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CORPORATE PARTICIPANTS

Benjamin M. Theurer
Analyst, Barclays Capital Casa de Bolsa SA de CV

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

James N. Sheehan
Senior Vice President & Chief Financial Officer, Hormel Foods Corp.

MANAGEMENT DISCUSSION SECTION

Benjamin M. Theurer
Analyst, Barclays Capital Casa de Bolsa SA de CV

All right. Good afternoon, everybody. Now on stage we have Hormel Foods. Hormel Foods is a, as you may know a global branded food company, over $9 billion in annual revenues across 75 countries worldwide. Its brand includes, SKIPPY, SPAM, Hormel Natural Choice, Applegate, Justin's, Wholly Guacamole, and more than 30 of [ph] loved (0:26) brands.

In 2016, the company actually celebrated its 125th anniversary and announced its new vision for the future, Inspired People, Inspired Food. Focusing on its legacy of innovation, joining us today from Hormel are Jim Snee, President and CEO; as well as Jim Sheehan, Senior Vice President and CFO.

Just quickly on the background of the two of them. Jim Snee is the 10th President and CEO in the company's 125-year history. He joined Hormel Foods in 1989 in the meat products division. He had multiple roles in the Foodservice Division, followed by being named Director of Corporate Purchasing in 2006. He was named Vice President of Affiliated Businesses in 2008, and in 2011 he advanced to lead the Hormel Foods International business, overseeing the company's global growing portfolio. He was named President and Chief Operating Officer in October 2015 to then assume his current position in October of last year.

Jim Sheehan, as CFO. He began his career in 1978 as an accountant for the Fremont Plant, and he held many positions in finance accounting throughout his career at Hormel and in 1998 became the President of the Financial Services and a year later the Treasurer and then advanced to Vice President and Controller in 2000 and was named Chief Accounting Officer in March 2016 and as well assumed his role as CFO lately in October of last year.

So with that, I'll hand it over to Jim Snee. Thank you very much.

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

Thank you, Ben.

Benjamin M. Theurer
Analyst, Barclays Capital Casa de Bolsa SA de CV

Thank you.

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

Thank you, Ben. Good afternoon, everyone. It's our pleasure to be here this afternoon. And as we get started, as you would expect, I'll be making some forward-looking statements this afternoon and just want to make sure to refer you to our most recent 10-Q for additional details. In our presentation today, there is couple of things that we want to accomplish. First, we want to give you an update or review our most recent quarterly performance that would have been our third quarter, and then once we get through that, talk to you more about the future. And first off, why we continue to be so well positioned to compete in the marketplace going forward, share with you our strategy for long-term growth and then Jim Sheehan will talk to you about some of the financial metrics, financial strategies and financial discipline throughout our organization.

So let's start with our third quarter results. We announced these results approximately two weeks ago, and on an adjusted basis, you can see that our volume was down 1%. Our adjusted revenue was up slightly just 1% and our earnings per share were down 6%. And so for all of these metrics, there is a couple of key drivers. On the volume side, our Jennie-O Turkey Store business throughout the year, we've seen a significant reduction in production, about 7%, and so that's impacted the volume of the overall organization. Also, in our Jennie-O Turkey Store business – and we'll talk about it in a little more detail, but as we've seen markets drop, we've seen some pricing drop and that too has had an impact on the revenue side of the business. But then something different happened in the third quarter; while we still had some headwinds in our Jennie-O Turkey Store business, we also had some record commodity volatility.

And again, I'll give you some more color around what happened. But in spite of all that, I do think it's important to point out that we did have record pre-tax earnings for our third quarter. And we wouldn't usually talk about something like that, but if you go back to last year, on our third quarter, we had such a significant reduction in our effective tax rate that was attributed to an International restructure. And I think it's important to mention that we don't lose sight of the fact that we did have these record pre-tax earnings in the third quarter.

So, what is this record commodity price volatility that I'm talking about? Well, during the third quarter, we saw significant increases in four out of our top-seven inputs. So when we think about pork bellies, beef trim, pork trim and quite frankly avocados, all were at record levels during the third quarter. And as a result, we experienced margin compression due to the record commodity price volatility in the marketplace.

Now, this volatility obviously resulted in pricing actions. And so in our Refrigerated Foods segment, our Grocery Products segment and in our Specialty Foods segment, we have taken pricing action that we expect to take hold in the back half of our fourth quarter.

The other on-going pressure that we had in the third quarter was our Jennie-O Turkey store business. And this business has been pressured by record Turkey production throughout the year that's led to continued low Turkey prices. So think about it this way. Coming out of the avian influenza impact last year, there were a number of producers who were really building production and building back supply in anticipation of perhaps another avian influenza outbreak that never materialized. And so, the question we get most often now is, when is this going to turnaround? When is this going to change?

And so while we don't have a crystal ball, what we do have is we have some leading indicators that we're watching. And so the first one is, Turkey Poult Placement. So what's happening? Are the poults going on the ground? And you can see, for all of 2016, there was significant increase just about every month as more poults were placed. Now over the last four months, we've seen a very positive trend in that poult placements have reduced. And so that bodes well for the future of the supply and we expect it to come back more in line.

The second leading indicator is Turkey Breast Cold Storage. So we're watching that number closely, and as you can see it's well above historical five-year averages. Now, the rate of growth of the inventory has slowed, but until it gets back into that five-year range, it's going to continue to lead to low Turkey prices. So we're watching poult placements and Turkey Breast Cold Storage as really the indicators to see what happens with the normalization of the Turkey business over time.

Now, while we're battling some of these macro issues, its important issues, it's important to note that we are very pleased with a number of our brands. And we have seen some very strong innovation growth: we have also seen some very strong organic growth within our portfolio. On the innovation front, SKIPPY P.B. BITES continue to do well in the marketplace as we've taken peanut butter out of the traditional jar and made it a very enjoyable snacking item. We have got another authentic Mexican item with HERDEZ Guacamole Salsa that's one of the fastest selling innovative items in that space and we have been very pleased with the introduction, the reformulation of our Muscle Milk Bars. And so, while we are still gaming distribution, the velocity where we do have that distribution has been very promising.

And then you can see on an organic basis as you go across the chart that items like SPAM continue to show good low single-digit growth. Even in face of some – in the face of the some of the headwinds we've been talking about, you can see that the Jennie-O Lean Ground Turkey business continues to show growth and gain share. So we are very pleased by what's happening with a number of our different brands.

And then I will leave you with this on the third quarter, just a quick run through by segment. Our Refrigerated Foods segment had a great quarter, even though they face some high input costs that gave some margin compression. While this number is good, it could have been even better: and the same holds true for our Grocery Products segment that they both had strong performances, but it could have been even better in the quarter. So we had continued pressure at Jennie-O Turkey Store and then in our Specialty Foods segment, we did have some aggressive competitive activity for our CytoSport products and it's something executionally that we're working on in the balance of the year.

So, again, third quarter was a disappointment to us, and quite frankly we are not meeting the expectations that we set for ourselves at the beginning of this year. Our current outlook has us on pace for this to be the second-best year in the history of our company. And so, while it's not meeting the expectations that we set at the beginning of the year, it's still a pretty impressive performance given the strong headwinds that we've seen in our Jennie-O Turkey Store business and the commodity volatility. So, that's it for the third quarter.

Now let's talk about why we continue to be so positive and optimistic about why we are so well-positioned to compete in the marketplace. And the first reason is that we have such a strong, branded presence across the food space. We got a very strong retail presence across four of our segments: so when you think about Refrigerated Foods, Grocery Products, International, Jennie-O Turkey Store, all have a very strong, branded retail presence. We've got a very well developed Foodservice business that now represents over a quarter of the company and we believe the future is bright for our International segment as well. While it's only 5% today, we believe that there is a lot of runway for growth: and so we're very pleased about the branded presence that we have across the food space.

And as you think about our overall Retail business, it's very impressive on a couple of fronts. First, our brands cover the entire footprint of the retail outlet and they position us incredibly well with any consumer, wherever they are shopping in a retail outlet. And the second part of our Retail business that's so impressive is that these brands that are covering that footprint are also incredibly strong brands. We have 35 brands that are number one or number two in the categories in which they compete: and these 35 brands represent approximately 60% of all our IRI sales. So we feel really good about the presence and the positioning of our Retail business across the entire organization.

We also have an incredibly strong branded presence in the Foodservice space, and our iconic Foodservice branded business continues to outperform the industry across all segments and across all day parts with an innovative portfolio of products to meet operator needs. So no matter if it's a hotel, a restaurant, a nursing home, a college or university, we are creating innovative solutions to deal with Foodservice operators' macro needs. And we recently added more fuel to this growth engine with the acquisition of the Fontanini brand that's on the slide, and I'll talk a little more about that later.

And then, we are very pleased, although it's small, with our branded presence in our International segment. So we have three distinct strategies in how we go to market. So we have some very longstanding partnerships, we have a licensing agreement in South Korea for SPAM, we've got a joint venture agreement with Purefoods in the Philippines that continues to deliver growth year-over-year. We've got a great export business with SPAM and SKIPPY and some fresh pork items. And then we have our multi-national piece of the business, which up till several weeks ago was really just our presence in China which has been growing and getting more significant with each passing year, but with the addition of the Ceratti brand, we now have a multi-national footprint in South America and more specifically in Brazil for the first time ever.

And we compete so well in this broader food space, because there are multiple areas where we have industry-leading expertise. We know we understand value-added protein. Nobody does it like we do. This is not a commodity business, and this isn't just taking a commodity item and turning it into a value-added item. We have a unique knack of identifying opportunities and taking value-added items and even adding more value and continuing to move them up the value-added ladder. We've got a great portfolio of shelf stable products. Now in today's environment, some of you may say, well, that's great: center of the store and we all hear what's happening there. But I would tell you that we sold more SPAM last year than we ever have.

We've also been able to identify strong pockets of growth in the center of the store. So when you think of items like SKIPPY Peanut Butter, Justin's Almond Butter, the nut butter category is a category that's showing growth and we're well-positioned. We have both a Retail and Foodservice direct selling organization that puts us in a unique position in the marketplace. We are able to understand the needs of both Retail and Foodservice customers unlike anyone in the industry. And we have a staple of iconic brands. Everybody knows SPAM and SKIPPY, but when you've got such strong brands, 35 of them that have a number one or number two position, it really helps fuel the direct selling organization. So this industry-leading expertise is one of the key ingredients that allows us to be so uniquely positioned to successfully compete going forward.

And we have a strong track record of financial discipline in the acquisitions that we make. Our growth trajectory has been fueled by both organic growth and acquisition growth. And these acquisitions that we've made have been all done with a level of financial discipline and our two most recent acquisitions are no exception.

Fontanini: this is our first ever exclusive Foodservice acquisition. As I talked about earlier, our Foodservice business is a branded business: and so is Fontanini; is a branded, value-added, Italian meat sausage pizza topping company that fits squarely into our portfolio. We'll been adding $240 million in sales. I'll let Jim Sheehan talk about some of the tax flow benefits and how it's going to offset some capital that we already have budgeted for next year, but this is going to add $0.03 to $0.04 of EPS accretion in fiscal 2018. And it comes with a direct selling organization that we'll now be able to leverage more Hormel products into and bring the Fontanini family of products into our Foodservice organization: clearly, a win-win proposition.

We also were able to make our first ever exclusive International acquisition. When we acquired SKIPPY a number of years ago, it came with a component of International business, but it really was driven by the domestic piece. This is focused squarely in our International segment. It's our first entry into South America. We've been very public about our desire to expand our global footprint, and to do it in a space that we know with a premium, authentic brand: it's what we do.

And one of the secrets to this acquisition is that it comes with a very experienced professional management team. So while this was a family-owned business, they had turned over the day-to-day management to a professional management team that not only has experience in the meat business, but they also come with a strong pedigree in the CPG space. So as we think about the future and the platform that we'll be able to create in South America and Brazil, we're very, very pleased with what we've been able to acquire here. And although it's only going to contribute $0.01 EPS accretion in 2018, we think this is the right bet to make for our entry into this marketplace.

So we are very well positioned to compete going forward. And it allows us to continue to execute our long-term growth strategy: and that's what we call, Our Formula For Success. So nobody builds brands like we do: it's both an art and a science and we know how to do it. We have a relentless pursuit of innovation. We're continuing to innovate in spaces that people leave for dead. The peanut butter space with SKIPPY P.B. BITESs, there really hadn't been innovation in the peanut butter space for a very long time. But when we acquired the brand, we said, we are going to take peanut butter out of the jar: and we did just that. And that's just one example of the countless success stories we have in our innovation pipeline.

I talked a little bit about acquisitions: they'll continue to be an important part of our future growth, but we will do it in a very strategic, disciplined manner. And we do all of this while achieving very intentional balance across our portfolio, whether it's segment, or channel, or input, we're always looking for ways to build balance across the entire organization.

And so, to execute this long-term growth strategy, we have what we consider our path forward: what are the things that we have to get done so that we can continue this long-term growth story. And this long-term growth story consists of four key corporate goals: to deliver 5% top-line growth – a very aggressive number, but I would remind you that, that is an all-in number, organic and acquisition; 10% bottom line growth; we want 15% of our net sales by the year 2020 to come from items that have been developed and innovated in the last five years; and we know that we need to continue to expand our margins and we want to migrate towards the top quartile of our peers and do it by the year 2020. And to get there, there are six things that we really have to get done.

The first is, we have to continue to evolve to become a Broader Food Company. So we are deeply rooted in the protein space: pork, turkey, beef, we have a number of different items squarely in the meat protein space and we love that part of the business. But you know, was just six short years ago where really we weren't even talking about non-meat protein. But now, we've acquired SKIPPY, we've acquired Justin's, we've acquired Muscle Milk, we've acquired some great non-meat protein items that have really rounded out our portfolio. And we've also developed a position in what I call this area of Flavor Enhancers. So, some of it's through organic growth, innovative growth, like our HERDEZ Guacamole Salsa, our authentic line of our HERDEZ items, but then also with the acquisition of the line of Wholly Guacamole. Everybody knows how popular Avocado and Guacamole has become. So, it's really this rounding out of our business in the protein space, the non-meat protein and then Flavor Enhancers that will allow us to evolve to become a Broader Food Company.

This recent acquisition of Fontanini should confirm our desire to expand and accelerate Foodservice. This is a tremendous opportunity in a branded space – not a commoditized space, a branded space. We know that we can help Foodservice distributors and operators, who are dealing with larger macro issues around labor: attracting labor, the cost of labor, trying to make sure there is consistency across their menu items. We are experts in the space and know that we'll continue to be very successful.

We want to become a more global food company. It's 5% of our sales today. The addition of Ceratti certainly helps with our geographic expansion. We also have expanded our capacity in China by now doubling it with the completion of our Jiaxing facility that will allow us to again meet the needs of Retail and Foodservice customers. And we believe there's an opportunity to really recreate our U.S. model on a more global basis, whether that be in Asia or perhaps in South America and Brazil. It's a model that serves us well: we know it, we know how to recreate it and are looking for more and more opportunities to do that. We know that we want to continue to reduce volatility and increase balance across the portfolio.

And so I talked about, whether it's in the protein space or the packaged food company as we become a broader food company. By channel, with Retail and Foodservice, expanding our global footprint to allow us to become less dependent on domestic and have it skew a little bit more towards the International side. And then, the input costs. So all of this will allow us to offset some of the volatility that we saw in the third quarter. And we know that we're going to continue to shift our mix to more value-added items. We're going to continue to make fewer commodity sales and through innovation and acquisition will expand our portfolio of raw materials.

And when we think about how are we going to achieve our margin goal that we've set out in front of us, well, certainly it's going to be accretive innovation, it's going to accretive acquisition, but it's also about being very strategic in the assessment of your portfolio. And we've demonstrated that over the last year, year-and-a-half, as we've been very strategic and divested those assets that really weren't pulling their weight and they weren't adding value to the organization. So we divested Diamond Crystal Brands, we divested Farmer John and Saag's: and yes, we take a hit to the top-line, $750 million, but we do see that operating margin improvement and it allows us to spend the time and our focus on the business that's going to carry us into the future.

And then there's work that we can do around modernizing our supply chain. Today, we have a very good supply chain: it's not a supply chain that's broken, but I would tell you that it's focused from the bottom up. And so, we have a spirit of continuous improvement and we're always looking for projects that we call best of the best to gain efficiency and to save money, but there's work that we can do to take a more top-down approach to simplify, to modernize, to optimize, and ultimately rationalize what is a very complex supply chain.

And so I laid this path forward out at our 2017 Investor Day. And I want to take this opportunity to show you these aren't just words: these are actions that we've taken since Investor Day to keep us on our path forward of continuing our long-term growth story. So we've expanded and accelerated our Foodservice business with the acquisition of Fontanini. We've become a more global food company with the acquisition of Ceratti. So two pretty significant things in a short period of time and we'll continue to work on these to make sure that Hormel Foods returns to its long-term growth trajectory and we'll be back to tell you about our long-term growth story.

So it's now my pleasure to introduce Jim Sheehan, who is our Chief Financial Officer. Jim.

James N. Sheehan

Senior Vice President & Chief Financial Officer, Hormel Foods Corp.

Thank you, Jim. I'm going to start my presentation with revisiting the financial strategies we discussed at Investor Day. These strategies are critical to actively managing the business in the current market conditions and into the future. The strategies are: strategic cost management; improving our cash cycle; and optimizing our capital structure.

This slide is the slide Jim showed you and he has already gone over the key factors that drove these results. As he said, although 2017 will be our second-most profitable year, it did not meet our expectations. Our performance was carried over into the stock price. It is important to understand that we are not just waiting for raw material inputs to improve, we are actively managing this business including in the finance area.

One of the challenges we face as we would enter the 2018 budgeting process is that we had identified several new strategic initiatives to drive long-term growth. These initiatives required significant support. One example is our investment in the digital and e-commerce. This strategy requires a significant investment in human capital, IT infrastructure, and content. We challenged our team to find ways to reallocate resources from less mission critical functions to support these strategic initiatives. The result is a flat G&A budget for 2018, which provides full support to our strategic initiatives, while offsetting inflation and minimizing all other costs.

We did not develop this budget by slashing and burning: instead, we used a thoughtful approach of understanding what truly supports our long-term strategy. Our approach of strategic cost management not only applies to the general and administrative portion of the business, but throughout the organization, including our manufacturing facilities.

My second initiative is to improve our cash cycle. The purpose is to improve our current cash flow and prepare the company to operate with a higher level of debt. Since 2013 we've taken two days out of our cash cycle, but we think we can do better. We've set three priorities. In the last few months, we have successfully negotiated higher vendor discounts and longer vendor terms. Hormel continues to negotiate with our vendors to attain industry-leading terms. To enhance our cash flow, we are focusing on strictly enforcing our agreed upon selling terms. Consistent with strategic cost management, assets are being reallocated to the collection area to aggressively enforce these terms. We are also focused on optimizing our inventory levels. Our goal is to balance our fill rate and manufacturing efficiencies while minimizing the amount of capital invested in inventory. This supports Jim's ongoing priority of modernizing our supply chain.

My third initiative is to optimize the balance sheet for growth. At the end of the third quarter, we had $633 million worth of cash. Since the end of the quarter, we've made $530 million worth of acquisitions. Our current balance sheet provides us the ability to borrow the capital needed for future acquisitions and major capital investments. We will use this capital in a disciplined manner, focused on growth and shareholder return. We are committed to maintaining our investment grade rating.

Since Investor Day, we've announced three uses of capital which will enhance our return on invested capital: the Fontanini and Ceratti acquisitions and our capital investment into the expansion of our bacon capacity. Excluding tax shields and before these synergies, our acquisition of Fontanini and Ceratti were made at an EBITDA level below 10 times. As Jim stated, we had already budgeted a $150 billion worth of capital for next year to expand one of our existing operations, which is no longer necessary with the acquisition of Fontanini. The capital investment into the precooked bacon capacity will generate high returns, as demand for this product continues to grow. These disciplined uses of capital are examples of the strategy which has delivered an average return on invested capital of 17.1% over the past five years. We attained this return by using a rigorous valuation process for all acquisitions and for all capital projects. We use the same pro forma for the valuation to set executive compensation targets for future years. We utilize a hurdle rate that is consistent with our long-term weighted average cost of capital and we consistently perform post investment analysis to assure the model and the process are reliable.

We are committed to returning cash to shareholders. Dividend growth is non-negotiable. We will continue to increase our dividend and maintain our Dividend Aristocrat membership. Despite our ownership structure, our share repurchase level is at a [ph] median (34:47) level of our peers. We will continue to repurchase stock, to offset stock option dilution, and based on our internal valuation.

We're confident in our strategies to address the current market conditions and to provide long-term growth. Utilizing strategic cost management, improving our cash cycle, and optimizing our capital structure are key financial components to achieving these goals. We will maintain our membership as a Dividend Aristocrat, remain disciplined with investments that support high return on invested capital, and we will continue our share repurchase program.

In closing, Hormel has a strong formula for success. We have the leadership, business strategy and financial resources to meet our strategic goals, provide long-term growth and industry-leading shareholder return.

Thank you. We will now take questions.

QUESTION AND ANSWER SECTION

Benjamin M. Theurer
Analyst, Barclays Capital Casa de Bolsa SA de CV

Q

All right. I'll kick it off. Jim, thank you very much for presentation. Question on the Foodservice business. So that's clearly one of the more successful businesses recently and you've done the acquisition with Fontanini now and clearly focus on growing that segment. But could you share a little bit what's the difference between you and that segment, where you focus on and why is that so successful that [indiscernible] (36:38).

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

A

Yeah. Right. That's a great question. Our Foodservice business is one that really flies under our radar and you probably have heard more in the last year or two about it from me because I have a history in our organization there. But there is a couple of things. The first part – and I mentioned this is – is we view it as a branded business. This is not a commodity business: this is a branded business.

And it's also a business with our direct selling organization that gives us a competitive advantage, because we are not turning over the sale of our products to somebody else. We are responsible for that, working with our distributor partners, working with our operator/customers to make sure that we've got an appropriate pull-through strategy. But to do that, you have to have the right innovative products. And these products are solving for the operators' issues, right. As I mentioned, they have got labor issues. Trying to find the people to work in the back of the house or the kitchen is becoming increasingly difficult. And when they do find them, labor rates are escalating, insurance rates are escalating, healthcare costs are escalating, so if we're able to provide them value-added solutions, that mean they don't have to hire as many people, but they're still able to offer high-quality, consistent menu solutions, that's a win-win for both of us. And so we believe that we do it better than anybody and that's why we're willing to continue to invest in that business with the acquisition of Fontanini, but also this significant investment that we're making in our Wichita, Kansas facility to expand production of BACON 1, which quite frankly today we can't keep up with the demand. Got a question back here.

Q

Thank you for presentation.

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

A

Yes.

Q

Quick question on your International expansion. If you could elaborate more on where – what markets would you be interested in, what categories would you focus on, give a timeline of what your plans might look like?

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

A

Sure. And so there is probably two answers to that. I mean, we have got a very well established business throughout Asia. We have been there for a very long time. We now have three plants in China. We have got joint venture partnership in the Philippines, licensing agreement in Korea. So those are all markets where we've got an established strong hold and we would look for opportunities in all of those markets, and we're trying to find those opportunities that more closely replicate our domestic portfolio. It's what we know. We know the [indiscernible] (39:22) store, we know the center of the store and when I talked about evolving into a broader food company, we feel like we have license in the meat protein, non-meat protein, flavor enhancer area. I mean, we can [ph] goal (39:36) a lot of different places with that business, especially in Asia. I would tell you that in Latin America or a South America, we're going to probably crawl before we walk, before we run. The $100 million acquisition was the perfect size acquisition to gain entry into the Brazilian market. There are some things that we need to learn. We've exported some products there, but we've never actually owned and operated a business. And so, it's going to take us a little bit of time: you know, is that 12 months, is it 18 months, who knows? But our vision and our plan is to establish that current business as a platform for other bolt-ons if you will. And so, because we have, A), a great business already; B), we have a very strong professional management team that we've acquired; and C), we'll have learnings as we go, and we know what's [indiscernible] (40:31) we understand Brazil has a lot of macro issues, political and economic, we get that. But we also know what's happening with the consumer, right. And so we know that there's opportunity there. So we're going to crawl before we walk, but we really like the Brazilian market and other parts of South America. [indiscernible] (40:53).

Q

Right. You mentioned the potential to improve your working capital and cash conversion, so you could operate at higher leverage levels. Just was wondering behind the thought – the thought pattern behind that and why you think this is now the right time to do that?

James P. Snee
President, Chief Executive Officer & Director, Hormel Foods Corp.

A

Well, I think anytime you've operated a business, but have had a lot of cash. And you see opportunities to leverage your balance sheet, you better have your business – you better build the discipline to run that business with the level of debt. And in spite of the fact that we have a lot of cash, we still have cash on hand, we think building that discipline ahead of time will serve us well when the debt comes on to the balance sheet.

Q

Okay.

Benjamin M. Theurer

Analyst, Barclays Capital Casa de Bolsa SA de CV

Okay. So, with that, I want to thank you for your attendance and your attention, and we'll head to the breakout room. Thank you.