08-Jun-2026

Hormel Foods Corp. (HRL)

Oppenheimer Consumer Growth and E Commerce Conference

Copyright © 2001-2026 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

John Ghingo
President & Director, Hormel Foods Corp.

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

OTHER PARTICIPANTS

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Rupesh Parikh

Analyst, Oppenheimer & Co., Inc.

Good morning, everyone, and thank you for joining us at Oppenheimer's 26th Annual Consumer Growth and E-Commerce Conference. My name is Rupesh Parikh. I'm the Senior Food, Grocery and Consumer Products Analyst here at Oppenheimer. I'm happy to introduce our next presenting company, Hormel Foods. Joining us today are President, John Ghingo; and Interim CFO & Controller, Paul Kuehneman. So thank you both for being here. The format of today's session will be a fireside chat with a number of questions I prepared. So let's begin.

Copyright © 2001-2026 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

So, John, I'd like to start by giving you some time to introduce Hormel, who is Hormel today? And how do you differentiate your company in the current food industry?

John Ghingo
President & Director, Hormel Foods Corp.

A

Well, great. Good morning, Rupesh, and thank you. Yeah, we really – we like our plot in the industry right now with Hormel Foods. I'll talk a little bit at a high level of, I think, what makes us a different kind of company and why we're well positioned right now. We consider ourselves – the line we use is the consumer company that wins with protein. And we do see ourselves as different from a pure play protein company, different from a packaged food company in the sense that we really play broadly across proteins, but we're very focused on the consumer. So if you look at our portfolio from a protein diversification standpoint, we obviously have a legacy business that we built over many years that's built around pork. We have a strong turkey business, we have strong beef, chicken as well as nuts and nut butters. That protein diversification gives us a lot of opportunities to connect with the consumer.

The other part that really is a differentiator for us is our balance across channels. If you look at how our business has developed across both Retail and what we call Foodservice, which is really away from home channels. We have a great opportunity to meet consumers where they are, whether they're bringing things home to prep in the home kitchen or they're out away from home, consuming food and looking for protein. And so, when you step back from that and look at the rising demand for protein in the US and globally and how consumers are looking for more protein in the morning, more protein throughout the day for snacks, we feel like we're in a really good position to capture more and more of those consumer occasions. And the focus for us is just to continue to make sure we're converting those proteins. We're not just trading protein, but we're converting and adding value. So think about trends like convenience, flavor, affordability right now is a key topic with many consumers. And so making sure our portfolio, which plays well to affordability is also meeting their needs. All of those things have given us, I'd say, a certain resilience to our demand, which we feel very good about, but a lot of opportunity going forward as well. And actually maybe, Paul, do you want to comment a little bit around demand over recent quarters?

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

Yeah. Just to highlight that, John. I mean, we just announced our Q2 results a couple of weeks ago and obviously our sixth consecutive quarter of organic sales and net growth, which is great to see. And also we – and we're able to improve our gross margins in the last quarter. So we continue to move forward regarding our Transform and Modernize Initiative to help drive the business and propel it forward.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Great. Thank you. So before diving into some more strategic questions, I'd like to touch on the consumer environment. How would you characterize the current health of the consumer across Retail and Foodservice?

Copyright © 2001-2026 FactSet CallStreet, LLC

And are you seeing any incremental shifts between food at home versus food away from home or across retail channels?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah, I would say the big theme for us with consumers when we talk to them is just the what I call the cumulative effects of inflation that have piled up over the past several years. The consumer is strained. There's some caution there. On top of the cumulative effects of inflation, the recent fuel spikes and gas price spikes have impacted consumers as well. So the way I look at it is demand in general in food has been resilient, particularly in protein, we've seen consumers still spending on protein. But increasingly, consumers are what I'd call deliberate, being very deliberate and looking for value. So when they're spending, they want to make sure they're getting good value for what they're putting forward in terms of dollars. So while the sentiment is low and consumers are strained, if the value equation is right, consumers will still pay.

Now, if I look across channels, I would say both Retail and Foodservice have demonstrated some sluggishness, but also some resilience. And in the Foodservice channels, in particular, traffic has been generally, I would say, slow across the board. There are some pockets that are better than others, but at the macro level, traffic is slow. So when we talk to our operator partners in the Foodservice space, a couple of big themes are menu inflation, right? They're trying to control those menu prices because traffic is low. They're still trying to differentiate their menus to fight for traffic and compete for share in what is a sluggish environment. So we just – for us as a company, we need to stay very focused on the value equation for consumers to make sure that we're there as a partner to them when they need something. And with our operator partners to help them solve those issues, to manage labor, to differentiate their menus and bring solutions that can help them win in a strained environment. So strain, I guess, is the word, but there's resilience there and we're there to partner on that.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Great. I'll now switch gears to some Hormel specific questions. So, John, since you took over as President of Hormel in July of last year, your team has seen a meaningful traction in your turnaround efforts, including a stabilization in underlying business. This is highlighted by six consecutive quarters of positive organic sales growth and expectations for a return to earnings growth this fiscal year. So as you step back and look at the past year, what areas have performed better than your initial expectations? At the same time, what areas might the company be seeing slower progress than what you may have initially hoped for?

John Ghingo
President & Director, Hormel Foods Corp.

A

So there's been a lot of change in the company over the past few years. I would say, a lot of positive change and important foundational change for the future. So if you go back a few years, we've set up what we call our Go Forward operating model where we really went to a scaled operating model for the first time with one Retail, one Foodservice, one International division. So three operating segments as well as one global supply chain to support that. That was a very foundational change. We also, as you will recall, a couple of years ago, began our Transform and Modernize program, where we put a number of investments into the company across all different areas, across the supply chain, planning, making, buying, moving our products, as well as investing in data analytics systems. All of that was foundational work. And I will say, some of what – to the point of your question is some of the value of that came quickly, right? So if you think about some of the savings we were able to get in procurement as an example of standing up a procurement function and organizing ourselves around the buy pillar.

Copyright © 2001-2026 FactSet CallStreet, LLC

Some of the other areas are truly foundational changes that are starting to pay benefits now, but actually set us up really well for the future and take more time. So if you look at how we are operating our manufacturing network is another example. We've talked about Hormel production system. For the first time as a company, we've moved to one operating system for all of our manufacturing facilities. That's given us some quick wins, but it also a lot of that benefit is still ahead. So I think we have examples in terms of both of those on how we're progressing, which is some thing's coming in now, but more importantly, the foundation we're setting for the future, we're going to continue to capitalize on those benefits going forward.

And then the last piece I will mention that is a little bit longer term in nature is just portfolio shaping. So we've talked publicly about how we continue to look at our portfolio. We've made some strategic moves to exit some businesses, to divest some businesses. And that work is very important also in getting the foundation of the company set. So some of those have been announced. Obviously, we can dive into those later, if we want to. But I would just say that all of that is work that is starting to yield some benefits now, but sets us up really well over the next few years.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

And then we've also seen meaningful change in senior management at Hormel lately, including the company's first Chief Technology Officer and a new Chief Marketing Officer. Do you believe the core parts of the team are now in place, or are there further opportunities to enhance the team?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah, thank you for that question. I mean, certainly for me, since I took the President role last year, building the leadership team out has been a major priority for me. And you're right, we established Chief Marketing Officer role. We hired Jason Levine into that role. A great marketing person with a lot of industry experience. Don Monk took the Chief Technology Officer role. Don is another person with great deep industry experience.

On top of that, there were two other key leadership appointments in the past six months. So we brought in Will Bonifant from Hershey, who is instrumental in supply chain transformation. He's kind of setting a new vision for our supply chain. And then, we also hired Domenic Borrelli. Domenic has a long background with industry experience as well at Kraft and Danone. And Domenic backfilled me in the retail role. I mentioned all four of them because they all come with deep industry experience. They're helping us see things that we needed to see frankly, from an industry perspective, as we're transforming ourselves and becoming more and more of a consumer focused company.

That being said, we have in Hormel and I always like to mention this because it's a critical part of the equation, deep institutional knowledge and many leaders with 25, 30, 35 years. And so my leadership team really is made up of a blend of both; outside experience with some good lessons we can learn externally, as well as folks who know the protein markets, who know the culture of the company, who know the customers of our company really, really well. And so we've created what I consider to be a best of both team, leadership team to lead the company forward. And the team is working really, really well together. Very focused on culture, very focused on results, and very focused on lifting the organization, training, teaching, developing talent. So yeah, I feel very bullish about the team we've put in place. I feel like we have moved in a direction that will allow us to really get the best of both.

Copyright © 2001-2026 FactSet CallStreet, LLC

I would point out that Paul is another example of someone on our team with deep company experience. Paul's done a great job stepping into the Interim CFO role. He has 30-plus years with the company. He knows the company inside and out. So he's just an example of some of the talent we have here at Hormel Foods.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Great. Then, as you look at all these leadership changes, what new opportunities do you believe these leaders can unlock?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah. So I would say the – in the prior question you asked me about some of the – what's still ahead? And the foundational investments we've made in technology data systems. The new leaders are coming in now and kind of plotting the future to say, okay, what are those opportunities? What's out there? I'll point to a few things where we're accelerating our efforts. So brand building, modernizing and accelerating our brand driven growth is a critical opportunity. There's so much there for us to connect with consumers into the future. Innovation is another one, thinking about building scaled innovation platforms that can operate and serve the company across channels, across markets. So think about both in the US as well as globally brand building, innovation efforts. E-commerce is another area where we're accelerating our efforts. Revenue growth management is another area where we're strengthening our capabilities and investing for the future. So because we've put those foundational pieces in place, there's so much more we can do now. And the new leaders are coming in with the right experiences, the right understanding of how do we put those pieces together. So both accelerating the top line, but also making us just a more efficient, more profitable company and leveraging bigger platforms for growth.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Great. I'm now going to cover a few questions on your portfolio. So late last year, the company announced a new strategic partnership for the Justin's brand. And in April, you completed the sale of the whole-bird turkey business. So curious as you sit here today, how do you feel about the health of the underlying portfolio? Are there opportunities to further optimize Hormel's offering? And what do you see as the biggest areas of further improvement within the portfolio?

John Ghingo
President & Director, Hormel Foods Corp.

A

So yeah, I mean, we continue to look across our portfolio, right? It's an ongoing process as we strategically assess what we have today. We're a company that's been built over many, many years, over 130 years of acquisitions, but also organic growth and creating new categories and brands. So it is an iterative process for us to continue to look at what makes sense for us going forward.

In the case of some of the businesses that we have moved away from, they were strategic decisions. They're good businesses. So take Justin's as an example. Justin's is a very good brand with some strong affinity with consumers and retailers. But what we were seeing is the growth on Justin's was really coming from a non-core area for us, which was confectionery. And so, it made sense for us to say, look, even though this is a strong brand, at the size it is and where the growth is coming from, we should create a different situation. And so we sold the majority of that business to private equity firm, which made sense to extract the value for that brand.

Copyright © 2001-2026 FactSet CallStreet, LLC

In the case of the whole-bird turkey business, very different example. That's a business where there's a lot of volume, a lot of revenue to be had, but it's a very volatile business year-to-year, more commodity based. It's not a growing area in terms of consumer demand. In fact, demand is flat to maybe slightly down year-over-year. So it just didn't align with where consumers are going and it didn't fit the type of value added business we're looking to create. So we've done those. We've also announced publicly that we've exited some strategic businesses, private label, snack nut business as an example, where we've scaled back. So those are some of the moves we're making. We're – our number one focus is building our branded portfolio in Retail and growing our Foodservice business. And so that's where we want to put our energy.

So if you think about where are those opportunities for growth? Our priority brands and Retail have a lot of opportunity to connect with consumers. Whether you look at our center store portfolio with brands like SPAM and HORMEL Chili, think of those as more affordable type proteins. If you go out to the perimeter and think about brands like Jennie-O ground turkey, which is incredibly aligned with consumer preferences or Applegate, which is connecting with consumers in a more premium way with the natural organic benefits that consumers are looking for. And our poultry set there in general between Applegate's chicken portfolio and Jennie-O is a great area for consumers right now. And then just think about our nuts and nut butters. If you think about Skippy and Planters, these are great brands with a lot of potential for substantial snacking. So we love our branded portfolio in Retail.

And then the other thing I'll just point out in terms of portfolio priority is we have a great Foodservice model, an advantaged model that we go to market with, that's allowed us to deliver consistent growth on that business quarter-over-quarter-over-quarter. Even when traffic is strained like it is right now, we're still able to grow the top line because of how we connect with operators and deliver solutions. So we continue to look for opportunities to dial up and dial in on Foodservice where we can accelerate growth with some of our critical platforms there.

And then I will just touch on since its portfolio in general is globally, we see some real nice opportunity across the Asia Pacific region. So our China business has continued to perform well. We've built that over many years. It's now at a size and capability level where we can invest more in it to accelerate growth. But it's also a feeder to Asia Pacific generally, and we have a number of investments and partnerships across the region in Asia Pacific, which allow us to think about really how do we align ourselves with, which is a high growth region globally with a lot of protein demand forecasted to continue to increase into the future. So those are some of the priority areas we look at within the portfolio.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

And then as you think about potential opportunities within the portfolio, how do you think about building these organically versus M&A?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah. I mean, our focus is on organic growth. So we certainly see through innovation, renovation, investing in brands, investing in selling capabilities. Some of the other capabilities I mentioned earlier that we can grow our businesses organically and accelerate that growth nicely in the years ahead. So that is our number one focus.

That being said, we also have a history as a company of acquiring other entities and making investments in other entities. And we've had a lot of success and contributed to our growth by doing that as well. And so, if you think about it from a strategic standpoint, where is the consumer going in terms of that demand for protein? Where are they looking for more health, more convenience? Where are they looking for different occasions around protein? And how could an inorganic or acquisition target or strategic opportunity fit the portfolio that we can add value to,

Copyright © 2001-2026 FactSet CallStreet, LLC

to meet those consumer needs? Then maybe, Paul, this would be a good chance for you to talk a little bit about how we look at M&A?

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

Yeah. No, thanks, John. I think we have a strong balance sheet right now, obviously. And we've got a very disciplined approach to M&A that we've taken over time with several examples, as John kind of talked about within maybe the Foodservice area, as we acquired Burke and Fontanini as well as in the Retail area with like Applegate, where really it's all about getting that right target at the right price at the right time and making sure our diligence process takes all of that into account as we go forward in the M&A field.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Okay, great. And then what are your key innovation priorities and how are you aligned the portfolio to major consumer trends like protein, which you discussed earlier and then GLP-1 adoption?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah. So it is an interesting time. There's a lot of opportunity in the food industry right now. Consumers are shifting their expectations and some of the things they're looking for out of their foods. And so we've actually landscaped what we could call the consumer demand framework and future-proof that to kind of look out and say, okay, where do we think this is going? Where are the market spaces within there of opportunity that we think we can position our brands and innovation into? And so when we do that, we see a few interesting things emerge. One is the nature of snacking is changing. The snacking behavior is still there. People are still looking – call it snacking or call it eating smaller portions, but people are looking to eat more frequently smaller portions of food throughout the day, less kind of bigger meals, sitting out for bigger meals. So we do see that trend. Underneath that is some of the traditional snacking categories are under some pressure. So if you think about snacking categories that are built with products that have a lot of carbs or sugars, those categories are under a bit of pressure because consumers really are not looking for those types of snacks.

What they're looking for is what I would call substantial snacks. So what are things I can fuel myself with during the day that give me some protein, that make me feel satisfied, that satiate me, that may give me the energy I want. And so many consumers are associating those benefits with protein. And so they're actually looking to kind of dose protein during the day. And it's not just younger consumers, although there certainly is a bit of a frenzy around protein right now with younger consumers and Gen Z looking for protein in everything, but if you just step back from that, the 25-year trend around protein has been a journey of understanding, education with consumers. And so if you look at Boomers, Gen X, Millennials, Gen Z, there is an increased appetite for protein broadly during the day. So snacking is an example of where we see the shift happening, where those consumers want to snack on protein.

The other one that to me is very clear is morning. So if you look at how people are eating in the morning, they are looking for more protein, more substance in morning foods and less carbohydrates. And so as we think about innovation, we think about, okay, how do we take our portfolio of brands and our capabilities to deliver those morning solutions they want, that are easy, quick, convenient and protein rich? How do we do that for snacking? And then frankly, dinner hour is also one where people are looking for quick, healthy dinners that they can get on the table quickly at home or away from home that are healthier. And so we're focused on all of those areas from a trend perspective.

Copyright © 2001-2026 FactSet CallStreet, LLC

GLP-1, it's kind of underneath that as one of the drivers of how people have different expectations, right? So the GLP-1 community is looking for certain things that tend to be protein and fiber to enhance their diets, but it's broader than that. If you kind of look at the various food communities and what people are looking for, a lot of those trends extend where folks are looking for similar benefits for different dietary tribes.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Great. So that's a good segue [ph] into my next area that I (00:20:41) want to touch Planters. So Planters seems to fit well into that theme as a non-meat-based plant protein. So can you walk us through the roadmap of opportunities from here for the Planters brand?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah. So Planters is a very much one of our loved brands. Good acquisition for the company to get us into really that what I'd call substantial snacking space. Leading branded snack nuts able to play broadly across the snack nut and snacking categories with the brand that has a lot of equity. So the position in plant-based protein, the position in substantial snacking is a very strong one. That being said, in the longer term, dialing up the innovation to connect with consumers of different ages is critical for us, right? How do we continue to do that? We've had some success with bringing exciting flavor combinations that have helped attract younger consumers into the brand and the category. We need to continue to stay on the front foot with innovation, brand building, renovating the Planters brand. So all of that work continues.

That being said, the here and now in the category two of the areas we put a lot of focus for Planters; one is revenue growth management. We do have a very large portfolio across many channels. So you'll find Planters really across our Foodservice away from home channels. If you think about convenience, if you think about unattended retail, if you think about all the places where snack nuts can be, we want Planters there as well as traditional retail channels. And so investing in revenue growth management and price-packed architecture capabilities, which we are doing as a company Planters is our number one priority as we build that capability out of how we're going to adapt our portfolio to get to the right price, right pack, right channel combinations.

And then the other area we're putting a lot of focus is e-commerce. So Planters has a significant opportunity to drive online penetration as an impulse category, where we can capture more purchases by again having all the basics right in terms of the digital shelf, our assortment on shelf, our pricing strategy. So Planters, again, there is we're investing more in e-commerce and digital capabilities is our number one priority. So in the short run, we see a lot of opportunity to accelerate our Planters performance by focusing on revenue growth management, e-commerce. Longer term, that innovation and brand building machine is still a very, very good opportunity as well.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Great. I now want to switch to your Retail segment. So revitalizing the Retail segment has been a major focus for your team. We saw some green shoots in Q2 with the return to positive organic sales growth. I was hoping you can talk about the key efforts here as well as your confidence getting Retail back to even stronger levels of sales and value growth over time?

John Ghingo
President & Director, Hormel Foods Corp.

A

Copyright © 2001-2026 FactSet CallStreet, LLC

Yeah. Thank you. So Retail is a segment that we've done a lot of work kind of revamping. We continue to invest a lot of time and work in renovating for the future. When I step back [indiscernible] (00:23:37) number one, how are we performing with consumers? And in the second quarter, our consumption was up. Total Hormel consumption was up 1%, that was driven by consumption growth on our priority brands. So we like that starting place is our consumption has steadily increased and we want to make sure we stay on that path. Number two, we have had to implement a number of different pricing actions in Retail that we've talked about before. When we saw the inflationary pressure come in the back half of last year, protein markets spiked. They spiked again as we went later into the year. We had to put in place multiple waves of pricing actions on our Retail business. So that has expectedly suppressed the volumes to some extent. The elasticities under Retail business have largely played out in line with what we would have expected with those price increases, but it definitely has taken volume out.

On top of that and I talked about this kind of the back half of this year is going to be a little bit noisy for us on Retail because we do have some of the volume coming out from those pricing actions. But we also have some of the businesses that we are walking away from. If you think about the private label business, I mentioned earlier, if you think about the whole-bird turkey. So you're going to see some of that play through. So our focus will be continue to drive branded consumption growth, continue to focus on the priority brands. So if you think about brands like Jennie-O, Applegate, Black Label bacon, our Mexican business with Herdez, these are some of the businesses that have been performing well, where we believe we can continue to invest and keep them performing well. The pricing actions, while they have suppressed volumes, they have helped us recover margins on Retail. We saw that play out as well.

And then over time, the two other things I guess I would mention, one is we'll continue to do the portfolio strengthening and shaping work. We have a portion of our Retail business with really good margins, very branded business that's very attractive. We want to continue to focus on that business. And if there's pieces that don't fit, we'll continue that work to exit those businesses over time. But two, we have strengthened our leadership team and capabilities, I would say pretty well over the past year. So the new retail leader we brought in, as well as a very experienced leader over the RGM and data space who we brought in, those capabilities will start paying as well, right, as we accelerate our Retail performance. So we still have work to do, but I feel very good about the progress and the future ahead.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Great. Now turning to Foodservice, which has been a clear bright spot for Hormel for a long time. So Foodservice momentum continued into Q2 with organic sales up 7%, marking the 11th consecutive quarter of positive growth. What is your team's confidence in sustaining momentum here? And what are the bigger opportunities your team still sees in this channel?

John Ghingo
President & Director, Hormel Foods Corp.

A

So, it's interesting. I guess, the two comments I would make is I mentioned earlier that I believe we have an advantaged model in Foodservice. The biggest piece of that is our direct selling organization, which is working very closely with operators across channels, across the country. And so by being in the kitchens, talking to the operators, we can see where their pain points are. If we can help them take labor out of the kitchen, if we can help them control pricing on the menu, even though inflation is happening, what are the other things they can control like labor? And if we can bring them news, can we actually help them win and can we win in a time when the industry is down? So I'm very confident in that capability. I'd like to say our sales people are not just sales people, they're insights gatherers, they're problem solvers, they're innovators, right? They're doing all those things. And so number one point is that model is advantaged.

Copyright © 2001-2026 FactSet CallStreet, LLC

Number two is we do have very broad channel diversification in Foodservice. So if you look at our business commercial, non-commercial, if you look at it is what we call down the street, the mom and pops, independents to the bigger chains, we cover broadly across, which means we can find the pockets of growth and dive in to accelerate our performance and the operators performance where we see those pockets of growth and opportunity happening. So we are on, I think, 11 consecutive quarters now of Foodservice growth. We want to keep that going.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Great. Now I want to go back to...

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

[indiscernible] (00:27:41)

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Go ahead, Paul.

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

I'd just add one thing on the Foodservice piece there. Sorry Rupesh. On the multi-channel mix that John talked about here is really important as well between colleges, universities, hospitals, K-12 and even the backside of the convenience stores [ph] as their (00:27:55) back of the house piece as they're making food for their consumers to come into the stores really important, and that just adds another dimension to our Foodservice business.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Great. And I want to go back to a topic where you briefly touched on earlier with some of the management changes. As we look at the capabilities and investment of Hormel, how should we think about your ongoing investments and capabilities, particularly supply chain modernization, technology and AI and the benefits expected over time?

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

Yeah, I'll take this one, Rupesh. Thanks for the question. We are making targeted investments in capabilities that we view as foundational to the company's performance, specifically in supply chain and in technology and data. Supply chain is one where John talked a little bit about the HPS system, the Hormel Production System that we've done a lot of work on over this Transform and Modernize process the last three years and getting a standardized view of how the plants are operating, which has really provided benefit and productivity savings.

The other piece I want to make sure we talk about is that we are – we have a lot of site automation in our facilities. The automation in the plants is key in terms of our capital allocation over the course of time, making sure that we're running efficient plants with the newest technology available.

Copyright © 2001-2026 FactSet CallStreet, LLC

On the technology side, definitely improvement in the visibility and the decision making process is the keys there. We've got a lot new systems going into place and then that are operating now, that will help us drive value in the future. John referenced revenue growth management as a key one there and also price-pack architecture are two examples of where we're using some of that data and technology and to improve our business in the future. That being said, I just want to kind of reinforce that those aren't one-timers. A lot of the stuff that you're seeing now is still being implemented. We're in the process of really seeing the benefits come forward and that should drive a lot of value in the coming years from the Transform and Modernize initiative that we completed or are completing here at the end of this year.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Great. So we have about 5 minutes left. So I just want to wrap up with a couple of financial questions. So cost pressures are very topical in today's market, including with the Iran news overnight. And I guess, even this morning. How should we think about cost pressures today in your business, including freight and fuel and the path to improving margins over time?

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

Yeah, great question. Obviously, we're still operating in a cost environment that has some pressure, as you mentioned, freight and fuel, as well as certain input costs such as beef and even pork sits at a five-year or close to the five-year high averages. So we've factored that into our outlook. That being said, we do have a clear framework for how we manage through a lot of these details, whether it'd be in pricing and the thing – the items that we have put in place over the course of the last couple of years, as we've seen some of these things increase, as well as mix improvements, productivity in the plant like we talked about and then also, portfolio optimization as John's been talking about with some of these things in the whole-bird turkey, Justin's and private label snack nuts. So while there can be some variability quarter-to-quarter, the long-term direction for margins remains positive for us and something we're looking to improve as we continue to go forward.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

And I want to switch to one longer term question. What underpins your team's confidence in delivering the longer term growth algorithm? And how are you prioritizing capital allocation to support that?

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

A

Yeah, thanks for that question too. The algo really encompasses growth across all segments and channels and that we feel it's appropriate for our portfolio and our business. The three areas that we focus on obviously are the dividend, we're Aristocrat with over 60 consecutive years of increasing that dividend and something we take very serious and we definitely are focused on continuing.

As I mentioned, investing in our facilities in terms of automation and the HPS systems that we're implementing and always continuing to look for improvements in how we manufacture our products. And then, we briefly talked already on M&A earlier, but making sure that we've got that disciplined approach with the right targets, the right price and the right time to make sure that we continue to look at M&A availability and that we are open for business on the M&A front, as Jeff has stated in previous earnings calls.

Copyright © 2001-2026 FactSet CallStreet, LLC

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Q

Great. So I'm going to conclude with one final question. Just on the e-commerce front, so you guys talked about before a focus on Planters and improving the penetration of Planters on the e-commerce front. But as you look across your portfolio, are there other brands or just opportunities do you see to further increase that e-commerce penetration over time?

John Ghingo
President & Director, Hormel Foods Corp.

A

Yeah. It's definitely a capability we're building for the whole branded portfolio. We see a lot of opportunity. We do have certain brands where we are, I'll call it, ahead of the industry and very well penetrated. And then we have other brands that are lagging. We have some that are in the middle, right, that's kind of the spread of it. But I think all of our brands will benefit from what we're building. If you look at the consumption trends, where the growth is happening in Retail, so much of it is happening either in e-commerce or some form of online pickup and delivery. And so as we're getting our back engine stronger in terms of our ability to work with data, have the right data, and actually see things with the visibility that Paul mentioned. On top of that now, we're layering on really a learning mindset to how we go to market and connect with consumers closer to the point of purchase. E-commerce is just a wonderful environment and so we're starting to see the benefits of that. Planters is a big priority, but we have a number of other areas across the portfolio where we will be increasing our focus and investment, and we see a huge opportunity to accelerate our growth through e-commerce on our Retail business.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Great. Well, I would like to thank the Hormel management team for joining us today. So thanks, John and thanks, Paul and best of luck for the balance of year.

John Ghingo
President & Director, Hormel Foods Corp.

Thank you, Rupesh.

Paul R. Kuehneman
Interim Chief Financial Officer & Controller, Hormel Foods Corp.

Thank you.

Rupesh Parikh
Analyst, Oppenheimer & Co., Inc.

Thank you.

Copyright © 2001-2026 FactSet CallStreet, LLC

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

Copyright © 2001-2026 FactSet CallStreet, LLC