



Innovation Capital

Investment Bankers

Restaurant & Retail Newsweekly
For the week ended February 25th, 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: **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:

Albertsons to buy Rite Aid in deal that could remake U.S. retail and health-care industries

February 20, 2018

CHICAGO- (Drew Armstrong and Katerina PetroffBloomberg, Chicago Tribune) - Grocer Albertsons will buy drugstore chain Rite Aid in a deal that would accelerate the remaking of the U.S. retail and health-care industries. The takeover serves several purposes. Rite Aid will get a buyer after a failed merger with another chain last year. Albertsons will add new locations and size amid increasing pressure from online competitors. And the grocer's private-equity owners will exit their 2013 investment without having to go through an initial public offering in a turbulent market.

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

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Chipotle is testing a trendy new menu item - and it shows that the struggling chain has entered a new era

February 26, 2018

NEW YORK- (Kate Taylor, Business Insider) - Chipotle on Monday added a trendy new item to the menu at its test kitchen in New York City: quinoa. "The quinoa is made with red and gold quinoa tossed with a little citrus juice, cumin, and freshly chopped cilantro," Chris Arnold, a Chipotle

representative, said in an email to Business Insider. "We are recommending that added to a salad or in place of rice in another entree." Chipotle has long avoided adding items to its menu, as its style of assembly-line food preparation has been crucial to its success.

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

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3 Chains That Are Defying the Restaurant Recession

February 25, 2018

UNITED STATES- (Fox Business) - It's been a tough two-year stretch for the restaurant industry. Amid overexpansion, many chains have been seeing falling foot traffic and lower average sales per location, taking a bite out of profitability. While signs have emerged that a corner may have been turned, it's too soon to know for sure. Read on for some chains to bet on while you wait.

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

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A startup that runs marijuana dispensaries is America's first \$1 billion marijuana 'unicorn'

February 24, 2018

UNITED STATES- (Melia Robinson, Business Insider) - Chain stores have arrived in the legal marijuana industry - and it could be a billion-dollar idea. MedMen, a cannabis retail company that operates 11 marijuana dispensaries across California, New York, and Nevada, has sold a minority stake of the company to a Canadian investment firm at a \$1 billion valuation, making it the first US cannabis startup to achieve elusive "unicorn" status. On February 14, MedMen closed a \$41 million round of funding, according to Daniel Yi, vice president of corporate communications at MedMen. The Toronto-based firm Captor Capital led the round, buying 2.5% of MedMen for \$25 million, in its first marijuana-related investment. MedMen previously raised \$135 million between two private equity funds.

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

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Carl's Jr. launches ad campaign as it tries to forge an identity separate from Hardee's

February 23, 2018

UNITED STATES- (Sarah Whitten, CNBC) - Nearly a year after scrapping its provocative burger ads, Carl's Jr. is still struggling to differentiate itself from its closest competitors and its partner brand, Hardee's. On Monday, CKE Restaurants, which owns both Carl's Jr. and Hardee's, launched a new advertising campaign that showcases the "crave-ability" of Carl's Jr.'s menu. The campaign features the voice of actor Matthew McConaughey telling diners to "pick up" and answer the "Call of Carl's."

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

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With Restaurant Buyouts Accelerating, Here Are 10 Likely Targets

February 23, 2018

UNITED STATES- (Seeking Alpha) - What happens when you have mature businesses that generate tons of cash, but without much leverage on the balance sheet? An opportunity for private equity to come in and throw on more debt. Read on to find out the top ten likely targets.

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

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McDonald's is bringing back a sauce that led to riots

February 22, 2018

UNITED STATES- (Ryan Browne, CNBC) - McDonald's is bringing back a product that led to riots after it was featured on the popular television show "Rick and Morty." The fast food restaurant said Thursday that it will ship 20 million packets of Szechuan sauce to all of its restaurants in the U.S. The condiment was first served by McDonald's in 1998 to promote the Disney film "Mulan." "Rick and Morty," a sci-fi comedy cartoon, featured the sauce in an episode, prompting a petition signed by 38,742 people to bring back the product. McDonald's then reintroduced the sauce in October, but its release was clouded by chaos at stores as fans protested over a lack of supply.

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

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Costco is selling more cars than ever before by offering one key perk

February 21, 2018

UNITED STATES- (Kate Taylor, Business Insider) - Costco's car business is thriving, thanks in part to a perk that sets it apart from the competition. On Tuesday, Costco said its auto program sold more than 520,000 vehicles last year, an increase of more than 6% over 2016 sales figures, during a year when total sales dropped across the auto industry. Costco's auto business has quietly skyrocketed over the past decade. Costco's program sold roughly 200,000 cars in 2008. Despite the growing business, Costco doesn't make money on the auto sales.

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

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Fast Company Recognizes CVS Health on 2018 World's Most Innovative Companies List

February 20, 2018

WOONSOCKET, R.I.- (Cision PR Newswire for CVS) - CVS Health, the nation's largest pharmacy innovation company, was recognized today by Fast Company as one of the World's 50 Most Innovative Companies List for 2018. CVS Health was also honored as No. 7 on Fast Company's Top 10 Most Innovative Companies in Health. Fast Company's 50 Most Innovative Companies List

recognizes leading enterprises and rising newcomers that exemplify the best in business and innovation. The list was curated from Fast Company's Top 10 lists, which recognize pioneering companies across 36 categories, including health. More than three dozen Fast Company editors, reporters, and contributors surveyed thousands of companies to create these lists.

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

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Walmart holiday-quarter profit drops, online struggles spook investors

February 20, 2018

NEW YORK- (Nandita Bose, Reuters) - Walmart Inc, the world's biggest retailer, on Tuesday posted a sharp drop in profit and online sales growth during the critical holiday period and forecast annual profit at the lower end of expectations. Its shares fell 9.4 percent as investors worried that Walmart would not be able to keep pace with Amazon.com Inc., the world's biggest online retailer, as it struggles with managing its online business. Even as comparable sales in the U.S. market rose for the 14th consecutive quarter, Walmart's online sales grew 23 percent in the fourth quarter that included the holidays. In the same period a year ago, sales grew 29 percent, while online sales were up 50 percent in the third quarter.

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

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Alibaba, Tencent rally troops amid \$10 billion retail battle

February 19, 2018

CHINA- (Maria Halkias, The Dallas Morning News) - China's tech giants Alibaba Group Holding Ltd and Tencent Holdings Ltd, worth a combined \$1 trillion, are on a retail investment binge, forcing merchants to choose sides amid a battle for shoppers' digital wallets. Since the start of last year, the two companies have between them spent more than \$10 billion on retail-focused deals, boosting their reach online and in brick-and-mortar stores. The aggressive drive, supported by large cash piles and soaring share prices, is part of a battle to win over consumers and store operators to the two firms' competing payment, logistics, social media and big data services.

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

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L.L. Bean Just Killed Its Lifetime Return Policy -- Is Costco Next?

February 19, 2018

UNITED STATES- (Rich Smith, The Motley Fool) - If you love L.L. Bean, by now you've probably heard the bad news: L.L. Bean's famous lifetime satisfaction guarantee is going the way of the dodo. "Since 1912," said L.L. Bean in a posting on Facebook last week, the company has offered "one of the best guarantees in retail," by accepting returns for any purchases that customers aren't satisfied with -- basically forever. The problem is, says the company, "a small, but growing number of customers has been interpreting our guarantee well beyond its original intent," even buying old L.L.

Bean products at "yard sales" and then attempting to return them for full refunds of the original price.

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

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