



## Financial Results for Second Quarter Ended July 1, 2018

Pilgrim's Pride Corporation  
(NASDAQ: PPC)

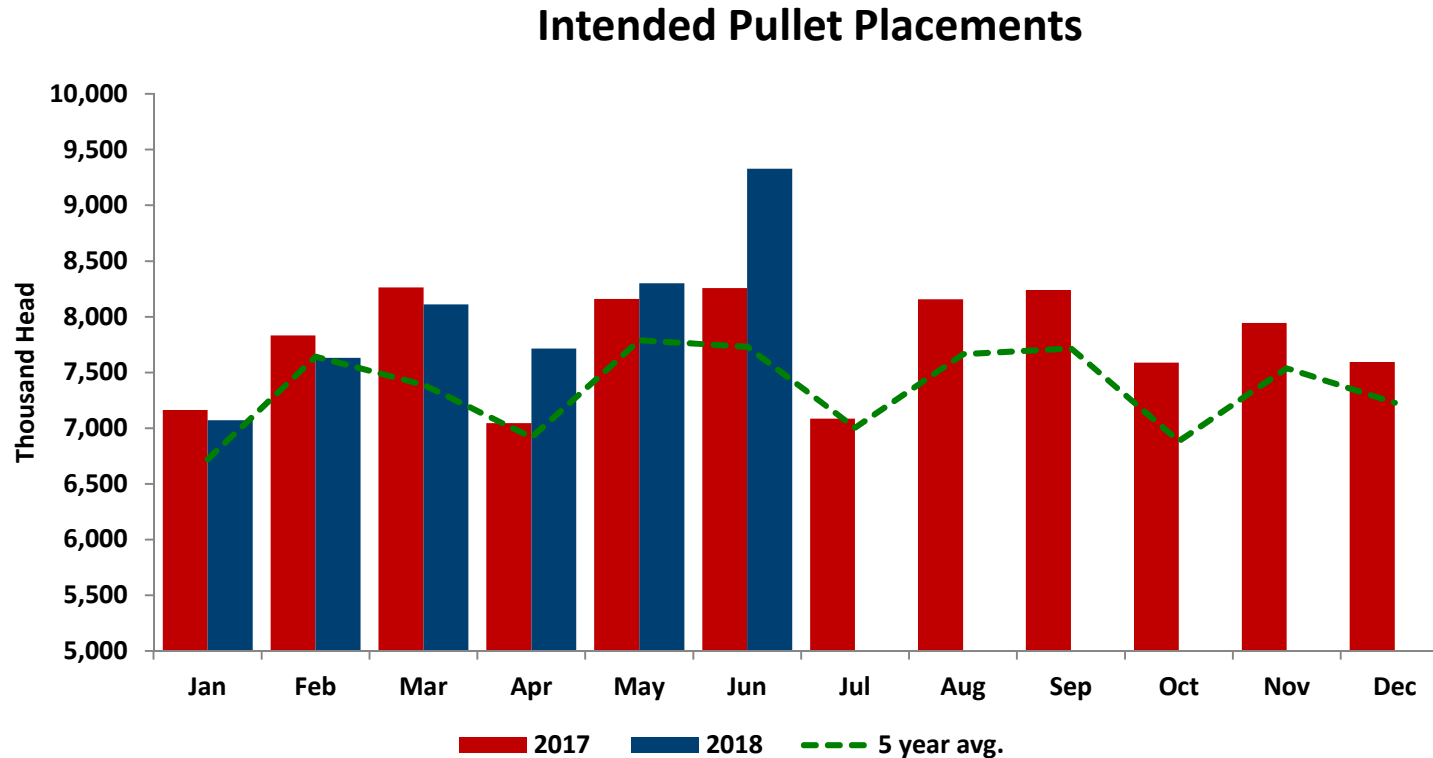
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# Cautionary Notes and Forward-Looking Statements

- 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..



## 2018 Pullet Placements Up 3.1% YTD



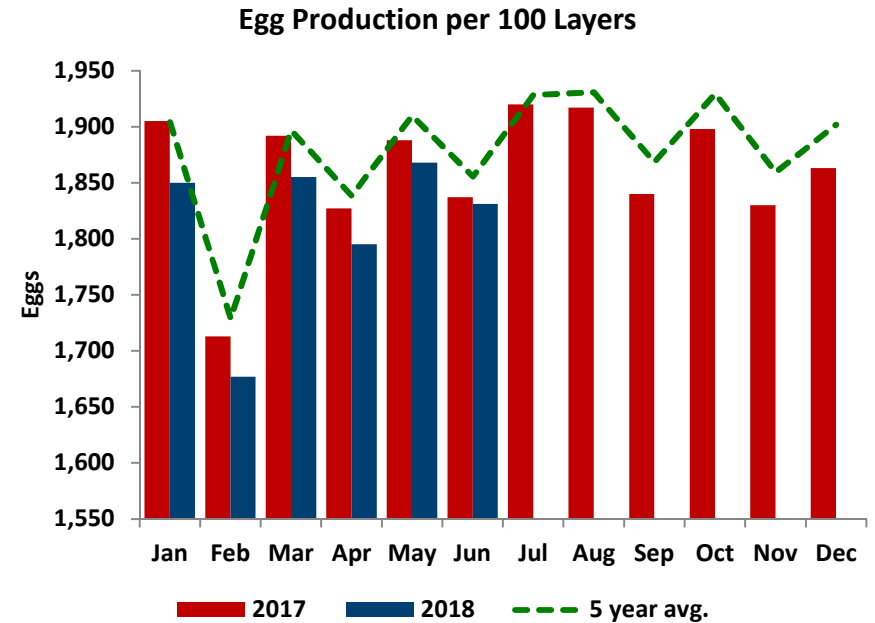
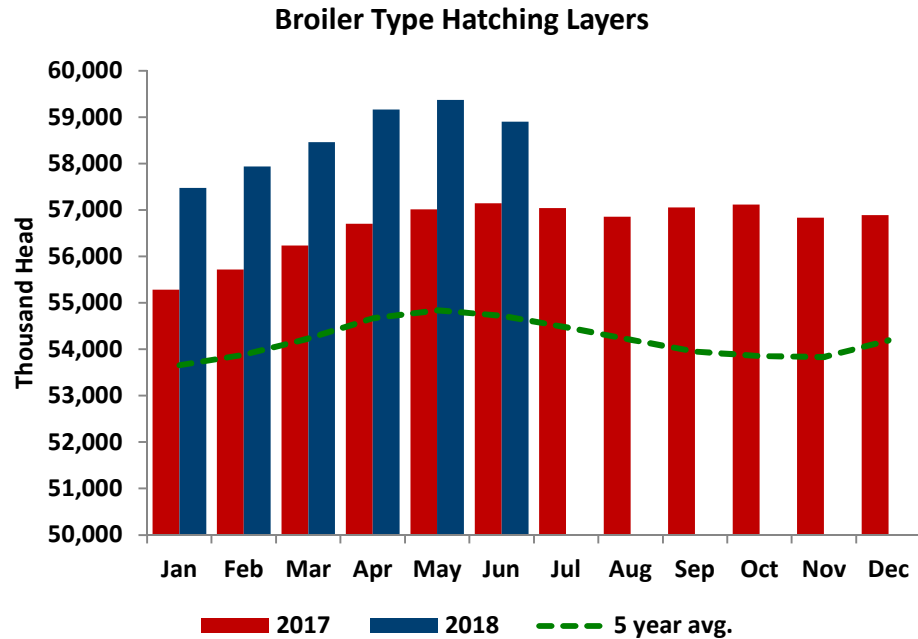
- Pullet placements can be volatile and are up YOY as egg availability remains challenged. More layers to support decreased flock productivity and new plants for 2018/ 2019.



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Source: USDA

# Layer Growth Countering Declining Productivity and Supporting New Plants



- Hatching layers increasing to counter a persistent reduction in egg production per layer, driven by a less productive breed and an older flock. Decline in June layers in-line with seasonal trends.
- New industry capacity also requires more layers.

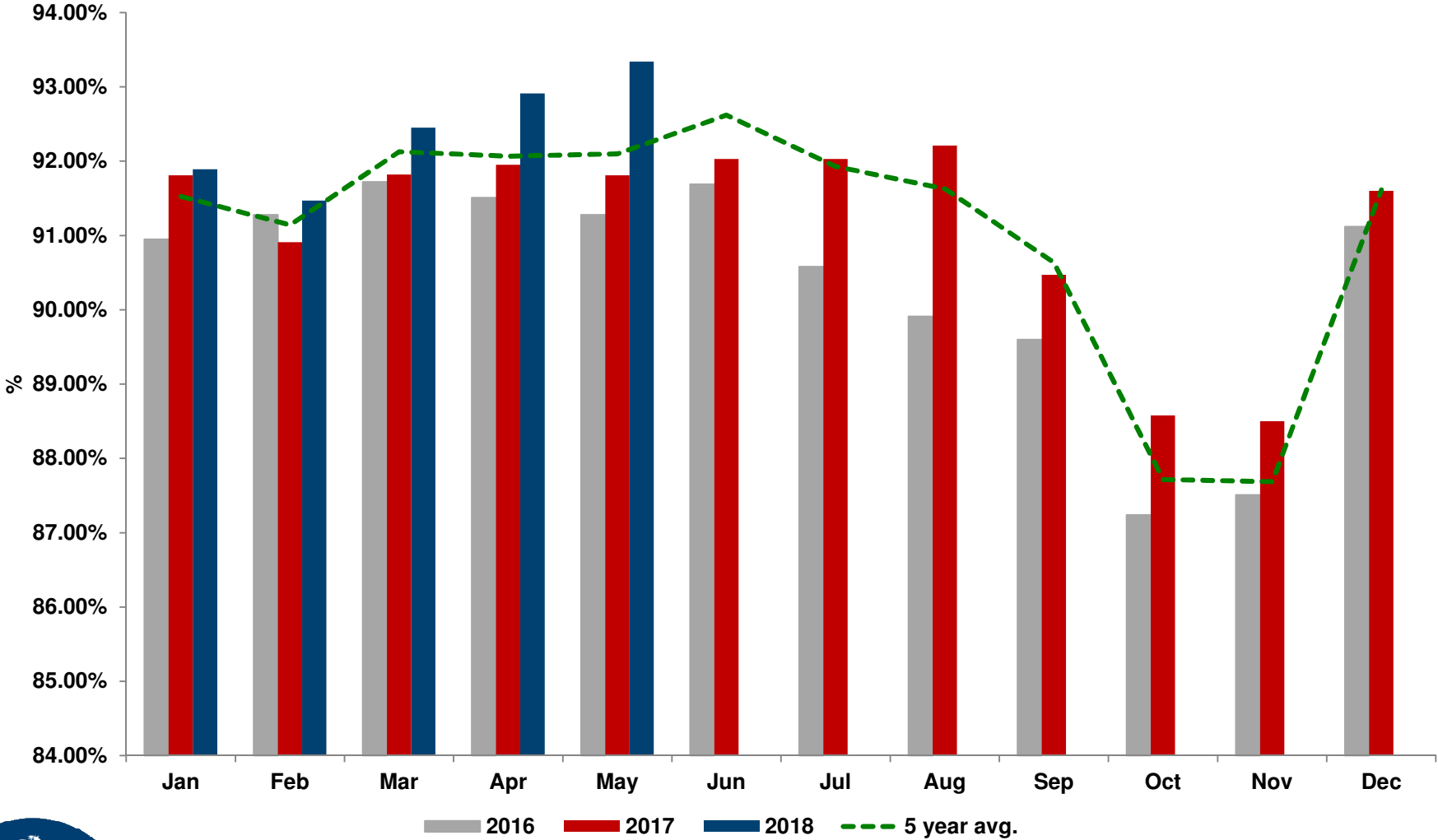


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Source: USDA

# Hatchery Utilization Remains Very High

## Hatchery Utilization

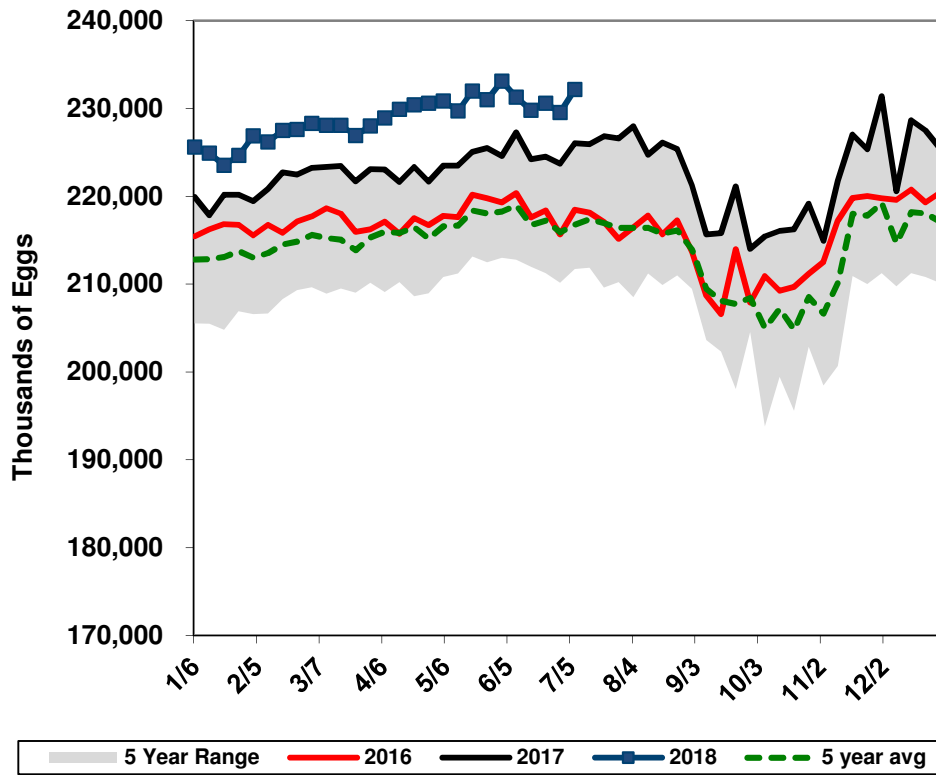


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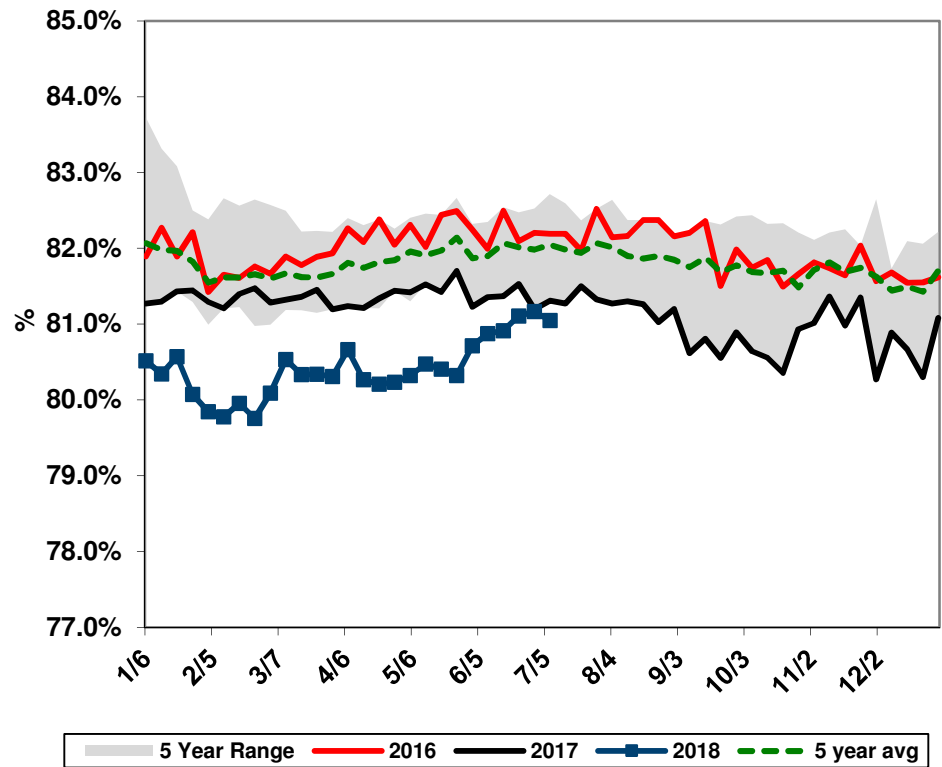
Source: Agristats

# +2.7% Increase in Egg Sets Required to Offset Low Hatch

## Chicken Egg Sets by Week - USDA



## Chicken Hatchability by Week - USDA

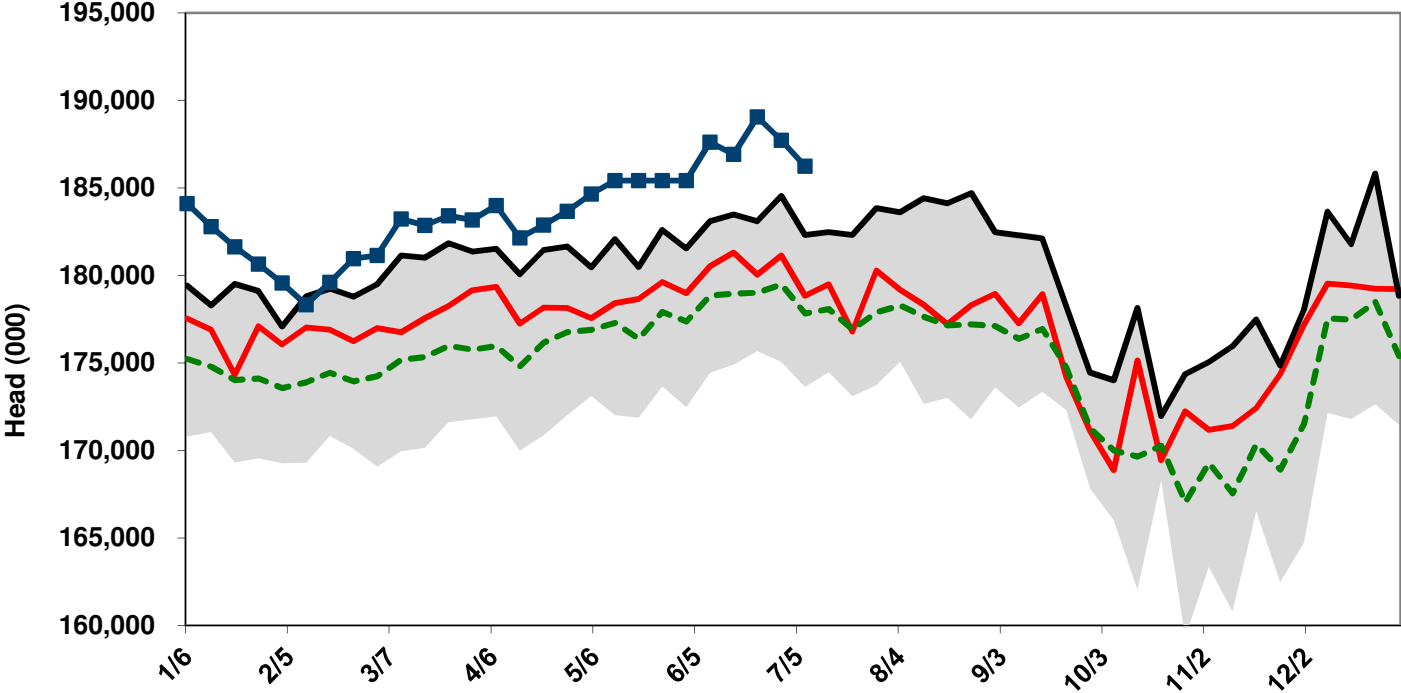


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Source: USDA

# 2018 YTD Chick Placements Up 1.5%

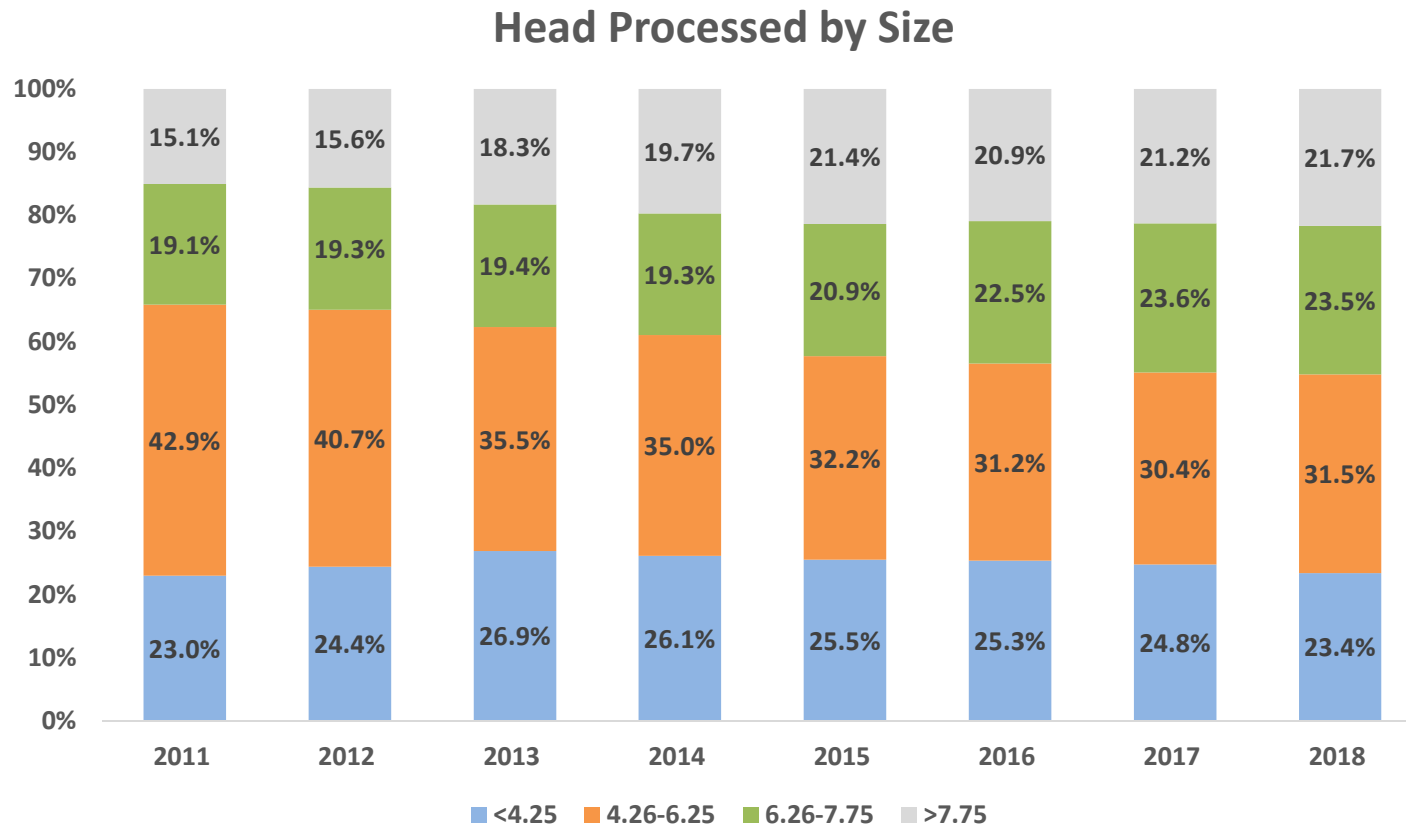
## Chicken Broiler Placed by Week- USDA



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Source: USDA

# Jumbo Weight Has Increased Share of Head Total While Small Bird Head Down 2.8% YTD



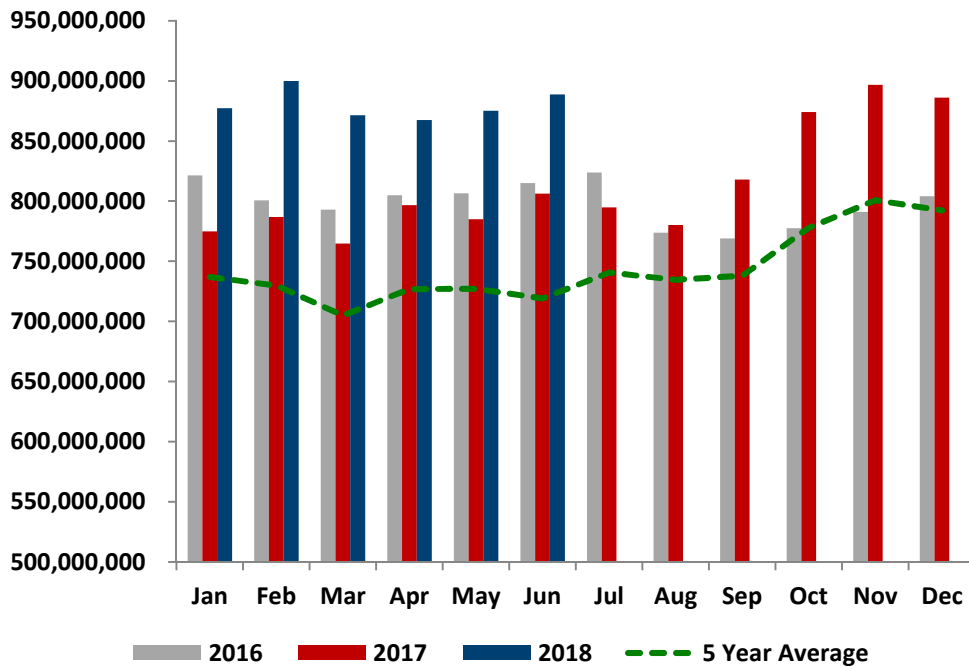
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Source: USDA



# Cold Storage Inventories Increase Primarily Driven by “Other” Category

Total Chicken Inventories



Frozen Chicken Inventory (000 LBS)					
Part	Jun-17	May-18	Jun-18	YOY Change	MOM Change
Broilers	22,744	14,402	15,370	▼ -32.4%	▲ 6.7%
Hens	7,846	3,808	3,907	▼ -50.2%	▲ 2.6%
Breast Meat	182,935	186,418	181,565	▼ -0.7%	▼ -2.6%
Drumsticks	20,500	31,983	36,034	▲ 75.8%	▲ 12.7%
LQ	131,323	87,863	85,488	▼ -34.9%	▼ -2.7%
Legs	21,861	15,390	17,384	▼ -20.5%	▲ 13.0%
Thighs	8,362	9,627	10,214	▲ 22.1%	▲ 6.1%
Thigh Meat	15,170	23,611	21,883	▲ 44.3%	▼ -7.3%
Wings	60,502	79,955	81,402	▲ 34.5%	▲ 1.8%
Paws and Feet	19,136	30,233	36,958	▲ 93.1%	▲ 22.2%
Other	315,086	391,898	398,414	▲ 26.4%	▲ 1.7%
<b>Total Chicken</b>	<b>805,465</b>	<b>875,188</b>	<b>888,619</b>	<b>▲ 10.3%</b>	<b>▲ 1.5%</b>

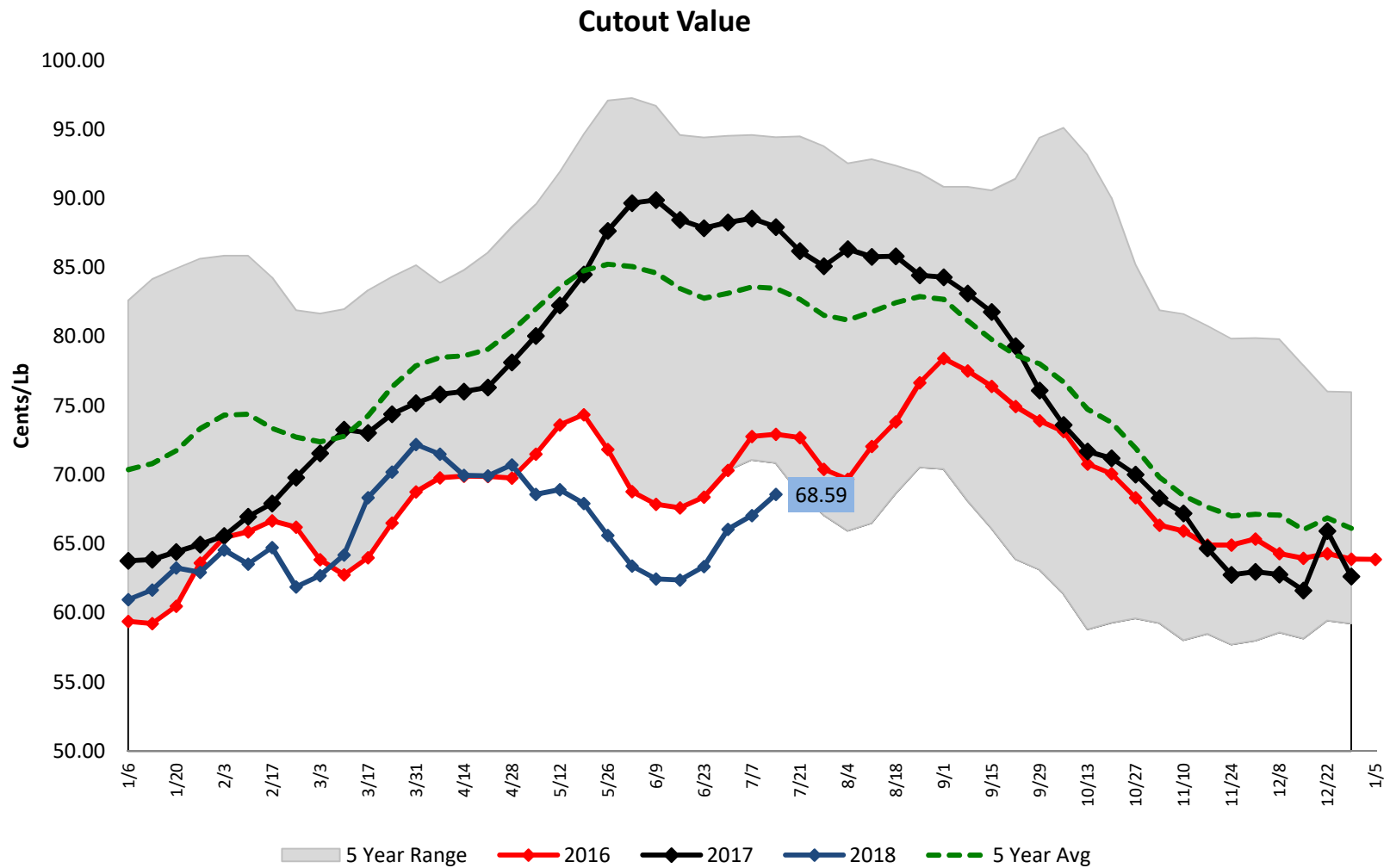
- “Other” category remains the main driver of increased inventories.
- Whole Broilers inventory has declined 30% YOY.
- LQ inventories remain low with a slight decrease MOM.



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Source: USDA

# 2018 Pricing Rebounding Towards 5 Year Range Following Counter Seasonal Q2

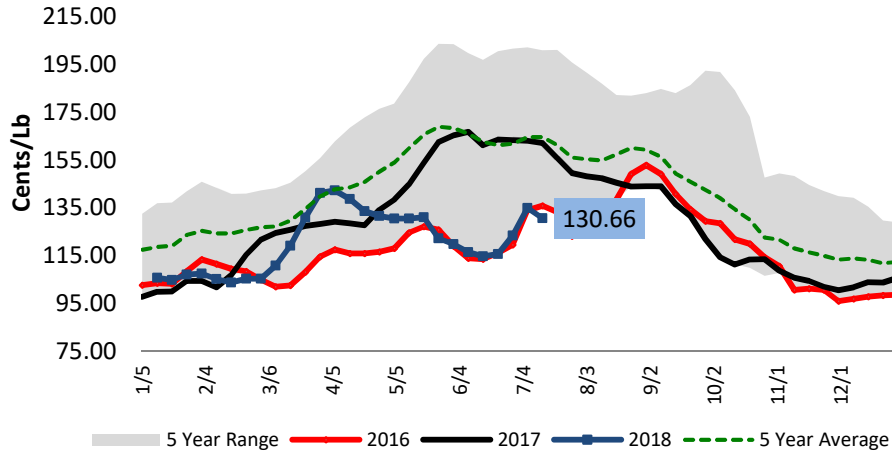


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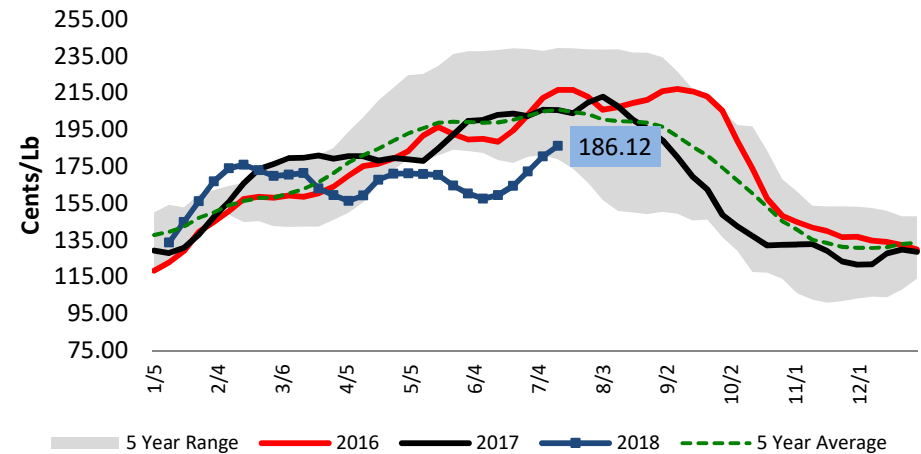
Source: PPC, EMI

# Q2 Boneless Breast Meat Counter Seasonal but Improving; LQ and Wings Tracking to 2016 Levels

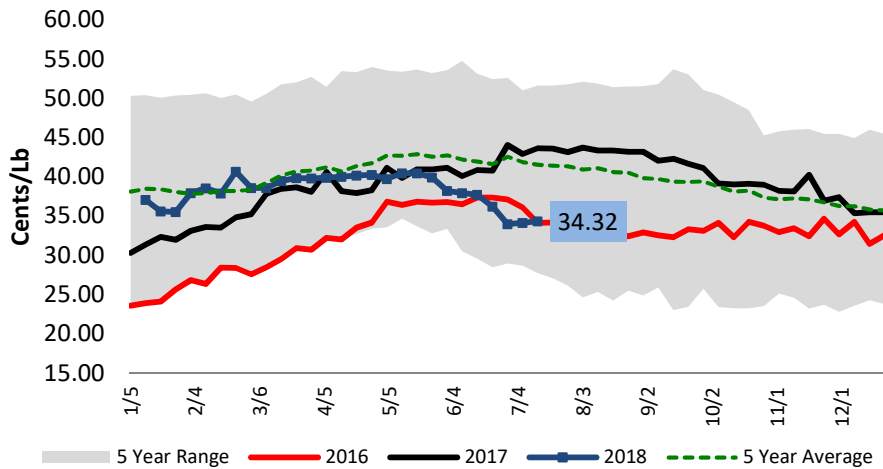
### USDA Boneless/Skinless Breast NE



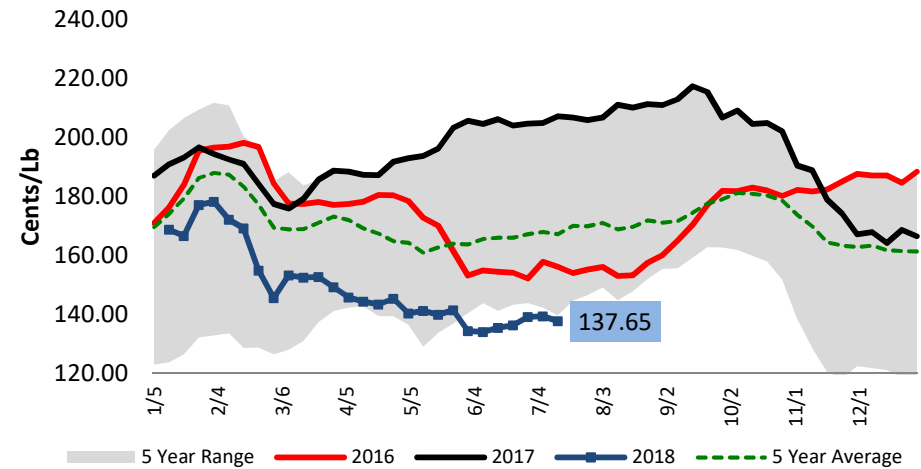
### USDA Tenders NE



### USDA Leg Quarters



### USDA Whole Wings NE

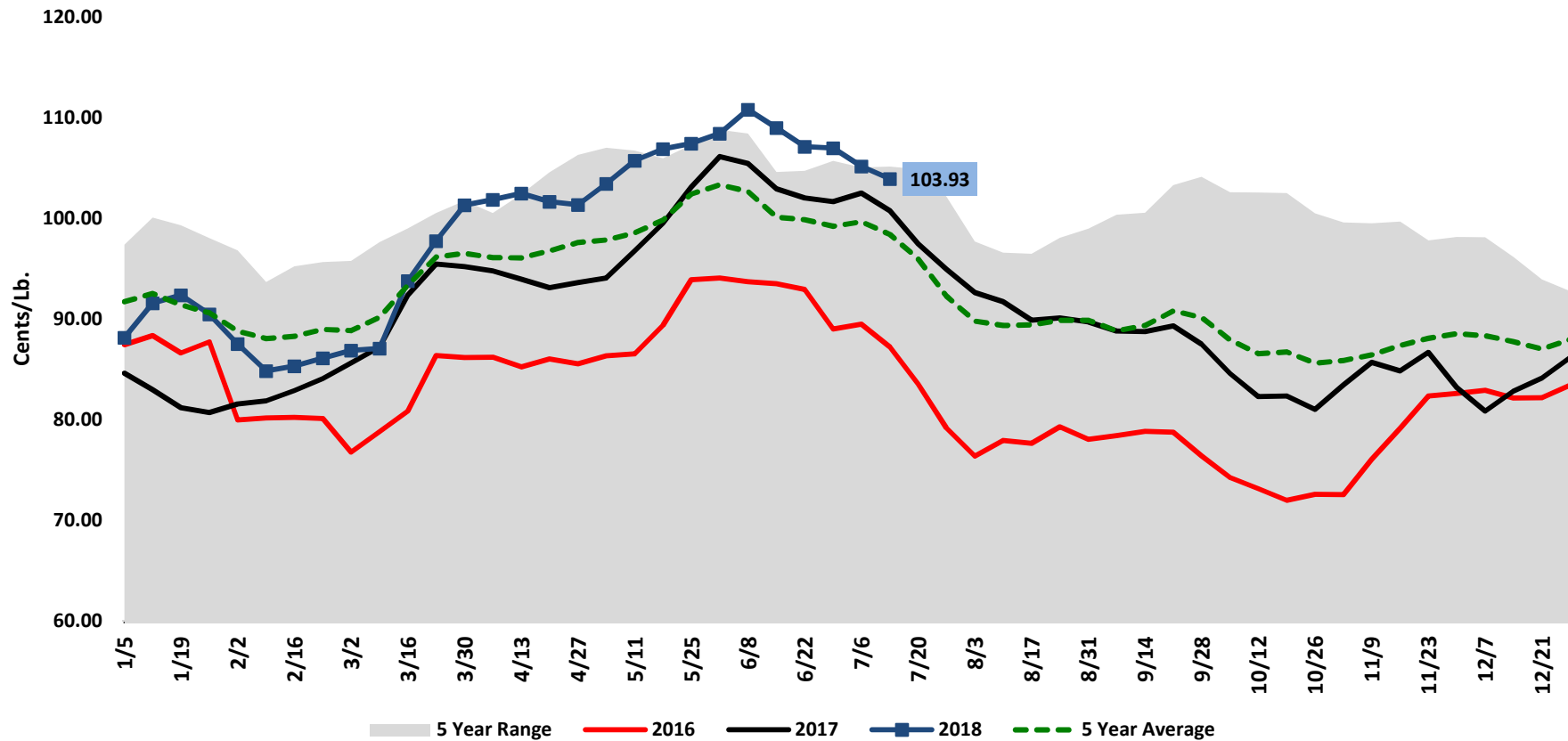


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Source: USDA

# Tight Small Bird Supply Has Helped Maintain Strong Pricing Relative to Historical Average

## EMI WOG 2.5-4.0 LBS

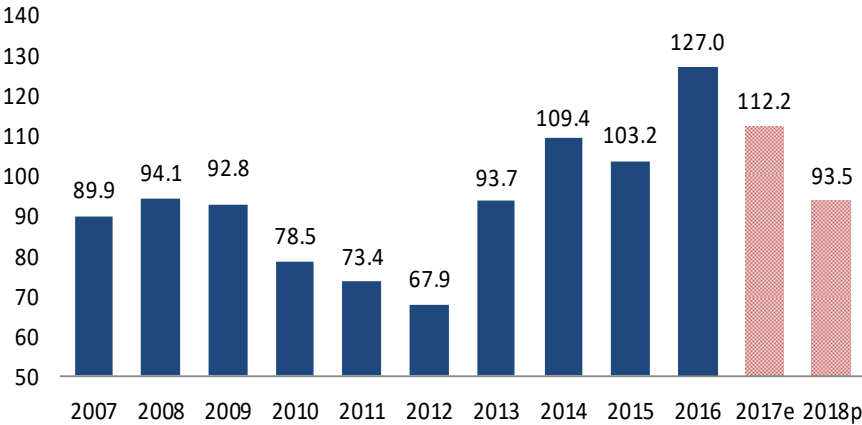


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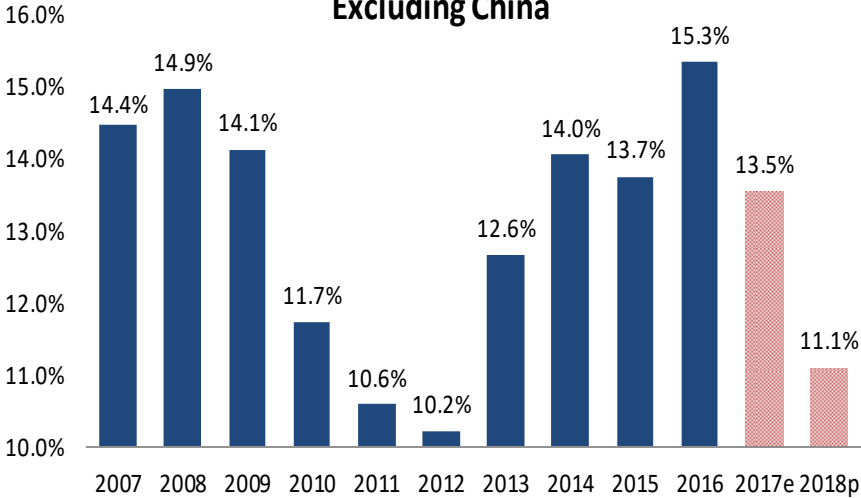
Source: EMI

# Corn Stocks to Decrease from Record Levels

**Global Corn Stocks  
Excluding China  
(Million Metric Tons)**



**Global Corn Stocks/Use  
Excluding China**

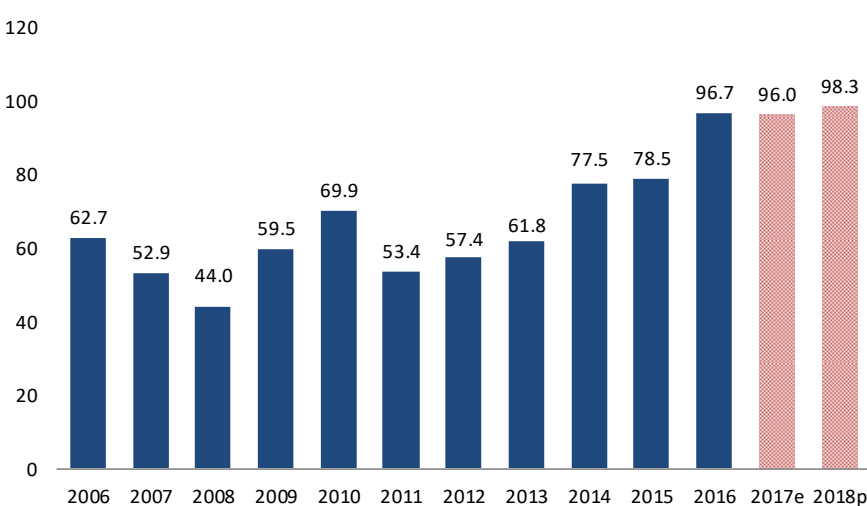


- 2017 and 2018 stocks projected to decrease, ample supply remains available.
- Stocks/use projected to tighten in 2018.

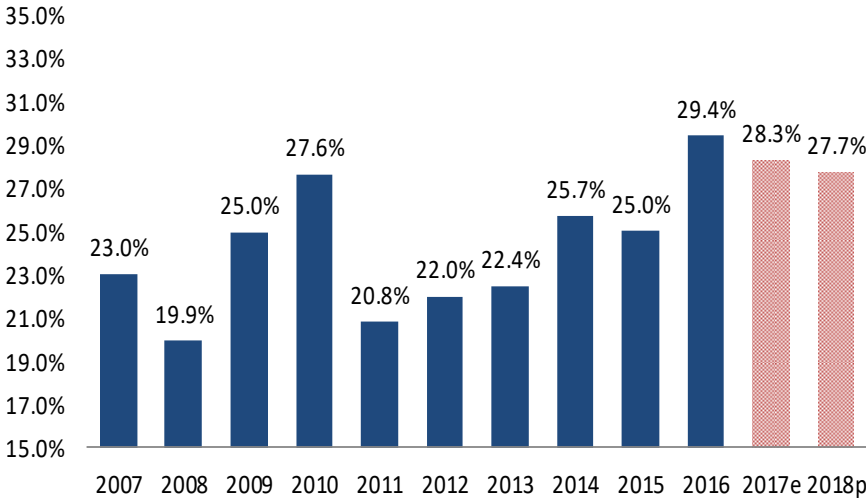


# Global Soybean Inventories Projected to Grow

**Global Soybean Stocks**  
(Million Metric Tons)



**Global Soybean Stocks/Use**



- Stocks are projected to set new record in '18, at 98.3 MMT.
- China tariffs dominate headlines as a third of US soybeans are exported to China.



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Source: USDA

## Second Quarter 2018 Financial Review

Main Indicators (\$M)**	Q2-18	Q2-17
Net Revenue	2,836.7	2,752.3
Gross Profit	274.2	474.8
SG&A	89.1	96.5
Operating Income	185.1	378.3
Net Interest	35.4	21.5
Net Income	106.5	233.6
Earnings Per Share (EPS)	0.43	0.94
Adjusted EBITDA*	282.5	448.9
<i>Adjusted EBITDA Margin*</i>	<i>10.0%</i>	<i>16.3%</i>

\* 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 commodity weak but non-commodity solid, strong results in MX on good operating performance and success of new product portfolio, UK/Europe continuing to improve.
- SG&A lower due to realized synergies despite more brand investments in US and MX.
- Adjusted Q2-18 EBITDA, excluding commodity, shows strength and diversity of portfolio despite market conditions.

In \$M	U.S.	EU	MX
Net Revenue	1,899.4	563.1	374.2
Adjusted Operating Income*	123.5	26.9	62.0
<i>Adjusted Operating Income Margin*</i>	<i>6.5%</i>	<i>4.8%</i>	<i>16.6%</i>

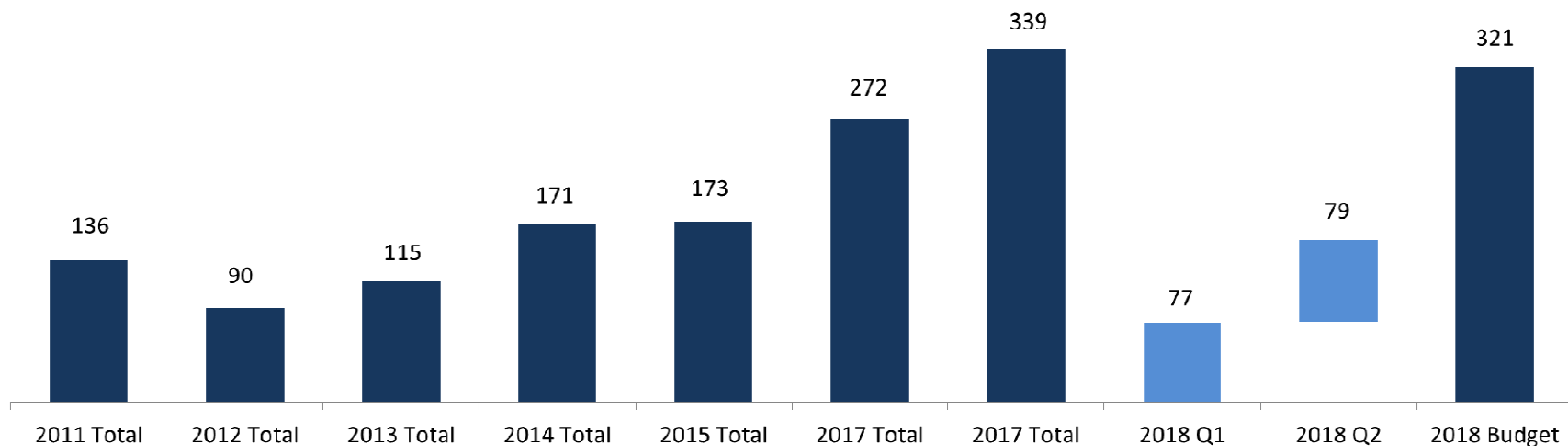


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Source: PPC

## Second Quarter 2018 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	
	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017
	(In thousands)			
Net income	\$ 106,344	\$ 245,191	\$ 225,568	\$ 345,929
Add:				
Interest expense, net	35,433	21,463	84,143	40,207
Income tax expense (benefit)	38,522	115,256	75,519	164,650
Depreciation and amortization	70,278	69,941	139,479	132,613
Minus:				
Amortization of capitalized financing costs	2,453	1,366	4,210	4,576
EBITDA	248,124	450,485	520,499	678,823
Add:				
Foreign currency transaction losses (gains)	5,630	(2,303)	3,909	(1,612)
Acquisition charges	125	—	304	—
Derivative loss (gain)	24,002	(3,236)	17,621	(344)
Restructuring charges	1,135	4,349	1,924	4,349
Non-recurring expense	3,298	—	3,298	—
Minus:				
Net income (loss) attributable to noncontrolling interest	(197)	432	(391)	974
Adjusted EBITDA	\$ 282,511	\$ 448,863	\$ 547,946	\$ 680,242



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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	
	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017
(In thousands)								
Net income from continuing operations	\$ 106,344	\$ 245,191	\$ 225,568	\$ 345,929	3.75 %	8.91 %	4.04 %	6.61 %
Add:								
Interest expense, net	35,433	21,463	84,143	40,207	1.25 %	0.78 %	1.51 %	0.77 %
Income tax expense	38,522	115,256	75,519	164,650	1.36 %	4.19 %	1.35 %	3.15 %
Depreciation and amortization	70,278	69,941	139,479	132,613	2.48 %	2.54 %	2.50 %	2.53 %
Minus:								
Amortization of capitalized financing costs	2,453	1,366	4,210	4,576	0.09 %	0.05 %	0.08 %	0.09 %
EBITDA	248,124	450,485	520,499	678,823	8.75 %	16.38 %	9.32 %	12.98 %
Add:								
Foreign currency transaction losses (gains)	5,630	(2,303)	3,909	(1,612)	0.20 %	(0.08)%	0.07 %	(0.03)%
Acquisition charges	125	—	304	—	— %	— %	0.01 %	— %
Derivative loss (gain)	24,002	(3,236)	17,621	(344)	0.85 %	(0.12)%	0.32 %	(0.01)%
Restructuring charges	1,135	4,349	1,924	4,349	0.04 %	0.16 %	0.03 %	0.08 %
Non-recurring expense	3,298	—	3,298	—	0.12 %	— %	0.06 %	— %
Minus:								
Net income (loss) attributable to noncontrolling interest	(197)	432	(391)	974	(0.01)%	0.02 %	(0.01)%	0.02 %
Adjusted EBITDA	\$ 282,511	\$ 448,863	\$ 547,946	\$ 680,242	9.96 %	16.32 %	9.81 %	13.00 %
Net Revenue:	\$ 2,836,713	\$ 2,752,286	\$ 5,583,391	\$ 5,231,626	\$ 2,836,713	\$ 2,752,286	\$ 5,583,391	\$ 5,231,626



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Source: PPC

# Appendix: Reconciliation of Adjusted Operating Income

A reconciliation of GAAP Operating Income to Adjusted Operating Income is as follows:

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017
	(In thousands)			
GAAP Operating Income	\$ 185,112	\$ 378,335	\$ 386,705	\$ 545,059
Derivative loss (gain)	\$ 24,002	\$ (3,236)	\$ 17,621	\$ (344)
Non-recurring expense	\$ 3,298	\$ —	\$ 3,298	\$ —
Adjusted Operating Income	\$ 212,412	\$ 375,099	\$ 407,624	\$ 544,715



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Source: PPC

# Appendix: Reconciliation of Adjusted Earnings

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	
	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017
(In thousands, except per share data)				
Net income (loss) attributable to Pilgrim's Pride Corporation	\$ 106,541	\$ 233,641	\$ 225,959	\$ 327,562
Loss on early extinguishment of debt	2,000	—	11,661	—
Acquisition and restructuring charges, net of taxes	944	—	1,669	2,918
Derivative loss (gain)	17,982	(2,171)	13,201	(231)
Foreign currency transaction losses (gains)	5,630	(2,303)	3,909	(1,612)
Income (loss) before loss on early extinguishment of debt and foreign currency transaction losses (gains)	133,097	229,167	249,990	328,480
Weighted average diluted shares of common stock outstanding	249,057	248,973	249,025	248,950
Income (loss) before loss on early extinguishment of debt and foreign currency transaction losses (gains) per common diluted share	\$ 0.53	\$ 0.92	\$ 1.00	\$ 1.32



## 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)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017
	(In thousands, except per share data)			
GAAP EPS	\$ 0.43	\$ 0.94	\$ 0.91	\$ 1.32
Loss on early extinguishment of debt	0.01	—	0.05	—
Acquisition and restructuring charges, net of taxes	—	—	0.01	0.01
Derivative loss (gain)	0.07	(0.01)	0.05	—
Foreign currency transaction losses (gains)	0.02	(0.01)	(0.01)	(0.01)
Adjusted EPS	<u>\$ 0.53</u>	<u>\$ 0.92</u>	<u>\$ 1.00</u>	<u>\$ 1.32</u>
Weighted average diluted shares of common stock outstanding	249,057	248,973	249,025	248,950



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Source: PPC

# Appendix: Segment and Geographic Data

PILGRIM'S PRIDE CORPORATION  
Supplementary Selected Segment and Geographic Data

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 1, 2018 (Unaudited)	June 25, 2017	July 1, 2018	June 25, 2017
(In thousands)				
Sources of net sales by country of origin:				
US:	\$ 1,899,435	\$ 1,882,142	\$ 3,740,540	\$ 3,618,547
Europe:	563,102	500,681	1,107,402	959,530
Mexico:	374,176	369,463	735,449	653,549
Total net sales:	<u>\$ 2,836,713</u>	<u>\$ 2,752,286</u>	<u>\$ 5,583,391</u>	<u>\$ 5,231,626</u>
Sources of cost of sales by country of origin:				
US:	\$ 1,745,511	\$ 1,547,252	\$ 3,404,245	\$ 3,095,502
Europe:	513,991	451,232	1,015,559	868,750
Mexico:	302,973	278,993	601,708	536,205
Elimination:	16	(23)	(8)	(47)
Total cost of sales:	<u>\$ 2,562,491</u>	<u>\$ 2,277,454</u>	<u>\$ 5,021,504</u>	<u>\$ 4,500,410</u>
Sources of gross profit by country of origin:				
US:	\$ 153,924	\$ 334,889	\$ 336,295	\$ 523,044
Europe:	49,111	49,450	91,843	90,780
Mexico:	71,203	90,470	133,741	117,345
Elimination:	(16)	23	8	47
Total gross profit:	<u>\$ 274,222</u>	<u>\$ 474,832</u>	<u>\$ 561,887</u>	<u>\$ 731,216</u>
Sources of operating income by country of origin:				
US:	\$ 99,469	\$ 277,602	\$ 226,755	\$ 411,159
Europe:	23,662	18,933	45,075	33,304
Mexico:	61,997	81,777	114,867	100,549
Elimination:	(16)	23	8	47
Total operating income:	<u>\$ 185,112</u>	<u>\$ 378,335</u>	<u>\$ 386,705</u>	<u>\$ 545,059</u>



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Source: PPC