



Cal-Maine Foods Reports Fourth Quarter Fiscal 2021 Results

July 19, 2021

RIDGELAND, Miss.--(BUSINESS WIRE)--Jul. 19, 2021-- Cal-Maine Foods, Inc. (NASDAQ: CALM) today reported results for the fourth quarter (thirteen weeks) and fiscal year ended May 29, 2021.

Net sales for the fourth quarter of fiscal 2021 were \$349.8 million, compared to \$453.3 million for the fourth quarter of fiscal 2020. The Company reported a net loss of \$4.2 million, or \$0.09 per basic and diluted share, for the fourth quarter of fiscal 2021, compared to net income of \$60.5 million, or \$1.25 per basic and \$1.24 per diluted share, for the fourth quarter of fiscal 2020.

For fiscal 2021, net sales were \$1,349.0 million, compared with \$1,351.6 million for the prior year. The Company reported net income of \$2.1 million, or \$0.04 per basic and diluted share, for fiscal 2021, compared to \$18.4 million, or \$0.38 per basic and diluted share, for the prior-year period.

Dolph Baker, chairman and chief executive officer of Cal-Maine Foods, Inc., stated, "Our results for the fourth quarter of fiscal 2021 reflect a significant drop in average selling prices and lower volumes for conventional eggs compared with the same period last year. The fourth quarter of 2020 was a period of very high consumer demand, with market prices reaching record levels as more meals were being prepared at home during the early restrictive phase of the COVID-19 pandemic. Our average sales price for shell eggs was \$1.32 per dozen for the fourth quarter this fiscal year compared with \$1.58 per dozen for the same period last year. For fiscal 2021, our average sales price for shell eggs was \$1.22 per dozen, down slightly from \$1.23 per dozen for fiscal 2020.

"While retail demand has been strong for most of this fiscal year, that trend began to change in the fourth quarter as consumers started dining out again and preparing fewer meals at home. As a result, food service demand has improved as retail demand has slowed down, with overall demand for shell eggs approaching a more normalized balance that is closer to pre-pandemic levels. Total dozens sold for the fourth quarter of fiscal 2021 were down 9.4 percent over the same period last year, with 255.9 million dozens sold. For fiscal 2021, we sold 1,073.2 million dozens of shell eggs, up slightly compared with 1,069.2 million dozens sold in fiscal 2020.

"Hen numbers reported by the USDA as of June 1, 2021, were 315.7 million, which represents 5.3 million fewer hens than the adjusted number a year ago. The egg industry has experienced several years of unfavorable economics, resulting in the lowest national supply of laying hens since October 2016. The USDA also reported that the hatch from January 2021 through May 2021 increased 4.4 percent as compared to the prior-year period, and as of June 1, 2021, eggs in incubators were up 2.5 percent over the same period last year.

"We continue to see favorable trends for our specialty egg business, and we remain focused on offering the right product mix of both conventional and specialty eggs to meet customer demand. For the fourth quarter of fiscal 2021, sales of specialty eggs totaled \$131.2 million, accounting for 38.7 percent of our egg sales revenue, compared with \$133.3 million, or 29.9 percent of egg sales revenue, in the fourth quarter of fiscal 2020. The higher specialty egg revenue reflects a 1.6 percent increase in specialty dozens sold in the fourth quarter of fiscal 2021 compared to the same period last year.

"An important growth initiative for fiscal 2021 has been the continued expansion of our production capacity in line with the growing customer demand for cage-free and specialty eggs. We are focused on adjusting our production capacity to balance the changing state requirements with future customer commitments. As always, we strive to offer a product mix that aligns with current and anticipated customer purchase decisions.

"Following the end of fiscal 2021, Cal-Maine Foods completed the purchase of the remaining 50 percent membership interest in Red River Valley Egg Farm, LLC. With approximately 1.7 million cage-free laying hens and cage-free pullet capacity, Red River Valley Egg Farm offers us additional opportunities to expand our cage-free production capacity and further enhance our ability to provide exceptional service and distribution capabilities to our customers. Including this purchase, we have invested over \$476 million in facilities, equipment, and related operations to expand our cage-free production since 2008. Importantly, we have a strong balance sheet with ample liquidity and access to capital to continue to make the necessary investments in our operations.

"For the fourth quarter, operating loss was \$13.0 million compared with operating income of \$76.1 million for the same period a year ago. Farm production costs per dozen produced for the fourth quarter of fiscal 2021 were up 15.3 percent, or \$0.112 per dozen, compared to the fourth quarter of fiscal 2020. This increase was primarily due to higher feed costs, which were up 27.7 percent compared with the prior-year period. For the fourth quarter, the average Chicago Board of Trade ("CBOT") daily market price was \$6.10 per bushel for corn and \$411.37 per ton for soybean meal, representing an increase of 82.7 percent and 37.6 percent, respectively, compared to the daily average CBOT prices for the fourth quarter of fiscal 2020. Increased export demand for both soybeans and corn, as well as weather-related shortfalls in production and yields, have placed additional pressure on domestic supplies, resulting in higher and more volatile prices. For the full year, our feed costs were up 9.0 percent over fiscal 2020. With the ongoing uncertainties and continued supply chain disruptions related to the COVID-19 outbreak, weather fluctuations and geopolitical issues, we expect to see further volatility in market prices for our primary feed ingredients.

"Fiscal 2021 has been a challenging year for Cal-Maine Foods, but we are proud of our ability to navigate an uncertain environment as well as respond to new market opportunities. Our operations ran well, and we demonstrated improvement in most of our key production metrics despite the more difficult environment. We commend our dedicated employees who have continued to work under the extraordinary conditions created by the COVID-19 pandemic. Due to their efforts, we were able to meet our primary objective to support the nation's food supply at a critical time. Across our operations, our managers came together to service our customers, while remaining diligent in their efforts to provide a safe environment for our employees, business partners, and the communities we serve.

"Looking ahead, we will continue to execute our growth strategy in fiscal 2022 and focus on managing the aspects of our operations under our control,

regardless of market conditions. We believe retail consumer demand for eggs will be more consistent with typical seasonal trends, and we are optimistic that more restaurants and food service operators are getting back to pre-pandemic business schedules. Our specialty egg business is a key driver of our growth, and we will continue to make the strategic investments to expand our capacity, especially for cage-free egg production. We are well positioned with sufficient capital to fund internal expansion projects or consider potential acquisitions. Across our operations, we are focused on efficient and sustainable management. Above all, we will strive to meet the demands of our valued customers and deliver greater value to our shareholders," added Baker.

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. Therefore, the Company will not pay a dividend with respect to the fourth quarter of fiscal 2021.

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

	13 Weeks Ended		52 Weeks Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Dozen Eggs Sold (000)	255,851	282,422	1,073,211	1,069,150
Dozen Eggs Produced (000)	239,632	242,962	970,837	927,799
% Specialty Sales (dozen)	27.4 %	24.4 %	26.8 %	23.9 %
% Specialty Sales (dollars)	38.7 %	29.9 %	41.1 %	36.8 %
Net Average Selling Price (per dozen)	\$ 1.318	\$ 1.575	\$ 1.217	\$ 1.231
Net Average Selling Price Specialty Eggs (per dozen)	\$ 1.874	\$ 1.934	\$ 1.876	\$ 1.897
Feed Cost (per dozen)	\$ 0.517	\$ 0.405	\$ 0.446	\$ 0.409

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 Ridgeland, 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		52 Weeks Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Net sales	\$ 349,798	\$ 453,333	\$ 1,348,987	\$ 1,351,609
Cost of sales	311,869	331,823	1,188,326	1,172,021
Gross profit	37,929	121,510	160,661	179,588
Selling, general and administrative	48,449	45,803	183,943	178,237
(Gain) Loss on disposal of fixed assets	2,506	(385)	2,982	82
Operating income (loss)	(13,026)	76,092	(26,264)	1,269
Other income, net	853	1,459	16,315	18,790
Income (loss) before income taxes	(12,173)	77,551	(9,949)	20,059
Income tax (benefit) expense	(7,929)	17,087	(12,009)	1,731
Net income (loss)	(4,244)	60,464	2,060	18,328
Less: Loss attributable to noncontrolling interest	-	1	—	(63)
Net income (loss) attributable to Cal-Maine Foods, Inc.	\$ (4,244)	\$ 60,463	\$ 2,060	\$ 18,391
Net income (loss) per common share attributable to Cal-Maine Foods, Inc.:				
Basic	\$ (0.09)	\$ 1.25	\$ 0.04	\$ 0.38
Diluted	\$ (0.09)	\$ 1.24	\$ 0.04	\$ 0.38
Weighted average shares outstanding:				
Basic	48,636	48,501	48,522	48,467
Diluted	48,636	48,608	48,656	48,544

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(Unaudited)

(In thousands)

SUMMARY BALANCE SHEETS

	May 29, 2021	May 30, 2020
ASSETS		
Cash and short-term investments	\$ 169,510	\$ 232,293
Receivables, net	126,639	98,375
Inventories	218,375	187,216
Prepaid expenses and other current assets	5,407	4,367
Current assets	519,931	522,251
Property, plant and equipment (net)	589,417	557,375
Other noncurrent assets	119,826	127,068
Total assets	\$ 1,229,174	\$ 1,206,694
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 89,191	\$ 92,182
Current portion of lease obligations	906	1,001
Current liabilities	90,097	93,183
Lease obligations, less current maturities	1,472	2,387
Deferred income taxes and other liabilities	124,824	101,449
Stockholders' equity	1,012,781	1,009,675
Total liabilities and stockholders' equity	\$ 1,229,174	\$ 1,206,694

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Source: Cal-Maine Foods, Inc.