

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 Adjusted EBITDA

(in thousands except for leverage multiple)	Rolling 12-months ended	
	January 27, 2018	January 28, 2017
Leverage as a multiple of Adjusted EBITDA:		
Net Income	\$ 156,446	\$ 127,651
Depreciation and amortization	87,842	80,617
Other Expense, Net	8,986	17,206
Provision for Income Taxes	56,294	83,255
Adjusted EBITDA	\$ 309,568	\$ 308,729
Outstanding debt (1)	\$ 444,464	\$ 563,026
Leverage as a multiple of Adjusted EBITDA	1.44	1.82

(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.

Adjusted EBITDA Margin

(in thousands)	13-Week Period Ended	
	January 27, 2018	January 28, 2017
Net sales	\$ 2,528,011	\$ 2,285,518
Net income	50,486	25,482
Depreciation and amortization	21,807	21,243
Total other expense, net	3,719	4,243
Provision for income taxes	(14,001)	16,546
Restructuring and asset impairment expenses	11,242	-
Adjusted EBITDA	<u>\$ 73,253</u>	<u>\$ 67,514</u>
Net income as % of net sales	2.00%	1.11%
Adjusted EBITDA as % of net sales	2.90%	2.95%

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	\$ 175,000	\$ 226,000
Capital expenditures	<u>55,000</u>	<u>76,000</u>
Free cash flow	\$ 120,000	\$ 150,000