

Analyst: Nikhil Gupta

Report Date: 11/21/25

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Company Information

Company Name:	Vita Coco
H.Q. Location:	New York, NY
Ticker Symbol (Official):	COCO
Exchange Traded (Nasdaq, NYSE, etc.):	Nasdaq

Sales* (\$mm):	516.0	
Gross Profit* (\$mm and % of Sales)	198.8	38.5%
EBITDA* (\$mm and % of Sales)	74.6	14.5%
EBIT* (\$mm and % of Sales)	73.8	14.3%
Net Income* (\$mm and % of Sales)	56.0	10.8%
Unlevered Net Income* (\$mm and % of Sales)	58.3	11.3%
Free Cash Flow pre-Financing* (\$mm and % of Sales)	53.7	10.4%
Total Invested Capital & Total Tangible Capital* (\$mm):	259.3	251.5
Total Book Value & Total Tangible Book Value* (\$mm):	258.8	251.0

ROIC & ROTC (%)	22.5%	23.2%
ROE & ROTE (%)	21.6%	22.3%

Asterisks are for *Fiscal Year Ended (mm/yy): 12/24

Current FY: 2025

Historical Financials (\$mm)	2022A	2023A	2024A	2025E	2026E	2027E
Sales	427.8	493.6	516.0	601.0	732.5	842.1
% growth	12.7%	15.4%	4.5%	16.5%	21.9%	15.0%
EBITDA	12.3	57.2	74.6	78.6	91.6	109.4
% of Sales	2.9%	11.6%	14.5%	13.1%	12.5%	13.0%
EBIT	10.4	56.5	73.8	77.6	90.5	108.2
% of Sales	2.4%	11.4%	14.3%	12.9%	12.4%	12.8%
Net Income	7.8	46.6	56.0	64.8	80.9	97.5
% of Sales	1.8%	9.4%	10.8%	10.8%	11.0%	11.6%
Unlevered Net Income	7.5	45.5	58.3	60.9	72.8	87.1
% of Sales	1.8%	9.2%	11.3%	10.1%	9.9%	10.3%

Current Stock Price (\$): \$48.32

Price Range (Last 12 months)

High (\$):	48.32
Low (\$):	25.79

Shares Outstanding (mm): 57.0

Total Market Cap (\$mm): 2893.3

Net Debt (\$mm): -188.9

Total Enterprise Value (\$mm): 2704.4

P/E Trailing: 38.4

P/E Forward: 35.1

Dividend Yield (%): 0.00%

Unlevered P/E Trailing: 43.3

Unlevered P/E Forward: 37.1

Total Market Cap / Total Book Value: 11.2

Company's Principal Product/Markets, and Competitive Strengths: The Gist of It

Vita Coco's principal product is packaged coconut water (and they now sell coconut oil, juice, and milk under the same brand). Other products include their Ever & Ever brand (a sustainably packaged water), and their PWR LIFT brand (a protein fitness drink). Additionally, they supply private label coconut water and oil to retailers, and they sell bulk product to food/beverage companies. Vita Coco is available in 35+ markets, but the main ones are North America, the UK, and Germany. Their key competitive strength is brand recognition by consumers in a category that has been steadily growing in popularity (especially in the context of the health and wellness movement). Next, they benefit from an asset-light supply chain model, partnering with various countries in farmers from Asia and South America; they can shift volumes across these countries as needed to keep costs down. Finally, they employ a multi-channel distribution strategy with strong presence on store shelves across major retailers as well as online and via partnerships with restaurants.

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Fiscal Year Ended: 2024

5Y Historical Financials (\$mm)	2020A	2021A	2022A	2023A	2024A	Growth Rates*	
						Historical	5-Year Forecasts
Sales	310.64	379.51	427.79	493.61	516.01	11%	15%
% growth	9%	22%	13%	15%	5%	-14%	
Gross Profit	104.86	113.15	103.36	180.73	198.78	14%	16%
% of Sales	34%	30%	24%	37%	39%	3%	
EBITDA	32.58	26.66	12.29	57.15	74.57	18%	17%
% of Sales	10%	7%	3%	12%	14%	7%	
EBIT	30.46	24.59	10.39	56.49	73.82	19%	17%
% of Sales	10%	6%	2%	11%	14%	8%	
Net Income	32.66	19.02	7.81	46.63	55.95	11%	20%
% of Sales	11%	5%	2%	9%	11%	1%	
EPS	0.56	0.35	0.14	0.83	0.99	12%	20%
% of Sales	0.18%	0.09%	0.03%	0.17%	0.19%	1%	
Unlevered Net Income	22.83	19.27	7.49	45.48	58.35	21%	18%
% of Sales	7%	5%	2%	9%	11%	9%	
Book Value	102.30	123.17	141.09	202.44	258.82	20%	24%
% growth	39%	20%	15%	43%	28%	-6%	

* Historical growth rate should be in percent per annum compounded

Show your forecasts of % per annum rates, over the next 5 years of each metric: Sales, Net Income, etc.

Ratios**	2020A	2021A	2022A	2023A	2024A	Growth Rates	
						Average Ratio	5-Year Forecasts
ROS	0.11	0.05	0.02	0.09	0.11	0.08	0.12
TURN	2.13	2.06	2.17	2.50	1.99	2.17	1.60
ROA	0.22	0.10	0.04	0.24	0.22	0.16	0.19
LEV	1.98	1.80	1.60	1.40	1.28	1.61	1.27
ROE	0.44	0.19	0.06	0.33	0.28	0.26	0.24

** Ref. McD dirty dozen ratios and Sunbelt Note. TURN & LEV should be calculated on beginning assets and equity

Show your forecasts of average level of ROS, TURN, etc. 4 years out.

KEY BETS

1. Europe (beyond the established U.K. stronghold) will evolve into a massive, high-margin profit pool that rivals the U.S. business in scale and profitability.
2. Vita Coco brand can leverage its deep, existing retailer relationships (e.g., Walmart, Costco) to maintain shelf-space dominance in the U.S.
3. Innovations like Vita Coco Treats will successfully premiumize the portfolio, driving margin expansion and offsetting the commoditization of the core product.
4. Global coconut water market will continue robust expansion, driven by durable health and wellness trends, lifting Vita Coco's volume even if its share erodes more.

KEY RISKS & MAGNITUDE OF IMPACT

1. Consumers switching to cheaper private label options, and retailers shifting volume to competitors for their own-brand sourcing, eroding Vita Coco's pricing power further - high magnitude of impact.
2. Potential permanent higher costs from tariffs threatens structurally lower margins, as the company remains exposed to global trade policy shifts - high magnitude of impact.
3. Recent coordinated stock sales by management immediately following strong earnings may signal lack of conviction in the company's upside potential and a misalignment with shareholders - high magnitude of impact.

CONCLUSION AND RECOMMENDATION

Speak to the immediate outlook, and then more importantly to your outlook for the next 4 quarters and 5 years; state your recommendation.

I recommend investors Pass on The Vita Coco Company. While immediate stock prices are at an all-time high and climbing with strong Q3 results, COCO's CFO has cautioned against assuming high growth will continue due to unusual volumes and promotions. Current valuations price the stock as a high-margin compounder, ignoring the fragility of its underlying economics. The business model is structurally inhibited: without a proprietary moat in taste or sourcing, Vita Coco lacks the pricing power to escape its "logistics trap," leaving intrinsic value tethered to volatile ocean freight rates rather than brand equity. As the coconut water market bifurcates into Premium and Value tiers over the next few years, Vita Coco is being squeezed in the middle, forcing a reliance on capital-intensive volume velocity to sustain returns. I project a structural deceleration in revenue growth as the "easy growth" phase of uncontested category expansion ends. While falling tariffs, product innovation, and European success could justify the current price, I view this upside scenario as improbable (~20%) against the weight of commoditization risks and execution uncertainty.

Industry and Competitive Landscape

The Vita Coco Company (COCO) operates as the dominant player in the North American and European coconut water market, a sub-segment of the broader “better-for-you” drinks category. While the category benefits from tailwinds favoring coconut water and similar beverages, the industry structure consists of a highly competitive landscape characterized by moderate barriers to entry, high buyer power, and increasing commoditization.

The coconut water market has stratified into three distinct tiers based on price¹ and perceived quality, with COCO competing in the middle and lower tiers:

1. **Premium:** Led by Harmless Harvest (\$5.99) with new entrants like Taste Nirvana (\$5.89), this segment differentiates primarily through formula attributes (e.g., use of Nam Hom coconuts which have a unique taste and pink hue) and packaging (cold-chain distribution and clear bottles). These brands command significant pricing power.
2. **Elevated Mass Market:** COCO’s Vita Coco brand (\$3.99) is the category leader of this segment. The value proposition is not best taste but rather reliability and accessibility with shelf-stable carton products. C2O (\$3.29) and Zico (\$3.49) are other leading brands in this space. Both the Ultra-Premium and Elevated Mass Market segments have multiple SKUs (different flavors, pressed, etc.) but the original coconut water is most demanded across brands.
3. **Value:** These are no-frills options with the simplest packaging. Goya (\$2.12) stands out, and alternatives are private label products sold at Walmart (Great Value), Trader Joe’s, and Whole Foods (365). These private label products are commoditized alternatives at ~50% of Vita Coco’s price point. Notably, COCO cannibalizes its own brand by supplying private label products (~20% of its revenue), a strategic concession to maintain volume.

While beverage giants Coca-Cola (Zico) and PepsiCo (O.N.E.) previously attempted to consolidate the category, their exits and divestitures in 2021 signal that this is a niche, operationally complex category rather than a scalable “plug-and-play” addition to a soda portfolio. This leaves COCO as the primary scale operator. Additionally, other “better-for-you” drinks like Bai (\$2.99) can be considered as competitors, but coconut water is perceived by consumers as an entirely different product given category growth over the last decade.

COCO enjoys a first-mover advantage that has translated into a ~40% coconut water market share in the U.S. and a dominant ~80% share in the U.K. By essentially creating the category in the U.S., in 2004, COCO has succeeded in building a strong distribution network: its core Vita Coco product dominates shelves. However, the durability of this lead is in question. The company boasted a U.S. share of ~51% in its 2022 annual report but only claimed ~40% in 2024. This share loss is not being ceded to a single Pepsi equivalent, but rather to the long tail of entrants who are carving out niches at both the high and low ends of the market. The recent growth in

¹ Prices listed are for 16-17 oz bottles from Safeway Palo Alto in October 2025.

COCO's net sales (+37% in Q3 2025) appears driven more by overall category expansion, excessively low 2024 numbers from ocean freight challenges, and a one-off promotion. CFO Corey Baker even remarked that a "key retailer promotion that ran in late Q3 and early Q4 this year has created unusually healthy scan trends in the U.S., and I would suggest that you look at a 2-year growth rate for an appropriate reading on the underlying momentum."

COCO's key moat is its supply chain agility. Unlike competitors like Zico and Harmless Harvest who own facilities (e.g., in Thailand), COCO utilizes an asset-light network of 17 co-manufacturing partners across 7 countries. This geographic diversification is a critical hedge against geopolitical risk. For instance, in response to 2025 U.S. tariffs, COCO re-routed supply, sourcing U.S. volume from the Philippines (19% tariff) while directing Brazilian volume (50% tariff) to Europe. Logistical flexibility allows COCO to defend margins and volume in a way single-source competitors cannot.

COCO's Vita Coco brand, the bulk of its sales, benefits from high unaided awareness through substantial shelf space today; however, the reason to buy is increasingly fragile. The product lacks a proprietary formulation or distinct sensory attribute that would maintain the premium image associated with quality coconut water in the West. Consequently, there are low switching costs. The brand continues to be vulnerable to price competition from other carton coconut waters without crisp brand stories, like the same private label products it produces.

The customer base is heavily concentrated and powerful, with Costco and a Keurig Dr Pepper distribution subsidiary accounting for ~50% of net sales for years. This concentration limits COCO's pricing power. Furthermore, the company's struggle to service private label contracts in 2024 due to the aforementioned inventory challenges led to continued losses in 2025, demonstrating that retailers hold significant leverage and will penalize execution failures.

The power of suppliers is moderate. While coconuts are a commodity, the fragmented nature of global tropical agriculture gives COCO some leverage. However, the reliance on third-party logistics and co-packers exposes the company to freight volatility and inflationary pressures that owned-asset competitors might better absorb.

Success in this business relies on a mix of product innovation, distribution density, and supply chain arbitrage. These are key barriers to entry: winners must effectively educate consumers to continually drive category adoption while managing a complex, cross-border supply chain to deliver a heavy liquid product at an affordable price. However, COCO's heavy reliance on one SKU which has remained unchanged, its original flavor, is concerning given the simultaneous premiumization and commoditization trends that other brands are benefiting from.

Economic Model

Volume velocity and distribution density are primary drivers of the business: growth depends on selling more units, which COCO defines as case equivalents (a case of 12 bottles of 330ml liquid beverages or the same liter volume of oil). This is reliant on maintaining and growing shelf space. Pricing power relies on the ability to create a premium brand image in the eyes of

consumers, which allow COCO to charge a higher wholesale price. The reduction in market share signals that this is a major risk for the company.

COGS depends on raw materials (namely coconuts and water), packaging, processing, quality control, shipping, and all associated labor and additional fees charged by the manufacturing and logistics partners. Macroeconomic inputs factor heavily into COGS. COCO is a price taker on ocean freight, and they are effectively betting that global shipping lanes remain open and cheap. Tariffs, especially current U.S. duties, can substantially wipe out margins, but their unique globalized sourcing reduces their sensitivity to this factor. Other costs include trade spend, product development, marketing, and corporate overhead.

COCO's economic model suffers from a permanent structural disadvantage: it sells a heavy, low-value commodity across global distances, unlike its set of comparables (non-alcoholic beverage companies) that rely on higher-margin concentrate or syrup models.

While the company touts the asset-light supply chain model, the business has low pricing power and high sensitivity to logistics costs it cannot control. Thus, it has lower gross margins (38.5% vs 52.5% for peers). However, its net income margin converges more to peers (10.8% vs 13.8% for peers) due to the lack of marketing spend on its private label business, much lower interest expense from its substantially lower debt, and minimal depreciation due to the asset-light supply chain.

On the flip side, COCO has superior asset efficiency to bridge the margin gap. By outsourcing production, it generates higher return on assets (14.2% vs 8.6% for peers) and asset turnover (1.59x vs 0.73x for peers). To gauge returns, ROIC is the most appropriate diagnostic tool, as the massive leverage utilized by giants in the comparables set renders their ROE artificially inflated and unsuitable for benchmarking COCO with its net cash position. COCO's 19.9% (vs 11.4% for peers) also reflects its capital efficiency, with a lower denominator yielding a value that surpasses the heavily asset-loaded beverage conglomerates.

Please refer to the comparables breakdown in Exhibit 1 for greater detail on these metrics.

Growth Expectation

The COCO growth narrative is fragile, relying on category momentum to mask fundamental flaws in the company's ability to capture and retain value. The core of this bear case is that the coconut water market is polarizing into ultra-premium and commoditized segments, leaving Vita Coco trapped in an eroding middle ground that limits its profitable growth runway.

While the market appears attractive, COCO is ill-positioned to monetize its growth. The U.S. market is large, estimated in the range of \$1.5-2.2B in 2024 with a projected CAGR of ~18% through 2030. The global market is in the range of \$6.0-\$8.6B with ~15% CAGR through 2030.

This growth actually poses a threat with COCO's reliance on the high-volume, shelf-stable format for both the Vita Coco brand and its private label business. Price pressures will only rise, contributing to the active share decay in the U.S., their core market. Further, Vita Coco's dominant U.K. market share signals a near-term ceiling. Expanding to other countries in Europe

is an unproven, high-SG&A bet. Penetrating Latin America, Asia, and Africa is structurally unattractive, as local consumption of fresh coconut water is abundant and the core value proposition of a packaged imported product is destroyed.

The current price point is unsustainable against commoditization; management's focus on premiumization and product line extension is defensive and subject to high execution risk. Sourcing higher quality coconuts from fewer regions to build a clearer brand story requires high capital investment and runs counter to the existing multi-country, volume-first sourcing strategy. Premiumizing packaging (e.g., switching from cartons to glass bottles) conflicts directly with COCO's asset-light, cost-focused operating model. New bets like Vita Coco Treats have not made any notable difference in their revenues.

The tactical advantage gained from exploiting the multi-country sourcing network to mitigate tariffs is likely priced in by the market already, and there is little further wiggle room for meaningful, sustained margin expansion as ocean freight costs remain volatile.

Unless the company is able to change course and premiumize its core offering, share loss will ultimately continue, especially in the U.S. COCO's growth trajectory relies on exploiting its existing shelf space and riding the wave of coconut water popularity.

Management Team and Execution

There is a divergence between COCO management's operational pedigree and their alignment with shareholders. While the team possesses the "on paper" qualifications to scale the business, their recent behavior signals a lack of conviction in the company's near-term durability against rising tariff headwinds.

The leadership team blends founder vision with professionalized operational rigor. Martin Roper, the CEO, is a seasoned operator, previously serving as CEO of the Boston Beer Company for nearly two decades. His tenure there building Twisted Tea, Truly, and Angry Orchard Cider demonstrates proven ability to navigate beverage trend cycles. Since taking the helm at Vita Coco in 2021, he has overseen the transition from a founder-led startup to a growing public company. Michael Kirban, a co-founder and the current Executive Chairman, remains the visionary face of the brand. His continued involvement signals stability and founder-led passion.

Despite the strong pedigree, the alignment of interest between management and public shareholders is deteriorating. As shown in Exhibit 2, Executive Chairman Michael Kirban has sold ~890,000 shares over the last 13 months, reducing his total holdings by nearly 50% (from ~1.82 million to ~930k shares). This can be interpreted as an unwinding of his position.

This signal is amplified by the coordinated nature of recent sales. In late October/early November 2025, multiple top executives including Roper, Kirban, and Co-Founder Ira Liran, sold shares simultaneously. While Charles Van Es (Chief Sales Officer) made a modest purchase in September and Kirban only reduced his share count by ~2%, the timing of the others' sales reveals a potential agency problem: they were made immediately following the strong Q3 earnings call on October 29, 2025.

The divestment by the leadership core indicates that management may view the company's current valuation as a peak rather than one that will continue to outperform expectations.

Balance Sheet Health

COCO maintains a strong net cash balance sheet: a position of zero financial debt and high liquidity. This financial health is a critical defensive shield against the severe logistical and margin volatility inherent in its economic model.

Financial leverage is entirely absent and arguably irrelevant to this business. As of Q3 2025, the company holds over \$203 million in cash without notes payable. This conservatism grants Vita Coco the liquidity necessary to buffer sudden, large-scale macroeconomic shocks as mentioned above without having to approach credit markets. The current ratio (3.4x) and quick ratio (2.8x) confirm the company's ability to cover short-term operational liabilities nearly 3 times over with immediately accessible assets.

The company's growth has been reliant on retained earnings. The significant growth from \$156.7 million to \$222.5 million in 9 months, representing over \$65 million in net income, demonstrates that Vita Coco generate sufficient Free Cash Flow (FCF) to self-fund its inventory builds, international expansion, and marketing investments. This high profitability makes external financing unnecessary.

Consequently, the need for equity issuance over the next few years is unlikely, making the risk of dilution from a capital raise negligible. In fact, the company is actively deploying capital through a share repurchase program. They probably do not have their eyes on a high-ROI capital expenditure (e.g., buying a competitor): if they had a major growth plan, they would spend the cash there first. This is also a disciplined way for COCO to return capital to shareholders while maintaining their zero-leverage position.

In essence, while this anti-dilutive activity is accretive to existing shareholders, the capital allocation strategy should be viewed with skepticism. The combination of a fortress balance sheet and C-suite selling stock suggests that management is hoarding cash to survive a challenging operating environment rather than efficiently leveraging its capital to maximize returns.

Revenue/Earnings/Cash Flow Model

I created a robust DCF model for COCO projecting revenue, earnings, and unlevered free cash flows over the next 4 quarters (Q4 2025 to Q3 2026) and 5 fiscal years (FY 2025–2029), with the prior 4 quarters and 5 fiscal years fleshed out as well. The Excel model is attached. I constructed this model by myself, with some assumptions derived from Jefferies' sell-side analyst reports (noted in the Excel).

My projections are fundamentally more conservative than street consensus and compare unfavorably to the past 5 years, reflecting my conviction that accelerating category growth will be offset by competitive failure in the core U.S. market. Vita Coco's decelerating top-line growth is a direct result of market share decay and price stagnation.

The primary driver, U.S. branded Vita Coco product, is projected to have volume growth at a declining rate across the forecast period. Across the 5-year period, the average 14% growth is a critical decoupling from the aforementioned 18% growth in the total coconut water market. The American private label business is expected to see minimal growth given major swings in prior years, the strong concentration of buyers, and continued commoditization allowing them to switch to COCO's competitors. Conversely, international volume maintains higher growth rates. This assumes maintaining leadership in the U.K. as well as some success replicating in other European markets.

The price per case equivalent is assumed to be nearly flat and defensive. This reflects the company's continued inability to drive mix shift toward higher-margin products or create product innovations that command sustained premiums.

Gross margin growth is expected to accelerate over the years as the political environment changes and tariffs are reduced, but this is tempered by the continued expected need to transport heavy products across long distances. Earnings (net income) and free cash flows will move in line with this.

Intrinsic Value of the Company

I used my DCF for valuation. I calculated the WACC using the assumptions and logic outlined in the Excel model and landed at 9.2%, which is reasonable for small- to mid- cap companies in the consumer space. I used this WACC to calculate the present value of the projected period (as of FY2025 end, since we are nearly at this date and the projected FY2025 numbers are based on 3 quarters of actuals). I then used the Gordon Growth Model to calculate the terminal value and discounted this back to FY2025 as well. I chose this over an exit multiple approach to calculating the terminal value because the values were highly variable for comparable companies in the beverage industry. I aimed for a more reliable calculation.

In my view, the current market price for Vita Coco is significantly overvalued compared to its intrinsic value. My DCF analysis, based on a bearish operating outlook, yields an enterprise value of \$1.6B, suggesting the current market valuation of ~\$2.7B (also calculated in the Excel) is too high.

My secondary lens of analysis is the EV/EBITDA multiple. My forecasted intrinsic value implies a 20.5x EV/EBITDA multiple, which is still higher than most of the established comparable companies as shown in Exhibit 3. While it is lower than the high-growth outliers (Monster and Celsius), it is still higher than the majority of established, higher-margin beverage companies. The market seems to be pricing COCO as a high-margin, scarcity-driven growth stock, but my analysis reveals it to be a low-margin, commoditized volume player.

The disconnect between market price and intrinsic value is well illustrated by the implied rate of return. The rate of return that an investor purchasing the stock at the current market price is implicitly accepting can be reverse-engineered from my DCF model (using Goal Seek in Excel). By setting the present value of my projected cash flows equal to the current market valuation, the

implied rate of return came out to be 6.5%. 6.5% is significantly below my calculated WACC of 9.2%, which represents the required return for an investment with this risk profile. Since an investor purchasing the stock at current prices is implicitly accepting a return of only 6.5%, the stock fails the investment hurdle rate.

Reconciling Valuation

Zooming out, my outlook is dampened in comparison to the market given my conservative long-term revenue growth rates (based on my lack of conviction in their ability to continue premiumizing), sustainable terminal value growth rate in line with GDP, and higher WACC as I view this to be a risky investment.

The consensus estimates reflected in this analysis are from a recent Jefferies analyst report on November 14, 2025 by Kaumil Gajrawala. This focus was necessary as Capital IQ showed a limited number of analyst reports for COCO, making a broad, synthesized consensus view challenging to construct.

Jefferies' valuation of \$3.0B is based on a target multiple of 21x applied to 2027 EBITDA. This EV is not directly comparable to my 2025 intrinsic EV of \$1.6B. However, I used back-of-the-envelope math (also in the Excel) applied to their projections to estimate their implied terminal growth rate to be 4.2%, which is quite high to assume in perpetuity. If I used a similar growth rate, my EV/EBITDA multiple would be much closer to theirs (please refer to Exhibit 4). Their unlevered free cash flow calculation also assumes zero change in net working capital, which is highly improbable given COCO's historic values (even for this year) and the fact that it is a growing company. Jefferies' supplementary tables also show that they are using inflated EBITDA values when deriving valuation based on a multiples approach: Jefferies adds back in stock-based compensation (SBC) to EBIT to get to their EBITDA, so they are applying multiples to higher EBITDA values. However, SBC has continued to show up on the income statement for COCO, so treating it like a real expense makes the most sense.

Conclusion

The Vita Coco Company's surface-level growth narrative is at odds with its fragile underlying economics. While the company is the undisputed leader of a growing category, it is structurally inhibited from capturing the value it creates and being squeezed out as other players commoditize or premiumize.

The business is driven by a simple but punishing equation: Volume x (Price - COGS). Volume growth and pricing power is dependent on continuing to stay top-of-mind as a quality product for consumers, who face more coconut water choices every year. Distribution density (shelf space) and the successful penetration of new European markets to replace stalling U.S. momentum are key sub-drivers. Without a proprietary moat around an attribute like taste or sourcing, Vita Coco cannot raise prices enough to escape its logistics trap. Its intrinsic value is tied to tariffs and the volatile rates of ocean freight rather than the compounding power of brand equity.

COCO is a low-to-medium quality business trading at a high-quality multiple. While its higher

ROIC vs comparables appears attractive due to the asset-light model, it is high maintenance: it requires constant volume acceleration to sustain. The business quality is degraded by its price taker status on inputs (freight and even coconuts) and outputs (retailer power). Also, a brand with stronger loyalty can absorb a tariff hike or a shipping crisis through pricing power. COCO cannot with its lack of differentiation. Its margins are thin and exposed, making the earnings stream lower quality.

The market is betting that Europe becomes a massive profit pool rivaling the U.S., the Vita Coco brand continues to dominate in the U.S. with its existing retailer relationships, and premium innovations (Treats, organic products, etc.). Additionally, the continued expansion of the coconut water market is another bet that is based on health and wellness trends. Key risks include commoditization (consumers switching to private label and retailers using competitors for their private label sourcing), tariff entrenchment (permanent higher costs), and management's confidence to reinvent the product portfolio as needed (management's recent sales of stock signals they do not believe in the upside continuing). There is a strong chance that U.S. share loss is not stabilization, and it is rather the start of a secular decline.

Historically, COCO grew by riding the wave of uncontested category expansion. The base case projects a structural deceleration from ~16% year-over-year revenue growth in 2025 to ~7% in 2029 as the market bifurcates to the Premium and Value tiers, leaving Vita Coco squeezed in the middle (but pushing toward the Value tier). Margins will likely remain compressed as commoditization continues. The easy growth phase is over.

If ocean freight rates collapse, tariffs are repealed, the European expansion succeeds wildly, and the core coconut water product can maintain an elevated mass-market positioning, the stock would grow into its current market valuation. I view this as a small chance (~20%) given the many factors out of COCO's control and their lackluster innovation track record.

I expect my base case to have a ~50% probability: volume growth continues but slows, margins remain pinned by logistics costs, and the stock de-rates to be more like other low-margin food and beverage companies (EBITDA multiple of 20x maximum).

A downside case, which I estimate to have ~30% probability, could occur if a recession drives consumers to private label and tariffs escalate, forcing retailers to switch suppliers.

In sum, while the balance sheet is pristine and the category is growing, the current valuation (\$2.7B EV) prices the stock as a compounder with pricing power. My research reveals this is really a capital-intensive logistics business with more unfavorable risk/reward profile than the market expects, and the significant swings in results in recent quarters reduce my confidence. **I recommend investors Pass on The Vita Coco Company.**

Appendix A: Sources (listed in roughly descending order of importance)

The Vita Coco Company, Annual/Quarterly Reports and Forms 10-Q/10-K since 2023, Various dates. <https://investors.thevitacococompany.com/>

- Pulled numbers for DCF, qualitative analyses

CapitalIQ, many different pages.

- Pulled ratios, inputs for valuation, management stock sales data

Jefferies, Kaamil Gajrawala, “Salt Lake Sips - Notes from the Road”, 14 Nov 2025.

- Analyst report, used for consensus estimates and some inputs for DCF; as mentioned in paper, I find their analysis to be overly bullish, likely due to a relationship-driven view (e.g., keeping management happy to win future business)

Jefferies, Kaamil Gajrawala, “When Life Gives You Coconuts”, 29 Oct 2025

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GSB Classmates: Ameya Shiva, Lisa Zhou, Atman Panigrahi, Karen Jiang, Murtaza Mubin, Rohit Gupta

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Appendix B: Exhibits

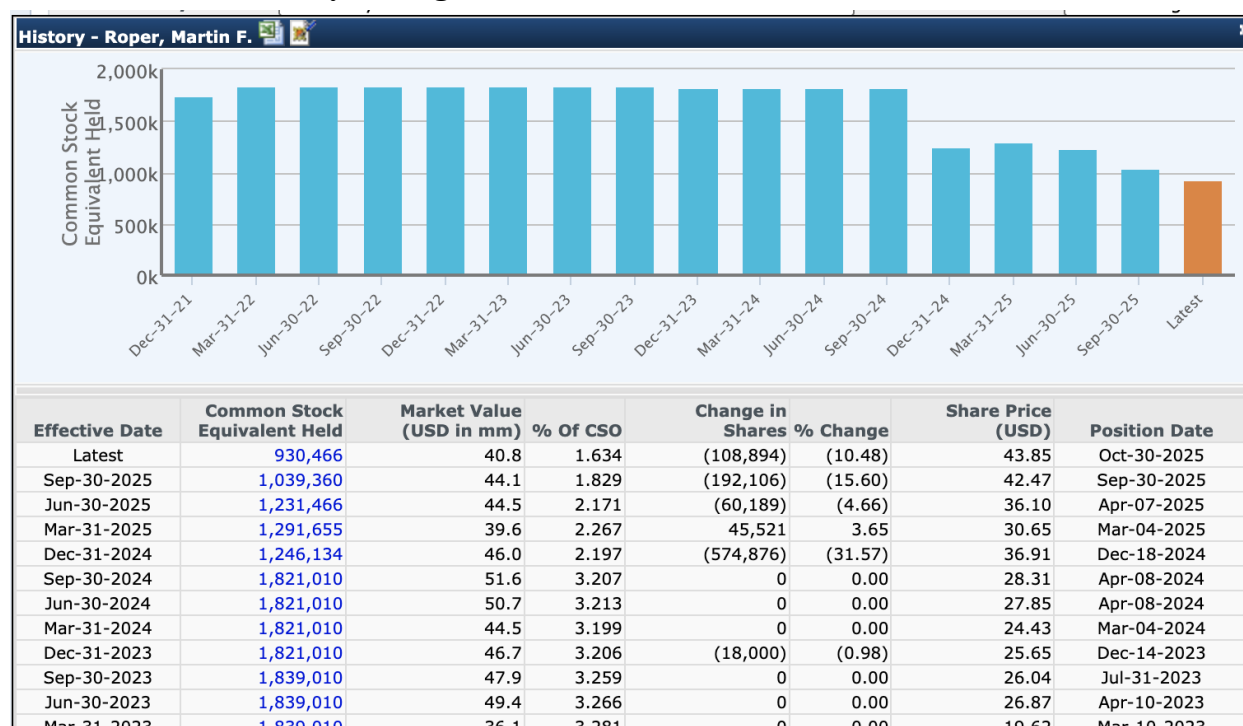
Exhibit 1: Comparables Analysis

Company Name	Net Income Margin %		Gross Margin %		Total Asset Turnover		Return on Assets %		LEV (BOP Assets/Equity)		LTM Return on Equity %		Return on Capital %		Inventory Turnover	
	FY24	FY20-24	FY24	FY20-24	FY24	FY20-24	FY24	FY20-24	FY24	FY20-24	FY24	FY20-24	FY24	FY20-24	FY24	FY20-24
The Coca-Cola Company (NYSE:KO)	22.6%	23.4%	61.1%	59.7%	0.47x	0.44x	9.0%	8.2%	3.56x	3.83x	42.4%	40.1%	12.3%	11.1%	4.00x	4.33x
PepsiCo, Inc. (NasdaqGS:PEP)	10.4%	10.1%	54.9%	54.2%	0.92x	0.90x	9.0%	8.5%	5.39x	5.72x	37.2%	45.6%	13.7%	13.2%	7.79x	8.26x
Keurig Dr Pepper Inc. (NasdaqGS:KDP)	9.4%	12.5%	55.6%	54.6%	0.29x	0.26x	4.0%	3.7%	2.03x	2.07x	6.3%	6.7%	5.1%	4.7%	5.09x	5.80x
Monster Beverage Corporation (NasdaqGS:MINST)	20.1%	23.5%	54.0%	54.5%	0.86x	0.81x	14.8%	15.0%	1.18x	1.20x	25.5%	22.9%	17.5%	17.8%	4.03x	4.46x
A.G. BARR p.Lc. (LSE:BAG)	9.4%	9.7%	39.1%	40.8%	1.01x	0.91x	8.6%	7.9%	1.37x	1.38x	15.5%	13.5%	11.5%	10.5%	7.51x	6.95x
Celsius Holdings, Inc. (NasdaqCM:CELH)	10.7%	1.4%	50.2%	45.4%	0.82x	1.04x	5.9%	1.8%	1.41x	1.39x	3.1%	10.3%	8.4%	2.3%	3.75x	3.03x
Peer Average	13.8%	13.4%	52.5%	51.5%	0.73x	0.73x	8.6%	7.5%	2.49x	2.60x	21.7%	23.2%	11.4%	10.0%	5.36x	5.47x
The Vita Coco Company, Inc. (NasdaqGS:COCO)	10.8%	7.5%	38.5%	32.6%	1.59x	1.93x	14.2%	10.3%	1.41x	1.64x	24.0%	24.9%	19.9%	15.0%	4.72x	4.87x

Note: values for ROIC and ROE use average balance (between FY23 and FY24) for NOPAT denominator, so differ slightly from the calculated version for Vita Coco in 2-page summary report

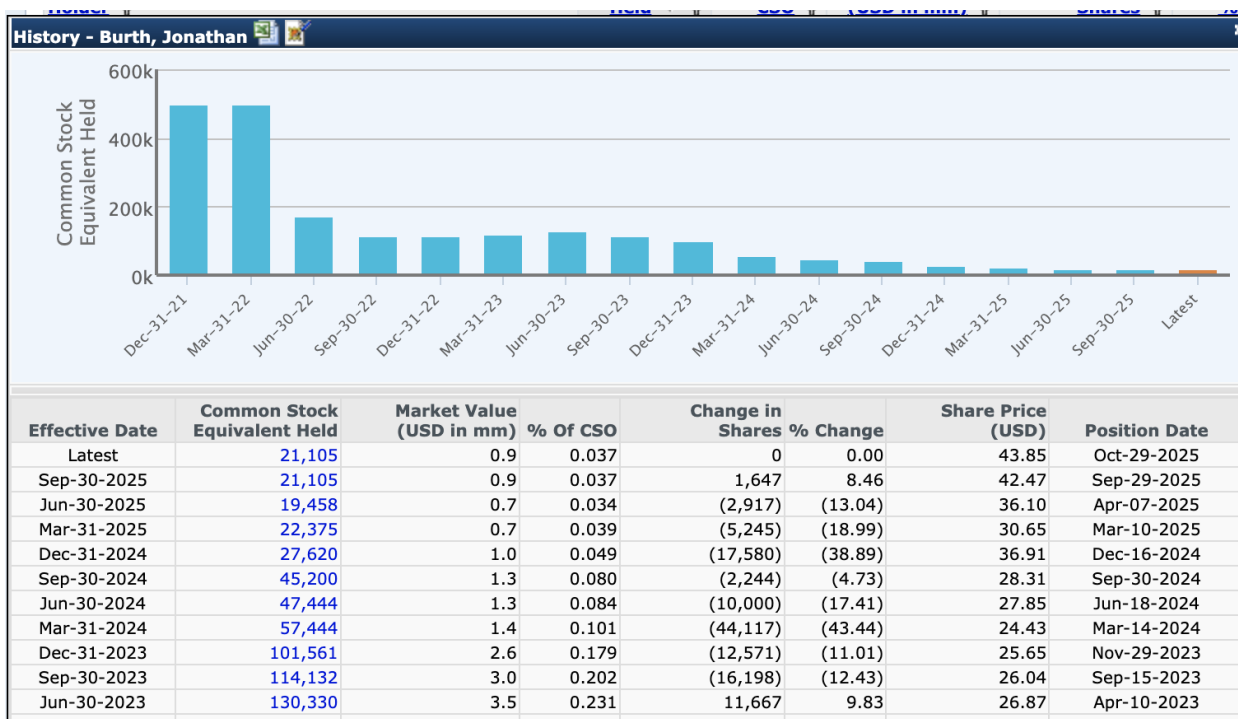
Source: CapIQ, attached Excel model

Exhibit 2: Stock Sales by Management



Latest Holders										
Holder	Common Stock Equivalent Held	% Of CSO	Market Value (USD in mm)	Change in Shares	% Change	Position Date	Source	Owner Type	History	
Kirban, Michael Co-Founder, Executive Chairman & President	2,227,461	3.911	97.7	(44,898)	(1.98)	Oct-30-2025	Form 4	Individuals/Insiders		
Liran, Ira Co-Founder & Director	1,197,634	2.103	52.5	(90,000)	(6.99)	Nov-05-2025	Form 4	Individuals/Insiders		
Roper, Martin F. CEO & Director	930,466	1.634	40.8	(108,894)	(10.48)	Oct-30-2025	Form 4	Individuals/Insiders		
Sadowsky, Kenneth R. Independent Director	616,680	1.083	27.0	(3,900)	(0.63)	Oct-15-2025	Form 4	Individuals/Insiders		
Prior, Jane Chief Marketing Officer	68,644	0.121	3.0	-	0.00	Oct-29-2025	Form 4	Individuals/Insiders		
Burth, Jonathan Chief Operating Officer	21,105	0.037	0.9	-	0.00	Oct-29-2025	Form 4	Individuals/Insiders		
Van Es, Charles Chief Sales Officer	19,723	0.035	0.9	9,732	97.41	Sep-17-2025	Form 4	Individuals/Insiders		
Morreau CPA, Jane Cecil Independent Director	13,893	0.024	0.6	-	0.00	Jun-03-2025	Form 4	Individuals/Insiders		
Leahy, John D. Independent Non-Executive Director	13,893	0.024	0.6	-	0.00	Jun-03-2025	Form 4	Individuals/Insiders		
Dozie, Aishetu Fatima Independent Director	11,560	0.020	0.5	-	0.00	Jun-03-2025	Form 4	Individuals/Insiders		
Baker, Corey CFO, Principal Financial Officer & Interim Chief Accounting Officer	10,902	0.019	0.5	(2,283)	(17.32)	Sep-18-2025	Form 4	Individuals/Insiders		
Zupo, John Director	8,876	0.016	0.4	-	0.00	Jun-03-2025	Form 4	Individuals/Insiders		
Ricalde CPA, Rowena Former Chief Accounting Officer	4,379	0.008	0.2	-	0.00	Apr-08-2024	Proxy	Individuals/Insiders		
Melloul, Eric Lead Independent Director	2,490	0.004	0.1	-	0.00	Apr-07-2025	Proxy	Individuals/Insiders		

Viewing 1-14 of 14 Holders



Source: CapIQ

Exhibit 3: EV/EBITDA Comparables

Company Name	TEV/EBITDA LTM - Latest
The Coca-Cola Company (NYSE:KO)	18.8x
PepsiCo, Inc. (NasdaqGS:PEP)	13.3x
Keurig Dr Pepper Inc. (NasdaqGS:KDP)	12.3x
Monster Beverage Corporation (NasdaqGS:MNST)	28.2x
A.G. BARR p.l.c. (LSE:BAG)	9.3x
Celsius Holdings, Inc. (NasdaqCM:CELH)	27.9x
The Vita Coco Company, Inc. (NasdaqGS:COCO)	36.2x

Source: CapIQ

Exhibit 4: Sensitivity Analysis for 2025 EV/EBITDA

		r (WACC)				
		7.2%	8.2%	9.2%	10.2%	11.2%
g	20.5x					
	1.5%	24.9x	21.0x	18.2x	16.0x	14.3x
	2.5%	29.5x	24.2x	20.5x	17.7x	15.6x
	3.5%	36.7x	28.8x	23.6x	20.0x	17.3x
	4.5%	49.3x	35.8x	28.0x	23.0x	19.5x
	5.5%	76.5x	47.9x	34.8x	27.3x	22.4x
	6.5%	181.8x	74.5x	46.7x	33.9x	26.6x
	7.5%	-414.5x	176.8x	72.5x	45.4x	33.0x

Source: Attached Excel model

Appendix C: Excel DCF Model

Please refer to the attached Excel file.