Food that fits























Hormel Foods

CAGNY

CONSUMER ANALYST GROUP OF NEW YORK

REV · 100% Natural Valley Fresh · Saag's · Hormel Chili · Jennie-O · cure 81 · café h. · Austin Blues · Hormel always tender · Fire Braised Meats · Hormel Black Label · SKIPPY · Applegate Natural & Organic Meats



Jody Feragen

Executive Vice President and
Chief Financial Officer





Legal Disclosure

This presentation may contain information that is “forward looking” as defined in the Private Securities Litigation Reform Act of 1995.

- Any “forward looking” statements are based on current expectations that are subject to risks and uncertainties, which could cause actual results to differ materially.
- Please refer to the risk factors on pages 28-32 in the Company’s 2015 annual report to stockholders available for viewing or download on the investor page of the company’s website – Hormelfoods.com.
- Non-GAAP financial figures exclude certain 2015 adjustments for closure of Stockton, California, manufacturing facility, exit of international joint venture businesses, goodwill impairment charge associated with Diamond Crystal Brands, and adjustment to a contingent consideration for CytoSport. See the reconciliation of non-GAAP adjusted measures to GAAP measures in the appendix or on page 17 of the Company’s 2015 annual report to stockholders available for viewing or download on the investor page of the company’s website – Hormelfoods.com



Q1 2016 Results

In millions except per share	2016	2015	Change
Sales	$2,293	$2,395	- 4%
Net Earnings	$235	**$187	+ 25%
Net earnings per share*	$0.43	**$0.35	+ 23%

- Record earnings – 11th consecutive quarter
- Sales down due to lower pork markets and lower turkey harvest levels
- Tonnage -3% YOY due to lower turkey harvest levels

*Based on 2:1 stock split distributed on February 9, 2016.

**Based on non-GAAP earnings which excludes certain adjustments during fiscal 2015. See appendix for comparable GAAP measures.



Grocery Products

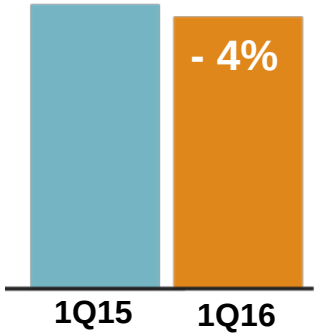
Segment Operating Results



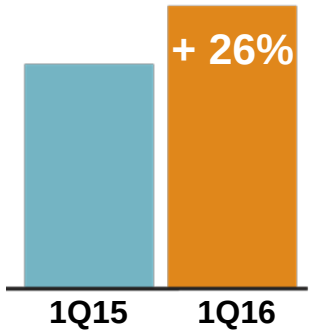
First Quarter 2016

- Improved operational and supply chain efficiencies
  - Closure of Stockton, CA plant
- Favorable raw material costs
- Lower canned meat sales
- Favorable results for *Hormel*® bacon toppings, *CHI-CHI'S*® and *Wholly Guacamole*® products

Sales



Operating Profit*



*Operating profit excludes certain adjustments during fiscal 2015. See appendix for comparable GAAP measures.



Refrigerated Foods

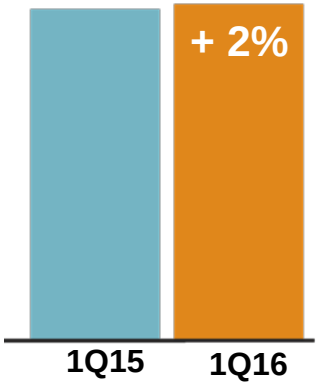
Segment Operating Results



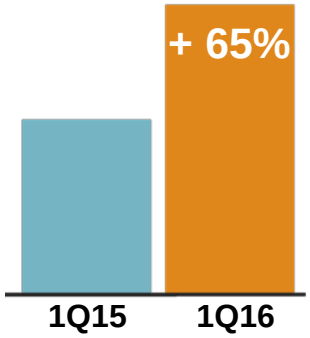
First Quarter 2016

- Improved performance from value-added businesses
- Strong pork operating margins
- Addition of Applegate Farms, LLC
- Higher sales volume offset by lower pork markets
- Favorable results for *Hormel Gatherings*® party trays, *Hormel*® refrigerated entrees, *Old Smokehouse*® bacon and *Hormel*® *Fire Braised*™ meats

Sales



Operating Profit



Jennie-O Turkey Store

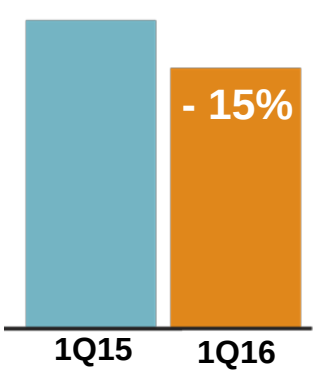
Segment Operating Results



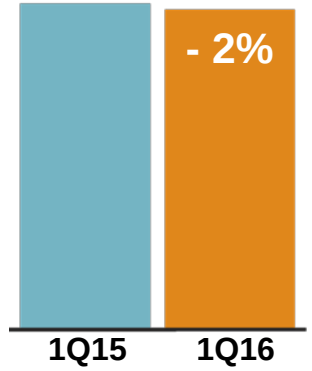
First Quarter 2016

- Lower harvest volumes
  - Improving bird performance
- Benefiting from lower feed costs
- Sales down due to lower raw material supplies
  - Volume down 23%

Sales



Operating Profit





Specialty Foods

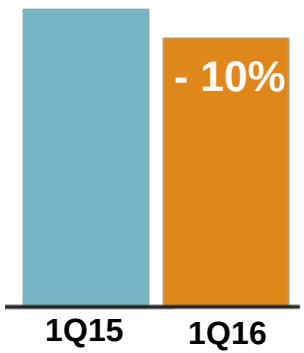
Segment Operating Results



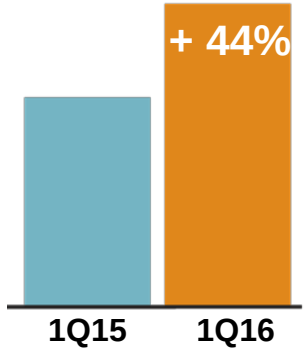
First Quarter 2016

- Favorable input costs
- Improved operational and supply chain efficiencies
- Growth of *Muscle Milk*® brand
  - Ready to drink products
- Decreased sales of sports nutrition contract packaging
  - Generally lower margin products

Sales



Operating Profit



International & Other

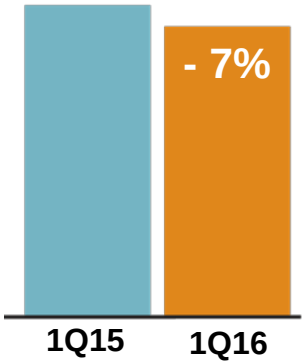
Segment Operating Results



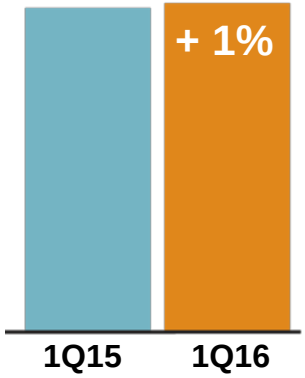
First Quarter 2016

- Strong *SKIPPY*® sales
- Softer pork exports – challenging market conditions
- China results lower on difficult comparable period
  - Discontinuation of *SPAM*® luncheon meat imports
- Unfavorable currency environment

Sales



Operating Profit*



*Operating profit excludes certain adjustments during fiscal 2015. See appendix for comparable GAAP measures.



Financial Metrics (1Q16)

- Advertising spend was $48.1 million, up 14% YOY
  - Fiscal 2016 plan up low double digits compared to 2015
- Effective tax rate was 33.6%
  - Approximately 33.5% to 34% expected in fiscal 2016
- Depreciation and amortization was $31.8 million, down 3% YOY
  - $130 million planned for fiscal 2016
- Capital expenditures were $33.5 million, up 21% YOY
  - Approximately $250 million planned for fiscal 2016



2016 Market Outlook

Hogs

- USDA production estimate + 2% over 2015
- USDA pork operating margins moderating in 2H16

Turkeys

- USDA Production estimate + 5% to + 6% over 2015
- Prices moderating into 2H16 – assuming no further AI occurrences

Grains

- USDA calling for 2016 grain prices lower than 2015
- Maintain hedge positions between 25 and 75 percent



Strong Balance Sheet

As of 1/24/2016

Total Assets
in millions

Long-Term Assets

Current Assets

$4,095

$1,946

$6,041

Total Liabilities and Shareholders Investment
in millions

Total Shareholders Investment

$4,164

Other Liabilities

$607

Long-Term Debt

$250

Current Liabilities

$1,020

$6,041



Balance Sheet Optionality

0.10x

DEBT to EQUITY RATIO

$3 BILLION

Capacity for additional

DEBT



Cash Flow

Free Cash Flow

in millions

$1,000
$800
$600
$400
$200

2011-2015 + 21% CAGR

+ 65%

$394
$848
$529
$874

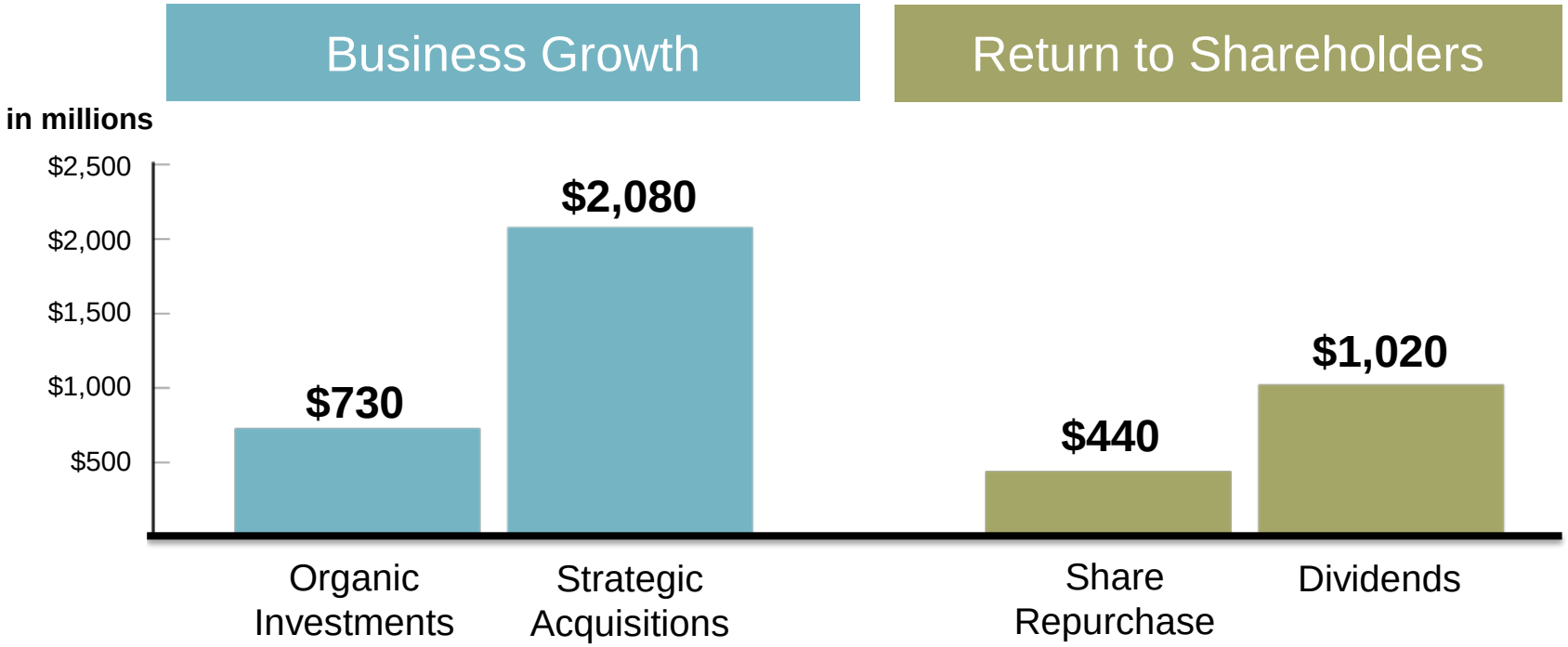
2011
2012
2013
2014
2015
LTM 1Q15
LTM 1Q16

Non-GAAP calculation based on data from Statement of Cash Flows found in Company's annual reports.



Priorities for Cash Flow

2010-2015





Annual Dividend Performance

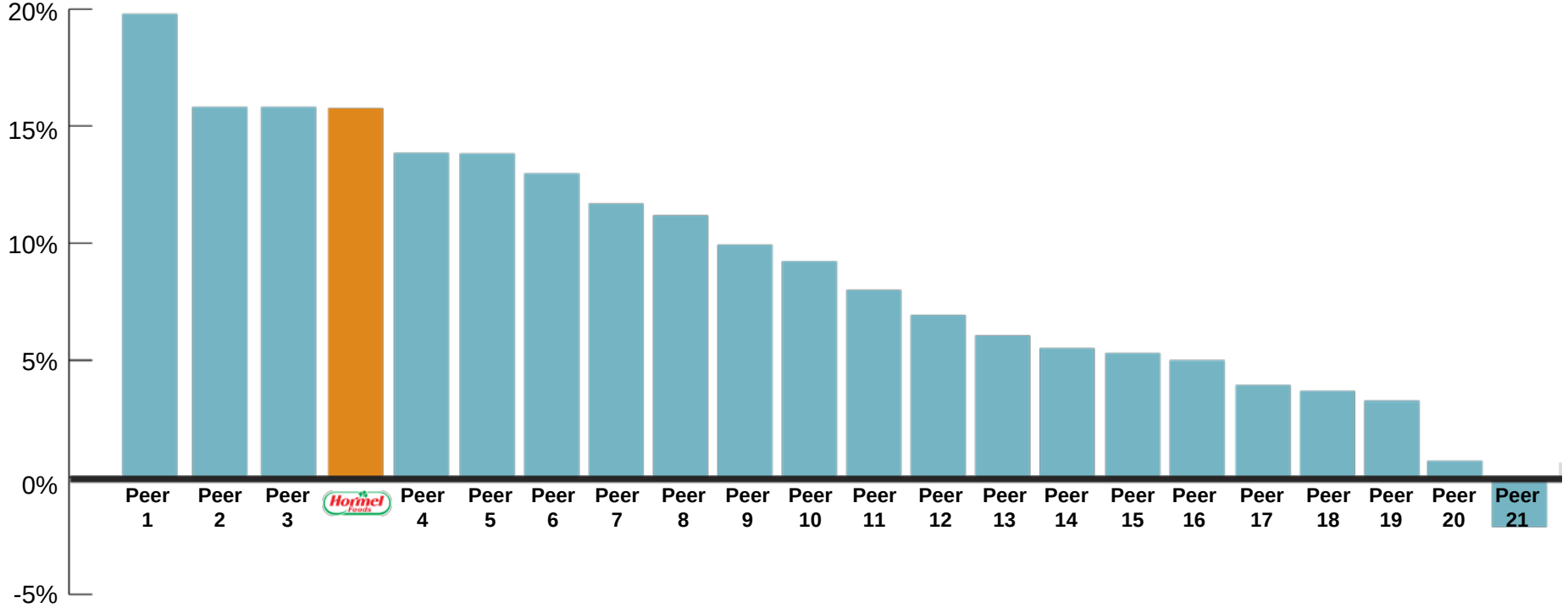
INCREASED
OUR
ANNUAL DIVIDEND
BY
16%

50
CONSECUTIVE
YEARS
OF DIVIDEND INCREASES

AVERAGE ANNUAL
GROWTH OF
18%
2011-2016



Return on Invested Capital



Based on fiscal 2015 data for Hormel Foods and time relative data for peers



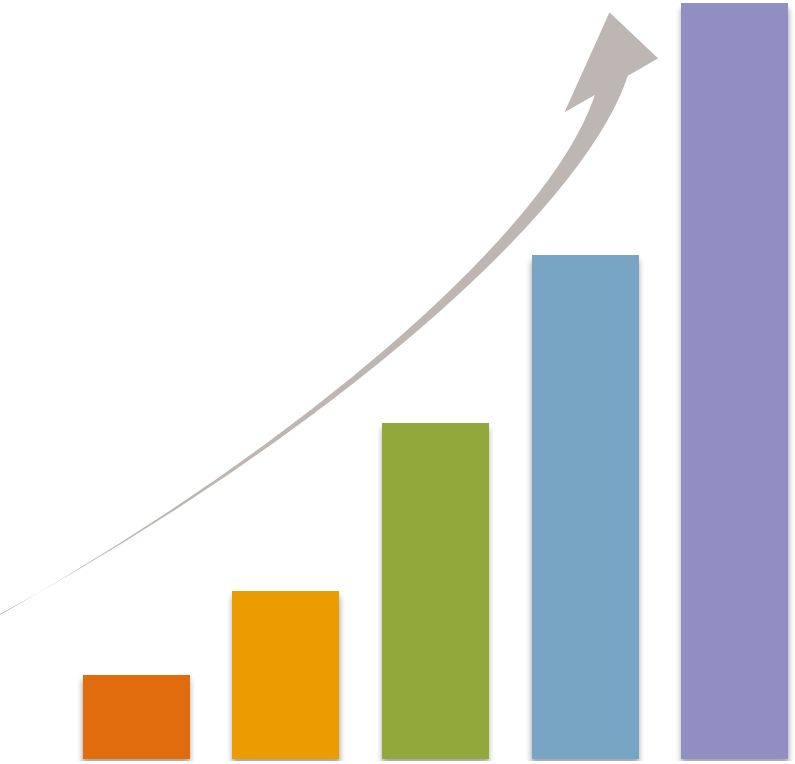
Jeff Ettinger

Chairman of the Board and
Chief Executive Officer





Financial Performance Goals



5%

Revenue Growth

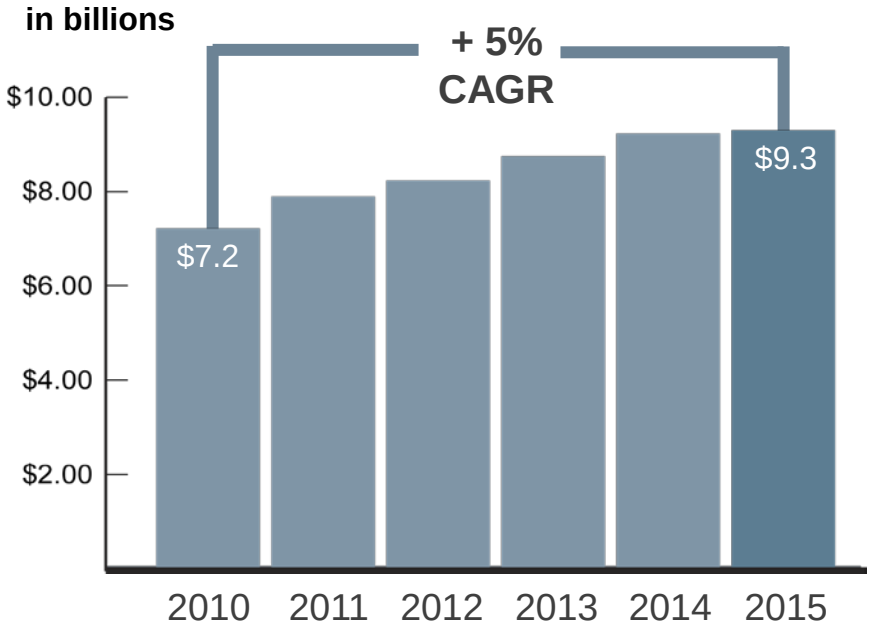
10%

Operating Income Growth

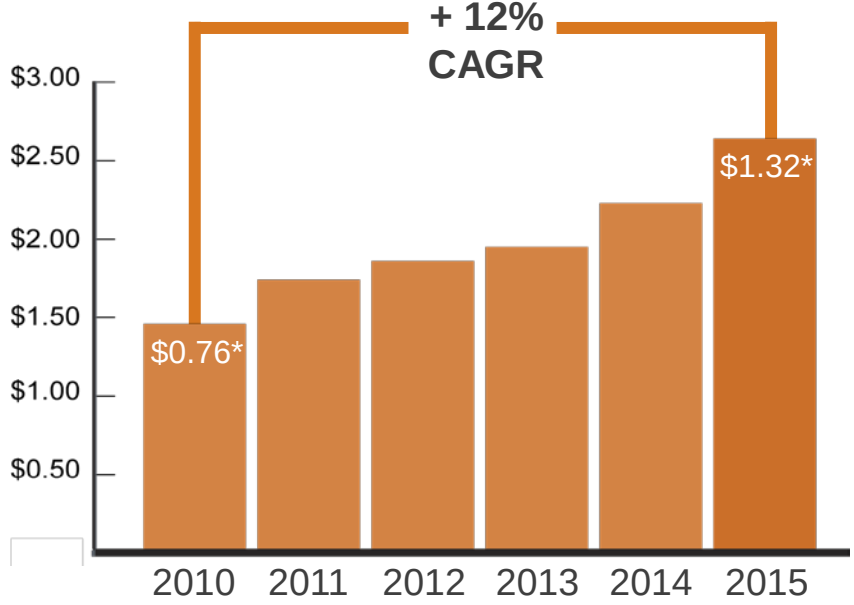


Hormel Foods Total Company Growth

Sales



Earnings Per Share**

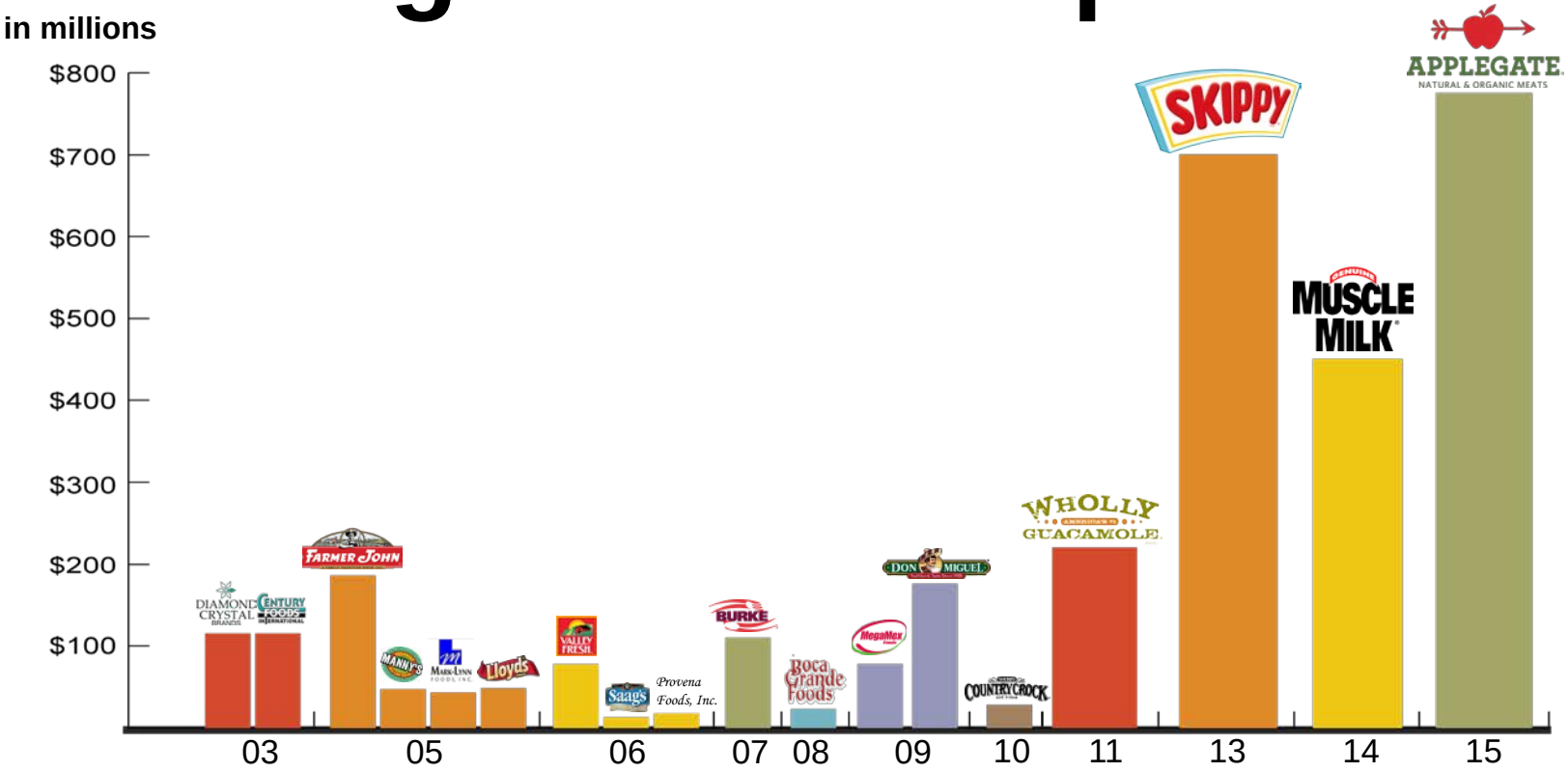


**Based on 2:1 stock split distributed on February 9, 2016.

*Based on non-GAAP earnings which excludes certain adjustments, see 2010 and 2015 company annual reports for detailed information.



Mergers and Acquisitions



Global

Multi-Cultural

Healthy/ Holistic

On-the-Go



Expanding Our Consumer Connections

Hormel 荷美尔
SKIPPY

Jennie-O TURKEY STORE

Lloyd's Barbeque Co.

Welcome to AUSTIN
Hormel Foods

Hormel
SIDE DISHES

SKIPPY

GENUINE MUSCLE MILK

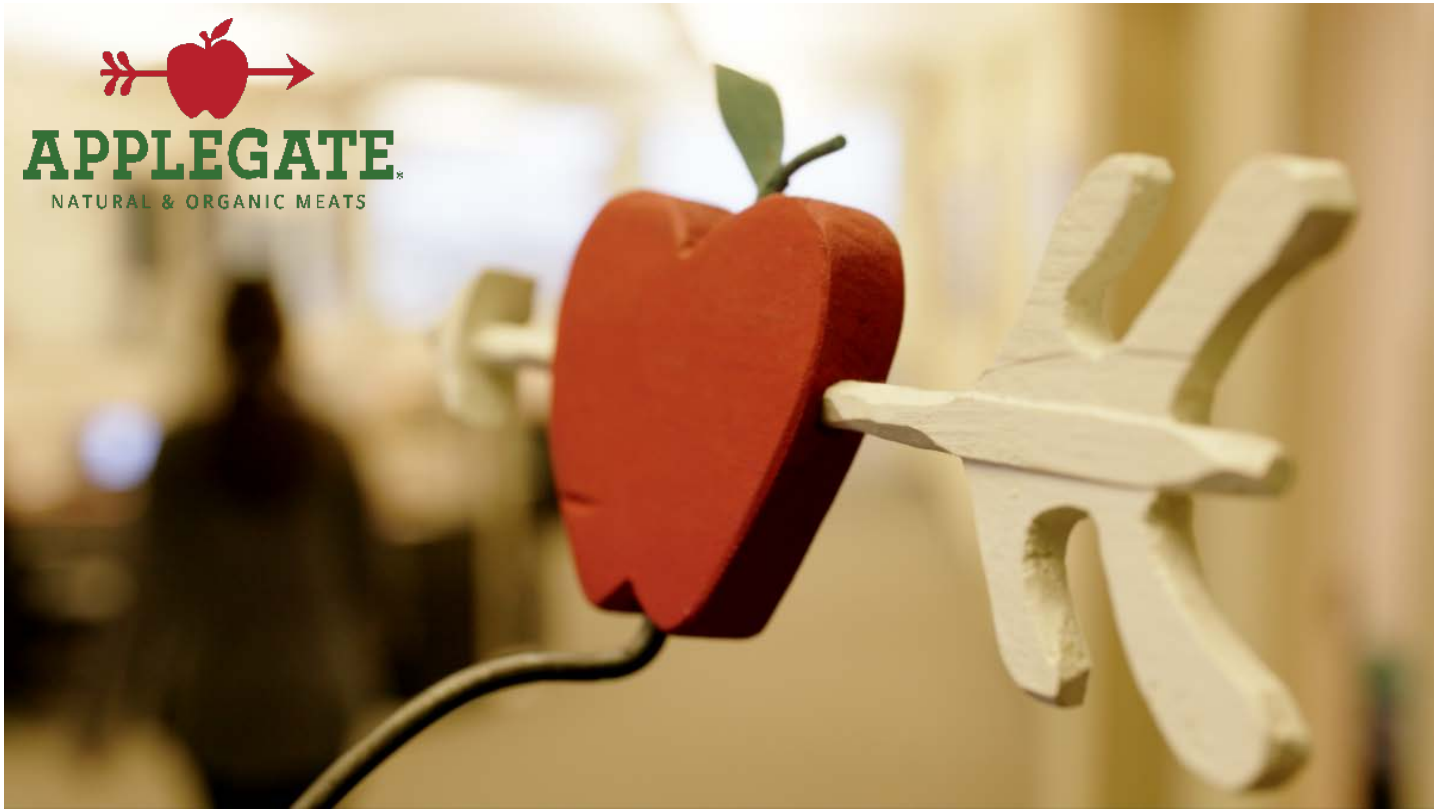
APPLEGATE
NATURAL & ORGANIC MEATS

MegaMex Foods

WHOLLY GUACAMOLE

Mexico


Food
SPAM
TOCINO
that
ORGANIC
fits
Hormel
Foods


APPLEGATE
NATURAL & ORGANIC MEATS



Innovation

The contribution of innovation efforts is a key component of our success

IRI Pacesetters



Progressive Grocer Picks

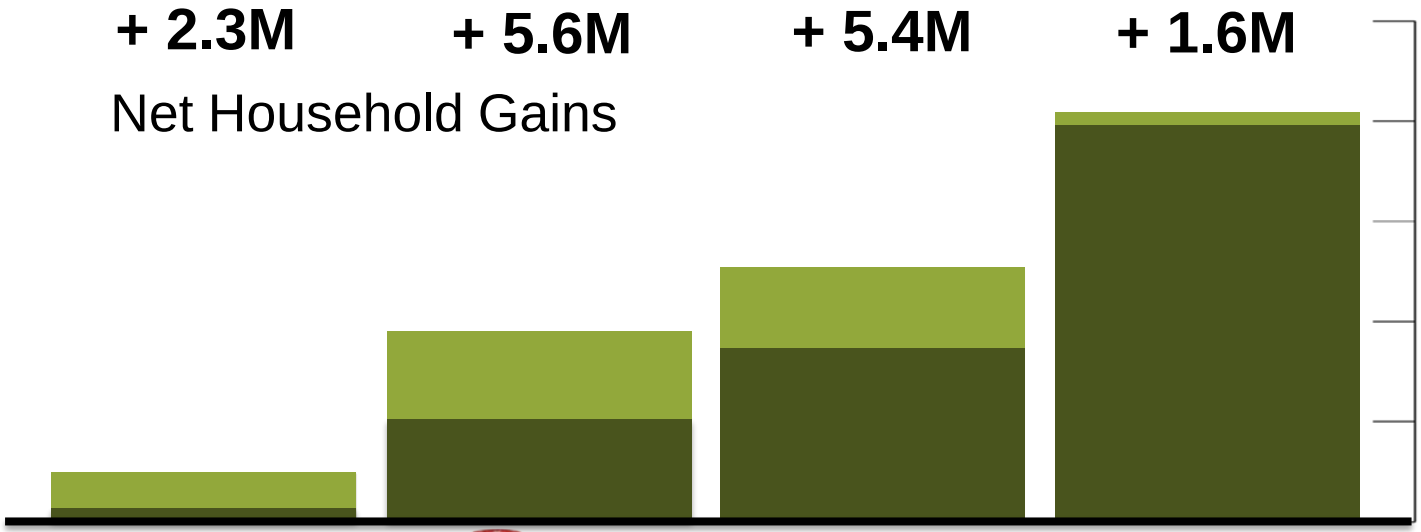




Core Growth

+ 2.3M **+ 5.6M** **+ 5.4M** **+ 1.6M**

Net Household Gains

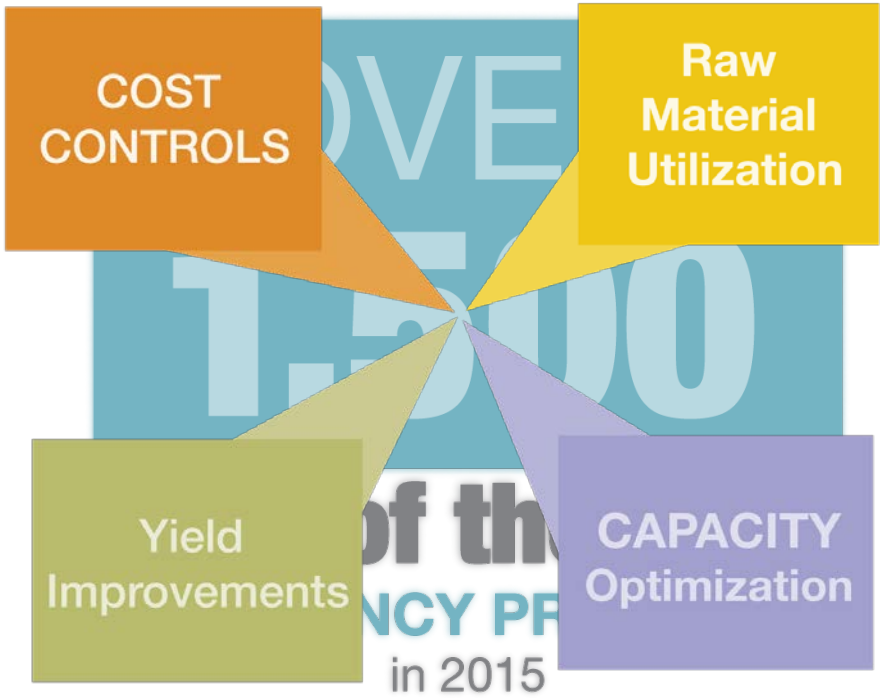




IRI, Consumer and Shopper Insights Advantage - Total US All Outlets 5 Years Ended 12/27/2015



Leveraging Enhanced Efficiency



Refrigerated Foods

SEGMENT PROFIT	SEGMENT PROFIT
7.2%	9.7%
in 2010	in 2015

Jennie-O Turkey Store

SEGMENT PROFIT	SEGMENT PROFIT
11.0%	16.9%
in 2010	in 2015



Leveraging Enhanced Efficiency

TOTAL SALES

GROWN

28%

since 2010

CORPORATE STAFF

GROWN

14%

since 2010

2010-2015

SALES CAGR

5.11%

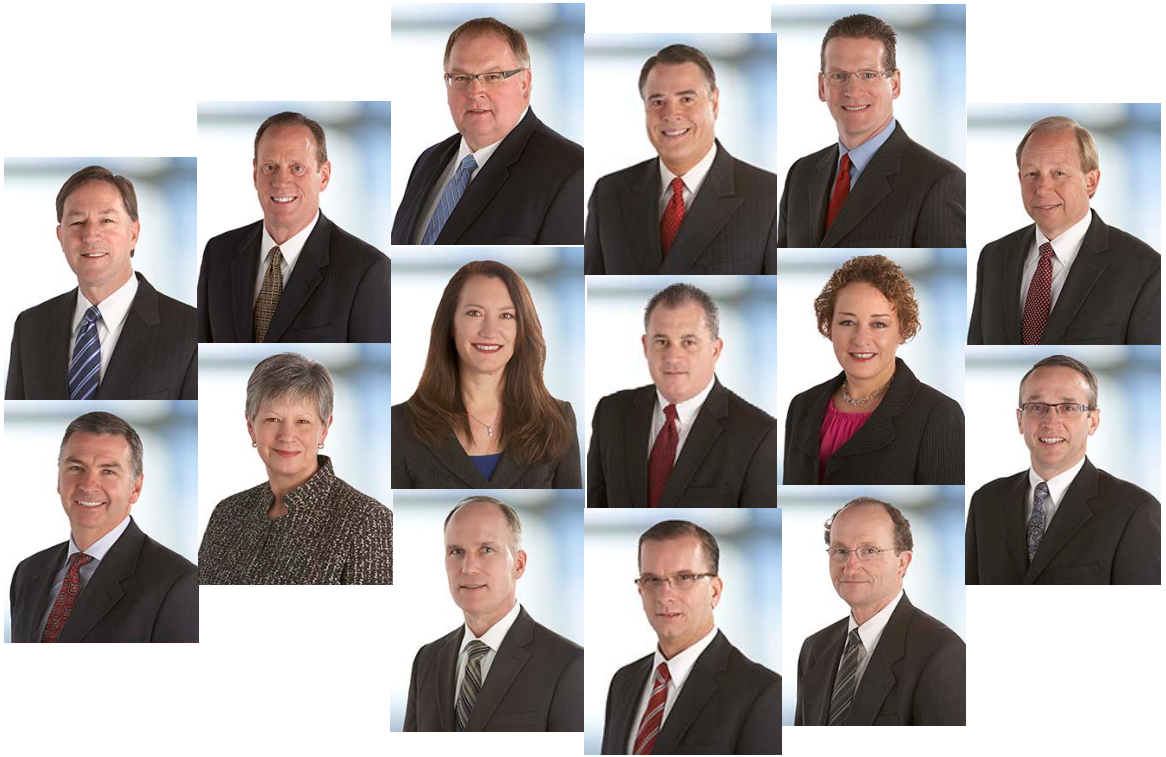
2010-2015

SG&A CAGR

(not counting advertising)

3.95%

Management Depth



Senior Management Team Average

26 YEARS TENURE



MORE THAN

35 YEARS OF HORMEL FOODS LEADERSHIP



— together again



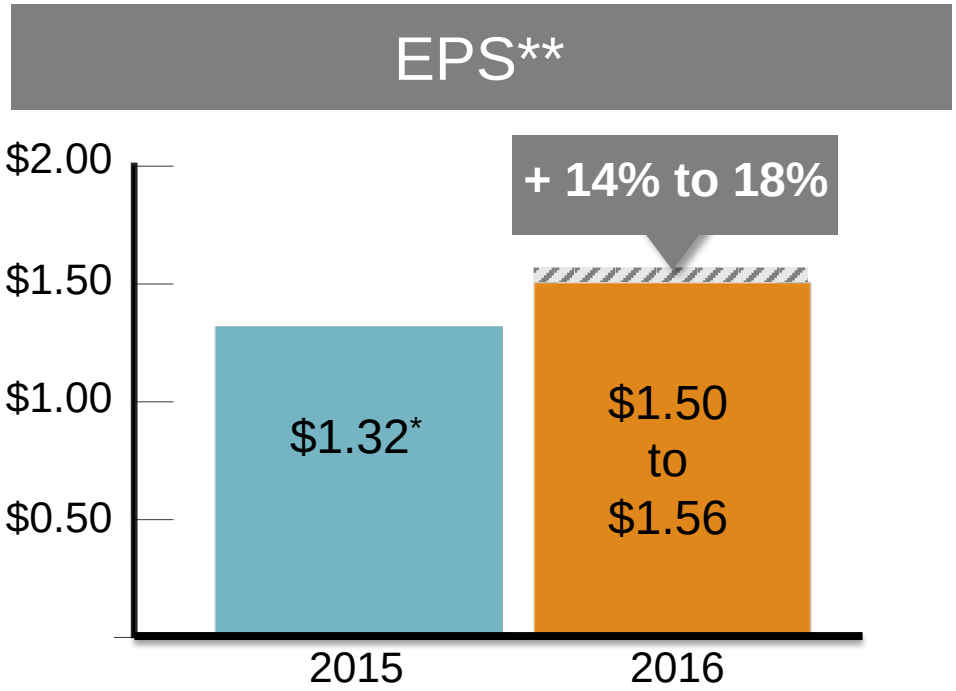
Jim Snee

President and Chief
Operating Officer





2016 Outlook



- **Jennie-O Turkey Store**
  - Return to growth
- **Grocery Products & Refrigerated Foods**
  - Favorable input costs
- **Specialty Foods**
  - *Muscle Milk*® brand contribution
  - Supply chain efficiencies
- **International**
  - Export improvement

*Based on non-GAAP earnings which excludes certain adjustments during fiscal 2015. See appendix for comparable GAAP measures.

**Based on 2:1 stock split distributed on February 9, 2016.



Segment Operating Results

	Grocery Products	Refrigerated Foods	Jennie-O Turkey Store	Specialty Foods	International & Other	Total Segment
2016 Q1	26%	65%	- 2%	44%	1%	30%
FY 2015*	23%	26%	1%	48%	4%	19%
FY 2014	- 9%	45%	23%	- 20%	19%	16%
FY 2013	18%	2%	- 7%	7%	43%	6%
FY 2012	12%	-22%	16%	8%	38%	1%
FY 2011	4%	6%	43%	- 5%	39%	13%

Year-Over-Year Growth Year-Over-Year Decline

*Based on non-GAAP earnings which excludes certain adjustments during fiscal 2015. See appendix for comparable GAAP measures.



Our Balanced Model

Protein	Packaged Foods
Pork and Turkey	Peanuts and Avocados
Retail	Foodservice
Financially Conservative	Innovative Culture



Growth Platforms



Global



Multicultural



Healthy / Holistic



On-the-Go



Global

Global Growth

CJ

PUREFOODS HORMEL



Jiaxing Hormel Foods Co. Ltd.



Long-standing
PARTNERSHIPS

STRONG
EXPORTS

MULTINATIONAL
Expansion



Brand-Driven Growth

APPLEGATE
NATURAL & ORGANIC MEATS

Jennie-O

SKIPPY

WHOLLY GUACAMOLE

GENUINE MUSCLE MILK





Healthy / Holistic

Jennie-O BRAND



Total Awareness *Jennie-O®* Brand



MAKE THE SWITCH Jennie-O

BRAND leadership

Better-for-you LEAN PROTEIN products

SHARE growth

LOGISTICS excellence

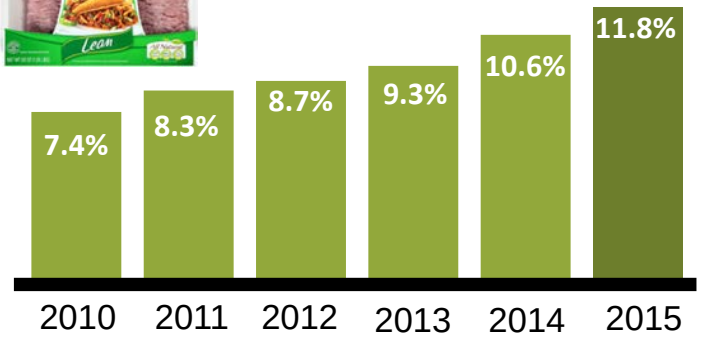


Healthy / Holistic

Ground Turkey Share is Growing

Share of Ground Meats





Source: IRI FreshLook

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

Rank	Product	Total US – Multi Outlet
1	Oscar Mayer Hardwood Smoked Bacon Sliced Rfg 16 oz	$212,736,011
2	***Jennie-O*® Rfg Regular Turkey Ground 20 oz, 16 oz**	**$169,819,146**
3	Bar S Rfg Chicken And Pork Frank 8 Ct 12 oz	$138,401,707
4	Private Label Rfg Regular Beef 80 oz	$137,205,579
5	*Hormel*® *Black Label*® Regular Bacon Sliced Rfg 16 oz	$130,891,942
6	Private Label Rfg Regular Beef 48 oz	$130,322,632
7	Private Label Rfg Regular Beef 16 oz	$127,806,022
8	Jimmy Dean Rfg Regular Sausage 16 oz	$123,948,228
9	Private Label Rfg Regular Beef 48 oz	$117,574,610
10	Tyson Frozen Regular Chicken Strip 25 oz	$116,241,371

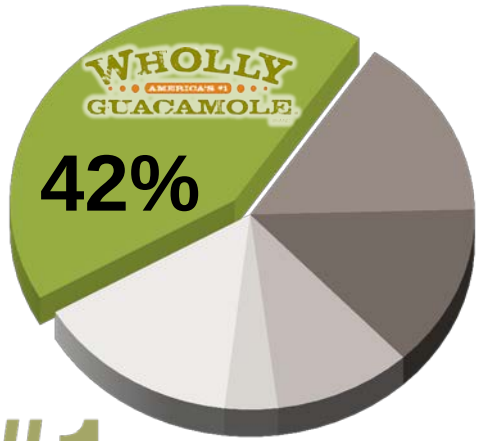
Time : Latest 52 Weeks Ending 12-27-15

Measures : Dollar Sales



Global | Multicultural | Healthy / Holistic | On-the-Go

Market Share





#1 REFRIGERATED guacamole

Organic Offerings

DIGITAL Engagement

INNOVATIVE



Global

Healthy / Holistic

On-the-Go

SKIPPY BRAND



DISTRIBUTION AND Market Share GAINS

Brand Investment

INNOVATIVE

#1 NATURAL peanut butter



Global

Healthy / Holistic

On-the-Go

GENUINE MUSCLE MILK®



#1 Market Share

Innovation Leader

Expanded Distribution



Healthy / Holistic

APPLEGATE

NATURAL & ORGANIC MEATS



#1

ORGANIC AND NATURAL MARKET SHARES IN value-added proteins

BROADENS OUR APPEAL to younger and health conscious **CONSUMERS**

ATTRACTIVE Margin Profile



Portfolio Alignment with Consumers

Millennials



APPLEGATE NATURAL & ORGANIC MEATS

NATURAL CHOICE

Jennie-O

MUSCLE MILK

PEPPERONI

WHOLLY GUACAMOLE

Gen X



MUSCLE MILK

APPLEGATE NATURAL & ORGANIC MEATS

REV

Gatherings

Black Label

SKIPPY

Boomers



SPAM

Compleats

SKIPPY

Hormel Chili

Dinty Moore

Lloyd's Barbeque Co.

Matures



SPAM

Lloyd's Barbeque Co.

Mary Kitchen

Compleats

Dinty Moore

Black Label

Source: IRI Custom DB MULO 52 Wk End 12/27/2015



Leading Brands

MORE THAN

30 BRANDS

HAVE

#1 OR #2

MARKET SHARE

POSITIONS IN THEIR CATEGORY

Hormel Chili

APPLEGATE
NATURAL & ORGANIC MEATS

Hormel Gatherings

SKIPPY BRAND

Jennie-O

Genuine MUSCLE MILK

Hormel Pepperoni

WHOLLY GUACAMOLE

Lloyd's Barbeque Co.

Hormel cure 81

Dinty Moore

SPAM



Supporting Our Brands









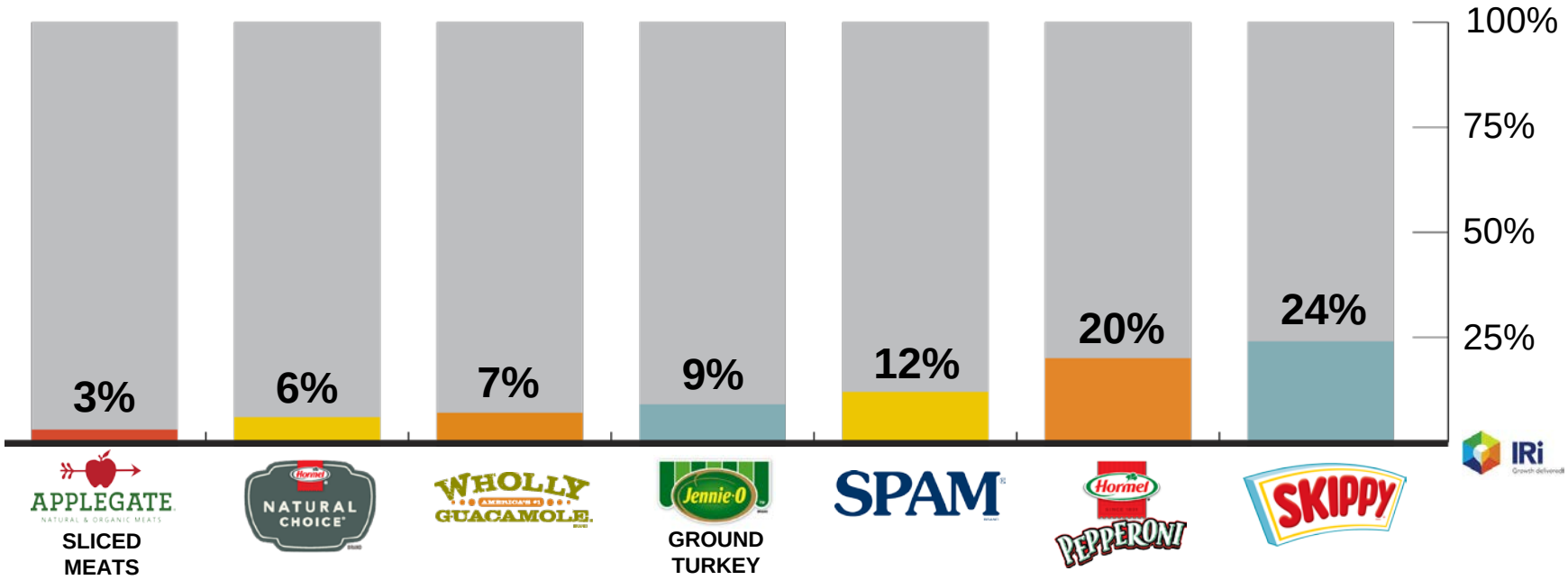






Long Runway for Growth

Low Household Penetration (HHP)



IRI, Consumer and Shopper Insights Advantage - Total US All Outlets 52 Weeks Ended 12/27/2015



Capital Investments to Drive Growth

- China Plant – Jiaxing, China
- Bacon Production Expansion
- *Jennie-O*® Tray Pack Production Expansion
- R&D Expansion



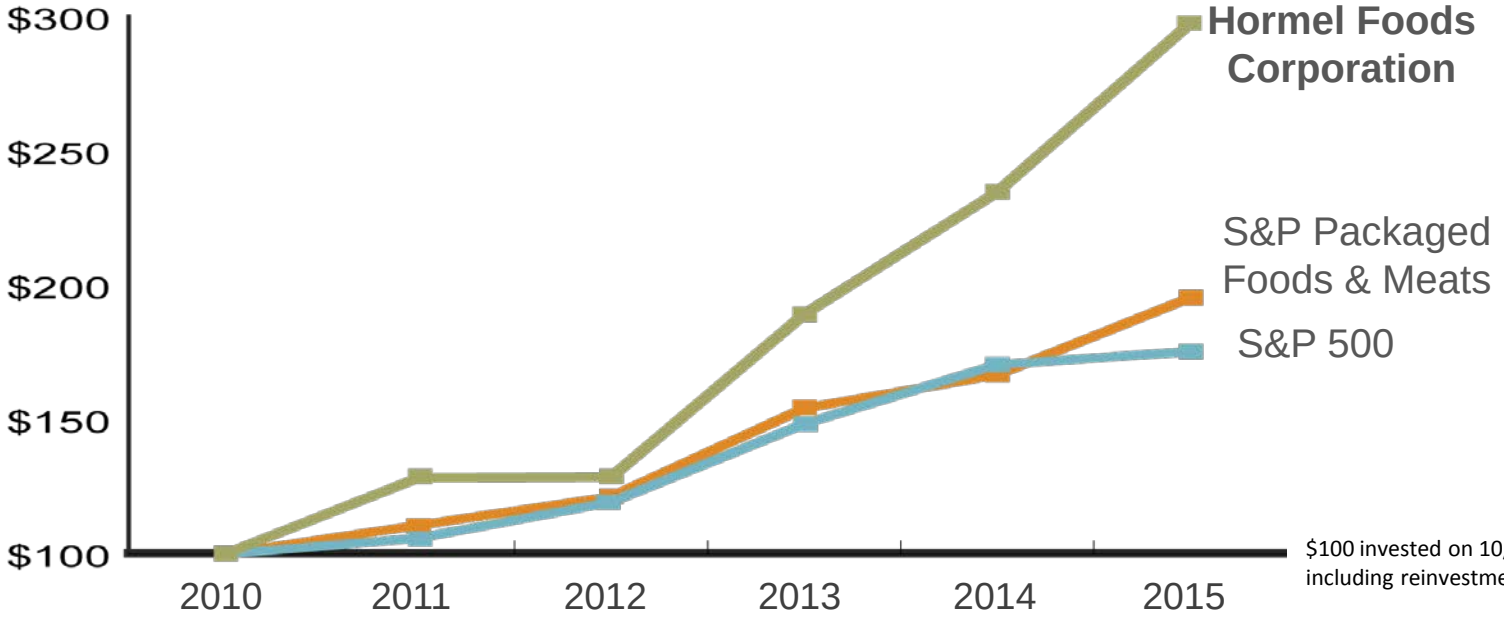






Total Shareholder Return

Comparison of 5-Year Cumulative Return



$100 invested on 10/29/10 in stock or index – including reinvestment of dividends

Food that fits























Hormel Foods

CAGNY

CONSUMER ANALYST GROUP OF NEW YORK

REV · 100% Natural Valley Fresh · Saag's · Hormel Chili · Jennie-O · cure 81 · café h. · Austin Blues · Hormel always tender · Fire Braised Meats · Hormel Black Label · SKIPPY · Applegate Natural & Organic Meats



Adjusted Financial Measures

Adjusted segment operating profit, net earnings, and diluted net earnings per share exclude charges relating to the closure of the Stockton, California, manufacturing facility and the exit from international joint venture businesses in the first quarter of fiscal 2015. The tables below show the calculations to reconcile from the non-GAAP adjusted measures to the GAAP measures.

First Quarter

(In thousands, except per share amounts)

	2016 Earnings	2015 Non-GAAP Adjusted Earnings	Stockton Plant Closure	International Business Exit	2015 GAAP Earnings
Grocery Products	$ 65,273	$ 51,901	$(10,526)	$	$ 41,375
Refrigerated Foods	166,908	101,152			101,152
Jennie-O Turkey Store	91,303	93,020			93,020
Specialty Foods	26,793	18,576			18,576
International & Other	24,287	23,930		(9,546)	14,384
Total segment operating profit	374,564	288,579	(10,526)	(9,546)	268,507
Net interest & investment expense	(5,370)	(1,929)			(1,929)
General corporate expense	(15,132)	(3,253)			(3,253)
Earnings before income taxes	354,062	283,397	(10,526)	(9,546)	263,325
Income taxes	(119,001)	(96,062)	3,685	770	(91,607)
Net earnings attributable to Hormel Foods Corporation	$ 235,061	$187,335	$ (6,841)	$ (8,776)	$ 171,718
Diluted net earnings per share*	$ 0.43	$ 0.35	$ (0.02)	$ (0.02)	$ 0.32

***Earnings per share does not sum across due to rounding**



Adjusted Financial Measures

Adjusted segment operating profit, net earnings, and diluted net earnings per share exclude charges relating to the closure of the Stockton, California, manufacturing facility and the exit from international joint venture businesses in the first quarter, and charges relating to the goodwill impairment charge associated with the Diamond Crystal Brands business and an adjustment to the contingent consideration accrual for CytoSport in the fourth quarter. The tables below show the calculations to reconcile from the non-GAAP adjusted measures to the GAAP measures in both the fourth quarter and full year.

Full Year

(In thousands, except per share amounts)	2014 Earnings	2015 Non-GAAP Adjusted Earnings	Stockton Plant Closure	International Business Exit	Diamond Crystal Brands Impairment	CytoSport Contingent Consideration Adjustment	2015 GAAP Earnings
Grocery Products	$195,064	$239,108	$(10,526)				$228,582
Refrigerated Foods	338,020	424,968					424,968
Jennie-O Turkey Store	272,362	276,217					276,217
Specialty Foods	71,514	105,925			$(21,537)	$8,870	93,258
International & Other	84,745	87,864		$(9,546)			78,318
Total segment operating profit	961,705	1,134,082	(10,526)	(9,546)	(21,537)	8,870	1,101,343
General corporate expense	(33,434)	(35,199)					(35,199)
Net interest & investment expense	(9,468)	(10,177)					(10,177)
Earnings before income taxes	918,803	1,088,706	(10,526)	(9,546)	(21,537)	8,870	1,055,967
Income taxes	(316,126)	(374,334)	3,685	770			(369,879)
Net earnings attributable to Hormel Foods Corporation	$602,677	$714,372	$ (6,841)	$ (8,776)	$ (21,537)	$ 8,870	$ 686,088
Diluted net earnings per share*	$ 2.23	$ 2.64	$ (0.03)	$ (0.03)	$ (0.08)	$ 0.03	$ 2.54

***Earnings per share does not sum across due to rounding**