



CONSUMER: CONFECTIONERY

- The confectionery industry has experienced a steady flow of M&A activity in recent quarters, mainly led by large strategics responding to the industry's quickly evolving landscape.
- Covid-19 proved challenging for the industry as retail store performance suffered. However, according to the NPD market research group, consumption demand for confectionery related products experienced a significant uptick as many individuals consumed "comfort" food as a way to alleviate stress due to the virus. The increased demand for confectionery products coupled with the growing desire for contactless shopping during Covid-19, accelerated the industry's e-commerce initiative.
- Consumers now, more than ever, are demanding healthier options that promote a better immune system as well as lower calorie intake.
- The combination of increased e-commerce and demand for healthier alternatives has steered strategics in the direction of small, niche companies that offer healthier alternatives to the everyday snacks and candies and have built a strong online presence.

ACTIVE STRATEGIC ACQUIRERS

Company	Recent Investments	Category	Date
	<ul style="list-style-type: none"> Lily's Sweets Quinn Snacks 	Chocolate Snack Food	06/25/2021 10/28/2020
	<ul style="list-style-type: none"> KIND Snacks Foodspring 	Snack Food Snack Food / Sports Nutrition	11/17/2020 06/28/2019
	<ul style="list-style-type: none"> Chipta HU Torr FoodTech 	Snack Food / Chocolate Chocolate Snack Food	05/26/2021 01/4/2021 08/1/2020
	<ul style="list-style-type: none"> Burton's Biscuit Company Eat Natural Fox's Biscuits 	Snack Food Snack Food Snack Food	06/1/2021 12/17/2020 10/31/2020
	<ul style="list-style-type: none"> Horst Schluckwerder OHG It's All Good Matthew Walker Christmas Pudding 	Chocolate Snack Food Snack Food	01/13/2021 12/22/2020 10/30/2019
	<ul style="list-style-type: none"> Althaea-De Laet 	Chocolate	04/26/2021

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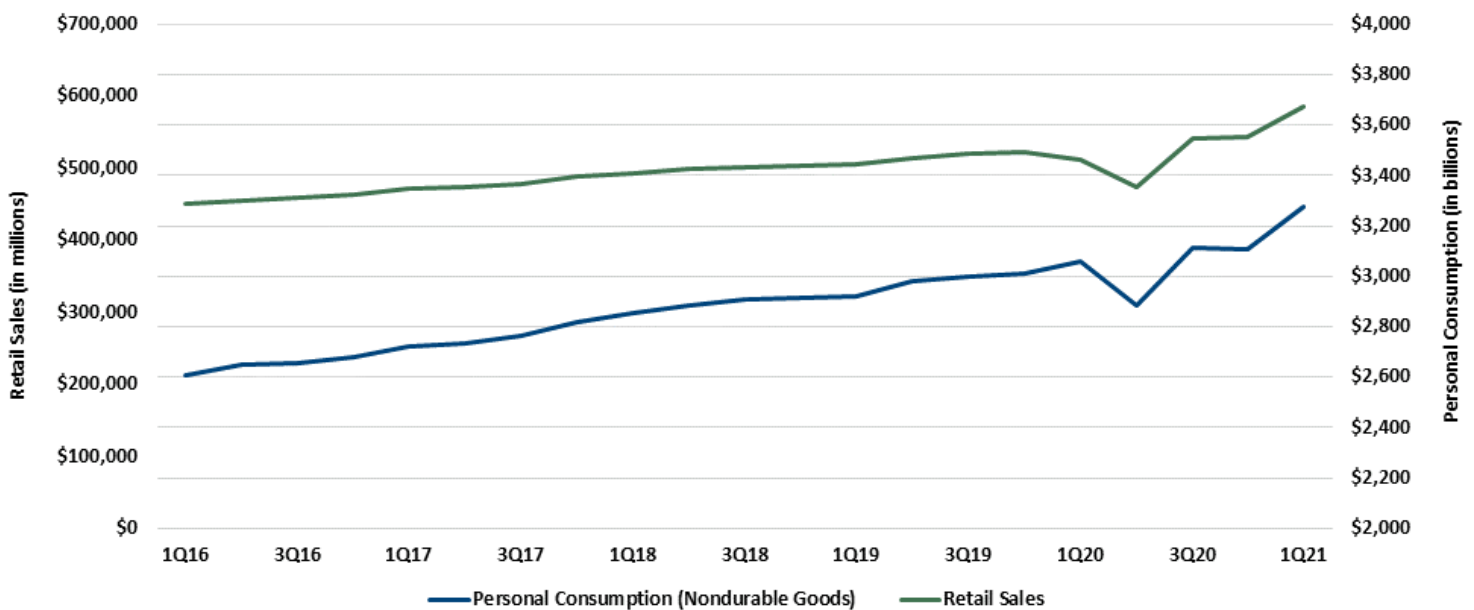
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Advisory
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SELECT RECENT TRANSACTIONS — Confectionery

Closed Date	Acquirer	Target Company	Description
06/25/2021	The Hershey Company (NYSE:HSY)	Lily's Sweets, LLC	Lily's Sweets, LLC manufactures sugar-free chocolates and baking chocolate. Its products include dark chocolate and milk chocolate style products (i.e. Creamy Milk, Caramelized & Salted, Salted Almond & Milk, Original Double Chocolate, and many more). Lily's Sweets, LLC was founded in 2010 and is headquartered in Boulder, Colorado. Prior to being acquired, Lily's Sweets was a portfolio company of VMG Partners.
05/14/2021	Grupo Bimbo, S.A.B. de C.V. (BMV:BIMBO A)	Emmy's Organics, Inc.	Emmy's Organics, Inc. produces and sells confectionary products. It offers macaroons and chocolate sauce. The company also provides its products online. Emmy's Organics, Inc. is headquartered in Ithaca, New York.
04/05/2021	OrganiGram Holdings Inc. (TSX:OGI)	The Edibles and Infusions Corporation	The Edibles and Infusions Corporation manufactures and sells candy and confectionary products. The company was incorporated in 2018 and is based in Winnipeg.
03/05/2021	The Valens Company Inc. (TSX:VLNS)	LYF Food Technologies Inc.	LYF Food Technologies Inc. produces chocolate, confectionary, and baked and health food edibles. The company was founded in 2018 and is based in Kelowna, Canada.
02/04/2021	Stuckey's Corporation	Atwell Pecan Co., Inc.	Atwell Pecan Co., Inc. produces pecans and gourmet candies. The company was founded in 1935 and is based in Wrens, Georgia.
02/02/2021	American Licorice Company	Torie & Howard, Inc.	Torie & Howard, Inc. produces organic candies in pomegranate, orange, grapefruit, honey, and cinnamon flavors. The company offers tins, baskets, and bulk packets of candies. The company offers its products through retail stores and online mediums. Torie & Howard, Inc. was founded in 2010 and is based in New Milford, Connecticut.
01/11/2021	HHML Acquisition LLC	Hawaiian Host Group	Hawaiian Host Group manufactures chocolate and macadamia nut snacks. The company was founded in 1927 and is based in Honolulu, Hawaii.
01/04/2021	Mondelez International, Inc. (NasdaqGS:MDLZ)	Hu Master Holdings, LLC	Hu Master Holdings, LLC manufactures and sells chocolate products. The company offers chocolate products, including chocolate bars, hunks, gems; crackers; and grain-free, no-added-sugar cookies. It also owns and operates a restaurant. The company offers its products through stores, as well as online. Hu Master Holdings, LLC was founded in 2012 and is based in New York, New York. Prior to being acquiring, Mondelez had a minority stake in Hu Master Holdings and opted to buy the entire company.
10/27/2020	TPG Growth	SmartSweets Inc.	SmartSweets Inc. manufactures candies with no sugar, sugar alcohols, or artificial sweeteners. The company uses stevia and tapioca fiber to create gummies that are low in sugar. It retails its products through stores and its website. The company was founded in 2016 and is based in Vancouver, Canada.

Source: CapIQ

Relevant Consumer Economic Indicators



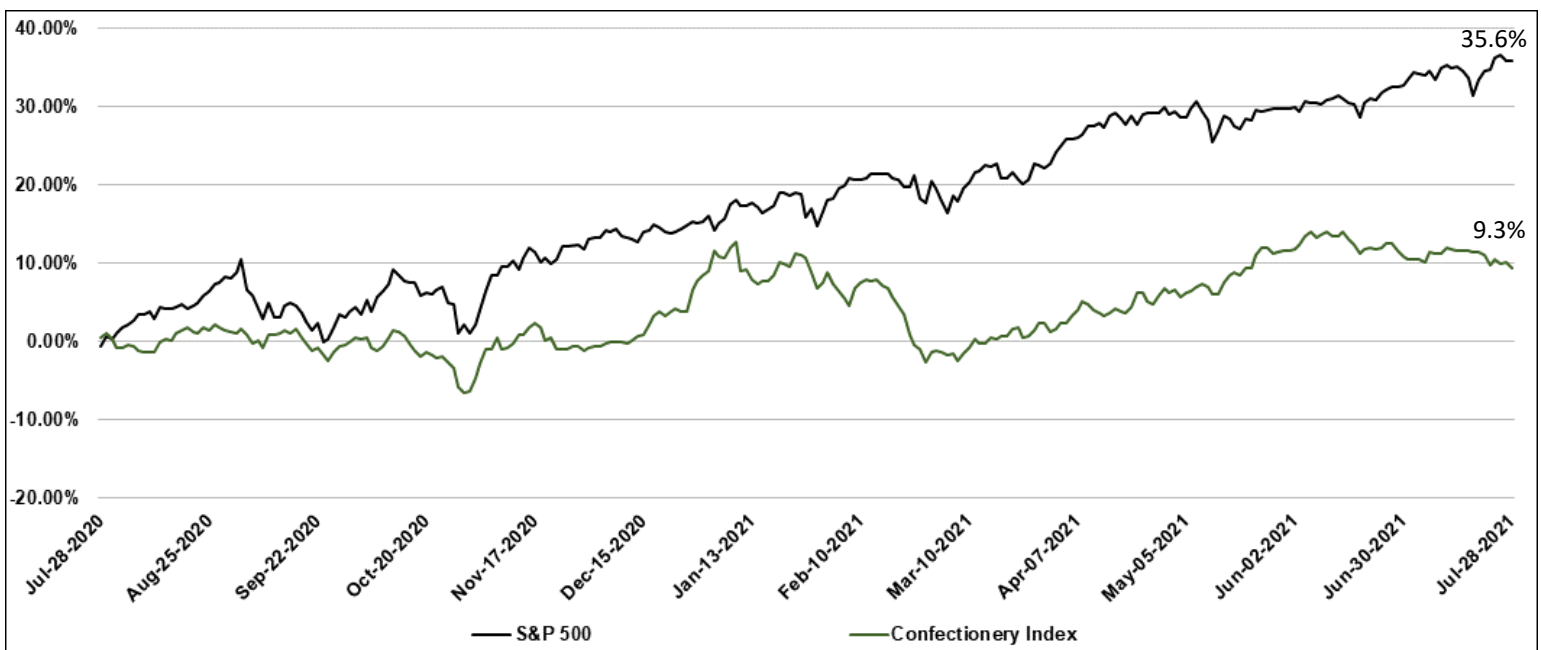
Source: Federal Reserve Bank of St. Louis

EdgePoint Confectionery Index

(USD in millions, except per share data)

Company	Share Price	% of 52 Week High	Market Cap.	Enterprise Value	Debt / EBITDA	LTM Revenue	LTM EBITDA	Enterprise Value / LTM Revenue	Enterprise Value / LTM EBITDA	Enterprise Value / NTM Revenue	Enterprise Value / NTM EBITDA
Select Confectionery Companies											
Nestlé S.A. (SWX:NESN)	\$ 125.53	97.2%	\$ 343,524.7	\$ 378,712.0	2.3x	\$ 95,711.8	\$ 19,311.7	4.0x	19.6x	4.0x	18.2x
Mondelez International, Inc. (Nasdaq:MDLZ)	\$ 63.40	96.6%	\$ 93,455.8	\$ 111,658.8	3.1x	\$ 27,112.0	\$ 5,947.0	4.1x	18.8x	3.9x	18.5x
Yihai Kerry Arawana Holdings Co., Ltd (SZSE:300999)	\$ 10.45	47.8%	\$ 58,166.5	\$ 61,199.2	4.6x	\$ 31,451.2	\$ 2,292.0	1.9x	26.7x	1.8x	27.8x
The Hershey Company (NYSE:HSY)	\$ 176.50	96.9%	\$ 37,102.0	\$ 40,705.7	2.1x	\$ 8,408.4	\$ 2,265.3	4.8x	18.0x	4.7x	17.9x
Chocoladefabriken Lindt & Sprüngli AG (SWX:LISN)	\$ 114,620.00	98.8%	\$ 27,277.0	\$ 27,512.2	2.2x	\$ 4,560.2	\$ 687.3	6.0x	40.0x	5.7x	28.1x
Uni-President Enterprises Corp. (TWSE:1216)	\$ 2.61	94.4%	\$ 14,758.5	\$ 20,169.5	2.9x	\$ 15,952.7	\$ 1,723.6	1.3x	11.7x	1.2x	8.7x
Barry Callebaut AG (SWX:BARN)	\$ 2,508.00	99.1%	\$ 13,664.4	\$ 15,584.8	3.9x	\$ 7,279.5	\$ 688.4	2.1x	22.6x	1.9x	17.3x
Grupo Bimbo, S.A.B. de C.V. (BMV:BIMBO A)	\$ 2.26	98.3%	\$ 10,237.8	\$ 15,792.4	2.4x	\$ 16,435.9	\$ 2,200.1	1.0x	7.2x	1.0x	7.0x
Meiji Holdings Co., Ltd. (MEJHY)	\$ 15.69	74.9%	\$ 9,147.4	\$ 10,050.2	0.7x	\$ 10,775.5	\$ 1,396.8	0.9x	7.2x	1.1x	7.1x
Orkla ASA (OB:ORK)	\$ 9.07	83.4%	\$ 9,134.3	\$ 10,819.7	2.0x	\$ 5,549.6	\$ 814.2	1.9x	13.3x	1.9x	12.0x
The Simply Good Foods Company (Nasdaq:SMPL)	\$ 37.31	96.9%	\$ 3,548.6	\$ 3,982.9	2.7x	\$ 968.0	\$ 187.8	4.1x	21.2x	3.7x	18.6x
Ezaki Glico Co., Ltd. (TYO: 2206)	\$ 38.17	82.7%	\$ 2,470.7	\$ 1,886.9	0.9x	\$ 3,077.3	\$ 303.3	0.6x	6.2x	0.6x	5.9x
Grupo Nutresa S. A. (BVC:NUTRESA)	\$ 4.75	100.0%	\$ 2,447.5	\$ 3,347.8	3.0x	\$ 3,075.2	\$ 355.4	1.1x	9.4x	1.1x	8.7x
Hostess Brands, Inc. (Nasdaq:TWNK)	\$ 16.12	93.6%	\$ 2,120.4	\$ 3,051.5	4.4x	\$ 1,038.5	\$ 248.6	2.9x	12.3x	2.8x	11.6x
Fuji Oil Holdings Inc. (TSE:2607)	\$ 23.20	73.0%	\$ 1,990.3	\$ 3,023.3	3.8x	\$ 3,298.2	\$ 310.3	0.9x	9.7x	0.9x	9.6x
Median		96.6%	\$ 10,237.8	\$ 15,584.8	2.7x	\$ 7,279.5	\$ 814.2	1.9x	13.3x	1.9x	12.0x

EdgePoint Confectionery Index TTM Stock Performance



Source: S&P Capital IQ, share price index values as of July 28, 2021