

HORMEL FOODS TO ACQUIRE THE PLANTERS® SNACK NUTS BUSINESS





FORWARD-LOOKING INFORMATION

This presentation contains forward-looking information based on management's current views and assumptions. Actual events may differ materially. Factors that may affect actual results include, but are not limited to: whether and when the required regulatory approvals will be obtained, whether and when the closing conditions will be satisfied and whether and when the transaction will close, whether and when the

Company will be able to realize the expected financial results, growth, and accretive effect of the transaction, and how customers, competitors, suppliers and employees will react to the transaction. Please refer to the cautionary statement regarding Forward-Looking Statements and Risk Factors that appear on pages 5-9 in the Company's Form 10-K included in the Company's 2020 annual report to stockholders available for viewing or download on the investor page of the Company's website – [Hormelfoods.com](https://www.hormelfoods.com).



A GLOBAL BRANDED FOOD COMPANY



Inspired People.
Inspired Food.™







HORMEL FOODS TO ACQUIRE THE PLANTERS® BRAND

- Hormel Foods to acquire the *Planters*® snack nuts business from the Kraft Heinz Company for an adjusted purchase price of \$2.79 billion in cash (\$3.35 billion purchase price less a tax benefit valued at \$560 million)
 - Structured as an asset purchase
 - Excluding the tax benefit, implied 2020 EBITDA multiple of 12.5x⁽¹⁾
 - 2020 net sales of approximately \$1 billion
 - Expected to be accretive to Grocery Products and total company margins
 - Fiscal 2022 earnings per share accretion of 17-20 cents
- Will be managed by Grocery Products
- Transaction expected to close in calendar Q2, 2021





PLANTERS® IS AN ICONIC LEADING SNACK BRAND



An Iconic \$1 Billion Brand

Leading Brand in Many Categories

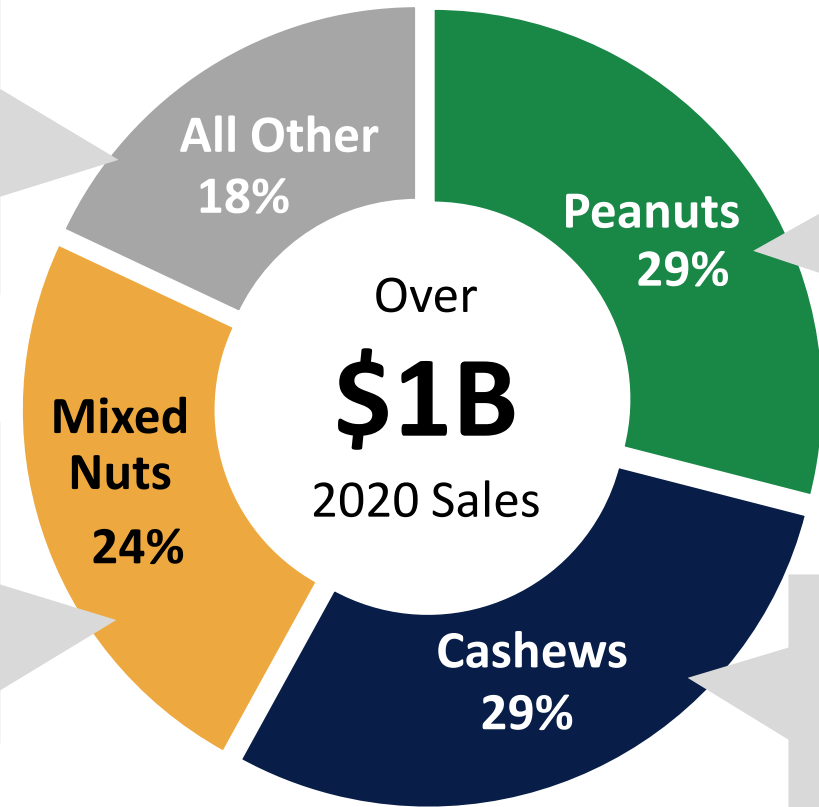
Universal Consumer Awareness

Significant Retail & C-Store Presence





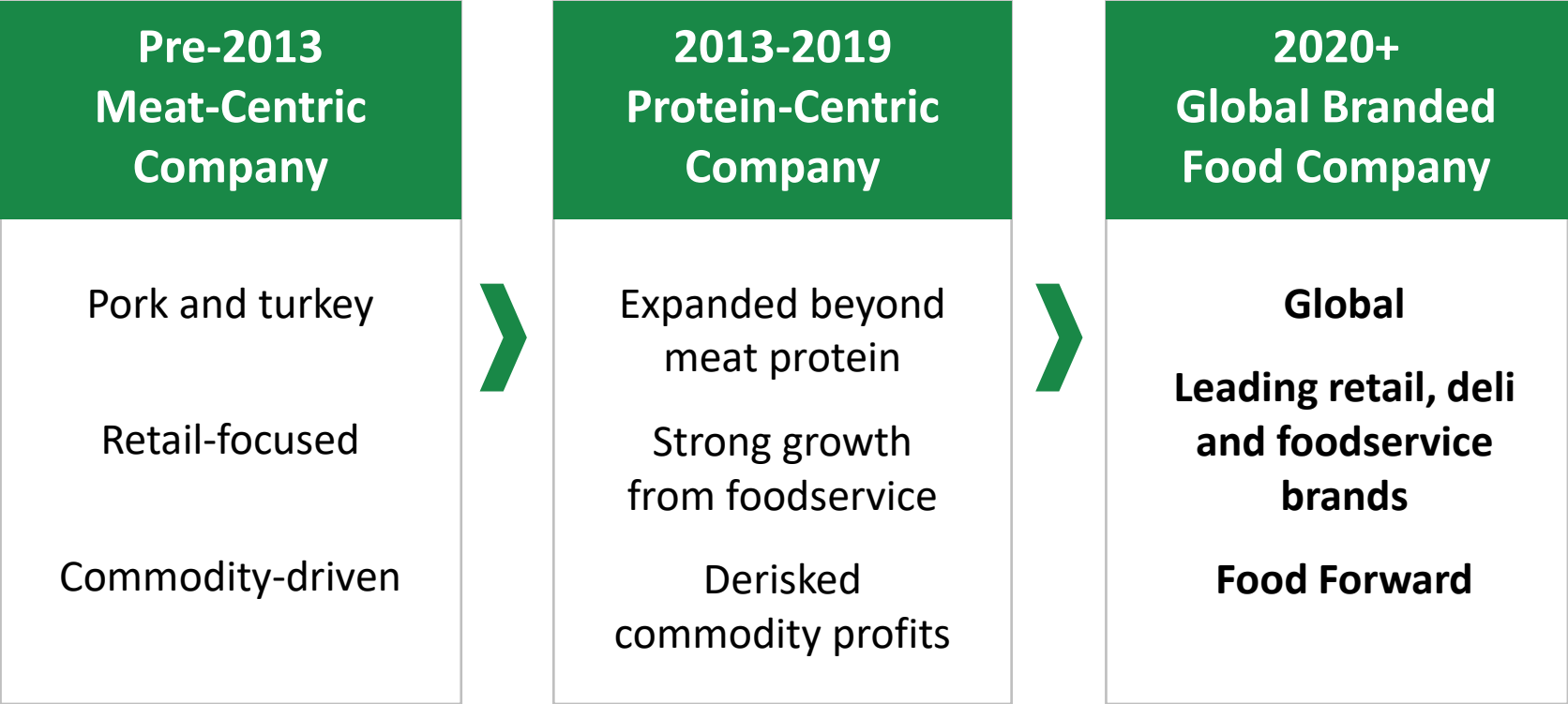
A DIVERSE PORTFOLIO SPANNING ALL SNACK NUT VARIETIES



Source: Internal data. Sales mix based on fiscal 2019 actuals.



THE PLANTERS® BRAND IS A CONTINUATION OF OUR EVOLUTION AS A GLOBAL BRANDED FOOD COMPANY





THE PLANTERS® BRAND ALIGNS WITH OUR LONG-TERM STRATEGY FOR GROWTH

Our Formula for Success

BUILDING BRANDS



INNOVATION



ACQUISITIONS



BALANCED PORTFOLIO

Perfect Strategic Fit

- Adds another iconic leading brand to our portfolio
- Provides another platform for snacking innovation
- Widens scope for future snacking acquisitions
- Further diversifies our portfolio

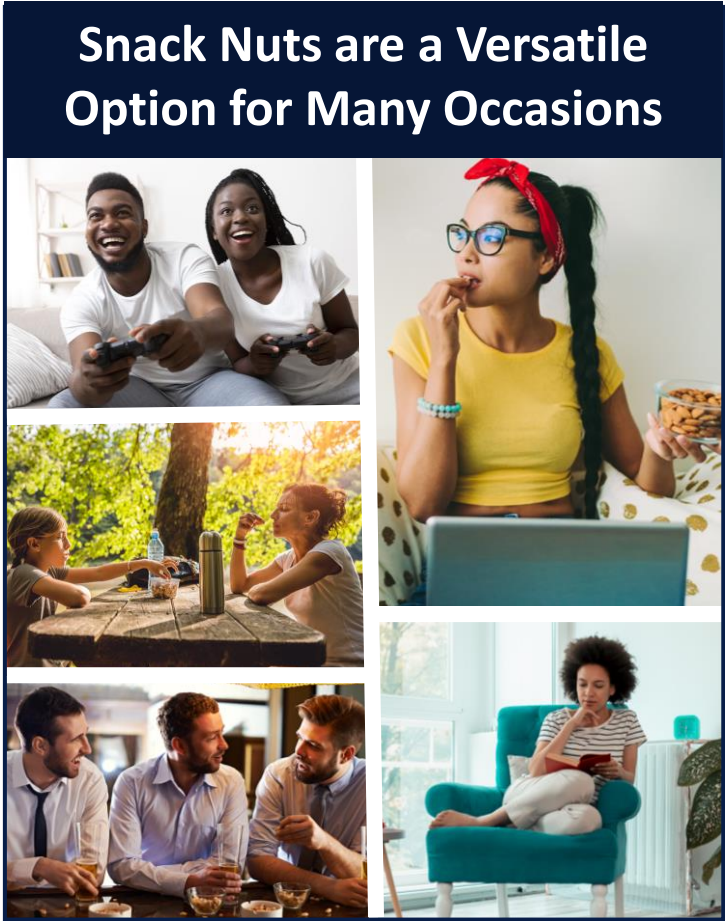
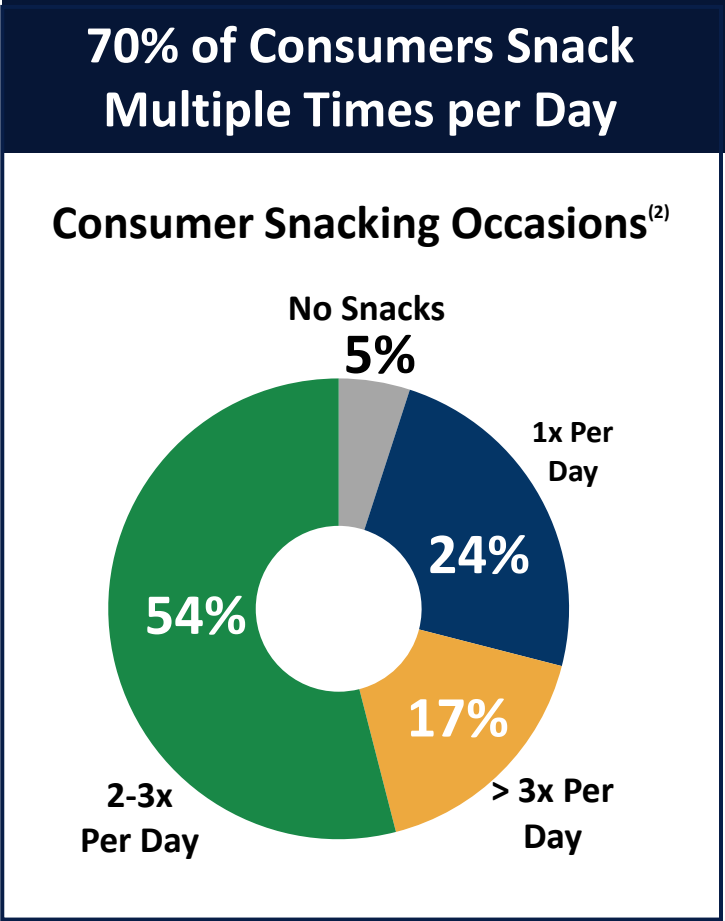
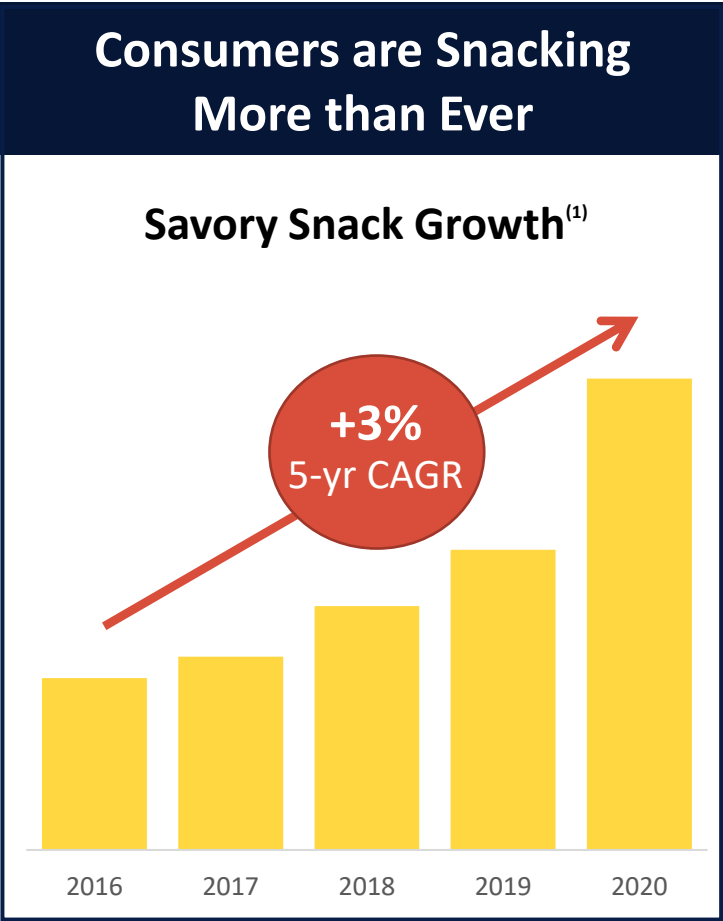
Financially Attractive

- Disciplined approach to acquisition valuation
- Significant synergy opportunities
- Margin accretive and an immediate step-up in cash flows
- Leverages our balance sheet in a responsible way



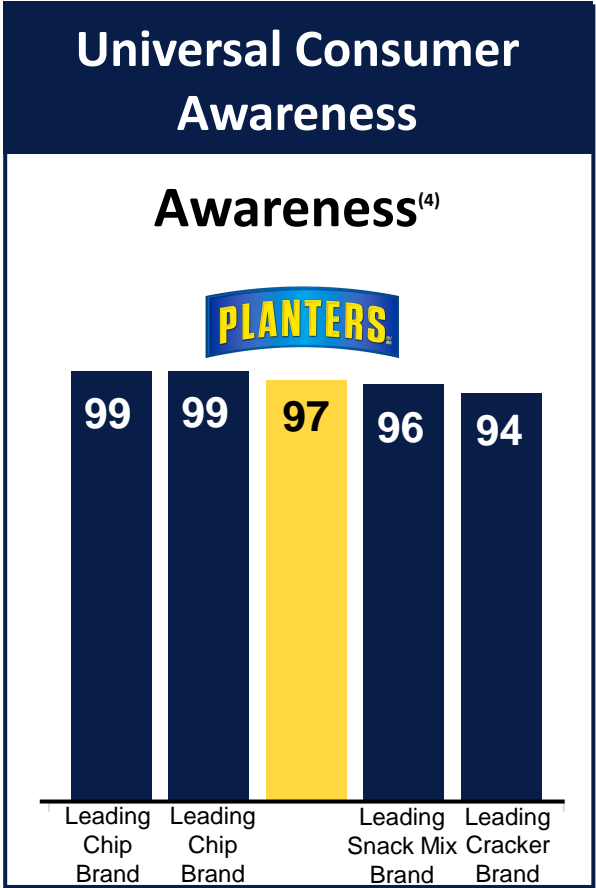
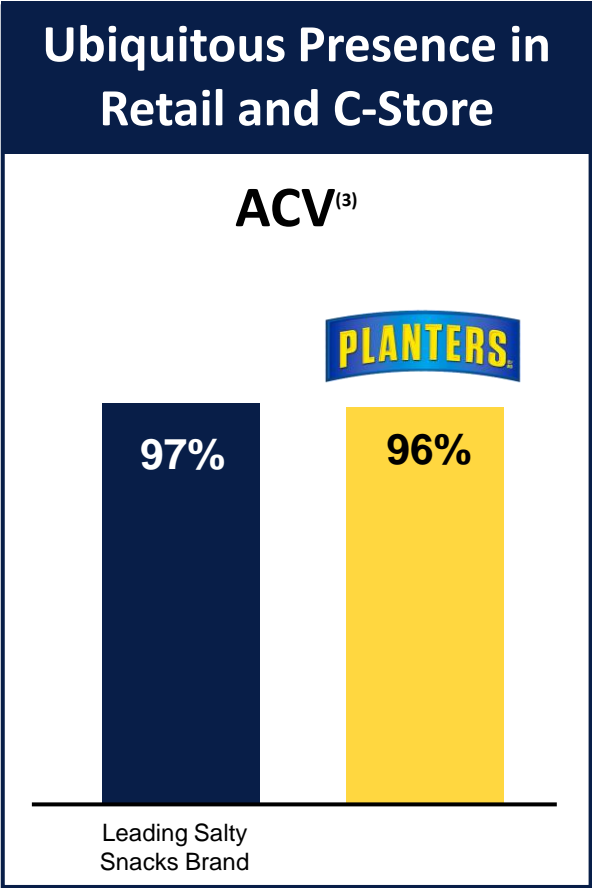
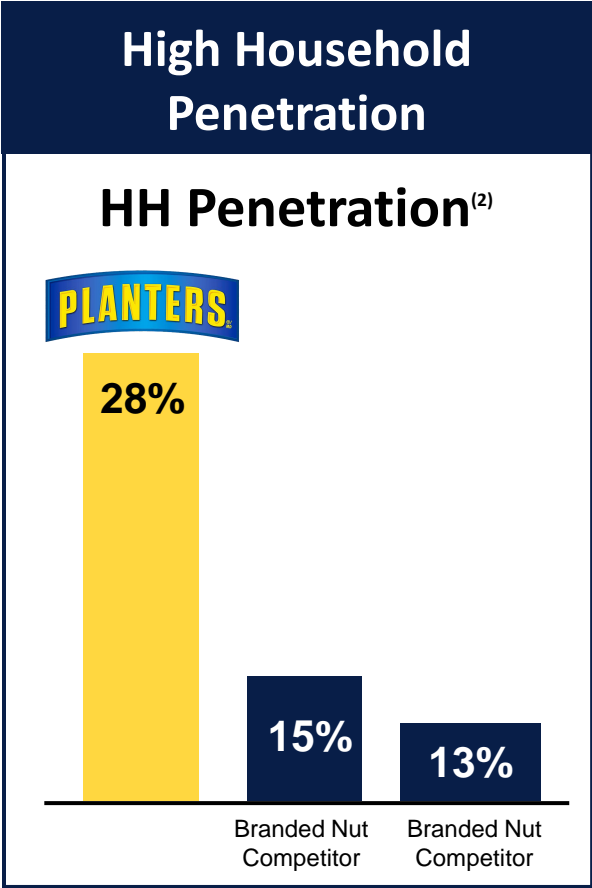
Source: (1) Based on internal sales data and Planters® proforma financials.

SNACKING AND SNACK NUTS ARE ON TREND WITH TODAY'S CONSUMER DYNAMICS





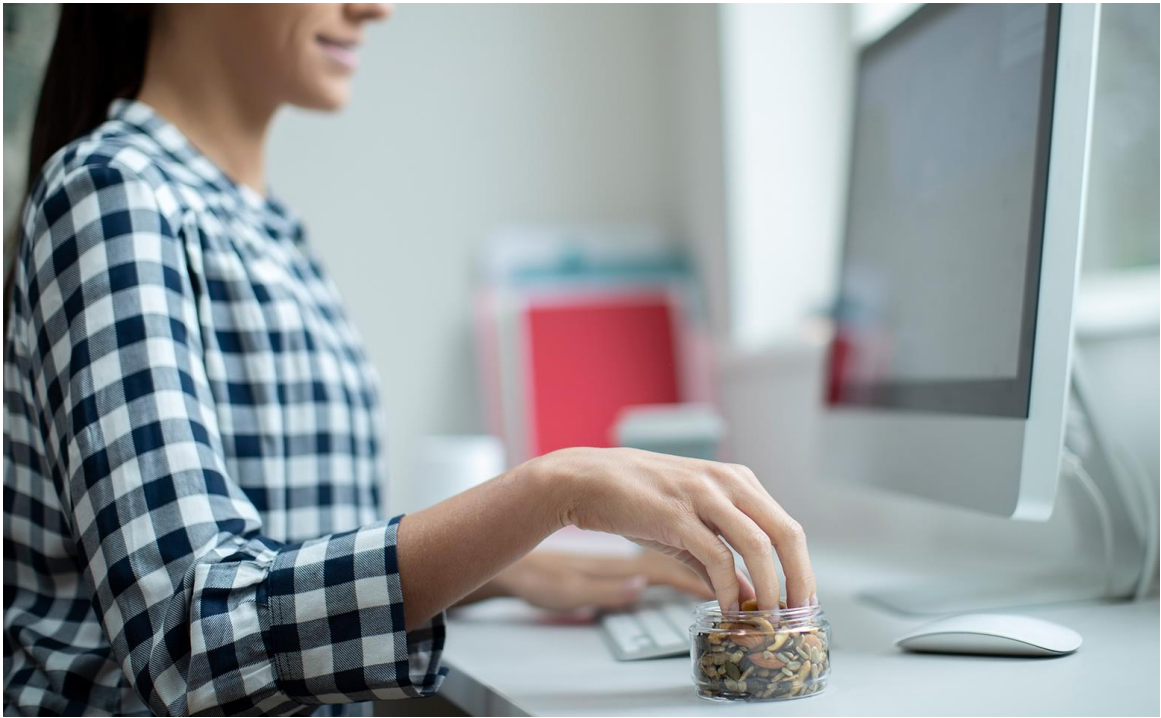
THE PLANTERS® BRAND IS A CLEAR MARKET LEADER IN SNACKING AND SNACK NUTS



Sources: (1) IRI 52 weeks ended 12/27/20 – MULO; (2) Nielsen xAOC packaged nuts and seeds category, 52 weeks ended 6/27/20; (3) Nielsen 2020 YTD for weeks ended 10/10/20; (4) Internal data.



OUR VISION OF SNACKING ENCOMPASSES ALL DAY PARTS AND OCCASIONS





COMBINING THE CAPABILITIES OF TWO COMPLEMENTARY SNACKING PORTFOLIOS

Social Snacking



Solo Snacking





CONSISTENT HISTORY OF BRAND STEWARDSHIP TO ENSURE RELEVANCY AND GROWTH

1919

+6%⁽¹⁾

1932




+4%⁽¹⁾

1937




+11%⁽¹⁾

1987


APPLEGATE
CHANGING THE MEAT WE EAT®


+10%⁽²⁾

1906



1935





Source: (1) IRI 52 weeks ended 1/24/21 – MULO – 3-year net sales CAGR; (2) Nielsen Total US xAOC 52 weeks ended 12/26/20 – 3-yr net sales CAGR.



ADDS SIGNIFICANT SCALE IN RETAIL AND CONVENIENCE STORE CHANNELS

C-Store



Alternate Channel (Club, Drug, Dollar)



Deli



Center Store



Perimeter





LEVERAGING OUR PLAYBOOK TO SEAMLESSLY INTEGRATE THE PLANTERS® BUSINESS INTO OUR ORGANIZATION

Sales and Marketing

TFG
TOTAL FOOD GROWTH
Inspired People. Inspired Food. Inspired Customers.

RCM
STRATEGIC INVESTMENTS.
STRATEGIC GROWTH.

DEG

15%
INNOVATION
GOAL

Supply Chain

3 Production
Facilities

Capacity for
Growth

Significant
Synergies

**ONE
SUPPLY
CHAIN**

PROJECT ORION





ATTRACTIVE AND DISCIPLINED VALUATION

Financial Details

- \$3.35 billion transaction value
 - Structured as an asset purchase and includes a tax benefit valued at \$560 million
 - Net purchase price of \$2.79 billion
 - Excluding tax benefit, implied 2020 EBITDA multiple of 12.5x⁽¹⁾
- Expected sales growth in line with company's long-term targets
- Margin enhancement for the total company
- Expected run-rate synergies of approximately \$50-60 million to be realized by 2024
- Expected EPS accretion of 17-20 cents per share in 2022
- Expected EPS dilution of 2-7 cents per share in 2021

Financing Structure

- Leverages our balance sheet in a responsible way
- Financing with a combination of cash on hand, long-term debt and short-term debt
- Focused on retaining a strong investment-grade rating



STRONG CASH-GENERATING BUSINESS - NO CHANGE TO OUR DISCIPLINED CAPITAL ALLOCATION

Returning Cash to Shareholders

- Dividend growth remains our top long-term priority for capital allocation
- Continue to repurchase shares opportunistically

Investments into Our Business

- No change to our long-term capex investment policy
- Will continue to meet all other required or strategic obligations

Debt Reduction

- Target paydown to 1.5x by 2023
- Will retain a significant capacity for additional leverage

M&A

- Will look for additional bolt-on acquisitions opportunistically
- Focused on areas such as international, deli, snacking and foodservice



THE PLANTERS[®] BRAND ALIGNS WITH OUR LONG-TERM STRATEGY FOR GROWTH

Our Formula for Success

BUILDING BRANDS



INNOVATION



ACQUISITIONS



BALANCED PORTFOLIO

Perfect Strategic Fit

- Adds another iconic leading brand to our portfolio
- Provides another platform for snacking innovation
- Widens scope for future snacking acquisitions
- Further diversifies our portfolio

Financially Attractive

- Disciplined approach to acquisition valuation
- Significant synergy opportunities
- Margin accretive and an immediate step-up in cash flows
- Leverages our balance sheet in a responsible way



Source: (1) Based on internal sales data and Planters[®] proforma financials.