



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

# ANNUAL STOCKHOLDER MEETING

NASDAQ: JBSS

November 2<sup>nd</sup>, 2017





# ***Agenda***

- **JBSS Overview and Results** - Jeffrey Sanfilippo Chairman & CEO
- **FY 2017 Financial Milestones** - Mike Valentine CFO & Group President
- **Brand Marketing Overview** - Howard Brandeisky Sr. VP Global Marketing & Customer Solutions
- **JBSS FY 2018 Strategic Plan** - Jeffrey Sanfilippo Chairman & CEO
- **Closing Remarks** - Jeffrey Sanfilippo Chairman & CEO





# ***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.



# ***JBSS Corporate Overview***

- One of the largest nut processors in the world with fiscal year 2017 net sales of approximately \$847 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 offering branded nut and dried fruit programs (*Fisher and Orchard Valley Harvest*) and 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

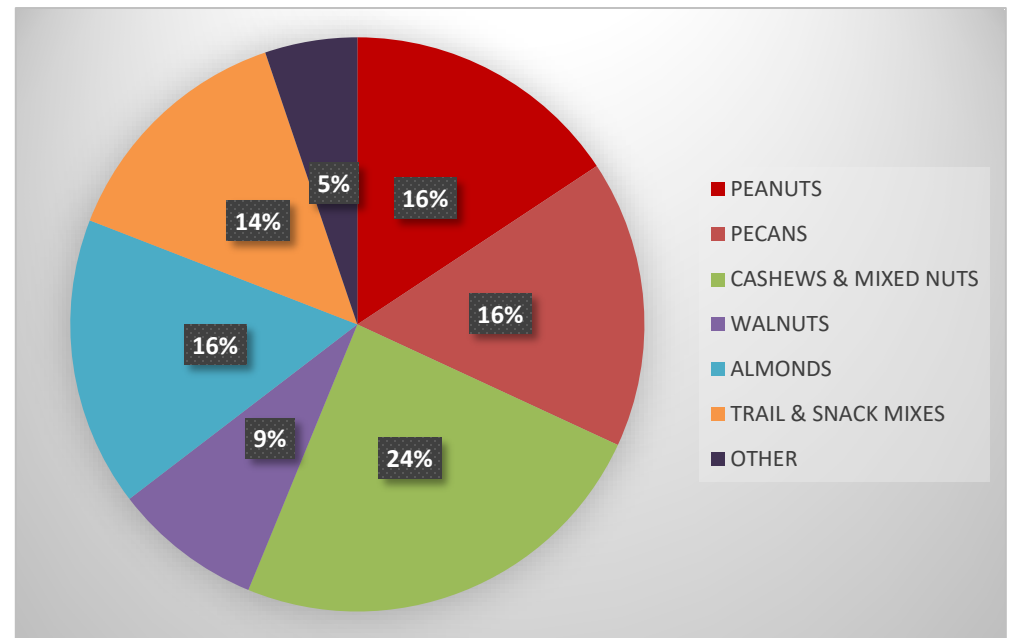




# *We Are Experts In Every Nut Type*

*Fiscal Year 2017*

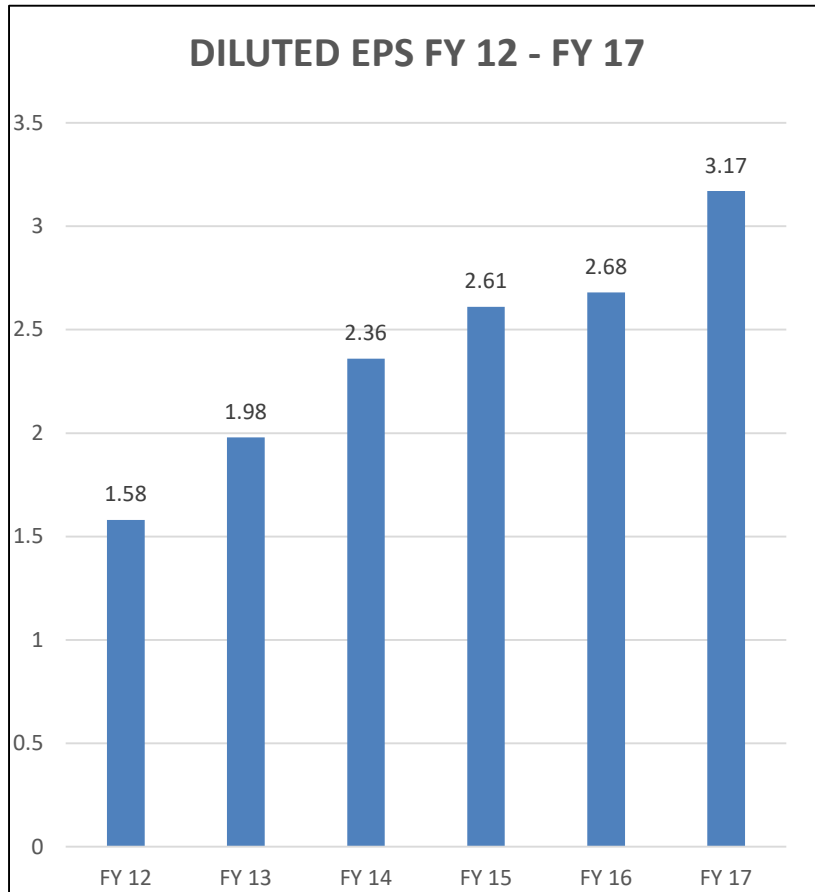
- Full assortment of nut types
- Full variety of value-added products
- Wide variety of dried fruit and other snack products
- Customized, unique product formulas



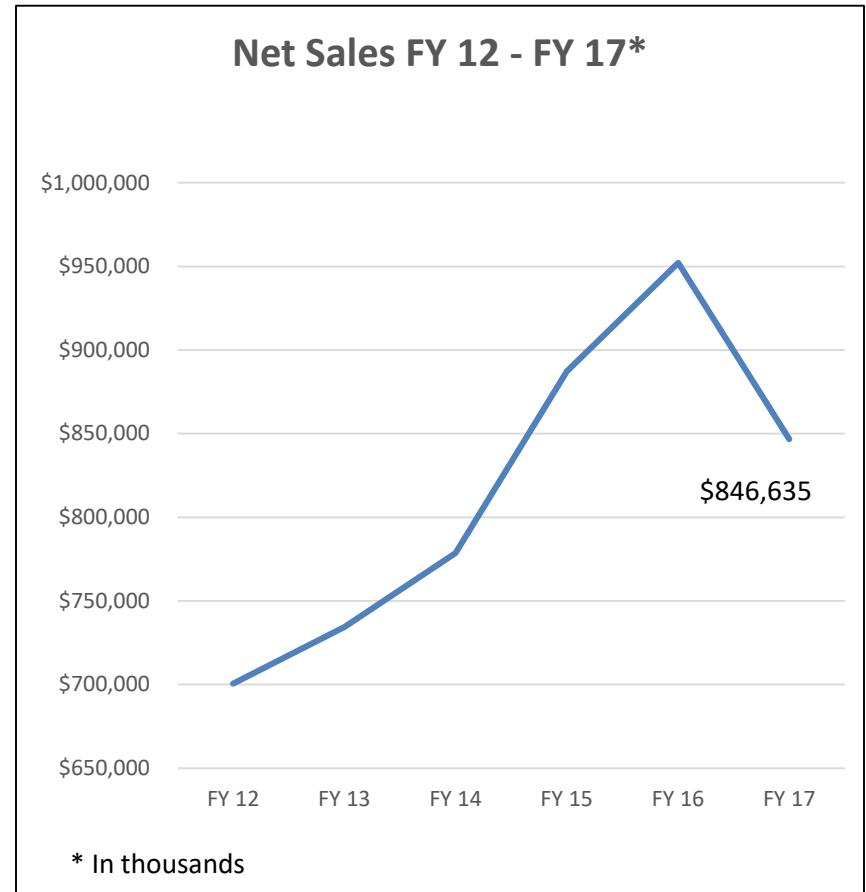
% of total gross sales



## Consistent Success Over Past 6 Fiscal Years



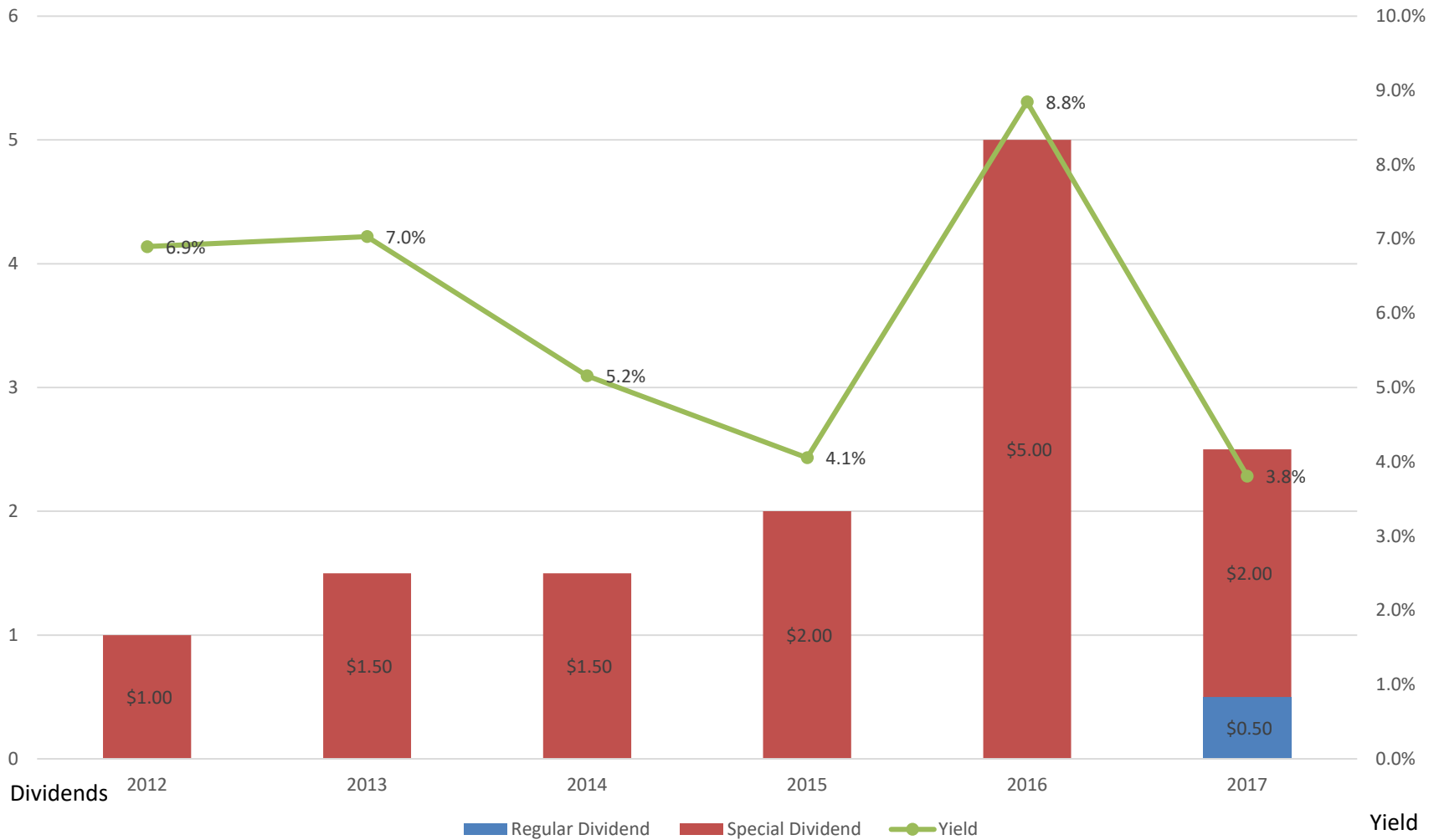
**Doubled Diluted EPS from FY 12 to FY 17**



**Net Sales increased by approximately 21% from FY 12**



## Cash Dividends Paid by Calendar Year



Yield based on average yearly stock price. CY 17 through 9/19/17





## ***Vision***

*To be the global source for  
nuts, committed to quality,  
expertise and innovation that  
delivers an unmatched  
experience to our customer  
and consumer*

## **Core Values**

***People  
Integrity  
Investment  
Customer Driven  
Quality  
Innovation  
Execution  
Continuous Improvement  
Safety  
Resource Conservation***



# JOHN B. SANFILIPPO & SON, INC.

## FY 2017 RESULTS







JOHN B. SANFILIPPO & SON, INC.

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

ENGAGEMENT

FOCUSED EXECUTION

INTEGRITY

•  
•  
•  
•

CONSUMER INSIGHTS

EXPERTISE

INNOVATION

SUPPLY CHAIN EXCELLENCE

*The Global Source for Nuts®*





# FY 2017 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 continued its share leadership of the recipe nut category by increasing pound market share by +4.0 points
- Increased market share and distribution in the produce nut category with *Orchard Valley Harvest* products



Source : IRI FY Ending 6/25/17

Total US MULO for Recipe Nuts ;

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



# ***FY 2017 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.

- Launched over 60 new items with our private brand partners
- Expanded *Fisher* brand awareness and distribution in the Commercial Ingredients channel
- Obtained new snack bite business with our contract packing customers to fully utilize our cluster line in FY 2018





# FY 2017 Accomplishments



## EXPAND CONSUMER REACH

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

- Launched 100+ *Fisher* and *Orchard Valley Harvest* products on eCommerce sites
- Expanded *Fisher* and *Orchard Valley Harvest* in vending
- Started testing in Dollar Store channel







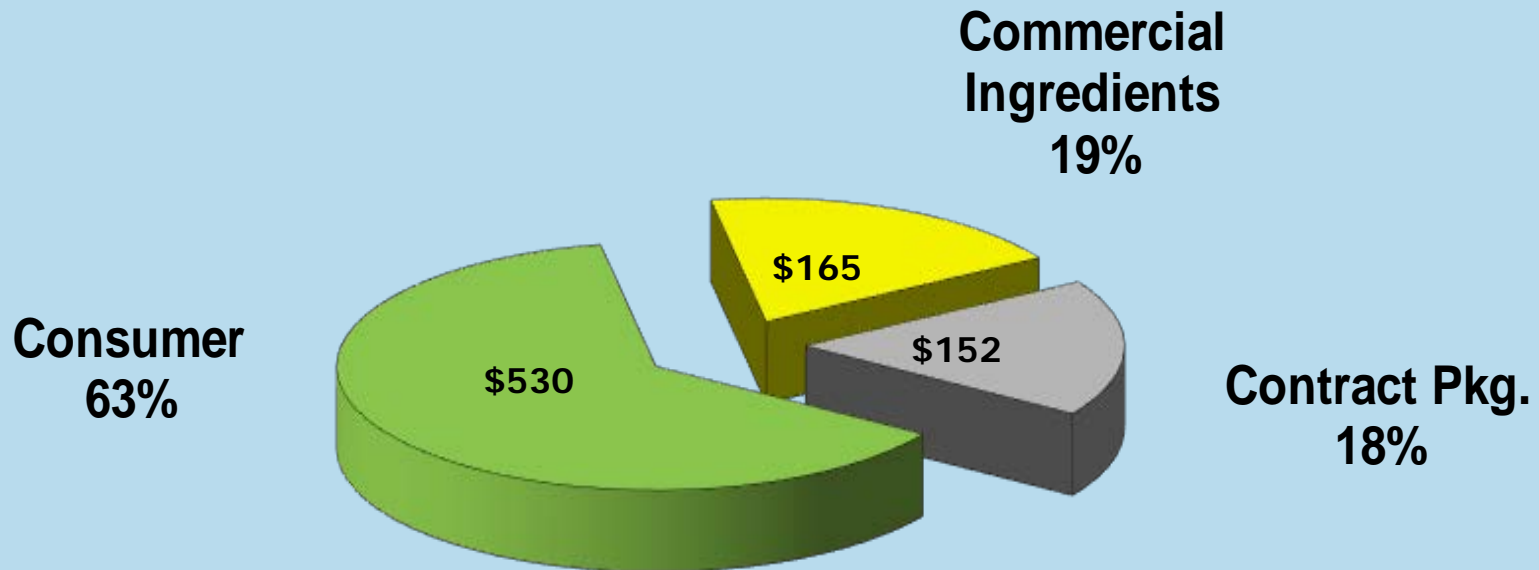
**JOHN B. SANFILIPPO & SON, INC.**

## SALES CHANNEL UPDATES





# ***Business Channel Diversification***



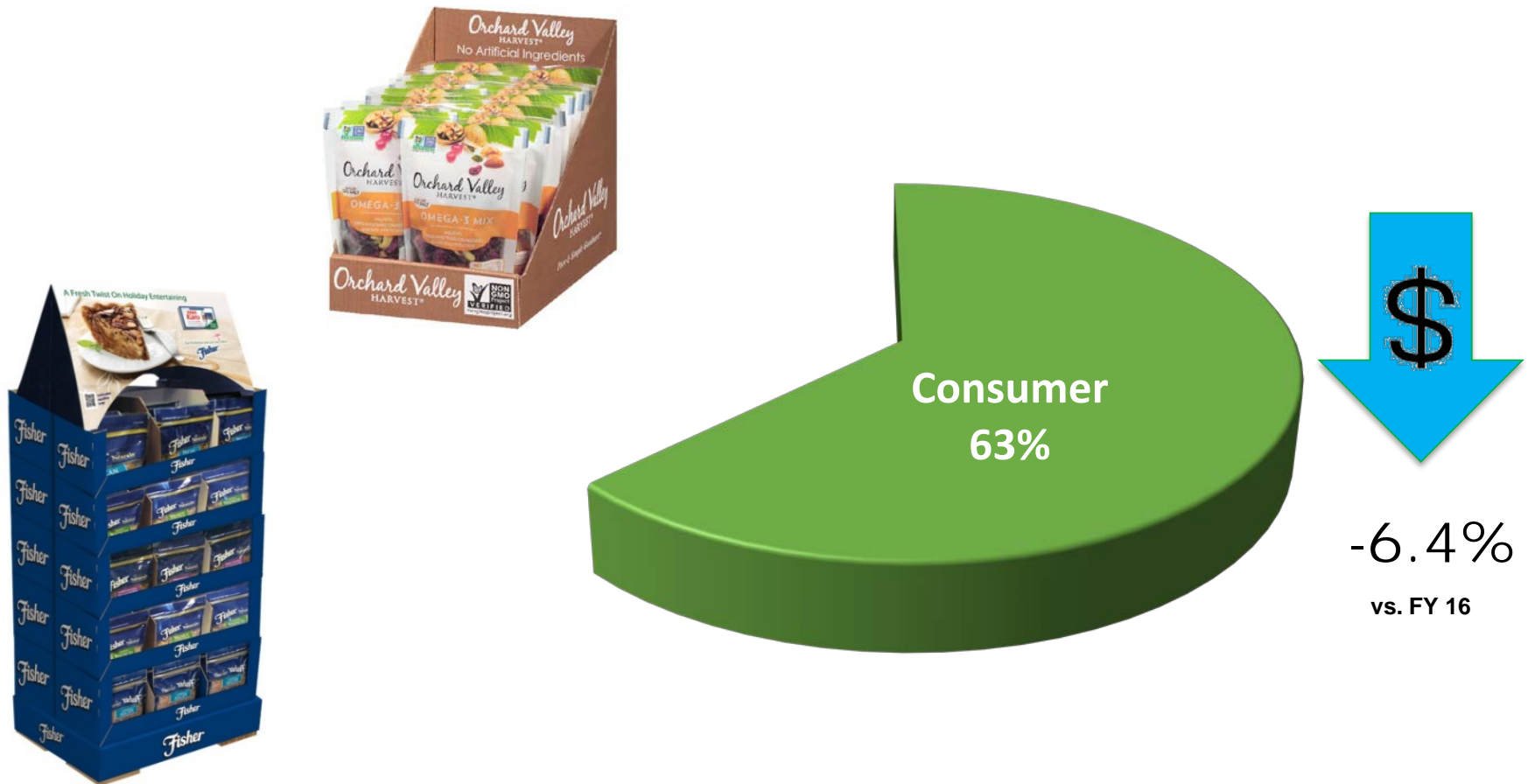
***Fiscal 2017 Net Sales \$847 Million***

(Millions of \$)





## ***FY 2017 Consumer Channel***

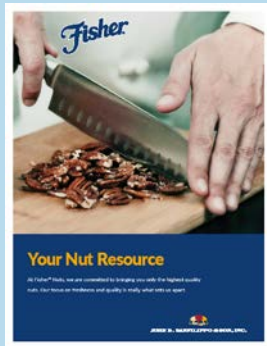


***Fiscal 2017 Net Sales \$530 Million***

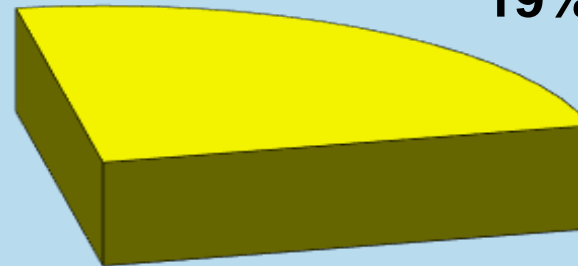




## ***FY 2017 Commercial Ingredients Channel***



**Commercial  
Ingredients  
19%**



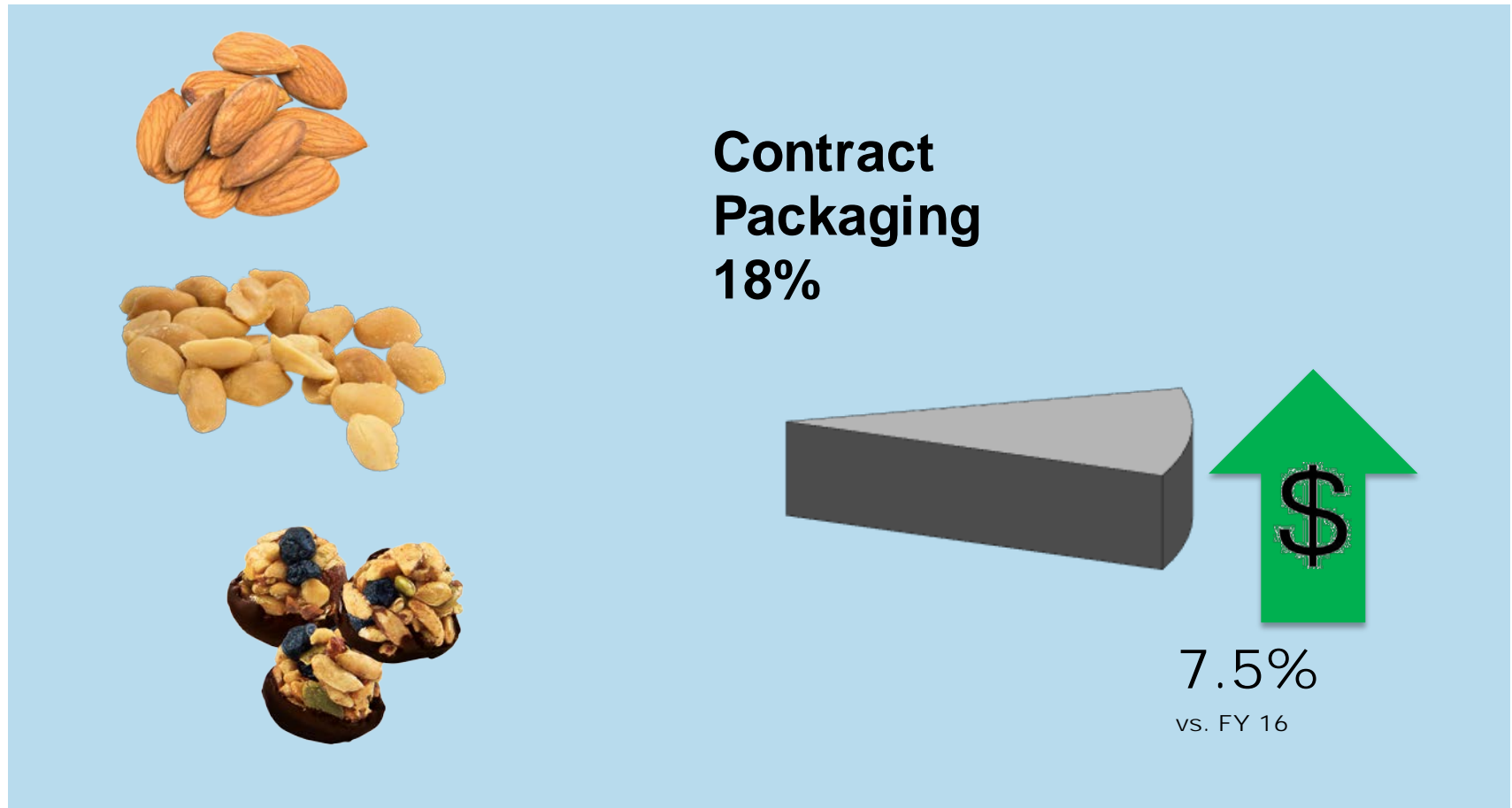
**-32.6%**

**vs. FY 16**

***Fiscal 2017 Net Sales \$165 Million***



# ***FY 2017 Contract Packaging Channel***



***Fiscal 2017 Net Sales \$152 Million***





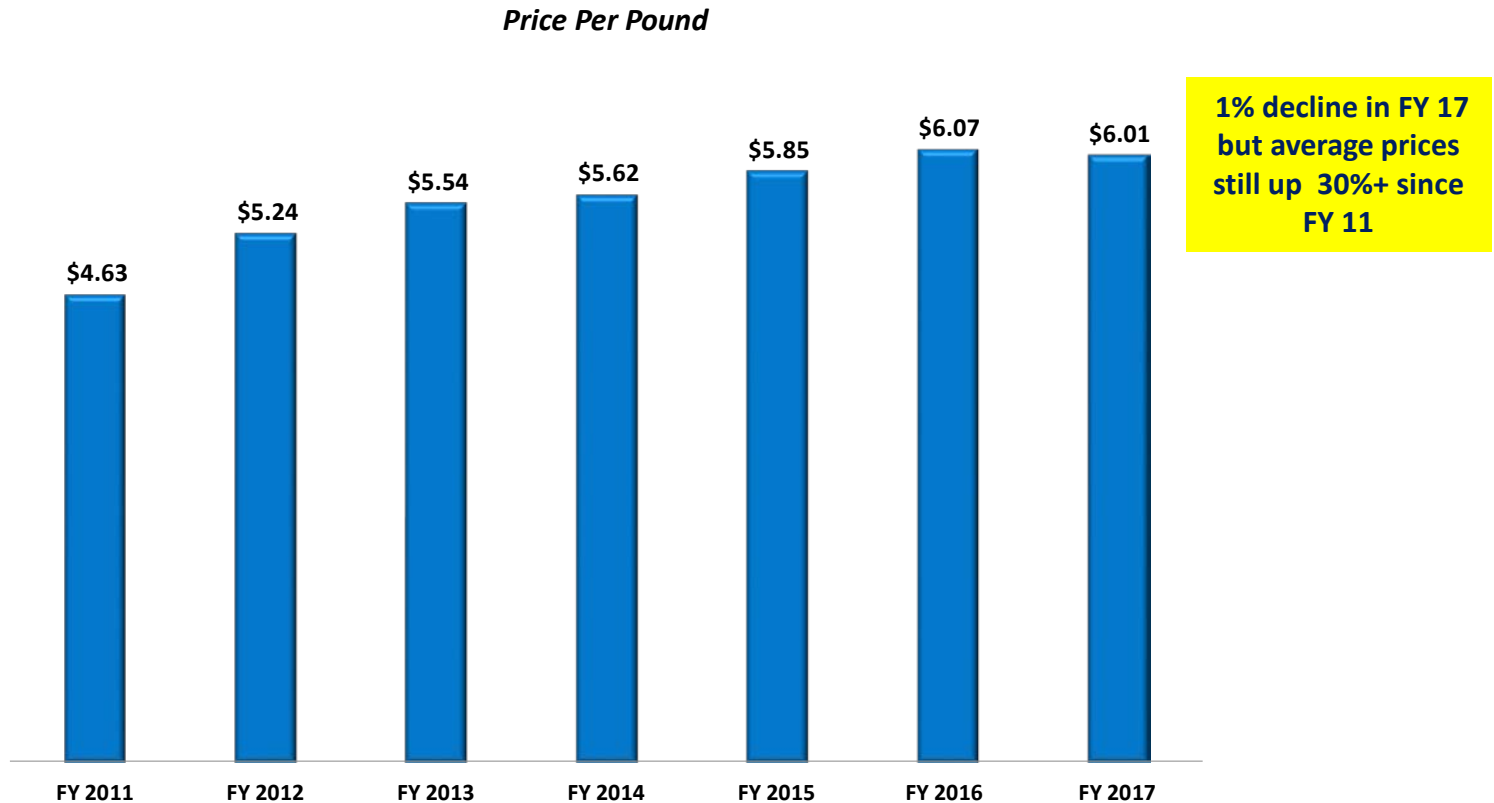
**JOHN B. SANFILIPPO & SON, INC.**

## NUT CATEGORY REVIEW





# *Slight decline in Nut Commodity Prices after Years of Increases*



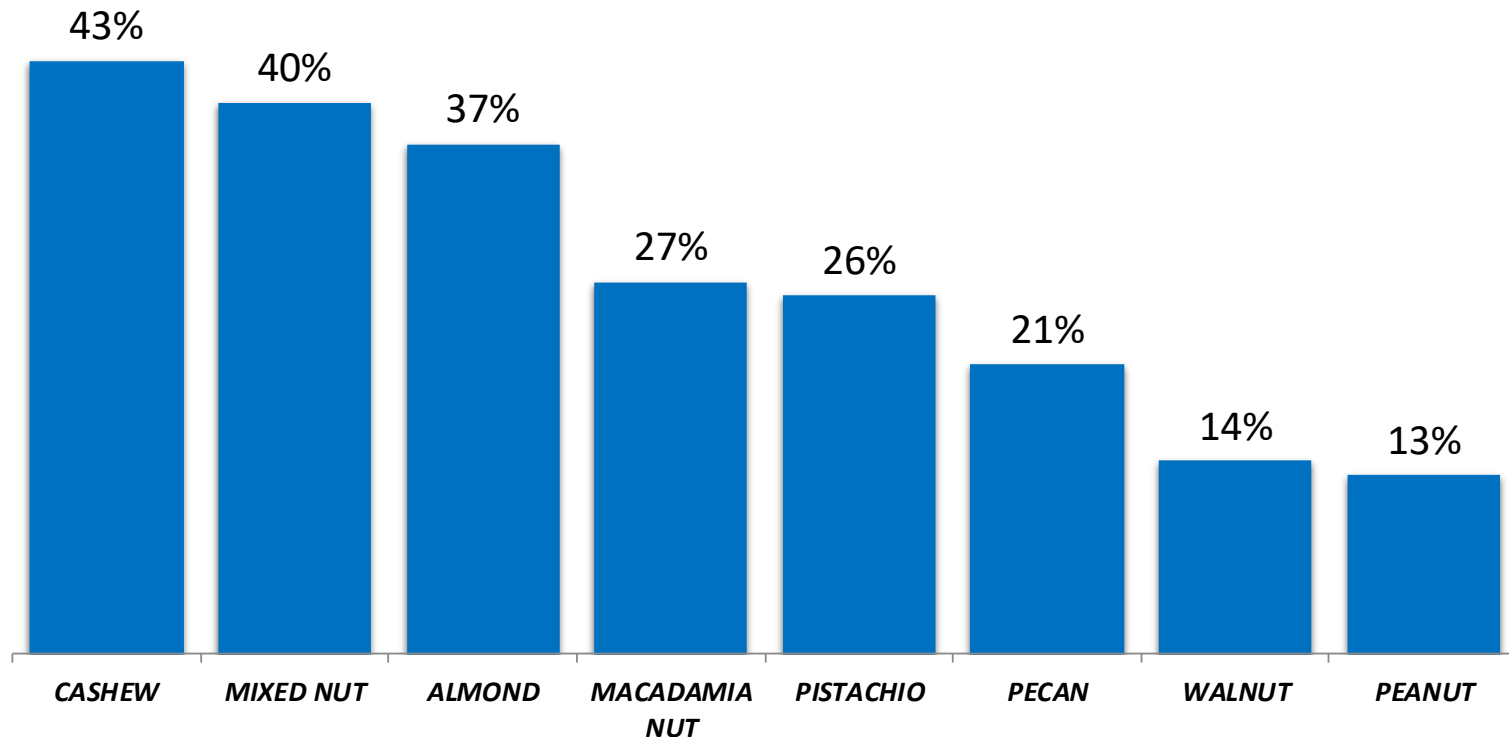
Source: IRI: Nut Category – Multi Outlet Geography  
Time Periods: Total FY 11 Year Ending 7/3/11 to FY 2017 data ending 6/25/17





# ***Retail Prices Up Across Most Major Nut Types over the Last 6 Years***

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

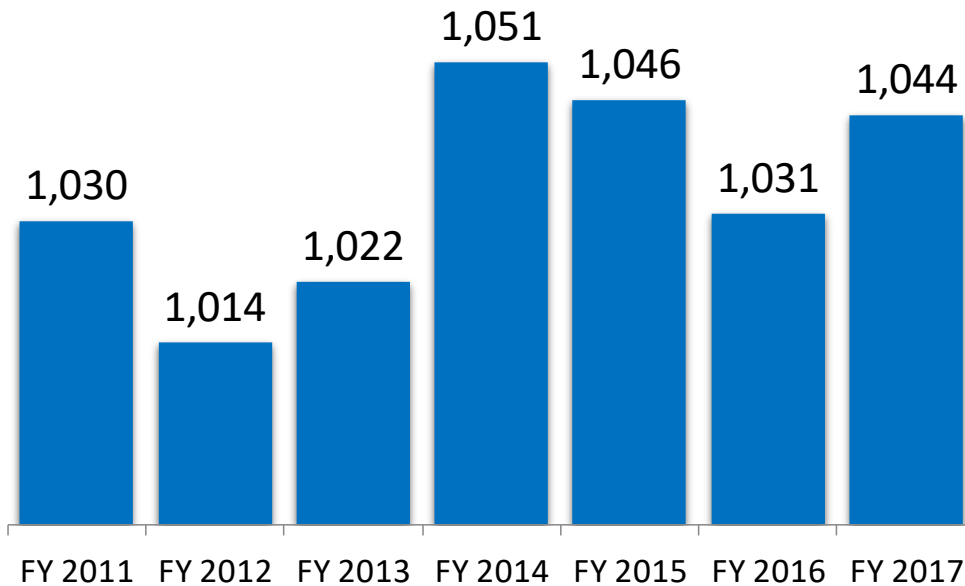


*Source: IRI: Total Nut Category – Multi Outlet Geography  
Time Periods: FY 11 Year Ending 7/3/11 to FY 2017 data ending 6/25/17*

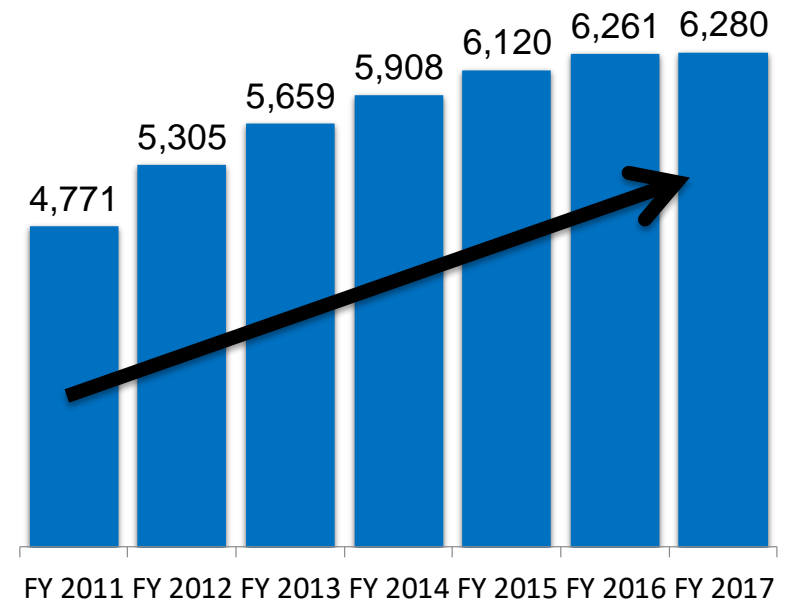


# Category Dollar Sales Plateaued after Years of Growth

**Category Pound Sales (M)**



**Category \$ Sales (M)**





# JOHN B. SANFILIPPO & SON, INC.

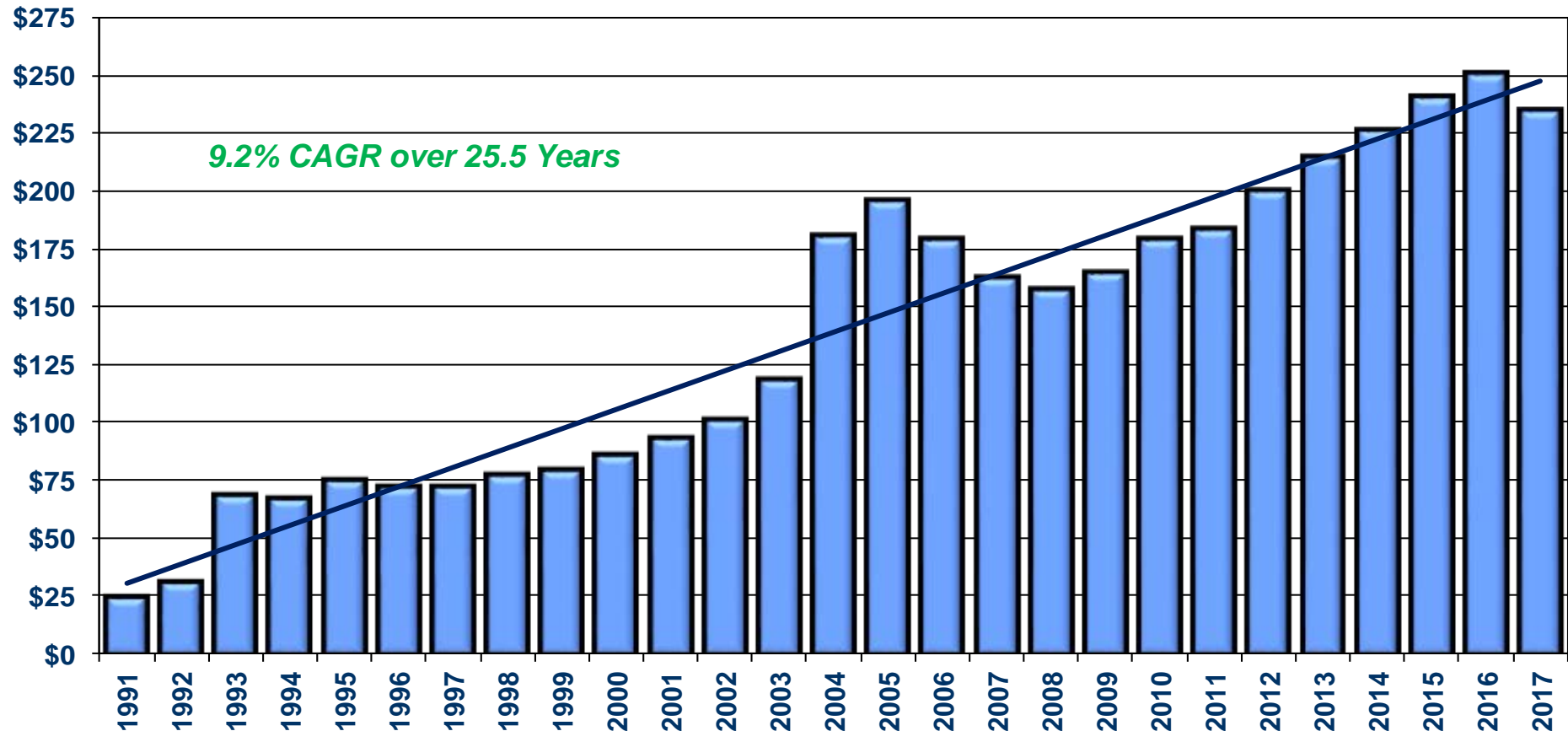
## FY 2017 FINANCIAL MILESTONES







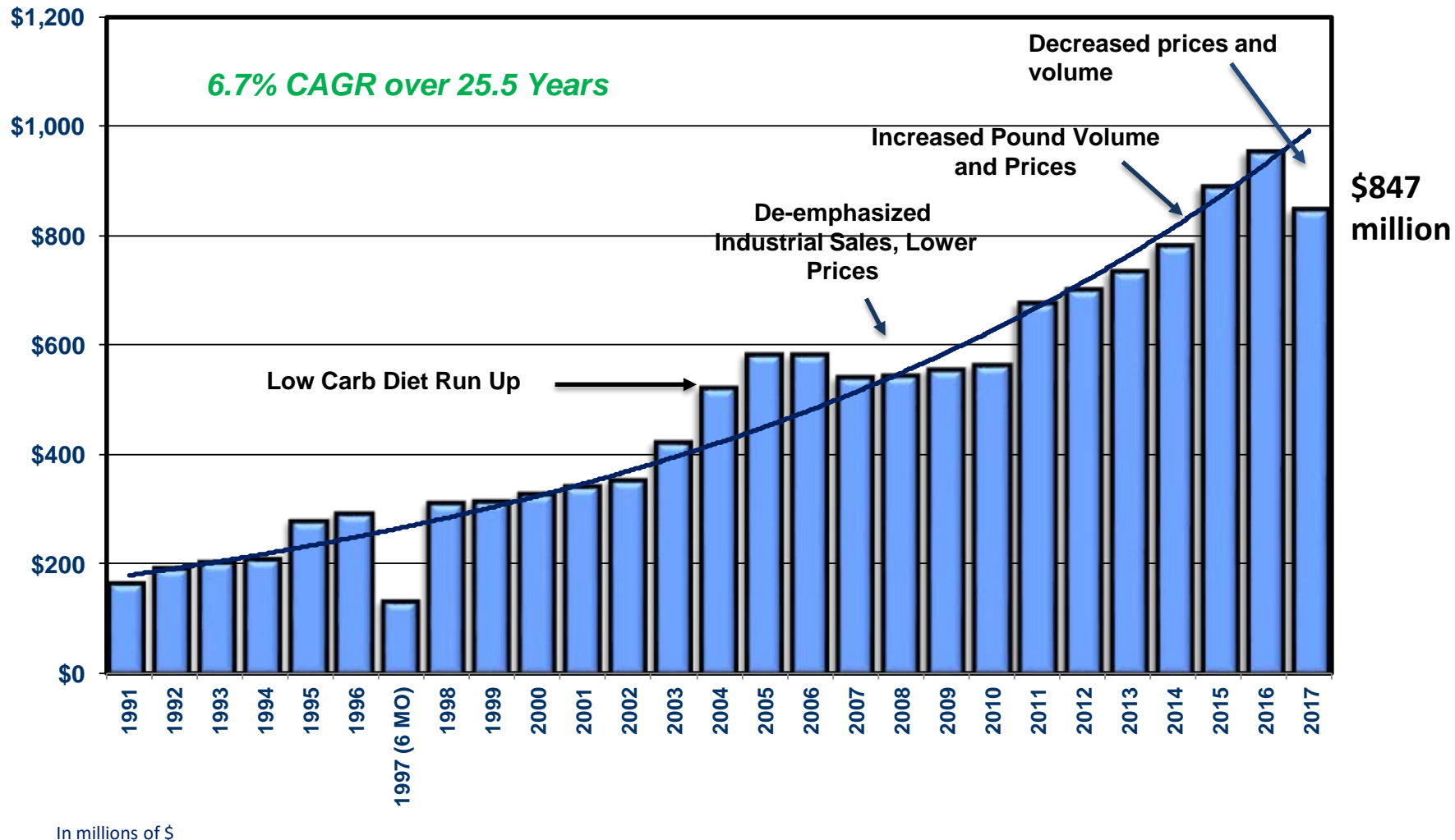
# ***JBSS Stockholders' Equity FY 1991-2017***



In millions of \$

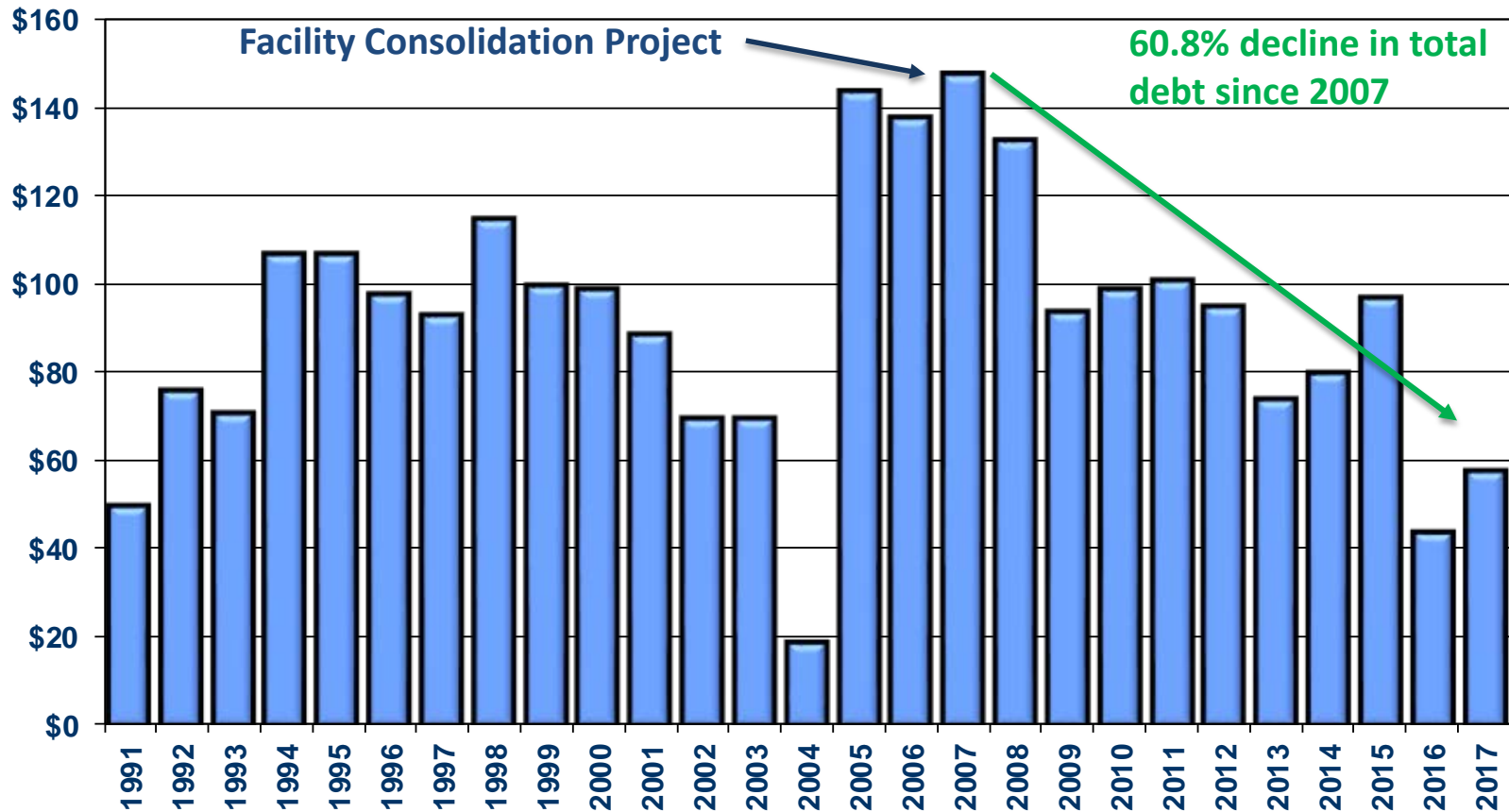


# JBSS Net Sales FYs 1991-2017





# ***JBSS Total Outstanding Debt FYs 1991-2017***

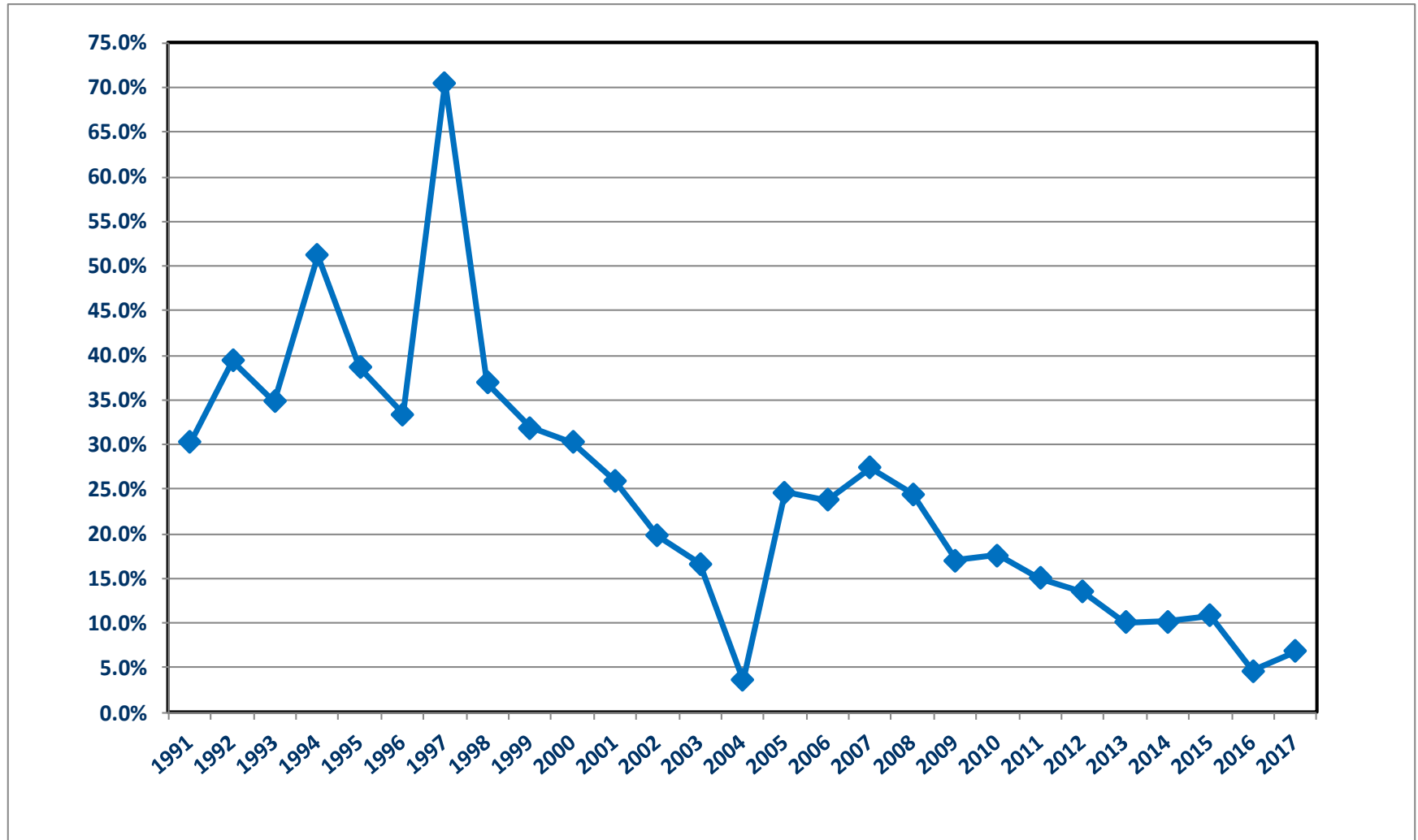


In millions of \$





# ***JBSS Total Outstanding Debt as % of Net Sales FYs 1991-2017***





# ***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.



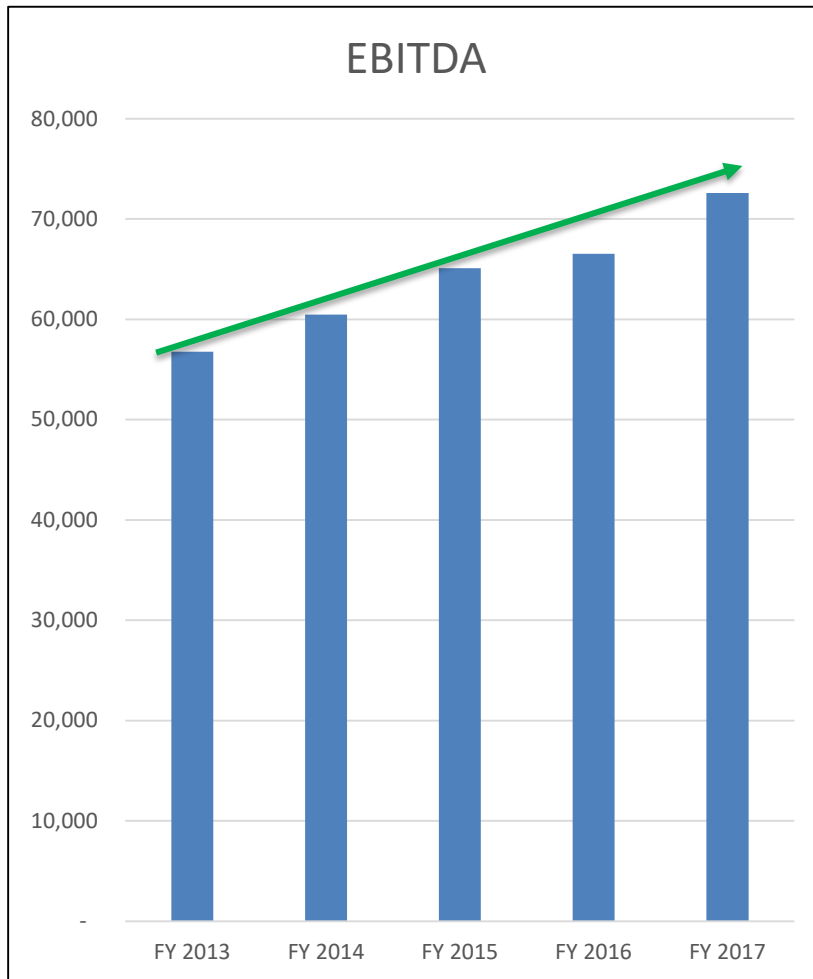
# Reconciliation of Net Income (Loss) to EBITDA

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
(in \$,000's)											
<b>NET INCOME (LOSS)</b>	<b>(13,577)</b>	<b>(5,957)</b>	<b>6,917</b>	<b>14,425</b>	<b>2,835</b>	<b>17,122</b>	<b>21,760</b>	<b>26,287</b>	<b>29,305</b>	<b>30,395</b>	<b>36,125</b>
INTEREST EXPENSE	9,347	10,502	7,646	5,653	6,444	5,364	4,754	4,354	3,966	3,492	2,910
INCOME TAX EXPENSE (BENEFIT)	(7,520)	(897)	(259)	8,447	(49)	9,099	13,536	13,545	15,559	16,067	18,013
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>	<u>15,559</u>
<b>EBITDA</b>	<b>1,834</b>	<b>19,390</b>	<b>30,226</b>	<b>44,350</b>	<b>26,198</b>	<b>48,702</b>	<b>56,767</b>	<b>60,464</b>	<b>65,114</b>	<b>66,539</b>	<b>72,607</b>
NET SALES	540,858	541,771	553,846	561,633	674,212	700,575	734,334	778,622	887,245	952,059	846,635
<b>EBITDA MARGIN (% OF NET SALES)</b>	<b>0.3%</b>	<b>3.6%</b>	<b>5.5%</b>	<b>7.9%</b>	<b>3.9%</b>	<b>7.0%</b>	<b>7.7%</b>	<b>7.8%</b>	<b>7.3%</b>	<b>7.0%</b>	<b>8.6%</b>
POUNDS SOLD (000'S)	246,142	221,958	217,465	224,302	232,746	212,553	221,762	240,417	253,514	270,144	260,123
EBITDA PER POUND SOLD	0.007	0.087	0.139	0.198	0.113	0.229	0.256	0.251	0.257	0.246	0.279

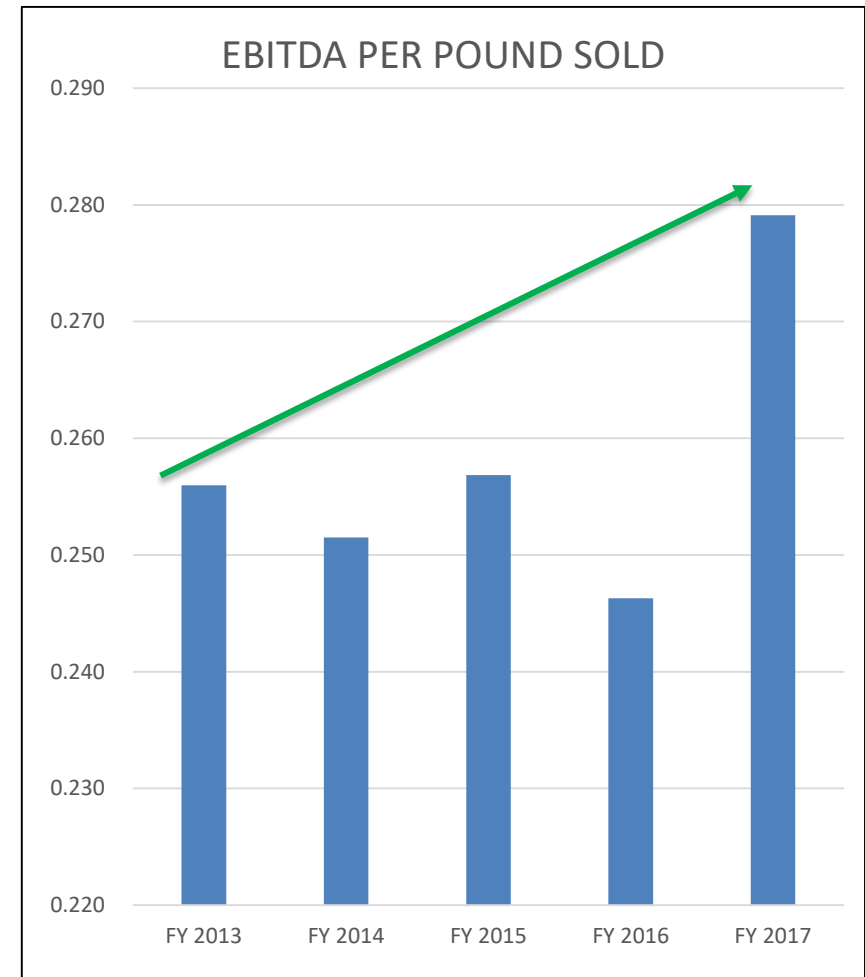




## EBITDA Trends\*



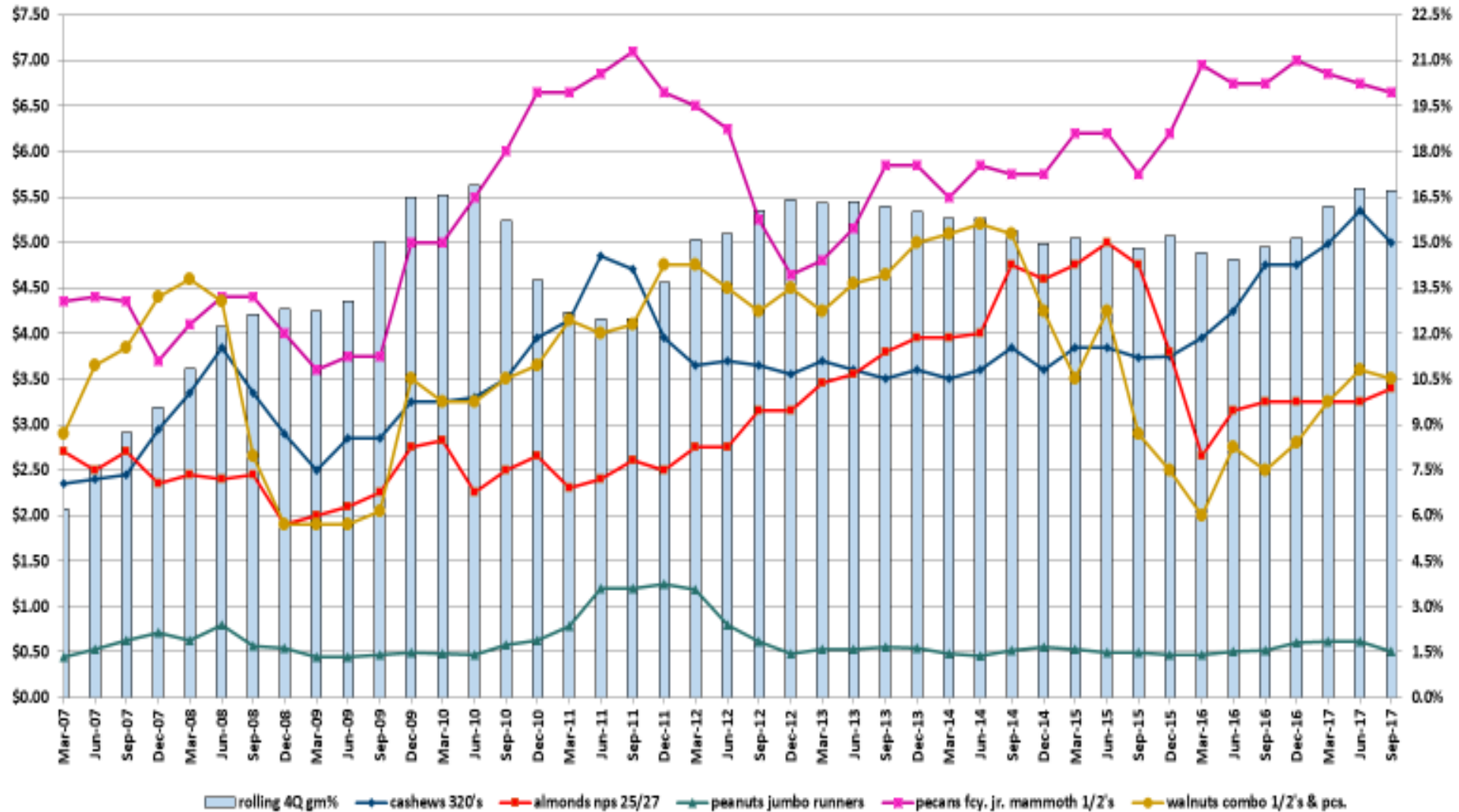
(in \$ thousands)



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










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



Source: JBSS survey of vendors and brokers



## ***Financial Highlights: Q1 FY 2018 vs. Q1 FY 2017*** ***(in 000's except EPS)***

		<u>Change</u>	<u>% Change</u>
	<b>Net Sales</b>	(\$7,502)	(3.4%)
	<b>Sales Volume (Lbs. Sold)</b>	0	0%
	<b>Gross Profit</b>	\$(1,635)	(4.5%)
	<b>Net Income</b>	\$252	2.5%
	<b>Earnings Per Share (Diluted)</b>	\$0.02	2.2%
	<b>Operating Cash Flows</b>	\$(18,170)	(43.7%)
	<b>Total Debt</b>	\$31,812	98.1%





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

## FY 2017 BRAND MARKETING OVERVIEW





## 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<sup>®</sup>







# Fisher®

## Recipe Nuts



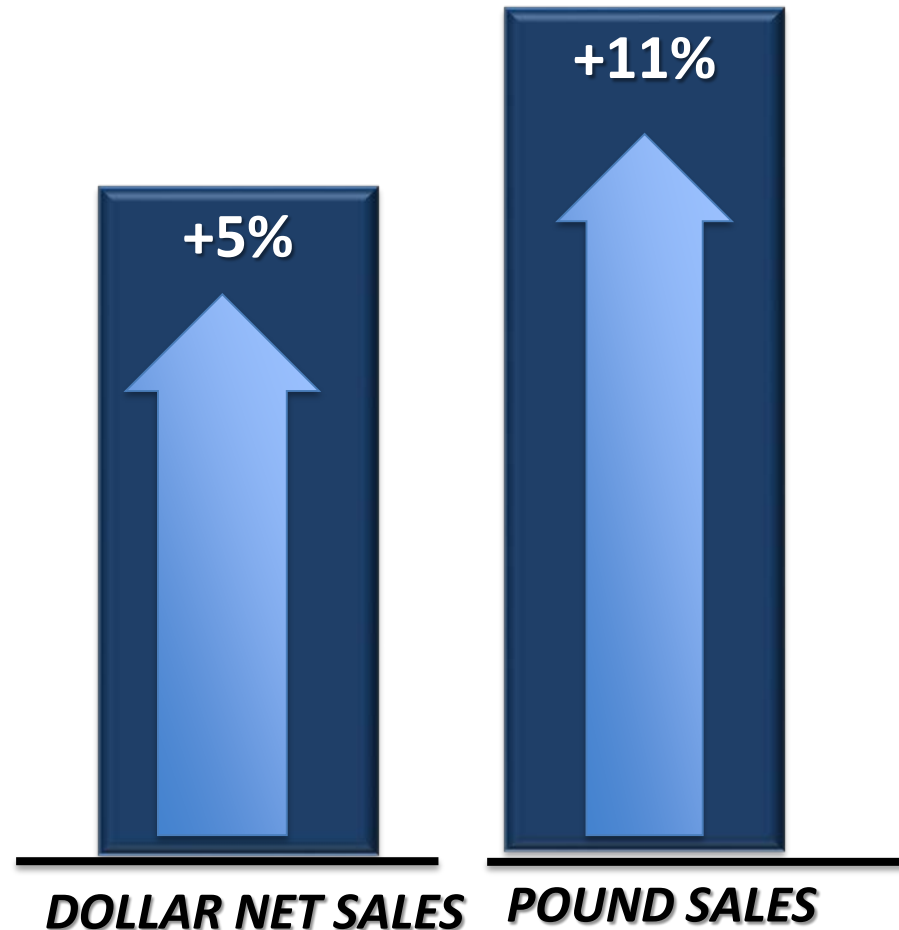




# Continued Growth for Fisher Recipe in FY 17

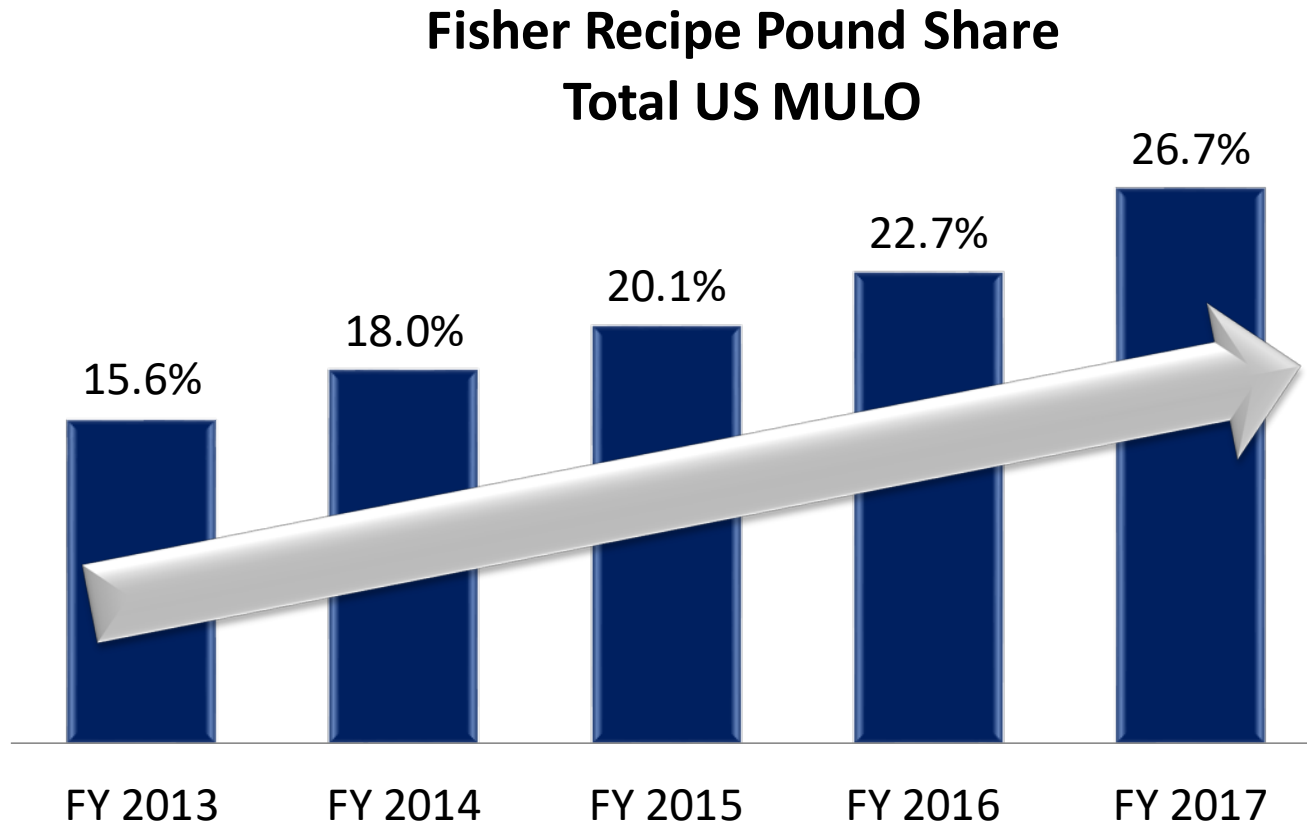
*Total Fisher Recipe Brand Growth FY 17 vs. FY 16*

**Fisher<sup>®</sup>**  
Recipe Nuts





# ***Fisher Recipe has Increased Market Share***





# Distribution Resulted in Share Gains for Fisher Recipe Nuts

amazon



**Fisher**  
nuts





# Continue to Build Fisher Brand Equity with Food Network Sponsorship

**Yes, you PECAN**

See what you can make with Fisher® at fishernuts.com

"I love Fisher nuts because they are preservative free and non-GMO. Just nuts fresh out of their shells that inspire me to come out of my shell!"  
—Alex

**PECAN TURTLE ICE CREAM CAKE**  
SERVES 12 | PREP TIME: 30 MINUTES  
COOK TIME: 35 MINUTES

**THE CAKE**

- 1 cup sugar
- 1 cup vanilla
- 1 cup brown sugar
- 1 cup cream
- 1 large egg
- 1 1/2 cups all-purpose flour
- 1/2 cup baking powder
- 1/2 cup baking soda
- 1 cup unsalted butter, melted
- 1 cup semi-sweet chocolate chips
- 1/2 cup ground chocolate Fisher® Pecan Walnuts
- 2 cups ice cream

**CARAMEL TURTLE TOPPING**

- 6.6 oz. soft caramel (about 3/4 cup)
- 2 cups water
- 1 cup Fisher® Pecan Walnuts
- 3 oz. 70% dark chocolate bar, chopped
- 1/2 cup heavy cream
- 3 tbsp. brown sugar

**MAKE IT**

- Preheat oven to 350°F. Line one 9x13-inch pan with parchment paper and grease with cooking spray.
- Whisk sugar, vanilla, salt, cream and egg. The mixture is light cream. Pour mixture into prepared pan. Bake for 30 minutes. Let cool for 10 minutes. Add ground chocolate Fisher® Pecan Walnuts. Pour batter to even layer with cake pan.
- Place cake in center of oven and bake 20-25 minutes. Cool and unmold onto serving plate.
- Line cake pan with plastic wrap and pour ice cream mixture. Cover top with plastic and parchment paper and 1/2 cup of each of nuts and chocolate chips. Bake for 10 minutes. Let cool for 10 minutes. Place nuts on ice cream as bottom of cake is baking. Place gently to ice cream surface to cake. Return to freezer.
- Place caramelized nuts in bowl. Microwave on high for 1 minute, stirring after 30 seconds. Stir in 1/2 cup of Fisher® Pecan Walnuts to coat with caramel. Spread out on baking sheet. Reserve remaining caramel, nuts, to frost.
- Melt chocolate and cream over double boiler.
- Invert cake onto serving plate. Sprinkle with caramel coated Fisher® Pecan Walnuts, drizzle with melted chocolate. Let sit with remaining pecans, nuts or fruits until ready to use. Enjoy!

**Live Life UNSHELLED.**

"With Fisher, there are no preservatives. No extra ingredients. Just the nuts, fresh out of their shells."  
—Alex Guarnaschelli  
Judge on Food Network's Chopped, executive chef and more

**Fisher Live Life UNSHELLED.**

For the best Fisher® Walnuts, please visit us at fishernuts.com



**GO WALNUTS**

"I love Fisher nuts because they are preservative free and non-GMO. Just nuts fresh out of their shells that inspire me to come out of my shell!"  
—Alex

Alex Guarnaschelli  
Judge on Food Network's Chopped, executive chef and more

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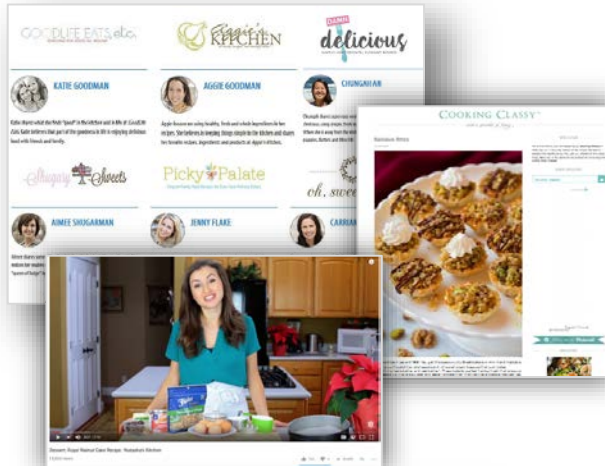
**RUM AND DARK CHOCOLATE WALNUT PARFAIT**



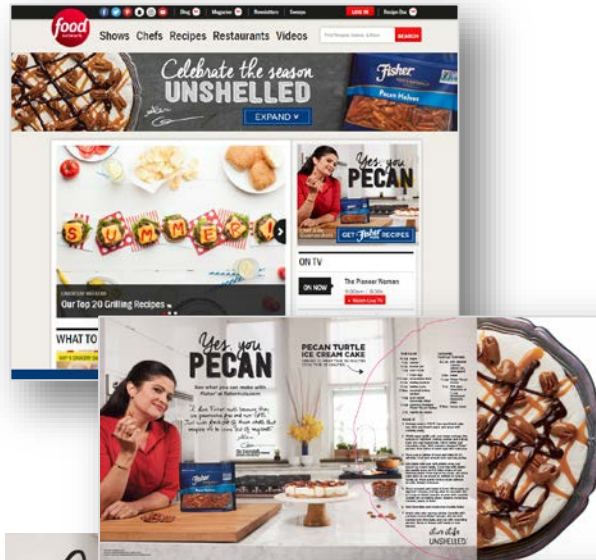


# Integrated Marketing Key to Building Brand Equity

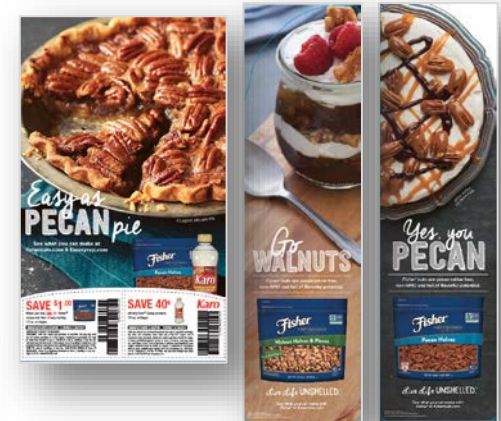
## Influencer Marketing



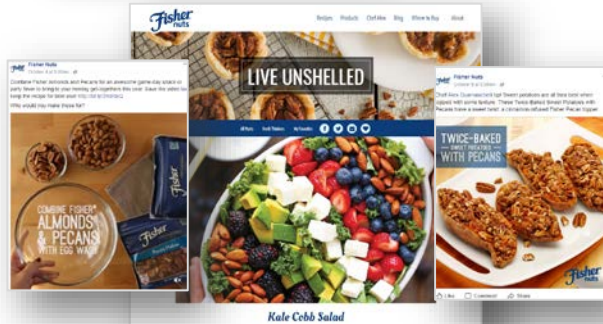
## Multi-Platform Food Network Partnership



## In-Store Support



## Content: Social Media and Web



## National Print





# *Product Upsizing along with Improved Nut Variety and Size Communication*







# Fisher®

## Snack Nuts





# Challenging Year for Fisher Snack in FY 17

Total Fisher Snack Sales FY 17 vs. FY 16

**DOLLAR NET SALES**

**POUND SALES**

**-12%**

**-3%**

**Fisher®**  
**Snack Nuts**





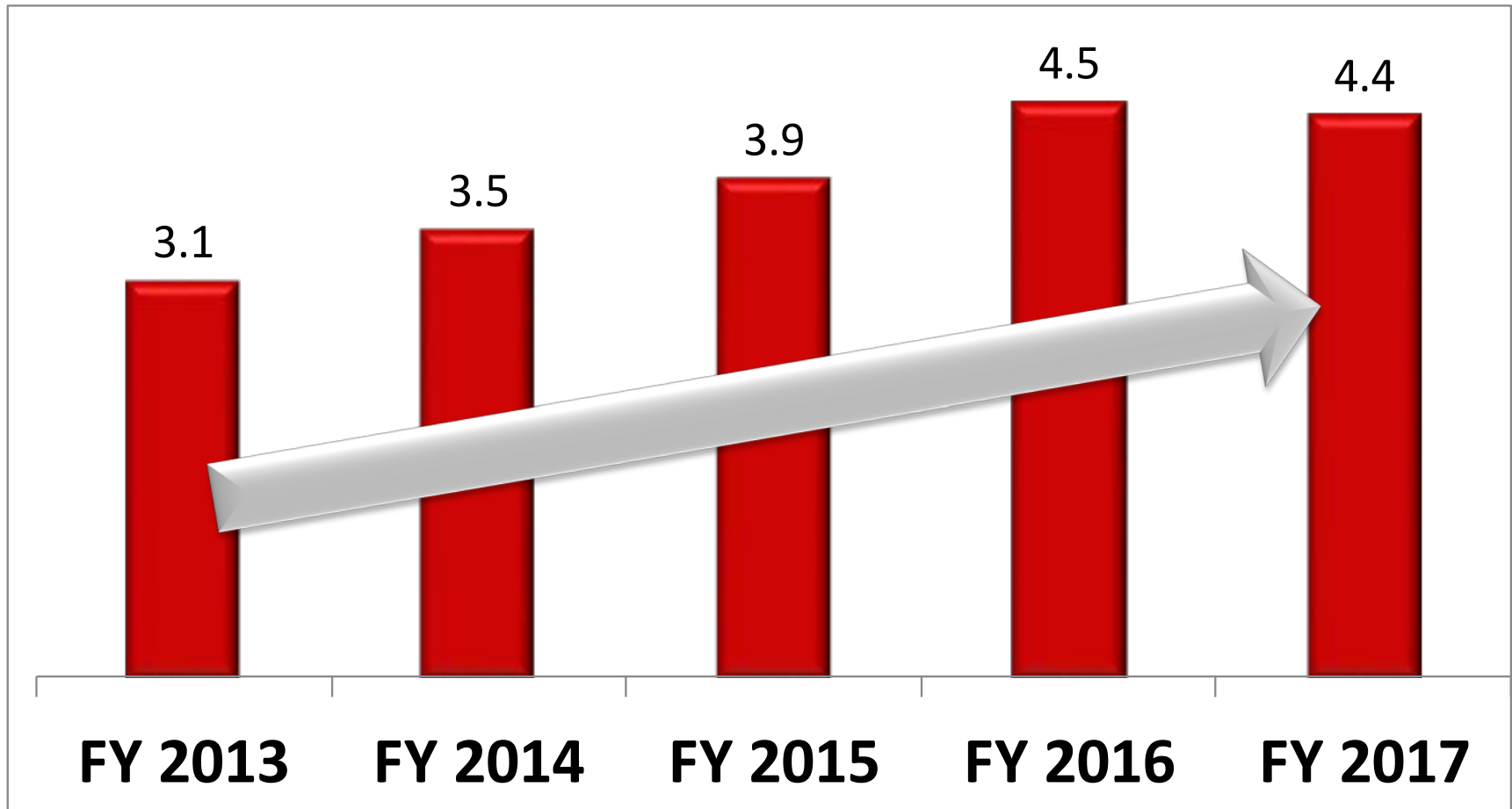
# ***Fisher Snack Nut Strategy Focuses on Midwest High Franchise Markets***

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





## ***Fisher Market Share Plateaued in High Franchise in FY 17***







# ***Core Dry Roast Peanut Business Remains Healthy***





# Orchard Valley HARVEST®



***Pure and Simple Goodness***



# Strong Growth of Our Produce Brands

*Produce Brand Growth FY 17 vs. FY 16*



+24%

+29%

**DOLLAR NET SALES**

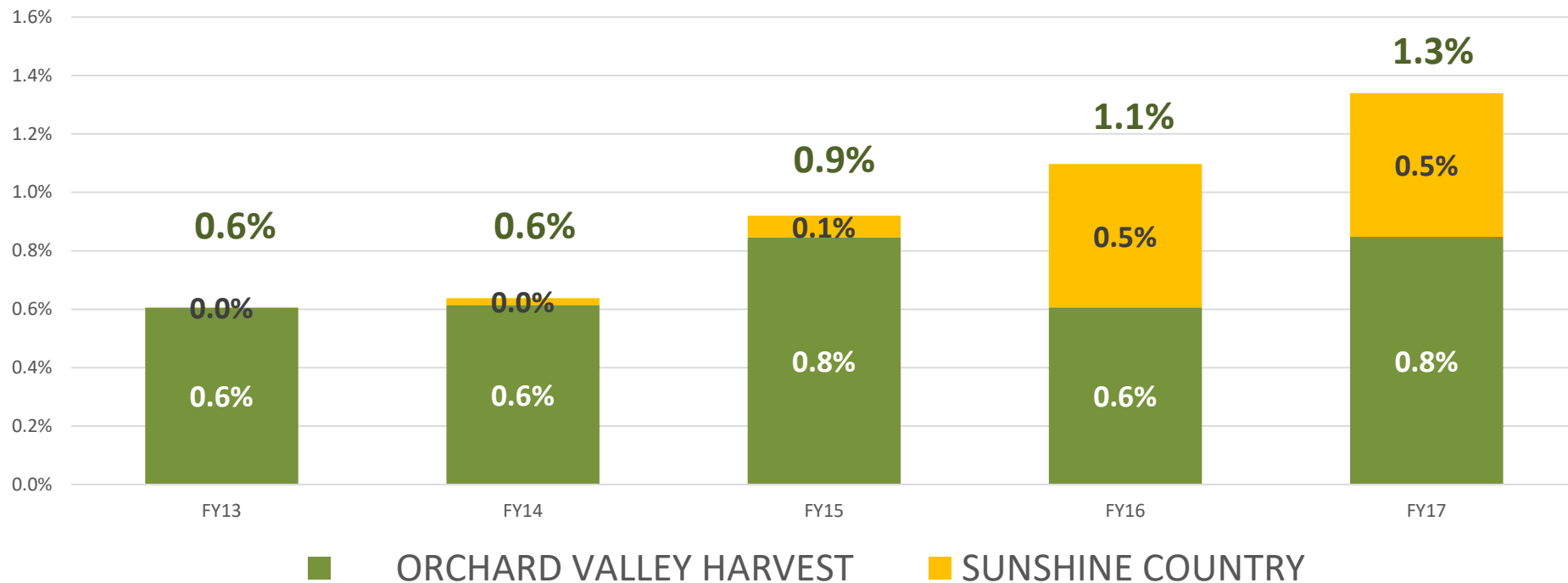
**POUND SALES**

Source: JBSS shipment data 52 week versus 52 week comparison.  
Includes Orchard Valley Harvest brand and Sunshine Country brand



# Strong Share Growth in Produce Nut Category over the last 3 Fiscal Years

## OVH & SSC COMBINED LB SHARE TOTAL US MULO



Source: IRI: Total Produce Nut Category – Multi Outlet Geography  
Time Periods: to FY 13 Year Ending 6/30/13 to FY 2017 data ending 6/25/17 Includes Orchard Valley Harvest and Sunshine Country





# Orchard Valley Distribution

HARVEST®

amazon

HOME SENSE®

WINNERS®





# 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>**

**NO Artificial Ingredients**

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



(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



# New “Wellness Mixes” Help Meet Consumer Need for On-The-Go Goodness

New in FY18







# *We Have Expanded our Portfolio to Address Growing Usage of Nuts in Salads*

## SALAD TOPPERS

Salads are the #1 Usage Occasion for Nuts!

NEW



NO Artificial  
INGREDIENTS



Multi Pack!  
8 Individual Servings



# *Salad is the #1 Usage Occasion for Non-Snacking Nuts*



✓ 22% of non-snacking nut usage is for Salads

✓ 19% of non-snacking nut usage is for Baking



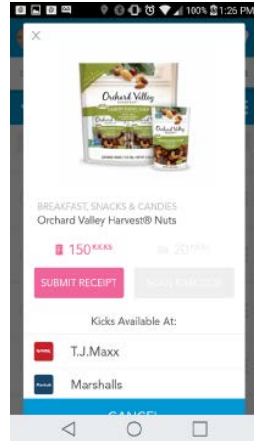
#1





# Integrated Marketing Support

## Shopkick



### Earn reward points

Earn points for shopping in-store and online. Walk in and scan products, visit online stores and view products, and make purchases. It's that easy!



NO Artificial  
INGREDIENTS

## Public Relations



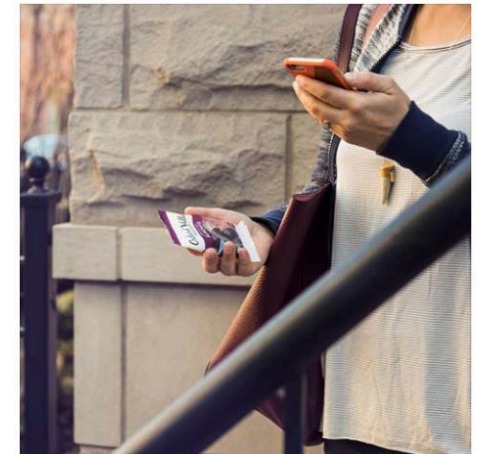
## Instagram



## facebook.

Orchard Valley Harvest  
Published by Alec Weine · January 30 ·

Don't settle for junk food as your on-the-go snack. Try our Pure & Simple Dark Chocolate Covered Almonds to curb your hunger instead.







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

## FY 2018 STRATEGY UPDATE





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

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

*The Global Source for Nuts®*





# JBSS Strategies & Market Forces

## HEADWINDS & TAILWINDS

### GROWTH DRIVERS

1. Penetrate existing customers with current products
2. Increase velocity of current products
3. Gain new customers
4. Launch new products
5. Enter new channels
6. Expand beyond core product portfolio
7. M&A
8. Form partnerships

### FY2018 Plan

Consumer

Commercial Ingredient

Contract Manufacturing

Competitive Landscape

Supply Chain Dynamics

Consumption Trends

Resources & Structure



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.



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



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





## 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.

*Fisher*

Orchard Valley  
HARVEST®

*Fisher*



# ***Maintain Fisher Recipe #1 Share Position Nationally by Expanding Distribution***

**Fisher**



***New distribution at Meijer Stores***



***New distribution at Publix Stores***



# Reposition Fisher Snack and Expand Distribution Nationally

**Fisher®**



***Gain new customers beyond core Midwest region***

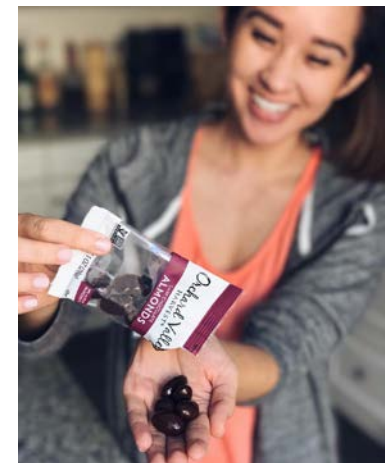
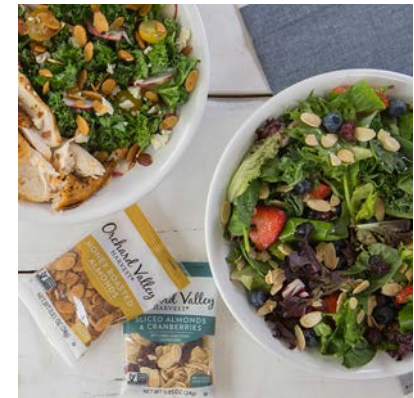






# *Launch Innovative Products Beyond Core Portfolio and Expand Distribution*

Orchard Valley  
HARVEST®





# *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.



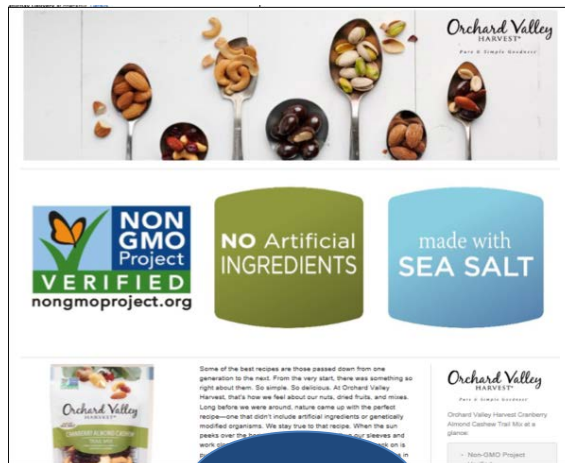




# Expanding Consumer Reach Across All JBSS Brands



Vending



eCommerce



Dollar Stores



Non-Commercial Foodservice





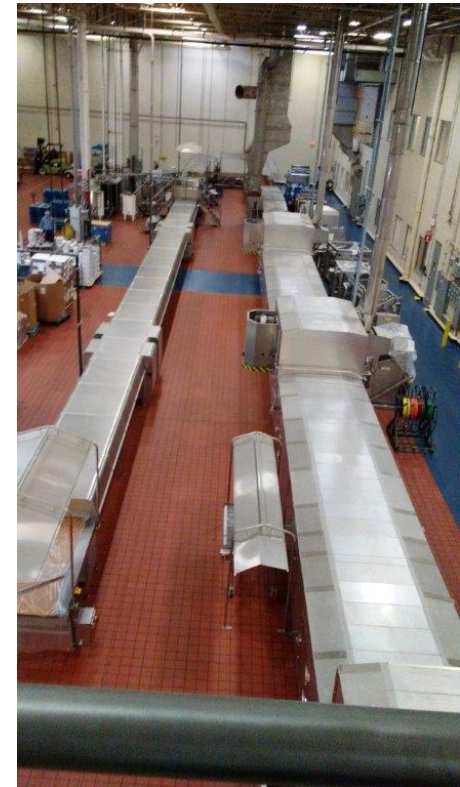


# ***Be Preferred Partner to Build Profitable Volume of Value-Added Nuts & Snacks***



**CREATE VALUE  
WITH KEY  
CUSTOMERS**

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



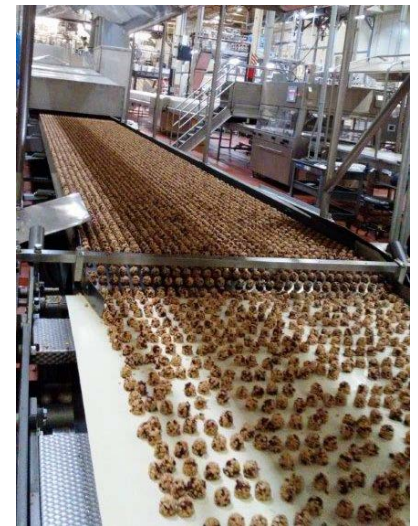


# ***Establish Trust & Competitive Advantage***

## **Global Procurement Expertise**



## **Quality, Food Safety, Freshness**



## **Operational Excellence**





## ***Feedback From A Customer***

*“Hey this might be kind of random but I just wanted to say that I work here at Walmart and I stock your product and I just wanted to show my appreciation for your ready for sale display boxes they are the easiest most simple boxes to open and I can't tell you how many companies make horrid ready for sale boxes that end up getting ripped up and then can't be displayed. That's all and keep up the good work.” :)*

JM







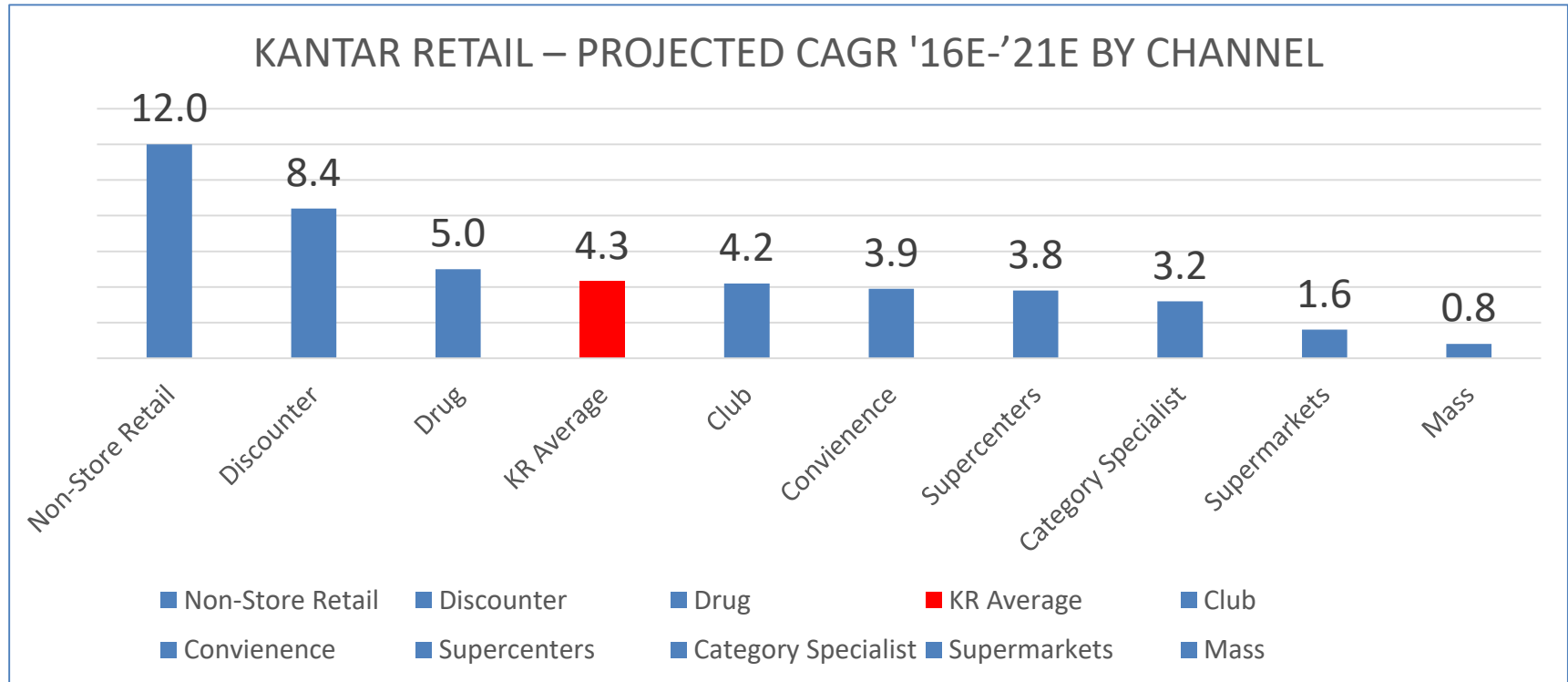
**JOHN B. SANFILIPPO & SON, INC.**

## CLOSING COMMENTS



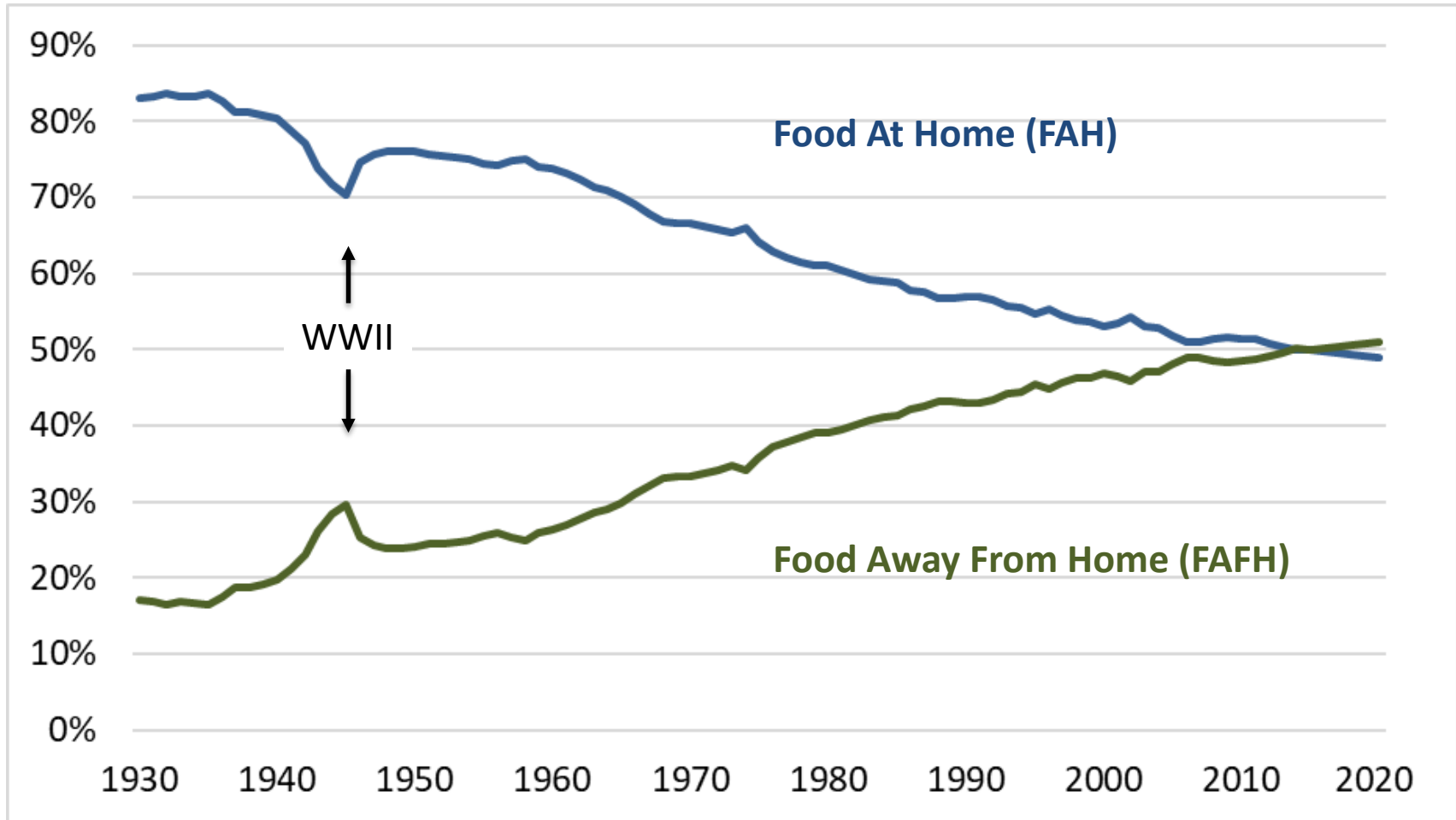


# Above Average Growth Projected for E-Commerce & Discounter





# Food Spending



Source: Data through 2014 calculated by the Economic Research Service, USDA, from various data sets from the U.S. Census Bureau and the Bureau of Labor Statistics. 2015-2020 estimated based on previous 7 years data trend.



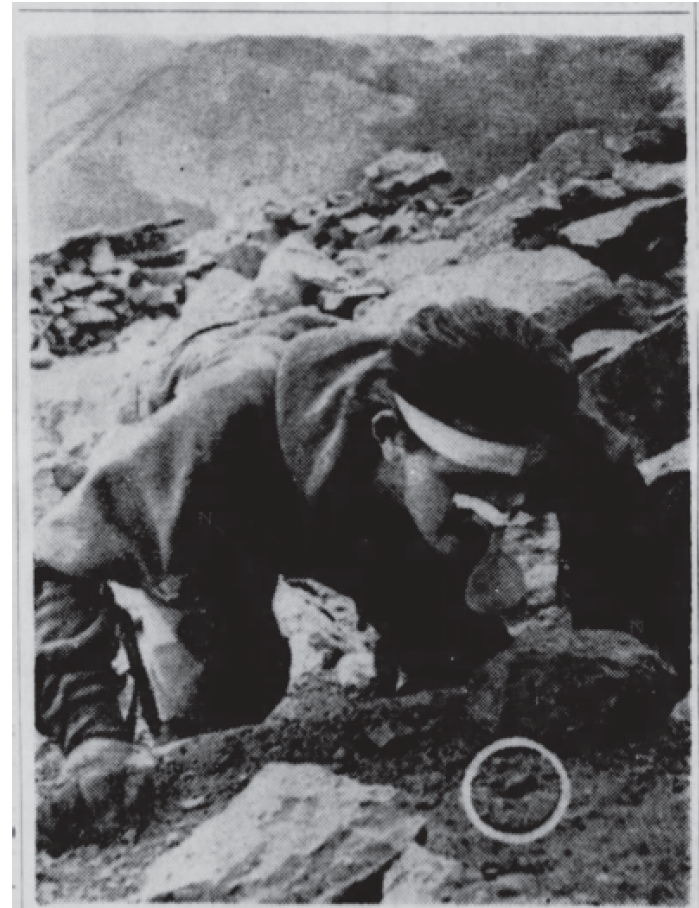
# *Headwinds and Tailwinds Create Opportunities*

*"No problem is larger than a peanut and can be conquered with courage and persistence."*

- Ulysses L. Baxter

Colorado Springs Gazette

July 17, 1966



PIKES PEAK PEANUT PUSHER—Ulysses L. Baxter, a rock-and-roll singer from Oklahoma City, Okla., nears the



# 6PM TUESDAY OCT. 30<sup>TH</sup>, 2017

## JBSS Elgin Shipping Docks





6PM TUESDAY OCT. 30<sup>TH</sup>, 2017  
JBSS Elgin Scale House







# ***This Team Will Drive Results***







## ***JBSS Mission***

*To be the global leader of quality driven, innovative nut solutions that enhance the customer and consumer experience and achieve consistent, profitable growth for our shareholders. We will accomplish this through our commitment to a dynamic infrastructure that maximizes the potential of our brands, people and processes.*



***Thank You***

***We Look Forward to a  
Successful FY 2018***