

SUPPLEMENTAL INFORMATION

## Second Quarter Fiscal 2022





# Disclaimers

DISCLAIMERS

Second Quarter  
Fiscal 2022

## ***Forward-Looking Statements***

This presentation contains “forward-looking” information within the meaning of the federal securities laws. The “forward-looking” information may include statements concerning the company’s outlook for the future as well as other statements of beliefs, future plans, strategies, or anticipated events and similar expressions concerning matters that are not historical facts. Words or phrases such as “should result,” “believe,” “intend,” “plan,” “are expected to,” “targeted,” “will continue,” “will approximate,” “is anticipated,” “estimate,” “project,” or similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those anticipated or projected, which factors include, but are not limited to, risks related to the deterioration of economic conditions; the COVID-19 pandemic; risks associated with acquisitions and divestitures; potential disruption of operations including at co-manufacturers, suppliers, logistics providers, customers, or other third-party service providers; risk of loss of a material contract; the Company’s inability to protect information technology systems against, or effectively respond to, cyber attacks or security breaches; deterioration of labor relations, labor availability or increases to labor costs; general risks of the food industry, including food contamination; outbreaks of disease among livestock and poultry flocks; fluctuations in commodity prices and availability of raw materials and other inputs; fluctuations in market demand for the company’s products; risks of litigation; potential sanctions and compliance costs arising from government regulation; compliance with stringent environmental regulation and potential environmental litigation; and risks arising from the company’s foreign operations. Please refer to the cautionary statements regarding “Risk Factors” and “Forward-Looking Statements” that appear in our most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which can be accessed at [hormelfoods.com](http://hormelfoods.com) in the “Investors” section, for additional information. In making these statements, the company is not undertaking, and specifically declines to undertake, any obligation to address or update each or any factor in future filings or communications regarding the company’s business or results. Though the company has attempted to list comprehensively these important cautionary risk factors, the company wishes to caution investors and others that other factors may in the future prove to be important in affecting the company’s business or results of operations. The company cautions readers not to place undue reliance on forward-looking statements, which represent current views as of the date made.

## ***Non-GAAP Information***

This presentation contains certain non-GAAP financial measures, including organic net sales and organic volume. Non-GAAP measures are not intended to be a substitute for U.S. GAAP measures in analyzing financial performance. These non-GAAP measures are not in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. Please see the discussion of non-GAAP financial measures and the reconciliation from the GAAP measures to the non-GAAP adjusted measures at the end of this presentation for more information.



# Continuing to Deliver on Our ESG Commitments

## Named One of the Top Corporate Citizens in the U.S.



*Recognized for outstanding environmental, social and governance transparency and performance*

## Made Progress Against Our 20 By 30 Challenge

*On track to match 100% of company's domestic energy use with renewable sourcing by the end of 2022*



## Focused on Reducing Plastic in Our Packaging



**30% LESS  
PLASTIC JARS**

\*Savings pertains specifically to 16oz and 28oz

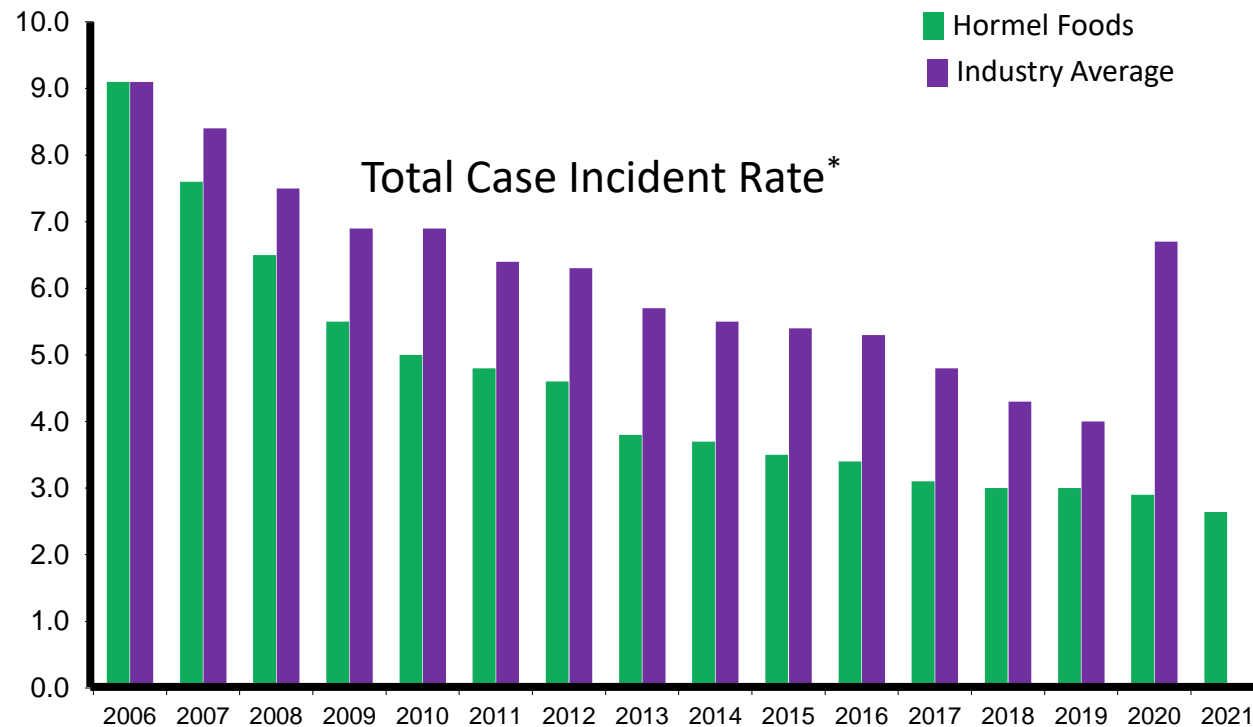


## Recognized for ESG, Inclusion and Diversity Efforts



# Employee Safety - Always a Top Priority

*A long track record of better-than-industry\* performance*



# Making Progress on Our 2022 Path Forward

## Expand leadership in foodservice

- U.S. foodservice channel net sales +32% in the second quarter
- Leveraging scale of the *Planters*® business to drive growth in the convenience store channel



## Protect and grow our core brands

- U.S. retail channel net sales +15% in the second quarter
- Advertising spend +27% and +33% for the second quarter and first half of '22, respectively



## Aggressively develop our global presence

- Retail sales growth in China up significantly, led by strong sales of *SPAM*® and *SKIPPY*® products
- Continuing to invest in our multinational businesses and global partnerships



## Amplify scale in snacking and entertaining

- Planters*® snack nuts business continues to perform at the high end of our expectations
- Strong sales and share gains from *Columbus*® grab-and-go charcuterie and *Hormel*® *Gatherings*® party trays



## Enhance growth of our ethnic and Food Forward portfolio

- Double-digit consumption gains across the *Applegate*® natural and organic portfolio
- Leaning into innovation, including launch of *Herdez*® avocado dip



## Continue to transform our company

- Jennie-O Turkey Store transformation on track to deliver on its integration and cost synergy commitments



# Key Messages

- We delivered strong top- and bottom-line growth in the second quarter of fiscal 2022.
- We made meaningful progress across our supply chain, including improvements in fill rates, inventories and production volumes.
- We reaffirmed our full-year fiscal 2022 sales guidance and narrowed our diluted EPS guidance range.

# Second Quarter Business Highlights

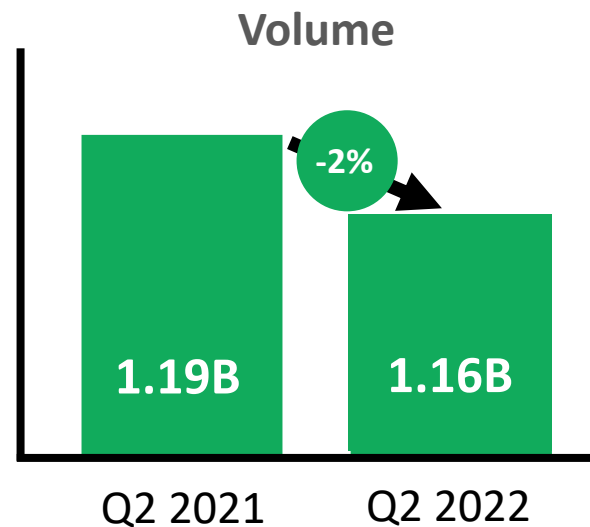
- Achieved 6<sup>th</sup> consecutive quarter of record net sales, with organic net sales\* up double digits
- Delivered 3<sup>rd</sup> consecutive quarter of earnings growth and drove sequential margin improvement compared to the first quarter
- Made meaningful progress across our supply chain, including improvements in fill rates, inventories and production volumes
- Drove diluted EPS growth of +14%, to \$0.48 per share
- Expanded cash flow from operations by +24%, to \$193 million
- Reaffirmed full-year sales guidance and narrowed full-year diluted EPS guidance range

\*Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliation.

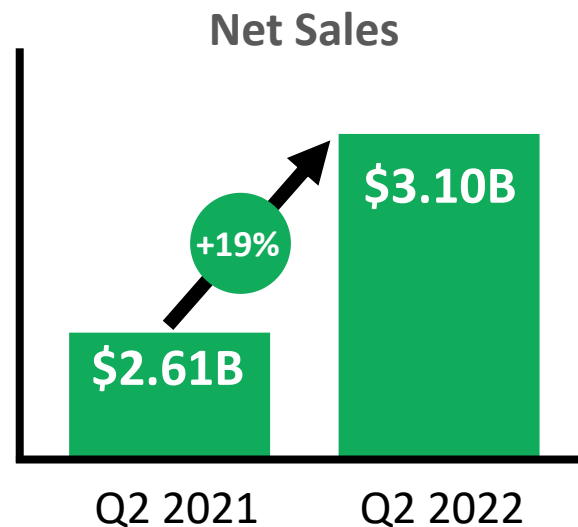


# Second Quarter Financial Metrics

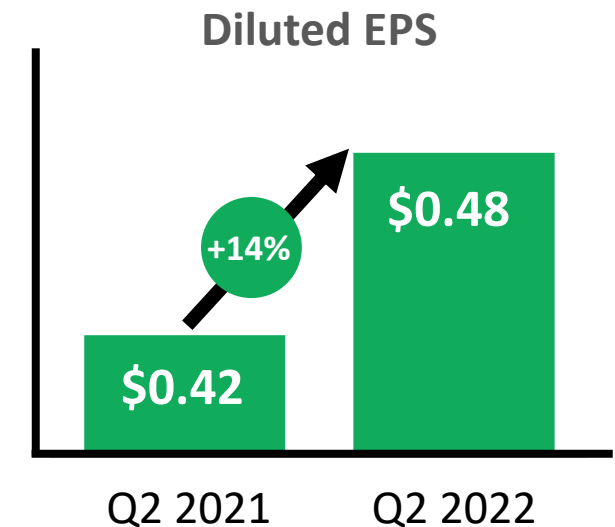
*We delivered strong top- and bottom-line growth in the second quarter*



- Consistent with our long-term strategy for value-added growth, lower volume was due primarily to lower commodity sales resulting from the new pork supply agreement
- Commodity declines partially offset by the inclusion of **Planters**® snack nuts business



- Record performance driven by double-digit organic sales gains and the contribution of the **Planters**® snack nuts business
- All segments benefited from strong demand and strategic pricing actions taken to offset inflationary pressures

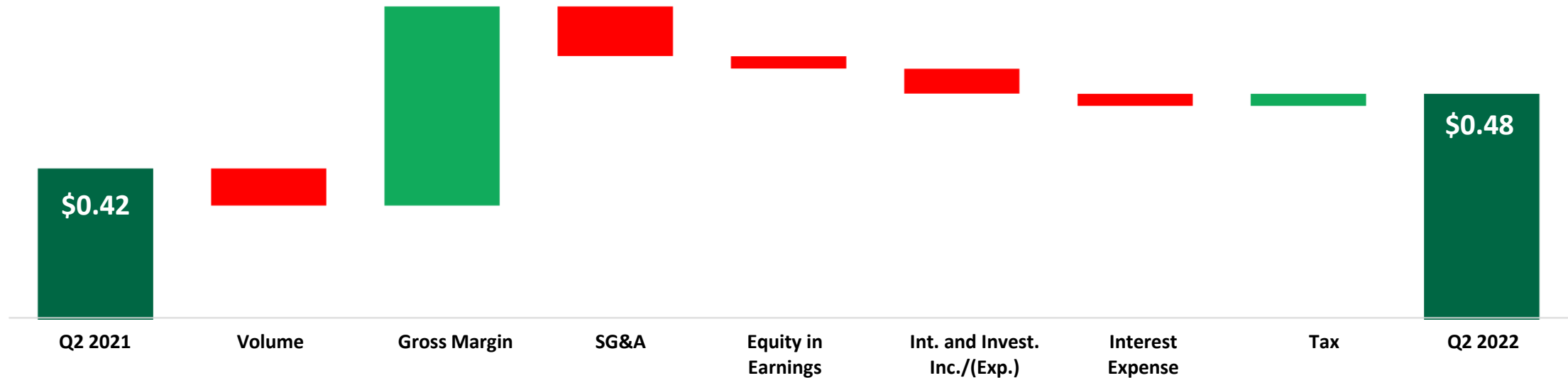


- Growth driven by higher operating income, led by strong results from Jennie-O Turkey Store, Refrigerated Foods and the inclusion of the **Planters**® snack nuts business
- Tax rate of 18.7% compared to 22.1% last year



# Second Quarter Diluted EPS

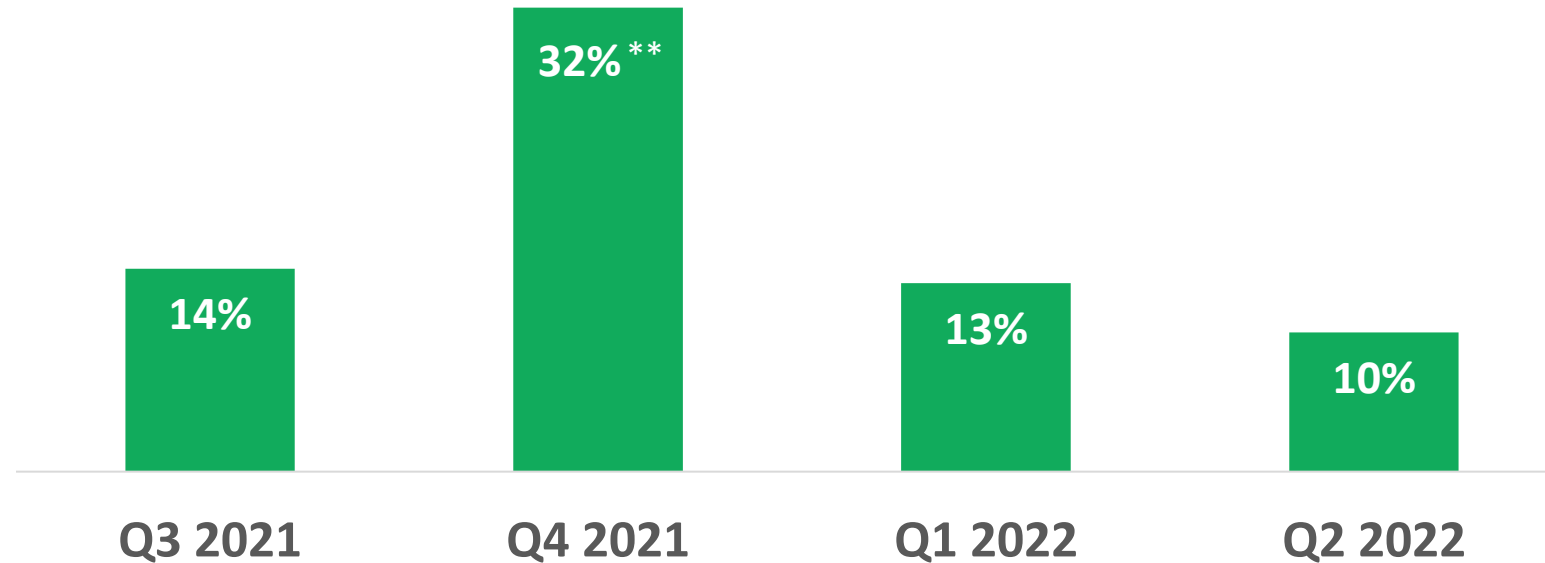
*Leveraging our balanced business model to drive growth*



- Gross margin growth driven by Jennie-O Turkey Store, the foodservice businesses in Refrigerated Foods, pricing actions in all segments and the inclusion of the **Planters**® snack nuts business.
- All business segments experienced elevated freight, raw material input and packaging costs.

# Quarterly Organic Net Sales\* Growth

*Our brands have responded well to pricing actions*

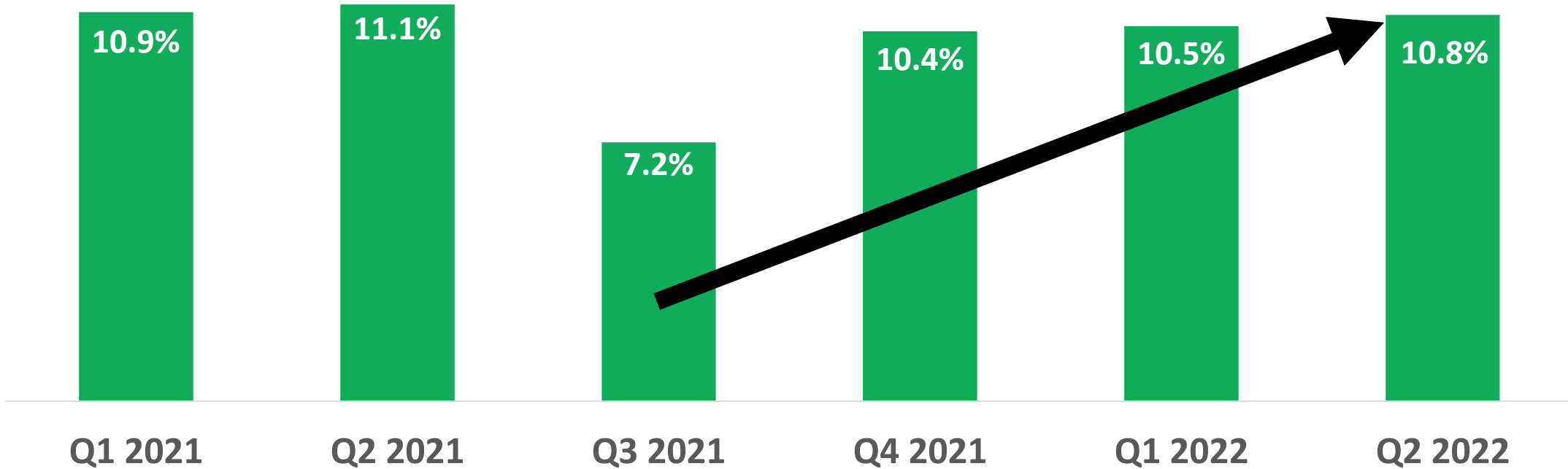


\*Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliation.

\*\* Includes a 14<sup>th</sup> fiscal week

# Quarterly Operating Margin

*Our efforts to mitigate inflationary pressures are working*



See Q2 2022 earnings release dated 6/2/2022 for additional details

# Refrigerated Foods

*Strong foodservice results drive growth*

## Segment Results

Refrigerated Foods	Q2 YoY Percent Change (%)
Volume	(13)
Organic Volume*	(14)
Net Sales	+13
Organic Net Sales*	+11
Segment Profit	+3

## Business Highlights

- Net sales increased due to strong results from the foodservice businesses and many retail products, strategic pricing actions and the inclusion of the **Planters**® snack nuts business.
- Volume declined primarily due to the new pork supply agreement.
- Segment profit growth driven by strong results from the foodservice businesses, more than offsetting higher operational and logistics costs.
- Volume, sales and segment profit continue to be negatively impacted by production constraints due to labor shortages.





# Grocery Products

*Top-line growth and **Planters**® contribution offset by inflationary pressures*

## Segment Results

Grocery Products	Q2 YoY Percent Change (%)
Volume	+19
Organic Volume*	+2
Net Sales	+39
Organic Net Sales*	+7
Segment Profit	(9)

## Business Highlights

- Volume and sales increased due to strength across the portfolio and from the inclusion of the **Planters**® snack nuts business.
- Segment profit declined, as organic sales growth and the contribution from the **Planters**® business were unable to overcome significant inflationary pressures and lower results from MegaMex.
- Volume, sales and segment profit continue to be negatively impacted by production constraints due to labor shortages.



# Jennie-O Turkey Store

*Profit improvement due to favorable market conditions, foodservice growth*

## Segment Results

Jennie-O Turkey Store	Q2 YoY Percent Change (%)
Volume	(1)
Net Sales	+16
Segment Profit	+387



## Business Highlights

- Net sales for all areas of the business increased, led by foodservice, whole bird and retail sales.
- Value-added volume gains were due to strong results from the foodservice business.
- Higher commodity prices and foodservice sales drove the substantial improvement in segment profit.
- HPAI had an immaterial direct impact on the segment's results for the quarter.

# International & Other

*Results impacted by restrictions in China and export logistics challenges*

## Segment Results

International & Other	Q2 YoY Percent Change (%)
Volume	(14)
Organic Volume*	(15)
Net Sales	(1)
Organic Net Sales*	(3)
Segment Profit	(3)

## Business Highlights

- Volume and sales declined as a result of current export logistics challenges and lower commodity sales.
- Retail sales in China improved as pantry loading and sales to food security programs in response to COVID-related lockdowns helped offset declines in foodservice sales.
- Profit growth in China was offset by lower results from the export business, which was negatively impacted by logistics challenges and meaningfully higher freight expenses.



# Second Quarter Channel Highlights

*Demand across all the company's U.S. channels remained elevated*

Net Sales	Second Quarter YoY Percent Change (%)	First Half YoY Percent Change (%)
U.S. Retail	+15	+16
U.S. Foodservice	+32	+41
International	(3)	(3)
<b>Total</b>	<b>+19</b>	<b>+21</b>

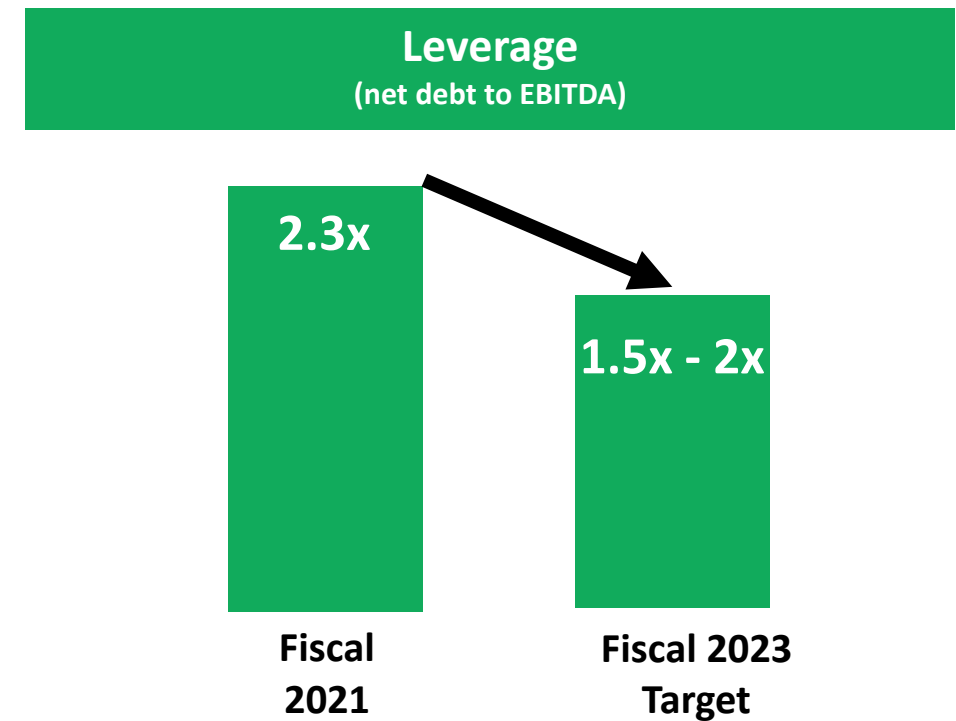
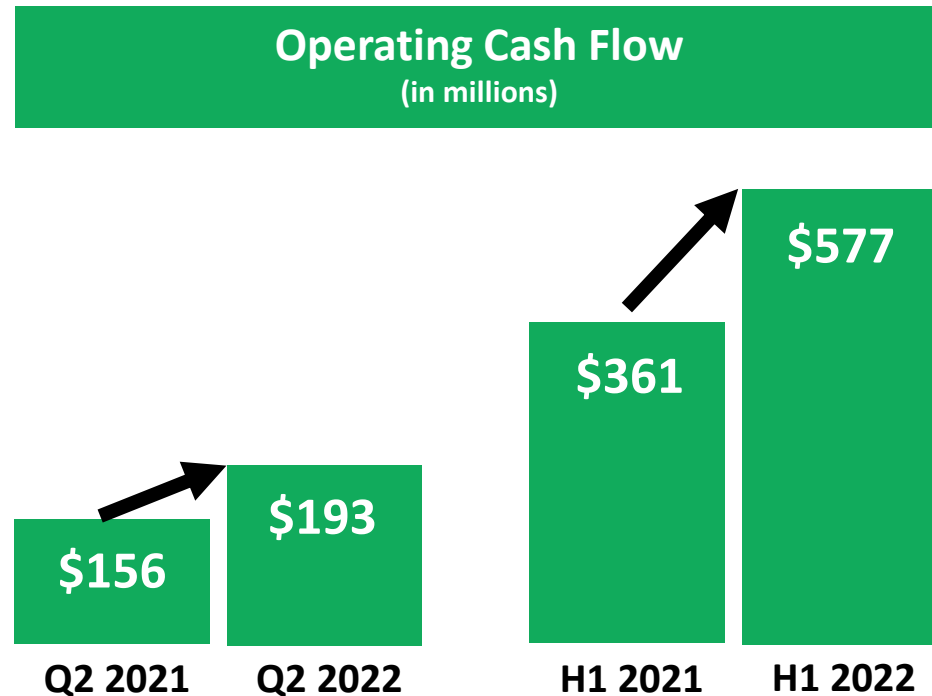
- Demand across all the company's U.S. channels remained elevated, as exhibited by strong growth.
- The company benefited from pricing actions to offset inflationary pressures across many categories and contributions from the **Planters**<sup>®</sup> snack nuts business.
- Sales for the international channel declined, primarily due to demand softness in China caused by COVID-related restrictions and current export logistics challenges.





# Continuing to Generate Strong Cash Flows

*On track to begin deleveraging in the second half of fiscal 2022*



# Additional Financial Disclosures

- Advertising spend was \$39 million compared to \$31 million last year.
- Effective tax rate was 18.7% compared to 22.1% last year. Higher stock option exercises provided a benefit to the tax rate for the quarter.
- Capital expenditures were \$78 million compared to \$45 million last year.
- Depreciation and amortization expense was \$62 million compared to \$52 million last year.

# Fiscal 2022 Outlook

*Sales guidance reaffirmed and diluted EPS guidance range narrowed*

## Fiscal 2022 Outlook

	Previous	Updated
Net Sales (in billions)	\$11.7 - \$12.5	<b>\$11.7 - \$12.5</b>
Diluted EPS	\$1.87 - \$2.03	<b>\$1.87 - \$1.97</b>
Effective Tax Rate	20.5% - 22.5%	<b>20.5% - 22.5%</b>

- The **Planters**® snack nuts business is expected to continue performing at the high end of our expectations.
- The company's target for capital expenditures in fiscal 2022 is \$310 million.
- Full-year depreciation and amortization expense is expected to be approximately \$250 million.

## Fiscal 2022 Expectations

- Our top-line guidance assumes robust demand for our leading brands, continued improvements in our supply chain, a benefit from investments in capacity and additional strategic pricing actions.
- From an earnings perspective:
  - We expect a strong finish to the year from our Refrigerated Foods segment;
  - We anticipate a fourth quarter improvement from pricing actions taken across our Grocery Products portfolio;
  - We are navigating the impact of HPAI on the Jennie-O Turkey Store supply chain and external factors affecting the International & Other segment.



# Additional Information

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PLANTERS



COLUMBUS  
CRAFT MEATS







# Non-GAAP Financial Measures

NON-GAAP  
APPENDIX

Second Quarter  
Fiscal 2022

## NON-GAAP FINANCIAL MEASURES

The non-GAAP adjusted financial measures of organic net sales and organic volume are presented to provide investors with additional information to facilitate the comparison of past and present operations. Organic net sales and organic volume are defined as net sales and volume, excluding the impact of acquisitions and divestitures. Organic net sales and organic volume exclude the impact of the acquisition of the **Planters**® snack nuts business (June 2021) in the Grocery Products, Refrigerated Foods, and International & Other segments. The company believes these non-GAAP financial measures provide useful information to investors, because they are the measures used to evaluate performance on a comparable year-over-year basis. Non-GAAP measures are not intended to be a substitute for U.S. GAAP measures in analyzing financial performance. These non-GAAP measures are not in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. The tables on the right show the calculations to reconcile from the GAAP measures to the non-GAAP adjusted measures.

## RECONCILIATION OF NON-GAAP MEASURES

### ORGANIC VOLUME AND NET SALES (NON-GAAP)

<i>in thousands</i>	Quarter Ended				
	May 1, 2022			April 25, 2021	
	Reported GAAP	Acquisitions	Organic (Non-GAAP)	Reported GAAP	Non-GAAP % Change
<b>Volume (lbs.)</b>					
Grocery Products	373,163	(54,150)	319,013	313,795	1.7
Refrigerated Foods	517,477	(9,608)	507,869	593,271	(14.4)
Jennie-O Turkey Store	201,608	—	201,608	202,624	(0.5)
International & Other	71,949	(1,220)	70,730	83,257	(15.0)
<b>Total</b>	<b>1,164,198</b>	<b>(64,978)</b>	<b>1,099,220</b>	<b>1,192,948</b>	<b>(7.9)</b>
<b>Net Sales</b>					
Grocery Products	\$ 873,572	\$ (200,775)	\$ 672,797	\$ 628,232	7.1
Refrigerated Foods	1,644,284	(34,759)	1,609,525	1,453,380	10.7
Jennie-O Turkey Store	407,287	—	407,287	351,179	16.0
International & Other	171,416	(3,480)	167,935	173,830	(3.4)
<b>Total</b>	<b>\$ 3,096,559</b>	<b>\$ (239,014)</b>	<b>\$ 2,857,545</b>	<b>\$ 2,606,621</b>	<b>9.6</b>

