



SUPPLEMENTAL INFORMATION

Second Quarter Fiscal 2023



Fontanini®
Una Bella Differenza®

THE FOODSERVICE TEAM INTRODUCED **FONTANINI®** CUP-AND-CHAR SAUSAGE AT THE 2023 INTERNATIONAL PIZZA EXPO AND CONFERENCE

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; damage to the Company’s reputation or brand image; climate change, or legal, regulatory, or market measures to address climate change; risks of litigation; potential sanctions and compliance costs arising from government regulation; compliance with stringent environmental regulations 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 www.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 and is not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. 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.

Continuing to be Recognized for Our Commitments

to consumers, team members and the communities where we live and work

Named to Most Sustainable U.S. Companies List



BARRON'S
100 Most Sustainable Companies
2023

“We know that our environmental, social and governance commitments and achievements matter, not only to our shareholders, but to our customers, consumers and communities where we live and work.”

Jim Snee, Chairman,
President and CEO

Selected to Top 5 Conscientious CPG Companies



“Through its award-winning ***Our Food Journey™*** program, Austin, Minn.-based Hormel strives to produce food responsibly by investing in its people and partners, improving communities and the world, and creating products that enrich peoples’ lives.”

Progressive Grocer
April 17, 2023

Honored as One of America’s Most Trustworthy Companies



“At Hormel Foods, we strive to earn and maintain the trust of our customers and stakeholders every day through our actions and our commitment to transparency, accountability and integrity.”

Jim Snee, Chairman,
President and CEO

Recognized on EPA List for Second Straight Year



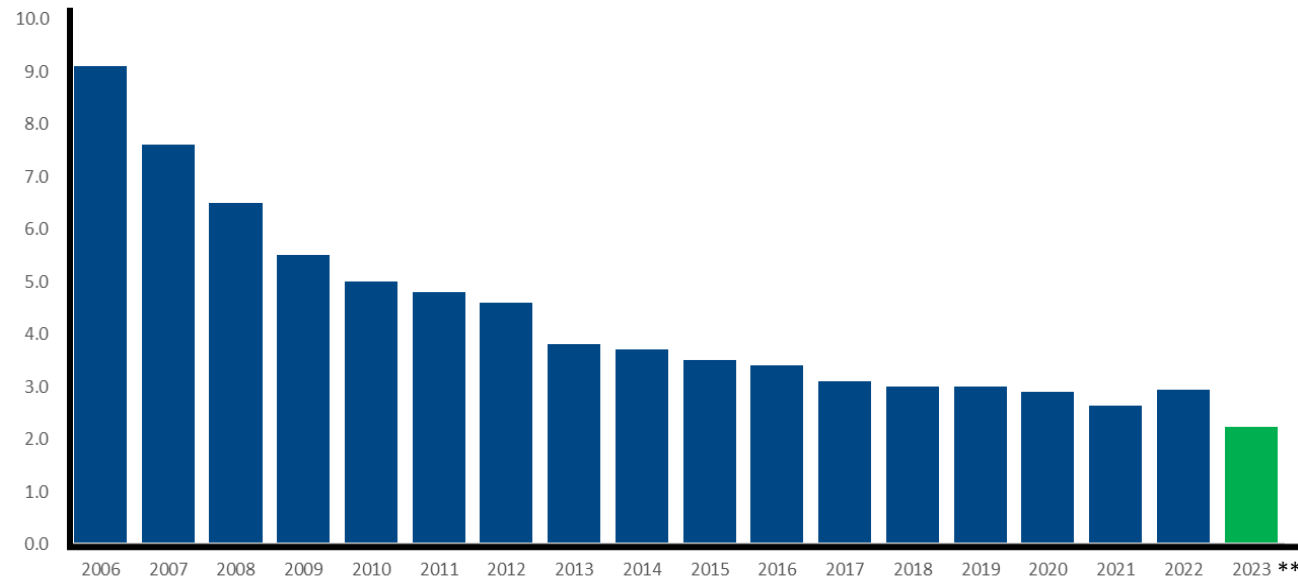
“We know that as a good corporate citizen in our communities in the United States and all over the world, it is important to work toward implementing green power solutions.”

Tom Raymond, Director,
Environmental Sustainability

Remaining on Track for One of Our Safest Years Ever

by demonstrating our Safety First mentality

Total Case Incident Rate for Hormel Foods*



Safety First Reinforced at 2023 Safety Conference

“Safety should be at the forefront of all team members’ minds, and this conference instilled new ideas around safety for our team to bring back to their facilities.”



Heath Garey,
Corporate Manager,
Health and Safety

*TCIR = (N X 200,000) / EH, where N=number of injuries or illnesses and EH=total hour work by all employees during the calendar year

**2023 data thru fiscal period 6 ending 4/30/2023

Bringing Innovation to Retail and Foodservice

for the snack nuts, Mexican and pizza toppings categories



The **Planters**® brand unveils three new flavor-forward varieties, expanding its innovative portfolio of cashew snacks



The **Corn Nuts**® brand introduces a bold new flavor to the snacking aisle



The **Herdez**® brand expands its refrigerated-dip portfolio



The **Hormel**® pepperoni brand launches new **Hormel**® sliced chorizo for adventurous foodies



Hormel Foods launches The Originate Initiative, a companywide effort to showcase the insights-led innovation

Making Progress on Our Six Strategic Priorities

Protect & grow our core brands

- *Hormel® Square Table™* entrees, *Hormel® Black Label®* bacon and our chili portfolio grew volume and sales in the marketplace.¹
- We expect a strong finish to the year for our *SPAM®* family of products, supported by the national launch of *SPAM®* maple, our 7-ounce offering and new capacity.



Amplify scale in snacking & entertaining

- We launched three new *Planters®* cashew items — rosemary and sea salt, cinnamon and brown sugar, and dill pickle — which will be supported with a national advertising campaign this summer
- *Columbus®* charcuterie tasting boards grew volume, sales and share during the quarter.¹



Enhance growth of our ethnic & Food Forward portfolios

- The MegaMex Foods team grew or maintained dollar and volume share¹ in the salsa, sauces and refrigerated guacamole categories behind the *Herdez®*, *WHOLLY®*, *CHI-CHI'S®* and *Doña Maria®* brands.
- Our *Applegate®* products grew dollar sales 4% in the most recent quarter.³



Expand leadership in foodservice

- For the first half of the year, our foodservice team grew volume across many product categories designed to minimize labor, simplify food preparation, save time and preserve flexibility.²
- With the growing popularity of cupping pepperoni, we introduced *Fontanini®* cup-and-char sausage at the 2023 International Pizza Expo and Conference.



Aggressively develop our global presence

- Garudafood delivered returns in line with expectations during our first quarter of minority ownership.
- Our multinational business in Brazil, which houses our *Ceratti®* branded portfolio, was named one of the 10 most agile companies at the Brazil Agility Awards in Sao Paulo, Brazil.



Continue to transform our company

- We are advancing the supply chain workstream of Project Orion, our multiyear strategic initiative to modernize our technology, systems and operations.
- We launched The Originate Initiative to showcase our approach to enterprisewide innovation.

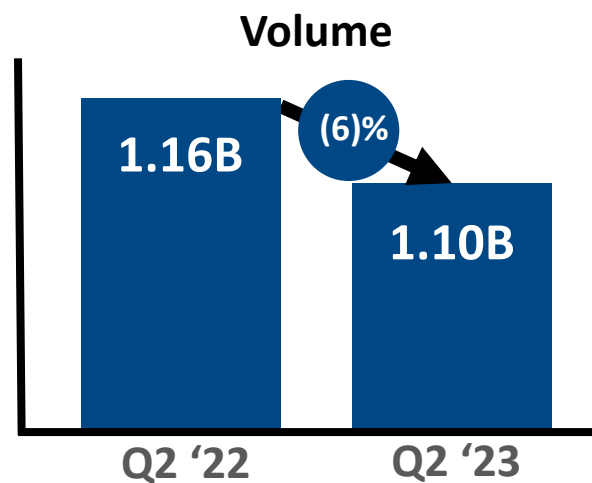


Key Messages

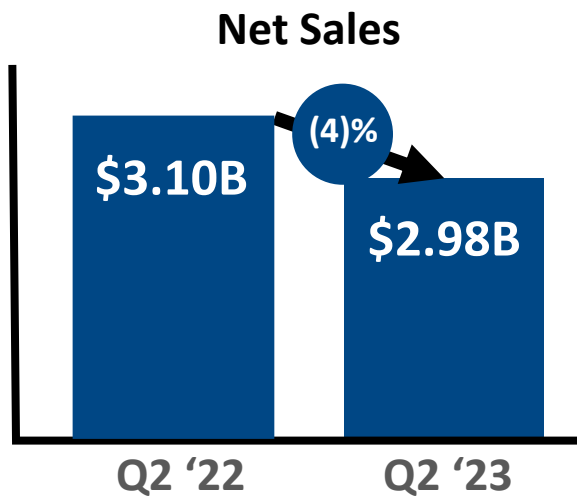
- Second quarter results were in-line with our expectations.
- We made progress during the quarter addressing inventory levels, improving our margin structure, stabilizing the **Planters**® snack nuts business and continuing the implementation of GoFWD.
- We remain on track to drive growth in the back half of the year.

Second Quarter Financial Metrics

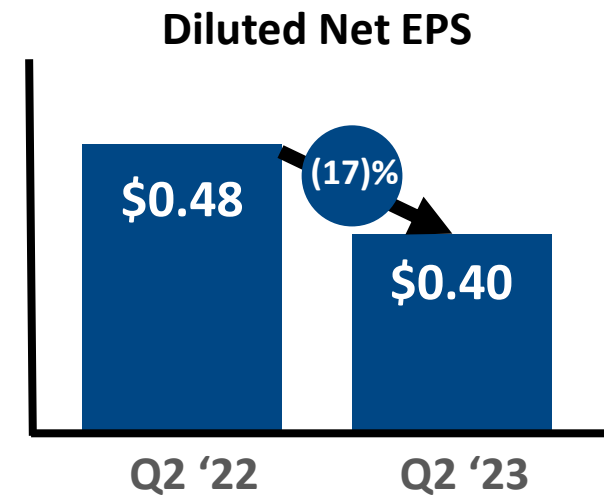
Diluted net earnings per share declined on lower volumes, unfavorable mix and higher costs



- Volume declined for each segment, partially due to lower turkey availability as a result of the ongoing impacts of highly pathogenic avian influenza (HPAI) in the Company's vertically integrated turkey supply chain.



- Net sales decreased, as the benefit from pricing actions to mitigate inflationary pressures was more than offset by the impact of lower volumes in each business segment and lower net pricing in certain categories, such as bacon, reflecting raw material commodity deflation.



- Earnings headwinds for the quarter included strategic investments to stabilize the **Planters**® snack nuts business, a margin impact related to our actions to address inventory levels, challenging operating conditions in China, lower turkey sales, higher feed and pension costs, and a higher tax rate.

Addressing Clear Priorities

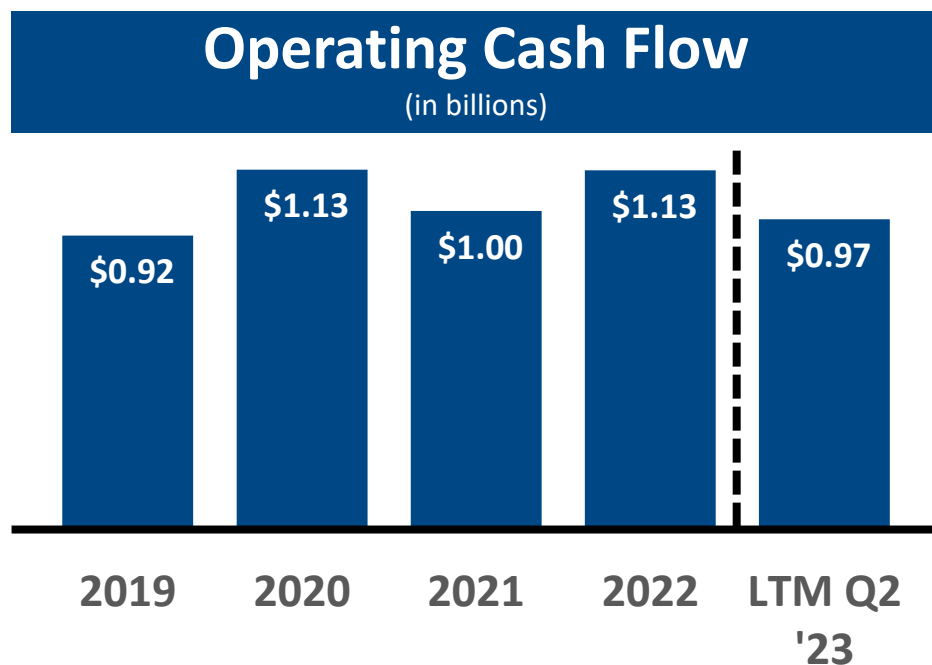
and demonstrating our team's ability to execute on its commitments

	Addressing Inventory Levels	Improving Margin Structure	Stabilizing the <i>Planters</i> ® Snack Nuts Business	Implementing GoFWD Operating Model
ACTION(S)	- Reduced nonproductive inventories - Slowed manufacturing in certain areas - Brought some outside production back into our facilities - Implemented changes to our demand and supply planning processes	- Managed costs and drove supply chain savings through continuous improvement programs - Implemented inflation-justified pricing - Optimized promotions and advertising	- Regained significant distribution and placements for the <i>Planters</i>® brand - Introduced much-needed innovation to the category, with flavored cashews and new <i>Corn Nuts</i>® varieties - Shifted promotional resources to drive consumption	Continued implementation of GoFWD, with structure now mostly in place across the organization
OUTCOME	Experienced a margin impact	Drove sequential increase in operating margins	<i>Planters</i>® brand outpacing the packaged nuts and seeds category on a volume basis¹	Advancing the supply chain workstream of Project Orion
OUTLOOK	Expecting lower F&W expenses, lower distressed sales and an improvement in our cash cycle to begin FY '24	Focusing on several projects aimed at reducing costs and complexity	Remaining fully committed to the <i>Planters</i>® brand, <i>Corn Nuts</i>® brand and the snack nuts category	Kicking off a series of multiyear projects, such as a modernization of our order-to-cash system, improvements to the end-to-end planning processes and new ways of working across the manufacturing network

Source Data: ¹ Circana, Total US All Outlet, 13 weeks ended 5/21/2023

Continuing to Generate Consistent Cash Flow

to support our disciplined capital allocation strategy and commitments to stakeholders



Cash & Mkt Sec.
\$598M

Debt
\$3.3B

Remain Committed to Maintaining
**Investment-Grade
Rating**

Retail

Profit declined due to lower net sales, unfavorable mix and higher operating costs

Note: Volume and net sales declined partially due to lower turkey availability as a result of the ongoing impacts of HPAI in the company's vertically integrated turkey supply chain.

Segment Results

Retail Segment	Q2 YoY Percent Change (%)
Volume	(7)
Net Sales	(4)
Segment Profit	(19)

Segment Highlights

- Net sales growth from the global flavors vertical was more than offset by lower net sales across the other retail verticals.
- Brands and products such as **Hormel**® chili, **SKIPPY**®, **Hormel**® pepperoni, **WHOLLY**®, **Applegate**® frozen items, **Hormel**® **Square Table**™, **Hormel**® **Gatherings**®, **La Victoria**®, **Herdez**®, **Dinty Moore**® and **Mary Kitchen**® delivered net sales growth compared to the prior year.
- Planters**® snack nuts and **Hormel**® **Black Label**® bacon grew volume during the quarter, partially overcoming the headwind from lower turkey volumes, the impact of elasticities related to pricing actions and lower contract manufacturing volumes.
- Segment profit declined due to the impact of lower net sales, unfavorable mix and higher operating costs, partially offset by the benefit from pricing actions across the portfolio, higher equity in earnings from MegaMex Foods and improved results for the bacon business.



Growing Sales of Our Core and Ethnic Brands at Retail

Remaining relevant to the changing needs of our customers and consumers

WHOLLY
GUACAMOLE

+17% **+43%**
VS. PY VS. 4YA

CON TODA CONFIANZA ES
HERDEZ
BRAND

+12% **+76%**
VS. PY VS. 4YA

Hormel
Chili
SINCE 1891

+12% **+61%**
VS. PY VS. 4YA


square
table
brand

+9% **+88%**
VS. PY VS. 4YA


Gatherings

+5% **+91%**
VS. PY VS. 4YA

SINCE 1891

PEPPERONI

+4% **+46%**
VS. PY VS. 4YA

Dinty
Moore
BRAND

+1% **+60%**
VS. PY VS. 4YA

SKIPPY

+1% **+25%**
VS. PY VS. 4YA


Mary Kitchen
BRAND

Even **+60%**
VS. PY VS. 4YA

EST 1891

Black Label
BACON

-1% **+45%**
VS. PY VS. 4YA

Foodservice

Profit increased primarily due to improved mix across the portfolio

Note: Volume and net sales declined partially due to lower turkey availability as a result of the ongoing impacts of HPAI in the company's vertically integrated turkey supply chain.

Segment Results

Foodservice Segment	Q2 YoY Percent Change (%)
Volume	(1)
Net Sales	(3)
Segment Profit	+7

Segment Highlights

- Volume and net sales growth in the sliced meats, pizza toppings and premium breakfast sausage categories was more than offset by the impact of lower turkey volumes and lower net pricing in certain categories, such as bacon, reflecting raw material commodity deflation.
- Brands such as **Cafe H®**, **Hormel® Bacon 1™**, **Old Smokehouse®** and **Hormel® Fire Braised™** delivered volume gains compared to the prior year.
- Segment profit increased primarily due to improved mix across the portfolio.



International

Profit declined significantly due to lower sales in China and lower turkey export sales

Note: Volume and net sales declined partially due to lower turkey availability as a result of the ongoing impacts of HPAI in the company's vertically integrated turkey supply chain.

Segment Results

International Segment	Q2 YoY Percent Change (%)
Volume	(4)
Net Sales	(3)
Segment Profit	(50)

Segment Highlights

- Volume and net sales growth from the **SKIPPY**® and **Planters**® brands, in addition to strong growth in Brazil, was more than offset by lower commodity turkey export sales and lower results in China.
- Foodservice sales in China improved sequentially throughout the quarter, helping offset the difficult comparison to retail pantry loading and sales to food-security programs last year.
- Segment profit declined significantly due to lower sales in China and lower turkey export sales.



Second Quarter Additional Financial Disclosures

- For the second quarter, advertising spend was \$35 million, compared to \$39 million last year. The Company expects full-year advertising expense to increase compared to the prior year.
- The effective tax rate was 22.1%, compared to 18.7% for the previous year. Last year's rate benefited from higher stock option exercises.
- Capital expenditures were \$54 million, compared to \$78 million last year.
- Depreciation and amortization expense was \$71 million, compared to \$62 million last year.
- Share repurchases for the second quarter totaled \$12 million, representing 0.3 million shares purchased.

Fiscal 2023 Outlook Reaffirmed

Expecting sales and earnings growth in the back half of the year

Fiscal 2023 Outlook

	Guidance	Comp. vs FY '22
Net Sales (billions)	\$12.6B - \$12.9B	+1% - 3%
Diluted Net EPS	\$1.70 - \$1.82	(7)% - Comparable
Effective Tax Rate	21.0% - 23.0%	21.7%
Depreciation and Amortization	~\$285 million	+8%
Capital Expenditures	~\$280 million	Comparable

Commentary

- We anticipate continued growth from our Foodservice segment and an inflection in our International segment to be the primary drivers for growth.
- All of our businesses are expected to benefit from higher turkey volumes and improved fill rates in key categories, such as bacon, pepperoni, snack nuts, and for our **SPAM**® family of products.
- We are also focused on a number of projects aimed at reducing costs and complexity to improve our margin structure, and we expect to start seeing a return from these projects by the fourth quarter.





Additional Information

David Dahlstrom

Director of Investor Relations

dwdahlstrom@hormel.com

