



J & J Snack Foods Reports Second Quarter Sales and Earnings

PENNSAUKEN, N.J., April 27, 2020 (GLOBE NEWSWIRE) -- J & J Snack Foods Corp. (NASDAQ:JJSF) today announced sales and earnings for the second quarter ended March 28, 2020.

Sales decreased 2% to \$272.0 million from \$276.3 million in last year's second quarter. Net earnings decreased 64% to \$7.3 million in the current quarter from \$20.4 million last year. Earnings per diluted share decreased 65% to \$.38 for the second quarter from \$1.08 last year. Operating income decreased 56% to \$11.0 million in the current quarter from \$24.8 million in the year ago quarter.

For the six months ended March 28, 2020, sales increased 1% to \$554.9 million from \$547.9 million in last year's first half. Net earnings decreased 36% to \$24.4 million in the six months from \$37.9 million last year. Earnings per diluted share decreased 36% to \$1.28 from \$2.00 last year. Operating income decreased 30% to \$32.7 million this year from \$46.9 million last year.

The Company also said that sales for the first 4 weeks of its third quarter that will end June 27, 2020 were down approximately 45% from a year ago. Although it cannot estimate whether sales will continue to be down at the same rate for the balance of the quarter, the Company said that it might have an operating loss in the quarter which would compare to operating income of \$39 million in the year ago June quarter if sales continue to be down at the same rate. Approximately 2/3 of the Company's sales are to venues and locations that have shut down or sharply curtailed their foodservice operations so the Company anticipates COVID-19 will continue to have a negative impact on its business. As the Company has \$267 million of cash and marketable securities on its balance sheet, it does not expect to have any liquidity issues, nor does it anticipate a material amount of its assets would be impaired.

Gerald B. Shreiber, J & J's President and Chief Executive Officer, commented, "We have good management in place, strong brands and a broad base of highly respected customers. We continue to monitor and adjust our costs and expenses as we evaluate our business on a daily, weekly, and monthly basis. We are monitoring consumer behavior, customer shifts, and industry needs to adapt our product and marketing mix for the post pandemic landscape. In what is the true JJSF entrepreneurial spirit, we are ready to fight our way back to sales growth and business performance when customers begin to re-open this summer. We are being careful not to reduce our costs so much that we won't be able service our customers when they return, making sure that we have the proper staffing and resources in place for when business opens up again. And at the same, we are working around the clock updating preventative measures to keep our employees safe. We have always been a company that has been cautious in the way we spend and use our cash. Today we have \$267 million in cash and securities, we are protecting it and using it to prepare for the future as we monitor and shape what that looks like in this changing landscape."

J&J Snack Foods Corp. (NASDAQ: JJSF) is a leader and innovator in the snack food industry, providing innovative, niche and affordable branded snack foods and beverages to foodservice and retail supermarket outlets. Manufactured and distributed nationwide, our principal products include SUPERPRETZEL, the #1 soft pretzel brand in the world, as well as internationally known ICEE and SLUSH PUPPIE frozen beverages, LUIGI'S Real Italian Ice, MINUTE MAID* frozen ices, WHOLE FRUIT sorbet and frozen fruit bars, SOUR PATCH KIDS** Flavored Ice Pops, Tio Pepe's & CALIFORNIA CHURROS, and THE FUNNEL CAKE FACTORY funnel cakes and several bakery brands within DADDY RAY'S, COUNTRY HOME BAKERS and HILL & VALLEY. With nearly twenty manufacturing facilities, and more than \$1 billion in annual revenue, J&J Snack Foods Corp. has continued to see steady growth as a company, reaching record sales for 47 consecutive years. The company consistently seeks out opportunities to expand its unique niche market product offering while bringing smiles to families worldwide. For more information, please visit <http://www.jjsnack.com>.

*MINUTE MAID is a registered trademark of The Coca-Cola Company.

**SOUR PATCH KIDS is a registered trademark of Mondelēz International group, used under license.

J & J SNACK FOODS CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited) (in thousands, except per share amounts)

| | Three months ended | | Six months ended | |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|
| | March 28, 2020 | March 30, 2019 | March 28, 2020 | March 30, 2019 |
| Net Sales | \$ 272,042 | \$ 276,302 | \$ 554,939 | \$ 547,914 |
| Cost of goods sold | 202,599 | 197,054 | 407,635 | 391,803 |
| Gross Profit | 69,443 | 79,248 | 147,304 | 156,111 |
| Operating expenses | | | | |
| Marketing | 23,848 | 21,952 | 46,580 | 43,394 |
| Distribution | 24,834 | 22,122 | 48,376 | 46,074 |
| Administrative | 10,174 | 9,998 | 19,792 | 19,241 |
| Other general (income) expense | (395) | 405 | (129) | 549 |

| | | | | |
|---|-----------------|------------------|------------------|------------------|
| Total Operating Expenses | 58,461 | 54,477 | 114,619 | 109,258 |
| Operating Income | 10,982 | 24,771 | 32,685 | 46,853 |
| Other (expense) income | | | | |
| Investment (loss) income | (413) | 2,782 | 1,373 | 3,822 |
| Interest expense & other | (27) | (25) | (53) | (52) |
| Earnings before income taxes | 10,542 | 27,528 | 34,005 | 50,623 |
| Income taxes | 3,233 | 7,174 | 9,637 | 12,743 |
| NET EARNINGS | \$ 7,309 | \$ 20,354 | \$ 24,368 | \$ 37,880 |
| Earnings per diluted share | \$ 0.38 | \$ 1.08 | \$ 1.28 | \$ 2.00 |
| Weighted average number of diluted shares | 19,014 | 18,891 | 19,079 | 18,894 |
| Earnings per basic share | \$ 0.39 | \$ 1.08 | \$ 1.29 | \$ 2.02 |
| Weighted average number of basic shares | 18,921 | 18,795 | 18,910 | 18,780 |

J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

| | March 28, 2020 (unaudited) | September 28, 2019 |
|--|---|-------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 142,969 | \$ 192,395 |
| Marketable securities held to maturity | 69,337 | 51,091 |
| Accounts receivable, net | 134,746 | 140,938 |
| Inventories | 128,090 | 116,165 |
| Prepaid expenses and other | 7,352 | 5,768 |
| Total current assets | 482,494 | 506,357 |
| Property, plant and equipment, at cost | | |
| Land | 2,494 | 2,494 |
| Buildings | 26,582 | 26,582 |
| Plant machinery and equipment | 331,535 | 315,360 |
| Marketing equipment | 256,502 | 240,681 |
| Transportation equipment | 9,839 | 9,725 |
| Office equipment | 32,271 | 31,217 |
| Improvements | 41,774 | 40,626 |
| Construction in progress | 10,050 | 10,039 |
| Total Property, plant and equipment, at cost | 711,047 | 676,724 |
| Less accumulated depreciation and amortization | 441,886 | 423,276 |
| Property, plant and equipment, net | 269,161 | 253,448 |
| Other assets | | |
| Goodwill | 123,033 | 102,511 |
| Other intangible assets, net | 81,948 | 54,922 |
| Marketable securities held to maturity | 41,091 | 79,360 |
| Marketable securities available for sale | 12,947 | 19,903 |

| | | |
|--|---------------------|---------------------|
| Operating lease right-of-use assets | 64,502 | - |
| Other | 2,761 | 2,838 |
| Total other assets | 326,282 | 259,534 |
| Total Assets | \$ 1,077,937 | \$ 1,019,339 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Current finance lease liabilities | \$ 345 | \$ 339 |
| Accounts payable | 67,494 | 72,029 |
| Accrued insurance liability | 12,940 | 10,457 |
| Accrued liabilities | 6,945 | 7,808 |
| Current operating lease liabilities | 13,109 | - |
| Accrued compensation expense | 16,345 | 21,154 |
| Dividends payable | 10,879 | 9,447 |
| Total current liabilities | 128,057 | 121,234 |
| Noncurrent finance lease liabilities | 544 | 718 |
| Noncurrent operating lease liabilities | 54,267 | - |
| Deferred income taxes | 61,464 | 61,920 |
| Other long-term liabilities | 537 | 1,716 |
| Stockholders' Equity | | |
| Preferred stock, \$1 par value; authorized 10,000,000 shares; none issued | - | - |
| Common stock, no par value; authorized, 50,000,000 shares; issued and outstanding 18,888,000 and 18,895,000 respectively | 45,549 | 45,744 |
| Accumulated other comprehensive loss | (16,099) | (12,988) |
| Retained Earnings | 803,618 | 800,995 |
| Total stockholders' equity | 833,068 | 833,751 |
| Total Liabilities and Stockholders' Equity | \$ 1,077,937 | \$ 1,019,339 |

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

| | Six Months Ended | |
|---|-------------------|-------------------|
| | March 28, 2020 | March 30, 2019 |
| Operating activities: | | |
| Net earnings | \$ 24,368 | \$ 37,880 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation of fixed assets | 24,810 | 21,890 |
| Amortization of intangibles and deferred costs | 1,677 | 1,747 |
| Share-based compensation | 2,432 | 1,931 |
| Deferred income taxes | (298) | 615 |
| Loss on marketable securities | 2,070 | 284 |
| Other | (286) | 268 |
| Changes in assets and liabilities net of effects from purchase of companies | | |
| Decrease in accounts receivable | 6,343 | 2,003 |
| Increase in inventories | (11,328) | (10,186) |
| (Increase) decrease in prepaid expenses | (1,598) | 172 |
| Decrease in accounts payable and accrued liabilities | (5,920) | (6,345) |
| Net cash provided by operating activities | 42,270 | 50,259 |
| Investing activities: | | |

| | | |
|--|-------------------|-------------------|
| Payments for purchases of companies, net of cash acquired | (57,197) | - |
| Purchases of property, plant and equipment | (36,985) | (26,351) |
| Purchases of marketable securities | (6,103) | (19,531) |
| Proceeds from redemption and sales of marketable securities | 30,938 | 23,137 |
| Proceeds from disposal of property and equipment | 1,853 | 878 |
| Other | (63) | (207) |
| Net cash used in investing activities | <u>(67,557)</u> | <u>(22,074)</u> |
| Financing activities: | | |
| Payments to repurchase common stock | (8,972) | - |
| Proceeds from issuance of stock | 6,300 | 5,926 |
| Payments on capitalized lease obligations | (168) | (167) |
| Payment of cash dividend | (20,314) | (17,825) |
| Net cash used in financing activities | <u>(23,154)</u> | <u>(12,066)</u> |
| Effect of exchange rate on cash and cash equivalents | <u>(985)</u> | <u>(943)</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(49,426)</u> | <u>15,176</u> |
| Cash and cash equivalents at beginning of period | <u>192,395</u> | <u>111,479</u> |
| Cash and cash equivalents at end of period | <u>\$ 142,969</u> | <u>\$ 126,655</u> |

| | Three months ended | | Six months ended | |
|-----------------------------------|--------------------|-------------------|-------------------|-------------------|
| | March 28, 2020 | March 30, 2019 | March 28, 2020 | March 30, 2019 |
| Sales to External Customers: | | | | |
| Food Service | | | | |
| Soft pretzels | \$ 45,660 | \$ 49,812 | \$ 95,601 | \$ 98,803 |
| Frozen juices and ices | 9,491 | 8,947 | 16,534 | 16,474 |
| Churros | 14,754 | 15,770 | 31,145 | 30,905 |
| Handhelds | 7,447 | 7,987 | 14,636 | 16,789 |
| Bakery | 89,407 | 84,406 | 185,779 | 178,651 |
| Other | 4,573 | 8,145 | 11,085 | 13,471 |
| Total Food Service | <u>\$ 171,332</u> | <u>\$ 175,067</u> | <u>\$ 354,780</u> | <u>\$ 355,093</u> |
| Retail Supermarket | | | | |
| Soft pretzels | \$ 12,332 | \$ 10,829 | \$ 22,158 | \$ 21,015 |
| Frozen juices and ices | 15,864 | 14,668 | 25,957 | 25,664 |
| Biscuits | 6,630 | 6,358 | 13,608 | 14,222 |
| Handhelds | 3,117 | 2,479 | 5,878 | 5,047 |
| Coupon redemption | (866) | (507) | (1,409) | (1,201) |
| Other | 494 | 340 | 805 | 699 |
| Total Retail Supermarket | <u>\$ 37,571</u> | <u>\$ 34,167</u> | <u>\$ 66,997</u> | <u>\$ 65,446</u> |
| Frozen Beverages | | | | |
| Beverages | \$ 31,895 | \$ 33,603 | \$ 67,150 | \$ 65,039 |
| Repair and maintenance service | 21,779 | 20,034 | 44,265 | 39,777 |
| Machines revenue | 8,910 | 13,161 | 20,891 | 22,065 |
| Other | 555 | 270 | 856 | 494 |
| Total Frozen Beverages | <u>\$ 63,139</u> | <u>\$ 67,068</u> | <u>\$ 133,162</u> | <u>\$ 127,375</u> |
| Consolidated Sales | <u>\$ 272,042</u> | <u>\$ 276,302</u> | <u>\$ 554,939</u> | <u>\$ 547,914</u> |

| | | | | | | | | |
|-------------------------------------|----|------------------|----|----------------|----|------------------|----|----------------|
| Depreciation and Amortization: | | | | | | | | |
| Food Service | \$ | 7,240 | \$ | 6,616 | \$ | 14,158 | \$ | 12,938 |
| Retail Supermarket | | 329 | | 320 | | 688 | | 655 |
| Frozen Beverages | | 6,188 | | 5,066 | | 11,641 | | 10,044 |
| Total Depreciation and Amortization | \$ | <u>13,757</u> | \$ | <u>12,002</u> | \$ | <u>26,487</u> | \$ | <u>23,637</u> |
| Operating Income : | | | | | | | | |
| Food Service | \$ | 7,951 | \$ | 19,182 | \$ | 25,985 | \$ | 36,879 |
| Retail Supermarket | | 4,337 | | 3,039 | | 6,554 | | 5,250 |
| Frozen Beverages | | (1,306) | | 2,550 | | 146 | | 4,724 |
| Total Operating Income | \$ | <u>10,982</u> | \$ | <u>24,771</u> | \$ | <u>32,685</u> | \$ | <u>46,853</u> |
| Capital Expenditures: | | | | | | | | |
| Food Service | \$ | 10,331 | \$ | 8,403 | \$ | 18,734 | \$ | 14,681 |
| Retail Supermarket | | 275 | | 581 | | 1,235 | | 1,133 |
| Frozen Beverages | | 8,774 | | 5,530 | | 17,016 | | 10,537 |
| Total Capital Expenditures | \$ | <u>19,380</u> | \$ | <u>14,514</u> | \$ | <u>36,985</u> | \$ | <u>26,351</u> |
| Assets: | | | | | | | | |
| Food Service | \$ | 740,318 | \$ | 699,028 | \$ | 740,318 | \$ | 699,028 |
| Retail Supermarket | | 31,636 | | 30,034 | | 31,636 | | 30,034 |
| Frozen Beverages | | 305,983 | | 223,650 | | 305,983 | | 223,650 |
| Total Assets | \$ | <u>1,077,937</u> | \$ | <u>952,712</u> | \$ | <u>1,077,937</u> | \$ | <u>952,712</u> |

RESULTS OF OPERATIONS

Net sales decreased \$4,260,000 or 2% to \$272,042,000 for the three months and increased \$7,025,000 or 1% to \$554,939,000 for the six months ended March 28, 2020 compared to the three and six months ended March 30, 2019, respectively. Excluding sales from the acquisition of ICEE Distributors in October 2019 and BAMA ICEE in February 2020, sales decreased 2% for the quarter and increased about 1/3 of 1% for the six months. Sales for the first 11 weeks of our second quarter increased approximately 2% and decreased approximately 20% in the last 2 weeks of the quarter due to the slowdown in the economy.

Net Sales for the first 4 weeks of our third quarter ending June 27, 2020 were down approximately 45% from a year ago. Although we cannot estimate whether net sales will continue to be down at the same rate for the balance of the quarter, we estimate that we may have an operating loss in the quarter which would compare to operating income of \$39 million in the year ago June quarter if sales continue to be down at the same rate. Approximately 2/3 of our sales are to venues and locations that have shut down or sharply curtailed their foodservice operations so we anticipate COVID-19 will continue to have a negative impact on our business. As we have \$267 million of cash and marketable securities on our balance sheet, we do not expect to have any liquidity issues, nor do we anticipate a material amount of our assets would be impaired.

FOOD SERVICE

Sales to food service customers decreased \$3,735,000 or 2% in the second quarter to \$171,332,000 and decreased \$313,000 or 1% to \$354,780,000 for the six months. For the first 11 weeks of the quarter, sales increased approximately 2% and sales decreased approximately 24% in the last 2 weeks of the quarter. Soft pretzel sales to the food service market decreased 8% to \$45,660,000 in the three months and 3% to \$95,601,000 in the six months. Prior to COVID-19, soft pretzel sales were strong to convenience store chains and schools in the quarter.

Frozen juices and ices sales increased 6% to \$9,491,000 in the three months and were essentially the same as last year at \$16,534,000 in the six months as sales to warehouse club stores were strong in the quarter.

Churro sales to food service customers were down 6% in the quarter to \$14,754,000 and were up less than 1% to \$31,145,000 in the six months due to the dropoff in sales due to COVID-19.

Sales of bakery products increased \$5,001,000 or 6% in the second quarter and increased \$7,128,000 or 4% to \$185,779,000 for the six months with significant offsetting increases and decreases in sales to particular customers.

Sales of handhelds decreased \$540,000 or 7% in the quarter and \$2,153,000 or 13% in the six months with the decrease primarily coming from lower sales to co-pack customers.

Sales of funnel cake decreased \$3,370,000 or 44%, to \$4,362,000 in the quarter and \$2,130,000, or 17%, to \$10,562,000 in the six months due primarily to lower sales to one quick service restaurant chain that ran a limited time offer in last year's quarter.

Sales of new products in the first twelve months since their introduction were approximately \$1.6 million in this quarter and \$4.1 million in the six months.

Operating income in our Food Service segment decreased to \$7,951,000 from \$19,182,000 in the quarter and decreased to \$25,985,000 from \$36,879,000 in the six months primarily because of lower volume and higher operating expenses throughout the quarter and a

significant dropoff in sales and production due to COVID-19.

RETAIL SUPERMARKETS

Sales of products to retail supermarkets increased \$3,404,000 or 10% to \$37,571,000 in the second quarter and increased \$1,551,000 or 2% in the six months. For the first 11 weeks of the quarter, sales increased approximately 4% and increased approximately 45% in the last 2 weeks of the quarter. Soft pretzel sales for the second quarter were up 14% to \$12,332,000 and up 5% to \$22,158,000 for the six months. Sales of frozen juices and ices increased \$1,196,000 or 8% to \$15,864,000 in the second quarter and increased \$293,000 or 1% in the six months. Handheld sales to retail supermarket customers increased 26% to \$3,117,000 in the quarter and 16% to \$5,878,000 in the six months. Biscuit sales for the second quarter were up 4% to \$6,630,000 and down 4% to \$13,608,000 for the six months. Sales were generally higher for all product lines as sales in the year ago periods were impacted by lost volume and placements due the price increases implemented in last year's first quarter and because of increased sales to supermarkets generally in the last 2 weeks of the quarter due to COVID-19.

Sales of new products in the second quarter were approximately \$300,000 and were approximately \$400,000 for the six months.

Operating income in our Retail Supermarkets segment was \$4,337,000 in this year's second quarter compared to \$3,039,000 in last year's quarter, a 43% increase and increased to \$6,554,000 in this year's six months compared to \$5,250,000 in last year's six months due to higher volume and higher prices.

FROZEN BEVERAGES

Frozen beverage and related product sales decreased 6% to \$63,139,000 in the second quarter and increased 5% to \$133,162,000 in the six months. For the first 11 weeks of the quarter, sales increased approximately 1% and decreased approximately 38% in the last 2 weeks of the quarter. Beverages sales were down 5% to \$31,895,000 in the quarter and up 5% to \$67,150,000 in the six months. Excluding sales from the acquisition of ICEE Distributors in October 2019 and BAMA ICEE in February 2020, frozen beverages and related product sales decreased 10% in the quarter and were up less than 1% for the six months and beverages sales decreased 14% for the quarter and 3% for the six months. Gallon sales were down 12% in the quarter and down 6% in the six months exclusive of ICEE Distributors' gallons. Service revenue increased 9% to \$21,779,000 in the second quarter and increased 10% to \$44,265,000 in the six months with sales increases and decreases spread throughout our customer base.

Machines revenue (primarily sales of frozen beverage machines) were \$8,910,000, a decrease of \$4,251,000 in the quarter and \$20,891,000, a decrease of \$1,174,000 in the six months, with the decrease because of a significant install project at one quick service restaurant chain in last year's quarter. Our Frozen Beverage segment had an operating loss of \$1,306,000 compared to operating income of \$2,550,000 in last year's quarter and operating income for the six months was \$146,000 this year and \$4,724,000 last year primarily as a result of lower volume due to COVID-19 and relocation costs of our ICEE's headquarters of about \$1.5 million in our second quarter and \$2.3 million in the six months.

CONSOLIDATED

Gross profit as a percentage of sales was 25.53% in the second quarter and 28.68% last year. Gross profit as a percentage of sales was 26.54% in the six month period this year and 28.49% last year. Gross profit percentage decreased for both periods because of lower volume in our food service and frozen beverages segments in the second quarter, product mix changes and significant dropoff in production at the end of the second quarter due to COVID-19, although gross profit as a percentage of sales was lower prior to COVID-19 for both the quarter and six months.

Total operating expenses increased \$3,984,000 in the second quarter and as a percentage of sales increased to 21.5% from 19.7% last year. For the first half, operating expenses increased \$5,361,000 and as a percentage of sales increased to 20.7% from 19.9% last year. Marketing expenses increased to 8.8% of sales in this year's quarter from 7.9% last year and were 8.4% in the six months compared to 7.9% of sales in last year's six months primarily because of increased spending in our retail supermarket and frozen beverages segments and because of lower sales in the second quarter (lower denominator). Distribution expenses were 9.1% of sales in the second quarter and 8.0% of sales in last year's quarter and were 8.7% in this year's six months compared to 8.4% of sales in last year's six months primarily due to higher freight and storage costs and because of lower sales in the second quarter (lower denominator). Administrative expenses were 3.7% of sales in the second quarter compared to 3.6% of sales last year in the second quarter and were 3.6% in this year's six months compared to 3.5% of sales in last year's six months.

Operating income decreased \$13,789,000 or 56% to \$10,982,000 in the three months and decreased \$14,168,000 or 30% to \$32,685,000 in the first six months as a result of the aforementioned items. About \$6.5 million of the decrease in operating income in the second quarter was in January and February primarily due to higher costs and lower volume in our foodservice segment and the relocation costs in our frozen beverages segment.

We had an investment loss, net of income, of \$413,000 in this year's quarter compared to investment income of \$2,782,000 in last year's quarter. Investment income decreased to \$1,373,000 from \$3,822,000 in the six month periods. We had unrealized losses of \$1,993,000 and \$267,000 in the six months ended March 28, 2020 and March 30, 2019 respectively. We had unrealized losses of \$2,064,000 in the three months ended March 28, 2020 and unrealized gains of \$760,000 in the three months ended March 30, 2019.

Net earnings decreased \$13,045,000, or 64%, in the current three month period to \$7,309,000 and decreased \$13,512,000, or 36%, to 24,368,000 for the six month period this year compared to \$37,880,000 for the six month period last year.

Net earnings in last year's six months benefitted by a reduction of approximately \$900,000 in tax as the provision for the one time repatriation tax as a result of the Tax Cuts and Job Act of 2017 was reduced as the amount recorded the year prior was an estimate. Excluding the reduction in the provision for the one time repatriation tax, our effective tax rate was 27.0% in last year's six months. Our effective tax rate was 28.3% in this year's six months.

There are many factors which can impact our net earnings from year to year and in the long run, among which are the supply and cost of

raw materials and labor, insurance costs, factors impacting sales as noted above, the continuing consolidation of our customers, our ability to manage our manufacturing, marketing and distribution activities, our ability to make and integrate acquisitions and changes in tax laws and interest rates.

The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof.

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