

UNFI Non-GAAP Financial Measures



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To supplement its financial statements presented on a generally accepted accounting principles (“GAAP”) basis, the Company may from time to time present certain historical and estimated non-GAAP financial measures which exclude certain special items. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for any measure prepared in accordance with GAAP. The Company believes these measures facilitate making period-to-period comparisons and are meaningful indications of its historical and estimated operating performance. The Company’s management utilizes this non-GAAP financial information to compare the Company’s operating performance during the current fiscal year versus the comparable periods in prior year and to internally prepared projections.

Leverage as a Multiple of EBITDA

(in thousands except for leverage multiple)	Rolling 12-months ended	
	October 28, 2017	October 29, 2016
Leverage as a multiple of EBITDA:		
Net Income	\$ 131,443	\$ 124,852
Depreciation and amortization	87,278	75,517
Other Expense, Net	9,510	16,924
Provision for Income Taxes	86,841	81,768
EBITDA	\$ 315,072	\$ 299,061
Outstanding debt (1)	\$ 448,369	\$ 595,961
Leverage as a multiple of EBITDA	1.42	1.99

(1) Excludes the impact of reclassification of debt issuance costs as the Company early adopted ASU No. 2015-03 during the fourth quarter of fiscal 2016.

EBITDA Margin

(in thousands)	13-Week Period Ended	
	October 28, 2017	October 29, 2016
Net sales	\$ 2,457,545	\$ 2,278,364
Net income	30,505	29,217
Depreciation and amortization	22,442	21,215
Total other expense, net	2,713	4,806
Provision for income taxes	21,889	19,316
EBITDA	<u>\$ 77,549</u>	<u>\$ 74,554</u>
Net income as % of net sales	1.24%	1.28%
EBITDA as % of net sales	3.16%	3.27%

Free Cash Flow

(in thousands)	13-Week Period Ended	
	October 28, 2017	October 29, 2016
Free cash flow:		
Net cash used in operating activities	\$ (72,030)	\$ (7,255)
Capital expenditures	5,257	9,198
Free cash flow	\$ (77,287)	\$ (16,453)

Fiscal 2018 Free Cash Flow Guidance

(in thousands)	Fiscal Year Ending July 28, 2018	
	Low Range	High Range
Free cash flow:		
Net cash provided by operating activities	\$ 209,000	\$ 260,000
Capital expenditures	54,000	75,000
Free cash flow	\$ 155,000	\$ 185,000