

# ModernGraham Valuation

## Company Name:

Company Ticker SBUX  
Date of Analysis

Starbucks  
Corporation

1/18/2019



### 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	\$80,018,700,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.20	Pass
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	235.91%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.80	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	73.96	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	2.20	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.33	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 Score		Pass

#### Suitability

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

### Stage 2: Determination of Intrinsic Value

EPSmg	\$2.50
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$96.22</b>
MG Value based on 3% Growth	\$36.24
MG Value based on 0% Growth	\$21.24
Market Implied Growth Rate	8.65%

#### MG Opinion

Current Price	\$64.48
% of Intrinsic Value	67.01%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B-</b>

### Stage 3: Information for Further Research

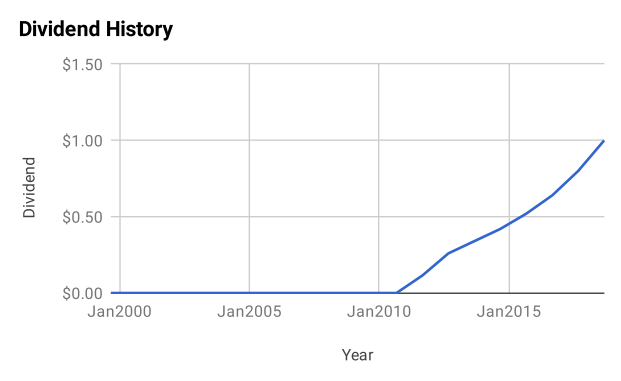
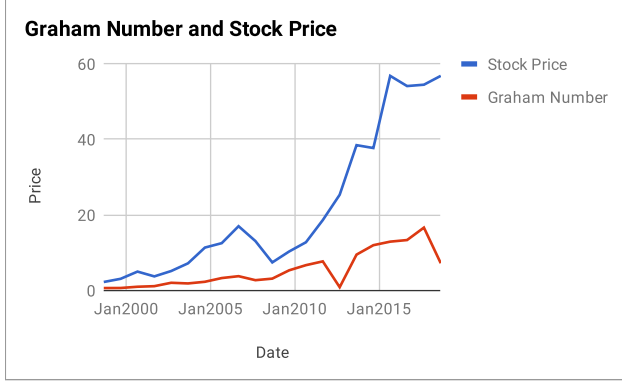
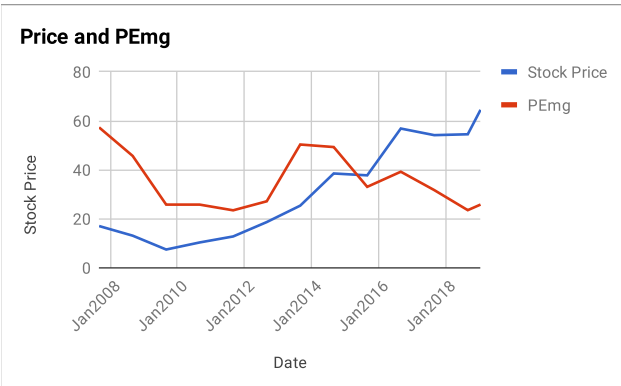
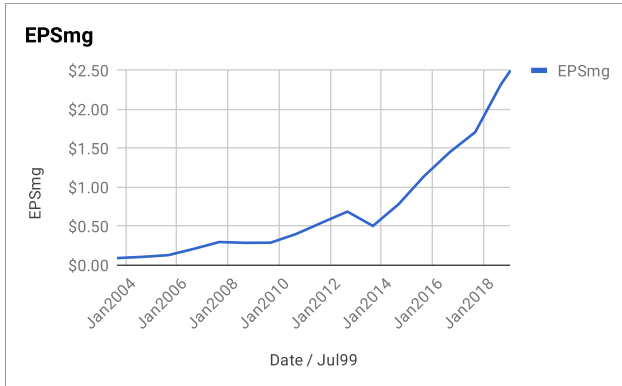
Net Current Asset Value (NCAV)	-\$7.78
Graham Number	\$7.23
PEmg	25.80
Current Ratio	2.20
PB Ratio	73.96
Current Dividend	\$1.26
Dividend Yield	1.95%
Number of Consecutive Years of Dividend Growth	9

#### 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	\$2.60	Next Fiscal Year Estimate	\$2.50
Sep2018	\$3.24	Sep2018	\$2.32
Sep2017	\$1.97	Sep2017	\$1.71
Sep2016	\$1.90	Sep2016	\$1.45
Sep2015	\$1.82	Sep2015	\$1.14
Sep2014	\$1.35	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	\$0.29
Sep2008	\$0.22	Sep2008	\$0.29
Sep2007	\$0.44	Sep2007	\$0.30
Sep2006	\$0.36	Sep2006	\$0.21
Sep2005	\$0.15	Sep2005	\$0.13
Sep2004	\$0.12	Sep2004	\$0.11
Sep2003	\$0.17	Sep2003	\$0.09
Sep2002	\$0.07	<b>Balance Sheet Information 9/1/2018</b>	
Sep2001	\$0.06	Total Current Assets	\$12,494,200,000
Sep2000	\$0.03	Total Current Liabilities	\$5,684,200,000
Sep1999	\$0.03	Long-Term Debt	\$9,090,200,000
		Total Assets	\$24,156,400,000
		Intangible Assets	\$4,583,800,000
		Total Liabilities	\$22,980,600,000
		Shares Outstanding (Diluted Average)	1,348,700,000





**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**
- [Starbucks Corporation Valuation – March 2018 \\$SBUX](#)
  - [Starbucks Corp Valuation – June 2016 \\$SBUX](#)
  - [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](#)

- Other ModernGraham posts about related companies**
- [McDonald's Corp Valuation – November 2018 \\$MCD](#)
  - [Sonic Corp Valuation – August 2018 \\$SONC](#)
  - [Jack in the Box Inc Valuation – July 2018 \\$JACK](#)
  - [Chuy's Holdings Inc Valuation – July 2018 \\$CHUY](#)
  - [Chipotle Mexican Grill Inc Valuation – June 2018 \\$CMG](#)
  - [Darden Restaurants Inc Valuation – May 2018 \\$DRY](#)
  - [Yum Brands Inc Valuation – April 2018 \\$YUM](#)
  - [Starbucks Corporation Valuation – March 2018 \\$SBUX](#)
  - [McDonald's Corporation Valuation – February 2018 \\$MCD](#)
  - [El Pollo LoCo Holdings Inc Valuation – Initial Coverage \\$LOCO](#)