



**JOHN B. SANFILIPPO & SON, INC.**

# **IDEAS CONFERENCE - BOSTON**

May 17, 2017

NASDAQ: JBSS



*The Global Source For Nuts®*

# ***Forward-Looking Statements***

Some of the statements in this presentation and any statements by management constitute “forward-looking statements” about John B. Sanfilippo & Son, Inc. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business and the markets in which we operate. In some cases, you can identify forward-looking statements by the use of words such as “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “forecast,” “predict,” “propose,” “potential” or “continue” or the negative of those terms or other comparable terminology. These statements represent our present expectations or beliefs concerning future events and are not guarantees. Such statements speak only as of the date they are made, and we do not undertake any obligation to update any forward-looking statement.

We caution that forward-looking statements are qualified by important factors, risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Our periodic reports filed with the Securities and Exchange Commission, including our Forms 10-K and 10-Q and any amendments thereto, describe some of these factors, risks and uncertainties.



# Who is JBSS?

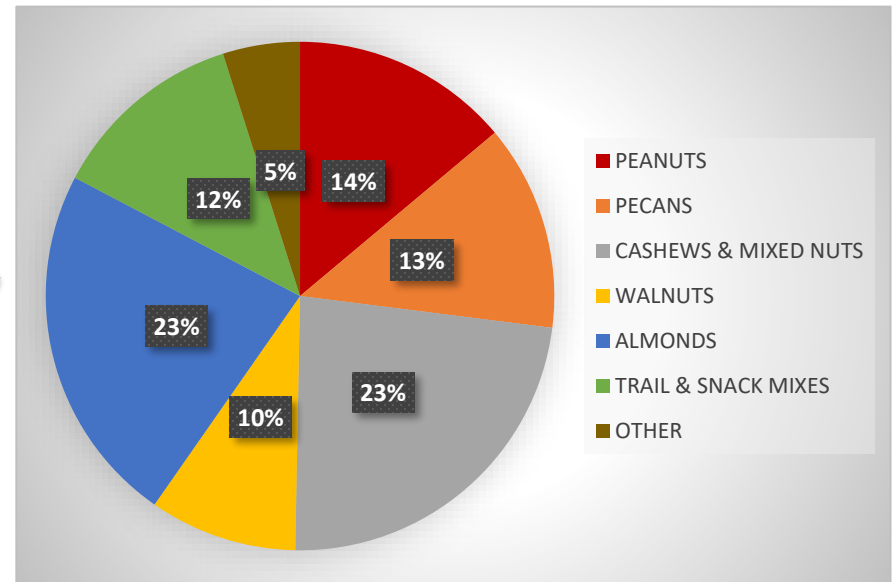
- One of the largest nut processors in the world with fiscal 2016 annual net sales in excess of \$952 million
- State-of-the-art nut processing capabilities, including what we believe is the single largest nut processing facility in the world
- A North American market leader in every major selling channel – from consumer and commercial ingredient customers to contract manufacturing customers
- Dual consumer strategy of branded nut and dried fruit programs (*Fisher, Orchard Valley Harvest*) as well as private brands
- Commodity procurement expertise with buyers averaging over 20+ years experience
- A category leader in packaging and product innovation
- Vertically integrated nut processing operation for pecans, peanuts and walnuts



# We Are Experts In Every Nut Type

***Fiscal Year 2016***

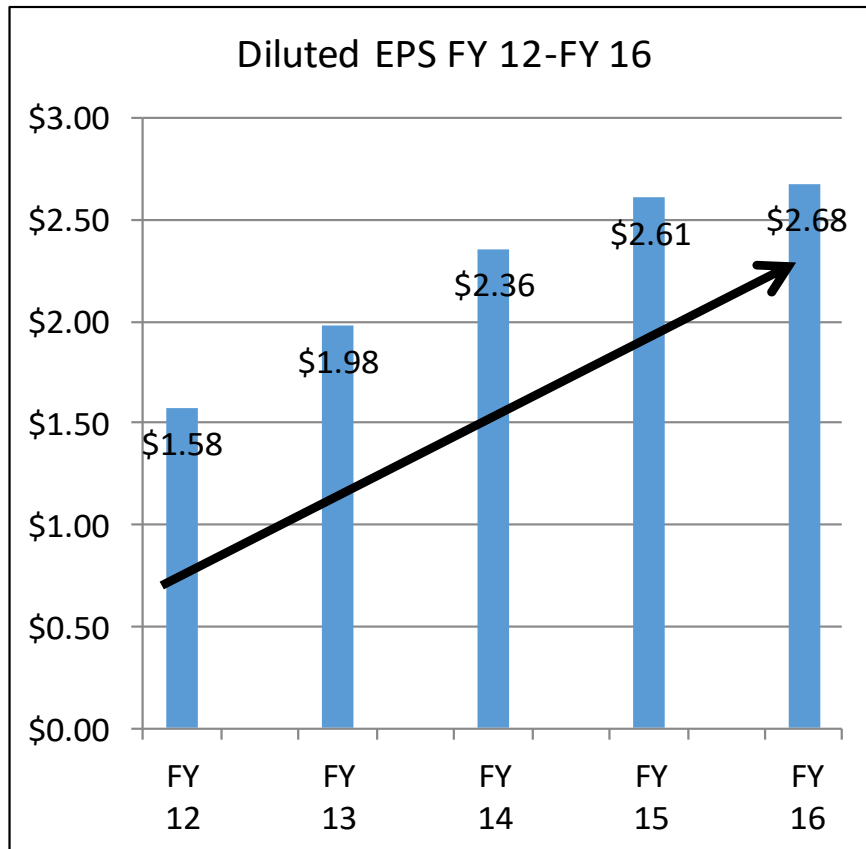
- Full assortment of nut types
- Full variety of value-added products
- Wide variety of dried fruit and other snack products
- Customized, unique product formulas



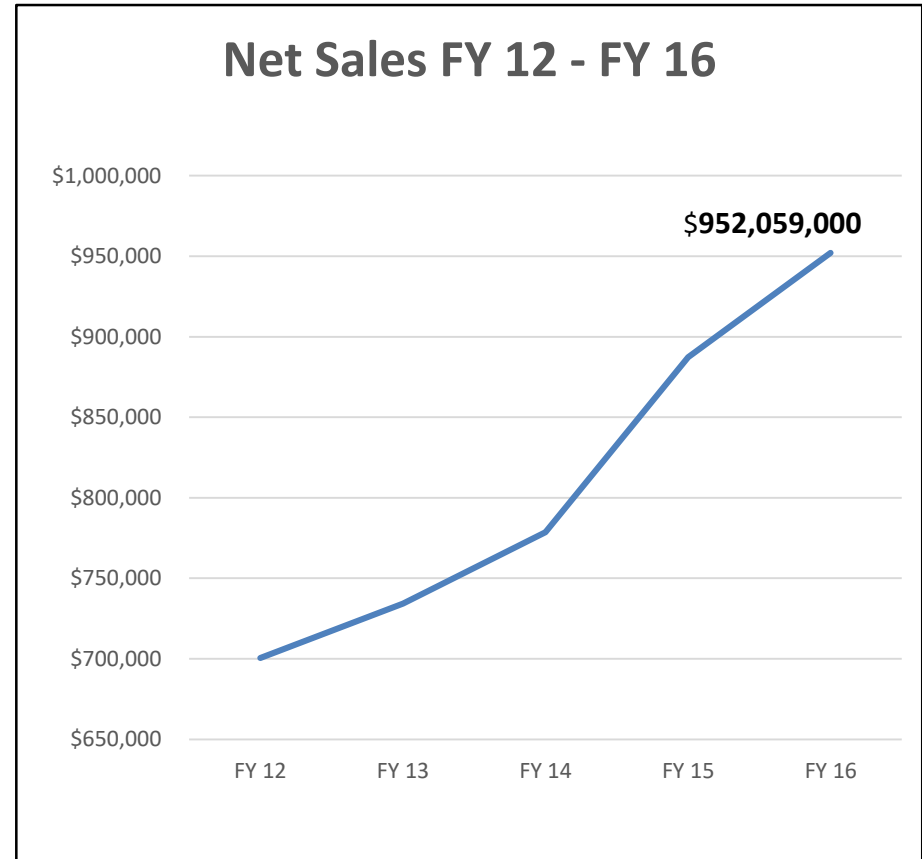
% of total gross sales



# CONSISTENT SUCCESS OVER PAST 5 FISCAL YEARS



**Diluted EPS improvement of 70% from FY 12 to FY 16**



**Net Sales increased by 7% over FY 15 to a record \$952.1 million**



# JBSS STOCK PERFORMANCE VS RUSSELL 2000 OVER THE LAST TWO YEARS



**JBSS outperformed the Russell 2000 Index by over 15%.**





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# STRATEGY UPDATE



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BUILDING OUR FUTURE



## GROW JBSS BRANDS

Utilize consumer insights to develop products and integrated marketing programs that build brand equity, meet consumer needs, and grow the category for our retail partners.



## EXPAND CONSUMER REACH

Win new customers by entering new channels, launching differentiated products and investing in new businesses.



## CREATE VALUE WITH KEY CUSTOMERS

Be the trusted partner by offering supply chain and category expertise, quality, food safety, flexibility, innovation and customer support.

ACCOUNTABILITY

•

CONSUMER INSIGHTS

ENGAGEMENT

•

EXPERTISE

FOCUSED EXECUTION

•

INNOVATION

INTEGRITY

•

SUPPLY CHAIN EXCELLENCE

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# Develop and Launch Sales in Alternative Channels



## EXPAND CONSUMER REACH

Win new customers by entering new channels, launching differentiated products and investing in new businesses.



Dollar  
Store

E-Commerce

Non-  
Commercial  
Foodservice

Club  
Stores



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# FY 2016 Accomplishments



## GROW JBSS BRANDS

- Build Fisher and Orchard Valley Harvest into leading nut brands.
- Utilize consumer insights to develop products and integrated marketing programs that build brand equity, meet consumer needs, and grow the category for our retail partners.
- Focus on consumers demanding quality nuts in snacking, recipe and produce categories.

- *Fisher* recipe nuts increased pound market share by +2.6 points.
- *Fisher* snack nuts pound market share grew +0.6 point in the high franchise Midwest.
- Strong growth in Produce Nut category.



Source : IRI FY Ending 6/26/16

Total US MULO for Recipe Nuts ;

Fisher Core (Milwaukee, Minneapolis, Chicago, and St Louis) MULO for Fisher Snack



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# FY 2016 Accomplishments



## CREATE VALUE WITH KEY CUSTOMERS

Be the trusted partner by offering supply chain and category expertise, quality, food safety, flexibility, innovation and customer support.

- Leveraged our innovation capabilities to launch 30 new items for our key Contract Manufacturing customers.
- Optimized Food Service structure and go to market strategy for Fisher and Orchard Valley Harvest.
- Expanded *Fisher* brand awareness and distribution in the Commercial Ingredients channel.



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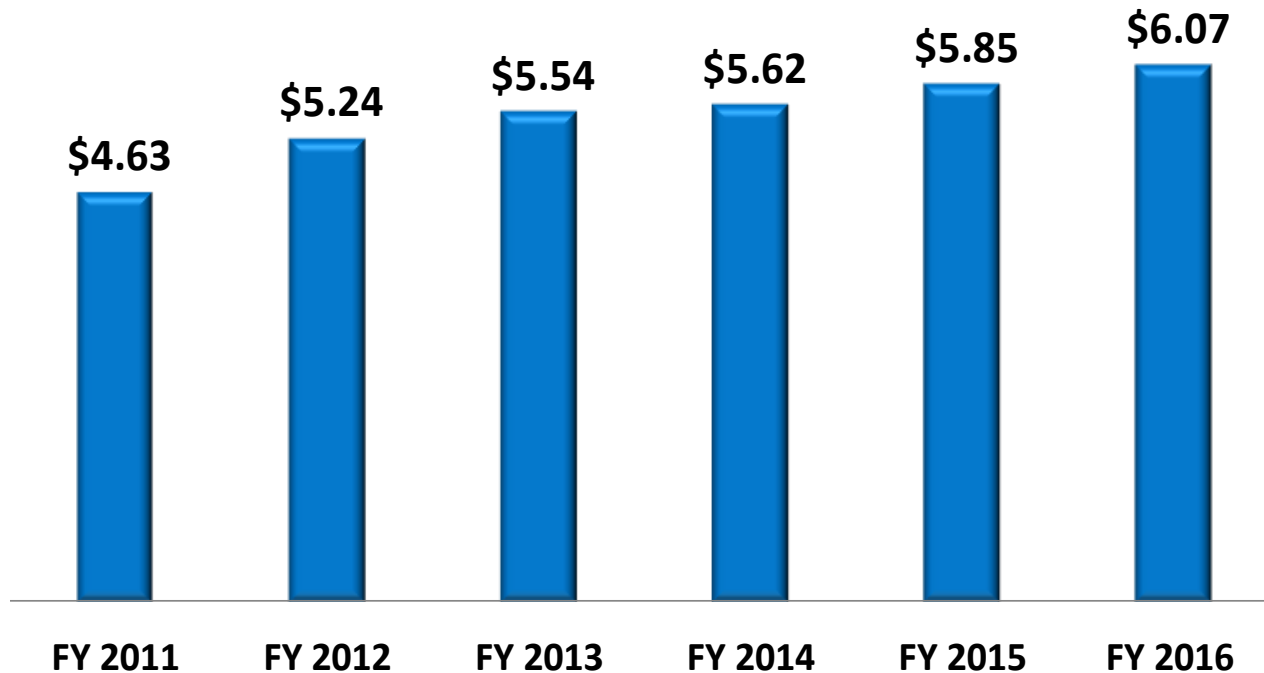
# NUT CATEGORY REVIEW



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# ***Steady Increase in Nut Retail Prices Since FY 2011***

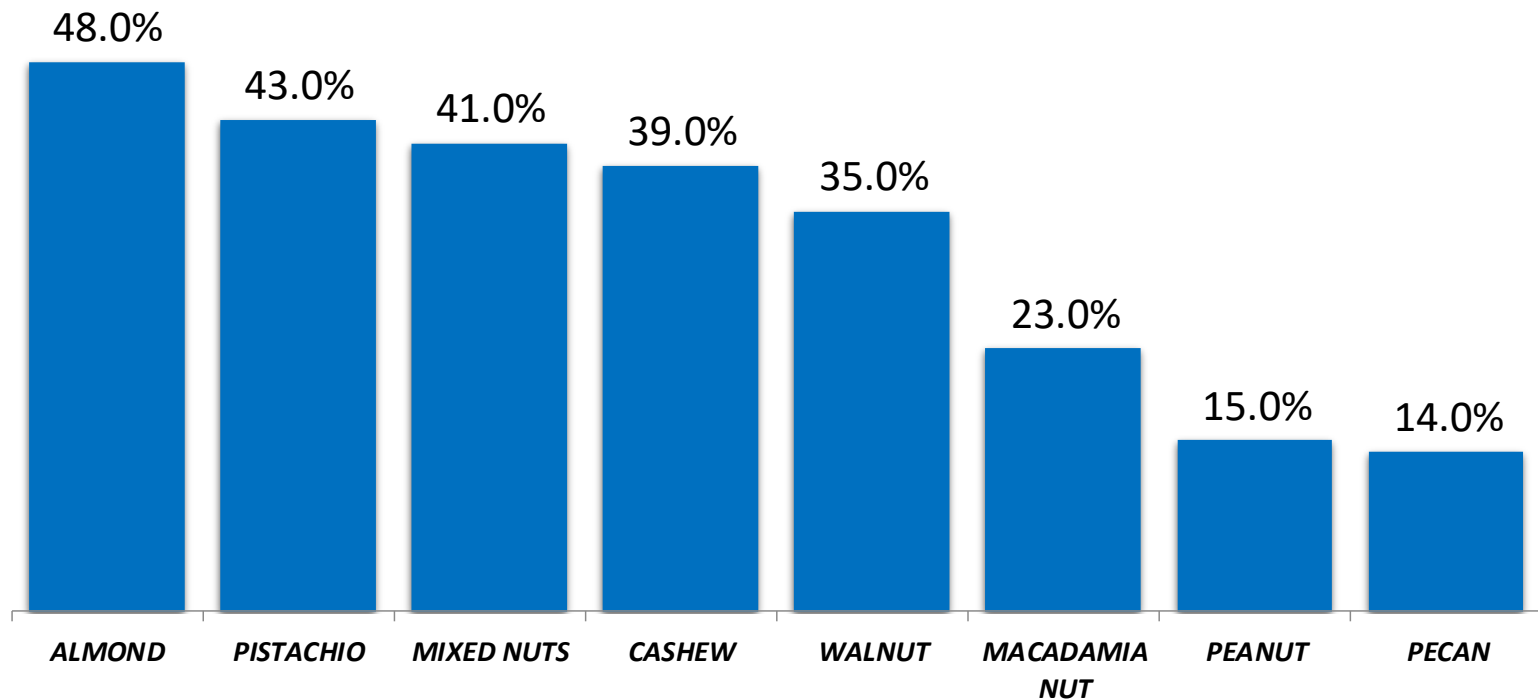
***Price Per Pound***



**+ 31%  
since  
FY 2011**

# ***Retail Prices Up Across Most Major Nut Types over the Last 5 Years***

***% Increase in Price Per Pound Since FY '11***



Source: IRI: Total Nut Category – Multi Outlet Geography  
Time Periods: to FY 11 Year Ending 7/3/11 to FY 2016 data ending 6/26/16

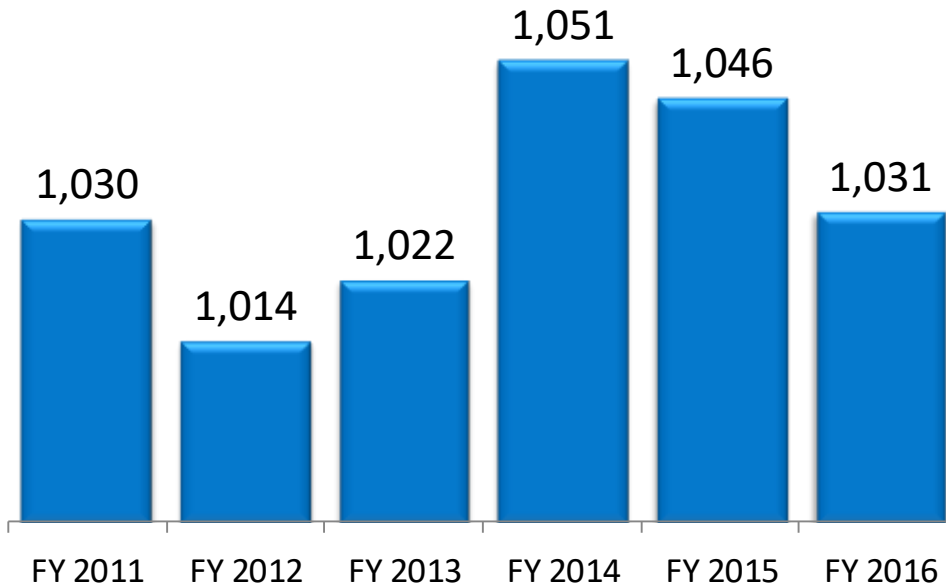


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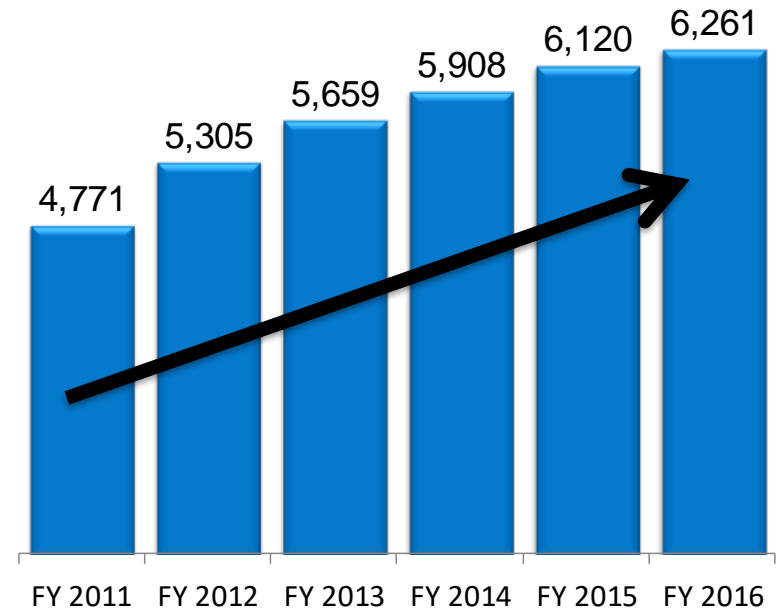


# Steady Category \$ Growth

**Category Pound Sales (M)**



**Category \$ Sales (M)**





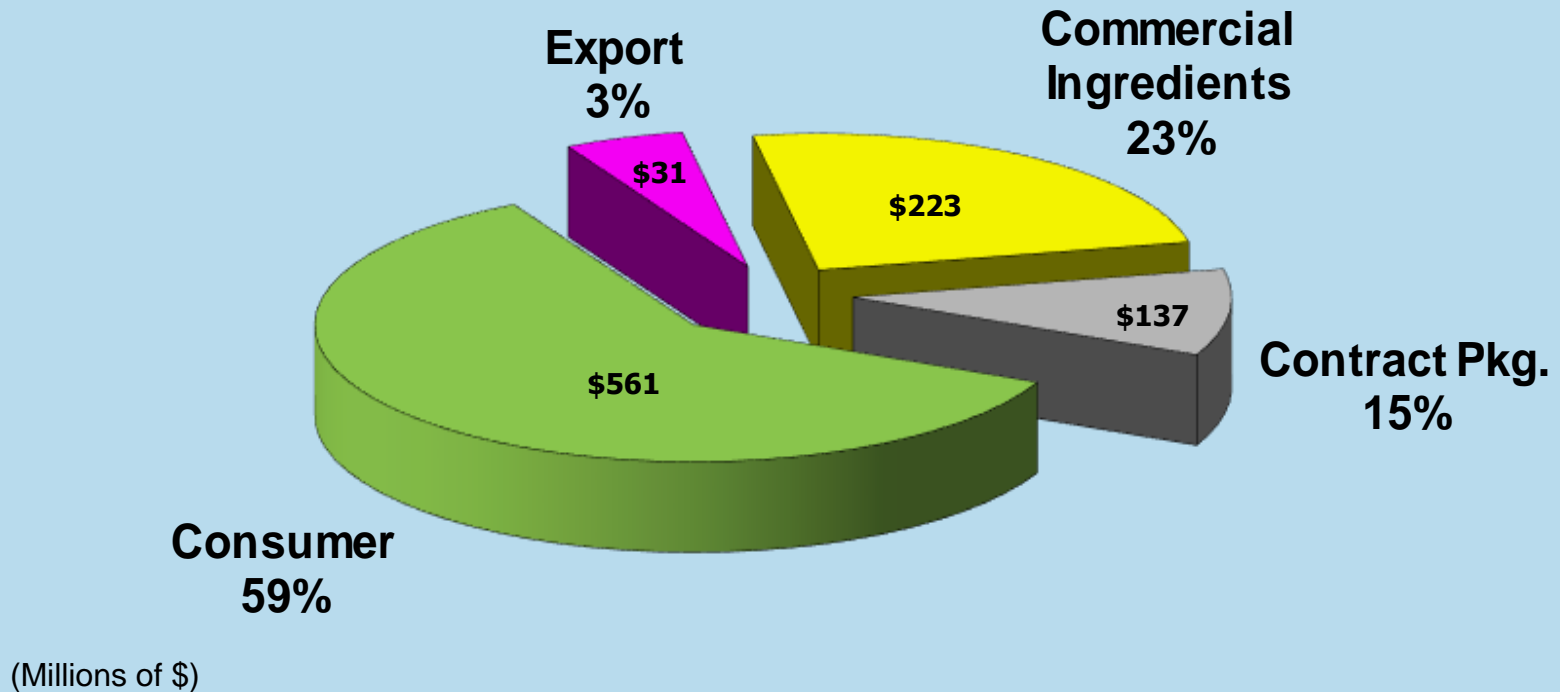
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# SALES CHANNEL UPDATES



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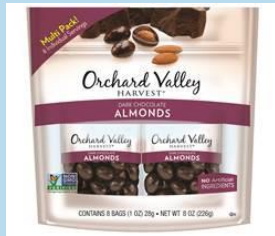
# ***Business Channel Diversification***



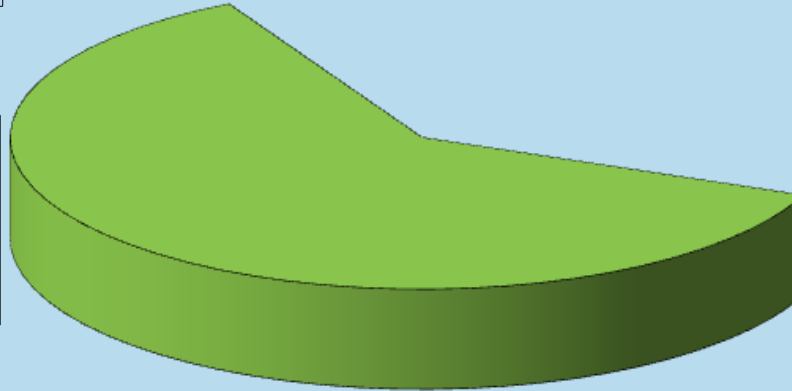
***Fiscal 2016 Net Sales \$952 Million***



# FY 2016 Consumer Channel



Consumer  
59%



**6.1%**  
vs. FY 15



## Fiscal 2016 Net Sales \$561 Million

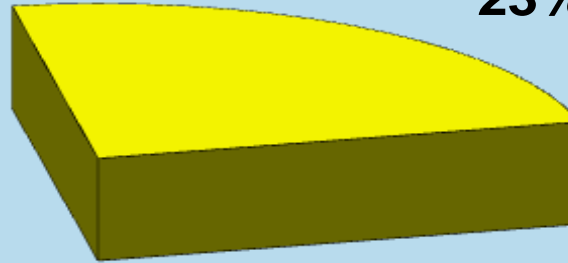


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# ***FY 2016 Commercial Ingredients Channel***



**Commercial  
Ingredients  
23%**



**7.3%**  
vs. FY 15

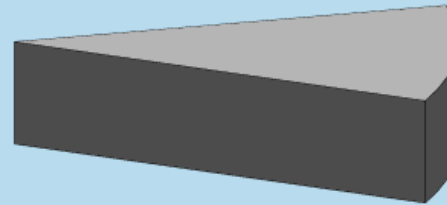
***Fiscal 2016 Net Sales \$223 Million***



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## ***FY 2016 Contract Packaging Channel***

**Contract  
Packaging  
15%**



**19.4%**  
vs. FY 15

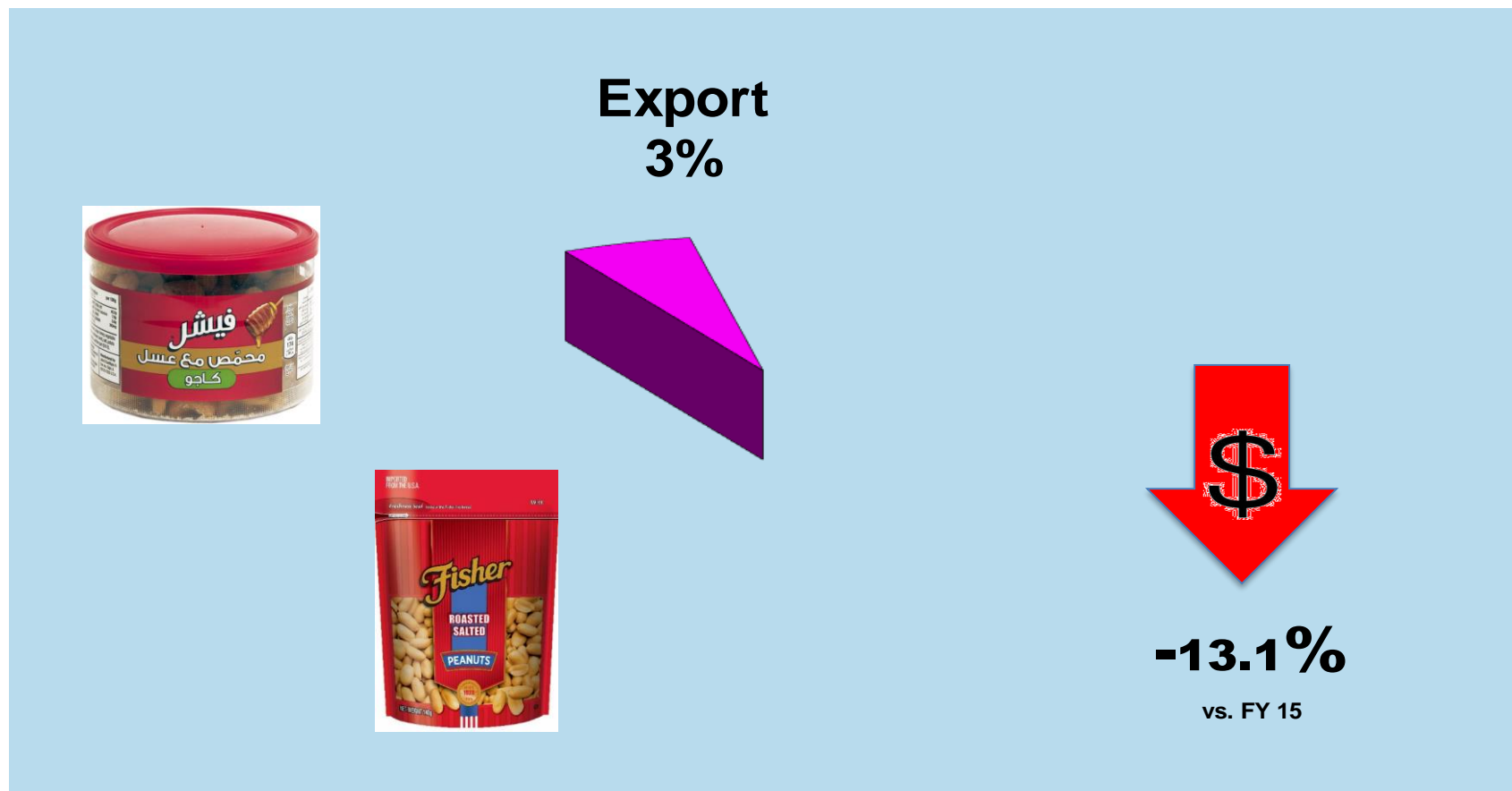
***Fiscal 2016 Net Sales \$137 Million***



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## ***FY 2016 Export Channel***



***Fiscal 2016 Net Sales \$31 Million***





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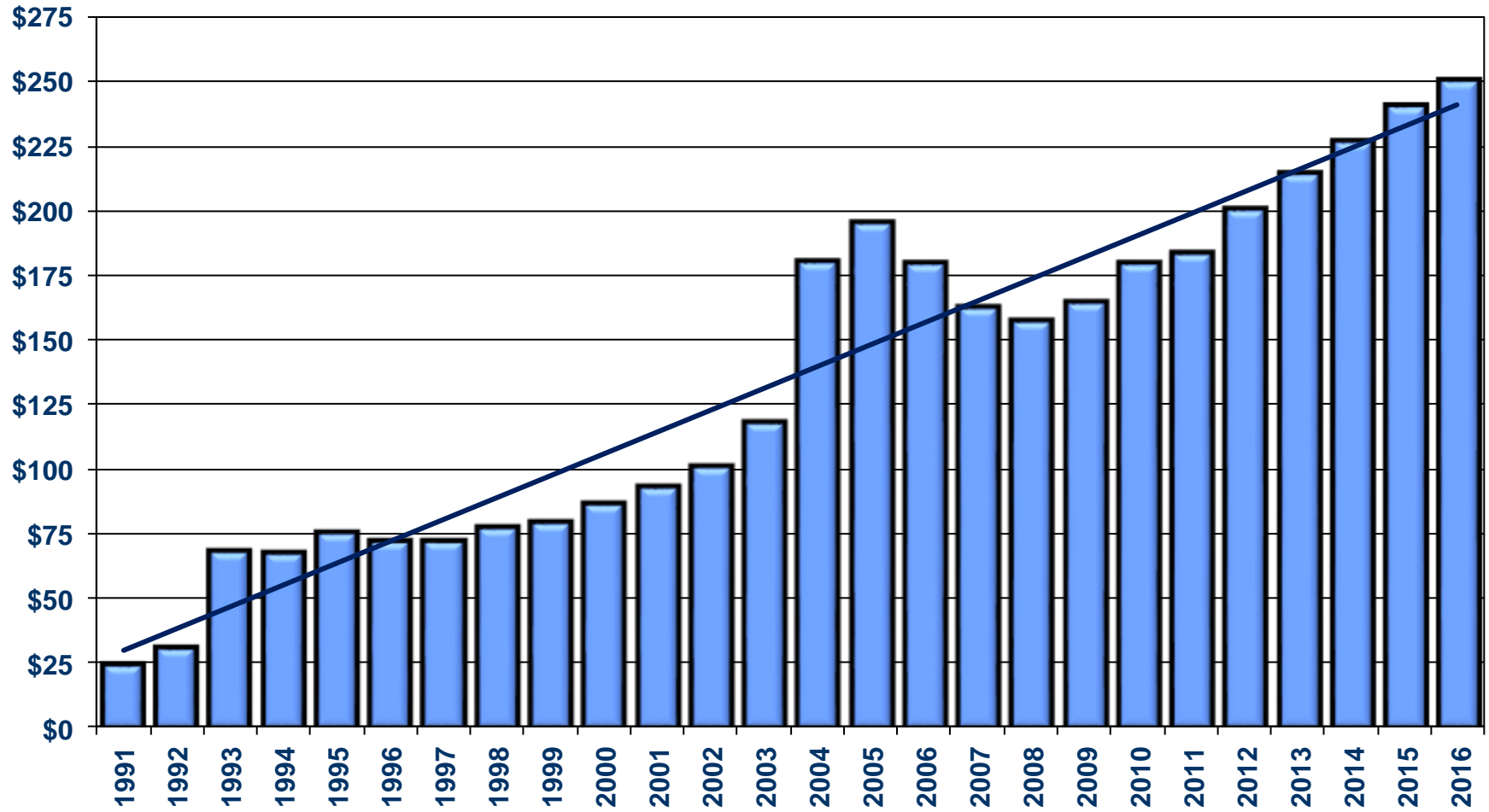
# FY 2016 FINANCIAL MILESTONES



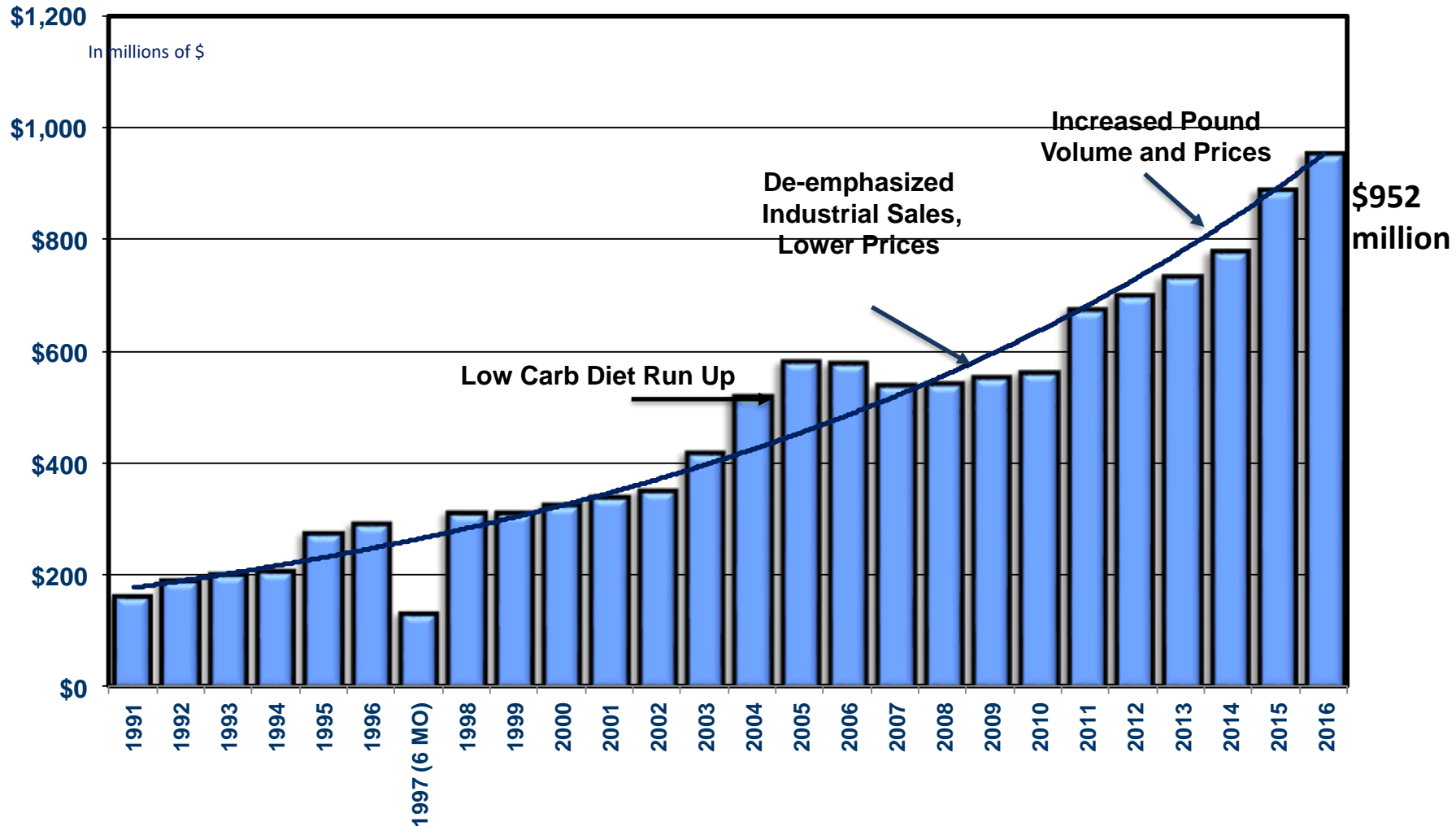
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# JBSS STOCKHOLDERS' EQUITY FYs 1991- 2016

In millions of \$

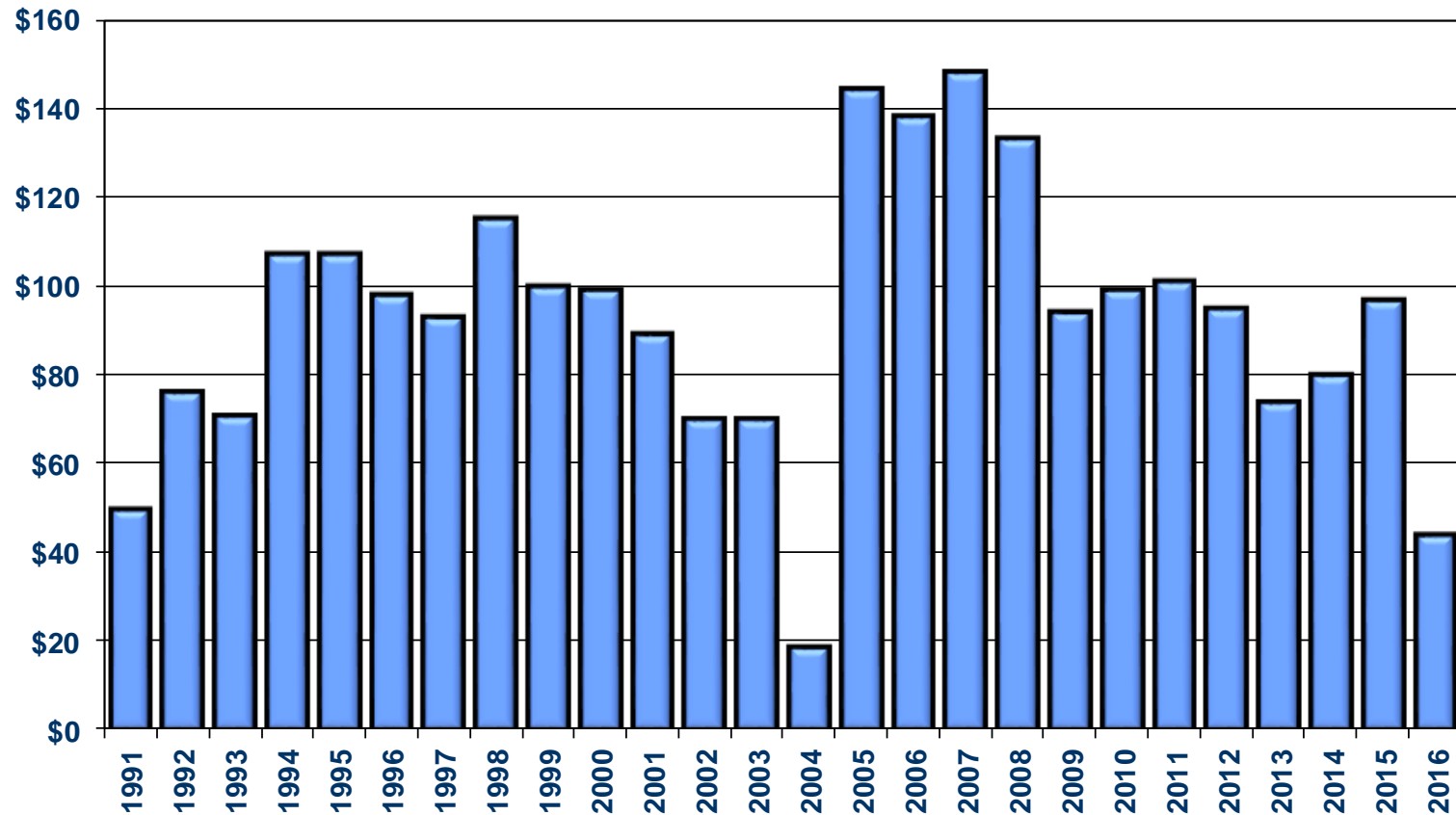


# JBSS NET SALES FYs 1991- 2016

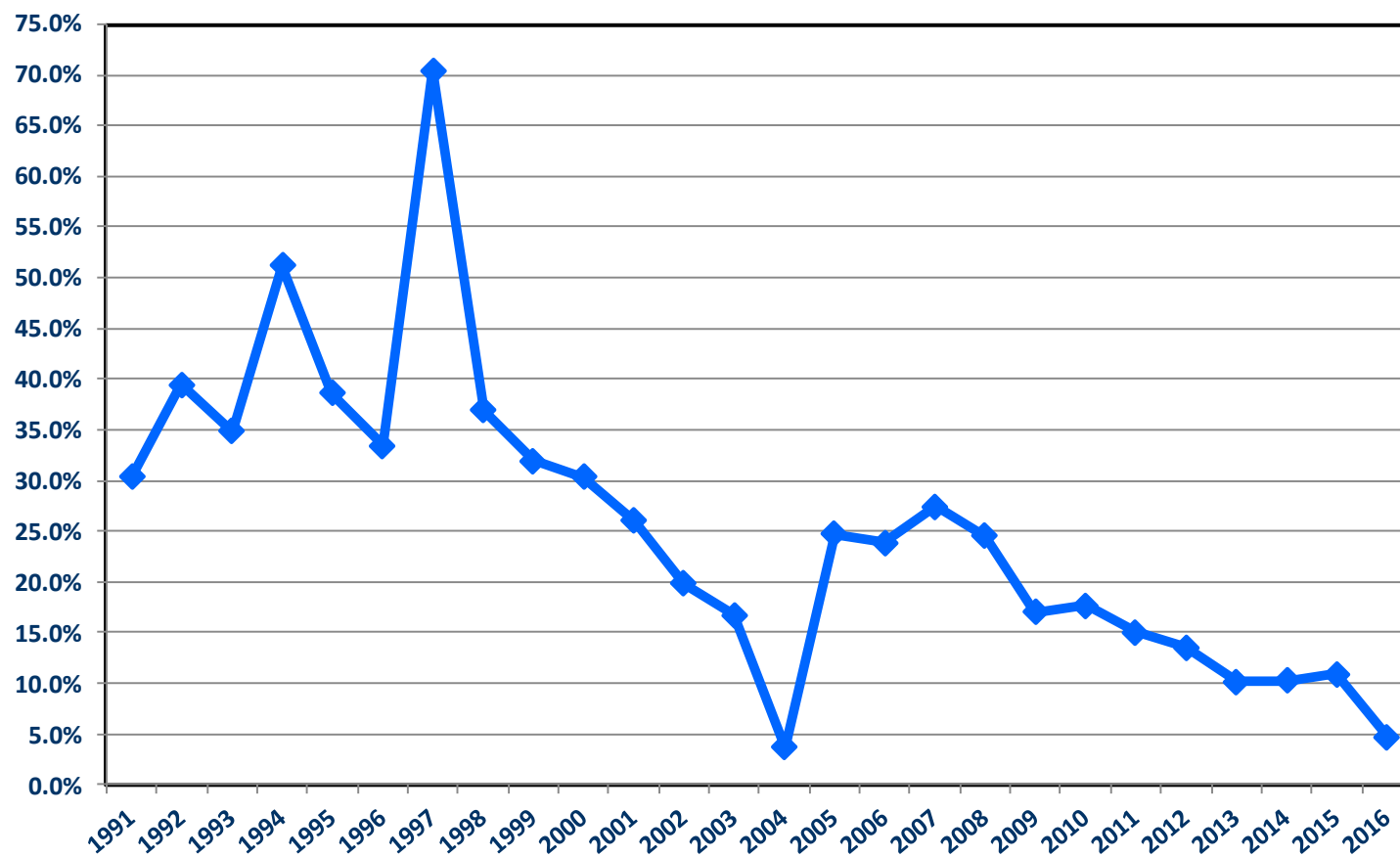


# JBSS TOTAL OUTSTANDING DEBT FYs 1991- 2016

In millions of \$



# JBSS TOTAL OUTSTANDING DEBT AS % OF NET SALES FYs 1991 – 2016





# EBITDA

EBITDA consists of earnings before interest, taxes, depreciation, amortization and noncontrolling interest. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States of America ("GAAP"), and does not represent cash flow from operations. EBITDA is presented solely as a supplemental disclosure because management believes that it is important in evaluating JBSS's financial performance and market valuation. In conformity with Regulation G, a reconciliation of EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP is presented in the following slide.



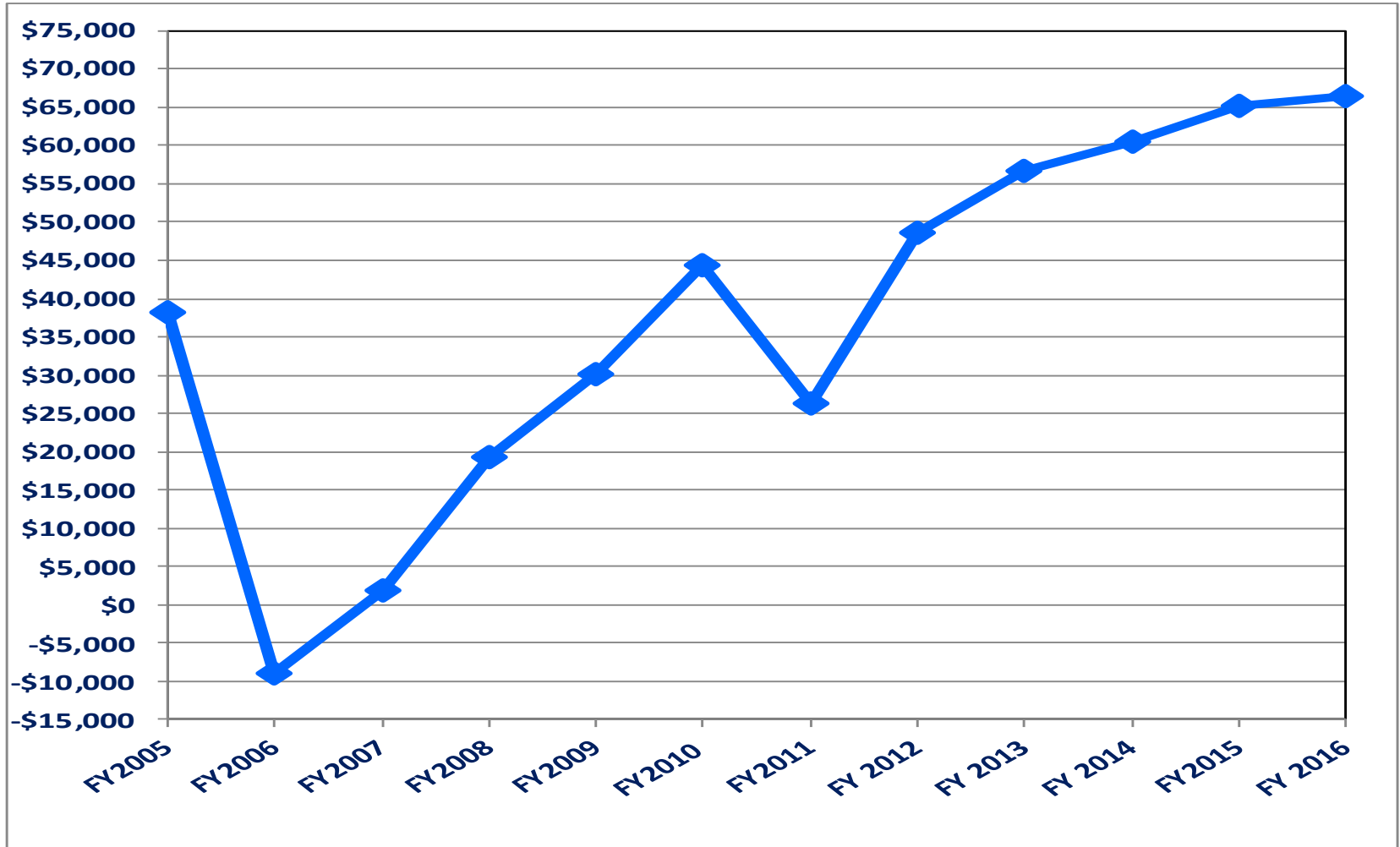
# RECONCILIATION OF NET INCOME (LOSS) TO EBITDA

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
(in \$,000's)										
NET INCOME (LOSS)	(13,577)	(5,957)	6,917	14,425	2,835	17,122	21,760	26,287	29,305	30,395
INTEREST EXPENSE	9,347	10,502	7,646	5,653	6,444	5,364	4,754	4,354	3,966	3,492
INCOME TAX EXPENSE (BENEFIT)	(7,520)	(897)	(259)	8,447	(49)	9,099	13,536	13,545	15,559	16,067
DEPRECIATION / AMORTIZATION	<u>13,584</u>	<u>15,742</u>	<u>15,922</u>	<u>15,825</u>	<u>16,968</u>	<u>17,117</u>	<u>16,717</u>	<u>16,278</u>	<u>16,284</u>	<u>16,585</u>
<b>EBITDA</b>	<b><u>1,834</u></b>	<b><u>19,390</u></b>	<b><u>30,226</u></b>	<b><u>44,350</u></b>	<b><u>26,198</u></b>	<b><u>48,702</u></b>	<b><u>56,767</u></b>	<b><u>60,464</u></b>	<b><u>65,114</u></b>	<b><u>66,539</u></b>
NET SALES	540,858	541,771	553,846	561,633	674,212	700,575	734,334	778,622	887,245	952,059
EBITDA MARGIN (% OF NET SALES)	0.3%	3.6%	5.5%	7.9%	3.9%	7.0%	7.7%	7.8%	7.3%	7.0%
POUNDS SOLD (000's)	246,142	221,958	217,465	224,302	232,746	212,553	221,762	240,417	253,514	270,144
EBITDA PER POUND SOLD	0.007	0.087	0.139	0.198	0.113	0.229	0.256	0.251	0.257	0.246



# EBITDA\*

(in \$ thousands)

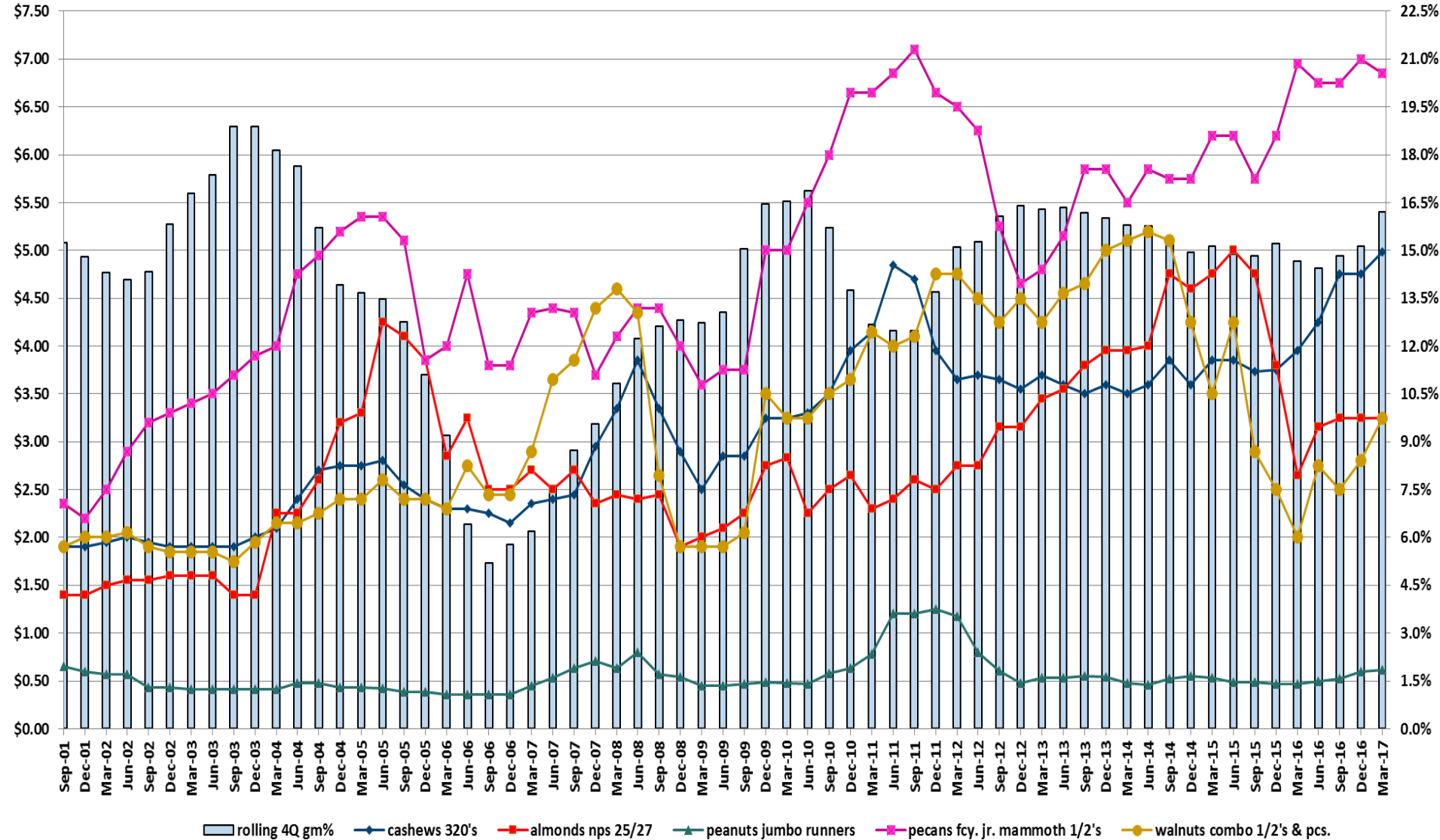


\* EBITDA is a non-GAAP measure. See slide entitled "Reconciliation of Net Income (Loss) to EBITDA" for reconciliation to GAAP measure










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# PEANUT AND TREE NUT SPOT MARKET PRICES VS. JBSS ROLLING 4 QTR. GROSS MARGIN %



# Financial Highlights: Q3 2017 vs. Q3 2016








(in 000's except EPS)

	<u>\$ Change</u>	<u>% Change</u>
 Net Sales	(\$42,366)	(19.6%)
 Sales Volume (Lbs. Sold)	(6,812)	(10.8%)
 Gross Profit	\$2,838	11.1%
 Net Income	\$3,258	106%
 Earnings Per Share (Diluted)	\$0.28	104%
 Operating Cash Flows	(\$25,648)	(62.6%)
 Total Debt	\$2,806	3.2%



# Financial Highlights: Q3 YTD 2017 vs. Q3 YTD 2016

(in 000's except EPS)

	<u>\$ Change</u>	<u>% Change</u>
 Net Sales	(\$75,477)	(10.5%)
 Sales Volume (Lbs. Sold)	(3,774)	(1.9%)
 Gross Profit	\$4,486	4.3%
 Net Income	\$6,283	27.2%
 Earnings Per Share (Diluted)	\$0.54	26.5%
 Operating Cash Flows	(\$25,648)	(62.6%)
 Total Debt	\$2,806	3.2%







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# **FY 2016 Brand Marketing Overview**



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## Grow Brands



Utilize consumer insights to develop products and integrated marketing programs that build brand equity, meet consumer needs, and grow the category for our retail partners.

**Fisher**<sup>®</sup>  
Recipe Nuts

**Fisher**<sup>®</sup>  
Snack Nuts

Orchard Valley  
HARVEST



# Fisher®

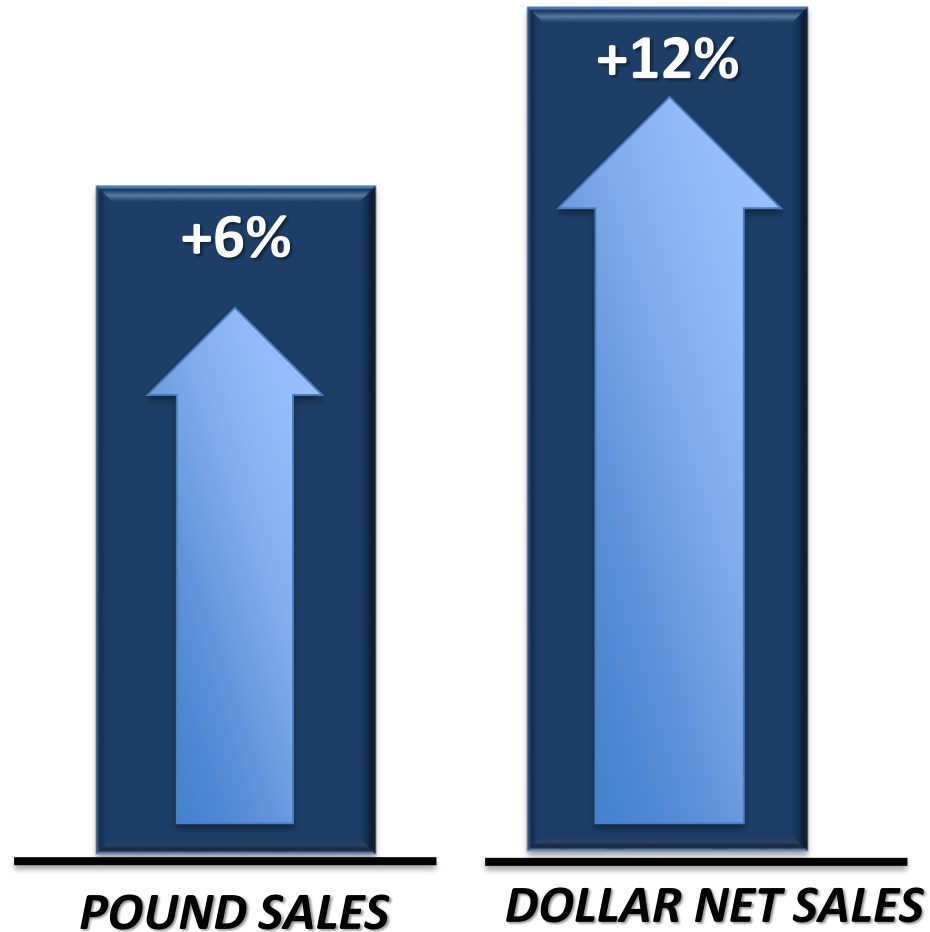
## Recipe Nuts



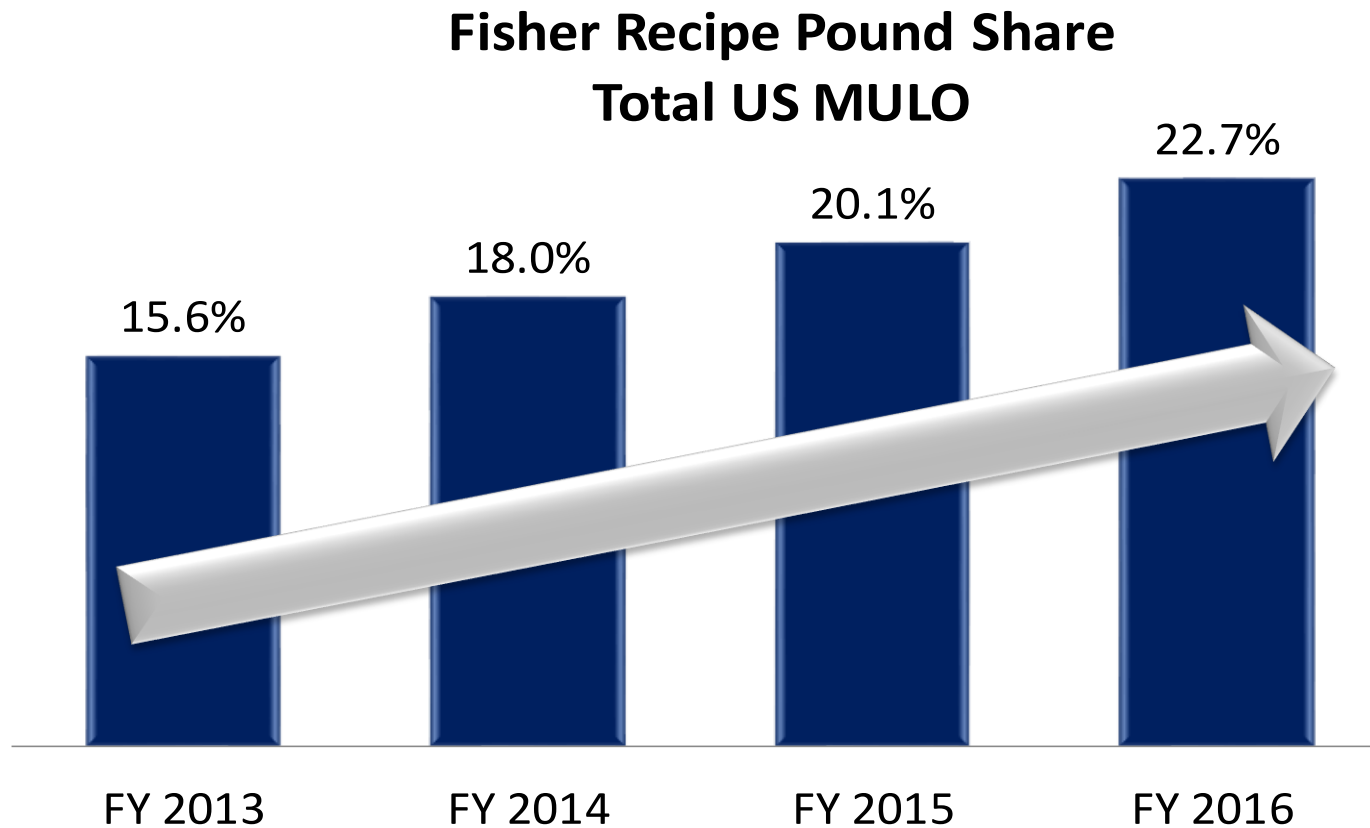
# Strong Growth for Fisher Recipe in FY 16

*Total Fisher Recipe Brand Growth FY 16 vs. FY 15*

**Fisher<sup>®</sup>**  
*Recipe Nuts*

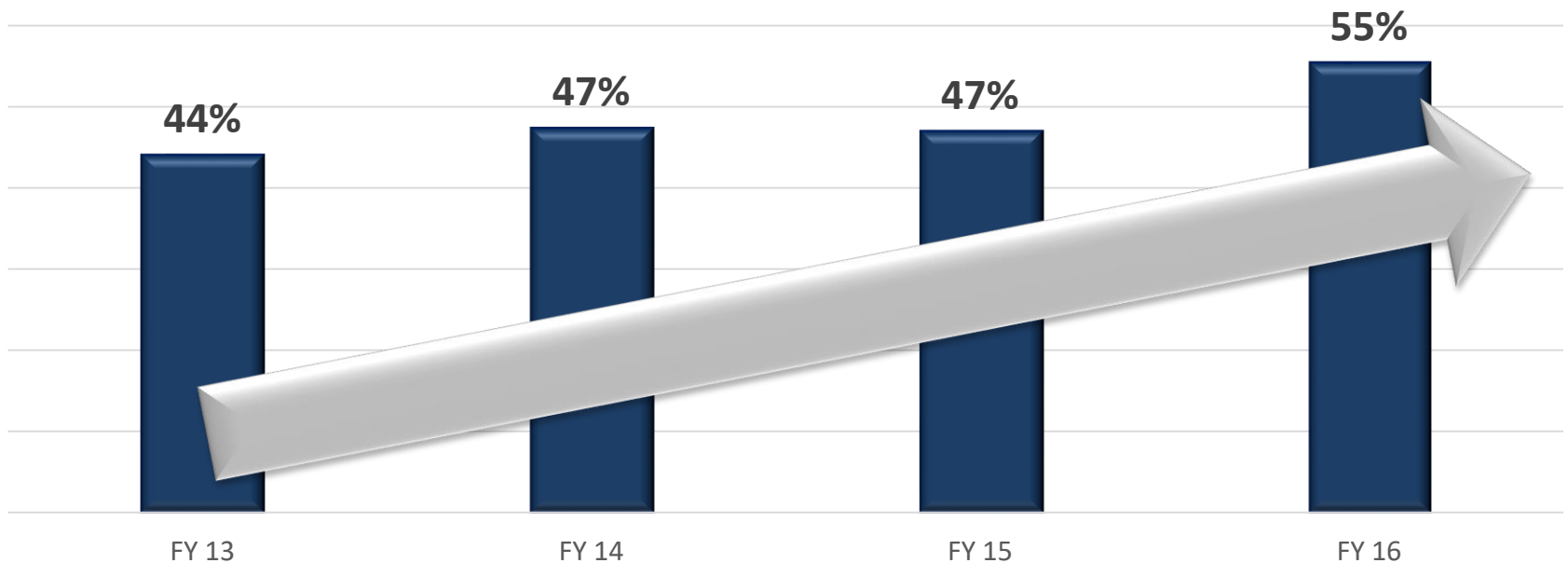


# ***Fisher Recipe continues to Grow Market Share***



# ***Steady Growth in Fisher Recipe Nut Distribution***

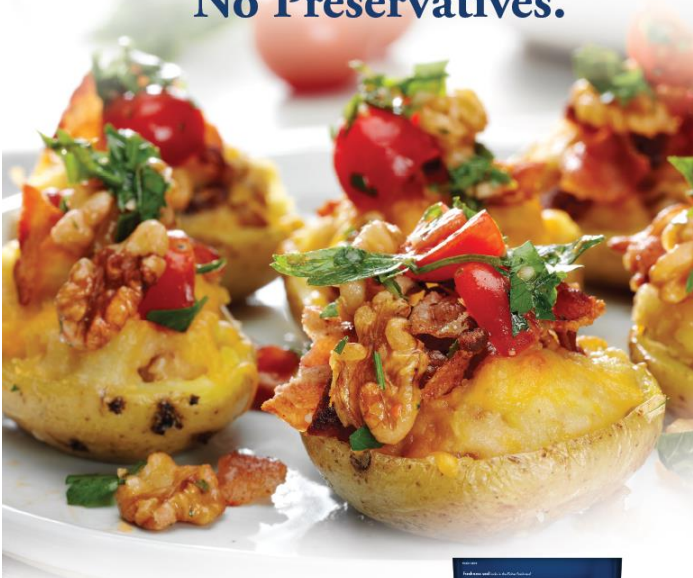
Fisher Recipe Distribution






# No Preservatives and Non-GMO Messages are Key Drivers for Growth

*Fisher® recipe nuts have*  
**No Preservatives.**



Just out of their shells, so you  
can come out of yours.

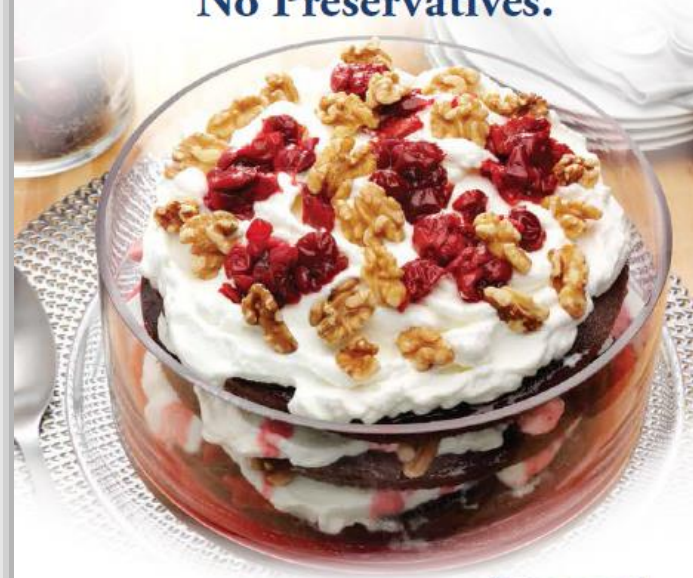


**Fisher** Live Life UNSHELLED.™


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Fisher® is a registered trademark of John B. Sanfilippo & Sons, Inc.  
Live Life Uns Shelled™ is a registered trademark of John B. Sanfilippo & Sons, Inc.

For the Walnut, Bacon and Cheddar Potato Bites  
recipe and more, visit [fishernuts.com](http://fishernuts.com)

*Fisher® recipe nuts have*  
**No Preservatives.**



Just out of their shells, so you  
can come out of yours.



**Fisher** Live Life UNSHELLED.™

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Fisher® is a registered trademark of John B. Sanfilippo & Sons, Inc.

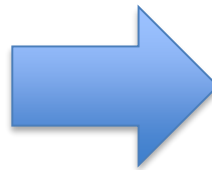
For the Black Forest Walnut Trifle  
recipe and more, visit [fishernuts.com](http://fishernuts.com)



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# Packaging Graphics Refresh

FROM



TO



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# Continue to Build Fisher Brand Equity with Food Network Sponsorship

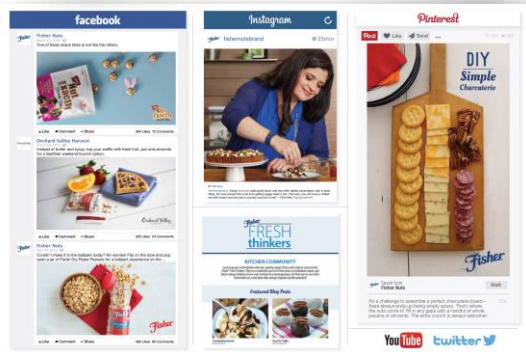


# Integrated Marketing Key to Building Brand Equity

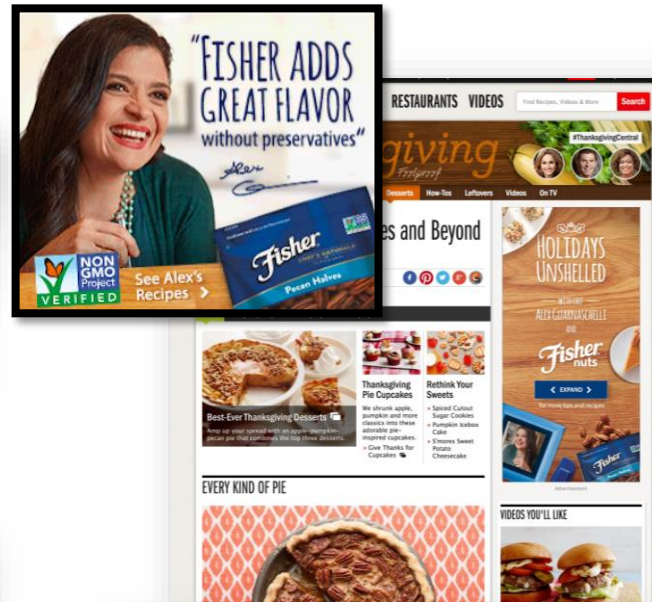
## Public Relations



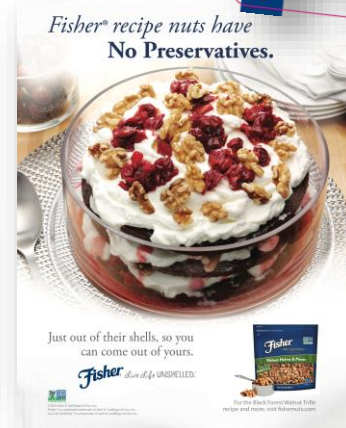
## In-Store Programs



## Social Media



## Food Network



## National Print

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***Fisher***<sup>®</sup>  
***Snack Nuts***

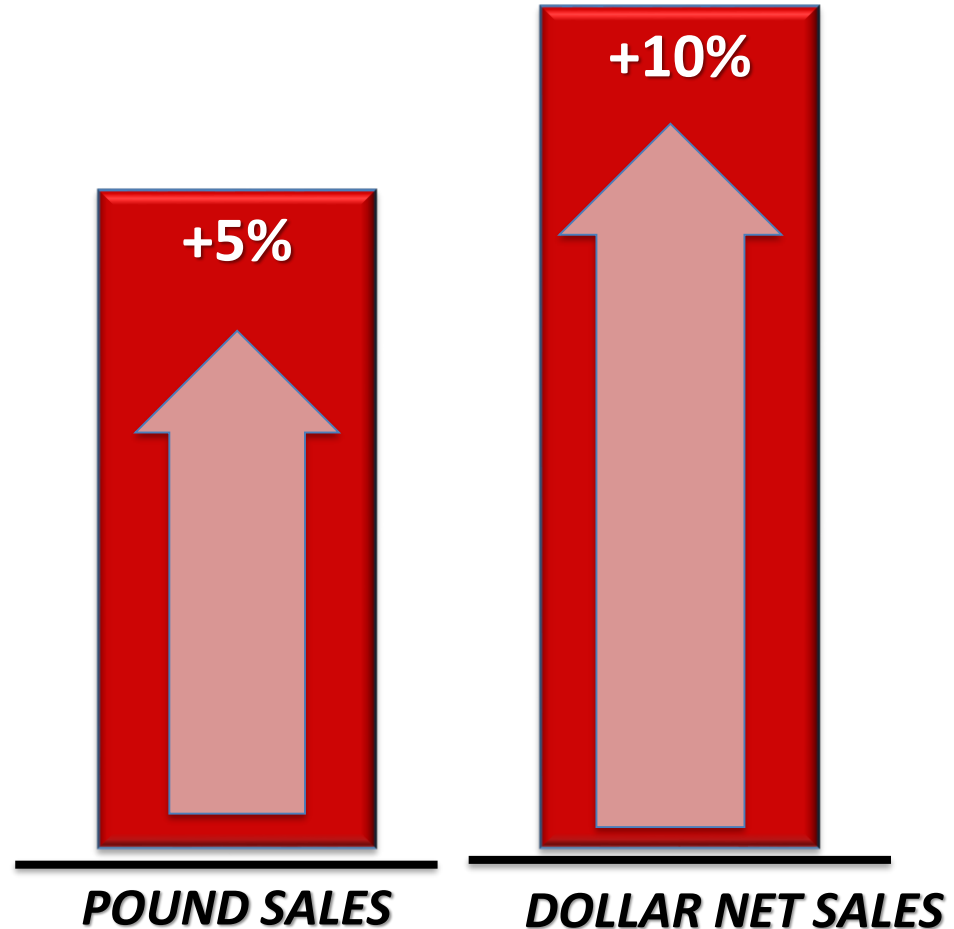


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# Strong Growth on Fisher Snack in FY 16

*Total Fisher Snack Brand Growth FY 16 vs. FY 15*

**Fisher<sup>®</sup>**  
**Snack Nuts**

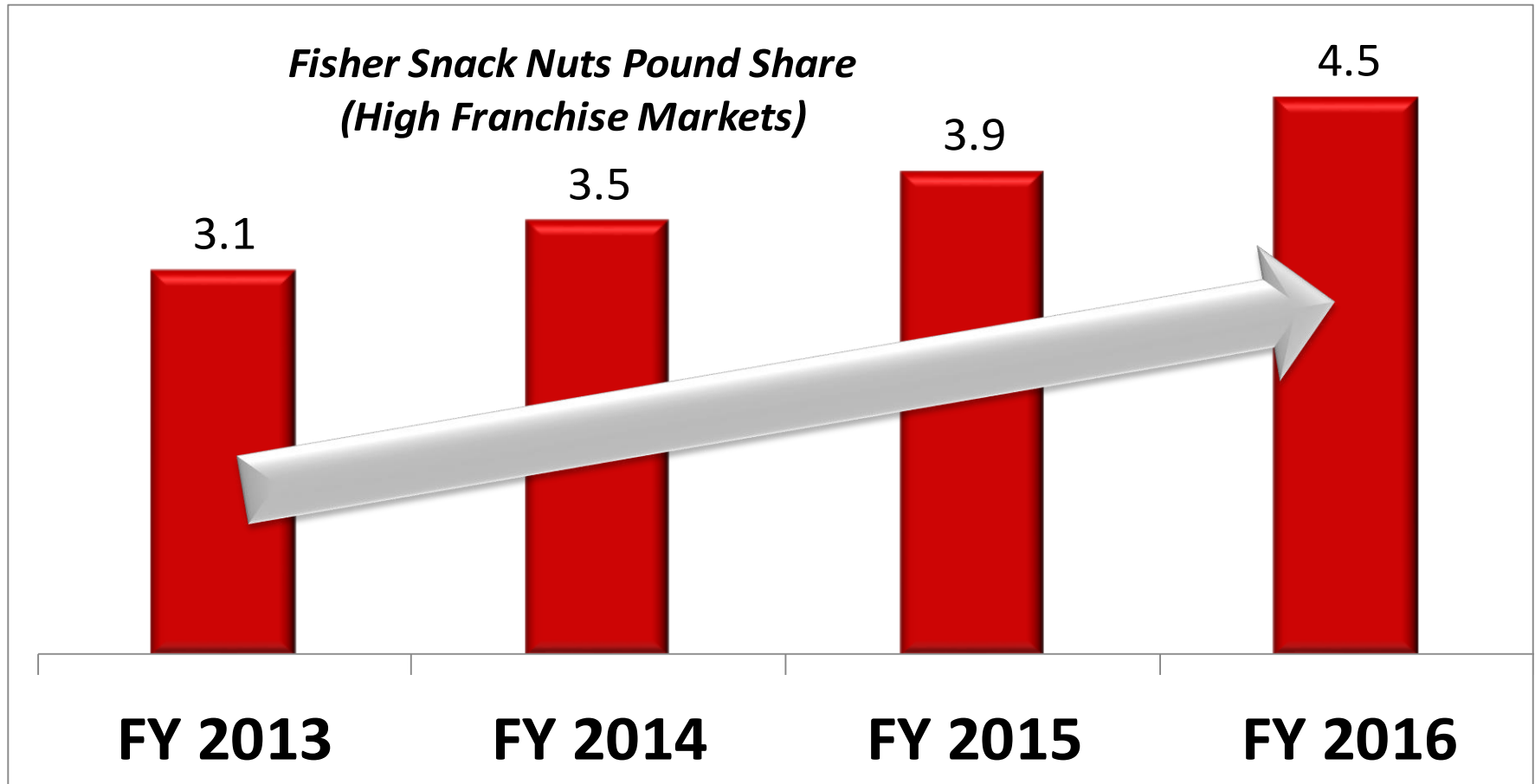




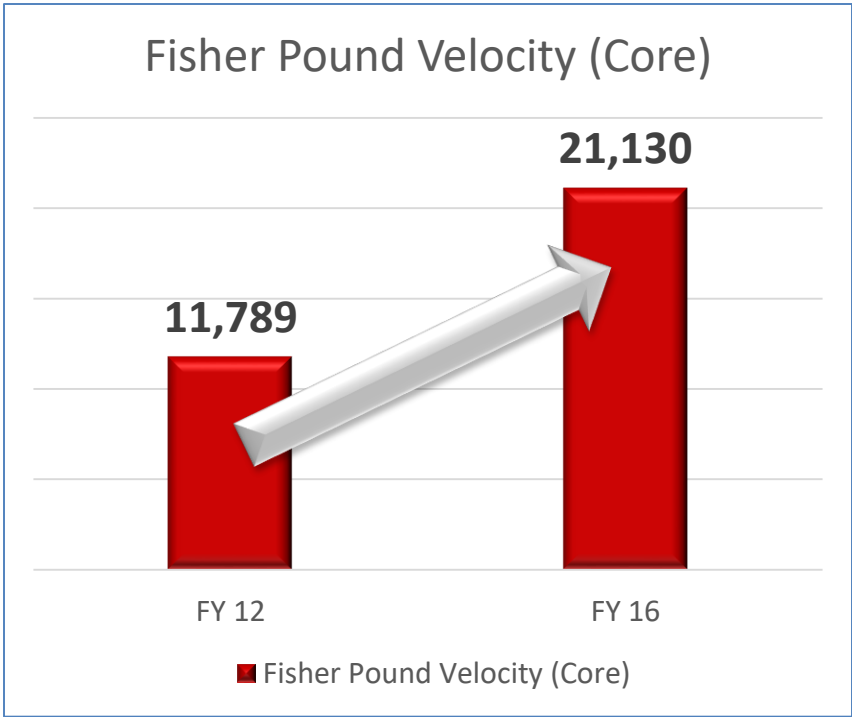
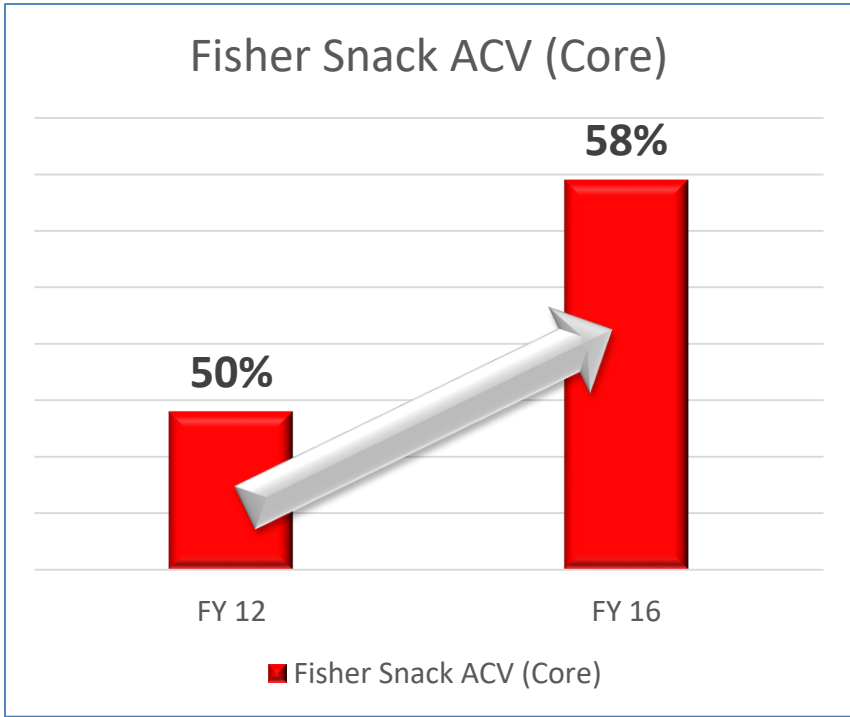
# Fisher Snack Nut Strategy Focuses on Midwest High Franchise Markets



# We Are Growing our Pound Share in High Franchise Markets



# Fisher Snack Share Driven by Distribution and Velocity Growth



ACV: measure of total retail sales for a given geography as measured by All Commodity Volume (ACV)  
Velocity is pounds sold per points of distribution

Source: IRI: Total Nut Category – Fisher Core (St. Louis, Milwaukee, Chicago, Minneapolis MULO)  
Time Periods: to FY 12 Year Ending 7/1/12 to FY 2016 data ending 6/26/16

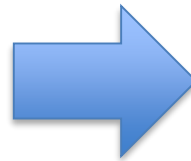
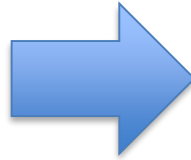


# Driving Results on our Core Dry Roast Peanut Business





# New Look for Fisher Snack Nuts





# Orchard Valley

## HARVEST



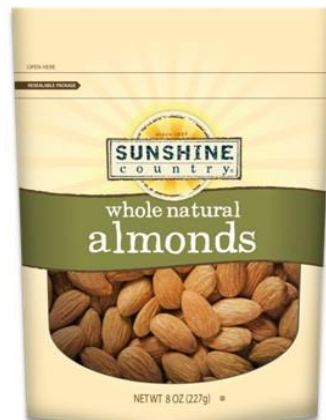
***Pure and Simple Goodness***



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# Strong Growth of Our Produce Brands

*Produce Brand Growth FY 16 vs. FY 15\**



+41%

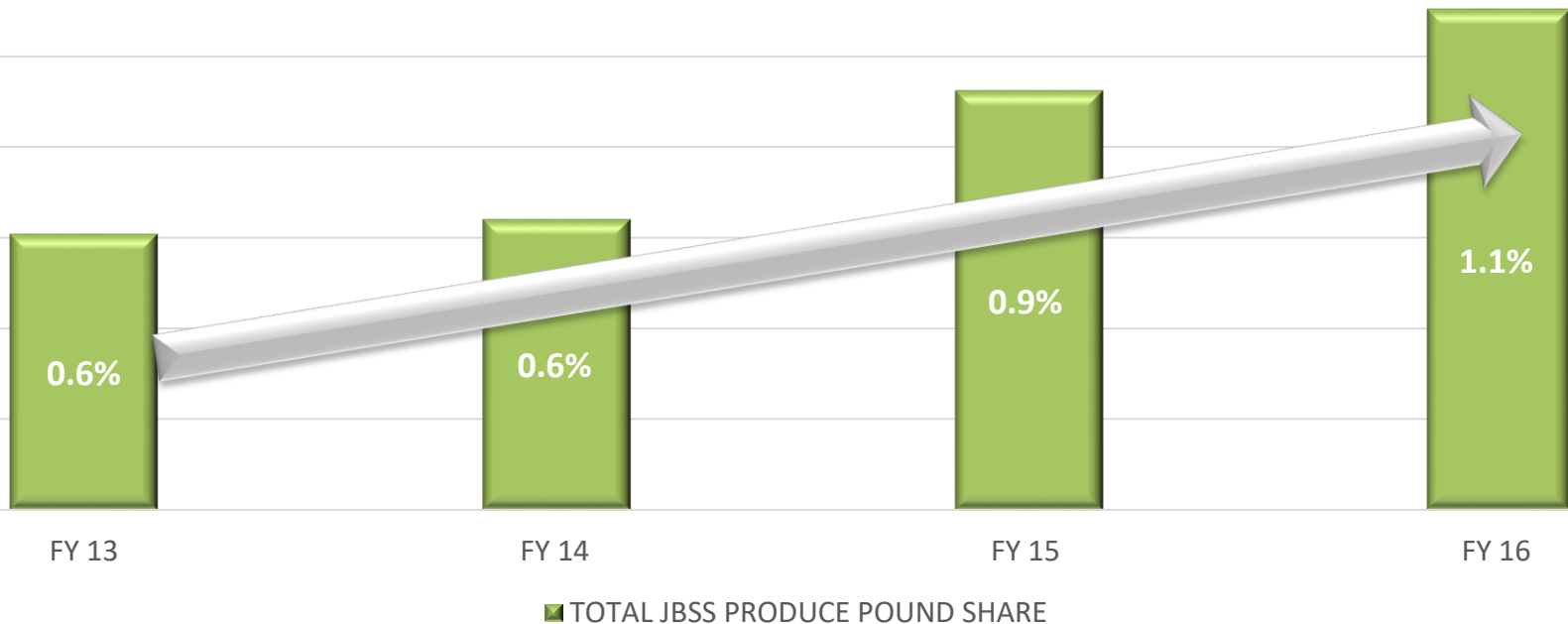
***POUND SALES***

+55%

***DOLLAR NET SALES***

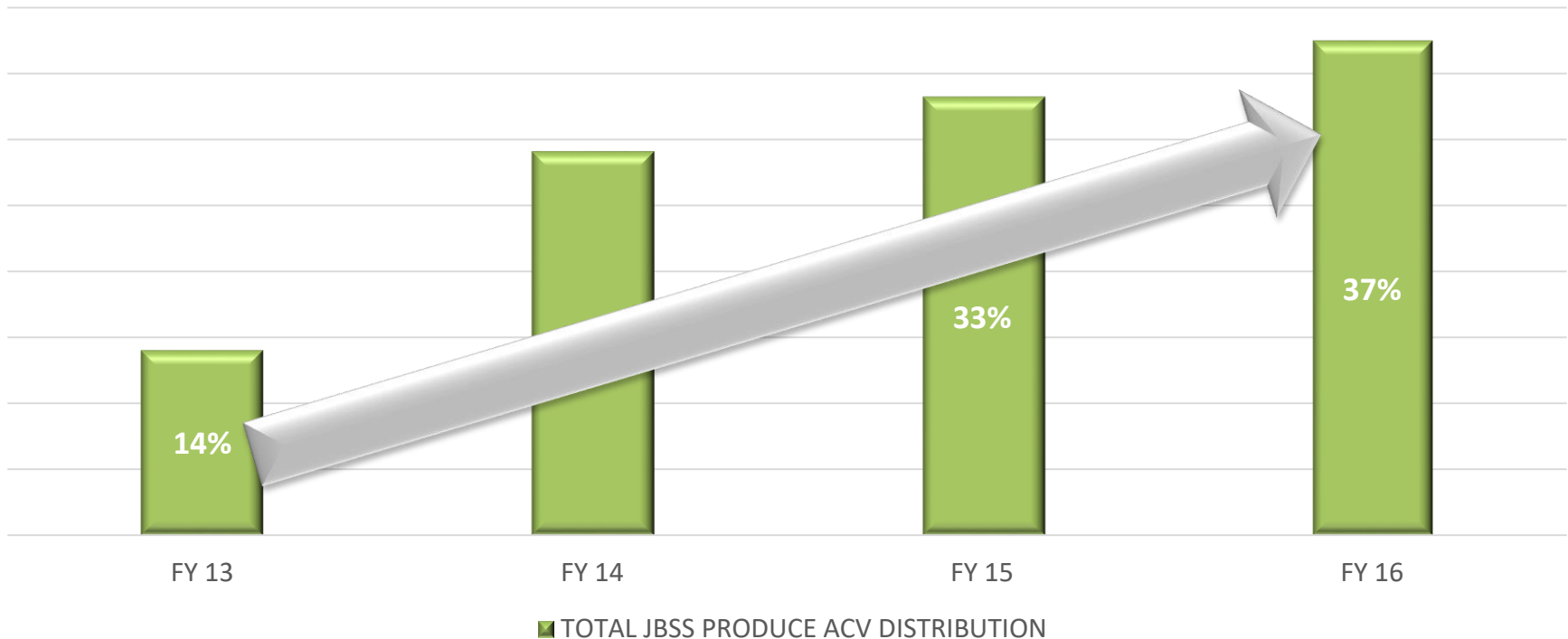
# Strong Share Growth in Produce Nut Category over the last 2 Fiscal Years

TOTAL JBSS PRODUCE POUND SHARE



# JBSS Distribution in the Produce Nut Category Continues to Increase

## TOTAL JBSS PRODUCE ACV DISTRIBUTION



ACV: measure of total retail sales for a given geography as measured by All Commodity Volume (ACV)

# Orchard Valley Harvest Delivers on Three Important Consumer Trends

**Consumers want clean, simple ingredients <sup>(1,2)</sup>**

**Consumers want healthy snacking options <sup>(3)</sup>**

**Consumers want portable snacking options <sup>(3)</sup>**



**NO Artificial Ingredients**



(1) Source: Instantly poll of 4,200 people in the US between 9/15 and 9/21 2015

(2) Source: The Hartman Group, Reinventing health & nutrition study 2010/2013

(3) Source: Symphony IRI Group, 2013





# We Continue to Expand our Portfolio to Address Consumer Demand for On-The-Go Goodness

## Multi-Packs and Grab 'n Go Mini's



- Snacking accounts for over 53% of all eating occasions in the U.S.
- 38% of consumers snack several times per day

# High Impact Displays Drive Growth at Retail





# Integrated Marketing Support

## Print



NO ARTIFICIAL  
INGREDIENTS

## Public Relations



## Instagram



## Blogger



## facebook



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# Expanding to Front of House Foodservice Locations



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# Thank You!

