Cal-Maine Foods Reports Results for Fourth Quarter and Fiscal 2024

July 23, 2024

RIDGELAND, Miss.--(BUSINESS WIRE)--Jul. 23, 2024-- Cal-Maine Foods, Inc. (NASDAQ: CALM) ("Cal-Maine Foods" or the "Company"), the largest producer and distributor of fresh shell eggs in the United States, today reported results for the fourth quarter of fiscal 2024 (thirteen weeks) and fiscal year 2024 (fifty-two weeks) ended June 1, 2024.

Fourth Quarter and Fiscal Year 2024 Highlights

- Quarterly net sales of $640.8 million
- Quarterly net income of $113.2 million, or $2.32 per diluted share
- Fiscal year net sales of $2.3 billion and net income of $277.9 million, or $5.69 per diluted share
- Cash dividend of $37.8 million, or $0.77 per share, pursuant to the Company's established dividend policy

Overview

Sherman Miller, president and chief executive officer of Cal-Maine Foods, stated, "We are pleased to report a solid performance for the fourth quarter amidst a challenging period for Cal-Maine Foods and our industry. We are extremely proud of our managers and employees who continued to manage our operations in a dynamic environment affected by recent outbreaks of highly pathogenic avian influenza ("HPAI"). Despite the interruptions, we continued to meet the demands of our valued customers.

"Throughout the year, we continued to execute our growth strategy and deliver a favorable product mix in line with customer demand. Our operations ran well as we remained focused on our objective of operational excellence. We also completed two asset acquisitions in fiscal 2024 and completed one subsequent to the end of the fiscal year, each of which complements our organic growth initiatives. We are excited about the additions of the assets of Fassio Egg Farms, Inc., located in Erda, Utah, and the former broiler processing plant, hatchery and feed mill in Dexter, Missouri, previously operated by Tyson Foods. We have commenced work on the acquired Dexter facilities to repurpose the assets for use in shell egg production and processing. We are partnering with local farmers, working with local contractors and businesses and making significant investments in the Dexter area to renovate and improve the facilities, with future plans for expanded shell egg and value-added egg product opportunities. Following the end of the fiscal year, we acquired substantially all the assets of ISE America, Inc. and certain of its affiliates ("ISE"). We expect that the acquisition of these assets from ISE will enable us to significantly enhance our market reach in the Northeast and Mid-Atlantic states."

Sales Performance & Operating Highlights

Max Bowman, vice president and chief financial officer of Cal-Maine Foods, added, "For the fourth quarter of fiscal 2024, our net sales were $640.8 million compared with $688.7 million for the same period last year. The decline in sales revenue for the fourth quarter of fiscal 2024 was primarily due to lower sales volumes due directly to having 13 weeks in the fourth quarter of fiscal 2024 compared to 14 weeks in the prior-year period.

"Net sales for fiscal 2024 were $2.3 billion compared with $3.1 billion for fiscal 2023. Fiscal 2024 was a 52-week-period and fiscal 2023 was a 53-week-period. The decrease in sales revenue was primarily due to a decrease in the net average selling prices for conventional eggs, and to a lesser extent, the decrease in the net average selling prices for specialty eggs, compared to fiscal 2023, which saw record-high prices primarily due to egg supply constraints resulting from HPAI.

"For the fourth fiscal quarter, we sold 285.6 million dozens shell eggs compared with 296.6 million dozens for the fourth quarter of fiscal 2023. Sales of conventional eggs totaled 180.5 million dozens, compared with 194.0 million dozens for the prior-year period, a decline of 7.0%, reflecting 13 weeks in the fourth quarter of fiscal 2024 compared to 14 weeks in the prior-year period. However, specialty egg volumes were 2.5% higher with 105.0 million dozens sold for the fourth quarter of fiscal 2024 compared with 102.5 million dozens sold for the fourth quarter of fiscal 2023.

"Net income attributable to Cal-Maine Foods for the fourth quarter of fiscal 2024 was $113.2 million, or $2.32 per diluted share, compared with $110.9 million, or $2.27 per diluted share, for the fourth quarter of fiscal 2023. For fiscal 2024, net income attributable to Cal-Maine Foods was $277.9 million, or $5.69 per diluted share, compared with $758.0 million, or $15.52 per diluted share, for fiscal 2023.

"Overall, our fourth quarter farm production costs per dozen were 14.3% lower compared to the prior-year period, primarily due to more favorable commodity pricing for key feed ingredients. For fiscal 2024, farm production costs per dozen were down 8.3%, primarily tied to lower feed costs. For the fourth quarter of fiscal 2024, feed costs per dozen were down 24.9% compared with the

fourth quarter of fiscal 2023, and feed costs per dozen for fiscal 2024 were 18.6% lower compared with fiscal 2023.

“Current indications for corn supply project an overall better stocks-to-use ratio, implying more favorable prices in the near term. However, as we continue to face uncertain external forces including weather patterns and global supply chain disruptions, price volatility could remain,” said Bowman.

	13 Weeks Ended June 1, 2024	14 Weeks Ended June 3, 2023	52 Weeks Ended June 1, 2024	53 Weeks Ended June 3, 2023
Dozen Eggs Sold (000)	285,555	296,554	1,147,633	1,147,373
Conventional Dozen Eggs Sold (000)	180,513	194,031	746,687	749,076
Specialty Dozen Eggs Sold (000)	105,042	102,523	400,946	398,297
Dozen Eggs Produced (000)	243,851	276,354	1,018,835	1,058,540
% Specialty Sales (dozen)	36.8%	34.6%	34.9%	34.7%
% Specialty Sales (dollars)	38.5%	39.1%	41.4%	31.6%
Net Average Selling Price (per dozen)	$ 2.133	$ 2.197	$ 1.932	$ 2.622
Net Average Selling Price of Conventional Eggs (per dozen)	$ 2.062	$ 2.038	$ 1.730	$ 2.739
Net Average Selling Price of Specialty Eggs (per dozen)	$ 2.254	$ 2.499	$ 2.309	$ 2.403
Feed Cost (per dozen)	$ 0.504	$ 0.671	$ 0.550	$ 0.676

HPAI & Table Egg Supply Outlook

Outbreaks of HPAI have continued to occur in U.S. poultry flocks. From the resurgence beginning in November 2023 until the last reported case in commercial layer hens in July 2024, approximately 32.8 million commercial laying hens and pullets have been depopulated.

During the third and fourth quarters of fiscal 2024, Cal-Maine Foods experienced HPAI outbreaks within Company facilities located in Kansas and Texas, resulting in total depopulation of approximately 3.1 million laying hens and 577,000 pullets. Both locations have been cleared by the USDA to resume operations, and repopulation is expected to be completed before calendar year end.

The Company remains dedicated to robust biosecurity programs across its locations; however, no farm is immune from HPAI. HPAI is currently widespread in the wild bird population worldwide. The extent of possible future outbreaks, with heightened risk during the migration seasons, and more recent HPAI events, which have been directly linked to dairy cattle operations, cannot be predicted. According to the U.S. Centers for Disease Control and Prevention, the human health risk to the U.S. public from the HPAI virus is considered to be low. Also, according to the USDA, HPAI cannot be transmitted through safely handled and properly cooked eggs. There is no known risk related to HPAI associated with eggs that are currently in the market and no eggs have been recalled.

Looking Ahead

Miller added, “We are proud of our performance in fiscal 2024, as we continued to execute our growth strategy in a challenging environment as well as respond to new market opportunities. Across Cal-Maine Foods, our dedicated managers and employees have remained steadfast in their commitment to manage our operations efficiently and meet the needs of our customers. We have a proven operating model that has served us well throughout the business cycles and external forces that affect our industry, including HPAI. We remain diligent in our efforts to mitigate future risks and minimize potential disruption to our overall production and distribution.

“Looking ahead to fiscal 2025, we believe demand for shell eggs will remain strong as consumers continue to look for more affordable protein options. As the largest producer and distributor of fresh shell eggs, we play an important role in meeting this demand and supporting the nation’s food supply with a differentiated product mix. We will continue to focus on expanding our production capacity for additional specialty and cage-free eggs that meet current consumer demand trends. Importantly, we have the financial strength to fund our internal expansion projects and to consider acquisitions that complement our operations and support our growth initiatives. Above all, we are committed to our mission to be the most reliable and sustainable producer of fresh shell eggs and egg products. We look forward to the opportunities ahead for Cal-Maine Foods in fiscal 2025.”

Dividend Payment

For the fourth quarter of fiscal 2024, Cal-Maine Foods will pay a cash dividend of approximately $0.77 per share to holders of its common and Class A common stock. Pursuant to Cal-Maine Foods’ variable dividend policy, for each quarter in which the Company reports net income, the Company pays a cash dividend to shareholders in an amount equal to one-third of such quarterly income. Following a quarter for which the Company does not report net income, the Company will not pay a dividend with respect to that quarter or for a subsequent profitable quarter until the Company is profitable on a cumulative basis computed from the date of the most recent quarter for which a dividend was paid. The amount paid per share will vary based on the number of outstanding shares on the record date. The dividend is payable on August 20, 2024, to holders of record on August 5, 2024.

About Cal-Maine Foods

Cal-Maine Foods, Inc. is primarily engaged in the production, grading, packaging, marketing and distribution of fresh shell eggs, including conventional, cage-free, organic, brown, free-range, pasture-raised and nutritionally enhanced eggs. The Company, which is headquartered in Ridgeland, Mississippi, is the largest producer and distributor of fresh shell eggs in the United States and sells most of its shell eggs throughout the majority of the United States.

Forward Looking Statements

Statements contained in this press release that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on management's current intent, belief, expectations, estimates and projections regarding our company and our industry. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict and may be beyond our control. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include, among others, (i) the risk factors set forth in the Company's SEC filings (including its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K), (ii) the risks and hazards inherent in the shell egg business (including disease, pests, weather conditions and potential for recall), including but not limited to the current outbreak of highly pathogenic avian influenza affecting poultry in the U.S., Canada and other countries that was first detected in commercial flocks in the U.S. in February 2022 and that first impacted our flocks in December 2023, (iii) changes in the demand for and market prices of shell eggs and feed costs, (iv) our ability to predict and meet demand for cage-free and other specialty eggs, (v) risks, changes or obligations that could result from our recent or future acquisitions of new flocks or businesses and risks or changes that may cause conditions to completing a pending acquisition not to be met, (vi) risks relating to changes in inflation and interest rates, (vii) our ability to retain existing customers, acquire new customers and grow our product mix, (viii) adverse results in pending litigation matters, and (ix) global instability, including as a result of the war in Ukraine, the Israel-Hamas conflict and attacks on shipping in the Red Sea. SEC filings may be obtained from the SEC or the Company's website , www.calmainefoods.com. Readers are cautioned not to place undue reliance on forward-looking statements because, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. Further, the forward-looking statements included herein are only made as of the respective dates thereof, or if no date is stated, as of the date hereof. Except as otherwise required by law, we disclaim any intent or obligation to publicly update these forward-looking statements, whether as a result of new information, future events or otherwise.

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Unaudited)
(In thousands, except per share amounts)

SUMMARY STATEMENTS OF INCOME

	13 Weeks Ended June 1, 2024	14 Weeks Ended June 3, 2023	52 Weeks Ended June 1, 2024	53 Weeks Ended June 3, 2023
Net sales	$ 640,789	$ 688,680	$ 2,326,443	$ 3,146,217
Cost of sales	454,353	490,588	1,784,872	1,949,760
Gross profit	186,436	198,092	541,571	1,196,457
Selling, general and administrative	57,781	62,159	252,625	232,207
Insurance recoveries	(13,603)	(125)	(23,532)	(3,345)
(Gain) loss on disposal of fixed assets	70	(167)	26	(131)
Operating income	142,188	136,225	312,452	967,726
Other income, net	9,773	9,690	47,519	30,824
Income before income taxes	151,961	145,915	359,971	998,550
Income tax expense	39,031	35,380	83,689	241,818
Net income	112,930	110,535	276,282	756,732
Less: Loss attributable to noncontrolling interest	(311)	(396)	(1,606)	(1,292)
Net income attributable to Cal-Maine Foods, Inc.	$ 113,241	$ 110,931	$ 277,888	$ 758,024
Net income per common share:				
Basic	$ 2.32	$ 2.28	$ 5.70	$ 15.58
Diluted	$ 2.32	$ 2.27	$ 5.69	$ 15.52
Weighted average shares outstanding:				
Basic	48,761	48,689	48,717	48,648
Diluted	48,902	48,838	48,873	48,834

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Unaudited)
(In thousands)

SUMMARY BALANCE SHEETS

	June 1, 2024	June 3, 2023
ASSETS		
Cash and short-term investments	$ 812,377	$ 647,914
Receivables, net	162,442	187,213
Inventories, net	261,782	284,418
Prepaid expenses and other current assets	5,238	5,380
Current assets	1,241,839	1,124,925
Property, plant and equipment, net	857,234	744,540
Other noncurrent assets	85,688	85,060
Total assets	$ 2,184,761	$ 1,954,525
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 189,983	$ 145,601
Dividends payable	37,760	37,130
Current liabilities	227,743	182,731
Deferred income taxes and other liabilities	159,975	162,211
Stockholders' equity	1,797,043	1,609,583
Total liabilities and stockholders' equity	$ 2,184,761	$ 1,954,525

View source version on businesswire.com: https://www.businesswire.com/news/home/20240723615663/en/

Sherman Miller, President and CEO
Max P. Bowman, Vice President and CFO
(601) 948-6813

Source: Cal-Maine Foods, Inc.