

UNITED NATURAL FDS. NDQ-UNFI

RECENT PRICE **43.08** P/E RATIO **12.0** (Trailing: 14.7, Median: 22.0) RELATIVE P/E RATIO **0.65** DIV'D YLD **Nil** VALUE LINE



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
30.76	35.36	41.62	49.88	57.60	64.31	78.45	80.33	86.27	93.42	107.91	122.93	136.51	163.39	168.12	183.21	202.95	212.90	Revenues per sh ^A	253.60
.77	.78	1.09	1.34	1.43	1.60	1.66	2.00	2.19	2.31	2.70	3.05	3.50	4.13	3.91	4.27	5.20	5.65	"Cash Flow" per sh	6.70
.56	.53	.78	1.00	1.02	1.17	1.13	1.38	1.58	1.62	1.87	2.19	2.53	2.86	2.50	2.56	3.40	3.75	Earnings per sh ^{A,B}	4.50
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.73	.51	.59	1.60	.46	1.09	1.19	.75	1.27	.84	.65	1.35	2.96	2.58	.82	1.11	1.20	1.40	Cap'l Spending per sh	2.00
4.20	4.81	5.85	7.16	8.60	9.96	11.19	12.66	14.48	17.93	20.17	22.28	24.98	27.66	30.16	33.23	36.65	40.39	Book Value per sh ^P	53.15
38.22	39.02	40.13	41.29	42.25	42.83	42.90	43.01	43.55	48.49	48.52	49.33	49.77	50.10	50.38	50.62	50.50	50.50	Common Shs Outst ^{g,c}	50.50
19.3	23.3	27.0	28.3	30.9	27.0	20.9	14.8	17.8	24.3	23.5	24.6	26.9	24.3	17.0	16.9	Bold figures are Value Line estimates	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	19.0
1.05	1.33	1.43	1.51	1.67	1.43	1.26	.99	1.13	1.52	1.50	1.38	1.42	1.22	.89	.83	Bold figures are Value Line estimates	Bold figures are Value Line estimates	Relative P/E Ratio	1.05
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CAPITAL STRUCTURE as of 4/28/18		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Revenues (\$mill) ^A	21-23	
Total Debt \$482.1 mill. Due in 5 Yrs \$134.1 mill.		3365.9	3454.9	3757.1	4530.0	5236.0	6064.4	6794.4	8185.0	8470.3	9274.5	10250	10750	12805	13805	14805	15805	16805	17805	18805	19805	20805
LT Debt \$469.7 mill. LT Interest \$17.1 mill.		3.4%	4.0%	3.8%	3.6%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.5%	3.4%	3.3%	3.5%	3.5%	3.5%	3.5%
(Total interest coverage: over 25x)		22.5	27.0	27.5	35.3	39.6	42.4	48.8	63.8	71.0	86.1	90.0	95.0	110	110	110	110	110	110	110	110	110
(21% of Cap'l)		48.5	59.2	68.0	76.7	91.3	107.9	125.5	143.3	125.8	130.2	170	190	225	225	225	225	225	225	225	225	225
Leases, Uncapitalized \$63.2 mill.		37.20%	40.92%	39.31%	39.36%	39.42%	38.06%	39.50%	38.86%	39.60%	39.30%	38.86%	39.60%	39.30%	38.86%	39.60%	39.30%	38.86%	39.60%	39.30%	38.86%	39.60%
No Defined Benefit Pension Plan		1.4%	1.7%	1.8%	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.5%	1.4%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%
Pfd Stock None		110.9	169.0	194.2	381.1	612.7	716.9	854.5	1022.8	991.5	958.8	1235	1650	2425	2425	2425	2425	2425	2425	2425	2425	2425
Common Stock 50,458,534 shares as of 5/30/18		58.5	53.9	48.4	1.0	115.6	130.6	415.7	363.0	588.3	373.5	450	650	750	750	750	750	750	750	750	750	750
MARKET CAP: \$2.2 billion (Mid Cap)		480.1	544.5	630.4	869.7	978.7	1099.1	1243.4	1385.5	1519.5	1681.9	1850	2040	2680	2680	2680	2680	2680	2680	2680	2680	2680
CURRENT POSITION		9.4%	10.2%	10.2%	8.9%	8.6%	9.0%	7.8%	8.6%	6.4%	6.7%	7.5%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
(\$MILL.)		10.1%	10.9%	10.8%	8.8%	9.3%	9.8%	10.1%	10.3%	8.3%	7.7%	9.5%	9.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Cash Assets		---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Receivables		18.6	15.4	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8
Inventory (LIFO)		489.7	525.6	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2	635.2
Other		1021.7	1031.7	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9	1195.9
Current Assets		81.2	90.0	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9
Accts Payable		1611.2	1662.7	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8	1894.8
Debt Due		445.4	534.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6	543.6
Other		11.8	12.1	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4
Current Liab.		162.5	157.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2	176.2
		619.7	703.9	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2	732.2

BUSINESS: United Natural Foods, Inc. distributes over 85,000 natural products including grocery, nutritional supplements, bulk items, personal care products, perishables, and frozen foods. The company is one of only two nationwide distributors of natural products, serving more than 40,000 accounts in the U.S. and internationally. Whole Foods Market accounted for approximately 33% of 2017 sales. Owns 13 natural product retail stores in Florida, Maryland, and Massachusetts. Has about 9,700 employees. Officers & directors own 1.4% of common stock; FMR LLC, 11.1%; BlackRock, Inc., 10.0%; Vanguard, 8.0% (11/17 proxy). President & CEO: Steven L. Spinner. Inc.: Delaware. Address: 313 Iron Horse Way, Providence, RI 02908. Tel.: 860-779-2800. Internet: www.unfi.com.

So far this year, shares of United Natural Foods have been trending lower. Although the equity's price appears relatively unchanged since our April review, UNFI is down more than 10% this year, and has declined almost 20% at times. **In contrast, the company's April period top and bottom lines were better than expected.** To that end, revenues climbed 11.8%, to \$2.65 billion, thanks to continued demand for its product lineup. Flow-through to Super-natural chains was the most robust, with double-digit year-over-year growth. Independently owned natural products retailers and conventional supermarkets were also nicely complementary. On the profitability front, although cost of goods sold ticked 10 basis points higher, as a percentage of the top line, operating expenses declined 40 basis points. All told, these factors equated to a more-than-40% rise in the bottom line, to \$1.02 a share. **These solid results, coupled with management's recently raised guidance, has prompted us to increase our outlook for the year.** At this point, UNFI's revenues and earnings may well come in at \$10.25 billion and \$3.40 a share, respectively. Those figures would represent hefty revenue and earnings gains of 10.5% and more than 30%, respectively. The uptick in volumes will likely reflect organic growth, new customer wins, and a growing portfolio of less-processed, more-natural food options. UNFI should be well positioned as a growing percentage of the population focuses on being more health conscious. Finally, continued benefits should stem from the previous acquisitions of Haddon House Food Products, Global Organic/Specialty Source, Nor-Cal Produce, and Gourmet Guru. At the same time, we have ratcheted up our top- and bottom-line estimates for 2019 as well, to \$10.75 billion and \$3.75 a share, respectively. **The balance sheet is in good shape and improving.** So far this year, cash reserves have climbed approximately 40%, to almost \$22 million. At the same time, long-term debt rose about 25%, but still represents a modest 21% of total capital. **These shares have some appeal.** UNFI is timely and offers above-average 3- to 5-year recovery potential.

Fiscal Year Ends	Q1	Q2	Q3	Q4	Full Fiscal Year
2015	1992.5	2016.5	2114.6	2061.4	8185.0
2016	2076.7	2047.7	2132.1	2213.8	8470.3
2017	2278.4	2285.5	2369.6	2341.0	9274.5
2018	2457.5	2528.0	2648.0	2616.5	10250
2019	2580	2655	2775	2740	10750

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '15-'17 to '21-'23
 Revenues 11.5% 12.5% 7.5%
 "Cash Flow" 11.0% 11.5% 8.5%
 Earnings 9.5% 9.5% 8.5%
 Dividends --- --- Nil
 Book Value 13.5% 11.5% 10.0%

QUARTERLY REVENUES (\$ mill.)^A Full Fiscal Year
 Oct.Per Jan.Per Apr.Per Jul.Per
 2015 1992.5 2016.5 2114.6 2061.4 8185.0
 2016 2076.7 2047.7 2132.1 2213.8 8470.3
 2017 2278.4 2285.5 2369.6 2341.0 9274.5
 2018 2457.5 2528.0 2648.0 2616.5 10250
 2019 2580 2655 2775 2740 10750

(A) Fiscal year ends on Saturday closest to July 31st. (B) Diluted earnings per share. Next earnings report due early Sept. (C) In millions. (D) Includes intangibles: In 2017, \$579.5 million, \$11.46 per share.

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Company's Financial Strength B++
 Stock's Price Stability 30
 Price Growth Persistence 45
 Earnings Predictability 85