

PCG Dinner Meeting Presentation

We recently held our Winter Retreat in Ft. Lauderdale, FL, which included discussions of **Supervalu's** sale of **Save-A-Lot** and the outlook for both of these companies, **Sears'** recent liquidity-enhancing measures, an update on the **Walgreens** and **Rite Aid** merger including the deal to sell 865 stores to **Fred's**, as well as a review of **US Foods** and **Unified Grocers**. For a copy of the presentation deck, please [click here](#).

Store / Facility Closings

[Click here](#) for recently announced closures (week ended 3/21)

J.C. Penney to close 138 stores

Kmart to close 2 stores

Walmart to close 1 store

Mass Merchandisers / Dollar Stores

THE WEEK'S Alerts / Updates / Snapshot Reports

3/21 – Sears Canada – [Enters Into New Loan Agreement](#)


3/15 – Sears Holdings – [Kmart President Departs](#)


3/14 – Sears Holdings – [Sears' Lenders Hire Advisor](#)

Walmart ✨ On March 17, Walmart acquired the assets and operations of ModCloth, an online specialty retailer of unique women's fashion and accessories. It offers thousands of items — including independent designers, national brands and ModCloth-designed private label apparel. The majority of the apparel is offered in a full size range. ModCloth also operates one physical store in Austin, TX, where customers can schedule styling appointments with ModStylists. ModCloth is headquartered in San Francisco and has additional offices in Los Angeles and Pittsburg. The move follows recent e-commerce purchases of Jet.com for \$3.30 billion, Shoebuy for \$70.0 million, and Moosejaw for \$51.0 million.

Meanwhile, Walmart will reportedly launch its first investment arm to expand its e-commerce business in partnership with retail start-ups, venture capitalists and entrepreneurs. The venture, which was disclosed by Walmart executives at a recent New York conference, is being spearheaded by Marc Lore and will be called Store No. 8. It will

work with startups that specialize in areas that include robotics, virtual and augmented reality, machine learning and artificial intelligence. It will be based in California's Silicon Valley. The Company said it will keep the startups separate from the broader organization so that they will not affect the Company's bottom line in the near term. No timeframe for the launch has been disclosed.

 Walmart de Mexico's (Walmex) CFO Pedro Farah said the Company plans to increase spending by nearly 19% in 2017, upgrading and adding new stores and investing in e-commerce. Walmex, will spend 17.00 billion pesos (US\$864.80 million) in 2017, 19.9% above the 14.30 billion pesos spent last year. According to the Company, Walmex continues to see opportunities to add stores and has become more efficient with its construction projects. The investment is part of an ongoing 10 year plan to double annual sales from 2014 to 2024. Walmex also said it is paying 35% more in bonuses to its low-level employees this year compared to a year ago. It also plans to open a second meat-cutting plant in the northern Mexican city of Monterrey. Walmex executives repeatedly emphasized investments in e-commerce.

 Target unveiled elements for an "ambitious" store redesign, aimed at making shopping quicker and more convenient. The new layout, which was recently unveiled by CEO Brian Cornell, will feature a separate entrance and 10-minute parking for shoppers looking to pick up an online order or some essentials. New center aisles will be curved rather than squared off, "to inspire people to explore." There will be LED track lighting, "and brand boutiques meant to replicate a specialty-store feel will showcase rotating looks." The first of the redesigned stores will open in suburban Houston, TX this fall. About 40 more stores will be remodeled with the new design by October. More than 600 of Target's 1,800 total locations are scheduled for updates over the next three years. The Company expects the remodeled stores to see a 2% – 4% increase in sales.

In other news, Target plans to open a new 43,000 square-foot store in New York City in October. The two-level small-store format on West 34th Street is located in Herald Square and will include a CVS pharmacy. It will be the fourth Target in the city with other locations in East Harlem, Tribeca and the Atlantic Terminal in Brooklyn. The Company said this is part of its focus "on expanding Target's small-format stores in dense urban neighborhoods, with New York being a priority market for the Company's growth." Finally, Target appointed Jeff Burt as SVP, grocery, fresh food and beverage, effective April 10. Mr. Burt joins Target from Kroger, where he most recently served as president of the Fred Meyer division.

Personal Share of the Market... According to a recent report released by TABS Analytics, Walmart leads all retailers with a 19.4% share of purchases in the \$40.00 billion personal care market. The study analyzed the following seven categories: haircare, deodorant, personal wash, mouthwash, toothpaste, feminine care, and adult incontinence. Traditional food stores (such as Kroger and Publix) reportedly followed closely behind with a 16.6% share, and Target came in next, with a 12.1% share. CVS, Walgreens and dollar stores combined grabbed 24.7% of all purchases. Online purchases of personal care products have just a 3.1% share, about \$1.20 billion of the total personal care market. Generation X (ages 35-44) led all age groups in heavy buying, with 37%, and Millennials were a distant second, at 24%. Thirty-three percent of Hispanics reported being heavy purchasers of personal care products. Dr. CEO and founder of TABS Analytics Kurt Jetta commented, “Walmart, traditional food stores and Target are the clear winners in the personal care market with almost 50% of all estimated purchases. Unlike what we see in beauty where online sales is a key driver, online sales in personal care products is relatively unimportant, coming in at just 3.1% of market share.”

meijer Shipt has begun hiring hundreds of shoppers this year to deliver groceries to Meijer customers. In the Grand Rapids area, the Company has plans to recruit shoppers for the 14 stores where the home delivery service will be offered. Meanwhile, Shipt announced today that it has partnered with Costco in the Tampa, FL metro area to deliver groceries, including perishable items. The service does not include apparel, furniture or electronics items. Tampa is the first market in which Shipt is offering Costco delivery. Instacart, which launched delivery services in the Tampa Bay region in October, already offers Costco delivery there. Shipt offers unlimited grocery deliveries for \$99 per year and services 35 markets; it plans to be in 50 markets by the end of the 2017.

amazon.com Amazon's Prime Now delivery service has added wine, beer and other liquor products for one to two hour delivery in Columbus and Cincinnati, OH. Its inventory now includes hundreds of brand name alcohol-related products.

Amazon is planning to offer its sellers in China the ability to fly their goods internationally as air cargo. The move is an expansion of Amazon's growing business as a global freight forwarder and third-party logistics company, putting it more directly in competition with companies like UPS and DHL. In recent months, Amazon began handling the shipment of goods by ocean to its U.S. warehouses from Chinese merchants selling on its site.

Amazon's reported move to open its second drive-up grocery concept will complement its AmazonFresh delivery service in major metro areas. New permit documents reveal that the city of Seattle has given Amazon permission to post “AmazonFresh Pickup” signs for locations in the Ballard and SoDo neighborhoods, as well as signs with messages such as “Shop Online. Pick up here” and “Relax while we load your groceries” for location exteriors. Each pickup site includes an awning for drivers to park under, as well as a brick-and-mortar building for workers to compile orders. Parking spaces at the Ballard location have motion-activated signs installed, which read “Your order is on the way” when triggered.

Meanwhile, Amazon opened a brick-and-mortar Amazon Books store in Chicago's Lakeview neighborhood today. The store has a coffee shop and offers best-sellers as determined by sales on the Amazon site. It also features proprietary technology including Kindles, Fire TVs, and Alexa/Echo voice-activated computer assistants.

In other news, as of April 1 Amazon will begin collecting sales tax of 5.5% on purchases shipped to addresses in Maine. It will also begin collecting sales taxes in Hawaii, Idaho and New Mexico next month. The Company is still working to reach agreements in a handful of remaining states where it doesn't already collect sales tax.

DOLLAR GENERAL Dollar General reported fourth quarter sales growth of 13.7% to \$6.01 billion, boosted by an extra week when compared to 4Q15. Growth was driven by new stores, **modestly offset by sales lost from closed stores**. Comps increased 1%, primarily due to an increase in average transaction amount,

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 6,009.2	\$ 5,286.9	13.7%	\$ 21,986.6	\$ 20,368.6	7.9%
Profit/Loss	\$ 414.2	\$ 376.2	10.1%	\$ 1,251.1	\$ 1,165.1	7.4%
Comps	1.0%	2.2%		0.9%	2.8%	

partially offset by a slight decline in traffic that moderated from the second and third quarters. Comps were driven by positive results in the consumables and home products categories, **partially offset by negative results in the seasonal and apparel categories**. Profit rose 10.1% to \$414.2 million. For fiscal 2016, sales increased 7.9% to \$21.99 billion, comps were up 0.9%, and profit rose 7.4% to \$1.25 billion. In 2016, the Company opened 900 new stores and remodeled or relocated 906 stores.

Looking ahead at fiscal 2017, Dollar General expects sales growth of 4% – 6%, comp growth to be slightly positive to up 2%, and EPS of \$4.25 – \$4.50 (compared to \$4.43 in fiscal 2016). The Company plans to open approximately 1,000 new stores and relocate or remodel 900 stores in fiscal 2017. Capital expenditures are expected to be \$650.0 million – \$700.0 million.

Separately, Dollar General announced James W. Thorpe, EVP and chief merchandising officer, will retire, effective April 15. Dollar General has started a search for a successor and will consider both internal and external candidates for the job.

Sears Sears Holdings' Kmart division is closing its only Maui, HI store in mid-June, with a liquidation sale starting on March 30. Kmart is also closing a store in Honolulu. The Company commented, "We have been strategically and aggressively evaluating our store space and productivity, and have accelerated the closing of unprofitable stores as previously announced." Kmart has closed its other Honolulu store and its Central Oahu store, leaving its West Oahu location as the only remaining store on that island. It also has three stores on the other islands, including one on Maui, another on the Big Island and one on Kauai, which the Company has said it has no plans to close. Kmart has about 870 stores today compared with about 1,300 in 2012.

Department Stores

THE WEEK'S Alerts / Updates / Snapshot Reports

3/17 – Gordmans, DIP – [Case Summary Update](#)

3/17 – J.C. Penney – [138 Store Closing Locations](#)

JCPenney J.C. Penney has released the list of 138 stores it plans to close ([click here](#) for the *Store Trends* map). As previously reported, the Company announced on February 24 it would close the 138 stores as well as a supply chain facility in Lakeland, FL in order to cut costs and focus on growing sales at its best-performing locations. Texas, with nine stores slated for closure, and Minnesota, with eight, were the states hardest hit. While most of the stores are located in smaller markets, the list does include several higher-profile locations, such as the one at Palisades Center in West Nyack, NY and one at the King of Prussia mall in King of Prussia, PA. The liquidation process will begin on April 17 and is expected to be completed sometime in June. Of the 5,000 positions impacted, the Company is looking to relocate certain "leaders" and will provide outplacement support services for eligible associates.

BON-TON On March 9, The Bon-Ton Stores received a staff deficiency letter from the Nasdaq notifying the Company that for the past 30 consecutive business days the market value of "publicly held" shares was less than \$15.0 million. As this was below the requirement for continued listing, Nasdaq provided the Company with 180 calendar days, or until September 5, 2017, to regain compliance. On Friday, Nasdaq withdrew its notification following discussions with the Company, determining that Bon-Ton now meets the required minimum market value of publicly held shares. On Monday, March 20, shares closed at \$0.87, down from \$2.40 a year ago.

Insolvency Support Center

Gordmans On Friday, Gordmans, DIP requested an expedited hearing on March 23 to approve the sale of the Company. The Company stated that in September it hired Duff & Phelps Securities to assist in a potential sales transaction. The Company noted that by November approximately 34 parties entered into confidentiality agreement; however, no sales transaction materialized. The Company has determined that the stalking horse joint bid by Tiger Capital Group LLC and Great American Group LLC is the best available outcome. In addition, the judge also approved an interim order to use cash collateral. See our updated [Case Summary](#) for full details.

Trade Group Presentation

Creditnell analysts recently conducted a presentation on the credit profiles of **Bon-Ton Stores, Gordmans, DIP, Macy's, Sears Holdings, Sears Canada** and **Belk**. Please [click here](#) to view the slides from the presentation.

JPMorgan's Credit Liquidity Solutions (CLS) team is currently offering Receivable Put coverage on many retailers. If you are a supplier looking to 1) increase or maintain sales or 2) start a new relationship and want to maintain or decrease your accounts receivables credit exposure, JPMorgan's CLS team may be able to help. For more information regarding the product and current pricing, please email JPMorgan's CLS team at vendor.protection@jpmorgan.com or call **212-270-2249** to discuss further.

Sporting Goods

THE WEEK'S Alerts / Updates / Snapshot Reports

3/16 – Peak Resorts – [Third Quarter Snapshot](#)

3/15 – Gander Mountain, DIP – [Interim Approval to Access DIP Facility / Amended Appointment of Creditors Committee](#)



Peak Resorts reported third quarter sales increased 45.8% to \$56.4 million, reflecting a full quarter of revenue from Hunter Mountain, which was acquired in January 2016. Additionally, the Company said it has not experienced the **unfavorable weather challenges** during the three months ended January 31, 2017 as it experienced during the same period last year. However, weather trends during the 2016/2017 ski season still trailed historical average levels. Season pass sales from the beginning of the 2016/2017 ski season through the end of the third quarter were up 28% in units and 23% in dollars, compared to the prior year. In addition, paid skier visits increased 40% through the end of the third quarter compared to the same period last year. Margins improved due to the leveraging impact of the higher sales base. **Despite the operational improvement, TTM interest coverage is only 1.9x.** See our March 16 [Snapshot Report](#) for full details. After reviewing Peak Resorts' third quarter results, **Creditintell** analysts increased the Company's credit rating two notches to D1 from E1 (see our March 16 [Credit Rating Change Alert](#)).

	Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg			
Sales	\$	56.4	\$	38.7	45.7%	\$	72.0	\$	50.3	43.1%
Profit/Loss	\$	8.2	\$	3.7	121.6%	\$	(7.7)	\$	(10.3)	25.2%



Cabela's announced that an undisclosed number of employees were laid off at its Sidney, NE headquarters on March 14 in a move to streamline operations. The Company indicated that the layoffs were not part of Cabela's proposed acquisition by Bass Pro Shops, and that certain employees will have the opportunity to rejoin the Company. **Some of the layoffs include those who worked for a customer service center in Sidney that will be consolidated with Cabela's customer service operation in North Platte, NE.**



REI recorded 2016 sales of \$2.56 billion, up 5.7% from the prior-year period; comps were up 4%, while digital sales increased 18%. Profit rose 8.2% to \$38.3 million, an improvement compared to a 20% decrease in 2015. CEO Jerry Stritzke commented, "There is no doubt that the current retail landscape is challenging, but we had another good year." Members received \$193.7 million in annual dividends and credit card rebates, and \$57.0 million went toward employees' retirement and incentive program contributions. Total active membership reached 6.3 million, up from 6.0 million in 2015.

	FYE16	FYE15	%Chg
Sales	\$ 2,560.0	\$ 2,423.0	5.7%
Profit/Loss	\$ 38.3	\$ 35.4	8.2%
Comps	4.0%	7.0%	

CAMPING WORLD Camping World Holdings' term loan, due November 8, 2023, was increased by \$95.0 million to \$740.0 million as part of an amendment by Goldman Sachs Bank USA.

Insolvency Support Center



On March 20 (see our updated [Case Summary](#) for full details), the Court authorized Gander Mountain Company, DIP to access up to \$110.0 million of the \$452.0 million DIP facility on an interim basis, pending final approval at a hearing scheduled for April 6. The Court also authorized the Company to pay prepetition claims of critical vendors, in an amount of up to \$1.5 million in the aggregate.

Meanwhile, the U. S. Trustee amended its appointment of Gander's Creditors' Committee to include the following additional members: Pure Fishing, Inc., Benelli USA, Vista Outdoor Sales, LLC, National Retail Properties, Inc., Liberty Safe and Security Products, Inc., and DDR Corp. The previously appointed members were: Ellett Brothers, Carhartt, Inc., and Smith & Wesson Corp.



Electronics / Office Products

THE WEEK'S Alerts / Updates / Snapshot Reports

3/20 – General Wireless, DIP (dba RadioShack) – [Authorization to Begin GOB Sales at 552 Stores](#)
3/16 – hhgregg, DIP – [Termination of Letter of Intent to Purchase the Company's Assets](#)



School Specialty's fourth quarter sales increased 9.1% to \$115.2 million. By segment, distribution sales increased 10.4%, furniture sales were up 20.6%, supply sales grew 6.8%, instructional solutions sales rose 6%, and curriculum sales were up 2.8%;

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 115.2	\$ 105.6	9.1%	\$ 656.3	\$ 637.5	3.0%
Profit/Loss	\$ (13.8)	\$ (22.7)	38.9%	\$ 14.8	\$ (19.6)	N.M.

however, these increases were offset by modest declines in the AV tech and agendas categories and a 3.1% decrease in the science category. Net loss of \$13.8 million narrowed almost 40% from last year's loss of \$22.7 million. CEO Joseph M. Yorio stated, "We closed out 2016 strong and I'm pleased with what our team accomplished throughout the year. Our exceptional 9% growth in Q4 capped off a year in which we saw 3% growth overall. Achieving back-to-back years of growth is a strong step for our Company and we did so while lowering SG&A by over 4% and continuing to invest in our business. As we enter the new fiscal year, our team remains laser-focused on strengthening our product assortment, deploying our innovative team-based sales model, and generating new revenue in existing categories and markets, as well as in new developing areas."



Sears Hometown and Outlet Stores opened its newest Sears Hometown location in Okeechobee, FL on March 15. This is the fourth Sears Hometown store to open this year. As indicated in our [Store Trends](#) profile on the Company, the average Sears Hometown store is more than 9,000 square feet, or half the size of a Sears Outlet, and generates \$1.65 million in sales per year. Our [Snapshot Report](#) issued March 10 states that the Company closed 160 stores during fiscal 2016, including 149 Sears Hometown locations. It also opened 19 Hometown stores during fiscal 2016 and plans to selectively identify new trade-area opportunities in 2017. The Company opened one new Outlet store last year and does not plan to open additional stores this year.

Insolvency Support Center

hhgregg On March 16 (see our updated [Case Summary](#) for full details) hhgregg, DIP announced that it terminated its previously announced nonbinding letter of intent with an anonymous party to purchase substantially all of its assets. This occurred because the Company was unable to reach a definitive agreement on terms of the transaction. Commenting on the development, CEO Robert J. Riesbeck said, "We have received strong interest from third parties interested in buying some or all of the Company's assets. We and our advisors continue to work with potential acquirers to help them understand our business model for future growth and our value proposition." The Company also obtained interim approval of its \$80.0 million DIP Facility to fund operations of the business during the sale process. The Company said it will continue to operate in the ordinary course of business throughout the restructuring process. The Section 341 meeting of creditors is scheduled for April 12.



On March 20, the Court authorized General Wireless Operations, DIP (dba RadioShack) to begin GOB sales at 552 of the approximately 1,300 stores that will eventually be closed. Please [click here](#) for the locations of the 552 stores, sorted by state. Additionally, the Creditors Committee was appointed; the members include: Spectrum Brands, Inc., Brightstar US, Inc., ION America, LLC, Weide Electronics Co., LTD., Ideavillage Products Corp., Protop International, Inc., and Brixmor Property Group, Inc. See our [Case Summary](#) updated yesterday for full details.

Future Outlook Analysis

For years, the office supply industry has been plagued by lower demand and too many stores. Unfavorable business conditions reflect a drop in the creation of small businesses, product commoditization, market saturation, technological improvements, fewer documents being printed, and the rise of cloud-based computing. Simply put, there is less need for paper and supplies in the workplace. Additionally, competition continues to intensify, both from within the industry and from mass merchandisers and Amazon. The loss of market share has resulted in pressure on revenue and even less control over pricing. These problems permeate the office supply industry, so there is no easy fix on the horizon. On March 20, **Creditintell** analysts released an in-depth analysis of **Office Depot's operational issues** (including its merger with OfficeMax and failed attempt at merging with **Staples**), store closings & real estate, debt, and cash flow & liquidity scenarios. Please [click here](#) to view the report.

Building Materials / Home Centers



Patrick Industries completed the acquisition of the business and certain assets of Medallion Plastics, a designer, engineer and manufacturer of custom thermoformed products and components for the RV market. Total cash consideration paid for Medallion was \$10.0 million, and the Company expects the acquisition to be immediately accretive to EPS. Medallion generated fiscal 2016 revenue of \$20.0 million. The acquisition was funded under the Company's existing credit facility, and Patrick will continue to operate the business on a standalone basis under the Medallion brand name in its four existing facilities.

Meanwhile, on Friday Patrick Industries amended its credit agreement to expand its credit facility to \$450.0 million from \$360.0 million; in addition, the maturity date was extended to March 17, 2022 from April 28, 2020.

True Value. True Value reported revenue increased 1.1% to \$1.51 billion, and comps were up 2.5%, with increases across 11 of the 12 regions in the U.S. and six of nine merchandise categories, led by farm ranch auto & pet, lawn & garden, and paint. The Company also recorded a profit of \$23.7 million, up 24.7% from \$19.0 million in 2015. CEO John Hartmann commented, "True Value is two years into executing a plan that will serve our retailers' needs and ensure their long-term growth and profitability, making them relevant for generations to come. We have broken a nearly decade-long trend of negative net new sales growth; for the past three consecutive years, the sales volume from our new stores has exceeded sales from terminated stores." The Company completed 101 store remodels and added 68 new locations, representing 960,000 square feet of added retail space during 2016.

	FYE16	FYE15	%Chg
Sales	\$ 1,514.1	\$ 1,497.2	1.1%
Profit/Loss	\$ 23.7	\$ 19.0	24.7%
Comps	2.5%	1.3%	

Sherwin-Williams. Sherwin-Williams and The Valspar Corporation extended the termination date of the definitive agreement under which Sherwin-Williams will acquire Valspar for \$113 per share in an all-cash transaction, from March 21, 2017 to June 21, 2017. Sherwin-Williams previously reported in its fiscal 2016 earnings release that **it expected a divestiture would be required** to gain approval from the FTC to complete the transaction. According to the Company, the expected divestiture generates revenues well below \$650.0 million, which represents less than 15% of Valspar's fiscal 2015 sales. While the Company previously believed the divestiture would be completed by the end of April, it now says it needs more time and will provide a more definitive timing for the divestiture during its first quarter earnings conference call on April 20.

Personnel Changes



BMC Stock Holdings appointed William Noah Gay to the position of SVP, operations finance and credit. Previously, Mr. Gay served as chief accounting officer. In addition, James F. Major, Jr. current EVP, CFO and treasurer, will assume the additional responsibilities of the principal accounting officer.



The Andersons reported that James Burmeister, VP, finance and treasurer, announced his resignation, effective March 29. Mr. Burmeister will be joining Libbey Inc. as its CFO.

Apparel & Footwear

THE WEEK'S Alerts / Updates / Snapshot Reports

3/14 – The Gymboree Corporation – [2Q EBITDA Falls 42% / Going Concern Uncertainty](#)

Gymboree Corporation reported second quarter sales decreased 6.4% to \$356.8 million, driven by a decline in system-wide comps of 5% and lost revenues from 15 net store closures. Comps were again in negative territory at Gymboree (-6%) and Crazy 8 (-6%), primarily due to unfavorable traffic trends, while Janie and Jack improved 1%. The Company recorded a net loss of \$324.9 million, compared to a profit of \$49.4 million in the prior-year period.

Second Quarter	Q17	Q16	%Chg	YTD17	YTD16	%Chg
Sales	\$ 356.8	\$ 381.4	(6.4%)	\$ 636.7	\$ 676.9	(5.9%)
Profit/Loss	\$ (324.9)	\$ 49.4	N.M.	\$ (335.8)	\$ 39.4	N.M.
Comps	(5.0%)	2.0%		(5.0%)	1.0%	

In a filing with the SEC, the Company commented, “Cash will not be sufficient to pay debts coming due in December 2017 and February 2018. Such conditions raise substantial doubt as to the Company’s ability to continue as a going concern. The Company is in discussions with a number of lenders and bondholders to attempt to comprehensively restructure or refinance our outstanding debt obligations.” See our March 14 **Snapshot Report** for more details. As a result, **Creditintell** analysts have downgraded Gymboree’s credit rating two notches to **F1** from **E1** (see our **Credit Rating Change Alert** issued March 15).

NY & Co. New York & Co. reported fourth quarter sales decreased 1.8% to \$266.3 million, and comps were down 0.4%. The Company recorded a loss of \$10.0 million, compared to a profit of \$840,000 in the prior-year period. The Company closed 11 New York & Company stores and six Outlet locations

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 266.3	\$ 271.3	(1.8%)	\$ 929.1	\$ 950.1	(2.2%)
Profit/Loss	\$ (10.0)	\$ 0.8	N.M.	\$ (17.3)	\$ (10.1)	(71.7%)
Comps	(0.4%)	1.9%		(0.7%)	3.1%	

during the quarter, ending with 466 stores in operation, including 123 Outlet stores. CEO Gregory Scott stated, “In a rapidly changing retail environment, our fourth quarter results met the high-end of the updated outlook we issued in January and included a double-digit increase in e-commerce sales, strong results in our Eva Mendes Collection, and expansion in overall gross profit margin despite mall traffic declines that lowered sales. As we begin 2017, we expect to accelerate our progress toward our goals with continued growth in celebrity and sub-brands that will include the introduction of a new celebrity partnership launching in early April. We are also extremely pleased to have taken over several competitor locations with flexible lease terms in some of the best malls in the country. These locations were obtained at attractive occupancy rates, requiring low capital investment and are expected to generate high returns.”

CAIO Cato Corporation reported fourth quarter sales decreased 12% to \$220.4 million, and comps were also down 12%. The Company recorded a loss of \$12.8 million, compared to a profit of \$11.8 million in the prior year. CEO John Cato commented, “2016 was a very disappointing year for Cato. The overall apparel retail environment continued to be difficult and was compounded by several mistakes of our own. We also are being impacted by the disruption caused by the growth of online sales at other retailers, resulting in lower store traffic. In the back half of the year, we made several mistakes in our merchandise assortment, fit and timing. This resulted in significant reductions to regular priced sales causing us to liquidate a large portion of our slow selling inventory, which put severe pressure on earnings. Due to the continued volatility and overall difficulty in the retail environment, we believe 2017 will be another challenging year for Cato.” The Company anticipates opening 13 new stores in 2017 and closing up to 19 underperforming locations by year end.

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 220.4	\$ 250.5	(12.0%)	\$ 956.6	\$ 1,011.1	(5.4%)
Profit/Loss	\$ (12.8)	\$ 11.8	N.M.	\$ (47.2)	\$ 66.8	N.M.
Comps	(12.0%)	1.0%		(6.0%)	0.0%	

CALERES Caleres’ consolidated fourth quarter sales increased 5.1% to \$639.5 million, of which Famous Footwear contributed \$367.5 million in sales (up 1.9%) and brand portfolio sales contributed \$272.0 million (up 9.6%); Famous Footwear’s comps were up 0.3% during the quarter.

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 639.5	\$ 608.7	5.1%	\$ 2,579.4	\$ 2,577.4	0.1%
Profit/Loss	\$ (6.6)	\$ 11.4	N.M.	\$ 65.7	\$ 81.5	(19.4%)
Comps	0.3%	0.8%		0.6%	1.9%	

The Company recorded a loss of \$6.6 million, compared to a profit of \$11.4 million in 2015, as a result of charges totaling \$30.9 million related to the acquisition, integration and reorganization of men’s brands (\$12.7 million), brand portfolio business exits and restructuring (\$3.3 million) and an impairment of note and accounts receivable (\$4.9 million). According to management, the Company would have posted adjusted earnings of \$14.3 million, excluding the charges. CEO Diane Sullivan commented, “Despite a promotional and challenging retail environment in the fourth quarter, we maintained our consistent approach of managing the areas under our control while continuing to rapidly respond to changing consumer shopping behaviors. We also took proactive steps to continue the diversification of our portfolio with the acquisition of Allen Edmonds in December, which allowed us to rapidly increase our exposure in men’s footwear. While we are confident about the long-term outlook for our diversified portfolio, we are taking a cautious view of the near-term, as we expect to see continued pressure in retail based on the current environment.”

christopher&banks Christopher & Banks reported fourth quarter sales decreased 10.1% to \$85.0 million, and comps were down 7.8%. The sales decline was attributed to the Company operating an average of 499 stores during the fourth quarter, down from 534 stores in the prior-year period. Meanwhile, the Company's net loss of \$17.2 million narrowed 63.1% from last year's loss of \$46.6 million. CEO Joel Waller commented, "While our fourth quarter results were disappointing, I am confident we have identified the key issues facing the Company and are well down the path to addressing them. Over the next several quarters we will take aggressive steps to (i) develop a differentiated product assortment with a greater mix of relevant fashion and establish a consistent flow of newness, (ii) recapture Missy customers by rebalancing the MPW (Misses, Petites and Women's) assortment, and (iii) address the underperformance of our outlets through a cross functional team dedicated to ensuring their planning, buying, and allocation needs are addressed promptly and effectively."

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 85.0	\$ 94.6	(10.1%)	\$ 381.6	\$ 383.8	(0.6%)
Profit/Loss	\$ (17.2)	\$ (46.6)	63.1%	\$ (17.8)	\$ (49.1)	63.8%
Comps	(7.8%)	(3.4%)		(0.8%)	(8.3%)	

DESTINATION XL Destination XL Group's fourth quarter sales decreased 1.1% to \$122.6 million, and comps were down 1.9%, impacted by the overall weakness in the retail environment. In addition, management cited the elimination of its fall marketing campaign as a negative impact on fourth quarter sales. Destination XL recorded a profit of \$1.8 million, compared to a loss of \$1.4 million in the prior-year period. During the quarter, the Company opened 30 new DXL stores in 2016, including four outlets, and shuttered 32 CMXL locations, including four outlets. Looking to 2017, 20 new DXL stores, including one outlet, will be opened, and 19 CMXL stores, including three outlets, will be shuttered.

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 122.6	\$ 124.0	(1.1%)	\$ 450.3	\$ 442.2	1.8%
Profit/Loss	\$ 1.8	\$ (1.4)	N.M.	\$ (2.3)	\$ (8.4)	73.2%
Comps	(1.9%)	3.1%		2.4%	4.8%	

Management also indicated that sales per square foot for its DXL stores increased to \$180 for fiscal 2016 from \$177 in the prior year. CEO David Levin said, "Despite the 2016 retail environment being one of the most challenging in recent memory, we were very pleased to deliver strong growth in EBITDA and free cash flow. In 2016, we fully funded our DXL store expansion from free cash flow and grew EBITDA nearly 36%. We enter the new fiscal year keenly focused on continuing to grow our customer base by leveraging our fully developed fleet of DXL stores and elevating our digital distribution channel. Six out of 10 big and tall guys still do not know who we are and, therefore, our top priority in 2017 is customer retention and acquisition. We intend to fuel that objective with a marketing dollar increase of approximately 40% this year, including reinstating television advertising beginning April 2."

Personnel Changes

Gap Inc. Gap named Mark Breitbard as president and CEO of its Banana Republic division. Mr. Breitbard served as CEO at The Gymboree Corporation from 2013 until earlier this year. Mr. Breitbard also served as chief merchandising and creative officer of Old Navy from 2009 to early 2010.

Specialty

THE WEEK'S Alerts / Updates / Snapshot Reports

3/16 – Guitar Center Holdings – [4Q Comps Fall 4.8%](#)
 3/16 – Trans World Entertainment – [4Q Comps Down 6.9%](#)



Guitar Center's fourth quarter revenue declined 3.7% to \$606.0 million as a result of lower sales in all segments.

The top-line erosion reflected a decrease in foot traffic, which was partially offset by greater online sales, specifically at guitarcenter.com. The

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 606.0	\$ 629.0	(3.7%)	\$ 2,143.0	\$ 2,196.0	(2.4%)
EBITDA	\$ 48.3	\$ 65.0	(25.7%)	\$ 158.0	\$ 178.0	(11.2%)
Comps	(4.8%)	(6.8%)		(3.1%)	(5.5%)	

Company was more promotional during the quarter, which resulted in a 220 basis point decline in gross margin. Operations were also impacted by the negative effect of the newly introduced ERP system. Management stated the \$2.4 million decrease in Music & Arts EBITDA fully reflected the troubles associated with the implementation of the ERP system.

As a result, the Company's EBITDA margin fell 230 basis points to 8%. Moreover, cash from operations for fiscal 2016 fell nearly 75% to \$22.9 million, after the Company reported increased revenue, slower A/R collections and "major cash flow differences" compared to the prior year. This was reflected in its significantly negative free cash flow for the year of \$41.7 million.

Going forward, the Company expects to open six stores in 2017 and spend \$60.0 million – 70.0 million on capital expenditures, with investments mainly in IT and store upgrades. After the ERP system issue is solved within the next few quarters, management expects to begin pursuing strategic acquisitions. The Company continues to target 7,000 – 11,000 square-foot locations in secondary and tertiary markets. In addition, the Company has identified 120 possible Guitar Center locations and expects to double its footprint in Music & Arts stores. In order to accomplish this level of growth, it appears Guitar Center may be preparing for an IPO; this will be difficult if operations do not quickly improve. See our [Snapshot Report](#) for full details.



Trans World Entertainment's fourth quarter sales jumped 19.9% to \$147.1 million, compared to \$122.7 million in the prior-year period, driven by \$36.4 million in sales from etailz. The etailz business grew approximately 10% compared to the fourth quarter last year. The fye segment reported sales

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 147.1	\$ 122.7	19.9%	\$ 353.5	\$ 339.5	4.1%
Profit/Loss	\$ 7.9	\$ 9.9	(20.2%)	\$ 2.8	\$ 2.7	3.7%
Comps	(6.9%)	0.0%		(3.6%)	(1.0%)	

decreased 9.8%, primarily due to a 6.9% drop in comps, as an 18% increase in trends could not offset the 22% decline in media. Net income was \$7.9 million, down 20.2% compared to \$9.9 million in the prior-year period. CEO Mike Feuer stated, "Our results demonstrate the importance, benefit and potential of our acquisition of etailz. Trans World's sales growth is directly attributable to the diversification of our business into the fastest growing segment of retail: the digital marketplace. In our FYE segment, although we experienced double digit growth in our lifestyle categories, we were impacted by negative mall traffic and the ongoing disruption in our heritage media categories. These headwinds will continue to impact our brick and mortar business in 2017 and we will continuously evaluate our store portfolio. At the same time, with etailz contributing a quarter of our sales and trending upward, our business is correctly positioned for growth." See our [Snapshot Report](#) issued March 16 for details.

WILLIAMS-SONOMA Williams-Sonoma's fourth quarter sales slipped 0.3% to \$1.58 billion, and comps were down 0.9%. By banner, comps were up 6.5% at West Elm and 1.4% at Williams-Sonoma, but these gains were offset by an 8.1% comp decline at Pbteen, a 4.9% decrease at Pottery Barn Kids and a 4.1% decrease at Pottery Barn. CEO Laura Alber commented, "In 2016, we delivered revenues of over \$5.00 billion, which included another year of double-digit growth across West Elm, our newer businesses Rejuvenation and Mark and Graham, and our Company-owned global operations. Additionally, from an operational perspective, we executed one of our best holiday seasons. Entering 2017, we will continue to improve performance and increase our competitive advantage, with a focus on innovation in e-commerce, our products and service, and the retail experience." In 2017, the Company expects to open 21 new stores and shutter 16 underperforming stores, to end with 634 stores in operation compared to 629 stores at the end of fiscal 2016.

Fourth Quarter	Q16	Q15	%Chg	FYE16	FYE15	%Chg
Sales	\$ 1,581.6	\$ 1,586.3	(0.3%)	\$ 5,083.8	\$ 4,976.1	2.2%
Profit/Loss	\$ 144.6	\$ 141.1	2.5%	\$ 305.4	\$ 310.1	(1.5%)
Comps	(0.9%)	0.8%		0.7%	3.7%	

AMC ENTERTAINMENT AMC Entertainment Holdings plans to raise \$475.0 million in a private offering of dollar-denominated Senior Subordinated Notes due 2027. Concurrently, AMC will also raise £250.0 million of sterling-denominated 6.375% Senior Subordinated Notes due 2024. The Company intends to use the proceeds to finance the acquisition of Nordic Cinema Group, pay related fees and expenses, and for general corporate purposes.



Rent-A-Center's core U.S. business sales decreased 16% in February due to less merchandise sales revenue from the tax refund delay, lower revenue per agreement when customers paid out early from the higher promotional activity in 2016, and generally lower end product in the system. However, management indicated the quality of the rental portfolio improved in February, with delinquencies coming in at the lowest level in almost three years, primarily due to continued improvement in account management execution and stronger seasonality around the tax season. Acceptance Now comps were down 3.8% in February, also impacted by the tax refund delay as merchandise sales were down by 15%, partially offset by the continued positive performance in rental and fee revenue.



PartyCity Party City inked a deal to acquire a master franchise group (no name was provided) representing 18 franchise stores in North Carolina and South Carolina for \$31.0 million. The purchase price represents an EBITDA multiple of approximately 4.6x, and the fully synergized multiple is expected to be about four times. In 2016 this franchise operator reported sales of \$44.0 million. Prior to the acquisition, the Company's retail operations included 765 Company-owned Party City stores and 164 franchise stores.

Drug



According to a recent *Bloomberg* report that cited sources close to the talks, Walgreens Boots Alliance (WBA) could be close to an agreement to sell more assets, including additional stores, distribution centers, software and personnel, to Fred's, Inc. in an effort to win FTC approval of its proposed agreement to acquire Rite Aid. According to the report, "Walgreens could present the beefed-up package to the U.S. Federal Trade Commission within weeks, in hopes of satisfying the agency's concerns after an initial proposal fell short." WBA has already agreed to sell up to 1,200 stores in order to obtain approval. In addition to the FTC, at least a dozen states' attorneys general had "scrutinized the deal." As part of the beefed up deal, Fred's would also get the rights to the Rite Aid brand name for an extended period beyond the 24-month period outlined in the original deal.



At its annual investor meeting, Owens & Minor outlined its new strategic plan and reaffirmed its financial guidance. It expects fiscal 2017 EPS of \$1.75 – \$1.85, **representing a decline of 10% – 15% from fiscal 2016, mostly due to the loss of the Kaiser Permanente account to competitor Cardinal Health.** It expects fiscal 2018 EPS of \$2.05 – \$2.20. **As the Company previously noted, these guidance ranges reflect ongoing challenges within its Domestic business, including ongoing margin pressures resulting from changing market dynamics.** President and CEO Cody Phipps commented, "I'm confident that our four-part strategy will position us well for the future and will enable us to achieve sustained profitable growth. Our four strategies include building the most intelligent route to market, expanding along the continuum of care, becoming the preferred outsourcer for leading manufacturers, and leveraging our data, analytics, and services. Our teams are focused, and actions are underway to realize the full potential of our strategy."



Bartell Drugs and health care and benefits provider Kaiser Permanente opened the first of five CareClinic in-store clinics planned for 2017 yesterday in Des Moines, WA. Bartell also announced plans to add four more CareClinics by the end of the calendar year in Silver Lake (Everett) in April, Gig Harbor in June, and Snoqualmie as well as Redmond Town Center in summer 2017. Group Health Cooperative, Bartell Drugs' previous clinic partner, was acquired by Kaiser Permanente effective February 1. Kaiser Permanente and Bartell Drugs now operate 11 CareClinics.

CVS Health CVS Health will add a second Longs Drugs pharmacy in Honolulu as part of a new Target store scheduled to open this fall. Target's six pharmacies in Hawaii have recently been converted to Longs Drugs as part of a December 2015 deal in which CVS acquired all 1,662 of Target's pharmacies in 47 states for \$1.89 billion. CVS, which owns 55 Longs Drugs stores in Hawaii, recently opened new units on Kauai and Oahu, and plans to open a new store in Honolulu in May.



Tenet Healthcare and Blue Cross and Blue Shield of Texas (BCBSTX) signed a new agreement providing patients with BCBSTX health insurance uninterrupted in-network access to Tenet's hospitals, employed physicians and outpatient centers in the state. The multi-year agreement includes all of BCBSTX's commercial and traditional PPO and HMO products. The contract also adds Tenet's newest teaching hospital, The Hospitals of Providence Transmountain Campus, in El Paso.

PHARMASAVE Pharmasave Drugs recently opened its 600th store. The Company is a member-owned and governed cooperative operating independent drug stores across nine Canadian provinces. Over the past two years it has opened more than 70 new stores, including 50 over the past year, and recently said that "many more are in the pipeline for 2017."

Credit Facility Focus Report

Our interactive Credit Facility Focus Report provides a snapshot of key credit facility data that users can filter by industry segment and/or their personalized portfolio. For each company, this customizable tool provides maximum borrowings, excess borrowing availability/percent available, year-over-year percent change in availability, maturity date and credit rating. The Credit Facility Focus also offers key facility information on users' high-risk accounts using our proprietary credit scoring model. For added convenience, expiring facility dates can be uploaded directly to your Outlook calendar with a single click. Users are encouraged to bookmark the report link to view changes in real time. Please **click here** to view the report.

Casual Dining & Restaurants

THE WEEK'S Alerts / Updates / Snapshot Reports

03/14 – Noodles & Company – [Raises \\$31.5 Million in Private Placement](#)



On March 15, TAC Capital LLC issued an open letter to the board of Bravo Brio Restaurant Group expressing that, as the largest shareholder of the Company with an ownership position of nearly 15%, it is “extremely disappointed” with the Company's fiscal 2016 fourth quarter and full-year financial results and called on the Company's board to provide greater transparency regarding the exploration of strategic alternatives as well as more accountability to its shareholders. TAC Capital also noted that the Company's stock price has declined by more than 75% since it filed an IPO, which TAC Capital attributed to what it believes is Bravo Brio's misguided strategy, poor oversight by the board, and ineffective management.



McDonald's has started testing mobile order-and-pay after admitting that the ordering process in its restaurants can be “stressful.” The Company says it will gather feedback from the test before launching the option nationally toward the end of the year. It says mobile order-and-pay is now available at 29 stores in Monterey and Salinas, CA and will expand to 51 more locations in Spokane, WA this week. The rollout comes as customers increasingly seek convenience through online ordering and delivery options.

Strategic Sales Insights – McDonald's Corporation

McDonald's is the world's largest restaurant chain in terms of revenue, and second largest (behind Subway) in terms of store count. Within the U.S., the Company has 14,155 locations, 92% of which are franchised; McDonald's plans to become 95% franchised by 2017 year end. Despite its size, the Company's U.S. sales have lagged behind other fast-food chains over the years, as a lack of product innovation and heightened competition, including convenience stores and supermarkets, resulted in a decline in foot traffic. Our report takes a close look at the Company's operational and competitive status, including market position, real estate, sales trends and supply chain. It also includes access to our interactive Store Trends report, which provides key real estate health metrics, average sales per store and store count. Please [click here](#) to access the full report.



Under pressure from activist investor Bill Ackman and his Pershing Square Capital Management fund, Chipotle Mexican Grill in December expanded its board from nine to 12 and replaced four members, adding two named by Mr. Ackman. Last week, the Company announced that four directors would not stand for reelection at the May shareholder meeting: John Charlesworth (served for 18 years), Patrick Flynn (19 years), Darlene Friedman (22 years) and Stephen Gillett (2 years).

In other news, Columbus, OH-based Bibibop Asian Grill has assumed the leases for ShopHouse Southeast Asian Grill's 15 locations in Washington, the Chicago area and Southern California. Chipotle announced earlier this month that it was closing all of its 15 ShopHouse Asian noodle restaurants due to underperformance. When Chipotle announced its decision, it cited a deal to get out of its leases as one of the reasons for the timing, though it did not identify any third party at the time. Bibibop, with a dozen locations in Columbus and Cincinnati and one opening soon in Cleveland, operates under a similar fast-casual model to ShopHouse; its version offers Korean-inspired choices and build-your-own ordering. Bibibop says the ShopHouse locations will be converted and opened in the coming months.

Retail / Wholesale Food

THE WEEK'S Alerts / Updates / Snapshot Reports

03/19 – Albertsons – [In Talks to Acquire Sprouts](#)



Fiesta Mart, the Hispanic focused grocer, was purchased by ACON Investments back in April 2015. It was sold separately from the Grocers Supply business, which C&S purchased back in December 2014. New management has embarked on aggressive store acquisition and remodeling efforts, as the Company looks to improve its market share in the Dallas/Fort Worth and Houston, TX metro areas. The competition there is fierce, including H-E-B, Walmart and Kroger, as well as newly expanding competitors in the region Grocery Outlet, Sprouts and ALDI. We have initiated coverage and issued our first Private Company Overview on Fiesta Mart last week. To view a copy, please [click here](#).



According to *Bloomberg*, unnamed sources have indicated that Cerberus-owned Albertsons Companies has held preliminary talks to merge with Sprouts Farmers Market. The story claims that the discussions took place in recent weeks, are at an early stage and may not lead to a deal. Representatives for Cerberus and Sprouts have not made any immediate comments. Albertson's may not be the only interested bidder. Kroger has also been acquisitive, and was reported to have considered a bid for The Fresh Market, which was ultimately taken private by Apollo Global Management. Some Wall Street analysts are predicting Sprouts could be acquired for at least \$26.00 per share, representing about a 20% premium from yesterday's close of \$21.83, and an enterprise value of about 13x fiscal 2016 EBITDA. Sprouts' stock price has already been trading up about 20% since the beginning of the month. For further details see our [Special Update](#).



Giant Eagle is making "voluntary separation offers" to 160 employees at its Northeast Ohio stores, giving them the option to resign. The workers account for less than 2% of its Northeast Ohio workforce. The Company said the offer has been made available to a "select group" of employees based on hire date and position type. The buyout offers come as Giant Eagle announced hiring events later this month at six stores in the Cleveland, Columbus, and Akron-Canton metro areas. This past October, the Company offered buyout packages to 340 corporate employees. In other news, the National Labor Relations Board will review [an unfair labor practice complaint over an issue at a Giant Eagle grocery store](#). Members of UFCW Local 23 say nine part-time food employees used Giant Eagle's open-door policy to ask a manager at the store to add two full-time positions. They said Giant Eagle added the jobs but then filed a federal labor charge against the union, alleging they had circumvented grievance procedures.



Members of Teamsters Local 120 at US Foods in Plymouth, MN ratified a new four-year collective bargaining agreement on Sunday. The new agreement includes significant annual raises, maintenance of benefits and up to \$10 per week each year into a health reimbursement account for more than 300 drivers and inside facility workers.

[U.S. Retail Sector: The Rise of Omnichannel Strategies in Food Retail](#)

Online sales for the U.S. retail grocery industry are estimated to jump to \$24.00 billion this year, from about \$20.50 billion last year. Cross-sector competition has pushed grocery retailers to grow their online ordering and delivery services, but it remains to be seen whether food retailers' efforts to develop ordering and delivery options can result in a profit and/or outweigh the substantial costs. To explore this trend, we released a Special Analysis on the surge of omnichannel strategies in the U.S. food retail sector, which offers a broad survey of the major players. The report is the first part of our series on trends within omnichannel development across a range of retail sectors. [Click here](#) to view the report.



Kroger announced that more than 15,000 employees working at 103 stores in its Michigan division have ratified a new labor agreement with the UFCW. The contract, which takes effect March 26, provides wage increases, health insurance contributions and continued pension fund contributions.

In other news, Kroger named Joe Grieshaber as president of Fred Meyer Stores, replacing Jeff Burt, who will be joining Target as its SVP, grocery, fresh food and beverage, effective April 10. Mr. Grieshaber had been serving as president of Kroger's Columbus division. Succeeding Mr. Grieshaber in that position is Dan De La Rosa, who most recently served as VP of merchandising for Fred Meyer.

Publix. In Florida, Publix pharmacy and BayCare Health System have inked an agreement under which BayCare-branded telehealth sites will appear in a number of Publix stores. In addition, BayCare health screening stations will be in all Publix locations, and Publix pharmacies will open in five BayCare hospitals. Through the partnership, BayCare will serve as Publix's exclusive health care and telehealth coordinator within Florida's Hillsborough, Pasco, Pinellas and Polk counties. The two companies said they will finalize details of the deal by year end but that all the components could be in place within the next several months.



KeHE Distributors will debut a new distribution center in Douglasville, GA on April 12. KeHE currently operates 17 distribution centers in the U.S. and Canada. Ongoing increases in demand from the Company's current and new customers has recently led to a number of new distribution facilities, including in Portland, OR; and Aurora, CO; and Stockton, CA.

ARAMARK On March 20, Aramark announced that its indirect wholly owned subsidiary, Aramark International Finance S.à r.l., intends to privately offer €325.0 million of Senior Unsecured Notes due 2025. Proceeds, together with other financing sources, will be used to refinance term loans under Aramark's senior secured credit facilities and to pay certain related fees and expenses. Moody's assigned the notes a Ba3 rating.



Southeastern Grocers has partnered with rewards program Plenti to launch an upgrade to its loyalty program throughout all stores, including its BI-LO, Fresco y Más and Winn Dixie chains. The full rollout follows a successful Plenti launch in Harveys Supermarkets late last year. Plenti, a program operated by American Express, offers members numerous ways to earn points and save on purchases, regardless of the payment method used. Southeastern Grocers is the first grocer to offer Plenti, which also partners with Macy's, Rite Aid, AT&T and Exxon Mobil.



Royal Caribbean Cruises and Port Everglades have signed a memorandum of agreement to begin the process of renovations for the port's Cruise Terminal 25. The upgrades, valued at \$75.0 million, are scheduled for completion by October 31, 2018. The agreement is effective January 1, 2018 and expires September 30, 2026. The agreement comes after Royal Caribbean Cruises announced the *Symphony of the Seas*, which will be one of the world's largest cruise ships when it sets sail in 2018 and will homeport in Miami. The Company also broke ground on its \$247.0 million terminal project at PortMiami, which will allow the port to accommodate its newest massive ship. Royal Caribbean's brand Celebrity Cruises also revealed it will sail luxury ship *Celebrity Edge* from Port Everglades by 2018.

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Beginning March 23, Shipt will expand to offer grocery and alcohol delivery from Harris Teeter across the Winston-Salem, Greensboro, and Asheville, NC metro areas.

Insolvency Support Center

fresh & easy Fresh & Easy, DIP filed its monthly operating report for the period ended February 26. At that date, the Debtor reported cash of \$5.4 million, including \$523,563 in restricted cash to collateralize letters of credit with Wells Fargo; total assets of \$22.8 million; total post-petition liabilities of \$211,648; and total pre-petition liabilities of \$172.7 million, including accounts payable of \$42.6 million, and intercompany debt of \$104.2 million. For additional details on the case, see our [Chapter 11 Case Summary](#).

The Week's Earnings

Sobeys Empire Company Limited, parent of Sobeys, released third quarter results for the period ended February 4. Sales fell 2.3% to C\$5.89 billion, largely due to the continued negative impact of merchandising and promotional strategies in Western Canada; price sensitivity by consumers and their shift to improved value; and retail food deflation. Comps declined 3.7% (excluding fuel). Excluding fuel and the retail West business unit, comps would have decreased 2.6%. The Company reported net income of C\$13.4 million, compared to a C\$1.40 billion loss last year, which included C\$1.63 billion in impairments of goodwill and long-lived assets related to the Company's Safeway operations acquired in 2003. President and CEO of Empire, Michael Medline, commented, "Our results are not where they need to be. We have the employees and assets to put much better numbers up on the board. It is up to management to put in place a game plan to aggressively address our cost and customer issues to return Empire to sustainable and profitable growth and, although it will take time, we will deliver such results."

Third Quarter (\$ in C)	Q17	Q16	%Chg	YTD17	YTD16	%Chg
Sales	\$ 5,889.8	\$ 6,027.2	(2.3%)	\$ 18,007.3	\$ 18,335.6	(1.8%)
Profit/Loss	\$ 13.4	\$ (1,400.4)	N.M.	\$ 89.1	\$ (1,235.1)	N.M.
Comps	(3.7%)	0.4%		N.A.	N.A.	

Store Activity



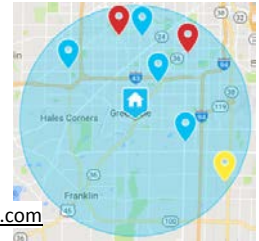
Construction has begun on a new north Fresno, CA Trader Joe's, which is expected to open in late summer. The store will replace a nearby store (located about 3.3 miles away) that will close when the new one opens. The new store will be 3,000 square feet larger than the existing 10,000 square-foot location.



Trader Joe's also opened a new, 13,000 square-foot store in Towson, MD on March 17. The store replaced a smaller Trader Joe's located less than 1.5 miles away that closed on March 16.



Sendik's Food Markets opened a new, smaller-format Fresh2GO store in Greendale, WI on March 14. The 11,000 square-foot store includes all of the Company's traditional offerings but on a smaller scale, as well as gas. It also operates a store in Bayside, WI, which opened in 2013. A third, 17,000 square-foot Fresh2GO store will open in Hales Corners, WI this spring. Within five miles of the new store there are seven competing food retailers include four ALDI locations, two Save-A-Lots and one Woodman's Market.



Retail Locations Provided By AggData.com – Powered By RetailTools.com



Sheetz will open a store in Huntington, WV on March 23. Sheetz currently operates 544 stores across Pennsylvania, North Carolina, Virginia, West Virginia, Ohio and Maryland.



ALDI plans to open a 19,840 square-foot store in Orange Park, FL, with construction expected to begin during the first half of this year. ALDI currently has four stores in the area including two in Jacksonville, one in St. Augustine and one in Middleburg.

Meanwhile, an ALDI store in Newark, NJ will undergo an extensive remodel and will close for about five weeks beginning March 26. The remodeled store will focus on fresh items, a modern design, and expanded offerings.

ALDI announced earlier this month a \$1.60 billion investment strategy, which includes an extensive plan to remodel and expand more than 1,300 U.S. stores by 2020.

Personnel Changes



Albertsons Companies appointed Jonathan Mayes as SVP, external affairs and chief diversity officer. Mr. Mayes most recently served as SVP of public affairs, government relations, and sustainability, philanthropy and diversity affairs for the Company.

[Click here](#) for our **Quickview App Video** for iPhone and Android

General Interest

Rising Energy and Housing Prices Push Annual Inflation to Five-Year High...

Consumer prices increased 0.1% in February, meeting analysts' expectations and representing its seventh consecutive monthly gain. Annual inflation was up 2.7%, the biggest year-over-year increase since February 2012. The food index rose 0.2%, reflecting upticks in all subcategories except cereals and bakery products. Food prices were flat on an annual basis. The energy index fell 1% for the month but jumped 15.2% annually; gasoline prices were down 3% last month but up 30.7% for the year. Prices for apparel increased 0.6% in February and 0.4% for the year, while recreation commodities prices decreased 0.1% for the month and were down 3.3% for the year. The core (all items less food and energy) index increased 0.2% last month and 2.2% annually.

Expenditure Category	*Jan 16 - Feb 17	Feb 16 - Feb 17
All Items	0.1%	2.7%
Food & Beverages	0.2%	0.0%
Food at home	0.3%	-1.7%
Cereals and bakery products	-0.4%	-1.1%
Meats, poultry, fish and eggs	0.2%	-3.3%
Dairy and related products ¹	0.8%	0.4%
Fruits and vegetables	0.7%	-4.7%
Nonalcoholic beverages	1.5%	0.1%
Other food at home	-0.4%	-0.2%
Food Away From Home ¹	0.2%	2.4%
Alcoholic Beverages	-0.1%	0.9%
Energy	-1.0%	15.2%
Gasoline	-3.0%	30.7%
Miscellaneous		
Transportation	-0.3%	-1.2%
Medical Care	-0.2%	4.1%
Education and Communication	-0.2%	-2.2%
Other Goods	0.2%	0.9%
All Items Less Food and Energy	0.2%	2.2%
Services Less Energy	0.3%	3.1%

Expenditure Category	*Jan 16 - Feb 17	Feb 16 - Feb 17
Housing	0.3%	3.2%
Household furnishings and supplies	-0.1%	-1.7%
Furniture and bedding ¹	0.4%	-1.4%
Appliances ¹	0.4%	-3.7%
Other household equipment ¹	-0.5%	-3.1%
Tools, hardware, outdoor equipment	-0.4%	-0.7%
Housekeeping Supplies ¹	0.0%	-1.0%
Apparel	0.6%	0.4%
Men's and boys' apparel	1.5%	1.6%
Women's and girls' apparel	0.4%	0.7%
Infants' and toddlers' apparel	2.7%	-2.9%
Footwear	-0.9%	-1.1%
Jewelry and watches	2.4%	2.3%
Recreation	-0.1%	-3.3%
Video and audio	0.5%	-12.6%
Pets and pet products	-0.2%	-0.1%
Sporting goods	-0.1%	-1.1%
Photographic equipment	0.6%	5.4%
Toys ¹	-0.3%	-7.8%
Recreational reading materials	-0.4%	-0.4%

Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI Detailed Report for February 2017

* Seasonally adjusted ¹ Not seasonally adjusted

- Retail food prices rose 0.3% in 2016, down from 1.9% in 2015 and 2.4% in 2014. The USDA predicts that food prices will rise 1% – 2% in 2017 (revised from a prior forecast of 1.5% – 2.5%).
- According to the U.S. Energy Information Administration, the national average gas price was \$2.30 per gallon last month, compared to \$2.35 in January and up from \$1.76 in the year-ago period. Last week, gasoline prices averaged \$2.32 per gallon, compared to \$1.96 a year earlier.
- According to the Commerce Department, total housing starts rose 3% during the month of February to 1.29 million; annually, housing starts jumped 6.2%. Single-family housing starts increased 6.5% to 872,000 for the month. **Building permits fell 6.2%** to 1.21 million in February but were up 4.4% annually to a seasonally adjusted 1.16 million units.
- At its policy meeting last week, the Federal Reserve raised the benchmark interest rate by 25 basis points to a range of 0.75% – 1%, its first increase this year and third hike in the past year. The increase was largely expected, as CPI results for the past four months showed annual inflation exceeding the Fed's 2% target. In public comments, Chairwoman Janet Yellen indicated that the Fed still remains conservative in its expectations of economic growth, stating, "The data have not notably strengthened. We haven't changed the outlook. We think we're moving on the same course we've been on." She further suggested that the Fed would be able to swiftly adjust its plans should President Trump and Congress cut taxes or enact massive spending on infrastructure. The Fed has forecast three increases for calendar 2017, up from a prior forecast for two increases. The next Fed meeting will be held May 2 – 3. The unemployment rate fell 0.1% to 4.7% last month.

Credit Facility Database	Reports Recently Issued
<p>Advance Auto Parts, Inc. Anixter International Inc. Ascena Retail Group, Inc. Big 5 Sporting Goods Corporation Boise Cascade Company Chico's FAS, Inc. Cinemark Holdings, Inc. The Michaels Companies, Inc. O'Reilly Automotive, Inc. Overstock.com, Inc. Regal Entertainment Group Restaurant Brands International Inc. SRS Holding Corporation Tile Shop Holdings, Inc. West Marine, Inc. W.W. Grainger, Inc.</p>	<p><u>Ascena Retail Group – 2Q Report</u> <u>Restaurant Brands – FYE Report</u> <u>W.W. Grainger – FYE Report</u> <u>West Marine – FYE Report</u> <u>Regal Entertainment Group – FYE Report</u> <u>Tile Shop Holdings – FYE Report</u> <u>Cinemark Holdings – FYE Report</u> <u>SRS Holding Corporation – PCO</u> <u>Chico's FAS – FYE Report</u> <u>Advance Auto Parts – FYE Report</u> <u>Michaels Companies – FYE Report</u> <u>Big 5 Sporting Goods – FYE Report</u> <u>Weekly Bond Watch</u> <u>O'Reilly Automotive – FYE Report</u> <u>Indigo Books & Music – 3Q Report</u> <u>Boise Cascade Company – FYE Report</u> <u>Overstock.com – FYE Report</u></p>
Chapter 11 Daily	
<p>Know every Chapter 11 bankruptcy filing the next morning. Word always gets out quickly on the BIG ONES, but now you have a tool that makes sure the mid-and lower-tier filings are not missed. Please click here to see what the fuss is about.</p>	

With regards from the **CreditIntell** Executive and Research Staff. If you have any questions, contact us at **1-800-789-0123**

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