

<b>Starbucks Corporation</b> Ticker: SBUX Sector: Consumer Discretionary Industry: Restaurants	<b>Intrinsic Value: \$99.97</b> <b>Current Price: \$93.65</b> <b>Stop Loss: \$ 80.00</b> <b>52 Wk range: \$82.43 – 115.48</b>	<b>TTM P/E: 27.9</b> <b>NTM P/E: 22.4</b> <b>Beta: 0.94</b> <b>Market cap = \$104.8 B</b>	<b>Dividend Yield: 2.49%</b> <b>5Y Current ratio = 1.23</b> <b>20Y Median ROE = 28.65%</b> <b>20Y Median Reinvestment Rate = 22.36%</b>
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**Investment Thesis:** Despite the ultra-competitive nature of the coffee industry, Starbucks remains at the top due to its brand loyalty and recognition, product quality, and innovation in response to dynamically changing consumer preferences. Starbucks has used technology such as their mobile app, Deep Brew AI, and modern equipment to improve their speed and accuracy of service, optimize store operations, and minimize costs.

**Company Overview:** Starbucks Corporation is the largest coffee company in the world according to its \$32.23 billion in revenue in FY 2022, which is growing at a CAGR of 9.3% over the last 10 years. Starbucks earns revenue through the following segments: company-operated stores, licensed stores, and channel distribution which includes its ready-to-drink and single-serve products. Starbucks operates stores globally and 72% of revenue comes from North America, 22% comes from international stores, and 6% comes from channel distribution. Starbucks sells beverages, food, and other products at its 35,711 stores around the globe.

**Industry Analysis:** The retail coffee industry is in the middle of two major shifts: from hot coffee to cold coffee products and from the “third home” café store format to more efficient quick-service-focused stores. Coffee retailers are subsequently investing significant resources in ways to leverage modern technology to make complex coffee drinks to order faster than ever.

**Risk Factors:** Due to the nature of Starbucks’ business model and industry, the firm is exposed to significant fluctuations in the macroeconomic environment, namely increases in the prices of arabica coffee and real estate leases. While there are few publicly traded coffee retailers of its size, Starbucks faces significant competition in the industry from a high number of smaller players. Additionally, due to Starbucks’ heavy reliance on its North American sales, it is pursuing considerable growth outside the US where it does not have as strong of a brand. Starbucks’ growth in international and emerging markets is dependent upon the macroeconomic environment of the new countries and the growth of their coffee markets.

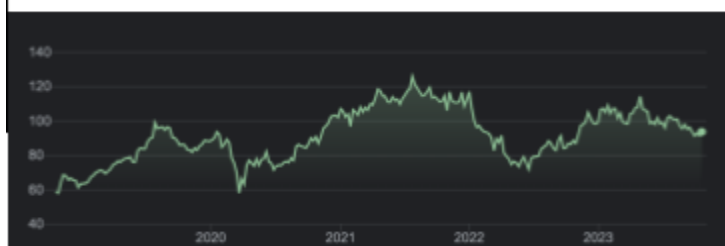
**ESG Scores:**

TruValue: Below average

ISS: C-

Sustainalytics: Medium risk

**5 year Stock Performance:**



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