

Tom Day

Group Vice President,
Refrigerated Foods

36 Years with Hormel Foods

Hormel Foods Career History

2013: Group Vice President, Refrigerated Foods
2010: Group Vice President, Foodservice
2007: Senior Vice President, Foodservice
2000: Vice President, Foodservice Sales
1998: Director of Sales, Foodservice

Favorite Hormel Foods Product

Old Smokehouse
APPLEWOOD • SMOKED
PREMIUM BACON
Hormel Foods

The Evolution of
Refrigerated Foods



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Group Vice President
Refrigerated Foods

Agenda

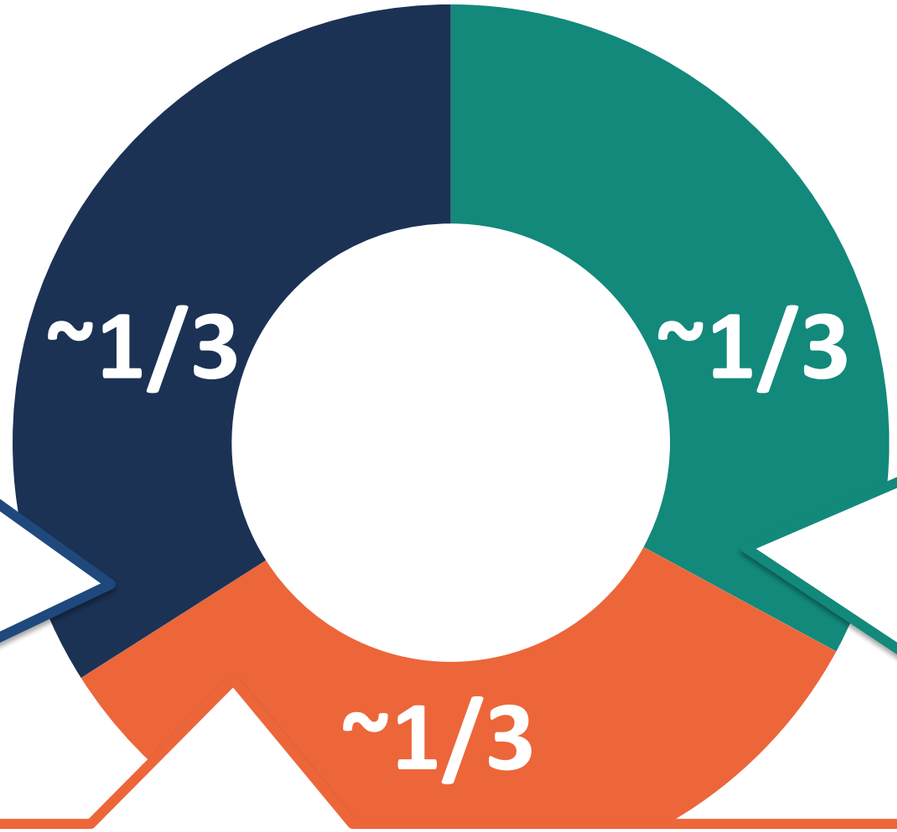
- **THE EVOLUTION OF REFRIGERATED FOODS**
- Growing Our Retail Business



Refrigerated Foods: A Diverse Segment

HORMEL FOODSERVICE

Old Smokehouse · Natural Choice · cure 81 · Austin Blues · Bacon 1 · café h · always tender · Fire Braised Meats · Black Label Bacon · The Performance Pepperoni



MEAT PRODUCTS

Gatherings · REV · Natural Choice · cure 81 · Hormel (Life Better Served.™) · Pepperoni · Lloyd's Barbeque Co. · always tender · Black Label Bacon

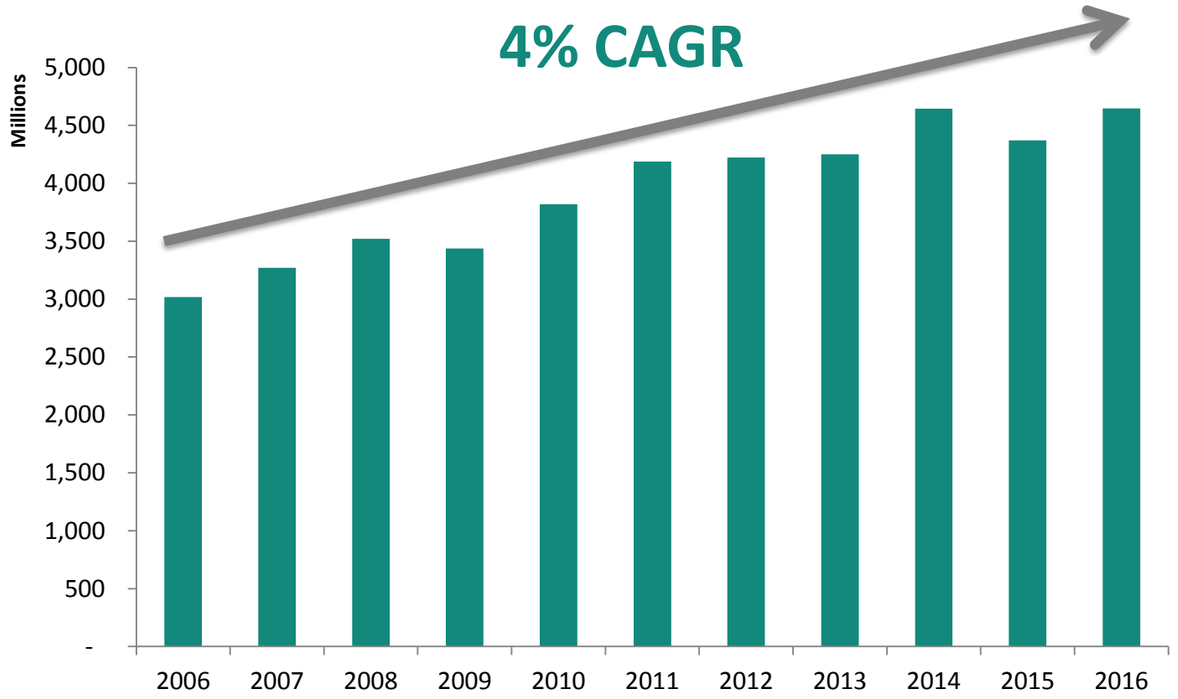
Fresh Pork

Applegate Natural & Organic Meats · Dan's Prize Quality Meats · Burke

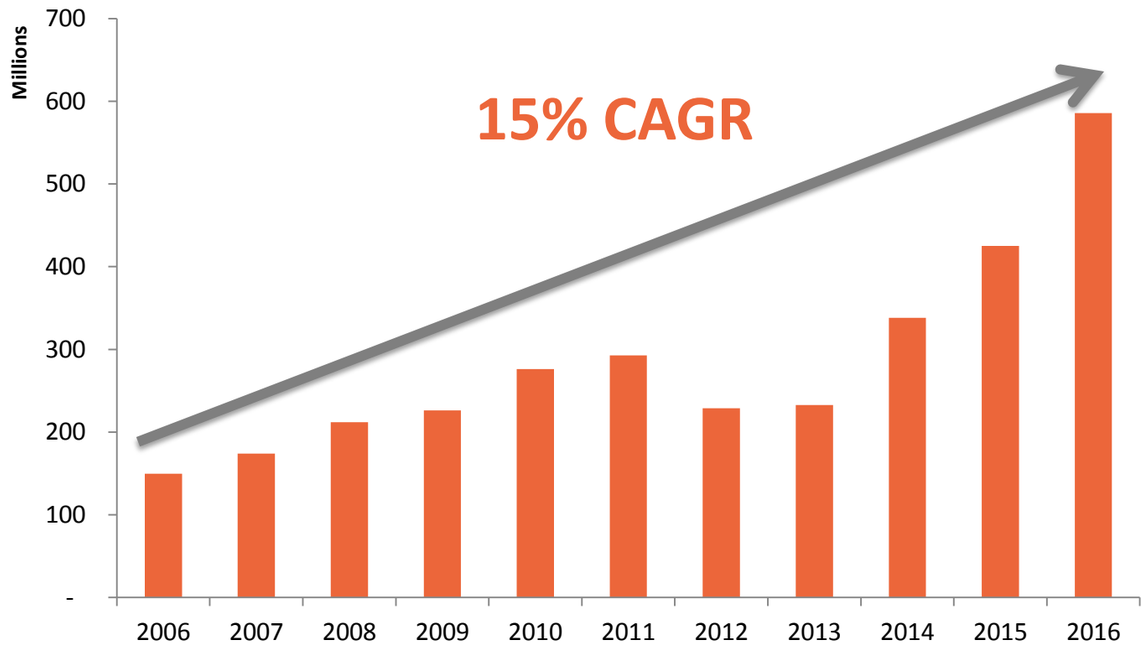
Internal data

Steady Performance Improvement

Refrigerated Foods Net Sales



Refrigerated Foods Segment Profit



Internal data

Constant Evolution of Refrigerated Foods

1991 — DAN'S PRIZE

2004 — 

2005 — Lloyd's Barbeque Co.

2006 — BURKE

2010 — 

2013 — Refinery & Feeds

2014 — Precept foods

2015 — APPLEGATE NATURAL & ORGANIC MEATS

2017 — FARMER JOHN SINCE 1931

: Acquisition

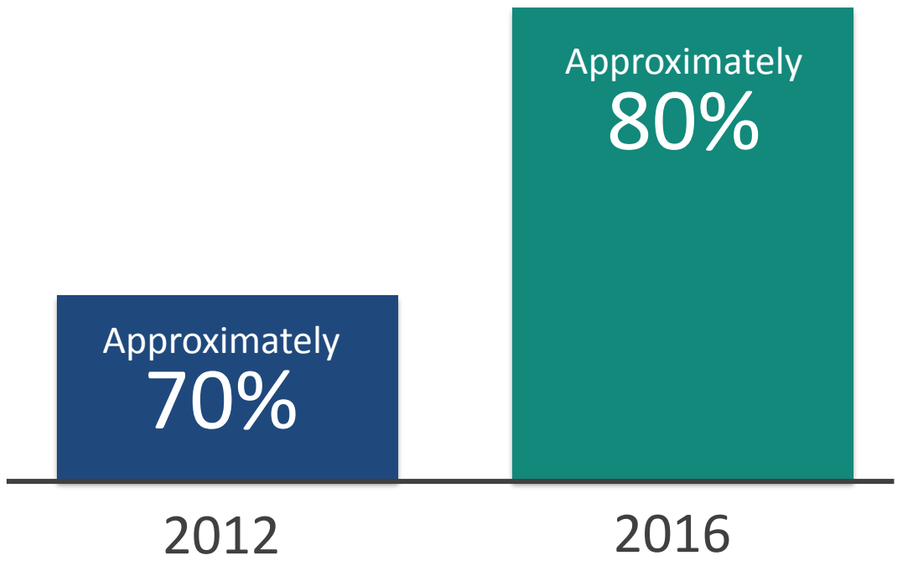
: Divestiture/Dissolution

Hormel PEPPERONI · Hormel cure 81 · Hormel Black Label BACON · Old Smokehouse · Hormel NATURAL CHOICE · café h · Hormel always tender · Lloyd's Barbeque Co. · Ayrshire Blues · Hormel Gatherings · FIRE BRAISED MEATS · APPLEGATE NATURAL & ORGANIC MEATS · Hormel BACON 1 PERFECTLY COOKED BACON

A History of Consistent, Positive Mix Shift

Value-Added Sales Growth

Refrigerated Foods



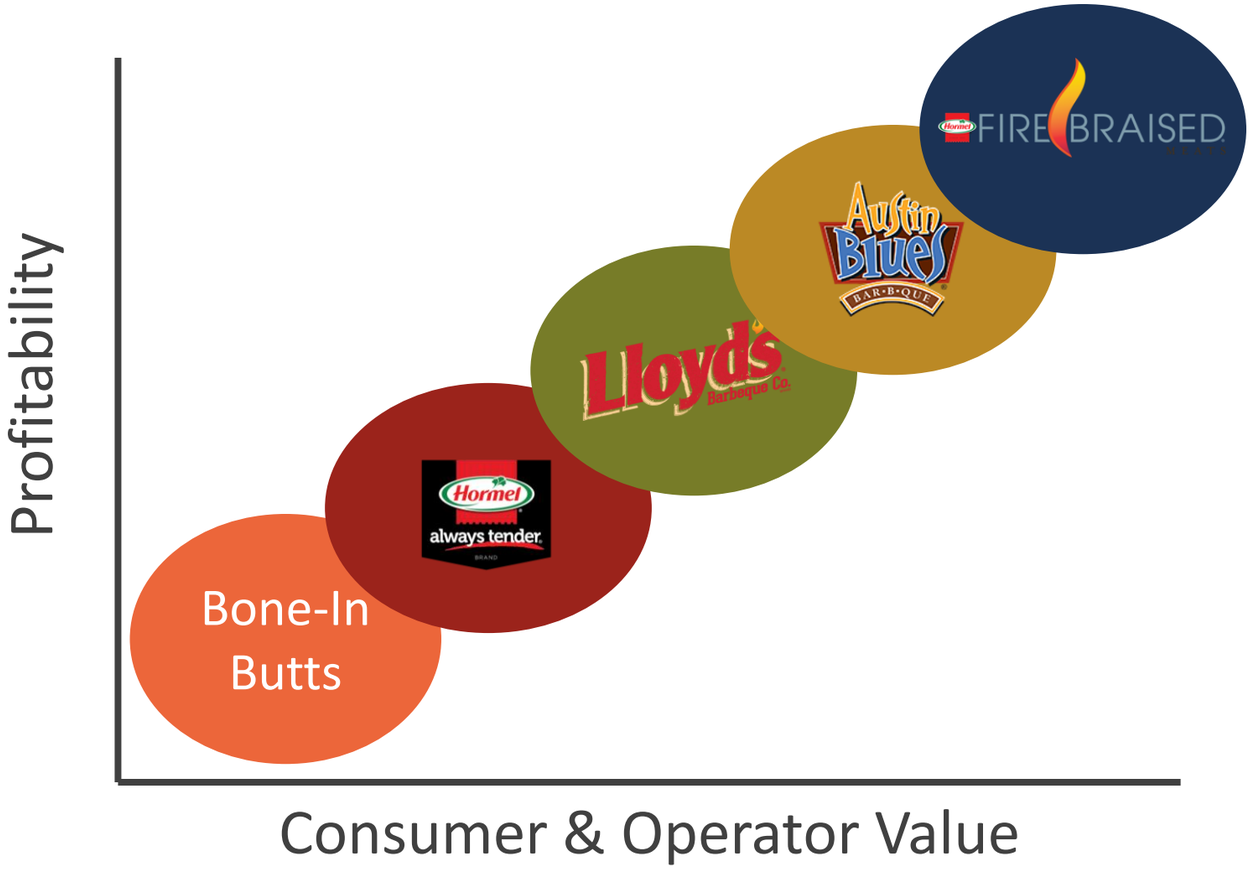
Consistently Adding Value to Our Products

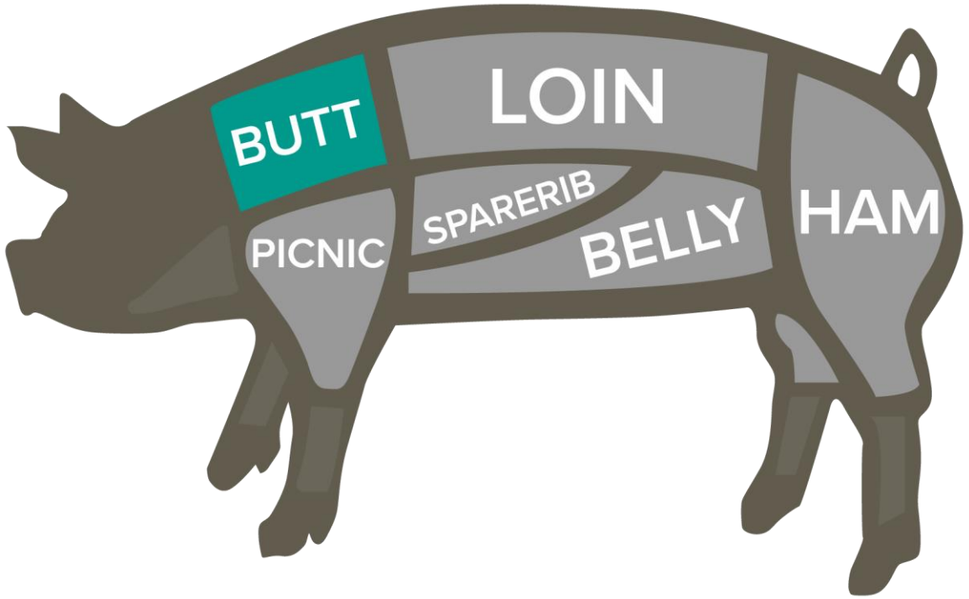


Internal data – Excludes Farmer John related sales

Growth in Value-Added Translates to Increased Sales & Margins

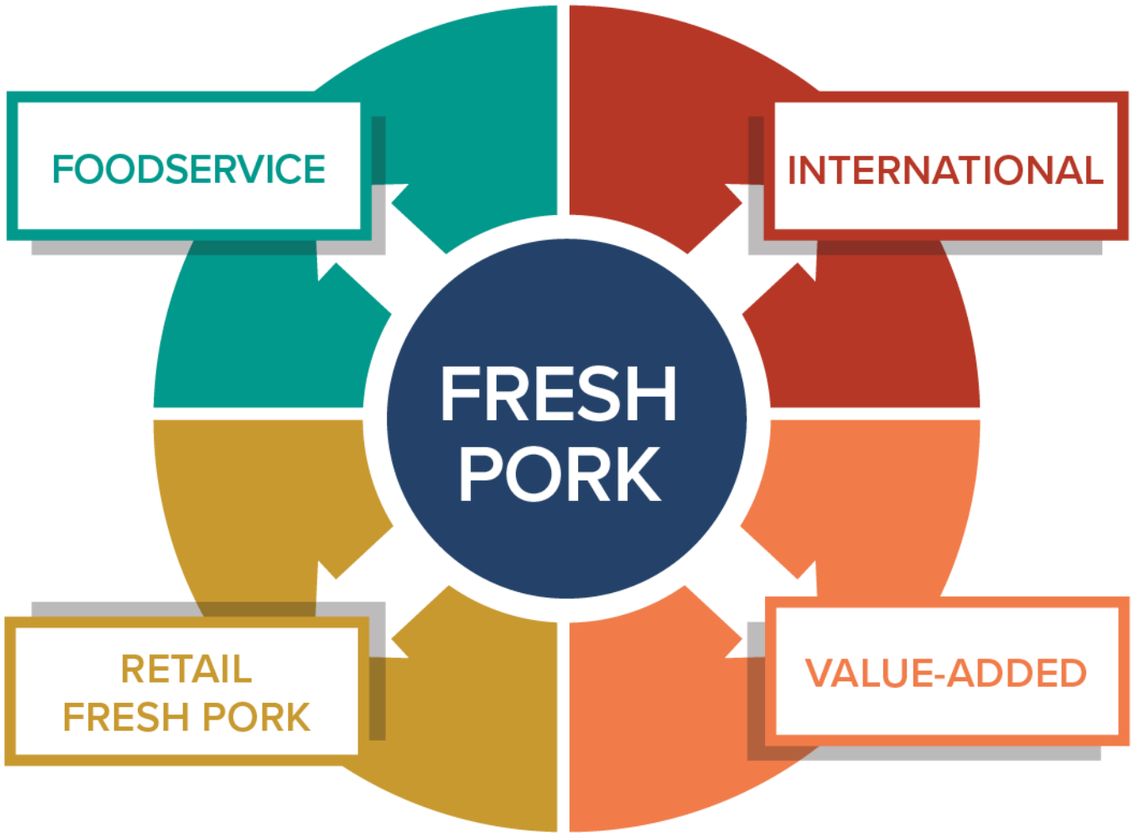
Pork Butt Value-Added Ladder





Increasing Our Value-Added Mix Fuels Margin Expansion

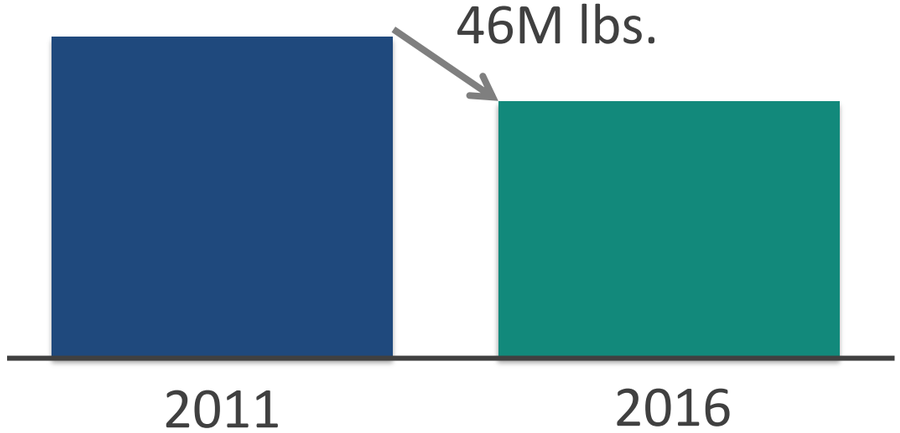
Utilization & Optimization





"The Pig Pen"

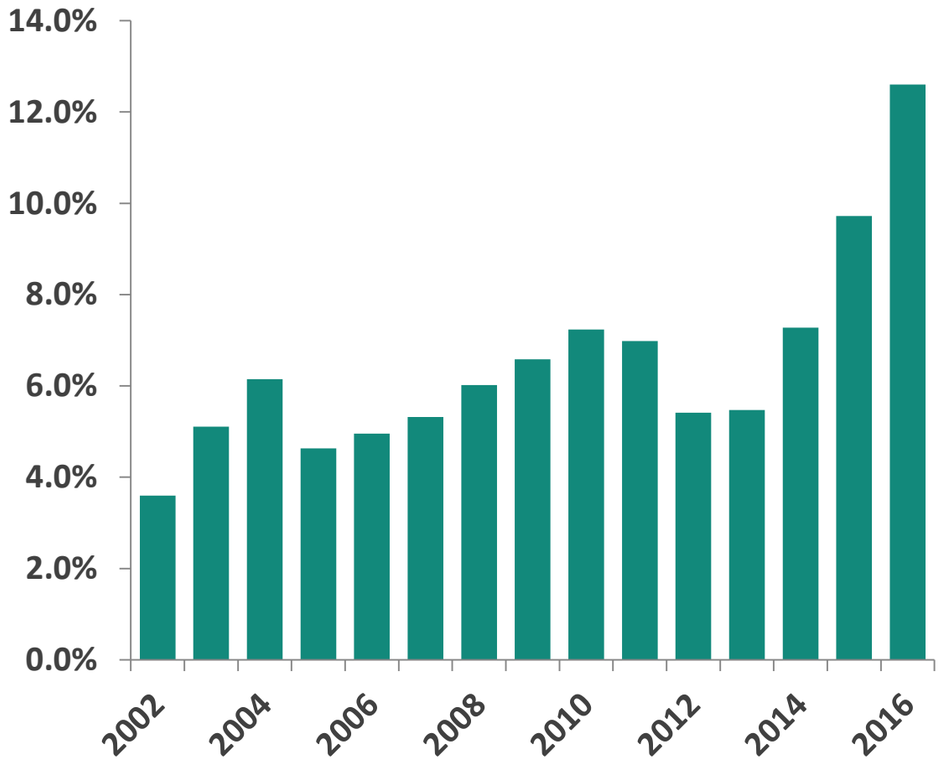
Commodity Sales



Internal data

Moving the Boulder

Refrigerated Foods Segment Margin











Internal data

Agenda

- The Expansion of Refrigerated Foods
- **GROWING OUR RETAIL BUSINESS**



Our Leading Brands

#1 Brands

Hormel Pepperoni

57% Share

Hormel Gatherings

74% Share

Ribs

Lloyd's Barbeque Co.

11% Share

Premium Lunchmeats

Hormel Natural Choice

31% Share

Hormel always tender

21% Share

Convenience Bacon

Hormel Black Label Bacon

38% Share

Lunchmeats

Applegate Natural & Organic Meats

37% Share*



54% Share

#2 or #3 Brands

Raw Bacon

Hormel Black Label Bacon

9% Share

Hormel Side Dishes

12% Share

Shredded BBQ

Lloyd's Barbeque Co.

9% Share

Adult Meat Snacking

Hormel REV

16% Share

IRI L52W 4/9/2017 Dollar Share
* SPINS L52W 4/16/17 Dollar Share

HORMEL® BLACK LABEL® Bacon

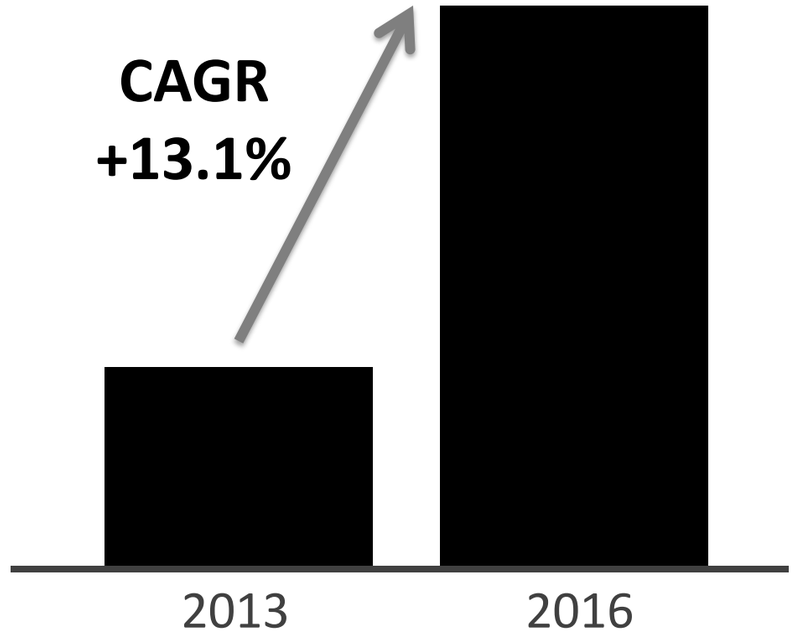








Premium Bacon Net Sales



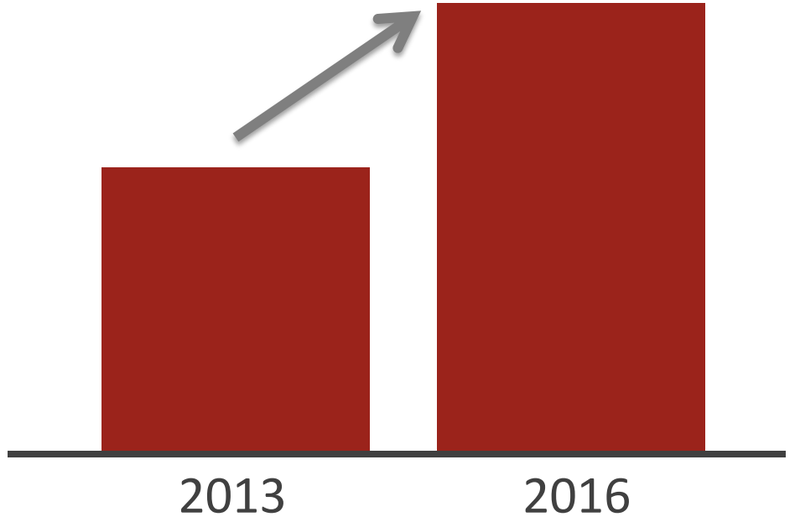
IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 4/9/2017

HORMEL® Pepperoni



Net Sales

CAGR
+4.5%



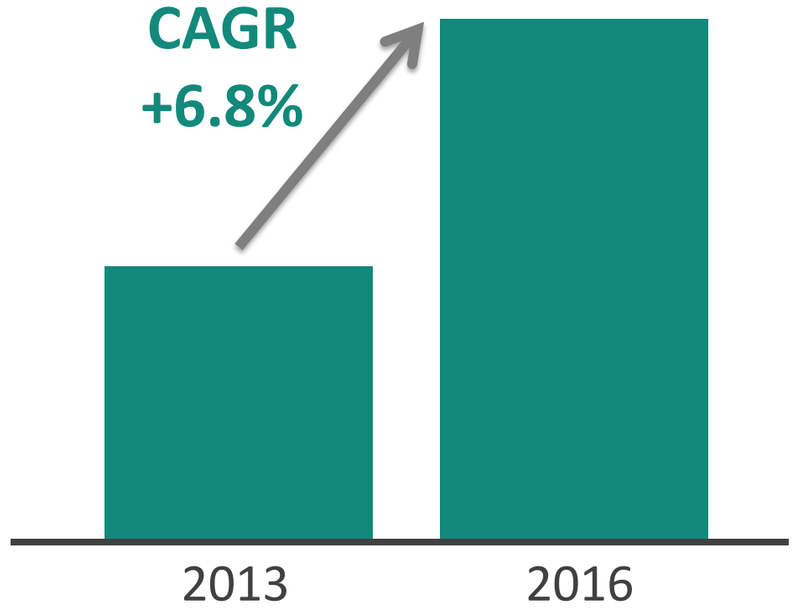
Source: IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 4/9/2017

HORMEL® GATHERINGS®

HORMEL® GATHERINGS® ARE THE #1 SHARE IN THE PARTY TRAY CATEGORY



Net Sales



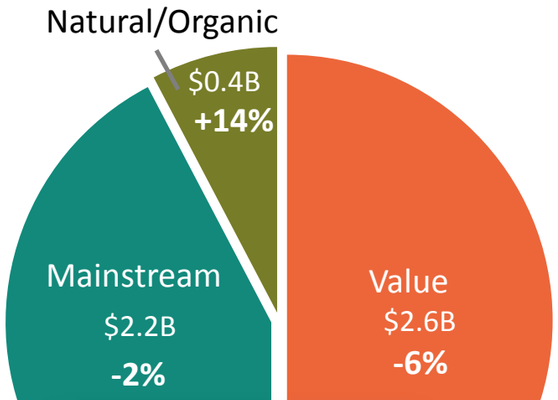
Source: IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 4/9/2017

HORMEL® NATURAL CHOICE® Meats

The #1 Natural Lunch Meat, #1 Natural Pepperoni and #2 Natural Bacon

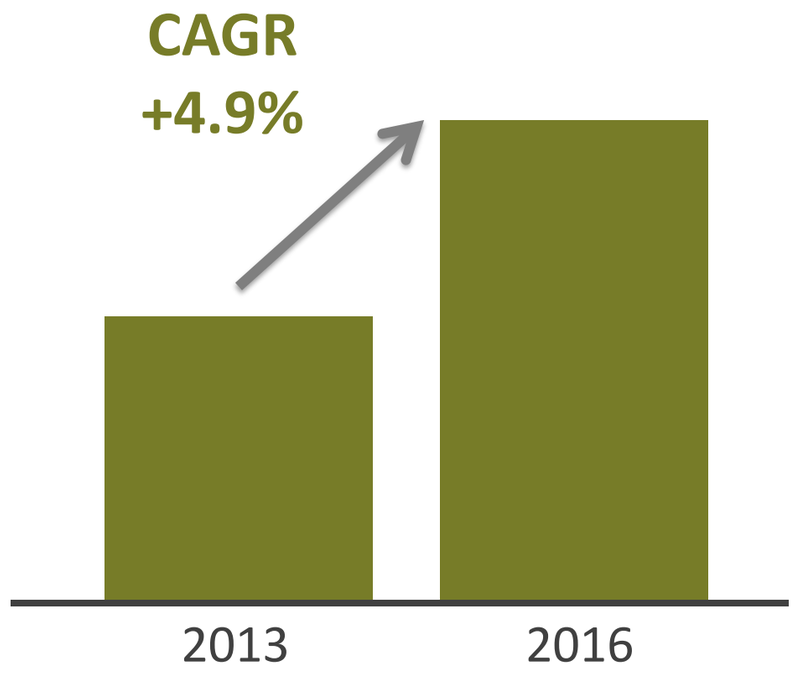
Total Sliced Lunch Meat Category

$5.2B Sales





Net Sales



Source: IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 5/7/2017

We Have Work To Do in Certain Categories



Prepared BBQ



Side Dishes



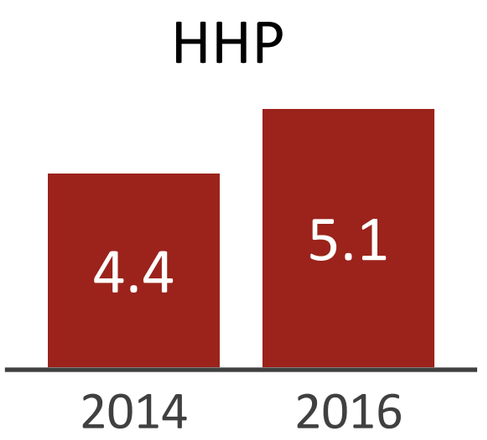
Entrees

Applegate
Changing the Meat We Eat®

MET ACCRETION TARGET
OF 3-4¢ IN 2016

WORKING HARD TO GAIN DISTRIBUTION





Conventional Channel Sales



Sales +8.5%



Sales +4.1%



Sales +21.3%



Sales +7.4%



Sales +14.3%

Nielsen L52wks – 4/22/17

APPLEGATE®
NATURAL & ORGANIC MEATS

Growing the Applegate® Brand

Foodservice Sales



Restaurants

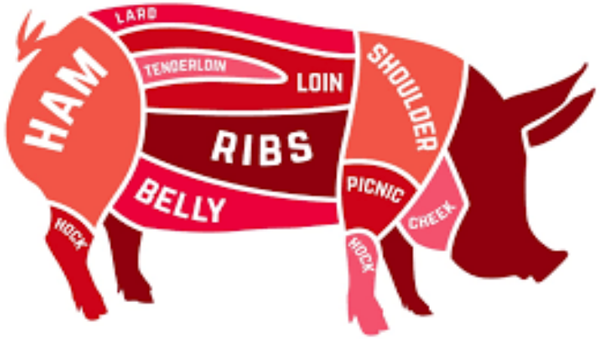


Hotels



College & Universities

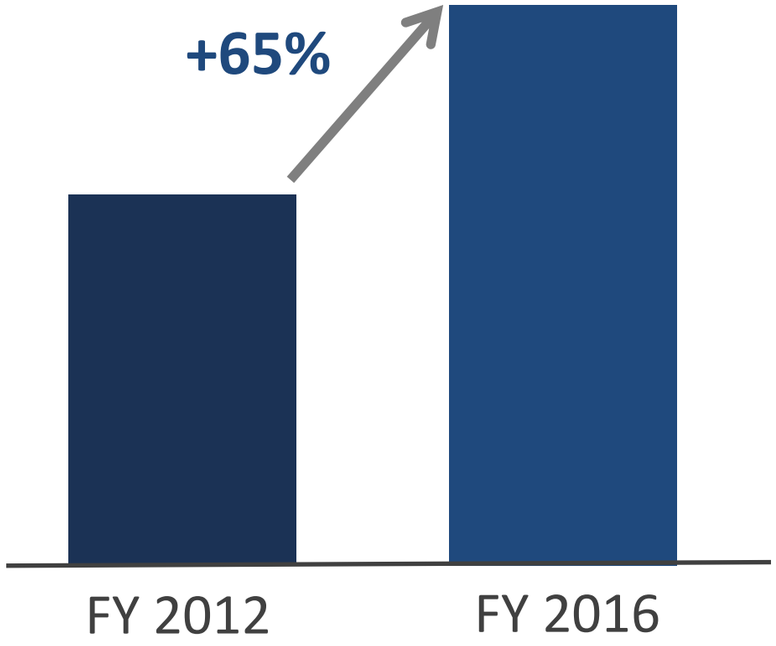
Fresh Pork Sales



MORE EFFECTIVELY UTILIZING THE WHOLE HOG

Investing In Our Brands

Meat Products Advertising Investment ($M)











Internal data – Meat Products including Applegate® (pre-acquisition)

Commercial Reel



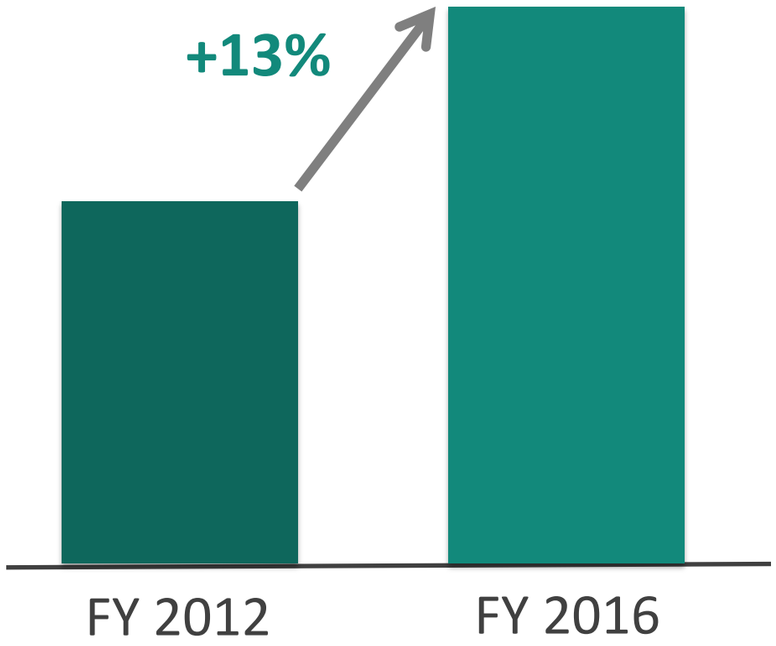






Investing In Our Brands

Net Sales











Internal data – Meat Products including Applegate® (pre-acquisition)

Innovating in the Categories Where We Compete















Investing In Our Growth



MORE THAN

$325

MILLION

CAPEX SPEND

2012-2016

Internal data

Key Takeaways

- Continued focus on shifting our mix towards more value-added products
- We have many exciting brands with a long runway for growth
- We are investing in advertising and capital to grow our retail business

The Evolution of
Refrigerated Foods



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