



Cal-Maine Foods Reports Third Quarter Fiscal 2021 Results

March 29, 2021

JACKSON, Miss.--(BUSINESS WIRE)--Mar. 29, 2021-- Cal-Maine Foods, Inc. (NASDAQ: CALM) today reported results for the third quarter of fiscal 2021 (thirteen weeks) and thirty-nine-week period ended February 27, 2021.

Net sales for the third quarter of fiscal 2021 were \$359.1 million, a 3.9 percent increase compared to \$345.6 million for the third quarter of fiscal 2020. The Company reported net income of \$13.5 million, or \$0.28 per basic and diluted share, for the third quarter of fiscal 2021, compared to net income of \$13.7 million, or \$0.28 per basic and diluted share, for the third quarter of fiscal 2020.

For the thirty-nine weeks ended February 27, 2021, net sales were \$999.2 million, an 11.2 percent increase compared with \$898.3 million for the prior-year period. The Company reported net income of \$6.3 million, or \$0.13 per basic and diluted share, for the thirty-nine weeks ended February 27, 2021, compared to a net loss of \$42.1 million, or \$0.87 per basic and diluted share, for the prior-year period.

Dolph Baker, chairman and chief executive officer of Cal-Maine Foods, Inc., stated, "We are pleased with our results for the third quarter of fiscal 2021, which reflect strong retail demand for shell eggs as consumers have continued to purchase more eggs for preparing meals at home. While we saw modest improvement in the food service and hospitality business as COVID-19-related restrictions have gradually lifted in select parts of the country, this market segment has not returned to pre-pandemic demand levels. For the third quarter, total dozens sold were up 3.1 percent over the same period last year, reaching 279.7 million dozens sold. We are proud of our dedicated employees who have continued to work under extraordinary conditions to meet customer demand and support the nation's food supply. Our top priority is the health and safety of our employees, and we remain vigilant in managing our operations in a safe manner. We are working to provide appropriate education and convenient access to the COVID-19 vaccines for our employees based on the latest Centers for Disease Control (CDC) guidelines and subject to availability in the states where we operate.

"Our average sales price for shell eggs was \$1.25 per dozen for the third quarter this fiscal year compared with \$1.24 per dozen for the same period last year. Sales prices have increased since the end of the third fiscal quarter, although they are not expected to approach the high prices realized in the fourth quarter last fiscal year. Sales prices in the prior-year's fourth quarter moved higher, primarily driven by the normal higher seasonal demand during the peak Easter season and the consumer shift to more meals prepared at home due to the COVID-19 pandemic.

"The total number of shell eggs produced for the third quarter of fiscal 2021 was 3.3 percent less than the same period last year as reported by the United States Department of Agriculture ("USDA"). Hen numbers reported by the USDA as of March 1, 2021, were 327.4 million, which represents 3.1 million fewer hens than a year ago. However, the USDA also reported that the hatch from October 2020 through February 2021 increased 2.6 percent as compared to the prior-year period, and eggs in incubators were up 20 percent in February over the same period last year, which may indicate an increased supply of hens in the future. As we emerge from the COVID-19 pandemic with an anticipated return in food service demand, these growing supply indicators could affect the overall balance of supply and demand for shell eggs and have an impact on market prices.

"We continued to see favorable demand in specialty egg sales. Eggs remain a very popular and inexpensive source of protein, and we strive to provide a favorable product mix of both conventional and specialty eggs for today's health-conscious consumer. For the third quarter of fiscal 2021, sales of specialty eggs totaled \$145.2 million, accounting for 41.5 percent of our egg sales revenue, compared with \$125.0 million, or 37.2 percent of egg sales revenue, in the third quarter of fiscal 2020. The higher specialty egg revenue reflects a 16.2 percent increase in specialty dozens sold in the third quarter of fiscal 2021 compared to the same period last year.

"Our goal remains to match our production with the needs of our customers, especially as we prepare for the expected future demand for cage-free eggs. As additional states consider legislation for cage-free requirements, and assuming companies meet their previously stated goals to offer cage-free eggs, the USDA projects that over 70 percent of the U.S. laying flock will need to be in cage-free production by 2026. Since 2008, we have invested \$418 million in facilities, equipment, and related operations to expand our cage-free production. We have a strong balance sheet with ample liquidity and access to capital to continue to make the necessary investments in our operations, and we remain focused on having sufficient capacity to meet the needs of our customers with the same exceptional service that is a hallmark of Cal-Maine Foods.

"Our operations performed well during the third quarter, despite the disruptions from the severe winter weather that affected operations across a significant portion of our footprint in mid-February. Our managers and employees in these locations did an outstanding job in preparing for the storm and managing through challenging conditions with sufficient feed and generator power to continue production with minimal disruptions. We experienced some short-term delays in distribution as many of our customers in these areas were temporarily closed, but we were able to quickly resume normal delivery schedules.

"For the third quarter, operating loss was \$493 thousand compared with operating income of \$5.2 million for the same period a year ago. Farm production costs per dozen produced for the third quarter of fiscal 2021 were up 7.0 percent, or \$0.051 per dozen, compared to the third quarter of fiscal 2020. This increase was primarily due to higher feed costs, which started trending higher midway through the second quarter of fiscal 2021. For the third quarter, the average Chicago Board of Trade ("CBOT") daily market price was \$4.97 per bushel for corn and \$422.61 per ton for soybean meal, representing an increase of 29.9 percent and 42.4 percent, respectively, compared to the daily average CBOT prices for the same period last year. As feed ingredient prices rose through the second and third quarters of fiscal 2021, we benefited from our normal operating practices of filling our storage bins at harvest and locking in the basis portion of our grain purchases several months in advance to help ensure availability of feed ingredients. Most of this benefit has been realized in our second and third fiscal quarters, however, during our fourth fiscal quarter we will be exposed more directly to price movements in the feed ingredient market. We expect to see continued price volatility for the remainder of fiscal 2021 as increased export demand for both soybeans and corn is placing pressure on domestic supplies and carryout inventories are projected to be lower.

Additionally, the ongoing uncertainties and supply chain disruptions related to the COVID-19 outbreak, weather fluctuations and geopolitical issues will continue to affect market prices for our primary feed ingredients.

"We are pleased with our ability to execute our growth strategy and respond to the challenges and opportunities in a dynamic market. Importantly, our improved financial results through the third quarter of fiscal 2021 allowed us to resume payment of our quarterly cash dividend. While we are still facing an uncertain environment due to the ongoing COVID-19 pandemic, continued volatility in feed grain prices, and changes in customer and consumer demand, we look forward to the opportunities ahead for the remainder of fiscal 2021. We believe retail consumer demand for eggs will remain strong; however, it is difficult to predict when restaurants and food service operators will return to pre-pandemic business schedules, and how retail demand will be affected. Regardless of market conditions, we are focused on managing our operations in an efficient and sustainable manner that ensures the safety of our employees. We will continue to make the strategic investments to support our future growth, and we are well positioned with sufficient capital to expand our own capacity or consider potential acquisitions. Above all, we are focused on meeting the demands of our customers and delivering value to our shareholders," added Baker.

For the third quarter of fiscal 2021, Cal-Maine Foods will pay a cash dividend of approximately \$0.034 per share to holders of its common and Class A common stock. Pursuant to Cal-Maine Foods' variable dividend policy, for each quarter for 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 last quarter for which a dividend was paid. The amount paid could vary based on the number of outstanding shares on the record date. The dividend is payable on May 13, 2021, to holders of record on April 28, 2021.

Selected operating statistics for the third quarter of fiscal 2021 compared with the prior-year period are shown below:

	13 Weeks Ended		39 Weeks Ended			
	February 27, 2021		February 29, 2020		February 27, 2021	
	2021		2020		2021	
Dozen Eggs Sold (000)	279,715	271,277	817,360	786,727		
Dozen Eggs Produced (000)	248,130	239,072	731,205	684,837		
% Specialty Sales (dozen)	27.4	% 24.3	% 26.6	% 23.8		%
% Specialty Sales (dollars)	41.5	% 37.2	% 42.0	% 40.3		%
Net Average Selling Price (per dozen)	\$ 1.246	\$ 1.236	\$ 1.185	\$ 1.107		
Net Average Selling Price Specialty Eggs (per dozen)	\$ 1.895	\$ 1.895	\$ 1.876	\$ 1.884		
Feed Cost (per dozen)	\$ 0.467	\$ 0.406	\$ 0.422	\$ 0.411		

Cal-Maine Foods, Inc. is primarily engaged in the production, grading, packing, marketing and distribution of fresh shell eggs, including conventional, cage-free, organic and nutritionally enhanced eggs. The Company, which is headquartered in Jackson, Mississippi, is the largest producer and distributor of fresh shell eggs in the United States and sells the majority of its shell eggs in states across the southwestern, southeastern, mid-western and mid-Atlantic regions of the United States.

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), (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 future acquisition 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 the evolving COVID-19 pandemic, and (vii) adverse results in pending litigation matters. 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 OPERATIONS

	13 Weeks Ended		39 Weeks Ended	
	February 27,	February 29,	February 27,	February 29,
	2021	2020	2021	2020
Net sales	\$ 359,080	\$ 345,588	\$ 999,189	\$ 898,276
Cost of sales	311,563	295,760	876,457	840,198
Gross profit	47,517	49,828	122,732	58,078
Selling, general and administrative	47,656	44,231	135,494	132,434
Loss on disposal of fixed assets	354	385	476	467
Operating income (loss)	(493)	5,212	(13,238)	(74,823)
Other income, net	12,325	12,837	15,462	17,331
Income (loss) before income taxes	11,832	18,049	2,224	(57,492)
Income tax (benefit) expense	(1,716)	4,278	(4,080)	(15,356)
Net income (loss)	13,548	13,771	6,304	(42,136)
Less: Loss attributable to noncontrolling interest	—	22	—	(64)
Net income (loss) attributable to Cal-Maine Foods, Inc.	\$ 13,548	\$ 13,749	\$ 6,304	\$ (42,072)
Net income (loss) per common share attributable to Cal-Maine Foods, Inc.:				
Basic	\$ 0.28	\$ 0.28	\$ 0.13	\$ (0.87)
Diluted	\$ 0.28	\$ 0.28	\$ 0.13	\$ (0.87)
Weighted average shares outstanding:				
Basic	48,530	48,473	48,511	48,455

Diluted	48,659	48,588	48,649	48,455
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CAL-MAINE FOODS, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS

(Unaudited)
(In thousands)

SUMMARY BALANCE SHEETS

	February 27, May 30,	
	2021	2020
ASSETS		
Cash and short-term investments	\$ 180,688	\$ 232,293
Receivables, net	130,314	98,375
Inventories	207,739	187,216
Prepaid expenses and other current assets	4,162	4,367
Current assets	522,903	522,251
Property, plant and equipment (net)	585,389	557,375
Other noncurrent assets	122,992	127,068
Total assets	\$ 1,231,284	\$ 1,206,694
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 99,851	\$ 92,182
Current portion of lease obligations	953	1,001
Current liabilities	100,804	93,183
Lease obligations, less current maturities	1,672	2,387

Deferred income taxes and other liabilities	112,359	101,449
Stockholders' equity	1,016,449	1,009,675
Total liabilities and stockholders' equity	\$ 1,231,284	\$ 1,206,694

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Source: Cal-Maine Foods, Inc.