

STARBUCKS CORP  
Form 10-Q  
January 31, 2017  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended January 1, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 0-20322

Starbucks Corporation

(Exact Name of Registrant as Specified in its Charter)

Washington 91-1325671

(State or Other Jurisdiction of (IRS Employer  
Incorporation or Organization) Identification No.)

2401 Utah Avenue South, Seattle, Washington 98134

(Address of principal executive offices)

(206) 447-1575

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title Shares Outstanding as of January 25, 2017

Common Stock, par value \$0.001 per share 1,457.4 million

Table of Contents

STARBUCKS CORPORATION

FORM 10-Q

For the Quarterly Period Ended January 1, 2017

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1	<u>Financial Statements (Unaudited):</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Earnings</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>4</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>6</u>
	<u>Index For Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>8</u>
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>31</u>
Item 4	<u>Controls and Procedures</u>	<u>31</u>

PART II. OTHER INFORMATION

Item 1	<u>Legal Proceedings</u>	<u>32</u>
Item 1A	<u>Risk Factors</u>	<u>32</u>
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>32</u>
Item 6	<u>Exhibits</u>	<u>33</u>
	<u>Signatures</u>	<u>34</u>

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Table of Contents

## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

## STARBUCKS CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(in millions, except per share data)

(unaudited)

	Quarter Ended	
	Jan 1, 2017	Dec 27, 2015
Net revenues:		
Company-operated stores	\$4,469.3	\$4,210.6
Licensed stores	602.4	540.6
CPG, foodservice and other	661.2	622.3
Total net revenues	5,732.9	5,373.5
Cost of sales including occupancy costs	2,295.0	2,186.2
Store operating expenses	1,638.2	1,506.2
Other operating expenses	145.4	146.2
Depreciation and amortization expenses	249.7	235.5
General and administrative expenses	356.4	305.5
Total operating expenses	4,684.7	4,379.6
Income from equity investees	84.4	64.1
Operating income	1,132.6	1,058.0
Interest income and other, net	24.1	8.1
Interest expense	(23.8 )	(16.5 )
Earnings before income taxes	1,132.9	1,049.6
Income tax expense	381.4	361.9
Net earnings including noncontrolling interests	751.5	687.7
Net earnings/(loss) attributable to noncontrolling interests	(0.3 )	0.1
Net earnings attributable to Starbucks	\$751.8	\$687.6
Earnings per share - basic	\$0.52	\$0.46
Earnings per share - diluted	\$0.51	\$0.46
Weighted average shares outstanding:		
Basic	1,457.5	1,485.9
Diluted	1,470.5	1,503.3
Cash dividends declared per share	\$0.25	\$0.20

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

STARBUCKS CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (in millions, unaudited)

	Quarter Ended	
	Jan 1, 2017	Dec 27, 2015
Net earnings including noncontrolling interests	\$751.5	\$687.7
Other comprehensive loss, net of tax:		
Unrealized holding gains/(losses) on available-for-sale securities	(13.4 )	1.0
Tax (expense)/benefit	4.1	(0.4 )
Unrealized gains/(losses) on cash flow hedging instruments	113.5	5.8
Tax (expense)/benefit	(26.5 )	(2.7 )
Unrealized gains/(losses) on net investment hedging instruments	41.1	—
Tax (expense)/benefit	(15.2 )	—
Translation adjustment and other	(171.8 )	(26.1 )
Tax (expense)/benefit	—	1.7
Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale securities, hedging instruments, and translation adjustment	(81.7 )	(7.7 )
Tax expense/(benefit)	16.0	2.7
Other comprehensive loss	(133.9 )	(25.7 )
Comprehensive income including noncontrolling interests	617.6	662.0
Comprehensive income/(loss) attributable to noncontrolling interests	(0.3 )	0.1
Comprehensive income attributable to Starbucks	\$617.9	\$661.9

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsSTARBUCKS CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)

(unaudited)

	Jan 1, 2017	Oct 2, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$2,034.6	\$2,128.8
Short-term investments	140.8	134.4
Accounts receivable, net	865.1	768.8
Inventories	1,218.7	1,378.5
Prepaid expenses and other current assets	357.0	347.4
Total current assets	4,616.2	4,757.9
Long-term investments	1,278.3	1,141.7
Equity and cost investments	373.7	354.5
Property, plant and equipment, net	4,478.5	4,533.8
Deferred income taxes, net	806.1	885.4
Other long-term assets	394.9	403.3
Other intangible assets	470.6	516.3
Goodwill	1,599.0	1,719.6
<b>TOTAL ASSETS</b>	<b>\$14,017.3</b>	<b>\$14,312.5</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$662.5	\$730.6
Accrued liabilities	1,944.9	1,999.1
Insurance reserves	211.6	246.0
Stored value card liability	1,578.3	