

The Virgin Islands Consortium

Coca-Cola buys stake in Monster Beverage for \$2.15 Billion

Business / **Published On August 14, 2014 10:04 PM /**

Ernice Gilbert **August 14, 2014**



(BLOOMBERG NEWS) -- Coca-Cola Co., the world's largest beverage company, agreed to buy a 17 percent stake in Monster Beverage Corp. for \$2.15 billion, increasing its bet on the burgeoning energy-drink market.

The move is part of a partnership that will include the transfer of Coca-Cola's NOS, Full Throttle, Burn, Mother, Play and Power Play beverages to Monster, according to a statement today. Monster, meanwhile, will shift Hansen's natural sodas, Peace tea, Hubert's lemonade and Hansen's juice products to Atlanta-based Coca-Cola.

The investment fits into Coca-Cola's strategy of taking equity stakes in promising new brands and technologies, especially as its main source of revenue is under threat from a shift to healthier habits. In May, Coca-Cola said it would boost its stake in Keurig Green Mountain Inc. to 16 percent, making it the coffee brewer's largest shareholder.

The deal is "a capital-efficient way to bolster our participation in the fast-growing and attractive global energy drinks category," Coca-Cola Chief Executive Officer Muhtar Kent said in the statement.

Coca-Cola explored an acquisition of Monster in early 2012, a person familiar with the matter has said. The talks ended without a deal because Coca-Cola decided that Monster's asking price was too high, according to the person.

While Coca-Cola already helps distribute Monster in the U.S. and owns smaller brands such as Full Throttle and NOS, it doesn't have its own major energy drink.

Monster and Red Bull, owned by Austria's Red Bull GmbH, have the largest share of the global energy drink market, according to Morningstar Inc.