



STARBUCKS CORPORATION

Fiscal Year 2020 Guidance

Updated on July 28, 2020

The guidance noted below is for Q4 FY20 and fiscal year 2020, and the growth metrics are relative to Q4 FY19 and fiscal year 2019. For a complete reconciliation of our historical GAAP to non-GAAP measures, please see the reconciliation documents located on the Supplemental Financial Data page of our IR website at <http://investor.starbucks.com>.

COMPARABLE STORE SALES GROWTH

- **Consolidated**
 - Q4 FY20 and Full Year: -12% to -17%
- **Americas and U.S.**
 - Q4 FY20 and Full Year: -12% to -17%
- **International²**
 - Q4 FY20: -10% to -15%
 - Full Year: -20% to -25%
- **China³**
 - Q4 FY20: Roughly flat to -5%
 - Full Year: -15% to -20%

NET NEW STORES

- **Americas and U.S.**
 - Full Year: Approximately 300
- **China**
 - Full Year: At least 500

GAAP & NON-GAAP TAX RATES

- Q4 FY20 and Full Year: Mid- to high-20%

EPS¹

- **GAAP**
 - Q4 FY20: \$0.06 to \$0.21
 - Full Year: \$0.50 to \$0.65
- **Non-GAAP**
 - Q4 FY20: \$0.18 to \$0.33
 - Full Year: \$0.83 to \$0.98

REVENUES

- **Consolidated**
 - Q4 FY20: -10% to -15%
- **Channel Development**
 - Full Year: -5% to -6%

CAPITAL EXPENDITURES

- **Global**
 - Full Year: ~ \$1.5 billion

INTEREST EXPENSE

- Full Year: \$435 million to \$445 million

Forward-Looking Statements

This page includes forward-looking statements, which are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements. Any such statements should be considered in conjunction with cautionary statements in our risk factor discussions in our filings with the SEC, including our last Annual Report on Form 10-K and our last Quarterly Report on Form 10-Q. Starbucks assumes no obligation to update any of these forward-looking statements or information, which are made as of their respective dates.

Non-GAAP Financial Measures

Certain non-GAAP measures included in this guidance were not reconciled to the comparable GAAP financial measures because the GAAP measures are not accessible on a forward-looking basis. The company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. Such items may include acquisitions, divestitures, restructuring and other items. The unavailable information could have a significant impact on the company's GAAP financial results.

¹ Reconciliation on page 3.

² International comparable sales inclusive of a benefit from a value-added tax exemption of ~3% in Q4 FY20 and ~1% in fiscal 2020.

³ China comparable sales inclusive of a benefit from a value-added tax exemption of ~4% in Q4 FY20 and ~2% in fiscal 2020.

Non-GAAP Disclosure

In addition to the GAAP results provided in this release, the company provides certain non-GAAP financial measures that are not in accordance with, or alternatives for, generally accepted accounting principles in the United States. Our non-GAAP financial measures of non-GAAP G&A, non-GAAP operating income/(loss), non-GAAP operating income/(loss) growth, non-GAAP operating margin, non-GAAP effective tax rate and non-GAAP earnings/(loss) per share exclude the below-listed items and their related tax impacts, as they do not contribute to a meaningful evaluation of the company's future operating performance or comparisons to the company's past operating performance. The GAAP measures most directly comparable to non-GAAP G&A, non-GAAP operating income/(loss), non-GAAP operating income/(loss) growth, non-GAAP operating margin, non-GAAP effective tax rate and non-GAAP earnings/(loss) per share are general and administrative expenses, operating income/(loss), operating income/(loss) growth, operating margin, effective tax rate and diluted net earnings/(loss) per share, respectively.

<u>Non-GAAP Exclusion</u>	<u>Rationale</u>
Gain on sale of certain retail operations	Management excludes the gains related to the sale of our retail operations in Thailand, France and the Netherlands as these items do not reflect future gains or tax impacts for reasons discussed above.
Restructuring and impairment costs	Management excludes restructuring and impairment costs relating to the write-down of certain company-operated stores and intangible assets. Management excludes these items for reasons discussed above. These expenses are anticipated to be completed within a finite period of time.
Transaction and integration-related costs	Management excludes transaction and integration costs and amortization of the acquired intangible assets for reasons discussed above. Additionally, the majority of these costs will be recognized over a finite period of time.
2018 U.S. stock award	Management excludes the incremental stock-based compensation award granted in the third quarter of fiscal 2018 for reasons discussed above.
Nestlé transaction and integration-related costs	Management excludes the transaction and integration-related costs related to the Global Coffee Alliance with Nestlé (inclusive of incremental costs to grow and develop the alliance) for reasons discussed above.

Non-GAAP G&A, non-GAAP operating income/(loss), non-GAAP operating income/(loss) growth, non-GAAP operating margin, non-GAAP effective tax rate and non-GAAP earnings/(loss) per share may have limitations as analytical tools. These measures should not be considered in isolation or as a substitute for analysis of the company's results as reported under GAAP. Other companies may calculate these non-GAAP financial measures differently than the company does, limiting the usefulness of those measures for comparative purposes.

Certain non-GAAP measures included in this report were not reconciled to the comparable GAAP financial measures because the GAAP measures are not accessible on a forward-looking basis. The company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. Such items may include acquisitions, divestitures, restructuring and other items. The unavailable information could have a significant impact on the company's GAAP financial results.

<u>Reconciliation of GAAP to non-GAAP EPS (Projected)</u>	Quarter Ended		Year Ended	
	Sep 27, 2020		Sep 27, 2020	
	<i>(Projected)</i>		<i>(Projected)</i>	
Diluted net earnings per share (GAAP)	\$	0.06 - 0.21	\$	0.50 - 0.65
Restructuring and impairment costs ⁽¹⁾		0.11		0.18
International transaction and integration-related items ⁽²⁾		0.05		0.20
Nestlé transaction and integration-related costs		—		0.04
Income tax effect on Non-GAAP adjustments ⁽³⁾		(0.04)		(0.09)
Non-GAAP earnings per share	\$	0.18 - 0.33	\$	0.83 - 0.98

- (1) Represents costs associated with our restructuring efforts in the U.S. and Canada company-operated business and impairment of an intangible asset.
- (2) Includes transaction costs for the acquisition of our East China joint venture; ongoing amortization expense of acquired intangible assets associated with the acquisition of East China and Starbucks Japan; and the related post-acquisition integration costs, such as incremental information technology and compensation-related costs.
- (3) Adjustments were determined based on the nature of the underlying items and their relevant jurisdictional tax rates.