

Monster Beverage Corporation

Recommendation BUY ★ ★ ★ ★ ★

Price USD 57.61 [as of market close Dec 29, 2023] **12-Mo. Target Price** USD 60.00

Report Currency USD

Investment Style Large-Cap Growth

Equity Analyst Garrett Nelson

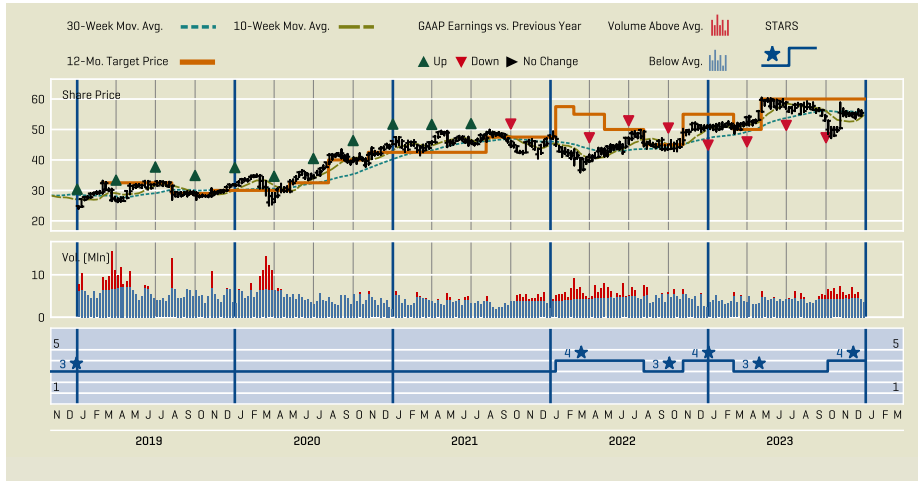
GICS Sector Consumer Staples
Sub-Industry Soft Drinks and Non-alcoholic Beverages

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 60.47 - 47.13	Oper.EPS2023E	USD 1.60	Market Capitalization[B]	USD 59.74	Beta	0.82
Trailing 12-Month EPS	USD 1.49	Oper.EPS2024E	USD 1.85	Yield [%]	N/A	3-yr Proj. EPS CAGR[%]	21
Trailing 12-Month P/E	38.79	P/E on Oper.EPS2023E	36.01	Dividend Rate/Share	N/A	SPGMI's Quality Ranking	B+
USD 10K Invested 5 Yrs Ago	23,495.0	Common Shares Outstg.[M]	1,040.00	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 Nov 03, 2023 09:49 AM ET, when the stock traded at USD 55.60.

Highlights

- We estimate net sales will rise about 13% in 2023 and 12% in 2024, after increasing 14% in 2022 and 21% in 2021, 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 290 bps in 2023 from 50.3% in 2022 (and 56.1% in 2021), 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 remains a challenge, as Covid-19-related at-home consumption trends have boosted demand.
- We forecast adjusted EPS of \$1.60 in 2023 and \$1.85 in 2024, versus \$1.12 in 2022 and \$1.29 in 2021. MNST does not pay a dividend, but recently resumed share repurchases after having not bought back any stock since 2020, buying back a total of \$771M of stock in 2022. MNST has a history of generating robust free cash flow and possesses a strong balance sheet, with no debt and \$3.01B of cash at the end of September 2023.

Investment Rationale/Risk

- Our Buy rating (upgraded from Hold on October 5, 2023) reflects a valuation we consider attractive after the stock's recent sell-off. We also 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. We also view the faster-growing nature of the energy drinks segment and its international growth potential as positives. In 2022, MNST's gross margin contracted 580 bps to 50.3% due to higher transportation and distribution costs, higher aluminum and packaging costs, and ingredient costs. 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 modest discount to MNST's mean 10-year forward P/E of 36.0x, 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 2,092	E 2,247	E 2,243	E 2,066	E 8,648
2024	E 1,915	E 2,088	E 2,074	E 1,938	E 8,015
2023	1,699	1,855	1,856	E 1,752	E 7,162
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	E 0.42	E 0.47	E 0.50	E 0.46	E 1.85
2023	0.38	0.39	0.43	E 0.40	E 1.60
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.

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Monster Beverage Corporation

Business Summary Nov 03, 2023

CORPORATE OVERVIEW. Monster Beverage Corporation, 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 2022, the company employed a total of 5,296 workers (4,607 on a full-time basis), up from 4,092 at year-end 2021. The company had employees in 72 countries.

In 2022, the geographic breakdown of the company’s net sales was 65% U.S. and Canada and 35% International. Its international exposure has grown from 25% of revenues in 2016.

MNST has three segments: Monster Energy Drinks (92% of net sales in 2022), Strategic Brands (6%), Alcohol Brands (2%), 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 48% of 2022 sales; international 39%; club stores and mass merchants 9%; retail, grocery, specialty chains and wholesalers 2%; and alcohol, direct value stores and other 2%. The Coca-Cola Consolidated, Inc. accounted for only 11% of net sales in 2022, down sharply from 18% in 2017 and 41% in 2016 as Coca-Cola transitioned some of its bottlers/distributors to independent operators. In 2022, 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 increased by 0.7% and revenues rose by 11.4% in 2022 (an implied price increase of 10.7%), with the breakdown of volume growth by product (and in order) being: Sports Drinks [+3.2%], Ready-To-Drink Coffee [+2.5%], Energy Drinks [+1.8%], Bottled Water [+1.1%], Carbonated Soft Drinks [+0.7%], Value-Added Water [+0.5%], ReadyTo-Drink Tea [-1.7%], and Fruit Beverages [-1.9%].

ACQUISITIONS. In April 2016, MNST acquired flavor supplier American Fruits & Flavors for \$688.5M in cash. The deal brought the company’s primary flavor supplier in-house.

In June 2015, the company completed a transaction with The Coca-Cola Company (Coca-Cola), providing for a long-term strategic relationship in the global energy drink category. MNST issued to Coca-Cola 102.1M new MNST shares (representing 16.7% of total shares at the time) and Coca-Cola appointed two members to MNST’s Board. Coca-Cola also transferred its energy drink business to MNST, and MNST transferred its non-energy drink business to Coca-Cola. Additionally, MNST amended its distribution agreements to transfer most of MNST’s U.S. distribution to the Coca-Cola distribution network. Lastly, MNST received \$2.15B in cash.

On January 13, 2022, MNST announced the acquisition of CANarchy Craft Brewery Collective LLC for \$330M in cash in a deal expected to close in Q1 2022. 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 represents a significant strategic step for Monster. Although this is a relatively small, bolt-on deal for MNST, we thought the foray made sense and will be accretive to EPS.

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

CORPORATE GOVERNANCE. The Coca-Cola Company owned 19.3% of MNST shares as of April 2022 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. Monster’s revenues have gone from \$4.60B in 2020 to \$5.54B in 2021 and \$6.31B in 2022, while its EPS has gone from \$2.38 in 2020 to \$2.57 in 2021 and \$2.23 in 2022, respectively. In 2022, MNST posted a 13% decline in adjusted EPS (\$2.23 vs. \$2.57), as net sales rose 14% but gross margin contracted 580 bps to 50.3%. In the first nine months of 2023, MNST posted a 43% increase in adjusted EPS (\$1.19 vs. \$0.83), as net sales rose 13% and gross margin expanded 300 bps to 52.8%.

As of September 30, 2023, Monster had \$3.01B of cash and cash equivalents, up from \$2.67B on December 31, 2022. MNST had no debt, a level that was unchanged from December 31, 2022.

Monster does not currently pay a dividend, but has periodically repurchased stock in recent years. Monster repurchased \$400M of stock in Q3 2023 and \$771M of stock in 2022, but did not buy back any stock in 2021. As of November 2, 2023, approximately \$282.8M remained available for repurchase under its

Corporate information

Investor contact

N/A (951 739 6200)

Office

1 Monster Way, Corona, California, 92879

Telephone

951 739 6200

Fax

N/A

Website

www.monsterbevcorp.com

Officers

Co-CEO & Vice Chairman	Chief Financial Officer
H. H. Schlosberg	T. J. Kelly

Co-CEO & Chairman

R. C. Sacks

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

Deloitte & Touche LLP

Founded

1985

Employees

4,952

Stockholders

183

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, generous dividends, and the group's recession-resistant characteristics.

For the group, we see revenues rising by roughly 7% in 2023 and 5% in 2024, after increases of approximately 11% in 2022 and 12% in 2021. Soft drink sales should continue to benefit from higher prices, but we expect pricing growth to moderate to a mid-single-digit rate. 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.

In 2022 and 2021, the industry posted its strongest sales growth in many years, 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 by 11.4% to \$228.8 billion in 2022 after growing 12.2% to \$205.4 billion in 2021. Looking at the 11.4% top-line increase in 2022, volumes were up only 0.7%, implying that prices increased by a staggering 10.7%, following 2021 growth rates of 4.3% for volumes and 7.9% for pricing. 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 the Beverage Marketing Corporation, U.S. Liquid Refreshment Beverage volumes increased by 0.7% and revenues rose by 11.4% in 2022 (an implied price increase of 10.7%), with the breakdown of volume growth by product (and in order) being: Sports Drinks (+3.2%), Ready-To-Drink Coffee (+2.5%), Energy Drinks (+1.8%), Bottled Water (+1.1%), Carbonated Soft Drinks

(+0.7%), Value-Added Water (+0.5%), Ready-To-Drink Tea (-1.7%), and Fruit Beverages (-1.9%). The Ready-to-Drink Coffee category has been the biggest winner since the onset of the Covid-19 pandemic, as sales volumes jumped 13.0% in 2020, 20.6% in 2021, and 2.5% in 2022 due to work-from-home trends.

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 October 6, 2023, the S&P Soft Drinks & Non-alcoholic Beverages Index was down 12.5% versus an 11.2% gain for the S&P 1500 Index. In 2022, the S&P Soft Drinks Index was up 5.3% versus a 19.1% decline for the S&P 1500 Index, and was up 12.2% versus a 26.7% gain for the S&P 1500 Index in 2021. The industry's five-year CAGR is 5.4%, which compares to 9.3% growth for the S&P 1500 Index.

/ Garrett Nelson

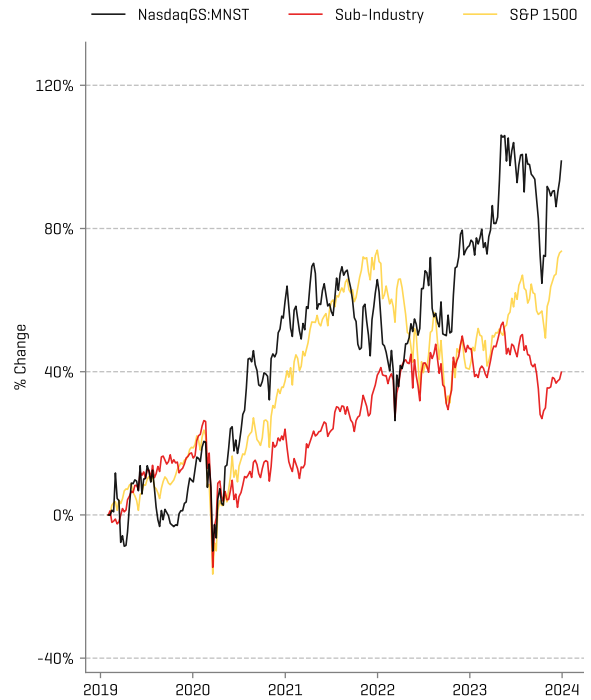
Industry Performance

GICS Sector: Consumer Staples

Sub-Industry: Soft Drinks and Non-alcoholic Beverages

Based on S&P 1500 Indexes

Five-Year market price performance through Dec 30, 2023



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 [%]	Return on Equity [%]	LTD to Cap [%]
Monster Beverage Corporation	MNST	NasdaqGS	USD	57.42	59,742.0	3.9	13.3	39.0	57.64	N/A	21.3	N/A
Celsius Holdings, Inc.	CELH	NasdaqCM	USD	55.45	12,846.0	6.1	60.7	113.0	N/A	N/A	16.2	N/A
Coca-Cola Consolidated, Inc.	COKE	NasdaqGS	USD	933.00	8,746.0	29.7	83.3	19.0	N/A	0.2	35.5	26.5
Coca-Cola Europacific Partners PLC	CCEP	NasdaqGS	USD	66.82	30,710.0	11.3	20.7	16.0	N/A	2.9	21.9	45.8
Coca-Cola FEMSA, S.A.B. de C.V.	KOF	NYSE	USD	94.92	19,941.0	11.5	36.9	16.0	N/A	1.6	17.1	34.5
GURU Organic Energy Corp.	GURO.F	OTCPK	USD	1.58	63.0	1.9	-19.0	NM	N/A	N/A	-23.1	N/A
Keurig Dr Pepper Inc.	KDP	NasdaqGS	USD	33.35	46,635.0	3.4	-6.8	19.0	N/A	2.6	7.7	25.6
National Beverage Corp.	FIZZ	NasdaqGS	USD	49.65	4,637.0	2.8	4.6	28.0	30.71	N/A	43.1	N/A
Primo Water Corporation	PRMW	NYSE	USD	15.18	3,201.0	4.3	-1.6	21.0	N/A	2.1	9.2	43.4
The Vita Coco Company, Inc.	COCO	NasdaqGS	USD	25.59	1,454.0	-11.5	88.7	40.0	N/A	N/A	22.2	0.0
Zevia PBC	ZVIA	NYSE	USD	2.08	105.0	-4.6	-43.6	NM	N/A	N/A	-32.9	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

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

May 02, 2023

12:51 PM ET... CFRA Maintains Hold Opinion on Shares of Monster Beverage Corporation [MNST 56.88****]:

We adjust our estimates and price target for MNST's recently-completed 2-for-1 stock split. Consequently, we adjust our 12-month price target to \$50 a share [previously \$100] and revise our adjusted EPS estimates to \$1.43 for '23 and \$1.68 for '24. In our view, the stock split doesn't change anything fundamentally – the impact is more psychological, as companies with improving prospects and rising stock prices tend to execute stock splits. It's worth mentioning that studies have shown that stocks that split tend to outperform the broader market in the one to three years following the split. A lower share price could also appeal to retail investors. MNST is scheduled to report Q1 earnings after the close this Thursday. / Garrett Nelson

March 01, 2023

12:10 AM ET... CFRA Lowers Opinion on Shares of Monster Beverage Corporation to Hold from Buy [MNST 101.76****]:

We lower our 12-month price target by \$10 to \$100, based on a '24 P/E of 29.9x, a justified discount to MNST's 5-year mean forward P/E of 33.6x. We maintain our EPS estimates of \$2.85 for '23 and \$3.35 for '24. MNST posts Q4 EPS of \$0.57 vs. \$0.60 [-5%], well short of the \$0.62 consensus. The miss was driven by a weaker-than-expected top line and margins, as MNST's net sales rose 6.2% to \$1.51B [\$90M below consensus] and gross margin contracted 210 bps to 51.8% [30 bps below consensus]. The revenue increase was driven by an 8.3% rise in case sales. The release was a disappointment, as we think many believed that the price increases which went into effect on September 1 would help solve MNST's margin issues. We lower our opinion to Hold, as consensus estimates appear high and average pricing was much worse-than-anticipated [-3.7% Y/Y] in an industry where soft drink giants such as Coca-Cola and PepsiCo have leveraged their brand value and pushed through price increases over the last couple of years. / Garrett Nelson

November 04, 2022

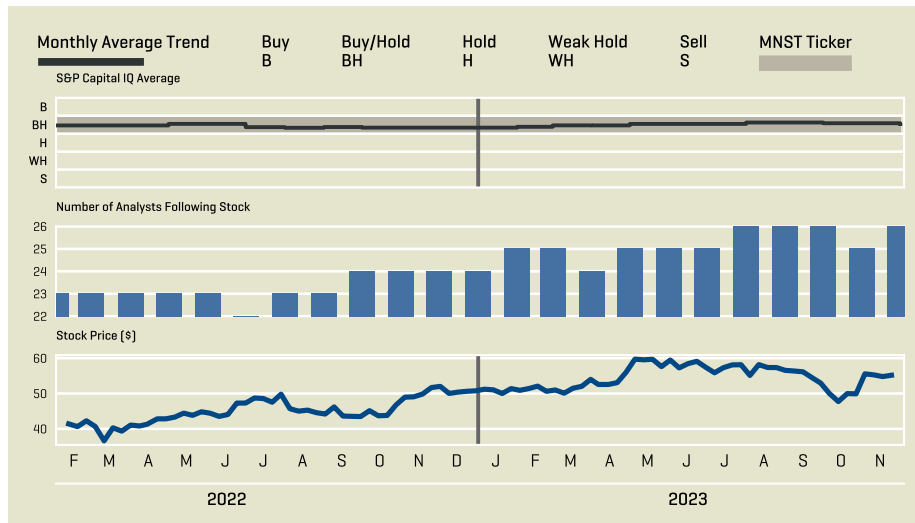
12:10 AM ET... CFRA Raises Opinion on Shares of Monster Beverage Corporation to Buy from Hold [MNST 91.09****]:

We increase our 12-month target by \$20 to \$110, based on a '24 P/E of 32.8x, a justified discount to MNST's 10-year mean forward P/E of 34.2x. We maintain our EPS estimates of \$2.35 for '22, \$2.85 for '23, and introduce '24 at \$3.35. MNST posts Q3 EPS of \$0.60 vs. \$0.63 [-5%], two cents ahead of consensus. The beat was driven by stronger-than-expected margins, as MNST's net sales rose 15% to \$1.62B [\$30M below consensus] and gross margin contracted to 51.3% from 55.9% in Q3 2021 [230 bps above consensus]. The revenue increase was driven by a 14% jump in case sales. We view the release as a positive, as the company was able to post sequential margin improvement after gross margins came in at 47.1% in Q2 and 51.1% in Q1. MNST has been hit with plethora of expense increases which have had a dramatic impact on margins, including transportation, higher aluminum and packaging, and increased ingredient costs. With the worst of its headwinds appearing to be in the rear-view mirror, we raise our opinion to Buy. / 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

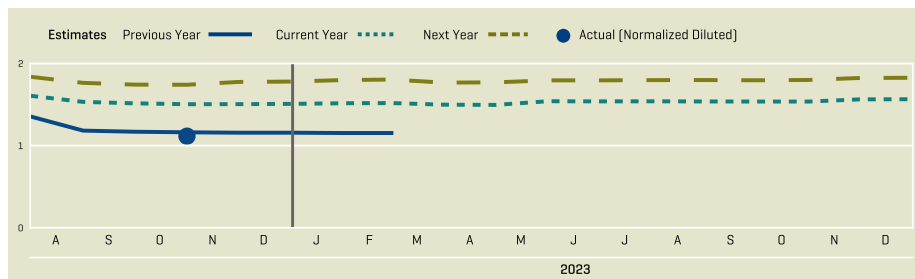
Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2023, analysts estimate that MNST will earn USD 1.56. For fiscal year 2024, analysts estimate that MNST's earnings per share will grow by 16.69% to USD 1.83.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	12	46	12	12
Buy/Hold	4	15	4	5
Hold	9	35	8	7
Weak hold	1	4	1	1
Sell	0	0	0	0
No Opinion	0	0	0	1
Total	26	100	25	26

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2024	1.83	1.88	1.75	22	31.46
2023	1.56	1.63	1.50	22	36.71
2024 vs. 2023	▲ 17%	▲ 15%	▲ 17%	N/A%	▼ -14%
Q4'24	0.45	0.48	0.44	10	126.54
Q4'23	0.39	0.44	0.36	18	147.63
Q4'24 vs. Q4'23	▲ 17%	▲ 9%	▲ 22%	▼ -44%	▼ -14%

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.

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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, including Fair Value.

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.

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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 September 30, 2023

Ranking	North America	Europe	Asia	Global
Buy	36.8%	34.5%	41.6%	37.4%
Hold	53.8%	51.2%	50.3%	52.6%
Sell	9.4%	14.3%	8.1%	10.1%
Total	100.0%	100.0%	100.0%	100.0%

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