

ModernGraham Valuation



Company Name:

Starbucks Corporation

Company Ticker SBUX

Date of Analysis

6/29/2016

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$84,914,250,023	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.89	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	451.10%	Pass
6. Moderate PEmg Ratio	PEmg < 20	39.68	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	16.56	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.89	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.23	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.43
MG Growth Estimate	15.00%
MG Value	\$55.06
MG Value based on 3% Growth	\$20.74
MG Value based on 0% Growth	\$12.16
Market Implied Growth Rate	15.59%

MG Opinion

Current Price	\$56.74
% of Intrinsic Value	103.06%
Opinion	Fairly Valued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.38
Graham Number	\$12.00
PEmg	39.68
Current Ratio	0.89
PB Ratio	16.56
Current Dividend	\$0.72
Dividend Yield	1.27%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

- [ModernGraham tagged articles](#)
- [Morningstar](#)
- [Google Finance](#)
- [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.84	Next Fiscal Year Estimate	\$1.43
Sep2015	\$1.82	Sep2015	\$1.14
Sep2014	\$1.36	Sep2014	\$0.78
Sep2013	\$0.01	Sep2013	\$0.50
Sep2012	\$0.90	Sep2012	\$0.69
Sep2011	\$0.81	Sep2011	\$0.55
Sep2010	\$0.62	Sep2010	\$0.40
Sep2009	\$0.26	Sep2009	\$0.30
Sep2008	\$0.22	Sep2008	\$0.32
Sep2007	\$0.44	Sep2007	\$0.34
Sep2006	\$0.36	Sep2006	\$0.28
Sep2005	\$0.31	Sep2005	\$0.22
Sep2004	\$0.24	Sep2004	\$0.17
Sep2003	\$0.17	Sep2003	\$0.13
Sep2002	\$0.14	Sep2002	\$0.10
Sep2001	\$0.12	Sep2001	\$0.08
Sep2000	\$0.06	Sep2000	\$0.06
Sep1999	\$0.07	Balance Sheet Information 3/1/2016	
Sep1998	\$0.05	Total Current Assets	\$3,883,500,000
Sep1997	\$0.04	Total Current Liabilities	\$4,351,200,000
Sep1996	\$0.03	Long-Term Debt	\$2,447,600,000
		Total Assets	\$12,519,400,000
		Intangible Assets	\$2,140,200,000
		Total Liabilities	\$7,424,800,000
		Shares Outstanding (Diluted Average)	1,486,600,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[40 Companies in the Spotlight This Week – 2/21/15](#)
[Starbucks Corporation Annual Valuation – 2015 \\$SBUX](#)
[14 Companies in the Spotlight This Week – 2/15/14](#)
[Starbucks Corp \(SBUX\) Annual Valuation](#)

Other
ModernGraham
posts about related
companies

[McDonald's Corporation Valuation – May 2016 \\$MCD](#)
[Chipotle Mexican Grill Inc Stock Valuation – February 2016 \\$CMG](#)
[McDonald's Corporation – November 2015 Update \\$MCD](#)
[Chipotle Mexican Grill Inc Stock Valuation – February 2016 \\$CMG](#)
[McDonald's Corporation – November 2015 Update \\$MCD](#)
[Chipotle Mexican Group Inc Valuation – November 2015 Update \\$CMG](#)
[Darden Restaurants Inc. Analysis – September 2015 Update \\$DRI](#)
[Chipotle Mexican Grill Inc. Analysis – August 2015 Update \\$CMG](#)
[Chipotle Mexican Grill Inc. Quarterly Valuation – May 2015 \\$CMG](#)
[Yum! Brands Inc. Annual Valuation – 2015 \\$YUM](#)