STARBUCKS CORP. NDQ-SBUX

**BUSINESS:** Starbucks Corp. is the leading retailer, roaster, and brand of specialty coffee in the world. Sales are derived from the company-operated stores only. The company-operated stores primarily consist of company-operated company-aided stores and company-operated company-owned stores. Company-operated company-aided stores primarily consist of company-operated franchised and company-operated licensed stores. Company-operated company-owned stores consist of company-operated company-owned company-operated stores and company-operated company-owned licensed stores.

**Key Ratios:**
- **Earnings:** $1.76, $2.54, $3.13, $3.67, $4.22 (2011-2015)
- **Sales:** $13.20 billion, $18.70 billion, $24.18 billion, $29.20 billion, $34.53 billion (2011-2015)
- **Net Income:** $1.76 billion, $2.55 billion, $3.12 billion, $3.64 billion, $4.27 billion (2011-2015)
- **Book Value per Common Share:** $10.50, $12.00, $14.00, $16.00, $18.00 (2011-2015)
- **Dividends Declared per Share:** $0.14, $0.25, $0.30, $0.35, $0.42 (2011-2015)
- **Beta:** Calculated based on 36 months of daily returns.

**Target Price Range:** $58.73 - $32.32

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**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 higher prices going forward, even though the valuation is now at the rich side for growth stocks. 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, 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, 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 and online.  Has 8,582 company-owned stores in the Americas and the Asia/Pacific region. The company is the largest coffee retailer, offering greater food options, from breakfast sandwiches to lots of new lunching items, that are driving customer traffic during all dayparts. We like this timely issue as a core investment, particularly for investors with longer-term earnings estimates.

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**2018-2020 PROJECTIONS**

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<td>31.30</td>
<td>0.46</td>
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**Date:** 8/28/15

**Price:** $70.0 mill. and $750.0 mill.

**Options:** Yes

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