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Hormel Foods Corp. (HRL)

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CORPORATE PARTICIPANTS

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Interim Chief Executive Officer & Director, Hormel Foods Corp.

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President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

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Benjamin M. Theurer

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MANAGEMENT DISCUSSION SECTION

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

All right. We're good to go.

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

Good.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Awesome. Well, first of all, good afternoon, and thank you very much for joining us. Next on stage, we're pleased to introduce Hormel Foods, which is a global branded food company with over \$12 billion in annual revenues across 80 countries. And joining us today are Jeff Ettinger, Interim CEO, as well as John Ghingo, the company's President and incoming CEO.

QUESTION AND ANSWER SECTION

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

So, maybe let's get started. And when you look at just the priorities for fiscal 2026, Jeff, what were the key ones that you laid at the beginning of the year? And how would you assess the progress against those priorities where we stand today almost at fiscal year end?

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

A

So, heading into fiscal 2026, we had had a year in 2025 where we had driven top line sales, and so we wanted to maintain that momentum, but we weren't driving commensurate earnings growth, and that became really priority one, as we headed in the last part of the planning cycle and heading into the year. We focused on a few different levers that we thought could help improve that profitability. First was pricing. We had been hit with a lot of raw material cost increases during the latter half of 2025. And sometimes it takes a little time to get the pricing through, but by early in the second quarter, we were done with that in both the Retail and Foodservice arenas.

We wanted to improve mix, we wanted to improve productivity, and we are seeing enhanced margins as the year goes forward. And then one of the things we had looked at was our SG&A trend was, it was just frankly growing too fast compared to what the company was growing, and we needed to remedy that. And so we took a number of steps late in the year and executed them early in the calendar year. And indeed, as we sit here right now, we're seeing a 20-basis-point improvement on the percentage of SG&A, not counting advertising against organic net sales.

So that was the game plan. How are we doing against the game plan? I mean, it is a dynamic environment out there, so everybody's, I'm sure, been hearing about the consumer at all these different presentations. And John will talk a lot about the consumer here today as well. So that's been a challenge. We've seen challenges in the freight and logistics area, and with the Iran war and the spike in diesel costs, that's been something we've had to confront.

And then Ben, as I was chatting with you, I mean, even this morning as we get questions in our breakout sessions, people were asking, hey, a couple of the companies in your coverage universe are talking about, say, the pork cutout, and Hormel does still have one pork processing plant. We used to have three, so we're not a particularly large player in that. So our exposure is quite a bit lower. We have seen some negative margins in pork cutout, but we sell a lot of value-added products in both Retail and Foodservice, and frankly, the lower cost of goods is a benefit in those areas. So that's not really having a deleterious effect on us right now.

So where do we sit? We've actually been able to grow earnings this year by 6% through three quarters. Based on our guidance we provided for the full year, we're looking at a 6% to 10% range, so we expect to grow it again in the fourth quarter. On the top line, we did grow first and second quarter, third quarter we had a miss, and so we're looking to restore that kind of growth, but we think we'll be comfortably within the 1% to 2% growth range organically for the year. So, overall, I mean, our priorities were to enhance collaboration, so we reacted more quickly to different circumstances, such as some of the ones I've outlined, to increase our productivity and efficiency. And I think we've been able to do that mostly this year.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. Perfect. Thanks. Thanks for that summary. And just picking up on that, and you said third quarter was a little softer, and obviously recent earnings are still fairly fresh, just late August. So what were actually within the quarter, like the biggest positives, but also the bigger negatives that kind of like resulted in maybe slighter weaker soft line than at the beginning of the year? And what are your expectations as it relates to top line and bottom line for Q4?

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

So, I'll take that one, Ben. Thank you. Yeah, Q3 certainly had some moving parts, so I think it's worth walking through some of the critical ones, and then I'll touch on Q4. So starting with the positives in Q3, we continue to see very good momentum on our Foodservice business. Our Foodservice business posted its 12th consecutive quarter of top line growth. Our Foodservice business now accounts for approximately one-third of our company sales and approximately half of our company segment profit. So growth on that business is particularly meaningful to the total company.

We also like some of the momentum we saw in critical priority Retail brands. If you look at our more poultry-based franchises in Jennie-O and Applegate, we saw nice consumption growth there. We saw growth on our Hormel Chili business and our canned center store portfolio. We saw growth on our refrigerated entrees. We had growth on our HERDEZ brand. And importantly, we saw growth in the quarter in our Planters brand. So we really like some of the momentum in Retail.

Additionally, from a profitability standpoint, in Q3, we made progress. We expanded our adjusted operating margins. We expanded and grew our adjusted EPS in the quarter. So we felt good about that progress on profitability. On the other hand, I would say top line results were more mixed in total. And if you kind of break that down, we obviously had some near-term impacts from the portfolio shaping actions that we've been deliberate with and taking. On top of that, we saw some effects that we were expecting from a elasticity impact.

As you'll recall, we took two rounds of Retail pricing late last year and early this year, and so some of the volumes we saw come out were expected as a result of the elasticities. And then we did see a bit of softness on some of the other Retail pieces beyond that as well. So, in total, if I kind of look at the quarter, and then look forward to Q4, in Q4, we're going to continue to have some of that noise around the top line as a result of the portfolio shaping. But as Jeff mentioned, we are expecting to see some benefits of lower pork input costs in Q4.

And I think if you just look overall, we're being appropriately cautious with how we're walking into Q4 given the consumer and operating environment. I also think if you kind of take – my big takeaway from the Q3 call and the reaction to the call was, I think, if you look at the underlying performance of the business, the progress on the business, some of the momentum, I think it's stronger than some of the headlines and reactions to the earnings might suggest.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. Now, as said, Jeff is still interim CEO, but you will be the incoming CEO. So as you prepare to become CEO, John, what do you see the greatest opportunities for the company for the next several years, just with the backdrop of having been president for a while, coming in, what are your priorities?

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

Well, let me start with where I think we are. And I would say from a Hormel perspective, we are coming from a position of strength, and I say that for a couple of reasons. One, I do think the protein-centric nature of our portfolio gives us a unique opportunity to really catch consumer tailwinds, and they're not short-term tailwinds. These are long-term tailwinds with some additional short-term momentum. But I think we have a real opportunity as consumers are seeking more convenient forms of protein, seeking more affordable proteins, willing to pay a premium for certain proteins, looking for flavor-forward protein solutions. We are that partner that can provide that.

All of that opportunity sits upon a foundation which has been built over many years, a strong branded portfolio. We are leading position in 40 categories. We have away-from-home channel coverage through our Foodservice business that allows us to be that partner for the consumer whenever and wherever they're looking for that next protein occasion, whether it be in the morning, afternoon, dinner, snacking, anywhere in between, wherever they are, we can be there. So that's a great foundation with this protein-centric opportunity sitting on top of it.

Now for my focus going forward is how do we unlock more value from that opportunity? So a couple of things I'll call out that will continue to be really important focus areas for me and for the company. One will be innovation and renovation. We need to continue to enhance our portfolio to work really closely listening to consumers about how their protein needs are evolving, working with our operator partners in the Foodservice space to make sure we're understanding how do we uniquely solve problems for both consumers and operators. That's one.

Two, we need to continue to invest in data, analytics, technology, and strengthen our capabilities as a company, modernize ourselves, so we'll continue to do that work. And third is just a relentless focus on strengthening execution. We need to continue to execute, execute, execute, and execute well. So those are some of my focus areas, but if I pull back from all of that, I think we do have a unique plot. I think it is about investing in those areas to continue to get the growth out of the business. And I do feel like we have a good runway to consistent growth.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. Perfect. Thanks for that. Jeff, maybe if you could help us in contrast the current environment we're in with the industry dynamics when you were CEO previously, a couple of years ago.

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

A

I'll be happy to. I see this is your 19th conference. I think I was here at the beginning. So I was the CEO of Hormel Foods from 2006 to 2016. Clearly, that was an era where growth was more readily accessible for a lot of the players in the industry. We did feel like we had the team and the strategy and the portfolio and the execution chops to do better than many companies during that timeframe.

So as I look at the environment now, clearly, okay, it's not – there isn't growth everywhere at this stage in the food industry, but I guess I don't really have a woe-is-me attitude toward that. I mean, we are in food. It's like people still eat three meals a day, at least, four or five if you throw in snacks that are more and more prevalent. I was recently down at one of our major customers' headquarters and hearing about their goals and their goal is to double the meals they're involved with. And to me, that's the right focus. It's really less about calories or pounds. It's more about being relevant to people and those kind of forms.

And so I think the portfolio going forward is really well-positioned to take advantage of that. We have the protein centrality that John referenced. We have the solutions-based heritage that our Foodservice group, which has grown 12 quarters in a row now, even in environments where the total industry is not necessarily growing at that clip, they've been able to do that. And I think as John and the team get the Retail brands focused and the International markets focus, you're going to see that throughout the portfolio. So I think you have the opportunity as investors to invest in John and his team going forward as an entity that I think is going to do better than most in the marketplace going forward.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Okay. Now you mentioned Foodservice and the strengths there. Clearly, it's been very consistent source of growth and you set the share of it, half of profits. What does that performance actually say about the strength of the business? And where do you see incremental opportunities within Foodservice?

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

Yeah. So I think if you step back and look at our Foodservice performance over time, we have proven the business model. We have to be very unique and durable to grow even in down markets when industry challenges persist. What's underneath that to get to that part of it? I think three things that I point to. One is our value-added portfolio and the innovation we continue to bring to that portfolio. We need to continue to create more value. And as we do that, we continue to do that. We're solving more problems for the operators. So our portfolio is key.

Two, our direct sales force. Our direct sales force is truly a unique engine of culture, talent, capability, and the work they do with our operator partners is critical. And then third is we have a very diversified channel base across our Foodservice business. So whether you're talking commercial, non-commercial, independents chains, geographic diversity, channel diversity. So that gives us the opportunity to play different channels where we see pockets of growth and pockets of opportunity to keep the growth engine going.

Now, what does that look like? If you take a moment in time where our Foodservice operator partners are really challenged, menu inflation, difficulty in obtaining labor and skilled labor in the kitchens. You look at problems around shifting demand from their consumer base, inflation, right, all of those factors, how can we help? And so because we have this direct sales force, I like to call our direct sales force more than salespeople. They're gathering insights, they're building relationships, they're being creative and solving problems in the kitchen with the operator partners, and they're bringing back solutions.

And so when you're doing that, even in a challenged environment, you can grow the top line because those operators will gravitate to the partner who's solving the problems they're dealing with. And so, an example of that would be our FLASH 180 chicken platform. If you look at the demand space in Foodservice around breaded chicken, it's one of the fastest growing areas. Consumers, diners want more breaded chicken, whether it be chicken tenders, whether it be fried chicken sandwiches.

But if you're an operator in your kitchen and you want to sell more chicken, it gets difficult. You're bringing in raw chicken, you have to handle it. You have to batter bread in the fryer, 10-12 minutes. So we're bringing through our FLASH 180 chicken platform, 180 seconds from package to plate, pre-prepped, so it's super simple to execute, saves time, saves space in the fryer. So that's an example of a solution.

Another quick one I'll give you, Ben, is because this is such an important part of our business, is our branded pepperoni business. Pizza operators are struggling right now, competing for traffic, also dealing with inflation. Our

branded pepperoni business has grown really nicely this year as part of our Foodservice growth. Why? Well, one of the reasons is we're bringing those pizza operators menu news through our ROSA GRANDE premium pepperoni line. We're bringing it through our new Calabrian, which are spicy pizza toppings.

News, a way for them to differentiate, bring something to their diners, compete for some of that traffic, sell some more pizza. So that's the mindset we bring is how do we help. And through that help, we actually continue to drive consistent growth, and we're confident we can continue to drive growth on our Foodservice business. There's a world of opportunities in terms of channels and product platforms.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. So maybe leaving Foodservice behind and talking a little bit about Retail, which obviously is large in sales, but not as large in profit. Clearly, you've mentioned the dynamic environment, but there are some areas of better growth. So what's maybe first working particularly well, and then second, where are the more challenges?

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

So I would say from a Retail perspective, we've done a lot of work over the past year on reframing our portfolio and our opportunity really around the consumer. So what does the consumer want? Where is the consumer headed? So I start with that headline because I think that headline is working for us in total, and I'll give you a few examples. Consumers continue to seek better for you versions of proteins. So if you look at our business in the third quarter, Applegate and Jennie-O are more poultry-driven franchises, both performed well, both posted growth in the quarter, meeting those needs for convenient forms of lean protein that consumers are looking for.

Second example is, in this moment, consumers continue to look for value and versatility. What are the things I can put in my pantry in my refrigerator that will stretch a meal, that I can use in different ways, that I'm going to get value from? There we saw our canned portfolio, including Chili, Hormel Chili, but also Dinty Moore stew. Mary Kitchen hash, that portfolio grew in the third quarter as consumers reach for those options. We also grew our refrigerated entrees business, that's sort of the ultra-easy plug-in. We call that heat and eat. I mean, you bring it home, you pop it in the microwave, you heat it up, and it's ready to go. That business grew because it was meeting that need for time-saving and convenience and value.

And then you go beyond that, and consumers continue to want great quality food, but they want the prep in the kitchen to be really easy. So another example of that is bacon. So we had growth on our bacon business through convenience bacon. Our convenient bacon formats are microwave-ready bacon, pre-portioned bacon, oven-ready bacon that's sold on a disposable tray. Those formats are working for the consumer. They're driving growth in the category. They're helping us gain share of the overall bacon category, but they're meeting that need for convenience for consumers.

And the last one I'll bring up is just the behavior around snacking is changing. Consumers continue to migrate towards snacks that are more substantial, that are more satiating, where you have a mini meal, fuel dose, and you move on, as opposed to what I would refer to as mindless munching or typical grazing behavior. And so with that, we're positioning our brands, notably Planters, into that big substantial snacking space. And we actually saw a great proof point of what's working on our Planters business in the third quarter, where we grew sales, volume, market share, household penetration, and really started to penetrate this bigger world of substantial snacking behind Planters. So we have a lot of spots that really support that overall consumer story. That's the common

thread that runs through there is where we're getting that consumer equation right, we're accelerating our efforts and our growth.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Okay. Following up on the challenges?

Q

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

So what I would say about the challenges, let me call them opportunities. Not to be cute, but I genuinely do think our priority Retail businesses are all opportunities. I'll tell you why. We are not sitting on a portfolio of products where we're trying to find a consumer problem to solve, to have them be relevant. We actually have plenty of consumer solutions, opportunities to go after with our portfolio. And so when we think about, consumers looking for shortcuts in the kitchen for breakfast, lunch, dinner, for portable protein snacks, for portable protein fuel in the morning, we have a portfolio that meets those needs, right? We have that opportunity.

A

Now that being said, we are doing some very important work right now. We're doing the important work of positioning, reframing our brands, modernizing our brands. Some of the brands are further along than others, and so where you see some of the momentum, generally it's where we're further along in that journey. The second piece of important work that we're doing on our business is investing in capabilities that are critical to win in the marketplace. So here, think about things like revenue growth management, including price pack architecture, e-commerce, digital communications, innovation.

Under the leadership of our new Chief Marketing Officer, we are building those capabilities aggressively. That's going to help lift all of the brands over time. In some of the lead priority brands, we've leaned in more. We're starting to see some of the success come from that. So that is important. And that's why I say when I step back from all of it, I truly do think of our priority brands in Retail as a series of opportunities, and we're going after them aggressively.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Got it. So one of the things that comes along with it, and you've started about this is just the general portfolio shaping and some of the divestments we've seen. So you've taken some meaningful steps in the past to make adjustments. Now, what has been common thread – what has been like the idea behind those decisions first? And then for some of the more meaningful shifts in the portfolio, for example, Turkey, some stuff in the International segment, but how should investors think about those businesses going forward? Like what's the key of Turkey? How to think about International? Maybe for you, Jeff.

Q

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

Okay. Thank you, Ben. So John and I moved into the roles of interim CEO and President in mid-July of last year and have operated really as partners ever since. And one of the key things we sat down and talked about early on was, okay, we're kind of both here this year. Let's take advantage of this and look at our portfolio and be more proactive about areas where we think, hey, look, this really isn't as good a strategic fit. We maybe have known that for a while, but we just hadn't – you got to find the right buyer, et cetera.

A

And so we launched into that effort and ultimately during the course of the year here have sold a half interest, 51% interest in the Justin's brand. We got out of the whole-bird part of the Jennie-O franchise, and then we sold Ceratti, our brand that was based out in Brazil. So all told, for next year, as you're heading into 2027, that's about \$300 million in sales that will get rebased then. A much smaller impact on profitability, that's one of the reasons we kind of chose that these maybe weren't the businesses we should stay in. They tended to be lower margin, they tended to be lower growth, they were maybe quite volatile, or maybe we just really weren't bringing that much to the party here. So I'll walk you through kind of the thinking behind each of those.

In the case of Justin's, when we first acquired Justin's, it was primarily a nut butter, almond nut butter franchise, so kind of a new age version that complemented nicely with Skippy. But over time, actually that business has migrated, and it's much stronger in the confection area. So peanut butter cups and other types of items, which is not our supply chain, it's not our background. And so we were able to find a partner that is really much more geared toward that. We retained a 49% interest, but they're off and running it and off to a good start with that.

On the Turkey side, I mean, we still love Turkey. We still own the majority of both the raw material assets and the finished product branded items that we had before. But the whole-bird part of the Turkey portfolio really had been declining, not particularly value-added, quite volatile, most of the time, low earnings. Every once in a while, you'd have a great year, and then you'd be up against that year next year. And so it just really kind of didn't fit in terms of where our priorities were. We were able to find a great local partner that we had a lot of background and experience with in that industry to acquire our Melrose plant and to take over that part of the business. But we retained five other Turkey plants, farms, feed mills, et cetera, within that operation. And more importantly, we're still growing the value-added Jennie-O Turkey items through the Retail and Foodservice segments.

And then when it comes to Brazil and the Ceratti franchise, that was a brand we acquired maybe 10 years ago. I think the goal at the time was, oh, maybe we can replicate some of the success we've had in Asia Pacific and Latin America. And this was going to maybe be the first of other things in Brazil or the first of other things in Latin America. And it just never really came to fruition that way. And so 10 years later, it's sort of this one-up brand, very subscale in a challenging market. And so, again, better owner going forward than us owning it. So all told, I mean, what's really important to us is kind of clearing the decks and being in a position where we can put our time, resources, focus on things that can grow and opportunities that we think we bring more to the party.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

So where we stand today, is that it, or should investors expect additional portfolio optimization?

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

I mean, the way I would think about that is, it is an ongoing discipline, it is how we're approaching, it will be a part of our strategic planning process is to continually evaluate our portfolio. That being said, to Jeff's point, the pace has been pretty aggressive at this point in terms of making some of these deals happen, which has been good. So I can't predict the pace, but I will say the discipline will be there.

The other thing I would say is it's not a one way street. So we've been looking at exiting businesses, divesting businesses, selling controlling interest. But we certainly continue to also look at what could be enhancing to bring into the company through M&A. And if you look at us as the consumer company that wins with protein, part of that will be guided by where is the market moving now and into the future for both consumer needs around protein as well as our operator needs on the Foodservice side. What are the things the operators are struggling with to get

more protein on their menus that we can help with? And what are the things that consumers going to be looking for into the future?

So as we think about things that could potentially be additive to our company, that would add capability, that would strengthen our portfolio, that would improve our trajectory on growth, those are things we certainly would look at. So we will continue to look at where things don't fit. We'll continue to look at what things might fit that we could add to the portfolio. And we'll do all of that with an eye toward maintaining very disciplined capital allocation.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. Got it. And then, I mean, I'm not going to go into guidance by all its means, but if you take a look at like the long-term growth algorithm, and you've talked about this in various Capital Markets Days in the past, and you've mentioned earlier on the top line being a little bit on the softer side 3Q, probably 4Q. What makes you feel good about the trajectory of the business as you just look ahead into fiscal 2027 as it relates to the algorithm of top to bottom line growth?

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

I can give you some thoughts on that. So without venturing into formal guidance, we'll get there in a few months when we close out our year. I do feel confident about a few things that I see happening on the business right now and in the company. So I could touch on those. I mean, the first one is we can start to see tangible evidence now that the strategic actions and decisions we've been taking are working. Nine months through the year, we've grown organic net sales, we've expanded adjusted operating margins, we've increased adjusted EPS. These are tangible signs that the business is moving in the right direction and the actions we're taking are working. So that, to me, gives me some confidence too.

Where we're seeing good momentum around the business are on critical areas that are part of our growth algorithm and our long-term growth objectives. So Foodservice continuing to put up strong growth is very important. Number one, it's a big part of our growth plot going forward, not surprisingly. But number two, it's mixed favorable for us as a company where we can drive that growth. We're seeing good growth and momentum on a number of our priority Retail businesses where we've leaned into capabilities and consumer positioning. So seeing that momentum is helpful as well.

And then the third thing I would point to, and this is a little bit more of what I see inside the company, but a lot of the actions we've been talking about over the past couple of years. If you think about things like bigger emphasis on brand building and brand positioning, if you think about things like supply chain planning, end-to-end supply chain planning, capabilities we've been building around planning and new technology and planning. If you think about things like an increased focus on analytics, portfolio shaping, all of these things we are starting to see truly embedded in the business. They're becoming just a part of how we operate.

We continue to up our game in terms of developing sharp strategy, sharpening our portfolio, being very precise about what capabilities we need to invest in, and then focusing on disciplined execution and forecasting of our business. And I'm starting to see all of those things more and more embedded into the teams, and how we work with discipline, with process. And so that gives me confidence looking forward as well. So I put those pieces together to say, I think as a company, we're in a really unique spot with unique opportunity to continue to drive top and bottom line growth into the future. And that gives me optimism.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. Before coming to closing, you've talked about it early on, obviously, the whole commodity benefits that you might be seeing. So maybe remind us real quick how we should think about the commodity cost piece, but then also pricing mechanisms and pricing dynamics for both Foodservice and Retail.

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

Yeah. I mean, I can comment on that briefly because this is one of the points of our business that sometimes does get overlooked or maybe just not quite understood enough. But certainly, our top line, in addition to obviously the cost impacts of commodities, there are large portions of our business where our top line does move with commodities moving up and down. Our Foodservice business, a lot of our Foodservice business is that way. Some of our Retail business is, but a lot of our Foodservice business is. Meaning, when commodities are coming down, we will see a deflationary impact. So we might see a business decline on the top line sales line or grow slower than it otherwise would have absent the decline in commodity pricing.

And so you could have a perfectly healthy business underneath that that's growing just the way it was, but the growth in terms of net sales looks suppressed based on deflationary commodity markets. So I do think that's worth pausing on because there is always some of that aspect of our business and it's just worth pausing on for a minute, so.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

Okay. Got it. All right. So if we should take one message away, and maybe, Jeff, it's probably your last time you're going to be on stage probably.

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

A

Yes. Definitely.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

What would you want it to be? I'll let you go first and then I'll let John close it out.

Jeffrey M. Ettinger

Interim Chief Executive Officer & Director, Hormel Foods Corp.

A

I mean, I really, I look at Hormel Foods now circa 2026, and especially comparing it to when John and I moved into these roles, I feel like the company is more focused. I think it's definitely more profitable, and we can show that in the numbers, and I think we're more resilient. I mean, it's not an easy environment out there, but I think our team has reacted well to challenges and we'll continue to do that going forward.

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

A

I don't want to take the last word from Jeff, but I will, just to make a couple of additional points because I agree with everything he said. But for me, we are a unique company. We have a very unique portfolio. We've implemented a bunch of actions and decisions across the business from portfolio shaping, capability building, and

we've actually built what I consider to be a best-in-class leadership team with some outside hires this year who we brought into the company, coupled with some really deep, seasoned, excellent leaders who are long-tenured at Hormel. The results of those actions are just starting to pay off now. So we are starting to see progress, but there's a lot more progress to come. And so that, to me, is kind of my closing thought is more to come, but a lot of the actions we have underway are starting to take hold.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

All right. Jeff, John, thank you very much. There won't be a breakout session, so thank you very much for attending today. And yeah, on to the next one. Thank you very much.

John Ghingo

President, Chief Executive Officer-Elect & Director, Hormel Foods Corp.

Thank you.

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