

UNFI Non-GAAP Financial Measures



Q3 Fiscal 2018

Non-GAAP Financial Measures

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 Adjusted EBITDA

<i>(in thousands except for leverage multiple)</i>	Rolling 12-months ended	
	April 28, 2018	April 29, 2017
Leverage as a multiple of Adjusted EBITDA:		
Net Income	\$ 171,751	\$ 125,967
Depreciation and amortization	88,103	83,969
Other Expense, Net	8,688	18,487
Provision for Income Taxes	58,499	82,587
Adjusted EBITDA	\$ 327,041	\$ 311,010
Outstanding debt (1)	\$ 483,398	\$ 470,620
Leverage as a multiple of Adjusted EBITDA	1.48	1.51

(1) Excludes the impact of the reclassification of debt issuance costs in accordance with ASU No. 2015-03

Adjusted EBITDA Margin

<i>(in thousands except for percentages)</i>	13-Week Period Ended	
	April 28, 2018	April 29, 2017
Net sales	\$ 2,648,879	\$ 2,369,556
Net income	51,891	36,587
Depreciation and amortization	21,733	21,472
Total other expense, net	4,323	4,621
Provision for income taxes	25,943	23,738
Restructuring and asset impairment expenses	151	3,946
Adjusted EBITDA	<u>\$ 104,041</u>	<u>\$ 90,364</u>
Net income as % of net sales	1.96%	1.54%
Adjusted EBITDA as % of net sales	3.93%	3.81%

<i>(in thousands except for percentages)</i>	39-Week Period Ended	
	April 28, 2018	April 29, 2017
Net sales	\$ 7,634,435	\$ 6,933,438
Net income	132,882	91,286
Depreciation and amortization	65,982	63,930
Total other expense, net	10,755	13,670
Provision for income taxes	33,831	59,600
Restructuring and asset impairment expenses	11,393	3,946
Adjusted EBITDA	<u>\$ 254,843</u>	<u>\$ 232,432</u>
Net income as % of net sales	1.74%	1.32%
Adjusted EBITDA as % of net sales	3.34%	3.35%

Fiscal 2018 Free Cash Flow Guidance

<i>(in thousands)</i>	Fiscal Year Ending July 28, 2018	
	Low Range	High Range
Free cash flow:		
Net cash provided by operating activities	\$ 66,000	\$ 107,000
Capital expenditures	<u>56,000</u>	<u>77,000</u>
Free cash flow	\$ 10,000	\$ 30,000