

Don Kremin

Group Vice President,
Specialty Foods

33 Years with Hormel Foods

Hormel Foods Career History

2011: Group Vice President, Specialty Foods
2007: Vice President, Hormel Foods; Senior Vice President of Walmart Business, CPS
2005: Director of Walmart Business & Vice President, CPS
2004: Director of Customer Development, CPS
1999: National Sales Manager for Ethnic Specialties, Grocery Products

Favorite Hormel Foods Product



Specialty Foods Group

A Long-Term Growth Story



Don Kremin

Group Vice President,
Specialty Foods Group

Agenda

- Specialty Foods Evolution
- Protein is Core to Our Business



Specialty Foods Group's Strategic Pillars

CORE

Hormel Foods Specialty Products

HEALTH & NUTRITION

CYTOSPORT

CENTURY FOODS INTERNATIONAL

Hormel HealthLabs

Portfolio Management is Improving Profitability

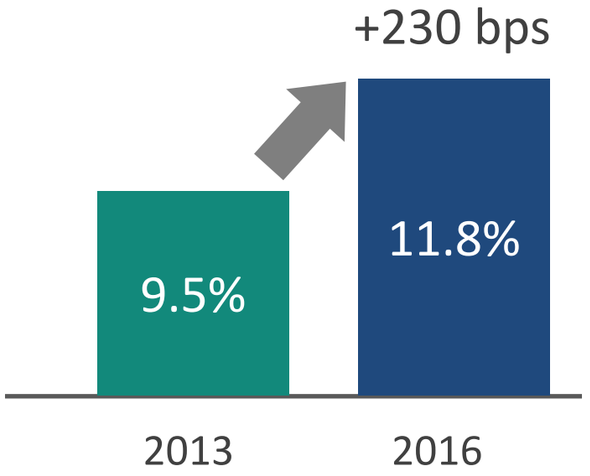
2013

2014 — CytoSport Acquisition

2015 — Combined CytoSport and CFI

2016 — Divested DCB

Specialty Foods Operating Margin



Our Core Portfolio

PRIVATE LABEL



DESSERTS



INGREDIENTS



Hormel Foods

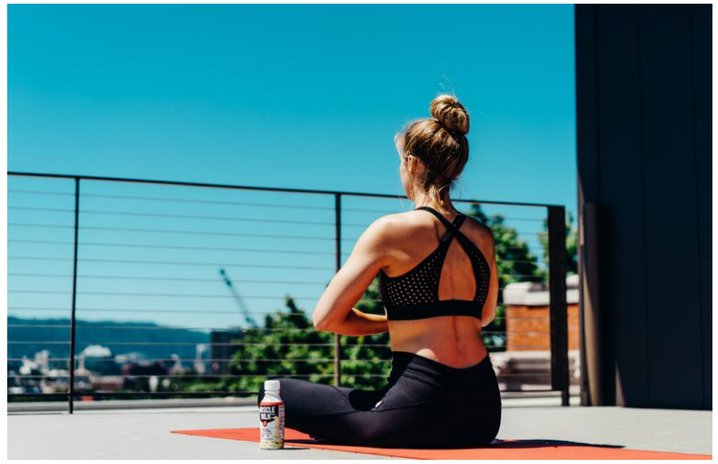
Specialty Products

- Utilize capacity and raw materials
- Expand margins with value-added solutions
- Expand value-added ingredients portfolio

PROTEIN IS CORE

Protein is Key to Our Health & Nutrition Strategy

Least Active Lifestyle — P R O T E I N — Most Active Lifestyle

RECOVERY	ACTIVE	PERFORMANCE
		
Recovering patient, aiming to get back to normal function	Active lifestyle, workout 2-3 times per week	Physical Performance important aspect of life, workout every day

PROTEIN IS CORE

Protein is Key to Our Health & Nutrition Strategy

P R O T E I N

RECOVERY



Recovering patient, aiming to get back to normal function

Hormel HealthLabs



- Institutional Leadership in dysphagia category

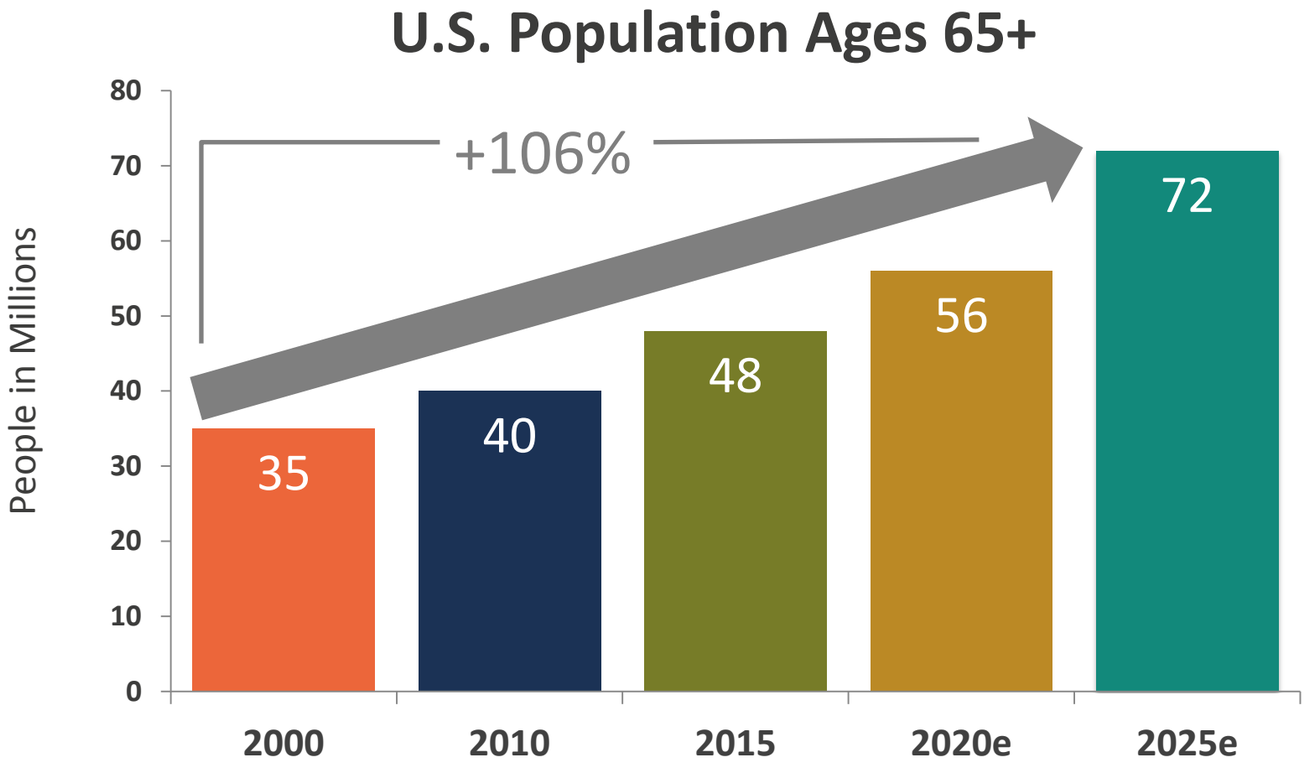


- Growing brand in recovery nutrition
- Making a difference in cancer patients' lives

Demography Shift

Will Drive Hormel Health Labs Growth

There is a Growing Opportunity Outside of the Traditional Healthcare Industry



Source: Home Care Associates of America; US Bureau of Labor Statistics

89%

SENIORS WHO WANT TO AGE IN THEIR HOMES AS LONG AS POSSIBLE

5% CAGR

HOME HEALTHCARE INDUSTRY GROWTH RATE

PROTEIN IS CORE

Protein is Key to Our Health & Nutrition Strategy

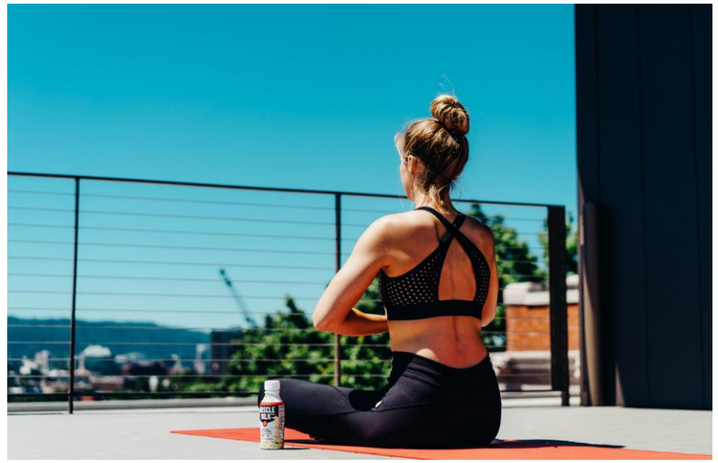
P R O T E I N

CYTOSPORT

CENTURY FOODS INTERNATIONAL



ACTIVE



Active lifestyle, workout 2-3 times per week

PERFORMANCE



Physical Performance important aspect of life, workout every day

Protein Drives Growth

In the Enhanced Nutrition Category

$7.3B

CATEGORY

PROTEIN

ACCOUNTS FOR

80%

OF THE

GROWTH

IN THE CATEGORY

ALIGNED WITH OUR

GROWTH PILLARS



PROTEIN IS CORE

CYTOSPORT

Exceeding Our Valuation Proforma

1. Capture synergies with CFI
2. Ignite innovation
3. Expand distribution



We Did What We Said We Would Do

PROTEIN IS CORE

Capturing Synergies Between CytoSport & Century Foods

GROWTH
Sales, Marketing & Innovation

PRODUCTION
Plant Assets, Purchasing and Supply Chain Synergies

VALUE CREATION

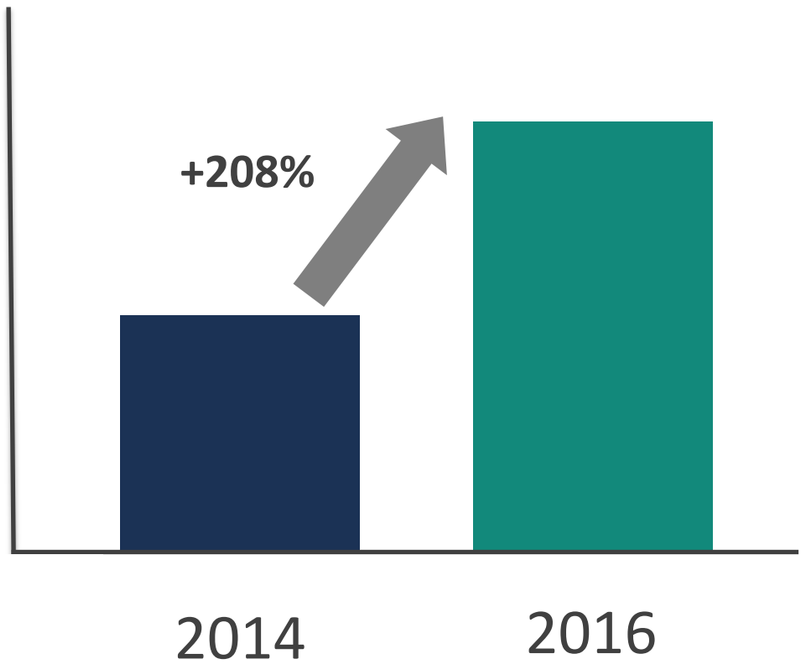
CYTOSPORT + CENTURY FOODS INTERNATIONAL =

1. Enhanced Focus on Growth
2. Improved Asset & Capacity Utilization
3. Improved Service

PROTEIN IS CORE

Relentless Innovation
The Leader, Not A Follower

Innovation Sales



	2014	2016
RTD	#1 RTD 	#1 RTD 
Powder	#10 PROTEIN POWDER 	#2 PROTEIN POWDER 
Organic	None	
Plant based	None	
Bars		

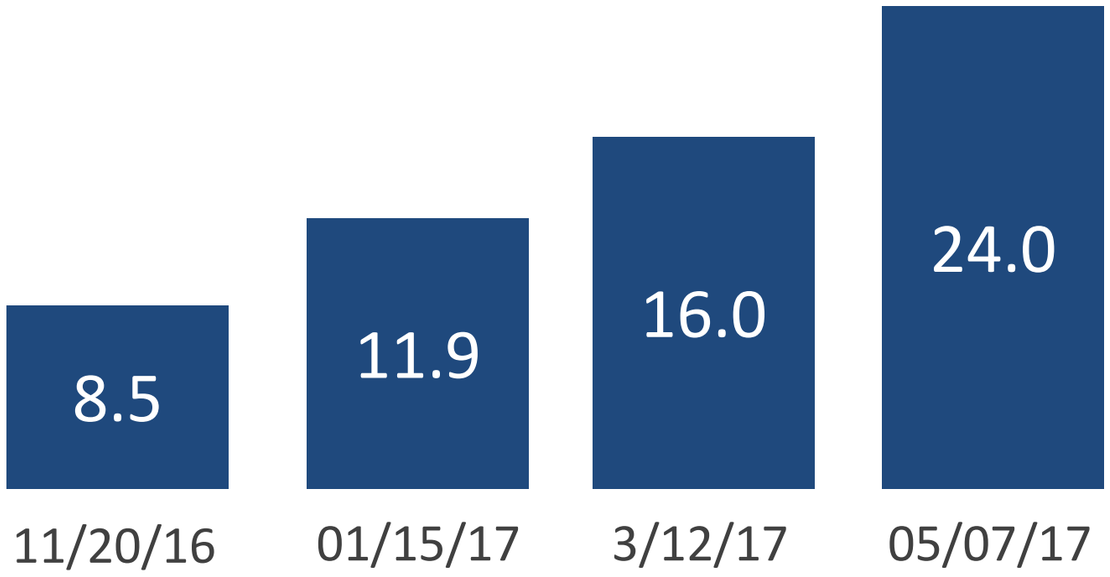
Internal Data

IRI MULO+C 12 weeks ended 5/7/17

Innovation:
MUSCLE MILK® Bars



ACV Growth in FDM



IRI MULO+C L12 weeks ended 5/7/17

$1.2B CATEGORY

Outselling Competition
Units Per Store Per Week Per Item



IRI MULO+C L12 weeks ended 5/7/17

Expand Distribution

FDMC
51% of Sales

COSTCO WHOLESALE · TARGET · Walmart · Kroger



DSD
38% of Sales

pepsi · 7-ELEVEN · Wawa · QT



SPECIALTY
11% of Sales

EUROPA SPORTS PRODUCTS · amazon · GNC LIVE WELL · theVitamin Shoppe



12%
POINTS OF DIST. INCREASE

15%
DOLLAR SALES INCREASE

*IRI L52 weeks ending 8/10/14 vs. 2/12/17

PROTEIN IS CORE

Brand Investment







PROTEIN IS CORE

Specialty Foods Group
Future Focus

1. Exploit synergies between CytoSport and CFI
2. Expand MUSCLE MILK® product distribution and offerings across channels
3. Accelerate Hormel Health Labs growth



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A Long-Term Growth Story



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