Food












that












fits









# Jim Snee

President and
Chief Operating Officer




# Legal Disclosure

This presentation contains forward-looking information based on management's current views and assumptions. Actual events may differ materially. Please refer to the cautionary statement regarding Forward-Looking Statements and Risk Factors on pages 30-35 in the Company's Form 10-Q for the fiscal quarter ended January 24, 2016 for more details.




# 2016
# Second Quarter Results

## Revenue

In millions

| | |
|---|---|
| 2015 Q2 | $2,279 |
| 2016 Q2 | $2,300 |

**+ 1%**

## Earnings per share

| | |
|---|---|
| 2015 Q2 | $0.33 |
| 2016 Q2 | $0.40 |

**+ 21%**

- Record sales and earnings for the quarter
- Four of five segments delivered operating profit growth




## 2016 Second Quarter

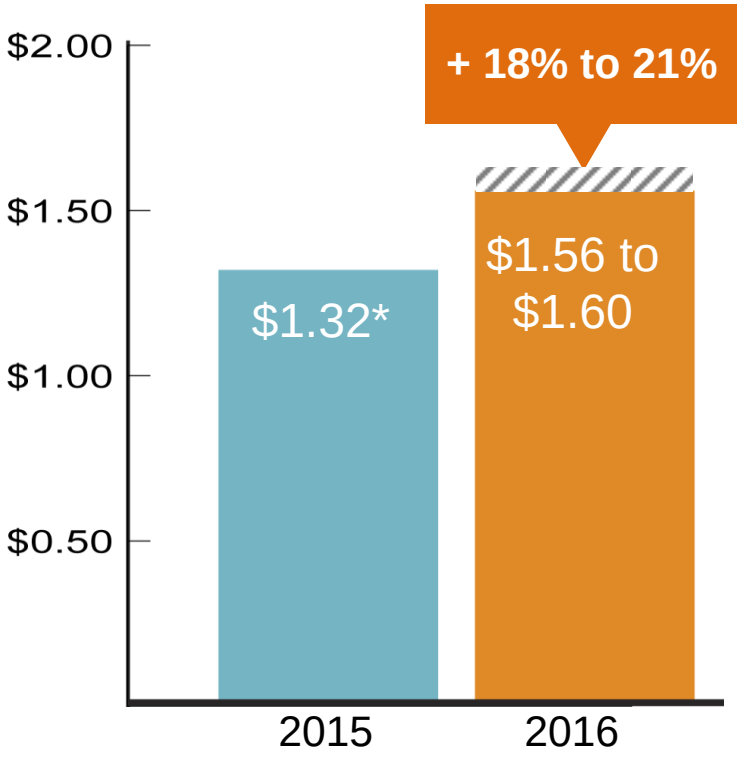
# Segment Results

| | Net Sales Change | Segment Profit Change |
|---|---|---|
| Grocery Products | + 1% | + 21% |
| Refrigerated Foods | + 7% | + 13% |
| Jennie-O Turkey Store | - 4% | + 20% |
| Specialty Foods | - 5% | + 74% |
| International & Other | - 17% | - 33% |




# 2016 Outlook

## EPS




### Grocery Products and Refrigerated Foods

Value-added growth

Favorable input costs

### Jennie-O Turkey Store

Recovery from Avian Influenza

### Specialty Foods

Contribution from CytoSport

Updated margin guidance 11%-14%

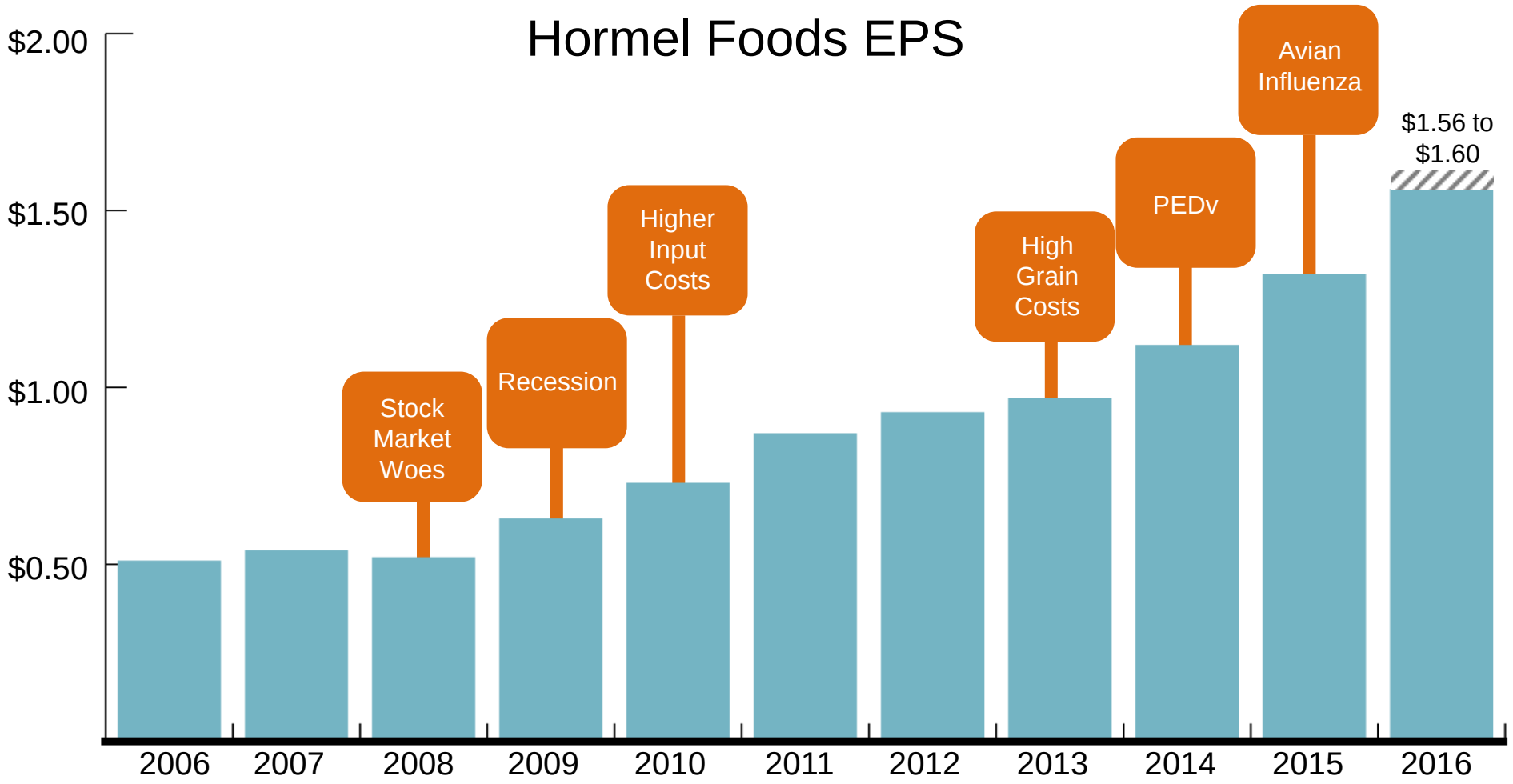
### International

Improved export demand

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




# Growth Amidst Volatility






# A Formula For Success

## Building brands

SKIPPY

Jennie-O

+

## Innovation







+

## Acquisitions

Justin's

GENUINE
MUSCLE MILK

+

## Balanced Portfolio






# Positioning Our Portfolio for Future Growth



Global



Multicultural



Healthy / Holistic



On-the-Go




# Strong Branded Portfolio

Jennie-O

Hormel Chili

APPLEGATE
NATURAL & ORGANIC MEATS

Hormel Gatherings

WHOLLY GUACAMOLE

Hormel Black Label

Austin Blues BAR-B-QUE

SKIPPY

GENUINE MUSCLE MILK

FIRE BRAISED MEATS

Old Smokehouse

Lloyd's Barbeque Co.

Hormel Pepperoni

REV

café h

Hormel Natural Choice

Hormel cure 81

Dinty Moore

SPAM

Justin's




# Our Brand Leadership…

Healthy/ Holistic



MAKE THE SWITCH™

Jennie-O

## Total Awareness *Jennie-O*® Brand





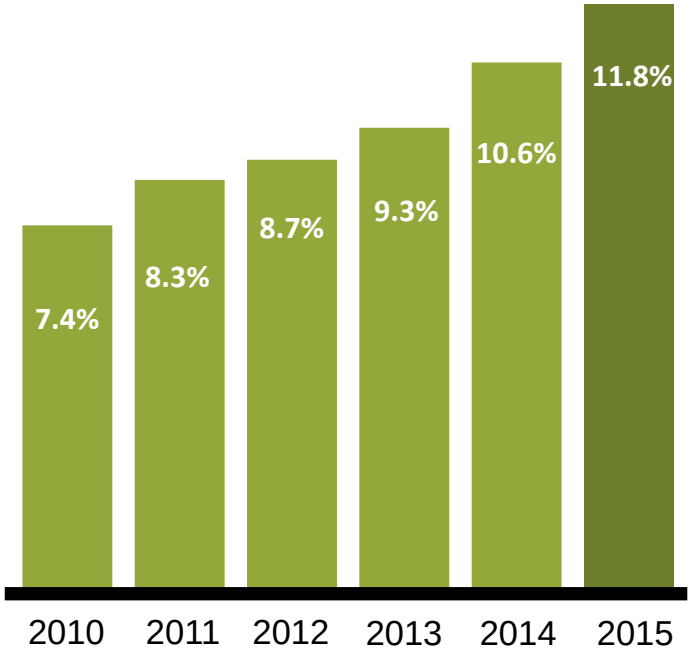




# … Is Driving Future Growth

Healthy/ Holistic

## Turkey's Share of Ground Meats





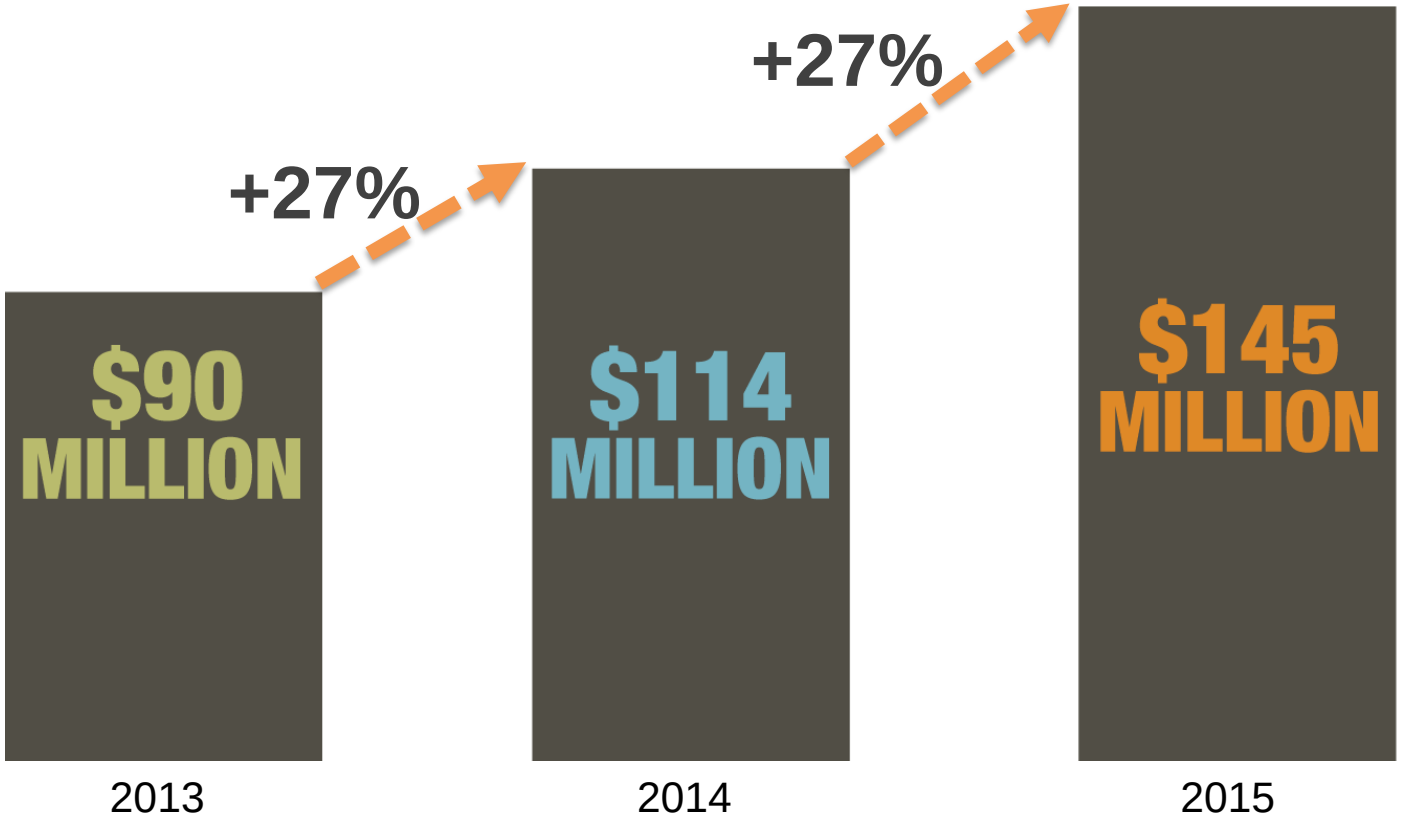


Source: IRI FreshLook



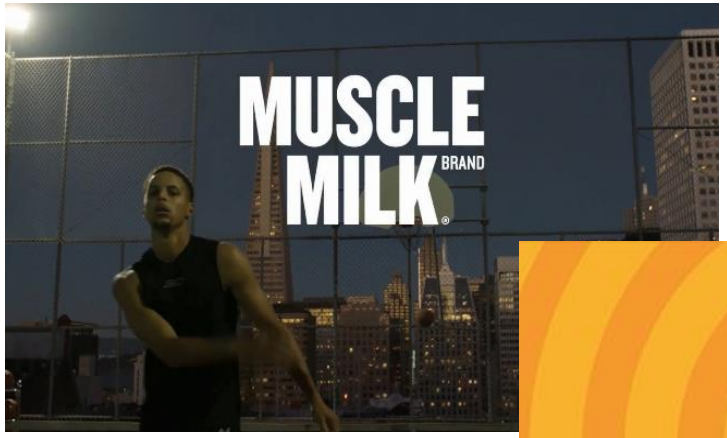

# Fueling Brand Strength

## (Advertising Expense)






# Brand Investments















# Leveraging the Iconic SKIPPY® Brand

Global

Healthy/ Holistic

On-the-Go




Brand Investment

DISTRIBUTION AND Market Share GAINS

INNOVATIVE

Food   that    fits   Hormel Foods



# ORIGINATE, DON'T IMITATE

GEORGE A. HORMEL




# Innovative Foodservice Solutions



Hormel FIRE BRAISED MEATS

Hormel BACON 1 PERFECTLY COOKED BACON™

Jennie-O Brand

Austin Blues BAR-B-QUE




# Innovative Go-To-Market Strategy



## TRADITIONAL Segments

- Hotels
- Restaurants

## FOCUS Segments

- Healthcare
- College & University
- Convenience




# Growth Through Acquisitions

Justin's®

APPLEGATE®
NATURAL & ORGANIC MEATS

GENUINE MUSCLE MILK®

SKIPPY® BRAND

WHOLLY GUACAMOLE®
AMERICA'S #1
BRAND

Global

Multi-Cultural

Healthy/ Holistic

On-the-Go







Healthy/ Holistic

On-the-Go

# Complements OUR SKIPPY® Brand

## INCREASED DISTRIBUTION

into

**NATURAL & SPECIALTY Channels**

## ATTRACTIVE growth profile




# An Excellent Strategic Fit

Healthy/ Holistic

On-the-Go




**SPECIALTY NUT BUTTER category growing**

**17%**

SINCE 2013

**BROADENS OUR APPEAL**

to younger and health conscious

**CONSUMERS**

**Pioneer in on-the-go NUT BUTTERS**

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

Food   that    fits   Hormel Foods

Global

Healthy/ Holistic

On-the-Go

GENUINE MUSCLE MILK®




# #1 Market Share

Ready-to-Drink Protein Beverages

# Innovation Leader

# Expanded Distribution




# Portfolio Alignment with Consumers

## Millennials



APPLEGATE NATURAL & ORGANIC MEATS
Hormel NATURAL CHOICE
Jennie-O
GENUINE MUSCLE MILK
Hormel PEPPERONI
WHOLLY GUACAMOLE
Justin's

## Gen X



GENUINE MUSCLE MILK
APPLEGATE NATURAL & ORGANIC MEATS
REV
Hormel Gatherings
Hormel EST 1891 Black Label
SKIPPY
Justin's

## Boomers



SPAM
Hormel Compleats
SKIPPY
Hormel Chili
Dinty Moore
Lloyd's Barbeque Co.

## Matures



SPAM
Lloyd's Barbeque Co.
Mary Kitchen
Hormel Compleats
Dinty Moore
Hormel EST 1891 Black Label

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




# Our Balanced Model

| | |
|---|---|
| Protein | Packaged Foods |
| Pork and Turkey | Nuts, Avocados, Tomatoes |
| Retail | Foodservice |
| Financially Conservative | Innovative Culture |

| | | | | |
|---|---|---|---|---|
| Grocery Products | Refrigerated Foods | Jennie-O Turkey Store | Specialty Foods | International |




# A Formula For Success

## Building brands

SKIPPY

Jennie-O

+

## Innovation







+

## Acquisitions

Justin's

GENUINE MUSCLE MILK

+

## Balanced Portfolio






# … Equals Impressive Growth…

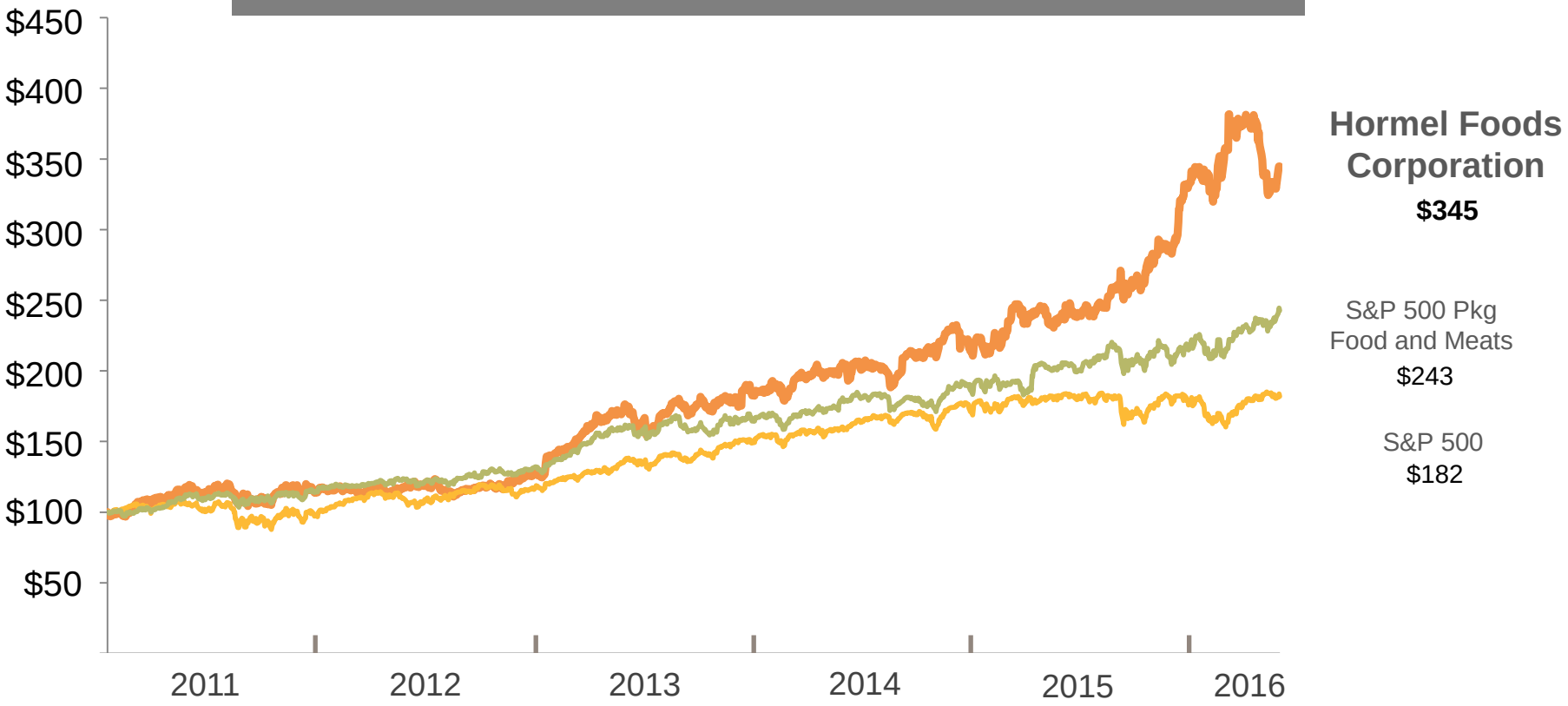
= **5%** TOP LINE GROWTH* & **12%** BOTTOM LINE GROWTH* & **50** CONSECUTIVE YEARS OF DIVIDEND INCREASES

*5-year CAGR based on FY 2010-2015




# That Drives Shareholder Return

## Comparison of Cumulative Return




$100 invested on 1/3/06 in stock or index – including reinvestment of dividends

# Food












# that












# fits











# 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 for the 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*** | $ 1.12 | $ 1.32 | $ (0.02) | $ (0.02) | $ (0.04) | $ 0.02 | $ 1.27 |

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