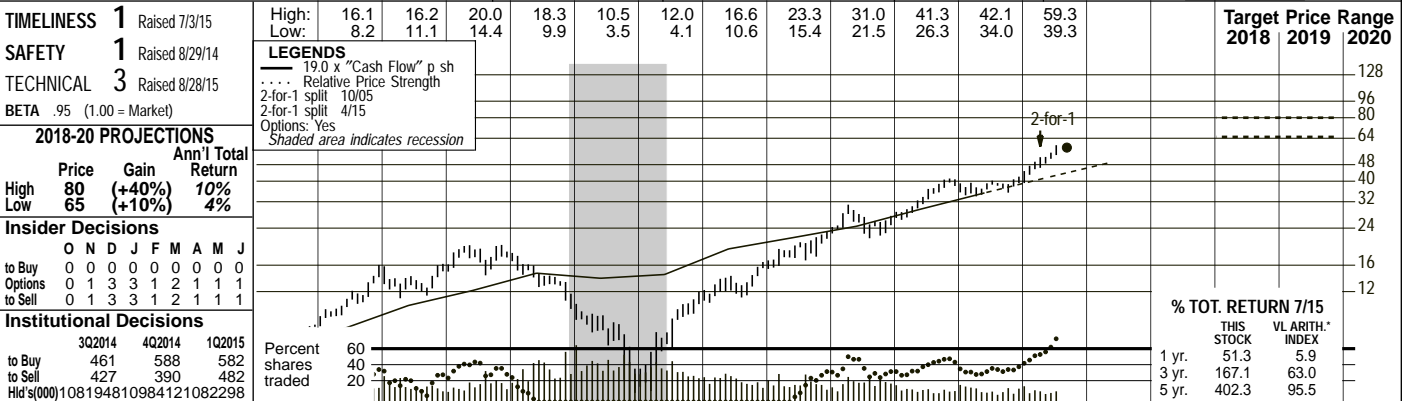


STARBUCKS CORP. NDAQ-SBUX

RECENT PRICE **57.83** P/E RATIO **33.2** (Trailing: 37.7 Median: 27.0) RELATIVE P/E RATIO **1.80** DIV'D YLD **1.2%**

VALUE LINE



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
1.15	1.44	1.74	2.12	2.59	3.33	4.15	5.15	6.37	7.06	6.58	7.21	7.85	8.87	9.89	10.97	12.95	14.60	Sales per sh ^A	19.35
.14	.18	.23	.27	.32	.42	.54	.64	.77	.73	.76	1.01	1.14	1.29	1.56	1.85	2.20	2.60	"Cash Flow" per sh	3.85
.07	.09	.12	.14	.17	.24	.31	.37	.44	.36	.40	.64	.76	.90	1.13	1.36	1.60	1.90	Earnings per sh ^{B F}	3.00
-.66	-.76	-.91	1.11	1.32	1.56	1.36	1.47	1.55	1.69	2.05	2.48	2.95	3.41	4.11	3.52	4.10	5.00	Div'ds Decl'd per sh ^G	1.00
1466.3	1505.3	1520.2	1552.9	1574.8	1589.6	1534.9	1513.2	1476.6	1471.0	1485.8	1485.2	1489.6	1498.6	1506.4	1499.0	1485.00	1485.00	Book Value per sh	8.55
50.1	46.5	45.0	38.6	35.9	40.3	43.2	45.6	36.3	26.4	16.0	18.7	22.8	27.5	26.5	27.9	27.9	27.9	Avg Ann'l P/E Ratio	24.0
2.86	3.02	2.31	2.11	2.05	2.13	2.30	2.46	1.93	1.59	1.07	1.19	1.43	1.75	1.49	1.47	1.47	1.47	Relative P/E Ratio	1.50
-.66	-.66	-.66	-.66	-.66	-.66	-.66	-.66	-.66	-.66	-.66	1.0%	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%	Avg Ann'l Div'd Yield	1.4%

CAPITAL STRUCTURE as of 6/28/15																		© VALUE LINE PUB. LLC		18-20
Total Debt \$2897.2 mill. Due in 5 Yrs \$750.0 mill.																		Sales (\$mill) ^A		29000
LT Debt \$2347.4 mill. LT Interest \$70.0 mill. (29% of Cap'l)																		Gross Margin ^D		30.0%
Leases, Uncapitalized Annual rentals \$925.6 mill.																		Operating Margin		24.5%
No Defined Benefit Pension Plan																		Number of Stores ^E		14000
Pfd Stock None.																		Net Profit (\$mill) ^F		4500
Common Stock 1,484.2 mill. shs. as of 7/22/15																		Income Tax Rate		35.0%
MARKET CAP: \$85.8 billion (Large Cap)																		Net Profit Margin		15.5%
CURRENT POSITION																		Working Cap'l (\$mill)		2000
Cash Assets																		Long-Term Debt (\$mill)		3000
Receivables																		Shr. Equity (\$mill)		12850
Inventory (FIFO)																		Return on Total Cap'l		29.0%
Other																		Return on Shr. Equity		35.0%
Current Assets																		Retained to Com Eq		23.5%
Accts Payable																		All Div'ds to Net Prof		33%
Other																				
Current Liab.																				

BUSINESS: Starbucks Corp. is the leading retailer, roaster, and brand of specialty coffee in the world. Sells whole bean coffees through its specialty sales group, mail-order business, supermarkets, and online. Has 8,582 company-owned stores in the Americas and 3,513 elsewhere. Also has 10,424 licensed stores worldwide. Retail sales: 89% of '14 total; CPG and other, 11%. Has joint ventures with Pepsi-Cola and Dreyer's to develop bottled coffee drinks and ice creams, respectively. Deal with Kraft to distribute coffee in grocery stores terminated in 2/11. Has about 191,000 employees. Off/Dir. own 3.5% of common stock (1/15 proxy). CEO: Howard Schultz, Inc.: WA. Addr.: 2401 Utah Ave. So., Seattle, WA 98134. Tel.: 206-447-1575. Internet: www.starbucks.com.

Starbucks shares continue to perform well in a choppy market, leaving investors in the coffee giant feeling rather perky. In fact, the high-profile stock has risen almost 40% in value year to date (and about 10% since our last review in late May), versus a flattish showing from the broad-based S&P 500 Index. What's more, strong financial results should support still-higher prices going forward, even though the valuation is now on the rich side.

Earnings ought to climb in the 15%-20% range in both fiscal 2015 and fiscal 2016, despite significant foreign exchange headwinds. (Years end on the Sunday closest to September 30th.) Notably, share net jumped roughly 25% during the June interim, to \$0.42, led by same-store sales growth of 7% globally, including 8% in the Americas and 11% in the China/Asia Pacific region. The comp momentum shows no sign of letting up, either, given the success of Starbucks' loyalty program and the rapid expansion of popular mobile payment services (the company's mobile app is increasingly used to order and pay for purchases). Plus, Starbucks is becoming more than just a coffee retailer, offering greater food options, from breakfast sandwiches to lots of new lunch items, that are driving customer traffic during all dayparts. This is not only supporting same-store sales, but it's helping the company to gain market share in a very competitive industry. And we think that the heightened emphasis on food will soon enable Starbucks to surpass sector rival McDonald's to become the largest restaurant operator in the world in terms of market capitalization.

Our share-net projection of \$3.00 for the 2018-2020 period is probably on the conservative side. We say this because of the company's excellent free cash flow and finances, which could well be used for accretive acquisitions and/or (more aggressive) stock buybacks. Deeper inroads in China, already a key market, would also likely prompt us to hike our longer-term earnings estimates.

We like this timely issue as a core holding for most investors. Though not cheap, the stock ought to generate solid risk-adjusted returns through late decade.

Justin Hellman
August 28, 2015

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2012	3435.9	3195.9	3303.6	3364.1		13299.5
2013	3799.6	3555.9	3741.7	3795.0		14892.2
2014	4239.6	3873.8	4153.7	4180.7		16447.8
2015	4803.2	4563.5	4881.2	4952.1		19200
2016	5430	5160	5515	5595		21700

(A) Fiscal year ends on the Sunday closest to September 30th. (B) Diluted earnings. Excl. nonrecurring (losses): '00, (\$0.06); '02, (\$0.01). Next earnings report due late Oct. (C) In mill., adj. for splits. (D) Incl. occupancy costs. (E) Incl. company-operated stores only. (F) Incl. stock-based compensation starting in '06. (G) Dividend initiated 3/10. Payments typically made in Jan., Apr., Jul., and Oct.