

# ModernGraham Valuation

Starbucks  
Corporation



Company Name:

Company Ticker SBUX

Date of Analysis

3/19/2018

## 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	\$81,946,478.928	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.37	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	218.71%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	40.77	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.57	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	1.37	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.12	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.43
MG Growth Estimate	12.91%
<b>MG Value</b>	<b>\$49.06</b>
MG Value based on 3% Growth	\$20.74
MG Value based on 0% Growth	\$12.16
Market Implied Growth Rate	16.13%

### MG Opinion

Current Price	\$58.30
% of Intrinsic Value	118.82%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

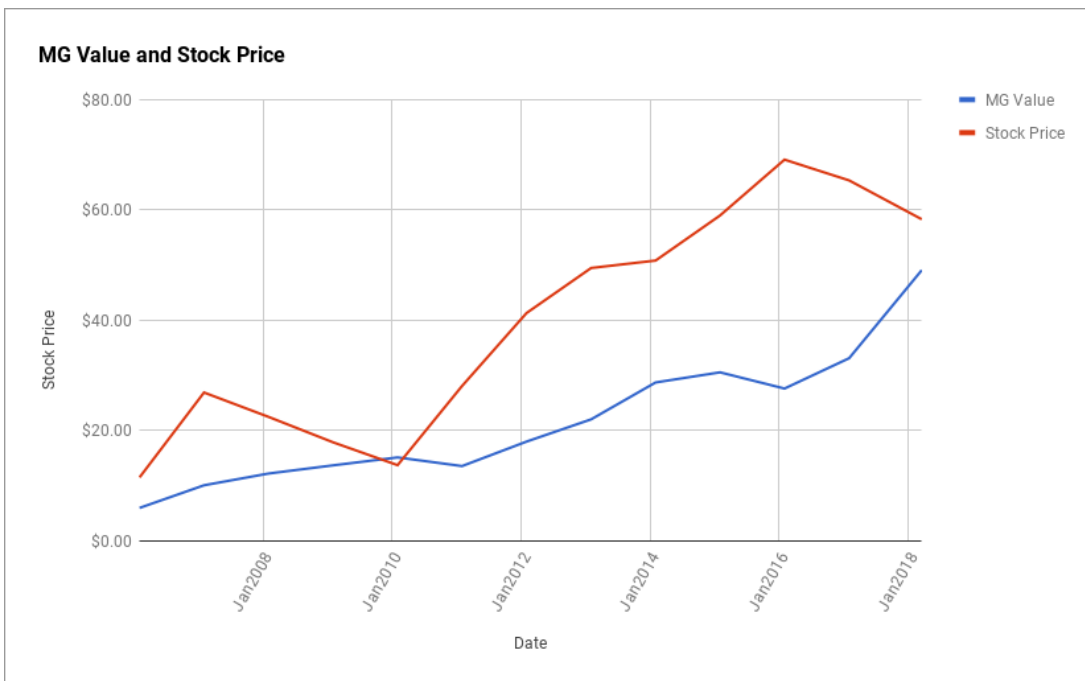
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.41
Graham Number	\$17.68
PEmg	40.77
Current Ratio	1.37
PB Ratio	7.57
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.97	Next Fiscal Year Estimate	\$1.43
Feb2017	\$1.39	Feb2017	\$1.11
Feb2016	\$1.07	Feb2016	\$0.95
Feb2015	\$0.95	Feb2015	\$0.86
Feb2014	\$0.93	Feb2014	\$0.77
Feb2013	\$0.77	Feb2013	\$0.65
Feb2012	\$0.75	Feb2012	\$0.56
Feb2011	\$0.55	Feb2011	\$0.45
Feb2010	\$0.45	Feb2010	\$0.39
Feb2009	\$0.39	Feb2009	\$0.35
Feb2008	\$0.36	Feb2008	\$0.32
Feb2007	\$0.29	Feb2007	\$0.26
Feb2006	\$0.41	Feb2006	\$0.15
Feb2005	\$0.24	Feb2005	-\$0.06
Feb2004	\$0.07	Feb2004	-\$0.25
Feb2003	-\$0.04	Feb2003	-\$0.40
Feb2002	-\$0.83	Feb2002	-\$0.52
Feb2001	-\$0.53	<b>Balance Sheet Information 11/1/2017</b>	
Feb2000	-\$0.41	Total Current Assets	\$2,504,710,000
Feb1999	-\$0.11	Total Current Liabilities	\$1,825,046,000
Feb1998	-\$0.08	Long-Term Debt	\$762,367,000
		Total Assets	\$4,759,484,000
		Intangible Assets	\$1,272,407,000
		Total Liabilities	\$3,326,344,000
		Shares Outstanding (Diluted Average)	186,160,000





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 – February 2018 \\$MCD](#)
- [El Pollo LoCo Holdings Inc Valuation – Initial Coverage \\$LOCO](#)
- [Chipotle Mexican Grill Inc Valuation – March 2017 \\$CMG](#)
- [Sonic Corporation Valuation – Initial Coverage \\$SONC](#)
- [Darden Restaurants Inc Valuation – February 2017 \\$DRI](#)
- [Jack in the Box Inc Valuation – Initial Coverage \\$JACK](#)
- [Chuy's Holdings Inc Valuation – Initial Coverage \\$CHUY](#)
- [Yum Brands Inc Valuation – December 2016 \\$YUM](#)
- [McDonald's Corp Valuation – November 2016 \\$MCD](#)
- [Chipotle Mexican Grill Inc Valuation – August 2016 \\$CMG](#)