Hormel Foods

Our Path Forward



2017

BARCLAYS

Global Consumer Staples Conference

Jim Snee

President and CEO



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 32-38 in the Company's Form 10-Q for the fiscal quarter ended April 30, 2017 for more details.

2017 Third Quarter Segment Results

Adjusted Volume*

Lbs, In billions

2016 Q3 1.12

2017 Q3 1.11

- 1%

Adjusted Revenue*

In billions

2016 Q3 $2.17

2017 Q3 $2.20

+ 1%

Earnings Per Share

2016 Q3 $0.34

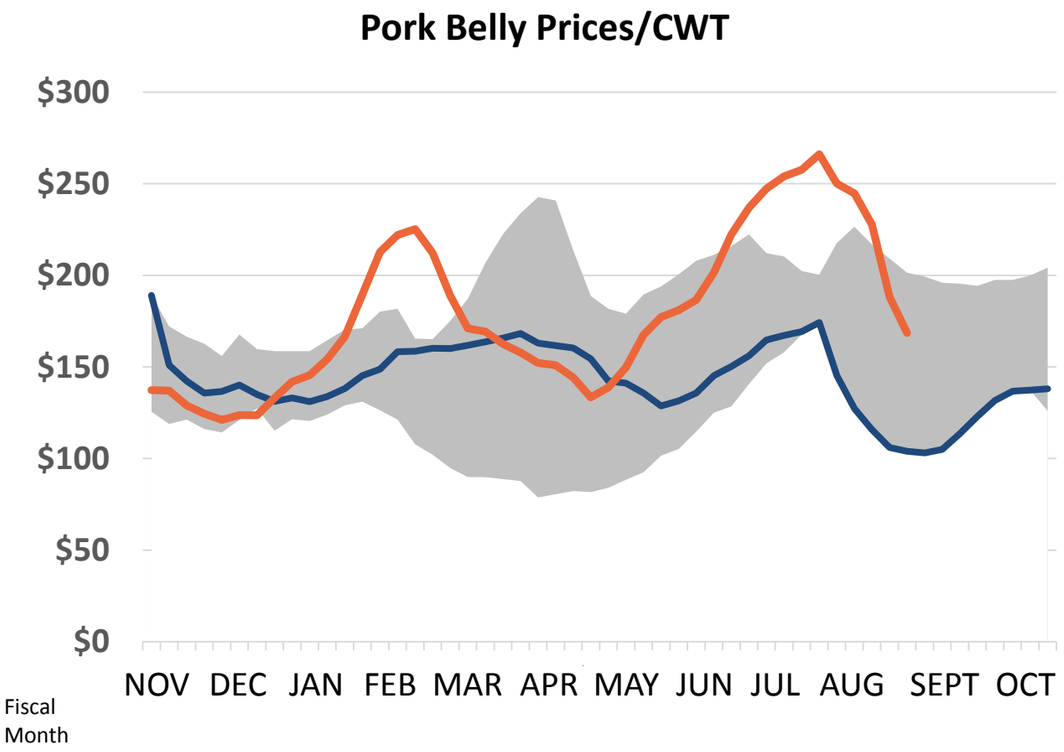
2017 Q3 $0.36

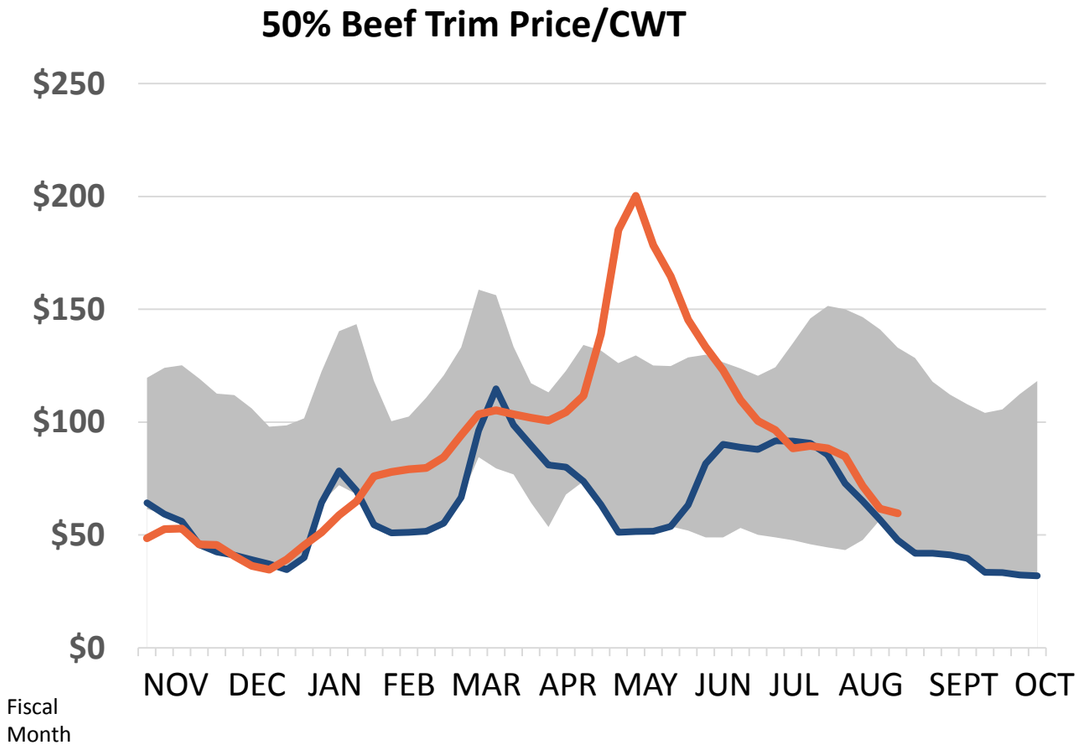
- 6%

Record Pre-Tax Earnings

*Excluding Justin's acquisition, Farmer John divestiture, and Diamond Crystal Brands divestiture. See GAAP reconciliation tables.

Margin Compression Due to Record Commodity Price Volatility



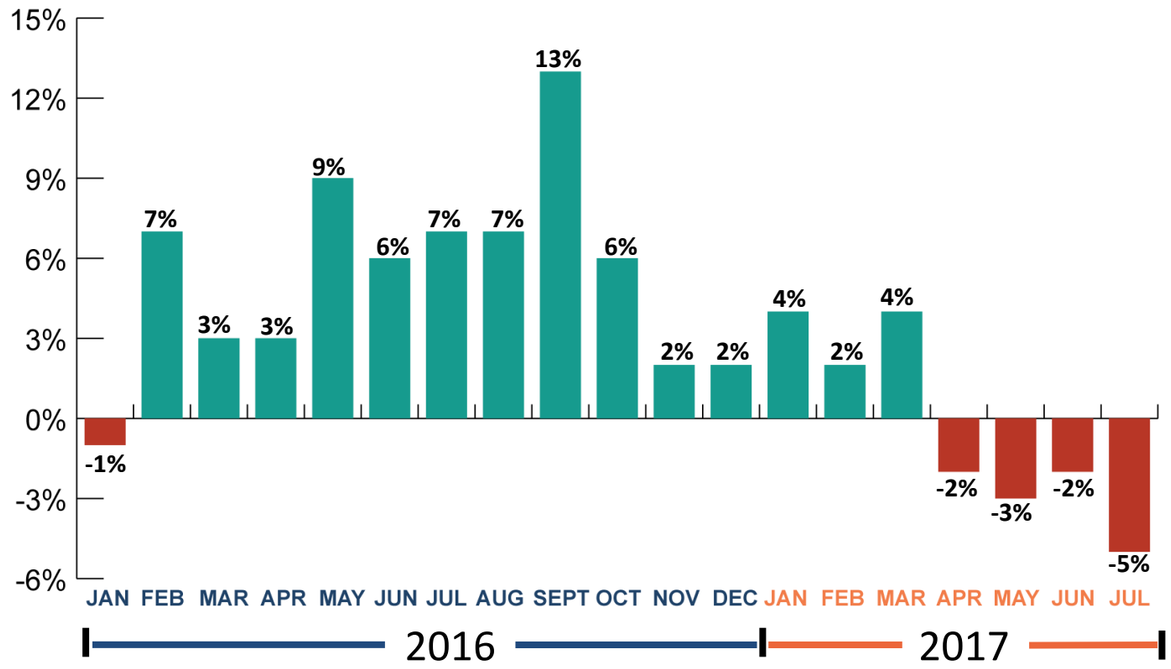


2016 2017 5 Yr. Range (CY 12-16)

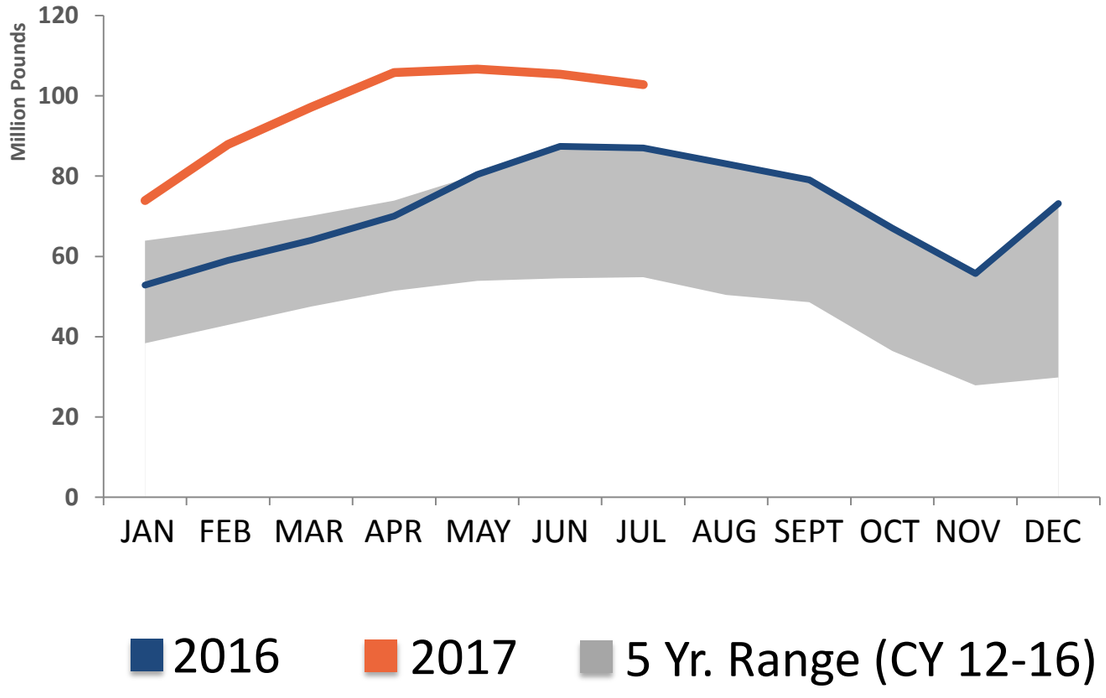
Source: USDA

Record Turkey Production Leads to Continued Low Turkey Prices

Turkey Poult Placement – YOY % Change



Turkey Breast Cold Storage



Source: USDA

Brand Strength Despite Commodity Price Volatility

Innovation







Low Single-Digit Growth*

SPAM®

Hormel® PEPPERONI

Jennie-O®

Fresh Tray Pack

Hormel® Gatherings®

High Single-Digit Growth*

Hormel® Compleats®

Hormel® NATURAL CHOICE®

Dinty Moore®

APPLEGATE®
CHANGING THE MEAT WE EAT®

Lunchmeat and Bacon

Double-Digit Growth*

CON TODA CONFIANZA...ES HERDEZ®

WHOLLY GUACAMOLE®
AMERICA'S #1

Justin's®

Peanut Butter

Hormel® Black Label® BACON
EST 1891

Lloyd's® Barbeque Co.

Ribs

*Source: Volume Growth, IRI MULO 13 weeks ended 7/30/2017

2017 Third Quarter Segment Results

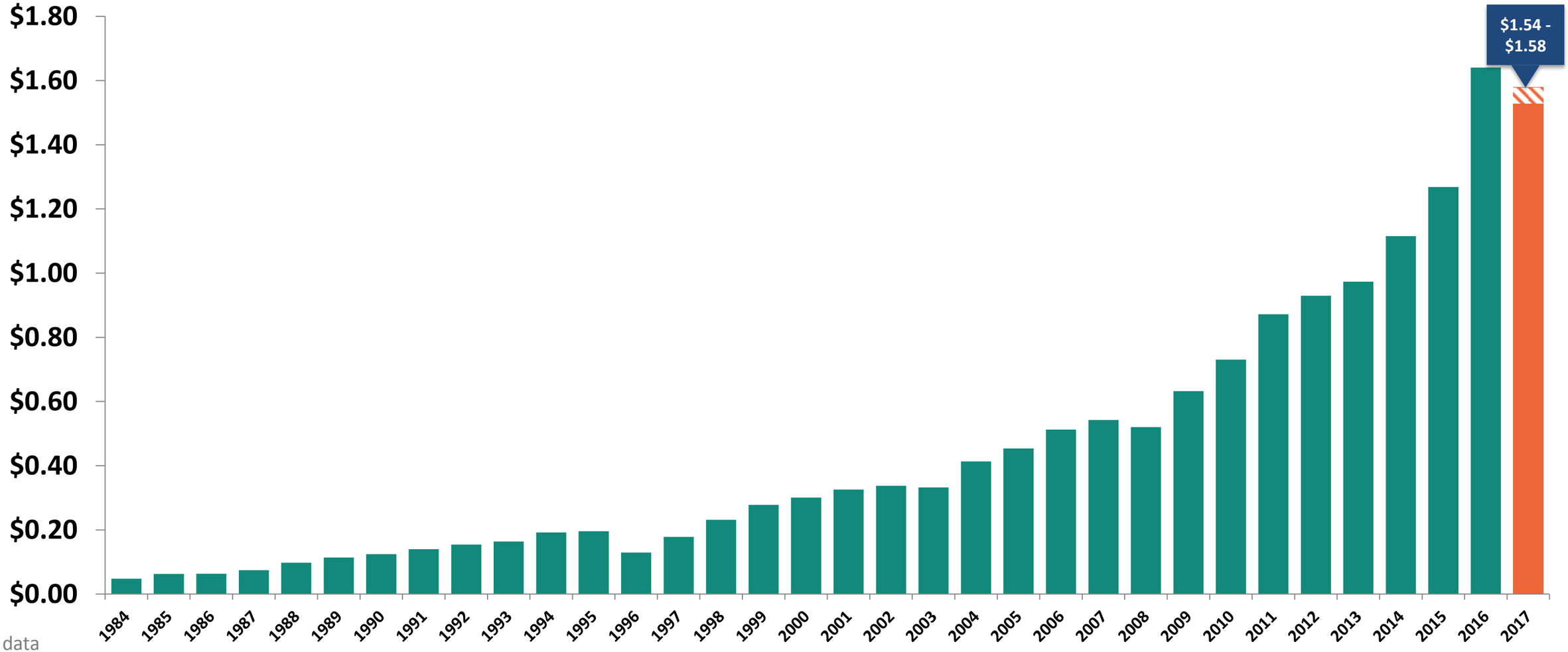
	ADJUSTED NET SALES CHANGE*	SEGMENT PROFIT CHANGE
Refrigerated Foods	+ 5%	+ 15%
Grocery Products	+ 3%	+ 10%
Jennie-O Turkey Store	(9%)	(20%)
Specialty Foods	(1%)	(14%)
International & Other	+ 1%	(16%)
Total	+ 1%	+ 2%

- High input cost environment
- Strong Refrigerated Foods and Grocery Products segment performance
- Continued pressures for Jennie-O Turkey Store
- Aggressive competitive activity for CytoSport products

*Excluding Justin's acquisition, Farmer John divestiture, and Diamond Crystal Brands divestiture. See GAAP reconciliation tables.

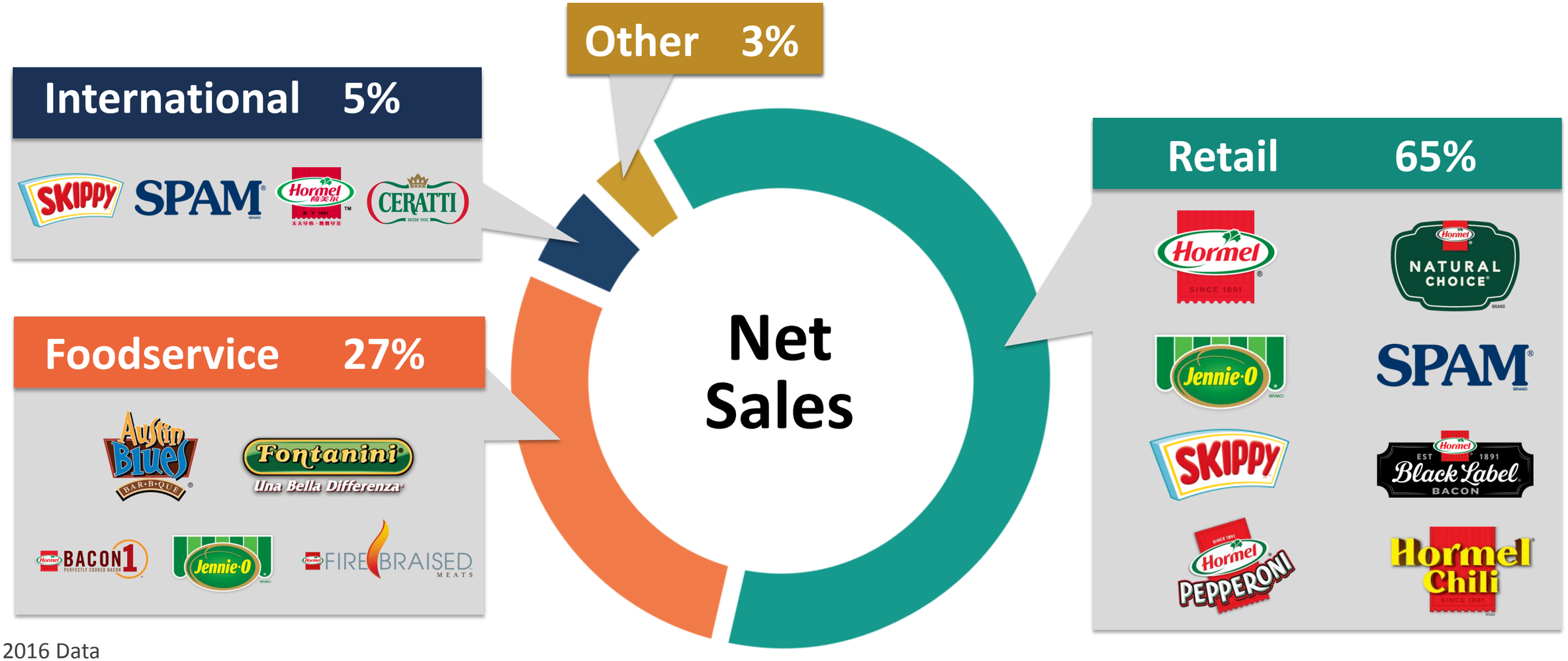
Consistent Earnings Growth

THIRD QUARTER UPDATE



Internal data

Strong, Branded Presence Across the Food Space



Fiscal 2016 Data

Strong, Branded Presence Across the Grocery Store

Our Brands Have a

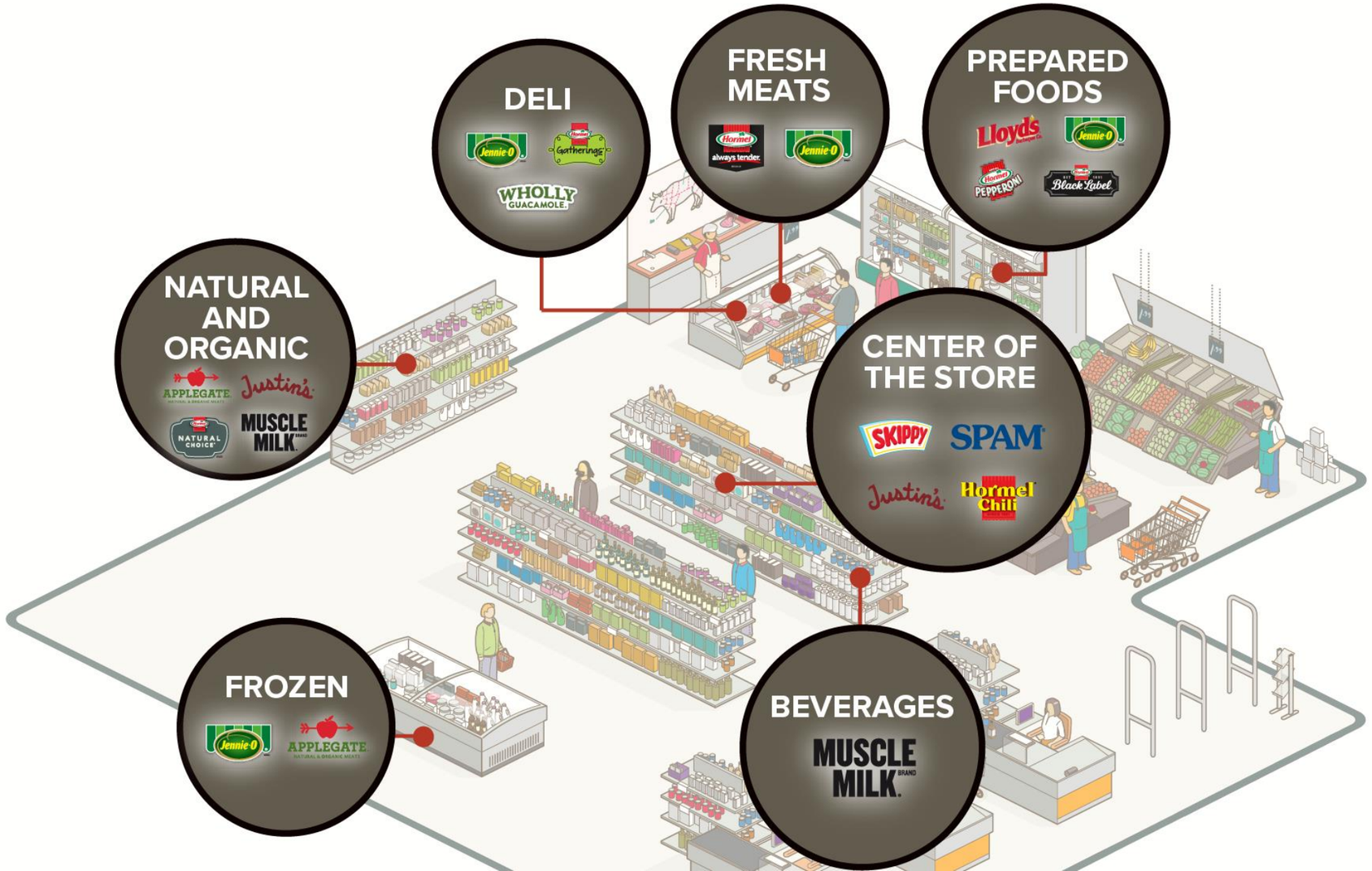
#1 or #2

SHARE

in Over

35

CATEGORIES



*IRI Total U.S. MULO 52 weeks ended 4/9/2017

POSITIONED TO COMPETE

Exceeding Industry Growth
In the Foodservice Channel

Segments

Restaurants

Convenience

Hotels

College & University

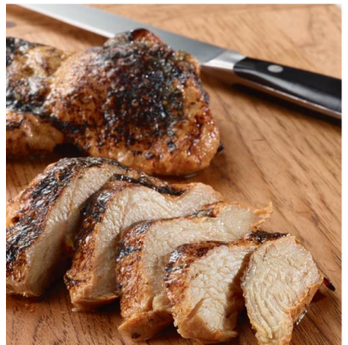
Healthcare

K-12 Schools

Products











* Technomic Inc. and Internal Data

POSITIONED TO COMPETE

Three Go-To-Market Strategies For International Growth



Long-standing PARTNERSHIPS

CJ

PUREFOODS HORMEL

STRONG EXPORTS

SPAM

SKIPPY

MULTINATIONAL Expansion

Hormel 荷美尔

CERATTI

Industry-Leading Expertise

POSITIONED TO COMPETE

Value-Added Protein







Shelf Stable Products







Direct Sales Force

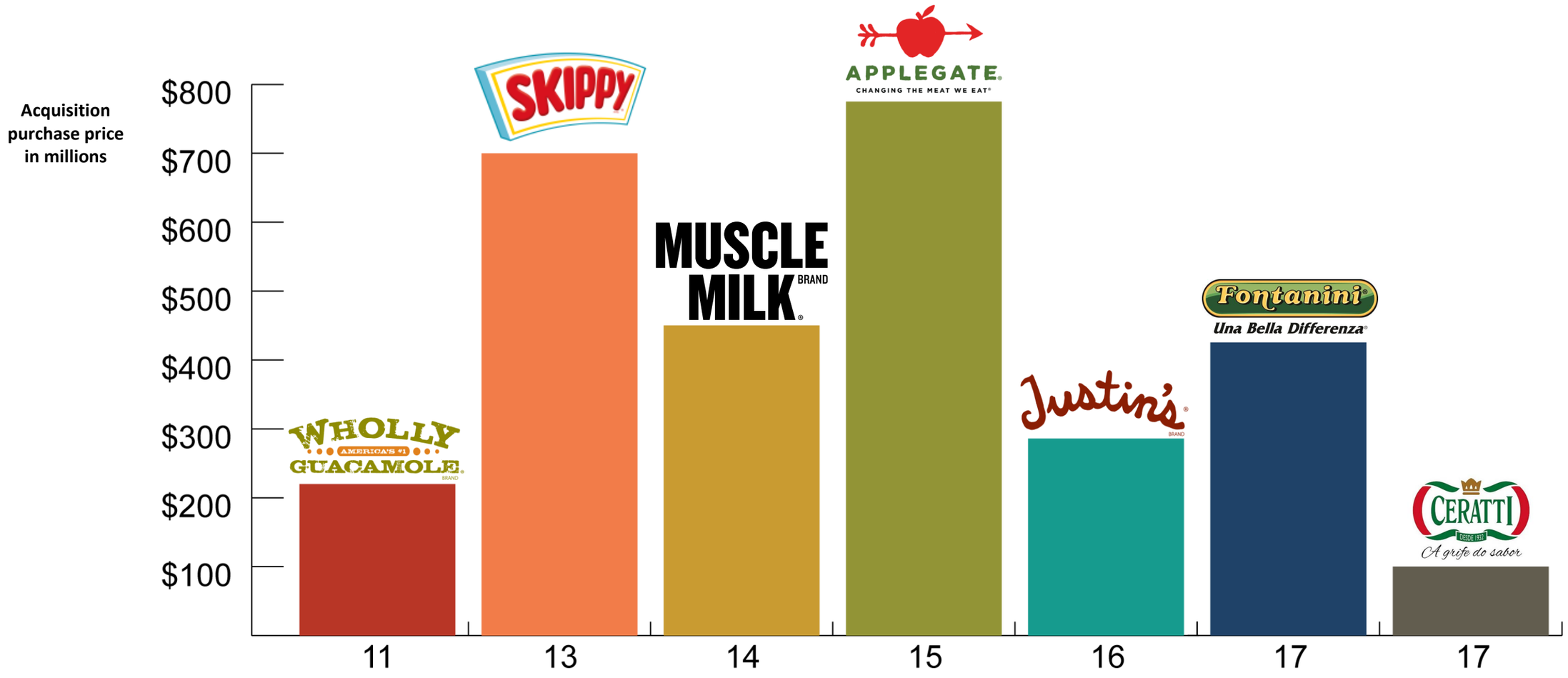


Iconic Brands





Financially Disciplined Acquisitions



A Great Complement to Hormel Foodservice

- Branded, value-added Italian meats & sausage company
- $240 million in sales
- $90 million tax cash flow benefit
- Available production capacity
- 3-4 cents EPS accretion in FY18



Expanding Our Global presence

- First entry into South America
- Premium, authentic brand in Brazil
- Experienced professional management team
- $100 million in sales
- 1 cent EPS accretion in FY18



Our Formula For Success

Building Brands





+

Innovation







+

Acquisitions





+

Balanced Portfolio











Hormel Foods
Our Path Forward

5% TOP LINE GROWTH

10% BOTTOM LINE GROWTH

15% BY 2020 INNOVATION

Margins IN TOP QUARTILE OF PEERS by 2020

1. Evolving to a broader food company
2. Expanding and accelerating foodservice
3. Becoming a more global food company
4. Reducing volatility and increasing balance
5. Divesting non-strategic assets
6. Modernizing our supply chain

Evolving to a Broader Food Company

A STRATEGY FOR LONG-TERM GROWTH

Meat Protein Company



+

Broader Food Company

Non-Meat Protein



Flavor Enhancers



Expanding and Accelerating Foodservice





Fontanini® Una Bella Differenza®

Hormel® BACON 1® PERFECTLY COOKED BACON

Austin Blues BAR-B-QUE®

Hormel® FIRE BRAISED MEATS

Hormel® NATURAL CHOICE® BRAND

café h®

CONVENIENCE

LABOR REDUCTION

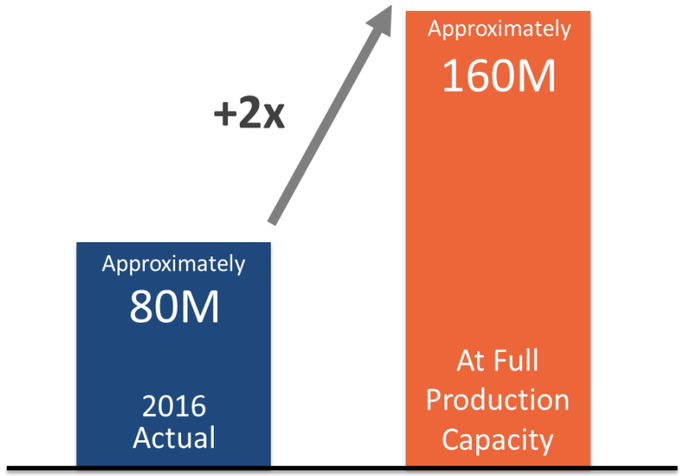
NEW FLAVORS

Becoming a More Global Food Company

Recreating the U.S. Model Globally

1. #1 or #2 brands
2. Product mix – shelf stable & perishable
3. Channel mix – foodservice & retail
4. No vertical integration

China Capacity
Lbs

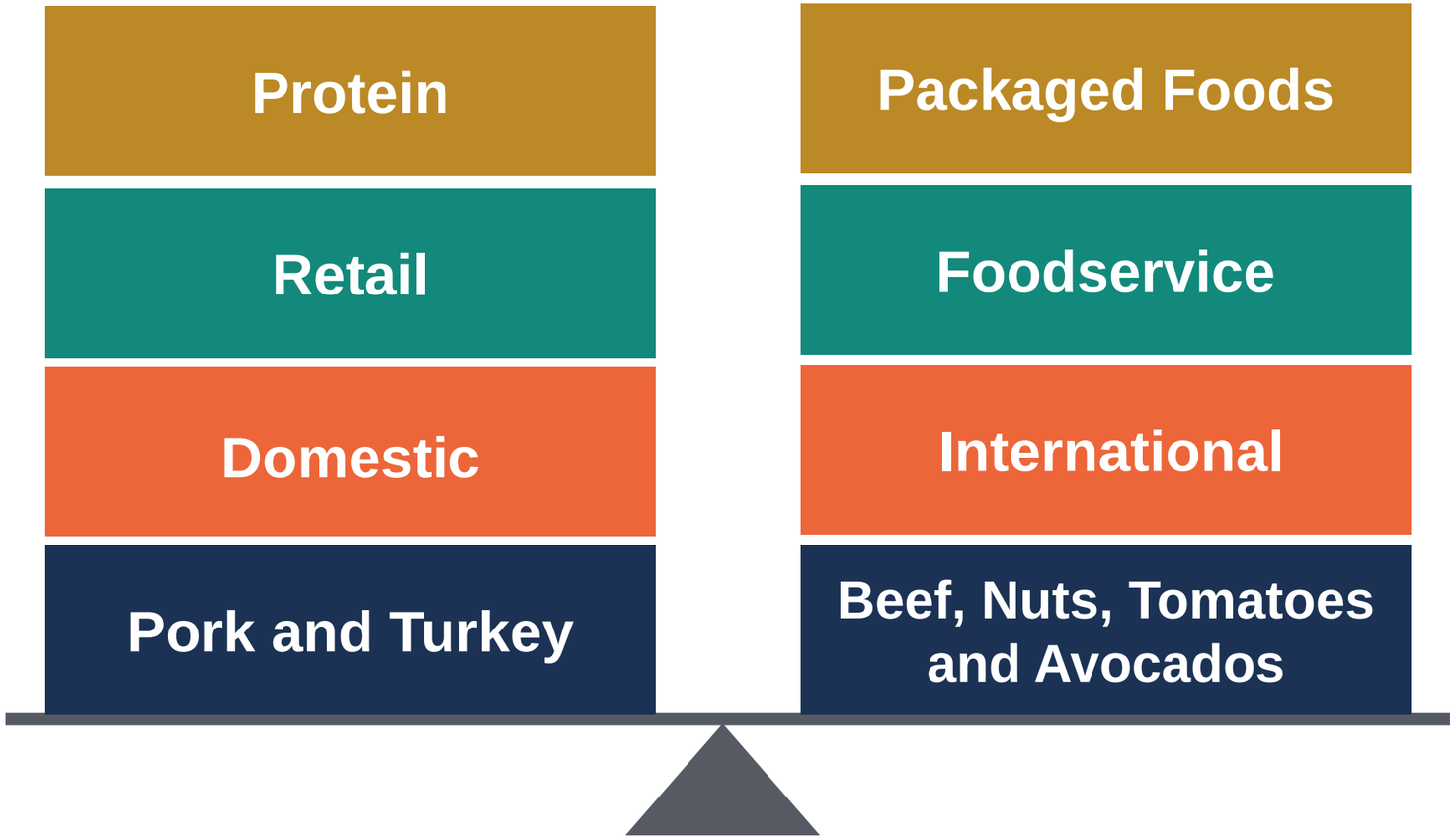


Geographic Expansion

CERATTI
DESDE 1932
A grife do sabor



Reducing Volatility and Increasing Balance



Reducing Volatility By:

1. Continuing to shift our mix to value-added products
2. Fewer commodity sales
3. Expanding our portfolio of raw materials

Portfolio Management

Divesting Non-Strategic Assets

$750M
ANNUAL SALES DIVESTED

70 BPS
IMPROVEMENT IN OPERATING MARGIN
AFTER DIVESTITURES

DIAMOND CRYSTAL BRANDS

FARMER JOHN BRAND SINCE 1931

Saag's ARTISANAL MEAT BRAND

Internal data

Modernizing Our Supply Chain

MORE THAN
30
PRODUCTION FACILITIES

MORE THAN
10,000
SKUs

BROAD
CO-PACKER NETWORK

MORE THAN
10,000
SUPPLY
ITEMS



SIMPLIFY
MODERNIZE
OPTIMIZE
RATIONALIZE

Internal data

Strategic Actions Since 2017 Investor Day

- ☐ Evolving to a broader food company
- ☑ Expanding and accelerating foodservice
- ☑ Becoming a more global food company
- ☐ Reducing volatility & increasing balance
- ☐ Divesting non-strategic assets
- ☐ Modernizing our supply chain

Jim Sheehan

Senior Vice President,
Chief Financial Officer

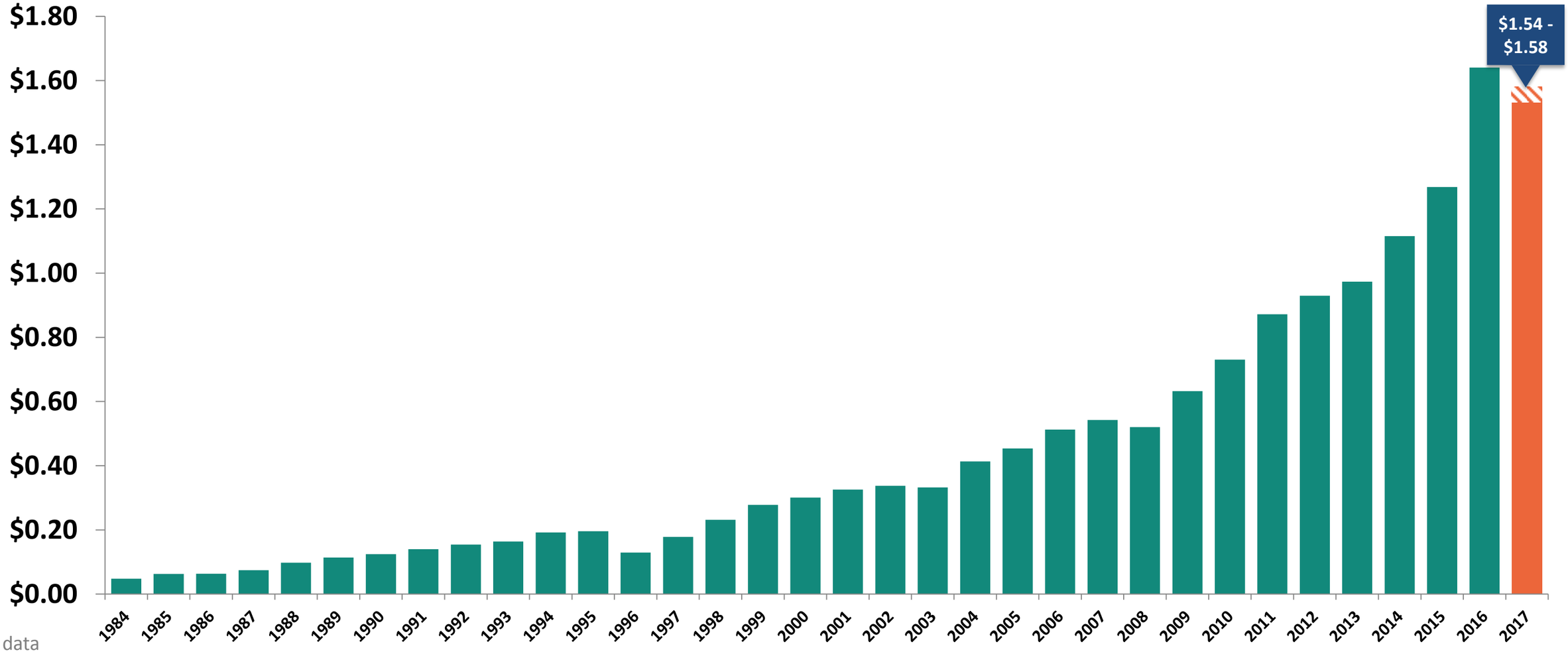


Our Financial Strategy

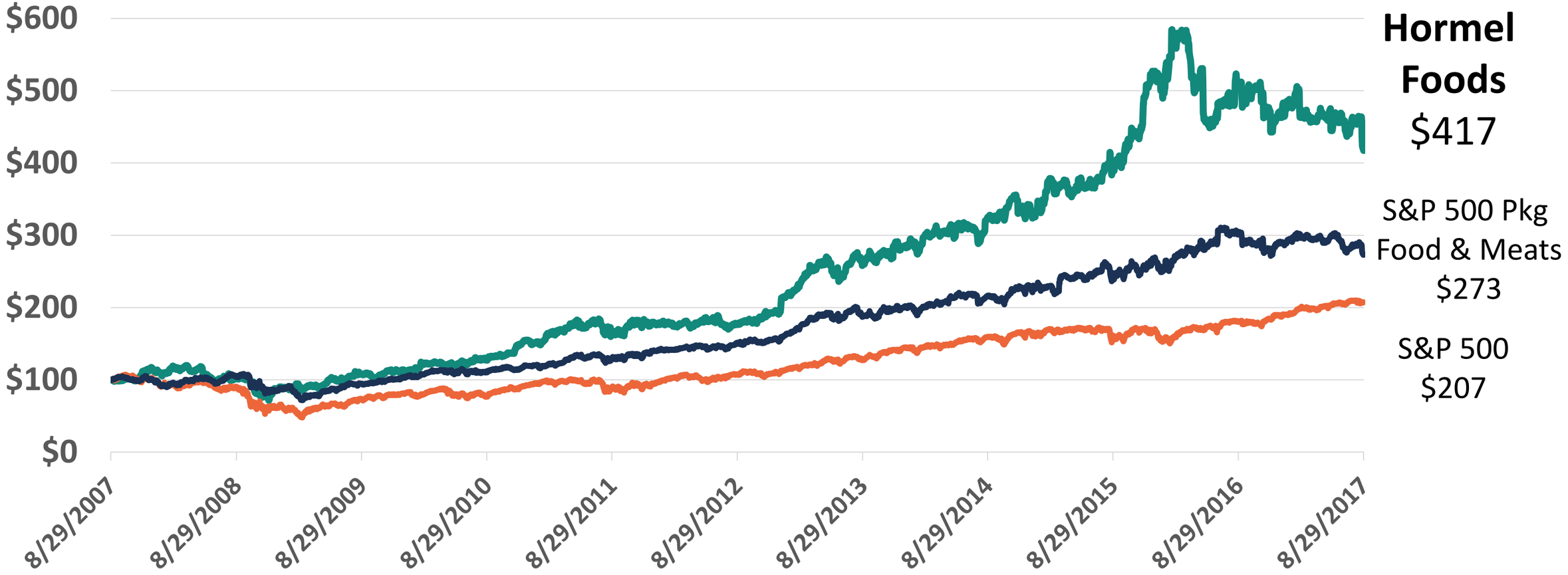
- Strategic cost management
- Improving our cash cycle
- Optimizing our capital structure



Consistent Earnings Growth



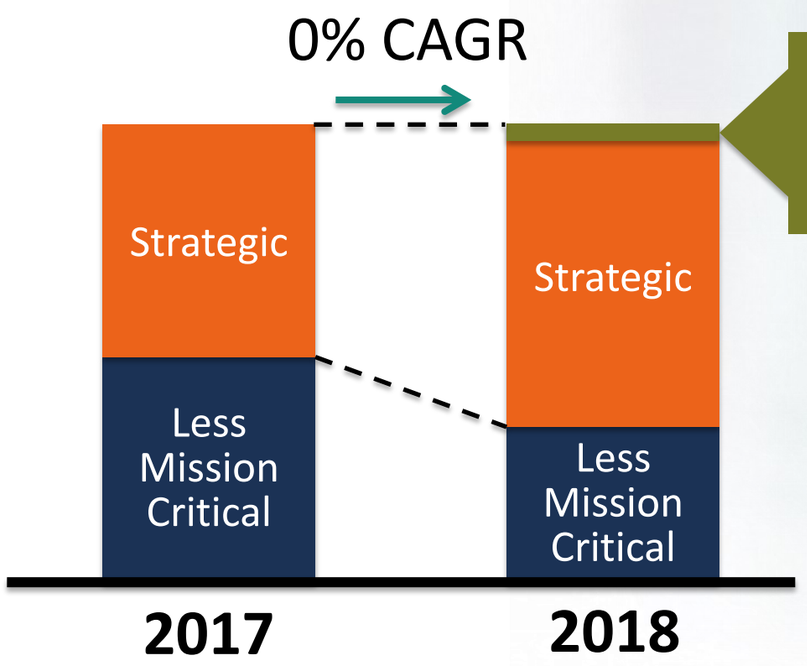
Delivering Long-Term Shareholders Returns



$100 invested on 8/29/07 in stock or index – including reinvestment of dividends

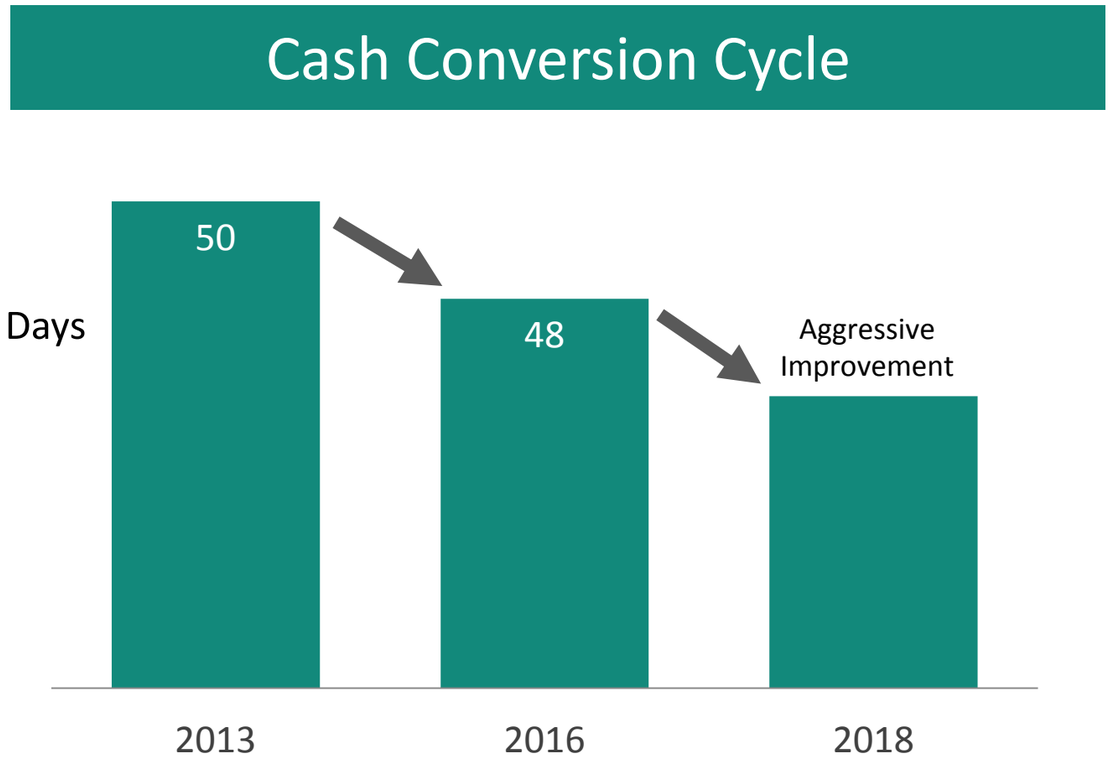
Strategic Cost Management

General & Administrative Budget



Digital & E-commerce

Improving Our Cash Cycle



- Obtain industry-leading accounts payable terms
- Aggressively enforce agreed upon selling terms
- Optimize inventory levels

Optimizing the Balance Sheet For Growth

$633 MILLION IN CASH

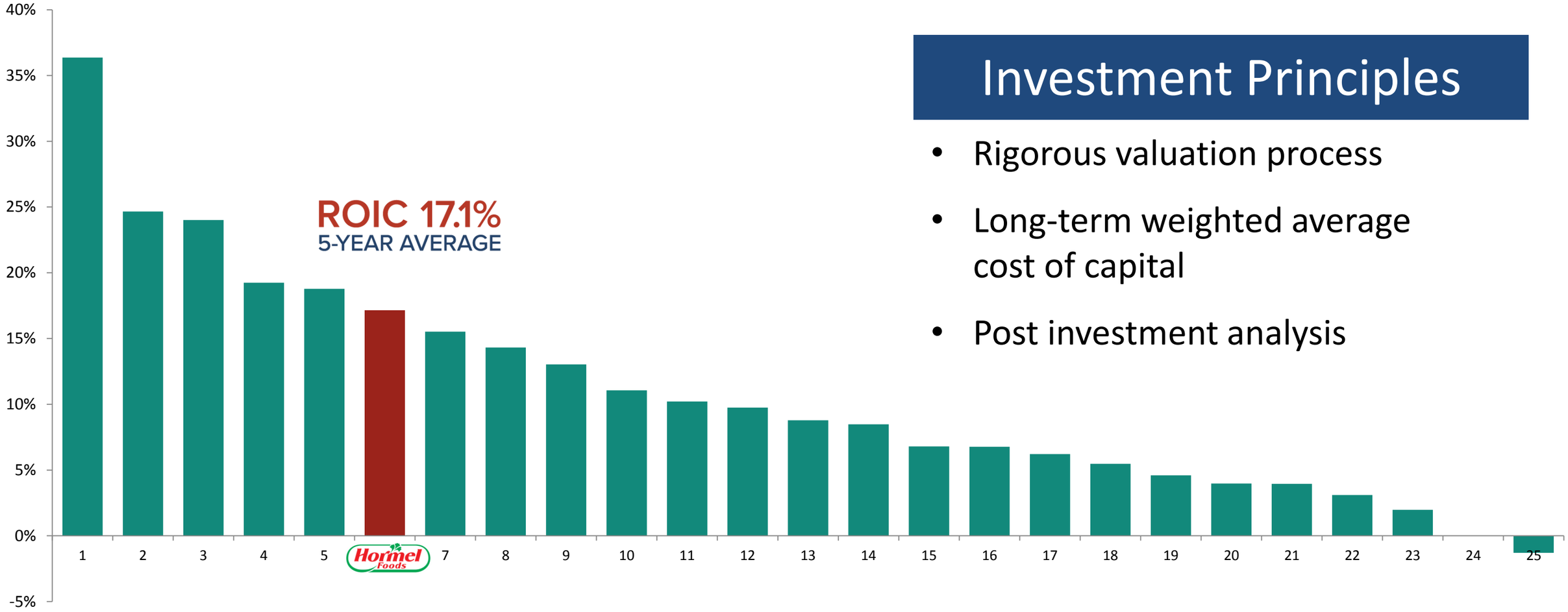
INVEST CAPITAL FOR GROWTH

MAINTAIN INVESTMENT GRADE RATING

CURRENT RATINGS:
MOODY'S: A1
S&P: A

Internal data as of fiscal Q3 2017

Resulting in Consistently High ROIC



Investment Principles

- Rigorous valuation process
- Long-term weighted average cost of capital
- Post investment analysis

Factset data based on fiscal 2012-2016 data for Hormel Foods and time-relative data for peers listed in Company 2016 proxy statement.

Commitment to Returning Cash to Shareholders

Dividends



MAINTAIN **DIVIDEND** ARISTOCRAT MEMBERSHIP

CONTINUE **SHARE** REPURCHASES

Internal Data

Hormel Foods
Our Path Forward

5% TOP LINE **GROWTH**

10% BOTTOM LINE **GROWTH**

15% BY **2020** INNOVATION

Margins IN TOP QUARTILE OF PEERS by 2020

- Strategic cost management
- Improving our cash cycle
- Optimizing our capital structure

- Maintain dividend growth
- Invest to support high ROIC
- Continue share repurchases

Hormel Foods

Our Path Forward



2017

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Global Consumer Staples Conference

GAAP Reconciliation:

ADJUSTED FINANCIAL MEASURES

Adjusted net sales and volume excludes the impact from the Justin's, LLC acquisition in May 2016, and the divestitures of the Diamond Crystal Brands business in May 2016, and the Farmer John business in January 2017. Results below reflect only the incremental sales and tonnage through period 7 of fiscal 2017 for the Justin's, LLC acquisition and only through the date of divestiture, or period 7 of fiscal 2016, for the Diamond Crystal Brands divestiture. The tables below show the calculations to reconcile from the non-GAAP adjusted measures to the GAAP measures in the third quarter and third quarter year-to-date of fiscal 2016 and fiscal 2017.

3rd Quarter

Net Sales

(in thousands)	2017 Net Sales	Justin's Acquisition (Pd 7, 2017)	2017 Non-GAAP Net Sales	2016 Net Sales	DCB Divestiture (Pd 7, 2016)	Farmer John Divestiture	2016 Non-GAAP Net Sales	Non-GAAP % Change
Grocery Products	$ 421,986	$ (8,679)	$ 413,307	$ 399,342	$ -	$ -	$ 399,342	3.5%
Refrigerated Foods	1,086,546		1,086,546	1,155,297		(121,065)	1,034,232	5.1%
Jennie-O Turkey Store	369,078		369,078	403,953			403,953	(8.6%)
Specialty Foods	196,873		196,873	212,197	(13,171)		199,026	(1.1%)
International & Other	132,892		132,892	131,587			131,587	1.0%
Total Net Sales	$ 2,207,375	$ (8,679)	$ 2,198,696	$ 2,302,376	$ (13,171)	$ (121,065)	$ 2,168,140	1.4%

Tonnage (lbs.)

(in thousands)	2017 Tonnage	Justin's Acquisition (Pd 7, 2017)	2017 Non-GAAP Tonnage	2016 Tonnage	DCB Divestiture (Pd 7, 2016)	Farmer John Divestiture	2016 Non-GAAP Tonnage	Non-GAAP % Change
Grocery Products	219,088	(1,114)	217,974	210,877			210,877	3.4%
Refrigerated Foods	503,296		503,296	596,389		(87,264)	509,125	(1.1%)
Jennie-O Turkey Store	200,143		200,143	215,447			215,447	(7.1%)
Specialty Foods	111,417		111,417	120,487	(11,697)		108,790	2.4%
International & Other	78,120		78,120	77,235			77,235	1.1%
Total Tonnage	1,112,064	(1,114)	1,110,950	1,220,435	(11,697)	(87,264)	1,121,474	(0.9%)