

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended April 1, 1995

Commission file number 1-9273

PILGRIM'S PRIDE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

75-1285071

(I.R.S. Employer
Identification No.)

110 South Texas, Pittsburg, TX 75686-0093
(Address of principal executive offices) (Zip code)

(903) 855-1000
(Telephone number of principle executive offices)

Not Applicable

Former name, former address and former fiscal year, if changed since last
report.

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 periods that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practical date.

Common Stock \$.01 Par Value-- 27,589,250 shares as of May 16, 1994

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PART I. FINANCIAL INFORMATION
PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

Item 1: Financial Statements (Unaudited):

	April 1, 1995 (Unaudited)	Oct 1, 1994
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,294,000	\$ 11,244,000
Trade accounts and notes receivable, net	46,039,000	53,264,000
Inventories	89,007,000	100,749,000
Deferred income taxes	8,102,000	6,459,000
Prepaid expenses	1,827,000	1,280,000
Other current assets	1,141,000	1,249,000
Total Current Assets	157,410,000	174,245,000
Other Assets	20,973,000	20,891,000
Property, Plant and Equipment	397,790,000	379,752,000
Less accumulated depreciation and amortization	149,184,000	136,205,000
	248,606,000	243,547,000
	\$426,989,000	\$438,683,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable - banks	\$ -	\$ -
Accounts payable	40,866,000	38,675,000
Accrued expenses	27,285,000	31,353,000
Current portion of long-term debt	4,585,000	4,493,000
Total Current Liabilities	72,736,000	74,521,000
Long-Term Debt, less current portion	155,021,000	152,631,000
Minority Interest in Subsidiary	843,000	-
Deferred Income Taxes	53,269,000	49,835,000
Stockholders' Equity:		
Common stock; \$.01 par value	276,000	276,000
Additional paid-in capital	79,763,000	79,763,000
Retained earnings	65,081,000	81,657,000
Total Stockholders' Equity	145,120,000	161,696,000
	\$426,989,000	\$438,683,000

See notes to condensed consolidated financial statements.

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	April 1, 1995	April 2, 1994	April 1, 1995	April 2, 1994
Net sales	\$216,830,000	\$223,167,000	\$443,830,000	\$445,018,000
Costs and expenses:				
Cost of sales	209,253,000	198,483,000	415,488,000	390,980,000
Selling, general and administrative	12,239,000	12,070,000	24,262,000	25,022,000
	221,492,000	210,553,000	439,750,000	416,002,000
Operating income (loss)	(4,662,000)	12,614,000	4,080,000	29,016,000
Other expense (income):				
Interest expense	4,028,000	4,967,000	8,355,000	9,917,000
Foreign exchange (gain) loss	3,270,000	(18,000)	5,615,000	(124,000)
Miscellaneous	1,136,000	(244,000)	889,000	(716,000)

Total other expense, net	8,434,000	4,705,000	14,859,000	9,077,000
Income (loss) before income taxes	(13,096,000)	7,909,000	(10,779,000)	19,939,000
Income tax expense (benefit)	3,208,000	(11,000)	4,969,000	3,598,000
Net income (loss)	\$(16,304,000)	\$ 7,920,000	\$(15,748,000)	\$16,341,000
Net income (loss) per share	\$ (.59)	\$.29	\$ (.57)	\$ 0.59
Dividends per common share	\$.015	\$.015	\$.03	\$.03
Weighted average shares outstanding	27,589,250	27,589,250	27,589,250	27,589,250

See Notes to condensed consolidated financial statements.

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended	
	April 1, 1995	April 2, 1994
Cash Flow From Operating Activities:		
Net income	\$(15,748,000)	\$ 16,341,000
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	12,738,000	12,599,000
Provision for losses on accounts receivable	(2,315,000)	1,414,000
Deferred income tax liability	1,791,000	2,690,000
Changes in operating assets and liabilities:		
Accounts and notes receivable	10,068,000	1,002,000
Inventories	12,700,000	(12,330,000)
Prepaid expenses and other current assets	(436,000)	(106,000)
Accounts payable and accrued expenses	(2,505,000)	3,898,000
Gain on property disposals	(126,000)	(278,000)
Other	983,000	(114,000)
Cash Provided By Operating Activities	17,150,000	25,116,000
Investing Activities:		
Acquisitions of property and equipment	(14,397,000)	(14,975,000)
Business Acquisitions	(918,000)	-
Proceeds from property disposals	193,000	605,000
Net change in other assets	(300,000)	1,000
Net Cash Used In Investing Activities	(15,422,000)	(14,369,000)
Financing Activities:		
Proceeds from notes payable to banks	-	6,000,000
Re-payments of notes payable to banks	-	(11,000,000)
Proceeds from long-term debt	15,030,000	31,000
Payments on long-term debt	(14,726,000)	(4,149,000)
Cash dividends paid	(828,000)	(1,242,000)
Cash Used In Financing Activities	(524,000)	(10,360,000)
Effect of exchange rate changes on cash and cash equivalents	(1,154,000)	(57,000)
Increase in cash and cash equivalents	50,000	330,000
Cash and cash equivalents at beginning of year	11,244,000	4,526,000
Cash and cash equivalents at end of period	\$ 11,294,000	\$ 4,856,000
Supplemental disclosure information:		
Cash paid during the period for		
Interest (net of amount capitalized)	8,100,000	10,076,000
Income Taxes	\$ 2,805,000	\$ 1,455,000

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT (Unaudited)

NOTE A--BASIS OF PRESENTATION

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 accruals) considered necessary for a fair presentation have been included. Operating results for the period ended April 1, 1995 are not necessarily indicative of the results that may be expected for the year ended September 30, 1995. For further information, refer to the consolidated financial statements and footnotes thereto included in Pilgrim's Pride Corporation's annual report on Form 10-K for the year ended October 1, 1994.

The consolidated financial statements include the accounts of Pilgrim's Pride Corporation and its wholly and majority owned subsidiaries. Significant intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to current year presentation.

The assets and liabilities of the foreign subsidiaries are translated at end-of-period exchange rates, except for inventories and non-current assets which are translated at equivalent dollar costs at dates of acquisition using historical rates. Operations of foreign subsidiaries are translated at average exchange rates in effect during the period. The resulting foreign exchange adjustments are reflected in the statements of operations.

NOTE B--NET INCOME PER COMMON SHARE

Earnings per share for the periods ended April 1, 1995 and April 2, 1994 are based on the weighted average shares outstanding for the periods.

NOTE C--INVENTORIES

Inventories consist of the following:

	April 1, 1995	Oct 1, 1994
Live broilers and hens	\$ 43,197,000	\$ 47,743,000
Feed, eggs and other	25,619,000	22,529,000
Finished poultry products	20,191,000	30,477,000
	\$ 89,007,000	\$100,749,000

NOTE D--IMPACT OF MEXICAN PESO DEVALUATION

Included in results of operations for the three and six months ended April 1, 1995 are foreign exchange losses of \$3.3 million and \$5.6 million, respectively, resulting from the devaluation of the Mexican peso against the U.S. dollar. Also, as of the end of this period, the carrying value of inventories were adjusted to end-of-period exchange rates as was necessary to record inventories at the lower of cost or market. These adjustments are presented in the April 1, 1995 Condensed Consolidated Balance Sheet and Consolidated Statement of Cash Flows as components of the specific line items affected with the exception that the exchange rate effect on cash and cash equivalents has been separately stated in the Consolidated Statement of Cash Flows. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Impact of Mexican Peso Devaluation.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table presents certain items as a percentage of net sales for the periods indicated.

	Percentage of Net Sales Three Months Ended		Percentage of Net Sales Six Months Ended	
	April 1, 1995	April 2, 1994	April 1, 1995	April 2, 1994
Net sales	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Cost of sales	96.5%	88.9%	93.6%	87.9%
Gross profit	3.5%	11.1%	6.4%	12.1%
Selling, general and administrative	5.6%	5.4%	5.5%	5.6%
Operating income (loss)	(2.2%)	5.7%	.9%	6.5%
Interest expense	1.9%	2.2%	1.9%	2.2%
Income (loss) before income taxes	(6.0%)	3.5%	(2.4%)	4.5%
Net Income (loss)	(7.5%)	3.5%	(3.5%)	3.7%

Second Quarter 1995, Compared to
Second Quarter 1994

Consolidated net sales were \$216.8 million for the second quarter of fiscal 1995, a decrease of \$6.3 million, or 2.8%, over the second quarter of fiscal 1994. The decrease in consolidated net sales resulted from a \$16.1 million decrease in Mexican chicken sales to \$28.6 million and a \$2.5 million decrease in sales of other domestic products to \$24.4 million offset substantially by a \$12.3 million increase in domestic chicken sales to \$163.8 million. The decrease in Mexican chicken sales was primarily due to a 42.8% decrease in total revenue per dressed pound produced caused primarily by the devaluation of the Mexican peso offset by an 11.9% increase in dressed pounds produced. The increase in domestic chicken sales was primarily due to a 4.9% increase in total revenue per dressed pound and a 3.0% increase in dressed pounds produced.

Consolidated cost of sales was \$209.3 million in the second quarter of fiscal 1995, an increase of \$10.8 million, or 5.4% over the second quarter of fiscal 1994. The increase primarily resulted from a \$6.0 million increase in cost of sales of domestic operations and \$4.8 million increase in the cost of sales in Mexican operations.

The cost of sales increase in domestic operations of \$6.0 million was due primarily to a 3.0% increase in dressed pounds produced and increased production of higher margin products in prepared foods which have higher costs of sales associated with them offset partially by a 12.8% decrease in feed ingredient cost.

The \$4.8 million cost of sales increase in Mexican operations was primarily due to increased dressed pounds produced and the lower of cost or market adjustments discussed in Note D. See Impact of Mexican Peso Devaluation discussed below.

Gross profit as a percentage of sales decreased to 3.5% in the second quarter of fiscal 1995 from 11.1% in the second quarter of fiscal 1994. The decreased gross profit resulted primarily from the Company's Mexican operations and was primarily the result of a 42.8% decrease in total revenue per dressed pound and the increased costs of sales discussed above offset partially by an increased gross profit from the Company's domestic operations. The increase in gross profit for domestic operations was primarily a result of increased total revenues per dressed pound offset partially by an increase in average costs of sales per dressed pound.

Consolidated selling, general and administrative expenses were \$12.2 million for the second quarter of fiscal 1995, an increase of \$.2 million or 1.4%, when compared to the second quarter of fiscal 1994.

Consolidated operating loss was \$4.7 million for the second quarter of fiscal 1995, a decrease of \$17.3 million, when compared to the second quarter of 1994. The decrease was due primarily to lower margins in Mexican operations which resulted primarily from the effects of the Mexican peso devaluation as previously discussed.

Consolidated net interest expense was \$4.0 million in the second quarter of fiscal 1995, a decrease of \$.9 million, or 18.9% when compared to the second quarter of fiscal 1994. This decrease was due primarily to lower outstanding debt.

Consolidated income tax expense increased to \$3.2 million in the second quarter of fiscal 1995, compared to a \$11,000 benefit in second quarter of fiscal 1994. This increase occurring when the Company experienced a loss before income taxes is due primarily to the effects resulting from having positive taxable income in the United States offset by losses in Mexico which result in no tax benefit under current Mexican tax laws for Mexican income tax reporting.

Six Months Ended April 1, 1995, Compared to
Six Months Ended April 2, 1994

Consolidated net sales were \$443.8 million for the first six months of fiscal 1995, a decrease of \$1.2 million, or .3%, over the first six months of fiscal 1994. The decrease in consolidated net sales resulted from a \$19.1 million decrease in Mexican chicken sales to \$74.5 million and a \$3.5 million decrease in sales of other domestic products to \$49.2 million offset substantially by a \$21.4 million increase in domestic chicken sales to \$320.1 million. The decrease in Mexican chicken sales was primarily due to a 30.2% decrease in total revenue per dressed pound produced caused primarily by the devaluation of the Mexican peso offset by an 14.2% increase in dressed pounds produced. The increase in domestic chicken sales was primarily due to a 7.1% increase in total revenue per dressed pound and a 4.9% increase in dressed pounds produced.

Consolidated cost of sales was \$415.5 million in the first six months of

fiscal 1995, an increase of \$24.5 million, or 6.3% over the first six months of fiscal 1994. The increase primarily resulted from a \$13.8 million increase in cost of sales of domestic operations and \$10.7 million increase in the cost of sales in Mexican operations.

The cost of sales increase in domestic operations of \$13.8 million was due primarily to a 4.9% increase in dressed pounds produced and increased production of higher margin products in prepared foods which have higher costs of sales associated with them offset partially by a 11.3% decrease in feed ingredient cost.

The \$10.7 million cost of sales increase in Mexican operations was primarily due to increased dressed pounds produced and the lower of cost or market adjustments discussed in Note D. See Impact of Peso Devaluation discussed below.

Gross profit as a percentage of sales decreased to 6.4% in the first six months of fiscal 1995 from 12.1% in the first six months of fiscal 1994. The decreased gross profit resulted primarily from the Company's Mexican operations and was primarily the result of a 30.2% decrease in total revenue per dressed pound and the increased costs of sales discussed above offset partially by an increased gross profit from the Company's domestic operations. The increase in gross profit for domestic chicken operations was a result of increased total revenues per dressed pound offset partially by an increase in average costs of sales per dressed pound.

Consolidated selling, general and administrative expenses were \$24.3 million for the first six months of fiscal 1995, a decrease to \$18.5 million or 23.9%, when compared to the first six months of fiscal 1994.

Consolidated operating income was \$4.1 million for the first six months of fiscal 1995 a decrease of \$24.9 million, when compared to first six months of 1994. The decrease was due primarily to lower margins in Mexican operations which resulted primarily from the effects of the Mexican peso devaluation as previously discussed.

Consolidated net interest expense was \$8.4 million in the first six months of fiscal 1995 a decrease of \$1.6 million, or 15.8% when compared to the first six months of fiscal 1994. This decrease was due primarily to lower outstanding debt.

Consolidated income tax expense increased to \$5.0 million in the first six months of fiscal 1995 compared to a \$3.6 million in the first six months of fiscal 1994. This increase occurring when the Company experienced a loss before income taxes is due primarily to the effects resulting from having positive taxable income in the United States offset by losses in Mexico which result in no tax benefit under current Mexican tax laws for Mexican income tax reporting.

Liquidity and Capital Resources

Liquidity in the three and six months ended April 1, 1995 remained strong despite operating losses in Mexico resulting primarily from the Mexican peso devaluation of \$15.7 million and \$16.1 million, respectively. The impact of the Mexican peso devaluation and its resulting financial statement effects did, however, cause an erosion in most financial ratios. The Company's working capital at April 1, 1995 decreased to \$84.7 million from \$99.7 million at October 1, 1994. The current ratio at April 1, 1995 decreased to 2.16 to 1 from 2.34 to 1 at October 1, 1994 and the Company's stockholder's equity decreased to \$145.1 million at April 1, 1995 from \$161.7 million at October 1, 1994. The Company's ratio of total debt to capitalization increased to 52.4% at April 1, 1995 from 49.3% at October 1, 1994. The Company maintains a \$75 million revolving credit facility with available unused lines of credit of \$62.4 million at May 15, 1995.

On March 27, 1995 the Company refinanced two higher rate fixed debt obligations with a lower variable rate debt obligation. The new facility provides for up to \$30 million of long-term revolver financing and matures on April 1, 2003. As of May 15, 1995, \$15 million has been drawn on this facility. The Company also has a \$10 million stand-by long-term facility available through June 20, 1995 with an existing lender which the Company intends to draw upon or renew prior to such date. The Company intends to use these available facilities to pursue investment opportunities both domestically and in Mexico.

Trade accounts and notes receivable were \$46.0 million at April 1, 1995, a \$7.2 million decrease from October 1, 1994. This 13.6% decrease was due primarily to the effects of the Mexican peso devaluation and faster domestic collections experienced in the first six months of fiscal 1995 when compared to the year ended October 1, 1994. Allowances for doubtful accounts, which

primarily relate to receivables in Mexico, as a percentage of trade accounts and notes receivables were 7.1% at April 1, 1995 compared to 10.0% at October 1, 1994. This decrease is due primarily to the effects of the devaluation of the Mexican peso. Had the devaluation of the peso not occurred, allowances for doubtful accounts would have remained relatively unchanged.

Inventories were \$89.0 million at April 1, 1995, a \$11.7 million decrease from October 1, 1994. This 11.7% decrease was primarily due to reductions in finished poultry products due to increased sales in further processed and prepared foods, decreased feed costs which are included in live broiler and hen inventories, and lower of cost or market adjustments to Mexican inventories resulting from the peso devaluation.

Accounts payable were \$40.9 million at April 1, 1995, a 5.7% increase from October 1, 1994, primarily due to increases resulting from normal increased operations. Accrued expenses were \$27.3 million at April 1, 1995, a 13.0% decrease from October 1, 1994, primarily due to the effects of the Mexican peso devaluation.

Capital expenditures and business acquisitions for the first six months of fiscal 1995 were \$14.4 million and \$9 million, respectively and were primarily incurred to improve efficiencies, reduce costs and for the routine replacement of equipment. The Company anticipates that it will spend \$35 million or less for capital expenditures in addition to any business acquisitions in fiscal year 1995 and expects to finance such expenditures with available operating cash flow, leases and long-term financing.

Impact of Mexican Peso Devaluation

In December 1994, the Mexican government abandoned its policy of defending the peso against the U.S. dollar and allowed it to float freely on the currency markets. These events resulted in the Mexican peso exchange rate declining from 3.39 to 1 U.S. dollar at October 1, 1994 to 6.8 at April 1, 1995. In late January 1995, the President of the United States finalized a \$53 billion international credit arrangement for Mexico and on March 9, 1995 the Mexican government announced their country's economic stabilization plan establishing strong actions to combat inflation and strengthen the Mexican peso. The combined result of these events appears to have had a stabilizing effect on the Mexican peso currency exchange rate. On May 15, 1995 the Mexican peso closed at 5.95 to 1 U.S. dollar. No assurance can be given as to the future valuation of the Mexican peso and its resulting impact on the Company's operations. Further instability in the Mexican peso could affect future earnings positively or negatively depending on subsequent Mexican peso performance.

As discussed in Note A -- Basis of Presentation, adjustments resulting from changes in currency exchange rates on net current assets are reflected in the statements of operations. Classification of the effects in the statement of operations is dependent upon the nature of the underlying asset and, in general, exchange rate effects on net monetary assets are reflected as "Other expenses (income) - Foreign exchange (gain) loss." During the three and six-months ended April 1, 1995, the peso devaluation resulted in foreign exchange losses of \$3.3 million and \$5.6 million, respectively, on net monetary assets. The carrying value of inventories were also adjusted to end-of-period currency exchange rates which was necessary to record inventories at amounts consistent with the Company's valuation method which is the lower of cost or market. Since the end of the first fiscal quarter the Company also experienced a decline in average peso selling prices due to a softening of demand for its products in Mexico. The Company attributes the decrease in demand for its products to be due to the recessionary impacts on the Mexican economy resulting from the peso devaluation. As a result of the decline in average selling prices being experienced since December 31, 1995, coupled with pre-devaluation valued inventories being sold in Mexico and end of period inventories being recorded at the end of the period currency exchange rate, the Company experienced significant operating losses in its Mexican operations in second quarter 1995. Recently, average peso selling prices have begun to rebound, however, no assurances can be given that current selling prices will hold or continue to improve.

Other

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 121 establishes accounting standards for the impairment of long-lived assets to be held and used and for long-lived assets to be disposed of. SFAS No. 121 is scheduled to become mandatory for the Company's 1997 fiscal year. The Company has not determined the effect of adopting SFAS No. 121. There will be no cash flow impact from this accounting change.

Other Information

Item 6. Exhibits and Reports on Form 8-K

The Company did not file any reports on Form 8-K during the six months ended April 1, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PILGRIM'S PRIDE CORPORATION

Date 5/16/95

/S/
Clifford E. Butler
Vice Chairman of the Board,
Chief Financial Officer and
Secretary and Treasurer
in his respective capacity
as such

6-MOS

SEP-30-1995	
APR-1-1995	
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	0
	46,039
	3,507
	89,007
157,410	
	397,790
	149,184
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72,736	
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443,830	
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	(.57)