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MANAGEMENT DISCUSSION SECTION

Unverified Participant

All right. Thank you. I'd like to welcome Hormel Foods once again to our conference this year. From Hormel, we have Jim Snee, Chairman of the Board, President, Chief Executive Officer; and Tom Day, Executive Vice President and Head of Refrigerated Foods, with us today. Combined, they have almost 70 years of experience at Hormel Foods and each, obviously, have been critical to company's evolution as a global branded food company, focused on protein-related products.

So with that I'll turn it over to Jim.

James P. Snee

Chairman, President & Chief Executive Officer, Hormel Foods Corp.

Thanks, [ph] Rob (00:00:47). Good afternoon, everyone. Thank you for joining us. Do have to always start the presentation by saying we may make some forward-looking comments, and so would ask you to reference our most recent 10-Q.

By way of introduction, for those of you who aren't familiar with our organization, we are a \$9.5 billion sales organization for our most recent fiscal year 2018, with a market cap of around \$21 billion. Our track record of success, our track record of performance is quite stellar. We've had earnings growth 29 out of the last 33 years, and we've had 53 consecutive years of dividend increases. We'll talk a little bit more about those two points later in the presentation.

But also, equally important to us is the fact that we're recognized not only for our financial performance, but what we do and how we do it. So we now have had our 11th consecutive year of being one of the 100 Best Corporate Citizens, which is very important to us, and we're ranked number seven as the most admired food company in the world by Fortune magazine.

We also consider our organization to be a bit unique. The phrase that we like to use or the word we like to use is uncommon, uncommon in a lot of ways; uncommon in that we are 128-year old company. We were founded in 1891 by George A. Hormel. And uncommon in that our world headquarters today is still in Austin; not Austin, Texas; Austin, Minnesota, which is a rural Minnesota town of about 23,000 people. That alone makes us pretty uncommon.

Our ownership structure, the Hormel family – we like to say the greatest gift we ever received was from the Hormel family when they set up the Hormel Foundation, as 48% of our common shares are controlled by the Hormel Foundation. And that gives us the opportunity to really think longer term. Clearly, we're on the market and clearly we operate quarter-to-quarter, but we also are able to take a longer-term view of the world.

We're uncommon because of our people. Our average management tenure is 25 years, 25 years with our company; not 25 years in the industry. So, we are able to operate our organization on a very, very consistent basis. And then we like to think we're uncommon in the fact that we define ourselves differently. [ph] Rob (00:03:36) mentioned it in the introduction. We refer to ourselves as a global branded food company. Food and brands are of the utmost important to our organization and we believe that makes us uncommon.

So today, as we go through the agenda, we'll dig a little deeper into our track record of success. We'll talk too about our commitment to our food journey, and then also make sure that you leave here today with a clear understanding of our strategy for continued long-term growth. And it really starts with our brands. So I mentioned that we refer to ourselves as a global branded food company. And the channels or the spaces where we compete, over half of our business today is still in the U.S. retail market, and you can see some of the brands that appear on grocers' shelves.

Almost a third of our business is in the foodservice space, and that's a business that we believe we have a distinct competitive advantage or a distinct competency in. We think about foodservice much differently than other companies. We look at it as a value creator, not just a commodity business. We've got about 10% of our business in U.S. deli, and we see that as a tremendous opportunity. You'll hear more from Tom Day later in the presentation. And then about 7% of our business resides outside the United States, with a big portion of that in China and Brazil.

So, I said it's all about brands and it really is. When you think about the strong branded presence that our organization has across the food space, it's quite impressive. We have over 40 brands that are number one or number two in the categories in which we compete. And when you think about it in terms of this graphic, the footprint of a retail grocery store, there aren't too many places in that grocery store where you won't intersect with one of our leading brands. And so, we've got a great presence in the center of store and an equally great presence on the perimeter of the store.

I mentioned earlier, our ability to grow earnings. We've been able to grow earnings 29 out of the last 33 years, and that doesn't happen by accident. It happens because of the strong brands that I've mentioned several times already. It happens because of the uncommon people who are in our company, and that's what leads to this unmatched success. And as you can see, this unmatched success is just that, as it's been achieved by only five companies in the S&P 500 over the last 33 years.

And we've got a very disciplined approach to all facets of our business, but nowhere is it more important than how we allocate our capital. So as you think about what's happened in our organization over the last five years, we've generated substantial cash, \$5.1 billion cash from operations. We're very strategic, very disciplined in how we invest in the business for long-term growth, but also understanding the need to return cash to our shareholders.

So, we've got a good mix of reinvesting in the business through CapEx for incremental value added opportunities, but also equally important strategic acquisitions, opportunities for us to bolster our portfolio and really add incremental value to our organization. And then, as I mentioned earlier, strong track record of increasing dividends that puts us in a pretty exclusive club as a Dividend Aristocrat. And this disciplined approach leads to a

great performance. So over the most recent year, 2018, you can see a significant return on our invested capital, and 18% return puts us in the top quartile of our peer group.

Again, talking about our desire to give back to our shareholders, 53 consecutive years of increasing our dividend puts us in a pretty rarefied space, being a Dividend Aristocrat. And on a shorter-term basis, we've been able to increase our dividend at a double-digit rate for the last 10 years.

So, that's what we've been able to do. Clearly, an unmatched track record of success, but equally important to us is how we do it, and we do it through what we call Our Food Journey. So, this food journey is really the difference that we're making in the world. So, we're inspired by the great food and the great products that we make, but we know that equally important is the responsibility that we have to make a difference in the world. With the resources that our organization has, financial and people, we have an obligation to have a positive impact on society and be a good corporate citizen. And I'd like to share with you a video that demonstrates just that.

[Video Presentation] (00:09:25-00:11:25)

And so our journey is just that, it's a journey, and we're all about making progress. It's not about perfection. And we know that there is a starting line, but there is no finish line. This is a journey in perpetuity. But the journey starts with these inspired people, because we're dedicated to the health, the wellness, the safety, and the advancement of our 20,000 inspired team members around the world. And we're all about cultivating long-term relationships of trust, responsibility, and innovation with suppliers, with partners, with customers, and consumers.

We're committed to an inclusive and diverse workforce. As you can see, 37% of our workforce is represented by women, and over half of our workforce is represented by ethnic minorities, but we're not done. We have work to do and this is a journey. And again, being recognized for others by our great work, we're very proud now to be on the World's Best Employers list for three consecutive years.

And, of course, it's all about the people, which means it's all about the communities, where we live and where we work. And so, we are motivated by good stewardship, being a good corporate citizen. And we've got some very aggressive sustainability goals that we established a number of years ago, and I will tell you that we are on track to achieve all of these goals that expire in 2020. In fact, there are some of these goals that we achieved early and we've reset the bar, but we're still on track to achieve all of the sustainability goals that we set.

And just a couple of real life examples. We entered into a wind power agreement in late April 2019, quite recently, and this agreement will help counter 50% of our energy use through renewable energy by the year 2020. And we're also involved or subscribed to a number of different solar gardens, and we currently have five of our manufacturing facilities that are using power from solar gardens and we have another solar garden that we expect to have completed by 2020.

And then, really having an in-person impact in our community, this is where we really make a difference, not only as a company, but where our team members can make a difference. And we always say, we can write checks. We can write some pretty big checks, but it goes beyond that. And it's about our company's ability and our team members' willingness to get involved. And so, as you can see in our most recent year, we donated \$15 million in cash and other product donations.

What you also see are some very important projects that are making differences in lives in people around the world, so Project SPAMMY. Project SPAMMY is an initiative that we started to end childhood malnutrition in Guatemala. And we're making a difference, both cognitively and physically, for the young people in Guatemala.

Convoy of Hope, that is our philanthropic partner for disaster relief. Our willingness to be there with them when people need us the most is very important to us.

And then, on the far right, Hams for Hunger. This is a program that's been part of our organization for years and years and years. Retailers have the opportunity to partner with us, especially during the holidays, and give food back to the communities where they operate, and we do it jointly. So it's these kinds of things that really make a difference for our team members and our company.

And then, of course, we're also committed to making sure that we're improving consumers' lives, because it is about supporting nutrition and wellbeing. And so, we do that, obviously, through good food, but good, safe, wholesome food, and brands that mean something in that space. So, for example, we have Natural Choice, which is a line of lunchmeat that's preservative-free. We have our Applegate brand, which is the leading brand of organic and natural lunchmeats; Jennie-O, which is a great healthy alternative in the turkey space. So, we think a lot of the difference we can make with our products as well for our consumers to make sure that they're able to enjoy a healthy and wellbeing.

So, what we've been able to accomplish is impressive. How we've done it, in my mind, is equally as impressive. But also as important is where we're going from here. So, it's important for all of you to understand our clear strategy for our future long-term growth, and we do that through what we think is a very simple formula. It's a formula that's easy to understand, but I will tell you, it's incredibly difficult to execute. But we've got the right team to execute this formula for success.

And so, it's through having leading brand, and building brands are both an art and a science. And we've got some of the best artists and scientists in our organization, building those 40 brands that have leading share positions. It's about a relentless quest for innovation. It started 128 years ago when George Hormel said, innovate, don't imitate. And those words still ring true today, and we're on track to have 15% of our sales to come from items that were innovated in the last five years by the year 2020.

We're focused on strategic acquisitions. That's a clear part of our strategy to bolster our portfolio and to support our organic growth. And we've made some great acquisitions over the last several years and we've successfully integrated those businesses across a number of our different business units. And we operate our business always with an eye towards a sense of balance, making sure that we don't ever get too far out of whack, whether it's channel, customer, input, making sure that it's a diverse and broad portfolio.

And then two years ago we established what we called our path forward. These are some of the closer and strategic initiatives that we need to accomplish to make sure that we set ourselves up for future success. And I'm here to tell you that we've made great progress on all of our strategic initiatives, starting with evolving to become a broader food company. It wasn't that long ago where we truly were just a pure pork and turkey protein organization. But with the growth of our MegaMex portfolio, the Herdez brand, Wholly Guacamole, the acquisition of Justin's, we've really seen our portfolio become a lot broader. We've also broadened it with acquisitions like Columbus in terms of broadening the parts of the store where we've become even more important.

The second thing we've been able to do is really expand and accelerate our foodservice business, and I mentioned earlier that I really believe this is a distinctive competency for our organization. So through a strategic acquisition of Fontanini, but also great innovation with Bacon 1 and our Fire Braised line of products, we've been able to really put our foot on the accelerator and drive our foodservice business.

We've had an eye to becoming a more global food company, very well-developed business in China, but also with the acquisition of Ceratti, we now have a presence in Brazil. So, two good platforms for us to continue to build on and add to in the future. And, of course, we've got two global iconic brands with SPAM and Skippy that resonate around the world.

And then we talk a lot about being able to reduce volatility and increasing that balance I mentioned in our formula for success, making sure that we become less dependent on commodity profits and more dependent, more reliant on value-added products. You'll hear from Tom in a little bit just how we've been able to do that. Then, of course, making sure that we're honest with ourselves and divesting non-strategic assets, and so these are very hard decisions to make, but we've been able to do it over the last several years. The most recent was the divestiture of our CytoSport business, the muscle milk brand. But, it was a right thing for us to do over the long term.

And then also within the last 18 months, we've had a full-court press on our desire to modernize our supply chain. So over time as we've acquired businesses, as our supply chain has become more complex, it was important for us to take a more holistic view. So, we created a supply chain organization, and they've made a difference. They've uncovered a lot of inefficiencies and better ways for us to go to market. And so we're in the early days, but really feel good about the progress that we've made with our holistic look at our supply chain.

But nowhere is the progress of our organization more noticeable than in the progress that we've made with Refrigerated Foods. And so, when I talked about wanting to become less dependent on commodity profits, more dependent on value-added products, Refrigerated Foods is the poster child for being able to get that done.

And the individual who's led that charge is here today to tell you more about the evolution of Refrigerated Foods, and it's my pleasure to introduce, Tom Day, Executive Vice President of Refrigerated Foods.

Thomas R. Day

Executive Vice President-Refrigerated Foods, Hormel Foods Corp.

Thank you, Jim. Good afternoon. I want to thank everyone for taking the time to come and learn a little bit more about our company. It's a privilege for me to be here today to represent the sales, marketing, and production professionals who are the Refrigerated Foods group.

In October of 2013, I assumed the responsibility for the review for the Refrigerated Foods group. And at that time I was challenged by our CEO at the time to increase the margins on Refrigerated Foods, the business at that time was running below 6% return, and to get it to 8%. That was the challenge. Today, I'm going to tell you that the return on Refrigerated Foods is now in excess of 13%.

We've accomplished this by growing our sales in foodservice and in retail, while at the same time creating a new deli division. As a result, we've reduced our reliance on commodity sales and changed that to a reliance on value added. We believe improvements like this are uncommon. It speaks to the clarity, to the focus, and to the alignment that the Refrigerated Foods teams execute each and every day.

So, how did we do this? The most important factor has been our ability to grow the value-added parts of our business. Said simply, the division has had the ability to take commodity products and convert them to value-added products that we sell under a number of key brands, including Natural Choice, Hormel pepperoni, and Black Label bacon.

Since 2013, we've grown our value-added portion of our portfolio from approximately 70% to more than 85% at the end of 2018. Not only have we converted more commodities to value added, but at the same time we've

shifted the mix of the products that we've been selling. A great example of how we've done this – I'll highlight our bacon complex. Years ago we had one bacon; it was our classic 1-pound Black Label bacon. Today you'll find on store shelves and menus across the country products like our flavored bacons, natural and organic bacon, microwave bacon, and our newest premium line to-date, Bacon 1 fully cooked bacon.

Every new innovation has taken us up the value added ladder and improves not only our revenues, but our margins. We are constantly reviewing our raw material and every one of them within the Refrigerated Foods group, in order to not only provide our customers with what they are looking for, but to optimize the returns.

The acceleration in earnings since 2013 has certainly been impactful to not only our group, but our company. To grow at a 22% compound annual growth rate, we've leaned heavily on our company's formula for success, building brands, innovation, acquisition, and taking the necessary steps to balance the portfolio for long-term growth.

Growth in the Refrigerated Foods group has been driven by brands that did not exist 15 years ago. Brands like Hormel Gatherings, Austin Blues, Natural Choice, Bacon 1, and Fire Braised meats speak to our company's competency as it relates to innovation. Over the last five years, we've also acquired three great brands that have been a perfect complement to our portfolio. My enthusiasm surrounding the Applegate team, the Applegate brand, and our Applegate customers remains very strong.

Fontanini has enhanced our Hormel Foodservice brands and certainly has been a big impact in helping us grow the pizza topping category. Our newest acquisition, Columbus Craft Meats, which is our largest company's acquisition to-date, was a catalyst for us to unite our deli teams. Finally, we've made some strategic and difficult decisions to divest businesses. These decisions have right-sized our pork supply chain, reduced our earning volatility, and are aligned with our vision to become a global branded food company.

I'd like to speak to you for a few minutes to discuss three distinct channels in which the Refrigerated Foods competes with our value-added products. First, I'd like to highlight our foodservice division. Foodservice has become more and more important to us each and every year as we find new and innovative products that deliver value to our operators. Although some of these brands may not be recognized to you on the consumer front, I can assure you that they are all well-recognized within the foodservice industry.

Our foodservice business consistently outperforms the overall foodservice industry in terms of growth rates, and we do this because we work closely with our foodservice distributors, and we're front and center with foodservice operators across the country. We've been helping operators deal with their major issues, which include labor, convenience, flavor, and healthy offerings. The foodservice team benefits greatly from several core competencies that they have.

First, a direct and dedicated sales team; number two, strong industry relationships with foodservice distributors and operators, and a third, a thirst for innovation. We are confident that the foodservice group will continue to expand and accelerate our growth within the Refrigerated Foods area.

The second area that I'd like to speak to you about this afternoon is our retail group. This is retail products that are sold primarily around the perimeter of the store. Our dominant market shares in categories like pepperoni, bacon, and party trays uniquely position us with retailers. Hormel pepperoni and Hormel Gatherings, which are party trays, are two examples that are on-trend with consumers and continue to grow year-after-year.

Our Applegate brand, with its presence in the natural and organic channel, continues on the mission of changing the meat we eat. Growth at Applegate is coming from key product categories to include their lunchmeat, bacon, sausage, and in addition to exciting new product which they've recently introduced. Just within the last month, they've introduced the Applegate blended burger made from a blend of mushrooms and either beef or turkey. These are just a few of over 40 examples of leading brands that help us drive business at retailers across the country, which makes us important to them and certainly them important to us.

Next, I'd like to speak to you about the deli. At the start of 2019, we began to officially market the Hormel Deli Solutions team, combining all aspects of our deli branded business into one group within the Refrigerated Foods. This new division delivers an unmatched array of high-quality deli and prepared foods, marketed and sold through a direct sales organization. We are excited to help the retailers create the deli for the future.

I think we can all agree that for decades the deli has remained relatively unchanged. This picture illustrates how delis are starting to pivot and evolve to answer questions that the consumers are looking for. Number one, convenience; number two, provide consumers with new experiences; and number three, bring forth flexible meal solutions. By bringing our deli group together, we now have a portfolio of solutions that are relevant to the deli of today, as well as the deli of the future.

When you think of a deli, your first thoughts would probably go to the traditional behind-the-glass business, or bulk deli meat. While value and mainstream bulk deli business is positioned and slowing down, we are positioned for growth as a result of our premium offerings in Columbus under the Hormel brand, the Di Lusso brand, and Jennie-O brands.

From a prepared foods perspective, the vast majority of sales today within the deli are rotisserie and fried chicken. But retailers are moving towards a more progressive food offering and our ability to leverage our knowledge, insights, and expertise within the foodservice area are providing products solutions, which will certainly add value to the retailer.

Finally, the grab-and-go section of the deli is growing. Hormel Deli Solutions has a strong presence with our entertainment focused selection of party trays and snacking options from our Columbus portfolio. Taken together, we believe the deli will be the future growth engine for our company.

Our formula for success within Refrigerated Foods mirrors that of our company. The evolution has been a result of building brands, innovating, making strategic acquisitions, and bringing balance to our portfolio. Our business is strong today as it's ever been, and I'm confident in the Refrigerated Foods team and where we are headed. We have a strong track record of success and the future looks very bright as we continue to execute our plan.

In closing, Hormel Foods has been and will continue to be a long-term growth story. Our incredible track record of success, our commitment to Our Food Journey, and our clearly articulated strategy for long-term growth positions us for success in the future.

Jim and I would like to thank you again for coming this afternoon. We'd like to open it up for questions, and I'll turn it over to [ph] Nathan (00:34:34).

QUESTION AND ANSWER SECTION

Q

Do we have any questions? Yes, right here.

Q

There been a lot of [indiscernible] (00:34:44) proteins – sorry. Heard about other companies talk about plant-based proteins. Could you talk about that a little bit?

James P. Snee

Chairman, President & Chief Executive Officer, Hormel Foods Corp.

A

Sure. So, plant-based proteins aren't new to our organization. We've been working on that in multiple channels the last several years. In our foodservice organization, we've introduced an item we call the Fuse burger, which is more of a blend with meat and some plant-based items. Tom referenced the item that our Applegate team introduced several months ago, which is a blend of either beef or turkey and mushrooms.

Then we also have in our Burke organization, which is really a foodservice company, they're working on a plant-based pizza topping. So in addition to that, we also have some innovative retail initiatives that we're working on, that we haven't been very public about. But it's something that is certainly on our minds like everybody else, and there's a lot of work happening both in the marketplace and behind the scenes.

Q

Another question? Yes? [ph] May as well (00:36:01).

Q

Obviously, I think you've touched on this previously, not today, but before today, just in terms of cost inflation. Obviously, it's very topical, what's happening in Asia, swine fever. Just maybe provide some perspective in terms of discussions with retailers so far, how you feel about your pricing ability, where you may be relative to competition and what have you to kind of just maybe give some comfort in your ability to manage through this situation.

James P. Snee

Chairman, President & Chief Executive Officer, Hormel Foods Corp.

A

So, of course, situation being referenced is what's happening with African swine fever impacting the pork herds, specifically in China. And so, the biggest issue – or, I would say, our point of view is, it's not a matter of if this is going to impact the global market, if it's going to impact the pricing. It's more a matter of when is it going to happen. And so, there's a lot of uncertainty in the marketplace about what the supply situation in China truly is, and there's not a lot of transparency. But I think it's fair to say that it is going to happen where they will be drawing

on supplies, whether it's from the United States or other parts of the world. And that will have an impact from a supply perspective on driving up raw material markets.

We saw a quick run-up early May and that led us to take some pricing action across a number of key categories. We've also been hard at work to project out what we think raw material markets are going to be, and these are significant increases that we're projecting. So, we've gone ahead and we've taken the pricing action to make sure that we're well-positioned. Now as markets have moderated a little bit that seem to – the early May run-up seem to be a false leading indicator.

But we've still maintained our pricing level [ph] and now (00:38:07) working with really customers, retailers to pull the right levers for trade and marketing activities, so we don't have to go back and have additional pricing discussions or price where we need to be. We're making sure that we pull the right levers so that we have the demand scenario, the volume scenario that we want. And again, it's just a matter of when the markets actually move in totality and stay at elevated levels. But, I mean, we feel good about; A, the pricing actions that we've taken; B, the ability for those pricing actions to hold. And now, we are starting to see the competitive set, depending on the category, start to take action as well. So, I think we're in a good place, but now it's a matter of the markets cooperating, if you will.

Q

Right over here.

Q

Thanks for the presentation. Guys, how much of your top line do you devote to R&D and how has that changed in the last decade or so? And I'm coming from a place where I'm looking at this Beyond Meat's market cap and who knows whether it's the right market cap or not, but that does seem to be a clear signal that there are huge rewards for companies that can innovate in protein, and I just wonder how far into that journey you are and how that's reflected in the P&L.

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

A

Sure. I'm going to let Tom answer more for Refrigerated Foods, and then I'll jump in.

Thomas R. Day
Executive Vice President-Refrigerated Foods, Hormel Foods Corp.

A

Sure. From a Refrigerated Foods standpoint, as Jim mentioned, we've been on a journey in regards to looking at plant-based and alternative-based. I think the question that's still out there yet that needs to be answered, but clearly we're aware of some of the information you provided is, is it plant or is it meat or is it a combination of the both of them? We personally believe in the journey we've been on is the idea of combining or blending meat and some plant-based protein in order to find a product that works.

We're in the food business. The product has got to taste good. It has to deliver on what consumers are looking for. But from a standpoint of research, as Jim mentioned, our founder said it best, innovate, don't imitate. And so, what we have been doing is innovating, and I think you'll hear more shortly in regards to some of the things as it comes to market. So, Jim, I'll turn it back to you.

Thomas R. Day

Executive Vice President-Refrigerated Foods, Hormel Foods Corp.

A

Yeah. I mean, we're in clear alignment. I mean, obviously, the consumer seems to be speaking about having plant-based as a choice. So I think we also have to understand that it's going to be one of the many choices going forward. And is that purely plant-based, is it a blend? I think it's still early to tell. We think that there's an opportunity to innovate in the foodservice space. You heard us talk a lot about foodservice here.

So we think that consumers in terms of engaging with products like this, a lot of times the first place that happens is in a restaurant off of a menu. And so, we're hard at work making sure that we've got the foodservice offering that can help consumers connect with that space and make a decision if it's something they want to continue to pursue.

Q

[indiscernible] (00:41:41) that will be our last question.

Q

[indiscernible] (00:41:42-00:41:51). So, were you to spend, picking up a 5% of sales, so just shy of \$0.5 billion on R&D, my understanding that would be broadly equal to the invested capital in Beyond Meat. I think slightly less actually. So, what I'm saying is, could you reset and say, we're going to take a one-time hit to our P&L for a long-term investment in what is not a particularly capital intensive industry to do that.

Is that the sort source of long – you talked at the start about this commitment to the long term, and so is that the sort of thing we should expect from a company like yours or is that not – it looks like you're very focused on short term – or rather financial goals rather than innovation goals. I'm just trying to understand how you look at it.

James P. Snee

Chairman, President & Chief Executive Officer, Hormel Foods Corp.

A

Yeah, I hear what you're saying. I don't know that we would necessarily have to take a huge financial reset. As you said, it's capital intensive, but if you look at our infrastructure today, right, what does it take to develop a product like this. It takes progressive research and development, check that box. It takes a strong refrigerated manufacturing network, check that box. It takes a well-developed either refrigerated or frozen distribution network, check that box; direct sales relationships, interacting with customers, check that box.

So, I mean, I think there is a lot that fits with our company without having to set this huge financial reset that you mentioned. And I would say it's on our radar, but there's a lot of things on our radar. We see a lot of opportunities out there. We understand that it's the shiny new toy and we get that. It's one of our shiny new toys as well. But we've got a lot of things that we're working on to support not just the short term, but these innovation goals, like 15% by 2020, really our longer-term initiatives that set this company up for the long-term growth that we need.

Unverified Participant

Thank you.

Unverified Participant

Thank you, guys.

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