

## Why Freshii Inc. Surged 7.53% on Wednesday

### Description

#### What?

Health-casual restaurant company **Freshii Inc.** ([TSX:FRII](#)) watched its stock surge 7.53% higher on Wednesday following its release of certain preliminary unaudited results for its fourth quarter and fiscal year ended December 31, 2017.

#### So what?

Here's a breakdown of four notable statistics from its fourth quarter ended December 31, 2017:

1. Same-store sales increased 6.4%
2. Achieved 22 front-door openings, which was at the high end of its outlook of 20-22
3. Opened 25 net new stores, including the aforementioned 22 front-door openings, nine e-store openings, and six closures, which was in line with its outlook of 24-31
4. System-wide sales increased 42% to approximately US\$37.4 million

And here's a breakdown of four notable statistics from its fiscal year ended December 31, 2017:

1. Same-store sales increased 5.5%, exceeding its outlook of approximately 5% growth
2. Opened 92 net new stores, including e-stores, which was in line with its outlook of 90-95 openings
3. System-wide store count rose by 33% to 370 worldwide locations, in line with its outlook of 369-376
4. System-wide sales increased 43% to approximately US\$137.4 million

#### Now what?

The preliminary results are a thing of beauty, so I think the market responded correctly by sending Freshii's stock soaring on Wednesday. The company's stock still sits more than 34% below its IPO price of [\\$11.50 per share](#), but I think it will head back towards this level in a hurry, and I would be a long-term buyer for three primary reasons.

First, the restaurant industry is arguably the most competitive industry in the world, but Freshii's 5.5% same-store sales growth shows that it's one of the most in-demand brands today, and I think the growing desire for fresh and healthy food choices will drive growth for years to come.

Second, it has immense expansion potential. Freshii ended fiscal 2017 with 370 stores, and it expects to have between 730 and 760 stores by the end of fiscal 2019, representing growth of 360-390 restaurants in the next two years; this is a very ambitious expansion plan, but I think the company could achieve it, and I think it could do it without ever running into issues related to market densification. On top of all of this, the company expects to achieve same-store sales growth of between 3% and 4% for the period from fiscal 2017 to fiscal 2019, making it an all-around superstar when it comes to growth.

Third, Freshii has established relationships with [UberEATS](#) and [SkipTheDishes](#), which means it will continue to benefit from the increased usage of these services. The rise of **Netflix Inc.** ([NASDAQ:NFLX](#)) and other cord-cutting services has led to consumers not going out as often as they used to, so it's crucial for restaurants to be able to get their food to the customers who do not want to go and get it themselves.

With all of the information provided above in mind, I think Foolish investors seeking exposure to the restaurant industry should consider initiating positions in Freshii today with the intention of adding to those positions on any weakness in the trading sessions ahead.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:NFLX (Netflix, Inc.)
2. TSX:FRII (Freshii)

## PARTNER-FEEDS

1. Msn
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1. Investing

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