

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): July 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 July 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

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**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: July 29, 2020

/s/ Fabio Sandri  
Fabio Sandri  
Interim President and Chief Executive Officer, Chief Financial Officer and  
Chief Accounting Officer



**Financial Results for Second Quarter Ended June 28, 2020**

Pilgrim's Pride Corporation  
(NASDAQ: PPC)

All about great taste.

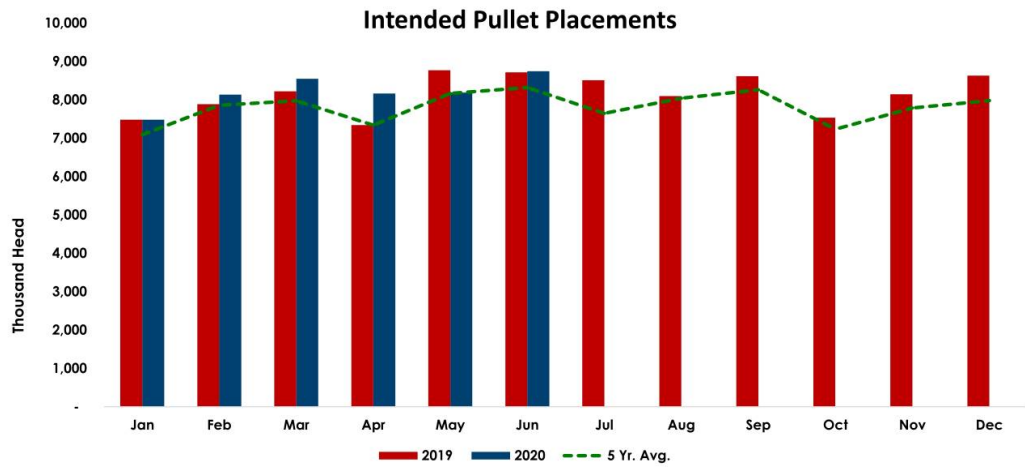
## Cautionary Notes and Forward-Looking Statements

- Statements contained in this press release that state the intentions, plans, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim's Pride Corporation and its management are considered forward-looking statements. Without limiting the foregoing, words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "should," "targets," "will" and the negative thereof and similar words and expressions are intended to identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: the impact of the COVID-19 pandemic, efforts to contain the pandemic and resulting economic downturn on our operations and financial condition, including the risk that our health and safety measures at Pilgrim's Pride production facilities will not be effective, the risk that we may be unable to prevent the infection of our employees at these facilities, and the risk that we may need to temporarily close one or more of our production facilities; the risk that we may experience decreased production and sales due to the changing demand for food products; the risk that we may face a significant increase in delayed payments from our customers; and additional risks related to COVID-19 set forth in our Form 10-Q filed with the SEC; matters affecting the poultry industry generally; the ability to execute the Company's business plan to achieve desired cost savings and profitability; future pricing for feed ingredients and the Company's products; outbreaks of avian influenza or other diseases, either in Pilgrim's Pride's flocks or elsewhere, affecting its ability to conduct its operations and/or demand for its poultry products; contamination of Pilgrim's Pride's 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; management of cash resources; restrictions imposed by, and as a result of, Pilgrim's Pride's leverage; changes in laws or regulations affecting Pilgrim's Pride's operations or the application thereof; new immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause the costs of doing business to increase, cause Pilgrim's Pride to change the way in which it does business, or otherwise disrupt its operations; competitive factors and pricing pressures or the loss of one or more of Pilgrim's Pride's largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; disruptions in international markets and distribution channel, including anti-dumping proceedings and countervailing duty proceedings; and the impact of uncertainties of litigation and other legal matters described in our Quarterly Report on Form 10-Q, including the In re Broiler Chicken Antitrust Litigation and ongoing federal antitrust investigation into alleged price fixing, as well as other risks described under "Risk Factors" in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and subsequent filings with the Securities and Exchange Commission. The forward-looking statements in this release speak only as of the date hereof, and the Company undertakes no obligation to update any such statement after the date of this release, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.
- 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.



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## Pullet Placements Trending In-line With Expectations



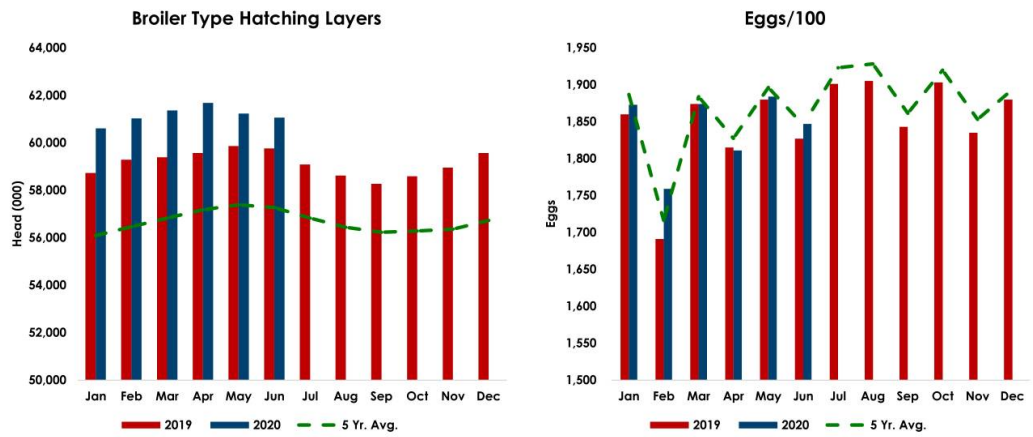
- Trailing 8-Month placements 1.7% above year ago placements.



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Source: USDA

## Hatching Layer Flock Consistent With Expected Growth



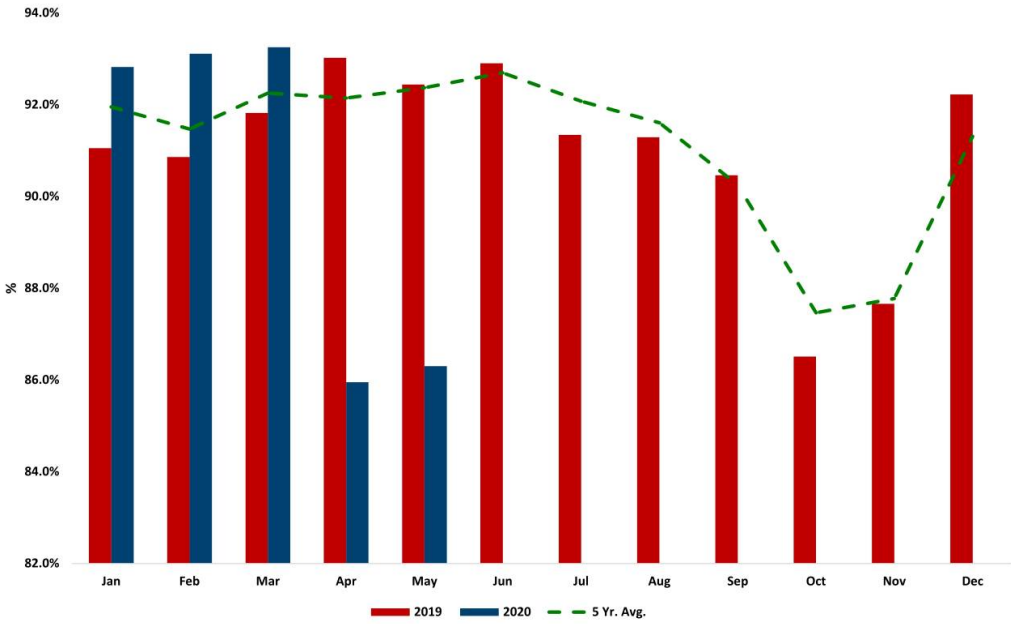
- Increased broiler layer flock, improvements in eggs/100, and more recently reduced egg exports are contributing to growth in egg supply.
- Eggs/100 productivity in Q2 improved slightly to be in line with 5 year average.



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Source: USDA

# Hatchery Utilization Reflected Industry Egg Set Reduction in April and May

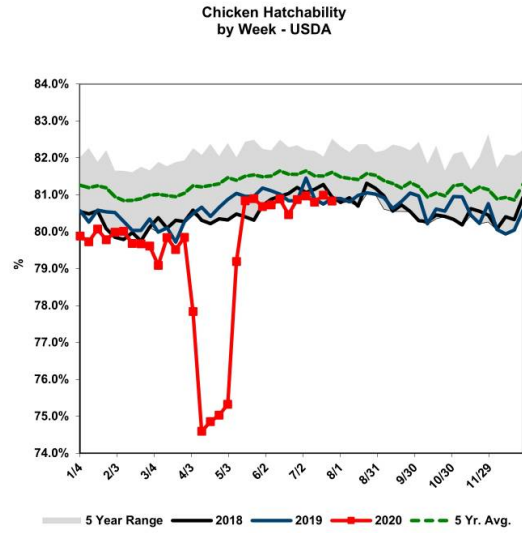
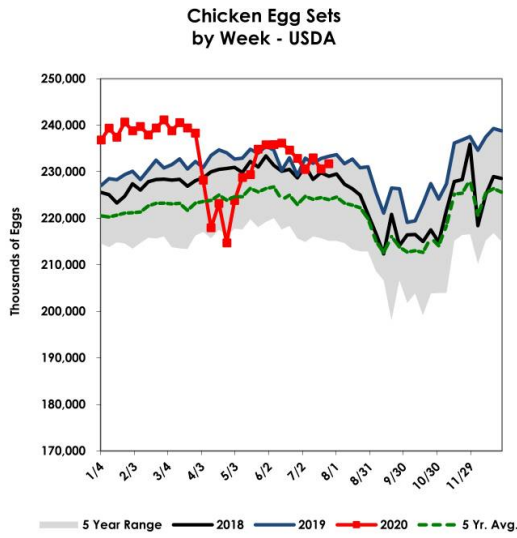


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Source: Agristats



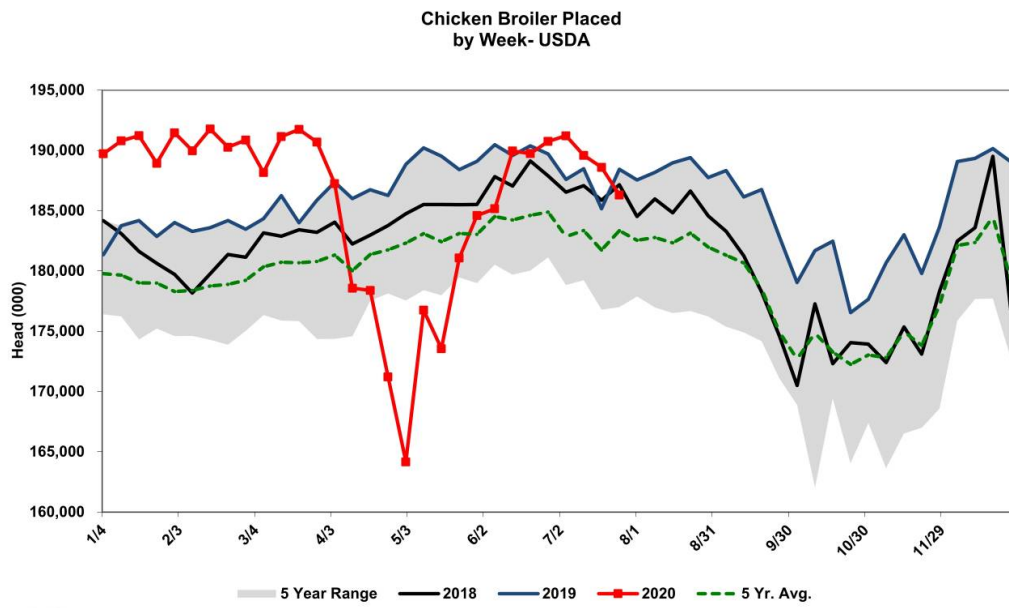
## Egg Sets in Q2 Down 1.8%; Hatchability Still Trending Slightly Below 2019 Levels and Historical



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Source: USDA

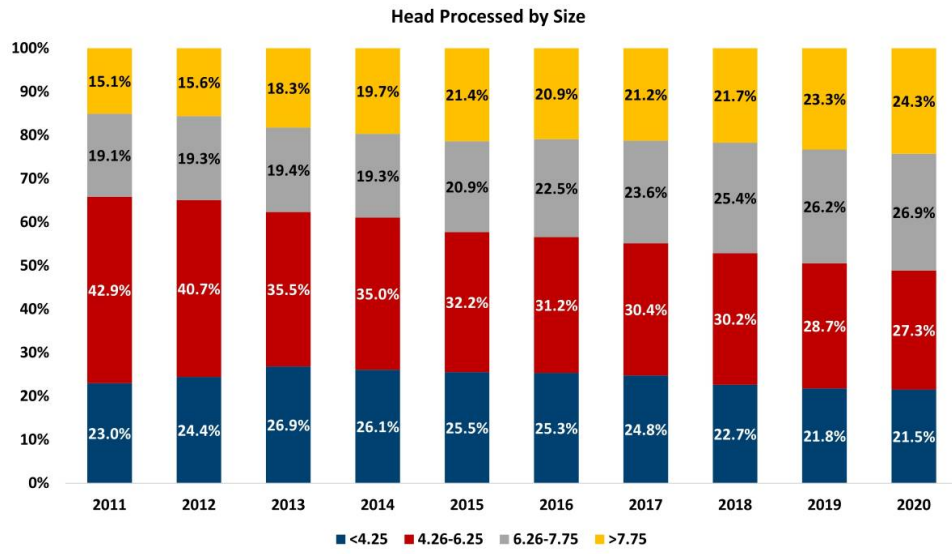
## Chick Placements Down 4.1% in Q2-20; Placements Have Returned to Similar 2019 Levels



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Source: USDA

## Growth Remains Concentrated in Big Bird Categories and Continued Reduction in Small Birds

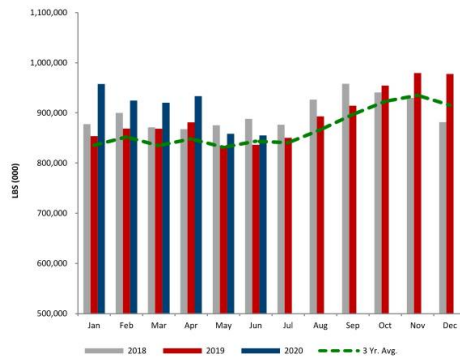


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Source: USDA

## June Freezer Inventory In-line With 5 Year Average

Total Chicken Inventories



Frozen Chicken Inventory (000 LBS)					
Part	Jun-19	May-20	Jun-20	YOY Change	MOM Change
Broilers	21,506	23,533	23,153	▲ 7.7%	▼ -1.6%
Hens	7,253	4,764	5,053	▼ -30.3%	▲ 6.1%
Breast Meat	178,494	218,338	214,701	▲ 20.3%	▼ -1.7%
Drumsticks	36,660	28,988	28,301	▼ -22.8%	▼ -2.4%
LQ	54,022	73,632	66,066	▲ 22.3%	▼ -10.3%
Legs	11,287	17,428	17,078	▲ 51.3%	▼ -2.0%
Thighs	8,726	9,269	10,548	▲ 20.9%	▲ 13.8%
Thigh Meat	39,835	31,383	28,758	▼ -27.8%	▼ -8.4%
Wings	62,652	51,723	53,888	▼ -14.0%	▲ 4.2%
Paws and Feet	25,608	22,638	24,300	▼ -5.1%	▲ 7.3%
Other	390,172	376,540	383,114	▼ -1.8%	▲ 1.7%
<b>Total Chicken</b>	<b>836,215</b>	<b>858,236</b>	<b>854,960</b>	▲ 2.2%	▼ -0.4%

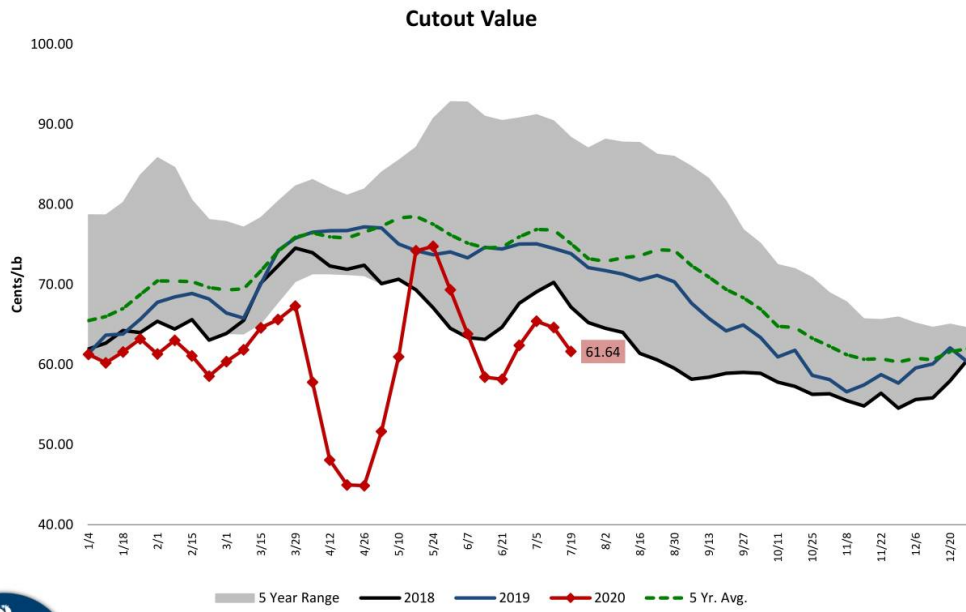
- Breast meat inventories have declined seasonally and remain lower than Q1.
- LQ inventories up Y/Y but remain well below 5 year average.
- Wing inventories remains significantly below historical average.
- Thigh meat and drums have seen significant drawdown and remain well below year ago levels.



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Source: USDA

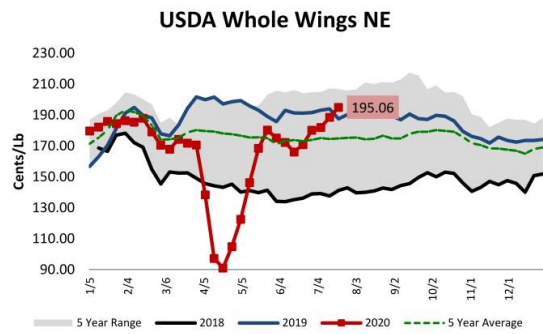
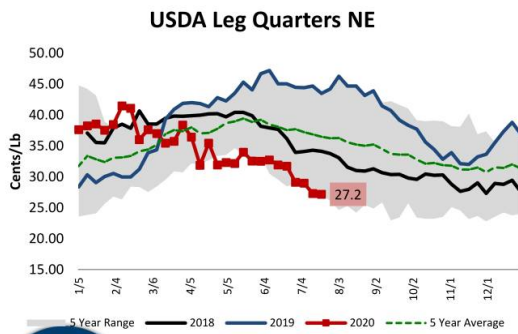
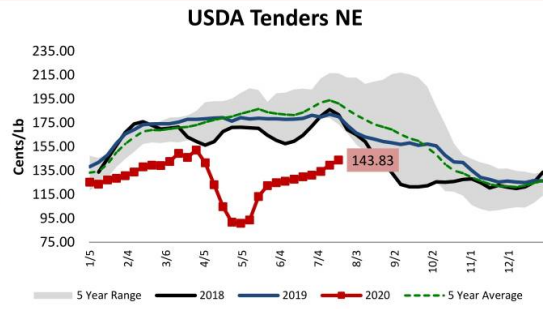
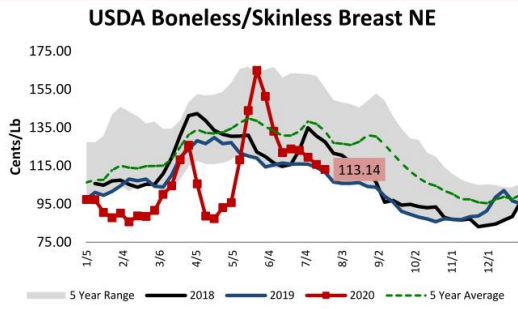
## Cutout Rebounded and Now Tracking Slightly Below the 5 Year Range



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Source: PPC, EMI

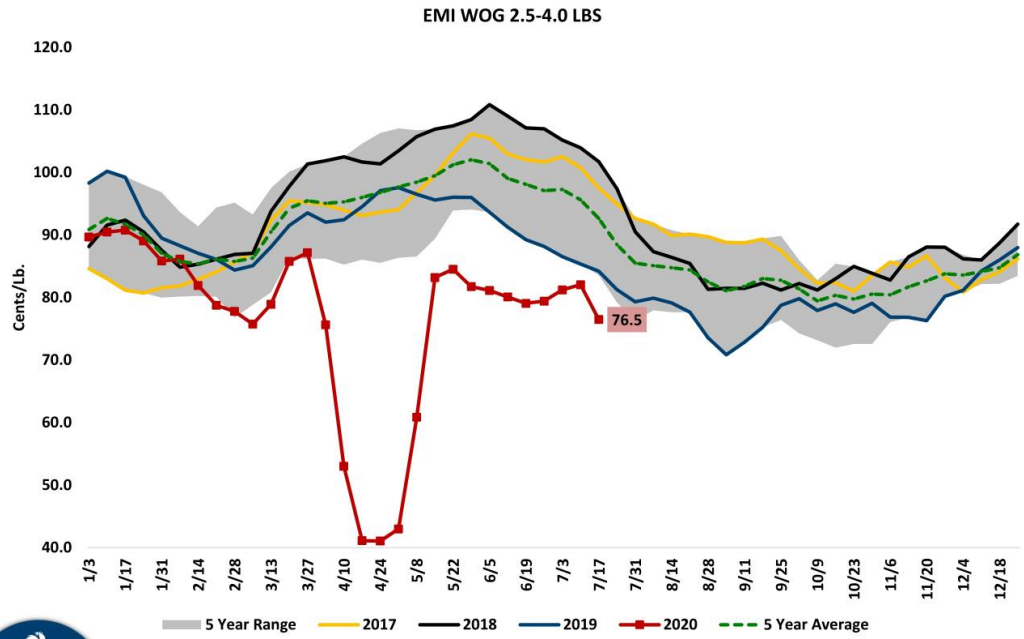
# Tenders Continue to Climb and Wings Remain Strong; BSB In-line With Seasonality while LQ Remains Weak



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Source: USDA

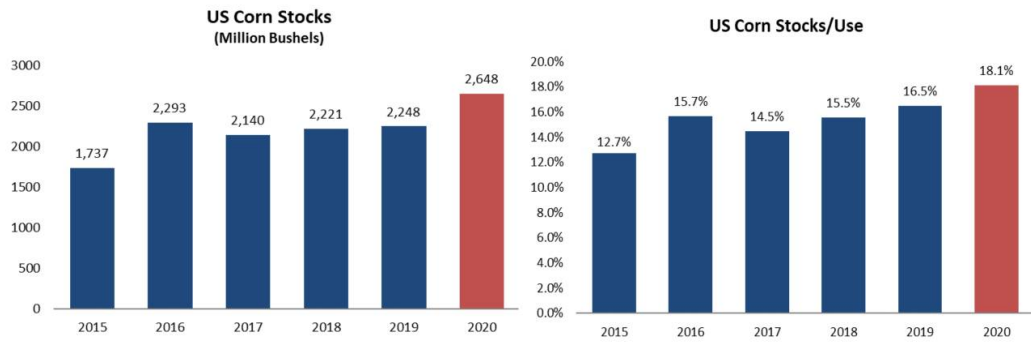
## Small Bird WOG Prices Have Remained Relatively Flat After Recovering From April



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Source: EMI

## Corn Stocks Remain at High Levels



- USDA lowered U.S. corn ending stocks by 675 million in July after lowering their production number for 2020, supplies remain ample
- USDA reported that farmers intend to plant 92 million corn acres this year up over 2 million from last year's planted acres

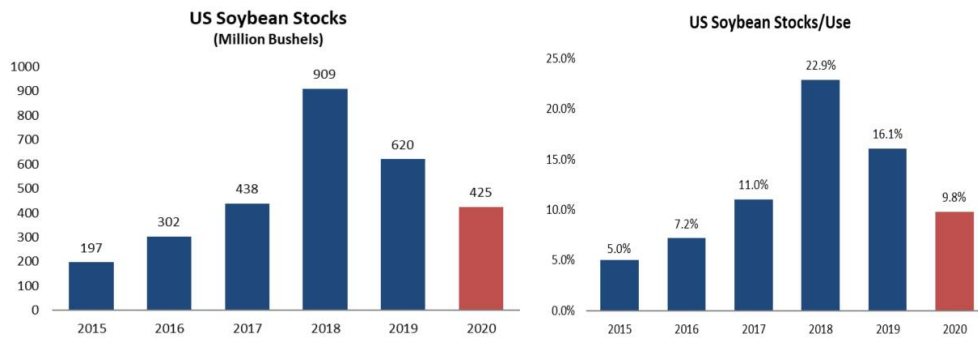


All about great taste.

Source: USDA



## Soybean Inventories Remain High



- USDA raised soybean ending stocks by 30 million bushels in July after raising both production and crush
- USDA reported that farmers intend to plant 83.8 million acres up almost 7.8 million from last year's planted acres



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Source: USDA

## Second Quarter 2020 Financial Review

Main Indicators (\$M)	Q2-20	Q2-19
Net Revenue	2,824.0	2,843.1
Gross Profit	119.9	367.9
SG&A	92.6	88.3
Operating Income	27.3	279.6
Net Interest	31.2	30.2
Net Income	-6.0	170.1
Earnings Per Share (EPS)	-0.02	0.68
Adjusted EBITDA*	112.2	349.3
Adjusted EBITDA Margin*	4.0%	12.3%

\* 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, better than expected growing conditions, weak Peso; UK/Europe: Legacy operations performance stable, new assets continue to generate increasingly positive EBITDA.
- SG&A higher on more brand investments in U.S. and MX, and addition of new Europe operations.
- Adjusted Q2-20 EBITDA reflects portfolio, Key Customer strategy, and geographical diversification.

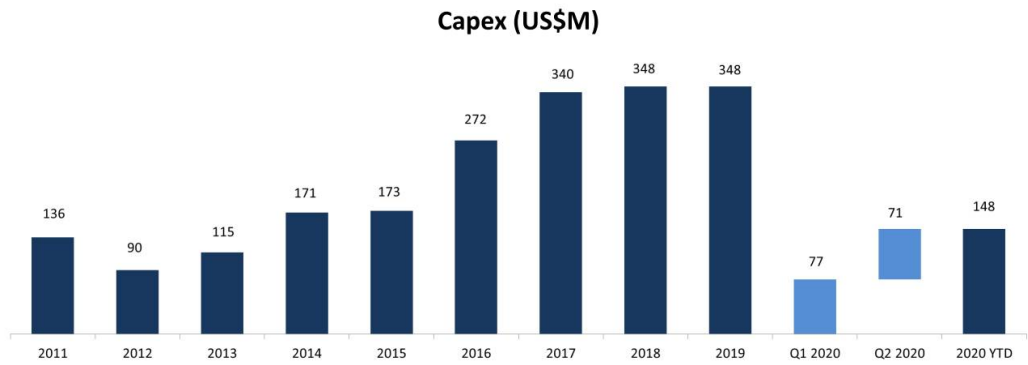
In \$M	U.S.	EU	MX
Net Revenue	1,798.7	757.2	268.1
Operating Income	39.4	23.2	-35.5
Operating Income Margin	2.2%	3.1%	-13.3%



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Source: PPC

## Fiscal Year 2020 Capital Spending



- Strong Free Cash Flow generation has enabled us to direct more capital spending towards identified projects with rapid payback and structural projects.
- New strategic projects will support key customers growth and de-emphasize our exposure to commodity markets by yielding a more differentiated portfolio. Non-essential projects are being re-evaluated given new market conditions.



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Source: PPC

**Investor Relations:** Dunham Winoto  
Investor Relations

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**Address:** 1770 Promontory Circle  
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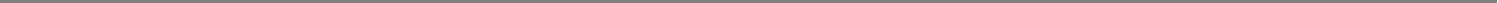
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# APPENDIX



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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 more 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		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands)			
Net income	\$ (6,400)	\$ 170,080	\$ 61,049	\$ 254,205
Add:				
Interest expense, net	31,165	30,150	62,163	60,372
Income tax expense	(2,956)	75,547	35,556	95,963
Depreciation and amortization	84,603	71,348	164,376	138,530
EBITDA	106,412	347,125	323,144	549,070
Add:				
Foreign currency transaction losses (gains)	5,525	2,260	(12,860)	4,896
Transaction costs related to acquisitions	(81)	—	134	—
Restructuring activity	—	(43)	—	(70)
Minus:				
Negative adjustment to previously recognized gain on bargain purchase	—	—	(1,740)	—
Shareholder litigation settlement	—	—	34,643	—
Net income attributable to noncontrolling interest	(364)	12	(183)	126
Adjusted EBITDA	\$ 112,220	\$ 349,330	\$ 277,698	\$ 553,770



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Source: PPC

## Appendix: Reconciliation of LTM EBITDA

The summary unaudited consolidated income statement data for the twelve months ended June 28, 2020 (the LTM Period) have been calculated by subtracting the applicable unaudited consolidated income statement data for the six months ended June 30, 2019 from the sum of (1) the applicable audited consolidated income statement data for the year ended December 29, 2019 and (2) the applicable audited consolidated income statement data for the six months ended June 28, 2020.

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

(Unaudited)	Three Months Ended				LTM Ended
	September 29, 2019	December 29, 2019	March 29, 2020	June 28, 2020	June 28, 2020
	(In thousands)				
Net income	\$ 110,096	\$ 92,235	\$ 67,449	\$ (6,400)	\$ 263,380
Add:					
Interest expense, net	27,330	30,650	30,998	31,165	120,143
Income tax expense	46,365	18,681	38,512	(2,956)	100,602
Depreciation and amortization	71,851	76,849	79,773	84,603	313,076
EBITDA	255,642	218,415	216,732	106,412	797,201
Add:					
Foreign currency transaction losses (gains)	3,027	(1,006)	(18,385)	5,525	(10,839)
Transaction costs related to acquisitions	63	1,239	215	(81)	1,436
Restructuring activity	(20)	6	—	—	(14)
Minus:					
Gain on bargain purchase	—	56,880	(1,740)	—	55,140
Shareholder litigation settlement	—	—	34,643	—	34,643
Net income attributable to noncontrolling interest	331	155	181	(364)	303
Adjusted EBITDA	\$ 258,381	\$ 161,619	\$ 165,478	\$ 112,220	\$ 697,698



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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		Six Months Ended		Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands)							
Net income	\$ (6,400)	\$ 170,080	\$ 61,049	\$ 254,205	(0.23)%	5.98%	1.03%	4.57%
Add:								
Interest expense, net	31,165	30,150	62,163	60,372	1.10%	1.06%	1.05%	1.08%
Income tax expense	(2,956)	75,547	35,556	95,963	(0.10)%	2.66%	0.60%	1.72%
Depreciation and amortization	84,603	71,348	164,376	138,530	2.99%	2.51%	2.78%	2.49%
EBITDA	106,412	347,125	323,144	549,070	3.76%	12.21%	5.46%	9.86%
Add:								
Foreign currency transaction losses (gains)	5,525	2,260	(12,860)	4,896	0.19%	0.08%	(0.21)%	0.09%
Acquisition charges	(81)	—	134	—	—%	—%	—%	—%
Restructuring activity	—	(43)	—	(70)	—%	—%	—%	—%
Minus:								
Negative adjustment to previously recognized gain on bargain purchase	—	—	(1,740)	—	—%	—%	(0.03)%	—%
Shareholder litigation settlement	—	—	34,643	—	—%	—%	0.59%	—%
Net income (loss) attributable to noncontrolling interest	(364)	12	(183)	126	(0.01)%	—%	—%	—%
Adjusted EBITDA	\$ 112,220	\$ 349,330	\$ 277,698	\$ 553,770	3.96%	12.29%	4.69%	9.95%
Net sales	\$2,824,023	\$2,843,085	\$5,898,951	\$5,567,760	\$2,824,023	\$2,843,085	\$5,898,951	\$5,567,760



All about great taste.

Source: PPC



## 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 Net Income**  
**(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands, except per share data)			
Net income (loss) attributable to Pilgrim's	\$ (6,036)	\$ 170,068	\$ 61,232	\$ 254,079
Adjustments, net of tax:				
Transaction costs related to acquisitions and restructuring activities net loss	(81)	(43)	134	(70)
Foreign currency transaction loss (gain)	5,525	2,260	(12,860)	4,896
Income before acquisition charges and restructuring activity, and foreign currency transaction losses (gains)	\$ (592)	\$ 172,285	\$ 48,506	\$ 258,905
Weighted average diluted shares of common stock outstanding	247,018	249,636	248,308	249,603
Income before acquisition charges and restructuring activity, and foreign currency transaction losses (gains) per common diluted share	\$ —	\$ 0.69	\$ 0.20	\$ 1.04



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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)

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands, except per share data)			
GAAP EPS	\$ (0.02)	\$ 0.68	\$ 0.25	\$ 1.02
Adjustments, net of tax:				
Acquisition charges and restructuring activity	—	—	—	—
Foreign currency transaction losses (gains)	0.02	0.01	(0.05)	0.02
Adjusted EPS	\$ —	\$ 0.69	\$ 0.20	\$ 1.04
Weighted average diluted shares of common stock outstanding	247,018	249,636	248,308	249,603



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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		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands)			
Sources of net sales by geographic region of origin:				
US	\$ 1,798,689	\$ 1,916,954	\$ 3,725,569	\$ 3,800,544
Europe	757,201	535,902	1,579,463	1,050,865
Mexico	268,133	390,229	593,919	716,351
Total net sales	<u>\$ 2,824,023</u>	<u>\$ 2,843,085</u>	<u>\$ 5,898,951</u>	<u>\$ 5,567,760</u>
Sources of cost of sales by geographic region of origin:				
US	\$ 1,710,668	\$ 1,670,384	\$ 3,499,445	\$ 3,383,803
Europe	700,553	492,386	1,470,687	977,764
Mexico	293,143	312,475	632,085	619,438
Elimination	(200)	(24)	(224)	(48)
Total cost of sales	<u>\$ 2,704,164</u>	<u>\$ 2,475,221</u>	<u>\$ 5,601,993</u>	<u>\$ 4,980,957</u>
Sources of gross profit by geographic region of origin:				
US	\$ 88,021	\$ 246,570	\$ 226,124	\$ 416,741
Europe	56,648	43,516	108,776	73,101
Mexico	(25,010)	77,754	(38,166)	96,913
Elimination	200	24	224	48
Total gross profit	<u>\$ 119,859</u>	<u>\$ 367,864</u>	<u>\$ 296,958</u>	<u>\$ 586,803</u>
Sources of operating income by geographic region of origin:				
US	\$ 39,448	\$ 186,959	\$ 124,500	\$ 301,800
Europe	23,185	24,195	46,375	36,908
Mexico	(35,544)	68,372	(59,424)	77,836
Elimination	200	24	224	48
Total operating income	<u>\$ 27,289</u>	<u>\$ 279,550</u>	<u>\$ 111,675</u>	<u>\$ 416,592</u>



All about great taste.

Source: PPC

