

PILGRIMS PRIDE CORP

Form 10-Q

July 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 26, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File number 1-9273

PILGRIM'S PRIDE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

75-1285071

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1770 Promontory Circle,

80634-9038

Greeley, CO

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (970) 506-8000

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐

Accelerated Filer ☐

Non-accelerated Filer ☒ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding of the issuer's common stock, \$0.01 par value per share, as of July 27, 2016, was 254,514,687.

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PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

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## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## PILGRIM'S PRIDE CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

	June 26, 2016 (Unaudited) (In thousands)	December 27, 2015
Cash and cash equivalents	\$41,047	\$ 439,638
Trade accounts and other receivables, less allowance for doubtful accounts	343,255	348,994
Account receivable from related parties	1,797	2,668
Inventories	832,565	801,357
Income taxes receivable	88,358	71,410
Prepaid expenses and other current assets	95,420	75,602
Assets held for sale	6,549	6,555
Total current assets	1,408,991	1,746,224
Other long-lived assets	15,954	15,672
Identified intangible assets, net	42,503	47,453
Goodwill	125,607	156,565
Property, plant and equipment, net	1,414,895	1,352,529
Total assets	\$3,007,950	\$ 3,318,443
Notes payable to banks	\$—	\$ 28,726
Accounts payable	466,783	482,954
Account payable to related parties	4,053	7,000
Accrued expenses and other current liabilities	314,925	314,966
Income taxes payable	38,771	13,228
Current maturities of long-term debt	90	86
Total current liabilities	824,622	846,960
Long-term debt, less current maturities	1,117,979	985,509
Deferred tax liabilities	144,876	131,882
Other long-term liabilities	101,780	92,282
Total liabilities	2,189,257	2,056,633
Common stock	2,597	2,597
Treasury stock	(106,561 )	(99,233 )
Additional paid-in capital	1,677,543	1,675,674
Accumulated deficit	(689,910 )	(261,252 )
Accumulated other comprehensive loss	(67,726 )	(58,930 )
Total Pilgrim's Pride Corporation stockholders' equity	815,943	1,258,856
Noncontrolling interest	2,750	2,954
Total stockholders' equity	818,693	1,261,810
Total liabilities and stockholders' equity	\$3,007,950	\$ 3,318,443

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26, 2016	June 28, 2015	June 26, 2016	June 28, 2015
	(In thousands, except per share data)			
Net sales	\$2,028,315	\$2,053,876	\$3,991,252	\$4,106,795
Cost of sales	1,742,184	1,621,856	3,467,559	3,297,655
Gross profit	286,131	432,020	523,693	809,140
Selling, general and administrative expense	49,520	48,834	98,308	98,341
Administrative restructuring charges	—	4,813	—	4,813
Operating income	236,611	378,373	425,385	705,986
Interest expense, net of capitalized interest	11,548	11,514	23,581	16,369
Interest income	(683)	) (1,277	) (1,376	) (2,767 )
Foreign currency transaction loss (gain)	(4,744	) 2,059	(4,979	) 11,033
Miscellaneous, net	(950			