



Innovation Capital

Investment Bankers

Restaurant & Retail Newsweekly
For the week ended February 18th, 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

Tadashi Wakabayashi
Managing Director - Japan Gaming Consultant
+81-80-5424-6804
twakabayashi@innovation-capital.com

Alex Wang
Vice President
(310) 335-9909
awang@innovation-capital.com

Mike Martin
Financial Analyst
(310) 335-9339
mmartin@innovation-capital.com

Brian O'Hagan
Strategic Advisory Partner
Restaurant Sector

Kevin Scheible
Partner &
Managing Director
(310) 335-9907
kscheible@innovation-capital.com

Ben Martinez
Director - Native American
(214) 336-3819
bmartinez@innovation-capital.com

Kevin Edler
Financial Analyst
(310) 335-9292
kedler@innovation-capital.com

Shannon Sharp
Office Manager
(310) 335-9333
ssharp@innovation-capital.com

Andrew Margolick
Strategic Advisory Partner
Restaurant & Retail

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

NEW FEATURE...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: **grand** (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:

Restaurant Business names Panera Bread's Ron Shaich 2018 Restaurant Leader of the Year

February 15, 2018

CHICAGO- (PR Newswire) - Ron Shaich, the serial innovator who changed the restaurant business through the founding and constant re-invention of Panera Bread, has been named the 2018 Restaurant Leader of the Year, presented by Restaurant Business. The honor recognizes Shaich for his visionary leadership of the chain, a pioneer of the fast-casual segment. Now the chairman of Panera, Shaich kept the concept a step ahead of the market for almost four decades, most recently with the transformation known as Panera 2.0. That aggressive update of the already powerful brand involved such steps as installing self-order kiosks, which can now be found in a host of limited-service brands, and adding delivery, another amenity widely available today in part because Panera proved it could work.

[Click here to read the press release](#)

Copyright © 2018 PR Newswire Association LLC

Chipotle's new loyalty program to woo back the burrito-loving bunch

February 17, 2018

UNITED STATES- (Suzette Parmley, The Inquirer Daily News) - Chipotle Mexican Grill is trying to save its lunch. Once the darling of Wall Street, the fast-casual restaurant chain known for supersized burritos is crawling back from a series of food scares involving E. coli and norovirus in 2015, and again last year, that cratered the company's stock price, hurt its reputation, and left customers reeling. How bad was the hit? 2016 comparable sales fell 20.4 percent from the previous year, while Chipotle's share price was sliced by more than half in three years. The stock traded at \$674.89 per share in mid-February 2015 (pre-food scares), and closed at \$286.65 on Thursday, down \$3.26.

[Click here to read the full article in The Inquirer Daily News](#)

Copyright © 2018 Philadelphia Media Network (Digital), LLC

H-E-B bought Austin-based Favor Delivery to boost its online shopping strategy

February 16, 2018

TEXAS- (Maria Halkias, The Dallas Morning News) - H-E-B has purchased Austin-based on-demand delivery service, Favor Delivery, as the San Antonio-based retailer tries to accelerate its path to becoming "a digital retail industry leader in Texas." Both companies are focused on Texas. H-E-B is the largest supermarket chain headquartered in Texas with annual sales of \$25 billion. Its Central Market division is based in Dallas. H-E-B's curbside service, already in 100 stores in Texas, is coming to its Central Market stores in North Texas starting with its Fort Worth location this week. Favor, which becomes a wholly-owned subsidiary of H-E-B, was founded in 2013 and is now operating in 50 cities across Texas after doubling its footprint in the state last year. Favor also claims to be the first U.S. on-demand delivery company to become profitable. It's raised about \$34 million in venture capital since it started.

[Click here to read the full article in The Dallas Morning News](#)

Copyright © 2018 The Dallas Morning News Inc.

Upbeat city retail sector defies industry trends

February 16, 2018

AUSTRALIA- (Simon Johanson, The Sydney Morning Herald) - One of America's oldest clothing retailers, Brooks Brothers, will open a second flagship store in Melbourne's Collins Street as the city's retail sector defies broader industry trends. Brooks Brothers is set to display its upmarket apparel in a 100 square metre shop in the historic InterContinental Hotel building at 495 Collins in a space vacated last year by collapsed retailer Rhodes & Beckett. CBRE's Zelman Ainsworth, Samantha Hunt and Tan Thach brokered the lease. "Customers now expect an omnichannel experience in retail, where brands operate seamlessly between online and brick-and-mortar stores," Mr Ainsworth said.

[Click here to read the full article in the Sydney Morning Herald](#)

Copyright © 2018 Fairfax Media

Kraft Heinz Misses Estimates Adding Pressure to Make a Deal

February 16, 2018

UNITED STATES- (Craig Giammona, Bloomberg) - Kraft Heinz Co. suffered its worst stock decline in more than two years after posting disappointing sales and profit, boosting speculation that the food giant will need a large acquisition to fuel growth. The shares tumbled as much as 7 percent in the wake of the results, which reflected a persistent slump in the U.S. packaged-food industry. Though Kraft has a stable of household names -- including Capri Sun, Lunchables, Oscar Mayer and Velveeta -- consumers have shifted to upstart brands and fresh foods. Nuts and cold cuts were particularly weak in the U.S. during the fourth quarter, Kraft Heinz said.

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

Copyright © 2018 Bloomberg LLP

This Canadian LP is Focused on Selling Cannabis as a Consumer Branded Product

February 16, 2018

UNITED STATES- (Carrie Pallardy, The Cannabis Ventures) - Hiku Brands, a publicly traded licensed producer, is focused on marketing and selling cannabis as a retail product, a business strategy that differs from most other licensed producers in Canada. The British Columbia-based company, which just won one of four retail licenses in Manitoba, was formed in January by the merger of Tokyo Smoke and DOJA Cannabis, and includes two other brands under its umbrella: Van der Pop and Maitri. Alan Gertner, cofounder of Tokyo Smoke and now CEO of Hiku Brands, spoke with New Cannabis Ventures about his move from Google to the cannabis industry and what he sees for the future of his company.

[Click here to read the full in The Cannabis Ventures](#)

Copyright © 2018 New Cannabis Ventures

Warby Parker aims to run nearly 100 stores this year, as other Web shops follow

February 15, 2018

UNITED STATES- (Lauren Thomas, CNBC) - Eyeglass retailer Warby Parker, founded online in 2010, plans to have nearly 100 stores across the U.S. by the end of this year. The internet-first company helped spearhead the trend of "online moving offline," after it decided in 2013 to open its first store in New York, where so many shoppers were requesting a place to try their glasses on. From that point forward, moving into retail was a logical step for Warby to gain exposure, new customers and insights into shopping behavior. Today, Warby has 64 stores in well-vetted markets within prime real estate. It's also tested pop-up shops, stores on wheels (in decked-out school buses) and other "mediums" to reach customers, CEO Neil Blumenthal told CNBC.

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

Copyright © 2018 CNBC LLC

Needs of prospective tenants change as retail industry evolves

February 14, 2018

UNITED STATES- (Chris Bosak, The News-Times) - The retail industry is in flux, and those who broker leasing deals must stay on top of the changing needs and desires of merchants looking for space. Michael "Mick" Consalvo, a commercial real estate broker for 30 years and vice president of Tower Realty in Brookfield, said retailers are looking for smaller spaces, lower rates and flexible lease terms more than in past years. "The lease term used to be 10 years, now five is what you see - sometimes even less," he said. "Retailers' needs are all changing. Landlords need to be open to dividing space and helping tenants with buildouts." Tom Torelli of Allied Property Group in Greenwich agrees, and said lease negotiations rank as the biggest shift he's seen in retailers looking for space.

[Click here to the full article in The News-Times](#)

Copyright © 2018 Hearst Media Services Connecticut, LLC

Chipotle Names Brian Niccol Chief Executive Officer

February 13, 2018

DENVER- (PRNewswire) - Chipotle Mexican Grill today announced that its Board of Directors has appointed Brian Niccol as chief executive officer and a member of the Board, effective March 5, 2018. Niccol most recently served as CEO of Yum! Brands' Taco Bell Division, where he was responsible for the highly successful turnaround of the business. Chipotle Chairman, CEO and Founder Steve Ells, who will become executive chairman, said, "Brian is a proven world-class executive, who will bring fresh energy and leadership to drive excellence across every aspect of our business. His expertise in digital technologies, restaurant operations and branding make him a perfect fit for Chipotle as we seek to enhance our customer experience, drive sales growth and make our brand more relevant.

[Click here to read the press release](#)

Copyright © 2018 Chipotle Mexican Grill, Inc.

Are Sneaker Resellers the Next Big Target on the M&A Front?

February 12, 2018

UNITED STATES- (Andrea Cheng, FN) - It all happened on the same day: Digital sneaker reseller GOAT and brick-and-mortar sneaker consignment store Flight Club announced a merger to create the "world's largest sneaker marketplace," and luxury behemoth LVMH made the decision to back NYC-based sneaker consignment store Stadium Goods for an undisclosed sum. Fueled by die-hard sneakerheads who don't think twice about dropping stacks for a coveted limited-edition style, the resale sneaker market is estimated to be a rapidly growing \$2 billion industry. (Sneakers as a whole raked in \$19.6 billion in the U.S. in 2017, according to a report by market research company NPD Group).

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

Copyright © 2018 Fairchild Publishing, LLC

Market East's New Retail Developments Are Bucking Against Negative National Trends

February 12, 2018

PHILADELPHIA- (Matthew Rothstein, Bisnow Philadelphia) - Philly remains a strong market overall for retail real estate, swimming against the national current - and the Market East area is providing a strong kick. Though retail indicators continue to decline at a national level, total retail sales increased by 4.3% from the fourth quarter of 2016 to the same period last year in Philadelphia, according to a Cushman & Wakefield report. Sales are projected to increase again by 4.7% by the end of this year, in large part due to the significant new deliveries in Market East. Situated just across the street from each other and a block away from the Pennsylvania Convention Center and Reading Terminal Market, the concurrent developments East Market and Fashion District Philadelphia will deliver around 1M SF of new retail space between them when completed in an area that was previously considered blighted.

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

Copyright © 2018 Bisnow

Innovation Capital, LLC
www.innovation-capital.com
Member: FINRA/SIPC