

tional beverages are intended to have added health benefits, as they are fortified with vitamins, minerals and herbs. Markets prodRodney C. Sacks. Inc.: DE. Addr.: 1 Monster Way, Corona, California 92879. Tel.: 951-739-6200. Internet: www.monsterbevcorp.com.

Past Est'd '21-'23 ANNUAL RATES Past of change (per sh) 5 Yrs. Sales "Cash Flow" 12.0% 15.5% 6.5% "Casıı Earnings "dends 15.5% 13.0% 16.0% 13.0% 12.0% Nil 4.0% Dividends Book Value 23.0% 17.5%

1001.9

Current Liab.

597.3

1161.6

695.1

1228.8

Cal-	QUARTERLY SALES (\$ mill.)				Full
endar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Year
2021	1243.8	1462.1	1410.5	1425.0	5541.4
2022	1518.5	1655.2	1624.5	1512.9	6311.1
2023	1698.9	1854.9	1856.0	1730.2	7140.0
2024	1899.0	1975	2125	1851	7850
2025	2050	2175	2325	2085	8635
Cal-	EARNINGS PER SHAREA				Full
endar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Year
2021	.29	.38	.32	.30	1.29
2022	.28	.25	.30	.29	1.12
2023	.38	.39	.43	.35	1.54
2024	.42	.53	.50	.40	1.85
2025	.50	.60	.60	.45	2.15
Cal-	QUARTERLY DIVIDENDS PAID				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2020					
2021	NO CASH DIVIDENDS				
2022	BEING PAID				
2023					
2024					

Investors of Monster Beverage stock have been heading for the exits. The equity has declined over 15% in value since our April review, and is in the vicinity of its 52-week low. At first glance, the selloff seems a bit unwarranted, in our view. Indeed, the company posted sales and earnings advances of 11.8% and 10.5%, to \$1.89 billion and \$0.42 a share, respectively, in the March period. However, upon closer inspection, investor caution is likely elevated due to ongoing macroeconomic uncertainties (more below), particularly in foreign markets.

Inflation, especially in the company's international markets, is a concern. During the first quarter, sales were impacted by foreign currency losses, especially in Argentina. Even at home, rising costs remain a strain on consumers. Like its industry peers, Monster has implemented price hikes, but it too continues to face steep increases in operational and manufacturing expenses.

We are optimistic that sales and earnings will progress at a double-digit pace in 2024 and 2025. We have slightly increased both our top- and bottom-line es-

timates. The company's reconfigured portfolio includes many offerings that appeal to consumers. Monster has maintained its leadership position within the energy market with its Monster line of drinks. It has done so through innovation and strategic retail placement. Growing demand in this category is commendable since the energydrink market remains highly contested. Also, its brand partnership with The Coca-Cola Company has been bearing fruit. Furthermore, Monster's entry into the alcohol market, with the acquisition of CANarchy, diversifies its reach within the beverage landscape. These categories are expected to flourish further once economic conditions, both overseas and at home, stabilize. Growth over the 3- to 5-year horizon will likely continue to cater to evolving consumer tastes. Thus, we project healthy annual earnings growth by then. The stock is unfavorably ranked for year-ahead relative price performance. However, MNST shares suit patient investors since capital appreciation potential over the 2027-2029 time frame is above average.

Nira Maharaj

(A) Fully diluted earnings. Excludes non recurring gains and (losses): '15, (\$0.27); '17, \$0.04; '20, \$0.13. May not sum due to rounding. Next earnings report due early August.

(B) In millions, adjusted for stock splits.
(C) Includes intangibles. In '23: \$2,845.0 mil-

Company's Financial Strength Stock's Price Stability 100 Price Growth Persistence **Earnings Predictability** 90

July 12, 2024