



A Best-in-Class Protein Producer Hidden in Plain Sight

We first made Pilgrim's Pride (PPC: \$39/share) a [Long Idea](#) in [April 2025](#). Since then, the market has failed to recognize the strength of this business and its strong cash flows. Without a beef operation to drag down profits, this leading chicken producer profits from the fast-growing chicken market, and its stock remains undervalued. Despite the overhang of the poor reputation of the company's majority owner, JBS S.A, we think PPC offers favorable Risk/Reward based on the company's:

- position to profit from rising chicken demand and chicken affordability,
- growing sales across all business segments,
- best in class profitability, strong free cash flow, and
- very cheap stock valuation.

What's Working

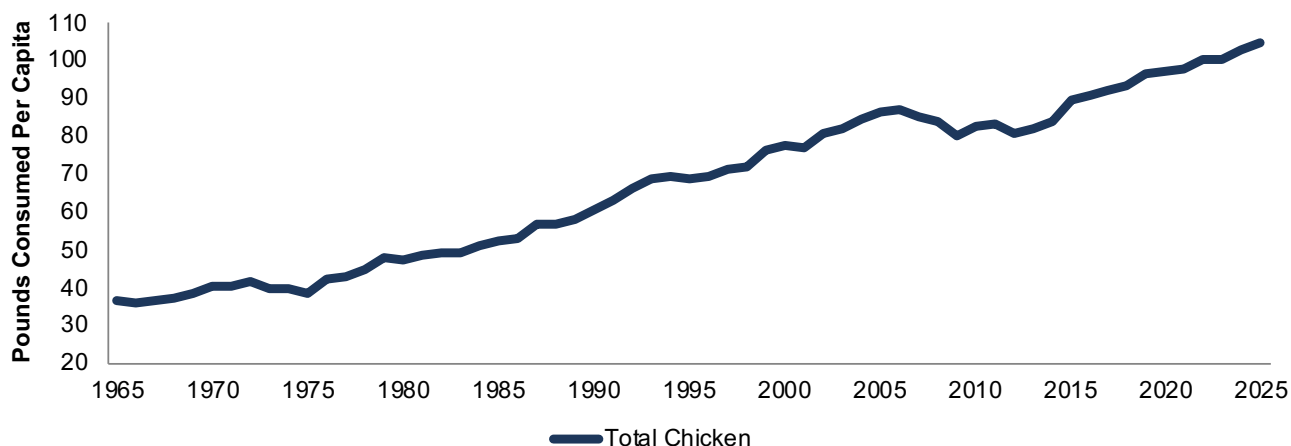
Chicken Demand Continues To Rise

Per our original Pilgrim's Pride report, chicken has consistently gained popularity and is the most-consumed protein in the United States. In fact, U.S. [chicken consumption per capita](#) increased from 36 pounds in 1965 to 104.5 pounds in 2025. Per capita consumption is projected to rise to 104.9 pounds in 2026. See Figure 1.

Growth in chicken consumption has come largely at the expense of beef consumption, which, per capita, fell from 75 pounds in 1965 to 59 pounds in 2025.

Figure 1: Chicken Consumption per Capita in the U.S. From 1965 to 2025

Chicken Consumption's Historical Rise



Sources: [The National Chicken Council](#)

Demand Expected to Rise Too

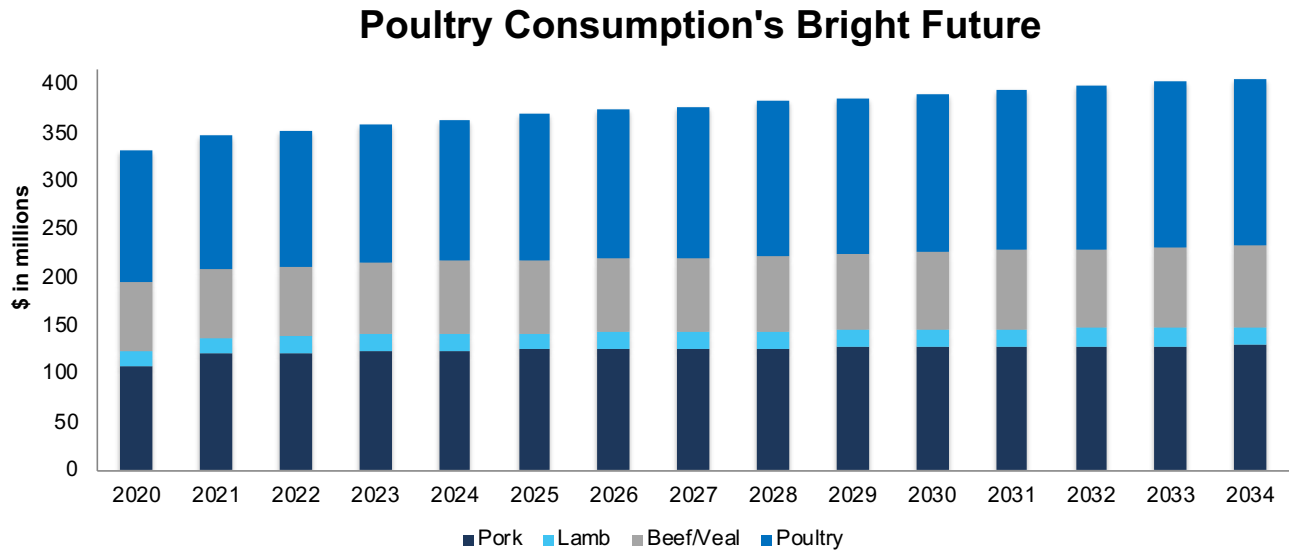
The growth in chicken popularity is projected to continue.

Global protein consumption of pork, lamb, beef/veal, and poultry is projected to rise from 330 million tonnes in 2020 to 406 million tonnes in 2034, or 23%.

Chicken is the fastest growing protein of the group, with consumption projected to grow 28% from 2020-2034. See Figure 2.



Figure 2: Protein Consumption by Type: 2020-2034



Sources: [OECD-FAO Agricultural Outlook 2025-2034](#)

“Another Bullish Year for Poultry”

Consumption trends look strong in the short-term, too.

In its [January 2026 global poultry update](#), Rabobank noted “the outlook for the global poultry industry remains strong for 2026.” Specifically, the analysis noted:

- Global poultry industry growth of 2.5% in 2026, driven by limited cultural dietary restrictions, stronger economic conditions in growth markets, competitive pricing, and consumer trends favoring convenience, variety, and health.
- Global feed price outlook is positive for poultry producers.

In its [Global Animal Protein Outlook for 2026](#), released in December 2025, Rabobank noted that “seafood and poultry will emerge as the primary drivers of production growth...” The analysis also noted that producers could face rising costs due to ongoing challenges around capacity utilization and trade disruptions from tariffs and other protectionist measures. However, such challenges are more than priced into Pilgrim’s Pride’s stock price, as we’ll show below.

Chicken Remains More Affordable

The rise in chicken consumption goes hand in hand with its affordability, especially when compared to beef.

Over the past two years, the retail dollar per pound of chicken legs, bone-in has fallen 5% while the retail dollar per pound of chicken, boneless breast, and fresh whole chicken has increased just 2% and 3%, respectively.

Over the same time, the retail dollar per pound of lean and extra lean ground beef, ground chuck, and ground beef has increased 21%, 31%, and 34%, respectively. See Figure 3.



Figure 3: Change in Protein Prices: January 2024 – January 2026

Protein Type	Dollar/pound % Change: Jan 24 – Jan 26
Chicken Legs, bone-in	-5%
Chicken, boneless breast	2%
Fresh Whole Chicken	3%
Lean and Extra Lean Ground Beef	21%
Ground Chuck	31%
Ground Beef	34%

Sources: [U.S. Department of Agriculture](#) (USDA)

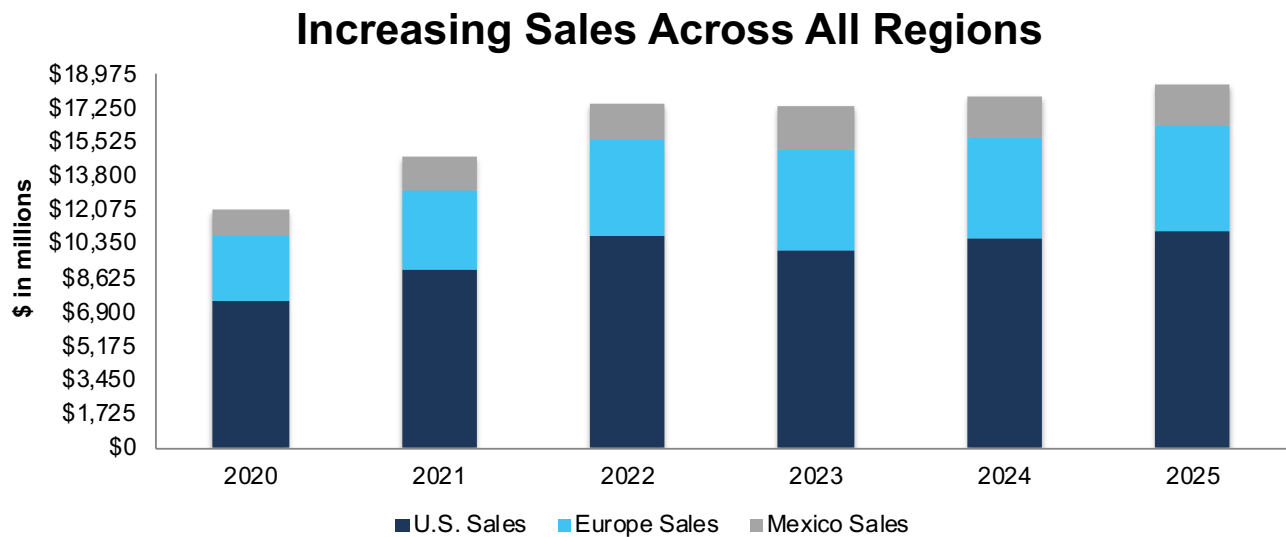
Pilgrim’s Pride Is Still a Global Leader

Pilgrim’s Pride is the second largest chicken producer in the U.S., trailing only Tyson Foods (TSN). The company is geographically diversified and sells products in the U.S., Mexico, and Europe.

Over the last five years, Pilgrim’s Pride’s U.S., Mexico, and Europe sales grew 8%,10%, and 10% compounded annually, respectively.

Combined, sales across all geographic segments grew 9% compounded annually from 2020-2025. See Figure 4.

Figure 4: Pilgrim’s Pride’s Sales by Region: 2020 – 2025



Sources: New Constructs, LLC and company filings

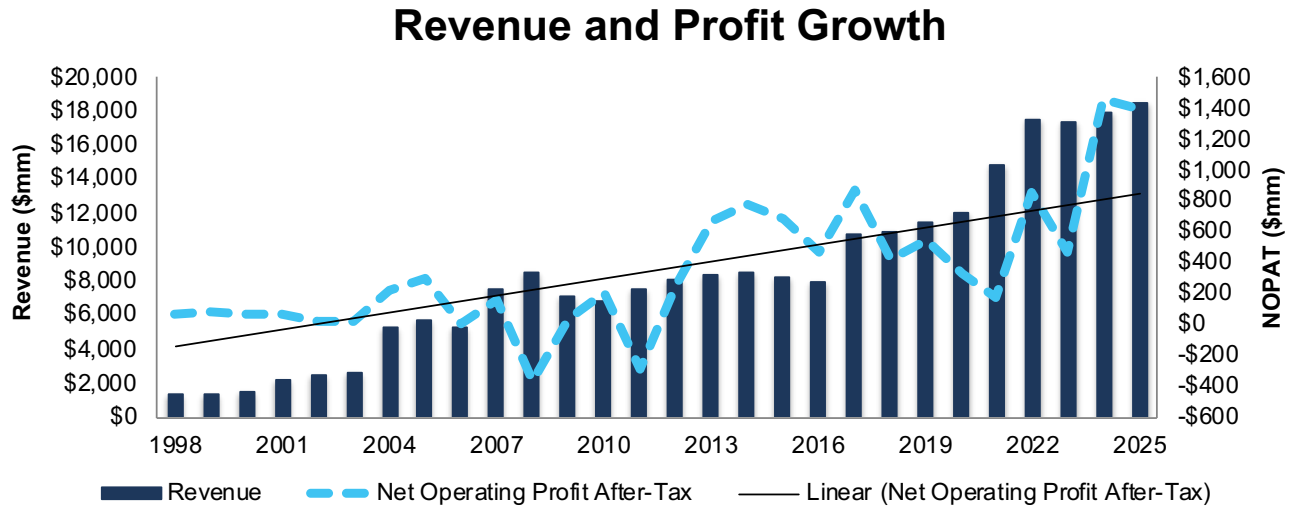
Quality Fundamentals Across Decades

Pilgrim’s Pride has grown revenue and net operating profit after-tax (NOPAT) by 9% and 34% compounded annually, respectively, since 2020. The company’s NOPAT margin improved from 3% in 2020 to 8% in 2025, while [invested capital turns](#) increased from 1.8 to 2.3 over the same time. Rising NOPAT margins and IC turns drive the company’s return on invested capital (ROIC) from 5% in 2020 to 17% in 2025.

Longer-term, Pilgrim’s Pride has grown revenue and NOPAT by 10% and 12% compounded annually since 1998, respectively. See Figure 5.



Figure 5: Pilgrim's Pride's Revenue and NOPAT Since 1998



Sources: New Constructs, LLC and company filings

Best-in-Class Profitability

Pilgrim's Pride is not only one of the largest global meat producers, but it is also the most profitable among publicly-traded peers.

Pilgrim's Pride has the highest invested capital turns (balance sheet efficiency) amongst publicly traded meat and packaged food producers. When combined with strong NOPAT margins, Pilgrim's Pride earns the highest ROIC of the group, which includes companies such as Nestle (NSRGY), Hormel Foods (MRL), Tyson Foods (TSN), and more. See Figure 6.

Figure 6: Pilgrim's Pride's Profitability Vs. Peers: Trailing Twelve Months (TTM)

Company Name	Ticker	NOPAT Margin	IC Turns	ROIC
Pilgrim's Pride	PPC	8%	2.3	17%
Nestle ADR	NSRGY	15%	0.7	10%
Smithfield Foods	SFD	6%	1.4	9%
Hormel Foods	HRL	6%	0.9	6%
B&G Foods	BGS	9%	0.6	5%
Seaboard Corporation	SEB	3%	1.5	5%
Conagra Brands, Inc.	CAG	10%	0.5	5%
The Kraft Heinz	KHC	16%	0.3	4%
Tyson Foods	TSN	2%	1.5	3%
Beyond Meat	BYND	-54%	0.4	-21%

Sources: New Constructs, LLC and company filings

Future Special Dividends Could Provide Strong Yield

Pilgrim's Pride does not pay regular dividends or repurchase shares. As of December 31, 2025, the most recent share repurchase occurred in 2022.

However, the company did announce a special dividend of \$6.30/share in March 2025 and an additional special dividend of \$2.10/share in July 2025. In total, the company paid \$2 billion in special dividends in 2025, which represent 21% of the current market cap.

While special dividends are, by their very nature, not recurring and "special", should Pilgrim's Pride provide an additional special dividend, the potential yield to investors could be significant.



Strong Cash Flow Generation

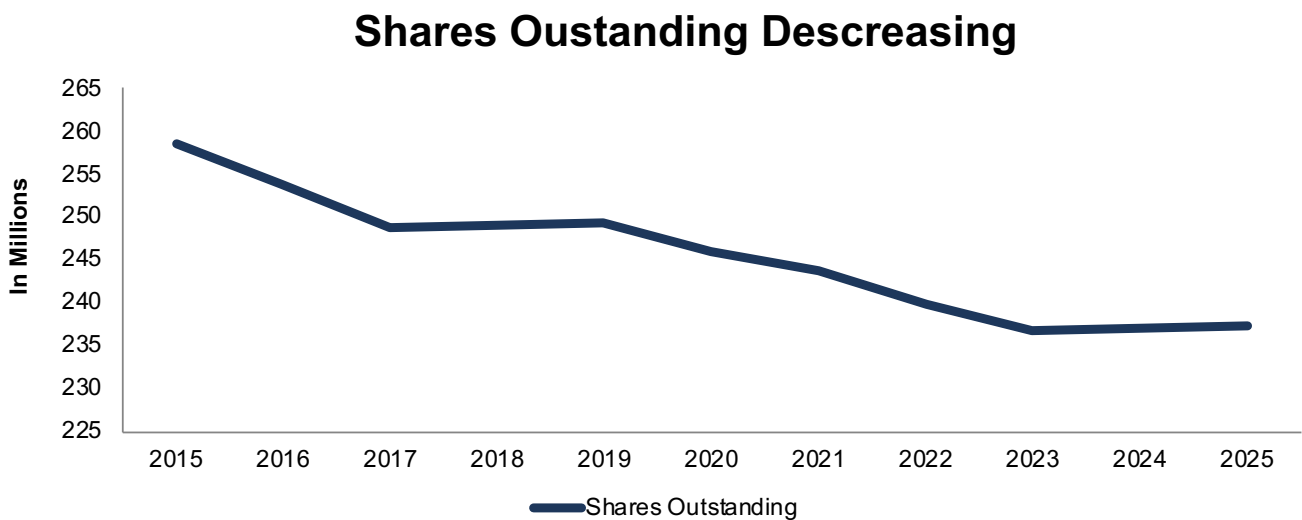
Since 2020, Pilgrim’s Pride has generated a cumulative \$2.6 billion in free cash flow (FCF), which equals 19% of its [enterprise value](#). The cumulative FCF is positive despite large cash burn of -\$822 million in 2021 following the disruption caused by COVID in the year prior.

Reducing Shares Outstanding

Pilgrim’s Pride’s past share repurchases have meaningfully reduced its shares outstanding from 258 million in 2015 to 237 million in 2025. However, with no repurchase activity since 2022, shares outstanding have increased from 236.7 million in 2023 to 237.4 million in 2025.

We like companies that choose to return capital to shareholders instead of spending it on costly acquisitions or executive bonuses that rarely drive shareholder value creation.

Figure 7: Pilgrim’s Pride Shares Outstanding: 2015 – 2025



Sources: New Constructs, LLC and company filings

Strong Balance Sheet and Credit Rating

Pilgrim’s Pride maintains its industry leading position throughout cycles in part due to its strong balance sheet.

Pilgrim’s Pride earns an Attractive Overall [Credit Rating](#), which is driven by Very Attractive ratings in the EBITDA to Debt metric and Attractive ratings in the Debt to Capital, Free Cash Flow (3 yr Avg.) to Debt, and Interest Coverage metrics.

Even if economic conditions deteriorate, the company’s strong financial footing secures its operations for the foreseeable future.



Figure 8: Pilgrim’s Pride’s Credit Rating Details

Overall Credit Rating ?	Leverage ?	Liquidity ?		Coverage ?	
	Debt to Capital ?	EBITDA to Debt ?	Free Cash Flow (3 yr Avg.) to Debt ?	Cash to Debt ?	Interest Coverage ?
Very Unattractive	> 0.75	< 0.0	< -0.1	< 0.01	< -1.0
Unattractive	0.75 > 0.5	0.0 < 0.18	-0.1 < 0.12	0.01 < 0.11	-1.0 < 3.0
Neutral	0.5 > 0.3	0.18 < 0.3	0.12 < 0.15	0.11 < 0.2	3.0 < 7.0 or EBIT < 0
Attractive	0.3 > 0.15	0.3 < 0.5	0.15 < 0.3	0.2 < 0.55	7.0 < 18.0
Very Attractive	< 0.15	> 0.5	> 0.3	> 0.55	> 18.0 or EBIT ≥ 0
Actual Values	0.27	0.64	0.27	0.18	10.46

Sources: New Constructs, LLC and company filings

What’s Not Working

Chicken Pricing in 2025

Despite steady growth in chicken consumption, a rise in supply [pressured prices downward](#) in 2025, particularly in the second half of the year. These lower prices negatively impacted margins for chicken producers such as Pilgrim’s Pride.

U.S. monthly wholesale boneless/skinless breast prices peaked in May at 276.54 cents per pound. By December 2025, prices were down to 115.8 cents per pound. Chicken wings averaged 98 cents per pound in December 2025, or down 91 cents YoY.

Overall, the national composite wholesale broiler price averaged 115.35 cents per pound in December, which was down 17 cents YoY.

However, the fact that prices are expected to rise some in 2026 makes the stock look even more undervalued.

The United States Department of Agriculture (USDA) [projects](#) the national composite wholesale broiler price will average 120 cents per pound in 1Q26, 130 cents per pound in 2Q26, and 125 cents per pound in both 3Q26 and 4Q26. For the full year, the USDA expects 2026 prices to average 125 cents per pound, which would be well above the average price from December 2025.

The key to our near-term bullishness on the stock is that the expected rise in prices will buoy margins while the current stock price implies a much worse future than industry experts expect. Thus, we see an opportunity to buy unduly low expectations.

Longer term, we see an even bigger expectations investing opportunity if the company achieves anything close to its historical growth rates.

Bad Reputation of Majority Owner Weighs on Shares

JBS S.A., the world’s largest meat producer, currently owns over 82% of Pilgrim’s Pride’s outstanding common stock. JBS initially acquired its controlling interest in the company after helping it emerge from bankruptcy protection in 2009.

This ownership structure helps explain some of the discount in PPC’s shares. JBS’ parent company and controlling shareholder, J&F Investimentos, pled guilty in October 2020 to violating U.S. federal bribery laws.

Additionally, both JBS and Pilgrim’s Pride has been implicated in price-fixing schemes within the chicken industry. Pilgrim’s Pride’s former CEO was [indicted](#) in June 2020 on allegations that the company conspired to fix prices from 2012-2017. The former CEO was removed at the time, and in September 2020, the company [named](#) Fabio Sandri the new CEO. Mr. Sandri remains CEO of Pilgrim’s Pride.



While Mr. Sandri has not been accused of wrongdoing in these cases, the past illegalities of both JBS and Pilgrim's Pride represent a risk when owning its shares.

These issues help explain why PPC trades at a discount and may never trade in line with its true economic book value. But, we think they do not account for the magnitude of the discount for a company that has generated positive NOPAT in 26 of the past 28 years. Even if profits never grow again, the stock has upside, as we'll show below.

Current Price Implies Profits Will Fall

At its current price of \$39/share, PPC has a price-to-economic book value ([PEBV](#)) ratio of 0.4. This ratio means the market expects the company's NOPAT to permanently decline 60% from 2025 levels. This expectation seems overly pessimistic considering Pilgrim's Pride has grown NOPAT by 12% compounded annually since 1998 and 7% compounded annually since 2015.

Below, we use our [reverse discounted cash flow \(DCF\) model](#) to analyze expectations for different stock price scenarios for PPC.

In the first scenario, we quantify the expectations baked into the current price. If we assume:

- NOPAT margin immediately falls to 3.5% (less than half 2025 margin and below 10-year average margin of 5.0%) through 2035, and
- revenue grows at 1% a year through 2035 (the low end of projected chicken industry growth), then

the stock would be worth \$39/share today – equal to the current stock price. In this scenario, Pilgrim's Pride's NOPAT would fall 6% compounded annually from 2025 – 2035. In this scenario, Pilgrim's Pride's implied NOPAT in 2035 would be 46% below the company's 2025 NOPAT. [Contact us for the math behind this reverse DCF scenario.](#)

Shares Could Go 50%+ Higher Even If Profits Decline

If we instead assume:

- NOPAT margin immediately falls to 5.0% (equal to 10-year average) through 2035,
- revenue grows at consensus estimates in 2026 (1.4%) and 2027 (1.3%), and
- revenue grows 1% each year thereafter through 2035, then

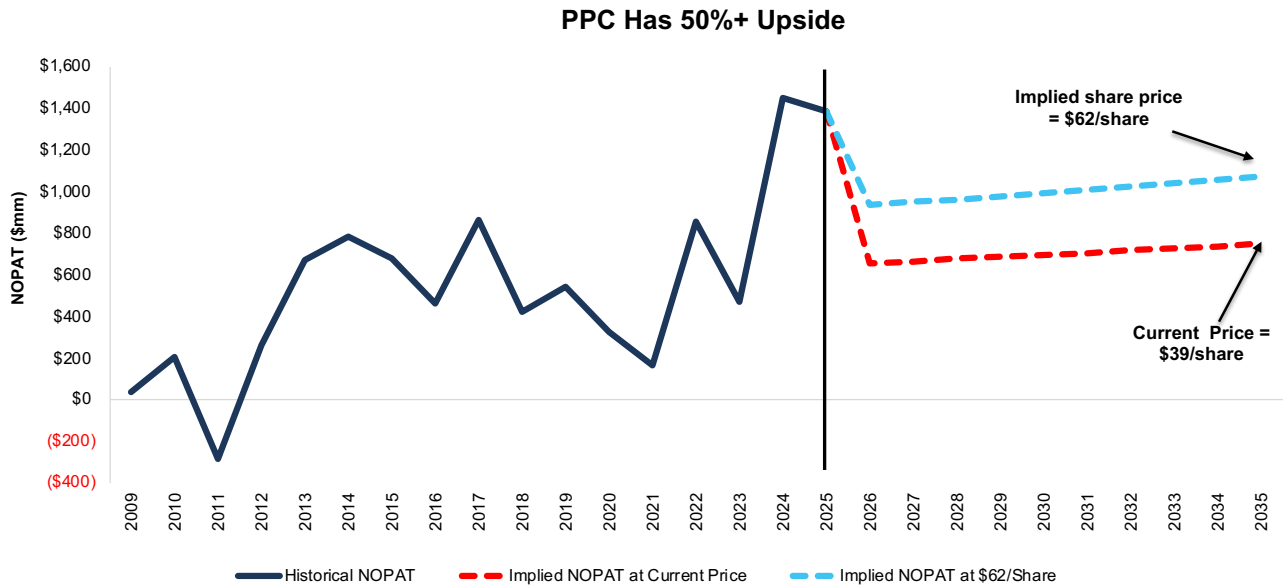
the stock would be worth \$62/share today – a 59% upside to the current price. In this scenario, Pilgrim's Pride's NOPAT still falls 3% compounded annually through 2035 and, in 2035, is 23% below 2025 NOPAT. [Contact us for the math behind this reverse DCF scenario.](#)

Should the company's NOPAT grow more in line with historical levels, the stock has even more upside.

Figure 9 compares Pilgrim's Pride's historical NOPAT to the NOPAT implied in each of the above scenarios.



Figure 9: Pilgrim's Pride's Historical and Implied NOPAT: DCF Valuation Scenarios



Sources: New Constructs, LLC and company filings

This article was originally published on [March 11, 2026](#).

Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, sector, style, or theme.

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It's Official: We Deliver the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

In [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by S&P Global’s (SPGI) *Adjustments* individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

Ernst & Young features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Harvard Business School. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

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