



# Stock Coverage

Monster Beverage Corporation

June 28, 2024

## Monster Beverage Corp (NASDAQ: MNST)

### *I. General Information*

- Company Description:
  - i. Monster Beverage is an alternative beverage company that markets, distributes, and sells a large variety of single-served drinks.
- Company History:
  - i. In the 1930s, the Hansen family began selling juices in southern California.
  - ii. In 1992, Hansen Natural Corporation significantly expanded operations to include “alternative” beverages, such as energy drinks.
  - iii. In 2012, the company changed names to Monster Beverage Corporation and over the past decade Monster has made multiple acquisitions, both vertically and horizontally, most notably:
    - 1. Acquired various energy brands from The Coca-Cola Company (TCCC) in 2015
    - 2. Acquired flavor supplier American Fruits and Flavors (AFF) in 2016
    - 3. Acquired Vital Pharmaceuticals (Bang Energy) in 2023
  - iv. The Company is headquartered in southern California and currently employs around 6,000 individuals
- Growth Drivers:
  - i. Innovation in the product line, including new releases such as Monster Energy® Ultra Fantasy Ruby Red™, Juice Monster® Rio Punch™ and Java Monster® Irish Crème.

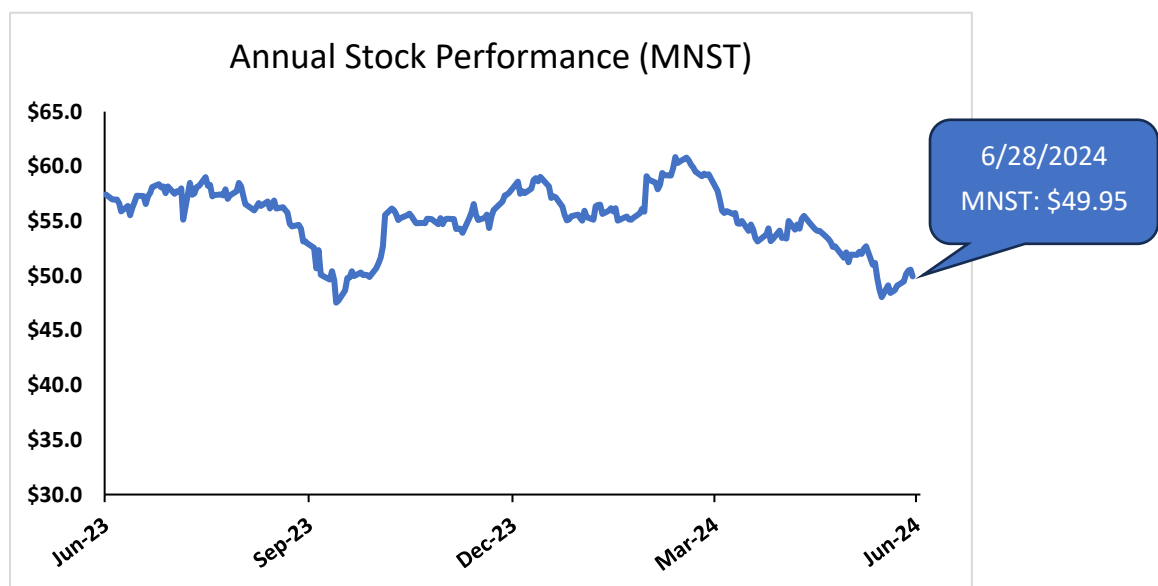
- ii. New marketing campaigns that involve social media usage and branding with video games.
  - iii. Recent product price increases.
- Risks:
  - i. Currency exchange – sales have been negatively effective by unfavorable exchange rates in Argentina.
  - ii. Harsh competition in the highly fragmented energy drink market.
  - iii. Heavy reliance on The Coca-Cola Company for bottling and distribution services, as well as nearly a 20% equity stake in Monster.
- Current Events:
  - i. In May 2024, Monster announced a share buyback program to repurchase up to \$3 billion in company shares. The buyback program will be financed with \$2 billion cash on-hand and \$1 billion from additional debt facilities.

## II. Stock Performance

- As of June 28 2024, Monster stock's adjusted close price was \$49.95
- Monster stock trades around 31.5x its trailing 12 months earnings

<b>Stock Ticker</b>	<b>MNST</b>
<b>Current Price</b>	<b>\$49.95</b>
<b>2024 YTD Return</b>	<b>-14.7%</b>
<b>52-week Return</b>	<b>-13.0%</b>

<b>52-week High</b>	<b>\$60.8</b>
<b>52-week Low</b>	<b>\$47.5</b>



### III. Financials Performance (Q1 2024)

- Revenue Growth
  - i. **Revenue:** For the three months in Q1 2024, revenue was **\$1.9 billion**, which represents a **11.8% increase** year over year.
- Margin Analysis
  - i. **Gross Profit Margins:**
    1. Gross Profit was **\$1.02 billion**, which represents 54.1% gross margin.
  - ii. **Net Margins:**
    1. Overall net income was **\$442 billion** in Q1 2024, representing a **11.2% increase** year over year.
    2. Net income margin for Q1 2024 was **23.3%, relatively flat** year over year.

### IV. Statements and Analyses

Quarterly Income Statement (MNST)		
Three months ending on March 31		
(\$MM)	Q1 2023	Q1 2024
<u>Revenue</u>		
Monster Energy Drinks	\$1,561.7	\$1,729.1
Strategic Brands	86.4	108.4
Alcohol Brands	46.3	56.1
Others	4.6	5.5
<b>Total Revenue</b>	<b>\$1,698.9</b>	<b>\$1,899.1</b>
<i>Revenue Growth</i>		11.8%
<u>Cost of Sales</u>		
<b>Total COGS</b>	<b>801.1</b>	<b>872.0</b>
<b>Gross Profit</b>	<b>\$897.8</b>	<b>\$1,027.1</b>
<i>Gross Profit Margin</i>	52.8%	54.1%
<u>Operating Expenses</u>		
Distribution	76.3	94.4
Selling	149.0	174.4
G&A	187.4	216.3
<b>Total Operating Expense</b>	<b>412.8</b>	<b>485.1</b>
<b>Operating Income</b>	<b>\$485.1</b>	<b>\$542.0</b>
Other Income (Expense)	12.5	35.8
<b>Earnings before Taxes</b>	<b>497.6</b>	<b>577.7</b>
Taxes	100.1	135.7
<b>Net Income</b>	<b>\$397.5</b>	<b>\$442.0</b>
<i>NI Margin</i>	23.4%	23.3%

Revenue by Geographical Region				
Three months ending on March 31				
(\$MM)	Q1 2023	% Total	Q1 2024	% Total
<u>Revenue by Region</u>				
USA & Canada	\$1,115.3	65.6%	\$1,206.1	63.5%
Europe, Middle East, Africa	\$308.1	18.1%	\$395.6	20.8%
Asia Pacific	\$131.0	7.7%	\$131.2	6.9%
Latin America	\$144.6	8.5%	\$166.2	8.8%
<b>Total Revenue</b>	<b>\$1,698.9</b>	<b>100.0%</b>	<b>\$1,899.1</b>	<b>100.0%</b>

Diluted Earnings per Share (EPS)		
	Q1 2023	Q1 2024
<u>EPS</u>		
Quarterly Net Income (MM)	\$397.5	\$442.0
Share Count (estimate)	1,059,069,000	1,051,282,000
<b>Earnings per Share</b>	<b>\$0.375</b>	<b>\$0.420</b>

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