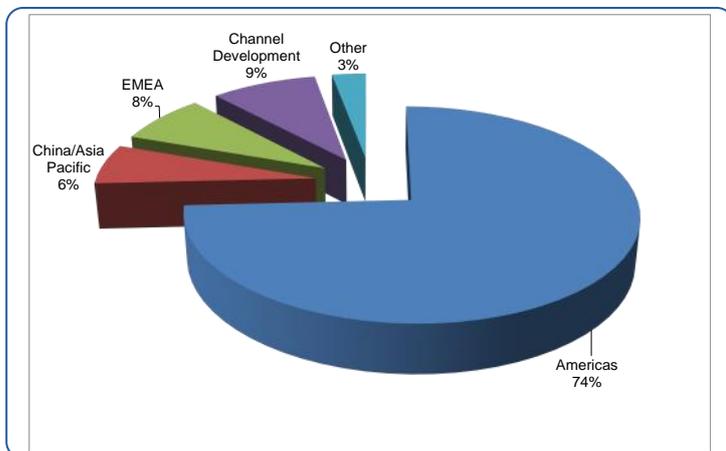


Starbucks: 3Q13 profit up on the back of strong US sales

Starbucks on Thursday reported results for its 13-week fiscal 3Q13 (ended 30 June 2013). The company posted a bigger-than-expected jump in quarterly profit after its new fruit 'Refresher' energy drinks and Frappuccino iced beverages helped drive visits to its restaurants in the US - its top market. Net earnings for 3Q13 increased more than 25% to \$417.8mn, or US\$55/share, beating average analyst forecasts by US\$2/share.

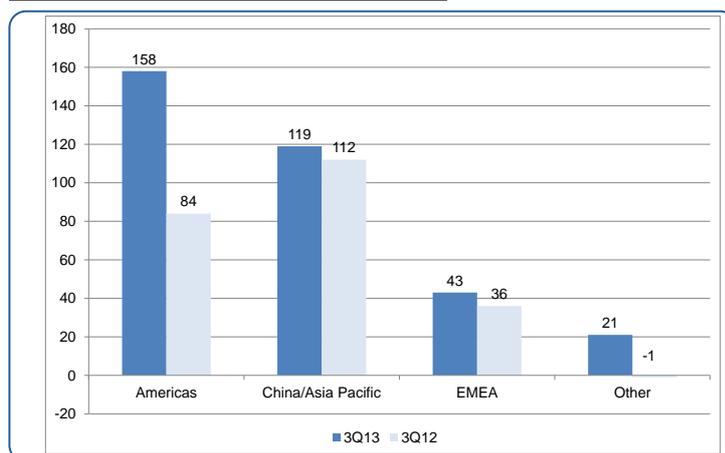
The Americas region (dominated by the US which contributes about three-quarters of the chain's revenue) recorded a same-store sales increase of 9%, far better than consensus analyst estimates for a 6.1% rise. Same-store sales for China and the Asia Pacific region also increased 9%, while the Europe, Middle East and Africa region - an area in which the company has struggled to grow - saw a 2% rise. The company opened 341 net new stores in 3Q13 and it now operates 19,209 stores globally.

Starbucks*: Revenue contribution by segment (3Q13)



Source: Company data, Anchor Capital

Starbucks*: Net new stores (3Q13)



Source: Company data, Anchor Capital

* Note Americas store data has been adjusted to exclude Seattle's Best Coffee, Evolution Fresh and Tazo Retail, which are now reported within All Other Segments.

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We scan the globe looking for good opportunities. We provide our model portfolios, as well as news and views on our watch-list, which is continually reviewed and updated.



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CEO Howard Schultz said that Starbucks was benefiting from efforts to increase sales by buying tea, juice and bakery companies and linking those to its cafe business, grocery product sales and loyalty card programmes. Based on results from the latest quarter, Starbucks increased its full-year EPS forecast to \$2.22-\$2.23/share from a previous estimate of \$2.12-\$2.18/share. The company said that profit in 4Q13 will be as much as US\$60/share, which includes a US\$3 gain from the sale of its equity stake in some operations in Argentina and Chile, compared with analysts' average estimate of US\$57.

Shares in Starbucks were up 6.3% at \$72.45 in extended trading late on Thursday and closed at \$68.17 (+2.3%) in New York yesterday.

Marco de Matos



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