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Security Update Report

Hansen Natural Corp.

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Presented on 11/14/06

Company Information

Hansen Natural Corporation is a beverage company that develops, markets, sells and distributes alternative beverage category natural sodas, fruit juices, energy drinks and energy sports drinks, fruit juice smoothies and, functional drinks, sparkling lemonades and orangeades, non-carbonated ready-to-drink iced teas, lemonades, juice cocktails, children's multi-vitamin juice drinks and non-carbonated lightly flavored energy waters. Some of its Brands include Blue Sky Sodas, Lost Energy Drinks, and its most popular product, Monster Energy Drinks.

Recent Company Development

On October 31st, Hansen received a letter from U.S. regulators asking for documents and information regarding its ownership change filings and stock option grant practices from Jan. 1, 1996 to present. Hansen was supposed to post their full 3Q results on November 9th, however, due to the ongoing investigation regarding the stock option grant practices, Hansen only released limited information on their 3Q results. One of the key information that the company decided not to release was the earnings per share for the quarter.

Security Information

Ticker Symbol: HANS

Exchange: NASDAQ

Price: 26.29

52-Week Range: 16.32 - 52.72

Financial Information

Earnings per Share: 0.90

Price/Earnings (ttm): 29.42

Forward P/E (1 yr): 16.64

PEG Ratio (5yrs Expected): 0.61

Price/Sales: 4.72

Dividend Rate: 0

Current Yield: 0 %

Company Analysis

Earnings Growth (quarterly yoy): 85.00%

Revenue Growth (quarterly yoy): 82.60%

Profit Margin (ttm): 22.72%

Return on Equity: 62.41%

Return on Assets: 47.64%

Analysis Information

Morning star gives Hansen five Stars. A fair value estimate of \$46.00, with a sell at \$55.50 and a buy at \$29.30.

Evaluation

The investigation of Hansen for its stock options practices in no way means that there were any wrongdoings on Hansen's part. This is an informal investigation and Hansen is only the latest in over 250 companies to be under this type of probing, a list that includes companies like Apple Computer, United Health Group, and the Cheesecake Factory to name a few. Investors have panicked and sold off their shares causing Hansen to be very low. If the company is cleared, which I think it will be, than the stock is surely to skyrocket. In May, Hansen signed a deal with Anheuser-Busch in which Hansen will use Anheuser-Busch's distribution network to distribute all of Hansen's products including Hansen's cash cow, Monster Energy Drink. The deal has not yet taken full effect and Hansen is currently building up high inventory to keep up with an expected demand once they are fully integrated into the Anheuser-Busch network. The growth of this company is still very strong.

Motion

I make a motion to buy 400 more shares of Hansen, tripling our position in the company.