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Why Food Distribution Businesses Are in Demand

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Agribusiness & Food | FOCUS Investment Banking

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The U.S. food distribution sector remains an attractive M&A market, supported by the scale and resilience of the downstream foodservice and grocery ecosystem.

At the same time, operators continue to face margin pressure from labor, freight, and input costs, increasing the value of distributors that can offer dependable service, procurement expertise, private-label programs, and technology-enabled ordering and fulfillment.

M&A interest in the sector has centered on businesses that strengthen route density, expand geographic coverage, deepen specialty category penetration, or add exposure to attractive end markets such as independent restaurants, healthcare, education, hospitality, and convenience retail. Strategic acquirers are pursuing tuck-ins that improve purchasing leverage and warehouse utilization, while private equity remains active around regional platform-building opportunities where fragmented ownership, recurring demand, and operational improvement potential can support value creation. Recent deal activity also reflects growing interest in specialty produce, institutional foodservice, and technology-enabled supply chain platforms.

In today's market, buyers are underwriting quality more selectively than they did during the post-pandemic recovery period. Higher valuation multiples are driven by defensible customer relationships, disciplined pricing, stable gross profit dollars, and visible opportunities to scale through adjacent geographies or categories. In a market where customers expect speed, fill-rate consistency, digital convenience, and value-added service, distributors that combine operational reliability with strategic relevance are commanding the most attention.

WHAT BUYERS ARE LOOKING FOR

Route Density & Geographic Coverage

Buyers prioritize distributors with dense delivery networks, efficient routing, and strong local market positions. Regional tuck-ins are especially attractive when they can improve fleet productivity, deepen customer penetration, and create better fixed-cost absorption across warehouses and transportation assets.

Category Strength & Mix Quality

Specialty exposure in produce, protein, dairy, imports, or value-added institutional programs can support stronger margins and a more differentiated market position than purely commoditized broadline distribution. Buyers also like diversified profiles that reduce dependence on any single product family or end market.

Customer Stickiness & End-Market Diversity

Distributors with a diversified mix of restaurant, healthcare, education, hospitality, and retail customers are typically valued more highly than those with concentrated exposure. High retention, long-tenured accounts, and wallet-share growth remain critical diligence points.

Operational Sophistication & Data Readiness

Today's buyers expect distributors to have clean financials, visibility into margins by SKU, disciplined inventory management, and modern ERP and order-management systems. They also want to see confidence around rebate capture, pricing controls, warehouse productivity, and forecasting accuracy, particularly in businesses with fresh or short-shelf-life products.

Private Label, Procurement, and Value-Added Services

Differentiated sourcing, exclusive products, and private-label penetration help distributors defend margins and deepen customer loyalty. Value-added services—such as menu support, cut produce, customized programs, or digital procurement tools—enhance the offering.

RELEVANT M&A ACTIVITY IN FOOD DISTRIBUTION

Native Maine Produce acquired by Premier ProduceOne

Produce One, a multi-regional specialty produce distribution platform established following Shore Capital Partners's partnership with Premier ProduceOne, acquired Native Maine Produce. The acquisition expands Premier ProduceOne's geographic footprint beyond its Ohio base while adding complementary sourcing capabilities and specialty products.

March-25



acquired



deal terms not disclosed

The Danielsen Company acquired by GS Foods Group

GS Foods Group acquired The Danielsen Company, expanding its position as a specialized food distributor serving the K-12 channel in Northern California. The deal highlights continued interest in institutional and education-focused distribution, where recurring demand, contract visibility, and specialized service requirements can make assets especially attractive to strategic and sponsor-backed buyers.

March-25



acquired



deal terms not disclosed

Parishables Food Service acquired by Mr. Greens

Mr. Greens Produce, backed by Sterling Investment Partners, acquired Parishables Food Service to expand into the Atlanta market and strengthen its Southeastern presence. The transaction reflects continued consolidation in specialty produce and premium perishables, where regional density and category expertise remain key sources of strategic value.

Jan-25



acquired



deal terms not disclosed

Jake's acquired by US Foods

US Foods acquired Jake's Finer Foods, a 75-year-old broadline distributor and processor serving restaurants and foodservice operators in Texas. The deal also included Gourmet Ranch, Jake's custom-cut meat business. The acquisition strengthens US Foods' distribution network and strengthens its presence in south Texas and the Houston market, a fast-growing foodservice region, as part of the company's strategy to grow through targeted regional acquisitions.

Jan-25



acquired



Acquired for \$92 million

FOR OWNERS, MULTIPLE PATHS TO CREATING VALUE

For both strategic and financial buyers, the appeal of food distribution is simple: essential businesses with steady demand and strong customer relationships. Many buyers see opportunities to build on that foundation by adding scale, improving purchasing power, investing in technology, and expanding routes or product categories. For owners, the takeaway is encouraging—there are multiple paths to creating value. Businesses with loyal customers, operational discipline, and opportunities for growth (whether geographic or category-driven) are well positioned to attract buyer interest.

PRACTICE TEAM



Robert Adams
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Robert 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
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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.



Brian Barrett
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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 and preparing for significant value events. He has over 16 years of corporate finance experience working with SME's, large corporates and semi state bodies across Ireland. Brian has successfully project management and complete many significant transactions across multiple sectors, including retail, technology, food & beverage, agriculture, logistics, banking, energy and leisure.



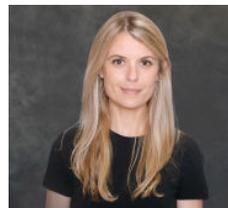
Barry Calogero
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Barry Calogero, a FOCUS Managing Director, brings more than 30 years of executive management and consulting experience, with an emphasis on driving operational excellence and improving the enterprise value of companies around the world. He has 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 of the private equity-backed, \$300 million company.



Kate Elliott
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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' process-driven methodology for executing M&A transaction work.



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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 as the Director of Development at 4P Foods, a fresh foods distributor serving B2B and B2C customers across the mid-Atlantic region. Her experience includes working with founder-owned businesses in the natural/organic segment and agtech ventures, with an emphasis on regenerative agriculture.