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# Hormel Foods Corp. (HRL)

Q4 2025 Earnings Call

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, ladies and gentlemen, and welcome to the Hormel Corporation's fourth quarter earnings call. At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session. [Operator Instructions] This call is being recorded on Thursday, December 4, 2025.

I'd now like to turn the conference over to Jess Blomberg. Please go ahead.

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**Jess Blomberg**

*Director-Investor Relations, Hormel Foods Corp.*

Good morning. Welcome to the Hormel Foods Conference call for the fourth quarter of fiscal 2025. We released results this morning before the market opened. If you did not receive a copy of the release, you can find it on our website, [hormelfoods.com](http://hormelfoods.com) under the Investors section along with supplemental slide materials.

On our call today is Jeff Ettinger, interim chief executive Officer; John Ghingo, President; and Paul Kuehneman, Interim Chief Financial Officer and Controller. Jeff, John and Paul will begin by reviewing the company's fiscal 2025 performance before transitioning into commentary on our outlook for 2026. We will conclude with the Q&A portion of the call. The line will be open for questions following the prepared remarks. As a courtesy to the other analysts, please limit yourself to one question with one follow-up. At the conclusion of this morning's call, a webcast replay will be posted to the investor section of our website and archived for one year.

Before we start this morning, I'd like to reference our Safe Harbor statements. Some of the comments we make today will be forward-looking and actual results may differ materially from those expressed in or implied by the statements we will be making. Please refer to our most recent annual report on Form 10-K and quarterly reports on Form 10-Q, which can be accessed on our investor website under the Investors section. Additionally, please note we will be discussing certain non-GAAP financial measures this morning. Management believes that doing so provides investors with a better understanding of the company's underlying operating performance. The presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP. Further information about our non-GAAP financial measures, including our comparability items and reconciliations, are detailed in our press release, which can be accessed on our website.

I will now turn the call over to Jeff Ettinger.

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## Jeffrey M. Ettinger

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

Thank you, Jess, and good morning, everyone. Today we'll briefly review our fiscal 2025 results, then shift our focus to the strategic priorities and outlook for fiscal 2026. I'll begin with a few reflections on the year and our path forward. Paul will provide additional detail on key drivers from 2025. And then John will share our vision for 2026 and the actions we're taking to deliver consistent growth. I'll conclude with our fiscal 2026 outlook before we move on to Q&A.

Fiscal 2025 was a challenging year. Candidly, we fell significantly short of our earnings goal in navigating a dynamic consumer environment, elevated input costs, and some unexpected setbacks. Our bottom line performance was disappointing. On the other hand, net sales exceeded \$12 billion, representing 2% organic growth over the prior year and supported by gains across all three segments. We delivered four consecutive quarters of year-over-year organic net sales growth. This demonstrates the strength of our protein forward portfolio.

In the Retail segment, Our leading brands continue to hold number one and number two share positions in over 40 categories. Brands such as Jennie-O, Applegate, Wholly Guacamole and SPAM contributed strong growth for the year. Importantly, the Planters brand grew net sales year-over-year despite first half pressures arising from last year's production disruption. Collectively, these brands represent a wide range of consumer preferences, diverse value propositions, and eating occasions. Profitability was pressured across the Retail segment, and this decline is reflected in our segment margins. Input cost pressures driven primarily by heightened commodity costs had a challenging impact across our broad retail portfolio in 2025.

The Foodservice segment continued to outperform the broader industry by leveraging our direct sales team, operator-driven innovation and diverse channel presence. Our top line strength was wide ranging across many brands and categories, including the Jennie-O Turkey portfolio, Fire Braised Meats, Café H global inspired proteins, branded pepperoni and branded bacon. These products all showcase the premium protein-centric offerings that operators desire. The broader industry, however, experienced traffic declines and did not grow as expected. This, coupled with higher input costs, tempered the Foodservice segment's 2025 results.

The International segment's results highlight the importance of having a balanced portfolio as some geographies outperformed while others lagged. Our China business was the biggest contributor to the International segment's top line performance in fiscal 2025, and it achieved strong bottom line performance as well. Our branded export business saw a strong top line performance though commodity input costs and trade disruptions weighed on

profits. The Brazil market was challenged for us this year and negatively impacted the International segment's ability to deliver on our growth objectives.

At the total company level, our Transform and Modernize Initiative played a critical role in offsetting a portion of the margin pressures we faced in 2025. We advanced many strategic pathways under the program, including expanding our distribution network, closing or reallocating product from multiple facilities, and advancing our data and process maturity. Much of the work we completed is laying the foundation for growth in future years.

Late in fiscal 2025, we completed an extensive review of all administrative expenses. We made the decision to reduce some of our corporate positions and layers within the organization. This effort resulted in the reduction of approximately 250 corporate and sales positions, representing around 9% of this group. We also addressed the ongoing cost of benefits by making changes to certain programs. While these decisions are never easy, we believe these actions were both needed and responsible. We will also take the opportunity to allocate some savings from this work to reinvest in other areas such as new capabilities and enhanced support of our growing brands. We believe we are coming out of fiscal 2025 with a conviction to win and in a position to grow.

Paul Kuehneman will now provide a deeper look at our full year and fourth quarter financial performance. But first, I'd like to introduce Paul to our investor community and congratulate him on his new position. Paul stepped into the role of Interim Chief Financial Officer on October 27, and he brings more than 30 years of experience at Hormel Foods, including his ongoing role as Corporate Controller. He is a deeply respected leader with a strong command of our business. I am confident you'll find Paul's insights valuable and I look forward to you engaging with him more closely.

With that, I'll turn the call over to Paul.

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## Paul R. Kuehneman

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

Thank you, Jeff. And good morning, everyone. I'm looking forward to connecting with many of you over the coming months. Let's take a closer look at our results. As Jeff mentioned, net sales exceeded \$12 billion for the full year of fiscal 2025. Top line strength continued in the fourth quarter as total company organic net sales grew 2% compared to the prior year. Profit was challenged this year and value-added growth was more than offset by year-over-year margin pressures related to higher commodity input costs, supply chain impacts of avian illnesses and some discrete items, each of which I'll dive deeper into.

As previously shared, persistent inflation in key commodity inputs exceeded our expectations and remained elevated compared to prior year levels. Specifically, we experienced over 500 basis points of raw material cost inflation during the fourth quarter alone. For the fiscal year, pork bellies increased approximately 25%. The pork cutout rose about 10% and pork trim increased approximately 20%. Beef remained a significant inflationary pressure across the industry throughout the year.

With respect to Turkey, as you'll recall, early in fiscal 2025, we were impacted by avian illnesses across our Turkey supply chain and the broader industry. Decrease in Turkey, supply in the industry have the compounding impact of higher commodity prices. In the fourth quarter we saw the return of HPAI cases, especially across the Midwest. Collectively, these developments caused challenges during fiscal 2025 and we anticipate continued Turkey supply constraints through the first half of 2026.

As we previously discussed, we took pricing actions at various times during fiscal 2025. However, due to the timing of some cost inflation, we cannot fully offset the margin impacts within the fiscal year. In addition two

unfortunate events took place during the fourth quarter, a chicken product recall and a fire at our Little Rock facility. Taken together, these events represented approximately \$0.03 of negative EPS impacts in fiscal 2025.

The benefits from our Transform and Modernize initiative helped to offset some of these margin pressures in fiscal 2025. We ended the year having delivered benefits within our stated range and are proud of the capabilities this growth initiative has generated for our company. As we moved to SG&A, marketing and advertising spend was lower compared to last year. This was a decision to prioritize efficiency in a challenging cost environment. Importantly, although we reduced spending, we remain focused on leveraging more targeted programs to support our brands. Other adjusted SG&A expenses increased during the year, driven in part by higher employee and external expenses.

As we previewed in our fourth quarter business update, we recorded non-cash impairment charges in both our international and Retail segments as part of our year-end financial closing process. The international impairment totaled \$164 million and was related to our minority investment in Indonesia and an investment that remains both valuable and strategically important to us. Our Retail segment impairments were \$71 million, primarily related to our snack nuts business. We remain confident that our investment thesis is intact and we are still excited about the snack nuts category and the protein diversification within our portfolio.

Operating income for fiscal 2025 was \$719 million and adjusted operating income was just over \$1 billion. Operating margin was 5.9% and adjusted operating margin was 8.4%. The effective tax rate for fiscal 2025 was 28%, which was impacted by our fourth quarter minority investment impairment. For the full year, diluted EPS was \$0.87 and adjusted diluted EPS was \$1.37. For the fourth quarter, we recognized a [ph] diluted (00:12:31) loss per share of \$0.10. Adjusted diluted EPS was \$0.32. We recognize these results are well below our initial expectations for the year, but as Jeff mentioned, that we have laid a solid foundation for return to growth in fiscal 2026.

I'd like to touch on a few other financial priorities for the fiscal year. We closed the year in a strong financial position with ample liquidity and a conservative level of debt. Cash flow from operations was \$845 million in fiscal 2025, and inventories at fiscal year-end were \$1.7 billion, an increase of \$171 million from the beginning of the year. Capital expenditures were \$311 million in fiscal 2025. We invested in high priority businesses with capacity expansions for Hormel Fire Braised and Applegate products. Our investments also advance data and technology, people, safety and animal welfare. Finally, we invested capital in our Jiaying, China facility to support growth.

In fiscal 2025, we returned a record \$633 million to our shareholders in the form of dividends, including our 389th consecutive quarterly dividend. We recently announced an increase to our quarterly dividend of 1% , raising the implied annualized rate to \$1.17 per share for fiscal 2026, making Hormel Foods one of the distinguished dividend aristocrats with 60 consecutive years of dividend increases. Finally, this year marked our second safest year on record following a historic achievement in 2024. I'm incredibly proud of our team members for their commitment to people safety, keeping it front and center every day and making it a core part of how we operate.

And with that, more detailed context on our results. I'll turn the call over to John to walk through our strategic focus areas for fiscal 2026.

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## John Ghingo

*President & Director, Hormel Foods Corp.*

Thank you, Paul. In fiscal 2025, our protein-centric portfolio demonstrated strength with consumers. We leave the year ready to build off our top line momentum by leaning into our portfolio of winning brands and products. Protein

demand isn't a passing trend. It's a sustained, growing priority for so many different consumer groups. Hormel Foods is excited to lead the way, delivering real protein solutions for everyday occasions.

As we turn the page to 2026, we have every reason to be confident. We are focused on winning in attractive consumption spaces by positioning our brands and innovation where they have the most significant opportunities and prioritizing our resources to fuel growth. Hormel holds a truly unique position in the food industry. An advantage we've built over many years. We have a balanced, protein-centric portfolio with broad capabilities to create value and win with proteins. This, coupled with our extensive reach across Retail and Foodservice channels, provides a strategic advantage that we believe is compelling and unmatched in today's industry. We've evolved from a meat company into a consumer-focused company. But unlike other consumer food companies, we are the consumer company that wins with protein. We deliver winning protein solutions for breakfast, lunch, dinner, and every snack in between at home or away from home, animal-based or plant-based, whether you're cooking or someone is cooking for you. Hormel is ready to provide great tasting solutions aligned with some of the most enduring consumer trends in the food industry. Ease and convenience, flavor experiences and the growing desire for more protein.

Today, I'll share three focus areas that will guide us in 2026. The first focus is consumer obsession. We already have a strong foundational understanding of our consumers and operators, but in 2026 we are taking that a step further. We are actively listening, learning and anticipating. To better understand the challenges and aspirations of our consumers and operators. Also, we can better design solutions and experiences that uniquely meet and even exceed their needs for food occasions. We have great examples of how we have already put this framework into action.

Take our baking platform as an example. We spent many hours in the kitchens of our consumers and operators understanding their pain points. We uncovered a clear insight. People love bacon and want to consume it more often, but they want it to be as effortless as possible to prepare. This insight led us to innovations that make bacon easy in any kitchen. In operators' kitchens, we brought them high quality, quick prep Bacon 1 platform, and now we are introducing the next generation of easy for our operator partners with pre-cooked and Pre-portioned Sandwich-ready bacon.

In the home kitchen, we've climbed to the number one position in the convenient bacon category through our pre-portioned ready to eat microwave-ready platform and we are now building distribution on the next iteration of making bacon easy at home with our oven-ready bacon platform, an innovation that all but eliminates the cleanup with a disposable oven tray. Grounded in real consumer insights, we're making sure bacon is accessible and easy for all.

Through deep engagement with consumers, we've uncovered another key challenge, finding better for you convenient and versatile meal options is harder than it should be. We've listened closely to those who struggle with this tension, and as leaders in protein, we have been able to provide a range of easy meal solutions made possible by our leading portfolio in ground turkey. Our Jennie-O marketing program presents and offers varied meal solutions that are rooted in meeting consumers' mealtime needs for lean, satisfying protein options that are easy to plug into daily life. And we see plenty of opportunities to do even more to aid consumers during mealtimes with our leading Jennie-O brands and relevant Turkey products in the future.

These successes show how our consumer obsession can drive real marketplace leadership. And this is only the beginning. Throughout the year, you can expect to see these insights come to life in bold, tangible ways as we continue to execute and accelerate growth by looking at the world through the eyes of our consumers and operators. Building on these consumer insights, our second focus is taking our brands beyond boundary. By

breaking out of their traditional categories and unlocking new growth. We are stretching our brands to their full potential by leveraging their protein advantage and unlocking big, wide open marketplace opportunities. Protein can play an even broader role throughout the day, across different occasions and channels, and we are stepping into these growth opportunities with our protein-centric portfolio.

Take our SPAM brand as an example. Our team saw an opportunity to take SPAM into new formats beyond the can. Inspired by global food culture, we reimagined new occasions for the brand, introducing a sushi style format now featured in sushi departments nationwide. This innovation taps into new consumers sourcing from the large and growing sushi category. SPAM success in this product format isn't just a domestic success. By the end of fiscal 2025, over 100 million SPAM Musubis have been sold in Japan alone. An incredible milestone made just three years after the launch.

Chicken is another attractive growth space with increasing consumer opportunities. And as a protein-centric consumer company, we are thinking bigger. Our innovative mindset and strong extendable brands allow us to follow consumer demand and deliver the experiences they crave. For Applegate, that means leveraging chicken to penetrate on-trend categories like quick-prep breakfast and easy dinner with better for you options such as frozen chicken breakfast sausage and lightly breaded chicken tenders for later in the day.

In Foodservice, we're building on the success of our Flash 180 platform. Beyond the chicken breast, we're tapping into the growing demand for chicken tenders and chicken sandwiches by providing operators with a customizable solution that simplifies their back-of-the-house operations. These moves show how we're not just following trends. We're fueling them, expanding our reach and unlocking new growth opportunities.

The third focus is becoming future ready, rooted in some basic principles so we can focus on our company premise nourishing protein solutions. We are simplifying our company and we are renovating ourselves. Portfolio reshaping is a priority. We are focused on strategic categories and brands with long-term growth potential and have made deliberate decisions to simplify. We recently announced plans to move the Justin's business into a strategic partnership to enable its best path forward. We also recently exited certain private label product lines, and we announced the closure of a non-strategic soup stock operation to simplify our supply chain.

For internal renovation, we are committed to advancing our data, technology, people and processes. One exciting example is how we are utilizing AI to accelerate and improve our marketing. For Skippy, our team leveraged generative AI to create over 25 high quality, seasonally relevant pieces of content in a single day. The game changer for creating impactful content at scale. These assets are now powering engagement through the critical holiday season. This is only the beginning of how we're leveraging AI to boost efficiency and unlock creativity across our brands.

Beyond marketing and innovation, we're implementing AI-enabled tools like o9 and streamlined processes such as integrated business planning, transforming how we plan and make decisions every day. Enhanced data access, cutting-edge technology, and modernized workflows are reinventing nearly every aspect of our business across all aspects of our supply chain to cross-functional collaboration, and all the way to the physical and digital shelf. This includes new tools, leveraging data and analytics for areas such as pricing, revenue growth management, real-time portfolio management and assortment optimization decisions.

The focus areas I described are underway now, though we understand our efforts must translate to margin expansion and sustainable, profitable growth. We believe this strategic path sets us apart in the marketplace by better meeting the needs of our consumers and operators with our unique and potent protein-centric portfolio. We have the opportunity to deliver consistent, profitable growth.

With that, I will turn the call back over to Jeff to click into our 2026 outlook and assumptions.

## Jeffrey M. Ettinger

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

We said on our third quarter call that our goal is to return to the algorithm of 2% to 3% organic net sales growth and 5% to 7% operating income growth. These goals are intentionally ambitious but are grounded in the strength of our portfolio and take the broader food industry environment into consideration. We are providing fiscal 2026 guidance with a slightly wider range than our growth algorithm. This approach accounts for the dynamic current environment and supports our flexibility to navigate near-term volatility while remaining firmly focused on the strategic priorities John just outlined.

Let's turn now to our guidance and the key assumptions behind it. In fiscal 2026, we expect organic net sales growth of 1% to 4%. As John discussed, we think our protein-centric portfolio, coupled with our demonstrated strength and presence in both Retail and Foodservice, puts us in an advantaged strategic position going forward. We already momentum on the top line in fiscal 2025 and plan to build on this momentum in fiscal 2026 through enhanced marketing support. In fact, a number of these campaigns are already underway as the holidays are a key season for many of our strategic brands.

Our guidance also accounts for pricing actions across our portfolio. The steep increases in input costs in the summer and fall of 2025 precipitated two waves of pricing actions on many products, and the realization of the second wave will allow us to restore more balance with these inflated costs. In fiscal 2026, we expect adjusted operating income growth of 4% to 10% and adjusted earnings per share to be in the range of \$1.43 to \$1.51 per share.

Regarding key input cost assumptions in our outlook, we expect pork input costs to decline compared to fiscal 2025, but still remain above the five year average. Beef costs remain high and are expected to be a headwind throughout fiscal 2026 and net costs are anticipated to be elevated from the prior year as well. We also expect to see stronger turkey markets in fiscal 26.

Gross margin expansion is expected to be driven by a variety of levers, including mix improvements, the wraparound pricing benefits that I just mentioned, and productivity from our Transform and Modernize initiative. I want to be clear about our intentions with regard to the Transform and Modernize initiative. Our efforts will continue into fiscal 2026. However, we do not plan to report P&M savings separately going forward. We believe these financial benefits will be spread in supporting our enhanced marketing programs, offsetting some of the continued inflationary pressure, and allowing us to expand margins. And this is all accounted for in the range of our guidance.

Regarding SG&A, as I shared in my opening remarks, our recently announced corporate restructuring designed to support strategic priorities and long-term growth, is expected to result in savings in non-advertising spending in fiscal 2026. We expect each of our segments to deliver both top line and segment profit growth in fiscal 2026. And for further segment guidance information, please refer to our supplemental slides on our Investor Relations website.

From a cadence standpoint, we expect Q1 earnings to decline compared to prior year, mainly due to timing of the impacts of pricing, commodity input costs and some lingering impacts from our fourth quarter. We believe our full year guidance range is achievable and realistic. It demonstrates the value of our balanced protein-centric portfolio and positions us for sustainable long-term growth.

With that, I will turn the call over to the operator to begin our Q&A portion of the call, and we look forward to your questions.

## QUESTION AND ANSWER SECTION

**Operator:** Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Your first question comes from the line of Michael Lavery from Piper Sandler. Please go ahead.

**Michael S. Lavery**

*Analyst, Piper Sandler & Co.*

Q

Thank you. Good morning. You touched on some of the cost expectations and how the T&M initiatives would be continuing and some of the other administrative savings. But could you maybe just unpack guidance a little bit further and give us some of the key puts and takes to keep in mind and just how to think about peeling that onion a little bit further?

**Jeffrey M. Ettinger**

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

A

Sure. Michael, thank you very much. This is Jeff Ettinger answering. So we'll start on the top line where we said we expect organic net sales growth of 1% to 4%. We already have substantial momentum on top line and with all four quarters last year generating top line growth and driven by all three segments, and expect that kind of momentum to continue. You know, as John described, we think our protein-centric portfolio, coupled with our presence in both Retail and Foodservice, puts us in an advantaged strategic position. In terms of other specifics that will help the top line in fiscal 2026 we'll be – get benefiting from the pricing actions that have already been taken place. But some of which just kind of roll in in Q1 or at the very beginning of Q2. And then we also will have enhanced marketing support. And we've been on air already supporting many of our brands.

When it comes to the bottom line, we've guided to adjusted operating income growth of 4% to 10% with the midpoint of the 7% growth in fiscal 2026. We have taken several steps to help our bottom line performance catch up with our top line momentum. So first of all, there is that pricing flow through which will better match up with cost as the year goes on. Secondly, we expect to drive mix improvement and the marketing focus will help us to do that. Third, we do expect continued benefits from the T&M program.

Fourth, we have the savings from the restructuring work, and I'm sure we'll be able to provide more details about that in further questions on the call here this morning. And then lastly, we do expect some relief from input costs in particular in the second half of the year, although we're still facing some headwinds in beef and nut costs. So overall, I mean, I guess our theme is we believe our guidance is realistic and achievable and demonstrates the value of our balanced protein-centric portfolio.

**Michael S. Lavery**

*Analyst, Piper Sandler & Co.*

Q

That's helpful. Great color. And can I just add a follow-up on portfolio reshaping? You touched on in the prepared remarks and gave a couple of examples. It sounds like, is that more of a starting point and that you would be doing a bit more review there or how would you sort of assess maybe some of what you've just announced versus what may still be to come?

**John Ghingo**

*President & Director, Hormel Foods Corp.*

A

Hi, Michael. This is John. I'll take that question. So thank you. Yes, portfolio reshaping certainly is an ongoing effort for us and it's a strategic one. We continue to look at strategic categories and brands and making sure we're building our portfolio around our growth ambitions. And also importantly, looking at how do we simplify our operations. Really, all of it is about positioning Hormel for sustainable long-term growth. So if you think about simplifying operations, that includes exiting non-strategic businesses and ensuring we have the best owner for our brands and product lines. The example, I mentioned earlier around Justin's. Justin's is a wonderful brand, but a better fit in the hands of the strategic partnership that we've created given its overall the opportunity it has for growth in confections, which is a non-strategic category for us, was it was an opportunity that we saw.

So, I would say overall, our actions reflect a deliberate strategy around portfolio shaping, all intended to streamline and position our company for sustainable, profitable growth and allowing us to really focus on that premise I mentioned, which is nourishing protein solutions.

**Michael S. Lavery**

*Analyst, Piper Sandler & Co.*

Q

Okay, great. Thanks so much.

**Operator:** Your next question comes from the line of Tom Palmer from JPMorgan. Please go ahead.

**Thomas Palmer**

*Analyst, JPMorgan Securities LLC*

Q

Good morning and thanks for the question. Jeff, in the prepared remarks, you said you expect stronger turkey markets in your guidance. I just wanted to clarify around that since there are several turkey products you sell, including ground turkey where there was some pricing mid-year and then deli meat. What are you assuming in the outlook for whole bird pricing? Spot prices obviously up quite a bit, but I think you still have contracting to finalize over the coming quarters. So I think at times you guys have indicated it might be too early to embed much change in guidance until you start to capture it in contracts. Thanks.

**John Ghingo**

*President & Director, Hormel Foods Corp.*

A

Okay. So this is John. Tom, I'll jump in on that one to just talk turkey a little bit. I'll kind of pull back overall on turkey in general for us and kind of come down to some of the areas you're touching on. So first, turkey continues to be a very important business for us, very important for the consumer, and in particular our focus around value-added turkey, ground turkey continues to be a winning formula for us. From a consumer demand standpoint ground turkey in particular is a great option for consumers. Very versatile, plugs in very well to everyday life, different food experiences, different meal experiences. So in terms of creating value in a strained consumer environment, we love our ground turkey business.

Second, I'll comment that there certainly has been some volatility in the markets in the industry. You'll recall that in 2025 we saw a run up in costs in the first half of the year around turkey in our supply chain, we said we needed to take price. We did that. We implemented pricing actions in the back half based on that inflation that we saw. We actually weathered that pricing well on our ground turkey business driving both top line growth, market share improvements and profit recovery. So we're managing the volatility well. I would say coming from a position of strength with Jennie-O as we support the brand well, serve our customers well is absolutely critical.

That being said, the markets have continued to fluctuate. Certainly that does impact our pricing. And coming to your point around whole birds in particular, I would say our guidance, our expectations for the year include somewhat elevated whole bird prices throughout the year. Although I will point out to your question, it's early and very little is settled at this point in terms of the market. We still need to see sell through from this holiday season as one factor in that. So, that's the that's the position of where we're at now. And again, from an overall standpoint, we love the turkey business, consumers looking for lean protein. Our ground turkey business continues to be a winning business for us that we're going to drive.

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**Thomas Palmer**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thanks for that. And then maybe this question will catch you off guard. But I wonder if you might share a bit of the expected savings from your restructuring work.

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**Jeffrey M. Ettinger**

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

A

Yeah. Hi, this is Jeff. I didn't answer your last question, so I owe you this one, right. So as we talked about, we made the difficult but responsible decision to reduce expenses, ultimately resulting in 250 position workforce reduction, which about 9% of our corporate and sales group. Significantly, the other aspect of this, what we focused on was really making sure we had the right organizational structure going forward. We were able to reduce layers in many areas and we also targeted expenses, including certain benefit programs. This work has resulted in meaningful savings and will free up capacity for growth objectives and our company initiatives.

We designed the program to deliver gross savings in the range of 2 times to 3 times our expected cost to implement, and we expect that the payback timing will be quick within the first 12 months, although in terms of quarterly cadence, it doesn't really kick in until the beginning of the calendar year. So the first two periods of Q1 really don't have this benefit. I also want to point out that you won't see all of this flow through as a direct reduction in SG&A because some of these gross savings are being reinvested in people and in brands and technology. Some of the benefit actually gets reflected in cost of goods instead of SG&A and some will cover incentive resets. Let me also pass over to Paul to give you a little more specific for modeling purposes.

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**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

A

Yeah, great. Thanks, Jeff. All in the work we've done for SG&A has allowed us to anticipate adjusted SG&A as a percent of net sales comparable to the prior year, inclusive of meaningful step up in marketing and advertising, maintaining prior year rates of spending while reallocating resources to what will drive our brands and company forward in the best way is an important lever to our growth story for fiscal 2026 and beyond.

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**Thomas Palmer**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thanks for the details.

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**Operator:** Your next question comes from the line of Ben Theurer from Barclays. Please ask your question.

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**Benjamin M. Theurer**

*Analyst, Barclays Capital Casa de Bolsa SA de CV*

Q

Hi. Yeah, good morning and thank you very much for taking my question. A lot to digest literally. But I wanted to go back into some of the comments and the outlook more particular as it relates to Planters. So obviously you've taken some decisions within the nut business on the private label side, but just wanted to understand where you are in terms of the journey of recovering on Planters of what you've lost in terms where are you in shelf space? Where are you on the profit side? Just to understand how we should think about the cadence into fiscal 2026 of further delivering from the Planters business. That would be my first question.

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**John Ghingo**

*President & Director, Hormel Foods Corp.*

**A**

Right. Great. Ben, good morning. I'll take it. It's John. Yeah. Planters continues to be a very important brand for us in our portfolio, and we are very bullish overall on Planters going forward. Last quarter I mentioned that we had started growing Planters again, and now I am very pleased to say that we are fully back in growth mode behind Planters. And I mean that both in the near term as well as in the potential we see for Planters in the longer term.

So when I talk about the near term, we are clearly delivering the gains we expected to see in the marketplace. I'm pleased to report that in the latest 13 weeks of consumption data, we've seen Planters plus 12% in dollar consumption and plus 6% in volume consumption versus prior year. This is largely to your point driven distribution gains. Distribution is up 13% versus prior year in the latest 30 week – 13 weeks, and base sales are up over 10%.

So the specific question around distribution, our distribution recovery is just about complete at this point. We are nearly all the way back to where we were prior to the supply disruption and we are gaining share in the growing snack nut category. I also mentioned last quarter that our top line momentum is good. Our consumer recovery is on track, but our profit recovery has been somewhat hampered. That continues primarily driven by mix shifts related to consumers trading out of cashews. You may recall that last year cashew saw significant price increases that were precipitated by commodity inflation. We love the fact that we have a brand and an equity with the Planters franchise that's big enough to keep all those consumers in the franchise as they trade among nut types. But that does drive some mix implications for us from a profitability standpoint.

So as we go forward, we'll continue to build on that top line momentum. We are going to begin lapping that cashew pricing in the second quarter of 2026. And we are adjusting our go to market plans to take advantage of our broad portfolio to drive more favorable mix. And we continue to focus on our three part plan that we've talked about before, attracting consumers to the brand, stepped up communications and advertising, strong in-store promotions, increased focus on our exciting innovation that's proving to be highly incremental to the brand in the category. And we just continue to love Planters as a snacking platform as consumers are migrating to snacks with substance, snacks with protein. We love the fact that we have this leading brand in that space.

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**Benjamin M. Theurer**

*Analyst, Barclays Capital Casa de Bolsa SA de CV*

**Q**

Okay. Perfect. And then second, I mean, obviously, you've done a lot. We had some impairment charges within your International business, which you've highlighted was Indonesia related. But within International, you called out the dynamics in Brazil, but the challenges down there. So we know it was it was a venture, it was a relatively small business. But given some of the initiatives you're doing in terms of portfolio review, we've seen the Justin's thing. I mean, there is a lot going on.

So how should we think about that venture in Brazil? Is that is that still part of you want be there or is that something you would be open to put up for sale to literally have an even cleaner story maybe on the International business with more of a focus in Southeast Asia, Asia, and not so much with the venture as well in Brazil that has been causing, I guess, more headache than smiles? So just your take on Brazil, that would be appreciated.

**John Ghingo**

*President & Director, Hormel Foods Corp.*

A

Yeah, sure. Ben, it's John. I'll take that one too. Look, I would say, just a couple of general comments about our international business. Number one, our China business does continue to perform very well for us. That is a strategic priority. It's a focus. Two, we have seen good success on our branded export business, headlined by global SPAM. That continues to do very well for us. To the question around what's held us back, certainly, there are parts of the export business in terms of more commodity-type products that have been more of a struggle recently. And then Brazil for sure has been a drag in terms of our overall performance.

To come to your question around portfolio, certainly, my earlier comments where everything is under review, we do continue to look at our portfolio in total for what makes sense, what doesn't, and we'll continue that process as we go through 2026. Thank you.

**Benjamin M. Theurer**

*Analyst, Barclays Capital Casa de Bolsa SA de CV*

Q

Perfect. Thanks, John.

**Operator:** Your next question comes from the line of Heather Jones from Heather Jones Research. Please go ahead.

**Heather Jones**

*Analyst, Heather Jones Research, LLC*

Q

Good morning and thanks for the questions. I guess I wanted to start with the assumptions on raw material input costs, specifically pork. So it seems like the recovery and productivity for the industry from disease is trending above expectations and we're set up for decent supply growth in 2026. So I was just trying to get a sense. You said above the five year average, but below 2025. But I was just wondering if you could give us a little more detail as far as like how you're thinking about the year-on-year decline in raw materials, particularly given how much bellies and trim have already retrenched from the summer highs.

**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

A

Yeah. Thanks, Heather, this is Paul. As the first quarter has begun, pork trim and beef remain at a headwind year-over-year like you mentioned. We have started to see some year-over-year relief in bellies. We have announced also targeting pricing actions to address the markets. In Foodservice there's no changes to our pricing. You know we do have beef and not headwinds as we look at the full year of fiscal 2026 in our guidance. And then to your point, improving in pork benefits in half two is kind of what we've modeled internally.

**Jeffrey M. Ettinger**

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

A

If I could add, Heather. This is Jeff. Just kind of further response to your question. There's modeling for the whole year that obviously we need to do. But one of the things I think we've realized over the last three to four months is we really need to be more real-time responsive to changes in market.

So in response to this heightened market volatility we're refining some of our processes to drive greater agility in forecasting and managing commodity risk. One example would be we're going to couple our external forecasting sources with some of our real-time internal knowledge about factors affecting the commodity markets. So, we can

predict what we think will happen in H2 and how much recovery there is, but we need to be better than reacting to what really goes on.

**Heather Jones**

*Analyst, Heather Jones Research, LLC*

Q

That's helpful. Thank you. My second question is just you have a number of tailwinds going into 2026, whether it be potentially lower raw material cost in pork, the turkey markets, the lapping of non-recurring things. And you mentioned that headwinds of beef and nuts and you're going to raise your advertising spend. But just wondering, as you were putting together your guidance and all, just if you could give us a sense of how much the consumer environment factored into your outlook? Like are you assuming a still tough consumer all the way through 2026 or just how are you thinking about Foodservice traffic? And just I know it's a really big question, but just trying to get a better sense on how you're thinking about demand.

**Jeffrey M. Ettinger**

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

A

So big Heather, it's going to take two of us to answer it. So I'll start and this is Jeff and then John is going to talk about the consumer. I do want to give a little more color to all of you on the call today about cadence. So we do expect Q1 earnings to be pressured still compared to last year. And we're actually looking at probably \$0.02 to \$0.04 below year ago as a realistic range because we still have spillover effects on the bottom line in terms of the pricing actions that are not all fully implemented in Q1.

In terms of the commodity input costs, as you correctly pointed out, they've started to come down, but they do remain elevated. We have some turkey supply issues still from the turkey illness issues. As I mentioned a minute ago, we have the timing of the SG&A benefit, which will help us through the year, but not particularly in Q1. So although we expect Q1 earnings to be pressured compared to last year, we then are confident in our growth guide for the remainder of the year, but it does pull down the full year in terms of how that factors in. On the consumer side, John?

**John Ghingo**

*President & Director, Hormel Foods Corp.*

A

Yeah. So thanks, Heather. I'll talk a little bit. I mean, I think the consumer environment, I would still say the consumer is quite strained feeling the cumulative effects of inflation, feeling some of the uncertainty in the macro environment. Consumer sentiment remains quite low. So as we look out to 2026, I mean, we are factoring that into our guidance, meaning we expect the consumer to continue to exhibit value-seeking behavior throughout the year. We believe our portfolio is well-positioned to provide value in a number of different ways. From a Foodservice perspective, aligned with external forecast, we expect flat to little growth in the foodservice industry in total. But again, we love our solutions-based portfolio. We love our Foodservice model in terms of the channel diversification we have across small and large, across different types of channels, across commercial and non-commercial.

So we love our channel resilience, we love our direct sales force. We love the types of solutions we provide to operators who value our partnership even in difficult times when traffic is down. So we feel like we have a good set of answers to the challenging environment, but we are modeled and forecasting a continued difficult environment from a consumer standpoint throughout 2026.

**Heather Jones**

*Analyst, Heather Jones Research, LLC*

Q

Very helpful. Thank you so much.

**Operator:** Your next question comes from the line of Pooran Sharma from Stephens. Please go ahead.

**Pooran Sharma**

*Analyst, Stephens, Inc.*

Q

Thanks for the question. I was just wondering if maybe you could give us a sense of kind of how much you're planning to invest back into the business. I know in terms of T&M, I know you're walking away from giving T&M targets going forward. But what you had given in the past was \$75 million in FY 2024 and then \$100 million to \$150 million in FY 2025. I was just wondering if you were able to give us a sense of how much of that, you were planning to – you had invested back into the business or just give us a sense of how much reinvestment you're planning to drive back into the business.

**Jeffrey M. Ettinger**

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

A

Yeah, thanks for the question, Pooran. I think again – this is Jeff and I'll start and John will conclude on your question. So do want to point out on T&M, so this is the final year of our current program, doesn't mean we've made any permanent decisions about where we go from here. And it really has played a critical role and delivered significant value to the company. We have continued efforts scheduled for this year, a number of specific projects, but we have found that breaking out the financial benefits separately seems like it hasn't been particularly helpful and in some cases has caused confusion.

So we're not providing that breakout, but we do expect to see financial benefits in 2026 and they'll kind of be spread between the marketing enhancement that you're asking about. We're also going to use some to offset continued inflationary pressure and then hopefully, to allow us to expand margins. I'll hand it over to John now.

**John Ghingo**

*President & Director, Hormel Foods Corp.*

A

Yeah. Good morning, Pooran. So in terms of how we're thinking about that reinvestment behind our brands, we're spending largely in a concentrated way behind our focused brands. There's a couple of points to that. One is think about our brands like Planters, SPAM, Jennie-O, as well as critical innovation that we know is important in the market to deliver that value for consumers right now. Driving our investments behind those brands is one of the levers we have to drive positive mix into 2026 and create some of that margin momentum.

Second, I will say on those businesses, we do have a very good handle and analytics around return on investment behind those marketing investments. And most importantly, at this moment is, it's absolutely critical that we support our brands through the pricing. We know that the consumer is strained. We know that we've taken multiple waves of pricing that we've talked about. It's inflation justified, pricing it's needed. But the consumer is strained. And so our ability to support our brands well through those pricing actions is actually for us proving to be the recipe for success to successfully implement those pricing actions and to be able to continue the category and brand momentum we want to see. So that's how we're thinking about our stepped up investment into 2026.

**Pooran Sharma**

*Analyst, Stephens, Inc.*

Q

Great. Great. Appreciate the color there. On the follow-up was maybe just hoping to dive into cadence just a tad bit further. I appreciate the color you just gave on 1Q. And just thinking about 2 through 4Q and the recovery in FY 2026, is it more of like a gradual recovery where you're going to see a sequential recovery quarter to quarter

from 2Q to 4Q? Or is it more of kind of like a step up in the back half and just a little bit of recovery in 2Q? If you're able to just provide any color around, that would be helpful. Thank you.

**Jeffrey M. Ettinger**

*Interim Chief Executive Officer & Director, Hormel Foods Corp.*

A

Sure. Thanks, Pooran. This is Jeff again. Yeah, we do expect after the first quarter challenges to see an acceleration of benefits. Realistically, as you get to Q4, you're now against a quarter that, as we talked about, had \$0.03 of onetime incidents. And so, that sort of clearly should be a more beneficial quarter. So the middle ones will be more modest increases and then Q4 should be more substantial.

**Pooran Sharma**

*Analyst, Stephens, Inc.*

Q

Great. Thank you very much.

**Operator:** Your next question comes from the line of Leah Jordan from Goldman Sachs. Please go ahead.

**Leah Jordan**

*Equity Research Analyst, Goldman Sachs & Co. LLC*

Q

Thank you. Good morning. I just wanted to go back and dig in a little bit more on Heather's second question. Given the fact that you're planning for revenue growth in each of your segments next year, just seeing if you could talk more about the drivers between price and volume for each segment. I mean, we've got some pricing in Retail, but there's maybe some lower costs that will come through in the back half and we've got the quicker pass-through on foodservice. So just how should we think about those elements in the mix of a more challenged consumer environment?

**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

A

Hey, good morning, Leah. This is Paul. So on the segment detail guide, all-in for fiscal 2026, we expect Retail to have modest declines in volume with low-single digit increases in net sales, Foodservice will have low-single digit increases in volume with net sales in the mid-single digits. And then International also expecting low-single digit increases in volume with high-single digit increases in net sales. And as Jeff has stated, segment profit growth by all three segments for the course of the year.

**Leah Jordan**

*Equity Research Analyst, Goldman Sachs & Co. LLC*

Q

Okay, great. Thank you. And then maybe just some comments around the competitive overall across your categories in Retail. I mean, what are you seeing from peers as you start to put through some targeted pricing in some areas? And then – but you're also kind of planning for incremental brand investments as well. So just the competitive environment overall. Thank you.

**John Ghingo**

*President & Director, Hormel Foods Corp.*

A

Yeah, sure. I can take that. This is John. Good morning, Leah. So, from a Retail perspective, we do feel very good about the top line momentum we're seeing across the Retail business despite what is a choppy and competitive environment and that strained consumer backdrop. When you look at the drivers underneath that consumption performance, you can see in the scanner data, our flagship and rising brands continue to perform

well. In the latest 13 weeks, they were up 3.7% versus last year. That carried our total Hormel portfolio to over 1% consumption growth in the latest 13 weeks.

Some of the standout performers, Jennie-O, ground turkey were up double digits. We're certainly pacing ahead of the competition. Planters back to double digit growth, also pacing ahead of the competition. We're seeing good, strong growth in our rising Mexican brands, Wholly Guacamole and Herdez grew 7% and 5%, respectively. Applegate continues to grow. So we like our portfolio. We like the momentum we have on Retail.

We have taken, as we've talked about, you know, multiple ways to pricing action. We – in the last quarter call, we talked about we had announced a wave of pricing that we were going to monitor if we needed additional pricing. As we get deeper into the quarter and saw the markets continue to rise, we did in fact, announced another wave of pricing which largely will benefit us in the second quarter. To your point around, how do we maintain that momentum, how do we feel competitively? We're going to continue to invest our brands. We're going to continue to invest behind our core brands, as well as our innovation to weather that competitively. And all in all, we certainly see competitive activity in some of the categories, that is aggressive. But we feel like we have good differentiated positions. We know where our growth is needed to come from and we're going to continue to invest those spots.

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**Leah Jordan**

*Equity Research Analyst, Goldman Sachs & Co. LLC*

Very helpful. Thank you.

Q

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**Operator:** Your next question comes from the line of Max Gumport from BNP Paribas. Please go ahead.

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**Max Gumport**

*Analyst, BNP Paribas Exane*

Hey, thanks for the question. So for an update on tariffs, particularly if there are any expenses, particularly such as those associated with cashews that you incurred in FY 2025 that might not repeat in FY 2026 due to recent exemption. And then if so, if you could quantify that impact for us.

Q

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**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

Yeah. Max, this is Paul. Thanks for the question. Overall, the message on tariffs, really, we feel that we're fairly insulated. Obviously, the global environment remains dynamic and it's ever-changing. For 2026, the range that we think that we'll have on tariffs was \$25 million to \$35 million. And it's mainly related to supplies in steel and aluminum. We obviously we were watching cashews until the recent announcements of the removal of reciprocal tariffs. We haven't really quantified that exact amount that we had in 2025, to give you a range on the 2026 question.

A

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**Max Gumport**

*Analyst, BNP Paribas Exane*

Okay. I think that \$25 million to \$35 million, is that roughly in line with the total tariffs that you saw on your P&L in 2025? you had quantified a \$0.01 to \$0.02 impact, I believe in the second half of 202.

Q

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**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

A

Yes. So on a full year basis, that is correct.

**Max Gumport**

Analyst, BNP Paribas Exane

Q

Okay, great. Then that takes me to my second question, which would be, I mean it feels like there's plenty of discrete items you have in fiscal year 2026 that will be a help to your profit growth. So, you've mentioned admin savings. I think you said it was 2 times to 3 times the cost to implement, which I think is \$20 million to \$25 million the cost to implement. Correct me if that's wrong, but if that's right, that would be, maybe at the midpoint, roughly \$60 million in savings. all of that is going to flow to the bottom line. Some of it gets invested. But let's assume half close the bottom line, that's \$30 million in profit growth, you've got the chicken recalls, that you're lapping, the fire at the Little Rock facility that you're lapping. So that's another \$20 million or so in profit growth.

So now we're at \$50 million of profit growth. Your guidance is for \$40 million to \$100 million. And you've also got a benefit coming from T&M, again, some of which gets reinvested, some of which would slows the bottom line and then, whole bird turkey pricing. So I was hoping just to get a bit more color on sort of what's what am I missing? What's dragging you down? Is there other forms of inflation like on beef and nuts? Just one – just given these discrete factors, I'm trying to get a better sense for what might be holding you back and sort of keeping the low end of the range at 4% EBIT. Thanks very much.

**John Ghingo**

President & Director, Hormel Foods Corp.

A

Okay.

**Jeffrey M. Ettinger**

Interim Chief Executive Officer & Director, Hormel Foods Corp.

A

All right. I'll start, Max, this is Jeff. I mean, you're correct that the \$20 million to \$25 million number in terms of the onetime costs is what we've reported. And so your math of the 2 times to 3 times know works in that regard. And you correctly pointed out that that ends up being, the total available savings, but then we are going to be reinvesting parts of it in certain areas. I think a couple of other factors that we probably could point out to you that might mitigate your math a little bit. One, I'll remind you again about Q1. So, we start out the year in somewhat of a whole. So, the implied rest of the year is quite a bit higher than 7% then. And so that does factor in some of the advantages that, that you're citing.

Secondly, I mean, I think the other thing that maybe models miss that we've talked about in the past is in the pricing area that while we're in reasonably good position to be current to the costs on the Foodservice side with some lag. In Retail, it's a more complex decision. And there are cases where, okay, if we're yes, the costs are up this much, but if we price to that same equivalent amount, it's going to really harm the long-term future of the brand. There are times where we've chosen not to do that, and so some of the math factoring into how we think 2026 plays out, has that factored in as well?

**Max Gumport**

Analyst, BNP Paribas Exane

Q

Got it. Thanks very much. Appreciate the color.

**Operator:** Your next question comes from the line of Rupesh Parikh from Oppenheimer. Please go ahead.

**Erica Eiler**

*Analyst, Oppenheimer & Co., Inc.*

Q

Good morning. This is Erica Eiler on for Rupesh. Thanks for taking our questions. So I wanted to dive a little bit deeper into gross margin. So obviously under pressure here in Q4 because of some of those discrete items, but maybe you could just walk us through some of the high level puts and takes, how you're thinking about gross margins for the year? Maybe – and in terms of cadence, you know how we should think about the recovery there?

**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

A

So when you think about the gross margins for the year. I think obviously we've got, you know, in 2025, like you mentioned, we obviously had impacted by the commodity inflation with 500 bps year-over-year in Q4 alone. The chicken product recall and the Little Rock fire obviously drove that as well. Planters top-line is performing well. But as we said last quarter, we're balancing mix dynamics on profitability. So those are really the margin dynamics in 2025. As we look in 2026, we obviously guide gross margin expansion with mix improvements, a lot of pricing flow-through over the course of the year in different waves that John's already described on the call here. And then we've got T&M savings going forward as well in the final year of the Transform & Modernize project.

**Erica Eiler**

*Analyst, Oppenheimer & Co., Inc.*

Q

Okay. Thanks for the color. And then just on inventory, so I think inventory was up about 11% in the quarter. Just curious how you're feeling about the health of your inventory from here?

**Paul R. Kuehneman**

*Interim Chief Financial Officer & Controller, Hormel Foods Corp.*

A

Yes. No, a great question, Eric. Overall, we feel very comfortable with our inventory levels. And as you know, they are up year over year, but they actually went down in the fourth quarter. The biggest driver of that increase in inventory is the commodity markets that are boosting the balances. And then we made strategic decisions on pounds to increase where the center store business for the colder months and weather events and then lapping last year we also had the Planters issue and the Suffolk plant and so we've got replenishment there. But overall, we feel very comfortable with where our inventory levels are today.

**Erica Eiler**

*Analyst, Oppenheimer & Co., Inc.*

Q

Very helpful. Thank you.

**Operator:** Your last question comes from the line of Yasmine Deswandhy from Bank of America. Please go ahead.

**Yasmine Deswandhy**

*Analyst, BofA Securities, Inc.*

Q

Hey, guys. Good morning. Thanks for the question. Can I just ask on turkey specifically? So we know that turkey was a \$0.25 headwind to fiscal 2023 and then roughly a \$0.15 headwind to fiscal 2024. So could you just help us bridge the 2025 impact? So what was the full year turkey headwind or tailwind to earnings in 2025?

## John Ghingo

President & Director, Hormel Foods Corp.

A

So good morning, Yasmine. Just to give you a little bit of color on Turkey. So I mean, in general, we saw a lot of, I'll say increased costs in Turkey in 2025. We were able to land on our ground turkey business, the pricing we needed to cover that in terms of, how that played out for the year, those first half pressures really hit us quite hard. And we were able to balance that back in the second half and offset those first half headwinds with the improved results in the back half.

You know, in terms of whole birds, they did come in somewhat better than expected compared to our original outlook from fiscal 2025. But it was obviously a very I'll call it volatile year on turkey and we weathered it quite well from a competitive standpoint. And the recovery in the back half of the year. All in, it was a benefit in 2025.

## Yasmine Deswandhy

Analyst, BofA Securities, Inc.

Q

Okay, great. That's helpful. Thank you. And then on raw materials inflation, you had said last earnings that I think 3Q was roughly 400 bps. How much was it in 4Q and how should we think about it in 2026 on a quarterly basis, given there's typically some seasonality there?

## Paul R. Kuehneman

Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

Yeah. Thanks, Yasmine for your question. In quarter four of the 500 basis points of raw material cost inflation during the fourth quarter. The second part of the question, I'll direct you to Jess having more internal discussions there.

**Operator:** There are no further questions at this time. We have no further questions at this time. So, I'll turn the call back to Jeff Ettinger for closing comments. Sir, please go ahead.

## Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

Yeah. Thank you very much. Since we're already running over, I just want to express my thanks to everyone for taking the time to follow us today.

**Operator:** Ladies and gentlemen, this concludes today's conference call. Thank you very much for your participation. You may now disconnect.

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