

Starbucks Corporation (SBUX)



October 23, 2012

Figures in Millions except per share values

Company Overview

Starbucks Corporation purchases and roasts whole bean coffees. It operates 6,705 company-operated stores and 4,082 licensed stores in the United States; and 2,326 company-operated stores and 3,890 licensed stores in Canada, the U.K., China, Germany, Thailand, and internationally. The company provides regular and decaffeinated coffee beverages, Italian-style espresso beverages, cold blended beverages, iced shaken refreshment beverages, premium teas, packaged roasted whole bean coffees, and soluble coffees. Starbucks stores also offer various fresh food items, including pastries, prepared breakfast and lunch sandwiches, oatmeal, and salads, as well as juices and bottled water. In addition, it sells bottled Frappuccino beverages, Starbucks DoubleShot espresso drinks, and Discoveries chilled cup coffee, as well as markets and distributes Starbucks super-premium ice creams. Further, the company provides various coffee and tea products, and licenses its trademarks through other channels, such as licensed stores, grocery, and national foodservice accounts. Its brand portfolio includes the Starbucks, Tazo tea, Seattle's Best Coffee, and Starbucks.

Valuation

Current Price	\$	45.30
NCAV	\$	2.17
Total Net Reprod. Cost	\$	9.82
Earnings Power Value (EPV)	\$	27.10
Discounted Cash Flow (DCF)	\$	45.95
Katsenelson Absolute PE	\$	56.88
Ben Graham Formula	\$	49.23

Key Statistics

Mkt Cap (\$M)	\$	34,428.00
52 Wk High	\$	62.00
52 Wk Low	\$	40.55
% off 52Wk Low		11.7%

Cash Flows

Owner Earnings FCF		
5 yr FCF Growth		85.5%
10 yr FCF Growth		33.9%

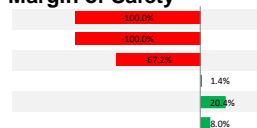
Effectiveness

CROIC		
Avg		12.1%
FCF/S		
Avg		4.2%
ROA		
Avg		10.9%
ROE		
Avg		19.3%

Efficiency

Receivables Turnover (TTM)		31.6
Inventory Turnover (TTM)		4.5
Days Sales Outstanding (TTM)		12.2

Margin of Safety



Company Stats

Shares Outstanding	760.0
Shares Float	739.2
Insider Ownership	0.08%
Insider Transactions	-1.1%
Institutional Owners	75.4%
Float Short	1.5%
Short Ratio	1.2
Piotroski (TTM)	6
Altman (MRQ)	8.9
Beneish (TTM)	-2.8

Margins & Profitability

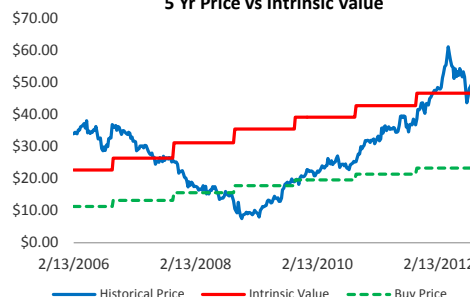
Gross	
Gross Margin	26.4%
Operating	
Operating Margin	14.9%
Net Profit	
Net Margin	10.7%

Financial Strength (MRQ)

Quick Ratio(MRQ)	2.3
Current Ratio(MRQ)	1.7
LTD/Eq(MRQ)	0.1
Tot D/Eq(MRQ)	0.1



5 Yr Price vs Intrinsic Value



Fundamental Ratios

	2010	2011	TTM
P/E	20.41	23.89	25.17
P/E (cash adjusted)	18.88	22.24	23.38
EV/EBITDA	10.20	13.65	14.71
EV/Free Cash Flow	17.43	17.81	18.07
P/S	1.81	2.55	2.71
P/BV	5.26	6.79	6.53
P/Tang BV	5.37	6.97	6.68
P/CF	10.41	13.81	14.78
P/OwnerEarnings	18.27	18.75	19.13
ROE	25.7%	28.4%	25.7%
ROA	14.8%	16.9%	16.6%
ROIC	29.7%	36.8%	34.7%
CROIC	33.5%	49.1%	48.5%
Current Ratio	1.55	1.83	2.26
Total Debt/Equity Ratio	0.74	0.68	0.54
Inventory Turnover	7.38	6.56	4.54

Selected Financial Statements

(In Millions, Except per Share Amounts)

	2007	2008	2009	2010	2011	TTM/Latest
Revenue	\$ 9,411	\$ 10,383	\$ 9,775	\$ 10,707	\$ 11,700	\$ 12,967
Gross Profit	\$ 2,196	\$ 1,993	\$ 5,450	\$ 6,249	\$ 6,751	\$ 7,291
Margin %	23.34%	19.19%	55.75%	58.36%	57.70%	56.22%
R&D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Margin %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income	\$ 1,054	\$ 504	\$ 562	\$ 1,419	\$ 1,729	\$ 1,926
Margin %	11.20%	4.85%	5.75%	13.26%	14.77%	14.85%
Net Income	\$ 673	\$ 316	\$ 391	\$ 946	\$ 1,246	\$ 1,383
Margin %	7.15%	3.04%	4.00%	8.83%	10.65%	10.67%
Earnings Per Share						
Basic	\$ 0.90	\$ 0.43	\$ 0.53	\$ 1.27	\$ 1.66	\$ 1.83
Diluted	\$ 0.87	\$ 0.43	\$ 0.52	\$ 1.24	\$ 1.62	\$ 1.80
Weighted Average Diluted Shares Outstanding	770.09	741.70	745.90	764.20	769.70	776.80
Dividends Per Share	\$ -	\$ -	\$ -	\$ 0.22	\$ 0.51	\$ 0.62
Dividend Yield	0.00%	0.00%	0.00%	0.88%	1.31%	1.37%
Net Cash From Operating Activities	\$ 1,331	\$ 1,259	\$ 1,389	\$ 1,705	\$ 1,612	\$ 1,613

(Dollars in Millions)

Net Property, Plants & Equipment	\$ 2,890	\$ 2,956	\$ 2,536	\$ 2,417	\$ 2,355	\$ 2,444
Total Assets	\$ 5,344	\$ 5,673	\$ 5,577	\$ 6,386	\$ 7,360	\$ 8,309
Long-term Debt	\$ 904	\$ 992	\$ 950	\$ 932	\$ 900	\$ 906
Stockholders' Equity	\$ 2,284	\$ 2,491	\$ 3,046	\$ 3,675	\$ 4,385	\$ 5,385

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TTM
Financial Statistics & Ratios												
Valuation Ratios												
P/E		37.78	42.71	47.48	40.23	52.03	29.67	24.79	37.42	20.41	23.89	25.17
P/E (cash adjusted)		35.90	41.42	45.83	39.61	51.22	29.01	23.78	35.71	18.88	22.24	23.38
EV/EBITDA		15.05	16.55	19.79	17.41	22.86	13.40	8.00	14.35	10.20	13.65	14.71
EV/Free Cash Flow		219.15	83.08	68.25	81.23	480.78	-677.89	35.59	24.96	17.43	17.81	18.07
P/S		2.47	2.86	3.54	3.14	3.76	2.11	0.76	1.48	1.81	2.55	2.71
P/BV		4.70	5.60	7.54	9.57	13.14	8.70	3.17	4.77	5.26	6.79	6.53
P/Tang BV		4.75	5.85	7.84	10.20	13.37	8.87	3.26	4.87	5.37	6.97	6.68
P/CF		12.01	15.29	19.65	15.68	19.23	10.46	4.12	8.97	10.41	13.81	14.78
P/OwnerEarnings		228.19	85.61	70.70	81.34	476.72	-650.42	31.74	25.17	18.27	18.75	19.13
ROE		12.5%	12.9%	15.8%	23.7%	25.3%	29.4%	12.7%	12.8%	25.7%	28.4%	25.7%
ROA		9.4%	9.8%	11.8%	14.1%	12.7%	12.6%	5.6%	7.0%	14.8%	16.9%	16.6%
ROIC		14.8%	14.7%	20.2%	24.3%	23.5%	20.9%	9.6%	11.8%	29.7%	36.8%	34.7%
CROIC		2.6%	7.7%	14.0%	12.3%	2.5%	-1.0%	6.9%	17.3%	33.5%	49.1%	48.5%
GPA (Gross Profitability to Assets)		30.1%	87.5%	34.1%	39.9%	37.5%	41.1%	35.1%	97.7%	97.9%	91.7%	87.7%
Book to Market		21.3%	17.9%	13.3%	10.4%	7.6%	11.5%	31.5%	21.0%	19.0%	14.7%	15.3%
Solvency												
Quick Ratio		1.09	0.95	1.21	0.54	0.46	0.47	0.48	0.87	1.24	1.36	1.65
Current Ratio		1.58	1.52	1.75	0.99	0.79	0.79	0.80	1.29	1.55	1.83	2.26
Total Debt/Equity Ratio		0.33	0.31	0.34	0.68	0.99	1.34	1.28	0.83	0.74	0.68	0.54
Long Term Debt/Equity Ratio		0.00	0.00	0.00	0.00	0.00	0.24	0.22	0.18	0.15	0.13	0.10
Short Term Debt/Equity Ratio		0.04	0.00	0.00	0.13	0.31	0.31	0.29	0.00	0.00	0.00	0.00
Efficiency Ratios												
Asset Turnover		1.43	1.49	1.59	1.81	1.76	1.76	1.83	1.75	1.68	1.59	1.56
Cash % of Revenue		5.3%	4.9%	5.7%	2.7%	4.0%	3.0%	2.6%	6.1%	10.9%	9.8%	11.6%
Receivables % of Revenue		3.0%	2.8%	2.6%	3.0%	2.9%	3.1%	3.2%	2.8%	2.8%	3.3%	3.3%
SG&A % of Revenue		6.1%	43.3%	5.7%	5.6%	6.1%	8.3%	7.6%	42.4%	41.2%	40.2%	39.0%
R&D % of Revenue		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratios												
Days Sales Outstanding		10.8	10.2	9.7	10.9	10.5	11.2	11.6	10.1	10.3	12.1	12.2
Days Inventory Outstanding		37.0	74.2	37.1	40.1	37.9	35.0	30.1	56.1	44.5	71.2	80.3
Days Payable Outstanding		19.1	36.6	17.5	16.2	20.3	19.8	14.1	22.5	23.1	39.8	25.9
Cash Conversion Cycle		28.7	47.9	29.3	34.8	28.1	26.4	27.6	43.7	31.7	43.5	66.7
Receivables Turnover		33.71	38.44	41.58	38.49	37.52	36.75	33.63	32.55	37.33	33.95	31.65
Inventory Turnover		9.87	5.56	10.87	10.25	10.36	10.87	12.12	6.37	7.38	6.56	4.54
Average Age of Inventory (Days)		36.97	65.61	33.58	35.59	35.22	33.59	30.11	57.29	49.45	55.65	80.32
Intangibles % of Book Value		1.2%	4.2%	3.9%	6.1%	1.7%	1.8%	2.7%	2.2%	1.9%	2.6%	2.2%
Inventory % of Revenue		8.0%	8.4%	8.0%	8.6%	8.2%	7.3%	6.7%	6.8%	5.1%	8.3%	9.6%
Capital Structure Ratios												
LT-Debt as % of Invested Capital		0.4%	0.2%	0.2%	0.1%	0.1%	17.1%	15.3%	16.5%	17.4%	17.0%	14.5%
ST-Debt as % of Invested Capital		5.6%	0.0%	0.0%	13.9%	28.7%	22.2%	19.8%	0.0%	0.0%	0.0%	0.0%
LT-Debt as % of Total Debt		0.9%	0.7%	0.4%	0.2%	0.1%	18.0%	17.3%	21.7%	20.3%	18.5%	18.8%
ST-Debt as % of Total Debt		13.4%	0.1%	0.1%	19.5%	31.8%	23.2%	22.4%	0.0%	0.0%	0.0%	0.0%
Total Debt % of Total Assets		24.7%	23.7%	25.3%	40.5%	49.7%	57.3%	56.1%	45.4%	42.5%	40.4%	35.2%
Working Capital % of Price		3.8%	2.7%	3.1%	-0.1%	-1.4%	-2.3%	-5.6%	3.1%	5.1%	5.8%	7.3%
Quality Scores												
Piostroski F Score		6.00	7.00	7.00	8.00	5.00	6.00	7.00	6.00	7.00	6.00	6.00
Altman Z Score (Original)		11.17	13.52	16.41	11.76	10.98	6.78	4.12	6.34	7.66	9.52	8.86
Altman Z Score (Revised)		18.07	22.03	27.25	18.05	16.33	8.92	4.09	8.91	11.81	15.63	16.72
Beneish M Score (5 Variable)		-	-2.80	-1.21	-2.75	-2.72	-2.78	-2.51	-3.63	-2.84	-2.79	-2.84
Beneish M Score (8 Variable)		-	-3.80	-1.81	-2.95	-2.95	-2.96	-2.92	-4.54	-2.92	-2.52	-2.46

Starbucks Corporation (SBUX)

10/23/2012

Enter Ticker

Refresh

CLEAR

Earnings Quality Check with Accrual Analysis

Earnings growth due to accrual growth is not sustainable. This is like cookie jar accounting where a company "borrows" earnings from the future to make earnings look good today.

Balance sheet accrual can indicate whether capital is being used properly. A company with high accruals can come from acquiring or merging with companies which expands the asset base. Low balance sheet accrual companies tend to shrink their balance sheet through spin offs, share repurchases or large write offs. In these situations, it is usually removing bad performing assets or returning money to shareholders which is always a good use of capital.

High accruals indicate that the company has expanded its asset base rapidly.

Companies with high balance sheet accruals tend to have higher sales growth than low balance sheet accrual companies.

High balance sheet accruals also have a higher ROE.

Remember that maintaining a high sales growth or high ROE is difficult unless you have an entrenched moat. Such companies revert to the mean and disappoint..

Companies with low balance sheet accruals tend to have below average returns on equity. Analysts expect the company to lag.

Color Coding: **Green** = safe zone, **Yellow** = ratio is getting into warning zone, **Red** = Danger zone. Ratios are too high or low. Requires check.

More media:
<http://tinyurl.com/6p394ap> <http://tinyurl.com/7ucpoe2>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TTM/MRQ
Balance Sheet Accrual Ratio	-	14.4%	15.0%	0.2%	17.5%	21.9%	6.5%	-15.1%	2.1%	21.2%	15.7%
Cash Flow Accrual Ratio	-	11.4%	11.3%	-9.5%	11.4%	18.5%	4.2%	-17.8%	1.0%	19.1%	30.6%
Sloan Accrual Ratio	9.7%	7.4%	6.9%	-5.9%	6.2%	10.2%	2.5%	-10.3%	0.5%	8.9%	15.1%
Earnings	\$ 0.27	\$ 0.34	\$ 0.48	\$ 0.61	\$ 0.71	\$ 0.87	\$ 0.43	\$ 0.52	\$ 1.24	\$ 1.62	\$ 1.80
Stock Price	\$ 10.2	\$ 14.5	\$ 22.8	\$ 24.5	\$ 36.9	\$ 25.8	\$ 10.7	\$ 19.5	\$ 25.3	\$ 38.7	\$ 45.3
Total Assets	\$ 2,292.7	\$ 2,729.7	\$ 3,328.2	\$ 3,514.1	\$ 4,428.9	\$ 5,343.9	\$ 5,672.6	\$ 5,576.8	\$ 6,385.9	\$ 7,360.4	\$ 8,308.9
Cash & Equivalent	\$ 174.6	\$ 200.9	\$ 299.1	\$ 173.8	\$ 312.6	\$ 281.3	\$ 269.8	\$ 599.8	\$ 1,164.0	\$ 1,148.1	\$ 1,501.3
Total Liabilities	\$ 566.1	\$ 647.3	\$ 841.4	\$ 1,423.4	\$ 2,200.4	\$ 3,059.8	\$ 3,181.7	\$ 2,531.1	\$ 2,711.2	\$ 2,975.5	\$ 2,923.9
Short Term Debt	\$ 75.6	\$ 0.7	\$ 0.7	\$ 277.7	\$ 700.8	\$ 711.0	\$ 713.7	\$ 0.2	\$ -	\$ -	\$ -
Long Term Debt	\$ 5.1	\$ 4.4	\$ 3.6	\$ 2.9	\$ 2.0	\$ 550.1	\$ 549.6	\$ 549.3	\$ 549.4	\$ 549.5	\$ 549.6
Net Operating Assets (NOA)	\$ 1,632.7	\$ 1,886.6	\$ 2,192.0	\$ 2,197.4	\$ 2,618.6	\$ 3,264.0	\$ 3,484.4	\$ 2,995.4	\$ 3,060.1	\$ 3,786.3	\$ 4,433.3
Net Income	\$ 215.1	\$ 268.3	\$ 391.8	\$ 494.5	\$ 564.3	\$ 672.6	\$ 315.5	\$ 390.8	\$ 945.6	\$ 1,245.7	\$ 1,383.4
CFO	\$ 477.7	\$ 566.4	\$ 793.8	\$ 923.6	\$ 1,131.6	\$ 1,331.2	\$ 1,258.7	\$ 1,389.0	\$ 1,704.9	\$ 1,612.4	\$ 1,612.6
CFI	\$ (485.3)	\$ (499.3)	\$ (632.2)	\$ (221.3)	\$ (841.0)	\$ (1,202.0)	\$ (1,086.6)	\$ (421.1)	\$ (789.5)	\$ (1,019.5)	\$ (1,486.7)
Balance Sheet Aggregate Accrual	\$ -	\$ 253.8	\$ 305.4	\$ 5.5	\$ 421.2	\$ 645.4	\$ 220.4	\$ (489.0)	\$ 64.7	\$ 726.2	\$ 647.0
Cash Flow Aggregate Accrual	\$ -	\$ 201.2	\$ 230.1	\$ (207.8)	\$ 273.7	\$ 543.4	\$ 143.4	\$ (577.1)	\$ 30.2	\$ 652.8	\$ 1,257.5

Piotroski Score

A discrete score between 0-9 which reflects nine criteria used to determine the strength of a firm's financial position. The Piotroski score is used to determine the best value stocks, nine being the best. The score was named after Chicago Accounting Professor, Joseph Piotroski who devised the scale according to specific criteria found in the financial statements. For every criteria (below) that is met the company is given one point, if it is not met, then no points are awarded. The points are then added up to determine the best value stocks.

Profitability

- * Positive return on assets in the current year (1 point)
- * Positive operating cash flow in the current year (1 point)
- * Higher return on assets (ROA) in the current period compared to the ROA in the previous year (1 point)
- * Cash flow from operations are greater than ROA (1 point)

Leverage, Liquidity and Source of Funds

- * Lower ratio of long term debt to in the current period compared value in the previous year (1 point)
- * Higher current ratio this year compared to the previous year (1 point)
- * No new shares were issued in the last year (1 point)

Operating Efficiency

- * A higher gross margin compared to the previous year (1 point)
- * A higher asset turnover ratio compared to the previous year (1 point)

Piotroski F Scores	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TTM
	6	7	7	8	5	6	7	6	7	6	6
Piotroski 1: Net Income	1	1	1	1	1	1	1	1	1	1	1
Piotroski 2: Operating Cash Flow	1	1	1	1	1	1	1	1	1	1	1
Piotroski 3: Return on Assets	1	1	1	1	0	0	0	1	1	1	0
Piotroski 4: Quality of Earnings	1	1	1	1	1	1	1	1	1	1	1
Piotroski 5: LT Debt vs Assets	1	1	1	1	1	0	1	0	1	1	1
Piotroski 6: Current Ratio	1	0	1	0	0	0	1	1	1	1	1
Piotroski 7: Shares Outstanding	0	0	0	1	1	1	1	0	0	0	1
Piotroski 8: Gross Margin	0	1	0	1	0	1	0	1	1	0	0
Piotroski 9: Asset Turnover	0	1	1	1	0	1	1	0	0	0	0

Altman Z Score

The Z-score formula may be used to predict the probability that a firm will go into bankruptcy within two years.

Z-scores are used to predict corporate defaults and an easy-to-calculate control measure for the financial distress status of companies in academic studies. The Z-score uses multiple corporate income and balance sheet values to measure the financial health of a company.

The main problem with the Altman Z formula is that the formula is not suited for many industries. Industries that operate with high leverage, such as radio and utilities will show a higher risk of bankruptcy.

Also, industries with negative working capital, such as many retail and restaurant companies will also exhibit the same high level of bankruptcy.

(Wikipedia http://en.wikipedia.org/wiki/Z-Score_Financial_Analysis_Tool)

$$Z = 1.2 * X1 + 1.4 * X2 + 3.3 * X3 + 0.6 * X4 + 1.0 * X5$$

There is also a revised Altman Z score which is adjusted for non manufacturing corporations. The revised formula is:

$$Z = 6.56 * X1 + 3.26 * X2 + 6.72 * X3 + 1.05 * X4$$

X1 = Working Capital/Total Assets
X2 = Retained Earnings/Total Assets
X3 = EBITDA/Total Assets
X4 = Market Value of Equity/Total Liabilities
X5 = Net Sales/Total Assets

	2002	2003	2004	2005	Annual		2007	2008	2009	2010	2011	MRQ	MRQ Edit
					2006							Q3	
Working Capital	\$ 310.0	\$ 315.3	\$ 585.5	\$ (17.7)	\$ (405.8)	\$ (459.1)	\$ (441.7)	\$ 454.8	\$ 977.3	\$ 1,719.1	\$ 2,551.4		
Total Assets	\$ 2,292.7	\$ 2,729.7	\$ 3,328.2	\$ 3,514.1	\$ 4,428.9	\$ 5,343.9	\$ 5,672.6	\$ 5,576.8	\$ 6,385.9	\$ 7,360.4	\$ 8,308.9		
Total Liabilities	\$ 566.1	\$ 647.3	\$ 841.4	\$ 1,423.4	\$ 2,200.4	\$ 3,059.8	\$ 3,181.7	\$ 2,531.1	\$ 2,711.2	\$ 2,975.5	\$ 2,923.9		
Retained Earnings	\$ 804.8	\$ 1,069.7	\$ 1,461.5	\$ 1,939.4	\$ 2,151.1	\$ 2,189.4	\$ 2,402.4	\$ 2,793.2	\$ 3,471.2	\$ 4,297.4	\$ 4,935.8		
EBITDA	\$ 341.4	\$ 436.3	\$ 624.3	\$ 796.4	\$ 906.2	\$ 1,056.4	\$ 512.9	\$ 598.3	\$ 1,469.7	\$ 1,844.4	\$ 501.3		
Market Value of Equity	\$ 8,109.5	\$ 11,663.9	\$ 18,754.6	\$ 20,010.3	\$ 29,277.0	\$ 19,876.0	\$ 7,906.5	\$ 14,515.2	\$ 19,341.9	\$ 29,787.4	\$ 34,428.0		
Net Sales	\$ 3,288.9	\$ 4,075.5	\$ 5,294.2	\$ 6,369.3	\$ 7,786.9	\$ 9,411.5	\$ 10,383.0	\$ 9,774.6	\$ 10,707.4	\$ 11,700.4	\$ 3,303.6		
Normal Altman Z Score	11.17	13.52	16.41	11.76	10.98	6.78	4.12	6.34	7.66	9.52	8.86		
Revised Altman Z Score	18.07	22.03	27.25	18.05	16.33	8.92	4.09	8.91	11.81	15.63	16.72		

	Altman Z Score		Revised Altman Z Score	
	Annual	MRQ	Annual	MRQ
X1	0.23	0.31		
X2	0.58	0.59		
X3	0.25	0.06		
X4	10.01	11.77		
X5	1.59	0.40		
	9.52	8.86	15.63	16.72

Original Altman Z Score
When Z is 3.0 or more, the firm is most likely safe based on the financial data. However, be careful to double check as fraud, economic downturns and other factors could cause unexpected reversals.
When Z is 2.7 to 3.0, the company is probably safe from bankruptcy, but this is in the grey area and caution should be taken.
When Z is 1.8 to 2.7, the company is likely to be bankrupt within 2 years. This is the lower portion of the grey area and a dramatic turnaround of the company is needed.
When Z is below 1.8, the company is highly likely to be bankrupt. If a company is generating lower than 1.8, serious studies must be performed to ensure the company can survive.

Revised Altman Z Score
When Z is 2.6 or more, the firm is most likely safe based on the financial data. However, be careful to double check as fraud, economic downturns and other factors could cause unexpected reversals.
When Z is 1.1 to 2.6, the company is probably safe from bankruptcy, but this is in the grey area and caution should be taken.
When Z is below 1.1, the company is highly likely to be bankrupt. If a company is generating lower than 1.8, serious studies must be performed to ensure the company can survive.

The Beneish Model - M Score Variables

DSRI = Days' Sales in Receivables Index. Measured as the ratio of days' sales in receivables in year t to year t-1. A large increase in DSR could be indicative of revenue inflation.
GMI = Gross Margin Index. Measured as the ratio of gross margin in year t-1 to gross margin in year t. Gross margin has deteriorated when this index is above 1. A firm with poorer prospects is more likely to manipulate earnings.
AQI = Asset Quality Index. Asset quality is measured as the ratio of non-current assets other than plant, property and equipment to total assets.AQI is the ratio of asset quality in year t to year t-1.
SGI = Sales Growth Index. Ratio of sales in year t to sales in year t-1. Sales growth is not itself a measure of manipulation. However, growth companies are likely to find themselves under pressure to manipulate in order to keep up appearances.
DEPI = Depreciation Index. Measured as the ratio of the rate of depreciation in year t-1 to the corresponding rate in year t. DEPI greater than 1 indicates that assets are being depreciated at a slower rate. This suggests that the firm might be revising useful asset life assumptions upwards, or adopting a new method that is income friendly.
SGAI = Sales, General and Administrative expenses Index. The ratio of SGA expenses in year t relative to year t-1.
LVGI = Leverage Index. The ratio of total debt to total assets in year t relative to yeat t-1. An LVGI >1 indicates an increase in leverage
TATA - Total Accruals to Total Assets. Total accruals calculated as the change in working capital accounts other than cash less depreciation.

The Beneish M Score Formula
The eight variables are then weighted together according to the following:

M = -4.84 + 0.92*DSRI + 0.528*GMI + 0.404*AQI + 0.892*SGI + 0.115*DEPI - 0.172*SGAI + 4.679*TATA - 0.327*LVGI

A score greater than -2.22 indicates a strong likelihood of a firm being a manipulator. In his out of sample tests, Beneish found that he could correctly identify 76% of manipulators, whilst only incorrectly identifying 17.5% of non-manipulators.

The 5 Variable Version of the Beneish Model
The five variable version excludes SGAI, DEPI and LEVI which were not significant in the original Beneish model.

M = -6.065 + 0.823*DSRI + 0.906*GMI + 0.593*AQI + 0.717*SGI + 0.107*DEPI

A score greater than -2.22 indicates a strong likelihood of a firm being a manipulator.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TTM
M Score - 5 Variable	-	-2.80	-1.21	-2.75	-2.72	-2.78	-2.51	-3.63	-2.84	-2.79	-2.84
M Score - 8 Variable	-	-3.80	-1.81	-2.95	-2.95	-2.96	-2.92	-4.54	-2.92	-2.52	-2.46
DSRI	0.95	0.94	1.13	0.96	1.06	1.04	0.87	1.02	1.17	1.01	0.00
GMI	0.36	2.74	0.97	1.03	0.91	1.22	0.34	0.96	1.01	1.03	0.00
AQI	1.97	0.95	0.90	1.05	1.03	1.20	1.06	1.05	0.87	0.95	0.00
SGI	1.24	1.30	1.20	1.22	1.21	1.10	0.94	1.10	1.09	1.11	0.00
DEPI	0.94	0.92	1.03	1.08	1.05	0.86	0.93	0.99	0.97	1.00	0.00
SGAI	7.05	0.13	0.98	1.08	1.37	0.91	5.60	0.97	0.98	0.97	0.00
TATA	-0.11	-0.12	-0.12	-0.12	-0.12	-0.17	-0.18	-0.12	-0.05	-0.03	0.00
LVGI	0.95	1.05	1.48	1.25	1.16	0.95	0.79	0.95	0.98	0.87	0.00

Starbucks Corporation (SBUX)

10/23/2012

Enter Ticker

Refresh

Free Cash Flow



Stock Price



FCF / Sales



Cash Return on Invested Capital (CROIC)



Magic Formula Investing -- Earnings Yield



Gross Margin



Piotroski F Score



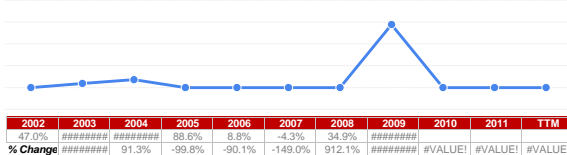
Beneish M Score - 8 Variable Version



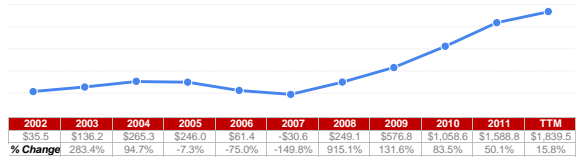
Debt to Equity



FCF to Short Term Debt



Owner Earnings



Diluted EPS



Price / FCF



FCF Yield



Magic Formula Investing -- Return on Capital



Net Profit Margin



Original Altman Z Score



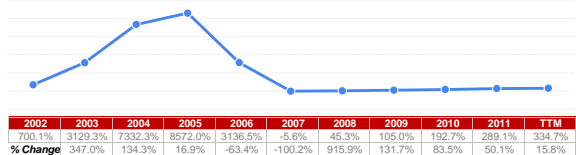
Tax Rate



FCF to Total Debt



FCF to Long Term Debt



Starbucks Corporation (SBUX)

10/23/2012

Enter Ticker

Update

CLEAR

Enter Competitor Tickers

	SBUX	GMCR	PEET	CBOU	JVA					
Company	Starbucks	Green Consumer Goods	Peet's Coffee & Consumer Goods	Caribou Coffee	Coffee Holding Consumer Goods					
Sector	Services	Processed & Packaged Goods	Processed & Packaged Goods	Services	Processed & Packaged Goods					
Industry	Specialty Eateries	Processed & Packaged Goods	Processed & Packaged Goods	Specialty Eateries	Processed & Packaged Goods					
Country	USA	USA	USA	USA	USA					
Earnings Date	1-Nov-2012	27-Nov-2012	31-Jul-2012	6-Aug-2012	14-Sep-2012					
Price	\$45.30	\$24.03	\$73.46	\$11.99	\$7.08					
Market Cap	\$34,428.00	\$3,737.39	\$968.94	\$243.76	\$45.10					
Change	-0.85%	0.42%	0.01%	0.42%	1.29%					
Volume	8,245,699	2,579,050	244,129	188,109	89,217					
Change from Open	-0.94%	-0.12%	0.00%	0.42%	-1.67%					
Gap	0.09%	0.54%	0.01%	0.00%	3.00%					
50-Day High	-12.88%	-27.51%	-3.47%	-19.80%	-21.58%					
50-Day Low	0.44%	12.66%	0.27%	3.10%	19.59%					
52-Week High	-26.43%	-67.52%	-5.34%	-36.36%	-51.96%					
52-Week Low	13.33%	40.44%	41.11%	20.75%	45.67%					
P/E	25.31	11.07	68.02	23.51	78.67					
Forward P/E	21.27	9.57	32.08	21.04	6.94					
PEG	1.37	0.54	3.05	1.04	4.92					
P/S	2.65	1.03	2.53	0.73	0.24					
P/B	6.40	1.69	5.10	2.50	1.92					
P/Cash	13.78	26.89	25.35	6.61	32.92					
P/Free Cash Flow	75.63	0.00	264.02	22.16	0.00					
Dividend Yield	1.50%	0.00%	0.00%	0.00%	1.69%					
Payout Ratio	37.10%	0.00%	0.00%	0.00%	90.73%					
EPS (ttm)	\$1.79	\$2.17	\$1.08	\$0.51	\$0.09					
EPS growth this year	30.80%	127.33%	3.74%	271.80%	-68.16%					
EPS growth next year	19.66%	12.05%	31.61%	29.55%	104.00%					
EPS growth past 5 years	17.14%	75.36%	19.31%	35.66%	2.19%					
EPS growth next 5 years	18.45%	20.60%	22.33%	22.67%	16.00%					
Sales growth past 5 years	8.48%	63.73%	12.06%	6.69%	23.46%					
EPS growth quarter over quarter	18.59%	25.21%	-22.86%	-38.38%	506.41%					
Sales growth quarter over quarter	12.67%	21.19%	5.27%	1.07%	24.38%					
Return on Assets	17.96%	11.18%	6.79%	8.25%	2.77%					
Return on Equity	28.46%	17.17%	8.17%	11.27%	4.36%					
Return on Investment	24.02%	13.07%	7.79%	10.67%	4.61%					
Current Ratio	2.26	2.46	4.72	2.63	3.50					
Quick Ratio	1.65	1.04	2.44	1.57	2.05					
LT Debt/Equity	0.10	0.18	0.00	0.00	0.00					
Total Debt/Equity	0.10	0.18	0.00	0.00	0.06					
Gross Margin	26.40%	33.30%	48.56%	48.34%	5.09%					
Operating Margin	14.86%	14.67%	5.87%	4.37%	0.95%					
Profit Margin	10.67%	9.58%	3.80%	3.29%	0.50%					
Shares Outstanding	760.00	155.53	13.19	20.33	6.37					
Shares Float	739.23	131.20	13.03	19.98	5.30					
Insider Ownership	0.08%	5.97%	7.33%	0.81%	5.72%					
Insider Transactions	-1.05%	-36.86%	0.00%	-5.72%	-53.55%					
Institutional Ownership	75.36%	80.18%	0.00%	76.66%	2.83%					
Institutional Transactions	-1.77%	0.72%	-9.62%	-5.17%	-5.26%					
Float Short	1.47%	34.12%	19.41%	14.51%	19.80%					
Short Ratio	1.2	6.2	10.2	9.0	3.1					
Performance (Week)	-4.97%	9.08%	0.03%	-5.22%	1.14%					
Performance (Month)	-11.30%	-10.20%	0.08%	-16.39%	-8.41%					
Performance (Quarter)	-9.90%	36.85%	-1.32%	-2.52%	31.35%					
Performance (Half Year)	-21.42%	-46.12%	2.04%	-24.26%	-18.81%					
Performance (Year)	9.18%	-64.58%	22.47%	-8.47%	-38.06%					
Beta	1.21	0.99	0.86	1.68	2.35					
Average True Range	1.13	1.39	0.08	0.47	0.37					
Volatility (Week)	2.48%	5.45%	0.05%	3.66%	4.32%					
Volatility (Month)	2.23%	5.90%	0.10%	3.34%	4.59%					
20-Day Simple Moving Average	-7.16%	2.99%	0.04%	-8.68%	-0.49%					
50-Day Simple Moving Average	-7.70%	-5.00%	-0.18%	-8.93%	2.92%					
200-Day Simple Moving Average	-11.48%	-32.91%	8.92%	-15.84%	-9.19%					
Relative Strength Index (14)	32.11	49.82	47.04	32.95	51.49					
Analyst Recom	2.00	2.40	2.80	1.40	1.50					
Average Volume	9,141.66	7,207.74	247.16	321.12	339.67					
Relative Volume	0.90	0.36	0.99	0.59	0.26					

Starbucks Corporation (SBUX)

10/23/2012

Select input with each list or enter

Enter Ticker

Refresh

CLEAR

Shares Out.	M.O.S	Growth	Discount %	Terminal %	Select FCF	Adjust 2011 FCF
760.00	50%	15.0%	9.0%	0%	Owner Earnings	
		15.0%				
Current Price	Fair Value	Buy Under	Actual M.O.S	52 Wk High	52 Wk Low	
\$45.30	\$45.95	\$22.98	1%	\$62.00	\$40.55	

Fiscal Year	Trend	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TTM
Cash Flow Data												
Cash from Operations		\$477.7	\$566.4	\$793.8	\$923.6	\$1,131.6	\$1,331.2	\$1,258.7	\$1,389.0	\$1,704.9	\$1,612.4	\$1,612.6
Capex		(\$375.5)	(\$357.3)	(\$386.2)	(\$644.0)	(\$771.2)	(\$1,080.3)	(\$984.5)	(\$445.6)	(\$440.7)	(\$531.9)	(\$676.0)
Cash Flow		\$675.2	\$763.0	\$954.2	\$1,276.0	\$1,522.6	\$1,900.9	\$1,919.4	\$1,618.6	\$1,858.5	\$2,156.7	\$2,380.4
Owner Earnings FCF		\$35.5	\$136.2	\$265.3	\$246.0	\$61.4	(\$30.6)	\$249.1	\$576.8	\$1,058.6	\$1,588.8	\$1,839.5
YOY% Change			283.4%	94.7%	-7.3%	-75.0%	-149.8%	-915.1%	131.6%	83.5%	50.1%	15.8%

Margins												
Gross Margin		21.0%	58.6%	21.4%	22.0%	21.3%	23.3%	19.2%	55.8%	58.4%	57.7%	56.2%
Operating Margin		9.7%	10.4%	11.5%	12.3%	11.5%	11.2%	4.9%	5.7%	13.3%	14.8%	14.9%
Net Margin		6.5%	6.6%	7.4%	7.8%	7.2%	7.1%	3.0%	4.0%	8.8%	10.6%	10.7%

EPS & Tax												
Diluted EPS		\$0.27	\$0.34	\$0.48	\$0.61	\$0.71	\$0.87	\$0.43	\$0.52	\$1.24	\$1.62	\$1.80
Tax Rate		37.0%	38.5%	37.2%	37.9%	35.8%	36.3%	31.3%	30.1%	34.0%	31.1%	31.6%

Efficiency & Profitability												
CROIC		2.6%	7.7%	14.0%	12.3%	2.5%	-1.0%	6.9%	17.3%	33.5%	49.1%	48.5%
FCF/Sales		1.1%	3.3%	5.0%	3.9%	0.8%	-0.3%	2.4%	5.9%	9.9%	13.6%	14.2%
Inventory Turnover		9.9	5.6	10.9	10.3	10.4	10.9	12.1	6.4	7.4	6.6	4.5
Return On Assets (ROA)		9.4%	9.8%	11.8%	14.1%	12.7%	12.6%	5.6%	7.0%	14.8%	16.9%	16.6%
Return On Equity (ROE)		12.5%	12.9%	15.8%	23.7%	25.3%	29.4%	12.7%	12.8%	25.7%	28.4%	25.7%

Debt Related												
Debt to Equity		32.8%	31.1%	33.8%	68.1%	98.7%	134.0%	127.7%	83.1%	73.8%	67.9%	54.3%
Capitalization Ratio		0.3%	0.2%	0.1%	0.1%	0.1%	19.4%	18.1%	15.3%	13.0%	11.1%	9.3%
FCF to Total Debt		6.3%	21.0%	31.5%	17.3%	2.8%	-1.0%	7.8%	22.8%	39.0%	53.4%	62.9%
FCF to Short Term Debt		47.0%	18871.1%	36092.8%	88.6%	8.8%	-4.3%	34.9%	288400.0%			
FCF to Long Term Debt		700.1%	3129.3%	7332.3%	8572.0%	3136.5%	-5.6%	45.3%	105.0%	192.7%	289.1%	334.7%

5 Year Multi-Year Performance

	2006-2010	2007-2011	2006-2009	2007-2010	2008-2011	2006-2008	2007-2009	2008-2010	2009-2011	Median
Tang Shareholder Equity	13.3%	17.5%	10.8%	17.1%	20.8%	5.2%	15.2%	21.9%	19.8%	17.1%
Owner Earnings FCF	103.8%	0.0%	111.0%	0.0%	85.5%	101.4%	0.0%	106.1%	66.0%	85.5%
CROIC	6.9%	17.3%	4.7%	12.1%	25.4%	2.5%	6.9%	17.3%	33.5%	12.1%
FCF/Sales	2.4%	5.9%	1.6%	4.2%	7.9%	0.8%	2.4%	5.9%	9.9%	4.2%
ROA	12.6%	12.6%	9.8%	9.8%	10.9%	12.6%	7.0%	7.0%	14.8%	10.9%
ROE	25.3%	25.7%	19.1%	19.3%	25.3%	12.8%	25.7%	12.8%	25.7%	19.3%
Gross Margin	23.3%	55.8%	22.3%	39.5%	56.7%	21.3%	23.3%	55.8%	57.7%	39.5%
Operating Margin	11.2%	11.2%	8.5%	8.5%	11.2%	5.7%	5.7%	13.3%	13.3%	9.5%
Net Margin	7.1%	7.1%	5.6%	5.6%	6.4%	7.1%	4.0%	4.0%	8.8%	6.4%
Revenue Growth	8.3%	5.6%	7.9%	4.4%	4.1%	15.5%	1.9%	1.6%	9.4%	5.6%
Earnings Growth	15.0%	16.8%	-9.9%	12.5%	55.6%	-22.2%	-22.7%	69.8%	76.5%	15.0%
Cash from Ops Growth	10.8%	4.9%	7.1%	8.6%	8.6%	5.5%	2.1%	16.4%	7.7%	7.7%

10 Year Multi-Year Performance

	2002-2009	2003-2010	2004-2011	2002-2007	2003-2008	2004-2009	2005-2010	2006-2011	2002-2011	Median
Tang Shareholder Equity	8.3%	8.8%	8.6%	5.6%	4.0%	4.5%	12.9%	14.3%	10.7%	8.6%
Owner Earnings FCF	48.9%	34.0%	29.1%	0.0%	12.8%	16.8%	33.9%	91.7%	52.5%	33.9%
CROIC	7.3%	10.0%	13.2%	5.2%	7.3%	9.6%	9.6%	12.1%	17.3%	9.6%
FCF/Sales	2.9%	3.6%	4.4%	2.2%	2.9%	3.1%	3.1%	4.2%	3.6%	3.1%
ROA	10.8%	12.2%	12.7%	12.2%	12.2%	12.2%	12.7%	12.7%	12.2%	12.2%
ROE	14.3%	19.7%	24.5%	19.7%	19.7%	19.7%	24.5%	25.5%	19.7%	19.7%
Gross Margin	21.7%	22.7%	22.7%	21.7%	21.7%	21.7%	22.7%	39.5%	22.7%	22.7%
Operating Margin	10.8%	11.3%	11.5%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%
Net Margin	6.9%	7.2%	7.3%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
Revenue Growth	16.8%	14.8%	12.0%	23.4%	20.6%	13.0%	10.9%	8.5%	15.1%	14.8%
Earnings Growth	9.8%	20.3%	19.0%	26.4%	4.8%	1.6%	15.2%	17.9%	22.0%	17.9%
Cash from Ops Growth	16.5%	17.0%	10.7%	22.8%	17.3%	11.8%	13.0%	7.3%	14.5%	14.5%

Projection of future Free Cash Flow

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Yearly Growth Input Field										
15%	\$1,827.12	\$2,101.19	\$2,416.37	\$2,636.65	\$2,992.60	\$3,396.60	\$3,855.14	\$3,976.16	\$4,459.26	\$5,001.06
Terminal Growth										
0%	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06	\$ 5,001.06

Calculation

Total Cash	\$ 2,497.60
MAX(0,Current Liabilities-Current A	\$ -
Excess Cash	\$ 2,497.60
Adding some Intangibles	\$ -
Interest Bearing Debt	\$ 549.60
Present Value	\$ 34,924.17
Shares Outstanding	760
Per Share Value	\$ 45.95
Desired Margin of Safety	50%
Purchase Price	\$ 22.98
Current Price	\$ 45.30
Margin of Safety	1%

Sensitivity Matrix: Growth vs Discount Rate

		Discount Rates				
		7%	8%	9%	10%	11%
Growth Rates	11%	\$ 43.89	\$ 40.41	\$ 37.35	\$ 34.63	\$ 32.22
	13%	\$ 48.88	\$ 44.91	\$ 41.41	\$ 38.31	\$ 35.56
	15%	\$ 54.49	\$ 49.95	\$ 45.95	\$ 42.42	\$ 39.28
	17%	\$ 60.76	\$ 55.59	\$ 51.03	\$ 47.00	\$ 43.44
	19%	\$ 67.78	\$ 61.89	\$ 56.70	\$ 52.12	\$ 48.07

Sensitivity Matrix: Margin of Safety %

		Discount Rates				
		7%	8%	9%	10%	11%
Growth Rates	11%	-3.2%	-12.1%	-21.3%	-30.8%	-40.6%
	13%	7.3%	-0.9%	-9.4%	-18.2%	-27.4%
	15%	16.9%	9.3%	1.4%	-6.8%	-15.3%
	17%	25.4%	18.5%	11.2%	3.6%	-4.3%
	19%	33.2%	26.8%	20.1%	13.1%	5.8%

Variable Fields

Intangibles% add to DCF	0%
Decay Rate (Yr4E-Yr7E)	10%
Extra Decay (Yr8E-Yr10E)	10%

Starbucks Corporation (SBUX)

10/23/2012

Enter Ticker	Refresh	CLEAR	Current Price	Intrinsic \$	Buy Under	Actual M.O.S	52 Wk High	52 Wk Low
			\$45.30	\$49.23	\$16.74	8%	\$62.00	\$40.55

5 Yr EPS Growth	2006-2010	2007-2011	2006-2009	2007-2010	2008-2011	2006-2008	2007-2009	2008-2010	2009-2011	Median
	15.0%	16.8%	-9.9%	12.5%	55.6%	-22.2%	-22.7%	69.8%	76.5%	15.0%

10 Yr EPS Growth	2002-2009	2003-2010	2004-2011	2002-2007	2003-2008	2004-2009	2005-2010	2006-2011	Median
	9.8%	20.3%	19.0%	26.4%	4.8%	1.6%	15.2%	17.9%	17.9%

Diltued EPS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TTM
	\$ 0.27	\$ 0.34	\$ 0.48	\$ 0.61	\$ 0.71	\$ 0.87	\$ 0.43	\$ 0.52	\$ 1.24	\$ 1.62	\$ 1.80
Forecast Method	2012E	2013E									
Linear Regression Method	\$ 1.32	\$ 1.52									
Analyst Estimate	\$ 1.78	\$ 2.13									

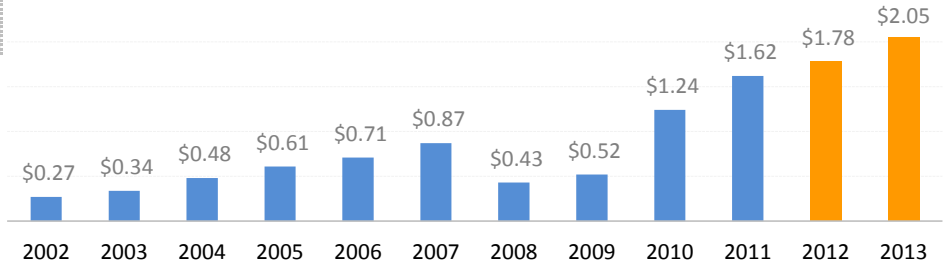
Graham Value Calculation

Normal Earnings	\$ 1.78
Growth Rate	15.00%
Corp Bond Rate	3.50
Per Share Value	\$ 49.23
MOS	66%
Purchase Price	\$ 16.74
Current Price	\$45.30
Actual Discount	8%

Graham's Sensitivity Matrix

Growth Sensivity Incremen	10%
EPS Sensivity Increments	10%

Shares Out.	M.O.S	Growth	Projection	EPS	Corp Bond
760.00	66%	15.0%	Analyst Estimate	\$1.78	3.50
		15.0%			



		EPS					
		\$ 1.42	\$ 1.60	\$ 1.78	\$ 1.96	\$ 2.14	
Growth	12.0%	\$ 34.01	\$ 38.26	\$ 42.52	\$ 46.77	\$ 51.02	
	13.5%	\$ 36.70	\$ 41.29	\$ 45.87	\$ 50.46	\$ 55.05	
	15.0%	\$ 39.38	\$ 44.31	\$ 49.23	\$ 54.15	\$ 59.08	
	16.5%	\$ 42.07	\$ 47.33	\$ 52.59	\$ 57.84	\$ 63.10	
	19.8%	\$ 47.98	\$ 53.97	\$ 59.97	\$ 65.97	\$ 71.96	

Starbucks Corporation
(SBUX)

10/23/2012

Enter Ticker

Refresh

CLEAR

Current EPS Exp Growth	Dividend Yield	Business Risk	Financial Risk	Earnings Predictability
25%	1.49%	Excellent	Excellent	Above Average
Current PE		16 of 20 pts	20 of 20 pts	13 of 20 pts

Katsenelson Absolute PE	Current Price	Fair Value	Fair Value PE	Current PE	FV Exp Grth	M.O.S
	\$45.30	\$56.88	31.60	25.31	25%	20%

Determine Business Risk	2007	2008	2009	2010	2011	TTM	AVERAGE	STDEV
ROE	29.45%	12.67%	12.83%	25.73%	28.41%	25.69%	22.5%	7.7%
Consistency/quality check		0	1	1	1	1	4	
ROA	12.59%	5.56%	7.01%	14.81%	16.92%	16.65%	12.3%	4.9%
Consistency/quality check		0	1	1	1	0	3	
CROIC	-0.95%	6.92%	17.32%	33.53%	49.13%	48.50%	25.7%	21.3%
Consistency/quality check		0	1	1	1	1	4	
Intangibles % of Book Value	1.84%	2.67%	2.24%	1.93%	2.55%	2.19%	2.2%	0.3%
Consistency/quality check		1	1	1	1	1	5	
Business Risk Factor:	16 pts out of 20		Excellent 6% Factor				16	0.0%

Determine Financial Risk	2007	2008	2009	2010	2011	TTM	AVERAGE	STDEV
Current Ratio	0.79	0.80	1.29	1.55	1.83	2.26	1.42	0.58
Consistency/quality check		1	1	1	1	1	5	
Total Debt/Equity Ratio	1.34	1.28	0.83	0.74	0.68	0.54	0.90	0.33
Consistency/quality check		1	1	1	1	1	5	
Short Term Debt/Equity Ratio	0.31	0.22	0.18	0.15	0.13	0.10	0.18	0.08
Consistency/quality check		1	1	1	1	1	5	
FCF to Total Debt	-1.00%	7.83%	22.79%	39.05%	53.40%	62.91%	30.8%	25.3%
Consistency/quality check		1	1	1	1	1	5	
Financial Risk Factor:	20 pts out of 20		Excellent 10% Factor				20	0.0%

Determine Earnings Predictability	2007	2008	2009	2010	2011	TTM	AVERAGE	STDEV
Gross Margin	23.34%	19.19%	55.75%	58.36%	57.70%	56.22%	45.1%	18.5%
Consistency/quality check		0	1	1	0	0	2	
Net Margin	7.15%	3.04%	4.00%	8.83%	10.65%	10.67%	7.4%	3.3%
Consistency/quality check		0	1	1	1	1	4	
Earnings	\$0.87	\$0.43	\$0.52	\$1.24	\$1.62	\$1.80	1.08	0.57
Consistency/quality check		0	1	1	1	1	4	
Cash from Ops	\$1,331.22	\$1,258.70	\$1,389.00	\$1,704.90	\$1,612.40	\$1,612.60	\$1,484.80	181.63
Consistency/quality check		0	1	1	0	1	3	
Earnings Predict. Factor:	13 pts out of 20		Above Average 3% Factor				13	0.0%

Katsenelson Absolute PE Valuation Model

Earnings Growth	25.00%	25.31
Dividend Yield	1.49%	1.00
	=	
Adjusted Base PE		26.31
Business Risk	Excellent [1 + (1 - 0.94)]	x
Premium/Discount Factor:	0.94	x
Financial Risk	Excellent [1 + (1 - 0.9)]	x
Premium/Discount Factor:	0.90	x
Earnings Predictability	Above Average [1 + (1 - 0.97)]	=
Premium/Discount Factor:	0.97	
Adjusted Fair Value PE	25%	31.60

P/E	Exp EPS Grwth Rate
7.00	0%
7.65	1%
8.30	2%
8.95	3%
9.60	4%
10.25	5%
10.90	6%
11.55	7%
12.20	8%
12.85	9%
13.50	10%
14.15	11%
14.80	12%
15.45	13%
16.10	14%
16.75	15%
17.40	16%
17.90	17%
18.40	18%
18.90	19%
19.40	20%
19.90	21%
20.40	22%
20.90	23%
21.40	24%
21.90	25%

Δ0.65

Δ0.50

Dividend Yield	Add'l P/E Points
0.0%	0.0
0.1%	0.5
0.5%	0.5
1.0%	1.0
1.5%	1.5
2.0%	2.0
2.5%	2.5
3.0%	3.0
3.5%	3.5
4.0%	4.0
4.5%	4.5
5.0%	5.0
5.5%	5.5
6.0%	6.0
6.5%	6.5
10.0%	10.0

Starbucks Corporation (SBUX)

10/23/2012

Figures in Millions except per share values

Enter Ticker

Refresh

CLEAR

Asset Valuation Section

Data: Asset Valuation

Shares Outstanding	760.0
Balance Sheet Assets	\$ 8,308.9
Adjusted Assets	\$ 8,308.9
Total Liabilities	\$ 2,923.9
Total Equity	\$ 5,385.0
Average SGA %	27.9%
Marketing/Brand Value	\$ 3,269.0
R&D Value	\$ -
Cash Needed for Business	\$ 129.7
Interest Bearing Debt	\$ 549.6
Non Interest Bearing Debt	\$ 1,850.5
Excess Cash	\$ 2,263.6

Calculation: Asset Valuation

	Total	Per Share
Tangible BV	\$ 4,931	\$ 6.49
Adjusted BV	\$ 5,385	\$ 7.09
NCAV	\$ 1,256	\$ 1.65
Reprod. Cost of Assets	\$ 11,578	\$ 15.23
Reprod. Cost of Assets BV	\$ 8,654	\$ 11.39
Total Net Reprod. Cost	\$ 7,464	\$ 9.82

Quarterly numbers based on:

Q3

Adjustments:

Assets

	Book Value	Fixed BV	Multiplier	Reproduction Asset Value
Cash & Equivalents	\$ 1,501.3			\$ 1,501.3
Marketable Securities	\$ 996.3			\$ 996.3
Accounts Receivable	\$ 433.0			\$ 433.0
Other Receivable	\$ -			\$ -
Net Receivables	\$ 433.0			\$ 433.0
<i>Inventories: Raw Materials</i>	\$ 974.9			
<i>Inventories: Work in Progress</i>	\$ -			
<i>Inventories: Purchased Components</i>	\$ 140.9			
<i>Inventories: Finished Goods</i>	\$ 133.4			
<i>Inventories: Other</i>	\$ -			
Inventories -- Total	\$ 1,249.2			\$ 1,249.2
Prepaid Expenses	\$ 172.9			\$ 172.9
Current Deferred Income Taxes	\$ 216.9			\$ 216.9
Other Current Assets	\$ -			\$ -
Total Current Assets	\$ 4,569.6			\$ 4,569.6
Goodwill, Net	\$ 336.7			\$ 336.7
Intangibles, Net	\$ 117.8			\$ 117.8
Intangibles	\$ 454.5			\$ 454.5
Property/Plant/Equipment - Net	\$ 2,444.2			\$ 2,444.2
Other Long Term Assets, Total	\$ 840.6			\$ 840.6
Total Assets	\$ 8,308.9			\$ 8,308.9

Shares Out.	Main. Capex	Normalized Income	Discount Rate	R&D Years	SG&A %
760.00	\$600.00	\$2,290.00	9%	3	25%
	\$600.00	\$2,290.00			

Current Price	EPV	Net Reproduction Value	EPV MOS	NCAV	52 Wk High	52 Wk Low
\$45.30	\$27.10	\$9.82	0.0%	\$1.65	\$62.00	\$40.55

EPV Valuation Section

Values for Normalized Income

TTM Owner Earnings FCF	\$ 1,839.5
Avg Normalized Income	\$ 1,465.1
Med Normalized Income	\$ 1,465.0
Avg Adj. Income 5 yrs	\$ 1,321.9
TTM Adjusted Income	\$ 2,293.4

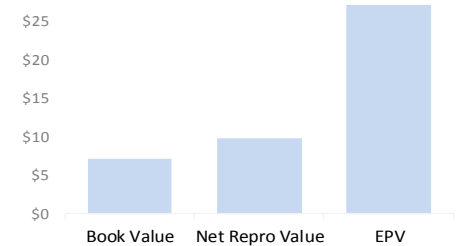
EPV > Net Repro Value = Moat exists

EPV = Net Repro Value = No Moat

EPV < Net Repro Value = Value Destroyer

Data: EPV

Cost of Capital	9.0%
Normalized Adjusted Income	\$ 2,290.0
Average Maintenance Capex	\$ 600.0
Interest Bearing Debt	\$ 549.6
1% of sales	\$ 129.7
Cash & Equiv	\$ 2,497.6
Cash - Debt	\$ 1,818.3
Shares	760.00



Calculation: EPV

Cost of Capital Rates	EPV	Per Share	+ Cash - Debt	Per Share
5%	\$ 33,800.0	\$ 44.47	\$ 35,618.3	\$ 46.87
7%	\$ 24,142.9	\$ 31.77	\$ 25,961.2	\$ 34.16
9%	\$ 18,777.8	\$ 24.71	\$ 20,596.1	\$ 27.10
11%	\$ 15,363.6	\$ 20.22	\$ 17,182.0	\$ 22.61
13%	\$ 13,000.0	\$ 17.11	\$ 14,818.3	\$ 19.50

Adjustments:

Liabilities & Equity

	Book Value	Fixed BV	Multiplier	Reproduction Liability Value
Accounts Payable	\$ 402.2			\$ 402.2
Accrued Expenses	\$ -			\$ -
Accrued Liabilities	\$ 706.8			\$ 706.8
Notes Payable/Short Term Debt	\$ -			\$ -
Current Port. of LT Debt/Capital	\$ -			\$ -
Leases	\$ -			\$ -
Other Current Liabilities	\$ 388.4			\$ 388.4
Total Current Liabilities	\$ 1,497.4			\$ 1,497.4
Long-Term Debt	\$ 549.6			\$ 549.6
Capital Lease Obligations	\$ -			\$ -
Deferred Income Taxes	\$ -			\$ -
Total Other Liabilities	\$ 353.1			\$ 353.1
Total Liabilities	\$ 2,923.9			\$ 2,923.9
Common Stock Equity	\$ 5,385.0			\$ 5,385.0
Retained Earnings	\$ 4,935.8			\$ 4,935.8
Total Capitalization	\$ 5,934.6			\$ 5,934.6
Total Equity	\$ 5,385.0			\$ 5,385.0
Total Liabilities & Equity	\$ 8,308.9			\$ 8,308.9

Starbucks Corporation (SBUX)

10/23/2012

Enter Ticker

Refresh

Current Price	NNWC	NNWC %	NCAV	NCAV %
\$45.30	\$0.69	0.0%	\$2.17	0.0%

Figures in Millions except per share values

	BV	CLEAR	BV Multiplier	Net Net Value
Cash & Equivalents	\$ 1,501.30		100%	\$ 2,497.60
Marketable Securities	\$ 996.30			
Accounts Receivable	\$ 433.00		75%	
Other Receivable	\$ -			
Receivables	\$ 433.00			\$ 324.75
Inventories: Raw Materials	\$ 974.90		50%	
Inventories: Work in Progress	\$ -			
Inventories: Purchased Components	\$ 140.90			
Inventories: Finished Goods	\$ 133.40			
Inventories: Other	\$ -			
Inventories -- Total	\$ 1,249.20			\$ 624.60
Current Assets - Total	\$ 4,569.60			\$ 4,569.60
Total Assets	\$ 8,308.90			\$ 8,308.90
Total Liabilities	\$ 2,923.90			\$ 2,923.90
Shares Outstanding	760.00			760.00

	Total (\$m)	Per Share
Total Current Assets	\$ 4,569.60	\$ 6.01
Market Cap & Share Price	34.428B	\$ 45.30
Book Value	\$ 5,385.00	\$ 7.09
Net Net Working Capital	\$ 523.05	\$ 0.69
Discount to NNWC		0%
Net Current Asset Value	\$ 1,645.70	\$ 2.17
Discount to NCAV		0%

Please **Enable Macros** to Log in  old school value

Disclaimer

Copyright © 2012 Old School Value

All Rights Reserved

Login

The material from Old School Value, this spreadsheet or any affiliate sites have no regard to the specific investment objectives, financial situation, or particular needs of any visitor. Information, tools and articles published are solely for informational purposes and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments.

References made to third parties are based on information obtained from sources believed to be reliable, but are not guaranteed as being accurate. Visitors should not regard it as a substitute for the exercise of their own judgment. Any opinions expressed in this site are subject to change without notice and Old School Value or any affiliated sites or authors are not under any obligation to update or keep current the information contained herein.

Old School Value, officers, associates or clients may have an interest in the securities or derivatives of any entities from Old School Value or the Old School Value Stock Valuation Spreadsheets referred herein.

Old School Value accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part from Old School Value or any of the tools containing the name Old School Value.

Our comments are an expression of opinion. While we believe our statements to be true, they always depend on the reliability of our own credible sources.