

SANFILIPPO JOHN B & SON INC
Form 10-Q
November 01, 2018
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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 quarterly period ended September 27, 2018

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

Commission File Number 0-19681

JOHN B. SANFILIPPO & SON, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

36-2419677
(I.R.S. Employer
Identification No.)

1703 North Randall Road

Elgin, Illinois
(Address of Principal Executive Offices)

60123-7820
(Zip Code)

(847) 289-1800

(Registrant's Telephone Number, Including Area Code)

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit 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, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 25, 2018, 8,747,575 shares of the Registrant's Common Stock, \$0.01 par value per share and 2,597,426 shares of the Registrant's Class A Common Stock, \$0.01 par value per share, were outstanding.

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JOHN B. SANFILIPPO & SON, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 27, 2018

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

(Dollars in thousands, except share and per share amounts)

	For the Quarter Ended	
	September 27, 2018	September 28, 2017
Net sales	\$ 204,288	\$ 215,664
Cost of sales	171,334	180,545
Gross profit	32,954	35,119
Operating expenses:		
Selling expenses	14,071	10,945
Administrative expenses	8,831	6,559
Total operating expenses	22,902	17,504
Income from operations	10,052	17,615
Other expense:		
Interest expense including \$309 and \$194 to related parties	879	781
Rental and miscellaneous expense, net	289	622
Other expense	487	492
Total other expense, net	1,655	1,895
Income before income taxes	8,397	15,720
Income tax expense	1,791	5,009
Net income	\$ 6,606	\$ 10,711
Other comprehensive income:		
Amortization of prior service cost and actuarial loss included in Other expense	263	279
Income tax expense related to pension adjustments	(66)	(108)
Other comprehensive income, net of tax:	197	171
Comprehensive income	\$ 6,803	\$ 10,882

Net income per common share-basic	\$	0.58	\$	0.94
Net income per common share-diluted	\$	0.57	\$	0.94

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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JOHN B. SANFILIPPO & SON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except share and per share amounts)

	September 27, 2018	June 28, 2018	September 28, 2017
ASSETS			
CURRENT ASSETS:			
Cash	\$ 1,215	\$ 1,449	\$ 869
Accounts receivable, less allowance for doubtful accounts of \$263, \$270 and \$273	58,887	65,426	71,576
Inventories	181,031	174,362	165,304
Prepaid expenses and other current assets	4,190	6,645	5,416
TOTAL CURRENT ASSETS	245,323	247,882	243,165
PROPERTY, PLANT AND EQUIPMENT:			
Land	9,285	9,285	9,285
Buildings	109,110	108,540	107,278
Machinery and equipment	199,871	198,321	194,449
Furniture and leasehold improvements	5,015	5,015	4,928
Vehicles	526	526	535
Construction in progress	7,201	2,618	5,287
	331,008	324,305	321,762
Less: Accumulated depreciation	220,376	217,689	213,252
	110,632	106,616	108,510
Rental investment property, less accumulated depreciation of \$10,629, \$10,431 and \$9,837	18,264	18,462	19,056
TOTAL PROPERTY, PLANT AND EQUIPMENT	128,896	125,078	127,566
Cash surrender value of officers' life insurance and other assets	9,102	10,565	9,541
Deferred income taxes	5,644	5,024	9,668
Goodwill	9,650	9,650	
Intangible assets, net	16,812	17,654	
TOTAL ASSETS	\$ 415,427	\$ 415,853	\$ 389,940

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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JOHN B. SANFILIPPO & SON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except share and per share amounts)

	September 27, 2018	June 28, 2018	September 28, 2017
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Revolving credit facility borrowings	\$ 51,941	\$ 31,278	\$ 36,454
Current maturities of long-term debt, including related party debt of \$4,350, \$4,341 and \$482 and net of unamortized debt issuance costs of \$42, \$45 and \$53	7,212	7,169	3,429
Accounts payable	59,848	60,340	54,544
Bank overdraft	1,121	2,062	1,484
Accrued payroll and related benefits	10,149	6,415	8,065
Other accrued expenses	9,731	9,929	15,009
TOTAL CURRENT LIABILITIES	140,002	117,193	118,985
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities, including related party debt of \$14,416, \$15,507 and \$10,461 and net of unamortized debt issuance costs of \$69, \$79 and \$111	25,537	27,356	24,350
Retirement plan	21,501	21,288	21,195
Other	7,040	7,014	6,876
TOTAL LONG-TERM LIABILITIES	54,078	55,658	52,421
TOTAL LIABILITIES	194,080	172,851	171,406
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS EQUITY:			
Class A Common Stock, convertible to Common Stock on a per share basis, cumulative voting rights of ten votes per share, \$.01 par value; 10,000,000 shares authorized, 2,597,426 shares issued and outstanding	26	26	26
Common Stock, non-cumulative voting rights of one vote per share, \$.01 par value; 17,000,000 shares authorized 8,865,475, 8,865,475 and 8,817,883 shares issued	89	89	88
Capital in excess of par value	120,568	119,952	118,326
Retained earnings	104,852	127,320	105,531
Accumulated other comprehensive loss	(2,984)	(3,181)	(4,233)

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Treasury stock, at cost; 117,900 shares of Common Stock	(1,204)	(1,204)	(1,204)
TOTAL STOCKHOLDERS EQUITY	221,347	243,002	218,534
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$ 415,427	\$ 415,853	\$ 389,940

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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(Unaudited)

(Dollars in thousands, except share and per share amounts)

	Class A Common Stock		Common Stock			Capital in Excess of Par Value	Accumulated Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
	Shares	Amount	Shares	Amount	Par Value					
Balance, June 28, 2018	2,597,426	\$ 26	8,865,475	\$ 89	\$ 119,952	\$ 127,320	\$ (3,181)	\$ (1,204)	\$ 243,002	
Net income						6,606			6,606	
Cash dividends (\$2.55 per share)						(29,074)			(29,074)	
Pension liability amortization, net of income tax expense of \$66							197		197	
Stock-based compensation expense					616				616	
Balance, September 27, 2018	2,597,426	\$ 26	8,865,475	\$ 89	\$ 120,568	\$ 104,852	\$ (2,984)	\$ (1,204)	\$ 221,347	

	Class A Common Stock		Common Stock			Capital in Excess of Par Value	Accumulated Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
	Shares	Amount	Shares	Amount	Par Value					
Balance, June 29, 2017	2,597,426	\$ 26	8,801,641	\$ 88	\$ 117,772	\$ 123,190	\$ (4,404)	\$ (1,204)	\$ 235,468	
Net income						10,711			10,711	
Cash dividends (\$2.50 per share)						(28,370)			(28,370)	
Pension liability amortization, net of income tax expense of \$108							171		171	
Equity award exercises			16,242		16	538			16	
									538	

Stock-based
compensation
expense

Balance,
September&