

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 period ended June 24, 2000

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-14616

J & J SNACK FOODS CORP.
(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

6000 Central Highway, Pennsauken, NJ 08109
(Address of principal executive offices)

Telephone (856) 665-9533

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

As of July 19, 2000, there were 8,562,093 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

ASSETS	June 24, 2000 (Unaudited)	September 25, 1999
Current assets		
Cash and cash equivalents	\$ 1,027	\$ 5,945
Short term investment securities held to maturity	-	924
Accounts receivable	37,771	31,881
Inventories	19,859	16,187
Prepaid expenses and deposits	2,352	1,130
	61,009	56,067
Property, plant and equipment, at cost		
Land	795	745
Buildings	5,586	5,386
Plant machinery and equipment	72,607	66,305
Marketing equipment	151,046	138,335
Transportation equipment	1,995	2,049
Office equipment	6,834	6,308
Improvements	12,336	11,769
Construction in progress	3,056	1,356
	254,255	232,253
Less accumulated depreciation and amortization	145,959	130,292
	108,296	101,961
Other assets		
Goodwill, trademarks and rights, less accumulated amortization	49,445	50,821
Long term investment securities held to maturity	1,740	1,925
Sundry	2,793	2,906

53,978 55,652
\$223,283 \$213,680

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

LIABILITIES AND STOCKHOLDERS' EQUITY	June 24, 2000	September 25, 1999
	(Unaudited)	
	(dollars in thousands, except share information)	
Current liabilities		
Current maturities of long-term debt	\$ 30,143	\$ 8,214
Accounts payable	29,172	23,272
Accrued liabilities	8,538	8,418
	67,853	39,904
Long-term debt, less current maturities	17,657	34,660
Deferred income taxes	7,702	7,702
Other long-term liabilities	148	245
	25,507	42,607
Stockholders' equity		
Capital stock		
Preferred, \$1 par value; authorized, 5,000,000 shares; none issue	-	-
Common, no par value; authorized 25,000,000 shares; issued and outstanding, 8,542,000 and 9,000,000, respectively	28,682	36,251
Accumulated other comprehen- sive income	(1,694)	(1,601)
Retained earnings	102,935	96,519
	129,923	131,169
	\$223,283	\$213,680

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(in thousands, except per share amounts)

	Three months ended		Nine months ended	
	June 24, 2000	June 26, 1999	June 24, 2000	June 26, 1999
Net Sales	\$89,579	\$82,094	\$223,770	\$205,551
Cost of goods sold	42,524	37,967	108,497	96,857
Gross profit	47,055	44,127	115,273	108,694
Operating expenses				
Marketing	27,326	23,379	70,709	63,721
Distribution	7,606	7,545	22,271	21,239
Administrative	2,815	2,782	8,382	7,936
Amortization of intangibles and deferred costs	688	753	2,172	2,254

	38,435	34,459	103,534	95,150
Operating income	8,620	9,668	11,739	13,544
Other income (deductions)				
Investment income	72	116	312	362
Interest expense	(761)	(871)	(2,099)	(2,523)
Sundry	21	143	232	466
Earnings before income taxes	7,952	9,056	10,184	11,849
Income taxes	2,942	3,351	3,768	4,384
NET EARNINGS	\$ 5,010	\$ 5,705	\$ 6,416	\$ 7,465
Earnings per diluted share	\$.56	\$.60	\$.70	\$.78
Weighted average number of diluted shares	8,890	9,471	9,200	9,540
Earnings per basic share	\$.57	\$.64	\$.72	\$.83
Weighted average number of basic shares	8,728	8,984	8,915	9,038

See accompanying notes to the consolidated financial statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (in thousands)

	Nine months ended	
	June 24, 2000	June 26, 1999
Operating activities:		
Net earnings	\$ 6,416	\$ 7,465
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	19,767	17,898
Amortization of intangibles	2,594	2,614
Other adjustments	9	(32)
Changes in assets and liabilities, net of effects from purchase of companies		
Increase in accounts receivable	(5,856)	(335)
Increase in inventories	(3,448)	(678)
Increase in prepaid expenses	(1,222)	(669)
Increase in accounts payable and accrued liabilities	6,557	3,757
Net cash provided by operating activities	24,817	30,020
Investing activities:		
Purchases of property, plant and equipment	(25,926)	(18,774)
Payments for purchases of companies, net of cash acquired and debt assumed	(1,280)	(2,336)
Proceeds from investments held to maturity	1,109	255
Other	(361)	200
Net cash used in investing activities	(26,458)	(20,655)
Financing activities:		
Proceeds from borrowings	15,000	4,000
Proceeds from issuance of common stock	1,186	2,335
Payments to repurchase common stock	(9,390)	(5,625)
Payments of long-term debt	(10,073)	(6,606)
Net cash (used in) provided by financing activities	(3,277)	(5,896)
Net (decrease) increase in cash and cash equivalents	(4,918)	3,469
Cash and cash equivalents at beginning of period	5,945	3,204

Cash and cash equivalents at
end of period

\$ 1,027 \$ 6,673

See accompanying notes to the consolidated financial
statements.

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J & J SNACK FOODS CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and the results of operations and cash flows.

The results of operations for the three months and nine months ended June 24, 2000 and June 26, 1999 are not necessarily indicative of results for the full year. Sales of the Company's retail stores are generally higher in the first quarter due to the holiday shopping season. Sales of the Company's frozen beverages and frozen juice bars and ices are generally higher in the third and fourth quarters due to seasonal factors.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the year ended September 25, 1999.

Note 2 The Company's calculation of earnings per share in accordance with SFAS No. 128, "Earnings Per Share," is as follows:

	Three Months Ended June 24, 2000		
	Income	Shares	Per Share
	(Numerator)	(Denominator)	Amount
	(in thousands, except per share amounts)		
Basic EPS			
Net Income available to common stockholders	\$5,010	8,728	\$.57
Effect of Dilutive Securities Options	-	162	(.01)
Diluted EPS			
Net Income available to common stockholders plus assumed conversions	\$5,010	8,890	\$.56

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	Nine Months Ended June 24, 2000		
	Income	Shares	Per Share
	(Numerator)	(Denominator)	Amount
	(in thousands, except per share amounts)		
Basic EPS			
Net Income available to common stockholders	\$6,416	8,915	\$.72
Effect of Dilutive Securities Options	-	285	(.02)
Diluted EPS			
Net Income available to common stockholders plus assumed conversions	\$6,416	9,200	\$.70

Three Months Ended June 26, 1999
Income Shares Per Share
(Numerator) (Denominator) Amount
(in thousands,
except per share amounts)

Basic EPS			
Net Income available to common stockholders	\$5,705	8,984	\$.64
Effect of Dilutive Securities Options	-	487	(.04)
Diluted EPS			
Net Income available to common stockholders plus assumed conversions	\$5,705	9,471	\$.60

Nine Months Ended June 26, 1999
Income Shares Per Share
(Numerator) (Denominator) Amount
(in thousands,
except per share amounts)

Basic EPS			
Net Income available to common stockholders	\$7,465	9,038	\$.83
Effect of Dilutive Securities Options	-	502	(.05)
Diluted EPS			
Net Income available to common stockholders plus assumed conversions	\$7,465	9,540	\$.78

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Note 3 Inventories consist of the following:

	June 24, 2000	September 25, 1999
	(in thousands)	
Finished goods	\$ 9,137	\$ 8,118
Raw materials	2,033	1,579
Packaging materials	2,888	1,770
Equipment parts & other	5,801	4,720
	\$19,859	\$16,187

Note 4 In fiscal year 1999, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 superceded SFAS 14, "Financial Reporting for Segments of a Business Enterprise", replacing the "industry segment" approach with the "management approach". The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments, as well as disclosures about products and services and major customers. The adoption of SFAS No. 131 did not affect the results of operations or the financial position of the Company.

Using the guidelines set forth in SFAS No. 131, the Company has two reportable segments: Snack Foods and Frozen Beverages. Snack Foods manufactures and distributes snack foods and bakery items. Frozen beverages markets and distributes frozen beverage products. The segments are managed as strategic business units due to their distinct production processes and capital requirements.

The Company evaluates each segment's performance based on income or loss before taxes, excluding corporate and other unallocated expenses and non-recurring charges. Information regarding the

operations in these reportable segments is as follows:

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	Three Months Ended		Nine Months Ended	
	June 24,	June 26,	June 24,	June 26,
	2000	1999	2000	1999
	(in thousands)			
Sales:				
Snack Foods	\$ 59,735	\$ 54,011	\$153,539	\$144,558
Frozen Beverages	29,844	28,083	70,231	60,993
	\$ 89,579	\$ 82,094	\$223,770	\$205,551
Depreciation and Amortization:				
Snack Foods	\$ 3,632	\$ 3,311	\$ 10,476	\$ 9,662
Frozen Beverages	4,064	3,656	11,885	10,850
	\$ 7,696	\$ 6,967	\$ 22,361	\$ 20,512
Income Before Taxes:				
Snack Foods	\$ 4,118	\$ 5,187	\$ 11,035	\$ 12,801
Frozen Beverages	3,834	3,869	(851)	(952)
	\$ 7,952	\$ 9,056	\$ 10,184	\$ 11,849
Capital Expenditures:				
Snack Foods	\$ 5,079	\$ 3,435	\$ 12,828	\$ 10,060
Frozen Beverages	5,201	2,710	13,098	8,714
	\$ 10,280	\$ 6,145	\$ 25,926	\$ 18,774
Assets:				
Snack Foods	\$116,988	\$116,340	\$116,988	\$116,340
Frozen Beverages	106,295	102,395	106,295	102,395
	\$223,283	\$218,735	\$223,283	\$218,735

Note 5 In June 1998, SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" was issued. Subsequent to this statement, SFAS No. 137 was issued, which amended the effective date of SFAS No. 133 to be all fiscal quarters of all fiscal years beginning after June 15, 2000. Based on the Company's minimal use of derivatives at the current time, management does not anticipate the adoption of SFAS No. 133 will have a significant impact on earnings or financial position of the Company. However, the impact from adopting SFAS No. 133 will depend on the nature and purpose of the derivatives instruments in use by the Company at that time.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company's future expected operating cash flow along with its borrowing capacity are its primary sources of liquidity. The Company believes that these sources are sufficient to fund future growth and expansion.

In the three months ended June 24, 2000 and June 26, 1999, fluctuations in the value of the Mexican peso caused a decrease of \$118,000 and a increase of \$4,000, respectively, in stockholders' equity because of the

reevaluation of the net assets of the Company's Mexican frozen beverage subsidiary. In the nine month periods, the decrease was \$93,000 in fiscal year 2000 and the increase was \$65,000 in fiscal year 1999.

In the three months ended June 24, 2000, the Company purchased and retired 531,800 shares of its common stock at a cost of \$8,370,000. In the nine months ended June 24, 2000, the Company purchased and retired 583,000 shares of its common stock at a cost of \$9,390,000. The Company is authorized to purchase and retire an additional 417,000 shares under a buyback authorization approved by the Board of Directors in December 1999.

Available to the Company are unsecured general purpose bank lines of credit totaling \$30,000,000. Borrowings under the lines at June 24, 2000 were \$22,000,000. As the bank lines of credit expire in December 2000, the Company has classified the borrowings as a current obligation on its balance sheet. Although these lines expire in December 2000, it is management's intent to renegotiate these financings prior to their due date.

Results of Operations

Net sales increased \$7,485,000 or 9% to \$89,579,000 for the three months and \$18,219,000 or 9% to \$223,770,000 for the nine months ended June 24, 2000 compared to the nine months ended June 26, 1999.

SNACK FOODS

Sales to food service customers of \$32,204,000 in the third quarter and \$85,202,000 in the nine months were essentially unchanged from last year's periods. Excluding sales resulting from acquisitions, sales would have decreased approximately 1% for the third quarter and 3% for the nine months. Soft pretzels sales to the food service market decreased 5% to \$15,027,000 in the third quarter and 6% to \$44,865,000 in the nine months due primarily to lower unit sales to three customers. Frozen juice bars and ices sales decreased less than 1% to \$9,753,000 in the three months and increased 3% to \$20,398,000 in the nine months. Churro sales to food service customers decreased 6% to \$3,020,000 in the third quarter and 13% to \$7,973,000 in the nine months due primarily to decreased unit sales to two customers. Cookie sales increased 10% to \$2,225,000 in the third quarter due to increased unit sales and 52% to \$7,679,000 in the nine months due to the acquisition of the Camden Creek cookie business and increased unit sales.

Sales of products to retail supermarkets increased \$5,215,000 or 42% to \$17,763,000 in the third quarter and 22% to \$37,698,000 in the nine months. Soft pretzel sales for the third quarter were up 16% and for the nine months were up 4% from last year to \$6,067,000 and \$19,313,000, respectively. Sales of our flagship SUPERPRETZEL brand soft pretzels, excluding SOFTSTIX, increased 15% in the third quarter and 1% for the nine months. An advertising program which began in last year's first quarter helped boost year ago pretzel sales for the nine month period. Sales of frozen juice bars and ices increased \$4,530,000 or 68% to \$11,167,000 in the third quarter and increased \$6,009,000 or 55% to \$16,947,000 in the nine months. Sales of the Company's Minute Maid* brand licensed products, introduced in the second quarter, accounted for most of the frozen juice bars and ices' sales increase.

Bakery sales increased \$323,000 or 5% to \$6,852,000 in the third quarter and \$1,919,000 or 10% to \$20,910,000 in the nine months due to increased unit sales across our

customer base. Sales of our Bavarian Pretzel Bakery increased 3% to \$2,916,000 in the third quarter and 1% to \$9,729,000 in the nine month period.

FROZEN BEVERAGES

Frozen beverage and related product sales increased \$1,761,000 or 6% to \$29,844,000 in the third quarter and \$9,238,000 or 15% to \$70,231,000 in the nine months. Beverage sales alone increased 9% in the third quarter to \$25,454,000 and 11% to \$58,482,000 in the nine months and gross profit on beverage sales increased 7% in the quarter and 6% in the nine months. Service and lease revenue increased \$813,000 in the third quarter and \$4,610,000 in the nine months due primarily to service provided to one customer.

Gross profit as a percentage of sales decreased to 53% and 52% in the current third quarter and nine months, respectively, from 54% and 53% in the corresponding periods last year. The gross profit percentage decrease in the third quarter is primarily due to cost overruns during start up manufacturing of our Minute Maid brand licensed products which was begun during the Company's second quarter and lower foodservice pretzel and churro sales. For the nine months, the gross profit percentage decrease is attributable to cost overruns during start up manufacturing of our Minute Maid brand licensed products which was begun during the Company's second quarter, lower foodservice pretzel and churro sales, and lower gross profit percentages of the increased service and lease revenue of our frozen beverage business.

Total operating expenses increased \$3,976,000 in the third quarter and as a percentage of sales increased to 43% from 42% in last year's same quarter. For the nine months, operating expenses increased \$8,384,000 and as a percentage of sales was 46% in both years. Marketing expenses increased to 31% of sales in this year's third quarter from 29% last year and increased less than one percentage point of sales to 32% of sales in the nine months from 31% of sales last year primarily due to the higher level of sales of products to retail supermarkets which generally require

higher marketing expenses as a percentage of sales. Distribution expenses decreased less than one percentage point of sales to 8% of sales in the third quarter from 9% in last year's quarter and were 10% of sales in both year's nine months period. Administration expenses were 3% and 4% of sales in both year's third quarter and nine months, respectively.

Operating income decreased \$1,048,000 or 11% to \$8,620,000 in the third quarter and \$1,805,000 or 13% to \$11,739,000 in the nine months.

For the three and nine months, interest expense decreased \$110,000 and \$424,000, respectively, due to lower debt levels.

The effective income tax rate has been estimated at

37% in all periods reported.

Net earnings decreased \$695,000 or 12% in the current three month period to \$5,010,000 and \$1,049,000 or 14% in the current nine month period to \$ 6,416,000.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the Company's assessment of its sensitivity to market risk since its presentation set forth, in item 7a. "Quantitative and Qualitative Disclosures About Market Risk," in its 1999 annual report on Form 10-K filed with the SEC.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None

b) Reports on Form 8-K - There were no reports on Form 8-K for the three months ended June 24, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

J & J SNACK FOODS CORP.

Dated: August 1, 2000

/s/ Gerald B. Shreiber
Gerald B. Shreiber
President

Dated: August 1, 2000

/s/ Dennis G. Moore
Senior Vice President and
Chief Financial Officer

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