

# Starbucks Spotlights Record Financial Performance Driven Through the Lens of Humanity at Agenda-Setting Annual Meeting of Shareholders

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- Reaffirms Seven Strategies to Grow Market Cap to \$100 Billion
- Previews New Delivery Options through “Green Apron” Delivery Service to Debut in New York City; Announces Third-Party Delivery Through Agreement with Postmates
- Continues to Double Down on Investments in its People, Including \$233 Million in Healthcare Benefits and \$210 Million in Bean Stock in FY14
- Announces Commitment to Hire 10,000 Opportunity Youth in the Next Three Years; Reaffirms its Commitment to Hire 10,000 Veterans and Active Duty Military Spouses Over the Next Five Years; Aims to Graduate 25,000 U.S. partners by 2025 Through the Starbucks College Achievement Plan

SEATTLE--(BUSINESS WIRE)--Mar. 18, 2015-- Starbucks Corporation (NASDAQ:SBUX) today kicked off its 23<sup>rd</sup> Annual Meeting of Shareholders, with more than 2,800 partners, shareholders, invited guests and board members in attendance. Together with the Starbucks leadership team, Howard Schultz, chairman and ceo of Starbucks, will honor the accomplishments of the company over the past year of delivering record financial results as the company heads toward achieving a \$100 billion market cap.

“When I look back at the last 23 years of our public life or Starbucks 44-year history, so much of our success is deeply rooted in the values, culture and guiding principles of who we are, who we’ve been and who we are striving to be as a company,” said Howard Schultz, chairman and ceo of Starbucks Corporation. “The long history of Starbucks is steeped in trying to build a different type of business proposition from Day One: one that achieves the balance between profitability and a social conscience. And to continually ask ourselves what it takes to build a great enduring company. Even as our share price hits new all-time highs, we have never lost sight of this vision, and our goal of bringing our people along with us on the journey and sharing our success.”

## FY14 Financial Highlights / Achievements

Starbucks has reported record revenues of \$16.4 billion (11 percent growth) and record non-GAAP earnings per share of \$2.66<sup>1</sup> (21 percent growth on a non-GAAP basis<sup>1</sup>) in fiscal 2014; \$3.1 billion in non-GAAP operating income<sup>2</sup>

(25 percent growth on a non-GAAP basis<sup>2</sup>) in fiscal 2014 ; and \$1.6 billion returned to shareholders in the form of dividends and share repurchases. Starbucks also invested \$233 million in healthcare benefits and \$210 million in Bean Stock in FY14.

## New Game-Changing Advances in Digital Customer Experience

As Starbucks continues to find opportunities to meet customers where they are in their day while providing both convenience and brand engagement, the company will elaborate on plans to roll out Mobile Order & Pay. A mobile ordering feature integrated into Starbucks world-class mobile app and My Starbucks Rewards loyalty program, Mobile Order & Pay officially launched in the Pacific Northwest this week and Starbucks remains on track for a full national roll-out in 2015. This expansion will also lay the groundwork for Starbucks to begin testing various food and beverage delivery options in the coming year.

In an effort to integrate service solutions that meet the “on demand” customer, Starbucks will unveil two complementary delivery models including:

- A strategic collaboration with Postmates, a leading on-demand delivery service, which will allow customers to order their food and beverage items via the Starbucks® mobile app and receive on-demand delivery within defined areas. This rapidly growing organization – operating in 22 markets with more than 1.5 million deliveries to date – brings robust logistics technology, courier-enabled delivery and quality of service expertise. This Starbucks delivery pilot will begin in Seattle in the second half of 2015.
- A “Green Apron” barista delivery option enabling customers within specified office-buildings to order food and beverages for convenient delivery by Starbucks baristas. Supported by its world class real-estate capabilities, this model allows Starbucks to identify targeted solutions for environments that can benefit from an integrated service model. This Starbucks delivery test will begin in New York the second half of 2015.

Starbucks has the unique ability to leverage its store platforms, suite of digital offerings and mobile commerce innovation to provide delivery options as a natural extension of the Starbucks Experience.

## Leading Innovation in Coffee and Tea, From Bean to Cup

Starbucks will outline its plans to continue to build its leadership position in coffee including the sourcing, roasting, brewing and serving of its handcrafted beverages. In addition to providing its customers with a portfolio of products that reflect its core espresso craft like the Flat White, the company remains committed to expanding its line of super-premium, small lot Starbucks Reserve® coffee. Starbucks plans to open its next Roastery location in Asia in 2016 and is actively looking for real estate for its second Roastery in the United States. Additionally, Starbucks will announce its achievement of ethically sourcing 99 percent of its coffee in FY15 supported by its 15 year relationship

with Conservation International.

In addition to coffee, Starbucks will unveil its strategy to grow and develop the Teavana® brand and will announce plans to offer Teavana teas in Starbucks stores in China/Asia Pacific in 2016. Teavana Shaken Iced Teas, Teavana Oprah Chai and Teavana hot brewed teas in Starbucks stores have already shown strong revenue contribution, and tea remains the fastest growing beverage category within Starbucks North America business.

## Creating a Pathway for Opportunity by Building a Purpose-Driven Workforce

Starbucks will also outline its commitment to attracting and retaining people who share in the company's mission to nurture and inspire the human spirit, by investing in partners who will deliver a superior customer experience.

As part of this, Starbucks has committed to hiring 10,000 veterans and military spouses and today will announce that it has already placed more than 3,300 in jobs to leverage their leadership and dedication to operational excellence. Starbucks will also outline its opportunity to address unemployment in young people by committing to hire at least 10,000 over the next three years where Starbucks will focus on creating new career opportunities for young adults. And, Starbucks will today outline its ambitious plans to have at least 25,000 college graduates by 2025 through the Starbucks College Achievement Plan program, and announced that nearly 2,000 partners have already enrolled in the program. The company's hope is that a large number of these graduates will be "Opportunity Youth:" young people between the ages of 16-24 who are not enrolled in school or are out of the workforce.

Meaningful employment and a top-notch education is the foundation through which Starbucks can help create a sustainable future for its partners whether they build on a rewarding career with Starbucks or if their aspirations take them on a different journey.

## A Conversation About Race Relations in America

In the second half of the Annual Meeting of Shareholders, Schultz plans to address the subject of race relations in America and unconscious bias through a personal reflection of his time spent with more than 2,000 partners during Partner Open Forums in Seattle, St. Louis, Oakland, New York, Los Angeles, and Chicago. Schultz plans to announce that Starbucks and USA TODAY will jointly publish national inserts called "Race Together," and launch a digital hub at [racetogether.usatoday.com](http://racetogether.usatoday.com), which will all serve as learning tools and conversation starters for Starbucks customers, partners and the nation to encourage a greater understanding, empathy, and compassion toward one another. More than 2 million of these inserts will be available across the country in USA TODAY newspapers, and special standalone "Race Together" inserts will also be available in Starbucks® company-operated stores beginning on Friday, March 20.

Joining Schultz on stage will be Starbucks board member Mellody Hobson, who will deliver her acclaimed speech, entitled "Color Blind or Color Brave." This is expected to be one of the signature moments of the meeting, and will demonstrate the commitment the company has to equal and respectful opportunity for all.

"Doing what is right for society and what is right for business cannot be mutually exclusive endeavors. Today more than ever, companies such as Starbucks must use their resources to create opportunities for their people as well as for the communities they serve," said Schultz. "Last year on this very stage, I posed the question: 'What is the role and responsibility of a for-profit, public company in today's society?' This year, I hope that we have answered that question and showcased how Starbucks can truly use our scale for good and play a role in changing the narrative and national conversation to create opportunities for all."

## About Starbucks

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with stores around the globe, 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.starbucks.com](http://www.starbucks.com) and find images, b-roll and a LIVE blog of the Annual Meeting of Shareholders at <http://news.starbucks.com>.

## Forward-Looking Statements

Certain statements contained herein are not based on historical fact and 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 "anticipate," "believe," "could," "estimate," "expect," "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 on 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: fluctuations in U.S. and international economies and currencies, our ability to preserve, grow and leverage our brands, potential negative effects of material breaches of our information technology systems if any were to occur, costs associated with, and the successful execution of, the company's initiatives and plans, the acceptance of the company's products by our customers, the impact of competition, coffee, dairy and other raw material 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 Starbucks Annual Report on Form 10-K for the fiscal year ended September 28, 2014. The company assumes no

obligation to update any of these forward-looking statements.

<sup>1</sup> Non-GAAP. FY14 GAAP EPS of \$2.71 includes a \$0.02 per share litigation credit related to the arbitration with Kraft Foods Global, Inc. and a \$0.03 net benefit from transactions in Q4 FY14. The net benefit from transactions in Q4 FY14 relates primarily to a \$0.05 gain on the sale of our Malaysia equity method investment, partially offset by a loss on the sale of our Australia retail operations and transaction costs incurred in Q4 FY14 related to the planned acquisition of Starbucks Japan. The FY14 EPS growth rate is calculated over FY13 non-GAAP EPS of \$2.19. FY13 GAAP EPS of \$0.01 includes a \$2.25 per share litigation charge resulting from the conclusion of the arbitration with Kraft Foods Global, Inc., a \$0.03 gain on sale of our Mexico joint venture and a \$0.03 gain on sale of our Chile and Argentina joint ventures.

<sup>2</sup> Non-GAAP. FY14 GAAP operating income of \$3,081.1 million includes a pre-tax credit of \$20.2 million related to the arbitration with Kraft Foods Global, Inc. and \$2.4 million of costs from transactions in Q4 FY14. The FY14 operating income growth rate is calculated over FY13 non-GAAP operating income of \$2,458.7. FY13 GAAP operating loss of \$325.4 million includes a pre-tax charge of \$2,784.1 million resulting from the conclusion of the arbitration with Kraft Foods Global, Inc.

Source: Starbucks Corporation

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