

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): April 29, 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 April 30, 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

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: April 29, 2020

/s/ Fabio Sandri
Fabio Sandri
Chief Financial Officer



Financial Results for First Quarter Ended March 29, 20

Pilgrim's Pride Corporation
(NASDAQ: PPC)

All about great tas

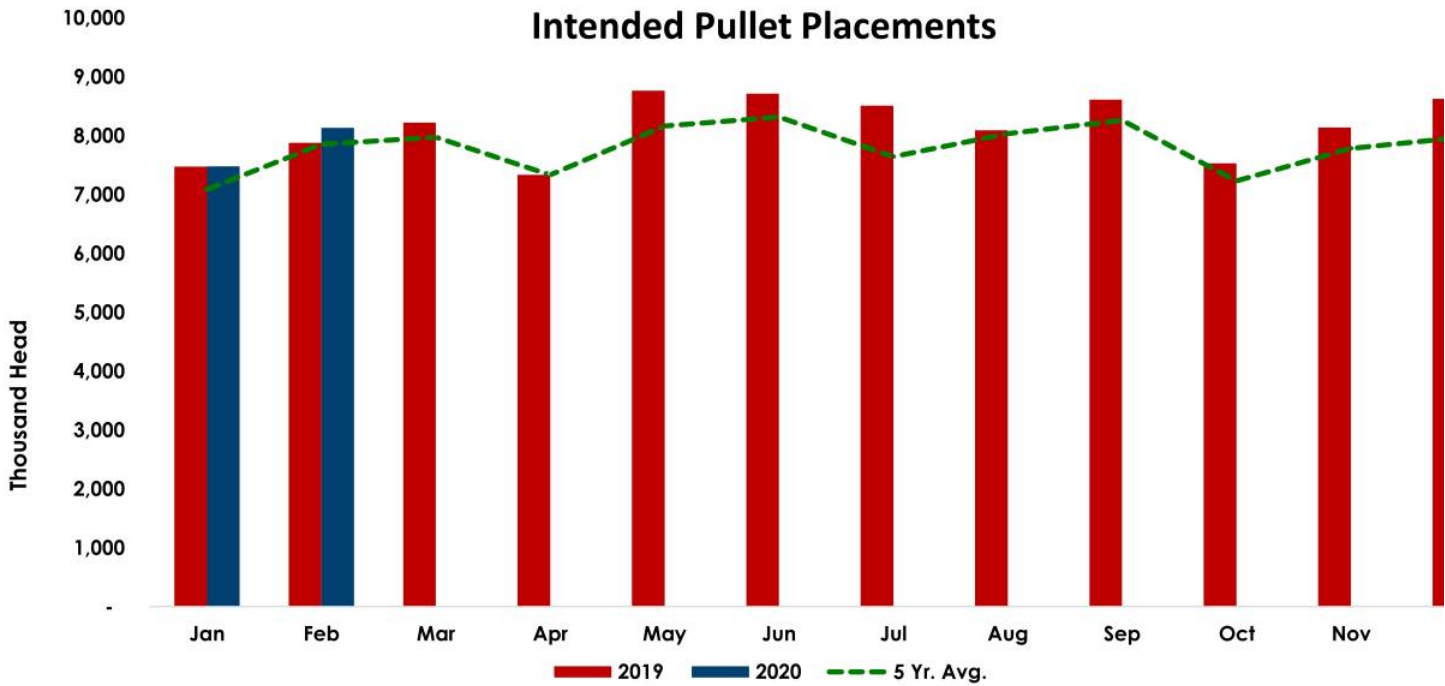
Cautionary Notes and Forward-Looking Statements

- Statements contained in this presentation that share our intentions, beliefs, expectations or predictions for the future, denoted by the words “anticipate,” “estimate,” “should,” “expect,” “project,” “plan,” “imply,” “intend,” “foresee” and similar expressions, are forward-looking statements that reflect our current view 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 and 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 a 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; our 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 and 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 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 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 Placement Up to February In With Expectat



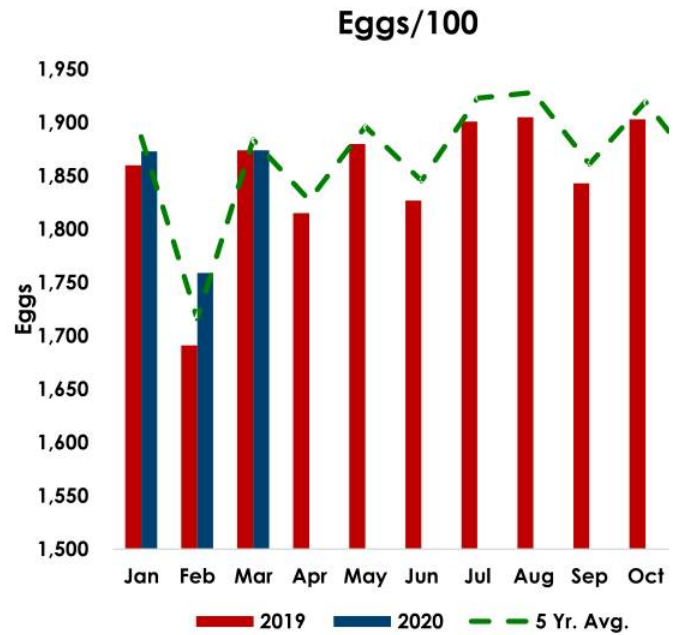
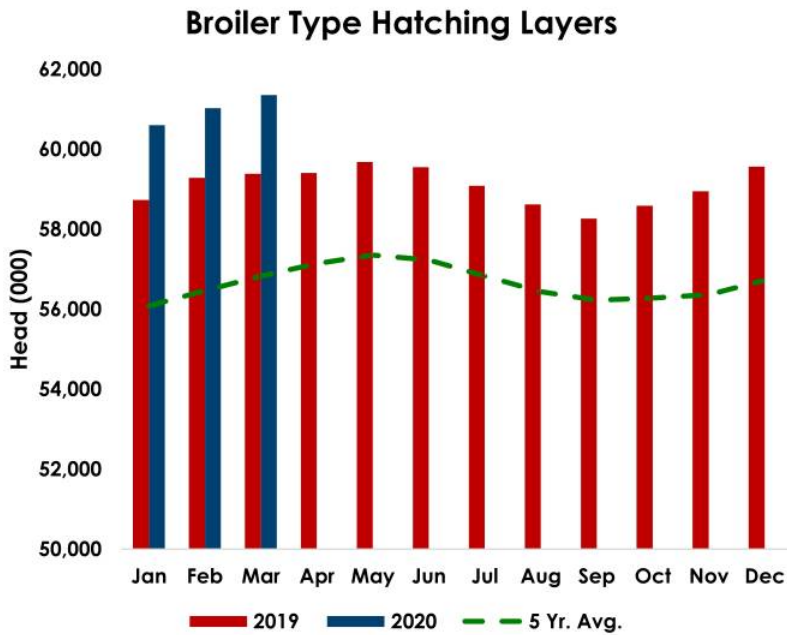
- Trailing 8-Month placements 3.0% above year ago placements to support ramping new capacity.



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Source: USDA

Hatching Layer Flock Consistent With Expected Grow



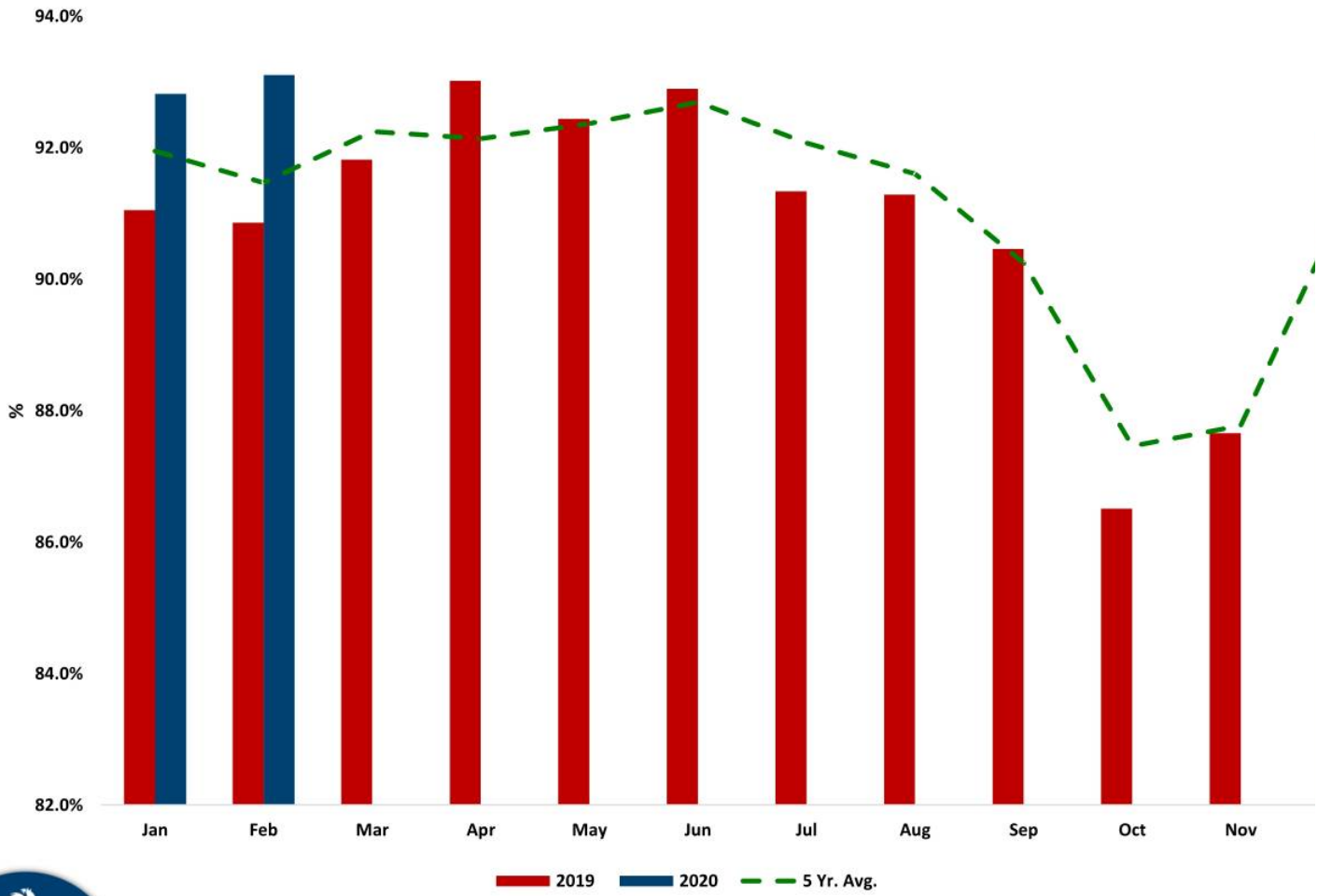
- Increased broiler layer flock and improvements in eggs/100 in Q1, contributing to growth in egg supply.
- Eggs/100 productivity in line with historical averages.



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Source: USDA

Hatchery Utilization Slightly Above 5 Year Aver

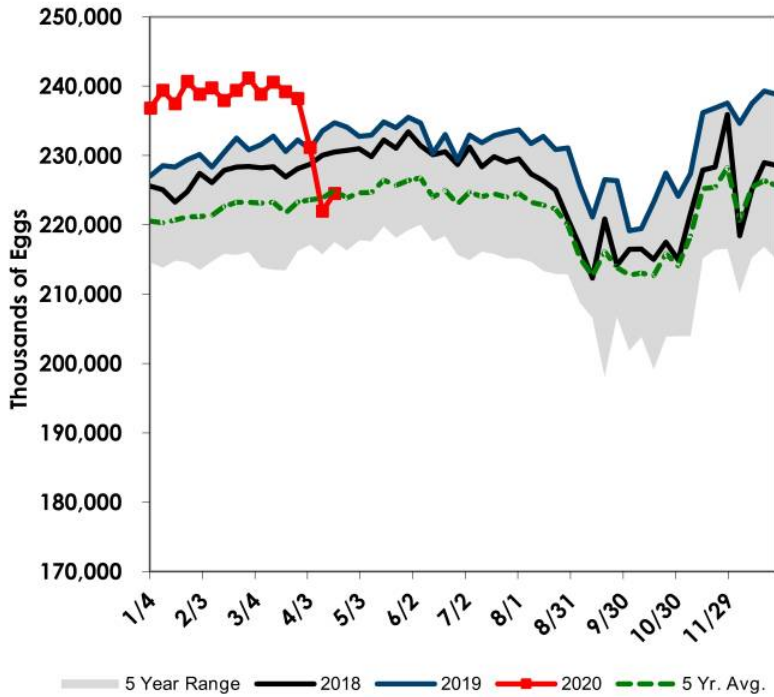


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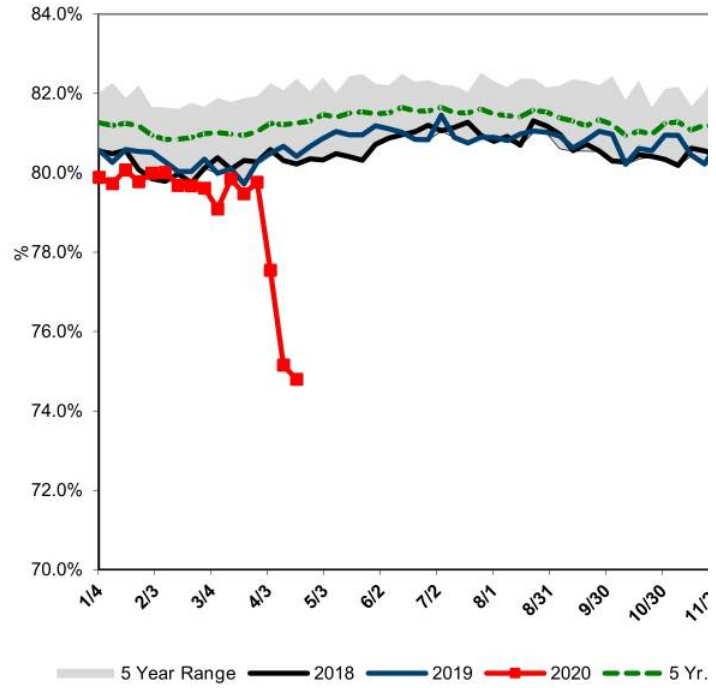
Source: Agristats

Egg Sets Started Q1 In Line with Growth Expectations Before Re Reductions; Hatchability Remains Lower Than Histo

Chicken Egg Sets by Week - USDA



Chicken Hatchability by Week - USDA

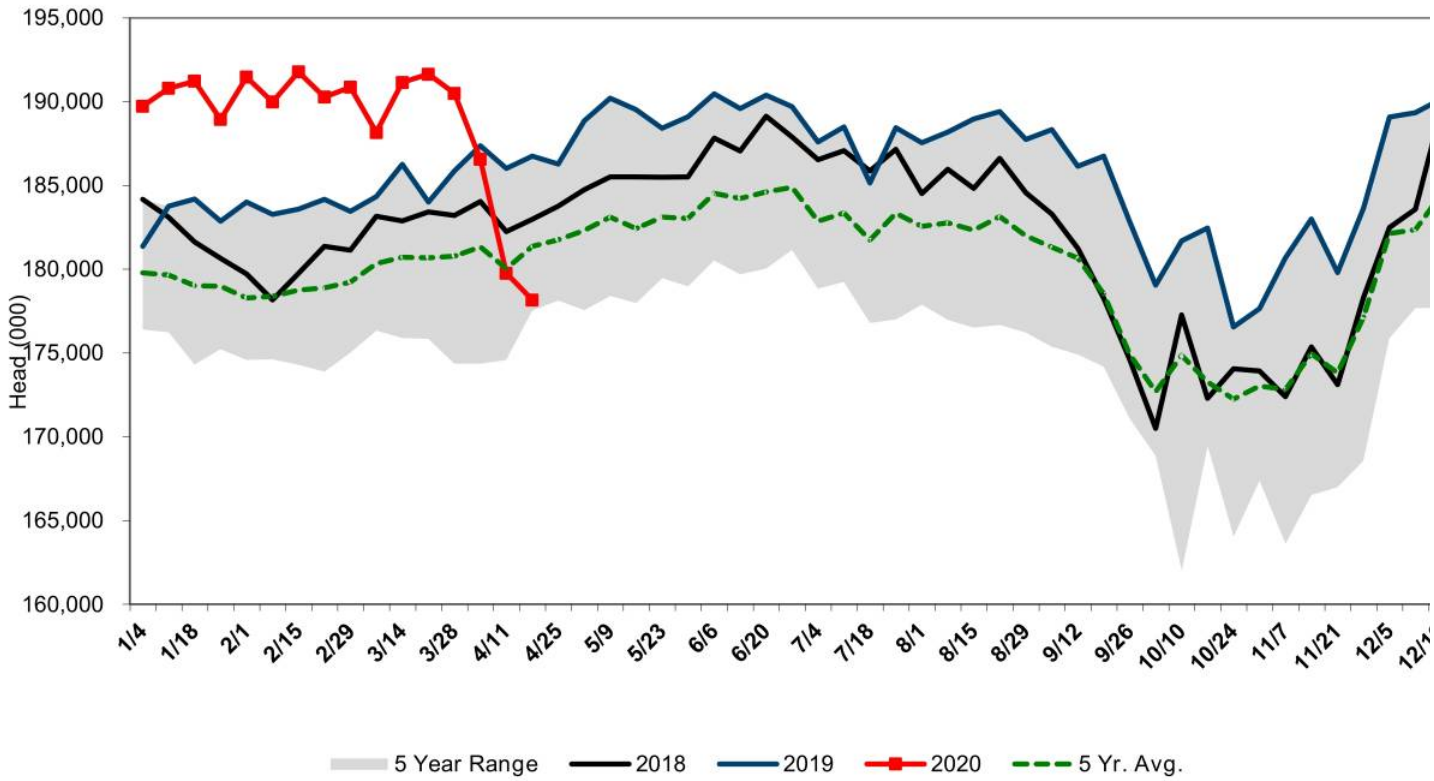


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Source: USDA

Chick Placements Up +3.4% in Q1-20 But Recent Placements Close to 5 Year Low

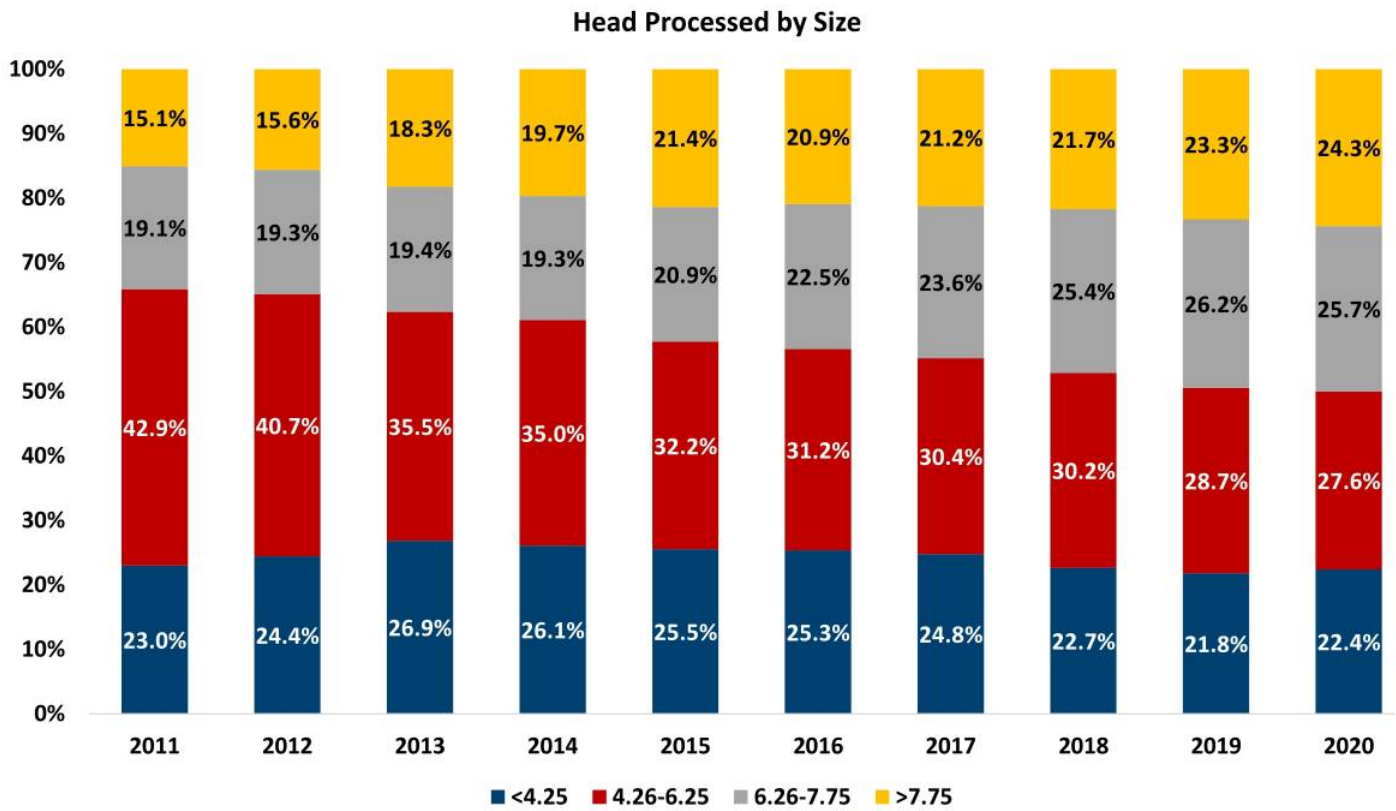
Chicken Broiler Placed
by Week- USDA



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Source: USDA

Growth Previously Concentrated in Big Bird Category Recent Weeks Showing Reductions in <4.25 and >7.75 Bi

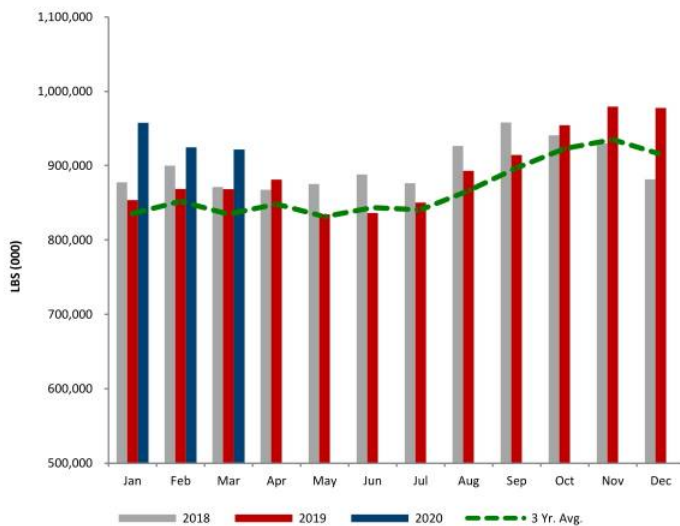


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Source: USDA

Total February Freezer Inventories Higher Y/Y but Stable M

Total Chicken Inventories



Frozen Chicken Inventory (000 LBS)					
Part	Mar-19	Feb-20	Mar-20	YOY Change	Mt
Broilers	19,048	19,933	20,209	▲ 6.1%	▲
Hens	6,990	6,781	6,154	▼ -12.0%	▼
Breast Meat	178,114	222,937	226,734	▲ 27.3%	▲
Drumsticks	38,692	41,217	37,924	▼ -2.0%	▼
LQ	65,717	93,530	82,258	▲ 25.2%	▼
Legs	11,190	15,172	22,087	▲ 97.4%	▲
Thighs	9,451	10,703	12,929	▲ 36.8%	▲
Thigh Meat	33,065	37,802	35,852	▲ 8.4%	▼
Wings	61,582	50,970	53,582	▼ -13.0%	▲
Paws and Feet	26,753	37,038	33,881	▲ 26.6%	▼
Other	417,757	388,350	389,812	▼ -6.7%	▲
Total Chicken	868,359	924,433	921,422	▲ 6.1%	▼

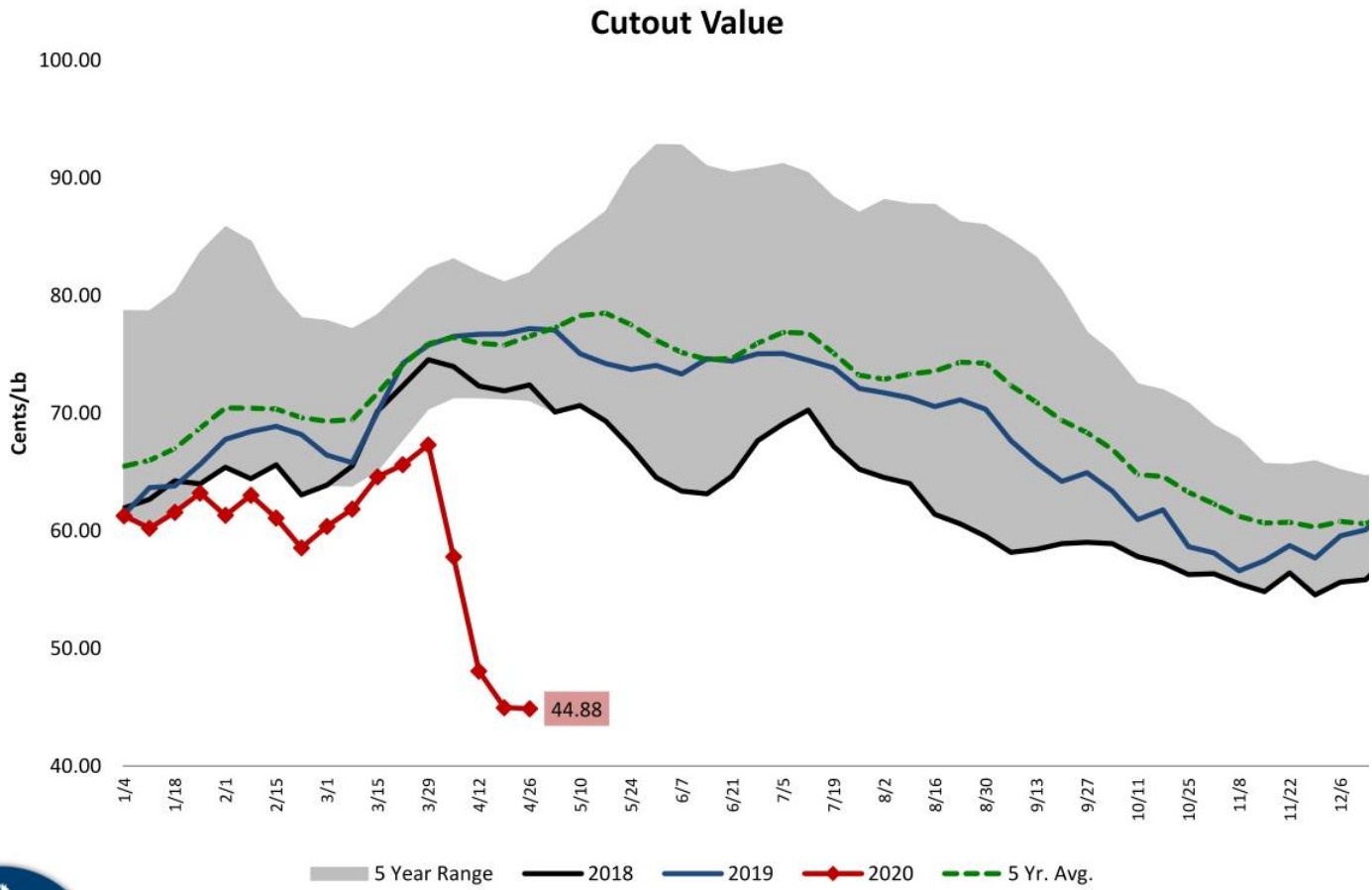
- Breast meat inventories increased YOY but stabilized in P2-P3
- LQ inventories have climbed back from historical lows.
- Wing inventories remains significantly below historical average.
- Thigh meat and drums continue to grow YOY, while Other actually showed YOY de



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Source: USDA

Cutout Tracked Seasonality Before Declining in Early Due to Reduction in Foodservice Oper

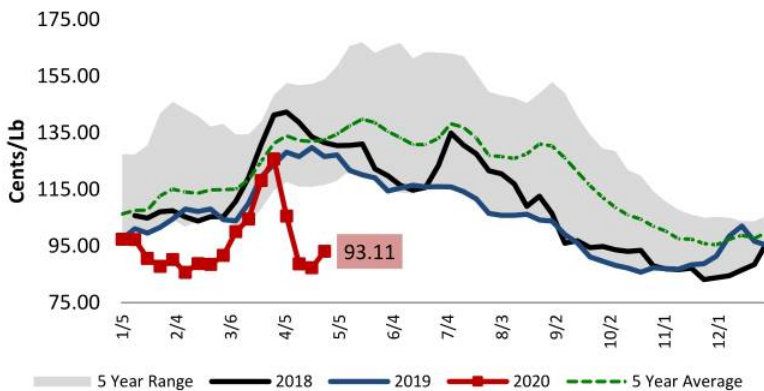


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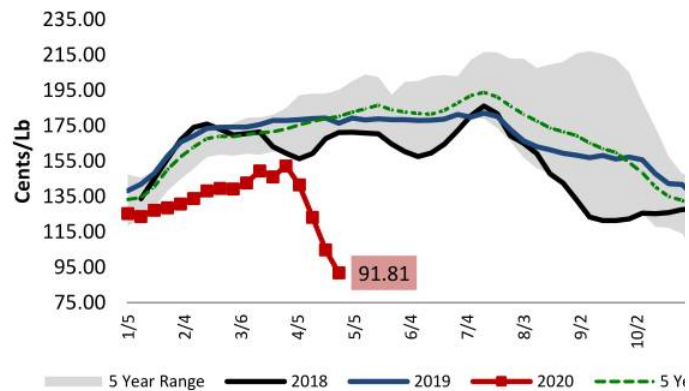
Source: PPC, EMI

Tenders and Wings In Line Before Reduction in Foodservice; Remains in Historical Range

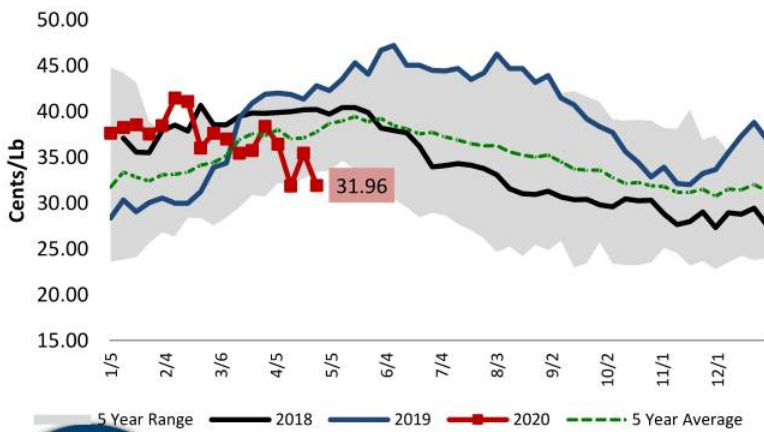
USDA Boneless/Skinless Breast NE



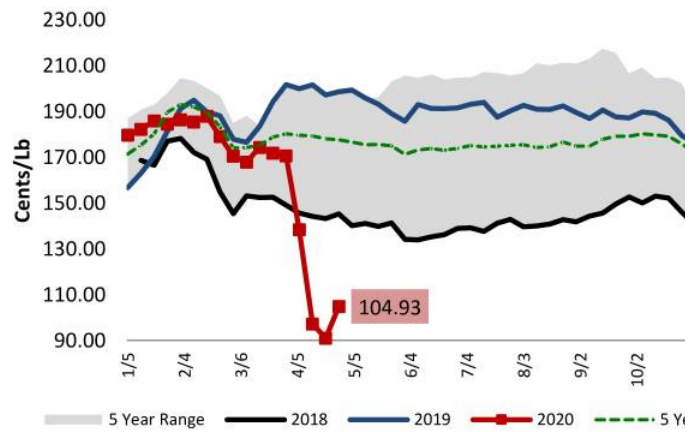
USDA Tenders NE



USDA Leg Quarters NE



USDA Whole Wings NE

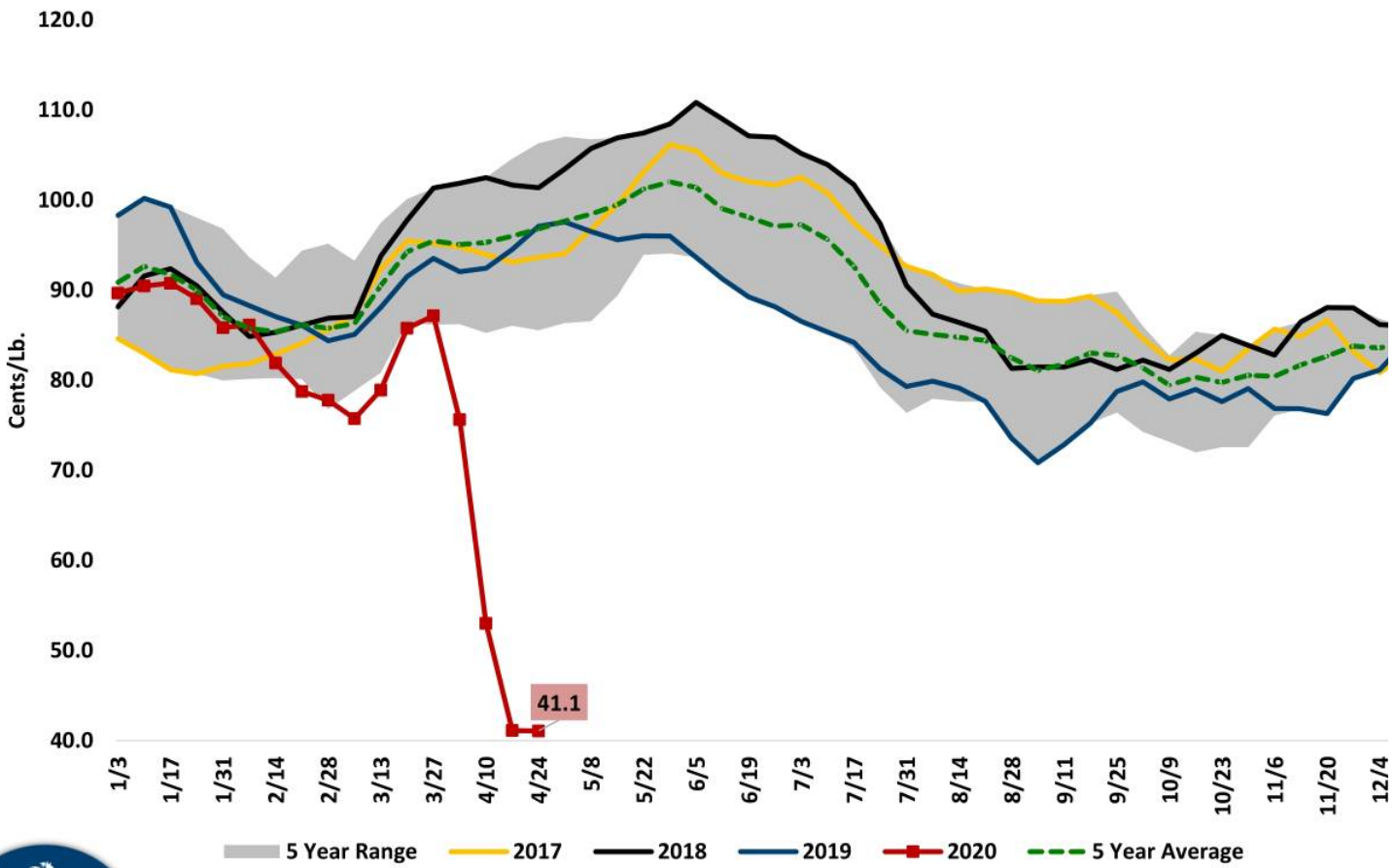


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Source: USDA

Q1 Pricing Within Normal Seasona Before Declining Due to Reduction in Foodservice Operat

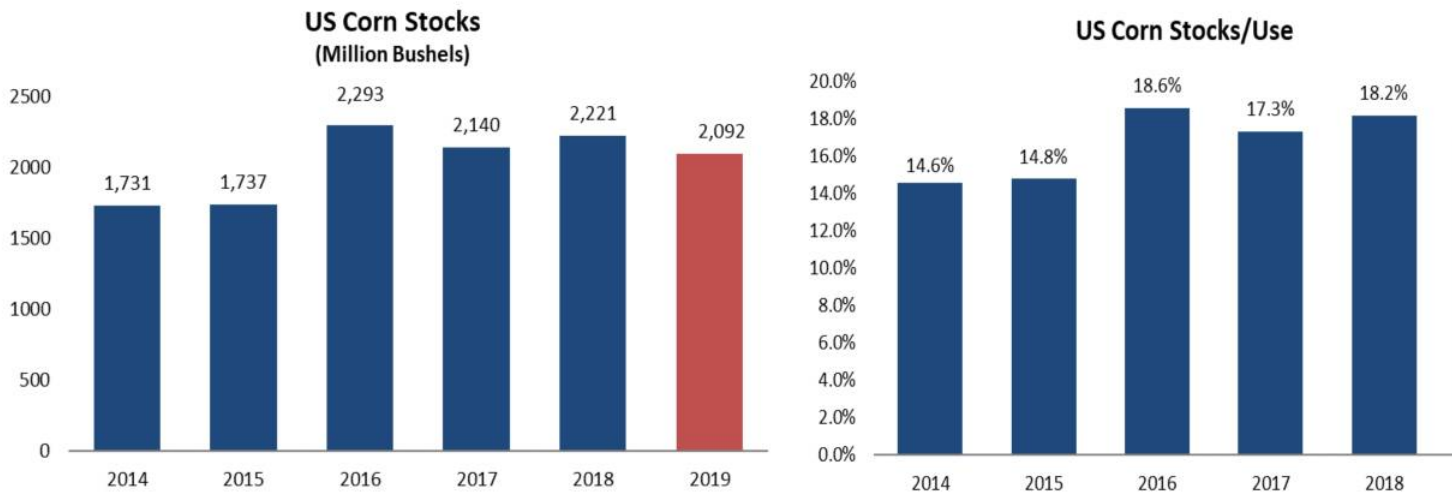
EMI WOG 2.5-4.0 LBS



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Source: EMI

Corn Stocks Remain at Adequate Level



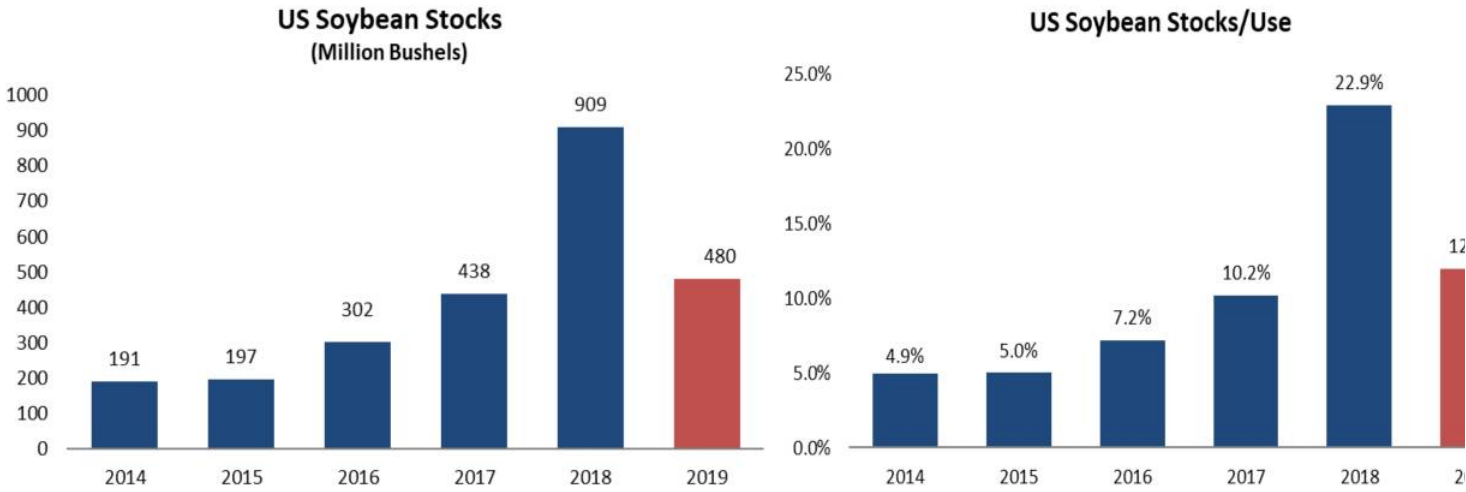
- USDA raised US corn ending stocks by 200 million in April after lowering their Ethanol use by 375 million bushels
- USDA reported that farmers intend to plant 96.9 million corn acres this year up over 1 million from last year's planted acres



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Source: USDA

Soybean Inventories Remain H



- USDA raised soybean ending stocks by 55 million bushels in April after lowering exp by 50 million bushels
- USDA reported that farmers intend to plant 83.5 million acres up almost 7.5 million from last year's planted acres



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Source: USDA

First Quarter 2020 Financial Re

Main Indicators (\$M)	Q1-20	Q1-19
Net Revenue	3,074.9	2,724.7
Gross Profit	177.1	218.9
SG&A	92.7	81.9
Operating Income	84.4	137.0
Net Interest	31.0	30.2
Net Income	67.3	84.0
Earnings Per Share (EPS)	0.27	0.34
Adjusted EBITDA*	165.5	204.4
<i>Adjusted EBITDA Margin*</i>	5.4%	7.5%

* 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 GAAP.

- U.S.: Diversified portfolio and Key Customer strategy minimized channel demand disruption; MX: Weak macro environment persisted; UK/Europe: International operations margins significantly improved; new assets continue to generate positive EBITDA.
- SG&A higher on more brand investment in U.S. and MX, and addition of new European operations.
- Adjusted Q1-20 EBITDA reflects portfolio mix, Key Customer strategy, and geographic diversification.

In \$M	U.S.	EU
Net Revenue	1,926.9	822.3
Operating Income	85.1	23.2
<i>Operating Income Margin</i>	4.4%	2.8%

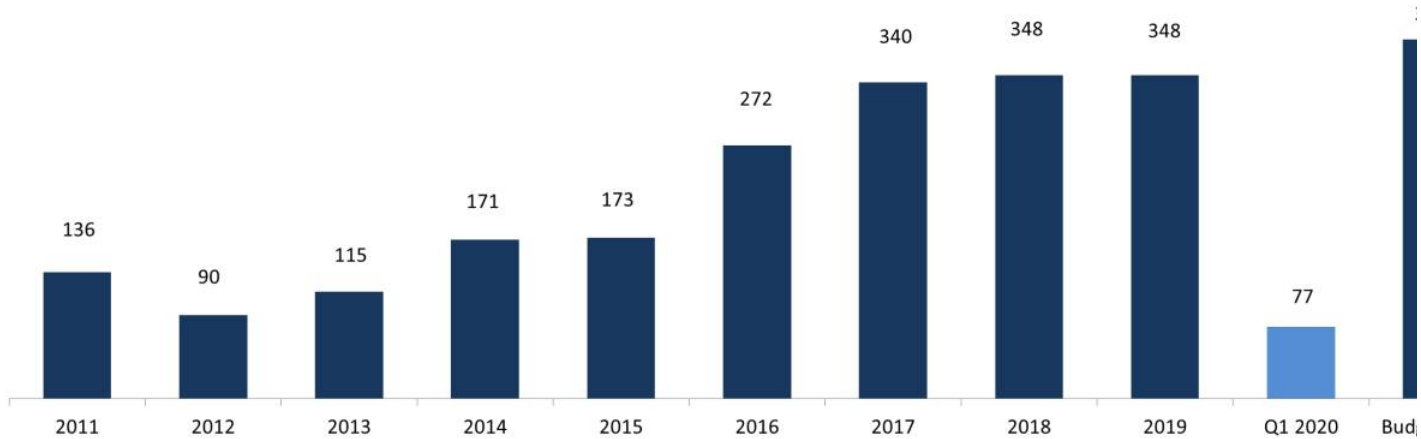


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Source: PPC

Fiscal Year 2020 Capital Spen

Capex (US\$M)



- 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

E-mail: IRPPC@pilgrims.com

Address: 1770 Promontory Circle
Greeley, CO 80634 USA

Website: www.pilgrims.com



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APPENDIX



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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: (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 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. 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 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	
	March 29, 2020	March 31, 2019
	(In thousands)	
Net income	\$ 67,449	\$ 84,125
Add:		
Interest expense, net	30,998	30,222
Income tax expense	38,512	20,416
Depreciation and amortization	79,773	67,182
EBITDA	216,732	201,945
Add:		
Foreign currency transaction losses (gains)	(18,385)	2,636
Transaction costs related to acquisitions	215	—
Restructuring activity	—	(27)
Minus:		
Negative adjustment to previously recognized gain on bargain purchase	(1,740)	—
Shareholder litigation settlement	34,643	—
Net income attributable to noncontrolling interest	181	114
Adjusted EBITDA	<u>\$ 165,478</u>	<u>\$ 204,440</u>

Source: PPC



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Appendix: Reconciliation of LTM EBITDA

The summary unaudited consolidated income statement data for the twelve months ended March 29, 2020 (the LTM Period) have been calculated by subtracting the applicable unaudited consolidated income statement data for the three months ended March 31, 2019 from the sum of applicable audited consolidated income statement data for the year ended December 29, 2019 and (2) the applicable audited consolidated income statement data for the three months ended March 29, 2020.

PILGRIM'S PRIDE CORPORATION Reconciliation of LTM Adjusted EBITDA

(Unaudited)	Three Months Ended				LTM Ended
	June 30, 2019	September 29, 2019	December 29, 2019	March 29, 2020	March 29, 2020
	(In thousands)				
Net income	\$ 170,080	\$ 110,096	\$ 92,235	\$ 67,449	\$ 439,860
Add:					
Interest expense, net	30,150	27,330	30,650	30,998	119,128
Income tax expense	75,547	46,365	18,681	38,512	179,105
Depreciation and amortization	71,348	71,851	76,849	79,773	299,821
EBITDA	347,125	255,642	218,415	216,732	1,037,914
Add:					
Foreign currency transaction losses (gains)	2,260	3,027	(1,006)	(18,385)	(14,104)
Transaction costs related to acquisitions	—	63	1,239	215	1,517
Restructuring activity	(43)	(20)	6	—	(57)
Minus:					
Gain on bargain purchase	—	—	56,880	(1,740)	55,140
Shareholder litigation settlement	—	—	—	34,643	34,643
Net income attributable to noncontrolling interest	12	331	155	181	679
Adjusted EBITDA	<u>\$ 349,330</u>	<u>\$ 258,381</u>	<u>\$ 161,619</u>	<u>\$ 165,478</u>	<u>\$ 934,808</u>



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Source: PPC

Appendix: EBITDA Margin Reconciliation

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

PILGRIM'S PRIDE CORPORATION Reconciliation of EBITDA Margin

(Unaudited)	Three Months Ended		Three Months Ended	
	March 29, 2020	March 31, 2019	March 29, 2020	March 31, 2019
	(In thousands)			
Net income	\$ 67,449	\$ 84,125	2.19 %	3.09 %
Add:				
Interest expense, net	30,998	30,222	1.01 %	1.11 %
Income tax expense	38,512	20,416	1.25 %	0.75 %
Depreciation and amortization	79,773	67,182	2.59 %	2.47 %
EBITDA	216,732	201,945	7.05 %	7.41 %
Add:				
Foreign currency transaction losses (gains)	(18,385)	2,636	(0.59) %	0.10 %
Acquisition charges	215	—	0.01 %	— %
Shareholder litigation settlement	—	—	— %	— %
Restructuring activity	—	(27)	— %	— %
Minus:				
Negative adjustment to previously recognized gain on bargain purchase	(1,740)	—	(0.06) %	— %
Shareholder litigation settlement	34,643	—	1.13 %	— %
Net income (loss) attributable to noncontrolling interest	181	114	0.01 %	— %
Adjusted EBITDA	\$ 165,478	\$ 204,440	5.38 %	7.50 %
Net sales	\$ 3,074,928	\$ 2,724,675		



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Source: PPC

Appendix: Segment and Geographic Data

PILGRIM'S PRIDE CORPORATION Supplementary Selected Segment and Geographic Data

(Unaudited)	Three Months Ended	
	March 29, 2020	March 31, 2019
	(In thousands)	
Sources of net sales by geographic region of origin:		
US	\$ 1,926,880	\$ 1,883,591
Europe	822,262	514,962
Mexico	325,786	326,122
Total net sales	<u>\$ 3,074,928</u>	<u>\$ 2,724,675</u>
Sources of cost of sales by geographic region of origin:		
US	\$ 1,788,777	\$ 1,713,419
Europe	770,134	485,378
Mexico	338,942	306,963
Elimination	(24)	(24)
Total cost of sales	<u>\$ 2,897,829</u>	<u>\$ 2,505,736</u>
Sources of gross profit by geographic region of origin:		
US	\$ 138,103	\$ 170,172
Europe	52,128	29,584
Mexico	(13,156)	19,159
Elimination	24	24
Total gross profit	<u>\$ 177,099</u>	<u>\$ 218,939</u>
Sources of operating income by geographic region of origin:		
US	\$ 85,052	\$ 114,840
Europe	23,190	12,714
Mexico	(23,880)	9,464
Elimination	24	24
Total operating income	<u>\$ 84,386</u>	<u>\$ 137,042</u>



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Source: PPC

