foods for the way we live
2015 Investor Day

Jody Feragen
Executive Vice President and Chief Financial Officer
Financial Performance Goals

- Operating Income Growth: 10%
- Revenue Growth: 5%

$3 Billion by 2016

New Product Development
New Products Introduced Since 2000
Exceeding Long-Term Targets

Annual Net Sales

In millions

2009
Organic/Innovation
Acquisition
2014

4%
3%
7%
2015 Outlook
Growth Amidst Volatility

- Grocery Products and Refrigerated Foods
  - Input cost deflation
- Specialty Foods
  - Improved 2H15 contribution from CytoSport
- International
  - Growth in China
- Jennie-O Turkey Store
  - Avian Influenza

*2015 EPS range excludes pre-tax nonrecurring charges relating to the closure of the Stockton, California, manufacturing facility ($10.5 million) and exit of international joint venture businesses ($9.5 million).
Segment Margin Guidance

- **Grocery Products**: Guidance: 12% to 14%
- **Refrigerated Foods**: Guidance: 5% to 8%
- **Jennie-O Turkey Store**: Guidance: 13% to 17%
- **Specialty Foods**: Guidance: 8% to 10%
- **International & Other**: Guidance: 14% to 17%
- **Total Company**: Guidance: 9% to 12%
Cash Flow

Free Cash Flow

In millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$462</td>
</tr>
<tr>
<td>2010</td>
<td>$462</td>
</tr>
<tr>
<td>2011</td>
<td>$462</td>
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<tr>
<td>2012</td>
<td>$462</td>
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<tr>
<td>2013</td>
<td>$588</td>
</tr>
<tr>
<td>2014</td>
<td>$588</td>
</tr>
</tbody>
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+27% growth from 2009 to 2014.
Priorities for Cash Flow

Generating consistent and strong free cash flow

2009-2014

Business Growth

Return to Shareholders

Organic Investments

Strategic Acquisitions

Share Repurchase

Dividends
Investing for the Future

• #1 and #2 brands
• Platform for innovation
• Multicultural appeal
• On-the-go
• Better-for-you
• International component
• Accretive to growth goals
• NPV analysis

*Expected July 2015 Closing
• Purchase price $775 million
  • $165 million NPV of tax benefit
• Total 2015 annual sales are expected to be about $340 million
• Hormel Foods expects this acquisition to provide 7-8 cents per share accretion in fiscal 2016
  • $10 million est. annual amortization
Balance Sheet Utilization

Post Applegate Pro-Forma

- Approximately $250 Million CASH
- 17% Debt to Equity Ratio
- Approximately $650 Million DEBT, Capacity for additional DEBT

Hormel Foods

- Maintain Investment Grade Rating
  - Moody’s Rating – A1
  - S&P Rating – A/Stable

Food Peers

- Average Investment Rating – Baa1
Return to Shareholders

- Dividend growth exceeding EPS growth
- Target CPG peer average
- Opportunistic share repurchase strategy

Member of S&P 500 Dividend Aristocrats
Return on Invested Capital

Based on 2Q15 data for Hormel Foods and time relative data for peers
Managing for the Long Term

- Solid track record of sales and earnings growth
- Culture of innovation
- Strong portfolio of well recognized brands
- Fiscally conservative
- Management depth
- Focused on long-term growth objectives
Total Shareholder Return

Comparison of 10-Year Cumulative Return

$100 invested on 10/30/05 in stock or index – including reinvestment of dividends

Hormel Foods Corporation
S&P 500

$100 invested on 10/30/05 in stock or index – including reinvestment of dividends
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