

## United Natural (UNFI)

**\$33.27** (Stock Price as of 01/05/2026)

Price Target (6-12 Months): **\$39.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Outperform**

(Since: 12/30/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**1-Strong Buy**

Zacks Style Scores:

VGM: A

Value: A

Growth: B

Momentum: D

### 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 first quarter of fiscal 2026, 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. With consistent earnings improvement, expanding customer partnerships and momentum across key growth platforms, United Natural Foods remains well-positioned for long-term success, though near-term revenues face pressure from Conventional segment declines and store closures.

### Data Overview

52 Week High-Low	\$43.29 - \$20.78
20 Day Average Volume (sh)	869,182
Market Cap	\$2.0 B
YTD Price Change	-1.2%
Beta	0.86
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Food - Miscellaneous</a>
Zacks Industry Rank	Bottom 23% (187 out of 244)

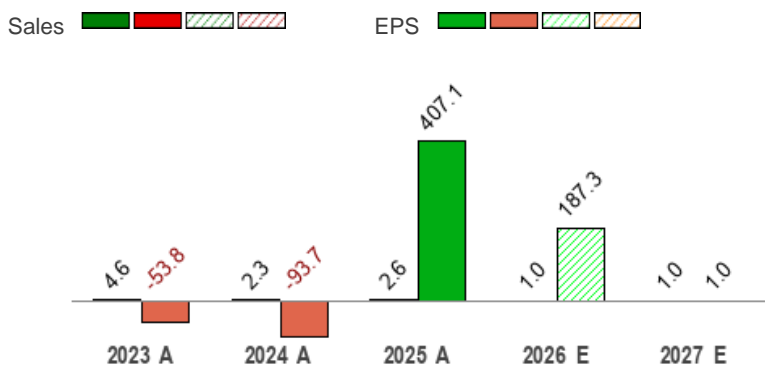
Last EPS Surprise	43.6%
Last Sales Surprise	-0.6%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	03/10/2026
Earnings ESP	0.0%

P/E TTM	30.0
P/E F1	16.3
PEG F1	0.2
P/S TTM	0.1

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027					32,430 E
2026	7,840 A	8,173 E	8,103 E	7,993 E	32,109 E
2025	7,871 A	8,158 A	8,059 A	7,696 A	31,784 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027					2.06 E
2026	0.56 A	0.53 E	0.74 E	0.24 E	2.04 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 01/05/2026.

(2) The report's text and the price target are as of 12/31/2025.

## 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.

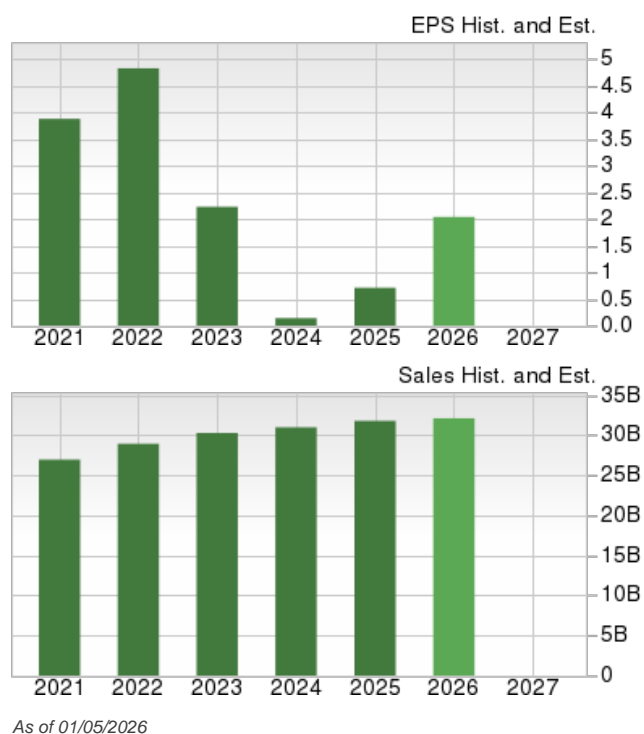
Conventional (46.1%), which primarily reflects the wholesale distribution of conventional grocery and non-food products and services, and includes the company's portfolio of conventional owned brands.

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 demonstrate solid operational execution entering fiscal 2026, delivering results that reinforce confidence in its strategic trajectory. In the first quarter of fiscal 2026, performance was supported by sustained strength in natural, organic and specialty products, new business wins and improved retail execution across its customer base. While reported sales were roughly flat year over year due to intentional network optimization and exits from lower-return activities, management emphasized that underlying demand in higher-margin categories remains resilient. Importantly, United Natural Foods delivered adjusted EBITDA of \$167 million in the fiscal first quarter, representing nearly 24.6% year-over-year growth, reflecting continued momentum from its multi-year transformation strategy focused on efficiency, customer value and profitable growth. 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:** United Natural Foods' improved profitability in the first quarter of fiscal 2026 highlights disciplined cost management and effective operational execution. Gross margin expanded to 13.4%, up 20 basis points year over year, driven by portfolio optimization, supplier programs and improved procurement execution. Operating expenses declined to 12.7% of net sales compared with 12.9% in the prior-year quarter, reflecting the benefits from cost-saving initiatives and higher levels of distribution center productivity. These efficiency gains translated into adjusted EBITDA margin expansion of 40 basis points to 2.1% of net sales. Adjusted earnings per share increased to 56 cents in the fiscal first quarter from 16 cents in the prior-year quarter, demonstrating meaningful operating leverage and improved earnings quality. 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 well against its multi-year financial roadmap and reaffirmed confidence in its fiscal 2026 and longer-term outlook. Following strong first-quarter execution, the company affirmed its full-year fiscal 2026 guidance, including net sales of \$31.6-\$32 billion, adjusted EBITDA of \$630-\$700 million, adjusted earnings per share of \$1.50-\$2.30 and free cash flow of approximately \$300 million. As part of its multi-year plan, on Dec. 10, 2025, United Natural Foods introduced a revised financial framework that outlines targets through fiscal 2028. The company expects revenues to grow at a low single-digit average annual growth, reaching approximately \$33 billion for fiscal 2028. Adjusted EBITDA is projected to rise at a low double-digit annual pace, with a goal of around \$800 million in fiscal 2028. Free cash flow is expected to average about \$300 million annually from fiscal 2026 to fiscal 2028.
- ▲ **Natural Segment Growth Momentum:** United Natural Foods' Natural segment remains a core growth driver, delivering 10.5% rise in the first quarter of fiscal 2026, driven by strong unit growth that management noted outperformed the broader market, reflecting continued consumer demand for natural, organic, specialty and fresh products. Management attributed this performance to strong customer execution, improved merchandising capabilities and new business initiatives. Enhanced supplier collaboration and private brand development are helping retailers better differentiate, while sustained momentum in the Natural segment is contributing meaningfully to profitability improvement and supporting confidence in the reaffirmed fiscal 2026 outlook.
- ▲ **Lean Management Driving Strong Cash Flow:** United Natural Foods continues to realize tangible benefits from the expansion of Lean Daily Management and supply-chain productivity initiatives. As of the end of the first quarter of fiscal 2026, lean daily management had been implemented across 34 distribution centers, contributing to measurable improvements in safety, quality, delivery and cost efficiency. Throughput, measured by cases processed per hour, increased more than 2% year over year and nearly 10% compared with first-quarter fiscal 2024. These operational gains, combined with higher adjusted EBITDA, improved working capital efficiency and disciplined capital spending, supported a \$105 million year-over-year improvement in free cash flow in the fiscal first quarter. Net leverage declined sequentially to 3.2x and management reiterated confidence in achieving net leverage below 2.5x by fiscal year-end as free cash flow generation accelerates in the seasonally stronger quarters.

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

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## Risks<sup>(2)</sup>

- **Conventional Segment and Mix Headwinds Persist:** Despite strong operational execution, United Natural Foods' reported sales remain under pressure, with first-quarter fiscal 2026 revenues declining 0.4% year over year. The decline was primarily caused by lower Conventional segment sales, reflecting the accretive transition out of the Allentown, PA distribution center, and strategic store closures within the Retail segment. While these actions are intended to improve profitability and free cash flow over time, they continue to weigh on headline revenue growth and may constrain near-term top-line momentum. The Conventional segment declined 11.7% to \$3.3 billion in the quarter, and volume reductions associated with network optimization underscore ongoing mix headwinds that could persist until growth in higher-margin categories more fully offsets these pressures.
  - **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.
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## Last Earnings Report

### United Natural Q1 Earnings Beat Estimates, Sales Decline Y/Y

United Natural Foods reported first-quarter fiscal 2026 results, wherein the bottom line improved year over year and beat the Zacks Consensus Estimate. The top line declined year over year and missed the consensus mark.

United Natural reported adjusted earnings of 56 cents per share for the quarter under review, beating the Zacks Consensus Estimate earnings of 39 cents. Also, the bottom line increased from 16 cents reported in the year-earlier quarter.

Net sales decreased 0.4% year over year to \$7,840 million, missing the Zacks Consensus Estimate of \$7,886 million. The decline was caused by lower conventional sales, primarily due to the transition out of the Allentown, Pennsylvania distribution center and strategic retail store closures. These pressures were partially offset by continued growth in the natural segment.

### United Natural's Quarterly Performance by Division

Natural experienced year-over-year sales growth of 10.5%. The Conventional and retail segments witnessed a year-over-year sales decline of 11.7% and 5.5%, respectively.

### Analysis of United Natural's Costs & Margins

United Natural's gross profit rose 1.3% year over year to \$1,051 million. The gross profit margin of 13.4% expanded 20 basis points (bps) from 13.2% reported in the year-ago quarter. This expansion was driven by benefits from network optimization and a favorable customer mix, as well as stronger supplier program performance and higher procurement gains.

Operating expenses were \$996 million compared with \$1,015 million in the year-ago quarter. As a percentage of sales, operating expenses were 12.7% compared with 12.9% in the year-ago period. The reduction in operating expenses as a percentage of net sales reflects the benefits of cost-saving initiatives, including improved distribution center productivity.

Adjusted EBITDA came in at \$167 million, up 24.6% from \$134 million in the year-ago quarter.

### United Natural's Financial Health Snapshot

The company had a total liquidity of \$1.33 billion as of Nov. 1, 2025, including cash of nearly \$38 million and \$1.29 billion under its asset-backed lending facility.

In the first quarter of fiscal 2026, free cash flow used was \$54 million compared with \$159 million in the prior-year quarter. The reported figure reflects \$38 million in net cash used in operating activities, offset by \$16 million in capital expenditure.

Total outstanding debt, net of cash, was \$1.90 billion at the end of the first quarter of fiscal 2026. The net leverage ratio was 3.2x as of Nov. 1, 2025.

### United Natural's Guidance for FY26

United Natural reaffirmed its fiscal 2026 outlook. For the full year, the company continues to expect net sales between \$31.6 billion and \$32 billion.

Adjusted EPS is projected to be \$1.50 to \$2.30, with adjusted EBITDA expected to land between \$630 million and \$700 million.

The company projects capital and cloud implementation expenditure of around \$250 million for fiscal 2026. It anticipates a free cash flow of approximately \$300 million for fiscal 2026.

**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

## Recent News

### United Natural Foods Sets New Long-Term Targets, Outlines Multi-Year Growth Plan – Dec. 10, 2025

United Natural Foods used its 2025 Investor Day in New York to unveil an updated long-term value creation framework, emphasizing a clearer path to profitable growth, improved operational execution and stronger free cash flow through fiscal 2028. Management said the company has strengthened its balance sheet and operational footprint over the past year, creating a clearer path to steady growth and stronger cash generation. It highlighted ongoing initiatives to expand services for retailers and suppliers, enhance digital capabilities and modernize the distribution network.

As part of its multi-year plan, United Natural Foods introduced a revised financial framework that outlines targets through fiscal 2028. The company expects revenues to grow at a low single-digit average annual growth, reaching approximately \$33 billion for fiscal 2028. Adjusted EBITDA is projected to rise at a low double-digit annual pace, with a goal of around \$800 million in fiscal 2028. Free cash flow is expected to average about \$300 million annually from fiscal 2026 to fiscal 2028.

## Valuation

United Natural shares are up 43.8% in the past six months and 22.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 9.6% in the year-to-date period but the Zacks Consumer Staples sector declined 3.5%. Over the past six months, the Zacks sub-industry are down 12.4% and the sector are up 3.2%.

The S&P 500 index is up 14.8% in the past six months and 21.3% in the past year.

The stock is currently trading at 0.06X forward 12-month sales, which compares to 1.05X for the Zacks sub-industry, 8.2X 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 0.06X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$39 price target reflects 0.07X 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	1.05	8.2	5.29
	5-Year High	0.11	1.99	10.94	5.49
	5-Year Low	0.02	1.05	6.59	3.82
	5-Year Median	0.06	1.52	8.78	5.04
P/B TTM	Current	1.32	1.78	16.68	8.57
	5-Year High	2.03	2.42	21.22	9.13
	5-Year Low	0.31	1.75	11.88	6.57
	5-Year Median	1.13	2.15	15.17	8.04
EV/EBITDA TTM	Current	8.38	8.14	34.4	18.8
	5-Year High	9.87	15.21	45.14	22.34
	5-Year Low	3.4	8.04	33.37	13.86
	5-Year Median	6.92	13.12	39.81	17.93

As of 12/30/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 23% (187 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Aramark (ARMK)	Neutral	3
Associated British F...(ASBFY)	Neutral	3
Danone (DANOY)	Neutral	3
General Mills, Inc. (GIS)	Neutral	3
Kraft Heinz Company (KHC)	Neutral	4
US Foods Holding Cor...(USFD)	Neutral	2
Mondelez Internation...(MDLZ)	Underperform	4
Post Holdings, Inc. (POST)	Underperform	4

## Industry Comparison<sup>(1)</sup> Industry: Food - Miscellaneous

	UNFI	X Industry	S&P 500	DANOY	KHC	USFD
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	4	2
VGM Score	A	-	-	A	B	A
Market Cap	2.03 B	1.87 B	39.23 B	59.49 B	28.14 B	16.96 B
# of Analysts	1	3	22	2	8	5
Dividend Yield	0.00%	0.00%	1.41%	1.98%	6.73%	0.00%
Value Score	A	-	-	C	A	A
Cash/Price	0.02	0.06	0.04	0.11	0.11	0.00
EV/EBITDA	12.54	9.15	14.72	NA	16.58	15.23
PEG Ratio	0.23	1.40	2.04	4.34	NA	0.82
Price/Book (P/B)	1.31	2.05	3.35	3.29	0.68	3.83
Price/Cash Flow (P/CF)	5.55	8.73	15.43	15.91	6.32	14.90
P/E (F1)	16.31	13.13	18.48	18.67	9.51	16.50
Price/Sales (P/S)	0.06	0.84	3.11	NA	1.12	0.43
Earnings Yield	6.13%	7.22%	5.40%	5.38%	10.52%	6.06%
Debt/Equity	1.25	0.42	0.57	0.66	0.46	1.08
Cash Flow (\$/share)	6.03	2.05	8.98	1.12	3.86	5.01
Growth Score	B	-	-	B	C	B
Hist. EPS Growth (3-5 yrs)	-43.98%	7.15%	8.24%	NA	0.28%	73.19%
Proj. EPS Growth (F1/F0)	187.32%	5.03%	9.18%	6.82%	-17.32%	25.08%
Curr. Cash Flow Growth	11.28%	2.43%	7.00%	NA	0.52%	13.79%
Hist. Cash Flow Growth (3-5 yrs)	-15.61%	4.81%	7.49%	-2.75%	2.23%	5.53%
Current Ratio	1.38	1.54	1.19	0.95	1.13	1.15
Debt/Capital	55.47%	34.55%	38.14%	39.91%	31.70%	51.94%
Net Margin	-0.32%	2.29%	12.77%	NA	-17.35%	1.43%
Return on Equity	4.35%	9.73%	17.03%	NA	7.26%	17.71%
Sales/Assets	4.16	0.92	0.53	NA	0.29	2.85
Proj. Sales Growth (F1/F0)	1.00%	2.10%	5.29%	2.90%	-3.40%	4.40%
Momentum Score	D	-	-	A	B	D
Daily Price Chg	-0.74%	0.00%	0.19%	-1.28%	0.58%	-0.90%
1 Week Price Chg	0.03%	-1.63%	-1.03%	-1.55%	1.08%	-2.27%
4 Week Price Chg	-2.02%	-0.75%	-0.17%	0.56%	0.21%	-0.74%
12 Week Price Chg	-18.88%	-7.09%	4.67%	0.68%	-3.02%	-0.69%
52 Week Price Chg	16.89%	-14.20%	15.41%	34.42%	-20.32%	9.80%
20 Day Average Volume	873,817	200,820	2,401,726	250,637	11,513,957	1,842,857
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.00%	-0.50%	-0.18%
(F1) EPS Est 12 week change	7.37%	-3.78%	0.44%	2.37%	-5.30%	0.97%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	NA	0.00%	0.33%

## 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	<b>A</b>
Growth Score	<b>B</b>
Momentum Score	<b>F</b>
VGM Score	<b>B</b>

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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