

Sprouts Farmers Market Inc

Can It Reap-eat This Performance?

Another strong quarter amid high expectations

We think Sprouts helped to demonstrate the durability of its model. Still, we believe its beat and raise may not have been enough to exceed high buy side expectations. Its 11.7% SSS compared favorably to the co's 10-11% guidance & the 11.2% consensus. That said, it was slightly below our 12.0% estimate and the 12-14% buy side bar (per our conversations with investors), helping to illustrate just how high expectations have become for the natural and organic grocer. Its SSS included a ~50 bp lift from KR's strike in Colorado as well as a harsher cold and flu season. Its SSS were pretty consistent throughout the quarter, but peaked in February given timing of the aforementioned tailwinds. Further, its gross margin expansion of 130 bps meaningfully beat sell side expectations (cons. 70 bps), but our conversations with investors suggest the buy side was expecting a sizeable beat on this line item (its now topped 100 bps of gross margin expansion for 3 consecutive quarters). All in, this helped to drive \$1.81 in EPS (vs. UBSe of \$1.60, cons. \$1.55).

- Its 11.7% SSS equated to a 90 bp sequential acceleration on a 2 year stack. Its comp strength was again quite balanced, with strong performance across categories, channels, and geographies. Further, it continues to see new stores entering the comp base at strong rates.
- SFM's eCommerce business grew by 28% YoY, suggesting it contributed ~390 bps to SFM's total sales growth for the quarter. It's seeing strong growth across its 3 platforms (Instacart, DoorDash, and Uber Eats), though Instacart remains the largest player for it by a good margin. SFM continues to benefit from its differentiated assortment, though it did acknowledge that it's seeing a bit of a lift from Instacart's decision to lower its minimum delivery threshold for Instacart+ members to \$10 (which it did ahead of Thanksgiving).
- The grocer's SSS outpaced the Census Bureau's Grocery Store category by ~840 bps, which was a slight slowdown from last quarter's ~870 bps. Notably, SFM has outpaced the Census category's pace of growth for eight consecutive quarters now, highlighting the relevance of its assortment.
- Sprouts private label penetration continues to tick up, reaching 24% in 1Q'25. This compares to 23% in 4Q'24. We believe SFM has room to continue to boost its private label penetration as it continues to grow its brand equity.

Turning to the balance of the year, we expect for SFM's attribute-driven assortment, merchandising strength, and organic produce business to help support outsized traffic growth relative to the industry. That said, we believe increasingly difficult SSS compares

Equities

Americas
Food Retailers & Wholesalers

12-month rating **Neutral**

12m price target **US\$196.00**

Prior : **US\$195.00**

Price (30 Apr 2025) **US\$171.00**

RIC: SFM.O BBG: SFM US

Trading data and key metrics

52-wk range	US\$177.12-72.00
Market cap.	US\$17.1b
Shares o/s	99.7m (COM)
Free float	94%
Avg. daily volume ('000)	1,707
Avg. daily value (m)	US\$261.7
Common s/h equity (12/25E)	US\$1.58b
P/BV (12/25E)	10.7x
Net debt to EBITDA (12/25E)	NM

EPS (UBS, diluted) (USD)

	12/25E			
	From	To	% ch	Cons.
Q1	1.60	1.81	13	1.55
Q2E	1.14	1.21	6	1.15
Q3E	1.05	1.08	3	1.08
Q4E	0.89	0.95	6	0.91
12/25E	4.68	5.05	8	4.69
12/26E	5.19	5.45	5	5.33
12/27E	5.73	5.99	5	5.97

Mark Carden

Analyst

mark.carden@ubs.com

+1-212-713 3218

Michael Lasser

Analyst

michael.lasser@ubs.com

+1-212-713 2440

Mathew Rothway

Analyst

mathew.rothway@ubs.com

+1-212-713 5000

Highlights (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Revenues	6,404	6,837	7,719	8,744	9,655	10,584	11,669	12,881
EBIT (UBS)	358	396	504	652	708	770	843	924
Net earnings (UBS)	261	293	381	502	534	580	635	696
EPS (UBS, diluted) (US\$)	2.39	2.84	3.76	5.05	5.45	5.99	6.62	7.32
DPS (net) (US\$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	33	67	257	381	528	805	1,116	1,467
Profitability/valuation	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
EBIT (UBS) margin %	5.6	5.8	6.5	7.5	7.3	7.3	7.2	7.2
ROIC (EBIT) %	36.0	37.8	47.0	57.5	53.0	47.8	44.1	41.2
EV/EBITDA (UBS core) x	6.7	7.3	13.9	20.0	19.1	17.3	15.5	13.8
P/E (UBS, diluted) x	12.2	13.2	23.9	33.8	31.4	28.6	25.8	23.4
Equity FCF (UBS) yield %	7.6	6.1	4.6	2.9	2.6	2.9	3.1	3.4
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US\$ 171.00 on 30-Apr-2025

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and consumer confidence risks are likely to temper earnings growth expectations a bit from recently elevated levels. We think its valuation is balanced at current levels.

Could higher build costs impact long term store growth?

SFM's assortment is pretty well positioned in the event of sustained tariffs, with produce imports from Mexico now likely to be largely exempt due to USMCA. That said, we do see some risk on store growth over the long run, particularly if returns on new stores begin to moderate back towards historical levels and elevated tariffs are sustained (impacting building material costs). While this challenge likely wouldn't be unique to SFM, it could face a bit more impact on this front given the importance of unit growth in its earnings algorithm (especially relative to other grocers).

SFM's adj. OM climbed by 225 bps YoY in 1Q, backed by gross margin strength

The grocer's adj. operating margin topped 10% in 1Q, which is the first time we've seen it cross that threshold as far back as we have data (quarterlies back to FY'13). While this pace will likely be hard to sustain at a more normalized comp pace, we think it does reflect the co's effective pricing structure & improving efficiency.

- The grocer's 39.6% gross margin beat our 39.0% estimate (& the 38.9% cons). Its 130 bps of expansion was driven by the co. leveraging its improvements in inventory and category management. Its margin also benefitted from shrink leverage, though this was due in part to supply chain constraints. We're not expecting this latter tailwind to hold going forward as SFM improves its in stock levels.
- Its SG&A leveraged by ~80 bps to 27.9%. This was slightly higher than our estimate of 27.8% and in-line with consensus. SFM benefitted from leveraging labor and occupancy costs off of elevated sales.

SFM boosted its FY'25 guidance alongside its results

The company brought up its EPS guidance range to \$4.94-\$5.10 from \$4.52-\$4.68 prior (UBSe \$4.44, cons. \$4.64). While this will likely be one of the bigger beats and raises in the space this quarter, our discussions with investors suggest that the buy side was already above \$5.00 heading into earnings. We now model \$5.05 for the year ahead.

- For 2Q, SFM is anticipating 6.5%-8.5% SSS as it starts cycling tougher comparisons. We model at the top of the range, with a 8.5% comp, as the co. noted 2Q thus far is looking similar to 1Q. Guidance calls for EPS of \$1.19-\$1.23 in 2Q (UBSe \$1.21).
- The grocer's 5.5%-7.5% FY'25 SSS outlook was stepped up from its prior 4.5%-6.5% guidance. It suggests a ~210 bp acceleration on a 2 year stack and a 180 bp improvement on a 3 year basis, at the midpoint. We're modeling at the higher end of its expectations (UBSe 7.3%).
- The co's full year guidance implies ~90 bps of operating margin leverage to 7.5% at its midpoint. This would translate to its highest full year rate dating back to at least FY'08 (as far back as we have data).

Valuation: SFM's risk/reward looks balanced at current level

Our \$196 price target (\$195 prior) is based on ~36x our new CY'26 estimate (was ~38x our prior CY'26 estimate). Our slightly lower multiple reflects a tougher environment for consistent beats and raises going forward, but underlying confidence in the co's ability to take further market share.

Figure 1: Changes to our estimates

	Consolidated								
	2Q'25E			FY'25E			FY'26E		
	Old Est.	New Est.	Diff	Old Est.	New Est.	Diff	Old Est.	New Est.	Diff
Revenue	\$2,160	\$2,157	(\$3)	\$8,670	\$8,744	\$74	\$9,520	\$9,655	\$135
Yr./Yr. Growth	14.1%	13.9%		12.3%	13.3%		9.8%	10.4%	
Comparable Store Sales %	8.5%	8.5%	0.0%	6.7%	7.3%	0.7%	2.9%	4.0%	1.1%
Gross Profit	829	834	5	3,333	3,385	51	3,667	3,740	73
Gross Profit %	38.4%	38.7%	0.3%	38.4%	38.7%	0.3%	38.5%	38.7%	0.2%
Yr./Yr. Change (bp)	45	75		34	60		7	2	
SG&A	641	637	(4)	2,563	2,576	13	2,829	2,864	34
SG&A Margin %	29.7%	29.5%	-0.2%	29.6%	29.5%	-0.1%	29.7%	29.7%	-0.1%
Yr./Yr. Change (bp)	30	15		(12)	(22)		16	20	
D&A	35	35	(0)	145	146	1	159	161	2
D&A %	1.6%	0	0.0%	1.7%	0	0.0%	0	0	0.0%
Store closure and other costs	3	3	(0)	10	11	0	6	7	1
Store closure and other costs %	0.1%	0.1%	0	0.1%	0.1%	0	0.1%	0.1%	0
Operating Income	151	160	9	615	652	37	673	708	35
Yr./Yr. Growth	18.3%	25.7%		22.0%	29.3%		9.3%	8.5%	
Op. Income Margin %	7.0%	7.4%	0.4%	7.1%	7.5%	0.4%	7.1%	7.3%	0.3%
Yr./Yr. Change (bp)	25	70		56	93		(3)	(13)	
Net Interest Expense	2	1		7	4		7	4	
Income Tax Expense	38	40		156	154		170	178	
Net Earnings from Cont. Ops	114	121	6	467	502	35	510	534	24
Diluted EPS	\$1.14	\$1.21	\$0.07	\$4.68	\$5.05	\$0.37	\$5.19	\$5.45	\$0.26
Diluted Shares Outstanding	99.9	99.4	(0.5)	99.7	99.3	(0.4)	98.2	97.9	(0.3)

Source: UBS estimates

Figure 2: SFM 1Q'25 results versus our & consensus estimates and 1Q'24 results

SFM	Actual 1Q'25A	UBSe 1Q'25E	Difference	Variance %	Cons. 1Q'25E	Difference	Variance %	Actual 1Q'24A	Difference	Variance %
Net Sales	2,236.4	2,213.0	23.4	1%	2,205.8	30.6	1%	1,883.8	352.6	19%
Cost of Sales, Buying and Occupancy	1,350.1	1,350.1	(0.0)	0%	1,347.8	2.3	0%	1,161.5	188.6	16%
Gross Profit	886.4	862.9	23.4	3%	858.1	28.3	3%	722.3	164.1	23%
SG&A Expenses	623.2	615.3	7.9	1%	615.4	7.8	1%	539.8	83.5	15%
D&A	35.1	34.5	0.6	2%	37.4	(2.3)	-6%	32.2	2.9	9%
Store closure and exit costs	1.7	1.3	0.4	32%	NA	NA	NA	2.0	(0.3)	-17%
Operating Income - adjusted	226.3	211.8	14.5	7%	205.3	21.1	10%	148.3	78.1	53%
Interest, Net	0.9	1.8	(0.9)	-49%	(1.2)	2.1	-176%	(0.8)	1.7	-213%
Net Earnings Before Taxes	227.3	213.6	13.6	6%	204.0	23.2	11%	147.4	79.8	54%
Provision for Income Taxes	47.2	53.4	(6.2)	-12%	48.1	(0.9)	-2%	33.3	13.9	42%
Net Earnings - adjusted	180.0	160.2	19.8	12%	155.9	24.1	15%	114.1	65.9	58%
Diluted EPS - adjusted	\$1.81	\$1.60	\$0.21	13%	\$1.55	\$0.26	17%	\$1.12	\$0.69	61%
Diluted Weighted Average Shares	99.7	100.3	-0.6	-1%	100.7	-0.9	-1%	102.0	-2.3	-2%
Margin Analysis - as a % of Revenues			+/-		+/-			+/-		
Cost of Sales, Buying and Occupancy	60.4%	61.0%	(64)		61.1%	(73)		61.7%	(129)	
Gross margin	39.6%	39.0%	64		38.9%	73		38.3%	129	
SG&A Expenses	27.9%	27.8%	6		27.9%	(3)		28.7%	(79)	
D&A	1.6%	1.6%	1		1.7%	(13)		1.7%	(14)	
Operating Income - adjusted	10.1%	9.6%	55		9.3%	82		7.9%	225	
Tax Rate	20.8%	25.0%	(422)		23.6%	(279)		22.6%	(183)	
Net Income	8.0%	7.2%	81		7.1%	98		6.1%	199	
Year/Year Growth Rates										
Comparable Store Sales	11.7%	12.0%	(30)		11.2%	50		4.0%	770	
Net sales	18.7%	17.5%	124		17.1%	162		8.7%	1,004	
Cost of Sales, Buying and Occupancy	16.2%	16.2%	(0)		16.0%	20		7.2%	901	
Gross profit	22.7%	19.5%	325		18.8%	392		11.1%	1,160	
SG&A Expenses	15.5%	14.0%	147		14.0%	144		0.0%	1,546	
D&A	8.9%	7.2%	172		16.0%	(711)		0.0%	889	
Operating Income - adjusted	52.7%	42.8%	980		38.4%	1,422		8.2%	4,447	
Pre-tax earnings	54.1%	44.9%	925		38.4%	1,575		9.4%	4,477	
Net Income	57.8%	40.4%	1,737		36.7%	2,112		11.1%	4,666	
Diluted EPS	61.4%	42.8%	1,865		38.5%	2,290		14.2%	4,720	
Shares outstanding - diluted	-2.3%	-1.7%	(60)		-1.3%	(91)		-2.7%	46	

Source: Company reports, UBS estimates, Factset

Figure 3: SFM quarterly income statement (\$ millions except per share amounts)

	2023					2024					2025E					2026E				
	Apr-23	Jul-23	Oct-23	Dec-23	FY'23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-24	Mar-25	Jun-25E	Sep-25E	Dec-25E	FY'25E	Mar-26E	Jun-26E	Sep-26E	Dec-26E	FY'26E
	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364
Days in Period																				
Net Sales	1,733.3	1,692.2	1,713.3	1,698.5	6,837.4	1,883.8	1,893.5	1,945.7	1,996.2	7,719.3	2,236.4	2,156.5	2,167.8	2,182.9	8,743.7	2,465.8	2,388.2	2,395.5	2,405.2	9,654.7
<i>Cost of Sales, buying and occupancy</i>	<i>1,083.2</i>	<i>1,064.6</i>	<i>1,086.5</i>	<i>1,078.2</i>	<i>4,312.6</i>	<i>1,161.5</i>	<i>1,175.2</i>	<i>1,204.8</i>	<i>1,236.3</i>	<i>4,777.8</i>	<i>1,350.1</i>	<i>1,322.2</i>	<i>1,338.0</i>	<i>1,348.7</i>	<i>5,359.0</i>	<i>1,493.4</i>	<i>1,461.9</i>	<i>1,476.1</i>	<i>1,483.6</i>	<i>5,915.1</i>
Gross Profit	650.1	627.6	626.7	620.4	2,524.8	722.3	718.4	740.9	759.9	2,941.5	886.4	834.3	829.8	834.2	3,384.8	972.3	926.4	919.4	921.6	3,739.6
SG&A Expenses	483.1	493.7	501.7	513.5	1,992.0	539.8	556.4	580.3	614.9	2,291.4	623.2	636.9	646.6	669.1	2,575.8	695.8	708.9	718.1	740.9	2,863.6
D&A	30.0	31.8	31.8	32.1	125.7	32.2	31.5	34.4	34.6	132.7	35.1	34.8	38.3	37.9	146.1	38.7	38.5	42.4	41.7	161.3
<i>Store closure and other costs</i>	<i>(0.1)</i>	<i>2.4</i>	<i>3.2</i>	<i>5.4</i>	<i>10.9</i>	<i>2.0</i>	<i>3.2</i>	<i>3.7</i>	<i>3.9</i>	<i>12.9</i>	<i>1.7</i>	<i>2.6</i>	<i>3.1</i>	<i>3.2</i>	<i>10.5</i>	<i>0.6</i>	<i>1.6</i>	<i>2.2</i>	<i>2.3</i>	<i>6.8</i>
Operating Income	137.0	99.7	90.0	69.4	396.3	148.3	127.3	122.5	106.5	504.5	226.3	160.1	141.8	124.1	652.3	237.2	177.3	156.7	136.7	708.0
Interest (Expense)	(2.2)	(2.1)	(1.7)	(0.4)	(6.5)	(0.8)	0.1	1.1	1.8	2.2	0.9	0.9	0.9	0.9	3.7	0.9	0.9	0.9	0.9	3.7
<i>Other Income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Interest, Net	(2.2)	(2.1)	(1.7)	(0.4)	(6.5)	(0.8)	0.1	1.1	1.8	2.2	0.9	0.9	0.9	0.9	3.7	0.9	0.9	0.9	0.9	3.7
Pretax Income	134.8	97.6	88.3	69.0	389.8	147.4	127.5	123.5	108.3	506.7	227.3	161.0	142.8	125.0	656.0	238.1	178.2	157.7	137.6	711.6
Taxes	32.1	24.3	21.3	19.0	96.6	33.3	32.2	31.9	28.7	126.1	47.2	40.3	35.7	31.2	154.4	59.5	44.6	39.4	34.4	177.9
Net Income	102.7	73.3	67.1	50.0	293.1	114.1	95.3	91.6	79.6	380.6	180.0	120.8	107.1	93.7	501.6	178.6	133.7	118.3	103.2	533.7
Diluted EPS	\$0.98	\$0.71	\$0.65	\$0.49	\$2.84	\$1.12	\$0.94	\$0.91	\$0.79	\$3.76	\$1.81	\$1.21	\$1.08	\$0.95	\$5.05	\$1.81	\$1.36	\$1.21	\$1.06	\$5.45
Diluted Weighted Average Shares	104.9	103.5	102.7	102.2	103.3	102.0	101.2	101.0	101.0	101.2	99.7	99.4	99.1	98.9	99.3	98.5	98.1	97.7	97.3	97.9
EBITDA	172.0	134.8	123.7	103.6	534.1	182.8	160.6	158.6	142.7	644.7	297.8	194.9	180.2	161.9	834.8	275.9	215.8	199.1	178.4	869.2
Yr./Yr. Change	12.9%	13.6%	1.8%	11.5%	10.0%	6.3%	19.1%	28.2%	37.8%	20.7%	62.9%	21.4%	13.6%	13.4%	29.5%	-7.4%	10.7%	10.5%	10.2%	4.1%
EBITDA Margin	9.9%	8.0%	7.2%	6.1%	7.8%	9.7%	8.5%	8.1%	7.2%	8.4%	13.3%	9.0%	8.3%	7.4%	9.5%	11.2%	9.0%	8.3%	7.4%	9.0%
Yr./Yr. Change (bp)	64	53	-42	21	23	-22	51	93	105	54	361	56	16	27	120	-213	0	0	0	-54
Margin Analysis - as a % of Revenues																				
Cost of goods sold & occupancy costs	62.5%	62.9%	63.4%	63.5%	63.1%	61.7%	62.1%	61.9%	61.9%	61.9%	60.4%	61.3%	61.7%	61.8%	61.3%	60.6%	61.2%	61.6%	61.7%	61.3%
Gross margin	37.5%	37.1%	36.6%	36.5%	36.9%	38.3%	37.9%	38.1%	38.1%	38.1%	39.6%	38.7%	38.3%	38.2%	38.7%	39.4%	38.8%	38.4%	38.3%	38.7%
Yr./Yr. Change (bp)	23	71	(10)	19	25	84	85	150	154	118	129	75	20	15	60	(20)	10	10	10	2
SG&A Expenses	27.9%	29.2%	29.3%	30.2%	29.1%	28.7%	29.4%	29.8%	30.8%	29.7%	27.9%	29.5%	29.8%	30.7%	29.5%	28.2%	29.7%	30.0%	30.8%	29.7%
Yr./Yr. Change (bp)	(15)	21	32	24	16	78	21	54	57	55	(79)	15	0	(15)	(22)	35	15	15	15	20
D&A	1.7%	1.9%	1.9%	1.9%	1.8%	1.7%	1.7%	1.8%	1.7%	1.7%	1.6%	1.6%	1.8%	1.7%	1.7%	1.6%	1.6%	1.8%	1.7%	1.7%
Yr./Yr. Change (bp)	(21)	(8)	(5)	(3)	(9)	(2)	(22)	(9)	(15)	(12)	(14)	(5)	0	0	(5)	0	0	0	0	(0)
Store closure and other costs	0.0%	0.1%	0.2%	0.3%	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Yr./Yr. Change (bp)	(3)	11	5	(19)	(1)	12	3	1	(12)	1	(3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Operating Income	7.9%	5.9%	5.3%	4.1%	5.8%	7.9%	6.7%	6.3%	5.3%	6.5%	10.1%	7.4%	6.5%	5.7%	7.5%	9.6%	7.4%	6.5%	5.7%	7.3%
Yr./Yr. Change (bp)	62	47	(42)	16	20	(4)	83	104	125	74	225	70	25	35	93	(50)	0	(0)	(0)	(13)
Pretax Income	7.8%	5.8%	5.2%	4.1%	5.7%	7.8%	6.7%	6.3%	5.4%	6.6%	10.2%	7.5%	6.6%	5.7%	7.5%	9.7%	7.5%	6.6%	5.7%	7.4%
Tax Rate	23.8%	24.9%	24.1%	27.5%	24.8%	22.6%	25.2%	25.8%	26.5%	24.9%	20.8%	25.0%	25.0%	25.0%	23.5%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income	5.9%	4.3%	3.9%	2.9%	4.3%	6.1%	5.0%	4.7%	4.0%	4.9%	8.0%	5.6%	4.9%	4.3%	5.7%	7.2%	5.6%	4.9%	4.3%	5.5%
Year/Year Growth Rates																				
Comparable Store Sales	3.1%	3.2%	3.9%	3.3%	3.4%	4.0%	6.7%	8.4%	11.5%	7.7%	11.7%	8.5%	5.5%	3.5%	7.3%	4.0%	4.0%	4.0%	4.0%	4.0%
Net sales	5.6%	6.1%	7.7%	7.7%	6.8%	8.7%	11.9%	13.6%	17.5%	12.9%	18.7%	13.9%	11.4%	9.4%	13.3%	10.3%	10.7%	10.5%	10.2%	10.4%
Cost of sales	5.2%	4.9%	7.9%	7.4%	6.3%	7.2%	10.4%	10.9%	14.7%	10.8%	16.2%	12.5%	11.1%	9.1%	12.2%	10.6%	10.6%	10.3%	10.0%	10.4%
Gross profit	6.3%	8.1%	7.4%	8.3%	7.5%	11.1%	14.5%	18.2%	22.5%	16.5%	22.7%	16.1%	12.0%	9.8%	15.1%	9.7%	11.0%	10.8%	10.5%	10.5%
SG&A Expenses	5.1%	6.8%	8.9%	8.6%	7.3%	11.7%	12.7%	15.7%	19.7%	15.0%	15.5%	14.5%	11.4%	8.8%	12.4%	11.6%	11.3%	11.1%	10.7%	11.2%
D&A	-5.7%	1.8%	4.9%	6.3%	1.7%	7.4%	-1.0%	8.2%	8.0%	5.6%	8.9%	10.5%	11.4%	9.4%	10.0%	10.3%	10.7%	10.5%	10.2%	10.4%
Operating Income	14.6%	15.3%	-0.3%	12.2%	10.6%	8.2%	27.7%	36.0%	53.3%	27.3%	52.7%	25.7%	15.8%	16.5%	29.3%	4.8%	10.7%	10.5%	10.2%	8.5%
Pre-tax earnings	15.6%	16.4%	0.0%	14.1%	11.6%	9.4%	30.6%	39.8%	56.9%	30.0%	54.1%	26.3%	15.6%	15.4%	29.5%	4.8%	10.7%	10.4%	10.1%	8.5%
Net income	16.3%	18.2%	2.1%	10.9%	12.2%	11.1%	30.0%	36.5%	59.0%	29.8%	57.8%	26.7%	16.9%	17.8%	31.8%	-0.8%	10.7%	10.4%	10.1%	6.4%
Diluted EPS	24.0%	25.2%	7.4%	15.9%	18.6%	14.2%	33.0%	38.8%	60.9%	32.5%	61.4%	29.0%	19.1%	20.3%	34.4%	0.5%	12.2%	12.1%	11.9%	7.9%
Shares outstanding - diluted	-6.2%	-5.6%	-5.0%	-4.3%	-5.4%	-2.7%	-2.2%	-1.6%	-1.2%	-2.0%	-2.3%	-1.8%	-1.9%	-2.1%	-1.9%	-1.3%	-1.4%	-1.5%	-1.6%	-1.4%

Source: Company reports, UBS estimates

Figure 4: SFM quarterly cash flow statements (\$ millions)

	2023					2024					2025E					2026E				
	Apr-23	Jul-23	Oct-23	Dec-23	FY'23	Mar-24	Jun-24	Sep-24	Dec-24	FY'24	Mar-25	Jun-25E	Sep-25E	Dec-25E	FY'25E	Mar-26E	Jun-26E	Sep-26E	Dec-26E	FY'26E
Days in Period	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364
Cash Flows from Operating Activities																				
Net Income	76.2	67.3	65.3	50.0	258.9	114.1	95.3	91.6	79.6	380.6	180.0	120.8	107.1	93.7	501.6	178.6	133.7	118.3	103.2	533.7
Depreciation and Amortization	34.9	35.1	33.7	34.1	137.8	34.5	33.2	36.1	36.3	140.2	71.5	34.8	38.3	37.9	182.5	38.7	38.5	42.4	41.7	161.3
Equity based compensation	3.9	5.6	5.3	4.2	18.9	6.5	6.8	6.7	8.5	28.4	6.7	7.7	7.4	9.3	31.1	7.3	8.6	8.2	10.2	34.3
Deferred income taxes	(0.4)	(5.6)	(7.3)	8.3	(4.9)	1.1	(1.5)	1.6	10.7	10.7	4.6				4.6					0.0
Other Long Term Op. Activities	58.6	31.9	32.4	36.0	158.8	32.8	34.9	34.7	37.5	139.9	1.5									
Accounts receivable	6.2	2.1	1.7	(6.9)	3.2	8.6	10.1	11.5	(0.3)	30.0	10.8									
Inventories	5.4	(13.1)	(3.7)	0.5	(10.9)	7.0	(9.4)	(3.9)	(13.9)	(20.1)	3.0									
Prepaid expenses and other current assets	9.5	0.4	11.2	(18.9)	2.2	14.7	(0.7)	4.6	(6.7)	11.9	(0.2)									
Other assets	2.6	0.6	0.7	(0.4)	3.5	0.9	(1.0)	0.3	(0.3)	(0.0)	(0.4)									
Accounts payable	27.0	18.1	1.4	(34.3)	12.2	28.9	(17.7)	52.3	(35.4)	28.0	54.1									
Accrued salaries and benefits	(2.0)	(0.5)	7.1	8.4	12.9	17.6	(22.7)	11.9	16.5	23.2	(29.8)									
Other accrued Liabilities				11.7	11.7			1.4	37.9	39.3	(1.2)									
Other long-term liabilities	(42.0)	(27.0)	(33.4)	(36.8)	(139.3)	(47.0)	(35.6)	(39.8)	(44.4)	(166.9)	(1.5)									
Working Capital	6.7	(19.4)	(15.1)	(76.6)	(104.4)	30.7	(77.1)	38.4	(46.6)	(54.6)	34.8	42.0	(74.4)	7.7	10.1	16.0	46.7	(82.2)	8.8	(10.7)
Cash from Operating Activities	179.8	115.0	114.2	56.0	465.1	219.7	91.6	209.1	126.0	645.2	299.1	205.3	78.4	148.6	729.9	240.6	227.4	86.6	164.0	718.6
Cash Flows from Investing Activities																				
Purchase of PP&E	(47.0)	(51.6)	(66.3)	(60.3)	(225.3)	(51.2)	(57.7)	(52.8)	(68.7)	(230.4)	(59.5)	(60.4)	(60.7)	(61.1)	(241.7)	(69.0)	(66.9)	(67.1)	(67.3)	(270.3)
Other	(13.0)	0.0	0.0	0.0	(13.0)															
Net Cash Used In Investing Activities	(60.1)	(51.6)	(66.3)	(60.3)	(238.3)	(51.2)	(57.7)	(52.8)	(68.7)	(230.4)	(59.5)	(60.4)	(60.7)	(61.1)	(241.7)	(69.0)	(66.9)	(67.1)	(67.3)	(270.3)
Cash Flows from Financing																				
Borrowings on line of credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					0.0
Payments on line of credit	(25.0)	(50.0)	(25.0)	(25.0)	(125.0)	0.0	(125.0)	0.0	0.0	(125.0)	0.0				0.0					0.0
Payments on financing lease obligations	(0.2)	(0.3)	(0.3)	(0.3)	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(1.1)	(0.3)				(0.3)					0.0
Proceeds from the issuance of Units	0.0	0.0	0.0	11.5	11.5	0.0	0.0	0.0	4.9	4.9	0.0				0.0					0.0
Repurchase of units	(98.3)	(50.0)	(32.1)	(23.1)	(203.5)	(60.0)	(44.5)	(25.2)	(98.8)	(228.5)	(218.8)	(50.0)	(50.0)	(50.0)	(368.8)	(75.0)	(75.0)	(75.0)	(75.0)	(300.0)
Other	5.5	1.8	1.6	0.0	0.0	2.3	1.0	1.5	(6.5)	(1.8)	0.0									
Net Cash Used In Financing Activities	(118.1)	(98.5)	(55.7)	(36.9)	(318.0)	(58.0)	(168.8)	(24.0)	(100.7)	(351.5)	(219.1)	(50.0)	(50.0)	(50.0)	(369.1)	(75.0)	(75.0)	(75.0)	(75.0)	(300.0)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash	1.7	(35.2)	(7.8)	(41.1)	(91.3)	110.5	(134.9)	132.3	(43.3)	63.3	20.5	94.9	(32.3)	37.5	119.1	96.6	85.5	(55.5)	21.7	148.3
Net Cash - Beginning Balance	295.2	296.8	261.7	253.8	295.2	203.9	314.4	179.5	311.7	203.9	267.2	287.7	382.7	350.4	267.2	386.3	482.9	568.4	513.0	386.3
Net Cash - Ending Balance	296.8	261.7	253.8	212.7	203.9	314.4	179.5	311.7	268.4	267.2	287.7	382.7	350.4	387.9	386.3	482.9	568.4	513.0	534.6	534.6
Cash Flow Analysis																				
Cash Flow from Operations	180	115	114	56	465	220	92	209	126	645	299	205	78	149	730	241	227	87	164	719
Yr./Yr. Change	18%	106%	17%	-13%	25%	22%	-20%	83%	125%	39%	36%	124%	-62%	18%	13%	-20%	11%	10%	10%	-2%
FCF																				
Free Cash Flow (after Capex before Acqs)	133	63	48	-4	240	168	34	156	57	415	240	145	18	87	488	172	161	20	97	448
Yr./Yr. Change	6%	111%	-32%	-120%	-3%	27%	-46%	226%	-1449%	73%	42%	327%	-89%	53%	18%	-28%	11%	10%	11%	-8%
Free Cash Flow (before Acqs) - Trailing 4Q's	254	288	265	240	275	246	354	416	416	416	487	598	460	490	422	422	437	439	448	448
Yr./Yr. Change	-15%	3%	1%	-3%	8%	-14%	34%	74%			77%	143%	30%	18%	-13%	-27%	-4%	-8%		
Free Cash Flow (after Capex and Acquisitions)	133	63	48	-4	240	168	34	156	57	415	240	145	18	87	488	172	161	20	97	448
Yr./Yr. Change	6%	111%	-32%	-120%	-3%	27%	-46%	226%	-1449%	73%	42%	327%	-89%	53%	18%	-28%	11%	10%	11%	-8%
Free Cash Flow per Share	\$1.27	\$0.61	\$0.47	\$-0.04	\$2.32	\$1.65	\$0.34	\$1.55	\$0.57	\$4.10	\$2.40	\$1.46	\$0.18	\$0.88	\$4.92	\$1.74	\$1.64	\$0.20	\$0.99	\$4.58
Free Cash Flow / Net Income	1.3x	0.9x	0.7x	-0.1x	0.8x	1.5x	0.4x	1.7x	0.7x	1.1x	1.3x	1.2x	0.2x	0.9x	1.0x	1.0x	1.2x	0.2x	0.9x	0.8x
EBITDA																				
EBITDA	172.0	134.8	123.7	103.6	534.1	182.8	160.6	158.6	142.7	644.7	297.8	194.9	180.2	161.9	834.8	275.9	215.8	199.1	178.4	869.2
Yr./Yr. Change	13%	14%	2%	12%	10%	6%	19%	28%	38%	21%	63%	21%	14%	13%	29%	-7%	11%	11%	10%	4%
EBITDA - Trailing 4Q's	505.0	521.2	523.4	534.1	544.9	544.9	570.6	605.5	644.7	644.7	759.7	794.0	815.7	834.8	815.7	812.9	833.8	852.8	869.2	869.2
Yr./Yr. Change	8%	11%	10%	10%		8%	9%	16%	21%		39%	39%	35%	29%		7%	5%	5%	4%	
EBITDAR					836.2					970.1					1,185.0					1,247.5
Yr./Yr. Change					11%					16%					22%					5%
EBITDAR - Quarterly	807.1	823.3	825.5	836.2	836.2	870.4	896.1	931.0	970.1	970.1	1,109.8	1,144.2	1,165.8	1,185.0	1,185.0	1,191.2	1,212.1	1,231.0	1,247.5	1,247.5
Yr./Yr. Change	10%	11%	11%	11%	11%	8%	9%	13%	16%	16%	28%	28%	25%	22%	22%	7%	6%	6%	5%	5%

Source: Company reports, UBS estimates

Figure 5: SFM quarterly balance sheets (\$ millions)

Days in Period	2023					2024					2025E					2026E				
	Apr-23	Jul-23	Oct-23	Dec-23	FY'23	Mar-24	Jun-24	Sep-24	Dec-24	FY'24	Mar-25	Jun-25E	Sep-25E	Dec-25E	FY'25E	Mar-26E	Jun-26E	Sep-26E	Dec-26E	FY'26E
	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364
Assets																				
Cash and cash equivalents	294.9	259.5	251.8	201.8	201.8	312.3	177.3	309.7	265.2	265.2	285.7	382.7	350.4	387.9	387.9	482.9	568.4	513.0	534.6	534.6
Accounts receivable	12.4	13.6	16.2	30.3	30.3	36.3	31.4	25.1	30.9	30.9	71.7	35.7	27.9	33.8	33.8	79.0	39.6	30.9	37.2	37.2
Inventories	306.9	320.0	323.7	323.2	323.2	316.2	325.6	329.5	343.3	343.3	340.3	366.3	365.9	374.5	374.5	376.4	405.0	403.7	412.0	412.0
Prepaid expenses and other current assets	41.7	40.2	28.9	48.5	48.5	32.7	33.8	29.4	36.1	36.1	34.7	38.5	32.7	39.5	39.5	38.2	42.6	36.2	43.5	43.5
Deferred income tax asset	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Assets	655.9	633.3	620.6	603.8	603.8	697.5	568.1	693.6	675.5	675.5	732.3	823.2	777.0	835.7	835.7	976.6	1,055.6	983.7	1,027.4	1,027.4
Property and equipment, net of accumulated depreciation	715.3	738.7	773.1	798.7	798.7	809.5	836.0	851.4	895.2	895.2	898.8	959.2	1,019.9	1,081.0	1,081.0	1,150.1	1,217.0	1,284.0	1,351.4	1,351.4
Operating lease assets	1,195.2	1,232.7	1,294.3	1,322.9	1,322.9	1,363.3	1,402.2	1,437.3	1,466.9	1,466.9	1,502.0	1,521.4	1,557.1	1,594.4	1,594.4	1,624.8	1,655.8	1,689.6	1,723.4	1,723.4
Intangible assets, net of accumulated amortization	208.1	208.1	208.1	208.1	208.1	208.1	208.1	208.1	208.1	208.1	208.2	208.2	208.2	208.2	208.2	208.2	208.2	208.2	208.2	208.2
Goodwill	381.8	381.8	381.7	381.7	381.7	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8	381.8
Other assets	13.1	13.6	12.8	12.3	12.3	12.3	14.5	13.4	13.2	13.2	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3
Deferred income tax asset	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets	3,169.4	3,208.2	3,290.5	3,327.4	3,327.4	3,472.4	3,410.5	3,585.5	3,640.7	3,640.7	3,738.3	3,909.0	3,959.1	4,116.3	4,116.3	4,356.6	4,533.5	4,562.4	4,707.3	4,707.3
Liabilities and Shareholders' Equity																				
Accounts payable	336.8	363.2	365.9	344.8	344.8	201.4	158.8	198.2	213.4	213.4	293.9	178.6	220.2	232.8	232.8	325.1	197.5	242.9	256.1	256.1
Accrued salaries and benefits	48.2	59.3	66.4	74.8	74.8	190.2	193.8	81.5	98.0	98.0	68.2	220.7	90.8	107.2	107.2	75.2	244.5	100.4	118.1	118.1
Other accrued liabilities	5.5	0.0	0.0	0.0	0.0	57.1	69.7	207.5	216.8	216.8	254.4	254.4	254.4	254.4	254.4	254.4	254.4	254.4	254.4	254.4
Current portion of capital and financing lease obligations	0.0	0.0	0.0	0.0	0.0	8.9	0.0	0.0	0.0	0.0	1.3	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0
Current portion of operating lease liabilities	123.7	114.7	108.2	126.3	126.3	127.3	126.4	127.6	150.4	150.4	154.2	156.1	159.8	163.6	163.6	166.8	169.9	173.4	176.9	176.9
Current portion of long term debt	1.0	1.1	1.0	1.0	1.0	1.1	1.1	1.1	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	515.1	538.2	541.5	546.9	546.9	585.9	549.8	616.0	680.0	680.0	772.0	809.9	725.2	758.0	758.0	822.9	866.3	771.1	805.4	805.4
Long-term capital and financing lease obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term operating lease liabilities	1,266.3	1,312.8	1,382.9	1,399.7	1,399.7	1,441.1	1,482.8	1,517.2	1,520.3	1,520.3	1,556.6	1,576.7	1,613.7	1,652.4	1,652.4	1,683.9	1,716.0	1,751.0	1,786.0	1,786.0
Long-term debt	233.7	184.2	158.9	133.7	133.7	433.4	8.1	7.7	7.2	7.2	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Other long-term liabilities	36.4	36.5	38.0	36.3	36.3	37.6	38.7	37.6	38.3	38.3	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2
Deferred income tax liability	66.9	61.3	54.1	62.4	62.4	63.4	62.0	63.5	73.1	73.1	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7
Total Liabilities	2,118.5	2,133.0	2,175.5	2,178.9	2,178.9	2,561.4	2,141.2	2,242.0	2,318.8	2,318.8	2,450.3	2,508.4	2,460.6	2,532.1	2,532.1	2,628.6	2,704.0	2,643.8	2,713.2	2,713.2
Shareholder's Equity																				
Undesignated preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	98.0	98.0	98.0	98.0	98.0	98.0	98.0	98.0	98.0	98.0
Additional paid-in capital	753.8	761.2	768.1	774.8	774.8	783.6	791.4	799.5	808.1	808.1	814.8	708.8	699.6	691.5	691.5	656.8	624.6	595.5	567.7	567.7
Retained Earnings	297.0	313.9	346.9	373.6	373.6	427.3	477.8	543.9	513.7	513.7	473.1	593.9	700.9	794.7	794.7	973.3	1,106.9	1,225.2	1,328.4	1,328.4
Total Shareholder's Equity	1,050.9	1,075.2	1,115.0	1,148.5	1,148.5	911.0	1,269.3	1,343.5	1,321.9	1,321.9	1,288.0	1,400.6	1,498.5	1,584.2	1,584.2	1,728.1	1,829.5	1,918.6	1,994.1	1,994.1
Total Liabilities & Shareholders' Equity	3,169.4	3,208.2	3,290.5	3,327.4	3,327.4	3,472.4	3,410.5	3,585.5	3,640.7	3,640.7	3,738.3	3,909.0	3,959.1	4,116.3	4,116.3	4,356.6	4,533.5	4,562.4	4,707.3	4,707.3

Source: Company reports, UBS estimates

Figure 6: SFM store count information

Days in Period	2023					2024					2025E					2026E				
	Apr-23	Jul-23	Oct-23	Jan-24	FY'23	Apr-24	Jul-24	Oct-24	Jan-25	FY'24	Apr-25	Jul-25E	Oct-25E	Jan-26E	FY'25E	Apr-26E	Jul-26E	Oct-26E	Jan-27E	FY'26E
	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364	91	91	91	91	364
Store Count																				
Total Stores, beg. of period	386	395	391	401	386	407	414	418	428	407	440	443	453	464	440	475	485	495	505	475
Stores opened or acquired	6	10	6	32	5	7	5	9	12	33	3	10	11	11	35	10	10	10	10	40
Stores closed	1	10	0	0	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Store Additions	9	(4)	10	6	21	7	5	9	12	33	3	10	11	11	35	10	10	10	10	40
Total Stores, end of period	395	391	401	407	407	414	419	428	440	440	443	453	464	475	475	485	495	505	515	515
No. of Stores during period - Average	391	393	396	404	397	411	417	424	434	424	442	448	459	470	458	480	490	500	510	495
Store Additions - trailing 4 Quarters	20	24	33	32	32	29	28	27	33	33	29	34	36	35	35	42	42	41	40	40
Average Store Size																				
Total SFM Average Store Size - Selling	28.8	28.8	28.8	28.8	28.8	28.7	28.7	28.7	28.7	28.7	28.6	28.6	28.6	28.6	28.6	28.5	28.5	28.5	28.5	28.5
Yt/Yt Growth	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Total SFM Selling Square Footage	11.4	11.2	11.5	11.7	11.7	11.9	12.0	12.3	12.6	12.6	12.7	12.9	13.3	13.6	13.6	13.8	14.1	14.4	14.7	14.7
Yt/Yt Growth	3.9%	3.1%	5.4%	5.1%	5.1%	4.4%	6.8%	6.4%	7.7%	7.7%	6.6%	7.7%	8.0%	7.6%	7.6%	9.1%	8.9%	8.5%	8.0%	8.0%
Avg. Sq Footage - Total	11.2	11.3	11.4	11.6	11.4	11.8	11.9	12.1	12.4	12.2	12.6	12.8	13.1	13.4	13.1	13.7	13.9	14.2	14.5	14.1
Yt/Yt Growth	3.4%	3.5%	4.3%	5.3%	4.0%	4.8%	5.6%	6.6%	7.1%	6.4%	7.2%	7.2%	7.9%	7.8%	7.7%	8.3%	9.0%	8.7%	8.2%	7.8%
New Sq Footage - Total	0.4	0.3	0.6	0.6	0.6	0.5	0.8	0.7	0.9	0.9	0.8	0.9	1.0	1.0	1.0	1.2	1.1	1.1	1.1	1.1
Yt/Yt Growth	-7.1%	-15.3%	75.7%	83.0%	83.0%	19.6%	127.1%	23.4%	60.1%	60.1%	55.8%	21.7%	34.3%	5.6%	5.6%	46.3%	23.8%	13.7%	14.2%	14.2%

Source: Company reports, UBS estimates

Sprouts Farmers Market Inc (SFM.O)

	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Income Statement (US\$m)										
Revenues	6,404	6,837	7,719	8,744	13.3	9,655	10.4	10,584	11,669	12,881
Gross profit	2,349	2,525	2,941	3,385	15.1	3,740	10.5	4,105	4,531	5,008
EBITDA (UBS)	485	534	645	835	29.5	869	4.1	947	1,038	1,139
Depreciation & amortisation	(127)	(138)	(140)	(182)	-30.2	(161)	11.6	(177)	(195)	(215)
EBIT (UBS)	358	396	504	652	29.3	708	8.5	770	843	924
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(9)	(6)	2	4	67.9	4	0.0	4	4	4
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	349	390	507	656	29.5	712	8.5	773	847	928
Tax	(88)	(97)	(126)	(154)	-22.5	(178)	-15.2	(193)	(212)	(232)
Profit after tax	261	293	381	502	31.8	534	6.4	580	635	696
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	261	293	381	502	31.8	534	6.4	580	635	696
Net earnings (UBS)	261	293	381	502	31.8	534	6.4	580	635	696
Tax rate (%)	25.2	24.8	24.9	23.5	-5.4	25.0	6.2	25.0	25.0	25.0
Per Share (US\$)										
EPS (UBS, diluted)	2.39	2.84	3.76	5.05	34.4	5.45	7.9	5.99	6.62	7.32
EPS (local GAAP, diluted)	2.39	2.84	3.76	5.05	34.4	5.45	7.9	5.99	6.62	7.32
EPS (UBS, basic)	2.39	2.84	3.76	5.05	34.4	5.45	7.9	5.99	6.62	7.32
DPS (net) (US\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	3.56	4.17	5.14	6.89	33.9	7.10	3.1	7.81	8.65	9.59
Book value per share	9.68	11.24	13.09	15.96	21.9	20.37	27.7	26.39	33.18	40.85
Average shares (diluted)	109	103	101	99	-1.9	98	-1.4	97	96	95
Balance Sheet (US\$m)										
Cash and equivalents	293	202	265	388	46.3	535	37.8	812	1,123	1,474
Other current assets	381	402	410	448	9.1	493	10.0	540	595	656
Total current assets	674	604	676	836	23.7	1,027	22.9	1,351	1,718	2,130
Net tangible fixed assets	722	799	895	1,081	20.8	1,351	25.0	1,648	1,974	2,335
Net intangible fixed assets	554	590	590	590	0.0	590	0.0	590	590	590
Investments / other assets	1,120	1,335	1,480	1,610	8.8	1,739	8.0	1,892	2,074	2,277
Total assets	3,070	3,327	3,641	4,116	13.1	4,707	14.4	5,481	6,356	7,332
Trade payables & other ST liabilities	521	546	679	758	11.7	805	6.3	857	917	985
Short term debt	1	1	1	0	-	0	-	0	0	0
Total current liabilities	522	547	680	758	11.5	805	6.3	857	917	985
Long term debt	259	134	7	7	-4.6	7	0.0	7	7	7
Other long term liabilities	1,243	1,498	1,632	1,767	8.3	1,901	7.6	2,060	2,248	2,459
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	2,024	2,179	2,319	2,532	9.2	2,713	7.2	2,924	3,173	3,450
Common s/h equity	1,046	1,149	1,322	1,584	19.8	1,994	25.9	2,557	3,183	3,882
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	3,070	3,327	3,641	4,116	13.1	4,707	14.4	5,481	6,356	7,332
Cash Flow (US\$m)										
Net income (before pref divs)	261	293	381	502	31.8	534	6.4	580	635	696
Depreciation & amortisation	127	138	140	182	30.2	161	-11.6	177	195	215
Net change in working capital	(163)	(104)	(55)	10	-	(11)	-	(11)	(13)	(15)
Other operating	146	139	179	36	-80.1	34	-3.8	38	41	46
Operating cash flow	371	465	645	730	13.1	719	-1.5	783	858	942
Tangible capital expenditure	(124)	(225)	(230)	(242)	-4.9	(270)	-11.9	(296)	(327)	(361)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	0	(13)	0	0	-	0	-	0	0	0
Investing cash flow	(124)	(238)	(230)	(242)	-4.9	(270)	-11.9	(296)	(327)	(361)
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(198)	(192)	(225)	(369)	-63.6	(300)	18.6	(210)	(220)	(230)
Change in debt & pref shares	(1)	(126)	(126)	0	99.7	0	-	0	0	0
Financing cash flow	(199)	(318)	(351)	(369)	-5.0	(300)	18.7	(210)	(220)	(230)
Cash flow inc/(dec) in cash	48	(91)	63	119	88.0	148	24.5	277	311	351
FX / non cash items	0	0	0	4	NM	(2)	-	0	0	0
Balance sheet inc/(dec) in cash	48	(91)	63	123	93.6	147	19.6	277	311	351

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Sprouts Farmers Market Inc (SFM.O)

Valuation (x)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
P/E (local GAAP, diluted)	12.2	13.2	23.9	33.8	31.4	28.6	25.8	23.4
P/E (UBS, diluted)	12.2	13.2	23.9	33.8	31.4	28.6	25.8	23.4
P/CEPS	8.2	9.0	17.4	24.8	24.1	21.9	19.8	17.8
Equity FCF (UBS) yield %	7.6	6.1	4.6	2.9	2.6	2.9	3.1	3.4
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	3.0	3.3	6.9	10.7	8.4	6.5	5.2	4.2
EV/revenues (core)	0.5	0.6	1.2	1.9	1.7	1.5	1.4	1.2
EV/EBITDA (UBS core)	6.7	7.3	13.9	20.0	19.1	17.3	15.5	13.8
EV/EBIT (core)	9.0	9.8	17.7	25.7	23.4	21.3	19.1	17.1
EV/OpFCF (core)	9.4	10.5	17.8	23.3	22.8	20.7	18.5	16.6
EV/op. invested capital	3.2	3.7	8.3	14.8	12.4	10.2	8.4	7.0
Enterprise value (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Market cap.	3,237	3,937	9,098	17,052	17,052	17,052	17,052	17,052
Net debt (cash)	(9)	(50)	(162)	(319)	(454)	(666)	(960)	(1,292)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	3,229	3,887	8,936	16,733	16,598	16,386	16,092	15,760
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	3,229	3,887	8,936	16,733	16,598	16,386	16,092	15,760
Growth (%)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Revenue	5.0	6.8	12.9	13.3	10.4	9.6	10.2	10.4
EBITDA (UBS)	5.6	10.0	20.7	29.5	4.1	8.9	9.6	9.8
EBIT (UBS)	7.3	10.6	27.3	29.3	8.5	8.7	9.5	9.6
EPS (UBS, diluted)	13.8	18.6	32.5	34.4	7.9	9.8	10.5	10.6
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Gross profit margin	36.7	36.9	38.1	38.7	38.7	38.8	38.8	38.9
EBITDA margin	7.6	7.8	8.4	9.5	9.0	8.9	8.9	8.8
EBIT (UBS) margin	5.6	5.8	6.5	7.5	7.3	7.3	7.2	7.2
Net earnings (UBS) margin	4.1	4.3	4.9	5.7	5.5	5.5	5.4	5.4
ROIC (EBIT)	36.0	37.8	47.0	57.5	53.0	47.8	44.1	41.2
ROIC post tax	26.9	28.5	35.3	44.0	39.8	35.9	33.1	30.9
ROE (UBS)	26.0	26.7	30.8	34.5	29.8	25.5	22.1	19.7
Capital structure & Coverage (x)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Net debt / EBITDA	(0.1)	(0.1)	(0.4)	(0.5)	(0.6)	(0.9)	(1.1)	(1.3)
Net debt / total equity %	(3.2)	(5.8)	(19.4)	(24.0)	(26.5)	(31.5)	(35.1)	(37.8)
Net debt / (net debt + total equity) %	(3.3)	(6.2)	(24.1)	(31.7)	(36.0)	(45.9)	(54.0)	(60.8)
Net debt/EV %	(0.3)	(1.3)	(1.8)	(1.9)	(2.7)	(4.1)	(6.0)	(8.2)
Capex / depreciation %	97.6	163.5	164.4	132.4	167.6	167.6	167.6	167.6
Capex / revenue %	1.9	3.3	3.0	2.8	2.8	2.8	2.8	2.8
EBIT / net interest	39.6	61.0	-	-	-	-	-	-
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Others	6,404	6,837	7,719	8,744	9,655	10,584	11,669	12,881
Total	6,404	6,837	7,719	8,744	9,655	10,584	11,669	12,881
EBIT (UBS) by division (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Others	358	396	504	652	708	770	843	924
Total	358	396	504	652	708	770	843	924

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	14.6%
Forecast dividend yield	0.0%
Forecast stock return	14.6%
Market return assumption	8.6%
Forecast excess return	6.0%

Company Description

Sprouts is a growing food retailer that operates throughout the US. As of the end of 2023, Sprouts operated over 400 stores in 23 states. The company targets healthy eaters and differentiates itself by offering a wide selection of natural and organic products, as well as other attribute-driven items that are hard to find at other grocers.

Valuation Method and Risk Statement

Our Price Target is based on a multiples analysis. Any considerable deterioration in consumer spending could bode poorly for comp growth and new store productivity. Any prolonged period of economic uncertainty, particularly impacting middle to upper income customers, could cause shoppers to reduce food spending and switch to lower cost alternatives.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Sprouts Farmers Market Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	52%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	20%
Sell	FSR is > 6% below the MRA.	8%	22%
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Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2025.

1:Percentage of companies under coverage globally within the 12-month rating category.

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Company Name	Reuters	12-month rating	Price	Price date
Sprouts Farmers Market Inc ^{13,16,28}	SFM.O	Neutral	US\$171.00	30 Apr 2025

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

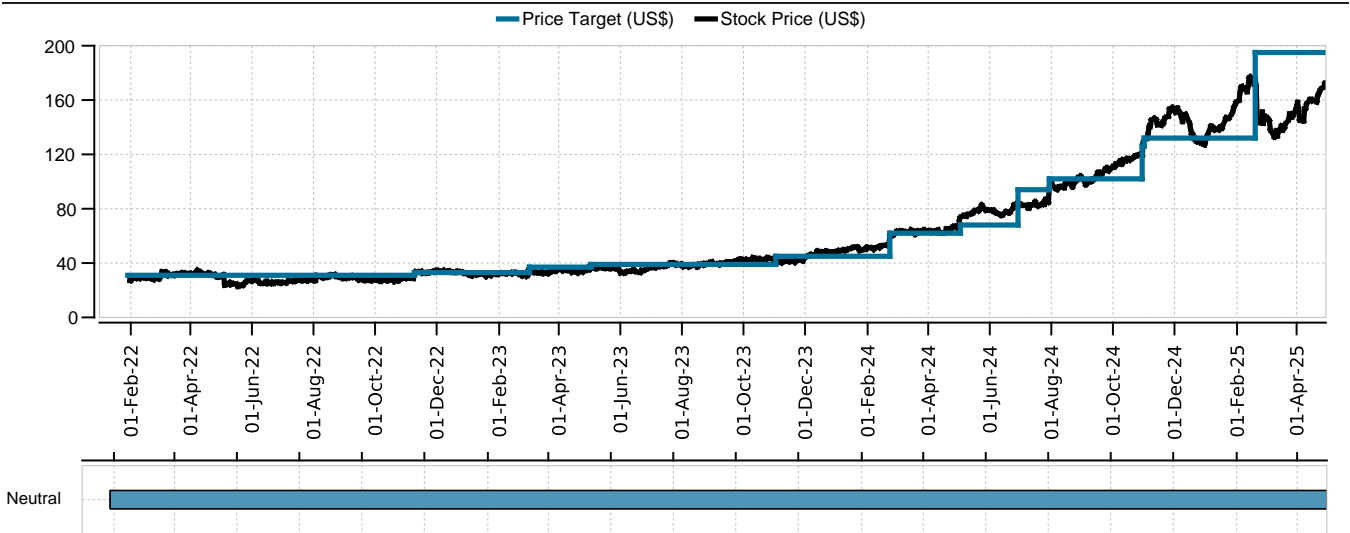
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Sprouts Farmers Market Inc (US\$)



Date	Stock Price (US\$)	Price Target (US\$)	Rating
2022-01-28	26.89	31.00	Neutral
2022-11-08	28.67	33.00	Neutral
2023-03-02	34.80	37.00	Neutral

Date	Stock Price (US\$)	Price Target (US\$)	Rating
2023-05-02	37.86	39.00	Neutral
2023-11-01	40.57	45.00	Neutral
2024-02-22	53.76	62.00	Neutral
2024-05-02	72.00	68.00	Neutral
2024-06-28	83.66	94.00	Neutral
2024-07-29	84.66	102.00	Neutral
2024-10-29	119.69	126.00	Neutral
2024-10-31	128.43	132.00	Neutral
2025-02-18	171.50	195.00	Neutral

Source: UBS Global Research; LSEG Eikon as of 30-Apr-2025. All prices as of local market close. Ratings as of date shown.

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