

# Mossberg's Investor Digest

## Best Idea Profile:

## John Bean Technologies (NYSE:JBT)

### DESCRIPTION:

Headquartered in Chicago, Illinois; JBT Corporation is a leading supplier of customized industrial food processing services and solutions. The company designs, manufactures and services technologically sophisticated food processing systems for the preparation of ready-to-eat meals, shelf stable packaged foods, meat, seafood, poultry products, and bakery products, along with other fruit, vegetable and dairy products. The JBT FoodTech division markets its solutions and services to multi-national and regional industrial food processing companies. The JBT AeroTech division markets its solutions and services to domestic and international airport authorities, passenger airlines, airfreight and ground handling companies and military forces.

### KEY INVESTMENT CONSIDERATIONS:

**Leading Franchise** – JBT is a market leader. The company provides new and established food processing technologies to a blue chip customer base. JBT systems sterilize over 50% of the world's shelf stable canned goods and freeze over 50% of commercial foods frozen worldwide. The Company's FoodTech division's client base includes names such as Heinz, Tyson, Del Monte and Campbell's. JBT Aerotech has a client base that includes names such as British Airways, United and Fedex. The Company has a global footprint with operation on 6 continents.

**Diversification** – Nearly 60% of the Company's revenues base is from JBT FoodTech (food processing) with the other 40% from JBT Aerotech (airline and military). The Company's operating profits are also balanced with 66% coming from JBT FoodTech. The Revenue mix is has geographic diversification with over 25% of revenues coming from emerging markets.

**Dominating Niche Markets** – Both JBT divisions dominate four key niche markets. JBT FoodTech has a number one or two market positions in freezing and chilling, protein processing, fruit processing, and in-container processing. JBT Aerotech is has top 2 market positions in gate equipment, ground support, airport services and automated systems.

**Recurring Revenue** – JBT has a sizeable stream of recurring revenues. Approximately 43% of total company revenues are from recurring sources.

**Margin Expansion** – Operating Margins have expanded from just over 8% in 2005 to 12%-13% through leveraging top-line growth and cost management.

**Return on Investment** – JBT has been providing investors with an ROI in excess of 20%.

**Future Growth Opportunities** – The Company is expanding sales and looking for acquisitions in high growth markets such as China, Latin America and Eastern Europe. These markets lag more developed markets in convenience foods and modern food processing and represent strong growth opportunities.

### Valuation

JBT is experiencing strong growth. The Company's second quarter results showed a revenue increase of 21% on a year-over-year basis. The company also reported double digit increases in inbound orders (17%). With a forward Px/EPS of only 9.8x the company represents a value play in a business with an expanding market. A PE ratio of just 12x next year's estimates would equate to a stock price of \$19.

### (John Bean Technologies: NYSE:JBT) Investment Data (as of 8/11/11)

<b>Recent Price</b>	<b>\$14.85</b>
52-Week Range	\$13.67 - \$21.19
Fiscal Year End	Dec
Dividend	0.28
Yield	1.8%
Shares Outstanding	28.7MM
Average Trading Volume (3 mos)	150k
Market Capitalization	\$425MM
Cash	\$7.8MM
Long Term Debt	\$145MM
Enterprise Value (EV)	\$562MM
BV/ Share	\$17.25
TTM Revenue	\$957
P/ Revenue	0.4x
TTM EPS	\$1.37
P/ EPS	10.8x
TTM EBITDA	\$94MM
EV/ EBITDA	6.0x