

Conference Title: Hormel Foods Corporation Annual Meeting

Date: Wednesday, 31st January, 2024

Jim Snee: Good evening and welcome to the Hormel Foods 2024 Annual Meeting of Stockholders.

I'm Jim Snee, Chairman of the Board, President and CEO. Thank you for joining us tonight. In attendance for this meeting are members of our board of directors and our leadership team. Also joining us are representatives of Ernst and Young, our independent registered public accounting firm. The agenda and the rules of conduct we will follow are posted on the online meeting portal. Our corporate secretary, Brian Johnson, has confirmed proper notice of the meeting has been given and a quorum is present at this meeting. Please note the legal disclosure shown on the meeting screen as some of the comments tonight will be forward-looking. I now declare the polls open for voting. The polls will remain open until all items of business have been presented. Any stockholder who has not voted by proxy and would like to vote online tonight may do so by clicking on the voting button on the online portal. The board of directors has elected Paul Keeman, Florence Makope and Nadia Bratton as inspectors of elections for this meeting. The first item of business is the election of a board of 12 directors. In addition to me, the nominees for director are as follows, Proma Bot, Chief Digital Officer, Ulta Beauty, Gary [inaudible], Chief Executive Officer of CNO Financial Group and former Chairman of Allianz Life Insurance Company of North America. Steve Lacey, former Chairman of the board, President and Chief Executive Officer of Meredith Corporation, Dr. Elsa Murano, Director of the Norman Borlaug Institute for International Agriculture, Texas A&M University and former Under Secretary for Food Safety at the US Department of Agriculture.

Our Lead Director, Bill Newlands, President and Chief Executive Officer of Constellation Brands. Chris Poliscinski, former President and Chief Executive Officer of Land O'Lakes, Jose Luis Prado, former President, Quaker Oats, North America and Global Baking for PepsiCo. Sally Smith, former President and Chief Executive Officer of Buffalo Wild Wings, Steve White, former President, Comcast West Division. Our two newest directors, Ray Young, former Vice Chairman and Chief Financial Officer of Archer Daniels Midland Company and Mike Zechmeister, Chief Financial Officer

of CH Robinson Worldwide. Both Ray and Mike have already been great additions to our exceptional team of directors.

The second item of business is approval of the amendment of the company's restated certificate of incorporation to allow for exculpation of officers as permitted by Delaware law. The board determined the amendment is in the best interest of the company and the stockholders and recommends a vote for approval of the amendment. The third item of business is ratification of the audit committee's appointment of Ernst and Young as the company's independent registered public accounting firm for fiscal 2024. The fourth item of business is the say-on-pay advisory vote on executive compensation. The board believes our compensation programs have been effective and recommends a vote for adoption of the resolution to approve the compensation of the company's named executive officers. At this time, I declare the polls are now closed. Based on the preliminary vote tabulation, I'm pleased to report each of the 12 director nominees has been elected by a majority vote and items two, three and four have been approved by the required votes. The final vote tabulation will be included in a Form 8-K filed with the SEC in the next few days.

This concludes the business part of the agenda and I declare the formal portion of our meeting adjourned. And before we transition to a business update as well as a question-and-answer session, I'd like to report on executive advancements since our last meeting. Fiscal 2023 included many leadership appointments and advancements to new positions as a result of our go-forward initiative. We continue to have an experienced, talented and deep bench of leaders who drive growth for our business, lead change, innovate and develop future leaders for the company. During the year, 33-year company veterans Scott Aakre was appointed group vice president and chief marketing officer for our retail business segment. With Scott's Advancement, Lisa Selk was named senior vice president of Brand Fuel, our Center of Excellence focused on consumer insights and innovation. Natasha Walsh was appointed vice president of marketing for our retail convenient meals and proteins business, replacing Lisa and Lynn Egnor was named vice president of Retail Sales West following Natasha's advancement.

Finally, Henry Shaw was named vice president of retail marketing, snacking and entertaining. I also want to recognize the retirement of Susan Nestegard from our board of directors. Susan joined the board in October of 2009 and retires today after serving for over 14 years. We thank Susan for her many valuable contributions to our board. Now as we move to our business update, fiscal 2023 was a challenging year for the organization as we navigated an environment that remained volatile, complex and high cost. Tonight, however, you'll hear about our clear, realistic and achievable path to deliver earnings growth and improve our business over the next three years. As we look to the future, we are embarking on this next era of growth from a position of strength. We have already made significant progress to become a stronger, more balanced and less volatile company. We have trusted an iconic brands in retail with leading positions in more than 40 categories, trusted and well-known brands in food service and brands recognized around the world, including Spam, Skippy, Black Label, Genio and Planters

In fiscal 2023, we achieved our second consecutive year of net sales exceeding \$12 billion and continued to reinvest in the growth of our leading brands through higher levels of brand support and advertising. We are increasingly balanced across the channels in which we compete, including meaningful scale in the US retail and food service channels and through the investments we have made in global markets and emerging channels. We are led by an experienced and proven management team and are now better structured for long-term growth. The implementation of our go-forward initiative, including the successful integration of Genio Turkey store into our new business segments was a significant milestone achieved in fiscal 2023. We remain focused on reducing commodity exposure, staying disciplined in our financial strategy and delivering consistent cash flows to grow the business and return cash to stockholders. Once again, we drove strong operating cash flows and returned a record amount of cash to you, our stockholders in the form of dividends. We also announced the 58th consecutive increase to our annual dividend effective in 2024. In addition to increasing dividends, we celebrated our 85th consecutive year of sharing profits with team members in November, a program started by Jay Hormel in 1938.

Our company continues to have one of the strongest balance sheets among our peer set due to our cash position and responsible levels of debt and we remain committed to being a great corporate citizen guided by our food journey, our 20 by 30 goals and our responsibility to support the communities where we live and work. As we outlined at our recent investor day, we have a clear, realistic and achievable path to return the business to its historical earnings trajectory with a stated goal of growing operating income by at least \$250 million by fiscal 2026. Our focus going forward is clear. We must restore sustainable and dependable bottom line growth from the current businesses, drive savings by minimizing complexity and reducing cost and capture incremental value from our investments. Over the next three years, we will be making significant investments in our people, processes, data and technology and brands with a vision to transform and modernize our company, our processes, our portfolio and ultimately how we create value as a company. To support these actions, we updated our strategic priorities to better align with our new business segments and enterprise wide initiatives.

Now we've talked about how essential it is for our retail business to protect and grow our core brands. After successfully combining our retail businesses across the enterprise, we now must drive further focus and growth in the new retail segment. It's an \$8 billion powerhouse of leading brands, talented people, and strong capabilities. Our trusted brands are a staple in 84% of US homes where we show up in consumer's pantries, refrigerators, freezers and on their tables and we expect to drive continued growth led by Spam, Hormel Black Label bacon, Planter's Snack Nuts, Genio Turkey and Hormel Pepperoni. Our brand teams are successfully managing and supporting our brands and gaining or maintaining share in key categories such as snack nuts, canned meats, turkey and bacon. Next, we will continue to expand leadership in food service. Our food service business has emerged from the pandemic, a stronger and more advantaged business that delivered excellent results again in fiscal 2023 and it continues to outpace industry growth.

Our food service portfolio is designed to assist operators with labor pressures and help them create menu offerings that appear to have been made from scratch in their kitchen. It is a time-tested strategy that continues to be successful across all segments of the food service industry. As brands such as Hormel Bacon one, Austin Blues, Cafe H, Hormel Fire Braised and Font Anini continue to grow. Next, our ambitions to accelerate growth internationally remain strong. We are continuing to aggressively develop our global presence by leveraging our global brands, including Spam, Skippy and Hormel. We're replicating our balanced business model in China and Brazil. We're continuing to grow our partnerships in South Korea, Europe and the Philippines and we're expanding our business into Indonesia and Southeast Asia with our investment in Garudafood. We expect to restore growth in our international business in 2024 and are confident that our international team will resume delivering accelerated growth in the years ahead. We must execute our enterprise, entertaining and snacking vision.

Entertaining and snacking can be found across all parts of our business and this on-trend category presents an opportunity for growth. Half of all American snack three or more times a day and that percentage is highest with younger consumers. In addition, more than 80% of households in the US engage in home entertaining. So whether it's snacking, entertaining or both, we are positioned to win with an impressive portfolio of brands and products such as Planters, Corn Nuts, Hormel Pepperoni, Columbus, Hormel Gatherings [inaudible]. Innovation remains a core competency for our company and we are leveraging our leading positions and innovation capabilities to reach younger and more diverse consumers. Nowhere is this more evident than with the Planters and Corn Nuts brands. These successes include our Planters flavored cashews with three great tasting varieties that were introduced earlier this year with significant marketing support and they are delivering in the marketplace as they are over-indexing with millennial consumers. They're attracting new households and they're introducing new consumers to the category. In a very similar manner, we have introduced several great tasting corn nut varieties, including Mexican Street corn and a limited time flavor mango habanero and they've both been well received in the convenience store channel with more to come in the near future.

This is just one example of many that demonstrates we will continue to do our part as a category leader in entertaining and snacking to support our brands and drive growth for our business, the category and for our customers. We will be making necessary investments to ensure that we are future fitting our one supply chain, which means reducing costs and minimizing complexity while investing in long-term growth. We have stepped up our CapEx spend since 2016 to maintain our plants while also making responsible investments for growth. Our next areas of focus are to simplify portfolios and improve efficiency across all parts of the supply chain. Finally, we must continue to transform and modernize our company, a critical factor in our growth over the next three years. We will be further investing in our people, implementing new best in class processes, modernizing our technology solutions and ensuring the relevancy, profitability and staying power of our leading brands. It should be clear that our strategy and structure are well aligned to deliver growth and through this transformational work, we expect to build significant capabilities for the future.

This is truly exciting work for the organization. Our team continues to navigate through a dynamic environment characterized by slowing consumer demand and slowing yet persistent inflationary pressures. We expect fiscal 2024 to be a year of investment as we remain focused on our proven strategies to run our businesses, focused on executing our transformation and modernization initiative and fueling our innovation pipeline. Bottom line, we are a stronger company today because of the thoughtful strategic actions that we've taken to position us to deliver long-term sustainable growth and we expect our three-year plan to drive meaningful earnings improvement and restore our business to its historical earnings trajectory. In addition to the focus and commitment we have on running our day-to-day business, we are committed to making a difference for our customers, consumers and the communities where we live and work. We are in an ideal position to do just that because nothing brings people together like food and food as a basic need is one of the most powerful ways to make a difference and change lives.

This past year, we continue to demonstrate this commitment in several different ways. When wildfires broke out on the island of Maui this past August, our Spam brand team responded with a donation of cash and product with a combined retail value of more than \$1 million to directly help those affected. The donation included more than five truckloads of Spam products totaling over 264,000 cans to feed those most directly impacted. The brand team also began selling specially designed T-shirts on its website pledging 100% of all proceeds to the Aloha United Way Maui Fire Relief Fund. To date, T-shirt sales have produced 170,000 in total proceeds, all of which were donated to relief efforts on the island. That's just one example of how our brands and our company help when people need food and financial assistance. More broadly, our 20 by 30 challenge. A set of 20 ambitious qualitative and quantitative goals and commitments to achieve by the end of 2030 is a key element of our desire to make the world a better place. Our inspired people consistently work to drive progress with our focused efforts in the areas of environmental stewardship, educational opportunities for our team members, improving food security and positively impacting the wellbeing of the communities where we live and work.

In our most recent annual global impact report, we highlighted progress against these goals, including matching 100% of our US and 96% of our global electricity usage with renewable sources, remaining on track to provide the equivalent of 70 million meals to those in need, contributing more than \$11.4 million in cash and products, including \$9.3 million in hunger relief donations. Additionally, in fiscal 23, we received validation for our greenhouse gas reduction targets by the Science-based Targets initiative. We announced an expansion of our college tuition program where our eligible US team members can earn their degrees or complete non-degree programs for free. We convened local agencies and nonprofit organizations to help launch the hometown food security project in our hometown of Austin, Minnesota, a project focus on improving food security through a collaborative community approach to understand the underlying causes and potential solutions with an added goal of sharing the learnings and blueprint with other communities. And most importantly, we achieved the safest year in our company's history, something really to be proud of.

Due to these efforts and many others, we continue to be recognized as an extraordinary company. Newsweek named Hormel Foods to its America's most trusted companies and America's greatest workplaces lists. We were again named on the annual Drucker Institute Management top 250 list of America's best run companies and we were named one of the world's most admired companies by Fortune Magazine. And finally, we were recognized on the US Environmental Protection Agency's Fortune 500 list of the largest green power users from the Green Power Partnership. This recognition was based on our commitment to using renewable electricity and advancing the nation's green power market. In closing, we have a clear, realistic and achievable path to deliver earnings growth and improve our business over the next three years. Achieving our goals is expected to return this business to its historical earnings trajectory, supply the fuel necessary to drive future growth and support further dividend increases.

I remain confident that we have the right brands, strategy, people and culture to deliver on this commitment to improve our business and drive shareholder returns and growth. Hormel Foods is well positioned for long-term growth and I am confident that your company will deliver, just as we have for more than 130 years. My sincere thanks to our more than 20,000 team members for all they do each and every day and to our stockholders for your continued trust and support of Hormel Foods. Thank you. I'm now happy to take questions. To submit a question, use the box in the lower left corner of the online meeting portal. We'll answer as many of your questions as time allows. If we don't get to your question, feel free to follow up with our investor relations group through our corporate website. Assisting me with the Q&A are Brian Johnson, Vice President and Corporate Secretary, David Dahlstrom, Director of Investor Relations and Rick Williamson, Manager of Corporate Communications.

This year we've received a number of questions and a lot of them are really grouped together, and so we'll handle these in a very similar way that we have in past years.

The first question has to do with the annual meeting format. Wondering why the annual meeting has gone to a virtual format and are there plans in the future to go back to a live annual meeting format? I think it's important to remember that we have approximately 280,000 stockholders spread throughout the US and around the world.

This virtual format does allow more stockholders to participate in the meeting and ask questions virtually. And while we get questions about going back live, we also get very positive feedback from stockholders who like and really appreciate the virtual meeting format.

Now additionally, we take safety very seriously and we do want to be responsible about bringing management board members and community leaders together. And that's really one of the primary reasons for why we've been continuing the virtual meeting format again this year.

But we will continue to evaluate this on a year-by-year basis and really evaluate the effectiveness of the meeting. But whether it's virtual or in person, we are finding ways to engage in our communities more than just once per year. And we're finding strategic community partnerships.

We're finding philanthropic efforts and organizations and really trying to create events that are open to the public. And we do that because we do and we will remain committed to our role as a leading advocate, a leading employer in the communities where we live and work.

That was with quite a few stockholders tonight who were interested in that. The next question that had quite a lot of interest is, as you would expect, it pertains to the stock price.

While we don't know with certainty, while the stock price is lower in my prepared remarks but then even here tonight, I think we can provide some perspective on market and company specific dynamics.

First, there's several macroeconomic headwinds that are facing the business and the industry. There has been a softening consumer demand at retail. That retail environment continues to adjust and normalize post-COVID. We know that our consumers remain impacted by inflation, higher interest rates from our international perspective, there has been a slower-than-expected recovery in key international markets. But these dynamics aren't really anything new for our company or the industry.

These dynamics do tend to be more short-term in nature. And historically we've benefited from our balanced business model, which we've talked a lot about over the years. And that balanced business model really helps eliminate some of the volatility but offers variety and choice.

But we know, and as we've discussed, 2023 was a challenging year for the organization. The plans that we've shared with you tonight we do believe will take us into fiscal 2024 and lead to more dependable and predictable performance for our business to improve over the coming years.

The focus of the organization going forward is very clear. We want and need to restore sustainable and dependable bottom-line growth from the current business, the business that we operate each and every day.

We want to drive savings by minimizing complexity and reducing cost in our supply chain and across the entire organization. We've made a number of investments, whether it's CapEx or acquisitions, and we need to ensure that we're capturing the incremental value from those investments. When we do all of that, we know, we believe the market will reward execution against this plan and as we return the business to its more historical earnings trajectory.

That's how we're thinking about and talking about the stock price. And that leads into the next round of questions, which were similar but slightly different in terms of, what do you plan to do to make 2024 and the years ahead better for the Hormel business?

Now, we laid out tonight a clear, realistic, and achievable plan to restore our business to its historical earnings trajectory. The goal is out there, the goal is visible, the goal is simple. Our goal is to deliver \$250 million plus in operating income growth by fiscal 2026. That's what returns the business to the historical earnings trajectory.

That's what provides the fuel for incremental investment in our brands and the value-added growth that we've talked to all of you about for so long. And that's what increases cash flow to support further dividend increases, to support further capital investment, and allow us to pay down the debt that we currently have.

How we'll do it, is by making sure that we can continue to support and drive our leading and reputable brands, many of which emerge stronger from the pandemic. And we'll be able to, and we already have seen the results of returning to a more normalized innovation cadence.

We have ample capacity for growth across our business due to the investments that we've made. And that will all lead to this more balanced, less volatile portfolio we talk about so often.

We've got a very well-laid-out plan to minimize complexity and reduce cost through this transformation and modernization effort. Focusing on our supply chain, how we plan our business, how we buy our business, how we make and move the business.

And really looking very diligently at our portfolio and finding ways to optimize our portfolio and create incremental value. Making sure for the investments that we have made, again, that we are extracting all the value that we expect, whether it's the CapEx we have invested, the acquisitions like planters, or the integration that we've made recently with our Turkey business.

The successful execution of this transformation and modernization provides significant returns over the next three years. But more importantly, it carries significant residual benefits well into the future. That's what has me and the rest of the organization so excited because this is very exciting work for the organization, and we're excited to continue to talk to you about the successful results that we'll be generating.

And then the last, but certainly not least, the question that is on so many shareholders' minds is, will there be a shareholder gift package available at the spam museum? And the answer is yes. Once again, gift boxes will be available for pickup at the spam museum during its regular business hours for registered stockholders or beneficial owners, beginning tomorrow, Wednesday, 31st, 2024, while supplies last.

Last, we ask that you have the notice of internet availability, the proxy card, or the voting instructions received available to help receive the gift. The gift boxes are only available for pickup in person. They're not available to be shipped, and they must be picked up by the actual stockholder. It cannot be distributed to others. And there is a limit of one gift box per stockholder.

So that captures almost all the questions that we received. There were some more specific one-off questions asking about product availability and where consumers might be able to find certain items in their specific markets. Different questions about specific benefit programs.

Once again, this year, we will have the team follow up directly with the email addresses that have been provided. So again, we thank you for your time, your attention, your commitment, and your support to our great company. Thank you for joining us. Have a great evening.

Operator: This now concludes the meeting. Thank you for joining and have a pleasant day.