

Current Price:
\$91.18

Target Price:
\$100

Upside:
9.67%

BUY:
19 Shares

Starbucks Corp. (NASDAQ: SBUX)

Consumer Discretionary Sector

Sector Head: Emily Milone

Senior Analysts: Adam Bandler, Alek Labosky, Bradley Smith

Junior Analysts: Elyssa Chen, Ari Wechsler



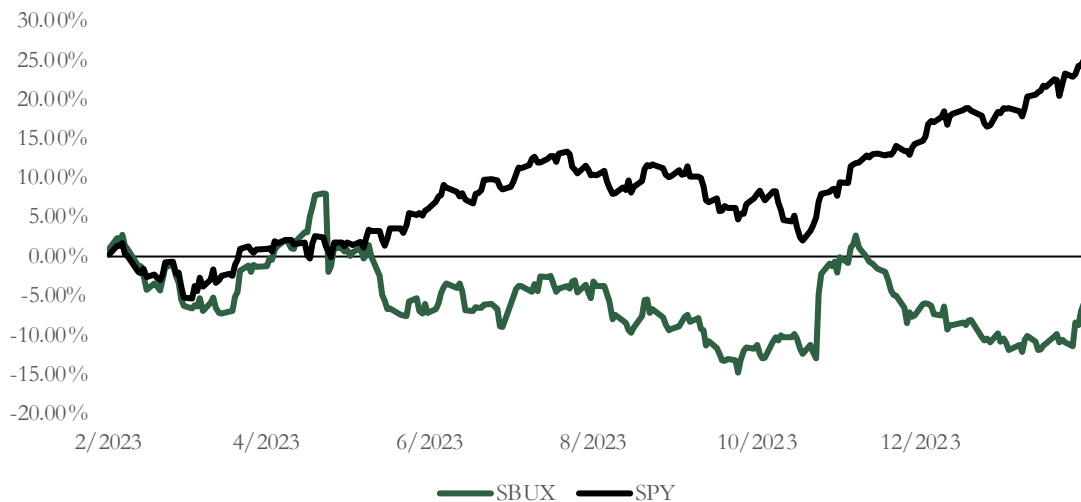
Company Overview



Operations Overview

- 1 Operates numerous retail stores globally to optimize store locations and customer fulfillment
- 2 Manages the largest supply chain and procurement processes that meet sustainability standards and demand fluctuations
- 3 Heavily relies on digitalization platforms to promote loyalty management and streamline mobile interface payments
- 4 Holds high standards for social responsibility and sustainability by carrying out ethical sourcing practices such as waste reduction to minimize environmental footprints

Historical Stock Performance



Key Statistics

Current Share Price: \$91.66

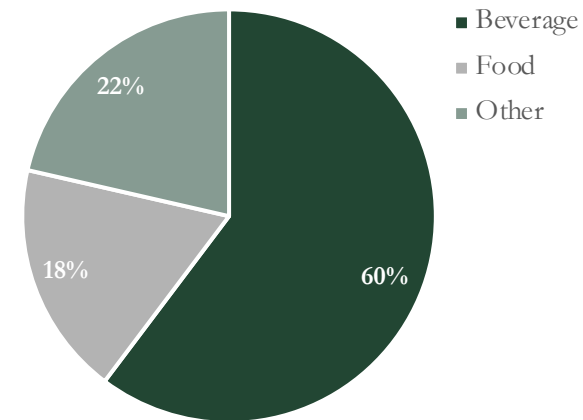
52 Week Range: \$99.10 - \$115.48

LTM EBITA: \$7.59 Billion

Leverage Ratio: 1.16x

P/E Ratio: 26.28x

Revenue Breakdown



Starbucks' menu offers over **250+** differentiated items, with new **seasonal** options swapped out throughout the year




Industry Overview



Retail Coffee and Snacks

- The industry is composed of business including coffee shops, cafes, donut shops, and bakeries that offer coffee and snacks to the public
- The average American drinks 3.5 cups of coffee daily, and over 400 million cups of coffee are consumed daily in the U.S.
- Consumers spent over \$110 billion on coffee in 2022
- The coffee and snacks industry has grown 52.4% from 2015 to 2022

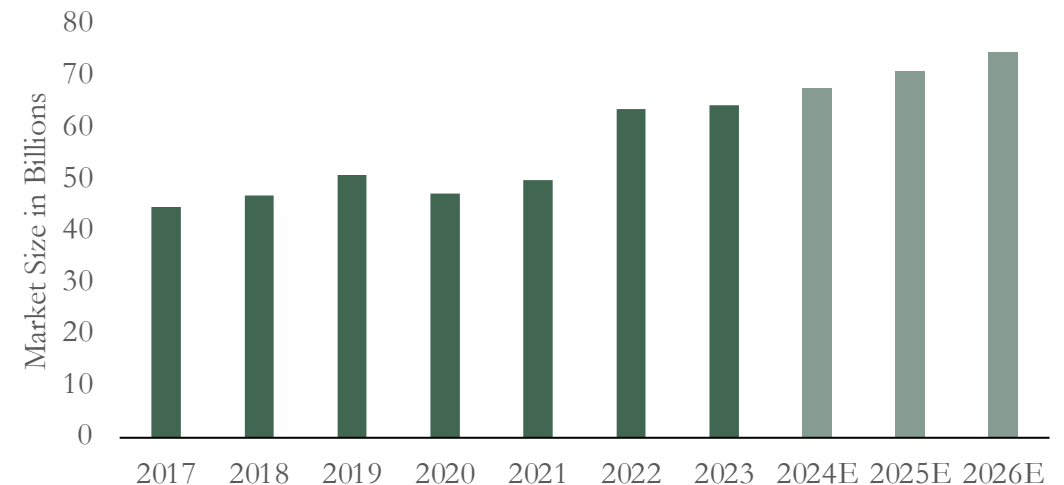
Coffee Industry Trends

-  Increased demand for iced beverages compared to hot coffee
-  Non-dairy and plant-based ingredients are becoming more preferred by consumers
-  Rise in consumer preference of mid-size coffee brands

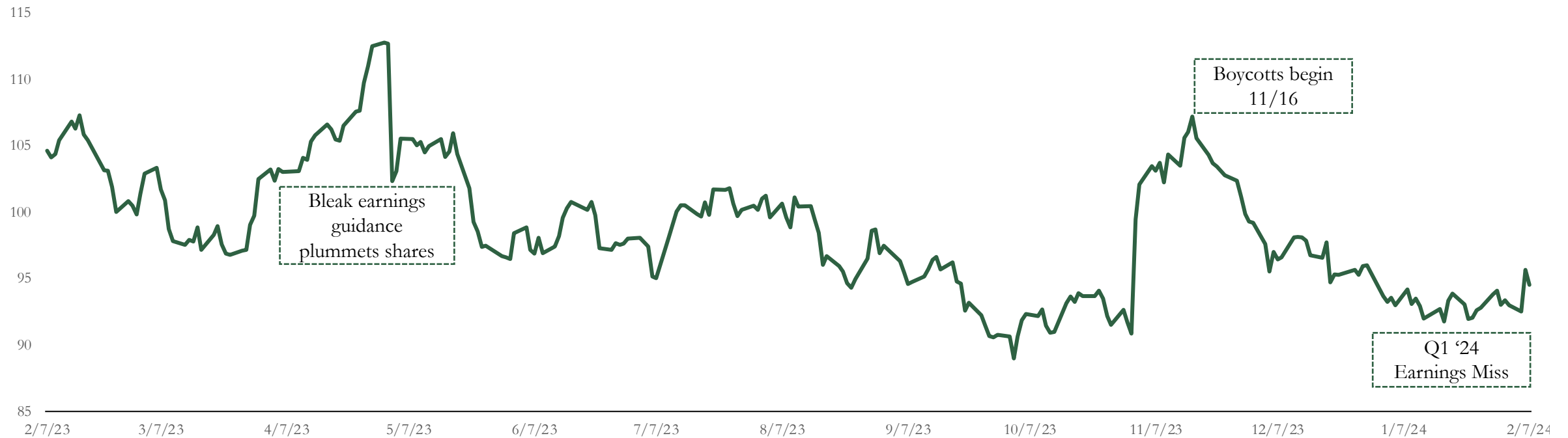
Competitors



Retail Coffee and Snacks Industry Market Size



Why Buy Now?



Boycott's Negative Effect on Sales

Over the past five months, consumer boycotts have heavily impacted SBUX's top lines, which has hit the company's shares hard

Dedicated and Increasing Consumer Base

With recent and ongoing developments to their mobile app, SBUX knows how to effectively expand and maintain their dedicated consumers

Growing Physical International Presence

SBUX roughly takes up about 41% of U.S. market share, but the company plans to increase international locations by upwards of 10% YoY

Investment Thesis



Expected Q3 Recovery

After slowed growth coming from a successful fall season and slowed sales due to boycotts, SSS will begin recovering in U.S. and China in Q3 '24



Shifting to a Younger Consumer Base

With 43% of Starbucks transactions consisting of Rewards members, the company will shift to appealing to its increasingly younger consumer base



Technology Advancements

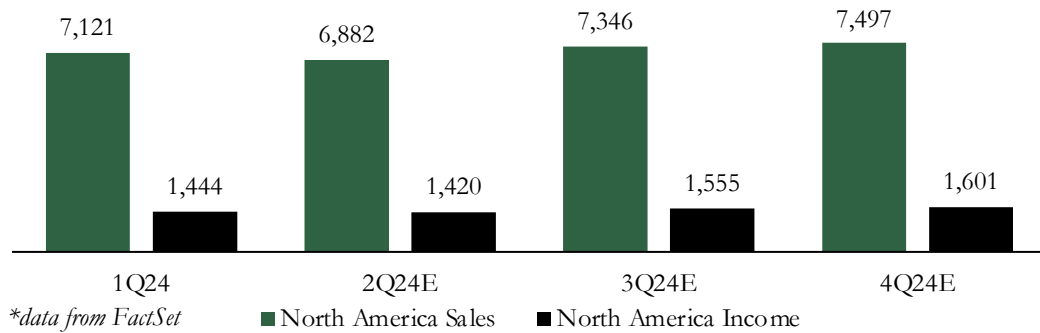
To meet increasing levels of demand in the A.M. hours, technology advancements to streamline processes will become more prevalent

3Q24 Recovery

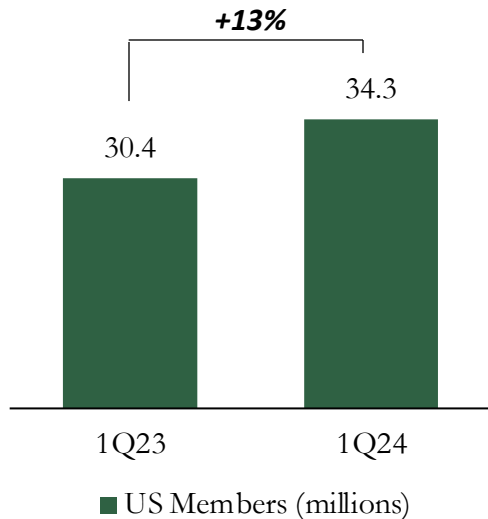


Boycott's Impact Only Temporary

CEO Laxman Narasimhan attributed softening in US traffic to misperceptions regarding SBUX's position on events in Middle East
NA Sales and Income to recover in 3Q24



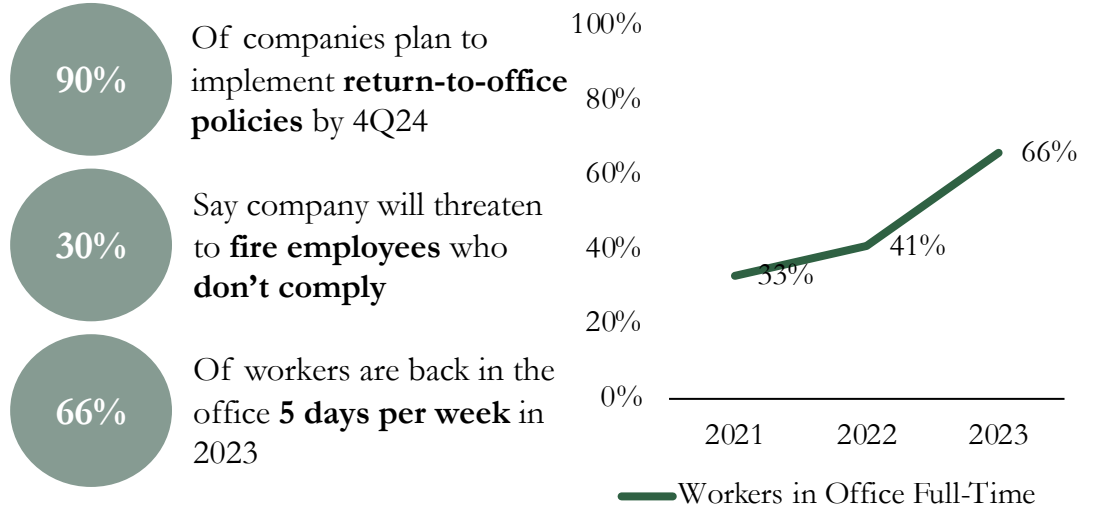
Expansion of Loyalty Program



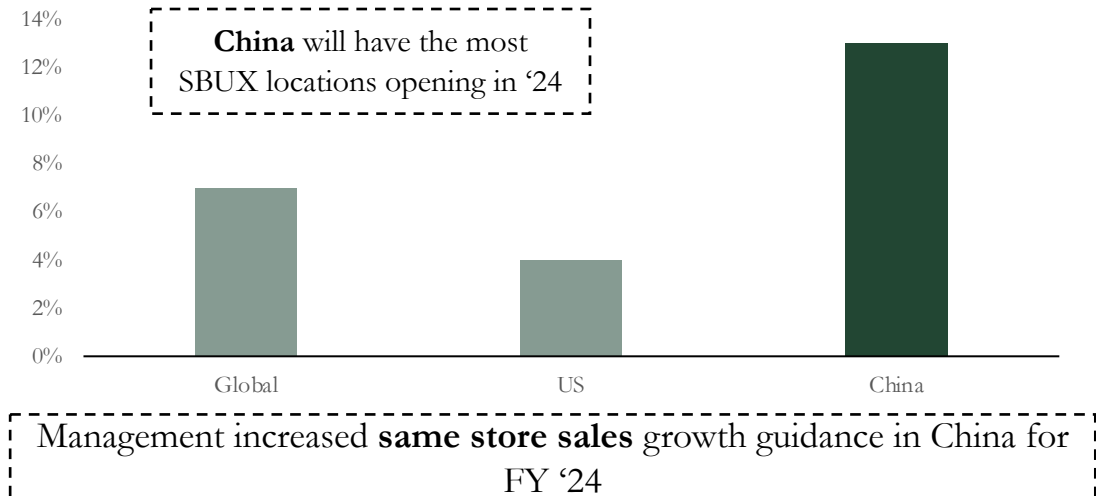
Focal Initiatives

- Using AI to identify specific member cohorts to offer relevant shopping incentives
- Partner with *Gopuff* to offer delivery of overnight orders
- Partnerships offering value to loyalty customers (ex. Bank of America & Delta)

Return to Work Continues Driving Traffic



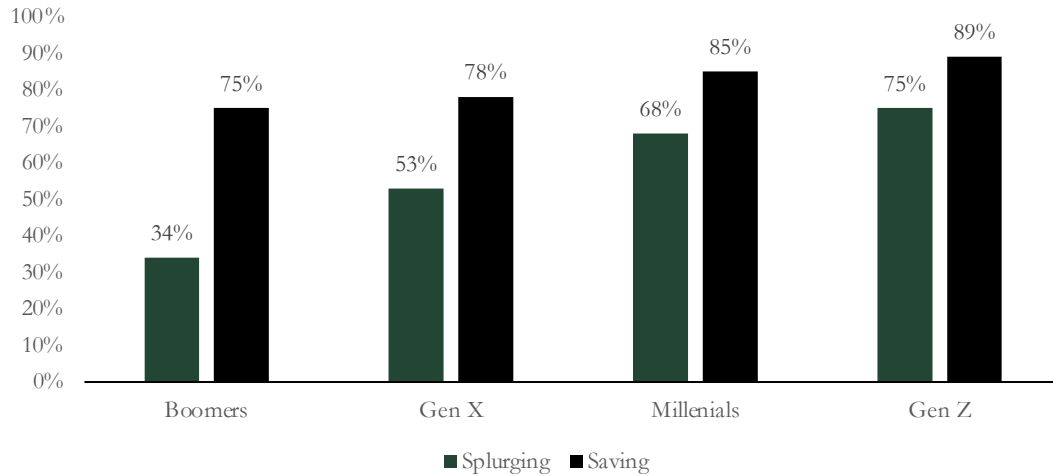
Future of China



Shifting to a Young Consumer Base



Gen-Z Spending Habits



Embracing Technology and Convenience



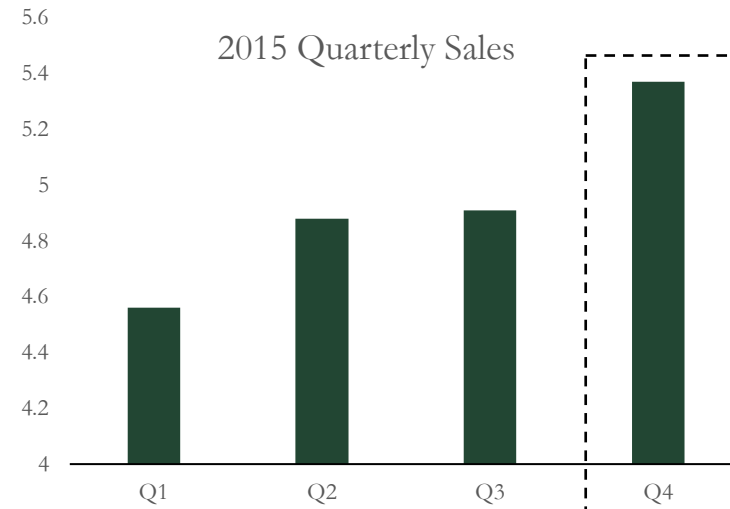
The Starbucks app allows for mobile ordering, payment, and rewards, **streamlining** the experience for time-conscious **younger** demographics

After introduction of hyper-personalization within the mobile app, revenues boosted **14%** in a single fiscal year

Focus on Cold Beverages and Customization

- 1 Starbucks boasts a wide variety of iced beverages like cold brews and shaken espressos often featuring unique flavorings and customization
- 2 The company offers numerous milk alternatives, syrups, toppings, and brewing methods allowing customer to create their own signature drinks
- 3 Appeals to younger crowd by catering to individual preferences which foster a sense of discovery and a sense of ownership and engagement with the brand

Expanding Menu Options



Following the release of Starbucks **cold brew**, revenue increased **over 25%** on a quarterly basis

Technology Advancements



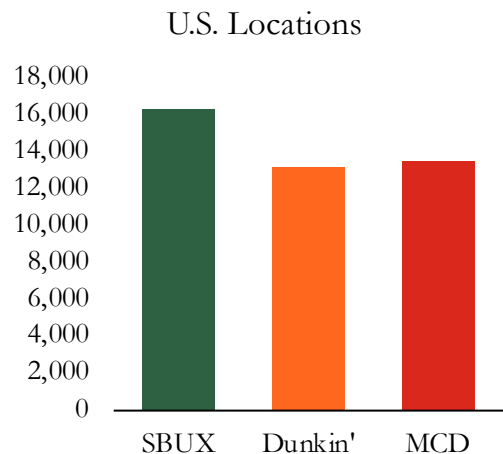
Rising Morning Demand

Morning demand returned to **pre-COVID** levels for first time and remains **busiest daypart** across US stores

2/3 of workers are now fully in-person, spending an average of **\$13/day** on breakfast and coffee

Expected increase in the percent of **frequent and habitual customers** fueled by return-to-office policies

Drive-Thru/Mobile Increasing Capacity per Store



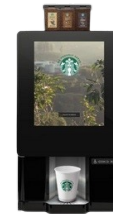
*data from filings and Inspire Brands

- 80%** Of chain's net new stores in the U.S. have a **drive-thru**
- 30%** Of total transactions in the U.S. are **mobile orders**
- Sep. 2023** Saw opening of first ever **"drive-thru-only"** Starbucks

Coffee Technology Improving Efficiency



Clover Vertica Machine



On-Demand Single-Cup Brewer

Installed in 10% of US stores during 1Q24

On track to have installed in 60% of US stores in FY24

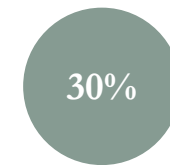
Coffee innovation and improved technology will lead to increased partner productivity, reduced waste, and greater store efficiencies across all locations

Higher Margins at Drive-Thru/Delivery Only Stores

Companies with Drive-Thru Only Locations



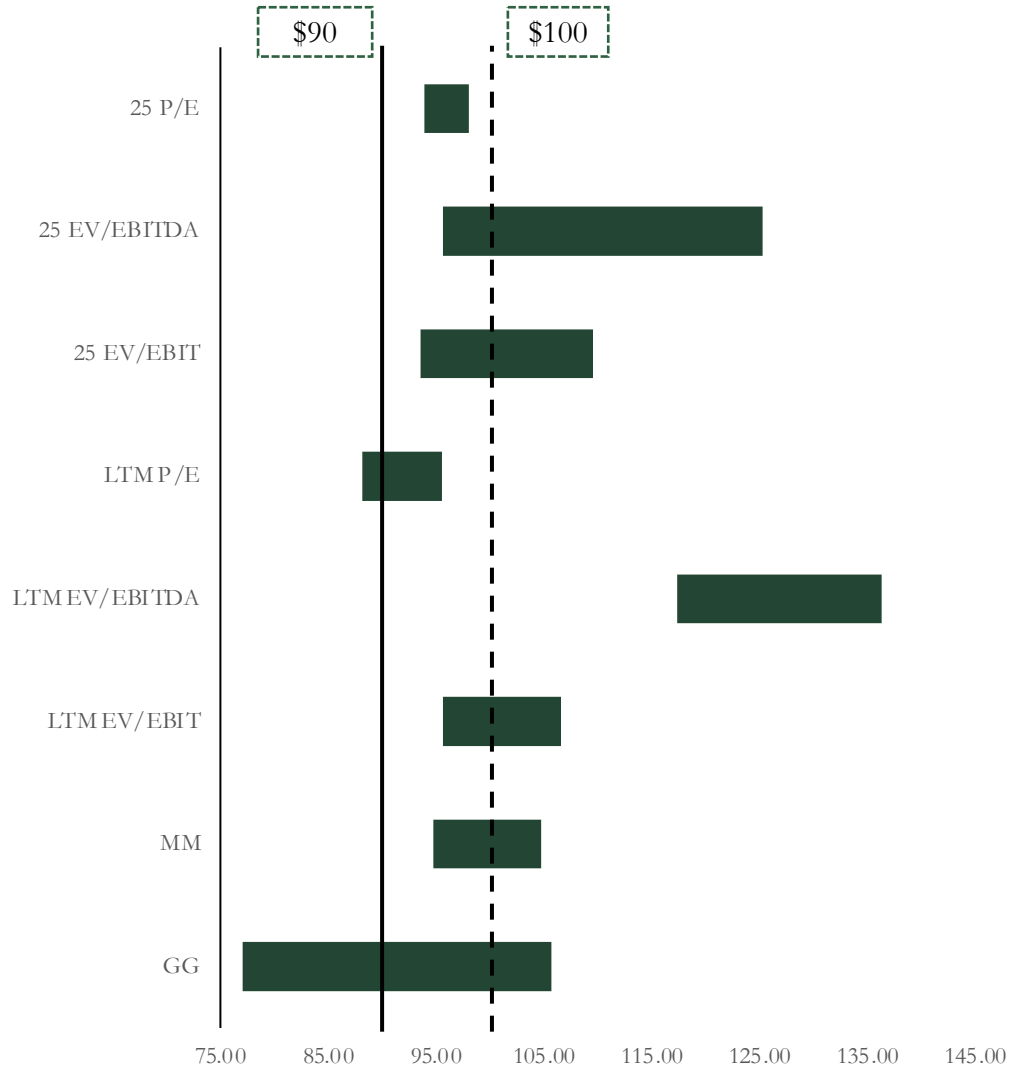
Smaller Footprint Driving Cost Savings



Valuation



Football Field



Price Calculation

Share Price Calculation				
Comps	105.78	60%	\$	63.47
DCF MM	94.73	30%	\$	28.42
DCF GG	83.65	10%	\$	8.37
			\$	100.26

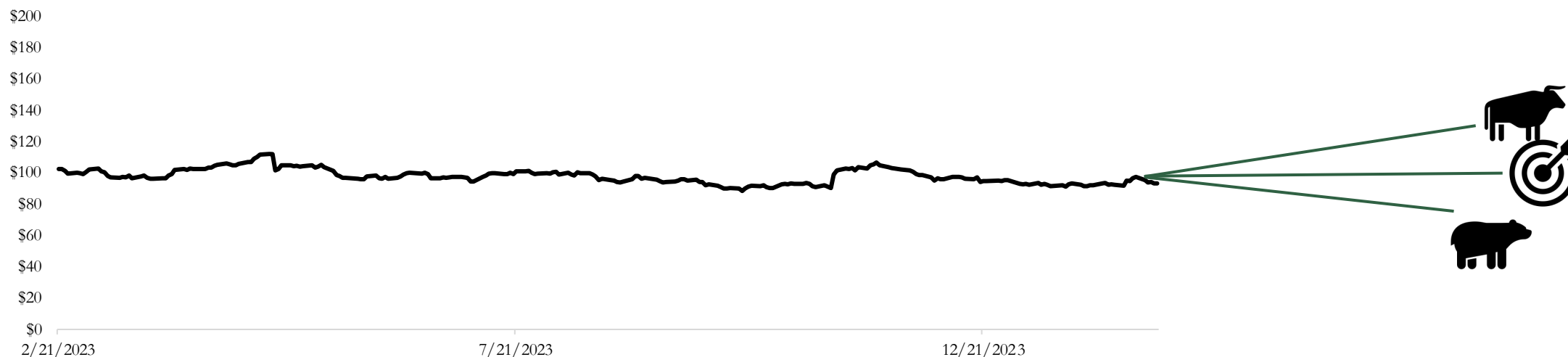
Assumptions

WACC	EV/ EBIT	Growth Rate	Beta
8.42%	17.03x	3.0%	1.08

Investment Analysis



Bear vs. Bull Case



Upside/Downside Analysis

Bear Case

EV/EBIT Multiple: 14.66x
Share Price: \$83

Strikes continue as geopolitical tensions weigh down company's sales

Technology advancements and initiatives to appeal to a younger consumer fall short

Base Case

EV/EBIT Multiple: 17.03x
Share Price: \$100

Starbucks beats earnings expectations and gains more solidified financial footing

Investors realize boycotts have little to do with company operations

Bull Case

EV/EBIT Multiple: 19.32x
Share Price: \$112

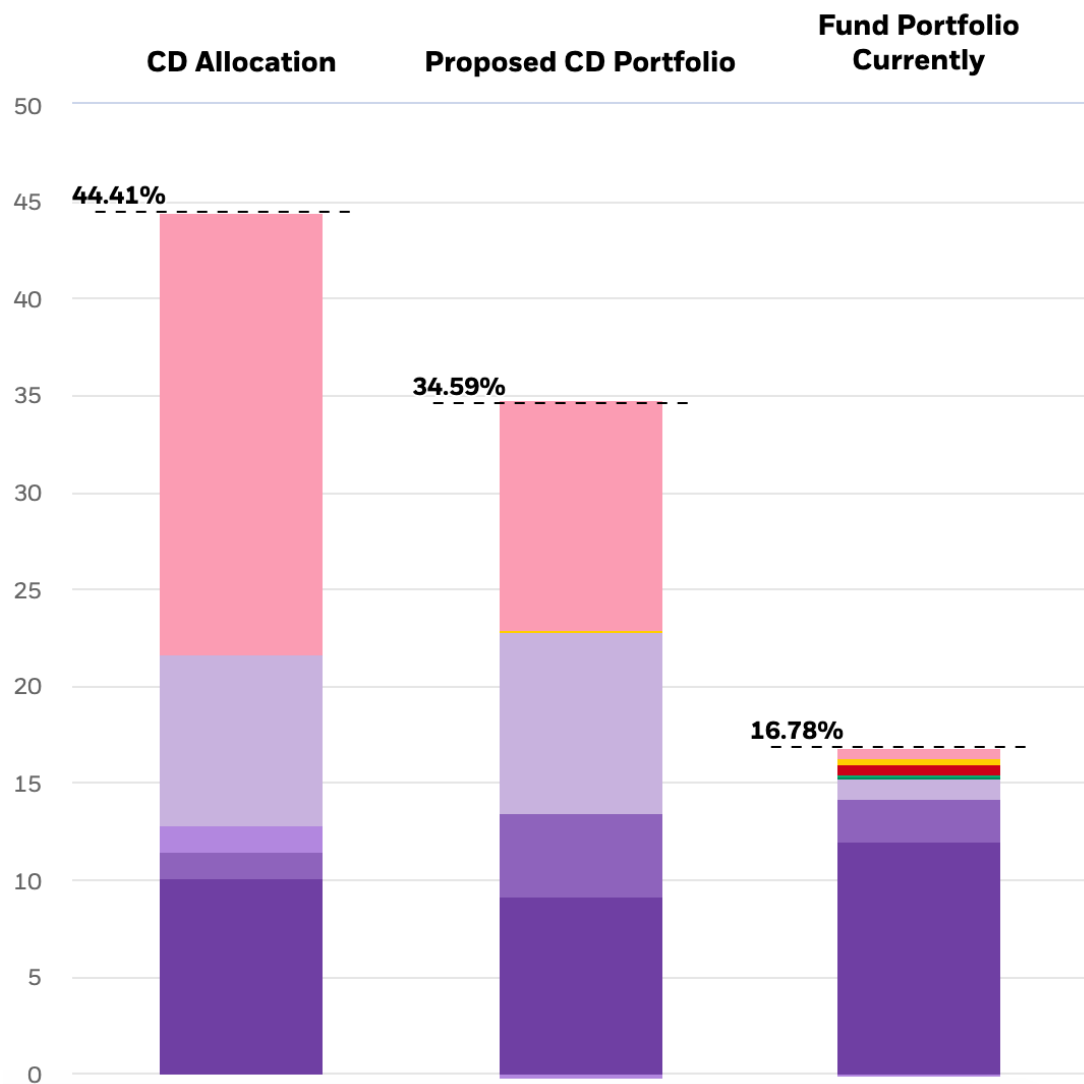
Same store sales beat analysts' expectations into FY25

Technology improvements directly improve Starbucks top lines beginning in 2025

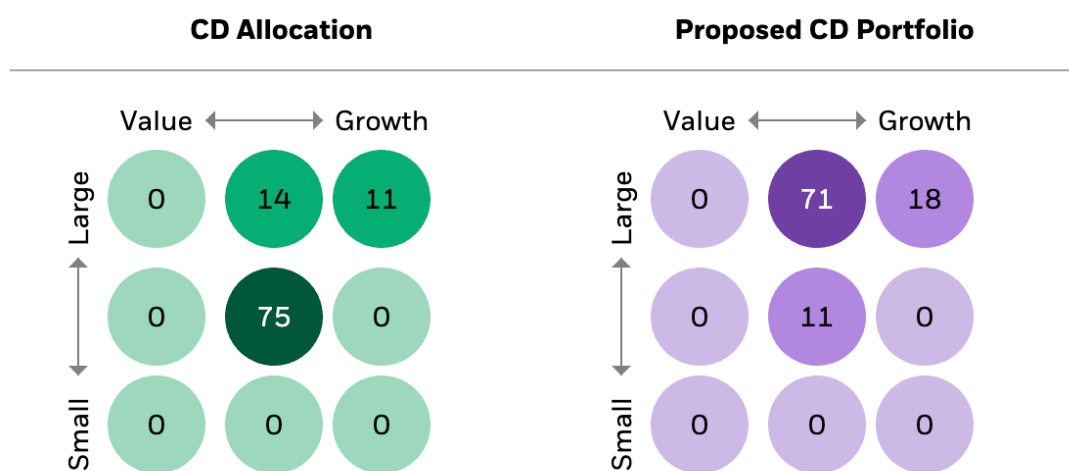
Allocation



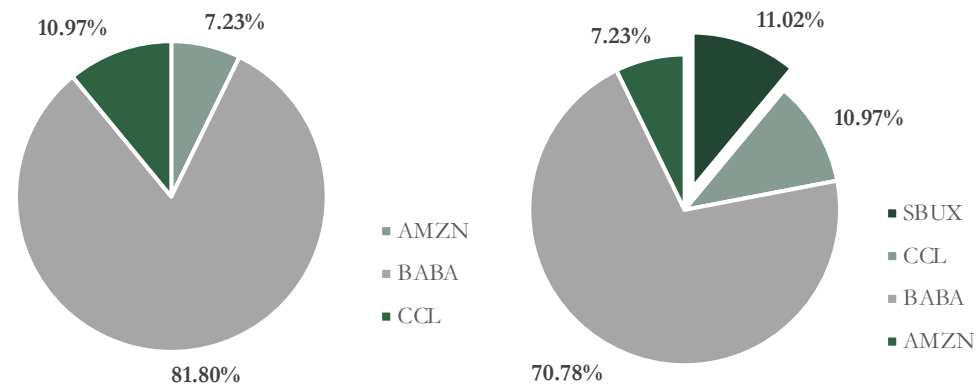
Risk Profile



Growth/Value Assessment



Current vs. New Sector Weighting



We propose selling out of \$1,800 of BABA to limit geopolitical risk and put that towards 19 shares of SBUX



Questions?

Current Price:
\$91.18

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\$100

Upside:
9.67%

BUY:
19 Shares

Appendix A: Balance Sheet



Starbucks Corp. (NASDAQ: SBUX)	2021	2022	2023
Balance Sheet (USD in Millions)			
Current assets:			
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	\$ 6,455.7	\$ 2,818.4	\$ 3,551.5
Short-term Investments	\$ 162.2	364.5	401.5
Accounts Receivable, net	940	1,175.5	1,184.1
Inventory, Net	1,603.9	2,176.6	1,806.4
Prepaid Expense and Other Assets, Current	594.6	483.7	359.9
Current Assets	9,756.4	7,018.7	7,303.4
Long-term investments	281.7	279.1	247.4
Equity Investments	268.5	311.2	439.9
Property, Plant and Equipment, Net	6,369.5	6,560.5	7,387.1
Operating Lease, Right-of-Use Asset	8,236	8,015.6	8,412.6
Deferred Income Tax Assets, Net	1,874.8	1,799.7	1,769.8
Other Assets, Noncurrent	578.5	554.2	546.5
Intangible Assets, Net (Excluding Goodwill)	349.9	155.9	120.5
Goodwill	3,677.3	3,283.5	3,218.3
Total Assets	31,392.6	27,978.4	29,445.5
Current liabilities:			
Accounts Payable, Current	1,211.6	1,441.4	1,544.3
Accrued Liabilities, Current	2,321.2	2,137.1	2,145.1
Accrued payroll and benefits	772.3	761.7	828.3
Operating Lease, Liability, Current	1,251.3	1,245.7	1,275.3
Deferred Revenue, Current	1,596.1	1,641.9	1,700.2
Short-term Debt	0	175	33.5
Long-term Debt, Current Maturities	998.9	1,749	1,818.6
Current Liabilities	8,151.4	9,151.8	9,345.3
Long-term Debt, Excluding Current Maturities	13,616.9	13,119.9	13,547.6
Operating Lease, Liability, Noncurrent	7,738	7,515.2	7,924.8
Deferred Revenue, Noncurrent	6,463	6,279.7	6,101.8
Deferred Tax and Other Liabilities, Noncurrent	737.8	610.5	513.8
Total Liabilities	36,707.1	36,677.1	37,433.3
Shareholders' equity/(deficit)			
Common stock (\$0.001 par value) - authorized 2,400.0 shares; issued and outstanding 1,180.0 and 1,173.3 shares, respectively	1.2	1.1	1.1
Additional Paid in Capital, Common Stock	846.1	205.3	38.1
Retained Earnings (Accumulated Deficit)	(6,315.7)	(8,449.8)	(7,255.8)
Accumulated Other Comprehensive Income (Loss), Net of Tax	147.2	(463.2)	(778.2)
Stockholders' Equity/(Deficit) Attributable to Parent	(5,321.2)	(8,706.6)	(7,994.8)
Noncontrolling Interest	6.7	7.9	7
Stockholders' Equity/(Deficit), Including Portion Attributable to Noncontrolling Interest	(5,314.5)	(8,698.7)	(7,987.8)
Liabilities and Shareholders' Equity/(Deficit)	\$ 31,392.6	\$ 27,978.4	\$ 29,445.5

Appendix B: Income Statement



Starbucks Corp. (NASDAQ: SBUX) Income Statement (USD in Millions)	2021	2022	2023	Q1 2024	Q2 2024E	Q3 2024E	Q4 2024E	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenues:													
Revenues	\$ 29,060.6	\$ 32,250.3	\$ 35,975.6	\$ 9,425.3	\$ 10,196.8	\$ 11,381.9	\$ 12,593.9	\$ 43,597.9	\$ 48,310.4	\$ 52,873.7	\$ 58,121.6	\$ 63,875.3	\$ 69,614.2
<i>% growth</i>		11.0%	11.6%	8.16%	8.19%	11.62%	10.65%	21.19%	10.81%	9.45%	9.93%	9.90%	8.98%
Operating costs and expenses													
Product and distribution costs	8,738.7	10,317.4	11,409.1	2,980.6	3237.495748	3613.743804	3998.569543	13,830.4	15,459.3	16,919.6	18,598.9	20,440.1	22,276.6
<i>% of sales</i>	30.07%	31.99%	31.71%	31.62%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Store operating expenses	11,930.9	13,561.8	14,720.3	3,851.5	4180.70317	4666.566803	5163.507126	17,862.3	20,145.4	21,889.7	24,120.5	26,827.6	29,238.0
<i>% of sales</i>	41.06%	42.05%	40.92%	40.86%	41%	41%	41%	41%	42%	41%	42%	42%	42%
Other operating expenses	359.5	461.5	539.4	150.4	147.8541365	165.0371186	182.6118374	645.9	628.0	740.2	813.7	958.1	974.6
<i>% of sales</i>	1.24%	1.43%	1.50%	1.60%	1%	1%	1%	1%	1%	1%	1%	2%	1%
Depreciation and amortization expenses	1,441.7	1,447.9	1,362.6	365.3	-	-	-	1,935.7	2,231.9	2,601.4	3,033.9	3,640.9	4,093.3
General and administrative expenses	1,932.6	2,032	2,441.3	648.0	672.991242	751.2034365	831.1987081	2,903.4	3,091.9	3,436.8	3,661.7	4,088.0	4,524.9
<i>% of sales</i>	6.65%	6.30%	6.79%	6.88%	7%	7%	7%	7%	6%	7%	6%	6%	7%
Restructuring and impairments	170.4	46	21.8	0.0	0	0	0	0	0	0	0	0	0
Total operating expenses	24,573.8	27,866.6	30,494.5	7,995.8	8,239.0	9,196.6	10,175.9	37,177.7	41,556.6	45,587.7	50,228.7	55,954.8	61,107.4
Gross Profit	4,486.8	4,383.7	5,481.1	1,429.5	1,957.8	2,185.3	2,418.0	6,420.2	6,753.8	7,286.0	7,892.9	7,920.5	8,506.9
Income from equity investees	385.3	234.1	298.4	55.9				298.4	298.4	298.4	298.4	298.4	298.4
Gain from sale of assets	0	0	91.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income (EBIT)	4,872.1	4,617.8	5,870.8	1,485.4	1,957.8	2,185.3	2,418.0	6,718.6	7,052.2	7,584.4	8,191.3	8,218.9	8,805.3
Net gain resulting from divestiture of certain retail operations	864.5	0	0	0	0	0	0	0	0	0	0	0	0
Interest income and other, net	90.1	97	81.2	33.8				81.2	81.2	81.2	81.2	81.2	81.2
<i>% of sales</i>	0.31%	0.30%	0.23%	0.36%	0.00%	0.00%	0.00%	0.19%	0.17%	0.15%	0.14%	0.13%	0.12%
Interest expense	(469.8)	(482.9)	(550.1)	(140.1)	(156.3)	(174.4)	(193.0)	(663.8)	(555.8)	(608.3)	(668.7)	(734.9)	(800.9)
<i>% of sales</i>	1.62%	1.50%	1.53%	1.49%	1.53%	1.53%	1.53%	-1.52%	1.15%	1.15%	1.15%	1.15%	1.15%
Earnings before income taxes	5,356.9	4,231.9	5,401.9	1,379.1	1,801.5	2,010.9	2,225.0	6,136.0	6,577.6	7,057.3	7,603.8	7,565.2	8,085.5
Income tax expense	1,156.6	948.5	1,277.2	354.7				1,288.6	1,381.3	1,482.0	1,596.8	1,588.7	1,698.0
<i>Tax Rate</i>	21.59%	22.41%	23.64%	25.72%				21%	21%	21%	21%	21%	21%
Net earnings including noncontrolling interests	4,200.3	3,283.4	4,124.7	1,024.4				4,847.5	5,196.3	5,575.2	6,007.0	5,976.5	6,387.6
Net loss attributable to noncontrolling interest	1	1.8	0.2	0.0	0	0	0	0	0	0	0	0	0
Net income	\$ 4,199.3	\$ 3,281.6	\$ 4,124.5	\$ 1,024.4				\$ 4,847.5	\$ 5,196.3	\$ 5,575.2	\$ 6,007.0	\$ 5,976.5	\$ 6,387.6

Appendix C: Cash Flow Statement



Starbucks Corp. (NASDAQ: SBUX) Cash Flow Statement (USD in Millions)	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Operating Activities:									
Net earnings including noncontrolling interests	\$ 4,200.3	\$ 3,283.4	\$ 4,124.7	\$ 4,847.5	\$ 5,196.3	\$ 5,575.2	\$ 6,007.0	\$ 5,976.5	\$ 6,387.6
Adjustments to reconcile net earnings to net cash provided by operating activities:									
Depreciation and amortization	1,524.1	1,529.4	1,450.3	1935.7	2231.9	2601.4	3033.9	3640.9	4093.3
<i>% of CapEx</i>	<i>104%</i>	<i>83%</i>	<i>62%</i>	<i>74%</i>	<i>77%</i>	<i>82%</i>	<i>87%</i>	<i>95%</i>	<i>98%</i>
Deferred income taxes, net	(146.2)	(37.8)	(59.4)						
Income earned from equity method investees	(347.3)	(268.7)	(301.8)						
Distributions received from equity method investees	336	231.2	222.8						
Gain from sale of assets	0	0	91.3						
Net gain resulting from divestiture of certain retail operations	(864.5)	0	0						
Stock-based compensation	319.1	271.5	302.7						
Non-cash Lease Cost	1,248.6	1,497.7	1,365.9						
Loss on retirement and impairment of assets	226.2	91.4	101.4						
Other	(6)	(67.8)	26.8						
Cash provided/(used) by changes in operating assets and liabilities:									
Accounts receivable	(43)	(326.1)	(4.1)						
Inventories	(49.8)	(641)	366.4						
Income Taxes Payable	286.1	(149.6)	52.5						
Accounts payable	189.9	345.5	100.1						
Deferred revenue	(6.1)	(75.8)	(110.8)						
Operating lease liability	(1,488.1)	(1,625.6)	(1,443.8)						
Other operating assets and liabilities	609.8	339.6	(93.7)						
Net Cash Provided by (Used in) Operating Activities	5,990.1	4,398.1	6,191.9						
Investing Activities:									
Purchases of investments	(432)	(377.9)	(610.5)						
Proceeds from Sales of Assets, Investing Activities	143.2	72.6	2.5						
Maturities and calls of investments	345.5	67.3	616.9						
Additions to property, plant and equipment	(1,470)	(1,841.3)	(2,333.6)	(2,615.88)	(2,898.62)	(3,172.42)	(3,487.29)	(3,832.52)	(4,176.85)
<i>% of sales</i>	<i>5.06%</i>	<i>5.71%</i>	<i>6.49%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>
Proceeds from Sale of Productive Assets	0	0	110						
Net proceeds from divestiture of certain operations	1,175	59.3	0						
Other	(81.2)	(126.3)	(56.1)						
Net cash used by investing activities	(319.5)	(2,146.3)	(2,270.8)						
Financing Activities:									
Proceeds from (Repayments of) Commercial Paper	(296.5)	175	(175)						
Proceeds from issuance of short-term debt	215.1	36.6	114.6						
Repayments of Short-term Debt	(349.8)	(36.6)	(78.8)						
Proceeds from issuance of long-term debt	0	1,498.1	1,497.8						
Repayments of long-term debt	(1,250)	(1,000)	(1,000)						
Proceeds from issuance of common stock	246.2	101.6	167.4						
Cash dividends paid	(2,119)	(2,263.3)	(2,431.8)						
Repurchase of common stock	0	(4,013)	(984.4)						
Minimum tax withholdings on share-based awards	(97)	(127.2)	(89.3)						
Other	0	(9.2)	(11.1)						
Net cash used by financing activities	(3,651)	(5,638)	(2,991)						
Effect of Exchange Rate on Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Continuing Operations	86.2	(250.3)	(14.2)						
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Period Increase (Decrease), Including Exchange Rate Effect, Total	2,104.8	(3,637.3)	733.1						
Cash and Cash Equivalents:									
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning Balance	4,350.9	6,455.7	2,818.4						
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Ending Balance	6,455.7	2,818.4	3,551.5						
Cash paid during the period for:									
Interest, net of capitalized interest	501.1	474.7	524.3						
Income taxes, net of refunds	\$ 756.3	\$ 1,157.6	\$ 1,294.2						

Appendix D: Revenue Build



Starbucks Corp. (NASDAQ: SBUX) Revenue Build (USD in Millions)	2021	2022	2023	Q1 '24	Q2 '24	Q3 '24	Q4 '24	2024E	2025E	2026E	2027E	2028E	2029E
Beverage	18,317	19,555	21,685	5,696	6,208.53	7,015.64	7,857.52	26,777.59	29,923.95	32,856.50	36,273.58	40,082.30	43,569.46
<i>% of Net Sales</i>	63.03%	60.64%	60.28%	60.43%	60.89%	61.64%	62.39%	61.42%	61.94%	62.14%	62.41%	62.75%	62.59%
<i>% Growth</i>		6.76%	10.89%	10.11%	9%	13%	12%	12.00%	11.75%	9.80%	10.40%	10.50%	8.70%
Food	5,053	5,804	6,585	1,757	1,897.67	2,087.43	2,275.30	8,017.51	8,879.39	9,749.57	10,656.28	11,594.03	12,625.90
<i>% of Net Sales</i>	17.39%	18.00%	18.30%	18.64%	18.61%	18.34%	18.07%	18.39%	18.38%	18.44%	18.33%	18.15%	18.14%
<i>% Growth</i>		14.86%	13.45%	12.21%	8%	10%	9%	9.80%	10.75%	9.80%	9.30%	8.80%	8.90%
Other (Packaged Goods, Licensing Revenues, Etc.)	5,690	6,891	7,706	1,972	2,090.64	2,278.80	2,461.10	8,802.83	9,507.06	10,267.62	11,191.71	12,198.96	13,418.86
<i>% of Net Sales</i>	19.58%	21.37%	21.42%	20.93%	20.50%	20.02%	19.54%	20.19%	19.68%	19.42%	19.26%	19.10%	19.28%
<i>% Growth</i>		21.10%	11.83%	-0.14%	6%	9%	8%	5.72%	8.00%	8.00%	9.00%	9.00%	10.00%
Net Sales	29,061	32,250	35,976	9,425	10,197	11,382	12,594	43,598	48,310	52,874	58,122	63,875	69,614
<i>% Growth</i>		10.98%	11.55%	8.16%	8.19%	11.62%	10.65%	21.19%	10.81%	9.45%	9.93%	9.90%	8.98%

Appendix E: NWC



Starbucks Corp. (NASDAQ: SBUX)									
Working Capital (USD in Millions)	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Current Assets									
Accounts Receivable	940.0	1,175.5	1,184.1	1,478.1	1,637.9	1,792.6	1,970.5	2,165.6	2,360.1
<i>A/R Days</i>	<i>11.6</i>	<i>13.1</i>	<i>11.8</i>	<i>12.2</i>	<i>12.2</i>	<i>12.2</i>	<i>12.2</i>	<i>12.2</i>	<i>12.2</i>
Inventory, Net	1,603.9	2,176.6	1,806.4	2,512.6	2,784.2	3,047.2	3,349.6	3,681.2	4,012.0
<i>Inventory Days</i>	<i>19.9</i>	<i>24.3</i>	<i>18.1</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>
Prepaid Expense and Other Assets, Current	594.6	483.7	359.9	660.7	732.1	801.3	880.8	968.0	1,055.0
<i>% of sales</i>	<i>2.05%</i>	<i>1.50%</i>	<i>1.00%</i>	<i>1.52%</i>	<i>1.52%</i>	<i>1.52%</i>	<i>1.52%</i>	<i>1.52%</i>	<i>1.52%</i>
Total Current Assets	3,139	3,836	3,350	4,651	5,154	5,641	6,201	6,815	7,427
Current Liabilities									
Accounts Payable	1,211.6	1,441.4	1,544.3	1,879.3	2,120.3	2,305.9	2,615.5	2,821.2	3,113.3
<i>A/P Days</i>	<i>15.0</i>	<i>16.1</i>	<i>15.5</i>	<i>15.5</i>	<i>15.8</i>	<i>15.7</i>	<i>16.2</i>	<i>15.9</i>	<i>16.1</i>
Accrued payroll and benefits	772.3	761.7	828.3	1,116.1	1,333.4	1,395.9	1,336.8	1,564.9	1,670.7
<i>% of sales</i>	<i>2.66%</i>	<i>2.36%</i>	<i>2.30%</i>	<i>2.56%</i>	<i>2.76%</i>	<i>2.64%</i>	<i>2.30%</i>	<i>2.45%</i>	<i>2.40%</i>
Operating Lease, Liability, Current	1,251.3	1,245.7	1,275.3	1,702.3	1,886.3	2,064.4	2,269.3	2,494.0	2,718.0
<i>% of sales</i>	<i>4.31%</i>	<i>3.86%</i>	<i>3.54%</i>	<i>3.90%</i>	<i>3.90%</i>	<i>3.90%</i>	<i>3.90%</i>	<i>3.90%</i>	<i>3.90%</i>
Total Current Liabilities	3,235	3,449	3,648	4,698	5,340	5,766	6,222	6,880	7,502
NWC	(96.70)	387.00	(297.50)	(46.20)	(185.73)	(125.13)	(20.67)	(65.29)	(75.03)
Change in NWC		483.70	(684.50)	251.30	(139.52)	60.59	104.47	(44.63)	(9.73)

Appendix F: Beta & WACC



Covariance	1.91128E-04
Variance	0.000177028
Beta	1.08

Starbucks Corp. (NASDAQ: SBUX)	
Weighted Average Cost of Capital	
Cost of Equity	
Beta	1.08
Risk-Free Rate	4.31%
Expected Market Return	9%
Risk Premium	4.19%
Cost of Equity	9.18%
Cost of Debt	
Credit Spread	1.47%
Pre-Tax Cost of Debt	5.78%
Tax Rate	21%
Cost of Debt	4.57%
Shares Outstanding	1,151.30
Share Price	95.63
Market Capitalization	110,098.82
Debt Outstanding	21,472.40
Total Capitalization	131,571.22
Weight of Equity	84%
Weight of Debt	16%
WACC	8.42%

Appendix G: Comps



Comparable Companies Analysis	Price	Shares Outstanding	Market cap	Debt	Cash	Net Debt	Enterprise Value	LTM EBIT	2024 EBIT	2025 EBIT	LTM EBITDA	2024 EBITDA
SBUX	95.63	1,151.30	110,098.82	13,581.10	3,551.50	10,029.60	120,128.42	6,056.00	6,718.60	7,052.19	9,181.70	8,654.34
MCD	294.47	725.34	213,590.00	50,871.70	4,579.30	46,292.40	259,882.40	11,849.00	12,602.90	13,448.30	14,284.20	14,674.00
QSR	75.76	312.17	23,650.00	14,326.00	1,139.00	13,187.00	36,837.00	2,139.00	2,393.60	2,630.20	2,330.00	2,776.70
YUM	134.64	280.97	37,830.00	11,195.00	512.00	10,683.00	48,513.00	2,344.00	2,594.50	2,905.80	2,497.00	2,755.40
KDP	31.51	1,398.29	44,060.00	13,583.00	535.00	13,048.00	57,108.00	3,439.00	3,651.80	3,894.60	4,309.00	4,193.50

2025 EBITDA	LTM EPS	2024 EPS	2025 EPS	EV/LTM EBIT	EV/2024 EBIT	EV/2025 EBIT	EV/LTM EBITDA	EV/2024 EBITDA	EV/2025 EBITDA	LTM P/E	2024 P/E	2025 P/E
9,284.13	3.58	4.21	4.51	19.84	17.88	17.03	13.08	13.88	12.94	26.69	22.71	21.19
15,630.70	11.97	12.42	13.54	21.93	20.62	19.32	18.19	17.71	16.63	24.60	23.71	21.75
3,023.80	3.27	3.41	3.89	17.22	15.39	14.01	15.81	13.27	12.18	23.17	22.22	19.48
2,971.40	5.09	5.79	6.47	20.70	18.70	16.70	19.43	17.61	16.33	26.45	23.25	20.81
4,439.40	1.66	1.91	2.03	16.61	15.64	14.66	13.25	13.62	12.86	18.98	16.50	15.52

Min	16.61	15.39	14.01	13.08	13.27	12.18	18.98	16.50	15.52
Q1	17.22	15.64	14.66	13.25	13.62	12.86	23.17	22.22	19.48
Median	19.84	17.88	16.70	15.81	13.88	12.94	24.60	22.71	20.81
Q3	20.70	18.70	17.03	18.19	17.61	16.33	26.45	23.25	21.19
Max	21.93	20.62	19.32	19.43	17.71	16.63	26.69	23.71	21.75
Average	19.26	17.65	16.34	15.95	15.22	14.19	23.98	21.68	19.75

Min	78.64	81.10	77.08	95.63	91.01	89.53	68.00	69.46	70.06
Q1	81.88	82.55	81.11	96.98	93.66	95.02	83.00	93.54	87.90
Median	95.63	95.63	93.55	117.37	95.63	95.63	88.13	95.63	93.92
Q3	100.16	100.41	95.63	136.38	123.64	122.95	94.76	97.91	95.63
Max	106.66	111.62	109.66	146.23	124.42	125.36	95.63	99.83	98.16
Average	92.59	94.26	91.41	118.52	105.67	105.70	85.91	91.27	89.13

SBUX	
Share Price	105.78

Appendix H: DCF



Starbucks Corp. (NASDAQ: SBUX)									
Discounted Cash Flows (USD in	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	29,061	32,250	35,976	43,598	48,310	52,874	58,122	63,875	69,614
<i>% Growth</i>		11%	12%	21%	11%	9%	10%	10%	9%
EBIT	4,872	4,618	5,871	6,719	7,052	7,584	8,191	8,219	8,805
<i>EBIT Margin</i>	17%	14%	16%	15%	15%	14%	14%	13%	13%
NOPAT	3,820	3,583	4,483	5,308	5,571	5,992	6,471	6,493	6,956
<i>Tax Rate</i>	21.6%	22.4%	23.6%	21%	21%	21%	21%	21%	21%
Plus: D&A	1,524	1,529	1,450	1,936	2,232	2,601	3,034	3,641	4,093
Less: CapEx	(1,470)	(1,841)	(2,334)	(2,616)	(2,899)	(3,172)	(3,487)	(3,833)	(4,177)
Less: Change in NWC		483.70	(684.50)	251.30	(139.52)	60.59	104.47	(44.63)	(9.73)
FCFF		2,787	4,284	4,879	5,044	5,481	6,122	6,346	6,882
Discount Factor				0.125	1.125	2.125	3.125	4.125	5.125
Terminal Value (Growth)									130,680.85
Terminal Value (Multiple)									149,990.45
Cash Flows (Growth)				4,879	5,044	5,481	6,122	6,346	137,563.20
Cash Flows (Multiple)				4,879	5,044	5,481	6,122	6,346	156,872.80
PV of CF (Growth)				4,829.78	4,605.35	4,615.64	4,754.86	4,545.65	90,881.11
PV of CF (Multiple)				4,829.78	4,605.35	4,615.64	4,754.86	4,545.65	103,637.99
Terminal Growth Rate	3.00%								
Terminal Multiple	17.03								
WACC	8.42%								

Appendix I:



Gordon Growth		Multiples Method	
Enterprise Value	114,232.4	Enterprise Value	126,989.27
Less: Debt	21,472.4	Less: Debt	21,472.4
Plus: Cash	3,551.5	Plus: Cash	3,551.5
Equity Value	96,311.49	Equity Value	109,068.37
Diluted Shares Outstanding	1151.3	Diluted Shares Outstanding	1151.3
Price Per Share	83.65	Price Per Share	94.73

	Gordon Growth				
	2%	2.25%	2.50%	2.75%	3%
7.42%	87.22	91.19	95.56	100.40	105.79
7.92%	78.65	81.90	85.46	89.35	93.64
8.42%	71.43	74.13	77.06	80.25	83.74
8.92%	65.25	67.53	69.98	72.63	75.51
9.42%	59.91	61.84	63.92	66.15	68.56

	Multiples				
	16.03	16.53	17.03	17.53	18.03
7.42%	94.21	96.86	99.51	102.16	104.81
7.92%	91.92	94.50	97.09	99.68	102.27
8.42%	89.68	92.21	94.73	97.26	99.79
8.92%	87.51	89.97	92.44	94.91	97.38
9.42%	85.39	87.80	90.21	92.62	95.03