

Starbucks Outlines Vision for the Future and Reaffirms Strategy for Continued Growth at Scale, Updates Ongoing Growth Model Signaling Company is Stronger and More Resilient Than Ever

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- Reaffirms guidance supporting significant rebound in FY21
- Signals outsized growth for FY22, with non-GAAP EPS growing more than 20%
- Expects ongoing non-GAAP EPS growth of 10% to 12% in FY23 and FY24
- Updates aspects of ongoing growth algorithm, including increasing ranges for global comparable store sales growth, revenue growth and non-GAAP operating margin
- Affirms commitment to planet positive future with new investments in eco-friendly operations, regenerative agricultural practices and environmentally friendly menus

SEATTLE--(BUSINESS WIRE)-- Starbucks (NASDAQ: SBUX) today hosted its biennial Investor Day virtually. Chief executive officer Kevin Johnson and other Starbucks leaders outlined a vision for the future and discussed the company's progress against its Growth at Scale agenda. With a focus on creating value for all stakeholders, Starbucks believes that responsible growth includes doing the right thing for both people and the planet. The company also provided updates to its ongoing growth model and aims to drive consistent and predictable sales growth and margin expansion while continuing to create significant value for all stakeholders.

"We are a purpose-driven company with a mission grounded in the human experience as we seek to have a positive impact on both people and the planet, while profitably growing our business," said Johnson. "Over the past two years, we have further streamlined the company, sharpened our focus on accelerating growth in our two lead markets of the U.S. and China, and expanded our global reach through the Global Coffee Alliance with Nestlé while increasing returns to all of our stakeholders. Looking ahead, coffee remains a very large and attractive market that is growing globally. We are focused on growing category share and believe Starbucks is better positioned than ever for continued success."

Starbucks leadership team emphasized caring for partners (employees) as a key building block of the company's strategy, alongside a continued focus on creating uplifting experiences for customers while playing a positive role in communities and neighborhoods worldwide. Through the lens of this commitment, Starbucks leaders discussed the decisive actions the company has taken since the onset of the COVID-19 pandemic, rapidly adapting in the dynamic environment, further strengthening the resilience of the brand and simultaneously positioning the company for long-term growth.

Well Positioned for Shifts in Consumer Behavior

The recent disruption of the global pandemic has accelerated certain shifts in consumer behavior, and Starbucks has quickly adapted its business for the short- and long-term implications. Johnson provided insights in shifting consumer behaviors and how the company will continue to meet its customers however and wherever they want to engage with the brand. He shared how Starbucks continues to amplify innovation that elevates customer experiences, creates exciting new beverage platforms, and expands digital customer relationships to capitalize on five shifts in consumer behavior:

1. The fundamental need to be seen and experience a feeling of connection to others,
2. Seeking out experiences that effortlessly fit their lifestyle,
3. Appreciation of consistent experiences,
4. Desire for high-quality and sustainable products and experiences that support the well-being of people and the planet and,
5. Increasing loyalty to brands with strong values.

Reaffirming Fiscal 2021 Guidance and Updating Ongoing Growth Model

Starbucks executive vice president and chief financial officer Patrick Grismer reiterated the company's FY21 guidance, which anticipates continued recovery from the effects of the pandemic, yielding an expectation of outsized growth rates for certain metrics in FY22 relative to the company's ongoing growth rates which were updated today. Unless otherwise noted, the company's updated ongoing growth rates are expected to apply starting in FY23 and extend through FY24.

"Today, we reaffirmed our FY21 guidance and updated our ongoing growth model, guiding to a more explicit range of non-GAAP EPS growth. While the pandemic temporarily disrupted our business, our Growth at Scale agenda has provided the focus and discipline to deliver more consistent operating results," said Grismer. "This agenda is as relevant today as when it was introduced two years ago. Underpinned by superior brand positioning and compelling unit-level economics, we expect our global retail store base to reach approximately 55,000 units in FY30, reaching more customers with a premium Starbucks experience."

- For FY21, Starbucks reaffirmed its GAAP EPS range of \$2.34 to \$2.54 and non-GAAP EPS range of \$2.70 to \$2.90 (both inclusive of a \$0.10 impact attributable to the 53rd week).⁽¹⁾
- In FY22, Starbucks expects outsized annual non-GAAP EPS growth of at least 20%, inclusive of the negative impact of lapping a 53-week year.
- For FY23 and FY24, Starbucks updated its ongoing annual non-GAAP EPS growth rate from at least 10% to a range of 10% to 12%.

⁽¹⁾Refer to page 22 of our Q4 FY20 Earnings Release on Starbucks IR website for the reconciliation of FY21 GAAP to Non-GAAP EPS.

Starting in FY23, Starbucks expects company-operated comparable store sales growth of 4% to 5% annually, both globally and in the U.S., up from 3% to 4% previously, driven by expected incremental returns from investments in retail store partners, industry-leading digital capabilities and planet positive agenda. In China, Starbucks now expects comparable store sales growth of 2% to 4% annually starting in FY23, a one percentage-point increase from the previous range of 1% to 3%, reflecting its confidence in capturing additional market share through investments in digital capabilities and innovation while continuing to open new stores at a rapid pace in its fastest-growing market.

The company's global store portfolio is now expected to grow by approximately 6% on a net basis annually starting in FY22, fueled by impressive new-unit investment returns. While this is down from the previous range of 6% to 7%, this reflects the company's expanding store base. The U.S. is expected to deliver net new store growth of approximately 3% starting in FY22, compared to a range of 3% to 4% previously. China's track record of robust new store openings is expected to continue with a net unit growth rate in the low teens starting in FY22, down modestly from the company's previous outlook of mid-teens growth given a rapidly expanding base of stores.

At the enterprise level and on an annual basis starting in FY23, Starbucks now expects ongoing revenue growth in the range of 8% to 10% and ongoing non-GAAP operating income margin in the range of 18% to 19%, both of which are one percentage point higher than previously outlined in 2018.

Pathway to a Planet Positive Future

Earlier this year, Starbucks shared its multi-decade commitment to become a resource positive company by storing more carbon than it emits, eliminating waste and replenishing more freshwater than it uses.

Today, Starbucks announced deeper investments in eco-friendly operations, regenerative agricultural practices, and environmentally friendly menus. This includes:

- An intent to support for Net Zero Initiative, a partnership with the U.S. dairy industry to achieve net-zero greenhouse gas emissions improvements in water quality on farms.
- Rollout of oatmilk nationwide in the U.S., joining plant-based options including soymilk, almondmilk and coconutmilk.
- A \$50 million Investment in The Global Farmer Fund, providing access to capital so coffee farmers can use these funds to strengthen their farms and farming practices to be even more productive and sustainable.
- A Diversified Renewable Energy Portfolio, aiming to offset 50% of company-operated roasting and beverage production sites and electricity consumption in the U.S. by 2022 through Starbucks first supply chain Virtual Power Purchase Agreement with a solar farm in Virginia.

“As we approach the 50th Anniversary of Starbucks in 2021, we honor our past while looking to the future with a long runway of healthy growth ahead,” said Johnson. “We are well positioned to invest in the right areas to strengthen our competitive advantage and drive consistent, sustainable growth for decades to come. We will do this while staying true to the Mission and Values that built this great company. With Starbucks partners at our core, we believe our purpose extends far beyond the pursuit of profit, with an aspiration to positively impact the planet we all share and the people who connect with Starbucks.”

Webcast

The presentations are available by webcast at <http://investor.starbucks.com>. A replay of the webcast will also be available on the website following the event.

About Starbucks

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with nearly 33,000 stores worldwide, the company 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 us in our stores or online at www.stories.starbucks.com or www.starbucks.com.

Forward-Looking Statements

Certain statements contained herein and in our investor conference call related to these results are “forward-looking” statements within the meaning of the applicable securities laws and regulations. Generally, these statements can be identified by the use of words such as “aim,” “anticipate,” “believe,” “commit,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “remain,” “should,” “will,” “would,” and similar expressions intended to identify forward-looking statements, although not all forward-

looking statements contain these identifying words. These statements include statements relating to: the estimated financial impact related to the COVID-19 pandemic including the outlook, guidance and projections for revenues, earnings per share, comparable store sales, net new stores, and future year guidance; the nature and extent of the impact of COVID-19 on our business, operations and financial results; the anticipated timing and effects of recovery of our business; our plans for streamlining our operations, including changes in store formats and models; our ability to continue steady business improvement and improve customer and partner experiences; and our ability to emerge from this global crisis and drive long-term growth. These forward-looking statements do not represent historical data, are based on currently available operating, financial and competitive information and are subject to a number of significant risks and uncertainties. Actual future results and trends may differ materially depending on a variety of factors, including, but not limited to: further spread of COVID-19; regulatory measures or voluntary actions that may be put in place to limit the spread of COVID-19, including restrictions on business operations or social distancing requirements and the duration and efficacy of such restrictions; the potential for a resurgence of COVID-19 infections; fluctuations in U.S. and international economies and currencies; our ability to preserve, grow and leverage our brands; the ability of our business partners and third-party providers to fulfill their responsibilities and commitments; 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 successful expansion of our Global Coffee Alliance with Nestlé; our ability to obtain financing on acceptable terms; the acceptance of the company's products by our customers, evolving consumer preferences and tastes and the availability of consumer financing; changes in the availability and cost of labor; the impact of competition; inherent risks of operating a global business; the prices and availability of coffee, dairy and other raw materials; the effect of legal proceedings; and the effects of changes in tax laws and related guidance and regulations that may be implemented and other risks detailed in the company filings with the Securities and Exchange Commission, including the "Risk Factors" section of Starbucks Annual Report on Form 10-K for the fiscal year ended September 27, 2020. The company assumes no obligation to update any of these forward-looking statements.

Non-GAAP Financial Measures

Certain non-GAAP measures included in this press release and the associated Investor Conference webcast 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.

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