

Monster Beverage Corporation

Recommendation BUY ★ ★ ★ ★ ★

Price USD 47.13 [as of market close Aug 30, 2024] **12-Mo. Target Price** USD 60.00

Report Currency USD

Investment Style Large-Cap Growth

Equity Analyst Garrett Nelson

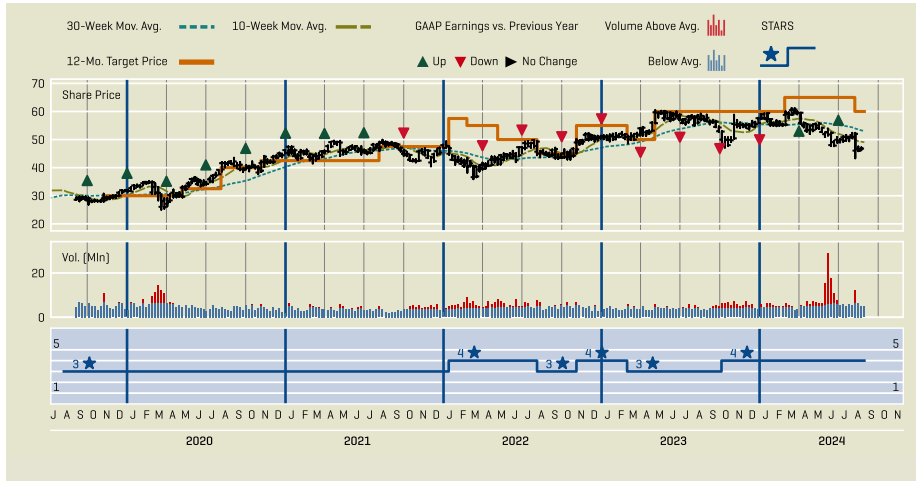
GICS Sector Consumer Staples
Sub-Industry Soft Drinks and Non-alcoholic Beverages

Summary Monster Beverage develops, markets, distributes, and sells energy drink beverages and concentrates in the U.S. and internationally.

Key Stock Statistics [Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports]

52-Wk Range	USD 61.23 - 43.32	Oper.EPS2024E	USD 1.70	Market Capitalization[B]	USD 46.04	Beta	0.76
Trailing 12-Month EPS	USD 1.61	Oper.EPS2025E	USD 2.00	Yield [%]	N/A	3-yr Proj. EPS CAGR[%]	21
Trailing 12-Month P/E	29.27	P/E on Oper.EPS2024E	27.72	Dividend Rate/Share	N/A	SPGMI's Quality Ranking	B+
USD 10K Invested 5 Yrs Ago	16,362.0	Common Shares Outstg.[M]	983.00	Trailing 12-Month Dividend	N/A	Institutional Ownership [%]	66.0

Price Performance



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Garrett Nelson on Aug 08, 2024 10:49 AM ET, when the stock traded at USD 45.24.

Highlights

- We estimate net sales will rise about 6% in 2024 and 10% in 2025, after increasing 13% in 2023 and 14% in 2022, driven by new product launches, price increases, volume growth in existing markets, and international expansion on increased distribution.
- We expect gross margins to expand by 100 bps in 2024 from 53.1% in 2023 (+280 bps), reflecting easing cost pressures related to distribution and packaging, ingredients, and other inputs, as well as a less favorable geographic mix as international sales grow faster than domestic sales. We see cost pressures starting to moderate going forward, with comps becoming more favorable. The procurement and cost of aluminum cans have been a challenge in recent years, as Covid-19-related at-home consumption trends boosted demand.
- We forecast adjusted EPS of \$1.70 in 2024 and \$2.00 in 2025, versus \$1.54 in 2023 and \$1.12 in 2022. MNST does not pay a dividend, but bought back a total of \$531M of stock in 2023 and \$771M in 2022. In May 2024, the company announced a tender offer to buy back up to \$3B of stock. MNST has a history of generating robust free cash flow and possesses a strong balance sheet, with \$749M of debt and \$1.56B of cash at the end of Q2 2024.

Investment Rationale/Risk

- Our Buy rating reflects a valuation we consider attractive at current levels. We also think a rough patch of lackluster execution (only one earnings beat from 2021-2022) is behind it, with both top-line growth and margin expansion likely to drive improvement. We also view the faster-growing nature of the energy drinks segment and its international growth potential as positives. In 2023, MNST's gross margin expanded 280 bps to 53.1% as inflationary pressures eased, particularly costs related to transportation and distribution, aluminum and packaging, and ingredients. At the same time, we think MNST's debt-free balance sheet and strong free cash flow are attributes that should serve investors well over time.
- Risks to our opinion and target price include unfavorable findings pertaining to the safety and effectiveness of energy drinks, higher commodity and transportation costs, and the unsuccessful launch of new products.
- Our 12-month target of \$60 represents a 2025 P/E of 30.0x, a discount to MNST's mean 10-year forward P/E of 36.2x, but higher than peers, reflecting our view that MNST is likely to grow faster than peers, offset by margin and competitive concerns.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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While the company operates in an industry that has historically exhibited stable revenue streams, it must compete against much larger peers.

Revenue/Earnings Data

Revenue (Million USD)	1Q	2Q	3Q	4Q	Year
2025	E 1,997	E 2,167	E 2,163	E 1,996	E 8,323
2024	1,899	1,901	E 1,923	E 1,815	E 7,538
2023	1,699	1,855	1,856	1,730	7,140
2022	1,519	1,655	1,624	1,512	6,311
2021	1,244	1,462	1,411	1,425	5,541
2020	1,062	1,094	1,246	1,196	4,599

Earnings Per Share (USD)

Earnings Per Share (USD)	1Q	2Q	3Q	4Q	Year
2025	E 0.48	E 0.50	E 0.54	E 0.48	E 2.00
2024	0.42	0.41	E 0.46	E 0.41	E 1.70
2023	0.38	0.39	0.43	0.35	1.54
2022	0.55	0.51	0.60	0.57	2.23
2021	0.59	0.75	0.63	0.62	2.59
2020	0.52	0.59	0.65	0.62	2.38

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

No cash dividends have been paid in the last year.

Monster Beverage Corporation

Business Summary Aug 08, 2024

CORPORATE OVERVIEW. Monster Beverage Corporation (MNST), formerly Hansen Natural Corporation, is a leading developer and marketer of “alternative beverages,” a category that combines ready-to-drink iced teas, lemonades, juice cocktails, single-serve juices and fruit beverages, ready-to-drink dairy and coffee drinks, energy drinks, sports drinks, and single-serve still water with “new age” beverages, including “natural” sodas, sparkling juices, and flavored sparkling beverages. The company originally began selling fresh nonpasteurized juices in Los Angeles, California, in the 1930s. At year-end 2023, the company employed a total of 6,003 workers (5,254 on a full-time basis), up from 5,296 at year-end 2022. The company had employees in 73 countries.

In 2023, the geographic breakdown of the company’s net sales was 65% for the U.S. and Canada and 35% for International. Its international exposure has grown from 25% of revenues in 2016.

MNST has three segments: Monster Energy Drinks (92% of net sales in 2023), Strategic Brands (5%), Alcohol Brands (3%), and Other (less than 1%). The Monster Energy Drinks segment is comprised of Monster Energy drinks as well as Mutant Super Soda drinks. This segment sells ready-to-drink packaged drinks primarily to bottlers and full-service beverage distributors. In some cases, the company sells directly to retail grocery and specialty chains, wholesalers, club stores, mass merchandisers, convenience chains, food service customers, and the military. This segment generates higher-per-case revenues, but lower-per-case gross profit margins than the Strategic Brands segment.

The Strategic Brands segment includes various energy drink brands acquired from Coca-Cola in 2014. This segment sells concentrates and/or beverage bases to authorized bottling and canning operations. Bottlers combine the concentrates and/or beverage bases with sweeteners, water, and other ingredients to produce ready-to-drink packaged energy drinks. Products are then sold to other bottlers, full service distributors, wholesalers, or retailers directly.

The Other Segment mostly includes brands sold to third parties.

The company’s customers are mainly full-service beverage distributors, retail grocery and specialty chains, wholesalers, club stores, drug stores, mass merchants, convenience stores, health food distributors, food service customers, and the military. Full service distributors accounted for 47% of 2023 sales; international 40%; club stores and mass merchants 8%; retail, grocery, specialty chains and wholesalers 2%; and alcohol, direct value stores and other 3%. The Coca-Cola Consolidated, Inc. accounted for only 10% of net sales in 2023, down sharply from 41% in 2016 as Coca-Cola transitioned some of its bottlers/distributors to independent operators. In 2023, Coca-Cola Europacific Partners accounted for approximately 13% of net sales and Reyes Coca-Cola Bottling, LLC for 9%.

MARKET PROFILE. According to the Beverage Marketing Corporation, U.S. Liquid Refreshment Beverage volumes fell by 1.2%, but revenues rose by 7.5% in 2023 (an implied price/mix increase of 8.7%). The volume decline represented the largest for the U.S. beverage market since 2009. In 2023, the breakdown of volume growth by product (and in order) was: Energy Drinks (+5.7%), Bottled Water (+0.4%), Carbonated Soft Drinks (-1.9%), Ready-To-Drink Coffee (-2.7%), Ready-To-Drink Tea (-3.0%), Sports Drinks (-4.0%), Fruit Beverages (-5.6%), and Value-Added Water (-6.3%). Volume declines have accelerated from 0.7% growth in 2022 and 4.3% in 2021, largely in response to aggressive price increases by soft drink companies, as implied pricing was up 10.6% in 2022 and 7.9% in 2021.

ACQUISITIONS. On January 13, 2022, MNST announced the acquisition of CANarchy Craft Brewery Collective LLC for \$330M in cash. CANarchy owns Cigar City (Jai Alai IPA) and Oskar Blues (Dale’s Pale Ale) among other craft brewery and hard seltzer brands. The move to expand from energy drinks into the alcohol beverage market represented a significant strategic step for Monster. Although it was a relatively small, bolt-on deal for MNST, we thought the foray made sense.

On July 31, 2023, MNST acquired Vital Pharmaceuticals, the parent company of Bang Energy drinks, for \$362M.

CORPORATE GOVERNANCE. The Coca-Cola Company owned 19.6% of MNST shares as of April 2023 and is entitled to nominate two directors to MNST’s board. Among other provisions, agreements related to Coca-Cola’s equity stake restrict it from competing in the energy drink category, with certain exceptions, including an exception relating to the Coca-Cola brand.

FINANCIAL TRENDS. MNST’s revenues have gone from \$5.54B in 2021 to \$6.31B in 2022 and \$7.14B in 2023, while its EPS has gone from \$1.29 in 2021 to \$1.12 in 2022 and \$1.54 in 2023, respectively. In 2023, MNST posted a 38% increase in adjusted EPS (\$1.54 vs. \$1.12), as net sales rose 13% and gross margin expanded 280 bps to 53.1%. In the first half of 2024, MNST posted an 8% increase in adjusted EPS (\$0.83 vs. \$0.77), as net sales rose 7% and gross margin expanded 120 bps to 53.9%.

As of June 30, 2024, MNST had \$1.56B of cash and cash equivalents, down from \$3.25B on December 31, 2023. MNST had \$749M of debt, a level that was up from \$0 on December 31, 2023.

MNST does not currently pay a dividend, but has periodically repurchased stock in recent years. It repurchased \$3.2B of stock in the first half of 2024, \$531M in 2023, and \$771M in 2022. On May 2, 2024, the company announced plans to commence a tender offer to buy back up to \$3B of stock, using \$2B of cash on hand and \$1B of borrowings. As of August 6, 2024, approximately \$342.4M remained available for repurchase under its authorized stock buyback program.

Corporate information

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Fax

N/A

Website

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Officers

Co-CEO & Vice Chairman	Co-CEO & Chairman
H. H. Schlosberg	R. C. Sacks

Chief Financial Officer

T. J. Kelly

Board Members

A. Demel	M. J. Hall
G. P. Fayard	M. S. Vidergauz
H. H. Schlosberg	R. C. Sacks
J. L. Dinkins	S. G. Pizula
J. P. Jackson	T. M. Hall

Domicile

Delaware

Auditor

Ernst & Young LLP

Founded

1985

Employees

5,629

Stockholders

189

Monster Beverage Corporation

Quantitative Evaluations					
Fair Value Rank	1	2	3	4	5
	LOWEST		HIGHEST		
Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].					
Fair Value Calculation	USD 47.98	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that MNST is undervalued by USD 0.85 or 1.80%			
Volatility	LOW	AVERAGE	HIGH		
Technical Evaluation	BULLISH	Since August, 2024, the technical indicators for MNST have been BULLISH"			
Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE		

Expanded Ratio Analysis				
	2023	2022	2021	2020
Price/Sales	8.54	8.58	9.28	10.76
Price/EBITDA	29.29	32.89	27.76	29.26
Price/Pretax Income	29.47	34.44	28.56	30.41
P/E Ratio	37.41	45.53	37.37	39.02
Avg. Diluted Shares Outstg. [M]	1,057.98	1,066.44	1,071.28	1,069.61

Figures based on fiscal year-end price

Key Growth Rates and Averages			
Past Growth Rate [%]	1 Year	3 Years	5 Years
Net Income	36.87	4.98	10.43
Sales	13.14	15.80	13.40
Ratio Analysis [Annual Avg.]			
Net Margin [%]	22.84	22.19	24.72
% LT Debt to Capitalization	N/A	N/A	N/A
Return on Equity [%]	21.38	20.80	24.22

Company Financials Fiscal year ending Dec 31										
Per Share Data [USD]	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tangible Book Value	5.17	4.20	3.93	2.62	1.67	1.13	1.35	0.85	2.55	1.46
Free Cash Flow	1.42	0.64	1.04	1.22	0.93	0.98	0.79	0.51	0.58	0.56
Earnings	1.54	1.12	1.29	1.32	1.02	0.88	0.71	0.60	0.48	0.46
Earnings [Normalized]	1.54	1.12	1.28	1.18	1.02	0.90	0.71	0.65	0.50	0.46
Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payout Ratio [%]	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Prices: High	60.46	52.32	49.94	46.27	33.19	35.11	32.40	27.75	26.75	18.92
Prices: Low	47.13	35.89	40.46	25.03	23.92	23.80	20.51	18.85	17.80	10.50
P/E Ratio: High	39.30	46.90	38.90	39.00	32.50	39.10	45.70	42.80	53.70	41.00
P/E Ratio: Low	30.60	32.20	31.50	21.10	23.40	26.50	29.00	29.10	35.70	22.70
Income Statement Analysis [Million USD]										
Revenue	7,140	6,311	5,541	4,599	4,201	3,807	3,369	3,049	2,723	2,465
Operating Income	2,012	1,585	1,803	1,633	1,414	1,310	1,234	1,165	972.00	752.00
Depreciation + Amortization	69.00	61.00	50.00	57.00	61.00	57.00	49.00	41.00	31.00	26.00
Interest Expense	0.00	0.00	0.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00
Pretax Income	2,068	1,572	1,801	1,626	1,416	1,293	1,202	1,080	892.00	746.00
Effective Tax Rate	21.20	24.20	23.50	13.30	21.80	23.20	31.70	34.00	38.70	35.20
Net Income	1,631	1,192	1,377	1,410	1,108	993.00	821.00	713.00	547.00	483.00
Net Income [Normalized]	1,301	982.50	1,129	1,017	892.00	824.90	773.10	724.70	596.30	466.00
Balance Sheet and Other Financial Data [Million USD]										
Cash	3,253	2,669	3,076	2,062	1,331	958.00	1,202	598.00	2,920	1,151
Current Assets	5,589	4,765	4,682	3,141	2,316	1,804	2,086	1,432	3,600	1,653
Total Assets	9,687	8,293	7,805	6,203	5,150	4,527	4,791	4,154	5,571	1,939
Current Liabilities	1,162	1,002	965.00	750.00	661.00	601.00	560.00	471.00	410.00	356.00
Long Term Debt	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Capital	8,295	7,063	6,589	5,182	4,201	3,611	3,897	3,330	4,810	1,515
Capital Expenditures	221.00	189.00	44.00	49.00	102.00	62.00	83.00	100.00	36.00	28.00
Cash from Operations	1,718	888.00	1,156	1,364	1,114	1,162	988.00	701.00	523.00	597.00
Current Ratio	4.81	4.76	4.85	4.19	3.50	3.00	3.72	3.04	8.77	4.65
% Long Term Debt of Capitalization	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% Net Income of Revenue	22.80	18.90	24.90	30.70	26.40	26.10	24.40	23.40	20.10	19.60
% Return on Assets	13.99	12.31	16.09	17.98	18.27	17.58	17.25	14.98	16.17	27.99
% Return on Equity	21.40	17.50	23.50	30.20	28.50	26.50	22.70	17.50	17.30	38.50

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Monster Beverage Corporation

Sub-Industry Outlook

CFRA's 12-month fundamental outlook for the Soft Drinks & Non-alcoholic Beverages sub-industry is neutral, reflecting concerns regarding slowing volume and pricing growth, balanced by easing cost inflation, attractive dividend yields, and more compelling valuations after the group's significant underperformance in 2023.

For the group, we see revenues rising by roughly 3% in 2024, down from increases of approximately 6% in 2023 and 11% in 2022. Soft drink sales should continue to benefit from low-single-digit price/mix growth. Growth for product categories such as ready-to-drink coffee, sports drinks, and energy drinks has been particularly strong over the last couple of years. Over the long term, we see challenging trends for carbonated and sugary beverages, as consumer preferences increasingly shift toward healthier and lower-calorie beverages.

From 2021 to 2023, the industry posted historically strong growth, as beverage companies leveraged their strong brand values to pass through aggressive price increases on their products, which helped offset cost pressures from inflation. U.S. retail liquid refreshment beverage sales (in dollars) grew to \$246.4 billion (+7.5%) in 2023 from \$229.2 billion in 2022 (+11.6%) and \$205.4 billion in 2021 (+12.2%). Looking at the 7.5% top-line increase in 2023, volumes were down 1.2%, implying that price/mix increased by a staggering 9.2%, following price/mix growth rates of 10.6% in 2022 and 7.9% in 2021. Longer term, we think volume trends will benefit from increased penetration into non-traditional markets and growing consumer demand for non-alcoholic products. Manufacturers have been reducing package sizes to help boost margins.

According to Beverage Marketing Corporation, U.S. Liquid Refreshment Beverage volumes fell by 1.2%, but revenues rose by 7.5% in 2023 (an implied price/mix increase of 8.7%). The volume decline represented the largest for the U.S. beverage market since 2009. In 2023, the breakdown of volume growth by product (and in order) was: Energy Drinks (+5.7%), Bottled Water (+0.4%), Carbonated Soft Drinks (-1.9%), Ready-

To-Drink Coffee [-2.7%], Ready-To-Drink Tea [-3.0%], Sports Drinks [-4.0%], Fruit Beverages [-5.6%], and Value-Added Water [-6.3%]. Volume declines have accelerated from 0.7% growth in 2022 and 4.3% in 2021, largely in response to aggressive price increases by soft drink companies, as implied pricing was up 10.6% in 2022 and 7.9% in 2021.

We are more positive on near-term prospects for U.S. beverage companies overseas, where we see significant opportunities for sales growth in emerging markets. Certain soft drink companies are also diversifying their product mix by acquiring smaller and faster-growing beverage and snack foods brands. We expect dividend yields and stock buybacks to lend support to share price levels, noting that the two largest players in the space, Coca-Cola and PepsiCo, are members of the S&P Dividend Aristocrats Index and have both raised their dividends for more than 50 years consecutively.

Year-to-date through July 12, 2024, the S&P Soft Drinks & Non-alcoholic Beverages Index was up 1.8% versus a 16.8% gain for the S&P 1500 Index. In 2023, the S&P Soft Drinks Index was down 4.5% versus a 23.4% gain for the S&P 1500 Index, and was up 5.3% versus a 19.1% decline for the S&P 1500 Index in 2022. The sub-industry's five-year CAGR is 5.1%, which compares to 13.1% growth for the S&P 1500 Index.

/ Garrett Nelson

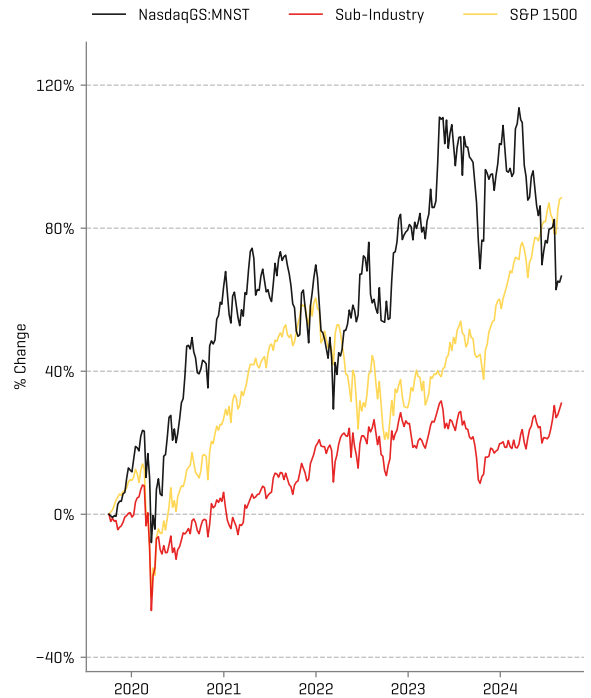
Industry Performance

GICS Sector: Consumer Staples

Sub-Industry: Soft Drinks and Non-alcoholic Beverages

Based on S&P 1500 Indexes

Five-Year market price performance through Aug 31, 2024



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Soft Drinks and Non-alcoholic Beverages Peer Group*: Soft Drinks and Non-alcoholic Beverages

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield on Equity [%]	Return on Equity [%]	LTD to Cap [%]
Monster Beverage Corporation	MNST	NasdaqGS	USD	47.00	46,039.0	-8.9	-19.2	29.0	47.98	N/A	24.6	11.2
Celsius Holdings, Inc.	CELH	NasdaqCM	USD	37.63	8,770.0	-18.7	-41.8	37.0	27.80	N/A	26.6	N/A
Coca-Cola Consolidated, Inc.	COKE	NasdaqGS	USD	1,325.80	11,615.0	16.2	89.9	25.0	N/A	0.2	39.3	57.5
Coca-Cola Europacific Partners PLC	CCEP	NasdaqGS	USD	80.00	36,789.0	9.2	23.8	21.0	N/A	2.5	19.4	45.8
Coca-Cola FEMSA, S.A.B. de C.V.	KOF	NYSE	USD	85.14	17,886.0	-4.1	-4.3	17.0	N/A	3.6	17.1	32.9
Keurig Dr Pepper Inc.	KDP	NasdaqGS	USD	36.17	49,050.0	6.0	7.1	19.0	N/A	2.4	8.7	30.7
National Beverage Corp.	FIZZ	NasdaqGS	USD	45.00	4,213.0	-7.2	-13.8	24.0	29.14	N/A	37.9	N/A
The Vita Coco Company, Inc.	COCO	NasdaqGS	USD	25.27	1,435.0	2.6	-11.9	27.0	30.62	N/A	27.4	0.0
Zevia PBC	ZVIA	NYSE	USD	1.01	60.0	11.0	-61.0	NM	N/A	N/A	-53.5	N/A

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available; NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Monster Beverage Corporation

Analyst Research Notes and other Company News

August 07, 2024

11:16 PM ET... CFRA Maintains Buy Opinion on Shares of Monster Beverage Corporation [MNST 50.53****]:

We lower our 12-month price target by \$5 to \$60, based on a 2025 P/E of 30x, a justified discount to MNST's 10-year mean forward P/E of 36.2x. We lower our EPS estimates by \$0.20 to \$1.70 for 2024 and by \$0.10 to \$2.00 for 2025. MNST posts Q2 EPS of \$0.41 vs. \$0.39 [+5%], five cents below consensus. The miss was driven by a weaker-than-expected top line, as MNST's net sales rose 2.5% to \$1.90B (\$110M below consensus), but gross margin expanded 110 bps to 53.6% (10 bps above consensus). The revenue growth was driven by a 6.9% Y/Y increase in case sales, but average net sales per case was down 3.0%. On the positive side, MNST has been buying back a lot of stock, completing a \$3.0B Dutch tender offer in June in addition to \$300M of share repurchases since the end of Q1. We maintain a Buy opinion but think its results point to the impact of increased competition in the energy drinks segment from Celsius and others, which is weighing on top-line growth. / Garrett Nelson

May 02, 2024

04:58 PM ET... CFRA Reiterates Buy Opinion on Shares of Monster Beverage Corporation [MNST 53.39****]:

We maintain a 12-month target of \$65, based on a '25 P/E of 31.0x, a discount to MNST's 10-year mean forward P/E of 36.2x. We raise our EPS estimates by \$0.05 to \$1.90 for '24 and by \$0.10 to \$2.10 for '25. MNST posted Q1 EPS of \$0.42 vs. \$0.38 [+11%], two cents below consensus. The miss was driven by a slightly weaker-than-expected top line and a higher-than-expected tax rate, as MNST's net sales rose 12% to \$1.90B (\$4M below consensus) and gross margin expanded 130 bps to 54.1% (30 bps above consensus). The net sales growth was driven by a 16% jump in case sales and foreign currency had a \$64M unfavorable impact. MNST repurchased 1.8M shares for \$54.96/share in Q1 and the company announced plans to commence a tender offer to buy back up to \$3B of stock, using \$2B of cash on hand and \$1B of borrowings. We calculate that the tender will have the effect of reducing MNST's share count by more than 5%, and the decision to repurchase so much stock sends a strong signal to investors regarding the stock's valuation. / Garrett Nelson

February 28, 2024

05:12 PM ET... CFRA Maintains Buy Opinion on Shares of Monster Beverage Corporation [MNST 55.85****]:

We raise our 12-month target by \$5 to \$65, based on a 2025 P/E of 32.5x, a discount to MNST's 10-year mean forward P/E of 36.1x. We maintain our EPS estimates of \$1.85 for 2024 and \$2.00 for 2025. MNST posted Q4 EPS of \$0.35 vs. \$0.29 [+21%], three cents below consensus. The miss was driven by a weaker-than-forecasted top line, as MNST's net sales rose 14% to \$1.73B [\$30M below consensus] and gross margin expanded 240 bps to 54.2% (70 bps above consensus). The revenue growth was driven by an 11% increase in case sales and foreign currency had an unfavorable impact on net sales of \$27M. Notably, MNST's international sales continue to grow at a faster pace [+17% in Q4] than its U.S. sales and it repurchased 0.8M shares for \$54.57/share in Q4. We think the combination of the recent Bang Energy acquisition and the ongoing rollout of alcoholic beverage products sets the stage for continued growth going forward. MNST continues to screen as one of the strongest bottom-line growth stories in the soft drinks industry. / Garrett Nelson

November 02, 2023

05:18 PM ET... CFRA Maintains Buy Opinion on Shares of Monster Beverage Corporation [MNST 52.66****]:

We maintain a 12-month price target of \$60, based on a 2025 P/E of 30x, a discount to MNST's 10-year mean forward P/E of 36.0x. We increase our 2023 EPS estimate by \$0.05 to \$1.60, up 2024's by \$0.05 to \$1.85, and introduce 2025's at \$2.00. MNST posted Q3 EPS of \$0.43 vs. \$0.30 [+43%], ahead of the \$0.40 consensus. MNST's net sales rose 14% to \$1.86B (\$11M below consensus) and gross margin expanded 170 bps to 53.0% (20 bps below consensus). The revenue growth was driven by an 11.3% increase in case sales. Notably, MNST stepped up its stock buyback activity during the quarter, repurchasing 7.3M shares for \$54.83/share in Q3. We think the combination of the recent Bang Energy acquisition and the ongoing rollout of alcoholic beverage products sets the stage for continued growth going forward. Additionally, MNST's international sales continue to grow at a faster pace than its U.S. sales. MNST screens as one of the strongest bottom-line growth

stories in the soft drinks sub-industry, and we maintain a Buy rating. / Garrett Nelson

October 05, 2023

09:51 AM ET... CFRA Raises Opinion on Shares of Monster Beverage Corporation to Buy from Hold [MNST 52.33****]:

We maintain a 12-month target of \$60 based on a 2024 P/E of 33.3x, a discount to MNST's 10-year mean forward P/E of 36.0x. Our EPS estimates remain \$1.55 for 2023 and \$1.80 for 2024. After the stock's 9% decline since the end of June, we raise our opinion on MNST to Buy, as we believe investors aren't fully appreciating the company's potential for margin improvement and value creation from its growing net cash balance [\$3.2B at the end of Q2]. MNST screens as one of the strongest bottom-line growth stories in the soft drinks sub-industry over the next few years, and we think a rough patch of spotty execution [only one earnings beat from 2021-2022] is behind it, with both top-line growth and margin expansion likely to drive improvement. As a reminder, MNST is coming off a quarter in which its Y/Y net sales and EPS growth surged by 12% and 53%, respectively, and gross margin expanded 540 bps. We view the faster-growing nature of the energy drinks segment and its international growth potential as positives. / Garrett Nelson

August 03, 2023

05:01 PM ET... CFRA Maintains Hold Opinion on Shares of Monster Beverage Corporation [MNST 57.98****]:

We maintain our 12-month price target of \$60, based on a '24 P/E of 33.3x, a modest discount to MNST's 10-year mean forward P/E of 35.8x. We increase our EPS estimates by \$0.05 to \$1.55 for '23 and by \$0.05 to \$1.80 for '24. MNST posts Q2 EPS of \$0.39 vs. \$0.26 [+53%], in line with consensus. MNST's net sales rose 12% to \$1.85B [\$15M lower than consensus] and gross margin expanded 540 bps to 52.5% (40 bps below consensus). The revenue growth was driven both by a 7.7% increase in case sales and a 2.5% increase in net sales per case. The company completed its acquisition of Bang Energy at the end of July for \$362M and is in the process of integrating the assets. MNST shares slipped more than 3% after hours, as the release was considered a mild disappointment [both the top line and margins]. We continue to have concerns about the company's poor earnings execution [only one earnings beat in the past eight quarters]. While we like MNST's debt-free balance sheet, we find the stock's valuation fair at current levels. / Garrett Nelson

May 04, 2023

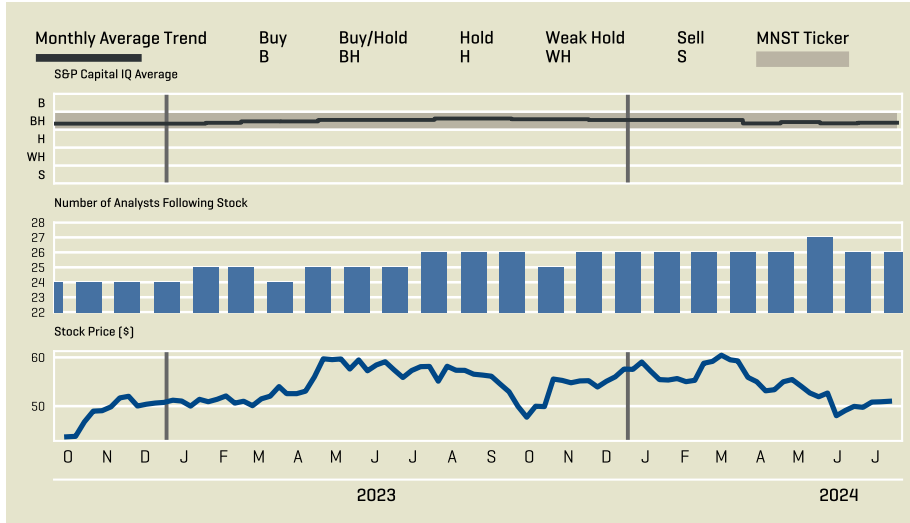
05:05 PM ET... CFRA Maintains Hold Opinion on Shares of Monster Beverage Corporation [MNST 57.82****]:

We increase our 12-month target by \$10 to \$60, based on a '24 P/E of 34.3x, a modest discount to MNST's 10-year mean forward P/E of 35.6x. We increase our EPS estimates by \$0.07 to \$1.50 for '23 and by \$0.07 to \$1.75 for '24. MNST posts Q1 EPS of \$0.38 vs. \$0.28 [+36%], ahead of the \$0.34 consensus. The beat was driven by a combination of slightly stronger-than-expected revenue and margins, as well as a lower effective tax rate [20.1% vs. 25.0% in the year-ago quarter and the 24.0% consensus forecast]. MNST's net sales rose 12% to \$1.70B [\$6M above consensus] and gross margin expanded 170 bps to 52.8% (10 bps ahead of consensus). The revenue growth was driven by an 8.1% increase in case sales. While we think the release should restore confidence in the company following a terrible stretch of earnings releases characterized by sloppy operational execution and poor margin performance [its last bottom line beat was the Q2 '21 quarter], we find the stock's valuation fair at current levels after a 14% YTD run-up. / Garrett Nelson

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Monster Beverage Corporation

Analysts Recommendations



Wall Street Consensus Opinion

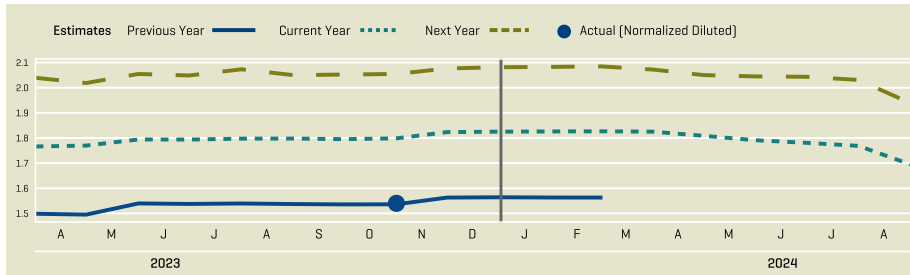
Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2024, analysts estimate that MNST will earn USD 1.69. For fiscal year 2025, analysts estimate that MNST's earnings per share will grow by 14.38% to USD 1.94.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	11	42	11	11
Buy/Hold	4	15	4	3
Hold	9	35	9	10
Weak hold	1	4	1	0
Sell	1	4	1	1
No Opinion	0	0	0	0
Total	26	100	26	25

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2025	1.94	2.10	1.81	24	24.25
2024	1.69	1.85	1.63	24	27.74
2025 vs. 2024	▲ 14%	▲ 14%	▲ 11%	N/A%	▼ -13%
Q3'25	0.49	0.52	0.47	10	94.98
Q3'24	0.43	0.45	0.40	19	109.08
Q3'25 vs. Q3'24	▲ 15%	▲ 16%	▲ 18%	▼ -47%	▼ -13%

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Monster Beverage Corporation

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs [American Depositary Receipts], and ADSs [American Depositary Shares] based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark [e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)], based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Abbreviations Used in Equity Research Reports

CAGR	- Compound Annual Growth Rate
CAPEX	- Capital Expenditures
CY	- Calendar Year
DCF	- Discounted Cash Flow
DDM	- Dividend Discount Model
EBIT	- Earnings Before Interest and Taxes
EBITDA	- Earnings Before Interest, Taxes, Depreciation & Amortization
EPS	- Earnings Per Share
EV	- Enterprise Value
FCF	- Free Cash Flow
FFO	- Funds From Operations
FY	- Fiscal Year
P/E	- Price/Earnings
P/NAV	- Price to Net Asset Value
PEG Ratio	- P/E-to-Growth Ratio
PV	- Present Value
R&D	- Research & Development
ROCE	- Return on Capital Employed
ROE	- Return on Equity
ROI	- Return on Investment
ROIC	- Return on Invested Capital
ROA	- Return on Assets
SG&A	- Selling, General & Administrative Expenses
SOTP	- Sum-of-The-Parts
WACC	- Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★★ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Monster Beverage Corporation

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2024

Ranking	North America	Europe	Asia	Global
Buy	40.3%	35.9%	45.1%	40.5%
Hold	50.2%	54.1%	47.9%	50.5%
Sell	9.5%	10.0%	7.0%	9.1%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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