



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%	24.8%	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

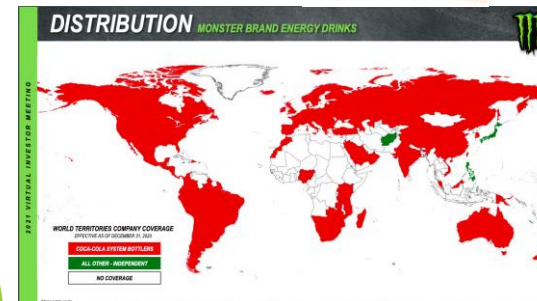
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More About Monster Beverage

- ▶ 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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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%
- ▶ 3rd 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%
- ▶ 3rd 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		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	1.15	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	42.6	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%
AVERAGE	42.0			44.3	29.8		0.0%			0.0%
CURRENT/TTM			2.23			0.00	0.0%			
AVERAGE PRICE EARNINGS RATIO: 37.0				CURRENT PRICE EARNINGS RATIO: 41.1						

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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	C Earnings	D Price Earnings Ratio		E	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	35.6	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	64.9	41.0	1.42	46.6	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%		
AVERAGE		42.9		44.3	29.8		0.0%	0.0%		
CURRENTTTM			2.23			0.00	0.0%			
AVERAGE PRICE EARNINGS RATIO: 37.0				CURRENT PRICE EARNINGS RATIO: 41.1						

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Thank you!
Any questions?

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