



# **Innovation Capital**

*Investment Bankers*

Restaurant & Retail Newsweekly  
October 28th, 2018

*This publication is a compilation of weekly restaurant and retail-related news provided by Innovation Capital, a leading boutique investment bank dedicated to representing mid-market clients in the gaming, leisure, restaurant and retail industries.*

## **Innovation Capital Contacts**

**Matt Sodl**  
Founding Partner, President &  
Managing Director  
(310) 335-9191  
[msodl@innovation-capital.com](mailto:msodl@innovation-capital.com)

**Tadashi Wakabayashi**  
Managing Director - Japan Gaming Consultant  
+81-80-5424-6804  
[twakabayashi@innovation-capital.com](mailto:twakabayashi@innovation-capital.com)

**Alex Wang**  
Vice President  
(310) 335-9909  
[awang@innovation-capital.com](mailto:awang@innovation-capital.com)

**Mike Martin**  
Financial Analyst  
(310) 335-9339  
[mmartin@innovation-capital.com](mailto:mmartin@innovation-capital.com)

**Brian O'Hagan**  
Strategic Advisory Partner  
Restaurant Sector

**Kevin Scheible**  
Partner &  
Managing Director  
(310) 335-9907  
[kscheible@innovation-capital.com](mailto:kscheible@innovation-capital.com)

**Ben Martinez**  
Director - Native American  
(214) 336-3819  
[bmartinez@innovation-capital.com](mailto:bmartinez@innovation-capital.com)

**Kevin Edler**  
Financial Analyst  
(310) 335-9292  
[kedler@innovation-capital.com](mailto:kedler@innovation-capital.com)

**Shannon Sharp**  
Office Manager  
(310) 335-9333  
[ssharp@innovation-capital.com](mailto:ssharp@innovation-capital.com)

**Andrew Margolick**  
Strategic Advisory Partner  
Restaurant & Retail

For securities-related inquiries, please contact an Innovation Capital banker.

## **Newsweekly Archive**

You can now access Innovation Capital's Newsletter archive on the firm's website [here](#). This feature is password protected--this month's password is: **Gamble** (case sensitive).

## Restaurant & Retail Industry Public Company & High Yield Data:

[Public Company Trading Comparables](#)  
[High Yield Bond Trading Levels](#)

## Restaurant & Retail Executives and Investors Group



Looking to connect with other Restaurant & Retail executives to share ideas and best practices? Seeking ways to increase your brand visibility or grow your business? This is the place to bridge those contacts! An exclusive group for executives in the Restaurant & Retail industries and institutional investor groups to network and discuss trends & ideas.

To join, click [here](#) or the image above.

## Featured Article:

### McDonald's Stock Surges on Strong Earnings

October 23, 2018

UNITED STATES- (Jonathan Maze, Restaurant Business) - McDonald's stock rose as much as 6% on an otherwise brutal day on Wall Street on Tuesday after reporting stronger-than-expected revenue and earnings growth. The growth helped the company's stock recover after an otherwise lackluster year: The stock had been down nearly 4% going into trading on Tuesday and is now up for 2018. Revenues at the company declined 7% in the quarter ended Sept. 30, to \$5.4 billion from \$5.8 billion, while net income declined 13% to \$1.6 billion, or \$2.10 per share. But both numbers were better than Wall Street analysts expected.

[Click here to read the full article in Restaurant Business](#)

Copyright © 2018 Winsight, LLC

### Dunkin' Brands' Nationwide Expansion Remains on Track

October 28, 2018

UNITED STATES - (Joe Tenebruso, Motley Fool) - Dunkin' Brands Group (NASDAQ: DNKN) believes that it can double the number of its Dunkin' restaurant locations in the U.S. in the coming years. Judging by its third-quarter results, it may be right. The restaurant franchisor saw its profits boosted by a combination of successful new store openings and higher sales at existing locations -- both of which suggest that its westward expansion is progressing smoothly.

[Click here to read the full article in Nasdaq](#)

Copyright © 2018 NASDAQ, Inc.

## **Beating Bezos: Top online retailers like Rent the Runway are winning shoppers by offering what Amazon can't**

October 27, 2018

UNITED STATES- (Eric Rosenbaum, CNBC) - The first step in online retail success: Accept there are some things that Amazon does that your company could never possibly compete with. Scope of product offering and price are big ones to concede to Jeff Bezos' retail killer. For fashion start-up Rent the Runway and motorcycle gear retailer Revzilla, the business moats that help to keep Amazon out are constructed using a level of customer service, and creating a consumer community, that would not be possible for Jeff Bezos' low-cost model.

[Click here to read the full article in CNBC](#)

Copyright © 2018 CNBC LLC

## **A Status Update on Tim Hortons' Turnaround Plan**

October 27, 2018

UNITED STATES - (Danny Klein, QSR Magazine) - Restaurant Brands International has had its hands full with Tim Hortons in recent quarters. The 4,805-unit chain continues to evolve as sales and franchisee sentiment rock back and forth. The third quarter was no different. Tim Hortons grew its systemwide sales 3 percent thanks to net restaurant growth of 3 percent and tepid same-store sales gains of 0.6 percent. In Canada, its largest market, comps were up 0.9 percent, reflecting softer U.S. results, which has been a trend in past reports. Systemwide same-store sales were flat last quarter compared with a 0.8 percent dip a year earlier.

[Click here to read the full article in QSR Magazine](#)

Copyright © 2018 JOURNALISTIC, INC.

## **DSW Stumbles With Its Camuto Group Acquisition**

October 27, 2018

UNITED STATES - (Rich Duprey, Motley Fool) - Footwear retailer DSW (NYSE:DSW) shot itself in the foot earlier this month by partnering with Authentic Brands Group (ABG) to acquire brand designer and developer Camuto Group for \$375 million. All the gains that DSW recently made in regaining its financial stability have been jeopardized by the abrupt strategy shift that this deal represents. CEO Roger Rawlins says the retailer needed to do something different because "what got us here won't get us there." However, it looks like DSW overpaid to buy a business that won't be accretive to earnings for at least a year, while adding greater risk to its existing operations.

[Click here to read the full article in The Motley Fool](#)

Copyright © 2018 The Motley Fool

## **8 Fast Food Stocks Gobbling Up Market Share**

October 25, 2018

UNITED STATES- (Wayne Duggan, US News & World Report) - The restaurant group has been a minefield for investors in 2018 with traffic numbers in most casual dining restaurants on the decline. According to QSR Magazine, third-quarter restaurant sales are down 1.2 percent from two years ago. In that same time, restaurant traffic is down 5.7 percent. Traffic declines are a legitimate concern for restaurant investors, but some companies are faring better than others. KeyBanc analyst Eric Gonzalez says a handful of fast food stocks are picking up the slack in the restaurant industry. Here are eight fast food stocks on KeyBanc's radar.

[Click here to read the full article in US News & World Report](#)

Copyright © 2018 U.S. News & World Report L.P.

## **Yeti goes public, trading on NYSE**

October 25, 2018

AUSTIN, Texas - (The Virginian Pilot) - In 2006, brothers Roy and Ryan Seiders walked into McBride's outdoor specialty store in hopes of landing the first retail account for their rugged, hard-case Yeti coolers. The Seiders, Dripping Springs natives who grew up hunting and fishing, got the idea after becoming frustrated by cheap coolers that broke too easily. But it wasn't an easy sell to McBride's. "I was reluctant to stock them at first because of the price of them," said Jim McBride, who runs the fishing department at the store in Central Austin, told the American-Statesman in a previous interview. Twelve years later, what the Seiders started with that small order is now Austin's newest publicly traded company.

[Click here to read the full article in The Virginian Pilot](#)

Copyright © 2018 The Virginian-Pilot

## **Chipotle in 'Enviably Position' Among Large-Cap Restaurant Stocks**

October 24, 2018

UNITED STATES - (Shoshanna Delventhal, Investopedia) - As fast food restaurant chain Chipotle Mexican Group Inc. (CMG) prepares to post its most recent third quarter results on Oct 25., one team of bulls recommends buying the shares ahead of a likely earnings beat, as outlined by Barron's. In a recent research note, Maxim Group analyst Stephen Anderson lifted his 12-month price target on shares of Chipotle from \$500 to \$510, implying an over 20% upside from current levels. He is forecasting for earnings of \$2.35 per share in Q3 and EPS at \$13.55 for the full year, compared to the consensus estimate at \$2.02 and \$12.02 respectively, according to FactSet data.

[Click here to read the full article in Investopedia](#)

Copyright © 2018 Investopedia, LLC

## **Kmart is closing dozens of stores as parent company Sears weathers Chapter 11 bankruptcy. Here's how the discount chain fell from grace.**

October 24, 2018

UNITED STATES - (Jessica Tyler, Business Insider) - Sears Holdings, Kmart's parent company, filed for Chapter 11 bankruptcy protection on October 15. The company says it will close 142 stores before the end of the year, and its CEO, Eddie Lampert, has stepped down. Lampert is staying on as chairman and is reportedly in talks with at least one potential partner about sharing the burden of a \$300 million bankruptcy loan for the company.

[Click here to read the full article in Business Insider](#)

Copyright © 2018 Insider Inc.

## Chick-fil-A overtakes Starbucks as teens' favorite restaurant, survey determines

October 23, 2018

UNITED STATES- (Michael Bartiromo, Fox News) - Don't worry, Starbucks. Teens will still need someplace to hang on Sundays, at least. According to Piper Jaffray's semi-annual "Taking Stock With Teens" survey, teenagers from homes with an average income of of \$68,000 prefer Chick-fil-A to Starbucks for the first time since 2011. The study found that 12 percent of such teens preferred Chick-fil-A compared to the 10 percent who still preferred Starbucks. McDonald's came in third (7 percent) while Chipotle, Taco Bell and Olive Garden tied for fourth (4 percent each).

[Click here to read the full article in Fox News.com](#)

Copyright © 2018 FOX News Network, LLC.

## People Report: Expect labor pressures to remain high

October 22, 2018

UNITED STATES- (Ron Ruggless, Nation's Restaurant News) - Dunkin' Brands (NASDAQ:DNKN) didn't drop "Donuts" from its namesake chain's name because it wanted a shorter moniker. It did so to better focus its branding around its real core product -- coffee. The move's designed to subtly change how people think about the company, encouraging consumers to equate Dunkin' with coffeehouse rivals such as Starbucks (NASDAQ:SBUX). The change may seem minor, but it's entirely on point: The company admitted in its 2017 annual report that hot and iced coffees were its most valuable products, not the baked goods it once built its business around.

[Click here to read the full article in Nation's Restaurant News](#)

Copyright © 2018 Informa USA, Inc.

Innovation Capital, LLC  
[www.innovation-capital.com](http://www.innovation-capital.com)  
Member: FINRA/SIPC