

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): July 26, 2023

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 July 27, 2023.

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

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.

PILGRIM'S PRIDE CORPORATION

Date: July 26, 2023

/s/ Matthew Galvanoni
Matthew Galvanoni
Chief Financial Officer and Chief Accounting Officer



Financial Results for Second Quarter Ended
June 25th, 2023

Pilgrim's Pride Corporation
(NASDAQ: PPC)



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's Pride 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, efforts to contain 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 most recent Form 10-K and 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 cash 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 doing business to increase, cause Pilgrim's Pride to change the way in which it does business, or otherwise disrupt its operations; competitive factors and pricing pressures or the loss of one or more of Pilgrim's Pride's largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; disruptions in international markets and distribution channels, including, but not limited to, the impacts of the Russia-Ukraine conflict; the risk of cyber-attacks, natural disasters, power losses, unauthorized access, telecommunication failures, and other problems on our information systems; and the impact of uncertainties of litigation and other legal matters described in our most recent Form 10-K and 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, future 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 or any factor in future filings or communications regarding our business or results, and we are not undertaking to address how any of these factors may have caused changes to information contained in previous filings or communications. Although we have attempted to list comprehensively these important cautionary risk 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. Our 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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Second Quarter 2023 Financial Review

Main Indicators (\$MM)	Q2 2023	Q2 2022
Net Revenue	4,308.1	4,631.6
Gross Profit	278.4	676.8
SG&A	148.4	163.9
Operating Income	100.3	512.9
Net Interest	39.5	37.1
Net Income	60.9	362.0
Earnings Per Share (EPS)	0.25	1.50
Adjusted EBITDA*	248.7	623.3
<i>Adjusted EBITDA Margin*</i>	5.8%	13.5%

* 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 US GAAP.

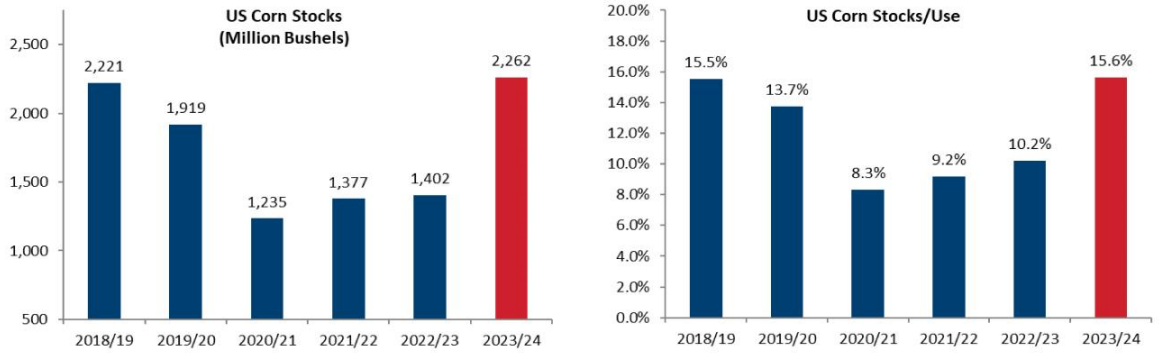
- U.S.: Substantial year-over-year (YoY) decline in commodity market pricing impacted Big Bird business; however, significant quarter-over-quarter (QoQ) operating income improvement for the overall US business; UK/Europe: Significant year-over-year profit improvement due to actions taken to mitigate inflationary cost pressures; Mexico: YoY and QoQ profitability increases due to improved balance in supply / demand dynamic and dissipating live operations challenges.
- SG&A lower due to reduction in employee-related costs in the US and other cost efficiencies achieved in the US and UK/Europe; partially offset by an increase in legal settlement costs.
- Q2 2023 Adjusted EBITDA* YoY decrease driven by substantially lower US commodity market pricing; however, continued QoQ improvements in Adjusted EBITDA* due to benefits of our portfolio balance, Key Customer strategy, and geographic diversification.

In \$MM	U.S.	EU	MX
Net Revenue	2,446.2	1,310.8	551.1
Adjusted Operating Income*	50.3	32.2	60.7
<i>Adjusted Operating Income Margin*</i>	2.1%	2.5%	11.0%

Source: PPC

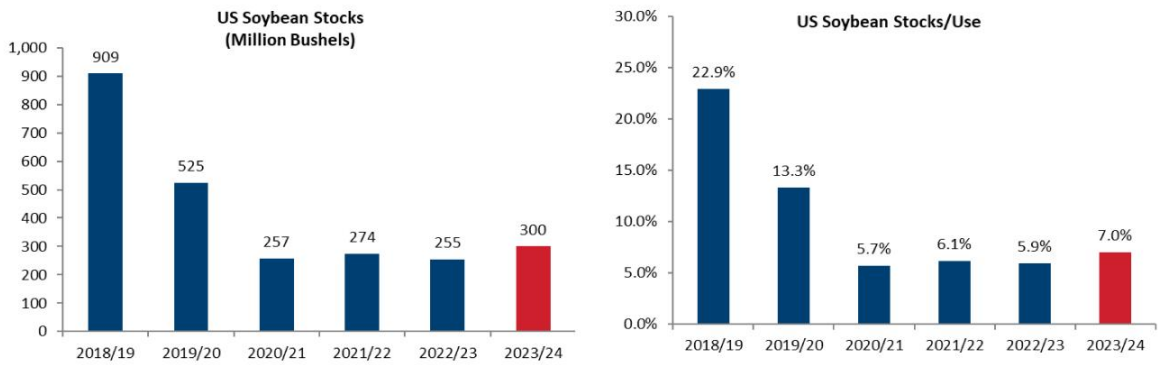


Increased Corn Area Boost Supply Prospects



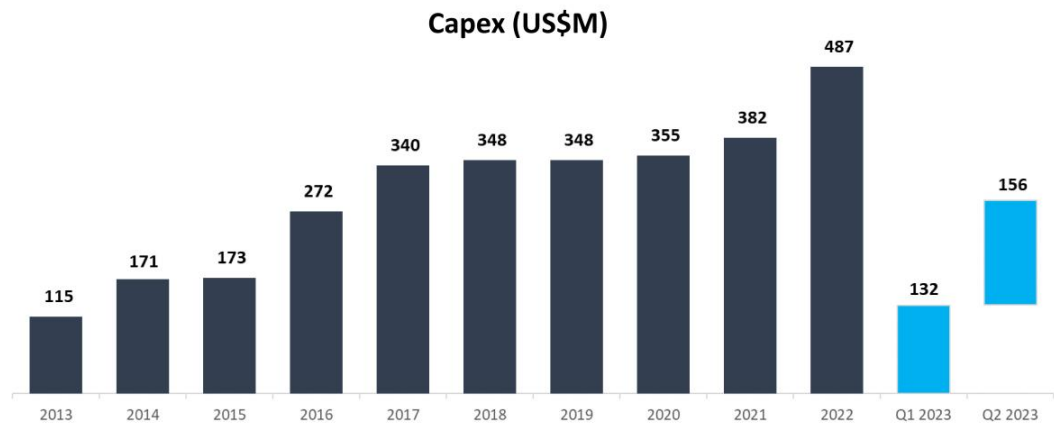
- USDA '22/23 ending stocks are up 4.5% since the end of Q1, largely a result of a competitively-priced Brazil crop working to ration U.S. corn export demand. Corn for Ethanol demand estimates also worked lower over time.
- The '23/24 balance sheet is beginning to take shape. On June 30th, USDA surprised the market expectations by increasing corn acres by 2.1M acres to 94.1M, up 5.5M acres YOY.
- Historically low May-June rainfall totals across much of the US corn belt led to price volatility throughout Q2. However, a change to a more active rain pattern across major production areas prior to key yield-determining stages of the crop worked to soften December corn prices approximately 12% across Q2.
- USDA reduced yield 4 bushels/acre from early-season estimates in the most recent WASDE, but given the additional acres, still showed a comfortable 2.2B bushel ending stocks estimate, a YOY stock build of 860M bu. Global ending stocks are estimated to grow 17.8M metric tons.
- Weather risk remains in play given the dry start to the crop, but the acreage increase and competitively-priced Brazilian corn have reduced supply-side risk for the '23/24 crop year.

Source: PPC



- U.S. '22/23 soybean ending stocks estimates have moved higher throughout Q2 as Brazil's record crop worked to ration some US export demand.
- The addition of corn acres in USDA's June 30th acreage report came at the expense of soybean acres. '23/24 soybean acres were reduced 4M acres to 83.5M. In March, USDA had reported intentions of 87.5M acres for the '23/24 crop, flat YOY.
- Soybean yields in the most recent WASDE were left unchanged from the previously reported 52 bushels/acre. The critical weather period for soybeans still lies ahead in August.
- With lower area and weather-dependent yields, the soybean balance sheet is quite dynamic. Price volatility is likely as production prospects take shape.
- U.S. biofuel policy is supportive to soybean oil demand, and crush industry expansion should keep US domestic meal demand well supplied.

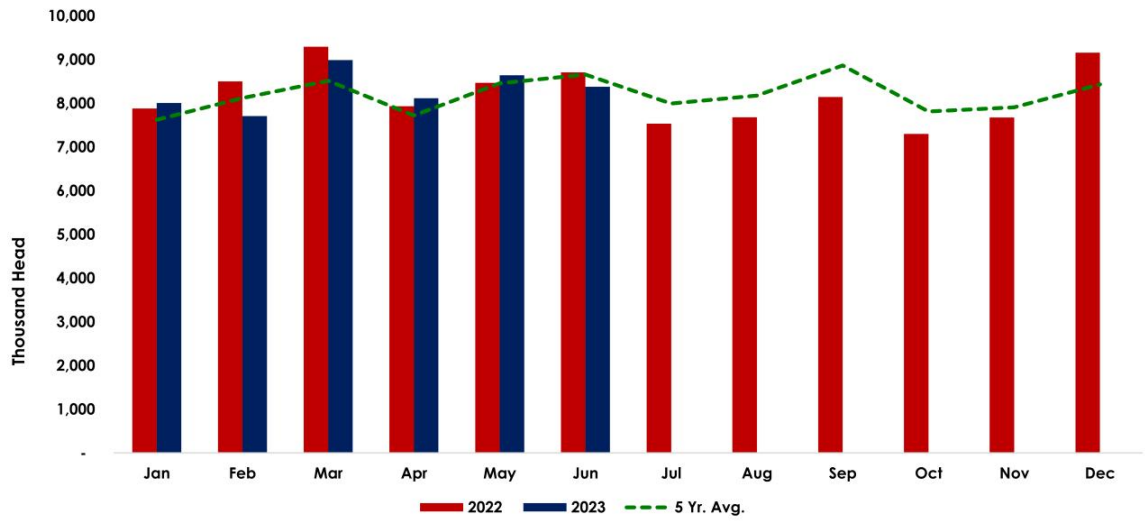
Source: PPC



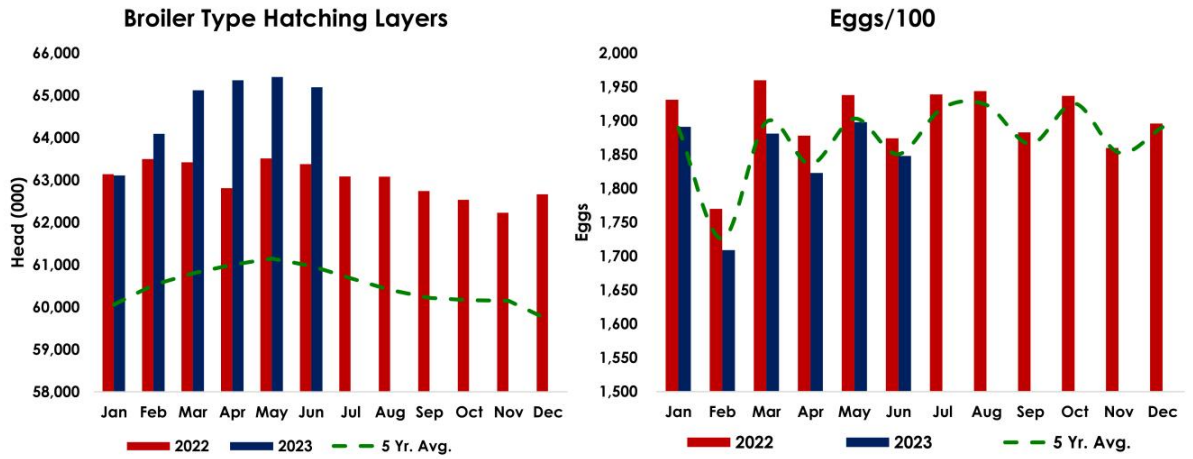
- Continued investment in strategic and automation projects will support Key Customers' growth and emphasize our focus on further diversification of our portfolio and operational improvements



Intended Pullet Placements



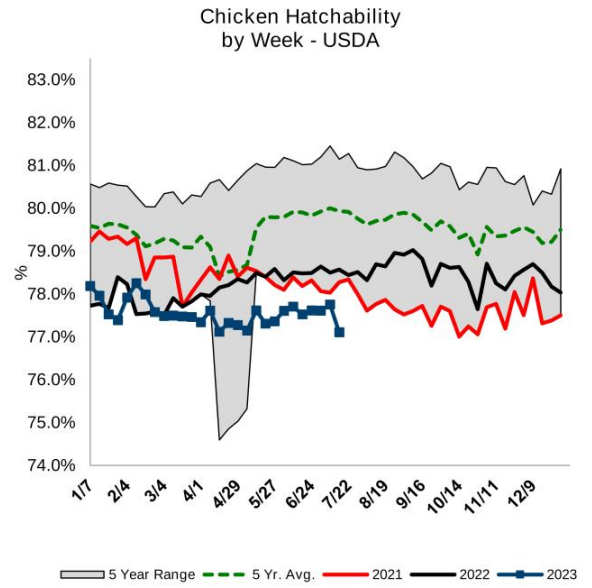
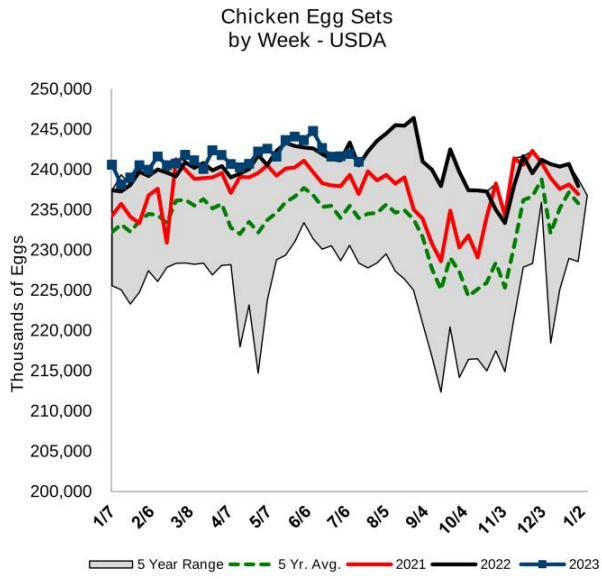
- Trailing 8-Month placements down 1.6% vs. year ago.



- Broiler layer flock +3.3% YoY in Q2-23.
- Eggs/100 -2.1% YoY in Q2-23.



Egg Sets +0.3% YoY in Q2-23; Hatchability Trended -0.9% YoY in Q2-23

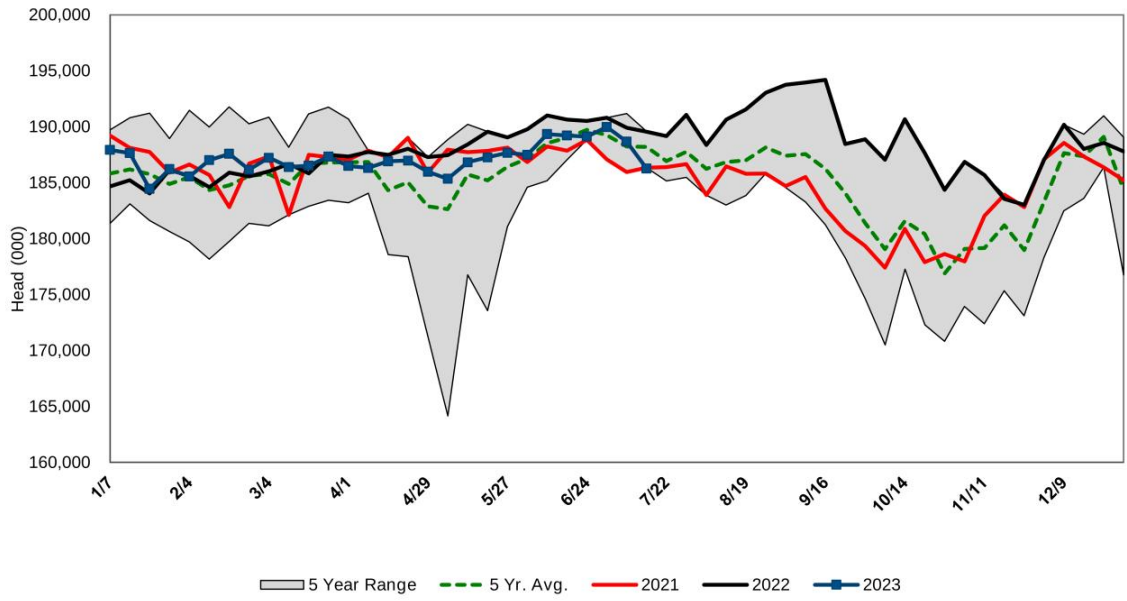


Source: USDA



Broiler Placements Down -0.8% Y/Y in Q2-23

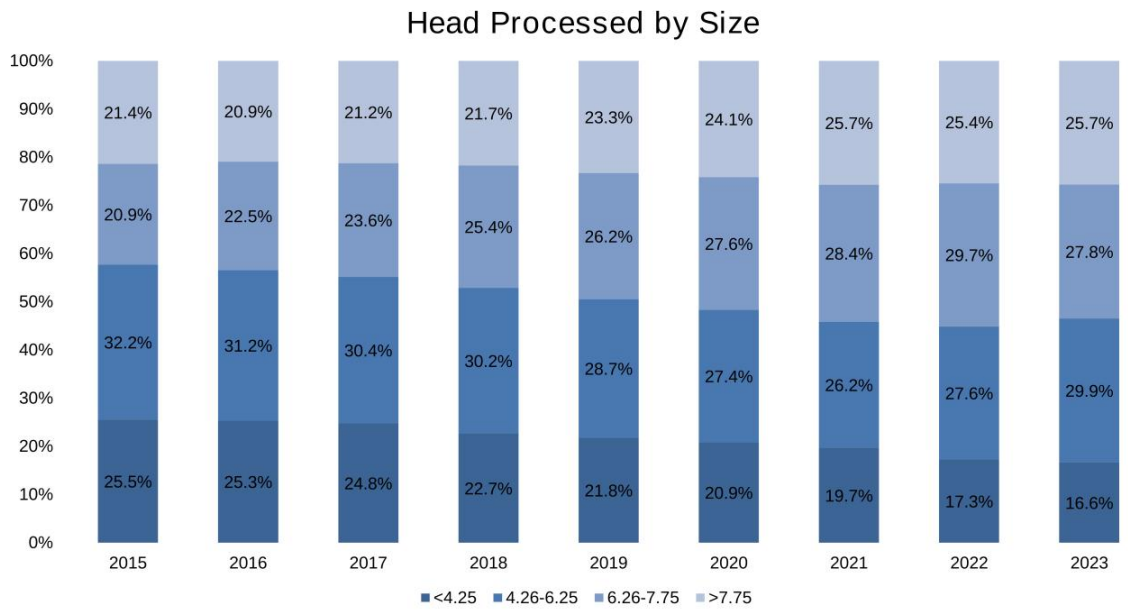
Chicken Broiler Placed
by Week- USDA



Source: USDA



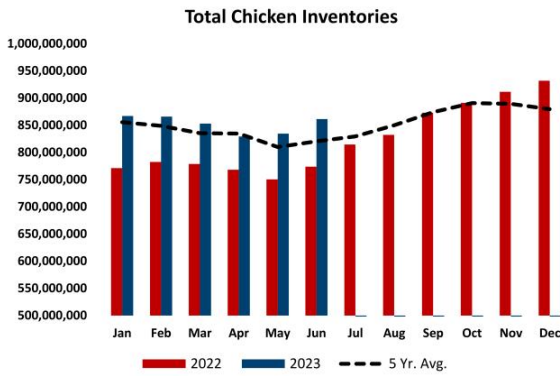
Industry Head Counts Continue to Shift Away From <4.25 and Growing in 4.26-6.25 LBS Range



Source: USDA



Industry Cold Storage Supplies Ended Q2 Above Historical Average



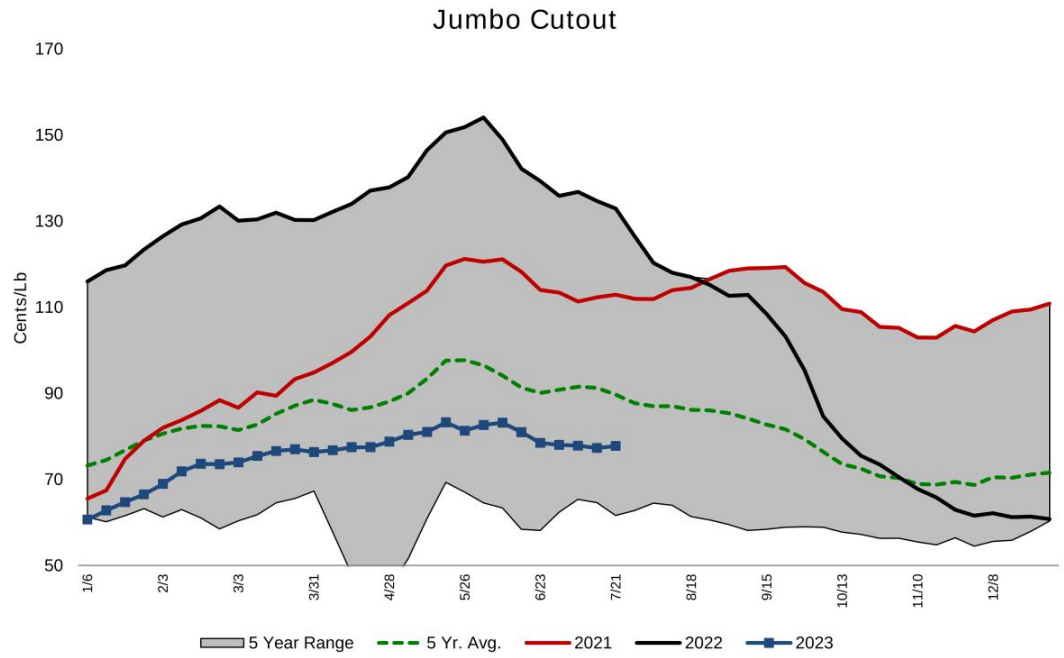
Frozen Chicken Inventory (000 LBS)					
Part	Jun-22	May-23	Jun-23	YOY Change	MOM Change
Broilers	12,269	14,805	13,952	▲ 13.7%	▼ -5.8%
Hens	4,664	6,964	7,727	▲ 65.7%	▲ 11.0%
Breast Meat	180,872	226,656	235,682	▲ 30.3%	▲ 4.0%
Drumsticks	27,375	30,296	27,203	▼ -0.6%	▼ -10.2%
LQ	73,794	61,451	67,616	▼ -8.4%	▲ 10.0%
Legs	15,216	16,620	19,250	▲ 26.5%	▲ 15.8%
Thighs	10,219	8,959	9,309	▼ -8.9%	▲ 3.9%
Thigh Meat	14,040	16,053	15,564	▲ 10.9%	▼ -3.0%
Wings	79,338	70,829	69,363	▼ -12.6%	▼ -2.1%
Paws and Feet	31,008	27,963	26,873	▼ -13.3%	▼ -3.9%
Other	325,394	353,881	368,894	▲ 13.4%	▲ 4.2%
Total Chicken	774,189	834,477	861,433	▲ 11.3%	▲ 3.2%

- Inventories increased mildly from end of Q1 through June.
- Breast meat inventories maintain elevated levels above 5-year average.
- Wing inventories in June below year ago levels.
- Dark meat inventories reduced -1.2% Y/Y in June driven by fewer LQs which decreased 8.4% Y/Y.
- Other category continues to be large contributor of Y/Y increases, up 13.4% Y/Y in June.

Source: USDA



Chicken Pricing Continues to Move Seasonally, But Below 5 Yr. Avg.

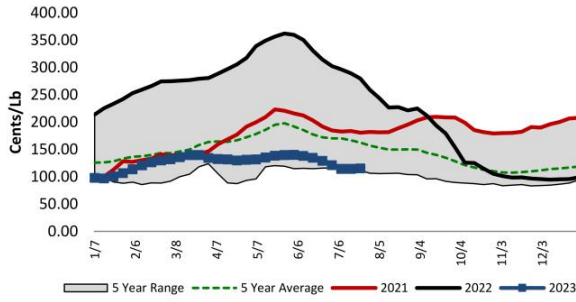


Source: PPC, EMI

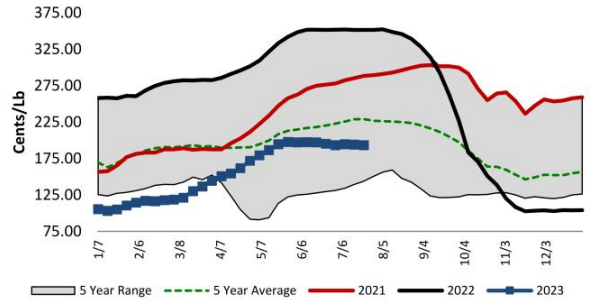


Prices Moving Seasonally, but Only LQ Above 5 Year Average; Wings Continue Below 5 Year Range

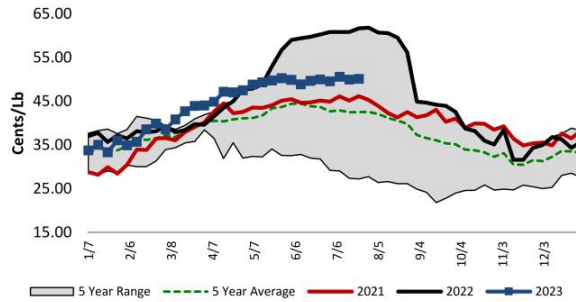
USDA Boneless/Skinless Breast



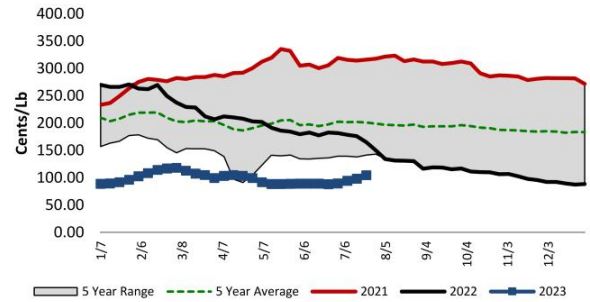
USDA Tenders



USDA Leg Quarters



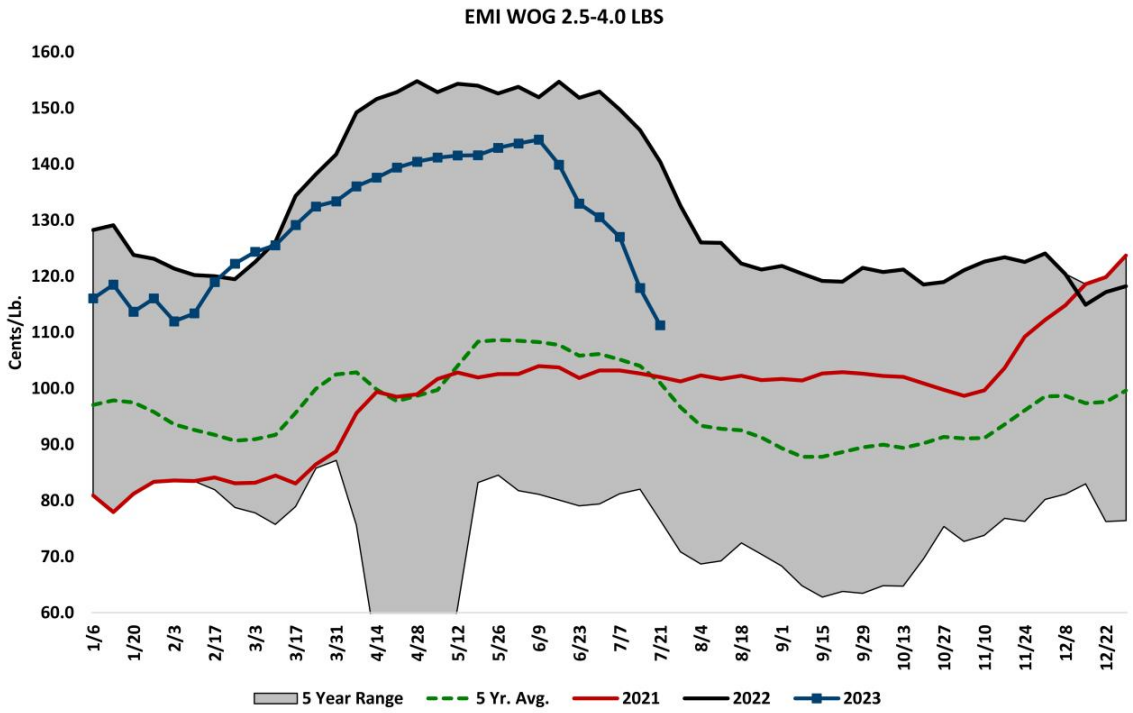
USDA Whole Wings



Note: On the week of September 2, 2022, USDA revised their reporting of chicken prices from regional prices to one national metric. The old USDA NE Broiler prices previously used provided the largest sample size and the most accurate reflection of the chicken market. The above pricing indicates the new national price reflected by the USDA reporting from 9/2/22 on.



WOG Values Moving Downward Seasonally



Source: EMI

APPENDIX



Appendix: Reconciliation of Adjusted EBITDA

"EBITDA" is defined as the sum of net income plus interest, taxes, depreciation and amortization. "Adjusted EBITDA" is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that we believe are not indicative of our ongoing operating performance consisting of: (1) foreign currency transaction losses, (2) costs related to litigation settlements, (3) restructuring activities losses, (4) transaction costs related to acquisitions, (5) property insurance recoveries for Mayfield, Kentucky tornado property damage losses, and (6) net income attributable to noncontrolling interests. EBITDA is presented because it is used by management and we believe 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 analyzes EBITDA applicable to continuing operations. 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 regarding 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. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under U.S. GAAP. In addition, other companies in our industry may calculate these measures differently limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. These limitations should be compensated for by relying primarily on our U.S. GAAP results and using EBITDA and Adjusted EBITDA only on a supplemental basis.



Appendix: Reconciliation of Adjusted EBITDA

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

	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In thousands)			
Net income	\$ 60,908	\$ 362,021	\$ 66,539	\$ 642,581
Add:				
Interest expense, net ^(a)	39,524	37,102	78,586	72,124
Income tax expense (benefit)	(15,225)	112,711	(24,065)	187,930
Depreciation and amortization	104,857	99,854	203,114	201,996
EBITDA	190,064	611,688	324,174	1,104,631
Add:				
Foreign currency transaction losses ^(b)	16,395	2,758	34,538	14,294
Litigation settlements ^(c)	13,000	8,482	24,200	8,982
Restructuring activities losses ^(d)	29,718	—	37,744	—
Transaction costs related to acquisitions ^(e)	—	255	—	972
Minus:				
Property insurance recoveries for Mayfield tornado losses ^(f)	—	—	19,086	3,815
Net income (loss) attributable to noncontrolling interest	452	(95)	896	27
Adjusted EBITDA	\$ 248,725	\$ 623,278	\$ 400,674	\$ 1,125,037

(a) Interest expense, net, consists of interest expense less interest income.

(b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item Foreign currency transaction losses in the Condensed Consolidated Statements of Income.

(c) This represents expenses recognized in anticipation of probable settlements in ongoing litigation.

(d) Restructuring activities losses are primarily related to restructuring initiatives at multiple production facilities throughout our U.K. and Europe reportable segment.

(e) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions.

(f) This represents property insurance recoveries for the property damage losses incurred as a result of the tornado in Mayfield, KY in December 2021.

Source: PPC



Appendix: Reconciliation of LTM Adjusted EBITDA

The summary unaudited consolidated income statement data for the twelve months ended June 25, 2023 (the LTM Period) have been calculated by subtracting the applicable unaudited consolidated income statement data for the six months ended June 26, 2022 from the sum of (1) the applicable audited consolidated income statement data for the year ended December 25, 2022 and (2) the applicable unaudited consolidated income statement data for the six months ended June 25, 2023.

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

	Three Months Ended				LTM Ended
	September 25, 2022	December 25, 2022	March 26, 2023	June 25, 2023	June 25, 2023
	(In thousands)				
Net income (loss)	\$ 258,999	\$ (155,042)	\$ 5,631	\$ 60,908	\$ 170,496
Add:					
Interest expense, net	34,222	37,298	39,062	39,524	150,106
Income tax expense (benefit)	65,749	25,256	(8,840)	(15,225)	66,940
Depreciation and amortization	98,966	102,148	98,257	104,857	404,228
EBITDA	457,936	9,660	134,110	190,064	791,770
Add:					
Foreign currency transaction losses	54	16,469	18,143	16,395	51,061
Litigation settlements	19,300	5,804	11,200	13,000	49,304
Restructuring activities losses	—	30,466	8,026	29,718	68,210
Transaction costs related to acquisitions	—	(24)	—	—	(24)
Minus:					
Property insurance recoveries for Mayfield tornado losses	16,182	(417)	19,086	—	34,851
Net income (loss) attributable to noncontrolling interest	647	(66)	444	452	1,477
Adjusted EBITDA	\$ 460,461	\$ 62,858	\$ 151,949	\$ 248,725	\$ 923,993

Source: PPC



Appendix: Reconciliation of EBITDA Margin

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		Six Months Ended		Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In thousands)							
Net income	\$ 60,908	\$ 362,021	\$ 66,539	\$ 642,581	1.41 %	7.82 %	0.79 %	7.24 %
Add:								
Interest expense, net	39,524	37,102	78,586	72,124	0.92 %	0.80 %	0.93 %	0.81 %
Income tax expense (benefit)	(15,225)	112,711	(24,065)	187,930	(0.35)%	2.43 %	(0.28)%	2.12 %
Depreciation and amortization	104,857	99,854	203,114	201,996	2.43 %	2.15 %	2.39 %	2.27 %
EBITDA	190,064	611,688	324,174	1,104,631	4.41 %	13.20 %	3.83 %	12.44 %
Add:								
Foreign currency transaction losses	16,395	2,758	34,538	14,294	0.38 %	0.05 %	0.40 %	0.16 %
Litigation settlements	13,000	8,482	24,200	8,982	0.30 %	0.18 %	0.29 %	0.10 %
Restructuring activities losses	29,718	—	37,744	—	0.69 %	— %	0.45 %	— %
Transaction costs related to business acquisitions	—	255	—	972	— %	0.01 %	— %	0.01 %
Minus:								
Property insurance recoveries for Mavfield tornado losses	—	—	19,086	3,815	— %	— %	0.23 %	0.04 %
Net income attributable to noncontrolling interest	452	(95)	896	27	0.01 %	— %	0.01 %	— %
Adjusted EBITDA	\$ 248,725	\$ 623,278	\$ 400,674	\$ 1,125,037	5.77 %	13.44 %	4.73 %	12.67 %
Net sales	\$ 4,308,091	\$ 4,631,648	\$ 8,473,719	\$ 8,872,043	\$ 4,308,091	\$ 4,631,648	\$ 8,473,719	\$ 8,872,043

Source: PPC



Appendix: Reconciliation of Adjusted EBITDA by Segment

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

	Three Months Ended				Three Months Ended			
	June 25, 2023				June 26, 2022			
	U.S.	U.K. & Europe	Mexico	Total	U.S.	U.K. & Europe	Mexico	Total
	(In thousands)				(In thousands)			
Net income (loss)	\$ (21,335)	\$ 11,929	\$ 70,314	\$ 60,908	\$ 308,386	\$ 12,111	\$ 41,524	\$ 362,021
Add:								
Interest expense, net ^(a)	43,538	(623)	(3,391)	39,524	35,944	454	704	37,102
Income tax expense (benefit)	(14,026)	(6,730)	5,531	(15,225)	102,557	(2,085)	12,239	112,711
Depreciation and amortization	63,759	35,279	5,819	104,857	59,987	33,710	6,157	99,854
EBITDA	71,936	39,855	78,273	190,064	506,874	44,190	60,624	611,688
Add:								
Foreign currency transaction losses (gains) ^(b)	28,546	(1,482)	(10,669)	16,395	5,272	(1,637)	(877)	2,758
Litigation settlements ^(c)	13,000	—	—	13,000	8,482	—	—	8,482
Restructuring activities losses ^(d)	—	29,718	—	29,718	—	—	—	—
Transaction costs related to acquisitions ^(e)	—	—	—	—	255	—	—	255
Minus:								
Property insurance recoveries for Mayfield tornado losses ^(f)	—	—	—	—	—	—	—	—
Net income (loss) attributable to noncontrolling interest	—	—	452	452	—	—	(95)	(95)
Adjusted EBITDA	\$ 113,482	\$ 68,091	\$ 67,152	\$ 248,725	\$ 520,883	\$ 42,553	\$ 59,842	\$ 623,278

(a) Interest expense, net, consists of interest expense less interest income.

(b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item Foreign currency transaction losses in the Condensed Consolidated Statements of Income.

(c) This represents expenses recognized in anticipation of probable settlements in ongoing litigation.

(d) Restructuring activities losses are primarily related to restructuring initiatives at multiple production facilities throughout our U.K. and Europe reportable segment.

(e) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions.

(f) This represents property insurance recoveries for the property damage losses incurred as a result of the tornado in Mayfield, KY in December 2021.

Source: PPC



Appendix: Reconciliation of Adjusted EBITDA by Segment

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

	Six Months Ended				Six Months Ended			
	June 25, 2023				June 26, 2022			
	U.S.	U.K. & Europe	Mexico	Total	U.S.	U.K. & Europe	Mexico	Total
	(In thousands)				(In thousands)			
Net income (loss)	\$ (74,925)	\$ 32,742	\$ 108,722	\$ 66,539	\$ 542,853	\$ 262	\$ 99,466	\$ 642,581
Add:								
Interest expense, net ^(a)	84,903	(821)	(5,496)	78,586	71,310	1,036	(222)	72,124
Income tax expense (benefit)	(30,848)	(807)	7,590	(24,065)	173,415	(11,716)	26,231	187,930
Depreciation and amortization	123,996	67,556	11,562	203,114	120,379	69,265	12,352	201,996
EBITDA	103,126	98,670	122,378	324,174	907,957	58,847	137,827	1,104,631
Add:								
Foreign currency transaction losses (gains) ^(b)	48,859	(2,098)	(12,223)	34,538	18,573	(1,641)	(2,638)	14,294
Litigation settlements ^(c)	24,200	—	—	24,200	8,982	—	—	8,982
Restructuring activities losses ^(d)	—	37,744	—	37,744	—	—	—	—
Transaction costs related to	—	—	—	—	847	125	—	972
Minus:								
Property insurance recoveries for Mayfield tornado losses ^(f)	19,086	—	—	19,086	3,815	—	—	3,815
Net income attributable to noncontrolling interest	—	—	896	896	—	—	27	27
Adjusted EBITDA	\$ 157,099	\$ 134,316	\$ 109,259	\$ 400,674	\$ 932,544	\$ 57,331	\$ 135,162	\$ 1,125,037

(a) Interest expense, net, consists of interest expense less interest income.

(b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item Foreign currency transaction losses in the Condensed Consolidated Statements of Income.

(c) This represents expenses recognized in anticipation of probable settlements in ongoing litigation.

(d) Restructuring activities losses are primarily related to restructuring initiatives at multiple production facilities throughout our U.K. and Europe reportable segment.

(e) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions.

(f) This represents property insurance recoveries for the property damage losses incurred as a result of the tornado in Mayfield, KY in December 2021.

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 as follows:

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

	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In thousands)			
GAAP operating income, U.S. operations	\$ 37,265	\$ 453,198	\$ 9,159	\$ 808,273
Litigation settlements	13,000	8,482	24,200	8,982
Transaction costs related to acquisitions	—	255	—	847
Adjusted operating income, U.S. operations	\$ 50,265	\$ 461,935	\$ 33,359	\$ 818,102
Adjusted operating income margin, U.S. operations	2.1 %	15.9 %	0.7 %	14.9 %
	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In thousands)			
GAAP operating income, U.K. and Europe operations	\$ 2,513	\$ 7,848	\$ 27,774	\$ (13,792)
Transaction costs related to acquisitions	—	—	—	125
Restructuring activities losses	29,718	—	37,744	—
Adjusted operating income, U.K. and Europe operations	\$ 32,231	\$ 7,848	\$ 65,518	\$ (13,667)
Adjusted operating income margin, U.K. and Europe operations	2.5 %	0.6 %	2.6 %	(0.6)%
	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In thousands)			
GAAP operating income, Mexico operations	\$ 60,719	\$ 51,844	\$ 94,894	\$ 120,408
No adjustments	—	—	—	—
Adjusted operating income, Mexico	\$ 60,719	\$ 51,844	\$ 94,894	\$ 120,408
Adjusted operating income margin, Mexico operations	11.0 %	10.7 %	9.1 %	12.6 %

Source: PPC



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

Adjusted Operating Income Margin for each of our reportable segments 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 shown below are not indicative of our current operating performance. A reconciliation of GAAP operating income margin for each of our reportable segments to adjusted operating income margin for each of our reportable segments is as follows:

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

	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In percent)			
GAAP operating income margin, U.S. operations	1.5 %	15.6 %	0.2 %	14.7 %
Litigation settlements	0.6 %	0.3 %	0.5 %	0.2 %
Transaction costs related to acquisitions	— %	— %	— %	— %
Adjusted operating income margin, U.S. operations	<u>2.1 %</u>	<u>15.9 %</u>	<u>0.7 %</u>	<u>14.9 %</u>
	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In percent)			
GAAP operating income margin, U.K. and Europe operations	0.2 %	0.6 %	1.1 %	(0.6) %
Litigation settlements	— %	— %	— %	— %
Restructuring activities losses	2.3 %	— %	1.5 %	— %
Adjusted operating income margin, U.K. and Europe operations	<u>2.5 %</u>	<u>0.6 %</u>	<u>2.6 %</u>	<u>(0.6) %</u>
	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In percent)			
GAAP operating income margin, Mexico operations	11.0 %	10.7 %	9.1 %	12.6 %
No adjustments	— %	— %	— %	— %
Adjusted operating income margin, Mexico operations	<u>11.0 %</u>	<u>10.7 %</u>	<u>9.1 %</u>	<u>12.6 %</u>

Source: PPC



Appendix: Reconciliation of Adjusted Net Income

Adjusted net income attributable to Pilgrim's Pride Corporation ("Pilgrim's") is calculated by adding to Net income (loss) attributable to Pilgrim's certain items of expense and deducting from Net income (loss) attributable to Pilgrim's certain items of income, as shown below in the table. Adjusted net income attributable to Pilgrim's Pride Corporation per common diluted share is presented because it is used by management, and we believe 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 U.S. GAAP, to compare the performance of companies. Management also believe that this non-U.S. GAAP financial measure, in combination with our financial results calculated in accordance with U.S. GAAP, provides investors with additional perspective regarding the impact of such charges on net income attributable to Pilgrim's Pride Corporation per common diluted share. Adjusted net income attributable to Pilgrim's Pride Corporation per common diluted share is not a measurement of financial performance under U.S. GAAP, has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under U.S. GAAP. 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 (loss) attributable to Pilgrim's Pride Corporation per common diluted share to adjusted net income attributable to Pilgrim's Pride Corporation per common diluted share is as follows:

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

	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
(In thousands, except per share data)				
Net income attributable to Pilgrim's	\$ 60,456	\$ 362,116	\$ 65,643	\$ 642,554
Add:				
Foreign currency transaction losses	16,395	2,758	34,538	14,294
Litigation settlements	13,000	8,482	24,200	8,982
Restructuring activities losses	29,718	—	37,744	—
Transaction costs related to acquisitions	—	255	—	972
Minus:				
Property insurance recoveries for Mayfield tornado losses	—	—	19,086	3,815
Adjusted net income attributable to Pilgrim's before tax impact of adjustments	119,569	373,611	143,039	662,987
Net tax impact of adjustments ^(a)	(14,306)	(2,863)	(18,729)	(5,090)
Adjusted net income attributable to Pilgrim's	\$ 105,263	\$ 370,748	\$ 124,310	\$ 657,897
Weighted average diluted shares of common stock outstanding	237,209	240,973	237,186	242,637
Adjusted net income attributable to Pilgrim's per common diluted share	\$ 0.44	\$ 1.54	\$ 0.52	\$ 2.71

(a) Net tax expense (benefit) of adjustments represents the tax impact of all adjustments shown above.

Source: PPC



Appendix: Reconciliation of GAAP EPS to Adjusted EPS

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		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	(In thousands, except per share data)			
GAAP EPS	\$ 0.25	\$ 1.50	\$ 0.28	\$ 2.65
Add:				
Foreign currency transaction losses	0.07	0.01	0.15	0.06
Litigation settlements	0.05	0.04	0.09	0.04
Restructuring activities losses	0.13	—	0.16	—
Transaction costs related to acquisitions	—	—	—	—
Minus:				
Property insurance recoveries for Mayfield tornado losses	—	—	0.08	0.02
Adjusted EPS before tax impact of adjustments	0.50	1.55	0.60	2.73
Net tax impact of adjustments ^(a)	(0.06)	(0.01)	(0.08)	(0.02)
Adjusted EPS	<u>\$ 0.44</u>	<u>\$ 1.54</u>	<u>\$ 0.52</u>	<u>\$ 2.71</u>
Weighted average diluted shares of common stock outstanding	237,209	240,973	237,186	242,637

(a) Net tax impact of adjustments represents the tax impact of all adjustments shown above.

Source: PPC



Appendix: Supplementary Selected Segment and Geographic Data

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

	Three Months Ended		Six Months Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
(In thousands)				
Sources of net sales by geographic region of origin:				
U.S.	\$ 2,446,208	\$ 2,899,879	\$ 4,878,776	\$ 5,481,087
U.K. and Europe	1,310,750	1,245,052	2,550,014	2,437,034
Mexico	551,133	486,717	1,044,929	953,922
Total net sales	\$ 4,308,091	\$ 4,631,648	\$ 8,473,719	\$ 8,872,043
Sources of cost of sales by geographic region of origin:				
U.S.	\$ 2,332,103	\$ 2,355,243	\$ 4,726,342	\$ 4,514,447
U.K. and Europe	1,223,722	1,176,097	2,378,793	2,329,000
Mexico	473,615	423,551	916,899	809,873
Elimination	226	(14)	213	(28)
Total cost of sales	\$ 4,029,666	\$ 3,954,877	\$ 8,022,247	\$ 7,653,292
Sources of gross profit by geographic region of origin:				
U.S.	\$ 114,105	\$ 544,636	\$ 152,434	\$ 966,640
U.K. and Europe	87,028	68,955	171,221	108,034
Mexico	77,518	63,166	128,030	144,049
Elimination	(226)	14	(213)	28
Total gross profit	\$ 278,425	\$ 676,771	\$ 451,472	\$ 1,218,751
Sources of operating income (loss) by geographic region of				
U.S.	\$ 37,265	\$ 453,198	\$ 9,159	\$ 808,273
U.K. and Europe	2,513	7,848	27,774	(13,792)
Mexico	60,719	51,844	94,894	120,408
Elimination	(226)	14	(213)	28
Total operating income	\$ 100,271	\$ 512,904	\$ 131,614	\$ 914,917

Source: PPC

