

28-Jan-2025

# Hormel Foods Corp. (HRL)

Annual General Meeting

## CORPORATE PARTICIPANTS

### James P. Snee

*Chairman, President & Chief Executive Officer, Hormel Foods Corp.*

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## MANAGEMENT DISCUSSION SECTION

### James P. Snee

*Chairman, President & Chief Executive Officer, Hormel Foods Corp.*

Good evening and welcome to the Hormel Foods 2025 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 & Young, our independent registered public accounting firm. The agenda and rules of conduct that 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 Kuehneman, Florence Makope, and Nadia Braaten as inspectors of elections for this meeting.

The first item of business is the election of a board of 10 directors. In addition to me, the nominees for director are as follows; Gary Bhojwani, Chief Executive officer of CNO Financial Group and former Chairman of Allianz Life Insurance Company of North America; Steve Lacy, 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 Undersecretary for Food Safety at the US Department of Agriculture; our lead director, Bill Newlands, President and Chief Executive Officer of Constellation Brands; Chris Policinski, former President and Chief Executive Officer of Land O'Lakes; our newest director, Deb Schoneman, President of Piper Sandler Companies; Sally Smith, former President and Chief Executive Officer of Buffalo Wild Wings; Steve White, former President, Comcast West Division; and Mike Zechmeister, former Chief Financial Officer of C.H. Robinson Worldwide. The Board of Directors recommends a vote for each nominee for director.

The second item of business is ratification of the audit committee's appointment of Ernst & Young as the company's independent registered public accounting firm for fiscal 2025. The Board of Directors recommends a vote for this item.

The third item of business is the say-on-pay advisory vote on our named Executive Officer Compensation. The board believes our compensation programs appropriately align the interests of our management and shareholders and recommends a vote for adoption of the non-binding resolution. The stockholder proposal, which was included in the proxy statement for this meeting, has been withdrawn by the proponent, and as a result, there will be no vote on the proposal.

There are no other items that have been properly presented for consideration at this meeting, and I declare the polls are now closed.

Based on the preliminary vote tabulation, I am pleased to report each of the 10 director nominees has been elected. And items 2 and 3 have been approved. The final vote tabulation will be included in a Form 8-K filed with the SEC in the next few days. This concludes the formal business of the meeting, and I declare the formal portion adjourned.

Before we transition to our business update and question-and-answer session, I would like to report on leadership changes since our last meeting regarding executive retirements and advancements. In January, Pat Schwab, retired as Vice President of Retail Sales-East after a 37-year career with our company.

Darren Carter, a 28-year team member of Hormel Foods advanced to the position to lead our Eastern US Retail sales team. After nearly four decades with Hormel Foods, Mark Coffey, retired as our Group Vice President of Supply Chain in March. Steve Lykken assumed the role after serving in a variety of leadership positions with our company, and including most recently, as Group Vice President and President of Jennie-O Turkey Store.

Matt Schrupp, a 32-year Hormel Foods team member was named Vice President of Supply Chain Operations for Jennie-O Turkey Store. Jeff Grev, who spent 40 years with our company retired from his most recent position as Vice President of Legislative Affairs in May. Chad Randick, a 30-year employee, was promoted into this role. And at the end of the fiscal year, Deanna Brady retired as Executive Vice President Retail after 28 years with Hormel Foods. John Ghingo former President of our Applegate business rejoined us in September to succeed Deanna and lead our largest business unit.

Additionally, we welcomed two new executives to our leadership team during fiscal 2024. In March, Katie Clark assumed the role of Senior Vice President and Chief Communications Officer. And in June, Colleen Batcheler joined us as Senior Vice President, External Affairs and General Counsel.

Finally, just last week, our Vice President and Corporate Secretary, Brian Johnson announced his retirement after 30 years with the company. Brian is retiring this May and will be greatly missed. I'd like to extend my heartfelt thanks to each of our retired executives for their exceptional leadership and valuable contributions and remarkable careers with our company. I also want to congratulate our new executives and look forward to the great work they'll do as they help lead our company into the future.

We also had several changes to our board of directors since our last stockholders meeting. Ray Young and Jose Luis Prado concluded their service on our board of directors. We are grateful for their time, their efforts and their contributions. And Deb Schoneman joined our board in September. We also have one director who did not sit for re-election this year, Prama Bhatt. Prama joined our board in November 2019 and retires today after serving for over five years. We thank Prama for her valuable contributions to our company and wish her the very best.

Turning now to a recap of our business performance, fiscal 2024 demonstrated the solid execution of our strategy. We achieved net sales of \$11.9 billion, by investing in our brands, expanding our market presence, and introducing innovative solutions across our portfolio, all while navigating a dynamic macro consumer environment. Our brands continued to showcase strength and connect with consumers.

In Retail, we continued to hold the number one or number two position in more than 40 categories. Our flagship and rising brands such as Hormel Black Label, Jennie-O, SPAM and Applegate delivered strong growth and

expanded households. We brought meaningful consumer-centric innovation to our brands and fueled their growth through increased advertising investments in on-trend categories.

In our Foodservice segment, we expanded our leadership position, growing net sales by 6%, outpacing the industry. The team executed on our strategic priorities by launching solution-based, innovative products for operators while also driving impressive growth in the convenience channel. And as we expected, our International business saw a solid recovery in fiscal 2024. We increased branded exports for the SPAM family of products and Skippy peanut butter. We drove growth from investments in the Philippines and Indonesia and we achieved a significant rebound of our China business.

We also made considerable progress in the first year of our Transform and Modernize for growth initiative, delivering an impressive \$75 million in estimated operating income benefits. The work the team executed in 2024 has set our company up for growth and long-term success. Our performance led to a record cash flow from operations of \$1.3 billion, allowing us to return \$615 million to you, our shareholders, in the form of dividends. We also celebrated our 86th consecutive year of sharing profits with our team members.

We closed the year with a strong balance sheet reflecting our strategic and disciplined financial approach. And notably, in fiscal 2024, our employee safety results were the strongest in our company's history. This milestone is a testament to our team members focus on our safety-first culture. The strength of our balanced portfolio, the hard work and dedication of our 20,000 team members, and our ongoing efforts to transform and modernize our organization for growth enabled us to deliver these solid 2024 results.

During fiscal 2024, we also remain focused on executing against our six strategic priorities to achieve long-term success. With respect to our Retail business, we invested in building our brands and continued innovation to position our brands for long-term growth. For example, Hormel Black Label Bacon had an impressive year, solidifying its leadership in bacon innovation. The team launched three limited time only flavors; Garlic Rosemary, Ranch, and Cinnamon Toast Crunch, providing consumers with unique and seasonal tastes that created excitement and boosted sales.

The team also launched the first of its kind Hormel Black Label OVEN READY Thick Cut Bacon, a mess-free way to cook bacon. This innovative mindset has propelled the brand to lead category sales growth and attract nearly 2 million buyers above last year. We also introduced SPAM Korean BBQ during fiscal 2024, our latest flavor in the SPAM family of products. This is the brand's 12th permanent variety, helping us connect with loyal SPAM fans and the next generation of SPAM consumers.

Expanding leadership in Foodservice was also a focus in fiscal 2024. During the year, our impressive team of culinary experts and knowledgeable direct sales professionals further solidified our reputation and leadership position in the food away from home industry. With our deep understanding of operator needs, we delivered innovative products during fiscal 2024. Café H items as well as Flash 180 chicken and Hormel Ribbon Pepperoni are designed to save time and labor in the kitchen without a loss of quality or taste.

The capabilities underlying these items provide platforms from which we can innovate in the future. For example, after the launch of Hormel Ribbon Pepperoni exceeded our ambitious expectations with foodservice operators, we created Hormel Confetti Pepperoni for the Retail segment, adding a distinctive and unique product for America's number one retail pepperoni brand. As we expected, our International business saw a solid recovery in fiscal 2024. In particular, our strategic investments in the Philippines and Indonesia have our International business poised for growth in fiscal 2025 and beyond.

Capturing opportunities from consumer snacking and entertaining is a key area for our company. And during the year we delivered on our plan to grow our business in this important space. Our Foodservice team expanded our snacking and entertaining brand presence in the convenience channel with brands like Columbus and Gatherings. On a global scale, we launched Skippy branded snacks in Indonesia, and we partnered with Garudafood to introduce its snacking products to new markets such as Mexico and China.

Our marketing and brand teams also worked hard during fiscal 2024 to build exciting campaigns that we expect to benefit our snacking and entertaining businesses in 2025. I'm excited to report that we have big plans for the big game in February centered around a new Here For The Snacks marketing campaign, a multi-brand, multichannel initiative that makes snacking the real MVP of game day. We're partnering with key customers and ESPN to highlight the breadth of our portfolio and celebrate what this time of year is truly about, the snacks. We're excited to see this campaign connect with consumers and showcase our snacking brands across all big game moments.

[Video Presentation] (16:00-16:30)

Our Planters brand will also have a starring role this fiscal year as our beloved Mr. Peanut makes his feature film acting debut as a key character in Netflix upcoming movie, The Electric State. The movie will be streaming on Netflix beginning in March, and Mr. Peanut will be front and center in all the action.

And finally, during fiscal 2024, we continued to future fit our one supply chain and made considerable progress across all pillars of our Transform and Modernize for growth initiative. As we outlined at our 2023 Investor Day, our Transform and Modernize initiative is an integral step on our path to grow operating income by at least \$250 million by the end of fiscal 2026.

In fiscal 2024, we accelerated our transformation by making important investments into our people, processes and brands. For example, we continued our implementation of a new end to end planning process and related technologies and are already benefiting from improvements in areas such as inventory management. We adopted new procurement systems such as advanced sourcing tools, should cost modeling capabilities and enhanced data visibility and analytics.

We continued to improve operational results in our manufacturing facilities during fiscal 2024 by beginning the rollout of the Hormel Production System, enhancing production capacity and generating efficiency. And we focused on unlocking the power of our brands through our total portfolio optimization efforts. This capability is focused on finding new ways to reduce complexity, address low margin items, and create room in our portfolio for future innovation. There is a growth and continuous improvement mindset embedded in our culture. The team's attention to delivering results today, while also advancing our strategic initiatives for the future, gives me great confidence in our team, our brands and our company.

Before I wrap up and turn the call over to questions, I want to also comment on our commitment to making a difference through focused efforts in environmental stewardship, education, food security, and enhancing the well-being of our communities where we live and work. In our most recent annual Global Impact Report, we highlighted the progress that we've made towards our global impact goals, including having science-based targets validated by the Science-Based Target initiative formalizing our 2030 emissions reduction targets for scope 1, 2 and 3 emissions. Reducing product packaging by nearly 1.7 million pounds by optimizing packaging design and improving shipping efficiencies. Providing more than 200 dependents of our US team members, a free two-year college education through our groundbreaking Inspired Pathways program, contributing \$12.5 million in monetary and product donations to lift up our communities, including \$10 million dedicated to hunger relief efforts. And we

continued to invest in the Hometown Food Security Project, a cross-sector coalition working to alleviate food and security in Mower County, Minnesota, home of our world headquarters and largest production facility.

Of particular note, this past Thanksgiving, we partnered with the Hometown Food Security Project and several local non-profit organizations to execute the Hometown Turkey takeover. More than 250 volunteers delivered 5,000 Jennie-O Turkeys to families in our hometown of Austin, Minnesota and surrounding communities. That single day effort equated to more than 90,000 meals. Additionally, our team is responding to the devastating fires in and around Los Angeles. The Hormel Foods Charitable Trust has donated \$25,000 to relief efforts, and MegaMex Foods, based in the LA area, has also matched the donation with a \$25,000 donation of their own.

We have also donated approximately \$2 million in products to our disaster relief partners to help those affected by this incredibly tragic event. Due to these efforts and many others, we continued to be recognized by respected third-party organizations during fiscal 2024. Newsweek named us one of America's most trusted companies and America's most responsible companies. We were listed as one of TIME magazine's world's best companies, and we were recognized on the Forbes list of America's Best Employers for Women 2024.

In closing, fiscal 2024 marked a year of significant progress and achievement for Hormel Foods. We successfully completed the first full year of our Transform and Modernize journey, delivering impactful results and making impressive strides towards returning our business to its historical earnings trajectory. We also announced the 59th consecutive increase to our annual dividend effective this fiscal year. We believe that our strategic direction, combined with our Transform and Modernize for growth initiative, positions us for sustainable, long-term shareholder value creation in 2025 and beyond.

Before I conclude, I want to take a moment to acknowledge my upcoming retirement. It has been an incredible blessing to lead this company. I am deeply proud of what we've accomplished together, and I'm confident that the company's future has never been brighter. My sincere thanks to our 20,000 team members for everything they do each day to bring our beloved brands to tables around the world. And of course, thank you to our shareholders for your continued trust and support of Hormel Foods.

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 will 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 Colleen Batcheler, Senior Vice President and General Counsel; Brian Johnson, Vice President and Corporate Secretary; Jess Blomberg, Director of Investor Relations; and Katie Clark, Senior Vice President and Chief Communications Officer.

## QUESTION AND ANSWER SECTION

### James P. Snee

*Chairman, President & Chief Executive Officer, Hormel Foods Corp.*

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Our first question this evening pertains to our virtual meeting format. And again, this year, we have shareholders who are wondering if we'll consider holding this meeting in-person in the future.

And really, there's a couple of things as I think about it. The first, and most importantly, is that we take safety very, very seriously. And recent events, events at the end of last year clearly demonstrate how important that is. And our goal is obviously to maintain the safety of our board members, our management team and our shareholders.

We also have stockholders all over the world. And this virtual format really allows more shareholders the opportunity to participate. And we have received positive feedback from those who enjoy the virtual format. But as we've said in past years, we will continue to evaluate the format going forward on a year-by-year basis.

The next item, and we received a couple of questions about this topic regarding DEI and how these efforts align with our overall business strategy and our values. And this is something that it's not anything that's new for us. Our organization has taken a long-term, balanced and pragmatic approach to this topic. And really, our focus is pretty simple. We're focused on fostering an environment where all perspectives are valued and opportunities for growth are accessible to everyone. It's really a simple and easy way to approach the topic and easy for our team members to understand.

And by us taking this balanced and thoughtful approach, our goal is to create meaningful impact and cultivate a culture of respect and opportunity across the entire organization. And that's how it aligns with our business strategy and values.

Next, several questions about the health of the business, our plans for the future and our stock price. As you heard in my prepared remarks, we had a strong 2024, significant progress, great achievements, and we really exited the year with a lot of momentum that we believe will lead to a successful 2025. That being said, it's fair to say that many food and beverage companies are under pressure right now. But these dynamics, they are nothing new for our company or the industry. And we've benefited from our long-term vision of having a balanced business model, which offers variety, value and choice to consumers who need that today more than ever. And this portfolio, this company is well positioned to capitalize on customer and consumer opportunities well into future.

The next topic is one that's a bit more specific, a question about the new administration's proposed appointees and the impact that they may have on the food industry. At this point, obviously, it's something that we watch very closely, but it's premature for us to speculate on what those appointees might or might not propose for the food industry. You all know that Hormel Foods is more than 130 years old, and we've successfully navigated many, many administrations during that time, many different policy approaches. And really, we see that continuing, taking that long-term view of the business, because our goal is simply to continue to make safe, wholesome, nutritious, convenient products that our customers and consumers around the world want, love and trust.

And then it wouldn't be my last shareholder meeting if there wasn't a question about gift boxes. And the answer is, yes. Once again, this year we will, and we do have gift boxes. The gift boxes will be available to pick up at the SPAM Museum during its regular business hours for registered stockholders or beneficial owners, Wednesday,

January 29, 2025, while supplies last. Just a couple of details, please have the notice of Internet availability, the proxy card or the voting instructions that you received available to receive the gift box.

Gift boxes are only available for pickup in person and must be picked up by the actual stockholder. And there is a limit to one gift box per stockholder.

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## James P. Snee

*Chairman, President & Chief Executive Officer, Hormel Foods Corp.*

That wraps up our annual shareholder meeting, our question-and-answer session. We thank you for your continued support of our organization. And hope you have a wonderful evening.

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## Unverified Participant

The meeting has now concluded. Thank you for joining. You may now disconnect.

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