



# **Innovation Capital**

*Investment Bankers*

**Restaurant & Retail Newsweekly**  
For the week ended May 13th, 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.*

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## **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: **gold** (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:

### **Nestle will pay \$7 billion to sell Starbucks coffee because U.S. consumers think Nescafe is 'boring'**

May 7, 2018

UNITED STATES- (Los Angeles Times) - Nestle, the owner of Nescafe and Nespresso, is paying more than \$7 billion for rights to sell Starbucks coffee and tea in grocery stores worldwide, as the Swiss giant looks to jolt its coffee business. Although Nestle dominates the world's coffee industry, analysts say it has failed to resonate with younger consumers in the U.S. Analysts say the company's flagship coffee brand, Nescafe, is seen as a boring, mass-market brand, while its higher-end Nespresso has failed to garner widespread appeal in the United States.

[Click here to read the full article in Los Angeles Times](#)

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### **Credit Card Data Stolen In Chili's Malware Attack**

May 14, 2018

UNITED STATES- (PYMNTS.com) - Chili's has suffered a data breach that may have compromised customers' credit card information. The restaurant chain's parent company Brinker International made the announcement on Saturday (May 12), just one day after discovering that malware on some locations' payment systems may have harvested customers' credit card information. "Currently, we believe the data incident was limited to between March - April 2018; however, we continue to assess the scope of the incident," the company wrote in a press release.

"While the investigation is still ongoing, we believe that malware was used to gather payment card information, including credit or debit card numbers and cardholder names, from our payment-related systems for in-restaurant purchases at certain Chili's restaurants."

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

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## **Expanding retail fuels economic growth in Lancaster city**

May 13, 2018

PENNSYLVANIA- (Marshall Snively, Lancaster Online) - With the recent closings of Kmart and hhgregg on Fruitville Pike and the announced closings of Toys R Us and The Bon-Ton, the retail outlook looks dire to many people. However, even with these closings, our region is still seeing tremendous retail growth, including in Lancaster city. Online sales have been noted as the cause for many of the big box and smaller retailers' closings, but actually, 90 percent of all retail sales still occur at brick-and-mortar shops. Throughout Lancaster County, many projects are underway or recently completed, including Lime Spring Square, the Tanger Outlets expansion, The Crossings at Conestoga Creek and The Shoppes at Belmont.

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

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## **Retail, residential plan targets Asian population**

May 13, 2018

MICHIGAN- (Sherri Welch, Crain's Detroit Business) - Oakland County's Novi area is home to the largest Japanese population in Michigan, and as a whole, the state is home to the second-largest Japanese population in the Midwest. But up until now, there hasn't been a dedicated retail, restaurant and entertainment area for Japanese and other Asian populations. A \$50 million-\$60 million, mixed-use retail project taking shape in Novi is setting out to change that. The project will give Japanese and other Asian residents a place to shop, live and gather, while also serving as a destination for others in the region, planners said.

[Click here to read the full article in Crain's Detroit Business](#)

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## **In the convention center arms race, Los Angeles plans to go big to take on Las Vegas and others**

May 11, 2018

LAS VEGAS - (Hugo Martin, Los Angeles Times) - In the arms race among the nation's largest convention centers, Las Vegas has unveiled its biggest weapon yet: a plan to make its already giant facility, well, humongous. The proposed 1.4-million-square-foot expansion, once completed, would stretch the Las Vegas Convention Center two miles from end to end - so big that the operators want to add an automated transit system to get visitors around. "We recognize that we are going to need to move people in a way that doesn't involve them packing a lunch and taking a long hike," said Steve Hill, president of the Las Vegas Convention and Visitors Authority. In the scramble to book the nation's biggest and most profitable conventions, trade shows and consumer events, Las Vegas and other cities in the West are investing billions of dollars to expand centers that are already large enough

to house the entire population of a medium-sized city like Burbank or Ventura.

[Click here to read the full article in Los Angeles Times](#)

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## **Ushering in a restaurant renaissance: 14th Street spot celebrates 15 years**

May 11, 2018

WASHINGTON - (Rachel Nania, Washington's Top News) - With its popular coffee shops, retail shops, restaurants and bars, it's hard to imagine the intersection of 14th and T streets in Northwest D.C. as anything but a bustling city corridor. But Jonathan Fain said 15 years ago, it was an "uncharted area." "People tended to go as far as maybe 18th Street or even 17th Street - that was kind of the emerging neighborhood - but once you got here, it was pretty sketchy," Fain said. "There was just a lot of abandoned stuff." That is until Cafe Saint-Ex opened at 1847 14th St. NW in 2003. At the time, it was one of the only restaurants on the 14th Street corridor. Now, it's one of dozens.

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

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## **A \$25,000 robot barista serves 120 cups of coffee an hour - and it is part of a growing 'robot revolution' that could kill millions of jobs**

May 9, 2018

SAN FRANCISCO- (Kate Taylor, Business Insider) - A robot barista can whip up 120 drinks an hour - and it reveals a growing trend that is transforming the restaurant industry. Trendy coffee roasters including Intelligentsia, Ritual, and Equator have partnered with Café X Technologies to create a \$25,000 robot barista, CNBC reports. The robot, which operates as the sole barista in a San Francisco café, can make any drink you would expect at a standard trendy coffee shop, including espressos, flat whites, and cortados. "I don't see the robot revolution as a problem," 24-year-old inventor Henry Hu told CNBC. "The idea isn't to scare you or harm you in any way. The point is to get you your coffee as quickly and deliciously as possible."

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

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## **Chipotle's CEO says the chain is still trying to fix its queso, which has been slammed as a 'crime against cheese' and 'dumpster juice'**

May 9, 2018

SAN FRANCISCO- (Kate Taylor, Business Insider) - Chipotle's CEO says that the chain still hasn't given up on cracking the queso code. "We're always going to figure out how we can improve the core products we have on our menu," CEO Brian Niccol told Business Insider. "The feedback we've gotten on queso is that there's still some opportunity to improve." Chipotle's rollout of queso - which

customers had begged the chain to add to the menu for years - was tumultuous. Customers slammed the dip as a "crime against cheese," "expired Velveeta," and "dumpster juice" soon after its national debut in September.

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

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## Square launches restaurant point-of-sale platform

May 8, 2018

UNITED STATES- (Megan Rose Dickey, Tech Crunch) - Square, which has already made its way into retail stores and service-based businesses (think hair salons, massage therapists, etc.), is officially getting into the restaurant business with the launch of Square for Restaurants. Square for Restaurants is a point-of-sale system that handles everything from menu updates, floor layouts, employee scheduling and performance tracking to tip splitting. Usually, restaurants have "some old legacy thing or something else," Square Seller Lead Alyssa Henry told me. "Historically, we've not served this customer segment very well," Henry said. "With Square for Restaurants, we're excited to finally be able to serve this customer segment and deliver on a couple of key things that are core to Square but also highly valued by sellers of all types."

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

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## Developers Add a Missing Piece to Their Projects: Hotels

May 8, 2018

ATLANTA- (Joe Gose, The New York Times) - When North American Properties drew up plans for a luxury hotel at Avalon, its \$1 billion, 86-acre housing, office, restaurant and shopping project in the Atlanta suburb of Alpharetta, the developer wanted to reinforce the enclave's stature as a Main Street destination with white-glove service. To extend Avalon's "living room" experience to the hotel, the developer designed a homey lobby and lounge and a South City Kitchen restaurant to entice locals as well as travelers. And hotel guests can use Avalon's amenities as part of their stay, including ordering room service from restaurants or visiting spas and fitness clubs. So far, bookings at the 330-room lodging, called Hotel at Avalon, Autograph Collection, have not disappointed its developer. Even before opening in January, the \$112 million project, which includes 44,000 square feet of meeting space in the Alpharetta Conference Center, had booked 17,500 room nights and 175 events.

[Click here to read the full article in the New York Times](#)

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## Smith & Wollensky to close Back Bay location

May 8, 2018

BOSTON- (Jon Chesto, Globe Staff) - Smith & Wollensky will soon be taking down its banners from the Castle walls, ending a nearly 15-year run as a fixture in the Back Bay dining scene. The Medford-based steakhouse chain plans to close its high-profile restaurant on Arlington Street this summer, focusing instead on a new location in downtown Wellesley and its other Boston restaurant overlooking the Fort Point Channel. Smith & Wollensky president Michael Feighery said the company reevaluated its local space needs with its 15-year lease coming up for renewal at the Castle

building, a former armory in Park Square, and concluded it needed only two restaurants in the Boston area. Remaining at the Castle would have also required the company to invest in renovations there, he added.

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

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## **Del Frisco's Restaurant Group to acquire Barteca for \$325M**

May 7, 2018

TEXAS- (Lisa Jennings, Nation's Restaurant News) - Irving, Texas-based Del Frisco's Restaurant Group Inc. announced an agreement on Monday to acquire Barteca Restaurant Group for \$325 million. Norwalk, Conn.-based Barteca is parent to the Barcelona Wine Bar and Bartaco chains. "We believe Barteca's innovative and 'best-in-class' concepts are highly complementary and will provide Del Frisco's portfolio with significant growth and development opportunities. They will provide opportunities to enable us to capture market share in the experiential dining segments, while mitigating the risk of seasonality and economic downturns to our current restaurant portfolio," said Norman Abdallah, Del Frisco's CEO, in a statement.

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

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