

United Natural (UNFI)

\$32.46 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$36.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/01/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM: A

Value: A

Growth: B

Momentum: A

Summary

United Natural Foods has continued to deliver strong operational performance and profitable growth, supported by sustained demand for natural, organic and specialty products. In the fourth quarter of fiscal 2025, the company demonstrated solid execution and resilience despite temporary challenges, underscoring the strength of its transformation strategy and disciplined leadership. Strategic initiatives such as network optimization, lean management expansion and customer-focused execution have enhanced efficiency, cost control, service quality and cash flow generation. With consistent earnings improvement, expanding customer partnerships and momentum across key growth platforms, United Natural Foods remains well-positioned for long-term success, though it faced temporary disruption from a cybersecurity incident.

Data Overview

52 Week High-Low	\$43.29 - \$20.78
20 Day Average Volume (sh)	1,141,389
Market Cap	\$2.0 B
YTD Price Change	20.1%
Beta	0.82
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<u>Food - Miscellaneous</u>
Zacks Industry Rank	Bottom 16% (203 out of 243)

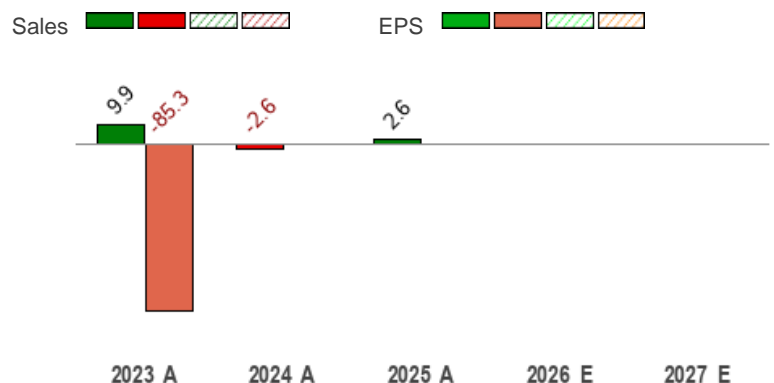
Last EPS Surprise	43.6%
Last Sales Surprise	-0.6%
EPS F1 Est- 4 week change	7.4%
Expected Report Date	03/10/2026
Earnings ESP	0.0%

P/E TTM	29.6
P/E F1	-249.7
PEG F1	-3.5
P/S TTM	0.1

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027					31,660 E
2026	7,840 A				31,500 E
2025	7,871 A	8,158 A	8,059 A	7,696 A	31,784 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027					2.10 E
2026	0.56 A				1.90 E
2025	0.16 A	0.22 A	0.44 A	-0.11 A	0.71 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/15/2025.

(2) The report's text and the price target are as of 12/02/2025.

Overview

Headquartered in Providence, RI, United Natural Foods, Inc. is the leading distributor of natural, organic and specialty food and non-food products in the U.S. and Canada. The company offers approximately 250,000 products, consisting of national, regional and private label brands, grouped into the following main product categories: grocery and general merchandise; perishables; frozen foods; wellness and personal care items; and bulk and foodservice products. The company's business is classified into two reportable segments, Wholesale and Retail, and also includes a manufacturing division and a branded product line division.

From the second quarter of fiscal 2025, United Natural updated its revenue reporting to disaggregate sales into three categories, Natural, Conventional and Retail.

Natural (50.4% of total revenues in the fiscal 2025), which primarily reflects the wholesale distribution of natural, organic and specialty grocery and non-food products and services, and includes the company's portfolio of natural owned brands, and natural and organic snack food manufacturing business.

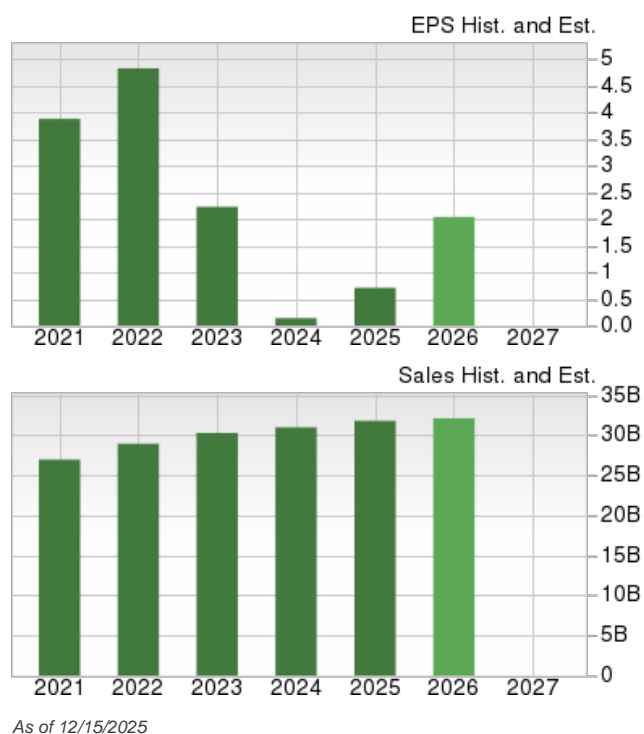
Conventional (46.1%), which primarily reflects the wholesale distribution of conventional grocery and non-food products and services, and includes the company's portfolio of conventional owned brands.

Retail channel (7.4%), which reflects the company's grocery and liquor stores operating under the Cub Foods and Shoppers banners that sell products directly to consumers.

Elimination primarily includes the net sales elimination of Wholesale to Retail sales and the elimination of sales from segments included within Other to Wholesale.

Post the buyout of SUPERVALU, United Natural has emerged as one of the largest grocery distributors in the United States. This acquisition has provided a radical boost to the company's portfolio.

(Note: Zacks identifies fiscal years by the month in which the fiscal year ends, while UNFI identifies their fiscal year by the calendar year in which it begins; so comparable figures for any given fiscal year, as published by UNFI, will refer to this same fiscal year as being the year before the same year, as identified by Zacks)



Reasons To Buy:

- ▲ **Strong Execution Fuels Growth:** United Natural Foods continued to deliver solid operational progress throughout fiscal 2025, performing in line with its outlook for sales and adjusted EBITDA while exceeding expectations for free cash flow. The company achieved sustained adjusted EBITDA momentum, supported by disciplined execution of its multi-year transformation strategy focused on efficiency, customer value and profitable growth. For the full year, net sales grew 4.6% on a comparable 52-week basis, driven by 1.4% volume growth, a favorable shift in product mix and continued strength in natural, organic, specialty and fresh categories. This performance highlights resilient customer demand and United Natural Foods' ability to leverage its scale, differentiated assortment and strategic customer partnerships. Management underscored continued traction across key growth platforms, reinforcing confidence in United Natural Foods' long-term value creation strategy and its alignment with evolving consumer preferences.
- ▲ **Improved Operational Efficiency:** The company's ability to manage costs effectively, while driving top-line growth, reflects a disciplined approach to both revenue generation and cost control. In fiscal 2025, United Natural reduced operating expenses as a percentage of sales by approximately 30 basis points, supported by lean management deployment, streamlined corporate processes and improved throughput. Adjusted EBITDA totaled \$552 million for fiscal 2025, aligned with the company's strategic profitability objectives, while adjusted earnings increased to 71 cents from 14 cents in the prior year, demonstrating strong operating leverage and improved below-the-line performance. This significant earnings growth highlights the early success of the company's transformation efforts and its ability to convert top-line strength into bottom-line performance.
- ▲ **Advancing Performance Goals:** United Natural Foods is tracking ahead of the multi-year financial roadmap introduced last year. Strength across new and existing customer relationships, improved category leadership and disciplined network optimization led management to raise its multiyear expectations. The company now expects low single-digit average annual net sales growth from fiscal 2024 through 2027 (versus prior expectations for flat performance) and low double-digit average annual adjusted EBITDA growth over the same period. Fiscal 2027 adjusted EBITDA is now projected to exceed \$730 million, reinforcing confidence in the durability of its transformation strategy. For fiscal 2026, United Natural Foods guides to net sales of \$31.6-\$32 billion, adjusted EBITDA of \$630-\$700 million and adjusted earnings of \$1.50-\$2.30, reflecting continued confidence in execution momentum and strategic progress.
- ▲ **Natural Segment Growth Momentum:** United Natural Foods' Natural segment remains a core growth driver, delivering 9% growth in the fourth quarter of fiscal 2025, reflecting continued strength in better-for-you, specialty, multicultural and fresh categories. This performance highlights ongoing consumer demand for differentiated, wellness-oriented products and reinforces United Natural Foods' strategic positioning in these faster-growing segments. The company's product-centered wholesale alignment has enhanced focus within Natural, improving merchandising execution, supplier collaboration and customer support. These changes are helping United Natural Foods deepen relationships with existing retail partners and expand category penetration. Management noted that the Natural segment performance is contributing meaningfully to the raised multi-year sales and adjusted EBITDA outlook, underscoring its strategic importance to the company's long-term growth plan.
- ▲ **Lean Management Driving Strong Cash Flow:** United Natural Foods continues to benefit from the expansion of Lean Daily Management, which is now deployed in 28 distribution centers and contributing to improvements in safety, quality, delivery and cost efficiency. These productivity gains, along with disciplined capital spending and improved working capital, supported a substantial improvement in free cash flow, with United Natural Foods generating \$239 million of free cash flow in fiscal 2025, compared with negative free cash flow in the prior year. The company generated \$86 million of free cash flow in the fiscal fourth quarter alone. This strong cash performance enabled United Natural Foods to reduce net debt to approximately \$1.83 billion, the lowest level since 2018, and lower its net leverage ratio to 3.3x, a reduction of 0.7 turns compared with the prior year. Management noted that ongoing efficiency initiatives and continued execution of its strategic plan support the company's ability to further strengthen its balance sheet, with fiscal 2026 free cash flow expected to be approximately \$300 million.
- ▲ **Network Optimization:** United Natural Foods continues to enhance its operational efficiency through strategic distribution network optimization. In fiscal 2025, the company consolidated volumes from four distribution centers into larger, more modern facilities with broader assortments, a move designed to improve service and reduce operating costs. Management stated that these consolidation actions will begin contributing to improved network profitability in fiscal 2026. In addition, United Natural Foods has expanded and modernized network capacity, including approximately 400,000 square feet of incremental space added across Manchester, PA and Sarasota, FL, distribution centers. These facilities incorporate automation and enhanced capabilities intended to support improved product restocking speed, higher order accuracy and lower handling and delivery costs over time. Together, these actions are strengthening the efficiency, scale and service capabilities of the company's distribution network as it supports growth.

United Natural Foods has firmly positioned itself for long-term success by aligning offerings with evolving consumer preferences and capitalizing on its operational strengths.

Reasons To Sell:

- ▼ **Gross Margin Compression:** United Natural Foods' profitability continues to face pressure, as gross margin contracted to 13.4% in the fourth quarter of fiscal 2025, down from 13.7% in the prior-year quarter, signaling ongoing challenges in maintaining cost efficiency and pricing discipline. Gross profit declined to \$1.03 billion from \$1.12 billion a year earlier, reflecting both the absence of the extra week in the prior year and the negative impact from the cyber incident. Even after adjusting for LIFO benefits and the one-time cyber disruption, the company's gross margin rate stood at 13.5%, unchanged from the prior year. The deterioration was primarily driven by unfavorable product and customer mix and elevated shrinkage. Meanwhile, operating expenses increased to 13.6% of sales, up from 13.2% a year earlier, caused by fixed-cost deleverage and service disruptions related to the incident. Together, these dynamics highlight persistent margin compression and cost intensity, reinforcing the structural challenges in United Natural Foods' low-margin distribution model and limiting the near-term recovery in profitability despite ongoing lean and efficiency initiatives.
- ▼ **Cybersecurity Incident Impact:** United Natural Foods' fourth-quarter fiscal 2025 performance was materially affected by a cybersecurity incident that temporarily disrupted operations across its supply chain, customer ordering systems and distribution network. Management disclosed that the event led to approximately \$400 million in lost sales and reduced adjusted EBITDA by about \$50 million during the quarter. The disruption also contributed to elevated shrink levels, service inefficiencies and higher labor and overtime costs as the company shifted to manual processes to maintain customer service levels. As a result, fourth-quarter net sales declined to \$7.7 billion, down from \$8.2 billion in the prior year, while adjusted EBITDA fell to \$116 million compared with \$143 million a year earlier. The company reported a net loss of \$87 million, or \$1.43 per share, significantly wider than the prior-year loss of 63 cents. United Natural Foods also recognized \$26 million in direct cybersecurity-related costs, further pressuring profitability. While management noted that operations have largely stabilized and expects performance to normalize in fiscal 2026, the incident underscores the operational and financial risks associated with system disruptions in a technology-dependent distribution network.
- ▼ **Intense Competition:** The grocery industry is grappling with stiff competition and an aggressive promotional environment. Traditional grocery companies face competition from rival companies, which are strengthening their franchises through acquisitions and offering alternative outlets for food and other staples. Customers are also becoming more inclined toward private-label products as they are low-cost alternatives to national brands. Such industry-wide headwinds may dent the company's performance.
- ▼ **Industry Headwinds:** The grocery industry remains prone to volatility in regional and national economic conditions. Incidentally, demand for the products offered by industry participants may be affected by economic downturns, which weigh on consumer spending. Thus, adverse changes in employment levels, inflation rates, interest rates, fuel costs and tax rates, among others, can lead to reduced consumer spending on organic and natural food products, which are generally priced higher. Apart from this, volatile food costs are a threat to profitability.

United Natural Foods is under strain as shrinking margins, a major cyber disruption and tough grocery competition hit its sales and profits, highlighting ongoing challenges for the company.

Last Earnings Report

United Natural Foods Q4 Earnings Beat, Outlook Upbeat

United Natural Foods reported fourth-quarter fiscal 2025 results, with revenues and earnings beating the Zacks Consensus Estimate.

United Natural Foods posted an adjusted loss of 11 cents per share, beating the Zacks Consensus Estimate of a loss of 27 cents per share. Net sales came in at \$7,696 million, surpassing the consensus mark of \$7,626 million but declining 5.6% year over year due to the absence of the prior year's extra week. On a comparable 13-week basis, sales increased 1.6%.

Gross margin held steady at 13.5%, excluding LIFO and one-time cyber-related costs, while operating expenses represented 13.6% of sales versus 13.2% a year ago. The temporary cost deleverage reflected investments to maintain service levels during the cyber event.

Adjusted EBITDA of \$116 million compared with \$143 million in the year-ago period and reflecting a roughly \$50 million impact from the cyber incident.

United Natural Foods' Segment Performance

By segment, Natural sales rose 1.4% year over year on a comparable basis, outperforming the broader market amid sustained consumer demand for organic and specialty foods. Conventional sales declined 12.8%, affected by the lapping of a major customer addition and the ongoing optimization of United Natural Foods' distribution network, including the exit of its Allentown facility. Retail sales were down 8.8%, but management noted underlying improvement at Cub stores and expects a rebound under new retail leadership.

United Natural Foods' Operational and Financial Highlights

Fourth-quarter free cash flow rose to \$86 million from \$71 million in the prior-year period. Net debt fell to \$1.83 billion, the lowest level since 2018, and the company's net leverage ratio improved to 3.3x from 4.0x a year ago. United Natural Foods' lean management practices, now implemented in 28 distribution centers, continue to enhance efficiency, safety and service quality across its supply chain.

United Natural Foods' Fiscal 2026 Guidance

Looking ahead, management projects fiscal 2026 net sales between \$31.6 billion and \$32.0 billion, essentially flat at the midpoint given the network optimization impact. Adjusted EBITDA is expected in the range of \$630-\$700 million, implying about 20% growth at the midpoint, while adjusted EPS is guided to \$1.50-\$2.30. Free cash flow is targeted at approximately \$300 million, supported by a planned \$250 million in capital and cloud expenditures.

FY Quarter Ending **7/31/2025**

Earnings Reporting Date	Dec 02, 2025
Sales Surprise	-0.58%
EPS Surprise	43.59%
Quarterly EPS	0.56
Annual EPS (TTM)	1.11

Valuation

United Natural shares are up 19.3% in the past six months and 36.9% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 10.3% in the year-to-date period but the Zacks Consumer Staples sector declined 6.4%. Over the past six months, the Zacks sub-industry and the sector are down 18.1% and 4.5%, respectively.

The S&P 500 index is up 17.1% in the past six months and 15.4% in the past year.

The stock is currently trading at 0.06X forward 12-month sales, which compares to 1.07X for the Zacks sub-industry, 7.85X for the Zacks sector and 5.29X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.11X and as low as 0.02X, with a 5-year median of 0.05X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$36 price target reflects 0.06X forward 12-month sales.

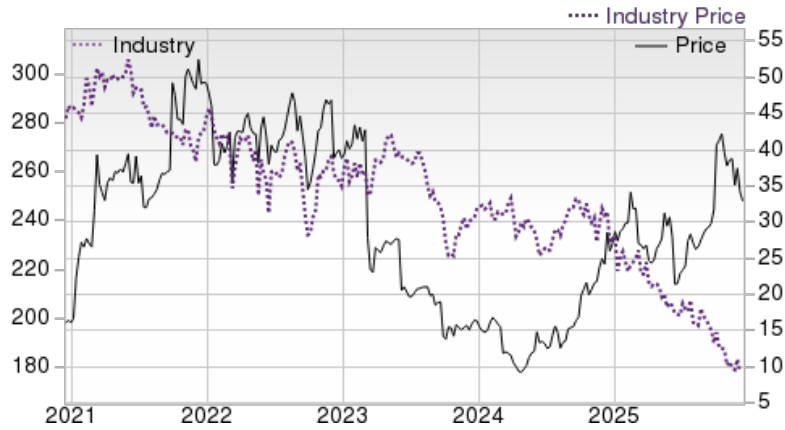
The table below shows summary valuation data for UNFI

Valuation Multiples - UNFI					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.06	1.07	7.85	5.29
	5-Year High	0.11	1.99	10.8	5.5
	5-Year Low	0.02	1.07	6.51	3.83
	5-Year Median	0.05	1.53	8.69	5.04
P/B TTM	Current	1.34	1.81	16.6	8.47
	5-Year High	2.03	2.42	21.11	9.16
	5-Year Low	0.31	1.77	11.81	6.6
	5-Year Median	1.1	2.15	15.12	8.04
EV/EBITDA F12M	Current	5.83	10.15	28.77	13.24
	5-Year High	7.32	14.65	39.25	18.59
	5-Year Low	4.01	10	25	11.45
	5-Year Median	5.75	12.25	33.83	14.58

As of 12/01/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 16% (203 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Aramark (ARMK)	Neutral	3
Danone (DANOY)	Neutral	3
General Mills, Inc. (GIS)	Neutral	3
US Foods Holding Cor... (USFD)	Neutral	3
Associated British F... (ASBFY)	Underperform	5
Kraft Heinz Company (KHC)	Underperform	5
Mondelez Internation... (MDLZ)	Underperform	5
Post Holdings, Inc. (POST)	Underperform	4

Industry Comparison⁽¹⁾ Industry: Food - Miscellaneous

	UNFI	X Industry	S&P 500	DANOY	KHC	USFD
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	1	-	-	3	5	3
VGM Score	A	-	-	B	B	A
Market Cap	2.00 B	1.67 B	39.38 B	60.95 B	28.94 B	17.08 B
# of Analysts	1	3	22	2	8	5
Dividend Yield	0.00%	0.00%	1.41%	1.93%	6.54%	0.00%
Value Score	A	-	-	B	B	A
Cash/Price	0.02	0.07	0.04	0.11	0.11	0.00
EV/EBITDA	12.43	9.61	14.60	NA	16.60	15.54
PEG Ratio	-3.48	1.92	2.23	4.75	NA	0.96
Price/Book (P/B)	1.29	1.89	3.35	3.37	0.70	3.86
Price/Cash Flow (P/CF)	5.44	9.48	15.20	15.98	6.34	15.29
P/E (F1)	-250.77	15.59	19.78	20.45	9.65	19.43
Price/Sales (P/S)	0.06	0.91	3.06	NA	1.15	0.44
Earnings Yield	6.22%	6.21%	4.99%	4.92%	10.35%	5.14%
Debt/Equity	1.25	0.42	0.57	0.66	0.46	1.08
Cash Flow (\$/share)	6.03	1.82	8.99	1.12	3.86	5.01
Growth Score	B	-	-	B	C	B
Hist. EPS Growth (3-5 yrs)	-43.98%	7.15%	8.16%	NA	0.28%	73.19%
Proj. EPS Growth (F1/F0)	NA%	4.01%	8.57%	11.39%	-17.32%	25.08%
Curr. Cash Flow Growth	11.28%	0.63%	6.75%	NA	0.52%	13.79%
Hist. Cash Flow Growth (3-5 yrs)	-15.61%	4.64%	7.43%	-2.75%	2.23%	5.53%
Current Ratio	1.38	1.53	1.19	0.95	1.13	1.15
Debt/Capital	55.47%	34.55%	38.01%	39.91%	31.70%	51.94%
Net Margin	-0.32%	2.70%	12.78%	NA	-17.35%	1.43%
Return on Equity	4.35%	9.71%	17.00%	NA	7.26%	17.71%
Sales/Assets	4.16	0.91	0.53	NA	0.29	2.85
Proj. Sales Growth (F1/F0)	-2.60%	0.00%	5.77%	7.60%	-3.30%	4.40%
Momentum Score	A	-	-	D	A	B
Daily Price Chg	0.92%	0.00%	-1.07%	0.73%	0.25%	-0.38%
1 Week Price Chg	-3.81%	0.28%	-0.63%	1.02%	0.45%	1.86%
4 Week Price Chg	-15.07%	0.00%	1.39%	-2.35%	-1.61%	6.77%
12 Week Price Chg	10.21%	-6.63%	2.45%	2.58%	-7.46%	-2.21%
52 Week Price Chg	15.16%	-16.33%	12.83%	31.06%	-22.85%	10.22%
20 Day Average Volume	1,141,389	147,704	2,728,366	252,326	11,813,381	2,140,058
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	7.37%	0.00%	0.00%	-0.57%	0.02%	0.60%
(F1) EPS Est 12 week change	32.04%	-1.49%	0.69%	1.35%	-1.78%	1.54%
(Q1) EPS Est Mthly Chg	17.78%	0.00%	0.00%	NA	0.00%	1.51%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	B
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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