

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended July 2, 1994

Commission file number 1-9273

PILGRIM'S PRIDE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 75-1285071
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

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

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

Not Applicable
Former name, former address and former fiscal year, if changed since last
report.

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter periods
that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days. Yes X No

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

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

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

Item 1: Financial Statements (Unaudited):

	July 2, 1994 (Unaudited)	Oct 2, 1993
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,272,000	\$ 4,526,000
Trade accounts and notes receivable, net	55,872,000	59,608,000
Inventories	102,756,000	91,794,000
Deferred income taxes	10,282,000	--
Prepaid expenses	564,000	1,260,000
Other current assets	1,509,000	9,843,000
Total Current Assets	179,255,000	167,031,000
Other Assets	20,923,000	13,114,000
Property, Plant and Equipment	375,505,000	366,221,000
Less accumulated depreciation and amortization	130,646,000	123,520,000
	244,859,000	242,701,000

\$ 445,037,000 \$ 422,846,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Notes payable - banks	\$ --	\$12,000,000
Accounts payable	39,913,000	38,330,000
Accrued expenses	31,663,000	30,370,000
Current portion of long-term debt	8,345,000	13,643,000
Total Current Liabilities	79,921,000	94,343,000

Long-Term Debt, less current portion 159,723,000 159,554,000

Deferred Income Taxes 50,804,000 36,656,000

Stockholders' Equity:

Common stock; \$.01 par value	276,000	276,000
Additional paid-in capital	79,763,000	79,763,000
Retained earnings	74,550,000	52,254,000

Total Stockholders' Equity 154,589,000 132,293,000

\$ 445,037,000 \$ 422,846,000

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	July 2, 1994 (13 weeks)	July 3, 1993 (13 weeks)	July 2, 1994 (39 weeks)	July 3, 1993 (40 weeks)
Net sales	\$238,302,000	\$220,645,000	\$683,320,000	\$668,769,000
Costs and expenses:				
Cost of sales	207,854,000	195,930,000	595,330,000	583,163,000
Selling, general and administrative	15,211,000	13,186,000	44,541,000	41,023,000
	223,065,000	209,116,000	639,871,000	624,186,000
Operating Income	15,237,000	11,529,000	43,449,000	44,583,000
Other expense (income):				
Interest expense	4,893,000	6,233,000	14,810,000	20,749,000
Miscellaneous	257,000	128,000	(1,387,000)	(656,000)
Total other expense, net	5,150,000	6,361,000	13,423,000	20,093,000
Income before income taxes and extraordinary charge	10,087,000	5,168,000	30,026,000	24,490,000
Income tax expense	2,891,000	1,550,000	6,489,000	6,236,000
Net income before extraordinary charge	7,196,000	3,618,000	23,537,000	18,254,000
Extraordinary charge-early repayment of debt	--	(1,286,000)	--	(1,286,000)
Net Income	\$ 7,196,000	\$ 2,332,000	\$ 23,537,000	\$ 16,968,000
Net income per share before extraordinary charge	\$.26	\$.14	\$ 0.85	\$ 0.67
Extraordinary charge per share	\$ --	\$ (.05)	\$ --	\$ (.05)
Net income per share	\$.26	\$.09	\$.85	\$.62
Dividends per common share	\$.015	\$ --	\$.045	\$ --
Weighted average shares outstanding	27,589,250	27,589,250	27,589,250	27,589,250

See Notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	July 2, 1994 (39 weeks)	July 3, 1993 (40 weeks)
Cash Flow From Operating Activities:		
Net income	\$ 23,537,000	\$ 16,968,000
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	18,888,000	20,422,000
Provision for losses on accounts receivable	1,823,000	324,000
Deferred income tax liability	3,867,000	3,667,000
Changes in operating assets and liabilities:		
Accounts and notes receivable	1,913,000	(7,241,000)
Inventories	(10,922,000)	(1,503,000)
Prepaid expenses and other current assets	(1,000)	1,916,000
Accounts payable and accrued expenses	3,290,000	(14,952,000)
(Gain) loss on property disposals	92,000	(229,000)
Other	(100,000)	(88,000)
Cash Provided By Operating Activities:	42,387,000	19,284,000

Investing Activities:		
Acquisitions of property and equipment	(20,988,000)	(6,584,000)
Proceeds from property disposals	1,242,000	577,000
Net change in other assets	74,000	649,000
Net Cash Used In Investing Activities	(19,672,000)	(5,358,000)

Financing Activities:		
Proceeds from notes payable to banks	7,000,000	24,363,000
Re-payments of notes payable to banks	(19,000,000)	(64,979,000)
Proceeds from long-term debt	31,000	126,468,000
Payments on long-term debt	(5,274,000)	(97,789,000)
Cost of refinancing debt	--	(5,177,000)
Cash dividends paid	(1,655,000)	(414,000)
Cash Used In Financing Activities	(18,898,000)	(17,528,000)
Effect of exchange rate changes on cash and cash equivalents	(71,000)	(41,000)
Increase (decrease) in cash and cash equivalents	3,746,000	(3,643,000)
Cash and cash equivalents at beginning of year	4,526,000	11,550,000
Cash and cash equivalents at end of period \$	8,272,000	\$ 7,907,000

Supplemental disclosure information:		
Cash paid during the period for Interest (net of amount capitalized)	\$ 15,060,000	\$ 21,006,000
Income Taxes	\$ 2,740,000	\$ 978,000

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT (Unaudited)

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended July 2, 1994 are not necessarily indicative of the results that may be expected for the year ended October 1, 1994. For further information, refer to the consolidated financial statements and footnotes thereto included in Pilgrim's annual report on Form 10-K for the year ended October 2, 1993.

The consolidated financial statements include the accounts of Pilgrim's and its wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

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

NOTE B--NET INCOME PER COMMON SHARE

Earnings per share for the periods ended July 2, 1994 and July 3, 1993 are based on the weighted average shares outstanding for the periods.

NOTE C--INVENTORIES

Inventories consist of the following:

	July 2, 1994	Oct 2, 1993
Live broilers and hens	\$ 51,238,000	\$ 44,417,000
Feed, eggs and other	29,385,000	25,473,000
Finished poultry products	22,133,000	21,904,000
	\$102,756,000	\$ 91,794,000

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NOTE D--INCOME TAXES

Effective October 3, 1993, the Company adopted the provisions of FAS Statement No. 109, "Accounting for Income Taxes." As permitted under the new rules, prior years' financial statements have not been restated.

The cumulative effect of adopting Statement 109 as of October 3, 1993 resulted in no change to the reported net income amounts for the nine months ended July 2, 1994.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's United States deferred tax liabilities and assets as of October 3, 1993 are as follows (no significant foreign deferred tax assets or liabilities exist):

Deferred tax liabilities:	
Tax over book depreciation	\$ 23,004,000
Prior use of cash accounting	32,758,000
Total deferred tax liabilities	55,762,000
Deferred tax assets:	
AMT credit carryforward	3,967,000
General business carryforward	2,462,000
Net operating loss carryforwards	6,589,000
Other	6,088,000
Total deferred tax assets	19,106,000
Net deferred tax liabilities	\$ 36,656,000

During the second quarter of fiscal 1994, pursuant to an organizational restructuring of activities completed by the Company's Mexican subsidiaries which significantly reduced Mexican taxes, the Company changed to computing its income tax provision on a separate jurisdiction versus consolidated basis.

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

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

	Percentage of Net Sales Three Months Ended		Percentage of Net Sales Nine Months Ended	
	July 2, 1994 (13 weeks)	July 3, 1993 (13 weeks)	July 2, 1994 (39 weeks)	July 3, 1993 (40 weeks)
Net sales	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Cost of sales	87.2%	88.8%	87.1%	87.2%
Gross profit	12.8%	11.2%	12.9%	12.8%
Selling, general and administrative	6.4%	6.0%	6.5%	6.1%
Operating Income	6.4%	5.2%	6.4%	6.7%
Interest expense	2.1%	2.8%	2.2%	3.1%
Income before income taxes and extraordinary charge	4.2%	2.3%	4.4%	3.7%
Net Income before extraordinary charge	3.0%	1.6%	3.4%	2.7%
Extraordinary charge-early repayment of debt	0%	.6%	0%	.2%
Net Income	3.0%	1.1%	3.4%	2.5%

Third Quarter 1994, Compared to
Third Quarter 1993

Consolidated net sales were \$238.3 million for the third quarter of fiscal 1994, an increase of \$17.7 million, or 8.0%, over the third quarter of fiscal 1993. The increase in consolidated net sales resulted from a \$14.8 million increase in domestic chicken sales to \$166.9 million, a \$4.0 million increase in Mexican chicken sales to \$47.9 million offset partially by a \$1.1 million decrease in sales of other domestic chicken products to \$23.6 million. The increase in domestic chicken sales was primarily due to a 7.3% increase in the total revenue per dressed pound produced and a 2.3% increase in dressed pounds produced. The increase in Mexican chicken sales was primarily due to a 13.8% increase in the total revenue per dressed pound produced offset partially by a 4.2% decrease in dressed pounds produced. The increased net chicken sales both domestically and in Mexico were caused primarily by stronger demand for chicken products resulting in higher sales prices. The decrease in sales of other domestic products was primarily due to lower sales of commercial eggs due to lower prices offset partially by increased sales of retail feed products.

Consolidated cost of sales was \$207.9 million in the third quarter of fiscal 1994, an increase of \$11.9 million or 6.1%, over third quarter of fiscal 1993. The increase resulted from a \$13.5 million increase in the cost of sales from domestic operations offset partially by a \$1.6 million decrease in cost of sales of Mexican operations.

The cost of sales increase in domestic operations of \$13.5 million was primarily due to a 10.1% increase in feed ingredient costs, a 2.3% increase in dressed pounds produced and increased costs of sales in the Company's sales of other domestic products.

The cost of sales decrease in Mexican operations of \$1.6 million was primarily due to a 4.2% decrease in dressed pounds produced and lower live production costs due to increased efficiencies.

Gross profit as a percentage of sales increased to 12.8% in the third quarter of fiscal 1994 from 11.2% in the third quarter of fiscal 1993. The increased gross profit of the Company's Mexican operation was primarily the result of a 13.9% increase in total revenue per dressed pound offset partially by slightly higher average cost of sales per dressed pound. The increased gross profit in domestic chicken operations was a result of increased total revenues per dressed pound offset partially by increased cost of sales per dressed pound. The decreased gross profit in other domestic products was primarily due to lower sales prices for commercial eggs and poultry by-products.

Consolidated selling general and administrative expenses were \$15.2 million for the third quarter of fiscal 1994, an increase of \$2.0 million or 15.4%, when compared to the third quarter of fiscal 1993. Consolidated selling, general and administrative expenses as a percentage of sales increased to 6.4% for the third quarter of fiscal 1994 compared to 6.0% in the third quarter of fiscal 1993; these increases were primarily due to increased provisions for losses on accounts receivable and selling expenses in the Company's Mexican operation, increased accrued retirement and bonuses costs due to higher operating profits offset partially by reduced selling and administrative costs in the Company's domestic operation.

Consolidated operating income was \$15.2 million for the third quarter of fiscal 1994 an increase of \$3.7 million, or 32.2%, when compared to the third quarter of fiscal 1993. The increase was due primarily to higher margins which were a result of the reasons discussed above.

Consolidated net interest expense was \$4.9 million in the third quarter of

fiscal 1994 a decrease of \$1.3 million or 21.5%, when compared to the third quarter of fiscal 1993. This decrease was due to a reduction of amortization of fees and expenses incurred for refinancing, lower outstanding debt and lower interest rates when compared to the third quarter of fiscal 1993.

Consolidated income tax as a percentage of income before income taxes decreased in the third quarter of fiscal 1994 to 28.7% compared to 30.0% in the third quarter of fiscal 1993 due primarily to the restructuring of Mexico activities and the changes in computation of the tax provision as discussed above. See Note D to the Consolidated Financial Statement.

Nine Months Ended July 2, 1994, Compared to
Nine Months Ended July 3, 1993

The accounting cycle of Pilgrim's Pride Corporation, (the "Company"), consisted of 39 weeks of operations during the first nine months of fiscal 1994 compared to 40 weeks during the first nine months of fiscal 1993, an operating cycle reduction of 2.5%.

Consolidated net sales were \$683.3 million for the first nine months of fiscal 1994, an increase of \$14.6 million, or 2.2%, over the first nine months of fiscal 1993. The increase in consolidated net sales resulted from a \$16.2 million increase in domestic chicken sales to \$465.6 million, a \$.2 million increase in sales of other domestic products to \$76.3 million offset partially by a \$1.9 million decrease in Mexican chicken sales to \$141.4 million. The increase in domestic chicken sales was primarily due to a 5.0% increase in the total revenue per dressed pound produced partially offset by a 1.3% decrease in dressed pounds produced. The increased domestic chicken sales was caused by stronger demand for chicken products resulting in higher sales prices. The increase in sales of other domestic products was primarily due to increased sales of retail feed products offset partially by lower sales of commercial eggs and poultry by-products. The decrease in Mexican chicken sales was primarily due to a 2.0% decrease in the total revenue per dressed pound produced due to lower prices, the effects of change in Mexican operation's sales mix and a .7% decrease in total dressed pounds produced.

Consolidated cost of sales was \$595.3 million in the first nine months of fiscal 1994, a \$12.2 million increase, or 2.1% over the first nine months of fiscal 1993. The increase resulted from a \$24.6 million increase in the cost of sales in domestic operations offset by a \$12.4 million decrease in cost of sales of Mexican operations.

The cost of sales increase in domestic operations of \$24.6 million was primarily due to a 9.6% increase in feed ingredient costs, increased production costs per dressed pound produced and increased costs of sales in the Company's sales of other domestic products occurring while dressed pounds produced decreased 1.3%.

The cost of sales decrease in Mexican operations of \$12.4 million was primarily due to lower live production costs due to increased efficiencies.

Gross profit as a percentage of sales increased to 12.9% in the first nine months of fiscal 1994 from 12.8% in the first nine months of fiscal 1993. The increased gross profit of the Company's Mexican operations was primarily the result of higher margin caused by a 10.8% decrease in average cost of sales per dressed pound offset partially by a 2.0% decrease in total revenue per dressed pound. The decreased gross profit for domestic operations was primarily the result of lower margins caused by higher costs offset partially by higher sales prices.

Consolidated selling, general and administrative expenses were \$44.5 million for the first nine months of fiscal 1994, an increase of \$3.5 million or 8.6%, when compared to the first nine months of fiscal 1993. Consolidated selling, general and administrative expenses as a percentage of sales increased in the first nine months of fiscal 1994 to 6.5% compared to 6.1% in the first nine months of fiscal 1993; these increases are primarily due to increased provisions for losses on accounts receivable and selling expenses in the Company's Mexican operation, increased accrued retirement and bonuses costs due to higher operating profits offset partially by reduced selling and administrative costs in the Company's domestic operations.

Consolidated operating income was \$43.5 million for the first nine months of fiscal 1994, a decrease of \$1.1 million, or 2.5%, when compared to the first nine months of 1993. The decrease was due primarily to lower margins in domestic operations offset partially by higher margins in the Company's Mexican operations which were a result of reasons previously discussed.

Consolidated net interest expense was \$14.8 million a decrease of \$5.9 million, or 28.6%, when compared to the first nine months of fiscal 1993. This decrease was due to a reduction of amortization of fees and expenses incurred for refinancing, and lower amounts of outstanding debt when compared to the first nine months of fiscal 1993.

Consolidated income tax expense as a percentage of income before income taxes decreased in the first nine months of fiscal 1994 to 21.6% compared to 25.5% in the first nine months of 1993. This decrease was due primarily to the restructuring of Mexico activities and the change in computation of the tax provision as discussed above. See Note D to the Consolidated Financial Statements.

Liquidity and Capital Resources

The Company's liquidity in the first nine months of fiscal 1994 improved from the previous year end due to record first nine months net income. The Company's working capital at July 2, 1994 increased to \$99.3 million (\$89.1 million excluding current deferred income taxes recorded in connection with the adoption of FAS 109) from \$72.7 million at October 2, 1993. The current ratio at July 2, 1994 increased to 2.24 to 1 (2.11 to 1 excluding current deferred income taxes recorded in connection with the adoption of FAS 109) from 1.77 to 1 at October 2, 1993 and the Company's stockholder's equity increased to \$154.6 million at July 2, 1994 from \$132.3 million at October 2, 1993. The Company reduced its ratio of total debt to capitalization to 52.1% at July 2, 1994 from 58.3% at October 2, 1993. The Company maintains a \$75 million revolving credit facility maturing in May 1997 with unused lines of

credit of \$63.9 million available at August 15, 1994. In July 1994, the Company secured \$10 million in stand-by long-term financing from an existing lender, secured by existing collateral. The facility is available through June 20, 1995 and the Company expects to renew the facility annually unless drawn upon.

Trade accounts and other accounts receivable were \$55.9 million at July 2, 1994, a \$3.7 million decrease from October 2, 1993. This 6.3% decrease was due primarily to a decrease in the amounts of property insurance claims receivable at July 2, 1994 and improved collections experienced in the third quarter of fiscal 1994.

Inventories were \$102.8 million at July 2, 1994, a \$11.0 million increase from October 2, 1993. This 11.9% increase was primarily due to an increased production which require higher inventories and higher feed costs which are included in live broiler and hens and feed, eggs and other inventories until such time as they are sold.

Other current assets were \$1.5 million at July 2, 1994, a 84.7% decrease from October 2, 1993, due primarily to the reclassification of assets held for sale, principally farmland which had previously been used in the Company's non-poultry related farming operation discontinued during fiscal 1992, to other assets. The reclassification was made based on a change in the Company's expectation of when the assets in question will in fact be sold.

Accounts payable were \$39.9 million at July 2, 1994, a 4.1% increase from October 2, 1993, primarily due to increases in feed ingredient costs.

Deferred tax assets recorded in accordance with FAS 109 were \$19.1 million as of October 3, 1993. The company believes that all of these deferred tax assets will be realized through the reversal of existing temporary differences and anticipated future taxable earnings.

Capital expenditures for the first nine months of fiscal 1994 were \$21.0 million and were primarily incurred to improve efficiencies and for the routine replacement of equipment. The Company anticipates that it will in total spend \$27 million or less for capital expenditures in fiscal year 1994 and expects to continue to finance these expenditures with available operating cash flow and leases.

PART II Other Information

Item 6. Exhibits and Reports on Form 8-K

The Company did not file any reports on Form 8-K during the nine months ended July 2, 1994.

SIGNATURES

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

PILGRIM'S PRIDE CORPORATION

Date August 17, 1994

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