

UNITED NATURAL FOODS INC
Form 10-Q
March 06, 2013

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, 2013

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.)
313 Iron Horse Way, Providence, RI (Address of Principal Executive Offices)	02908 (Zip Code)

Registrant's Telephone Number, Including Area Code: (401) 528-8634

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Edgar Filing: UNITED NATURAL FOODS INC - Form 10-Q

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 February 26, 2013 there were 49,298,389 shares of the Registrant's Common Stock, \$0.01 par value per share, outstanding.

TABLE OF CONTENTS

<u>Part I.</u>	<u>Financial Information</u>	
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets (unaudited)</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Income (unaudited)</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Comprehensive Income (unaudited)</u>	<u>5</u>
	<u>Condensed Consolidated Statement of Stockholders' Equity (unaudited)</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows (unaudited)</u>	<u>7</u>
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>8</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>24</u>
<u>Part II.</u>	<u>Other Information</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>24</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>24</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>24</u>
<u>Item 3.</u>	<u>Defaults upon Senior Securities</u>	<u>24</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>24</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>24</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>25</u>
	<u>Signatures</u>	<u>26</u>

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, 2013	July 28, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$8,085	\$16,122
Accounts receivable, net of allowance of \$7,022 and \$6,249, respectively	358,173	305,177
Inventories	674,046	578,555
Prepaid expenses and other current assets	30,726	21,654
Deferred income taxes	25,353	25,353
Total current assets	1,096,383	946,861
Property & equipment, net	302,368	278,455
Other assets:		
Goodwill	203,906	193,741
Intangible assets, net of accumulated amortization of \$12,236 and \$10,809, respectively	51,981	52,496
Other assets	25,468	22,393
Total assets	\$1,680,106	\$1,493,946
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$285,943	\$242,179
Accrued expenses and other current liabilities	125,027	91,632
Current portion of long-term debt	357	350
Total current liabilities	411,327	334,161
Notes payable	173,947	115,000
Long-term debt, excluding current portion	849	635
Deferred income taxes	36,260	36,260
Other long-term liabilities	29,068	29,174
Total liabilities	651,451	515,230
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; 49,295 issued and outstanding shares at January 26, 2013; 49,011 issued and outstanding shares at July 28, 2012	493	490
Additional paid-in capital	370,634	364,598
Unallocated shares of Employee Stock Ownership Plan	(71) (89

Edgar Filing: UNITED NATURAL FOODS INC - Form 10-Q

Accumulated other comprehensive income	1,622	1,896
Retained earnings	655,977	611,821
Total stockholders' equity	1,028,655	978,716
Total liabilities and stockholders' equity	\$1,680,106	\$1,493,946

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 amounts)

	Three months ended		Six months ended	
	January 26, 2013	January 28, 2012	January 26, 2013	January 28, 2012
Net sales	\$1,445,703	\$1,286,910	\$2,855,740	\$2,504,338
Cost of sales	1,204,030	1,063,763	2,378,114	2,064,078
Gross profit	241,673	223,147	477,626	440,260
Operating expenses	202,693	185,760	400,451	371,473
Restructuring and asset impairment expenses (recoveries)	—	(126)) 1,629	5,219
Total operating expenses	202,693	185,634	402,080	376,692
Operating income	38,980	37,513	75,546	63,568
Other expense (income):				
Interest expense	1,373	1,382	2,351	2,455
Interest income	(168)) (219)) (341)) (389)
Other, net	201	27	4,982	168
Total other expense, net	1,406	1,190	6,992	2,234
Income before income taxes	37,574	36,323	68,554	61,334
Provision for income taxes	14,954	14,312	24,398	24,166
Net income	\$22,620	\$22,011	\$44,156	\$37,168
Basic per share data:				
Net income	\$0.46	\$0.45	\$0.90	\$0.76
Weighted average basic shares of common stock outstanding	49,289	48,774	49,174	48,665
Diluted per share data:				
Net income	\$0.46	\$0.45	\$0.89	\$0.76
Weighted average diluted shares of common stock outstanding	49,528	49,019	49,475	48,933

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

UNITED NATURAL FOODS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(In thousands)

	Three months ended January 26, 2013			Three months ended January 28, 2012		
	Pre-tax Amount	Tax (expense) benefit	After-tax Amount	Pre-tax Amount	Tax (expense) benefit	After-tax Amount
Net income			\$22,620			\$22,011
Other comprehensive income (loss):						
Foreign currency translation adjustments	\$(739)	\$—	\$(739)	\$(768)	\$—	\$(768)
Change in fair value of swap agreements, net of tax	—	—	—	312	(123)	189
Total other comprehensive income (loss)	\$(739)	\$—	\$(739)	\$(456)	\$(123)	\$(579)
Total comprehensive income			\$21,881			\$21,432
	Six months ended January 26, 2013			Six months ended January 28, 2012		
	Pre-tax Amount	Tax (expense) benefit	After-tax Amount	Pre-tax Amount	Tax (expense) benefit	After-tax Amount
Net income						