

foods for the way we live

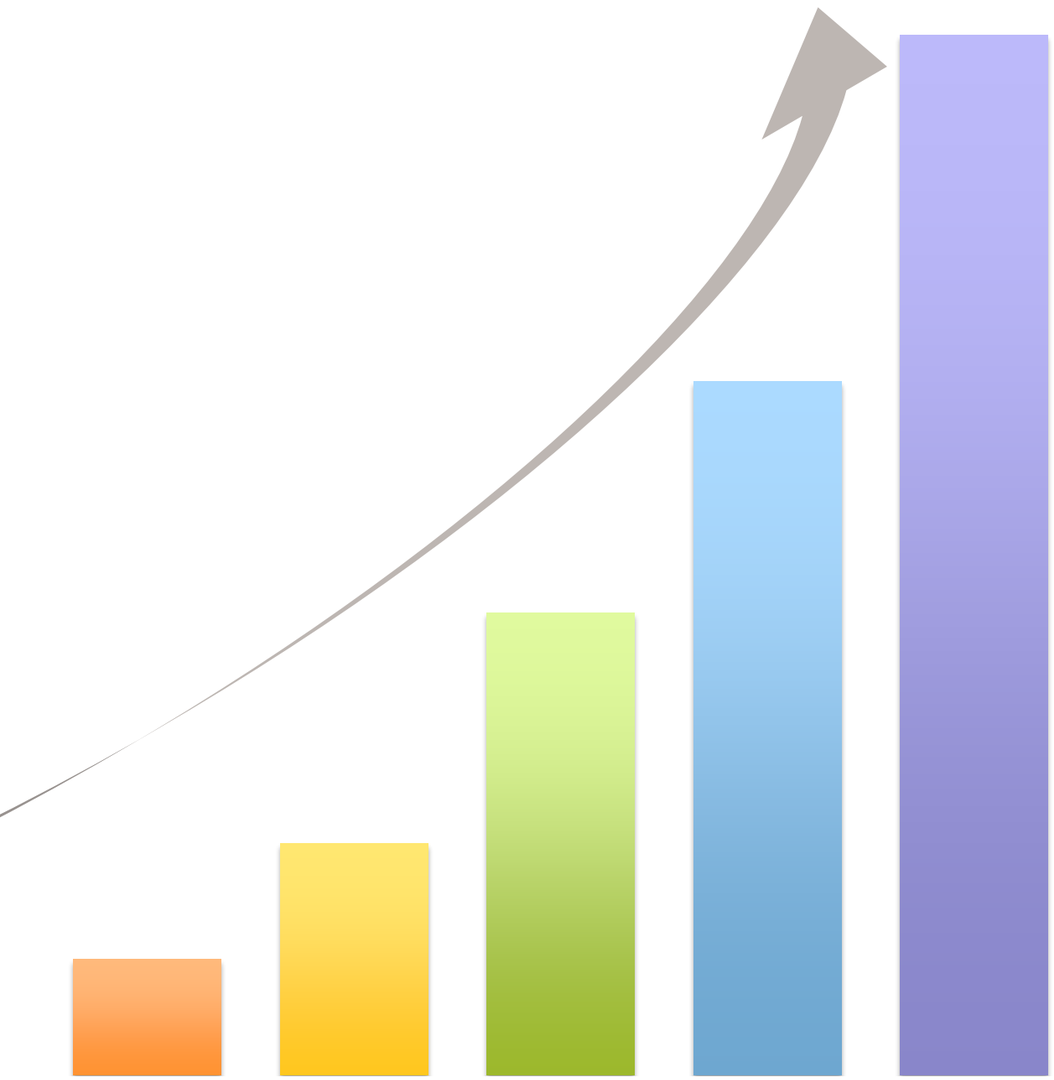
2015 Investor Day

Hormel Foods

Jody Feragen

Executive Vice President and
Chief Financial Officer

Financial Performance Goals



5%
Revenue Growth

10%
Operating Income Growth

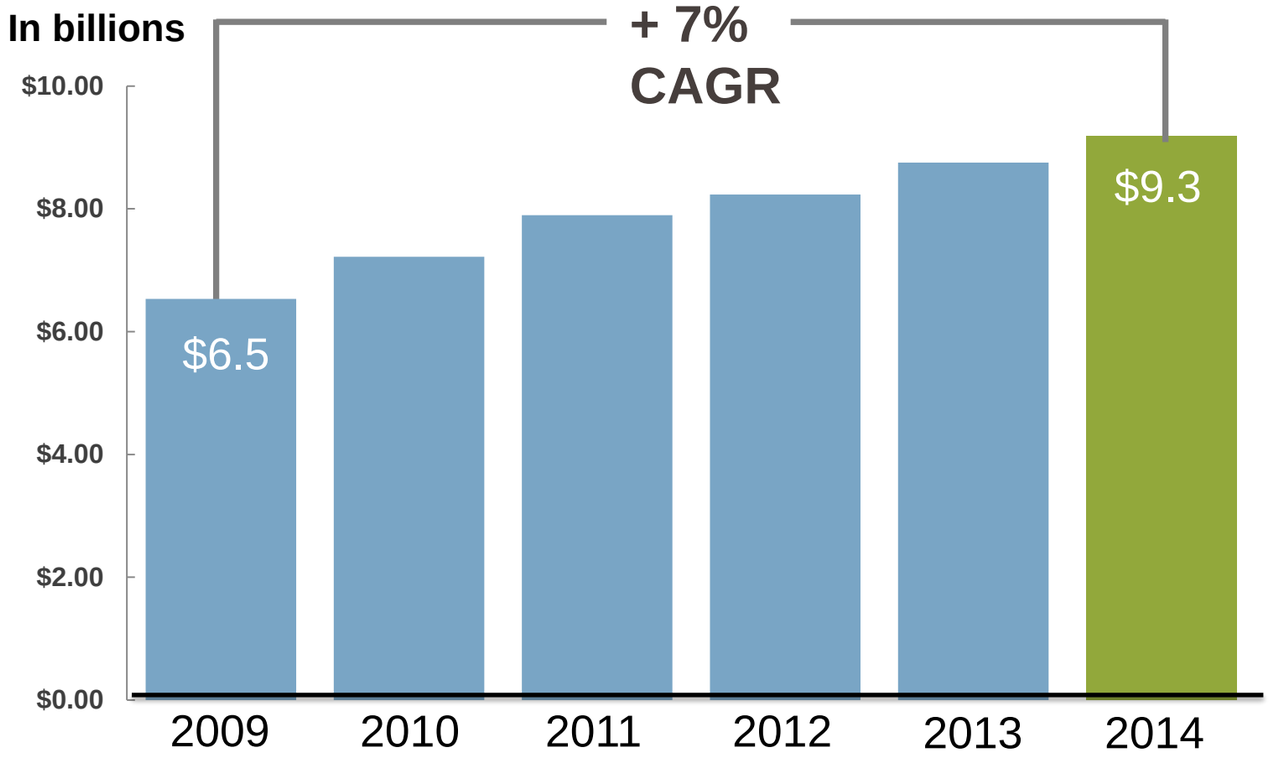
$3 Billion by 2016
New Product Development
New Products Introduced Since 2000



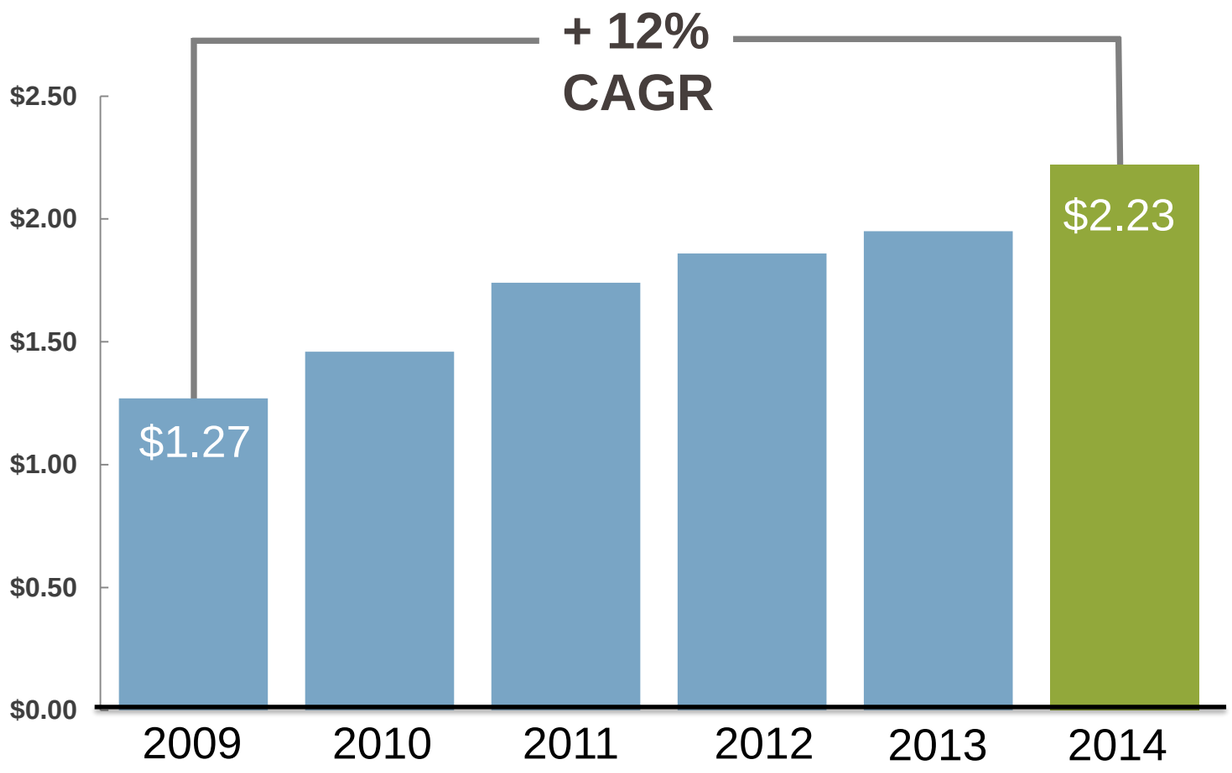
Sales and EPS Growth

Exceeding long-term targets

Sales



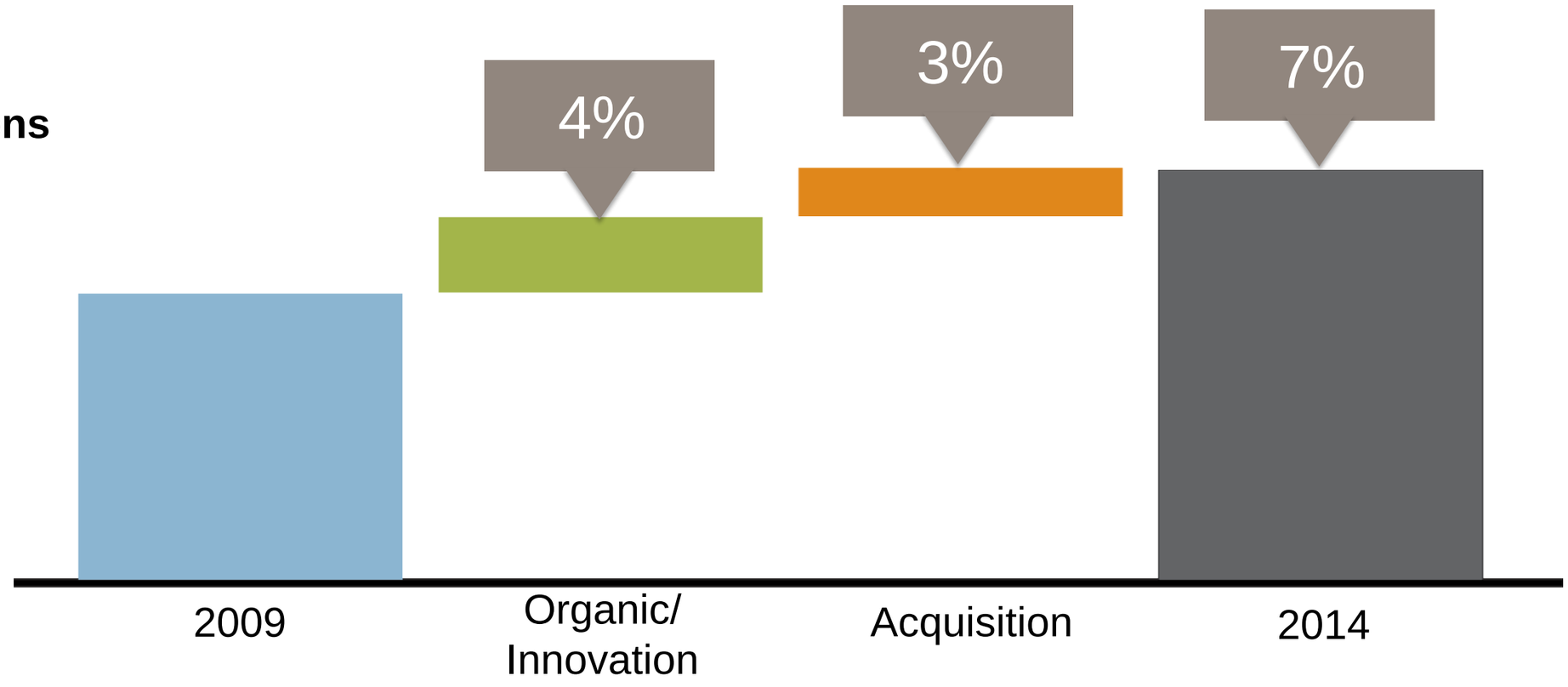
EPS



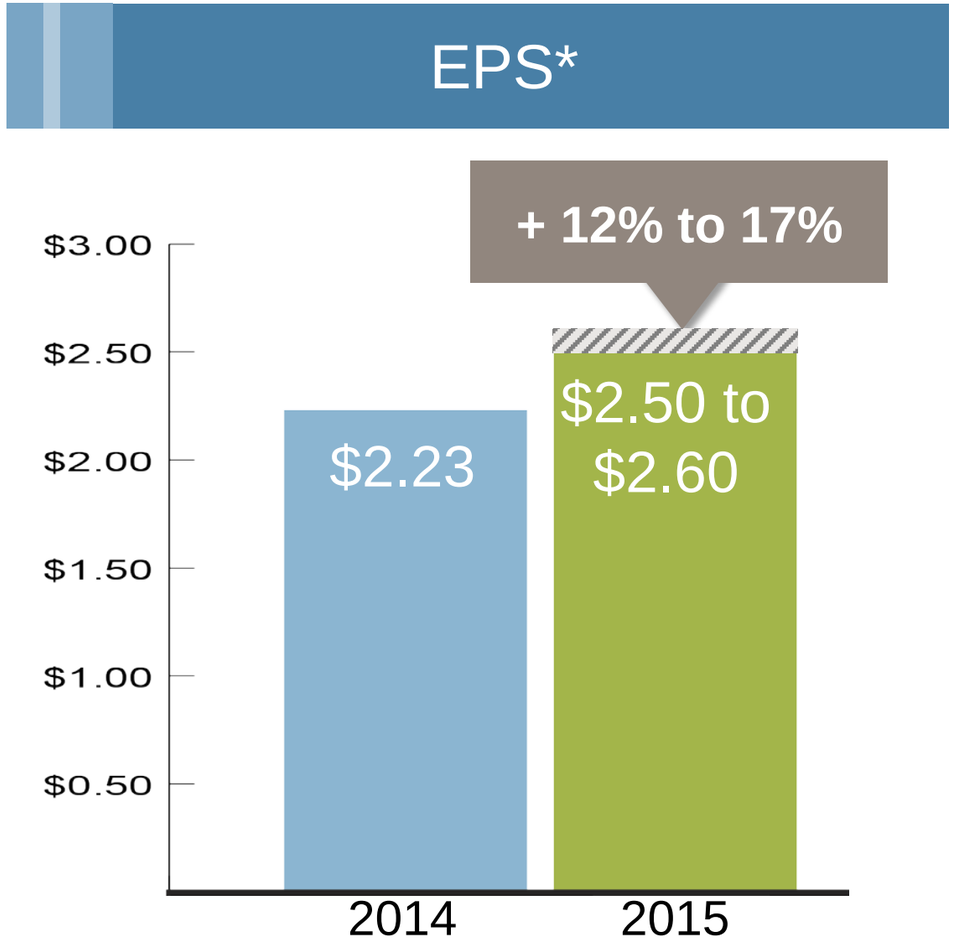
Exceeding Long-Term Targets

Annual Net Sales

In millions



2015 Outlook
Growth Amidst Volatility



- Grocery Products and Refrigerated Foods
  - Input cost deflation
- Specialty Foods
  - Improved 2H15 contribution from CytoSport
- International
  - Growth in China
- Jennie-O Turkey Store
  - Avian Influenza

*2015 EPS range excludes pre-tax nonrecurring charges relating to the closure of the Stockton, California, manufacturing facility ($10.5 million) and exit of international joint venture businesses ($9.5 million).

Segment Margin Guidance

Grocery Products

Guidance: 12% to 14%

Refrigerated Foods

Guidance: 5% to 8%

Jennie-O Turkey Store

Guidance: 13% to 17%

Specialty Foods

Guidance: 8% to 10%

International & Other

Guidance: 14% to 17%

Total Company

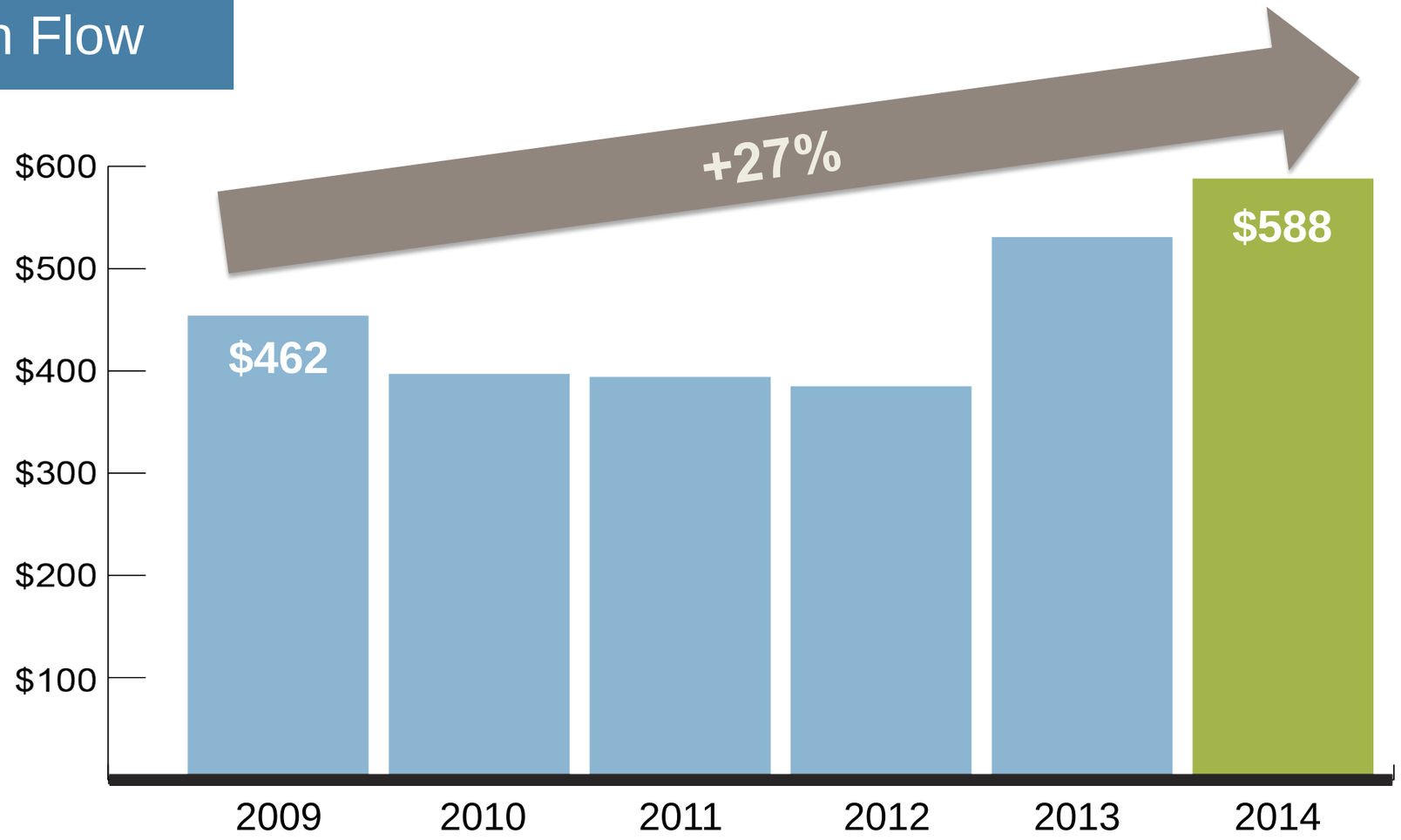
Guidance: 9% to 12%



Cash Flow

Free Cash Flow

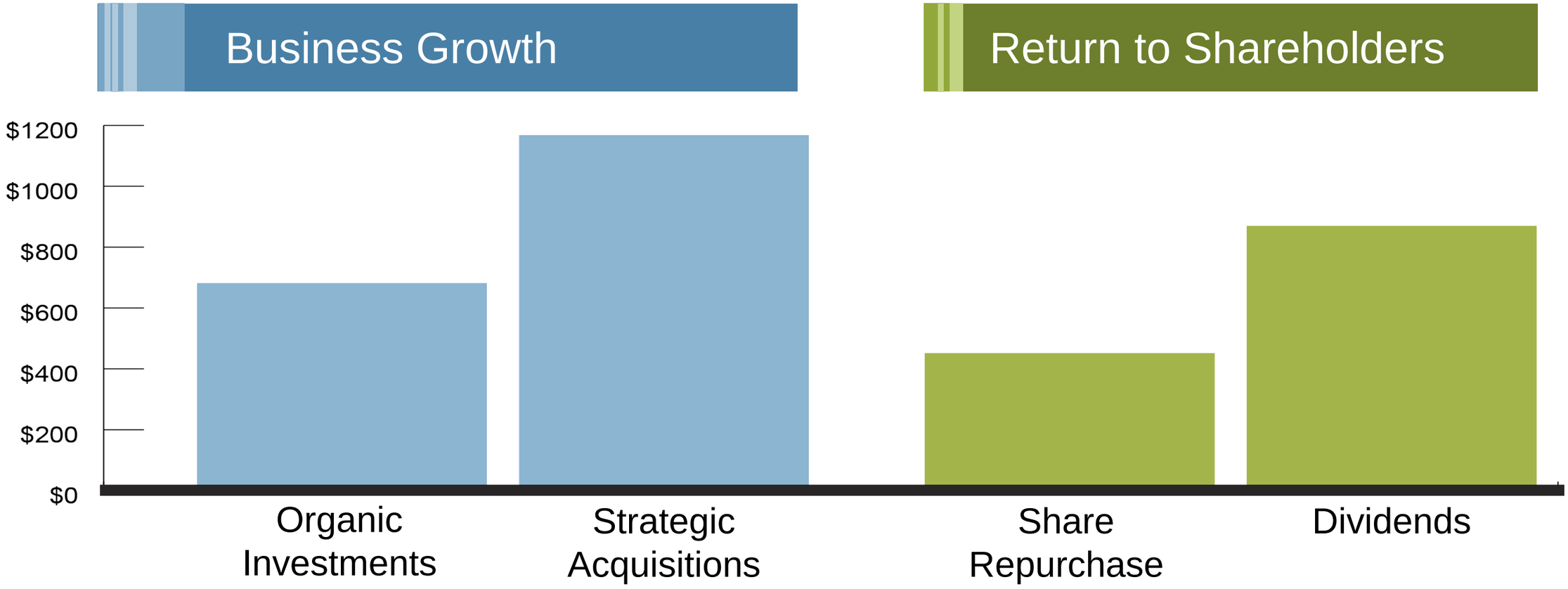
In millions



Priorities for Cash Flow

Generating consistent and strong free cash flow

2009-2014



Investing for the Future

Business Growth

Organic Investments



Hormel BACON 1 PERFECTLY COOKED BACON™ BRAND

Strategic Acquisitions

APPLEGATE* NATURAL & ORGANIC MEATS

GENUINE MUSCLE MILK® BRAND

SKIPPY

- #1 and #2 brands
- Platform for innovation
- Multicultural appeal
- On-the-go
- Better-for-you
- International component
- Accretive to growth goals
- NPV analysis

*Expected July 2015 Closing

APPLEGATE®

NATURAL & ORGANIC MEATS

- Purchase price $775 million
  - $165 million NPV of tax benefit
- Total 2015 annual sales are expected to be about $340 million
- Hormel Foods expects this acquisition to provide 7-8 cents per share accretion in fiscal 2016
  - $10 million est. annual amortization



Balance Sheet Utilization

Post Applegate Pro-Forma

Approximately
$250 MILLION
CASH

17%
DEBT TO EQUITY RATIO

Approximately
$650 MILLION
DEBT

Capacity for additional
DEBT

Hormel Foods

- Maintain Investment Grade Rating
  - Moody's Rating – A1
  - S&P Rating – A/Stable

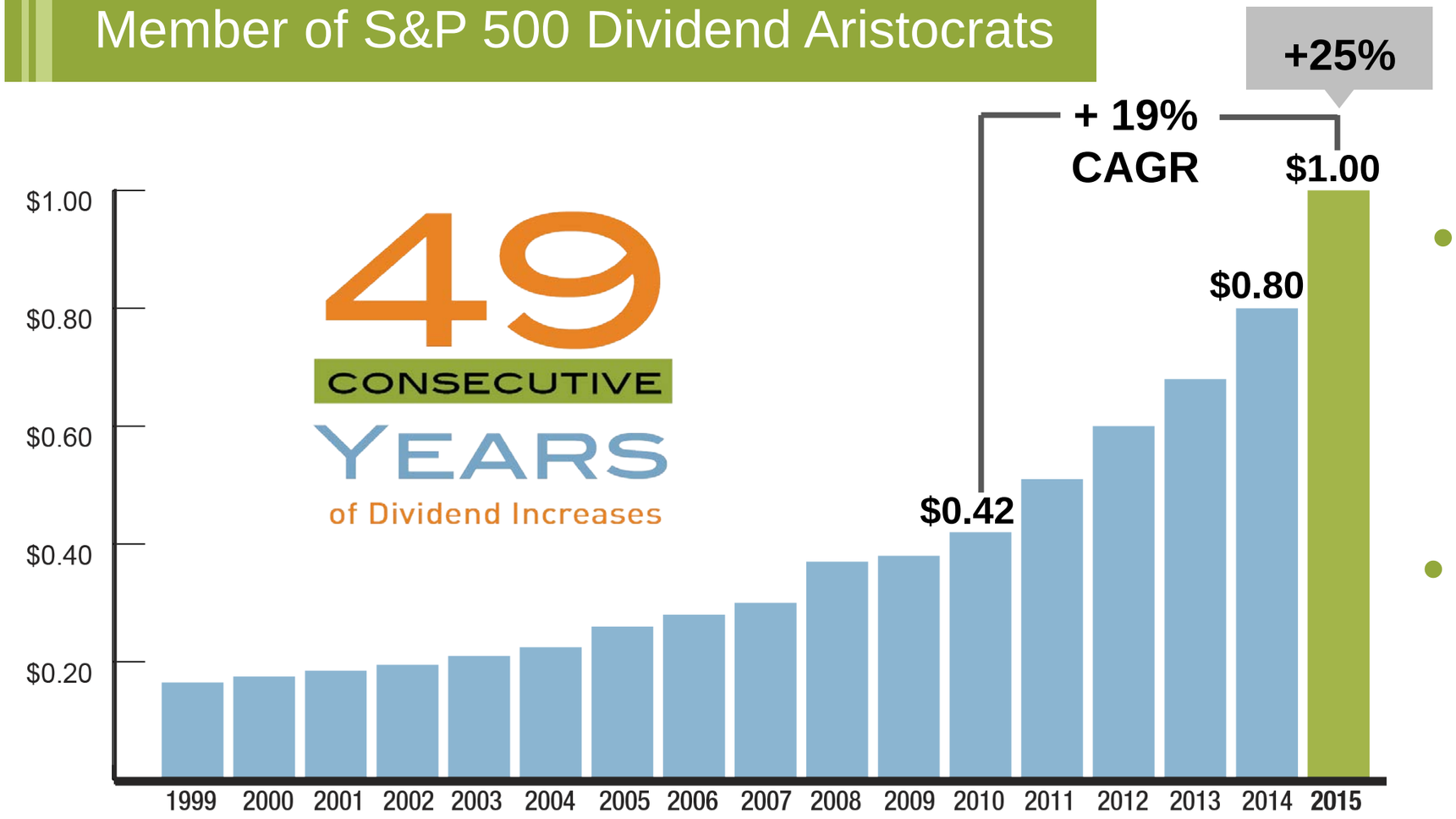
Food Peers

Average Investment Rating – Baa1



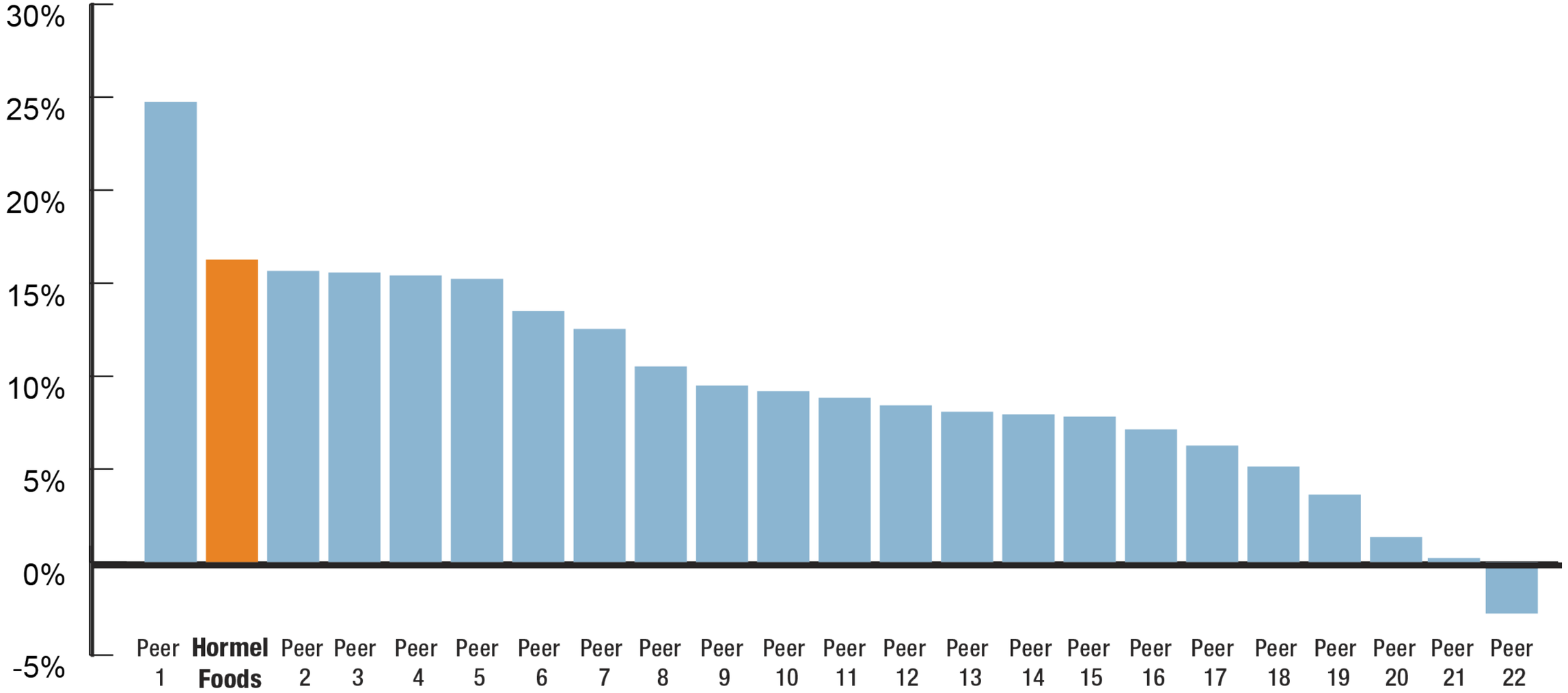
Return to Shareholders

Member of S&P 500 Dividend Aristocrats



- Dividend growth exceeding EPS growth
  - Target CPG peer average
- Opportunistic share repurchase strategy

Return on Invested Capital



Based on 2Q15 data for Hormel Foods and time relative data for peers

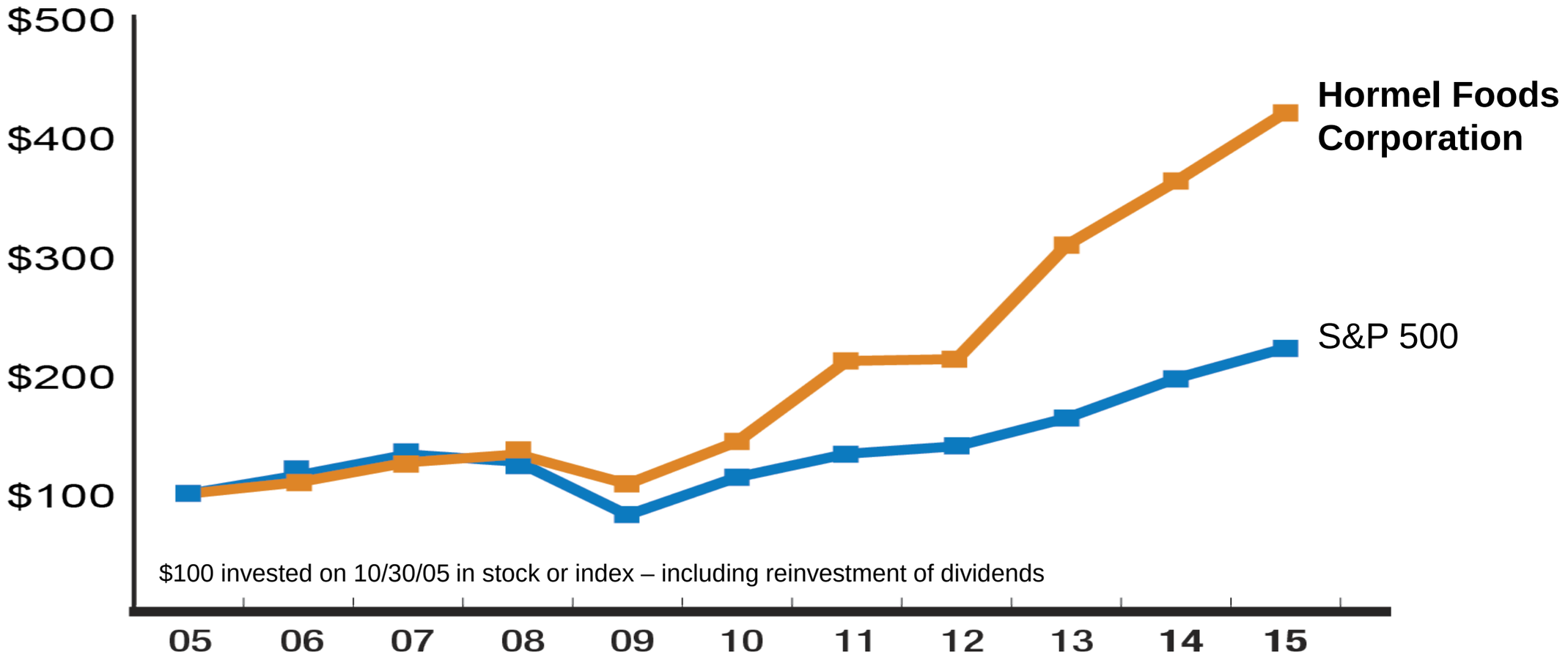
Managing for the Long Term

- Solid track record of sales and earnings growth
- Culture of innovation
- Strong portfolio of well recognized brands
- Fiscally conservative
- Management depth
- Focused on long-term growth objectives



Total Shareholder Return

Comparison of 10-Year Cumulative Return





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