foods for the way we live

2015 Investor Day

Hormel Business Units

Steve Binder
Executive Vice President
President, Hormel Business Units
Organizational Structure

Hormel Business Units

- Refrigerated Foods
- Grocery Products

Consumer Product Sales

Consumer Insights & Corporate Innovation
Consumer/Shopper Revolution
Driving Change
Evolving To Meet Market Driven Demands

Cultural Beliefs

- Create loyalty
- Results matter
- Speak up
- Build bridges
- Grow talent
- Be bold
Aligning Efforts and Resources

- Operations
- Innovation
- Sales
- Brand building
Operational Excellence

- Coordinate and upgrade raw material supply
- Maximize utilization of shared plant assets
- Create efficient, low cost production platforms
- Safety priority – people and food
### Top 10 Pork Harvest Companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Daily Total Harvest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Smithfield Foods</td>
<td>117,000</td>
</tr>
<tr>
<td>2</td>
<td>Tyson Foods</td>
<td>76,925</td>
</tr>
<tr>
<td>3</td>
<td>JBS - Swift</td>
<td>50,000</td>
</tr>
<tr>
<td>4</td>
<td>Cargill / Excel</td>
<td>37,800</td>
</tr>
<tr>
<td>5</td>
<td>Hormel Foods / Farmer John</td>
<td>37,300</td>
</tr>
<tr>
<td>6</td>
<td>Triumph</td>
<td>20,000</td>
</tr>
<tr>
<td>7</td>
<td>Seaboard Farms</td>
<td>19,800</td>
</tr>
<tr>
<td>8</td>
<td>Indiana Packers</td>
<td>17,000</td>
</tr>
<tr>
<td>9</td>
<td>Hatfield Quality Meats</td>
<td>10,400</td>
</tr>
<tr>
<td>10</td>
<td>Rantoul Foods</td>
<td>4,800</td>
</tr>
</tbody>
</table>

### Pork Packing Market Share

- Smithfield Foods: 26%
- Tyson Foods: 17%
- JBS: 11%
- Others: 22%
- Triumph + Seaboard Farms: 8%
- Hormel Foods / Farmer John: 8%
- Cargill: 8%
- JBS: 11%
Consumer Relevant Innovation

- $3B by 2016
- Data and insights
- Disciplined stage gate approach
- Deliver meaningful new products
- Align with company portfolio strategy
Delivering Results

The contribution of innovation efforts is accelerating

- Achieved the $1B Challenge (two years early)
- Start the $2B Challenge
- Start the $3B Challenge
- Achieved the $3B Challenge

In millions


3 BRANDS

listed in the

2014 IRI PACESETTERS
Using Data to Drive Discovery

**Data**

- 92% of Americans EATING A SANDWICH 3x per week
- 68% look for SNACKS THAT ARE fun to eat

**Conversation**

UNMET CONSUMER NEED

On-the-Go Protein
Connecting Insights to Design and a Focused Target

Innovation Process
- Direct
- Discover
- Design
- Deploy
- Develop

Snack
- Protein
- Energy

Sandwich
- Sandwich

Healthy Lifestyle

Healthy Lifestyle

Protein

Energy

REV

Wholly Guacamole
Combining Food Science and Technology

Patent Pending
Data Driven Sales Execution
Superior Sales Execution

- Channel-specific expertise
- Focused, direct sales force
- Branded value-added differentiated portfolio
- Award recognized
Foodservice

177 people
DIRECT SALES FORCE

10 people
MARKETING TEAM

Industry Recognized

• Sysco Gold Supplier 2014
• UniPro Supplier of the Year 2014
• UniPro Innovation 2014
Retail

Industry Recognized

• Walmart New Item of the Year 2014
• Progressive Grocer Magazine Category Captain – Ethnic Foods 2014
• Selling Power Magazine Top 50 Best Companies to Sell For

279 people
DIRECT SALES FORCE

30 people
MARKETING TEAM
Supporting Brand Growth
Long Runway for Growth

Low Household Penetration (HHP)

- **REV®** 4%
  - Category 30%
- **Hormel® Natural Choice®** 7%
  - Category 80%
- **Hormel® COMPLEATS®** 9%
  - Category 14%
- **SPAM®** 12%
  - Category 14%
- **Pepperoni** 22%
  - Category 31%
- **Party Trays** 6%
  - Category 7%
- **Refrigerated Guacamole** 7%
  - Category 14%

Source: 52 week IRI data ending 5/17/15
### Operating Margin

<table>
<thead>
<tr>
<th>Refrigerated Foods</th>
<th>Grocery Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidance: 5% to 8%</td>
<td>Guidance: 12% to 14%</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; half of 2015 actual: 10%</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; half of 2015 actual: 12%</td>
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</tbody>
</table>
Hormel Business Units

Expected July 2015 Closing