

PILGRIMS PRIDE CORP
Form 10-Q
October 29, 2015

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 September 27, 2015

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
(State or other jurisdiction of incorporation or organization)

75-1285071
(I.R.S. Employer Identification No.)

1770 Promontory Circle,
Greeley, CO
(Address of principal executive offices)

80634-9038
(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 October 28, 2015, was 255,145,196.

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PILGRIM'S PRIDE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 27, 2015 (Unaudited) (In thousands)	December 28, 2014
Cash and cash equivalents	\$396,719	\$576,143
Trade accounts and other receivables, less allowance for doubtful accounts	369,681	378,890
Account receivable from related parties	2,581	5,250
Inventories	841,273	790,305
Income taxes receivable	4,971	10,288
Current deferred tax assets	37,561	27,345
Prepaid expenses and other current assets	96,857	95,439
Assets held for sale	6,555	1,419
Total current assets	1,756,198	1,885,079
Other long-lived assets	31,813	24,406
Identified intangible assets, net	32,177	26,783
Goodwill	174,431	—
Property, plant and equipment, net	1,347,239	1,182,795
Total assets	\$3,341,858	\$3,119,063
Notes payable to banks	\$5,869	\$—
Accounts payable	524,025	399,486
Account payable to related parties	10,402	4,862
Accrued expenses and other current liabilities	304,459	311,879
Income taxes payable	20,874	3,068
Current deferred tax liabilities	40,368	25,301
Current maturities of long-term debt	102	262
Total current liabilities	906,099	744,858
Long-term debt, less current maturities	1,000,398	3,980
Deferred tax liabilities	89,589	76,216
Other long-term liabilities	103,104	97,208
Total liabilities	2,099,190	922,262
Common stock	2,597	2,590
Treasury stock	(45,080) —
Additional paid-in capital	1,672,501	1,662,354
Retained earnings (accumulated deficit)	(324,400) 591,492
Accumulated other comprehensive loss	(66,002) (62,541
Total Pilgrim's Pride Corporation stockholders' equity	1,239,616	2,193,895
Noncontrolling interest	3,052	2,906
Total stockholders' equity	1,242,668	2,196,801
Total liabilities and stockholders' equity	\$3,341,858	\$3,119,063

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		Thirty-Nine Weeks Ended	
	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
	(In thousands, except per share data)			
Net sales	\$2,112,529	\$ 2,268,048	\$6,219,324	\$ 6,472,929
Cost of sales	1,827,985	1,817,783	5,125,640	5,458,083
Gross profit	284,544	450,265	1,093,684	1,014,846
Selling, general and administrative expense	52,620	44,629	150,961	138,437
Administrative restructuring charges	792	135	5,605	2,286
Operating income	231,132	405,501	937,118	874,123
Interest expense, net of capitalized interest	10,501	11,372	26,870	45,407
Interest income	(319)	(1,171)	(3,086)	(2,974)
Foreign currency transaction loss	12,773	6,414	23,806	4,932
Miscellaneous, net	(2,071)	(610)	(7,135)	(2,609)
Income before income taxes	210,248	389,496	896,663	829,367
Income tax expense	73,153	133,693	313,751	284,932
Net income	137,095	255,803	582,912	544,435
Less: Net income (loss) attributable to noncontrolling interests	33	(181)	146	(26)
Net income attributable to Pilgrim's Pride Corporation	\$ 137,062	\$ 255,984	\$ 582,766	\$ 544,461
Weighted average shares of common stock outstanding:				
Basic	259,280	258,999	259,540	258,966
Effect of dilutive common stock equivalents	223	523	225	482
Diluted	259,503	259,522	259,765	259,448
Net income attributable to Pilgrim's Pride Corporation per share of common stock outstanding:				
Basic	\$0.53	\$ 0.99	\$2.25	\$ 2.10
Diluted	\$0.53	\$ 0.99	\$2.24	\$ 2.10

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

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September	September	September	September
	27, 2015	28, 2014	27, 2015	28, 2014
	(In thousands)			
Net income	\$137,095	\$255,803	\$582,912	\$544,435
Other comprehensive income (loss):				
Gain (loss) associated with available-for-sale securities, net of tax expense of \$43, \$10, \$30 and \$30, respectively	70	17	50	(12)
Loss associated with pension and other postretirement benefits, net of tax benefit of \$6,206, \$396, \$2,129 and \$6,105, respectively	(10,234)	(653)	(3,511)	(10,068)
Total other comprehensive loss, net of tax	(10,164)	(636)	(3,461)	(10,080)
Comprehensive income	126,931	255,167	579,451	534,355
Less: Comprehensive income (loss) attributable to noncontrolling interests	33	(181)	146	(26)
Comprehensive income attributable to Pilgrim's Pride Corporation	\$126,898	\$255,348	\$579,305	\$534,381

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

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 (Unaudited)

	Pilgrim's Pride Corporation Stockholders							
	Common Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total	
	(In thousands)							
Balance at December 28, 2014	259,029	\$2,590	— \$—	\$1,662,354	\$ 591,492	\$ (62,541)	\$ 2,906	\$2,196,801
Net income	—	—	—	—	582,766	—	146	582,912
Other comprehensive loss, net of tax	—	—	—	—	—	(3,461)	—	(3,461)
Share-based compensation plans:								
Common stock issued under compensation plans	671	7	—	(7)	—	—	—	—
Common stock forfeited under compensation plans	(15)	—	—	(85)	—	—	—	(85)
Requisite service period recognition	—	—	—	2,217	—	—	—	—