

Cal-Maine Foods (CALM): EV/EBITDA 3.1x and EV/FCF 4.6x Price a Sharp Earnings Normalization

CALM | Cal-Maine Foods, Inc. | Consumer Defensive | Agricultural Farm Products | FY 2025 | 2026-06-17T18:25:26.569Z

At EV/EBITDA of 3.1x and EV/FCF of 4.6x, the current valuation implies that recent EPS growth of 339.3% and FCF growth of 250.8% will retrench sharply, despite ROIC of 22.7%, net cash of -0.37x net debt/EBITDA, and a vertically integrated specialty portfolio that may support a higher through-cycle baseline.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Interesting research candidate	68 / 100	78 / 100	67 / 100	0 / 100
Value / Quality Candidate			Derived from growth, expectations and execution evidence	

PRIMARY DEBATE — The debate is whether fiscal 2025 EPS growth of 339.3% and free cash flow growth of 250.8% represent a transient spike typical of agricultural cycles, given fiscal 2024 EPS growth of -63.4%, or whether ROIC of 22.7% and net debt/EBITDA of -0.37 indicate a structurally higher through-cycle baseline supported by vertical integration and specialty brands.

INVESTMENT NARRATIVE

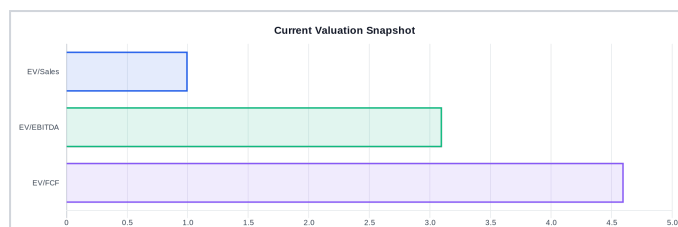
Archetype	Peak-cycle skepticism vs structural improvement	<p>Core Tension: Are today's outsized earnings/FCF a transient spike or a new, sustainably higher through-cycle baseline supported by specialty mix and scale?</p> <p>Market Assumption: Profitability will mean-revert sharply; current growth is unsustainable and subject to guidance and regulatory/legal risks, so the multiple stays low.</p> <p>Trajectory: Currently in a high-earnings phase with likely normalization risk; potential valuation reassessment if guidance and mix sustain a higher earnings base.</p> <p>Mispricing Hypothesis: The stock is priced for a steep earnings/FCF retrenchment; if post-spike profitability normalizes above prior cycles due to specialty mix and integrated scale, current low EV/EBITDA and EV/FCF undervalue durable cash generation.</p>
Company Type	Vertically integrated U.S. shell egg producer with a branded specialty portfolio	
Key Monitoring Metric	Forward EPS/FCF guidance versus prior year (direction and magnitude)	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTION EVIDENCE
Very low multiples despite supported results: EV/EBITDA 3.10, EV/FCF 4.60, earnings yield 18.73%, FCF yield 19.45% imply discounted durability.	High quality of returns: ROE 26.11% and ROIC 22.66% indicate more than pure commodity economics.
Explosive recent prints suggest a non-repeatable peak: latest revenue growth 83.2% and EPS growth 339.3%; 5Y EPS growth 1396.3%.	Balance sheet strength: Net Debt/EBITDA of -0.37 (net cash) provides resilience and optionality.
Coverage clusters around earnings_guidance and regulatory_legal, signaling uncertainty and potential external headwinds.	Specialty, branded offerings (Egg-Land's Best, Land O' Lakes, Farmhouse Eggs, 4-Grain; organic/free-range/nutritionally enhanced) can support pricing power and demand stability.
	Execution track record: EPS beat rate 75% and revenue beat rate 62.5%.

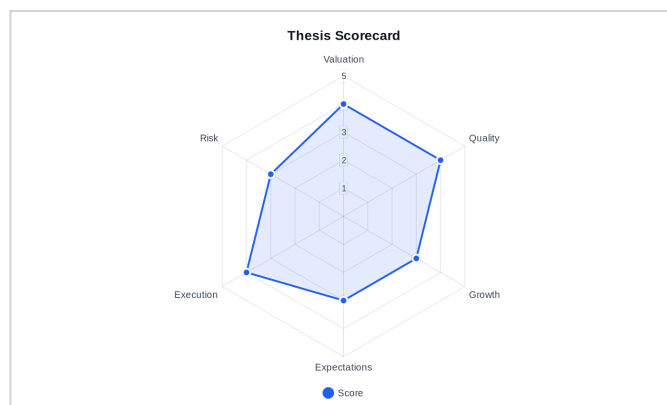
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	4	3	3	4	3	4
SUPPORTED	SUPPORTED	MIXED	MIXED	SUPPORTED	MODERATE	SUPPORTED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THEESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
3.1x	4.6x	19.5%	22.7%	83.2%	339.3%	250.8%	75.0%

EXECUTIVE SUMMARY

Core Tension	Are today's outsized earnings/FCF a transient spike or a new, sustainably higher through-cycle baseline supported by specialty mix and scale?
Market Assumption	Profitability will mean-revert sharply; current growth is unsustainable and subject to guidance and regulatory/legal risks, so the multiple stays low.
Current Pricing	At EV/EBITDA of 3.1x, EV/FCF of 4.6x, earnings yield of 18.7%, and free cash flow yield of 19.5%, the market appears to price a sharp normalization from next EPS estimate of \$5.06 toward long-term EPS estimate of \$1.26.
Valuation	Current valuation metrics of EV/Sales 1.0x, EV/EBITDA 3.1x, and EV/FCF 4.6x sit below fiscal-year latest EV/EBITDA of 2.5x versus a 3Y average of 3.6x and latest EV/FCF of 3.9x versus a 3Y average of 5.3x.
Quality	Quality metrics show ROE of 26.1%, ROIC of 22.7%, income quality of 1.28, and net debt/EBITDA of -0.37.
Growth	Latest EPS growth of 339.3% exceeds the 3Y average of 248.9%, while revenue growth of 83.2% exceeds the 5Y average of 33.1%.
Cash Flow	Operating cash flow growth of 172.2% and free cash flow growth of 250.8% are both positive, with free cash flow growth exceeding operating cash flow growth.
Execution	Over 8 quarters, EPS beat rate of 75% and revenue beat rate of 62.5%, with average EPS surprise of 26.3%, indicate earnings outperformance relative to expectations.
Primary Monitor	Can ROIC of 22.7% be sustained above the 5Y average of 21.0% through a down cycle?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Growth	339.3%	1	EPS Dispersion	21.7%
2	FCF Growth	250.8%			
3	Revenue Growth	83.2%			
4	EPS Beat Rate	75.0%			
5	ROIC	22.7%			
6	FCF Yield	19.5%			

COMPANY & BUSINESS MODEL

Cal-Maine Foods, Inc., along with its various subsidiary companies, handles the full scope of shell egg operations, from production and sorting to packaging, promotion, and delivery. The firm also offers a selection of specialized shell eggs, such as nutritionally enhanced, free-range, organic, and brown varieties. These premium products are marketed under prominent brand names like Egg-Land's Best, Land O' Lakes, Farmhouse Eggs, and 4-Grain, in addition to being supplied for private labels. Its diverse clientele includes major national and regional

supermarket chains, warehouse clubs, independent grocers, foodservice providers, and individual consumers of egg products. The company primarily focuses its sales efforts across the southwestern, southeastern, mid-western, and mid-Atlantic areas of the United States. Founded in 1957, Cal-Maine Foods, Inc. is based in Ridgeland, Mississippi.

INVESTMENT THESIS

Cal-Maine Foods, Inc., a vertically integrated U.S. shell egg producer with branded specialty offerings, trades at EV/EBITDA of 3.1x and EV/FCF of 4.6x on an enterprise value of \$3.3B against free cash flow to firm of \$723.2M. Evidence: earnings yield of 18.7% and free cash flow yield of 19.5% at a price of \$78.44. Interpretation: the valuation embeds skepticism that recent EPS growth of 339.3% and revenue growth of 83.2% represent a sustainable level. Implication: the investable debate centers on whether profitability will mean-revert toward prior down cycles such as fiscal 2024 EPS growth of -63.4%, or stabilize above historical troughs due to specialty mix and scale. Quality metrics complicate the peak-cycle narrative. Evidence: ROE of 26.1% and ROIC of 22.7% at the current snapshot, with net debt/EBITDA of -0.37 and current ratio of 8.2. Interpretation: returns exceed typical commodity levels while the balance sheet reflects net cash and liquidity supported by \$1.5B in working capital. Implication: if post-spike earnings normalize but ROIC remains near 22.7%, the current EV/EBITDA of 3.1x may not fully reflect capital efficiency. Growth and cash flow data highlight cyclicality. Evidence: latest EPS growth of 339.3% versus 3Y average EPS growth of 248.9%, alongside fiscal 2024 EPS growth of -63.4%. Interpretation: earnings have historically swung sharply, consistent with agricultural price cycles. Implication: the multiple discount appears to price recurrence of negative growth years rather than persistence of 2025 levels. Cash conversion currently supports reported earnings. Evidence: operating cash flow growth of 172.2% and free cash flow growth of 250.8%, with capex growth of -9.6% and capex to revenue of 3.8% versus a 3Y average of 4.8%. Interpretation: operating cash expansion is translating into higher free cash flow without capex absorbing incremental cash. Implication: at present, the cash flow profile aligns with the free cash flow yield of 19.5%. Analyst expectations reflect uncertainty. Evidence: next EPS estimate of \$5.06 with EPS dispersion of 21.7% and only 2 analysts covering EPS, while next revenue estimate is \$3.0B with revenue dispersion of 3.2%. Interpretation: top-line expectations are relatively clustered while earnings expectations vary widely. Implication: the market likely assigns a discount to forward visibility, consistent with EV/FCF of 4.6x. Execution history provides partial support for estimate credibility. Evidence: EPS beat rate of 75% and revenue beat rate of 62.5% over 8 quarters, with average EPS surprise of 26.3%. Interpretation: management has exceeded EPS expectations more frequently than revenue expectations. Implication: historical execution reduces but does not eliminate uncertainty implied by 21.7% EPS dispersion. Overall, the core tension remains: at EV/Sales of 1.0x and EV/EBITDA of 3.1x, the market appears to assume that explosive growth of 83.2% revenue and 339.3% EPS will revert toward lower through-cycle averages. Whether the vertically integrated, branded specialty portfolio can sustain ROIC near 22.7% will determine if the current price of \$78.44 is aligned with fundamentals or pricing a deeper retrenchment.

INVESTABLE DEBATE

The debate is whether fiscal 2025 EPS growth of 339.3% and free cash flow growth of 250.8% represent a transient spike typical of agricultural cycles, given fiscal 2024 EPS growth of -63.4%, or whether ROIC of 22.7% and net debt/EBITDA of -0.37 indicate a structurally higher through-cycle baseline supported by vertical integration and specialty brands.

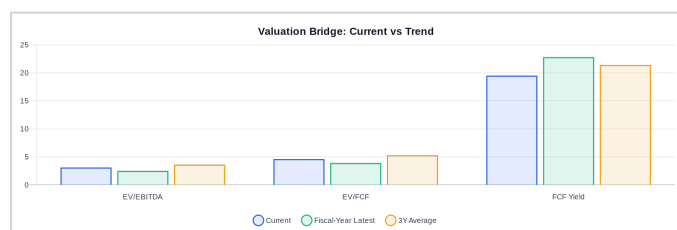
MARKET EXPECTATIONS

At EV/EBITDA of 3.1x, EV/FCF of 4.6x, earnings yield of 18.7%, and free cash flow yield of 19.5%, the market appears to price a sharp normalization from next EPS estimate of \$5.06 toward long-term EPS estimate of \$1.26. The spread between \$5.06 and \$1.26 implies expectations of declining profitability, consistent with 21.7% EPS dispersion and limited analyst coverage of 2.

CURRENT VALUATION VS HISTORICAL TREND

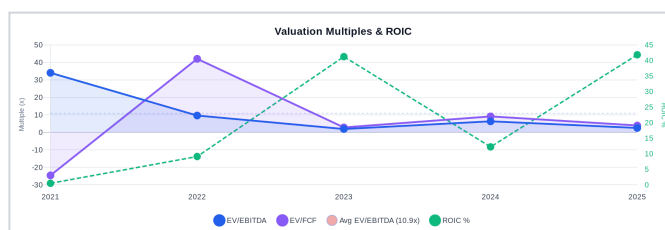
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	3.1x	2.5x	3.6x	10.9x
EV/FCF	4.6x	3.9x	5.3x	6.6x
FCF Yield	19.5%	22.8%	21.4%	12.5%

Current EV/EBITDA is 3.1x, while fiscal-year trend data shows latest EV/EBITDA of 2.5x versus a 3Y average of 3.6x. Current EV/FCF is 4.6x, while fiscal-year trend data shows latest EV/FCF of 3.9x versus a 3Y average of 5.3x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 3.1x, while fiscal-year trend data shows latest EV/EBITDA of 2.5x versus a 3Y average of 3.6x.



VALUATION MULTIPLES & ROIC OVERLAY

Current valuation metrics of EV/Sales 1.0x, EV/EBITDA 3.1x, and EV/FCF 4.6x sit below fiscal-year latest EV/EBITDA of 2.5x versus a 3Y average of 3.6x and latest EV/FCF of 3.9x versus a 3Y average of 5.3x.

VALUATION ANALYSIS

Current valuation metrics of EV/Sales 1.0x, EV/EBITDA 3.1x, and EV/FCF 4.6x sit below fiscal-year latest EV/EBITDA of 2.5x versus a 3Y average of 3.6x and latest EV/FCF of 3.9x versus a 3Y average of 5.3x. Evidence: ROIC of 22.7% compared with 3Y average ROIC of 31.7%. Interpretation: valuation multiples are compressed relative to historical averages while returns remain above 20%. Implication: the multiple structure implies skepticism that current return levels will converge back toward lower-cycle outcomes.

QUALITY & CAPITAL EFFICIENCY

Quality metrics show ROE of 26.1%, ROIC of 22.7%, income quality of 1.28, and net debt/EBITDA of -0.37. Interpretation: earnings are supported by cash conversion and a net cash balance sheet with current ratio of 8.2. Implication: the balance sheet and return profile provide resilience if earnings decline from peak levels.



QUALITY & RETURN PROFILE

Quality metrics show ROE of 26.1%, ROIC of 22.7%, income quality of 1.28, and net debt/EBITDA of -0.37.

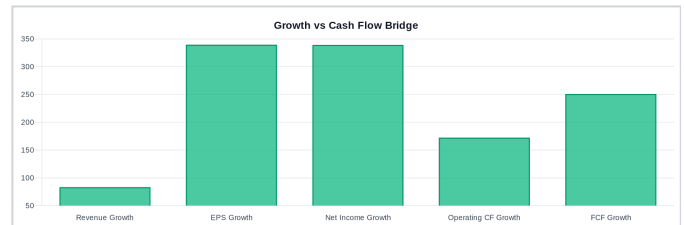
GROWTH TRAJECTORY

Latest EPS growth of 339.3% exceeds the 3Y average of 248.9%, while revenue growth of 83.2% exceeds the 5Y average of 33.1%. However, fiscal 2024 EPS growth of -63.4% demonstrates historical volatility. Interpretation: growth is accelerating relative to multi-year averages but cyclical in pattern. Implication: sustainability of above-average growth is uncertain and central to valuation.



HISTORICAL GROWTH TRENDS

Latest EPS growth of 339.3% exceeds the 3Y average of 248.9%, while revenue growth of 83.2% exceeds the 5Y average of 33.1%.



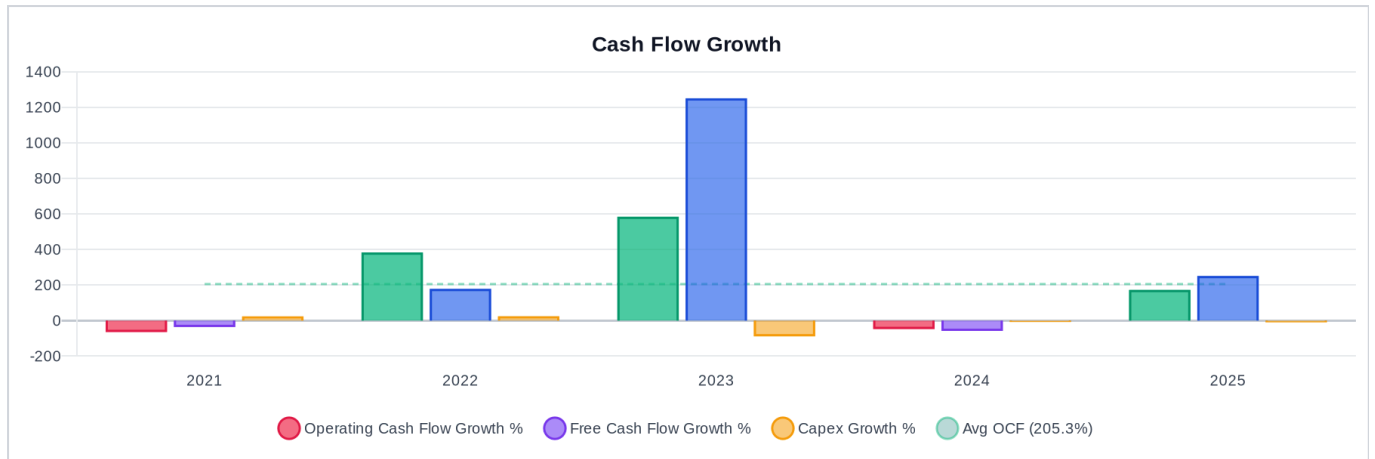
GROWTH VS CASH FLOW BRIDGE

Latest EPS growth of 339.3% exceeds the 3Y average of 248.9%, while revenue growth of 83.2% exceeds the 5Y average of 33.1%.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth of 172.2% and free cash flow growth of 250.8% are both positive, with free cash flow growth exceeding operating cash flow growth. Interpretation: cash generation is expanding at least in line with earnings growth. Implication: the current free cash flow yield of 19.5% is supported by recent cash flow trend.

Capex growth of -9.6% alongside operating cash flow growth of 172.2% and capex to revenue of 3.8% versus a 3Y average of 4.8% indicate capex is not absorbing incremental operating cash. Interpretation: incremental operating cash is converting into free cash flow. Implication: short-term cash conversion supports the EV/FCF of 4.6x.



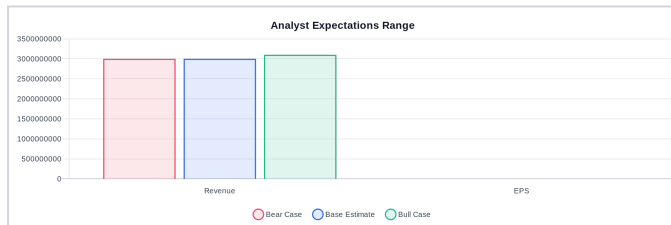
CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth of 172.2% and free cash flow growth of 250.8% are both positive, with free cash flow growth exceeding operating cash flow growth.

ANALYST EXPECTATIONS

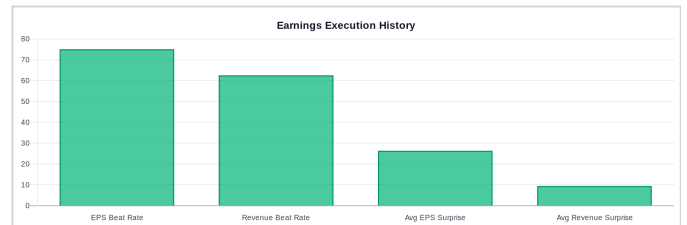
Next Revenue Estimate	\$3.0B
Revenue Bull Case	\$3.1B
Revenue Bear Case	\$3.0B
Next EPS Estimate	5.06
EPS Bull Case	5.61
EPS Bear Case	4.52
Revenue Dispersion	3.21%
EPS Dispersion	21.66%
Revenue Coverage	2
EPS Coverage	2

With next revenue estimate of \$3.0B and revenue dispersion of 3.2%, but next EPS estimate of \$5.06 and EPS dispersion of 21.7%, expectations are Reasonable at the revenue line and Demanding at the earnings precision level. Limited coverage of 2 analysts reduces estimate reliability.



ANALYST EXPECTATIONS RANGE

With next revenue estimate of \$3.0B and revenue dispersion of 3.2%, but next EPS estimate of \$5.06 and EPS dispersion of 21.7%, expectations are Reasonable at the revenue line and Demanding at the earnings precision level.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate of 75% and revenue beat rate of 62.5%, with average EPS surprise of 26.3%, indicate earnings outperformance relative to expectations.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	75.0%
Revenue Beat Rate	62.5%
Avg EPS Surprise	26.3%
Avg Revenue Surprise	9.4%
EPS Beats / Misses	6 / 2
Revenue Beats / Misses	5 / 3

Over 8 quarters, EPS beat rate of 75% and revenue beat rate of 62.5%, with average EPS surprise of 26.3%, indicate earnings outperformance relative to expectations. However, one recent quarter showed EPS miss of -17.8%. Interpretation: execution has been favorable overall but not without volatility.

The 75% EPS beat rate over 8 quarters supports some credibility for the \$5.06 EPS estimate, yet EPS dispersion of 21.7% and limited analyst coverage of 2 indicate uncertainty remains elevated.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
<p>If next EPS reaches the bull case of \$5.61 while revenue reaches \$3.1B and ROIC remains near 22.7%, and the multiple holds at EV/EBITDA of 3.1x, then the current valuation would reflect durable earnings above the long-term EPS estimate of \$1.26.</p> <p>EPS Bull Case \$5.61 Revenue Bull Case \$3.1B ROIC 22.7%</p>	<p>If next EPS aligns with \$5.06 and revenue approximates \$3.0B, while EV/FCF remains near 4.6x and ROIC stays near 22.7%, then earnings normalize moderately but remain above the long-term EPS estimate of \$1.26.</p> <p>Next EPS Estimate \$5.06 Next Revenue Estimate \$3.0B EV/FCF 4.6x</p>	<p>If EPS trends toward the bear case of \$4.52 while revenue moves to \$3.0B and ROIC declines below the 3Y average of 31.7%, and the multiple remains at EV/EBITDA of 3.1x, then the valuation would reflect a sharper normalization toward the long-term EPS estimate of \$1.26.</p> <p>EPS Bear Case \$4.52 Revenue Bear Case \$3.0B Avg ROIC 3Y 31.7%</p>

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
37%	50%	13%	70 / 100

12-24 MONTH CONDITIONAL OUTLOOK

Revenue expectations cluster around \$3.0B with 3.2% dispersion, indicating relatively narrow top-line assumptions.

Earnings expectations of \$5.06 with 21.7% dispersion indicate wider uncertainty at the EPS line.

If EV/EBITDA remains near 3.1x while ROIC stays above 22.7%, the valuation case would be supported by capital efficiency.

A continuation of the 75% EPS beat rate would reinforce estimate credibility, while misses similar to -17.8% would challenge it.

If EPS remains closer to \$5.06 than \$1.26 and free cash flow yield stays near 19.5%, the narrative would focus on durability rather than peak-cycle reversion.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can ROIC of 22.7% be sustained above the 5Y average of 21.0% through a down cycle?	If ROIC rises above the 3Y average of 31.7% from 22.7%, then the argument for structural improvement strengthens.	If EPS Growth falls below 0.0% from 339.3%, then the current profitability phase would reverse.
Will free cash flow growth of 250.8% normalize toward the 3Y average of 480.9% or decline below it?	If Free Cash Flow Growth falls below the 5Y average of 316.9%, then the recent cash acceleration thesis challenged.	If net debt/EBITDA increases above 0.0x from -0.37x, then balance sheet resilience would decline.
Does next EPS of \$5.06 converge toward the long-term EPS estimate of \$1.26 over 2 to 3 years?	If EPS dispersion narrows below 21.7%, then forward visibility would improve.	If ROIC falls below the 5Y average of 21.0% from 22.7%, then capital efficiency would revert toward historical norms.



RISK & THESIS MONITOR

Can ROIC of 22.7% be sustained above the 5Y average of 21.0% through a down cycle?

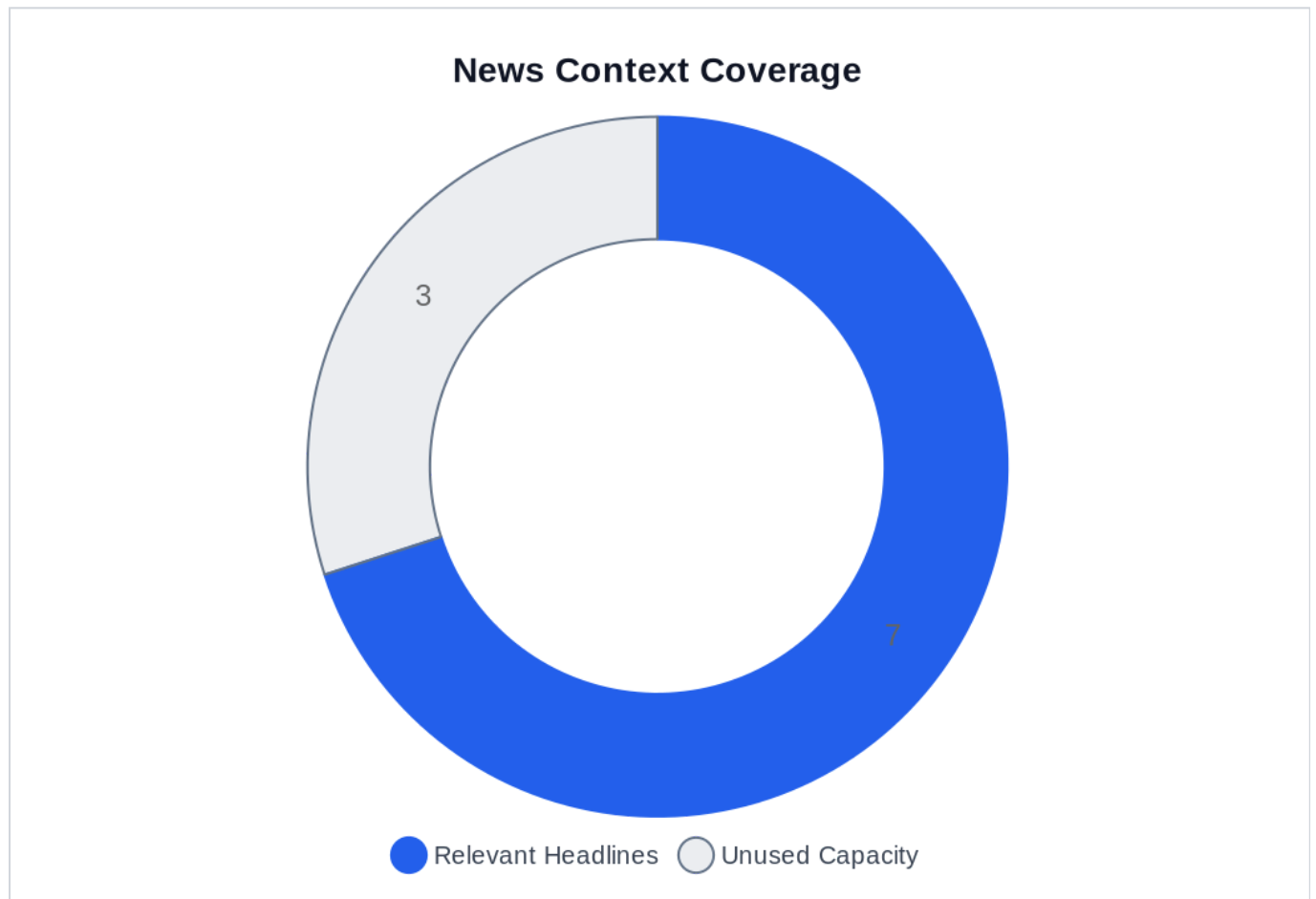
RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	2 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	2.5 / 5	

- Net debt/EBITDA of -0.37 indicates net cash but any move above 0.0x would change leverage dynamics.
- Cash conversion cycle of 63.3 days exposes working capital to inventory and receivables swings.
- Operating cash flow growth of 172.2% may not persist if revenue growth slows from 83.2%.

NEWS NARRATIVE

The headline "CAL-MAINE FOODS, INC. INVESTOR ALERT: Scott+Scott Attorneys at Law LLP Investigates Cal-Maine Foods, Inc.'s Directors and Officers for Breach of Fiduciary Duties - CALM" is relevant to monitoring regulatory_legal risk, but additional evidence is required to determine financial impact. The headline "Cal-Maine Foods and Sara Lee Frozen Bakery Announce Cal-Maine Foods' Acquisition of Van's Foods Brand, Advancing Cal-Maine Foods' Diversification Strategy and Expanding Consumer-Facing Retail Presence" is relevant to monitoring product_strategy and potential revenue diversification beyond the current \$3.0B revenue estimate, but additional evidence is required to determine financial impact.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, product_strategy, ai_technology, regulatory_legal.

INVESTMENT VIEW

EVIDENCE BALANCE

Positive evidence balance

CONVICTION

High

RISK LEVEL

Moderate

CLASSIFICATION

Value / Quality Candidate

Core Thesis: At EV/EBITDA of 3.1x and EV/FCF of 4.6x, the current valuation implies that recent EPS growth of 339.3% and FCF growth of 250.8% will retrench sharply, despite ROIC of 22.7%, net cash of -0.37x net debt/EBITDA, and a vertically integrated specialty portfolio that may support a higher through-cycle baseline.

Primary Risk: Earnings volatility evidenced by fiscal 2024 EPS growth of -63.4%.

Monitor: Can ROIC of 22.7% be sustained above the 5Y average of 21.0% through a down cycle?

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