

J&J SNACK FOODS CORP
Form 10-Q
July 28, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 25, 2016

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-14616

J & J SNACK FOODS CORP.

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of incorporation or organization)

22-1935537
(I.R.S. Employer Identification No.)

6000 Central Highway, Pennsauken, NJ 08109

(Address of principal executive offices)

Telephone (856) 665-9533

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer (<input checked="" type="checkbox"/>)	Accelerated filer (<input type="checkbox"/>)
Non-accelerated filer (<input type="checkbox"/>)	Smaller reporting company (<input type="checkbox"/>)

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As July 20, 2016 there were 18,657,757 shares of the Registrant's Common Stock outstanding.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	June 25, 2016 (unaudited)	September 26, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 104,321	\$ 133,689
Marketable securities held to maturity	9,667	-
Accounts receivable, net	114,543	102,649
Inventories	94,906	82,657
Prepaid expenses and other	5,109	6,557
Deferred income taxes	3,332	3,266
Total current assets	331,878	328,818
Property, plant and equipment, at cost		
Land	2,496	2,496
Buildings	26,741	26,741
Plant machinery and equipment	225,055	210,728
Marketing equipment	274,371	266,047
Transportation equipment	7,490	6,866
Office equipment	21,739	20,586
Improvements	34,529	28,725
Construction in progress	4,919	9,486
Total Property, plant and equipment, at cost	597,340	571,675
Less accumulated depreciation and amortization	414,872	399,621
Property, plant and equipment, net	182,468	172,054
Other assets		
Goodwill	86,442	86,442
Other intangible assets, net	41,895	45,819
Marketable securities held to maturity	96,197	66,660
Marketable securities available for sale	29,440	39,638
Other	2,913	3,504
Total other assets	256,887	242,063
Total Assets	\$ 771,233	\$ 742,935
Liabilities and Stockholders' Equity		
Current Liabilities		
Current obligations under capital leases	\$ 363	\$ 273
Accounts payable	65,866	59,206
Accrued insurance liability	10,705	10,231
Accrued liabilities	5,587	5,365
Accrued compensation expense	14,608	15,318

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Dividends payable	7,257	6,723
Total current liabilities	104,386	97,116
Long-term obligations under capital leases	1,327	1,196
Deferred income taxes	43,657	43,789
Other long-term liabilities	813	915
Stockholders' Equity		
Preferred stock, \$1 par value; authorized 10,000,000 shares; none issued	-	-
Common stock, no par value; authorized, 50,000,000 shares; issued and outstanding 18,618,000 and 18,676,000 respectively	21,756	31,653
Accumulated other comprehensive loss	(13,426)	(10,897)
Retained Earnings	612,720	579,163
Total stockholders' equity	621,050	599,919
Total Liabilities and Stockholders' Equity	\$ 771,233	\$ 742,935

The accompanying notes are an integral part of these statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(in thousands, except per share amounts)

	Three months ended		Nine months ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Net Sales	\$277,981	\$278,724	\$730,541	\$716,484
Cost of goods sold ⁽¹⁾	185,895	188,328	505,871	498,037
Gross Profit	92,086	90,396	224,670	218,447
Operating expenses				
Marketing ⁽²⁾	23,721	23,201	63,714	62,674
Distribution ⁽³⁾	19,006	20,429	54,784	55,583
Administrative ⁽⁴⁾	8,530	7,910	23,857	22,897
Other general expense	392	45	239	67
Total operating expenses	51,649	51,585	142,594	141,221
Operating Income	40,437	38,811	82,076	77,226
Other income (expense)				
Investment income (loss)	981	(53)	3,118	2,579
Interest expense & other	(31)	(34)	(94)	(88)
Earnings before income taxes	41,387	38,724	85,100	79,717
Income taxes	14,596	14,262	29,743	29,362
NET EARNINGS	\$26,791	\$24,462	\$55,357	\$50,355
Earnings per diluted share	\$1.43	\$1.30	\$2.95	\$2.68
Weighted average number of diluted shares	18,705	18,823	18,765	18,815
Earnings per basic share	\$1.44	\$1.31	\$2.97	\$2.70
Weighted average number of basic shares	18,615	18,691	18,646	18,683

(1) Includes share-based compensation expense of \$174 and \$445 for the three months and nine months ended June 25, 2016, respectively and \$134 and \$354 for the three months and nine months ended June 27, 2015.

(2) Includes share-based compensation expense of \$264 and \$673 for the three months and nine months ended June 25, 2016, respectively and \$201 and \$531 for the three months and nine months ended June 27, 2015.

(3) Includes share-based compensation expense of \$13 and \$35 for the three months and nine months ended June 25, 2016, respectively and \$12 and \$33 for the three months and nine months ended June 27, 2015.

(4) Includes share-based compensation expense of \$228 and \$581 for the three months and nine months ended June 25, 2016, respectively and \$269 and \$707 for the three months and nine months ended June 27, 2015.

The accompanying notes are an integral part of these statements.

J&J SNACK FOODS CORP. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)
 (in thousands)

	Three months ended		Nine months ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Net Earnings	\$26,791	\$24,462	\$55,357	\$50,355
Foreign currency translation adjustments	(1,387)	(420)	(2,067)	(3,289)
Unrealized holding gain (loss) on marketable securities	640	371	(462)	(1,018)
Total Other Comprehensive Income (loss)	(747)	(49)	(2,529)	(4,307)
Comprehensive Income	\$26,044	\$24,413	\$52,828	\$46,048

The accompanying notes are an integral part of these statements.

J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (in thousands)