

UNFI Channel Definition Update



UNFI Channel Definition Update

Background

During the second quarter of fiscal 2016, UNFI (“the Company”) took an in-depth look at customer channel classifications. As part of this process, certain customer classifications were changed to better align their reporting with the channel definitions highlighted below. This process was undertaken to ensure consistency in reporting across all of the Company’s divisions and to allow the Company to better report on growing and emerging channels (i.e. e-commerce). There was no impact to total UNFI sales.

During the fourth quarter of fiscal 2016, the Company made an additional change to better align reported sales data to the previously restated sales channel classifications. This change had no impact on total UNFI sales but did impact channel sales for periods from Q1 of FY2014 to Q1 of FY2016. The tables on the following pages reconcile the amounts previously reported to the current channel definitions.

Summary of Channel Definitions

- Supernatural – Chain accounts that are national in scope and carry 90%+ natural products – currently consists solely of Whole Foods Market, Inc. (“WFM”);
- Independently owned natural products retailer – Single store and chain accounts (excluding only WFM) which carry more than 90% natural products and buying clubs of consumer groups joined to buy product;
- Supermarkets - Accounts that also carry conventional products. These include chain accounts, supermarket independents, and gourmet and ethnic specialty stores;
- Other – Includes food service, e-commerce and international customers outside of Canada.

UNFI Channel Definition Update *(continued)*

Sales by Channel - FY 2014					
(in millions)	Adjusted	As Reported	Impact of Change	% of Net Sales	
Q1 2014					
Supernatural	\$ 571	\$ 571	\$ -	0%	
Independently owned natural products retailers	483	528	(45)	-3%	
Supermarkets	424	411	13	1%	
Other	124	92	32	2%	
Total Q1 2014	1,602	1,602	-	-	
Q2 2014					
Supernatural	\$ 606	\$ 606	\$ -	0%	
Independently owned natural products retailers	482	527	(45)	-3%	
Supermarkets	438	424	14	1%	
Other	120	89	31	2%	
Total Q2 2014	1,646	1,646	-	-	
Q3 2014					
Supernatural	\$ 641	\$ 641	\$ -	0%	
Independently owned natural products retailers	531	581	(50)	-3%	
Supermarkets	462	449	13	1%	
Other	148	111	37	2%	
Total Q3 2014	1,782	1,782	-	-	
Q4 2014					
Supernatural	\$ 604	\$ 604	\$ -	0%	
Independently owned natural products retailers	524	587	(63)	-4%	
Supermarkets	489	471	18	1%	
Other	147	102	45	3%	
Total Q4 2014	1,764	1,764	-	-	
Fiscal Year 2014					
Supernatural	\$ 2,422	\$ 2,422	\$ -	0%	
Independently owned natural products retailers	2,019	2,223	(204)	-3%	
Supermarkets	1,813	1,755	58	1%	
Other	539	394	145	2%	
Total Fiscal 2014	6,794	6,794	-	-	

UNFI Channel Definition Update *(continued)*

Sales by Channel - FY 2015					
(in millions)	Adjusted	As Reported	Impact of Change	% of Net Sales	
Q1 2015					
Supernatural	\$ 670	\$ 665	\$ 5	0%	
Independently owned natural products retailers	535	653	(118)	-6%	
Supermarkets	597	536	61	3%	
Other	191	138	53	3%	
Total Q1 2015	1,992	1,992	-	-	
Q2 2015					
Supernatural	\$ 710	\$ 708	\$ 2	0%	
Independently owned natural products retailers	529	644	(115)	-6%	
Supermarkets	598	537	61	3%	
Other	179	128	51	3%	
Total Q2 2015	2,017	2,017	-	-	
Q3 2015					
Supernatural	\$ 739	\$ 736	\$ 3	0%	
Independently owned natural products retailers	560	679	(119)	-6%	
Supermarkets	607	548	59	3%	
Other	209	152	57	3%	
Total Q3 2015	2,115	2,115	-	-	
Q4 2015					
Supernatural	\$ 693	\$ 713	\$ (20)	0%	
Independently owned natural products retailers	552	674	(122)	-6%	
Supermarkets	597	511	86	4%	
Other	219	163	56	3%	
Total Q4 2015	2,061	2,061	-	-	
Fiscal Year 2015					
Supernatural	\$ 2,812	\$ 2,822	\$ (10)	0%	
Independently owned natural products retailers	2,175	2,650	(475)	-6%	
Supermarkets	2,399	2,132	267	3%	
Other	799	581	218	3%	
Total Fiscal 2015	8,185	8,185	-	-	

UNFI Channel Definition Update *(continued)*

Sales by Channel - FY 2016					
(in millions)	Adjusted *	As Reported	Impact of Change	% of Net Sales	
Q1 2016					
Supernatural	\$ 713	\$ 713	\$ -	0%	
Independently owned natural products retailers	566	675	(109)	-5%	
Supermarkets	575	518	57	3%	
Other	223	171	52	2%*	
Total Q1 2016	2,077	2,077	-	-	

* - Reflects Rounding