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Call Participants

EXECUTIVES

Eric Hanson

Jarrold Langhans
Chief Financial Officer

ANALYSTS

Unknown Analyst

Presentation

Unknown Analyst

Okay. Hi, everyone. Good afternoon. It's a pleasure to introduce our next speakers and actually our last speakers for today. We have Eric Hanson, President and COO; and Jarrod Langhans, CFO of Celsius Holdings. So it's certainly an exciting time for Celsius having just recently closed on our acquisition of Alani Nu with an impressive 16% dollar share as of, I think, March 30 on a combined basis, while also just last quarter, releasing some new exciting innovation, all within the better-for-you functional beverage space. Celsius is really at a pivotal point in their journey, both in terms of navigating the complex macro and operating backdrop while also focusing on driving a reacceleration of growth and continuing to build upon their strong international momentum. So with that, I'd like to jump into things. So welcome, both of you. Good afternoon.

Eric Hanson

Great. Thank you. Good afternoon.

Question and Answer

Unknown Analyst

All right. So Eric. I want to kick some -- all of this off with you, and I believe this is our inaugural event.

Eric Hanson

It is.

Unknown Analyst

I think you mentioned 8 weeks, is it?

Eric Hanson

Week 8.

Unknown Analyst

Yes. So he's very new here at Celsius, and your President and CEO, so curious -- and he came from Pepsi. So curious to hear from you really what led you to Celsius after such a long and successful career at Pepsi, I'd love to hear from your perspective what you see as some of the strengths at Celsius and then maybe some of the opportunities?

Eric Hanson

Yes. No, first, thank you for having us here today. And yes, it's week 8. So I'll preface that with my remarks. But I think having worked with these guys for a couple of years, obviously, as we brought the business into the PepsiCo system and then work to build the partnership out and expand the business. You get to know a lot about the people and the culture and the brands and the way they operate. And so I would say, certainly had a head start coming over on things that I anticipated were -- the new were very good and then things that I had thought were going to be really nice fits for me and for the business overall.

The category is exciting. Energy is one of the best categories in the business. Having worked across a lot of the different ones, these brands are fantastic in terms of the way they've grown rapidly and kind of still maintain their relevance with their core consumer. And so the business was really interesting to me. And so when John reached out and we started talking about it, it's hard to contemplate leaving after 28 years at some place that you've really enjoyed. But if you were going to make the step, this was the right opportunity for me and the right way to come in and help them grow their business in a way that's sustainable and future forward and really exciting.

So I think -- to the second part of the question, I think there are so many things that they do really well, particularly on the brand side and engaging consumers and media. We've got a tremendous field selling organization. We've got tremendous supply chain that has done and dealt with a lot of complexity and mitigated a lot of that over the last few years. And I think the biggest opportunity is just kind of as they've gone through rapid growth, we've seen the org develop in a way that's a bit more one brand focused versus portfolio, very U.S.-centric versus kind of global and international.

And so I think the things that I'm really focused on the short term is getting the right people and the org structure right and the tools and processes and capabilities in place so that we can expand into new brands and new territories much faster and much more efficiently and then leverage that great winning culture that I think they already have and this challenger mindset. So it's exciting. I've had a really, really enjoyable time in the last 8 weeks and getting to know a lot more people than I knew before. It's a fun business to be part of.

Unknown Analyst

Like you said, you sort of knew the brand, you knew the business with your relationship. Did anything really surprise you, either, I don't know, positive or...

Eric Hanson

I will say, I think, particularly on the integration with Alani Nu, Alani, the capability they have, particularly on the marketing side, that's who we're working most closely with. But obviously, the founders have built a great business model with them. But the Alani capabilities on the marketing side are excellent. And I would say, I think the strength of the Celsius marketing team and the strength of the Alani team bring them together and then kind of extract the best of both of those and build out better teams that are very data-driven and future forward and consumer-focused. That's what I'm most excited about and probably most surprised about.

Unknown Analyst

Yes. Sounds good. All right. So I want to switch gears a little bit and talk about demand trends, the category. Certainly, we've seen, at least in the scanner data, recent acceleration industry-wide. So I say that because we haven't quite hit the easy comps and then we've had some of the macro pressures and pressures on the consumer. So I love to hear from your perspective, what's been driving some of the recent category growth and then maybe where it's sourcing from this category?

Eric Hanson

Yes. And I'll let Jarrod weigh in after, but I would also say a couple of things. One, I think there's probably 2 or 3 things that jump out of me. There's been a ton of innovation, right? And you think about where the category sits today, it's 50 -- over 50% sugar-free and zero sugar, whereas just a few years ago, it was a little bit more tilted the other way. So you're seeing innovation and innovation into zero sugar, particularly from some of our large competitors, but the growth of Alani, Celsius has been able to push a path in zero sugar, better-for-you functional. I think consumers are looking for more function, and we've also seen price gaps relative to other categories has closed over the last number of years. So the relative value of energy is very good to where it's been in the past. And so I think it's consumers kind of changing the way they think about functionality and beverage holistically is kind of helping keep the energy business much more growth-oriented than retreating at all.

Unknown Analyst

Okay. Any thoughts on where it's sourcing from as I think about broader..

Eric Hanson

Yes. I think we largely see it coming from -- I think CSDs largely is the only one that's kind of growing at some pace and mostly through pricing. We're seeing softness in really all the other categories, but tea and water and juice and coffee. So I think it's sourcing from a number of different places.

Jarrold Langhans

Chief Financial Officer

Yes, I agree. It's sourcing from kind of the older categories. So a lot of the new age functional, that's where you're seeing the growth come in. And so it's -- like you said, it's the teas, it's the dairy, it's the juices, stuff that's not necessarily considered as healthy or better for you these days, that's more packed with sugar is kind of where we're getting the sourcing from, so.

Unknown Analyst

Okay. And then in terms of your Q1 results, top line, I know there's a lot of moving parts and the timing structure of your main distribution partner incentive program, promotional allowances and then certainly lapping the launch of Essentials. So maybe unpack some of that for us and talk about, from your perspective, the underlying growth trends for your business in Q1.

Jarrold Langhans

Chief Financial Officer

Yes. I mean there's a lot of noise in Q1. We came out super strong with most of our innovation at the beginning of Q1 last year, and it happened more towards the end of Q1 this year, excluding the launch of Essentials, which happened last year and didn't happen this year. There's also some different promotional timing and activity that occurred during the quarter. So we saw a lot of noise driving that. And it was a pretty tough comp. If you look back to last year, we had, I think, something like 35%, 37% growth in Q1 of last year. And then you kind of saw the category in the back half kind of soften a little bit before it's picked back up this year. So that's kind of some of the noise that you've seen within the category. If you look at some of the recent trends, we've had a couple of months of kind of week-over-week growth in dollars.

So we're seeing the trends for -- this is Celsius not Alani, for Celsius growing and kind of working its way back. And as we look kind of into Q2 and especially into the back half of the year, we've got some softer comps. And then we've also got -- in terms of the timing of our innovation, we've got it more coming across throughout the year as opposed to all lined up in the front half. We've got an LTO we're also launching in the back half of the year that will put some resources behind to really help drive up the brand and the awareness and then drive sales as well. So -- and then that with [layering] Alani on top that you can see is currently a rocket ship and really keeping that engine going. We're set up to have a pretty good year.

Unknown Analyst

The LTO, what flavor did you say?

Jarrold Langhans

Chief Financial Officer

I didn't say the...

Unknown Analyst

Did you say where it's going to be rolled out distribution-wise or channel-wise? Or is this...

Jarrold Langhans

Chief Financial Officer

Everywhere. It will be a national all channel LTO with a winter theme.

Unknown Analyst

Winter theme. All right. And so like you mentioned, you've seen velocities trending better sort of heading into Q2 and so far. And you're also seeing maybe accelerating strength for Alani Nu as well even since the acquisition, right?

Jarrold Langhans

Chief Financial Officer

Yes.

Unknown Analyst

Okay. So you reported core dollar share for Celsius. I think it was just under 11%, 10 point, I guess that's Circana. It's down slightly year-over-year, but relatively stable when I think about it versus Q4. So maybe talk through what's weighing on some of the share gains of it. Is there something you could do better to drive your core Celsius brand?

Eric Hanson

So I think a little bit of goes to what Jarrod talked about, I think, in Q1, right? Obviously, so we had the Essentials lab that we've been able to offset from an overall share perspective, again, quarter-to-quarter. But I think the timing of innovation has also been something that's changing the way that the trajectory is moving. But I think the couple of things that we're really focused on, we mentioned the LTO that will

happen in the fall. So that's different. We've traditionally launched more SKUs at the forefront of the year versus kind of doing LTOs, and we'll look to leverage that as a foundation for future.

We've got a marketing campaign that will launch over the next 30 days or so that we think also is timed right to capture growth coming into the summer and really focus in on the Celsius core consumer and fitness and better-for-you and zero sugar. And then I think as we get towards the end of the year, we'll start to see us kind of start to balance the flavor portfolio a little bit and get our sets rightsized with the right SKUs in all the right places, make sure that our best hitters are in all the right places. And so I think that gives us a lot of confidence as we go forward that we'll get that share momentum back.

Unknown Analyst

That's something I wanted to ask you about because I'm hearing from our retailer contacts a lot more recently is that there just seems to maybe be too many flavors within the portfolio. So that's something it sounds like you might consider rationalizing. And again, like you said to make sure you have the right...

Eric Hanson

Yes. I think for a couple of reasons. One, I think if you think about our best seller in Orange, it's -- we're 98% ACV, and we've only got 84% on Orange. And so Orange should be everywhere we need to be. And our top 10 SKUs should be 90% plus. And today, they're not. And so we need to make sure that we've got a sharp execution focus on our best flavors. And then I'd also say it helps us with complexity, right? We're carrying a lot of SKUs in a lot of different packages and formats, whether it's singles and 4s and 12s or varieties. And so getting the right SKUs focused in the right places will help both, I think, on the top line, but also certainly from the bottom line and margin from a complexity perspective.

Unknown Analyst

Okay. And then do you have -- I know at one point, I feel like you had a target for Celsius share of getting ultimately to that 15%. Is that still an achievable goal? And if so, by when?

Eric Hanson

I don't know if we're talking about goals in particular, but I would say I think collectively, our share is a 17% now. And we've got a number of markets where we're already over 20%, and a number of channels or customers where we're already over 20%. And so we feel like there's certainly runway on a total U.S. basis to move that share higher.

Jarrod Langhans

Chief Financial Officer

I mean if you look at food and retail, as a combined, we're over 20%.

Unknown Analyst

Okay. Good point. And then on Alani Nu share, certainly, it seems like that's continuing to do quite well. I think it's a [5.3] share up more than 200 bps in Q1. So maybe frame for us what you think Alani Nu might be doing better that's kind of driving some of these share gains and how you can kind of leverage that either whether it's learnings, applying it to Celsius and/or continuing to accelerate the growth of Alani Nu?

Eric Hanson

Yes. I think there's 2 things right now that's really working well for them. One is, obviously, they're continuing to grow total points of distribution and ACV overall. But they're also very sharp with their marketing and LTO strategy, right? They -- and that's what's impressed me the most is how well they know their consumer and how focused they are on design and flavor and kind of the way they communicate to them, whether it's through their social media platforms or through influencers.

And so I think the marketing is working really effectively for them in getting their core shopper and their core consumer. And then their strategy of every 2 to 3 months of rotating in a new SKU, creating news

and excitement, creating some treasure hunt because they're not available everywhere, doing drops in merchandise along with those has been really effective. And so Alani brand gets a big spike when they drop an innovation. And when they queue that out, they get a big social media spike, they get a big purchase spike. And so I think those are 2 things that we can really learn from and leverage and then kind of optimize for both brands.

Unknown Analyst

Well, it sounds like you are with this LTO in the fall. So if that goes well, should we assume that you're going to -- we're going to see more of that in the future with Celsius or on the Celsius brand?

Eric Hanson

Yes. I would think we would expect to do that.

Unknown Analyst

Okay. And how do the 2 brands interact with each other? I understand the high level, but is there anything now that the deal is closed and you're owning the brand, like are you noticing anything differently than what you thought prior to the acquisition?

Eric Hanson

Probably still too early to tell. A lot of the plans that are executed in the market today were done before we took full control over them. I would say, I think what it gives us is a lot of really good optionality on controlling where and how we do things, whether that's our price pack strategy, it's our promotional strategy. We can choose to merchandise together or apart. We can choose to promote similar packs or different packs. So I think we can be more choiceful, whereas today, the retailers are deciding between the 2 brands, how and when they're going to be put on shelf together. We'll have a lot more influence on the way that goes. And so that will allow us to take the best insights from each customer, each market and then leverage those to build the right commercial strategy.

Unknown Analyst

Okay. And then just thinking about the impact from Alani Nu on the P&L. I know you're going to do a call, I believe, later this month or early next month. You haven't set a date yet, have you?

Jarrold Langhans

Chief Financial Officer

No. We're looking for Memorial Day week, most likely.

Unknown Analyst

Not too close to [indiscernible], but just curious, not to kind of front run that call, is there anything that you can share with us today just in terms of the initial synergies or opportunities that you see in the flow-through of the P&L?

Jarrold Langhans

Chief Financial Officer

Yes, we called out \$50 million of synergies and a significant portion of that is headcount because we've got the sales team built out, the supply chain team built out. So we're on a transition service agreement at the moment. That's a 12-month role. So we've got a good and solid integration plan in place to slowly move everything over to the Celsius group. We did carve out a marketing team like Eric is talking about. So there is a brand team to really create -- to keep that voice of Alani, but there's things like supply chain and sales and merchandising and things like that, that we've got the workforce built out. And then there will be supply chain synergies that we'll have. In terms of like what does the model look like, they're a couple of years behind where we are today. So if you look back a couple of years to where we were, they have a similar profile. We would fully expect them to have a profile more like ours once we get them fully

integrated. So we've got kind of the integration plus the synergies that we'll be able to drive through the system over, call it, the next 18 months.

Unknown Analyst

Okay. All right. We'll look forward to that call. That will be good to hear. Celsius Essentials, you launched it just over a year ago. Hoping to hear how well that brand performed versus your internal expectations. Did that surprise to the upside or not? And where -- I guess, yes, where things might have fallen short? And then where do things stand now in terms of distribution of Essentials? And do you see further runway for that brand? And if so, where?

Eric Hanson

Yes. I think I would say largely in line with expectations. I think it came out of the gates pretty strong, maybe a little bit stronger than expected, and then now it's kind of stabilized into a place where we thought it would be. I think that there's still some distribution opportunity. I think it's in the mid-60s, particularly like in the C&G channel. And as you think about performance energy, which is really where that's targeted, that's a channel where we need to expand a bit more to continue some momentum on that. I do think there's an opportunity to sharpen the messaging on the brand a little bit more, again, into that performance space, and we're looking at ways to enhance the way we put that in front of consumers, both from how we recruit and then how we drive additional frequency on those over time. So I think it's still -- it's just over a year old and performing in line with that performance energy space. And so if we can continue to expand out the distribution and sharpen the message, I think we'll continue to see it perform fairly well.

Unknown Analyst

Okay. Switching to pricing, and I know you guys have talked about this publicly, and you took pricing in Q4 of last year. You were pretty vocal that you really weren't going to recognize too much of the benefits from that pricing, i.e., promoting a fair amount of that back. Can you update us on sort of your strategy as it relates to pricing today and how we should see that flow through for the rest of the year?

Jarrold Langhans

Chief Financial Officer

Yes. So we have been dealing a lot of it back. So when you're looking at some of the data out there, there is a bit of a shift we've seen recently in mix. So we've seen singles really growing for us outsized relative to the multipacks. So there's a little bit of a mix shift there. So it might look like it spiked up over the last few weeks, but it's really just a mix impact. So it is something that we see as a longer-term opportunity down the road, but we did take that headline price so that we could get it and then we have been really being promotional with it for now. And it's something that we have optionality on in the future.

Unknown Analyst

It's fair. But I imagine, too, as I think about the peak summer selling, should we expect promos to kind of continue, especially in this environment...

Jarrold Langhans

Chief Financial Officer

Yes.

Unknown Analyst

To drive -- okay, top line or volume. So as it relates to some of this and thinking about margin, your Q1 gross margins were a bit over 52%. That was up 100 bps year-over-year. That's pretty impressive in this environment. Now you did discuss you expect strong gross margin delivery in Q2 as well, but I think you kind of pegged a 50% margin number for the year. So what's causing you to be a bit more cautious in the second half? Certainly, I assume tariffs, so maybe touch on that for us and the impact or how you're impacted from that?

Jarrold Langhans

Chief Financial Officer

I think it's a bit of conservatism. We don't really know where the tariffs are going to go. Knock on wood, they seem to be in better shape this week. So granted, they were probably at their peak a couple of weeks ago when we had the call, but we're in pretty good shape. We've got a number of mitigation strategies we have put in place well in advance. So that's where we were able to circle the 50%. There's a little bit of conservatism there, but also our commodity is going to go up as inflation is going to happen. So we wanted to just make sure that we set a realistic goal.

Unknown Analyst

Okay. And then I assume it's a lot of your exposure to aluminum. Can you give us a sense of what percentage of your COGS is aluminum roughly, just so we have...

Jarrold Langhans

Chief Financial Officer

Shoot off the top of my head, I don't have it, but it's consistent with the beverage category.

Unknown Analyst

Okay. All right. And then other mitigation efforts, I mean, like we just discussed potential pricing, it's going to depend on the environment and what ends up sticking. But is that [indiscernible] one opportunity, but what else can you do to mitigate some of these potential headwinds?

Jarrold Langhans

Chief Financial Officer

I mean we see opportunity to continue to leverage the business and expand margin. So if you look at the other public company that's ahead of us, they've done a great job of really driving margin across the U.S., and we believe we can continue to do similar things they've done to drive margin, whether it be going direct from a raw material perspective, utilizing co-packers differently or doing -- there's a number of tools in the toolbox that we can still utilize over the coming years to drive that margin.

Unknown Analyst

[indiscernible] and the combination of Alani Nu accretive, no, to the combined as you think about scale advantages, further margin expansion...

Jarrold Langhans

Chief Financial Officer

Yes, a lot of similar ingredients. So as we add them on to the portfolio, we'll have the opportunity to scale up and to get better pricing as well over the coming years. We've got the synergies we've talked about. So there's another -- a number of things we put in place, getting their margin profile more consistent with ours as well. So there's a path to that as we integrate the business.

Unknown Analyst

And on the same topic, I know I think last year, you closed on your acquisition of big beverage contract manufacturing. So I did want to explore that a little bit. And I think the facility is now fully integrated. So how does that play a role in terms of margin lift as you bring potentially more volume in-house?

Jarrold Langhans

Chief Financial Officer

Yes, there's some margin savings there. It's kitted out for a second line as well. So we'll look to add a second line. So as Alani grows, we'll move Alani into there. So we'll...

Unknown Analyst

All of Alani?

Jarrold Langhans

Chief Financial Officer

Not all of Alani. Once we get 2 lines in there, we'll probably have somewhere in the 20% to 25% of our volumes as they are today. Obviously, we look to grow over the next 18 months that it would take to get a line in. So it would probably be a little less than that at that point in time, but it's about 25% of the current capacity we have that we could put into that plant.

Unknown Analyst

And that I'm just thinking about relative to the relationship with Pepsi and then being your distributors that plays a role in this decision as you bring more volume in-house? How do we...

Jarrold Langhans

Chief Financial Officer

No, I mean we're not in any Pepsi plants right now. So we have kind of a 6-orbit model. So we've got kind of 6 primary plants that we utilize, Big Bev being one of them. And then we've got kind of another, call it, 6 or 7 plants that we utilize as well within those orbits. So there's kind of a primary and a secondary. We could double capacity if we needed to with our current footprint. So we're in good shape from that perspective. We have worked with Pepsi on potential opportunities down the road in utilizing them. One of the things is we are tunnel pasteurized. So some of that is sourcing and where is their tunnel pasteurizing within the footprint.

Unknown Analyst

That's kind of what I was thinking to just leveraging them in a different way, potentially in the future. And speaking of Pepsi, I don't know if there's an update as it relates to Alani Nu and whether or not they'll consider distributing and how those conversations may or may not be progressing?

Jarrold Langhans

Chief Financial Officer

Yes. I mean I think for now, it's really -- we're going through resets. It's about making sure we've got product on the shelf and that we're servicing both the retailers and then the end consumer. So that's really our focus at the moment. We do see opportunities with both distribution systems, but nothing to announce at the moment.

Unknown Analyst

All right. Speaking of space and resets, I know they're happening. I think a lot of that is done. I know it's been a little bit extended another strange year. But I believe you mentioned that you expect your distribution to expand. Is it 15% to 20% this year with some of the resets? Can you talk about maybe where some of that space is coming from?

Eric Hanson

Yes. I think the number -- it's obviously -- I think there's growth across our sets and a number of the large customers. I think it also -- we're incorporating in there things like Subway and the expansion of 18,000 stores there at Home Depot and the footprint there, an additional 15,000 coolers that we're putting out across the small format universe, too. And so I think largely, as you see space within energy, space and energy expand as a part of total bev, we're seeing some growth from there as well as then really just kind of looking at our existing footprints and expanding where we can, whether it's within our independent sets within Pepsi, we saw some increases in our independent footprint on some space there within their arrangements. But yes, broadly, I think we're seeing it both in terms of actual [indiscernible], but then also cooler placements and integration into other channels.

Unknown Analyst

And to be clear, that increases for the combined portfolio, right, in terms of the space increases at both Alani Nu as well as Celsius?

Eric Hanson

At Celsius.

Unknown Analyst

Okay. So there is potential also for additional space for, I assume...

Eric Hanson

I think so, certainly for '26, right? I think the plans are largely locked for '25.

Unknown Analyst

And one thing that I've been hearing from my contacts, and I'd love to hear your input on this, is that Walmart, I believe, was going to be expanding their energy drink space this year, but I've learned more recently that, that's no longer true. Is that something that you're hearing from Walmart as well? Or what are your -- what are you hearing in terms of energy space at Walmart?

Eric Hanson

Yes. Not a lot, candidly. And I would say, I think we expect that over time, Walmart sets will continue to get bigger. I think the timing on all of that is TBD.

Unknown Analyst

Okay. You're not -- okay. Well, that's encouraging that you're not because I know they were expected to expand, but that might have changed just with all of what's going on in the world and tariff situation and aligning their space. Let's switch gears to international because certainly, there's a long runway of growth. And I think it sounds like it still remains a pretty big priority for Celsius. And I know you mentioned recently on your Q1 call that you're focused on, I believe, the core markets you rolled out, I guess, last year in maybe Q4. So how are you driving daily consumption that you're looking for internationally? And how might that look differently than what you're seeing in the U.S.?

Eric Hanson

Yes. I think the big opportunity for us internationally, and I think as they mentioned on the call, is really focusing on the markets that we've already been in and continuing to build that. I don't think we go in with a shotgun approach. There's a bit of a build mindset over time. And so I think we're seeing initially good performance, at least in target, in line with what we expect in a lot of those markets. But I think we've got to be very deliberate about how we build and engage consumers and kind of take a bit of a more U.S.-centric message and bring it to the different parts of the world as we do that.

And so I think as we go forward, really continuing to focus the right resources and the right execution plans as we expand into future markets. I think you mentioned Monster is 40% international. I think we're only about 5% when you include Alani. And so there's a huge runway for us, but I think we want to be very deliberate about how we get there, but it will take time. And we didn't build Celsius overnight in the U.S. And so it's going to be one of those that both Celsius and Alani will assess opportunities across the different markets and either take them in together, take them in separately based on what the market makes sense.

Unknown Analyst

The performance internationally from internal expectations, has it surprised to the upside? As you talk about this measured approach, I'm just curious from your perspective, if things are working as you thought.

Eric Hanson

I'll let Jarrod weigh in as well, but I think it's -- it's probably a little bit of both, right? There's a couple of markets that have probably done a little better, a couple of markets where we've got some opportunity to get on track, but I think largely in line.

Jarrold Langhans

Chief Financial Officer

Yes, largely in line and probably more to the upside.

Unknown Analyst

And as I think about you trying to manage this growth internationally, but then yet still there's such untapped growth opportunity here in the U.S., how do you balance that? And the complexity, making sure there's no execution risk, that's a consideration I would imagine as well.

Jarrold Langhans

Chief Financial Officer

Yes. So we're building out resources across EMEA right now. So we've talked about setting up a global operation in Dublin. So we're building out a team there, a pretty strong team to really help with the expansion and the global footprint. And so Eric is really going to be focused -- that's one of his focus areas, but really taking that team and building it out to be able to bring on more businesses or more countries at a bit of a faster clip than we have. But really, right now, over, call it, the last 6 months, it's been building that infrastructure to be able to handle that kind of movement.

Unknown Analyst

Going back to the U.S. and the competitive environment, when you look at the big 2, Monster and Red Bull, they seem to both be doing quite well. I'd be curious to hear from your perspective, what the competitive environment looks like? What do you think they're doing well? Where do you still see further opportunities for you as you think about share?

Eric Hanson

Yes. I think they've done a really nice job recently on innovation, launching a lot of SKUs, but being very focused around regular and sugar-free, being flavor forward. And so a lot of the things that we talk about in the Celsius portfolio of flavor and zero sugar and fitness focus, I think we're seeing from certainly in our competitive set. I think very sharp execution in terms of leveraging those as anchors and building the portfolio around it. And so we expect that will continue. But I think as I mentioned earlier, the category moves beyond 50% sugar-free and zero sugar that creates more permissibility in the category and brings more consumers in. And I think we position ourselves really well with the 2 brands we have in that space.

Unknown Analyst

Maybe a question for you, Jarrod. As you think about Alani Nu acquisition still relatively new, I recognize an early. But as a company, what are your thoughts on future potential acquisitions? Or is it now kind of just focused on integrating that recent deal and driving organic growth over the next years? Are you going to continue to explore whether it's acquisitions internationally, buying capabilities, et cetera?

Jarrold Langhans

Chief Financial Officer

Yes. I mean we've got plenty to keep us busy at the moment. But it's -- right now, it's focused on getting the integration done, work on some -- paying the debt down. We've got a great back half of the year and summer plan for both Alani and Celsius, a bunch -- like you said, a bunch of opportunities for global expansion. So some of that's where Eric comes in is really to help drive some structure and that kind of portfolio mentality as opposed to kind of one brand, one focus. So really setting us up to be able to do more. And so that's some of the structuring he's working on at the moment. We'll keep an eye on things. If something comes up that makes sense, we'll take a look at it, but we definitely see the opportunity to

continue to build out the portfolio if the right thing comes along. But if not, or until then, we've got a lot of opportunity ahead of us with the portfolio we have in place.

Unknown Analyst

Okay. Maybe we just have a couple more minutes. And just since this is such an innovative category, and I know we talked about the LTO, we'll see more or hear more in the fall about that. But what else in terms of innovation is planned for the combined portfolio, also thinking about Alani Nu, maybe not just LTOs or products, but what about packaging? Is there anything else that we can expect to see coming from Celsius?

Eric Hanson

Yes. I think we're always going to look at different functionality over time and what that means either within the Celsius brand or Alani or something else. I do think in the acquisition with Alani, we've seen they've launched a smaller portion size can, so an 8.4-ounce mini can that delivers 100 milligrams of caffeine. And so it shifts your daypart a little bit and allows you to maybe have a bit more consumption without as much caffeine. And so I think that's an interesting packaging idea that we're looking at and trying to understand the fit across the portfolio. But I think we'll continue to look at those types of things. I think on the multipacks, getting the right configuration and the right price pack architecture. I think we're at the very base level of revenue management capability, and we have a lot of room to grow on that. So I think as we put that capability in, you can think about different pack configurations, different pack sizes to also help drive frequency and occasions for us.

Unknown Analyst

Okay. One more minute left. You sit here today. I know it's still relatively new. But what are you most excited about as you look out over the next year plus as it relates to your new role, the company where you're combining 2 brands, et cetera?

Eric Hanson

Yes. I think it's just that. I'm excited about the Alani acquisition and the transition and the integration. I'm excited about the capability that they're bringing to Celsius and that also the Celsius team can help the Alani brand do. I'm excited about having the portfolio and the optionality and building some of these revenue management capabilities and kind of building a future forward organization that could, to Jarrod's point, if we find the right ones, bring more brands in and that we can execute in a really efficient way. So it's really exciting. I'm really enjoying it.

Unknown Analyst

Yes. Anything from you, Jarrod? Maybe you're happy when the acquisition is closed. We get the modeling call over behind you.

Jarrold Langhans

Chief Financial Officer

I agree. I think there's a lot of opportunity for us, a lot of runway in the U.S., a ton of runway globally and working with the portfolio strategy, we've got 2 brands that can play off each other now and support each other as we look to drive more share.

Unknown Analyst

Okay. Well, great. Thank you so much for your time today. Appreciate it. Thanks, everyone.

Jarrold Langhans

Chief Financial Officer

Thank you.

Eric Hanson

Appreciate it.

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