



MAYER FUND
ROBERT H. SMITH SCHOOL OF BUSINESS

02/12/2024
Kshitiz Udainiya
Consumer Staples

Rating **HOLD**
Price (04/17/25) **\$160.15**
Target Price **\$127.98**

52 week range \$62.72 - \$178.99
Market Cap \$15.72B

Statistics

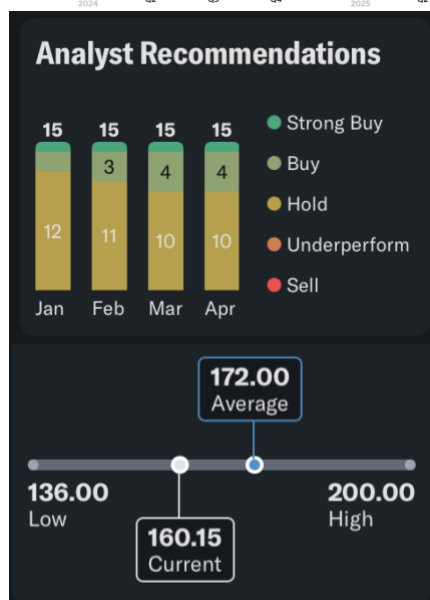
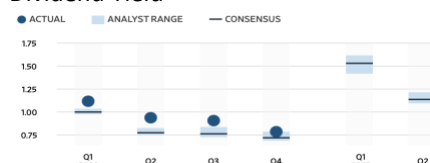
Historical Beta 1.60
Forward Beta 0.87

Coverage

Number of Analysts 14
12 Month Mean Analyst PT \$172.00
Institutional Holding 103.06%

Ratios

P/E Ratio (TTM) 42.71x
P/E Ratio (Forward) 30.16x
Est. 5-Year Growth 16.80%
PEG Ratio 2.04
Dividend Yield -



Sprouts Farmers Market Inc (NASDAQ: SFM)

“Organic Growth You Can Count On”

- **Initiating coverage with a HOLD and a \$127.98 price target.**

PROS

- **Differentiated Market Position** – Sprouts’ focus on health-conscious consumers and organic products sets it apart from traditional grocers.
- **Growth Opportunity** – Demand for natural and organic food products continues to grow at a double-digit pace. Sprouts, is in a growth phase, is expanding by opening 10% more stores annually.
- **Strong Leadership Team** – SFM has steadily added seasoned professionals with deep experience in retail strengthening its ability to scale operations and navigate industry challenges.
- **Resilience in Market Uncertainty** – In times of macroeconomic volatility, essentials like food retail typically perform well. Sprouts’ focus on organic offerings makes it an attractive investment.

CONS

- **Overvalued** – The recent 150% rally in its stock price has significantly expanded valuation multiples, potentially limiting near-term upside.
- **Intense Competition** – The grocery space is highly competitive, from giants like Walmart, Costco, grocers like Albertsons, Krogers as well as local specialty grocers.
- **Economic Sensitivity** – Although food is a necessity, premium organic products can see reduced demand in longer economic downturns.
- **Supply Chain Vulnerabilities** – Sprouts relies on a specialized supply chain for fresh and organic goods.
- **Reliance on California** – A significant portion of Sprouts’ stores and supply chain infrastructure is concentrated in California. This makes the company particularly exposed to region-specific risks.

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Executive Summary

Sprouts Farmers Market (SFM) presents a compelling investment opportunity as a differentiated player in the natural and organic grocery sector. With its focus on health-conscious consumers, competitive pricing, and disciplined expansion, Sprouts is well-positioned to benefit from the sustained growth in demand for organic and minimally processed foods.

Although our portfolio already includes Albertsons, adding Sprouts brings exposure to a smaller, more agile specialty grocer with a tightly focused demographic and curated product mix. In contrast to packaged food giants like Pepsi and Hershey's—currently facing headwinds from shifting consumer preferences and persistently high input costs—Sprouts aligns more closely with emerging consumer trends.

WHY INVEST IN SPROUTS? A Differentiated, Robust Growth Business



- **Incredible growth opportunity**, with plenty of whitespace: approximately 10% annual unit growth⁽¹⁾
- **Strong box economics**
- **Strong financial returns**: low double-digit earnings growth and expansion of ROIC
- **Healthy balance sheet & robust cash flows**, with shareholder-friendly capital allocation
- **Innovative & differentiated products** with lifestyle-friendly ingredients not widely found
- **Store experience & assortment curated** for our target customer needs
- **Leadership team**: deeply experienced in retail and consumer space
- **Sustainability**: deep commitment to taking care of our team, community and the planet

Industry Overview

The U.S. grocery retail industry is in the midst of a structural shift, driven by rising consumer interest in health, sustainability, and convenience. Natural and organic food is projected to reach \$262.26 billion by 2027, growing at a CAGR of 12.4%. This expansion is being fueled by increasing health awareness, environmental concerns, and changing dietary habits.

At the same time, traditional grocery chains are aggressively expanding their organic and specialty offerings, creating greater competition for niche players. The competitive pressure is further compounded by the rapid growth of online grocery shopping, which is expected to hit \$187.7 billion by 2024. Over 70% of grocery retailers now offer some form of online ordering or fulfillment, with major players like Kroger doubling down on curbside pickup and home delivery to meet consumer expectations.

Discount grocers and private-label brands are also gaining market share, pushing established retailers to adapt their pricing strategies and improve operational efficiency. This is forcing both mainstream and specialty stores to stay nimble and differentiate beyond just product selection.

Meanwhile, consumer preferences continue shifting toward health-conscious and environmentally sustainable choices. Products that are plant-based, clean-label, or eco-friendly are seeing increased demand, influencing what retailers stock and how they market it. This trend is especially strong among younger demographics, who represent the largest and most engaged customer base for specialty grocery stores.

Major Players >



- The Kroger Co. (\$154.6bn)** 17.5%
- Albertsons Companies, Inc. (\$79.9bn)** 9.0%
- Publix Super Markets, Inc. (\$59.9bn)** 6.8%
- H-E-B Grocery Company LP (\$44.7bn)** 5.1%
- Other Companies (\$543.9bn)** 61.6%

SWOT

- S Strengths**
 - Low Imports
 - High Profit vs. Sector Average
 - Low Customer Class Concentration
 - Low Capital Requirements
- W Weaknesses**
 - Low & Steady Barriers to Entry
 - None & Steady Level of Assistance
 - High Product/Service Concentration
 - Low Revenue per Employee
- O Opportunities**
 - High Revenue Growth (2020-2025)
 - High Revenue Growth (2025-2030)
 - Healthy eating index
- T Threats**
 - Low Revenue Growth (2005-2025)
 - Low Outlier Growth
 - Low Performance Drivers
 - Per capita disposable income

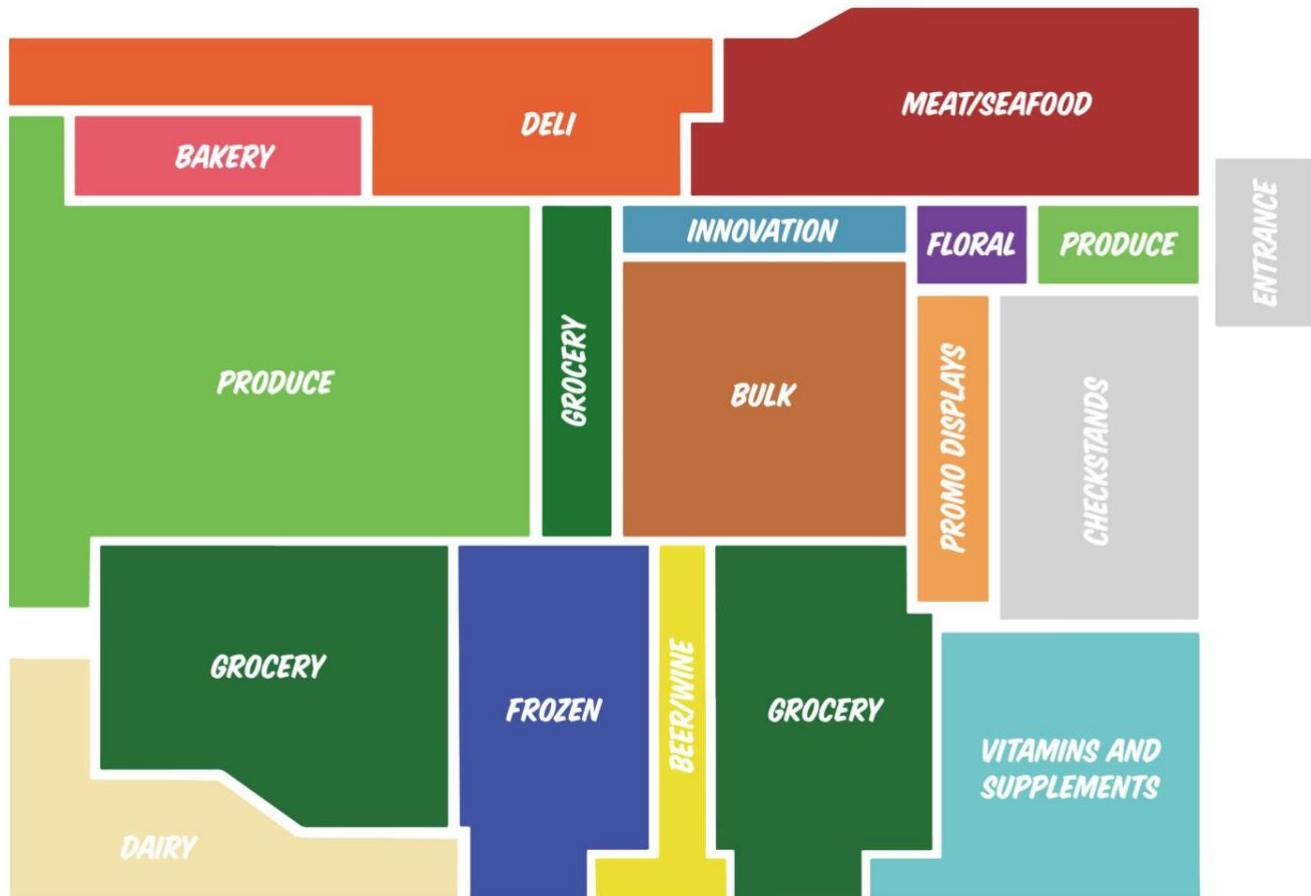
Business Overview

Sprouts Farmers Market is a specialty grocer focused on fresh, natural, and organic foods. Since its founding in 2002, the company has grown significantly, operating 440 stores across 24 states as of December 29, 2024. Headquartered in Phoenix, Arizona, Sprouts has positioned itself as one of the largest and fastest-growing natural food retailers in the U.S.

Sprouts differentiates itself with a curated assortment of health-forward products including organic, plant-based, gluten-free, and other lifestyle-oriented offerings. Its core philosophy centers on minimally processed, clean-label products that align with consumer preferences for wellness and sustainability.

Sprouts Farmers Market centers its product offerings around fresh, natural, and organic foods -

“**Fresh**” foods are typically minimally processed or maintained in their raw state without the use of preservation or freezing techniques. “**Natural**” foods, as offered by Sprouts, are broadly defined as items that undergo minimal processing and are free from synthetic preservatives, artificial sweeteners, colors, flavors, and additives. Natural foods at Sprouts are designed to be as close as possible to their original, whole state—largely or entirely free from non-naturally occurring chemicals. “**Organic**” foods at Sprouts go a step further by adhering to strict production and handling standards. These standards not only apply to the food itself but also to the farming and supply chain practices behind it.



A key part of the customer experience is store design. Sprouts uses an open layout with produce at the center—typically 20% of store space—which reinforces its fresh-first positioning. The “farmers market” aesthetic is further supported by low displays and a small-box format that makes for quick, convenient shopping. Stores also offer a wide selection across departments such as meat and seafood, vitamins and supplements, natural body care, baked goods, dairy alternatives, and bulk items.

The company has continued to invest in digital infrastructure, offering online ordering through its app and website, with home delivery supported by Instacart, DoorDash, and Uber Eats. In 2024, Sprouts piloted a loyalty program and plans to build on this with more digital engagement tools.






Sprouts categorizes its products into perishable and non-perishable segments. Perishables include produce, meats, deli, seafood, dairy, and floral; non-perishables cover packaged goods, frozen foods, supplements, and personal care. The company emphasizes responsible sourcing, local partnerships, and intentional curation in all categories.

The Sprouts Brand private label now accounts for over 23% of revenue, with more than 90% of its packaging refreshed by 2024. These in-house products are designed to meet specific dietary and ethical standards, while offering strong value and quality. In 2024 alone, Sprouts introduced around 7,100 new items—many of which feature third-party certifications like USDA Organic, Non-GMO, Fair Trade, and Humane Certified.

To maintain high quality, Sprouts self-distributes nearly all produce from six distribution centers across key markets. Around 80% of stores are located within 250 miles of a center. Non-produce products are primarily distributed by KeHE (around 50% of total purchases), with support from United Natural Foods (UNFI) and a primary meat and seafood supplier. In 2024, the company began transitioning to a new meat distribution model, aiming to eventually self-distribute. While this move is strategic for long-term control, it carries short-term risks such as cost overruns or supply disruptions during the transition.

SPROUTS CUSTOMER: Higher Income Consumer who Craves Health & Wellness, High Quality, Lifestyle-friendly Products, & Differentiated Assortment

Demographics

	46 Avg. Age	Gen Z & Millennial opportunity
	69% College/ Grad	Slightly higher educated
	\$121K Avg. HHI 49% \$100K +	Less susceptible to economic downturns
	57% Married/ Relationship	Typically dual income
	2.4 Avg. People in Household	Serving each family member's need

Over Index on Lifestyle Choices

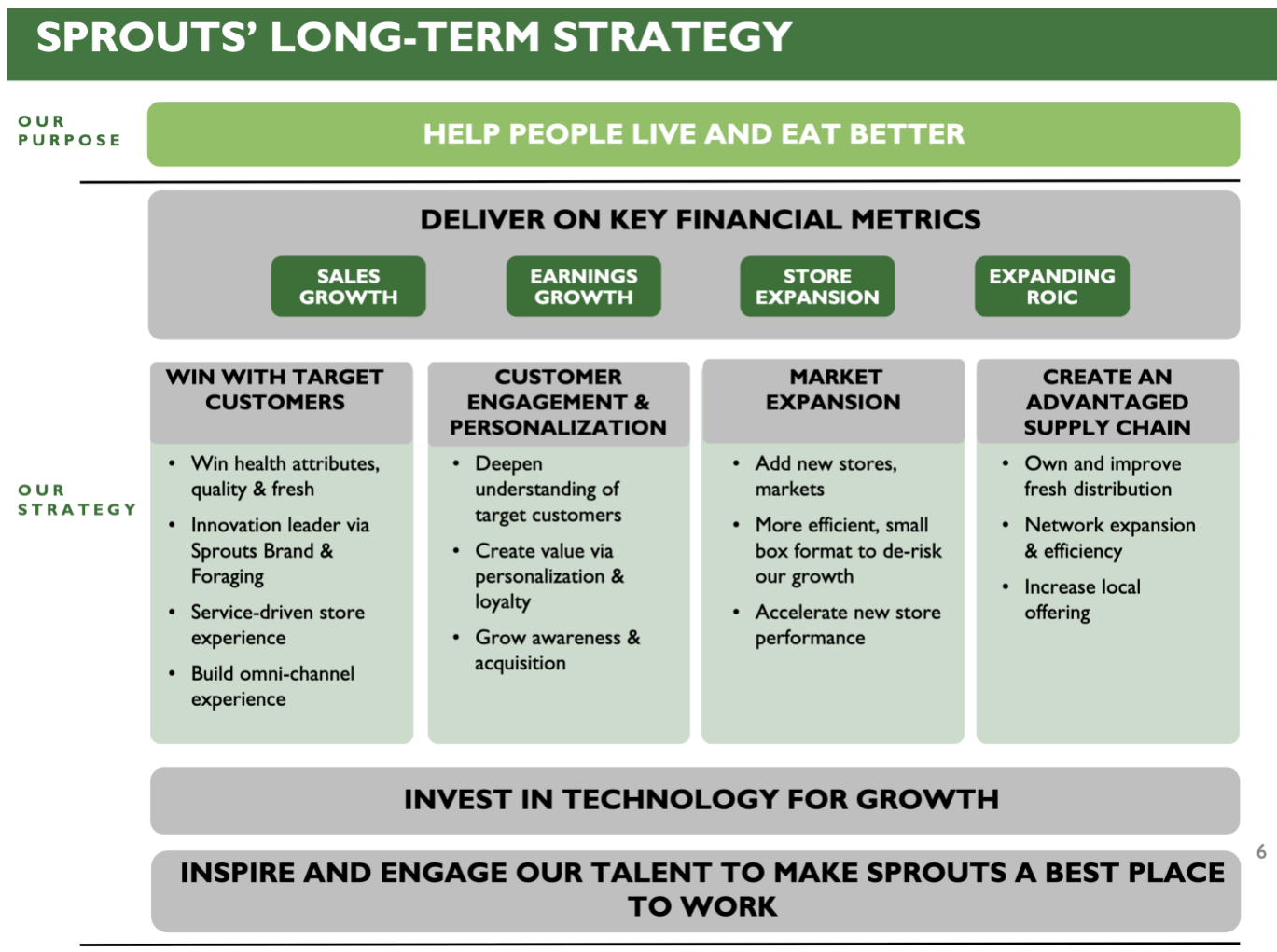
32% committed to buying organic
30% committed to dietary lifestyle (vegan, gluten-free, pesca, etc.)
69% are concerned about the environment
41% review nutrition labels
28% are looking for fair trade / socially responsible
27% are looking to try new things
41% research recipes online
28% listen to podcasts

Business Acquisitions and Divestitures:

On March 20, 2023, the Company completed its acquisition of Ronald Cohn, Inc., a corporation that owned two stores located in California operating under the 'Sprouts Farmers Market' name pursuant to a legacy trademark license arrangement. The aggregate consideration paid in the transaction consisted of 0.6 million of the Company's common shares valued at \$18.1 million using the closing price of the Company's common stock on March 20, 2023 and cash consideration of \$13.0 million.

The company also acquired Henry's Farmers Market and Sunflower Farmers Market in 2011 and 2012, respectively.

Long Term Strategy:



Investment Positives



- **Differentiated Market Position:** Sprouts' focus on health-conscious consumers and organic products sets it apart from traditional grocers.
- **Competitive Pricing:** The company offers organic products at prices 12-15% lower than competitors like Whole Foods .
- **Private Label Growth:** Private-label products generated \$620 million in revenue in 2023, with a gross margin of 38% .
- **Strategic Expansion:** Sprouts is actively expanding in Central Texas, with new stores planned in Bastrop, Kyle, and other locations .
- **Technological Advancements:** Investments in inventory management and data analytics enhance operational efficiency and customer experience

Investment Issues and Risks

General Economic Conditions

Sprouts' performance is influenced by macroeconomic factors such as inflation, interest rates, and consumer spending trends. Periods of economic uncertainty or recession may reduce discretionary income, impacting demand for premium-priced organic and natural foods.

Highly Competitive Industry

The grocery sector is intensely competitive, with pressure from traditional supermarkets, big-box retailers, online grocery platforms, and other specialty stores. Many of these competitors have greater scale, pricing flexibility, and digital infrastructure, which may impact Sprouts' ability to grow market share.

Product Supply Disruptions

Sprouts relies on a broad vendor network, and any disruption in supply—due to weather, labor shortages, transportation issues, or regulatory changes—could impact inventory availability, particularly in high-turnover categories like fresh produce and perishable goods.

Geographic Concentration

A significant portion of Sprouts' stores are located in California and the Southwest. This geographic concentration increases exposure to region-specific risks such as wildfires, droughts, regulatory shifts, or economic downturns that could disproportionately affect performance.

Impact of Tariffs

Tariffs on imported goods, especially produce or packaged products sourced internationally, could increase costs and compress margins. Sprouts may not always be able to pass these increases on to customers without affecting sales volume.

Capital Requirements

Continued expansion and investment in supply chain infrastructure, technology, and store remodels require significant capital. Limited access to funding or higher costs of capital could delay planned initiatives or limit flexibility in pursuing growth opportunities.

Disruption of Significant Supplier Relationships







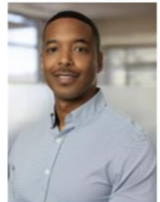





Sprouts is highly dependent on KeHE Distributors, which supplied around 50% of total purchases in fiscal 2024. Any disruption in this relationship—due to operational issues, contract changes, or financial instability—could materially impact product availability and margins.

New Store Uncertainty

Newly opened stores may take time to reach maturity and could underperform expectations in early years. Delays in ramping up sales or achieving operational efficiency may negatively affect short-term profitability, especially if expansion outpaces organizational capacity or market demand.

Executive Team

EXECUTIVE MANAGEMENT TEAM with leading grocery & retail experience

 <p>Jack Sinclair Chief Executive Officer since 2019</p> <p>99¢ ONLY Walmart SAFEWAY</p>	 <p>Curtis Valentine Chief Financial Officer since 2024 (joined SFM in 2015)</p> <p>PETSMART</p>	 <p>Nick Konat President & Chief Operating Officer since 2022</p> <p>PETCO TARGET</p>	 <p>Alisa Gmelich Senior VP, Chief Marketing Officer since 2022</p> <p>Auntie Anne's IHOP</p>
 <p>Dave McGlinchey Chief Strategy Officer since 2022 (joined SFM in 2017)</p> <p>shaws star STOP & SHOP</p>	 <p>Scott Neal Chief Merchandising Officer since 2022 (joined SFM in 2020)</p> <p>Walmart</p>	 <p>Dustin Hamilton Chief Stores Officer since 2023 (joined SFM in 2021)</p> <p>TARGET</p>	 <p>Kim Coffin Senior VP, Chief Forager since 2022 (joined SFM in 2012)</p> <p>SUN POWER Albertsons</p>
 <p>Brandon Lombardi Chief Legal Officer & Chief Sustainability Officer since 2012</p> <p>GT Greenberg Traurig</p>	 <p>Joe Hurley Chief Supply Chain Officer since 2023 (joined SFM in 2019)</p> <p>GIANT EAGLE SUPERVALU</p>	 <p>Timmi Zalatoris Chief Human Resources Officer since 2023 (joined SFM in 2017)</p> <p>Payless</p>	 <p>James Bahrenburg Chief Technology Officer since 2023</p> <p>GOOD FOOD HOLLAND 99¢ ONLY</p>

Competition

"Our competitors within the overall grocery industry primarily include other specialty food retailers such as Whole Foods, Trader Joe's, and smaller local or regional operators, conventional supermarkets such as Kroger, Albertsons, Safeway, H-E-B and Publix, as well as mass or discount retailers such as Target and Walmart, warehouse membership clubs, online retailers such as Amazon, specialty stores, restaurants, home delivery and meal solution companies, and any other outlets offering food and similar products as those found in our stores."

Whole Foods Market

Whole Foods Market is a leading retailer of natural and organic foods, renowned for its strict quality standards, sustainable sourcing, and wide product selection. Acquired by Amazon in 2017, it has expanded its reach while maintaining its premium brand image. Whole Foods attracts a health-conscious, upscale clientele and emphasizes non-GMO, organic, and ethically sourced products. Its in-store experience, knowledgeable staff, and variety of specialty items make it a top competitor in the organic grocery segment.

Trader Joe's

Trader Joe's is a cult-favorite grocery chain known for its unique private-label products, affordable prices, and quirky store culture. It caters to shoppers looking for healthy, innovative, and often international foods on a budget. Trader Joe's maintains a limited product selection, focusing on high-turnover, curated items, which helps keep prices low. Its strong brand loyalty and fun shopping experience make it a fierce competitor, especially among younger and budget-conscious consumers. Not a public company.

The Fresh Market

The Fresh Market offers a more upscale, European-style grocery experience, focusing on fresh produce, premium meats, and gourmet foods. It targets customers looking for high-quality ingredients and a more curated, intimate shopping environment. With beautifully arranged stores and a strong emphasis on perishables, The Fresh Market competes by delivering quality and service rather than price. It stands out for its specialty offerings and personalized customer service. But it's not public.

Kroger

Kroger is the largest traditional supermarket chain in the U.S., with a vast national footprint and a strong presence in both physical and digital grocery markets. Through its private-label brands like Simple Truth, Kroger has made significant inroads into the natural and organic food space. The company leverages scale, advanced supply chain capabilities, and technology to offer competitive prices and wide product variety. Its mix of conventional and health-focused offerings positions Kroger as a versatile and formidable competitor to Sprouts.

Albertsons

Albertsons is one of the largest food and drug retailers in the U.S., operating under well-known regional banners such as Safeway, Vons, and Jewel-Osco. The company offers a wide selection of private-label products, including the health-oriented O Organics line, catering to the growing demand for natural and organic foods. By combining localized merchandising with national scale, Albertsons competes effectively with both traditional grocers and health-focused chains like Sprouts.

Valuation

Comps



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COMPARABLE COMPANY ANALYSIS

COMPANY DATA

Company Name	Ticker	Recent Price	52 week High	Shares Out	Market Cap	Total Debt	Cash	Enterprise Value	Book Value	Beta	WS 12-mo Price Target
AMAZON COM/d	AMZN.O	\$172.61	\$242.52	10,612.4	\$1,831,800	\$75,805	\$78,779	\$1,828,826	\$285,970	1.31	\$251.36
WALMART INC/d	WMT	\$93.22	\$105.30	8,016.8	\$747,331	\$45,790	\$9,037	\$784,084	\$91,013	0.66	\$106.96
COSTCO WHOLES/d	COST.OQ	\$994.50	\$1,078.01	443.7	\$441,243	\$7,395	\$9,906	\$438,732	\$23,622	0.96	\$1,070.79
ALBERTS COM A O/d	ACI	\$21.71	\$23.20	579.4	\$12,578	\$7,820	\$294	\$20,105	\$3,386	0.46	\$23.21
KROGER CO/d	KR	\$71.22	\$71.93	660.9	\$47,069	\$17,905	\$3,959	\$61,015	\$8,285	0.58	\$67.85
TARGET CORP/d	TGT	\$93.11	\$169.09	455.6	\$42,419	\$15,940	\$4,762	\$53,597	\$14,666	1.27	\$126.81
SPRTS FRMR MKT/d	SFM.OQ	\$160.15	\$178.99	98.2	\$15,723	\$9	\$265	\$15,467	\$1,322	0.85	\$175.91

0.79

I/B/E/S ESTIMATES

Company Name	Ticker	SALES				EPS				EBIT			EBITDA			EPS 5-yr Growth %
		Last FY	FYR1	FYR2	FYR3	Last FY	FYR1	FYR2	FYR3	Last FY	FYR1	FYR2	Last FY	FYR1	FYR2	
AMAZON COM/d	AMZN.O	\$637,959	\$694,923	\$763,215	\$839,788	\$5.15	\$6.24	\$7.45	\$9.20	\$6,123	\$8,086	\$9,915	\$141,607	\$165,494	\$193,506	17.0%
WALMART INC/d	WMT	\$680,985	\$705,247	\$736,826	\$770,409	\$2.49	\$2.61	\$2.94	\$3.29	\$9,520	\$10,332	\$11,467	\$42,428	\$44,880	\$48,830	9.3%
COSTCO WHOLES/d	COST.OQ	\$254,453	\$274,388	\$293,851	\$312,402	\$16.34	\$18.11	\$20.01	\$22.18	\$2,164	\$2,464	\$2,826	\$11,512	\$12,854	\$14,098	10.5%
ALBERTS COM A O/d	ACI	\$80,391	\$83,164	\$83,846	\$85,423	\$2.29	\$2.19	\$2.26	\$2.37	\$1,945	\$1,973	\$1,973	\$3,977	\$3,898	\$3,927	10.5%
KROGER CO/d	KR	\$147,123	\$149,557	\$153,591	\$157,059	\$4.45	\$4.75	\$5.16	\$5.50	\$4,535	\$4,771	\$4,914	\$7,823	\$8,089	\$8,352	6.1%
TARGET CORP/d	TGT	\$106,566	\$107,430	\$110,396	\$113,567	\$8.71	\$8.85	\$9.49	\$10.50	\$5,519	\$5,544	\$5,820	\$8,398	\$8,630	\$9,036	5.7%
SPRTS FRMR MKT/d	SFM.OQ	7,719	8,664	9,583	10,512	3.70	4.67	5.32	5.96	499	615	691	640	771	864	16.8%

VALUATION MULTIPLES

Company Name	Ticker	Recent Price	Price / Book	Price/Sales			P/E			PEG			EV/EBITDA		
				FYR1	FYR2	FYR3	FYR1	FYR2	FYR3	FYR1	FYR2	FYR3	Last FY	FYR1	FYR2
AMAZON COM/d	AMZN.O	\$172.61	6.41x	2.64x	2.40x	2.18x	27.66x	23.18x	18.75x	1.63x	1.37x	1.11x	12.91x	11.05x	9.45x
WALMART INC/d	WMT	\$93.22	8.21x	1.06x	1.01x	0.97x	35.66x	31.74x	28.33x	3.83x	3.41x	3.05x	18.48x	17.47x	16.06x
COSTCO WHOLES/d	COST.OQ	\$994.50	18.68x	1.61x	1.50x	1.41x	54.91x	49.70x	44.84x	5.24x	4.74x	4.28x	38.11x	34.13x	31.12x
ALBERTS COM A O/d	ACI	\$21.71	3.71x	0.15x	0.15x	0.15x	9.92x	9.60x	9.17x	2.46x	2.26x	2.12x	5.06x	5.16x	5.12x
KROGER CO/d	KR	\$71.22	5.68x	0.31x	0.31x	0.30x	15.01x	13.81x	12.96x	2.46x	2.26x	2.12x	7.80x	7.54x	7.31x
TARGET CORP/d	TGT	\$93.11	2.89x	0.39x	0.38x	0.37x	10.52x	9.81x	8.87x	2.46x	2.26x	2.12x	6.38x	6.21x	5.93x
SPRTS FRMR MKT/d	SFM.OQ	\$160.15	11.89x	1.81x	1.64x	1.50x	34.28x	30.11x	26.89x	2.04x	1.79x	1.60x	24.15x	20.07x	17.90x
Average		7.60x	1.03x	0.96x	0.90x	0.90x	25.61x	22.97x	20.49x	3.29x	2.95x	2.64x	14.79x	13.59x	12.50x
Median		6.04x	0.73x	0.70x	0.67x	0.67x	21.34x	18.50x	15.86x	3.15x	2.84x	2.59x	10.36x	9.30x	8.38x
Average		\$ 102.29	\$ 90.67	\$ 93.65	\$ 96.08	\$ 119.65	\$ 122.19	\$ 122.01	\$ 258.02	\$ 262.98	\$ 263.70	\$ 99.10	\$ 109.31	\$ 112.57	
Median		\$ 81.37	\$ 64.18	\$ 68.25	\$ 71.93	\$ 99.67	\$ 98.37	\$ 94.43	\$ 246.71	\$ 253.32	\$ 258.34	\$ 70.18	\$ 75.58	\$ 76.33	

DCF

Sprouts Farmers Markets Inc

Cost of Equity	9.99%
Number of Shares	98,585
Actual Price:	\$160.15
Model Valuation:	\$127.98
Model 12 Month Price Target:	\$136.96

Sprouts Farmers Markets Inc

Share count		
4/21/25 Today	98,585	
4/21/26 One year	98,584	98,585,382
12/4/26 Two year	98,583	

Price Appreciation	
Price Appreciation	-20.09%
Price Appreciation (12 month)	-14.48%

Model Current Valuation with Sensitivity of Ke

	12/31/25	12/31/26	12/31/27	12/31/28	12/31/29	12/31/30	12/31/31	12/31/32	12/31/33	12/31/34
Time period (years)	0.70	1.70	2.70	3.70	4.70	5.70	6.70	7.70	8.70	9.70
Nominal FCFE:	349,814	438,233	502,827	577,221	656,854	738,202	817,420	885,508	942,451	995,012
PV FCFE:	227,828	372,897	389,006	405,902	419,955	429,105	432,005	425,380	411,621	395,114

Terminal Growth Rate	2.5%	25.28%	14.74%	14.80%	13.80%	12.38%	10.73%	8.33%	6.43%	5.58%
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Terminal Value in 2030	13,620,288
PV of Terminal Value	8,708,032
Total PV:	12,616,843
Valuation per Share (\$):	127.98

Cost Of Equity Ke	Terminal Growth Rate						
	1.75%	2.00%	2.25%	2.5%	2.75%	3.00%	3.25%
8.8%	\$140.34	\$144.21	\$148.37	\$152.87	\$157.73	\$163.02	\$168.79
9.2%	\$132.62	\$136.03	\$139.69	\$143.62	\$147.85	\$152.43	\$157.39
9.6%	\$125.66	\$128.69	\$131.92	\$135.37	\$139.08	\$143.08	\$147.38
10.0%	\$119.35	\$122.05	\$124.92	\$127.98	\$131.25	\$134.76	\$138.53
10.4%	\$113.60	\$116.01	\$118.58	\$121.31	\$124.21	\$127.31	\$130.63
10.8%	\$108.33	\$110.51	\$112.81	\$115.25	\$117.84	\$120.60	\$123.55
11.2%	\$103.49	\$105.46	\$107.53	\$109.73	\$112.05	\$114.52	\$117.14

Growth step	0.25%
Ke step	0.40%

Conclusion

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02/12/2024
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Consumer Staples

I recommend a **HOLD** on Sprouts Farmers Market. While the company is well-positioned within the growing natural and organic grocery segment and benefits from a differentiated business model, strong execution, and favorable consumer trends, both relative valuation and intrinsic valuation suggest the stock is overvalued.