

Stifel 2020 Cross Sector Insight Conference

June 10, 2020

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STARBUCKS CORPORATION



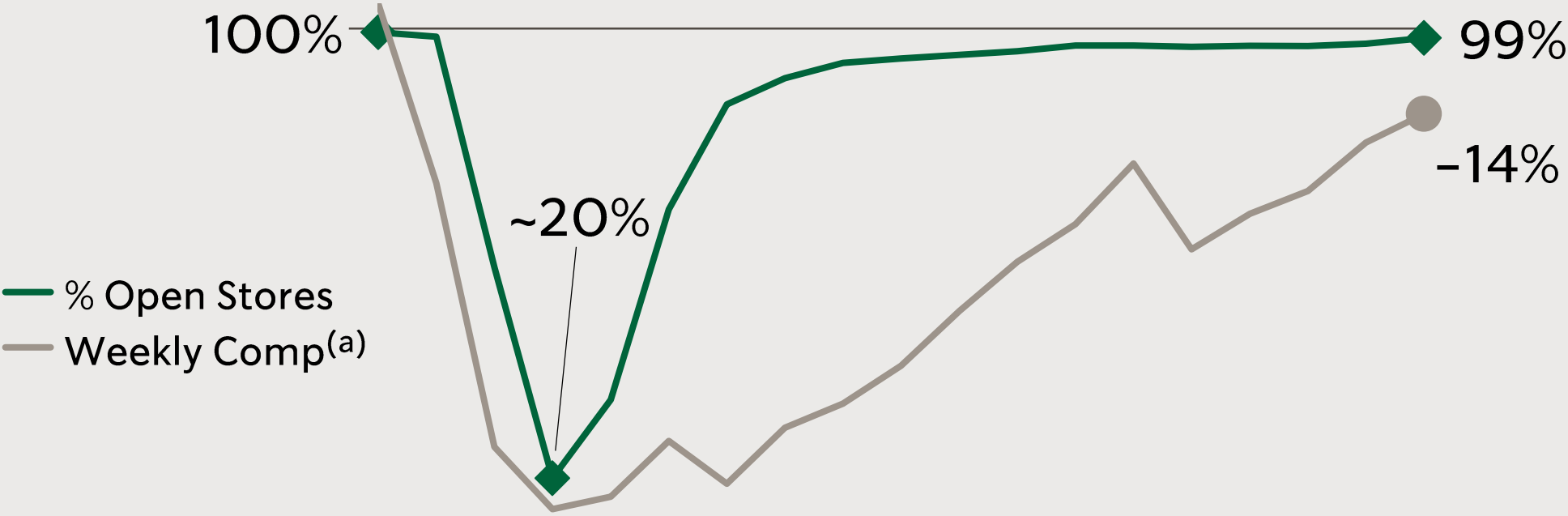
## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. Forward-looking statements are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements, and should be considered in conjunction with cautionary statements and risk factor discussions in our filings with the SEC, including Starbucks Annual Report on Form 10-K for the fiscal year ended September 29, 2019 and Starbucks Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2020. Starbucks assumes no obligation to update any of these forward-looking statements or information.

Please refer to slides 11 and 12 of this presentation and the Investor Relations section of our website at [investor.starbucks.com](http://investor.starbucks.com) to find reconciliations of non-GAAP financial measures noted in this presentation with their corresponding GAAP measures.

# Sales Recovery Has Continued

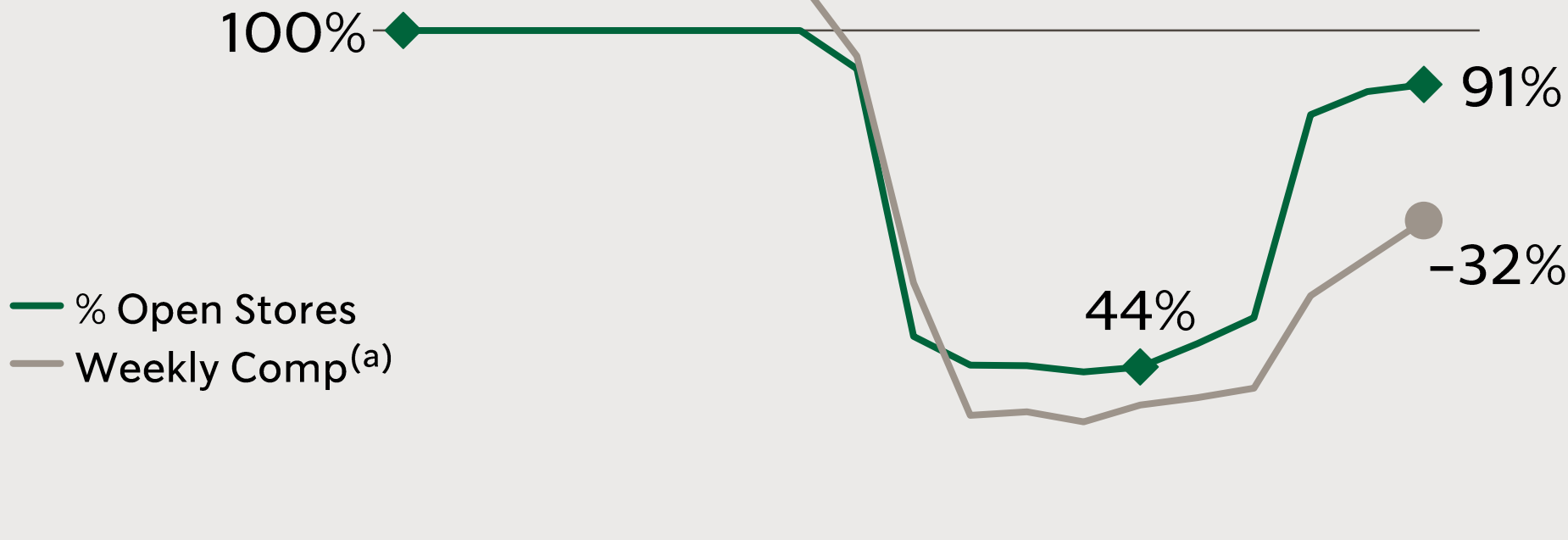
## China



January    February    March    April    May

Monthly Comp <sup>(a)</sup>	January	February	March	April	May
Monthly Comp <sup>(a)</sup>	-5%	-78%	-64%	-32%	-21%

## U.S.



January    February    March    April    May

Monthly Comp <sup>(a)</sup>	January	February	March	April	May
Monthly Comp <sup>(a)</sup>	7%	9%	-19%	-63%	-43%

(a) Includes only Starbucks® company-operated stores open 13 months or longer. Comparable store sales exclude the effect of fluctuations in foreign currency exchange rates and Siren Retail stores. Comparable store sales include stores that were temporarily closed as a result of the COVID-19 outbreak.

# Further Recovery Expected Balance of Year



	Comparable Sales Growth <sup>(a)</sup>		
	Q3E	Q4E	FY20E
U.S. & AMERICAS	<b>-40% to -45%</b>	<b>-10% to -20%</b>	<b>-10% to -20%</b>



	Q3E	Q4E	FY20E
CHINA	<b>-20% to -25%</b>	<b>ROUGHLY FLAT</b> BY END OF Q4	<b>-10% to -20%</b>
INTERNATIONAL	<b>-40% to -45%</b>	<b>-10% to -20%</b>	<b>-20% to -30%</b>

(a) Includes only Starbucks® company-operated stores open 13 months or longer. Comparable store sales exclude the effect of fluctuations in foreign currency exchange rates and Siren Retail stores. Comparable store sales include stores that were temporarily closed as a result of the COVID-19 outbreak.

# Flow-Through Improving on Sales Lost Due to Impact of COVID-19<sup>(a)</sup>

Americas Flow-Through Rate on Lost Sales <sup>(a)</sup>	Q2	Q3E	Q4E
Standard (Pre-COVID-19)	~50%	~50%	~50%
Partner Costs (Includes Enhanced Partner Pay)	~25%	~15%	~5%
Inventory Write-offs and Other <sup>(b)</sup>	~15%	~5%	~5%
<b>TOTAL</b>	<b>~90%</b>	<b>~70%</b>	<b>~60%</b>



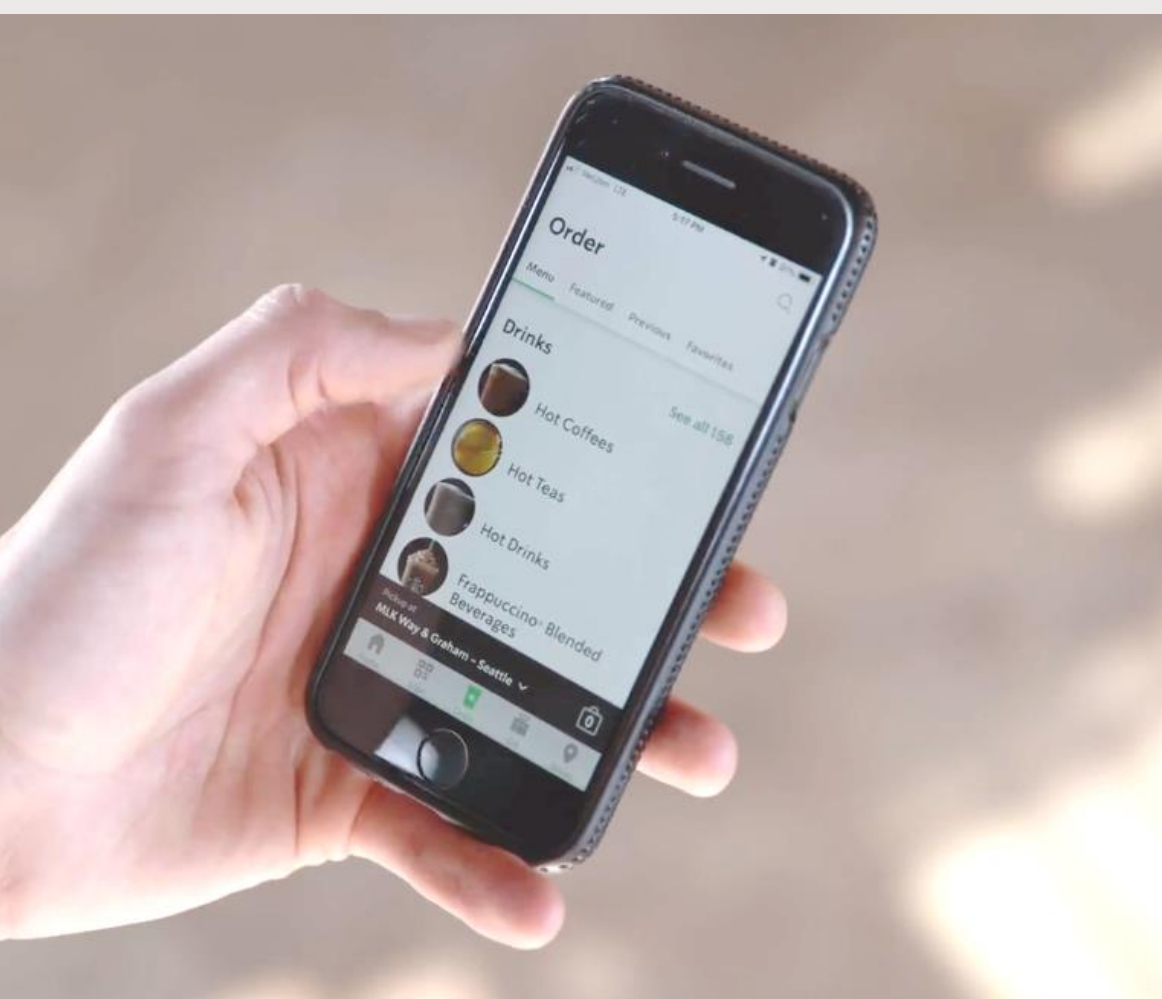
(a) Represents revenue decline attributable to COVID-19, calculated by comparing preliminary estimated Q3 results relative to the Americas segment forecasts, developed based on the most recent prevailing trends in revenue in March 2020 before the onset of material COVID-19-related business impacts.

(b) Includes expense to fulfill supplier minimum obligations and other activities related to the COVID-19 outbreak including costs to ramp-up store operations, asset impairment charges, licensed partner financial support and store safety related items, partially offset by certain government stimulus program benefits

# Expecting Return to Profitability in Q4



	Q3E	Q4E	FY20E
GAAP EPS	<b>-\$0.64 to -\$0.79</b>	<b>\$0.11 to \$0.36</b>	<b>\$0.33 to \$0.73</b>



	Q3E	Q4E	FY20E
NON-GAAP EPS <sup>(a)</sup>	<b>-\$0.55 to -\$0.70</b>	<b>\$0.15 to \$0.40</b>	<b>\$0.55 to \$0.95</b>

(a) Please refer to the GAAP to Non-GAAP reconciliation on slides 11 and 12 of this presentation and in Starbucks June 10, 2020 8-K available on our Investor Relations website

# Liquidity Remains Strong with Clear Path to Recovery

ADDITIONAL  
**\$3.0B**  
BONDS ISSUED IN MAY

UNUSED  
**\$3.0B**  
LINES OF CREDIT

**POSITIVE**  
WEEKLY FREE CASH FLOW  
BY END OF FISCAL Q3

LEVERAGE TO RETURN TO  
**~3X**  
RENT-ADJUSTED EBITDA  
IN LATTER PART OF FISCAL 2021



# BRIDGE TO THE FUTURE

**1** Reopen stores and recover our business

**2** Accelerate “third place” transformation by adapting the *Starbucks Experience*

**3** Bring partners on the journey



# Americas Store Portfolio Optimization

- ~300 net new stores in FY20 with higher company-operated store closures to accelerate store portfolio transformation
- Serving “on-the-go” customers while improving “third place” experience
- 3%–4% Americas net new unit growth model intact beyond FY21





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# Appendix: Non-GAAP Disclosure

In addition to GAAP financial measures, the company also provides certain non-GAAP financial measures that are not in accordance with, or alternatives for generally accepted accounting principles in the United States. The non-GAAP financial measure presented in this document is non-GAAP EPS, which excludes 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 measure most directly comparable to non-GAAP EPS is diluted net earnings per share.

## Non-GAAP Exclusion

<b>Restructuring and impairment costs</b>	Management excludes restructuring and impairment charges relating to the write down of certain intangible assets and closure of certain company-operated stores. Management excludes these items for reasons discussed above. These expenses are anticipated to be completed within a finite period of time.
<b>Transaction and integration-related costs</b>	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.
<b>Nestlé transaction and integration-related costs</b>	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 EPS may have limitations as analytical tools. This measure 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 this non-GAAP financial measure differently than the company does, limiting the usefulness of the measure for comparative purposes.

# Appendix: Non-GAAP Disclosure

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.

<i>(unaudited)</i>	Quarter Ended		Year Ended
	Jun 28, 2020	Sep 27, 2020	Sep 27, 2020
GAAP to Non-GAAP Reconciliation – EPS (Projected)			
Diluted net earnings per share (GAAP)	\$ (0.64) – (0.79)	\$ 0.11 – 0.36	\$ 0.33 – 0.73
Restructuring and impairment costs <sup>(1)</sup>	0.04	–	0.05
International transaction and integration-related items <sup>(2)</sup>	0.05	0.05	0.20
Nestlé transaction and integration-related costs	0.03	–	0.04
Income tax effect on Non-GAAP adjustments <sup>(3)</sup>	(0.03)	(0.01)	(0.07)
Non-GAAP EPS	\$ (0.55) – (0.70)	\$ 0.15 – 0.40	\$ 0.55 – 0.95

(a) Represents costs associated with our restructuring efforts, primarily severance and asset impairments related to certain company-operated store closures, as well as business process optimization costs, largely consulting fees.

(b) 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.

(c) Adjustments were determined based on the nature of the underlying items and their relevant jurisdictional tax rates.