

UNITED NATURAL FOODS INC
Form 10-Q
March 06, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 26, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-21531

UNITED NATURAL FOODS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

05-0376157
(I.R.S. Employer Identification No.)

260 Lake Road Dayville, CT
(Address of Principal Executive Offices)

06241
(Zip Code)

Registrant's Telephone Number, Including Area Code: (860) 779-2800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 29, 2008, there were 43,099,618 shares of the Registrant's Common Stock, \$0.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED NATURAL FOODS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
 (In thousands, except per share amounts)

	January 26, 2008	July 28, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,183	\$ 17,010
Accounts receivable, net of allowance of \$5,715 and \$4,416, respectively	184,409	160,329
Notes receivable, trade, net of allowance of \$68 and \$44, respectively	1,338	1,836
Inventories	393,745	312,377
Prepaid expenses and other current assets	16,757	8,199
Assets held for sale	-	5,935
Deferred income taxes	9,474	9,474
Total current assets	630,906	515,160
Property & equipment, net	210,925	185,083
Other assets:		
Goodwill	179,969	79,903
Notes receivable, trade, net of allowance of \$1,268 and \$1,521, respectively	3,410	2,647
Intangible assets, net of accumulated amortization of \$317 and \$423, respectively	28,962	8,552
Other assets	10,457	9,553
Total assets	\$ 1,064,629	\$ 800,898
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	297,009	120,000
Accounts payable	171,914	134,576
Accrued expenses and other current liabilities	66,690	37,132
Current portion of long-term debt	5,068	6,934
Total current liabilities	540,681	298,642
Long-term debt, excluding current portion	61,454	65,067
Deferred income taxes	1,027	9,555
Other long-term liabilities	10,306	839
Total liabilities	613,468	374,103
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 5,000 shares; none issued or outstanding	-	-
Common stock, \$0.01 par value, authorized 100,000 shares; 43,099 issued and 42,871 outstanding shares at January 26, 2008; 43,051 issued and 42,822 outstanding shares at July 28, 2007	431	431
Additional paid-in capital	166,830	163,473

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Unallocated shares of Employee Stock Ownership Plan	(1,121)	(1,203)
Treasury stock	(6,092)	(6,092)
Accumulated other comprehensive (loss) income	(1,335)	399
Retained earnings	292,448	269,787
Total stockholders' equity	451,161	426,795
Total liabilities and stockholders' equity	\$ 1,064,629	\$ 800,898

The accompanying notes are an integral part of the condensed consolidated financial statements.

UNITED NATURAL FOODS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(In thousands, except per share data)

	Three months ended		Six months ended	
	January 26, 2008	January 27, 2007	January 26, 2008	January 27, 2007
Net sales	\$ 830,656	\$ 668,545	\$ 1,567,045	\$ 1,314,978
Cost of sales	675,984	544,477	1,276,902	1,067,339
Gross profit	154,672	124,068	290,143	247,639
Operating expenses	135,100	101,877	246,366	202,307
Impairment on assets held for sale	-	756	-	756
Total operating expenses	135,100	102,633	246,366	203,063
Operating income	19,572	21,435	43,777	44,576
Other expense (income):				
Interest expense	5,059	3,350	7,950	6,261
Interest income	(153)	(180)	(332)	(294)
Other, net	6	399	75	371
Total other expense	4,912	3,569	7,693	6,338
Income before income taxes	14,660	17,866	36,084	38,238
Provision for income taxes	5,561	6,968	13,423	14,913
Net income	\$ 9,099	\$ 10,898	\$ 22,661	\$ 23,325
Basic per share data:				
Net income	\$ 0.21	\$ 0.26	\$ 0.53	\$ 0.55
Weighted average basic shares of common stock	42,676	42,438	42,645	42,299
Diluted per share data:				
Net income	\$ 0.21	\$ 0.25	\$ 0.53	\$ 0.55
Weighted average diluted shares of common stock	42,884	42,848	42,860	42,733

The accompanying notes are an integral part of the condensed consolidated financial statements.

UNITED NATURAL FOODS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
 (In thousands)

(In thousands)	Six months ended	
	January 26 2008	January 27, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 22,661	\$ 23,325
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	10,160	9,378
Loss on disposals of property and equipment	8	1,968
Impairment on assets held for sale	-	756
Provision for doubtful accounts	1,286	815
Share-based compensation	2,387	1,997
Gain on forgiveness of loan	(157)	-
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable	(13,565)	(16,083)
Inventories	(57,392)	(31,730)
Prepaid expenses and other assets	(5,727)	(10,675)
Notes receivable, trade	(265)	104
Accounts payable	(2,729)	11,843
Accrued expenses	4,371	(1,213)
Net cash used in operating activities	(38,962)	(9,515)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(21,466)	(14,542)
Purchases of acquired businesses, net of cash acquired	(107,235)	-
Proceeds from disposals of property and equipment	165	5,441
Other investing activities	-	(1,028)
Net cash used in investing activities	(128,536)	(10,129)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under note payable	177,009	