

ModernGraham Valuation

Monster Beverage
Corporation



Company Name:

Company Ticker MNST

Date of Analysis

4/4/2018

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$31,565,625,100	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.72	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	241.02%	Pass
6. Moderate PEmg Ratio	PEmg < 20	41.60	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.38	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.72	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.36
MG Growth Estimate	14.35%
MG Value	\$50.78
MG Value based on 3% Growth	\$19.79
MG Value based on 0% Growth	\$11.60
Market Implied Growth Rate	16.55%

MG Opinion

Current Price	\$56.77
% of Intrinsic Value	111.80%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.07
Graham Number	\$16.12
PEmg	41.60
Current Ratio	3.72
PB Ratio	8.38
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.68	Next Fiscal Year Estimate	\$1.36
Dec2017	\$1.42	Dec2017	\$1.15
Dec2016	\$1.19	Dec2016	\$0.96
Dec2015	\$0.95	Dec2015	\$0.81
Dec2014	\$0.92	Dec2014	\$0.70
Dec2013	\$0.65	Dec2013	\$0.56
Dec2012	\$0.62	Dec2012	\$0.48
Dec2011	\$0.51	Dec2011	\$0.39
Dec2010	\$0.38	Dec2010	\$0.31
Dec2009	\$0.37	Dec2009	\$0.25
Dec2008	\$0.19	Dec2008	\$0.18
Dec2007	\$0.25	Dec2007	\$0.16
Dec2006	\$0.17	Dec2006	\$0.09
Dec2005	\$0.11	Dec2005	\$0.05
Dec2004	\$0.04	Dec2004	\$0.02
Dec2003	\$0.01	Dec2003	\$0.01
Dec2002	\$0.01	Dec2002	\$0.01
Dec2001	\$0.01	Balance Sheet Information 12/1/2017	
Dec2000	\$0.01	Total Current Assets	\$2,086,377,000
Dec1999	\$0.01	Total Current Liabilities	\$560,351,000
Dec1998	\$0.01	Long-Term Debt	\$0
		Total Assets	\$4,791,012,000
		Intangible Assets	\$2,365,728,000
		Total Liabilities	\$895,800,000
		Shares Outstanding (Diluted Average)	574,672,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Monster Beverage Corp Valuation – July 2016 \\$MNST](#)
- [Monster Beverage Corp Valuation – January 2016 Update \\$MNST](#)
- [Monster Beverage Corporation Analysis – October 2015 Update \\$MNST](#)
- [Monster Beverage Analysis – July 2015 Update \\$MNST](#)
- [24 Companies in the Spotlight This Week – 3/28/15](#)

Other ModernGraham posts about related companies

- [Campbell Soup Co Valuation – March 2018 \\$CPB](#)
- [Kellogg Company Valuation – March 2018 \\$K](#)
- [Hershey Co Valuation – March 2018 \\$HSY](#)
- [PepsiCo Inc Valuation – March 2018 \\$PEP](#)
- [The Coca-Cola Co Valuation – February 2018 \\$KO](#)
- [Campbell Soup Company Valuation – September 2017 \\$CPB](#)
- [Post Holdings Inc Valuation – Initial Coverage \\$POST](#)
- [Dean Foods Co Valuation – Initial Coverage \\$DF](#)
- [George Weston Limited Valuation – Initial Coverage \\$TSE:WN](#)
- [Tyson Foods Inc Valuation – July 2017 \\$TSN](#)