HERSHEY

Investor Day 2023

HERSHEY, PA

MARCH 22, 2023

Welcome & Opening Remarks

Melissa Poole

VP, Investor Relations

Forward-Looking Statements

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

ADVANCING

Enterprise Strategies

Michele Buck

Chief Executive Officer

HERSHEY

WHO WE ARE

Great Brands

Advantaged Financial Structure

Best People

Differentiated Capabilities & Executional Excellence

WE SET OUT TO DO

more...

WE SET OUT TO DO

more...

...FOR OUR **portfolio**

...FOR OUR **capabilities**

...FOR OUR **people**

...FOR OUR **customers**

...FOR OUR **environment**

...FOR OUR **shareholders**

SINCE 2017

We've Made Great Progress

ACCELERATE Confection

Net & Retail Sales
+5% CAGR[1]

#1 E-Commerce Share[2]

Strategic Pricing
Avg Contribution +2.4pts[3]

PORTFOLIO Transformation

International
2022 Segment Margin 12.6%[3]

6 Acquisitions via Enhanced
M&A Capability

Salty Snacks
Now 10% of Company Sales[3]

INVESTING IN Capabilities

Media
ROI +30%[3]

Capital Investment
$2.1B[3]

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

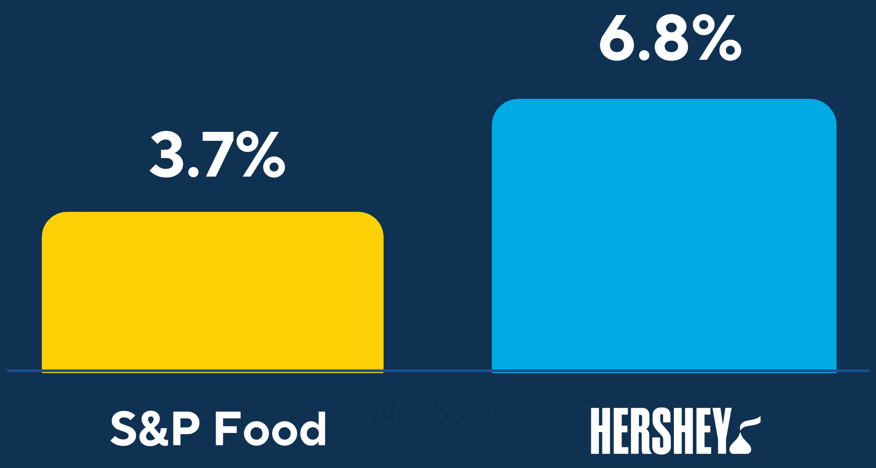
ONE OF THE

Strongest Snacking Portfolios

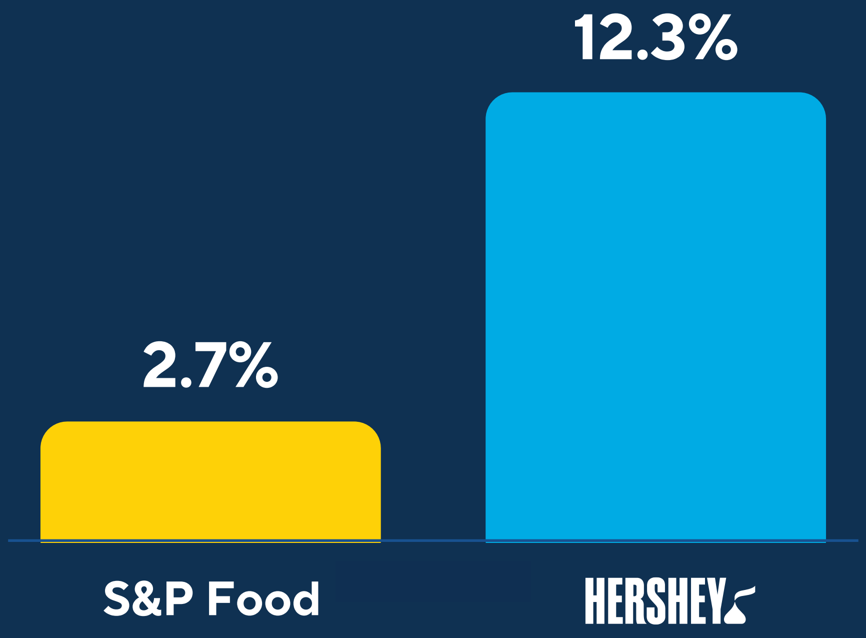
IN THE INDUSTRY

While Delivering Differentiated Results

Net Sales 5-Year CAGR[1]



Adjusted EPS 5-Year CAGR[1]



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

Generated Peer-leading Market Performance

Market Performance
Stock Price Index to 12/31/2017

HSY STOCK PRICE CHANGE +104%

Source: Factset

We Aspire to...

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

WE ARE UNIQUELY POSITIONED TO

Deliver More

Transformational Strengths

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

Foundational Strengths

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

TO ACHIEVE THIS VISION,

Our Fundamental Strategies

REMAIN THE SAME

UNDISPUTED LEADER
U.S. CMG

SCALE
Salty Snacks

PROFITABLE GROWTH IN
International

INCREMENTALITY VIA
M&A

A Leading Snacking Powerhouse

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

Continue	Evolve & Elevate	Transform
U.S. CMG Leadership	Commercial Capabilities	Salty Go-To-Market and Supply Chain
Scaling Salty Snacks	Network Capacity and Resilience	Business and Workforce Planning
Profitable International Growth	Environment, Social & Governance (ESG)	
M&A for Incrementality		

Balanced Growth Drivers

PROVIDE DIFFERENTIATION

Sweet & SALTY	Power Brands & NICHE FAVORITES	U.S. & INTER-NATIONAL	Everyday & SEASON	At Home & ON-THE-GO

Continue to Focus on Confection and Salty Snacks

Drive Confection Incrementality	Scale Salty Snacks	Profitable International Growth
Drive Chocolate and Expand BFY & Sweets	Increase Brand Awareness	Focus on Core Brands
Deliver Price Realization	Expand Distribution	Expand Distribution
Optimize Consumer Investment	Scale Operating Model	Drive Adjacencies

M&A
TO ACCELERATE GROWTH

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

Transforming Commercial Capabilities

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

Integrated Technology, Systems and Data

Upskill Talent and Transform Ways of Working

Business & Workforce Planning

- Optimize Labor Through Global Business Solutions
- Prioritize and Enhance Talent Development
- Simplify and Digitize Key Processes
- Harmonize Technology Solutions

DELIVERING more... IN THE FUTURE

We Listened to Your Feedback

plans promotions consumers

capacity supply customer advertising pricing working

trends margins chain confection

state innovation ESG

opportunities capital productivity

digital AI capabilities strategy growth

international margin value snack

analytics India competition allocation automation

cocoa LT algorithm relationships

outlook volume

Strategies
FOR THE FUTURE

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

Salty Snacks
Kristen Riggs • President, Salty Snacks

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

Quick Hits

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

Q&A

Being the Undisputed Leader in U.S. Confection

Chuck Raup

President, U.S. Confection

U.S. Confection Leader

Leading Position

CMG	Chocolate
31%[1]	45%[1]

Gaining Share

HERSHEY

+60 bps[2]

Top 5
Competitors Combined

-215 bps[2]

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

North America Confection

Net Sales Growth

Recent Performance 2019-2022

~4%
Net Price Realization

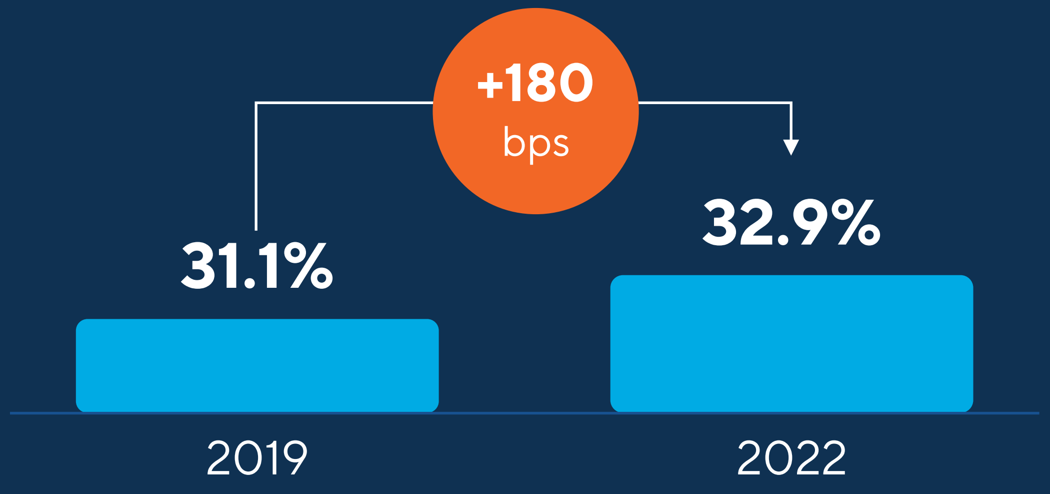
+

~3%
Volume

+7.0%
AVERAGE

Segment Margin

Recent Performance 2019-2022



OUTLOOK

Low Single-Digit Growth

- Net Price Realization ++
- Volume +

Annual Margin Expansion

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

Source: Company Financials

Evolved Strategies for Sustainable Growth

	Innovation	Pricing	Omni-Channel	Media Targeting
2017	Mass Approach, Capital-Intensive	Episodic and Reactive	<1% of Digital Sales	Broad-reach Targeting
Today	Fit for Purpose / Occasion-based + White Space Segments	Proactive Strategic Growth Driver	5%+ of Digital Sales	Mass Personalization with Greater Effectiveness And Lower Cost

Capitalizing on Consumer Trends

Home-Centricity

+42B More At-Home Eating Occasions vs 2019

Physical and Emotional Wellness

Chocolate is Top Snack for Stress Relief

Digital Connectivity

More Ways to Reach Consumers

Addressable Media From 20% to 65%

Source: 1: The NPD Group: Eating Patterns in America, Trends in Meals & Snacks & Snack Track, Trend in Snack Categories by Mood | 2: Company Information, Horizon Media Report (2022)

White Space Opportunities

Gummy

Growth
~3X
Category Avg

Better-for-you Confection

Growth
~2X
Category Avg

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

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

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

Advantaged
CATEGORY AND TRENDS

&

Proven
BRAND STRATEGY

UNDISPUTED
U.S.
Confection
Leader

Salty Snacks Growth & Margin Opportunities

Kristen Riggs
President, Salty Snacks

We Aspire to LEAD in Popcorn and Pretzels

FROM #2 TO #1

&

FROM #3 TO #1

Popcorn

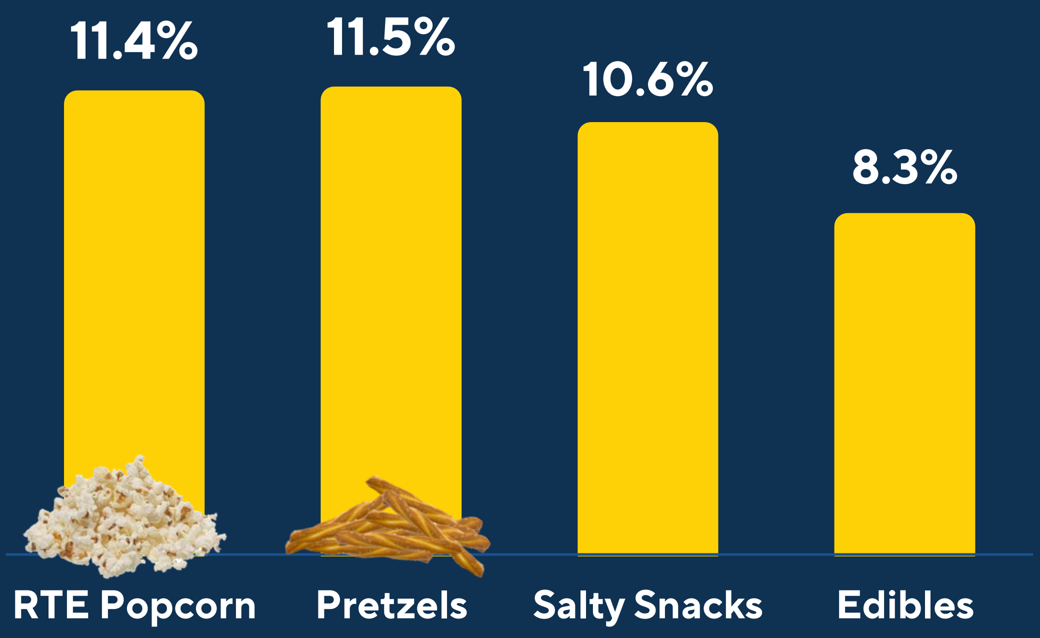
Pretzels

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

We are Positioned to Win

Categories are Primed for Growth

Retail Sales 3-Year CAGR[1]



Retail Sales[2]	RTE Popcorn	Pretzels	Salty Snacks	Edibles
	$2B	$2B	$35B	$685B

Brands are Scaled, Fast-growing

SKINNYPOP POPCORN

$495M[2]

#1 in Dollar Growth Over 3-Years

Dot's Homestyle Pretzels

$335M[2]

Fastest-Growing Pretzel Brand Over 3-Years

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

CATEGORY-LEADING

Growth

&

EXPAND

Profitability

Investment

TO DRIVE FUTURE GROWTH AND PROFITABILITY

We will Deliver Double-Digit Growth Over Next 3 Years

BUILD BRAND AWARENESS

INCREASE DISTRIBUTION

WIN INCREMENTAL OCCASIONS

Build Brand Awareness

2022 HOUSEHOLD PENETRATION

9% ⬆	59%
Dots	Pretzels

2022 HOUSEHOLD PENETRATION

15% ⬆	57%
Skinny Pop	RTE Popcorn

Increase Advertising Investment

Introduce First-ever Campaign for Dot's

Launch New Campaign for SkinnyPop

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

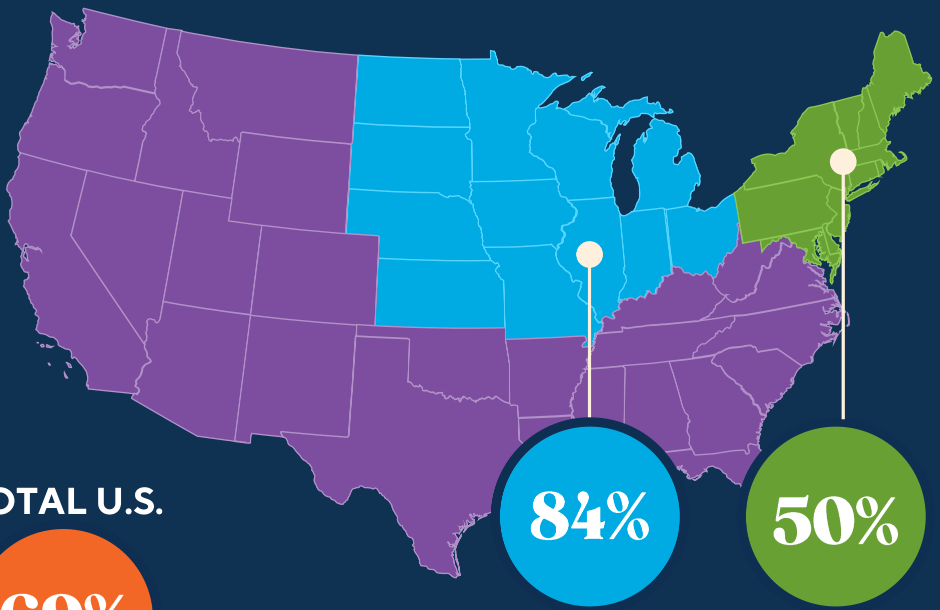
Increase Distribution

DISTRIBUTION – ACV, 2022

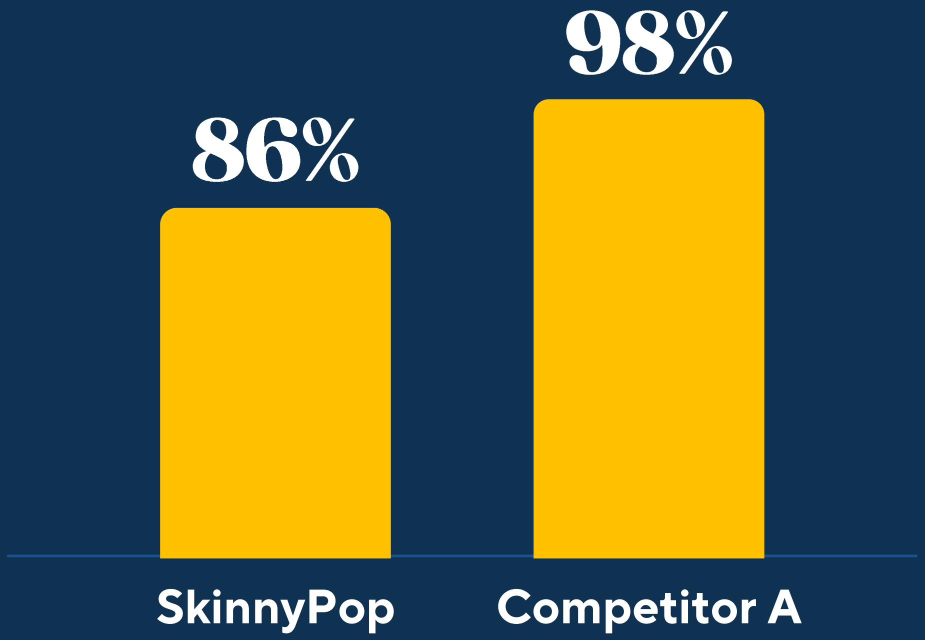
Geographical Expansion

TOTAL U.S.

69%



Channel Expansion



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

Win Incremental Occasions

Optimize Multi-pack Offerings and Margins

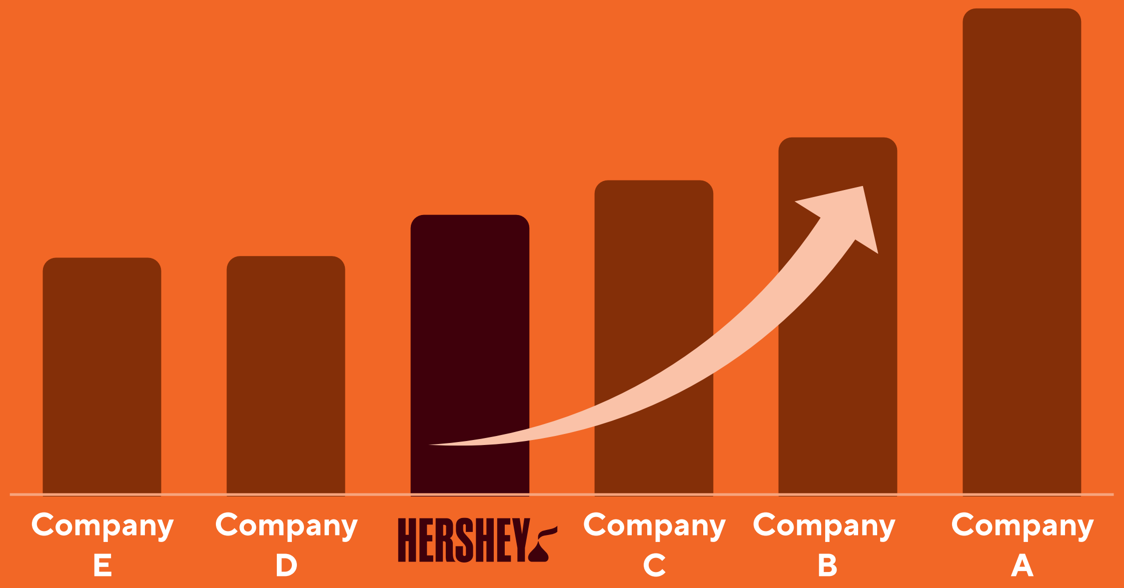
Capture Sweet & Salty Occasions

Committed to Margin Improvement

Near-Term

Expand Gross Margin
~300 bps by 2026

Long-Term



Strong Pipeline for Margin Enhancement

Near-Term

Optimize Existing Supply Chain Network

Implement Enhanced ERP System

Longer-Term

Scale Supply Chain Network

Portfolio Mix

Foundational

Net Price Realization

Productivity

Investing for Growth and Margin Expansion

Increase advertising to drive brand equity

Modernize and integrate ERP systems

Evolve and transform supply chain

Invest in people and capabilities


Dot's
Homestyle
Pretzels
+
PRETZELS
INC
SKINNYPOP
POPCORN

Supply Chain Strategy & Investments

Will Bonifant

Vice President,
U.S. & Canada Supply Chain

Supply Chain

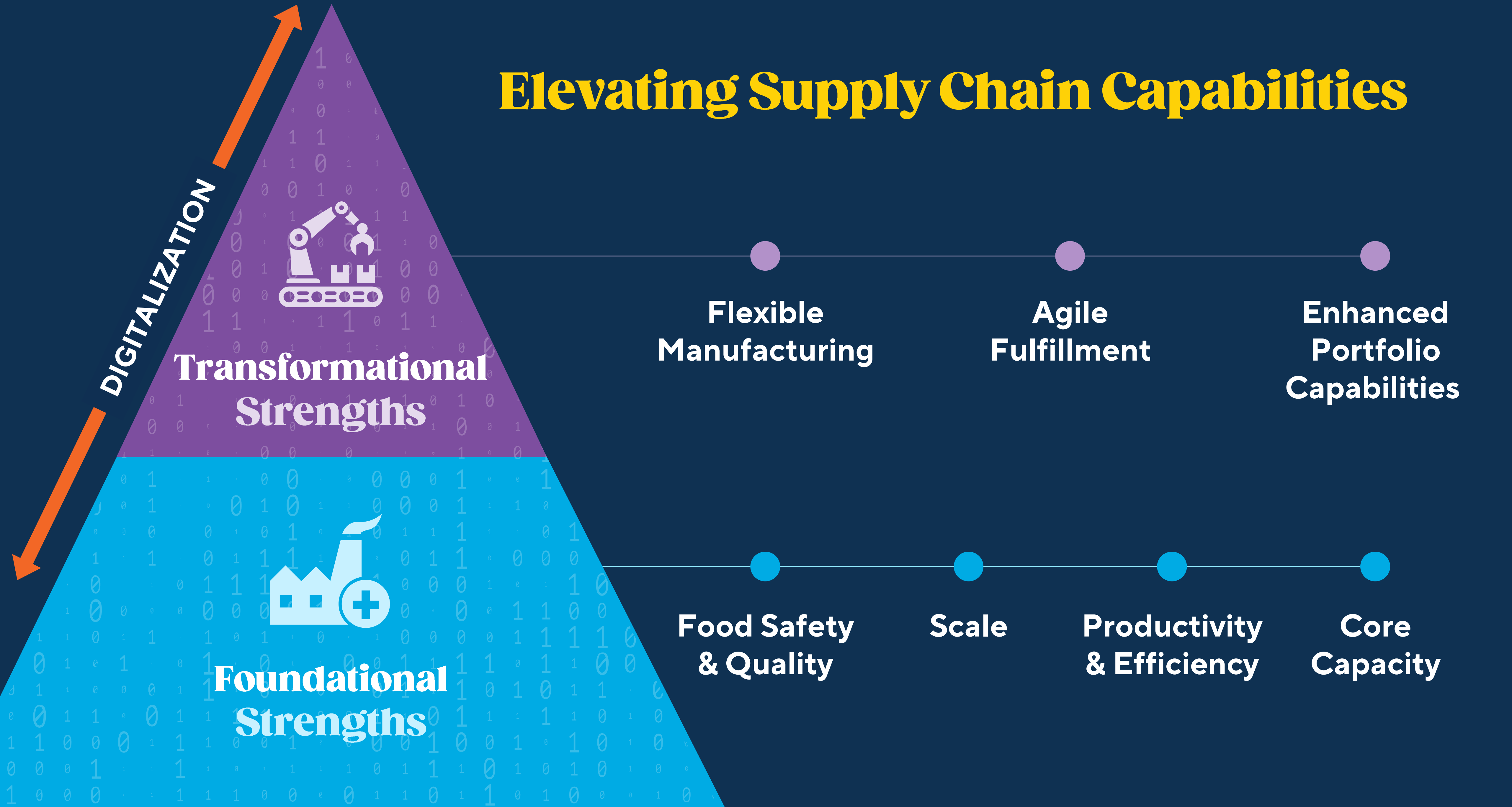
ENABLES

Growth

&

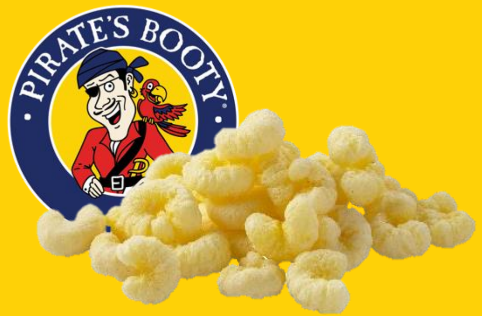
Margin Expansion

Elevating Supply Chain Capabilities



Robust Diligence Process to Maximize ROIC

Productivity and Efficiency is Foundational to Capital Efficiency

	Replace Underutilized Assets	Repurpose Assets	Leverage Excess Capacity
From	Zero		PRETZELS INC
To			

Increased Productivity

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

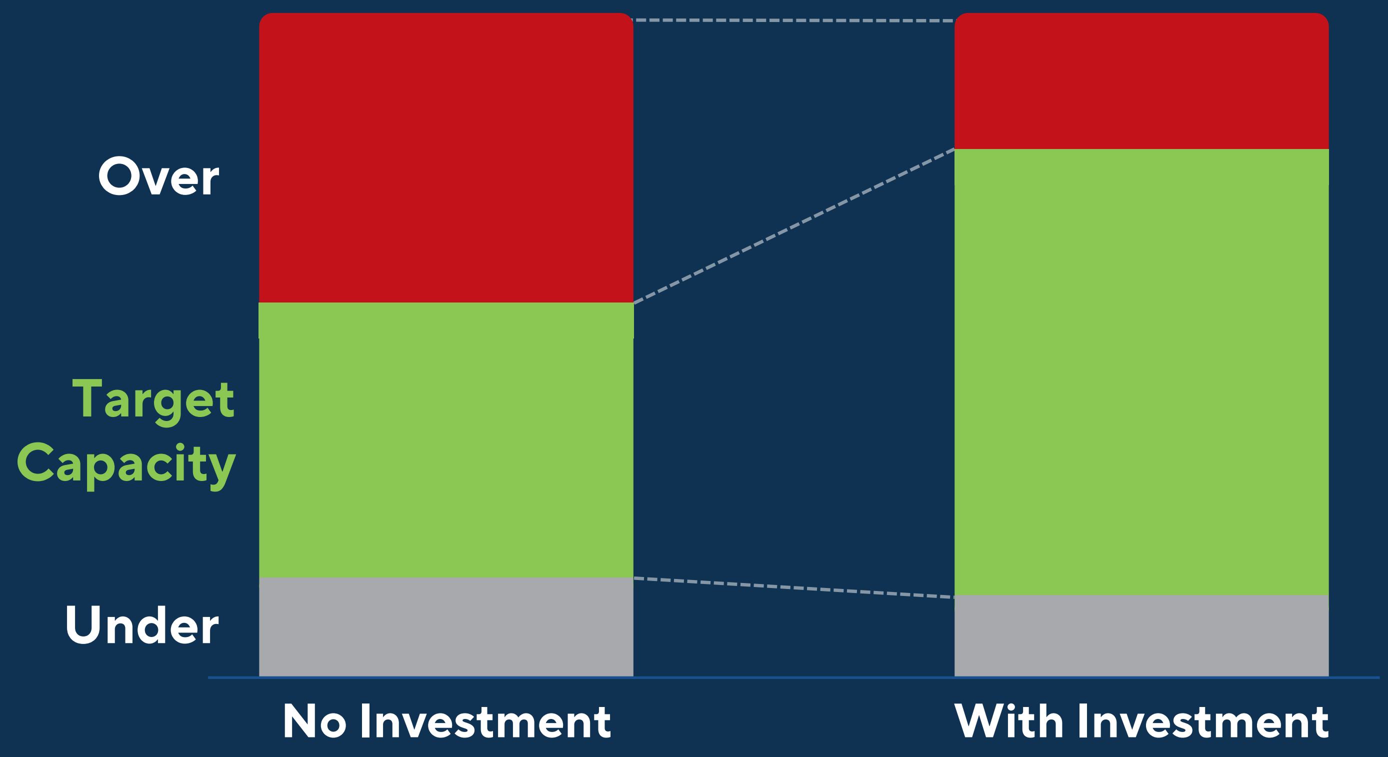
2017-2022 Utilization

+15

Points of Utilization

in Last 5-Years

2022-2024 Projected Utilization



Source: Company Information

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

Reese's

20%
VOLUME GROWTH[1]
since 2017

~60%
OF CAPACITY INVESTMENT TOWARDS REESE'S[2]
in 2021-2025

Capacity

Chocolate Making Facility

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

Investment in Transformation Capabilities

Flexible Manufacturing

Agile Fulfillment

Enhanced Portfolio Capabilities

Flexible Manufacturing

From
Conventional Lines

Technology A

Technology B

Technology C

Capital Intensive

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

To
Advance Technology Line

Technology A + B + C

Capital Efficient

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

Agile Fulfillment

From

Limited Display Units

One Tower Size,
One Mix

To

Regional / Class of Trade Optimized Display Units

550 Cartridge
Configurations

X 40
Tower Sizes

Precision Display Mix

Mass Customization at Scale Enabled by Robotics and Digital Integration

Expanding Our Supply Chain Capabilities to Support Portfolio Evolution

NEW SALTY CAPABILITIES

Pretzel Manufacturing + Seasoning

Insource Pirate's Booty

Produce Sweet & Salty Snacks

Supply Chain
ENABLES

Growth

&

Margin Expansion

Customer

&

Consumers

QUICK HITS

International & ESG

Rohit Grover
President, International

Leigh Horner
Chief Sustainability Officer

Building our Brands across Markets

Hershey's as a Global Powerhouse

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

Reese's Carving its Own Path

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

Differentiating with Local Jewels

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

ESG Priorities Aligned to Material Issues

Cocoa

Creating thriving communities and environments behind our most essential ingredient

Responsible Sourcing & Human Rights

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

Environment

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

Our People

Creating more ways for more people to be themselves and thrive

Youth

Community

Financial Outlook & Capital Allocation Priorities

Steve Voskuil

Chief Financial Officer

ADVANTAGED

Financial Structure

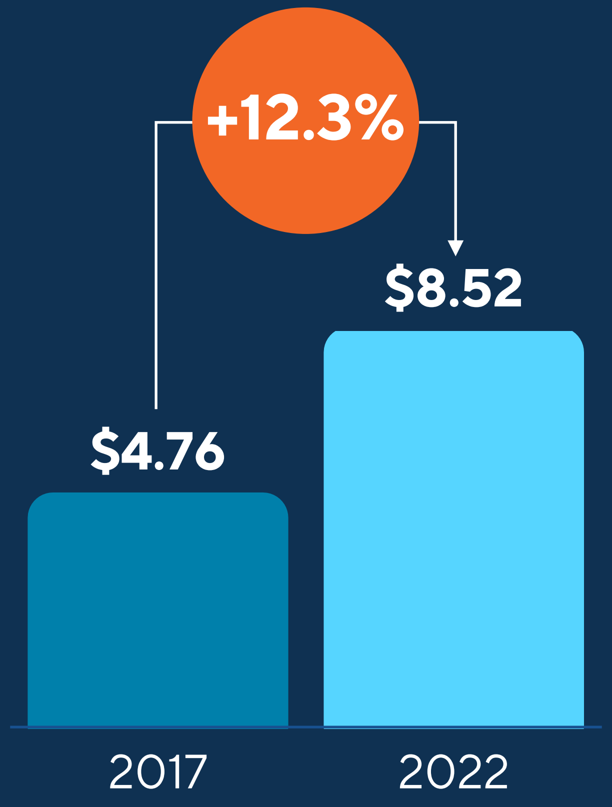
- Growing Categories
- Volume & Price Growth
- Leading Margin Performance
- Strong Cash Flow Enabling Portfolio Expansion
- Disciplined Capital Allocation with Differentiated Reinvestment

Peer-leading Return for Shareholders

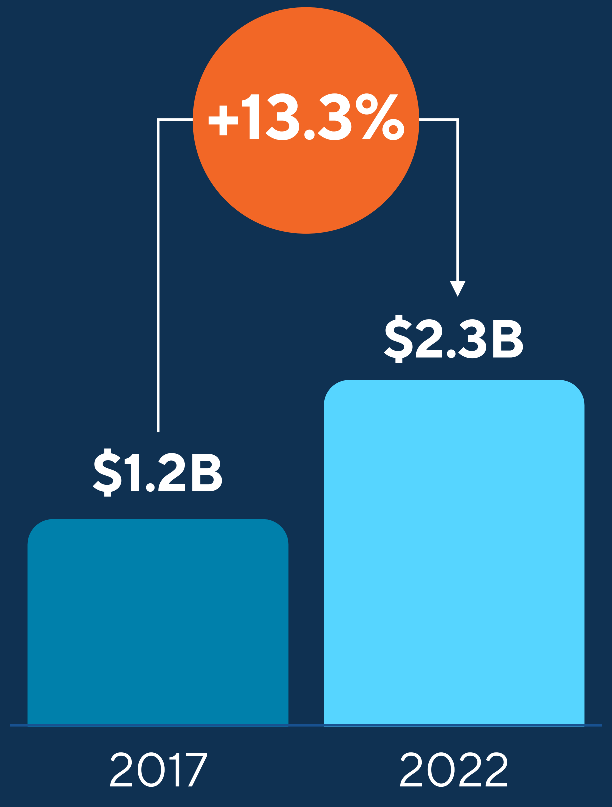
5-YEAR CAGR

Proven Track Record

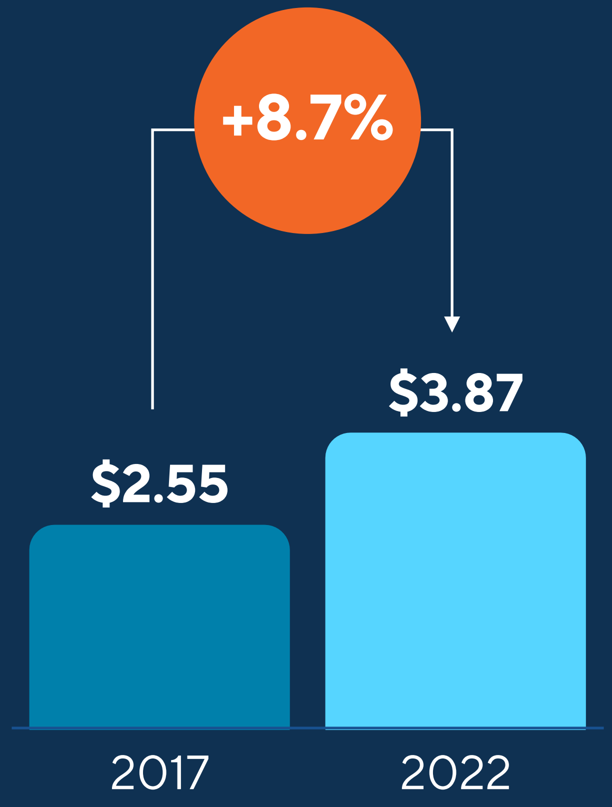
Adjusted Earnings Per Share



Operating Cash Flow



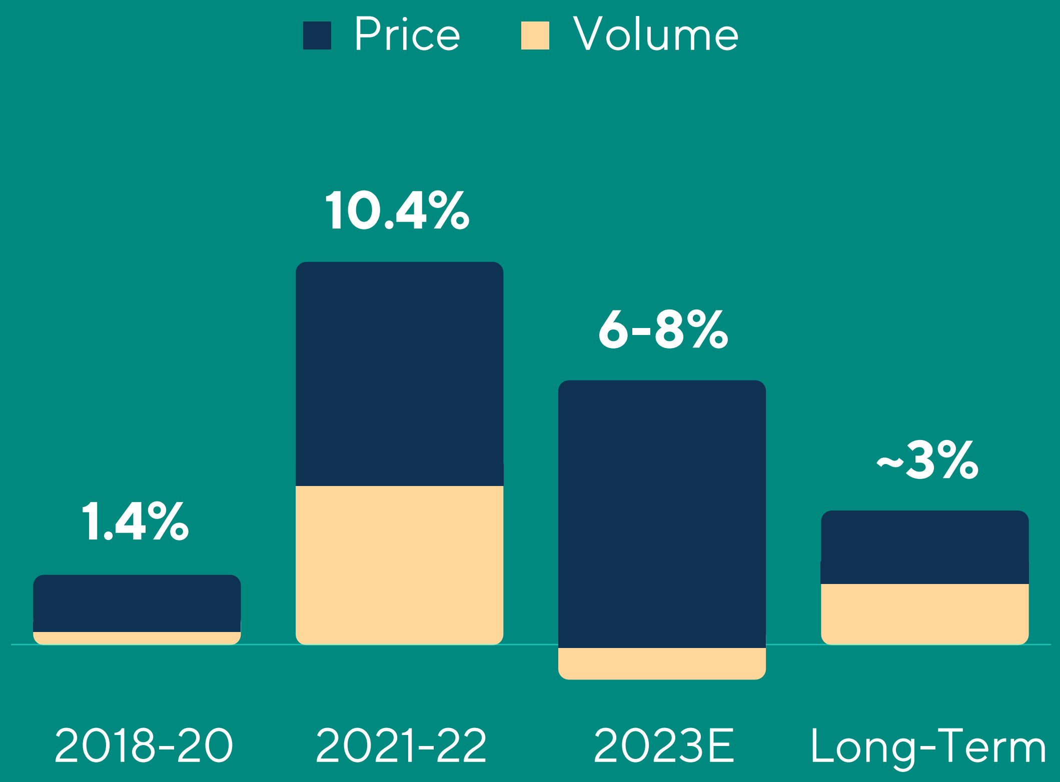
Dividend Per Share



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

Balanced Price and Volume Growth

Organic Net Sales Growth



2-4% Long-term Algorithm

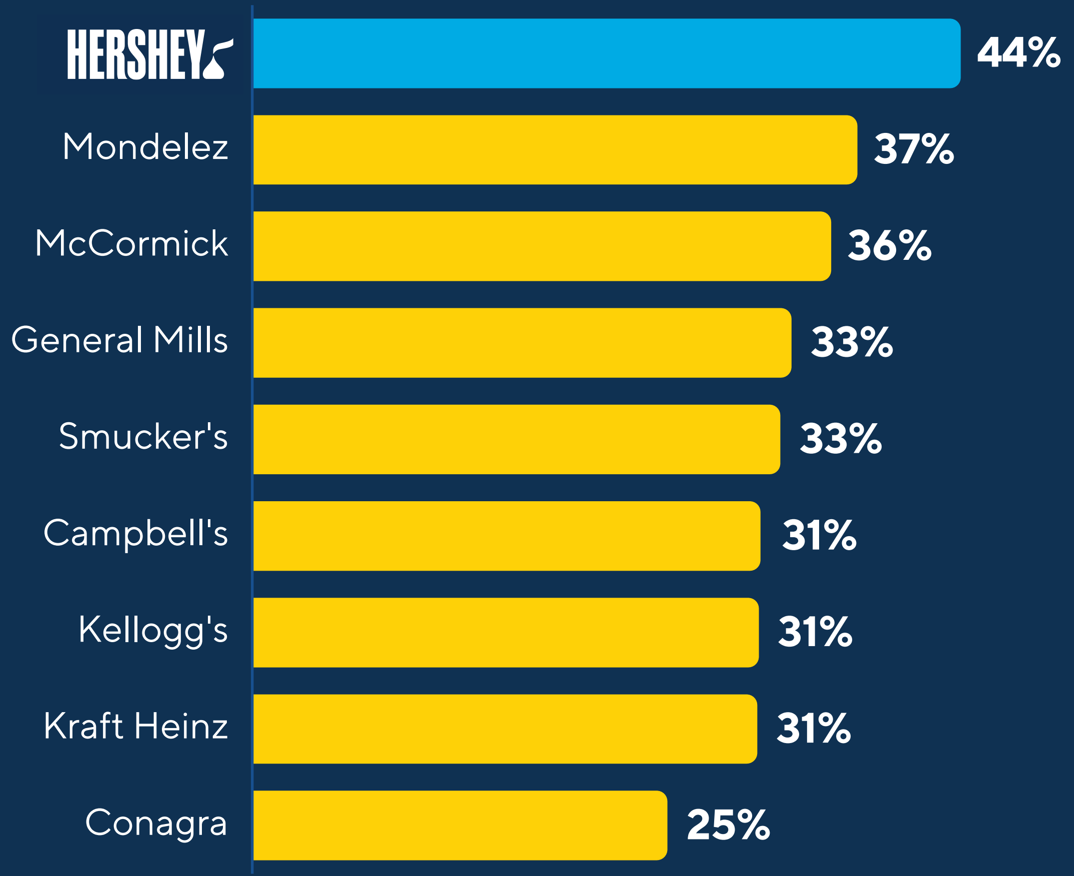
Price	Volume
1.5%	1.5%

NA Confectionery	NA Salty Snacks	International
Price ++ Volume +	Price + Volume +++	Price + Volume ++

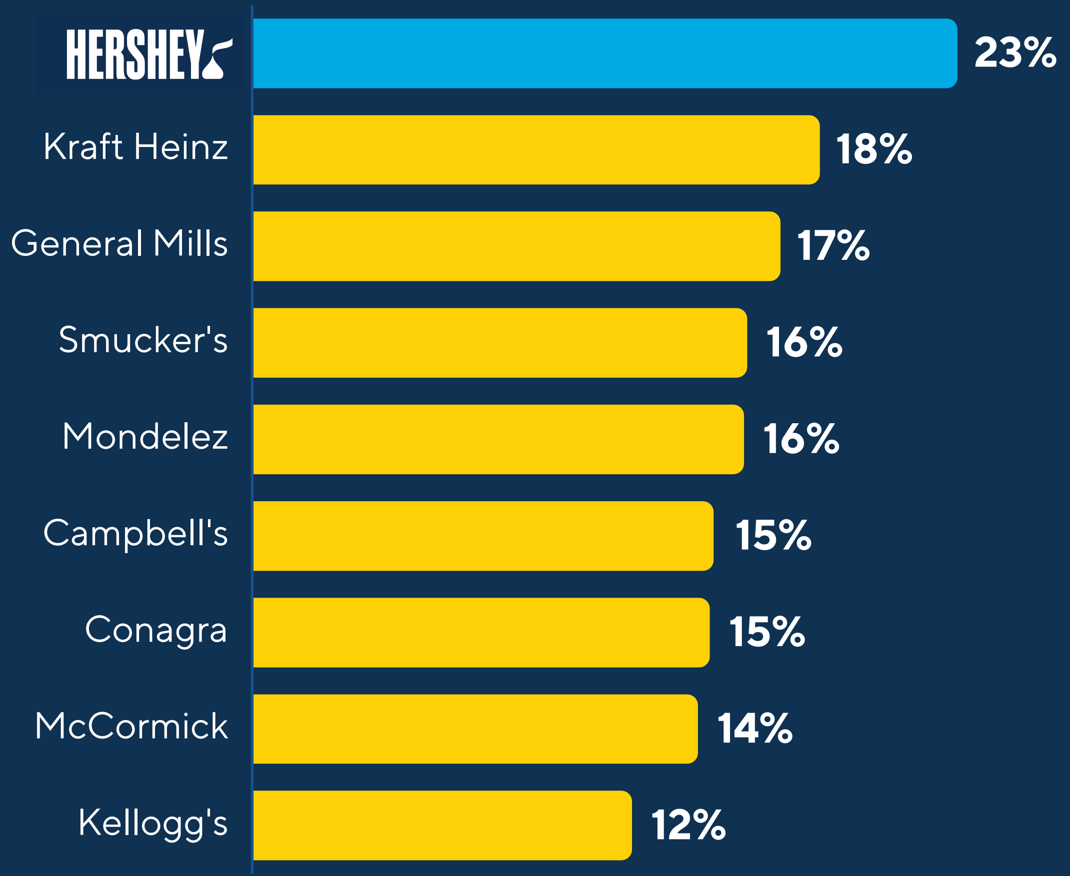
Source: Company Financials

Leading Margins

Adjusted Gross Margin
Calendar Year 2022

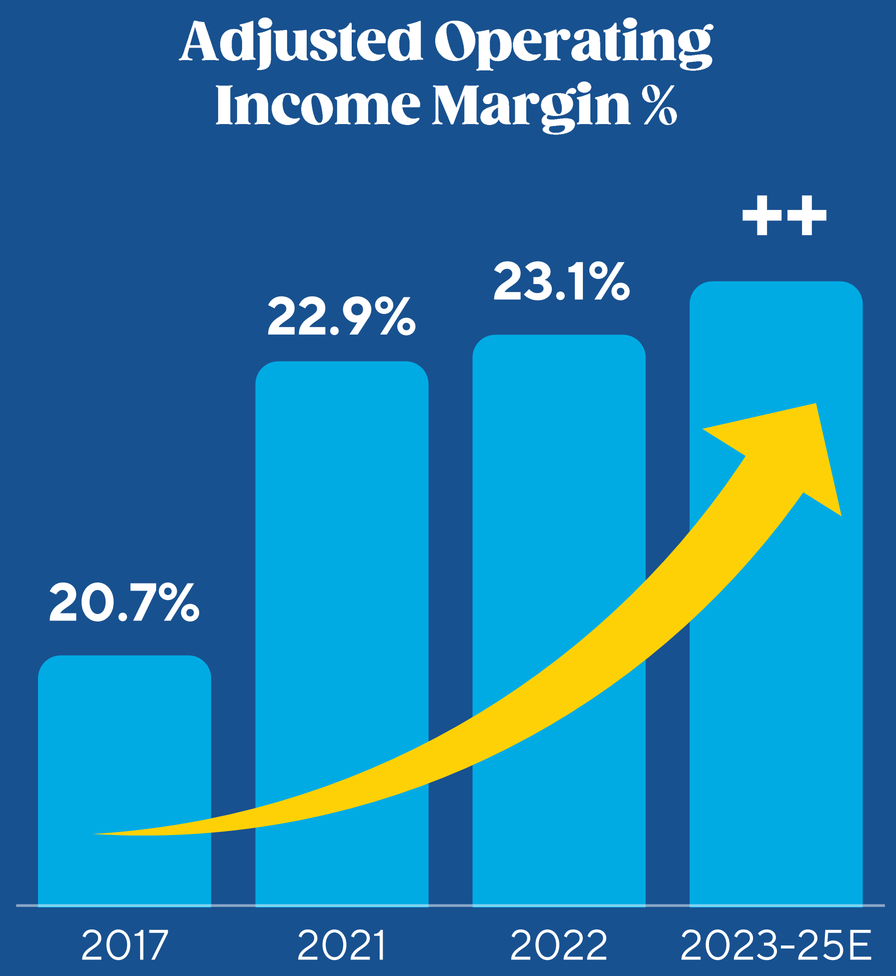


Adjusted Operating Margin
Calendar Year 2022



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

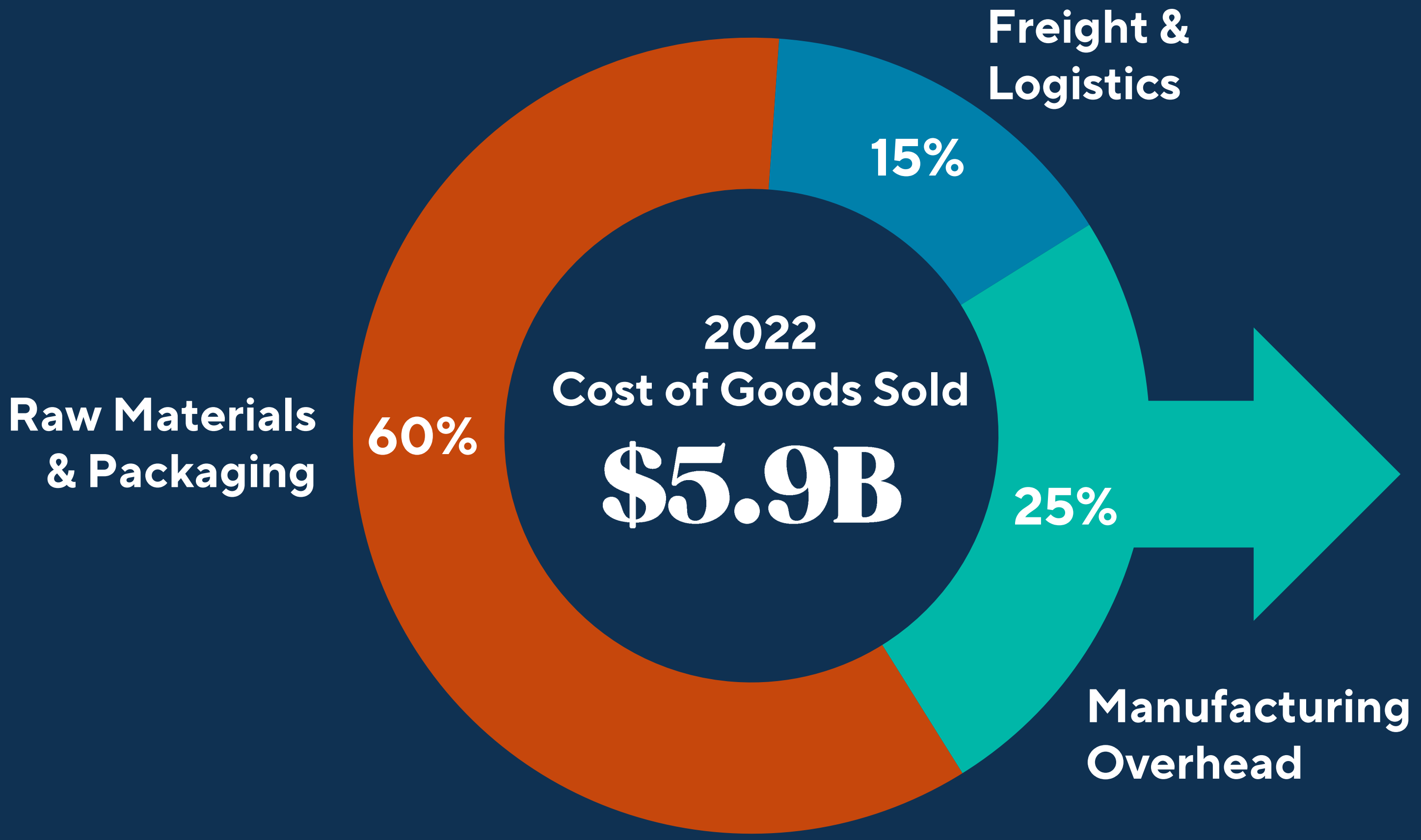
Opportunities for Continued Margin Expansion



- 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

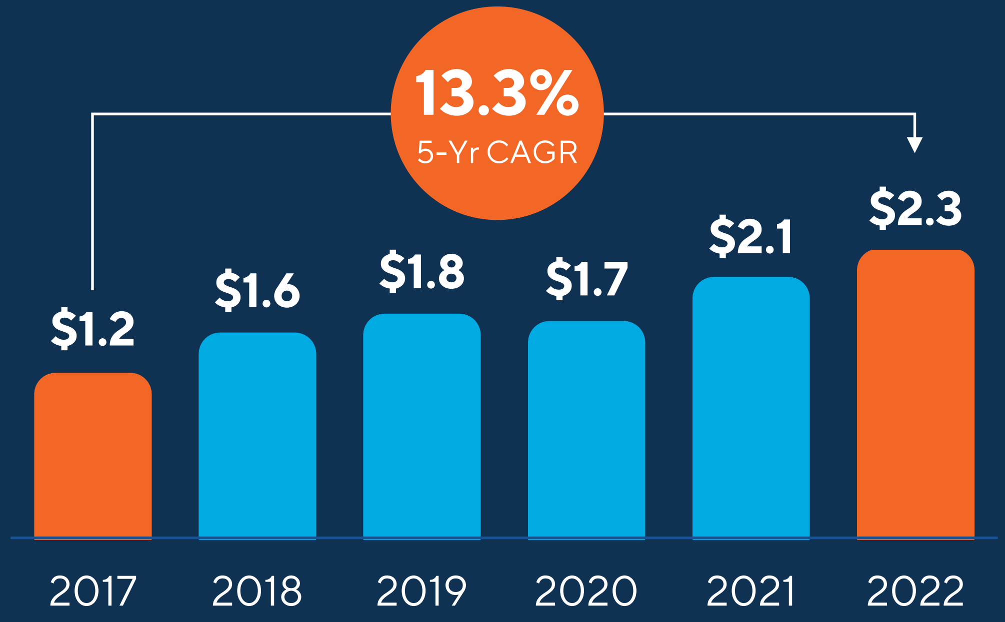


Annual Productivity and Efficiencies

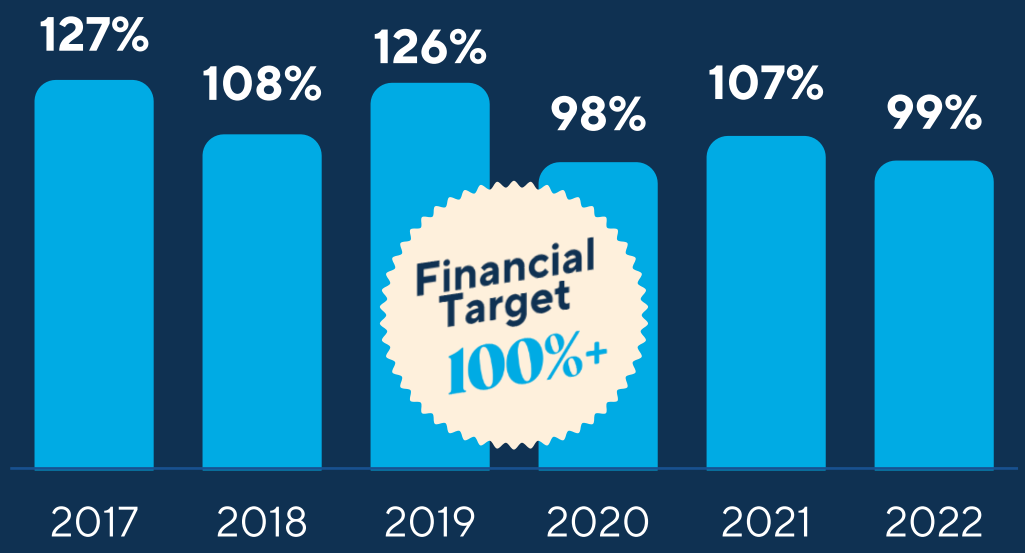
Source: Company Financials

Strong Cash Flow Conversion

Cash Flow from Operations ($ Billion)



Free Cash Flow Productivity[1]



Focused Effort on Working Capital Improvement

- Expand Processes to Salty Snacks
- Extended Payment Terms with Suppliers
- Optimize Inventory Levels

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

Capital Allocation Strategy to Support Growth and Create Value for Shareholders

1 Business Reinvestment Including M&A

2 Dividend

Maintain a dividend payout >50%

3 Share Buybacks

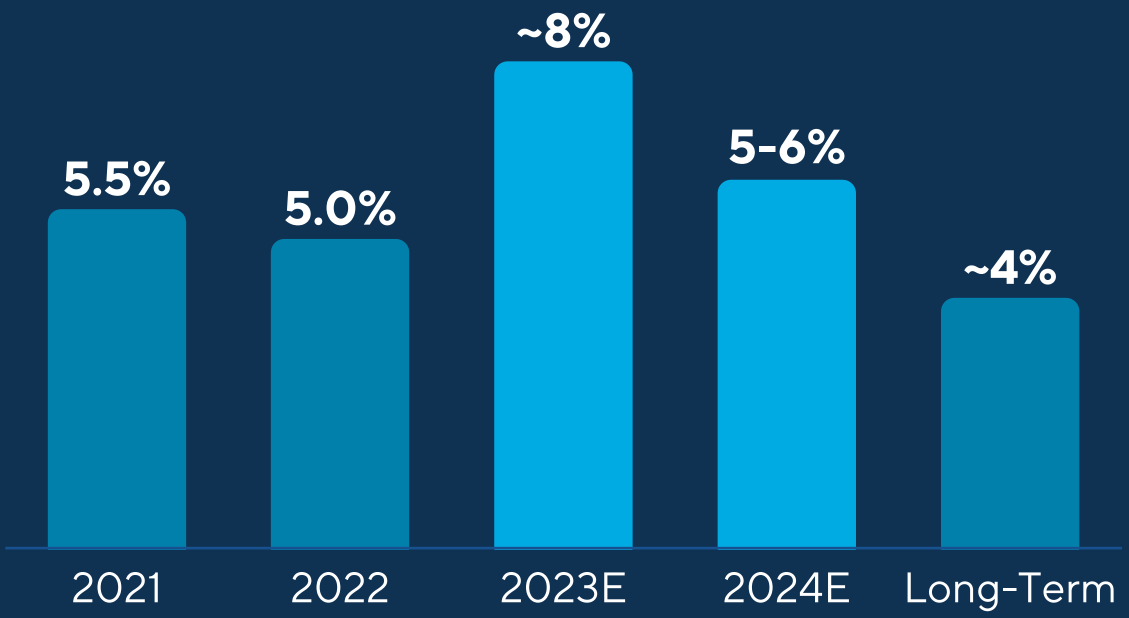
- Consistent amount annually
- Opportunistic if excess cash available

4 Debt Reduction

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

Capex will Remain Elevated in 2024 and Normalize in 2025

Capital Expenditures as a % of Net Sales



Capital Investment Focused on:

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

- High return investment
- Disciplined approach

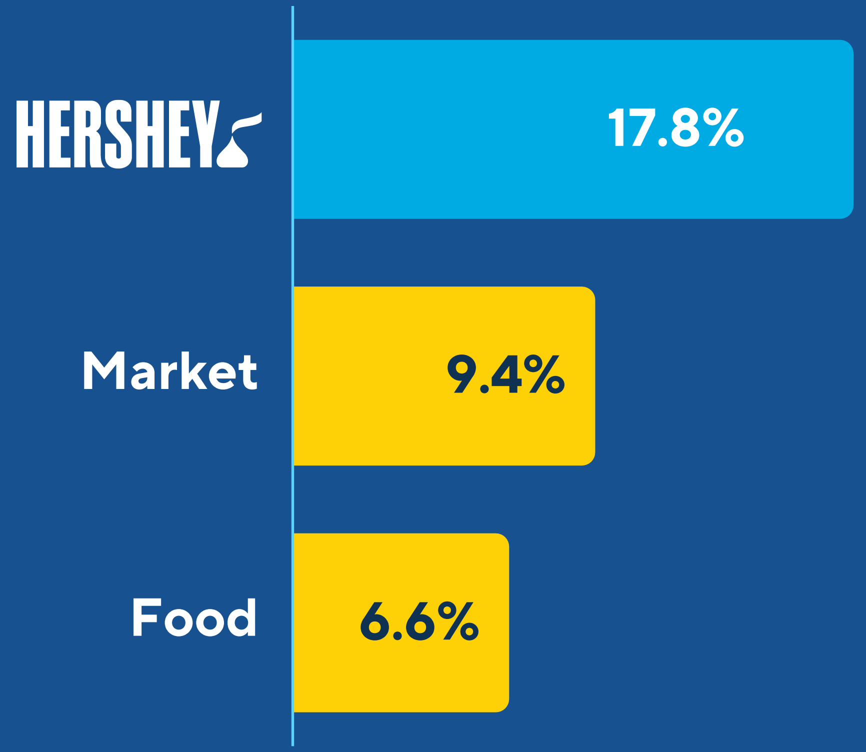
Source: Company Financials

A Great Investment

- Growing Categories
- Volume & Price Growth
- Leading Margin Performance
- Strong Cash Flow
- Disciplined Capital Allocation

Total Shareholder Return

5-Year Annualized Return



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

Strong Visibility to Consistently Deliver Long-term Algorithm

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

Reaffirming 2023 Outlook

6-8%	11-15%	9-11%
Reported Net Sales growth	Reported Earnings Per Share Growth	Adjusted Earnings Per Share Growth

DELIVERING

more...

KEEP THE MOMENTUM GOING

INVEST DIFFERENTIALLY & PRAGMATICALLY

EXECUTE AND TRANSFORM

Deliver Peer-leading Shareholder Return

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2022

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

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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2021

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

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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2020

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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2019

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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2018

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

Reconciliation of GAAP and Non-GAAP Information

Year-ending: December 31, 2017

In Millions of Dollars Except Per Share Amounts	Gross Profit	Operating Profit	Interest-Expense, Net	Net Income	Income Per Share-Diluted
GAAP results	$ 3,455.4	$ 1,313.4	$ 98.3	$ 783.0	$ 3.66
Adjustments:					
Derivative mark-to-market gains	(35.3)	(35.3)	–	(30.5)	(0.16)
Business realignment activities	5.1	69.4	–	51.0	0.33
Acquisition-related costs	–	0.3	–	0.2	–
Pension settlement charges relating to Company-directed initiatives	–	–	–	6.8	0.05
Long-lived and intangible asset impairment charges	–	208.7	–	185.4	0.98
Impact of U.S. tax reform	–	–	–	32.5	–
Noncontrolling interest share of business realignment and impairment charges	–	–	–	(26.8)	(0.13)
Tax effect of all adjustments reflected above	–	–	–	–	(0.04)
Non-GAAP results	$ 3,425.2	$ 1,556.5	$ 98.3	$ 1,001.5	$ 4.69
As reported gross margin	46.0%				
Non-GAAP gross margin (1)	45.6%				
As reported operating profit margin	17.5%				
Non-GAAP operating profit margin (2)	20.7%				

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