



# HERSHEY'S

## Intent to Acquire Dot's Pretzels & Pretzels Inc

November 10, 2021

[To view the full press release, click here.](#)



# INVESTING IN AND DIVERSIFYING OUR PORTFOLIO FOR THE FUTURE



# DOT'S PRETZELS JOINING THE HERSHEY FAMILY



## FINANCIAL HIGHLIGHTS<sup>1</sup>

Reported Net Sales: \$160 million

Reported Net Sales Growth: 35%

Adjusted EBITDA Margin: 37%

Source: RI MULO+C 52-weeks ended October 10, 2021; The Pretzel category includes all traditional items along with crisps and filled products.

<sup>1</sup>Represents the last 12 months ended September 30, 2021

# EXPANDING BREADTH ACROSS SNACKING



sweet

savory

# WITH GROWING LEADERSHIP IN KEY SAVORY SNACK CATEGORIES AND OCCASIONS

SKINNYPOP<sup>®</sup>  
POPCORN

#2  
Brand in  
RTE Popcorn



PIRATE'S BOOTY<sup>®</sup>

#2  
Brand in  
BFY Puffs



Dot's  
HomeStyle<sup>®</sup>  
Pretzels

#3  
Brand in  
Pretzels



Estimated Retail Sales

~\$1 BILLION

The acquisition of Dot's Pretzels is expected to close in December 2021.

The Puffs category includes baked and extruded corn and rice snacks, and the Pretzel category includes all traditional items along with crisps and filled products.

Source: Estimated retail sales includes sales in measured channels included in IRI MULO+C plus key non-measured channels for the 52-weeks end October 10, 2021.

HERSHEY

# DISRUPTING & RE-ENERGIZING THE PRETZEL CATEGORY WITH BOLD FLAVORS AND PREMIUM PRETZEL CRUNCH



CONSUMER  
NEEDS

FUNCTIONAL

*Satiating*

Permissible

EMOTIONAL

*Deliciously Bold*

Exciting to Eat

# FOCUSED, PREMIUM PRICED PORTFOLIO WITH CATEGORY LEADING VELOCITIES

## FOCUSED

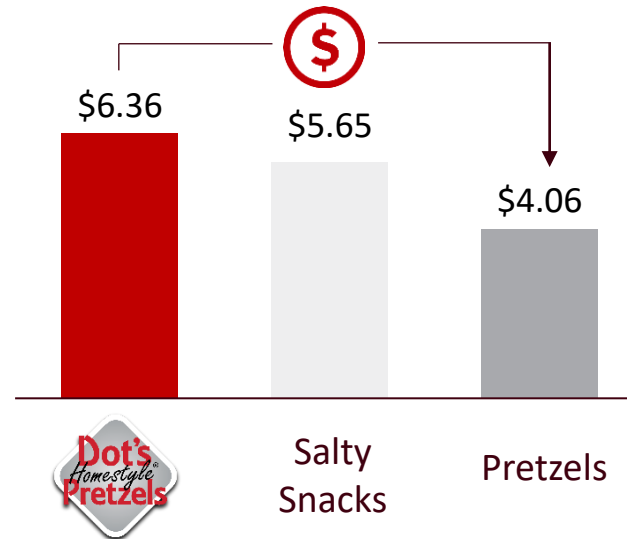


#1 Item in Category +\$100M Retail Sales

Top 3 Items >80% of Dot's Retail Sales

## PREMIUM

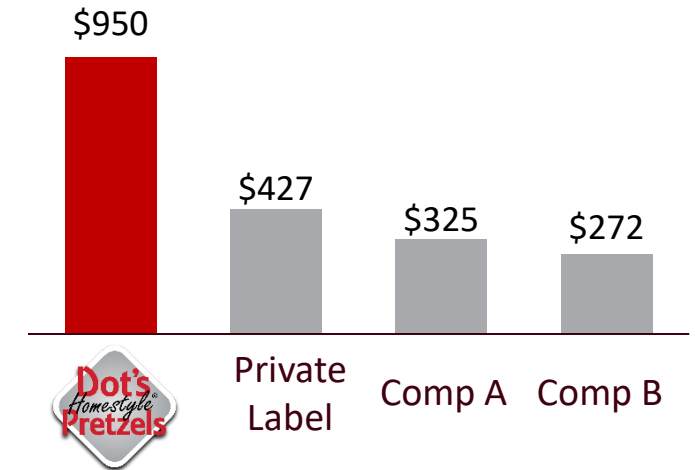
Dollars (\$) per Pound (lb)



~60% Price Premium to Pretzel Category

## STRONG VELOCITY

Dollars (\$) per Total Point Distribution (TDP)

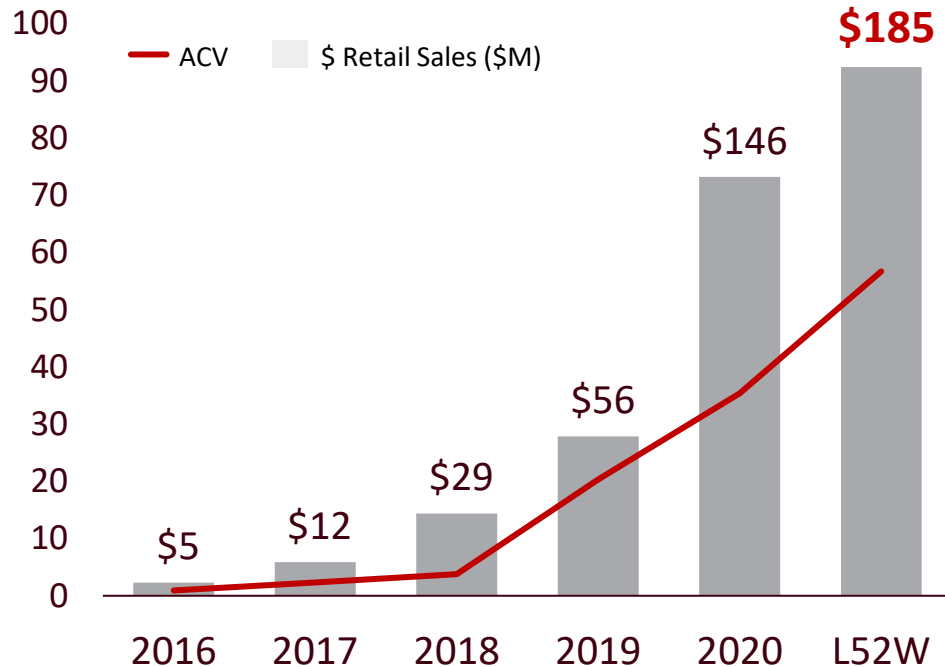


Highest velocity brand in Pretzels

Source: IRI MULO+C 52-weeks ended October 10, 2021; The Pretzel category includes all traditional items along with crisps and filled products.

# ACCELERATED GROWTH DRIVING THE CATEGORY

## RETAIL SALES



*fastest-growing*  
PRETZEL AND SALTY SNACK SCALE<sup>1</sup> BRAND

55%  
*of the Pretzel category growth*  
OVER PAST YEAR

<sup>1</sup>Greater than \$10M in U.S. retail sales for the 52-weeks ended October 10, 2021.

Source: IRI MULO+C 52-weeks ended October 10, 2021; The Pretzel category includes all traditional items along with crisps and filled products.



# ACQUIRING PRETZELS INC TO MAXIMIZE SUPPLY CHAIN CAPACITY, PROFITABILITY AND CONTINUITY



## HIGHLIGHTS

Co-Manufacturer for  other branded products, and private label

Capital Investment of \$100M in past 3 years

Capacity and capabilities offer breadth for Dot's and CMG branded snacking items

# LEVERAGE BEST OF BIG AND SMALL

**HERSHEY** 

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**Category Strategy**

**Ubiquitous Distribution**

**Addressable Media / In-House Creative**

**Product & Pack Innovation**

**Omni-Channel Expertise**

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**PRETZELS**  
— INC —

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**Strong Brand Equity**

**Disruptive Product Offering**

**Independent DSD Distributor Network**

**Manufacturing Scale & Capabilities**

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*value creation*

# TRANSACTION OVERVIEW

## TERMS

Total Investment **\$1.22B**

Aggregate Net Sales **\$275M<sup>1</sup>**

**Expected to be slightly accretive** to reported earnings per share in 2023 and adjusted earnings per share in 2022



## FINANCING

**Cash on hand and commercial paper**

**No change** expected to corporate credit rating



## CLOSING

**Pending regulatory approvals**

Expected to close in **Dec '21**



<sup>1</sup>Aggregate Net Sales represents the last 12 months ended September 30, 2021 for Dot's Pretzels and Pretzels Inc., excluding estimated intercompany sales.

# Sweet + Savory

MAKING MORE  
MOMENTS OF  
GOODNESS

