

# BUILDING ON TRADITION



**Don Kremin**

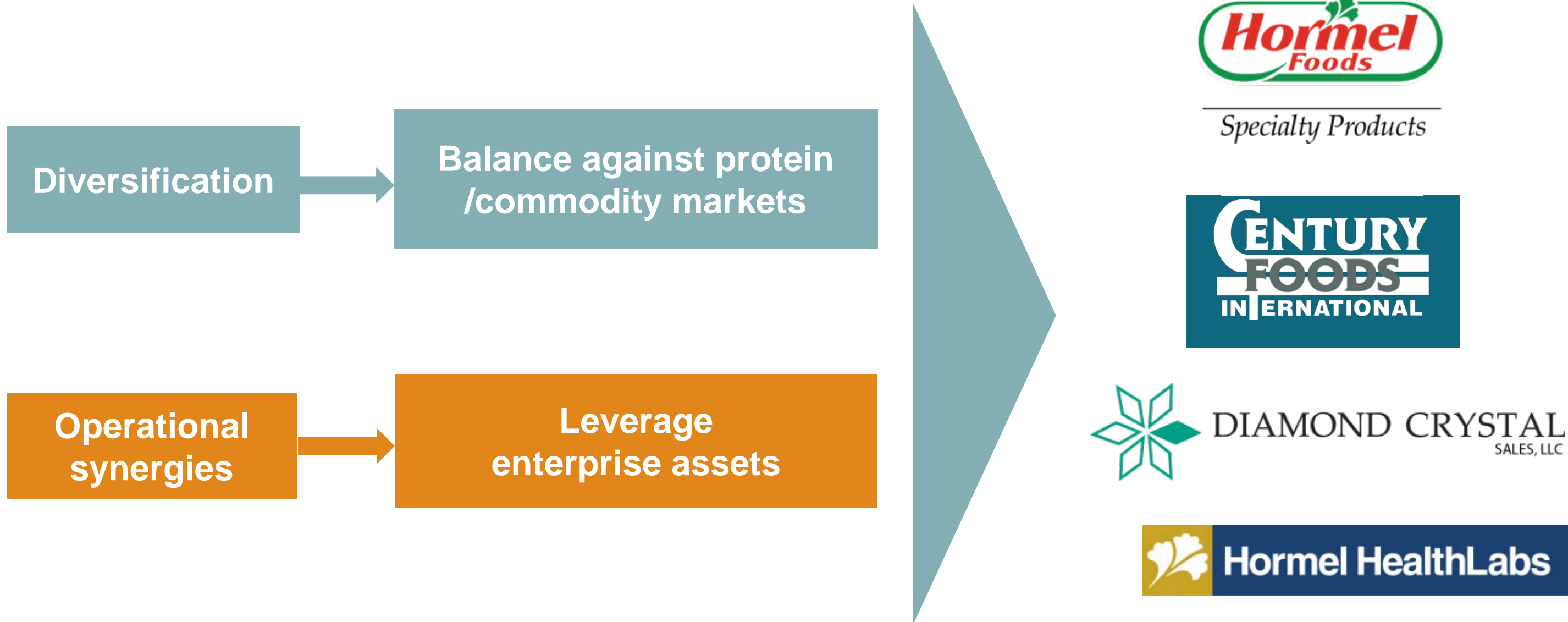
Group Vice President - Specialty Foods Group



# Agenda

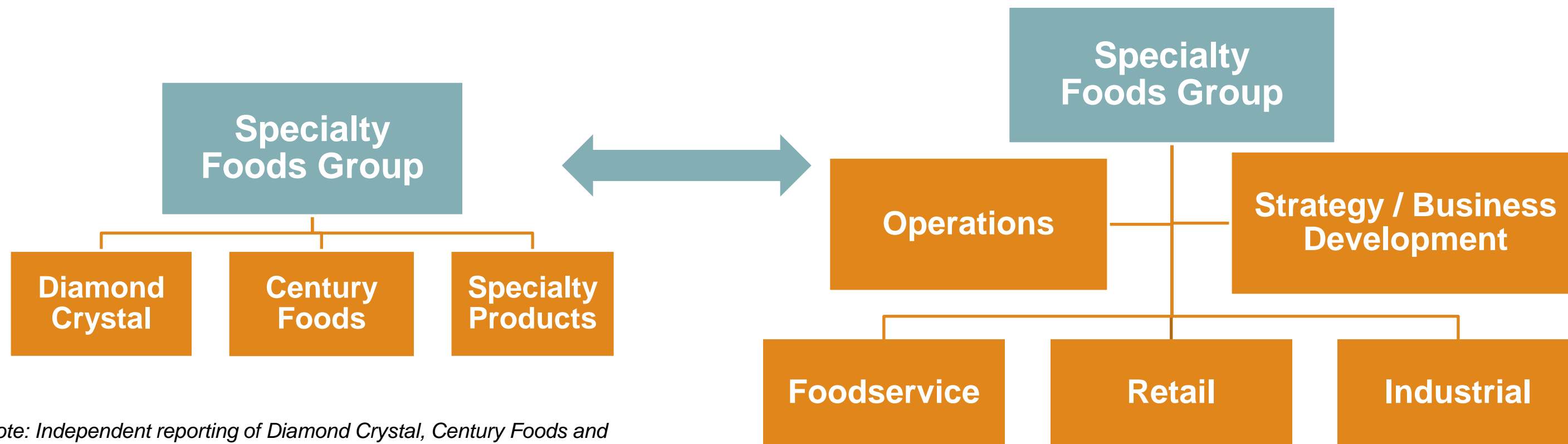
- Specialty Foods Group
- SPLENDA<sup>®</sup> update and next steps
- Leverage channels of distribution
- Future growth

# Specialty Foods Group Purpose



# Leverage Channels of Distribution

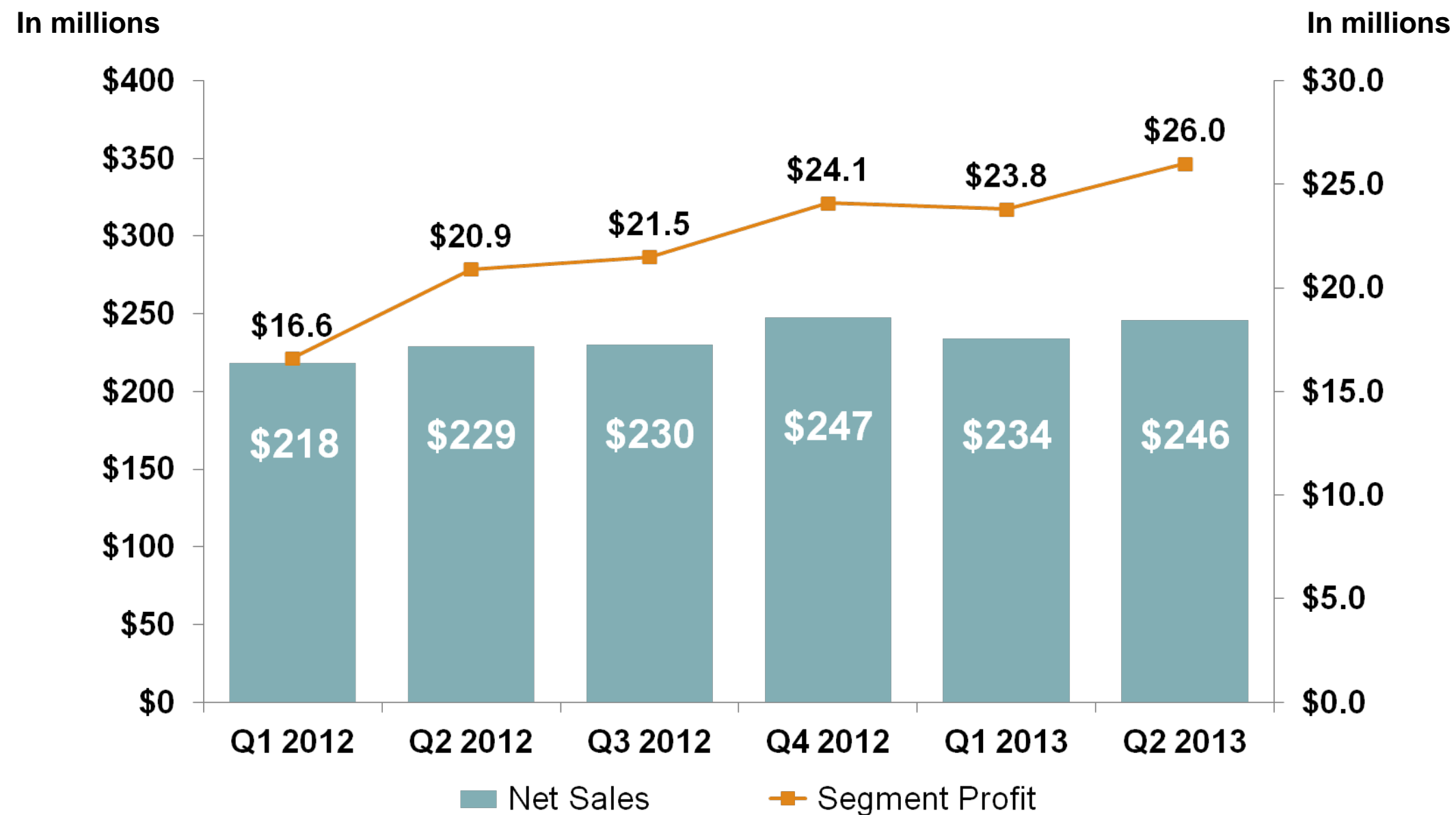
- New product development
- Transportation and logistics optimization
- Supply chain and production optimization



*Note: Independent reporting of Diamond Crystal, Century Foods and Specialty Products will continue*

# Score Card

Specialty Foods	
Financial	✓
Diversification	✓
Leverage Hormel Foods wide Assets	✓



# SPLENDA® Update and Next Steps



- Exclusive contract for SPLENDA® sales and distribution extends to July 31, 2013
- Perrysburg, Ohio plant closure
- Maintain Tate & Lyle contract for the use of SPLENDA® as an ingredient

## New Opportunity

- Continue sales of pink and blue
- Opportunity to be full line sugar substitute supplier within foodservice and retail
- Build own brand and pursue private label opportunities
- Expands opportunity from Dry only (\$150 MM) to Dry, Liquid, Flavor and Full Line (\$400 MM)



# Foodservice: Operational Efficiency



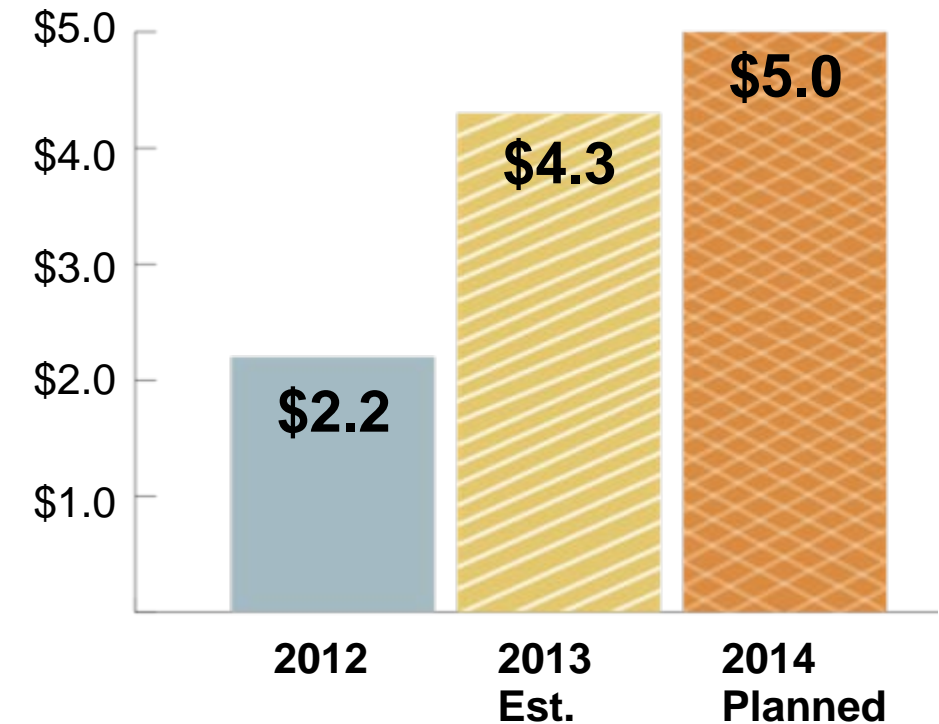
Implemented cross-synergy programs within Specialty Foods and Hormel

Implemented consolidated approach to plant operations management

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## Efficiency Gains

In millions



- Logistics
- Leverage scale of purchase
- Quality

# Foodservice: Innovation

## Segments

Nursing homes and hospitals

K-12

College and universities

## New Products

Protein fortified purées

Protein fortified shakes

High protein pudding mix

Protein fortified pancake

Better for you dipping sauces

Premium jam and jelly cups

Low sodium stuffing





# Retail: Resource Utilization and Innovation

**Plant Assets**  
**Research and Development**



**Retail Sales and Marketing Team**



*Specialty Products*



**Value Creation**

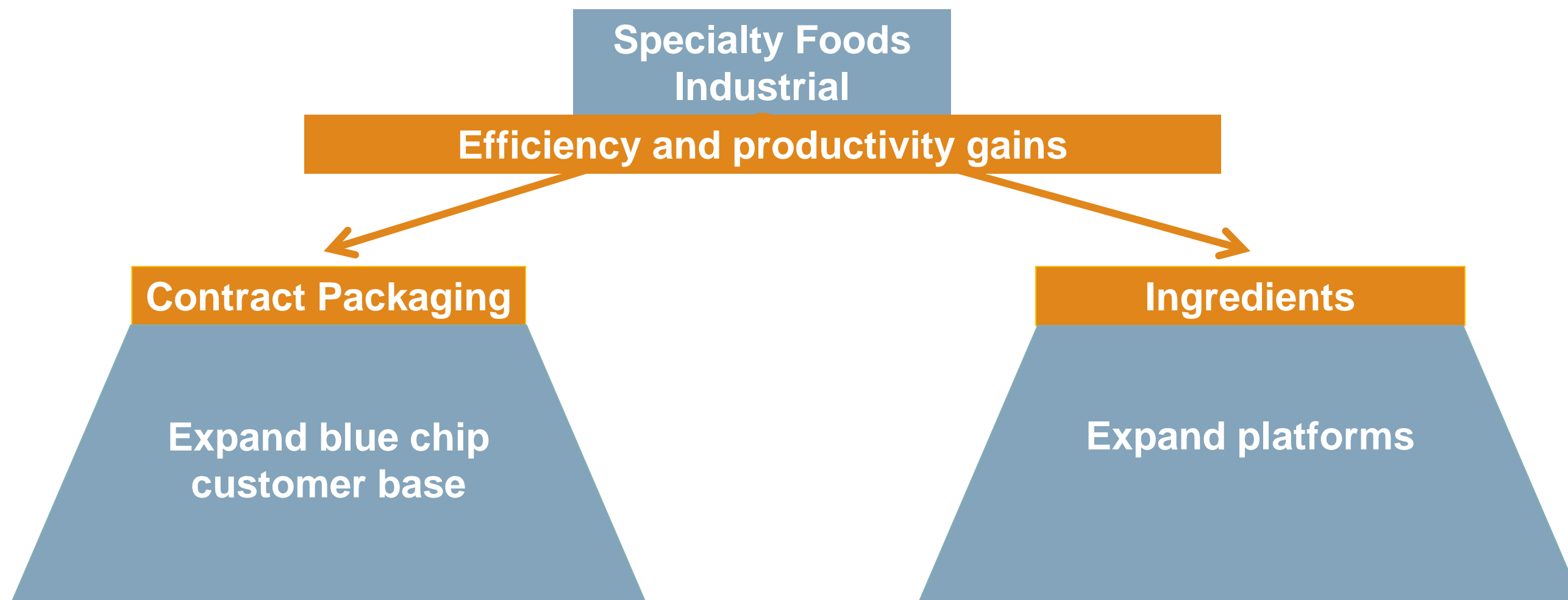


- 1. Breakfast and dessert mixes
- 2. Savory and flavoring mixes
- 3. Sports nutrition
- 4. Sauces and condiments
- 5. Canned and prepared foods

- 1. Supermarkets
- 2. Grocery 2MM
- 3. Drug stores
- 4. Club stores
- 5. Ecommerce

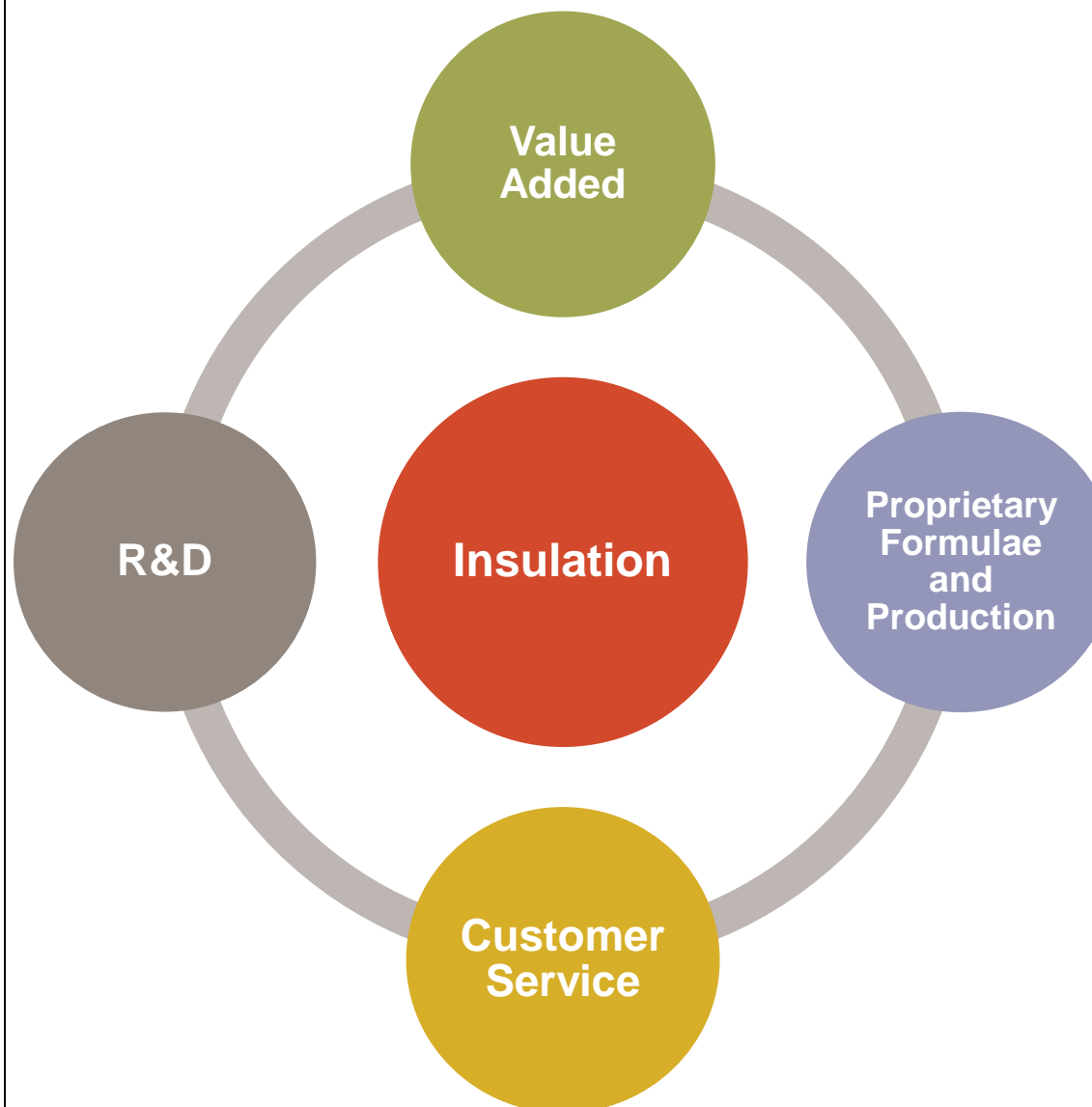
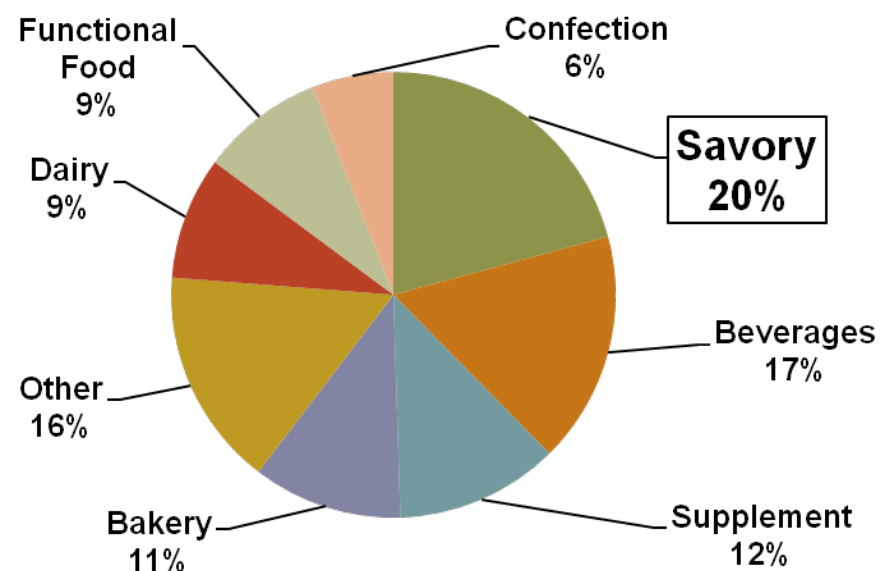
- 1. Enhance margins
- 2. Control over destiny
- 3. Sustainable growth

# Industrial: Expand Platforms



# Industrial: Rationale for Ingredients

**Ingredient Global Market Place**  
 ~\$35-45 B Annual Sales  
 Projected CAGR: 3.5%



## Basis for Interest

- Defendable business model with solid margins
- Core competency with the current savory ingredients portfolio
- Sizeable market with global implications

# Industrial: Expand Platforms

- Specialty Foods competes in B2B commercial aspects of retail, foodservice and industrial channels
- Industrial Ingredients is a profitable and growing business



**Food manufacturers**



**Incremental opportunity**

# Specialty Foods Group: Future Growth

- Exploit channel focused strategy
- Future growth driven by innovation, resource utilization, increased productivity and acquisitions

