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[BEGINNING OF The Hershey Company.mp3]

Michelle: Thanks very much, Andrew. Good afternoon, and I am delighted to be with you all here today. It was great to see some familiar faces of folks I haven't seen for a while. So, look forward to our time together. Of course, the infamous, before I start, as a reminder, this presentation contains forward-looking statements and references to certain non-GAAP financial measures. Please keep this in mind. Reconciliations can be found in the presentation posted on our website. So with that, let's get started.

There are four things that I really want to leave you with, or start off the day with, that will guide our discussion. First of all, while we are navigating near-term dynamics, we continue to feel great about the long-term growth prospects for snacking as evidenced by consumer trends. Secondly, we constantly are adapting and evolving with consumers. It's been an advantage for us to date, and it's what we will continue to do to win. Third, we have delivered our transformation, and that transformation has set us up with an even stronger foundation going forward for the long term. And lastly, we are confident in our ability to deliver sustained earnings growth as cocoa costs normalize.

So who are we at Hershey? Obviously, a company with a 130-year legacy of tradition founded by Milton Hershey. Our company has always been about products that put smiles in people's faces. I know all of you enjoy them, as Andrew mentioned, at the break times and throughout your normal lives. We also have brands that are more than just names, but they are brands that consumers emotionally connect with. Our brands play a key role in consumers' lives. It was Milton Hershey's vision to make chocolate accessible to everyone, and we continue to focus on accessibility through the right product portfolio, the right price points, and ubiquitous distribution.

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As we have those principles in place, we also have several core strengths that we continue to draw upon. First of all, we put consumers and customers number one, at the heart of everything that we do. Second, we have built a scaled and efficient supply chain, and as you know, we have continued to invest in that to stay ahead over the years. And third, we have increasingly been using technology, both to create agility, providing us with new insights, and also providing efficiency for us as we run the business. Over the past seven years, our performance has been defined by sustained, differentiated growth. We grew organic revenue by 4.6% and adjusted EPS by 10.6%. Operating profit has averaged 7.8% growth with free cash flow up 10.3%, and we have outpaced industry benchmarks with annual TSR of 10.7%.

We have delivered strong cumulative returns versus the S&P 500 and packaged food indices from 2017 to 2023. We are now focused on building long-term resilience to navigate cocoa cost fluctuations, diversifying our supply chain in terms of where we source cocoa, how we think about product formulation, and investing in innovative solutions both on the ground in cocoa production as well as using cocoa science in other ways to boost the business. We see strong potential to regain our historical outperformance level as cocoa costs normalize. Positive trends continue to reinforce our ambition to be a leading snacking powerhouse. Consumer sentiment has rebounded since the mid-2022 low, and we feel good about that, and we think the consumer will, over time, recover.

We know that nearly half of consumers are snacking about three times a day, and convenience is a priority for nearly half of them as well. And we also know that even when finances are tough for these consumers, they are continuing to choose and say that they will splurge on food products. Consumer tailwinds are pervasive, but they are specially focused in several key areas and pockets of growth, areas where we've seen the consumer continue to evolve, and that creates opportunity for us. Better-For-You snacking is up 12%. And Better-For-You snacking is not homogenous. There are distinct segments within. There are consumers looking for clean labels, consumers looking for protein, those looking for low-cal or low sugar. There are consumer groups whose buying power is significantly growing. Gen Z and millennials, globally, by 2040, 69% of global spending. That's pretty incredible and an opportunity with rising expectations for new brands.

Sweets behaviors have shifted. Sweets once were eaten only by kids, and what we're seeing now is more and more consumers are eating sweets later into life as they age, more so before than

any other generation. And we see that as big opportunity for us. And we continue to see that whenever we put out new flavors, new products, new taste experiences, consumers' palates have become more sophisticated, and they are looking for more different things to delight, and we're able to deliver that. Our success has always been, as I mentioned earlier, really been about evolving with the consumer, really staying on top of what they're looking for. As a result, we've made some changes and some shifts in our portfolio.

First of all, we prioritize that in addition to having our fabulous array of indulgent products, we wanted to diversify and get permissibility in our portfolio as well, to meet those changing health and wellness trends, entering some salty categories that are permissible, and also dialing up our zero-sugar line within CMG. We know that consumers and all of us are consuming media in very different ways than we have. And over time, we have transformed how we are connecting with consumers to ensure that we are always relevant and reaching them wherever they are. Over the years, there's been a lot of retail evolution, and that continues. And we are staying on top of shopper behaviors, making sure we have the right insights, and evolving as the retail landscape evolves. And lastly, to ensure we stay relevant in this dynamic market, we are continuing to evolve our marketing models and launching new brands, in addition to the iconic brands that we've had for many, many years.

We've really evolved our portfolio to capture where the consumer is. And I think these are three great examples. Andrew mentioned the diversification that we did into salty snacking. Our salty snack portfolio is near \$1.5 billion. Two of our salty brands are in our top 10 brands overall as the company, SkinnyPop and Dot's. As we look at sweets, sweets is an area that we now have almost \$1 billion of revenue with a 7% CAGR. And we see continued opportunity in this area, as well as in salty snacks growing 20% plus. All of these things are evolving the portfolio to adapt to consumers. Lastly, the Better-For-You area, where we've expanded our array of products, everything from lower on the Better-For-You end, Brookside, which has a fruit-based center, to our protein brands, to Lily's and low sugar, also a high growth area. And we will continue to focus on driving our core business as we continue to evolve into these high-growth spaces that offer tremendous opportunity for us.

Media has really evolved, and we have evolved over the past seven, eight years in a pretty big way. Of course, you can find us anywhere from live TV, on NBC, ABC, streaming services

like Netflix. More and more, we are doing partnerships out there with podcasts and things that get picked up in other venues across the internet, which give us more and more impressions beyond those that we are purchasing. So the world of media continues to evolve, and our strategy is to be wherever consumers are. Our digital media spend has more than doubled from 2017 to 2024, and we've really expanded the streaming component of our media plan as well, as that's where a lot of consumers are watching right now.

Over the years, and certainly over my career, I've seen seismic shifts in the retail landscape, and that continues going forward. We have a history of navigating those changes, whether it was pay at the pump, where people were concerned about people not going into convenience stores, self-checkout, the range of new entries into the marketplace. Many of you may remember when the dollar class of trade was not in the marketplace and when it first entered, there was no food. So there was evolution over time in that class of trade, and we've continued to evolve and to thrive. What's constant despite all of that change is that we stay in touch with consumers and we talked about them, what they're interested in, where they want to shop, and make sure that we are listening, we are following them, and we are providing all of those insights to retailers who have come to rely on us to partner with them using those insights to continue to evolve.

We know that we can drive incrementality by maximizing many elements of how we compete in the retail landscape. Having those best-in-class assortments on shelf is invaluable so that the shelf is as productive as possible. Exciting innovation draws people in at retail and it also drives merchandising and distribution. We leverage the scale of seasons, again, to be a showstopper at retail and to draw people into our products. And of course, we have our proprietary retail sales force who is able to elevate and take our execution in-store to the next level.

Currently, as we evolve our marketing, we are evolving again with the consumer, embracing influencer-led activations and partnerships to reach new audiences. And on this slide, you see a couple of great examples. You're all aware of Shaq and how we partnered with him as a key influencer, not only with our generation, but with younger generations. As you look at our presence in the Super Bowl, it's really evolved how we show up from not just a 15 or 30-second ad to surround sound of all the events that are happening around that event. This year, for example, we sponsored the "New Heights" podcast by the Kelce brothers. We also had social and digital content and

live events with Barstool Sports. So, really evolving how our marketing shows up to the consumer. We also acquired Sour Strips, a brand that was founded and built through a social media personality who has continued to stay involved with the business to help us make sure that we continue what that brand is all about and what he created.

So those are some of the things we've done. And going forward, our journey continues. And there are four key areas that we are focused on to continue to drive our business forward. First is value. We know that value is always important, and it is particularly important right now. Second, our product category is about taste. It's why people come here. And so making sure that we really understand the next evolution of how we delight consumers from a taste perspective is important, and how their palates are evolving. Third, health and wellness, I mentioned that before. It's been a long-term trend. We all know that. It continues to grow and evolve, and we want to participate in an even bigger way. And fourth, unlocking new shopping behaviors as the retail landscape evolves.

So let me talk a little bit about each one of those. We define value to consumers in a very multifaceted way. Of course, there's price and making sure that we have the right entry-level price points for people coming into the category. There's an overall affordability. Greater than 80% of our everyday chocolate items are less than \$4. But there are also other ways that we create value for the consumer. And more to come, but over the next few years, you're going to see an evolution and changes in the take-home aisle. We are increasing product visibility and optimizing the flow of the aisle with some changes that we're making to our packaging. We are more and more going to be using the aisle to communicate to consumers occasions to create that top-of-mind perspective on when and where they can use our products and organize the aisle in that way. And all of this will culminate in an increased value impression to the consumer.

Second, satisfying consumer needs. Consumers' palates are continuing to evolve, and we want to continue to create excitement for them. We use innovation, and innovation continues to be some of the lifeblood of the category. We've continued to focus on sweets, in particular, where there's a lot of innovation opportunity, whether it is forms, texture, flavor relative to sour versus milder. All of those things are opportunities and places where the consumer is exploring and trying more. We're also very focused on moving into spaces in between the seams, areas like sweet and salty, where consumers

have started to like the mixing of those ingredients together. And I'll talk more about that a little bit later in my presentation.

Healthier snacking. We are responding to the fact that health and wellness has distinct consumer needs, and we are standing-up pillars to meet various of those needs. You can see that with our portfolio, with areas that have protein, areas that are zero sugar, etc. We also are investing in R&D and new technology to enhance macros and the consumer experience, including our focus on sugar-free and on protein snacking. And today, I am very excited to announce a partnership that we have with VitaKey, leveraging their technology to create a suite of health and wellness products.

Fourth, as we participate in occasions-based categories, we are adopting with new shopping behaviors. We're partnering with retailers and really working with consumers to understand what they're looking for in each of their different shopping experiences and shopping outlets so that we can penetrate under-shared channels. In many of those under-penetrated channels, we already have strong growth. But the growth there is even higher than where our growth is today. So it creates further opportunity for expansion. We're also very focused on occasion-based shopping, as I mentioned earlier. Think about things like value on the go, or movie and family gaming nights, or the big game day with a sweet and salty flavor to it. And we're embracing social shopping to fuel omni-channel growth. Let's take a look at some of our exciting media and social activations.

Announcer: Reese's has big news.

[00:18:44.114]

[music]

[00:19:13.756]

Man: Okay. Listen up. Everyone is taking a KitKat break. I need a break. Ooh, fancy.

[00:19:38.432]

[music]

[00:19:57.654]

Man: They're really good. That stuff looks delicious.

Michelle: A lot of fun. Let me now take some time to dive into each of our different business segments and talk about some of the opportunities and the priorities that we see there and are focused on. Before that, I do want to say that I'm very excited about our recent leadership appointments. Andrew Archambault to the U.S. President role in CMG. Andrew comes to us most directly from Keurig Dr Pepper. He also has a very

long background at Coca-Cola and also worked in private equity. And Vero Villasenor, who's taking over and was promoted to be the president of our Salty Snacks business. Vero has been with the company for 22 years. She's worked in our international business, in CMG, and now in Salty. I am really confident in both of these two leaders and what they will do to help us take our business to the next level of growth, partnering with the rest of the team.

North America Confection continues to be about 80% of our business. So, obviously, a very key segment. As you think about this category, it's a category that has been very resilient. We're really pleased with the momentum that we had as we closed 2024. And I think it's a testament to the resilience of the category. We know that pricing has been a key lever in our growth algorithm over the years. And we believe that pricing actions, when paired with category investment and brand investment, drive sustained growth, and we've seen that time and time again. And that's because of the relevance of our categories and our brands to consumers. Typically, chocolate household penetration is in the mid to high 90s. And while purchase frequency dips in the year following pricing, it largely recovers over that next two-year period of time. And thus, how the algorithm really comes to bear and works.

So here are the three top priorities that we have in our North American business. Reigniting chocolate, accelerating and taking forward that lift that we're seeing in the natural momentum in sweets, and then continuing to win where we have always been strong in our seasonal business. As we think about chocolate, there are three pillars that we're focused on for growth. First of all, we all know that innovation is critical in this category. And our innovation is up about 40% versus the level that we had in 2023. We're also increasing our marketing investment behind our variety portfolio. Those variety brands offer differentiated items to consumers that consumers love, and this year we'll be activating Heath, Almond Joy, and Mounds, and those brands are a critical component of some of the IC convenience store programming that we've spoken to you about before.

We're also implementing our gold standard planogram in at least 40% of C-Stores this year. And as you recall, that planogram uses a shopper decision tree along with some other proprietary pieces of information to get to an optimized shelf set that can drive results at retail. And what we've seen with that shelf is where we have implemented that, we see the category doing two times the growth versus where we have not

implemented it. And that's critical. One of the ways that we continue to drive the business is to offer solutions to our retailers that not only grow our business, but that also grow the total category.

Sweets, a key pillar for growth that I mentioned before. Sweets is highly incremental to our total company's business. And we've built strong momentum nearing \$1 billion revenue in sweets. We are on the early days with certain brands in our sweets portfolio, Shaq and Sour Strips. So we have lots of upside in those brands relative to just gaining distribution, awareness, and trial. We also have a strong pipeline of flavors and forms, and you've seen some of those on Jolly Ranchers, some of those we launched starting in Q3 of 2024, Ropes, Freeze Dried, etc. And we have a lot of runway on those to continue to drive distribution, media, and merchandising.

And then by building that broader portfolio, we can now take that portfolio and put it into seasons and also into assortment bags. Winning seasonal share continues to be a key priority for us. We are focused on winning those special moments, and that drives emotional connectivity with our consumers as well as driving our business. Top on our list is innovating on some of our top brands with some really exciting news. We have Reese's Red Velvet. Who doesn't love red velvet anything? We have new shapes on KitKat, Santa shapes that are really appealing to consumers and really help them celebrate the holidays. We're also driving earlier merchandising on the seasons. We know that if we get merchandising out there earlier, we can bring consumers in sooner, and that can lead to them having multiple purchases during that seasonal timeframe. So, with the long Easter this year, we're really focused on that. And then, of course, as always, we are protecting key price points to make sure that we can offer the value to consumers during those peak seasonal windows.

Let's shift gears and talk a little bit about North American salty snacks. We are leveraging a disruptor playbook in the salty snack area. We have developed a portfolio that's greater than \$1 billion of what we call insurgent brands. We chose to play selectively in categories that have high permissibility; ready-to-eat popcorn, pretzels, and puffs. We think that we've built a capability to be good at spotting brands that we think have differentiated propositions, and we believe that's been a key driver of our success. We are strengthening our competitive positioning by virtue of having this broader portfolio and being able to integrate them together as a total salty bundle. And that has enabled us to turn these acquisitions into category leaders, where we have either

doubled, or even tripled, in the case of Dot's, their revenue, from the time that we acquired them.

We have a focus on reinvigorating SkinnyPop. We are pleased to see that SkinnyPop is gaining momentum despite category pressures. And we have a brand transformation underway for 2025, whereby we are renovating our packaging in terms of the graphics and the substrate. We'll have new price pack architecture to offer new sizes and price points to consumers. And I'm really pleased to announce that we have a celebrity ambassador for SkinnyPop who is just perfect in epitomizing the brand, Jennifer Aniston. You saw a clip earlier, but we're excited to share a sneak peek of our new media that will premiere on the Oscars.

Jennifer: Hi, I'm checking in.

Woman: Oh, my gosh, I'm a huge fan.

Jennifer: Oh, thank you.

Woman: I love SkinnyPop. Anyway, what's your name?

Jennifer: I'm Jennifer Aniston.

Woman: I'm not seeing a Jennifer Anderson.

Jennifer: Oh, no. No, no. Not Anderson. Aniston.

Woman: Ann Iston. I'm so sorry, Ms. Iston. I thought you said your name was Jennifer.

Jennifer: It is.

Woman: Sorry, I can't think straight. Can I just...

Jennifer: Yeah, sure.

Woman: Oh, SkinnyPop. Popular for a reason.

Michelle: We think that's going to be very memorable, and that she is the perfect spokesperson for the brand. I'm very sorry I couldn't deliver her for you today like we did Shaq last year, but she's a little harder to get in person. Ah, Dot's. Dot's has been a juggernaut for us. Just an amazing business that every time I talk to consumer, any consumer, they say they just love Dot's. It's very efficient for retailers. If you look at the growth rates we have of Dot's over a very limited number of SKUs, it suggests there's significant

opportunity for SKU expansion and shelf space expansion to further drive the business. We're also investing in partnership programs to bring Dot's to life in store, and we continue to drive at the core of the proposition, which is bold flavor with new and exciting flavors. One of my favorites, barbecue, you see pictured on the screen. It really, really delivers. And then lastly, we're continuing to drive household penetration. Lots of opportunity for that on Dot's. And we are using media, digital channels, and increasing our presence there by about 30% to broaden that household penetration.

We're also now able to unlock the real power of our sweet and salty portfolios together in many different ways. First of all, we can come up with products that combine sweet and salty. And we've got several of those. One that I would recommend to you is Reese's peanut butter-filled pretzels. They're going to be in the break tomorrow. Make sure that you grab those first because they will go fast. They are incredible. We're also expanding in multi-packs. Multi-packs are now the number two-pack type in salty snacks, and we think there's tremendous upside. We're expanding with packaging renovation, moving from a bag to a box, and also with new assortments of new combinations of brands that we've derived using consumer insights. We're also leveraging the power and the execution capabilities that we have had and used for so many years on CMG with big displays, and we're now doing cross-brand displays with our salty brands and our sweet brands together. And then leveraging our retail sales team to drive execution, solo executions on salty at retail.

Let's talk for a few minutes about our international business. As has been the case for many years, we have a focused model for balanced top and bottom-line growth. We're focused on driving growth and have driven about 4% net sales CAGR on the top-line and \$154 million increase in operating income since 2017. That's been a focus, as you recall, to kind of balance moderating the top-line to get a little bit more profitability and we think we're in a pretty good place right now on that front. We continue to drive to capture category momentum in these international markets and certainly in the past year or so, we've seen some category pressure and some competitive pressure, categories given value, competitors dialing up, but we expect to see continued expansion on our international business going forward.

So, these are the three key areas of focus on international, winning with Reese's, differentiated innovation, and then strengthening India and Brazil. I'll speak for a minute about

each of those. First, as you know, Reese is our number one biggest brand in the U.S., and we are leveraging that U.S. playbook to expand internationally. We have figured out, we believe, the key to unlock Reese in international markets. We've had tremendous success in the UK in particular. We are driving double-digit growth through portfolio expansion in the UK and in Germany, and we're also looking to enter with Reese into other markets, including Mexico, some other markets across Europe, and others. We think it's a big opportunity. Reese truly can be a global brand.

Second, we're focused on differentiated tastes, particularly at the local level, things like spicy in Mexico, and entry-level trial price points. And then lastly, in India and Brazil, we are continuing to drive the business, focusing on the breadth of our portfolio, things in India like milkshakes and syrup, areas that are a little less cocoa dependent, and continuing to drive our Brazil portfolio as well with some items that are a little bit less cocoa dependent, as we also evaluate opportunities to further improve our route to market in both India and Brazil.

So, I feel really good about our portfolio and what it can deliver. Our balance sheet remains strong, allowing us to continue to evolve, to meet consumer needs. So M&A. As you can see, M&A has played a key role in our growth over the years, and really getting to that optimal portfolio because it all starts in competing by having the right portfolio. We will continue to use M&A as a way to expand our portfolio. There's really no change to our strategy. We continue to look for scale brands that are in on-trend categories or are disruptors to a category, creating opportunity. Brands that have strong gross margins and that let us access new consumers and new occasions. As always, we will be very disciplined with our approach.

So, in closing, I want to end with what I think has been overlooked. Once we emerge from these commodity-driven headwinds, we will emerge as a stronger, more efficient, and more agile company. Our transformation is enabling growth and agility investments in our business. So far, we have strengthened our foundation. We've renewed our innovation focus. We've made digital upgrades, including the implementation of S4 and new technology capabilities that Steve is going to talk about, and we have a new, more efficient operating model, really leveraging synergy across many of our business units and also shared services. And we continue to be focused on actions to emerge stronger. We're reimagining our innovation, R&D capabilities with some things

like partnerships that I mentioned a little bit earlier today. We have tools to optimize and further optimize and take our capabilities to make investments across trade advertising to a higher level. We're investing in next-gen capabilities relative to understanding consumers' and customers' needs.

And we're embedding automation. Now that we have that S4 foundation more and more, and as we've brought on board a new technology leader and he's building a team that can really take us into the future. And if needed, we are preparing actions to manage persistent cocoa inflation. So, we are set up to drive profitable, sustainable growth into the future. And with that, I'd like to turn it over to Steve.

Steve: Thank you, Michelle. Good afternoon. I will start by just reaffirming the guidance that we gave just two weeks ago for 2025. So top-line growth, whether organic or reported of at least 2%, reported earnings per share down in the high 40% range, and adjusted earnings per share down in the mid-30s range, largely driven on the back of the unprecedented cocoa inflation that we've seen, as well as some normalization headwinds in incentive compensation for 2025 and taxes. Despite the volatility in the commodity environments, though, we remain committed to our key financial principles. I'll talk a little bit more about capital allocation in a minute, but from a commercial standpoint, we continue to focus on driving a healthy top-line and market share. And by healthy top-line, we mean that we want a mix of volume and price over time.

Clearly, we've been leaning to price, given the inflation that we're facing, but over time, we want a balance of both. We want to continue to drive strong, continuous improvement and productivity in the manufacturing areas. We'll talk more about that in a minute. That's an area I think we're proud of, but we also have lots of opportunity to expand. We want to be disciplined between the lines. That's a key piece of our transformation program. And we want to have good discipline and stewardship of those costs, while at the same time, making sure that we're investing in our brands in a thoughtful way that drives ROI and builds up those iconic franchises.

As Michelle said, we have taken and are taking aggressive action to manage the commodity environment that we're in. You will have seen, last year, we announced a double-digit price increase on about half of our U.S. confection portfolio. And we've announced a variety of price increases elsewhere around the world as well. And while we don't comment on future price increases, you can imagine this is going to be important to us as we look to the future and watch what's happening in

commodities. Second, we want to, of course, continue to focus on growing the top-line, as I said, that mixture of volume and price, and also, as Michelle said, looking for the right inorganic opportunities.

In addition, we want to continue to expand the transformation effort. And you heard on our earnings call just a couple of weeks ago that we've now increased our commitment from \$300 million of savings over the program life to \$350 million of savings. And that is based in part on what we've seen so far. I feel like we're off to a good start. Certainly, over-delivered our expectations in '24 that allowed us to raise our expectations for '25, but also, what we're seeing as additional untapped opportunity. We want to continue to drive a strong ROI, as I said, on commercial investment. You'll have seen that we've changed out our media partner. And we are ever more getting efficient and more fine-grained in how we can ascertain returns against brand investment. We want to leverage our scale in our manufacturing base, not just to drive productivity, although that's important, but also to build resiliency and be able to adjust things like looking at formulations, looking at other things in packaging that we can do, PPA, as Michelle said, that the supply chain can do to help drive efficiencies. And then finally, we want to continue delivering on our working capital expectations.

And I'm pleased to say that in the last three years we've taken six days out of our cash conversion cycle. And I think in the last 5 years we have taken out 19 days. So this, again, will be a place we look to drive efficiency and free up more cash to invest in the business or return to shareholders. I talked about supply chain, and again, I'm really proud with the work our global supply chain teams have done to be able to drive productivity now almost three times what it was just a few years ago. And as we look at that curve, our expectations are only higher for the future, largely based on some of the technology that we've put in place in our manufacturing plants. Of course, the ERP program itself, but that is really just the foundation in addition to digitizing our factories, which I'll talk more about in a second.

As we look forward, we can look at what we did last year. And we talked about ERP. No one's happier to have the ERP program behind us than me. And that's a big one for us. And already, we're seeing the benefits of that. And you saw some of it on Michelle's slide in terms of harmonizing how we go to market. And you'll recall in the salty business we had to harmonize just inside of salty, and then harmonize across the U.S. business, the confection business, and the salty business. And

today with over 95% of our global business on one instance of that ERP platform, there are more efficiencies to be had in the go-to-market space. It's also allowed us to accelerate innovation, and the focus this year really on bigger, bolder, more impactful innovation, which this tool, again, is helping us to do.

And as we look forward, we see two areas that we're going to continue to build out and invest in that, again, go off the back of the ERP platform. The first one is integrated demand planning or IDP. And I think we may have touched on this last year. But the notion is basically a much better way to tie the demand signal on one side to the supply chain response and fulfillment response on the other side. In this case, we're using a product from Kinaxis, a best-in-class tool that uses a combination of machine language, data, and some AI to make real-time adjustments to the way that manufacturing and supply chain responds to demand. So we're excited about that. We'll talk more about that going forward.

The second area is similar in terms of signal and response, but this time focusing on our commercial investment, and understanding the data that we're getting from shopping behavior, consumer behavior, promotional feedback, promotion effectiveness, and taking that data stream and intersecting it with the way we deploy customer investment and promotional dollars, which, of course, as you know, for us, is a big dollar amount. And again, having AI and technology in the center of that. This one we rolled out initially last year. Right now it's active in about 40% of our U.S. portfolio, and we're going to continue to expand that this year. And that's a proprietary solution that we have built with an outside partner. So these two of them together account for 15% to 20% of our transformation savings, and it's delivering dollars today.

Back to capital allocation. And again, I will say like I do every year, you know, this is a focus for us. We want to be good stewards of the great cash this business generates. Our priorities on this page have not changed. So, first and foremost, we want to make sure that we invest in the organic business and, as Michelle said, find opportunities that fit the narrow criteria that we have for M&A and make sure that those deliver good returns for shareholders. Second, we want to continue to protect and grow the dividend. Our policy is to grow it over time, roughly in line with earnings, and a dividend payout ratio of at least 50%.

Below that, we like the leveraged space that we're in today that gives us the flexibility to pursue M&A or to go above if we see the need to do that, but also the ability to take advantage of low-cost commercial paper and have access to the capital markets. And finally, share repurchases. And we've done quite a bit of share repurchases in the past. We love having this in the capital allocation equation because it puts tension on all the other choices. Our job is not to hold on to the shareholders' cash. If we can't find a good risk-adjusted return for our capital deployment choices, we're going to return it to shareholders. And I'm happy to say that over the last few years, we've returned over \$3.5 billion between dividends and the share repurchases to shareholders.

We remain confident in our long-term growth algorithm, 2% to 4% on the top, 6% to 8% on the bottom. On the left-hand side, you can see how we break that top-line goal down by the business units, and on the right-hand side, you can see the recipe that we've largely touched on by this point. Now, it's not lost on us that we are a long way from that earnings algorithm for 2025 and fighting the inflation in cocoa. But as we look to the future, we see a path, even at current forward prices for cocoa, to be able to get back to earnings growth. It will take a little help from cocoa to be able to get to on-algorithm earnings growth. And in either case, it's going to take, as Michelle said, a number of additional actions that we're working on and putting in place over the course of this year to deliver against that. However, and we don't know where cocoa will ultimately reset, what the new normal will look like, but you can imagine that not only could we get back on algorithm with some reasonable cocoa reversion, but significantly ahead of algorithm in the future.

So with that, I'll just close my section by saying we are committed to driving on-algorithm top-line growth in a healthy manner over time. We're going to stay committed to driving cost savings through all parts of the P&L productivity, on the back of technology and cost of sales, driving costs out of SG&A by making sure we at the same time are reinvesting behind our iconic brands for growth. And with that, I will turn it back to Michelle.

Michelle: Thank you, Steve. So just to wrap it up, as I highlighted when I opened the session, we continue to feel great about the long-term prospects that we have in snacking and believe we have lots of runway there. We will continue to stay ahead by being in touch with the consumer, where they're headed, and heading in those directions. Our transformation has enabled us to have an even stronger foundation, setting us

up for the future, and we remain confident in our ability to deliver sustained earnings growth as cocoa costs normalize. Thank you, and we are happy to answer any of your questions.

Anoori: Start here with Ken.

Ken: Hi, thank you. You talked a little bit, Michelle, about the international business and how you seemed to have maybe figured some things out. My phrase. I don't think you said that exactly, but especially with Reese's and especially in the UK. Over the decades, it's been challenging, I think it's fair to say, for Hershey to kind of find that unlock a little bit. I realize you don't want to give away this special sauce, so to speak, but can you give us a little more color on what's working and what gives you the optimism over the next few years that this will continue to work, you know, just given some of the maybe false starts, it's fair to say, that we've seen in the past?

Michelle: Relative to Reese's, Ken, are you talking?

Ken: I'm really just talking your general international strategy. You mentioned Reese's as a success.

Michelle: Yes. Sure. I think, you know, Canada is similar to the U.S., so I think we've had pretty consistent performance as I look at that market. Brazil and India have been more investments for the longer term, but we have, over the past seven, eight years, I think, made country choices of where we thought we could win and where we thought we couldn't. So, as you recall, we got out of China. In terms of having a big investment, we're still there, but we pulled back to get to a balanced perspective where we have presence, but it's profitable. And I think we're looking at where are those places where we can have green shoots?

Reese's, right now, we've spent years looking at how could we expand it because it's such an amazing brand. It deserves to be in those markets. And I think consumers are now at the point where their palates are very accepting of peanut butter, and it was a lot of trial and error, frankly. And what we did was low-level investment, not a lot of feet on the street, but, you know, export the product in there, started with no advertising, focused retail locations, and then build it over time to try and get the traction. So, I think I'd say not get ahead of -- over our skis, relative of our investment versus proving out the potential. And I think that's, I'd say, how we're managing the international market overall, is how do we make sure that we are looking for that consistent growth, but

when forced to make those choices, we are not over-investing to get it.

Man: I think we can wrap it up there and take it over to the breakout. Join me again in thanking Hershey for their generous sponsorship of the conference on Wednesday.

[END OF The Hershey Company.mp3]