

# Small Market Deal of the Year

## Century Park Capital Partners

*Century Park knew that anything as delicious as mochi would eventually become a big hit in the US – it was just a matter of marketing. By Milana Vinn*



When Century Park Capital Partners first met Mikawaya, a small family-owned maker of mochi ice cream based in Los Angeles, the firm knew that they had found a recipe for a successful deal.

The company had a great product, but few consumers knew of its existence. During due diligence, Century Park sur-

veyed the market and found only 20 percent awareness of mochi ice cream within the US, and only 10 percent trial (the percentage of the market that had tried the product). However, among consumers who had tried mochi, 90 percent liked it and became repeat purchasers.

“It’s a unique product, but the awareness was low, so we decided not to over-complicate it,” says Martin Safara, managing director at Century Park Capital. “We decided: let’s really take advantage of

## The Mochi Ice Cream Company

### The winning numbers

# 8.4x

Gross MOIC

# 59%

Gross IRR

# 20,000

Mochi's stores, up from 800

# 190

Full and part-time employees, up from 87

# 100%

Organic growth of the business with no add-ons

its natural attributes, which is great tasting, it's handheld and easy to eat; it can really be a snack and not just a dessert, and it's this nice cool round handheld portion-controlled ball of ice cream that is actually just 110 calories naturally."

Century Park acquired 100 percent of the company in July 2015, when it had 87 employees. The strategy was to create a clear and accessible go-to-market strategy with new branding and packaging, and to hire a new executive team with a track record of success in consumer-packaged goods and food distribution markets.

"We decided we were going to rebrand it and make it a little more westernized, a

little more accessible to a general American audience, and make the package a lot more interesting and a lot more colorful," Sarafa says.

### 'Top-notch team'

In 2016, a year after its acquisition, the company built a new management team, adding a new CEO, CFO, COO, CMO and VP of sales – executives who joined from well established brands like McCormick, Carnation, PopChips and Heinz. It also created a new 10-person sales and marketing team.

"We really built the top-notch team," Sarafa says. "We had put into place this new branding initiative, and then finally everything was ready to roll it out and bring it to market."

Century Park started with Costco, where the product took off quickly, and then began moving Mochi Ice Cream to all the major grocery chains, including Kroger and Safeway.

"When we started bringing this product to market it became an outsized portion of the growth within the 'frozen novelty' category," Sarafa says.

In 2019, the brand single-handedly generated 15 percent of the growth within the entire \$2.4 billion frozen novelty category, according to Sarafa. "So, this one product literally helped drive overall growth."

The success didn't come without innovation. The new executive team rolled out new triple layer flavors and created a brand-new vegan mochi option based on cashew nut cream.

Sarafa lists some of the mouthwatering results: "We did things like [create a] chocolate sundae mochi ball, which would have vanilla ice cream with chocolate mochi on the outside and then a cherry center, or a dulce de leche mochi ball, which was coffee ice cream with a caramel center, or s'mores that would have a Graham cracker ice cream with a marshmallow center."

Confident in the product quality, Century Park also came up with what it called its "mochi bar pop-up project." The idea was to set up these bars in bakery sections of grocery stores where mochi balls



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**MARTIN SAFARA**  
Century Park Capital

would be sold individually, giving customers an option to try before they buy a whole pack and give them a chance to try the assortment of flavors.

Under Century Park's three-year ownership, Mochi established 2,000 Mochi Bars and more than 18,000 new storefronts, up from 800 at entry. The company also grew the employee count to 190 full and part-time employees from 87 at the time of the deal.

In January 2020, Century Park sold the business to Lakeview Capital and realized a MoIC of 8.4x and a gross IRR of 59 percent.

A very sweet result. ■

Financial Disclosure: Century Park realized a Net MOIC of 6.8x and a Net IRR of 51.5%

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