	Cost of Equity	10.81%	Total Share Outstanding	53.30
▪ Change in NWC: Conservative	% Weight	99.19%	Implied Share Price	\$71.33
<b>DCF:</b>	Cost of Debt	8.82%	Current Share Price	\$ 185.65
▪ WACC: Conservative	% Weight	0.81%	<b>Downside</b>	<b>- 61.58%</b>
▪ TGR: Moderate	WACC	11.20%		
	Terminal Growth Rate	2.50%		

Company	P/E Ratio	Revenue (LTM)	Operating Margin	EV/EBITDA
Microsoft (MSFT)	37.7x	\$282B	44.90%	24.38
ServiceNow (NOW)	116.0x	\$12.1B	12.10%	78.77
Atlassian (TEAM)	N/A*	\$5.2B	-2.10%	-952.87
HubSpot (HUBS)	N/A*	\$2.8B	-3.00%	-477.61
Monday.com (MNDY)	242.9x	\$1.1B	-3.90%	-769.56
Asana (ASAN)	N/A*	\$756M	-25.10%	-15.86



### Notes

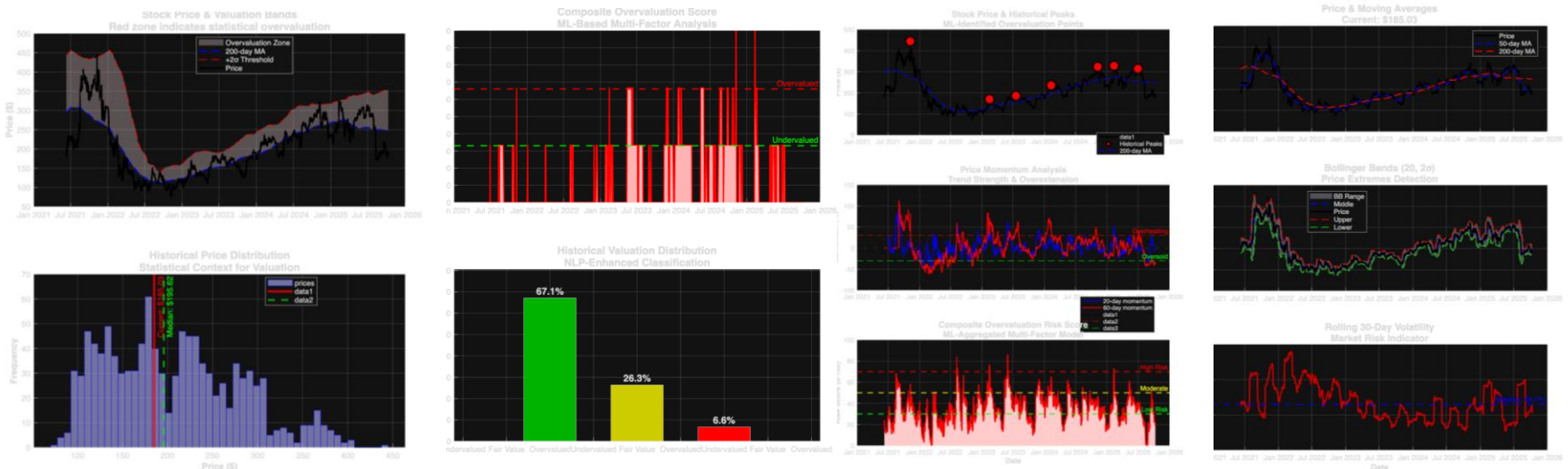
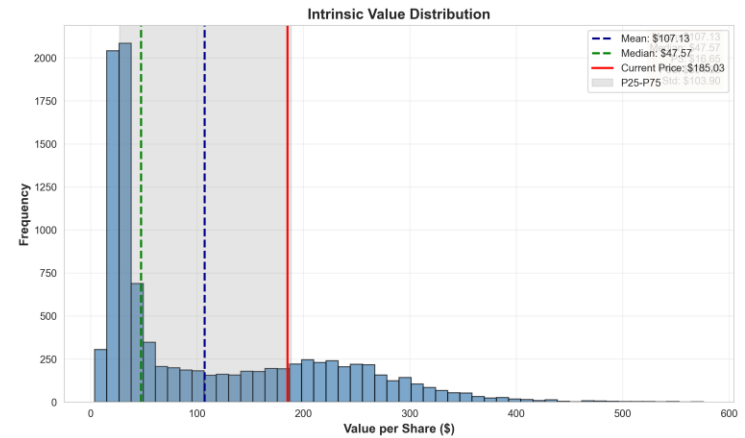
I. All figures in millions of U.S. Dollar

# Quantitative Valuation Techniques

## Multi-Model AI Quantifies Structural Overvaluation with High Confidence

GenAI analysis was used to build a quantitative investment thesis for Monday.com (MNDY) by integrating 1,090 days of financial and technical data into a multi-model framework. Using Claude Sonnet 4.5 in Cursor IDE, the process combined Meta’s Kats time-series models, Bayesian DCF valuation, and MATLAB-based technical analysis across eight independent models. This approach quantified uncertainty through 20,000+ simulations, identified 63 anomalies and 53 regime shifts, and produced a consensus fair value of \$107,13

Bias was mitigated via Monte Carlo simulations, conflicting prompt tests, and alignment against sell-side consensus. Despite data limitations from MNDY’s short public history, the ensemble consistently indicated structural overvaluation—proving market pessimism. GenAI’s contribution was converting subjective “sell” judgments into quantified probabilities, showing that current technical and regime conditions do not differ sharply from historical overvaluation periods, implying a strong sell setup with high statistical confidence



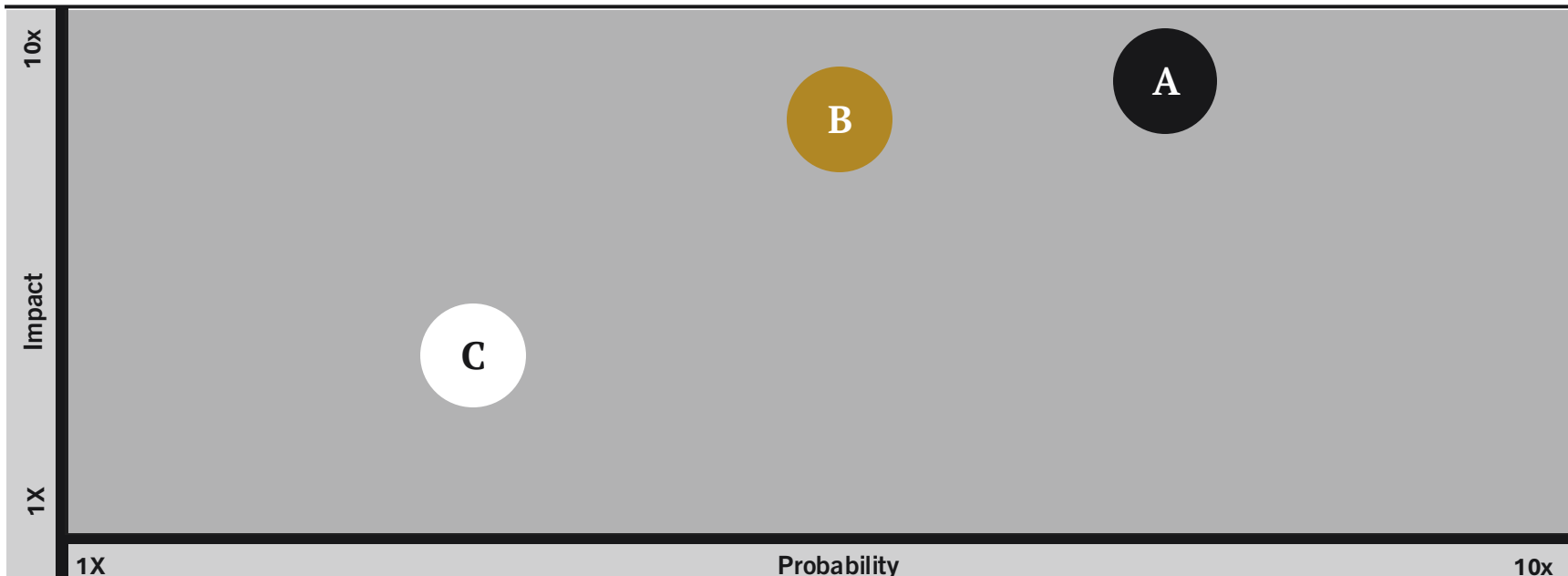
SOURCE: [https://github.com/FelipeCardozo0/Point72\\_MNDY\\_Short](https://github.com/FelipeCardozo0/Point72_MNDY_Short)



# Risks and Mitigants

## Top 3 Risks to a Short Thesis on MNDY

### Significance and Work-arounds



Probability Impact Graph

- Faster revenue growth (+27% YoY in Q2 2025 to \$299 M) or margin gains (non-GAAP 15%) could trigger a re-rating and short squeeze. High impact, medium-high probability. Mitigant: Stress-test downside only after 30% YoY growth and margin expansion; hedge via options
- Stronger uptake of Monday's AI or workflow automation could lift net-dollar retention above 115%, reinforcing premium multiples. High impact, medium probability. Mitigant: Track user growth, AI attach rates, and customer churn quarterly
- Falling rates or macro tailwinds could expand SaaS EV/S multiples (MNDY  $\approx$  13–14 $\times$  vs peers 10–12 $\times$ ). Moderate impact, medium-low probability. Mitigant: Pair short with long exposure to lower-multiple SaaS peers (e.g., TEAM, ASAN)

Source: SEC

