Doppio

October 9, 2018

Pershing Square Capital Management, L.P.

Overview

Ticker:
"SBUX"

Stock Price:
$56

Div. Yield:
2.6%

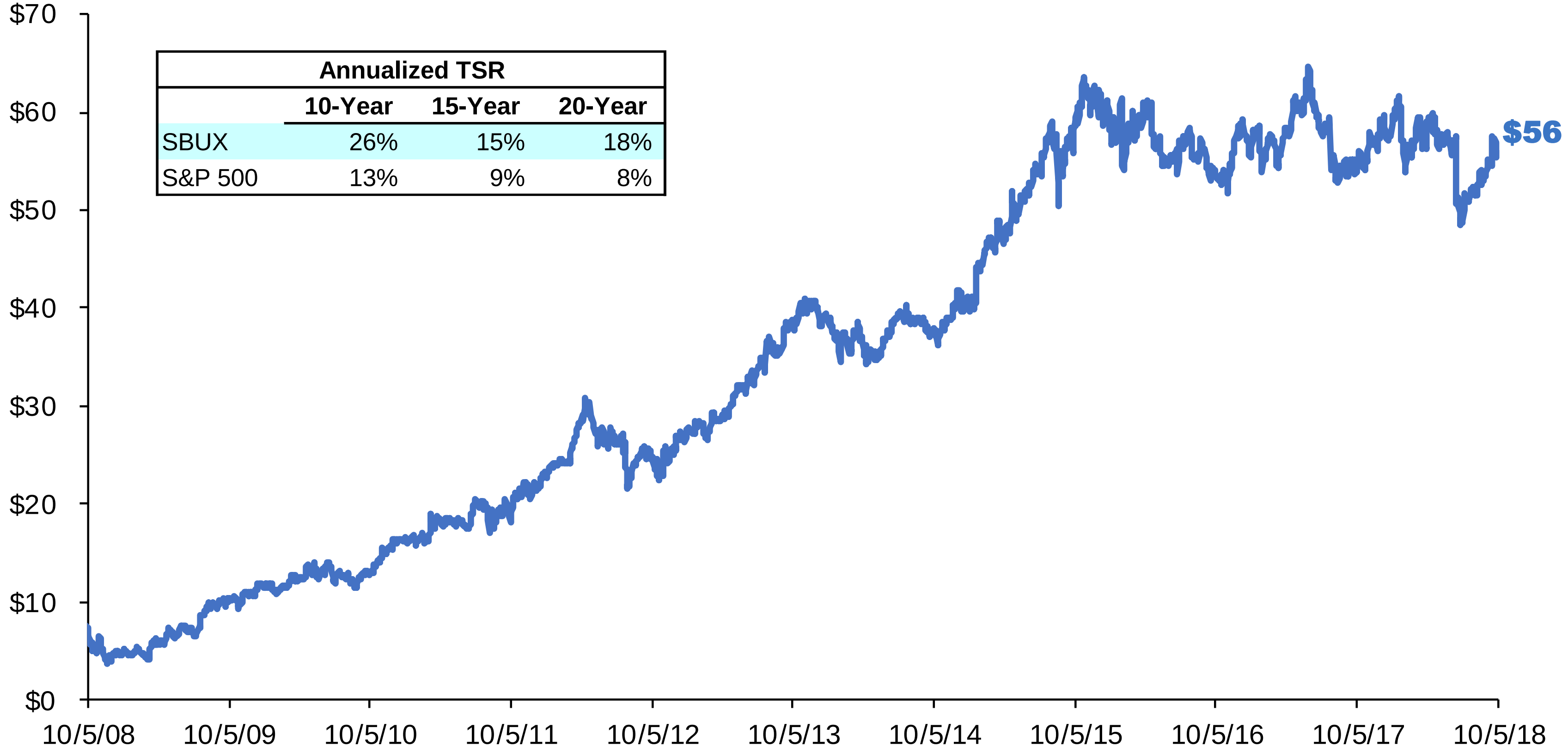
- **Leading global specialty coffee retailer and iconic brand**
- **29,000 stores with over $32 billion in systemwide sales**
  - 50% U.S., 50% International
  - 53% Owned (U.S. 60%,China 100%, RoW 30%), 47% Licensed
- **Americas (primarily U.S.) = 67% of EBIT, Asia Pacific = 22%[(1)]**
- **Market capitalization and enterprise valuation of ~$77bn[(2)]**
- **Pershing Square owns 15.2 million shares at an average cost of $51 per share[(3)]**

(1) Based on Pershing Square estimated 2019 EBIT including JV income.
(2) Based on net cash of ~$0.4bn as of 6/30/18 pro forma for $5bn received from the closing of the recent Nestle transaction.
(3) Shares owned by all core funds managed by Pershing Square through forward contracts.

Long-Term Share Price Outperformance

SBUX has generated an annualized TSR of 26% over the last ten years, twice the return of the S&P 500 over the same period

Share Price From 10/5/2008 to 10/5/2018



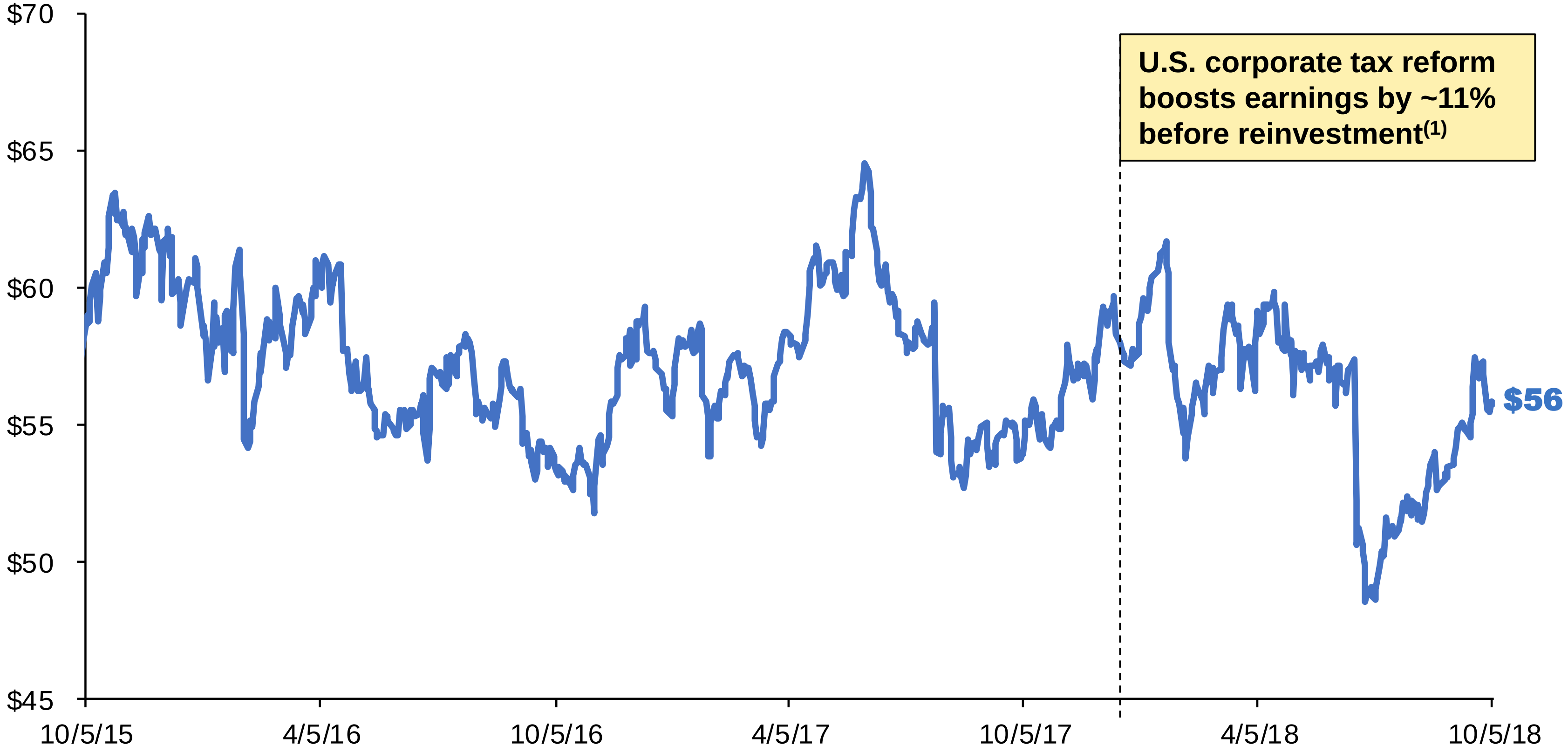
Annualized TSR			
	10-Year	15-Year	20-Year
SBUX	26%	15%	18%
S&P 500	13%	9%	8%

Source: Bloomberg

Share Price Down Over the Last 3 Years

Starbucks shares are down 6% over the last three years. Including dividends, shareholders have earned a 0% total return, despite EPS growth of ~50%

Share Price From 10/5/2015 to 10/5/2018



Source: Bloomberg

(1) SBUX announced plans to reinvest approximately 45% of the savings from corporate tax reform into higher wages and benefits for U.S. partners and digital initiatives.

Current P/E at a Discount to Recent History

Starbucks is trading at 22x consensus P/E today, a substantial discount to recent historical averages of ~26x

NTM Forward P/E From 10/5/2008 to 10/5/2018

Source: Capital IQ

Investment Highlights

Category killer in away-from-home coffee with leading omnichannel presence

- Quality and innovation advantage over low-cost coffee and traditional QSR players
- Convenience, technological and cost advantage over high-end, boutique players

Premium coffee is a secularly growing and attractive category

- Frequent consumption creates loyal customer base and trade-up potential
- Aligned with health and wellness and sustainability trends

Attractive unit economics support owned business model in key markets

- Frequency, price point and high gross margins support profitability
- Build costs are lower than traditional restaurants due to the absence of kitchens
- New units in the U.S. generate ~30% cash EBITDA margins and ~65% pretax ROIC; new unit economics in China are even higher
- China will become an increasingly greater percentage of the total company over time

Investment Highlights (Cont.)

Long runway for unit growth in the high-single-digits

- Robust international unit growth led by China as well as other underpenetrated countries
- Incremental penetration opportunity in the U.S.

Track record of consistent growth in same-store sales and transactions

- Long-term average same-store sales (“SSS”) growth of 5% both in the U.S. and globally
- SSS historically driven ~50% by transactions, ~30% by pricing, and ~20% by mix

Recent acquisitions and divestitures suggest strong focus on core business

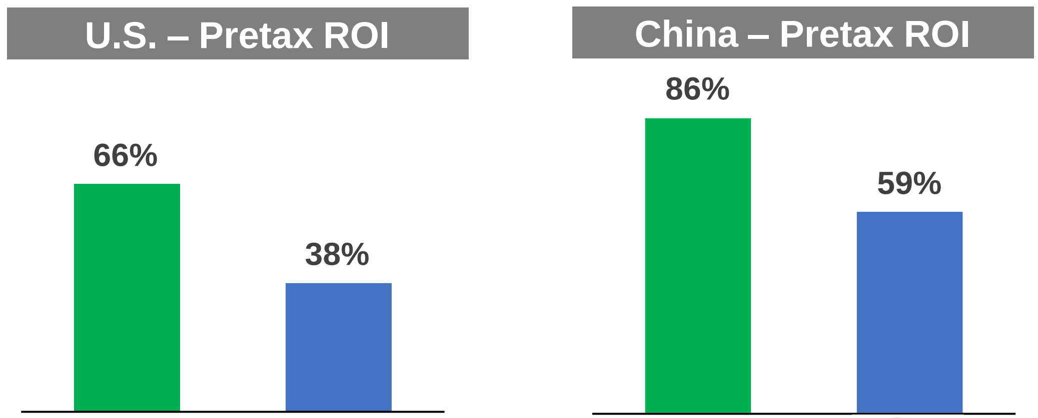
- Acquisition of East China JV and licensing of lower-performing or lower potential markets
- Sale of CPG business to Nestle for $7.2bn and ongoing royalties
- Closing of Teavana stores and divestiture of Tazo tea brand to Unilever

Share buybacks of ~$14bn over the next two years (~18% of market cap)

Best-in-Class Unit Economics

Continued store growth in Starbucks' largest owned markets is supported by industry-leading unit economics

New Units Economics: Starbucks vs. Other High-Return Concepts ($'000s)



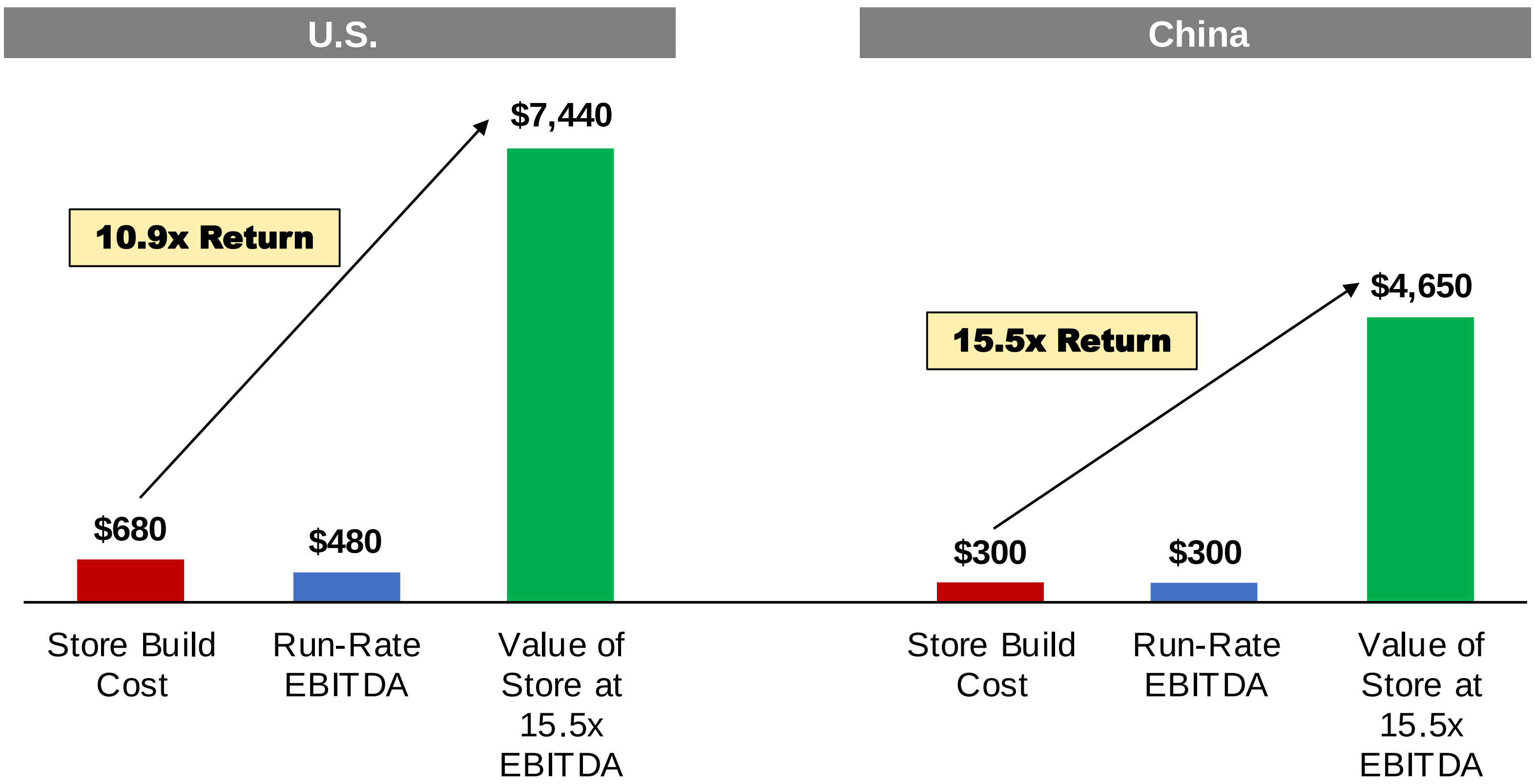
Store Build Cost	**$680**	**$1,280**	**$300**	**$380**
Average Unit Volume	**$1,500**	**$1,765**	**$700**	**$890**
Store-Level EBITDA ***% Margin***	**$450** ***30%***	**$480** ***27%***	**$260** ***37%***	**$225** ***25%***
Payback Period (years)	**1.5**	**2.7**	**1.2**	**1.7**

Source: SBUX US store build cost and AUV are as per December 2016 investor day, and store-level EBITDA margin is as per June 2018 investor conference. SBUX China data is as per May 2018 China investor day. Taco Bell store build cost is as per Bernstein research, while other assumptions are based on FY 2017 results for Taco Bell's company-operated stores assuming 80% of Taco Bell Division D&A relates to those stores. KFC China data is as per Yum China October 2017 investor day and excludes a 3% franchise fee paid to YUM in order to illustrate the economic returns of each store to the entire system.

Exceptional Returns on New Unit Capex

We estimate that every dollar Starbucks spends building a new store in the U.S. or China is worth $10 to $15 shortly after the store opens

Illustrative Value of Each New Store at SBUX Base Case Valuation Multiple ($'000s)

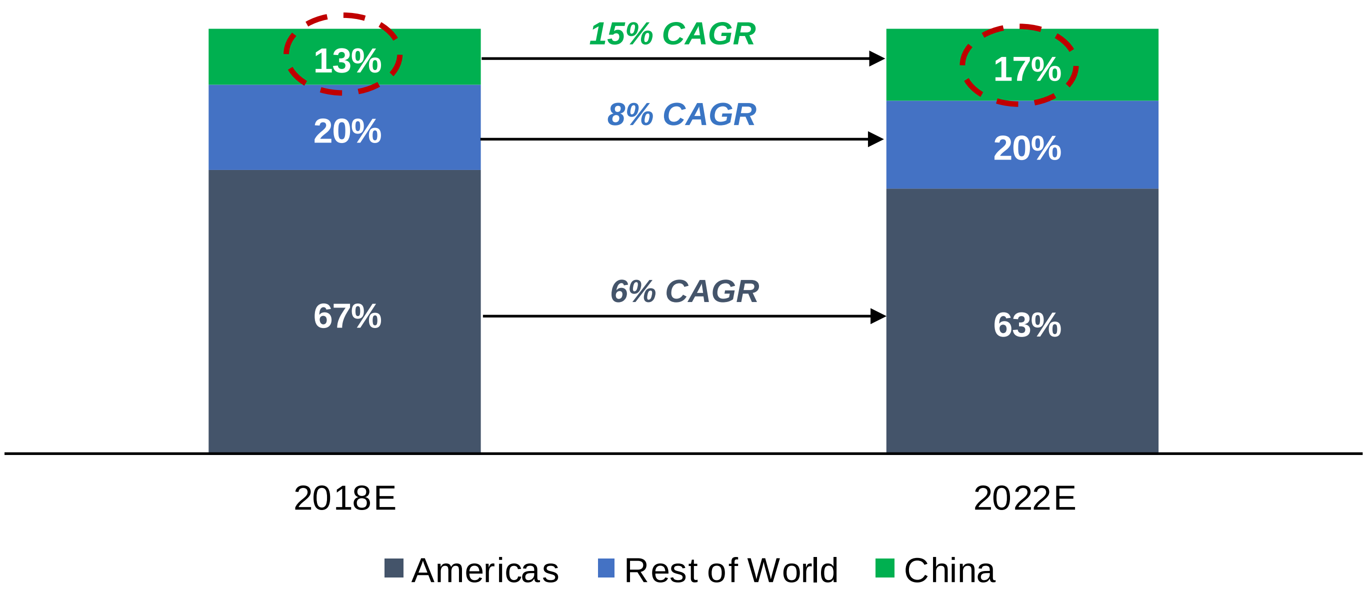


Source: Store build costs as per prior page. Run-rate EBITDA for the U.S. store calculated as run-rate AUV of $1.6mm as per December 2016 investor day times a 30% assumed run-rate EBITDA margin. Run-rate EBITDA for the China store calculated as run-rate AUV of $0.8mm as per May 2018 China investor day times a 37.5% assumed run-rate EBITDA margin. SBUX base case valuation multiple of 15.5x EBITDA is as per Pershing Square assumptions.

Value of Starbucks China Increasingly Important

China will become increasingly important to the value of Starbucks over time as it represents Starbucks' single-largest unit growth opportunity with the best store-level unit economics

Starbucks Earnings Mix by Geography:



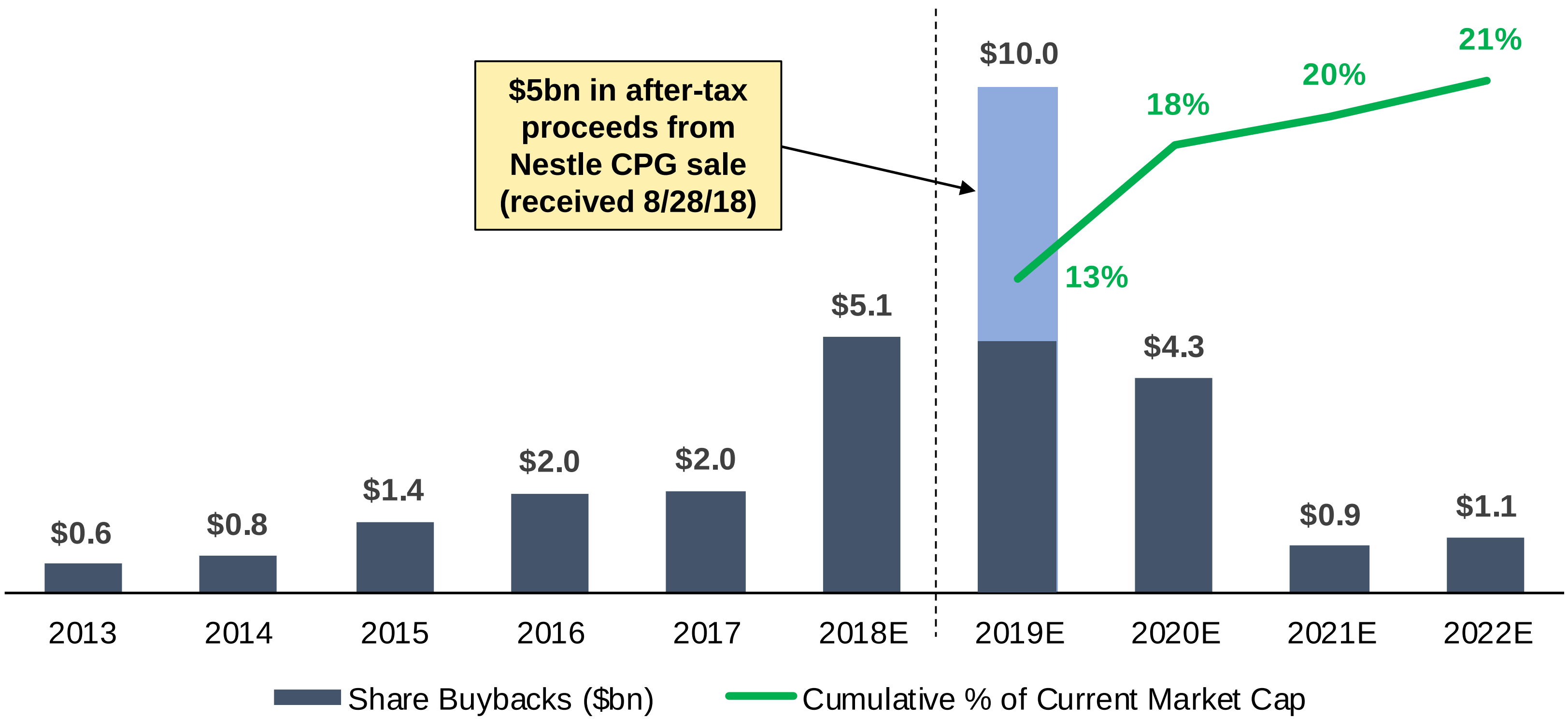
We expect that China will grow nearly twice as fast as Starbucks' overall earnings and represent an increasingly larger percentage of the company's earnings

Source: Pershing Square estimates

Accelerated Capital Return Plan

Management has announced a share repurchase plan of ~$14bn over the next two years, nearly 20% of the current market cap

Starbucks Annual Share Repurchases (FYE Sept. 30, $bn)



Source: 2013-2017 as per SBUX public filings; 2018E-2022E as per Pershing Square estimates based on SBUX management commentary.

Key Drivers of Recent Stock Price Weakness

- Slowdown in U.S. same-store sales
- Reduction in long-term growth targets
- Leadership transition and management turnover

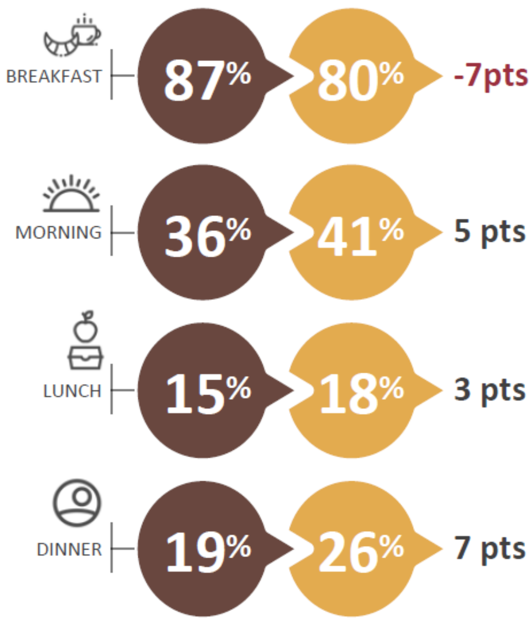
Industry Context

Coffee is a Secularly Attractive Category

Within total coffee, premium products are outgrowing traditional offerings and away-from-home is gaining share from at-home

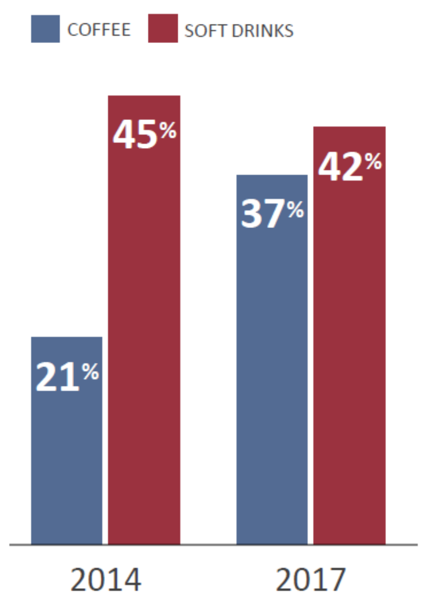
OCCASIONS ARE RAPIDLY EXPANDING OUTSIDE OF THE MORNING

Past-week penetration of coffee at time of day



COFFEE HAS BECOME A MAINSTREAM BEVERAGE OF CHOICE FOR TEENS

Coffee and soft drink incidence among 13-18 year olds, past-day penetration



HEALTH AND WELLNESS TAILWIND

The New York Times

Coffee May Protect Against Cancer, W.H.O. Concludes

TIME

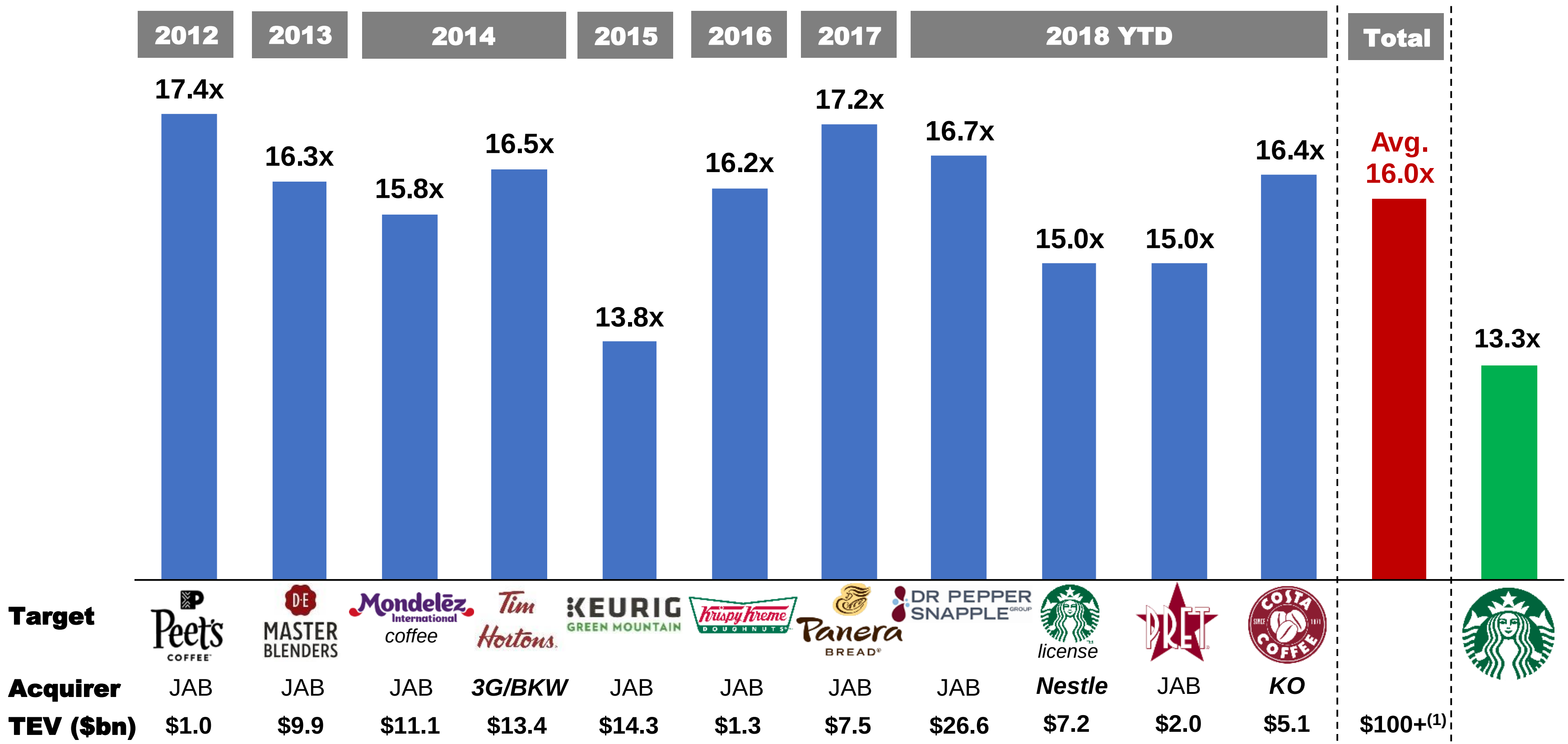
3 Reasons Why Coffee Is So Good For You

Source: Keurig Dr. Pepper investor day, March 20, 2018.

Strategic Investment in Coffee is Accelerating

Over $100bn in coffee-related acquisitions have been completed since 2012, at valuations that average ~20% more than where SBUX now trades

TEV / EBITDA for Coffee-Related Transactions

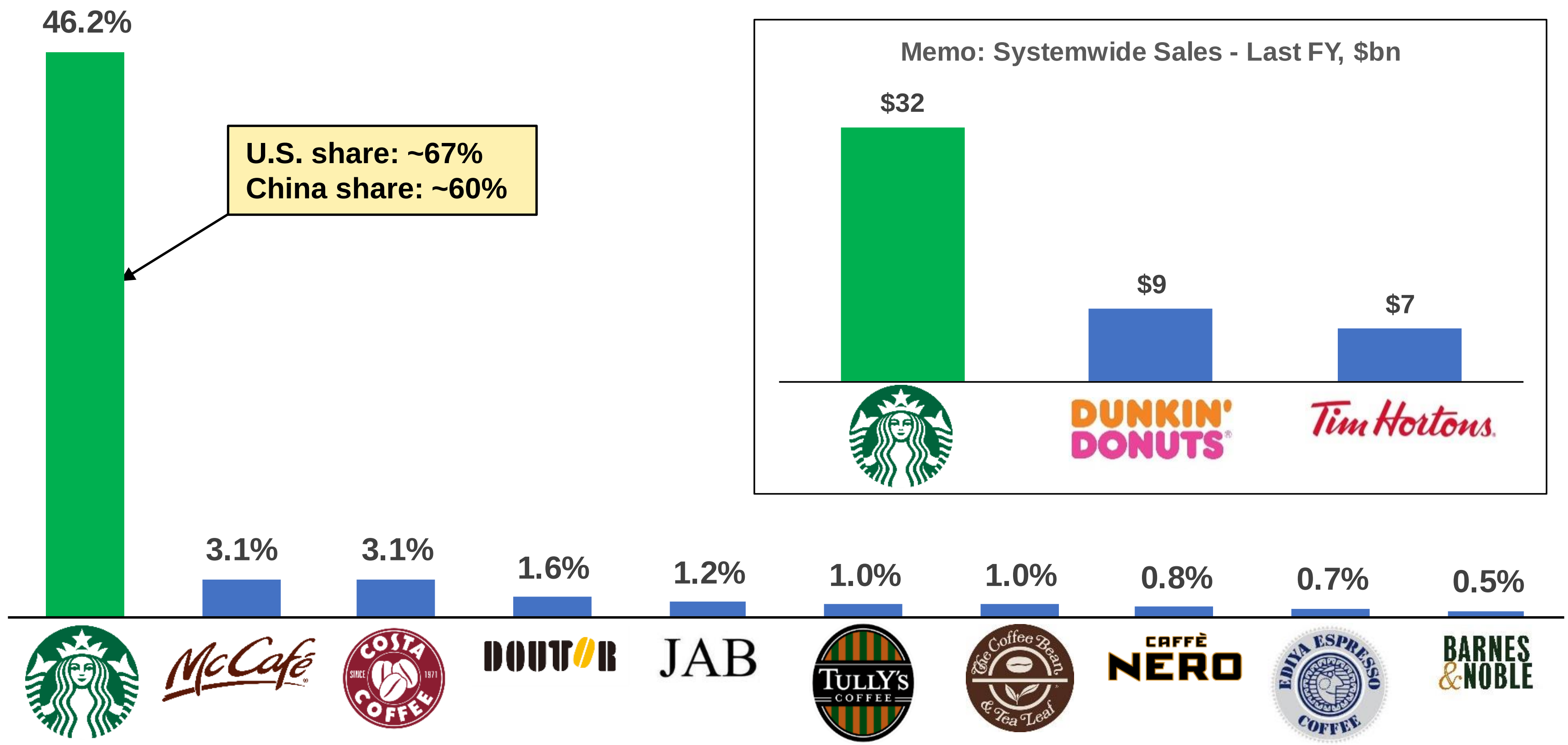


Source: Public filings, broker research, Pershing Square estimates. Represents all coffee-related transactions with a TEV of at least $1bn completed since 2012.
Note: SBUX trading multiple represents TEV excluding the capitalized value of JV income at 20x earnings divided by Pershing Square 2019E EBITDA.
(1) Total TEV includes transactions with a TEV less than $1bn.

Category Killer in Away-from-Home Coffee

Starbucks' global market share in specialist coffee shops is 15x larger than the #2 player and over 3.5x larger than the other top 10 players combined

Specialist Coffee Shop Global Market Share for Top 10 Players, 2017



Source: Euromonitor data and Bernstein analysis.

Global Growth Opportunity in At-Home Coffee

Starbucks is the leading packaged coffee brand in the U.S., with significant white space overseas unlocked by the recent Nestle deal

Packaged Coffee Market Share in Top 20 Markets, 2017

Country	% of global market	Nestlé	Starbucks	Combined
USA	16.7%	4.7%	13.7%	18.4%
Brazil	7.5%	12.9%	0.0%	12.9%
Germany	6.3%	10.3%	0.0%	10.3%
Japan	5.3%	33.4%	0.0%	33.4%
France	4.3%	34.6%	0.0%	34.6%
Russia	4.0%	22.8%	0.0%	22.8%
Indonesia	3.6%	7.2%	0.0%	7.2%
Italy	2.6%	24.5%	0.0%	24.5%
United Kingdom	2.5%	47.8%	0.9%	48.7%
South Korea	2.0%	8.6%	1.3%	9.9%
Canada	1.7%	5.8%	9.0%	14.8%
Mexico	1.7%	55.8%	0.6%	56.4%
Spain	1.7%	39.4%	0.0%	39.4%
Philippines	1.5%	37.3%	0.0%	37.3%
Thailand	1.3%	62.0%	0.0%	62.0%
Poland	1.3%	16.7%	0.0%	16.7%
Algeria	1.3%	0.0%	0.0%	0.0%
Netherlands	1.3%	19.6%	0.0%	19.6%
China	1.2%	69.8%	0.0%	69.8%
Australia	1.2%	51.2%	0.0%	51.2%
Others	31.2%			
Total	100.0%			
World		22.6%	2.5%	25.1%

#1 =

Top 3 =

Consideration to SBUX from Nestle

- **Upfront cash payment of $7.15bn**
  - $5bn net of taxes
- **Ongoing royalties**
- **Markup on products sold to Nestle**

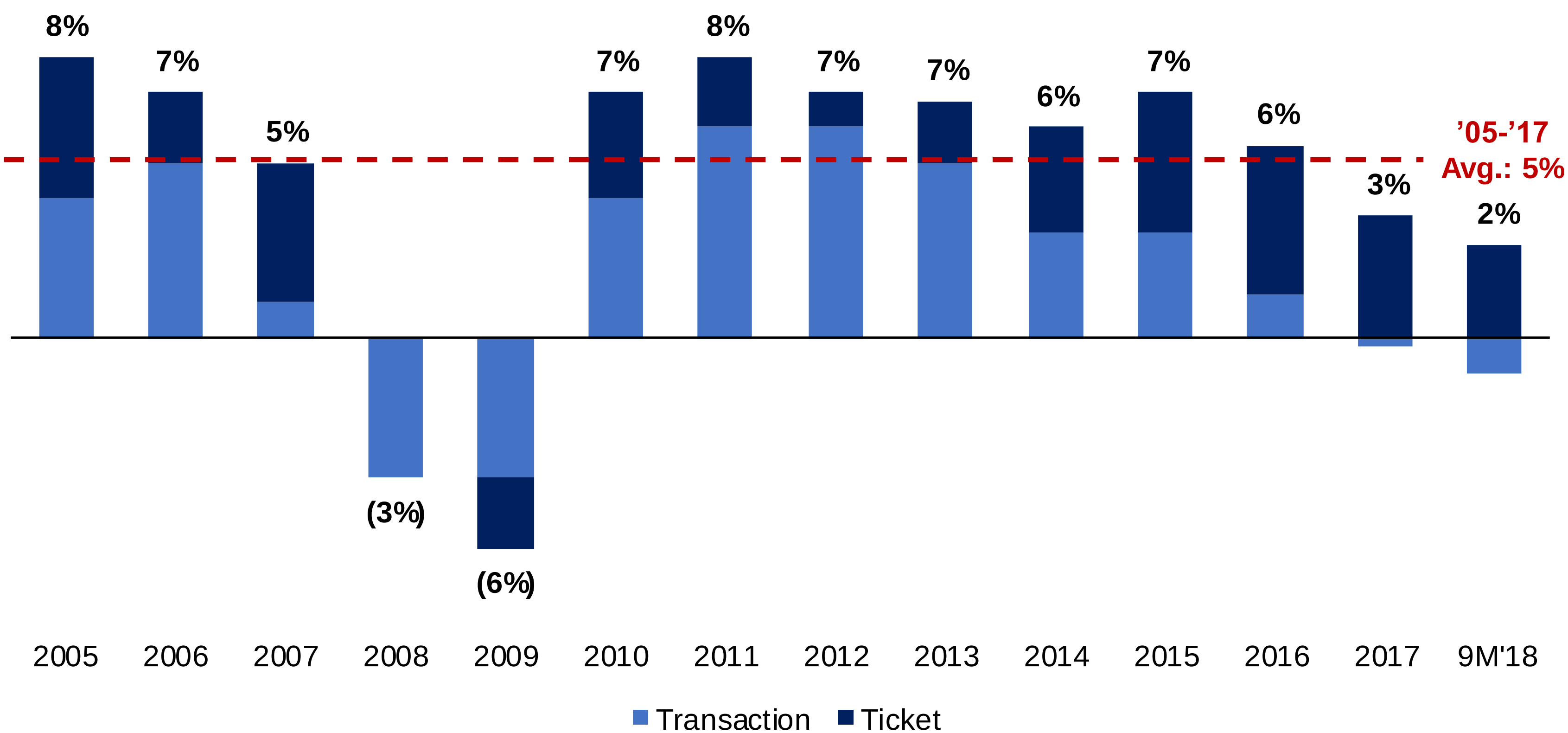
Source: Euromonitor data and Bernstein analysis.

Business Overview

Strong Historical SSS Growth: Total

Over the last 13 years, Starbucks' same-store sales ("SSS") growth has averaged 5%, split evenly between transactions and ticket

Total SSS Growth: FY 2005 to 2018 YTD

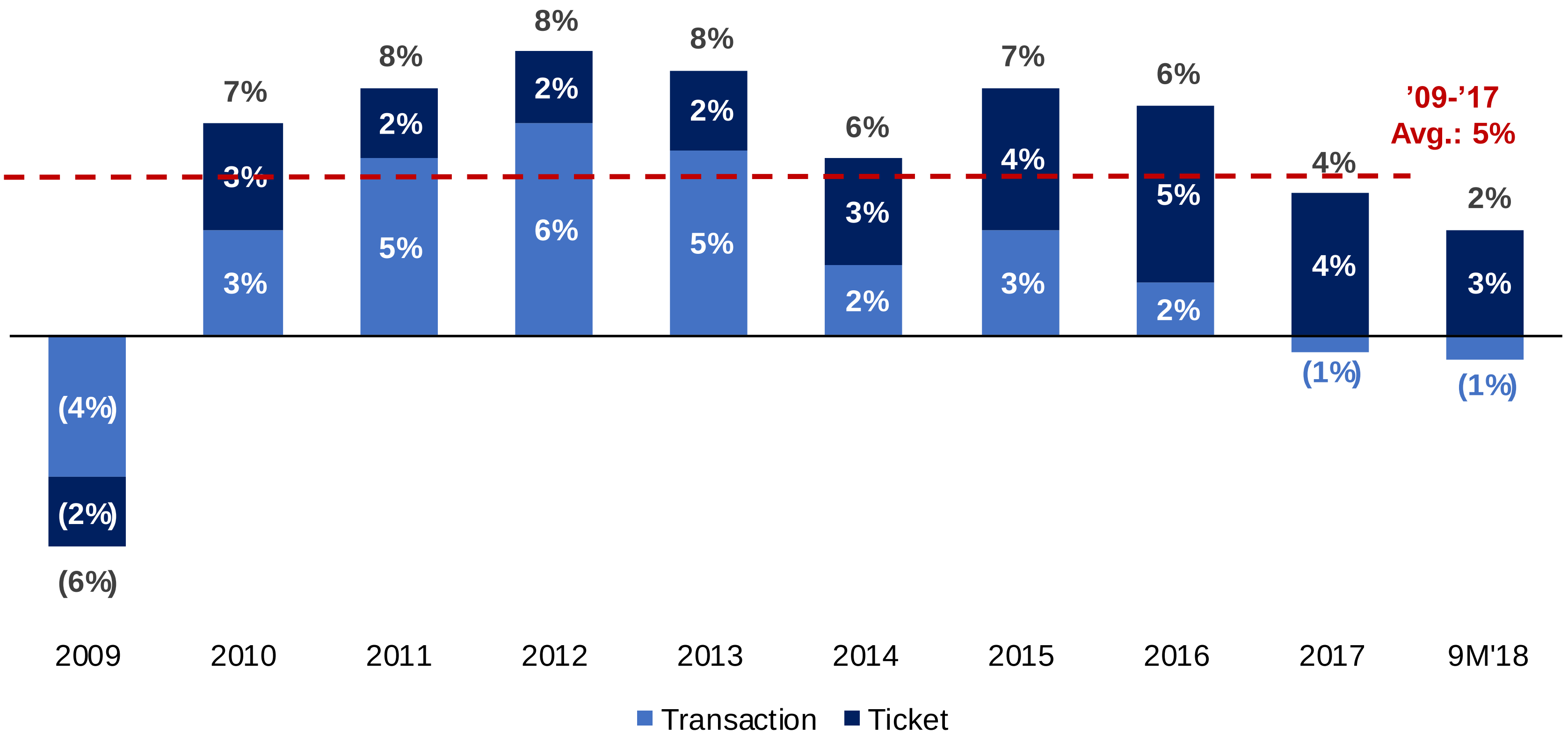


Source: SBUX public filings.
Note: SBUX fiscal year end is September 30.

Strong Historical SSS Growth: Americas

Since 2008, Starbucks' Americas segment (primarily U.S.) SSS growth has averaged 5%, split evenly between transactions and ticket

Americas SSS Growth: FY 2009 to 2018 YTD

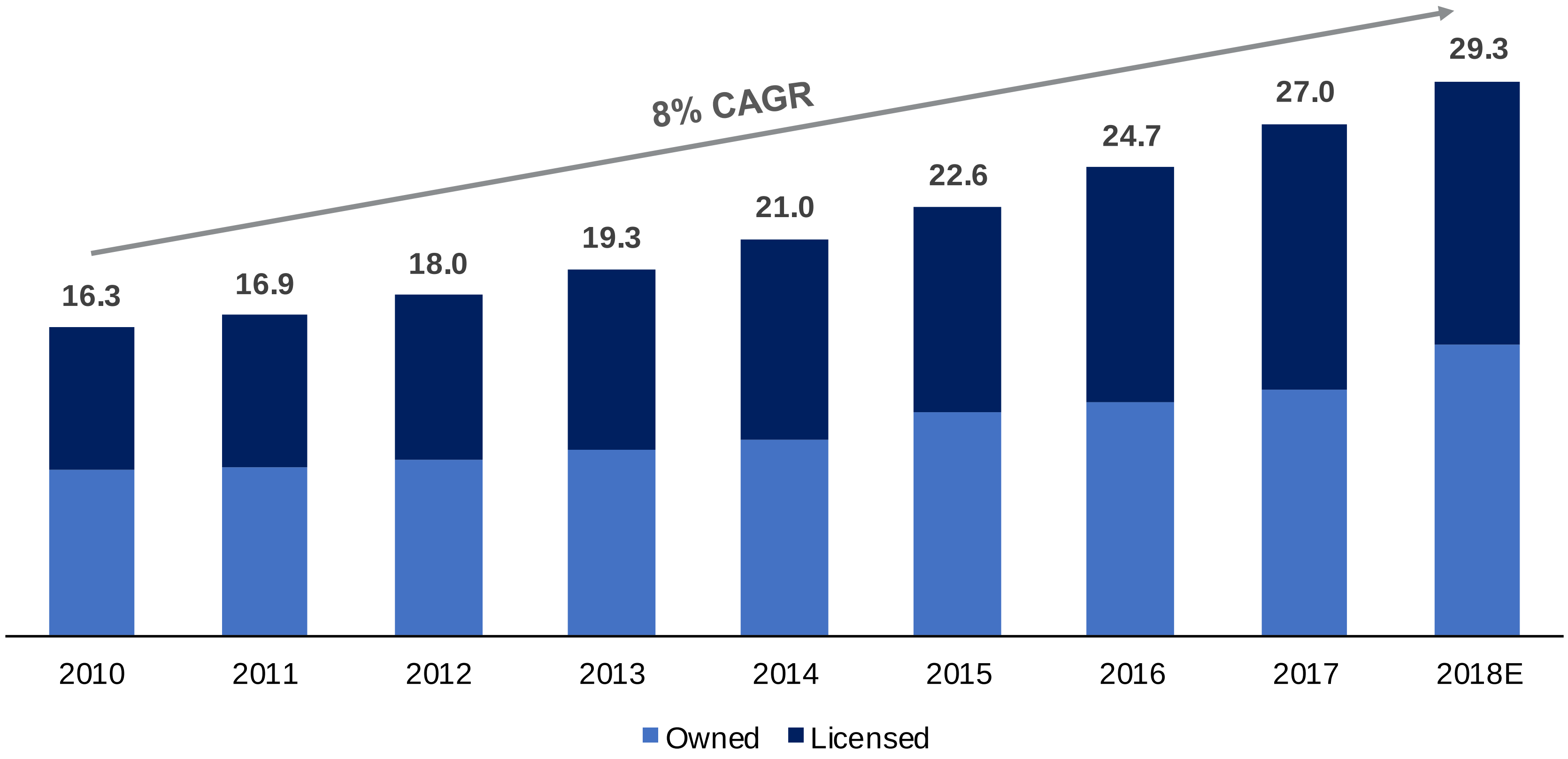


Source: SBUX public filings.

Strong Historical Unit Growth: Total

Since 2010, Starbucks has grown units at an 8% annual rate, with balanced growth between owned and licensed units

Total Units ('000s): FY 2010 to 2018E



Source: 2010-2017 as per SBUX public filings, 2018E as per Pershing Square estimates.

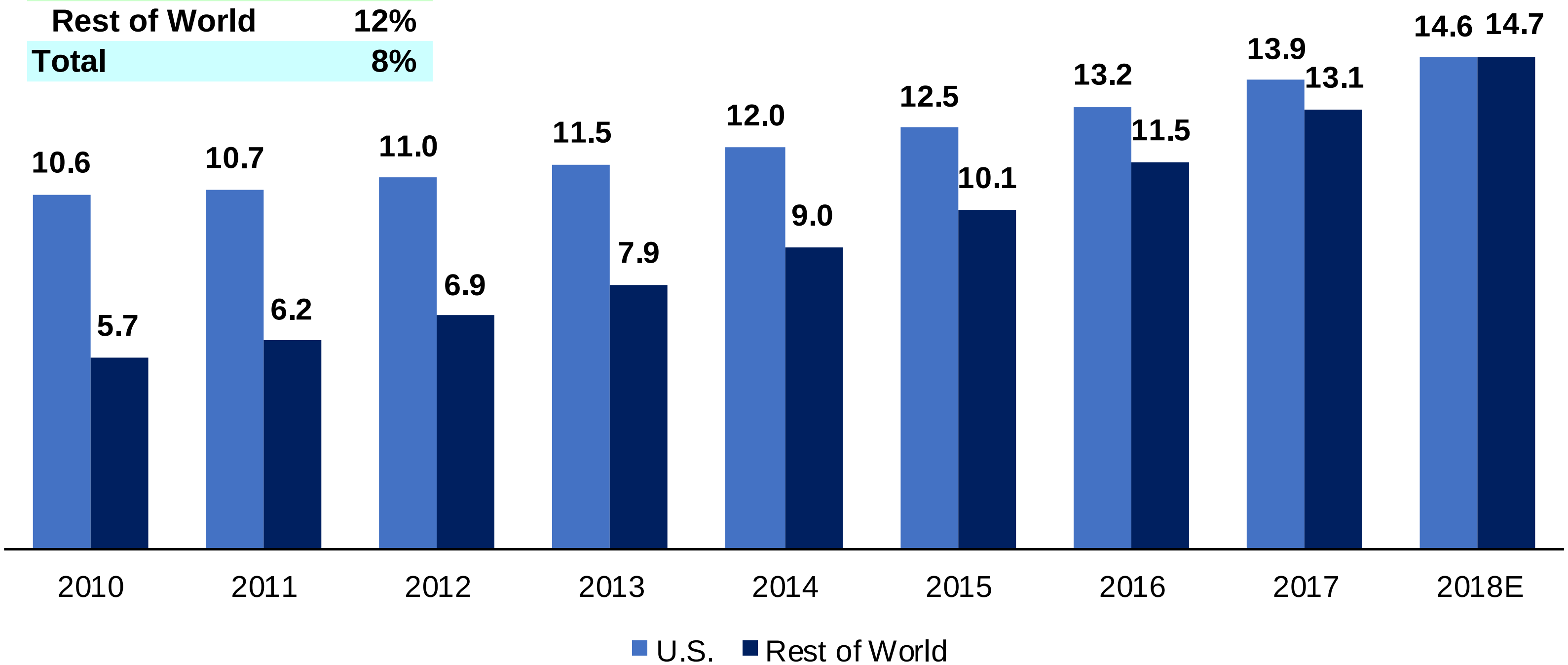
Strong Historical Unit Growth: Total (Cont.)

Since 2010, Starbucks unit growth has been primarily driven by growth outside the U.S., which has averaged 12%, while the U.S. has averaged 4%

U.S. & Rest of World Units ('000s): FY 2010 to 2018E

FY 2010 to 2018E CAGR:

U.S.	**4%**
Rest of World	**12%**
Total	**8%**

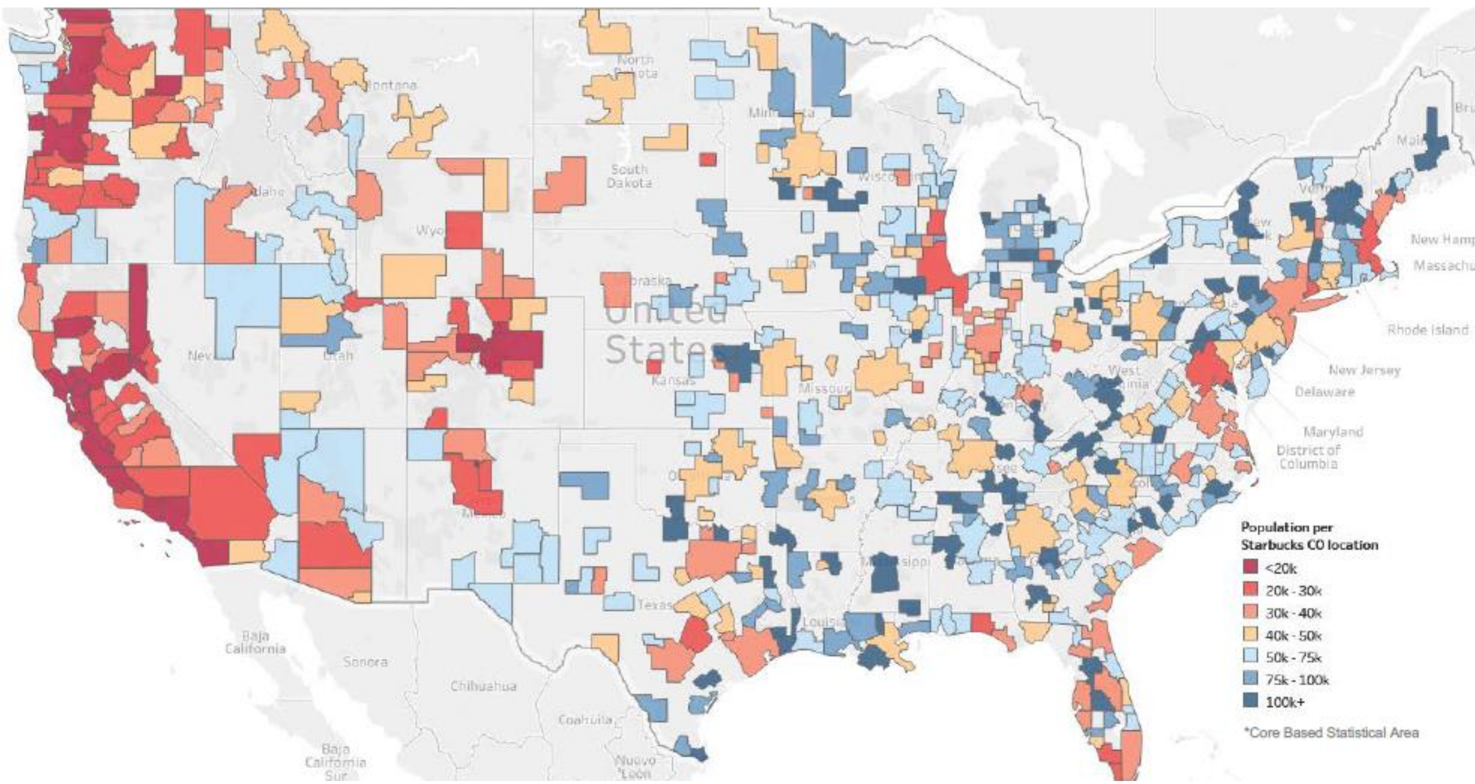


Source: 2010-2017 as per SBUX public filings, 2018E as per Pershing Square estimates.

Incremental Penetration Opportunity in the U.S.

While Starbucks currently has more than 14,000 stores in the U.S., it is still relatively underpenetrated in the Midwest and South

Population per Starbucks Company-Operated Stores



Source: SBUX investor presentation, June 19, 2018.

Well-Insulated from Wage Pressures in the U.S.

We believe that Starbucks is one of the most well-positioned retailers if minimum wages rise due to its "partner" compensation philosophy

✓ **Entry-level pay above the minimum wage in all 50 states**

✓ **Superior benefits for part-time workers since the 1990s**

- Comprehensive health insurance
- Stock ownership through "Bean Stock" program
- 401k retirement benefit

✓ **Starbucks College Achievement Plan introduced in June 2014**

- Full tuition coverage for a four-year degree at Arizona State University's online program

✓ **Savings from corporate tax reform shared with partners**

- Second wage increase in addition to the regular annual increase
- Special stock grant of $500 for retail partners and $2,000 for store managers
- New Partner and Family Sick Time Benefit
- Expanded parental leave to include all non-birth parents

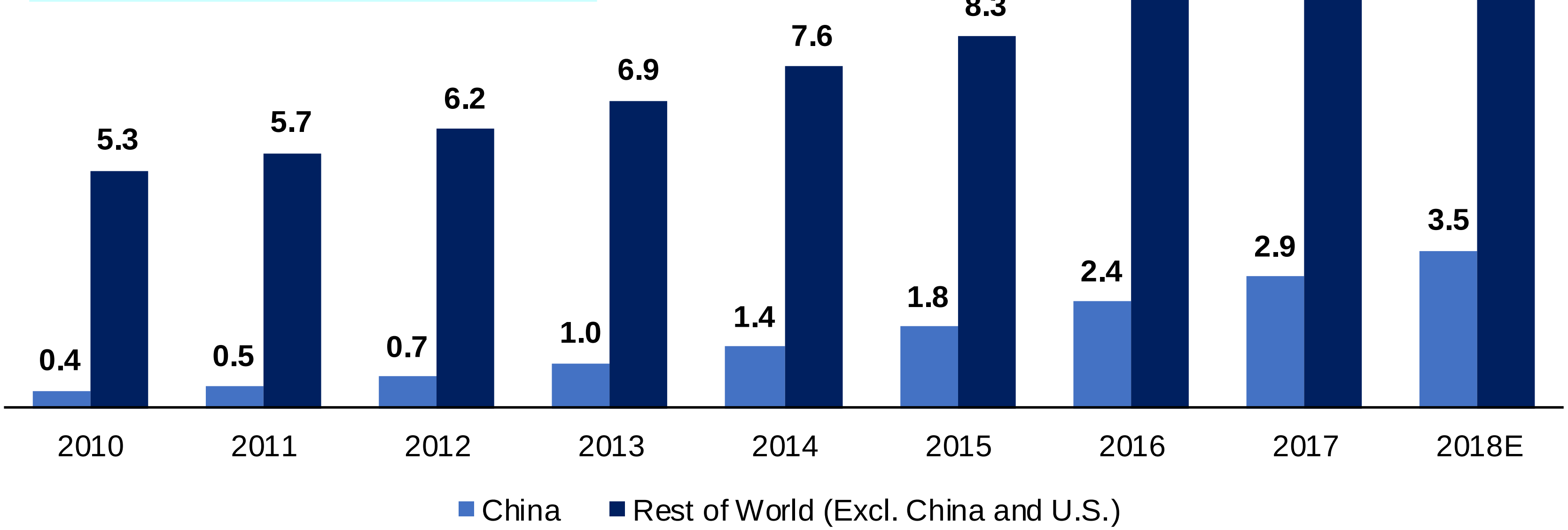
Strong International Unit Growth Led by China

Robust international unit growth should continue, led by China and other significantly underpenetrated regions overseas

China & Rest of World (Ex-China) Units ('000s): FY 2010 to 2018E

FY 2010 to 2018E CAGR:

China	31%
Rest of World (Ex-China)	10%
Total	12%

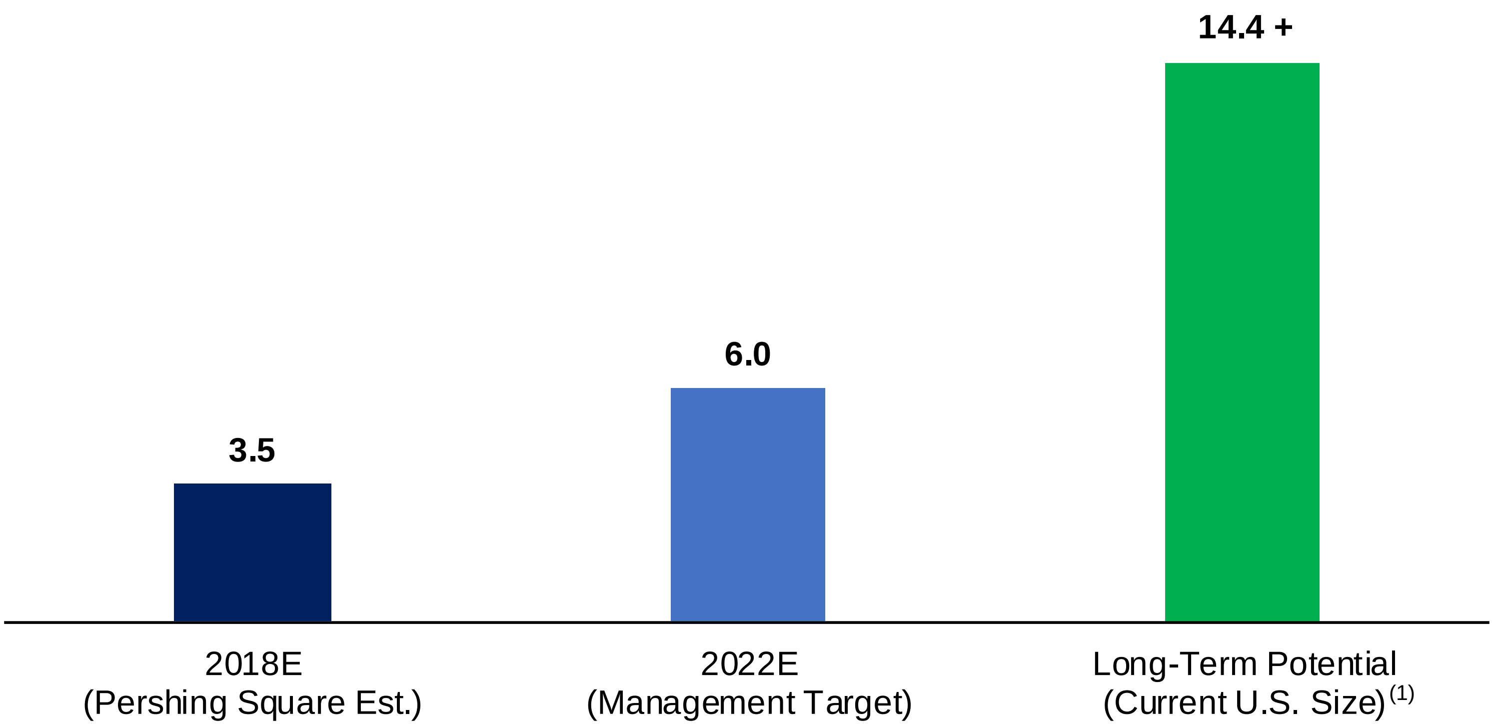


Source: 2010-2017 as per SBUX public filings, 2018E as per Pershing Square estimates.

Long Runway for Growth in China

Starbucks plans to nearly double its units in China over the next four years, and estimates that China will ultimately surpass the size of the U.S. business

Starbucks Store Count in China ('000s)



Source: Pershing Square estimates for 2018E; Starbucks management commentary for 2022E and long-term potential.
(1) Based on management commentary that the company expects the size of its China business to be bigger than its U.S. business over the long-term.

Wide Competitive Moat in China

While competition in China has recently intensified, we believe that Starbucks has a defensible moat underpinned by several key advantages

✓ **Global brand operating in China for nearly 20 years**

- Synonymous with the highest-quality coffee and a premium “third-place” experience
- Local upstart Luckin only began operations in January, while Costa entered China in 2006 and is not well-known outside the UK

✓ **Scale and industry leadership position**

- ~3,400 stores in China today, more than 3x as many as Luckin and 7x as many as Costa
- Leading loyalty program with 7 million, 90-day active My Starbucks Rewards members
- Partnership with Alibaba-owned Ele.me to roll out delivery across China in 2019

✓ **Vertical integration ensures quality control and supplier availability**

✓ **First-mover advantage in most desirable real estate locations**

✓ **Profitable operating model with no need for venture funding to fund growth**

✓ **Excellent operational and management skills**

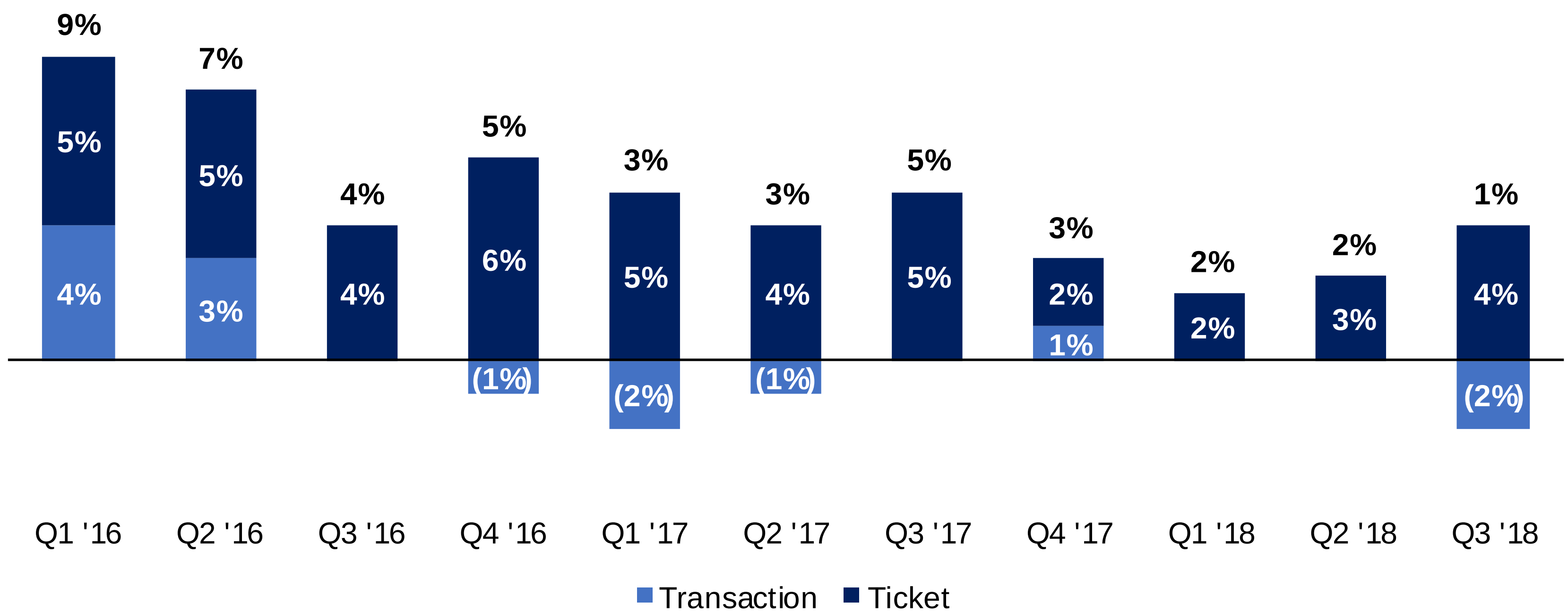
- Learnings from other Western brands that have succeeded in China, most notably KFC
- Can quickly hire, train, and develop best-in-class talent

Situation Overview

Recent Same Store Sales Growth: Americas

Americas SSS growth has steadily decelerated since the beginning of FY 2016 and transactions have been roughly flat since the end of FY 2016

Americas SSS Growth: FQ1 2016 to FQ3 2018



Transaction declines and ticket growth from Q3'16 to Q2'17 are somewhat overstated due to change in loyalty program in Q3'16, which reduced incentive for transaction splitting

Source: SBUX public filings.

Recent Same Store Sales Growth: Americas (Cont.)

The deceleration in SSS growth since FY 2016 has been primarily driven by weakness in Frappuccino and some softness in core beverage platforms

U.S. Company-Operated SSS Growth Contribution by Product: FY 2015 to 2018 YTD

	% of Rev.	2015	2016	2017	9M'18
Core Beverage (Implied)	56%	1%	2%	(0%)	(0%)
Food	22%	2%	1%	1%	1%
Teavana & Refreshment	12%	1%	1%	1%	1%
Frappuccino	11%	2%	(0%)	(0%)	(1%)
Price (Estimated)		2%	2%	2%	2%
Same-Store Sales		7%	6%	3%	2%

Source: Pershing Square estimates based on Starbucks public filings and management commentary.

Reduced Long-Term Growth Targets

The recent slowdown in same-store sales was the driving force for the reduction in Starbucks' long-term financial growth targets at the end of FY 2017

Long-Term Financial Targets

	Previous	Revised (Q4 '17)
Same-Store Sales Growth	Mid-Single-Digits	3% to 5%
Revenue Growth	>10%	High-Single-Digits
EPS Growth	15% to 20%	>= 12%
ROIC	>= 25%	>= 25%

Starbucks is unlikely to achieve even the low end of its long-term SSS target in 2018 (9M'18 SSS were 2%; guidance for Q4'18 is 3%), causing concern the company will reduce targets further

Potential Causes of U.S. SSS Weakness

- **Increased competition at the high and low-end**
  - Boutique coffee shops offer more premium options than Starbucks
  - McDonald's $2 small espresso-based drinks appeal to cost-conscious customers
- **Rapid acceptance of mobile order & pay ("MO&P") caused traffic congestion at peak times, resulting in lost sales**
  - Organizational focus on fixing MO&P issues may have caused management to "take its eye off the ball" with regard to product innovation, marketing, and operations
- **Weakness in the afternoon daypart due to recent consumer shift away from Frappuccino and lack of food innovations**
  - Afternoon has highest consumption of cold beverages and food, as well as the highest concentration of infrequent customers
- **Change from <u>transaction-based</u> to <u>spend-based</u> loyalty program has negatively impacted sales from frequent, lower-ticket customers**
- **Sales cannibalization from increased licensed unit growth**

Actions to Address U.S. SSS Weakness

Management has announced a series of actions to reinvigorate U.S. SSS growth over the next several years

✓ **Focus on premium product innovation and new boutique store concepts**

- New store concepts (Roastery and Reserve) provide Starbucks with a brand halo and pipeline of premium product innovation to compete with high-end, independent boutiques
- New product innovation further differentiates Starbucks from low-cost coffee players

✓ **Increased store labor and rollout of improved mobile order & pay app should reduce traffic congestion at peak times**

- Improved labor scheduling model to increase store labor at peak times
- Mobile order & pay app will more accurately reflect estimated wait times and provide text message notification

✓ **Innovation in healthier cold beverages and food**

- New rollout of all-natural Teavana shaken iced teas
- Focus on cold coffee platforms (cold foam, cold espresso, cold brew, nitro)
- Rollout of freshly-prepared Mercato food platform

Actions to Address U.S. SSS Weakness (Cont.)

Management has announced a series of actions to reinvigorate U.S. SSS growth over the next several years

- ✓ **Upcoming loyalty program improvements will provide more benefit to low-ticket, high-frequency customers and focus on customized offers**
  - Lower redemption thresholds for lower-cost items improves utility of program
  - Customized offers based on past history to incentivize additional purchases
  - New digital relationships with less frequent customers
- ✓ **Slowdown in U.S. licensed growth to focus on owned growth in key markets**
  - Reduces potential cannibalization
  - Improves operational control
- ✓ **Improved management focus on core business through divestitures of non-core businesses**
- ✓ **New leader of U.S. business with extensive operational experience appointed in February 2018**

Thoughts on Current Leadership Team

- **Recent actions by new CEO Kevin Johnson are encouraging**
  - *Portfolio restructuring:* Nestle CPG and Tazo transactions, closure of Teavana stores, improved mix of owned and licensed businesses
  - *Significant cost reduction initiative:* SG&A target of 3.5% of systemwide sales from 4.5%
  - *Sizeable share repurchase program:* ~$19bn three-year target from FY 2018-2020
- **Deep internal bench of long-tenured, talented executives**
  - Cliff Burrows (head of Siren Retail) and John Culver (head of International) played leading roles in the 2008 turnaround
- **New external hires can provide fresh perspectives**
  - Former Sam's Club CEO Roz Brewer joined as COO in October 2017
  - Former Hyatt Hotels and Yum! Brands CFO Pat Grismer replacing retiring Starbucks CFO Scott Maw in November

We believe Starbucks' recent challenges are fixable with appropriate management execution

Financials & Valuation

Recent Financial Performance

SBUX has grown EPS in the mid to high-teens driven by revenue growth from SSS and new units, as well as operating leverage and buybacks

($ in millions | FYE Sept. 30)	2013	2014	2015	***53rd Wk*** 2016	2017	2018E	CAGR '13-'18E
Revenue	**$14,867**	**$16,448**	**$19,163**	**$21,316**	**$22,387**	**$24,566**	**11%**
Growth		*11%*	*17%*	*11%*	*5%*	*10%*	
Organic		*11%*	*12%*	*10%*	*8%*	*6%*	*9%*
SSS		*6%*	*7%*	*6%*	*3%*	*2%*	*5%*
Units & Other		*5%*	*5%*	*4%*	*5%*	*5%*	*5%*
EBIT	**$2,207**	**$2,795**	**$3,406**	**$3,914**	**$4,021**	**$4,169**	**14%**
Margin	*14.8%*	*17.0%*	*17.8%*	*18.4%*	*18.0%*	*17.0%*	
Growth		*27%*	*22%*	*15%*	*3%*	*4%*	
JV Income	251	268	250	318	391	300	4%
Interest Income / (Expense)	16	8	(28)	27	89	33	
Pre-Tax Profit	**$2,474**	**$3,072**	**$3,628**	**$4,259**	**$4,502**	**$4,502**	**13%**
Growth		*24%*	*18%*	*17%*	*6%*	*0%*	
Taxes	(805)	(1,035)	(1,230)	(1,425)	(1,490)	(1,127)	
Tax Rate	*32.5%*	*33.7%*	*33.9%*	*33.5%*	*33.1%*	*25.0%*	
Net Income	**$1,669**	**$2,037**	**$2,396**	**$2,832**	**$3,012**	**$3,375**	**15%**
Growth		*22%*	*18%*	*18%*	*6%*	*12%*	
Diluted Shares	1,525	1,526	1,513	1,487	1,462	1,402	(2%)
Growth		*0%*	*(1%)*	*(2%)*	*(2%)*	*(4%)*	
EPS	**$1.09**	**$1.33**	**$1.58**	**$1.91**	**$2.06**	**$2.41**	**17%**
Growth		*22%*	*19%*	*20%*	*8%*	*17%*	

Source: SBUX public filings, Pershing Square estimates.

Projected SSS Growth

We conservatively estimate that SBUX should be able to generate SSS growth of at least 3% in the U.S., with 5% achievable even if Frappuccino continues to decline

U.S. Same-Store Sales Growth Framework

	% of Revenue	Est. YoY Growth		Contribution to SSS	
		Base	Upside	Base	Upside
Core Beverage	56%	1%	2%	0.5%	1.0%
Food	22%	5%	7%	1.0%	1.5%
Teavana & Refreshment	12%	8%	13%	1.0%	1.5%
Frappuccino	11%	(9%)	(5%)	(1.0%)	(0.5%)
SSS from Transactions & Mix		**2%**	**4%**	**1.5%**	**3.5%**
Pricing		2%	2%	1.5%	1.5%
Same-Store Sales		**3%**	**5%**	**3.0%**	**5.0%**

The U.S. will remain the company's largest business for the foreseeable future and will drive over 70% of consolidated SSS growth over the next several years

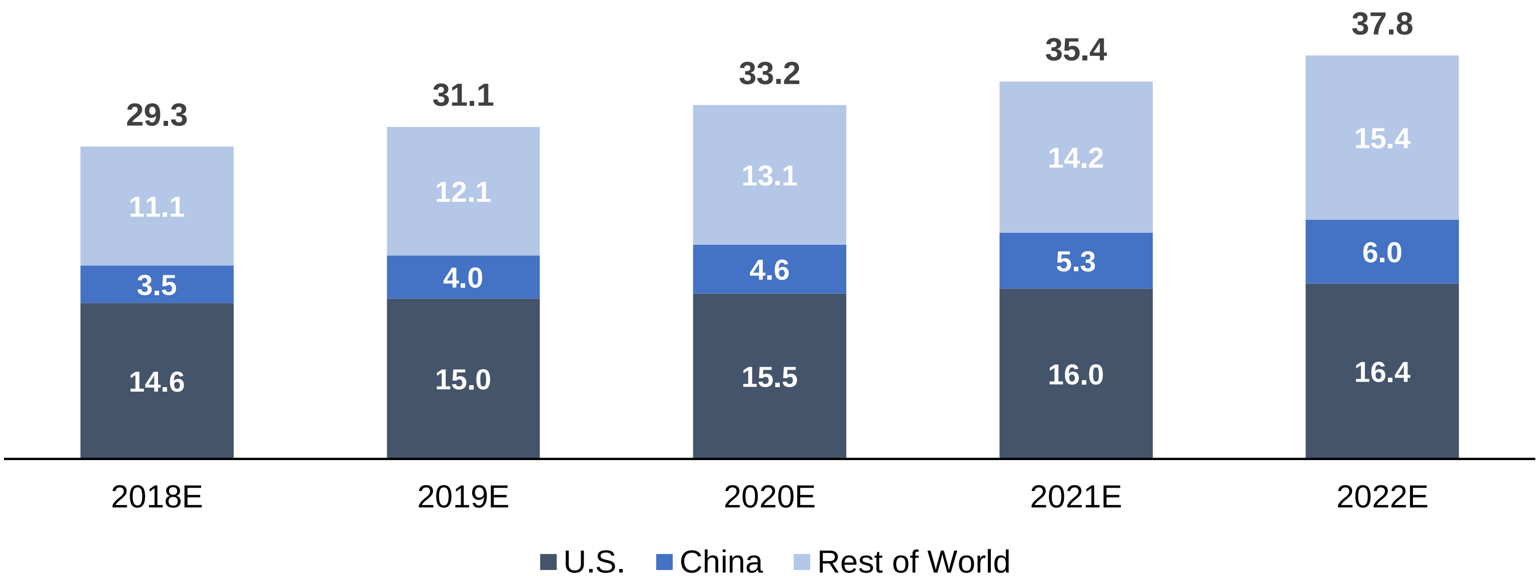
Source: Pershing Square estimates.

Projected Net Unit Growth

We forecast high-single-digit revenue growth underpinned by ~7% annual net unit growth led by China as well as other underpenetrated regions

Projected Unit Count at Year-End

'18E-'22E Net Unit CAGR	
U.S.	3%
China	14%
Rest of World	8%
Consolidated	**7%**

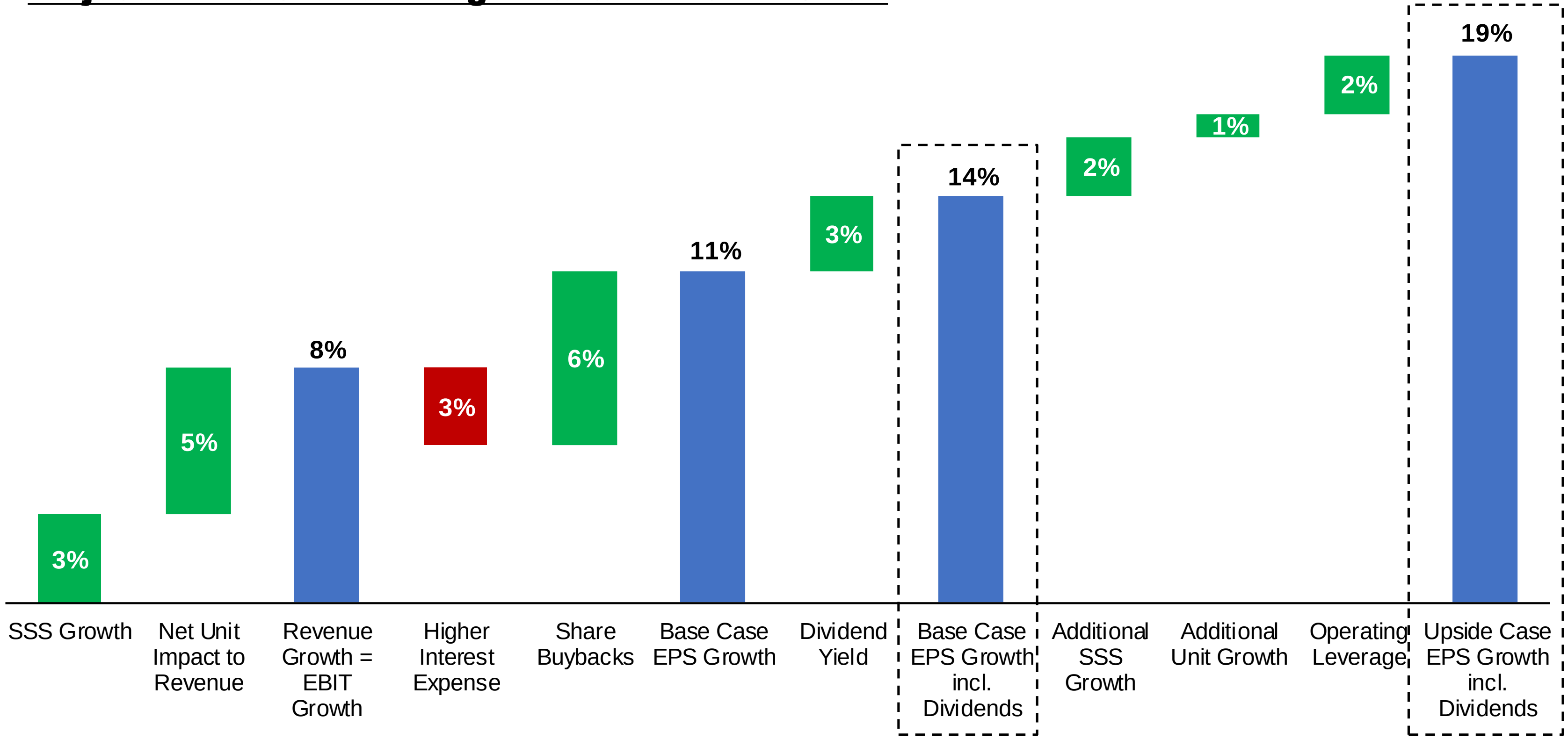


Source: Pershing Square estimates.

Projected EPS Growth

We believe that SBUX's robust unit growth pipeline combined with management's sizeable capital return plan will drive EPS growth including dividends in the mid-teens or higher over the next four years

Projected EPS Growth Bridge: 2018E to 2022E CAGR



Source: Pershing Square estimates.

Valuation Range

If SSS and valuation revert closer to historical average levels, we believe that SBUX shares can more than double over the next three years

Summary Valuation	Base	Upside
2022E EPS	$3.70	$4.35
'18E-'22E CAGR	*11%*	*16%*
'22E YoY Growth	*12%*	*17%*
P/E Multiple	25.0x	27.0x
Implied Share Price at 9/30/21	**$93**	**$117**
Plus: 3 Years of Dividends	5	5
Impl. Value Per Share at 9/30/21	**$97**	**$122**
Premium To Current	***75%***	***119%***
3-Year IRR	***20%***	***30%***

We estimate that SBUX will generate a three-year IRR of at least 20% at current prices, with limited downside risk

Source: Pershing Square estimates.
Note: Projections exclude $179mm of annual pretax non-cash revenue related to the amortization of the upfront payment received in the Nestle transaction ($0.12 per share in 2022).

Valuation Range: Downside Sensitivity

We estimate that SBUX will generate a three-year IRR of at least 12% if annual EPS growth is ≥ 9% and its P/E multiple is ≥ 21x

EPS CAGR Sensitivity

		'18E-'22E EPS CAGR			
		Same-Store Sales CAGR: '18E-'22E			
		1%	**2%**	**3%**	**4%**
Net Unit CAGR '18E-'22E	**4%**	6%	7%	9%	10%
	5%	7%	8%	10%	11%
	6%	8%	10%	11%	12%
	7%	9%	11%	12%	13%
	8%	10%	12%	13%	14%

3-Year IRR Sensitivity

		3-Year IRR				
		P/E Multiple				
		21.0x	**22.0x**	**23.0x**	**24.0x**	**25.0x**
EPS CAGR '18-22E	**6%**	7%	9%	10%	12%	13%
	8%	10%	11%	13%	14%	16%
	10%	12%	14%	15%	17%	19%
	12%	15%	16%	18%	20%	21%
	14%	17%	19%	21%	22%	24%

Over the last five years, EPS growth has averaged 17% and SBUX's P/E multiple has averaged 26x

Source: Pershing Square estimates.

Starbucks: Summary Investment Thesis

Dominant brand in the secularly growing and attractive coffee category

Strong unit economics and customer value proposition proven over decades

Long-term HSD revenue growth is underpinned by international unit growth

Recent slowdown in U.S. SSS is fixable with remedial actions underway

Early days for a new leadership team, but encouraging actions taken to date

Rare opportunity to own one of the world's best businesses at a discount

Potential for SBUX shares to more than double in value over the next three years