Industry Top Trends 2020

Retail and Restaurants

Competitive trends intensify, putting pressure on margins

What's changed?

Risk of recession shades outlook for consumer spending. An even tougher road ahead as global GDP growth slows and the odds of a recession increase.

Tariffs and other geopolitical tensions amplify challenges for retailers. Trade tensions and geopolitical issues are weakening top line and margins.

Importance of sustainability has increased. The social and environmental agenda is gaining traction, with more focus on plastics, supply chains, and environmental policies. Demand for fresh foods and organic produce is also increasing.

What to look for in the sector in 2020?

Consumers' shopping behaviors and expectations continue to rapidly evolve. Consumers' price-sensitivity and desire for convenience are setting the bar ever higher for competitive pricing and a seamless and an efficient supply chain.

Amazon will continue its onslaught across the sector. E-commerce continues to disrupt traditional brick-and-mortar retail, with Amazon dominating the field in many countries, and Alibaba leading in China.

Many retailers are struggling to find a competitive footing. Retailers need to invest and innovate to adapt to consumers' expectations. They will have to take a hard look at their business models to differentiate themselves from competition.

What are the key medium-term credit drivers?

Combination of lukewarm top line growth and higher costs pressure margin. Margin pressure will continue due to consumers’ search for value, the shift to less profitable online sales, necessary price investments, and tariffs. Retailers with enough levers to pull should maintain their credit quality.

Higher capex spend into improving omnichannel appeal. Those who can’t translate investment into earnings will see credit quality deteriorate.

Speculative-grade default rates in some regions to remain near 10%. With a high number of ratings in the CCC+ and lower categories, the expected default rate is much higher than the broader corporate universe’s expected rate of around 3%.
The dominance of speculative-grade ratings—the 'B' category in particular—is consistent across regions.

Most regions have more negative outlooks than positive, reflecting secular challenges. In the U.S. the share of ratings in the range from 'CCC+' to 'CC' remains high at around 15%, reflecting continued distress in the sector. Furthermore, downgrades in the U.S. outnumbered upgrades by nearly two times in 2019. The negative bias and rating trends have been in place since 2016, as illustrated by the number of defaults.
Against the backdrop of increasing risk of potential a recession, we expect our default rate of speculative-grade issuers to continue at close to 10%, where it’s been since 2017. For context, we forecast the U.S. default rate across the broader corporate universe to reach 3.4% in 2020.

Ratings on U.S. restaurants also reflect challenging secular changes, with many in deep speculative grade, and a net negative bias of 20%. However, there has only been one restaurant default in the last three years (Burger Boss).

In Canada the majority of outlooks are stable, with the group split between the well-established investment-grade issuers, and speculative-grade issuers that face significant online competition. In 2020 we anticipate ratings pressure on the smaller companies while the larger companies allocate capital expenditures (capex) to bolster their position in the domestic market.

In Europe, the Middle East, and Africa (EMEA), outlooks are increasingly negative, with 25% of the portfolio negative versus 10% in December 2017. Many of the stable outlooks are at a lower rating level following downgrades. Further, we have seen credit measures deteriorate even for relatively stable ratings. Some large investment-grade companies, like Metro, Auchan, and Carrefour, have undertaken significant asset sales to offset the impact of weak trading and significant restructuring costs on their financial metrics. Weakening consumer confidence due Brexit uncertainty is impacting many UK non-food retailers. Since January 2018 there have been more than 30 downgrades in EMEA retail and two defaults each in 2018 and 2019.

In Latin America the majority of our ratings remain in the 'BB' category with a stable outlook, partly due to sovereign constraints. About 25% of the companies carry a negative outlook, but just one reflects liquidity risks.

Unlike in other regions, in Asia-Pacific (APAC) our net outlook is still neutral (i.e., we have close to an even number of positive and negative outlooks). The majority (87%) of our ratings have a stable outlook after several downgrades and a few upgrades in 2019. The rating universe in this region is split into two groups, one for strong investment-grade ratings in developed countries such as in Japan, Australia, and South Korea, and Chinese e-commerce retailers; and another for speculative-grade ratings in developing countries including China. In 2019 we took more actions in the investment grade category than in the speculative grade category, mostly stemming from company-specific issues such as strong (or poor) operating performance, mergers and acquisitions (M&A), high capex, or liquidity. We expect this trend to continue.
Retail and Restaurants

Key assumptions

1. Slowing GDP growth

In the U.S., we expect GDP growth to slow to 1.7% in 2020, down from 2.3% in 2019, driven by the ongoing trade dispute with China, waning effects of last year’s fiscal stimulus, and a slowdown abroad. Canadian growth will remain almost unchanged at 1.5% in 2020 from 1.4% in 2019 to reflect slowing U.S. growth and higher household debt. In Europe, we expect GDP growth to slow further to 1.1% in 2020 and return to trend growth of 1.3% in 2021 and 1.4% in 2022. Similar to this year, net trade is unlikely to add to growth as trade tensions remain on the agenda. In Latin America, Brazil’s recovery remains sluggish but we expect growth of 2% in 2020, up from 0.8% this year. The benefits of presidential elections in Mexico and Brazil during 2018 will probably materialize in 2020 in Brazil, while in Mexico the benefits will probably take longer to accrue. Uncertainty around the U.S.-China trade tensions is dampening business investment in APAC as well, particularly in China, and we expect China’s GDP to slow to upper 5% from a little above 6% this year.

2. Consumer spending will grow but at a slower pace

In the U.S., households remain strong with relatively low leverage and strong labor markets. Household leverage as measured by debt-to-disposable income has fallen to levels not seen since 2001 after peaking in 2007. The “wealth effect” is at a cyclical high, supported by home prices and the stock market. Job gains and solid wage growth are likely to bolster consumer spending. Still, we expect consumer spending to slow to 2.2% in 2020 from 2.6% this year. In EMEA, household consumption and construction will remain the main pillars of growth. Unemployment remains low, inflation will be contained, and lower borrowing costs will incentivize household consumption, both on consumables and larger spending, like housing. In developing countries in APAC, particularly in China, urbanization and increasing middle-class consumers will likely boost incomes of households, but the pace will be slower, because the broader region (including Japan and South Korea) are highly exposed to global trade tension, and consumer sentiment is weaker than in the previous year.

3. Top line and margins will continue to be pressured

Except for online retailers such as Amazon, most retailers will continue to be challenged by the secular shifts we explain above. In addition, our base-case forecast of slowing GDP growth will make competition even more fierce. We expect pockets of stability in niche markets such as auto parts retailers, discounters, convenience stores, and home improvement retailers, while the credit deterioration is likely to continue in apparel-focused segments like department stores.

We do not expect the challenges from the ongoing disruption and secular headwinds to abate. Key trends include:

- Continued growth in online sales;
- Retail business models will have to evolve to keep pace with consumer expectations;
- Increasing focus on value and high price sensitivity due to transparency afforded by the internet;
- Competition for consumers' wallet share from autos, rent, health care, technology, and experiences.
Internet sales, although increasing faster than the sector in general, still only account for around 10% of total U.S. retail sales, yet e-commerce and its biggest players have a disproportionately large impact on the traditional retail sector. Amazon’s free one-day shipping for prime members, including for $1 items, at the expense of its margins, demonstrates its commitment to taking share across the board and, especially, may jeopardize dollar stores’ good position with consumers searching for value. The company also recently announced free grocery delivery to its members. For traditional grocers, prepared foods may be one of the few advantages they retain over online and delivery shopping options, but here they face competition from restaurants, where 50% of food is consumed in the U.S. In our view there are few if any remaining strongholds in retail that are safe from Amazon’s reach.

Chart 8

E-commerce as a percentage of U.S. Retail Sales

Source: U.S. Census Bureau. Seasonally Adjusted; (p) Preliminary

E-commerce penetration is low in Canada, less than 5% of retail sales, but retailers are not immune to increasing competition and companies have used their expanding store brand portfolio as a strong defensive mechanism. In Canada too, food retailers have shifted their focus from growing square footage to online marketing and prepared foods, similar to the U.S. To defend against increasing online penetration from both domestic and U.S. peers, participants continue to invest in e-commerce while addressing customer perceptions regarding convenience. The Canadian grocery market is still competitive but EBITDA margins are defendable because of rational competition and reduced freight costs. At the same time rising food inflation and expanding store-brand products support margins.

While most leading European retailers have developed their own e-commerce and mobile channels, Amazon continues to grow and dominate the non-food retail market in Europe. Its share of all non-store sales reached 40% in Germany and close to 30% in the U.K. For European retailers, long-term competitiveness will depend on an ability to meet increasingly demanding customers on fulfillment as well as product variety. Food retailers in Europe face severe challenges, as customers progressively reduce their basket sizes or do top-up purchases from specialized grocery retailers, resulting in decreasing store traffic. Hypermarkets in Europe have underperformed significantly as consumers favor smaller convenience stores. With the exception of the U.K., online grocery purchases remain a relatively small percentage of the overall food retail market in Europe. The longstanding intensifying competition from larger domestic competitors, and German discounters entering premium private-label categories, will also continue to shrink food retailers’ margins.
With a very fragmented retail market, Latin American companies should continue consolidating, opening stores, and developing e-commerce. The largest share of retailers are controlled by the informal market and mom-and-pop shops. As with the rest of the world, large retailers have been implementing an omnichannel approach. However, in developing economies customers depend on credit, which is usually offered only in stores. Large retailers in the region we rate are also investing in big data and new technologies to bolster their digital presence. Nevertheless, we expect the penetration of online purchases to remain low, mirroring limited internet access in Latin American households. Still we have some outliers, such as Magazine Luiza, who continues to open stores across the country while it expands online sales significantly. The company has converted 50% of its gross merchandise volume to e-commerce thanks to marketing strategies in all income segments and integration with brick-and-mortar stores.

In APAC the penetration of online retail continues to increase and become more significant even though the degree varies by country. In China, the world's largest e-commerce market, we believe retail e-commerce sales will reach about one third of total retail sales in 2020, and continue to take share from traditional retail. Rapidly expanded mobile infrastructure (soon to be 5G) has propelled a generation of new consumers to leapfrog traditional shopping and go straight to online purchases. E-commerce retailers are also investing in omnichannel and we expect to see more alliances or acquisitions between online and offline retailers in China than in other APAC countries. This includes China’s second-largest e-commerce player JD.com’s alliance with Walmart. Through 2020, we have a somewhat cautious stance on overall operating performance for APAC retailers because slowing economies and U.S.-China trade tensions is likely to depress consumer sentiment in the region.

To bridge the physical and digital gap, some traditional brick-and-mortar retailers are entering into partnerships with tech companies to create a connected and seamless “phygital” retail experience, spanning online, mobile, and brick-and-mortar. Retailers have to experiment with store models and customer flows in-store, and invest in employees for better customer service. In Europe we see many retailers extending partnerships with each other, technology companies, and other intermediaries, to include buying alliances, supply chain, and delivery partnerships. Examples of this include Carrefour’s buying alliance with Systeme U and Tesco, Auchan with Alibaba in China, and Casino with Amazon and Ocado. We also expect store-in-store and experiential concepts to continue, enabling retailers to share the rent burden or better utilize surplus physical space. U.S. department stores, such as J.C. Penney with its offering of yoga and Nordstrom’s New York store with seven restaurants, have been at the forefront of this trend.

Technology and systems that improve stock availability while maintaining nimble inventories and overall minimized transaction time for consumers--such as fast checkout, seamless access to a shopping basket across mobile or desktop platforms, smart search engines, speed of delivery--will remain top priorities for transformational investments in 2020.
Key risks and opportunities

1. Continued shift to e-commerce/changing behaviors

Unfortunately for retailers, consumers continuing to spend does not ensure smooth sailing. Rapidly changing shopping habits, including the shift to e-commerce, mean retailers have to innovate quickly and effectively while they compete with bigger, better-capitalized players like Amazon. Furthermore, consumers’ entrenched expectation that they can purchase goods at a discount limits retailers’ pricing power. Fortunes will diverge as the larger players who can afford to invest or reduce prices will benefit from consumers’ evolving shopping behaviors. For smaller or routine purchases like grocery shopping, we expect convenience, proximity stores, and click-and-collect formats (like “drive” in France) to perform better than larger formats like hypermarkets. This trend may be reinforced as consumers increasingly favor fresh and local produce.

2. Geopolitical risks and tariffs could weaken pricing

Tariffs will increase the pressure on retailers, exacerbating a difficult situation for issuers who don’t have the financial flexibility to absorb the supply chain shock. While the extra costs on goods imported from China are clearly bad news for retailers in the West in general, we think that if all these tariffs are imposed as scheduled, the fallout for domestic retailers won’t be the same in all cases. The first tranche (designated by the U.S. government as List 4A tariffs) went into effect Sept. 1, while the second tranche (List 4B) is scheduled to be implemented on Dec. 15. The impact is likely to evolve into a survival of the fittest for U.S. retailers, as we see an increasing divergence between weak retailers and strong ones, whose operating performance and credit metrics will likely hold up better (For more detail, see “Will Tariffs Drive More U.S. Retailers Off The Cliff?”, Oct. 7, 2019).

3. Global economic downturn could make things worse

In the U.S., the broader economy is not likely to provide offsetting support to the sector. Despite wage growth and low unemployment, some indicators suggest a modest slowdown in consumer spending. The Consumer Confidence Index in the U.S. has been at high levels, bouncing between 120 and 135 for the last year, but trending downwards in recent months.

Continued shift to e-commerce/changing behaviors

We expect mobile payments to become more prevalent in global retail, particularly in emerging economies, where many people in rural regions do not have access to banking services. While the majority of mobile payment providers are fin-techs from outside the retail industry, some of the offline retail giants in the U.S. and Japan have their own mobile payment services. This trend will spur e-commerce growth further by providing data regarding consumer behaviors, preferences, and buying patterns for their merchandizing.

Geopolitical risks and tariffs could weaken pricing

In Europe, an escalation of trade disputes and a hard Brexit would deepen the slowdown in world trade. Positively, the European Central Bank’s (ECB’s) new stimulus package should support financing conditions, preventing the slowdown from intensifying.

While our base case remains that the U.K. will not leave the EU without a deal, we continue to assess potential no-deal Brexit-related risks on EMEA-based retailers. Almost all retailers that we rate have some level of contingency planning, the net effect of which will serve to reduce—but not eliminate—the more extreme effects of a hard Brexit.
on U.K. based retailers. Over the medium to longer term, Brexit, particularly in the event of leaving without a deal, would lead to a fundamental re-evaluation of U.K. retailers' operational strategy and priorities. Not least, business supply chains will gradually have to adapt to maintain competitiveness, depending on the level of tariffs and degree of friction at the border.

Global economic downturn could make things worse

Declining confidence in their future economic situation may have caused consumers to cut spending in September, the first month since February in which retail trade sales declined. In our U.S. downside economic case, in which GDP slows to 1% in 2020, consumer spending would slow to 1.7%. In such a case, we would expect the already weak subsectors such as department stores and specialty retail to be hurt significantly as more consumers look for bargains at big box retailers, dollar stores, and Amazon.

Chart 9

US Consumer Confidence Index (Seasonally Adjusted)

![Chart 9](chart9.png)

Source: The Conference Board (conference-board.org)

Chart 10

US Retail Sales

![Chart 10](chart10.png)

Seasonally adjusted; Source: U.S. Census Bureau

In the eurozone, economic growth slowed to 0.2% in the second quarter of 2019, after 0.4% in the first quarter, on the back of persistent external weakness. Resilience in the
labor market is supporting household consumption, but the recession in the manufacturing sector is starting to weaken the services sector and lower companies' employment expectations. The latest data suggest that industry weakness is intensifying. In September the manufacturing Purchasing Managers’ Index (PMI) was 45.7, its lowest level since October 2012. The ECB has therefore eased monetary policy by reducing the deposit rate by 10 basis points to negative 0.5%, and has announced the resumption of a net asset purchase program from November 2019.

As their higher ratings indicate, investment-grade retailers seem to be better positioned to withstand a more difficult operating environment. They are generally larger, more diversified, and benefit from purchasing and pricing power economies of scale. They generally also have stronger cash flows and more solid balance sheets, with easier and less costly access to the capital markets than their spec-grade counterparts. We believe ratings at the spec-grade level are more likely to suffer along with the weaker economy. These companies tend to be smaller and highly leveraged, which results in less margin for error on operating shortfalls. To navigate more difficult economic and credit conditions, we expect borrowers to be more cautious with their financial policies to preserve liquidity and flexibility.

In APAC, we believe the greatest risk over the next six to nine months is the strategic conflict between the U.S. and China. The dispute is dampening sentiment among investors as well as lenders, consumers, and companies. Other risks include breakdowns in market liquidity and property markets, and the longstanding overhang of China’s high debt leverage.

China is going to remain under fairly substantial downward pressure. We now expect the government to substantially reduce the growth target for next year perhaps to 5.5% or 6% or make it much more flexible. The Chinese slowdown is going to continue through next year and into 2021 as well. In China the slowdown is being felt across most sectors, upstream, midstream, or downstream. No major sector stands out as particularly weak or extremely resilient to the slowdown.

**While Amazon dominates e-commerce in the West, local player Alibaba leads in China**

The brick-and-mortar retailers in the U.S. and Europe are suffering the so-called “Amazon Effect.” In fact, we forecast Amazon's growth rate to be 2x to 3x the broader U.S. retail sector. However, the competitive landscape in APAC is somewhat different where regional players have meaningful presence, and we believe this trend is set to continue. Not only do consumers prefer local flavors but also language barriers, business practices, or logistics, have created several entry barriers. In APAC, Amazon’s biggest presence is in Japan, dominating the e-commerce market together with Rakuten Inc. In South Korea, not so much. Moreover, Amazon lost competition with Alibaba (through its marketplace Tmall) and withdrew from China e-commerce in early 2019. Even in Australia, where there is no language barrier, local supermarkets have meaningful presence. Actually, the withdrawal of U.S. and European players from APAC countries is not a new phenomenon, and we have seen it often in brick-and-mortar retail. Having said that, even though Amazon has less presence in APAC does not mean the competition there is less intense.

The domination of these larger players have also spawned some smaller retailers to develop large e-commerce platforms. And many existing players, including Amazon and Alibaba, offer substantial IT services to the smaller players.

We believe a wider portfolio of services allows APAC's regional players to create a solid ecosystem—in particular, financial services (including digital payment systems). In China, Alibaba dominates the market, backed by overwhelmingly strong mobile payment platform “Alipay”. Rakuten also offers various financial services to customers.
Lease accounting changes have no impact on retailers' ratings

Although retailers' financial statements have been significantly impacted from the recent lease accounting changes that came into force from 2019, our view of the creditworthiness of the retail sector (like for all sectors) has not changed because of these new standards. There was no change to the underlying credit fundamentals of these companies, and we viewed the distinction between operating and finance leases as substantially artificial. As a result we already adjusted the reported amounts of all our rated companies to eliminate the operating versus finance lease distinction by capitalizing lease obligations that corporate issuers account for as operating leases. We will generally accept the balance sheet treatment for companies that capitalize all leases on their balance sheet, such as U.S. Generally Accepted Accounting Principles (GAAP) and IFRS filers, by including the reported lease obligations in our adjusted debt. For those entities not required to capitalize operating leases on the balance sheet, we will continue to adjust reported metrics for operating leases. In certain circumstances we may adjust the amount added to adjusted debt to better reflect the lease leverage.

As the vast majority of retailers lease their stores, the impact of the lease accounting change has been significant and, in some cases, the reported balance sheet lease obligation has been higher than the present value of the obligation that we previously calculated. In a few cases, such as the Canadian retailers Loblaw Company Limited, Canadian Tire Corp., and Alimentation Couche-Tard, we revised the ratio thresholds in our outlook statements.
Industry forecasts

Global Retail and Restaurants

In the U.S., the aggregate data masks pockets of weakness versus stability and in rare cases, extreme strength (hello again, Amazon). For the entire retail and restaurant sector, we expect mid-single-digit top line growth and modest margin expansion, which will lead to incremental deleveraging. But excluding Amazon, top line is closer to low-single digits and margin expansion is nil. Drilling into the vulnerable brick-and-mortar retailers, we expect many companies to continue to report flat or declining same-store sales and further store closure announcements in 2020. This underpins our expectation of very weak (<2%) top line growth in the department store and apparel segments.

Revenue and net store openings for other retail segments (grocery, discounters and restaurants) will vary from issuer to issuer but in total be 2-3 points better than GDP growth. Wage pressure, commodity and freight costs, and, for some, tariffs will pressure margins in some segments. We are watching the ongoing escalation of tariffs between the U.S. and China and believe the bigger retailers with more sophisticated operations

Source: S&P Global Ratings. Revenue growth shows local currency growth weighted by prior-year common-currency revenue-share. All other figures are converted into U.S. Dollars using historic exchange rates. Forecasts are converted at the last financial year-end spot rate. FFO—Funds from operations.
will fare better. Retailers’ margins will also continue to be pressured due to the requisite investments in omnichannel capabilities in order to effectively compete.

**EMEA**

Across various regions in EMEA we expect anemic top line growth with several retailers undertaking extensive and in some cases multi-year restructuring programs. Non-Food retail sales has mostly been driven by volume, reflecting significant price competition and discounting. Weak volume growth also reflects lukewarm consumer confidence and macroeconomic uncertainties across the eurozone, with Brexit clouding the outlook further. Our base case remains that the U.K. will not leave the EU without a deal. A no-deal Brexit would likely push the U.K. economy into a recession next year and create further rating headwinds, particularly for more cyclical sectors.

From a margin standpoint, for both food and non-food retailers the moderate price rises have been offset by input cost and wage inflation (in some countries, like the U.K., wages in 2019 are the highest they’ve been in over a decade). The margins are therefore pressured from the multi-level impact of weak top line, higher costs, and significant spending on restructuring and repositioning operations. Furthermore, we factor in continuing inter-period volatility in operating performance due to one-off factors like weather, holidays, or sporting events.

No subsector is truly immune to the disruption and we expect these trends to continue and even intensify over 2020. Department stores, apparel retailers, and casual dining restaurant sectors will be most challenged. In the U.K., for instance, both rated prominent department stores—Debenhams Plc and House of Fraser—have defaulted. The apparel subsector continues to be challenged, with children's clothing retailer IKKS and New Look also making it to the list companies defaulting.

**Latin America**

In Brazil, we expect somewhat stronger organic revenue growth in 2020 compared with previous years, as political uncertainties are diminishing, consumer confidence is improving, and credit granting is increasing. Growth will come from a combination of same-store sales and organic expansion from large, well-capitalized retailers mainly in department and specialty stores. In restaurants, we expect large operators to continue consolidating the market and improving operations with more attractive brands and efficient operations. We expect the companies to continue orienting to the omnichannel strategy, and lower inflation should allow for costs and expenses to stay under control and therefore not pressuring profitability and cash flow generation. As a result, we forecast reduced leverage for rated retailers in the region, even despite increasing capex to support expansion plan.

Mexico's nominal same-store sales has been slowing down in 2019 (+3.16% in year-to-date Sept. 2019 versus +5.38% in the same period last year) mostly driven by durable goods, despite relatively low unemployment rates and sustained growth in consumer credit. Mexico's political uncertainty coupled with a weakening macroeconomic environment could easily extend and accelerate this gradual decline in consumption through 2020. Thus, we expect Mexican retailers’ same-store sales growth to be broadly flat in 2020 versus 2019. Although we currently do not anticipate a contraction in same-store sales for next year, we will monitor Mexico's key macroeconomic indicators and external conditions, and their effect on consumption. In this context, we expect Mexican retailers to adopt prudent strategies towards expansionary capex, particularly in terms of new store openings.
APAC

We expect retail sales growth continue to be in the mid-single digits in China, low-single digits in Australia, and almost flat in Japan. However, the prolonged and intensified trade tensions in China, Japan, and South Korea, softening housing markets and stagnant growth in wages in Australia, and volatile stock and currency markets could weigh on the sales growth. Thus the profitability of offline retailers is likely to remain flat, given a consumer preference for price discounts amid a weakening economy, weaker consumer sentiment, severer competitions across retail formats, and rising labor costs. In addition, competition with online retailers is mounting.

Retailers need to further invest in physical stores to remain competitive. In addition, the need to also invest in e-commerce infrastructure will increase their financial burden. To achieve this, the capex needs remain high for APAC, therefore the debt to EBITDA is likely to remain above 3x.

Speculative-grade issuers in emerging markets, including China, still face higher funding costs, leaving less headroom for their EBITDA interest coverage ratios to absorb increasing interest expenses. However, liquidity risk for rated companies is lower because of completed refinancing.

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- Weakest Links Reach A 10-Year High, Oct. 17, 2019
- The Expansion Of The ‘B-’ Segment Is Feeding Growing Vulnerabilities, Sept. 25, 2019
- High Ridge Brands Defaults, Pushing This Year’s Corporate Default Tally To 92, Oct. 24, 2019

This report does not constitute a rating action.
Cash, debt, and returns

Global Retail and Restaurants

Chart 15
Cash flow and primary uses

Chart 16
Return on capital employed

Chart 17
Fixed versus variable rate exposure

Chart 18
Long term debt term structure

Chart 19
Cash and equivalents / Total assets

Chart 20
Total debt / Total assets

Source: S&P Global Market Intelligence, S&P Global Ratings calculations