



## Financial Results for Fourth Quarter and Year Ended Dec 27, 2020

Pilgrim's Pride Corporation  
(NASDAQ: PPC)

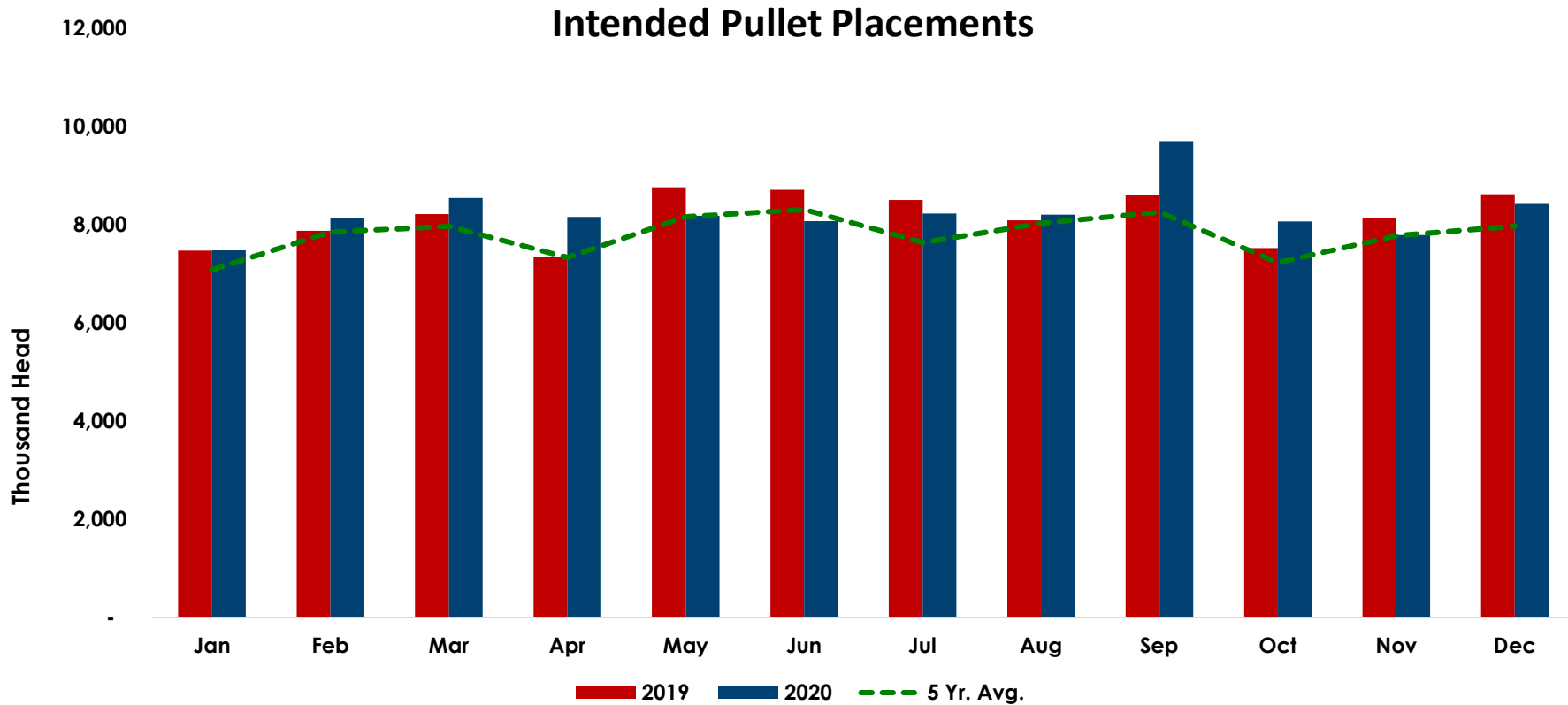
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# Cautionary Notes and Forward-Looking Statements

- 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, 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..



# Pullet Placements Flat in Q4



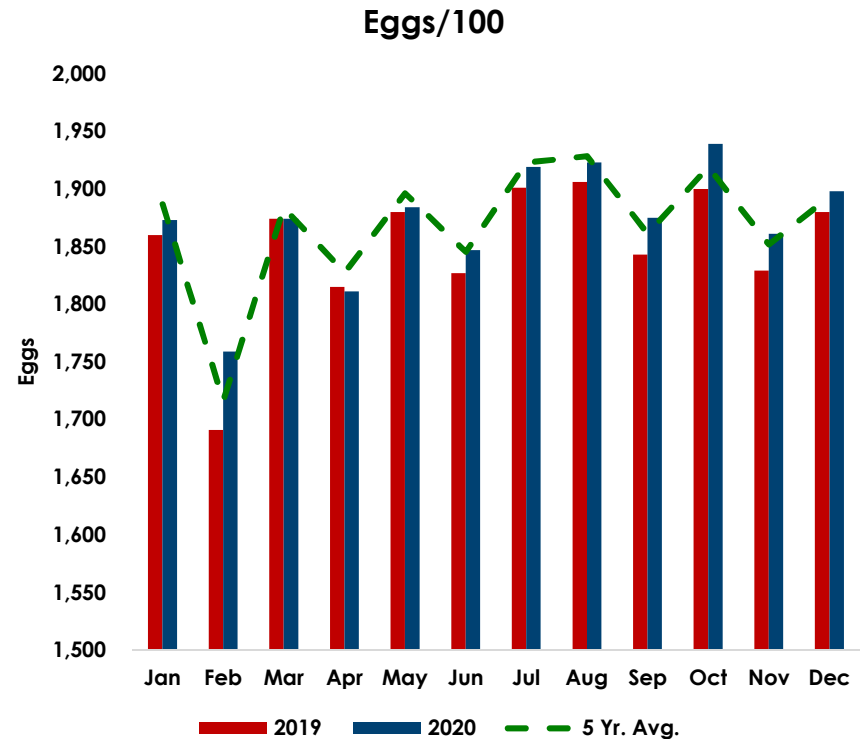
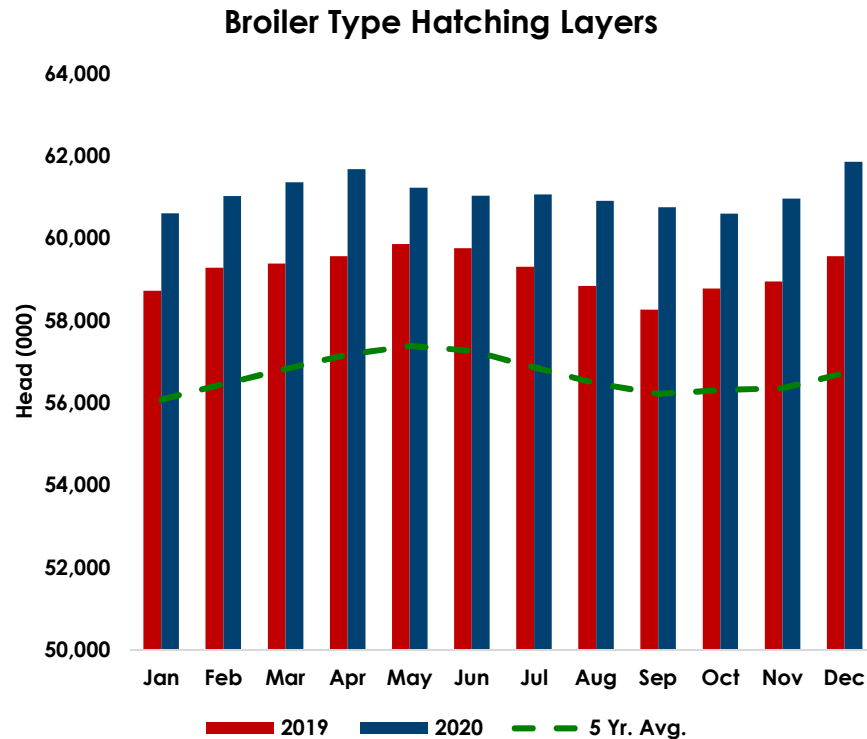
- Trailing 8-Month placements up -0.4% vs. year ago.
- Pullet growth in 2019 and early 2020 mostly to support new capacity that has come online.



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Source: USDA

# Hatching Layer Flock and Egg Productivity Modestly Up



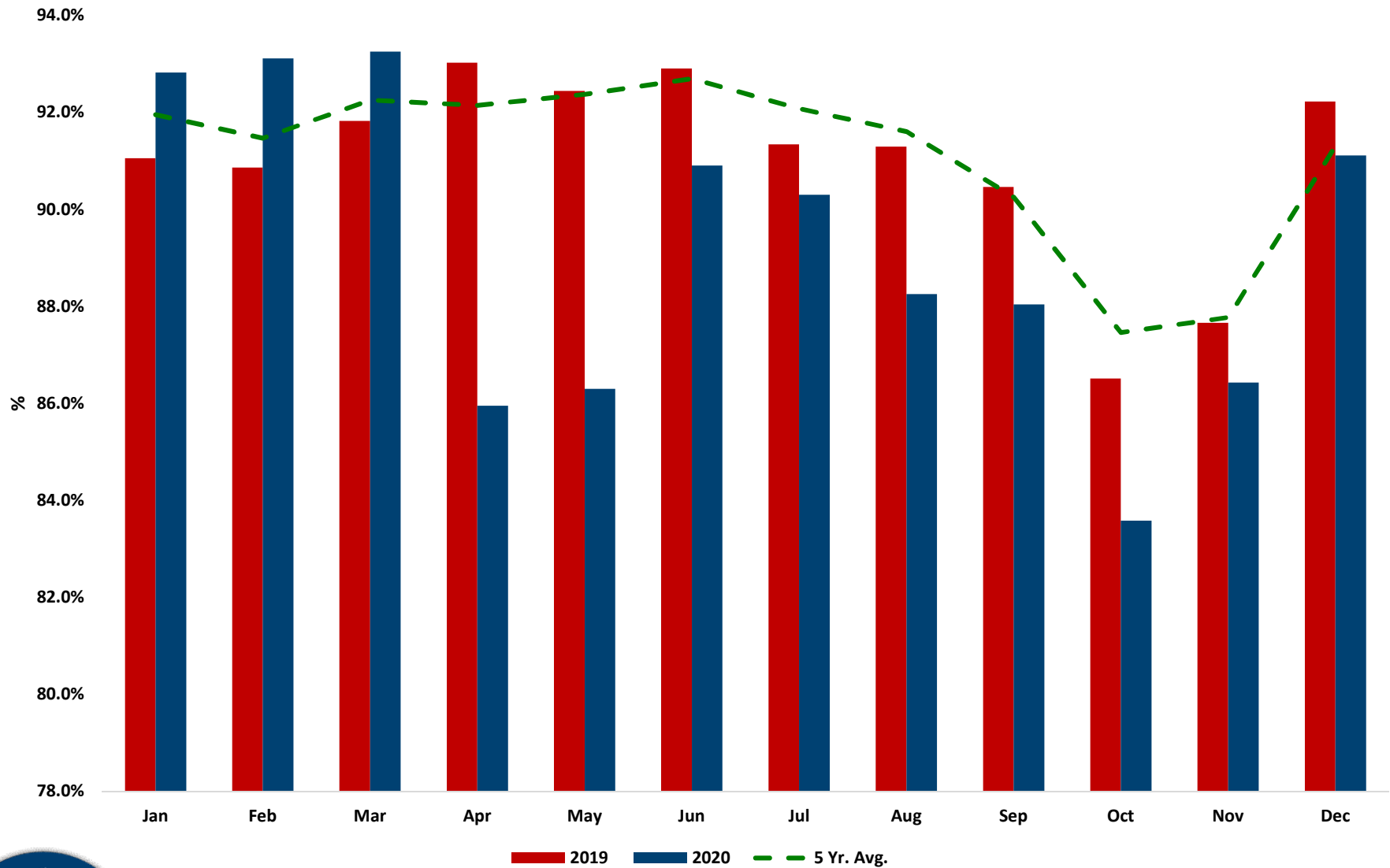
- Increased broiler layer flock, improvements in eggs/100, and reduced egg exports are contributing to growth in domestic egg supply.
- Eggs/100 productivity in Q4 improved 1.6% and remains near 5 year average.



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Source: USDA

## Hatchery Utilization Partially Recovered but Remained Below 2019 Levels Since April

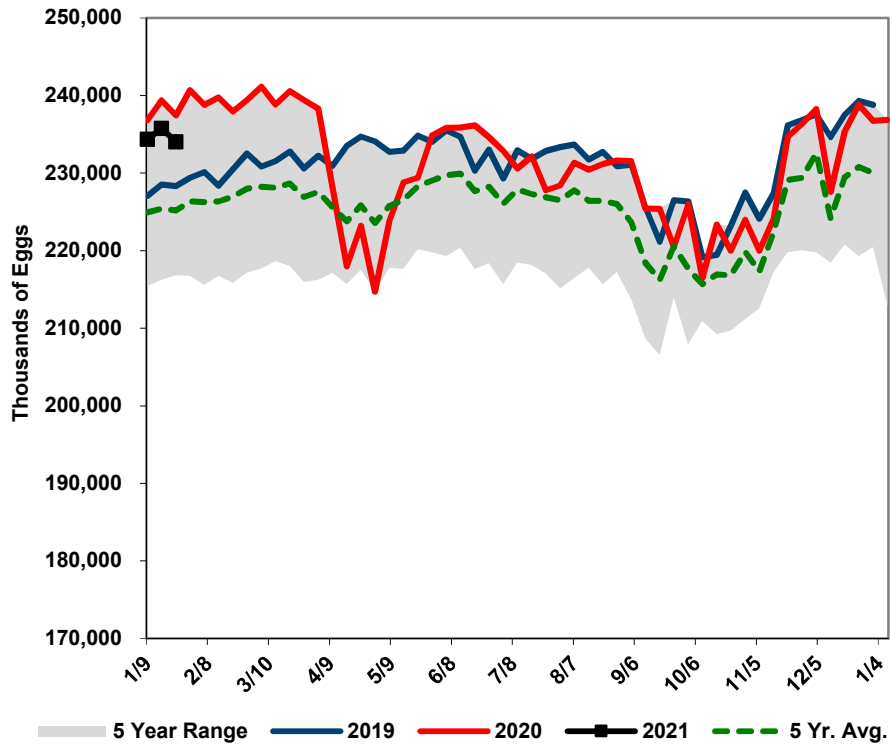


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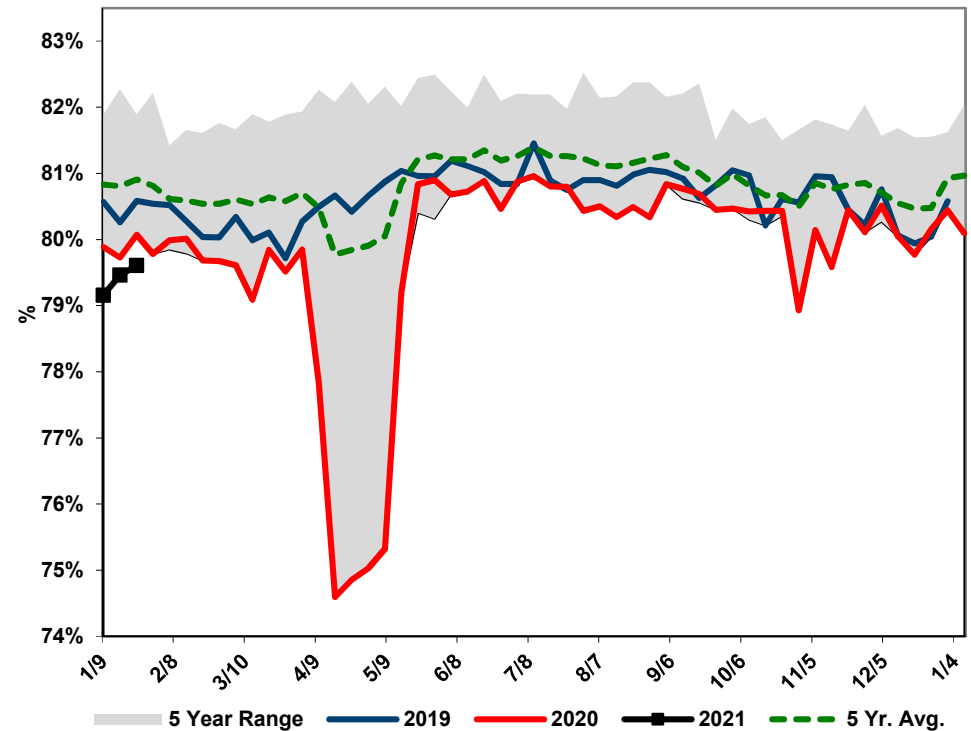
Source: Agristats

# Average Weekly Egg Sets Down 0.6% in Q4; Hatchability Still Below 2019 Levels and Historical

Chicken Egg Sets  
by Week - USDA



Chicken Hatchability  
by Week - USDA

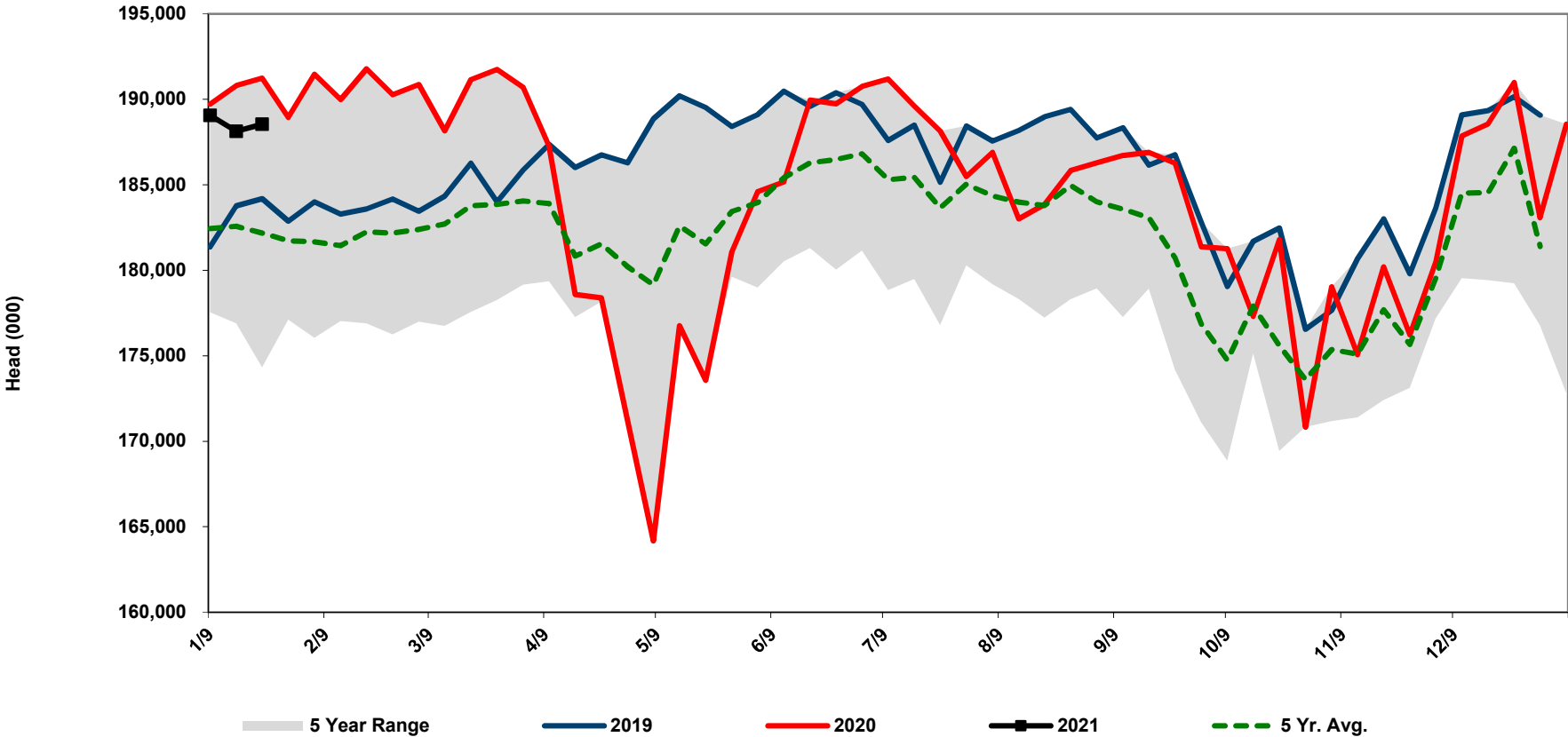


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Source: USDA

# Average Broiler Placements Down 0.9% in the Quarter and Started 2021 Below Previous Year

Chicken Broiler Placed by Week- USDA



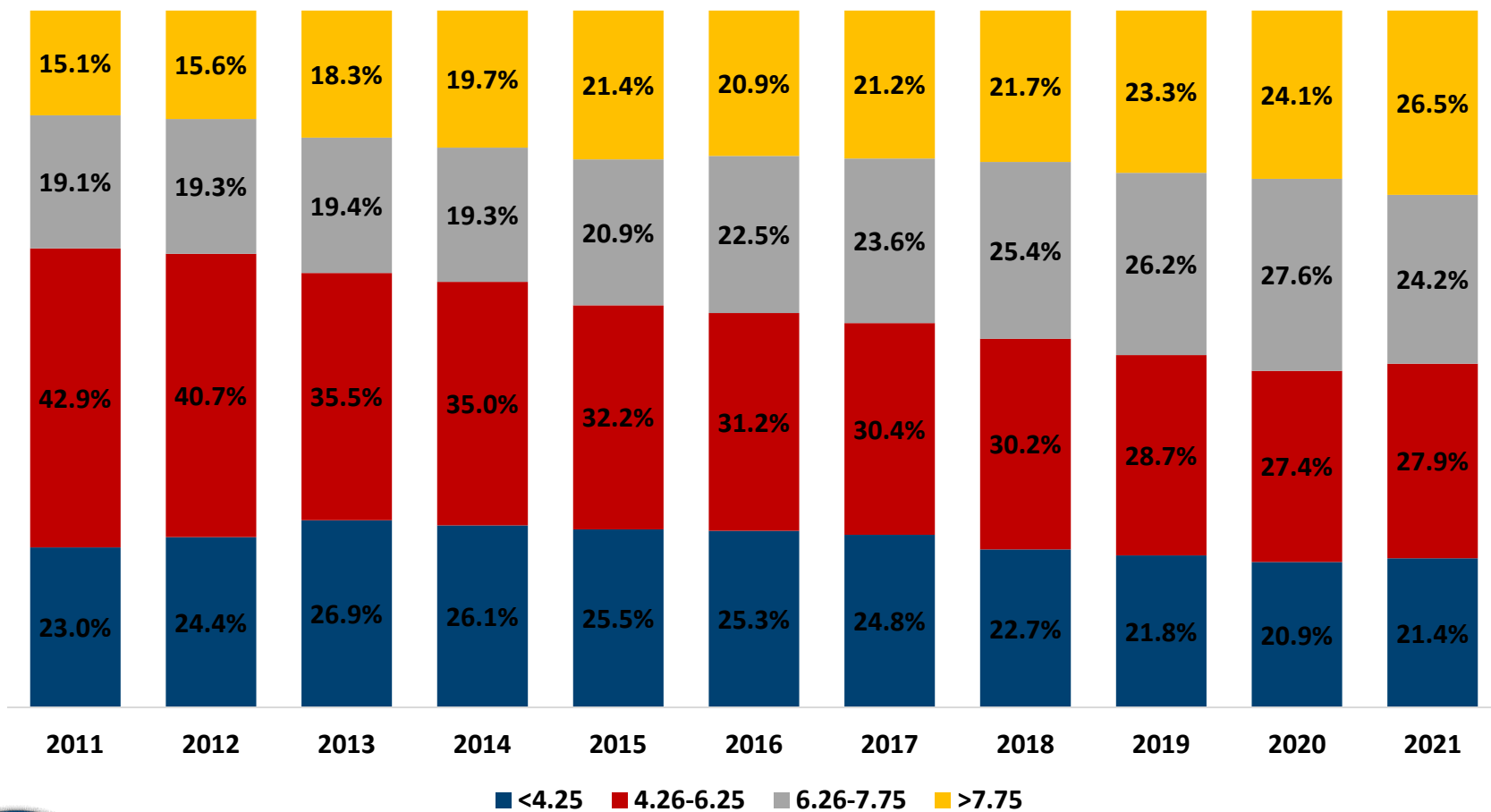
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Source: USDA



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

Head Processed by Size



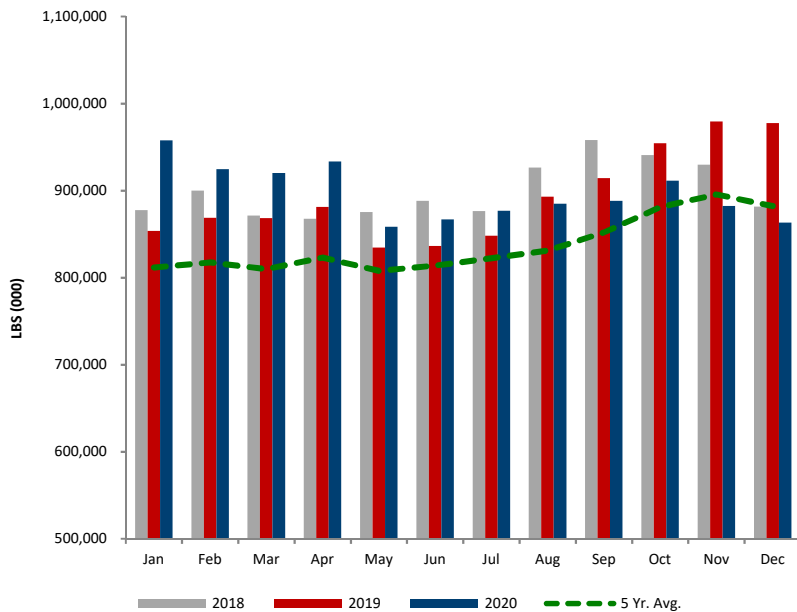
All about great taste.

Source: USDA



# Inventories Continued to Decline vs. Year Ago Levels

Total Chicken Inventories



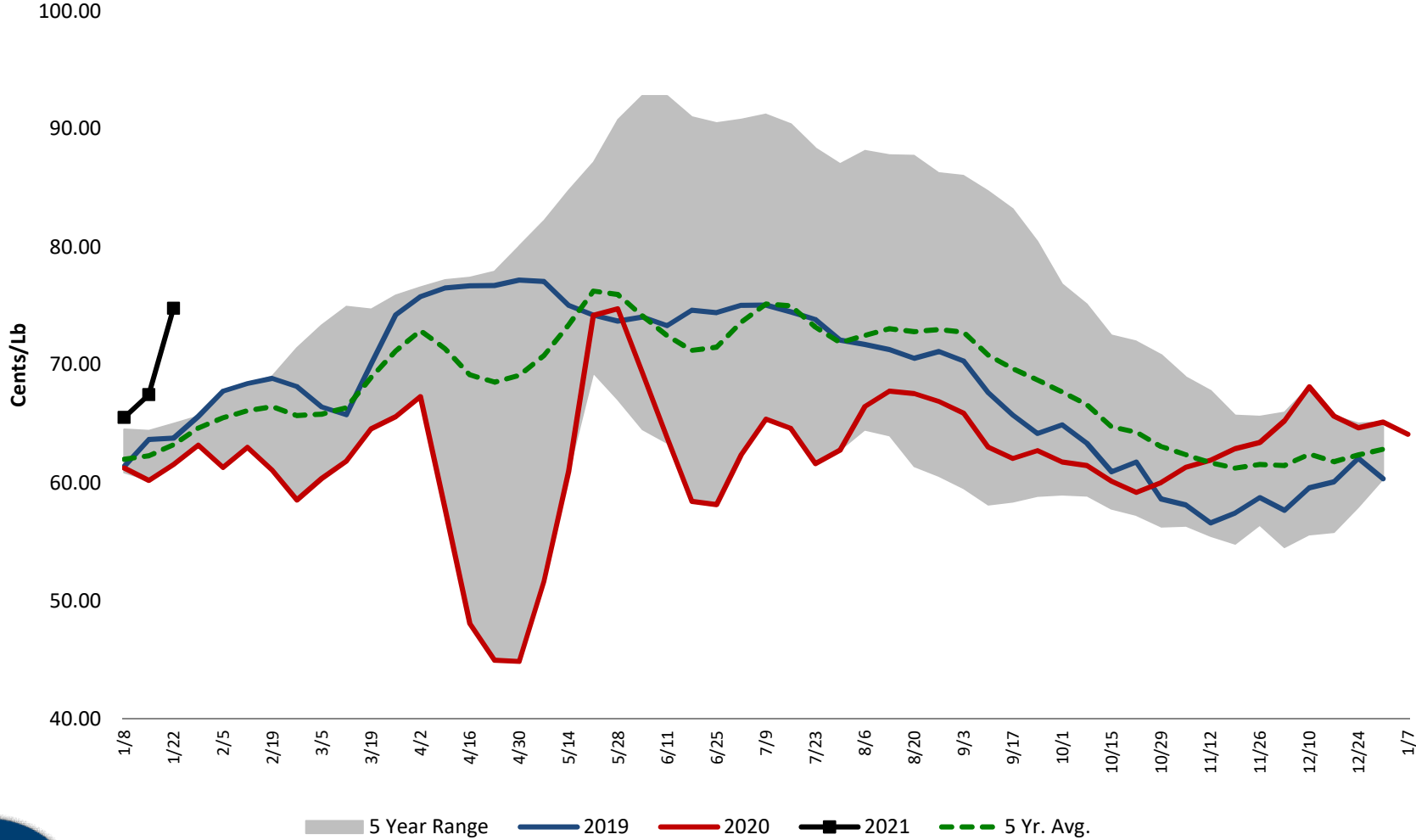
Frozen Chicken Inventory (000 LBS)					
Part	Dec-19	Nov-20	Dec-20	YOY Change	MOM Change
Broilers	20,359	18,768	14,072	▼ -30.9%	▼ -25.0%
Hens	5,433	4,473	4,285	▼ -21.1%	▼ -4.2%
Breast Meat	221,607	254,853	259,851	▲ 17.3%	▲ 2.0%
Drumsticks	41,525	37,112	37,323	▼ -10.1%	▲ 0.6%
LQ	94,095	62,815	67,887	▼ -27.9%	▲ 8.1%
Legs	16,489	17,608	15,785	▼ -4.3%	▼ -10.4%
Thighs	11,769	23,541	20,855	▲ 77.2%	▼ -11.4%
Thigh Meat	38,084	24,358	23,125	▼ -39.3%	▼ -5.1%
Wings	56,149	45,712	42,747	▼ -23.9%	▼ -6.5%
Paws and Feet	35,501	28,345	29,223	▼ -17.7%	▲ 3.1%
Other	436,611	364,761	347,924	▼ -20.3%	▼ -4.6%
<b>Total Chicken</b>	<b>977,622</b>	<b>882,346</b>	<b>863,077</b>	<b>▼ -11.7%</b>	<b>▼ -2.2%</b>

- Breast meat inventories continue to pace above year ago levels.
- LQ inventories remain at healthy levels, well below historical average.
- Wing inventories maintain levels well below 2019 and historical average.
- “Other” inventory levels declined Q/Q and Y/Y, with December values 20% below December 2019.



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# Cutout Tracked to High-End of Ranges During Q4-20 And Currently Above 5-Yr Range

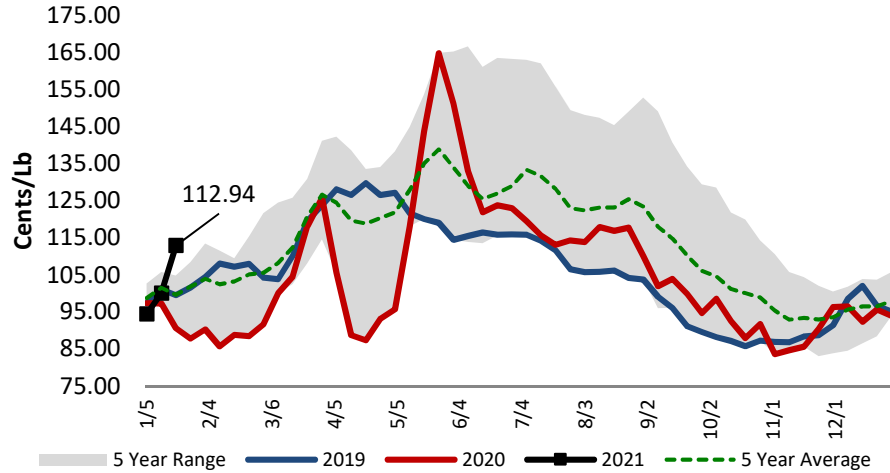


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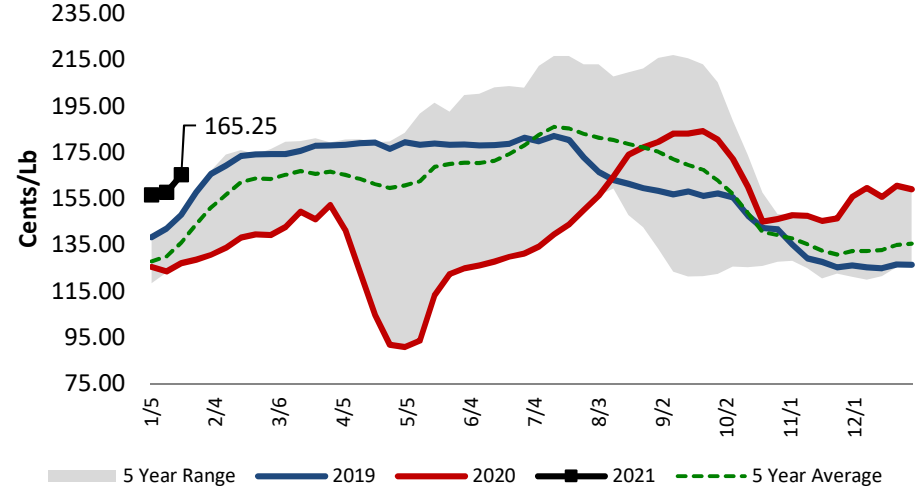
Source: PPC, EMI

# BSB Recovered Well, Tenders and Wings Remaining Strong While LQs Beginning To Recover

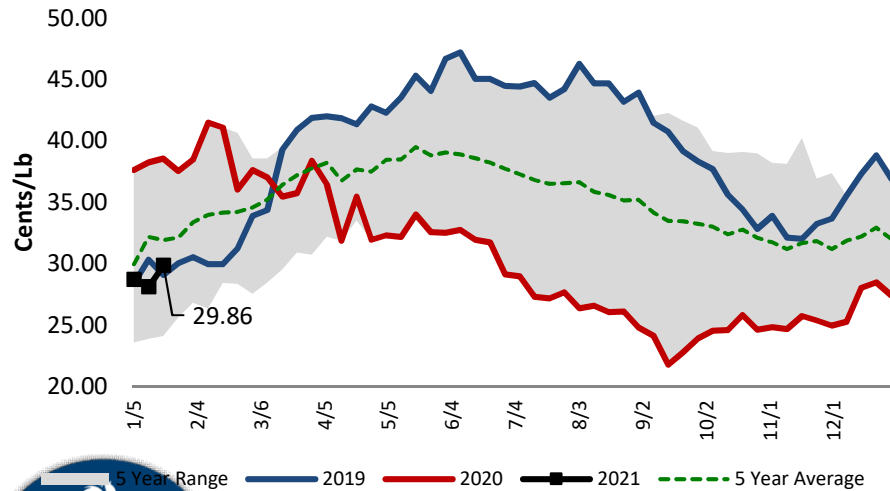
## USDA Boneless/Skinless Breast NE



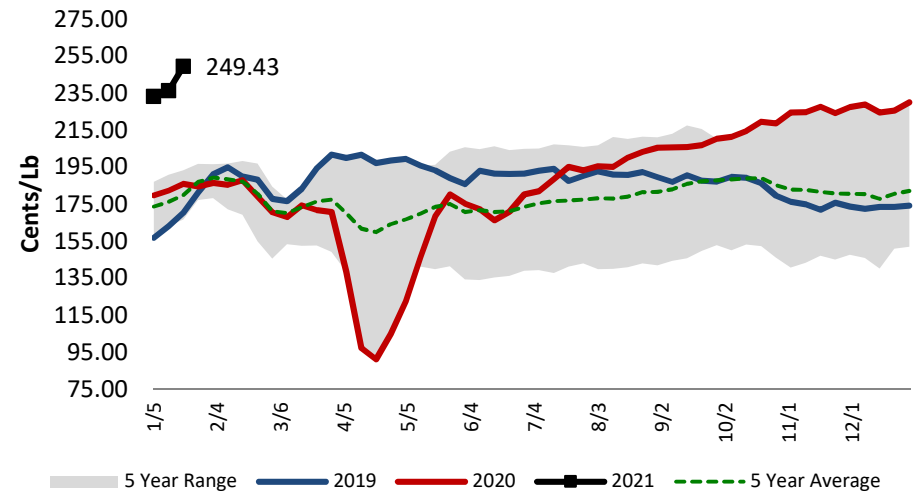
## USDA Tenders NE



## USDA Leg Quarters NE



## USDA Whole Wings NE

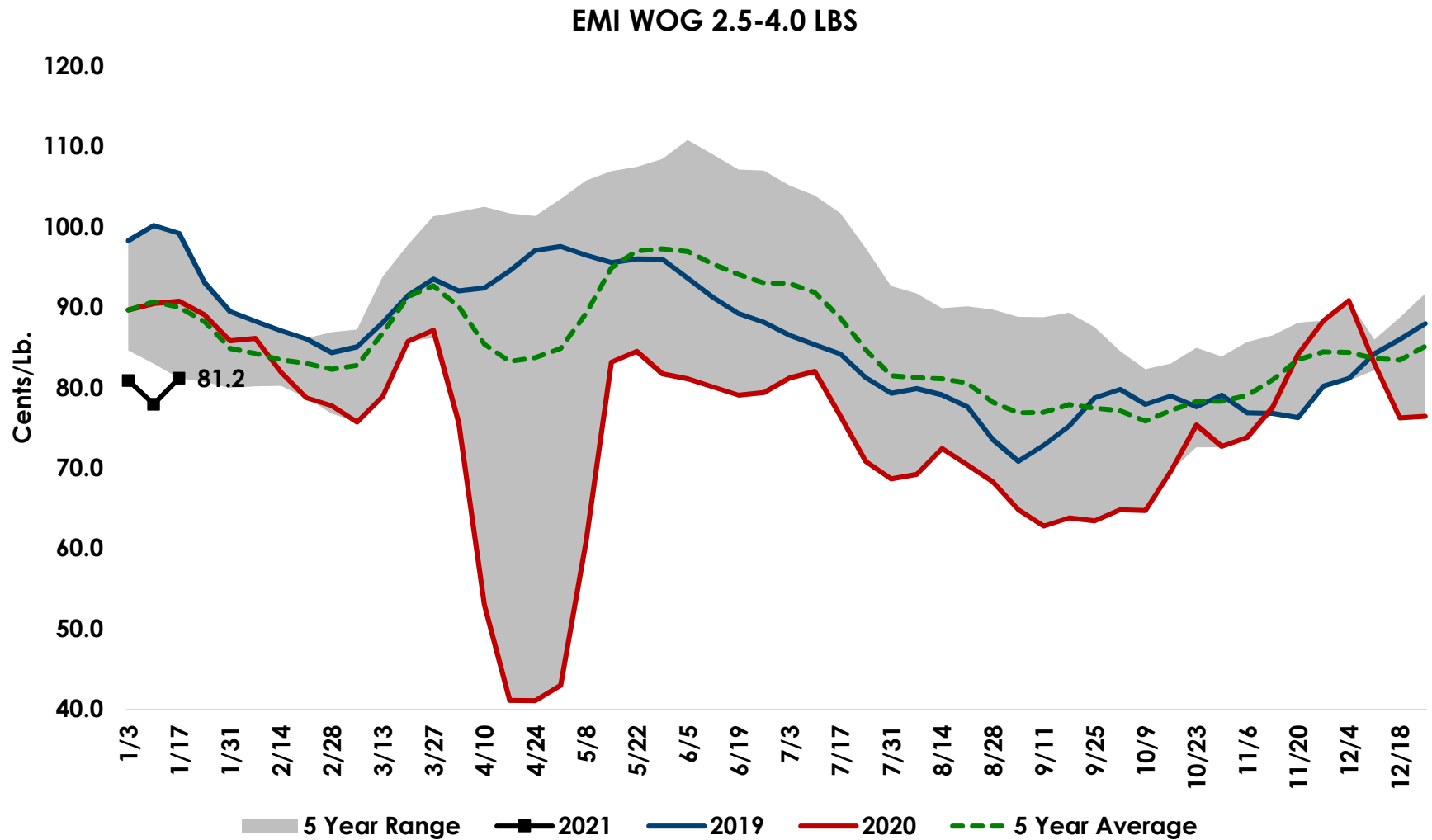


Source: USDA



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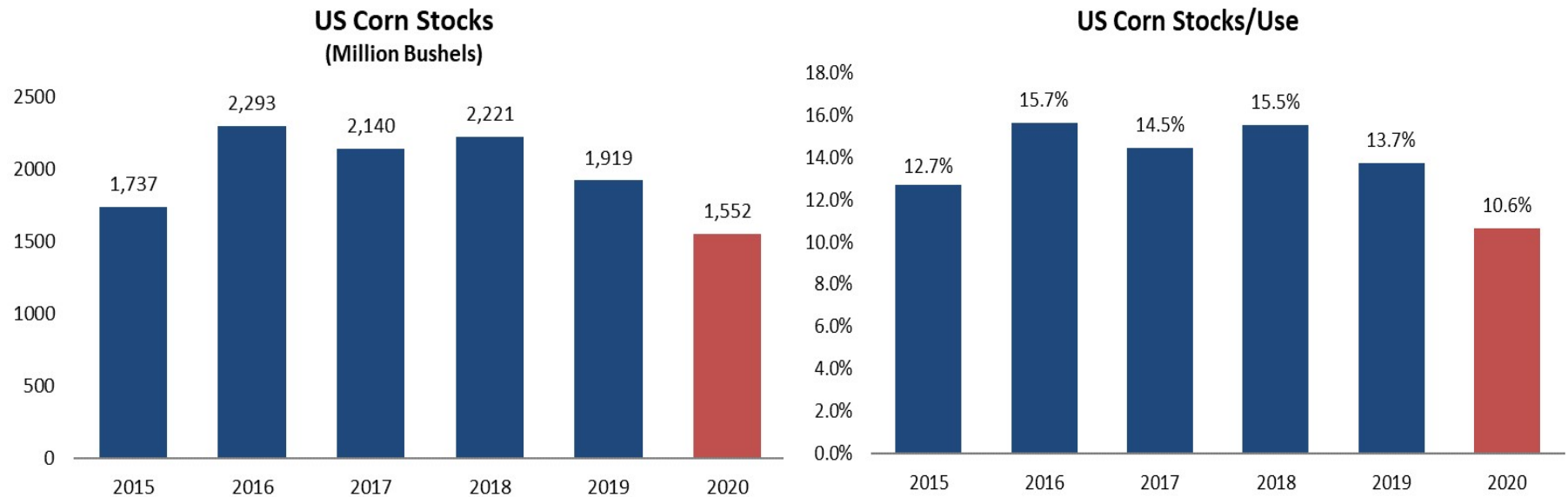
# WOG Pricing Inside Normal Range in Q4-20; Q1 Prices Nearing the 5-Yr Range



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Source: EMI

# Corn Stocks Tighten Up with Increased Exports



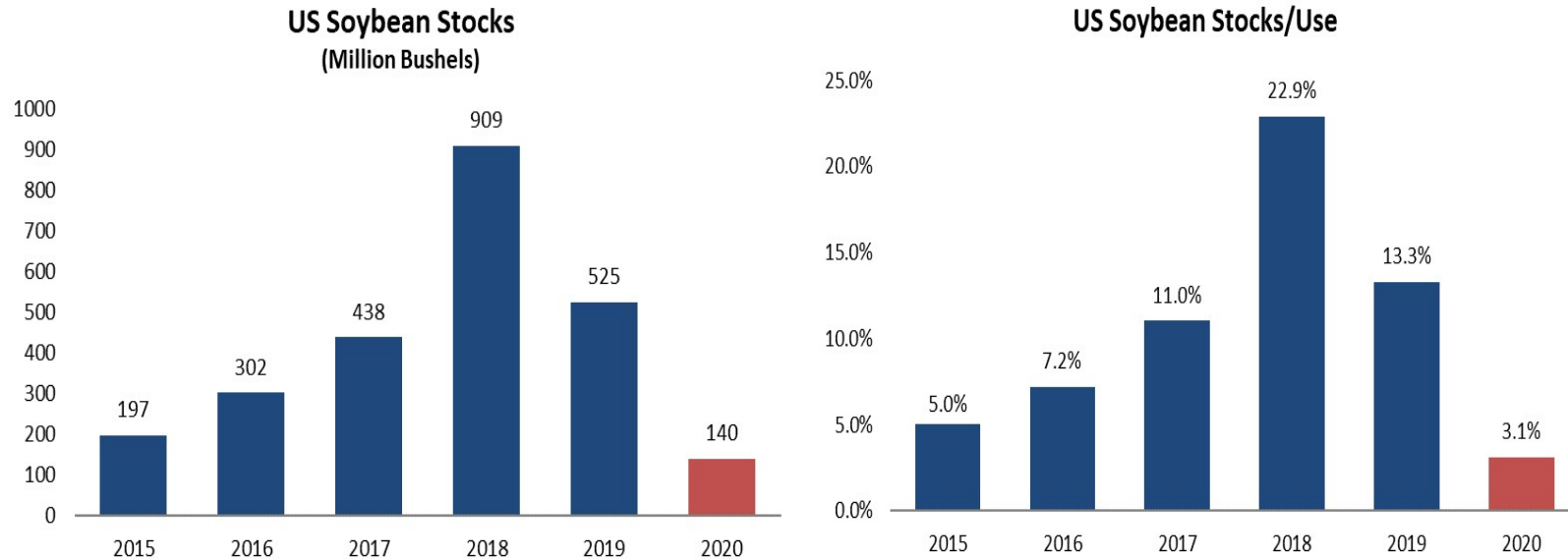
- USDA continues to lower corn ending stocks, tightening to stocks similar to levels seen in 2013
- The market continues to watch the corn export pace with tighter stocks/use



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Source: USDA

# Soybean Stocks Tighten Up with Increased Exports



- USDA decreases soybean ending stocks in 2020 to levels previously seen before the trade war
- U.S. exports of soybeans continues to be a driving factor for tightening stocks



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Source: USDA

## Fiscal Year 2020 Financial Review

Main Indicators (\$M)	FY-20	FY-19
Net Revenue	12,091.9	11,409.2
Gross Profit	838.2	1,070.4
SG&A	592.7	379.8
Operating Income	245.5	690.6
Net Interest	118.8	118.4
Net Income	94.8	455.9
Earnings Per Share (EPS)	0.39	1.83
Adjusted EBITDA*	788.1	973.8
<i>Adjusted EBITDA Margin*</i>	6.5%	8.5%

\* 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.: Well-balanced performance, diversified portfolio and Key Customer strategy minimized channel demand disruption; MX: Strong rebound from 1H on much more balanced supply/demand conditions, improving macro; UK/Europe: Legacy operations improving, new assets continue to generate increasingly positive EBITDA.
- SG&A higher on more brand investments in U.S. and MX, Community Initiatives, addition of new Europe operations, bonus accruals, legal fees and settlements.
- Resilient EBITDA reflects strength of portfolio, Key Customer strategy, and geographical diversification in countering challenges.

In \$M	U.S.	EU	MX
Net Revenue	7,496.0	3,274.3	1,321.6
Operating Income	69.4	102.7	72.9
<i>Operating Income Margin</i>	0.9%	3.1%	5.5%



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Source: PPC



## Fourth Quarter 2020 Financial Review

Main Indicators (\$M)	Q4-20	Q4-19
Net Revenue	3,117.8	3,063.5
Gross Profit	227.4	201.4
SG&A	187.9	115.6
Operating Income	39.5	85.8
Net Interest	27.8	30.7
Net Income	0.1	92.1
Earnings Per Share (EPS)	0.00	0.37
Adjusted EBITDA*	205.4	161.6
<i>Adjusted EBITDA Margin*</i>	6.6%	5.3%

\* 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.: Key Customer partnerships continue to deliver growth, minimize disruption and improve consistency; MX: Strong continues on much more balanced supply/demand conditions, improving macro; UK/Europe: Legacy operations resilient, new assets continue to generate increasingly positive EBITDA.
- SG&A higher on more brand investments in U.S. and MX, addition of new Europe operations, bonus accruals, and legal fees.
- Adjusted Q4-20 EBITDA reflects portfolio, Key Customer strategy, and geographical diversification.

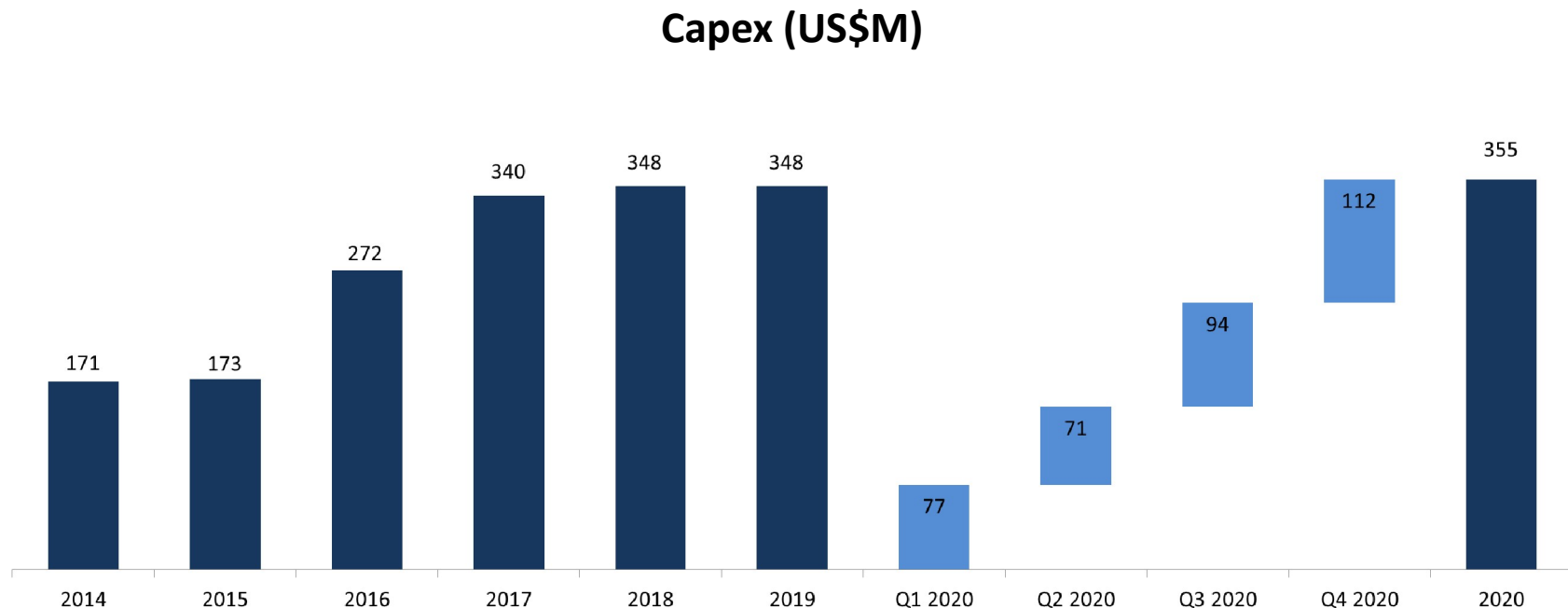
In \$M	U.S.	EU	MX
Net Revenue	1,876.2	849.2	392.5
Operating Income	-57.6	26.4	70.7
<i>Operating Income Margin</i>	-3.1%	3.1%	18.0%



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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 Contact

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Investor Relations

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# APPENDIX



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# Appendix: Reconciliation of Adjusted EBITDA

“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) foreign currency transaction loss (gain), (2) transaction costs from business acquisitions, (3) DOJ agreement, (4) nonrecurring legal settlement, (5) restructuring activities loss (gain), (6) Hometown Strong initiative expenses, (7), gain on bargain purchase, (8) shareholder litigation settlement and (9) net income attributable to noncontrolling interest. 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 applicable to continuing operations. 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. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under U.S. GAAP. In addition, other companies in our industry may calculate these measures differently limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. These limitations should be compensated for by relying primarily on our U.S. GAAP results and using EBITDA and Adjusted EBITDA only on a supplemental basis.



# Appendix: Reconciliation of Adjusted EBITDA

## PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted EBITDA

(Unaudited)	Three Months Ended		Year Ended	
	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019
	(In thousands)			
Net income	\$ 330	\$ 92,235	\$ 95,070	\$ 456,536
Add:				
Interest expense, net <sup>(a)</sup>	27,849	30,650	118,813	118,353
Income tax expense	8,855	18,681	66,755	161,009
Depreciation and amortization	88,463	76,849	337,104	287,230
EBITDA	125,497	218,415	617,742	1,023,128
Add:				
Foreign currency transaction loss (gain) <sup>(b)</sup>	4,528	(1,006)	760	6,917
Transaction costs related to acquisitions <sup>(c)</sup>	—	1,239	134	1,302
DOJ agreement <sup>(d)</sup>	—	—	110,524	—
Nonrecurring legal settlement <sup>(e)</sup>	75,000	—	75,000	—
Restructuring activities loss (gain) <sup>(f)</sup>	123	6	123	(84)
Hometown Strong commitment <sup>(g)</sup>	494	—	15,000	—
Minus:				
Gain on bargain purchase <sup>(h)</sup>	—	56,880	(3,746)	56,880
Shareholder litigation settlement <sup>(i)</sup>	—	—	34,643	—
Net income attributable to noncontrolling interest	251	155	313	612
Adjusted EBITDA	<u>\$ 205,391</u>	<u>\$ 161,619</u>	<u>\$ 788,073</u>	<u>\$ 973,771</u>

(a) Interest expense, net, consists of interest expense less interest income.

(b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item Foreign currency transaction losses (gains) in the Consolidated Statements of Income.

(c) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions. See Annual Report on Form 10-K, Part II, Item 8, Notes to Consolidated Financial Statements, "Note 2. Business Acquisitions" for more information regarding recent business acquisitions.

(d) On October 13, 2020, Pilgrims announced that we have entered into a plea agreement (the "Plea Agreement") with the DOJ. As a result of the Plea Agreement, we recognized a fine of \$110,524,140.

(e) On January 11, 2021, we announced that we have entered an agreement to settle all claims made by the putative Direct Purchaser Plaintiff Class relating to broiler chicken antitrust litigation. As a result of the settlement, we recognized an expense of \$75.0 million.

(f) Restructuring charges includes tangible asset impairment, severance, change-in-control compensation costs and losses incurred on both the sale of unneeded broiler eggs and flock depletion.

(g) The Hometown Strong initiative was developed to help communities in which we operate respond to unexpected challenges. For the year ended December 27, 2020, we recorded \$15.0 million in incremental donations expense relating to this initiative.

(h) The gain on bargain purchase was recognized as a result of the PPL acquisition in October 2019. See Part II, Item 8, Notes to Consolidated Financial Statements, "Note 2. Business Acquisitions" for more information regarding this acquisition.

(i) Shareholder litigation settlement is income received as a result of a settlement in the first quarter of 2020. See Part II, Item 8, Notes to Consolidated Financial Statements, "Note 20. Commitments and Contingencies" for more information regarding this settlement.



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Source: PPC

## Appendix: Reconciliation of LTM Adjusted EBITDA

The summary unaudited consolidated income statement data for the twelve months ended December 27, 2020 (the LTM Period) have been calculated by summing each of the unaudited three month periods within the audited year ended December 27, 2020.

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

(Unaudited)	Three Months Ended				LTM Ended December 27, 2020
	March 29,2020	June 28,2020	September 27,2020	December 27, 2020	
	(In thousands)				
Net income	\$ 67,449	\$ (6,400)	\$ 33,691	\$ 330	\$ 95,070
Add:					
Interest expense, net	30,998	31,165	28,801	27,849	118,813
Income tax expense	38,512	(2,956)	22,344	8,855	66,755
Depreciation and amortization	79,773	84,603	84,265	88,463	337,104
EBITDA	216,732	106,412	169,101	125,497	617,742
Add:					
Foreign currency transaction loss (gain)	(18,385)	5,525	9,092	4,528	760
Transaction costs related to acquisitions	215	(81)	—	—	134
DOJ agreement	—	—	110,524	—	110,524
Nonrecurring legal settlement	—	—	—	75,000	75,000
Restructuring activities	—	—	—	123	123
Hometown Strong commitment	—	—	14,506	494	15,000
Minus:					
Gain on bargain purchase	(1,740)	—	(2,006)	—	(3,746)
Shareholder litigation settlement	34,643	—	—	—	34,643
Net income attributable to noncontrolling interest	181	(364)	245	251	313
Adjusted EBITDA	<u>\$ 165,478</u>	<u>\$ 112,220</u>	<u>\$ 304,984</u>	<u>\$ 205,391</u>	<u>\$ 788,073</u>



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Source: PPC



## Appendix: Reconciliation of EBITDA Margin

EBITDA margins have been calculated by taking the relevant unaudited EBITDA figures, then dividing by net sales for the applicable period. EBITDA margins are presented because they are used by management and we believe it is frequently used by securities analysts, investors and other interested parties, as a supplement to our results prepared in accordance with U.S. GAAP, to compare the performance of companies.

### PILGRIM'S PRIDE CORPORATION

#### Reconciliation of EBITDA Margin

(Unaudited)	Three Months Ended		Year Ended		Three Months Ended		Year Ended	
	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019
(In thousands, except percent of net sales)								
Net income	\$ 330	\$ 92,235	\$ 95,070	\$ 456,536	0.01 %	3.01 %	0.79 %	4.00 %
Add:								
Interest expense, net	27,849	30,650	118,813	118,353	0.89 %	1.00 %	0.98 %	1.04 %
Income tax expense	8,855	18,681	66,755	161,009	0.28 %	0.61 %	0.55 %	1.41 %
Depreciation and amortization	88,463	76,849	337,104	287,230	2.84 %	2.51 %	2.79 %	2.52 %
EBITDA	125,497	218,415	617,742	1,023,128	4.02 %	7.13 %	5.11 %	8.97 %
Add:								
Foreign currency transaction loss (gain)	4,528	(1,006)	760	6,917	0.15 %	(0.03)%	0.01 %	0.06 %
Transaction costs related to acquisitions	—	1,239	134	1,302	— %	0.04 %	— %	0.01 %
DOJ agreement	—	—	110,524	—	— %	— %	0.91 %	— %
Nonrecurring legal settlement	75,000	—	75,000	—	2.41 %	— %	0.62 %	— %
Restructuring activities	123	6	123	(84)	— %	— %	— %	— %
Hometown Strong commitment	494	—	15,000	—	0.02 %	— %	0.12 %	— %
Minus:								
Gain on bargain purchase	—	56,880	(3,746)	56,880	— %	1.86 %	(0.03)%	0.50 %
Shareholder litigation settlement	—	—	34,643	—	— %	— %	0.29 %	— %
Net income attributable to noncontrolling interest	251	155	313	612	0.01 %	0.01 %	— %	0.01 %
Adjusted EBITDA	\$ 205,391	\$ 161,619	\$ 788,073	\$ 973,771	6.59 %	5.27 %	6.51 %	8.53 %
Net sales	\$ 3,117,829	\$ 3,063,489	\$ 12,091,901	\$ 11,409,219	\$ 3,117,829	\$ 3,063,489	\$ 12,091,901	\$ 11,409,219

Source: PPC



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# Appendix: Reconciliation of Adjusted Operating Income

Adjusted Operating Income is calculated by adding to Operating Income certain items of expense and deducting from Operating Income certain items of income. Management believes that presentation of Adjusted Operating Income provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of GAAP operating income to adjusted operating income as follows:

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

	Three Months Ended		Year Ended	
	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019
	(In thousands)			
GAAP operating income (U.S. operations)	\$ (57,574)	\$ 60,307	\$ 69,377	\$ 487,275
DOJ agreement <sup>(a)</sup>	—	—	110,524	—
Nonrecurring legal settlement <sup>(b)</sup>	75,000	—	75,000	—
Hometown Strong commitment <sup>(c)</sup>	494	—	15,000	—
Adjusted operating income (U.S. operations)	<u>\$ 17,920</u>	<u>\$ 60,307</u>	<u>\$ 269,901</u>	<u>\$ 487,275</u>
Adjusted operating income margin (U.S. operations)	1.0 %	3.2 %	3.6 %	6.4 %

(a) On October 13, 2020, Pilgrims announced that we have entered into a plea agreement (the "Plea Agreement") with the DOJ. As a result of the Plea Agreement, we recognized a fine of \$110,524,140.

(b) On January 11, 2021, we announced that we have entered an agreement to settle all claims made by the putative Direct Purchaser Plaintiff Class relating to broiler chicken antitrust litigation. As a result of the settlement, we recognized an expense of \$75.0 million.

(c) The Hometown Strong initiative was developed to help communities in which we operate respond to unexpected challenges. For the year ended December 27, 2020, we recorded \$15.0 million in incremental donations expense relating to this initiative.



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Source: PPC

## Appendix: Reconciliation of GAAP Operating Income Margin to Adjusted Operating Income Margin

Adjusted Operating Income Margin for the U.S. is calculated by dividing Adjusted operating income by Net Sales. Management believes that presentation of Adjusted Operating Income Margin provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of GAAP operating income margin for the U.S. to adjusted operating income margin for the U.S. is as follows:

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

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>December 27, 2020</u>	<u>December 29, 2019</u>	<u>December 27, 2020</u>	<u>December 29, 2019</u>
	<b>(In percent)</b>			
GAAP operating income margin (U.S. operations)	(3.1)%	3.2 %	0.9 %	6.4 %
DOJ agreement	— %	— %	1.6 %	— %
Nonrecurring legal settlement	4.1 %	— %	1.1 %	— %
Hometown Strong commitment	— %	— %	— %	— %
Adjusted operating income margin (U.S. operations)	1.0 %	3.2 %	3.6 %	6.4 %



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Source: PPC

# Appendix: Reconciliation of Adjusted Net Income

Adjusted net income attributable to Pilgrim's Pride Corporation ("Pilgrim's") is calculated by adding to Net income attributable to Pilgrim's certain items of expense and deducting from Net income attributable to Pilgrim's certain items of income. Adjusted net income attributable to Pilgrim's Pride Corporation per common diluted share is presented because it is used by us, 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 U.S. GAAP, to compare the performance of companies. Management also believe that this non-U.S. GAAP financial measure, in combination with our financial results calculated in accordance with U.S. GAAP, provides investors with additional perspective regarding the impact of such charges on net income attributable to Pilgrim's Pride Corporation per common diluted share. Adjusted net income attributable to Pilgrim's Pride Corporation per common diluted share is not a measurement of financial performance under U.S. GAAP, has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under U.S. GAAP. Management believes that presentation of adjusted net income attributable to Pilgrim's provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of net income attributable to Pilgrim's Pride Corporation per common diluted share to adjusted net income 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		Year Ended	
	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019
	(In thousands, except per share data)			
Net income attributable to Pilgrim's	\$ 79	\$ 92,080	\$ 94,757	\$ 455,924
Adjustments:				
Foreign currency transaction loss (gain)	4,528	(1,006)	760	6,917
Acquisition charges and restructuring activities	123	1,245	257	1,218
DOJ agreement	—	—	110,524	—
Nonrecurring legal settlement	75,000	—	75,000	—
Hometown Strong commitment	494	—	15,000	—
Gain on bargain purchase	—	(56,880)	3,746	(56,880)
Shareholder litigation settlement	—	—	(34,643)	—
Net tax impact of adjustments <sup>(a)</sup>	(19,841)	(63)	(14,976)	(2,122)
Adjusted net income attributable to Pilgrim's	\$ 60,383	\$ 35,376	\$ 250,425	\$ 405,057
Weighted average diluted shares of common stock outstanding	243,801	249,849	246,124	249,709
Adjusted net income attributable to Pilgrim's per common diluted share	\$ 0.25	\$ 0.14	\$ 1.02	\$ 1.62

(a) Net tax impact of adjustments represents the tax impact of all adjustments shown above with the exclusion of the DOJ agreement as this item is non-deductible for tax purposes



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Source: PPC

## Appendix: Reconciliation of GAAP EPS to Adjusted EPS

Adjusted EPS is calculated by dividing the adjusted net income attributable to Pilgrim's stockholders by the weighted average number of diluted shares. Management believes that Adjusted EPS provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of U.S. GAAP to non-U.S. GAAP financial measures is as follows:

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

	Three Months Ended		Year Ended	
	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019
	(In thousands, except per share data)			
U.S. GAAP EPS	\$ —	\$ 0.37	\$ 0.39	\$ 1.83
Adjustments:				
Foreign currency transaction loss (gain)	0.02	—	—	0.03
Acquisition charges and restructuring activities	—	—	—	—
DOJ agreement	—	—	0.45	—
Nonrecurring legal settlement	0.31	—	0.30	—
Hometown Strong commitment	—	—	0.06	—
Gain on bargain purchase	—	(0.23)	0.02	(0.23)
Shareholder litigation settlement	—	—	(0.14)	—
Net tax impact of adjustments <sup>(a)</sup>	(0.08)	—	(0.06)	(0.01)
Adjusted EPS	<u>\$ 0.25</u>	<u>\$ 0.14</u>	<u>\$ 1.02</u>	<u>\$ 1.62</u>
Weighted average diluted shares of common stock outstanding	243,801	249,849	246,124	249,709

(a) Net tax impact of adjustments represents the tax impact of all adjustments shown above with the exclusion of the DOJ agreement as this item is non-deductible for tax purposes.



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Source: PPC

# Appendix: Supplementary Selected Segment and Geographic Data

PILGRIM'S PRIDE CORPORATION  
Supplementary Geographic Data  
(Unaudited)

	Three Months Ended		Year Ended	
	December 27, 2020	December 29, 2019	December 27, 2020	December 29, 2019
(In thousands)				
Sources of net sales by country of origin:				
U.S.	\$ 1,876,226	\$ 1,904,515	\$ 7,496,017	\$ 7,636,716
Europe	849,152	815,397	3,274,292	2,383,793
Mexico	392,451	343,577	1,321,592	1,388,710
Total net sales	<u>\$ 3,117,829</u>	<u>\$ 3,063,489</u>	<u>\$ 12,091,901</u>	<u>\$ 11,409,219</u>
Sources of cost of sales by country of origin:				
U.S.	\$ 1,785,018	\$ 1,779,959	6,995,552	\$ 6,903
Europe	799,931	759,788	3,055,965	2,212
Mexico	305,498	322,371	1,202,661	1,224
Elimination	(14)	(24)	(473)	—
Total cost of sales	<u>\$ 2,890,433</u>	<u>\$ 2,862,094</u>	<u>\$ 11,253,705</u>	<u>\$ 10,338,825</u>
Sources of gross profit by country of origin:				
U.S.	\$ 91,208	\$ 124,556	\$ 500,465	\$ 733,479
Europe	49,221	55,609	218,327	171,751
Mexico	86,953	21,206	118,931	165,068
Elimination	14	24	473	0.096
Total gross profit	<u>\$ 227,396</u>	<u>\$ 201,395</u>	<u>\$ 838,196</u>	<u>\$ 1,070,394</u>
Sources of operating income by country of origin:				
U.S.	\$ (57,574)	\$ 60,307	\$ 69,377	\$ 487,275
Europe	26,410	16,949	102,734	79,182
Mexico	70,650	8,512	72,879	124,015
Elimination	14	24	473	96
Total operating income	<u>\$ 39,500</u>	<u>\$ 85,792</u>	<u>\$ 245,463</u>	<u>\$ 690,568</u>



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Source: PPC