Tom Day
Group Vice President, Refrigerated Foods

36 Years with Hormel Foods

Hormel Foods Career History
2013: Group Vice President, Refrigerated Foods
2010: Group Vice President, Foodservice
2007: Senior Vice President, Foodservice
2000: Vice President, Foodservice Sales
1998: Director of Sales, Foodservice

Favorite Hormel Foods Product

Old Smokehouse
The Evolution of Refrigerated Foods

Tom Day
Group Vice President
Refrigerated Foods
Agenda

• THE EVOLUTION OF REFRIGERATED FOODS

• Growing Our Retail Business
Refrigerated Foods: A Diverse Segment

HORMEL FOODSERVICE

MEAT PRODUCTS

~1/3 ~1/3 ~1/3

Internal data
Steady Performance Improvement

Refrigerated Foods Net Sales

- 4% CAGR

Refrigerated Foods Segment Profit

- 15% CAGR

Internal data
A History of Consistent, Positive Mix Shift

Value-Added Sales Growth
Refrigerated Foods

- Approximately 80%
- Approximately 70%

2012 2016

Consistently Adding Value to Our Products

Internal data – Excludes Farmer John related sales
Growth in Value-Added Translates to Increased Sales & Margins

THE EVOLUTION OF REFRIGERATED FOODS

Pork Butt Value-Added Ladder

Consumer & Operator Value

Profitability

Bone-In Butts

Butt

Loin

Picnic

Sparerib

Belly

Ham
Increasing Our Value-Added Mix Fuels Margin Expansion

Utilization & Optimization

FOODSERVICE

INTERNATIONAL

FRESH PORK

RETAIL FRESH PORK

VALUE-ADDED

Commodity Sales

46M lbs.

2011

2016

Internal data

THE EVOLUTION OF REFRIGERATED FOODS

“The Pig Pen”
Moving the Boulder

Refrigerated Foods Segment Margin

THE EVOLUTION OF REFRIGERATED FOODS

Internal data
Agenda

- The Expansion of Refrigerated Foods
- GROWING OUR RETAIL BUSINESS
Our Leading Brands

## #1 Brands

- **Hormel Pepperoni**: 57% Share
- **Gatherings**: 74% Share
- **Hormel Premium Lunchmeats**: 31% Share
- **APPLEGATE**: 37% Share*
- **Lunchmeats**: 38% Share
- **Convenience Bacon**: 57% Share

## #2 or #3 Brands

- **Raw Bacon**: 9% Share
- **Shredded BBQ Ribs**: 9% Share
- **Lloyd's Barbecue Co.**: 11% Share
- **Adult Meat Snacking**: 16% Share

IRI L52W 4/9/2017 Dollar Share
* SPINS L52W 4/16/17 Dollar Share
HORMEL® BLACK LABEL® Bacon

GROWING OUR RETAIL BUSINESS

Premium Bacon Net Sales

CAGR +13.1%

2013

2016

IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 4/9/2017
HORMEL® Pepperoni

#1 BEST SELLING SKU
IN $8B LUNCHMEAT WALL

GROWING OUR RETAIL BUSINESS

Source: IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 4/9/2017
HORMEL® GATHERINGS® ARE THE #1 SHARE IN THE PARTY TRAY CATEGORY

Source: IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 4/9/2017
HORMEL® NATURAL CHOICE® Meats

The #1 Natural Lunch Meat, #1 Natural Pepperoni and #2 Natural Bacon

Total Sliced Lunch Meat Category
$5.2B Sales

Net Sales

CAGR
+4.9%

2013
2016

Source: IRI, Syndicated POS Data, Total US – Multi Outlet, 52W Ending 5/7/2017
We Have Work To Do in Certain Categories

Prepared BBQ

Side Dishes

Entrees
Applegate
Changing the Meat We Eat®

MET ACCRETION TARGET
OF 3-4¢ IN 2016

WORKING HARD TO
GAIN DISTRIBUTION

GROWING OUR RETAIL BUSINESS

Conventional Channel Sales

<table>
<thead>
<tr>
<th>Product</th>
<th>Sales Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lawrence® Organic Bacon</td>
<td>+8.5%</td>
</tr>
<tr>
<td>Natural Bacon</td>
<td>+4.1%</td>
</tr>
<tr>
<td>Chicken Nuggets</td>
<td>+21.3%</td>
</tr>
<tr>
<td>Organic Pork Breakfast Sausage</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Classic Pork Breakfast Sausage</td>
<td>+14.3%</td>
</tr>
</tbody>
</table>

Nielsen L52wks – 4/22/17
Growing the Applegate® Brand

Foodservice Sales
- Restaurants
- Hotels
- College & Universities

Fresh Pork Sales

MORE EFFECTIVELY UTILIZING THE WHOLE HOG
Investing In Our Brands

Meat Products Advertising Investment ($M)

+65%

FY 2012  FY 2016

Internal data – Meat Products including Applegate® (pre-acquisition)
Investing In Our Brands

Net Sales

FY 2012  |  FY 2016
--- | ---
[Bar chart showing +13% increase]

Internal data – Meat Products including Applegate® (pre-acquisition)
Innovating in the Categories Where We Compete

GROWING OUR RETAIL BUSINESS
Investing In Our Growth

MORE THAN $325 MILLION CAPEX SPEND 2012-2016

Internal data
Key Takeaways

• Continued focus on shifting our mix towards more value-added products
• We have many exciting brands with a long runway for growth
• We are investing in advertising and capital to grow our retail business
The Evolution of Refrigerated Foods

Tom Day
Group Vice President Refrigerated Foods