

PRESENTATION

Anoori Naughton:

Good afternoon, and welcome to Hershey's 2026 Investor Day. I'm Anoori Naughton, Head of Investor Relations, and I want to thank all of you for joining us here at the New York Stock Exchange, and to those of you who are joining from webcast.

Before we begin, please note that during today's presentation, we may reference certain forward-looking statements and non-GAAP financial measures. We believe these measures provide useful supplemental information for investors, but they should not be considered in isolation or as a substitute for results prepared in accordance with GAAP.

Reconciliations to the most directly comparable GAAP measures are included in the appendix of today's presentation, which can be found on our investor relations website.

So we're very excited to be here today to share our strategy to lead next-generation snacking. As the agenda shows, you will hear from Kirk Tanner, Chief Executive Officer, Stacy Taffet, Chief Growth and Marketing Officer, Andrew Archambault, US President, Jason Reiman, Chief Supply Chain Officer, and Steve Voskuil, Chief Financial Officer.

The team will walk you through our strategy with a discussion around the strength of our core snacking portfolio and growth opportunity, the evolution of our retail execution through One Hershey.

We will then pause for a brief break and then return with our tech-enabled supply chain capabilities, and finally, how all of this comes together in our growth algorithm, capital priorities, and our approach to value creation.

We will conclude this afternoon with a Q&A session. For those in the room, we invite you to join us for three immersive breakout sessions afterwards, followed by a cocktail reception with our executive team.

Now, before I turn it over to Kirk, let's enjoy some of our exciting media and social activations.

Announcer:

Please welcome to the stage Kirk Tanner, President and CEO.

Kirk Tanner:

Good afternoon.

Kirk Tanner:

Yeah, this is where you go, "Good afternoon."

All right. Let's get this started. Thank you for being here. The New York Stock Exchange, how fun is this? Did you walk into the lobby and smell chocolate? Okay. I would like to also thank those that are joining us online. You did not smell chocolate, okay?

But today you're going to have the opportunity to really hear about our story, our strategy, and I have a beautiful team of leaders that are going to help execute that. Plus, you get to shop. Okay? We have shopping bags. You can shop, get ready for Easter or whatever. Pick out your favorites.

So I want to talk a little bit about what I've noticed over my career of successful leaders and successful companies that are in the consumer space. I like to characterize them as the three C's.

The first C is consumer, consumer obsession. Companies that are obsessed with the consumers and exceeding consumers' expectation are the ones that win.

The second C is customers. Building partnerships of trust with retail partners and having that mutual, sustainable, profitable growth is key. And the third C is colleagues, investing in our people, their careers, their capabilities, their performance.

And I can tell you after my first seven months at Hershey, these three C's are alive and thriving. We have a rare purpose-driven growth company focused on delivering top-tier performance for all of our stakeholders. And I am truly energized while what's ahead and what we're going to share with you today. So let's talk about that.

So joining me today, I have Stacy, Andrew, Jason, and Steve. Together we're going to share our long-term strategy called Leading the Next Generation of Snacking. We have a strong foundation with significant headway for growth.

Stacy will talk about how we're building the next-generation portfolio of the future with brands, consumers, love. Andrew's going to talk about this thing we've been calling One Hershey, a commercial approach to bringing our brands together and executing with excellence across retail. Jason will illustrate our supply chain, our investments in supply chain, how we're modernizing it to deliver a speed, a supply chain with agility and efficiency. And then there's no better person to bring it all together than Steve. He will bring how we're going to perform from a financial perspective and metrics over the short and long term. So let's get started.

We are emerging stronger than ever after unprecedented cocoa inflation pressure. And why are we doing that? Because we invested during this time. We invested to drive growth for the future. And where did we invest? We reinvigorated our core brands with core innovation like Reese's Oreo. We started to build this fantastic snack portfolio in permissible snacking. We also invested in IT talent and technology talent and infrastructure so that we could move faster with speed. And we transformed our cost structure. I think this is really important as we think about that productivity pipeline that we can invest back into our business. So these four key investments allow us to move faster and further coming out of unprecedented inflation. I think that's really important.

So let's talk about our portfolio a little bit. I love the structure of this portfolio. It is differentiated and where we play is very intentional. So let's start with US confection. We are the leader in this space. This is a resilient growing category that's driven by core growth and innovation. When you look at permissible snacking and nutrition and functional, these are terrific growth areas for the Hershey Company, gives us high growth, and it gives us the opportunity to expand into more.

Internationally, we have markets where we've built our brands in our core markets where we're seeing high single-digit growth and gaining share. When you look across this portfolio, it is a portfolio built for growth. When we think about internationally, I think it's important that you look at where the growth is, our track record of success. So I look at Canada, Mexico, and Brazil. We've built portfolios of strength, and our go-to-market is excellent and we're gaining share. That's important.

But our focus is going to be on delivering growth in those markets and focusing on markets that have scale categories and profit potential, markets like Europe and the UK where we have a right to win. And the work is already underway. Our brand, Reese's, now, Reese's is one of our core brands in the US, internationally, Reese's is an insurgent brand. It's something consumers haven't experienced yet, and it's breaking in. We built a business over \$300 million internationally with brand Reese's in recent years, so work is underway.

We are positioned to lead the next generation of snacking. Now, when you look at the snacking landscape, the opportunity is large and the bar to win is high. Companies that move faster, stay closer to

the consumer and execute the best in execution, those are going to be those companies that win. And Hershey is built for that. And the actions that we've taken and those investments we've made put us in a strong position to lead.

So we're going to talk about this a lot today. I'm sure you're going to ask a lot of questions about this macro environment. It is dynamic and changing and evolving, right? Consumers are continuing to lean into health and wellness, GLP-1 adoption continues and is accelerating. The conversation around this food policy is continuing to evolve and change. So we can look at that left side. We're looking at that left side and saying, "Well, how do we win? How do you play offense?" At Hershey we are leaning into the opportunities that matter most right now. Premiumization, functional, better-for-you, and a stronger omnichannel execution. Be great digitally. We are focused on where the consumers are moving and changing, especially this Gen Z consumer and generation.

So let's talk about where the growth is going to come from and how we see our business today. So that strong foundation on the left, I want you to think about it as building on a foundation of growth. So moving from a mainstream chocolate powerhouse, it's our superpower, it's our strength, to a total confection leadership position, leaning into premium, better-for-you, and sweets. So from chocolate to total confection leadership.

So today we have a fast-growing salty business. I love our brands in salty and there's so much more we can do. We are in a few high-growth subcategories. We have the opportunity to expand into more permissible snacking categories to drive that growth, and that's our expectation. In front of you, in fact, you have a DOT's Snack Mix. That's us taking DOT'S into snack mix away from just pretzels. So that's an example of what we're doing.

Today we selectively play in protein, and this is a growth vector for us in the future. We're investing in R&D and capabilities to make this even stronger. This will continue to be a trend. Functional delivery is important to consumers. Today we have a sales force that is primarily focused on delivering our confection portfolio in retail.

We've just announced One Hershey. One Hershey brings our total portfolio together so that we can reach more customers with our brands and build a beautiful, sweet, and salty portfolio together. We have built strong capabilities in digital and built this foundation, and in the future, we're leveraging AI to solve our biggest opportunities. I think that's really important, and we'll talk a lot about that today on those use cases.

So our strategy is on three pillars. Next-generation portfolio, how we see the retail of the future, and a modern supply chain. So with our portfolio, it is about building our core portfolio and driving growth. Our brands, Reese's and Hershey, are growing faster than the rest of our business right now. They are doing exceptionally well. Now, that won't be enough, so we need to lean into those faster-growing categories like premium and sweets.

In retail, our focus is on commercial excellence. Out-executing our competition at the moment of choice or the moment of truth or whatever moment you want to call it, truth or choice, we're going to be there with excellence.

In supply chain, it's all about out-produce with efficiency, agility, and productivity, and keep that flywheel turning. And that's what we're doing with our supply chain. The output of this is sustained, differentiated financial performance.

All right, so let's talk about the portfolio in two halves. Maximizing the core is critical. Modernizing our brand building, Stacy's going to talk a lot about that. Increasing portfolio effectiveness and sharpening our portfolio for where it should play with consumers, and building our next billion-dollar brands.

On the right side, it is about what's next. It is about increasing our innovation into those spaces and making the right investments across technology and R&D so that we can sprint into those places. And it is building new brands that are complementary to the portfolio, and selectively looking at targeted M&A that also drive incremental growth for our portfolio and are a complement to our total portfolio.

So we're talking about leaning into the growth. Where is the growth? One, our core is growing, but there are growth spaces that are moving faster, functional, better-for-you, sweets, permissible, salty, premium. And internationally, we have incremental opportunities to grow profitable growth in focus markets.

So this is the structure of it today. 33% of our growth is coming from those areas on the right. In the future that's going to be 40%. So we're going to lean more into the growth while growing our core. Now, we'll talk more about this today and Stacy will break this down into exactly how we do this.

When you look at this display, this to me is like movie night solution. This is One Hershey bringing our salty and sweet together. One Hershey is a real unlock for growth. It combines our total snacking portfolio into one impactful approach to commercial excellence. In addition to investing in this retail capability, we're investing in away from home, omnichannel, digital, and other emerging channels. One Hershey is one voice to our customer. It makes us easier to do business with. It allows us to bring our very best, our resources to merchandising in the store with our sales team, and it elevates our role as advisors to our retailers. Now, this is a holistic approach to selling our portfolio, and sweet and salty together is definitely a one-two punch.

Supply chain, when I think of an elite supply chain, I think of Jason Reiman right there. 30 years with the company just celebrated. Let's give Jason, 30 years with Hershey. Who says we don't do recognition at The Hershey Company? 30 years. You're going to hear from him today, but Jason has built an amazing supply chain and we continue to modernize it. And we think about things like precision demand fulfillment as a competitive advantage. In supply chain we're investing in technology and automation that enable better service levels, precision, faster speed to market. And of course, this is that productivity machine that allows us to be more efficient.

Now, a world-class supply chain protects what consumers want most. They want the highest level of quality, great taste, affordability, and more access to a broad portfolio, and that's what supply chain does. It is an enabler of our strategy.

Technology is critically important. We have spent a lot of time and resource against building talent, building an infrastructure so that we can leverage technology and AI to solve our biggest opportunities. And we're going to talk about these individually today across our portfolio, speed to market and ideation and R&D, commercial, how we leverage tools in the field to drive efficiency with supply chain, real-time decision-making that make the entire supply chain more efficient and automatic, all coming together. This is enabled by our overall investment in our digital foundation and talent.

Now, let's talk about this team. We have a world-class team. I have the privilege to working side by side with elite top-tier talent that are focused on the consumer and the customer. And we divided our organization into a model of demand creation, commercial excellence, and demand fulfillment, because that's how we see the world. We see it's our responsibility to create demand for our brands that consumers love, execute with excellence, with commercial excellence with our retail partners, and then fulfill with speed and precision. And that's how we're structured and organized.

So let's talk about our strategy and where the focus is. I want to take a little time on this slide. So first, the first pillar that unlocks this differentiated result is to expand our leadership in our confection business in North America. That is from moving from margin recovery in '26 and '27 to margin expansion. It is expanding our leadership in confection in North America. First objective.

Second objective is leverage our fastest-growing portfolio in salty, landed in permissible salty snacks, to build to a number two share position in the category. That is critically important and we're on the way to doing that.

Third is to drive an incremental growth in profitability internationally in our key markets while focusing on new markets that have high growth and profit potential.

And finally, driving upside growth with our focus on a differentiated functional portfolio by building capabilities in this functional snacking world.

So that is our four areas of focus in our strategy. What does that deliver? So on the left, you see this period of '26 and '27, restoring profitability, delivering organic net revenue at 2 to 4%, and having double-digit EPS growth. In '28, it's more a balanced revenue growth algorithm focused on unit growth, occasion growth, volume growth, all in balance with revenue, delivering organic revenue at 2 to 4%, and EPS at 6 to 8%, all while delivering top-tier shareholder returns.

There's a few things I want you to take away today. We have a unique snacking portfolio that is focused on growing our core business while expanding into significant white spaces. Now, this is all driven by extending our confection leadership in North America, reaching that number two position in salty, focus on permissible snacking, unlocking growth with our One Hershey commercial model, and furthering our tech-enabled supply chain to drive greater productivity and efficiency. We expect to deliver earnings recovery by 2027 and set the business up for long-term growth.

So today you'll hear from Stacy, Andrew, and Jason on how we out-market, out-execute, and out-deliver to achieve our goals. Then you're going to hear from Steve on how this all comes together in our long-term algorithm.

And with that, I'm going to turn it over to Stacy to talk about our unique portfolio. Thank you very much.

Stacy Taffet:

Thank you, Kirk. Good afternoon. I am thrilled to be with you to talk about our amazing portfolio. Look at it. Isn't it beautiful? And how it's positioned for growth now and in the future.

Over the next 25 minutes, I'll talk you through the opportunities in front of us and how we'll capitalize on that opportunity by maximizing our current portfolio and innovating into new spaces.

Snacking has been a remarkably consistent growth category, delivering 3% or higher annually pre-COVID with broad participation across categories. That trajectory didn't break under pressure. Even amid meaningful headwinds, the category has held at 2 to 3%, anchored by the rise of better-for-you and functional segments and the proven durability of emotional categories like chocolate. As we look ahead, we expect snacking to reaccelerate through economic stabilization, Gen Z purchasing power, and the scaling of new on-trend categories.

Hershey's snacking portfolio across sweet, salty, and protein categories allows us to participate in nearly a quarter of total US snacking today. Our categories are attractive and growing ahead of total snacking, driven by their functional and emotional consumer value. And we have significant headroom to meet even more snacking occasions. We've demonstrated we can scale outside of core chocolate by deeply understanding consumer needs in different snacking occasions. Through this model, we took both SKINNYPOP and DOT's to number one positions in their respective categories.

And we have substantial upside in international that we'll realize by focusing on three anchor markets, where the category's attractive, our portfolio is relevant, and we have the right to win. The markets are Mexico, Europe, and the UK, and Brazil, where we see robust per capita consumption, strong growth, and premiumization potential. In these markets we'll drive share by building our global iconic brands

through localized marketing, targeted innovation, and supported by an optimized route to market execution. And then across the rest of the world, we'll see growth through asset-light execution that lets local demand lead.

So we have lots of opportunity for growth. Step one is to maximize the impact of our current portfolio. There's three ways we plan to do that. First, modernize the way we build our brands. Second, better leverage our portfolio for incremental impact. And third, we'll invest in scaling our next set of billion-dollar brands.

So let me set a little context before I talk about brand building. It's really important we understand the consumer and the culture they're living in. Let's face it, consumers are living in a chaotic world full of sensory overload and complexity. And that pace of life has led to high levels of stress and even loneliness. Younger generations are spending hours and hours on social media, and it's only making them more isolated than ever.

As a result, they're seeking meaningful human interactions and little joyful moments to lift the everyday. That's why our purpose is so meaningful. Our brands exist to create more moments of goodness. It's not just what we do, it's what the world needs right now. This profound mission is why I am so passionate about our amazing brands. So far, our brands have grown by being ubiquitous with high reach, high awareness, high distribution, but what got us here will not necessarily get us to the next stage of growth. In a highly-competitive market, it's not enough to be just visible and available. Our next advantage isn't more reach. It's more resonance. Reach gets you seen, but resonance gets you chosen.

Our brand-building model focuses on driving that resonance through five pillars. Elevating our consumer understanding by linking market signals with household-level insights, building brand strategies that address consumer opportunities and barriers, telling meaningful and consistent brand stories across a modern and influential media ecosystem, and measuring the impact in real time, enabling quick and effective resource allocation.

We're anchoring to clear, measurable outcomes that can enable us to track and accelerate our progress across key metrics and drive productivity. An example of productivity is how we're using AI for content generation, media buying, and performance optimization. So far, we've seen a 50% reduction in cost per asset versus traditional agency models, a reduction in creative timelines from months to weeks, and the ability to localize our content to multiple markets in just days.

Our first example of using this model was our Reese's Oreo launch campaign. This social-first campaign was anchored in cultural insights and relied on audience targeting and real-time optimization. It generated billions of earned impressions and delivered 1.5 times the effectiveness of previous Reese's campaigns. It also resonated with our growth audience. Reese's Oreo has a 147 index with Gen Z, and that's one of the highest in the confection category. I don't know if you can read some of these comments, but I certainly love my job when I see people saying things like, "This is the greatest day of my existence, and this helps make 2025 slightly more livable."

The second way we're maximizing today's portfolio is to sharpen each brand's role in meeting consumer needs and occasions. We've renewed our insights work and mapped demand to the most important drivers of choice, functional and emotional needs. Three terrains emerged, boost, connect, and treat. And within those, 12 distinct spaces shaped by degree of nutrition orientation.

It became clear there was material overlap in how we activated our portfolio. Our confection brands were clustered together and we had gaps across large growing demand spaces. Our new strategy architects our brands to win across the demand landscape by minimizing overlap and positioning them to best deliver against the driving functional and emotional needs of the space. By extending our

portfolio beyond just treating, we've tapped into a \$300 billion total addressable market, and our ability to capture more occasions means more consumers buying more units more often.

Take Hershey's as an example of how we're activating this approach. The brand is anchored in everyday comfort, a space driven by daily routines and the need for simple, familiar comforts in a hectic and uncertain life. We plan to increase our share of occasions in this large and important space by leaning into relevant moments, big and small, and encouraging consumers to choose a little bit of happiness by choosing Hershey's.

First, we'll embed the brand in everyday rituals and consumption moments, seeding Hershey's where little moments of comfort are needed. A mom putting a Kiss in her child's lunchbox to show her love, college roommate sharing a Cookies 'N' Creme bar as they study for a final, a caramel-filled indulgence enjoyed by a couple after a long day's work. More everyday moments means more units. And yes, those are all examples from my life.

We'll also make sure Hershey's is top of mind when people come together to celebrate big cultural moments like sporting events and holidays. We launched our new It's Your Happy Place campaign at the Olympics, telling the story of how happiness is the real gold and capturing the hearts of millions of Team USA fans. And later this summer, when everyone's watching the World Cup, we'll celebrate our very own hometown hero and one of the stars of the men's national team, Christian Pulisic.

These will be holistic campaigns activated through our new brand-building model where we surround the consumer across all touchpoints. But to give you just a flavor, let's watch the films that anchor these two cultural events.

Stacy Taffet:

He has a pretty cute smile. We plan to use this approach across the entire portfolio, and it will enable us to scale our next brands to a billion dollars. DOT'S, KIT KAT, ICE BREAKERS, and JOLLY RANCHER stretch us beyond treat into the growing boost and connect demand spaces. They have momentum already, and we have plans to aggressively invest in innovation and consumer engagement opportunities. On DOT'S we plan to expand to new formats and pack types and find opportunities to disrupt additional snacking categories, the way we're doing with snack mix.

KIT KAT is a global powerhouse. We are relaunching the brand in the U.S. next year with an improved product and a big marketing push to drive reappraisal and take ownership of the modern break. ICE BREAKERS is in a category that has tailwinds with growth cohorts like GLP-1 users. To capitalize, we're launching new, more portable formats and exploring functional benefits. And finally, JOLLY RANCHER will continue to grow with Gen Z as the brand brings its bold, iconic fruit flavors to additional markets, forms, and eating experiences.

To compliment the growth in our current portfolio, we will be innovating for the future of demand. This means building technical capability to deliver advantaged organic innovations, as well as continually evaluating opportunities for M&A. We'll be focusing our efforts against four territories, where we see \$1.5 billion of incremental sales opportunity over the next five years. These territories are grounded in our understanding of white spaces and our demand map, as well as consumer dynamics that impact how preferences are evolving.

We'll also continue our efforts in core brand renovation to defend product superiority and create incremental and exciting new takes on existing favorites. We're leveraging more technology and AI across ideation, concept testing, and commercialization. And recently, we introduced our new Velocity Labs enterprise, which allows us to move fast to meet the evolving needs of consumers. We're using this capability to capitalize on emerging trends, test and optimize and market, and drive excitement around

limited time drops. Taken together, this will result in our three-year innovation, contributing a high single-digit percentage of revenue, and that's an industry-leading number.

Now, let's get into the territories. The first is premiumization. Across CPG categories, premium demand is accelerating, driven by higher income consumers and Gen Z purchasing power. The brands that are winning offer a combination of indulgence, quality, better for you credentials, and elevated packaging. Our pipeline is focused on bringing new benefits to the segment, democratizing luxury with accessible brands and price points, creating expressive, social first, indulgent experiences that resonate with Gen Z, and expanding our permissible portfolio. Functional snacking demand is also growing significantly as consumers prioritize nutrition and wellness benefits and seek to get more out of their snacks.

We have a robust innovation roadmap that includes the following: Better-free offerings that reduce sugar and other ingredients without compromising taste, performance-focused propositions, such as our reformulated ONE bar with a stacked claim of complete protein plus fiber plus low sugar.

Customized nutrition that leverages our JV partner VitaKey and its proprietary technology, enabling precision time-release nutrients like protein and fiber. Just imagine a snack that can deliver benefits where, when, and how your body needs them. And what we call snacking plus, which adds functional ingredients to favorite brands like ICE BREAKERS and LesserEvil to drive new consumption occasions.

The third territory is multisensorial. We know consumers and Gen Z in particular are increasingly drawn to unexpected flavor profiles and textures, fueled by a social-first food culture that celebrates discovery and novelty. Our offerings will include adventurous on trend flavors, new to the world textures and playful interactive forms, and exciting new eating experiences that marry global tastes and cross-category fusions.

Finally, consumers increasingly expect offerings that feel personal and occasion-specific, and are willing to pay a premium for products that are bespoke. The need for gifting is universal to show care and connect with the people you love, and consumers are increasingly turning to confection to meet this need under rising economic pressure. Our plan includes an array of curated assortments for variety of occasions, just as a DOT'S wing flavor pack for the football season, as well as elevated gifting offerings for everyday celebrations like birthdays and big seasonal moments.

To enable this pipeline, we're making a significant investment in our R&D capabilities. A 25% increase will fund talent and technology to enable ingredient and recipe enhancements, advantage taste delivery, and nutrition science. With this is a renewed commitment to product superiority and quality. We continuously review recipes behind our most beloved brands to ensure every size, shape, and flavor continue to deliver the experience consumers expect, and that every ingredient earns its place. As part of that process we're making some updates to our products. We're enhancing our KIT KAT recipe to deliver a creamier chocolate, transitioning our sweets' portfolio to colors from natural sources, and ensuring that all Hershey's and REESE'S offerings are consistent with their brand's classic milk and dark chocolate recipes.

We're also investing in technical capabilities in areas like protein quality and delivery systems with the goal of differentiating our product claims and driving advantage. We will continue to complement organic innovation with M&A to go after white spaces within snacking. When we have a gap in capability or our brands cannot authentically stretch to an attractive space, targeted M&A is a great solution to help us enter or scale efficiently and lower our risk exposure. For example, we recently added LesserEvil, which is an on-trend brand with strong credentials and the ability to enter new categories, which allows us to scale our salty snacking platform even faster.

As a result, our portfolio of the future will be more diversified and geared towards the fastest growing segments of snacking, with a larger position in functional snacking, better-for-you and premium, sweets, international, and salty, where the market is large and growing.

I'll leave you with this. Snacking is a large, resilient and growing category. Consumer needs are evolving and the opportunity for Hershey's is significant. We have a clear, actionable roadmap to capture that opportunity, and we are actively shaping our portfolio mix to support sustained long-term growth. Thank you very much for your time today, and now I'll turn it over to Andrew.

Andrew Archambault:

Thank you, Stacy, and good afternoon, everyone. Pleasure to be with you here today. You saw in Kirk's opening, we talked about the operating model, demand creation, commercial excellence, demand fulfillment. It was the slide with our beautiful headshots on it. And Stacy just took you through what our plans are for next generation demand creation growth. I'm going to spend the next 15 minutes talking about our commercial capabilities and why they're going to deliver disproportionate core growth, but also growth in disruptor categories that we're in, salty, functional protein, and the future of the portfolio that Stacy just shared.

If you think about our commercial capabilities, reality is they're delivering now, and we had a lot of proof points in the market in our current results. I encourage you all of you to go to our breakout sessions this afternoon. You'll see a lot from the team on what is actually in the market and coming to the market quickly. It is the foundation for why we believe now is the time to leverage our One Hershey go-to-market model that Kirk talked about. And all of this is in support of our short-term and long-term algorithm goals, which is top line growth, marketing and trade reinvestment and getting more working return from what we invest in the market and ultimately margin restoration.

In simplest terms, our commercial goals and resources support three things, availability, affordability, and activation at retail. Now, this is probably not any of your first investor days. You hear a lot of CPG companies talk about those three A's, so to speak. The difference for us is that we've got a lot of sophistication in our commercial work, and then we have meaningful trends happening in our categories, predominantly better for you, functional, and premium, which is why our categories have more disproportionate growth than others. So, when you put those two things together, we think our take-home aisle and our digital aisle are going to have several years of growth, and it's a difference.

Secondly, we have world-class revenue growth management capabilities, and you'll continue to see that in our evolving price pack architecture. That allows us to drive value of the category, but also address affordability with a lot of flexibility with pack types and price.

And we have a world-class retail team, 1,100 people that are in the market today that are already executing and driving our activation. The opportunity is that we're able to use technology, gain productivity, and leverage their time to spend more time on our portfolio and outlets, take away time that has nothing to do with selling, and essentially deliver a better return for every retail asset we get from a retailer. And that's what our customers demand. And when they get that, they usually reward us with more and more assets, and this model's going to allow us in a one Hershey model to get that greater return.

So let me start with availability. Some of us, as you may know, had portions of our career in other industries. Mine for one was beverage. If you walk down the beverage aisle today, regardless of the company or the brands, you largely see package uniformity. You'll see the immediate consumption packages look the same, the take home packages look the same, and it's in some ways a fairly easy aisle to shop. Confection's a different story in that regard, comparatively. You've got a lot of SKUs, you see a lot of package differentiation, and variety's important, but the ability for a consumer to navigate that is just in a different cycle than it is in other categories.

Our data tells us that 23 plus percent of the time shoppers are going to spend less than a minute trying to find what they want. If they can't do that, they're going to move on. So we've got to be on the

forefront of what that aisle looks like. You'll see later today we're taking some leadership roles in our standup packaging, so moving from lay down bags to standup bags, bringing a much more billboard effect to the aisle. What that does is it allows consumers to understand not only what they're buying, but over time what our price slope and curve is. We're trusted experts in this space today. So, when retailers ask us to help them redefine the aisle, when we combine our new standup packaging, a cleaner architecture, plus our other gold standards, we're seeing a 19% lift in confection and a 12% lift in our salty portfolio. So, these are some of the reasons we see core portfolio growth in front of us.

The other interesting distinction is, because there's so much proliferation of SKUs, our 100 top revenue producing items are only in about 60 ACV in the total marketplace. Again, big distinction from other categories. What that simply tells us is, we're going to get that to a 90 ACV and get more growth from core, because again, we're going to bring more uniformity to the aisle.

And then finally, we see category expansion in the sense of, zero sugar is in the early innings in this category. Better for you, we're only an eight share with a huge runway of growth. Premiumization is ongoing, so there's a good way to get price and mix. So, we're already a leaders in some of these areas. We are the leaders in zero sugar, and ultimately we see retailers taking from less productive categories into our aisle and there's, from our assessment, easily four feet available to expand in these faster growing areas.

The structure of our hierarchy and our architecture, really important. The point of doing this well is that we can address everything from an opening price point all the way to a value per piece and have a very curve that consumers understand. We can also address portion control and we can also address calories per piece. And bringing this standardization to the category in the aisle over time just means we're going to get more household penetration and much more conversion. Our ultimate objective, and you heard that from consistently through Kirk and through Stacy, is we want everything on the aisle out of the Hershey portfolio to have a clear reason for existing, a clear occasion that it impacts, and that it can be done at scale, versus subscale and just having the aisle clogged with items that ultimately won't produce in the long run.

A couple of more examples. We're entering into single serve and some of our faster growing and premium brands with single serve option in DOT'S. We're already launching a single serve option in BROOKSIDE. Again, these aren't inherently different from other CPGs, but for us they represent a real meaningful move into high-margin areas like the front of the store, Strike Zone in convenience retail. We just simply have more headway in those areas than others.

And then finally, we can go on other channels and we're particularly excited about the on premise. There's a lot of opportunity to drive trial on the on premise for our brands. In fact, our DOT'S new package was just available on Delta Air Lines from a trial perspective. So, with a good price pack architecture we can definitely run our affordability curve better. What I would remind everyone is we're very intentional about that. 75% of our portfolio today is still at \$4 or below.

And then we're introducing things that we see that are important to consumers at macro scale. One of those is a variety pack at an opening price point, and then a \$5 seasonal offering that we'll put in the market this year, particularly for the dollar and value channel. So, because we have flexibility and because we can produce an architecture that is working and going in a value way, we can add price and mix and margin to what we do. So, we're going to balance revenue, we're going to balance units, we're going to balance margin. And then we're going to activate.

Again, I thought Stacy did a really good job of talking about some of the great assets we receive, essentially as we commercialize them and bring them to retail. To begin with, REESE'S OREO has been and is a cultural phenomenon. Two mega brands come together. What's been very interesting is when we merchandise those brands together with Core Reese's and Core Hershey, we get growth out of both.

And predominantly, this product hasn't really hit the aisles yet. We largely launched this off aisle. So, we now go into resets in the reset season we're in today.

Pokémon, we're in the 30th anniversary of Pokémon, so we now have parents and children, two generations. It's a wonderful partnership and asset for us. We've activated it at back to school time. Where we've activated it, we see a 10% lift in velocity, and we see repeats, because the collectability of this is important to consumers. As importantly, we had 120 million plus impressions on what Gen Alpha and Gen Z care about, which is effectively TikTok, Snapchat, Meta. So again, great assets means that we can be very resonant.

TWIZZLERS, it's 100-year-old brand. Again, by watching social media, we didn't invent the dirty soda or dirty pop phenomenon. It's largely been on reality shows and online, but hopefully you got to sample it earlier today. In the Velocity Lab that Stacy talked about, we brought a product to market. We didn't test it in focus groups. We tested it with consumers in a limited time offer, and now we know that it's going to work and we can scale it really quickly next year. So, I think there's many of these opportunities where even our legacy brands will benefit from how we look at the world.

So, putting it all together, availability, affordability, activation, it's one of the reasons that DOT'S has made it to number one in the pretzel category, a category that hasn't had much growth. We do have number one and number two share respectively on confection, salty and digital, and yet we still have so much headroom versus our brick and mortar share, for lack of a better term.

REESE'S hit 100 million in five months, again, largely off shelf. It drove 8% of the category growth, and our sweets business last year delivered at three times the category growth rate, and we're an eight share. So again, when I think about the proof points of why our core portfolio is ripe for growth, those are the reasons that give us a lot of confidence.

Someone we talked about is Kirk Brengen. Now it's time to put this all together. We're going to put confection leadership together with our disruptor brands. What I would say here is I get a lot of questions sometimes of why now, why is this the time to do it? And what I would share is, Hershey's already been on this journey for a while. Some of it starts with a portfolio. So, it's been a really intentional M&A strategy, obviously you know SKINNYPOP, PIRATE'S BOOTY, and DOT'S, and now LesserEvil.

In addition, our supply chains and systems are already all integrated. So the same processes we use in one category we use in the other. Our retail teams have actually already been selling both categories and convenience retail for the better part of two years. And finally, maybe one of the most important reasons, our customers have just asked for it now. They see the growth of Hershey over time being a total snacking company. Obviously, they're trying to unlock value in really important areas, and because the portfolio now is at scale, they're asking us to bring them advise across broader snacking than just core confection. And some of those proof points have just gained us total snacking advisership in some materials, CR customers, convenience retail customers, and mass customers.

Some other benefits are fairly obvious. We no longer just stay category to category investment. We can bring portfolio investment, which means we can unlock more. We already know that these categories merchandise well together, and there's a lot of cross baskets, so that just makes sense. We talked about the tent poles we're going to invest in. Again, there's no reason to execute a tent pole on just one side of the portfolio when consumers are buying the total portfolio, and we have a retail team to do that and execute it without having to build it.

And finally, we'll get some real investment and ROI back from our trade that prior to this was directed in just specific areas versus the total portfolio. So, we'll reduce redundant programming, we'll have better development costs, we'll just get a better ROI on what we put into the marketplace. This is what we

want to see in market. Again, Kirk shared this as you call it the ultimate movie night. I think the point being is these products are bought together already. Our brands are beloved already. These being beacon end caps at the end of the aisle, produce growth for those that don't even walk the aisle. We see 5,000 opportunities of this in small format alone just to be at the strike zone together with our brands, and probably 1,500 to 2,000 more in the next year just in large format. So again, the way we can show up in market just looks very different and produces just a better ROI for everyone involved.

Our tentpoles. We're a seasonal leader. You know that, because you've seen the last five years of annual share growth in seasons. We're going to do near three billion or over three billion in retail shortly in seasons, yet there's spikes in the business when you do that. Tentpole brings you a much more even and always-on approach to our brands. And the reality is there's cultural moments all the time. Every year we'll produce cultural moments. We have a fairly interesting one next year where Valentine's Day and Super Bowl happen to be on the same day, hasn't necessarily occurred before, but if in our prior model, we would have gone to retailers to talk about this important event in two different teams, and we would have had half the value out versus what we'll bring to the market for Super Valentine's Day next February.

A couple of other proof points in market now, obviously in March Madness. I think I heard Kirk, Sarah Eisen, picked the same final four teams I did as well. So, I'm in that camp, because Braylon Mullins hit a shot heard around the world and clearly now you know I'm a UCONN fan, but very important.

But the point is, we would have merchandised just REESE before. Now in the marketplace, we've got our entire portfolio. We have SHAQ-A-LICIOUS, which is relevant. We have DOT'S, which is relevant. And even some of our own hosting of parties for NCA, all our brands were represented, because they were represented at retail and we can buy them.

We'll do an amazing job of S'mores like we always do, but this year gives us the chance to do that in a 250th America way of the country. We'll add salty offerings to this as well. More than likely in everything we do in the future, you will always see more of the portfolio. Again, they go together, they're in the baskets already, and we have the retail team to do it. So, that expansion feels natural to us, but the occurrences and the amount of times that it will grow will be much greater than we've seen before.

Why can we do it at retail? One of our big advantages is technology. Obviously, we're all benefiting from speed and productivity and technology in our world. We have handheld technology that we've always had. It is leading in that area, but three things have changed. One, we can get salty data and sales insights into our iPads overnight, which we did. We also are using AI dynamic routing. So, our reps are no longer just going to a set of outlets that was on their list. They now go to highly productive ones. They can change at any time. It's iterative. We simply remove a lot of non-selling drive time and a lot of non-selling productive prep time, unproductive prep time.

Finally, we've got visual identity on our iPads. You'll see a demonstration this later today, where we can literally show a retailer exactly what would be in their store on a visual screen, "Here's the footprint size, here's the quantity, here's what it will retail at, here are the turns, here's the margin," and they're getting in order much faster. So technology is going to simply, without raising our costs predominantly, get us in more outlets, touching more of our portfolio, and that's the goal.

And then again, along our trade and our marketing investment, we already have a target out this year to get 15% of non-working trade converted to working trade. And one of the main reasons we'll do that is, because again, we'll have programming that is no longer separate, but in one spot where we'll get a greater return, we'll get a greater velocity. So will the retail partner, and you'll hear about one of those examples in the breakout today. We're using AI to track all of our promotions. In the confection world they're already doing 80% of it. We'll get to 100% of it with salty this year. It means things like in the past where it might have taken a few analysts to look at a two for five promotion and say, "Well, is that

worth repeating a month from now and two other channels?" We're getting that back in minutes. And so, we're adjusting our promotional strategy constantly in a much more iterative world and by channel, which gives us less waste, greater return, better margins.

So, we put it all together. We feel very confident this is the right strategy. Our confection business is going to benefit from ACV growth. It's going to benefit still from tentpole growth. It's going to benefit from category expansion, especially in the areas that we see are fast-growing. Our salty business is going to benefit from increased distribution, because it's still behind some of the distribution points in our confection business, and we're going to reach new consumers through new occasions and packaging.

So, as to leading to close, we already have leading commercial capabilities today. One Hershey is going to unlock a lot more of that opportunity. And finally, we'll be in more doors, more occasion, more outlets, using technology to leverage our cost and our speed, and we see just significant opportunity in front of us. We have the teams, we have the model, we have the capability. Most importantly, we have the portfolio to win.

So, thank you. I'm glad to spend some time with you today. Look forward to some Q&A, hopefully with some of you in a little while. We're going to take a short break, and then when we come back, Jason Reiman, our chief supply chain officer, we'll take you through that third important part of our operating model, demand fulfillment.

Announcer:

Please welcome to the stage Jason Reiman, Chief Supply Chain Officer.

Jason Reiman:

Good afternoon. All right. Welcome back from your break. Did everybody get to enjoy some of our great tasting products? Any favorites out there? The dirty soda. All right. Straws, Twizzlers straws. There we go. When Kirk opened up, he talked about how we're emerging stronger as an organization following the cocoa inflation. I would say one of the reasons that we're emerging stronger is because of the investments that we're making around modernizing our supply chain. You heard Stacy talk about how we're generating demand by connecting our consumers with our iconic brands to create more moments of goodness. Andrew talked about retail excellence and how we're working with our retail partners to bring together salty and sweets to make sure that we can drive that One Hershey approach and advantage.

I get the privilege of leading our demand fulfillment. And when people ask me what the core of my job is, at a basic level, what is it that I'm supposed to do? It's to make sure that every time a consumer goes to buy our product, it's available. It delivers against that high-quality experience they expect from our brands. It also has to be of value, something a consumer will spend their hard-earned money on, and they have to see it as sustainable.

Now, there are two important roles in the supply chain. The first is we have to drive growth through an efficient and agile fulfillment process. The second is we have to fund the future through productivity so that we can reinvest in our brands and our capabilities and in our margin. And while our supply chain is stronger, we can't be complacent. We have to look at how we reinvent the supply chain, looking at how we source our products, how we think about our network and how that network needs to evolve, and then also thinking about how we leverage technology to take it to the next level from a productivity standpoint.

Towards the end of my presentation we'll go deeper into that on how we are leveraging technology to help modernize our supply chain. And when I say that we're stronger, it's because of the investments

that we've made. We've invested in core brand capacity like REESE'S. That's enabled innovation like REESE'S OREO. We've also invested in chocolate resiliency in a modernize chocolate manufacturing plant right in Hershey, Pennsylvania. We also have multicategory assets. We're all able to produce our salty snacks in-house, and we've laid the digital foundation with a digital backbone, as well as our S4 investments. And you heard Andrew talk about how that creates synergies and how we bring that sweet and salty portfolio together. And I'm really excited about how we're looking at technology to help drive productivity into the future.

But first, let's start with our ingredient resiliency. And ingredient resiliency is all about making sure we have long-term sustainability. It's making sure that we have reliability of those ingredients, and make sure that we have affordability of those ingredients. We do comprehensive assessments of both social and environmental opportunities on all the ingredients that we source. But when I talk about ingredients, there's no more strategic ingredient to us than cocoa. And when I think about cocoa and our capabilities, I think about a competitive advantage. And that advantage comes from our team, our process, and our technology. We've invested in more market intelligence, more information, gaining insights on what's happening. We've invested in technology so we can have a better understanding of where supply and demand changes are happening. And we have a sophisticated tool set for hedging. And when you combine that with our market intelligence and our discipline process and governance around how we manage our commodities, it allows us to ensure that we're delivering against our plans, we're able to reduce volatility, and that we have prices that are competitive versus our peer set.

And one of the ways that we measure that value is through a systematic ... It was comparing versus a systematic buy-in approach. And you can see over the last 10 years our teams have outperformed that systematic approach. We're able to do that, because we have discipline processes and governance. We're able to leverage our market intelligence. And we're able to take advantage of our category strategies based on the dynamics of the market. That's what creates the advantage.

Now, the world is ever evolving, and we need to be able to anticipate change that's happening to make sure that our supply chain remains resilient. And one of the structural changes that you're seeing is in cocoa production. Just five years ago, Côte d'Ivoire and Ghana would represent almost two thirds of the world cocoa production. Today, they're less than 50%. You have new markets emerging, areas in South America like Ecuador, which has increased their production by over 50% over the last three years. And you've had Brazil state their aspirations to double the amount of their cocoa production as well.

Now, this means two things for us. It means that we have to make sure that we have the right capabilities to take advantage of where our beans are sourced, and we're doing that through some of our R&D investments. And second, it also says that at the current cocoa prices that still remain above historical levels, it will encourage more cocoa production, which actually is good for long-term supply.

But we also take a long-term approach to cocoa. And one of the ways that we do that is through our Hershey Income Accelerator Program. That program develops long-term contracts with farmers in Côte d'Ivoire to make sure that we put in good agricultural practices, help them improve productivity and overall family income. We're also investing in R&D, and one of the areas that we're investing in is behind the cacao tree resiliency, ensuring that it's resilient against disease and drought. And we continue to invest around direct sourcing from origin, as well as our ability to look at cocoa alternatives.

Once we have a resilient supply network, we can turn to how we think about an agile network. And when I think about agility, I think about making sure that we have the right capacity for growth, we have the right capabilities to meet the needs of both our consumers and customers, and we have the right resiliency to ensure service, as well as to be able to manage through disruptions.

From a capacity standpoint, we've continued to invest behind our core brands, like REESE'S, Hershey's, KIT KAT, JOLLY RANCHER. From a capability standpoint, we're able to produce in-house pretzels and

popcorn. And this has allowed those brands to scale to the number one position in their categories. And when I think about resiliency, it's about making sure that we have modernized chocolate producing assets. And we built a world-class modern chocolate-making facility in Hershey, Pennsylvania, and it's our first fully digitally integrated facility in the network.

But our network is never static. It's always evolving. When I think about our chocolate network, I think about scale and efficiency. No one can make our products more efficiently than we can, but there's always opportunity to optimize. There's always opportunity to add new capabilities to that network. When I think about sweets, I think about how we leverage our current assets to bring new forms, flavors, and textures. And a great example of that is JOLLY RANCHER Ropes. With JOLLY RANCHER Ropes, we're able to use an existing technology to bring a new form to JOLLY RANCHER that actually resonates with younger consumers.

And then, when we talk about the salty network, this is where it really gets fun, because we've been investing ahead of that growth, to make sure that we can continue to accelerate growth in those categories. In the future, we see more geographic expansion that allows us to be closer to our customers and help us provide a better margin. And from a functional snacking standpoint, we continue to work with outside external partners to bring new products to market even faster.

Now, there's always a balance on how we look at the network between internal and external manufacturing. And our partners that we leverage externally are an important part of our network. They allow us to bring innovation. They allow us to scale our brands. In chocolate, it's mature and well-balanced. In salty, we've actually gone from 100% external manufacturing to over 80% internal over the last five years. 100% external to over 80% internal over the last five years. What this has allowed us to do is actually accelerate the growth of these businesses. It helps ensure that we have the right quality of our product, and it helps us to improve our margins.

And now, let me talk about how we're investing in technology to fund the future. And when you think about technology to fund the future, everyone needs a best friend at work. And my best friend at work is Deepak, our chief technology officer. Because in supply chain, nothing really moves ahead without technology. And Deepak and I have partnered together to look at the key parts and key aspects of our supply chain, how we source, how we make, how we deliver, and how we plan. We've implemented technologies in each of these areas. From a sourcing standpoint, we're investing in spend visibility, so we understand where we are versus our competition. And should-cost modeling. This allows us to give sharper category strategies to our sourcing team. From a make standpoint, we've implemented Connected Worker. This allows every worker or every operator on our factory floor to understand the efficiency of how our line is running. And if there is a problem, what are the root causes, and what are the corrective actions you take to make sure that we get it fixed immediately?

Now, let me take you into two other examples of how we're looking at deliver and plan. From a deliver standpoint, we've implemented something called Precision Assortments. This is our ability to create assortments that have the right brands and the right count, unique to every store. So you're basically leveraging the geo-demographic data from each store to help bring our immediate consumption products. And it starts with how we would work with our sales team to actually create the unit based on that data. We've actually invested in automation on how you assemble these units, and think about Legos that get put together to create these merchandising displays, and that we're able to bring that to market to actually create that store of the community type of feel. This is an area I called simplified complexity, because we're able to do more precision assortments in an actually simpler way, and it will allow us to reduce our lead time by 50% from the conception to the delivery of that unit, and it will ultimately allow us to drive more sales by having our product in more locations.

The other technology I want to talk about is Decision Intelligence. And think about decision intelligence as sitting at a layer above our supply chain. It's taking information all across our supply chain, and it's sensing what's happening, it's making sense of it, and it's creating an automatic response, and we're seeing some good results from our investments in the technology. An example of how this might be used, if you think you're on a factory floor, and our production is actually running ahead of our plan, and we needed to expedite packaging. This would automatically send that signal to make sure that that packaging was sent to the line because it was sensing that was happening. Now, there are thousands of decisions that happen every day across complex supply chains, and we see decision intelligence as an opportunity to increase productivity by \$50 million, and reduce our inventory by \$100 million over the next two years.

I said one of our most important jobs was funding the future, and we do that through our productivity. If I take a look at our pipeline for productivity for 2026, I'm feeling fairly well, but what makes me feel even better is that these investments that we're making in technology help us ensure that we have a pipeline for 2027 and beyond, and that helps us fuel the flywheel. The more productivity that we can generate, the more we can reinvest back in our business. The more we can invest back in our business, the more we can grow, and the more we can grow, the more opportunities we have to find productivity.

I hope you've got a sense for how we're investing and modernizing our supply chain, and how we're looking at technology to help create better resiliency, better agility with our network, and that we're able to help drive growth for the business as well as fund its future through productivity.

And with that, I'm going to turn it over to my good friend, Steve Voskuil, to wrap this all together.

Steve Voskuil:

Good afternoon. I'm a little disappointed because I thought I was Jason's best friend at work, but I'm not going to take it personally. It's great to be with you today, by virtue of my spot in the batting order I also have the privilege today of tying everything together. And so we're going to build up the story that ultimately leads to next gen financial performance. And we're going to do it methodically, so I'm going to walk through each segment. For each segment, I'm going to go through top line drivers. I'm going to go through bottom line drivers. Then we'll synthesize all of that into a look at the enterprise P&L going forward. Again, top line and bottom line. From there, we'll push that through to cash flow, and we'll talk about our capital allocation framework, which many of you have seen before. And finally, we're going to conclude today with what we believe is a really compelling investment thesis, for this company at this point in time.

So that's where we're going to go. I want to make sure that you have some clear takeaways here as well. And I'll give you two meta takeaways that I would start with. One is, and you heard it from Kirk right out of the gate this morning. We are stronger today than we were two years ago, before we faced some of the commodity inflation we had to deal with. This was not two years of playing defense. And this was two years of investing in talent, investing in our brands, investing in our supply chain, as Jason just said, and investing in innovation and R&D capabilities. Now, we're going to take that to another level, but this spot we're in right now is stronger even than what we were before we faced those challenges.

The second key takeaway is that we're not going to use, or we're going to use the commodity recovery period to be thoughtful and create advantage that will be durable on the top line and bottom line. So with that, let's get started by taking a look at the segments. And here, I think it's always good, let's start with the end in mind.

And just as a reminder, the end for North America confection is to be the undisputed leader in this category. That means we want to be the market share leader. We want to be the innovation leader. We want to be the best at retail execution and partnering with our customers. And of course, we want to

have the best products, most delicious products, and best innovation. In salty, it's already our fastest growing segment, and the opportunity for us here is to strive to be number two in salty snacking. We've already gone from five to four. Three is within reach, but we want more. We want to be a strong number two, and we're going to talk about how we do that.

Third, we want to have our international business return to its rightful place, as both a strong grower and with a profitable and investible P&L behind it. And then finally, we've touched on functional snacking, which will serve as an additional lift for initially North America confection, but also eventually the salty snacking business.

So let's start breaking down the businesses, and we're going to start with what matters most, the North America confection business. Nothing is more important than our success in continuing to drive and build this business on both the top and even the bottom line. So we're going to, as you know, our guidance for this year is around 3% organic growth. We expect long-term this business can do two to 4% organically. And you can see here some of the drivers behind that. Strong ROIs against our brand building. You heard all day about our brand building in this space. We've got a lot of investments, but also we don't make those without requiring strong returns.

You've heard about our focus on innovation, including a differential investment in R&D to set up not only innovation now, but innovation and the credentials behind innovation, in things like nutrition science for the future. And then I would call attention to probably three and five on this page together. On five, strategic pricing is always going to be important to us in this category. It'll look different in the future than it did the last two years, where we know we've had price-driven growth out of necessity, due to high commodity costs that we had to deal with. But we're going to balance that in the future, with number three, which is driving occasion and unit growth as well as price. And long-term for this business, we know the healthiest position is a top line that has the balance of both strategic pricing, and thoughtful unit and occasion delivery.

On the bottom line, we know this business can get back, next year, into the space it needs to be from an operating margin standpoint. You can see the levers here, and you've already heard the team talk about many of these. Continuing to leverage strategic pricing in the future will be a factor, leveraging our scale and network optimization off the back of some of these capability investments that Jason just talked about.

Tech-fueled productivity, even in the SG&A area, as well as premiumization. And you can see also where we're going to invest, areas like continuing to improve our recipes, to go where consumers are going with their evolving palates, innovation, R&D, and of course, brand building.

So salty. Salty, as I said, we want to get this business to a strong number two position. That means from an organic standpoint, mid-single digits this year, and a strong mid-single digit grower from here forward. To do that, if you look across the bottom, a couple of areas we're going to focus. Of course, we're going to focus first with our core brands in salty. SKINNYPOP and DOT's are fantastic. They're differentiated. DOT'S in particular is on a tear, and we're going to continue to drive growth in those brands. In addition, we're going to drive into spaces where we should be, especially categories that have shown an opportunity for us to disrupt and bring something new.

As I said, in front of you, you have our mix, our salty snack mix. That's a good example of a category that was due for some renovation and some updates and some clear branding to take it to another level. PIRATE'S BOOTY is another. That's a brand, to be honest, we probably should be doing more with already. And now we're going to have an opportunity to reinvigorate that brand, and relaunch that brand into the big space of permissible kids' snacking, which we have a right to play in, and we have the assets to win.

And then third, LesserEvil. LesserEvil is a great acquisition. It is doing so far everything we expected it to do. But you'll recall that when we bought that business, as much as we love the brand and we love the spaces it's in, we also have aspirations to take that brand elsewhere. One of the unique things about that brand is its portability. And so as we think about the future of permissible snacking, this is an opportunity for the LesserEvil platform to take us into that space.

When I look at profitability, again, we want to have this business get over 20% from a margin standpoint, and we know there's a big player in this market that has a margin structure that looks very different than ours, has much greater scale. It's probably not credible for us to be targeting that margin structure, but we want to be pushing up towards the top quartile of margin players in this space. And we do believe that's within reach.

To do that, we've talked already about some of the opportunities here. Scale's a big one for this business as we now, again, bring in LesserEvil as we execute ONE Hershey. One of the smart things we did again a couple of years ago was get this business onto our new ERP platform, and that has unlocked enormous opportunity to continue building scale and driving automation. We're going to continue to extract all the synergies that we committed to, not just in the LesserEvil deal, but in the other M&A deals that we have put together to build this business. And as you heard Andrew talk about, retail execution is also a great opportunity for this business.

So let's talk about international, last but not least. Again, we want to move out of the challenging period that we had and get back to from low single digit, eventually solid, mid-single-digit growth. It's no secret, this business has been the most impacted by the commodity cycle. Part of that is because it's more premium positioned in many markets, so we have more elasticity impact. Some of that is the focus on cocoa in these markets, and some of it, frankly, is our lack of scale in some markets in particular. But as you heard from Kirk, the opportunity here is to refocus. Don't miss the opportunity to look at this business critically and say, "Okay, how can we set it up for stronger future performance?" By focusing on core markets where we know we can bring the things we're good at, cultural relevance, scale, great marketing, and great network execution.

That will also follow through from a profitability standpoint, where we get this business, again, back up to the profitability that we've had before, and then leverage the skills and the strength of our overall business to drive it further.

So what does that do then for the enterprise? We've put together here a framework, so you can see a little bit how we think about where value is created in this business. As you've heard today, we're in great categories. They're strong, resilient categories. In those categories, we have iconic brands. Among those iconic brands, some of our biggest brands outperform these great categories. So right there, an excellent starting point for value creation.

We have identified whitespaces that we have a right to win in, that we already have brands that can play in, and we have the ability with our retail team to execute against. We talked about balanced revenue growth. International and salty will definitely be volume-driven growth, but as we bring the North America balance and confection, the enterprise top line growth, it's also going to be more balanced, between price and capturing units and occasions.

We're going to continue to reinvest, and we're going to continue to bring class leading margins. And while we're confident we'll get back into the margin range of the past quickly, what's probably two more important points to take away here is that, one, we see that not as the end goal, but as the new platform for modest expansion thereafter. And second, while we love gross margin, it's a great indicator of the value of our brands. We're also not going to target fixate only on margin. We want to capture incremental profit dollars into the business, from these whitespaces where we're going. All of that leads

to strong cash generation, and then puts in our hands, to our disciplined capital allocation, to drive value for shareholders.

If you look at the top line, again, just to break this down and we've talked about it a bit already. Right now we're coming off a period of, out of necessity, price led growth, to a period where we're going to begin shifting the balance between strategic price, and also occasion and unit growth, so that by the time we get to 2028 and beyond, we've got a much more balanced top line delivery.

On the bottom line, we're going to see our margins next year be back into the range, I would call it the historic zip code for this business. Again, not as the end goal in itself, but to establish a new place from which we can continue to drive scale and productivity, to take it to another level. We know that we have some investments we're going to continue to make to do that, and we also don't have our heads in the sand about headwinds, but as we look at the tailwinds, and we look at the ROIs that we're going to get off the back of these investments, we believe that will more than compensate for the headwinds.

I have to take a minute to celebrate the transformation savings that we are in the process of delivering. As you know, by the end of this year, we will sunset the transformation program, and by the time we're done, we will have over-delivered the savings and underspent the one-time cost to do it. And you can see on the screen, it's split between Jason's area and supply chain, and also across SG&A. Perhaps the best thing in here though, is that we have sustainable tech-enabled productivity that is going to continue to the future, and not just continue in its current form, but again, serve as a base for further expansion of technology. And as Jason said, and you heard from Andrew as well, this is not a sort of pipe dream of the future. These things are happening already. We are already optimizing our trade spend. We are already leveraging integrated demand planning. We're already using holistic customer investment tools to manage our spend, both in supply chain and SG&A, and we're going to be able to build on that for the future.

This is the slide, maybe the only slide you care about in my presentation, and my feelings aren't hurt, but just to stop for a second. So 2026, as you saw this morning, we are reiterating our guide for the year. 2027 is going to be another year of sort of catch up from an earnings standpoint. It will be out-sized earnings delivery for next year. And longer term, we see 2 to 4% organic on the top line, and 6 to 8% on the bottom line. Now, I will also say we're never satisfied and we're always going to be pushing for more. We are a show and don't tell it team, and so we're going to continue to leverage all the tools that you've heard about to drive performance. We know when we do this, we'll generate a lot of cashflow. In fact, we generated a lot of cash flow, even in the last two years with commodity inflation.

What this does though is it allows us to level up. And so you can see we'll have the earnings growth, recovery certainly will flow through. In addition, we'll have the transformation savings carrying forward. And as Jason said, five years ago, we were talking 1% productivity savings. Now we're talking 3%, and technology beneath that will allow us to do even more.

Working capital, we don't even talk about working capital that often. In the last five years, we've dropped our cash conversion cycle by 40%. We're going to continue to press on that, and we're going to be very good stewards of the investment we make into the supply chain.

That leads to our capital allocation playbook or framework, and here looks a lot like what we've had in the past. We want to first and foremost invest in the business, both organically and inorganically, and I'll touch on M&A again in just a moment, but here we know these ideas are the best returning, most capital efficient things we can do to grow the core business, and we're going to always make sure that's fully funded.

Second, we want consistent dividend growth, growing the dividend roughly in line with earnings over time, a payout over 50%. We want to maintain a strong balance sheet, because a strong balance sheet

allows us to be agile and to pursue ... weather the tough times, but more importantly, pursue the opportunities for growth as they present themselves. And then we love share repurchase because share of purchase puts tension in the rest of the equation. If we don't have great returning investments leveraging the shareholder's money, we're going to give it back.

As I said, we don't often do retrospectives on M&A. Internally, we do it all the time. In fact, with the board, we do a deep dive every year of every asset on here, even the ones back to 2018. But we thought it would be helpful to just take a look back. A few years ago, I think we had an earnings call and we got the question, "Hey, well, how do you think about M&A? What's your appetite for M&A?" And I said, "We have a big appetite for M&A." And when you look at this in totality, you say, "Okay, yeah, you've done a fair number of deals." If I was going to characterize it today, I'd probably say it a little bit differently. I'd probably say we have a targeted nutrition plan for M&A, because we're picky. We're looking for things that are going to make us stronger, going to make us more capable, unlock things that we can leverage with our own strengths.

And as you look across those middle three rows, I'd say that's where we focus, and that's where you should think about us focusing our M&A attention. That's the place where ... And I think we have a great M&A team. We don't want an asset to trade in that space that we don't know about, have a point of view on, have a value estimate for, and make sure that every conversation we're part of, when we want to be.

We're not perfect. And so you'll see here, not everything has met our financial hurdles, but I would say even the two that we've missed, it might have been a case of a little before their time, because as you've heard today, those are brands we're leaning into for activation as we look to the future.

So as we kind of pull this section together, I want to share with you what we believe is a really compelling investment thesis for this time in history. I've said we got great categories, we've got iconic brands. Inside those brands, our biggest brands are growing even better than the categories, and we want more big brands. We have a lot of headroom for expansion into these whitespace areas, and not without having the right brands already, having the capabilities, the retail execution team to be able to do that, such that 40% of our portfolio will evolve into those faster growing areas. We have an opportunity for structural margin improvement beyond recovery. A lot of that backed by technology-enabled capabilities that we've invested in over the last two years. We're also always going to have this mix of strategic pricing being important to this business, but an ever-growing focus on balancing that with unit and occasion capture.

And finally, we know when we do those things, we generate significant cash flow, and we want to be the best capital allocators in our space. So as you listen to all of this, I would say it's a unique point in time, but it's not a terminal point, it's a point of departure for next gen financial performance. And so with that, I think we're going to get ready for some Q&A, and I look forward to your questions.

Anoori Naughton:

We are now ready to open it up for Q&A. I'm going to invite Kirk, Stacy, Andrew and Jason to join me on stage, and then we can get started. So I will direct the mic runners. There's four of them scattered around the room as we conduct the session. For the benefit of everyone in the room, if you could please, before you ask your question, if you could please state your name and the firm that you represent. And for those of you on the webcast, you should see an email address in the lower third of your screen, and are welcome to email us your questions. Okay. So we can start here with Michael.

Michael Lavery:

Thank you. Michael Lavery, Piper Sandler. Great long-term color, also helpful to have a little more view on 2027. Obviously it's a little earlier, much earlier than you would normally do that. So can you help us put it in a little bit of context in terms of what unknowns you recognized, maybe any vague idea of how much cocoa coverage you have, because that's surely a big consideration, and just a little bit of building blocks for how you got there.

Kirk Tanner:

Yeah, that's terrific. Steve, do you want to take this-

Steve Voskuil:

Yeah, I'd be happy-

Kirk Tanner:

... because it plays right off your last briefing?

Steve Voskuil:

... You bet. So in terms of cocoa coverage, I say we have good visibility. So I don't think we feel comfortable putting up a slide without having good visibility into that volatile commodity. As we think about other puts and takes, we've talked about price. Obviously we're going to have some carryover pricing benefit. We're going to have some investment areas, much of what you've heard here today, but we're also going to have productivity continue at the pace that Jason talked about. And so I'd say those are kind of the fundamental building blocks inside 2027. We'll share more color obviously as we get further into the year. As far as the headwinds, what I would say is, and we even talked about this on an earnings call, whether it's SNAP or whether it's GLP-1s or MAHA, we have teams internally that do nothing but obsess on those things, to understand them, be in the markets in the case of Snap, take real-time feedback and feed it back into the team, so that as we're looking at planning, top to bottom, we have the best available information available as we set these kinds of outlooks.

Now, we'll be wrong. I don't know where we'll be wrong, but we run scenarios and we have the best available point of view that we try to incorporate into the outlook.

Michael Lavery:

And just to follow up, if I can, on the pricing piece of that, you mentioned there's some carryover. Obviously the pricing environment has gotten a lot of attention in food and beverage and CPG. Can you give a sense of some of your considerations? It sounds like you clearly expect some positive pricing. What, if anything, could change your mind? You've got volume momentum that suggests the consumer isn't pressing, but how do you think about just the pricing dynamics, and maybe the retailer relationships and how that all adds up together?

Kirk Tanner:

Yeah, let me take that for a second, Steve, you can join. We have a disciplined pricing approach. And Steve talked a little bit about it, but one, pricing to cover inflation. And so we were very patient in '25, '24 and '25 to not pass all that pricing on. And we played the patient approach to recover that in '26 and '27. So you can see the structure of that and shows up in the algorithm. But that disciplined pricing is to cover commodities and then use other tools like mix, things that drive mix or premium or our immediate consumption business. Those drive positive mix. And so those are all tools that we're using.

We work with our retail partners on this. They also buy cocoa. They're in the market. So they see these things in real time. We also remain nimble with the competitive landscape and we have tools to stay competitive. So this is a high intensity operating environment that we live in and we talk about these things every single day. But in principle, disciplined pricing is important. And to protect the affordability for consumers is really top of mind for us. And I think you saw that in Jason's, or not Jason's, in Andrew's presentation, that 75% of our portfolio is still under \$4 and we want to continue to drive that affordability.

Max Gumport:

Hey, thank you. Max Gumport with BNP Paribas. First, just on the conversation on '27. It sounds like a more balanced view of organic sales growth and also a nice outlook for organic sales growth of 2 to 4%. Can you talk about what's giving you the confidence in unit occasions helping contribute to that growth?

Steve Voskuil:

Sure. I'll start and Andrew or Stacy, feel free to jump in. We'll see the pivot on the balance on the top line evolve over the next couple of years. We'll start to see it in '27. We're going to see more of it in 2028. And so we'll start to see the seeds of that come through in '27, largely off the back of some of the things that we've talked about here in terms of new occasions, et cetera. But Stacy or Andrew, you want to add anything to that?

Stacy Taffet:

Yeah, I can. I think there's a couple of things. So when I talked about that demand map, that enables us to really understand the drivers of choice and every time someone's reaching for a snack and to position our portfolio to incrementally capture that. That comes to life in the everyday moments that people are choosing snacks and we will activate that through our pack strategy, through where our products are available and communications. And then these big moments, Andrew talked about tentpoles, but having a full calendar of occasions that people can enjoy our products. Not just seasons, but when they get together for other reasons as well. So having that plan and that discipline around how that portfolio works together around that gives us confidence.

Alexia Howard:

Thank you. Alexia Howard with Bernstein. I think there was a comment in the prepared remarks about more geographic expansion in salty snacks, and I think it was about the international markets. Could you talk a little bit more about that? Where are the opportunities? What kinds of products? And then my second question is about cocoa supply chain resiliency. I know you alluded to that, but what more can you do to ensure that if weather patterns remain more volatile going forward?

Kirk Tanner:

Okay. Yeah. So I'll take the first one with international salty. Yeah, we're starting with Canada. I think that's the close in and we'll expand there and then we'll look for other opportunities beyond that. Internationally, we're focused on confection markets that have scale and that where our brands can be insurgent and then we can build that scale. And we have a track record of doing that. That's our first priority, going after those large markets like that.

Jason, you want to talk about cocoa?

Jason Reiman:

Yeah. When I think about cocoa, one of the things that I talked about was that there are more markets that are actually in and growing cocoa. So you're seeing volumes come out of those different places like Ecuador, Brazil will increase. You're actually seeing it out of other countries in West Africa. So one of the core things that we're working on is how do we work on programs that help with the farmer and make sure that we keep farmers engaged over a longer term so that Hershey Income Accelerator program is really about making sure that we're engaging with them over the longer term so that they can have the right tool sets on good agricultural practices, what they're doing on their farms to make them more productive.

And then we're also working on collaborations across the industry to actually make structural change in some of those markets as well. So you might have heard about Together Cocoa, which is a collaboration that we're doing with other brands to actually make structural changes to how we look at cocoa.

Rob Moskow:

Hi, thanks. Rob Moskow, TD Cowan. A question for Jason. This will be an unusual year for volume sales for chocolate, probably high single digit volume declines. You're making up for it, obviously with dollars being up a lot, but how have you managed the supply chain through this kind of transition period? And you mentioned capacity expansion. Has that been difficult to have volumes down while expanding capacity? And then what are you doing to plan for '27 and '28?

Jason Reiman:

Yeah. When I think about what we're seeing right now, we're actually seeing some of our conversions a little bit better than what we had expected. So as we're looking at that, we're making sure that we're staying ahead of where the actual consumption is. Making sure we're bringing those insights back in through our planning processes, and then making adjustments in our network. I talked about opportunities to optimize as well. So there are times where we can either adjust how we apply shifts to certain lines or how we look at how we're bringing some of the... I would say some of the things that we're doing around the planning for those lines. So we might take a line offline and run a more productive line during that time that we can have a better cost structure on. So those are the things that we're managing around right now, but in most cases right now, our plants are fully utilized.

Pete Galbo:

Thanks. Pete Galbo from B of A. Kirk, I wanted to ask about, One Hershey and just the feedback you've gotten so far from both the retailers and maybe internally within the organization. Just was it a push from your end? Was it a pull from the retailers or salespeople? Just more background in the decision making process and kind of how you landed there. Thanks.

Kirk Tanner:

Yeah, a combination of both. When we talk to our customers, they want a partner that's easy to do business with, a partner that brings the very best insights and a partner that executes with excellence inside their stores. I think that's really important. So when you talk to customers, they're asking for it. When you look internally, Andrew talked a little bit about this, we've been building the capability for a while. So our SAP investment brought both businesses together. Our supply chain has been integrated across salty and sweet. So this was the last step in doing this, and this is really playing to our strengths. Our strength is we have 1,100 sales reps out in those stores covering 75,000, going to 80,000 outlets and making a difference. And if they can make a difference across salty and sweet, and especially as we're building these seasonal events and these tent pole moments, that all works in concert to drive growth.

And it felt like this is the right time to do it. And we've communicated that with our customers and we'll continue to work and refine that, but this is really playing to your strengths.

David Palmer:

Thanks. David Palmer, Evercore ISI. I would love to get a sense from you about the top-line drivers and just how you think that things will play out in terms of the proportions of all the stuff that we saw today. There was a lot of things. There was activations, more frequent windows of activation, ACV opportunities for many of your top brands and pack type optimization and things you're doing working with retail. And then you talked about other opportunities, many of which would be helpful in terms of your market share in chocolate. The premium chocolate area, we hear about Dubai chocolates and the like, doing well, and those are things that maybe don't feel as near in. So maybe you'd give us a sense of how you think about the sequencing of all this stuff and the proportions of all this stuff. Thank you.

Kirk Tanner:

Yeah, that is a dynamic question. Thank you. Thinking about the landscape, I always start with where the core brands are growing. And REESE'S and Hershey are doing exceptional. They're growing faster than the rest of our business right now. And that's supported by relevance. So you saw Stacy's campaign around Hershey. There's a new campaign around REESE'S. There's innovation across REESE'S that's really working. You'll see innovation later this year. You'll taste the innovation this afternoon in the innovation breakout on Hershey. So when those two brands are working, I think that's a good place to start.

And then you go into those places that are growing faster. Sweets is one of them. So JOLLY RANCHER is delivering growth. There's also innovation coming out on JOLLY RANCHER. And so you think about the components of our portfolio working together, our core, new growth spaces. You'll see some premium also with our R&D today, this afternoon, you're going to see that. We'll continue to grow that. And then our salty business, it's well outperformed. Although it's relatively, as an enterprise, it's small, but it's small but mighty. It's delivering upside growth. It's driving the growth for the salty category because it's really positioned in permissible snacking and the categories that are growing inside of salty. So that adds fuel to the core and the confection spaces of growth. So that's a building block. Then our international business where we can gain share with the portfolio that we have, it gives us some upside growth.

And the last is an area that's going to be longer term is in this functional space. These are small brands, but they'll grow double digits this year. So that gives you fuel. But I always start this story with our core. Then I look for innovation, our salty business, what's happening internationally, and then functional, and then you have the growth landscape. But if your core is not doing well, it's a tough story and we're doing very well with our core business.

Tom Palmer:

Thanks. Tom Palmer, JP Morgan. This question's probably going to be longer than I intended, but you're coming off the end of a multi-year cost savings plan, both productivity and AAA savings. It seems like there are still plans for productivity, but maybe not the same kind of cutting that we've seen over the last few years. One is maybe on the forefront once we get past this three-year program, a new one worth introducing. And then second, as we think about productivity going forward, how much of it is driven by the types of reductions we saw in the past versus maybe more AI driven and technology enabled? Thank you.

Kirk Tanner:

Yeah. I think I'll let Steve and Jason jump in, but productivity is a capability that the organization has done an exceptional job building in over the last several years. And that capability from running more efficiently and productivity is going to come from truly understanding demand and executing against that demand. That efficiency productivity is going to deliver a lot. But I'll let Steve and Jason talk a little more about the future.

Steve Voskuil:

Yeah, I'll say just macro and maybe Jason, you can talk to supply chain. On the macro side, we don't have plans today to announce a new program. As exactly like Kirk said, this needs to be the muscle, everyday muscle. What's true though is the muscles are stronger today than they were two years ago before that program and one area's in Jason's. The second thing is because more of it's technology-enabled than it was in the past, kind of to your point on air, there's more opportunity to lean into the AI and the technology tools than we had in the past too. So I'd say those are two differences. But Jason, you want to just comment on the supply chain side of that?

Jason Reiman:

Yeah. Well, one of the things that we've been investing in is making sure that we're able to get the data. The data is your critical asset and how you leverage technology and AI and increase automation. So I actually think that the investments that we've had around S4, around some of our planning systems and the technology have positioned us in a place where we can actually accelerate that through the use of automation and AI.

Steve Powers:

Thank you. Steve Powers from Deutsche Bank. If we could go back to One Hershey, the question is, do you have the organization and the incentive structure to deliver on One Hershey today? Do you need evolution there because it's going from a siloed structure and mentality to one that's more integrated, so just maybe comment around on that.

Kirk Tanner:

You bet. Now, Andrew has led the one Hershey integration, the thought leadership behind it. So we'll let Andrew take that question.

Andrew Archambault:

Yes. We obviously started with structure and that was an important one. I think a few points. One, our relative size, this isn't a new model for CPG. There's many CPGs that goes to a full portfolio. And the good news about us is I always think about it like if you take the front end, protein's at the front end, salty's at the front end, confection's at the front end. We've got six to 10 brands there already, but we could easily have north of 12 to 15. Similar to displays and the like. So these things go together already.

And then we follow the structure of our customers. Largely as you move up an organization with a customer, they're managing all of, potentially all of total snacking or snack and beverage. And where we saw a split inside of a customer, we would split from a structured perspective. But most importantly, we wanted the leadership of all of our teams speaking about our total portfolio because that's who they're interacting with.

From an incentive perspective over time, we'll get closer to it. I think from a positive perspective, we were already in a One Hershey incentive model, largely driven by COVID in the past and other good

reasons. This gives us a chance to move a little more into the business units, but the way we can track it and the way we can see it is very clear. So regardless of how fast we move to say an incentive only on the salty or protein, we know the results in those disciplines immediately. So again, very natural for us. The last point I'd make too is, again, customers would ask us, "Hey, look, if you're advising on the front end today, we need you to advise in the shape of your company. And the shape of your company's turning into salty leadership, protein leadership." And we agree with that. And I think that was my, among all the other good reasons, that was my primary one for, let's listen to our customers and make a good choice.

Chris Carey:

Thanks everyone. Chris Carey at Wells Fargo. Steve, you made a comment we'll be pushing for more, we're a show it, don't tell it kind of company. I wonder if you could expand on that comment when you say pushing for more, better in market execution from a top line standpoint, better savings, better capture of the cocoa goodness. I wonder if I could just get some insight on that.

Steve Voskuil:

I guess what I'd say is we're never satisfied just saying, "Okay, hey, that's the algorithm. Let's just land the plane in the algorithm." We do start with the top and say, "Okay, what's the full..." You kind of heard today, "What's the full potential of the business?" Segment by segment. Okay, then what's the full potential of what we can do on cost savings and productivity? And the full potential is not intended to be the full potential for this year, like max it out and then crater the next year. The full potential is, okay, over a period of time, how do we extract the most from this business?

And so as we set our long-term outlook, we're starting in a place where we believe over time the business can consistently deliver, but we're never going to be satisfied unless we're trying to extract everything we can out of this business going forward. So again, I'm not trying to put a finer point on it than the long-term algorithm, but our incentive, our goal, is to constantly be pushing for the full potential of the business performance.

Megan Clapp:

Hi, Megan Clapp with Morgan Stanley. Just a question on confection, and it's a bit of a hypothetical, theoretical question, if you will, but just given all the pricing you've taken, obviously as margins recover, there will be a period where, if we look at profit per unit, it will be elevated versus probably anything you've seen historically. So just would love your thoughts on how you think about the resilience of the portfolio through that transition period before we get to a bit more volume growth going forward.

Steve Voskuil:

Sure. Do you want me to take that one or you want to start, Andrew?

Andrew Archambault:

Sure. I'm happy to start. I think first on pricing, as I've learned at the company, the historical rate, if you start with the cocoa commodity, like in the historical rate was 2,200 to 2,500 a metric ton. So in the world we're in today, even with a return back to better pricing, it's still not at a historical level. So I'll start with the pricing we took was, as shared many times, was not net a commodity. In fact, a lot of credit to productivity and all the decisions made to not do that that quickly so you can protect the length of the brand.

So secondly, we didn't peanut butter spread it. We did a very surgical look at pricing. And then we thought about that by package, by type. And we're fortunate because we're flexible across a lot of packages and model. And then you've seen the category be pretty resilient. I think the competitors have been very rational. And our opportunity is we're also going to bring in pack types into different occasions that we haven't naturally been in. And I mentioned a few, especially in immediate consumption, snacking and protein, where they're whitespace for us. So the restoration of pricing, I think, my personal belief is our pricing's in a good spot.

Now, the final piece is we'll always watch the market. And as a category leader in confection, being a category leader in our pricing is a natural return state. But if it isn't producing the balance we want, then we're fortunate to have levers in whether it's promotional depth, frequency, innovation, pack type. And that's how we think about it. So at current state, I think we've been very responsible about how we've approached it. Again, we're not pricing net of our commodity costs, and then we're thinking about the long-term health of our brands.

Steve Voskuil:

Yeah. Just to say we got to earn it all the time. So the brand activation, the brand investment, the partnership, the tentpoles, we are not sitting back complacently going, "Hey, price is in a positive spot." We are reinvesting to make this durable and sustainable and again, come out stronger.

Kirk Tanner:

I look at where the category is today. It's one of the highest performing snacking categories, so it's performing very well. I think you have to look at the emotional nature of the category. This is a treat category. And then if you look at the durability and sustainability over a long period of time, how resilient has it been? Very resilient. And you say, "Well, there's something else going on." Pricing is a component, execution's a component, but this category delivers these moments and they're affordable moments. It's not an overwhelming amount of moments, so it's 40 calories a day basically for a US consumer. So it is in a sweet spot of a category that just brings that small uplift. And I think there's something to the sustainability of that. Sorry.

Stacy Taffet:

That's well said.

Kirk Tanner:

Well...

Jim Salera:

Thank you. Jim Salera with Stephens. I wanted to go back to salty snacks and talk about the opportunity there. Obviously, looking to be this number two position in the category that implies category growth from where we are today and market share growth. I would hope, can you break down the mix of what you expect kind of embedded for salty snack category and then your brands on top of that? And maybe the volume mix component as we move forward on salty snacks, particularly as the largest player in that category has talked about maybe being more strategic on pricing and seeing some net price reductions this year.

Kirk Tanner:

Yeah, I can take that and Andrew can jump in as well. But when you look at the salty snack category and where our brands are positioned, they're positioned in permissible spaces, at least from the mindset of the consumer. Higher growth. And then we have some disruptive brands. I would say Dots has been disruptive in the pretzel category, completely changing the face of the category and now becoming the number one player. We see that momentum continuing. We see that we have opportunities to build organically in the category. So new spaces in permissible snacking.

So snacking is dynamic across multiple formats and multiple brands. We see an opportunity to extend our brands into new places. We talked a little bit about DOT's Snack Mix, that will be a big thing. That is an approach. We'll also look for thoughtful M&A if that helps drive incremental growth. What I like about salty is we're building something. And when you build something, you can be choiceful about those moves you make so that you stay in the most relevant consumer spaces.

Now, price mix is also going to be important. We've been very patient and we're in a different place than our competitor when it comes to price mix. We're in a really good place with the volume and consumption and we still have so much runway for household penetration with these brands. That gives us so much excitement about what we're building. But I would say that encapsulates a lot of how we're thinking about our salty business. Anything else to add?

Andrew Archambault:

I think you hit it. The average unit price for us and this has been very moderate and the ability to use price mix here given our relative size, especially in these smaller, if you will, pack sizes that get you into immediate consumption, gives you a good ballast against any price. But we've, again, if you look at our brands, they've been very thoughtful and responsible because the goal is growth versus if we're sitting in a much bigger share growth area. But I think this is another place where we'll do the same things that we do, just a very thoughtful approach and moderate price mixed together.

Scott Marks:

Hey, thank you. Scott Marks from Jefferies. During the presentation, you made a comment about the, I think it was the top 100 confection SKUs only being in 60% ACV currently with plans to reach 90%. Just wondering if you can help us understand maybe what was holding them back previously from reaching those levels and what's changed now such that you can expand into the rest of those distribution points.

Andrew Archambault:

Yeah, thanks for the question. They're very simply just a lot of customized sets in the world across channel, more so than you may see in any other category. So again, some other categories, if you look at a set, it doesn't differentiate so much between the drug channel to convenience retail. I mean, maybe in convenience retail's small format, but large store grocery mass, ours just had just a lot more differentiation. And again, these SKUs produced. But then when you really looked at the number of SKUs doing the highest portion of your revenue, that customization just didn't give you the ACV scale that you might see in others. It's really somewhat that simple. And then we also, just our shopper studies and consumer studies say, "Bring some conformity to the aisle, make it a bit easier for me to approach this category and I'm going to participate more."

So those are the two reasons that we think we can get that to a much better ACV rate. And then we'll move on to the next 100 and the next 100 and just get a better scale. It's not about less SKUs in the sense of... It's keep the SKUs that produce for occasions, produce good revenue, that's what we want on the shelf. And let's not necessarily fill it over time with things that might have been just a customization for the category.

Peter Grom:

Yeah. Thank you, Peter Grom from UBS. So I had a question on category growth. There was a slide that talked about US snacking growth. I think it showed pre-COVID 3%. You outlined an expectation for two to 3%, call it, in '25 in the next couple of years, and then going back to 3% plus in '28. So I know you touched on some of the drivers, but can you just outline or share your level of confidence that growth will re-accelerate? And then as you look across the various subcategories, is that re-acceleration broad based or is that concentrated into just a few? Thanks.

Kirk Tanner:

Yeah. The resilience of this category has been over a long period of time and the fundamentals I think are in place. With core growth, we look at the business with the categories healthy, how do we make our contribution to the category fuel the growth? So we think of two things of how do we get our big brands working with consumers and our retailers? So that's job number one. So we'll have to invest modern brand building, things like that. Innovation, as you've seen, is a big driver in this category. So innovation will continue to play a role. It's another area that we're investing in, in our R&D. We have room to get better. And you'll see some of it today in our R&D session. You'll see some of the thinking around how we go into suites, what our look in premium, how accessible premium looks, and how we elevate our brands.

All that drives the growth. I feel really good if I look at the history of the category and its performance, and then I look at how dynamic the situation is today. I see a lot of promise for where brands are resonating with consumers and where innovation is coming through. The combination those two things keep the category very vibrant over time.

Anoori Naughton:

We have time for one last question. We go to Leah.

Leah Jordan:

Thanks for fitting me in. Leah Jordan, Goldman Sachs. I just wanted to follow up on the premium comments you guys have made today and just in the last question as well. Some of that may come from M&A, but just even provide more detail on the opportunities to go more premium within your existing portfolio. And then how do you think about balancing the extension of the brand, making distinct products, but also keeping the brand cohesive and have its core qualities? And then finally, just any thoughts about potential cannibalization as you further extend these brands as well.

Kirk Tanner:

Yeah, this is a great question for Stacy.

Stacy Taffet:

I love it.

Kirk Tanner:

Yeah.

Stacy Taffet:

Yeah, we see it in a few areas. So across the whole breadth of the portfolio, we do have a good position in premium. We've talked about salty, but for chocolate in particular, which is what I spent most of the time talking about, we see a few different areas. One, we do see opportunities for premium in our core brands. So for Hershey's this afternoon, some of you are going to experience the innovation. We're bringing more cream-filled bars. We're bringing more truffles. You're going to start to see how we elevate the brand. And as we've brought those through things like Velocity Labs and limited partnerships, there's a lot of demand and take for those brands and they're willing to pay a premium. We still want to anchor in the promise of Hershey's and that little bit of happiness, but a little bit more of an elevated experience with an accessible brand is something that consumers are looking for. So we see opportunity there.

We also have premium brands that we're going to invest in in a way that we haven't in the past. In the US, the Cadbury brand is actually perceived as quite premium, and we have opportunity through innovation, media distribution on that brand. Same with BROOKSIDE. That brand has a lot of momentum, and with additional investment and pack types, we think we can see room there as well.

And then finally, we are innovating and we will have some new branded propositions. I mentioned Gen Z a lot. There actually aren't a lot of great premium chocolate brands that focus on indulgence, quality ingredients for that consumer. And so you're going to see some innovation from us in that area as well.

Anoori Naughton:

Great. So before we conclude the broadcast, I'd like to turn it back to Kirk for some closing remarks. Kirk.

Kirk Tanner:

Yes, thank you. Thank you for your engagement today. I really appreciate what you've brought. You've brought a good energy, lots of great questions, and it's an important time for us. This is about the next chapter of growth. But before we close, I want to leave you with a few points on how we're thinking about the road ahead, how we are winning as the next generation's snacking company.

At our core, we are a company with a very clear identity. We know where we should lead, we know where we can lead, and just as importantly, we know where we should not play. That clarity allows us to focus our resources on where they matter most and drive consistent, high-quality growth. What gives us confidence isn't a single initiative. It's the combination of momentum across our categories, strength of our brands, and the discipline we bring to execution.

We're building on a position of leadership while also expanding into the spaces where we see real, durable opportunity. You heard throughout the day, we were evolving to become even faster, more integrated, more capable as an organization. And that's showing up in how we innovate, how we outmarket, outexecute, and how we connect with consumers. And it is supported by a supply chain that is not just an enabler, but a competitive advantage.

At the same time, we are managing the business with a clear eye on value creation. We're balancing near term performance with the investments required to sustain growth over the long term. Now, that discipline is what we believe will drive stronger returns and greater resilience over time. And we're excited about what's ahead and we're confident in our ability to execute. We are balancing revenue and growth with investment in the future.

In 2027, we talked about recovering our earnings and then '28, taking our growth even further. Hershey is a strong performance-minded company. This is a company that is focused, that is evolving, and that is positioned to out deliver.

So thank you for your time, your engagement, and your continued interest in Hershey. We're going to break and take you to our breakout sessions. Please enjoy those and engage with us and we'll have further conversations later today. Thank you so much.