

STARBUCKS CORPORATION
HISTORICAL REVENUE, OPERATING INCOME, OPERATING MARGIN AND EARNINGS PER SHARE DATA
INCLUDING A COMPARISON AND RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP
MEASURES

(Updated for Q4 2018 Re-Segmentation)

(unaudited)

In the fourth quarter of fiscal 2018, we realigned our organizational and operating segment structures in support of a newly established global coffee alliance. In August 2018, our Channel Development segment finalized licensing and distribution agreements with Nestlé S.A. (“Nestlé”) to sell and market our consumer packaged goods and foodservice businesses. The scope of the arrangement converts the majority of our previously defined Channel Development segment operations, as well as certain smaller businesses previously reported in the Americas, EMEA and All Other segments, from company-owned to licensed operations with Nestlé. Our reportable segments have been restated as if those smaller businesses were previously within our Channel Development segment.

In addition, we combined All Other Segments and Unallocated Corporate into one non-reportable segment entitled Corporate and Other.

Further, in an effort to report operating expenses in line with the corresponding revenue generating activities we have changed the classification of certain costs, primarily within our CAP segment and mainly from other operating expenses to general and administrative expenses. These reclassifications have been retrospectively applied and are immaterial.

Concurrent with the change in reportable segments and realignment of certain operating expenses noted above, we revised our prior period financial information to be consistent with the current period presentation. There was no impact on consolidated net revenues, total operating expenses, operating income, or net earnings as a result of these changes.

The below table provides historical GAAP and non-GAAP revenue, operating income, operating margin and diluted net earnings per share data for the fourth quarter of fiscal 2017 and 2016.

<i>(\$ in millions)</i>	GAAP	GAAP		Non-GAAP	Non-GAAP	
	Q4 FY17	Q4 FY16		Q4 FY17	Q4 FY16	
<u>Consolidated</u>	<i>(13 weeks)</i>	<i>(14 weeks)</i>	Change	<i>(13 weeks)</i>	<i>(13 weeks)</i>	Change
Revenue	\$5,698.3	\$5,711.2	(0.2)%	\$5,698.3	\$5,298.8	7.5%
Operating income	\$1,022.5	\$1,227.5	(16.7)%	\$1,138.3	\$1,106.9	2.8%
Operating margin	17.9%	21.5%	(360) bps	20.0%	20.9%	(90) bps
Diluted net earnings per share	\$0.54	\$0.54	—%	\$0.55	\$0.50	10.0%
<u>Americas</u>						
Revenue	\$3,941.3	\$3,963.2	(0.6)%	\$3,941.3	\$3,674.8	7.3%
Operating income	\$901.5	\$1,096.5	(17.8)%	\$907.6	\$988.1	(8.1)%
Operating margin	22.9%	27.7%	(480) bps	23.0%	26.9%	(390) bps
<u>China/Asia Pacific (CAP)</u>						
Revenue	\$859.9	\$839.2	2.5%	\$859.9	\$782.3	9.9%
Operating income	\$201.7	\$192.4	4.8%	\$219.0	\$188.5	16.2%
Operating margin	23.5%	22.9%	60 bps	25.5%	24.1%	140 bps
<u>Europe, Middle East and Africa (EMEA)</u>						
Revenue	\$255.1	\$256.2	(0.4)%	\$255.1	\$239.0	6.7%
Operating income	\$29.0	\$40.5	(28.4)%	\$29.0	\$36.2	(19.9)%
Operating margin	11.4%	15.8%	(440) bps	11.4%	15.1%	(370) bps
<u>Channel Development</u>						
Revenue	\$576.5	\$585.1	(1.5)%	\$576.5	\$539.9	6.8%
Operating income	\$265.4	\$263.3	0.8%	\$265.4	\$247.3	7.3%
Operating margin	46.0%	45.0%	100 bps	46.0%	45.8%	20 bps
<u>Corporate and Other</u>						
Revenue	\$65.5	\$67.5	(3.0)%	\$65.5	\$62.8	4.3%
Operating loss	\$(375.1)	\$(365.2)	2.7%	\$(282.7)	\$(353.2)	(20.0)%

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(unaudited)

The below table provides historical GAAP and non-GAAP revenue, operating income, operating margin and diluted net earnings per share data for the fiscal years ended 2017 and 2016.

<i>(\$ in millions)</i>	GAAP FY17 <i>(52 weeks)</i>	GAAP FY16 <i>(53 weeks)</i>	Change	Non-GAAP FY17 <i>(52 weeks)</i>	Non-GAAP FY16 <i>(52 weeks)</i>	Change
<u>Consolidated</u>						
Revenue	\$22,386.8	\$21,315.9	5.0%	\$22,386.8	\$20,903.5	7.1%
Operating income	\$4,134.7	\$4,171.9	(0.9)%	\$4,412.5	\$4,094.8	7.8%
Operating margin	18.5%	19.6%	(110) bps	19.7%	19.6%	10 bps
Diluted net earnings per share	\$1.97	\$1.90	3.7%	\$2.06	\$1.85	11.4%
<u>Americas</u>						
Revenue	\$15,620.0	\$14,775.2	5.7%	\$15,620.0	\$14,486.8	7.8%
Operating income	\$3,653.6	\$3,738.5	(2.3)%	\$3,659.7	\$3,630.1	0.8%
Operating margin	23.4%	25.3%	(190) bps	23.4%	25.1%	(170) bps
<u>China/Asia Pacific (CAP)</u>						
Revenue	\$3,240.2	\$2,938.8	10.3%	\$3,240.2	\$2,881.9	12.4%
Operating income	\$765.0	\$631.6	21.1%	\$823.9	\$666.7	23.6%
Operating margin	23.6%	21.5%	210 bps	25.4%	23.1%	230 bps
<u>Europe, Middle East and Africa (EMEA)</u>						
Revenue	\$958.7	\$1,071.5	(10.5)%	\$958.7	\$1,054.4	(9.1)%
Operating income	\$94.5	\$131.0	(27.9)%	\$112.4	\$129.5	(13.2)%
Operating margin	9.9%	12.2%	(230) bps	11.7%	12.3%	(60) bps
<u>Channel Development</u>						
Revenue	\$2,256.6	\$2,195.1	2.8%	\$2,256.6	\$2,149.9	5.0%
Operating income	\$967.0	\$877.3	10.2%	\$967.0	\$861.3	12.3%
Operating margin	42.9%	40.0%	290 bps	42.9%	40.1%	280 bps
<u>Corporate and Other</u>						
Revenue	\$311.3	\$335.3	(7.2)%	\$311.3	\$330.6	(5.8)%
Operating loss	\$(1,345.4)	\$(1,206.5)	11.5%	\$(1,150.5)	\$(1,192.8)	(3.5)%

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(Updated for Q4 2018 Re-Segmentation)
(unaudited)

The below table provides historical GAAP revenue, operating income and operating margin data and reconciles to our non-GAAP revenue, operating income and operating margin for the fourth quarter of fiscal 2017 and 2016. Diluted net earnings per share is separately reconciled in our Historical Quarterly EPS GAAP to Non-GAAP Reconciliation page.

(\$ in millions)

Consolidated	Quarter Ended		Change
	Q4 FY17	Q4 FY16	
Revenue, as reported (GAAP) - 14 weeks	\$ 5,698.3	\$ 5,711.2	(0.2)%
Impact of the extra week	—	412.4	
Non-GAAP revenue - 13 weeks	\$ 5,698.3	\$ 5,298.8	7.5%
Operating income, as reported (GAAP) - 14 weeks	\$ 1,022.5	\$ 1,227.5	(16.7)%
CAP transaction and integration costs ^(1,3)	21.2	16.7	
Restructuring, impairment and optimization costs ⁽²⁾	44.6	—	
The Starbucks Foundation donation	50.0	—	
Impact of the extra week	—	137.3	
Non-GAAP operating income - 13 weeks	\$ 1,138.3	\$ 1,106.9	2.8%
Operating margin, as reported (GAAP) - 14 weeks	17.9%	21.5%	(360) bps
CAP transaction and integration costs ^(1,3)	0.4	0.3	
Restructuring, impairment and optimization costs ⁽²⁾	0.8	—	
The Starbucks Foundation donation	0.9	—	
Impact of the extra week	—	0.9	
Non-GAAP operating margin - 13 weeks	20.0%	20.9%	(90) bps

⁽¹⁾ Transaction costs associated with the transfer of Singapore company-operated retail stores to licensed stores were recorded within operating income; gain from the sale was recorded within interest income and other, net.

⁽²⁾ Represents restructuring and impairment charges of \$33.3 million associated with our restructuring efforts. Inventory write-offs of \$11.3 million related to these efforts were recorded within cost of sales including occupancy costs.

⁽³⁾ Includes ongoing amortization expense of acquired intangible assets associated with the acquisition and post-acquisition integration costs, such as incremental information technology and compensation-related costs.

(\$ in millions)

	Quarter Ended		Change
	Q4 FY17	Q4 FY16	
Americas			
Revenue, as reported (GAAP) - 14 weeks	\$ 3,941.3	\$ 3,963.2	(0.6)%
Impact of the extra week	—	288.4	
Non-GAAP revenue - 13 weeks	<u>\$ 3,941.3</u>	<u>\$ 3,674.8</u>	7.3%
Operating income, as reported (GAAP) - 14 weeks	\$ 901.5	\$ 1,096.5	(17.8)%
Restructuring, impairment and optimization costs	6.1	—	
Impact of the extra week	—	108.4	
Non-GAAP operating income - 13 weeks	<u>\$ 907.6</u>	<u>\$ 988.1</u>	(8.1)%
Operating margin, as reported (GAAP) - 14 weeks	22.9 %	27.7 %	(480) bps
Restructuring, impairment and optimization costs	0.2	—	
Impact of the extra week	—	0.8	
Non-GAAP operating margin - 13 weeks	<u>23.0 %</u>	<u>26.9 %</u>	(390) bps
China/Asia Pacific (CAP)			
Revenue, as reported (GAAP) - 14 weeks	\$ 859.9	\$ 839.2	2.5%
Impact of the extra week	—	56.9	
Non-GAAP revenue - 13 weeks	<u>\$ 859.9</u>	<u>\$ 782.3</u>	9.9%
Operating income, as reported (GAAP) - 14 weeks	\$ 201.7	\$ 192.4	4.8%
CAP transaction and integration costs	17.3	14.3	
Impact of the extra week	—	18.2	
Non-GAAP operating income - 13 weeks	<u>\$ 219.0</u>	<u>\$ 188.5</u>	16.2%
Operating margin, as reported (GAAP) - 14 weeks	23.5 %	22.9 %	60 bps
CAP transaction and integration costs	2.0	1.7	
Impact of the extra week	—	0.5	
Non-GAAP operating margin - 13 weeks	<u>25.5 %</u>	<u>24.1 %</u>	140 bps
Europe, Middle East and Africa (EMEA)			
Revenue, as reported (GAAP) - 14 weeks	\$ 255.1	\$ 256.2	(0.4)%
Impact of the extra week	—	17.2	
Non-GAAP revenue - 13 weeks	<u>\$ 255.1</u>	<u>\$ 239.0</u>	6.7%
Operating income, as reported (GAAP) - 14 weeks	\$ 29.0	\$ 40.5	(28.4)%
Impact of the extra week	—	4.3	
Non-GAAP operating income - 13 weeks	<u>\$ 29.0</u>	<u>\$ 36.2</u>	(19.9)%
Operating margin, as reported (GAAP) - 14 weeks	11.4 %	15.8 %	(440) bps
Impact of the extra week	—	0.7	
Non-GAAP operating margin - 13 weeks	<u>11.4 %</u>	<u>15.1 %</u>	(370) bps

(\$ in millions)

	Quarter Ended		Change
	Q4 FY17	Q4 FY16	
Channel Development			
Revenue, as reported (GAAP) - 14 weeks	\$ 576.5	\$ 585.1	(1.5)%
Impact of the extra week	—	45.2	
Non-GAAP revenue - 13 weeks	<u>\$ 576.5</u>	<u>\$ 539.9</u>	6.8%
Operating income, as reported (GAAP) - 14 weeks	\$ 265.4	\$ 263.3	0.8%
Impact of the extra week	—	16.0	
Non-GAAP operating income - 13 weeks	<u>\$ 265.4</u>	<u>\$ 247.3</u>	7.3%
Operating margin, as reported (GAAP) - 14 weeks	46.0 %	45.0 %	100 bps
Impact of the extra week	—	(0.8)	
Non-GAAP operating margin - 13 weeks	<u>46.0 %</u>	<u>45.8 %</u>	20 bps
Corporate and Other			
Revenue, as reported (GAAP) - 14 weeks	\$ 65.5	\$ 67.5	(3.0)%
Impact of the extra week	—	4.7	
Non-GAAP revenue - 13 weeks	<u>\$ 65.5</u>	<u>\$ 62.8</u>	4.3%
Operating loss, as reported (GAAP) - 14 weeks	\$ (375.1)	\$ (365.2)	2.7%
Restructuring, impairment and optimization costs	38.5	—	
CAP transaction and integration costs	3.9	2.4	
The Starbucks Foundation donation	50.0	—	
Impact of the extra week	—	(9.6)	
Non-GAAP operating loss - 13 weeks	<u>\$ (282.7)</u>	<u>\$ (353.2)</u>	(20.0)%

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(\$ in millions)

Consolidated	Year Ended		Change
	FY17	FY16	
Revenue, as reported (GAAP) - 53 weeks	\$ 22,386.8	\$ 21,315.9	5.0%
Impact of the extra week	—	412.4	
Non-GAAP revenue - 52 weeks	\$ 22,386.8	\$ 20,903.5	7.1%
Operating income, as reported (GAAP) - 53 weeks	\$ 4,134.7	\$ 4,171.9	(0.9)%
CAP transaction and integration costs ^(1,3)	63.0	57.4	
Restructuring and impairment charges ⁽²⁾	164.8	—	
Sale of Germany retail operations ⁽⁴⁾	—	2.8	
The Starbucks Foundation donation	50.0	—	
Impact of the extra week	—	137.3	
Non-GAAP operating income - 52 weeks	\$ 4,412.5	\$ 4,094.8	7.8%
Operating margin, as reported (GAAP) - 53 weeks	18.5%	19.6%	(110) bps
CAP transaction and integration costs ^(1,3)	0.3	0.3	
Restructuring and impairment charges ⁽²⁾	0.7	—	
Sale of Germany retail operations ⁽⁴⁾	—	—	
The Starbucks Foundation donation	0.2	—	
Impact of the extra week	—	0.3	
Non-GAAP operating margin - 52 weeks	19.7%	19.6%	10 bps

⁽¹⁾ Transaction costs associated with the transfer of Singapore company-operated retail stores to licensed stores were recorded within operating income; gain from the sale was recorded within interest income and other, net.

⁽²⁾ Represents restructuring and impairment charges of \$153.5 million associated with our restructuring efforts. Inventory write-offs of \$11.3 million related to these efforts were recorded within cost of sales including occupancy costs.

⁽³⁾ Includes ongoing amortization expense of acquired intangible assets associated with the acquisition and post-acquisition integration costs, such as incremental information technology and compensation-related costs.

⁽⁴⁾ Includes costs incurred in Q3 FY16 associated with the sale of Germany retail operations, which were recorded within operating income. Gain and subsequent adjustment on sale of Germany retail operations were recorded within interest income and other, net.

(\$ in millions)

	Year Ended		Change
	FY17	FY16	
Americas			
Revenue, as reported (GAAP) - 53 weeks	\$ 15,620.0	\$ 14,775.2	5.7%
Impact of the extra week	—	288.4	
Non-GAAP revenue - 52 weeks	<u>\$ 15,620.0</u>	<u>\$ 14,486.8</u>	7.8%
Operating income, as reported (GAAP) - 53 weeks	\$ 3,653.6	\$ 3,738.5	(2.3)%
Restructuring, impairment and optimization costs	6.1	—	
Impact of the extra week	—	108.4	
Non-GAAP operating income - 52 weeks	<u>\$ 3,659.7</u>	<u>\$ 3,630.1</u>	0.8%
Operating margin, as reported (GAAP) - 53 weeks	23.4 %	25.3 %	(190) bps
Restructuring, impairment and optimization costs	—	—	
Impact of the extra week	—	0.2	
Non-GAAP operating margin - 52 weeks	<u>23.4 %</u>	<u>25.1 %</u>	(170) bps
China/Asia Pacific (CAP)			
Revenue, as reported (GAAP) - 53 weeks	\$ 3,240.2	\$ 2,938.8	10.3%
Impact of the extra week	—	56.9	
Non-GAAP revenue - 52 weeks	<u>\$ 3,240.2</u>	<u>\$ 2,881.9</u>	12.4%
Operating income, as reported (GAAP) - 53 weeks	\$ 765.0	\$ 631.6	21.1%
CAP transaction and integration costs	58.9	53.3	
Impact of the extra week	—	18.2	
Non-GAAP operating income - 52 weeks	<u>\$ 823.9</u>	<u>\$ 666.7</u>	23.6%
Operating margin, as reported (GAAP) - 53 weeks	23.6 %	21.5 %	210 bps
CAP transaction and integration costs	1.8	1.8	
Impact of the extra week	—	0.2	
Non-GAAP operating margin - 52 weeks	<u>25.4 %</u>	<u>23.1 %</u>	230 bps
Europe, Middle East and Africa (EMEA)			
Revenue, as reported (GAAP) - 53 weeks	\$ 958.7	\$ 1,071.5	(10.5)%
Impact of the extra week	—	17.2	
Non-GAAP revenue - 52 weeks	<u>\$ 958.7</u>	<u>\$ 1,054.4</u>	(9.1)%
Operating income, as reported (GAAP) - 53 weeks	\$ 94.5	\$ 131.0	(27.9)%
Restructuring, impairment and optimization costs	17.9	—	
Costs incurred on sale of Germany retail operations	—	2.8	
Impact of the extra week	—	4.3	
Non-GAAP operating income - 52 weeks	<u>\$ 112.4</u>	<u>\$ 129.5</u>	(13.2)%
Operating margin, as reported (GAAP) - 53 weeks	9.9 %	12.2 %	(230) bps
Restructuring, impairment and optimization costs	1.9	—	
Costs incurred on sale of Germany retail operations	—	0.3	
Impact of the extra week	—	0.2	
Non-GAAP operating margin - 52 weeks	<u>11.7 %</u>	<u>12.3 %</u>	(60) bps

(\$ in millions)

	Year Ended		Change
	FY17	FY16	
Channel Development			
Revenue, as reported (GAAP) - 53 weeks	\$ 2,256.6	\$ 2,195.1	2.8%
Impact of the extra week	—	45.2	
Non-GAAP revenue - 52 weeks	<u>\$ 2,256.6</u>	<u>\$ 2,149.9</u>	5.0%
Operating income, as reported (GAAP) - 53 weeks	\$ 967.0	\$ 877.3	10.2%
Impact of the extra week	—	16.0	
Non-GAAP operating income - 52 weeks	<u>\$ 967.0</u>	<u>\$ 861.3</u>	12.3%
Operating margin, as reported (GAAP) - 53 weeks	42.9 %	40.0 %	290 bps
Impact of the extra week	—	(0.1)	
Non-GAAP operating margin - 52 weeks	<u>42.9 %</u>	<u>40.1 %</u>	280 bps
Corporate and Other			
Revenue, as reported (GAAP) - 53 weeks	\$ 311.3	\$ 335.3	(7.2)%
Impact of the extra week	—	4.7	
Non-GAAP revenue - 52 weeks	<u>\$ 311.3</u>	<u>\$ 330.6</u>	(5.8)%
Operating loss, as reported (GAAP) - 53 weeks	\$ (1,345.4)	\$ (1,206.5)	11.5%
Restructuring, impairment and optimization costs	140.8	—	
CAP transaction and integration costs	4.1	4.1	
The Starbucks Foundation donation	50.0	—	
Impact of the extra week	—	(9.6)	
Non-GAAP operating loss - 52 weeks	<u>\$ (1,150.5)</u>	<u>\$ (1,192.8)</u>	(3.5)%