Investor Day 2023
HERSHEY, PA
MARCH 22, 2023
Welcome & Opening Remarks

Melissa Poole
VP, Investor Relations
Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Many of these forward-looking statements can be identified by the use of words such as “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would,” among others. These statements are made based upon current expectations that are subject to risk and uncertainty. Because actual results may differ materially from those contained in the forward-looking statements, you should not place undue reliance on the forward-looking statements when deciding whether to buy, sell or hold the company’s securities. Factors that could cause results to differ materially include, but are not limited to: disruptions or inefficiencies in our supply chain due to the loss or disruption of essential manufacturing or supply elements or other factors; issues or concerns related to the quality and safety of our products, ingredients or packaging, human and workplace rights, and other environmental, social or governance matters; changes in raw material and other costs, along with the availability of adequate supplies of raw materials; the company’s ability to successfully execute business continuity plans to address changes in consumer preferences and the broader economic and operating environment; selling price increases, including volume declines associated with pricing elasticity; market demand for our new and existing products; increased marketplace competition; failure to successfully execute and integrate acquisitions, divestitures and joint ventures; changes in governmental laws and regulations, including taxes; political, economic, and/or financial market conditions, including with respect to inflation, rising interest rates, slower growth or recession, and other events beyond our control such as the impacts on the business arising from the conflict between Russia and Ukraine; risks and uncertainties related to our international operations; disruptions, failures or security breaches of our information technology infrastructure and that of our customers and partners (including our suppliers); our ability to hire, engage and retain a talented global workforce, our ability to realize expected cost savings and operating efficiencies associated with strategic initiatives or restructuring programs; complications with the design or implementation of our new enterprise resource planning system; and such other matters as discussed in our Annual Report on Form 10-K for the year ended December 31, 2022. All information in this presentation is as of March 22, 2023. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company’s expectations.
WHO WE ARE

Great Brands

Advantaged Financial Structure

Best People

Differentiated Capabilities & Executional Excellence
WE SET OUT TO DO more...
WE SET OUT TO DO more... 

...FOR OUR portfolio

...FOR OUR capabilities

...FOR OUR people

...FOR OUR customers

...FOR OUR environment

...FOR OUR shareholders
We’ve Made Great Progress

**ACCELERATE**
Confection

<table>
<thead>
<tr>
<th>Net &amp; Retail Sales</th>
<th>+5% CAGR¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Commerce Share</td>
<td>#1</td>
</tr>
<tr>
<td>Strategic Pricing</td>
<td>Avg Contribution +2.4pts³</td>
</tr>
</tbody>
</table>

**PORTFOLIO**
Transformation

<table>
<thead>
<tr>
<th>International</th>
<th>2022 Segment Margin 12.6%³</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 Acquisitions via Enhanced M&amp;A Capability</td>
<td></td>
</tr>
<tr>
<td>Salty Snacks</td>
<td>Now 10% of Company Sales³</td>
</tr>
</tbody>
</table>

**INVESTING IN**
Capabilities

<table>
<thead>
<tr>
<th>Media</th>
<th>ROI +30%³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Investment</td>
<td>$2.1B³</td>
</tr>
</tbody>
</table>

Source: 1: IRI, 5-Year CAGR from 01/07/18 to 01/01/23 | 2: IRI Calendar Year w/e 01/01/23 | 3: Company Financials & Information
ONE OF THE
Strongest
Snacking Portfolios
IN THE INDUSTRY
While Delivering Differentiated Results

<table>
<thead>
<tr>
<th>Net Sales 5-Year CAGR¹</th>
<th>Adjusted EPS 5-Year CAGR¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S&amp;P Food</strong></td>
<td><strong>HERSHEY</strong></td>
</tr>
<tr>
<td>3.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td><strong>S&amp;P Food</strong></td>
<td><strong>HERSHEY</strong></td>
</tr>
<tr>
<td>2.7%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

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

Market Performance
Stock Price Index to 12/31/2017

HSY: $114

HSY: $232

S&P Food


HSY STOCK PRICE CHANGE  +104%

Source: Factset
We Aspire to...

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

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

Foundational Strengths
- Great Brands
- Advantaged Financial Structure
- Best People
- Differentiated Capabilities
- Executional Excellence
To achieve this vision, our fundamental strategies remain the same:

- **Undisputed Leader**: U.S. CMG
- **Scale**: Salty Snacks
- **Profitable Growth in**: International
- **Incrementality via**: M&A

A leading snacking powerhouse
We are Evolving and Transforming Key Strategies for Next Phase of Growth

<table>
<thead>
<tr>
<th>Continue</th>
<th>Evolve &amp; Elevate</th>
<th>Transform</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. CMG Leadership</td>
<td>Commercial Capabilities</td>
<td>Salty Go-To-Market and Supply Chain</td>
</tr>
<tr>
<td>Scaling Salty Snacks</td>
<td>Network Capacity and Resilience</td>
<td>Business and Workforce Planning</td>
</tr>
<tr>
<td>Profitable International Growth</td>
<td>Environment, Social &amp; Governance (ESG)</td>
<td></td>
</tr>
<tr>
<td>M&amp;A for Incrementality</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Balanced Growth Drivers
PROVIDE DIFFERENTIATION

Sweet & Salty
Power Brands & Niche Favorites
U.S. International
Everyday Season
At Home On-the-Go
Continue to Focus on Confection and Salty Snacks

Drive Confection Incrementality
- Drive Chocolate and Expand BFY & Sweets
- Deliver Price Realization
- Optimize Consumer Investment

Scale Salty Snacks
- Increase Brand Awareness
- Expand Distribution
- Scale Operating Model

Profitable International Growth
- Focus on Core Brands
- Expand Distribution
- Drive Adjacencies
M&A TO ACCELERATE GROWTH

- On-trend Categories
- Scale Brands
- Incremental Occasions
- Strong Gross Margins
Transforming Commercial Capabilities

Holistic Commercial Investment
- Evaluate, plan and optimize commercial spend across levers
- Trade and DME planned and optimized independently

Integrated Dynamic Planning
- Labor-intensive planning process tailored for stable performance
- Leverage AI to incorporate variables more quickly and efficiently

Agile Supply Chain Network
- Supply chain focused on scale and consistency
- Network optimization for agility, growth and resilience

Integrated Technology, Systems and Data

Upskill Talent and Transform Ways of Working
Business & Workforce Planning

- Optimize Labor Through Global Business Solutions
- Prioritize and Enhance Talent Development
- Simplify and Digitize Key Processes
- Harmonize Technology Solutions
DELIVERING more IN THE FUTURE
We Listened to Your Feedback
FOR THE FUTURE

Strategies

U.S. Confection
Chuck Raup • President, U.S. Confection

Salty Snacks
Kristen Riggs • President, Salty Snacks

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

Quick Hits

Financial Outlook & Capital Allocation Priorities
Steve Voskuil • Chief Financial Officer

Q&A
Being the Undisputed Leader in U.S. Confection

Chuck Raup
President, U.S. Confection
North America Confection

**Net Sales Growth**
Recent Performance 2019-2022

- ~4% Net Price Realization
- +7.0% Average
- ~3% Volume

**Segment Margin**
Recent Performance 2019-2022

- 2019: 31.1%
- 2022: 32.9%
- +180 bps

**OUTLOOK**

- **Low Single-Digit Growth**
  - Net Price Realization +
  - Volume +

- **Annual Margin Expansion**
  - Strategic Revenue Growth Management
  - Fixed Cost Leverage
  - Manufacturing Capabilities/Technology
  - Media Optimization

Source: Company Financials
## Evolved Strategies for Sustainable Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Innovation</th>
<th>Pricing</th>
<th>Omni-Channel</th>
<th>Media Targeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Mass Approach, Capital-Intensive</td>
<td>Episodic and Reactive</td>
<td>&lt;1% of Digital Sales</td>
<td>Broad-reach Targeting</td>
</tr>
<tr>
<td>Today</td>
<td>Fit for Purpose / Occasion-based</td>
<td>Proactive Strategic Growth Driver</td>
<td>5%+ of Digital Sales</td>
<td>Mass Personalization with Greater Effectiveness And Lower Cost</td>
</tr>
</tbody>
</table>

- **Mass Approach, Capital-Intensive**
- **Episodic and Reactive**
- **<1% of Digital Sales**
- **Broad-reach Targeting**

### White Space Segments

- **White Space Segments**
Capitalizing on Consumer Trends

- **Home-Centricity**: +42B More At-Home Eating Occasions vs 2019

- **Physical and Emotional Wellness**: Chocolate is Top Snack for Stress Relief

- **Digital Connectivity**: More Ways to Reach Consumers

White Space Opportunities

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

Better-for-you Confection
- Grow Zero-Sugar Platform
- Invest in new sugar reduction technology
- Expand Lily’s distribution and launch innovation

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

Proven BRAND STRATEGY

UNDISPUTED U.S. Confection Leader
We Aspire to LEAD in Popcorn and Pretzels

FROM #2 TO #1

Popcorn

FROM #3 TO #1

Pretzels

Source: IRI Calendar Year w/e 01/01/23
We are Positioned to Win

Categories are Primed for Growth
Retail Sales 3-Year CAGR

- RTE Popcorn: 11.4%
- Pretzels: 11.5%
- Salty Snacks: 10.6%
- Edibles: 8.3%

<table>
<thead>
<tr>
<th>Retail Sales</th>
<th>RTE Popcorn</th>
<th>Pretzels</th>
<th>Salty Snacks</th>
<th>Edibles</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2B</td>
<td>$2B</td>
<td>$35B</td>
<td>$685B</td>
<td></td>
</tr>
</tbody>
</table>

Brands are Scaled, Fast-growing

- **SKINNYPOP POPCORN**: $495M
  - #1 in Dollar Growth Over 3-Years
- **Dot’s Homestyle Pretzels**: $335M
  - Fastest-Growing Pretzel Brand Over 3-Years

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

&

EXPAND
Profitability

Investment
TO DRIVE FUTURE GROWTH AND PROFITABILITY
We will Deliver **Double-Digit Growth**
Over Next 3 Years

**BUILD BRAND AWARENESS**

**INCREASE DISTRIBUTION**

**WIN INCREMENTAL OCCASIONS**
Build Brand Awareness

2022 HOUSEHOLD PENETRATION

<table>
<thead>
<tr>
<th>Product</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dots</td>
<td>9%↑</td>
</tr>
<tr>
<td>Pretzels</td>
<td>59%</td>
</tr>
</tbody>
</table>

2022 HOUSEHOLD PENETRATION

<table>
<thead>
<tr>
<th>Product</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skinny Pop</td>
<td>15%↑</td>
</tr>
<tr>
<td>RTE Popcorn</td>
<td>57%</td>
</tr>
</tbody>
</table>

Increase Advertising Investment

Introduce First-ever Campaign for Dot’s

Launch New Campaign for SkinnyPop

Source: IRI, Calendar Year w/e 01/01/23
Increase Distribution
DISTRIBUTION – ACV, 2022

Geographical Expansion

Channel Expansion

86%  98%
SkinnyPop  Competitor A

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

Optimize Multi-pack Offerings and Margins

Capture Sweet & Salty Occasions
Committed to Margin Improvement

Near-Term

Expand Gross Margin
~300 bps by 2026

Long-Term

Company E  Company D  Company C  Company B  Company A

HERSHEY
Strong Pipeline for Margin Enhancement

**Near-Term**
- Optimize Existing Supply Chain Network
- Implement Enhanced ERP System

**Longer-Term**
- Scale Supply Chain Network
- Portfolio Mix

**Foundational**
- Net Price Realization
- Productivity
Investing for Growth and Margin Expansion

- Increase advertising to drive brand equity
- Modernize and integrate ERP systems
- Evolve and transform supply chain
- Invest in people and capabilities
Supply Chain Enables

Growth & Margin Expansion
Robust Diligence Process to Maximize ROIC

- Lean Manufacturing
- Portfolio Optimization
- Eliminate Bottlenecks
- Alternate Sourcing
- Network Expansion
Productivity and Efficiency is Foundational to Capital Efficiency

- Replace Underutilized Assets
- Repurpose Assets
- Leverage Excess Capacity

From

Zero

To

PAYDAY

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

2017-2022 Utilization

+15 Points of Utilization in Last 5-Years

2022-2024 Projected Utilization

- Over
- Target Capacity
- Under

No Investment

With Investment

Source: Company Information
Core Brand Investments Focused on High-Volume Lines to Support Growth

Reese’s

20% VOLUME GROWTH since 2017

~60% OF CAPACITY INVESTMENT TOWARDS REESE’S in 2021-2025

Capacity

COMING 2024

Chocolate Making Facility

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

Flexible Manufacturing

Agile Fulfillment

Enhanced Portfolio Capabilities
Flexible Manufacturing

From Conventional Lines

Technology A  
Technology B  
Technology C

Capital Intensive

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

To Advance Technology Line

Technology A + B + C

Capital Efficient

- Multi Purpose Assets
- Diverse SKU Portfolio
- Quick Changeovers - Minimal Downtime
Limited Display Units

Regional / Class of Trade Optimized Display Units

**From**

One Tower Size, One Mix

**To**

550 Cartridge Configurations

X 40 Tower Sizes

Mass Customization at Scale Enabled by Robotics and Digital Integration
Expanding Our Supply Chain Capabilities to Support Portfolio Evolution

NEW SALTY CAPABILITIES

- Pretzel Manufacturing + Seasoning
- Insource Pirate’s Booty
- Produce Sweet & Salty Snacks
Supply Chain Enables

Growth & Margin Expansion & Customer & Consumers
QUICK HITS

International & ESG

Rohit Grover
President, International

Leigh Horner
Chief Sustainability Officer
<table>
<thead>
<tr>
<th>Hershey’s as a Global Powerhouse</th>
<th>Reese’s Carving its Own Path</th>
<th>Differentiating with Local Jewels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global campaigns with local relevance</td>
<td>Successful playbook in UK, leveraging U.S. assets</td>
<td>Pelon on track to be #1 in Spicy in Mexico</td>
</tr>
<tr>
<td>New occasions with innovation</td>
<td>Selective regional expansion: Germany, Australia, Middle East</td>
<td></td>
</tr>
<tr>
<td>Brand halo to win in adjacencies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Using robust due diligence and leading standards to protect people across our value chain

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

Creating more ways for more people to be themselves and thrive
Financial Outlook & Capital Allocation Priorities

Steve Voskuil
Chief Financial Officer
Growing Categories
Volume & Price Growth
Leading Margin Performance
Strong Cash Flow Enabling Portfolio Expansion
Disciplined Capital Allocation with Differentiated Reinvestment

Peer-leading Return for Shareholders
5-YEAR CAGR

Proven Track Record

Adjusted Earnings Per Share
- 2017: $4.76
- 2022: $8.52
- CAGR: +12.3%

Operating Cash Flow
- 2017: $1.2B
- 2022: $2.3B
- CAGR: +13.3%

Dividend Per Share
- 2017: $2.55
- 2022: $3.87
- CAGR: +8.7%

Source: Company Financials, see appendix for a reconciliation of GAAP to Adjusted EPS
Balanced Price and Volume Growth

**Organic Net Sales Growth**

- **Price**
  - 2018-20: 1.4%
  - 2021-22: 10.4%
  - 2023E: ~3%
  - Long-Term: 6-8%

- **Volume**
  - 2018-20: 10.4%
  - 2021-22: 6-8%
  - 2023E: 3%
  - Long-Term: 1.4%

**Long-term Algorithm**

- **Price**
  - NA Confectionery: Price ++
  - NA Salty Snacks: Price +
  - International: Price +

- **Volume**
  - NA Confectionery: Volume +
  - NA Salty Snacks: Volume +++
  - International: Volume ++

Source: Company Financials
### Leading Margins

#### Adjusted Gross Margin
Calendar Year 2022

<table>
<thead>
<tr>
<th>Company</th>
<th>Margin (2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HERSHEY</td>
<td>44%</td>
</tr>
<tr>
<td>Mondelez</td>
<td>37%</td>
</tr>
<tr>
<td>McCormick</td>
<td>36%</td>
</tr>
<tr>
<td>General Mills</td>
<td>33%</td>
</tr>
<tr>
<td>Smucker's</td>
<td>33%</td>
</tr>
<tr>
<td>Campbell's</td>
<td>31%</td>
</tr>
<tr>
<td>Kellogg's</td>
<td>31%</td>
</tr>
<tr>
<td>Kraft Heinz</td>
<td>31%</td>
</tr>
<tr>
<td>Conagra</td>
<td>25%</td>
</tr>
</tbody>
</table>

#### Adjusted Operating Margin
Calendar Year 2022

<table>
<thead>
<tr>
<th>Company</th>
<th>Margin (2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HERSHEY</td>
<td>23%</td>
</tr>
<tr>
<td>Kraft Heinz</td>
<td>18%</td>
</tr>
<tr>
<td>General Mills</td>
<td>17%</td>
</tr>
<tr>
<td>Smucker's</td>
<td>16%</td>
</tr>
<tr>
<td>Mondelez</td>
<td>16%</td>
</tr>
<tr>
<td>Campbell's</td>
<td>15%</td>
</tr>
<tr>
<td>Conagra</td>
<td>15%</td>
</tr>
<tr>
<td>McCormick</td>
<td>14%</td>
</tr>
<tr>
<td>Kellogg's</td>
<td>12%</td>
</tr>
</tbody>
</table>

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

Adjusted Operating Income Margin %

- **20.7%** in 2017
- **22.9%** in 2021
- **23.1%** in 2022
- **++** for 2023-25E

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

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

2022 Cost of Goods Sold

$5.9B

60%

Raw Materials & Packaging

15%

Freight & Logistics

25%

Manufacturing Overhead

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

Source: Company Financials
Maintain a dividend payout >50%

- Net leverage ratio target of 1.5-2.0
- Maintain investment grade Single A Rating

Opportunistic if excess cash available
Capex will Remain Elevated in 2024 and Normalize in 2025

Capital Expenditures as a % of Net Sales

- 2021: 5.5%
- 2022: 5.0%
- 2023E: ~8%
- 2024E: 5-6%
- Long-Term: ~4%

Capital Investment Focused on:
- Core confection capacity
- Snacking scale and optimization
- Supply Chain resilience and technology
- High return investment
- Disciplined approach

Source: Company Financials
A Great Investment

Growing Categories

Volume & Price Growth

Leading Margin Performance

Strong Cash Flow

Disciplined Capital Allocation

Total Shareholder Return
5-Year Annualized Return

<table>
<thead>
<tr>
<th>Category</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hershey</td>
<td>17.8%</td>
</tr>
<tr>
<td>Market</td>
<td>9.4%</td>
</tr>
<tr>
<td>Food</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Source: Factset, Total Shareholder Return for 12/31/2017 to 12/31/2022
## Strong Visibility to Consistently Deliver Long-term Algorithm

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024-2025</th>
<th>2026+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales Growth</strong></td>
<td>6 - 8%</td>
<td>3 - 4%</td>
<td>2 - 4%</td>
</tr>
<tr>
<td><strong>Adjusted EPS Growth</strong></td>
<td>9 - 11%</td>
<td>7 - 8%</td>
<td>6 - 8%</td>
</tr>
</tbody>
</table>
Reaffirming 2023 Outlook

- **Reported Net Sales growth**: 6-8%
- **Reported Earnings Per Share Growth**: 11-15%
- **Adjusted Earnings Per Share Growth**: 9-11%
DELIVERING more...

KEEP THE MOMENTUM GOING

INVEST DIFFERENTIALLY & PRAGMATICALLY

EXECUTE AND TRANSFORM

Deliver Peer-leading Shareholder Return
## Reconciliation of GAAP and Non-GAAP Information

**Year-ending: December 31, 2022**

<table>
<thead>
<tr>
<th>In Millions of Dollars Except Per Share Amounts</th>
<th>Gross Profit</th>
<th>Operating Profit</th>
<th>Interest-Expense, Net</th>
<th>Net Income</th>
<th>Income Per Share-Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP results</td>
<td>$4,498.8</td>
<td>$2,260.8</td>
<td>$137.6</td>
<td>$1,644.8</td>
<td>$7.96</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative mark-to-market losses</td>
<td>78.8</td>
<td>78.2</td>
<td>-</td>
<td>64.7</td>
<td>0.38</td>
</tr>
<tr>
<td>Business realignment activities</td>
<td>-</td>
<td>4.4</td>
<td>-</td>
<td>3.3</td>
<td>0.02</td>
</tr>
<tr>
<td>Acquisition and integration-related activities</td>
<td>4.0</td>
<td>48.5</td>
<td>-</td>
<td>37.0</td>
<td>0.24</td>
</tr>
<tr>
<td>Other miscellaneous losses</td>
<td>-</td>
<td>13.6</td>
<td>-</td>
<td>10.3</td>
<td>0.07</td>
</tr>
<tr>
<td>Tax effect of all adjustments reflected above</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.15)</td>
</tr>
<tr>
<td><strong>Non-GAAP results</strong></td>
<td>$4,581.6</td>
<td>$2,405.4</td>
<td>$137.6</td>
<td>$1,760.1</td>
<td>$8.52</td>
</tr>
</tbody>
</table>

1: Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.  
2: Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.
# Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2021

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

1: Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.  
2: Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.
### Reconciliation of GAAP and Non-GAAP Information

**Year-ending: December 31, 2020**

<table>
<thead>
<tr>
<th>In Millions of Dollars Except Per Share Amounts</th>
<th>Gross Profit</th>
<th>Operating Profit</th>
<th>Interest-Expense, Net</th>
<th>Net Income</th>
<th>Income Per Share-Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP results</strong></td>
<td>$ 3,701.3</td>
<td>$ 1,782.7</td>
<td>$ 149.4</td>
<td>$ 1,278.7</td>
<td>$ 6.11</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative mark-to-market losses</td>
<td>6.4</td>
<td>6.4</td>
<td>-</td>
<td>5.1</td>
<td>0.03</td>
</tr>
<tr>
<td>Business realignment activities</td>
<td>2.2</td>
<td>31.5</td>
<td>-</td>
<td>24.0</td>
<td>0.15</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>-</td>
<td>3.6</td>
<td>-</td>
<td>2.8</td>
<td>0.03</td>
</tr>
<tr>
<td>Pension settlement charges relating to Company-directed initiatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.6</td>
<td>0.02</td>
</tr>
<tr>
<td>Long-lived asset impairment charges</td>
<td>-</td>
<td>9.1</td>
<td>-</td>
<td>8.8</td>
<td>0.04</td>
</tr>
<tr>
<td>Noncontrolling interest share of business realignment and impairment charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3.4)</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Other miscellaneous benefits</td>
<td>-</td>
<td>(3.2)</td>
<td>-</td>
<td>(2.4)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Tax effect of all adjustments reflected above</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.06)</td>
</tr>
<tr>
<td><strong>Non-GAAP results</strong></td>
<td>$ 3,709.9</td>
<td>$ 1,830.2</td>
<td>$ 149.4</td>
<td>$ 1,316.2</td>
<td>$ 6.29</td>
</tr>
</tbody>
</table>
### Reconciliation of GAAP and Non-GAAP Information

#### Year-ending: December 31, 2019

<table>
<thead>
<tr>
<th>In Millions of Dollars Except Per Share Amounts</th>
<th>Gross Profit</th>
<th>Operating Profit</th>
<th>Interest-Expense, Net</th>
<th>Net Income</th>
<th>Income Per Share-Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP results</td>
<td>$3,622.5</td>
<td>$1,596.0</td>
<td>$144.1</td>
<td>$1,149.7</td>
<td>$5.46</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative mark-to-market gains</td>
<td>(28.7)</td>
<td>(28.7)</td>
<td>-</td>
<td>(25.2)</td>
<td>(0.14)</td>
</tr>
<tr>
<td>Business realignment activities</td>
<td>-</td>
<td>9.2</td>
<td>-</td>
<td>7.3</td>
<td>0.04</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>2.0</td>
<td>10.2</td>
<td>-</td>
<td>7.7</td>
<td>0.05</td>
</tr>
<tr>
<td>Pension settlement charges relating to Company-directed initiatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.8</td>
<td>0.01</td>
</tr>
<tr>
<td>Long-lived and intangible asset impairment charges</td>
<td>-</td>
<td>112.5</td>
<td>-</td>
<td>88.5</td>
<td>0.53</td>
</tr>
<tr>
<td>Noncontrolling interest share of business realignment and impairment charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2.8)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Gain on sale of other assets</td>
<td>-</td>
<td>(11.3)</td>
<td>-</td>
<td>(8.5)</td>
<td>(0.05)</td>
</tr>
<tr>
<td>Tax effect of all adjustments reflected above</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.11)</td>
</tr>
<tr>
<td><strong>Non-GAAP results</strong></td>
<td>$3,595.8</td>
<td>$1,687.9</td>
<td>$144.1</td>
<td>$1,218.4</td>
<td>$5.78</td>
</tr>
</tbody>
</table>
## Reconciliation of GAAP and Non-GAAP Information

**Year-ending: December 31, 2018**

<table>
<thead>
<tr>
<th>In Millions of Dollars Except Per Share Amounts</th>
<th>Gross Profit</th>
<th>Operating Profit</th>
<th>Interest-Expense, Net</th>
<th>Net Income</th>
<th>Income Per Share-Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP results</td>
<td>$ 3,575.3</td>
<td>$ 1,623.7</td>
<td>$ 138.8</td>
<td>$ 1,177.6</td>
<td>$ 5.58</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative mark-to-market gains</td>
<td>(168.3)</td>
<td>(168.3)</td>
<td>-</td>
<td>(152.5)</td>
<td>(0.80)</td>
</tr>
<tr>
<td>Business realignment activities</td>
<td>11.3</td>
<td>51.8</td>
<td>-</td>
<td>38.9</td>
<td>0.25</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>6.2</td>
<td>44.8</td>
<td>-</td>
<td>35.7</td>
<td>0.21</td>
</tr>
<tr>
<td>Pension settlement charges relating to Company-directed initiatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.1</td>
<td>0.03</td>
</tr>
<tr>
<td>Long-lived and intangible asset impairment charges</td>
<td>-</td>
<td>57.7</td>
<td>-</td>
<td>41.9</td>
<td>0.27</td>
</tr>
<tr>
<td>Impact of U.S. tax reform</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7.8)</td>
<td>-</td>
</tr>
<tr>
<td>Noncontrolling interest share of business realignment and impairment charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6.3)</td>
<td>(0.03)</td>
</tr>
<tr>
<td>Gain on sale of licensing rights</td>
<td>-</td>
<td>(2.7)</td>
<td>-</td>
<td>(1.5)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Tax effect of all adjustments reflected above</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.14)</td>
</tr>
<tr>
<td><strong>Non-GAAP results</strong></td>
<td>$ 3,424.6</td>
<td>$ 1,607.1</td>
<td>$ 138.8</td>
<td>$ 1,130.1</td>
<td>$ 5.36</td>
</tr>
</tbody>
</table>
Reconciliation of GAAP and Non-GAAP Information

Year-Ending: December 31, 2017

<table>
<thead>
<tr>
<th>In Millions of Dollars Except Per Share Amounts</th>
<th>Gross Profit</th>
<th>Operating Profit</th>
<th>Interest-Expense, Net</th>
<th>Net Income</th>
<th>Income Per Share-Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP results</td>
<td>$ 3,455.4</td>
<td>$ 1,313.4</td>
<td>$ 98.3</td>
<td>$ 783.0</td>
<td>$ 3.66</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative mark-to-market gains</td>
<td>(35.3)</td>
<td>(35.3)</td>
<td>-</td>
<td>(30.5)</td>
<td>(0.16)</td>
</tr>
<tr>
<td>Business realignment activities</td>
<td>5.1</td>
<td>69.4</td>
<td>-</td>
<td>51.0</td>
<td>0.33</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>-</td>
<td>0.3</td>
<td>-</td>
<td>0.2</td>
<td>-</td>
</tr>
<tr>
<td>Pension settlement charges relating to Company-directed initiatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6.8</td>
<td>0.05</td>
</tr>
<tr>
<td>Long-lived and intangible asset impairment charges</td>
<td>-</td>
<td>208.7</td>
<td>-</td>
<td>185.4</td>
<td>0.98</td>
</tr>
<tr>
<td>Impact of U.S. tax reform</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32.5</td>
<td>-</td>
</tr>
<tr>
<td>Noncontrolling interest share of business realignment and impairment charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(26.8)</td>
<td>(0.13)</td>
</tr>
<tr>
<td>Tax effect of all adjustments reflected above</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>Non-GAAP results</strong></td>
<td>$ 3,425.2</td>
<td>$ 1,556.5</td>
<td>$ 98.3</td>
<td>$ 1,001.5</td>
<td>$ 4.69</td>
</tr>
</tbody>
</table>

| As reported gross margin                     | 46.0%        |                  |                      |            |                          |
| Non-GAAP gross margin (1)                    | 45.6%        |                  |                      |            |                          |

| As reported operating profit margin          | 17.5%        |                  |                      |            |                          |
| Non-GAAP operating profit margin (2)         | 20.7%        |                  |                      |            |                          |

1: Calculated as non-GAAP gross profit as a percentage of net sales for the period presented.  
2: Calculated as non-GAAP operating profit as a percentage of net sales for the period presented.