



HERSHEY

CAGNY CONFERENCE

FEBRUARY 17, 2021



MICHELE BUCK

chief executive officer

HERSHEY 

FORWARD-LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Many of these forward-looking statements can be identified by the use of words such as “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would,” among others. These statements are made based upon current expectations that are subject to risks and uncertainties. Because actual results may differ materially from those contained in the forward-looking statements, you should not place undue reliance on the forward-looking statements when deciding whether to buy, sell or hold the company’s securities. Factors that could cause results to differ materially include, but are not limited to: disruptions in consumer and trade patterns and operational challenges associated with disease outbreaks; issues or concerns related to the quality and safety of our products, ingredients or packaging, human and workplace rights, and other environmental, social or governance matters; disruptions to our manufacturing operations or supply chain; our ability to hire, engage and retain a talented global workforce; changes in raw material and energy costs, along with the availability of adequate supplies of raw materials; selling price increases, including volume declines associated with pricing elasticity; market demand for our new and existing products; increased marketplace competition; failure to successfully execute or integrate acquisitions, divestitures and joint ventures; changes in governmental laws and regulations, including taxes; political, economic, and/or financial market conditions; risks and uncertainties related to our international operations; disruptions, failures or security breaches of our information technology infrastructure; our ability to realize expected cost savings and operating efficiencies associated with strategic initiatives or restructuring programs; complications with the design or implementation of our new enterprise resource planning system; and such other matters as discussed in our Annual Report on Form 10-K for the year ended December 31, 2020. All information in this presentation is as of February 17, 2021. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company’s expectations.

LEADING WITH AN ADVANTAGED BUSINESS MODEL

PURE-PLAY
SNACKING
COMPANY

#1 IN US
CHOCOLATE

ICONIC
BRANDS

DIVERSIFIED
ACROSS
CHANNELS AND
OCCASIONS

INDUSTRY
LEADING
SALES TEAM

MANUFACTURING
SCALE

ADVANTAGED
CAPABILITIES

LEADING
MARGINS

Source: Company Financials, IRI, Morning Consult, Advantage Survey, Bloomberg

CONSISTENTLY DELIVERING STRONG FINANCIAL PERFORMANCE AND MARKET LEADING RETURNS

3 YR PERFORMANCE

Net Sales

+2.7%

Adj EPS

+9.7%

Adj Gross Margin

45.5%

Adj Oper Profit Margin

22.5%

CUMULATIVE TSR

HSY
CPG
FOOD*

41.9%

10.8%

(*) Food reflects the S&P 500 Packaged Food Sub-Industry Index

Source: Bloomberg, Company Financials

See Appendix for a Reconciliation of GAAP to Adjusted EPS, Gross Margin and Operating Profit Margin

STRATEGIES TO SUSTAIN OUR MOMENTUM AND DELIVER AGAINST OUR PURPOSE



making *more* moments of goodness.

A GROWING
PORTFOLIO OF
**BELOVED
BRANDS**

**UNMATCHED
CAPABILITIES**
CONNECTING US
TO CONSUMERS

**A DYNAMIC
WORKFORCE**
LEADING US
FORWARD

**THE LONG-
TERM VIEW**
GUIDING OUR
GROWTH

deliver peer-leading
SHAREHOLDER RETURNS

A GROWING PORTFOLIO OF BELOVED BRANDS

HERSHEY'S

Reese's

HERSHEY'S
Kisses
brand

KitKat

ICE BREAKERS

SKINNYPOP
POPCORN

ONE

HERSHEY'S

A PORTFOLIO OF beloved BRANDS

Sweet

Savory



BELOVED BRANDS



STRONG U.S. SHARE POSITIONS

CONFECTION

#1 In Confection,
32% market share

 **#1, 46%**

 **#1, 35%**

 **#3, 13%**

 **#3, 8%**



BAKING

HH Penetration
+400bps in 2020

 **#1, 79%**

 **#1, 67%**

 **#3, 8%**



SNACKING

Skinny Pop HH Penetration
+300bps since acquisition

 **#2, 20%**

 **#2, 31%**

 **#9, 3%**



Source: IRI ending 2020 YTD through 12/31/2020, Category market share positions and share; Pirate's Booty reflects share of better-for-you puffs

BELOVED BRANDS



HERSHEY'S

investing IN THE CORE



MARKETING SUPPORT

>8% OF NET SALES
BRANDS SUPPORTED **24**

INNOVATION



SEASONS

123M HOUSEHOLDS
PARTICIPATING

PRICE REALIZATION



DISTRIBUTION

'20 CMG ITEM
COUNT SHARE **+53**BPS

E-COMMERCE

~5% OF COMPANY
SALES

Source: Company financials, IRI ending 12/27/20
Distribution adjusted for packaged candy transition and reflects 4-week average change

BELOVED BRANDS



HERSHEY'S

DIVERSIFYING TO CAPTURE PROFITABLE, INCREMENTAL GROWTH

PERMISSIBLE INDULGENCE

Thins Platform Expansion

Zero Sugar Platform

Hershey Organic Launch



SNACKING

New Skinny Pop & Pirate's Campaigns

Nutrition Bar Expansion

Targeted Snack Cakes Launch



INTERNATIONAL

Accelerate Growth In India/Mexico

Seed Growth In Europe/Asia

Optimize China



**UNMATCHED
CAPABILITIES
CONNECTING US
TO CONSUMERS**

ADVANTAGED CAPABILITIES

ACROSS THE VALUE CHAIN

Data & Analytics

REAL-TIME DATA, AI

Precision Consumer Messaging

#1 IN MEDIA INVESTMENT
amongst food peers

Customer Strategies

1 RANKED TEAM
*In Category Management and
Business Relationships*

Omni-Channel Activation

#1 SHARE IN STORE & ON-LINE

Agile Supply Chain

1 RANKED TEAM
In Customer Service

In-Store Execution

1 RANKED TEAM
by Store Managers and Employees



DIFFERENTIATED
AND SUPERIOR
PERFORMANCE

Source: Advantage, Company Financials, IRI

UNMATCHED CAPABILITIES

HERSHEY

S'MORES TIME FOR FAMILY AND FRIENDS

Consumer Understanding



Responsive Retail & Media



Data Analytics & Insights



40M
HOUSEHOLDS
+5M

CATEGORY
SHARE
+350bps

POS
+4%



Holistic Activation

Agile Supply Chain



Source: IRI

UNMATCHED CAPABILITIES



HERSHEY'S

INVESTING AND ADAPTING FOR FUTURE GROWTH

**SUPPLY
CHAIN**

CUSTOMERS

CONSUMERS

TECHNOLOGY & ANALYTICS

ERP

Agile Fulfillment

Incremental Capacity

Category Management

Omni-Channel Activation

Addressable Media

Revenue Management



**A DYNAMIC
WORKFORCE
LEADING US FORWARD**

CULTURE AS A COMPETITIVE ADVANTAGE



87%

Enterprise
Engagement
+6pts vs worldwide
benchmark

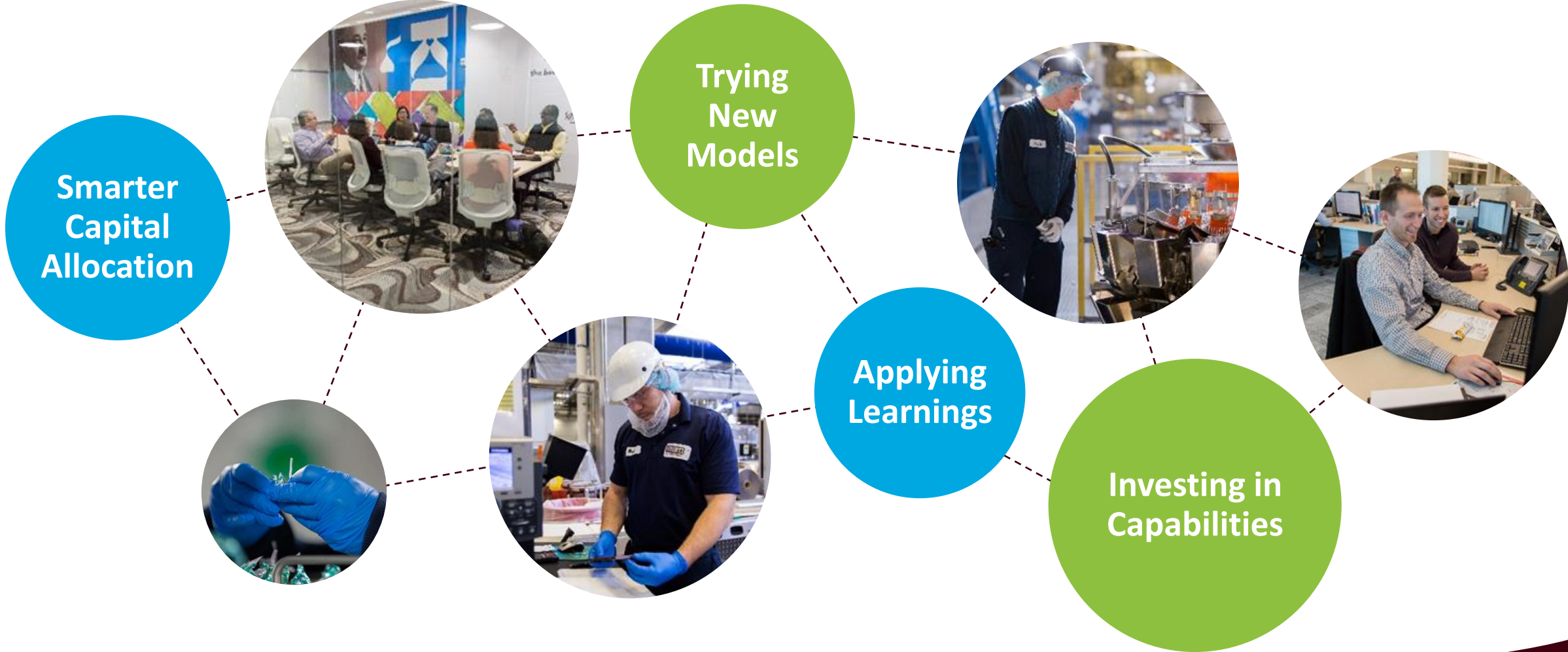
92%

Salaried
Engagement



Source: Perceptyx

DRIVING BUSINESS TRANSFORMATION



HERSHEY HALLOWEEN HEROES



CASE FILL
~99%

STORE HOURS
+12%

HOME OFFICE
HELPERS
450

RETAIL SALES
+4%

SELL THRU
+200bps

SHARE
+350bps

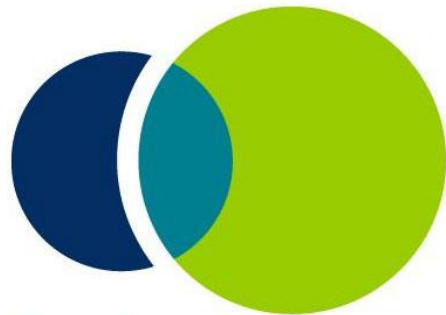


THE LONG-TERM VIEW

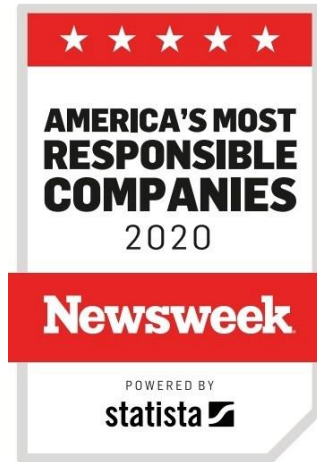
GUIDING OUR GROWTH

“DOING WELL BY DOING GOOD”

- Milton S. Hershey



Dow Jones
Sustainability Indexes



Forbes
2020





Supporting our **communities** in times of need

+30%

in 2020



STRONG PROGRESS AGAINST OUR ESG AGENDA



COCOA



RESPONSIBLE
SOURCING



CLIMATE
CHANGE



HUMAN RIGHTS



HUMAN CAPITAL



STEVE VOSKUIL

Creating shareholder value

HERSHEY 

BALANCED LONG-TERM SALES GROWTH

investing
IN THE CORE



CONTRIBUTION
TO GROWTH:

Core Confection
+1.5 – 2.0pts

diversifying
TO CAPTURE
INCREMENTAL GROWTH



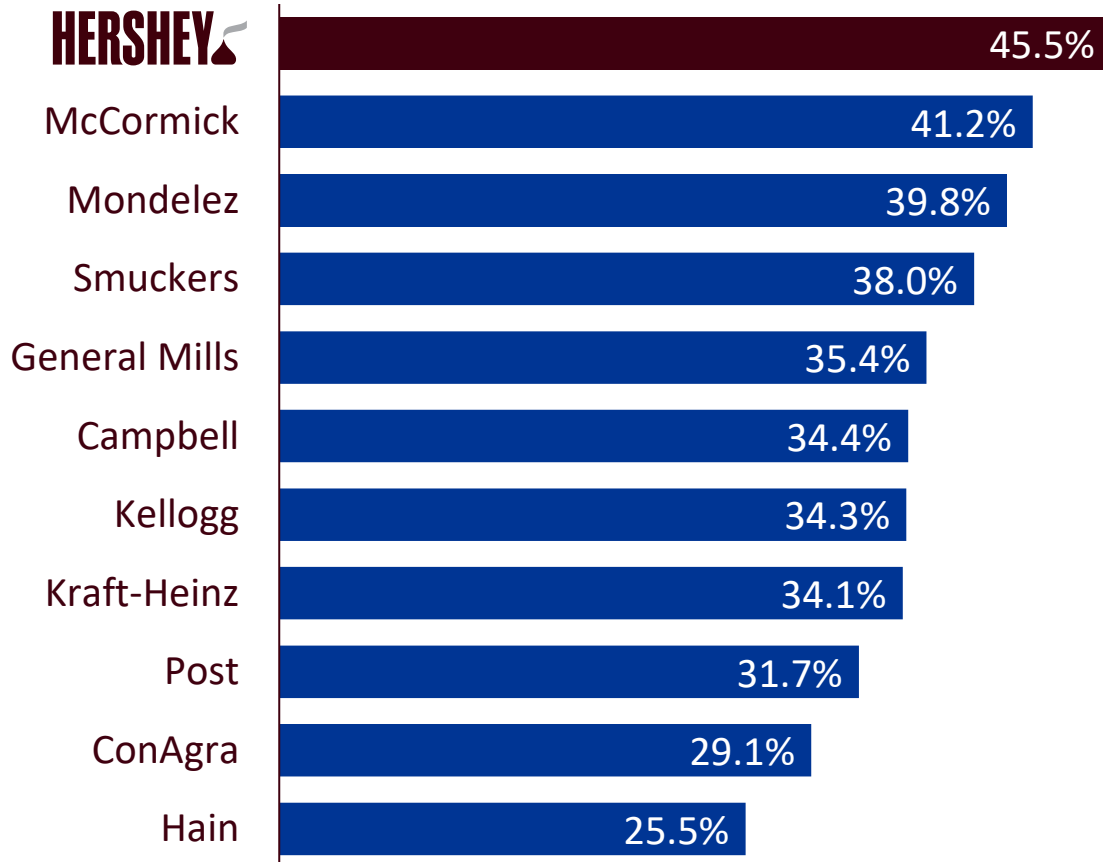
US Snacking
+0.5pts

Int'l
+0.5 – 1.0pts

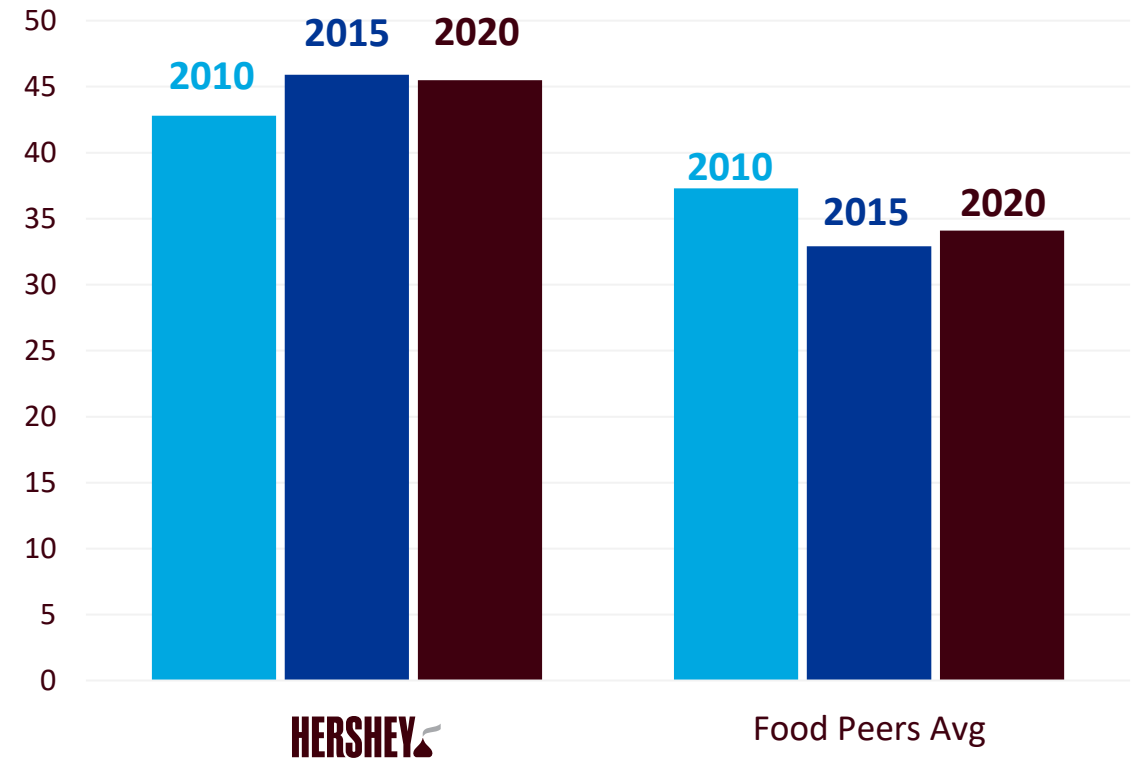
+2-4%
*net sales
growth*

SUSTAINED, PEER LEADING GROSS MARGINS

2020 Adjusted Gross Margin



Gross Margin Trend



Source: Company Financials, Factset; 2020 represents estimates for some companies
See Appendix for a Reconciliation of GAAP to Adjusted Gross Margin

LEVERS FOR GROSS MARGIN EXPANSION

PRICE / PRICE PACK ARCHITECTURE

PRODUCTIVITY

VOLUME GROWTH

FIXED COST LEVERAGE

NEW MANUFACTURING CAPABILITIES / TECHNOLOGY

NETWORK OPTIMIZATION

STRATEGIES TO FURTHER ENHANCE INTERNATIONAL PROFITABILITY



NEW CHINA
GO TO MARKET
MODEL

INCREASED
MALAYSIA PLANT
UTILIZATION

CONTINUOUS
IMPROVEMENT

STRATEGIC
REVENUE
GROWTH
MANAGEMENT



IMPROVED
OPERATIONAL
EFFICIENCY



PLANNED OPERATING MARGIN LEVERAGE

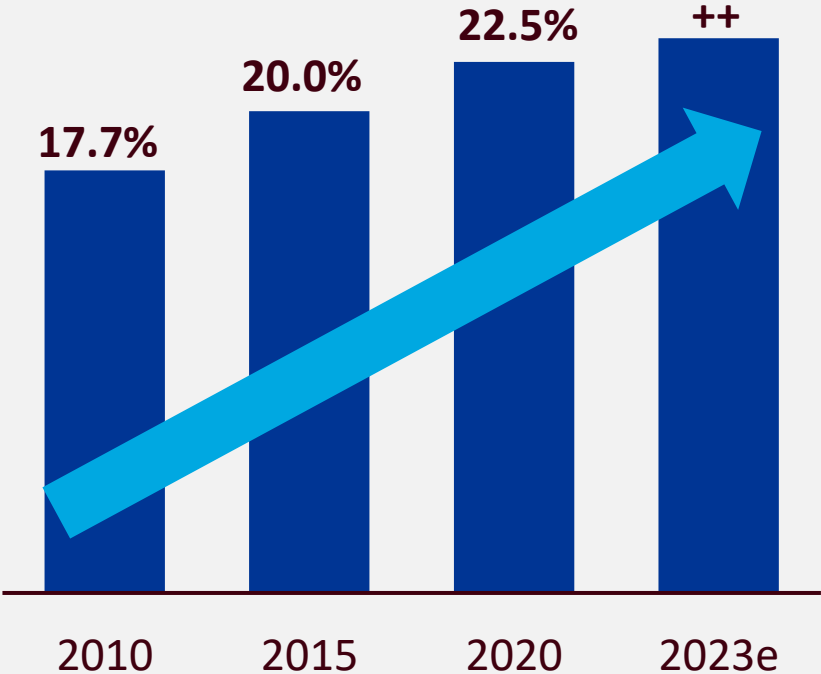
Adjusted Oper. Profit Margin %

Gross Margin Improvement

Capability Driven Investment Efficiencies

SG&A Discipline

International OI Improvement



Source: Company Financials
See Appendix for a Reconciliation of GAAP to Adjusted Operating Profit Margin

TRACK RECORD OF CONSISTENTLY DELIVERING ON-ALGORITHM EARNINGS GROWTH

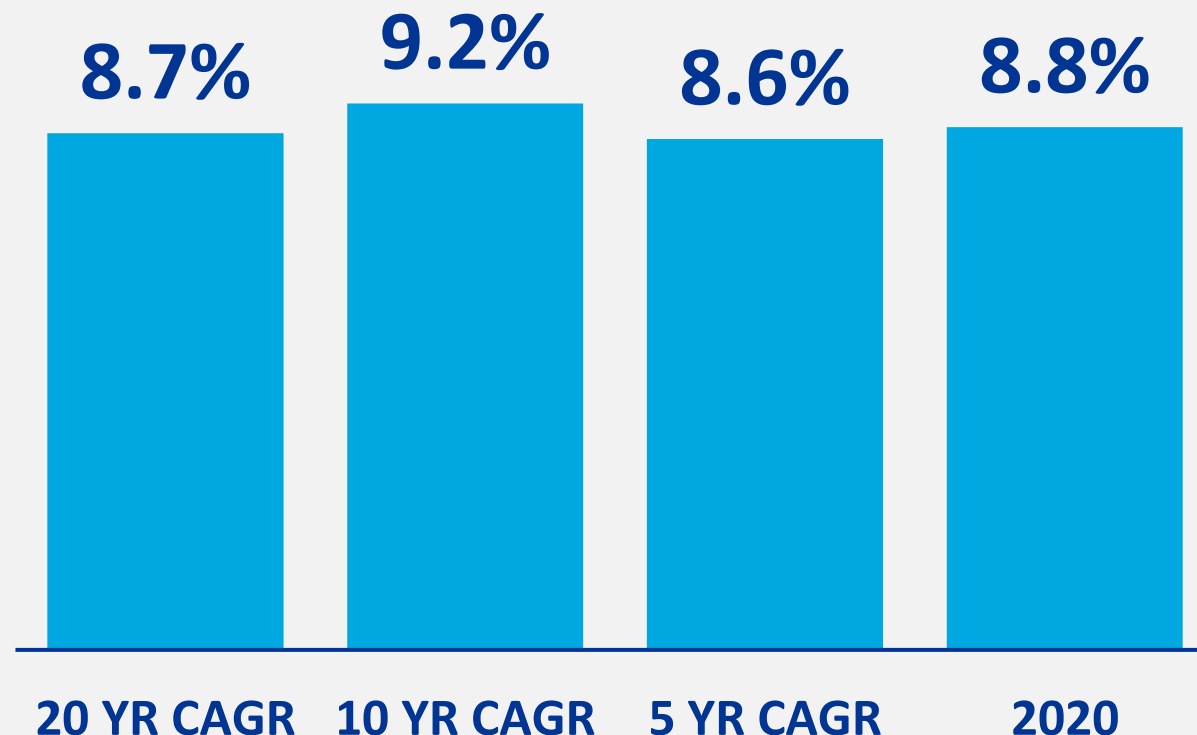
NET SALES
+2-4%
Long-Term Target



MARGIN
EXPANSION

+6-8%
ADJUSTED
EARNINGS
Long-Term Target

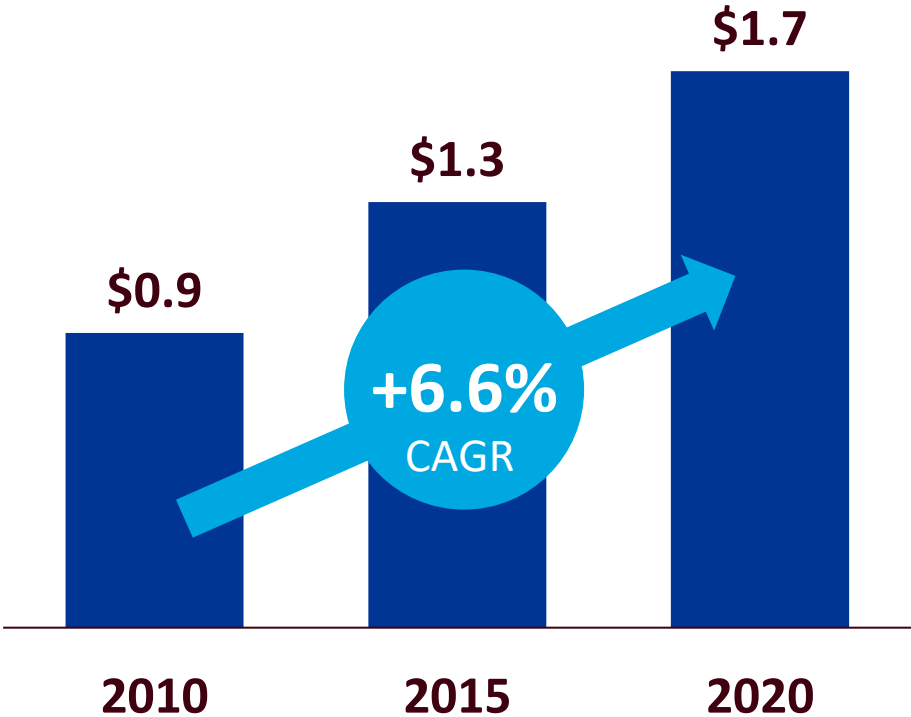
Hershey Adjusted EPS Growth



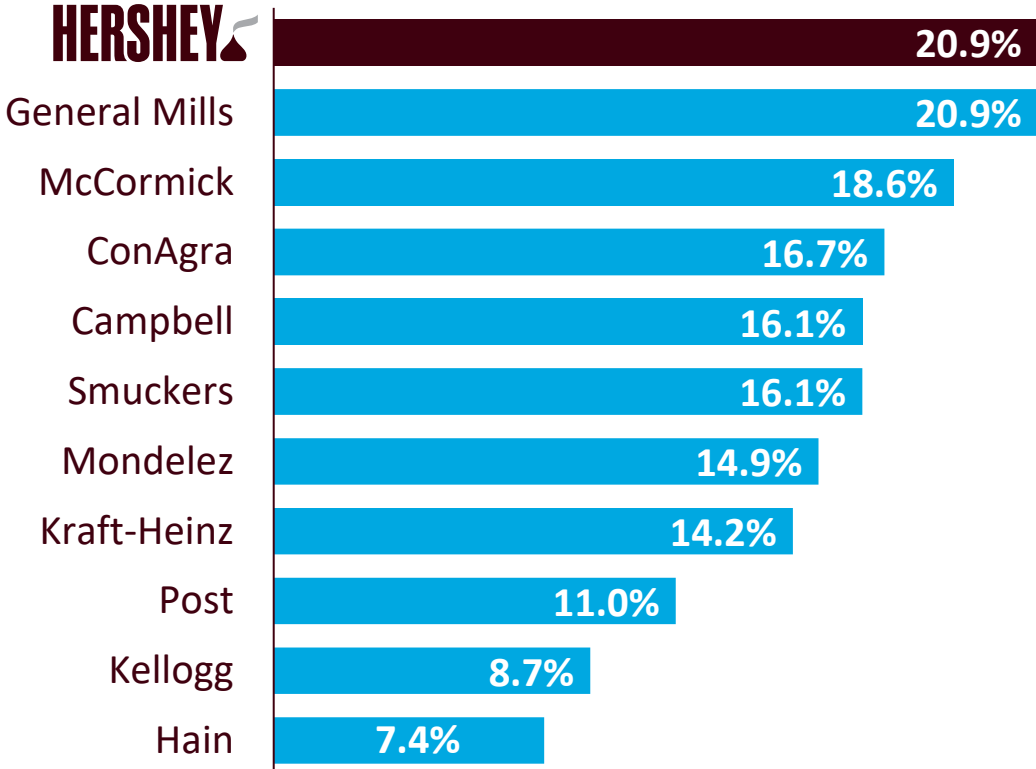
Source: Company Financials
See Appendix for a Reconciliation of GAAP to Adjusted EPS

HEALTHY CASH FLOW

Hershey Operating Cash Flow \$B



2020 Operating Cash Flow % Of Sales



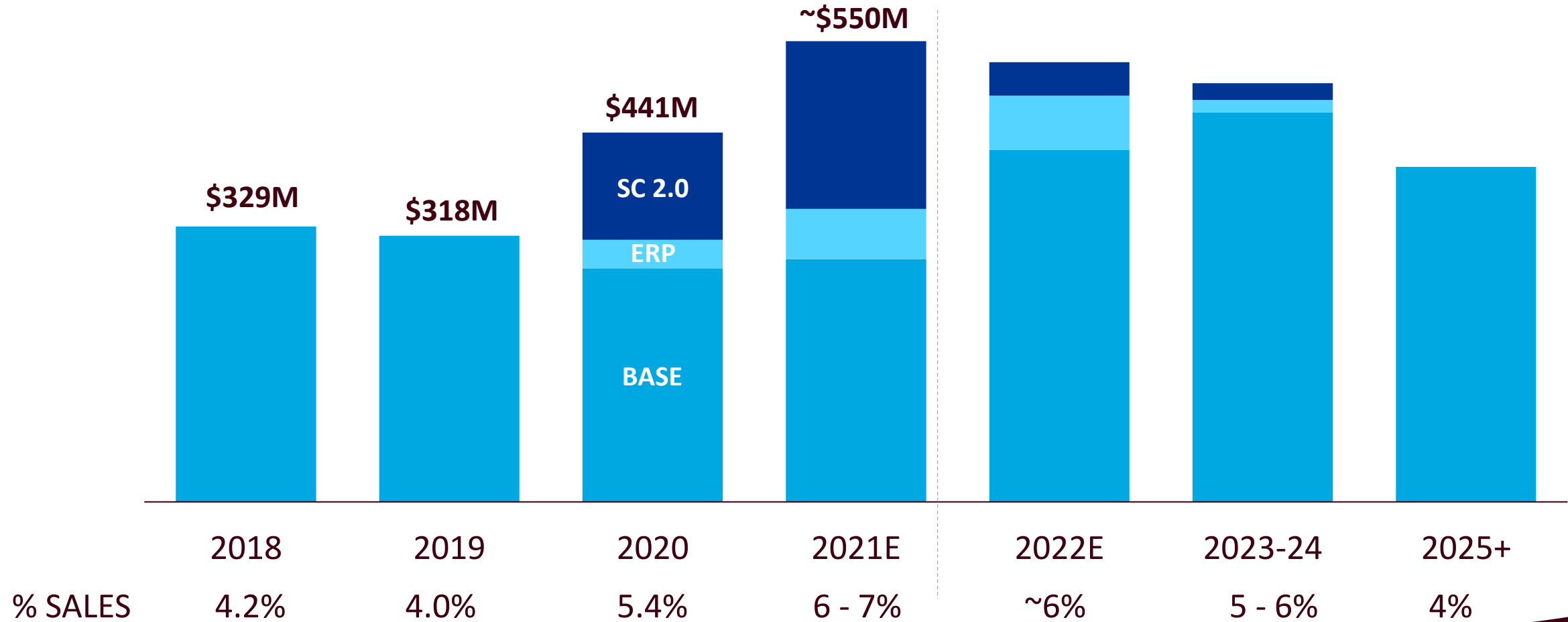
Source: Company Financials; Bloomberg; 2020 reflects estimates for some manufacturers

FUELING BUSINESS REINVESTMENT AND CASH RETURNED TO SHAREHOLDERS



ELEVATED CAPEX SUPPORTING SUPPLY CHAIN AND ERP INVESTMENTS

HERSHEY CAPEX



M&A REMAINS FOCUSED ON U.S. SNACKING

RECENT ACQUISITIONS



STRATEGY AND CRITERIA REMAIN THE SAME

Incremental consumers/occasions

Preference for scale assets (\$100M+),
with high margins and strong growth prospects

Preference to be **EPS accretive in 1-2 years**

STRATEGIES TO DELIVER SUSTAINABLE, ADVANTAGED RESULTS



making *more* moments of goodness.

A GROWING
PORTFOLIO OF
**BELOVED
BRANDS**

**UNMATCHED
CAPABILITIES**
CONNECTING US
TO CONSUMERS

**A DYNAMIC
WORKFORCE**
LEADING US
FORWARD

**THE LONG-
TERM VIEW**
GUIDING OUR
GROWTH

deliver peer-leading
SHAREHOLDER RETURNS

HERSHEY. 

APPENDIX

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,

2020

In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$ 3,701.3	\$ 1,782.7	\$ 149.4	\$ 1,278.7	\$ 6.11
Adjustments:					
Derivative mark-to-market losses	6.4	6.4	--	5.1	0.03
Business realignment activities	2.2	31.5	--	24.0	0.15
Acquisition-related costs	-	3.6	--	2.8	0.03
Pension settlement charges relating to Company-directed initiatives	--	--	--	2.6	0.02
Long-lived asset impairment charges	--	9.1	--	8.8	0.04
Noncontrolling interest share of business realignment and impairment charges	--	--	--	(3.4)	(0.02)
Facility closure reserve adjustment	--	(3.2)	--	(2.4)	(0.01)
Tax effect of all adjustments reflected above	--	--	--	-	(0.06)
Non-GAAP results	\$ 3,709.9	\$ 1,830.2	\$ 149.4	\$ 1,316.2	\$ 6.29
GAAP Depreciation & Amortization		294.9			
Accelerated Depreciation		0.0			
Adjusted Non-GAAP EBITDA		\$ 2,125.1			

APPENDIX

For the year ended December 31,	2020
As reported gross margin	45.4%
Non-GAAP gross margin (1)	45.5%
As reported operating profit margin	21.9%
Non-GAAP operating profit margin (2)	22.5%

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.

(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,

2019

In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$ 3,622.5	\$ 1,596.0	\$ 144.1	\$ 1,149.7	\$ 5.46
Adjustments:					
Derivative mark-to-market gains	(28.7)	(28.7)	--	(25.2)	(0.14)
Business realignment activities	-	9.2	--	7.3	0.04
Acquisition-related costs	2.0	10.2	--	7.7	0.05
Pension settlement charges relating to Company-directed initiatives	--	--	--	1.8	0.01
Long-lived and intangible asset impairment charges	--	112.5	--	88.5	0.53
Noncontrolling interest share of business realignment and impairment charges	--	--	--	(2.8)	(0.01)
Gain on sale of other assets	--	(11.3)	--	(8.5)	(0.05)
Tax effect of all adjustments reflected above	--	--	--	-	(0.11)
Non-GAAP results	\$ 3,595.8	\$ 1,687.9	\$ 144.1	\$ 1,218.4	\$ 5.78
GAAP Depreciation & Amortization		291.5			
Accelerated Depreciation		0.0			
Adjusted Non-GAAP EBITDA		\$ 1,979.5			

APPENDIX

For the year ended December 31,	2019
As reported gross margin	45.4%
Non-GAAP gross margin (1)	45.0%
As reported operating profit margin	20.0%
Non-GAAP operating profit margin (2)	21.1%

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.

(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,	2018				
	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
In millions of dollars except per share amounts					
GAAP results	\$ 3,575.3	\$ 1,623.7	\$ 138.8	\$ 1,177.6	\$ 5.58
Adjustments:					
Derivative mark-to-market gains	(168.3)	(168.3)	--	(152.5)	(0.80)
Business realignment activities	11.3	51.8	--	38.9	0.25
Acquisition-related costs	6.2	44.8	--	35.7	0.21
Pension settlement charges relating to Company-directed initiatives	--	--	--	4.1	0.03
Long-lived and intangible asset impairment charges	--	57.7	--	41.9	0.27
Impact of U.S. tax reform	--	--	--	(7.8)	-
Noncontrolling interest share of business realignment and impairment charges	--	--	--	(6.3)	(0.03)
Gain on sale of licensing rights	--	(2.7)	--	(1.5)	(0.01)
Tax effect of all adjustments reflected above	--	--	--	-	(0.14)
Non-GAAP results	\$ 3,424.6	\$ 1,607.1	\$ 138.8	\$ 1,130.1	\$ 5.36
GAAP Depreciation & Amortization		295.1			
Accelerated Depreciation		(9.1)			
Adjusted Non-GAAP EBITDA		\$ 1,893.1			

* Primarily accelerated depreciation related to the Operational Optimization Program, included in business realignment adjustment

APPENDIX

For the year ended December 31,	2018
As reported gross margin	45.9%
Non-GAAP gross margin (1)	44.0%
As reported operating profit margin	20.8%
Non-GAAP operating profit margin (2)	20.6%

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.

(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,

2017

In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$ 3,455.4	\$ 1,313.4	\$ 98.3	\$ 783.0	\$ 3.66
Adjustments:					
Derivative mark-to-market gains	(35.3)	(35.3)	--	(30.5)	(0.16)
Business realignment activities	5.1	69.4	--	51.0	0.33
Acquisition-related costs	--	0.3	--	0.2	--
Pension settlement charges relating to Company-directed initiatives	--	--	--	6.8	0.05
Long-lived and intangible asset impairment charges	--	208.7	--	185.4	0.98
Impact of U.S. tax reform	--	--	--	32.5	-
Noncontrolling interest share of business realignment and impairment charges	--	--	--	(26.8)	(0.13)
Tax effect of all adjustments reflected above	--	--	--	-	(0.04)
Non-GAAP results	\$ 3,425.2	\$ 1,556.5	\$ 98.3	\$ 1,001.5	\$ 4.69
GAAP Depreciation & Amortization		261.9			
Accelerated Depreciation		(6.9)			
Adjusted Non-GAAP EBITDA		\$ 1,811.5			

* Primarily accelerated depreciation related to the Operational Optimization Program, included in business realignment adjustment

APPENDIX

For the year ended December 31,	2017
As reported gross margin	46.0%
Non-GAAP gross margin (1)	45.6%
As reported operating profit margin	17.5%
Non-GAAP operating profit margin (2)	20.7%

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.

(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,

2016

In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$ 3,169.5	\$ 1,255.2	\$ 90.1	\$ 720.0	\$ 3.34
Adjustments:					
Derivative mark-to-market adjustment	163.2	163.2	-	142.7	0.76
Acquisition and integration costs	-	6.5	-	4.0	0.03
Business realignment activities	58.1	93.9	-	79.9	0.43
Pension settlement charges relating to Company-directed initiatives	-	-	-	8.5	0.06
Goodwill and other intangible asset impairment	-	4.2	-	3.0	0.02
Settlement of Shanghai Golden Monkey Liability	-	-	-	(26.7)	(0.12)
Tax effect of all adjustments reflected above	-	-	-	-	(0.19)
Non-GAAP results	\$ 3,390.9	\$ 1,523.0	\$ 90.1	\$ 931.6	\$ 4.33
GAAP Depreciation & Amortization		301.8			
Accelerated Depreciation		(48.6)			
Adjusted Non-GAAP EBITDA		\$ 1,776.2			

* Primarily accelerated depreciation related to the Operational Optimization Program, included in business realignment adjustment

APPENDIX

For the year ended December 31,	2016
As reported gross margin	42.6%
Non-GAAP gross margin (1)	45.6%
As reported operating profit margin	16.9%
Non-GAAP operating profit margin (2)	20.5%

(1) Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.

(2) Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.