

DRUMOAK CAPITAL
CELSIUS HOLDINGS (CELH)
Equity Research Report

January 2026
As of 31 Dec 2025 Close



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Celsius Holdings (NYSE: CELH) – Equity Research Report January 2026

Celsius Holdings CELH | Rating: Buy | Price Target (12-month): \$70.00 | Key Debate: Does CELH's 3-brand portfolio + deeper PepsiCo alignment create a durable "platform" growth curve (multiple consumer segments, better shelf leverage), or does 2026 expose that growth was mostly a distribution/M&A reset with near-term noise?

Key Financial Data (CELH) – Closing price as of 31 Dec 2025

Metric	Value
Bloomberg Ticker	CELH US
Sector	Consumer Staples (Beverages – Non-Alcoholic)
Share Price (USD)	\$45.74
Drumoak Rating	Buy
12-mth Target Price (USD)	\$70.00
Market Cap (USDb)	\$11.79
Volume (m shares)	2.90
Free float (%)	76.9%
Dividend yield (%)	0.0 (<i>no dividend</i>)
Net Debt to Equity (%)	~5.4%
Fwd. P/E (x)	39.7x
P/Book (x)	11.3x
ROE (%)	3.06%

Over the past year, CELH has been highly volatile (roughly ~\$21-\$67), and following the Nov 6, 2025 Q3 earnings release the stock drew down ~25-30% before stabilising into year-end (Dec 31 close: \$45.74)



TradingView CELH 1Y Price Chart

Investment Thesis

Celsius is evolving to a three-brand energy platform rather than a one-brand story. The setup going into 2026 is simple: energy drink margins are attractive, and CELH now has clear segmentation: Celsius as the mainstream “better-for-you” brand, Alani Nu for women / Gen Z lifestyle energy, and Rockstar for more value / blue-collar, convenience-led consumption. If management executes, this portfolio approach should improve shelf leverage and widen the consumer funnel without relying on one brand to carry all the growth.

The other leg is distribution. A key feature of analysts concerns and leadership communication in the recent Q3 2025 earnings call focused on a more optimised pathway through PepsiCo’s system pushing availability and execution (placements, resets, cold box, convenience), while Celsius continues to win through innovation cadence (new flavours/formats, brand collaborations, and target launches). PepsiCo further believes in the company by increasing their stake to 11% of CELH. Financially, the company still has the balance sheet and cash generation to fund the strategy, and the longer-term upside is consumption growth outside North America as international distribution expands.

FOOD & BEVERAGE

PepsiCo boosts stake in energy drink maker Celsius in \$585 million deal

PUBLISHED FRI, AUG 29 2025 8:05 AM EDT

CNBC/Reuters Article on PepsiCo's increase Trust in CELH

The stock's recent dip looks more like deal-cost / integration anxiety than a broken demand story, e.g. the market is discounting higher M&A costs and near-term noise. The question for 2026 is whether reported growth is backed by real consumption/velocity across the entire three-legged portfolio, not just a distribution and acquisition reset.

Q3 2025 Earnings Report

Q3'25 was framed as a "transformational" quarter for the company: Alani Nu integration, Rockstar (US/Canada) acquisition, and a deeper PepsiCo partnership that positions Celsius as Pepsi's "Strategic Energy Drink Captain."

What did Management say?

This was the first earnings call harnessing the new three-legged portfolio of Celsius, Alani Nu, and Rockstar (North America) described as a "total energy portfolio". The new portfolio is designed to reach more occasions and consumers than Celsius alone. Additionally, there was an emphasis on distribution control with the new captaincy of Celsius within the portfolio. Thus allowing more influence on planograms, SKU priority, promo periods, cooler execution. They can now help "decide how energy shows up in retail." Alani Nu's transition was key within the earnings call, focusing on the large part of Alani's DSD network moving to Pepsi starting December 1st, expected to expand reach over time. Finally, the tone for 2026: Management repeatedly points to resets and improved execution as the bridge to stronger 2026 results.

What did Analysts push on?

Throughout the questioning session, there was a focus on "real demand" vs accounting noise, querying the gap between scanner growth and reported revenue (inventory/promotions/timings). Additionally, pushing the Q4 "noise" with returns, inventory movement, transition costs, and sequencing risk into Q1. As expected, questions were raised about margins and pricing, highlighting tariff/commodities and whether they raise prices.

Key Numbers

Metric (Q3'25)	What it was	Why it matters
Total energy portfolio share	>20% tracked US energy (company cited)	Validates "platform," not single-brand dependence
Portfolio growth (tracked)	+31% YoY (Circana cited)	Tests whether portfolio is gaining vs category
Consolidated revenue	~\$725M (+173% YoY)	Shows acquisition impact + timing effects
Gross margin	51.3%	Key debate: can margins stay >50% through integration?
Celsius brand scanner growth	+13%	"Health of business" proxy management points to
Alani retail sales growth	+115% YoY	Supports the "women/Gen Z" leg of your thesis
Rockstar contribution	~\$18M total impact in Q3	Early baseline + accounting noise into Q4

Drumoak's View

This section will outline how Drumoak Capital is viewing the concerns from wall street and management.

<i>Debate</i>	<i>Wall Street Framing</i>	<i>Management View</i>	<i>Drumoak Capital Outlook</i>
Reported growth vs scanner	Is growth “real” or inventory/promo timing?	Scanner is the health metric; Q3 had “puts/takes” and timing noise	We anchor on scanner/velocity as the real demand signal. A short-term gap is fine during transition.
Q4 transition noise	Returns + inventory movement could drag sales/margins	Q4 will be “noisy”; focus on scanner/velocity; phased rollout in Q1	Setting up for a disappointing Q4 due to inefficiencies but could lead to discounted pricing.
Pricing & Elasticity	Monster increasing prices, does CELH follow?	Considering options; building revenue management capability; no formal announcement	Hiring new revenue management emphasizes a forward view. Increase price = higher margin?, maintain price = higher market share?
Alani distribution ramp	Will the Pepsi system actually accelerate ACV/TDP?	Dec 1 transition; benefits expected mainly in Q1’26 due to phased load-in	Operational efficiency will take time but will work eventually.
Rockstar turnaround	Can they stabilise/lift margins	Medium-term goal: stabilise + recapture brand magic; margin improvement targeted 1H’26	Crucial to lift margin within 2026 for Rockstar, initial costs will be heavy.
Gross margin durability	Tariffs/freight + integration pressures	Margin pressure flagged in Q4; expects re-expansion in Q1’26	Depends on passing of tariffs, could continue with costly effect or reverse it.

2026 Key Performance Indicators for Celsius

A clean, measureable, repeatable section focusing on the Drumoak Process

Pillar	KPI	Why it matters	What “good” looks like into 2026	Where you’ll source it
Demand	Scanner growth vs category	Separates real demand from shipment timing	CELH portfolio grows faster than category consistently	Circana/Nielsen + mgmt commentary
Shelf execution	ACV/TDP progress (esp. Alani)	Tests Pepsi execution + distribution leverage	Visible distribution climb post-Dec 1 transition	Retail data + channel checks
Portfolio mix	Brand contribution mix (Celsius/Alani/Rockstar)	Confirms “platform” thesis vs single-brand reliance	All 3 legs contribute without one masking weakness	Filings + earnings deck
Economics	Gross margin trend	Underwrites “energy margins” + synergy capture	Holds near ~50% through noise; improves as synergies land	Earnings + 10-Q/10-K
Pricing power	Net price vs promo intensity	Shows discipline vs buy-one-get-one addiction	Selective pricing actions without volume break	Earnings commentary + retail tracking
Rockstar rehab	Gross margin lift / SKU rationalization	Tests if Rockstar is value-add or distraction	Early stabilization then margin lift in 1H’26 target	Earnings + SKU tracking
Balance sheet	Debt trajectory + interest burden	Keeps M&A from becoming the story	Deliver lower interest expense into 2026	Earnings + filings
International	Revenue contribution / key market traction	Validates the “outside NA” call option	Measurable traction (Australia/Europe) not just headlines	Earnings + distributor updates

Monitoring Framework (2026): Signals and Risks

Thesis Strengthening Signals:

1. **Scanner/velocity re-accelerates** across the portfolio (Celsius + Alani Nu + Rockstar)
2. **Gross margin stabilises and improves** as transition costs fade
3. **Alani Distribution inflection** post-Pepsi rollout (availability and execution visibly improve)
4. **Rockstar stabilises** (less drag; early progress on brand/margin milestones)
5. **Capital return support: \$300m share repurchase** (announced Nov 2025)

Yellow Flags

1. **Share/velocity deterioration** vs category for 2 consecutive quarters
2. **Rising promotion intensity** required to maintain volume
3. **Margin compression persists** beyond the “transition” period
4. **Alani rollout issues** (distribution/availability fails to translate into velocity)
5. **Rockstar remains a drag** with no clear stabilisation progress

Relative Performance (5Y): CELH vs SPY

Despite significant volatility, CELH has outperformed the market over the last five years; the 2026 debate is whether execution can support a new leg of compounding following the post-earnings drawdown

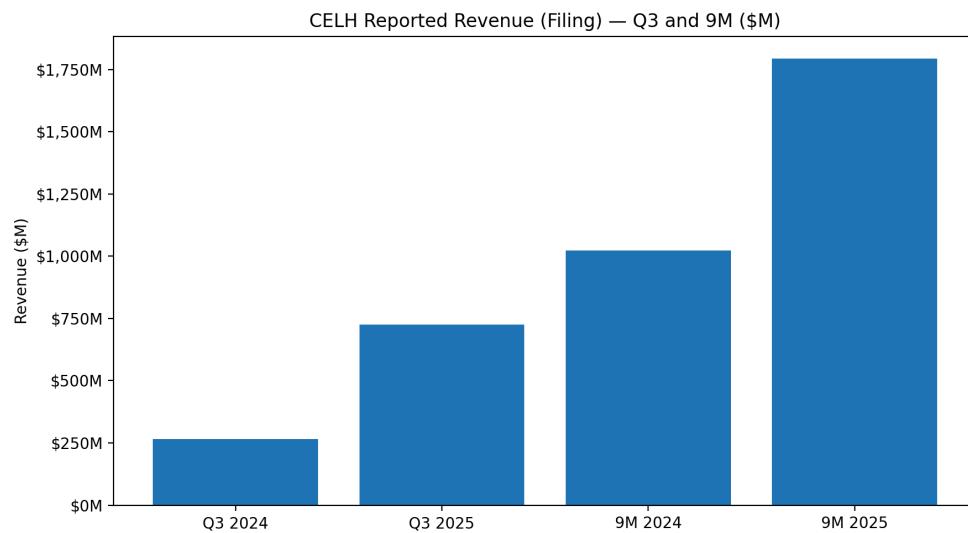


CELH vs SPY 5-year Timeframe on TradingView

Valuation Overview

At today's price, CELH is being valued on whether it can prove a durable three-brand growth platform rather than a single-brand curve. The market is currently discounting near-term noise from M&A/integration costs and the distribution transition, but the medium-term debate is simple: can PepsiCo-enabled pathways convert broader availability into real consumption/velocity while preserving

energy drink margins? Our valuation work focused on 1) near-term fundamentals (TTM revenue / EPS / cash generations), and 2) a 2026-2029 earnings power framework under Base vs Bull execution.



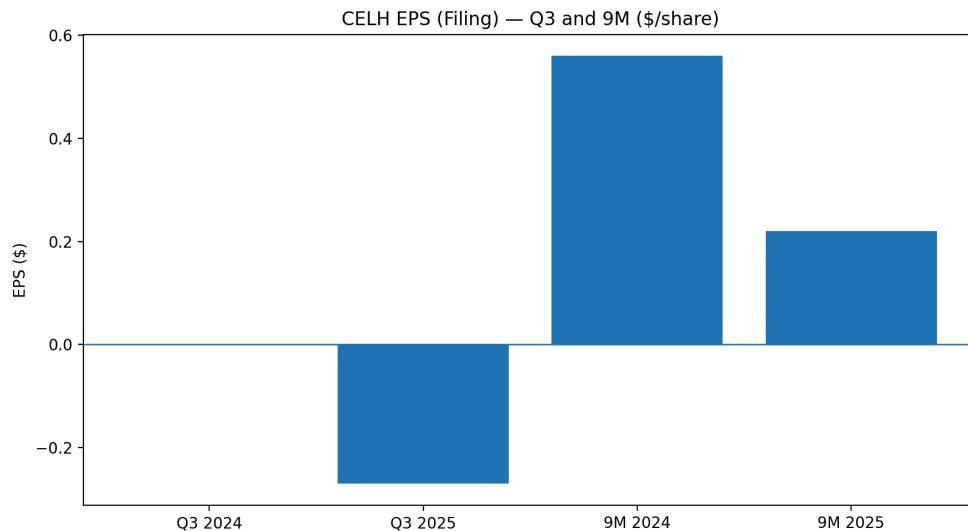
Where fundamentals are today (Revenue, EPS, Cash)

Revenue base is larger (and the platform is showing up in reported numbers)

Reported revenue has stepped up materially versus last year, reflecting the broader portfolio and transition period. The key is not just reported growth, but whether the platform can sustain growth as execution normalises post-transition. We treat reported numbers as the “size of the base”, and scanner/velocity as the “quality of growth.”

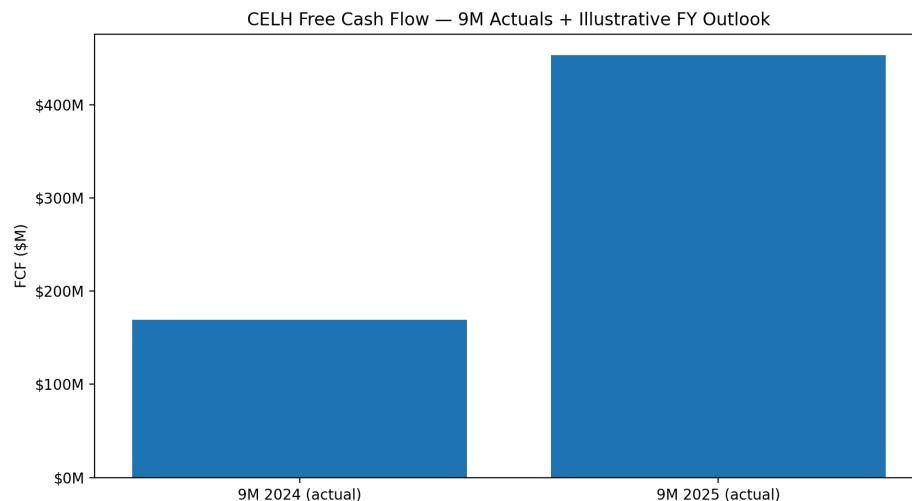
Earning signal (near-term noise vs steady-state power)

EPS is currently a less reliable signal because integration expenses and timing effects can distort near-term profitability. This is the setup for mispricing: the market tends to price “messy quarters” aggressively. For CELH, the cleaner question is whether the portfolio can scale while preserving margin, because that is what drives the next leg of earnings power.



Cash generation (quality of the model)

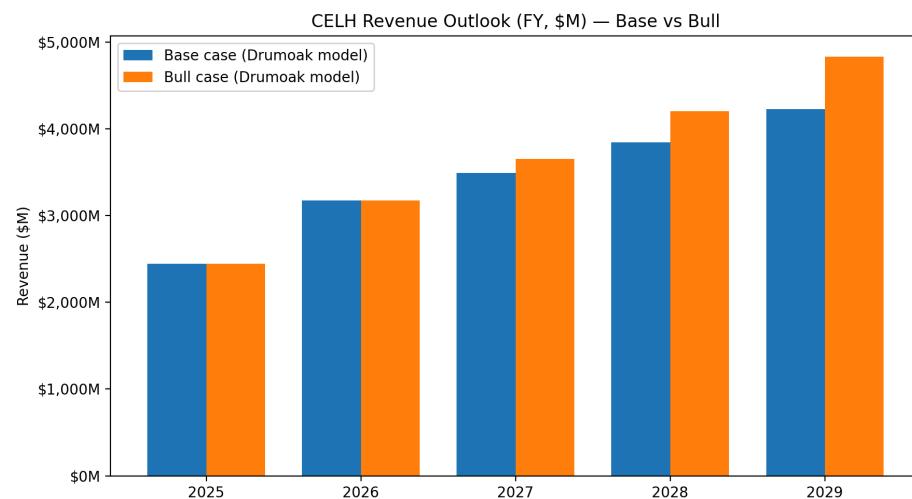
Cash generation matters because it funds the platform build: innovation, marketing, and integration. During transition periods, cash flow is often a better quality check than headline EPS. Over time, consistent free cash flow is what turns a growth story into a compounding business.



Outlook (2026-2029) – Base vs Bull Framework

Revenue outlook (Base vs Bull)

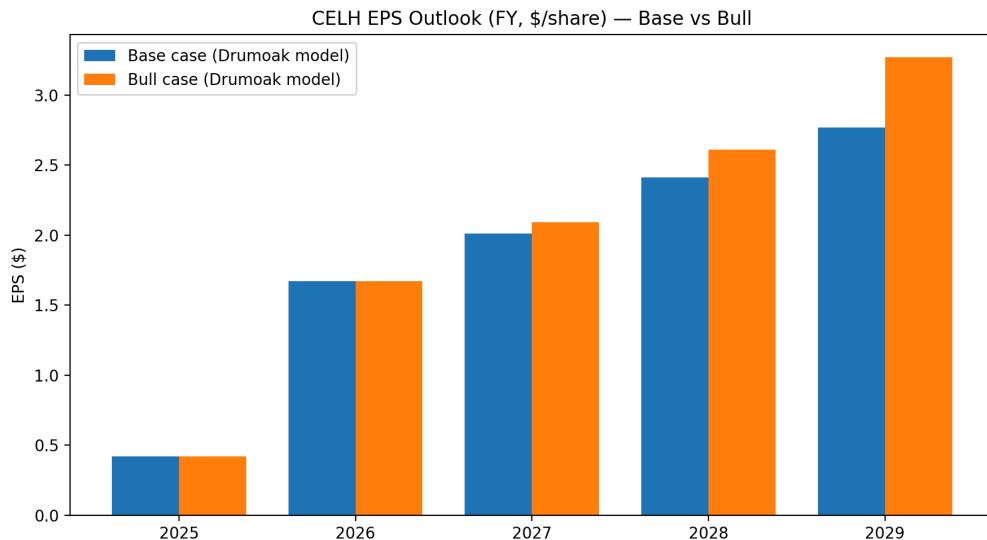
Our model frames 2026-2029 using two paths. The base case assumes steady execution through PepsiCo's system and continued product innovation. The bull case assumes the portfolio strategy improves shelf leverage and distribution wins, with stronger consumption across all three brands. The key swing factor is simple: does wider availability translate into repeat demand?



The demand side is not purely theoretical. Consumers consistently respond well to Celsius, and the brand has executed effectively on marketing, especially with athletes and fitness positioning. Energy was historically less dominant in the fitness and female demographic; Celsius helped open that lane, and Alani strengthened it further.

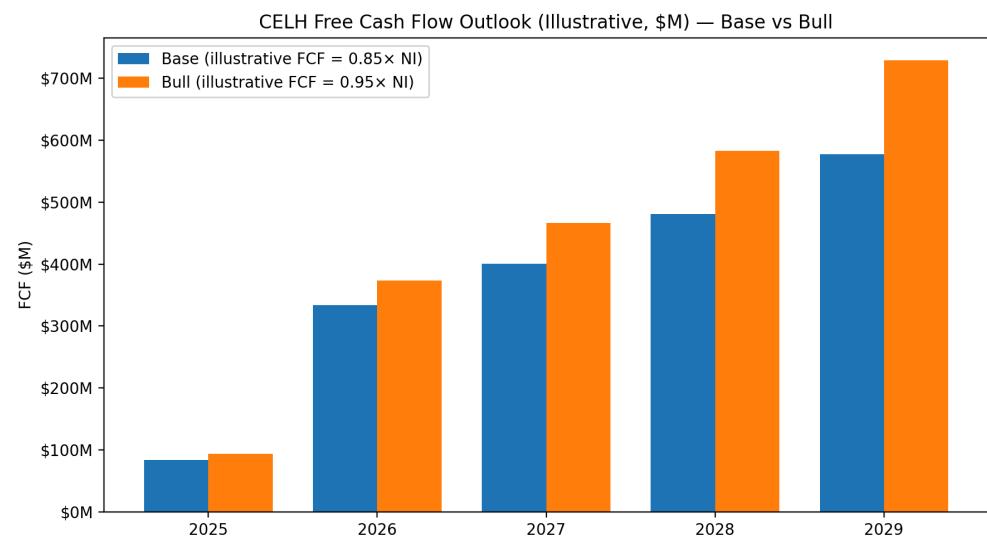
EPS outlook (Base vs Bull)

EPS is where the platform thesis becomes tangible. If CELH scales the portfolio without sacrificing gross margin, operating leverage should show through transition noise fades. The Bull case reflects faster leverage and mix benefits; the Base case reflects a steadier earnings ramp as execution normalises.



Free cash flow outlook

We include a directional free cashflow framework to ensure the earnings ramp is supported by cash conversion. This is shown as an illustrative range rather than a precise forecast, since reinvestment and working capital can be volatile during integration. The point is the direct: a platform strategy should produce growing cash generation over time.



Consolidated Outlook

The table below consolidates the Base vs Bull outlook across revenue, EPS, and cash generation. The spread between cases reflects execution outcomes, primarily consumption, distribution efficiency, and margin discipline, rather than category attractiveness.

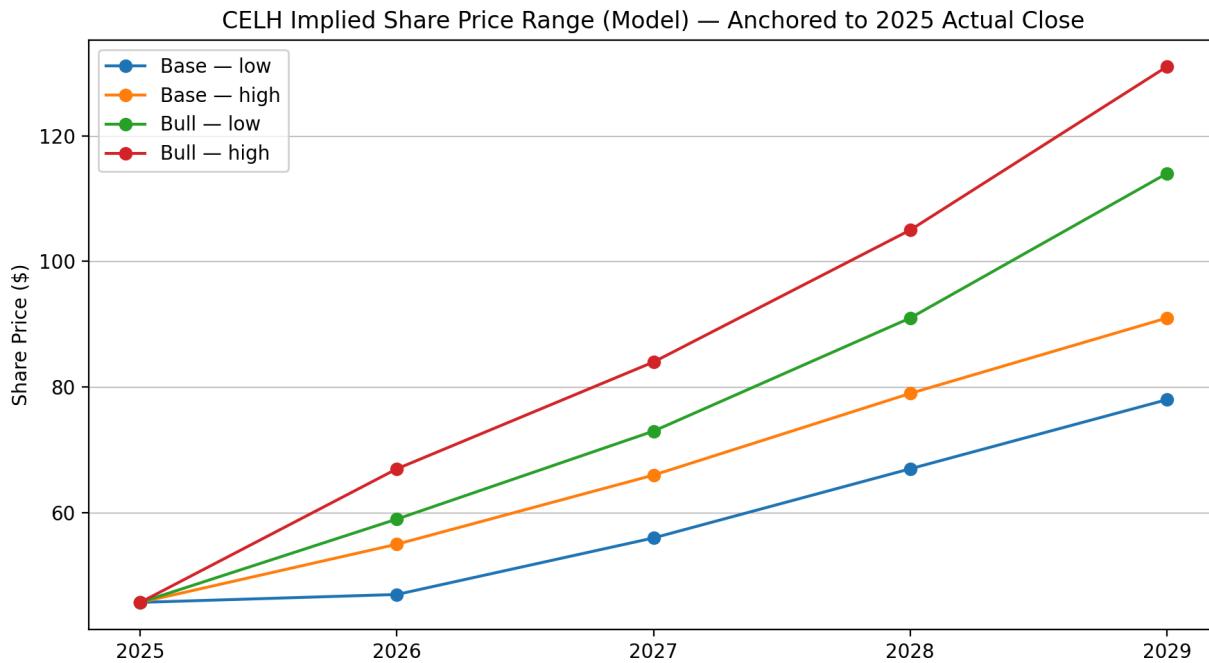
CELH Outlook — Base vs Bull (Model; FCF is Illustrative)

	Revenue (\$M) — Base	Revenue (\$M) — Bull	EPS (\$) — Base	EPS (\$) — Bull	FCF (\$M) — Base (Illustr.)	FCF (\$M) — Bull (Illustr.)
2025	2443.31	2443.31	0.42	0.42	83.5	93.32
2026	3176.3	3176.3	1.67	1.67	334.0	373.3
2027	3493.93	3652.75	2.01	2.09	400.8	466.62
2028	3843.33	4200.66	2.41	2.61	481.0	583.28
2029	4227.66	4830.76	2.77	3.27	577.16	729.09

Valuation Output & Conclusion

Implied Share Price (Base vs Bull)

We translate the 2026-2029 operating outlook into an implied share price range under base and Bull execution. The dispersion between cases is driven by two variables: 1) whether the three-brand portfolio sustains real consumption/velocity, and 2) whether Celsius can protect category-level energy margins as PepsiCo execution improves availability and retail efficiency.



Implied Return Profile (CAGR range)

Rather than presenting a single price target, we frame valuation as a range of annualised return outcomes. The base case implies a moderate return profile if execution is steady but normalisation persists. The bull case reflects a higher-return path if portfolio breadth (Celsius + Alani Nu + Rockstar (NA)) translates into sustained velocity and margin resilience.

CELH Implied CAGR Range — Anchored to 2025 Actual Close

Horizon (Year-end)	Base CAGR — Low	Base CAGR — High	Bull CAGR — Low	Bull CAGR — High
2027	10.6%	20.1%	26.3%	35.5%
2028	13.6%	20.0%	25.8%	31.9%
2029	14.3%	18.8%	25.6%	30.1%

Conclusion

We view the recent pullback as the market discounting integration and M&A-related cost uncertainty, rather than a definitive signal of demand impairment. The valuation case strengthens if CELH demonstrates two proof points through 2026: 1) Sustained consumption/velocity across all three brands, and 2) continued margin stability as the PepsiCo pathway optimises distribution and execution. If those conditions are met, CELH is more likely to be valued as a platform compounder. If not, the market will likely treat recent growth as a one-time reset and compress the multiple.

Our \$70 12-month target sits within the Base/Bull implied range and assumes execution de-risks through early 2026.

Ownership & Positioning (Post-Q3 2025 Earnings)

Since Celsius' Q3 2025 earnings release (Nov 6, 2025), ownership signals have been mixed but notable. Insider filings include one clear open-market buy, alongside several transactions that appear compensation- or structure-related (E.g. RSU vesting/tax withholding and prepaid forward settlements)

Insider Activity Snapshot (since Nov 6, 2025)

Filing / Transaction Date	Insider	Type	What happened	Read-through
Nov 12, 2025	Eric Hanson (President & COO)	Open-market buy	Bought 4,558 shares @ \$43.93	Most “signal-heavy” datapoints (discretionary buy).
Dec 9, 2025	John Fieldly (CEO)	RSU vest + tax withholding	18,555 shares vested; 7,302 withheld for taxes	More “routine/comp” than sentiment.

Dec 9, 2025	Jarrod Langhans (CFO)	RSU vest + tax withholding	11,133 vested; 4,381 withheld for taxes	More “routine/comp” than sentiment.
Nov 17–19, 2025 (filed Nov 20)	Dean DeSantis (Director / 10% owner)	Prepaid variable forward settlement	Settlement of prior prepaid forward tranches; physical settlement mechanics disclosed	Structure-related; avoid treating it as a simple “sell” headline.
Dec 24 & Dec 29, 2025 (filed Dec 29)	Dean DeSantis (Director / 10% owner)	Prepaid variable forward settlement	Physical settlement tranches involving 120,000 shares per line item; includes floor/cap settlement framework	Structure-related; interpret carefully vs. discretionary selling.

Key Takeaway: the cleanest signal is Hanson’s open-market purchase, while most other activity looks administrative/structured rather than day-to-day view on intrinsic value.

Institutional / Hedge Fund Positioning (Latest Disclosed)

Institutional ownership remains high. As of early January 2026, filings tracked by Fintel show ~1056 institutional holders and institutional long shares around 76%, with large holders including Vanguard, AllianceBernstein, and BlackRock. One notable post-earnings filing: AllianceBernstein’s 13G/A (filed Nov 14, 2025) shows a reported reduction from ~18M to ~16.1M shares (-10.79%).

Institutional Ownership Snapshot (from ([Fintel](#)))

Metric	Value
Total institutional owners	1,056
Institutional shares (long)	~196.95M (~76.4%)
Large holders (examples)	Vanguard, AllianceBernstein, BlackRock (among others)

Catalysts (Next 6-12 Months)

Catalyst	Timing	What to watch
Alani Nu transition into PepsiCo distribution	Q1–H1’26	Clear improvement in availability/execution and cleaner demand read-through

First “clean” post-transition quarter	Next 1–2 earnings prints	Revenue/scanner convergence; reduced one-off items/returns noise
Rockstar stabilisation milestones	H1–H2’26	Early signs of stabilisation (velocity/brand execution) and margin progress
Pricing / revenue management actions	2026	Net price vs promo intensity; elasticity (volume holds without discounting)
International traction becomes measurable	2026	Evidence of sustained growth outside North America (not just announcements)

Risks (Key Downside Drivers)

Risk	What it would look like	Early warning indicator
Demand decelerates (platform thesis weakens)	Growth relies on shipments/M&A, not consumption	Scanner/velocity underperforms category for 2+ quarters
Integration/distribution disruption persists	Extended “noisy” quarters and execution issues	Continued divergence between reported results and demand signals
Promo-driven growth	Volume holds only through heavier discounting	Promo intensity rises; gross margin fails to stabilise
Rockstar remains a drag	No stabilisation; weak profitability/traction	Lack of improvement milestones by mid-2026
Margin pressure (inputs/mix/tariffs)	Gross margin compresses beyond transition period	Sequential GM deterioration without clear reversal
Competitive intensity increases	Share loss in key channels	Share/velocity weakness in convenience and grocery

What would change portfolio positioning

Increase / Add

- Scanner/velocity re-accelerates and holds for 2 consecutive quarters (portfolio-led, not one-off)
- Gross margin stabilises and begin to improve as transition noise fades
- Clear evidence that Alani distribution gains translate into sustained velocity

Maintain / Hold

- Near-term results remain noisy, but demand indicators stay stable and margins hold

- Mixed brand performance, without deterioration in the overall portfolio trend

Reduce / De-risk

- Two quarters of scanner/velocity underperformance vs category, especially if driven by heavier promotions
- Margin compression persists beyond the “transition” window
- Rockstar shows no meaningful stabilisation progress by mid-2026

Drumoak Capital Positioning (Tranche-Based Buying)

Following the post-Q3 earnings drawdown in November 2025, Drumoak began building exposure to CELH through a tranche-based approach rather than a single entry. This reflects the current setup: near-term reporting noise from integration and distribution transitions, but attractive long-term upside if the three-brand platform thesis plays out. By scaling across multiple purchases, we aimed to improve entry price discipline while leaving room to add as execution de-risks through early 2026.

Since initiating the position after the November sell-off, the stock has rebounded and early performance has been positive versus our entry levels, reinforcing the view that the drawdown was driven more by sentiment and transition concerns than a broken demand story.