United Natural Foods Reports Record Sales in Fiscal 2002 Second Quarter

March 5, 2002
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Reports $0.27 Net Income Per Share Before Special Items

United Natural Foods, Inc. (Nasdaq: UNFI) today announced that earnings for the second quarter of fiscal 2002, ending January 31, 2002, were in line with the guidance previously provided by the Company.

Net sales for the second quarter of fiscal 2002 totaled $285.5 million, a 16.8% increase over the $244.4 million reported in the second quarter of fiscal 2001, above the Company's guidance of 10 - 14% sales growth. This increase was primarily due to increased sales throughout all the Company's divisions and included double digit growth in the super natural, independent and mass market distribution channels. Sales in the second quarter included a full quarter of sales for Boulder Fruit Express, an organic produce and perishables distributor acquired by the Company in November 2001, and a full quarter of sales for a Florida retail store opened by the Company in October 2001. Sales growth excluding acquisition and new store sales would have been 15.3%. Net sales for the six months ended January 31, 2001 were $565.8 million, a 15.8% increase over the comparable prior year period.

Net income for the second quarter of fiscal 2002, excluding the effect of special items, was $5.2 million, or $0.27 per diluted share, compared to net income of $2.6 million, or $0.14 per diluted share for the second quarter of fiscal 2001. There were no special items recorded during the second quarter of fiscal 2001. The special items consisted of non-cash income of $1.4 million ($0.8 million, net of tax), or $0.04 per diluted share, related to the change in fair value of interest rate swaps and related option agreements, and restructuring, asset impairment and other costs of $(1.3) million ($(0.8) million, net of tax), or $(0.04) per diluted share, related to the relocation of our Atlanta facility. Net income including these items totaled $5.2 million, or $0.27 per diluted share.

The FAS 133 income of approximately $1.4 million ($0.8 million, net of tax), or $0.04 per diluted share, on interest rate swap agreements resulted from favorable changes in yield curves during the quarter. The Atlanta relocation costs of $(1.3) million ($(0.8) million, net of tax), or $(0.04) per diluted share, consisted of incremental and redundant costs incurred during the transition from the Company's former warehouse and outside storage facility into its new larger facility. A portion of these costs are reflected in "Restructuring and asset impairment" on the consolidated statements of income, with the remainder reflected as part of "Operating expenses." The Company adopted Statement of Financial Accounting Standards No. 142 (FAS No. 142), "Goodwill and Other Intangible Assets" on August 1, 2001. The result of adopting FAS No. 142 was a reduction in amortization of intangibles of approximately $0.2 million.

Comments from Management

Commenting on the second quarter results, Michael Funk, Chief Executive Officer, said, "We are extremely pleased by the strength of our 2002 second quarter operating results which we believe reflect the effectiveness of our business plan. During the quarter we achieved higher than expected sales as we achieved double-digit growth in both our eastern and western regions. Additionally, sales growth exceeded 25% in our supernatural distribution channel and approached 20% in our mass market distribution channel. Further, operating metrics continue to track at efficient levels with customer service rates continuing to perform at near optimum levels." Mr. Funk added, "Looking forward, we believe our sales growth for fiscal 2002 will continue in the 12% - 14% range. We are raising our net income expectations for fiscal 2002 to approximately $1.08 - $1.12 per diluted share and net income for the fiscal 2002 third quarter to be approximately $0.27 - $0.29 per diluted share. Our guidance for both fiscal 2002 and the third quarter excludes special income or charges for FAS 133 income or expense and relocation expenses related to the new distribution facilities in Atlanta and southern California."

Conference Call

Management will conduct a conference call and audio webcast at 11:00 a.m. ET on March 5, 2002 to review the Company's quarterly results, market trends and future outlook. The conference call dial-in number is 703-871-3795. The audio webcast will be available, on a listen only basis, via the Internet at http://www.viavid.com or at www.unfi.com . Please allow extra time prior to the webcast to visit the webcast site and download any software required to listen to the Internet broadcast. The online archive of the webcast will be available for 30 days.

About United Natural Foods

United Natural Foods, Inc. carries and distributes over 30,000 products to more than 7,000 customers nationwide. The Company serves a wide variety of retail formats including conventional supermarket chains, natural product superstores and independent retail operators.

For more information on United Natural Foods, Inc., visit the Company's web site at www.unfi.com .

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding United Natural's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, including but not limited to general business conditions, the impact of competition and our dependence on principal customers, see "Risk Factors" in the Company's annual report on Form 10-K filed with the Commission on October 23, 2001, and its other filings under the Securities Exchange Act of 1934, as amended. Any forward-

looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. United Natural Foods, Inc. is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by applicable laws.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share data)	QUARTER ENDED JANUARY 31, 2002	2001	SIX MONTHS ENDED JANUARY 31, 2002	2001
Net sales	$285,461	$244,422	$565,776	$488,564
Cost of sales	228,949	196,632	454,263	392,723
Gross profit	56,512	47,790	111,513	95,841
Operating expenses	47,258	41,373	92,282	82,155
Restructuring and asset impairment charges	424	-	424	-
Amortization of intangibles	13	261	77	524
Total operating expenses	47,695	41,634	92,783	82,679
Operating income	8,817	6,156	18,730	13,162
Other expense (income):				
Interest expense	1,643	1,822	3,389	3,600
Change in value of financial instruments	(1,358)	-	2,429	-
Other, net	(158)	(11)	(114)	(225)
Total other expense	127	1,811	5,704	3,375
Income before income taxes	8,690	4,345	13,026	9,787
Income taxes	3,476	1,738	5,210	3,915
Net income	$5,214	$2,607	$7,816	$5,872
Per share data (basic):				
Net income	$0.28	$0.14	$0.42	$0.32
Weighted average basic shares of common stock	18,915	18,414	18,790	18,367
Per share data (diluted):				
Net income	$0.27	$0.14	$0.41	$0.31
Weighted average diluted shares of common stock	19,371	18,784	19,217	18,710

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)	JANUARY 31,	JULY, 31

	2002	2001
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash	$4,779	$6,393
Accounts receivable, net	91,477	81,559
Notes receivable, trade	748	685
Inventories	126,706	110,653
Prepaid expenses	5,720	5,394
Deferred income taxes	4,118	3,513
Refundable income taxes	792	366
Total current assets	234,340	208,563
Property & equipment, net	79,677	62,186
Other assets:		
Notes receivable, trade, net	1,169	1,050
Goodwill, net	31,517	27,500
Covenants not to compete, net	129	180
Other, net	2,395	965
Total assets	$349,227	$300,444
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable - line of credit	$100,017	$68,056
Current installments of long-term debt	1,048	19,625
Current installment of obligations under capital leases	861	1,120
Accounts payable	67,564	53,169
Accrued expenses	22,399	13,242
Total current liabilities	191,889	155,212
Long-term debt, excluding current installments	5,970	7,805
Obligations under capital leases, excluding current installments	1,829	1,484
Total liabilities	199,688	164,501
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 5,000 shares; none issued and outstanding		
Common stock, $.01 par value, authorized 50,000 shares; issued and outstanding 19,004 at January 31, 2002; issued and outstanding 18,653 at July 31, 2001	191	187
Additional paid-in capital	78,337	72,644
Unallocated shares of ESOP	(2,176)	(2,258)
Retained earnings	73,187	65,370
Total stockholders' equity	149,539	135,943
Total liabilities and stockholders' equity	$349,227	$300,444

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED JANUARY 31,	
	2002	2001
(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$7,816	$5,872
Adjustments to reconcile net income to net cash		

provided by operating activities:		
Depreciation and amortization	3,783	3,759
Change in fair value of financial instruments	2,429	-
Loss on disposals of property & equipment	296	85
Deferred income tax (benefit) expense	(605)	202
Provision for doubtful accounts	1,045	1,043
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable	(10,280)	(13,786)
Inventory	(15,864)	(2,921)
Prepaid expenses	(307)	11
Refundable income taxes	(426)	1,918
Other assets	(1,348)	201
Notes receivable, trade	(182)	(426)
Accounts payable	14,083	14,572
Accrued expenses	5,842	1
Net cash provided by operating activities	6,282	10,531
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash acquired from purchase of subsidiaries	65	-
Proceeds from disposals of property and equipment	21	38
Capital expenditures	(20,437)	(11,902)
Net cash used in investing activities	(20,351)	(11,864)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under note payable	31,961	1,495
Repayments on long-term debt	(20,411)	(1,381)
Proceeds from long-term debt	-	39
Principal payments of capital lease obligations	(543)	(551)
Proceeds from exercise of stock options	1,448	2,579
Net cash used in financing activities	12,455	2,181
NET (DECREASE) INCREASE IN CASH	(1,614)	848
Cash at beginning of period	6,393	1,943
Cash at end of period	$4,779	$2,791
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$3,299	$3,339
Income taxes, net of refunds	$7,095	$1,746

In the quarters ended January 31, 2001 and 2000, the Company incurred $628 and $639, respectively, of capital lease obligations.
The fair value of common stock issued for the acquisition of subsidiary was $4,250.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
SPECIAL ITEMS RECONCILIATION

(In thousands, except per share data)	QUARTER ENDED JANUARY 31, 2002			SIX MONTHS ENDED JANUARY 31, 2002		
	Pre-tax (income)/ expense	Net of tax	Per diluted share	Pre-tax (income)/ expense	Net of tax	Per diluted share
Net income including special items	$8,690	$5,214	$0.27	$13,026	$7,816	$0.41
Interest rate swap agreement (income) expense	(1,358)	(815)	(0.04)	2,429	1,457	0.08
Atlanta relocation:						

Restructuring and asset impairment	424	254	0.01	424	254	0.01
Transition expenses (operating expenses)	911	547	0.03	968	581	0.03
Net income excluding special items	$8,667	$5,200	$0.27	$16,847	$10,108	$0.53

SOURCE United Natural Foods, Inc.

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