



**Financial Results for  
Second Quarter Ended June 30, 2019**

Pilgrim's Pride Corporation  
(NASDAQ: PPC)

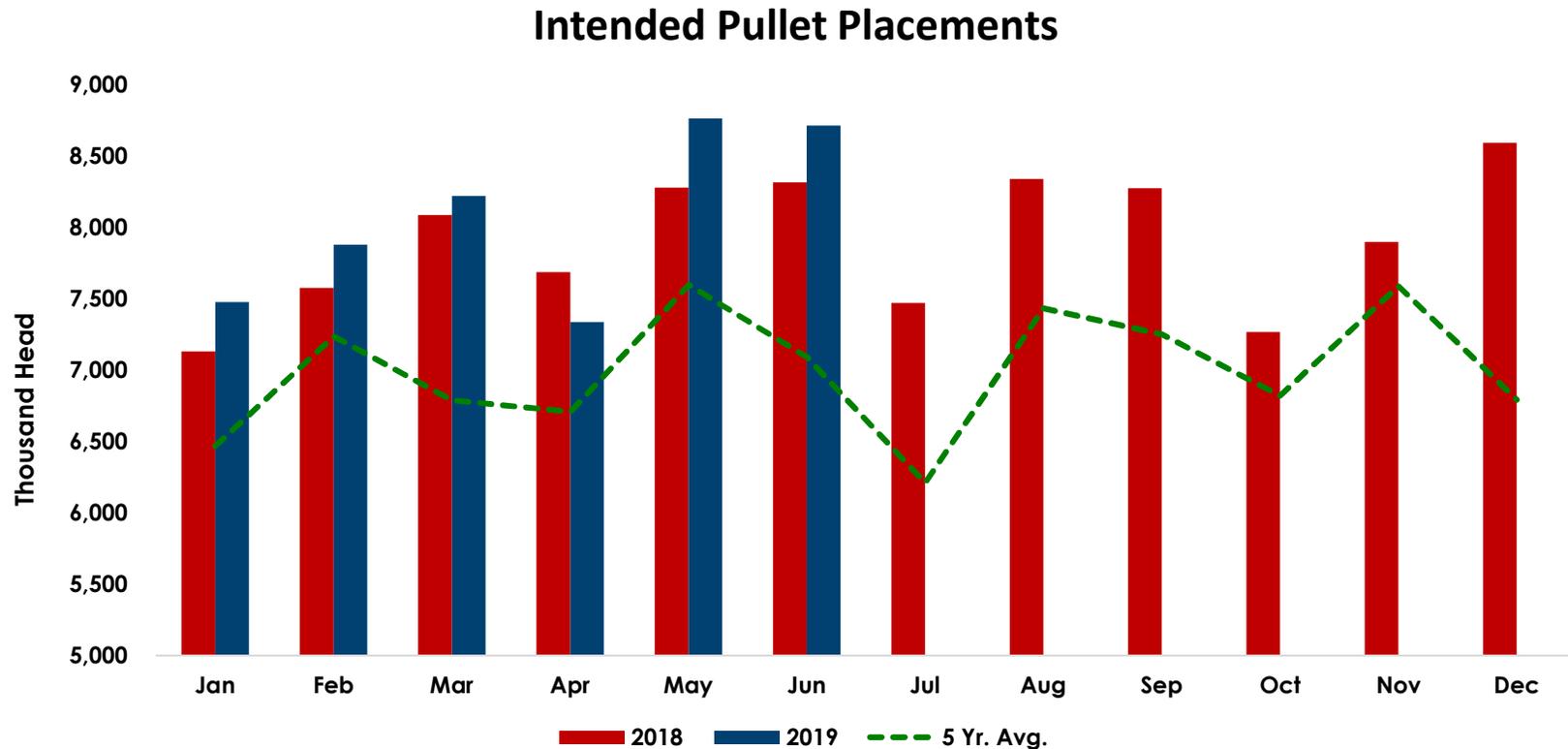
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# Cautionary Notes and Forward-Looking Statements

- 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..



# Pullet Placement Growth In-line with Expected New Capacity



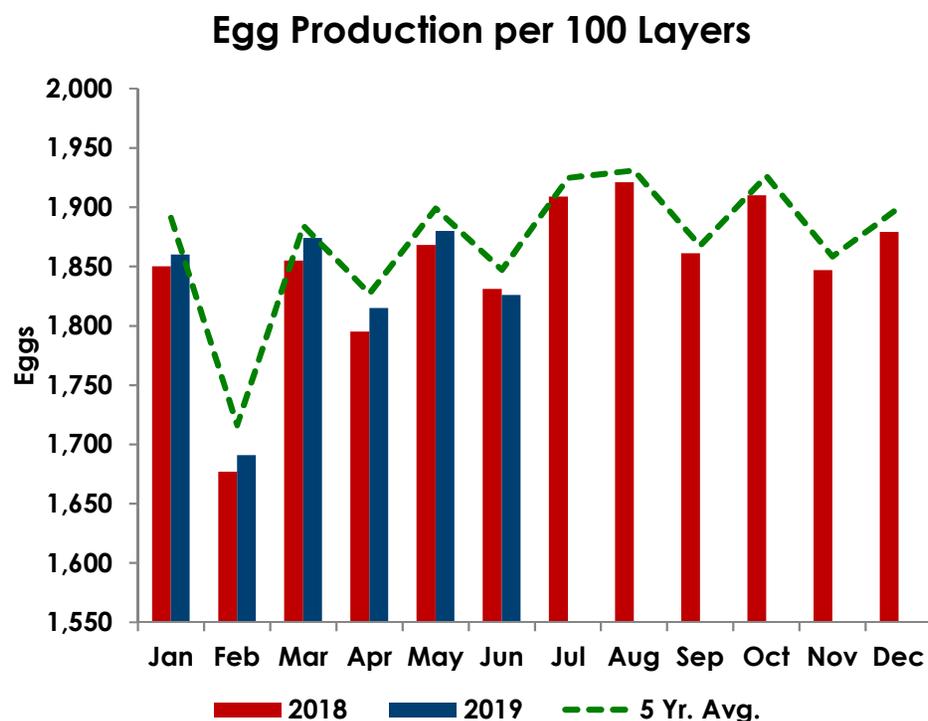
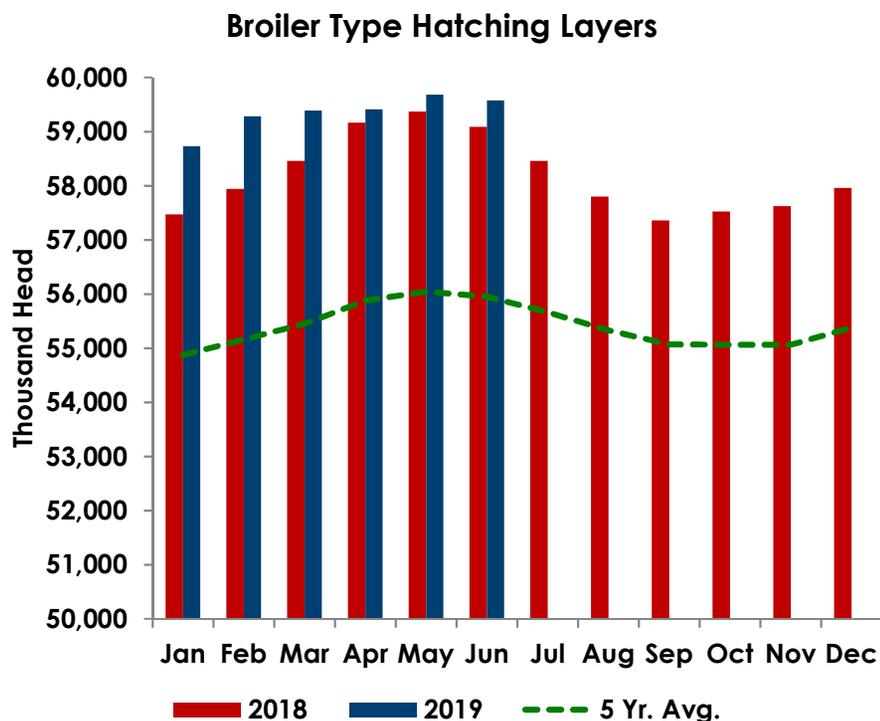
- Trailing 8-Month placements average 3.6% above year prior to accommodate oncoming plants in late 2019.



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Source: USDA

## Breeder Growth Has Slowed and Egg Production Remains Below 5 Year Average

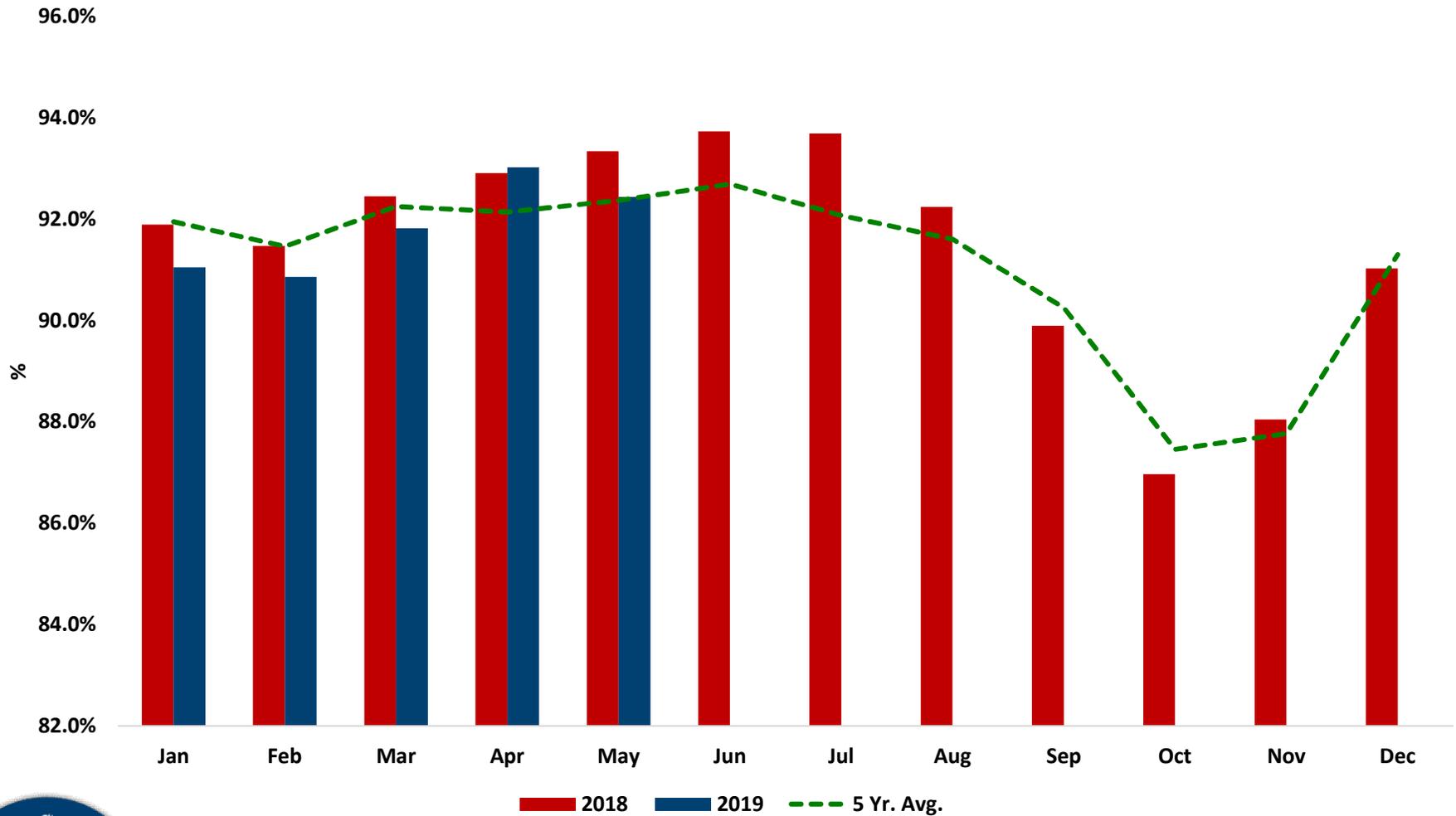


- Growth in hatching layers has been supportive of new capacity.
- After significant Y/Y growth in Q1, hatching layer growth has slowed.
- Egg production marginally improved for most of 2019, but remains below the 5-yr avg.



# Hatchery Utilization Remains In Line With 5 Year Average

## Hatchery Utilization

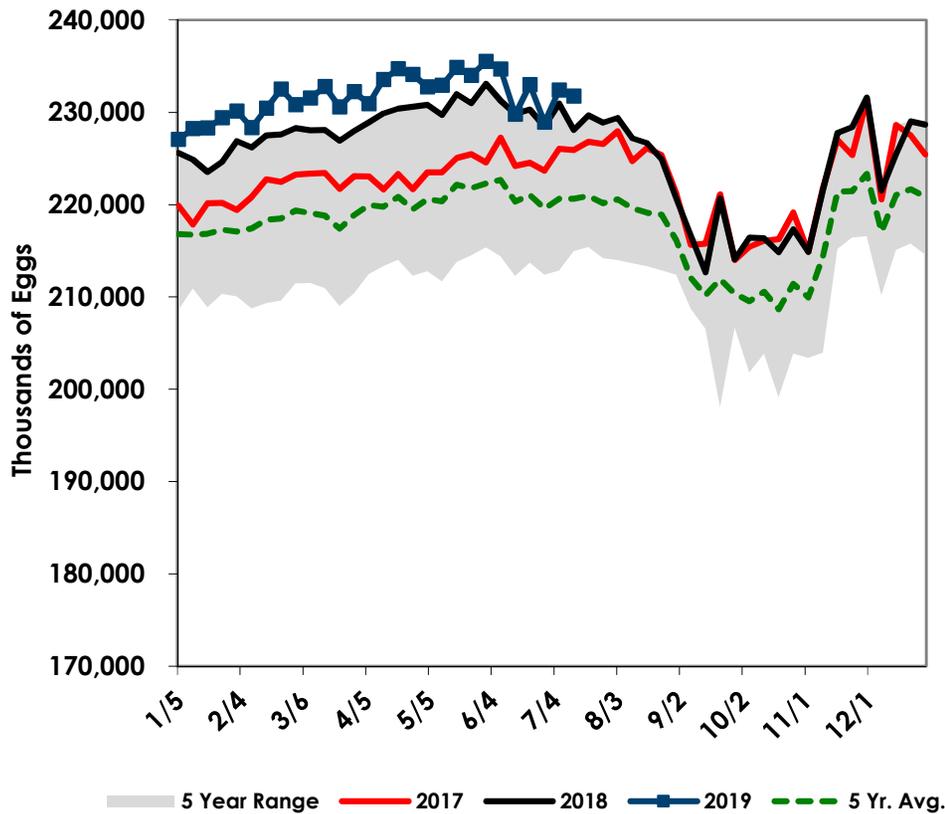


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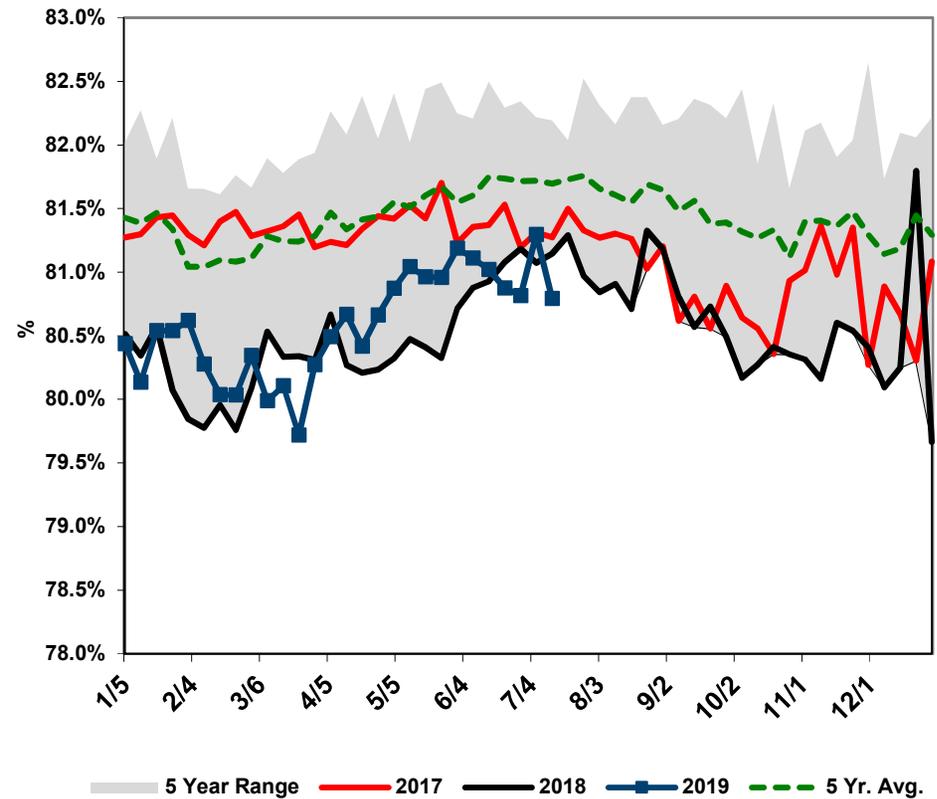
Source: Agristats

# Egg Sets Up +1.3% YTD, Hatchability Remains Challenged

Chicken Egg Sets by Week - USDA



Chicken Hatchability by Week - USDA

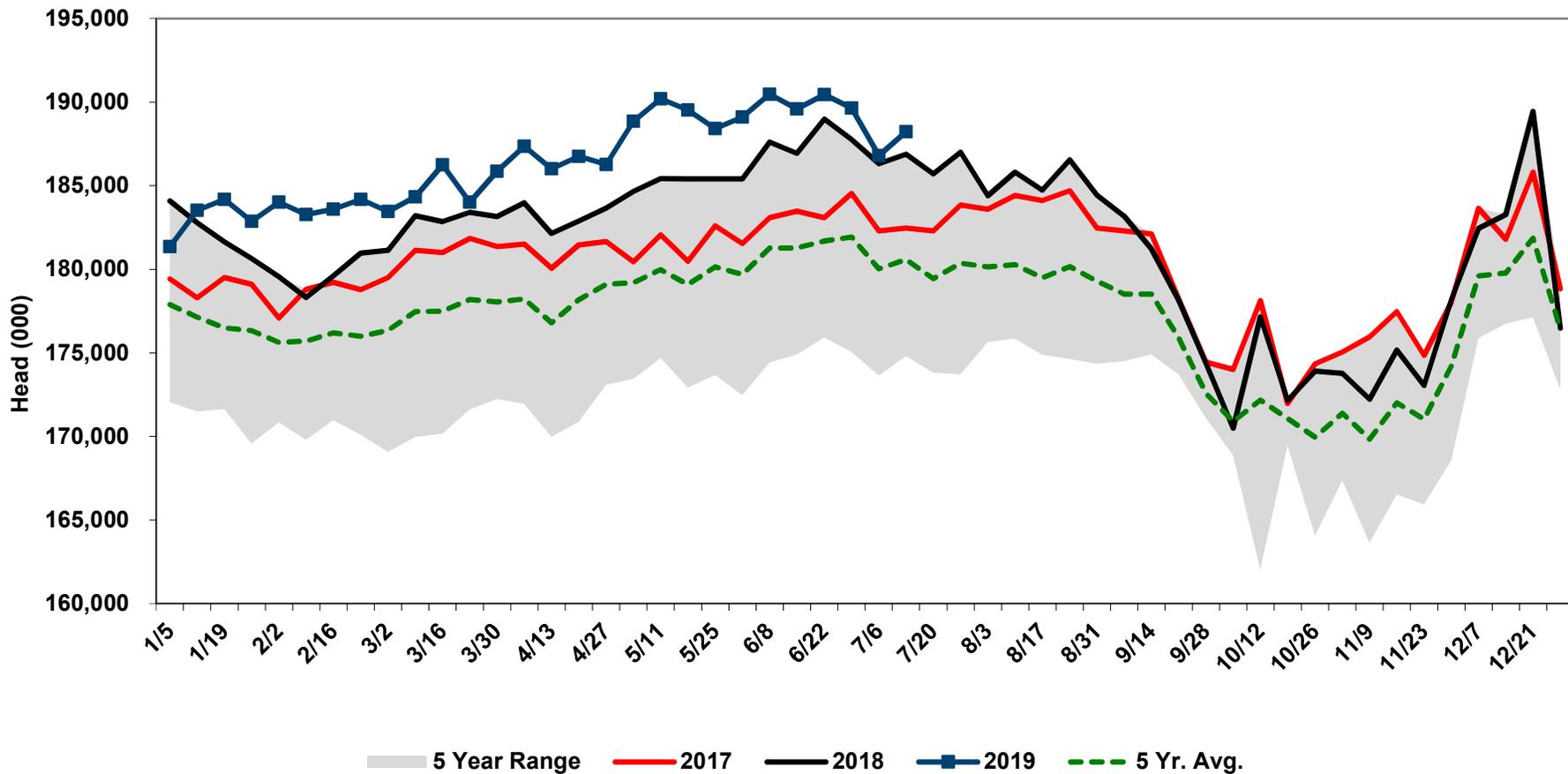


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Source: USDA

# Chick Placements Up +1.4% YTD

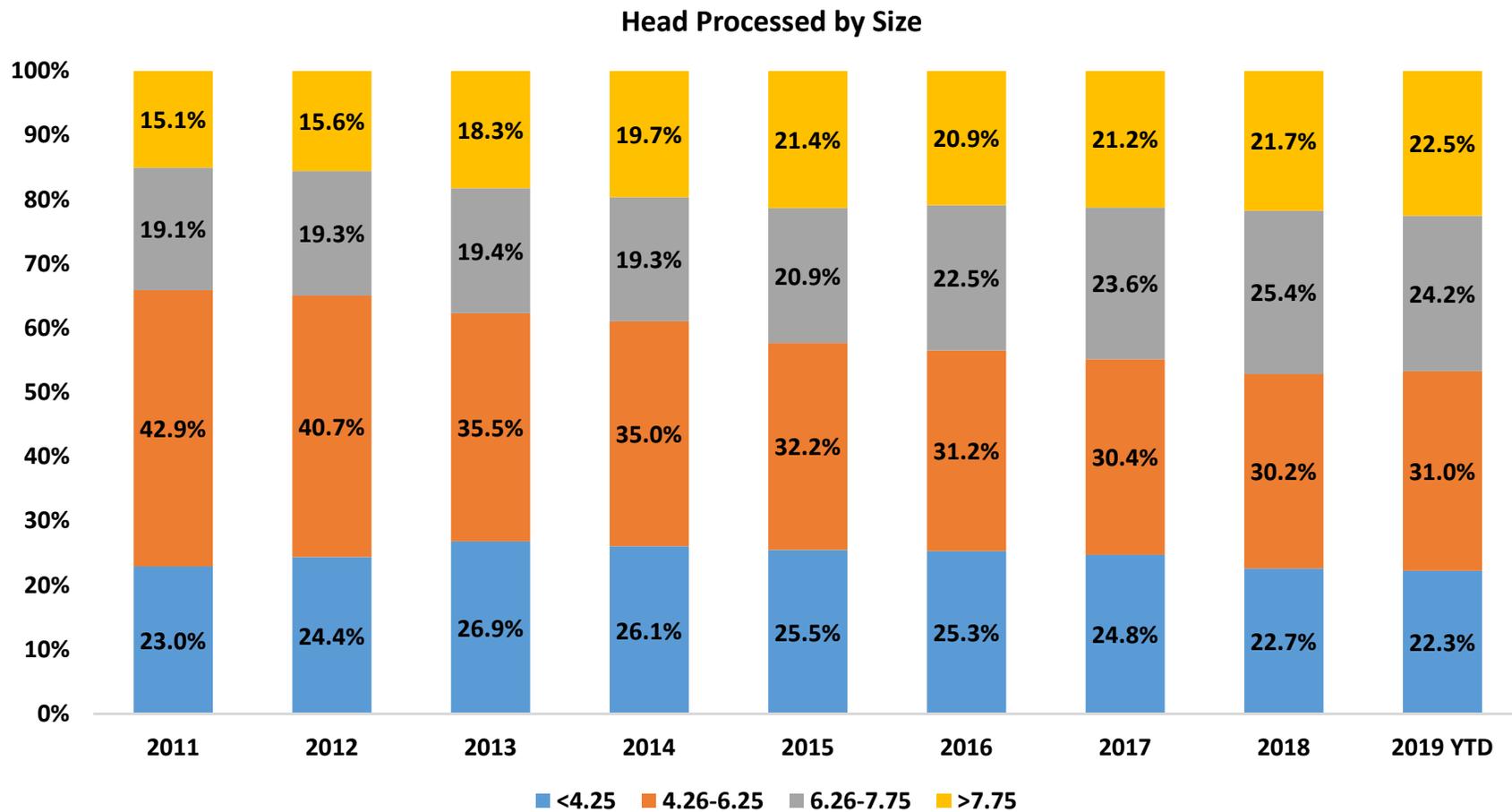
Chicken Broiler Placed  
by Week- USDA



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Source: USDA

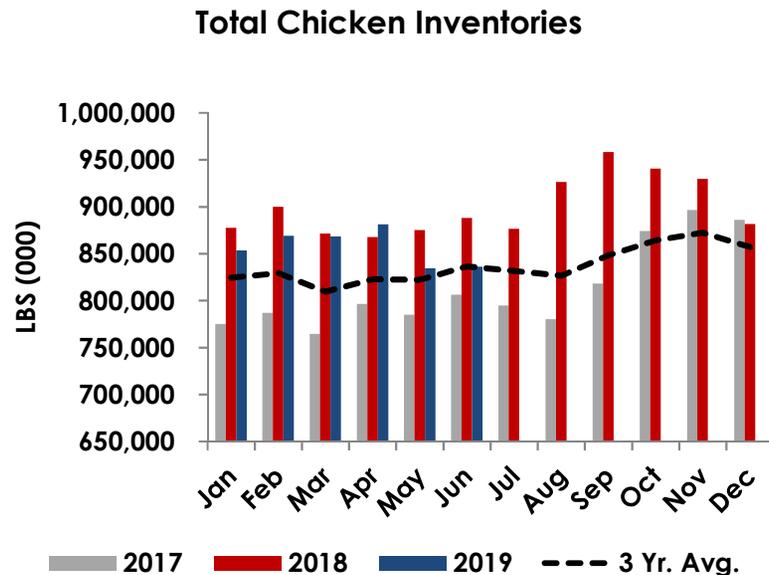
# Bigger Bird Categories Continuing to Grow Share



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Source: USDA

# LQ and Wings Driving Total Cold Storage Inventories Lower



Frozen Chicken Inventory (000 LBS)					
Part	Jun-18	May-19	Jun-19	YOY Change	MOM Change
Broilers	15,370	19,583	21,490	▲ 39.8%	▲ 9.7%
Hens	3,907	6,213	7,260	▲ 85.8%	▲ 16.9%
Breast Meat	181,547	173,077	177,728	▼ -2.1%	▲ 2.7%
Drumsticks	36,304	35,408	36,837	▲ 1.5%	▲ 4.0%
LQ	85,540	50,613	54,067	▼ -36.8%	▲ 6.8%
Legs	17,291	11,952	11,350	▼ -34.4%	▼ -5.0%
Thighs	10,214	10,335	8,707	▼ -14.8%	▼ -15.8%
Thigh Meat	21,872	39,812	39,509	▲ 80.6%	▼ -0.8%
Wings	81,488	59,475	62,947	▼ -22.8%	▲ 5.8%
Paws and Feet	36,553	24,107	25,981	▼ -28.9%	▲ 7.8%
Other	397,898	403,723	390,344	▼ -1.9%	▼ -3.3%
<b>Total Chicken</b>	<b>887,984</b>	<b>834,298</b>	<b>836,220</b>	<b>▼ -5.8%</b>	<b>▲ 0.2%</b>

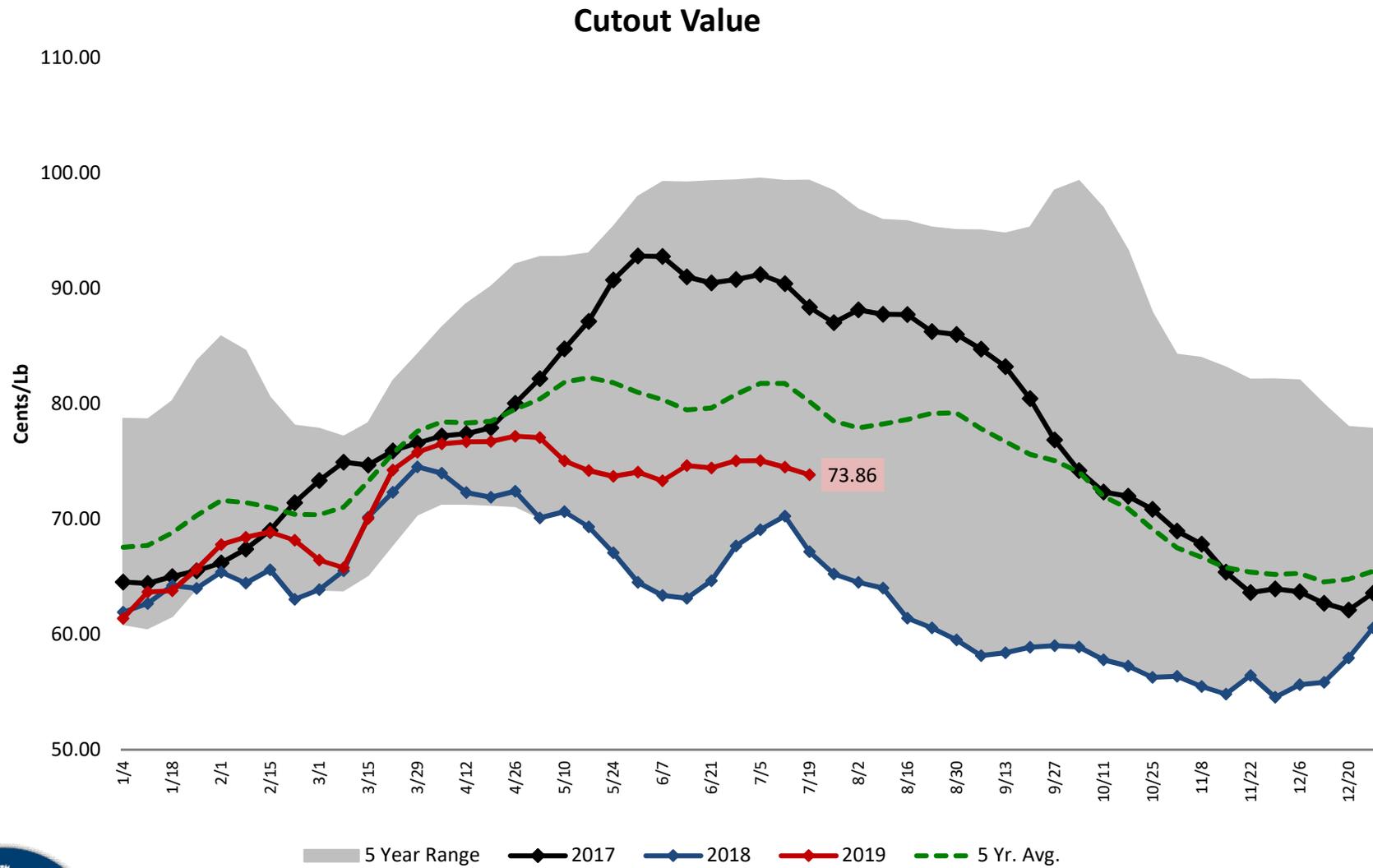
- Total inventories saw little MOM change, but remain below 2018 levels.
- Breast meat inventories are still trending near three year average, but saw counter-seasonal inventory build in June.
- LQ inventories remain significantly below historical norms.
- Wing inventories continue to trend in line with 2017.



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Source: USDA

# Cutout Stable in Q2, Above 2018 Levels

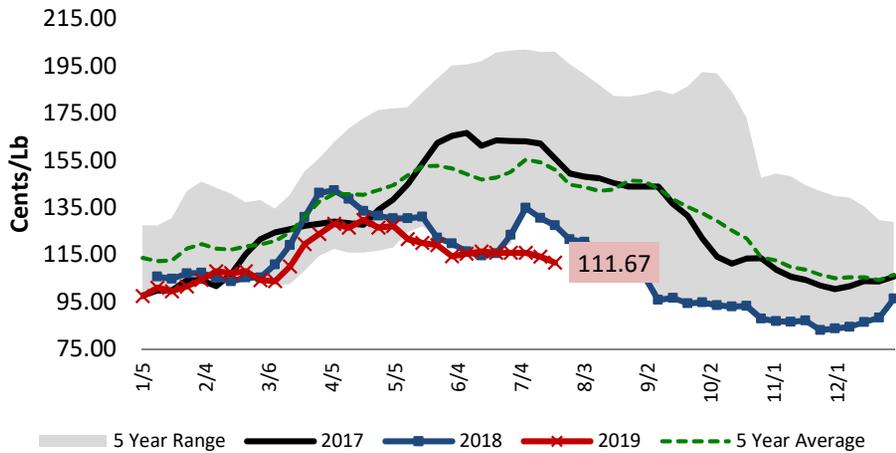


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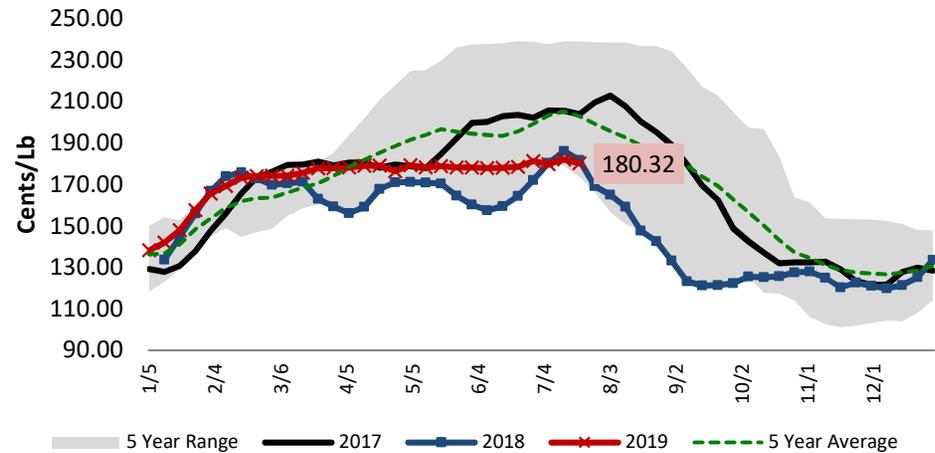
Source: PPC, EMI

# Strength in Wings and LQs Continue to Support Cutout, Despite Boneless Breast Lagging

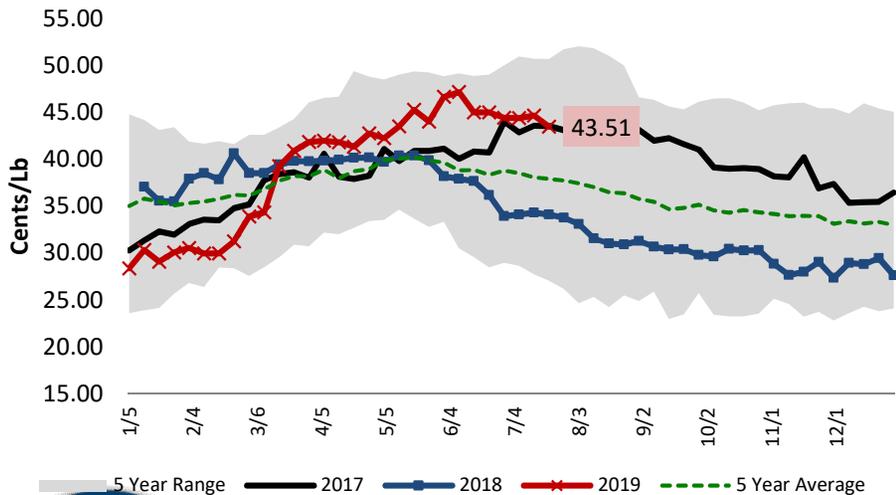
## USDA Boneless/Skinless Breast NE



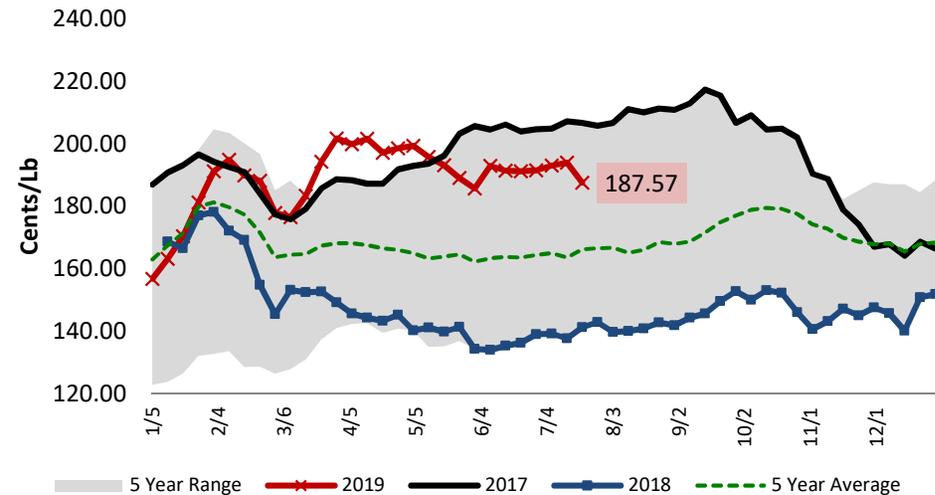
## USDA Tenders NE



## USDA Leg Quarters NE



## USDA Whole Wings NE

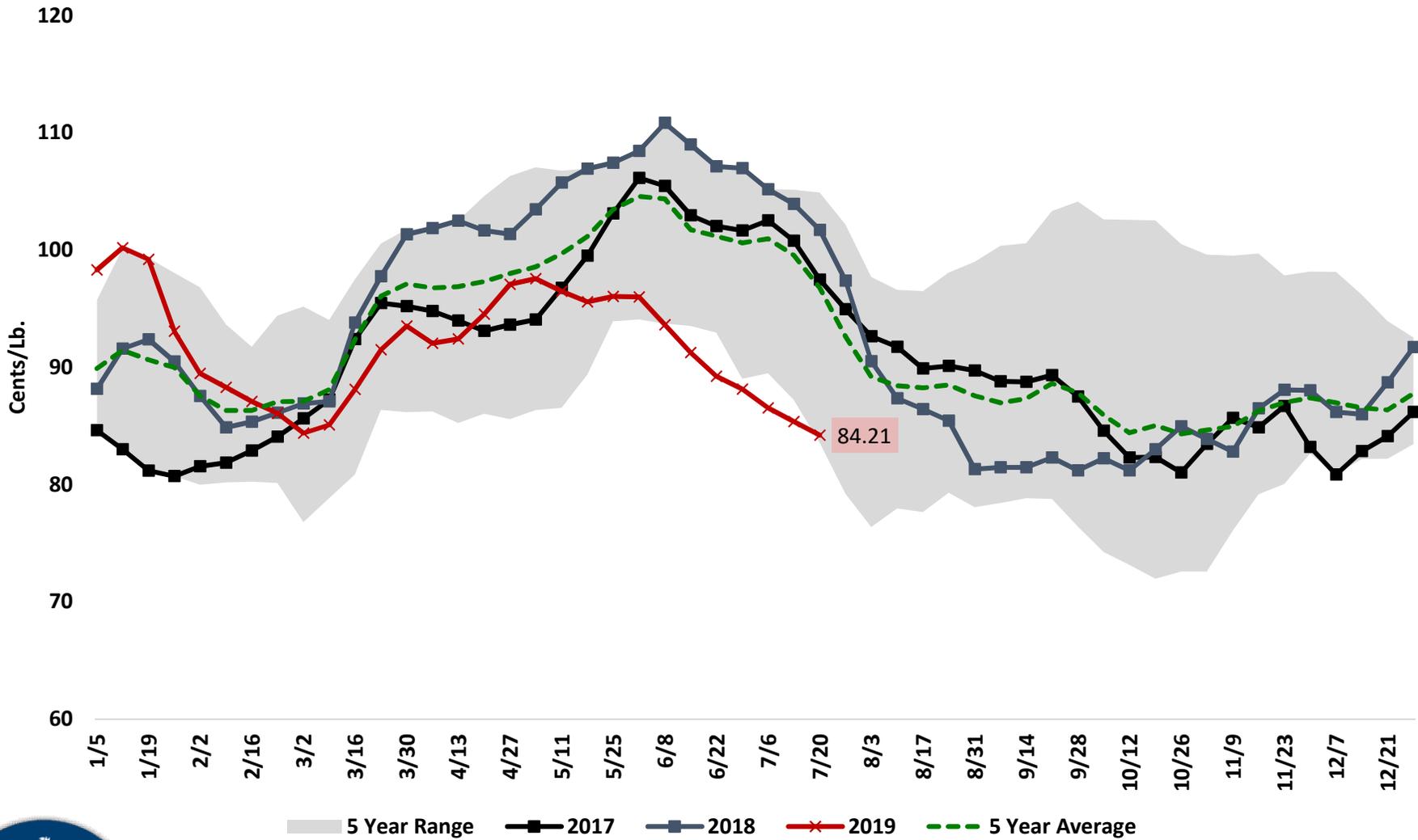


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Source: USDA

# Seasonal Decline Started Early for WOGs, But Still Close to 5 Year Range

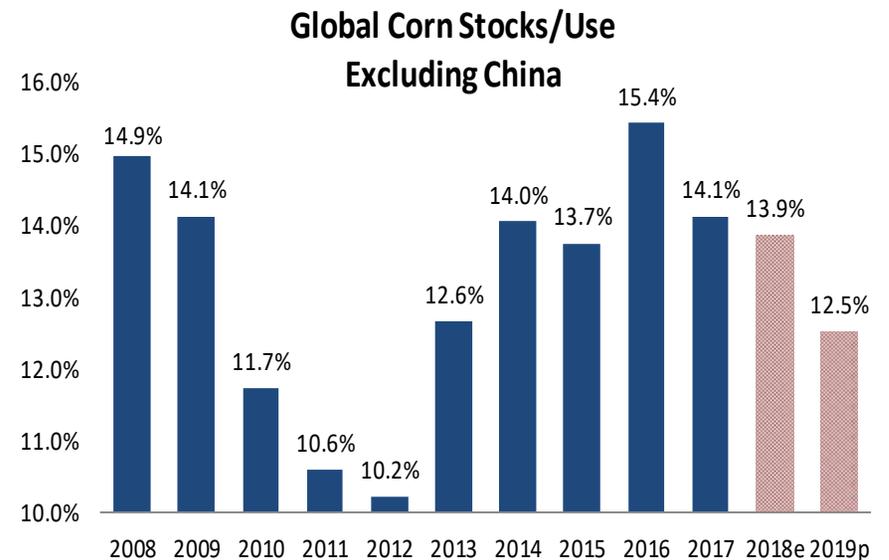
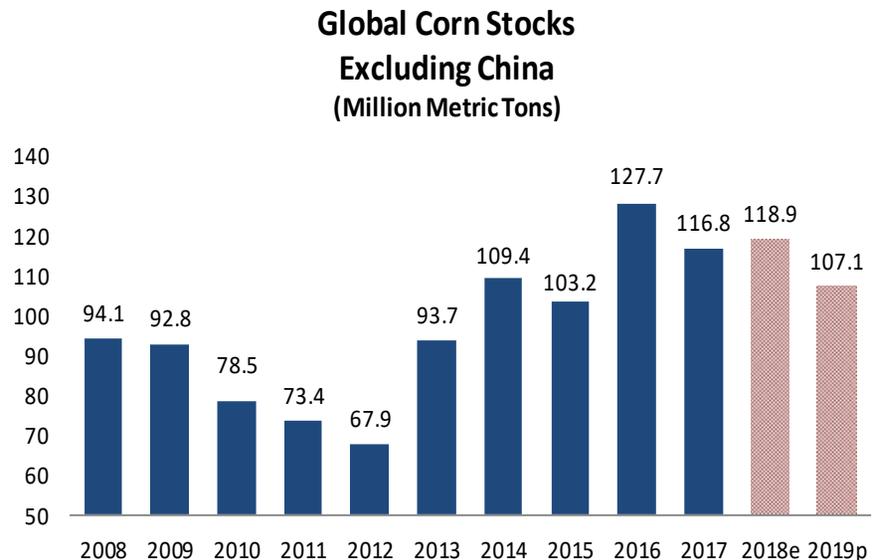
EMI WOG 2.5-4.0 LBS



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Source: EMI

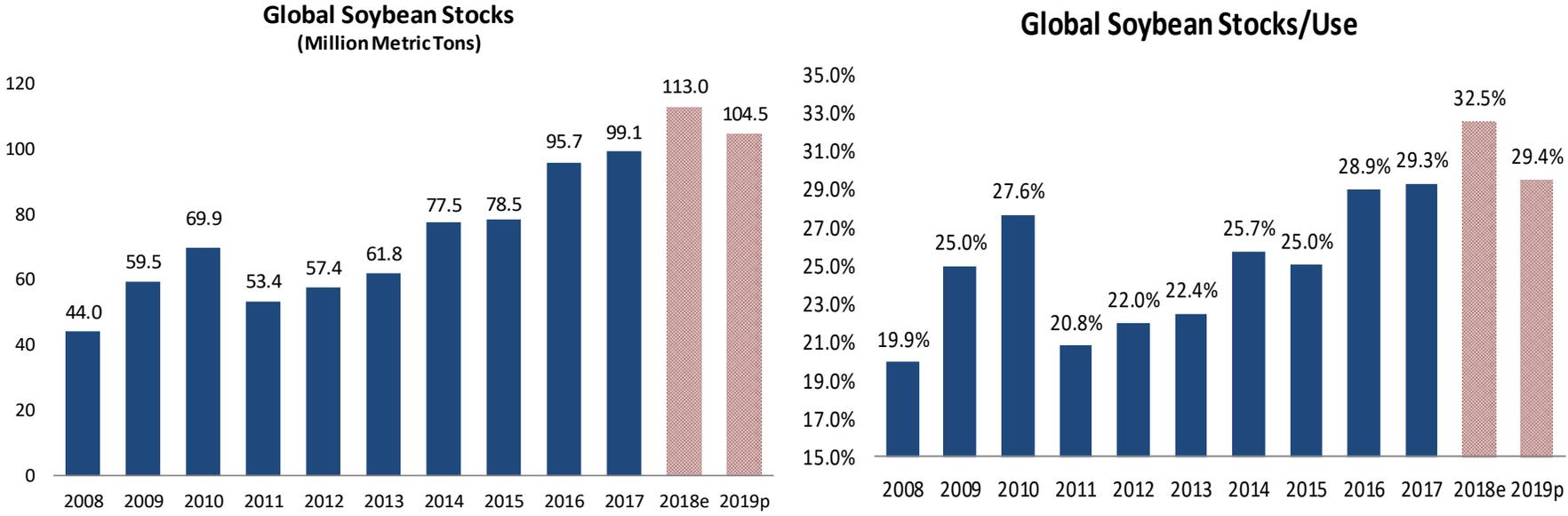
# Corn Stocks Projected to Decrease in '19



- Wet and late start to corn planting this summer impacting, plenty of supply remains available.
- Stocks/use projected to tighten in 2019.



# Global Soybean Inventories Remain High



- Stocks are projected to decline from record highs in '18 due to late planting start, however plenty of stocks remain available.
- Record global soybean stocks has kept key export countries competitive, contributing to a large US soybean supply.



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Source: USDA

## Second Quarter 2019 Financial Review

Main Indicators (\$M)	Q2-19	Q2-18
Net Revenue	2,843.1	2,836.7
Gross Profit	367.9	274.2
SG&A	88.3	89.1
Operating Income	279.6	185.1
Net Interest	30.2	35.4
Net Income	170.1	106.5
Earnings Per Share (EPS)	0.68	0.43
Adjusted EBITDA*	349.3	259.3
<i>Adjusted EBITDA Margin*</i>	12.3%	9.2%

\* 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.: Commodity recovered Y/Y , PF solid; MX: Better supply/demand from more favorable growing conditions and less pork imports; UK/Europe: Pricing model adjustments and operational improvements generated higher profits.
- SG&A lower due to realized synergies despite more brand investments in U.S. and MX.
- Adjusted Q2-19 EBITDA reflects portfolio, Key Customer strategy, and geographical diversification.

In \$M	U.S.	EU	MX
Net Revenue	1,917.0	535.9	390.2
Operating Income	187.0	24.2	68.4
<i>Operating Income Margin</i>	9.8%	4.5%	17.5%

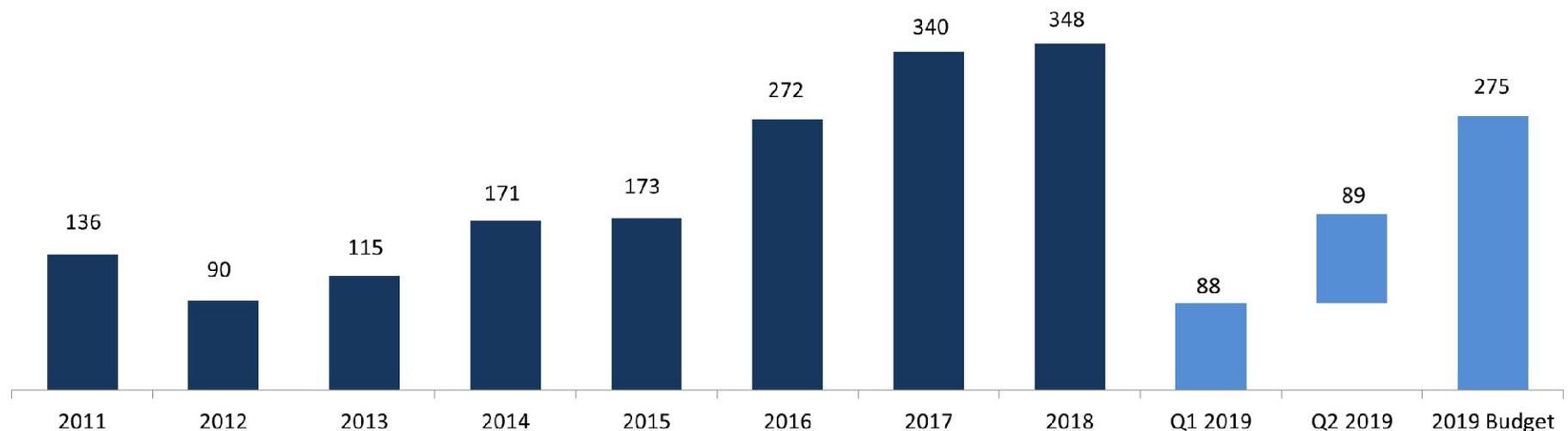


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Source: PPC

# Fiscal Year 2019 Capital Spending

## 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.



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Source: PPC

## Investor Relations Contact

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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: (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.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
	(In thousands)			
Net income	\$ 170,080	\$ 106,344	\$ 254,205	\$ 225,568
Add:				
Interest expense, net	33,594	35,433	67,156	84,143
Income tax expense	75,547	38,522	95,963	75,519
Depreciation and amortization	71,348	68,643	138,530	136,087
EBITDA	347,125	248,942	549,070	521,317
Add:				
Foreign currency transaction losses	2,260	5,630	4,896	3,909
Acquisition charges	—	125	—	304
Derivative loss	—	—	—	—
Restructuring activity	(43)	1,135	(70)	1,924
Other nonrecurring losses and expenses	—	3,298	—	3,298
Minus:				
Net income (loss) attributable to noncontrolling interest	12	(197)	126	(391)
Adjusted EBITDA	<u>\$ 349,330</u>	<u>\$ 259,327</u>	<u>\$ 553,770</u>	<u>\$ 531,143</u>

Source: PPC



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## Appendix: Reconciliation of LTM EBITDA

The summary unaudited consolidated income statement data for the twelve months ended June 30, 2019 (the LTM Period) have been calculated by subtracting the applicable unaudited consolidated income statement data for the six months ended July 1, 2018 from the sum of (1) the applicable audited consolidated income statement data for the year ended December 30, 2018 and (2) the applicable audited consolidated income statement data for the six months ended June 30, 2019.

### PILGRIM'S PRIDE CORPORATION Reconciliation of LTM Adjusted EBITDA

(Unaudited)	Thirteen Weeks Ended September 30, 2018	Thirteen Weeks Ended December 30, 2018	Thirteen Weeks Ended March 31, 2019	Thirteen Weeks Ended June 30, 2019	LTM Ended June 30, 2019
	(In thousands)				
Net income	\$ 29,463	\$ (8,227)	\$ 84,125	\$ 170,080	\$ 275,441
Add:					
Interest expense, net	31,093	33,765	30,222	30,150	125,230
Income tax expense	30,848	(20,944)	20,416	75,547	105,867
Depreciation and amortization	71,027	66,975	67,182	71,348	276,532
EBITDA	162,431	71,569	201,945	347,125	783,070
Add:					
Foreign currency transaction losses (gains)	(6,711)	19,962	2,636	2,260	18,147
Acquisition charges	16	—	—	—	16
Restructuring activities	257	2,584	(27)	(43)	2,771
Other nonrecurring losses and expenses	164	16,023	—	—	16,187
Minus:					
Net income (loss) attributable to noncontrolling interest	153	(903)	114	12	(624)
Adjusted EBITDA	\$ 156,004	\$ 111,041	\$ 204,440	\$ 349,330	\$ 820,815



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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 Revenue for the applicable period.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended		Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
	(In thousands)							
Net income	\$ 170,080	\$ 106,344	\$ 254,205	\$ 225,568	5.98 %	3.75 %	4.57 %	4.04 %
Add:								
Interest expense, net	30,150	35,433	60,372	84,143	1.06 %	1.25 %	1.08 %	1.51 %
Income tax expense	75,547	38,522	95,963	75,519	2.66 %	1.36 %	1.72 %	1.35 %
Depreciation and amortization	71,348	68,643	138,530	136,087	2.51 %	2.42 %	2.49 %	2.44 %
EBITDA	347,125	248,942	549,070	521,317	12.21 %	8.79 %	9.86 %	9.34 %
Add:								
Foreign currency transaction losses	2,260	5,630	4,896	3,909	0.08 %	0.20 %	0.09 %	0.07 %
Acquisition charges	—	125	—	304	— %	— %	— %	0.01 %
Restructuring activity	(43)	1,135	(70)	1,924	— %	0.04 %	— %	0.03 %
Other nonrecurring losses and expenses	—	3,298	—	3,298	— %	0.12 %	— %	0.06 %
Minus:								
Net income (loss) attributable to noncontrolling interest	12	(197)	126	(391)	— %	(0.01) %	— %	(0.01) %
Adjusted EBITDA	\$ 349,330	\$ 259,327	\$ 553,770	\$ 531,143	12.29 %	9.15 %	9.95 %	9.51 %
Net sales	\$ 2,843,085	\$ 2,836,713	\$ 5,567,760	\$ 5,583,391	\$ 2,843,085	\$ 2,836,713	\$ 5,567,760	\$ 5,583,391

Source: PPC



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# Appendix: Reconciliation of Adjusted Net Income

A reconciliation of net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share to adjusted net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share is as follows:

**PILGRIM'S PRIDE CORPORATION**  
**Reconciliation of Adjusted Earnings**  
**(Unaudited)**

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
	(In thousands, except per share data)			
Net income attributable to Pilgrim's Pride Corporation	\$ 170,068	\$ 106,541	\$ 254,079	\$ 225,959
Adjustments, net of tax:				
Loss on early extinguishment of debt	—	1,513	—	8,823
Acquisition charges and restructuring activities	(33)	954	(53)	1,686
Foreign currency transaction losses	1,710	4,260	3,704	2,957
Income before loss on early extinguishment of debt, acquisition charges and restructuring activities, and foreign currency transaction losses	\$ 171,745	\$ 113,268	\$ 257,730	\$ 239,425
Weighted average diluted shares of common stock outstanding	249,636	249,057	249,603	249,025
Income before loss on early extinguishment of debt, acquisition and restructuring activities and foreign currency transaction losses per common diluted share	\$ 0.69	\$ 0.45	\$ 1.03	\$ 0.96



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Source: PPC

## Appendix: Adjusted EPS Bridge

A reconciliation of GAAP earnings per share (EPS) to adjusted earnings per share (EPS) is as follows:

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

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>June 30, 2019</u>	<u>July 1, 2018</u>	<u>June 30, 2019</u>	<u>July 1, 2018</u>
	(In thousands, except per share data)			
GAAP EPS	\$ 0.68	\$ 0.43	\$ 1.02	\$ 0.91
Adjustments, net of tax:				
Loss on early extinguishment of debt	—	0.01	—	0.04
Foreign currency transaction losses	0.01	0.01	0.01	0.01
Adjusted EPS	<u>\$ 0.69</u>	<u>\$ 0.45</u>	<u>\$ 1.03</u>	<u>\$ 0.96</u>
Weighted average diluted shares of common stock outstanding	249,636	249,057	249,603	249,025



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Source: PPC

# Appendix: Segment and Geographic Data

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
(In thousands)				
Sources of net sales by country of origin:				
US	\$ 1,916,954	\$ 1,899,435	\$ 3,800,544	\$ 3,740,540
Europe	535,902	563,102	1,050,865	1,107,402
Mexico	390,229	374,176	716,351	735,449
Total net sales	\$ 2,843,085	\$ 2,836,713	\$ 5,567,760	\$ 5,583,391
Sources of cost of sales by country of origin:				
US	\$ 1,670,384	\$ 1,745,511	\$ 3,383,803	\$ 3,404,245
Europe	492,386	513,991	977,764	1,015,559
Mexico	312,475	302,973	619,438	601,708
Intersegment transactions, net	(24)	16	(48)	(8)
Total cost of sales	\$ 2,475,221	\$ 2,562,491	\$ 4,980,957	\$ 5,021,504
Sources of gross profit by country of origin:				
US	\$ 246,570	\$ 153,924	\$ 416,741	\$ 336,295
Europe	43,516	49,111	73,101	91,843
Mexico	77,754	71,203	96,913	133,741
Intersegment transactions, net	24	(16)	48	8
Total gross profit	\$ 367,864	\$ 274,222	\$ 586,803	\$ 561,887
Sources of operating income by country of origin:				
US	\$ 186,960	\$ 99,469	\$ 301,800	\$ 226,755
Europe	24,194	23,662	36,908	45,075
Mexico	68,372	61,997	77,836	114,867
Intersegment transactions, net	24	(16)	48	8
Total operating income	\$ 279,550	\$ 185,112	\$ 416,592	\$ 386,705



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Source: PPC