VALUATION PROJECT: STARBUCKS CORPORATION

LYNN UNIVERSITY

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The financial market fascinates a lot people with its "money aura", the possibility of achieving financial success in an extremely easy and quick manner. It is an environment full of different terms for newcomers such as bearish, dovish, buy, hold, sell, hedge, commodities and so many others but, suddenly, they all become so trivial and part of one's life. All investors have one thing in common, they want to make money and see their investments grow. But where to start, how to see opportunities and how to diminish risks? Yes, to diminish risks, because they will always be around.

To better evaluate which stock to buy, or which project to enter, the first step an investor should take is to have a valuation of the company done before making any decisions. Once an investor finds the valuation of a specific company based on fundamentals, he/she can make more assertive decisions on when to buy or sell stocks. Without a fundamental value, the investor could face short-term fluctuations that do not correspond to the company's long-term potential and believe a bad investment choice was made.

In this project, a meticulous approach of valuation is taken to better analyze the chosen company, Starbucks Corporation.

STARBUCKS CORPORATION (SBUX)

The first Starbucks opened in Seattle, Washington, on March 31, 1971, by three partners who met while they were students at the University of San Francisco: English teacher Jerry Baldwin, history teacher Zev Siegl, and writer Gordon Bowker were inspired to sell high-quality coffee beans and equipment.

Back then, the company was a single store in Seattle's historic Pike Place Market. From just a narrow storefront, Starbucks offered some of the world's finest fresh-roasted whole bean coffees. The name, inspired by *Moby Dick*, evoked the romance of the high seas and the seafaring tradition of the early coffee traders.

In 1981, Howard Schultz (Starbucks chairman and CEO) had first walked into a Starbucks store. From his first cup of Sumatra, Howard was drawn into Starbucks and joined a year later. In 1983, Howard traveled to Italy and became captivated with Italian coffee bars and the romance of the coffee experience. He had a vision to bring the Italian coffeehouse tradition back to the United States. A place for conversation and a sense of community. A third place between work and home. He left Starbucks for a short period of time to start his own *Il Giornale* coffeehouses and returned in August 1987 to purchase Starbucks with the help of local investors. (Starbucks, 2018)

Mission Statement… T*o inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.* (Starbucks, 2018)

RAW MATERIAL AND SUPPLY CHAIN

Coffee grown worldwide can trace its heritage back centuries to the ancient coffee forests on the Ethiopian plateau. There, legend says the goat herder Kaldi first discovered the potential of these beloved beans after he noticed that after eating the berries from a certain tree, his goats became so energetic that they did not want to sleep at night. Later, he reported his findings to a local monastery who made a drink with such berries, and the rest is history. (Wikipedia, 2018)

In 2008, Starbucks' operational costs were rising even though sales were cooling. With expenses of more than US $600 million only on coffee each year, the company was victim of its own success and its extremely rapid expansion. Starbucks implemented a vertically integrated supply chain, where the company is involved in every step of its supply chain process, all the way from the coffee bean to the cup of coffee sold to consumers.

Starbucks began working directly to growers and is committed to only selling 100% ethically sourced Fair-Trade Coffee, a goal achievement in 2015. The company provides to partner coffee growers around the globe social development investments, farmer loan programs, farmer support centers and ethical sourcing programs. Over US $70 million were already invested in these programs and activities, directly improving farmer livelihoods and ensuring a long-term supply of high-quality coffee for the industry.

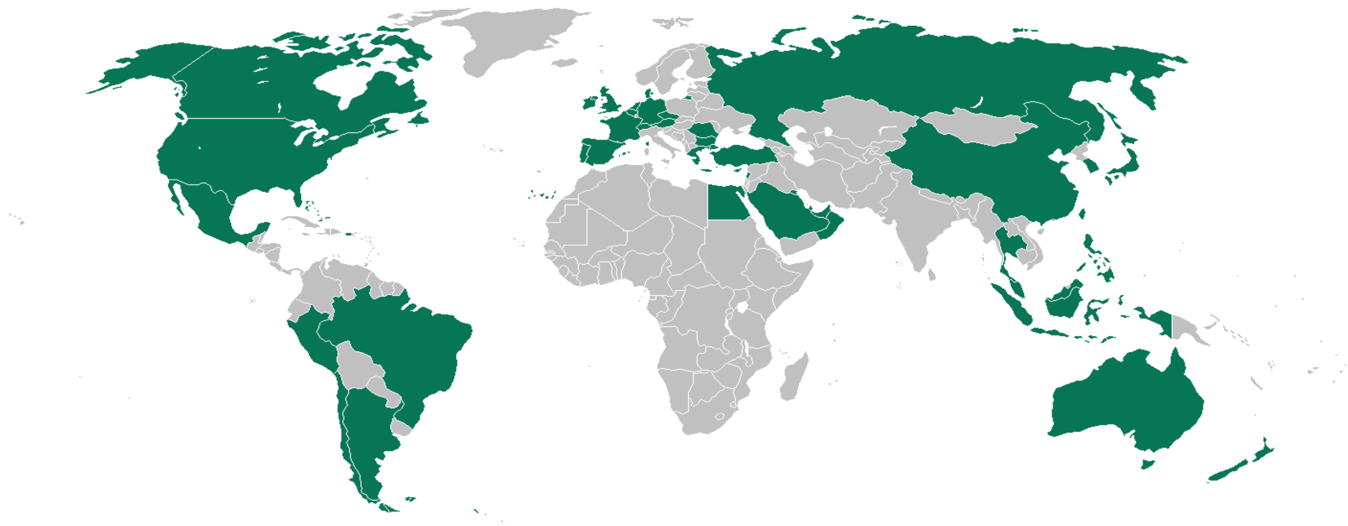
Today, Brazil produces one-third of all coffee beans worldwide, followed by Vietnam, Colombia, Indonesia and Ethiopia. Coffee is a major export commodity, one of the most valuable ones exported by developing countries.

OPERATIONS

Starbucks Corporation purchases and roasts high-quality whole bean coffees and sells them along with fresh, rich-brewed, Italian style espresso beverages, a variety of pastries and confections, and coffee-related equipment primarily through its company-operated retail stores. In addition to sales through its company-operated retail stores, Starbucks sells whole bean coffees through a specialty sales group and supermarkets. Additionally, Starbucks produces and sells bottled Frappuccino coffee drink and a line of premium ice creams through its joint venture partnerships.

The company's objective is to establish Starbucks as the most recognized and respected brand in the world.

GLOBAL FOOT PRINT



Long were the days when walking around Paris, France, was all about having a *100% French experience.* With more than 50 locations in the once traditional French capital, Starbucks has brought not only to France, but to 78 countries and over 28,218 thousand locations, its American-Italian coffee experience.

Winning over tradition… Disney has surrendered to a deal with the company back in 2009 for its France theme park, and in 2012 for the ones in the U.S. Universal theme parks have followed the same partnership steps.

On September 6th, 2018, even with a sign of expected difficulty in winning over tradition-obsessed Italians, Starbucks opened its first store and roastery in Italian soil, in the city of Milan.

Starbucks has been focusing on expanding abroad, especially in China, to offset stagnant sales in the U.S., where the company has been closing stores. (Sylvers, 2018)

STARBUCKS' MARKETING MIX

Starbucks Coffee Company's marketing mix (4Ps) supports the company's industry position as the leading coffeehouse chain in the world.

Products: Coffee, tea, pastries, Frappuccino beverages, smoothies and merchandise.

Place: Cafés, online store, Starbucks app and retailers.

Promotion: Advertising, public relations and sales promotions.

Price: Above competition, aiming to maintain its high-end specialty image.

SWOT ANALYSIS

S

STRENGTHS

- Strong Brand Image
- Extensive Global Supply Chain
- Moderate Diversification through Subsidiaries

W

WEAKNESSES

- High Price Points
- Generalized Standards for Most Products
- Imitability of Products

O

OPPORTUNITIES

- Expansion in Developing Markets
- Business Diversification
- Partnerships or Alliances with other Firms

T

THREATS

- Competition Involving Low-Cost Coffee Sellers
- Imitation
- Independent Coffeehouse Movements

Starbucks operates in various industries that impose different challenges in growing the business. The variety of these industries has increased over time as the company develops more products to complement its core coffeehouse business. The company's marketing mix indicates that Starbucks has expanded its product offerings to include tea, food and merchandise in addition to coffee. The coffeehouse chain business is easy to imitate, with high competition and lower prices. Starbucks must innovate in product development creating a barrier for imitation. A new approach to its pricing could take place. Offerings such as bundle pricing could be efficient to attract new customers and limit competition threats. Finally, a more efficient social action with local communities, especially abroad, could play a differential role for the company instead of relying only as a high end, cool and contemporary coffee shop. (Lombardo, 2018)

COMPETITION

For this project three direct competitor companies were chosen: McDonald's, Whitbread and Dunkin Brands. All companies are in the Food & Beverage business, and they have either similar products or present the same type of structure, thus business.

McDonald's has a different approach for its major business (McDonald's Restaurants), a straight forward lower price, fast-food chain, but the company also has its McCafé which serves as a good comparable for our case.

Acquired by the Coca-Cola Company in August 2018, the brand Costa Coffee (Whitbread) is the largest coffeehouse chain in the UK and the main player in the segment in Europe with more than 3,800 stores.

Dunkin' Brands has been operating its business since 1950, serving more than 3 million customers a day. With more than 11,300 Dunkin' Donuts restaurants in 36 countries, DB is a fierce competitor for SBUX.

FREE CASH FLOW

Free cash flow represents the cash a company generates after cash outflows to support operations and maintain its capital assets. Unlike earnings or net income, free cash flow is a measure of profitability that excludes the non-cash expenses of the income statement and includes spending on equipment and assets as well as changes in working capital.

In order to calculate the FCF, adjustments for growth rate numbers were made based on:

Revenues – average growth of the last 4 years presented in the company's income statement.

Expenses – average growth of the last 4 years presented in the company's income statement.

Depreciation – average growth of the last 4 years presented in the company's cash flow.

Net Fixed Asset – average growth of the last 4 years presented in the company's balance sheet.

Interest Rate – Adjusted based on the ratio Interest Expense/Debt.

Tax Rate – average of the last 5 years.

Net Working Capital/Revenues – average of the last 4 quarters.

	Current	1	2	3	4	5	6
Growth rate in revenues and expenses		11,00%	11,00%	11,00%	11,00%	11,00%	11,00%
Expense growth rate		12,00%	12,00%	12,00%	12,00%	12,00%	12,00%
Depreciation growth rate		15,00%	15,00%	15,00%	15,00%	15,00%	15,00%
Net fixed asset growth rate		14,00%	14,00%	14,00%	14,00%	14,00%	14,00%
Interest rate		3%	3%	3%	3%	3%	3%
Tax rate	20,00%	20,00%	20,00%	20,00%	20,00%	20,00%	20,00%
Net Working Capital (t-1) / Revenues (t)	3%	3%	3%	3%	3%	3%	3%
Estimate firm free cash flow							
Pro-Forma income statement							
($ millions)	**Current**	**1**	**2**	**3**	**4**	**5**	**6**
Revenues	24.720,00	27.439,20	30.457,51	33.807,84	37.526,70	41.654,64	46.236,65
Less: Expenses	17.800,00	19.936,00	22.328,32	25.007,72	28.008,64	31.369,68	
Less: Depreciation	1.310,00	1.506,50	1.732,48	1.992,35	2.291,20	2.634,88	
Earnings before interest and taxes	5.610,00	5.996,70	6.396,72	6.807,77	7.226,86	7.650,08	
Interest expense	175,20	283,20	314,36	348,93	387,32	429,92	
Earnings before taxes	5.785,20	6.279,90	6.711,07	7.156,71	7.614,17	8.080,00	
Taxes	1.157,04	1.255,98	1.342,21	1.431,34	1.522,83	1.616,00	
Net Income	4.628,16	5.023,92	5.368,86	5.725,37	6.091,34	6.464,00	

Pro-Forma balance sheet						
($ millions)	**Current**	**1**	**2**	**3**	**4**	**5**
Net fixed asset	5.929,10	6.759,17	7.705,46	8.784,22	10.014,01	11.415,98
Net Operating Working Capital	878,05	974,64	1.081,85	1.200,85	1.332,95	1.479,57
Debt	9.440,10	10.478,51	11.631,15	12.910,57	14.330,74	15.907,12

Calculate the free cash flow from asset						
Firm free cash flows	**Current**	**1**	**2**	**3**	**4**	**4**
EBIT		5.996,70	6.396,72	6.807,77	7.226,86	7.650,08
Less: Tax on EBIT		1.199,34	1.279,34	1.361,55	1.445,37	1.530,02
NOPAT		4.797,36	5.117,37	5.446,22	5.781,49	6.120,06
Plus: Depreciation		1.506,50	1.732,48	1.992,35	2.291,20	2.634,88
Less: CAPEX		2.336,57	2.678,76	3.071,11	3.520,99	4.036,84
Less: Increase in NWC		96,59	107,21	119,00	132,09	146,62
Free cash flow		**3.870,70**	**4.063,88**	**4.248,45**	**4.419,60**	**4.571,48**

COST OF CAPITAL (WACC)

Weighted average cost of capital (WACC) is a calculation of a firm's cost of capital in which each category of capital is proportionately weighted. To calculate WACC, the cost of each capital component is multiplied by its proportional weight and take the sum of the results. The method for calculating WACC can be seen below:

General assumptions		unit		
Risk free rate (rf)	3,00%	%		
Market risk premium	5,00%	%		
Tax rate	30,00%	%		
Beta	0,25			
Calculate Weight based on market value				
	market value	Book value	unit	Weight based on market value
Debt	1	6,70	billion	7,3%
Preferred	0	0,00	billion	0,0%
Equity	3	84,50	billion	92,7%
Total value(billions)	91,20			100%

Estimate the cost of debt		
Debt rating	Baa1	unit
10 year corporate credit spread	0,99%	%
Risk free rate	3,00%	%
Cost of debt	3,99%	
Estimate the cost of equity with CAPM		
risk free rate (rf)	3,00%	%
market portfoio risk premium (rm - rf)	5,00%	%
beta	0,25	
Cost of equity (re)	4,3%	%

Estimate cost of equity with comparables					
Get unlevered beta from comparables					
	Levered beta	Debt market value	Equity market value	Unlevered beta	D/E ratio
McDonald's	0,19	27.746	141.011	0,166998414	0,196764791
Whitbread	0,89	1.240	10.656	0,822964249	0,116366366
Dunkin' Brands	0,71	2.755	5.863	0,534265546	0,469895958
average				0,50807607	

Relevered from the comparable average			
	Unlevered beta	D/E ratio from market value	Levered beta
Target company - STARBUCKS	0,236853907	0,079289941	0,25
Cost of equity using the levered beta	4,18%		

Cost of equity estimation	4,22%
Estimate the cost of preferred	
Preferred stock (year ending)	0
Preferred stock issued (during year)	0
Redemption of preferred stock (duirng year)	0
Preferred dividend paid (during year)	0
Preferred stock (year beginning)	0
cost of preferred	0,0%

Summary			
Tax rate	30,00%	%	
	Debt (D)	Preferred (P)	Equity (E)
Market value	6,70	0	84,50
% weight	7,3%	0	92,7%
Before tax cost	3,99%	0	4,22%
After tax cost	2,79%	0	4,22%
% weight * After-tax cost	0,21%	0	3,9%
Sum		4,11%	
WACC	4,11%		

FCF Valuation						
	Current	1	2	3	4	5
WACC	4,1%					
Free cash flow from assets		3.870,70	4.063,88	4.248,45	4.419,60	4.571,48
Estimate terminal value						115.959,35
Total cash flow		3.870,70	4.063,88	4.248,45	4.419,60	120.530,83
Current value of firm	113.526,60					
e stock price						
Current value of firm	113.526,60					
Current market value of interest bearing debt	9.440,00					
Current value of preferred	0					
Current value of stock	104.086,60					
# of shares for common stock	1.240,00					
Price per share	83,94					
what is the market price per share	68,11					

Comments: The estimation is a perception of the security's value (SBUX) that factors tangible and intangible factors. It shows an investor the company's overall strength. It does not show how much investors are willing to pay for the stock at that time (market price). The estimation price gives an investor a comparable number to the stock's current market price to better analyses if the stock is under or overvalued.

RELATIVE VALUATION METHOD

A relative valuation model is a business valuation method that compares a company's value to that of its competitors or industry peers to assess the firm's financial worth.

Relative valuation uses multiples, averages, ratios and benchmarks to determine a firm's value. A benchmark is selected by finding an industrywide average, and that average is then used to determine relative value.

As presented in the beginning of this project, the following companies were chosen as comparable: McDonald’s, Whitbread and Dunkin’ Brands.

Given, (all values are in thousands)	Target	Analysis of comparables		
0,00	**Starbucks**	**McDonald's**	**Whitbread**	**Dunkin Brands**
Ticker	SBUX	MCD	WTBDY	DNKN
PERIOD ENDING	09/30/2018	31/12/2017	02/28/2018	31/12/2017
Income Statement ($000)				
Total Revenue	**24.719.500,00**	**22.820.400,00**	**3.295.100,00**	**860.501,00**
Cost of revenue	10.174.500,00	12.199.600,00	385.100,00	137.313,00
Gross Profit	**14.545.000,00**	**10.620.800,00**	**2.910.000,00**	**723.188,00**
Operating Expenses				
Selling, general, and administrative	1.759.000,00	2.231.300,00	0,00	248.975,00
Depreciation, depleletion, and amortization	1.305.900,00	1.363.400,00	229.900,00	41.419,00
Others	10.738.500,00	0,00	1.980.900,00	40.792,00
Operating income or loss	**741.600,00**	**7.026.100,00**	**699.200,00**	**392.002,00**
Income from Continuing Operations				
Total other income/expenses (net)	2.143.800,00	1.105.300,00	-347.200,00	10.289,00
Earnings before interest and taxes	**3.821.100,00**	**8.353.300,00**	**352.000,00**	**433.420,00**
Interest expense	170.300,00	921.300,00	31.700,00	127.178,00
Income before tax	**3.650.800,00**	**7.432.000,00**	**320.300,00**	**306.242,00**
Income tax expense	1.262.000,00	3.381.200,00	112.000,00	-55.499,00
Net income from continuing operations	**2.388.800,00**	**4.050.800,00**	**208.300,00**	**361.741,00**
Nonrecurring Events				
Effect of accounting changes	0,00	0,00	0,00	0,00
Net income	**4.518.300,00**	**5.192.300,00**	**437.500,00**	**391.071,00**
Preferred stock and other adjustments	0,00	0,00	0,00	0,00
Net income applicable to common shares	**4.518.300,00**	**5.192.300,00**	**437.500,00**	**391.071,00**
Balance Sheet ($000)				
Assets				
Current Assets				
Cash and cash equivalents	8.756.300,00	2.463.800,00	29.200,00	1.018.317,00
Short-term investments	181.500,00	0,00	61.400,00	0,00
Net receivables	693.100,00	1.976.200,00	191.100,00	51.442,00
Inventory	1.400.500,00	58.800,00	48.800,00	-
Other current assets	955.400,00	0,00	19.800,00	192.502,00
Total current assets	**11.986.800,00**	**4.498.800,00**	**350.300,00**	**1.262.261,00**
Long-term investments	602.400,00	1.085.700,00	0,00	140.615,00
Property, plant, and equipment	5.929.100,00	22.448.300,00	4.176.000,00	169.005,00
Goodwill	3.451.600,00	2.379.700,00	177.100,00	888.308,00
Other assets	412.200,00	2.562.800,00	65.400,00	65.464,00
Deferred long-term asset charges	134.700,00	0,00	0,00	0,00
Total assets	**22.516.800,00**	**32.975.300,00**	**4.768.800,00**	**2.525.653,00**
Liabilities				
Current Liabilities				
Accounts payable	1.179.300,00	924.800,00	668.200,00	16.307,00
Short/Current long-term debt	349.900,00	0,00	108.900,00	31.500,00
Other current liabilities	1.315.900,00	0,00	29.300,00	96.467,00
Total current liabilities	**2.845.100,00**	**924.800,00**	**806.400,00**	**144.274,00**
Long-term debt	9.090.200,00	29.536.400,00	814.500,00	3.035.857,00
Other liabilities	1.430.500,00	3.525.300,00	53.200,00	87.603,00
Deferred long-term liability charges	0,00	1.119.400,00	0,00	315.249,00
Total Liabilities	**13.365.800,00**	**35.105.900,00**	**1.674.100,00**	**3.582.983,00**
Stockholders' Equity				
Preferred stock	0,00	0,00	0,00	0,00
Common stock	1.300,00	16.600,00	150.400,00	90,00
Retained earnings	1.457.400,00	48.325.800,00	4.594.700,00	-705.007,00
Treasury stock	-330.300,00	-56.504.400,00	-2.015.800,00	-1.060,00
Capital surplus	41.100,00	7.072.400,00	73.200,00	724.114,00
Other stockholders' equity	-330.300,00	-2.178.400,00	-1.826.400,00	-9.690,00
Total stockholders' equity	**1.169.500,00**	**-3.268.000,00**	**2.802.500,00**	**8.447,00**
Total liabilities and stockholders' equity	**14.535.300,00**	**31.837.900,00**	**4.476.600,00**	**3.591.430,00**
Other Financial Data				
Exploration expenses (thousands)	0,00	0,00	0,00	0,00
Shares Outstanding (millions)	1.240,60	770,91	734,55	82,60
Year-end 2017/2018 Closing Price	56,84	172,12	13,88	64,47
Market values (millions)	70.515,70	132.689,03	10.195,55	5.325,22

Solution (All values in thousands)				
	Target	Enterprise Value Calculations		
	SBUX	MCD	WTBDY	DNKN
Interest-bearing debt (ST&LT)	9.440.100,00	29.536.400,00	923.400,00	3.067.357,00
Common equity (price x shares outstanding)	70.515.704,00	132.689.029,20	10.195.554,00	5.325.222,00
Less: Cash and equivalents	8.756.300,00	2.463.800,00	29.200,00	1.018.317,00
Equals: Enterprise value	71.199.504,00	159.761.629,20	11.089.754,00	7.374.262,00
EBITDA	5.127.000,00	9.716.700,00	581.900,00	474.839,00
EV/EBITDA Multiple	13,89	16,44	19,06	15,53
Market values (millions)	70.515,70	132.689,03	10.195,55	5.325,22
Net income applicable to common shares	4.518.300,00	5.192.300,00	437.500,00	391.071,00
P/E Multiple	15,61	25,55	23,30	13,62
Shares Outstanding (millions)	1.240,60	770,91	734,55	82,60
Average from comparables				
EV/EBITDA Multiple	17,01	16,44	19,06	15,53
P/E Multiple	20,83	25,55	23,30	13,62
EBITDA	5.127.000,00			
EV based on EBITDA for SB using comps	87.209.969,90	84.297.948,16	97.709.518,40	79.622.443,13
Plus: Cash	8.756.300,00			
Less: Interest-bearing debt	9.440.100,00			
Equity value	86.526.169,90			
Equity value per share	69,75			
Net income applicable to common shares	4.518.300,00			
Equity value based on P/E Ratio	94.095.263,82	115.464.984,81	105.295.020,89	61.525.785,76
Equity value per share based on P/E multiple	75,85			

Comments: Price of share at $56,84 is not far from estimations calculated using benchmark numbers. To think that the stock has traded at $68,72 this past month (Nov/18) shows that investors are trading the stock at a fairly value price range based on the estimations above.

HYBRID APV METHOD

Free cash flow forecasting						
year	0	1	2	3	4	5
FCF						5.725,90
Terminal value from EBITDA multiple						97397,49299
Total cash flow		4.894,52	5.090,30	5.293,91	5.505,67	103.123,39
Cost of capital (WACC)	4,10%					
Benchmark EV/EBITDA ratio	17,01					
Enterprise value	103.133,49					
less: interest bearning debt	9.440,00					
Equity value	93.693,49					
# of shares outstanding	1.240,60					
price per share	75,52272557					

Comments: SBUX's share has been trading very close to the estimation above as it was traded at $68,72 on 11/08/2018. Fluctuations are extremely normal as we are dealing with variable income investments. Investors might be a little cautious, and even though they might believe in the company's future growth potential, they do not want to be too optimistic until the international scenario clears up a little for 2019 (trade war with China, Brexit and internal political issues).

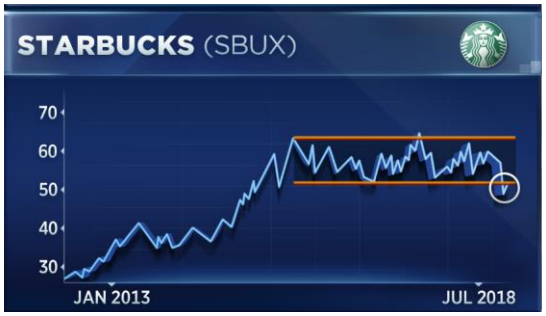
OUTLOOK

Starbucks has invented a new way of doing business. It is a coffee company with a product people love and investors have been rewarded. Whoever invested in the company during its IPO in 1992 would have seen compounded annual growth rate of more than 22% a year.

It is unclear if the company can continue to show such performance in the future. It is impressive that despite a high CAPEX associated with rapid new store openings, Starbucks has been able to deliver over 20% year on year earnings growth in the past 5 years, and it has exceeded the US Hospitality industry average in the past year (56% vs 39.2%).

After emerging big, SBUX starts to look a very mature company. The last 2 years have been a sign of deep market penetration, high investments, U.S. business has been restructured to become more profitable, and over 150 underperforming stores will be closed in 2019.

Dunkin' Donuts' shares, SBUX biggest competitor, have rocketed around 50% higher over the past two years, while SBUX's has fallen more than 10%.

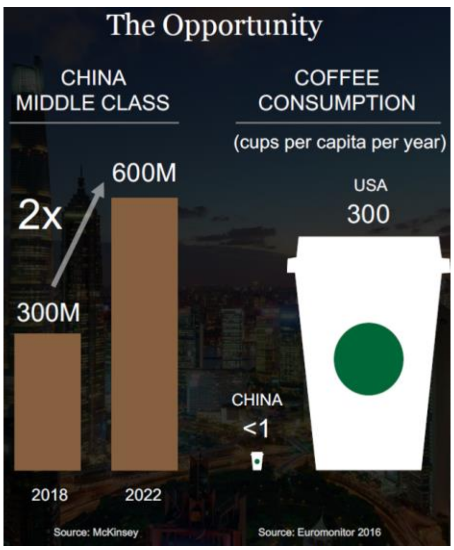


Alternative strategies took place this year. For example, the TAZO brand was sold and the marketing and distribution of its CPG business was outsourced to Nestle (outside the U.S.), a deal that will bring to SBUX US $7.5 billion for the perpetual license. SBUX will also retain significant earnings from this deal, not having to tie capital in operating it.

Starbucks recently converted its stores in Germany, Singapore, Taiwan, and Brazil from company-operated to franchise-operated and is actively exploring similar actions in other markets.

New Market

The company has re-allocated capital towards growth in China and returning cash to shareholders. SBUX opportunity for growth in China is enormous. With an emerging middle class of 300 million people, the population of the U.S., Starbucks expects revenue to more than triple in the next 4 years. Starbucks converted its franchised stores in East China into company-operated stores. The East China transaction included 1,300 stores located in Shanghai, Jiangsu and Zhejiang. Young middle-class Chinese consumer is embracing western coffee culture, and it is not unthinkable that China will outgrow the company's U.S. market in the next 20 years.



(Okapi, 2018)

My take: China will be key, future seems bright **BUY RATED**

The stock has appreciated by 16.3%, including dividends paid, in 2018. Positive momentum may carry on into 2019.

With the restructure appointed by the CEO, I believe SBUX will see Expenses and Capex numbers decrease in the coming years and, hopefully, an increase in revenues due to royalty deals and licensing. Revenue and earnings might decline domestically, with inflationary pressures and minimum wage increase, but internationally, specifically in Asia, numbers should outperform expectations.

Estimations for FCF seem strong and debt (due to restructure) should be reduced. The company also has committed to buy back stocks in the amount of US $15 to $20 billion by the end of 2020, which is good news for shareholders.

Price per share using the Hybrid APV method showed that the number is not too far from current prices, which might indicate that SBUX could be a great investment. The only IF (negative outlook) could be an increase in SBUX debt, in the amount of US $9.49 billion at this moment. Upside could be potential if investors think long term, 5 years.

Buy rate is reiterated, with focus on a strong brand, a reduction cost aggressive business plan, a more integrated than ever supply chain and a strong focus in Asia.

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