



FOR IMMEDIATE RELEASE

Falfurrias Capital Partners Announces Investment in Carolina Foods

Partnership will provide 87-year-old family company with resources and expertise to capitalize on growth opportunities

CHARLOTTE, NORTH CAROLINA (April 1, 2021) – Charlotte-based private equity firm [Falfurrias Capital Partners](#) today announced an investment in [Carolina Foods, LLC](#), a leading manufacturer of sweet baked goods including the company’s own Duchess line of products and several of the world’s largest bakery brands.

Terms of the deal were not disclosed, and no immediate changes were announced. The company has approximately 400 employees, and all are expected to be retained following the transaction. Carolina Foods CEO Paul Scarborough – son of the company’s late founder, Vernon Scarborough – will remain with the company, as will third-generation leaders Katie Scarborough Caldwell and Ruffin Scarborough.

Carolina Foods is the firm’s third investment in the packaged food category in the last two years, following the 2019 acquisition of leading condiment, sauce and spice manufacturer [Sauer Brands, Inc.](#), well-known for its Duke’s Mayonnaise brand, and the subsequent add-on acquisition of branded popcorn seasoning company [Chicago Custom Foods](#).

Tad Dickson and Mary-Ann Somers served as advisors to Falfurrias throughout the transaction process and will serve on the Board of Directors of Carolina Foods post-close. Dickson is the former CEO of Harris Teeter, a 260-store grocery chain in the Southeastern United States, and currently serves as a member of the Board of Dollar Tree. Somers has extensive general management experience, having led Hershey’s confection business and Coca-Cola’s water, tea and coffee segment.

“This partnership will give us the financial resources and management expertise to take Carolina Foods to another level,” said Paul Scarborough, who joined the family business in 1977. “Falfurrias has a tremendous track record of helping the companies they invest in realize next-stage growth, and their expertise in food marketing and distribution will be especially useful to our organization.”

Founded in 1934, Carolina Foods is one of the leading wholesale bakeries in the country. Operating out of multiple locations across Charlotte totaling 240,000 square feet, including a 100,000-square-foot manufacturing facility in Charlotte’s South End

neighborhood, the company specializes in single-serve and multipack baked goods that are distributed in club stores, mass merchandisers and convenience stores in all 50 states as well as Puerto Rico, Mexico and Canada. The company makes donuts, honey buns, pies, fritters, and a host of other sweet treats under the Duchess brand, and also does private-label manufacturing and co-packing for numerous major snack brands. All told, Carolina Foods produces nearly a million honey buns daily, and enough donuts each year to circle the globe twice.

“We have been aware of Carolina Foods for a number of years and have been impressed by the success of the business,” said Falfurrias Partner Chip Johnson. “We always enjoy partnering with companies in Charlotte, and this deal is especially exciting to us given our recent focus on the packaged foods market. We feel we can add a great deal of value to the company based on our team’s knowledge of food manufacturing, marketing, and distribution.”

“We see tremendous growth potential for Carolina Foods, including expanding both its manufacturing capacity and distribution footprint,” added Falfurrias Chairman Marc Oken. “They’ve built a fantastic company based on great products, great people and sound management, and we’re excited to be partners in this next stage of their development.”

About Carolina Foods

Based in Charlotte, North Carolina, Carolina Foods, LLC was started in 1934 by Vernon Scarborough as a family-owned sandwich business serving textile mills, furniture manufacturers and lunch counters throughout the Carolinas. After World War II the company expanded its products to include glazed donuts and pies, becoming one of the first wholesale bakeries to perfect the honey bun. In 1992, under the direction of the founder’s son, Paul Scarborough, the company began to focus exclusively on its high-quality baked goods. Today a third generation is involved with the company, which serves a wide variety of mass merchants as well as wholesale, vending and foodservice distributors. For more information, visit www.carolinafoodsinc.com.

About Falfurrias Capital Partners

Falfurrias Capital Partners is a Charlotte-based private equity investment firm founded in 2006 by Hugh McColl Jr., former chairman and CEO of Bank of America; Marc Oken, former CFO of Bank of America; and Managing Partner Ed McMahan. The firm has raised approximately \$1 billion across four funds and invests in growing, middle-market businesses in sectors where the firm’s operational resources, relationships and sector expertise can be employed to complement portfolio company executive teams in support of growth objectives. Falfurrias Capital Partners employs a proprietary, research-based process called “Industry First” to identify markets with durable growth trends, construct a thesis based on research findings, and partner with management teams to create strategic value. For more information, visit www.falfurriascapital.com.

Media Contact:

Barry Finkelstein, Luquire George Andrews, 704.534.2327, bfinkelstein@thinklga.com.