



F

ARTICLE

Better-for-You Foods Are a Hot Space for M&A: What Does It Take to Get Acquired?

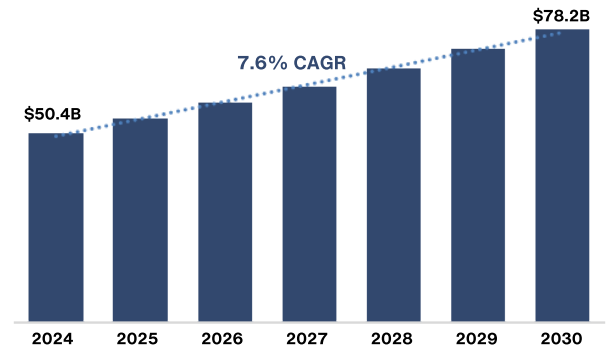
Combining more than 40 years of M&A advisory experience, FOCUS Investment Banking drives results for middle market clients across eleven coverage groups. With over 50 professionals, FOCUS boasts a nationwide footprint and access to foreign markets through 36 global partnerships.

The rapidly expanding Better-for-You category is fueling M&A activity across the food and beverage landscape, from mega deals among major players to strategic acquisitions in the middle market.

BETTER-FOR-YOU IS BOOMING

- Consumers want products that are both flavorful and functional – products that support health and longevity, in addition to simplified ingredient lists, clean labels, and personalized nutrition solutions.
- The Better-for-You (BFY) snack market is projected to reach \$78.2 billion by 2030 (7.6% CAGR), while BFY beverages are expected to grow to \$484 million by 2034 (8.5% CAGR).
- Sitting at the intersection of health, sustainability and innovation, the BFY segment offers compelling opportunities for growth, product development, and strategic mergers & acquisitions (M&A).

GLOBAL BETTER-FOR-YOU SNACKS MARKET



DRIVERS OF M&A

- **Strategic M&A is accelerating portfolio transformation:** Food and beverage companies, from large corporations to specialized players, are actively acquiring high-growth, health-orientated brands to align with consumer preferences and diversify their offerings.
- **Recent high-profile deals highlight investor appetite:** Transactions such as PepsiCo's \$1.95 billion acquisition of prebiotic soda brand Poppi and Celsius Holdings' \$1.8 billion buyout of Alani Nutrition in 2025 underscore the premium placed on functional and BFY categories.
- **Multicultural and wellness-driven expansion:** PepsiCo's acquisitions of Siete Foods (\$1.2 billion) and full ownership of Sabra and Obela demonstrate how global players are targeting health-forward, culturally diverse, and ready-to-eat offerings to capture new growth segments.
- **Tech-enabled experiences offer new growth avenues:** Companies are leveraging direct-to-consumer platforms, personalized nutrition apps, and smart packaging to engage health-conscious shoppers, driving both top-line growth and strategic acquisition opportunities.

REPRESENTATIVE TRANSACTIONS

Sept-25



Acquired



Plant-based snack brand; deal terms were not disclosed

June-25



Acquired



Manufacturer of functional beverages; deal terms were not disclosed

Oct-24



Acquired



Manufacturer of zero sugar cookies and wafers; sold for \$305 million in cash

Jan-24



Acquired



Maker of low and zero-sugar kombucha; deal terms not disclosed

Why Buyers Are Flocking to BFY Foods

WHAT ATTRIBUTES DO BUYERS VALUE?

Billion-dollar deals grab headlines, but in the broader world of M&A, buyers recognize the value of the lower middle market (transactions valued between \$10 million and \$500 million). Compared to their larger counterparts, middle market companies carry many advantages that are compelling to buyers – from the ability to quickly pivot to operating in highly specialized niches. For buyers, these qualities could translate into adding a truly differentiated product while also gaining new customers.

Operating in a hot category alone doesn't make a company prime for acquisition. Buyers look for several attributes when pursuing acquisitions in the BFY space and these can vary depending on the potential acquirer. Sellers can use this to their advantage: unlike megadeals, where the buyer pool is often small, the middle market brings a diverse and competitive landscape. A larger and diverse buyer pool can bring more interested parties and in turn, drive competitive offers.

KEY CHARACTERISTICS

DESCRIPTION



A **strong market position** and **brand equity** make BFY companies highly attractive. The most valuable brands have clear positioning that communicates health, wellness, sustainability or functional benefits in a compelling way. They build consumer loyalty through high repeat purchase rates to reduce risk for acquirers.



Growth potential is a key driver of acquisition value. Attractive BFY companies operate in fast-growing categories like plant-based, functional, or low-sugar products with clear opportunities to expand across regions, channels and formats. A strong portfolio of SKUs signals scalability, making the brand capable of moving beyond niche appeal.



An attractive **financial profile** for a BFY company is defined by robust, transparent fundamentals. Buyers favor brands showing strong historical revenue growth, solid gross margins or a clear path to profitability. Models that deliver high recurring revenue or revenue visibility add further appeal.



Operational efficiency and **scalability** are essential - buyers look for reliable manufacturing and supply chains. A strong, diversified distribution footprint across retail, e-commerce and/or export channels further enhances growth potential. Reliance on a single supplier is considered less attractive.



Intellectual property and **innovation** drive value by providing differentiation and protection. Patents and proprietary formulas enhance credibility and create a competitive moat. A strong innovation pipeline and defensible brand identity safeguard market share and boost appeal to acquirers seeking sustainable growth.



Strategic fit greatly enhances a BFY company's acquisition appeal. Brands that complement an acquirer's portfolio, align with existing distribution channels, and have the potential to become category leaders offer strong synergy and growth. Strategic buyers often pay a premium for such portfolio gaps.

THE OVERLAP OF BAKERY AND BETTER-FOR-YOU ATTRACTS BUYERS

Bakery is highly targeted category in BFY acquisitions and for many reasons. With its habitual consumption, scalability, and potential for health-conscious innovation, the bakery segment appeals to buyers looking to modernize their portfolios and grow through BFY brand extensions. Recent examples include Flowers Foods acquiring clean label brand Simple Mills; Rubicon Bakers purchasing Lucky Spoon Bakery, a manufacturer of gluten-free baked goods; and Forward Consumer Partners taking a majority stake in Firehook Bakery, a producer of artisanal crackers known for its simple ingredients.

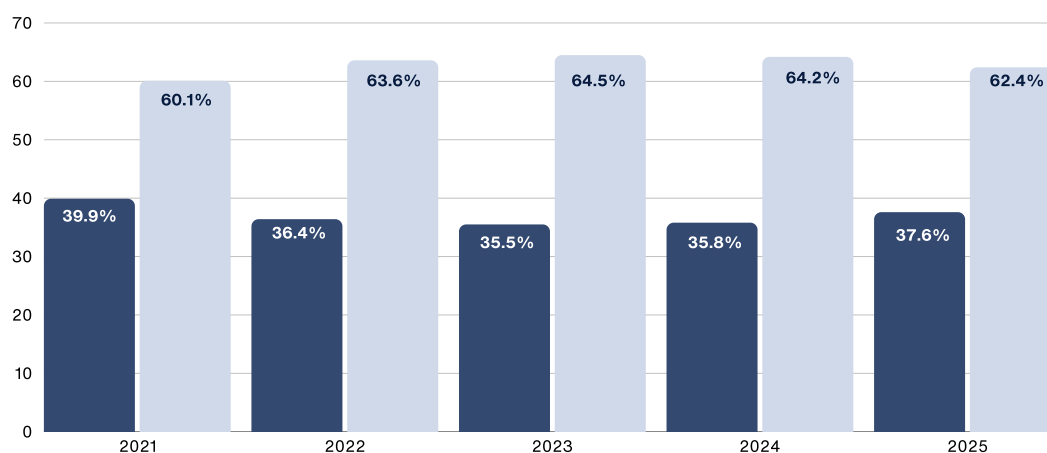
MARKET DYNAMICS

- Total capital invested in M&A deals across the broader Food & Beverage market reached \$13.2 billion in Q2 2025, representing a 29.4% increase from Q1 2025. This surge highlights sustained investor interest in health-focused, high protein, and functional food brands, with both strategic acquirers and private equity investors actively pursuing growth opportunities.
- The robust activity underscores the sector's resilience and the increasing premium placed on innovative, BFY products that align with evolving consumer preferences and offer faster expansion into new markets.

SELECT ACTIVE ACQUIRERS IN THE MARKET



GLOBAL DEAL VOLUME BY ACQUIRER



- Deal activity in the BFY segment of the food sector closely aligns with broader food and beverage trends as outlined above, with both private equity and strategic acquirers actively engaged.
- Transaction growth is driven by evolving consumer demand for health-focused, sustainable and innovative products.
- Private equity investors are playing a pivotal role in shaping the sector through targeted acquisitions and operational value creation.

PRACTICE TEAM



Robert Adams
President, Europe
robert.adams@focusbankers.com

Robert Adams is a leading Corporate Finance Advisor with a wealth of experience in Debt Fundraising and M&A. He is a Fellow of Chartered Accountants Ireland. He has developed a strong reputation for financing and refinancing business and property based portfolios, working across a broad range of Corporate Finance activities. He has significant commercial experience in undertaking M&A, Business Reviews, Due Diligences and Strategic Advisory for Corporate clients. Robert has developed a large client base across a broad range of sectors throughout Ireland.



Rick Thomas
CEO
rick.thomas@focusbankers.com

Rick Thomas, FOCUS's 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.



Brian Barrett
Managing Director
brian.barrett@focusbankers.com

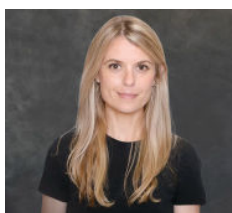
Brian Barrett, a FOCUS Managing Director, has extensive expertise in providing strategic advice to entrepreneurs, business owners and companies to assist them in achieving their strategic ambitions with nearly 20 years of corporate finance experience working with SME's, large corporates and semi state bodies.

Brian specializes in Agribusiness & Food, Advanced Manufacturing, and Packaging industries.



Sean Haynes
Senior Advisor
sean.haynes@focusbankers.com

Sean Haynes is a senior advisor with over 20 years' experience in agricultural finance and operations. He co-founded Nova Asset Management and AgriCFO, advising clients on farm management, agri-investments, and improving financial and operational performance.



Beth Johnson
Associate
beth.johnson@focusbankers.com

Beth Johnson, a FOCUS associate, supports buy-side and sell-side engagements as well as capital raising. Prior to FOCUS, she led capital raise events at 4P Foods, a fresh foods distributor serving B2B and B2C customers. Her experience includes working with founder owned businesses in the natural/organic segment and agtech ventures, with an emphasis on regenerative agriculture.



Kate Elliott
Director of Research
kate.elliott@focusbankers.com

Kate Elliott is the Director of Research and oversees the production of research, financial modeling and analysis, and writing assignments that are integral to FOCUS's process-driven methodology for executing M&A transaction work.