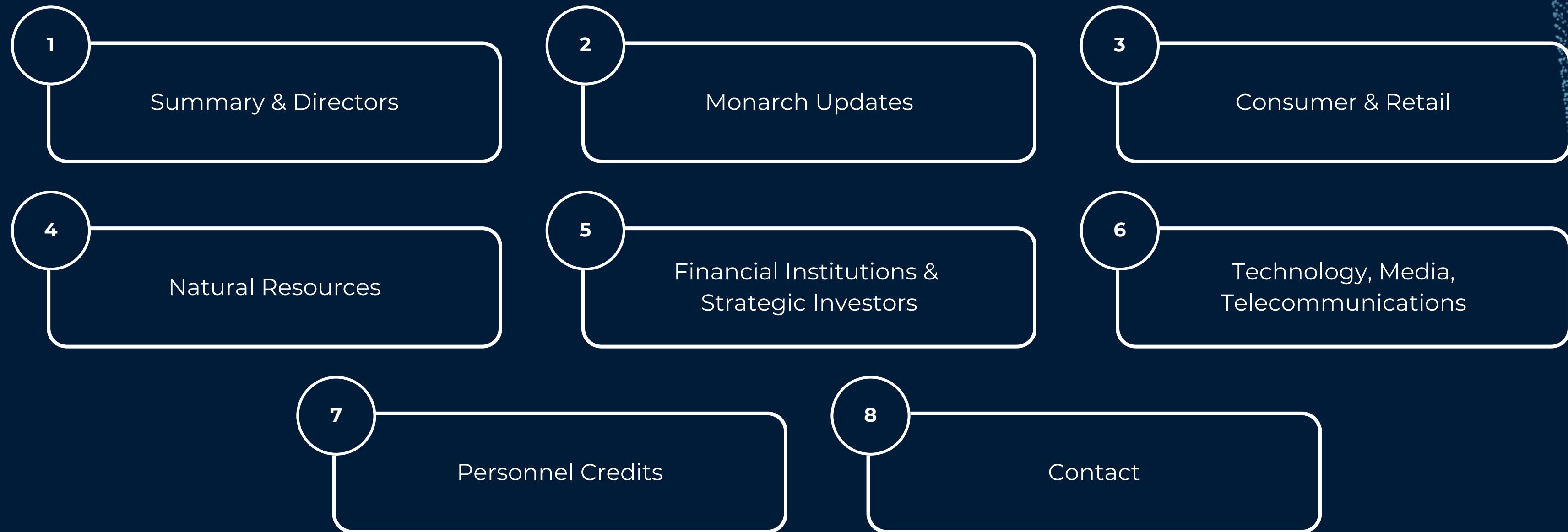




MONARCH WATCH

The Monarch Watch Report - Third Edition
6th May 2025

CONTENT PAGE



SUMMARY & DISCLAIMERS

Summary

The Monarch Watch Report is a opinion report from Monarch Research that serves to share our research and knowledge the masses on the latest equity news and company specific insights to learn how equity is analysed.

Monarch is an Independent Research Interest Group led by youths from across Singapore ranging from high schoolers to undergraduates aiming to deliver the highest quality insights to you.

Do check out our social medias and our future reports

Disclaimer

This report serves as a research report of our own opinions and is not financial advice, we are not responsible for any financial losses incurred through decisions made through the opinions of this report.



MONARCH WATCH

Monarch Updates

MONARCH UPDATES - HUMAN RESOURCES & PERSONNEL

New Personnel Introduction



Leo Kai Zhi
Associate,
Research (TMT)

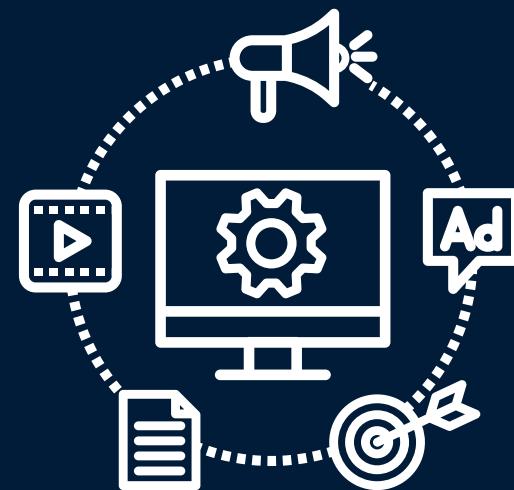


Denzel Lai
Associate,
Research (TMT)



Lovette Tew
Analyst,
Strategy & Analytics

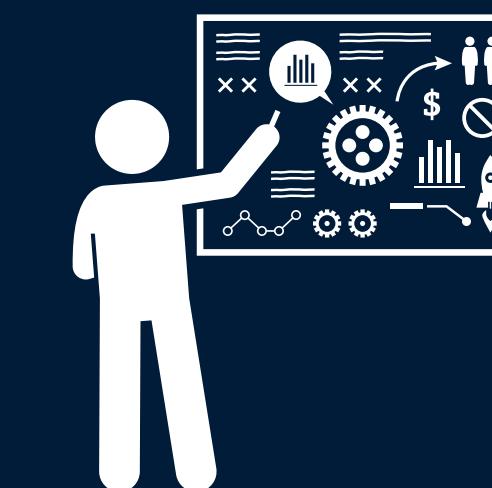
Roles Available *Reach out to us!*



Analyst,
Marketing & Communications



Analyst,
Equity Research



Analyst,
Corporate Strategy

Overview of Monarch Predictions

Q1 & Q2 2025



Walmart | BUY

- Trade: Long
- Result: **+12.35%**
- Position Open



Rigetti | SELL

- Trade: Short
- Result: **+60.43%**
- Position Closed



Micron | BUY

- Trade: Event-Based
- Result: **+5.57%**
- Position Closed



Microstrategy | BUY

- Trade: Long
- Result: **-8.43%**
- Position Closed



Sibanye Stillwater | BUY

- Trade: Long
- Result: **+44.88%**
- Position Closed



Platinum | BUY

- Trade: Long
- Result: **+6.72%**
- Position Open

Compounded Internal Rate of Return (Multiplying all IRRs)

+343.80%

Average Internal Rate of Return (If Evenly Distributed Portfolio)

+16.34%



STRATEGY &
ANALYTICS
DEPARTMENT

Overview of Monarch Predictions

Q1 & Q2 2025



Amazon | BUY

- Trade: Long
- Result: **+11.58%**
- Position Open



Navios Maritime Partners | BUY

- Trade: Long
- Result: **+4.88%**
- Position Open



Qualcomm | BUY

- Trade: Long
- Result: **+9.05%**
- Position Open



DBS | BUY

- Trade: Long
- Result: N/A
- Awaiting Entry

Compounded Internal Rate of Return (Multiplying all IRRs)

+343.80%

Average Internal Rate of Return (If Evenly Distributed Portfolio)

+16.34%

Monarch Watch Changelogs

- 1 Monarch Watch 1st Edition - 08/04/25

Release of the First Monarch Watch
- 2 Monarch Watch 2nd Edition - 21/04/25

Risk Management Slides & Dividend Discount Model Introduced
- 3 Monarch Watch 3rd Edition - 05/05/25

Improved DCF Model (Top-Down Forecasting) & Removed MA Model temporarily



MONARCH WATCH

Consumer & Retail Division

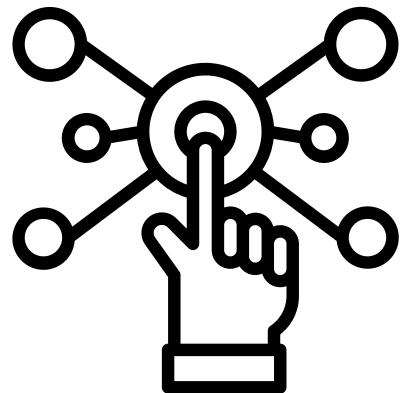
**Chipotle Mexican Grill (\$CMG) -
NYSE**

CONSUMER & RETAIL (RESTAURANT) OVERALL LANDSCAPE



Economic Pressures Impacting Consumer Behavior

Amid persistent inflation and slowing wage growth, consumers are pulling back on discretionary spending—including dining out. Lower- and middle-income households are especially cautious, opting for at-home meals or cheaper fast-food alternatives. This has directly impacted restaurant foot traffic and sales performance. For example, McDonald's reported a 3.6% drop in U.S. same-store sales in Q1 2025, the sharpest decline since 2020. Many casual and full-service restaurants are experiencing declining ticket sizes, leading operators to shift toward value menus and bundled offerings to retain cost-conscious diners.



Digital Transformation Accelerating

The restaurant industry is investing heavily in digital tools to meet rising consumer expectations for speed, personalization, and convenience. In 2024, 73% of restaurant operators reported increasing their technology budgets, with key areas of focus including mobile ordering, loyalty apps, digital kiosks, and AI-driven kitchen automation. This digital push not only enhances the customer experience but also reduces operational friction and boosts profitability. Brands with strong digital infrastructure—like Starbucks and Chipotle—have seen a lift in customer retention and average order value, demonstrating the strategic value of tech adoption.



Labor Market Dynamics Shifting

While restaurant employment overall has returned to pre-pandemic levels, the recovery remains uneven across different formats. Quick-service and fast-casual segments have seen job growth surpassing pre-2020 levels, increasing by over 14.1%, driven by stable demand and lower service intensity. In contrast, full-service restaurants are still down 6.3% in staffing, grappling with high turnover, rising wages, and recruitment challenges. To cope, many operators are adopting flexible staffing models, offering retention bonuses, or leveraging automation in kitchens and front-of-house roles to fill labor gaps and maintain service quality.

SOURCES

- 1.<https://apnews.com/article/mcdonalds-first-quarter-results-dbf5ab9be9a36ea5a20026280e8cf9>
- 2.https://www.fishbowl.com/blog/restaurant-industry-statistics?utm_source=chatgpt.com
- 3.https://www.escoffier.edu/blog/world-food-drink/us-restaurant-foodservice-industry-statistics/?utm_source=chatgpt.com

COMPANY OVERVIEW & KEY STATISTICS



Company Background

Chipotle Mexican Grill, Inc. is a fast-casual restaurant chain founded in 1993 by Steve Ells in Denver, Colorado. Known for its customizable burritos, bowls, and tacos made with fresh, sustainably sourced ingredients, Chipotle emphasizes transparency and simplicity in its food preparation. The company operates over 3,400 locations and remains a leader in the fast-casual segment with a strong focus on digital innovation.

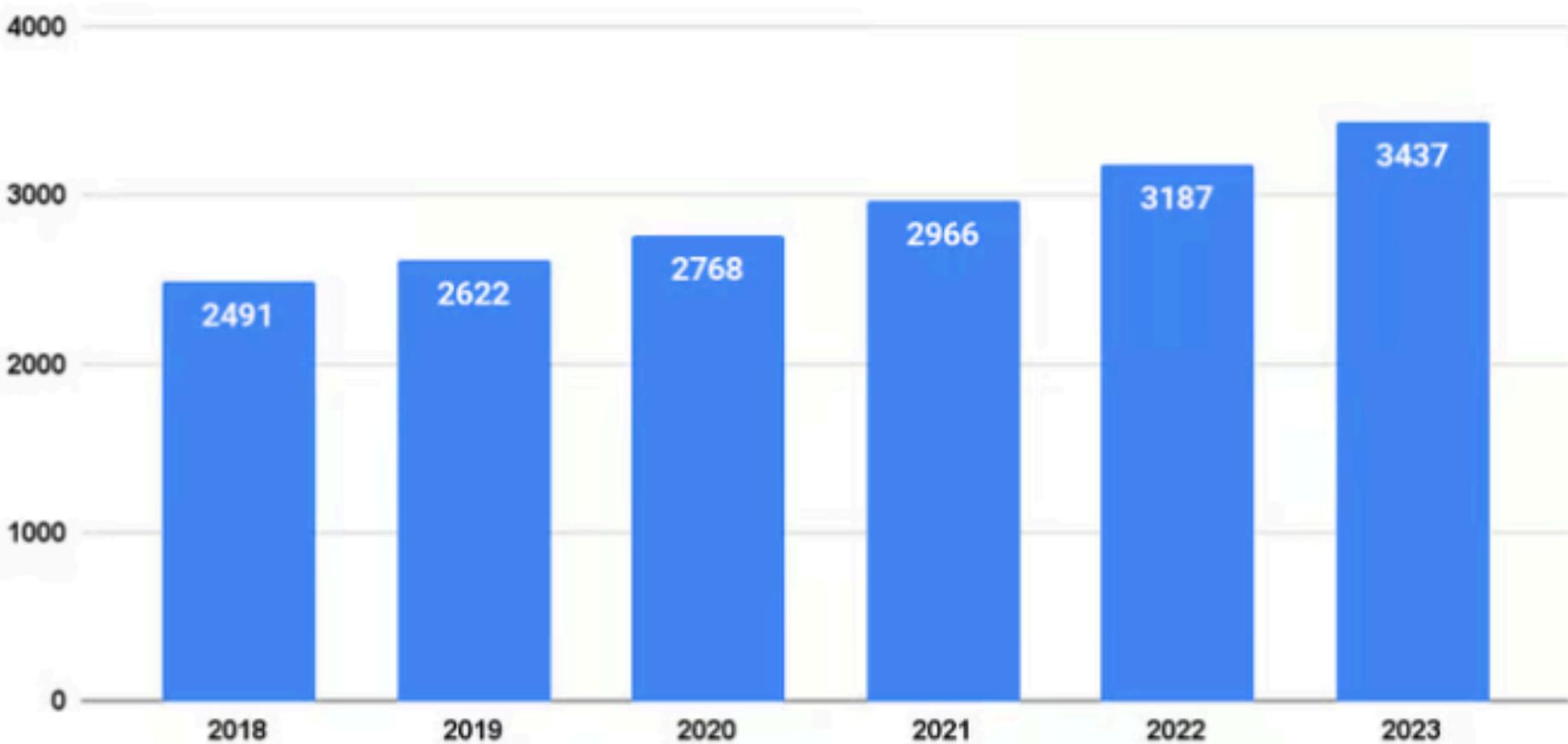
Unique Value Proposition

Chipotle's unique value proposition lies in offering fast, customizable meals made with fresh, responsibly sourced ingredients—prepared in open kitchens to promote transparency and trust. It combines speed and convenience with a commitment to real food, free from artificial additives, appealing to health-conscious and ethically minded consumers.

Company Offerings

Chipotle offers a focused menu of customizable Mexican-inspired dishes, including burritos, burrito bowls, tacos, and salads. Customers can choose from a variety of proteins, rice, beans, salsas, and toppings, with options that cater to vegetarian, vegan, and gluten-free diets. The company also offers lifestyle bowls, catering services, and a mobile app with digital ordering, delivery, and loyalty rewards.

Number of Year-End Restaurants, 2018-2023



SOURCES

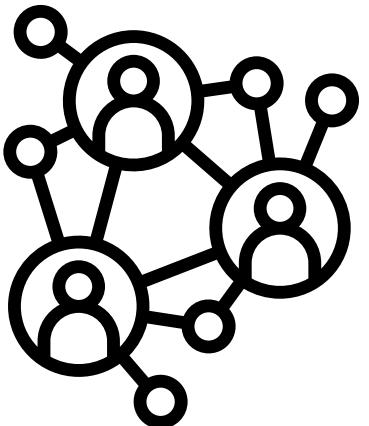
- 1.<https://www.chipotle.com/values>
- 2.<https://www.nasdaq.com/articles/chipotle-mexican-grills-growth-story-4-simple-charts>

SIGNIFICANT UPDATES



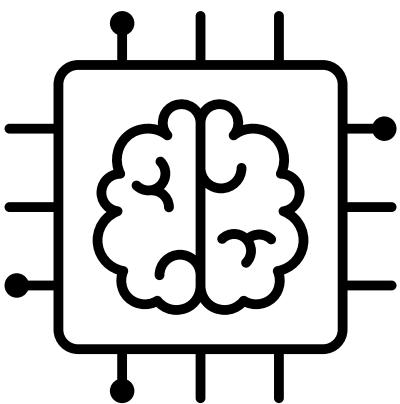
First Quarter 2025 Financial Performance

Chipotle posted solid Q1 2025 results, with revenue rising 6.4% year-over-year to \$2.88 billion, reflecting continued strength in its digital channels and menu innovation. Earnings per share increased to \$0.29, slightly beating Wall Street expectations. However, comparable restaurant sales slipped 0.4%, driven by a decline in transaction volume amid ongoing macroeconomic pressures and softer consumer spending. Despite this dip, the company maintained strong margins and emphasized cost efficiency and strategic pricing. Management reaffirmed its full-year outlook, citing optimism around new restaurant openings and international expansion.



Expansion into Mexico

For the first time in its 30-year history, Chipotle is entering the Mexican market. In April 2025, the company announced a strategic development agreement with Alsea, one of Latin America's largest restaurant operators, to open its first locations in Mexico starting in early 2026. This move is both symbolic and strategic—introducing Chipotle to a country that inspired its menu and culinary ethos. The decision is part of a broader global growth strategy, with the company targeting markets that value fresh, high-quality ingredients and efficient, fast-casual formats. Mexico's established dining culture and large consumer base present a meaningful opportunity for Chipotle's international expansion.



AI-Driven Hiring for Seasonal Demand

In anticipation of increased foot traffic during "burrito season"—a period of high consumer demand—Chipotle is hiring 20,000 new team members. What makes this year unique is the use of artificial intelligence in the recruitment process. The company rolled out a virtual hiring assistant named Ava Cado, which leverages conversational AI to screen applicants and streamline scheduling. This technology has already improved operational efficiency by doubling the number of applicants and cutting the average time to hire from eight days to just four. Chipotle's use of AI reflects its broader digital transformation strategy aimed at improving both customer and employee experiences.

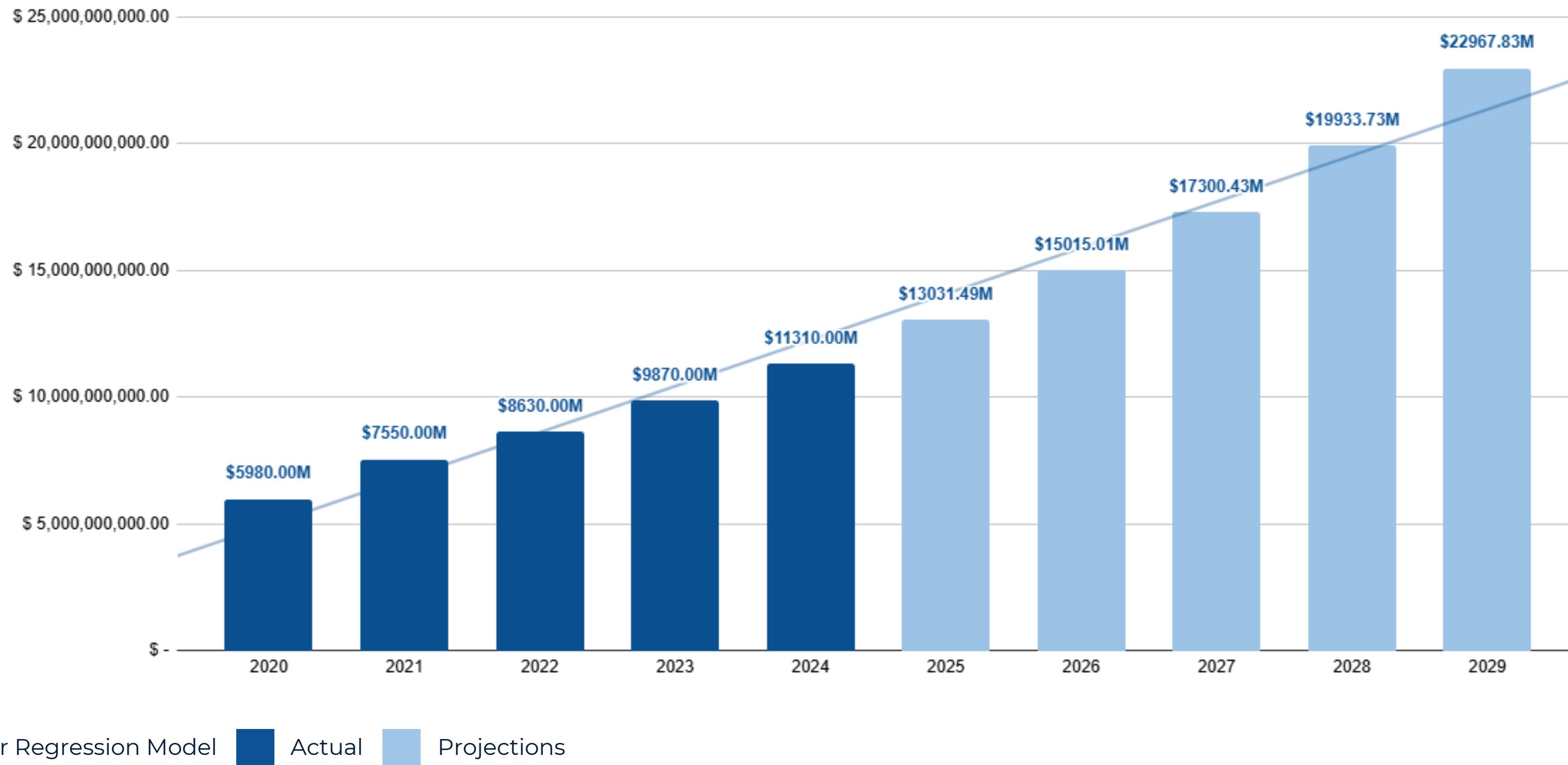
SOURCES

- 1.https://finance.yahoo.com/news/chipotle-mexican-grill-first-quarter-133004719.html?utm_source=chatgpt.com
- 2.https://www.sfchronicle.com/california/article/chipotle-mexico-city-expansion-20286744.php?utm_source=chatgpt.com
- 3.https://nypost.com/2025/02/20/business/chipotle-will-use-ai-to-hire-20000-workers-for-burrito-season/?utm_source=chatgpt.com



FINANCIALS & ANALYSIS - REVENUE

Revenue (Year-on-Year) | 3% Perpetual Growth Rate (Conservative)



FINANCIALS & ANALYSIS - FINANCIAL RATIOS



Monarch Research | Financial Ratio Analysis Sheet - Chipotle Mexican Grill (\$CMG) | NYSE | 5th May 2025



Leverage Ratios		
Ratio Name	Chipotle Mexican Gr	Industry Average
Debt Ratio	0.51	0.79
Debt to Equity Ratio	1.33	4.49
Interest Coverage Ratio	1,390.64	4.50
Debt Service Coverage Ratio	NA	NA

Liquidity Ratios		
Ratio Name	Chipotle Mexican Gi	Industry Average
Current Ratio	1.52	0.97
Quick Ratio	1.40	0.48
Acid-test Ratio		
Cash Ratio	0.67	0.25
Operating Cash Flow Ratio	NA	NA

Profitability Ratios		
Ratio Name	Chipotle Mexican Gr	Industry Average
Gross Margin Ratio	40.28%	84.06%
Operating Margin Ratio	17.44%	13.50%
Net Margin Ratio	13.59%	7.00%
Return on Assets Ratio	NA	NA
Return on Equity Ratio	45.57%	23.58%

Efficiency Ratios		
Ratio Name	Chipotle Mexican Gi	Industry Average
Asset Turnover Ratio	NA	NA
Inventory Turnover Ratio	NA	NA
Accounts Receivable Turnover Ratio	NA	NA
Days Sales in Inventory Ratio	NA	NA

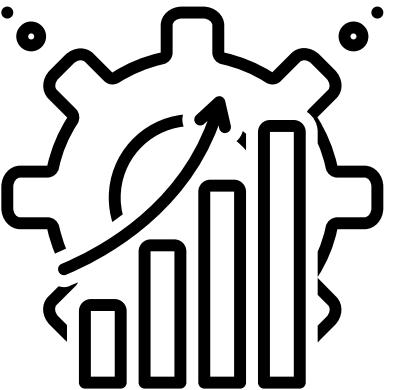
Market Ratios		
Ratio Name	Chipotle Mexican Gr	Industry Average
Book Value per Share	NA	NA
Dividend Yield Ratio	NA	NA
Earnings per Share Ratio	NA	NA
Price-Earnings Ratio	43.64	24.00

INVESTMENT THESIS



Proven Brand with Strong Unit Economics and Scalable Growth

Chipotle has built one of the most recognizable fast-casual brands in the U.S., with a focused menu, high customer loyalty, and strong same-store sales performance. Its restaurants generate impressive average unit volumes (AUVs) of over \$3 million and industry-leading restaurant-level margins. With over 3,400 locations today, Chipotle still sees a path to 7,000+ restaurants in North America alone. The company's disciplined expansion strategy, combined with its ability to open profitable new units, supports a multi-year runway for growth.



Relentless Operational Efficiency and Digital Innovation

Chipotle has consistently enhanced operational performance through digital ordering, delivery partnerships, and its highly successful loyalty program, which now boasts over 35 million members. Roughly 37% of total sales come through digital channels, allowing for labor efficiencies and higher order values. New innovations like the "Chipotlane" drive-thru format, AI-powered hiring tools (e.g., Ava Cado), and potential kitchen automation further reduce costs and enhance scalability—positioning the company as a tech-forward leader in the restaurant space.



Global Expansion and Pricing Power in a Premium Category

Chipotle's upcoming international expansion, including its first entry into Mexico via a partnership with Alsea, opens a new frontier for growth. At the same time, its emphasis on real, responsibly sourced ingredients allows the brand to retain premium pricing without sacrificing volume. Despite a challenging consumer environment, Chipotle has demonstrated pricing power and margin protection, driven by its loyal customer base and differentiated food quality. These fundamentals position Chipotle to outperform peers in both strong and weak macro environments.

RISK & CATALYSTS



RISKS



Rising Food and Labor Costs

Chipotle relies on fresh, responsibly sourced ingredients, making it more vulnerable to agricultural inflation than competitors. Additionally, tight labor markets and wage pressure in the restaurant industry could compress margins if not offset by pricing or productivity gains.



Operational Sensitivity to Food Safety

The brand is still recovering from past food safety incidents (e.g., 2015 E. coli outbreak), and any future issue—real or perceived—could lead to rapid customer attrition, reputational damage, and legal liabilities due to its centralized menu and high store uniformity.



High Valuation Leaves Little Room for Error

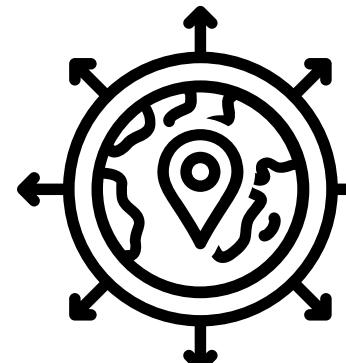
Chipotle trades at a premium relative to peers, often with a forward P/E above 40. This high valuation reflects strong investor confidence but also increases sensitivity to earnings misses or slower-than-expected growth. Any disruption in expansion, margin performance, or consumer demand could lead to outsized stock price volatility.

CATALYSTS



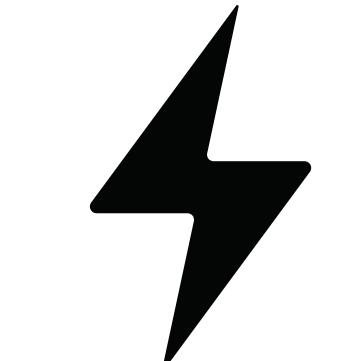
Accelerated Store Expansion in NA and Abroad

Chipotle plans to more than double its footprint to 7,000+ locations in North America and has begun international expansion, starting with Mexico. Successful scaling, especially through high-margin Chipotlanes, could materially grow earnings and justify premium valuations.



Margin Expansion from Technology and Automation

Adoption of AI in hiring, mobile order growth, and potential kitchen robotics can reduce labor intensity and boost throughput. These operational improvements could lead to sustained margin expansion even as wage and commodity pressures persist.



Strong Pricing Power with Resilient Brand Loyalty

Despite industry-wide inflation, Chipotle has successfully raised prices without significant volume decline—thanks to its brand strength and value perception. Continued ability to adjust pricing while maintaining traffic supports earnings visibility and investor confidence.

VALUATIONS - DISCOUNT CASH FLOW



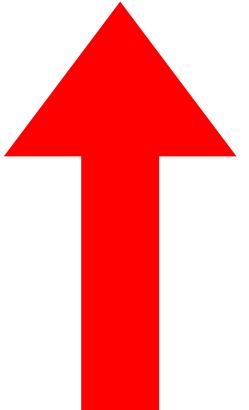
Calculations	
Growth Rate	5.00%



In Millions (m)

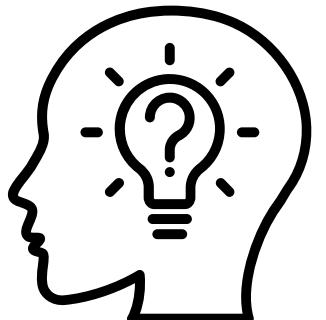
Discounted Cash Flow Model	2022	2023	2024	2025	2026	2027	2028	2029	WACC
Revenue	\$ 9,872.00	\$ 11,314.00	\$ 12,272.58	\$ 13,896.79	\$ 15,680.70	\$ 18,196.00	\$ 20,548.00		10.37%
% growth	NA	NA	NA	8.47%	13.23%	12.84%	16.04%	12.93%	
Operating Income	\$ -	\$ 1,596.00	\$ 1,953.00	\$ 2,084.04	\$ 2,487.97	\$ 2,876.79	\$ 3,370.50	\$ 3,575.00	
% of sales	NA	NA	NA	17%	18%	18%	19%	17%	TV
Less: Cash Taxes	\$ -	\$ 392.00	\$ 476.00	\$ 24.89	\$ 25.38	\$ 24.69	\$ 24.75	\$ 24.75	EV
% of EBIT	NA	NA	NA	1.19%	1.02%	0.86%	0.73%	0.69%	\$ 44,603.51
Plus: Depreciation & Ammortization	\$ -	\$ 319.00	\$ 335.00	\$ 365.04	\$ 401.80	\$ 455.55	\$ 539.60	\$ 614.39	
% of sales	NA	NA	NA	2.97%	2.89%	2.91%	2.97%	2.99%	
Less: Capital Expenditure	\$ -	\$ (61.00)	\$ (594.00)	\$ 679.42	\$ 757.61	\$ 839.51	\$ 850.08	\$ 953.26	
% of sales	NA	NA	NA	5.54%	5.45%	5.35%	4.67%	4.64%	
Less: Changes in Net Working Capital	\$ -	\$ (48.00)	\$ (76.00)	\$ 117.94	\$ 317.19	\$ 152.44	\$ (6.58)	\$ (524.64)	
% of sales	NA	-0.49%	-0.67%	0.96%	2.28%	0.97%	-0.04%	-2.55%	
Free Cash Flow	-	-	\$ 1,626.83	\$ 1,789.59	\$ 2,315.70	\$ 3,041.85	\$ 3,736.02		
PV of Free Cash Flow	-	-	\$ 1,473.98	\$ 1,621.45	\$ 2,098.12	\$ 2,756.05	\$ 3,385.00		
Shares Outstanding	\$ 1,350.00			Total Debt	\$ 3,118.00				
Intrinsic Value	\$ 40.18			Cash & Cash Equivalents	\$ 1,423.00				

VALUATIONS - DISCOUNT CASH FLOW



DCF Intrinsic Value Shows Overvaluation

Our DCF model reflects \$40.18 which is lower than the current share price of \$51.56. This reflects that Chipotle share price is overvalued as compared to its intrinsic value.



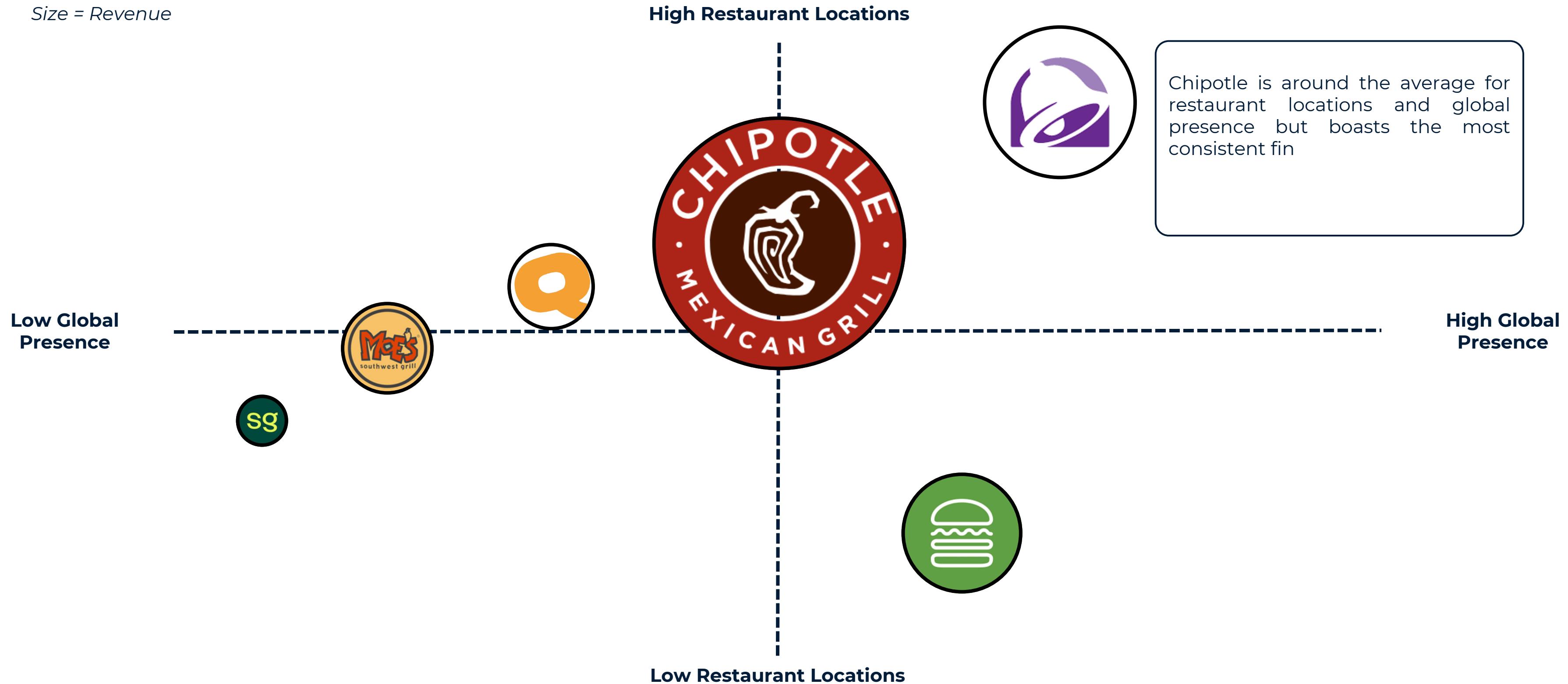
DCF Intrinsic Value Shows Undervaluation

Chipotle's DCF may appear high, but it reflects strong fundamentals, high-margin scalability, and long-term growth potential—especially from digital, automation, and untapped international markets supporting sustained premium valuation.



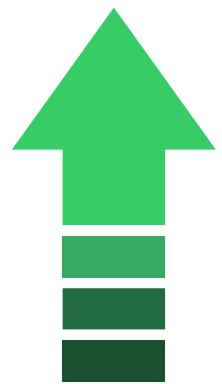
COMPARABLES ANALYSIS

Size = Revenue

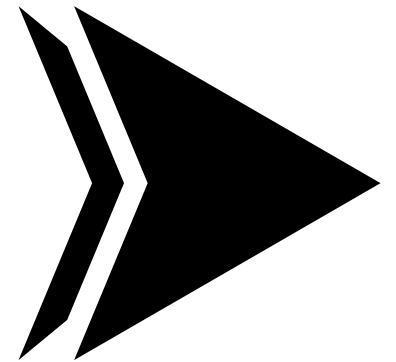




QUANTITATIVE - TECHNICAL ANALYSIS



Monarch's Technical Prediction
Long
Price Targets:
• **\$58.25, \$59.67, \$66.79**



Key Confluences for the Long:

Upward Trend Confirmation – Higher Highs and Higher Lows on a Weekly Timeframe

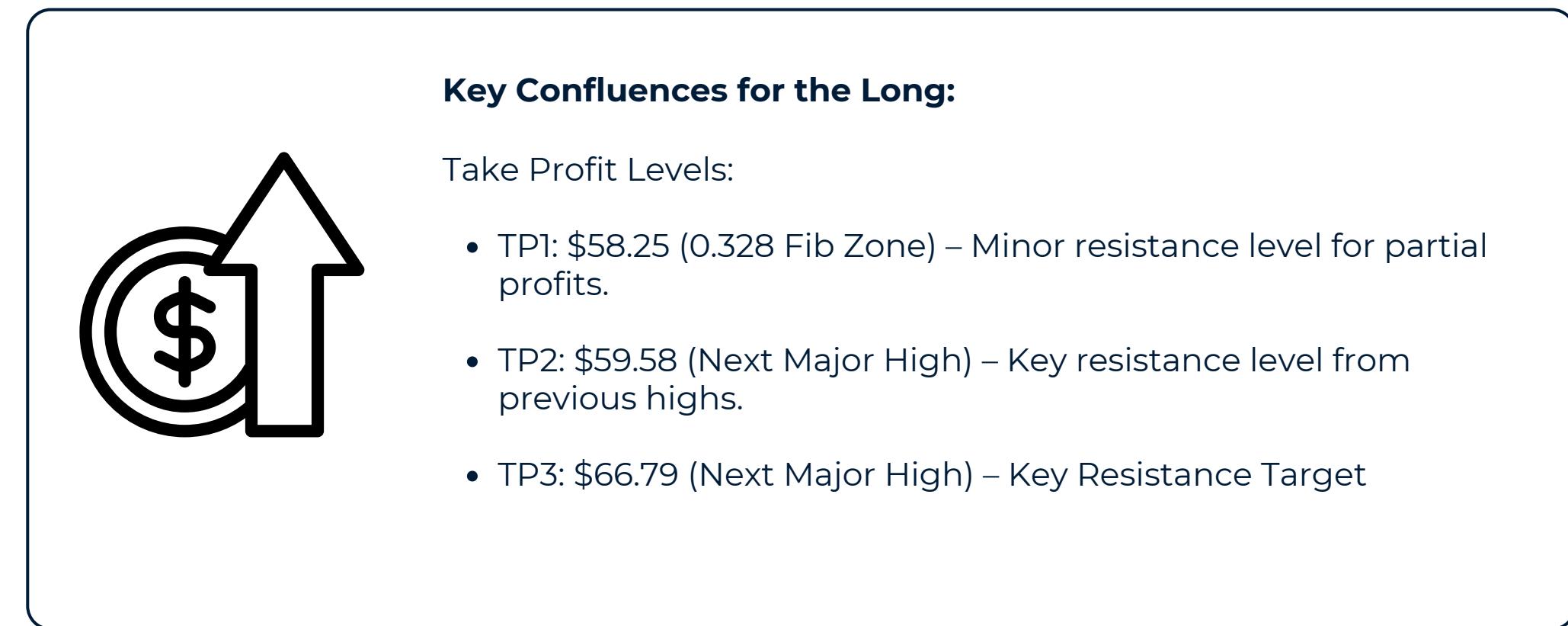
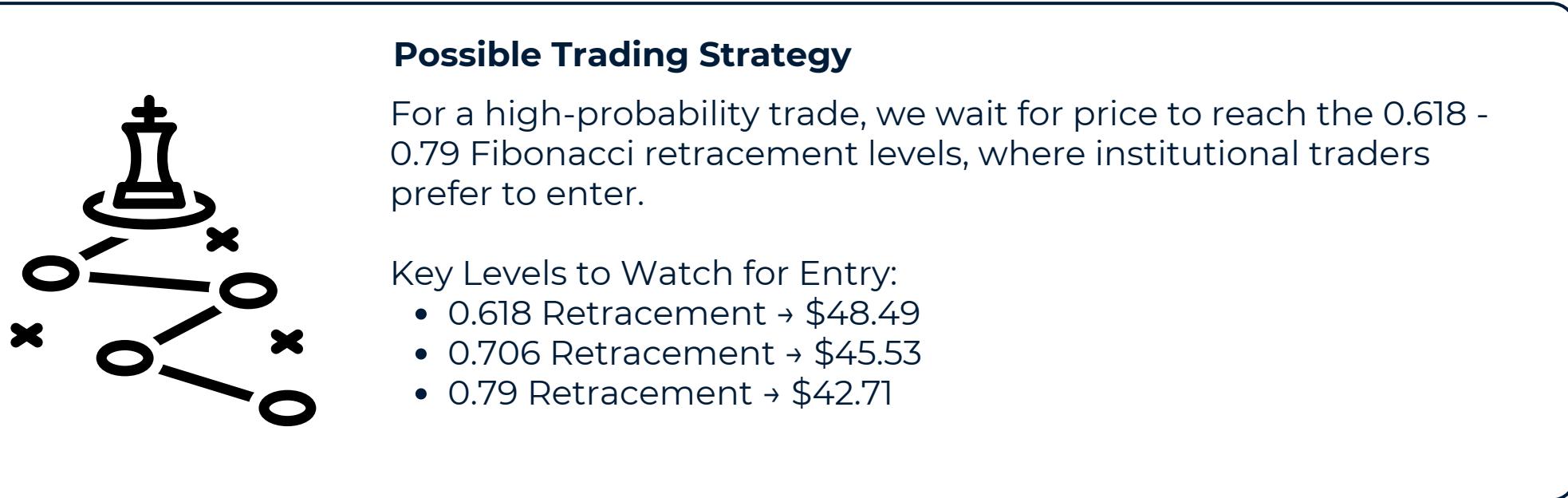
Walmart is currently in a correction phase after a strong rally. Instead of rushing in, we wait for Smart Money to provide a discount before entering.

Using Fibonacci retracement and Smart Money Concept (SMC), we identify key price zones where institutional buyers are likely to step in.

The trade is NOT ready yet, but we are preparing for an optimal entry.



QUANTITATIVE - TECHNICAL ANALYSIS



QUANTITATIVE - RISK MANAGEMENT & MITIGATION



Risk Management Strategy

Entry Strategy – Layered Precision

We place limit orders at three key Fibonacci retracement levels to capture the best entries:

- 0.618 Fib Entry – A classic institutional entry point
- 0.706 Fib Entry – Where liquidity often sweeps before reversal
- 0.79 Fib Entry – Deep discount for maximum R:R

This allows us to scale into the position instead of going all-in at one level.

Stop Loss Logic – Tight & Tactical

We place stop losses below the 0.848 Fib or the swing low (1.0 Fib) depending on market structure:

- Use 0.848 if structure is clean and ranges are tight
- Use 1.0 if volatility demands a safer buffer

This flexibility adapts to market conditions while still keeping risk defined.

Risk Per Trade – Strict 1% Rule

We risk only 1% of total capital per trade, regardless of account size or conviction.

This ensures:

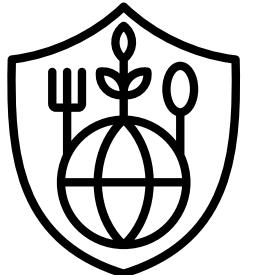
- Longevity in the market
- Controlled drawdowns
- Compounded growth over time



MONARCH WATCH

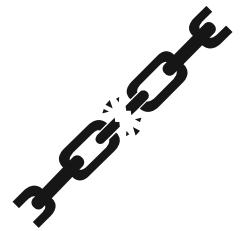
Natural Resources Division

Nutrien Ltd. (\$NTR) - NYSE



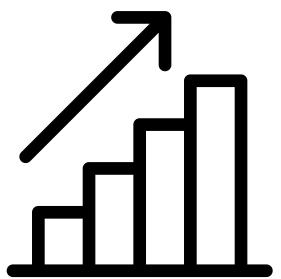
Rising Global Food Security Pressures

As climate change, war-related trade disruptions, and inflation strain global food systems, governments are increasingly treating fertilizer as a national security issue. Potash, a critical nutrient for plant health and yield, is essential for maintaining stable agricultural output. In response, many countries are actively seeking to secure reliable, long-term potash supplies to reduce import dependence and protect against future price spikes—driving a structural increase in demand.



Fragile & Concentrated Supply Chains

The global potash market is dominated by Russia, Belarus, and Canada, which together account for over 70% of global production. Sanctions on Russia and Belarus have restricted exports, while logistical and climate-related issues have intermittently disrupted Canadian supply. These supply chain vulnerabilities have exposed the risks of overdependence on a few sources, accelerating the search for new, geographically diverse producers like Millennial Potash to fill the gap.



Early Stages of a Fertilizer Supercycle

A broader commodity upcycle is unfolding, and potash is poised to be a key beneficiary. Agricultural commodity prices (wheat, corn, soy) are rising, boosting farmer income and fertilizer affordability. Meanwhile, underinvestment in new potash projects over the past decade has constrained future supply growth. With potash prices now breaking out from multi-year bases, technical and fundamental indicators both point to a prolonged bull market, especially as the world re-prioritizes food production efficiency.

COMPANY OVERVIEW & KEY STATISTICS



Company Background

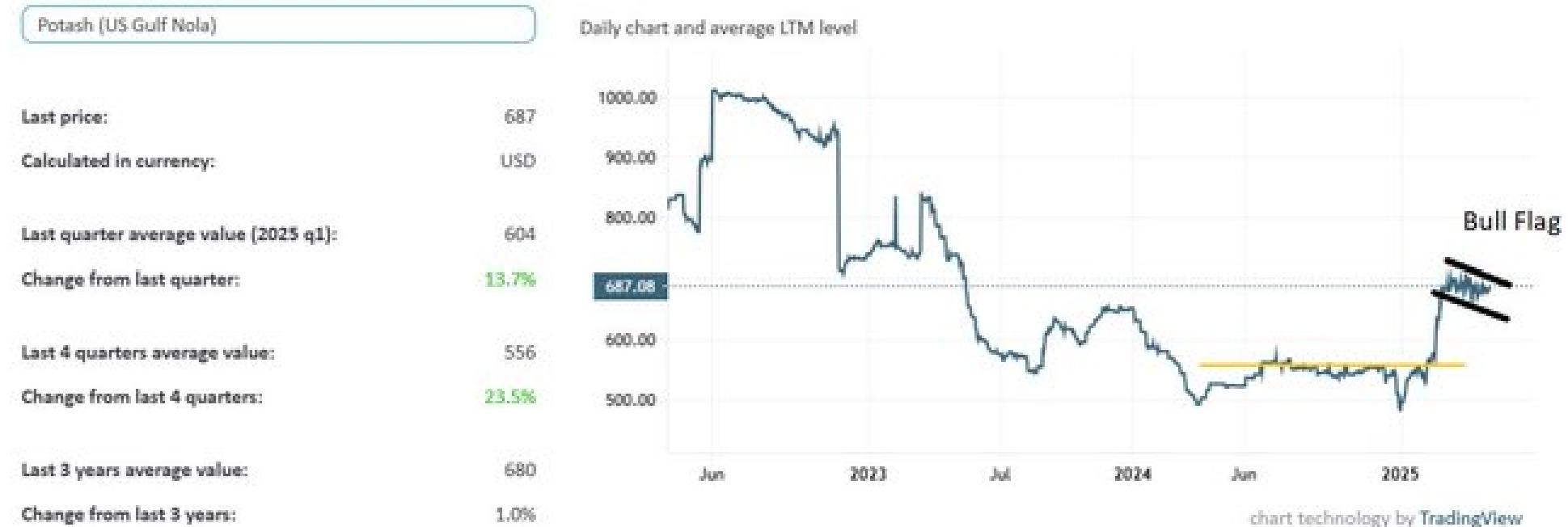
Nutrien is the world's largest provider of crop inputs and services, formed through the 2018 merger of PotashCorp and Agrium. Headquartered in Canada, it operates across the full agri-value chain—from potash, nitrogen, and phosphate production to global distribution via its expansive retail network. With over 27 million tonnes of potash capacity and operations in 13 countries, Nutrien plays a central role in feeding the world.

Unique Value Proposition

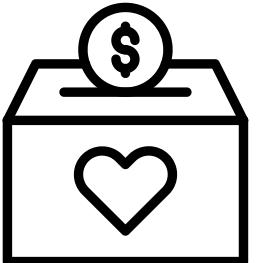
Nutrien offers a vertically integrated, end-to-end agriculture platform—combining low-cost fertilizer production with a retail reach of over 500,000 grower accounts. This scale allows it to capture margin across the supply chain, adapt pricing dynamically, and deliver agronomic solutions directly to farms—giving it a structural advantage over peers focused solely on production or distribution.

Company Offerings

Nutrien is the world's leading producer of potash, nitrogen, and phosphate, supplying essential crop nutrients globally. Its vast retail network serves over 500,000 growers with seeds, fertilizers, and agronomic support. Through its digital platforms and low-carbon product offerings, Nutrien also enables precision farming and advances sustainable agriculture practices.

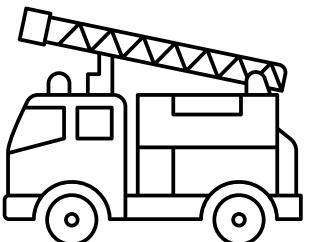


SIGNIFICANT UPDATES



\$15M Donation to University of Saskatchewan

On April 30, 2025, Nutrien announced a \$15 million donation to the University of Saskatchewan, marking one of the most significant education investments in its history. The funding supports cutting-edge research in sustainable agriculture, climate-resilient crops, and precision nutrient technologies. It will also fund scholarships and academic programs designed to build the next generation of agronomists and agri-tech innovators. This donation not only deepens Nutrien's long-standing relationship with the university but also aligns with its long-term strategy to lead agricultural innovation and ensure talent pipeline security in a tightening labor market.



Enhancing Rural Safety: Fire Truck Donation to Blucher Aberdeen

In April 2025, Nutrien donated a new Wildland Fire Truck to the Blucher Aberdeen Volunteer Fire Department in Saskatchewan, an area near its operational footprint. This initiative underscores Nutrien's commitment to the well-being of rural communities and its ongoing focus on ESG-driven impact. The donation is part of its broader community engagement program, aimed at strengthening emergency response capacity in agriculture-intensive regions. By investing in local safety infrastructure, Nutrien reinforces its social license to operate and deepens ties with stakeholders who are essential to its long-term business continuity.



Partnership with Bunge to Drive Sustainable Agriculture

On April 22, 2025, Nutrien announced a strategic sustainability partnership with Bunge, one of the world's largest agribusiness and food companies. The collaboration is focused on scaling regenerative agriculture practices, promoting the use of carbon-smart fertilizers, and enabling growers to meet emerging climate goals. This alliance leverages both companies' global networks and agronomic expertise to deliver measurable ESG outcomes across the farming value chain. As sustainability becomes a competitive differentiator in global agri-input markets, this partnership enhances Nutrien's positioning as a forward-looking, solutions-based leader.

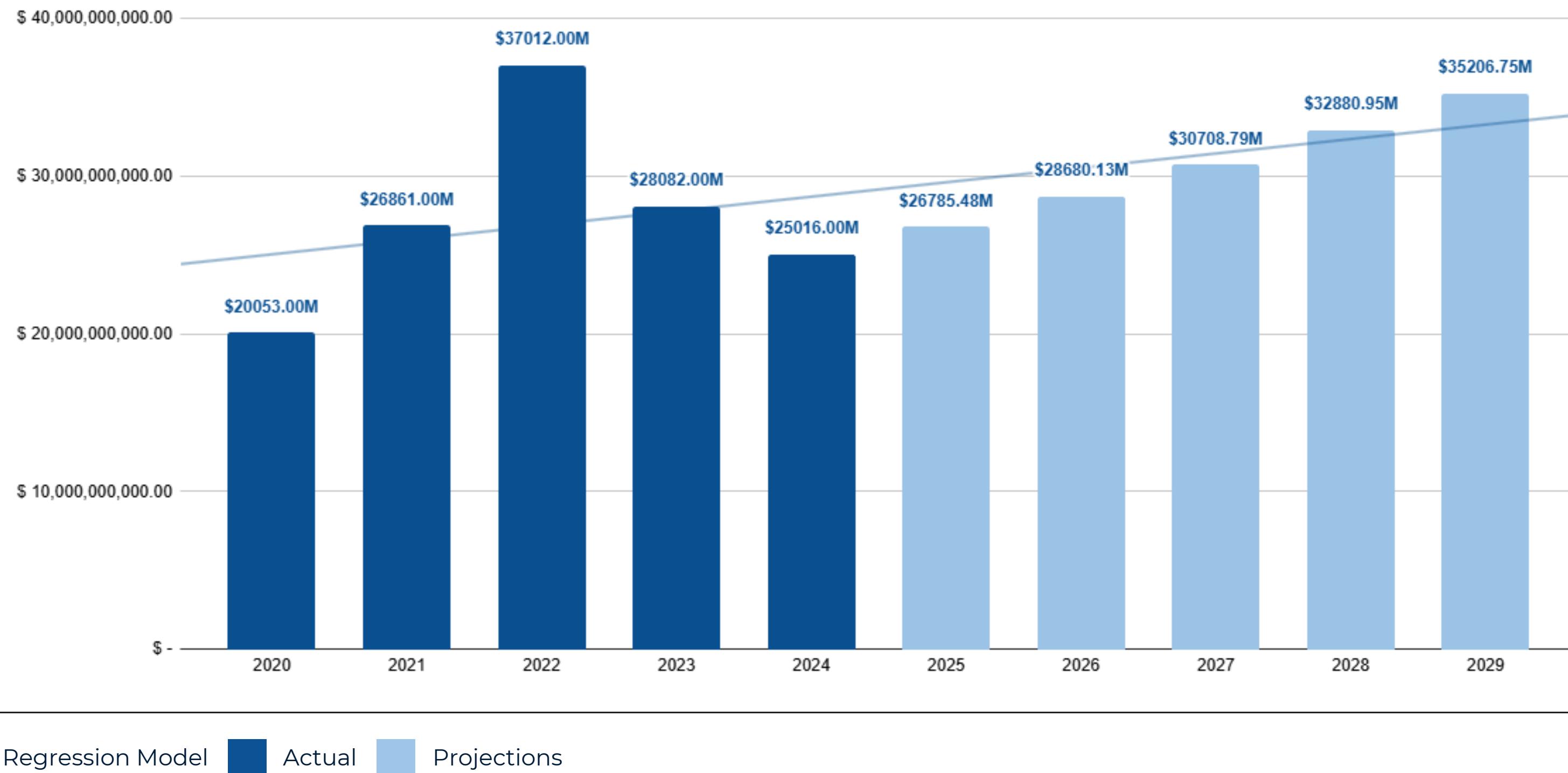
SOURCES

1.<https://www.nutrien.com/news>

FINANCIALS & ANALYSIS - REVENUE



Revenue (Year-on-Year) | 3% Perpetual Growth Rate (Conservative)



FINANCIALS & ANALYSIS - FINANCIAL RATIOS



Monarch Research | Financial Ratio Analysis Sheet - Nutrien (\$NTR) | NYSE | 5th May 2025



**MONARCH
RESEARCH**

Leverage Ratios		
Ratio Name	Nutrien's	Industry Average
Debt Ratio	0.53	0.50
Debt to Equity Ratio	0.53	1.00
Interest Coverage Ratio	3.04	4.00
Debt Service Coverage Ratio	NA	1.50

Liquidity Ratios		
Ratio Name	Nutrien's	Industry Average
Current Ratio	1.15	2.00
Quick Ratio	0.52	1.50
Acid-test Ratio		
Cash Ratio	0.07	0.50
Operating Cash Flow Ratio	NA	1.20

Profitability Ratios		
Ratio Name	Nutrien's	Industry Average
Gross Margin Ratio	28.99%	30.00%
Operating Margin Ratio	7.15%	15.00%
Net Margin Ratio	2.62%	10.00%
Return on Assets Ratio	1.28	5.00
Return on Equity Ratio	2.82%	10.00%

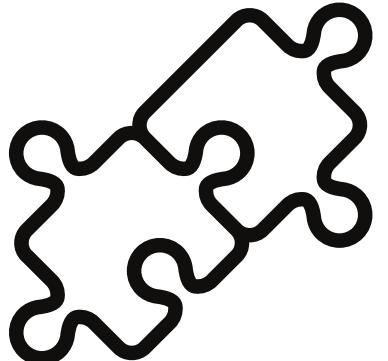
Efficiency Ratios		
Ratio Name	Nutrien's	Industry Average
Asset Turnover Ratio	0.10	0.80
Inventory Turnover Ratio	2.95	2.00
Accounts Receivable Turnover Ratio	NA	5.00
Days Sales in Inventory Ratio	NA	180 Days

Market Ratios		
Ratio Name	Nutrien's	Industry Average
Book Value per Share	NA	\$20.00
Dividend Yield Ratio	4.47%	2.50%
Earnings per Share Ratio	\$1.36	\$2.00
Price-Earnings Ratio	41.32	15.00



Global Food Security and Potash Supply Realignment

Nutrien stands at the center of a structural global shift toward food security and input independence. With sanctions on Russian and Belarusian potash and growing geopolitical fragmentation, demand is consolidating around reliable, large-scale producers. As the world's largest potash supplier, Nutrien is uniquely positioned to capture outsized volume and pricing power as nations prioritize stable fertilizer access to ensure agricultural resilience.



Vertically Integrated Platform with Durable Competitive Moat

Unlike pure-play fertilizer companies, Nutrien operates a fully integrated agri-input ecosystem—combining production, distribution, and advisory services under one roof. With over 500,000 growers in its retail network, it can push product, capture margin, and gather data at scale. This end-to-end control not only shields Nutrien from commodity volatility but also creates a durable moat that supports pricing, customer loyalty, and embedded upselling opportunities.



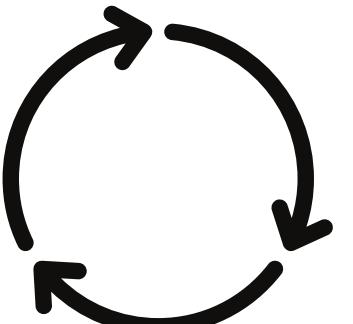
Attractive Valuation Amid Cyclical Trough

Despite its dominant position, Nutrien currently trades at compressed multiples due to short-term softness in crop input demand and commodity pricing. However, with \$5.4B in EBITDA and strong free cash flow generation, the company is financially sound. As agri-commodity prices normalize and restocking resumes, Nutrien offers a compelling value opportunity with long-term tailwinds in global food demand, climate resilience, and ESG-driven farming.

RISK & CATALYSTS



RISKS



Agricultural Demand Cyclical

Nutrien's revenues are highly exposed to volatility in crop prices, planting intentions, and fertilizer affordability. A decline in farmer income, delayed planting seasons, or reduced government subsidies can lead to sharp drops in demand for crop nutrients—particularly in nitrogen and potash—putting pressure on both volumes and margins.



Geopolitical and Trade Policy Uncertainty

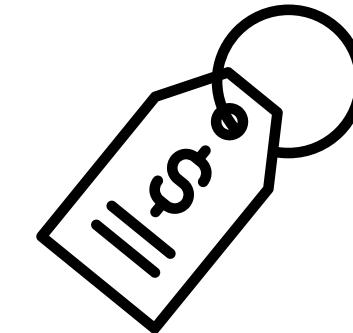
As a global exporter of crop inputs, Nutrien is vulnerable to tariffs, trade restrictions, and regulatory shifts, especially in high-volume markets like the U.S., Brazil, and China. Recent threats of U.S. tariffs on Canadian goods highlight the unpredictability of cross-border policy, which can disrupt sales channels, raise costs, or trigger retaliatory measures.



Capital Intensity and ESG Scrutiny

Nutrien's operations are capital intensive and emissions-heavy, particularly in nitrogen production. As ESG standards tighten globally, the company faces growing pressure to decarbonize its supply chain, upgrade infrastructure, and comply with sustainability disclosures. Failure to adapt could result in reputational damage, capital access challenges, or regulatory penalties.

CATALYSTS



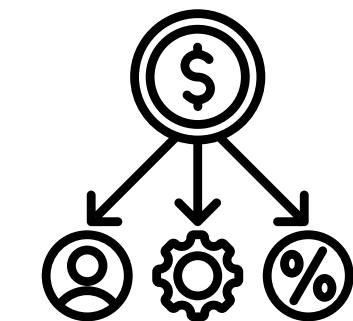
Recovery in Fertilizer Prices and Demand Cycle

As crop prices stabilize and growers begin restocking nutrients post-downcycle, fertilizer demand is expected to rebound. A sharp uptick in potash and nitrogen pricing—combined with increased application volumes—could materially improve Nutrien's margins and EBITDA, re-rating the stock from current lows.



Strategic Partnerships and ESG-Linked Growth

Recent collaborations, like the partnership with Bunge, position Nutrien at the forefront of regenerative agriculture and low-carbon farming. New ESG-aligned product lines or global carbon credit-linked fertilizer incentives could unlock new markets and enhance brand value across institutional capital pools.



Capital Allocation Flexibility and Shareholder Returns

With strong free cash flow and a disciplined balance sheet, Nutrien is positioned to resume aggressive share buybacks, dividend growth, or strategic M&A. Any shareholder-friendly capital deployment or value-accretive acquisition could catalyze investor sentiment and drive upward momentum.

VALUATIONS - DISCOUNT CASH FLOW



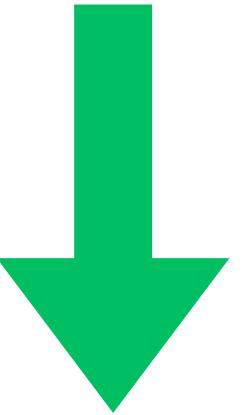
Calculations	
Growth Rate	3.00%



MONARCH
RESEARCH

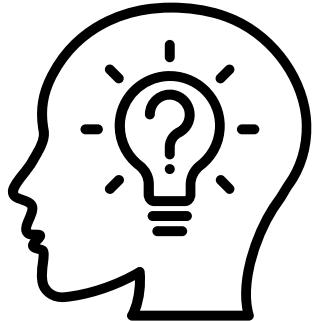
In Millions (m)

Discounted Cash Flow Model	2022	2023	2024	2025	2026	2027	2028	2029	WACC
Revenue	\$ 28,082.00	\$ 25,016.00	\$ 26,011.84	\$ 26,546.68	\$ 27,266.50	\$ 28,397.50	\$ 28,000.00		7.36%
% growth	NA	NA	NA	3.98%	2.06%	2.71%	4.15%	-1.40%	
Operating Income	\$ -	\$ 3,553.00	\$ 2,593.00	\$ 3,078.51	\$ 3,196.60	\$ 3,148.21	\$ 3,316.50	\$ 3,345.00	
% of sales	NA	NA	NA	12%	12%	12%	12%	12%	TV
Less: Cash Taxes	\$ -	\$ 34.32	\$ 38.38	\$ 23.70	\$ 23.96	\$ 23.87	\$ 25.50	\$ 26.50	\$ 31,469.64
% of EBIT	NA	NA	NA	0.77%	0.75%	0.76%	0.77%	0.79%	
Plus: Depreciation & Ammortization	\$ -	\$ 2,169.00	\$ 2,339.00	\$ 2,345.90	\$ 2,388.33	\$ 2,392.70	\$ 2,337.25	\$ 2,337.33	
% of sales	NA	NA	NA	9.02%	9.00%	8.78%	8.23%	8.35%	
Less: Capital Expenditure	\$ -	\$ (2,394.00)	\$ (1,999.00)	\$ 2,062.24	\$ 2,067.37	\$ 2,082.42	\$ 2,168.75	\$ 2,214.33	
% of sales	NA	NA	NA	7.93%	7.79%	7.64%	7.64%	7.91%	
Less: Changes in Net Working Capital	\$ -	\$ (388.00)	\$ 59.00	\$ 1,357.81	\$ 1,262.06	\$ 1,220.77	\$ 1,479.00	\$ 1,541.50	
% of sales	NA	-1.38%	0.24%	5.22%	4.75%	4.48%	5.21%	5.51%	
Free Cash Flow	-	-	\$ 1,980.66	\$ 2,231.54	\$ 2,213.85	\$ 1,980.50	\$ 1,900.00		
PV of Free Cash Flow	-	-	\$ 1,844.88	\$ 2,078.56	\$ 2,062.08	\$ 1,844.73	\$ 1,769.75		
Shares Outstanding	\$ 494.98			Total Debt	\$ 11,954.00				
Intrinsic Value	\$ 60.55			Cash & Cash Equivalents	\$ 853.00				



DCF Intrinsic Value Shows Undervaluation

Our DCF model reflects \$60.55 which is higher than the current share price of \$56.20. This reflects that Nutrien's share price is undervalued as compared to its intrinsic value.



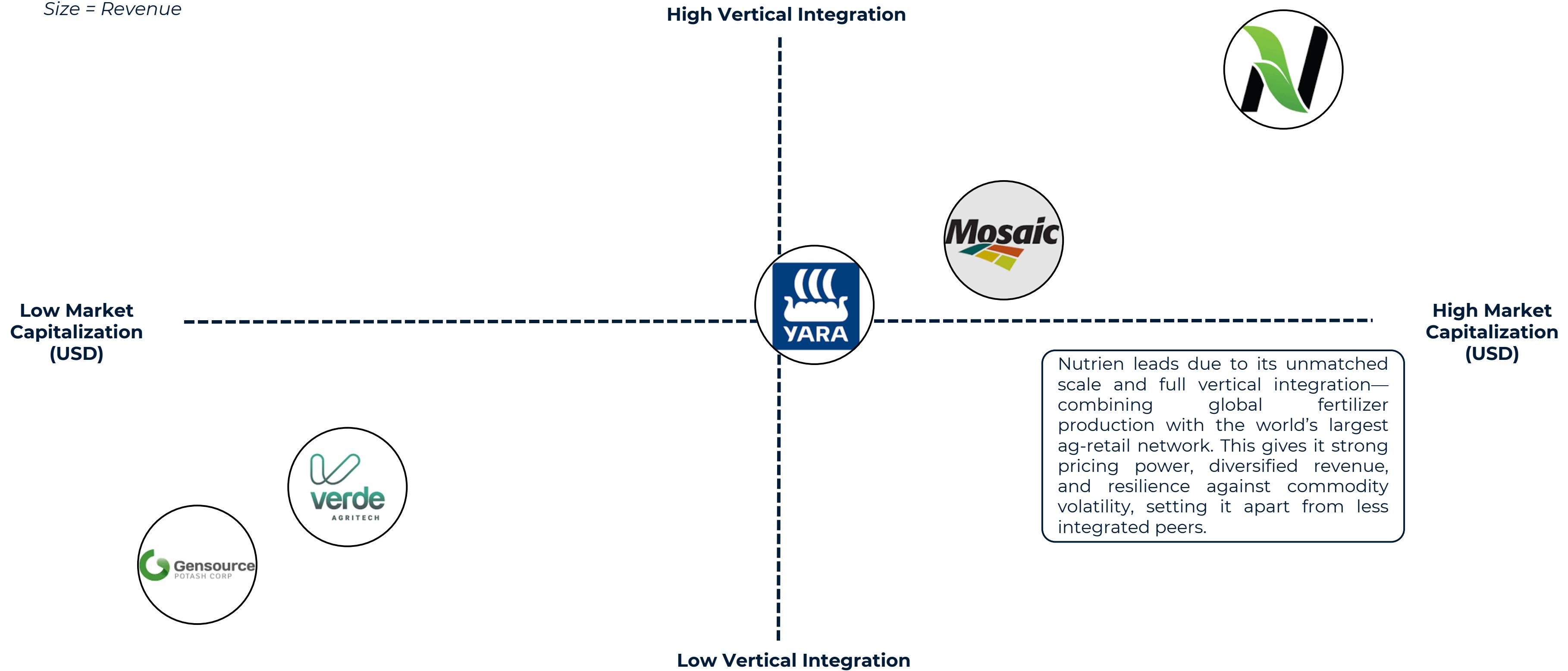
DCF Intrinsic Value Shows Undervaluation

Nutrien may be slightly undervalued given its dominant position in global potash, strong cash flows, and long-term exposure to rising food demand, which the market may be underpricing amid short-term volatility.

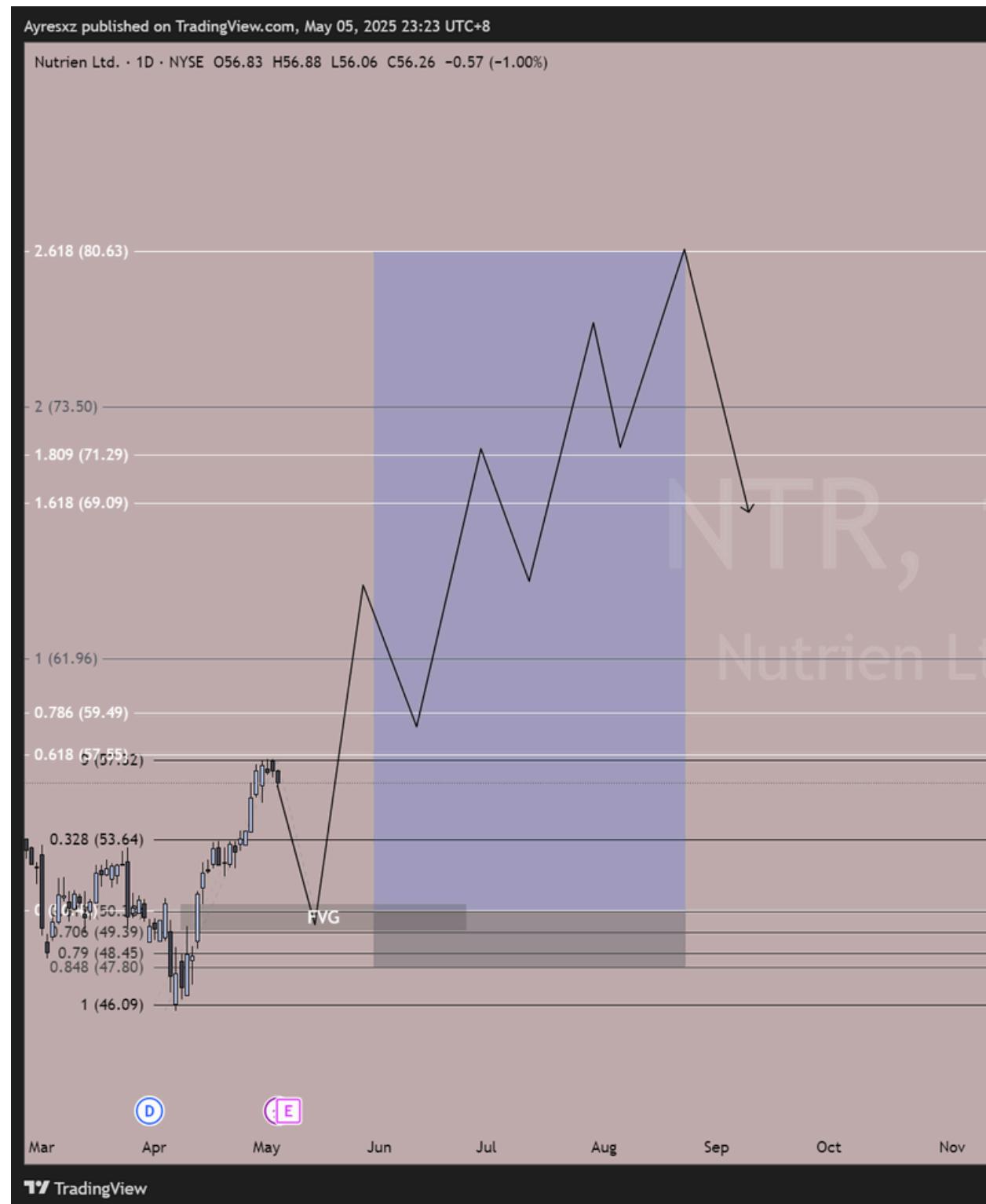
COMPARABLES ANALYSIS



Size = Revenue



QUANTITATIVE - TECHNICAL ANALYSIS



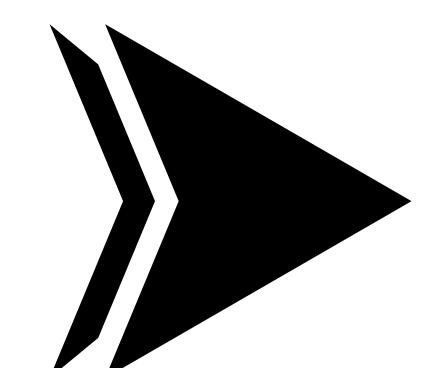


Monarch's Technical Prediction

Long

Price Targets:

- **\$57.55, \$69.09, \$80.63**



Key Confluences for the Long:

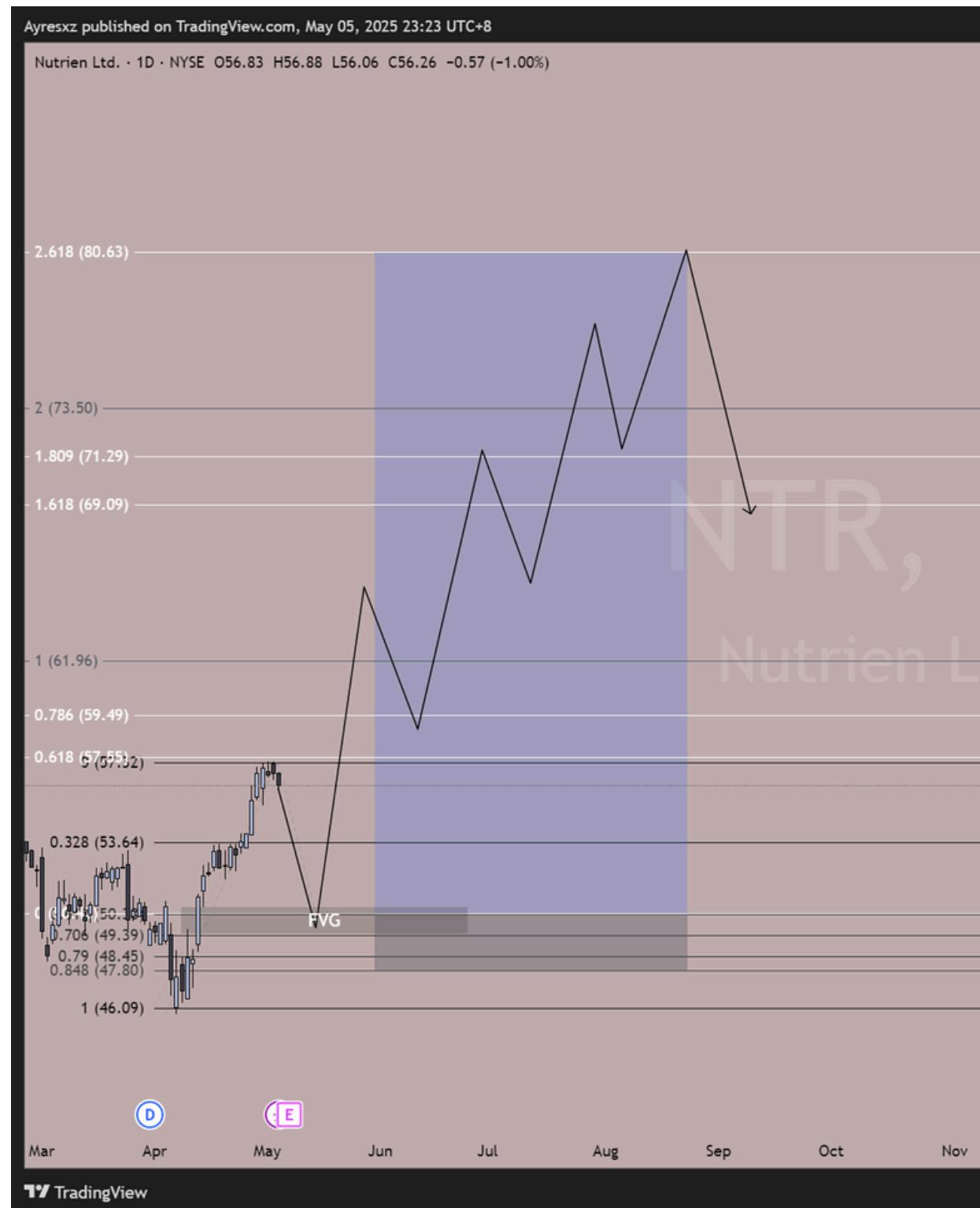
Upward Trend Confirmation – Higher Highs and Higher Lows on a Weekly Timeframe

Walmart is currently in a correction phase after a strong rally. Instead of rushing in, we wait for Smart Money to provide a discount before entering.

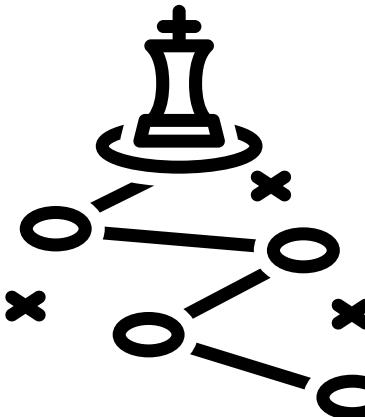
Using Fibonacci retracement and Smart Money Concept (SMC), we identify key price zones where institutional buyers are likely to step in. There is also a unmitigated Fair Value Gap within the optimal buy entries.

The trade is NOT ready yet, but we are preparing for an optimal entry.

QUANTITATIVE - TECHNICAL ANALYSIS



Possible Trading Strategy

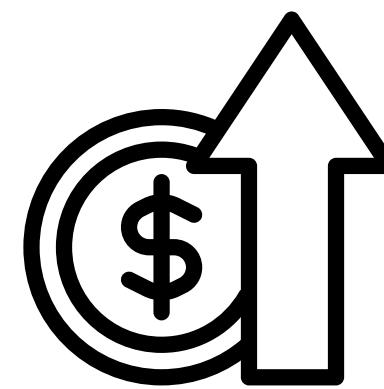


For a high-probability trade, we wait for price to reach the 0.618 - 0.79 Fibonacci retracement levels, where institutional traders prefer to enter.

Key Levels to Watch for Entry:

- 0.618 Retracement → \$50.39
- 0.706 Retracement → \$49.39
- 0.79 Retracement → \$48.45

Key Confluences for the Long:



Take Profit Levels:

- TP1: \$57.55 (0.618 Fib Extension Zone) – Minor resistance level for partial profits.
- TP2: \$69.09 (1.618 Fib Extension Zone) – Key resistance level from previous all time highs.
- TP3: \$80.63 (2.618 Fib Extension Zone) - Major Resistance and possible reversal zone.

QUANTITATIVE - RISK MANAGEMENT & MITIGATION



Risk Management Strategy

Entry Strategy – Layered Precision

We place limit orders at three key Fibonacci retracement levels to capture the best entries:

- 0.618 Fib Entry – A classic institutional entry point
- 0.706 Fib Entry – Where liquidity often sweeps before reversal
- 0.79 Fib Entry – Deep discount for maximum R:R

This allows us to scale into the position instead of going all-in at one level.

Stop Loss Logic – Tight & Tactical

We place stop losses below the 0.848 Fib or the swing low (1.0 Fib) depending on market structure:

- Use 0.848 if structure is clean and ranges are tight
- Use 1.0 if volatility demands a safer buffer

This flexibility adapts to market conditions while still keeping risk defined.

Risk Per Trade – Strict 1% Rule

We risk only 1% of total capital per trade, regardless of account size or conviction.

This ensures:

- Longevity in the market
- Controlled drawdowns
- Compounded growth over time

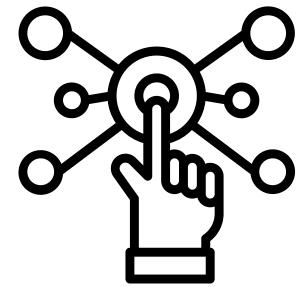


MONARCH WATCH

Financial Institutions &
Strategic Investors Division

**Paypal Holdings Inc (\$PYPL) -
NASDAQ**

PAYMENT PROVIDERS OVERALL LANDSCAPE



Digital Transformation

Digital Transformation: The financial technology payment sector is undergoing rapid digitisation, with its new Agentic Artificial Intelligence launch, AI-driven personalisation, and fintech partnerships reshaping customer engagement. This in turn calls for greater checks and cyber security concerns to address potential issues that may occur when there is more reliance on technology.



Agentic Artificial Intelligence

Three of the world's largest payment companies, Visa, Mastercard and PayPal, are racing to be the next frontier in digital commerce: Agentic AI. Agentic Commerce, a fast growing use of Artificial Intelligence to transact on behalf of a customer or business without human intervention. PayPal's commerce initiatives named PayPal Agent Toolkit enables developers to integrate its payment processes into the agentic AI workflow.



Omnichannel Payments

Omnichannel payments bring together diverse payment methods into a cohesive system, facilitating payments seamlessly across the different ways customers make transactions; from in-store, to online, through mobile platforms, and beyond. This boosts streamline payment solutions, increase customer satisfaction and increase revenue and profits.

SOURCES

- 1.<https://www.pymnts.com/news/artificial-intelligence/2025/visa-mastercard-paypal-fuel-agentic-ai-commerce-boom/>
- 2.<https://www.paypal.com/us/brc/article/benefits-of-omnichannel-payments>



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COMPANY OVERVIEW & KEY STATISTICS



Company Background

PayPal is an American multinational financial technology company operating in over 200 countries and regions. Founded in 1998, it serves as a payment platform with a public website and phone app for payment transactions and money transfers. It is currently ranked 145th place in the Fortune 500 of the largest US Corporations by revenue.

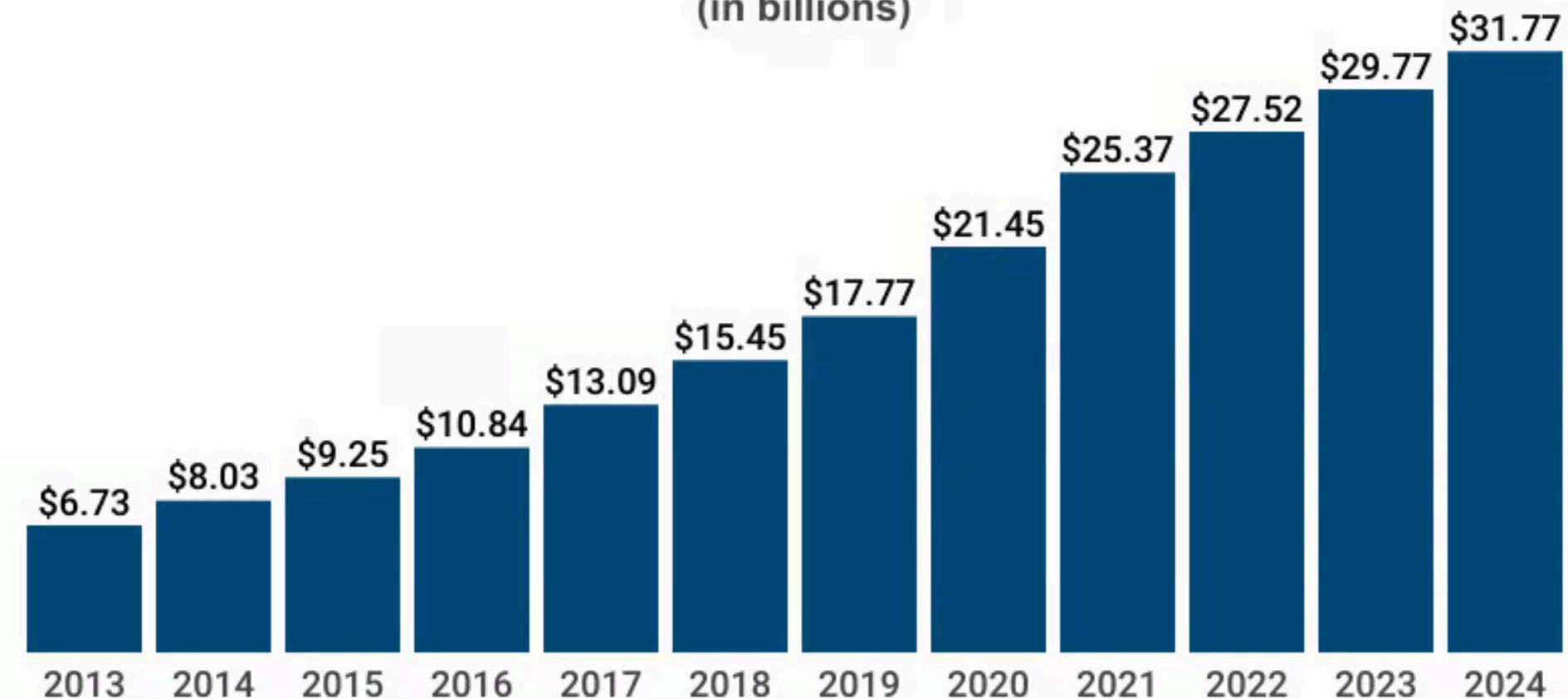
Unique Value Proposition

PayPal's offers a fast, secure, accessible and convenient way to pay and receive money from transactions. PayPal provides analytics-driven tools to help merchants identify and address transaction losses, leading to improved approval rates and reduced lost revenue. Paypal's unique mission has been putting their customers first by emphasizing values such as empathy and collaboration.

Company Offerings

PayPal serves over 434 million active accounts which includes both consumers and merchants. PayPal offers a variety of payment solutions including Venmo, Braintree, Xoom, and Hyperwallet. It caters to ordinary retail consumers and brick-and-mortar retailers. PayPal offers installment services like "Pay in 4" or "Pay Monthly" for eligible purchases.

PayPal Annual Revenue (in billions)



Source: U.S. Securities and Exchange Commission, PayPal

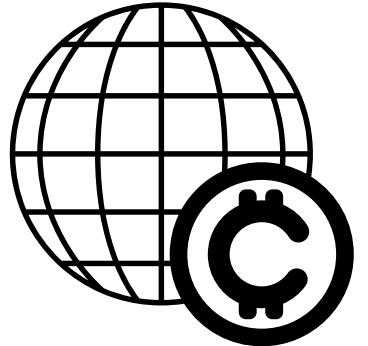
SOURCES

- 1.<https://www.50pros.com/fortune500>
- 2.<https://finance.yahoo.com/news/paypal-pypl-innovative-offerings-poised-002109624.html>



FINANCIAL INSTITUTIONS
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SIGNIFICANT UPDATES



Crypto Services Expansion for Merchants (September 2024)

Since late last year, PayPal has expanded its crypto currency services to millions of U.S. merchants making them able to buy, hold, sell cryptocurrency directly from their PayPal Business account. This marks a significant step forward in PayPal's efforts to include digital assets in the financial ecosystem. Steps to improve cryptocurrency utilization was first announced back in 2020 when customers were able to buy, sell or hold cryptocurrency in their accounts.



Refreshed Brand Identity (September 2024)

PayPal has worked together with Pentagram, a design firm in a bid to rejuvenate its brand image to appeal to a new set of younger customers crafted a modern and flexible system while staying true to the platform's original simplicity. The famous double 'P' monogram has been sharpened, with cleaner lines and more contrast in the overlapping blues. This move is part of a wider trend in the tech industry where brands are moving towards simplicity and flexibility.



Cyber Security Concerns (January 2025)

On January 23, 2025, PayPal was fined \$2 million by a New York State financial services superintendent as a result for cybersecurity failures leading to a leak of customer's social security numbers in 2022. The investigation uncovered that PayPal failure to employ qualified staff and ensure adequate training is provided to manage its cybersecurity functions compromised sensitive customer information and it must address these problems immediately.

SOURCES

- 1.<https://newsroom.paypal-corp.com/2024-09-25-PayPal-Enables-Business-Accounts-to-Buy,-Hold-and-Sell-Cryptocurrency>
- 2.<https://www.creativeboom.com/news/paypals-new-look-how-pentagram-refreshed-the-global-payments-giant/>
- 3.<https://www.ainvest.com/news/paypal-s-cybersecurity-lapse-a-wake-up-call-for-stricter-measures-25011010cb1e07a1a060e302/>

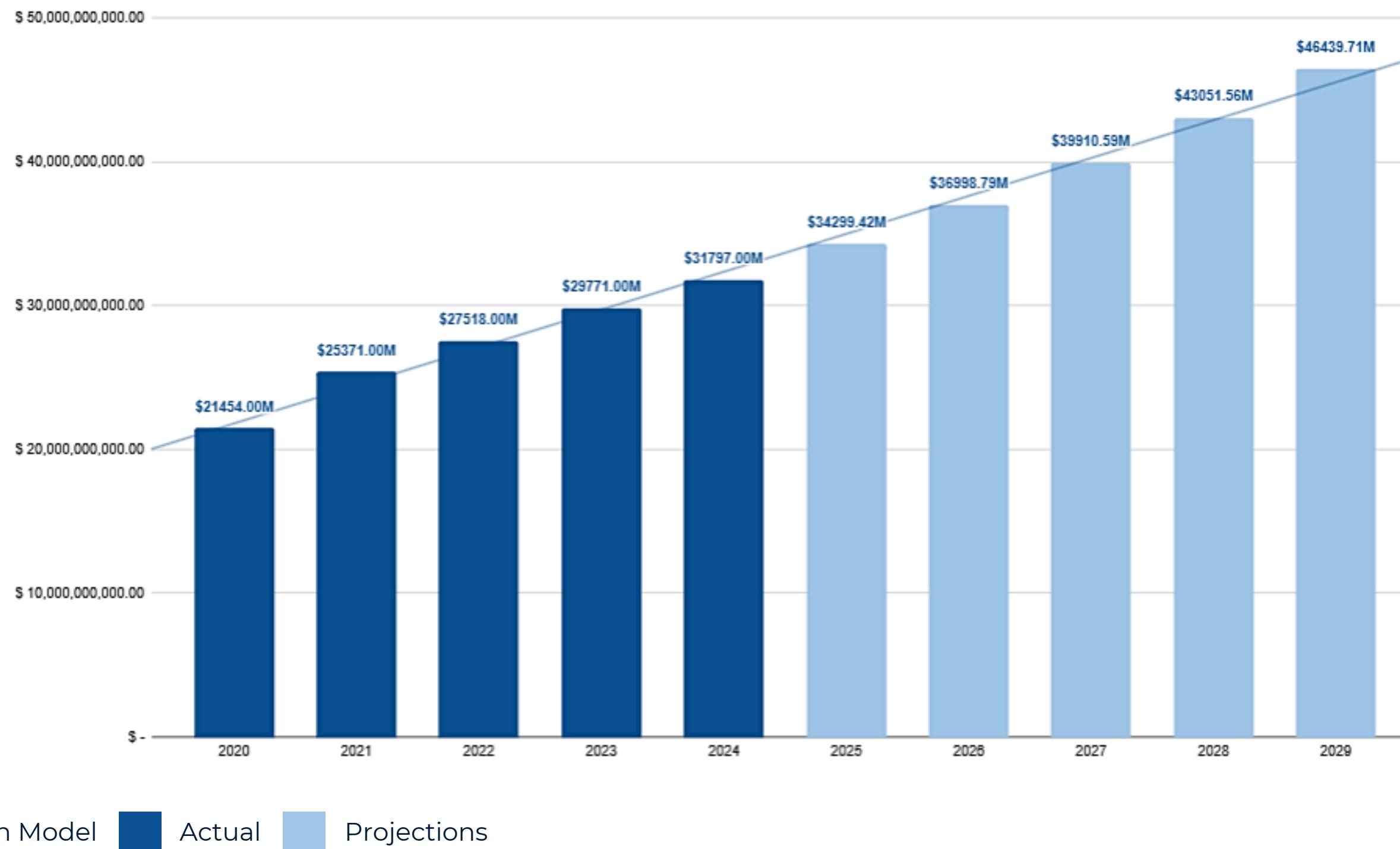


FINANCIAL INSTITUTIONS
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FINANCIALS & ANALYSIS - REVENUE



Revenue (Year-on-Year) | 5.80% Perpetual Growth Rate (Conservative)



SOURCES

1. S&P Capital IQ Pro



FINANCIAL INSTITUTIONS
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FINANCIALS & ANALYSIS - FINANCIAL RATIOS



Monarch Research | Financial Ratio Analysis Sheet - PayPal Holdings, Inc. (NASDAQGS: PYPL) | NASDAQ Global Select Market | 45782



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Liquidity Ratios		
Ratio Name	PayPal Holdings, Inc	Industry Average
Current Ratio	1.24	1.10
Quick Ratio	0.25	0.90
Acid-test Ratio	0.25	0.85
Cash Ratio	0.14	0.50
Operating Cash Flow Ratio	0.15	1.20

Leverage Ratios		
Ratio Name	PayPal Holdings, Inc	Industry Average
Debt Ratio	0.75	0.60
Debt to Equity Ratio	3.00	2.14
Interest Coverage Ratio	0.23	-3.11
Debt Service Coverage Ratio	14.74	1.50

Profitability Ratios		
Ratio Name	PayPal Holdings, Inc	Industry Average
Gross Margin Ratio	40.54%	55.00%
Operating Margin Ratio	17.71%	25.00%
Net Margin Ratio	13.04%	10.53%
Return on Assets Ratio	4.30%	5.00%
Return on Equity Ratio	20.00%	15.00%

Efficiency Ratios		
Ratio Name	PayPal Holdings, Inc	Industry Average
Asset Turnover Ratio	0.39	0.80
Inventory Turnover Ratio	NA	NA
Accounts Receivable Turnover Ratio	30.98	10.00
Days Sales in Inventory Ratio	NA	NA

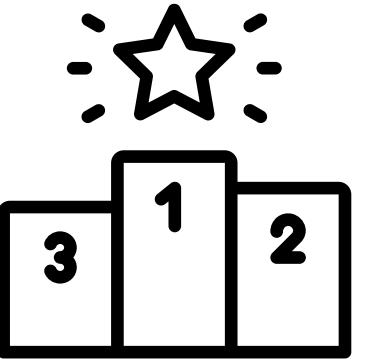
Market Ratios		
Ratio Name	PayPal Holdings, Inc	Industry Average
Book Value per Share	\$20.99	\$20.00
Dividend Yield Ratio	NA	NA
Earnings per Share Ratio	\$15.10	\$3.50
Price-Earnings Ratio	4.45	55.60

SOURCES

1. S&P Capital IQ Pro

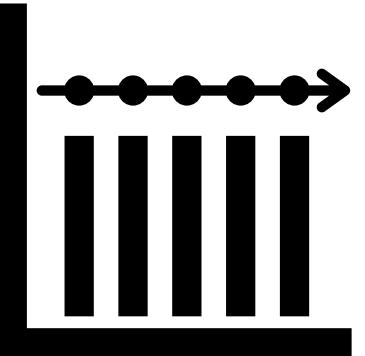


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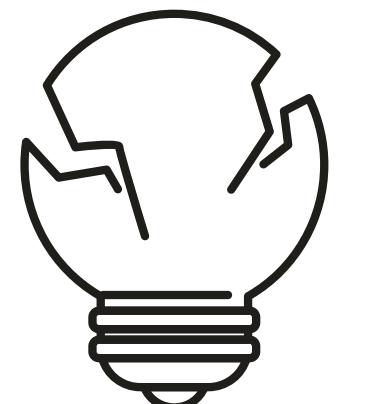
Competitive Pressure

PayPal faces increased pressure in efforts to increase customer base. In its initial years, PayPal has enjoyed first-mover advantage in the digital payment space. However, its rise to success has been overshadowed by new entrants into the industry. Competitors such as Apple Pay by AAPL and Google Pay by Alphabet have seen heightened growth in their customer base as compared to PayPal's stagnant growth. Additionally, PayPal also face fierce competition from physical card issuers such as Mastercard who had taken the first step to phase out manual card entry for online payments. PayPal will need to seek new innovation or engaging marketing strategies for customer acquisition.



Stagnation in Growth Prospects

In its 2025 Profit Forecast, PayPal has cited economic uncertainty as the reason for stagnation in its growth prospect. Although PayPal has reported first quarter earnings that exceeded analysts' expectations, the firm has left its full-year earnings forecast unchanged. Their viewpoint was driven by tariffs and other trading friction that had occurred recently which led to slower consumer spending and disruptions to supply chains. PayPal's stagnation in its growth outlook stems from inferior product mix, weakened consumer demand, and intense competition from other FinTech firms.



Lack of Innovation

PayPal admits that the impact of its recent innovations including AI tools, checkout upgrades, and improved consumer experiences will take time to materialise, signalling that its transformation efforts aren't delivering immediate results. This reinforces investor concerns that PayPal is struggling to innovate at the pace of its fintech rivals, contributing to its lagging growth and competitive pressure.

SOURCES

1. <https://www.reuters.com/technology/persistent-competition-likely-keep-pressure-paypal-analysts-say-2024-07-31/>
2. <https://www.bloomberg.com/news/articles/2025-04-29/paypal-profit-gauge-tops-estimates-in-sign-of-turnaround-success>
3. <https://www.americanbanker.com/payments/news/paypal-says-its-innovations-impact-will-take-time>

RISK & CATALYSTS



RISKS



Low Barrier of Entry into the Industry

Although PayPal had the first-mover advantage, it still faces mounting pressure from rivals like Apple Pay, Google Pay, and Shop Pay, which offer seamless one-click checkouts, potentially impacting PayPal's market share.



Changing Consumer Trends away from E-commerce

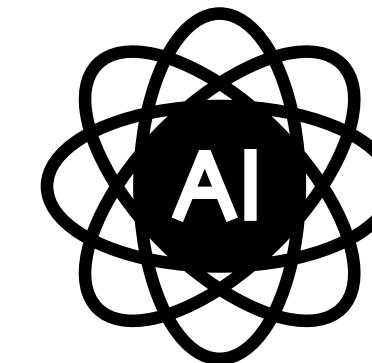
Ever since the pandemic has ended, it has led to a deceleration in online shopping growth, affecting PayPal's transaction volumes and revenue expansion. As PayPal's revenue streams aren't diversified, undesirable consumer trends will lower PayPal's future profitability.



Undesirable Pricing Updates

PayPal has caused some controversy over pricing updates in at least three of its specific PayPal services, PayPal Pay Later services, Braintree processing platform, and Payments Dive. This caused consumers to stray away from PayPal's services that has a higher cost base.

CATALYSTS



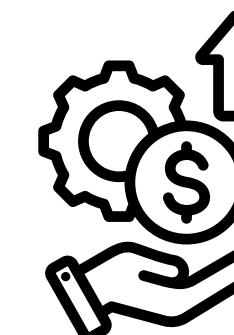
Innovation in AI

With the rise of AI-driven innovation, PayPal has leverage on AI to add value to its services. For instance, PayPal Agent Toolkit allows developers to integrate AI frameworks into PayPal's infrastructure. These revolutionary developments had led to PayPal reducing fraud by 30%.



Strategic Partnerships

PayPal has formed strategic partnerships with Shopify to become an additional payment option on its platform to service Shopify's customers. With such growth-driven partnerships, PayPal can regain its market dominance as a market leader in the digital payments services.



Monetisation of Services for Venmo

Venmo's revenue surged 20% year-over-year in Q1 2025, indicating successful monetization efforts and potential for further growth. PayPal is also looking to introduce new initiatives to increase usage of its Venmo services.

SOURCES

1. <https://supplychaindigital.com/digital-supply-chain/is-paypal-losing-e-commerce-payment-battle>
2. <https://www.modernretail.co/technology/paypal-growth-slows-amid-e-commerce-slump/>
3. <https://www.the-sun.com/money/13323801/paypal-merchant-prices-boosted-ceo-innovation-customers/>

1. <https://supplychaindigital.com/digital-supply-chain/is-paypal-losing-e-commerce-payment-battle>
2. <https://newsroom.paypal-corp.com/2024-09-09-PayPal-partners-with-Shopify-to-power-a-portion-of-Shopify-Payments-in-the-U-S>
3. <https://www.investors.com/news/technology/paypal-stock-paypal-earnings-q12025-pypl-guidance/>



FINANCIAL INSTITUTIONS
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VALUATIONS - DISCOUNT CASH FLOW



Calculations	
Growth Rate	5.80%



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In Millions (m)

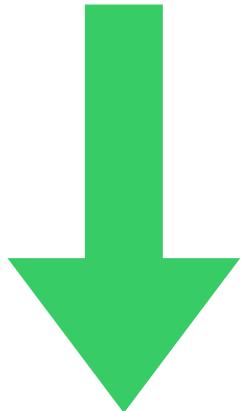
Discounted Cash Flow Model	2022	2023	2024	2025	2026	2027	2028	2029	WACC
Revenue	\$ 27,518.00	\$ 29,771.00	\$ 31,797.00	\$ 33,641.23	\$ 35,592.42	\$ 37,656.78	\$ 39,840.87	\$ 42,151.64	11.42%
% growth	NA	8.19%	6.81%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%
Operating Income	\$ 3,837.00	\$ 5,028.00	\$ 5,325.00	\$ 5,633.85	\$ 5,960.61	\$ 6,306.33	\$ 6,672.10	\$ 7,059.08	TV
% of sales	14%	17%	17%	17%	17%	17%	17%	17%	\$ 73,785.17
Less: Cash Taxes	\$ 947.00	\$ 1,165.00	\$ 1,182.00	\$ 1,250.56	\$ 1,323.09	\$ 1,399.83	\$ 1,481.02	\$ 1,566.92	EV
% of EBIT	24.68%	23.17%	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%	\$ 100,852.82
Plus: Depreciation & Ammortization	\$ 1,317.00	\$ 1,072.00	\$ 1,032.00	\$ 1,091.86	\$ 1,155.18	\$ 1,222.18	\$ 1,293.07	\$ 1,368.07	
% of sales	4.79%	3.60%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
Less: Capital Expenditure	\$ 708.00	\$ 623.00	\$ 683.00	\$ 722.61	\$ 764.53	\$ 808.87	\$ 855.78	\$ 905.42	
% of sales	2.57%	2.09%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	
Less: Changes in Net Working Capital	\$ (1,100.00)	\$ (952.00)	\$ (585.00)	\$ (618.93)	\$ (654.83)	\$ (692.81)	\$ (732.99)	\$ (775.50)	
% of sales	-4.00%	-3.20%	-1.84%	-1.84%	-1.84%	-1.84%	-1.84%	-1.84%	
Free Cash Flow	-	-	-	\$ 5,371.47	\$ 5,683.01	\$ 6,012.63	\$ 6,361.36	\$ 6,730.32	
PV of Free Cash Flow	-	-	-	\$ 4,820.92	\$ 5,100.53	\$ 5,396.36	\$ 5,709.35	\$ 6,040.49	
Shares Outstanding	972.00			Total Debt	\$ 9,879.00				
Intrinsic Value	\$ 100.38			Cash & Cash Equivalents	\$ 6,591.00				

SOURCES

1. S&P Capital IQ Pro

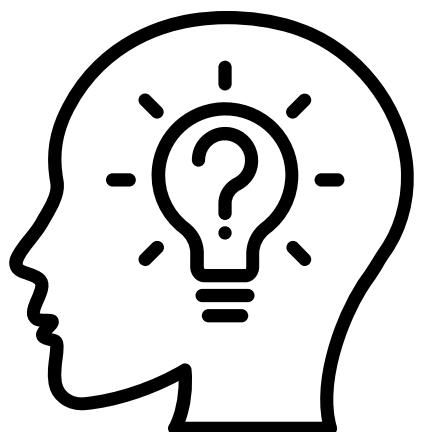


FINANCIAL INSTITUTIONS
& STRATEGIC INVESTORS
DIVISION



DCF Intrinsic Value Shows Undervaluation

Our DCF model reflects \$100.38 which is more than the current share price of \$67.24. This reflects PayPal's share price is undervalued as compared to its intrinsic value.



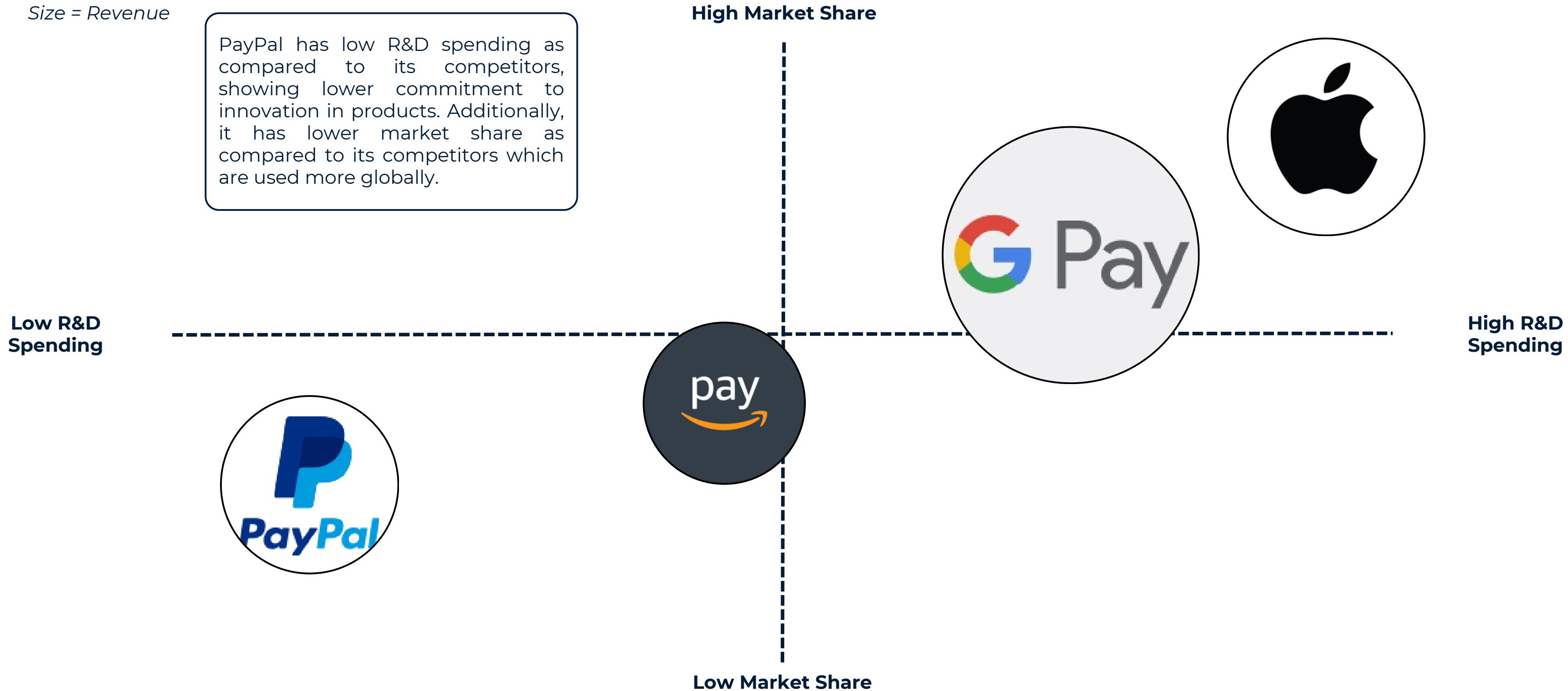
Poor Market Sentiment

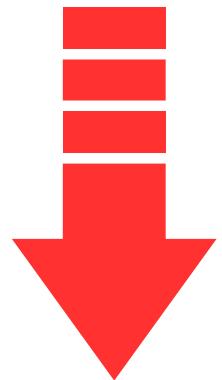
Although undervaluation usually signals a buy, it also shows short-term pessimism from the market surrounding PayPal's innovation and execution ability. Such poor market sentiment may also stem from rising competition from new entrants in the digital payment industry.

COMPARABLES ANALYSIS

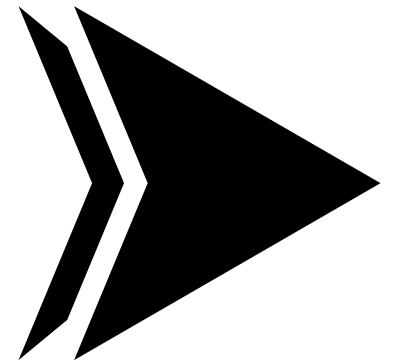


Size = Revenue





Monarch's Technical Prediction
Short
Price Targets:
• **\$105.30, \$120.51, \$144.07**



Key Confluences for the Short:

Downward Trend Confirmation – Lower Highs and Lower Lows on a Weekly Timeframe

PayPal is currently in a correction phase after a slight rally. Instead of rushing in, we wait for Smart Money to provide a discount before entering.

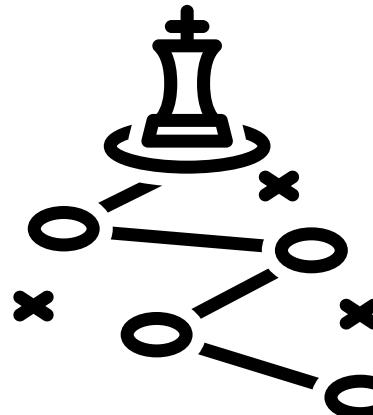
Using Fibonacci retracement and Smart Money Concept (SMC), we identify key price zones where institutional buyers are likely to step in.

The trade is NOT ready yet, but we are preparing for an optimal entry.



Possible Trading Strategy

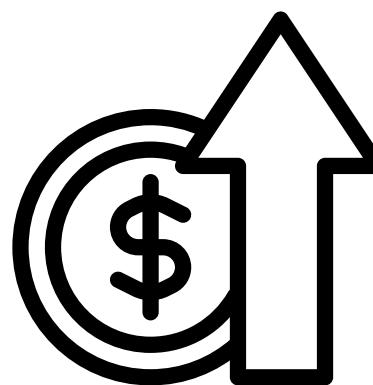
For a high-probability trade, we wait for price to reach the 0.328 - 0.61 Fibonacci retracement levels, where institutional traders prefer to enter.



Key Levels to Watch for Entry:

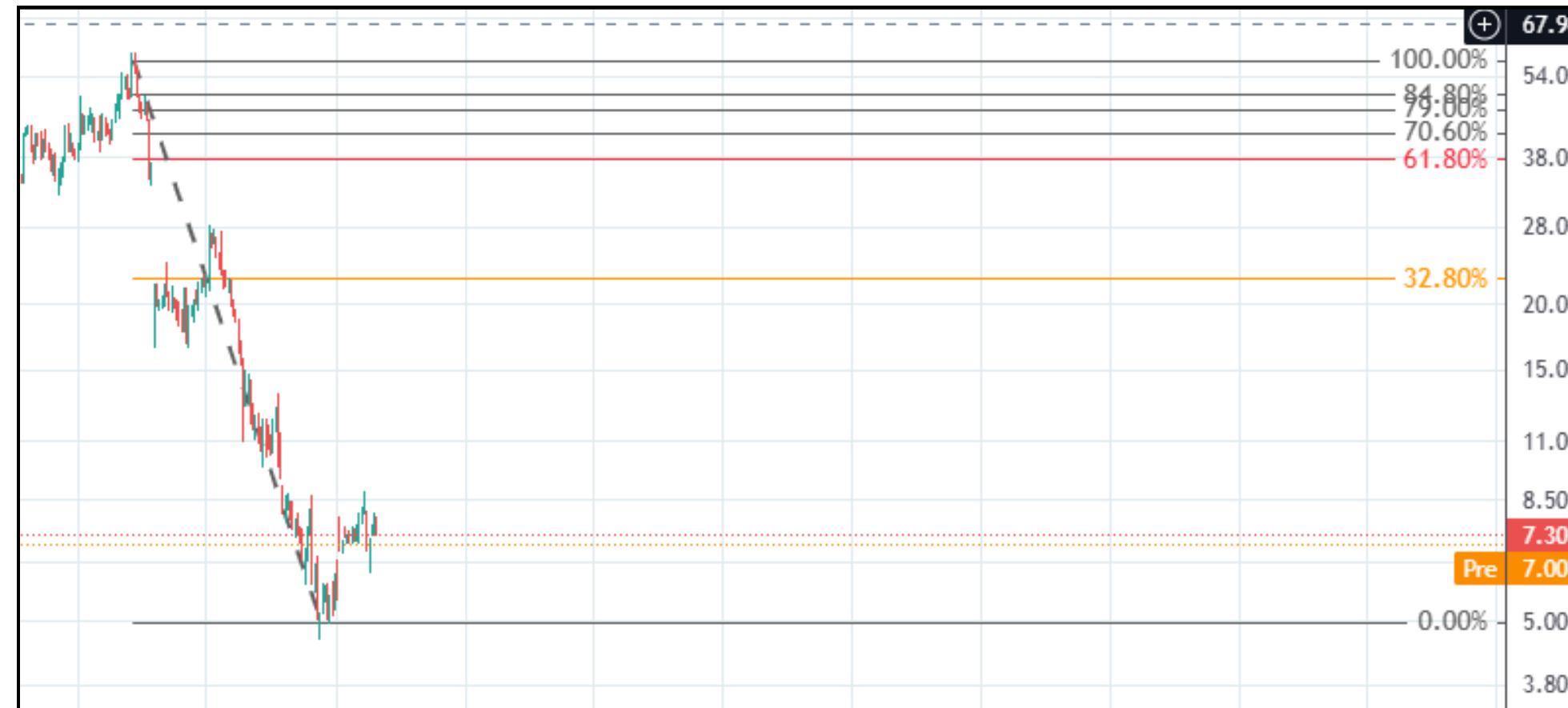
- 0.328 Retracement → \$68.05
- 0.61 Retracement → \$78.81
- 0.706 Retracement → \$82.12

Key Confluences for the Short:



Take Profit Levels:

- TP1: \$(0.328 Fib Extension) – Minor resistance level for partial profits.
- TP2: \$(0.61 Fib Extension) – Key resistance level from previous highs.
- TP3: \$(1 Fib Extension) – Key Resistance Target



Risk Management Strategy

Entry Strategy – Layered Precision

We place limit orders at three key Fibonacci retracement levels to capture the best entries:

- 0.618 Fib Entry – A classic institutional entry point
- 0.706 Fib Entry – Where liquidity often sweeps before reversal
- 0.79 Fib Entry – Deep discount for maximum R:R

This allows us to scale into the position instead of going all-in at one level.

Stop Loss Logic – Tight & Tactical

We place stop losses below the 0.848 Fib or the swing low (1.0 Fib) depending on market structure:

- Use 0.848 if structure is clean and ranges are tight
- Use 1.0 if volatility demands a safer buffer

This flexibility adapts to market conditions while still keeping risk defined.

Risk Per Trade – Strict 1% Rule

We risk only 1% of total capital per trade, regardless of account size or conviction.

This ensures:

- Longevity in the market
- Controlled drawdowns
- Compounded growth over time



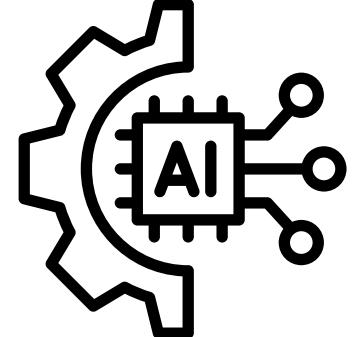


MONARCH WATCH

Technology, Media, &
Telecommunications Division

Alphabet Inc (\$GOOG) - NASDAQ

TMT OVERALL LANDSCAPE



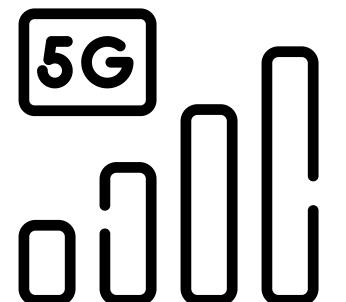
Generative AI: Innovation and Monetization Challenges

While generative AI has been integrated into various TMT applications, companies are now focusing on refining monetization strategies. Deloitte's 2025 TMT Predictions highlight that 2025 will be a "gap year" for generative AI, emphasizing the need for bridging critical gaps in business models and customer value propositions to realize its full potential.



M&A Activity: Strategic Consolidation and Investment

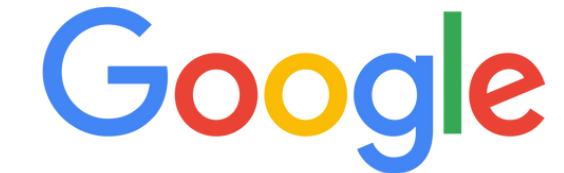
The TMT sector is experiencing an increase in mergers and acquisitions, driven by the need for strategic consolidation and investment in digital infrastructure. Companies are focusing on acquiring software capabilities, media rights, and infrastructure assets to enhance competitiveness. This trend is supported by a favorable regulatory environment and improved capital market conditions, with private equity firms playing an active role in deal-making.



5G-Advanced Deployment: Enhancing Connectivity and Enabling New Applications

The deployment of 5G-Advanced networks is accelerating, offering enhanced speeds, lower latency, and greater connectivity. These advancements are critical for supporting emerging technologies such as autonomous vehicles, smart cities, and industrial IoT applications. Furthermore, the industry is laying the groundwork for 6G, focusing on ultra-low latency, energy efficiency, and integration with AI and edge computing to meet future connectivity demands.

COMPANY OVERVIEW & KEY STATISTICS



Company Background

Founded in 1998 by Larry Page and Sergey Brin at Stanford, Google started as a search engine and quickly rose to dominance. In 2015, it became part of Alphabet Inc., overseeing ventures from self-driving cars to healthcare. Based in Mountain View, it now operates globally across many sectors.

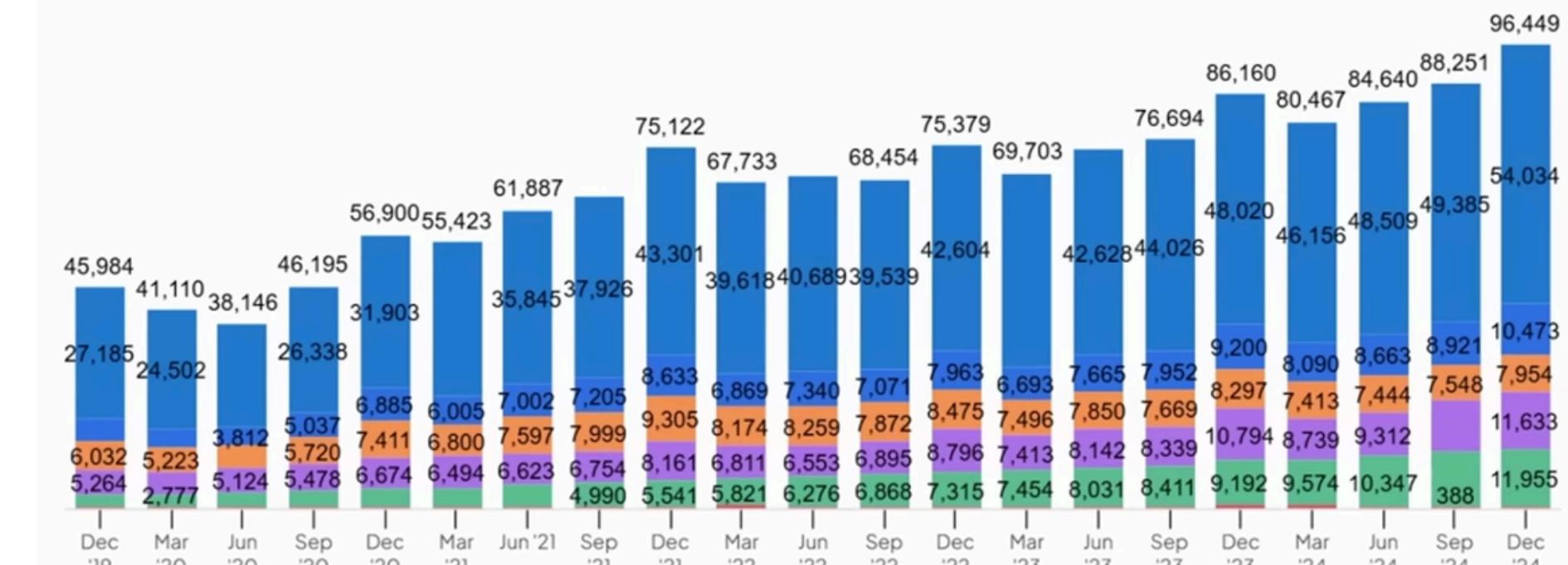
Unique Value Proposition

Google's unique value lies in its ability to provide fast, relevant search results while offering an integrated ecosystem of services like Gmail, Google Maps, and YouTube. This seamless user experience, combined with its innovations in AI and machine learning, ensures Google stays ahead in delivering personalized, efficient solutions for both individuals and businesses.

Company Offerings

Google's offerings include its core search engine, Google Ads for targeted marketing, and Google Cloud for scalable enterprise solutions. Workspace tools like Gmail and Docs support collaboration, while its hardware lineup features Pixel phones, Nest, and Fitbit. The company leads in AI with platforms like Gemini.

Alphabet Inc. (GOOGL)



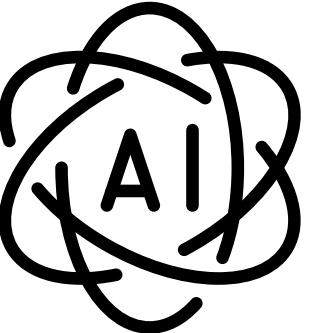
- Google Search and Other Revenue (Quarterly) (Millions) (Total Change: 98.76%) (CAGR: 14.7%)
- YouTube Ads Revenue (Quarterly) (Millions) (Total Change: 122.03%) (CAGR: 17.3%)
- Google Network Revenue (Quarterly) (Millions) (Total Change: 31.86%) (CAGR: 5.7%)
- Google Subscriptions, Platforms, and Devices Revenue (Quarterly) (Millions) (Total Change: 120.99%) (CAGR: 17.2%)
- Google Cloud Revenue (Quarterly) (Millions) (Total Change: 357.35%) (CAGR: 35.5%)
- Other Bets Revenue (Quarterly) (Millions) (Total Change: 132.56%) (CAGR: 18.4%)

SIGNIFICANT UPDATES



Robust Q1 2025 Financial Performance

In the first quarter of 2025, Alphabet reported revenues of \$90.2 billion, marking a 12% increase year-over-year. This growth was driven by robust performances across advertising, in which Google Search and YouTube ads saw an 8.5% growth, surpassing analyst expectations, and cloud services, with Google Cloud revenue reached \$12.3 billion, reflecting a 28% year-over-year increase. Net income surged to \$34.5 billion, a 46% increase from the previous year, with earnings per share rising to \$2.81. This financial strength highlights Alphabet's resilience and growth potential, making it an attractive investment.



Aggressive \$75 Billion AI Infrastructure Investment

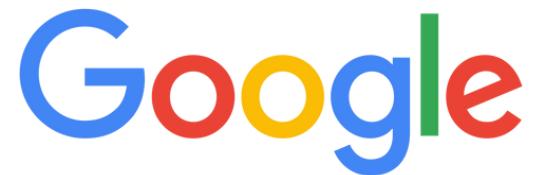
Alphabet has committed to a \$75 billion capital expenditure in 2025, focusing on enhancing its artificial intelligence infrastructure. This investment aims to support the development of AI models like Gemini and bolster core services such as Google Search and Cloud. Despite challenges posed by global tariffs on imported hardware, Alphabet's leadership remains confident in the strategic importance of this investment. CEO Sundar Pichai emphasized the vast opportunities AI presents, stating, "The opportunity with AI is as big as it gets." This aggressive investment positions Alphabet at the forefront of the AI race, enhancing its competitive edge.



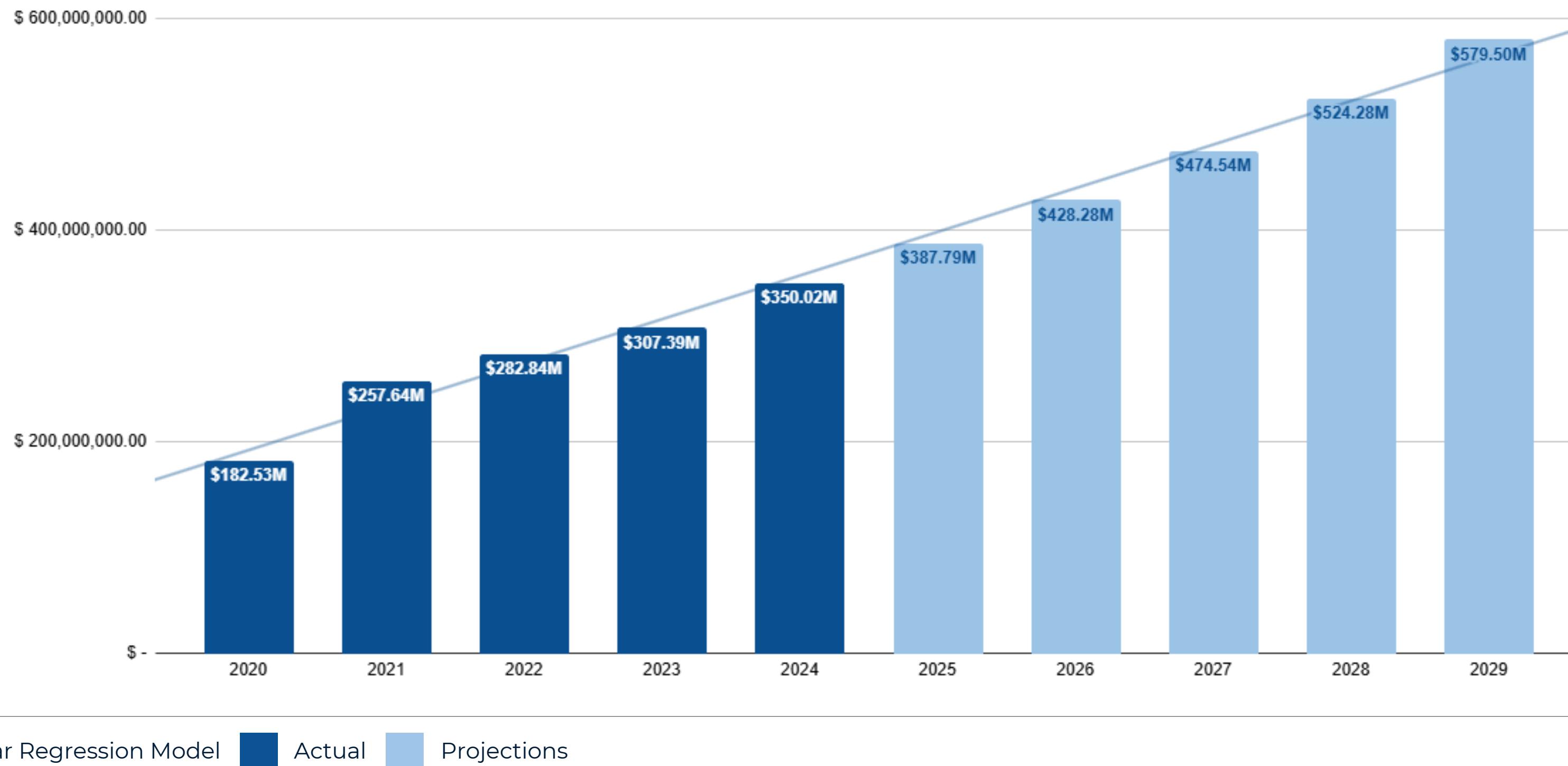
Strategic Acquisition to Strengthen AI Security

In March 2025, Alphabet announced its acquisition of Wiz, a leading cloud security startup, for \$32 billion. This move marks Alphabet's largest acquisition to date and aims to strengthen its cloud security offerings. Wiz's innovative security solutions will integrate with Google Cloud, enhancing protection for enterprise clients and supporting multi-cloud environments. This strategic acquisition not only bolsters Alphabet's security capabilities but also diversifies its revenue streams, positioning it as a formidable competitor in the cloud computing market.

FINANCIALS & ANALYSIS - REVENUE



Revenue (Year-on-Year) | 3% Perpetual Growth Rate (Conservative)



FINANCIALS & ANALYSIS - FINANCIAL RATIOS



Market Ratios		
Ratio Name	's	Industry Average
Book Value per Share	NA	NA
Dividend Yield Ratio	0.51%	0.82%
Earnings per Share Ratio	\$8.28	\$12.80
Price-Earnings Ratio	19.81	25.50

Leverage Ratios		
Ratio Name	's	Industry Average
Debt Ratio	0.28	0.50
Debt to Equity Ratio	0.39	0.50
Interest Coverage Ratio	419.36	5.40
Debt Service Coverage Ratio	NA	NA

Liquidity Ratios		
Ratio Name	's	Industry Average
Current Ratio	1.84	1.50
Quick Ratio	1.66	1.76
Acid-test Ratio	NA	NA
Cash Ratio	1.07	0.95
Operating Cash Flow Ratio	NA	NA

Profitability Ratios		
Ratio Name	's	Industry Average
Gross Margin Ratio	56.63%	54.20%
Operating Margin Ratio	32.11%	14.60%
Net Margin Ratio	28.60%	17.80%
Return on Assets Ratio	23.48%	11.56%
Return on Equity Ratio	32.91%	15.00%



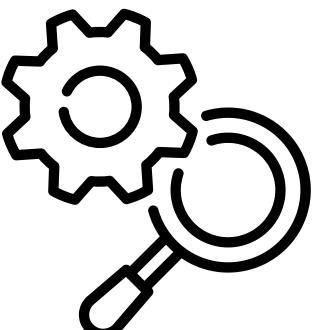
Strong set of Q1 earnings expected to bolster returns

The company delivered a strong set of Q1 2025 results, with EPS rising 49% year-over-year, driven by strength across Search, YouTube, and Google Cloud. Notably, Cloud segment sees significant growth potential with an expected 26% CAGR through FY26 (Currently 35.5% CAGR). Integration of Gemini 2.5 into search engines (AI Overview) and continued improvements in AI rollouts will improve yearly performance significantly. Positive Q1 forward outlook, and a 5% increase to the dividend, reflect strong confidence and resilience ahead in this uncertain market environment.



Attractive valuations

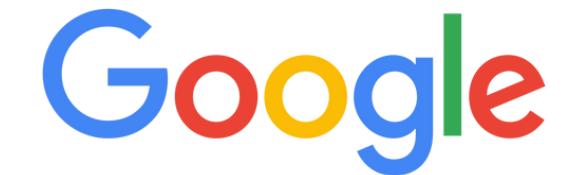
GOOGL currently trades at 19x forward earnings (FTM P/E), representing a 24% discount to its historical average of 25x and well below the peer average of 25x. This valuation disconnect comes despite GOOGL's strong fundamentals, robust free cash flow generation, and leadership in AI and cloud infrastructure. Based on a discounted cash flow (DCF) model, the stock has an estimated intrinsic value of \$191.63, offering meaningful upside. This is an attractive entry point into a high-quality, long-duration asset with earnings growth expansion potential.



Search engine Dominance

Alphabet retains a commanding ~90% global market share in search, and its integration of generative AI capabilities (via Gemini) into the search experience enhances both user engagement and monetization potential. This reinforces Alphabet's competitive advantage in the digital ad market and support projected Google Services revenue growth at a 9% CAGR from FY24 to FY26. (Currently @ 14.7% CAGR)

RISK & CATALYSTS

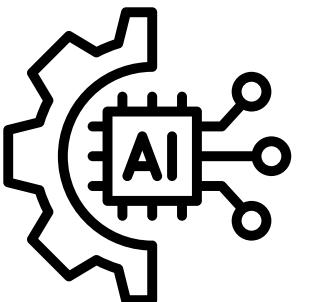


RISKS



Regulatory Pressure

Google is under increasing antitrust scrutiny, especially from the U.S. government, which could result in significant changes to its search and advertising business, impacting growth and operations.



AI Competition

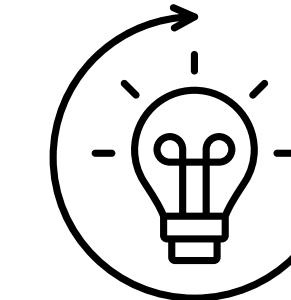
The rise of AI-driven search models, like ChatGPT, is threatening Google's dominance in search. More users are turning to these alternatives, which could reduce reliance on Google's traditional search engine.



High Investment in AI

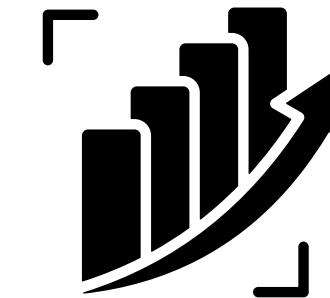
Google plans to invest heavily in AI, with \$75 billion earmarked for 2025. While this positions the company for future growth, it could strain finances if AI adoption doesn't meet expectations or if economic conditions deteriorate.

CATALYSTS



Continued future rollouts for Gemini

Google is expanding Gemini AI to Apple devices and other smart devices, with plans for wider integration into watches, cars, and more by 2025, along with new subscription tiers to boost user engagement and revenue.



Potential upward revisions in Cloud Segment

Google Cloud reported strong growth, with a 28% year-over-year revenue increase to \$12.3 billion in Q1 2025, driven by the demand for AI and generative AI services, alongside a doubling of operating income.



GenAI and potential boosts in Search Rev

Google's AI Overviews feature now reaches 1.5 billion users monthly, contributing to a 10% increase in search revenue, reflecting the growing impact of generative AI on its core search business.

VALUATIONS - DISCOUNT CASH FLOW



Calculations	
Growth Rate	5.00%



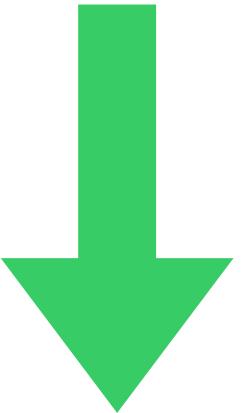
MONARCH
RESEARCH

In Millions (\$)

Discounted Cash Flow Model	2022	2023	2024	2025	2026	2027	2028	2029	WACC
Revenue	\$ 307,394.00	\$ 350,018.00	\$ 387,600.00	\$ 428,088.00	\$ 475,437.77	\$ 523,805.87	\$ 579,524.15		8.00%
% growth	NA	NA	13.87%	10.74%	10.45%	11.06%	10.17%	10.64%	
Operating Income	\$ -	\$ 84,293.00	\$ 114,186.00	\$ 127,623.18	\$ 141,915.11	\$ 163,854.64	\$ 170,855.65	\$ 191,657.19	TV
% of sales	NA	27%	33%	33%	33%	34%	33%	33%	\$ 959,964.51
Less: Cash Taxes	\$ -	\$ 19,651.00	\$ 19,697.00	\$ 23,507.77	\$ 24,353.55	\$ 28,116.05	\$ 33,026.86	\$ 37,089.53	EV
% of EBIT	NA	23.31%	17.25%	18.42%	17.16%	17.16%	19.33%	19.35%	\$ 1,119,976.62
Plus: Depreciation & Ammortization	\$ -	\$ 11,946.00	\$ 15,311.00	\$ 20,913.02	\$ 26,959.06	\$ 35,759.30	\$ 38,375.82	\$ 43,703.78	
% of sales	NA	3.89%	4.37%	5.40%	6.30%	7.52%	7.33%	7.54%	
Less: Capital Expenditure	\$ -	\$ 32,251.00	\$ 52,535.00	\$ 73,864.26	\$ 78,293.85	\$ 82,167.28	\$ 84,585.00	\$ 87,471.36	
% of sales	NA	10.49%	15.01%	19.06%	18.29%	17.28%	16.15%	15.09%	
Less: Changes in Net Working Capital	\$ -	\$ -	\$ (15,127.00)	\$ 22,280.00	\$ 36,782.03	\$ 47,073.36	\$ 59,692.77	\$ 70,500.00	
% of sales	NA	NA	-4.32%	5.75%	8.59%	9.90%	11.40%	12.17%	
Free Cash Flow		-	-	\$ 28,884.17	\$ 29,444.74	\$ 42,257.25	\$ 31,926.84	\$ 40,300.08	
PV of Free Cash Flow		-	-	\$ 26,744.60	\$ 27,263.65	\$ 39,127.08	\$ 29,561.89	\$ 37,314.89	
Shares Outstanding			\$ 5,820.00		Total Debt		\$ 28,137.00		
Intrinsic Value			\$ 191.63		Cash & Cash Equivalents		\$ 23,466.00		

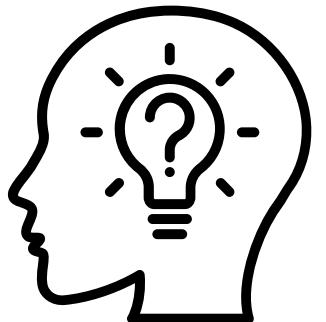


TECH, MEDIA &
TELECOMMS (TMT)
DIVISION



DCF Intrinsic Value Shows Undervaluation

Our DCF model reflects \$191.63 which is higher than the current share price of \$165.81. This reflects that Google's share price is undervalued as compared to its intrinsic value.



Strong Market Leader with Room to Grow

Even though its stock price is close to fair value, its dominance in digital ads, fast-growing cloud business, and AI leadership should command a higher premium. Given its strong competitive edge and new revenue opportunities, it deserves a richer valuation.

COMPARABLES ANALYSIS



Size = Revenue

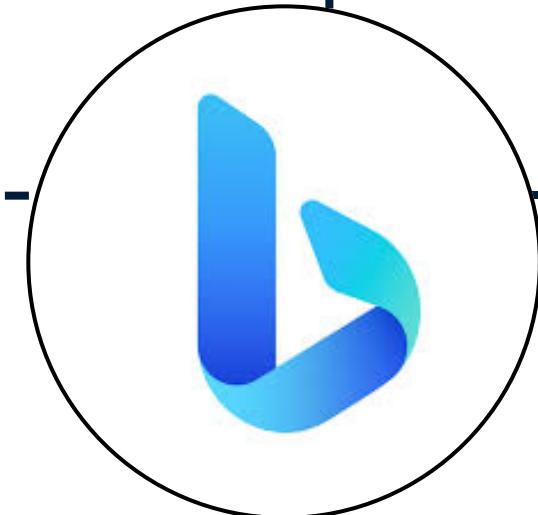
Highest Global Search Market Share

Google dominates the search engine market with 89.66% Market Share and generates an estimated search ad revenue of USD\$66.89 billion, significantly higher than its peers by 80.57%.



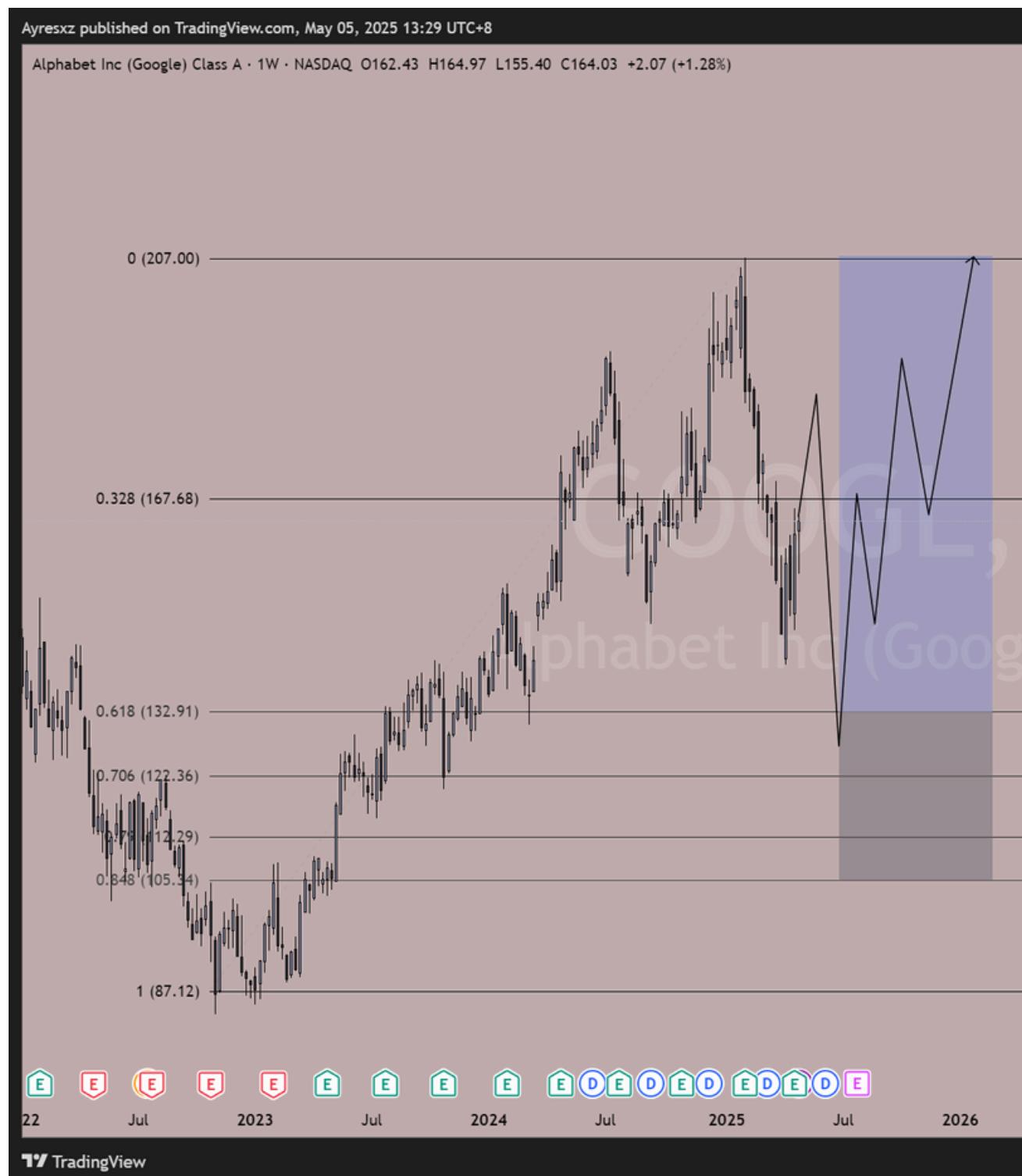
Lowest Search Ad Revenue

Highest Search Ad Revenue



Lowest Global Search Market Share

QUANTITATIVE - TECHNICAL ANALYSIS



Monarch's Technical Prediction
Long
Price Targets:
• **\$167.68, \$207.00**

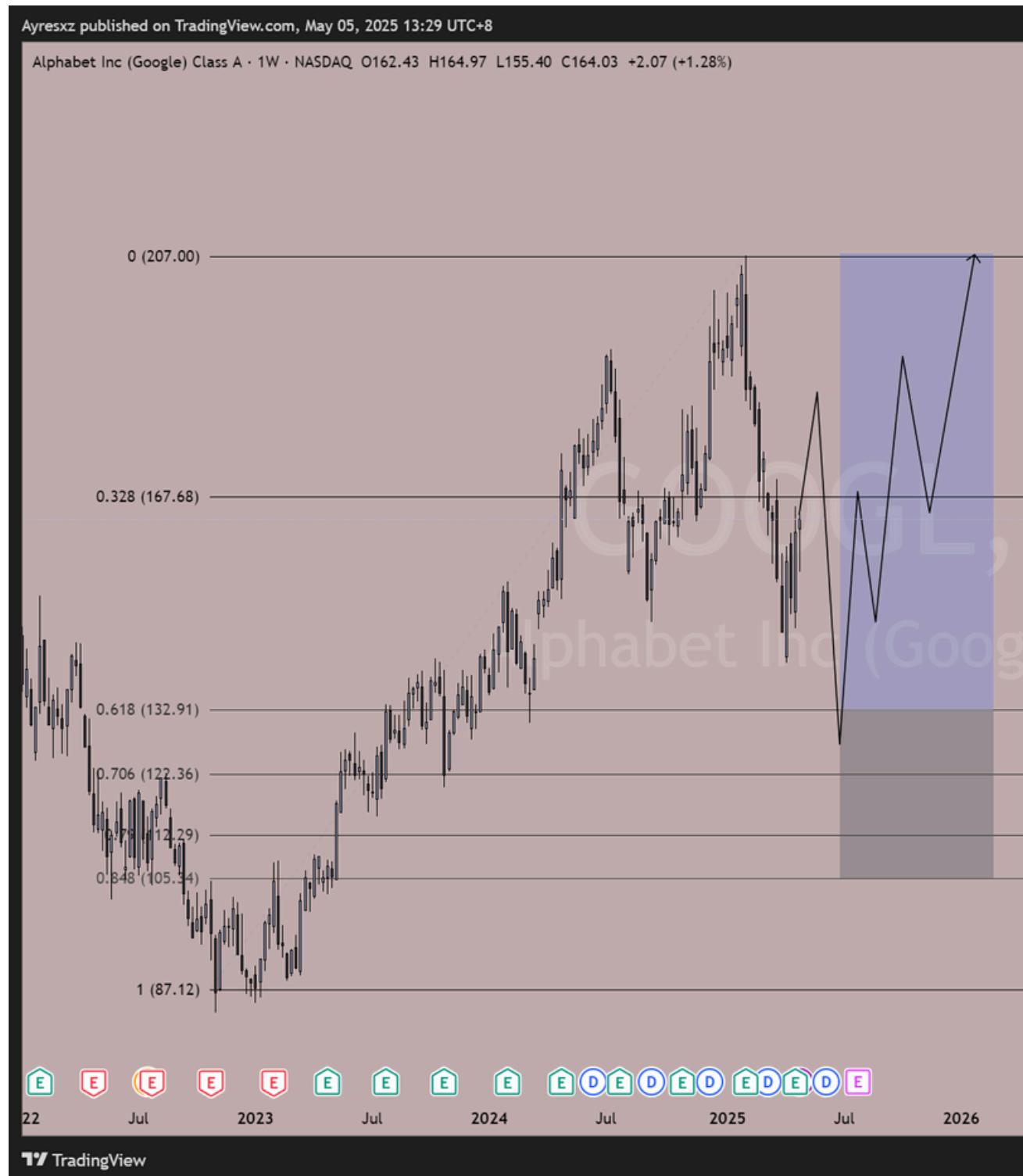
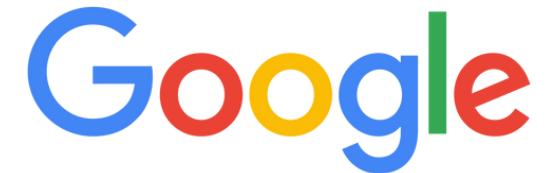
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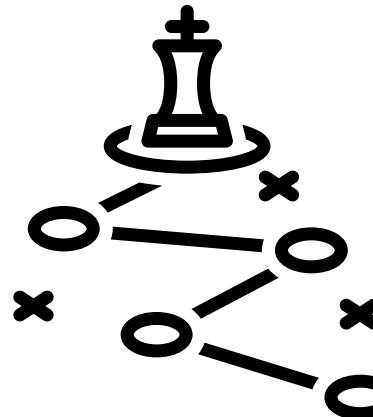
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QUANTITATIVE - TECHNICAL ANALYSIS



Possible Trading Strategy

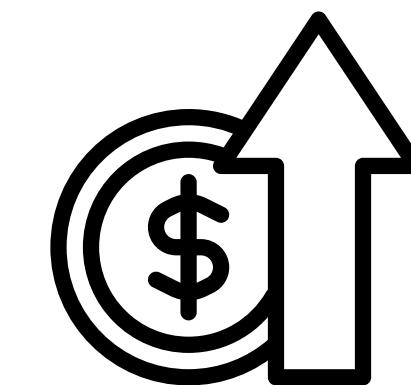


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Key Levels to Watch for Entry:

- 0.618 Retracement → \$132.91
- 0.706 Retracement → \$122.36
- 0.79 Retracement → \$112.29

Key Confluences for the Long:



Take Profit Levels:

- TP1: \$167.68 (0.328 Fib Zone) – Minor resistance level for partial profits.
- TP2: \$207.00 (0 Fib Zone) – Key resistance level from previous highs.

QUANTITATIVE - RISK MANAGEMENT & MITIGATION



Risk Management Strategy

Entry Strategy – Layered Precision

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MONARCH WATCH

Personnel Credits

MONARCH WATCH, 3RD EDITION CREDITS



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Chipotle Mexican Grill*



Edus Ng
*Managing Director,
Nutrien Ltd.*



Kay Lam Wong
*Managing Director,
Technical Analysis*



Jocelyn Chng
*Associate,
PayPal Holdings Ltd.*



Ryan Tay
*Analyst,
Technical Analysis*



Leo Kai Zhi
*Associate,
Alphabet Inc*



Denzel Lai
*Associate,
Alphabet Inc*

THANK YOU TO OUR ESTEEMED TEAM MEMBERS



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Head of Human Resources*



Scott Sofian
Managing Director



Kay Lam Wong
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Head of Technical Analysis (TA)*



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Chan Wee Chia
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Research (Healthcare)*



Jocelyn Chng
*Associate,
Marketing & Communications*



Ryan Tay
*Analyst,
Research (TA)*



Lovette Tew
*Analyst,
Strategy & Analytics*



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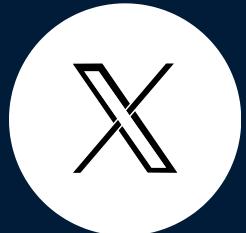
LinkTree

www.linktr.ee/monarchresearch



Telegram Channel

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