



HERSHEY 

INVESTOR UPDATE

MARCH 1, 2017



FORWARD LOOKING STATEMENTS

This presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Many of these forward-looking statements can be identified by the use of words such as “intend,” “believe,” “expect,” “anticipate,” “should,” “planned,” “projected,” “estimated,” and “potential,” among others. These statements are made based upon current expectations that are subject to risk and uncertainty. 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: issues or concerns related to the quality and safety of our products, ingredients or packaging; changes in raw material and other 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; disruption to our manufacturing operations or supply chain; failure to successfully execute and 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 hire, engage and retain a talented global workforce; our ability to realize expected cost savings and operating efficiencies associated with strategic initiatives or restructuring programs; and such other matters as discussed in our Annual Report on Form 10-K for the year ended December 31, 2016. All information in this presentation is as of March 1, 2017. 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.

AGENDA

WELCOME

MARK POGHARIAN

BUSINESS MODEL AND GROWTH STRATEGY

MICHELE BUCK

BUILDING SHAREHOLDER VALUE

PATRICIA LITTLE

WRAP UP

MICHELE BUCK

Q&A

HERSHEY LEADERSHIP TEAM

MICHELE BUCK

CHIEF EXECUTIVE OFFICER



~\$7.4B
NET SALES

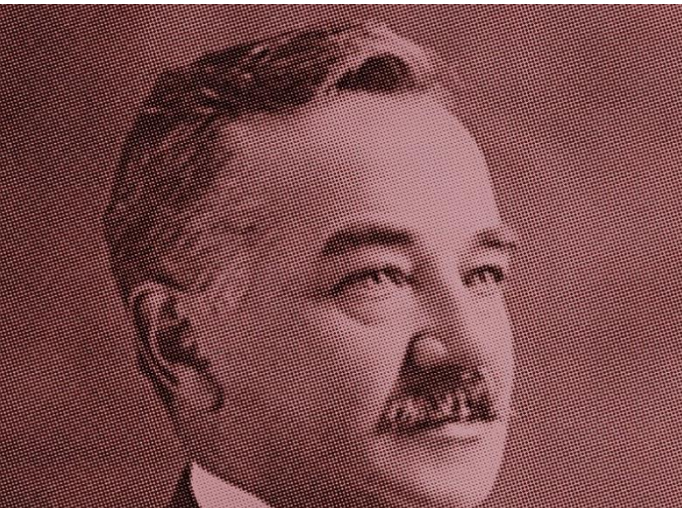
~18,000
EMPLOYEES
AROUND
THE WORLD

PRODUCTS
AVAILABLE IN
OVER 70
COUNTRIES
AROUND
THE WORLD

PRODUCTS
MANUFACTURED
IN 7
COUNTRIES

WHAT IS TIMELESS

THE HERSHEY COMPANY IS A **CONSUMER CENTRIC, BRAND-BUILDING, CUSTOMER-ADVANTAGED** COMPANY THAT CREATES **OPPORTUNITIES TO PROSPER, BRINGING GOODNESS TO ONE ANOTHER AND THE WORLD.**



HERSHEY'S

KitKat

ICE BREAKERS

**HERSHEY'S
KISSES**
brand since 1907

Reese's



INVESTMENT IN ICONIC BRANDS

CREATING GREAT OPPORTUNITIES

**“DOING WELL,
BY DOING GOOD”
A 100+ YEAR LEGACY**



CONSUMER-CENTRICITY



CUSTOMER-ADVANTAGED



BUSINESS MODEL AND GROWTH STRATEGY

WE ARE A PURPOSE-DRIVEN ORGANIZATION



Bringing Goodness
TO THE WORLD

through our iconic brands, remarkable people
and helping children in need



DELIVER THE BUSINESS

FOSTER A COMPELLING WORKPLACE

BUILD FOR A SUSTAINABLE FUTURE



WE ARE A PURPOSE-DRIVEN ORGANIZATION

MILTON HERSEY
FOUNDED 1909
SCHOOL

Your support of Hershey is an opportunity to share happiness and helps educate children in need through Milton Hershey School.
www.mhskids.org
Thank You
for making a difference!

HERSHEY'S
MILK CHOCOLATE
NET WT 1.55 OZ (43 g)
220 CALORIES PER PACK

FRESH Milk

CORE BRANDS DRIVING GROWTH



U.S. RETAIL SALES PERFORMANCE OF
TOP 5 CORE BRANDS
2011-2016

RETAIL SALES CAGR

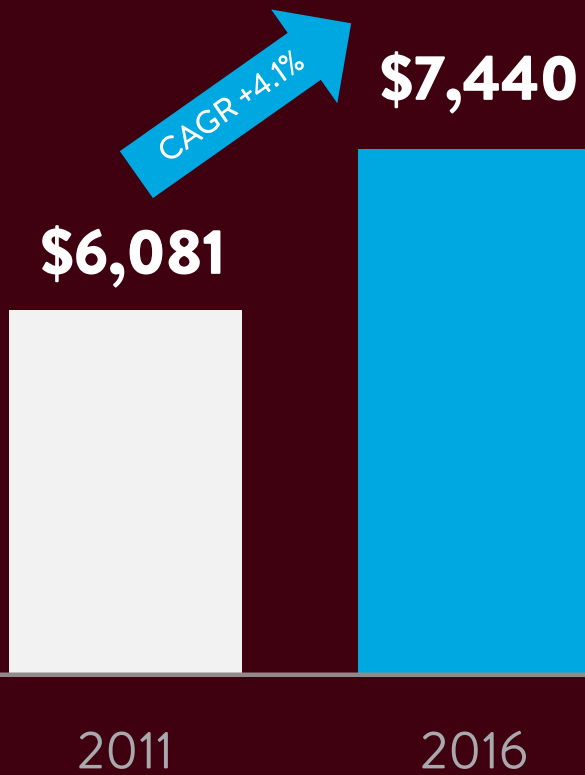
+4.0%

CMG SHARE

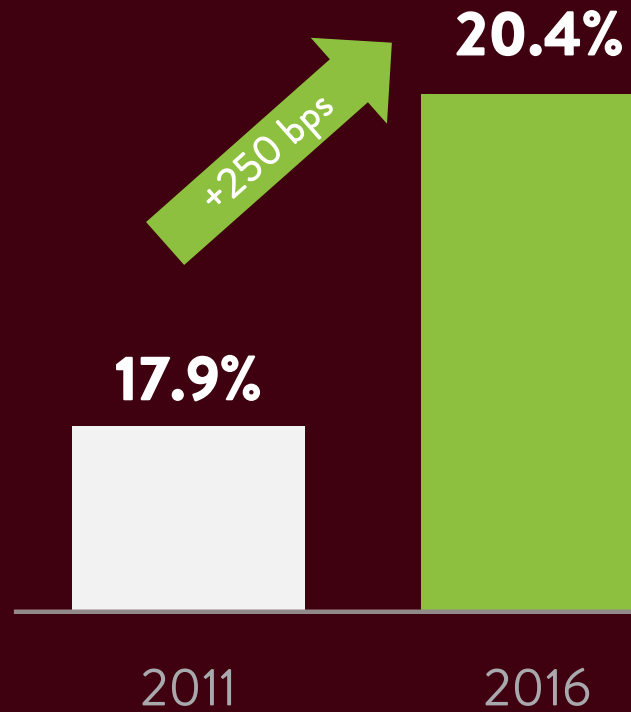
+1.7 pts

STRONG FINANCIAL PERFORMANCE

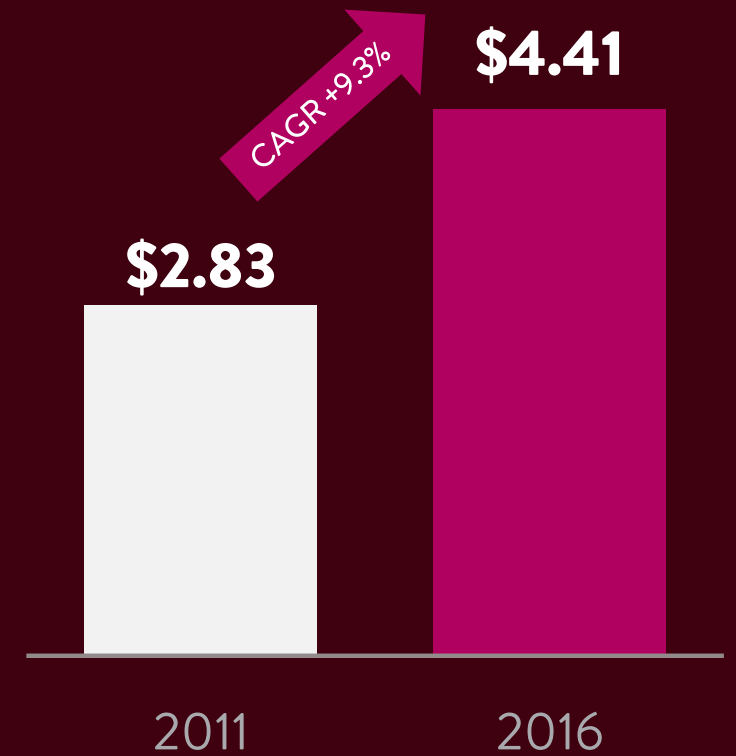
NET SALES



ADJ. OPER. INC. MARGIN



ADJUSTED EPS



EVOLVING WITH A CHANGING WORLD

CONSUMER



BUSINESS ENVIRONMENT



GLOBAL TRENDS



TECHNOLOGY



OUR VISION:
**AN INNOVATIVE
SNACKING POWERHOUSE**

OUR VISION:

AN INNOVATIVE SNACKING POWERHOUSE

Delighting consumers across snacking occasions

Operating with an advantaged business model and leading-edge capabilities

Guided by a strong sense of purpose

Winning with a compelling workplace of remarkable people

Delivering top performing growth and shareholder return

ADVANTAGED BUSINESS MODEL

ADVANTAGED CATEGORY	ADVANTAGED BRANDS	ADVANTAGED CAPABILITIES
Highly Impulsive	HERSHEY'S	Analytics & Insights
Ubiquitous		Commercial Capabilities
Expandable Consumption		Enterprise Connectivity

DELIVERING INNOVATIVE SNACKING LEADERSHIP

REIGNITE CORE
CONFECTION &
EXPAND BREADTH IN
SNACKING

GROW

**INCREASE
SHAREHOLDER
VALUE**

**EXPAND
MARGINS**

REALLOCATE
RESOURCES TO
EXPAND MARGINS &
FUEL GROWTH

INVEST

STRENGTHEN CAPABILITIES &
LEVERAGE TECHNOLOGY FOR
COMMERCIAL ADVANTAGE

DELIVERING INNOVATIVE SNACKING LEADERSHIP

REIGNITE CORE
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COMMERCIAL ADVANTAGE

GLOBAL SNACKING IS A ~\$1 TRILLION OPPORTUNITY

US / CANADA

SNACKING MKT SIZE: \$200b
SNACKING GROWTH: +2%

CHINA/INDIA/SE ASIA

SNACKING MKT SIZE: \$130b
SNACKING GROWTH: +6%

WESTERN EUROPE

SNACKING MKT SIZE: \$250b
SNACKING GROWTH: +1%

LATIN AMERICA

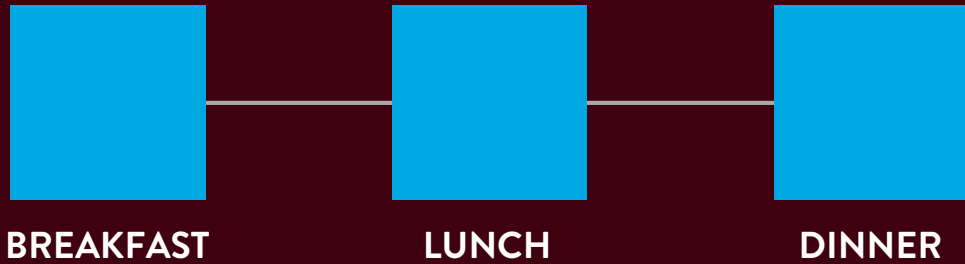
SNACKING MKT SIZE: \$110b
SNACKING GROWTH: +2%

ROW

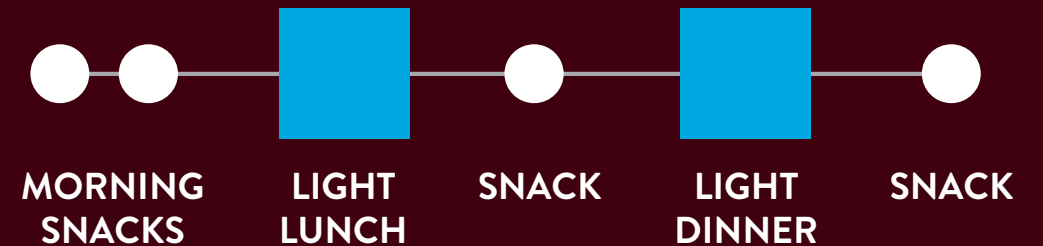
SNACKING MKT SIZE: \$225b
SNACKING GROWTH: +2%

CONSUMERS ARE SNACKING MORE

TRADITIONAL SNACKING MODEL

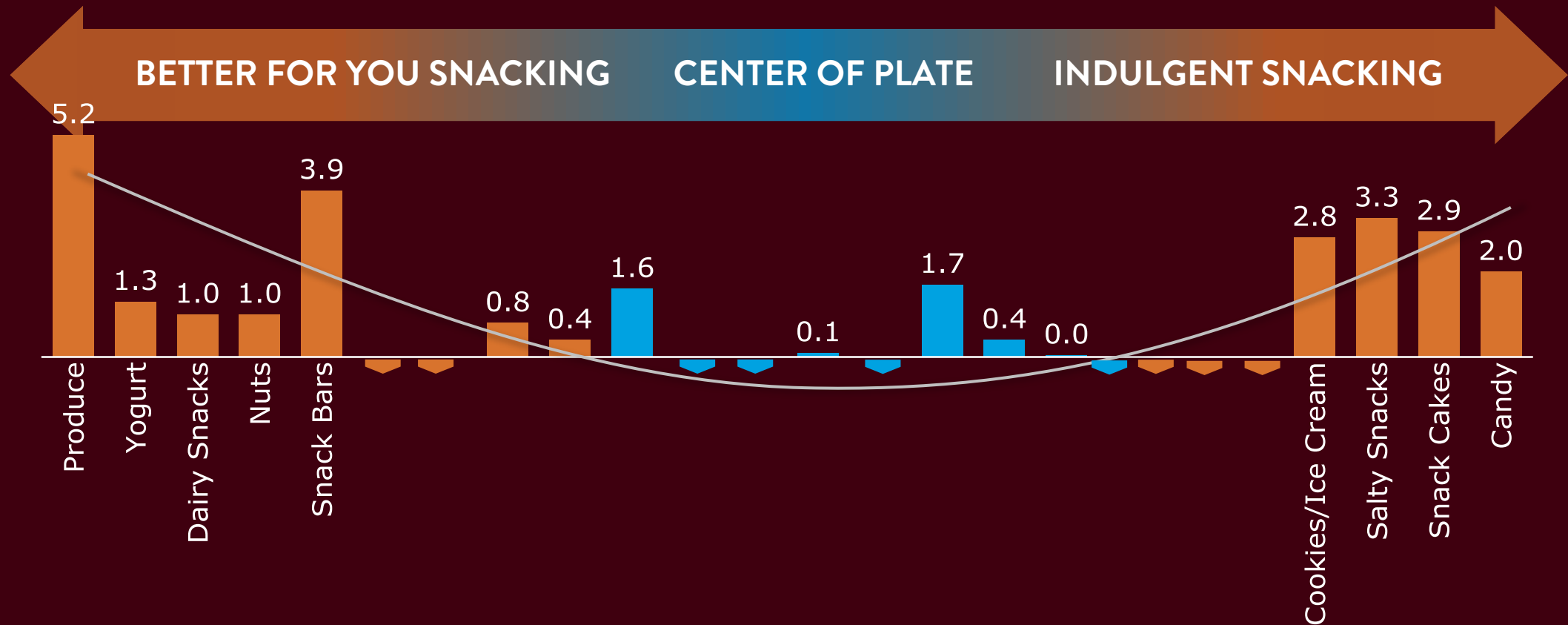


MODERN SNACKING MODEL



GROWTH ACROSS SNACKING CONTINUUM

U.S. CATEGORY GROWTH | 2 YEAR CAGR

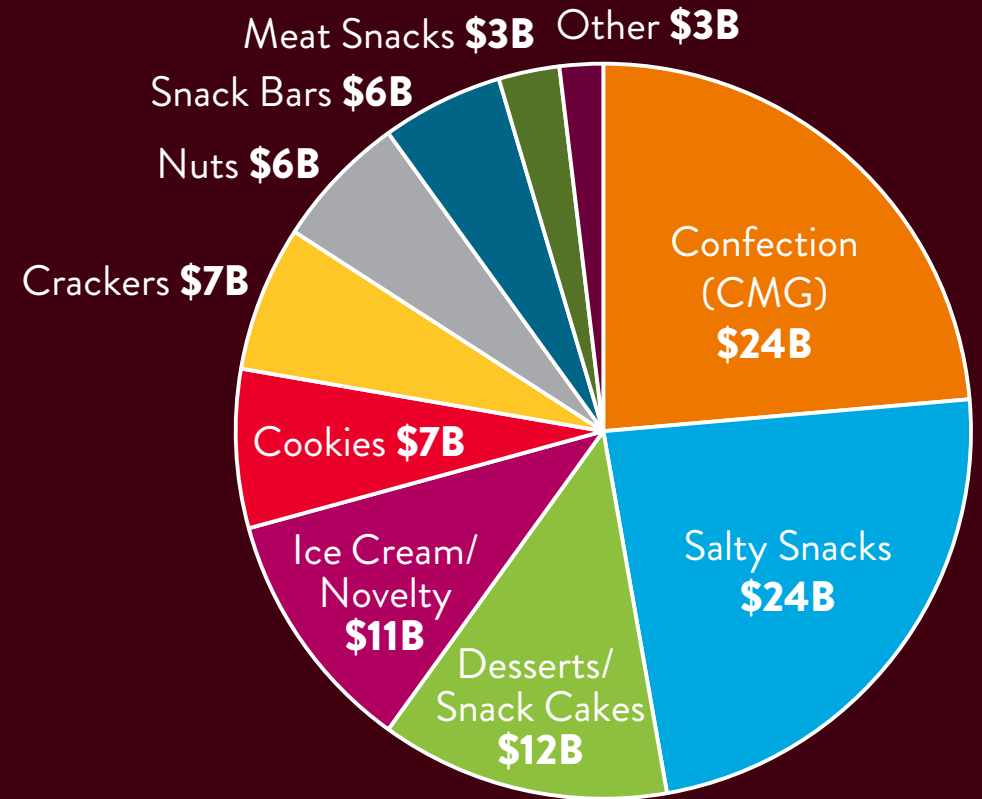


HERSHEY SCALE IN LARGE, GROWING U.S. SNACK MARKET

HERSHEY IS #2 IN U.S. SNACKING

	MARKET SHARE
PEPSICO	14.6%
#2 HERSHEY	7.5%
MARS	7.3%
MONDELEZ	6.6%
KELLOGG	5.0%

\$103B U.S. SNACK MARKET



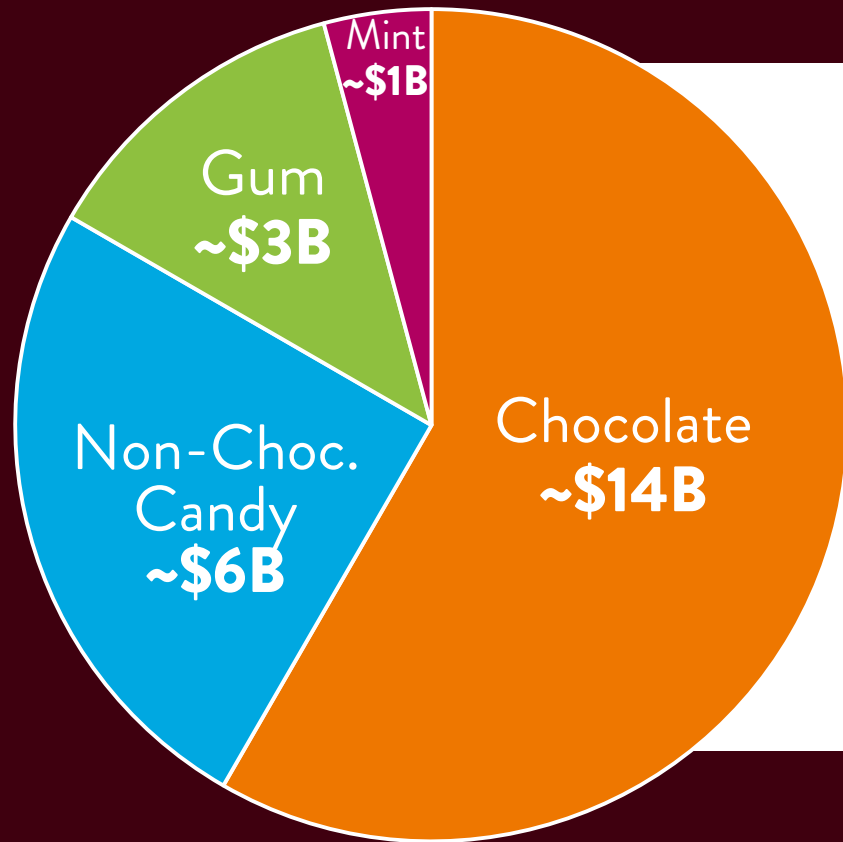
4 YR CAGR +2.6%



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

Source: Nielsen AOD xAOC + C

CONFECTION REMAINS A LARGE & ADVANTAGED CATEGORY

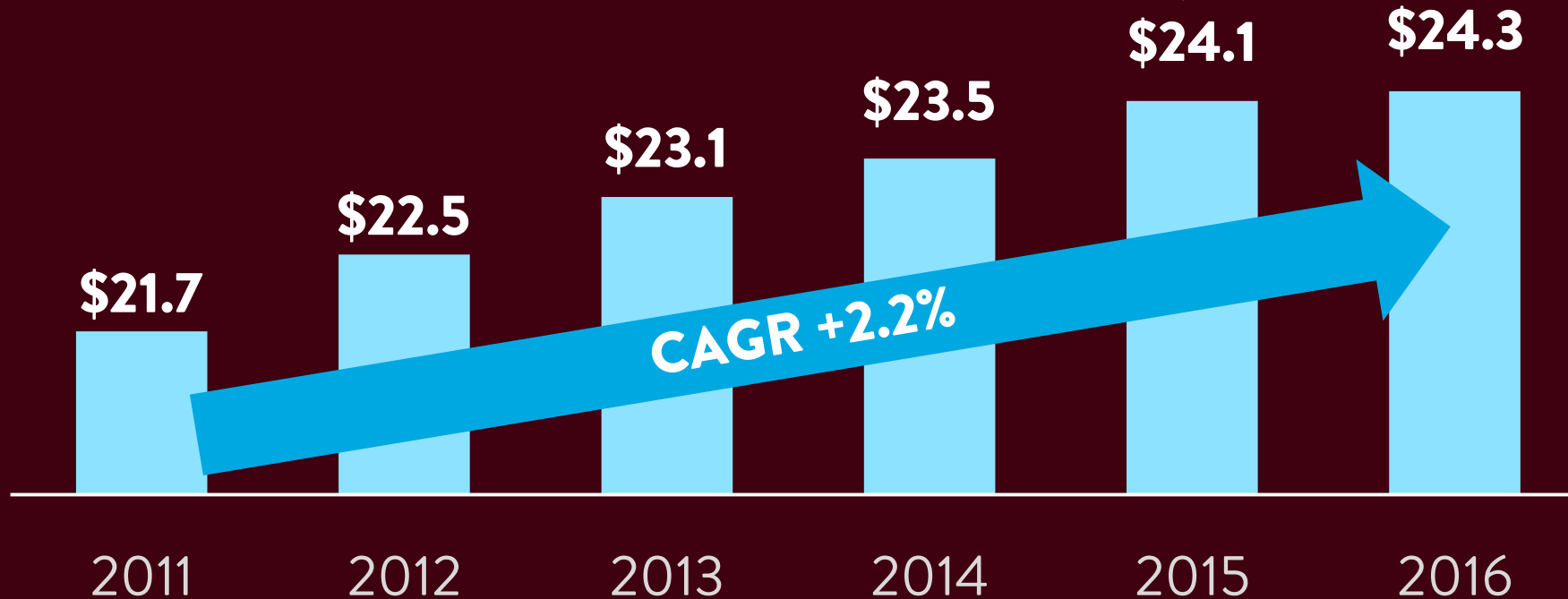


\$24B CATEGORY

- High household penetration / purchase frequency
- Expandable consumption
- Highly impulsive
- Responsive to investment support (media, merchandising)
- Channel ubiquity
- Seasonal destination

WITH SOLID GROWTH WHEN SUPPORTED

U.S. CONFECTION CATEGORY SALES (\$B)



YOY % Chg.	2011	2012	2013	2014	2015	2016
	+5.0%	+3.7%	+2.4%	+2.0%	+2.6%	+0.4%

PLATFORM INNOVATION
PRICING
MEDIA INCREASES

MACROECONOMIC HEADWINDS
KEY RETAILERS REDUCED DISPLAYS
SHORT EASTER IN '16

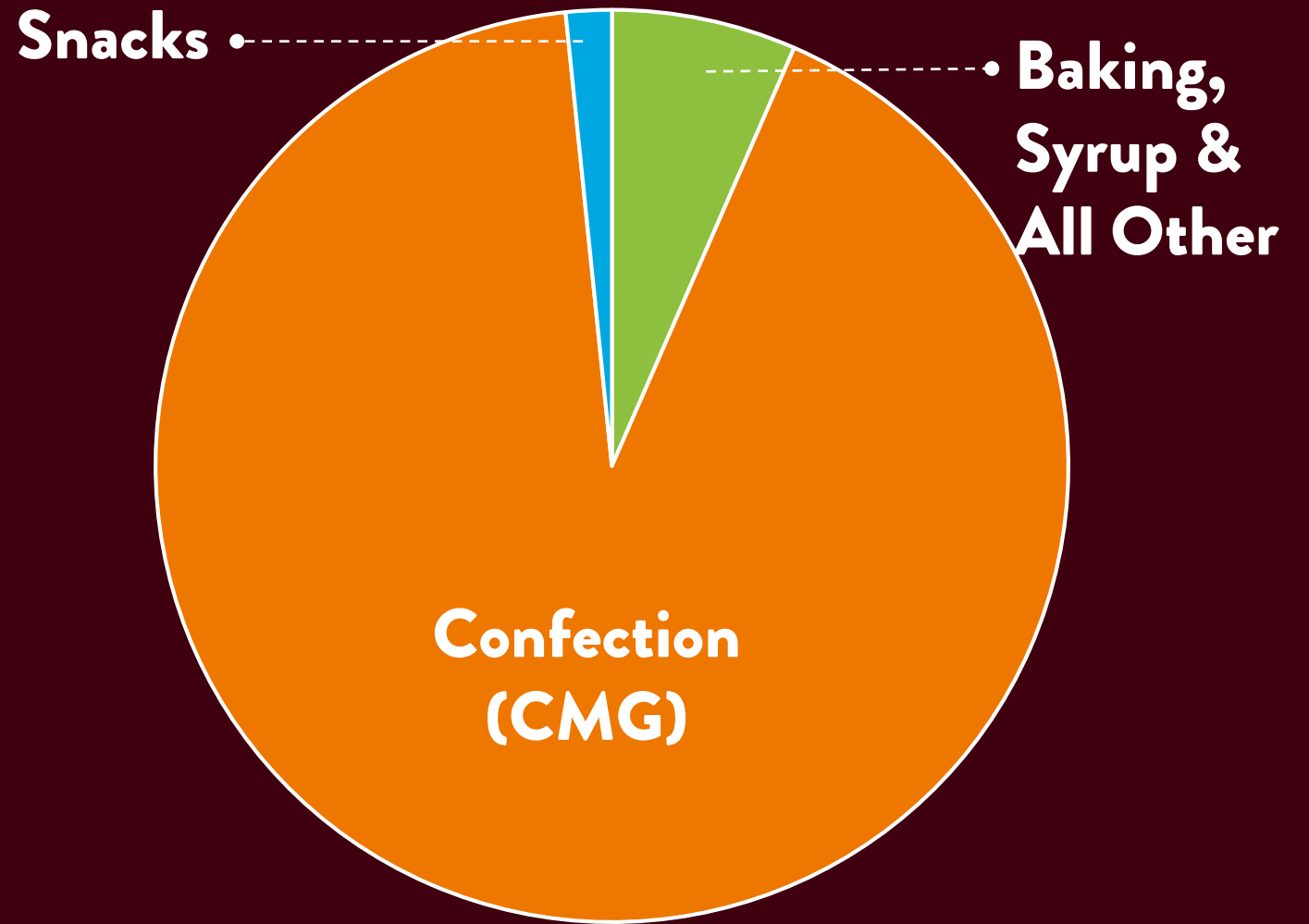


REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

Source: Nielsen Custom Database xAOC + C

**CONFECTION IS
CORE
TO HERSHEY'S
BUSINESS AND
TOP PRIORITY**

% OF U.S. NET SALES



WE HAVE A PORTFOLIO OF ICONIC BRANDS

POWER BRANDS

HERSHEY'S

Reese's

KitKat

HERSHEY'S
KISSES
brand since 1907

ICEBREAKERS

BROAD & DIVERSE BRAND PORTFOLIO



BROOKSIDE

PAYDAY



JOLLY rancher

Twizzlers

barkTHINS
— snacking chocolate —



breath savers

WHOPPERS



TAKE 5

DIVERSIFIED USAGE OCCASIONS

SINGLE SERVE
ON-THE-GO



TAKE HOME
SHARING



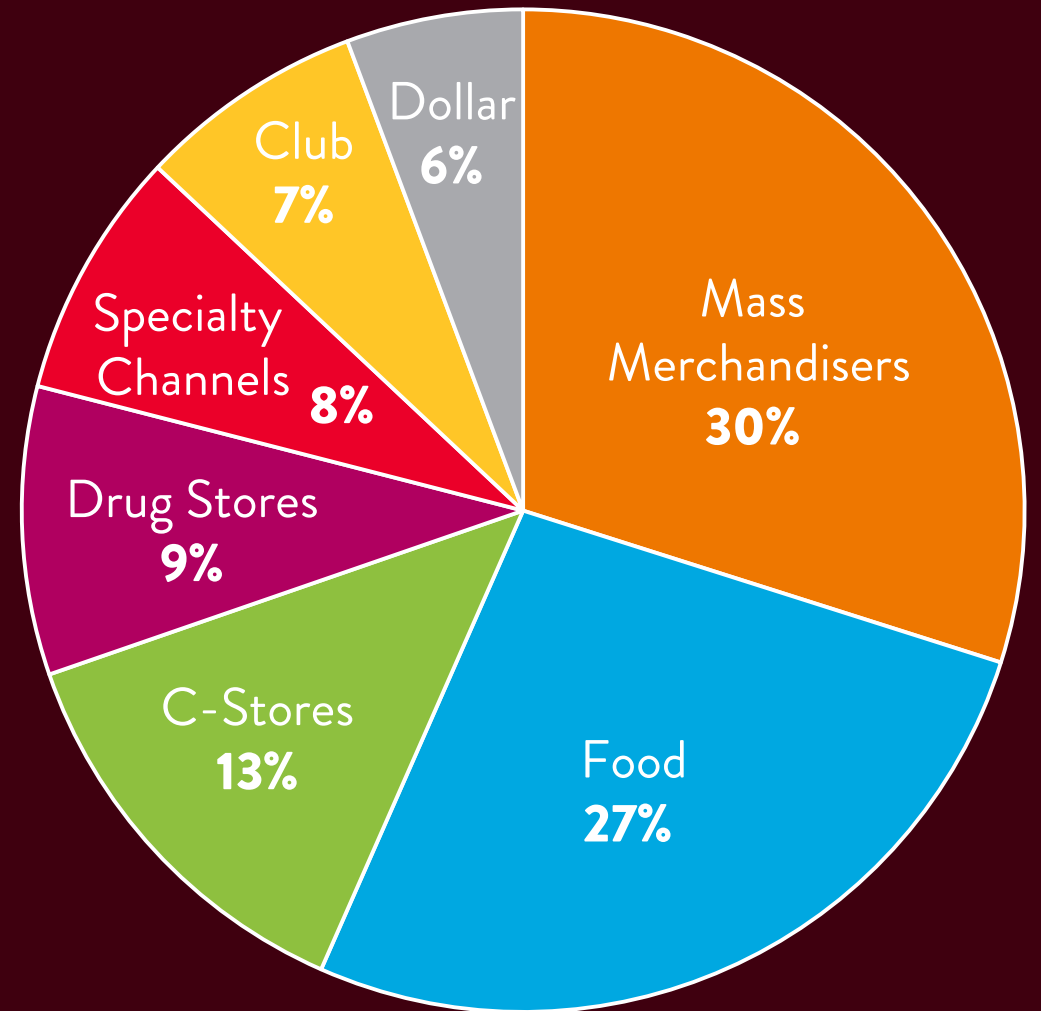
CELEBRATIONS
RITUALS



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

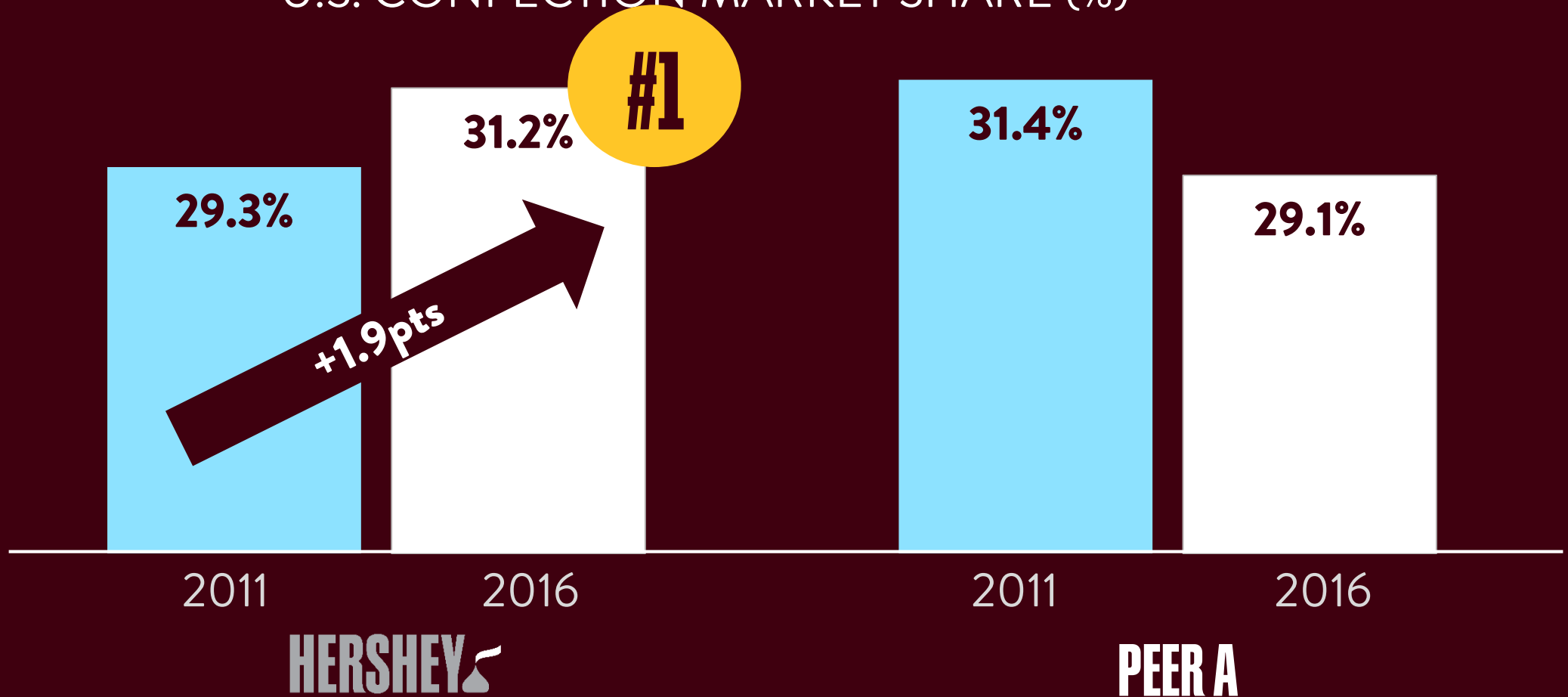
CHANNEL ADVANTAGES

% OF U.S. SALES



HERSHEY IS THE CONFECTIONERY CATEGORY LEADER

U.S. CONFECTION MARKET SHARE (%)



HERSHEY LEADERSHIP ACROSS SEGMENTS

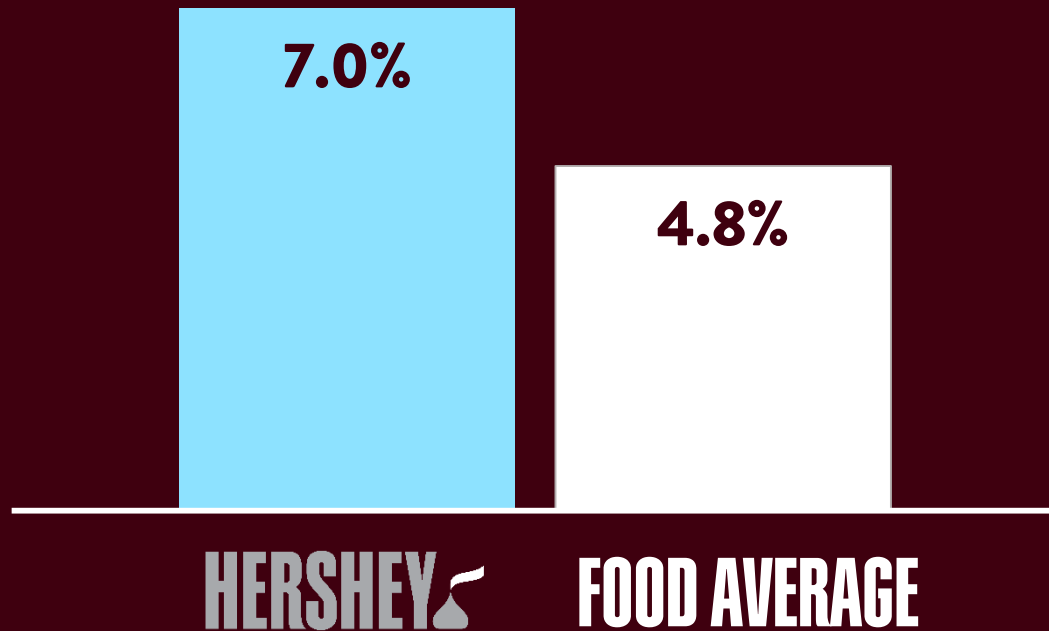
HERSHEY MARKET SHARE

	2016	MARKET SHARE POSITION
CHOCOLATE	45.7%	#1
NON CHOCOLATE	9.6%	#2
MINT	39.0%	#1
GUM	7.2%	#3
TOTAL CMG	31.2%	#1

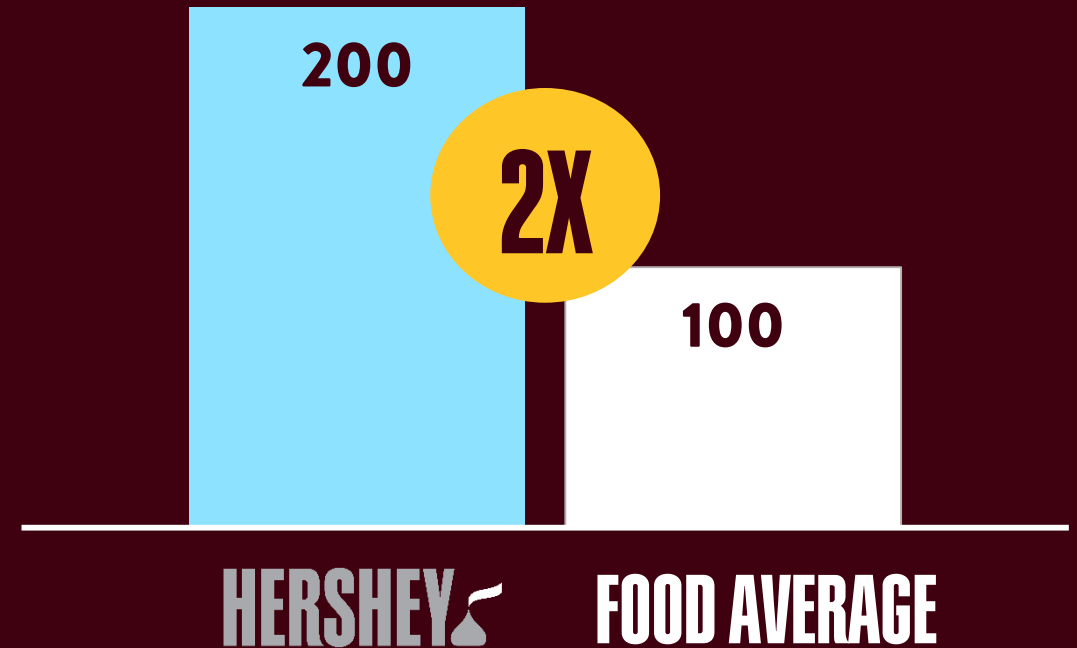


WE INVEST TO FUEL GROWTH WITH PROVEN RESULTS

2016 ADVERTISING
% OF NET SALES



TV ROI INDEX



REIGNITE CORE CONFECTION

Deepen **CONSUMER**
CONNECTIONS

Meaningful **INNOVATION**

Reinvent the **SHOPPING**
EXPERIENCE



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

KEYS TO REIGNITING GROWTH

**DEEPEN
CONSUMER
CONNECTIONS**

Higher Brand Engagement

Top of Mind Awareness

INNOVATION

New Users/Occasions

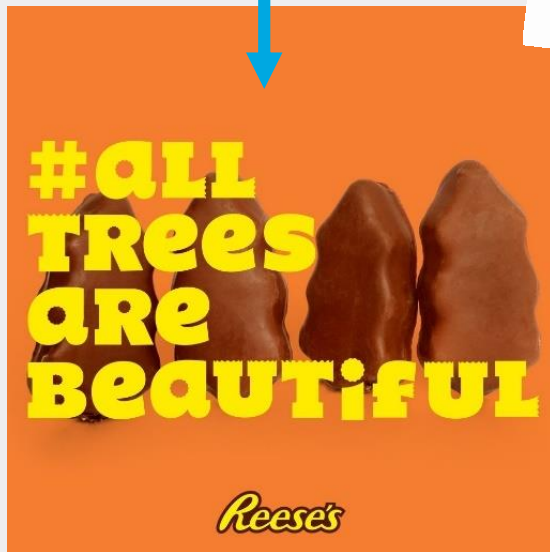
Incrementality

**REINVENT
SHOPPING
EXPERIENCE**

Products Easier to Find

Omni-Channel Availability

INCREASE CONSUMER ENGAGEMENT



INCREASE CONSUMER ENGAGEMENT

REESE'S @ReesesPBCups
They look just like their father. #AllTreesAreBeautiful



Jim Van Buren @J_Van93 · Dec 12
I will never tree shame again.. sorry @ReesesPBCups #AllTreesAreBeautiful



REESE'S @ReesesPBCups · Dec 13
@J_Van93 Jim, the trees have spoken. They still love you, and they're still delicious. #AllTreesAreBeautiful



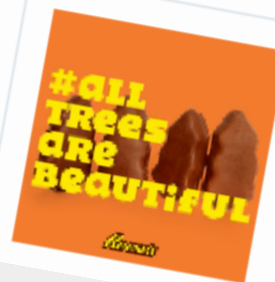
Vanessa Desiree @vanessadesiree · Dec 3
I don't care what they look like they are still the best candy out there! 👍 😊
#AllTreesAreBeautiful #ReesesPBCups



REESE'S @ReesesPBCups
Woke up like this. #ThankYou #AllTreesAreBeautiful



Josh Michaels @JoshMichaels96 · Dec 3
Reese's 1 Crazy Christmas Psychos 0 #AllTreesAreBeautiful



REESE'S @ReesesPBCups
REESE'S celebrates trees of all shapes and sizes. It's not what it looks like, it's what it tastes like.

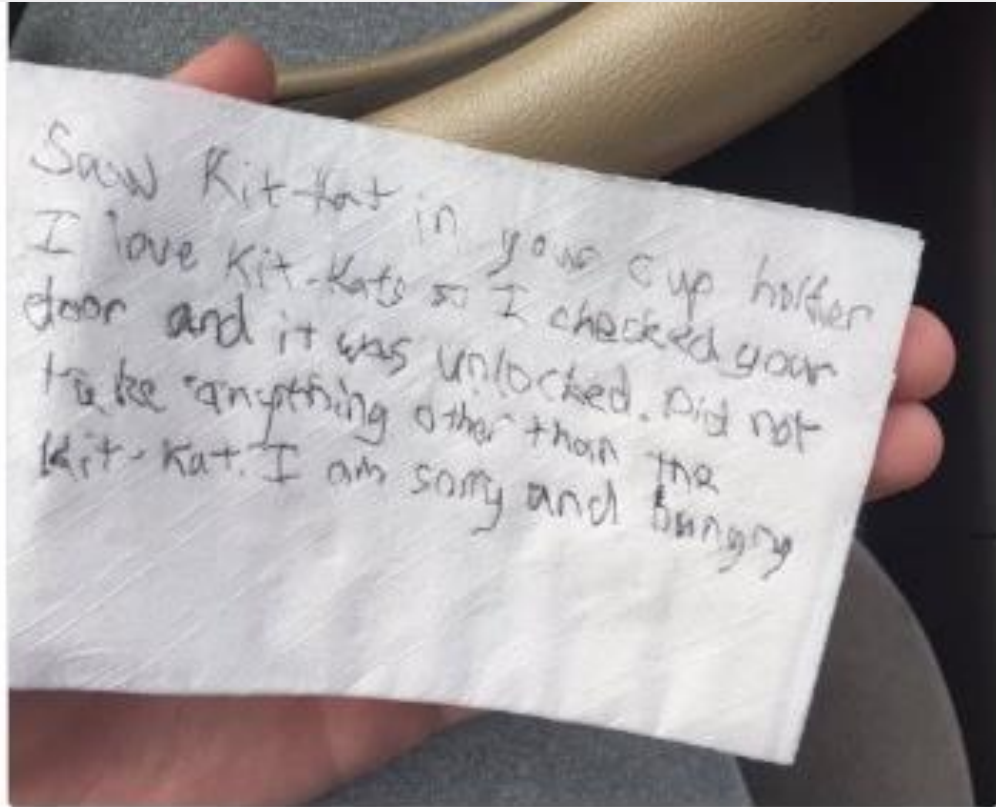


REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

INCREASE CONSUMER ENGAGEMENT

Hunter Jobbins @jabbins – Oct 30

Left my car for maybe 15 minutes in front of the dorms and I come back to this. College man



642M+
EARNED
IMPRESSIONS



Follow

@jabbins Who steals someones Kit Kat?! WHO DOES THAT?! Shoot us a DM and we'll replace it for you 🍫



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

DEEPEN BRAND EMOTIONAL CONNECTIONS

THROUGH MEANINGFUL MOMENTS

TRADITIONAL CELEBRATIONS

Valentine | Easter | Halloween | Holiday



EVERYDAY MOMENTS

S'mores | Birthdays | Appreciations



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

INNOVATE CONFECTION PORTFOLIO TO CAPTURE NEW OCCASIONS

NEW PLATFORMS

- New textures and snacking portions
- Relevance with new users
- Incrementality

MEANINGFUL CORE BRAND NEWS

- Excitement
- Variety
- Increased Merchandising

INNOVATE CONFECTION PORTFOLIO TO CAPTURE NEW OCCASIONS

NEW PLATFORMS



MEANINGFUL CORE BRAND NEWS



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

SIMPLE INGREDIENTS



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

CHOICE & TRANSPARENCY

PACK SIZES



Portionable choices to fit consumers' lifestyles

SMART LABEL



Info for full portfolio of **2,200 ITEMS** available on-line by 2018

SOURCE MAP



Transparency into origin of ingredients from field to production

REINVENT THE SHOPPING EXPERIENCE

CURRENT SHOPPING EXPERIENCE



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

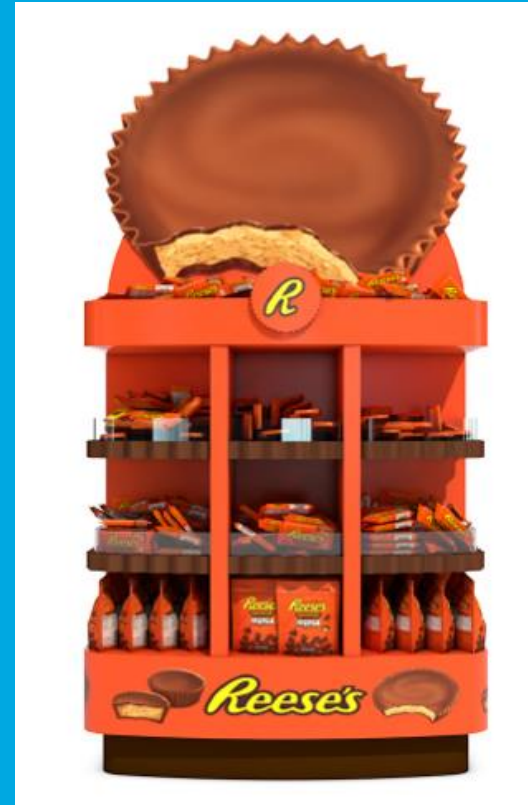
PACKAGING INNOVATION WILL IMPROVE SHOPPER EXPERIENCE IN AISLE

COMING
THIS
MONTH!



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

PIPELINE OF EXPERIENTIAL SOLUTIONS



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

LEADER IN ECOMMERCE CONFECTION



#1
**CHOCOLATE
SHARE**

amazon

STAPLES.com

G
GROCERY.COM

Walmart.com™



*“Alexa order Hershey’s
Halloween candy.”*

~45%

**CMG SHARE IN KEY
OMNI-CHANNEL
RETAILERS**

CHELD

Blue
Apron

Wedding.com

**INCREMENTAL
OCCASIONS**



ICE BREAKERS
BREAK THE ICE

HERSHEY'S

REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

REESE'S: STRONG GROWTH ON \$2B BRAND



The iconic Reese's logo in yellow script with a red outline, set within a white circular background.

~\$1.9b

2016 RETAIL SALES +4.7%

CMG SHARE +0.3PTS

THAT JUST HAPPENED.



HERSHEY'S: EXPANDING TO NEW OCCASIONS & USERS



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

Source: Nielsen xAOC + C

KIT KAT: CONTEMPORIZING FOR NEW CONSUMERS



~\$700m

2016 RETAIL SALES +5.7%

CMG SHARE +0.1PTS



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

Source: Nielsen xAOC + C

ICE BREAKERS: LEVERAGING PROPRIETARY PRODUCT



ICE BREAKERS®

~\$475m

2016 RETAIL SALES +7.7%

CMG SHARE +0.1PTS

KISSES: DEEPENING CONNECTIONS



SAY ♥ WITH A 



HERSHEY'S
Kisses
brand

~\$460m

2016 RETAIL SALES +2.0%

CMG SHARE FLAT



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

Source: Nielsen xAOC + C

BROAD PORTFOLIO

DELIVERING AGAINST RANGE OF CONSUMER PREFERENCES

LICORICE



PREMIUM SNACKING



CHOCOLATE & MINT



COCONUT



CHOCOLATE & FRUIT



TOFFEE



HARD CANDY



MALT



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

EXPAND BREADTH IN SNACKING

Extend Confection Brands to
**NEW SNACKING
USAGE OCCASIONS**

LEVERAGE M&A in
On-Trend Categories

SNACKFECTION, A BLURRING OF SWEET AND SALTY

CHOCOLATE

SNACKFECTION

SALTY SNACKS



Snackfection: A multi-textural and sensorial fusion of chocolate and other snacks, such as nuts, cookies and popcorn, that delivers a distinct eating experience for snacking occasions



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

LEVERAGE DEMAND LANDSCAPE TO IDENTIFY OPPORTUNITIES



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

SNACKFECTION PLATFORMS

CRUNCH-IFICATION – INTEGRATION OF SALTY SNACK ATTRIBUTES WITH CHOCOLATE

CRUNCHERS



POPPED SNACK MIX



REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

M&A TO BOLSTER SNACKING PRESENCE

HIGH GROWTH

- Typically smaller
- On trend, differentiated brands
- Leverage advantaged Hershey capabilities to scale

BUILD SCALE

- Brands for category leadership
- Enhance existing capabilities
- Financial synergies

PORTFOLIO DIVERSIFICATION

BARKTHINS: CAPTURE PREMIUM USERS & NEW OCCASIONS



ADVANCES HERSHEY PORTFOLIO STRATEGY

- On trend, high growth brand
- Premium, high income consumer
- Clean label, simple ingredients
- Fair trade and Non-GMO certifications

WELL POSITIONED TO LEVERAGE HERSHEY SCALE

- Increase distribution with perimeter focus
- Drive awareness with media and field marketing
- Expand margins behind Hershey scale and chocolate expertise



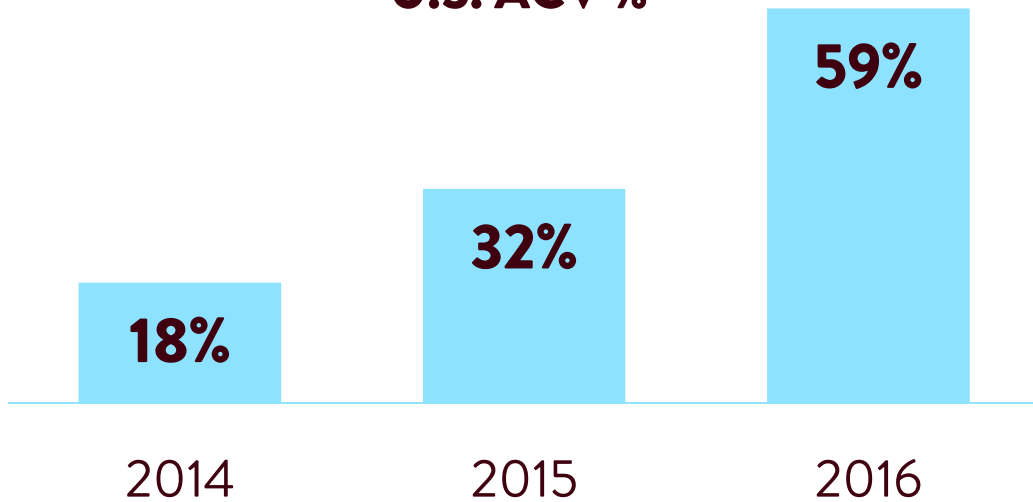
REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

KRAVE: FAST GROWING MEAT SNACKS CATEGORY

2016

- Scale via distribution growth and category management expertise

U.S. ACV %



2017

- Build awareness and drive trial
- Culinary inspired innovation to reach new consumer usage occasions



DELIVERING INNOVATIVE SNACKING LEADERSHIP

REIGNITE CORE
CONFECTION &
EXPAND BREADTH IN
SNACKING



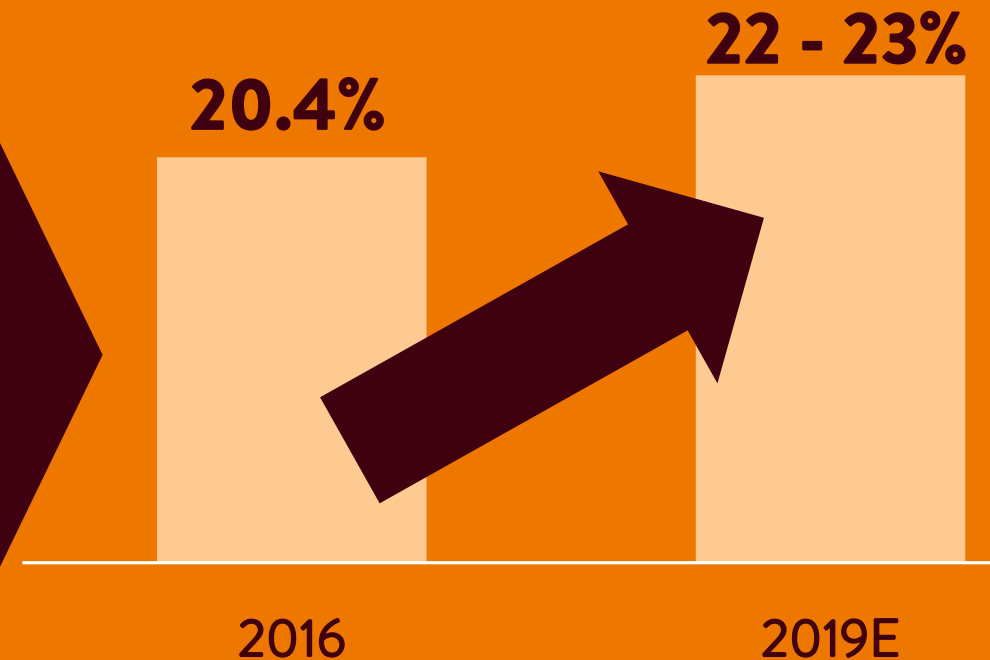
REALLOCATE
RESOURCES TO
EXPAND MARGINS &
FUEL GROWTH

STRENGTHEN CAPABILITIES &
LEVERAGE TECHNOLOGY FOR
COMMERCIAL ADVANTAGE

MARGIN EXPANSION

- Reset International Investment
- Heighten SG&A Discipline
- Continue COGS Optimization
- Streamline Operating Model

ADJUSTED OPERATING INCOME MARGIN



RESET INTERNATIONAL INVESTMENT

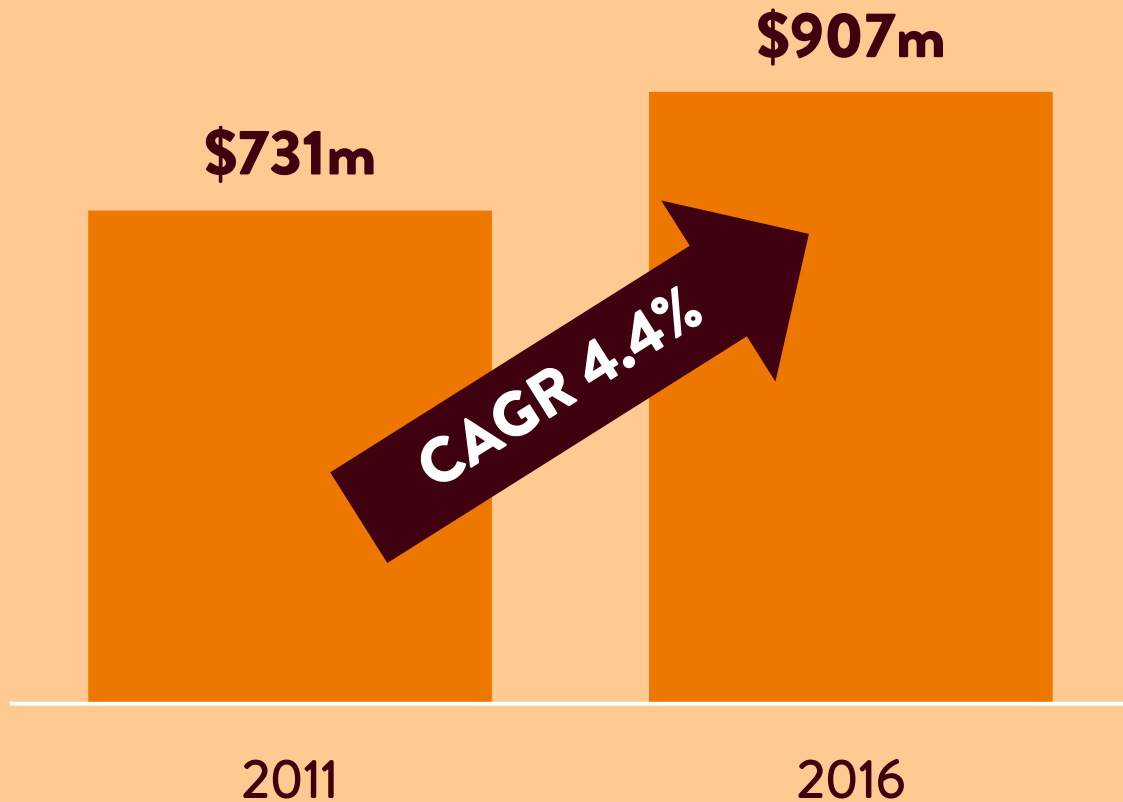
FOR PROFITABILITY & LONG TERM GROWTH



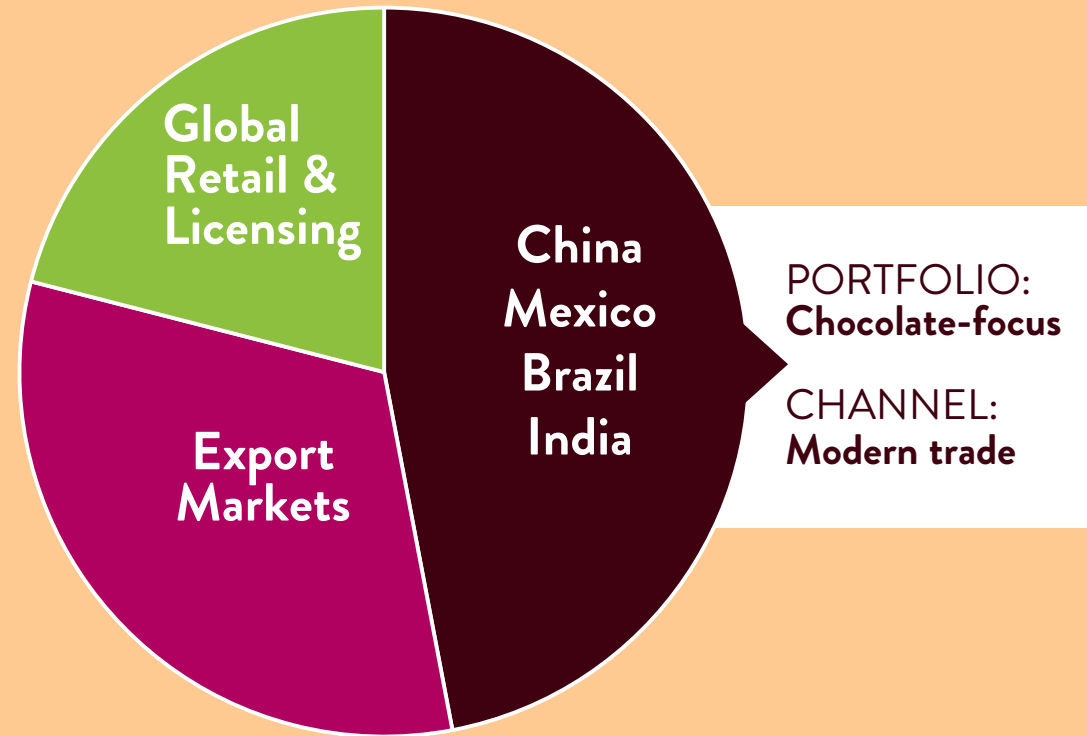
REALLOCATE RESOURCES TO EXPAND MARGINS & FUEL GROWTH

INTERNATIONAL & OTHER SEGMENT

SEGMENT NET SALES



GEOGRAPHIC SEGMENTATION



CHINA

TRANSFORMING BUSINESS AND CREATING A SUSTAINABLE LONG-TERM MODEL



TRANSFORMING PORTFOLIO

HERSHEY'S 好时

BROOKSIDE
贝客诗



- Chocolate as primary growth driver
- SKU rationalization
- Focused DME investment

FOCUSED ROUTE-TO-MARKET



- Focus on eCommerce
- Prioritization of key provinces & high growth cities
- Channel reprioritization

COST STRUCTURE IMPROVEMENT



- Drive COGS and network efficiencies
- SG&A efficiencies

OTHER KEY MARKETS TO BE OPERATED MORE PROFITABLY



**GROSS MARGIN
EXPANSION**

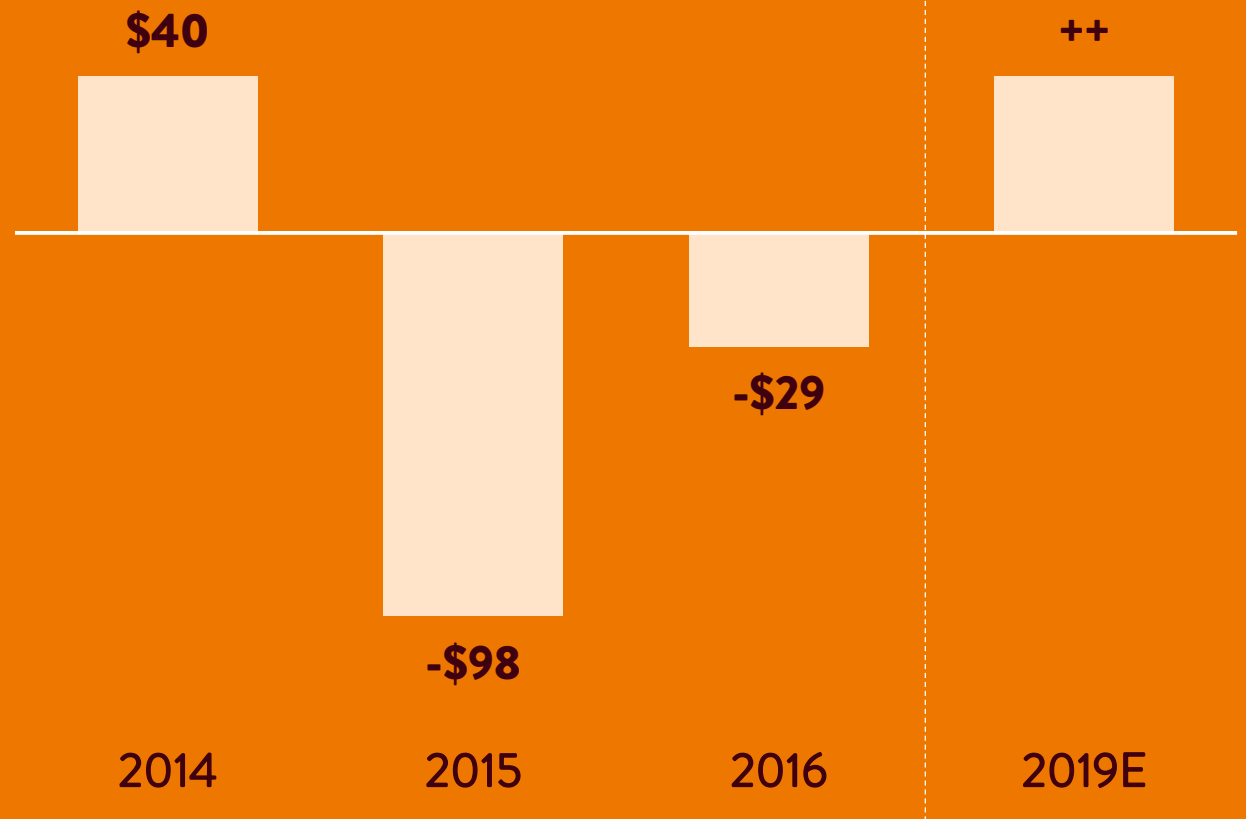
**OPTIMIZED
MARKETING SPEND**

SG&A EFFICIENCIES

SEGMENT PROFITABILITY EXPECTED TO IMPROVE

- Price, Packtype, Innovation Maximization
- Right-size infrastructure relative to size of opportunity
- Focus on cost savings and productivity

INTERNATIONAL & OTHER SEGMENT OPERATING INCOME (\$M)



DELIVERING INNOVATIVE SNACKING LEADERSHIP

REIGNITE CORE
CONFECTION &
EXPAND BREADTH IN
SNACKING

GROW

INCREASE
SHAREHOLDER
VALUE

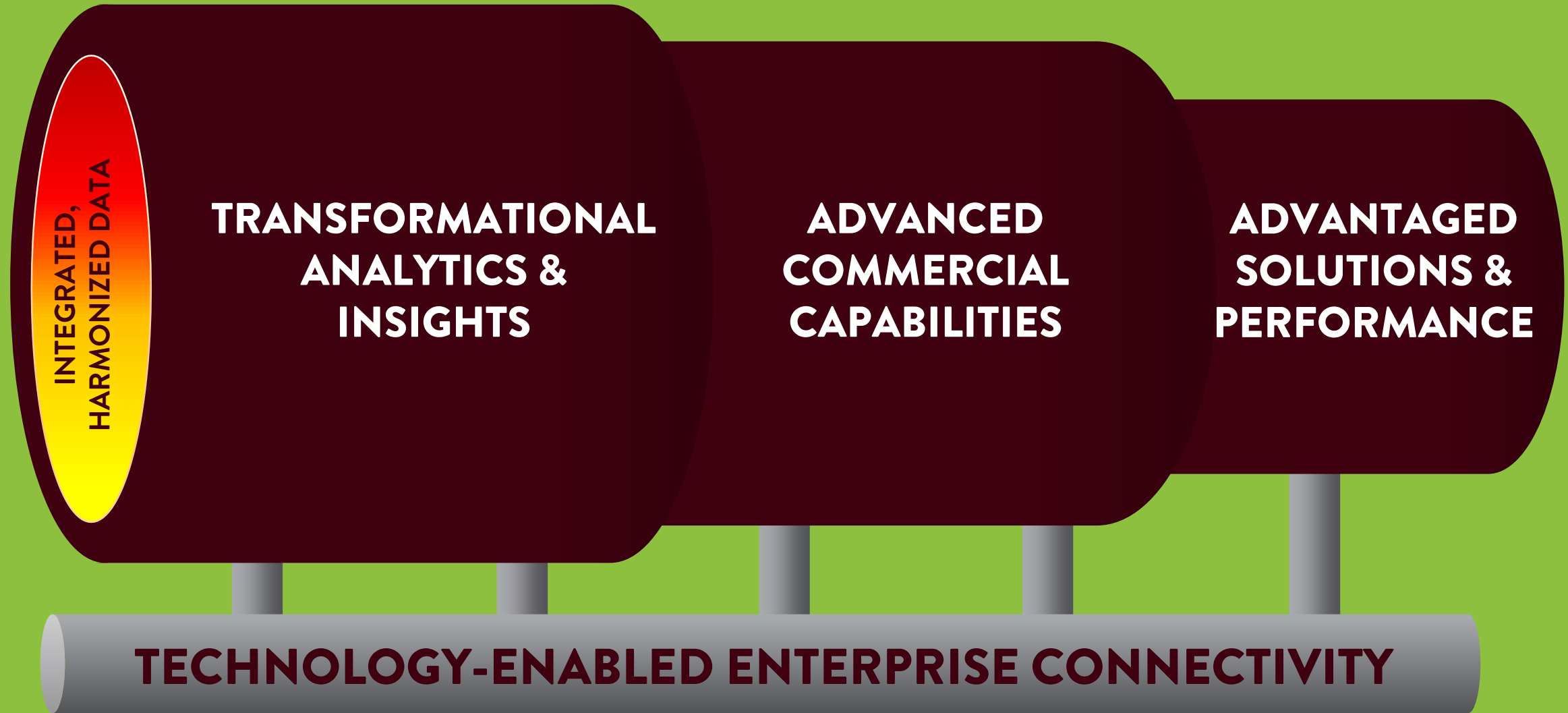
EXPAND
MARGINS

REALLOCATE
RESOURCES TO
EXPAND MARGINS &
FUEL GROWTH

INVEST

STRENGTHEN CAPABILITIES &
LEVERAGE TECHNOLOGY FOR
COMMERCIAL ADVANTAGE

INTEGRATED INSIGHTS PERFORMANCE ENGINE



INTEGRATED INSIGHTS PERFORMANCE ENGINE

INTEGRATED,
HARMONIZED DATA

TRANSFORMATIONAL ANALYTICS & INSIGHTS

PRECISION INSIGHTS

REAL-TIME AND
PREDICTIVE ANALYTICS

PROPRIETARY SNACKING
DEMAND LANDSCAPE

ROLE-BASED DATA AND
INSIGHTS DELIVERY

ADVANCED COMMERCIAL CAPABILITIES

PRECISION EXECUTION

STRATEGIC CATEGORY &
TOTAL STORE LEADERSHIP

DYNAMICALLY ROUTED
RETAIL SALES FORCE

SUPPLY CHAIN SCALE
AND AGILITY

ADVANTAGED SOLUTIONS & PERFORMANCE

TECHNOLOGY-ENABLED ENTERPRISE CONNECTIVITY



STRENGTHEN CAPABILITIES & LEVERAGE TECHNOLOGY FOR COMMERCIAL ADVANTAGE

INTEGRATED, HARMONIZED DATA

INTERNAL DATA

SAP S4 HANA

MCLANE

...

SYNDICATED DATA

nielsen

IRi
Growth delivered.

...

EXTERNAL DATA

United States
Census
Bureau

FRED



...

Integrated, Harmonized, Single Source of Truth

Customized Applications & Role
Based Data & Insights Delivery



Marketing



Sales



Supply Chain



...

INTEGRATED, HARMONIZED DATA

INTERNAL DATA

SAP S4 HANA



...

SYNDICATED DATA

nielsen



...

EXTERNAL DATA

United States
Census
Bureau
FRED



...

Integrated, Harmonized, Single Source of Truth

Customized Applications & Role
Based Data & Insights Delivery



Marketing



Sales



Supply Chain



...

ENABLES:

TRANSFORMATIONAL,
REAL TIME ANALYTICS

PRECISION
APPLICATIONS

AGILE, INTEGRATED
EXECUTION

TRANSFORMATIONAL ANALYTICS & INSIGHTS

PRECISION INSIGHTS



REAL TIME & PREDICTIVE ANALYTICS



PROPRIETARY SNACKING DEMAND LANDSCAPE

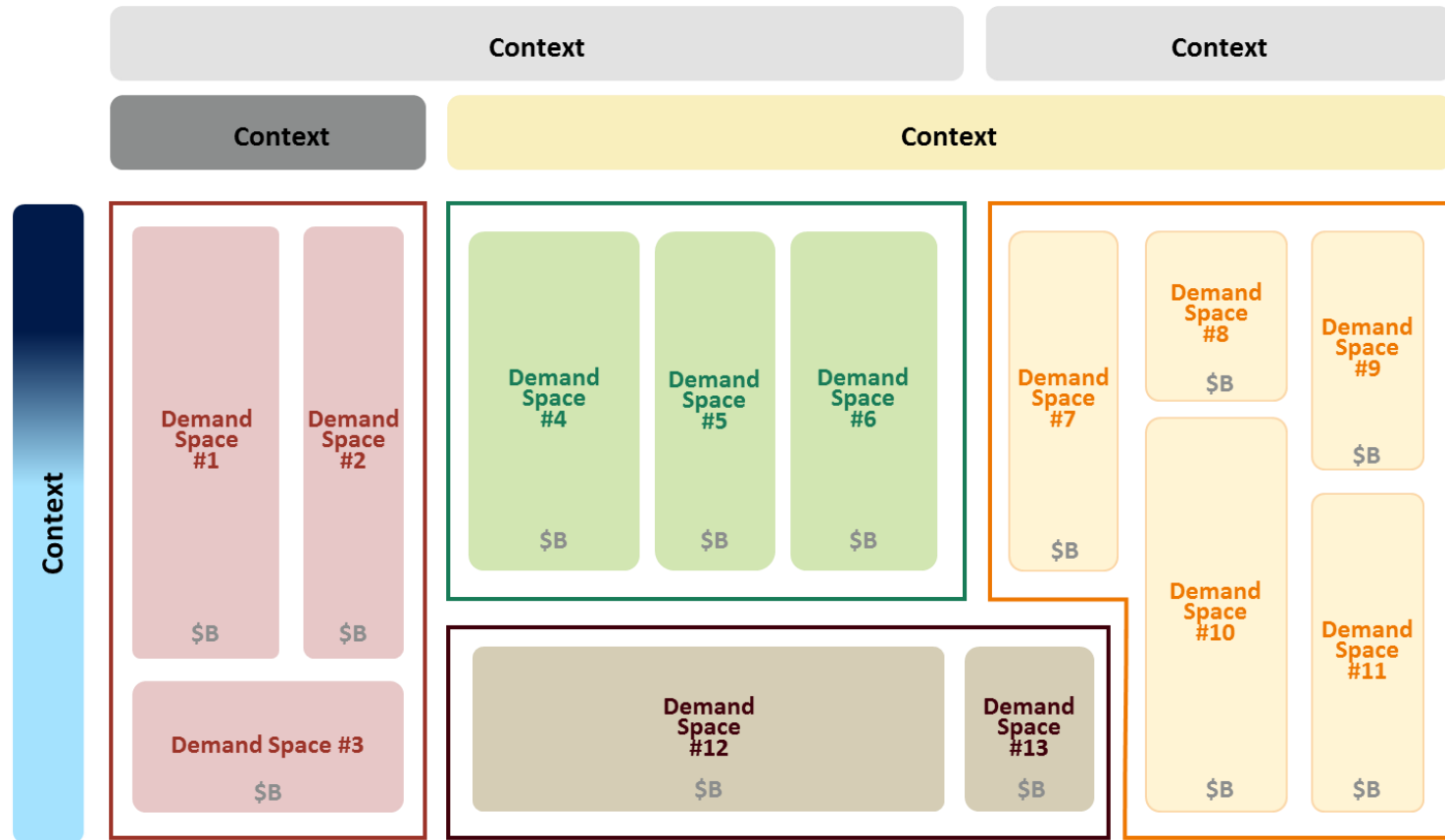


ROLE BASED DATA & INSIGHTS DELIVERY



STRENGTHEN CAPABILITIES & LEVERAGE TECHNOLOGY FOR COMMERCIAL ADVANTAGE

ROBUST SNACKING CONSUMER DEMAND LANDSCAPE



Total Snacking View

Category and Brand Level Insights

Guiding Branding, Innovation & M&A Efforts

ADVANCED COMMERCIAL CAPABILITIES

PRECISION EXECUTION



STRATEGIC CATEGORY & TOTAL STORE LEADERSHIP



DYNAMICALLY ROUTED RETAIL SALES FORCE



SUPPLY CHAIN SCALE & AGILITY



STRENGTHEN CAPABILITIES & LEVERAGE TECHNOLOGY FOR COMMERCIAL ADVANTAGE

ADVANTAGED SOLUTIONS & PERFORMANCE

HOLISTIC FRONT END LEADERSHIP

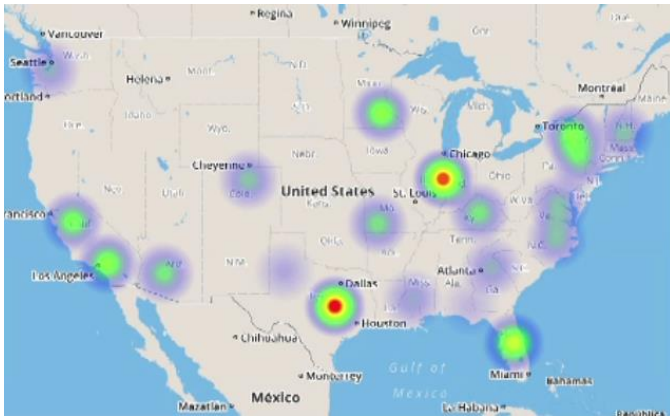
PROPRIETARY INSIGHTS, TOTAL STORE ANALYTICS & RETAILER COLLABORATION



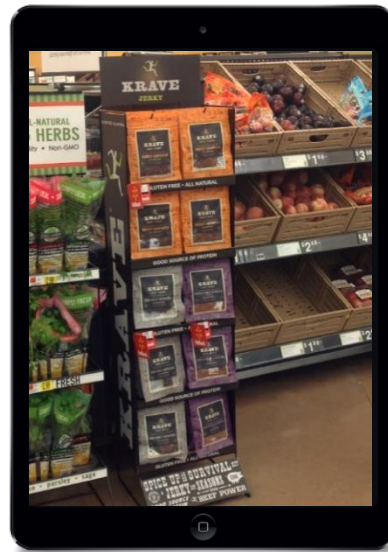
PRECISION RETAIL EXECUTION

PRECISION INSIGHTS, TECHNOLOGY & PROPRIETARY RETAIL SALES FORCE

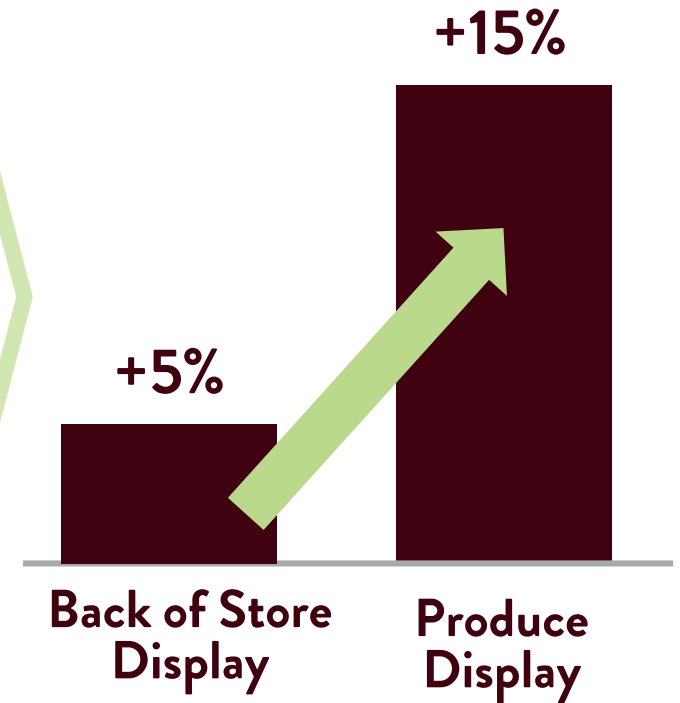
STORE LEVEL ANALYTICS & PRIORITIZATION



EXECUTION & DOCUMENTATION



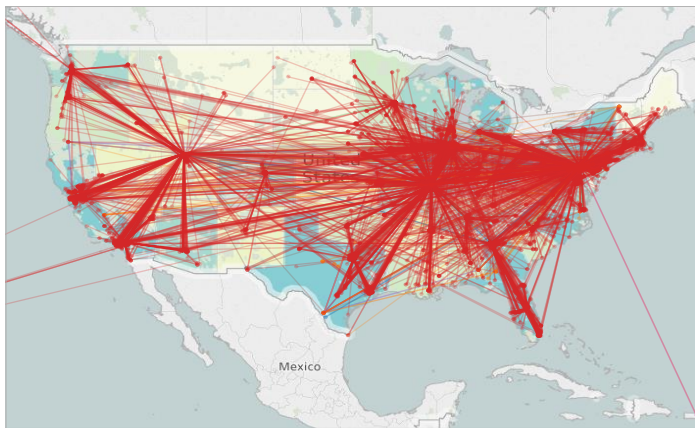
REAL TIME EVALUATION



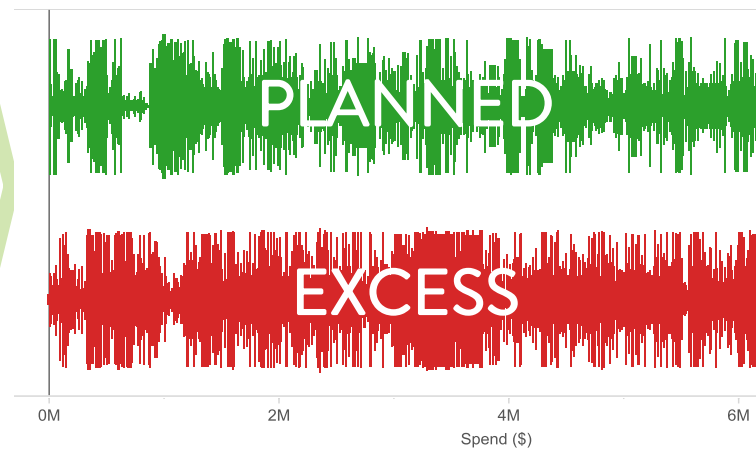
ATTACKING SUPPLY CHAIN COSTS

REAL TIME & HARMONIZED DATA, ADVANCED ANALYTICS & SUPPLY CHAIN AGILITY

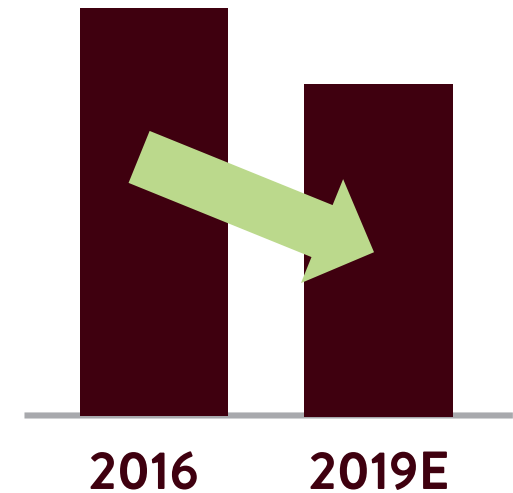
US SUPPLY CHAIN



VISIBILITY INTO INEFFICIENCY



OF TOUCHES



DELIVERING INNOVATIVE SNACKING LEADERSHIP

REIGNITE CORE
CONFECTION &
EXPAND BREADTH IN
SNACKING



REALLOCATE
RESOURCES TO
EXPAND MARGINS &
FUEL GROWTH

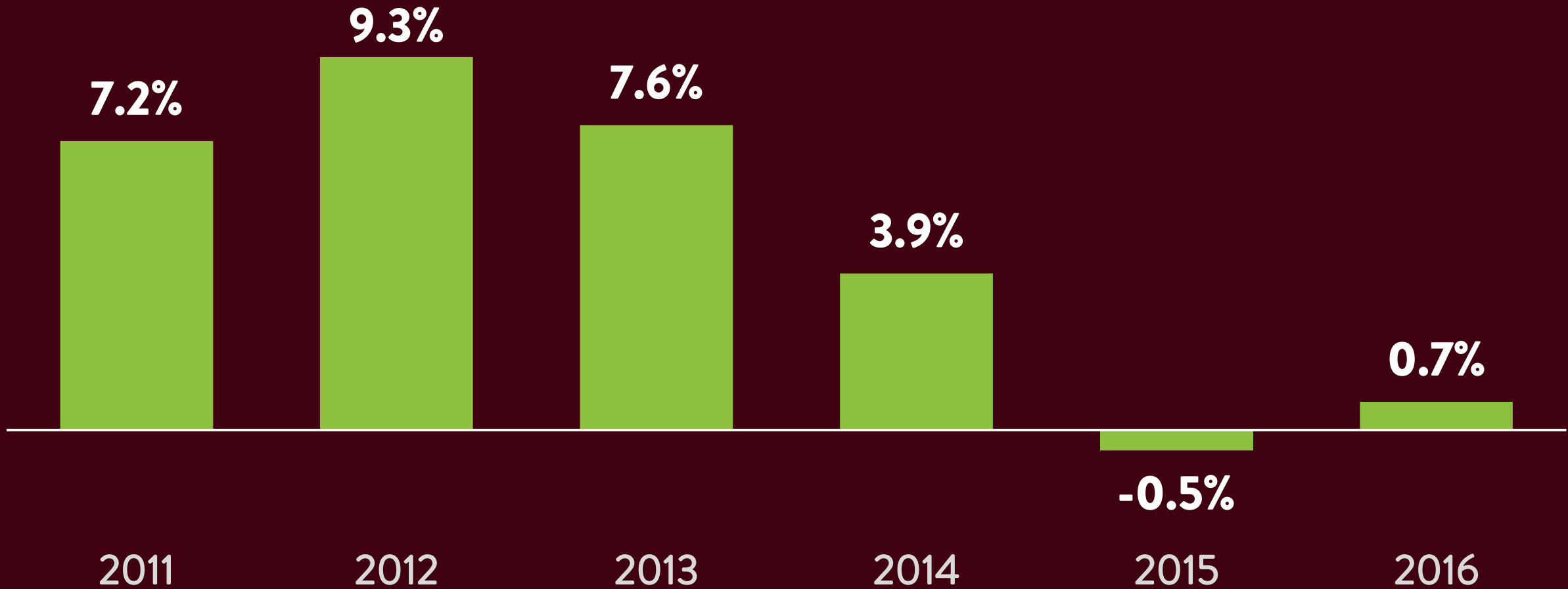
STRENGTHEN CAPABILITIES &
LEVERAGE TECHNOLOGY FOR
COMMERCIAL ADVANTAGE

INCREASE SHAREHOLDER VALUE

TOP QUARTILE SALES GROWTH
&
TOP QUARTILE MARGINS

OUR NET SALES PERFORMANCE

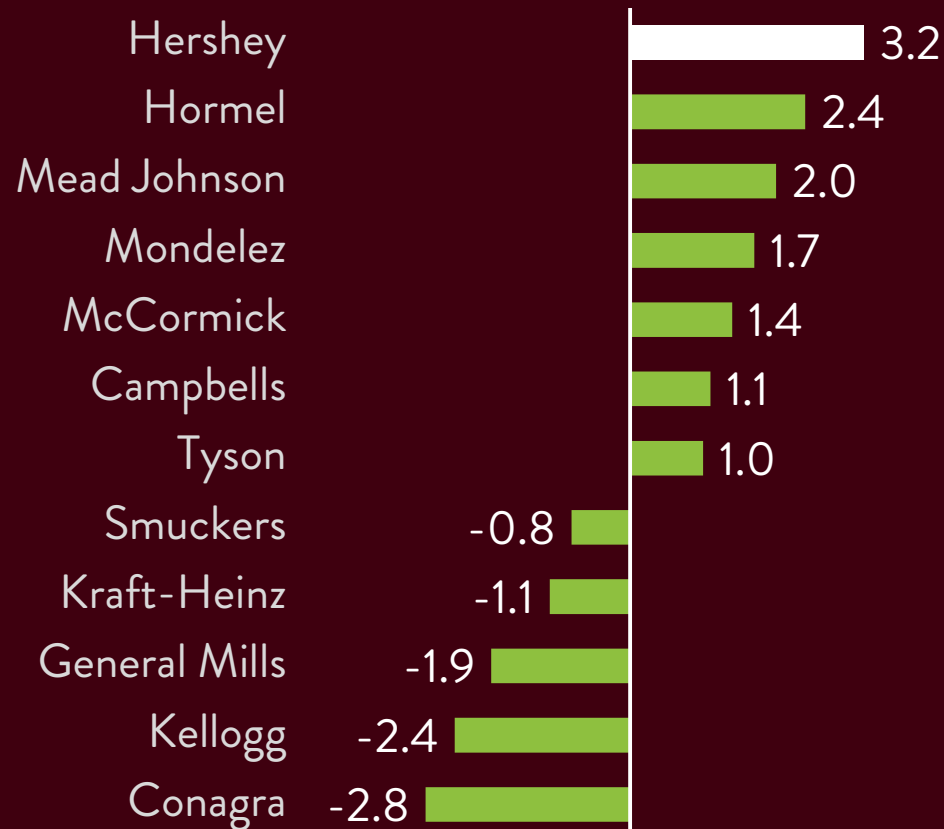
REFLECTS A CHALLENGING ENVIRONMENT



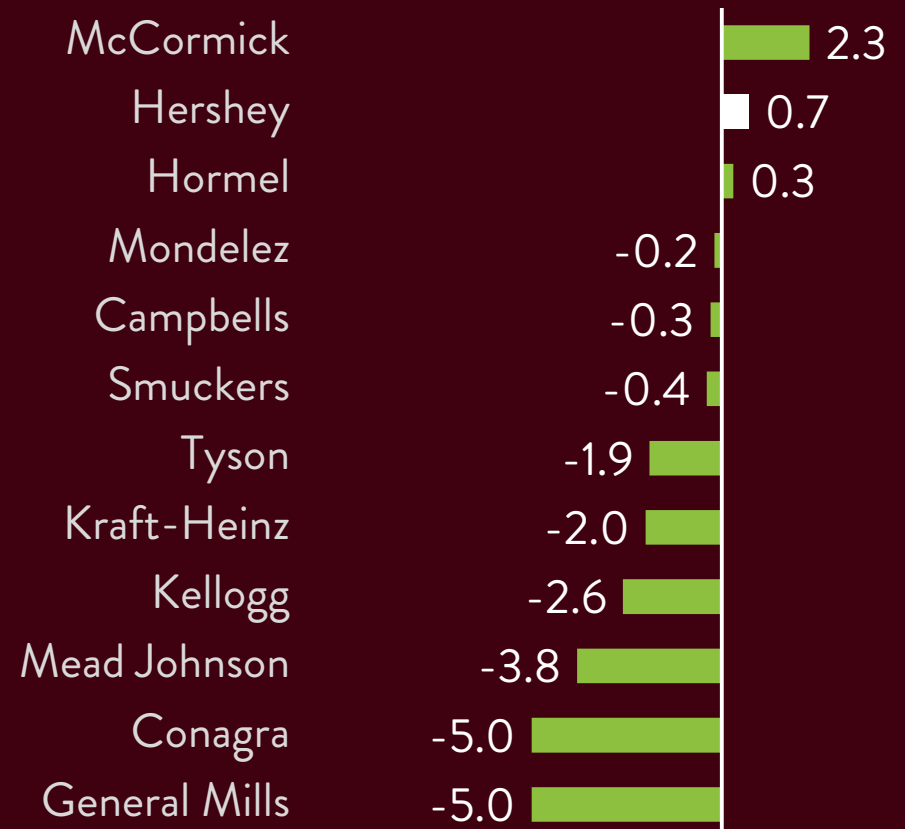
WE HAVE ACHIEVED TOP QUARTILE SALES PERFORMANCE

U.S. RETAIL SALES

4 YEAR \$% CAGR



2016 \$% CHG VS YA

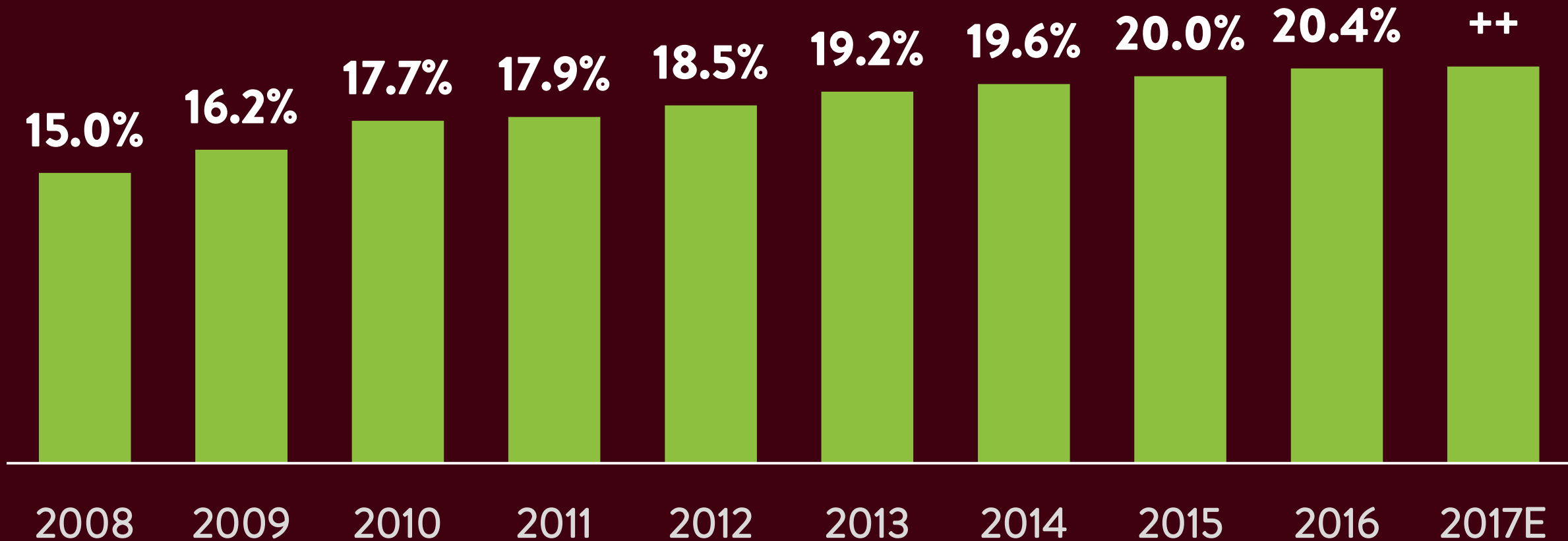


INCREASE SHAREHOLDER VALUE

Source: Nielsen AOD xAOC + C

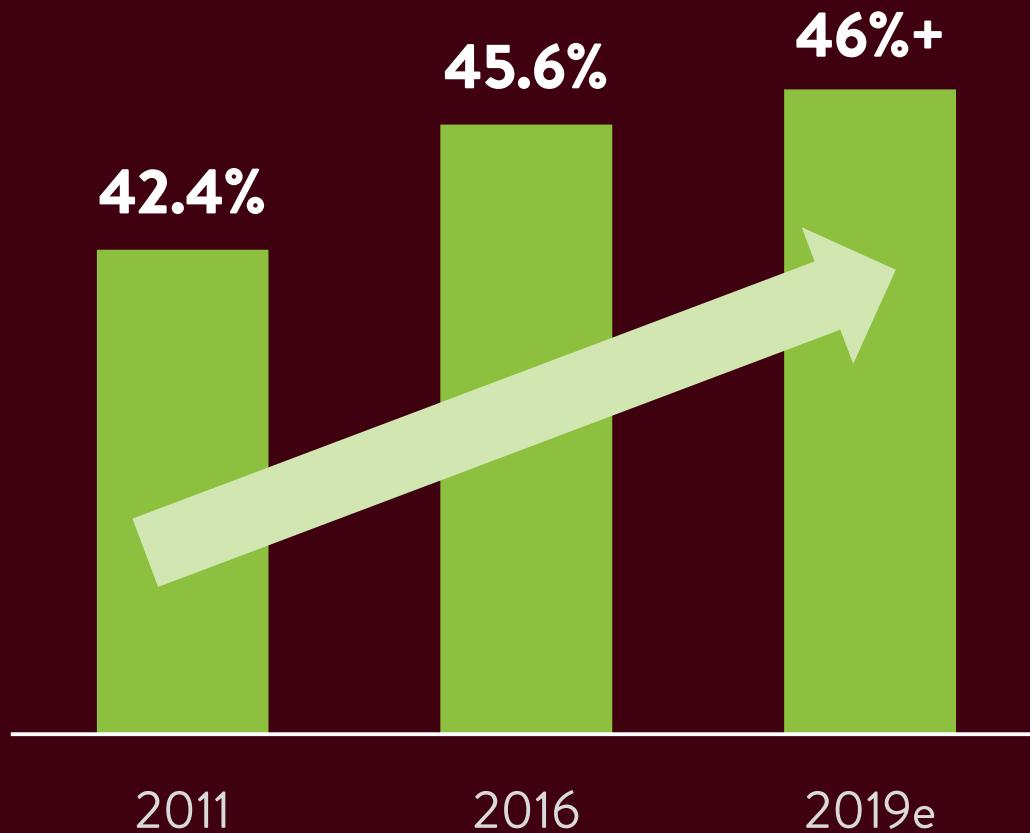
SOLID TRACK RECORD OF OPERATING MARGIN EXPANSION

ADJUSTED OPERATING INCOME MARGIN

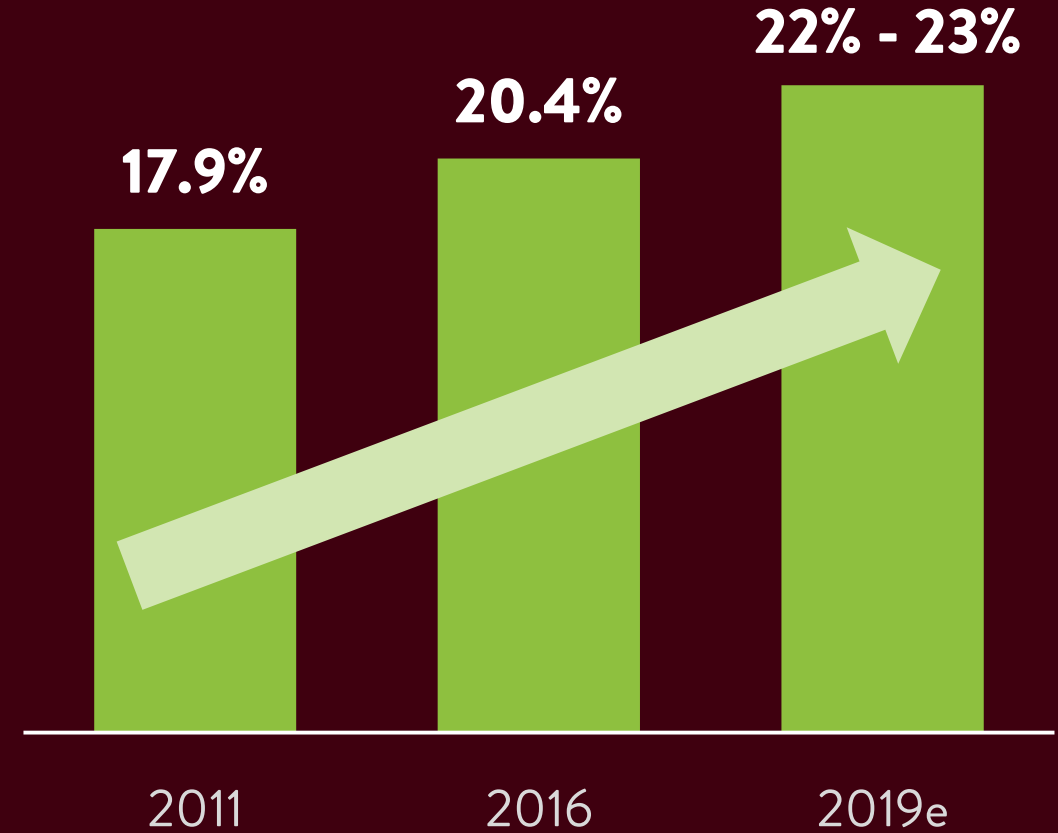


FOCUSED ON GROSS AND OPERATING MARGIN EXPANSION

ADJUSTED GROSS MARGIN %

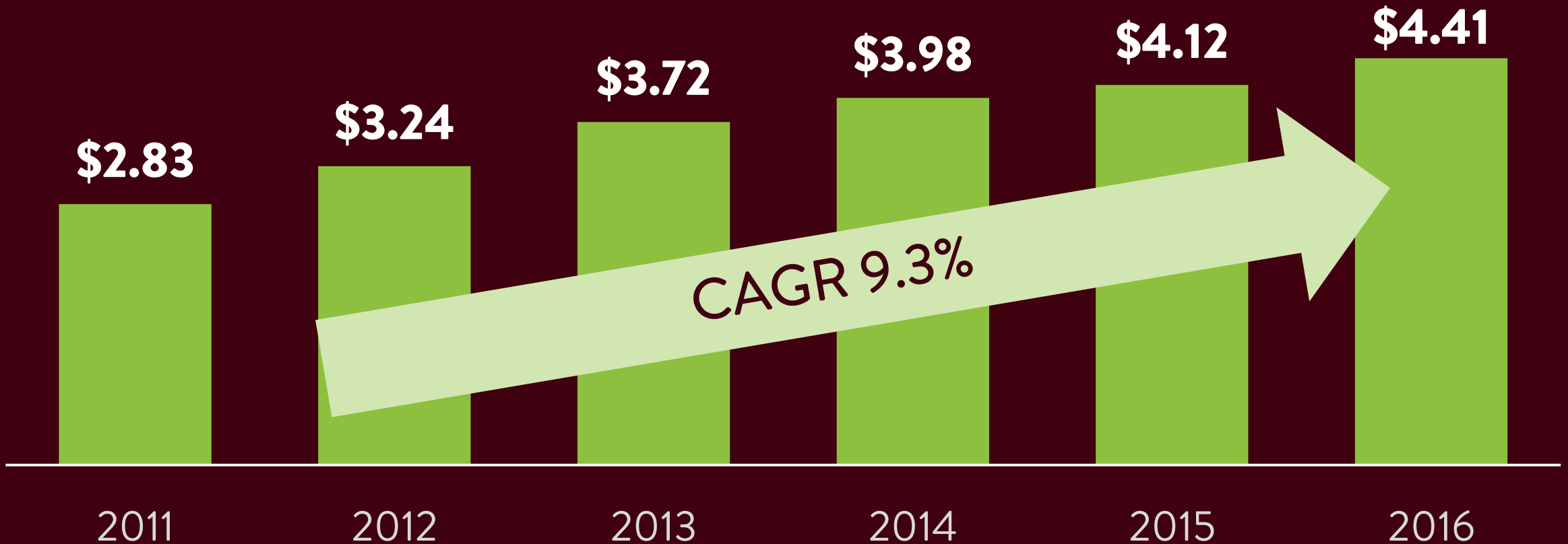


ADJUSTED OPER. INCOME MARGIN %



OUR EPS REMAINS STRONG

ADJUSTED EPS-DILUTED



INCREASE SHAREHOLDER VALUE

Source: Hershey Financials

Not to Scale

See Appendix for a Reconciliation of GAAP EPS to Adjusted EPS

LONG TERM TARGETS

NET SALES

+2-4%

ADJUSTED DILUTED EPS

+6-8%

DIVIDEND YIELD

2-3%

TOTAL SHAREHOLDER RETURN

~10%

LEVERAGING U.S. SCALE

**MARGIN IMPROVEMENT
VIA COGS AND SG&A**

**PROFITABLE
INTERNATIONAL
GROWTH**

PATRICIA LITTLE

CHIEF FINANCIAL OFFICER

DELIVERING INNOVATIVE SNACKING LEADERSHIP

REIGNITE CORE
CONFECTION &
EXPAND BREADTH IN
SNACKING

GROW

**INCREASE
SHAREHOLDER
VALUE**

**EXPAND
MARGINS**

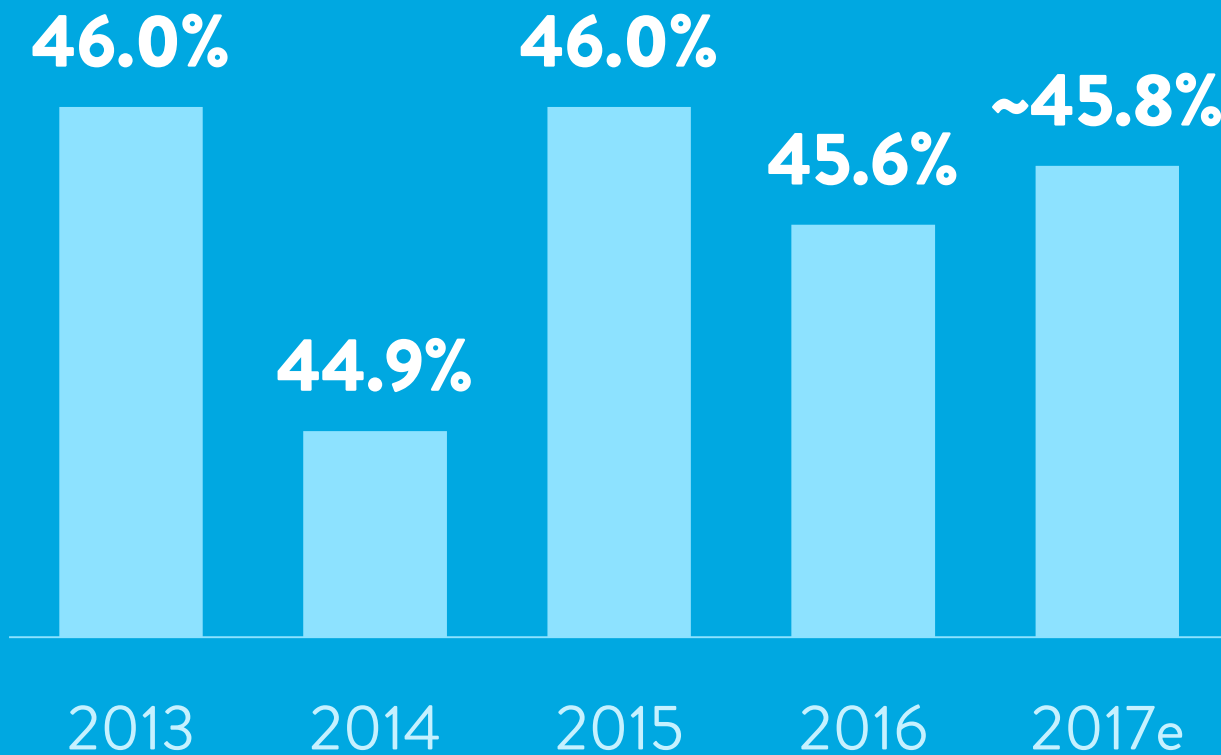
REALLOCATE
RESOURCES TO
EXPAND MARGINS &
FUEL GROWTH

INVEST

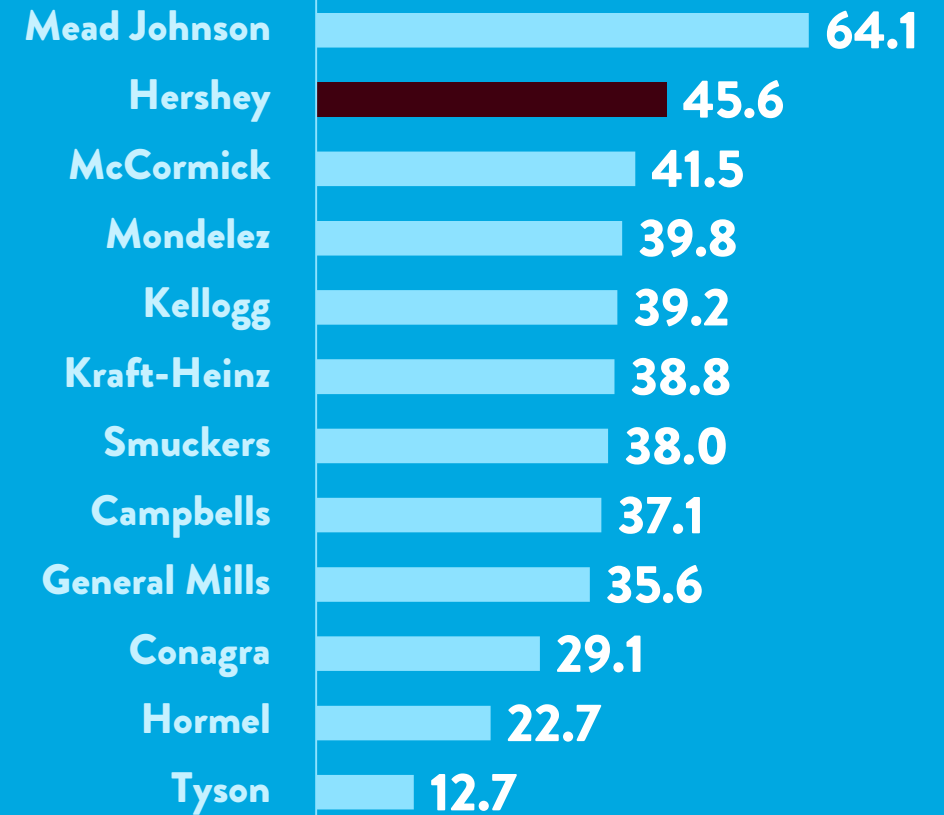
STRENGTHEN CAPABILITIES &
LEVERAGE TECHNOLOGY FOR
COMMERCIAL ADVANTAGE

IT ALL STARTS WITH GROSS MARGIN

HERSHEY ADJUSTED GROSS MARGIN



S&P FOOD GROUP*



LEVERS FOR GROSS MARGIN EXPANSION

FIXED COST LEVERAGE

**NEW MANUFACTURING
CAPABILITIES / TECHNOLOGY**

PRODUCT MIX

NET PRICE REALIZATION

PACKAGING OPTIMIZATION

PRODUCTIVITY

BENEFITS OF SCALE IN NORTH AMERICA

CAPACITY
UTILIZATION **65%**



MANUFACTURING
FACILITIES: 11



DISTRIBUTION
CENTERS: 5

INTERNATIONAL OPPORTUNITY

CAPACITY
UTILIZATION **40%**



MANUFACTURING
FACILITIES: 8

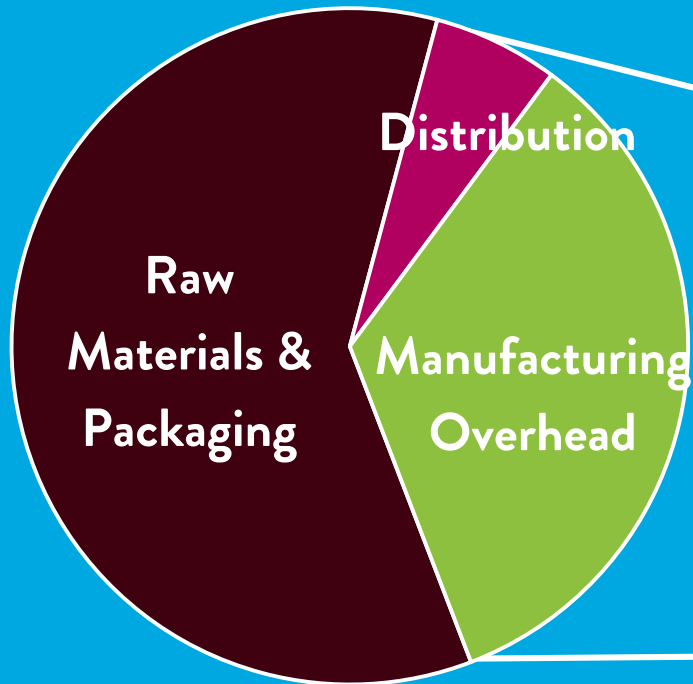
DISTRIBUTION
CENTERS: 8

FOCUS ON COGS

~\$4.0b

~\$100m

ANNUAL PRODUCTIVITY 2017-19



OFFSETTING
NORMAL INFLATION



MAINTAINING COMMITMENT TO RESPONSIBLE SOURCING...

**COMMITMENT TO 100%
CERTIFIED AND
SUSTAINABLE COCOA**



**INVESTING IN
COCOA
COMMUNITIES**



**ENSURING THE
INTEGRITY OF OUR
SUPPLY CHAIN**

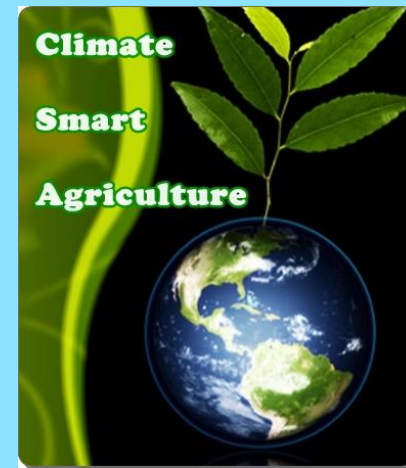


...AND MINIMIZING OUR ENVIRONMENTAL FOOTPRINT

**PROGRESS AGAINST OUR
EFFICIENT OPERATIONS GOALS**

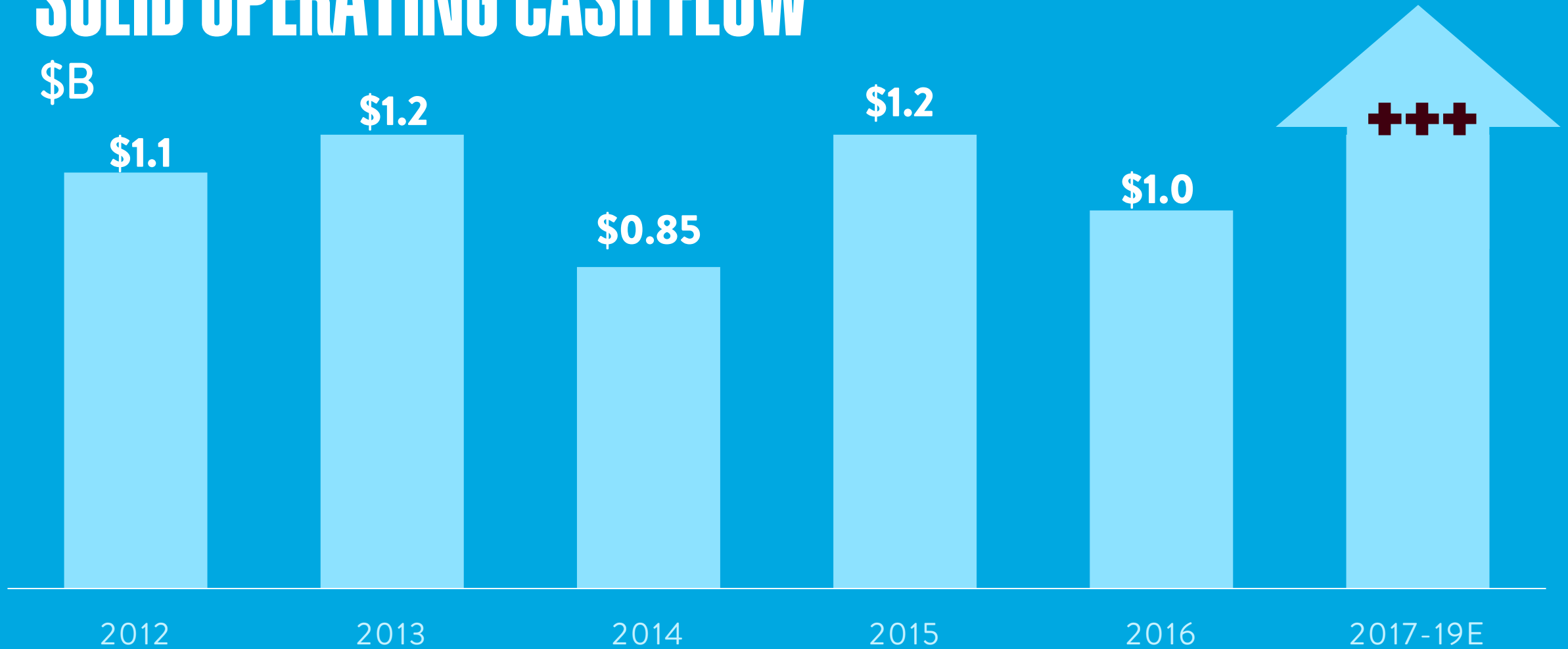
**NEW AMERICAN BUSINESS
CLIMATE ACT GOALS**

**CLIMATE SMART COCOA
INITIATIVES**



SOLID OPERATING CASH FLOW

\$B



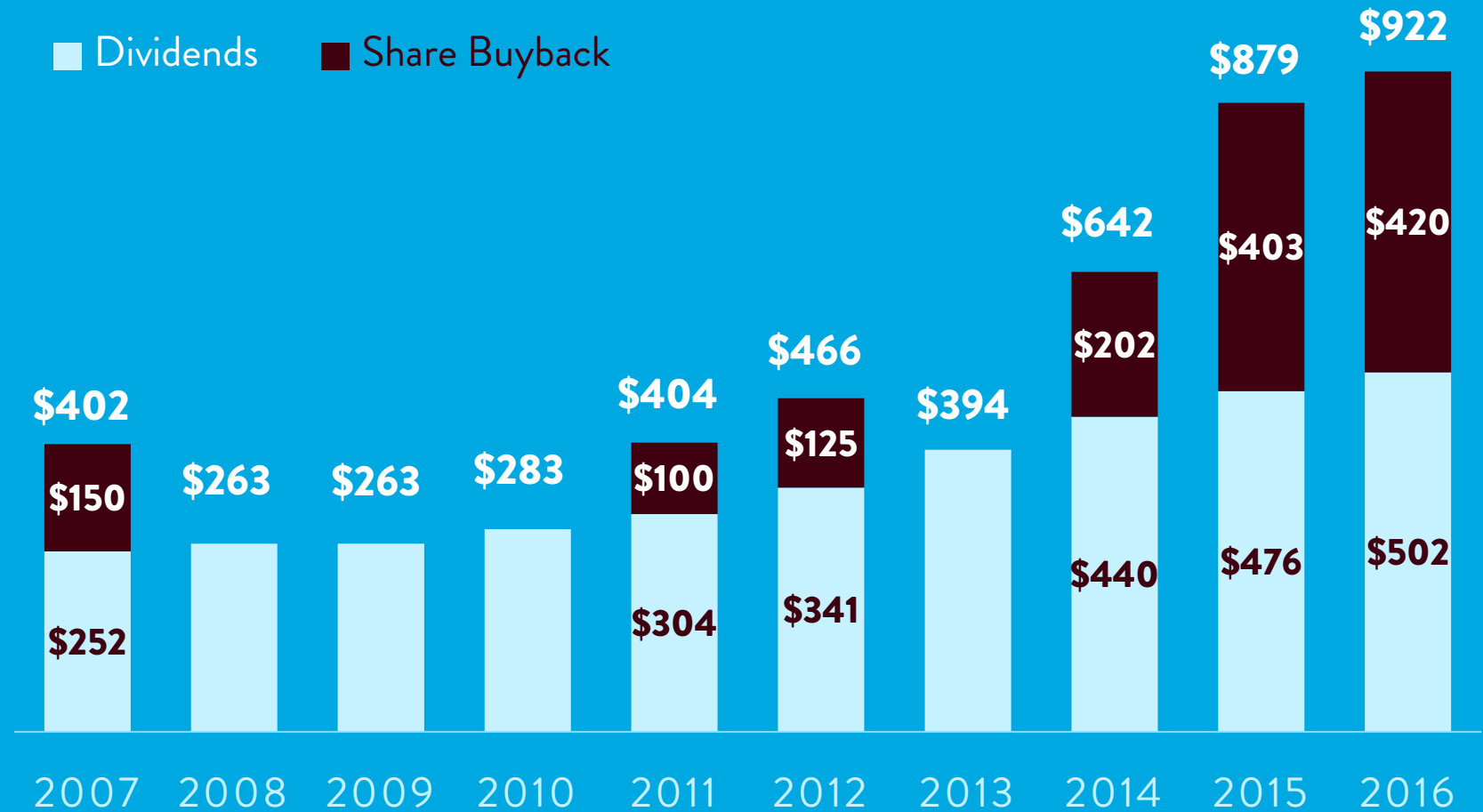
CASH RETURNED TO SHAREHOLDERS

\$M

SOLID TRACK RECORD OF RETURNING **CASH TO SHAREHOLDERS**

~\$5b IN DIVIDENDS AND SHARE REPURCHASES* OVER THE LAST 10 YEARS

COMMITTED TO A DIVIDEND PAYOUT RATIO OF AT LEAST 50%

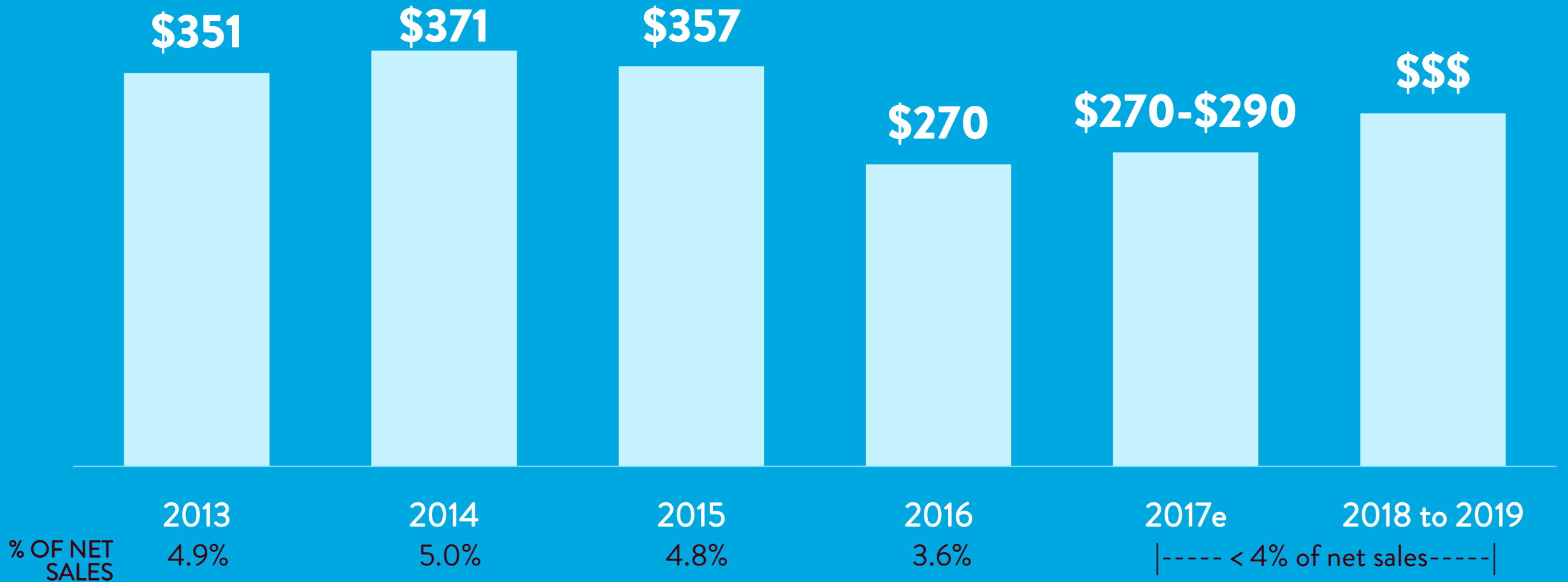


CASH FLOW PRIORITIES



CAPITAL EXPENDITURES

\$M



M&A FOCUSED ON EXTENDING SNACKING BREADTH

- Growth categories
- Preference to be EPS accretive after 2 years
- Continue to build on execution / implementation experience



DIVIDEND PAYOUT RATIO

Kraft-Heinz	61.9%
General Mills	59.0%
Kellogg	52.7%
Hershey	51.7%
Mead-Johnson	51.3%
McCormick	46.1%
Campbell	44.8%
Conagra	44.2%
Hormel	39.9%
Smuckers	38.5%
Mondelez	36.2%
Tyson	19.0%

SOLID CASH FLOW ENABLES

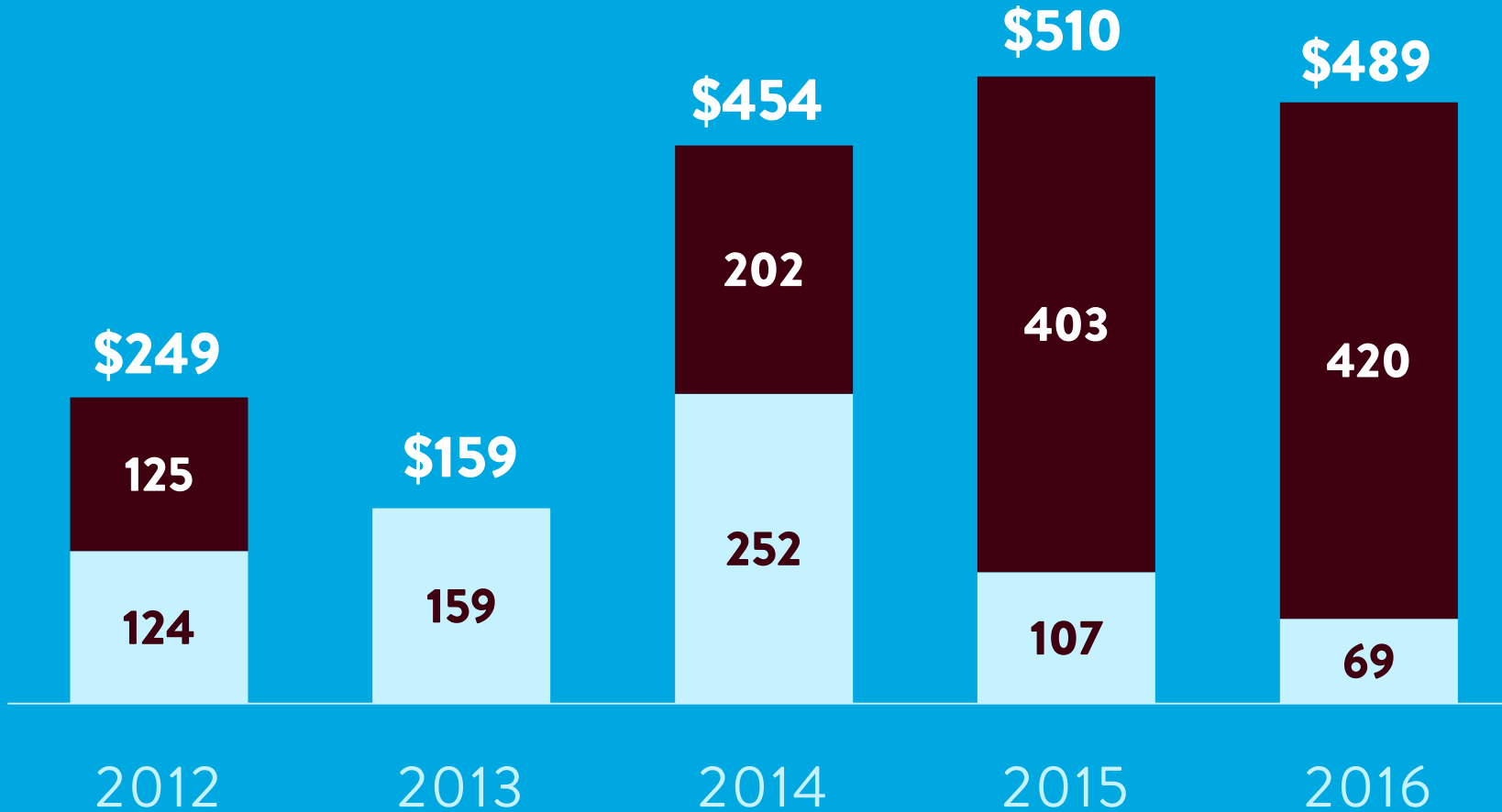
COMMITMENT TO
AT LEAST A
50% PAYOUT

COMMITMENT TO SHARE BUYBACKS

\$M

■ Option Replenishment

■ Buyback / Share Count Reduction

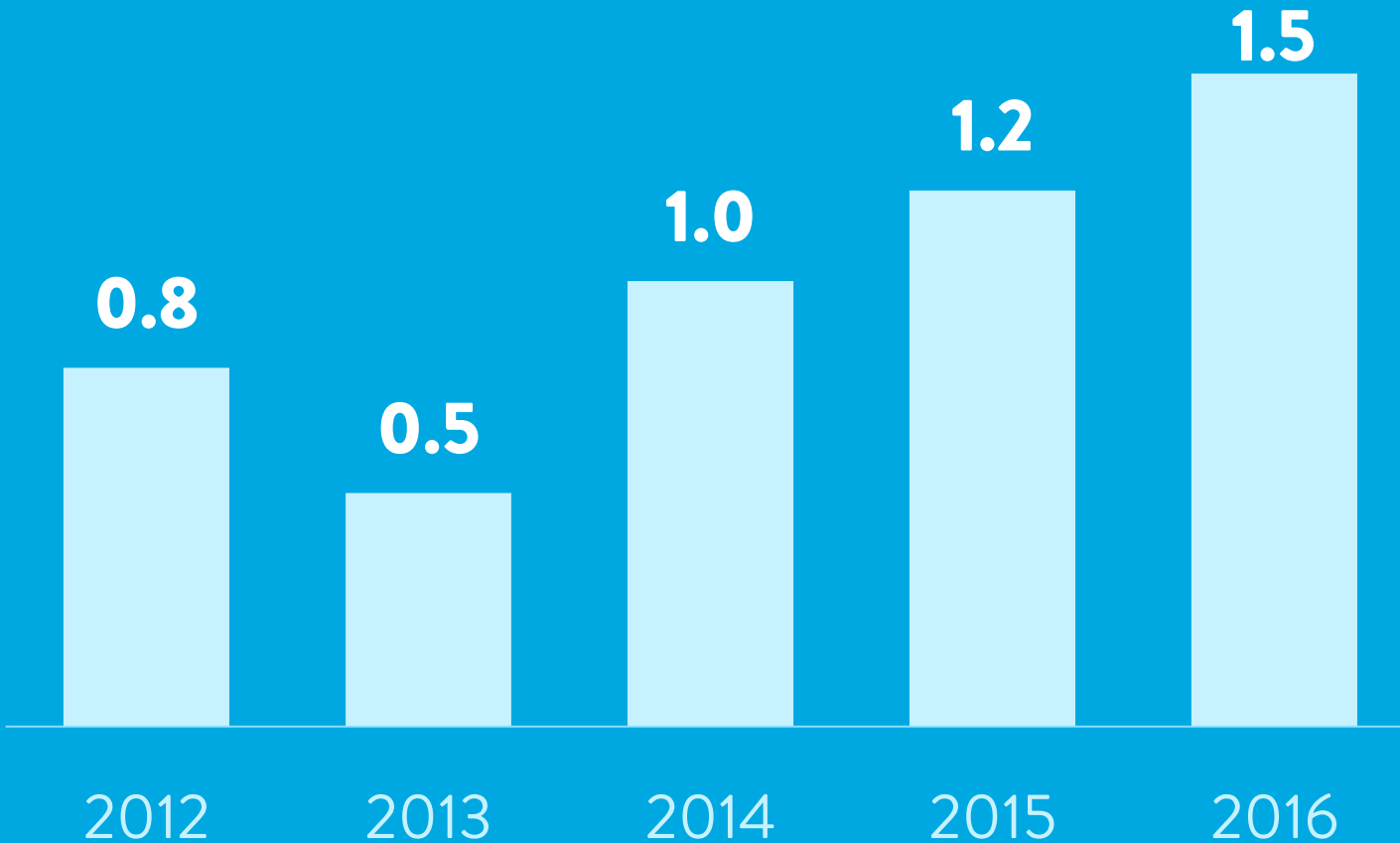


STOCK BUYBACKS IN PLACE TO **REDUCE SHARE COUNT**
(EXCLUDES OPTIONS)

REPURCHASE OPTIONS IN THE OPEN MARKET AS A MATTER OF PRACTICE

PART OF **CAPITAL DEPLOYMENT PHILOSOPHY**

NET DEBT TO ADJUSTED EBITDA



As of December 31, 2016

A / A1
DEBT RATING
(S&P / Moody's)

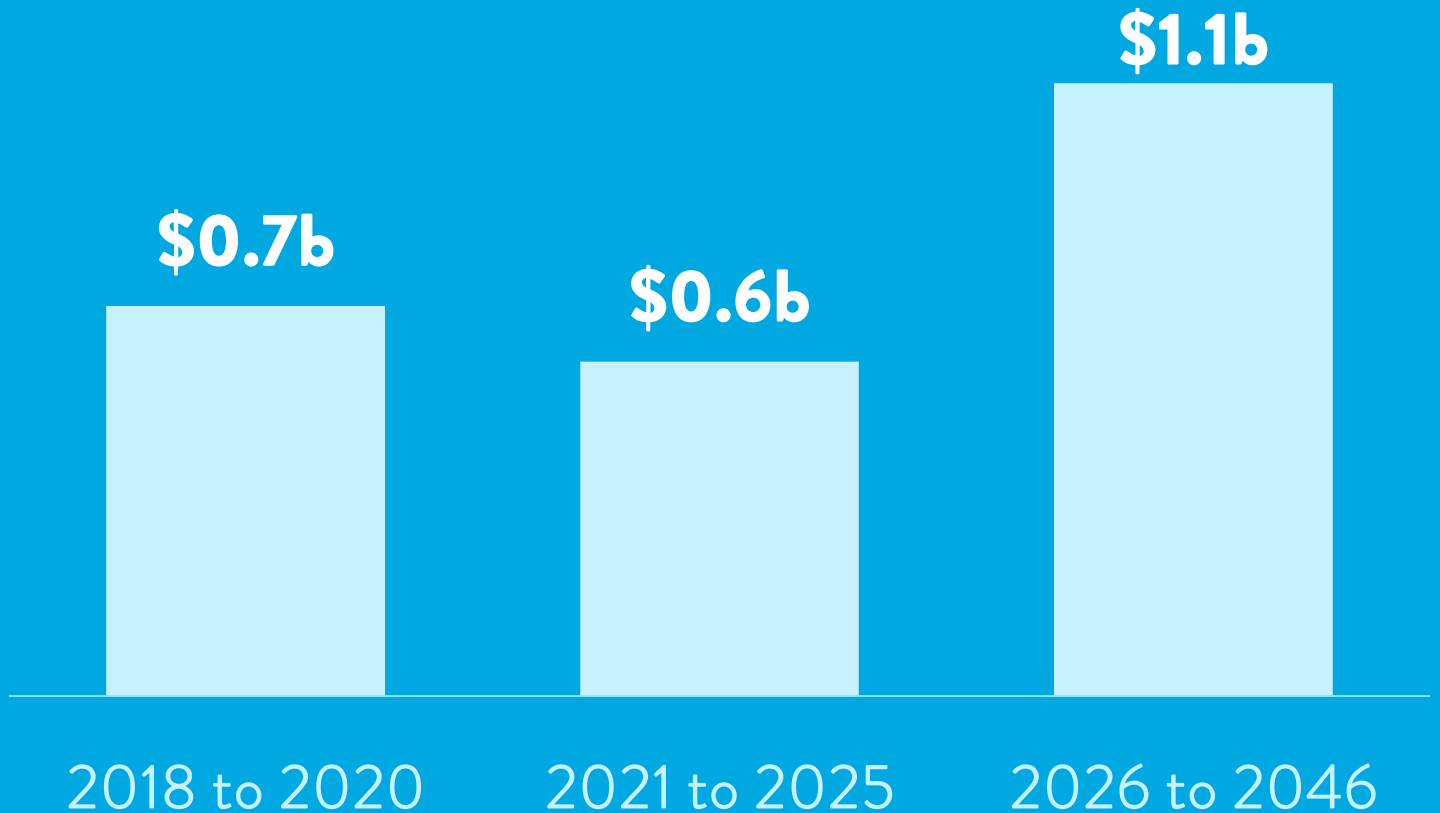
\$1.0b (UNSECURED)
CREDIT REVOLVER
IN PLACE

OUTSTANDING
U.S. COMMERCIAL
PAPER \$474m

LONG-TERM DEBT, MOSTLY FIXED ... AND LONG DATED

AVERAGE FIXED RATE

~3.5%



TARGETED CAPITAL STRUCTURE

- Target range of **1.5x to 2.0x Net Debt/Adjusted EBITDA**
- For “right” strategic acquisition would consider **Net Debt/Adjusted EBITDA greater than 2.0x**
- Given strong cash flow LTD trades at a value **better than current “A” rating**

DEBT / ADJ. EBITDA




1.5x to 2.0x



PRODUCTIVITY INITIATIVES DRIVING 3 YEAR OPERATING INCOME MARGIN EXPANSION



SAVINGS PRIMARILY ACHIEVED IN 2018/2019

	2017	2018	2019	2019 "Run Rate"
Normal Productivity	\$100M	\$100M	\$100M	\$300M
"Margin For Growth"	\$15M	\$135M - \$160M		\$150M - \$175M
SG&A % of Sales (ex Adv/Mkt)				~ 100 bps lower than 2016
Advertising, Marketing & Trade % of Sales			~25%	

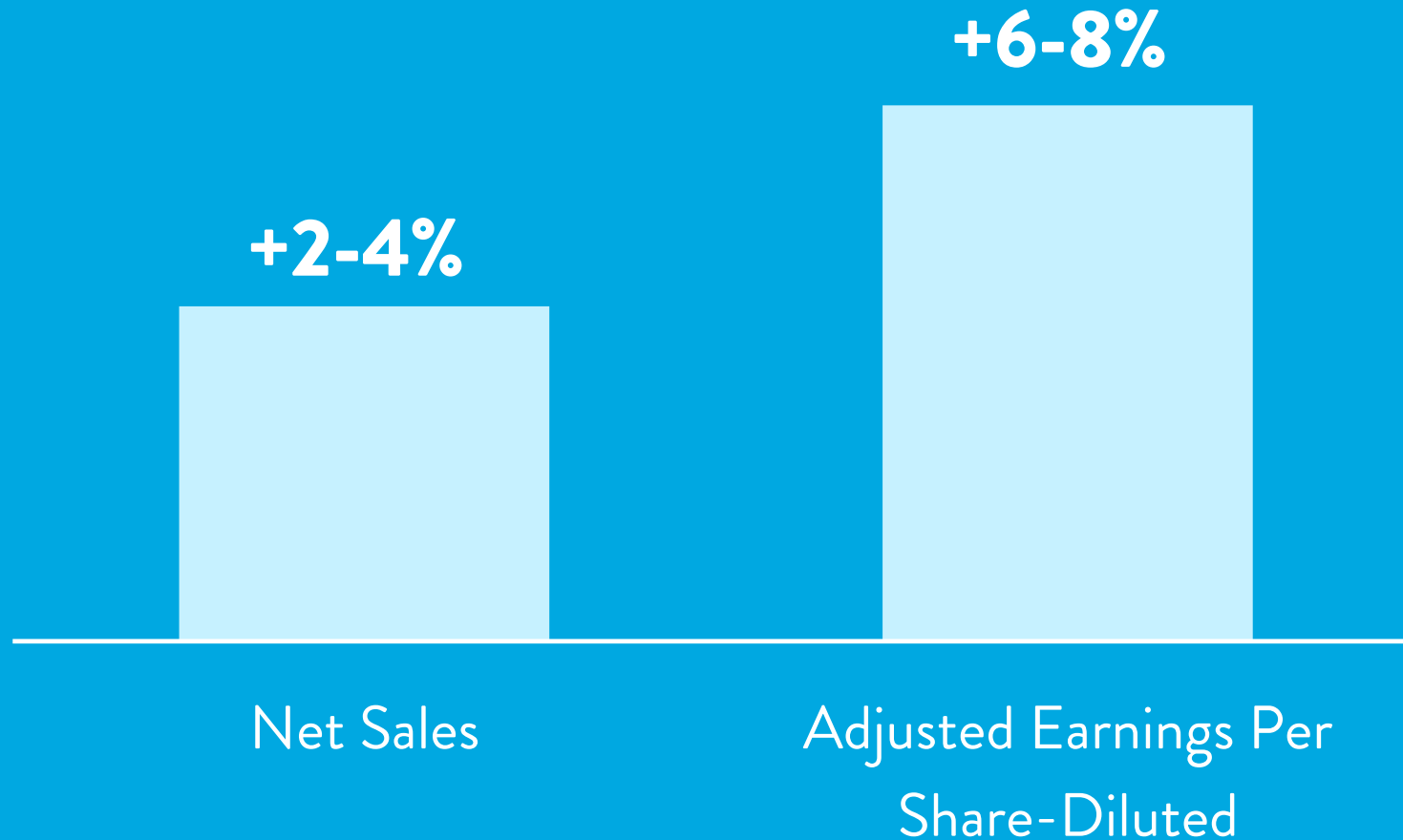
RESTRUCTURING PRE-TAX CHARGE OF \$375M-\$425M

IMPACTING COGS AND SG&A

	Total Charges \$M
Plant & Office Closures	\$125 - 140
Intangibles	\$100 - 110
Employee Separation	\$80 - 100
All Other	\$70 - 75
Total	\$375 - 425

	Total Charges \$M
Cash	\$175 - 200
Non Cash	\$200 - 225
Total	\$375 - 425

LONG TERM GROWTH OBJECTIVES



2017 OUTLOOK REAFFIRMED

CHG. VS. 2016

Net Sales **+2.0% to +3.0%**

Adjusted Gross Margin **+15bps to +25bps**

Adjusted EPS **+7.0% to +9.0%**

MICHELE BUCK

CHIEF EXECUTIVE OFFICER

HERSHEY, A SOLID LONG TERM INVESTMENT



PATH FOR CONTINUED GROWTH

LEADERSHIP IN CMG,
EXPANDING IN SNACKING

ICONIC BRANDS

ADVANTAGED CAPABILITIES

STRONG FINANCIALS

HERSHEY 

KEY MESSAGES

GROW

REIGNITE CORE CONFECTION & EXPAND BREADTH IN SNACKING

INVEST

STRENGTHEN CAPABILITIES & LEVERAGE TECHNOLOGY FOR COMMERCIAL ADVANTAGE

EXPAND MARGINS

REALLOCATE RESOURCES TO EXPAND MARGINS & FUEL GROWTH



**INCREASE
SHAREHOLDER
VALUE**





HERSHEY 

INVESTOR UPDATE

MARCH 1, 2017



APPENDIX

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

Below is a reconciliation of projected 2017 earnings per share-diluted calculated in accordance with GAAP to non-GAAP adjusted earnings per share-diluted:

	2017 (Projected)
Reported EPS – Diluted	\$3.19 - \$3.45
Derivative Mark-to-Market Losses	—
Business realignment activities	0.10 - 0.12
Acquisition and integration costs	—
Non-service related pension expense	0.06
Settlement of SGM liability	—
Goodwill and other intangible asset impairment charges	—
“Margin for Growth” program costs	1.20 – 1.35
Adjusted EPS – Diluted	<u>\$4.72 - \$4.81</u>

Adjusted Gross Margin and Adjusted Operating Income Margin for 2017 to 2019 are non-GAAP financial measures that exclude or have otherwise been adjusted for items impacting comparability, including the impact of changes in foreign currency exchange rates, business realignment costs, NSRPE and restructure charges. We are not able to reconcile these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures without unreasonable efforts because we are unable to predict with a reasonable degree of certainty the actual impact of changes in foreign currency exchange rates, business realignment costs, NSRPE and restructure charges. The unavailable information could have a significant impact on our full year 2017 to 2019 GAAP financial results.

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

<u>For the year ended December 31,</u>	<u>2016</u>				
In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$3,157.9	\$ 1,205.8	\$ 90.1	\$720.0	\$ 3.34
Adjustments:					
Derivative mark-to-market adjustment	163.2	163.2	--	142.7	0.66
Acquisition and integration costs	--	6.5	--	4.0	0.02
Business realignment activities	58.1	107.6	--	88.4	0.42
NSRPE(I)	12.0	27.2	--	16.9	0.08
Goodwill and other intangible asset impairment	--	4.2	--	3.0	0.01
Settlement of Shanghai Golden Monkey Liability	--	--	--	(26.7)	(0.12)
Non-GAAP results	\$3,391.2	\$ 1,514.4	\$ 90.1	\$948.5	\$ 4.41
GAAP Depreciation & Amortization		301.8			
Accelerated Depreciation		(48.6)			
Adjusted Non-GAAP EBITDA		\$ 1,767.6			

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

<u>For the year ended December 31,</u>	<u>2016</u>
As reported gross margin	42.4%
Non-GAAP gross margin (1)	45.6%
As reported operating income margin	16.2%
Non-GAAP operating income margin (2)	20.4%

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

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

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

<u>For the year ended December 31,</u>	<u>2015</u>				
In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$3,382.7	\$ 1,037.8	\$ (105.8)	\$513.0	\$ 2.32
Adjustments:					
Acquisition and integration costs	7.3	20.9	1.6	14.2	0.05
Business realignment activities	8.8	121.0	--	79.3	0.36
NSRPE(I)	2.5	18.1	--	11.1	0.05
Goodwill and other intangible asset impairment	--	280.8	--	280.8	1.28
Loss on early extinguishment of debt	--	--	28.3	17.6	0.09
Gain on sale of trademark	--	--	--	(6.3)	(0.03)
Non-GAAP results	\$3,401.3	\$ 1,478.5	\$ (75.9)	\$909.6	\$ 4.12
GAAP Depreciation & Amortization		244.9			
Accelerated Depreciation		(5.9)			
Adjusted Non-GAAP EBITDA		\$ 1,717.5			

* Primarily accelerated depreciation related to other international restructuring programs, included in business realignment adjustment

<u>For the year ended December 31,</u>	<u>2015</u>
As reported gross margin	45.8%
Non-GAAP gross margin (1)	46.0%
As reported operating income margin	14.0%
Non-GAAP operating income margin (2)	20.0%

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

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

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,	2014				
In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$3,336.2	\$ 1,392.3	\$ (83.5)	\$846.9	\$ 3.77
Adjustments:					
Acquisition and integration costs	--	14.9	(1.6)	10.3	0.05
Business realignment, including PNC	1.6	12.0	--	8.3	0.03
NSRPE(I)	(2.7)	(1.8)	--	(1.3)	(0.01)
India impairment	--	15.9	--	14.3	0.06
Loss on anticipated Mauna Loa divestiture	--	22.2	--	17.4	0.08
Non-GAAP results	\$3,335.1	\$ 1,455.5	\$ (85.1)	\$895.9	\$ 3.98
GAAP Depreciation & Amortization		211.5			
Accelerated Depreciation		-			
Adjusted Non-GAAP EBITDA		\$1,664.3			
For the year ended December 31,	2014				
As reported gross margin	45.0%				
Non-GAAP gross margin (1)	44.9%				
As reported operating income margin	18.8%				
Non-GAAP operating income margin (2)	19.6%				

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

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

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,	2013				
In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$3,280.8	\$ 1,338.1	\$ (88.4)	\$820.5	\$ 3.61
Adjustments:					
Acquisition and integration costs	0.3	4.0	--	5.4	0.03
Business realignment, including PNC	0.4	19.1	--	11.8	0.05
NSRPE(l)	5.4	10.9	--	6.6	0.03
Non-GAAP results	\$3,286.9	\$ 1,372.1	\$ (88.4)	\$844.3	\$ 3.72
GAAP Depreciation & Amortization		201.0			
Accelerated Depreciation		-			
Adjusted Non-GAAP EBITDA		\$1,573.1			
For the year ended December 31,	2013				
As reported gross margin	45.9%				
Non-GAAP gross margin (1)	46.0%				
As reported operating income margin	18.7%				
Non-GAAP operating income margin (2)	19.2%				

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

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

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

For the year ended December 31,	2012				
In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$2,859.9	\$ 1,111.1	\$ (95.6)	\$660.9	\$ 2.89
Adjustments:					
Acquisition and integration costs	4.1	13.4	--	9.2	0.04
Business realignment, including PNC	36.4	83.8	--	57.2	0.25
NSRPE(l)	8.6	20.6	--	12.7	0.06
Non-GAAP results	\$2,909.0	\$ 1,228.9	\$ (95.6)	\$740.0	\$ 3.24
GAAP Depreciation & Amortization		210.0			
Accelerated Depreciation*		(15.3)			
Adjusted Non-GAAP EBITDA		\$1,423.6			

* Primarily accelerated depreciation related to the Project Next Century (PNC) program, included in business realignment adjustment above.

For the year ended December 31,	2012
As reported gross margin	43.0%
Non-GAAP gross margin (1)	43.8%
As reported operating income margin	16.7%
Non-GAAP operating income margin (2)	18.5%

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

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

APPENDIX

Reconciliation of GAAP and Non-GAAP Information

<u>For the year ended December 31,</u>	<u>2011</u>				
In millions of dollars except per share amounts	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Interest Expense, net</u>	<u>Net Income</u>	<u>Income Per Share-Diluted</u>
GAAP results	\$2,531.9	\$ 1,055.0	\$ (92.2)	\$629.0	\$ 2.74
Adjustments:					
Business realignment, including PNC	45.1	49.2	--	30.9	0.13
NSRPE (I)	--	2.8	--	2.0	0.01
Gain on sale of trademark rights	--	(17.0)	--	(11.1)	(0.05)
Non-GAAP results	\$2,577.0	\$ 1,090.0	\$ (92.2)	\$650.8	\$ 2.83
GAAP Depreciation & Amortization		215.8			
Accelerated Depreciation*		(39.3)			
Adjusted Non-GAAP EBITDA		\$1,266.5			

* Primarily accelerated depreciation related to the Project Next Century (PNC) program, included in business realignment adjustment above

<u>For the year ended December 31,</u>	<u>2011</u>
As reported gross margin	41.6%
Non-GAAP gross margin (1)	42.4%
As reported operating income margin	17.4%
Non-GAAP operating income margin (2)	17.9%

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

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