

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 28, 2020

**PILGRIM'S PRIDE CORPORATION**

(Exact Name of registrant as specified in its charter)

**1-9273**

(Commission File Number)

**75-1285071**

(IRS Employer Identification No.)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1770 Promontory Circle**

**Greeley CO**

(Address of principal executive offices)

**80634-9038**

(Zip Code)

Registrant's telephone number, including area code: **(970) 506-8000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

**Common Stock, Par Value \$0.01**

Trading Symbol

**PPC**

Name of Exchange on Which Registered

**The Nasdaq Stock Market LLC**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

Attached hereto as Exhibit 99.1 is an overview of Pilgrim's Pride Corporation to be referenced during the Company's earnings conference call of October 29, 2020.

The information furnished in Item 7.01 and in Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any of Pilgrim's Pride Corporation's filings under the Securities Act of 1933, as amended, or the Exchange Act.

**Item 9.01 Financial Statements and Exhibits.**

[Exhibit 99.1](#) Supplemental Historical Financial Information

Exhibit 104 Cover Page Interactive Data File formatted in iXBRL

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**SIGNATURE**

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 hereunto duly authorized.

Date: October 28, 2020

PILGRIM'S PRIDE CORPORATION

/s/ Fabio Sandri  
Fabio Sandri  
President and Chief Executive Officer, Chief Financial Officer and Chief  
Accounting Officer



**Financial Results for Third Quarter Ended Sep 27, 202**

Pilgrim's Pride Corporation  
(NASDAQ: PPC)

All about great tas

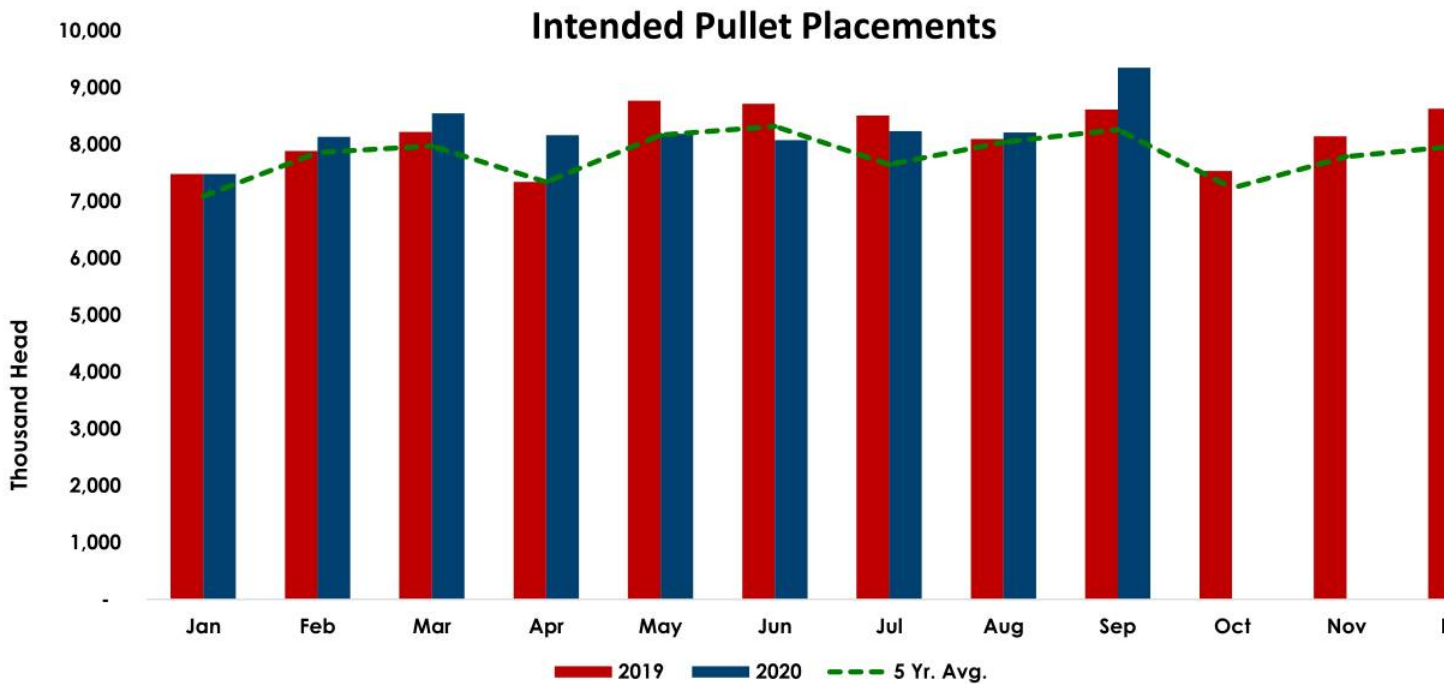
# Cautionary Notes and Forward-Looking Statements

- Statements contained in this press release that state the intentions, plans, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim Corporation and its management are considered forward-looking statements. Without limiting the foregoing, words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “should,” “targets,” “will” and the negative thereof and similar words and expressions are intended to identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: the impact of the COVID-19 pandemic, effect of the pandemic and resulting economic downturn on our operations and financial condition, including the risk that our health and safety measures at Pilgrim’s Pride production facilities will not be effective, the risk that we may be unable to prevent the infection of our employees at these facilities, and the risk that we may need to temporarily close one or more of our production facilities; the risk that we may experience decreased production and sales due to the changing demand for food products; the risk that we may face a significant increase in delayed payments from our customers; and additional risks related to COVID-19 set forth in our Form 10-Q filed with the SEC; matters affecting the poultry industry generally; the ability to execute the Company’s business plan to achieve desired cost savings and profitability; future pricing for feed ingredients and the Company’s products; outbreaks of avian influenza or other diseases either in Pilgrim’s Pride’s flocks or elsewhere, affecting its ability to conduct its operations and/or demand for its poultry products; contamination of Pilgrim’s Pride’s products, which has previously and can in the future lead to product liability claims and product recalls; exposure to risks related to product liability product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate; management of resources; restrictions imposed by, and as a result of, Pilgrim’s Pride’s leverage; changes in laws or regulations affecting Pilgrim’s Pride’s operations or the application thereof; new immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause the costs of business to increase, cause Pilgrim’s Pride to change the way in which it does business, or otherwise disrupt its operations; competitive factors and price pressures or the loss of one or more of Pilgrim’s Pride’s largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, export and other risks associated with foreign operations; disruptions in international markets and distribution channel, including anti-dumping proceedings and countervailing duty proceedings; and the impact of uncertainties of litigation and other legal matters described in our Quarterly Report on Form 10-Q, including the In re Broiler Chicken Antitrust Litigation, as well as other risks described under “Risk Factors” in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and subsequent filings with the Securities and Exchange Commission. The forward-looking statements in this release speak only as of the date hereof, and the Company undertakes no obligation to update any such statement after the date of this release, whether as a result of new information, developments or otherwise, except as may be required by applicable law.
- Actual results could differ materially from those projected in these forward-looking statements as a result of these factors, among others, many of which are beyond our control. In making these statements, we are not undertaking, and specifically decline to undertake, any obligation to address or update each of the factors in future filings or communications regarding our business or results, and we are not undertaking to address how any of these factors may have changed since the information contained in previous filings or communications. Although we have attempted to list comprehensively these important cautionary factors, we must caution investors and others that other factors may in the future prove to be important and affecting our business or results of operations.
- This presentation may include information that may be considered non-GAAP financial information as contemplated by SEC Regulation G, Rule 100, including EBITDA, Adjusted EBITDA, LTM EBITDA, Net Debt, Free Cash Flow, Adjusted EBITDA Margin and others. Accordingly, we have provided tables in the accompanying appendix and in our previous filings with the SEC that reconcile these measures to their corresponding GAAP-based measures and explain why these measures are useful to investors, which can be obtained from the Consolidated Statements of Income provided with our previous filings with the SEC. The method of computation may or may not be comparable to other similarly titled measures used in filings with the SEC by other companies. See the consolidated statements of income and consolidated statements of cash flows included in our financial statements.



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# Pullet Placements Up : Driven by September Placem



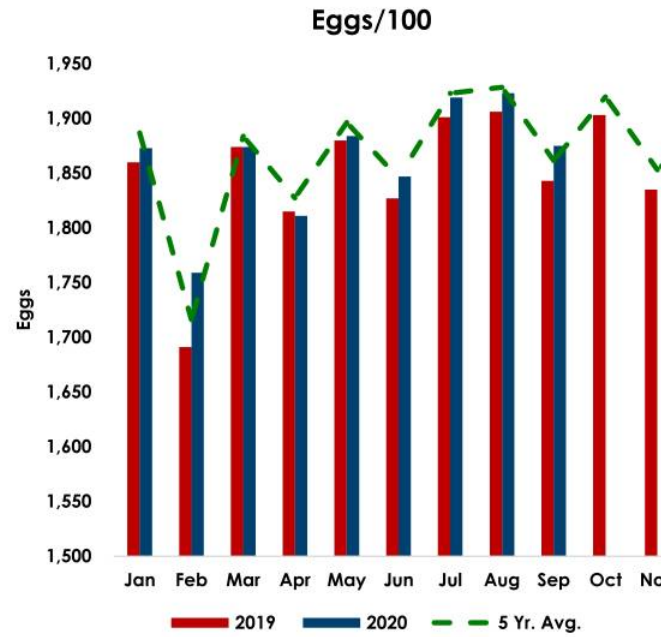
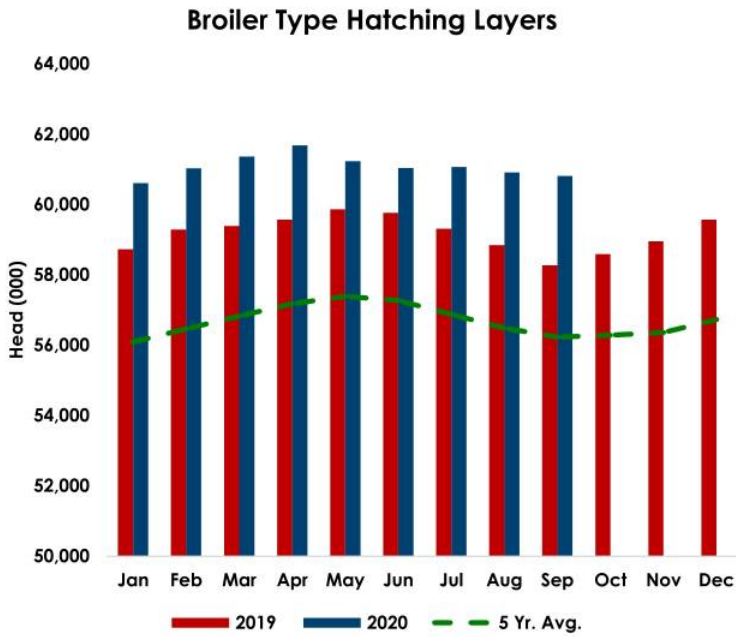
- Trailing 8-Month placements up +1.1% vs. year ago.
- Pullet growth in 2019 and early 2020 mostly to support new capacity that has come online.



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Source: USDA

# Hatching Layer Flock and Egg Productivity Modestly Up, Increasing Availability of Eggs



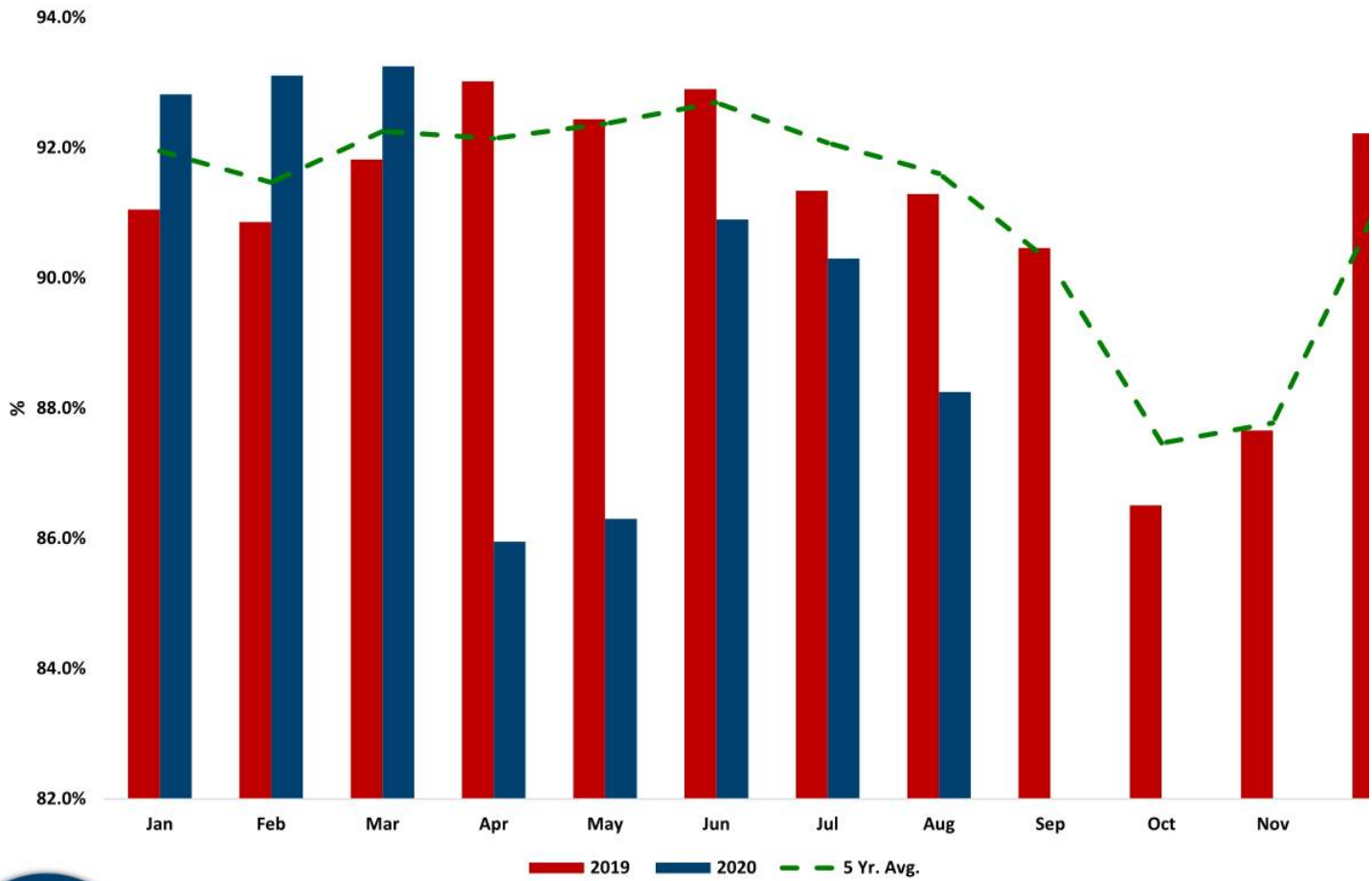
- Increased broiler layer flock, improvements in eggs/100, and reduced egg exports are contributing to growth in domestic egg supply.
- Eggs/100 productivity in Q3 improved 1.2% and remains near 5 year average.



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Source: USDA

# Hatchery Utilization Partially Recove but Remained Below 2019 Levels Since A



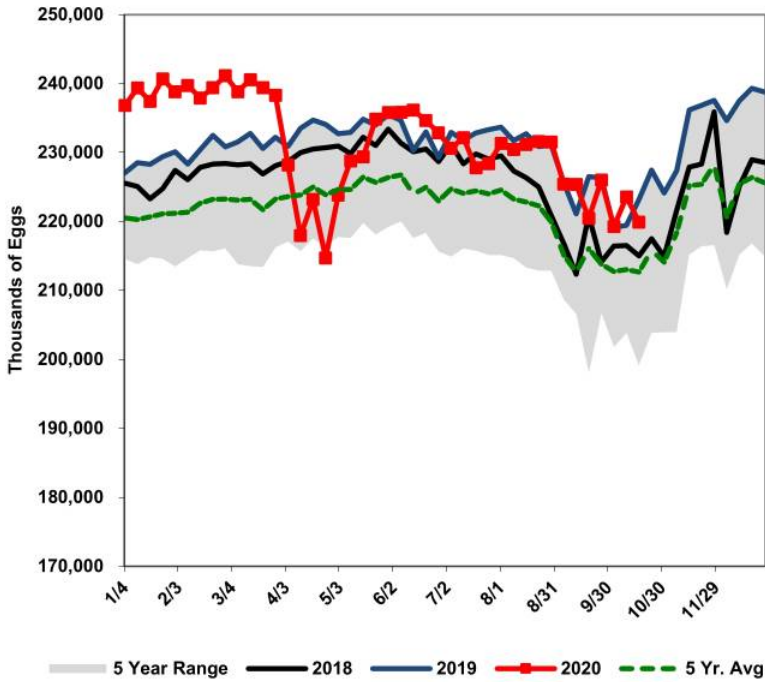
All about great taste.

Source: Agristats

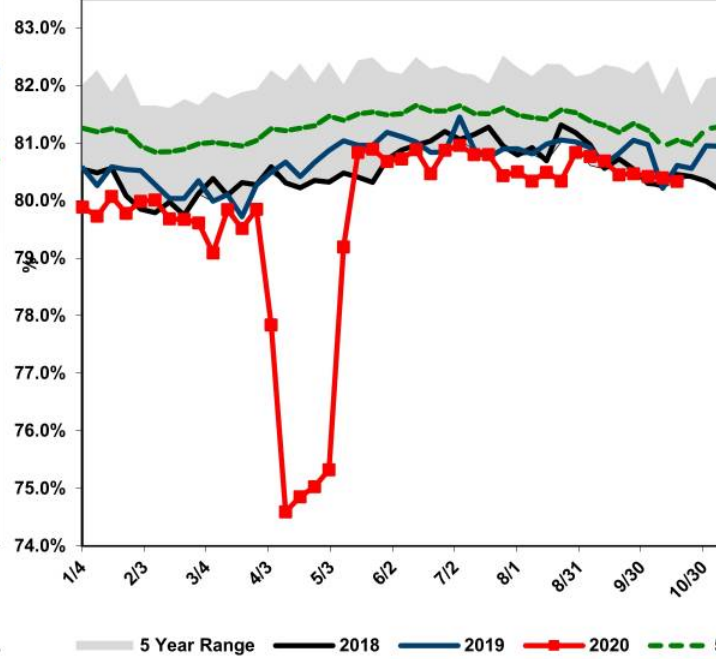


# Despite Higher Availability, Egg Sets Down 0.6% in Hatchability Still Below 2019 Levels and Histo

Chicken Egg Sets by Week - USDA



Chicken Hatchability by Week - USDA

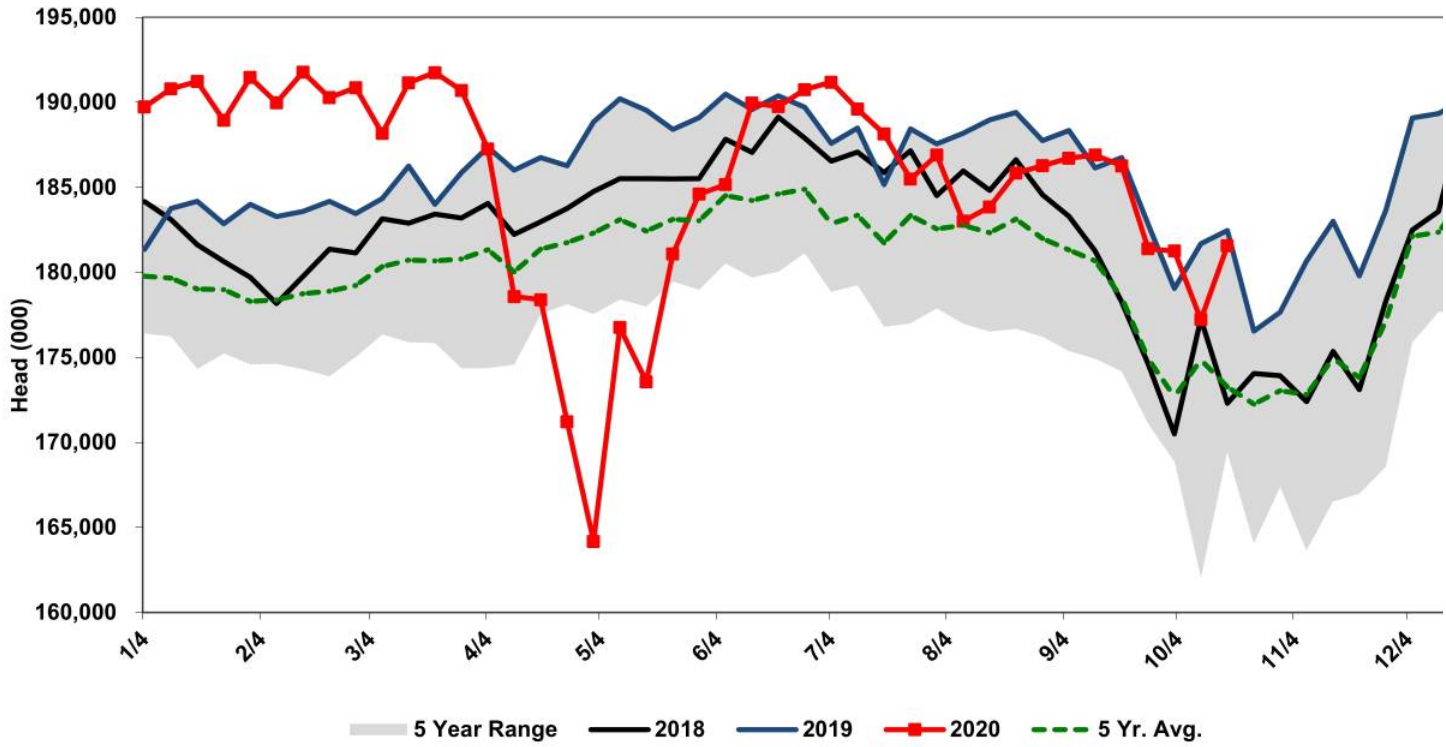


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Source: USDA

# Total Placements Also Down 0.6% in the Quarte

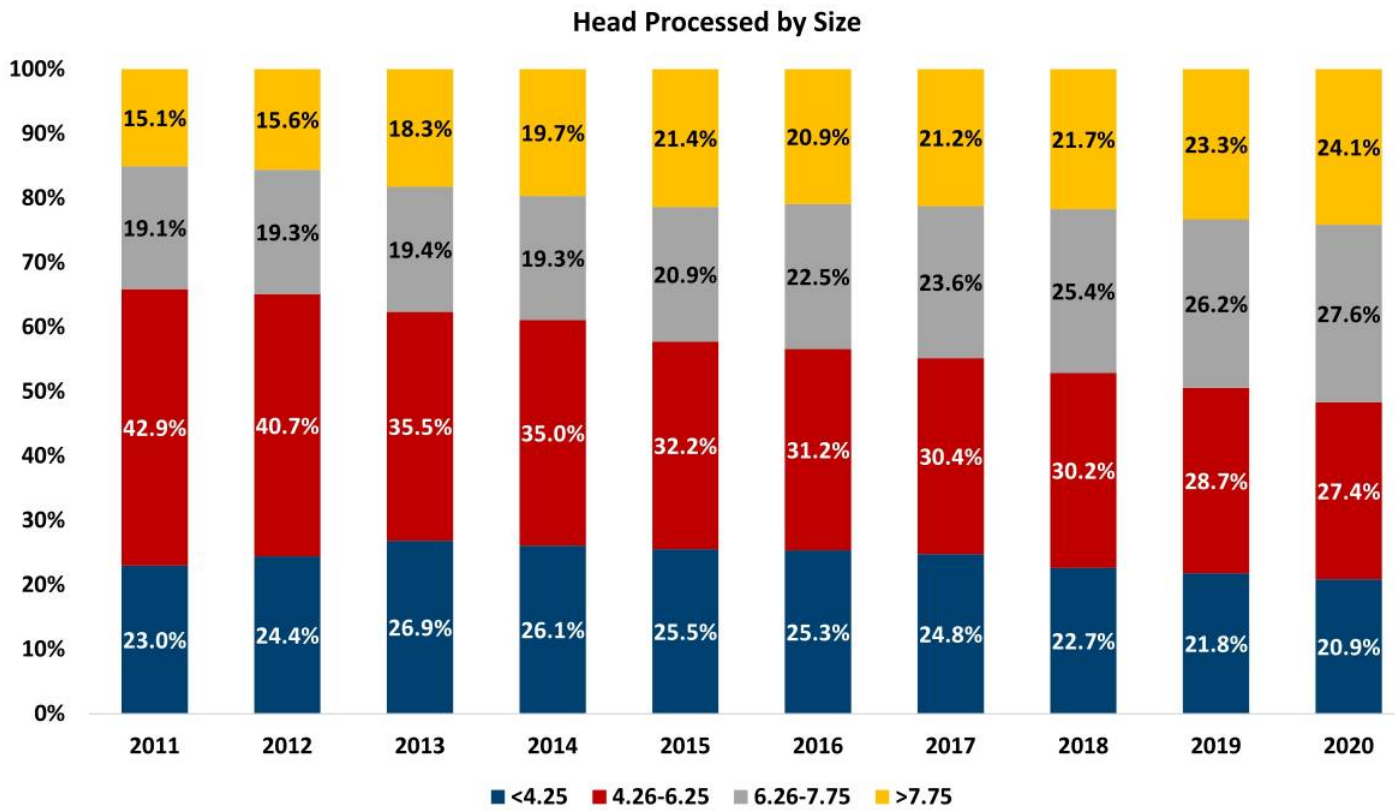
Chicken Broiler Placed  
by Week- USDA



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Source: USDA

# Growth Remains Concentrated in Big Bird Categories and Continuing Reduction in Small Birds

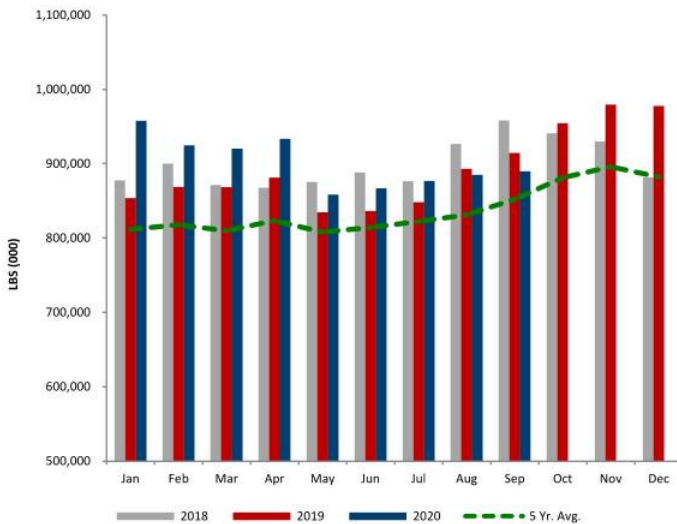


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Source: USDA

# September Freezer Inventory Down 2.7% vs. Year A

Total Chicken Inventories



Frozen Chicken Inventory (000 LBS)					
Part	Sep-19	Aug-20	Sep-20	YOY Change	M
Broilers	23,264	29,041	24,848	▲ 6.8%	▼
Hens	7,818	8,186	8,844	▲ 13.1%	▲
Breast Meat	185,505	203,899	216,593	▲ 16.8%	▲
Drumsticks	46,976	37,326	35,783	▼ -23.8%	▼
LQ	77,570	80,383	81,426	▲ 5.0%	▲
Legs	13,567	27,502	22,381	▲ 65.0%	▼
Thighs	9,575	19,616	20,808	▲ 117.3%	▲
Thigh Meat	33,626	27,257	28,646	▼ -14.8%	▲
Wings	68,818	51,706	51,734	▼ -24.8%	▲
Paws and Feet	30,754	26,636	28,611	▼ -7.0%	▲
Other	416,884	373,235	370,091	▼ -11.2%	▼
<b>Total Chicken</b>	<b>914,357</b>	<b>884,787</b>	<b>889,765</b>	▼ -2.7%	▲

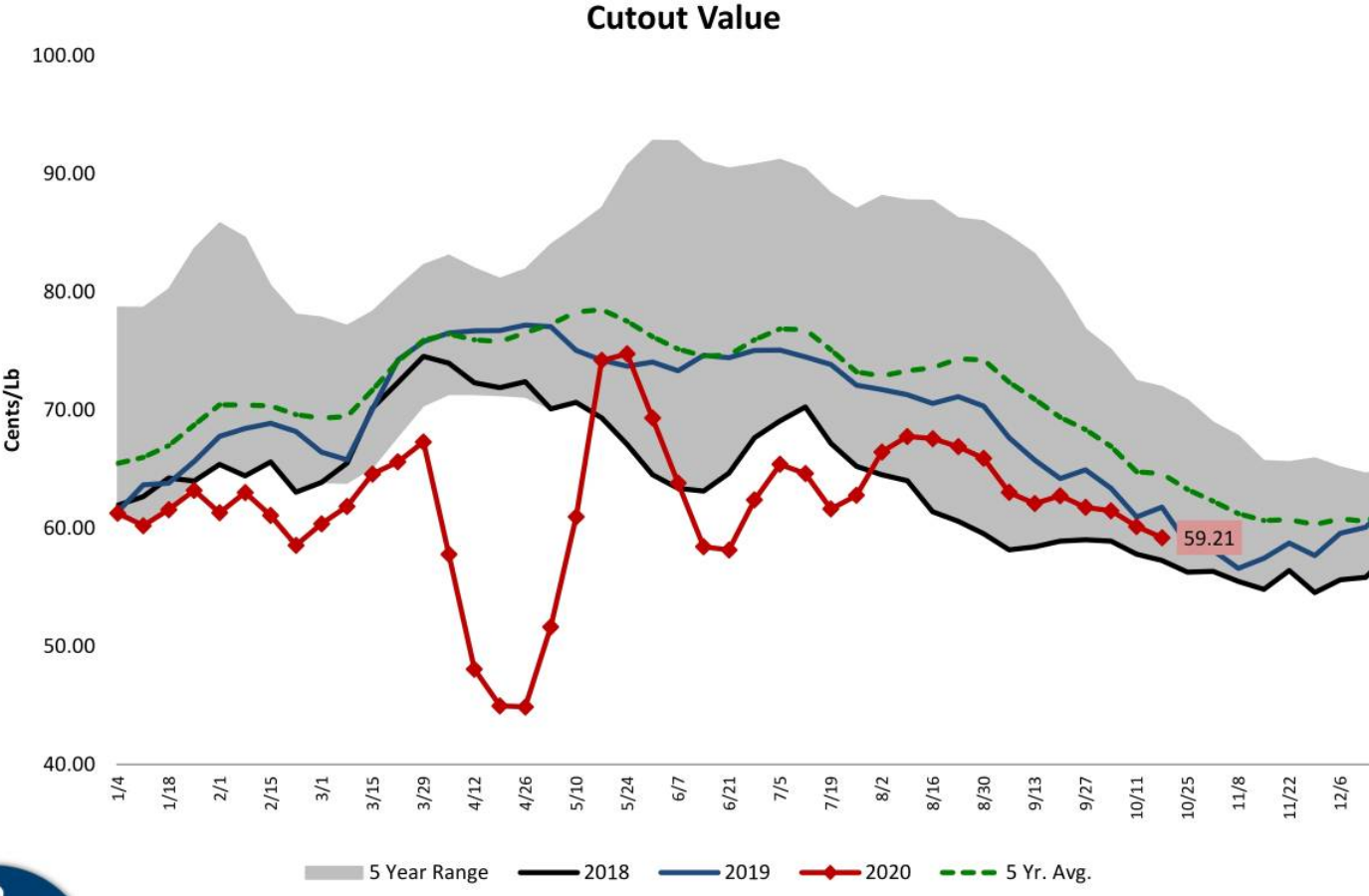
- Breast meat inventories are moving seasonally, but remain above year ago levels.
- LQ inventories up Y/Y but remain well below historical average.
- Wing inventories maintain levels well below 2019 and historical average.
- “Other” inventory continues to trend below 2019 levels, with most recent month below Sep 2019.



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Source: USDA

# Cutout Now Tracking Closer to 2019 and Within the 5-yr Range

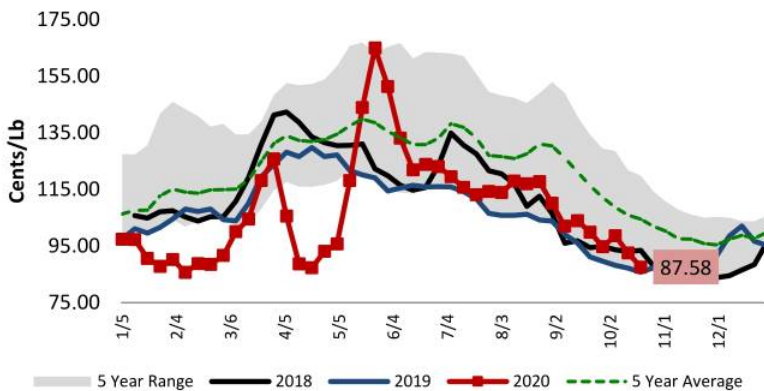


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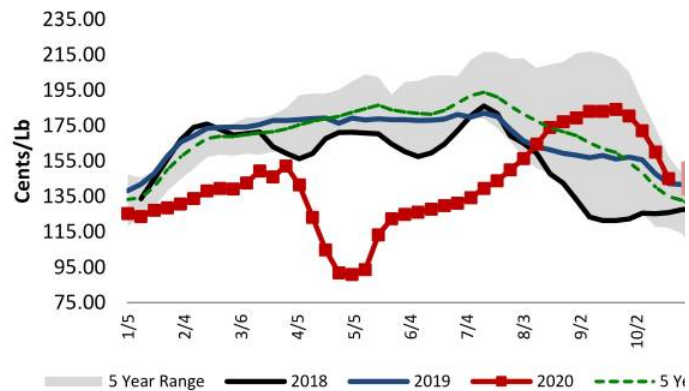
Source: PPC, EMI

# Wings Remaining Strong, BSB and Tenders In-line w Seasonality, LQs Started to Reco

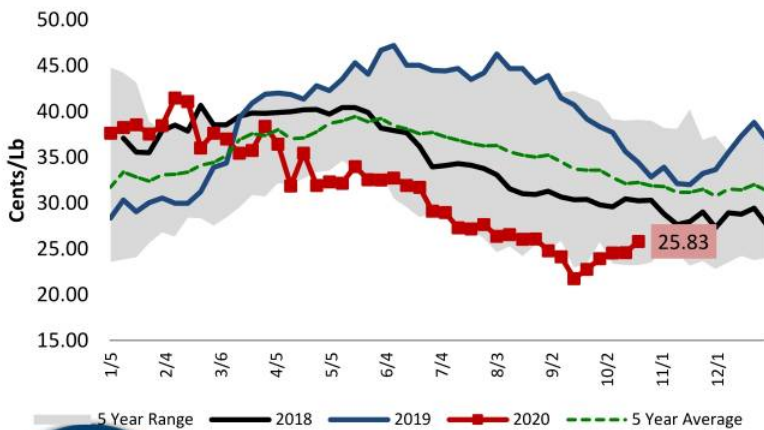
## USDA Boneless/Skinless Breast NE



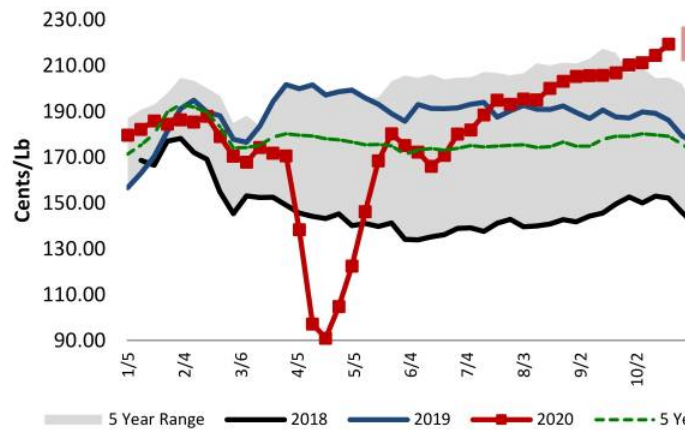
## USDA Tenders NE



## USDA Leg Quarters NE



## USDA Whole Wings NE

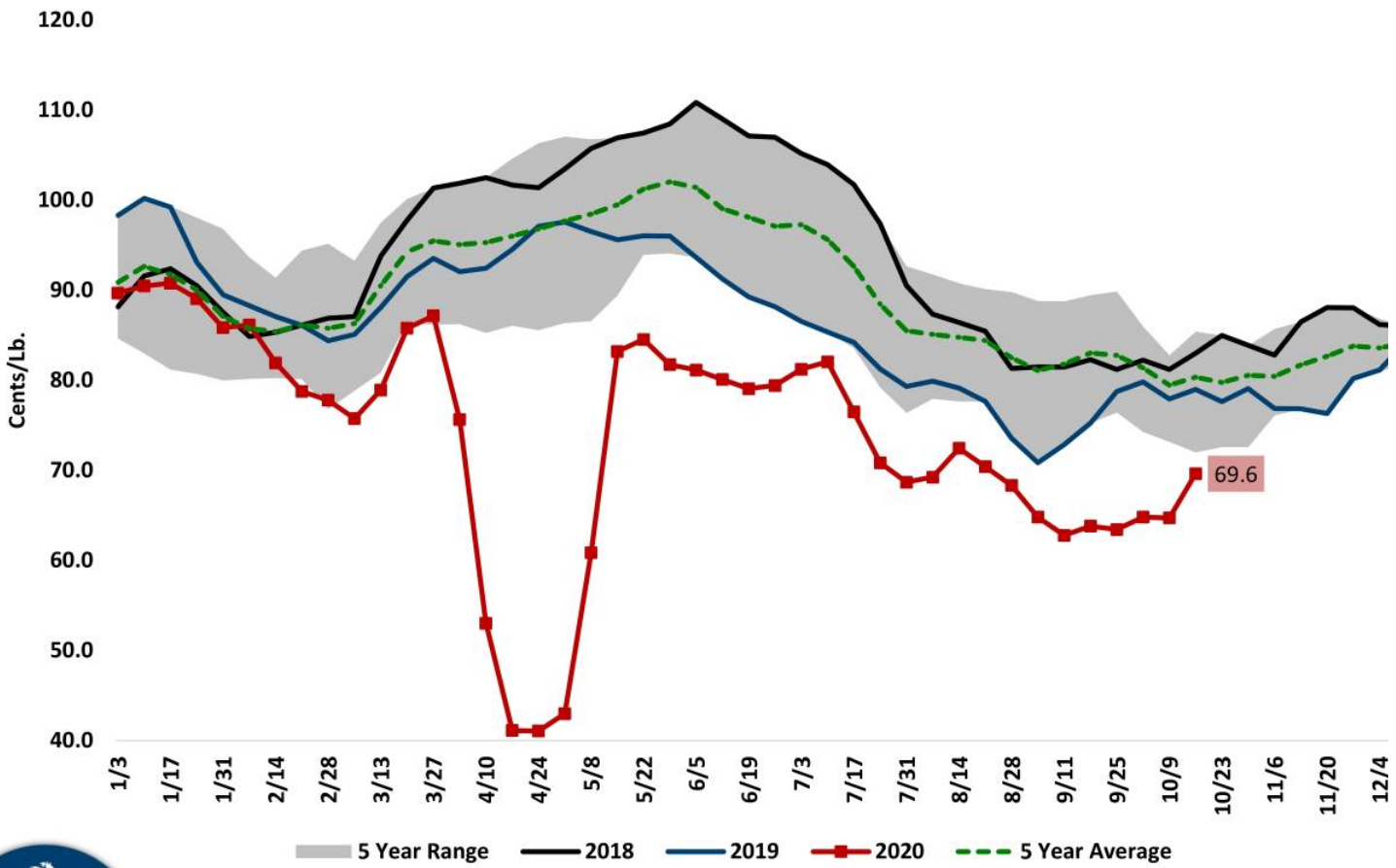


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Source: USDA

# WOG Pricing Improving Seasonally and Is Now Reaching the 5-yr Range

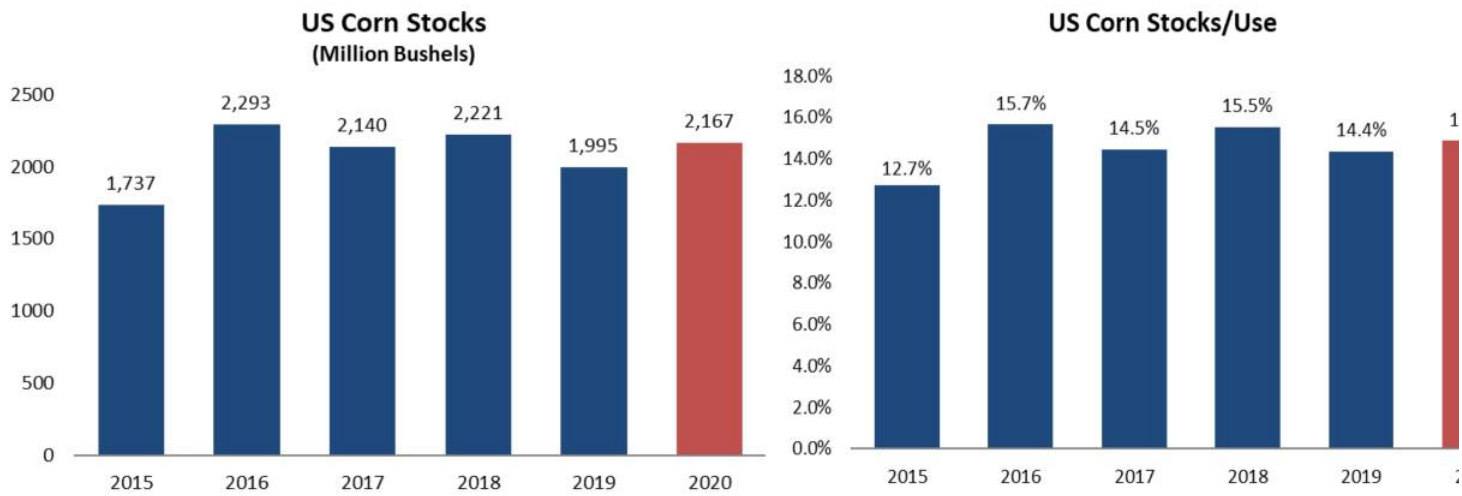
EMI WOG 2.5-4.0 LBS



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Source: EMI

## Corn Stocks Remain at High Level



- USDA lowered U.S. corn ending stocks for both 2019 and 2020, yet supply remains ample
- The market continues to watch export impacts with the Phase 1 trade deal with China

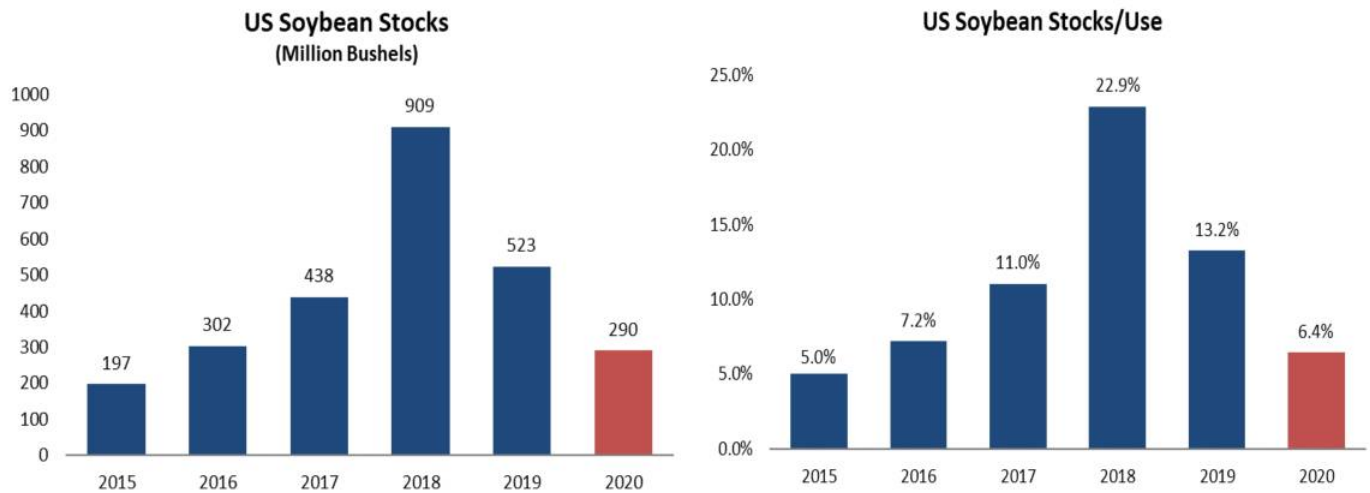


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Source: USDA



# Soybean Inventories Tight



- USDA decreases soybean ending stocks in 2020 to levels previously seen before the trade war
- Exports of soybeans from the U.S. is the driving factor in the tightening stocks



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Source: USDA

## Third Quarter 2020 Financial Re

Main Indicators (\$M)	Q3-20	Q3-19
Net Revenue	3,075.1	2,778.0
Gross Profit	313.8	282.2
SG&A	219.5	94.0
Operating Income	94.3	188.2
Net Interest	28.8	27.3
Net Income	33.4	109.8
Earnings Per Share (EPS)	0.14	0.44
Adjusted EBITDA*	305.0	258.3
<i>Adjusted EBITDA Margin*</i>	9.9%	9.3%

\* This is a non-GAAP measurement considered by management to be useful in understanding our results. Please see the appendix and most recent SEC financial filings for definition of this measurement and reconciliation to GAAP.

- U.S.: Performance recovering, divers portfolio and Key Customer strategy minimized channel demand disruptive; MX: Strong rebound on much more balanced supply/demand conditions, improving macro; UK/Europe: Legacy operations improving, new assets co to generate increasingly positive EBIT
- SG&A higher on more brand investm in U.S. and MX, Community Initiative addition of new Europe operations.
- Adjusted Q3-20 EBITDA reflects port Key Customer strategy, and geograph diversification.

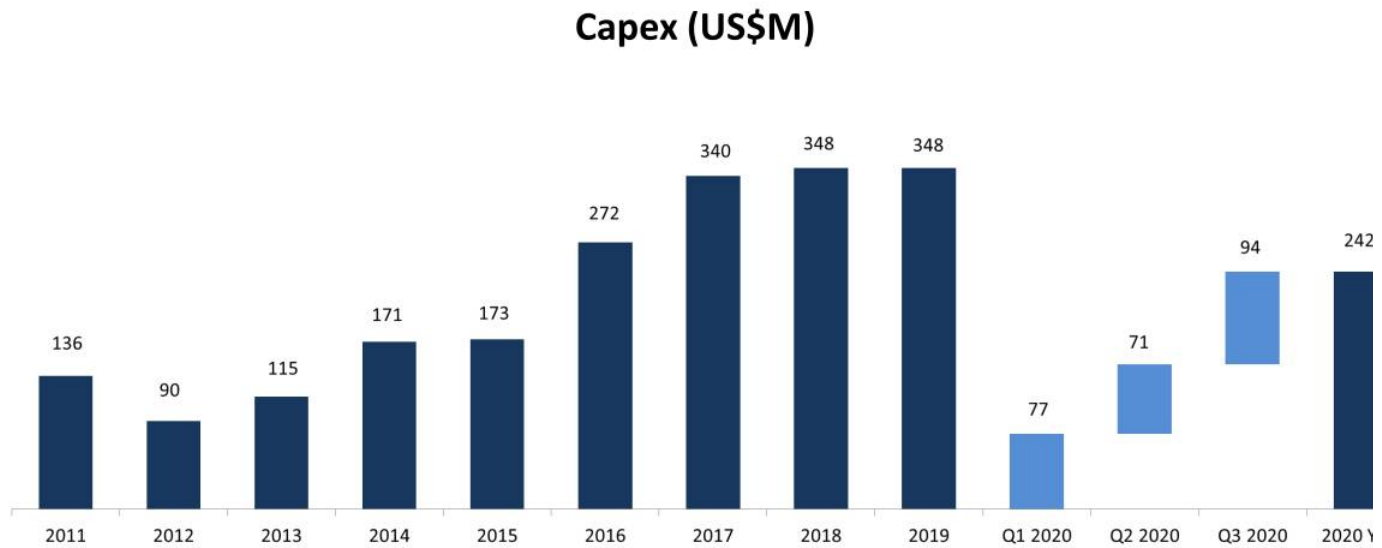
In \$M	U.S.	EU
Net Revenue	1,894.2	845.7
Operating Income	2.5	29.9
<i>Operating Income Margin</i>	0.1%	3.5%



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Source: PPC

## Fiscal Year 2020 Capital Spen



- Strong Free Cash Flow generation has enabled us to direct more capital spending towards identified projects with rapid payback and structural projects.
- New strategic projects will support key customers growth and de-emphasize our exposure to commodity markets by yielding a more differentiated portfolio. Non-essential projects are being re-evaluated given new market conditions.



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Source: PPC

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Investor Relations

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**Address:** 1770 Promontory Circle  
Greeley, CO 80634 USA

**Website:** [www.pilgrims.com](http://www.pilgrims.com)



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# APPENDIX



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# Appendix: Reconciliation of Adjusted EBITDA

"EBITDA" is defined as the sum of net income (loss) plus interest, taxes, depreciation and amortization. "Adjusted EBITDA" is calculated by adding to EBITDA certain items of expense and deducting certain items of income that we believe are not indicative of our ongoing operating performance consisting of: (1) income (loss) attributable to noncontrolling interests, (2) charges or income from restructuring activities, (3) reorganization items, (4) transaction costs related to acquisitions, (5) gain on bargain purchase and (6) foreign currency transaction losses (gains). EBITDA is presented because it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of results prepared in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP"), to compare the performance of companies. We believe investors would be interested in our Adjusted EBITDA because this is how our management evaluates the Company's performance. The Company also believes that Adjusted EBITDA, in combination with the Company's financial results calculated in accordance with U.S. GAAP, provides investors with additional perspective on the impact of certain significant items on EBITDA and facilitates a more direct comparison of its performance with its competitors. EBITDA and Adjusted EBITDA are not measurements of financial performance under U.S. GAAP. They should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP.

## PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted EBITDA (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
	(In thousands)			
Net income	\$ 33,691	\$ 110,096	\$ 94,740	\$ 364,301
Add:				
Interest expense, net	28,801	27,330	90,964	87,703
Income tax expense	22,344	46,365	57,900	142,328
Depreciation and amortization	84,265	71,851	248,641	210,381
EBITDA	169,101	255,642	492,245	804,713
Add:				
Foreign currency transaction losses (gains)	9,092	3,027	(3,768)	7,923
Transaction costs related to acquisitions	—	—	134	—
DOJ agreement	110,524	—	110,524	—
Restructuring activity	—	(20)	—	(90)
Hometown Strong commitment	14,506	—	14,506	—
Minus:				
Negative adjustment to previously recognized gain on bargain purchase	(2,006)	—	(3,746)	—
Shareholder litigation settlement	—	—	34,643	—
Net income attributable to noncontrolling interest	245	331	62	457
Adjusted EBITDA	<u>\$ 304,984</u>	<u>\$ 258,318</u>	<u>\$ 582,682</u>	<u>\$ 812,089</u>

Source: PPC



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## Appendix: Reconciliation of LTM Adjusted EBITDA

The summary unaudited consolidated income statement data for the twelve months ended September 27, 2020 (the LTM Period) have been calculated by subtracting the unaudited consolidated income statement data for the nine months ended September 29, 2019 from the sum of (1) the applicable audited consolidated income statement data year ended December 29, 2019 and (2) the applicable audited consolidated income statement data for the nine months ended September 27, 2020.

### PILGRIM'S PRIDE CORPORATION Reconciliation of LTM Adjusted EBITDA (Unaudited)

	Three Months Ended			September 27, 2020	LTM Ended September 27, 2020
	December 29, 2019	March 29, 2020	June 28, 2020		
	(In thousands)				
Net income	\$ 92,235	\$ 67,449	\$ (6,400)	\$ 33,691	\$ 186,975
Add:					
Interest expense, net	30,650	30,998	31,165	28,801	121,614
Income tax expense	18,681	38,512	(2,956)	22,344	76,581
Depreciation and amortization	76,849	79,773	84,603	84,265	325,490
EBITDA	218,415	216,732	106,412	169,101	710,660
Add:					
Foreign currency transaction losses (gains)	(1,006)	(18,385)	5,525	9,092	(4,774)
Transaction costs related to acquisitions	1,239	215	(81)	—	1,373
DOJ agreement	—	—	—	110,524	110,524
Restructuring activity	6	—	—	—	6
Hometown Strong commitment	—	—	—	14,506	14,506
Minus:					
Gain on bargain purchase	56,880	(1,740)	—	(2,006)	53,134
Shareholder litigation settlement	—	34,643	—	—	34,643
Net income attributable to noncontrolling interest	155	181	(364)	245	217
Adjusted EBITDA	\$ 161,619	\$ 165,478	\$ 112,220	\$ 304,984	\$ 744,301

Source: PPC



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## Appendix: Reconciliation of EBITDA Ma

EBITDA margins have been calculated by taking the relevant unaudited EBITDA figures, then dividing by net sales for the applicable period. EBITDA margins are presented because they are used by management and we believe it is frequently used by securities analysts, investors and other interested parties, as a supplement to our results prepared in accordance with U.S. GAAP, to compare the performance of companies.

### PILGRIM'S PRIDE CORPORATION Reconciliation of EBITDA Margin (Unaudited)

	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
	(In thousands)							
Net income	\$ 33,691	\$ 110,096	\$ 94,740	\$ 364,301	1.10 %	3.96 %	1.06 %	4.37 %
Add:								
Interest expense, net	28,801	27,330	90,964	87,703	0.94 %	0.98 %	1.01 %	1.05 %
Income tax expense	22,344	46,365	57,900	142,328	0.73 %	1.67 %	0.65 %	1.71 %
Depreciation and amortization	84,265	71,851	248,641	210,381	2.74 %	2.59 %	2.77 %	2.53 %
EBITDA	169,101	255,642	492,245	804,713	5.51 %	9.20 %	5.49 %	9.66 %
Add:								
Foreign currency transaction losses (gains)	9,092	3,027	(3,768)	7,923	0.29 %	0.11 %	(0.04)%	0.10 %
Acquisition charges	—	—	134	—	—%	—%	—%	—%
DOJ agreement	110,524	—	110,524	—	3.59 %	—%	1.23 %	—%
Restructuring activity	—	(20)	—	(90)	—%	—%	—%	—%
Hometown Strong commitment	14,506	—	14,506	—	0.47 %	—%	0.16 %	—%
Minus:								
Negative adjustment to previously recognized gain on bargain purchase	(2,006)	—	(3,746)	—	(0.07)%	—%	(0.04)%	—%
Shareholder litigation settlement	—	—	34,643	—	—%	—%	0.39 %	—%
Net income (loss) attributable to noncontrolling interest	245	331	62	457	0.01 %	0.01 %	—%	0.01 %
Adjusted EBITDA	<u>\$ 304,984</u>	<u>\$ 258,318</u>	<u>\$ 582,682</u>	<u>\$ 812,089</u>	<u>9.92 %</u>	<u>9.30 %</u>	<u>6.49 %</u>	<u>9.75 %</u>
Net sales	\$ 3,075,121	\$ 2,777,970	\$ 8,974,072	\$ 8,345,730	\$ 3,075,121	\$ 2,777,970	\$ 8,974,072	\$ 8,345,730



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Source: PPC



## Appendix: Reconciliation of Adjusted Operating Income

Adjusted Operating Income is calculated by adding to Operating Income certain items of expense and deducting from Operating Income certain items of income. Management believes that presentation of Adjusted Operating Income provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of GAAP operating income to adjusted operating income is as follows:

### PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted Operating Income (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
	(In thousands)			
GAAP operating income (U.S. operations)	\$ 2,451	\$ 125,168	\$ 126,951	\$ 426,968
DOJ agreement	110,524	—	110,524	—
Hometown Strong commitment	14,506	—	14,506	—
Adjusted operating income (U.S. operations)	<u>\$ 127,481</u>	<u>\$ 125,168</u>	<u>\$ 251,981</u>	<u>\$ 426,968</u>
Adjusted operating income margin (U.S. operations)	6.7 %	6.5 %	4.5 %	7.4 %



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Source: PPC

# Appendix: Reconciliation of GAAP Operating Income Margin to Adjusted Operating Income Margin

Adjusted Operating Income Margin for the U.S. is calculated by dividing Adjusted operating income by Net Sales. Management believes that presentation of Adjusted Operating Income Margin provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs below are not indicative of our current operating performance. A reconciliation of GAAP operating income margin for the U.S. to adjusted operating income margin for the U.S. is as follows:

**PILGRIM'S PRIDE CORPORATION**  
**Reconciliation of GAAP Operating Income Margin to Adjusted Operating Income Margin**  
**(Unaudited)**

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 27, 2020</u>	<u>September 29, 2019</u>	<u>September 27, 2020</u>	<u>September 29, 2019</u>
	(In percent)			
GAAP operating income margin (U.S. operations)	0.1 %	6.5 %	2.2 %	7.4 %
DOJ agreement	5.8 %	— %	2.0 %	— %
Hometown Strong commitment	0.8 %	— %	0.3 %	— %
Adjusted operating income margin (U.S. operations)	<u>6.7 %</u>	<u>6.5 %</u>	<u>4.5 %</u>	<u>7.4 %</u>



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Source: PPC

# Appendix: Reconciliation of Adjusted Net Incc

Adjusted net income attributable to Pilgrim's Pride Corporation ("Pilgrim's") is calculated by adding to Net Income attributable to Pilgrim's certain items of expense and deducting Net Income attributable to Pilgrim's certain items of income. Management believes that presentation of Adjusted net income attributable to Pilgrim's provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of net income attributable to Pilgrim's per common diluted share to adjusted net income attributable to Pilgrim's per common diluted share as follows:

## PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted Net Income (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
	(In thousands, except per share data)			
Net income attributable to Pilgrim's	\$ 33,446	\$ 109,765	\$ 94,678	\$ 363,844
Adjustments:				
Acquisition charges and restructuring activity	—	43	134	(26)
DOJ agreement	110,524	—	110,524	—
Hometown Strong commitment	14,506	—	14,506	—
Foreign currency transaction losses (gains)	9,092	3,027	(3,768)	7,923
Net tax expense (benefit) of adjustments <sup>(a)</sup>	(5,916)	(747)	(9,158)	(1,923)
Adjusted net income attributable to Pilgrim's	\$ 161,652	\$ 112,088	\$ 206,916	\$ 369,818
Weighted average diluted shares of common stock outstanding	244,376	249,729	248,308	249,652
Adjusted net income attributable to Pilgrim's per common diluted share	\$ 0.66	\$ 0.45	\$ 0.83	\$ 1.48

(a) Net tax expense (benefit) of adjustments represents the tax impact of all adjustments shown above with the exclusion of the DOJ antitrust fine as this item is non-deductible for tax purposes.



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Source: PPC

# Appendix: Reconciliation of GAAP EPS to Adjusted

Adjusted EPS is calculated by dividing the adjusted net income attributable to Pilgrim's stockholders by the weighted average number of diluted shares. Management believes that Adjusted EPS provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of U.S. GAAP to non-U.S. GAAP financial measures is as follows:

**PILGRIM'S PRIDE CORPORATION**  
**Reconciliation of GAAP EPS to Adjusted EPS**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
	(In thousands, except per share data)			
GAAP EPS	\$ 0.14	\$ 0.44	\$ 0.38	\$ 1.46
Adjustments:				
Acquisition charges and restructuring activity	—	—	—	—
DOJ agreement	0.45	—	0.45	—
Hometown Strong commitment	0.06	—	0.06	—
Foreign currency transaction losses (gains)	0.04	0.01	(0.02)	0.03
Net tax impact of adjustments <sup>(a)</sup>	(0.02)	—	(0.04)	(0.01)
Adjusted EPS	\$ 0.66	\$ 0.45	\$ 0.84	\$ 1.48
Weighted average diluted shares of common stock outstanding	244,376	249,729	246,898	249,652

(a) Net tax impact of adjustments represents the tax impact of all adjustments shown above with the exclusion of the DOJ antitrust fee as this item is non-deductible for tax purposes.



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Source: PPC

# Appendix: Supplementary Selected Segment and Geographic Data

## PILGRIM'S PRIDE CORPORATION Supplementary Selected Segment and Geographic Data (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
(In thousands)				
Sources of net sales by geographic region of origin:				
US	\$ 1,894,222	\$ 1,931,657	\$ 5,619,791	\$ 5,732,201
Europe	845,677	517,531	2,425,140	1,568,396
Mexico	335,222	328,782	929,141	1,045,133
Total net sales	<u>\$ 3,075,121</u>	<u>\$ 2,777,970</u>	<u>\$ 8,974,072</u>	<u>\$ 8,345,730</u>
Sources of cost of sales by geographic region of origin:				
US	\$ 1,711,089	\$ 1,739,474	\$ 5,210,534	\$ 5,123,278
Europe	785,347	474,490	2,256,034	1,452,254
Mexico	265,078	281,833	897,163	901,271
Elimination	(235)	(24)	(459)	(72)
Total cost of sales	<u>\$ 2,761,279</u>	<u>\$ 2,495,773</u>	<u>\$ 8,363,272</u>	<u>\$ 7,476,731</u>
Sources of gross profit by geographic region of origin:				
US	\$ 183,133	\$ 192,183	\$ 409,257	\$ 608,923
Europe	60,330	43,041	169,106	116,142
Mexico	70,144	46,949	31,978	143,862
Elimination	235	24	459	72
Total gross profit	<u>\$ 313,842</u>	<u>\$ 282,197</u>	<u>\$ 610,800</u>	<u>\$ 868,999</u>
Sources of operating income by geographic region of origin:				
US	\$ 2,451	\$ 125,168	\$ 126,951	\$ 426,968
Europe	29,949	25,325	76,324	62,233
Mexico	61,653	37,668	2,229	115,503
Elimination	235	24	459	72
Total operating income	<u>\$ 94,288</u>	<u>\$ 188,185</u>	<u>\$ 205,963</u>	<u>\$ 604,776</u>



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Source: PPC

