

## Monster Beverage NASDAQ - MNST

Sector: Consumer - Defensive  
Industry: Beverages - Non Alcoholic  
Size: Medium (\$1-10 Billion in Revenue)

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### Why Monster Beverage?

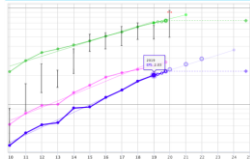
- ▶ 1. Sector analysis of current portfolio
  - ▶ Consumer - Defensive sector
- ▶ 2. Better Investing On-Line Search Tool
  - ▶ Small or medium size company
  - ▶ Historical Sales and Earnings growth >8%
  - ▶ Morningstar indicators C or better

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### Why Monster Beverage? #2

▶ 3. Review historical trends on the SSG.

- ▶ Lines up, straight and parallel
- ▶ Sales:
  - ▶ Average annual growth: 10-year 12.6% -- 5-year 11.5%
- ▶ Earnings per Share:
  - ▶ Average annual growth: 10-year 19.7% -- 5-year 21.8%



Fundamental Company Data											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth(%)
Historical Sales (\$M)	1,304	1,703	2,061	2,246	2,465	2,723	3,049	3,369	3,807	4,201	12.6%
Historical EPS (\$)	0.38	0.51	0.62	0.65	0.92	0.95	1.19	1.42	1.76	2.03	19.7%

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### Why Monster Beverage? #3

#### ▶ 4. Review SSG management indicators.

- ▶ **Pre-Tax Profit Margin on Sales**
  - ▶ Upward trend with an annual average of 34.3%
- ▶ **Return on Equity**
  - ▶ Upward trend with annual average of 29.9%
- ▶ **Debt to Capital - No Debt**

Evaluate Management	2015	2016	2017	2018	2019	5 Yr.Avg	Trend
% Pre-Tax Profit on Sales	32.7%	35.4%	35.7%	34.0%	33.7%	34.3%	
% Return on Equity	12.4%	19.8%	21.3%	24.6%	26.5%	20.9%	
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

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### Who is Monster Beverage?

- ▶ **Sector:** Consumer - Defensive
- ▶ **Industry:** Beverages - Non Alcoholic; Subsegment - alternative beverages
  - ▶ Primarily a brand owner.
  - ▶ Develops, markets, sells and distributes all-natural beverages worldwide.
  - ▶ Strategic relationship with Coca Cola
  - ▶ Multiple market channels

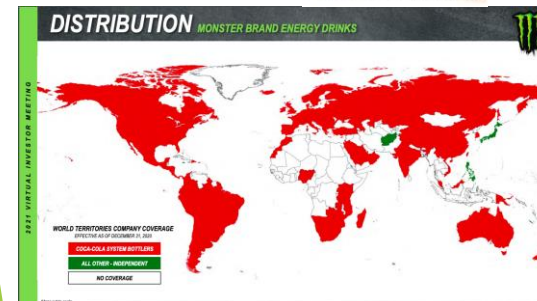
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### More About Monster Beverage

- ▶ Committed to the safety and well-being of its employees
- ▶ Substantial 2020 philanthropic support
- ▶ 28 consecutive years of increased sales
- ▶ Strong growth in all sectors
- ▶ Innovation pipeline is full

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### Existing Markets: Monster Brand



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### Existing Markets: Strategic Brands

2021 VIRTUAL INVESTOR MEETING

STRATEGIC BRANDS EXISTING MARKETS

Legend:  
 ○ PINK - PINK  
 ○ BROWN - BROWN  
 ○ BLUE - BLUE  
 ○ GREEN - GREEN  
 ○ PURPLE - PURPLE  
 ○ RED - RED  
 ○ ORANGE - ORANGE  
 ○ YELLOW - YELLOW  
 ○ WHITE - WHITE  
 ○ BLACK - BLACK  
 ○ GREY - GREY  
 ○ LIGHT BLUE - LIGHT BLUE  
 ○ LIGHT GREEN - LIGHT GREEN  
 ○ LIGHT PURPLE - LIGHT PURPLE  
 ○ LIGHT RED - LIGHT RED  
 ○ LIGHT ORANGE - LIGHT ORANGE  
 ○ LIGHT YELLOW - LIGHT YELLOW  
 ○ LIGHT WHITE - LIGHT WHITE  
 ○ LIGHT BLACK - LIGHT BLACK  
 ○ LIGHT GREY - LIGHT GREY  
 ○ LIGHT LIGHT BLUE - LIGHT LIGHT BLUE  
 ○ LIGHT LIGHT GREEN - LIGHT LIGHT GREEN  
 ○ LIGHT LIGHT PURPLE - LIGHT LIGHT PURPLE  
 ○ LIGHT LIGHT RED - LIGHT LIGHT RED  
 ○ LIGHT LIGHT ORANGE - LIGHT LIGHT ORANGE  
 ○ LIGHT LIGHT YELLOW - LIGHT LIGHT YELLOW  
 ○ LIGHT LIGHT WHITE - LIGHT LIGHT WHITE  
 ○ LIGHT LIGHT BLACK - LIGHT LIGHT BLACK  
 ○ LIGHT LIGHT GREY - LIGHT LIGHT GREY

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### Existing Markets: Reign

2021 VIRTUAL INVESTOR MEETING

REIGN EXISTING MARKETS

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### Existing Markets: Affordable Energy

2021 VIRTUAL INVESTOR MEETING

AFFORDABLE ENERGY EXISTING MARKETS

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### SWOT: Strengths and Weaknesses

- ▶ **Strengths:**
  - ▶ Positive brand recognition
  - ▶ Route to market efficiencies
  - ▶ Product innovation
  - ▶ Industry leading net income margins
  - ▶ Strong financial position
  - ▶ Repurchase 3-4% of shares over past few years - EPS booster
- ▶ **Weaknesses:**
  - ▶ Has never paid a dividend

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### SWOT: Opportunities and Threats

- ▶ **Opportunities**
  - ▶ Increased market share.
  - ▶ Robust demand
- ▶ **Threats**
  - ▶ Competition
  - ▶ Shipment disruptions
  - ▶ Trading at all time highs

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### Sales Projection - Some Data Points

- ▶ 5-Year historical growth annual average - 11.5%
- ▶ 10 Year historical growth annual average - 12.6%
- ▶ 3<sup>rd</sup> Quarter year over year - 9.9%
- ▶ BI 2-Year Analyst Consensus Estimate (ACE) - 10%
- ▶ Value Line's 2-4 year estimate - 7.5%
- ▶ Other analyst estimates range from 9-12%

Poll choices:  
9% 10% 11% 12%

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### Earnings Projection - Some Data Points

- ▶ 5-Year historical growth annual average - 21.8%
- ▶ 10-Year historical growth annual average - 19.7%
- ▶ 3<sup>rd</sup> Quarter year over year - 18.2%
- ▶ BI Long-Term Analyst Consensus Estimate (ACE) - 12.8%
- ▶ Value Line's 2-4 year estimate - 12.5%
- ▶ Other analyst estimates range from 12% to 17%.

Poll choices:  
11% 13% 15% 17%

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### High Price Estimate - Projecting High P/E

- ▶ 5-year average high P/E - 44.3
- ▶ 2-year (2018/2019) average high P/E - 36.3
- ▶ Current P/E - 41.1
- ▶ Average P/E - 37
- ▶ BI recommended high P/E - 30

Poll Choices:  
35 37 39 41

Year	A Price		C Earnings		D Price Earnings Ratio		F Dividend		G % Payout		H % High Yield	
	High	Low	Per Share		High A / C	Low B / C	Per Share		F / C * 100		F / B * 100	
2015	53.5	35.8	0.95		56.5	37.6	0.00		0.0%		0.0%	
2016	55.5	37.7	1.19		46.6	31.7	0.00		0.0%		0.0%	
2017	64.8	41.0	1.42		45.6	28.9	0.00		0.0%		0.0%	
2018	70.2	47.5	1.76		39.9	27.1	0.00		0.0%		0.0%	
2019	66.4	47.8	2.03		32.7	23.6	0.00		0.0%		0.0%	
<b>AVERAGE</b>		<b>42.0</b>			<b>44.3</b>	<b>29.8</b>			<b>0.0%</b>		<b>0.0%</b>	
<b>CURRENT/TTM</b>			<b>2.23</b>				<b>0.00</b>		<b>0.0%</b>		<b>0.0%</b>	
<b>AVERAGE PRICE EARNINGS RATIO: 37.0</b>					<b>CURRENT PRICE EARNINGS RATIO: 41.1</b>							

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### Low Price Estimate - Projecting Low P/E

- ▶ 5-year average low P/E - 29.8
- ▶ 2-year (2018/2019) average low P/E - 25.35
- ▶ P/E that represents 52 week low price (\$50.1) - 24.7
- ▶ 5 Year average P/E - 37
- ▶ BI recommended maximum low P/E - 20

Poll Choices:  
20 25 30 35

Year	A Price		B Earnings		C Price Earnings Ratio		D Dividend		E % Payout		F % High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100				
2015	53.5	35.6	0.95	56.5	37.6	0.00	0.0%	0.0%				
2016	55.5	37.7	1.19	46.6	31.7	0.00	0.0%	0.0%				
2017	64.8	41.0	1.42	45.6	29.9	0.00	0.0%	0.0%				
2018	70.2	47.6	1.76	39.9	27.1	0.00	0.0%	0.0%				
2019	66.4	47.8	2.03	32.7	23.6	0.00	0.0%	0.0%				
<b>AVERAGE</b>		<b>42.0</b>		<b>44.3</b>	<b>29.8</b>		<b>0.0%</b>	<b>0.0%</b>				
<b>CURRENT/TTM</b>			<b>2.23</b>				<b>0.0%</b>	<b>0.0%</b>				
<b>AVERAGE PRICE EARNINGS RATIO: 37.0</b>					<b>CURRENT PRICE EARNINGS RATIO: 41.1</b>							

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# Thank you!

## Any questions?

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