

Starbucks' weak margins spook investors despite U.S. and China sales strength

Agustino Fontevecchia

Starbucks posted second quarter earnings after the bell on Thursday, hitting profit estimates and coming in light in terms of revenue. The company noted U.S. sales came in strong and boosted its full year profit guidance.

The Seattle-based coffee retailer saw consolidated operating income jump 26% to \$544 million. In a per share basis, Starbucks earned 48 cents excluding one-time items, right in line with Wall Street's expectations.



Investors sold Starbucks in the after hours session - Photo credit: Wikipedia

Revenue jumped 11% to a record \$3.6 billion, the company said, coming in just below the \$3.59 estimate. In the U.S., Starbucks saw same store sales gain 7%, on both more transactions and higher average ticket. Their Europe, Middle East and Asia unit delivered a 2% contraction in comparable sales growth, while the closely followed China/Asia-Pacific unit grew same store sales 8%.

Looking at its channel development segment, which hosts K-cup and packaged coffee sales, Starbucks saw revenues rise 7% to \$343.5 million.

Starbucks updated its fiscal 2013 guidance, with management expecting revenue to grow 10% to 13%, global comparable store sales in the mid-single digit range, and EPS to fall between \$2.12 and \$2.18.

The food and beverage sector has been struggling with a slowing economy, but has found strength in the U.S. Dunkin' Brands posted earnings earlier in the session, hitting profit estimates and narrowly beating revenue numbers, while Yum surged on an earnings beat as investors saw the company attempting to get over its regulatory problems in China. McDonald's disappointed last week meeting both top and bottom-line estimates. Green Mountain Coffee, which developed the K-cup, is scheduled to post earnings on May 8.

Shares in Starbucks zigzagged into the post-market session before trending substantially lower. By 4:59 PM in New York, the stock was down 2.5% to \$59.00.

Fonte: Forbes [Portal]. Disponível em:

<<http://www.forbes.com/sites/afontevecchia/2013/04/25/starbucks-draws-strength-from-china-and-u-s-but-weak-margins-spook-investors/>>. Acesso em: 24 Abr. 2013.