

Hormel Foods (HRL)

\$23.99 (Stock Price as of 12/17/2025)

Price Target (6-12 Months): **\$19.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 08/29/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM: C

Value: D

Growth: C

Momentum: A

Summary

Hormel Foods continues to face mounting profitability challenges despite solid sales momentum in the third quarter of fiscal 2025. Margins remain under strain as elevated input costs and inflationary headwinds weigh heavily on earnings, with pricing actions and cost-saving efforts proving insufficient. At the same time, profitability across all key segments weakened further, as commodity-driven pressures and higher selling, general and administrative expenses more than offset sales growth. The company also operates in a highly competitive food industry marked by price sensitivity and heavy promotions. However, its ongoing investment in innovation and brand strength, particularly across SPAM, Jennie-O, Skippy and Planters, provides some support for long-term resilience, even as near-term earnings remain under significant pressure.

Data Overview

52 Week High-Low	\$32.16 - \$21.03
20 Day Average Volume (sh)	5,512,717
Market Cap	\$13.2 B
YTD Price Change	-23.5%
Beta	0.33
Dividend / Div Yld	\$1.17 / 4.9%
Industry	Food - Meat Products
Zacks Industry Rank	Top 41% (99 out of 243)

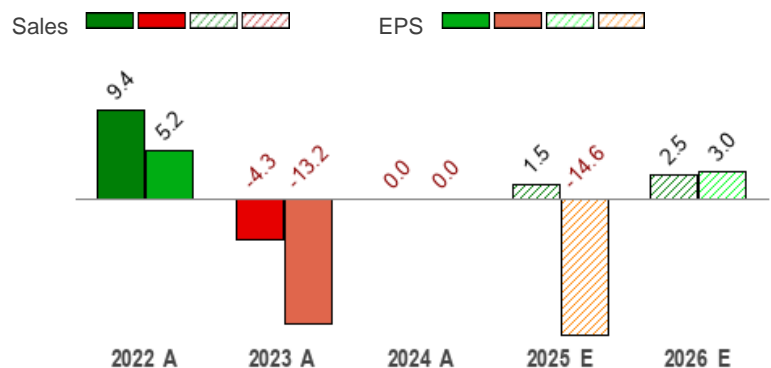
Last EPS Surprise	6.7%
Last Sales Surprise	-0.6%
EPS F1 Est- 4 week change	2.8%
Expected Report Date	02/26/2026
Earnings ESP	-0.3%

P/E TTM	17.5
P/E F1	17.8
PEG F1	-2.9
P/S TTM	1.1

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027					
2026					12,401 E
2025	2,989 A	2,899 A	3,033 A	3,186 A	12,106 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027					
2026					1.39 E
2025	0.35 A	0.35 A	0.35 A	0.32 A	1.37 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/17/2025.

(2) The report's text and the price target are as of 11/25/2025.

Overview

Austin, MN-based Hormel Foods Corporation (HRL) is a leading manufacturer as well as marketer of various meat and food products in the U.S. and international markets. Earlier, the company used to operate through five segments, which were later consolidated into four.

At the beginning of fiscal 2023, the company unveiled a new operating model to better align its business structure and make it more easy-going, market-driven and consumer- and customer-focused.

As part of its GoFWD initiative, Hormel Foods transitioned to three operating units — Retail, Foodservice and International — and started operating under its new model on Oct 31, 2022.

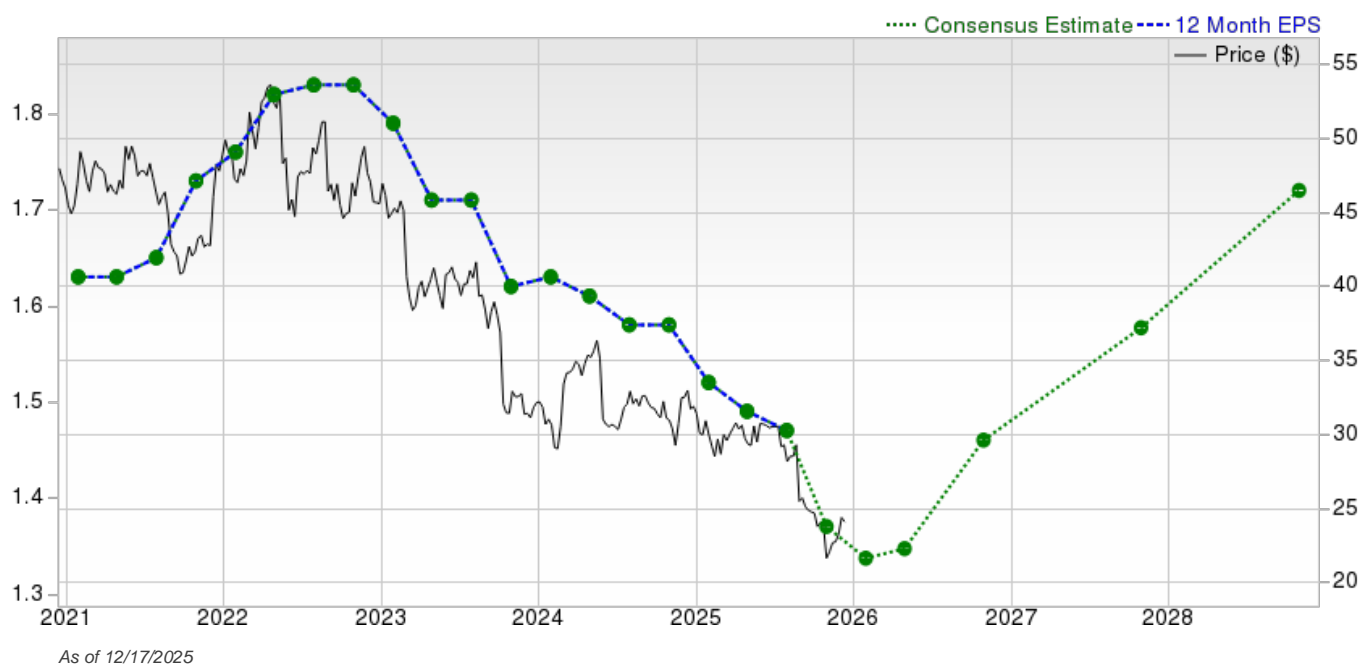
Retail Segment (which contributed 61.3% of total revenues in third-quarter fiscal 2025): The Retail segment is engaged in the processing, marketing and sale of food products primarily in the retail market. This segment also includes the results from the company's MegaMex Foods, LLC joint venture.

Foodservice segment (32.5% of total revenues in third-quarter fiscal 2025): The Foodservice segment is primarily engaged in the processing, marketing and sale of food and nutritional products for foodservice, commercial customers and convenience stores.

The International segment (6.2% of total revenues in third-quarter fiscal 2025): The International segment is specialized in processing, marketing and selling company products internationally. This segment encompasses results from its international joint ventures and royalty arrangements.



As of 12/17/2025



Reasons To Sell:

▼ **Margin Compression From Elevated Input Costs:** Hormel Foods reported a decline in gross margins in the third quarter of fiscal 2025, highlighting ongoing challenges in managing cost inflation and maintaining profitability. Gross margin contracted 70 basis points year over year to 16.1%, as gross profit edged down to \$487.3 million from \$488.4 million in the prior-year quarter. The decline reflects higher-than-expected input costs and persistent inflationary headwinds. Adjusted operating income fell 4.8% to \$254 million, with adjusted operating margin narrowing 80 basis points to 8.4%. The company's existing cost mitigation efforts, including pricing actions and early benefits from its T&M initiative, proved insufficient to offset these inflationary pressures. Looking ahead, management cautioned that these inflationary pressures will persist through the fiscal fourth quarter, with profit recovery now expected to lag into fiscal 2026.

Hormel faces mounting cost inflation and segment-wide profit declines in the fiscal third quarter, with margins squeezed and earnings power under strain despite continued sales growth.

▼ **Profit Declines Across all Segments:** Despite broad-based sales momentum, Hormel Foods' profitability deteriorated across every major business segment in the third quarter of fiscal 2025. Retail profit declined 4% year over year to \$122.6 million, as input cost inflation and higher selling, general and administrative expenses. Foodservice profit slipped 1.2% to \$140.7 million, due to the rise in commodity input costs and commodity-driven margin compression in non-core businesses. International profit fell even more sharply, down 13.1% to \$18.9 million, as competitive pricing pressures in Brazil and lower pork offal margins. This broad-based profit erosion underscores a systemic margin challenge: Hormel Foods is achieving top-line growth but struggling to convert it into earnings, raising doubts about the sustainability of profitability amid persistent cost inflation and uneven consumer demand.

▼ **Food Industry Headwinds:** The food industry is grappling with stiff competition and an aggressive promotional environment. The company faces intense competition from other food companies on the grounds of quality, prices and availability. To meet such competitive pressure effectively, Hormel Foods may have to lower prices for its products or indulge in marketing activities to maintain market share.

Risks⁽²⁾ (to the Underperform recommendation)

- **Innovation and Brand Strength:** Hormel Foods has maintained a strong commitment to innovation, leveraging its core brands like SPAM, Jennie-O and Skippy to drive market leadership. In the third quarter of fiscal 2025, the company continued to build momentum across both legacy and new product platforms. Flagship and rising brands collectively delivered 3%-dollar consumption growth, supported by encouraging volume-led momentum. The SPAM brand sustained its strong momentum through impactful summer promotions, limited-time designs and new flavor launches such as SPAM singles in bacon and hot & spicy. The Jennie-O lean ground turkey business delivered another strong quarter, fueled by resilient consumer demand and expanded distribution, further strengthening its category leadership and capturing incremental dollar share. The Skippy brand benefited from global innovation and channel expansion. In the fiscal third quarter, the international team launched Skippy cones into a new channel in China, accelerating its distribution footprint globally. Planters also gained traction, closing distribution gaps, enhancing brand equity and reengaging consumers with innovation, highlighted by the launch of a limited-time bar nuts variety that boosted summer snacking excitement. Internationally, Hormel Foods delivered 6% net sales growth and 8% volume growth in the third quarter of fiscal 2025, led by continued momentum in China and robust SPAM luncheon meat exports. The company has driven meaningful, consumer-centric innovation across its brands, fueling growth with increased investments in advertising. Innovation remains a core component of Hormel Foods' growth strategy, supported by the expertise of its exceptional R&D professionals, signature chefs and Brand Fuel teams.
- **Transform and Modernize Initiative Bodes Well:** Hormel Foods is on track with the T&M initiative as part of its strategic priorities. In the third quarter of fiscal 2025, the company executed more than 90 projects under the Transform and Modernize (T&M) framework. The initiative extends well beyond cost savings, reshaping how the company operates by building new capabilities and creating a stronger foundation for long-term growth. A key milestone this quarter was the optimization of the manufacturing footprint, which included the partial closure of one facility and the strategic reallocation of production across the broader network to enhance operational efficiency and scalability. The company reaffirmed its target of \$100 million to \$150 million in incremental benefits from the initiative for fiscal 2025.

The T&M initiative is reshaping Hormel Foods across four key areas. First, the company is streamlining its processes by leveraging intelligent automation and digitization to replace the complex, manual processes that have developed over time. Second, Hormel Foods has centralized key capabilities such as business planning and execution, enabling better scale and strategic investments in areas of differentiation. Third, the company is also simplifying operations and reducing complexity by cutting back on the number of vendors and SKUs, ensuring smarter, data-driven decisions. Fourth, Hormel Foods is strategically segmenting its business to optimize investments and is adopting a standardized and more disciplined approach to ensure consistent and effective value realization. The company's focus on such initiatives, including gains from the Buy, Make and Move pillars of the T&M initiative, remains vital to its growth in the coming years.

- **Robust Financial Position:** Hormel Foods maintains a strong financial position, emphasizing its commitment to dividend growth, strategic investments, and upholding its investment-grade rating. In the third quarter of fiscal 2025, the company generated operating cash flow of \$156.7 million and returned approximately \$159 million to its shareholders through dividends. Underscoring the financial strength and commitment to its shareholder returns, Hormel Foods paid its 388th consecutive quarterly dividend during the fiscal quarter. The company ended the quarter with \$2.9 billion in long-term debt (excluding current maturities) and a net debt leverage ratio within its target range of 1.5-2 times, maintaining financial flexibility to support both investment and shareholder return objectives.

Last Earnings Report

Hormel Foods Q3 Earnings Miss Estimates, Sales Grow 4.6% Y/Y

Hormel Foods reported its third-quarter fiscal 2025 results, wherein the top line beat the Zacks Consensus Estimate and showed year-over-year growth. The bottom line missed the consensus mark and declined year over year.

Hormel Foods posted adjusted earnings of 35 cents per share, which missed the Zacks Consensus Estimate of 41 cents. The bottom line decreased from 37 cents reported in the year-ago quarter.

Net sales of \$3,032.9 million increased 4.6% from \$2,898.4 million reported in the year-ago quarter. However, the metric beat the consensus mark of \$2,976 million. Volumes increased 2.7% in the reported quarter.

Hormel Foods' Quarterly Results: Key Metrics & Insights

Hormel Foods' gross profit was \$487.3 million, down from \$488.4 million reported in the year-ago quarter.

Adjusted selling, general and administrative expenses were \$245.2 million for the quarter, an increase from \$230.4 million in the year-ago period.

Adjusted operating income was \$254.2 million, a decrease from \$267.2 million in the same quarter last year. Adjusted operating margin was 8.4%, down from 9.2% reported in the year-ago quarter.

Hormel Foods Provides Q3 Revenue & Profit Insights by Segment

Net sales in the Retail unit increased 5.2% year over year to \$1,858.4 million, with volumes gaining 4.8%, driven by strong contributions from the turkey portfolio, Planters snack nuts and the SPAM family of products. Additional growth came from Wholly guacamole, Hormel Black Label bacon, Hormel chili, and Gatherings party trays.

Segment profit decreased 4.2%, due to higher input costs and increased selling, general and administrative expenses.

Net sales in the Foodservice segment increased 3.5% to \$987 million. The organic net sales rose 7% and volumes declined 4.4%. Growth was broad-based across the segment, driven by strong performance in the customized solutions business and the turkey portfolio. Branded products also delivered strong volume and sales gains.

Segment profit declined 1.2%, due to rising commodity input costs and margin pressures in non-core businesses. The Foodservice segment continued to benefit from an extensive range of solutions-based products, a strong direct-selling organization and a diversified channel presence.

Net sales in the International unit increased 5.8% year over year to \$187.5 million, whereas volumes increased 8.4%, driven by growth in the China market and robust exports of SPAM luncheon meat.

Segment profit decreased 13.1%, due to competitive pressures in Brazil and weaker margins in pork offal.

Hormel Foods' Financial Health Snapshot

The company ended the quarter with cash and cash equivalents of \$599.2 million and total long-term debt (excluding current maturities) of \$2,850.2 million. In the fiscal third quarter, cash flow from operations was \$156.7 million.

Hormel Foods prioritizes returning capital to its shareholders. The company returned nearly \$159 million to its shareholders via dividends.

What to Expect From HRL in the Future?

Hormel Foods expects fourth quarter fiscal 2025 net sales to be between \$3.15 billion and \$3.25 billion, supported by expected organic net sales growth of 1% to 4%. The company anticipates adjusted earnings per share (EPS) to be in the range of 38 cents to 40 cents.

Hormel now anticipates fiscal 2025 EPS to be between \$1.33 and \$1.35, down from its previous range of \$1.49 and \$1.59. Adjusted EPS is expected to be between \$1.43 and \$1.45, revised from the earlier range of 1.58 and \$1.68.

Hormel Foods targets capital expenditures to be \$300 million, and expects depreciation and amortization expenses of approximately \$260 million in fiscal 2025.

FY Quarter Ending **10/31/2025**

Earnings Reporting Date	Dec 04, 2025
Sales Surprise	-0.55%
EPS Surprise	6.67%
Quarterly EPS	0.32
Annual EPS (TTM)	1.37

Recent News

Hormel Foods Announces Quarterly Dividend – Sept. 22, 2025

Hormel Foods declared a quarterly dividend of 29 cents per share, payable on Nov. 17, 2025, to shareholders of record as of Oct. 14.

Valuation

Hormel Foods shares are down 28% in the year-to-date period and 28.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 36% in the year-to-date period, while the Zacks Consumer Staples sector is down 0.5%. Over the past year, the Zacks sub-industry is down 42.5%, while the sector declined 5.7%.

The S&P 500 index is up 14.3% in the year-to-date period and 12.3% in the past year.

The stock is currently trading at 15.8X forward 12-month earnings, which compares to 13.53X for the Zacks sub-industry, 16.44X for the Zacks sector and 22.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 28.63X and as low as 13.87X, with a 5-year median of 21.7X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$19 price target reflects 13.43X forward 12-month earnings.

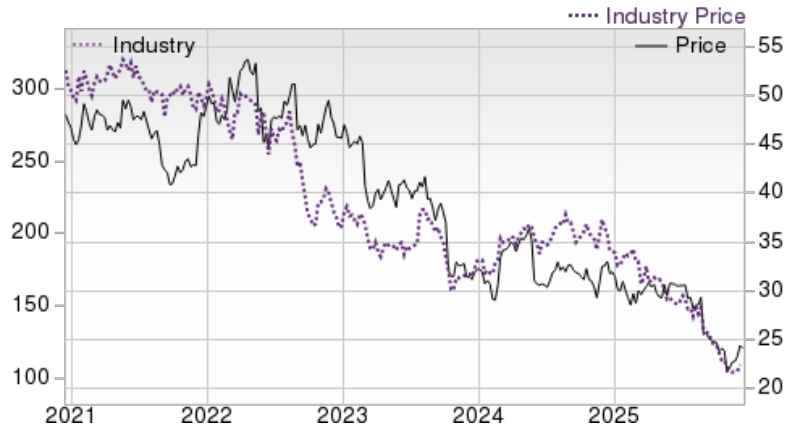
The table below shows summary valuation data for HRL

Valuation Multiples - HRL					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.8	13.53	16.44	22.8
	5-Year High	28.63	21.75	20.3	23.81
	5-Year Low	13.87	11.95	16.15	15.73
	5-Year Median	21.7	16.02	18.16	21.21
P/S F12M	Current	1	0.55	7.84	5.14
	5-Year High	2.75	1.01	10.8	5.5
	5-Year Low	0.94	0.48	6.5	3.83
	5-Year Median	1.71	0.64	8.78	5.04
EV/EBITDA F12M	Current	11.22	7.96	28.54	12.78
	5-Year High	19.5	11.37	39.22	18.58
	5-Year Low	9.89	7.69	24.94	11.45
	5-Year Median	15.4	9.3	33.86	14.56

As of 11/24/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 41% (99 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Beyond Meat, Inc. (BYND)	Neutral	2
The Chefs' Warehouse... (CHEF)	Neutral	4
Laird Superfood, Inc... (LSF)	Neutral	4
Pilgrim's Pride Corp... (PPC)	Neutral	2
Smithfield Foods, In... (SFD)	Neutral	3
Tyson Foods, Inc. (TSN)	Neutral	3
Post Holdings, Inc. (POST)	Underperform	4
JBS SA (JBSAY)	NA	

Industry Comparison⁽¹⁾ Industry: Food - Meat Products

	HRL	X Industry	S&P 500	PPC	SFD	TSN
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	5	-	-	2	3	3
VGM Score	C	-	-	A	B	B
Market Cap	13.20 B	4.71 B	38.58 B	9.41 B	8.96 B	20.65 B
# of Analysts	4	1.5	22	1	2	3
Dividend Yield	4.84%	0.00%	1.42%	0.00%	4.39%	3.49%
Value Score	D	-	-	A	A	A
Cash/Price	0.05	0.15	0.04	0.06	NA	0.06
EV/EBITDA	14.09	7.59	14.55	5.85	NA	9.32
PEG Ratio	-2.86	1.34	2.20	NA	1.23	1.34
Price/Book (P/B)	1.67	1.13	3.33	2.65	NA	1.13
Price/Cash Flow (P/CF)	11.95	5.92	15.10	5.37	NA	6.48
P/E (F1)	17.77	12.30	19.71	7.27	9.54	15.17
Price/Sales (P/S)	1.09	0.58	3.09	0.51	0.59	0.38
Earnings Yield	6.09%	6.63%	5.06%	13.76%	10.49%	6.60%
Debt/Equity	0.36	0.36	0.57	0.87	NA	0.43
Cash Flow (\$/share)	1.98	2.77	8.99	7.29	NA	8.98
Growth Score	C	-	-	B	C	C
Hist. EPS Growth (3-5 yrs)	-3.69%	-9.64%	8.16%	28.27%	NA	-23.36%
Proj. EPS Growth (F1/F0)	-14.56%	7.95%	8.57%	0.55%	27.13%	-6.31%
Curr. Cash Flow Growth	-3.04%	-3.04%	6.75%	108.82%	NA	26.73%
Hist. Cash Flow Growth (3-5 yrs)	-0.45%	0.66%	7.43%	19.93%	NA	-0.79%
Current Ratio	2.47	2.42	1.18	1.51	NA	1.55
Debt/Capital	26.48%	28.39%	38.01%	46.51%	NA	30.29%
Net Margin	3.95%	2.43%	12.78%	6.70%	NA	0.87%
Return on Equity	9.41%	16.74%	17.00%	38.17%	NA	7.95%
Sales/Assets	0.90	1.48	0.53	1.76	NA	1.48
Proj. Sales Growth (F1/F0)	1.50%	0.00%	5.79%	NA	9.50%	2.20%
Momentum Score	A	-	-	D	F	D
Daily Price Chg	-1.42%	0.00%	-0.24%	-1.24%	0.35%	-2.25%
1 Week Price Chg	-1.19%	-1.64%	-0.59%	0.58%	2.74%	5.25%
4 Week Price Chg	6.00%	4.87%	2.76%	4.46%	5.29%	8.44%
12 Week Price Chg	-3.19%	-4.76%	2.15%	-3.67%	-5.85%	8.06%
52 Week Price Chg	-26.41%	-26.41%	12.39%	-22.71%	NA	-2.04%
20 Day Average Volume	5,424,894	818,570	2,743,646	1,053,974	818,570	3,391,072
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	2.82%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 12 week change	-8.52%	-1.04%	0.69%	0.55%	-1.04%	-4.66%
(Q1) EPS Est Mthly Chg	1.33%	0.00%	0.00%	0.00%	0.00%	-3.61%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	A
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.