Fresh Thyme Market

Analyst's Insight

General Information

Address:	2650 Warrenville Road Downers Grove, IL 60515	Annual Sales:	Approximately $700.0 million
Phone/Fax:	(331) 251-7100	Operations:	The Company operates 70 stores primarily in the Midwest, including IA, IL, IN, KY, MI, MN, MO, OH, WI, PA
Website:	www.freshthyme.com		

Key Personnel

CEO:	Gerald Melville	CFO:	Carol Okamoto
COO:	Dean Little		

ARMS Payment Score
As of 04/12/21



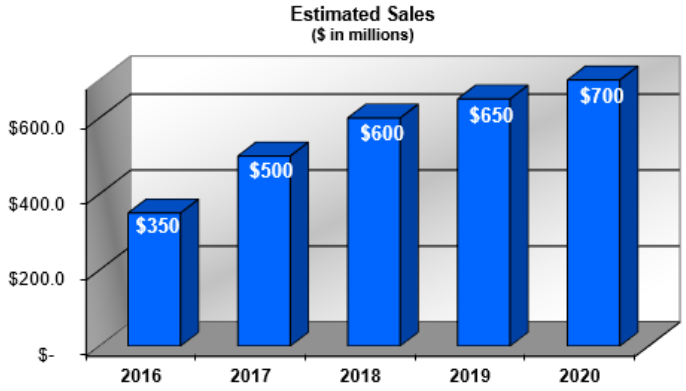
Click Here for current APS and six-month trending

Fresh Thyme Market is in transition as it prepares for a new normal following the COVID-19 pandemic. We estimate sales inched up mid-single digits to $700.0 million in 2020 due to sector wide volume gains associated with COVID-19, which more than offset the Company closing four locations during the year. This uptick in performance was needed. The Company has struggled since at least 2018 due to over saturation and intense competition in the natural grocery subsector, as well as from premium regional grocers such as Mariano's and Lunds, and even traditional grocers have added organic and fresh offerings in the last several years. After several successive years of double-digit store count growth between 2014 and 2017, growth has stalled. Meanwhile, over the last two years, the Company has closed 11 underperforming stores (>10% of its base). The four closings in 2020 are especially concerning given the grocery sector's overall boom, and indicate that there are (or at least were) several very challenged stores in the portfolio. Similar struggles led to the bankruptcies and liquidations of Earth Fare and Lucky's, before the pandemic surge which boosted many struggling grocers, including the Company. Now, thanks to the beneficial COVID-19 impact, as well as the benefit from Earth Fare's failure (Earth Fare had operated 8 stores in Fresh Thyme's geographic markets), we suspect the Company is in much better operational shape in the near term.

Overall, though the pandemic provided a reprieve, performance over the last few years clearly fell short of expectations and management has failed to provide any financial disclosure. The Company is still all/majority owned by Meijer, which brought in a new CEO in 2019 to align the day-to-day execution more to Meijer's liking. However, it remains unclear what steps Meijer would be willing to take to preserve its investment; Meijer has provided at least an initial $30.0 million equity capital and a line of credit. There is no evidence of a secured borrowing relationship and the Company has shown no payment issues as supported by our strong APS however, despite the windfall of COVID sales, credits should continue to be monitored closely.

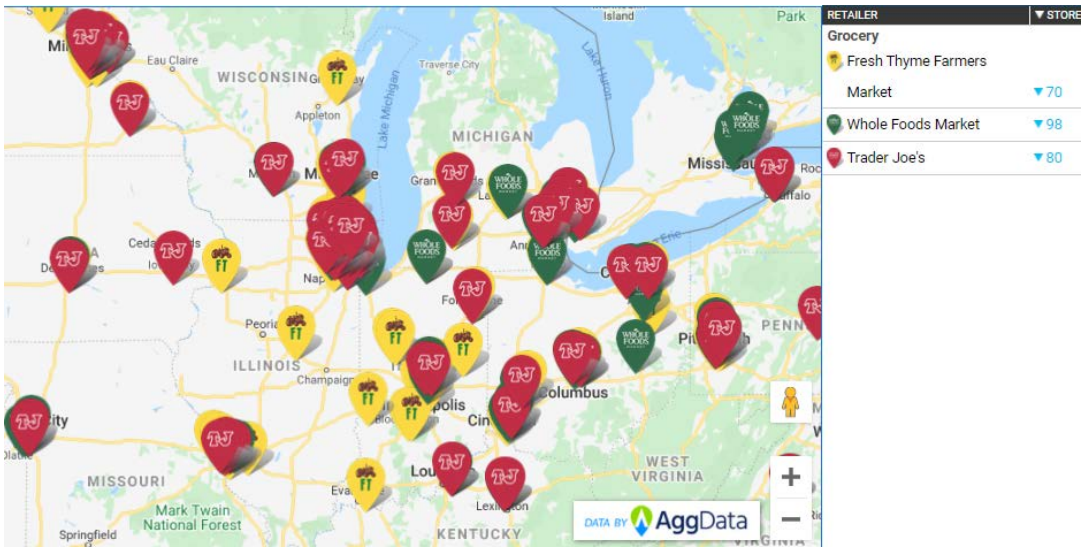
Taylor Ricketts, Assistant Vice President. (800) 789-0123, ext. 139

Sales Trend



Store Trends

The map below shows the Company's store concentration, along with competitors Whole Foods and Trader Joe's, in its primary markets. Click on the picture to view a more interactive analysis of the Company's real estate.



U.S. Market Presence

The following charts show the Company's store count and market share in its major markets in comparison to its primary competitors as of January 2021 and January 2019:

Chicago, IL	Jan 2021 Market Share	Jan 2021 Store Count		Jan 2019 Market Share	Jan 2019 Store Count
Kroger - Mariano's	8.2%	44	Kroger - Mariano's	7.7%	44
Amazon - Whole Foods	4.3%	29	Amazon - Whole Foods	5.0%	28
Trader Joe's	2.5%	22	Trader Joe's	2.4%	21
Tony's Finer Foods	1.2%	16	Tony's Finer Foods	1.2%	15
Fresh Thyme	**0.6%**	**9**	**Fresh Thyme**	**0.6%**	**9**
All Other	83.3%	910	All Other	83.1%	920

Indianapolis, IN	Jan 2021 Market Share	Jan 2021 Store Count		Jan 2019 Market Share	Jan 2019 Store Count
Kroger - Signature Store	2.9%	3	Kroger - Signature Store	2.7%	3
Fresh Thyme	**1.8%**	**7**	Amazon - Whole Foods	2.2%	3
Amazon - Whole Foods	1.2%	3	**Fresh Thyme**	**2.1%**	**7**
Needler's Fresh Market	1.2%	4	Needler's Fresh Market	1.6%	5
Trader Joe's	0.4%	2	Trader Joe's	0.4%	2
All Other	92.5%	169	All Other	91.0%	178

Minneapolis, MN	Jan 2021 Market Share	Jan 2021 Store Count		Jan 2019 Market Share	Jan 2019 Store Count
Lund & Byerly's	7.5%	26	Lund & Byerly's	7.7%	26
Trader Joe's	3.3%	8	Trader Joe's	3.6%	8
Amazon - Whole Foods	2.1%	7	Amazon - Whole Foods	2.9%	7
Knowlan's - Festival Foods	1.6%	6	Knowlan's - Festival Foods	1.9%	8
Fresh Thyme	**1.2%**	**7**	**Fresh Thyme**	**1.4%**	**7**
All Other	84.3%	297	All Other	82.6%	292

St. Louis, MO	Jan 2021			Jan 2019	
	Market Share	Store Count		Market Share	Store Count
Trader Joe's	1.4%	4	Amazon - Whole Foods	1.6%	3
Amazon - Whole Foods	1.3%	3	Trader Joe's	1.5%	4
Fresh Thyme	**1.3%**	**6**	**Fresh Thyme**	**1.4%**	**6**
Straub's	0.7%	6	Straub's	0.7%	5
All Other	95.3%	313	All Other	94.8%	320

Detroit, MI	Jan 2021			Jan 2019	
	Market Share	Store Count		Market Share	Store Count
Kroger - Fresh Fare	1.8%	6	Kroger - Fresh Fare	1.8%	6
Busch's Fresh Food Market	1.5%	10	Busch's Fresh Food Market	1.6%	10
Trader Joe's	1.3%	5	Amazon - Whole Foods	1.6%	4
Amazon - Whole Foods	1.2%	4	Trader Joe's	1.4%	5
Fresh Thyme	**0.7%**	**5**	**Fresh Thyme**	**0.8%**	**5**
All Other	93.5%	441	All Other	92.8%	438

Milwaukee, WI	Jan 2021			Jan 2019	
	Market Share	Store Count		Market Share	Store Count
Kroger - Metro Market	7.0%	8	Kroger - Metro Market	6.1%	7
Trader Joe's	2.3%	2	Trader Joe's	2.3%	2
Amazon - Whole Foods	1.4%	2	Amazon - Whole Foods	2.1%	2
Fresh Thyme	**1.1%**	**3**	**Fresh Thyme**	**1.5%**	**4**
Outpost Natural Foods	0.8%	4	Outpost Natural Foods	0.8%	4
All Other	87.4%	182	All Other	87.2%	179

Columbus, OH	Jan 2021			Jan 2019	
	Market Share	Store Count		Market Share	Store Count
Giant Eagle - Market District	4.2%	4	Giant Eagle - Market District	4.1%	3
Amazon - Whole Foods	1.8%	3	Amazon - Whole Foods	1.7%	3
Kroger - Fresh Fare	1.3%	2	Kroger - Fresh Fare	1.4%	2
Fresh Thyme	**0.9%**	**4**	**Fresh Thyme**	**1.0%**	**4**
Trader Joe's	0.5%	2	Trader Joe's	0.6%	2
All Other	91.3%	194	All Other	91.2%	196

Source: The Nielsen Company – TDLinx

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Background

Lakes Venture, LLC, dba Fresh Thyme Farmers Market is a Delaware limited-liability company formed in 2012 and originally 100% owned by big box retailer Meijer. After opening its first stores in 2014, it aggressively grew through 2018 with its highest concentration of stores in Chicago, IL. However, total count has been trending downward since capping at 74 in 2020 (now at 70) as the Company has actively pared its store base of poor performing locations. Management's decision to expand in the Midwest was primarily due to the region's lack of a natural chain with considerable presence, other than Whole Foods. The Company utilizes a smaller footprint, fresh-focused concept that closely resembles Sprouts. The Company's stores average 28,000 square feet and rely on fresh offerings (40%-50% of sales are from perishable products) and affordable prices to distinguish itself from traditional grocery stores and Whole Foods. The Company also sells liquor, vitamins and supplements, prepared deli/bakery foods, and a small assortment of personal care and general merchandise**.** In 2017, the Company opened its first distribution center, in Bolling Brook, IL. Meijer originally provided the Company with $30.0 million in equity and a $100.0 million line of credit.

What's Happening

Name Change. In September 2020, the Company changed its name to Fresh Thyme Market and unveiled a new logo as well. The name change was to focus more on 'Fresh'; perishables account for 40%-50% of sales.

Store Activity. The Company closed three stores in Nebraska in October 2020 (its last in the state), including two in Omaha and one in Lincoln. This was in addition to another closing in Menomonee Falls, WI, in August 2020. In 2019, store count was flat during which time the Company opened five new stores while closing five; it closed three stores in November 2019, in Grand Island and Omaha, NE, as well as a store in Ames, IA and two stores in the summer of 2019 in Dayton, OH and Louisville, KY. Reports indicate that the stores were underperforming. In 2018, store count grew by eight units during which time the Company opened 10 stores and closed two. It added stores in Minnesota, Ohio, Missouri, Indiana, and its first stores in Pittsburgh, PA. In May 2018, the Company closed a store in Deerfield, IL and another in Cincinnati, OH.

Delivery & E-commerce. In April 2018, the Company started offering delivery options through Instacart; the Company had previously offered delivery through Amazon Prime Now.

Distribution. The Company operates a 320,000 square-foot distribution center in Bolling Brook, IL, just outside the Chicago metro area. The facility services all current stores and has the ability to provide for over another 100 stores. Due to the regional nature of the store locations, mostly within 500 miles, this facility can service all stores within 24 hours. The Company also maintains a distribution agreement with KeHE Distributors.

Natural Food Competition. Though Earth Fare ceased operations in March 2020 and shuttered its seven stores within 5 miles of a Fresh Thyme Farmers Market, the Company still faces intense competition from Whole Foods and Trader Joes. There are 39 Whole Foods Market stores within a 5-mile radius of 31 Fresh Thyme stores. Similarly, Trader Joe's operates 36 stores within a 5-mile radius of 33 Fresh Thyme stores.

Private Label. Since introducing its private label in 2015, the Company has introduced more than 1,850 SKUs.

Closed Stores

TNT Tracker

Click any highlighted month for more details

☐ Show All Records on File

Estimated Effective Date	Company	Action	Address	City	State
Oct 1, 2020	Fresh Thyme Farmers Market	Store Closing	13215 W. Center Rd.	Omaha	NE
Oct 1, 2020	Fresh Thyme Farmers Market	Store Closing	14949 Evans Plaza	Omaha	NE
Oct 1, 2020	Fresh Thyme Farmers Market	Store Closing	5220 O St.	Lincoln	NE
Aug 21, 2020	Fresh Thyme Farmers Market	Store Closing	N89 W. 16849 Appleton Ave.	Menomonee Falls	WI
Nov 16, 2019	Fresh Thyme Farmers Market	Store Closing	17550 Gold Plaza	Omaha	NE
Nov 16, 2019	Fresh Thyme Farmers Market	Store Closing	3535 West 13th Street	Grand Island	NE
Nov 16, 2019	Fresh Thyme Farmers Market	Store Closing	215 Southeast 5th Street	Ames	IA
Aug 24, 2019	Fresh Thyme Farmers Market	Store Closing	4301 Shelbyville Rd., Suite 101	Louisville	KY
Jul 27, 2019	Fresh Thyme Farmers Market	Store Closing	4317 Feedwire Road	Dayton	OH

Bank & Lien Searches

- UCC searches do not indicate a secured borrowing relationship.
- There are currently no tax liens or material lawsuits pending against the Company.

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