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Starbucks Corporation (SBUX) Q4 2026 Earnings Call Transcript

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Q4: 2026-10-29 Earnings Summary

Insights

EPS of $0.80 beats by $0.09 | Revenue of $9.14B (-4.47% Y/Y) misses by $92.22M

Starbucks Corporation (SBUX) Q4 2026 Earnings Call October 29, 2026 4:15 PM EDT

Company Participants

Catherine Park - Vice President of Investor Relations
Brian Niccol - Chairman & CEO
Catherine Smith - Executive VP & CFO

Conference Call Participants

Brian Harbour - Morgan Stanley, Research Division
Danilo Gargiulo - Bernstein Institutional Services LLC, Research Division
David Palmer - Evercore ISI Institutional Equities, Research Division
Christopher O'Cull - Robert W. Baird & Co. Incorporated, Research Division
Sara Senatore - BofA Securities, Research Division
Andrew Charles - TD Cowen, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Lauren Silberman - Deutsche Bank AG, Research Division
Sharon Zackfia - William Blair & Company L.L.C., Research Division
Jacob Aiken-Phillips - Melius Research LLC
Jon Tower - Citigroup Inc., Research Division
Peter Saleh - BTIG, LLC, Research Division
Margaret-May Binshtok - Wolfe Research, LLC
Brian Bittner - Oppenheimer & Co. Inc., Research Division

Presentation

Operator

Good afternoon, and welcome to Starbucks' Fourth Quarter and Full Fiscal Year 2026 Earnings Call. [Operator Instructions].

I will now turn the call over to Catherine Park, Vice President of Investor Relations. Ms. Park, you may now begin your conference.

Catherine Park
Vice President of Investor Relations

Good afternoon, and thank you for joining us today to discuss Starbucks' Fourth Quarter Fiscal Year 2026 results. Today's discussion will be led by Brian Niccol, Chairman and Chief Executive Officer; and Cathy Smith, Executive Vice President and Chief Financial Officer.

This conference call will include forward-looking statements, which are subject to various risks and uncertainties that could cause actual results to differ from these statements. Any such statements should be considered in conjunction with cautionary statements in our earnings release and risk factors discussed in our filings with the SEC. Starbucks assumes no obligation to update any of these forward-looking statements or information.

Certain metrics referenced on today's call are non-GAAP and measured in constant currency. Please refer to the earnings release on our website at investor.starbucks.com to find reconciliations of these non-GAAP measures to the corresponding GAAP measures and supplemental financial information.

This conference call is being webcast, and an archive will be available on our website through Friday, December 11, 2026. And for your calendar planning purposes, please note that our first quarter fiscal '27 earnings conference call is tentatively scheduled for Wednesday, January 27, 2027.

I'll now turn the call over to Brian.

Brian Niccol
Chairman & CEO

Good afternoon, and thanks for joining. We closed fiscal 2026 with another terrific quarter and a much stronger Starbucks than we had a year ago. Back to Starbucks started as a turnaround plan and now Back to Starbucks is our growth plan. In Q4, our net revenues were $9.1 billion, down 3.9% year-over-year, reflecting the midyear transition of our China business to a licensed model.

Global comps were up 7.2%, marking our fifth consecutive quarter of comp growth and U.S. comps were up 7.7%. Consolidated operating margin expanded 450 basis points year-over-year to 14%, our third consecutive quarter of margin growth and earnings per share grew approximately 54% to $0.80. For the full year, consolidated net revenues grew $37.9 billion, up 2.1%.

Global company-operated comps were up 6.2%, with U.S. comps up 6.5% and international comps up 3.7%. Consolidated operating margin expanded 200 basis points to 11.9% and earnings per share grew approximately 27% to $2.72, exceeding the high end of our guidance. These results reflect our relentless focus on executing our Back to Starbucks strategy.

Two years ago, we committed to getting Back to Starbucks and delivering our brand promise more consistently. We put the customer at the center of every decision. We gave our partners more support. We got clear on what matters. We restored the third place, and we put Starbucks back on its front foot. Our plan is working. More customers are visiting us because the Starbucks experience is better.

Our coffeehouses are coffeehouses again, our partners are creating more moments of connection. Our brand is more visible, relevant and loved. Our license and channel development businesses are extending our reach to more places and occasions. And more of our sales growth is translating into earnings.

For more than 50 years, we've grown by delivering on the Starbucks brand promise, exceptional coffee, human connection and a great customer experience in a true third place. It comes down to the fundamentals. When we execute them with excellence, we grow. That's what we saw in fiscal '26 and it's what gives me confidence in the durability of our performance for the future.

We had a great quarter and a great year, and it put us ahead of schedule on our fiscal '28 framework. And as we focus on growth in fiscal '27, we have even more opportunity ahead.

Let me walk you through some of the highlights for the quarter, starting in North America. Company-operated comps grew 7.9%, driven by double-digit comps in Canada and strong comps in the U.S. That momentum is being driven by great execution in our coffeehouses, a strong brand and a healthier portfolio.

First, our coffeehouses are coffeehouses again. We're operating with greater discipline and consistency anchored by Green Apron Service. In the quarter, more than 80% of our North America company-operated coffeehouses delivered positive comps, up from less than 50% a year ago.

Average service times remained on target, and we continue to refine Smart Queue and our operating routines to improve throughput and consistency across all access points. Inventory availability is at an all-time high with daily delivery now reaching close to 90% of our North America company-operated coffeehouses, and our new quarterly coffeehouse incentive program is driving greater discipline around staffing and product waste, while keeping teams focused on great customer service.

Our leadership pipeline is also getting stronger. We now have more than 3,000 coffeehouses coaches enrolled across our U.S. company-operated business, and they've all been hired from within the company. These positions improve leadership stability and execution, give our partners new pathways to grow and help build the next generation of leaders to support our future growth.

Second, customers are responding to a stronger, more relevant brand and menu. Starbucks brand affinity is at near record levels as our menu innovation, marketing and merchandise continue to create moments that drive culture and bring people into our coffeehouses. Espresso, Refreshers, Matcha and our artisanal bake case showed continued strength in the quarter.

Our Unicorn launch in August United 34 markets for our first Global coffeehouse activation and delivered a record sales weekend for our North America company-operated business. We followed that with our strongest North America fall launch day and our global Peanuts collaboration demonstrated the power of great merch, delivering robust sales days around the world.

Our U.S. company-operated comp growth remained balanced with contribution from both ticket and transactions. 90-day active Starbucks Rewards members reached a record 36 million, growing both year-over-year and sequentially from Q3. And sales growth remains broad-based across income levels, generations and dayparts.

Together, these results tell us the Starbucks Experience is resonating. Our coffeehouses feel more like Starbucks too. As of fiscal year-end, we surpassed our goal by completing more than 1,700 total uplifts across North America, bringing back warm, comfortable seating and the third place to our cafes. Uplifted coffeehouses continue to show transaction lift across access points, dayparts, formats and loyalty groups, giving us confidence to continue our pace of work.

Third, we're building a healthier coffeehouse portfolio. In North America, we closed coffeehouses that didn't show a path to delivering the experience or financial performance we expect. We also unveiled our smaller format coffeehouses in multiple markets, taking the concept we showcased at Investor Day from prototype to reality in less than a year.

Customer and partner feedback has been terrific, and we'll learn from these early openings to help shape how we build for the future. International is an important growth engine for Starbucks. Our diversified portfolio remained a key strength in Q4 with comp sales growth across the majority of our licensed and company-operated markets, led by the U.K., Philippines and Mexico.

Our increasingly licensed international model, which combines the power of Starbucks with the deep market expertise of local operators underpinned our unit growth. China exceeded its goals in fiscal 2026, we surpassed 6,000 coffeehouses in Asia Pacific, and we grew to more than 1,900 in Latin America and the Caribbean, bringing Starbucks premium coffee experience to nearly 500 new communities.

Our progress through fiscal '26 reinforces what we know. We know what makes Starbucks special. We know Back to Starbucks drives growth, and we know how to win. For fiscal '27, we will raise the bar. We entered the new fiscal year on stronger operational footing and with momentum. At a high level, for fiscal '27, we expect North America comps of approximately 4%, consolidated operating margin of 13.5% to 14% and EPS of $3.15 to $3.25.

To deliver these results, 5 priorities will drive our work. First, win on the fundamentals in the coffeehouse through Green Apron Service. That means building capacity to deliver exceptional Green Apron Service to more customers. We see room to grow transaction across every daypart in our coffeehouses by extending our peak in the morning and creating a peak in the afternoon.

To do this, we'll keep making Smart Queue smarter, we'll improve production flow behind the bar to unlock throughput while maintaining great craft. We'll also begin Mastrena 3 espresso machine test and exploring next-generation drive-through concepts to improve speed and connection. It means greater operating precision.

We'll keep refining how we forecast and deploy labor and how we manage inventory and product waste and we'll raise growth performance expectations while keeping our leaders focused on operating behaviors that create a meaningful third place full of community and connection and drive consistent results. And it means continued investment in our partners. Fiscal '27 will be a major tech modernization year. We'll roll out new staffing and scheduling and point-of-sale systems through the year that simplify tasks, improve speed of service and allow partners to spend more time engaging with customers.

We're also transforming our supply chain with testing underway to improve demand forecasting, ordering accuracy and replenishment cycles. As this work scales, it will drive greater availability, less product waste and less work for our partners over time.

Second, make our branded menu even more relevant and loved. We'll drive mass reach through effective marketing to bring in new and lapsed customers while continuing to nurture our Starbucks Rewards members. We'll keep winning the morning and earning the afternoon with planful innovation, building scalable platforms that can grow with us.

These include functional and zero sugar beverages, new bakery items, more portable options, and protein forward choices that meet more customer needs and wants throughout the day. Great innovation strengthens the ritual and gives customers more reasons to choose Starbucks. In fiscal '27, we'll bring beverages, food and merchandise together in collections that create more compelling customer moments and drive greater attach.

Merchandise remains a small part of our business today, but Q4 showed its potential. Both our Pink and Peanuts launches contributed to ticket growth in the quarter. We'll apply that same integrated approach to upcoming brand launches like holiday. We've learned a lot about what it takes to execute innovation well. In fiscal '27, we'll put even greater focus on operational readiness with thoughtful builds, better training and the right staffing to help our partners deliver with excellence.

Third, build the right experiences and capabilities for the future. Starbucks has built an exceptional digital experience in one of the world's most engaged customer communities. In the year ahead, we'll make our industry-leading Starbucks app even more intuitive for customers to order, customize and have frictionless access wherever they are.

We'll update the menu experience and build more personalized touch points through relevant content and recommendations tailored to customer tastes and preferences. In Q2, we'll begin to integrate delivery directly into the Starbucks app and will extend the opportunity for customers to begin earning and redeeming Stars on delivery orders.

We are working on opportunities for AI to make search and discovery in the app more seamless with the potential to support conversational and agentic ordering over time. And we're exploring ways to make it easier for customers to place mobile orders from their cars and through emerging AI platforms.

We're also working to reimagine the drive-thru experience to make it faster, more convenient and more personal. Roughly half of our customers use the drive-thru, making it a significant opportunity. In fiscal '27, we'll begin testing background AI models and the drive-thru that help our baristas input orders more accurately and efficiently as they interact with customers.

The intent is to help our partners focus on connecting with customers while improving both throughput and speed of service. We're also exploring experiences that recognize participating customers as they arrive, present personalized digital menus and make payment more effortless. We're early in this work, and we'll test, learn and scale what works.

Fourth, grow with discipline in the U.S. and around the world. We see significant long-term white space in North America with the opportunity to build around 5,000 additional coffeehouses over time. We're focused on making disciplined decisions today that set us up for stronger, more durable growth in the future.

Rebuilding our development pipeline will take time, which means we expect fewer company-operated openings in fiscal '27 and a stronger, healthier pipeline beyond that. As we do this work, we'll continue investing in our uplift program. We expect to complete more than 2,000 uplifts in fiscal '27.

We'll also work to grow our North America license business, bringing the Starbucks Experience to even more customers. We expect International to lead our global unit growth this fiscal year with net new coffeehouse openings accelerating by nearly 50% compared to fiscal '26. That translates to about 3 new coffeehouses a day.

Beyond fiscal '27, we see substantial room to grow our footprint outside North America from more than 23,000 international coffeehouses today to nearly 40,000 over the long term. That includes the potential to double our presence in China and India with meaningful growth across other regions.

Fifth, create more opportunity for partners. Our hourly partner turnover rate remains well below the industry average, driven by what third-party studies confirm are industry-leading pay and benefits as well as improved staffing and flexible schedules that give partners the hours they want to work. And in fiscal '27, we'll expand coffeehouse coaches to more North American coffeehouses, giving experienced partners more opportunities for advancement while building a pipeline of talent to support future coffeehouse growth.

We'll pair that with more training and development opportunities and better tools for leaders to build and manage strong teams. Taken together, these priorities give us clear direction and confidence in the path ahead. Back to Starbucks started as a turnaround plan, and it put us back in a position of strength.

Today, Back to Starbucks is our growth plan. To conclude, fiscal '26 was a tremendous year of progress and results, and it gives us confidence in our trajectory. We're ahead of schedule in relation to our fiscal '28 framework, and we see a clear path to consistent comp growth and stronger earnings in fiscal '27.

To our partners around the world, thank you. The progress we've made reflects your focus, ownership and belief in our brand promise, I'm confident we'll keep building on what is working, raising the bar and bringing the best of Starbucks to even more customers around the world.

With that, I'll turn it over to Cathy to take you through our results in more detail and our fiscal '27 guidance.

Catherine Smith
Executive VP & CFO

Thank you, Brian, and thank you all for joining us today. In fiscal 2026, we strengthened the fundamentals of our business and that work is increasingly showing up in our financial performance.

I'd like to also thank our partners whose focus and dedication were critical to delivering our Back to Starbucks priorities. Now to our fourth quarter results and outlook. Fourth quarter consolidated net revenues were $9.1 billion, down 3.9% year-over-year, primarily reflecting Starbucks China's transition from company operated to a licensed joint venture.

Global comps grew 7.2%, our fifth consecutive positive quarter. North America net revenues grew 6.3% to $7.3 billion, led by strong company-operated comps in both the U.S. and Canada. U.S. comps grew 7.7%, with a healthy balance of transactions up 2.4% and ticket up 5.2%.

Contribution from transactions moderated from Q3, particularly as we began to lap the growth from last year. On a 2-year basis, U.S. transaction comps improved sequentially from Q3, a sign that customers continue to choose us more often.

And as Brian mentioned, we delivered growth across all dayparts, income levels and access points. Ticket growth continued to reflect balanced contribution from pricing, attach, mix and delivery growth with pricing and mix, including merchandise, driving most of the sequential improvement from Q3.

We've been very pleased with our delivery performance in the U.S., with revenues more than tripling over the past 5 years, and these transactions have been largely incremental, expanding delivery to more coffeehouses supported our growth in fiscal '26 and with delivery soon to be fully integrated into the Starbucks app, we see additional runway in fiscal '27.

We're also driving the engagement we want to see in our Starbucks Rewards program. 90-day active members reached a record 36 million in the quarter. More members are moving into higher frequency tiers and Starbucks Rewards members led our transaction and sales growth in the quarter.

North America licensed revenues grew 2.6% in Q4, reflecting a third consecutive quarter of positive system-wide comps and strength across broader retail, travel and leisure. We ended the quarter with 18,176 coffeehouses in North America. This reflects 247 company-operated net closures primarily from last month's portfolio actions and partially offset by 52 net licensed openings.

Moving to International. The segment delivered Q4 net revenues of $1.3 billion and operating income of $261.3 million, with positive system-wide comps across our diversified portfolio. International company-operated comps, which are now largely comprised of Japan and the U.K. grew 0.9%.

We had exceptional performance in the U.K., balanced by tougher comparisons in Japan. As a reminder, Starbucks China's retail operations are now deconsolidated from our financials and reported as a licensed business. With our 40% joint venture economics reported in income from equity investees. This transition will continue to be the driver of year-over-year changes in International through the first half of fiscal '27.

International drove our unit growth in fiscal '26 ending Q4 with 23,431 coffeehouses, including 498 net new openings in the fourth quarter. This demonstrates our continued confidence in the long-term opportunity to grow our brand globally.

In total, we ended fiscal '26 with 41,607 coffeehouses globally, with 617 net new openings for the full year, well ahead of our most recent expectations. In Channel Development, Q4 net revenues declined 8.9% to $494.4 million led by the Global Coffee Alliance and the absence of coffee price-related tailwinds we saw in the first 3 quarters.

Operating income was about flat year-over-year, despite the lower revenue base. With consumers remaining choiceful in their spending, we and our partners will continue to lean into innovation and marketing activations to maintain our #1 position in at-home and ready-to-drink coffee in North America and to build new occasions with offerings like Refreshers and protein.

Moving to margin. Q4 consolidated operating margin expanded 450 basis points to approximately 14%. This was our third consecutive quarter of margin expansion, with improvement across every segment. North America operating margin expanded 440 basis points to approximately 16%, driven primarily by sales leverage, disciplined execution and cost savings. We also lapped our Green Apron Service labor investments in August, which are now a part of our base. These benefits were partially offset by higher product and distribution costs mainly from product mix.

Coffee price impacts were roughly neutral in the quarter. Consolidated G&A declined approximately 20%, reflecting our cost savings efforts and China deconsolidation. Together, these results reflect stronger execution with more of our sales growth flowing to the bottom line. Interest and other income of $59.2 million benefited from net gains on certain investments in the fourth quarter.

And our effective tax rate was in line with our expectations at 24.7%. All in, fourth quarter EPS was $0.80, up approximately 54% year-over-year. Our fourth quarter and full year results showcase our focus on executing Back to Starbucks to strengthen the business and our earnings recovery is well underway.

Turning to our outlook. In fiscal '27, we see multiple drivers of growth and a clear path to stronger earnings as we continue advancing our long-term priorities. As a reminder, fiscal '27 is a 53-week year. Our guidance includes the extra week, except for sales comps, which are on a comparable 52-week basis.

Starting at the top of the P&L, we expect full year consolidated net revenues to decrease by approximately 1% year-over-year, including approximately $700 million of revenues related to the 53rd week. The expected decline is primarily driven by our International segment as we lap Starbucks China's retail operations, which were company operated in the first half of the year.

Our revenue expectations also include modest coffee deflation and the impact of fewer new North America coffeehouse openings. We expect full year North America net revenue growth to slightly exceed comp growth driven by the impact of the 53rd week. During the first 3 quarters of the year, we expect North America net revenue growth will trail the segment's comp growth, reflecting the recent company-operated coffeehouse closures.

In addition, we expect Channel Development net revenues to decline by approximately 10%, also heavily influenced by coffee price trends. In the U.S., consumers are increasingly prioritizing experiences that feel worth it. That reinforces our focus on quality, craft and connection and on delivering a consistently great customer experience.

We expect fiscal '27 North America comps to grow approximately 4%, led by beverage and food innovation, Green Apron Service, delivery and a small contribution from uplifts and sales transfer from coffeehouse closures. Any pricing will remain focused and well below CPI.

We expect fiscal '27 cadence of U.S. comps to be more balanced across the quarters than fiscal '26. Specifically, we expect less variability between Q1 and the rest of the year. Also moving forward, we'll focus our annual comp guidance on our North America company-operated business. It is the primary driver of our underlying comp performance as our international portfolio is now predominantly licensed.

We expect fiscal '27 consolidated operating margin of 13.5% to 14%, up approximately 190 basis points at the midpoint. This is led by our North America business and supported by sales leverage and our focus on disciplined coffeehouse execution. In addition, we remain on track with our cost savings work which we expect to continue realizing through fiscal '28.

And to date, we've realized roughly half of those gross savings, we expect benefits to operating margin to become more evident in fiscal '27 as we now have lapped our labor investments in Green Apron Service. In G&A, we continue to realize savings from actions we took last year and expect consolidated G&A dollars to be flat to slightly down year-over-year.

For international, we expect operating margin to begin the year at around 20% and improved slightly through the year, supported by sales leverage and our capital efficient licensed model. And in channel development, we expect operating margin to remain in the mid- to high 40% range over the longer term.

For tax, we expect our effective tax rate will be roughly in line with or slightly below fiscal '26. Putting it all together, we expect EPS of $3.15 to $3.25, growing close to 18% year-over-year at the midpoint. Our guidance includes a benefit of slightly more than $0.10 related to the 53rd week.

Finally, we expect approximately 1,200 net new coffeehouses globally in fiscal '27. International is expected to drive much of this growth at approximately 1,100 net new openings with China contributing about half. In North America, we expect 90 to 100 net new coffeehouses for the year, about half is expected to come from our licensed portfolio.

The balance is expected to come from our company-operated business as we rebuild the development pipeline Brian discussed. Fiscal '27 is an important step toward our fiscal '28 framework. We're tracking ahead of pace toward our 2028 goals and we remain focused on building from here. Our capital allocation priorities remain investing in the business with discipline, maintaining our investment-grade balance sheet and supporting a competitive dividend. We recently raised our quarterly dividend to $0.63 per share, our 16th consecutive annual increase.

We also expect to deploy approximately $1 billion towards share repurchases, reflecting our confidence in the business and our plan. In fiscal '27, we expect capital expenditures to be approximately 5% of net revenues, primarily as we continue investing in uplifts and our Back to Starbucks priorities.

To conclude, fiscal '26 demonstrated the meaningful progress we're making and gives us confidence in the path ahead. Back to Starbucks has moved us from turnaround to growth and our priorities are clear. We're focused on executing with discipline and delivering sustainable growth and long-term shareholder value.

And with that, we are now ready to take your questions.

Question-and-Answer Session

Operator

[Operator Instructions]. And your first question comes from Brian Harbour with Morgan Stanley.

Brian Harbour
Morgan Stanley, Research Division

In guiding 4% same-store sales this year. I mean that is very specific. You had kind of the 3% plus algo. So should we think about that as being -- you essentially view this as an on-algo-year plus maybe some of the benefit from closures and uplifts that you stated. And I guess could you just comment on whether you're seeing something akin to that right now as we enter the fiscal first quarter.

And just, I guess, more broadly, what do you view as kind of the most important incremental layers as we go into this year?

Brian Niccol
Chairman & CEO

Yes. Look, thanks for the question. No, the way to think about it is our guidance for fiscal year '27 is really built on the strength of the fundamentals of the business, really driven by Green Apron Service, coupled with really strong rewards and digital program and then obviously the marketing menu innovation that we've got going on.

So the way I look at it is we're probably a year ahead of schedule relative to the guidance we gave for fiscal year '28 and we do see strength in the business that gave us the confidence to commit to 4% comps. And obviously, I think our goal always is to continue to build on the strength that we have.

And the good news is that strength is coming through the fundamentals. I can't emphasize that enough. Hopefully, you heard that in my prepared remarks. The business is on really strong footing and it's driven by operational health.

Operator

And your next question comes from Danilo Gargiulo with Bernstein.

Danilo Gargiulo
Bernstein Institutional Services LLC, Research Division

Great. I was wondering if you can comment on the evolution of margins in 2027. How should we think about the puts and takes? I heard you say expectations on deflationary coffee. And if you can also indulge us in maybe expanding on the $2 billion saving opportunities that you have identified in the past. So if you could give us some examples of incremental savings that you could be unlocking from here on, excluding the sales leverage that is coming with that. And congrats.

Catherine Smith
Executive VP & CFO

Thanks, Danilo. And I appreciate the congrats. Thank you. So a little bit of color on 2027 margin. As we shared in the prepared remarks, it won't be quite as -- you won't see as much variation as you saw in '26. As you know, we had a lot of change moving through our P&L last year.

So going into 2027, it will be a little bit more balanced. I guess, all in, probably about a little bit better than 40% to 45% or so is in the first half, the remainder is in the back half. But it's fairly balanced throughout the course of the year. And then to really answer about savings, we're really pleased with our savings program.

As we shared in the prepared remarks, we're over 50% of the $2 billion gross savings program achieved. And this year, more towards G&A, as we always shared, next would be OpEx and then cost of goods sold. Cost of goods sold is the one that we always said would be more into '27 and '28, and that's exactly what we're going to see as you're going to start to see it weight more there because of just the realities of getting new products online with new vendors.

Sometimes we have to let existing contracts finish. And so just getting that to pull through our business, the cost of goods sold start to show up in '27 and '28 more. But we're on track. We feel very, very good, still have a very robust pipeline. The team continues to add to that every day. And you're going to see a little bit more in cost of goods sold and then operating expenses. And then lastly would be G&A because you've seen the most of that this year. We'll have a little bit of benefit from the calendarization of the work we did this year.

Brian Niccol
Chairman & CEO

Yes. The only thing I would add to what Cathy said is, just if you remember at our Investor Day, we targeted the idea of 13.5% to 15% margins by fiscal year '28. I think the fact that we are already believing we will achieve that low end of that guidance in fiscal year '27 speaks to, I think, the excellent work on the cost but also the fundamentals that are driving the top line and transactions.

So the fact that we're already hitting what we were guiding for '28 the low end in '27, I think, just speaks to the strength of the business and the operating discipline that we have on cost.

Operator

Your next question comes from David Palmer with Evercore ISI.

David Palmer
Evercore ISI Institutional Equities, Research Division

I wanted to ask a question about the company unit growth in the United States, Americas. I think your comment was that net unit growth would be something south of 100, I think maybe closer to 40 to 50 this year. Could you speak to maybe the ramp that you see going into -- longer term going forward, I know there's capabilities that have to be added back. And if I could throw in one other thing, the technology test that you're talking about, it sounds like a lot of that is going to help the drive-thru and could you just give us a sense of timetable, if that works. And if it does work, what metrics you think that will affect sales or profitability and when that could hit?

Brian Niccol
Chairman & CEO

Yes. So I'll start on the first part of your question. Just in regard to new units in the U.S. specifically, we think it's going to be in that, call it, 100 net new range or a little below there. And that's really driven by the fact that we had to reset the pipeline. Obviously, we had to do some closures. But what I'm really excited about is how the pipeline is building for '28 and I think we showed you guys our prototype at Investor Day, and I'm happy to say that, that prototype is now up and running in a couple of markets.

And we're seeing great response both in the cost to build and then the way that our teams are able to operate. Our partners are providing great experiences for our customers. So the feedback on the new unit has been really positive. Obviously, it's early days on the performance, but they've all opened really well.

And then as you look out into fiscal year '28, we want to get back into building new units north of 300 or so in the U.S. And we believe that is what gets us going towards that opportunity of 5,000 or more in North America. So lots of opportunity on the new unit side of things. It does take a little bit of time to reset the pipeline, but I believe we now have done all the hard work and now it's in the business of executing against the pipeline and getting the units built.

On your question about drive-thru, we're just getting started in some of these ideas. And it will be exciting to see how these things test out. Once we have better understanding of the testing, our goal is, David, that will improve throughput and you know how this works. If you can improve throughput, a lot of good things happen from there, both on the top line and bottom line.

So more to come, it'd be premature to get specific on this, but the whole rationale behind it is to give a better customer experience and also a better partner experience, which then results in more throughput that ultimately drives the top and bottom line.

Operator

Your next question comes from Chris O'Cull with Baird.

Christopher O'Cull
Robert W. Baird & Co. Incorporated, Research Division

Congrats to the team for the progress it's making. So I had a follow-up question about the North American margin. The profit flow-through was much better than we expected in the fourth quarter. Beyond higher sales, what were the biggest drivers of the leverage?

And then looking ahead, what does guidance assume for the North American international operating margins next year? And are there any unusual items that could make the quarterly progression uneven?

Catherine Smith
Executive VP & CFO

Thanks, Chris. So starting to Q4 2026's North America margin, as you just said, the biggest driver is always sales leverage. So the 7% comp we did in the U.S., that obviously helps a ton with the sales leverage. So that's the biggest driver of the margin expansion we saw. We also are rolling over our Green Apron Service investments we did last year, remember in August, mid-August time frame, so we get the benefit of rolling over those investments as well.

And then a little bit of kind of a few other things. We had some pricing benefit, we had some supply chain savings come through, and all of that is helping with that margin expansion. I go back to where Brian was earlier, though, and it's all on the fundamentals. If you think about what we're doing to drive the durability of both the top line and the bottom line, it's -- everything we're talking about are going to help us to continue with that progress, which obviously then shows up in our guidance for this next year for fiscal '27.

Then maybe moving to fiscal '27. I'm going to knock on wood about onetimers or unusual things, I'm hoping not, we do know we've got some benefits of coffee should be helping us year-over-year. Obviously, we were a little bit higher in coffee prices this last year. It started to moderate throughout the course of the year. By the time it got to the fourth quarter, there was no impact. But that will help us with a little bit of a tailwind this next year.

All of the fundamental work we've done around cost savings will continue to help. And the biggest driver of the profit this next year, again, will always be that comp guide that we just gave. That's always going to help with the leverage. So we're optimistic with the progress we're making, and that should be showing up in the guidance we just gave.

Operator

Your next question comes from Sara Senatore with Bank of America.

Sara Senatore
BofA Securities, Research Division

Just, I guess, a question maybe about longer-term growth. Cathy, first, do you mind just sharing the benefits perhaps from sales transfer, store closures. Just trying to think about the balance between traffic and ticket over time. I think your check, obviously, a nice mix of attach and maybe a little bit of price. Next year, 4% comp, I think, would imply maybe less ticket, I'm assuming, a bit more of a balance with traffic. So just sort of the components there.

And then I think, Brian, at one point, you had -- you've sort of -- it seems like you've kind of narrowed your expectations for how many stores the North America could support over time. Any changes or what has changed perhaps from maybe earlier commentary or maybe the number was a bit higher than the 5,000 you cited?

Catherine Smith
Executive VP & CFO

Maybe I'll start, Sara. So I'll start with first Q4 comps to help break down the growth we saw. So as you said, you asked about store closures or transfers there. It's consistent with the previous quarter, about 200 basis points helped us there. Pricing and delivery were about half of the ticket, and then the attach and mix were the other half a ticket. So again, we had a 5.2% ticket in U.S. and that was about half pricing delivery and about half attach and mix.

As we move into FY '27, we're going to weight a little bit more towards ticket than transaction as we continue to see the strength of all the work the team is doing in attach and mix. We continue to see really good progress both there and attach and mix. We'll see some price continue to come through. It will be below CPI. And then the remainder of that comp growth will be in transactions, continue to be led by our great operations.

Brian Niccol
Chairman & CEO

Yes. The only thing I would add to that is the thing that gives us a lot of confidence in kind of pushing the guidance up in '27 versus just a long-term guidance of 3% or better is the fact that we continue to have really good strength in transactions. So that's the foundational elements that are driving the business.

And I think we've made great progress in food attach and mix, as Cathy mentioned. On your question around new units, the way I would describe it is we've got clear line of sight on the 5,000. Obviously, as we get closer down the road, I'm guessing there's going to be more upside to that number.

But for now, we've kind of -- as we've done all the market planning, we feel really good about saying we see line of sight on the 5,000 additional units.

Operator

Your next question comes from Andrew Charles with TD Cowen.

Andrew Charles
TD Cowen, Research Division

Just one quick clarification and then a question. Curious, what drive the expectation that 1Q in North America same-store sales to run pretty consistent with 2Q to 4Q, given that there's an easier comp in the first quarter? And my real question is, Brian, the proxy calls out a successful new platform launch in the U.S. by the end of the fiscal year. And I'm curious of the priorities laid out, what fits this criteria. You've spoken in the past about how you've won in the morning and the afternoon is going to be your bigger focus. So perhaps the revamped afternoon food platform is going to satisfy that criteria, but curious if you could expand some more on your thoughts.

Catherine Smith
Executive VP & CFO

So I'll start, Andrew, on the cadence of our comp guidance throughout the course of the year. Yes, Q1 is the easiest lap if you just look at last year. But if you look at absolute transactions, we were actually fairly consistent through the year. One thing the team has done or a lot of work on is trying to take some of the seasonality out of our business. And so we have a strong product lineup that happens -- the cadence of it is less, in the past, we used to have, I think, a little bit more very distinct seasons.

We've been trying to make sure that we smooth that out. You saw it a little bit last year, you'll see it a little bit more this year, but they worked really hard at pulling seasonality and then the other thing is, I just look at the absolute transaction volume per quarter, it's actually far more consistent throughout the year. And so that's what gives us the guidance that we did, which is fairly consistent through the year. Obviously, there'll be a little bit of variation.

Brian Niccol
Chairman & CEO

Yes. And then to your question of platforms, so like protein would be an example of the platform. Obviously, the Energy Refreshers is an example of a platform and then some of the work that we've done in -- on the food front, you'll be seeing some platforms roll out on the food side of things around our leveraging our bites business, moving that from just a morning idea to also an afternoon idea.

And then there's still opportunities on health and wellness to go beyond just protein, so we feel really good about the initiatives we've got coming down the pike on, call it, platforms and then also the platforms that we've already gotten out the door.

So you'll continue to see us have both, I would call, like, LTO ideas and then also platform ideas. And those working together are doing a nice job of driving transaction and sales.

Operator

And your next question comes from John Ivankoe with JP Morgan Chase & Company.

John Ivankoe
JPMorgan Chase & Co, Research Division

I wanted to maybe talk about the implications of a 7-day a week delivery which I think is also going to have a 24-hour fulfillment if it doesn't already. So Brian or Cathy, can you talk about the implications specifically in the afternoon, but also the morning what that might mean for beverages, what might that mean for food, what that might mean to the grab-and-go case? In other words, how big of an unlock might we be just on the cusp of relative to the legacy Starbucks distribution platform into the stores back end?

Brian Niccol
Chairman & CEO

Yes. Look, it's a great question. And we do believe supply chain is going to be a nice advantage for us once we get the replenishment schedule there. We're getting closer on the daily deliveries. And we're going to continue to improve on the replenishment schedule. But yes, it helps in exactly those areas that you talked about.

We'll kind of -- we have this mantra, we want to have the right product at the right place at the right time. And what this allows us to do is just that. Each of our coffeehouses behave differently on various elements of the business, whether it's food or beverage that's in the cold case that you can grab and go, whether it's the food platform that we heat up for people and give you that fresh food experience or the beverages that we make kind of by craft for everybody.

And to have the ability to get the daily deliveries within a signal for the replenishment within 24 hours is going to be a big advantage for us to make sure that we keep all of those things in stock at the right cadence for our customers and our partners to serve it. So we believe there's still a lot of upside to be had there, and the team is making great progress. We've made a lot of progress early on the daily deliveries, and we're going to be getting to the replenishment here in the next, call it, 6 to 12 months.

Operator

Your next question comes from Lauren Silberman with Deutsche Bank.

Lauren Silberman
Deutsche Bank AG, Research Division

Congrats. So you guys have mentioned a couple of times that you're running ahead of schedule. I know approaching the low end of the fiscal '28 guide, what elements have been faster? Is it like sales, margins, cost savings, anything else that we don't necessarily see? And then can we interpret this as potential upside to fiscal '28 targets?

Brian Niccol
Chairman & CEO

Well, look, the good news is you kind of listed off all the things that are ahead of schedule, sales, margins and earnings. So that's why you see us guiding already to the low side of fiscal year '28. And look, the other thing I'd tell you is the guidance for fiscal year '28, I think we said this at Investor Day, it's just a point in time on our journey. Like we have no expectations that that's an end point. So our goal is, obviously, to always continue to figure how we grow the business smartly, and that's exactly what's happening.

And we're doing it the right way through the fundamentals of operations and then obviously, surrounding it with, I think, the right innovation, whether it's digital, menu and then obviously, I think the creative solutions we're going to have in the asset, too. So I think we're hitting on all cylinders. And that's why you heard me say really Back to Starbucks as a strategy is switch gears from a turnaround plan to a growth plan. And I couldn't be more optimistic about where we're headed.

Operator

And your next question comes from Sharon Zackfia with William Blair.

Sharon Zackfia
William Blair & Company L.L.C., Research Division

I'm curious whether you're seeing a continued correlation between the scorecard and individual unit comp performance. And if you look at those small percentage of locations that are comping negatively, is that typically related to scorecard deficiencies and things you can do operationally? Or are there more idiosyncratic issues?

Brian Niccol
Chairman & CEO

So yes, the good news is the Grow Scorecard continues to be a great indicator of performance. And I will tell you the stores that we're not comping, there are some idiosyncratic issues like the road is under construction or we might have been moving delivery around to make sure we allocate delivery to the right stores.

And then there are a handful of stores that we know we need to be operating better. Whether that means we need more stability in the team or we may have some issues with above store leadership. So there are opportunities. The good news is the scorecard gives us clear feedback. So we know where to spend our time on those stores.

And I think our operators and Mike and the team are doing a great job of dialing that in going forward. So it's going to continue to be the tool that we use. Actually, just as an aside, I got a great e-mail just the other day from one of our coffeehouse leaders, her name is Maddie. She runs a store in Northern Idaho. She told me from when we started a Green Apron -- or I'm sorry, the Grow Scorecard with Green Apron Service, she was one of the stores that was like number 1,574. Her goal was to get into the top 5.

She sent me an e-mail just this week to let me know that she's now #3 in the entire system. So of course, I had to call her and find out what she did. And you know what she told me? She focused on Green Apron Service, and she focused on that Grow Scorecard. And as a result, Mike and I are going to be heading out to go see her because I want to celebrate leadership like that. And we've got more of those stories every day at Starbucks.

So it's a very powerful tool. It's a very effective tool, and it's also a tool that I think our coffeehouse leaders understand how to use and use it in a way that's very productive and enables them to lead correctly.

Operator

Your next question comes from Jacob Aiken-Phillips with Melius Research.

Jacob Aiken-Phillips
Melius Research LLC

So with CapEx at approximately 5% sales next year, development is expected to accelerate in the following year. How much of the spending is -- establishes capabilities that can kind of support the next phase of growth? And can the higher opening pace fit within the similar capital envelope or should we expect another step-up?

Catherine Smith
Executive VP & CFO

Yes. So we're -- this next year, we're going to be -- as you would look at, I think when you see our full filings our CapEx was actually a lower percent of revenue this last year, really, I think, reflecting those -- the fewer new openings.

As we move into this next year, we are ramping up our uplift. So we want to bring that great coffeehouse experience to more and more stores. As we said, we're going to continue to increase that. That's where some of the CapEx will go this next year and then obviously supporting the new store openings that we've communicated.

Going beyond that, though, into the following year, we still believe we should be in that 5% of revenue range, plus or minus, and we'll continue to use that as our guide. When you ask about what amount is going for new capabilities maybe for the future, it's actually fairly small.

If you think about where our supply chain is, we don't need a lot of incremental capital, there's some, obviously, to continue to invest there, but it's not massive amounts traditionally our biggest capital goes into the support of our coffeehouses.

Operator

Your next question comes from Jon Tower with Citi.

Jon Tower
Citigroup Inc., Research Division

Just curious, maybe, obviously, uplifts are a big part of the story or a bigger part of the story next year than they were in '26. Curious if you could kind of shed some light on what you're seeing with respect to absolute lifts on the stores so far. How it's actually showing up in the business? Are you seeing a nice balance between traffic and ticket? Or is one kind of over indexing?

And then just a second question, you'd mentioned the idea of being more asset light across the world outside of North America. So when thinking about the Japanese business, do you guys have any thoughts on if and when you do something with that and turn it into a license model?

Brian Niccol
Chairman & CEO

So -- well, I'll start with the first part of your question on the uplift. The uplift continue to do exactly what we want. It's brand building and it's transaction driving and it shows up in the total results for the business. So I'm really excited for the fact that we're going to get going and be able to do more than 2,000 in this coming fiscal year.

And so the feedback, and I don't know if you've had the opportunity to go into one of our coffeehouse that have gone through an uplift. But the feedback both from our partners and our customers is, this feels like Starbucks again, like thank you for bringing back my third place and so it does a lot for, I think, the brand. And then obviously, we love what we're seeing from the impact on transactions and then obviously, the total sales results. So that, by all accounts, is a winner for us, and we're going to keep driving that really hard.

To your question on international, the thing I would tell you is we had another great year international. I think this is now 7 consecutive quarters of comp growth. If you exclude China, our revenue was up 5%. So really, the team did a tremendous job around the world, and I'm really excited about the growth opportunities that are in front of us.

Specifically to Japan, I got to give the Japan team a lot of credit. They had another terrific year, and it's a really great business. And I think we've said this consistently. We always evaluate what is the right ownership strategy. And if and when the time comes where that should change, we'll share that with you. But I'm really proud of the way that the team delivered. And I'm really proud of how our international business is performing. And I'm really confident for the new unit growth that we've got coming down for this fiscal year and into the out years.

Operator

And your next question comes from Peter Saleh with BTIG.

Peter Saleh
BTIG, LLC, Research Division

Congrats on the performance. I wanted to ask about the rewards program. You've had a couple of quarters now under your belt with the change in the rewards program. I know you mentioned 36 million active users. But can you give us a little bit more sense on how they're performing in terms of frequency, spend? Any more detail you can provide there would be great.

Brian Niccol
Chairman & CEO

Yes. Look, that is a one of those initiatives that continues to, I think, meet and exceed our expectations. The way we've done the new tiering with Green, Gold and Reserve, we're continuing to see people move up from Green to Gold and Gold to Reserve, and that's really driven by, first and foremost, frequency.

And then I think as we get better with our personalization, we're also going to see ticket continue to have an impact. But the early days, the first big moves we're seeing are in the frequency world. So not surprising, a lot of the new users that first come into Green start at a lower frequency level.

And then as they spend more time in the program, we see their frequency levels increase. And then we see people moving up from Green to Gold and obviously, Gold to Reserve. So the program is working exactly the way we would hope. Customers are giving us feedback that they're enjoying the program. They love being able to redeem the stars at 60 stars for the $2 offer.

And the team is doing a great job of figuring out how to take advantage of what is the next step in the evolution of that rewards program, which is going to be more around additional personalization.

Operator

And your next question comes from Margaret May Binshtok with Wolfe Research.

Margaret-May Binshtok
Wolfe Research, LLC

Brian, I know you've talked about creating a second peak in the afternoon as a priority for fiscal '27. Can you talk a little bit about where the afternoon stands today perhaps versus a year ago? What you see the biggest drivers are from here on the afternoon? And any update on how Energy Refreshers have trended since you launched?

Brian Niccol
Chairman & CEO

Yes. Thanks for the question. This is something that I'm really excited about. We're kind of in the early days of a lot of our efforts. But one of the things that's been really great is with the upgrades that we've made to our food and our pastry case, the biggest place where we've seen an increase of attach has been in the afternoon, in the PM. So we've seen a nice little pickup in afternoon attach.

The refreshers program, the thing that's great is -- and we still have more work to do on this, but energy has actually skewed more towards the morning. But the fact now that you can get caffeine-free refreshers is driving some nice growth in the afternoon. And we've got some work coming down this fiscal year where you'll see us now highlight for people that there is a caffeine-free refresher program, which I think you're going to see play really well in the afternoon.

We also have some work around a tea platform where we're going to put some health and wellness into our teas, which I'm really excited about. And so we're making really great progress in the afternoon. TSDs are up versus a year ago. And I think you heard me say this in our earlier remarks, they're up all day and every daypart, but it's great to see that the morning is increasing, the afternoon is increasing and the initiatives that we've targeted to the afternoon are actually working the way we'd hope they would work.

Catherine Smith
Executive VP & CFO

Maybe I'll just put a plug in as well for another favorite in the afternoon is our Matcha business and our Matcha platform. Our Matcha business is now over $1 billion platform, and it's growing tremendously year-over-year. What started as probably just a more simple Matcha beverage. We now -- almost everyone puts a cold foam on it, and it is sought after more often in the afternoon. So that's also been a great addition as we continue to evolve the Matcha business.

Brian Niccol
Chairman & CEO

Yes. Actually, as you mentioned, the other thing to think about too for the afternoon that's been great is our cold beverage innovation has really connected. And kind of to Cathy's point, those cold beverages, a lot of them have cold foam. So as we talk about the mix that we're seeing, the combination of customers moving to cold, which also results in usually a little bit bigger size.

And then the idea of modifying with cold foam, whether it's matcha, cold brew, iced coffee or iced Americanos, continues to see a really nice impact in the afternoon.

Operator

And the last question comes from Brian Bittner with Oppenheimer & Co.

Brian Bittner
Oppenheimer & Co. Inc., Research Division

Question is now that the Green Apron Service investments really had been fully in the base for some time. Look, it clearly was the right strategy. That's obvious. But is there now potentially an opportunity, Brian, to go back and surgically reanalyze the footprint and potentially see if maybe there's pockets where you can find opportunities to perhaps get more efficient now that you've had time with all this learning? And if so, could this potentially be a lever for maybe additional operating leverage moving forward?

Brian Niccol
Chairman & CEO

Yes. Thanks for your question. And I couldn't agree more that the Green Apron Service labor investment was the absolute right thing for the business. The thing that's great to see is -- and I'm going to get a little technical with you here, but we've got right now a 3-hour peak in the morning. And the good news is the way we're seeing the business respond to being staffed deployed correctly in the morning, it's giving us confidence that, that 3-hour peak can actually become a 4-hour peak in the morning.

And the reason why that's important is, obviously, we're earning our way into having additional labor to support more transactions at a peak type performance. And I think you're going to see the same thing happen in the afternoon. It will start out as an hour, and then we'll stretch it into 2 hours and then ideally, it will get to 3 hours.

And if you look at Starbucks historically, way back when -- we actually had a 4-hour morning peak. So we are getting back to what we know we can do. And that is what I get excited about. And that's when you mentioned like getting surgical, that's what I think about getting surgical, which is driving and extending the peaks, so that we give customers better service and our partners are staffed and deployed to meet the demand that we know and see at those times of day.

So we're going to continue to fine-tune it. But I really think we're fine-tuning it from the standpoint of driving more growth, more throughput and bigger peaks. So I think that was the last question?

Operator

Yes, that was the last question. I'll turn it over to Brian Niccol for closing remarks.

Brian Niccol
Chairman & CEO

Okay. So look, thanks, everybody, for your time. I'd like to wrap up. And there's a couple of things I just want to leave you with. First, we had a terrific quarter and a great year, okay, because we got back to, I think, winning on the fundamentals. And as a result, our core business is stronger, we are ahead of schedule, and the improvements we've made are going to be lasting improvements because they're built on the fundamentals of the business.

The second thing is, Back to Starbucks, I mentioned this earlier, it started as a turnaround plan. It really is now our growth plan. We delivered 5 consecutive quarters of positive comps, 3 consecutive quarters of margin expansion. We're seeing the TSDs perform in the peaks, both in the morning, the afternoon and all day. So we're continuing to feel really confident in what our growth plan is all about.

And then the third thing is, I think it's really important as we look at fiscal year '27, we're focused on delivering consistent comp performance that's going to be driven by, I think, the fundamentals of the business with great innovation, both in menu, digital, and then obviously, across our assets.

So we know when we get really good top line, we have the ability to expand the bottom line. And I think we demonstrated that as we closed out fiscal year '26. And I think that's what you're going to continue to see us do going forward. So we've got a clear strategy, really proud of our teams in every single coffeehouse.

I think the Seattle Support Center is dialed in and focused on absolutely the right work. And we've got a growth plan that we're going to continue to execute and deliver durable results. So I'm super excited about what's ahead.

The other thing I'll let you know too is, holiday kicks off next week. And I've got an insider's look at what our merchandising looks like for that, all the merchandise looks fabulous. I haven't been here that long, but I think it's the best I've ever seen. So I can't wait to get out in the stores next week. See the stores turn red, with the great holiday merchandise. And if you've never had a Tiramisu Latte, get ready to have a Tiramisu Latte from Starbucks because I think that's also fabulous.

So hopefully, you can get out there, celebrate with your family and friends. I know I'll be out there celebrating with our partners as we launch holiday. So look forward to seeing everybody in a few months, and I'm sure we'll be talking soon. So thank you, and take care.

Operator

This concludes Starbucks' Fourth Quarter and Full Fiscal Year 2026 Conference Call. You may now disconnect.

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