

UNITED NATURAL FOODS INC  
Form 10-Q  
June 11, 2009

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 May 2, 2009

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

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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

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 June 5, 2009 there were 42,999,468 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)

	May 2, 2009	August 2, 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$6,686	\$25,333
Accounts receivable, net of allowance of \$6,209 and \$5,535, respectively	197,580	179,063
Notes receivable, trade, net of allowance of \$528 and \$130, respectively	606	1,412
Inventories	418,242	394,364
Prepaid expenses and other current assets	14,626	13,307
Deferred income taxes	14,221	14,221
Total current assets	651,961	627,700
 Property & equipment, net	 241,186	 234,115
Other assets:		
Goodwill	166,471	170,609
Intangible assets, net of accumulated amortization of \$3,273 and \$1,671, respectively	39,821	33,689
Notes receivable, trade, net of allowance of \$1,415 and \$1,423, respectively	2,242	2,349
Other assets	19,201	16,021
Total assets	\$1,120,882	\$1,084,483
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$248,573	\$288,050
Accounts payable	176,510	160,418
Accrued expenses and other current liabilities	73,485	63,308
Current portion of long-term debt	4,911	5,027
Total current liabilities	503,479	516,803
 Long-term debt, excluding current portion	 54,875	 58,485
Deferred income taxes	10,446	9,058
Other long-term liabilities	24,456	20,087
Total liabilities	593,256	604,433
 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; 43,170 issued and 42,942 outstanding shares at May 2, 2009; 43,100 issued and 42,871 outstanding shares at August 2, 2008	432	431
Additional paid-in capital	174,166	169,238
Treasury stock	(6,092 )	(6,092 )

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Unallocated shares of Employee Stock Ownership Plan	(917 )	(1,040 )
Accumulated other comprehensive loss	(1,876 )	(753 )
Retained earnings	361,913	318,266
Total stockholders' equity	527,626	480,050
Total liabilities and stockholders' equity	\$1,120,882	\$1,084,483

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		Nine months ended	
	May 2, 2009	April 26, 2008	May 2, 2009	April 26, 2008
Net sales	\$889,538	\$886,962	\$2,601,409	\$2,454,007
Cost of sales	720,787	721,119	2,103,004	1,998,021
Gross profit	168,751	165,843	498,405	455,986
Operating expenses	138,327	141,018	417,082	387,384
Total operating expenses	138,327	141,018	417,082	387,384
Operating income	30,424	24,825	81,323	68,602
Other expense (income):				
Interest expense	1,723	4,186	8,333	12,137
Interest income	11	(140 )	(331 )	(472 )
Other, net	134	80	281	154
Total other expense	1,868	4,126	8,283	11,819
Income before income taxes	28,556	20,699	73,040	56,783
Provision for income taxes	11,777	7,700	29,393	21,123
Net income	\$16,779	\$12,999	\$43,647	\$35,660
Basic per share data:				
Net income	\$0.39	\$0.30	\$1.02	\$0.84
Weighted average basic shares of common stock	42,871	42,727	42,827	42,678
Diluted per share data:				
Net income	\$0.39	\$0.30	\$1.02	\$0.83
Weighted average diluted shares of common stock	42,943	42,847	42,939	42,858

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)

	Nine months ended	
	May 2, 2009	April 26, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$43,647	\$35,660
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,329	15,694
Loss on disposals of property and equipment	290	8
Provision for doubtful accounts	3,526	1,665
Share-based compensation	4,607	3,503
Gain on forgiveness of loan	-	(157 )
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable	(20,760 )	(15,215 )
Inventories	(21,314 )	(77,007 )
Prepaid expenses and other assets	(1,002 )	119
Notes receivable, trade	369	69
Accounts payable	(1,195 )	2,074
Accrued expenses	12,194	(1,663 )
Income taxes payable	-	923
Net cash provided by (used in) operating activities	40,691	(34,327)