

foods for the way we live

2015 Investor Day

Hormel Foods

Jennie-O Turkey Store

Glenn Leitch
Group Vice President
President, Jennie-O Turkey Store

Agenda

- Industry metrics
- Impact of avian influenza
- Brand strength
- Value added growth
- Summary





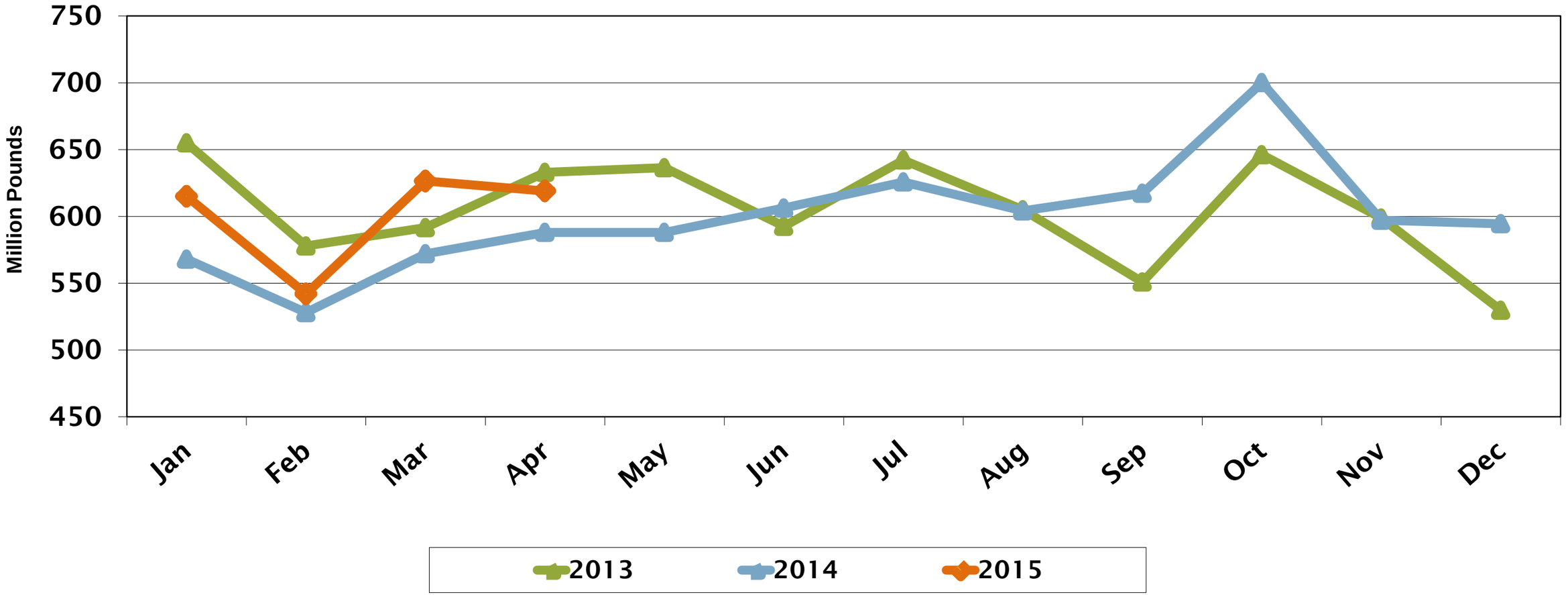








Total Industry Live Weight Harvest Pounds



Avian Influenza Impact

Jennie-O Turkey Store data as of 6/11/2015

- 66 farms impacted
- 2H15 sales guidance
  - Down 15% YOY
- 2H15 margin guidance
  - 10% to 12%



UP TO $404 IN COUPONS

SCIENCE Tiny signs of planet change

SPORTS Minnesota's soccer MVP

SIX PAGES OF COLOR COMICS

NATION Is Patriot Act about to die?

VARIETY Pohlad's biopic on Beach Boys

SUNDAY

MINNESOTA Meth's scary resurgence

BUSINESS Insurer-paid travel for care

May 31, 2015 startribune.com

StarTribune

67° 49° After a cool start, warm-up on the way! B14

Bird flu begins driving up food prices

$2 the price of eggs two weeks ago.

$2.79 the price of eggs as of Saturday.

Medicaid enrollment surges past 1 million

One in five Minnesotans now covered by public health

BUSINESS & TECH.

Pulitzers Go to Journal, NY Times and Bloomberg

MEDIA | B3

Raise Wages or Wait? Employers Pay Either Way

CFO JOURNAL | B7

THE WALL STREET JOURNAL.

Bird Flu Outbreak Spreads

Iowa chicken farm with 5.3 million birds hit with disease; Hormel says turkey supplies strained

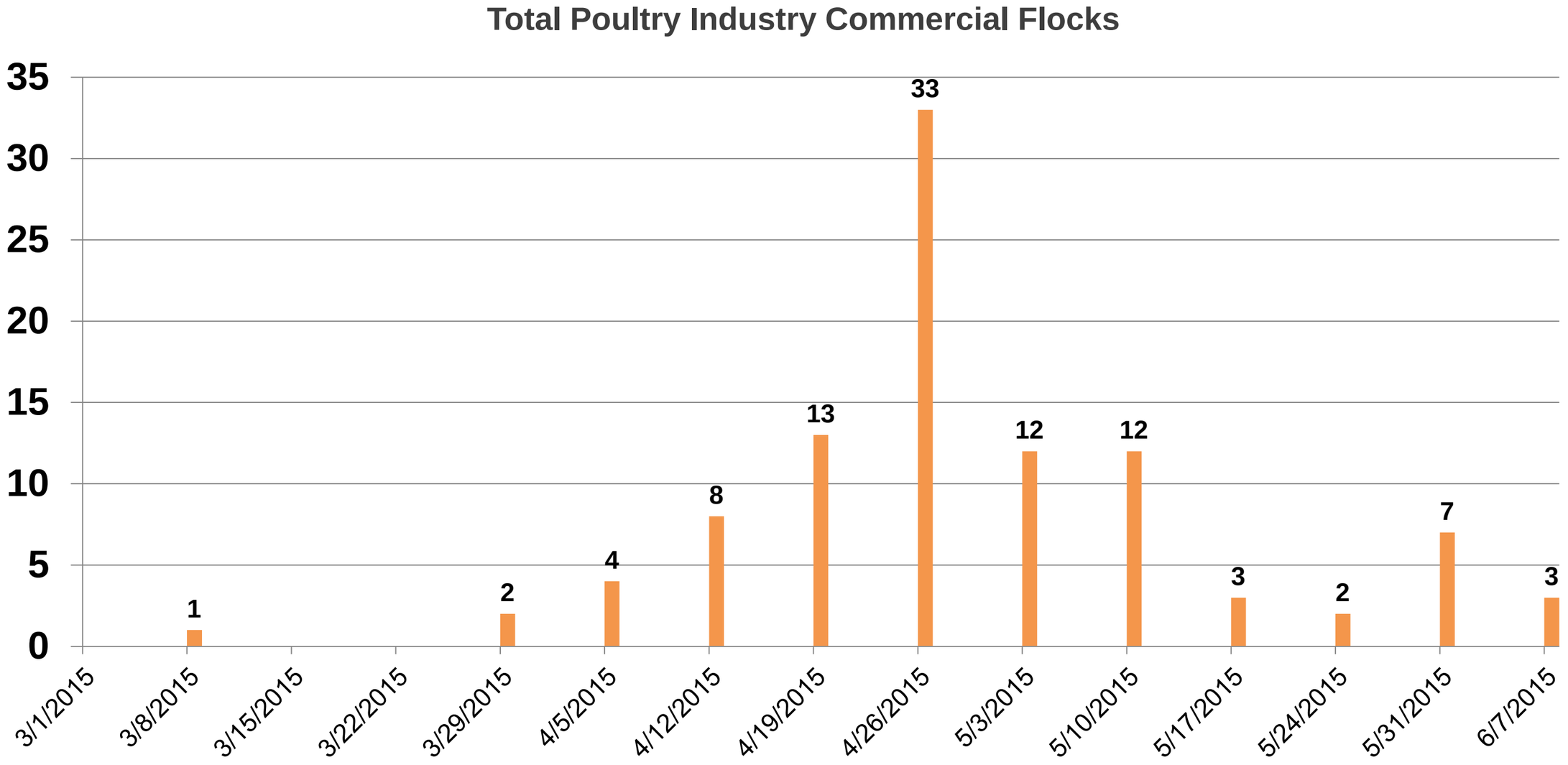
THE WALL STREET JOURNAL. Saturday/Sunday, April 25 - 26, 2015 | B3

BUSINESS NEWS

Bird-Flu Outbreak Is Taking Toll on U.S. Poultry Farms

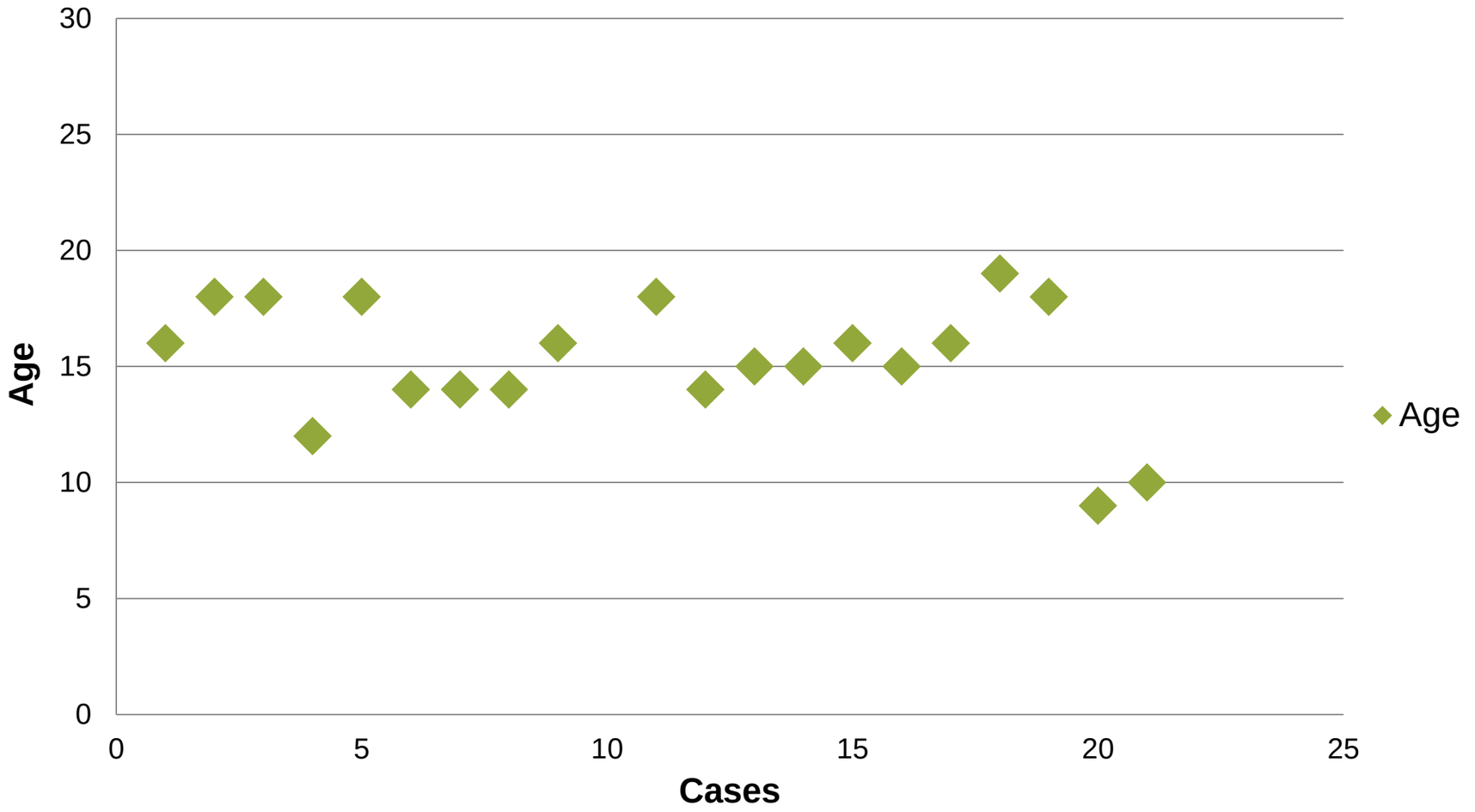
The virus has surfaced in an Iowa facility that housed 3.8 million hens.

Detection of Infected Minnesota Flocks



Age of Infected Commercial Flocks

(initial turkey cases – JOTS only)



Avg. Infected Age = 15.5 weeks

Jennie-O Turkey Store Adjustments

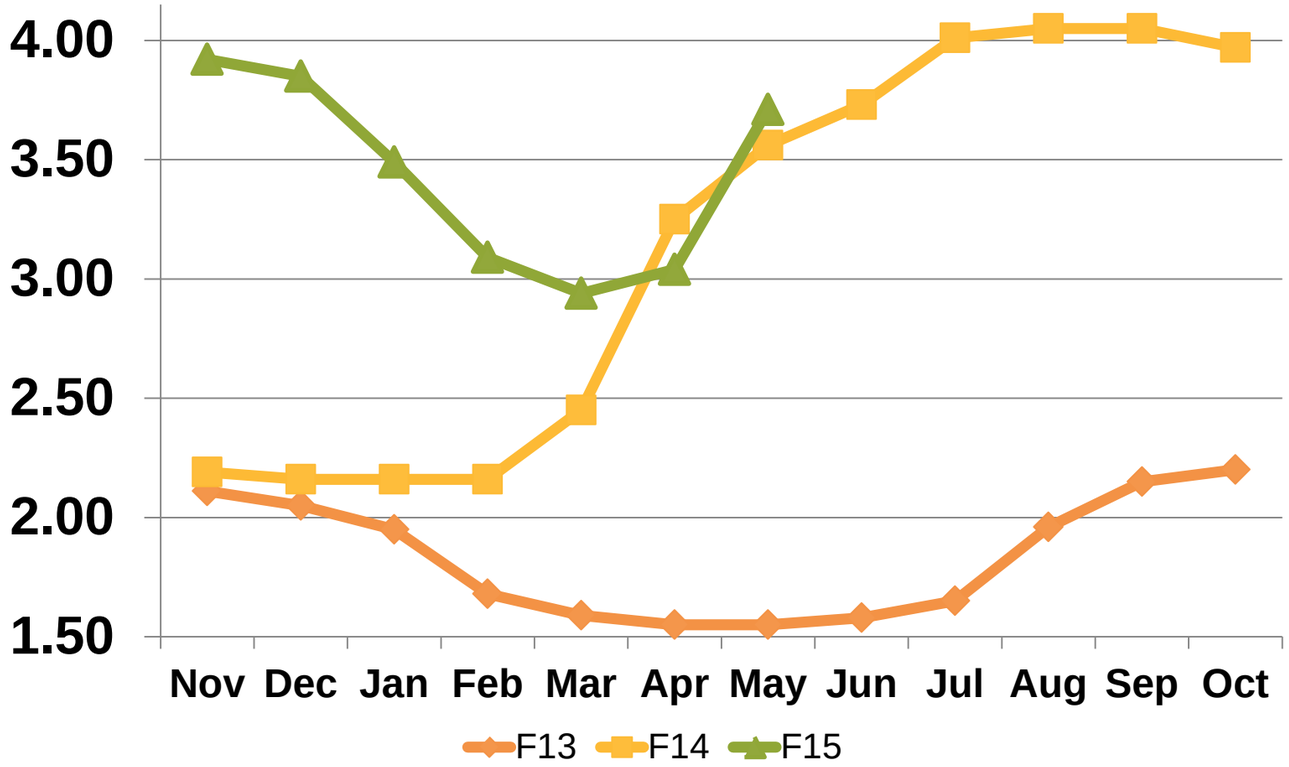
- Faribault moved to one shift May 25
- Melrose at 8-12 four day weeks
- Barron and Willmar likely to experience adjusted shifts through the summer
- Working on additional live production for 2016



Turkey Markets

Breast Meat

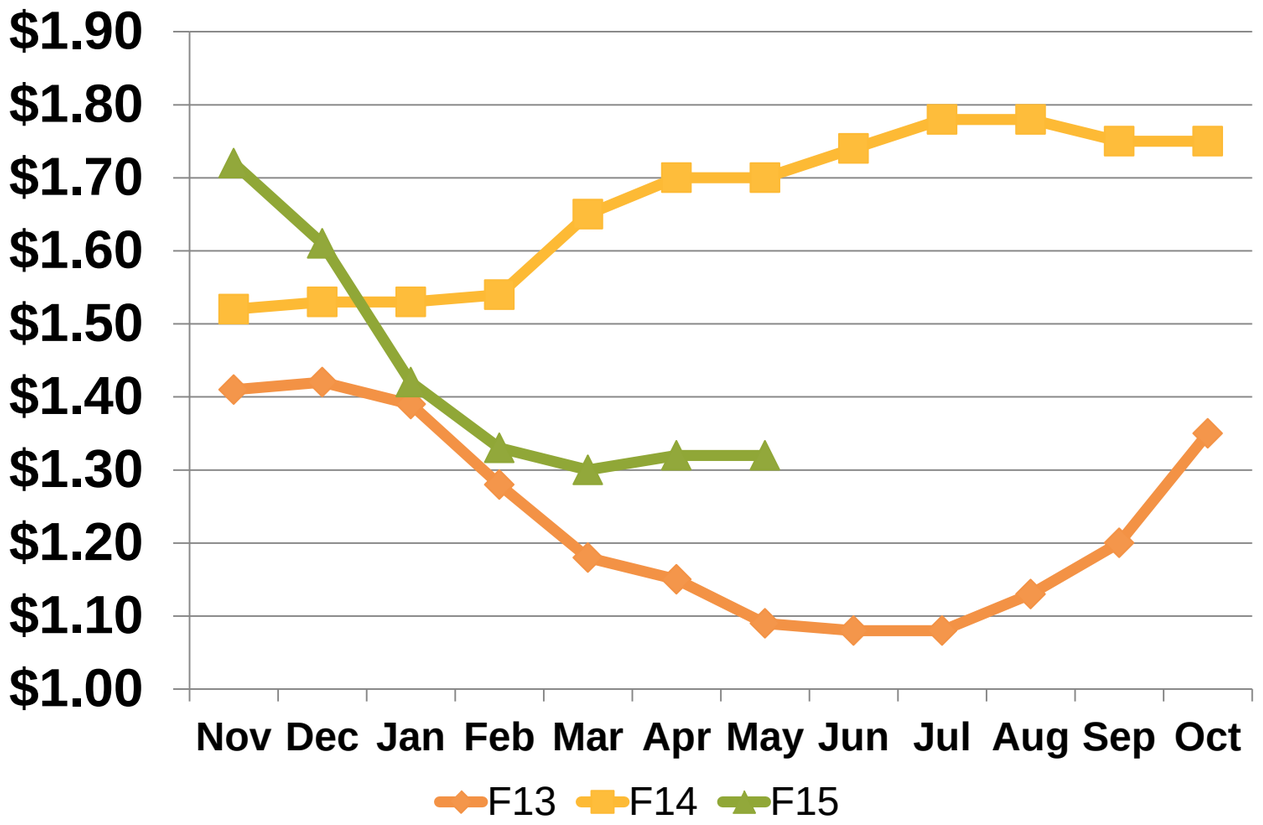
- Supply had been up
- Demand has been good (except for exports)
- Cold storage still tight but had been growing
- Processors now holding on to surplus inventory



Turkey Markets

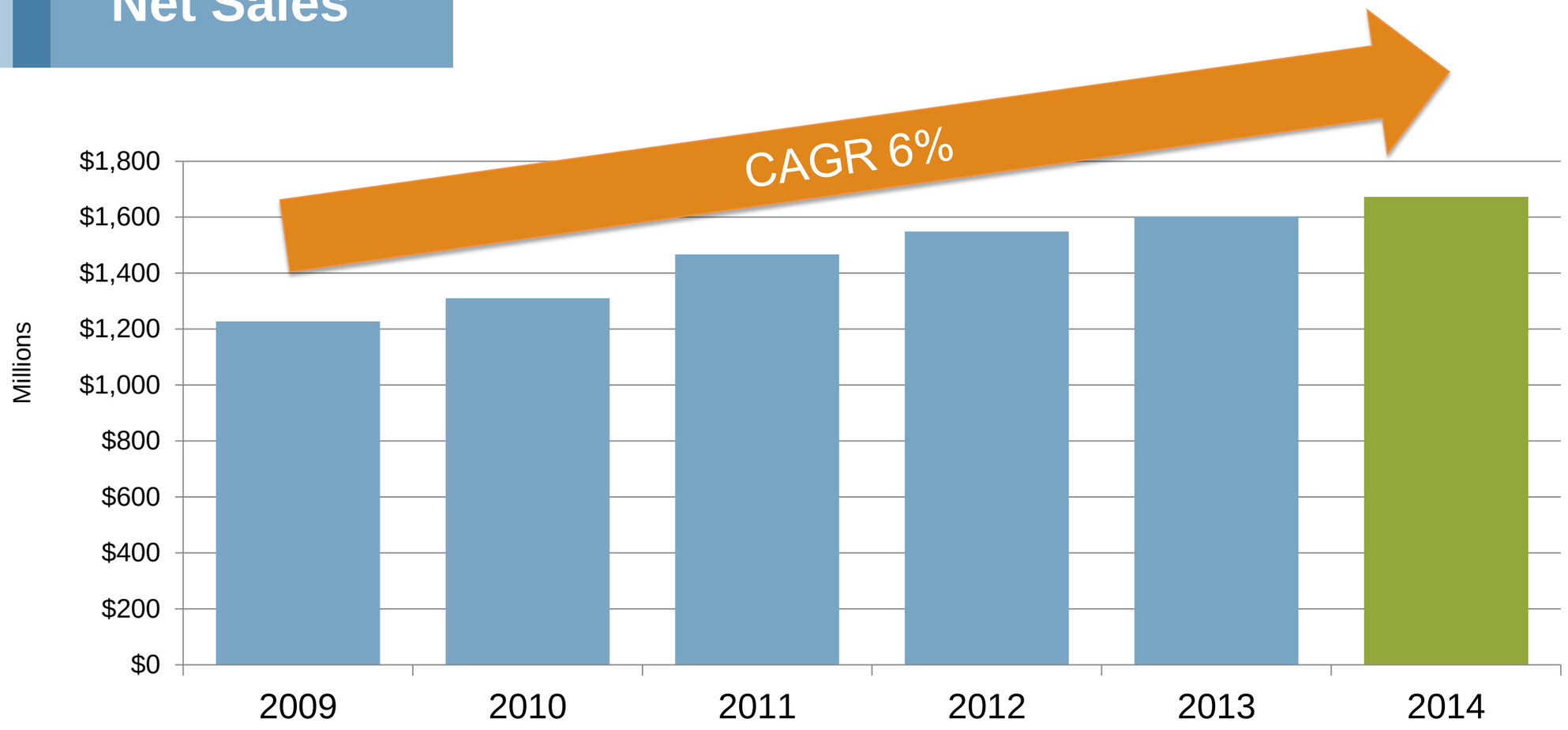
- Softer exports provide opportunity for dark meat purchases

Frozen Thigh Meat



Positioned for Long-Term Growth

Net Sales



Healthy/
Holistic

Brand Leadership

Jennie-O® has emerged as a clear category leader in turkey and the brand is now found in households nationwide.

Total Awareness
Jennie-O® Brand



Credited to ongoing advertising investment, the *Jennie-O®* brand has grown from 77% to nearly 90% total awareness.

Household Penetration
Jennie-O® Brand



General Population

24%

(+0.4pt vs YAGO)



Millennials

28%

(+0.9pt vs YAGO)



Healthy/
Holistic

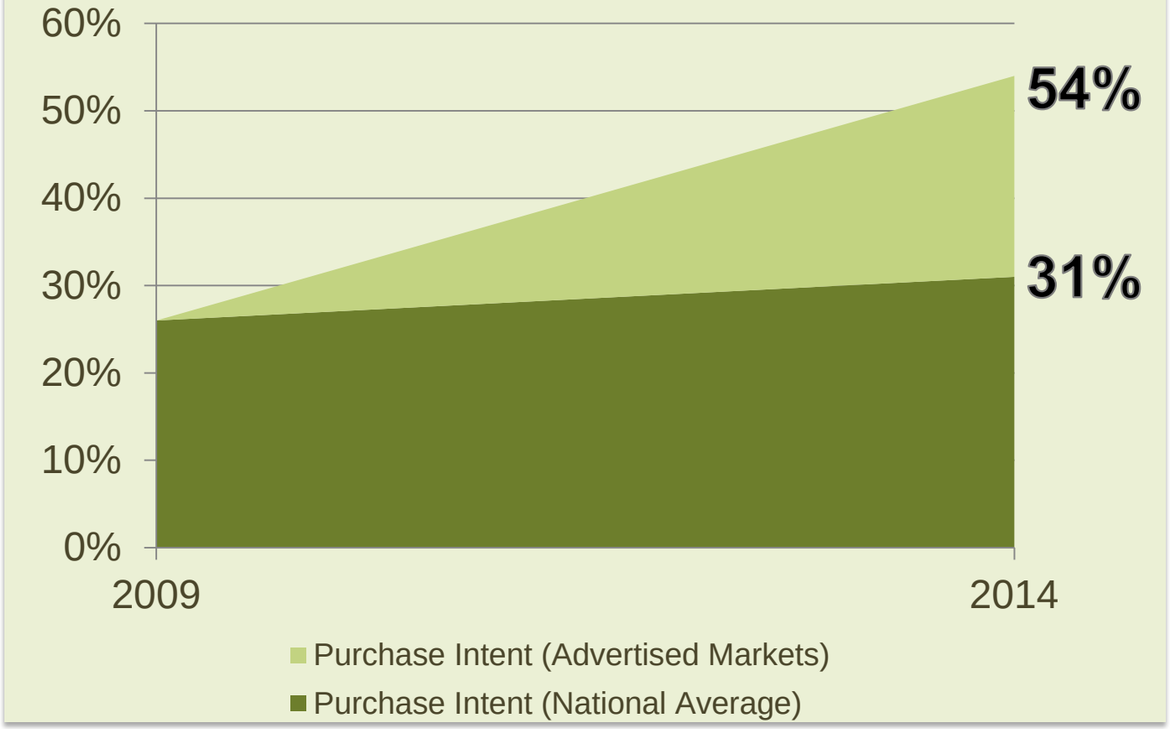
Brand Leadership

Brand Imagery
Jennie-O® Brand

JENNIE-O® brand is strongly associated with the following imagery:

- ✓ **Is good for a healthy lifestyle**
- ✓ **Is a brand I would feel good about serving**
- ✓ **Tastes good**

Total Purchase Intent
Jennie-O® Brand



Healthy/
Holistic

Make The Switch® Campaign



Launch : 2010
5-Year Projected Net Sales CAGR of Advertised Products:

+18%



Launch : 2012
3-Year Projected Net Sales CAGR of Advertised Products

+39%



Launch : 2014
2-Year Projected Net Sales CAGR of Advertised Products:

+19%

Statistics

Jennie-O Turkey Store uses a multi-prong approach to reaching consumers - from social media to public relations, from grassroots level sampling to national prime time television

LIKES on Facebook page

facebook **240,000 +**

Annual projected visitors to jennieo.com

3 MILLION



Annual impressions from public relations

300 MILLION

Viewers during a season of THE BIGGEST LOSER®

THE BIGGEST LOSER **63 MILLION**









Hormel Foods

Healthy/
Holistic

Driving Ground Turkey Sales Growth

- Health-conscious millennials are embracing “fresh” and the *Jennie-O*® brand
- *Jennie-O*® product distribution continues to expand
- Ground beef price inflation is enhancing the value proposition









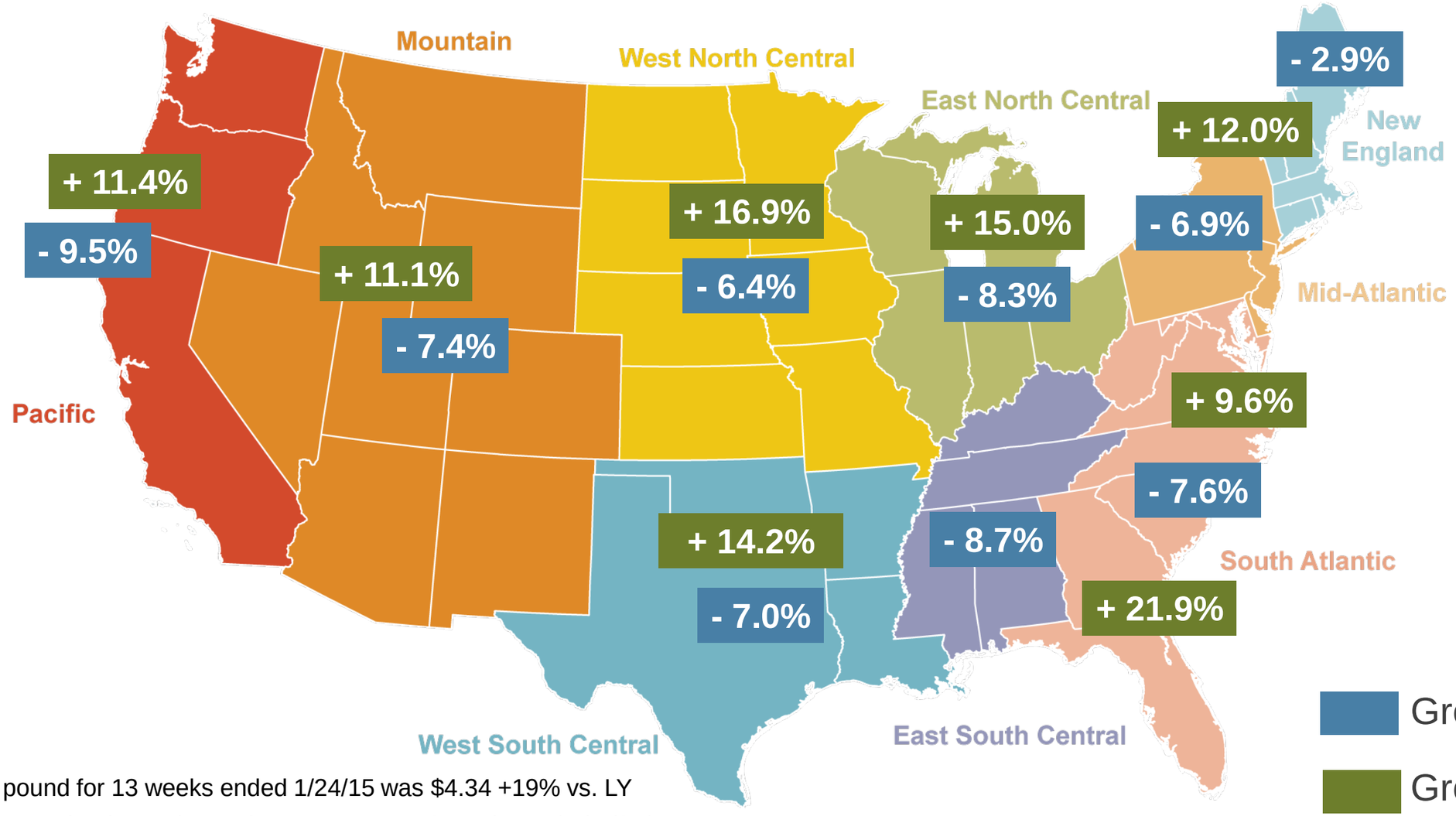






Hormel Foods

Fresh Ground Turkey Growth vs. Ground Beef



Average retail price per pound for 13 weeks ended 1/24/15 was $4.34 +19% vs. LY

Fresh ground beef and ground turkey volume change vs. LY – 13 weeks ended 1/24/15

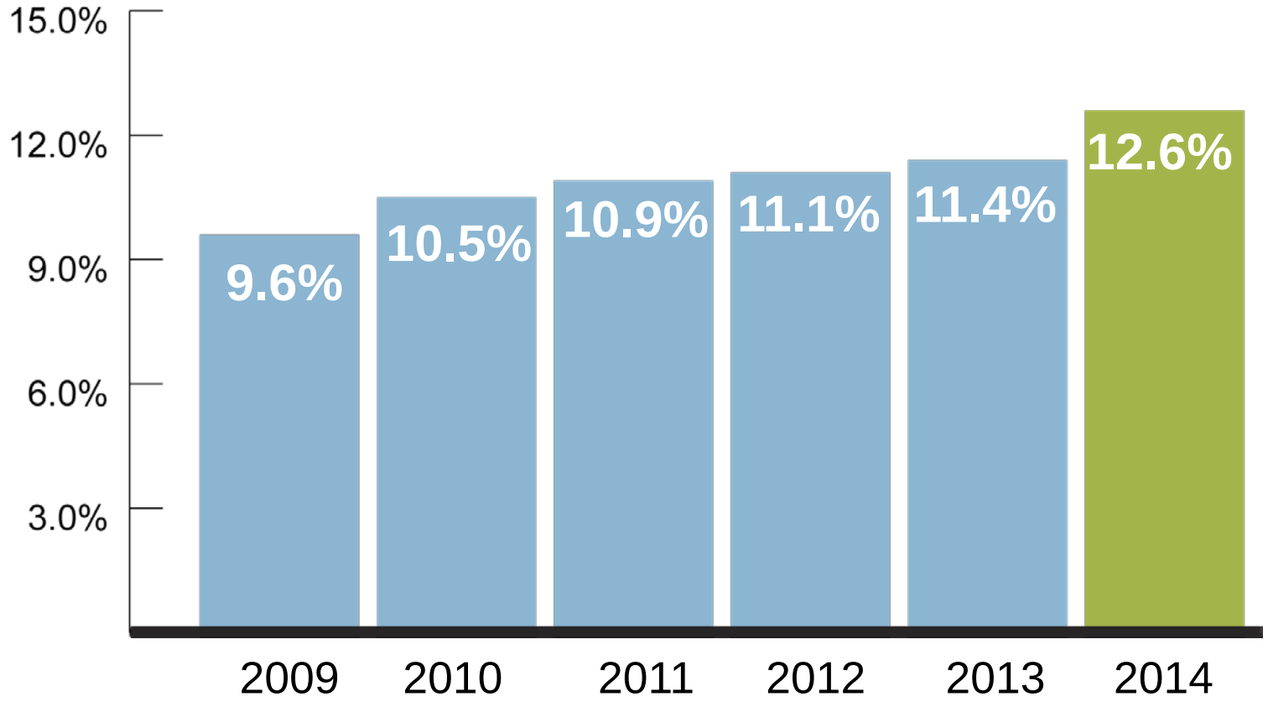
Ground Turkey Share is Growing

	Ground Beef	Ground Turkey
		
Pounds Sold	1.9B	264M
Retail Value	$6.9B	$922M

1 Share Point = 21 Million Pounds

Healthy/
Holistic

Share of Ground Meats



Source: Perishables Data

Jennie-O Turkey Breakfast Sausage
Jennie-O Turkey Bacon
Jennie-O Oven Ready
Hormel Foods

Driving Growth: Ground Turkey

Jennie-O® Lean Ground Turkey Ranks #2 Among All Exact Weight Items in the Meat Department Nationally



	IRI: Latest 52 Weeks Ending 03-22-15	
	Measures : Dollar Sales	
	Product	Total US - Multi Outlet
1	OSCAR MAYER NATURAL HARDWOD SMKD BACON SLICED RFG 16 OZ - 0044700019881	$234,025,166
2	JENNIE O TURKEY STORE RFG REGULAR TURKEY GROUND 20 OZ - 0039272020011	$166,840,916
3	PRIVATE LABEL FROZEN REGULAR CHICKEN FILLET 48 OZ - 10589237	$157,967,681
4	PRIVATE LABEL RFG REGULAR BEEF 80 OZ - 35626042	$150,967,171
5	BAR S RFG CHICKEN AND PORK FRANK 8 CT 12 OZ - 0015900134011	$142,080,472
6	PRIVATE LABEL RFG REGULAR BEEF 48 OZ - 35625782	$139,005,080
7	PRIVATE LABEL RFG REGULAR BEEF 16 OZ - 35625635	$136,772,478
8	JIMMY DEAN RFG REGULAR SAUSAGE 16 OZ - 0077900115533	$127,447,908
9	HORMEL BLACK LABEL REGULAR BACON SLICED RFG 16 OZ - 0037600351601	$126,369,508
10	PRIVATE LABEL RFG REGULAR BEEF 80 OZ - 35626043	$124,382,748

Healthy/
Holistic

3 Year CAGR

Fresh Ground Turkey without Jennie-O Turkey Store = 6%

Jennie-O Turkey Store fresh ground turkey = 16%



Driving Growth: Fresh Breakfast Sausage Rolls

3 Year CAGR = 132%

Ranked 6th Nationally
Among all Roll Sausage SKU's



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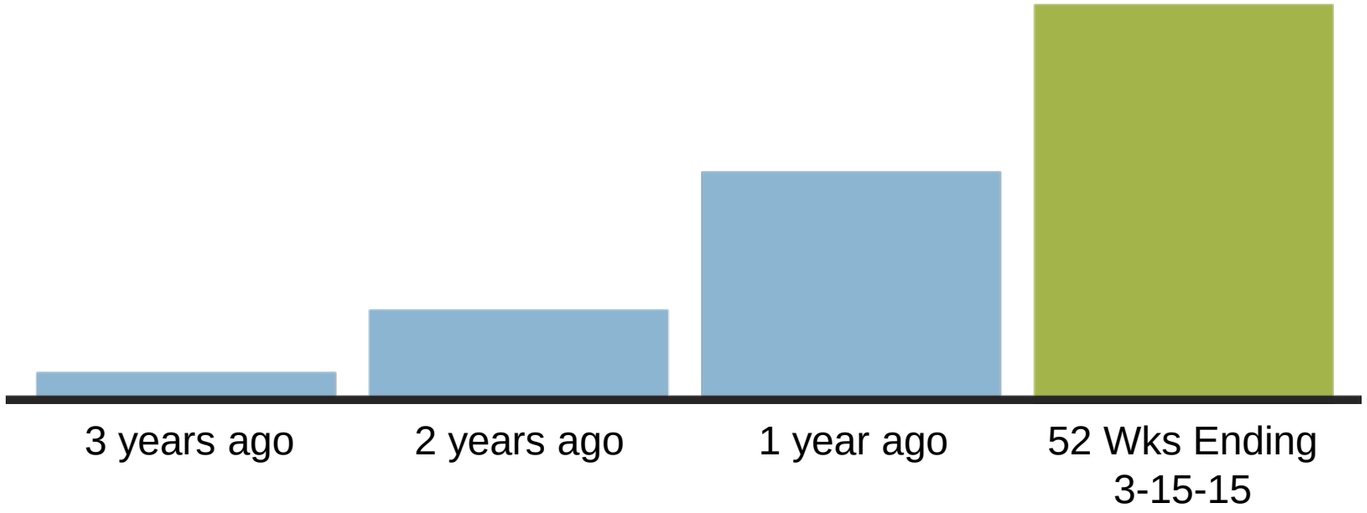
Holistic

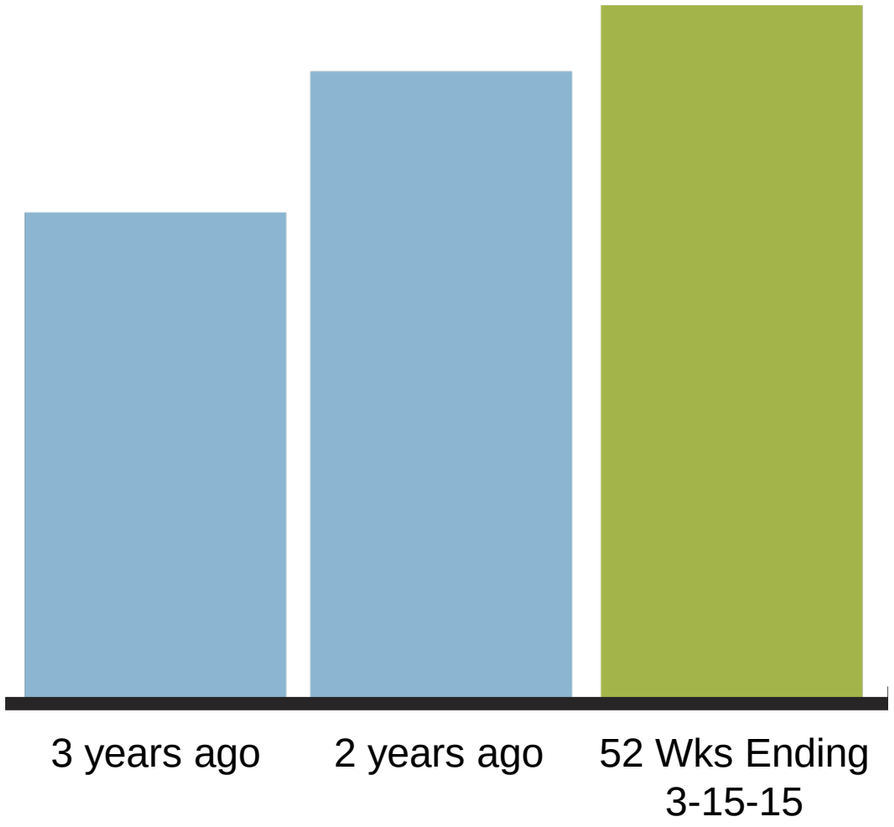


IRI - LASTEST 13 WEEKS ENDING 3-15-15	Volume Sales		
	Current	%Change vs YA	Change vs YA
JIMMY DEAN PORK SAUSAGE ROLL 16OZ	9,524,351	5.8%	524,357
JIMMY DEAN HOT PORK SAUSAGE ROLL 16OZ	4,401,424	6.5%	268,442
ODOMS TENNESSEE PRIDE MILD PORK SAUSAGE ROLL 16OZ	4,274,042	10.3%	398,750
BOB EVANS PORK SAUSAGE ROLL 16OZ	2,690,270	-1.3%	-34,092
JIMMY DEAN SAGE PORK SAUSAGE ROLL 16OZ	2,310,697	-0.6%	-14,220
JENNIE-O TURKEY STORE MILD TURKEY BREAKFAST SAUSAGE ROLL 16OZ	1,789,945	23.9%	344,706



Driving Growth: Oven Ready

Oven Ready Shipped Volume
3 Year CAGR = 13%



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From Freezer to Oven to Perfect!



Driving Growth: Turkey Breast Sticks

NEW PRODUCT : All Natural Turkey Breast Sticks

- Single-serve packaging
- Clean ingredient statement
- Portable





Healthy/ Holistic



On-the-Go











Hormel Foods

Healthy/ Holistic

On-the-Go

Brands in the Space

							
Serving Size	**21 g**	**56 g**	**28 g**	**28 g**	**28 g**	**21 g**	**21 g**
Calories	**25**	**160**	**130**	**50**	**70**	**90**	**70**
Total Fat	**0.5 g**	**11 g**	**10 g**	**4 g**	**1 g**	**7 g**	**6 g**
Sodium	**85 mg**	**420 mg**	**350 mg**	**570 mg**	**415 mg**	**135 mg**	**160 mg**
Protein	**5 g**	**13 g**	**8 g**	**8 g**	**11 g**	**5 g**	**5g**

2015 Foodservice Growth Drivers

Healthy/
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Sector / Category	% Chg Lbs. LY
National Accounts	**14%**
K-12 Schools	**7%**
Street Business	**6%**
Breakfast Category	**15%**
Cooked Breast Category	**9%**
Sliced Breast Category	**5%**









2015 Turkey Takeovers



Student Dining Center
Colorado State University, Fort Collins, CO

2015 Turkey Takeovers Video



Healthy/
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Menu Maximizer

JENNIE-O TURKEY STORE

Make the switch to turkey to see real results



*The customer can select the protein that they are currently using on their menu

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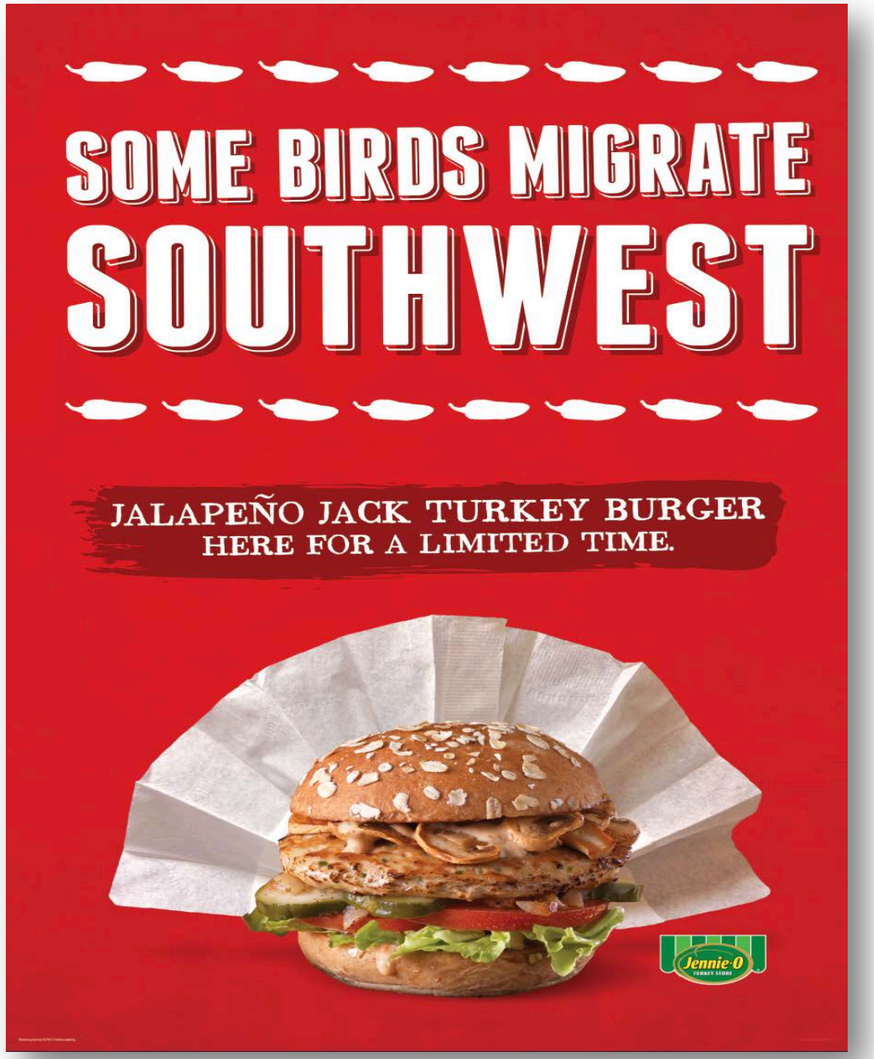
Partnerships

MOOYAH™
BURGERS · FRIES · SHAKES

**Jalapeño Jack Turkey Burger LTO,
64 LOCATIONS, 2/10/15-4/30/15**



Premium Position in Deli











Healthy/
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Premium Deli Products

	3-Yr CAGR 2013-15
Premium Behind The Glass	15.7% Sales Growth*
Industry	3% Sales Growth

*Estimate based on internal Jennie-O Turkey Store data

Healthy/ Holistic

Initiatives

- Premium deli
  - Branded distribution targets tied to retail tray pack
- Multi protein
  - Project “One Look” with Hormel Foods
    - Local and national
- Authentic grab & go
  - Portions, medallions, shredded & thick sliced
  - Portioned and prepackaged



Summary

- Great first half
  - Retail dollar sales up 11%
  - Foodservice dollar sales up 11%
  - Deli dollar sales up 14%
- Significant second half challenges due to avian influenza
- Strong relationships
- Experienced team





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