

Starbucks up After Strong 1Q

NEW YORK (AP) — Starbucks shares rose in premarket trading Friday after the coffee company reported a 13 percent increase in profit for its latest quarter.

The Seattle-based company said sales at cafes open at least a year rose 7 percent in the Americas region, which is its flagship business. The figure rose 11 percent in Asia and fell 1 percent in the region encompassing Europe, the Middle East and Africa.

In the U.S., executives said the increase was fueled by the continued popularity of seasonal holiday beverages, an increase in food purchases and sales of its new Verismo single-serve coffee machine.

Jefferies analyst Andy Barish said in a note to investors that solid sales growth will be "easily achievable" for Starbucks this year, given its plans to promote the new "Blonde" roast coffee, along with the introduction of new baked goods and Evolution juices in more stores. He also noted that China continued to deliver strong growth, despite tough comparisons from a year ago. Although Europe remained down in the quarter, Barish said the uptick in traffic in the region reflects signs that a turnaround could be in the works.

Barish kept a "Buy" rating and \$60 price target on the shares.

Janney analyst Mark Kalinowski also noted that Starbucks could be boosted by lower coffee costs in coming years, as well as sales of its single-serve products. He kept a "Buy" rating and estimates the stock could rise to \$65.

In reporting its first quarter results after the market closed Thursday, Starbucks also affirmed its outlook for the year. The company expects earnings of \$2.06 per share to \$2.15 per share, representing growth of 15 to 20 percent from 2012. Wall Street is predicting profit of \$2.16 per share for the year.

Shares of Starbucks Corp. added \$2.22, or 4.1 percent, at \$56.79 in premarket trading. The stock closed Thursday's regular session at \$54.57, up about 2 percent since the start of the year, and has traded between \$43.04 and \$62 in the past 52 weeks.

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