J&J Snack Foods Corp. (JJSF)

Updated May 19th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$117	**5 Year CAGR Estimate:**	13.2%	**Market Cap:**	$2.3 B
Fair Value Price:	$142	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	06/17/25
% Fair Value:	82%	**5 Year Valuation Multiple Estimate:**	4.0%	**Dividend Payment Date:**	07/08/25
Dividend Yield:	2.7%	**5 Year Price Target**	$199	**Years Of Dividend Growth:**	21
Dividend Risk Score:	D	**Sector:**	Consumer staples	**Rating:**	Hold

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 May 6th, 2025, the company reported fiscal second-quarter 2025 results for the period ending March 29th, 2025. Earnings per diluted share declined to $0.25, down 64% from $0.69 in the prior year. Adjusted EPS was $0.35, down 58% year-over-year. Net sales decreased 1.0% to $356.1 million, primarily due to declines in the Frozen Beverage and Food Service segments, which offset growth in Retail Supermarkets. Gross profit fell to $95.7 million from $108.2 million, with gross margin compressing to 26.9% from 30.1%. Total operating expenses were $89.7 million, or 25.2% of sales, slightly higher than the 25.1% in Q2 2024. Adjusted EBITDA declined 33% to $26.2 million.

Retail Supermarket segment sales rose 1.8%, with frozen novelties up 14.7%. However, Food Service segment sales dropped 1.7%, as churro sales declined 18.7% and pretzel sales fell 7.9%. Frozen Beverage segment sales declined 0.9%, with beverage sales down 7.1% amid theater channel weakness.

The company's cash position remained strong, with cash and cash equivalents at $48.5 million, down from $73.4 million at the end of Q1. Additionally, J&J Snack Foods continued its capital investment, with $19.5 million in capital expenditures during the second 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 the third quarter and continued operational efficiencies. North American box office sales, a key driver for Frozen Beverages, are projected to rebound over the previous year by 30% or more during the upcoming quarter.

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	***$4.05***	***$5.68***
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[1]	19	19	19	19	19	19	19	19	19	19	***20***	***20***

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,

[1] In millions

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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 33.4% 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. A repurchase of approximately 39,000 shares for $5.0 million during the quarter also reflects the company's confidence in long-term value creation under the its broader $50 million share repurchase authorization.

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	***28.8***	***35.0***
Avg. Yld.	1.9%	1.4%	1.3%	1.3%	1.2%	1.5%	1.6%	1.8%	1.7%	1.9%	***2.7%***	***1.9%***

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 2.7% 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

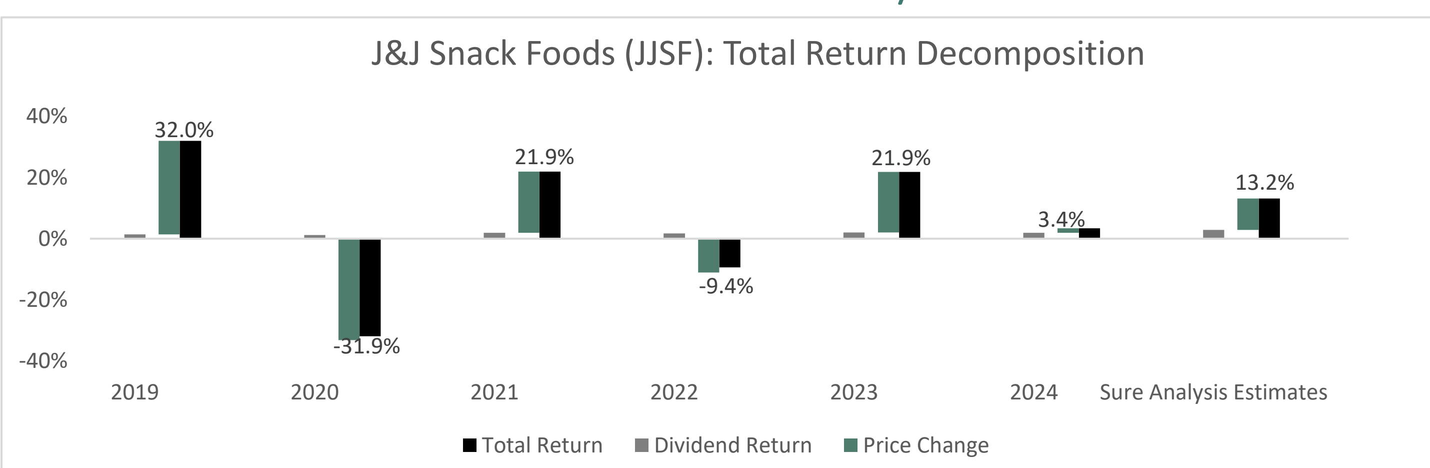
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	39%	39%	40%	40%	40%	240%	83%	106%	69%	70%	***77%***	***67%***

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 estimate total return potential of 13.2% per year for the next five years based on an 7.0% earnings-per-share growth, a 2.7% yield, and a valuation tailwind. Shares earn a hold rating.

Total Return Breakdown by Year



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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.