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Hormel Foods Corp. (HRL)

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CORPORATE PARTICIPANTS

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MANAGEMENT DISCUSSION SECTION

Jonathan Feeney - Introduction

...and especially Interim CEO, Jeff Ettinger, whose very successful tenure as CEO from 2006 to 2016 included many CAGNY presentations. He just can't get enough. Please join me in thanking Jeff and everyone at Hormel for this morning's break.

Hormel Foods is a global branded food company centered on protein, built around a deep understanding of the consumer. They are building on an outstanding tradition of industry-leading, really world-leading corporate governance through disciplined, thoughtful capital allocation. This is epitomized by raising its dividend for 60 consecutive years.

Today, Hormel is navigating a dynamic food environment with a balance of market-leading brands, a well-positioned foodservice segment, and expansive global presence. Just one administrative note, as Hormel will be reporting fiscal Q1 EPS on February 2026, they are in a quiet period and will not be able to offer Q&A either here in the main room or breakout. So, no Q&A.

Jeff, welcome back. Great to see you. Thank you. And take it away.

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

Well, thank you so much, Jon. I always admired and appreciated working with you and it's fun to be introduced by Jon again. I looked up, so 10 years ago we were here and Jon introduced us that time too. And he said, for 125 years, Hormel has been the protein company everyone else would like to be. You're going to see that John Ghingo and I are really leaning into this position as this is a key element of the Hormel story.

We'll have the usual forward-looking statements and be using some non-GAAP financial measures as well.

So, what is the Hormel story? Been around for 135 years. George Hormel came to Austin, Minnesota, in 1891 to start the company. And we've been listed in the stock exchange since 1927. We are kind of a blend in the sense, okay, we have the cutting-edge discipline of being at conferences and dealing with public shareholders and quarterly earnings calls. But we also have the Hormel Foundation that votes 46% of the stock, and they have a very long-term community-oriented outlook for the company. And so, we've always benefited, frankly, from having both of those I feel.

We have a strong, leverageable balance sheet. We are indeed a dividend aristocrat. In fact, we're in the aged category of dividend aristocrats, having celebrated 60 years of it, as Jon Feeney mentioned. And what you're really going to hear about this afternoon is our protein-packed portfolio and the multi-channel presence where we exploit that.

So, today we operate with three reporting segments, Retail, Foodservice, International. Our Retail segments include grocery aisle items such as SPAM luncheon meat and Hormel Chili, Planters and Skippy. We're in the refrigerated section with traditional products such as Hormel Pepperoni or Black Label Bacon. We have better-for-you protein items such as Jennie-O and Applegate. And our Retail division also includes an over \$800 million partnership in Mexican food with authentic Mexican companies, Grupo Herdez and Grupo Kuo.

We have long emphasized Foodservice for Hormel. We want to be at all meal occasions where consumers are looking for great, convenient food items. And our Foodservice group really is a pillar in the industry. Their trademark is doing better than others in the industry. We've enjoyed 10 consecutive quarters of organic net sales growth from that group. And one of their points of difference is their direct sales force, over 200 strong. They get in with operators and they focus on innovations that save operators labor and provide delicious options for their patrons.

Our International go-to-market strategy is kind of a three-pronged approach. We have – our multinational is mostly our China operations. So, where we celebrated our 30th anniversary in China, today that is a profitable, growing business in both Retail and Foodservice. We also have exports such as SPAM luncheon meat and Skippy and Planters that are in over 50 countries throughout the world. And then we go to market in partnerships or sometimes joint ventures, sometimes licensing arrangements with such companies as CheilJedang in South Korea, San Miguel in the Philippines, and Garudafood in Indonesia.

John and I took these current roles, Interim CEO for me, the 11th President of our company for John Ghingo, in July of this past year. So we were well into our third quarter when we came aboard in those roles. And at that point, the company was enjoying solid top line performance. Indeed, every quarter last year, we ended up having sales growth, which is nice in this environment. And that's because of those trusted brands delivering on consumer and operator needs.

But the bottom line really proved to be more challenging in 2025 and got actually harder as the year went on. We were facing significant headwinds in raw materials, many of which were up 20%, 25%, 30%. We also had a couple of operational challenges, a product recall and a fire in one of our plants. So, when all is that said and done, 2025, we enjoyed the top line growth, but we did not deliver the bottom line the way the company needs to.

So, clearly heading into 2026, that was the goal. That was the project is get the bottom line moving at a commensurate level with your top line growth. And we didn't want to just hope to do that. We wanted to take actions in late 2025 that would put us into a better position to be able to have that kind of strong earnings growth in 2026. So we took – well, we'll talk about five of them.

First of all, when you head into a new year, you can sharpen your focus on which brands you want to promote, which brands you want to advertise. That earlier slide talked about how our Retail group has over 40 brands that are either number one or number two in their category, but you can't focus on 40. And John's going to talk to you later this afternoon about our priority brands in the retail area and we indeed, heading into 2026, are pushing those brands.

Secondly, we talked about the cost increases we experienced, and we kind of experienced two waves of them. The summer had a big spike and then often, in the meat protein area, you'll see it recede back in the fall. And so, we kind of waited to see if that would happen. It didn't happen. If anything, it went up even higher in the fall. So, ultimately, that required us to take sort of two waves of pricing. In our experiences in the foodservice industry, it takes about 60 days to implement pricing. In the retail side, it's more like 90 days. And so, wave one is done. Wave two is just finishing. And early in Q2 here, we'll be in a position where it'll all have been taken care of.

The company has been talking about its Transform and Modernize initiative for the past two years, and indeed that's still going to be an important pillar of how we go to market. In our company here in 2026, we have dozens of projects that are aimed at saving money, improving our bottom line, but also ultimately transforming and modernizing how we operate.

Another thing we worked on and announced late in fiscal 2025 was a cost reduction effort on the sales, general and administrative side. We had allowed those expenses to grow at a rate that was a lot quicker than we were growing top line and bottom line, and we needed that to stop being a headwind and have a chance where maybe that could be a little bit of a tailwind for us. So we took the hard action of reducing costs in those areas. We were reinvesting some of it back in technology and capabilities in that regard and also some of it back on the personnel side. And John will give you a couple of examples of that as well.

And then, lastly, one of the observations I had coming back to the company, the company had – well, when I was here 10 years ago, we had a grocery division, Jennie-O or Refrigerated Foods. It was more supply chain-oriented and you kind of ran – each group had their own sales force, each group had their own supply chain, their own plants, et cetera. So the company in the ensuing years had centralized for very good reasons, for efficiency reasons. It's great with customers when you can go to Walmart with one voice and not have six different voices.

But there to me coming in, it was like, okay, we've centralized it, but do we have the structure in place to collaborate to get the right people in the right room at the right time to actually respond to challenges such as the cost spike we saw last summer? And I think we're in a lot better position to do that right now.

Last night we put two items on the transom, if you will, news items for the company. So, one was, knowing we were coming to CAGNY today, we – but we don't announce earnings officially till next week. We wanted to see, okay, can we at least give you an update? And so, we did that indeed last night, announcing our fifth consecutive quarter of organic net sales growth at about the 2% organic sales growth level.

On the bottom line, we talked about results on track with expectations. We actually were \$0.02 above what we had expected for the quarter. So we think we have momentum, so far so good, and we're well-positioned to deliver the profitable growth that we know we need to do in 2026.

The second announcement related to our turkey business, but a part of our turkey business, and I want to be sure to explain that to the group here tonight. So you see the whole-bird Thanksgiving turkey on this slide. So turkeys come in hens and toms. You grow hens to the 14-pound to 22-pound range and that's the Thanksgiving product.

Tom turkeys are for all the other products, lean ground turkey, turkey burgers, breast meat for deli or for foodservice. You grow the toms to over 40 pounds and you have the efficiencies from that.

We are selling the hen part of the business. We are selling the plant affiliated with that. We're selling the feed mill affiliated with that, the live production assets as well, and grower contracts that raise hens. The entire compart is still part of Hormel. We still own the Jennie-O brand. It will still be a big point of emphasis for us.

We do expect minimal impact to 2026 fiscal year results, and that is in large part because, under this agreement, so we announced it now, we're going to try to close it at the end of Q2, anything booked by then is part of the Hormel and Jennie-O's sales for this year, and most of it's been booked. And we have a custom manufacturing arrangement with the new buyer that, okay, even if we booked it in April or we don't ship until September, that will be in our financial results. So you're going to see a more minimal impact to 2026 results.

The transaction is expected to close at the end of Q2. We will do the best we can to kind of provide you this updated adjusted earnings picture. But the GAAP earnings are going to have to depend on, okay, how is that sorted out? And so, we're not going to have that for you clean until the end of Q2.

Ultimately, the other thing we did last night, and we certainly can do here today is reaffirm our fiscal 2026 outlook. We feel that we can grow organic net sales in the 1% to 4% range and adjusted diluted earnings per share in the 4% to 10% range.

At this time, I'm going to turn the program over to John Ghingo, who I've had the great pleasure to work with for the past few months. John has a great internal reputation at Hormel, great followership from his four years at Applegate and his year-and-a-half now running our Retail business and serving as President. But he also has a much broader background as well. He was with Nabisco and Mondelez, where he ran Oreos on a worldwide basis. He was with The WhiteWave organization, Silk milk, and so similar to Applegate, the new age style of products. And he's been in the private equity space as well.

It's been great we're partnering with him and I think you're going to enjoy hearing what he has to say about our protein-focused outlook.

John Ghingo

President & Director, Hormel Foods Corp.

Thank you, Jeff. And it's been an absolute pleasure working with you in partnership. Good afternoon, everyone. Pleasure to be here today. Jeff and I have had the opportunity over the past seven months to really get clear on our strategy, our priorities, the capabilities we need to win. And with that clarity, I personally am seeing Hormel Foods in a new light with a lot of confidence for our future. And with that, I'm going to play a brief video to get us started.

[Video Presentation] (00:12:06-00:13:18)

Our path forward begins with the consumer, and it's built upon our unique position and opportunity in the industry. It's also grounded in a set of deliberate actions that are already underway across the business.

This is a trend line of Google search activity for the term protein over the past 20 years. If you were to overlay on this over time other terms, other dietary forces in the food industry, think about keto, paleo, low-fat, low-carb, low-sugar, low-calorie, you would see a lot of ups and downs, and you wouldn't see anything that endures with a sustaining trend like what we've seen in protein.

And while it may feel like over the past two years or so, there's been a bit of a frenzy around protein, even here what we've talked about and heard this week at CAGNY, the reality is the protein growth is a long-term enduring trend, and what's driving that is truly consumer interest and desire to learn more about protein.

And so, when you look at the list on the right of the perceived consumer benefits coming from protein, it's quite a long list. It starts with stuff at the top that you might think of, obviously, like strength, energy, but it comes on down through general wellbeing. For the aging population, protein is increasingly associated with healthy aging and bone health. It's associated with weight management, gut health, immune function, and importantly, satiety.

And with that type of list of benefits associated with protein, it's not surprising that over two-thirds of consumers are intentionally consuming protein. With that type of penetration, I consider protein to be an expansive movement, across the world geographically, across generations, from a need state and usage occasion standpoint, and importantly, across channels.

When you look at it geographically, it's not just a North American dynamic. We have an expected doubling of protein market size by 2033 in Europe, Latin America, and Asia Pacific as well. When you look at it from a demographic standpoint, you often think about the younger consumers, and certainly younger consumers are driving some of the trends around protein recently. But the reality is the protein demand is across all age cohorts and it's increasing across all age cohorts. That being said, it is extremely impressive that over 50% of Gen Z consumers are wanting to eat more protein. That speaks volumes about the future projections for the protein market and what's ahead.

So, who is part of the question and the desire for protein is part of the question, but the other part is for it to fit into my lifestyle as a consumer is when, where, and how am I able to get the protein I want when I want it. And so, this is a simple look at occasions and when protein is in demand. And what you'll see here is consumers are looking for protein for breakfast, lunch, dinner and all their snacks in between.

And a couple of specific dynamics I'll call out around this, which are important for our industry. The first is the nature of snacking. So, while there is some pressure in terms of downward pressure on consumption of, what I would call, more traditional snacking categories, thinking about snacks that are designed for munching or treating, snacks with carbohydrates and sugars, the behavior and need for actually many mini meals, fuel, snacks-on-the-go is still there. And the desire for sustaining snacks, what I would call substantial snacks that actually satiate and fill, is filling that gap and on the rise.

The other dynamic that's changing within here is the morning is fundamentally changing. Whether you look at a traditional morning breakfast, a convenient morning breakfast or a morning AM snack, consumers are increasingly looking for protein and energy from their fuel in the morning. So these are some of the fundamental changes we're seeing with consumer behavior.

Now, as you think about that landscape and say, okay, if consumers want protein at a moment's notice for all these different occasions, that's not happening in the home kitchen exclusively. We're seeing broad demand for protein rising across away-from-home channels. And so, as we look at what we call our foodservice channels or our convenience channels and away-from-home in moments of consumption, the protein demand is increasing. And that's putting pressure on the operators of foodservice establishments and convenience operators to have the right solutions. How do you have the right protein at the right price with the right taste, the right availability and accessibility at a moment's notice? And so, partnering with those operators on those solutions is critical.

And as we look forward, the demand for protein is not going to slow down. In fact, if you look at some of the latest news around protein, whether you look at the newly released dietary guidelines that have protein front and center or you look at the increasing adoption rates of GLP-1s, protein is expected to be at the heart of the nutrition and consumer landscape for years to come.

Now, with that backdrop of what I'll call overwhelming demand and interest in protein, this is where I find our intersection with Hormel Foods and what we do. We've been in the protein business for a long time. And with the recent frenzy of interest around protein, we're seeing protein added to all kinds of foods and products and categories, even some beverages.

And at Hormel, we like to say, we do protein the old fashioned way, through the food. And when we talk about real food, that's what we're talking about, real food protein. So, from a consumer point of view, why do they love real food protein? It's joyful, delicious, energizing, comforting, sustaining, exciting, and nourishing. That's the love consumers have for real food protein.

That being said, real food protein can be hard. How do you have it conveniently available when you want it? How do you make sure it tastes great, it's affordable, it's accessible? That's the world in which we operate. And so, our focus at Hormel continues to be on making protein easy. Whether it's a snack on the go, whether it's a multi-compartment trade designed for entertaining occasions, or shortcuts in your home kitchen to get dinner or breakfast on the table quicker, or importantly, shortcuts in an operator's kitchen that help a foodservice operator save labor and drive efficiency, we are in the business of helping make protein easy for our consumers and our operator partners.

At the same time, the food landscape continues to evolve. Consumers continue to look for more flavor and food experiences in general and certainly connected to their proteins. And so, we are also incredibly focused on bringing distinct flavor experiences to the world of protein, again, whether that's a snacking moment on the go, whether it's something you're preparing in your home kitchen or something we're collaborating with a foodservice operator that will appear on their menu in an efficient way.

And finally is the notion of value. In a backdrop where consumers are increasingly stretched and strained both from a budget standpoint and a time standpoint, we need to make sure that our products and our brands are commanding value, that they're worth it, and that can be delivered in the form of affordability, convenience, food experience, versatility in the home kitchen. All of those are ways for us to deliver value. And so we scrutinize the value equation on all of our value-added protein offerings to make sure we're getting that balance right.

So, from all of that, from our deep experience across a broad range of proteins and our deep understanding across a broad range of moments of consumption, we are in a unique position in the industry. We are the consumer company that is built to win with protein.

Now I will make three points relative to our unique position. I'll kind of walk through this. The first piece is a clear sense of enterprise focus. We've reinvigorated our purpose, our mission, and our strategic focus, and I'll walk through that in a few minutes. We also have a wonderful portfolio, as Jeff mentioned. We've increasingly focused on the parts of that portfolio with the most opportunity. And finally, we're turning all of this potential into a set of decisive actions that are propelling us down the road to profitable growth.

Enterprise clarity starts with purpose and mission, and I start with purpose because purpose is our why. It gives us focus as an organization on what matters most. It's our North Star. And I'll touch on our new purpose in a minute. From our why and our belief in what we're doing also comes our energy. Our energy is what carries us

forward on our mission, how we show up to work every day, what we're set out to do, how we're looking to do things differently. I will touch on our mission as well.

Our newly articulated purpose is fueling every day with real food for real life. Our nourishing options provide the fuel people need to get from one pit stop to the next. That is how we view our protein-centric portfolio, truly providing the fuel people need. Now, the accessible, affordable, convenient nature of the products we sell make us very applicable for every day. Whether you're away from home, at home, whether you're stretched or strained, how can we plug easily into your lifestyle with real, nourishing food that help you deal with the demands of real life?

That everyday opportunity, the challenges our consumers face, the challenges our operators face in a challenged foodservice environment continues to evolve. It's a moving target. And so, our focus from a mission standpoint is to continue to get better and better, to continue to create better and better protein-powered solutions that help nourish people, while never forgetting about investing back and building up the communities in which we operate. The opportunity for protein is immense, but we need to keep raising the bar, and we need to keep delighting our consumers and partners.

So, as you look at that plot at a high level, and say, okay, how do we activate against that purpose and that mission, I do come back to our portfolio, not from the standpoint of everything that's in it, but from the standpoint of what our portfolio affords us, the portfolio we've built over time, is it affords us choice. And so, when you look at the breadth of our portfolio and think about it from the standpoint of protein, pork, turkey, beef, chicken, nuts, nut butters, a great breadth.

If you look at our portfolio from the standpoint of occasions for consumers, breakfast, lunch, dinner, snacks in between. When you look at our portfolio from the standpoint of temperature state, frozen, fresh and refrigerated, ambient and shelf stable. When you look at our portfolio from the standpoint of pricing tiers, affordability, mainstream, and even premium. We have a great breadth of opportunity embedded in our portfolio.

We also have a great breadth of opportunity in terms of channels. If you look at our traditional retail channels, we're deeply penetrated across all the major retail channels, whether that be traditional grocery, mass merchandisers, club. We're also developing strongly in e-commerce channels. But our foodservice away-from-home business gives us access to so many moments of consumption where protein is increasingly relevant.

If you look at schools from K-12 to colleges and universities, we're partnering those channels. From hotels to hospitals and healthcare; restaurants, from white tablecloth restaurants to QSRs, to mom-and-pop shops down the street, we are within arm's reach of our consumers. So, with that clarity of purpose and mission and with that wide breadth of choices in front of us, the critical piece is strategic focus and putting our energy, our time, our resource, our investments where they will make the biggest difference.

And so, I'm going to transition here into highlighting our strategic focus areas going forward. We have seven strategic focus areas. I will touch on each one. They are grouped in three areas. The first area is about expansion and growth. The second area is about transformation. And the third is acceleration, which is really our people, our talent, our capabilities and our culture.

So, to start with growth, I start with our brands. We continue to leverage our brands and strengthen our brands. And for our retail portfolio, those brands are consumer-facing. We need to make sure each one of our consumer-facing brands has a clear ambition, a clear role, clear strategies, and a big consumer opportunity. As we refresh,

renovate and innovate against these brands, we need to make sure we're moving where the consumer needs us to move.

Now, some of our retail brands stretch over across away from home and foodservice channels very well. Some of them stretch to our global markets very well. But we also have a number of very powerful bespoke foodservice brands that mean a lot to our operator partners as they think about the quality and value that our foodservice solutions bring them every day under that branded portfolio.

From a retail perspective, we've recently gone through quite an exhaustive analysis to get to true prioritization. We've looked at our portfolio financially, strategically, and importantly, from the consumer point of view. We've landed on what we call our top eight brands. These are brands where we have strategic advantage, we have some financial advantage, and we also see a very clear opportunity to build a bigger consumer platform for each one of them into the future.

We have also identified what we call next sources of growth. Think of these as platforms we're building today that will be incredibly relevant well into the future. They align well with our projection of consumer trends. Think about things like ready-to-heat-and-eat prepared dinner entrées. Think about things like substantial snacking and evening snacks. Think about things like authentic Mexican food experiences. These are our next sources of growth and our platforms for the future.

Now, what does it look like when we activate one of our brands with this increased focus and we turn it into a bigger consumer opportunity? I'll speak to Planters first. So, Planters is a leading brand in the snack nut category, a lot of great strengths. But if you actually take a step back and think about the inherent properties of nuts, the fact that they're real food, that they're packed with protein, that they're satiating, they actually are playing in that much bigger space I talked about earlier of substantial snacking.

By adjusting Planters with different points of distribution, different channel innovation, packaging formats, flavors, marketing messaging, we are on a path to unlocking a much bigger frame of reference called substantial snacks for Planters and moving beyond the measured packaged nuts category.

A second example of that is our Applegate brand. So, Applegate is our high animal welfare, simple ingredient, environmentally conscious brand that plays across the store in a variety of different meat categories. Applegate also happens to align incredibly well with consumers' increasing desire for convenience, especially in the morning.

So with more and more consumers, as I mentioned earlier, looking for convenient protein solutions in the morning, we've opened up a major growth platform for Applegate around convenient breakfast. Part of that was done by leveraging our core frozen breakfast sausage platform with channel expansion and marketing growth. But part of it was by introducing a range of new products that are fun, super convenient in the morning products, things such as the Applegate Frittata Bites, which we sampled earlier, or the pancake and sausage on a stick product, or Applegate breakfast sandwiches. All of these are examples of how we're becoming an even better ally for busy households looking for great, clean solutions in the morning.

Moving past our brands, I'm going to touch on two other strategic focus areas for our growth agenda. This one is building what I call enterprise-wide growth platforms. In our new scaled operating model that Jeff mentioned earlier, we have the ability to build bigger platforms that stretch across markets, that stretch across channels. That's how we will leverage our scale for growth. It could be building a global brand. It could be a more global cross-channel innovation platform.

One example of this is SPAM. If you were to take the narrow view of SPAM, you would say it's the leading brand in the canned luncheon meat category, and it is. It has a very strong market share in canned luncheon meat. But our team chose to look at SPAM differently. We took a step back. Inspired by the way people use SPAM in Asia, in Hawaii, in different sushi formats, and SPAM musubi, our team chose to reposition SPAM into this much bigger growing global market called global sushi.

And in fact, we now have SPAM in sushi departments of grocery stores from coast-to-coast in the United States, delighting consumers and working closely with our operator partners to make that a reality. This is truly a global platform that we can take across channels and across markets as we continue to scale SPAM globally.

The second example of an enterprise platform is how we approach Mexican. We've been in the Mexican business for a long time through our partnership with Herdez Del Fuerte. Now, through that partnership, we have access to Mexican insights, Mexican flavors, Mexican recipes, Mexican foods. And so we build our Mexican business from that base. What we also do is we're now extending our Mexican flavor systems and brands into new categories like refrigerated entrées, where we're offering things like Herdez-branded Al Pastor, or Herdez-branded Carnitas.

We are also leveraging our Mexican know-how, working closely with foodservice operators in their kitchens to figure out how to make their protein menu authentically Mexican and put great items on the menu they can feel good about. This is another platform we're scaling across the company.

Our third growth focus is what we call origination. In a world where the demands for protein to get easier, more delicious, more convenient, more affordable are going to continue to rise, we need to be ahead. Our founder George Hormel many years ago said, originate, don't imitate. And that is our call to action, origination and figuring out what's next.

One example of this I'm going to go to is solving a pain point. A lot of the best innovation comes from finding something that's truly a pain point for a consumer or an operator. In this case, the pain point was breaded chicken. Breaded chicken has been a huge growth space in the foodservice outlets across many channels, partially driven by the growth around the fried chicken sandwich. But preparing from scratch breaded chicken from a raw state is actually very time consuming and very messy. Now, there are frozen options, but those frozen options still take six or seven minutes in the fryer to come out of a frozen state. They tend to lack distinction.

And so, we took our Flash 180 platform. Our Flash 180 platform means a promise of 180 seconds or less prep time in the kitchen. We took our Flash 180 platform and we expanded with breaded chicken. And what we're now delivering to operators are breaded chicken solutions that can go from a thawed state to the plate in three minutes or less, a very elegant solution in the kitchen, a lot of efficiency, but also allowing our operators to delight their eaters with crispy, high-quality breaded chicken that they're looking for.

The second innovation example I'll touch on is bacon. So, bacon is a category we know well. People love bacon, not surprisingly. We hear from consumers that they need bacon more often because they love it so much. We hear from our operators they'd love to put it on the menu in more items. But the reality is, bacon is hard. People don't like touching raw bacon, cooking bacon, messy cleanup, grease, there's a lot of issues with bacon that make it hard. So we've been in the business of making bacon easier for some time, whether it's our fully cooked platform that we drive through foodservice to make fully cooked bacon high-quality in operators' kitchens.

We have tear-away pouches for home kitchens, pre-portioned pouches of microwave-ready bacon, that's also a good solution that's driven growth and distinction for us. But our latest innovation in bacon might be our easiest yet. We call it Hormel Black Label Oven Ready Bacon. It's sold at retail on a disposable tray. You bring it home on

that disposable tray as a consumer. When you're ready to cook, you slide that tray into the oven. You never touch the raw bacon. When it's done cooking, you pull it out. You can consume the bacon and throw the tray away. No cleanup, no mess. This is proving to be very popular with younger consumers who are looking for convenience, and it's proving to be very incremental and additive to the bacon category in total. We have a lot of growth opportunities on this business.

I'm now going to move over to the fourth strategic priority for us is just making sure we have our supply chain in a strong enough condition and really focusing on the future of our growth agenda, so we can handle what we need to grow our business over time. We have been over the past two-plus years, as Jeff mentioned, [ph] spoke (00:36:19) through our Transform and Modernize initiative, really working our entire supply chain, investing in it and improving it from end-to-end. Whether it's how we procure and buy our products, how we plan and make decisions, how we make and manufacture, or how we move and store our products, we are investing in improving our supply chain from end-to-end.

In the near term, some of the opportunities have been network optimization. We've announced over the past year, a couple of closures of facilities to consolidate manufacturing. We've also announced the opening of a new distribution center. We continue to make modernization investments where we're putting in new manufacturing capabilities, such as a meat snacks manufacturing facility we're building in China. And we continue to invest in what I call more foundational centralized processes. Hormel Production System is our proprietary system we've rolled out across all of our global plants to help us harmonize how we manufacture and how we measure our manufacturing productivity.

Hand-in-hand with improving and solidifying our supply chain is simplifying our company. Our company has grown over time, and we need to continue to focus on the simplification agenda. This includes things like simplifying our processes. We now are leveraging as an example of that integrated business planning, or IBP, across all areas of our company with consistency.

The second example of how we're simplifying our company is scrutinizing our portfolio and making sure we are really focused on the lower complexity, higher profitability, strategic choices for the future. Here, I've highlighted a few of the transactions we've announced recently, couple of them being smaller businesses that still had a lot of potential, but needed a new ownership structure to extract that potential. And then a couple of businesses or what I would call more commodity-oriented businesses that are not as aligned to our strategy of a consumer-driven value-added protein company.

The most recent example of that is the one we announced yesterday that Jeff touched on, which is the transaction of divesting our whole-bird turkey business. In a way, this turkey story is a microcosm of our overall company story, meaning we will continue to focus on Jennie-O. It is one of our top priority brands. It's the number one brand in retail for ground turkey, which is an incredibly on-trend growing category, meeting consumer demand for versatility and lean ground protein. We will also continue to leverage Jennie-O and turkey in value-added formats with our advantaged foodservice model. But we are exiting the part of the business that is more commodity-oriented, that is more volatile, that is less connected to consumer demand and trends.

Our sixth focus area is modernizing our technology and data, and what you will continue to see from us is a steady drumbeat of investments and improvements in modernizing our company. Whether that's investments we're making in AI to accelerate our growth agenda, whether it's investments we're making in our manufacturing facilities to automate production, or whether it's in the strengthening of our tech stack overall, working closely with partners like Google Cloud, o9, and Oracle to make sure we have the platforms we need and our foundation, technologically speaking, for the future.

The final strategic focus area for us is acceleration through talent, capabilities, and culture. This is all about our people. And what we're building at Hormel is what I considered to be a best of both model. At Hormel, we have deep institutional knowledge, we have deep culture, we have deep commitment to our company, and we have great knowledge. Think about from a Hormel perspective, things like deep knowledge of proteins, deep understanding of channels and customers, deep understanding of consumers and culture. But what we're marrying with that is some capabilities we're bringing into the company. And so we are bringing in some external talents, some external leaders. I'll touch on that in a moment.

And the idea is to bring in some things that are additive to us. Think about things like data, technology, e-commerce, revenue growth management, innovation. That journey begins with our leadership team at Hormel Foods, and I'm excited to share some of the recent leadership appointments we've made within our leadership team.

First, all the way on the left, we have Jeff Baker. Jeff Baker has more than 35 years of experience working across all parts of Hormel, deep institutional knowledge, great track record of results. He has been appointed to Group Vice President of Enterprise Business Performance, working across our business units and our supply chain to ensure strong decision-making, strong execution, really leveraging integrated business planning every day.

Natosha Walsh, she has more than 25 years with Hormel. Natosha is our newly appointed Head of Retail Sales. Natosha also has very deep institution knowledge, customer relationships, understanding of our brands, our people, our channels and retail. Those are two of the internal appointments I'm excited about.

From an external perspective, we're bringing a few new team members onboard. Domenic Borrelli is joining us as the new Head of our Retail Business Unit. Domenic comes with over 25 years of consumer packaged goods experience, including from Kraft Foods, Maple Leaf Foods and most recently Danone.

Jason Levine is joining us in a newly created position, Chief Marketing Officer for the Enterprise. Jason has an outstanding track record of more than 25 years in CPG from Mondelez and more recently with some smaller, more entrepreneurial companies.

And most recently, we announced the addition of Will Bonifant to our team. Will is our new Chief Supply Chain Officer. He's coming with 15 years of supply chain experience at Hershey, helping transform and automate Hershey's supply chain around the world.

This rounds out our full leadership team. I couldn't be more excited about this group. It has that balance of deep institutional knowledge, understanding of proteins, understanding of our channels and customers, married with some of the best-in-class capabilities we're building in the company today to take us forward.

And so, with that, we believe we have the pieces in place to really convert our opportunity and to unlock that potential into results. We have the clarity of enterprise purpose, mission, strategic focus. We have clarity on the capabilities we need. We have the leadership team in place that I consider to be a best-in-class leadership team we've built. And it is that confidence that we can state the achievable nature of our long-term growth algorithm for Hormel Foods. In an industry backdrop where growth is difficult to come by, we believe that 2% to 3% organic net sales growth and 5% to 7% operating income growth is achievable for Hormel Foods.

And so, in conclusion, I would say we've been in the protein business for a very long time. And we are making some pivots. We're making pivots to make sure the consumer, the customer, the latest in data and technology is

front and center with how we approach winning with protein. But hopefully, you agree that the uniqueness of our opportunity, the uniqueness of our company is as clear as it's ever been.

Thank you very much for your time.

Jonathan Feeney

Please join me in thanking Hormel Foods. And just once again, there'll be no Q&A.

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