



**The Hershey Company**

**First Quarter 2026 Earnings Results**

**April 30, 2026**

**C O R P O R A T E   P A R T I C I P A N T S**

**Anoori Naughton**, *Vice President of Investor Relations*

**Kirk Tanner**, *President and Chief Executive Officer*

**Steve Voskuil**, *Senior Vice President and Chief Financial Officer*

## PRESENTATION

### Anoori Naughton

Good morning and welcome to the pre-recorded discussion of The Hershey Company's First Quarter 2026 Earnings Results.

I am Anoori Naughton, Vice President of Investor Relations. Joining me today are Hershey's President and CEO Kirk Tanner, and Hershey's Senior Vice President and CFO Steve Voskuil.

In addition to these remarks, we will host an analyst Q&A-only session at 8:30 a.m. Eastern on the morning of April 30. A replay of this webcast and our subsequent Q&A session will be available on the Investor Relations section of our website, along with their corresponding transcripts.

During the course of today's discussion, Management will make forward-looking statements that are subject to various risks and uncertainties. These statements include expectations and assumptions regarding the Company's future operations and financial performance. Actual results could differ materially from those projected. The Company undertakes no obligation to update these statements based on subsequent events. A detailed listing of such risks and uncertainties can be found in today's press release and the Company's SEC filing.

Finally, please note that during today's discussion we will refer to certain non-GAAP financial measures that we believe will provide useful information for investors. The presentation of this information is not intended to be in consideration, in isolation, or as a substitute for the financial information presented in accordance with GAAP. Reconciliations to the GAAP results are included in this morning's press release, which is available on the Investor Relations page of our website. For certain forward-looking non-GAAP measures, we are unable to reconcile to the most directly comparable GAAP measure without unreasonable effort, including inability to reasonably estimate earnings per share.

It is now my pleasure to introduce our President and CEO Kirk Tanner.

### Kirk Tanner

Good morning, everyone, and thank you for joining us today.

We kicked off the year strong and are on track to hit our financial targets for 2026. We are laser-focused on fueling core growth and making bold moves in brand investment, innovation, R&D, technology, and talent to drive our business to new heights.

Four weeks ago at Investor Day, we laid out exactly where Hershey is going and how we will get there. Q1 reflects solid progress against that plan. Our core performed well, our newer bets showed real traction, and our teams delivered at retail as One Hershey. We feel good about where we're headed and our full-year outlook is unchanged.

Let me walk you through the details.

Net sales in the first quarter increased 10.6%. Organic, constant currency net sales increased 7.9%, reflecting the resilience and relevance of our categories and brands, our investments in media and innovation, and execution of cultural and seasonal tentpoles.

Within our North America Confectionery segment, price elasticities were comparable to what we saw in the fourth quarter of 2025 and favorable versus planned levels. This was offset by unfavorable winter weather

and consumer macro pressure, which we are monitoring closely. SNAP program changes had a mild impact on our categories given the limited states where waivers have taken effect.

As we discussed at Investor Day, a strong core is our top strategic priority. We see continued consumer demand for confection, even as shoppers make more deliberate choices about their spending. Investments in media, merchandising, and innovation across our iconic brands are driving growth. Hershey's and Reese's delivered first quarter non-seasonal retail sales lifts of 11% and 10%, respectively. Jolly Rancher takeaway increased nearly 5%, outpacing the sweets category.

We've also seen strong demand for gum and mint products as the category benefits from functional snacking tailwinds, including GLP-1 adoption. Retail sales for our third largest confection brand, Ice Breakers, increased over 8% in the quarter.

While consumers are facing budgetary pressures, candy and snacks remain an affordable way to bring joy to cultural celebration with loved ones. Valentine's Day category sales increased approximately 3.5%, with Hershey gaining nearly 25 basis points of seasonal share. Easter consumer participation was in-line with last year and sell-through exceeded our expectation. March Madness tentpole merchandising delivered a 10% to 15% increase in display activity and a double-digit increase in net sales.

Functional snacking is one of the high-growth platforms we discussed at Investor Day, and we are off to a solid start in 2026. Protein bar portfolio consumption increased 17% in the first quarter, ahead of the category, driven by targeted marketing and momentum in the club channel.

Our North America Salty Snacks segment continued to demonstrate strong momentum in the first quarter. Retail sales, excluding LesserEvil, grew by nearly 10%, resulting in a nearly 25-basis point share gain. Dot's Pretzels achieved a 13% year-over-year increase in retail sales. Reese's Filled Pretzels added 130 basis points to pretzel category share. Dot's Snack Mix made a strong debut, capturing over 200 basis points of snack mix market share in the quarter, indicating encouraging early consumer reception. LesserEvil retail sales grew more than 65%, fueled by high trial and repeat rates and expanded distribution. We are encouraged by this early performance and focused on building on it through continued distribution expansion, adjacent category entry, and brand building investment.

In the International segment, Brazil and the U.K. showed category strength while Mexico continued to face economic and regulatory headwinds. Our anchor markets delivered mid-single-digit organic net sales growth, excluding shipment timing. We maintained or grew market share across key regions thanks to favorable pricing elasticity, seasonal and innovation performance, and distribution gains.

Looking forward, we remain confident in our full-year targets for organic net sales growth of 2.5% to 3.5% and adjusted EPS growth of 30% to 35%. We are closely tracking SNAP program changes, health and wellness trends, choiceful consumer spending, and broader macro pressures including gas prices and inflation. We believe our current outlook appropriately reflects what we know today.

Let me speak to how we plan to deliver in the balance of the year.

Following Spring resets, we expect velocity improvement from increased shelf facings, optimized shelf placement, new price pack architecture, and key innovations including Reese Oreo in the take-home aisle.

In salty snacking, we project meaningful distribution growth for core items and continued Dot's Snack Mix expansion. Updated Pirate's Booty media and packaging accelerates in Q2, with consumption improvement expected in the back half.

This summer, we are activating S'mores and Summer Sweets at retail, continuing Reese nostalgic flavor mashups, and launching social and influencer campaigns around Pokémon's 30th anniversary and Christian Pulisic ahead of the men's soccer surge.

Looking to the second half, three demand accelerators give us confidence in maintaining top-line momentum as we begin to annualize 2025 pricing actions.

First, seasonal. Consumer participation in Halloween and Holiday should remain resilient as people continue to prioritize meaningful cultural occasions. We are expanding assortments, bringing Salty into seasonal displays, introducing new value-priced and gifting options, and increasing seasonal brand investments to drive further share growth.

Second, cultural. We have even more moments to activate. Starting with summer, we are celebrating America's 250th anniversary, Back to School, and Fall Football, executing across the full portfolio as One Hershey. This includes special packaging, increased retail presence, and category merchandising. And this Thanksgiving, the HERSHEY movie is a once-in-a-generation moment for our brand that will activate across stores, online, and beyond. To give some perspective, Americana and the HERSHEY movie are expected to contribute almost one percentage point to Company sales in 2026.

Third, innovation and brands. Our innovation pipeline includes an elevated Hershey bar, new protein and zero-sugar offerings, a multi-textured Reese's Pieces item, and new forms and flavors across sweets, refreshment, and salty. Reese's ran new creative during March Madness, earning over 1.5 billion impressions, ahead of a full campaign launch in the second half. Pirate's Booty and Jolly Rancher's new campaign will build through the year.

Taken together, these demand accelerators—seasonal, cultural, innovation, and brand investment—reflect the strategy we laid out in March. Q1 gives us a solid foundation to build from, and we continue to see upside from strong marketplace execution.

I'll turn it over to Steve for more details on our financial results and outlook.

### **Steve Voskuil**

Thank you, Kirk, and good morning, everyone.

Our strong first quarter performance across net sales and profit reflects the resilience of our categories, relevance of our brands, disciplined investments, and executional excellence.

Reported net sales grew 10.6% versus the same period last year. The LesserEvil acquisition was a 2 point benefit, and foreign currency translation was a 70 basis point tailwind.

Net price realization was approximately 10%, reflecting our strategic pricing actions in the North America Confectionery and International segments.

Volume declined approximately 2 points, better than expected, reflecting continued resilient consumer demand and earlier than planned shipment timing in the North America Confectionery and International segments. Earlier shipments from Q2 contributed around 2 points to sales growth in the first quarter.

North America Confectionery segment net sales increased 8.3%. Net price realization was approximately 12%, slightly below our expectations, reflecting seasonal mix. Volume declined approximately 4% as price elasticity, reduced Easter shipments due to the shorter season, and one fewer shipping day were partially offset by earlier shipments of our summer activations planned for Q2.

Net sales for our North America Salty Snacks segment increased 26%. The LesserEvil acquisition was a 20-percentage point benefit. Organic, constant currency volume growth of approximately 5% reflects performance across Dot's, Reese's Filled Pretzels and SkinnyPop, partially offset by the planned reduction in private label production and a voluntary temporary product withdrawal during the quarter. Net price realization was neutral in the quarter, in line with our expectations.

International segment net sales increased 16.1% in the first quarter. Foreign currency translation was an approximate 7-point tailwind. Net price realization was around 12%, reflecting previously announced pricing action across key markets. Volume declined approximately 2%, reflecting elasticity impacts partially offset by stronger-than-planned performance in Brazil and the earlier shipment timing. Inventory stocking in the Middle East and Asia Pacific, driven by actions to mitigate near-term global shipping disruptions, contributed approximately 5 points of volume growth in the first quarter and is expected to reverse in Q2.

We remain confident in our full year net sales outlook of 4% to 5% growth and organic net sales growth of 2.5% to 3.5%. The Q1 timing benefits from earlier shipments and Easter timing are expected to reverse in the second quarter. For the first half, we anticipate organic net sales growth in the range of 3% to 4%.

Moving down the P&L, adjusted gross margin decreased 80 basis points in the first quarter, as expected commodity inflation and tariff costs more than offset positive net price realization, productivity and transformation program savings. As we have previously discussed, we expect a meaningful recovery in gross margin to begin in the second quarter. This improvement reflects continued net price realization and productivity benefits as elevated commodity costs from the prior year period are lapped. Our full-year gross margin outlook remains an improvement of approximately 400 basis points.

Advertising and related consumer marketing investments increased approximately 6% in the first quarter, temporarily lower than planned due to timing in North America Confectionery media production investments and better alignment with Spring activations. We continue to expect advertising and related consumer marketing spend to increase double digits versus the prior year across our segments.

Operating expenses, including divisional and corporate expenses, increased 2.2%, reflecting capability and technology investments. Increased investments were partially offset by lower compensation and benefits costs, lower consulting fees and transformation program savings.

As discussed at Investor Day, we expect to continue to drive productivity and make the right investments to support the long-term health of the Company, all while strengthening our brands and building capabilities across the organization.

We remain on track to deliver \$100 million in savings this year, the final year of our Triple A initiative. These savings are expected to be realized mainly across cost of goods sold. This quarter, we delivered \$26 million and we expect these benefits to continue building throughout the course of the year.

The adjusted tax rate for the quarter was 25%, an increase of 60 basis points versus the year-ago period, driven by foreign rate differentials and increased state taxes. Looking to the full year, we continue to expect a full-year tax rate of approximately 25% to 27% while other expenses are expected to be approximately \$15 million to \$20 million.

Interest expense was \$50 million in the first quarter, and the full year outlook remains in a range of \$200 million to \$210 million.

Adjusted earnings per share increased 12.4% in the quarter. We expect second quarter adjusted earnings per share to increase at least 15%, as pricing net of commodity costs improves while business reinvestment increases year-over-year. There is no change to our full year adjusted EPS outlook of up 30% to 35%.

In the first quarter, capital expenditures, including software, was \$115 million, \$31 million lower than the prior year period. Our full year capital expense outlook remains in the range of \$425 million to \$475 million.

Supported by a strong balance sheet and confidence in the underlying business, we increased our dividend by 6% earlier this year. During the first quarter, we paid \$288 million in dividends to shareholders.

The Company repurchased \$69 million of common shares in the first quarter as we offset dilution from equity compensation grants in 2025 and 2026.

We are operating in a dynamic environment, and we continue to believe our full year outlook incorporates prudent assumptions on macro headwinds, including the implementation of SNAP waivers, accelerated health and wellness trends and increasing GLP-1 adoption, as well as ongoing financial strain on consumers amid elevated geopolitical uncertainty related to the Middle East.

I am encouraged by the resilience we are seeing across our brands and portfolio, solid consumer engagement in key cultural moments, and the incrementality from our new growth vectors. Our biggest brands are growing faster than our categories.

As Kirk laid out, we have exciting plans for the second half to maintain momentum. We have solid visibility into cost deflation in 2027, which should enable us to deliver margin recovery while accelerating investment to build our next billion-dollar brands and enhance next gen capabilities.

I remain confident that our disciplined approach to investing in our brands, capabilities, and people will enable us to create value for our stakeholders for many years to come.

With that, I will turn it back to Kirk for closing remarks.

**Kirk Tanner**

Thanks, Steve.

We are navigating a dynamic environment with a strategy we believe is right for the long term. Q1 showed the plan is working. The team is executing. And we remain focused on delivering on our financial goals and driving sustainable growth.

Thank you for your time this morning. I invite you to join our live Q&A webcast beginning at 8:30 AM Eastern, available at [thehersheycompany.com](https://thehersheycompany.com). Thank you very much.