

VIREO CAPITAL RESEARCH

Equity Research · October 17, 2026 · Market data through October 16, 2026

STARBUCKS CORPORATION · NASDAQ: SBUX

Consumer Discretionary · Restaurants · Vireo Capital Research

| RATING        | PRICE TARGET  | CURRENT PRICE | UPSIDE / DOWN | MARKET CAP | P/E (FWD) | EV / EBITDA       | 52-WEEK RANGE       |
|---------------|---------------|---------------|---------------|------------|-----------|-------------------|---------------------|
| SELL          | \$50.12       | \$97.52       | (48.6%)       | \$111.15B  | 39.9x     | 33.0x             | \$77.99–\$110.51    |
| REVENUE (TTM) | EBITDA MARGIN | FCF (TTM)     | NET MARGIN    | DIV YIELD  | BETA      | NET DEBT / (CASH) | NEXT EARNINGS       |
| \$37.000B     | 12.0%         | \$2.500B      | 7.0%          | 2.6%       | 0.95x     | \$18.850B         | 4 FY2026 (upcoming) |

INVESTMENT SUMMARY

Starbucks is pursuing its Back to Starbucks operational turnaround. The global brand and loyalty platform provide a durable customer base, but the current valuation prices in significant margin recovery. Our scenario forecasts reflect revenue growth, store productivity improvements and cost risks. The enterprise-to-equity adjustment uses the October 16 market EV less market cap (\$18.85B), not a claim that this amount equals financial net debt. The forecast and multiples are explicitly Vireo analyst assumptions.

Q3 FY2026 EARNINGS / MARKET UPDATE

| KEY CATALYSTS                                        | KEY RISKS                                 |
|------------------------------------------------------|-------------------------------------------|
| · Recovery in U.S. transactions and store throughput | · Labor, coffee and occupancy inflation   |
| · Brand loyalty and international expansion          | · Valuation already discounts recovery    |
| · Labor productivity and digital order improvements  | · Competition and discretionary spending  |
| · Strong recurring beverage demand                   | · Execution and international uncertainty |
|                                                      |                                           |
|                                                      |                                           |

PRICE TARGET SUMMARY — BLENDED METHODOLOGY

| Methodology                                                              | Weight | Implied Price | Commentary                      |
|--------------------------------------------------------------------------|--------|---------------|---------------------------------|
| DCF (5-year)                                                             | 0.6    | \$37.63       | 9.0% WACC; 2.5% terminal growth |
| EV/FCF                                                                   | 0.25   | \$57.18       | 28.0x FY2027E Adjusted FCF      |
| P/E                                                                      | 0.15   | \$88.32       | 22.0x FY2027E non-GAAP EPS      |
| BLENDED PRICE TARGET · 100% · \$50.12 · -48.6% upside from current price |        |               |                                 |

Educational equity research only. Market price: Oct 16 2026. Report: Oct 17 2026. FY2026E–FY2030E are analyst estimates. Sources: Starbucks Q3 FY26 IR; June 2026 10-Q; stockanalysis.com; investing.com.

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STARBUCKS · 5-YEAR DCF · October 17, 2026

| Starbucks                                              | FY2026E    | FY2027E                                                                                                                                            | FY2028E  | FY2029E  | FY2030E  | TERMINAL | OUTPUT |  |
|--------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|--------|--|
| A. REVENUE BUILD (\$MM)                                |            |                                                                                                                                                    |          |          |          |          |        |  |
| Total Revenue                                          | 37,000.0   | 38,480.0                                                                                                                                           | 40,404.0 | 42,626.0 | 44,757.0 |          |        |  |
| YoY Growth %                                           | 2.8%       | 4.0%                                                                                                                                               | 5.0%     | 5.5%     | 5.0%     |          |        |  |
| North America revenue                                  | 27,000.0   | 28,080.0                                                                                                                                           | 29,484.0 | 31,105.0 | 32,660.0 |          |        |  |
| International revenue                                  | 8,000.0    | 8,320.0                                                                                                                                            | 8,736.0  | 9,217.0  | 9,678.0  |          |        |  |
| Channel Development                                    | 2,000.0    | 2,080.0                                                                                                                                            | 2,184.0  | 2,304.0  | 2,419.0  |          |        |  |
| Other revenue                                          | -          | -                                                                                                                                                  | -        | -        | -        |          |        |  |
| B. EBITDA & FREE CASH FLOW (\$MM)                      |            |                                                                                                                                                    |          |          |          |          |        |  |
| Adjusted EBITDA                                        | 4,995.0    | 5,579.6                                                                                                                                            | 6,262.6  | 7,033.3  | 7,832.5  |          |        |  |
| Adjusted EBITDA Margin %                               | 13.5%      | 14.5%                                                                                                                                              | 15.5%    | 16.5%    | 17.5%    |          |        |  |
| EBIT (Operating Income)                                | 2,775.0    | 3,270.8                                                                                                                                            | 3,838.4  | 4,475.7  | 5,147.1  |          |        |  |
| EBIT Margin %                                          | 7.5%       | 8.5%                                                                                                                                               | 9.5%     | 10.5%    | 11.5%    |          |        |  |
| (-) Cash Taxes                                         | 693.8      | 817.7                                                                                                                                              | 959.6    | 1,118.9  | 1,286.8  |          |        |  |
| NOPAT                                                  | 2,081.3    | 2,453.1                                                                                                                                            | 2,878.8  | 3,356.8  | 3,860.3  |          |        |  |
| (+) D&A                                                | 518.0      | 538.7                                                                                                                                              | 565.7    | 596.8    | 626.6    |          |        |  |
| (-) Capital Expenditures                               | 222.0      | 230.9                                                                                                                                              | 242.4    | 255.8    | 268.5    |          |        |  |
| Other Cash Conversion / NWC                            | 122.8      | 240.5                                                                                                                                              | 353.5    | 479.5    | 481.1    |          |        |  |
| Normalized FCF Margin %                                | 6.8%       | 7.8%                                                                                                                                               | 8.8%     | 9.8%     | 10.5%    |          |        |  |
| Normalized Free Cash Flow                              | 2,500.1    | 3,001.4                                                                                                                                            | 3,555.6  | 4,177.3  | 4,699.5  |          |        |  |
| C. DCF CALCULATION                                     |            |                                                                                                                                                    |          |          |          |          |        |  |
| Discount Period                                        | 1          | 2                                                                                                                                                  | 3        | 4        | 5        |          |        |  |
| Normalized FCF (from Section B)                        | \$2,500    | \$3,001                                                                                                                                            | \$3,556  | \$4,177  | \$4,699  |          |        |  |
| Discount Factor = 1/((1+WACC)^t                        | 0.9174     | 0.8417                                                                                                                                             | 0.7722   | 0.7084   | 0.6499   |          |        |  |
| PV of Free Cash Flow                                   | \$2,294    | \$2,526                                                                                                                                            | \$2,746  | \$2,959  | \$3,054  |          |        |  |
| D. KEY ASSUMPTIONS                                     |            |                                                                                                                                                    |          |          |          |          |        |  |
| WACC                                                   | 9.0%       | Base-case WACC reflecting a 5.01% 10Y Treasury yield, 1.16 beta, and mature-platform risk                                                          |          |          |          |          |        |  |
| Terminal Growth Rate                                   | 2.5%       | Long-term growth assumption below nominal platform growth                                                                                          |          |          |          |          |        |  |
| Tax Rate                                               | 25.0%      | Normalized long-run cash tax rate                                                                                                                  |          |          |          |          |        |  |
| Risk-Free Rate (Rf)                                    | 5.1%       | U.S. 10-Year Treasury yield on Sep. 18, 2026                                                                                                       |          |          |          |          |        |  |
| Equity Risk Premium                                    | 5.0%       | Base-case mature U.S. equity risk premium assumption                                                                                               |          |          |          |          |        |  |
| Beta (5Y Monthly)                                      | 95.0%      | Public market beta as of Sep. 18, 2026                                                                                                             |          |          |          |          |        |  |
| EV less equity value (\$MM; includes leases)           | 18,850.0   | SEC Sept 2026 as-adjusted debt principal \$17,868m less cash \$10,058m and estimated short-term investments \$530m; excludes other EV adjustments. |          |          |          |          |        |  |
| Diluted Shares (mm)                                    | 1,140.0    | Current shares outstanding rounded to 2.04B                                                                                                        |          |          |          |          |        |  |
| Terminal EV/EBITDA Check                               | 9.5        | Terminal value divided by FY2030E Adjusted EBITDA                                                                                                  |          |          |          |          |        |  |
| FY2027E Adj. EBITDA (\$mm)                             | 5,579.6    | Used in the relative                                                                                                                               |          |          |          |          |        |  |
| E. VALUATION OUTPUT                                    |            |                                                                                                                                                    |          |          |          |          |        |  |
| Sum of PV of Forecast FCFs (\$mm)                      | \$13,579   |                                                                                                                                                    |          |          |          |          |        |  |
| Terminal Value — Gordon Growth Model (\$               | \$74,107   |                                                                                                                                                    |          |          |          |          |        |  |
| PV of Terminal Value (\$mm)                            | \$48,165   |                                                                                                                                                    |          |          |          |          |        |  |
| Enterprise Value (\$mm)                                | \$61,744   |                                                                                                                                                    |          |          |          |          |        |  |
| (-) Net Debt / (+) Net Cash (\$mm)                     | (\$18,850) |                                                                                                                                                    |          |          |          |          |        |  |
| Equity Value (\$mm)                                    | \$42,894   |                                                                                                                                                    |          |          |          |          |        |  |
| ÷ Diluted Shares Outstanding (mm)                      | 1,140      |                                                                                                                                                    |          |          |          |          |        |  |
| DCF Implied Share Price                                | \$37.63    |                                                                                                                                                    |          |          |          |          |        |  |
| Current Market Price                                   | \$97.52    |                                                                                                                                                    |          |          |          |          |        |  |
| Implied Upside / (Downside)                            | (61.4%)    |                                                                                                                                                    |          |          |          |          |        |  |
| F. SENSITIVITY ANALYSIS — DCF IMPLIED SHARE PRICE (\$) |            |                                                                                                                                                    |          |          |          |          |        |  |
| TGR ↓ / WACC →                                         |            | 7.0%                                                                                                                                               | 8.0%     | 9.0%     | 10.0%    | 11.0%    |        |  |
|                                                        | 2.0%       | \$56.05                                                                                                                                            | \$43.42  | \$34.42  | \$27.68  | \$22.44  |        |  |
|                                                        | 2.5%       | \$63.04                                                                                                                                            | \$48.01  | \$37.63  | \$30.02  | \$24.22  |        |  |
|                                                        | 3.0%       | \$71.78                                                                                                                                            | \$53.52  | \$41.37  | \$32.70  | \$26.22  |        |  |
|                                                        | 3.5%       | \$83.01                                                                                                                                            | \$60.26  | \$45.80  | \$35.80  | \$28.48  |        |  |
|                                                        | 4.0%       | \$97.99                                                                                                                                            | \$68.67  | \$51.10  | \$39.41  | \$31.07  |        |  |

# VIREO CAPITAL RESEARCH

STARBUCKS · TRADING COMPARABLES & VALUATION · Oct 16, 2026

| Company           | Ticker       | Mkt Cap (\$B) | EV (\$B) | Revenue (\$B) | EV/Revenue | EV/EBITDA | P/E (Fwd) | Rev Growth | EBITDA Margin | FCF Yield |
|-------------------|--------------|---------------|----------|---------------|------------|-----------|-----------|------------|---------------|-----------|
| Starbucks         | SBUX         | 111.15        | 130.00   | 37.00         | 3.5x       | 33.0x     | 39.9x     | 3.0%       | 12.0%         | 2.3%      |
| McDonald's        | MCD          | 210.00        | 265.00   | 27.00         | 9.8x       | 19.0x     | 25.0x     | 4.0%       | 48.0%         | 3.5%      |
| Chipotle          | CMG          | 41.00         | 38.00    | 12.00         | 3.2x       | 25.0x     | 30.0x     | 8.0%       | 17.0%         | 2.5%      |
| Yum! Brands       | YUM          | 42.00         | 55.00    | 8.00          | 6.9x       | 17.0x     | 23.0x     | 5.0%       | 35.0%         | 3.5%      |
| Restaurant Brands | QSR          | 25.00         | 40.00    | 9.00          | 4.4x       | 14.0x     | 19.0x     | 5.0%       | 30.0%         | 4.0%      |
| Domino's          | DPZ          | 15.00         | 20.00    | 5.00          | 4.0x       | 17.0x     | 22.0x     | 5.0%       | 20.0%         | 3.5%      |
| Dutch Bros        | BROS         | 8.00          | 9.00     | 2.00          | 4.5x       | 25.0x     | 45.0x     | 22.0%      | 16.0%         | 1.0%      |
|                   |              |               |          |               |            |           |           |            |               |           |
|                   |              |               |          |               |            |           |           |            |               |           |
| 25th Percentile   | Public Peers | 20.00         | 29.00    | 6.50          | 3.8x       | NM        | 22.5x     | 4.5%       | NM            | NM        |
| Median            | Public Peers | 41.00         | 40.00    | 9.00          | 4.4x       | NM        | 25.0x     | 5.0%       | NM            | NM        |
| 75th Percentile   | Public Peers | 76.58         | 92.50    | 19.50         | 5.7x       | NM        | 34.9x     | 6.5%       | NM            | NM        |
| Mean              | Public Peers | 64.59         | 79.57    | 14.29         | 5.2x       | NM        | 29.1x     | 7.4%       | NM            | NM        |

## IMPLIED VALUATION FROM TRADING COMPARABLES

| Methodology   | Multiple Applied | Reference Metric | Implied EV (\$B) | Implied Price |  |  |  |  |  |  |
|---------------|------------------|------------------|------------------|---------------|--|--|--|--|--|--|
| EV / FCF      | 28.0x            | 3.00             | 84.04            | \$57.18       |  |  |  |  |  |  |
| EV / Revenue  | 2.5x             | 38.48            | 96.20            | \$67.85       |  |  |  |  |  |  |
| P/E (forward) | 32.0x            | \$2.8            | \$88.3           | \$88.32       |  |  |  |  |  |  |

|                       |         |              |         |         |
|-----------------------|---------|--------------|---------|---------|
| Blended Implied Price | \$50.12 | vs. Current: | \$97.52 | (48.6%) |
|-----------------------|---------|--------------|---------|---------|

## COLOR CODING LEGEND

|            |                                                                         |
|------------|-------------------------------------------------------------------------|
| Blue text  | Hardcoded inputs — numbers the analyst changes for scenarios or updates |
| Black text | Formulas and calculations — do not overwrite                            |
| Green text | Cross-sheet links pulling from another tab in this workbook             |

Sources: Starbucks Q3 FY26 IR and 10-Q; Oct 16 SBUX market data. Peer rows are scenario assumptions, NOT verified live peer quotes.

All peer capitalization, EV, revenue and multiples shown are illustrative analyst inputs; do not represent contemporaneous quotes.

Equity bridge uses \$130B EV less \$111.15B market cap = \$18.85B; leases and other claims may be included.