

PILGRIMS PRIDE CORP
Form 10-Q/A
October 31, 2003
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A-1

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

For the quarter ended June 28, 2003

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)

110 South Texas, Pittsburg, TX
(Address of principal executive offices)

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

75686-0093
(Zip code)

(903) 855-1000

(Registrant's telephone number, including area code)

Not Applicable

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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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

27,589,250 shares of the Registrant's Class B Common Stock, \$.01 par value, were outstanding as of July 22, 2003.

13,523,429 shares of the Registrant's Class A Common Stock, \$.01 par value, were outstanding as of July 22, 2003.

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EXPLANATORY NOTE

Pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, Pilgrim's Pride Corporation hereby amends its Quarterly Report on Form 10-Q for the quarter ended June 28, 2003 to respond to certain comments of the Securities and Exchange Commission (SEC) pertaining to the inclusion of a discussion of recurring gross profit exclusive of non-recurring recoveries on pages 22 and 24, and minor alignment changes and reclassifications of certain costs from investing activities to financing activities in the consolidated statement of cash flows. In order to preserve the nature and character of the disclosures as originally filed, except as specifically discussed in this Amendment No. 1 to the Quarterly Report on Form 10-Q/A, no attempt has been made to modify or update such disclosures for events which occurred subsequent to the original filing on July 23, 2003. Accordingly, this Amendment No. 1 to the Quarterly Report on Form 10-Q/A should be read in conjunction with Pilgrim's subsequent filings with the SEC.

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	<u>June 28, 2003</u>	<u>September 28, 2002</u>
	(in thousands except	
	share data)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 16,667	\$ 14,913
Trade accounts and other receivables, less allowance for doubtful accounts	118,612	85,347
Inventories	358,301	326,792
Prepaid expenses and other current assets	15,300	16,866
	<u>508,880</u>	<u>443,918</u>
Total Current Assets	508,880	443,918
Other Assets	30,837	21,940
Property, Plant and Equipment		
Land	38,343	38,718
Buildings, machinery and equipment	1,069,700	1,039,581
Autos and trucks	54,690	54,609
Construction-in-progress	24,850	30,433
	<u>1,187,583</u>	<u>1,163,341</u>
Less accumulated depreciation	448,380	401,309
	<u>739,203</u>	<u>762,032</u>
	<u>\$ 1,278,920</u>	<u>\$ 1,227,890</u>
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	\$ 135,285	\$ 163,892
Accrued expenses	90,228	84,618
Current deferred income tax	12,888	12,888
Current maturities of long-term debt	2,635	3,483
	<u>241,036</u>	<u>264,881</u>
Total Current Liabilities	241,036	264,881
Long-Term Debt, Less Current Maturities	480,150	450,161
Deferred Income Taxes	134,229	116,911

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Minority Interest in Subsidiary	1,316	1,613
Commitments and Contingencies		
Stockholders Equity:		
Preferred stock, \$.01 par value, 5,000,000 authorized shares; none issued		
Common stock Class A, \$.01 par value, 100,000,000 authorized shares; 13,794,529 issued and outstanding	138	138
Common stock Class B, \$.01 par value, 60,000,000 authorized shares; 27,589,250 issued and outstanding	276	276
Additional paid-in capital	79,625	79,625
Retained earnings	343,730	314,626
Accumulated other comprehensive income (loss)	(12)	1,227
Less treasury stock, 271,100 shares	(1,568)	(1,568)
	<hr/>	<hr/>
Total Stockholders Equity	422,189	394,324
	<hr/>	<hr/>
	\$ 1,278,920	\$ 1,227,890
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See notes to consolidated financial statements.

Table of Contents**Pilgrim s Pride Corporation and Subsidiaries****Consolidated Income Statements****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
	(in thousands, except share and per share data)			
Net Sales	\$ 651,877	\$ 637,116	\$ 1,909,874	\$ 1,893,899
Costs and Expenses:				
Cost of sales	600,932	590,807	1,805,257	1,761,095
Non-recurring recoveries	(10,302)	(691)	(36,002)	(691)
Selling, general and administrative	35,107	32,954	102,728	100,491
	<u>625,737</u>	<u>623,070</u>	<u>1,871,983</u>	<u>1,860,895</u>
Operating income	26,140	14,046	37,891	33,004
Other Expense (Income):				
Interest expense, net	9,417	9,031	28,835	24,866
Foreign exchange (gain) loss	(334)	2,269	(466)	1,374
Miscellaneous, net	(8,124)	(3,778)	(36,787)	(3,292)
	<u>959</u>	<u>7,522</u>	<u>(8,418)</u>	<u>22,948</u>
Income before income taxes	25,181	6,524	46,309	10,056
Income tax (benefit) expense	7,740	3,258	15,346	(7,453)
Net income	<u>\$ 17,441</u>	<u>\$ 3,266</u>	<u>\$ 30,963</u>	<u>\$ 17,509</u>
Net income per common share basic and diluted	<u>\$ 0.42</u>	<u>\$ 0.08</u>	<u>\$ 0.75</u>	<u>\$ 0.43</u>
Dividends per common share	<u>\$ 0.015</u>	<u>\$ 0.015</u>	<u>\$ 0.045</u>	<u>\$ 0.045</u>
Weighted average shares outstanding	<u>41,112,679</u>	<u>41,112,679</u>	<u>41,112,679</u>	<u>41,112,679</u>

See notes to consolidated financial statements.

Table of Contents**Pilgrim s Pride Corporation and Subsidiaries****Consolidated Statements of Cash Flows****(Unaudited)**

	Nine Months Ended	
	June 28, 2003	June 29, 2002
	(in thousands)	
Cash Flows From Operating Activities:		
Net income	\$ 30,963	\$ 17,509
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	54,253	52,859
Loss (gain) on property disposals	(277)	227
Deferred income taxes	17,318	(8,642)
Changes in operating assets and liabilities:		
Trade accounts and other receivables	(33,265)	3,317
Inventories	(31,509)	(16,692)
Prepaid expenses and other current assets	1,566	3,251
Accounts payable and accrued expenses	(22,997)	(15,717)
Other	(1,357)	2,655
Cash provided by operating activities	14,695	38,767
Investing Activities:		
Acquisitions of property, plant and equipment	(36,146)	(56,430)
Proceeds from property disposals	923	790
Other, net	(4,284)	(2,442)
Net cash used in investing activities	(39,507)	(58,082)
Financing Activities:		
Proceeds from notes payable to banks	255,500	141,500
Repayments of notes payable to banks	(255,500)	(83,500)
Proceeds from long-term debt	108,133	63,101
Payments on long-term debt	(78,992)	(112,171)
Financing Costs	(366)	(481)
Cash dividends paid	(1,858)	(1,854)
Cash provided by financing activities	26,917	6,595
Effect of exchange rate changes on cash and cash equivalents	(351)	(383)
Increase (decrease) in cash and cash equivalents	1,754	(13,103)
Cash and cash equivalents at beginning of year	14,913	20,916