



Innovation Capital

Investment Bankers

Restaurant & Retail Newsweekly
For the week ended April 15th, 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: **invest** (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:

Pizza Chain Bertucci's Is Preparing Bankruptcy Filing

April 13, 2018

UNITED STATES- (Lauren Coleman-Lochner and Leslie Patton, Bloomberg) - Bertucci's Inc., an Italian-restaurant chain known for its brick-oven pizza, is making preparations for a bankruptcy filing, according to people familiar with the matter. The company is lining up a buyer who would take control of the business after the filing, said one of the people, who declined to be identified because the process isn't public. The move could come as soon as next week, according to the people. Bertucci's woes are part of a broader downturn for midpriced, sit-down restaurant chains. They've struggled for years to compete with faster, more modern places where customers don't have to leave tips. Sales at the top 500 U.S. sit-down restaurant chains rose just 1 percent last year, compared with 3.5 percent growth for the industry, according to data from Technomic.

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

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Thousands of pounds of prepackaged salad mixes may have been tainted with E. coli, officials say

April 15, 2018

PENNSYLVANIA- (Kristine Phillips, The Washington Post) - A Pennsylvania food manufacturer is recalling 8,757 pounds of ready-to-eat salad products following an E. coli outbreak that has spread to several states and sickened dozens of people. Fresh Foods Manufacturing, based in Freedom, Pa., is

recalling the prepackaged products after learning last week from their romaine lettuce supplier that the vegetables may have been contaminated with Escherichia coli, the U.S. Department of Agriculture said Saturday. Officials said the recalled products have not been tied to any E. coli-related illnesses. The recalled items, which were labeled "Great to Go by Market District," were shipped to retailers in Indiana, Ohio, Pennsylvania and West Virginia and had sell-by dates of April 13 to April 16.

[Click here to read the full article in The Washington Post](#)

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First major retail center in more than a decade planned

April 15, 2018

MICHIGAN- (Sherri Welch, Crain's Detroit Business) - A Commerce Township plan for the first major retail development in Southeast Michigan in more than a decade moved a step closer to becoming a reality last week. The township approved a planned unit development for the mixed-use project last week. As envisioned by developer Robert B. Aikens LLC, the \$100 million first phase of the 55-acre project would bring the next generation of retail development to the region and the first since the 2007 launch of open-air shopping mall Partridge Creek in Clinton Township. The new project, dubbed "Five & Main," would combine experiential offerings people can't get from online shopping, like restaurants, spinning, salons and pet care shops, with high-end and destination retail, residential development, a dog park and access to nature trails.

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

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More restaurants go cashless, accept only cards and other forms of payment

April 15, 2018

UNITED STATES- (Zlati Meyer, USA Today) - If you're craving the Serrano Grilled Shrimp Bowl at the Tender Greens salad chain, don't bother bringing cash. Tender Greens, with 28 restaurants on the East and West coasts, is one of a growing number of eateries that are either shunning cash and only accepting credit and debit cards and contactless payment systems, like Apple Pay, or experimenting with the strategy. While no one has kept a running count of restaurants adopting the cashless policy, interest is clearly rising. A 2016 Federal Reserve study found the number of non-cash payments - including credit and debit cards - totaled 144 billion in 2015, having grown 5.3% annually between 2012 and 2015.

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

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Prep work starts for \$30M Beaver Creek shopping, restaurant project

April 15, 2018

OHIO- (Richard Wilson, Dayton Daily News) - A developer has begun removing homes and trees on about 10 acres in Beaver Creek where it plans to build a \$30 million project that includes stores, restaurants, offices and possibly homes. The property sits across from St. Luke Catholic Church about

a quarter-mile north of the intersection of Dayton-Xenia and North Fairfield roads. Synergy Building Systems has acquired the land for a potential mixed-use development project. The developer has been in the process of acquiring homes, Synergy President and CEO Jerad Barnett said, and now can move forward with additional zoning work with the city of Beavercreek. The property Synergy has purchased had eight or nine homes on it. Some of the people who were living there are still in the process of moving out, Barnett said.

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

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A Reward Program Without The Credit Card: What Target Could Learn From Macy's, Nordstrom

April 13, 2018

UNITED STATES- (Bryan Pearson, Forbes) - If there's one reward lesson Target could learn from Nordstrom, Macy's and others, it's this: Red could be the new black. Red as in Target Red, the reward program the mass-retail chain is testing in Dallas-Fort Worth. And black as in profit-maker. If it tests well, Target Red could become the alternative to the Target REDcard credit card. Unlike REDcard, which kicks back 5% of each purchase to its cardholders, Target Red rewards shoppers 1% on all purchases no matter how they want to pay, even if it's with cash. Such multi-tender programs have become more prevalent in recent years, as Nordstrom, Kohl's and most recently Macy's transitioned to the model. Based on the results among these retailers, Target's Texas test might not be necessary.

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

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Chipotle Sets Bold Waste Reduction Goals

April 12, 2018

UNITED STATES- (Ron Ruggless, QSR Magazine) - Chipotle outlined its first real campaign under refreshed leadership Monday (April 9). It's not a flashy new menu item or TV spot, but rather a reinforced vision of something the company has touted for decades. By 2020, Chipotle said it plans to divert half of all of its restaurant waste from landfills. "Increasing our waste diversion rate to 50 percent is an ambitious goal, but we feel it's important to be assertive in our efforts to advance our purpose," Caitlin Leibert, head of sustainability at Chipotle, said in a statement. "We remain deeply dedicated to bringing guests great tasting food while upholding Chipotle's values and commitment to food made with respect for the land and environment."

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

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In Spite of Waves of Store Closures, Retail Vacancy Hasn't Spiked in the First Quarter

April 12, 2018

UNITED STATES- (Mary Diduch, National Real Estate Investor) - Retail vacancy levels stayed relatively flat for the first quarter of the year, according to preliminary data from real estate research firm Reis. Industry experts say that despite accounts of retail bankruptcies and store closures, the sector is poised to stay the course. For neighborhood and community shopping centers, the vacancy

rate averaged 10.0 percent, the same as the quarter before. Meanwhile, the vacancy rate for regional malls rose 10 basis points from the fourth quarter to 8.4 percent. This rate has remained relatively unchanged for several quarters, signaling that 2018 is not likely to see a major disruption to retail occupancies, says Barbara Byrne Denham, a senior economist at Reis. Denham points out the particularly rough start the retail sector saw in 2017. "It can't get that much worse," she says.

[Click here to read the full article in National Real Estate Investor](#)

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Bed Bath & Beyond tanks on gloomy outlook

April 12, 2018

UNITED STATES- (Paul R. La Monica, CNN Money) - Shares of Bed Bath & Beyond (BBBY) plunged 20% Thursday to a near-10-year low. The home furnishings retailer posted a drop in same-store sales and warned that earnings for the full year would miss Wall Street's forecasts. By a lot. The company said it now expected to earn around \$2 to \$2.50 per share for this year. Analysts were expecting a profit of \$2.77 a share. Competition is fierce in retail. Stop me if you've heard this before, but Walmart (WMT) and Amazon (AMZN) have both been stepping up their efforts in the home furnishings category lately. Bed Bath & Beyond also faces tough competition from Crate & Barrel (owned by privately held German retailer Otto) as well as Home Depot (HD). This has all put pressure on Bed Bath & Beyond.

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

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Why restaurants are jumping on the food delivery bandwagon

April 11, 2018

UNITED STATES- (Lori Weisberg, LA Times) - As restaurant operators struggle to entice more people to eat out, they are increasingly turning to food delivery as a way to overcome stagnating traffic. Fueled by the explosion of mobile ordering apps such as DoorDash and UberEats, food delivery sales have grown 20% over the last five years, while restaurant traffic has flatlined. That's according to a new study released by the NPD Group, a market research firm that monitored trends in food delivery between 2012 and 2017. The report's conclusions reinforce the shifting trends in consumer behavior as the ease of online shopping and meal delivery have taken a bigger bite out of retail sales and eating at restaurants.

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

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Postmates And DoorDash Considering Teaming Together

April 9, 2018

UNITED STATES- (PYMNTS.com) - Two of the largest restaurant delivery startups in the U.S. are considering a merger in an attempt to take on their biggest rivals. Multiple sources have told Recode that the CEOs of both DoorDash and Postmates have discussed a potential deal at least once in person in the last year. The discussions have been on-again off-again, and there is currently no deal in place. One of the issues at play is who would run a joint company, since neither CEO -

DoorDash's Tony Xu nor Postmates' Bastian Lehmann - wants to report to the other. In addition, neither company is convinced that the risk and difficulty of a merger would result in financial benefits. Last month, DoorDash raised \$535 million in a Series D round, which could bring its value to \$1.4 billion in a post-money valuation. SoftBank Group led the round, along with participation from GIC, Wellcome Trust and Sequoia Capital.

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