

HORMEL FOODS ACHIEVES RECORD FOURTH QUARTER AND FULL YEAR RESULTS

AUSTIN, Minn. (November 24, 2015) – Hormel Foods Corporation (NYSE: HRL) today reported record performance for the fiscal year 2015 fourth quarter and full year.

All comparisons are to the fourth quarter or full year of fiscal 2014.

SUMMARY

Fourth Quarter

- Record non-GAAP¹ adjusted diluted EPS² of \$0.74, up 17 percent from \$0.63 per share.
- GAAP diluted EPS of \$0.69.
- Dollar sales of \$2.4 billion, down 6 percent; volume down 2 percent.
- Grocery Products operating profit up 57 percent; volume up 5 percent; dollar sales up 4 percent. Excluding incremental net sales of MegaMex Foods products, volume down 2 percent and dollar sales down 2 percent.
- Refrigerated Foods operating profit up 27 percent; volume up 2 percent (volume flat excluding sales of **APPLEGATE**[®] natural and organic meats); dollar sales down 5 percent (dollar sales down 12 percent excluding sales of **APPLEGATE**[®] natural and organic meats).
- Jennie-O Turkey Store operating profit down 23 percent; volume down 21 percent; dollar sales down 18 percent. Decreases reflect the substantial impact of the avian influenza outbreak, as flocks lost earlier in the year created large volume shortfalls in operations and sales.
- Specialty Foods operating profit up 63 percent; volume up 1 percent; dollar sales down 3 percent.
- International & Other operating profit up 3 percent; volume up 5 percent; dollar sales flat.

For the year ended October 25, 2015, non-GAAP¹ adjusted net earnings² were a record \$714.4 million, up 19 percent from net earnings of \$602.7 million last year. Non-GAAP¹ adjusted diluted earnings per share² were \$2.64, up 18 percent from diluted net earnings per share of \$2.23 last year. On a GAAP basis, the company reported fiscal 2015 net earnings of \$686.1 million. GAAP diluted earnings per share were \$2.54. Sales for the year ended October 25, 2015, totaled \$9.3 billion, down 1 percent from last year.

COMMENTARY

“I am proud of the excellent fourth quarter delivered by our team, achieving record earnings for the tenth straight quarter. We reported record bottom line results for the full year, with fiscal 2015 adjusted net earnings up 19 percent over last year and all five segments registering earnings growth,” said Jeffrey M. Ettinger, chairman of the board and chief executive officer. “Strong contributions to these full-year results were made both by such long-standing company brands as **SPAM**[®] luncheon meat, **HORMEL**[®] pepperoni, and **DINTY MOORE**[®] stew, and also by more recently created or acquired product lines such as **HORMEL GATHERINGS**[®] party trays, **HORMEL**[®] **NATURAL CHOICE**[®] meats, **WHOLLY GUACAMOLE**[®] dips, and **MUSCLE MILK**[®] protein nutrition products. We did face some headwinds during the year, including

lower revenues impacted by declining pork markets and the loss of sales and operational efficiency related to highly pathogenic avian influenza in the Jennie-O Turkey Store segment. Our experienced team navigated these challenges to post this impressive bottom line performance.”

“2016 will mark the 50th consecutive year we have increased our dividend, an achievement matched by few other companies. Effective in the new fiscal year the annual dividend will be \$1.16 per share, a substantial 16 percent increase,” stated Ettinger.

SEGMENT OPERATING HIGHLIGHTS – FOURTH QUARTER

Grocery Products (18% of Net Sales, 25% of Total Segment Operating Profit)

Grocery Products segment profit increased 57 percent with favorable raw material costs, improved plant efficiencies, and higher equity in earnings. Sales were up 4 percent, including the additional net sales of MegaMex Foods products not reflected in the prior year. Increased sales of **DINTY MOORE**[®] stew and **HORMEL**[®] chili, along with **WHOLLY GUACAMOLE**[®] dips in our MegaMex Foods joint venture, contributed to the gains.

Refrigerated Foods (48% of Net Sales, 36% of Total Segment Operating Profit)

Refrigerated Foods segment profit increased 27 percent driven by strong results from our affiliated business units, along with the addition of the Applegate business, higher pork operating margins, and improved product mix. Dollar sales were down 5 percent on 2 percent higher volume, reflecting lower pricing compared to last year’s record high pork markets and the dissolution of the Precept Foods joint venture. Sales growth of value-added items were led by retail sales of **HORMEL**[®] refrigerated entrees, **HORMEL**[®] pepperoni, and **HORMEL GATHERINGS**[®] party trays, and foodservice sales of **HORMEL**[®] **FIRE BRAISED**[™] meats and **HORMEL**[®] pizza toppings.

Jennie-O Turkey Store (17% of Net Sales, 24% of Total Segment Operating Profit)

Jennie-O Turkey Store segment profit declined 23 percent and sales were down 18 percent. The reductions reflect the substantial impact of the avian influenza outbreak earlier this year, as previously lost flocks created considerable volume shortfalls in plant operations and sales.

Specialty Foods (11% of Net Sales, 7% of Total Segment Operating Profit)

Specialty Foods delivered a 63 percent segment profit increase. Non-GAAP¹ adjusted segment profit² increased 155 percent. Results reflect synergies captured within the CytoSport and Century Foods supply chain and a beneficial comparison to prior year, which included CytoSport acquisition-related costs of \$9.3 million. Non-GAAP¹ adjusted segment profits² exclude nonrecurring charges of \$21.5 million relating to a goodwill impairment charge for the Diamond Crystal Brands business and an \$8.9 million reduction to a contingent consideration liability related to the CytoSport acquisition. Sales decreased 3 percent as the addition of **MUSCLE MILK**[®] protein beverage sales did not fully offset lower sales of sports nutrition contract packaging.

International & Other (6% of Net Sales, 8% of Total Segment Operating Profit)

International & Other posted segment profit 3 percent ahead of last year while sales were flat. Results were driven by strong **SPAM**[®] luncheon meat exports and continued growth of our China business, muted by soft demand for fresh pork exports in certain markets.

OUTLOOK

“I am pleased with our momentum heading into fiscal 2016, and we should enjoy renewed revenue growth as the year proceeds,” remarked Ettinger. “We expect lower input costs to provide a tailwind for our Grocery Products and Refrigerated Foods value-added businesses next year, offsetting modestly lower pork operating margins. Strong demand for our **APPLEGATE**[®] natural and organic products will be an additional growth catalyst for the Refrigerated Foods segment. We look for Jennie-O Turkey Store to return to growth in the back half of fiscal 2016 if there are no significant recurrences of avian influenza, benefitting from strong demand for branded **JENNIE-O**[®] products and low grain costs. Specialty Foods should deliver increases through the growth of its **MUSCLE MILK**[®] protein nutrition products, and we expect International to achieve year-over-year improved results through the expansion of our business in China along with increased sales of our **SPAM**[®] and **SKIPPY**[®] family of products. Taking these factors into account, we are setting our fiscal 2016 earnings guidance range at \$2.85 to \$2.95 per share.”

DIVIDENDS

Effective November 16, 2015, the company paid its 349th consecutive quarterly dividend, at the annual rate of \$1.00.

CONFERENCE CALL

A conference call will be webcast at 8:30 a.m. CT on Tuesday, November 24, 2015. Access is available at www.hormelfoods.com. The call will also be available via telephone by dialing 888-329-8893 and providing the access code 6355504. An audio replay is available by calling 888-329-8893 and entering access code 6355504. The audio replay will be available beginning at 11:30 a.m. CT on Tuesday, November 24, 2015, through 11:30 a.m. CT on December 8, 2015. The webcast replay will be available at 11:30 a.m. CT, Tuesday, November 24, 2015, and will remain on our website for one year.

¹ COMPARISON OF U.S. GAAP TO NON-GAAP FINANCIAL MEASUREMENTS

The non-GAAP adjusted financial measurements are presented to provide investors additional information to facilitate the comparison of past and present operations. The non-GAAP adjusted financial measurements are used for internal purposes to evaluate the results of operations and to measure a component of certain employee incentive plans in fiscal year 2015. Non-GAAP measurements are not intended to be a substitute for U.S. GAAP measurements in analyzing financial performance. These non-GAAP measurements are not in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies.

² ADJUSTED FINANCIAL MEASURES

Adjusted segment operating profit, net earnings, and diluted net earnings per share exclude charges relating to the closure of the Stockton, California, manufacturing facility and the exit from international joint venture businesses in the first quarter, and charges relating to the goodwill impairment charge associated with the Diamond Crystal Brands business and an adjustment to the contingent consideration accrual for CytoSport in the fourth quarter. The tables below show the calculations to reconcile from the non-GAAP adjusted measures to the GAAP measures in both the fourth quarter and full year.

Fourth Quarter

(In thousands, except per share amounts)

| | 2014 Earnings | 2015 Non- GAAP Adjusted Earnings | Diamond Crystal Brands Impairment | CytoSport Contingent Consideration Adjustment | 2015 GAAP Earnings |
|--|-------------------|---|--|--|-----------------------|
| Grocery Products | \$ 50,051 | \$ 78,772 | | | \$ 78,772 |
| Refrigerated Foods | 87,296 | 111,287 | | | 111,287 |
| Jennie-O Turkey Store | 95,253 | 73,227 | | | 73,227 |
| Specialty Foods | 13,747 | 35,015 | \$(21,537) | \$8,870 | 22,348 |
| International & Other | 22,629 | 23,300 | | | 23,300 |
| Total segment operating profit | \$268,976 | \$321,601 | \$(21,537) | \$8,870 | \$308,934 |
| General corporate expense | (6,192) | (16,649) | | | (16,649) |
| Net interest & investment expense | (2,626) | (3,341) | | | (3,341) |
| Earnings before income taxes | \$260,158 | \$301,611 | \$(21,537) | \$8,870 | \$288,944 |
| Income taxes | (88,894) | (101,713) | | | (101,713) |
| Net earnings attributable to Hormel Foods Corporation | \$ 171,264 | \$199,898 | \$ (21,537) | \$8,870 | \$ 187,231 |
| Diluted net earnings per share | \$ 0.63 | \$ 0.74 | \$ (0.08) | \$ 0.03 | \$ 0.69 |

Full Year

(In thousands, except per share amounts)

| | 2014 Earnings | 2015 Non- GAAP Adjusted Earnings | Stockton Plant Closure | International Business Exit | Diamond Crystal Brands Impairment | CytoSport Contingent Consideration Adjustment | 2015 GAAP Earnings |
|--|------------------|---|------------------------------|-----------------------------------|--|--|--------------------------|
| Grocery Products | \$195,064 | \$239,108 | \$(10,526) | | | | \$228,582 |
| Refrigerated Foods | 338,020 | 424,968 | | | | | 424,968 |
| Jennie-O Turkey Store | 272,362 | 276,217 | | | | | 276,217 |
| Specialty Foods | 71,514 | 105,925 | | | \$(21,537) | \$8,870 | 93,258 |
| International & Other | 84,745 | 87,864 | | \$(9,546) | | | 78,318 |
| Total segment operating profit | 961,705 | 1,134,082 | (10,526) | (9,546) | (21,537) | 8,870 | 1,101,343 |
| General corporate expense | (33,434) | (35,199) | | | | | (35,199) |
| Net interest & investment expense | (9,468) | (10,177) | | | | | (10,177) |
| Earnings before income taxes | 918,803 | 1,088,706 | (10,526) | (9,546) | (21,537) | 8,870 | 1,055,967 |
| Income taxes | (316,126) | (374,334) | 3,685 | 770 | | | (369,879) |
| Net earnings attributable to Hormel Foods Corporation | \$602,677 | \$714,372 | \$ (6,841) | \$ (8,776) | \$ (21,537) | \$ 8,870 | \$ 686,088 |
| Diluted net earnings per share* | \$ 2.23 | \$ 2.64 | \$ (0.03) | \$ (0.03) | \$ (0.08) | \$ 0.03 | \$ 2.54 |

*Earnings per share does not sum across due to rounding

About Hormel Foods

Hormel Foods Corporation, based in Austin, Minn., is a multinational manufacturer and marketer of consumer-branded food and meat products, many of which are among the best known and trusted in the food industry. The company leverages its extensive expertise, innovation and high competencies in pork and turkey processing and marketing to bring branded, value-added products to the global marketplace. The company is a member of the Standard & Poor's (S&P) 500 Index, S&P 500 Dividend Aristocrats for 2015, was named the 2013 Sustainable Supply Chain of the Year by Refrigerated & Frozen Foods magazine, and was again named one of "The 100 Best Corporate Citizens" by Corporate Responsibility Magazine for the seventh year in a row. Hormel Foods was also recognized as a 2015 Military Friendly Employer by G.I. Jobs magazine, on the 2015 Best for Vets Employers List by Military Times, and was named one of the 2015 40 Best Companies for Leaders by Chief Executive magazine. The company enjoys a strong reputation among consumers, retail grocers, foodservice and industrial customers for products highly regarded for quality, taste, nutrition, convenience and value. For more information, visit <http://www.hormelfoods.com>.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking information based on management's current views and assumptions. Actual events may differ materially. Please refer to the cautionary statement regarding Forward-Looking Statements and Risk Factors that appear on pages 34-40 in the company's Form 10-Q for the quarter ended July 26, 2015, which was filed with the SEC on September 4, 2015, and can be accessed at www.hormelfoods.com under "Investors-SEC Filings."

Statements Follow

Segment Data

Fiscal 2015 Fourth Quarter Segment Operating Results (dollars in thousands)

FOURTH QUARTER – 13 WEEKS ENDED

| <u>NET SALES</u> | <u>October 25, 2015</u> | <u>October 26, 2014</u> | <u>% Change</u> |
|-----------------------|-------------------------|-------------------------|-----------------|
| Grocery Products | \$ 422,570 | \$ 405,166 | 4.3 |
| Refrigerated Foods | 1,149,496 | 1,211,890 | (5.1) |
| Jennie-O Turkey Store | 420,312 | 509,980 | (17.6) |
| Specialty Foods | 269,887 | 277,559 | (2.8) |
| International & Other | 138,593 | 139,176 | (0.4) |
| Total | \$ 2,400,858 | \$ 2,543,771 | (5.6) |

OPERATING PROFIT

| | | | |
|--|-------------------|-------------------|-------------|
| Grocery Products | \$ 78,772 | \$ 50,051 | 57.4 |
| Refrigerated Foods | 111,287 | 87,296 | 27.5 |
| Jennie-O Turkey Store | 73,227 | 95,253 | (23.1) |
| Specialty Foods | 22,348 | 13,747 | 62.6 |
| International & Other | 23,300 | 22,629 | 3.0 |
| Total segment operating profit | 308,934 | 268,976 | 14.9 |
| Net interest and investment expense (income) | 3,341 | 2,626 | 27.2 |
| General corporate expense | 16,649 | 6,192 | 168.9 |
| Noncontrolling interest | 212 | 584 | (63.7) |
| Earnings before income taxes | \$ 289,156 | \$ 260,742 | 10.9 |

YEAR TO DATE – 52 WEEKS ENDED

| <u>NET SALES</u> | <u>October 25, 2015</u> | <u>October 26, 2014</u> | <u>% Change</u> |
|-----------------------|-------------------------|-------------------------|-----------------|
| Grocery Products | \$ 1,617,680 | \$ 1,558,265 | 3.8 |
| Refrigerated Foods | 4,372,347 | 4,644,179 | (5.9) |
| Jennie-O Turkey Store | 1,635,776 | 1,672,452 | (2.2) |
| Specialty Foods | 1,103,359 | 907,120 | 21.6 |
| International & Other | 534,701 | 534,240 | 0.1 |
| Total | \$ 9,263,863 | \$ 9,316,256 | (0.6) |

OPERATING PROFIT

| | | | |
|--|---------------------|-------------------|-------------|
| Grocery Products | \$ 228,582 | \$ 195,064 | 17.2 |
| Refrigerated Foods | 424,968 | 338,020 | 25.7 |
| Jennie-O Turkey Store | 276,217 | 272,362 | 1.4 |
| Specialty Foods | 93,258 | 71,514 | 30.4 |
| International & Other | 78,318 | 84,745 | (7.6) |
| Total segment operating profit | 1,101,343 | 961,705 | 14.5 |
| Net interest and investment expense (income) | 10,177 | 9,468 | 7.5 |
| General corporate expense | 35,199 | 33,434 | 5.3 |
| Noncontrolling interest | 1,176 | 3,349 | (64.9) |
| Earnings before income taxes | \$ 1,057,143 | \$ 922,152 | 14.6 |

HORMEL FOODS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In thousands, except per share amounts)

| | <u>Thirteen Weeks Ended</u> | | <u>Fifty-Two Weeks Ended</u> | |
|--|-----------------------------|--------------------------|------------------------------|--------------------------|
| | <u>October 25,</u> | <u>October 26,</u> | <u>October 25,</u> | <u>October 26,</u> |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Net sales | \$ 2,400,858 | \$ 2,543,771 | \$ 9,263,863 | \$ 9,316,256 |
| Cost of products sold | <u>1,905,828</u> | <u>2,120,187</u> | <u>7,455,282</u> | <u>7,751,273</u> |
| GROSS PROFIT | 495,030 | 423,584 | 1,808,581 | 1,564,983 |
| Selling, general and administrative | 188,952 | 165,939 | 743,611 | 650,948 |
| Goodwill impairment charge | 21,537 | - | 21,537 | - |
| Equity in earnings of affiliates | <u>7,957</u> | <u>5,723</u> | <u>23,887</u> | <u>17,585</u> |
| OPERATING INCOME | 292,498 | 263,368 | 1,067,320 | 931,620 |
| Other income & expenses: | | | | |
| Interest & investment income | 479 | 766 | 2,934 | 3,236 |
| Interest expense | <u>(3,821)</u> | <u>(3,392)</u> | <u>(13,111)</u> | <u>(12,704)</u> |
| EARNINGS BEFORE INCOME TAXES | 289,156 | 260,742 | 1,057,143 | 922,152 |
| Provision for income taxes | 101,713 | 88,894 | 369,879 | 316,126 |
| (effective tax rate) | <u>35.18%</u> | <u>34.09%</u> | <u>34.99%</u> | <u>34.28%</u> |
| NET EARNINGS | 187,443 | 171,848 | 687,264 | 606,026 |
| Less: net earnings attributable to noncontrolling interest | <u>212</u> | <u>584</u> | <u>1,176</u> | <u>3,349</u> |
| NET EARNINGS ATTRIBUTABLE TO HORMEL FOODS CORPORATION | <u>\$ 187,231</u> | <u>\$ 171,264</u> | <u>\$ 686,088</u> | <u>\$ 602,677</u> |
| NET EARNINGS PER SHARE | | | | |
| Basic | <u>\$ 0.71</u> | <u>\$ 0.65</u> | <u>\$ 2.60</u> | <u>\$ 2.28</u> |
| Diluted | <u>\$ 0.69</u> | <u>\$ 0.63</u> | <u>\$ 2.54</u> | <u>\$ 2.23</u> |
| WEIGHTED AVG. SHARES OUTSTANDING | | | | |
| Basic | 264,324 | 263,588 | 264,072 | 263,812 |
| Diluted | 270,896 | 269,828 | 270,501 | 270,216 |
| DIVIDENDS DECLARED PER SHARE | <u>\$ 0.25</u> | <u>\$ 0.20</u> | <u>\$ 1.00</u> | <u>\$ 0.80</u> |

HORMEL FOODS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands)

| | <u>October 25, 2015</u> | <u>October 26, 2014</u> |
|--------------------------------------|--------------------------------|--------------------------------|
| | (Unaudited) | |
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 347,239 | \$ 334,174 |
| Accounts receivable | 605,689 | 609,526 |
| Inventories | 993,265 | 1,054,552 |
| Income taxes receivable | 6,132 | 25,678 |
| Deferred income taxes | 86,902 | 86,853 |
| Prepaid expenses | 14,383 | 15,250 |
| Other current assets | <u>9,422</u> | <u>6,738</u> |
| TOTAL CURRENT ASSETS | 2,063,032 | 2,132,771 |
| INTANGIBLES | 2,526,703 | 1,781,296 |
| OTHER ASSETS | 538,357 | 539,785 |
| PROPERTY, PLANT & EQUIPMENT, NET | <u>1,011,739</u> | <u>1,001,767</u> |
| TOTAL ASSETS | <u>\$ 6,139,831</u> | <u>\$ 5,455,619</u> |

LIABILITIES AND SHAREHOLDERS' INVESTMENT

| | | |
|---|--------------------------------|--------------------------------|
| CURRENT LIABILITIES | | |
| Short-term debt | \$ 185,000 | \$ - |
| Current liabilities excluding debt | <u>1,029,025</u> | <u>954,692</u> |
| TOTAL CURRENT LIABILITIES | 1,214,025 | 954,692 |
| LONG-TERM DEBT – LESS CURRENT MATURITIES | 250,000 | 250,000 |
| OTHER LONG-TERM LIABILITIES | 674,413 | 638,871 |
| SHAREHOLDERS' INVESTMENT | <u>4,001,393</u> | <u>3,612,056</u> |
| TOTAL LIAB. & SHAREHOLDERS' INVESTMENT | <u>\$ 6,139,831</u> | <u>\$ 5,455,619</u> |

HORMEL FOODS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

| | Fifty-Two Weeks Ended | |
|---|------------------------------|-----------------------------|
| | October 25, 2015 | October 26, 2014 |
| OPERATING ACTIVITIES | | |
| Net earnings | \$ 687,264 | \$ 606,026 |
| Depreciation and amortization of intangibles | 133,434 | 130,044 |
| Goodwill impairment charge | 21,537 | - |
| Decrease in working capital | 131,095 | 9,124 |
| Other | 18,662 | 1,685 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 991,992 | 746,879 |
| INVESTING ACTIVITIES | | |
| Acquisitions of businesses/intangibles | (770,587) | (466,204) |
| Net purchases of property/equipment | (125,562) | (148,853) |
| Decrease in investments, equity in affiliates, and other assets | (4,798) | (1,718) |
| NET CASH USED IN INVESTING ACTIVITIES | (900,947) | (616,775) |
| FINANCING ACTIVITIES | | |
| Net proceeds from short-term debt | 185,000 | - |
| Dividends paid on common stock | (250,834) | (203,156) |
| Share repurchase | (24,928) | (58,937) |
| Other | 20,135 | 32,723 |
| NET CASH USED IN FINANCING ACTIVITIES | (70,627) | (229,370) |
| Effect of exchange rate changes on cash | (7,353) | (574) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 13,065 | (99,840) |
| Cash and cash equivalents at beginning of year | 334,174 | 434,014 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 347,239 | \$ 334,174 |