S&P Global
Market Intelligence

The Marzetti Company

NasdaqGS:MZTI

Earnings Call

Tuesday, November 3, 2026 3:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	6

Call Participants

EXECUTIVES

Dale N. Ganobsik
Vice President of Corporate Finance, Investor Relations & Treasurer

David A. Ciesinski
President, CEO & Director

Thomas K. Pigott
VP, Assistant Secretary & CFO

ANALYSTS

Alton Kemp Stump
Loop Capital Markets LLC, Research Division

James Ronald Salera
Stephens Inc., Research Division

Matthew James Curtis
D.A. Davidson & Co.

Scott Michael Marks
Jefferies LLC, Research Division

Todd Morrison Brooks
StoneX Financial, Inc., Research Division

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Presentation

Operator

Good morning. My name is Kelly and I will be your conference call facilitator today. At this time, I would like to welcome everyone to The Marzetti Company's Fiscal Year 2027 First Quarter Conference Call. Conducting today's call will be Dave Ciesinski, President and CEO; and Tom Pigott, CFO. [Operator Instructions]

And now to begin the conference call, here is Dale Ganobsik, Vice President of Corporate Finance and Investor Relations for The Marzetti Company.

Dale N. Ganobsik
Vice President of Corporate Finance, Investor Relations & Treasurer

Good morning, everyone, and thank you for joining us today for The Marzetti Company's Fiscal Year 2027 First Quarter Conference Call. Our discussion this morning may include forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of risks and uncertainties that could cause actual results to differ materially and the company undertakes no obligation to update these statements based upon subsequent events. A detailed discussion of these risks and uncertainties is contained in the company's filings with the SEC.

Also note that the audio replay of this call will be archived and available on our website, investors.marzetticompany.com later today. For today's call, Dave Ciesinski, our President and CEO, will begin with the business update and highlights for the quarter. Tom Pigott, our CFO, will then provide an overview of the financial results. Dave will then share some comments regarding our current strategy and outlook. At the conclusion of our prepared remarks, we'll be happy to respond to any of your questions. Once again we appreciate your participation this morning.

I'll now turn the call over to The Marzetti Company's President and CEO, Dave Ciesinski. Dave?

David A. Ciesinski
President, CEO & Director

Thanks, Dale, and good morning, everyone. It's a pleasure to be here with you today as we review our first quarter results for fiscal year 2027. Our fiscal first quarter, which ended September 30, presented challenges for our business as the cyclospora outbreak and the sharp increase in freight costs adversely affected results. Consolidated net sales declined 2.4% to $481.5 million while operating income decreased $17.8 million to $41.4 million. Excluding noncore sales attributed to the TSA, adjusted net sales declined 0.3%.

Cyclospora drove double-digit declines in the affected categories and the impact was concentrated in the Great Lake region where our Marzetti dressings, dips and croutons have their strongest market development. Retail segment sales grew 2.0% to $252.7 million as $17.8 million in incremental sales from Bachan's, our newly acquired Japanese barbecue sauce brand, along with strong growth from our Texas Roadhouse dinner rolls offset the impact of cyclospora.

Foodservice sales, excluding noncore TSA sales, decreased 2.6% as strength from select national chain restaurant accounts and a modest level of inflationary pricing were offset by the impact of the cyclospora outbreak. Other areas of our business continued to perform well during the first quarter and the impact of the cyclospora outbreak has moderated in recent weeks. Circana scanner data for the quarter ending September 30 showed continued strong performance of the Bachan's brand with sales up 10.7%, total distribution points or TDPs increasing 7% and velocity up 13% as the brand continues to grow share in the barbecue sauce category.

Texas Roadhouse rolls continued the strong path of growth in the frozen dinner roll category with sales up 21.3%, TDPs up 79.6% and a market share gain of 270 basis points. When combined with our Sister

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Schubert's brand dinner rolls, we finished the quarter with a category-leading market share of 64.2%. Our New York Bakery brand also continued to perform well with sales up 5.1% in the quarter resulting in a market share gain of 250 basis points for a category-leading share of 46.6%.

I'll now turn the call over to Tom Pigott, our CFO, for his commentary on our first quarter results. Tom?

Thomas K. Pigott
VP, Assistant Secretary & CFO

Thanks, Dave. Overall, we encountered substantial headwinds this quarter that impacted our results more significantly than was anticipated. While some portions of the business performed well, the cyclospora impact to our Retail segment and our input costs for fuel were both higher than we initially forecasted. First quarter reported net sales decreased by 2.4%. The key drivers were a decline in organic volume and product mix of 460 basis points primarily driven by the impact of the cyclospora outbreak, a pricing contribution of 80 basis points, the addition of Bachan's sales, which added 360 basis points of growth.

These items were offset by the discontinuation of noncore temporary supply agreement or TSA sales that we have previously discussed. This discontinuation unfavorably impacted revenue by 220 basis points. Excluding the TSA sales, adjusted net sales declined by 30 basis points and we estimate the cyclospora impact to have reduced revenue by approximately 300 basis points. Consolidated gross profit decreased by $8 million or 6.8% versus the prior year quarter to $110.8 million. Reported gross margin declined by 110 basis points.

The gross profit decline was driven by the reduced sales volume attributed to the cyclospora outbreak and the associated impact to our production facilities, higher freight costs due to increased diesel prices and higher linehaul rates and incremental expenses related to the capacity expansion at our sauce and dressing facility in Atlanta. Incremental sales from the Bachan's acquisition and our cost savings programs contributed to partially offset these items. Going forward, we expect a higher level of productivity contribution.

Selling, general and administrative expenses increased by $10.9 million. The increase was primarily driven by the addition of Bachan's core SG&A expenses and a modest increase on the base business. We also incurred $2.4 million in noncash amortization expense for the Bachan's intangible assets. Consolidated reported operating income decreased by $17.8 million or 30.1% due to the reduced gross profit and higher SG&A expenses. Our tax rate for the quarter was 24.4% compared to 22.4% in the prior year quarter. We estimate our tax rate for the remainder of fiscal '27 to be 23%.

First quarter reported diluted earnings per share decreased $0.64 or 37.4% to $1.07. The drivers of the decline were the lower operating income, higher interest expense and a higher tax rate. Turning to the balance sheet and cash flow. The company delivered operating cash flow of $51 million. That cash was deployed into payments for property additions of $17.8 million as well as debt reduction, share repurchases and dividend payments. Our full year forecast for capital expenditures remains at $90 million. A quarterly cash dividend of $1 per share paid on September 30 represented a 5% increase from the prior year's amount.

Our enduring streak of annual dividend increases stands at 63 years. The company finished the quarter with less than $200 million of debt on the balance sheet with an effective interest rate of approximately 5%. So to wrap up my commentary, our results reflected the impact of significant headwinds we encountered during the quarter. As the impact of the cyclospora issue has largely moderated, we are focused on improving performance while continuing to invest to grow the business and returning funds to shareholders.

I will now turn it back over to Dave for his closing remarks. Thank you.

David A. Ciesinski
President, CEO & Director

Thanks, Tom. Going forward, The Marzetti Company will continue to leverage the combined strength of our team, our operating strategy and our balance sheet in support of the 3 simple pillars of our growth plan:

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

to one, accelerate core business growth; two, to simplify our supply chain to reduce our cost and grow our margins; and three, to expand our core with focused M&A and strategic licensing. As we look ahead to our second quarter and the remainder of fiscal year 2027, in addition to the incremental sales attributed to Bachan's, we expect Retail sales will benefit from new items that we've recently launched or have planned for introduction later this year.

In the Foodservice segment, we expect sales to remain supported by select quick service restaurant customers in our mix of national chain restaurant accounts. We continue to anticipate a moderate level of commodity cost inflation along with significantly higher freight cost, which we expect to substantially mitigate through inflationary pricing and our cost savings programs as we remain focused on margin improvement. On the sales front, I have some exciting news to share regarding our largest Foodservice customer and trusted partner, Chick-fil-A.

Beginning November 16, Chick-fil-A is introducing a new spicy version of their popular Chick-fil-A sauce produced and supplied by Marzetti. The new sauce will be available in their restaurants nationwide and is planned to be a permanent addition to their sauce offerings. The sauce combines the iconic Chick-fil-A sauce with mustard notes and a smoky tang balanced with subtle sweetness and infused with spicy peppers. We greatly value our long-standing relationship with Chick-fil-A, which dates back to 1983, and we look forward to further strengthening our partnership and supporting their continued growth through this important initiative.

Before I finish up, I also want to take a moment to welcome Mark Christenson as the new President of our Retail business. I'm very excited to be adding Mark to our executive leadership team. Mark is a proven brand builder with a track record of creating sustainable growth in highly competitive categories. His background includes more than 20 years of relevant leadership experience, most recently serving as Chief Revenue Officer of Wingstop where he led brand strategy and customer-facing commercial activity for the company's U.S. business.

Prior to Wingstop, he spent 20 years at Procter & Gamble in roles including Senior Vice President of Global Feminine Care, Vice President of North American Baby Care and Vice President of Global Fabric Care. I'm confident Mark's experience and leadership will help us accelerate organic growth in Retail, strengthen our brands and innovation pipeline and deepen our customer partnerships. In closing, I extend my sincere thanks to the entire Marzetti Company team for all their hard work this past quarter and their ongoing commitment to grow our business.
This concludes our prepared remarks for today and we'd be happy to answer any questions you may have.

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Alton Stump of Loop Capital.

Alton Kemp Stump
Loop Capital Markets LLC, Research Division

Dave, I just wanted to kind of touch on what I thought was interesting comments about the outbreak was having a bigger impact because you guys have a very strong presence in the Great Lakes region. So given that as you kind of see things get back to normal hopefully in coming quarters, should we see sort of an outsized recovery for you guys because of that regional presence that you have that was obviously impacted most heavily by the outbreak?

David A. Ciesinski
President, CEO & Director

Yes. Alton, I think it's an important question. I appreciate you asking it. If you look at sort of market development by brand throughout the various regions and you look at the Great Lakes, it represents 30% of our overall business versus all of the other regions. So it's a very high concentration. It's 3x most of our other competitors there. And as you pointed out, those were the areas that were most significantly impacted. So if you went to sort of the center of when this thing was and part of the impact, it was sort of early August and that impact ran until the very end of August.

So case in point here, if you look at croutons. Croutons as of that first week in August were actually down 30%, believe it or not. By the end of August, they had recovered 18%. If you look at shelf-stable salad dressing, it was down 17% for the entire month of August. And then if you look at produce dressing, which is I think again an area where we're very developed, it was down 23% as a category for the first week of August and it remained down 20% as of the last week of August. So bringing it around, when it does recover, we would expect to see an outside benefit. Now as for the recovery, what we're seeing is that it's trailing.

The category, as you remember, was a little bit soft going into this. So we're still seeing a modest decline there, but it's substantially recovered over where it had been before. And what I would also add is as we were in the throes of the situation, we and other peers elected to turn off our marketing because it really didn't make any sense to be spending consumer advertising while the category was going through this. We do have that advertising expected to come back online in the back half. We're going to do it around January 1, which is the historic beginning of salad season and new New Year's resolutions around eating healthier and attacking light food.

Alton Kemp Stump
Loop Capital Markets LLC, Research Division

Got it. That's some great color. And then I guess just one other one and then I'll hop back in the queue. Obviously we are several months now into your Bachan's acquisition. Clearly based on sell-through data, it's off to a very good start. I'm curious kind of if you have had any sort of material learnings now that you've owned the business for several months as far as maybe upside potential that maybe was even better than what you had thought heading into the deal.

David A. Ciesinski
President, CEO & Director

Yes. I would say, look, the brand and the team have met and exceeded all of our expectations and maybe I'll start by talking a little bit about the brand. As you heard in the comments, we're continuing to achieve double-digit growth. We're continuing to expand TDPs. And one of the metrics that I'm particularly excited about is that we're actually growing our velocity faster than we're growing the sales overall. So it isn't just

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

by virtue of new distribution that we're achieving growth, but really it's the underlying velocity or sales per TDP of the existing items, which is driving the product.

So I would say on core item, we continue to be very excited. We're driving awareness and trial in households and it's manifesting in the velocity. Now if you look at sort of the other pillars of the overall growth plan. The team has done a fabulous job developing mayo and selling it in and so far, the sell-in has gone very well. It's already available in the natural channel at Whole Foods where they were a lead customer and you could expect to see it in the remainder of retail as we go into the next calendar year. And then they have other items in their pipeline as well. And so the team continues to do a great job. What's the learning?

I think probably the biggest one, Alton, is that Bachan's on the label says Japanese barbecue sauce, but nearly 3/4 of the occasions actually are everyday meals where consumers are looking for fresh, flavorful, quick meal solutions and Bachan's really plays well there. And I think that learning for both us and Marzetti and the team at Bachan's is informing how we think about marketing communications to drive that versatility message. I think that's going to be important in the future of the business. Maybe one other quick passing comment is the business is actually growing faster in Canada than it is in the United States right now. So that's been a nice surprise on the upside.

Operator

Our next question comes from Jim Salera of Stephens.

James Ronald Salera
Stephens Inc., Research Division

Tom, I wanted to start on the gross margin side. If I kind of piece everything together, it seems like the primary variance in 1Q was the freight cost and kind of the incremental transport cost. So can you just maybe break that apart and give us a sense for how we should think about freight costs for the remainder of the year? And please correct me if I'm wrong, but I believe in the 4Q call, you guys talked about kind of 100 basis points give or take of gross margin expansion through the year. Are we still thinking about something in that range or maybe a little bit less given where 1Q came in? Just some puts and takes on gross margin would be great.

Thomas K. Pigott
VP, Assistant Secretary & CFO

Sure. So you're right, the higher freight costs significantly impacted our first quarter margins. We calculated an impact of about 120 basis point headwind from that. In addition, the higher cyclospora impact on revenue impacted our ability to drive cost savings as well as the mix was unfavorable. That was an additional 40 basis point headwind for the quarter. Now as you go forward, the freight headwind remains through Q2. So as we look at our Q2 outlook, we anticipate being able to get to flat margins, but not grow margins in the second quarter.

But as you look at the second half, we expect to be fully back on algorithm and to be able to drive some nice margin growth. So the full year outlook we've adjusted down to be growing between 25 basis points and 75 basis points really driven by growth in the second half. Now what I would say is that our forecast is based on the market outlook for diesel fuels, which does anticipate some moderation in the second half. So it's something that we're going to continue to monitor and continue to work to offset.

James Ronald Salera
Stephens Inc., Research Division

Great. And then shifting gears and just talking about innovation, exciting to hear the new opportunity at Chick-fil-A. You guys also had a press release out yesterday announcing new collaboration. Can you just give us a sense for how much incrementality innovation outside of Bachan's should contribute this year and just maybe the sequencing of when those things start to [emulate] kind of an initial ramp for Chick-fil-A, but just how quickly we should see the uptake in market and sort of quantify some benefits?

David A. Ciesinski

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

President, CEO & Director

Maybe I'll hit them in the order of which you covered them, Jim, and I'll begin first with Chick-fil-A sauce. So as was discussed in the script, we're thrilled. It goes in market on November 12. They're going to be starting their advertising before too long to drive it and we're super excited about it. It's a major initiative for them that's been in the works for quite a long time and we look forward to supporting with them and participating in the growth. As you might imagine, it's going to be a contributor to Q2 for Foodservice and a contributor for Q3 as well.

And as the item becomes a permanent part of their sauce portfolio, I think we're going to remain I think optimistic about what the overall impact is going to be. And I'm going to switch to Retail, if I may. Swinging around to that portfolio, the current plan is to launch that product in Retail in the spring launch window of next February. So it's not going to come out right now on the heels of the restaurant launch. They want to use the restaurants as a means by which to shoot the advertising and drive it as an LTO, but we have plans in place already to bring it into Retail, but it's going to be launching next year.

As far as the current pipeline of activity that we have this year, I would characterize it as building. Our bakery items are already out in the marketplace with New York Texas Toast behind the focaccia bread and loaf. They're both doing very well. We launched a new SKU of Texas Roadhouse that's driving TDP growth and I think you saw consumption was up about 20% in the period. As we move around to sauces where we've spent a lot of energy recently, what you're going to begin to see is a host of new items, the first of which we mentioned in the press release, which is a really exciting partnership with Tajin.

You can consider this sort of licensing 2.0, where we believe we found a very, very consumer-relevant brand platform that connects with both younger consumers and consumers out West. It's growing very rapidly in a range of different areas and it naturally lends itself to things like ranch dressing. So we have several items that we have planned to come out into the marketplace this This year in February with that, we're selling those in right now. And then we also have a range of activity in flight with our own Marzetti brand where we're looking to bring new items into the refrigerated section.

The intention is not for these to be salad dressings per se, but really for them to be more versatile sauces that you can use to dip, drizzle or to dress. Those products are also in the process of being sold into the market. So you can expect to see those February-ish and as retailers begin to prepare to reset their shelves.

Operator

Our next question comes from Scott Marks of Jefferies.

Scott Michael Marks
Jefferies LLC, Research Division

First thing I wanted to ask about is if we look at underlying organic growth trends, right, if we strip out the impact from cyclospora, it looks like organic volumes were still down across both Retail and Foodservice. So wondering if you can just help us understand a little bit what are the main drivers behind that and how should we think about those factors contributing or helping going forward?

David A. Ciesinski
President, CEO & Director

Yes. It's an important question. If you pull them out, Scott, like you indicated if you adjust for cyclospora, what you're looking at on the base business continues to be a low single-digit decline. And what I would point to is a couple of things. One, despite or in spite of cyclospora, really it's the dressings category is probably the softest piece. Other than that, we feel like our categories are generally healthy. We're continuing to drive growth in our bread business and really all eyes and focus are on continuing to build on our strength in sauces and really fix and then grow what we have going on in the dressings space.

And it may be an opportunity now to talk about some of what we have going on. You read recently that we appointed a new leader of our Retail business. But probably 6 months before that, we launched something internally called Project Alpha, which is intended to go back and to strengthen all of our fundamental

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

processes in developing consumer insights, developing new products and innovation and strengthening our marketing, particularly in the digital space. And that work is in flight. It's informing and producing some of the products that I just talked about.

And then this leadership change that you heard with the addition of Mark Christenson is really just the latest move to strengthen that team that comes on the heels of an appointment of a new sales leader just a few months ago and a new head of overall marketing probably about 4 months ago. So a lot of activity there to strengthen our team because honestly, we feel like we have both the right to play and the right to win. We want to make sure we have the right ideas and the right people to drive those ideas to bring it to fruition.

Scott Michael Marks
Jefferies LLC, Research Division

Appreciate the thoughts. And then just following up on that one as well and then I have another one. If we think about the kind of some of the underlying trends you mentioned in the context of your expectations for the full year, I think on the Q4 earnings call you called out the expectation for mid-single-digit net top line growth, including Bachan's with Retail up mid-single digits and Foodservice up low to mid-singles. Any change to that expectation at this point?

Thomas K. Pigott
VP, Assistant Secretary & CFO

We still believe we can achieve that, Scott, so in spite of the cyclospora situation.

David A. Ciesinski
President, CEO & Director

Scott, before we go on, one thing that's worth clarifying is not the what, but let's say the how because part of what's driving that also is historically in an environment where we didn't see commodity cost inflation, all eyes were on volume. In an environment where we saw elevated commodity cost, we mentioned in Q4 that we intended to price. We have since implemented those prices and they've been accepted on both our center store grocery sauces and dressings and our produce items.

So those prices have flown through. So as you look at sort of the composition of how we achieve that growth, you're going to see some of the growth coming by way of pricing and then some modest -- a little bit more modest performance on volume and that's fully expected. We took that move intended to protect our margins in the long haul.

Scott Michael Marks
Jefferies LLC, Research Division

Understood. And actually that was part of my follow-up question, which is in the prepared comments or in the press release, you talked about taking maybe some incremental inflationary pricing because of what you're seeing across freight and diesel in addition to other mitigating efforts. Wondering if you can just help us understand if that's correct, if that's because of the higher freight costs and how are retailers responding at this point to request for pricing to offset those costs?

David A. Ciesinski
President, CEO & Director

So maybe I'll start with the first because it's a really important point. Just it's ironic if you sit back and you look at through the scope of time; 4 months ago, cyclospora was on the horizon and we didn't appreciate how significant it was going to be. What we really focused on was the run-up of commodity costs because of soybean oil. As I shared, we were able to implement those prices. The first one went into effect right on the heels of the beginning of June. The next one went at the end of June. They all since flowed through and that includes all customers.

And those conversations, as you might expect were -- they were full conversations, but we were resolute that we could see clear line of sight to how the commodities were flowing right through to our products.

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

And we said to our customers, respectfully you want us to innovate, you want us to market, but we need to be protecting our margins in the long term so we could do this. And I think after a period of back and forth going over the data, they could see where we were coming from. And as an aside, they were pricing in some cases the private label as well.

So those conversations on the center of the store and produce happened and we felt like we priced everything that we could see as of that moment in time. Now as diesel has remained higher and possibly for longer, there's another round of pricing that we're looking at in grain and dough. So this would be our bread and roll business. We are putting those plans in place. The intention is to make those pricing moves effective after the end of the holidays. And in that round of pricing, we intend to sweep the relevant components of transportation costs that we mentioned.

So we don't intend at this moment in time to go back and try to reprice what was priced in the center of the store or in produce, but we are going to try to sweep what we can that's relevant to those products on frozen. The other piece that we were referring to is to the degree appropriate, we intend to go back in the Foodservice business. Even though when you look at the segment makeup of the 2 businesses, you can see that the margin -- maybe I'll step back. Our Foodservice business is largely a customer pickup business on outbound.

So when you look at the impact of the segment margins, you could see that the segment in Foodservice held up a little bit better than Retail. Having said that, when we're looking at diesel running in the $6 range across the United States and $8 in Canada, what's happening now is we're seeing that diesel not just in outbound, but we're seeing it inbound on all of the ingredients and all of the packaging that's coming to our plants. So what the Foodservice team is doing is making sure that they're sweeping those costs and they'll be passed along as well. Kind of a long answer to a short question. Hopefully, I got to what you were looking for.

Operator

Our next question comes from Todd Brooks of Benchmark StoneX.

Todd Morrison Brooks
StoneX Financial, Inc., Research Division

Since we've kicked around the distribution and freight costs probably enough here, I want to pivot back to the top line drivers discussion for the business. I guess historically or can you frame up how impactful and incremental Chick-fil-A sauce is where it touches both sides of the business now, Foodservice and Retail. I'm trying to start to stack that with Bachan's and I want to get to the mayo rollout and what that could be for the business. And then just kind of the timing and what the outlook is for Tajin. Again just trying to see what the type of organic new product development building blocks we have to get us to that mid-single-digit top line growth.

David A. Ciesinski
President, CEO & Director

Sure. Well, I'll do my best on this one. Let's start first with Foodservice. It's actually been, believe it or not, about 10 years since we launched our last sauce with them. So I don't know if the data is all that strong. Their business is substantially bigger and different than it was then. But what I would expect to see is because of the marketing energy being put against this, you should expect to see a step-up in Foodservice behind this particularly in Q2 and then, let's say, a residual effect into Q3 and then beginning to normalize as they go into Q4.

I think the easiest way to think about Chick-fil-A is that when you put together the combination of traffic growth and new store openings, they're lining up pretty comfortably in the mid-single-digit range and what I would expect to see is this really just fortify that. So as you're looking at their business in the context of our Foodservice business, which is material; I would expect to see mid-single digit -- maybe high single-digit growth in the second quarter behind the promotion trending out to more like mid-single-digit growth as they go into the back half. That may be the easiest way to try to do that.

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

As we swing around to Bachan's, Bachan's has been in a pretty comfortable cadence now of delivering sales growth in the range of, let's call it, 10% to 12%. Their consumption has been growing anywhere between 10% and 15% in the period. We're optimistic about mayo, but here's what I would tell you. As far as fiscal year '27, it's not likely to be that big of a contributor because of the shelf resets that happened in the spring. We expect it to be a more material contributor to fiscal year '28 as will the other new items we're launching there.

So for the purposes of that, I would take that business, which we've disclosed, and continue to run that out in the lower double-digit range as we just continue to expand it out. And then as we get into further quarters and have more to share on mayo, we'll help you revise your model up based on what we know. But right now it's not going to have much of an impact in '27, just some pipeline build and we really expect it to be more material in the periods that follow.

Looking around at Tajin and the Marzetti item that I talked about, those 2 are going to be launching at the end of this fiscal year so their impact is more likely going to be as we roll into fiscal year '28. If you put all of this together as we've outlined in the algorithm, the combination of Bachan's and what we have that is incremental and the performance of the base business comfortably gets us into that mid-single-digit range that we discussed.

Todd Morrison Brooks
StoneX Financial, Inc., Research Division

Okay. Great. Very helpful. And then I want to talk on the frozen bread side of the house. Any early reads on the performance of the new New York Bakery items? And then if we look at dinner rolls, and you talked about the second SKU of the Texas Roadhouse dinner roll being launched. I know we're growing the overall market share within dinner rolls between Sister Schubert's and Texas Roadhouse. But do you have a sense of how much demand is transferring between the brands? Is Sister Schubert's basically ceding some of that market share growth for Texas Roadhouse dinner rolls as you keep rolling out additional products there?

David A. Ciesinski
President, CEO & Director

Yes. It's an important question. To date that cannibalization has grown about 5% against Sister Schubert's so net the growth has been incremental to our portfolio overall by several points. But you're right. Importantly, margins are such that it doesn't result in a margin trade down when that happens. So it's not -- even if it is cannibalization, it isn't margin destructive. But as we look at it today, when it was launched the cannibalization was virtually 0. Now we seem to have it out in the marketplace for close to a year. It seems to be running about the 5-point range. Hopefully, that gives you an idea.

Really, what we're seeing also that may be worth mentioning here is the occasions are slightly different. The Sister Schubert's occasion is more of that big family meal maybe on a weekend or a special occasion so execution on that product really matters. You need to own Thanksgiving with merchandising, you need to own Christmas with merchandising, Easter and Mother's Day are important. Whereas with Texas Roadhouse, what you're seeing is that it's just an affordable moment of joy. Consumers are buying them and eating them at any point in the week. So we're working together to expand our position in that category. I think we're up to about a 64% share now.

Operator

Our next question comes from Andrew Tompkins of D.A. Davidson.

Matthew James Curtis
D.A. Davidson & Co.

This is actually Matt Curtis on. I wanted to ask about the reiteration of the mid-single-digit sales growth this year. I mean given some of your comments around Chick-fil-A and Bachan's, I mean it sounds like second quarter sales growth will still be lower than what you expect for the second half. So I mean a, is

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

that accurate? And then maybe could you [indiscernible] the cadence of the sales improvement you're expecting as we get further away from cyclospora here?

Thomas K. Pigott
VP, Assistant Secretary & CFO

Yes. I think that's a fair characterization, Matt. We expect it to accelerate through the second fiscal quarter and into the back half for all the reasons that you described.

Matthew James Curtis
D.A. Davidson & Co.

Okay. Great. And then one more on Bachan's. I think you've previously talked about more than $100 million in revenue from that brand this year. I assume that's still achievable. But when we think about sort of how that looks going forward, do you expect a fairly consistent ramp from the approximate $18 million you had in the first quarter?

Thomas K. Pigott
VP, Assistant Secretary & CFO

I'm not sure -- I'm sorry, I wasn't able to quite understand your question. Did somebody else get it? Can you repeat the question? Can I ask you to repeat the question, Matt?

Matthew James Curtis
D.A. Davidson & Co.

Sure. No problem. I think for Bachan's, you mentioned about $100 million in revenue that you're expecting this year with some $18 million in the first quarter, I was just wondering if you're expecting a fairly steady ramp-up in that figure as we go forward?

Thomas K. Pigott
VP, Assistant Secretary & CFO

Yes. That's a bit of a seasonal business and this is one of the quieter periods of the year for them. They tend to do more in the back half. So absolutely.

Operator

There are no further questions at this time. We will now turn the call back to Mr. Ciesinski for his concluding comments.

David A. Ciesinski
President, CEO & Director

Thank you, operator, and thank you, everybody, for joining today. We look forward to meeting with you again in February when we can update you on our results for our fiscal second quarter. Thank you very much.

Operator
Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Copyright © 2026 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.
© 2026 S&P Global Market Intelligence.

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.