

# Starbucks Enters Licensing Agreement with SouthRock to Drive Next Wave of Profitable Growth in Brazil

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New agreement gives SouthRock, a leading multi-brand restaurant operator, the rights to develop and operate Starbucks® stores in Brazil – building on more than a decade of business growth, brand loyalty and trust in the market

SouthRock commits \$1 million to drive social impact and community initiatives for Starbucks Brazil, including Starbucks Global Academy, a free online education program for employees through the company's strategic partnership with Arizona State University

Following transition of ownership in Brazil, Starbucks poised for long-term growth across Latin America and the Caribbean, building on more than 1,200 stores in 17 markets to date

SÃO PAULO--(BUSINESS WIRE)-- Starbucks Coffee Company (NASDAQ: SBUX) today announced that it has entered into an agreement with SouthRock – a leading multi-brand restaurant operator in Brazil – to fully license Starbucks retail operations in the country. The agreement provides SouthRock the rights to develop and operate Starbucks® stores in Brazil. By leveraging its strong market knowledge in commercial real estate, marketing and operations, SouthRock plans to drive long-term growth in a way that creates new opportunities for Starbucks customers and employees, both in existing markets as well as future markets across Brazil.

“We strongly believe this is the right time to leverage a strong local business partner like SouthRock as we pursue our ambitious, long-term growth agenda for Brazil,” said Ricardo Rico, general manager and vice president for Starbucks licensed store operations, Latin America. “SouthRock has a solid track record of bringing unique retail experiences to customers in Brazil, creating meaningful opportunities for its employees, and investing in the Brazilian economy. They are the ideal partner to take the Starbucks brand into the next phase of profitable growth in Brazil.”

Since entering Brazil in December 2006, Starbucks has built the brand by delivering a consistent, authentic in-store

experience. As of today, Starbucks serves customers in 113 stores in 17 cities across the states of São Paulo and Rio de Janeiro with more than 1,450 employees. Looking ahead, the company will work with SouthRock to bring the Starbucks Experience to more customers, while creating opportunities for even more employees and their families as the business grows. SouthRock will also continue the brand's long-standing tradition of celebrating locally sourced Starbucks® Brasil Blend coffee in all stores and plans to invest \$1 million towards social impact initiatives that benefits employees and the communities they serve, including Starbucks Global Academy, a unique and free online education platform for employees through Starbucks strategic partnership with Arizona State University.

"At SouthRock, we pride ourselves on our hands-on approach to food and beverage management in Brazil, with a focus on building trust with our employees and empowering them to deliver experiences that exceed our customers' expectations," said Ken Pope, founder and CEO, SouthRock. "Our management team's track record is one built on growth through operational excellence, and our shared values with Starbucks are particularly evident in our respect for our employees and the communities we serve. SouthRock is committed to caring for and growing the Starbucks brand, now and into the future."

SouthRock was founded in 2015 by Ken Pope, who along with SouthRock's executive management team hold experience owning and operating major national and international food and beverage brands in Brazil. SouthRock owns and operates "Brazil Airport Restaurants," a multi-brand food and beverage service company operating in Brazil's largest airports. Brazil Airport Restaurants' license agreements include Starbucks and TGI Friday's among other international brands. Pope previously built a multi-brand portfolio of leading Brazilian food and beverage brands which included St. Marche Supermercados, Eataly Brazil, The Fifties: Traditional Burger, China-in-Box and Gendai. SouthRock COO Antonio Neves has worked for more than 23 years in the retail and food & beverage industries in Brazil, and led the company's Brazil operations teams at International Meal Company (IMC) prior to working alongside Pope in his previous multi-brand portfolio.

"With Starbucks, we see continued opportunities for growth in existing markets like São Paulo and Rio de Janeiro, as well as new markets like Brasilia and the South, and look forward to leveraging our local market capabilities to create even greater value for both Starbucks employees and customers," added Pope.

With the transition of ownership in Brazil, Starbucks retail operations across all 17 markets in Latin America and the Caribbean will become wholly licensed. Starbucks currently has a presence in Argentina, Aruba and Curacao, Bahamas, Brazil, Bolivia, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Jamaica, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago. Starbucks will also open in Uruguay later this year.

"Much of Starbucks success in Latin America and the Caribbean has been due to our knowledge of when to rely on local and regional trusted licensing partners to grow the business," added Rico. "For us, the right mix of ownership models – company owned, licensed or joint venture – has allowed us to remain focused on our biggest

opportunities as we further accelerate growth across the globe, while always striving for the iconic Starbucks customer and partner experience. We are ready for this next phase of growth in Brazil and are proud to welcome SouthRock to our strong network of licensing partners in Latin America.”

## About SouthRock

SouthRock prides itself on its hands-on “owner/operator” approach to food and beverage management in Brazil. SouthRock focuses on building trust with employees and empowering them to deliver experiences which exceed customers’ expectations. Its management team’s track record is one built on growth through operational excellence by creating meaningful opportunities for partners to advance their careers and deliver strong financial results to our stakeholders. For more information please contact: [info@southrockcapital.com](mailto:info@southrockcapital.com)

## About Starbucks

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with more than 27,000 stores around the globe, Starbucks is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique Starbucks Experience to life for every customer through every cup. To share in the experience, please visit our stores or online at [Starbucks.com](http://Starbucks.com) and [news.starbucks.com](http://news.starbucks.com).

## Forward-Looking Statements

Certain statements contained herein are “forward-looking statements” within the meaning of the applicable securities laws and regulations, including, without limitation, growth in Brazil. Generally, these statements can be identified by the use of words such as “anticipate,” “expect,” “believe,” “could,” “estimate,” “feel,” “forecast,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will,” “would,” and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements are based upon information available to Starbucks as of the date hereof, and Starbucks actual results or performance could differ materially from those stated or implied due to risks and uncertainties associated with its business. These risks and uncertainties include, but are not limited to, fluctuations in U.S. and international economies and currencies, our ability to preserve, grow and leverage our brands, potential negative effects of incidents involving food or beverage-borne illnesses, tampering, adulteration, contamination or mislabeling, potential negative effects of material breaches of our information technology systems to the extent we experience a material breach, material failures of our information technology systems, costs associated with, and the successful execution of, the company’s initiatives and plans, including the licensing of our markets in Brazil and other markets, the acceptance of the company’s products by our customers, the impact of competition, coffee, dairy and other raw materials prices and availability, the effect of legal proceedings, and other risks detailed in the

company filings with the Securities and Exchange Commission, including the “Risk Factors” section of the Starbucks Annual Report on Form 10-K for the fiscal year ended October 1, 2017. The company assumes no obligation to update any of these forward-looking statements.

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