Hormel Foods

2022 BARCLAYS Global Consumer Staples Conference

September 6, 2022

Barclays Global Consumer Staples Conference













Jim Snee

Chairman of the Board, President and CEO

Forward-Looking Statements

This presentation contains “forward-looking” information within the meaning of the federal securities laws. The “forward-looking” information may include statements concerning the company’s outlook for the future as well as other statements of beliefs, future plans, strategies, or anticipated events and similar expressions concerning matters that are not historical facts. Words or phrases such as “should result,” “believe,” “intend,” “plan,” “are expected to,” “targeted,” “will continue,” “will approximate,” “is anticipated,” “estimate,” “project,” or similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those anticipated or projected, which factors include, but are not limited to, risks related to the deterioration of economic conditions; the COVID-19 pandemic; risks associated with acquisitions and divestitures; potential disruption of operations including at co-manufacturers, suppliers, logistics providers, customers, or other third-party service providers; risk of loss of a material contract; the Company’s inability to protect information technology systems against, or effectively respond to, cyber attacks or security breaches; deterioration of labor relations, labor availability or increases to labor costs; general risks of the food industry, including food contamination; outbreaks of disease among livestock and poultry flocks; fluctuations in commodity prices and availability of raw materials and other inputs; fluctuations in market demand for the company’s products; risks of litigation; potential sanctions and compliance costs arising from government regulation; compliance with stringent environmental regulation and potential environmental litigation; and risks arising from the company’s foreign operations. Please refer to the cautionary statements regarding “Risk Factors” and “Forward-Looking Statements” that appear in our most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which can be accessed at hormelfoods.com in the “Investors” section, for additional information. In making these statements, the company is not undertaking, and specifically declines to undertake, any obligation to address or update each or any factor in future filings or communications regarding the company’s business or results. Though the company has attempted to list comprehensively these important cautionary risk factors, the company wishes to caution investors and others that other factors may in the future prove to be important in affecting the company’s business or results of operations. The company cautions readers not to place undue reliance on forward-looking statements, which represent current views as of the date made.

Non-GAAP Information

This presentation contains certain non-GAAP financial measures, including EBITDA. Non-GAAP measures are not intended to be a substitute for U.S. GAAP measures in analyzing financial performance. These non-GAAP measures are not in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. Please see the discussion of non-GAAP financial measures and the reconciliation from the GAAP measures to the non-GAAP adjusted measures at the end of this presentation for more information.

Our Evolution as a Global Branded Food Company

Pre-2013
Meat-centric company

- Pork and turkey
- Retail-focused
- Commodity-driven

2013-2019
Protein-centric company

- Expanded beyond meat protein
- Strong growth from foodservice
- De-risked commodity profits

2020+
Global branded food company

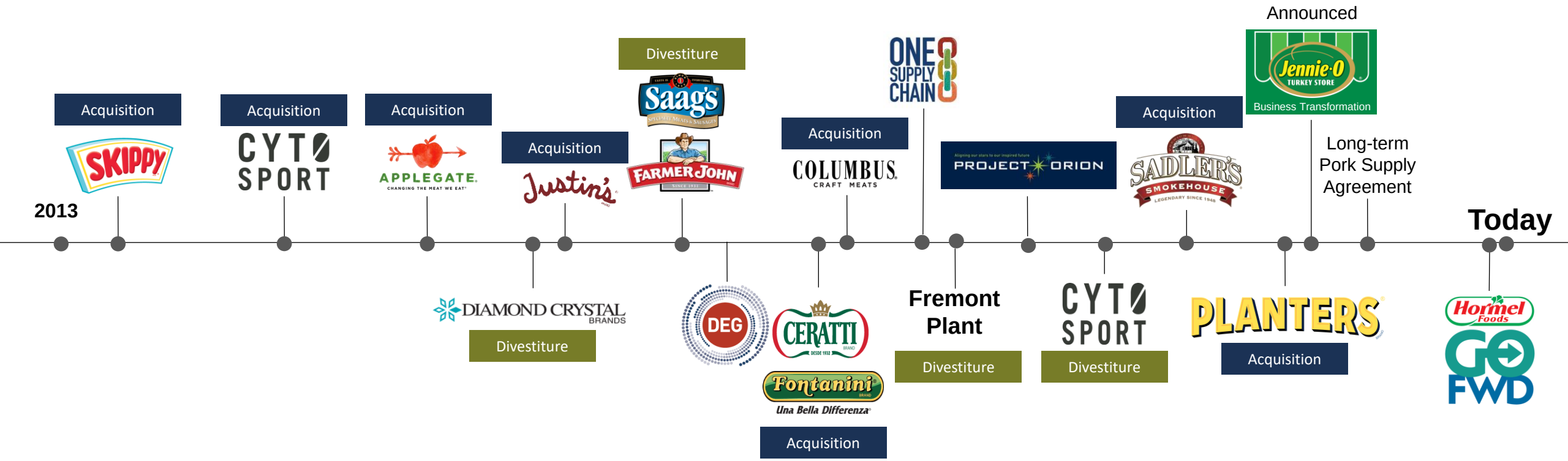
- Global
- Leading retail and foodservice brands
- Food Forward







Strategic Actions Driving our Evolution





The Next Step in our Evolution as a Global Branded Food Company

- **Elevates** our clear strategic growth priorities: consumer-centric retail and customer-solution-oriented foodservice
- **Aligns** our business to our customers, consumers and operators
- **Deepens** our sales capabilities and simplifies our approach to customers and operators
- **Enables** better, faster and more agile decision-making

Better Aligning our Businesses to our Six Strategic Priorities

Six Strategic Priorities

Expand leadership in Foodservice
Leveraging our expertise and partnerships in emerging channels

Protect and grow our core brands
Keeping our brands relevant and strong

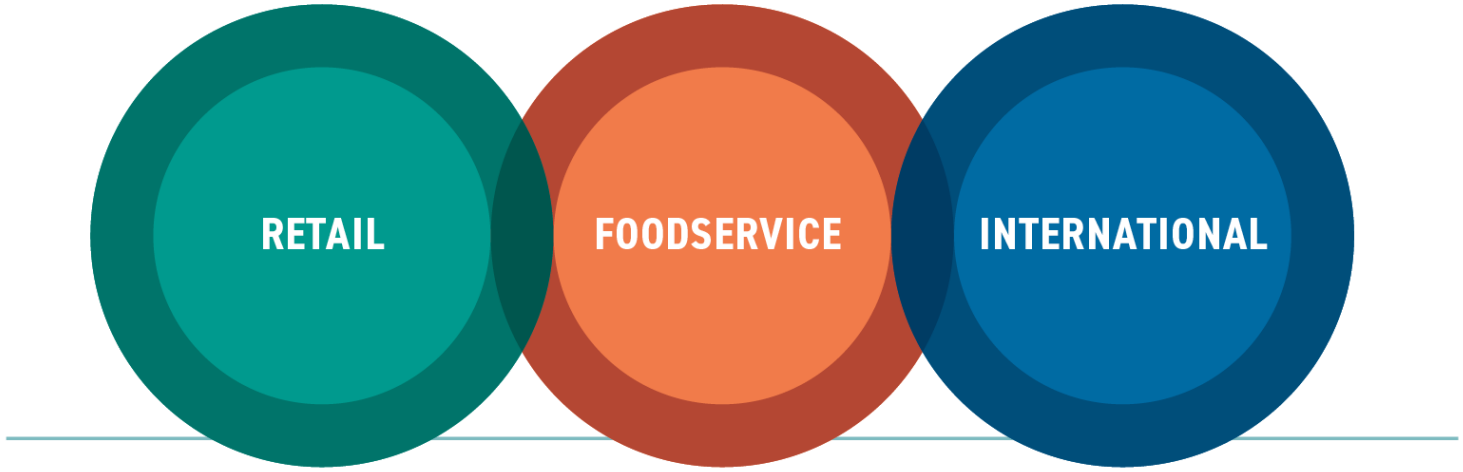
Aggressively develop our global presence
Bringing meaningful scale to select global markets

Amplify scale in snacking and entertaining
Combining the power of our brands to complement and expand our presence

Enhance growth of our ethnic and Food Forward portfolios
Evolving our portfolio to meet the changing needs of consumers

Continue to transform our company
Supporting our businesses with best-in-class processes, innovation and technology

Our New Strategic Operating Model Creates Three Fully Empowered Segments



Leveraging our Leading Consumer Brands and Scale in the Marketplace

RETAIL

SPAM · Hormel Chili · PLANTERS · HERDEZ · COLUMBUS CRAFT MEATS · Black Label BACON · APPLEGATE · Jennie-O · Hormel PEPPERONI · SKIPPY · WHOLLY BRAND

Strategic Priorities

Expand leadership in foodservice

✓ **Protect and grow our core brands**

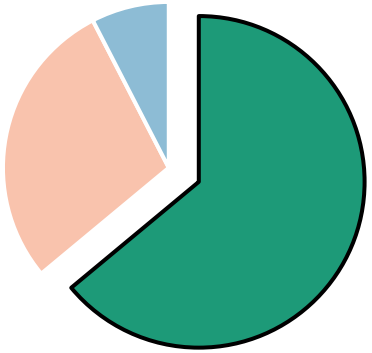
Aggressively develop our global presence

✓ **Amplify scale in snacking and entertaining**

✓ **Enhance growth of our ethnic and Food Forward portfolios**

Continue to transform our company

U.S. Retail Channel



Sales Growth

3-Yr CAGR	YTD Q3 YoY
+7%	+12%

Source: Internal Data. Form 10-K 2018-2021, Form 10-Q Q3 2022.

Differentiated Capabilities



REVENUE GROWTH MANAGEMENT



DIGITAL EXPERIENCE GROUP



DIRECT SALES FORCE

TFG TOTAL FOOD GROWTH
Inspired People. Inspired Food. Inspired Customers.

Progressive GROCER 2021 EDITORS' PICKS BEST NEW PRODUCT



INNOVATION

Organizing our Retail Pillars to Effectively Allocate Resources and Drive Growth

RETAIL

Convenient Meals and Proteins





Snacking and Entertaining





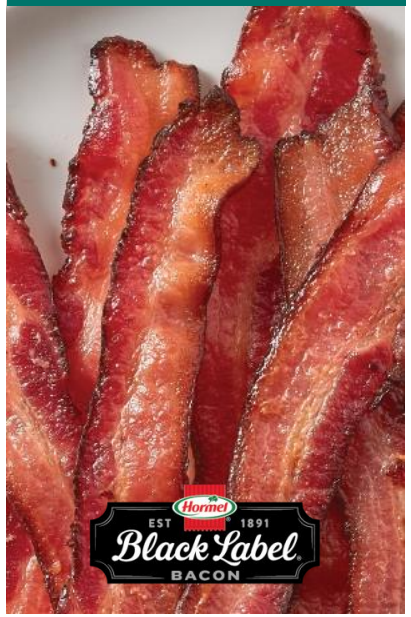
Global Flavors



Emerging Brands



Bacon



Value-Added Meats



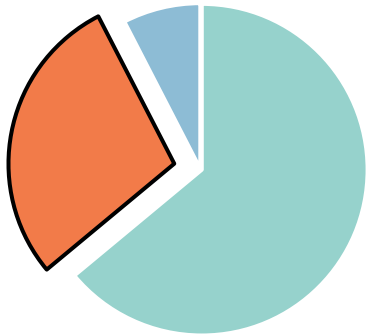
Delivering High-Quality, Innovative Culinary Solutions with an Operator-First Mentality

FOODSERVICE

Strategic Priorities

- ✓ **Expand leadership in foodservice**
- Protect and grow our core brands
- Aggressively develop our global presence
- Amplify scale in snacking and entertaining
- Enhance growth of our ethnic and Food Forward portfolios
- Continue to transform our company

U.S. Foodservice Channel



Sales Growth

3-Yr CAGR	YTD Q3 YoY
+5%	+30%

Differentiated Capabilities



DIRECT SALES FORCE



INNOVATION

SOLUTIONS-BASED PORTFOLIO

Source: Internal Data. Form 10-K 2018-2021, Form 10-Q Q3 2022.

Combining Brands Across the Organization to Drive Accelerated Growth

FOODSERVICE

Hormel Foods



Jennie-O Turkey Store



Affiliated Businesses



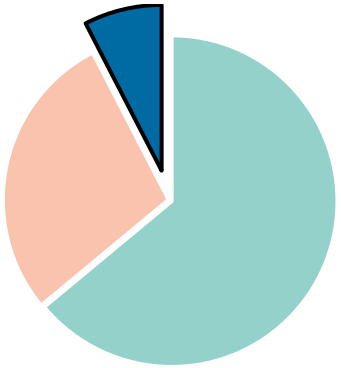
Accelerating International Growth Across Markets and Business Models

INTERNATIONAL

Strategic Priorities

- Expand leadership in foodservice
- Protect and grow our core brands
- ☑ **Aggressively develop our global presence**
- Amplify scale in snacking and entertaining
- Enhance growth of our ethnic and Food Forward portfolios
- Continue to transform our company

International Channel



Sales Growth

3-Yr CAGR	YTD Q3 YoY
+8%	-6%

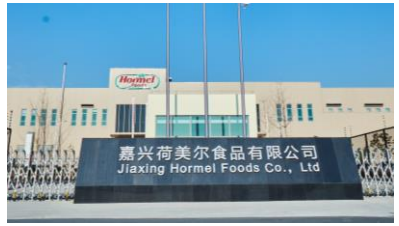
Go-to-Market Strategies

EXPORTS

MULTI-NATIONAL BUSINESSES

PARTNERSHIPS





Source: Internal Data. Form 10-K 2018-2021, Form 10-Q Q3 2022.



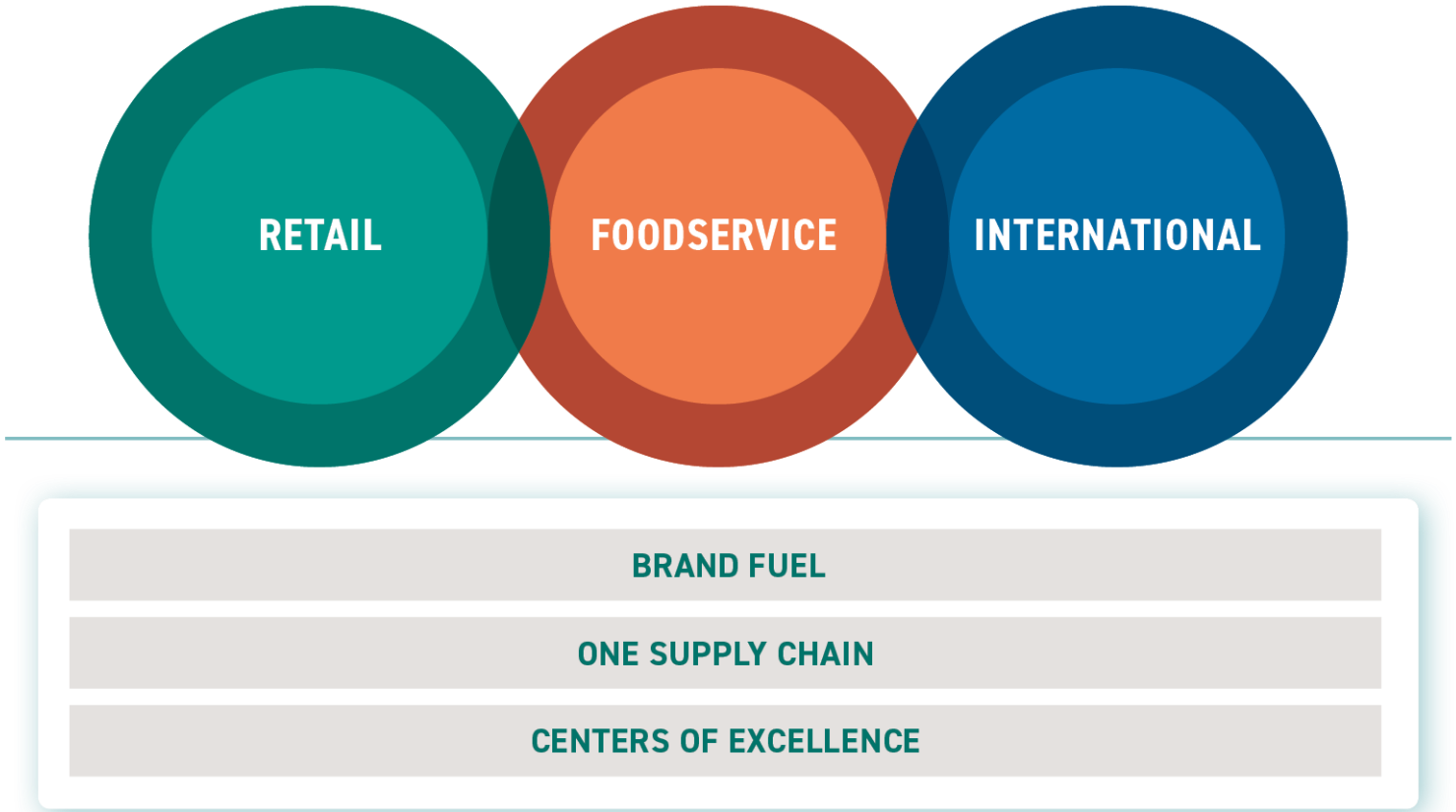
Jacinth Smiley

Executive Vice President and Chief Financial Officer

Three Fully Empowered Segments Supported by Brand Fuel, One Supply Chain and Centers of Excellence

Strategic Priorities

- Expand leadership in foodservice
- Protect and grow our core brands
- Aggressively develop our global presence
- Amplify scale in snacking and entertaining
- Enhance growth of our ethnic and Food Forward portfolios
- ☑ **Continue to transform our company**



Supporting our Businesses with Brand Fuel and One Supply Chain

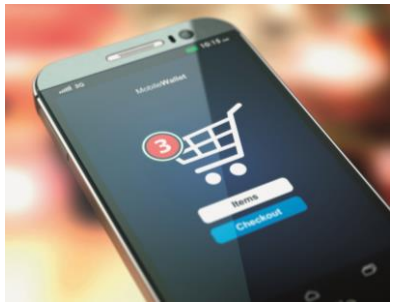
Brand Fuel



INNOVATION



INSIGHTS & ANALYTICS



DIGITAL EXPERIENCE GROUP

One Supply Chain

ONE SUPPLY CHAIN

- Centralized Purchasing and Logistics Functions
- Demand and Supply Planning
- Asset Assessment and Optimization

Maintaining our Disciplined Capital Allocation Strategy

Driving Long-Term Growth and Shareholder Returns

REQUIRED

- Increase Dividend
- Maintenance CapEx
- Mandatory Debt Repayment
- Pension Obligations

STRATEGIC

- Growth CapEx
- Incremental Dividend Increases
- Acquisitions
- Investments in Working Capital

OPPORTUNISTIC

- Share Repurchases
- Incremental Debt Repayment
- Cash Build

Our Capital Allocation Strategy is Aligned with our Priorities - Required

REQUIRED

- Increase Dividend
- Maintenance CapEx
- Mandatory Debt Repayment
- Pension Obligations

STRATEGIC

- Growth CapEx
- Incremental Dividend Increases

Increase Dividend

56
Consecutive Years of Dividend **Increases**

94
Years of Dividend **Payments** Without Interruption

Maintain **Dividend Aristocrat** Membership

Maintenance CapEx

~$125M
Annual Maintenance Capex

Mandatory Debt Repayment

Targeting **1.5-2.0x Debt to EBITDA*** by Fiscal 2023

Pension Obligations

Meet Pension Obligations

Source: Internal Data
*Non-GAAP financial measure. See appendix to this presentation for current information, including GAAP to non-GAAP reconciliation.

Our Capital Allocation Strategy is Aligned with our Priorities - Strategic

Repayment
- Pension Obligations

STRATEGIC

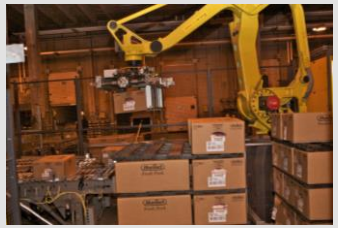
- Growth CapEx
- Incremental Dividend Increases
- Acquisitions
- Investments in Working Capital

OPPORTUNISTIC

- Share Repurchases

Growth CapEx

~$200M
Annually



Based on the **Needs** of the Businesses



Primarily for **Capacity**, **Innovation**, **Automation** and **New Technology**

Acquisitions

$4.5B
Invested

~$1.4B
Total Sales Acquired

Accretive
Margins

COLUMBUS CRAFT MEATS

SADLER'S SMOKEHOUSE

PLANTERS

CORN NUTS

Source: Internal Data; acquisition data for fiscal years 2018-2021.

Our Capital Allocation Strategy is Aligned with our Priorities - Opportunistic

STRATEGIC

- Growth CapEx
- Incremental Dividend Increases
- Acquisitions
- Investments in Working Capital

OPPORTUNISTIC

- Share Repurchases
- Incremental Debt Repayment
- Cash Build

Share Repurchases

Opportunistic and Based on our **Internal Valuation**

Current Authorization to Repurchase

~4M Shares

Incremental Debt Repayment

Investment-Grade Rating

a Priority

Cash Build

$850M

in Cash

Source: Internal Data; Cash balance is as of Q3 2022.

Our New Operating Model Supports our Realistic and Achievable Long-Term Key Results

Net Sales

2-3%

Organic Net Sales Growth

Operating Profit

5-7%

Operating Profit Growth

Innovation

15%

of Net Sales from Innovation*

*Based on net sales for new items launched within the previous three years and the projected sales for items scheduled to launch in the next two years, divided by total reported sales for the year.

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Non-GAAP Financial Measures

NON-GAAP FINANCIAL MEASURES

The non-GAAP adjusted financial measures of net debt, EBITDA and Adjusted EBITDA are useful to management and investors as indicators of operating strength. Net debt is defined as total debt less cash and cash equivalents and short-term marketable securities. EBITDA reflects earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA also removes the impact of one-time ***Planters®*** acquisition costs. The company believes these non-GAAP financial measures provide useful information to investors, as a measure used to evaluate financial strength of a business on a comparable year-over-year basis. Non-GAAP measures are not intended to be a substitute for U.S. GAAP measures in analyzing financial performance. These non-GAAP measures are not in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. The tables on the right show the calculations to reconcile from the GAAP measures to the non-GAAP adjusted measures.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Net Debt

	Quarter Ended	
(in thousands)	July 31, 2022	July 25, 2021
Long-Term Debt Less Current Maturities	$ 3,294,287	$ 3,316,262
Plus: Current Maturities of Long-Term Debt	8,807	8,732
Less: Cash and Cash Equivalents	850,344	291,363
Less: Short-Term Marketable Securities	18,314	18,372
Net Debt	$ 2,434,436	$ 3,015,259

EBIT and EBITDA

	Last Twelve Months Ended	
(in thousands)	July 31, 2022	July 25, 2021
EBITDA		
Net Earnings Attributable to Hormel Foods Corporation	$ 1,001,841	$ 861,457
Plus: Income Tax Expense	270,873	190,757
Plus: Interest Expense	60,502	35,988
Less: Interest and Investment Income	30,217	47,046
Plus: Depreciation and Amortization	257,485	218,496
EBITDA	1,560,484	1,259,652
Plus: One-time Planters® acquisition costs	-	43,203
Adjusted EBITDA	$ 1,560,484	$ 1,302,855

Net Debt/EBITDA	**1.56**	**2.31**