Jim Splinter
Group Vice President, Corporate Strategy

33 Years with Hormel Foods

Hormel Foods Career History
2016: Group Vice President, Corporate Strategy
2010: Group Vice President, Grocery Products
2003: Vice President of Marketing for Consumer Products, Refrigerated Foods
1999: Senior Vice President, Retail Sales and Marketing, Jennie-O Turkey Store
1997: Group Product Manager, Recipe Ingredient Group, Grocery Products

Favorite Hormel Foods Product

SPAM®
Hormel Foods

Our 5% Growth Challenge

**Total Foodservice Food & Beverage**

% “Real” Dollar Sales Change

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>2.3%</td>
<td>1.7%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Source: Technomic Act/Forecast Jan 2017 (no liquor)

**Total Retail Food & Beverage**

% Dollar Sales Change

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>+3.1%</td>
<td>+1.4%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Source: Total US MULO (no liquor, no RW), 52 Wk Ending 02/19/17
Our Strategy Framework

- Occupy attractive growth spaces
- Deliver ideas that improve the lives of consumers/patrons
- Protect and grow our core businesses
Laser Focused on Four Strategic Growth Areas

- Global
- Multicultural
- Healthy/Holistic
- On-The-Go

A CLEAR STRATEGY FOR LONG-TERM GROWTH
Unlocking Growth
Occupy Attractive Growth Spaces

A CLEAR STRATEGY FOR LONG-TERM GROWTH

Retail Strategic Growth Opportunity Areas
Foodservice as a Growth Channel
Expand our International Presence
Unlocking Growth

Occupy Attractive Growth Spaces

17% SHARE FOR HORMEL FOODS

$12.8B CATEGORY SALES

6.2% 5-YR CAGR

Ground Turkey

Protein Beverages, Bars, and Powders

Nut Butters

Meat Snacks

Salsas, Sauces & Condiments

Natural & Organic Meats

IRI consulting analysis ending 11/20/16
Unlocking Growth
2020 Growth Pocket Analysis

Ground Turkey
Protein Beverages, Bars, and Powders
Nut Butters
Meat Snacks
Salsas, Sauces & Condiments
Natural & Organic Meats

Need States
Healthier Lifestyles
Convenience & Portability
Controlled Indulgences
Eating Mini-Occasions
Flavor Enhancers
Protein Nutrition

A CLEAR STRATEGY FOR LONG-TERM GROWTH
Unlocking Growth
Millennials: Key Growth Contributors

A CLEAR STRATEGY FOR LONG-TERM GROWTH

IRI Consumer Panel Past CY 2015 All Outlets Total Store Dollar Sales
Unlocking Growth

Millennials: Key Growth Contributors

- Protein Beverages, Bars, and Powder Nut Butters
- Mexican Sauces, Salsas and Dips
- Meat Snacks

% of $ Spent from Millennials

- Edibles: 28% of $ Spent from Millennials
- Total Edibles: 100%
- Skippy: 92%
- Justin's: 155%
- Wholly Guacamole: 128%
- Herdez: 128%
- Jennie-O: 143%
- Natural Choice: 121%
- Applegate: 130%
- Muscle Milk: 125%
- REV: 130%
- Dr. Oetker: 139%
- Gatherings: 124%

IRI CSIA, Total US, All Outlet, 52 Wks. Ending 1/22/2017

A CLEAR STRATEGY FOR LONG-TERM GROWTH
Unlocking Growth
Occupy Attractive Growth Spaces

FOODSERVICE: 27% OF HORMEL FOODS PORTFOLIO SALES

- Fully Cooked Bacon
- Premium Prepared Proteins
- Sliced Meats
- Raw Bacon
- Pizza Toppings
- Turkey
Unlocking Growth
Expand Our International Presence

5% of Hormel Portfolio Sales\(^1\)

3.2B People in the Middle Class Worldwide\(^2\)

45% Per Capita Increase in Meat Consumption by 2030 in Developing Countries\(^3\)

88% of the Next 1 Billion Middle Class Will Be Asian\(^2\)

Unlocking Growth
Improving Lives Through Innovation

- Eating “Mini Occasions”
- Healthier Lifestyles
- Protein Nutrition

- Foodservice
- Flavor Enhancers
- Controlled Indulgences

A CLEAR STRATEGY FOR LONG-TERM GROWTH
This year, digital will influence 77% of all retail sales.

76% of all shopping trips begin online.

50% of CPG category market growth will be online by 2018.

71% of all product searches begin on retail sites.

55% begin on Amazon.

IRI Growth Summit, March 2017
Unlocking Growth
Building our Digital Capabilities

US Online Edible Grocery Market Sales

2016 $10B
+17.5% CAGR
2021 $23B

Personalized Relationships at Scale

Price
Taste
Value

Nutrition
Convenience

IBIS, Mintel, Kantar Retail, Javelin Group benchmarks & analysis

A CLEAR STRATEGY FOR LONG-TERM GROWTH
Unlocking Growth
Acquisition Opportunity Spaces

Eating “Mini Occasions”
$2.5B MEAT SNACK CATEGORY
9% YOY GROWTH RATE

Healthier Lifestyles
Natural & Organic Foods
$117B CATEGORY

Protein Nutrition
Plant Proteins
ACV/HHP STEADILY GROWING

Foodservice
$845B CATEGORY
Operator Solution Focus

Flavor Enhancers
Salsa, Sauces & Condiments
$16B CATEGORY

International
Asia & Latin America Focus
Emerging Middle Class

IRI 52W ending 4/16/17 MULO + C and Technomic data
Unlocking Growth
Portfolio Management

- **Reinvigorate**
  - Improve marketing leverage

- **Renovate**
  - Fix barriers to growth

- **Accelerate**
  - Brands as growth platforms

- **Protect & Grow**
  - Enhance consumer relevancy
Unlocking Growth

2020 Sales Goal

A CLEAR STRATEGY FOR LONG-TERM GROWTH

2016 Actual: $9.5B

2020 Goal: $11.6B

5% Growth

Divestitures

Innovation

Strategic Acquisitions

Organic Sales
Hormel Foods
Unlocking Growth

Jim Splinter
Group Vice President
Corporate Strategy