

# WESTPEAK RESEARCH ASSOCIATION

## Cal-Maine Foods, Inc. (NASDAQ: CALM) Consumer Cyclical – Egg Production and Distribution

### The Golden Egg

June 1, 2025

*Cal-Maine Foods, Inc. (NASDAQ: CALM) is the leading producer and distributor of eggs worldwide. Operating in the United States and headquartered in Ridgeland Mississippi, Cal-Maine has 98% more layer hens than its closest U.S. competitor and supplies 21% of American shell egg consumption.*

#### Industry Overview

The U.S. egg production industry generated \$21.0B in 2024. Competition is fierce as the top 5 largest producers account for 46% of the industry table egg-laying flock. The price of wholesale shell eggs is influenced by a variety of factors, most prominently the highly pathogenic avian influenza (HPAI), i.e. the bird flu.

#### Thesis

In the past decade, HPAI outbreaks have grown in frequency and magnitude. However, Cal-Maine has shown unparalleled resilience during outbreaks due to a seasoned biosecurity team they instituted in 2014. Past outbreaks display that the market has failed to register the extent of Cal-Maine's biosecurity advantage. As competing companies scramble to defend and restock their flocks, Cal-Maine is positioning itself to capitalize on the next industry upheaval, the demand for specialty eggs.

#### Valuation

We assign a **BUY** rating to Cal-Maine Foods, Inc. at a target price of \$148.23. By weighing the estimated Perpetuity Growth and Exit Multiple implied prices equally at a cumulative 90%, and the EV/2024E EBITDA and P/2024E Earnings implied prices equally at a cumulative 10%, our recommendation implies a total return of 54.5%.

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#### Equity Research

US

Price Target **US\$148.23**

Rating **BUY**

Share Price (May 30 Close) **US\$95.93**

Total Return **54.5%**

#### Key Statistics

52 Week H/L **\$116.41/\$57.43**

Market Capitalization **\$4,697.7M**

Average Daily Trading Volume **0.9M**

Net Debt **\$0.0M**

Enterprise Value **\$3906.6M**

EV / EBITDA **3.1x**

Diluted Shares Outstanding **49.0M**

Free Float **88.4%**

Dividend Yield **7.1%**

#### Analyst Forecast

(in millions)	2025E	2026E	2027E
Revenue	\$3,640	\$3,053	\$3,210
EBITDA	\$1,349	\$684	\$721
Net Income	\$1,012	\$520	\$549
EPS	\$20.67	\$5.41	\$5.72
P/E	4.6x	11.3x	10.8x
EV/EBITDA	2.9X	7.4x	7.0x

#### 1-Year Price Performance



## Company Overview

### Production

Cal-Maine Foods produces, grades, packages, markets, and distributes shell eggs. The Company utilizes a vertical operations process, owning, maintaining, and operating 29 feed mills, 2 breeding facilities, 2 hatcheries, 37 pullet facilities, 49 production facilities, 5 egg product facilities, and 49 processing and packaging facilities. This structure allows Cal-Maine to have control over its supply chain and scale to match demand. The expert biosecurity team symbolizes Cal-Maine's precautionary approach to disease control among its flock and its reputation for reliability and quality. As of April 2025, Cal-Maine's flock is approximately 48.9 million layers and 12.3 million pullets and breeders, hatching up to 680,848 chicks weekly and producing approximately 671,700 dozen shell eggs per hour. Additionally, Cal-Maine can scale to 52.4 million layers, 13.7 million pullets, and 8.1 million eggs per hour if necessary.

### Business Strategy: Calculated Acquisitions

In 1989, Cal-Maine Foods embarked on an aggressive expansion program, leading to the acquisition and integration of 25 businesses as of April 2025. Most recently, Cal-Maine acquired Echo Lake Foods in an all-cash transaction for approximately \$258M on June 2<sup>nd</sup>, 2025. Through the steady flow of M&A opportunities, Cal-Maine believes it can remain a top competitor by consistently increasing market share, expanding its consumer base, offering more products, and catering to changes in consumer preferences. Cal-Maine can sustain this strategy through its substantial cash reserves, consistently funding M&A with all-cash transactions. In FY2024, Cal-Maine generated a net revenue of \$2.3B and invested \$412.6M in the acquisition of the assets of Fassio Egg Farms, Inc., purchasing investment securities, property, plants, and equipment.

### Ability to Meet Evolving Needs

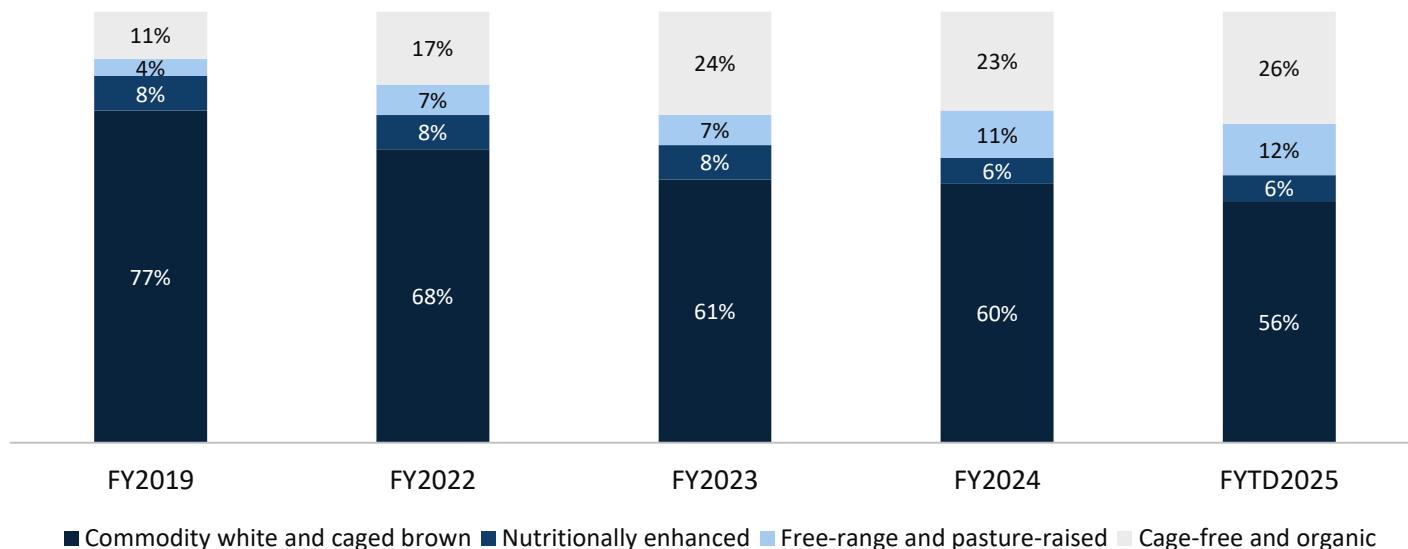
Cal-Maine Foods offers a variety of egg products including conventional eggs such as brown and white caged and cage-free eggs, specialty eggs such as free-range, organic, and nutritionally enhanced eggs, and liquid egg products. High-protein diet trends, industry advertising campaigns, the improved nutritional reputation of eggs, and an increase in at-home egg consumption during the COVID-19 pandemic have all contributed to a rise in shell egg demand. Additionally, animal rights groups and public demand for ethically sourced animal products have risen in prominence. State governments have also been enacting laws to ensure the humane production of animal products, particularly cage-free mandates for egg producers. As of April 2025, 10 states have passed cage-free legislation or regulation for implementation by 2030, and approximately 27% of households will be in cage-free states by 2030. But, through Cal-Maine's strategic acquisition strategy, the Company can already offer a variety of specialty egg products fit for a broad customer base. Furthermore, Cal-Maine is constantly expanding its infrastructure to prepare for increased governmental mandates. Cal-Maine has recently invested \$40M to expand cage-free production capabilities, including five new cage-free layer houses set to begin operation in the summer of 2025.

## Industry Analysis

### Overview

In 2024, U.S. egg production industry generated \$21.0B in revenue and is projected to have a 7.1% CAGR in revenue (driven by price and volume growth) from 2024 to 2030. While the market is competitive, the 5 largest producers accounted for 46% of the industry table egg-laying flock in 2024. With shell egg household penetration at approximately 97%, the general demand for eggs in the U.S. increases with population growth. In 2024, egg production reached 93.1 billion table eggs, and forecasts predict production will rise to approximately 130 billion eggs by 2033. The prices of wholesale shell eggs are volatile and cyclical, impacted by several factors such as feed cost, seasonal change, consumer preference, and agricultural diseases like the highly pathogenic avian influenza (HPAI). Consumer preference and regulatory change have begun shifting the industry towards cage-free practices. As of April 2025, 10 states have passed cage-free legislation or regulation for implementation by 2030, and approximately 20% of the estimated U.S. population already has cage-free legislation in effect. The national flock must be 73% cage-free by 2030 to meet legislative requirements and stated commitments.

### Industry product breakdown (% dozens sold by volume)



■ Commodity white and caged brown ■ Nutritionally enhanced ■ Free-range and pasture-raised ■ Cage-free and organic

### Consolidation

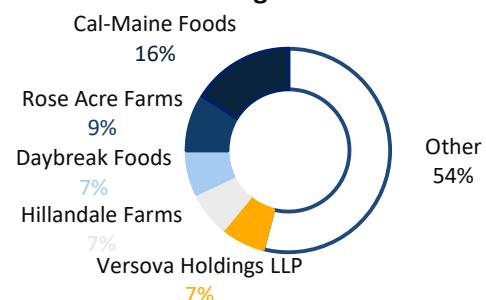
In the U.S. egg production industry, the top 5 egg-producing companies dominate 46% of the market share, and over 75% is controlled by the top 20. Such a structure creates a highly-competitive environment for smaller businesses as they cannot

operate as efficiently as the larger producers. Additionally, they are hit harder by agricultural diseases such as HPAI as they do not possess the same capital nor capacity to respond as the larger corporations do. Consequently, many smaller businesses view the option of consolidation as the most profitable, further contributing to the market share of large producers.

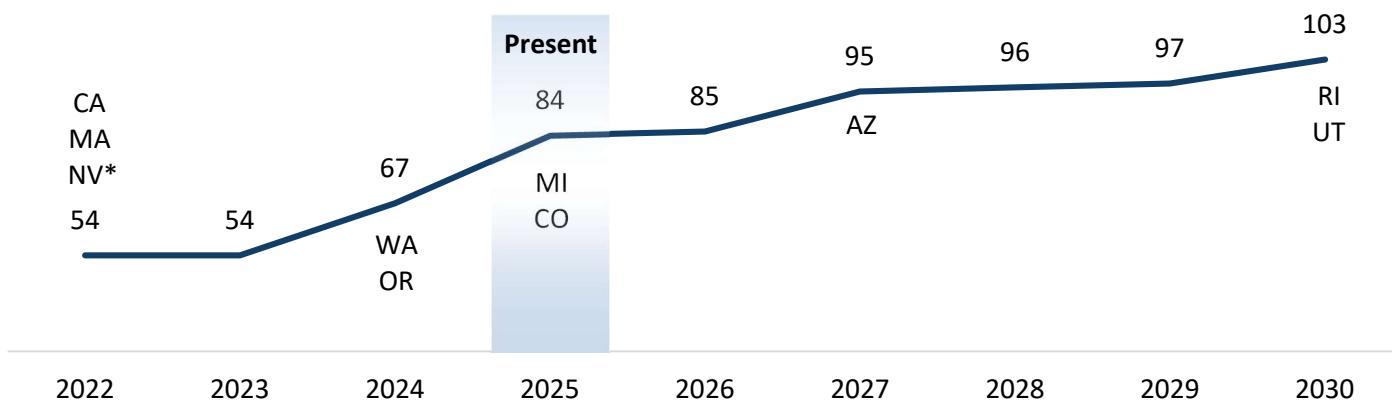
## Consumer Preference and Regulatory Change

In recent years, high protein diet trends, industry advertising campaigns, and growing nutritional reputation of eggs has increased shell egg demand. Simultaneously, consumers are increasingly more health-conscious and ethically motivated, demonstrating a willingness to pay premiums for animal welfare-compliant products. Animal rights groups such as People for the Ethical Treatment of Animals and the Humane Society of the United States have been pressuring animal product companies to operate their business in a manner that conforms to their standards. Each of these factors represents a push for cage-free eggs. Additionally, state legislation has begun enacting laws that ensure the humane production of animal products, particularly cage-free mandates for egg producers. Consequently, the egg production industry has begun shifting towards specialty egg products and cage-free practices. While conventional eggs maintain a core retail market position, specialty egg products have the most significant growth at 40% of dozen eggs sold in FY2024. Cage-free and organic egg products have risen from 11% of dozens sold in FY2019 to 23% of dozens sold in FY2024.

### Top-five producers: layer hen rankings



### U.S. state cage-free mandate implementation timeline and cumulative population (MMS)



## Investment Theses

### Investment Thesis #1 – Operational Advantage Against Agricultural Disease

Cal-Maine has uniquely incorporated a specialized biosecurity team into their operations in 2014, after the USDA detected HPAI in wild birds. While no farm is immune to agricultural disease, the veteran team at Cal-Maine proved their expertise in December 2022 - March 2023 when a worldwide outbreak of HPAI rattled the U.S. During that period, Cal-Maine saw a 718% increase in year-over-year profits as they recorded the avian flu at only 2 of their 49 production facilities. October 2024 - present day marks the second worldwide outbreak of the bird flu: egg futures are at all-time highs, there is a national shortage of eggs in the U.S., and Cal-Maine has experienced a 247% increase in quarterly net profits compared to Q32024. As HPAI can survive for months in cold, wet conditions, cyclical bird flu outbreaks are the new normal. Competing companies must heavily invest in biosecurity measures or risk losing billions of dollars to HPAI. However, Cal-Maine's biosecurity team has a 10-year head start - experience that can neither be purchased nor replicated in the next 4 years minimum. After this second global outbreak, competing companies should realize their shortfall and begin pouring money into biodefense and rebuilding their flocks. But, while competing companies must cover losses, Cal-Maine can continue to capture market share and reinvest in new areas of operation. The market underestimates how long competing companies will have to play catch-up, and the investment opportunities Cal-Maine holds through their monetary advantage.

### Investment Thesis #2 – Reduced Risk of Investment

Following government regulations, pressures from animal rights groups, and public demand, the specialty sector of the egg production industry is set to rise. But, while competitors must allocate capital to recover from HPAI outbreaks and rebuild their conventional egg supply, Cal-Maine is positioning itself to lead the specialty sector. The market has missed that only Cal-Maine can significantly invest into this emerging market without risking their current operations. Accounting for 40% of their shell egg sales, Cal-Maine aims to increase specialty egg sales in line with retail market demand. Their Board of Directors recently approved a \$40M project, increasing cage-free layer capacity by 1.0M layer hens by summer 2025. Their \$110M acquisition of Tyson Foods, Inc. assets will result in an additional 1.2M free-range layer hens by fall 2025. Unlike conventional shell eggs, most specialty eggs are sold at prices and terms negotiated directly with customers rather than independently quoted wholesale market prices. Supported by consumers' higher willingness to pay, these factors make specialty eggs less volatile and possess higher profit margins than conventional shell eggs, creating massive upside potential for Cal-Maine.

## Valuation

### Discounted Cash Flow Analysis

Following the global HPAI outbreak beginning in October 2024, we are predicting revenue to grow 56% by the end of FY2025. Reflecting on the previous global outbreak from December 2022 to February 2023, we forecast FY2026 to experience a 15.5% decrease in revenue as egg prices and flock sizes normalize. The Weighted Average Cost of Capital is equivalent to the cost of equity as the company has no leverage. Estimated at 8.0%, cost of equity consists of a risk-free

rate of 4.4%, an expected market return of 9.4%, and a beta of 0.7. The Company's COGS have remained stable at 80% average, capex is at 17% and SG&A is around 11%. We used a 1% perpetuity growth rate reflecting Cal-Maine's maturity and a 10x EV/EBITDA exit multiple derived from the comparable company analysis. The exit multiple method implies a share price of \$109.45, and the perpetuity growth rate method implies a share price of \$177.83.

## Comparable Company Analysis

No other publicly traded companies solely specialize in producing, processing, and delivering shell eggs in the U.S. Comparable companies were screened based on maturity, market share, and involvement in the poultry industry. Because of these differences, the DCF analysis was the primary basis for forecasting. The comparable companies analysis implies an EV/EBITDA Price of \$147.1 and a P/E Price of \$231.9. The estimated mean P/E ratio was 18.3x for 2025E, while Cal-Maine's was 4.6x.

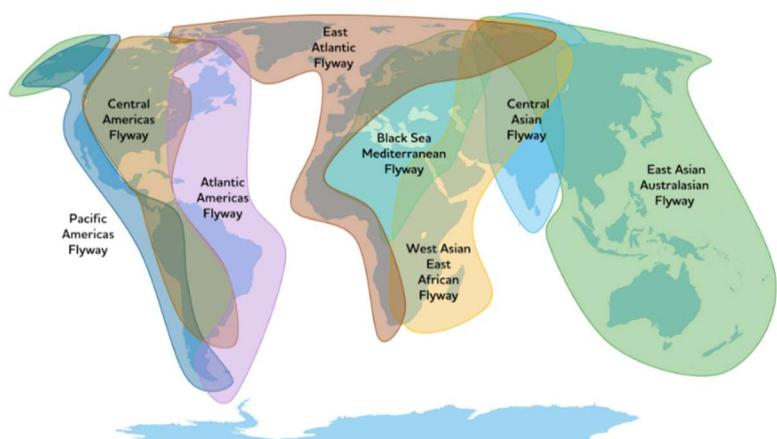
## Catalysts

### Wild Bird Migration Patterns

Avian Influenza (AIV) is an RNA virus, meaning replication errors cause the virus to change and evolve. When substantial segments of genetic material are reassorted between different AIV variants, the risk of the virus becoming highly pathogenic (HPAI) or zoonotic increases. Therefore, when entire flocks encounter AIV, the chances of mutation into HPAI rise. Not coincidentally, 3 of the 8 global North-South migratory pathways meet in North America. As AIV naturally infects wild birds, and most wild bird species show no symptoms of infection, migration presents a massive opportunity for the virus to spread. As most wild bird species fly South for winter, the virus spreads just as rain increases, temperatures drop, and daylight decreases, forming the conditions that allow the virus to survive for months on a contaminated surface. Therefore, the birds who migrate later, geese, ducks, and gulls, are most responsible for transporting AIV and HPAI. While research has found correlations between wild bird migration and HPAI infections in people, the current global outbreak, historically high egg prices, and an egg shortage should spark further research into wild bird migration patterns and outbreaks of HPAI in poultry facilities. Particularly, predictive climate models and tracking of geese, duck, and gull migrations should catalyze Cal-Maine's stock.

### Global North-South migratory pathways

Source: GRID-Arendal | <https://www.grida.no/>



### Cautious Consumption Trend

As obesity rates continue to rise, consumers are evermore conscious of their physical well-being and the quality of food that they eat. In December 2024, the U.S. Food and Drug Administration (FDA) confirmed that eggs meet their updated 'healthy' definition. As one of the most affordable sources of quality protein and a staple in American diets, eggs penetrate

97% of American households. Simultaneously, the demand for sustainable and ethically based products is pushing regulators to alter standards in the poultry industry. Cal-Maine is preparing for this shift, acquiring substantial assets from 5 competitors in 2024 to increase their capacity in the higher-margin specialty egg sector. These investments can be catalysts for Cal-Maine as the trend for cautious consumption persists.

## Risks

### Shift in Ability to Pay for Specialty Egg Market

Investment in conventional shell eggs is relatively low risk. Although the market for conventional shell eggs is more volatile, the basic shell egg is a staple in American diets and is used to produce processed goods. While the average consumer may consciously purchase specialty shell eggs, they often do not search for processed food that contains specialty eggs. Most profit-maximizing companies use conventional shell eggs to cut costs and avoid the margins of specialty eggs. Therefore, the specialty egg market is reliant on average consumer purchases. If consumer spending decreases and individuals cannot afford the premiums, specialty egg operations would likely experience significant losses. Cal-Maine is positioning itself to lead the specialty sector, taking on this risk and leaving itself susceptible to the uncertain future.

### Price of Feed

Cal-Maine predominantly feeds its chickens corn and soybean meal. Each of these commodities is highly susceptible to macroeconomic conditions and is volatile in price. Longer and warmer growing seasons have greatly benefited each of these industries, but the uncertainty of climate change presents significant risks. Currently, the global supply of soybeans is at a record high as Brazil, the world's largest exporter of soybeans, experienced favorable weather conditions during the growing season. Likewise, the USDA forecasts a fall in U.S. corn futures as national production is estimated to be the fourth highest in history. In addition, global competition is increasing, and China, a major importer of U.S. corn, is reducing its demand from the U.S. because of geopolitical tensions and low domestic corn prices. Additionally, the threat of retaliatory tariffs or export restrictions could disrupt U.S. agricultural trade flows, artificially inflating input prices even in times of surplus. Although feed costs are currently low, egg prices remain at record highs. Should climate volatility, increased global demand, or protectionist trade policies drive up the cost of corn or soybeans, Cal-Maine would face significantly higher production costs. Unless the Company can pass these costs on to consumers, its profit margins will contract.

### Recommendation - Buy

We recommend a buy for Cal-Maine Foods, Inc. at a current share price of \$95.93 and a target price of \$148.23. The recommendation implies a total return of 54.5% derived from weighting the estimated Perpetuity Growth and Exit Multiple implied prices equally at a cumulative 90%, and the EV/EBITDA and P/E implied prices equally at a cumulative 10%. As Cal-Maine is the only publicly traded company that solely specializes in producing, processing, and delivering shell eggs in the U.S., such weighting most accurately captures Cal-Maine's fundamental value. The predicted growth stems from Cal-Maine's strong performance during historic industry lows. The monetary advantage the Company holds presents an abundance of opportunity to capture market share in a rapidly growing market that possesses higher margins: the specialty egg sector. The market underestimates the extent of Cal-Maine's biosecurity expertise and its reduced investment risk.

## Appendix 1: Model Summary



## Summary Page

(Figures in mm USD)	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q1-2025	Q2-2025	Q3-2025	Q4-2025	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Income Statement</b>																
Revenue	1,361.2	1,351.6	1,349.0	1,777.2	3,146.2	2,326.4	785.9	954.7	1,417.7	481.3	3,639.5	3,053.3	3,210.1	3,375.8	3,525.8	
EBITDA	100.4	59.4	33.2	211.9	1,039.9	392.7	209.0	301.8	635.7	154.0	1,254.7	244.3	256.8	270.1	282.1	
Net Income	55.1	18.4	2.1	132.4	756.7	276.3	149.6	218.4	508.2	136.2	1,012.3	265.1	280.2	296.2	311.7	
Earnings Per Share	\$ 1.12	\$ 0.38	\$ 0.04	\$ 2.72	\$ 15.52	\$ 5.69	\$ 3.06	\$ 4.47	\$ 10.38	\$ 2.78	\$ 20.67	\$ 5.41	\$ 5.72	\$ 6.05	\$ 6.37	
<b>Cash Flow Statement</b>																
Capital Expenditures	(68.0)	(124.2)	(95.1)	(72.4)	(136.6)	(147.1)	(35.8)	(29.8)	(49.8)	(42.7)	(158.1)	(177.7)	(190.2)	(203.5)	(217.7)	
Acquisitions	(17.9)	(44.7)	-	(44.8)	-	(53.7)	(111.5)	-	(4.7)	-	(116.2)	-	-	-	-	
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend Payment	(41.7)	-	(1.7)	(6.1)	(252.3)	(91.9)	(37.8)	(50.0)	(73.0)	-	(160.8)	-	-	-	-	
Dividend Per Share	\$ -	\$ -	\$ 0.03	\$ 0.13	\$ 5.17	\$ 1.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Dividend Payout to Earnings	75.7%	-	80.4%	4.6%	33.3%	33.2%	25.2%	22.9%	14.4%	-	15.9%	-	-	-	-	
Dividend Payout to Core FCF	22.7%	-	0.9%	2.2%	25.4%	18.5%	24.6%	32.6%	11.8%	-	14.2%	-	-	-	-	
Dividend Yield	-	-	0.1%	0.3%	9.5%	3.5%	-	-	-	-	-	-	-	-	-	
<b>Balance Sheet</b>																
Current Assets	567.8	522.3	519.9	661.5	1,124.9	1,241.9	1,343.5	1,424.6	1,983.3	1,926.6	1,926.6	2,155.6	2,361.5	2,578.3	2,804.2	
Non-Current Assets	588.5	684.4	709.2	766.0	829.6	942.9	1,046.5	1,065.5	1,098.3	1,115.9	1,115.9	1,211.4	1,289.7	1,373.5	1,463.1	
Assets	1,156.3	1,206.7	1,229.2	1,427.5	1,954.5	2,184.8	2,390.0	2,490.1	3,081.6	3,042.5	3,042.5	3,367.0	3,651.3	3,951.8	4,267.4	
Current Liabilities	74.9	93.2	90.1	184.7	182.7	227.7	325.4	260.8	513.7	338.4	338.4	375.4	379.5	383.8	387.7	
Non-Current Liabilities	91.6	103.8	126.3	138.5	162.2	160.0	165.5	177.9	180.4	180.4	180.4	180.4	180.4	180.4	180.4	
Liabilities	166.5	197.0	216.4	323.1	344.9	387.7	490.9	438.6	694.1	518.8	518.8	555.8	559.9	564.2	568.1	
Shareholders' Equity	986.6	1,009.7	1,012.8	1,104.6	1,611.1	1,800.1	1,902.6	2,045.4	2,381.8	2,517.9	2,517.9	2,901.0	3,181.2	3,477.4	3,789.1	
Cash	69.2	78.1	57.4	59.1	292.8	237.9	181.7	140.3	497.2	894.7	894.7	740.7	912.2	1,092.5	1,285.4	
Debt																
Net Debt	(69.2)	(78.1)	(57.4)	(59.1)	(292.8)	(237.9)	(181.7)	(140.3)	(497.2)	(894.7)	(894.7)	(740.7)	(912.2)	(1,092.5)	(1,285.4)	
Minority Interests	3.2	-	-	(0.2)	(1.5)	(3.1)	(3.5)	6.1	5.7	5.7	5.7	5.7	n/a	n/a	n/a	
Debt/EBITDA	n/a	n/a	n/a	n/a	n/a	n/a										
<b>Operating Metrics</b>																
Return on Equity (ROE)	0.02560	0.00985	0.00104	0.05827	0.28360	0.10601										
Return on Assets (ROA)	8.7%	4.9%	2.7%	14.8%	53.2%	18.0%										
Return on Invested Capital (ROIC)	9.3%	5.3%	2.9%	17.0%	58.6%	20.0%										
<b>Valuation Metrics</b>																
Stock Price (High)	\$ 51.55	\$ 45.74	\$ 46.45	\$ 59.22	\$ 64.63	\$ 62.92	\$ 72.15	\$ 97.61	\$ 95.93	\$ 95.93	\$ 97.61	\$ 95.93	\$ 95.93	\$ 95.93	\$ 95.93	
Stock Price (Low)	\$ 37.02	\$ 30.95	\$ 34.91	\$ 34.05	\$ 44.65	\$ 43.73	\$ 57.97	\$ 68.45	\$ 95.93	\$ 95.93	\$ 57.97	\$ 95.93	\$ 95.93	\$ 95.93	\$ 95.93	
Stock Price (Average)	\$ 44.29	\$ 38.35	\$ 40.68	\$ 46.64	\$ 54.64	\$ 53.33	\$ 65.06	\$ 83.03	\$ 95.93	\$ 95.93	\$ 77.79	\$ 95.93	\$ 95.93	\$ 95.93	\$ 95.93	
Diluted Shares Outstanding (Average)	48.6	48.6	48.7	48.7	48.8	48.9	48.9	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.0	
Market Capitalization (Average)	2,152.3	1,863.6	1,979.3	2,272.7	2,668.3	2,606.2	3,183.5	4,066.0	4,697.8	4,697.8	3,808.7	4,697.8	4,697.8	4,697.8	4,697.8	
Enterprise Value (Average)	2,086.2	1,785.4	1,922.0	2,213.4	2,374.0	2,365.2	2,998.4	3,931.8	4,206.3	3,808.8	2,919.7	3,962.8	3,791.3	3,611.1	3,418.1	
P/E	39.7 x	101.2 x	96.5 x	17.1 x	3.5 x	9.4 x						3.8 x	17.7 x	16.8 x	15.9 x	15.1 x
EV/EBITDA	20.8 x	30.1 x	57.9 x	10.4 x	2.3 x	6.0 x						2.3 x	16.2 x	14.8 x	13.4 x	12.1 x
FCF Yield to Market Capitalization	2.2%	(4.5%)	(7.1%)	4.3%	43.2%	16.5%						46.9%	(1.9%)	5.0%	5.3%	5.6%
FCF Yield to Enterprise Value	2.3%	(4.7%)	(7.3%)	4.4%	48.5%	18.2%						61.2%	(2.3%)	6.2%	6.9%	7.7%
<b>Free Cash Flow</b>																
EBIT	45.8	1.3	(26.3)	143.5	967.7	312.5	187.0	278.1	635.7	154.0	1,254.7	244.3	256.8	270.1	282.1	
Tax Expense	15.7	1.7	(12.0)	33.6	241.8	83.7	48.4	70.6	154.9	43.0	316.8	83.7	88.5	93.5	98.4	
D&A	54.7	58.1	59.5	68.4	72.2	80.2	22.0	23.8	23.6	25.1	94.6	104.5	111.9	119.7	128.1	
Capital Expenditures	(68.0)	(124.2)	(95.1)	(72.4)	(136.6)	(147.1)	(35.8)	(29.8)	(49.8)	(42.7)	(158.1)	(177.7)	(190.2)	(203.5)	(217.7)	
Changes in NWC	(0.6)	(20.3)	(66.1)	(75.3)	6.9	101.6	-	-	-	-	278.9	278.9	(345.9)	(30.4)	(32.1)	
Unlevered Free Cash Flow	47.5	(83.4)	(139.9)	97.8	1,152.0	430.9	221.6	342.6	764.4	458.3	1,786.9	(91.1)	236.6	247.7	261.7	
<b>Valuation Summary</b>																
Current Price	\$ 95.93															
Target Price	\$ 148.23															
Total Return	54.5%															
Recommendation	BUY															
<b>DCF Valuation</b>																
Perpetuity Growth Implied Price	\$ 177.83															
Exit Multiple Implied Price	\$ 109.45															
Comps Valuation																
Comps - EV/EBITDA Implied Price	\$ 147.08															
Comps - P/E Implied Price	\$ 231.94															

## Appendix 2: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis							
Fiscal Year	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Unlevered Free Cash Flow</b>							
<b>Revenue</b>	<b>3146.2</b>	<b>2326.4</b>	<b>3639.5</b>	<b>3053.3</b>	<b>3210.1</b>	<b>3375.8</b>	<b>3525.8</b>
Growth %	77.0%	(26.1%)	56.4%	(16.1%)	5.1%	5.2%	4.4%
<b>EBITDA</b>	<b>1039.9</b>	<b>392.7</b>	<b>1349.3</b>	<b>348.8</b>	<b>368.7</b>	<b>389.8</b>	<b>410.1</b>
Margin %	33.1%	16.9%	37.1%	11.4%	11.5%	11.5%	11.6%
<b>EBIT</b>	<b>967.7</b>	<b>312.5</b>	<b>1254.7</b>	<b>244.3</b>	<b>256.8</b>	<b>270.1</b>	<b>282.1</b>
Margin %	30.8%	13.4%	34.5%	8.0%	8.0%	8.0%	8.0%
<b>EBT</b>	<b>998.5</b>	<b>360.0</b>	<b>1329.1</b>	<b>348.8</b>	<b>368.7</b>	<b>389.8</b>	<b>410.1</b>
Margin %	31.7%	15.5%	36.5%	11.4%	11.5%	11.5%	11.6%
<b>Income Tax</b>	<b>241.8</b>	<b>83.7</b>	<b>316.8</b>	<b>83.7</b>	<b>88.5</b>	<b>93.5</b>	<b>98.4</b>
Tax %	24.2%	23.2%	23.8%	24.0%	24.0%	24.0%	24.0%
<b>NOPAT</b>	<b>733.4</b>	<b>239.8</b>	<b>955.6</b>	<b>185.6</b>	<b>195.2</b>	<b>205.2</b>	<b>214.4</b>
Add: Depreciation & Amortization	72.2	80.2	94.6	104.5	111.9	119.7	128.1
Less: Changes in Net Working Capital	6.9	101.6	278.9	(345.9)	(30.4)	(32.1)	(29.1)
Less: Capital Expenditures	(136.6)	(147.1)	(158.1)	(177.7)	(190.2)	(203.5)	(217.7)
% of Revenue	4.3%	6.3%	4.3%	5.8%	5.9%	6.0%	6.2%
<b>Unlevered Free Cash Flow</b>	<b>935.3</b>	<b>365.6</b>	<b>929.4</b>	<b>813.8</b>	<b>527.6</b>	<b>560.6</b>	<b>589.3</b>
Discount Period	0	0	1	2	3	4	5
Discount Factor	1	1.00	0.93	0.86	0.79	0.73	0.68
<b>Present Value Unlevered Free Cash Flow</b>			<b>860.5</b>	<b>697.6</b>	<b>418.8</b>	<b>411.9</b>	<b>400.9</b>
<b>Perpetuity Growth Rate Method</b>							
Perpetuity Growth Rate	1.0%						
Sum of PV Unlevered Free Cash Flows	2,789.7						
Terminal Value	5,778.5						
<b>Enterprise value</b>	<b>8,568.2</b>						
Net debt	140.3						
<b>Equity value</b>	<b>8,708.5</b>						
Shares outstanding	49						
Implied value per share	\$177.83						
Current Share Price	\$95.93						
Upside %	85.4%						
Terminal value - growth in perpetuity approach							
Perpetuity Growth Rate	1.0%						
2029 FCF * (1+g)	595.1						
Terminal value in 2029	8,493.3						
Present value of terminal value	5,778.5						
Present value of stage 1 cash flows	2,789.7						
<b>Total enterprise value (TEV)</b>	<b>8,568.2</b>						
<b>Exit Multiple Method</b>							
Terminal EV/EBITDA	9.95x						
PV Sum of UFCF	2,789.7						
Terminal Value	2,570.1						
<b>Enterprise value</b>	<b>5,359.8</b>						
Net debt	0.0						
<b>Equity value</b>	<b>5,359.8</b>						
Shares outstanding	49						
Implied share price	\$109.45						
Implied Share Price	\$109.45						
Current Share Price	\$95.93						
Upside (%)	14.1%						
<b>Final Valuation</b>							
Perpetuity Growth	\$177.83						
Exit Multiple	\$109.45						
Implied Share Price	\$143.64						
Current Share Price	\$95.93						

## Appendix 3: Comparable Companies Analysis

Comparable Company Analysis																	
(Figures in mm USD)																	
Company	Ticker	Share Price	Diluted Shares Outstanding	Equity Value	Cash	Debt	Other EV Adjustments	Enterprise Value	EV/EBITDA Multiple				P/E Multiple				
									2023A EBITDA	2024E EBITDA	2025E EBITDA	2023A EV/EBITDA	2024E EV/EBITDA	2025E EV/EBITDA	2023A P/E	2024E P/E	2025E P/E
Vital Farms, Inc. (NASDAQ: VITL)	\$ 45.01	45.5	2,046.3	163.0	21.2	-	1,904.5		41.2	82.5	91.4	46.2x	23.1x	20.8x	\$ 0.59	\$ 1.12	\$ 1.17
Pilgrims Pride Corp (NASDAQ: PPC)	\$ 45.30	237.9	10,776.5	1,878.0	3,543.7	14.1	12,456.3		1,095.6	2,226.2	1,883.0	11.4x	5.6x	6.6x	\$ 1.62	\$ 5.23	\$ 4.34
Nomad Foods, Ltd (NYSE: NOMD)	\$ 16.97	582.9	9,691.8	334.4	2,131.4	-	11,688.8		582.9	555.5	574.5	20.1x	21.0x	20.3x	\$ 1.78	\$ 1.74	\$ 1.86
Hormel Foods Corp (NYSE: HRL)	\$ 29.93	548.8	16,426.5	807.9	2,031.2	-	17,649.8		602.6	582.9	547.6	29.3x	30.3x	32.2x	\$ 1.61	\$ 1.58	\$ 1.64
Tyson Foods, Inc (NYSE: TSN)	\$ 55.71	346.6	19,309.1	1,717.0	10,481.0	0.1	28,073.2		2,414.0	3,364.0	3,245.6	11.6x	8.3x	8.6x	\$ 1.34	\$ 3.18	\$ 3.46
Post Holdings, Inc (NYSE: POST)	\$ 107.88	65.8	7,098.6	787.4	7,061.2	10.7	13,383.0		1,151.4	1,392.2	1,443.7	11.6x	9.6x	9.3x	\$ 5.55	\$ 6.42	\$ 6.29
Cal-Maine Foods, Inc (NASDAQ: CALM)	\$ 95.93	49.0	4,697.7	797.2	-	6.1	3,906.6		1,039.9	392.7	1,343.3	3.8x	9.9x	2.9x	\$ 15.52	\$ 12.44	\$ 20.67
Median												15.3x	14.8x			17.2x	16.6x
Mean												16.3x	16.3x			18.6x	18.3x
High												30.3x	32.2x			40.2x	38.5x
Low												5.6x	6.6x			8.7x	9.1x
Median									EV/EBITDA Implied Price				P/E Implied Price				
Mean									\$ 139.07	\$ 424.16			\$ 213.49	\$ 343.74			
High									\$ 147.08	\$ 465.94			\$ 231.94	\$ 377.43			
Low									\$ 206.97	\$ 904.22			\$ 498.93	\$ 795.36			
									\$ 61.02	\$ 198.42			\$ 107.75	\$ 188.63			

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