



Sector spotlight:
Candy, nuts &
snacks

Perspectives on candy, nuts & snacks



Consumer behavior | Nearly half of U.S. consumers are eating an average of three or more snacks a day, representing an increase of 8% compared to the past two years; U.S. snack sales have experienced 11% year-over-year growth.



Personalization | Consumers are increasingly looking for snacks that cater to their individual tastes and dietary needs, leading to a rise in personalized options.



Rising input costs | With volatile sugar and cocoa prices, companies are reevaluating ingredient stacks and/or adapting down weighted packaging methods.



E-commerce | E-commerce continues to grow as a proportion of snack category sales and a higher share of snacking growth overall.



Better-for-you preferences | Protein-rich, low-calorie snacks are gaining market share with the growing consumer demand for healthy and convenience options.



Functional ingredients | Consumers are showing interest in functional benefits, leading to an increase in the use of vitamin-heavy ingredients.



Upcycled snacks | Upcycled snack foods are also gaining prominence, as consumers and snacking companies drive more adoption.



Clean label | Growing demand for simple and natural ingredients.



“Effective” snacking | The post-COVID return to offices has increased demand for a blend of healthy / on-the go snacks.



Snacking occasions | Consumers are increasingly turning to snacking as a meal replacement or a way to fuel their active lifestyles, which is further growing demand for items that offer more sustained energy and satiety.

Better-for-You Snacking Trends

CHART 1: NUTRITION VS. INDULGENCE DECISION MAKING

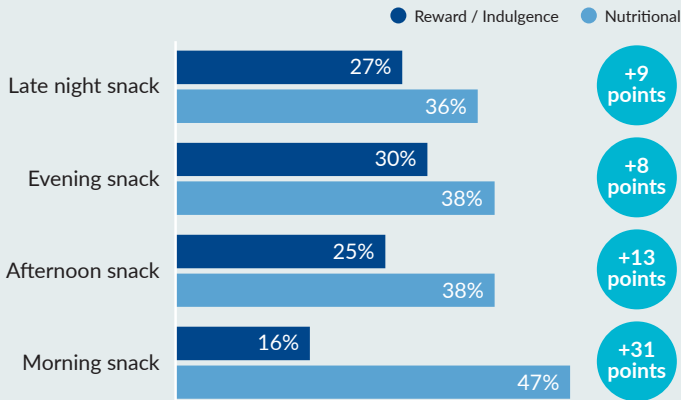
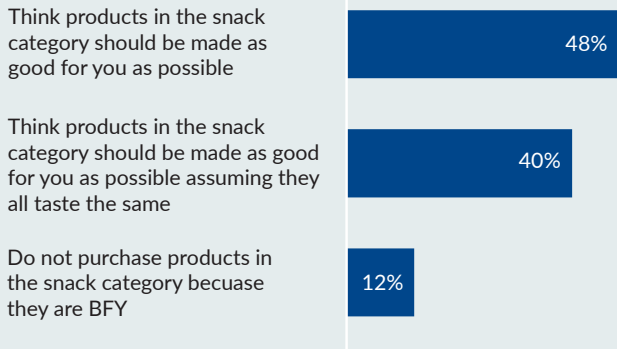


CHART 2: HEALTHY INDULGENT CONSUMER BEHAVIOR



64%
of global consumers believe it is okay to enjoy indulgent treats as part of a healthy diet

80%
of consumers globally say their definition of a snack has evolved over the last 3 years to include multiple food groups

88%
of consumers say a balanced diet can include a moderate amount of indulgence

53%
of consumers are experimenting with new channels to buy snacks

47%
of consumers want snacks low in sugar

46%
of consumers eat snacks instead of meals

60%
of consumers state that premium snacks are worth paying extra for

70%
of consumers find BFY snacks appealing





Prevailing confectionery trends

1

Consumer behavior

- 4 in 10 consumers are connected to a store or confectionery brand on **social media**, with 42% of TikTokers participating in food challenges
- 66% of Americans have researched candy gifting, baking with candy or other inspirational ideas on social media
- 9 in 10 consumers are interested in learning about a confectionery brands' **environmental commitments** and **social responsibility practices** on the package label, the brand's website or social media

2

eCommerce

- Investors are placing a **premium on branded companies with a strong e-commerce presence**
- COVID fundamentally shifted investor focus on channel dynamics
- The confectionery industry is in the early innings of its e-commerce story, and **a sophisticated platform can be a major point of differentiation**
- **A compelling margin and brand equity story** within the e-commerce channel further highlights its importance

3

Product mix

- **Investors generally place a premium on high-growth branded businesses**; however, innovative private label continues to perform well
- Iconic, longstanding brands still carry considerable weight with investors and offer more stability than more nascent brands that don't have a track record of staying power

4

In-house production

- In-house production is particularly important to investors and deemed a **key factor to driving innovation**
- The global supply chain disruption has resulted in a fundamental shift in investor sentiment that has placed **added emphasis on in-house production capabilities**
- In-house R&D capabilities are increasingly becoming a key differentiator for co-packers

Market performance

CHART 3: STOCK PRICE PERFORMANCE

Latest three years

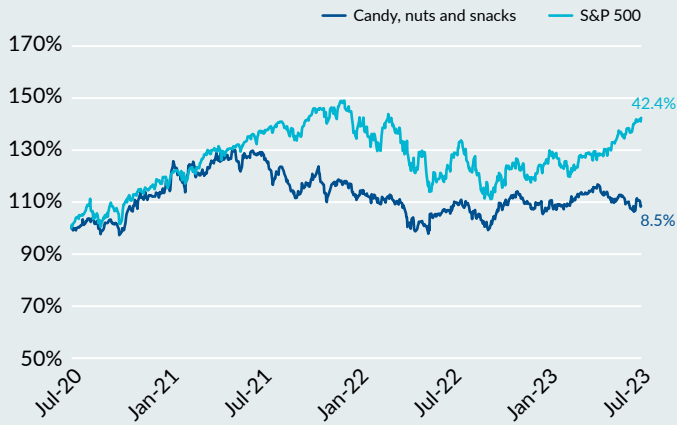


CHART 4: EV / LTM EBITDA

Latest three years

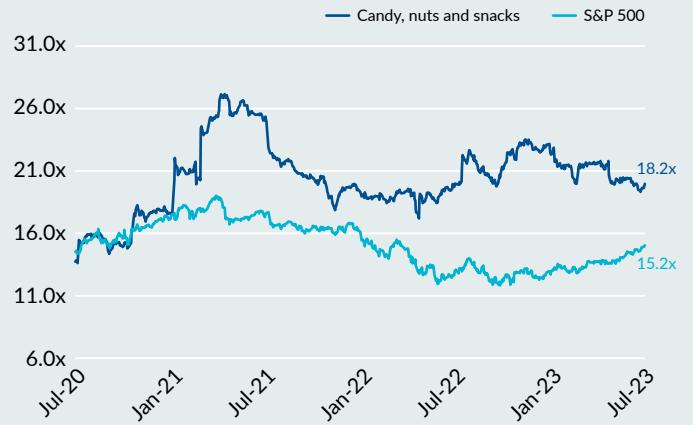


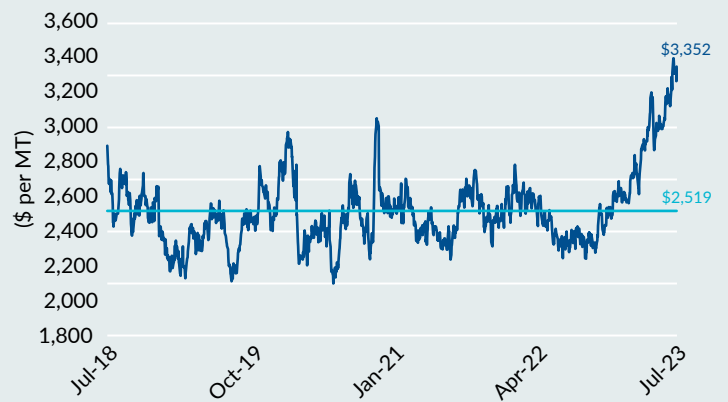
CHART 5: SUGAR PRICES

Latest five years



CHART 6: COCOA PRICES

Latest five years



Source: S&P Capital IQ. | Mesirow Candy, Nuts and Snacks Index: Bridgford Foods Corporation (NasdaqGM:BRID), Chocoladefabriken Lindt & Sprungli (SWX:LISN), Cloetta AB (OM:CLA B), The Hershey Company (NYSE:HSY), J&J Snack Foods Corp (NasdaqGS:JJSF), John B. Sanfilippo & Son, Inc (NasdaqGS:JBSS), LOTTE Corporation (KOSE:A004990), Rocky Mountain Chocolate Factory, Inc (NasdaqGM:RMCF), Strye Foods, Inc (NasdaqCM:SNAX), Tootsie Roll Industries, Inc (NYSE:TR), Utz Brands, Inc (NYSE:UTZ).

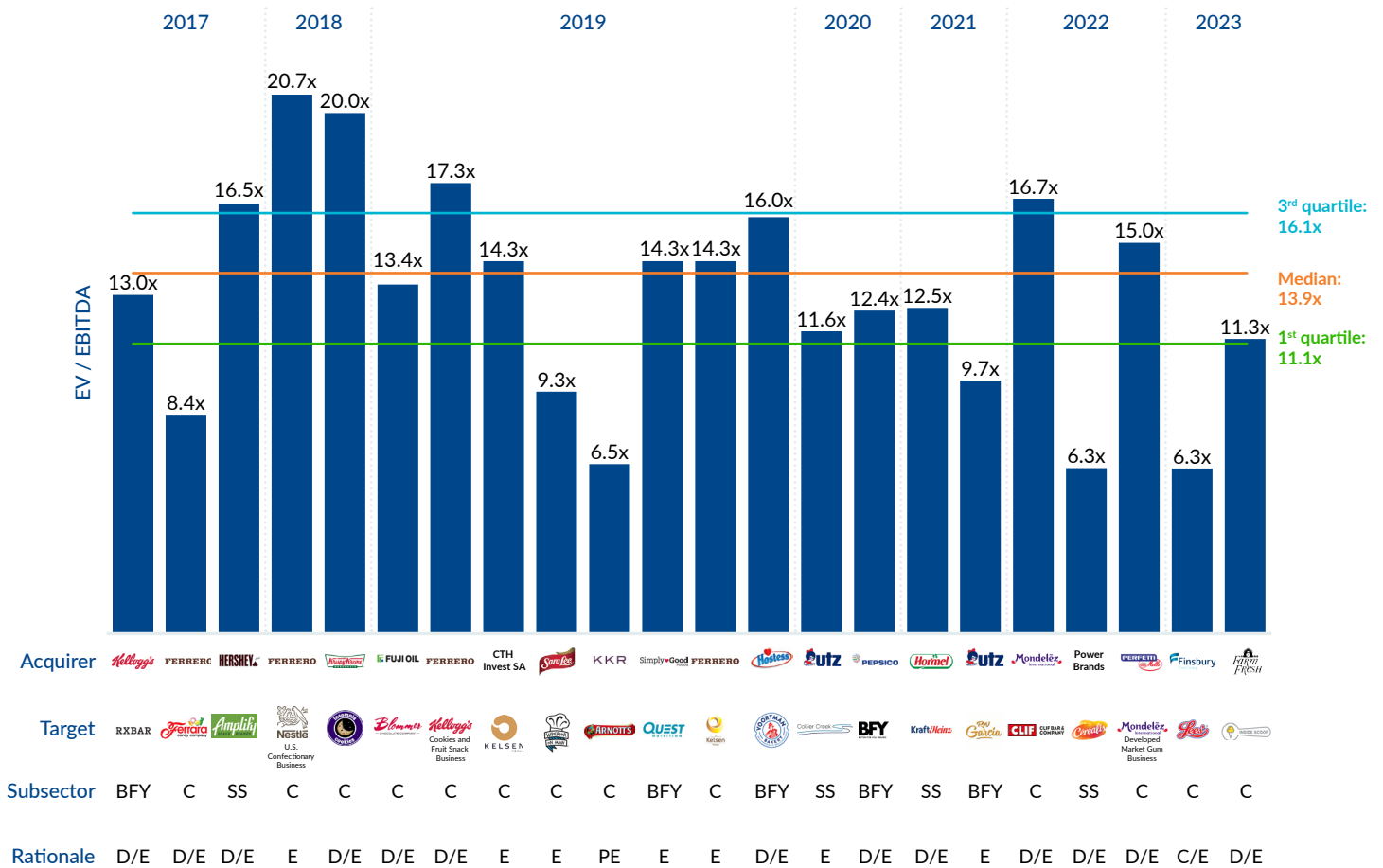
Notable recent transactions

Date	Acquirer	Target	Commentary
23-July			<ul style="list-style-type: none"> Manufactures and distributes sweets, chocolate snacks and peanut snacks Acquisition of Dori strengthens Ferrara's product portfolio and expands its presence in the Brazilian candy and gum market Financial terms were not disclosed
23-Jun			<ul style="list-style-type: none"> Produces organic and fair-trade chocolates including chocolate bars and specialty chocolate products Acquisition of Theo strengthens American Licorice Company's portfolio of organic and better-for-you brands Financial terms were not disclosed
23-May			<ul style="list-style-type: none"> Manufactures and markets branded and private label confections and snack foods recognized for its iconic Red Bird and better-for you Thinful snacking brands Produces naturally flavored, handcrafted peppermint candy puffs, flavored popcorn and snacks Financial terms were not disclosed
23-Apr			<ul style="list-style-type: none"> Produces bread-based snack products including snack mixes, bagel chips, pita chips, rye chips and bread chips Company's branded, custom and private label products are sold to consumer-packaged goods companies and retail customers Financial terms were not disclosed
23-Mar			<ul style="list-style-type: none"> Manufactures and sells premium, crafted better-for-you meat snacks Serves blue-chip and emerging brands as well as private label retail partners Financial terms were not disclosed
23-Jan			<ul style="list-style-type: none"> Produces multigrain, blue corn, sweet potato and black bean chips Carries non-GMO credentials and produces plant-based snacks Financial terms were not disclosed
23-Jan			<ul style="list-style-type: none"> Wholesale snack distributor with product lines including nuts and snacks, chocolates and dried fruits Acquisition of Mister Snacks provides a new distribution channel to Howe Co to grow their candy and nut business Financial terms were not disclosed
22-Dec			<ul style="list-style-type: none"> Develops, manufactures and markets branded and private label confections throughout North America Known for its Salted Nut Roll, Mint Patties and Nut Goodie products Financial terms were not disclosed
22-Dec			<ul style="list-style-type: none"> Gum business of Mondelez International including brands such as Trident, Dentyne, Stimorol, Hollywood, V6, Chiclets and Bubblicious Acquisition of Mondelez International's developed market gum business complements the Perfetti Van Melle gum portfolio Enterprise Value of \$1.4 billion, EV / EBITDA multiple of 15.0x
22-Dec			<ul style="list-style-type: none"> Produces energy foods and drinks with organic ingredients Builds on Mondelez International's prioritization of fast-growing snacking segments in key geographies and creates cost synergies Enterprise Value of \$2.9 billion, EV / EBITDA multiple of 16.7x

Sources: S&P Capital IQ.

Analysis of selected precedent transactions

CHART 7: DISCLOSED EBITDA MULTIPLES – CANDY, NUTS AND SNACKS



Note: E: Expansion, C: Consolidation; PE: Private Equity; D: Diversification | C=Confectionery, SS= Salty Snacks, BFY= Better for You. | Source: Pitchbook, S&P Capital IQ, company filings and press releases.



Public company revenue and EBITDA multiples

CHART 8: EV / LTM REVENUE

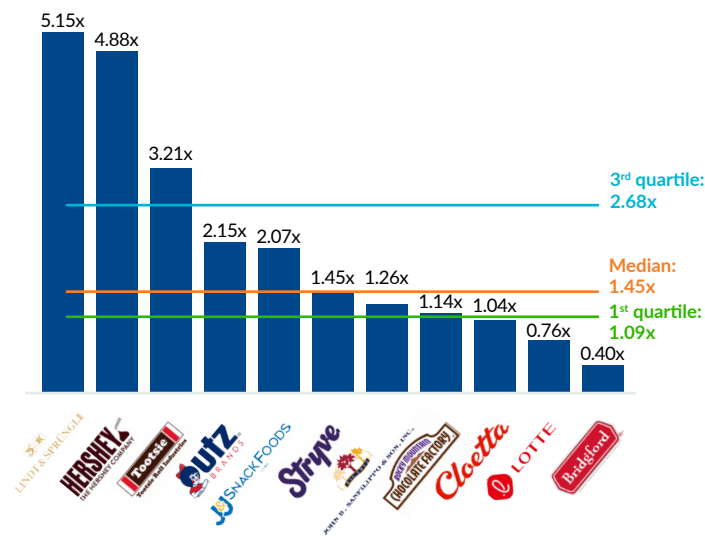


CHART 9: EV / NTM REVENUE

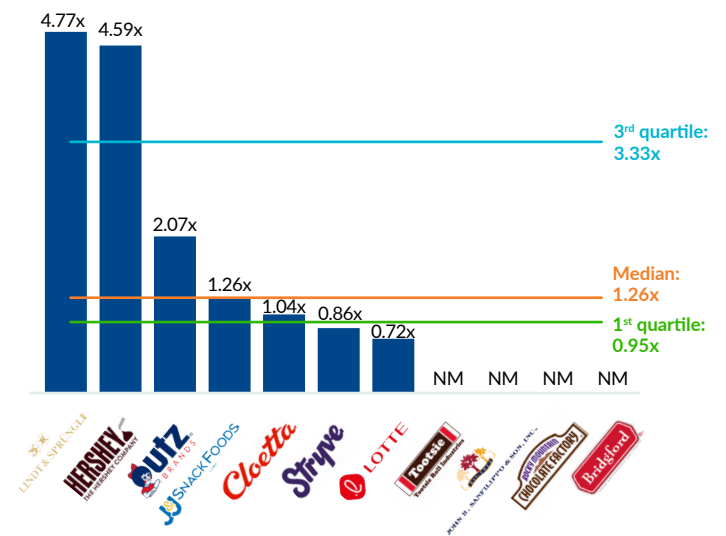


CHART 10: EV / LTM EBITDA

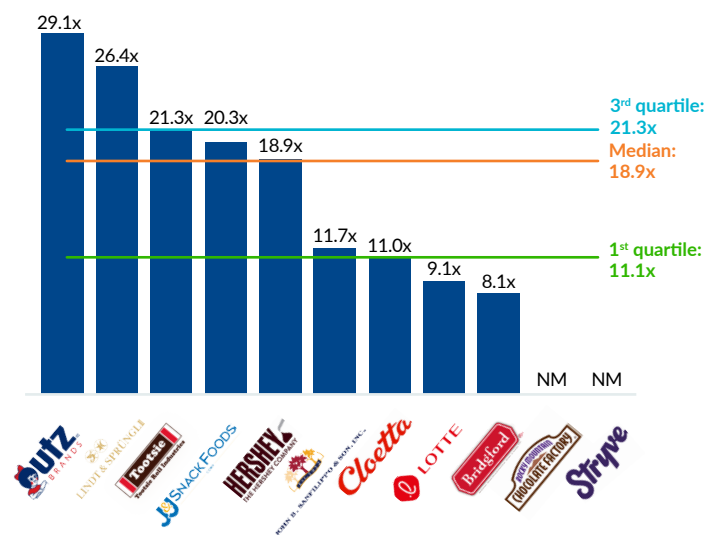
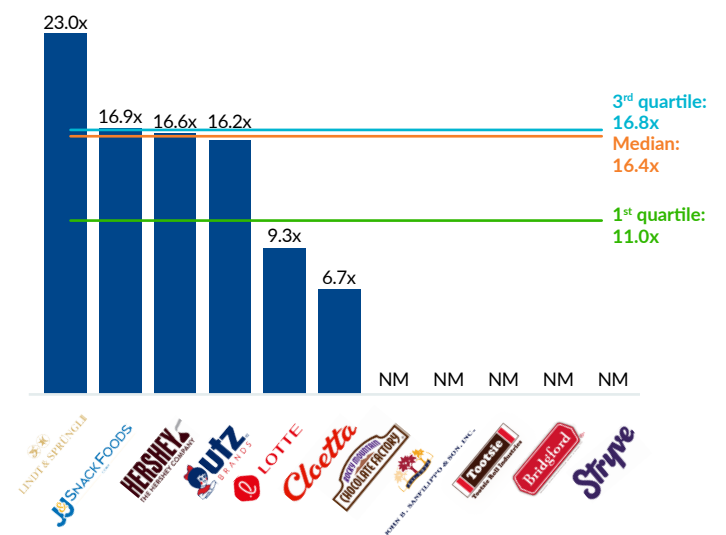


CHART 11: EV / NTM EBITDA



Source: S&P Capital IQ as of 7.31.2023.

Featured Mesrow confectionery transactions

Mesrow advises Piedmont Candy Company on its sale of Sequel Holdings and Embassy Park Investment Company

Founded in 1890 in Lexington, North Carolina, Piedmont Candy Company ("Piedmont" or the "Company") is a leading manufacturer and marketer of candy and snacks under the Red Bird and better-for-you Thinfyl brands

Mesrow advises Pearson's Candy on its sale to Annabelle Candy Company / Seattle Gourmet Foods

Founded and based in St. Paul, MN, Pearson's boasts a 100+ year track record of delivering high quality, beloved branded confections to a strong base of customers across all major channels as well as co-man solutions for branded confections companies and store brands for major retailers.

SELL-SIDE ADVISOR

SINCE 1890

PIEDMONT
CANDY COMPANY

a portfolio company of

 PLEXUS
CAPITAL

HAS BEEN ACQUIRED BY

SEQUEL

and

 EPIC
Embassy Park Investment Company

SELL-SIDE ADVISOR

 Pearson's

a portfolio company of

SPELL CAPITAL

HAS BEEN ACQUIRED BY

Annabelle's and *Seattle Gourmet Foods*

a portfolio company of

Promise Holdings LLC.

Food, Beverage and Agribusiness

Mesirow's exclusive focus on the middle market means we understand and relate to entrepreneurial business owners and their management teams. We take a long-term approach to client relationships and combine long-standing relationships with expert advisory services to provide custom solutions for leading food, beverage and agribusiness companies. With years of relevant transaction experience and a global network, our senior bankers devote a high level of attention to every transaction and ensure we meet the unique needs of our clients.

Sector focus

BRANDED & PRIVATE LABEL

- Packaged food & beverage
- Emerging brands
- Heritage brands
- Natural & organic
- Prepared foods

DISTRIBUTORS & WHOLESALERS

- Foodservice
- Retail
- Re-distributors

INPUTS & AGRIBUSINESS

- Agronomy
- Agtech
- Biofuels
- Crop inputs
- Feed & ingredients
- Production
- Storage & distribution

FRUITS & VEGETABLES

- Growers
- Packers
- Shippers
- Processors

INGREDIENTS & FLAVORS

- Functional & sensory
- Edible oils
- Inclusions
- Sauces
- Spices & sweeteners
- Upcycled

RESTAURANTS & RETAIL GROCERY

- Independent grocery chains
- Franchisors & franchisees
- Multi-unit concepts
- Multi-concept chains



Advantages



Trusted | We take a long-term approach to client relationships and serve as a resource as they consider strategy, financing, growth and liquidity



Connected | Longstanding relationships with executive decision makers at the relevant strategic, private equity and lending participants in the industry



Experienced | Successful track-record of communicating a company's unique attributes through a custom process rather than a one size fits all approach



Exclusive | Our exclusive focus on the middle market provides the insight needed to relate to entrepreneurial business owners and their management teams

Additional sector concentrations

In addition to food, beverage and agribusiness, we are a dedicated advisor to a wide array of middle-market companies and have developed an in-depth expertise in a range of industries, including:

- Aerospace and defense
- Business services
- Consumer and retail
- Distribution and supply chain
- Healthcare
- Industrials
- Paper, plastics and packaging
- Technology

About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago with offices around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Global Investment Management, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit mesirow.com and follow us on [LinkedIn](https://www.linkedin.com/company/mesirow).

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