J&J Snack Foods Corp. (JJSF)

Updated February 18th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$124	**5 Year CAGR Estimate:**	16.1%	**Market Cap:**	$2.4 B
Fair Value Price:	$175	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date[1]:**	03/18/25
% Fair Value:	71%	**5 Year Valuation Multiple Estimate:**	7.1%	**Dividend Payment Date[1]:**	04/08/25
Dividend Yield:	2.5%	**5 Year Price Target**	$245	**Years Of Dividend Growth:**	21
Dividend Risk Score:	D	**Retirement Suitability Score:**	D	**Rating:**	Buy

Overview & Current Events

J&J Snack Foods (JJSF) manufactures, markets, and distributes snack foods to retail supermarkets and food service locations throughout North America. The business's three segments are Retail Supermarkets, which includes sales to supermarkets, Food Service, which includes sales to non-supermarket locations, and Frozen Beverages, which includes sales of their frozen treats like Icee, Slush Puppie, and Parrot Ice. Food Service has historically accounted for the bulk of sales; in 2024, Food Service accounted for 62.6% of sales, Retail Supermarkets accounted for 14.1% of sales, and Frozen Beverages accounted for 23.3% of sales.

In 2022, J&J Snack Foods completed a $222 million acquisition of Dippin' Dots, a powerful ice cream brand. Aside from strong brands, the business has strong distribution channels, which helps it get its products into supermarkets and various food service locations, including snack bars, malls, shopping centers, sports arenas, theme parks, convenience stores, movie theatres, schools, and more.

On February 3rd, 2025, J&J Snack Foods reported first-quarter results for the period ending December 28th, 2024. The company achieved earnings per diluted share of $0.26, which was a decrease of 29.7% compared to the $0.37 for the same quarter last year. The company recorded a 4.1% increase in net sales to $362.6 million, driven by growth across all three business segments. The Retail Supermarket segment saw a year-over-year increase in sales of 2.2%, while the Frozen Beverage segment grew 4.0%, with beverage sales up 6.4%, led by volume growth in the theatre channel. Dippin' Dots sales also increased 8.4% year-over-year. However, softness in certain Food Service products, particularly churros, which declined 9.2%, impacted overall performance. Gross profit declined slightly to $93.9 million, compared to $94.6 million last year, with gross margin contracting to 25.9% from 27.2%, reflecting input cost inflation and an unfavorable sales mix. Total operating expenses for the quarter were $87.7 million, representing 24.2% of sales, with strategic marketing and selling initiatives continuing to support core brands and new product launches. Distribution costs as a percentage of sales improved to 10.9% from 11.6%, reflecting better logistics management. Adjusted EBITDA decreased 16.3% to $25.3 million.

The company's cash position remained strong, with cash and cash equivalents at $73.6 million, up from $50.0 million at the end of the previous fiscal year. Additionally, J&J Snack Foods continued its capital investment, with $19.1 million in capital expenditures during the quarter, focusing on enhancing production capabilities and supporting future growth.

Looking ahead, the company remains optimistic about margin recovery in fiscal 2025, with additional pricing actions implemented in Q2 and continued operational efficiencies. A $50 million share repurchase authorization was also announced, reflecting confidence in long-term value creation.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$3.73	$4.05	$4.21	$4.46	$5.00	$0.96	$2.91	$2.46	$4.08	$4.45	***$5.00***	***$7.01***
DPS	$1.44	$1.56	$1.68	$1.80	$2.00	$2.30	$2.42	$2.60	$2.80	$3.12	***$3.12***	***$3.80***
Shares	19	19	19	19	19	19	19	19	19	19	***19***	***19***

[1] Estimated date

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Over the past decade, J&J Snack Foods has seen earnings-per-share increase at an average annualized rate of 2.0%. The business saw a decrease in earnings-per-share in 2020 and 2021 due to decreased sales from the COVID-19 pandemic, but the business's performance has rebounded. From 2015 to 2024, the business saw annual earnings-per-share growth of 2.0%, but this accelerated to 39.1% when looking at last five years. We forecast earnings-per-share to grow at 7% annually. Over the past 10 years, dividend payments have grown at 9.0% annually. J&J Snack Foods has a 21-year consecutive track record of increasing its dividend payments. In August 2024, the quarterly dividend increased by 6.1% from $0.735 to $0.78 per share.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	28.8	27.9	30.7	32.0	32.3	161.8	54.3	41.2	26.9	29.5	***24.9***	***35.0***
Avg. Yld.	1.9%	1.4%	1.3%	1.3%	1.2%	1.5%	1.6%	1.8%	1.7%	1.9%	***2.5%***	***1.5%***

Over the past decade, J&J Snack Foods has averaged a P/E ratio of 46.5. Based on the steady history of valuation multiples and excluding the spike in 2020, we estimate that a P/E ratio of 35 is fair for the business. Today, the stock offers a 2.5% dividend yield, which could be low for investors who prioritize dividend income, but investors might consider the company if they are interested in the company's growth potential.

Safety, Quality, Competitive Advantage, & Recession Resiliency

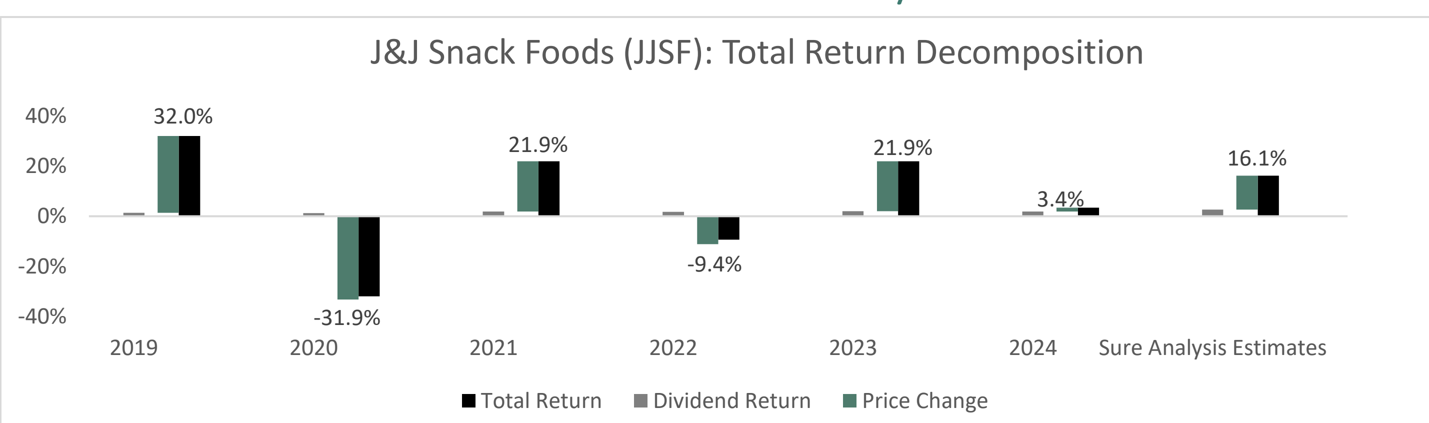
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	39%	39%	40%	40%	40%	240%	83%	106%	69%	70%	***62%***	***54%***

J&J Snack Foods has averaged a payout ratio of 77% over the past decade. Additionally, the business has a strong balance sheet, with more current assets on the balance sheet than total liabilities, even after the $222 million Dippin' Dot acquisition. As a business in the Consumer Staple sector, this business has a certain degree of recession resiliency, because people are always going to seek out food products. The company has a competitive advantage due to the strong brand names that it owns.

Final Thoughts & Recommendation

J&J Snack Foods is a business with well-known snack food brands like Auntie Anne's, Luigi's, etc. The company has a strong distribution system to successfully get these products into retail supermarkets and food service locations. At today's price, we rate the stock as a buy because total return prospects come in at 16.1% annually over the next five years. This projection is driven by a 2.5% dividend yield, an estimated 7% annual growth in earnings-per-share, and a valuation tailwind.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	976	993	1,084	1,138	1,186	1,022	1,145	1,381	1,559	1,575
Gross Profit	301	304	331	336	350	238	299	370	470	486
Gross Margin	30.8%	30.7%	30.5%	29.5%	29.5%	23.3%	26.1%	26.8%	30.1%	30.9%
SG&A Exp.	190	191	213	225	233	215	226	307	359	369
D&A Exp.	38	40	42	46	49	53	49	53	63	71
Operating Profit	111	113	118	111	117	24	72	63	111	118
Op. Margin	11.4%	11.4%	10.9%	9.7%	9.9%	2.3%	6.3%	4.6%	7.1%	7.5%
Net Profit	70	76	79	104	95	18	56	47	79	87
Net Margin	7.2%	7.7%	7.3%	9.1%	8.0%	1.8%	4.9%	3.4%	5.1%	5.5%
Free Cash Flow	55	73	53	63	90	34	48	-61	68	100
Income Tax	42	41	43	15	32	3	18	15	29	32

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	740	790	867	932	1,019	1,057	1,122	1,217	1,277	1,365
Cash & Equivalents	134	141	91	111	192	196	283	35	50	73
Acc. Receivable	103	98	125	132	141	127	163	208	198	189
Inventories	83	89	103	113	116	109	123	180	172	173
Goodwill & Int.	132	128	164	160	157	203	200	376	369	367
Total Liabilities	140	153	185	173	186	247	277	354	366	408
Accounts Payable	59	62	73	70	72	73	97	108	91	89
Long-Term Debt	---	---	---	---	---	---	---	55	27	---
Total Equity	600	638	682	759	834	809	846	863	912	957
LTD/E Ratio	---	---	---	---	---	---	---	0.06	0.03	---

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	9.7%	9.9%	9.6%	11.5%	9.7%	1.8%	5.1%	4.0%	6.3%	6.6%
Return on Equity	12.1%	12.3%	12.0%	14.4%	11.9%	2.2%	6.7%	5.5%	8.9%	9.3%
ROIC	12.1%	12.3%	12.0%	14.4%	11.9%	2.2%	6.7%	5.4%	8.5%	9.1%
Shares Out.	19	19	19	19	19	19	19	19	19	19.5
Revenue/Share	51.88	52.89	57.62	60.49	62.58	53.70	59.82	71.86	80.67	80.97
FCF/Share	2.94	3.86	2.83	3.37	4.77	1.80	2.50	-3.19	3.50	5.12

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