

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 22, 2023

Date of Report (Date of earliest event reported)



THE HERSHEY COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-183

(Commission File Number)

23-0691590

(IRS Employer Identification No.)

19 East Chocolate Avenue

Hershey, PA 17033

(Address of principal executive offices)

(Zip Code)

(717) 534-4200

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, one dollar par value	HSY	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On March 22, 2023, The Hershey Company (the “Company”) will be hosting its 2023 Investor Day via live webcast, during which it will provide an update on the Company’s strategic plans and financial outlook. The presentation materials to be utilized during the meeting, a copy of which is attached hereto as Exhibit 99.1, are hereby incorporated into this Item 7.01 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	2023 Investor Day Presentation Materials
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE HERSHEY COMPANY

Date: March 22, 2023

By: */s/ Steven E. Voskuil*

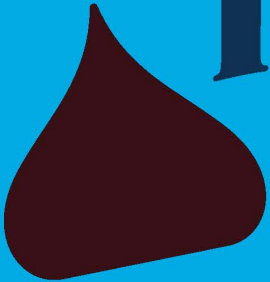
Steven E. Voskuil
Senior Vice President, Chief Financial Officer

HERSHEY'S

Investor Day 2023

HERSHEY, PA

MARCH 22, 2023



Welcome & Opening Remarks

Melissa Poole
VP, Investor Relations



Forward-Looking Statements

This presentation contains forward-looking statements 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 “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 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: disruptions or inefficiencies in our supply chain due to the loss or disruption of essential manufacturing or supply elements or other factors; 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; changes in raw material and other costs, along with the availability of adequate supplies of raw materials; the company’s ability to successfully execute business continuity plans to address changes in consumer preferences and the broader economic and operating environment; 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 and integrate acquisitions, divestitures and joint ventures; changes in governmental laws and regulations, including taxes; political, economic, and/or financial market conditions, including with respect to inflation, rising interest rates, slower growth or recession, and other events beyond our control such as the impacts on the business arising from the conflict between Russia and Ukraine; risks and uncertainties related to our international operations; disruptions, failures or security breaches of our information technology infrastructure and that of our customers and partners (including our suppliers); 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; 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, 2022. All information in this presentation is as of March 22, 2023. 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.



ADVANCING

Enterprise Strategies

Michele Buck
Chief Executive Officer



HERSHEY

**WHO
WE
ARE**

Great Brands

Advantaged Financial Structure

Best People

**Differentiated Capabilities
& Executional Excellence**



WE SET OUT TO DO
more...

WE SET OUT TO DO
more...

...FOR OUR **portfolio**

...FOR OUR **capabilities**

...FOR OUR **people**

...FOR OUR **customers**

...FOR OUR **environment**

...FOR OUR **shareholders**

SINCE 2017

We've Made Great Progress

ACCELERATE Confection



Net & Retail Sales
+5% CAGR¹

#1

E-Commerce Share²



Strategic Pricing

Avg Contribution +2.4pts³

PORTFOLIO Transformation



International

2022 Segment Margin 12.6%³



6 Acquisitions via Enhanced
M&A Capability



Salty Snacks

Now 10% of Company Sales³

INVESTING IN Capabilities



Media

ROI +30%³



Capital Investment

\$2.1B³

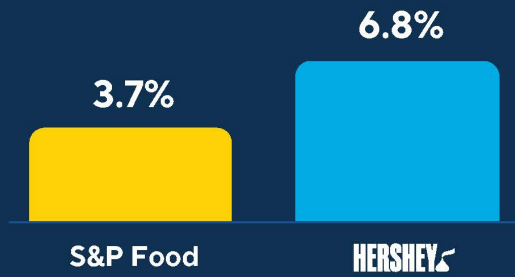
Source: 1: IRI, 5-Year CAGR from 01/07/18 to 01/01/23 | 2: IRI Calendar Year w/e 01/01/23 | 3: Company Financials & Information

ONE OF THE
Strongest
Snacking Portfolios
IN THE INDUSTRY

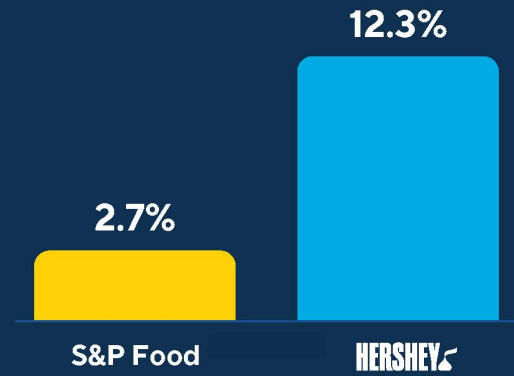


While Delivering Differentiated Results

Net Sales 5-Year CAGR¹



Adjusted EPS 5-Year CAGR¹



¹Net Sales and adjusted EPS are presented on a calendar-year basis.
Source: Factset, Company Financials, see appendix for a reconciliation of GAAP to Adjusted EPS

Generated Peer-leading Market Performance

Market Performance

Stock Price Index to 12/31/2017



HSY STOCK PRICE CHANGE **+104%**

Source: Factset

We Aspire to...

- ✓ Be a portfolio of growing, **consumer-loved brands**
- ✓ **Lead the category** in performance, insights and execution
- ✓ **Invest differentially** in brands and capabilities
- ✓ Be the **#1 CPG company** to work for
- ✓ Deliver consistent, advantaged **financial performance**

WE ARE UNIQUELY
POSITIONED TO

**Deliver
More**



Transformational Strengths

- ✓ Financial Capacity to Invest for the Future
- ✓ Unique Culture and Ways of Working
- ✓ Ability to Execute and Transform



Foundational Strengths

- ✓ Great Brands
- ✓ Advantaged Financial Structure
- ✓ Best People
- ✓ Differentiated Capabilities
- ✓ Executional Excellence

TO ACHIEVE THIS VISION,
Our Fundamental Strategies
REMAIN THE SAME



UNDISPUTED LEADER
U.S. CMG



SCALE
Salty Snacks



PROFITABLE GROWTH IN
International



INCREMENTALITY VIA
M&A

A Leading Snacking Powerhouse

We are Evolving and Transforming Key Strategies for Next Phase of Growth



Continue



Evolve & Elevate



Transform

U.S. CMG Leadership

Scaling Salty Snacks

**Profitable
International Growth**

M&A for Incrementality

Commercial Capabilities

**Network Capacity
and Resilience**

**Environment, Social &
Governance (ESG)**

**Salty Go-To-Market
and Supply Chain**

**Business and
Workforce Planning**

Balanced Growth Drivers

PROVIDE DIFFERENTIATION

Sweet

SALTY

Power Brands

NICHE FAVORITES

U.S.

INTER-NATIONAL

Everyday

SEASON

At Home

ON-THE-GO

Continue to Focus on Confection and Salty Snacks



Drive Confection Incrementality

Drive Chocolate and Expand BFY & Sweets

Deliver Price Realization

Optimize Consumer Investment

Scale Salty Snacks

Increase Brand Awareness

Expand Distribution

Scale Operating Model

Profitable International Growth

Focus on Core Brands

Expand Distribution

Drive Adjacencies

M&A TO ACCELERATE GROWTH

- ✓ On-trend Categories
- ✓ Scale Brands
- ✓ Incremental Occasions
- ✓ Strong Gross Margins



Transforming Commercial Capabilities



Holistic Commercial Investment



Integrated Dynamic Planning



Agile Supply Chain Network

	Holistic Commercial Investment	Integrated Dynamic Planning	Agile Supply Chain Network
From	Trade and DME planned and optimized independently	Labor-intensive planning process tailored for stable performance	Supply chain focused on scale and consistency
To	Evaluate, plan and optimize commercial spend across levers	Leverage AI to incorporate variables more quickly and efficiently	Network optimization for agility, growth and resilience



Integrated Technology, Systems and Data



Upskill Talent and Transform Ways of Working

Business & Workforce Planning



✓ Optimize Labor Through
Global Business Solutions

✓ Prioritize and Enhance
Talent Development

✓ Simplify and Digitize Key Processes

✓ Harmonize Technology Solutions



DELIVERING
more...
IN THE FUTURE

We Listened to Your Feedback



Strategies

FOR THE FUTURE

U.S. Confection

Chuck Raup • President, U.S. Confection

Salty Snacks

Kristen Riggs • President, Salty Snacks

Supply Chain Strategy & Investment

Will Bonifant • Vice President, U.S. & Canada Supply Chain

Quick Hits

Financial Outlook & Capital Allocation Priorities

Steve Voskuil • Chief Financial Officer

Q&A

**Being the
Undisputed Leader
in U.S. Confection**

Chuck Raup
President, U.S. Confection



U.S. Confection Leader

Leading Position



CMG
31%¹

Chocolate
45%¹

Gaining Share

HERSHEY'S

+60 bps²

Top 5
Competitors Combined

-215 bps²

Source: 1: IRI Calendar Year w/e 01/01/23 | 2: IRI, 3-Year absolute change, Calendar Year w/e 01/01/23

North America Confection

Net Sales Growth

Recent Performance 2019-2022



Segment Margin

Recent Performance 2019-2022



OUTLOOK

Low Single-Digit Growth

- Net Price Realization ++
- Volume +

Annual Margin Expansion

- Strategic Revenue Growth Management
- Fixed Cost Leverage
- Manufacturing Capabilities/Technology
- Media Optimization

Source: Company Financials

Evolved Strategies for Sustainable Growth



Innovation



Pricing



Omni-Channel



Media Targeting

2017

Mass Approach,
Capital-Intensive

Episodic
and Reactive

<1% of
Digital Sales

Broad-reach
Targeting

Today

Fit for Purpose /
Occasion-based

Proactive Strategic
Growth Driver

5%+ of
Digital Sales

Mass Personalization
with Greater
Effectiveness
And Lower Cost



White Space
Segments

Capitalizing on Consumer Trends



Home-Centricity

+42B More At-Home Eating Occasions vs 2019



Physical and Emotional Wellness

Chocolate is Top Snack for Stress Relief



Digital Connectivity

More Ways to Reach Consumers

Addressable Media From 20% to 65%

White Space Opportunities

Gummy



Growth
~3X
Category Avg

Better-for-you Confection



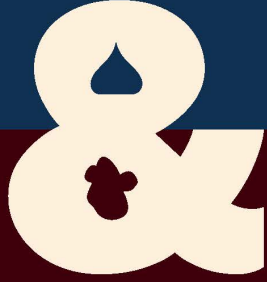
Growth
~2X
Category Avg

- ✓ Increase innovation, distribution and media
- ✓ Invest in gummy capacity
- ✓ Leverage partnerships

- ✓ Grow Zero-Sugar Platform
- ✓ Invest in new sugar reduction technology
- ✓ Expand Lily's distribution and launch innovation

Source: IRI. Retail Sales for Calendar Year w/e 01/07/18 to 01/01/23

Advantaged
CATEGORY AND TRENDS



Proven
BRAND STRATEGY

UNDISPUTED
U.S.
Confection
Leader

Salty Snacks Growth & Margin Opportunities

Kristen Riggs
President, Salty Snacks



We Aspire to **LEAD** in Popcorn and Pretzels



FROM
#2 TO #1



FROM
#3 TO #1

popcorn

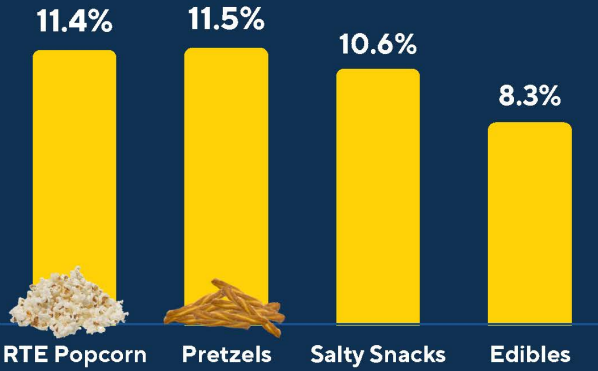
pretzels

Source: IRI Calendar Year w/e 01/01/23

We are Positioned to Win

Categories are Primed for Growth

Retail Sales 3-Year CAGR¹



Retail Sales²

\$2B

\$2B

\$35B

\$685B

Brands are Scaled, Fast-growing

SKINNYPOP[®]
POPCORN

\$495M²

#1 in Dollar Growth Over 3-Years



\$335M²

Fastest-Growing Pretzel Brand Over 3-Years

Source: 1: IRI, Calendar Year w/e 01/05/20 to 01/01/23 | 2: IRI, Retail Sales for Calendar Year w/e 01/01/23



CATEGORY-LEADING
Growth



EXPAND
Profitability



Investment

TO DRIVE FUTURE GROWTH AND PROFITABILITY

We will Deliver **Double-Digit Growth** Over Next 3 Years

BUILD BRAND AWARENESS

INCREASE DISTRIBUTION

WIN INCREMENTAL OCCASIONS



Build Brand Awareness

2022 HOUSEHOLD
PENETRATION

9% ↑

Dots

59%

Pretzels

2022 HOUSEHOLD
PENETRATION

15% ↑

Skinny Pop

57%

RTE Popcorn



Increase
Advertising Investment



Introduce First-ever
Campaign for Dot's



Launch New Campaign
for SkinnyPop

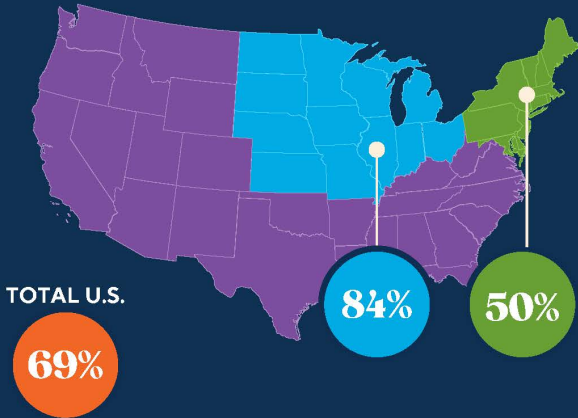
Source: IRI, Calendar Year w/e 01/01/23

Increase Distribution

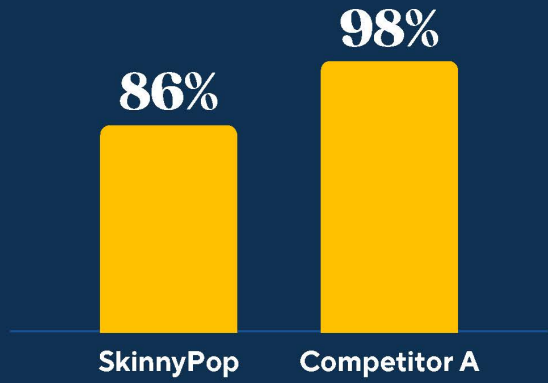
DISTRIBUTION - ACV, 2022



Geographical Expansion



Channel Expansion



Source: IRI, Average ACV Weighted Distribution by Quad for Calendar Year w/e 01/01/23

Win Incremental Occasions



Optimize Multi-pack Offerings and Margins



Capture Sweet & Salty Occasions

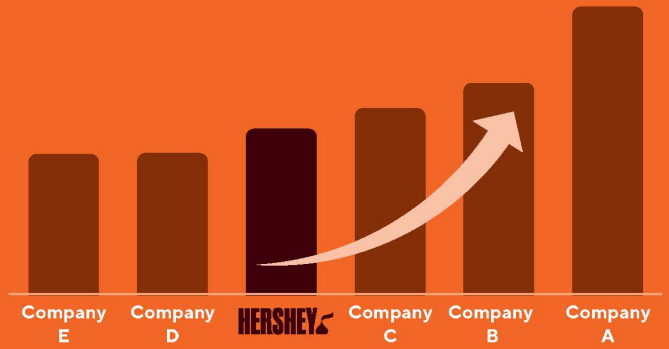
Committed to Margin Improvement

Near-Term



Expand Gross Margin
~300 bps by 2026

Long-Term



Strong Pipeline for Margin Enhancement

Near-Term



Optimize Existing
Supply Chain Network



Implement Enhanced
ERP System

Longer-Term



Scale Supply
Chain Network



Portfolio
Mix

Foundational



Net Price
Realization



Productivity

Investing for Growth and Margin Expansion



Increase
advertising to
drive brand
equity



Modernize
and integrate
ERP systems



Evolve
and transform
supply chain



Invest in
people and
capabilities



PRETZELS
— INC —

SKINNYPOP[®]
POPCORN



Supply Chain Strategy & Investments

Will Bonifant

Vice President,
U.S. & Canada Supply Chain



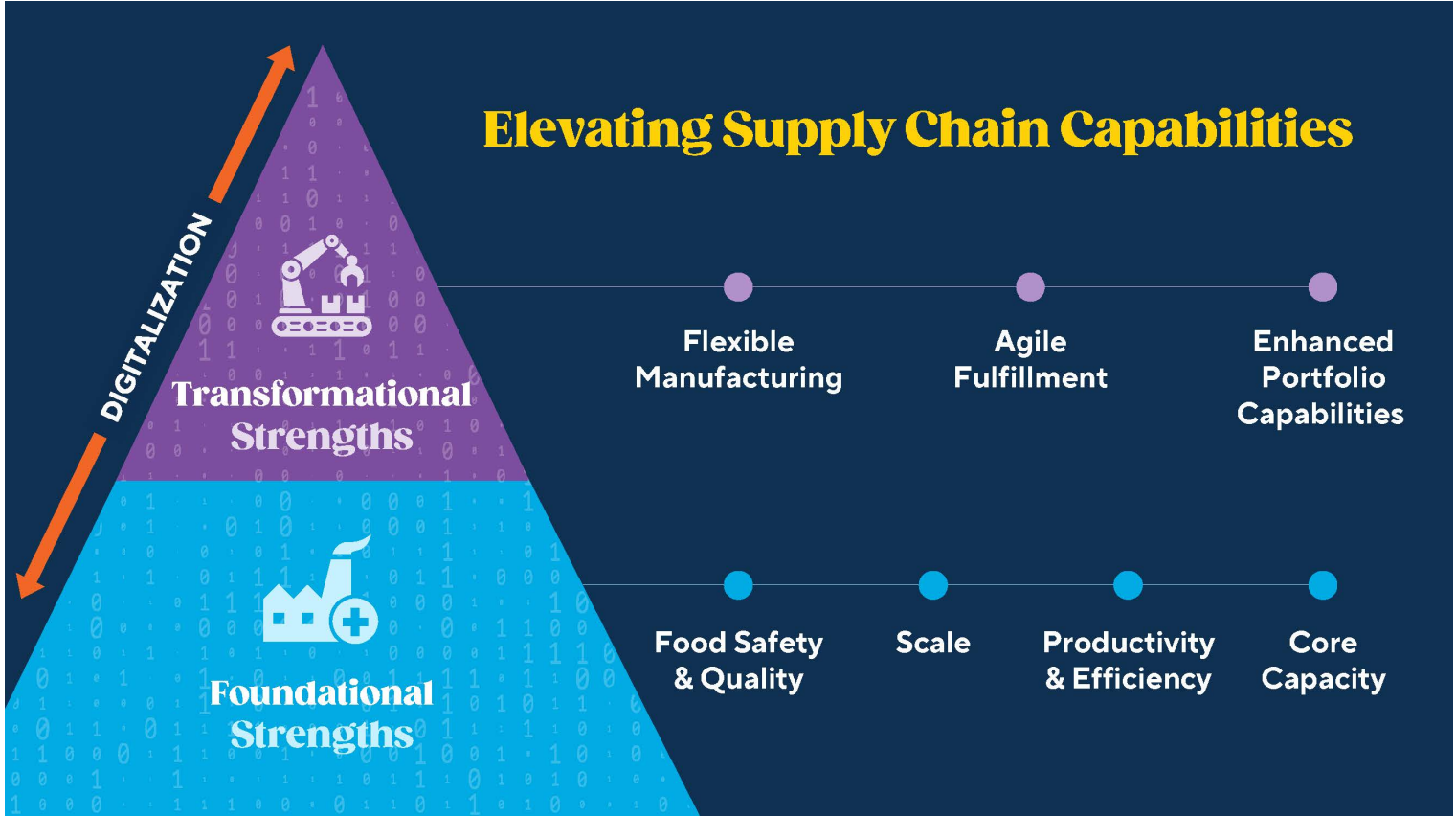
Supply Chain
ENABLES

Growth



**Margin
Expansion**

Elevating Supply Chain Capabilities



Robust Diligence Process to Maximize ROIC



Lean Manufacturing



Portfolio Optimization



Eliminate Bottlenecks



Alternate Sourcing



Network Expansion

Productivity and Efficiency is Foundational to Capital Efficiency

Replace Underutilized Assets

Repurpose Assets

Leverage Excess Capacity

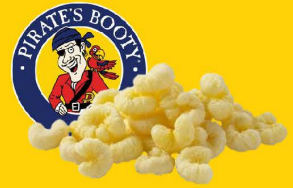
From

Zero




PRETZELS
— INC —

To



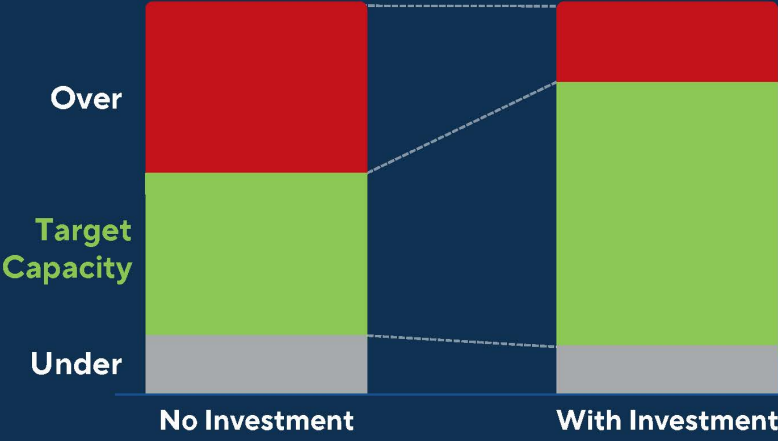
← Increased Productivity →

Capacity Investments will Enable Network Utilization to Return to Optimal Efficiency & Service Levels by 2024

2017-2022 Utilization

+15
Points of Utilization
in Last 5-Years

2022-2024 Projected Utilization



Source: Company Information

Core Brand Investments Focused on High-Volume Lines to Support Growth



Reese's

20%
VOLUME GROWTH¹
since 2017



~60%
OF CAPACITY INVESTMENT TOWARDS REESE'S²
in 2021-2025



Capacity



Chocolate Making Facility

Source: 1: IRI, Retail volume absolute growth from Calendar Year w/e 01/07/18 to 01/01/23 | 2: Company Information

Investment in Transformation Capabilities

Flexible Manufacturing



Agile Fulfillment



Enhanced Portfolio Capabilities



Flexible Manufacturing

From Conventional Lines

Technology
A



Technology
B



Technology
C



Capital Intensive

- ! Single Purpose Assets
- ! Focused SKU Portfolio
- ! Complex Line Changeovers

To Advance Technology Line

Technology A + B + C



Capital Efficient

- ✓ Multi Purpose Assets
- ✓ Diverse SKU Portfolio
- ✓ Quick Changeovers - Minimal Downtime

Agile Fulfillment

From
Limited Display Units



One Tower Size,
One Mix

To
Regional / Class of Trade Optimized Display Units



550 Cartridge
Configurations



X 40
Tower Sizes

**Precision
Display
Mix**

**Mass Customization at Scale Enabled by
Robotics and Digital Integration**

Expanding Our Supply Chain Capabilities to Support Portfolio Evolution

NEW SALTY CAPABILITIES



**Pretzel
Manufacturing +
Seasoning**



**Insource
Pirate's Booty**



**Produce
Sweet & Salty
Snacks**

Supply Chain

ENABLES

Growth



**Margin
Expansion**

Customer



Consumers

QUICK HITS

International & ESG

Rohit Grover

President, International

Leigh Horner

Chief Sustainability Officer



Building our Brands across Markets

Hershey's as a Global Powerhouse



- ✓ Global campaigns with local relevance
- ✓ New occasions with innovation
- ✓ Brand halo to win in adjacencies

Reese's Carving its Own Path



- ✓ Successful playbook in UK, leveraging U.S. assets
- ✓ Selective regional expansion: Germany, Australia, Middle East

Differentiating with Local Jewels



- ✓ Pelon on track to be #1 in Spicy in Mexico

ESG Priorities Aligned to Material Issues



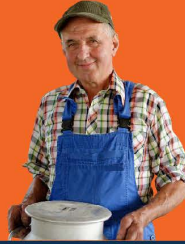
Cocoa

Creating thriving communities and environments behind our most essential ingredient



Responsible Sourcing & Human Rights

Using robust due diligence and leading standards to protect people across our value chain



Environment

Enhancing our operations to meet high-impact climate, waste and packaging goals



Our People

Creating more ways for more people to be themselves and thrive



Youth



Community



Financial Outlook & Capital Allocation Priorities

Steve Voskuil
Chief Financial Officer

ADVANTAGED
**Financial
Structure**

- ✓ Growing Categories
- ✓ Volume & Price Growth
- ✓ Leading Margin Performance
- ✓ Strong Cash Flow Enabling Portfolio Expansion
- ✓ Disciplined Capital Allocation with Differentiated Reinvestment

**Peer-leading Return
for Shareholders**

5-YEAR CAGR

Proven Track Record

Adjusted Earnings Per Share



Operating Cash Flow



Dividend Per Share

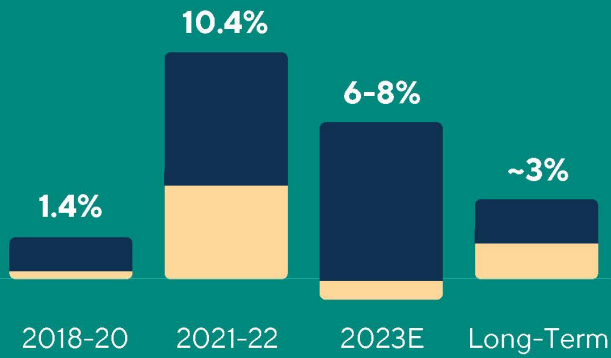


Source: Company Financials, see appendix for a reconciliation of GAAP to Adjusted EPS

Balanced Price and Volume Growth

Organic Net Sales Growth

■ Price ■ Volume



2-4% Long-term Algorithm

Price

Volume

1.5%

1.5%

NA Confectionery

NA Salty Snacks

International

Price ++
Volume +

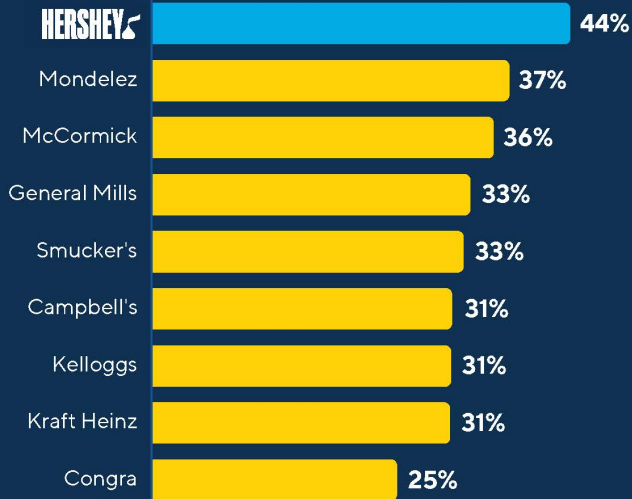
Price +
Volume +++

Price +
Volume ++

Leading Margins

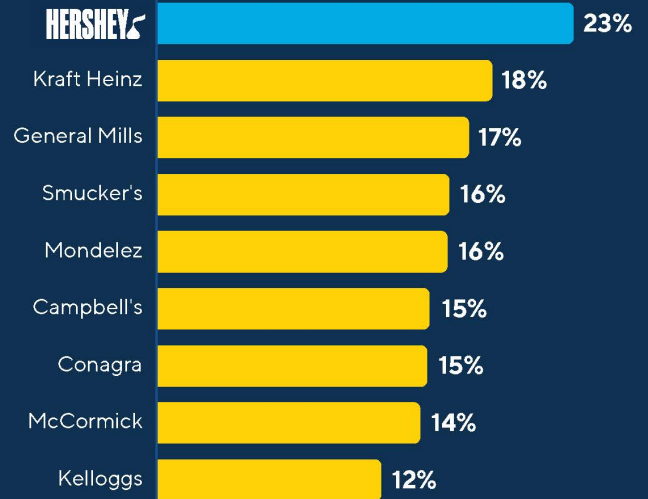
Adjusted Gross Margin

Calendar Year 2022



Adjusted Operating Margin

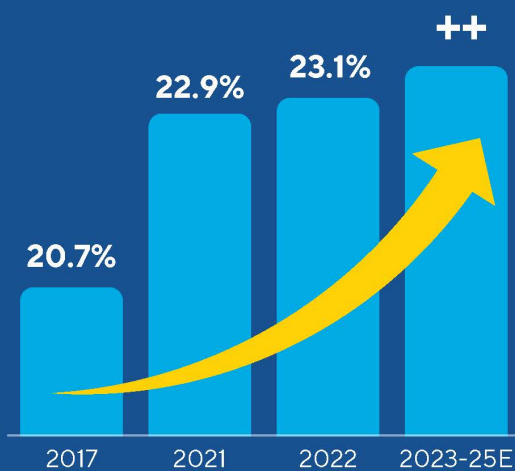
Calendar Year 2022



Source: Consensus Matrix, Factset; Company Financials, see appendix for a reconciliation of GAAP to Adjusted Gross Margin and Operating Margin

Opportunities for Continued Margin Expansion

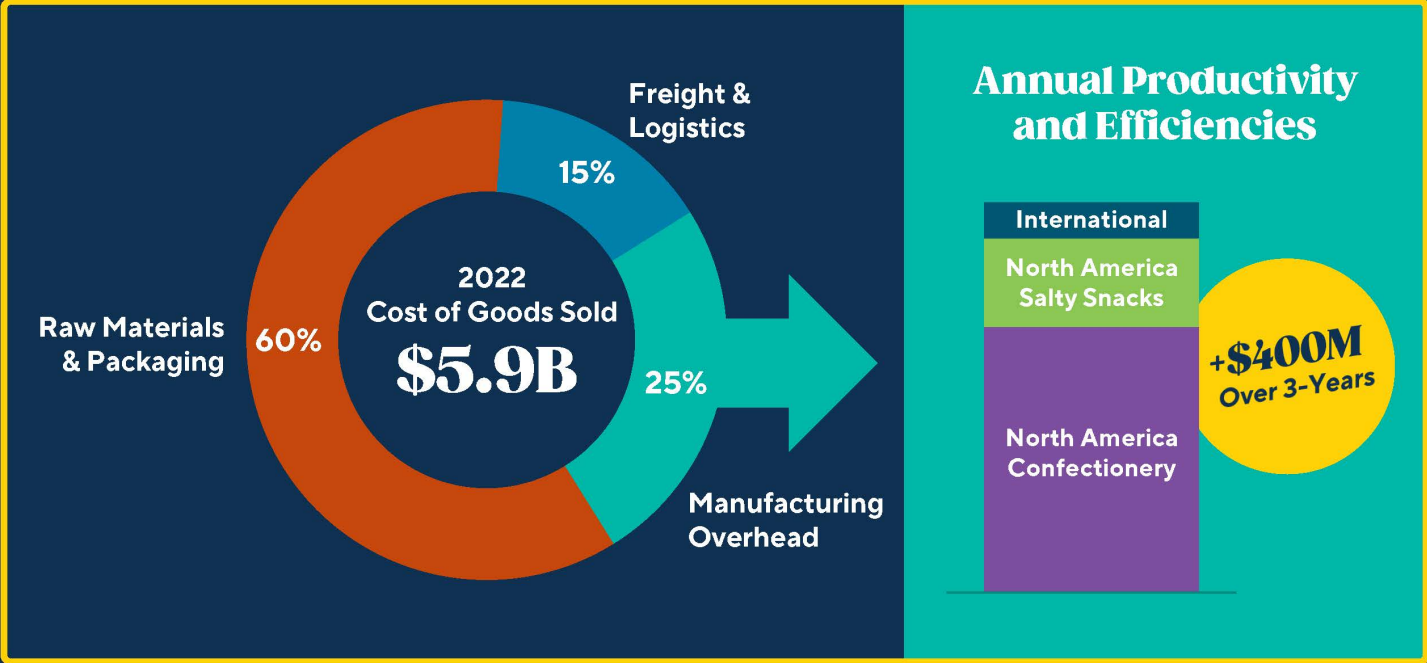
Adjusted Operating Income Margin %



- ✓ Fixed Cost Leverage
- ✓ Net Price Realization
- ✓ Productivity enabled via Enhanced Supply Chain & Digital Capabilities
- ✓ Snacking Scale and Network Optimization
- ✓ SG&A Discipline and Ways of Working Transformation

Source: Company Financials, see appendix for a reconciliation of GAAP to Adjusted Operating Margin

Increasing Productivity



Source: Company Financials

Strong Cash Flow Conversion

Cash Flow from Operations (\$ Billion)



Free Cash Flow Productivity¹



Focused Effort on Working Capital Improvement



Expand Processes
to Salty Snacks



Extended Payment
Terms with Suppliers



Optimize Inventory Levels

¹ Free Cash Flow Productivity is defined as [Free Cash Flow / Net Income].
Source: Company Financials

Capital Allocation Strategy to Support Growth and Create Value for Shareholders



Capex will Remain Elevated in 2024 and Normalize in 2025

Capital Expenditures as a % of Net Sales



Capital Investment Focused on:

- Core confection capacity
- Snacking scale and optimization
- Supply Chain resilience and technology

- High return investment
- Disciplined approach

Source: Company Financials

A Great Investment

Growing Categories

Volume & Price Growth

Leading Margin Performance

Strong Cash Flow

Disciplined Capital Allocation

Total Shareholder Return

5-Year Annualized Return

HERSHEY

17.8%

Market

9.4%

Food

6.6%

Source: Factset, Total Shareholder Return for 12/31/2017 to 12/31/2022

Strong Visibility to Consistently Deliver Long-term Algorithm

	2023	2024-2025	2026+
 Net Sales Growth	6 - 8%	3 - 4%	2 - 4%
 Adjusted EPS Growth	9 - 11%	7 - 8%	6 - 8%

Reaffirming 2023 Outlook

6-8%

Reported Net
Sales growth

11-15%

Reported Earnings Per
Share Growth

9-11%

Adjusted Earnings Per
Share Growth

DELIVERING
more...

**KEEP THE
MOMENTUM
GOING**

**INVEST
DIFFERENTIALLY
& PRAGMATICALLY**

**EXECUTE AND
TRANSFORM**

Deliver Peer-leading Shareholder Return

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2022

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
GAAP results	\$ 4,498.8	\$ 2,260.8	\$ 137.6	\$ 1,644.8	\$ 7.96
Adjustments:					
Derivative mark-to-market losses	78.8	78.2	-	64.7	0.38
Business realignment activities	-	4.4	-	3.3	0.02
Acquisition and integration-related activities	4.0	48.5	-	37.0	0.24
Other miscellaneous losses	-	13.6	-	10.3	0.07
Tax effect of all adjustments reflected above	-	-	-	-	(0.15)
Non-GAAP results	\$ 4,581.6	\$ 2,405.4	\$ 137.6	\$ 1,760.1	\$ 8.52
As reported gross margin	43.2%	-	-	-	-
Non-GAAP gross margin (1)	44.0%	-	-	-	-
As reported operating profit margin	21.7%	-	-	-	-
Non-GAAP operating profit margin (2)	23.1%	-	-	-	-

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.

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2021

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
GAAP results	\$ 4,048.6	\$ 2,043.7	\$ 127.4	\$ 1,477.5	\$ 7.11
Adjustments:					
Derivative mark-to-market gains	(24.4)	(24.4)	-	(15.2)	(0.12)
Business realignment activities	5.2	16.6	-	13.5	0.09
Acquisition and integration-related activities	2.7	33.1	-	25.5	0.16
Noncontrolling interest share of business realignment and impairment charges	-	-	-	5.3	0.03
Other miscellaneous benefits	-	(15.2)	-	(13.7)	(0.07)
Tax effect of all adjustments reflected above	-	-	-	-	(0.01)
Non-GAAP results	\$ 4,032.1	\$ 2,053.9	\$ 127.4	\$ 1,492.8	\$ 7.19
As reported gross margin	45.1%	-	-	-	-
Non-GAAP gross margin (1)	44.9%	-	-	-	-
As reported operating profit margin	22.8%	-	-	-	-
Non-GAAP operating profit margin (2)	22.9%	-	-	-	-

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.

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2020

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
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)
Other miscellaneous benefits	-	(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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2019

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2018

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2017

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
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
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.