S&P Global
Market Intelligence

Celsius Holdings, Inc.

NasdaqCM:CELH

Company Conference Presentation

Tuesday, September 2, 2025 5:00 PM GMT

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Call Participants

EXECUTIVES

John Fieldly
CEO & Chairman

Toby David
Chief of Staff

ANALYSTS

Unknown Analyst

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Presentation

Unknown Analyst

Okay. We're going to get started. So it's wonderful to once again be joined by Celsius CEO, John Fieldly; and Chief of Staff, Toby David, at the conference. There's always plenty to talk about with all of you. And this year, there is no exception, but a bit different than last year, which is awesome. The new Friday is really positive announcement with the transaction with PepsiCo. So I thought maybe I'd just start by opening the floor to give you guys a couple of minutes, and just things you want to share directly on that topic before we get into questions.

John Fieldly
CEO & Chairman

Yes. No, absolutely. Thank you for having us. Glad to be back. It's really exciting not only what's going on with Celsius, but the energy category as a whole. We've seen great fundamentals within the category. When you look back where we were at this conference last year, category was in a negative growth rate. It's really -- it stabilized in Q4. We start to see the category come back in Q1 and Q2, it's growing double-digit growth rates and even today. So really good to see. Celsius portfolio, we've seen great growth within the Celsius portfolio, roughly around a 10%, 11% share as we sit today.

We're investing behind a LIVE. FIT. GO. campaign we kicked off this year, which we're really excited about, especially heading into the back half of this year. We have a lot of programming and some advertising that will be taking place around the NFL for the first time. There is some media buys we're doing to enhance and really own Live Fit, Celsius Live Fit, inspires you inside and outside the gym.

We have the exciting acquisition that happened this year. It's been a busy year for us so far. So we announced the acquisition of Alani Nu. If you're not familiar with it. We do have samples outside, is a female-focused brand. It's inviting, it's approachable and fun flavors, a very inspiring -- and they have some unique flavor profiles. One is Witch's Brew, which is a Halloween theme flavor that's out there. We have some samples to try. It's been doing extremely well and growing first to kick off the integration was April 1. So fully started that integration process in the second quarter.

We did put up record revenues and profits, gross profits and EBITDA in the second quarter. And now we just announced a transaction with our North America and Canada distribution partner, Pepsi. So that was on Friday. The company will be a category captain of the energy drink category for Pepsi. We're bringing on Alani Nu into the PepsiCo distribution system. We are acquiring Rockstar Energy within that transaction. And Pepsi has further increased their ownership stake within the company and added a Board seat, which further ties in our strategic position with them, not only from a commercial standpoint, but also at the highest level from an investor stakeholder standpoint.
So really exciting times where we sit, and we're going to talk more about that in different areas. But yes, we're glad to be here.

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Question and Answer

Unknown Analyst

Great. So just focusing on the agreement with Pepsi, I mean, how would you -- what does that really mean though for Celsius' long-term strategy?

John Fieldly
CEO & Chairman

Yes. I think when you look at the long-term strategy, really tying into strategic partner is really critical, especially distribution. The name of this game and consumer products. I mean the consumer conference. It's one thing getting a retailer and getting a consumer. It's the whole other thing on getting it to shelf, getting it to -- being able to get it to shelf is so important, especially in the energy category, which is extremely highly competitive. Impulse purchases drive over 50%. So it's all about product placement, cold placement and maintaining stock availability.

So when you look at some of the largest brands that are out there that are really successful, like Red Bull and Monster, Red Bull has a dedicated network. You look at Monster with a dedicated network through Coca-Cola. And now with Celsius Holdings with this partnership, we're tied in at a strategic level with 3 great brands that allows us to compete within the energy category, targeting different unique consumer segments within that. We're seeing more females come to the category than ever before. Health and wellness is driving the category and sugar-free is thriving, which is over 50% of the share of the category and growing really is the growth driver. But the route to market is so critical.

So this really allows us to really dial in with our strategic partner at the highest level for commercial planning. Priority periods, planograms. I don't know, Toby, you want to talk about some of the planograms that this has. This really opens us up, which is something we -- unique we didn't have access to before, which allows us to really control some of our destiny.

Toby David
Chief of Staff

Quite a bit more space within the planograms are going to be allocated towards our entire portfolio. So that means more space for Celsius. A lot of space for Alani and then space for Rockstar as well. And we're going to be able to pick the SKUs that we want in every location in the country. So as John likes to say, we want to put the fast cars on the track. So we want to make sure to put the most efficient flavors on every shelf around the country. So being the captain is going to put us in charge of what flavors are going where within the Pepsi Energy portfolio. And we really think that's going to help drive efficiencies and revenue for the brand.

Unknown Analyst

Okay. So what's changing in terms of your visibility? So being captain, it's a good title. But what changed in terms of your visibility? You told me about the decision-making and the execution, but is it an element of your visibility into like the full data, the full picture? And how does your role with retailers change?

John Fieldly
CEO & Chairman

Yes. So I think 1 thing within the distribution, I think, really 2 steps, let's talk about the captaincy, what that means within Pepsi and one piece is the planograms. The other piece is within the retail segment. So we are still -- we're maintaining the call points. We're building on our key accounts team. So historically, we called Tier 1 and Tier 2 accounts. But now being able to control the planograms, there's a lot of independents at Pepsi Services, food service, colleges, universities, restaurants, fast casual.

So that really opens that up for us now to have a part of the decision-making process on what products will perform best and where. It's 1 thing to have the Tier 1 and Tier 2 call points, but really being able

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to control that on a national basis, like Rockstar does really well in the Pac Northwest, but and that planogram would look different versus, say, South Florida or Boston or other markets. So when Toby is talking about really making sure we have the best SKUs, it's really about that optimization on a local level. So we can maximize value, maximize the opportunity there to drive additional sales.

As an example, we were talking about earlier in some of the investor meetings is like, as an example, it could be a Marriott. When you go to the Marriott, I know I've been in some Marriotts in like LA, and you see maybe 9 or 8 SKUs of Rockstar and only 2 of Celsius. So is that the right location and the right planogram, we'll have control over that, and we'll be able to really work with our partners to make sure we're maximizing that shelf space. So shelf space is so limited. So we need to make sure every SKU is being maximized to the fullest based on the demographics.

Unknown Analyst

Okay. Great. Sticking with demographics. I was just curious now that you've got Celsius, Alani Nu and Rockstar, all under 1 roof. Like how does this change your ability to service the full spectrum of energy consumers.

John Fieldly
CEO & Chairman

Yes, I think this gives us really a total energy -- modern energy approach. I'm really excited about it. It's -- when you look at Celsius, it's that fitness lifestyle brand for you inside and outside the gym, to help you accomplish your goals. You have Alani, I mentioned, the female-focused brands, it's approachable and inviting, comes with great flavors and flavor profiles and inspiring. Being the best, very female focused. And then you have Rockstar going after that traditional energy segment, which still represents right around 50% of the sales is 25 to 35, mainly dominated by male. There is a -- we don't have more of an aggressive tone. If you look at the Celsius and the Alani, and each one of these brands are really living, breathing things, and they have their own personalities.

They have their own their own look, their own field, and it's very important you don't stray too far from the brand lines and what these brands stand for. And Rockstar brings is not only incremental in revenue, but based on the consumer segment. So we're really excited and also a lot of the team members I have over -- probably about 30 team members that actually are from the founding team members within Rockstar. So they're really excited, bringing out their old Rockstar hats and the opportunities. We have about 17 employees coming over from Rockstar, and they're really excited about what they're able to do. They've got some great stories, a lot of great heritage. We're going to go back to its core. It's going to -- and we're going to optimize the SKUs.

So we do anticipate -- we will optimize the -- there's quite a lot of -- there's a lot of SKUs within the portfolio for its size. So we're going to optimize that. And then we're going to stabilize it and build the base and grow on it. It definitely has a home and allows us to compete now in a total energy approach.

Unknown Analyst

Okay. Great. While we're just on the topic of consumers, I'm just going off topic a little bit, but it's a logical lead-in, which is -- just want to get your read on the consumer backdrop in the U.S. kind of lately what you're seeing or I want to ask everybody this week.

John Fieldly
CEO & Chairman

You want to take that Toby?

Toby David
Chief of Staff

Yes. Sure. Well, I mean, if you look at the energy category and the energy category remains pretty robust. We're fortunate to be there. I think the category in the last 4 weeks is up 17%, 18% still year-over-year. I think a lot of other categories seem to be a little bit more challenged right now. It's tough for us to really

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kind of judge some of those other categories because I wouldn't say we're experts within those. We look at the energy category. Red Bull, Monster continue to be on fire. Alani is absolutely on fire and Celsius is back to growth, and we've continued to grow and really, the entire category has been growing for the most part, so -- on a brand-by-brand basis. So we think our category continues to be healthy.

You're seeing people maybe if there's some folks challenged right now economically, maybe they're pivoting out of cold coffee and some of these other coffee beverages and into energy, and we're seeing a lot of that right now. So as far as the health of our category, we feel really good about it.

John Fieldly
CEO & Chairman

Yes. I think when you -- also we've heard a lot of stories about the restaurant industry having some trouble. And I think to Toby's point, I think, consumers -- if they're looking to cut back, they're going to cut back in other areas before you cut back on maybe an energy product in certain other segments within the consumer segment space. But the category has been strong. The value is there. I think the value when you look at other categories, a lot of pricing has been taking, especially in the beverage category overall.

One thing we're seeing, which is maybe some shopping habits, looking from consumers and you look at the over consumer indexes, we're seeing large format playing a larger role than it historically has. So historically, energy drinks have mainly -- over 60% of sales are impulse purchases, right? I need an energy drink right now for the specific need state or usage occasion. But now we're seeing large format play a larger role. Impulse purchases and convenience still drives the category. But you're seeing 12 packs and variety packs becoming more of the mix. And I think that's really good because it's broadening the consumer base.

Consumers are buying larger quantities of products, and they're bringing them home and they're part of the pantry, you're part of a lifestyle, you're part of a daily routine. So I think that's a really good sign for the category as it continues to broaden, bringing more consumers in and being part of that daily lifestyle to help you achieve your goals and do all you can do throughout the day.

Unknown Analyst

Okay. And what -- when you mentioned cold coffee, I'm guessing you meant like coffee shop expenses, coffee. So there's a relative value proposition when people are opting for energy?

Toby David
Chief of Staff

Yes. Yes. I mean you're -- I don't want to name any specific retailers or anything like that. But just from the data points we've seen -- you're seeing a transition from coffee drinkers and to energy. We've seen that over the last few years. It just seems to be really an area that's driving that transition back into energy.

John Fieldly
CEO & Chairman

And I think what makes it actually an easier transition because a lot of these copy houses as well, it's not hot anymore. A lot of it is cold, which even potentially could also further help the can energy drink business continue to grow as people will look for value.

Unknown Analyst

Yes. Hopefully. Okay. Let's talk about Alani Nu for a second. So talk a little bit about the opportunities you see for the brand as you transition into Pepsi's U.S. and Canadian distribution. Maybe any comparisons you want to make into how the transition was for the Celsius brand as well?

John Fieldly
CEO & Chairman

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Yes. I mean we're really excited. It's going to bring Alani to more places, greater distribution, broader distribution. The Pepsi distribution network is phenomenal. It's a phenomenal group. It's a phenomenal organization. It's 1 customer. They have over 20,000, 30,000 sales reps, merchandisers just all the way through the organization, the data and insights, the capabilities of the system. So it's going to definitely broaden where we are. The biggest opportunities is convenience, small format, restaurants, food service, hospitals, universities.

Which you really can't, we couldn't get to that prior even with Celsius within the existing network. There's wholesalers. There's a variety of different other routes, you can go to market, but you're not going to get that high touch and the beverage category and the importance of having cold placements and the high-touch, you really need a sophisticated network like Pepsi that is world-class in their execution oversight and really keep you in stock. Some of the biggest wins, you want to add?

Toby David
Chief of Staff

Yes, I would just add to what John said. You look at where Celsius was prior to our Pepsi distribution, very similar ACV and number of SKUs per location within convenience as where Alani is today. They're a little bit further along than where we were in MULO within the big box in traditional grocery. They're really right where we were in the convenience channel. And that's really Pepsi's strength. I mean, they're strong across the board, but convenience, they're going to drive within the track channel, but also the independents. They service over 100,000 independent convenience stores around the country.

I think a lot of people have been, maybe not skeptical, but asked, okay, can Alani win within convenience? And I'll just challenge those folks, go look at the data within either Circana or Nielsen, and their velocity is really on par with just about anybody when it comes to convenience right now. So I really think that's a huge opportunity. And John referenced food service. College and university falls within that bucket and certainly I think that's a great opportunity for Alani as well.

John Fieldly
CEO & Chairman

And I think the convenience opportunity when you look at it as well, because the latest data we're seeing is showing that actually the female consumer is driving a lot of the energy drink category growth and new to category and increasing consumption rates as well. And I think 1 big thing that when we acquired Alani was that we were going to cannibalize sales. That was a big concern because the Celsius portfolio is 50-50 male female, very gender neutral, really focused. So -- but what we're seeing it's not. The Alani portfolio is growing. Celsius portfolio is growing. And these are really truly fitting 2 different need states within the consumer segment.

Convenience is really exciting. We're gearing up in just a few months, we'll be going to Max. So it's the largest convenience store show in the country and where a lot of retailers and buyers are setting their planograms for next year. And when you look at the overarching trends in the category of female consumers coming and increasing consumption occasions, the importance of food pairing.

Last year at the conference, all retailers were talking about how do we increase basket ring and with warm foods and hot foods and pairing specials. And that's something we've done with the Celsius portfolio, it's worked really well in some of these pairing offerings. And I think that's going to continue to be some of the trends heading into Max. And when you look at all that with the strength of health and wellness, the flavor profiles and the differentiation, the Celsius and Alani portfolio is really well positioned for next year as we're heading into resets. And with some of the results that we're driving as well, most recently in Q2. And where we stand right now in the quarter, the numbers are looking really well and expect a lot of opportunities ahead.

Unknown Analyst

What pairs best with Alani Nu, what's the food pairing?

Toby David

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Chief of Staff

Well, I guess it depends what is your flavor. I don't know I guess they've got some -- I was actually, while he was speaking, I was trying to think about which of the Alani flavors pair well with food because they have some more cotton candy type flavor that you wouldn't typically ascribe to that. But then they have a peach flavor that's really good.

John Fieldly
CEO & Chairman

Cherry slush is really good.

Toby David
Chief of Staff

The cherry slush that's where we're at. Okay. So John is a cherry slush guy. I've been all over the Witch's Brew. I feel like Celsius is probably more apt to be paired with food just because we have that traditional soda, close to soda type taste with the fruit flavors, whether it's an orange or like I am drinking the Cherry Cola right now, which is amazing. I recommend it to everybody.

So I think our flavors probably pair a little bit, maybe better across the board. There are still some SKUs that they've got over at Alani or that we've got at Alani that we're still working that will pair well with food.

Unknown Analyst

Okay. Great. So you mentioned stabilized Rockstar, right? So just want to hear a little bit more about plans for stabilization and modernizing perhaps Rockstar? And how should we think about the role in the portfolio going forward? Sort of you suggest it's almost like a one step back before we get presumably one step forward.

John Fieldly
CEO & Chairman

I think we're looking to maximize the value of the -- of Rockstar. There's no question about it. We're going to -- we need to optimize the portfolio. That's Phase 1. We're going to focus on the true core we're bringing over a lot of great talented people, and we're going to be [indiscernible] the approach. We're going to market with the laser. It's the same approach we've taken with Celsius, the same approach that Alani has taken. We're going to continue to work collectively together. We have built a great organization inside the organization. We've recently restructured the company to really be able to effectively manage a portfolio of brands. That's something unique for us.

We've restructured the business multiple times throughout the journey here at Celsius Holdings. And the last 3 months and 6 months is no different. We're going to continue to evolve. There's going to be key learnings that we need to do. So for Rockstar. We don't have a blueprint that says this is going to be X, Y and Z brand over the time. But what we need to do is we need to continue to innovate. We need to continue to execute, out maneuver. We need to understand who the consumer is, how do you become that daily lifestyle. You need to get into a daily routine.

So those are things that we're going to really be working on with the teams. Going back to its core, like focusing on -- we're going to be focusing on music and extreme sports and really resonating with that consumer target that loves Rockstar. Rockstar has a great DNA within the brand, and we're going to continue to focus on it. But I don't have a blueprint that we're going to kind of map out, but it definitely has a place within the energy category. If you look at where consumers are and where it's positioned, it was back in its day was the #3 energy drink. And there's a lot of good retro vibes coming from it as well. That is really exciting when you talk to a lot of the marketing team folks within the organization. So there's definitely potential there.

Unknown Analyst

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So it's really interesting when you think about what you guys have done as a management team as you build the brand or you build a brand that can scratch with Alani. It's only been a few months, right, but you're acquiring and adding a rocket ship, another rocket ship to the portfolio. But this is a turnaround. And that's very different. So when you think about your capabilities as a management team and the people who are coming in, do you think you've got the -- I mean, marketing talent is 1 thing, but like that turnaround mentality is something very new for the company.

John Fieldly
CEO & Chairman

Yes. I mean when I was started with Celsius, we're getting a turnaround company to a -- we were getting kicked out of every retailer in the country. So -- and it was never to come back. So -- and here we stand at a 20 share organization. Our portfolio right now is 20 share in the energy category. It positions us extremely well. I think we have greater capabilities today than we did 13 years ago, and 5 years ago, even 3 years ago. Really talented folks. We're very disciplined on our approach, but it is very difficult to revitalizing brands, but can we make Rockstar bring it back to where it was years ago. Let's be optimistic about it. It definitely has a home. And with us taking a portfolio approach that gives us additional holding power. There's pricing promotional levers now. We get to further enhance.

Now Alani opened that up as well, having multiple brands being able to compete. But if you look at the convenience channel and other channels that they are highly promoted -- highly promotional. So when you're off promo and other brands on, there is a segment of the population within the consumers that move to promos from what's on sale. And this allows us to have a multitude of portfolio and pricing strategies and be highly competitive, which this category is and where we've enhanced our revenue management or we're building on a revenue management team. We've further enhanced our category management team to really be able to well position this organization for 2026 when we're going to be going to market with 3 brands, really 4 brands, when you think about it because Celsius or core Celsius offerings. But then we also have CELSIUS Essentials, which is a 16-ounce offering going within the performance energy category with the Bang and C4 and Ghost.

So we really have a 4-brand portfolio go-to-market strategy. And I think that allows us and unlocks a lot of additional levers and capabilities. And also when you look at large format with this portfolio, you're upwards to 25% share in a lot of these retailers and some even higher. So really coming at it in a much different position where we'll be able to give Rockstar additional opportunities because of the portfolio approach and owning a lot of these call points.

Unknown Analyst

Okay. Great. And you mentioned the Pacific Northwest as being 1 area where Rockstar has been pretty strong and you get to leverage off of that. Are there any -- is that the key markets to focus on where sort of like their share is bringing something more to yours?

John Fieldly
CEO & Chairman

Yes, the Pac Northwest is the biggest market for Rockstar. That's where -- we need to learn more about that. We're bringing on the team that knows a lot about that, but let's leverage the resources we have within Celsius as well. It's learned, and then let's see how we can scale from there and how broad can we bring it. And what markets is more adept or maybe easier to activate and create daily consumption. The name of the game is daily consumption. We need daily users.

You don't want to continue to be chasing that next sale. That's highly expensive. But how do we create that daily loyalty that daily consumption and that's all about the brand DNA and how you connect with consumers in a meaningful way.

Unknown Analyst

PepsiCo, along with this additional $585 million equity investment gets the second Board seat. So mean how should we think about that in terms of their confidence in Celsius and the path forward?

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John Fieldly
CEO & Chairman

I think the transaction overall and the investment shows that they're highly confident in the capabilities of Celsius and just the partnership with Pepsi since we started back in 2022. We've really structured this organization to be an enhancement to their capabilities, which are already superior. We've built out the field marketing team, a merchandising team. The addition of Alani allowed us to further invest in our team. So actually, we're building specialized teams now.

Historically, we've built the teams more on a regional basis. Now we're able to enhance it because the additional resources, we will have a team focused on convenience, food service and mass to make us even that more capable within these retailers and really be able to improve the execution. And when you look at the overall collaboration where we are within Celsius and the Pepsi system, it just positions us extremely well to compete at the highest level.

Unknown Analyst

Can you walk through the expected financial impact of the deal? Just sort of how is the earnings accretion and top line growth and margin implications?

John Fieldly
CEO & Chairman

On our last call, we announced the transaction. Rockstar is about $250 million of incremental revenue. This -- our prior arrangement with Pepsi -- we had an incentive program. So that incentive program has been enhanced and the captaincy, we have additional levers and additional strategic initiatives, which further enhances that.

And we've said on our prior calls, we're not changing any future outlook. This doesn't drastically change any of our future outlook on where the organization has been on a margin basis or EBITDA or those lines. I think when you look at it, it's bringing on Alani Nu within their system, being able to really -- the captaincy in controlling those planograms, which allows for better opportunities and optimization and then taking a holistic approach with a portfolio of 4 brands now and driving additional efficiencies at retail and being able to leverage additional sales promotion and pricing strategies.

Unknown Analyst

Okay. But why wouldn't it be an accelerator? I mean it's like on 1 hand, you say, well, it's an enabler of what you wanted to do, but you were...

Toby David
Chief of Staff

Yes. From a top line perspective, we certainly would expect that this deal will help accelerate growth. We're not going to ascribe a number to that. But clearly, bringing Alani into the Pepsi system is going to accelerate, ramp up their opportunity to grow faster. We think the captaincy provides an opportunity for Celsius to grow at a faster rate than we otherwise would have without. And that's why it's really a new incentive program to help drive the Celsius sales. And then if we had kept this in 2 different systems, then from an operational standpoint, there would have been quite a bit of expense to try to manage 2 separate systems.

So bring it into 1 is very efficient way to do so. I would think that this is going to provide us with the opportunity to reach the margin profiles that we've talked about historically from a gross margin and from an EBITDA standpoint that we have always looked to achieve. This is the deal that is going to help us achieve that.

John Fieldly
CEO & Chairman

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Yes. And I think when you look at where we are with Alani, we're still integrating Alani, right? So we're only -- 1 quarter is behind us. We're further integrating supply chain. We're going to bring Rockstar in and further optimize the Rockstar. And it's going to -- having 1 system, to Toby's point, it allows us to be extremely strategic. We always talk about orbits. We built the orbit model, you procure, you produce and you sell within an orbit to really optimize your supply chain. And that will further enhance us from shipping and logistics. And it's sort of talking about like EPS and the accretiveness of the transaction, it provides all of that.

Unknown Analyst

Okay. Okay. Transition of Alani Nu away from ABI distributors and to PepsiCo. Just what can you tell us about how you're managing that? And kind of what steps are being taken to minimize disruption?

John Fieldly
CEO & Chairman

Yes. So it's going to take place. It's anticipated to take place first of December. We've done it before with Celsius. So we have a team, we have a variety of different processes and checkpoints and strategies in place to mitigate that. It is very difficult, switching any network. There's lots of challenges, not only from the distributor standpoint, but also at the retailer, but we've done this before. So we're big on processes. We're big on management and oversight, just the same thing we have with Alani. We have continual communication, continual checkpoints. Everything is timed out from a weekly stakeholder basis all the way through.

So we take -- we have a project manager and we just got to keep -- we continually keep everyone informed. Communications is the most important thing in the distribution shift over. About 80% of the distribution will move over. And most of it is around the same time line, which makes it easier. And then the challenge you have is like vendor of record and those type of things working with retailers on. And that's where our key accounts team comes in. So we have a -- if you look at where our key accounts team is today versus where it was with Celsius, when we moved in, in 2022, it's about 3x larger than it is. So we have more touch points with retailers. So that should allow some enhancement within the communication and hopefully, the efficiency.

Now we had challenges with Celsius, but we were also told when we moved Celsius into the Pepsi distribution network, it was 1 of the seamless transitions that folks have seen. I will say internally, you're always going to have issues. You are going to have -- we're going to work through them. We had product that wouldn't scan it in the back door or certain retailers. So you're just going to have to work through those, but communication, the openness and really project management and oversight is really critical. So same thing with Alani. We have -- every week we meet. We have the team meets together where we are on task, where we are in approach, where are we on the time line, what's open, what's being held up? We have a whole stop light kind of green, yellow, red process that we work towards, and it works. So...

Unknown Analyst

Anything you'd highlight from prior -- the path change or even 12-ish months ago when we had some -- a little bit of noise in the route to market, like learnings from those times that you're bringing into these transitions?

John Fieldly
CEO & Chairman

Well, I think we did really well with Celsius. We didn't -- there wasn't a large impact going in, in 2022. We had a lot of the ABI distributors, which are phenomenal. They're great organization. They've done really -- done extremely well. They've built great brands. They were very supportive. We expect that to continue. We are very upfront open.

There's buyouts associated with these transactions and moving, and we've been very open and transparent with that. And they've had -- some folks have had challenges on the reconciliations and those type of things. And I think at the end of the day, it's business, it's a transaction, and we're trying to do

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what's right for everyone, and they know that. And we're very appreciative of what they've done. And hopefully, everyone will get a big buyout and it should be good.

Unknown Analyst

Okay. Okay. And then just final question is -- now with Celsius as Pepsico's energy captain, what does success look like over the next 2 to 3 years?

John Fieldly
CEO & Chairman

I think when you look at where we are, this is really a step change for the organization, tying into a strategic. If you look at the success, it's already a proven model, when you look at Monster and Coke and Celsius is taking that same path. When you look out 2 to 3 years out, we're going to have an amazing portfolio that has a meaningful position in the energy category. We're 20 share today. We're looking to continue to build Celsius and Alani and Rockstar and our Celsius Essentials.

We have a total portfolio approach. We have a modern energy portfolio. We're aligned with today's health-minded consumer that's growing the category. And this allows us to maximize the opportunity these brands have. And if you look at where we were prior, huge opportunity, but now we're really to maximize it to the fullest and leverage PepsiCo distribution network, do all it can perform and all of its capabilities and being aligned strategically at the highest level.

Unknown Analyst

Okay. Great. Well, thank you very much for being here. Please join me in thanking Celsius for joining us.

John Fieldly
CEO & Chairman
Thank you guys.

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