BUILDING ON TRADITION

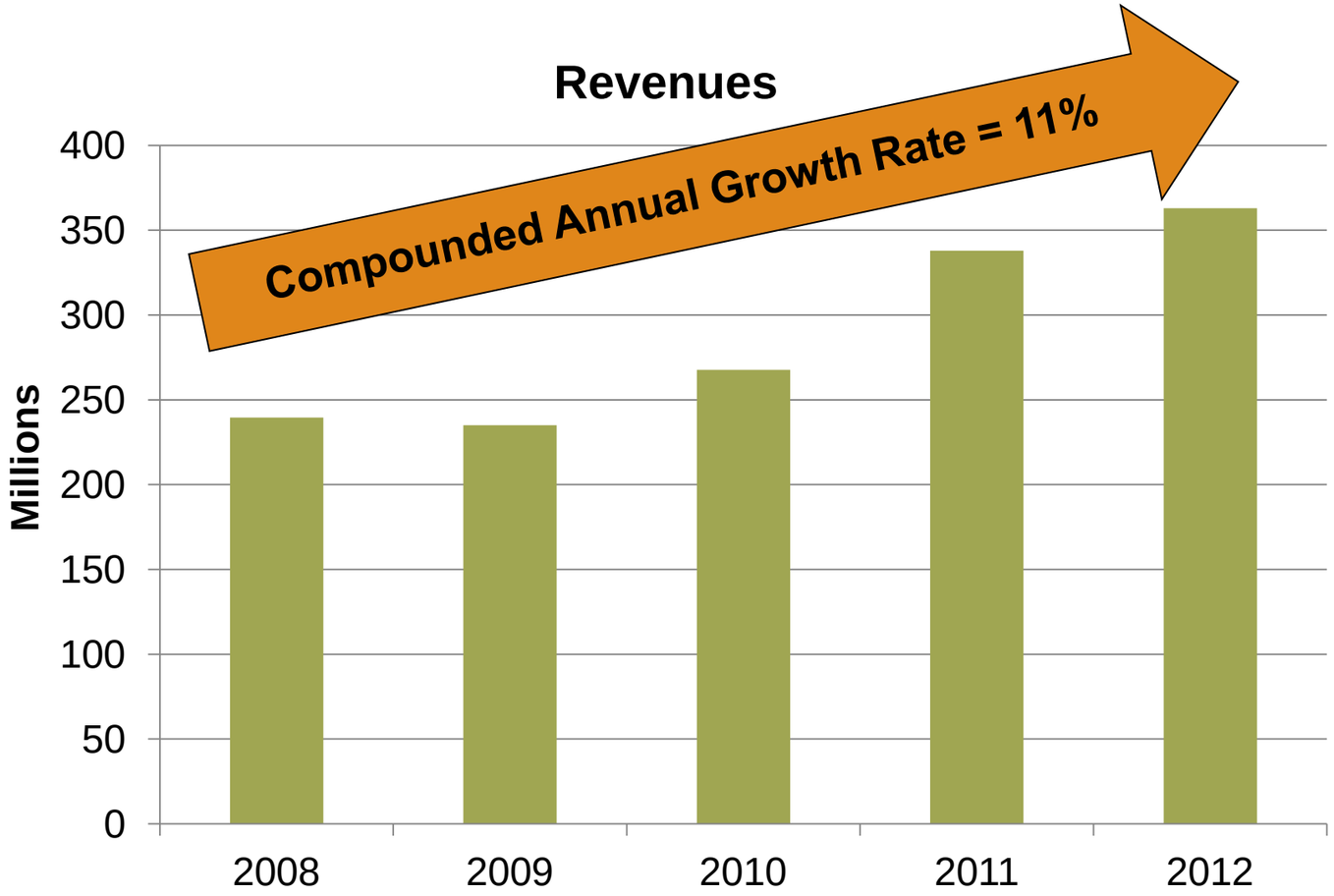


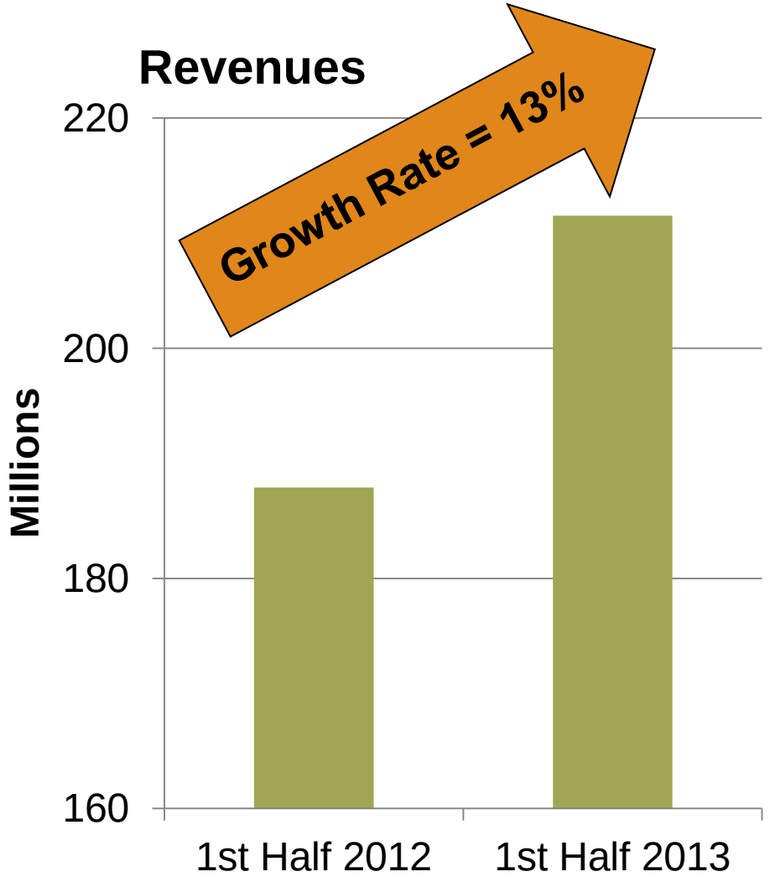
Jim Snee

Group Vice President, Hormel Foods Corporation

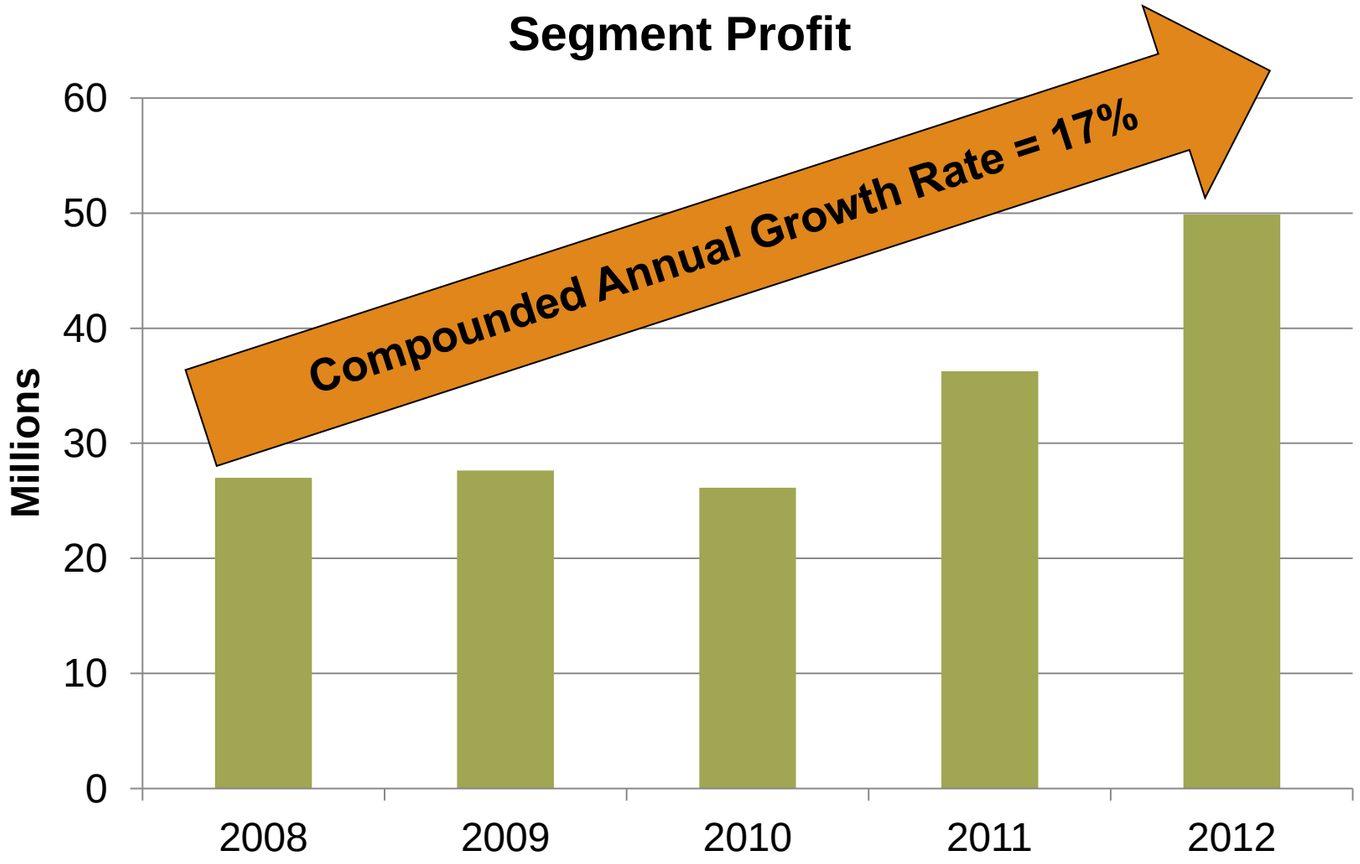
President, Hormel Foods International Corporation

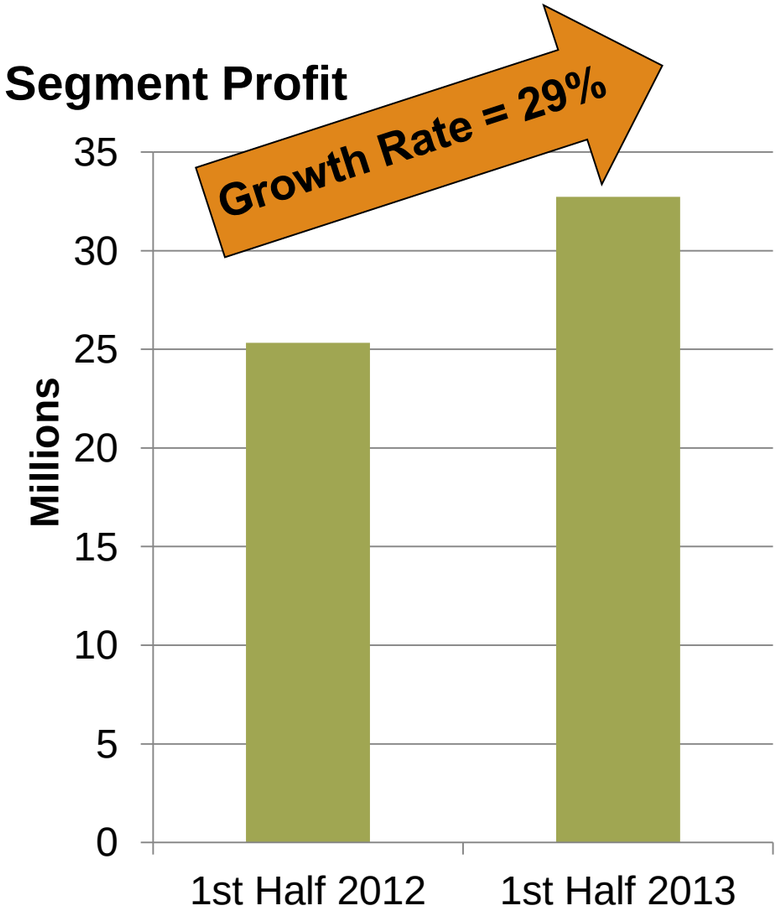
Hormel Foods International Delivering Accelerated Growth





Hormel Foods International Delivering Accelerated Growth





Hormel Foods International Sources of Accelerated Growth

SPAM® brand

SPAM®



Pork

Hormel Foods



SKIPPY® brand

SKIPPY

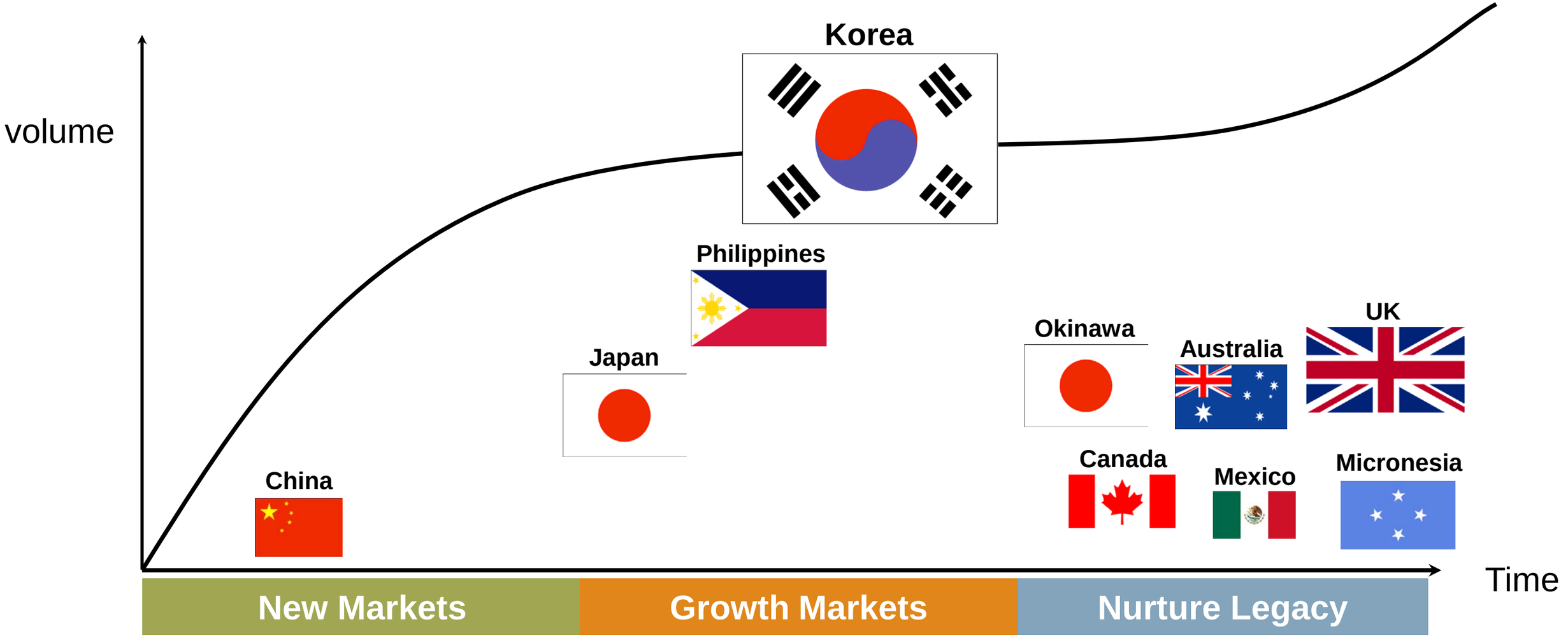


China

Hormel 荷美尔



SPAM® Brand


volume
Korea
Philippines
Japan
China
Okinawa
Australia
UK
Canada
Mexico
Micronesia
Time
New Markets
Growth Markets
Nurture Legacy



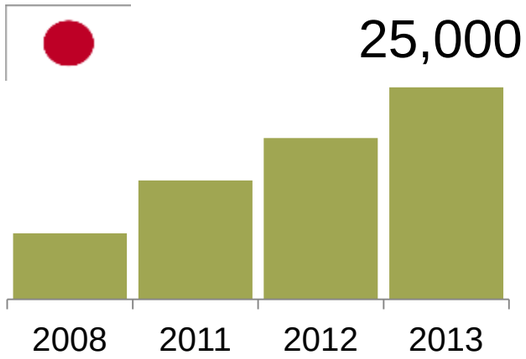
SPAM® Brand



Localize Products + **Deliver Value** + **Gain Distribution** + **Understand Customers and Consumers**









Accelerated Growth

Pork Exports

Localize Products + **Deliver Value** + **Gain Distribution** + **Understand Customers and Consumers**



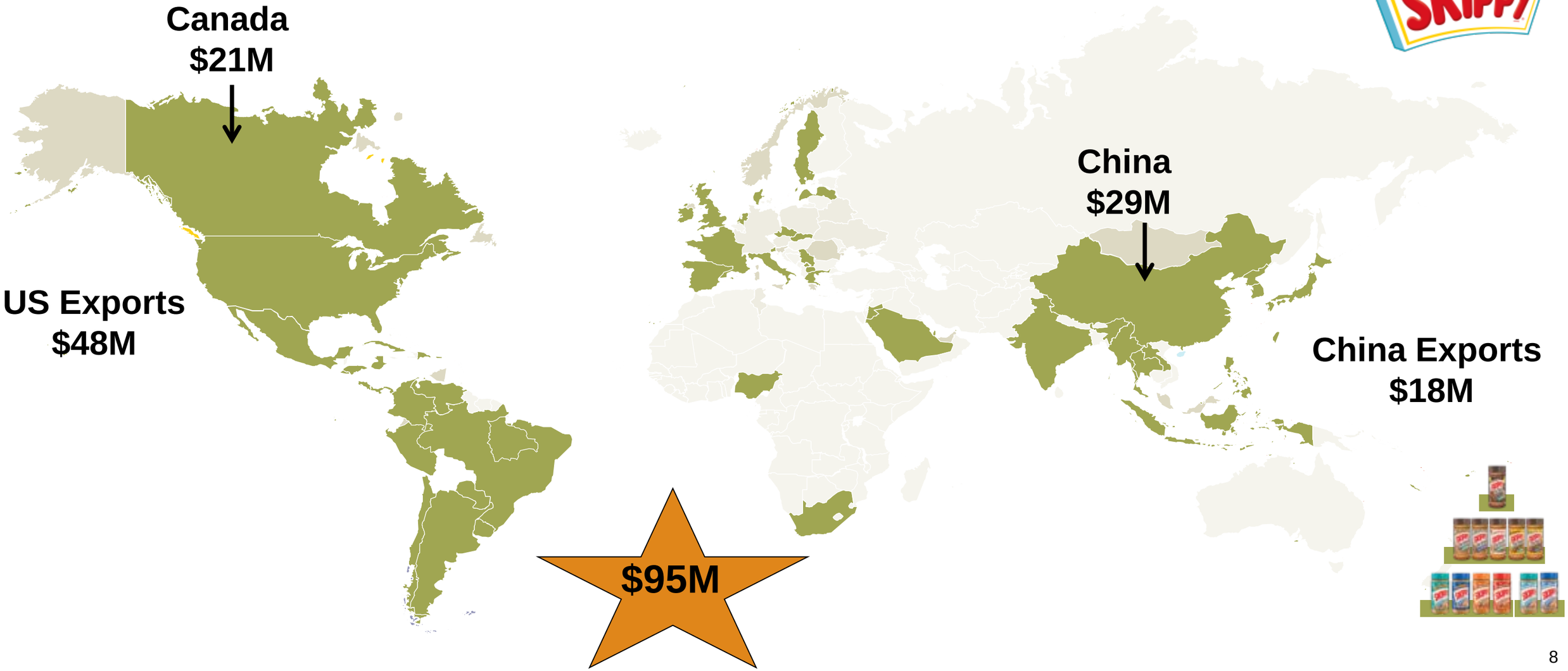






Accelerated Growth

2012 Global *SKIPPY*® Net Sales



SKIPPY® Analysis

Strengths

- Global distribution
  - 60 countries
  - New distribution reach
- Brand Image-youthful energetic, approachable
- Healthy, convenient, versatile protein
- Growing category

Opportunities

- Entry in new markets
- Synergies with existing distributors
- Marketing the brand vs. trading
- Foodservice Channel
- Line extensions beyond 12oz sizes
  - 40% of export sales
- Innovations-chocolate & natural



SKIPPY® Strategies

Distribution

New Markets

Existing Markets

Consumers



Distribution

Innovations **(3)**



NATURALS NEW



NATURALS

(1)
40% of Export Sales



BASE



FLAVORS

(2)
Line Extensions



REDUCED FAT

New Markets


Sweden
Israel
France
Saudi Arabia
Latin America
Indonesia
SPAM
STAGG CHILI
STEAK HOUSE

Existing Markets

China



Nut Based Spreads		
Category Size	2012	2017
$ Millions	$114	$160

Canada



Nut Based Spreads		
Category Size	2012	2017
$ Millions	$201	$252

Japan



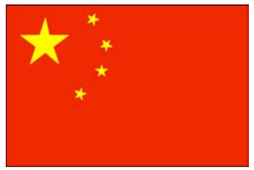
Nut Based Spreads		
Category Size	2012	2017
$ Millions	$60	$61

UK



Nut Based Spreads		
Category Size	2012	2017
$ Millions	$105	$171

Source: Euromonitor



China Strategic Mission

Our mission is to be the engine for HFIC's accelerated growth target by focusing the Hormel China resources and business model against a foodservice & retail portfolio with strong operating margins.

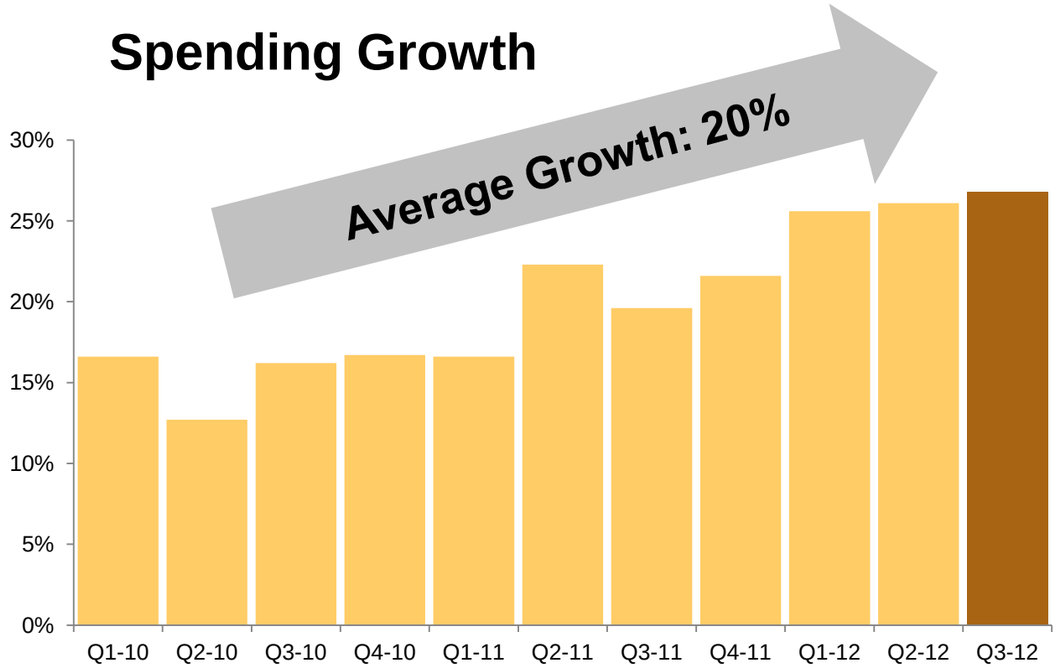
Foodservice Expansion with Key Account Customers	Foodservice Geographic Expansion with Distributors	Focus refrigerated retail to Beijing/Shanghai & Expand Ambient

Foodservice In China

HFC China Revenue Growth

	Key Accounts	Distributors
FY 2011	74%	28%
FY 2012	36%	36%
FY 2013P	39%	29%
CAGR	49%	31%

Spending Growth



"China remains the biggest growth opportunity in the restaurant industry in the 21st century."

Sam Su, Former President of Yum! Restaurants China

Source: The NPD Group / CREST ®

The *Hormel*® Brand is Only Getting Stronger

Beijing





Hormel SINCE 1891

Brand Awareness

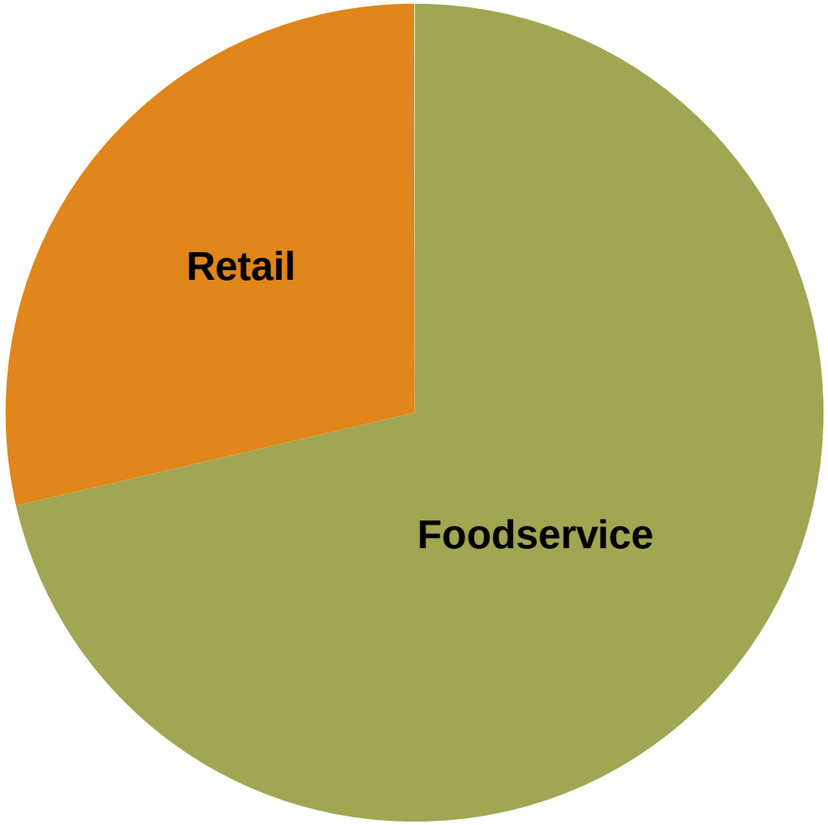
Shanghai

Hormel SINCE 1891

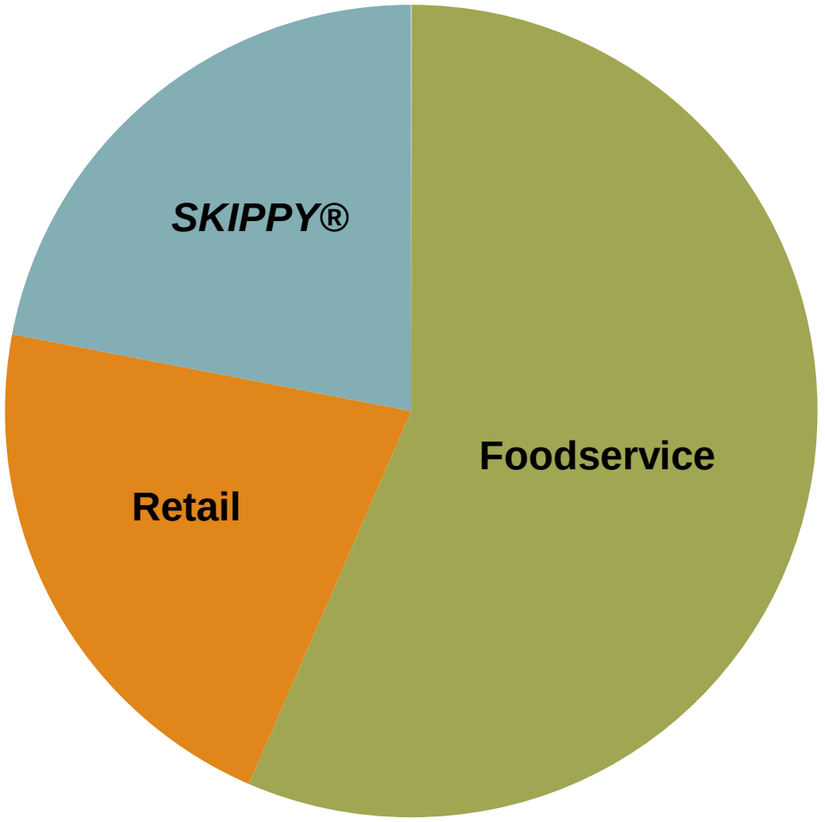
Brand Awareness

How *SKIPPY*® Impacts China

2013 Estimated Revenue



2014 Estimated Revenue



How *SKIPPY*® Impacts China - Foodservice

四季宝 SKIPPY	Hormel 荷美尔 Foodservice SPAM® BRAND
29 provinces	20 provinces
156 cities	32 cities
320 distributors	107 distributors
76,000 end users	10,000 end users

How *SKIPPY*® Impacts China – Retail

四季宝 SKIPPY	Hormel 荷美尔 SPAM® BRAND
31 provinces	19 provinces
134 cities	34 cities
128 distributors	51 distributors
38,000 points of distribution (30,000 by distributor)	3,500 points of distribution (1,200 by distributor)

Strategic Implications for China

Foodservice *SKIPPY*® + **Foodservice Frozen** =



Distribution Depth & Breadth

Retail *SPAM*® + **Retail *SKIPPY*®** =



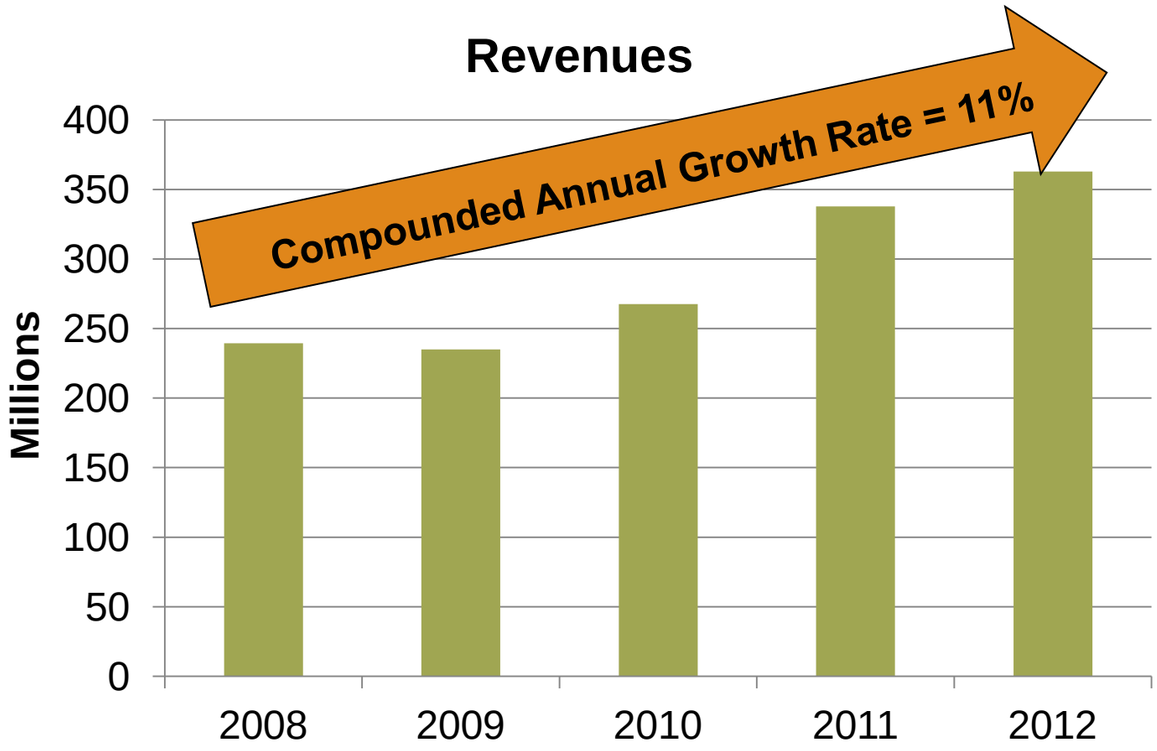
Ambient Scale

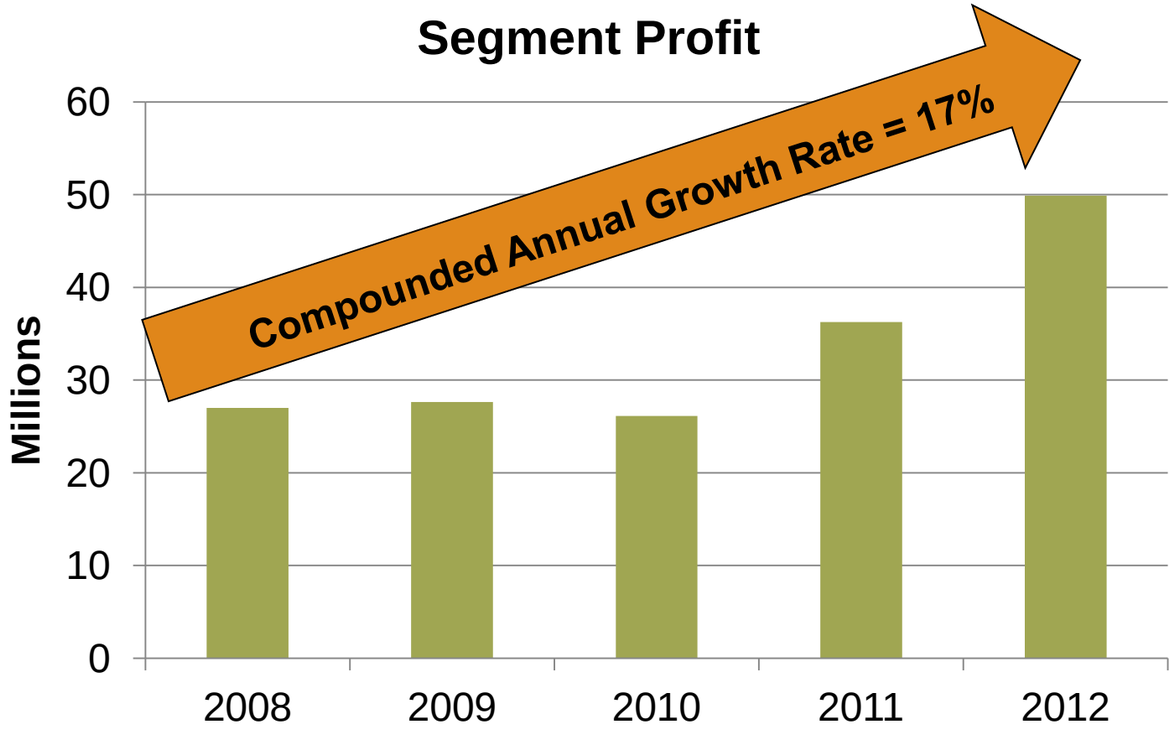
Strategic Implications



Chinese Style Balanced Model for Growth

Hormel Foods International Delivering Accelerated Growth





谢谢

(Thank you)