

CAL MAINE FOODS INC
Form 10-Q
March 31, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
(mark one)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended February 27, 2010

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: 000-04892

CAL-MAINE FOODS, INC.
(Exact name of registrant as specified in its charter)

Delaware 64-0500378
(State or other Jurisdiction (I.R.S. Employer Identification
of No.)
Incorporation or
Organization)

3320 Woodrow Wilson Avenue, Jackson, Mississippi 39209
(Address of principal executive offices) (Zip Code)

(601) 948-6813
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer as defined in Rule 12b-2 of the Exchange Act.

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Large Accelerated filer Accelerated filer
Non- Accelerated filer Smaller reporting company
(Do not check if a smaller reporting
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate number of shares outstanding of each of the issuer's classes of common stock (exclusive of treasury shares), as of March 29, 2010.

Common Stock, \$0.01 par value	21,425,091 shares
Class A Common Stock, \$0.01 par value	2,400,000 shares

CAL-MAINE FOODS, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except per share amounts)

	February 27, 2010 (unaudited)	May 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 141,223	\$ 66,883
Investment securities available-for-sale	33,202	15,165
Investment securities trading	32,800	—
Trade and other receivables	61,488	44,628
Inventories	94,947	97,535
Prepaid expenses and other current assets	1,427	17,474
Total current assets	365,087	241,685
Investment securities trading	—	33,150
Investment securities available-for-sale	711	—
Other investments	19,653	18,069
Goodwill	22,116	22,455
Amortizable intangible assets	13,971	15,056
Other assets	1,013	2,472
Property, plant and equipment	486,444	479,327
Less accumulated depreciation	(250,208)	(229,369)
Net property, plant and equipment	236,236	249,958
TOTAL ASSETS	\$ 658,787	\$ 582,845
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 83,715	\$ 58,423
Accrued dividends payable	11,511	3,422
Current maturities of purchase obligation	—	8,400
Current maturities of long-term debt	39,581	13,806
Deferred income taxes	19,640	19,635
Total current liabilities	154,447	103,686
Long-term debt, less current maturities	108,348	115,983
Other non-current liabilities	3,133	3,532
Deferred income taxes	30,950	26,635
Total liabilities	296,878	249,836
Stockholders' equity:		
Common stock \$0.01 par value per share:		

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Authorized shares – 60,000		
Issued 35,130 shares and 21,425 shares outstanding at February 27, 2010 and 21,389 shares outstanding at May 30, 2009	351	351
Class A common stock \$0.01 par value per share, authorized, issued and outstanding 2,400 shares at February 27, 2010 and May 30, 2009	24	24
Paid-in capital	32,495	32,098
Retained earnings	351,816	320,623
Common stock in treasury – 13,705 shares at February 27, 2010 and 13,741 shares at May 30, 2009	(20,911)	(21,045)
Total Cal-Maine Foods, Inc. stockholders' equity	363,775	332,051
Noncontrolling interests in consolidated entities	(1,866)	958
Total stockholders' equity	361,909	333,009
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 658,787	\$ 582,845

See notes to condensed consolidated financial statements.

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
UNAUDITED

	13 Weeks Ended		39 Weeks Ended	
	February 27, 2010	February 28, 2009	February 27, 2010	February 28, 2009
Net sales	\$ 271,156	\$ 270,009	\$ 688,055	\$ 715,211
Cost of sales	196,232	201,852	548,087	548,391
Gross profit	74,924	68,157	139,968	166,820
Selling, general and administrative	24,987	22,957	69,897	60,515
Operating income	49,937	45,200	70,071	106,305
Other income (expense):				
Interest expense, net	(1,653)	(1,736)	(5,044)	(4,165)
Other	5,080	2,381	6,113	3,914
	3,427	645	1,069	(251)
Income before income taxes	53,364	45,845	71,140	106,054
Income tax expense	19,413	15,120	26,432	36,250
Net income	33,951	30,725	44,708	69,804
Net (income) loss attributable to noncontrolling interest	583	118	2,088	(570)
Net income attributable to Cal-Maine Foods, Inc.	\$ 34,534	\$ 30,843	\$ 46,796	\$ 69,234
Net income per commonshare:				
Basic	\$ 1.45	\$ 1.30	\$ 1.97	\$ 2.91
Diluted	\$ 1.45	\$ 1.29	\$ 1.96	\$ 2.91
Dividends declared per common share	\$ 0.483	\$ 0.432	\$.655	\$ 0.971
Weighted average shares outstanding:				
Basic	23,818	23,789	23,806	23,763
Diluted	23,880	23,825	23,875	23,807

See notes to condensed consolidated financial statements.

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
UNAUDITED

	39 Weeks Ended	
	February 27, 2010	February 28, 2009
Cash flows from operating activities		
Net income	\$ 44,708	\$ 69,804
Net (income) loss attributable to noncontrolling interest	2,088	(570)
Depreciation and amortization	22,403	20,477
Other adjustments, net	35,062	1,627
Net cash provided by operations	104,261	91,338
Cash flows from investing activities		
Purchases of investments	(35,220)	(14,925)
Sales of investments	16,822	16,060
Acquisition of businesses, net of cash acquired	(508)	(91,223)
Purchases of property, plant and equipment	(15,603)	(19,419)
Payments received on notes receivable and from investments in affiliates	1,343	964
Increase in notes receivable and equity investments in affiliates	(705)	(896)
Net proceeds from disposal of property, plant and equipment	1,270	128
Net cash used in investing activities	(32,601)	(109,311)
Cash flows from financing activities		
Proceeds from issuance of common stock from treasury	213	427
Payment of purchase obligation	(8,149)	(13,721)
Proceeds from long-term borrowings	30,000	55,765
Principal payments on long-term debt	(11,860)	(19,958)
Payment of dividends	(7,524)	(25,048)
Net cash provided by (used in) financing activities	2,680	(2,535)
Net change in cash and cash equivalents	74,340	(20,508)
Cash and cash equivalents at beginning of period	66,883	94,858
Cash and cash equivalents at end of period	\$ 141,223	\$ 74,350

See notes to condensed consolidated financial statements.

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(in thousands, except share amounts)
February 27, 2010

1. Presentation of Interim Information

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Preparation of condensed consolidated financial statements requires us to make estimates and assumptions. These estimates and assumptions affected reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Operating results for the thirteen and thirty-nine weeks ended February 27, 2010 are not necessarily indicative of the results that may be expected for the year ending May 29, 2010.

The condensed consolidated balance sheet at May 30, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Cal-Maine Foods, Inc.'s annual report on Form 10-K for the fiscal year ended May 30, 2009. References to “we,” “us,” “our,” or the “Company” refer to Cal-Maine Foods, Inc.

Hillandale, LLC Acquisition

During the first quarter of fiscal 2010, we made the final payment of \$8,150 on the Hillandale, LLC purchase obligation. Effective July 30, 2009, Hillandale, LLC was merged into Cal-Maine Foods, Inc. Refer to Note 2 of our May 30, 2009 audited financial statements for further information on the Hillandale Acquisition.

Benton County Foods, LLC Acquisition

We now own 100% of Benton County Foods, LLC. We purchased the remaining 10% ownership interest in Benton County Foods, LLC for \$508 in the first quarter of fiscal 2010. Refer to Note 2 of our May 30, 2009 audited financial statements for further information on the Benton County Foods, LLC Acquisition.

2. Stock Compensation Plans

Total stock based compensation expense (benefit) for the thirty-nine weeks ended February 27, 2010 and February 28, 2009 was \$2,016 and \$(161), respectively. Our liabilities associated with Stock Appreciation Rights as of February 27, 2010 and February 28, 2009 was \$4,304 and \$3,997, respectively.

During the thirty-nine weeks ended February 27, 2010, options were exercised for 36,000 shares of common stock. Proceeds from the exercise of these options amounted to \$213. The Company made no stock-based grants during the thirty-nine weeks ended February 27, 2010. Refer to Note 11 of our May 30, 2009 audited financial statements for further information on our stock compensation plans.

3. Inventories

Inventories consisted of the following: