Stock Report | September 12, 2015 | NNM Symbol: SBUX | SBUX is in the S&P 500

Starbucks Corp

S&P Capital IQ Recommendation BUY
S&P Capital IQ Equity Analyst T. Amobi, CFA CPA

GICS Sector Consumer Discretionary
Sub-Industry Restaurants

Summary Starbucks is the world’s leading coffee retailer of high-quality coffee products, which it sells through its more than 20,000 retail stores globally, and multiple retail channels.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

<table>
<thead>
<tr>
<th>52-Wk Range</th>
<th>$59.32–35.38</th>
<th>S&amp;P Oper. EPS 2015E</th>
<th>1.59</th>
<th>Market Capitalization(B)</th>
<th>$83,902</th>
<th>Beta</th>
<th>0.77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trailing 12-Month EPS</td>
<td>$1.78</td>
<td>S&amp;P Oper. EPS 2016E</td>
<td>1.87</td>
<td>Yield (%)</td>
<td>1.13</td>
<td>S&amp;P 3-Yr. Proj. Earnings CAGR (%)</td>
<td>19</td>
</tr>
<tr>
<td>Trailing 12-Month P/E</td>
<td>31.8</td>
<td>P/E on S&amp;P Oper. EPS 2015E</td>
<td>35.6</td>
<td>Dividend Rate/Share</td>
<td>$0.64</td>
<td>S&amp;P Quality Ranking</td>
<td>B+</td>
</tr>
<tr>
<td>$10K Invested 5 Yrs Ago</td>
<td>$47,831</td>
<td>Common Shares Outstanding (M)</td>
<td>1,484.2</td>
<td>Institutional Ownership (%)</td>
<td>72</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Price Performance

30-Week Mov. Avg. 10-Week Mov. Avg. GAAP Earnings vs. Previous Year Volume Above Avg. STARS

Price

Share Price

Past performance is not an indication of future performance and should not be relied upon as such.

Highlights

- After an 11% increase in FY 14 (Sep.), total revenues are likely to rise nearly 17% in FY 15 -- assuming some foreign currency headwinds. This reflects a mid- to high-single digit increase in same-store sales, about 1,650 in globally targeted net new stores and added revenues from SBUX’s purchase of its Japan operations. Also, we see incremental growth from the company’s expansion into tea, and increased sales of Starbucks-branded K-Cups. Total revenues should rise a further 12% in FY 16.
- We see adjusted EBIT margins little changed at 18.8% in FY 15 (versus 18.6% in FY 14), after stores pre-opening expenses, and temporarily constrained by the Japan acquisition versus largely neutral food input costs. However, with SBUX substantially locked for its coffee costs into 2016 at slightly more favorable rates (versus 2015), we see margins expanding to 19.9% in FY 16. Results should also benefit from ongoing supply chain initiatives, targeted for about $1 billion in cumulative cost savings over the next several years.
- With a newly replenished share buyback plan, we forecast EPS of $1.59 in FY 15 and $1.87 in FY 16 versus FY 14 normalized EPS of $1.33.

Investment Rationale/Risk

- After SBUX’s stronger-than-expected results through the first nine months of FY 15, we see likely continuing momentum into FY 16, with a ramp-up in mobile penetration, accelerating international expansion (including China, India and Russia) and a burgeoning customer loyalty program. With a more affluent customer base, SBUX should be less affected than its peers by some lingering weakness in US consumer spending. Also, we view positively the company’s expansion into baked goods and other beverages, such as tea and orange juice. We believe SBUX has ample financial flexibility.
- Risks to our recommendation and target price include a worse-than-expected slowdown in global consumer spending; weaker-than-anticipated impact from ongoing revitalization initiatives on customer traffic, higher-than-expected coffee prices and potentially severe currency headwinds.
- Our 12-month target price is $65, on a P/E of 34.7X our FY 16 estimate, a seemingly warrantable premium to peers to reflect SBUX’s superior long-term growth prospects, and slightly above the 10-year historic average of 33.2X. The stock recently offered a dividend yield of 1.1%.

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Investors should note that returns from such investments, if any, may fluctuate and that the value of such investments may rise or fall. Accordingly, investors may receive back less than they originally invested. Investors should seek advice concerning any impact this investment may have on their personal tax position from their own tax advisor. Please note the publication date of this document. It may contain specific information that is no longer current and should not be used to make an investment decision.

Unless otherwise indicated, there is no intention to update this document.

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CORPORATE OVERVIEW. Starbucks is a leading retailer of specialty coffee in the world, operating in 62 countries. The company sells high-quality coffees, tea, and other beverages along with a variety of fresh food items through company-operated and licensed stores. SBUX has expanded its presence in the tea market with the acquisition of Teavana Holdings in December 2012. The company also plans to enhance its food offerings with the continued roll out of La Boulange bakery items in FY 14 (Sep.).

At September 28, 2014, SBUX owned and operated 7,303 (7,049 as of September 29, 2013) stores in the U.S., and 3,410 (3,145) stores in international markets. Revenues from company-operated stores accounted for 79% of total revenues in FY 14 (79% in FY 13). Stores are typically clustered in high-traffic, high-visibility locations in each market. In FY 14, the retail store sales mix by product type was 73% beverages, 18% food items, 4% whole bean coffees, and 5% coffee-related hardware items.

There were also 4,659 (4,408 as of September 29, 2013) licensed retail stores in the U.S. and 5,994 (5,165) in international markets at September 28, 2014. Revenue from retail licensees was approximately 10% of total revenues in FY 14 (9% in FY 13). The Global Consumer Products Group and a number of foodservice accounts contributed 11% of total revenues in FY 14 (12% in FY 13).

CORPORATE STRATEGY. SBUX brought back Howard Schultz as CEO in January 2008 after the company struggled for a couple years due to rapid expansion and deteriorating services, which we believe hurt the Starbucks brand. At the time of the reappointment of Howard Schultz as CEO, the company outlined a five-point agenda: 1) improve the U.S. business by focusing on the customer experience and other factors affecting store operations; 2) slow the pace of U.S. expansion and close underperforming U.S. locations; 3) re-energize the Starbucks brand and create an emotional connection to the brand with customers and employees; 4) realign and streamline management and back-end functions to better support customer-focused initiatives; and 5) accelerate expansion outside the U.S. and drive profit margins higher at international operations.

SBUX closed a significant number of units due to underperformance, totaling about 800 locations in the U.S., 61 in Australia, and another 100 in various international markets. The closures resulted in the elimination of 19,000 to 19,500 positions, and the company also eliminated about 1,700 corporate positions.

In addition, SBUX slowed expansion markedly in FY 09, to 273 new company-owned units and 676 licensed units. FY 09 capital expenditures were cut to $446 million, from $985 million in FY 08. In FY 10, the company opened 223 net new stores, most of which were licensed. In FY 11, SBUX added 620 new stores, excluding the closures of 475 stores due to the bankruptcy of Borders. In FY 12, the company added about 640 net stores.

FINANCIAL TRENDS. Largely as a result of its restructuring and revitalization efforts, in FY 09 the company achieved a more conservative capital structure compared to past years. SBUX reduced commercial paper and other short-term borrowings to zero as of September 30, 2010, while long-term debt remained stable at year-earlier levels of $549 million, and cash and equivalents grew to $1,164 million from $600 million.

Aggregate write-offs, expenses and severance associated with closures on a pretax basis amounted to $599 million. The closings, personnel reductions and other cost initiatives resulted in $590 million of cost savings in FY 09, exceeding the $500 million initial target. A nominal amount of additional restructuring charges was incurred in the first quarter of FY 10.

In January 2015, the company reiterated its full year targets. The company expects full year non-GAAP EPS of $3.09 to $3.13. This is based on 16% - 18% revenue growth, include mid-single digits higher comparable store sales. The acquisition of the remaining interest in Starbucks Japan should be modestly dilutive to operating margin for the year. Still, non-GAAP operating margins should be flat to slightly higher, according to Starbucks. The company plans to open 1,650 net new stores in FY 15.
### Quantitative Evaluations

**S&P Capital IQ Fair Value Rank**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1+</td>
<td>Based on S&amp;P Capital IQ’s proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).</td>
</tr>
</tbody>
</table>

**Fair Value Calculation**

$47.70  

Analysis of the stock’s current worth, based on S&P Capital IQ’s proprietary quantitative model suggests that SBUX is overvalued by $8.83 or 15.6%.

### Investability Quotient

**Percentile**

SBUX scored higher than 98% of all companies for which an S&P Capital IQ Report is available.

### Volatility

Since August, 2015, the technical indicators for SBUX have been NEUTRAL.

### Insider Activity

For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

### Expanded Ratio Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price/Sales</td>
<td>3.81</td>
<td>4.01</td>
<td>3.12</td>
<td>3.03</td>
</tr>
<tr>
<td>Price/EBITDA</td>
<td>17.68</td>
<td>20.87</td>
<td>17.41</td>
<td>17.07</td>
</tr>
<tr>
<td>Price/Pretax Income</td>
<td>19.82</td>
<td>NM</td>
<td>20.13</td>
<td>19.55</td>
</tr>
<tr>
<td>P/E Ratio</td>
<td>30.28</td>
<td>NM</td>
<td>29.96</td>
<td>28.43</td>
</tr>
<tr>
<td>Avg. Diluted Shares Outstanding (M)</td>
<td>1,526.2</td>
<td>1,524.6</td>
<td>1,546.0</td>
<td>1,539.4</td>
</tr>
</tbody>
</table>

Figures based on calendar year-end price

### Key Growth Rates and Averages

<table>
<thead>
<tr>
<th>Year</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>9 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>10.45</td>
<td>12.02</td>
<td>11.21</td>
<td>9.69</td>
</tr>
<tr>
<td>Net Income</td>
<td>NM</td>
<td>-30.20</td>
<td>-15.20</td>
<td>-4.88</td>
</tr>
</tbody>
</table>

### Income Statement Analysis (Million $)

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>16,448</td>
<td>14,882</td>
<td>13,300</td>
<td>11,700</td>
</tr>
<tr>
<td>Operating Income</td>
<td>3,541</td>
<td>2,863</td>
<td>2,382</td>
<td>2,075</td>
</tr>
<tr>
<td>Depreciation</td>
<td>748</td>
<td>656</td>
<td>581</td>
<td>550</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>64.1</td>
<td>28.1</td>
<td>32.7</td>
<td>33.3</td>
</tr>
<tr>
<td>Pretax Income</td>
<td>3,180</td>
<td>-230</td>
<td>2,059</td>
<td>1,811</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>34.6%</td>
<td>NM</td>
<td>32.6%</td>
<td>31.1%</td>
</tr>
<tr>
<td>Net Income</td>
<td>2,088</td>
<td>8.30</td>
<td>1,384</td>
<td>1,246</td>
</tr>
<tr>
<td>S&amp;P Capital IQ Core Earnings</td>
<td>2,007</td>
<td>1,669</td>
<td>1,365</td>
<td>1,176</td>
</tr>
</tbody>
</table>

### Balance Sheet & Other Financial Data (Million $)

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1,844</td>
<td>3,234</td>
<td>2,037</td>
<td>2,051</td>
</tr>
<tr>
<td>Current Assets</td>
<td>4,169</td>
<td>5,409</td>
<td>4,200</td>
<td>3,795</td>
</tr>
<tr>
<td>Total Assets</td>
<td>10,753</td>
<td>11,517</td>
<td>8,219</td>
<td>7,360</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>3,039</td>
<td>5,377</td>
<td>2,210</td>
<td>2,076</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>2,048</td>
<td>1,299</td>
<td>550</td>
<td>550</td>
</tr>
<tr>
<td>Common Equity</td>
<td>5,272</td>
<td>4,480</td>
<td>5,109</td>
<td>4,385</td>
</tr>
<tr>
<td>Total Capital</td>
<td>7,322</td>
<td>5,782</td>
<td>5,664</td>
<td>4,539</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>1,161</td>
<td>1,151</td>
<td>856</td>
<td>532</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>2,817</td>
<td>664</td>
<td>1,964</td>
<td>1,796</td>
</tr>
</tbody>
</table>

### Data

- Stock Report | September 12, 2015 | NNM Symbol: SBUX
- Starbucks Corp
- Data as originally reported in Company reports.; bef. results of disc oper/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Sub-Industry Outlook

Our fundamental outlook for the restaurants sub-industry is positive. We project low single digit same-store sales growth in 2015. We think the U.S. economy will expand at a moderate pace. Nonfarm payroll employment has been rising, attaining the 200,000 per month that we think is needed to keep up with the population increase. Consumers have been cautious, and have been trading down or dining out less often, in particular during the weekdays. We project slower traffic for casual dining restaurants, while we think fast food and fast-casual dining restaurants will be less affected.

For the full-service restaurant segment, we project same-store sales growth of lower single-digits for the year. We think traffic will rise up to 1.0% as more people dine out. We also think they will likely purchase lower-priced menu items instead of higher-priced fare. However, we believe this will be more than offset by overall higher prices. Thus, we expect the average ticket price to increase slightly. We believe this segment of the restaurant industry will benefit less from faster growth in emerging countries. In our coverage universe, full-service restaurant companies have a higher percentage of their restaurants located in the U.S.

For the quick-service restaurant segment, we expect same-store sales to rise 2%-3% for the year, as we believe consumers will trade down from eating out at full-service outfits. We see incremental growth, as some quick-service restaurants are adding breakfast food to their menus. We see further growth opportunities in international markets, in particular China, with Yum! Brands, McDonald’s and Starbucks opening more stores in that country.

The restaurant industry has been hit by higher food margins, as restaurants absorbed most of the higher input costs due to a weak economy. We think the impact of higher input costs will lessen in the next few quarters, as commodity price inflation has slowed down recently. Still, we think restaurants will have difficulty raising their prices. We also see higher labor costs from minimum wage legislation, and regional labor shortages, and higher healthcare costs due to Obamacare.

Year to date through August 14, the S&P Restaurants Index rose 16.3%, versus a 1.7% higher S&P 1500 Index. In 2014, the sub-industry index rose 4.3%, versus a 10.9% increase for the S&P 1500.

--Tuna N. Amobi, CFA, CPA

Industry Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Restaurants

Based on S&P 1500 Indexes
Five-Year market price performance through Sep 12, 2015

Stock Report | September 12, 2015 | NNM Symbol: SBUX
Starbucks Corp

Sub-Industry: Restaurants Peer Group*: Fast-food - Larger

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Stock Symbol</th>
<th>Stk.Mkt. Cap. (Mil. $)</th>
<th>Recent Stock Price ($)</th>
<th>52 Week High/Low ($)</th>
<th>Beta</th>
<th>Yield (%)</th>
<th>P/E Ratio</th>
<th>Fair Value Calc.($)</th>
<th>S&amp;P IQ %ile</th>
<th>Return on Revenue (%)</th>
<th>LTD to Cap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starbucks Corp</td>
<td>SBUX</td>
<td>83,902</td>
<td>56.53</td>
<td>59.32/35.39</td>
<td>0.77</td>
<td>1.1</td>
<td>32</td>
<td>47.70</td>
<td>98</td>
<td>12.6</td>
<td>28.0</td>
</tr>
<tr>
<td>Biglari Holdings</td>
<td>BH</td>
<td>782</td>
<td>37.49</td>
<td>459.43/312.00</td>
<td>1.07</td>
<td>Nil</td>
<td>2</td>
<td>NA</td>
<td>-</td>
<td>3.6</td>
<td>25.2</td>
</tr>
<tr>
<td>Domino’s Pizza</td>
<td>DPZ</td>
<td>6,053</td>
<td>112.22</td>
<td>118.73/75.64</td>
<td>0.97</td>
<td>1.1</td>
<td>36</td>
<td>75.20</td>
<td>94</td>
<td>8.2</td>
<td>560.1</td>
</tr>
<tr>
<td>Jack in the Box</td>
<td>JACK</td>
<td>3,504</td>
<td>79.44</td>
<td>99.99/61.73</td>
<td>0.64</td>
<td>1.5</td>
<td>30</td>
<td>73.70</td>
<td>90</td>
<td>6.4</td>
<td>64.8</td>
</tr>
<tr>
<td>McDonald’s Corp</td>
<td>MCD</td>
<td>91,742</td>
<td>97.41</td>
<td>101.88/87.50</td>
<td>0.36</td>
<td>3.5</td>
<td>23</td>
<td>80.80</td>
<td>99</td>
<td>17.3</td>
<td>53.9</td>
</tr>
<tr>
<td>Papa John’s Int’l</td>
<td>PZZA</td>
<td>2,767</td>
<td>69.71</td>
<td>79.40/37.45</td>
<td>0.47</td>
<td>1.0</td>
<td>41</td>
<td>61.50</td>
<td>92</td>
<td>4.6</td>
<td>68.2</td>
</tr>
<tr>
<td>Yum Brands</td>
<td>YUM</td>
<td>35,113</td>
<td>81.43</td>
<td>95.90/65.81</td>
<td>0.79</td>
<td>2.0</td>
<td>40</td>
<td>66.00</td>
<td>99</td>
<td>7.9</td>
<td>62.1</td>
</tr>
</tbody>
</table>

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.
S&P Capital IQ Analyst Research Notes and other Company News

July 24, 2015
09:49 am ET ... S&P CAPITAL IQ RAISES OPINION ON SHARES OF STARBUCKS CORP. TO BUY, FROM HOLD (SBUX 56.56****): With a ramp-up in mobile penetration, overseas expansion and customer loyalty program, we raise our 12-month target price by $11 to $65 (11.1% yield), on FY 16 (Sep.) P/E of 34.7x, a premium vs. peers, and vs. 10-year average of 32.2x. With replenished share buybacks, we raise FY 15 and FY 16 EPS estimates by $0.02 each to $1.59 and $1.87. Jun-Q EPS of $0.42 (before $0.01 cost) vs. $0.34, was $0.08 above our estimate. Jun-Q revenues rose 18%, with a healthy +7% comps, on cross-regional gains. Jun-Q EBIT rose 22%, as margins widened 70 basis points, on track with FY 15 targets. /T. Amobi, CPA, CFA

April 27, 2015
11:10 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF STARBUCKS (SBUX 51.77**): We raise our 12-month target $5 to $54, or 29X our FY 16 (Sep.) EPS estimate of $1.85 ($0.01). We use a multiple above its forward average and peers, because of our increased confidence in various initiatives to drive higher traffic and average ticket size. Also, SBUX locked in relatively favorable near-term coffee bean prices. However, our enthusiasm is reduced by recent share price appreciation. Still, with a $0.64 per share dividend that we see rising annually, hold SBUX for total return potential. SBUX posts Mar-Q EPS of $0.33, vs. $0.28, a penny shy of our estimates. /E. Levy-CFA

March 26, 2015
11:13 am ET ... S&P CAPITAL IQ CUTS VIEW ON SHARES OF STARBUCKS TO HOLD FROM BUY ON VALUATION (SBUX 94.21**): We raise our 12-month target $4 to $98, or 26X our FY 16 EPS estimate of $3.68 on updated historical and peer P/E analysis. We expect SBUX to continue to its rapid global expansion of stores, sales and profits. Fundamentals are generally favorable and we expect the company to target 5%-plus comparable store sales growth. Various initiatives should drive higher traffic and average ticket increases. However, our enthusiasm is reduced by recent share price appreciation. Still, with a $1.28/share dividend that we see rising annually, hold SBUX for total return potential. /E. Levy-CFA

January 22, 2015
05:00 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF STARBUCKS CORP. (SBUX 82.74***): We raise our 12-month target $3 to $94, or 25X our FY 16 (Sep.) EPS estimate of $3.68 (cut $0.04), between co.'s three-year and five-year average forward P/E, and near the peer average. We keep our FY 15 estimate at $3.14, slightly above the upper end of guidance. SBUX posts Dec-Q adjusted EPS of $0.80, vs. $0.70, below our $0.81 estimate, but in line with the Capital IQ consensus estimate, as SBUX met revenue forecasts. We are impressed by another quarter of 5% comparable-store sales driven by traffic and ticket increases. We see further initiatives driving up sales. /E. Levy-CFA

October 31, 2014
10:56 am ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF STARBUCKS (SBUX 75.53****): We lower our 12-month target $8 to $85, or 27X our FY 15 (Sep.) EPS estimate of $3.14 (reduced $0.06), near its three-year average forward P/E multiple. We set FY 16's EPS at $3.72. On its investor call, SBUX discussed new initiatives to enhance future growth including the Starbucks Roaster and Tasting Room experiences and new delivery options. SBUX posts Sep-Q adjusted EPS of $0.74, vs. $0.63, in line with our estimate. Although sales were 1% below the Capital IQ consensus projection, we see plenty of caffeine driven expansion opportunities for Starbucks around the globe. /E. Levy-CFA

July 24, 2014
05:15 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF STARBUCKS CORP. (SBUX 80.45****): We raise our 12-month target price $2 to $83, or 29X our FY 15 (Sep.) EPS estimate of $3.20 raised $0.03. We use an above-peer multiple reflecting our view of SBUX's favorable long-term growth prospects. Our FY 14 estimate remains $2.67, the highest of company guidance. Even with increased competition, we expect SBUX to deliver strong (5%-+) system-wide comparable store growth that will drive margin improvement. In addition, we expect revenues and profits to benefit from unit expansion internationally. SBUX posts Jun-Q EPS of $0.67, vs. $0.55, a penny above our forecast. /E. Levy-CFA

June 19, 2014
06:39 am ET ... STARBUCKS CORPORATION (SBUX 75.56) UNCHANGED, UBS UPGRADES STARBUCKS CORPORATION TO BUY... UBS upgrades Starbucks Corporation (NASDAQ: SBUX) from Neutral to Buy and raised the price target from $80.00 to $87.00. UBS noted that the stock offers a "compelling" entry with "limited downside risk." The firm emphasized that Starbucks is a top long-term global growth opportunity among consumer multinationals. The company has "good sales, earnings visibility and optionality around out-year initiatives." Shares of Starbucks closed at $75.56 on Wednesday. The stock is currently trading at $71.25, up 2.237 percent. 2014 Benzinga.com. Benzinga does no...Acquire Media

June 19, 2014
10:23 am ET ... STARBUCKS CORPORATION (SBUX 77.2384) UP 1.68, ANALYST BUZZ HEATS UP STARBUCKS SHARES... UBS analyst raised the rating of Starbucks (NASDAQ: SBUX) from Neutral to Buy and raised the price target from $80.00 to $87.00. UBS noted that the stock offers a "compelling" entry with "limited downside risk." The firm emphasized that Starbucks is a top long-term global growth opportunity among consumer multinationals. The company has "good sales, earnings visibility and optionality around out-year initiatives." Shares of Starbucks closed at $75.56 on Wednesday. The stock is currently trading at $71.25, up 2.237 percent. 2014 Benzinga.com. Benzinga does no...Acquire Media

May 28, 2014
09:07 am ET ... STARBUCKS CORPORATION (SBUX 73.66) UNCHANGED, STANDPOINT RESEARCH INITIATES COVERAGE ON STARBUCKS CORPORATION AT STRONG BUY... Standpoint Research initiates coverage on Starbucks Corporation (NASDAQ: SBUX) with a Strong Buy rating. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

May 28, 2014
09:00 am ET ... STARBUCKS CORPORATION (SBUX 73.66) UNCHANGED, STANDPOINT RESEARCH INITIATES COVERAGE ON STARBUCKS CORPORATION AT STRONG BUY... Standpoint Research initiates coverage on Starbucks Corporation (NASDAQ: SBUX) with a Strong Buy rating. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

May 8, 2014
08:16 am ET ... STARBUCKS CORPORATION (SBUX 69.74) UNCHANGED, WALL STREET REMAINS BULLISH ON STARBUCKS FOLLOWING Q2 EARNINGS... Wall Street analysts are sharing their views on Starbucks (NYSE: SBUX) second quarter results. Deutsche Bank analyst Jason West believes the stock is "likely to respond favorably to these results," given the "broader backdrop of weather-driven misses and SBUX's share price underperformance YTD," -- Buy rating, $84 price target. Wells Fargo analyst Bonnie Herzog "continues to be impressed with SBUX's ability to deliver results and believes the future for the company remains very bright," based on: -- Outperform rating, $99-91 valuation range. Oppenheimer an...Acquire Media
**Analysts' Recommendations**

<table>
<thead>
<tr>
<th>Monthly Average Trend</th>
<th>Buy</th>
<th>Buy/Hold</th>
<th>Hold</th>
<th>Weak Hold</th>
<th>Sell</th>
<th>No Opinion</th>
<th>SBUX Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>BH</td>
<td>H</td>
<td>WH</td>
<td>S</td>
<td>NO</td>
<td>SBUX</td>
</tr>
</tbody>
</table>

**Stock Price ($)**

<table>
<thead>
<tr>
<th>O</th>
<th>N</th>
<th>D</th>
<th>J</th>
<th>F</th>
<th>M</th>
<th>A</th>
<th>M</th>
<th>J</th>
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<td>50</td>
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</tbody>
</table>

Of the total 30 companies following SBUX, 30 analysts currently publish recommendations.

- **Buy**: 19 analysts, 63% of total recommendations in the 1-month prior, 19% in the 3-month prior.
- **Buy/Hold**: 7 analysts, 23% in the 1-month prior, 0% in the 3-month prior.
- **Hold**: 4 analysts, 13% in the 1-month prior, 5% in the 3-month prior.
- **Weak Hold**: 0 analysts, 0% in both the 1-month and 3-month prior.
- **Sell**: 0 analysts, 0% in both the 1-month and 3-month prior.
- **No Opinion**: 0 analysts, 0% in both the 1-month and 3-month prior.

**Wall Street Consensus Estimates**

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2016 vs. 2015</th>
<th>2014 Actual $1.36</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Avg</td>
<td>High</td>
<td>Low</td>
<td># of Est.</td>
<td>Est. P/E</td>
</tr>
<tr>
<td>2016</td>
<td>1.88</td>
<td>1.94</td>
<td>1.80</td>
<td>30</td>
<td>30.1</td>
</tr>
<tr>
<td>2015</td>
<td>1.58</td>
<td>1.60</td>
<td>1.57</td>
<td>29</td>
<td>35.8</td>
</tr>
<tr>
<td>2016 vs. 2015</td>
<td>▲19%</td>
<td>▲21%</td>
<td>▲15%</td>
<td>▲3%</td>
<td>▼-16%</td>
</tr>
<tr>
<td>Q4’16</td>
<td>0.52</td>
<td>0.56</td>
<td>0.49</td>
<td>14</td>
<td>NM</td>
</tr>
<tr>
<td>Q4’15</td>
<td>0.43</td>
<td>0.45</td>
<td>0.43</td>
<td>26</td>
<td>NM</td>
</tr>
<tr>
<td>Q4’16 vs. Q4’15</td>
<td>▲21%</td>
<td>▲24%</td>
<td>▲14%</td>
<td>▼-46%</td>
<td>NA</td>
</tr>
</tbody>
</table>

**Wall Street Consensus Opinion**

**BUY**

**Companies Offering Coverage**

- Accountability Research Corporation
- Argus Research Company
- BMO Capital Markets Equity Research
- BTIG, LLC
- Barclays
- BoA Merrill Lynch
- CLSA
- Citigroup Inc
- Cleveland Research Company
- Cowen and Company, LLC
- Credit Suisse
- Deutsche Bank
- Erste Group Bank AG
- Goldman Sachs
- Guggenheim Securities, LLC
- JP Morgan
- Jefferies LLC
- Morgan Stanley
- Morningstar Inc.
- Oppenheimer & Co. Inc.
- Piper Jaffray Companies
- RBC Capital Markets
- Robert W. Baird & Co.
- Sanford C. Bernstein & Co., Inc.
- Stephens, Inc.
- Stifel
- UBS Investment Bank
- Wedbush Securities Inc.
- Wells Fargo Securities, LLC
- William Blair & Company L.L.C.

**Wall Street Consensus vs. Performance**

For fiscal year 2015, analysts estimate that SBUX will earn US$1.58. For the 3rd quarter of fiscal year 2015, SBUX announced earnings per share of US$0.41, representing 26% of the total annual estimate. For fiscal year 2016, analysts estimate that SBUX’s earnings per share will grow by 19% to US$1.88.
S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under the S&P Capital IQ Equity Research STARS system, S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

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(also known as S&P Capital IQ Earnings & Dividend Rankings) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ’s earnings and dividend rankings for common stocks, which are designed to capitalize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

<table>
<thead>
<tr>
<th>Score</th>
<th>Quality ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>Highest</td>
</tr>
<tr>
<td>A</td>
<td>High</td>
</tr>
<tr>
<td>A-</td>
<td>Above Average</td>
</tr>
<tr>
<td>B+</td>
<td>Average</td>
</tr>
<tr>
<td>B</td>
<td>Lower</td>
</tr>
<tr>
<td>A</td>
<td>Lowest</td>
</tr>
<tr>
<td>NR</td>
<td>In Reorganization</td>
</tr>
</tbody>
</table>

S&P Capital IQ EPS Estimates
S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in-process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings
S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company’s after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price
The S&P Capital IQ equity analyst’s projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

S&P Capital IQ Equity Research

Abbreviations Used in S&P Capital IQ Equity Research Reports
CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment
Reflects an S&P Capital IQ equity analyst’s view of a given company’s operational risk, or the risk of a firm’s ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company’s operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:
- ★★★★★ 5-STARS (Strong Buy):
  Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.
- ★★★★ 4-STARS (Buy):
  Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.
- ★★★ 3-STARS (Hold):
  Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.
- ★★★ 2-STARS (Sell):
  Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.
- ★★ 1-STARS (Strong Sell):
  Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.
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**STARS Stock Reports:**
S&P Capital IQ Global STARS Distribution as of June 30, 2015

<table>
<thead>
<tr>
<th>Ranking</th>
<th>North America</th>
<th>Europe</th>
<th>Asia</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>39.6%</td>
<td>27.9%</td>
<td>31.8%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Hold</td>
<td>48.9%</td>
<td>46.8%</td>
<td>39.5%</td>
<td>47.5%</td>
</tr>
<tr>
<td>Sell</td>
<td>11.3%</td>
<td>25.5%</td>
<td>28.7%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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