

The background of the slide features a dark, textured overlay with faint, semi-transparent financial charts. These include a line graph in the upper right corner showing a peak and a subsequent decline, with a label '52.34%' indicating a specific data point. Below this, there are several candlestick charts and moving average lines, typical of stock market analysis. The overall aesthetic is professional and data-driven.

HAVEN

EQUITIES

Equity Research
Report (Cycle 2)

Equity Research Report



DUTCH BROS INC. (BROS)
Consumer Goods | Coffee and Beverages

Written By: Muhammad Hafız Bin Morshidi
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This report is prepared by Haven Equities for educational and informational purposes only and does not constitute investment advice or a recommendation to buy or sell any security.

Stock Name: Dutch Bros Inc.

Sector: Consumer Goods | Industry: Coffee and Beverages | Price: 48.02 USD

Thesis:

Dutch Bros Inc. (BROS) is a high growth drive thru beverage brand that leverages a unique culture and customized cold drinks to disrupt the specialty coffee market. Analysts project revenues to continue growing 22 percent to 24 percent annually, reaching the 2.0 billion USD range by the end of 2026. The company holds exceptional growth potential if it successfully executes its nationwide shop expansion and the rollout of its new hot food menu is critical for future expansion.

Key Drivers:

- Aggressive Unit Expansion Strategy
- Record 15 Million Dutch Rewards Members
- National Hot Food Menu Rollout
- Strategic Acquisitions like Clutch Coffee Bar

Key Risks:

- **Commodity Inflation:** Rising green coffee and dairy costs could pressure gross margins in early 2026.
- **Execution Risk:** The rapid pace of opening at least 181 new shops in 2026 presents logistical challenges.
- **Wage Pressures:** Increasing labor costs in core operating states may squeeze shop level profitability.
- **Market Saturation:** Intense competition from established brands and emerging drive thru concepts could impact traffic.

Haven Rating: BUY

Recommendation: BUY

Time Horizon: 3 to 5 Years

Risk Level: High Risk

Catalyst Driven: Yes

Catalysts (Next 1-6 Months):

-**Q1 2026 Earnings Print:** Strong transaction growth will validate the brand's resilience against industry slowdowns.

-**Mobile Order Ahead:** Scaling the app feature will streamline operations and boost peak hour throughput.

-**Food Deployment:** Full system food rollout by late 2026 will provide a visible lift to average ticket sizes.

-**Investor Updates:** Announcements regarding the 2,029 shop target will serve as major valuation catalysts.

- **Price:** 48.02 USD

- **P/E Ratio:** 76.4x

- **Market Cap:** 6.11 Billion USD

- **Enterprise Value:** 6.92 Billion USD

- **Revenue (TTM):** 1.64 Billion USD

- **Cash:** 269.87 Million USD

- **FCF:** 54.41 Million USD

- **Beta (1Y):** 1.75

- **52 week low/high:** 44.58 USD / 77.88 USD

- **Annual Growth (1Y):** 28.00 percent (2025 Actual)

Company Snapshot

Business Description:

Dutch Bros Inc. is a high growth operator and franchisor of drive thru shops focused on serving high quality customized cold beverages. Unlike traditional sit down coffeehouses, the company utilizes a highly efficient modular kiosk model that prioritizes speed, convenience, and an unparalleled customer service experience.

Revenue Model:

The company operates on a bifurcated model consisting of company operated shops and franchised locations. The vast majority of its revenue is now generated directly from company operated shops, allowing it to capture higher unit level economics. The remaining revenue comes from franchise royalties and wholesale distribution.

Operating Segments

Segment	Revenue (B)	% of Revenue
Company-Operated Shops Revenue	1.51	92%
Franchising and Other Revenue	0.13	8%

Dutch Bros' strategic shift toward company operated locations drives the vast majority of its consistent top line growth.

Key Operating Metrics

- **Systemwide Average Unit Volume (AUV):** 2.1 million USD
- **Total System Shop Count:** 1,136 locations
- **Systemwide Same Shop Sales Growth:** 5.6 percent for the full year 2025
- **Dutch Rewards Penetration:** 72 % of transactions
- **Mobile Order Ahead Mix:** 14 % of transactions

Industry & Competition

Industry Overview

Market Size: The United States coffee market is valued at 24.98 Billion USD in 2026

Projected Growth: The industry is expected to grow at a 4.45 percent CAGR through 2031.

Trends

- **Cold Beverage Dominance:** Younger consumers increasingly prefer customized iced and blended energy drinks over hot coffee.
- **Drive-Thru Efficiency:** A permanent shift toward contactless ordering and high speed modular kiosks.
- **Morning Daypart Consolidation:** Brands are expanding hot food menus to capture the entire morning commute ticket.
- **Digital Loyalty Moats:** Significant investments in proprietary rewards apps to gather first party data and drive frequency.

Main Competitors

Firm	Ticker	Market Cap	Additional Notes
Starbucks	SBUX	\$115B	Dominant global leader focusing heavily on new drive-thru and pickup formats.
Sweetgreen	SG	\$620M	Fast casual competitor trading at similar growth oriented valuation multiples.
Black Rifle Coffee	BRCC	\$180M	Rapidly scaling lifestyle coffee brand competing in direct to consumer and retail channels.

Company Positioning

Dutch Bros positions itself as a culture first brand that bridges the gap between premium specialty coffee and functional energy drinks. By focusing on high speed drive thru units with a small footprint, the company achieves exceptional capital efficiency. Its proprietary Blue Rebel energy drink line provides a highly differentiated product that traditional coffeeshouses cannot easily replicate. While trading at a growth premium, its 19 consecutive years of positive same shop sales growth solidify its standing as a premier industry disruptor.

Valuation

Current Valuation: \$6.11B

	Prev. Year (2024)	Current Year (2025)	Next Year (Projected)
EV/Revenue	4.6x	4.2x	3.5x
P/S	4.8x	3.7x	3.0x
Market Cap	\$7.78B	\$6.11B	\$7.5B

Peer Comparison

	EV/Revenue	P/S	Market Cap
BROS	4.2x	3.7x	\$6.11B
Starbucks	3.6x	2.8x	\$115B
Sweetgreen	1.3x	0.9x	\$620M
Black Rifle Coffee	0.4x	0.4x	\$180M

Valuation Scenarios

Scenario	Assumption	Implied Value	Upside/Downside
Base Case	23% Growth	\$7.5B Market Cap	+22% Upside
Bull Case	>25% Growth	\$9.8B Market Cap	+60% Upside
Bear Case	Growth Slows below 15%	\$4.5B Market Cap	-26% Downside

Fundamental Analysis

Quantitative Analysis (Financial Health)

In 2025, Dutch Bros reported exceptional financial results by generating 1.64 billion USD in total revenue, marking a 28 percent year over year increase. The company achieved robust operational efficiency, delivering an Adjusted EBITDA of 302.6 million USD, which represents a 31.4 percent increase from the prior year. The balance sheet remains highly liquid, holding roughly 270 million USD in cash alongside a 435 million USD undrawn revolving credit facility. This strong cash position combined with positive Free Cash Flow generation of 54.4 million USD fully supports the company's aggressive target to open at least 181 new shops in 2026.

Key Ratios

As of March 2026, Dutch Bros exhibits the financial profile of an elite growth retailer, maintaining a modified Rule of 40 score near 44 percent based on its 28 percent revenue growth and 16.4 percent Adjusted EBITDA margin. The company operates with a very manageable debt profile, holding a total debt load of 1.09 billion USD balanced against its substantial liquidity. While the P/E ratio is elevated at 76.4x, it is justified by a forward earnings trajectory that analysts expect to grow by over 30 percent. The current P/S ratio of 3.7x provides an attractive entry point for a company rapidly scaling toward its 2,029 shop target.

Quantitative Analysis (Business Fundamentals)

Dutch Bros maintains a formidable competitive moat through its highly engaged Dutch Rewards program, which boasts 15 million members and captures 72 percent of all system transactions. This digital ecosystem drives recurring revenue and provides invaluable data for personalized marketing campaigns. The business fundamentally relies on relentless transaction velocity, evidenced by an impressive 5.4 percent transaction growth during the fourth quarter of 2025. By combining record breaking 2.1 million USD average unit volumes with a highly capital efficient modular build strategy, the company continuously generates superior unit level economics in new and mature markets.

Technical Analysis

Price Action and Charts

As of late March 2026, Dutch Bros (BROS) is navigating a short term corrective phase, trading near 48.02 USD after retracting from its 52 week high of 77.88 USD. The stock recently broke below its 50 day moving average of 54.20 USD and its 200 day moving average of 56.52 USD, establishing a bearish technical crossover. Critical support has formed at the 46.50 USD level, a zone that the stock has successfully defended during recent trading sessions. To reverse this downward momentum, BROS must reclaim its primary resistance level near 51.50 USD on elevated volume to validate a recovery pattern.

Common Technical Indicators

The current technical indicators for BROS suggest the stock is approaching deeply oversold territory. The 14 day Relative Strength Index (RSI) sits near 29, reflecting severe selling pressure that has outpaced fundamental realities. The MACD registers a negative divergence at -0.71, confirming the ongoing downward trend. However, momentum oscillators like the Williams percent R are hitting maximum extremes, signaling that sellers may soon be exhausted. A stabilization near the 46.50 USD support floor could trigger a rapid short term bounce as value seeking capital enters the market.

Core Assumption

Dutch Bros' recent price action demonstrates that the market has temporarily discounted the company's exceptional 28 percent revenue growth to focus on broader macroeconomic sector rotations. The arrival of the stock at historical support levels near 46.50 USD mirrors previous oversold cycles where peak pessimism presented lucrative entry points. Because history repeats itself, this technical setup indicates the stock is entering a prime accumulation zone. The divergence between the bearish short term chart and the company's compounding earnings power creates a highly asymmetric buying opportunity for long term investors.

Conclusion/Recommendation

Investment Recommendation

HOLD Short-Term
BUY Long-Term

Target Price & Potential Returns

Target Price: \$76.73 USD
Potential Upside: 60%

Core Thesis Summary

Dutch Bros' 2026 thesis focuses on its unstoppable national drive thru expansion and its 15 million member digital loyalty ecosystem. By driving authentic transaction growth and rolling out a highly accretive hot food menu, the company is capturing massive market share. With a clear trajectory toward 2.0 billion USD in revenue for 2026, the current valuation offers an exceptional entry point into an industry leading growth story.

Key Catalysts

- Q1 2026 Earnings Print
- National Food Menu Rollout

Key Financial Metrics

Revenue: 2.01 Billion
EBITDA Margin: 16.4%
Cash Balance: 269.8 Million USD
Market Cap: 6.11 Billion USD
P/E Ratio: 76.4x
EPS: 0.64 USD

Key Risks:

- Commodity Inflation: Margin pressure from rising green coffee and dairy costs.
- Execution Risk: Challenges associated with opening at least 181 new shops this year.
- Wage Pressures: State level labor cost increases compressing unit level profitability.
- Market Saturation: Intensifying competition from rival drive thru beverage operators.

Company Snapshot

Ticker: BROS
Current Price: 48.02 USD

Stock Type

Asset Class: Growth
Size: Mid Cap
Dividend: NO

Sources:

1. SEC Filings & Official Company Reports

- Dutch Bros Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2025.
- Dutch Bros Inc. Fourth Quarter and Fiscal Year 2025 Financial Results.
- Dutch Bros Inc. Q4 2025 Investor Presentation and Supplemental Earnings Slides.

2. Earnings Call Transcripts

- Dutch Bros Inc. Q4 2025 Earnings Call Transcript, which provided management's 2026 guidance for revenue, shop openings, and the national food program rollout.

3. Reputable Financial & Trading Platforms

- **TradingView & ChartMill:** Sourced for technical analysis data, including moving averages, Relative Strength Index (RSI), MACD, and critical support/resistance zones.
- **StockAnalysis & Macrotrends:** Provided core fundamental metrics, including trailing twelve-month (TTM) revenue, market capitalization, enterprise value, and free cash flow generation.
- **Seeking Alpha & TipRanks:** Used to aggregate Wall Street consensus price targets, forward valuation multiples, and analyst growth estimates for the 2026 fiscal year.
- **Investing.com & MarketBeat:** Provided real-time stock price action, 52-week ranges, and institutional sentiment tracking.

4. Industry & Market Research

- **World Coffee Portal (Project Café USA 2026):** Provided macro data on the \$58.5 billion U.S. branded coffee shop market and the rapid expansion of the drive-thru sector.
- **Mordor Intelligence:** Sourced for U.S. coffee market CAGR projections and 2026 baseline market sizing.