

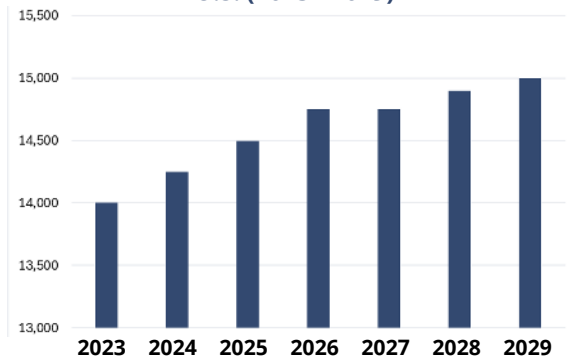


Food Distribution: An Attractive Opportunity for M&A

The global pandemic left lasting changes in the food system. Consumers, driven by the health crisis of COVID-19, drove outsized demand for fresh food and the trend continues today. Empty grocery store shelves revealed gaps in the larger, centralized distribution networks. “Supply chain” became part of the broader lexicon. Regional distributors played a vital role: they swiftly moved food through the system and consistently delivered it to customers.

Food distribution is ripe for M&A. Large corporates are pursuing acquisitions of regional and specialty operators to strengthen their supply chains, expand their offerings, and create new revenue opportunities in response to the growing consumer demand for fresh food — consider that nearly 75% of consumers say that they buy fresh food at least once a week¹. Financial acquirers are drawn to the sector’s stable cashflows and opportunities for consolidation.

Per Capita Fruit & Vegetable Consumption
U.S. (2023 - 2029)



Source: IBIS World

M&A DRIVERS

- Large players seeking add-on acquisitions to meet strong consumer demand for healthy foods
- Highly fragmented industry attracting private equity interest
- Aging owners seeking an exit strategy
- Operators pursuing growth opportunities, operational efficiencies, and the addition of new capabilities

M&A in Food Distribution Keeps Post-Pandemic Energy

Pre-pandemic, food distribution generated steady M&A activity with an average of 30 deals a year. Deal count spiked in 2021 with 70 closed transactions – buyers were eager to bolster supply chains and sellers had hit “pause” in 2020 while dealing with pandemic-related issues.

M&A stabilized in 2022 and 2023 and deal count remains elevated compared to pre-pandemic, highlighting greater buyer attention on building resilient distribution networks and responding to changing consumer habits.

¹Deloitte, “The Future of Fresh: Patterns from the Pandemic,” <https://www2.deloitte.com/us/en/insights/industry/retail-distribution/future-of-fresh-food-sales/pandemic-consumer-behavior-grocery-shopping.html>



WHAT'S AHEAD?

Consistent M&A activity in food distribution signals that buyers see growth for the sector and will continue to pursue deals. Key players including Sysco and U.S. Foods have announced that M&A is part of their recipe for growth. Financial buyers, sitting on trillions of dollars of dry powder, will look to deploy capital in resilient sectors like food distribution.

Pursuing a sale in today's active M&A market is an opportunity for owners to define their company's future. Owners that work with an experienced M&A advisor will be in a better position to negotiate favorable terms, maximize transaction value, and enjoy a successful closing.

RELEVANT BACKGROUND & EXPERIENCE

- Transaction advisory services for Seawind Foods, provider of dehydrated fruits and vegetables
- Logistics advisory services (cold-chain) for growers, processors and packagers including Dole, Fresh Express, Taylor Farms and Ready-Pac
- Financial and strategic advisor to several fruit and vegetable production, packing and distribution companies
- Managing Director, Barry Calogero, was COO of Coastal Sunbelt Produce, a \$300mm, 500-person food distribution company



TEAM LEADERS



Rick Thomas, FOCUS' CEO, has 25 years of consulting, management and M&A advisory experience across industries including manufacturing, distribution, and food service. Prior to joining FOCUS, he served as Vice President at VSI, a boutique investment

banking firm located in Washington, DC. He led M&A activities for publicly and privately held companies in the middle market, several of which have annual revenues in excess of \$1 billion.



Barry Calogero, a FOCUS Managing Director, brings more than 30 years of executive management and consulting experience along with deep expertise across industries including food & beverage manufacturing and distribution. Previous to FOCUS, he was COO of

Coastal Sunbelt Produce, where he was responsible for operations, supply chain management, street sales, and asset velocity.



NATIONWIDE FOOTPRINT AND GLOBAL REACH



Barry Calogero
Managing Director
US EAST



Rick Thomas
CEO
US WEST



Alan Kelly
Managing Director
EUROPE



Kate Elliott
Director of Research
US EAST



Beth Johnson
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US EAST

