



2017 IPO Review: Freshii Inc.

Description

In an IPO year that boasted many well-known names, there were also a few smaller players that garnered attention. One of the first IPOs of the year was **Freshii Inc.** ([TSX:FRII](#)). It launched on the TSX back on January 31.

Freshii started as salad restaurant Lettuce Eatery in Toronto in 2005. I remember the company's original name, because its first restaurant was located under my then-office in downtown Toronto. I often saw CEO Matthew Corrin inside the restaurant and just outside of it schmoozing with potential customers. He was always there and always friendly, so I still remember him and his restaurant over a decade later.

Let's move on from reminiscing and review the IPO and how the stock has performed this year.

The IPO

Freshii sets its initial stock price at \$11.50. The stock had a decent first day, closing up at \$12.22 for an increase of \$0.72 per share on the day. The company claimed its IPO generated over \$125 million. It also boasted of a rapid expansion in the number of restaurants it has been opening, which may have contributed to initial optimism about the stock.

How Freshii is faring now

How has the stock looked since its launch? Not so yummy. The stock price slowly decreased over the spring, then plummeted to the \$5 range in October. It has since moved up into the \$7 range, but that's still a long way away from its \$11.50 debut.

What has hurt the stock? Recent quarterly results haven't been so hot. Same-store sales growth was up 5.1%, and the company opened 13 new restaurants during the quarter. But the revenue is small, and net income, net profit, and earnings per share numbers have all been negative in recent earnings disclosures. Fool contributor David Jagielski [summed](#) up some of the issues with the stock earlier this year. He suggested investors would be better off with a stock such as **Restaurant Brands International Inc.**

Bottom line

The stock price is down, and the total return for the stock this year is in negative territory at -42.39%. Not everyone here at Fool dislikes the stock. For a different viewpoint, you can see Fool contributor Ambrose O'Callaghan's recent [take](#) on Freshii. Even though I have nostalgia for the company going back to its first restaurant, I don't love its results this year, and the restaurant market is a tough one. I'm waiting for 2018 and Freshii's results over the next year to see if I can develop an appetite for the stock.

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