



SpartanNash Co (SPTN)

Updated February 15th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$20	5 Year CAGR Estimate:	8.7%	Market Cap:	\$686 M
Fair Value Price:	\$21	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	03/13/2025
% Fair Value:	96%	5 Year Valuation Multiple Estimate:	0.9%	Dividend Payment Date:	03/28/2025
Dividend Yield:	4.3%	5 Year Price Target	\$26	Years Of Dividend Growth:	14
Dividend Risk Score:	B	Retirement Suitability Score:	A	Rating:	Hold

Overview & Current Events

SpartanNash is a value-added wholesale grocery distributor and retailer. The corporation supplies 2,300 independent grocery retail locations in the United States. The company itself also owns 194 supermarkets. SpartanNash operates under retail banners such as Family Fare, Martin's Super Markets and D&W Fresh Market, to name a few. The company is also a distributor of grocery products to U.S. military commissaries. The food distribution company has a market capitalization of \$686 million and trades on the NYSE under the ticker symbol SPTN. SPTN is headquartered in Grand Rapids, Michigan. The company employs roughly 20,000 associates.

The SpartanNash company was formed as a merger between Spartan Stores and the Nash Finch Company in November 2013. The Nash Finch company started as a family-owned business in 1885. Spartan Stores was created in 1917 when 100 independent retailers grouped together to purchase products in bulk and pass along savings to the customers. In 2017, SpartanNash acquired Caito Foods, a company specializing in fresh produce distribution and certain assets from Blue Ribbon Transport, a managed freight, and logistics solutions company.

In 2024, SpartanNash acquired Metcalfe's Market, a three-store grocery chain in Wisconsin, Fresh Encounter Inc., a 49-store chain across Ohio, Indiana and Kentucky, and Markham Enterprises Inc., a three-store chain of convenience stores and fuel distributor in Michigan.

SpartanNash reported fourth quarter 2024 results on February 12th, 2025. Net sales of \$2.26 billion was a 0.7% increase from \$2.25 billion in the same prior-year period. Adjusted earnings increased by 20% year-over-year to \$0.42 per share and adjusted EBITDA rose by 9.3% to \$58.6 million.

The company's net long-term debt to adjusted EBITDA ratio rose sequentially from 2.4X to 2.8X during the quarter.

Leadership initiated its guidance for fiscal 2025, expecting adjusted EPS of \$1.60 to \$1.85 and total net sales of approximately \$9.8 to \$10 billion.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Adj. EPS	\$1.98	\$2.19	\$2.10	\$1.87	\$1.10	\$2.45	\$2.08	\$2.33	\$2.18	\$2.03	\$1.85	\$2.25
DPS	\$0.54	\$0.60	\$0.66	\$0.72	\$0.76	\$0.77	\$0.80	\$0.84	\$0.86	\$0.87	\$0.87	\$1.06
Shares¹	37.0	37.5	36.5	36.0	26.4	35.9	36.1	35.9	34.7	33.6	33.0	38.0

SpartanNash's adjusted earnings per share have demonstrated a fairly consistent track record of long-term growth. Over the last nine and five years, SPTN has increased adjusted earnings-per-share by 0.3% and 13% on average. Going forward, we believe the company can expect adjusted EPS to grow by 4.0% per year. This increase in earnings will support 4.0% annual growth in the dividend over the next five years as well, which is consistent with the company's nine and five-year average annual dividend growth rates of 5.4% and 2.7%, respectively.

The corporation aims to drive growth, increase efficiencies, and reduce costs. The COVID-19 pandemic increased customer demand for the food distribution business. The company is aiming to achieve nearly \$300 million of adjusted

¹ In millions

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EBITDA in 2025. Initiatives to achieve its target include increasing sales through customer acquisition and continued expansion into value-add offerings, and achieving savings between \$125 million to \$150 million during fiscal 2022 through fiscal 2025 through its supply chain and merchandising transformation initiatives, its go-to-market plan, marketing innovation, and cost leadership programs.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.4	13.3	14.3	11.1	13.1	7.1	10.0	13.4	11.1	10.1	11.0	11.5
Avg. Yld.	1.9%	2.1%	2.2%	3.5%	5.3%	4.4%	3.8%	2.5%	3.6%	4.3%	4.3%	4.1%

Historically, in the past ten and five years, SPTN has traded for 11.8 and 10.3 times adjusted earnings on average. SpartanNash’s current price-to-adjusted earnings multiple is below its historical average. We peg fair value for the business at 11.5 times adjusted earnings. As a result, we forecast a tailwind to total returns over the next five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	27%	27%	31%	39%	69%	31%	38%	36%	39%	43%	47%	47%

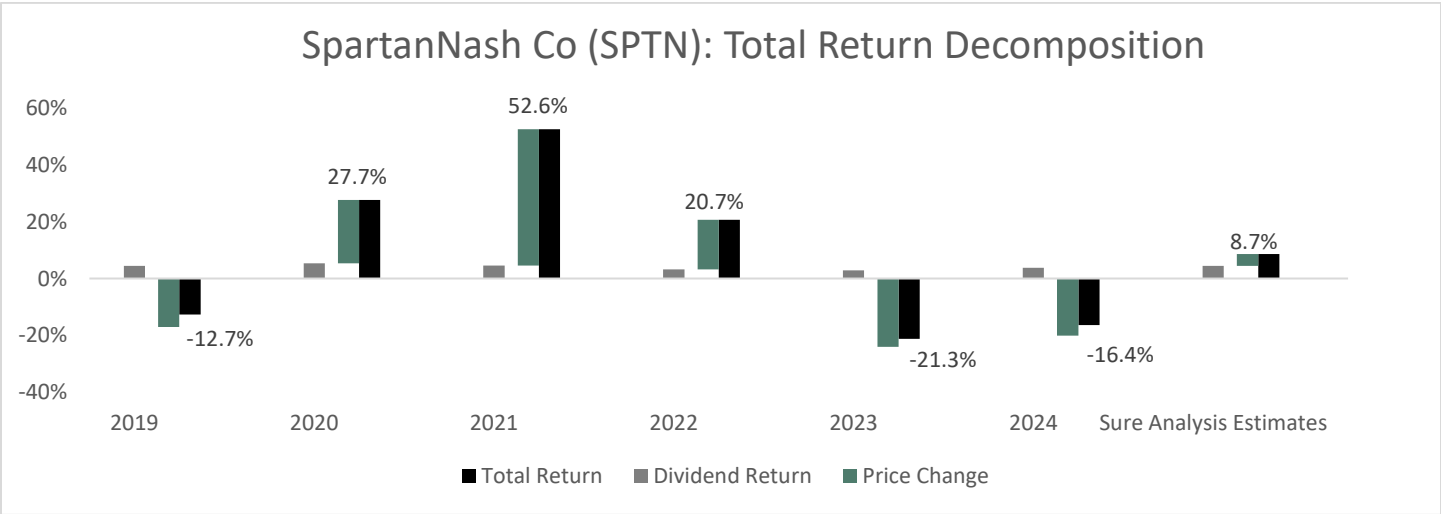
The company’s payout ratio has steadily crept up to sit at around 47% of adjusted earnings in 2025. As a result, we expect future dividend growth to come in lower than it has historically. We forecast that dividend growth will continue, and the dividend does not appear to be under threat. During the great financial crisis, earnings fell roughly 25% from start to end, but the company was still highly profitable. People need to eat, and the food business is essential regardless of the economic climate, so SPTN has some built-in recession resiliency. Throughout the crisis, the payout was never at risk.

The company’s competitive advantage is its unique business model of food distribution, retail, and military operations which allows for leveraging efficiencies of each segment, and at the same time supports the ability of its independent retailers to compete in the grocery industry long-term.

Final Thoughts & Recommendation

SpartanNash has a unique history spanning over a century, and a unique business model which promotes high operating efficiencies in the grocery business. We believe shares are currently trading at 96% fair value and offer 8.7% annual total returns over the next five years; thus, we rate SPTN as a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	7,652	7,561	7,964	8,065	8,536	9,348	8,931	9,643	9,729	9549
Gross Profit	1,116	1,111	1,145	1,110	1,244	1,425	1,404	1,497	1,486	1512
Gross Margin	14.6%	14.7%	14.4%	13.8%	14.6%	15.2%	15.7%	15.5%	15.3%	15.8%
SG&A Exp.	976	963	1,015	997	1,172	1,298	1,288	1,428	1,366	1381
D&A Exp.	85	79	84	83	88	90	93	94		
Operating Profit	140	148	130	113	71	127	116	70	119	131
Operating Margin	1.8%	2.0%	1.6%	1.4%	0.8%	1.4%	1.3%	0.7%	1.2%	1.4%
Net Profit	63	57	-53	34	6	76	74	35	52	0
Net Margin	0.8%	0.8%	-0.7%	0.4%	0.1%	0.8%	0.8%	0.4%	0.5%	0.0%
Free Cash Flow	143	83	-18	100	105	239	82	13	89	206
Income Tax	37	33	-79	7	-2	9	25	12	18	11

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,917	1,930	2,056	1,972	2,276	2,277	2,207	2,307	2,356	2602
Cash & Equivalents	23	24	16	19	24	20	11	29	18	22
Accounts Receivable	282	253	312	315	321	337	328	376	422	449
Inventories	521	540	597	554	537	542	522	571	575	546
Goodwill & Int. Ass.	386	383	313	308	312	297	292	289	284	299
Total Liabilities	1,126	1,105	1,334	1,256	1,588	1,542	14,24	1,540	1,577	1859
Accounts Payable	354	372	377	358	405	465	447	487	473	485
Long-Term Debt	487	431	750	698	689	486	406	504	597	754
Shareholder's Equity	791	825	722	716	688	735	783	766	778	743
LTD/E Ratio	0.62	0.52	1.04	0.98	1.00	0.66	0.52	0.66	0.77	1.01

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.3%	3.0%	-2.7%	1.7%	0.3%	3.3%	3.3%	1.5%	2.2%	0.0%
Return on Equity	8.2%	7.0%	-6.8%	4.7%	0.8%	10.7%	9.7%	4.5%	6.8%	0.0%
ROIC	4.8%	4.5%	-3.9%	2.3%	0.4%	5.8%	6.1%	2.8%	4.0%	0.0%
Shares Out.	37.0	37.5	36.5	36.0	26.4	35.9	35.9	36.3	34.9	34.2
Revenue/Share	206.45	204.95	216.57	228.93	241.41	267.27	253.24	265.56	278.77	279.18
FCF/Share	3.87	2.25	-0.49	2.84	2.98	6.84	2.32	0.36	2.56	6.02

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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