Pilgrim's®

Financial Results for Fourth Quarter and Year Ended December 31, 2017

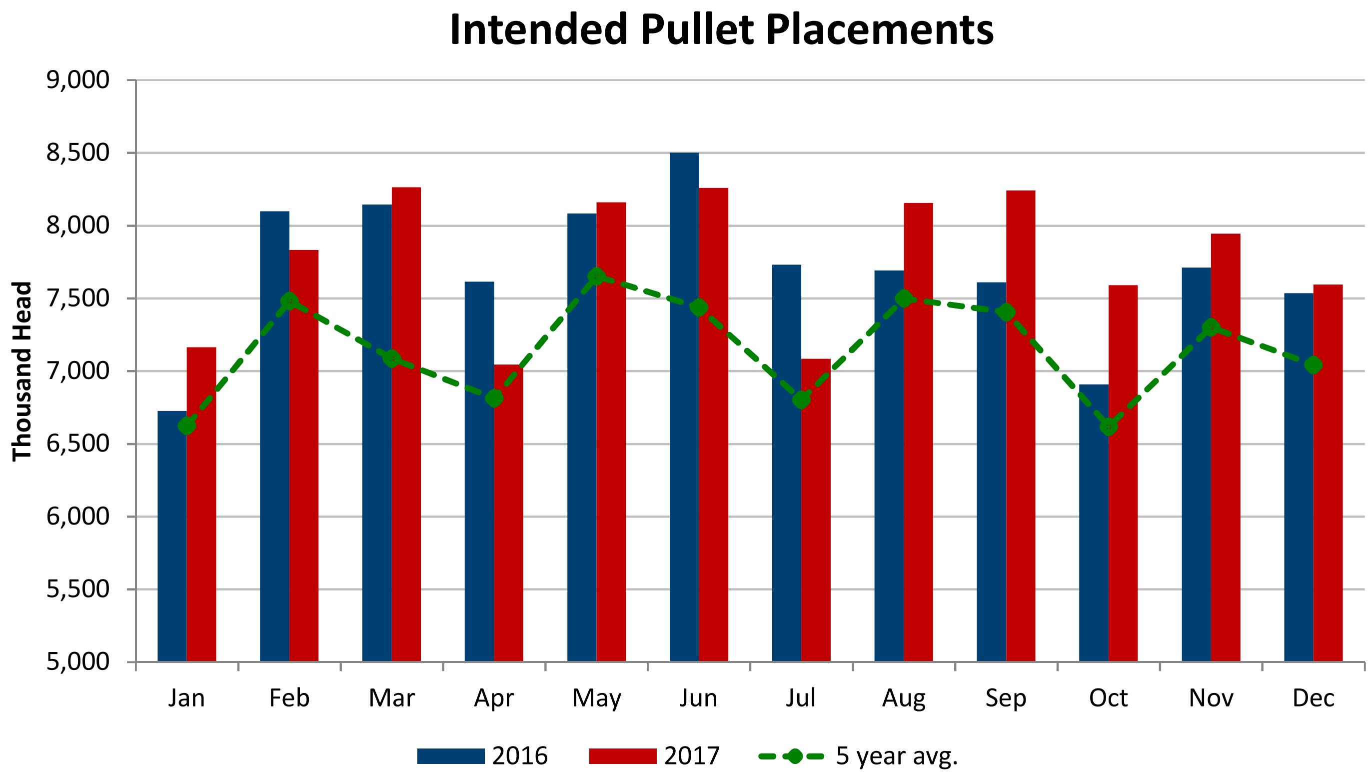
Pilgrim's Pride Corporation
(NASDAQ: PPC)

All about great taste.

Cautionary Notes and Forward-Looking Statements

- Statements contained in this presentation that share our intentions, beliefs, expectations or predictions for the future, denoted by the words “anticipate,” “believe,” “estimate,” “should,” “expect,” “project,” “plan,” “imply,” “intend,” “foresee” and similar expressions, are forward-looking statements that reflect our current views about future events and are subject to risks, uncertainties and assumptions. Such risks, uncertainties and assumptions include the following matters affecting the chicken industry generally, including fluctuations in the commodity prices of feed ingredients and chicken; actions and decisions of our creditors; our ability to obtain and maintain commercially reasonable terms with vendors and service providers; our ability to maintain contracts that are critical to our operations; our ability to retain management and other key individuals; certain of our reorganization and exit or disposal activities, including selling assets, idling facilities, reducing production and reducing workforce, resulted in reduced capacities and sales volumes and may have a disproportionate impact on our income relative to the cost savings; risk that the amounts of cash from operations together with amounts available under our exit credit facility will not be sufficient to fund our operations; management of our cash resources, particularly in light of our substantial leverage; restrictions imposed by, and as a result of, our substantial leverage; additional outbreaks of avian influenza or other diseases, either in our own flocks or elsewhere, affecting our ability to conduct our operations and/or demand for our poultry products; contamination of our 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; changes in laws or regulations affecting our operations or the application thereof; new immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause our costs of business to increase, cause us to change the way in which we do business or otherwise disrupt our operations; competitive factors and pricing pressures or the loss of one or more of our 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; and the impact of uncertainties of litigation as well as other risks described herein and under “Risk Factors” in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”).
- 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..

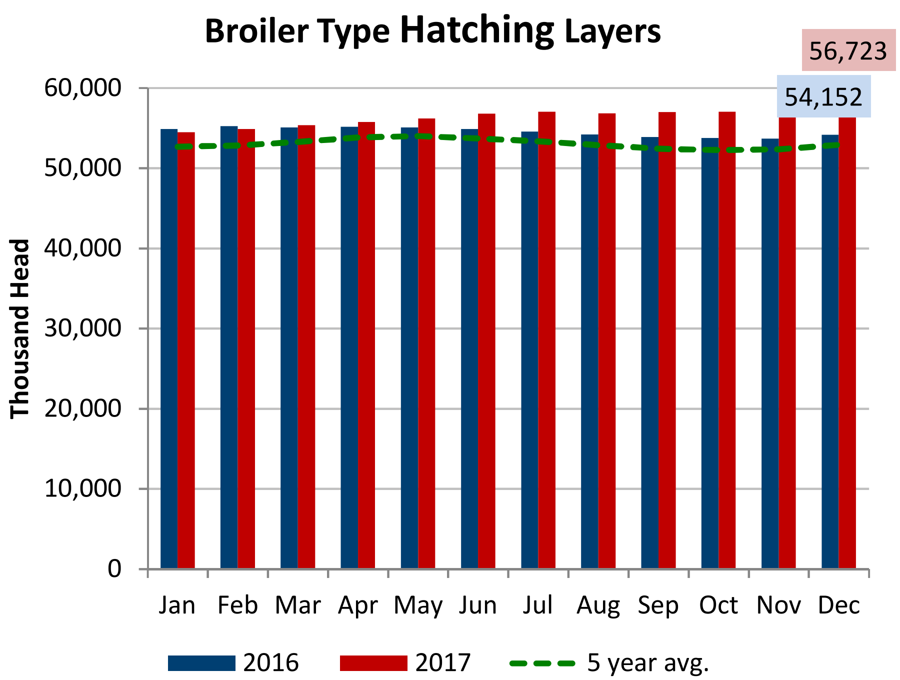
2017 Pullet Placements +1.1%

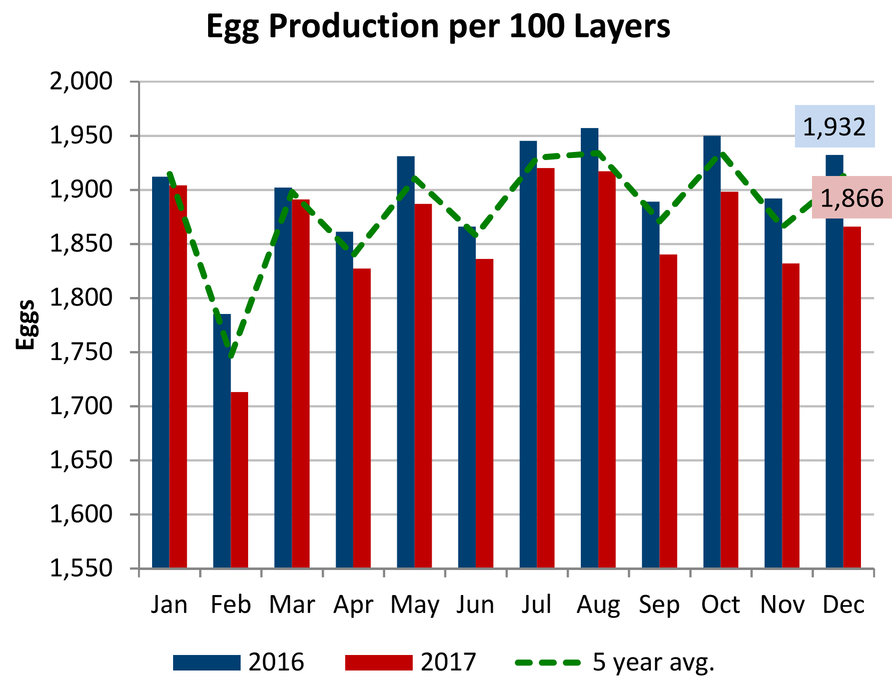


- Pullet placements were slightly up YOY to support decreased flock productivity and new plants for 2018/ 2019.

Source: USDA

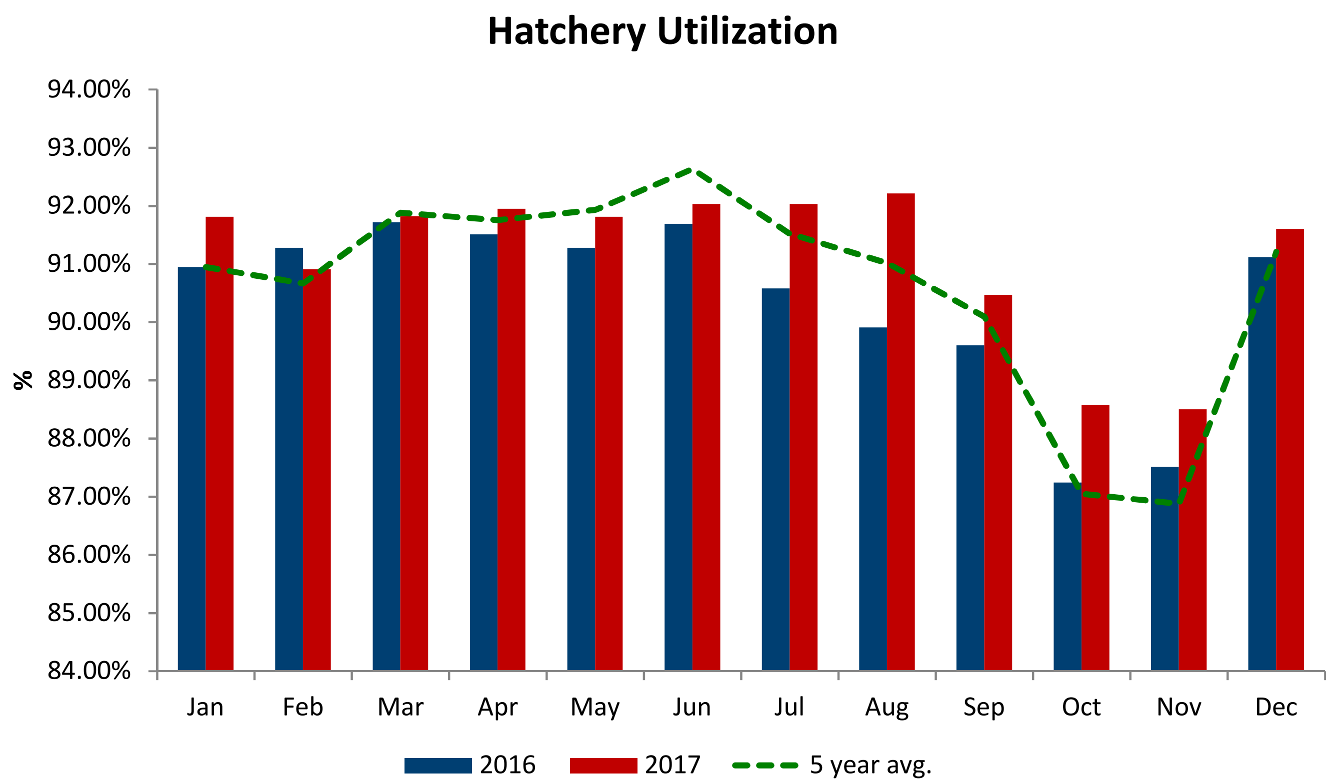
Layer Growth Needed to Counter Decline in Egg Productivity





- Hatching layers are up to counter less productive new breed and older flock, both of which generate fewer eggs per bird.

Hatchery Utilization Remains Close to Peak Levels



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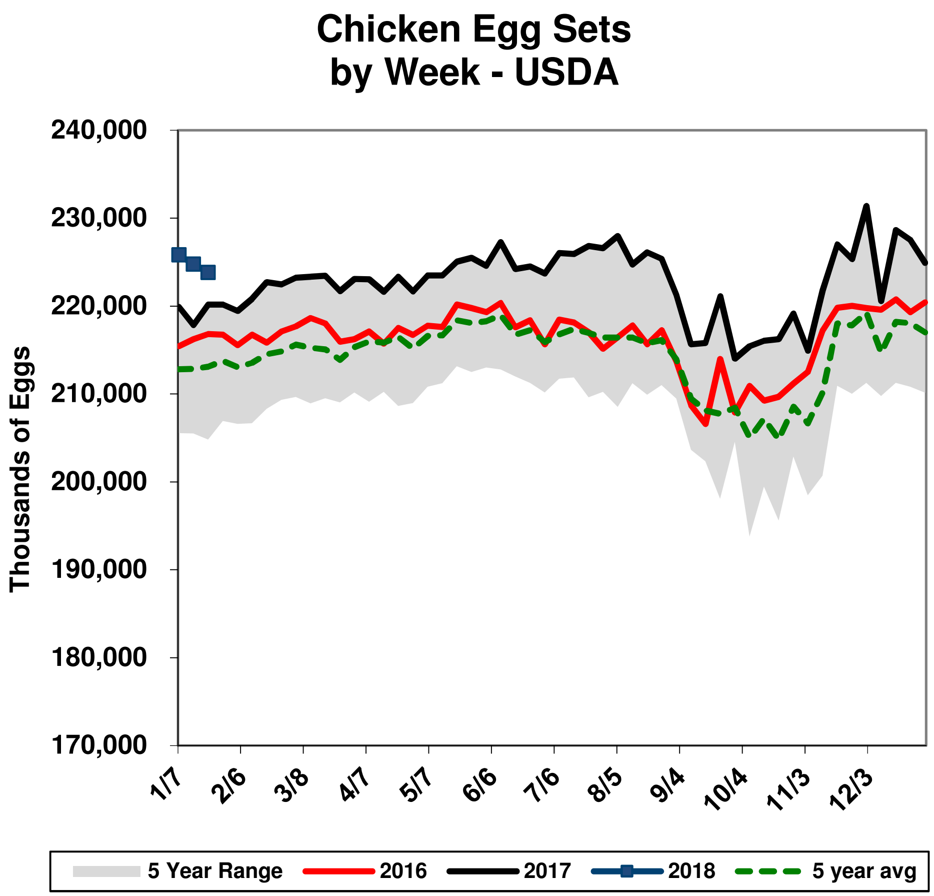
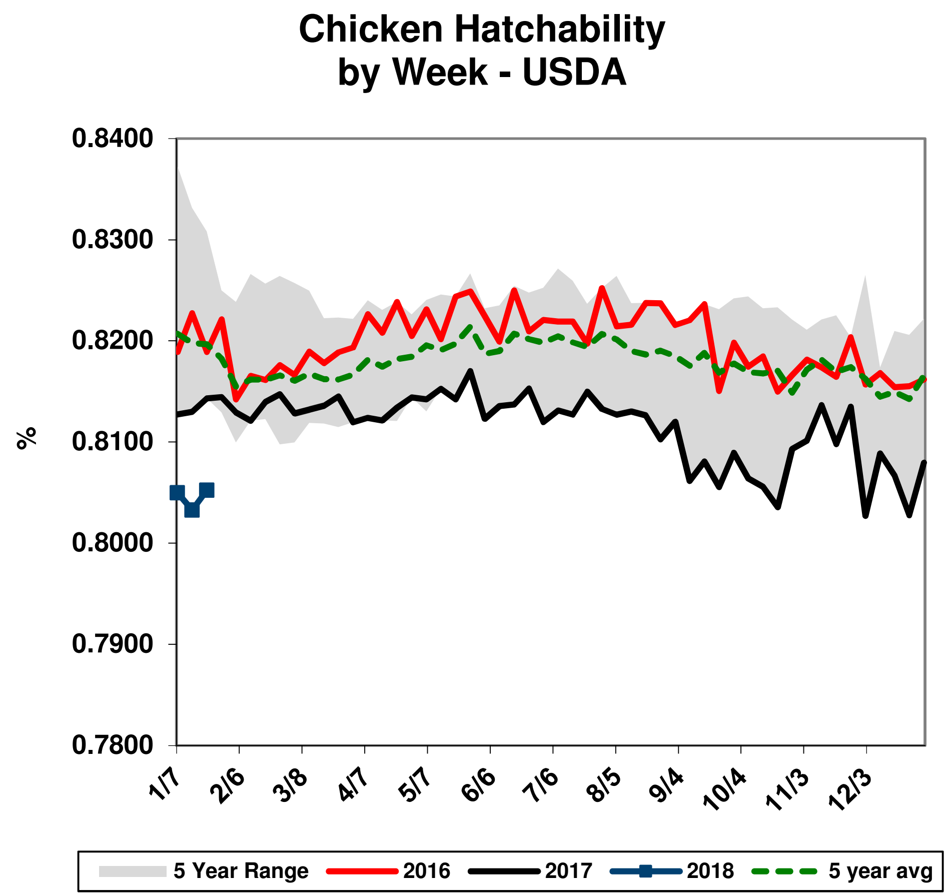
+2.9% Increase in Egg Sets Required to Offset Lower Hatch





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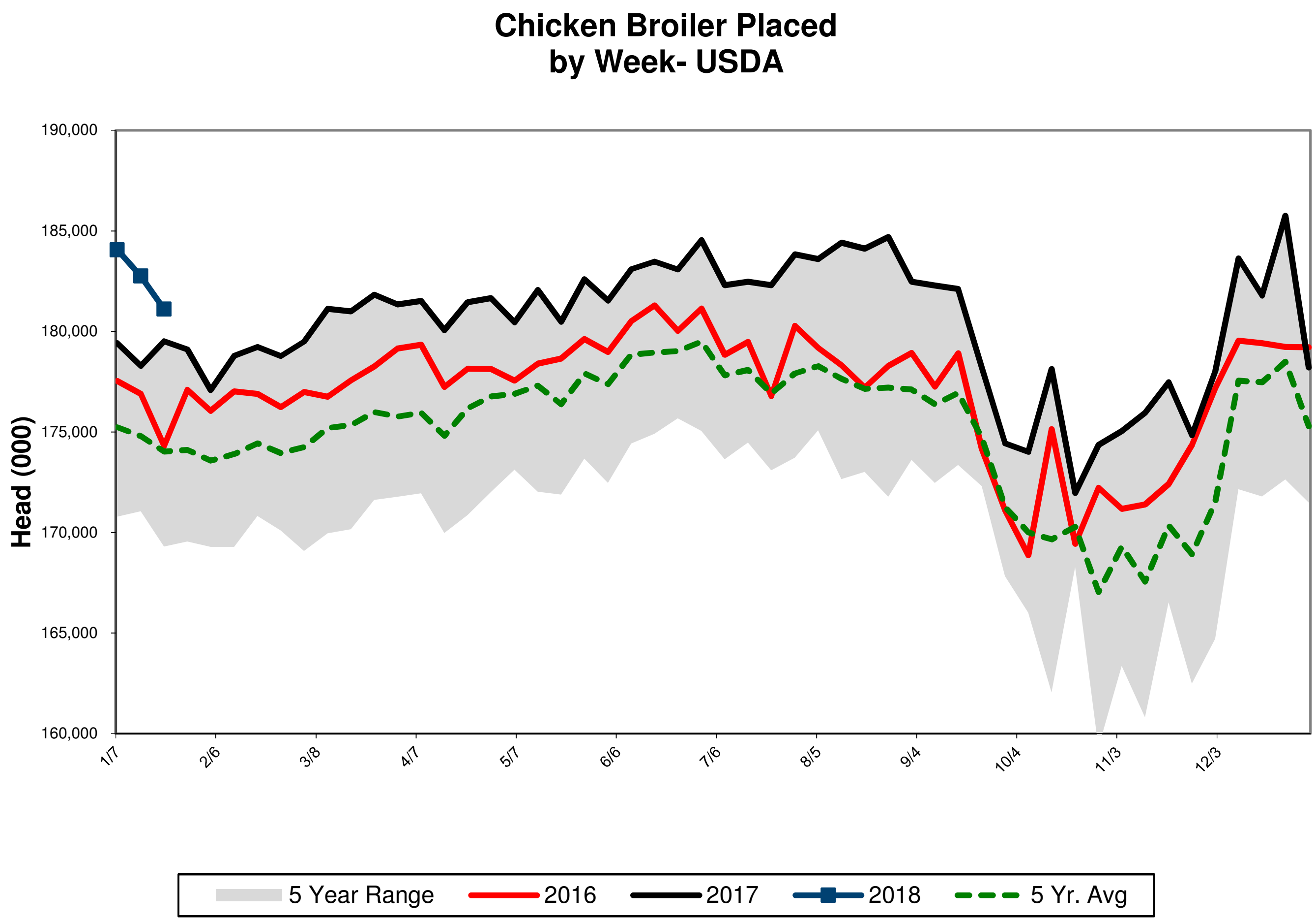
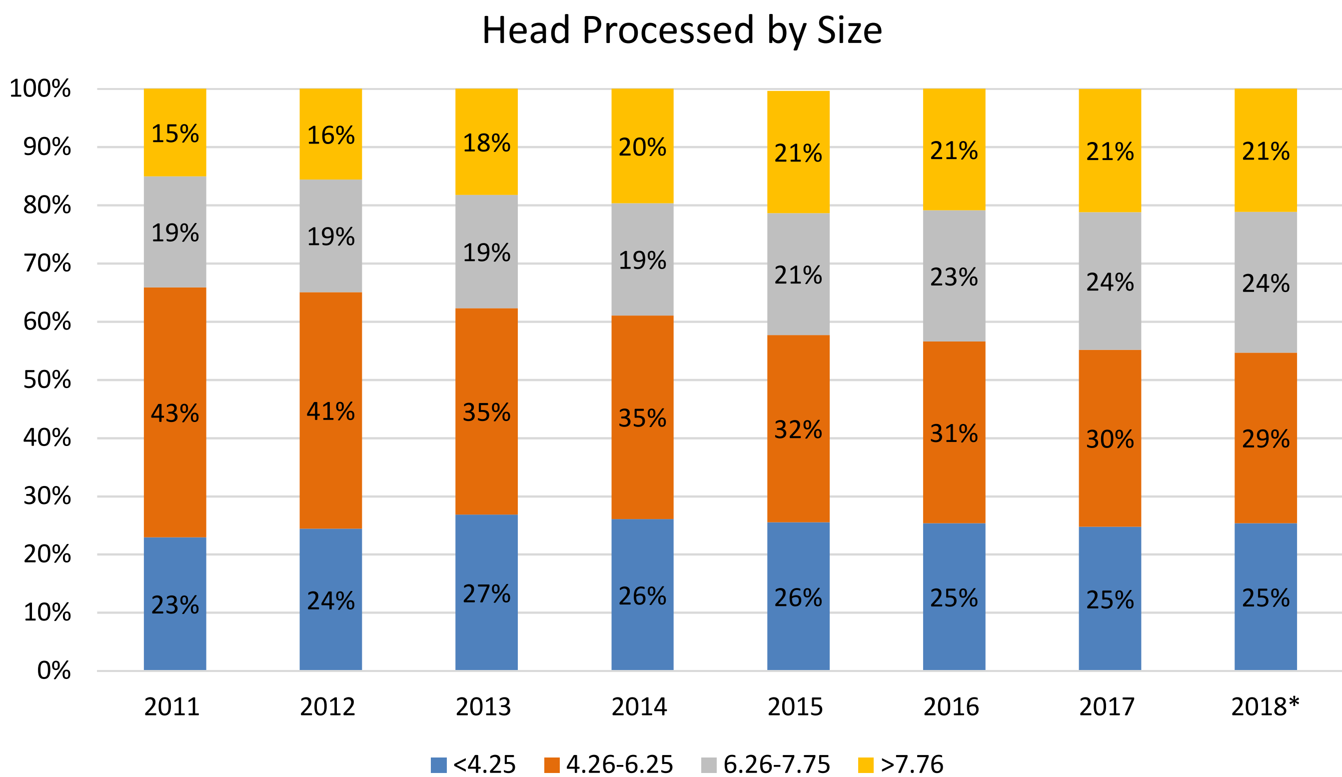
Source: USDA

2017 Chick Placements Modestly Higher



Source: USDA

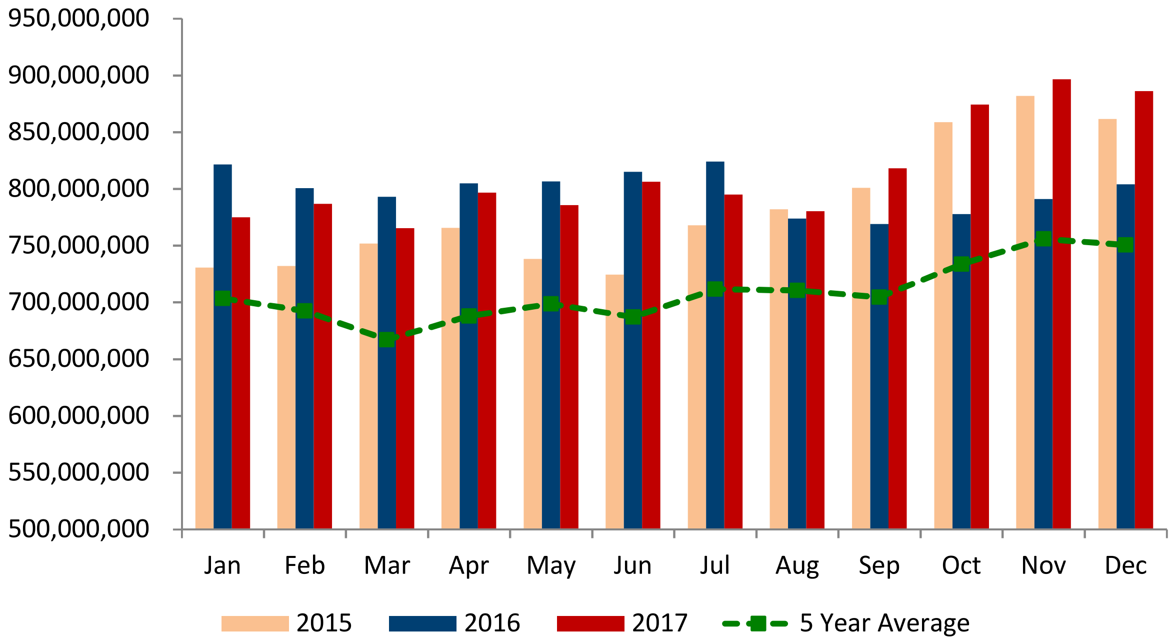
After Recent Stability, Expect Slight Shift into Jumbo Bird in 2018 on New Capacity



Source: USDA

Cold Storage Inventories Starting to Decline

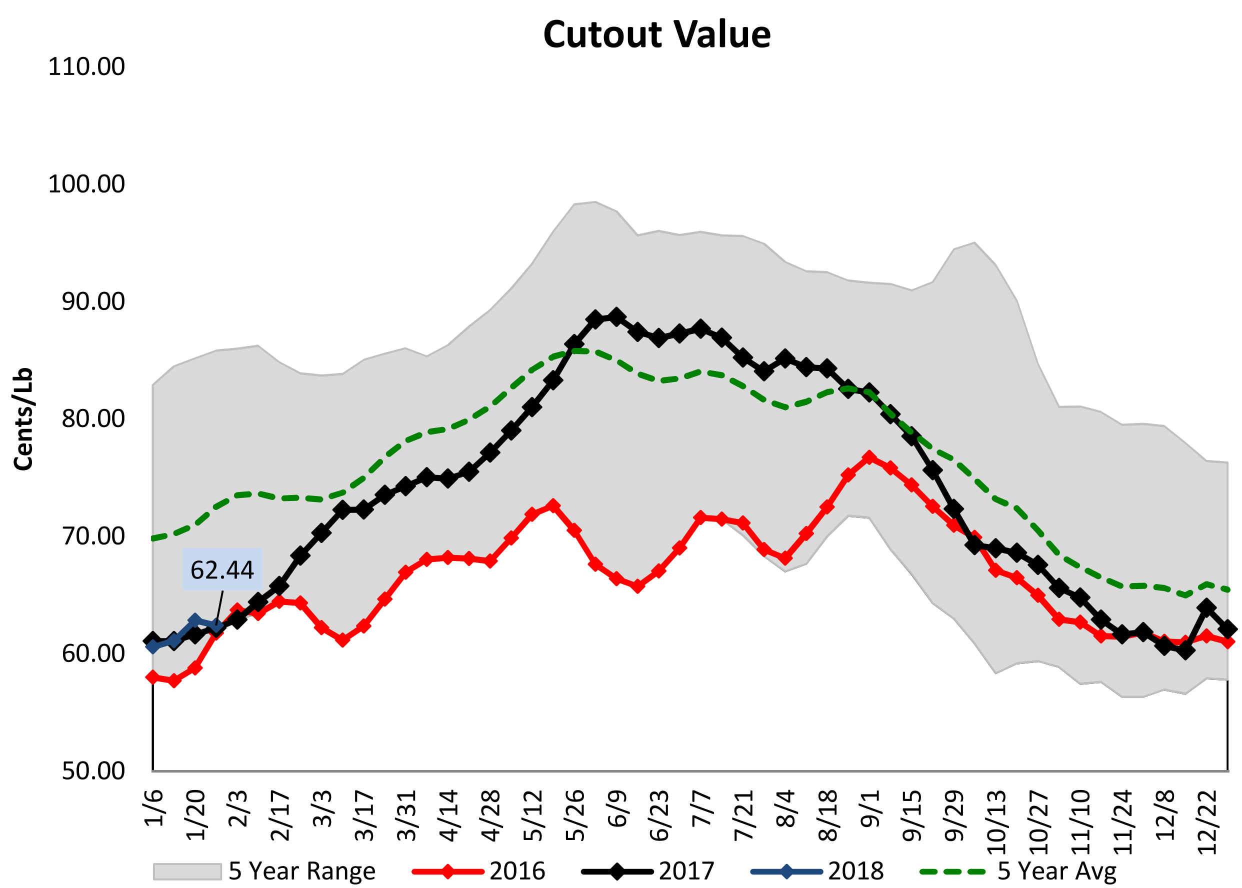
Total Chicken Inventories



Part	Dec-16	Dec-17	% Change
Broilers	15,322	11,960	-21.9%
Hens	8,242	4,566	-44.6%
Breast Meat	190,087	188,072	-1.1%
Drumsticks	16,548	29,789	80.0%
LQ	128,179	104,966	-18.1%
Legs	10,924	13,220	21.0%
Thighs	9,217	10,274	11.5%
Thigh Meat	26,932	26,127	-3.0%
Wings	78,316	73,998	-5.5%
Paws and Feet	18,273	26,771	46.5%
Other	302,026	396,335	31.2%
Total Chicken	804,066	886,078	10.2%

- Overall inventories rose in Dec mostly driven by large increase in “Other” products; Breast Meat and LQ ended the month down vs. Dec 2016.

2017 Cutout Ended Close to Seasonality, Prices in 2018 are In-line with Last Year



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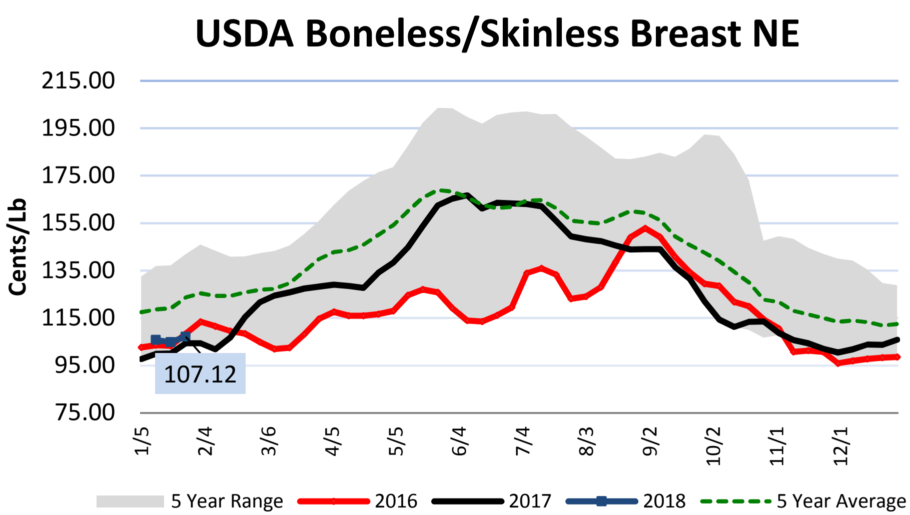
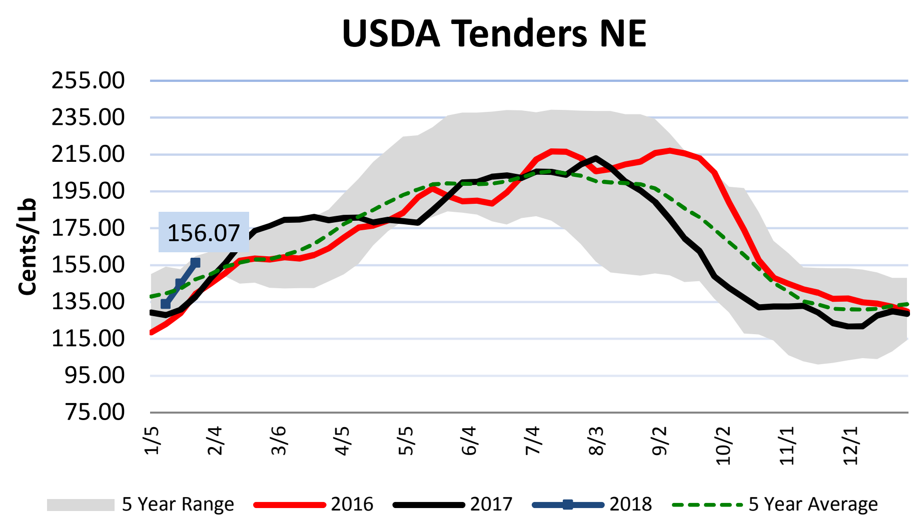
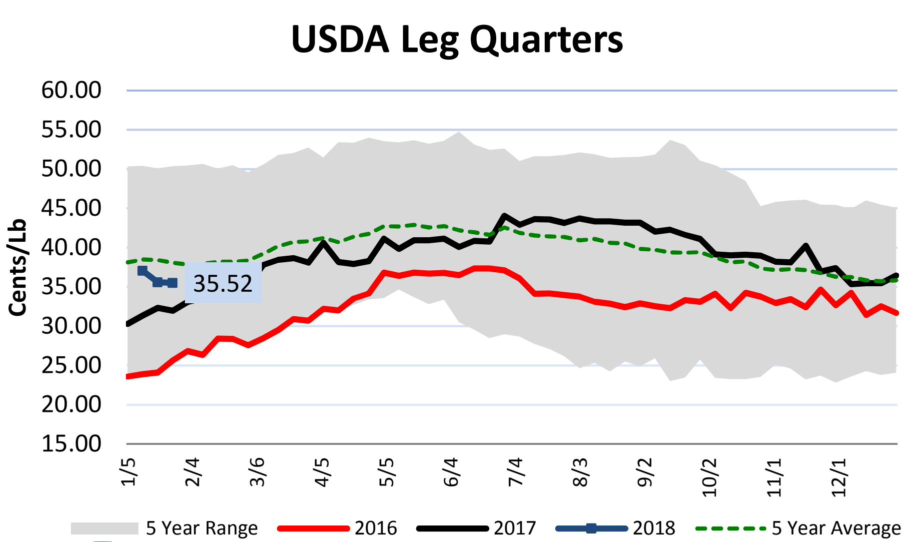
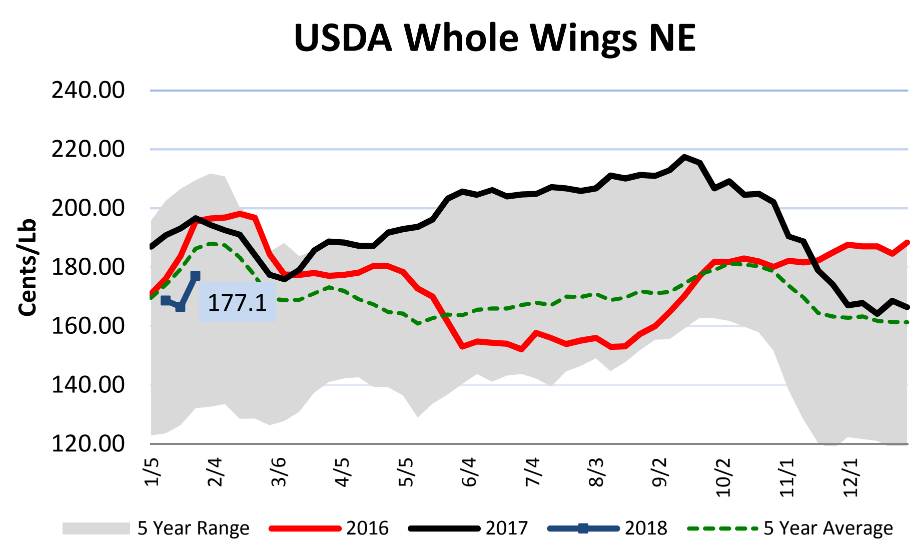
Source: PPC

Wings Trending Similar to Seasonal Norms in New Year; LQ and Tenders Pacing Above Previous 2 Years









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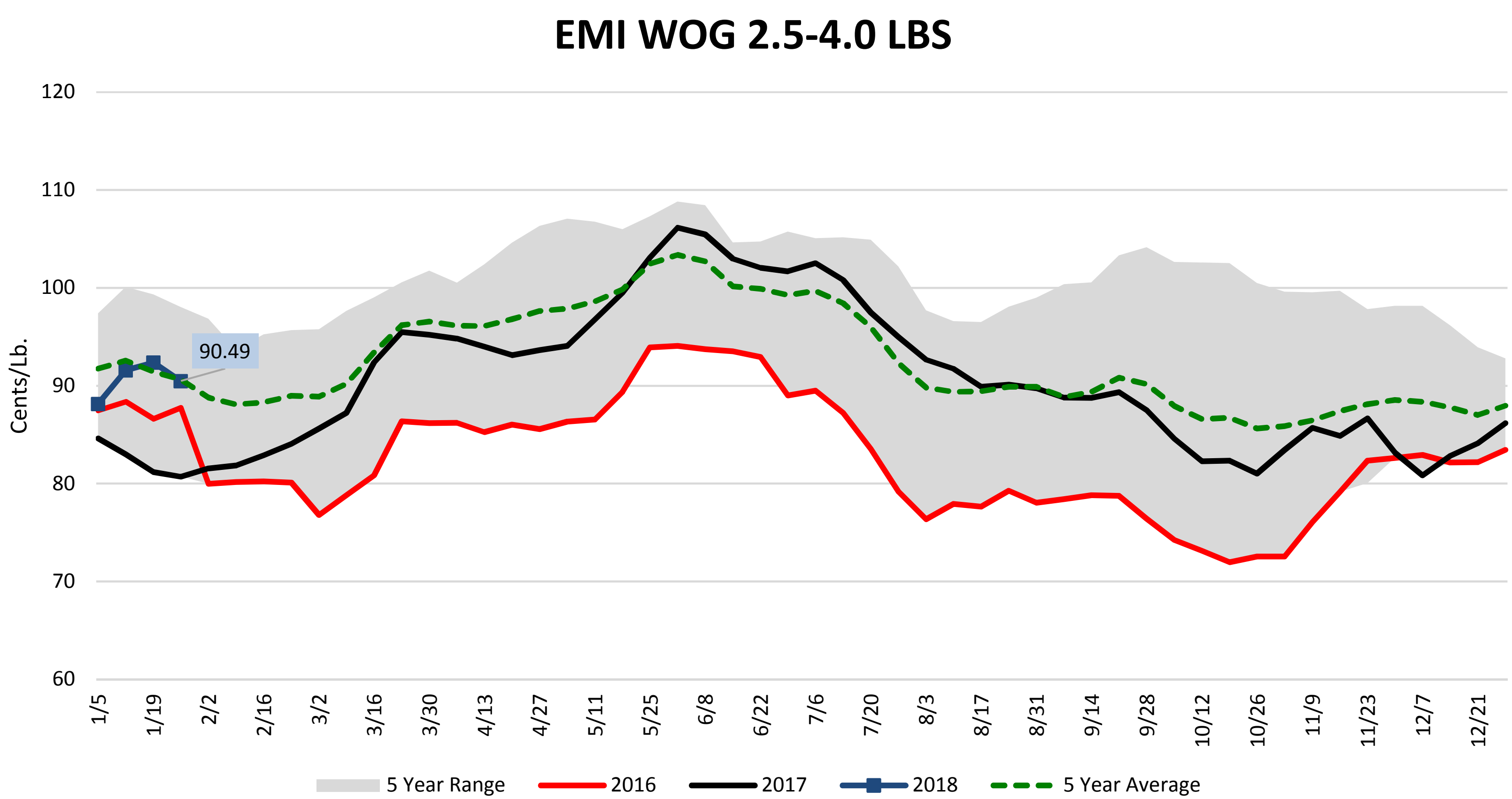
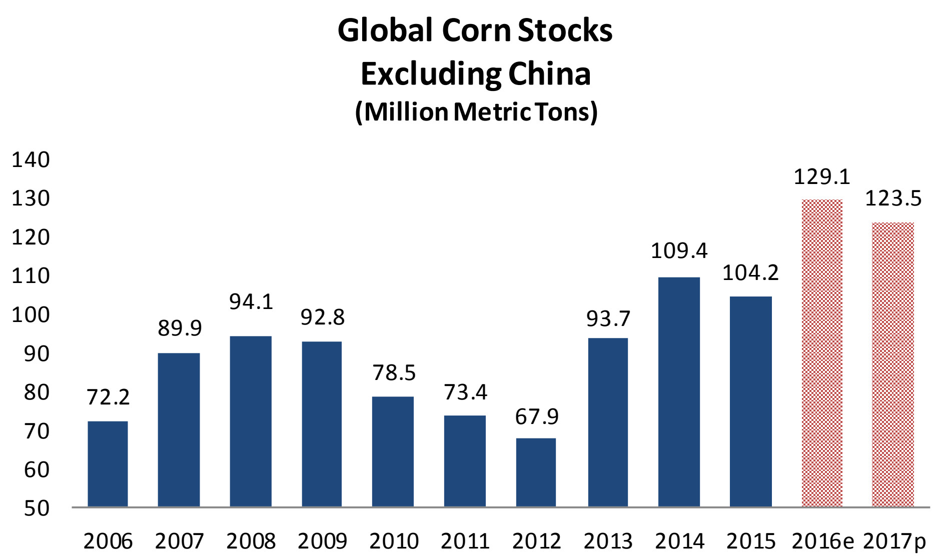
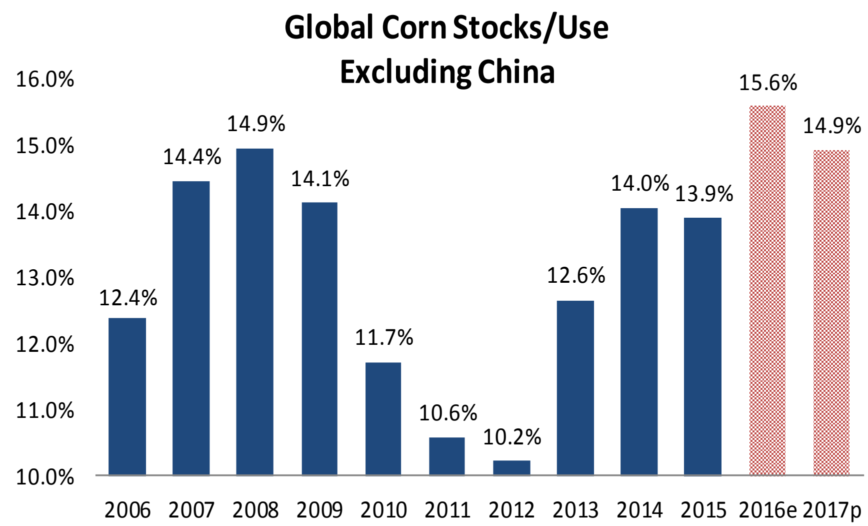
Source: USDA

Small Bird Stronger than Last Year and In–line with 5 year Average



Corn Stocks to Remain at High Levels in '17/18

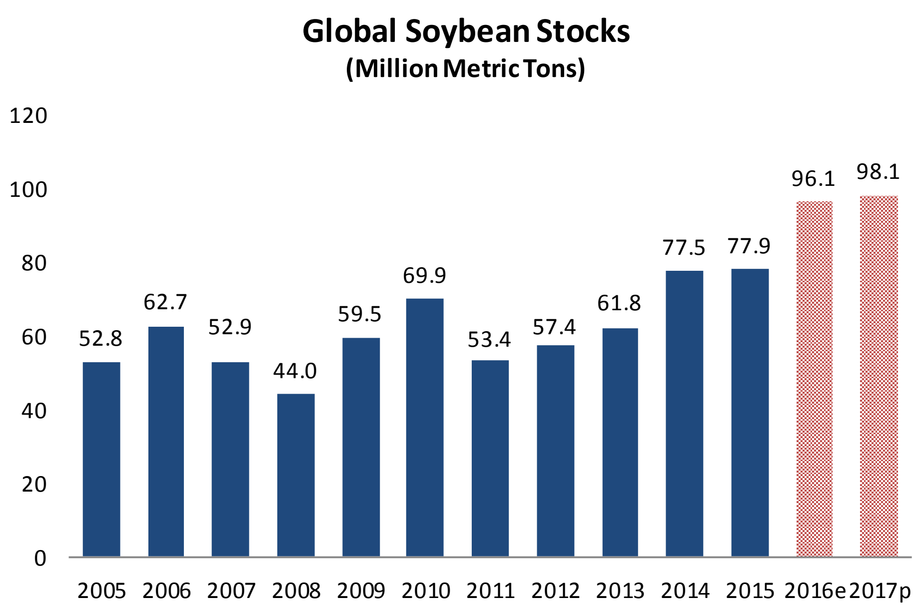


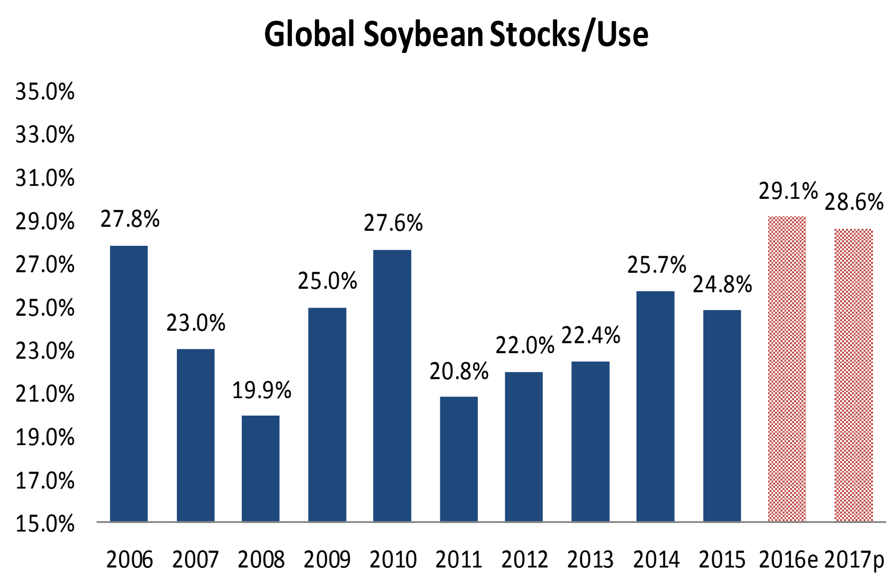


- After record stocks in 2016, 2017 stocks projected slightly lower but market remains well supplied.
- USDA tightens global stocks-to-use for 2017.

Source: USDA

Global Soybean Inventories Increasing





- Global inventories of soybeans remain at record high levels, with expected growth in 2017.
- USDA forecasts continued growth in oilseed demand in 2018 .

Source: USDA

Fourth Quarter 2017 Financial Review

Main Indicators ($M)**	Q4-17	Q4-16
Net Revenue	2,742.4	2,370.9
Gross Profit	261.8	228.9
SG&A	106.8	81.9
Operating Income	155.0	147.0
Net Interest	36.7	16.9
Net Income	134.3	70.6
Earnings Per Share (EPS)	0.54	0.28
Adjusted EBITDA*	241.0	205.4
*Adjusted EBITDA Margin**	*8.8%*	*8.7%*

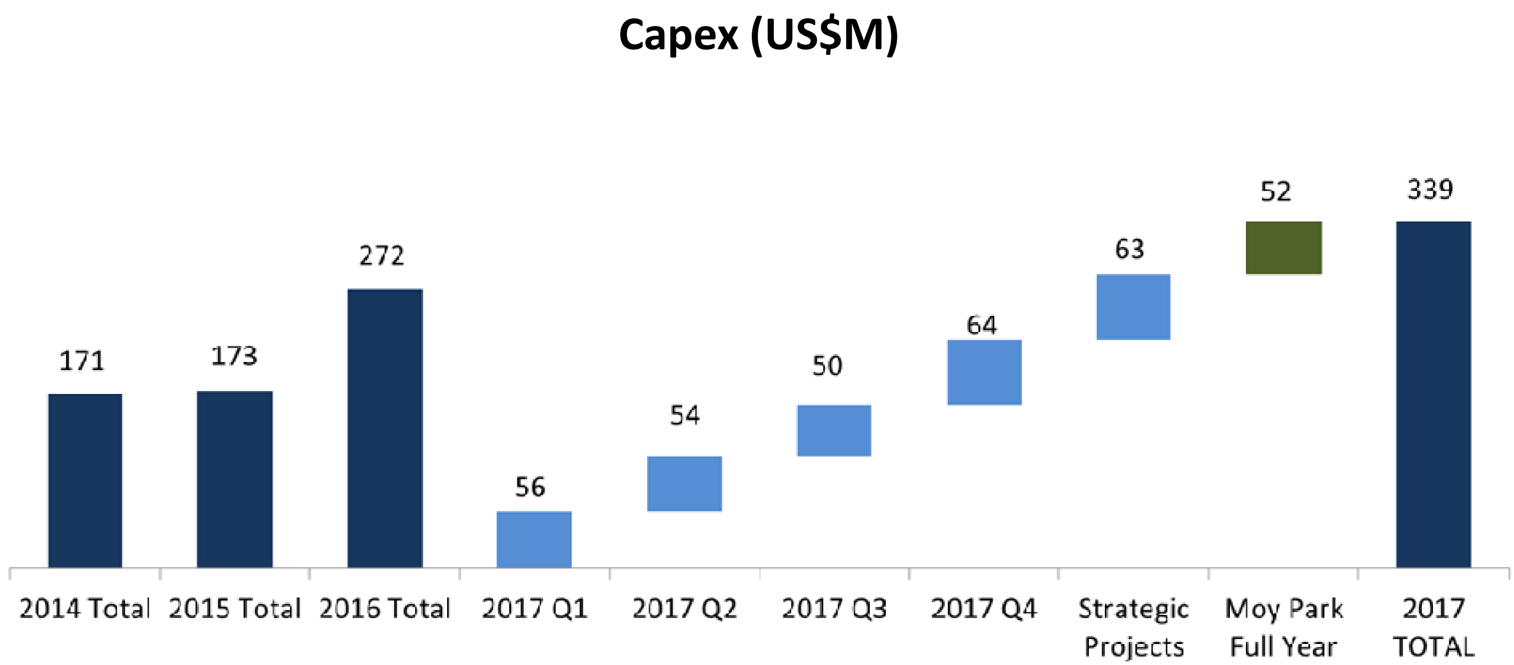
* This is a non-GAAP measurement considered by management to be useful in understanding our results. Please see the appendix and most recent SEC financial filings for definition of this measurement and reconciliation to GAAP.
** Consolidated results include full-quarter of Moy Park, in accordance to U.S. GAAP.

- US business units solid; GNP significantly improved with margins on-par with legacy, MX challenged due to weather events, UK/Europe stable.
- SG&A higher due to addition of GNP and Moy Park, brand investments in US and MX, and increase in bonus accrual.
- Adjusted Q4-17 EBITDA improvement vs Q4-16 shows strength and diversity of portfolio despite market conditions.

In $M	U.S.	EU	MX
Net Revenue	1,886.1	522.5	333.8
GAAP Operating Income	122.4	25.2	7.4
*Adjusted Operating Income**	*135.5*	*26.0*	*13.5*

Source: PPC

Fourth Quarter 2017 Capital Spending



- 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.

Source: PPC

Investor Relations Contact

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APPENDIX

Appendix: EBITDA Reconciliation

"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 from EBITDA certain items of income that we believe are not indicative of our ongoing operating performance consisting of: (i) income (loss) attributable to non-controlling interests, (ii) restructuring charges, (iii) reorganization items, (iv) losses on early extinguishment of debt and (v) foreign currency transaction losses (gains). 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 US ("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. The Company also believes that Adjusted EBITDA, in combination with the Company's financial results calculated in accordance with 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 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 GAAP.

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Reconciliation of Adjusted EBITDA

(Unaudited)	Fourteen Weeks Ended December 31, 2017	Thirteen Weeks Ended December 25, 2016	Fifty-Three Weeks Ended December 31, 2017	Fifty-Two Weeks Ended December 25, 2016
	(In thousands)			
Net income	$ 133,925	$ 85,432	$ 718,167	$ 480,117
Add:				
Interest expense, net	36,738	16,855	99,453	73,335
Income tax expense (benefit)	(14,147)	40,940	263,899	243,919
Depreciation and amortization	73,167	57,580	277,792	231,708
Minus:				
Amortization of capitalized financing costs	2,839	2,465	5,968	5,324
EBITDA	226,844	198,342	1,353,343	1,023,755
Add:				
Foreign currency transaction losses (gains)	(159)	5,824	(2,659)	4,055
Acquisition charges	4,567	—	19,606	—
Restructuring charges	1,279	790	9,775	1,069
Puerto Rico hurricane impact	8,066	—	8,066	—
Minus:				
Net income (loss) attributable to noncontrolling interest	(412)	(469)	102	(803)
Adjusted EBITDA	$ 241,009	$ 205,425	$ 1,388,029	$ 1,029,682

Source: PPC

Appendix: EBITDA Margin Reconciliation

EBITDA margins have been calculated by taking the relevant unaudited EBITDA figures, then dividing by Net Revenue for the applicable period.

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Reconciliation of EBITDA Margin

(Unaudited)	Fourteen Weeks Ended December 31, 2017	Thirteen Weeks Ended December 25, 2016	Fifty-Three Weeks Ended December 31, 2017	Fifty-Two Weeks Ended December 25, 2016	Fourteen Weeks Ended December 31, 2017	Thirteen Weeks Ended December 25, 2016	Fifty-Three Weeks Ended December 31, 2017	Fifty-Two Weeks Ended December 25, 2016
	(In thousands)							
Net income	$ 133,925	$ 85,432	$ 718,167	$ 480,117	4.88 %	3.60 %	6.67 %	4.86 %
Add:								
Interest expense, net	36,738	16,855	99,453	73,335	1.34 %	0.71 %	0.92 %	0.74 %
Income tax expense (benefit)	(14,147)	40,940	263,899	243,919	(0.52)%	1.73 %	2.45 %	2.47 %
Depreciation and amortization	73,167	57,580	277,792	231,708	2.67 %	2.43 %	2.58 %	2.35 %
Minus:								
Amortization of capitalized financing costs	2,839	2,465	5,968	5,324	0.10 %	0.10 %	0.06 %	0.05 %
EBITDA	226,844	198,342	1,353,343	1,023,755	8.27 %	8.37 %	12.57 %	10.36 %
Add:								
Foreign currency transaction losses (gains)	(159)	5,824	(2,659)	4,055	(0.01)%	0.25 %	(0.02)%	0.04 %
Acquisition charges	4,567	—	19,606	—	0.17 %	— %	0.18 %	— %
Restructuring charges	1,279	790	9,775	1,069	0.05 %	0.03 %	0.09 %	0.01 %
Puerto Rico hurricane impact	8,066	—	8,066	—	0.29 %	— %	0.07 %	— %
Minus:								
Net income (loss) attributable to noncontrolling interest	(412)	(469)	102	(803)	(0.02)%	(0.02)%	— %	(0.01)%
Adjusted EBITDA	$ 241,009	$ 205,425	$ 1,388,029	$ 1,029,682	8.79 %	8.66 %	12.89 %	10.42 %
Net Revenue:	$ 2,742,352	$ 2,370,883	$ 10,767,863	$ 9,878,564	$ 2,742,352	$ 2,370,883	$ 10,767,863	$ 9,878,564

Appendix: Adjusted Operating Income Reconciliation

A reconciliation of GAAP operating income to adjusted operating income is as follows:

PILGRIM'S PRIDE CORPORATION

Reconciliation of Adjusted Operating Income

(Unaudited)

	Fourteen Weeks Ended December 31, 2017	Thirteen Weeks Ended December 25, 2016	Fifty-Three Weeks Ended December 31, 2017	Fifty-Two Weeks Ended December 25, 2016
	(In thousands)			
GAAP operating income (US operations)	$ 122,370	$ 92,279	$ 841,491	$ 572,559
Administrative restructuring charges	529	790	9,025	1,069
Acquisition charges	4,567	—	19,606	—
Puerto Rico hurricane impact	8,066	—	8,066	—
Adjusted operating income (US operations)	$ 135,532	$ 93,069	$ 878,188	$ 573,628
Adjusted operating income margin (US operations)	7.19%	5.82%	11.80%	8.60%
GAAP operating income (Mexico operations)	$ 7,390	$ 32,000	$ 153,631	$ 140,856
Foreign exchange	6,100	—	(13,000)	—
Adjusted operating income (Mexico operations)	$ 13,490	$ 32,000	$ 140,631	$ 140,856
Adjusted operating income margin (Mexico operations)	4.04%	10.35%	10.59%	11.18%
GAAP operating income (Europe operations)	$ 25,231	$ 22,731	$ 77,105	$ 78,572
Administrative restructuring charges	750	—	750	—
Adjusted operating income (Europe operations)	$ 25,981	$ 22,731	$ 77,855	$ 78,572
Adjusted operating income margin (Europe operations)	4.97%	4.91%	3.90%	4.03%

Source: PPC

Appendix: Segment and Geographic Data

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Supplementary Selected Segment and Geographic Data

(Unaudited)

	Fourteen Weeks Ended	Thirteen Weeks Ended	Fifty-Three Weeks Ended	Fifty-Two Weeks Ended
	December 31, 2017	December 25, 2016	December 31, 2017	December 25, 2016
	(In thousands)			
Sources of net sales by country of origin:				
US:	$ 1,886,133	$ 1,599,052	$ 7,443,222	$ 6,671,403
Europe:	522,465	462,733	1,996,319	1,947,441
Mexico	333,754	309,098	1,328,322	1,259,720
Total net sales:	$ 2,742,352	$ 2,370,883	$ 10,767,863	$ 9,878,564
Sources of cost of sales by country of origin:				
US:	$ 1,691,586	$ 1,458,670	$ 6,348,411	$ 5,929,318
Europe:	472,016	414,576	1,808,139	1,757,818
Mexico	316,972	268,791	1,139,794	1,087,540
Elimination:	(26)	(24)	(95)	(95)
Total cost of sales:	$ 2,480,548	$ 2,142,013	$ 9,296,249	$ 8,774,581
Sources of gross profit by country of origin:				
US:	$ 194,549	$ 140,382	$ 1,094,811	$ 742,085
Europe:	50,446	48,157	188,180	189,623
Mexico	16,783	40,306	188,528	172,180
Elimination:	26	25	95	95
Total gross profit:	$ 261,804	$ 228,870	$ 1,471,614	$ 1,103,983
Sources of operating income by country of origin:				
US:	$ 122,370	$ 92,279	$ 841,491	$ 572,559
Europe:	25,231	22,731	77,105	78,572
Mexico	7,390	32,000	153,631	140,856
Elimination:	26	24	95	95
Total operating income:	$ 155,017	$ 147,034	$ 1,072,322	$ 792,082

Source: PPC