

**BULLDOG  
INVESTMENT  
COMPANY**

**FALL 2025 BULL & BEAR  
PRESENTATION**



# GAME PLAN



Base Team	Bull Team	Bear Team
Company Overview- Oscar Parga	Moat- Adam	Competitor Analysis- Justin
Revenue Breakdown- Christian	Growth Opportunities- Pablo	Risk Factors- Logan
Management & Cap. Alloc.- Barbara	Valuation- Jaiden	Valuation & Conclusion- Enrique
Interpretation of Financial Statements- Diego Bonilla	Conclusion- Pablo	
Value Bands & Intraportfolio Analysis- Sam Finley		

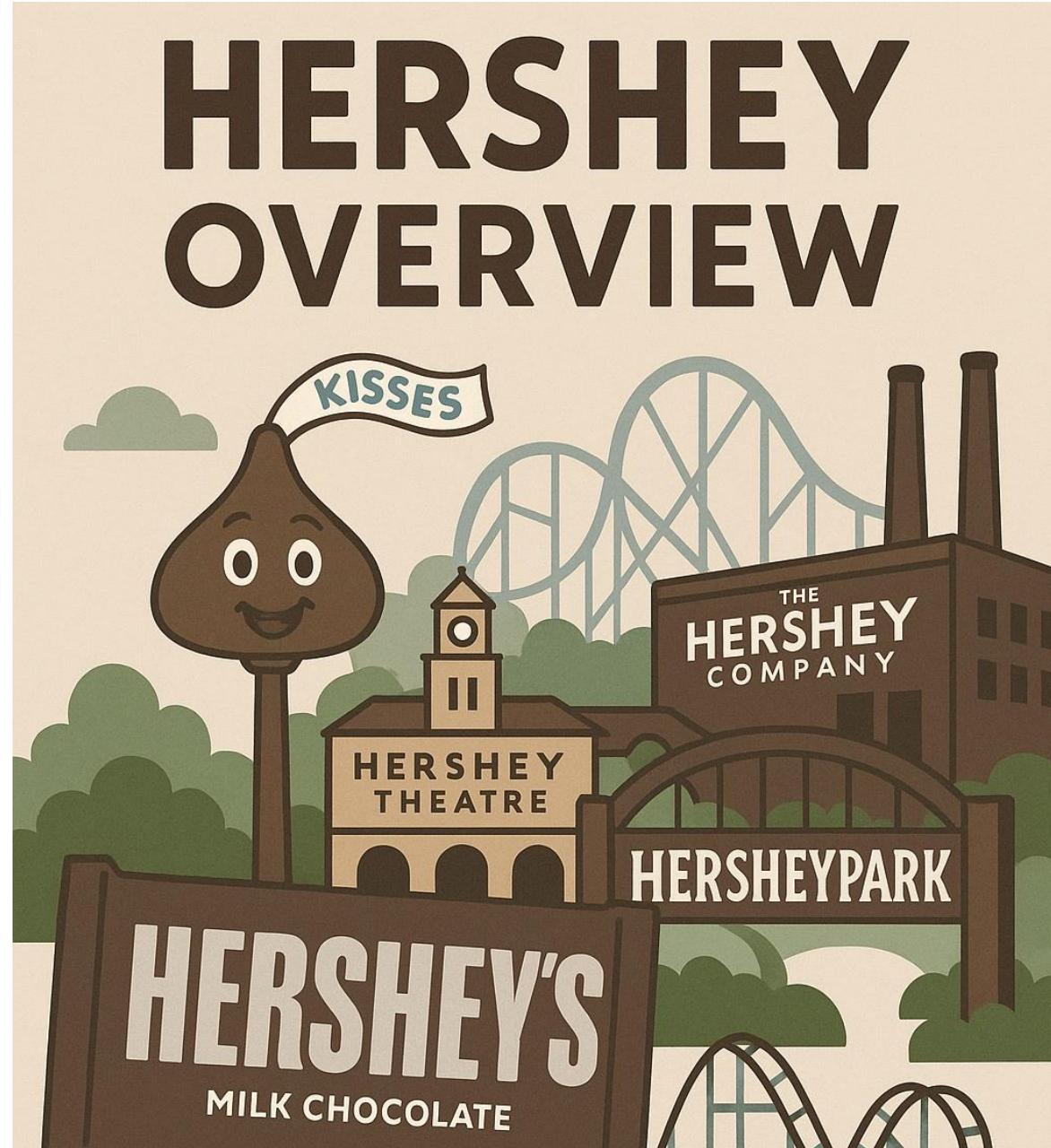
# BASE TEAM





# COMPANY OVERVIEW

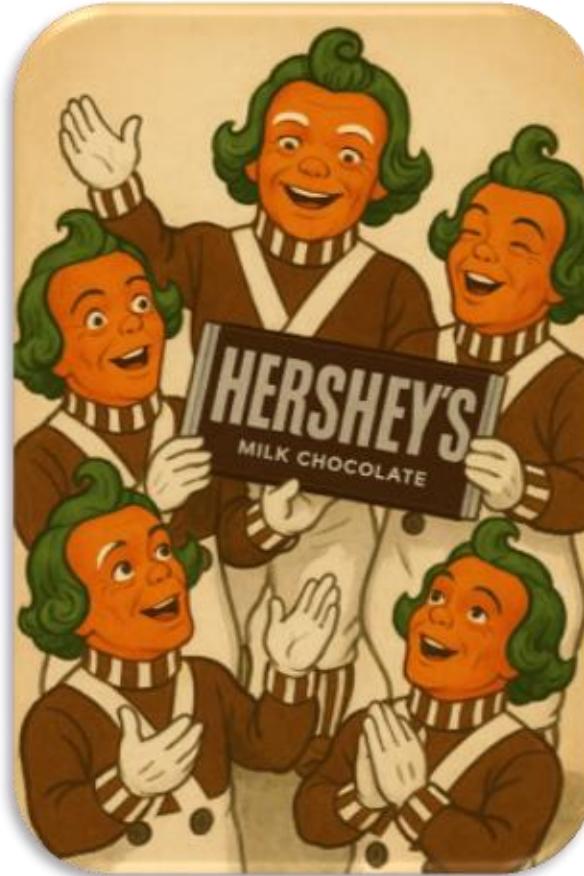
Oscar Parga



# What Is Hershey's?



Hershey is a leading U.S. confectionery manufacturer with a market value of about \$54 billion, controlling about 36% of the domestic chocolate market.



# General Information



- **Ticker Symbol: HSY**
- **Headquarters: Hershey, PA**
- **Stock Price: \$170.74**
- **Market Cap: \$37.75B**
- **# of Employees: 20,500**
- **90+ Brands**





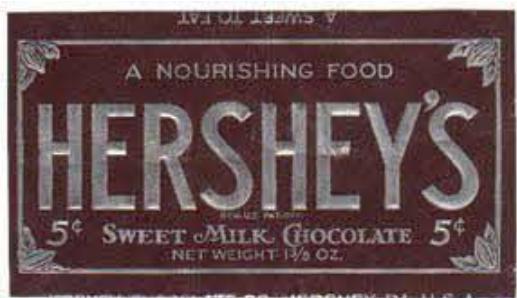
# 52 Week Graph



# History



**Milton Hershey  
established  
Hershey Chocolate  
Company in 1894**



**First Hershy Bar  
sold 1900**



**Hershey acquires  
Reese's peanut  
butter Cup  
company 1963**



**Hershey's  
World opens  
1973**



**Acquires LEAF,  
Inc. & Y&S  
Candies  
1996-1997**



# History Cont.



Acquired Ice breakers in 2000



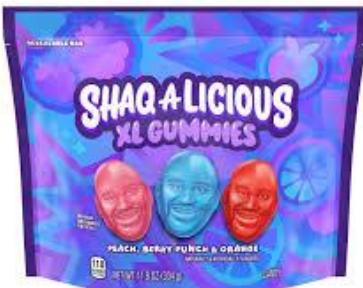
Brookside Has been acquired by Hershy in 2011



Pirate's Booty got acquired in 2018



Skinny Pop got acquired by Hershey Company in 2018



2024 Hershey teamed up with Shaq to create ShaqALicious XL Gummies



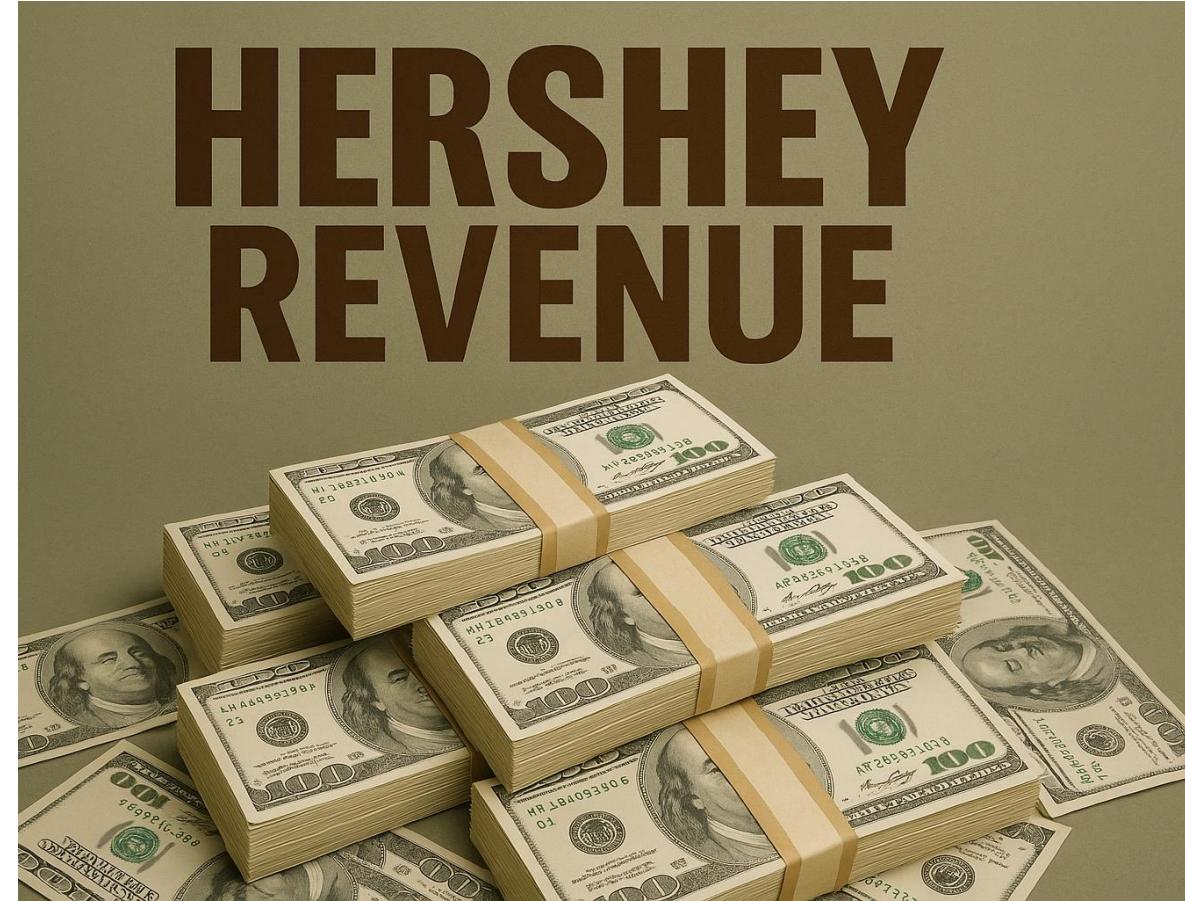
# Recent News

- Dec. 2024 Class action against Hershey's, finding "Polyfluoroalkyl" in their packaging, turned into a lawsuit and was recently beaten
- Oct 9, 2025 Hershey Highlights New Products and Drives Retail Growth at 2025 NACS Show Release of Reese's OREO® Cup
- Oct 30, 2025 Hershey announced quarterly dividends of \$1.37 on the Common Stock and \$1.25 on the Class B Common Stock.



# REVENUE BREAKDOWN

Christian Cadena



# How They Make Money?

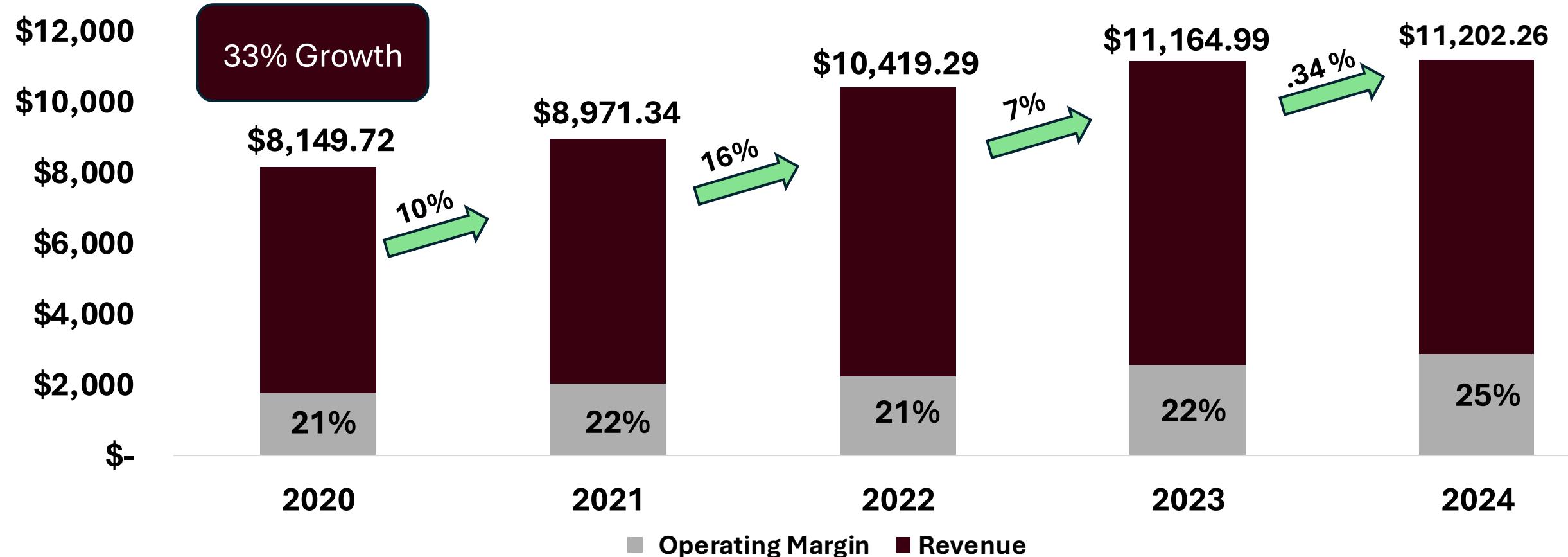


- **Selling to Retailers, Foodservice Operators and Distributors**
- **Chocolate is the Heart of Hershey's, 80% of Sales come from North American confectionery.**
- **Iconic Brands like Reese's, Kit Kat, Hershey's Drive Everyday Demand**



# Revenue Growth

In Billions USD



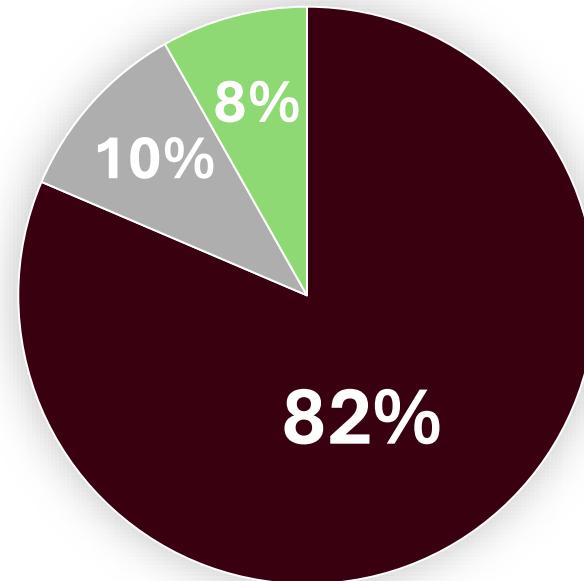


# Revenue Segments

North America  
Confectionery

North America  
Salty Snacks

International



# North American Confectionery



Chocolate and Non-Chocolate Confectionery



Spreads



Gum and Mints



Snack Bites and Mixes



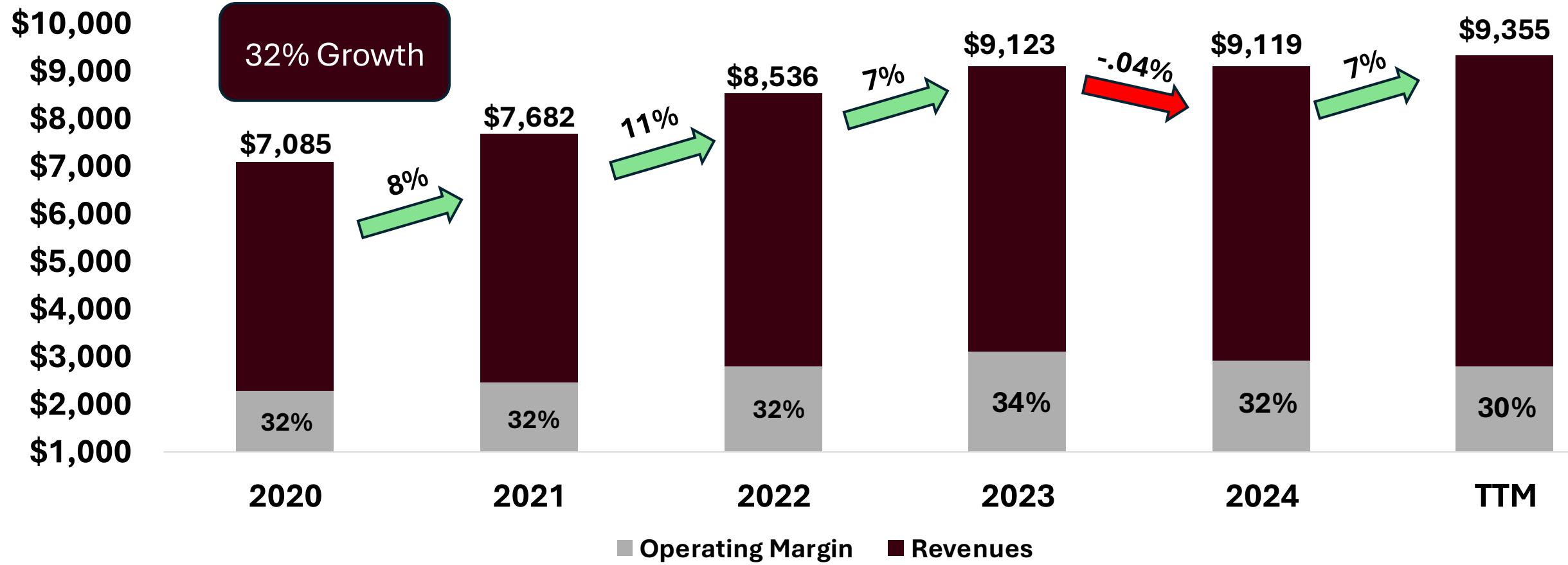
Protein Bars



Service Line



# North American Confectionery Net Sales in Million USD



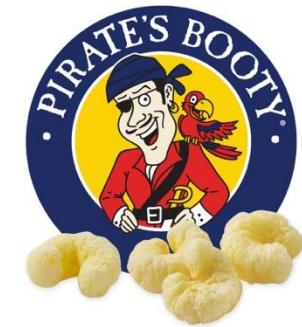
# North American Salty Snacks



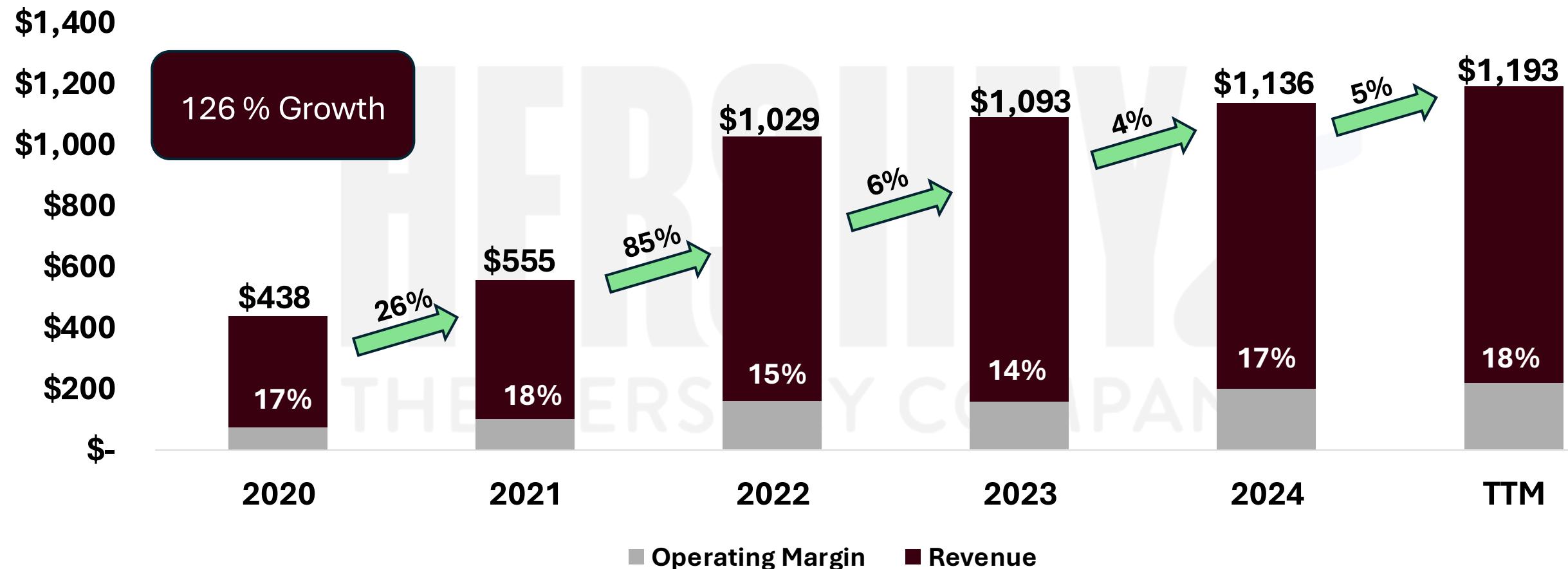
Popcorn

Pretzels

Baked Snacks



# North American Salty Snacks Net Sales in Million USD



# International Snacks



Mexico

India

Brazil

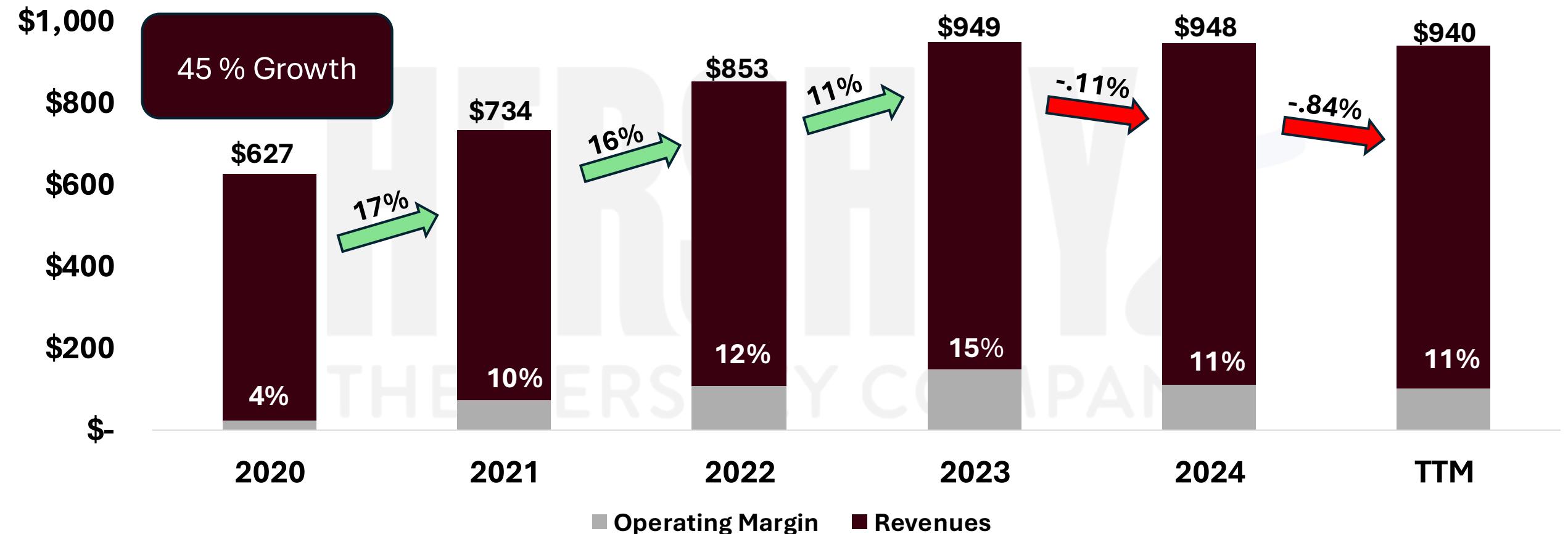
Canada

China

Europe



# International Snacks Net Sales In Millions USD





## MANAGEMENT

Barbara Merlo



# Executives



**Michele G. Buck**  
Chairman of the Board  
Former CEO (retiring)  
Tenure= 20 years



**Kirk Tanner**  
Current CEO  
Was just CEO of Wendy's  
Years at Hershey:  
August 2025



**Deepak Bhahtia**  
CTO  
Tenure: 2 years

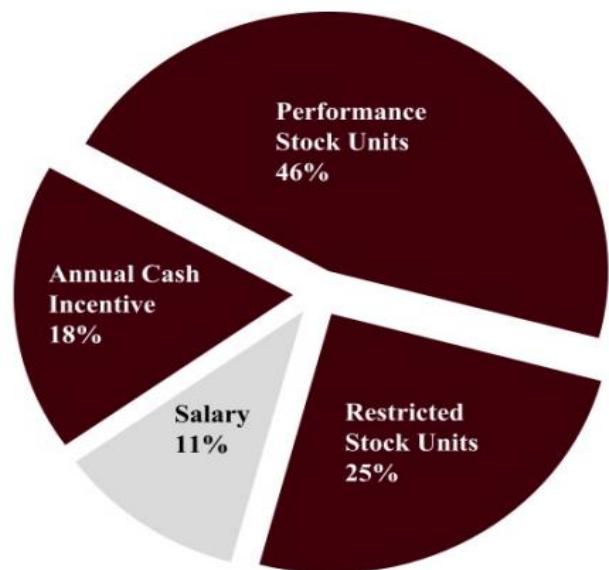


**Steve Voskuil**  
CFO  
Tenure= 5 Years



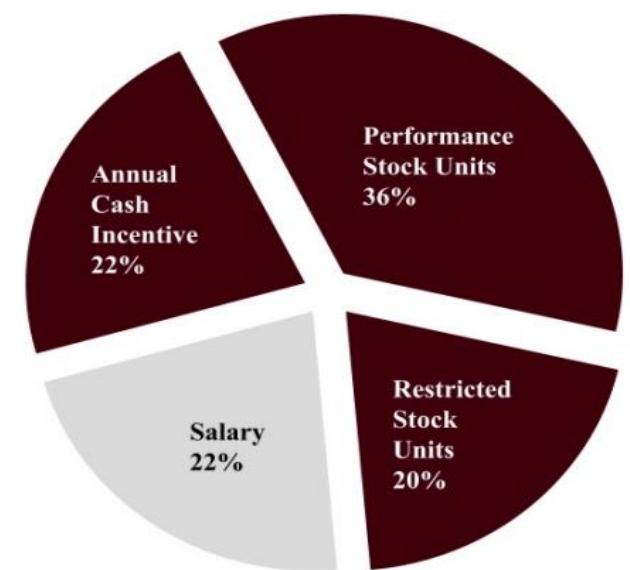
# Executive Compensation

**Target Total Direct Compensation - CEO**



**At-Risk Compensation = 89%**

**Average Target Total Direct Compensation - Other NEOs**



**At-Risk Compensation = 78%**

# LTI Targets and results for the 2022-2024 performance cycle



Metric	Target	Actual Performance	Target Award (%)	Final Performance Score (% of Target)
Total Shareholder Return <sup>(1)</sup>	50th Percentile	42nd Percentile	34.00	24.93
Three-year CAGR in Adjusted Earnings per Share-Diluted <sup>(2)</sup>	8.1% CAGR	9.2% CAGR	33.00	75.22
Three-year Cumulative Free Cash Flow <sup>(3)</sup>	\$5,273M	\$5,073M	33.00	23.19
<b>Total</b>			<b>100.00</b>	<b>123.34</b>

Annual Cash incentives : 20% of compensation & based on Net Sales, Adj EPS, and EBIT Margin targets



# CAPITAL ALLOCATION

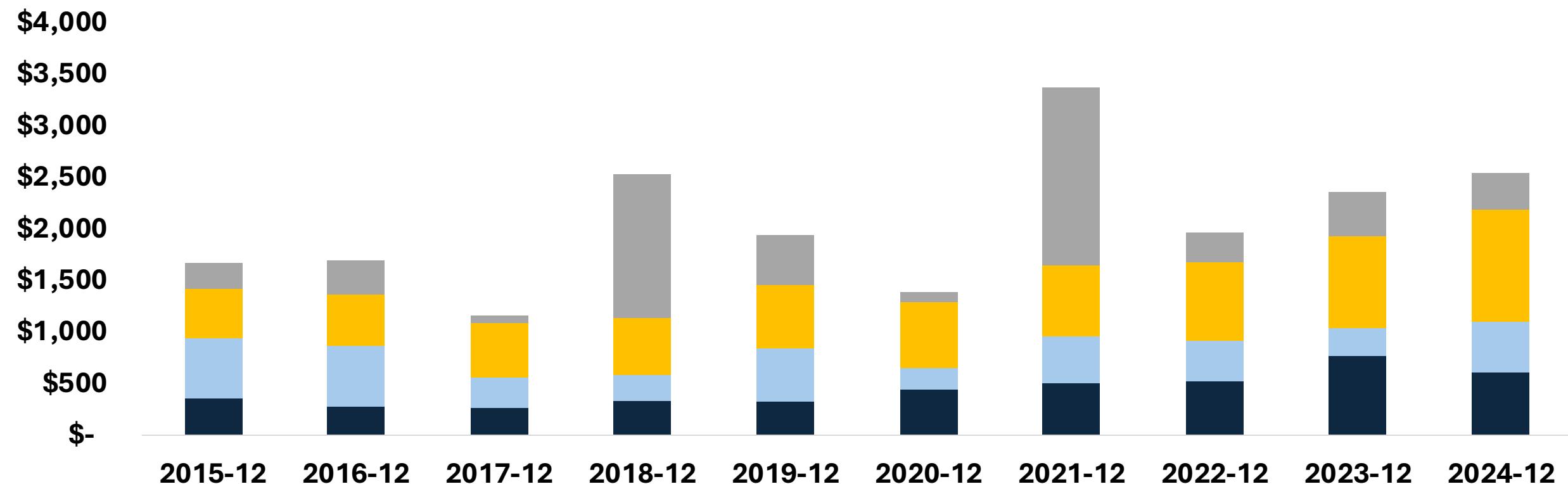
Barbara Merlo





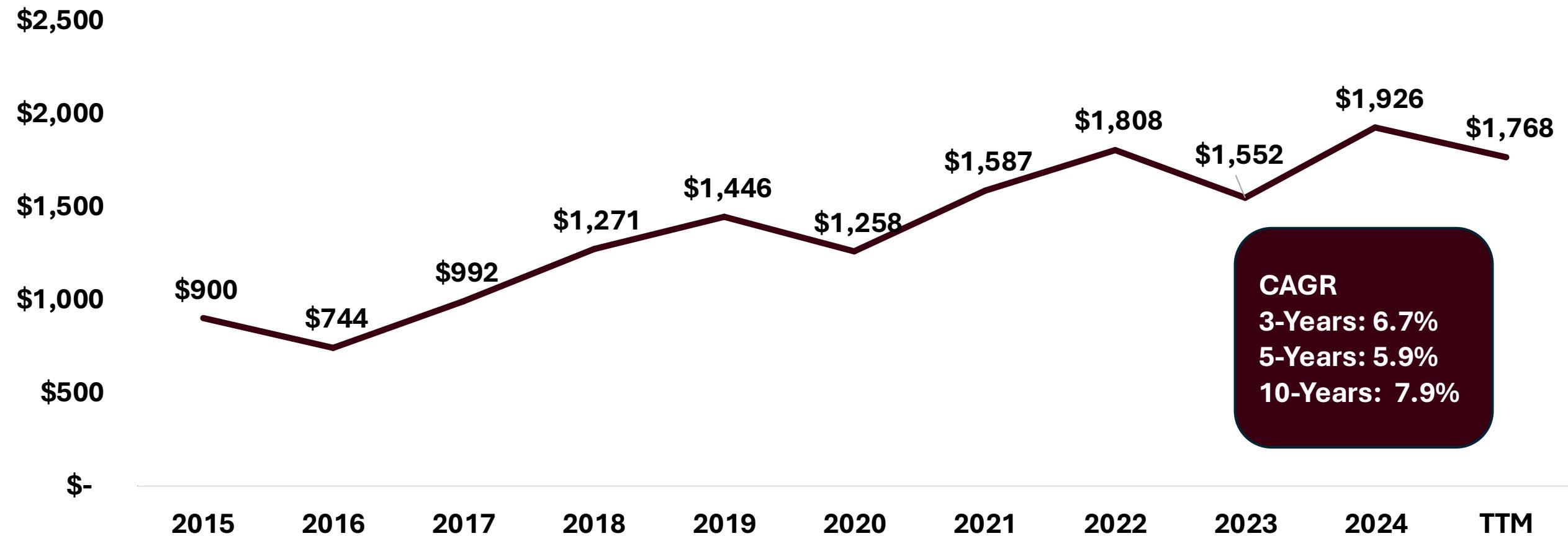
# Capital Allocation Breakdown

■ Capital Expenditures    ■ Share Buybacks    ■ Dividends    ■ Acquisitions



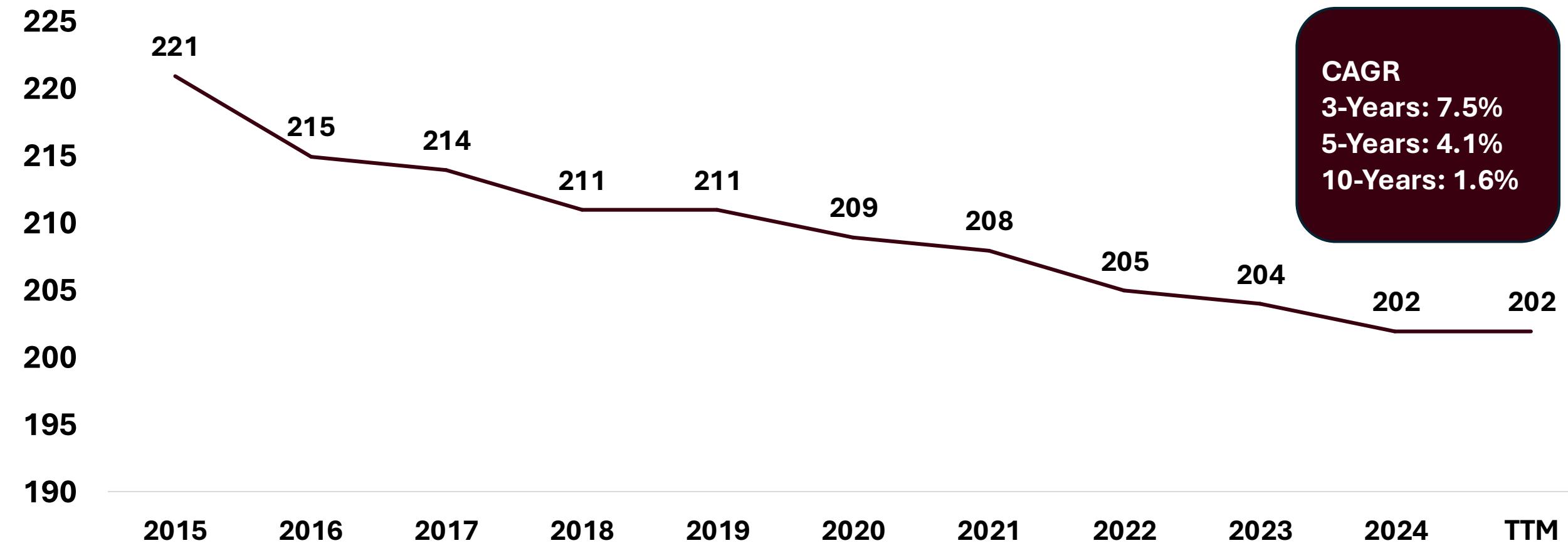


# Free Cash Flow In Million of USD



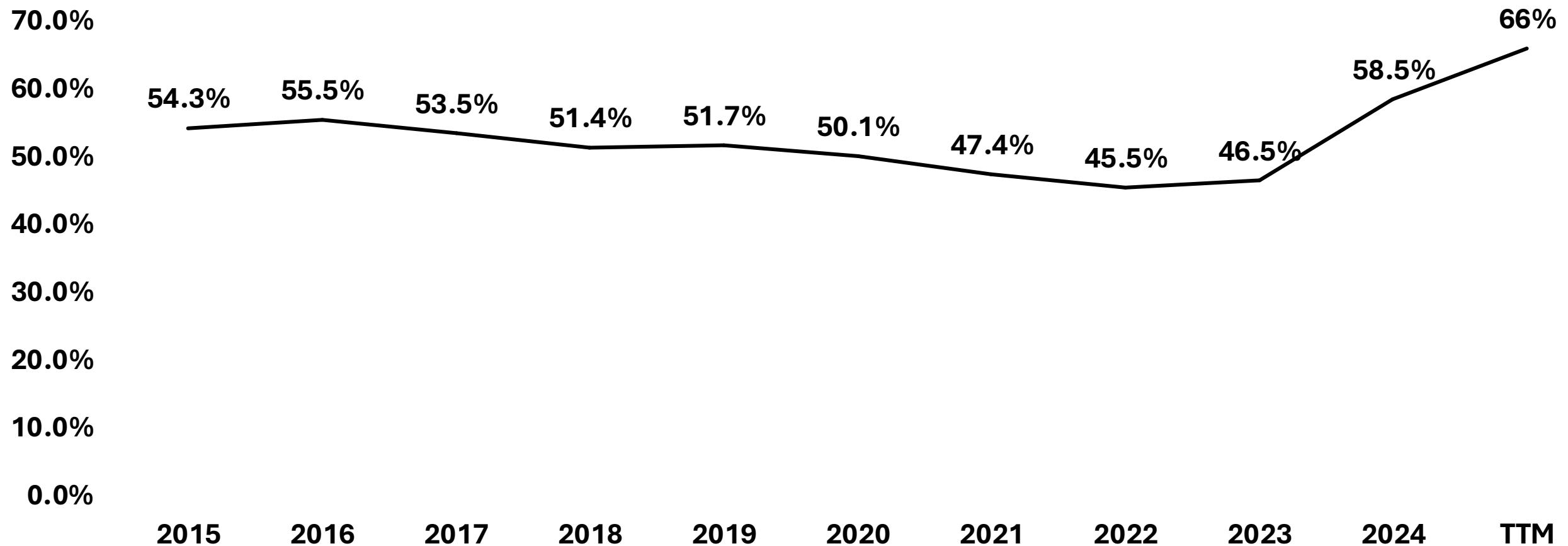


# Shares Outstanding In millions of USD



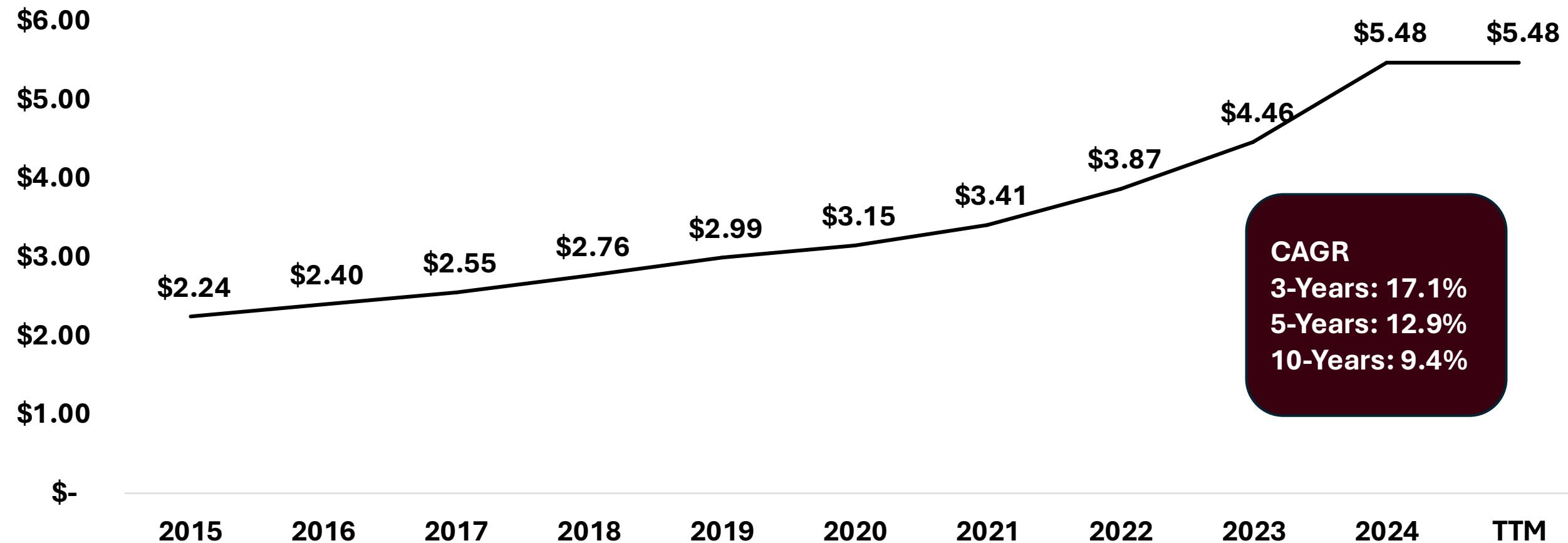


# Dividend Payout Ratio



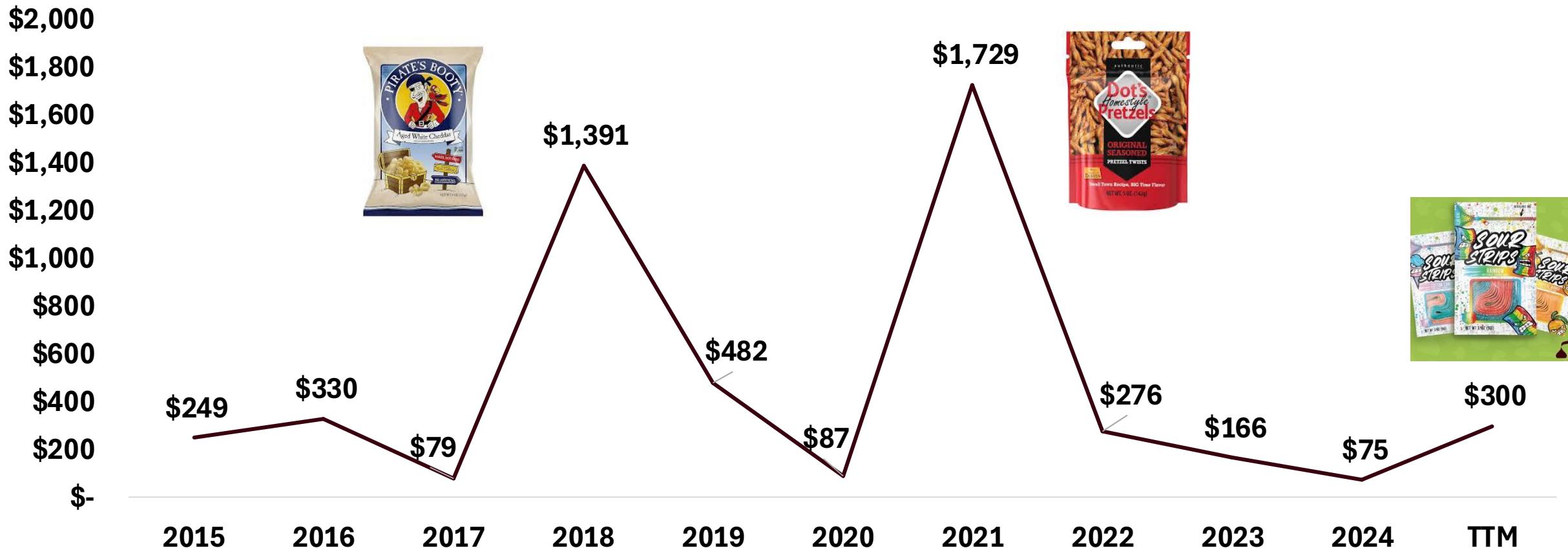


# Dividends Per Share



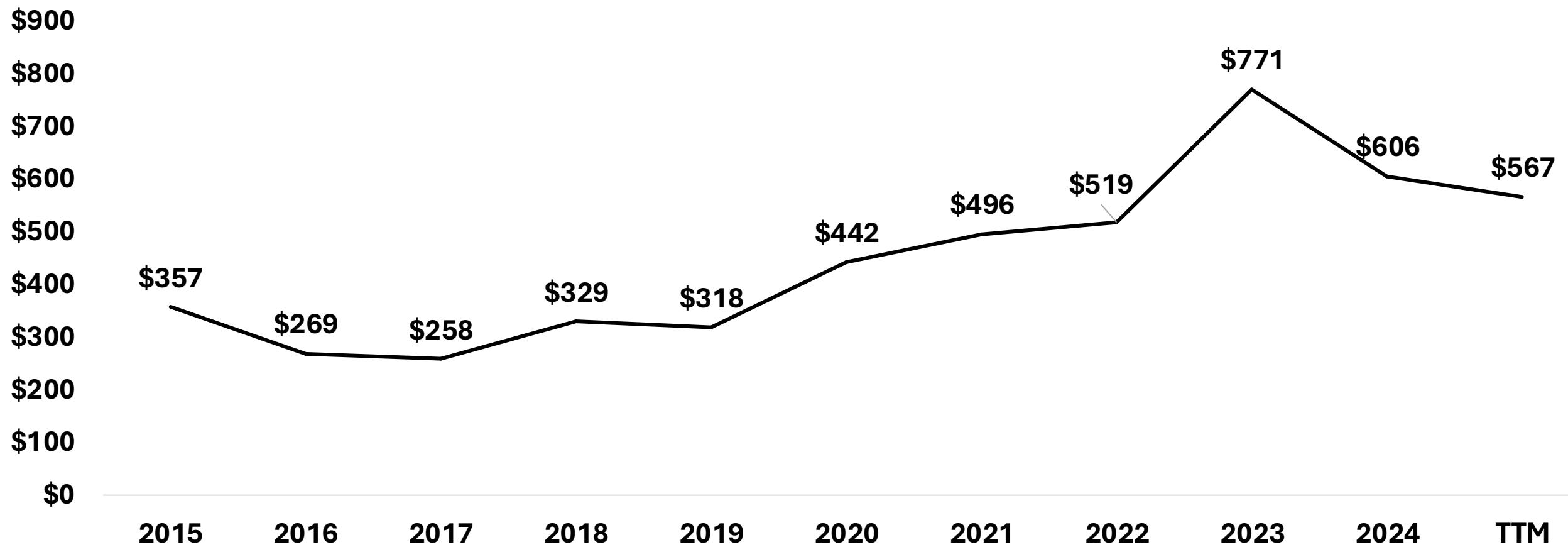


# Acquisitions In Millions of USD





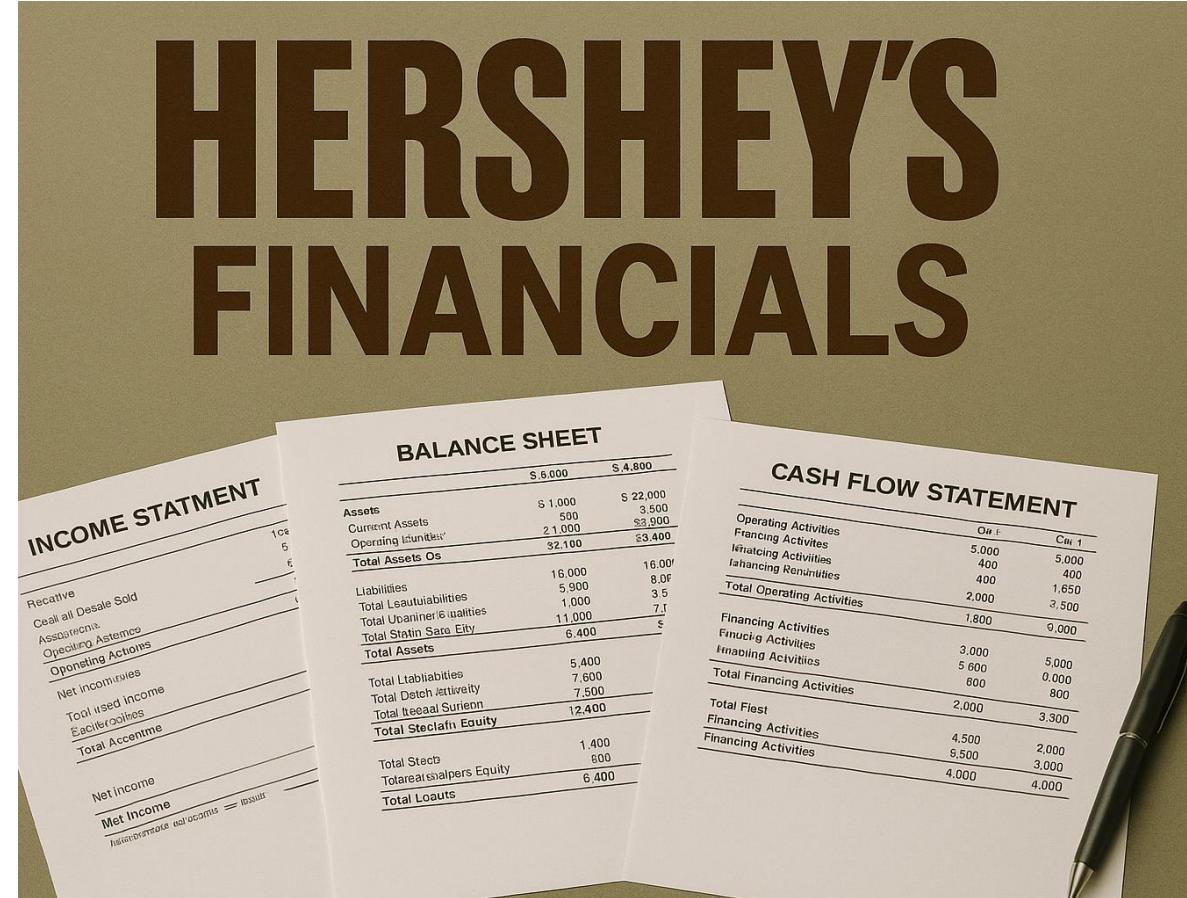
# Capital Expenditures In Millions of USD





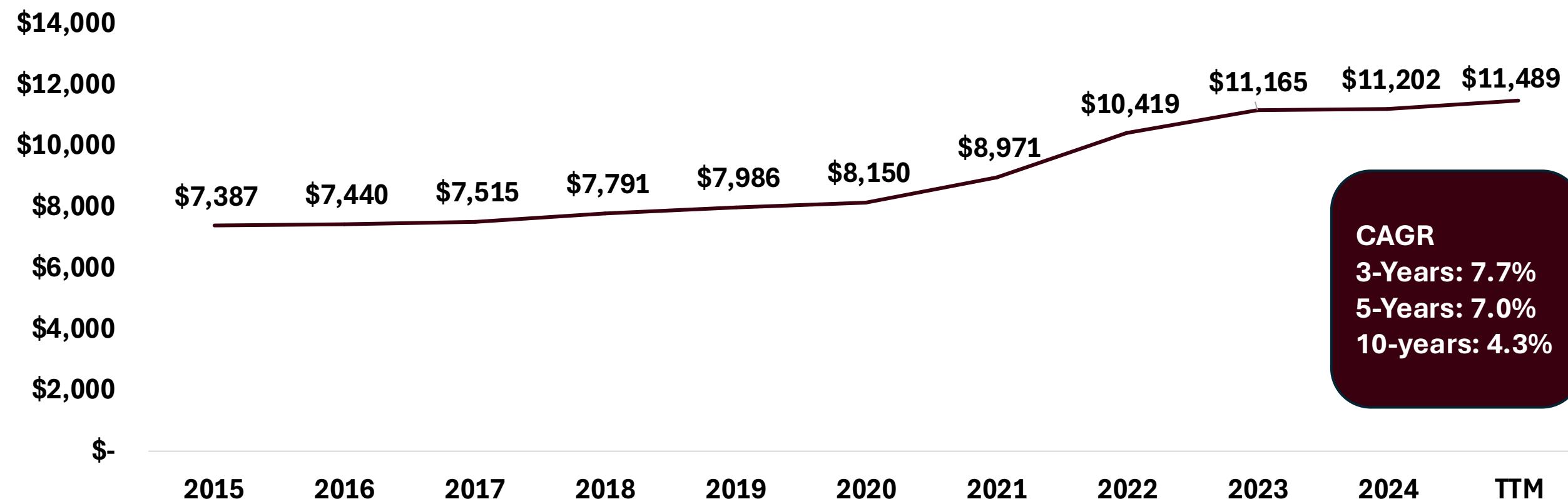
IOFS

Diego Bonilla



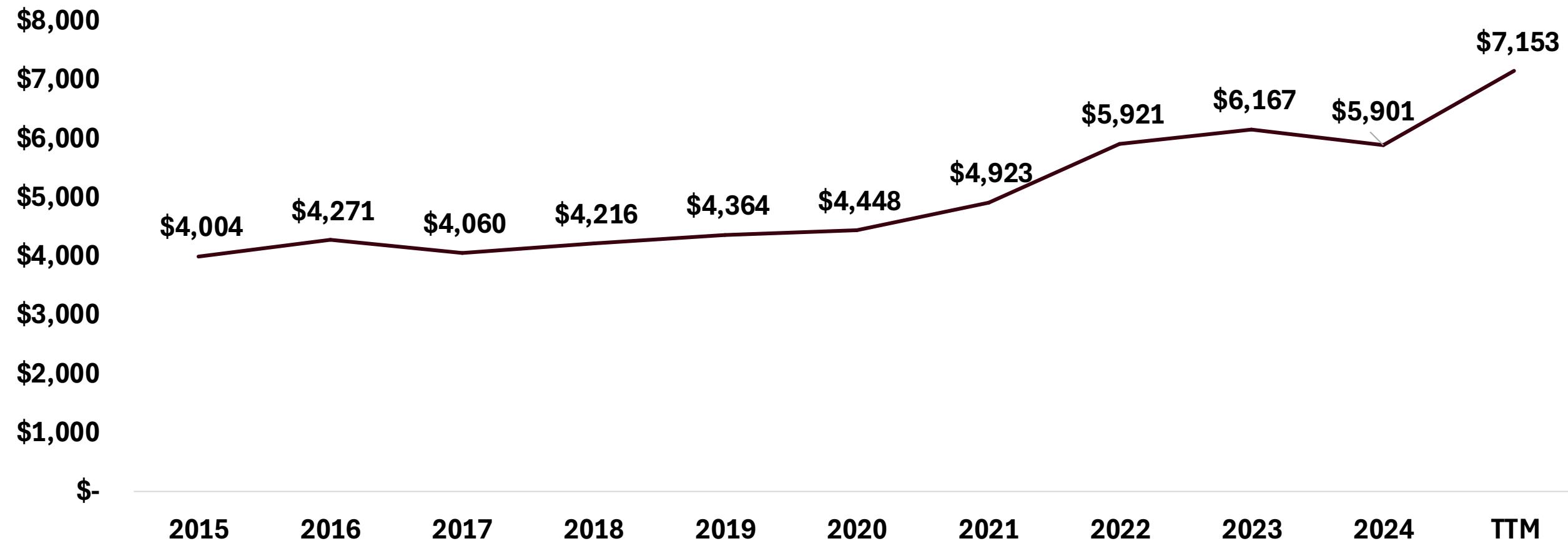


# Revenue In millions of USD



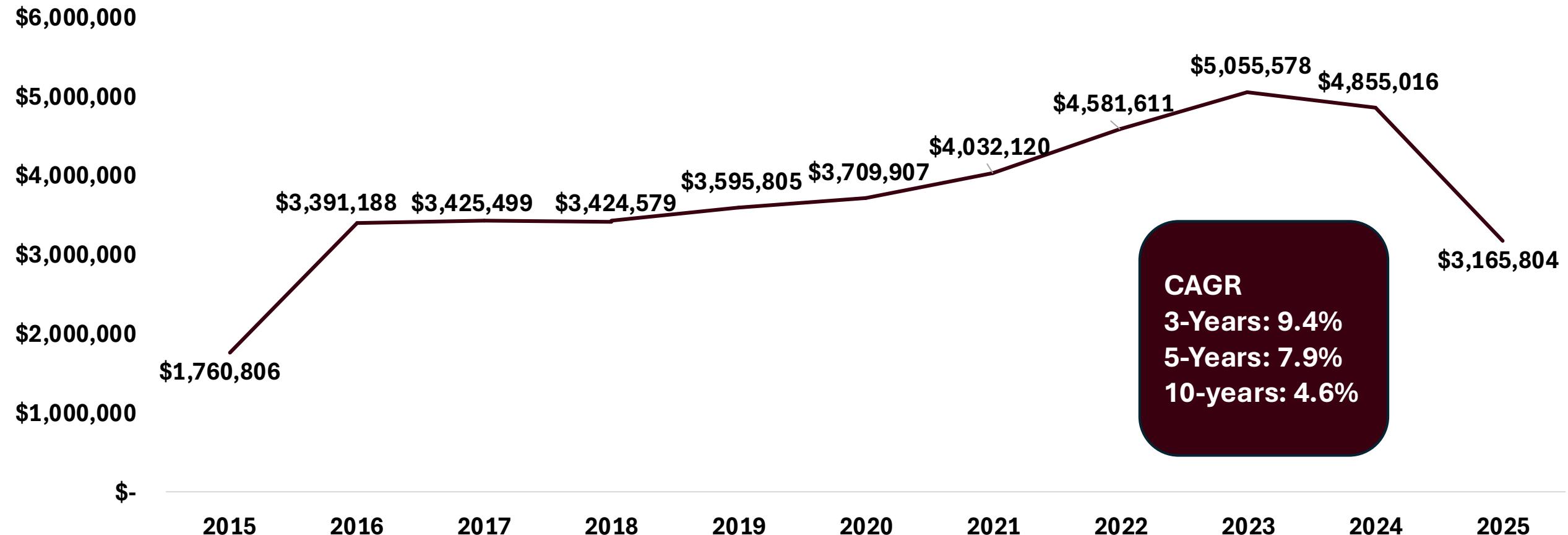


# Cost of goods sold In millions of USD



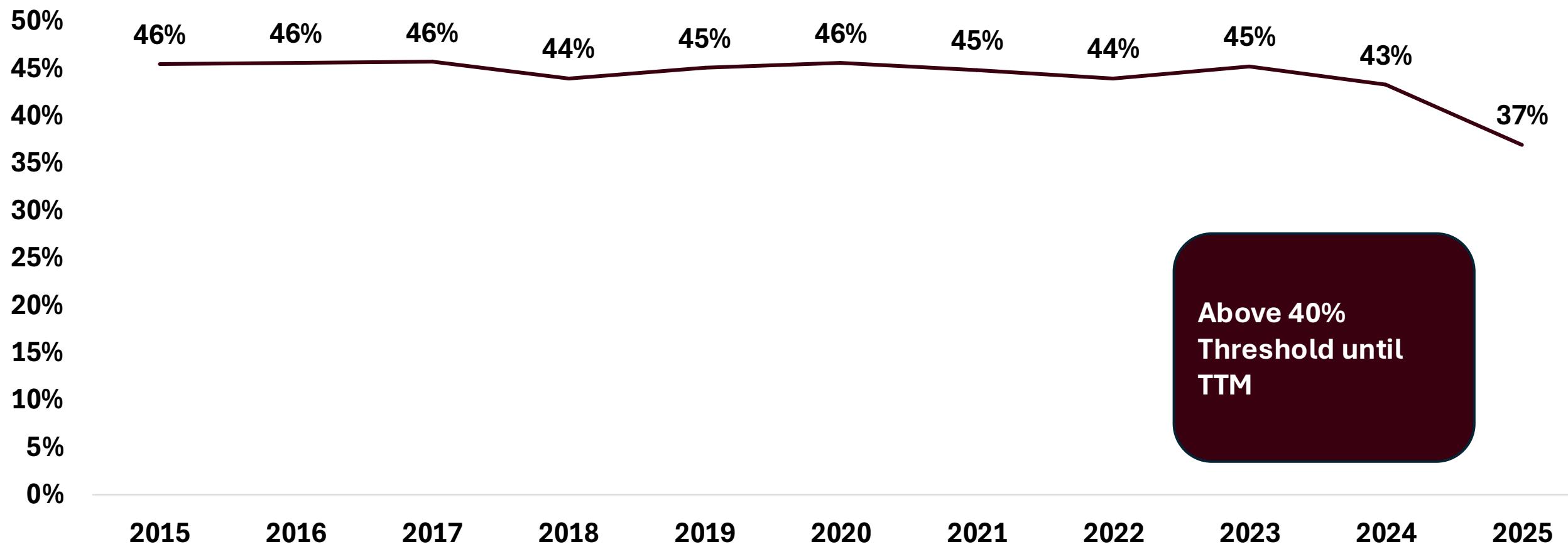
# Non-GAAP Gross Profit

In thousands of USD



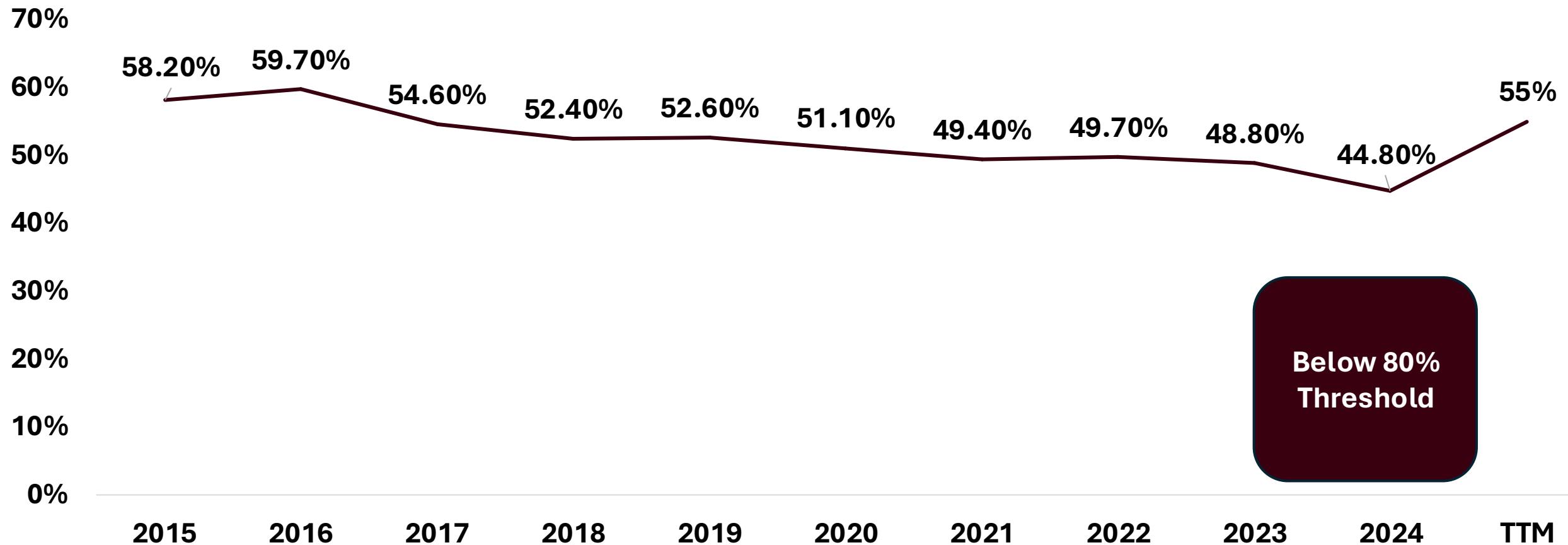


# Non-GAAP Gross Margin



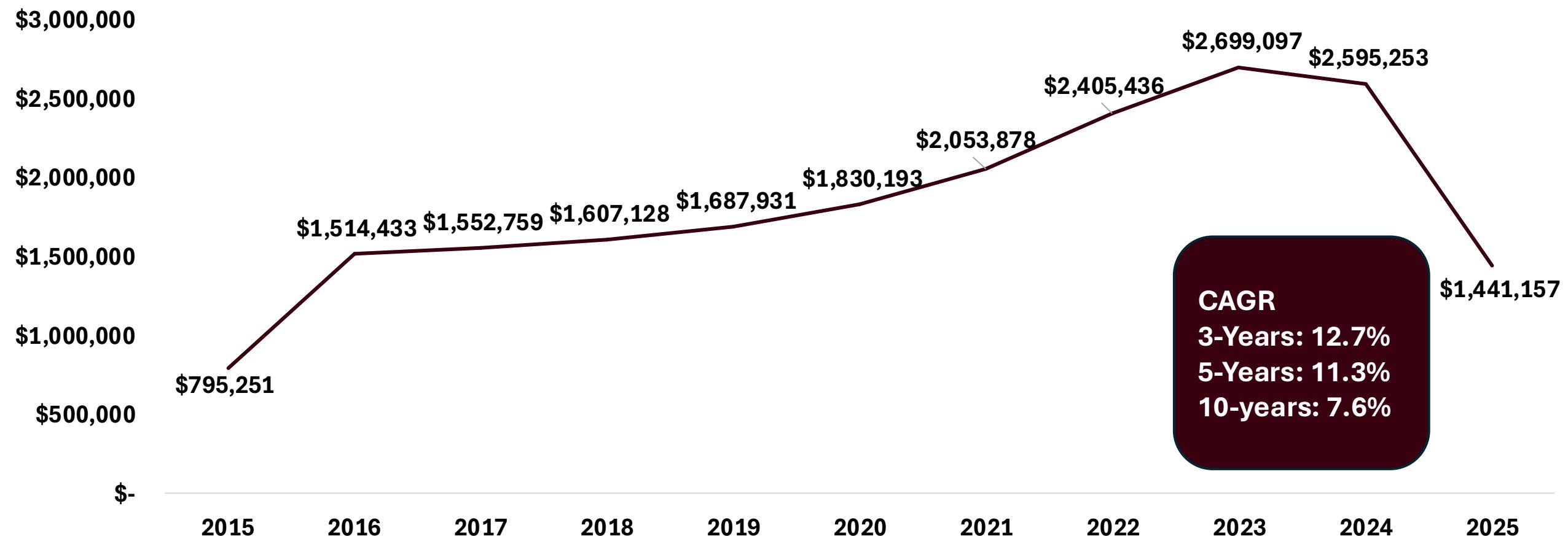


# SGA as a % of Gross Profit



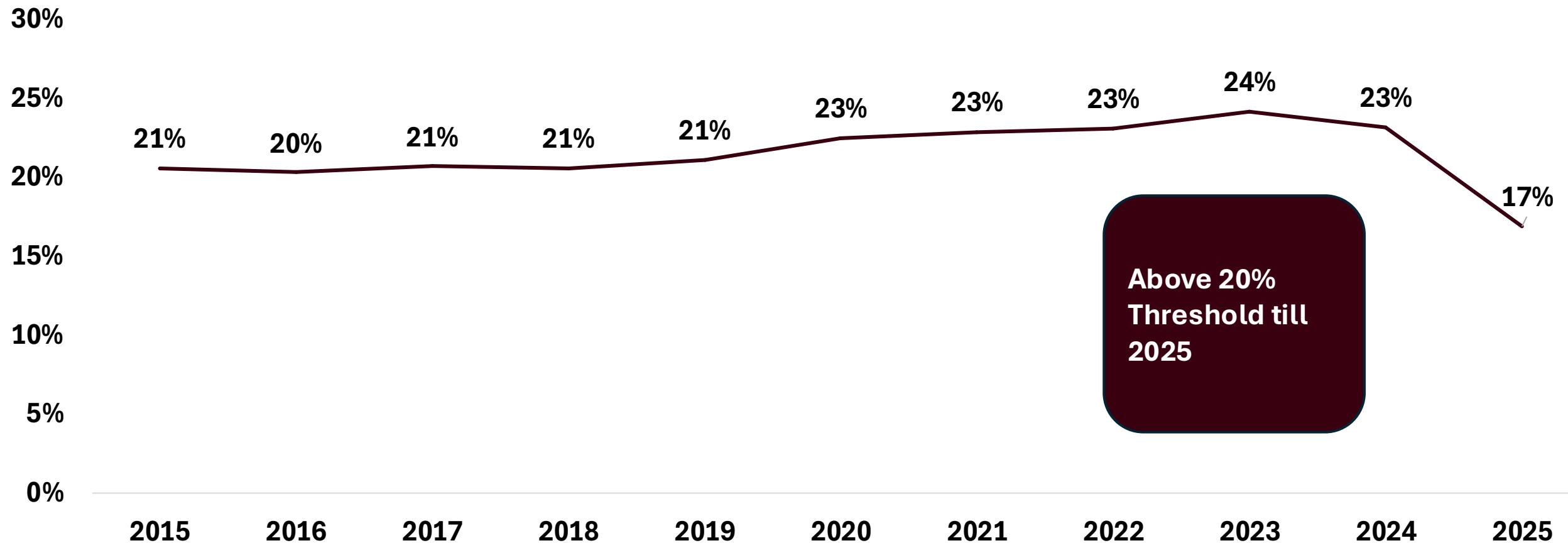
# Non-GAAP Operating Income

In thousands of USD

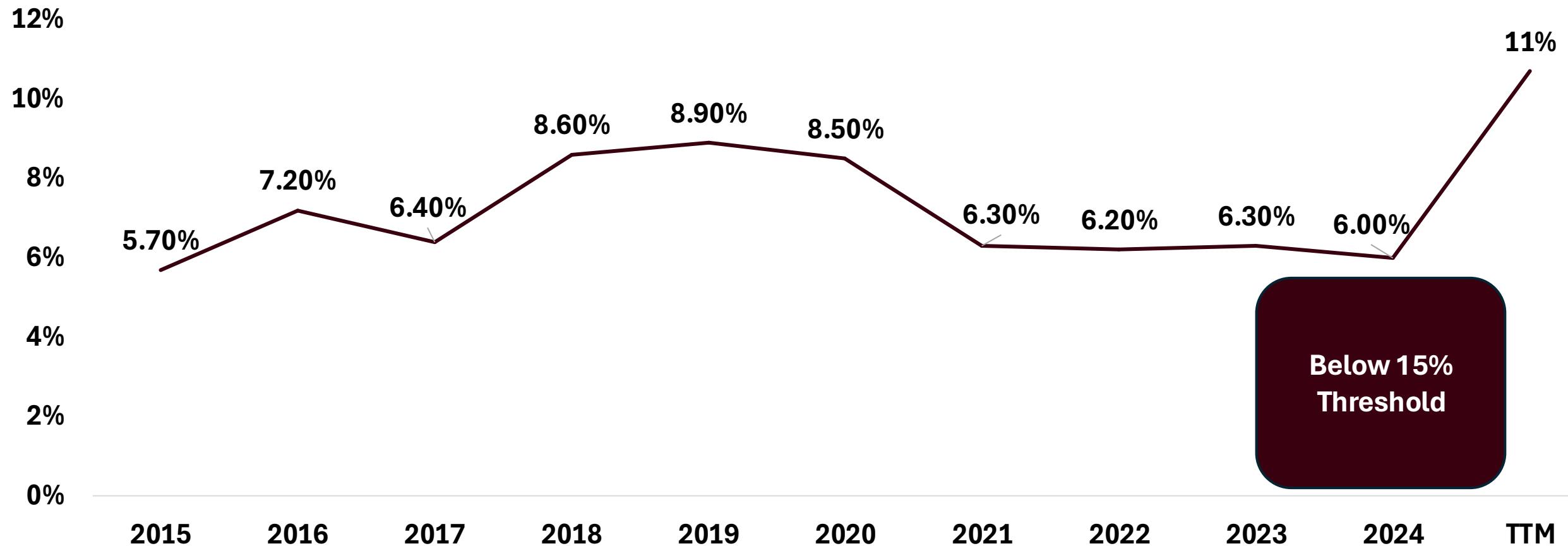




# Non-GAAP Operating Margin

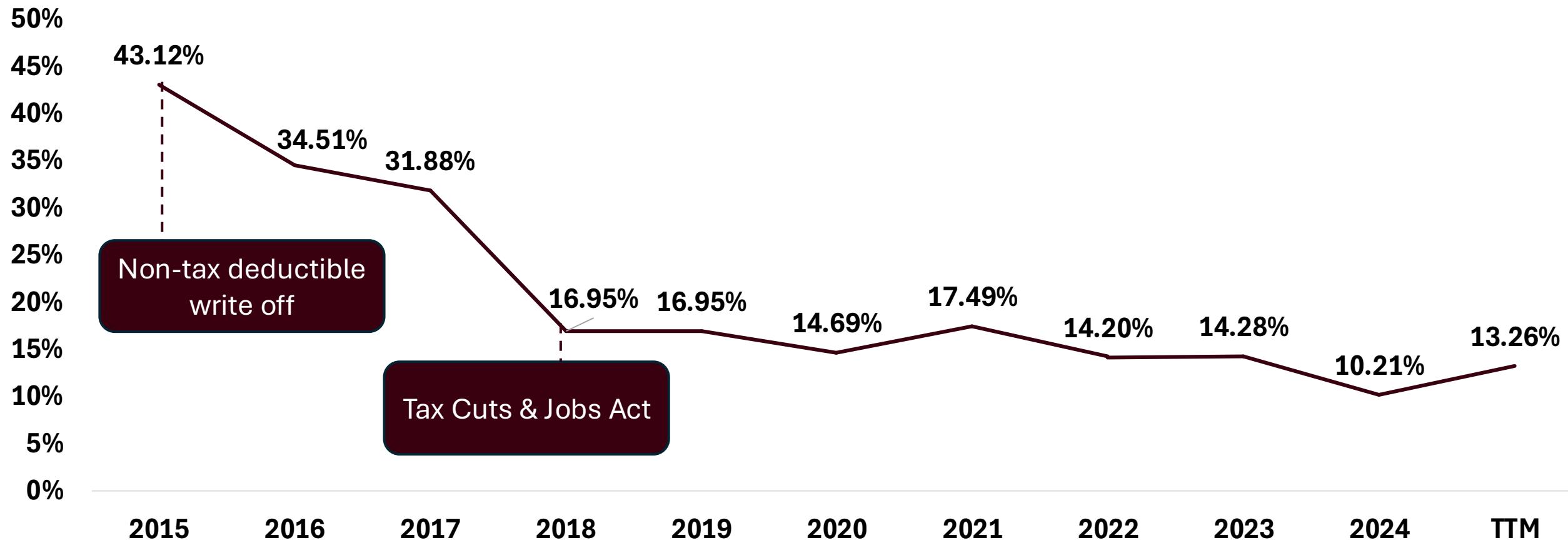


# Interest Expense as a % of Operating Income



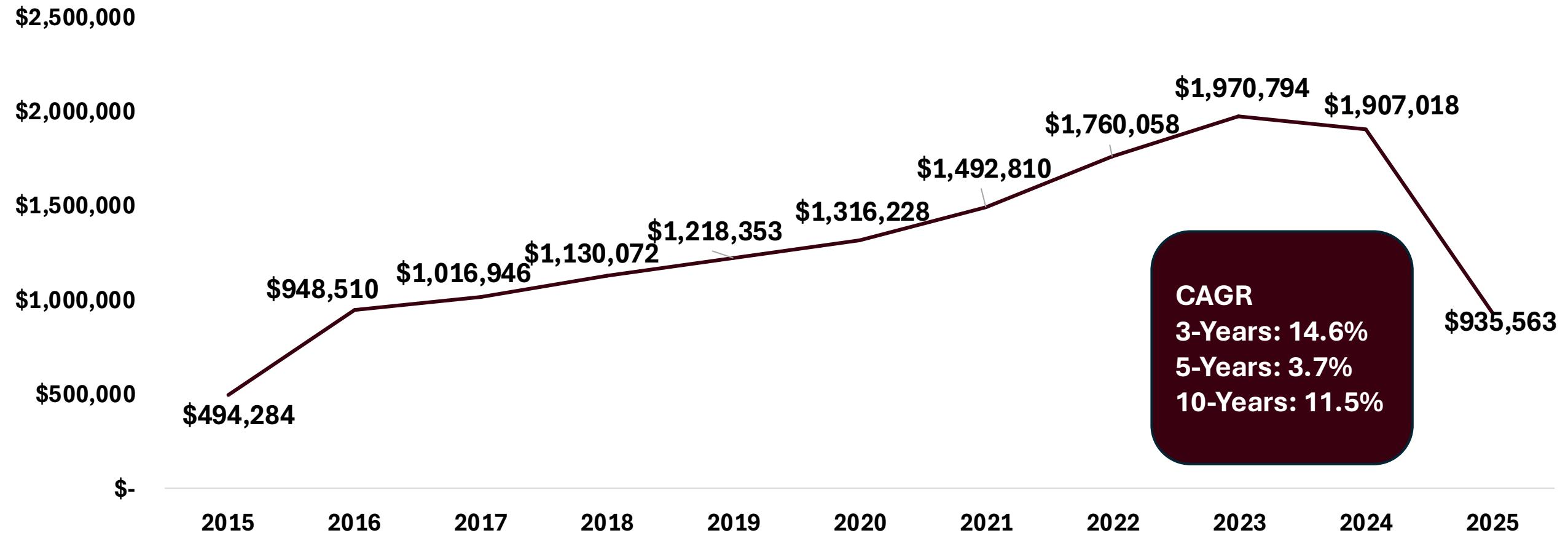


# Tax Rate



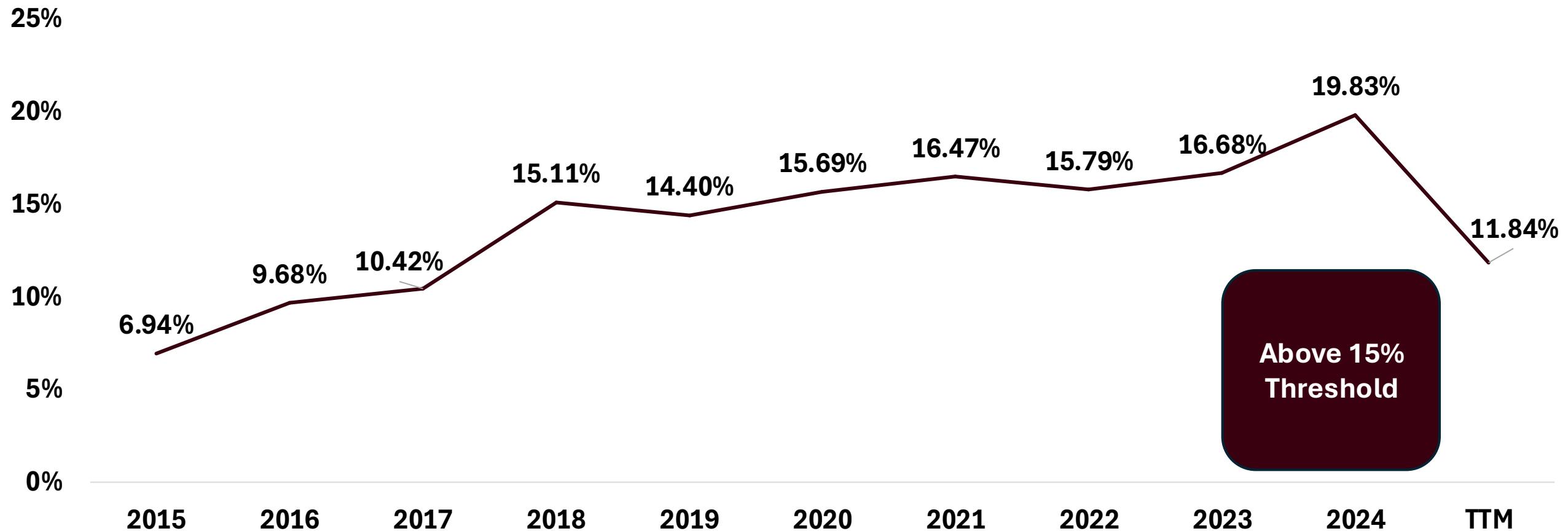
# Non-GAAP Net Income

In thousands of USD

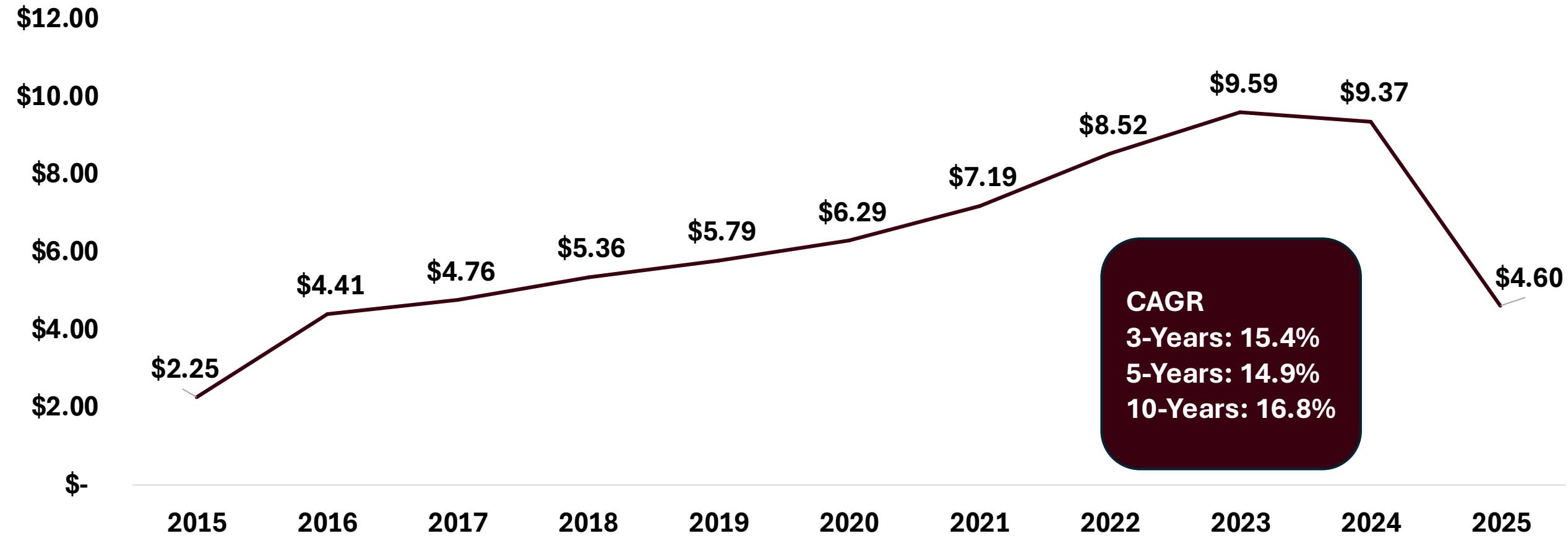




# Net Margin

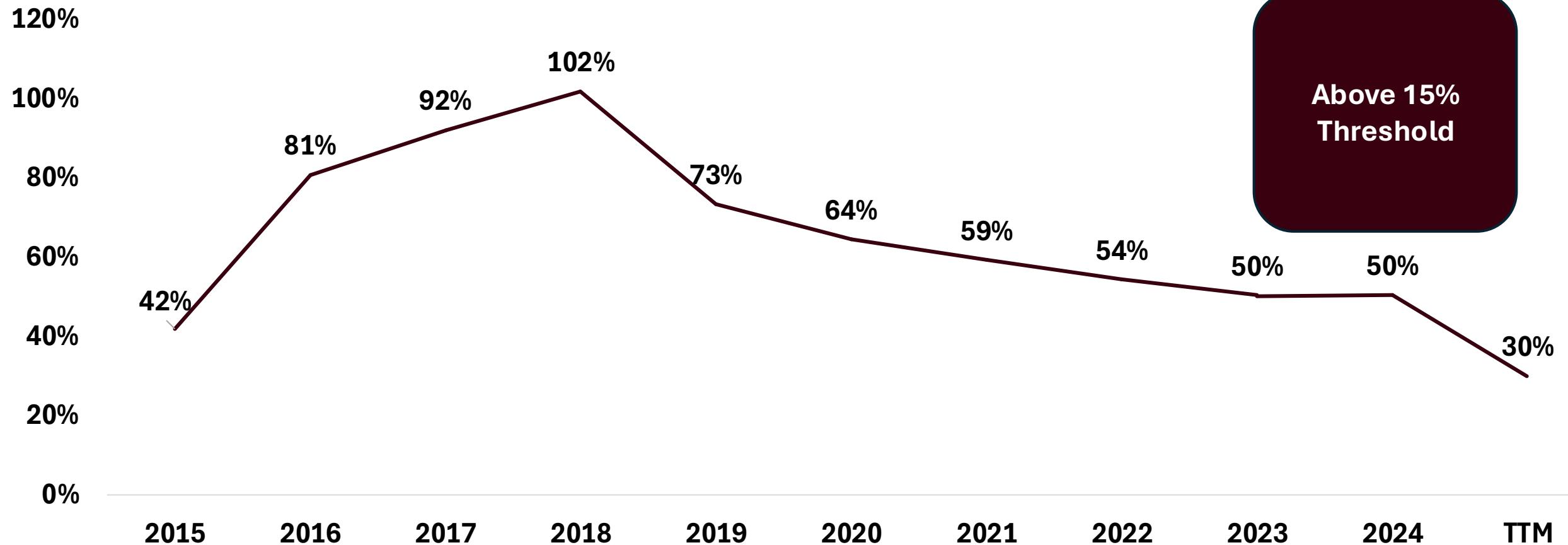


# Non-GAAP Earnings per Share Diluted



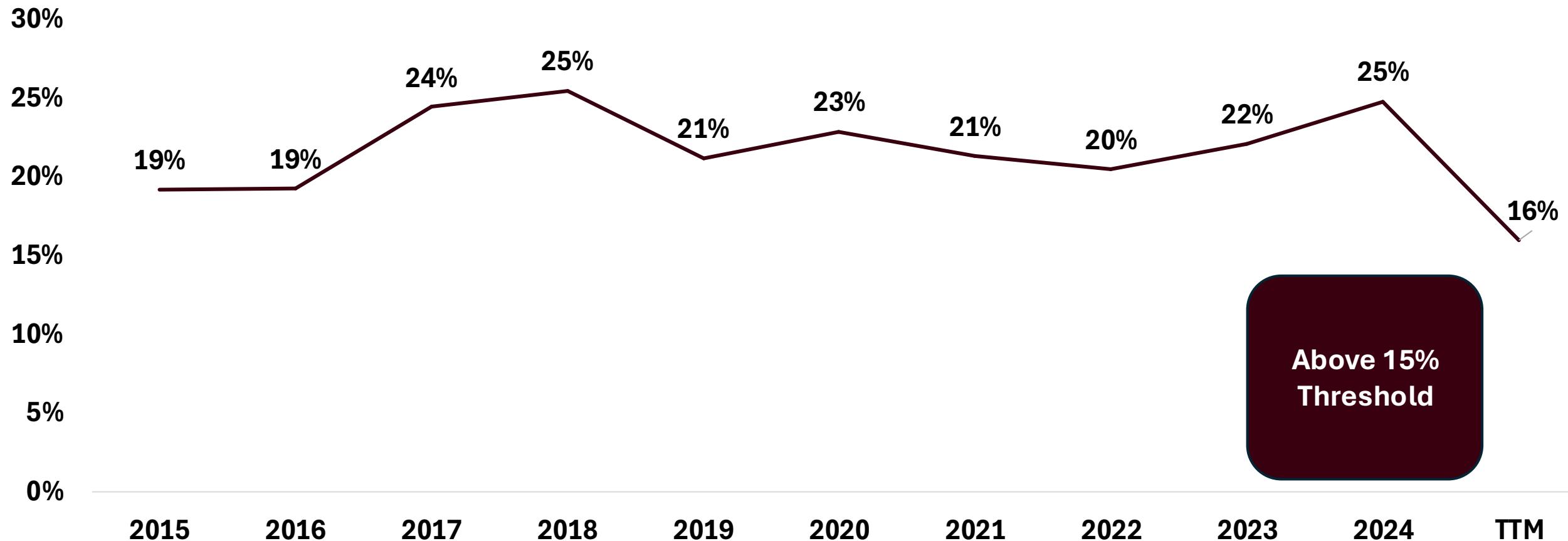
# Return on Equity

ROE = Income/ Shares Outstanding



# Return on Invested Capital

ROIC = Income/ Shares Outstanding + Debt





# Obligation Ratio In millions of USD

Obligation Ratio Calculation	
<b>Short- &amp; Long-Term Debt (+)</b>	<b>\$5394</b>
<b>Preferred Stock (+)</b>	<b>\$0</b>
<b>Pension Shortfall (+)</b>	<b>\$114</b>
<b>Leases*7 (+)</b>	<b>\$346</b>
<b>Cash (-)</b>	<b>\$1163</b>
<b>Divide by Net Income</b>	<b>\$1360</b>
<b>Time to Pay Obligations</b>	<b>3.4 Years &lt; 5 Years</b>

# Debt Maturity Schedule

In Thousands of USD



Year	Total
2025	\$300,000
2026	\$500,000
2027	\$193,639
2028	\$850,000
2029	\$300,000
> 5 Years	\$3,300,000

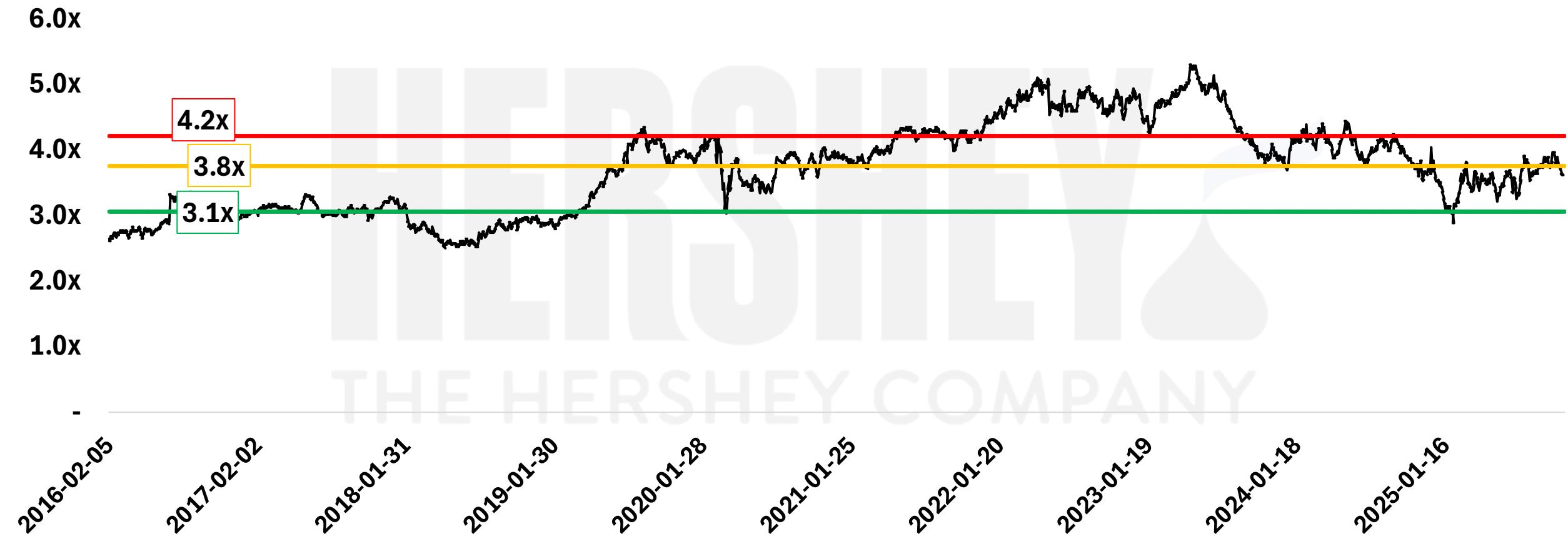


# VALUE BANDS & INTRAPORTFOLIO ANALYSIS

Samuel Finley

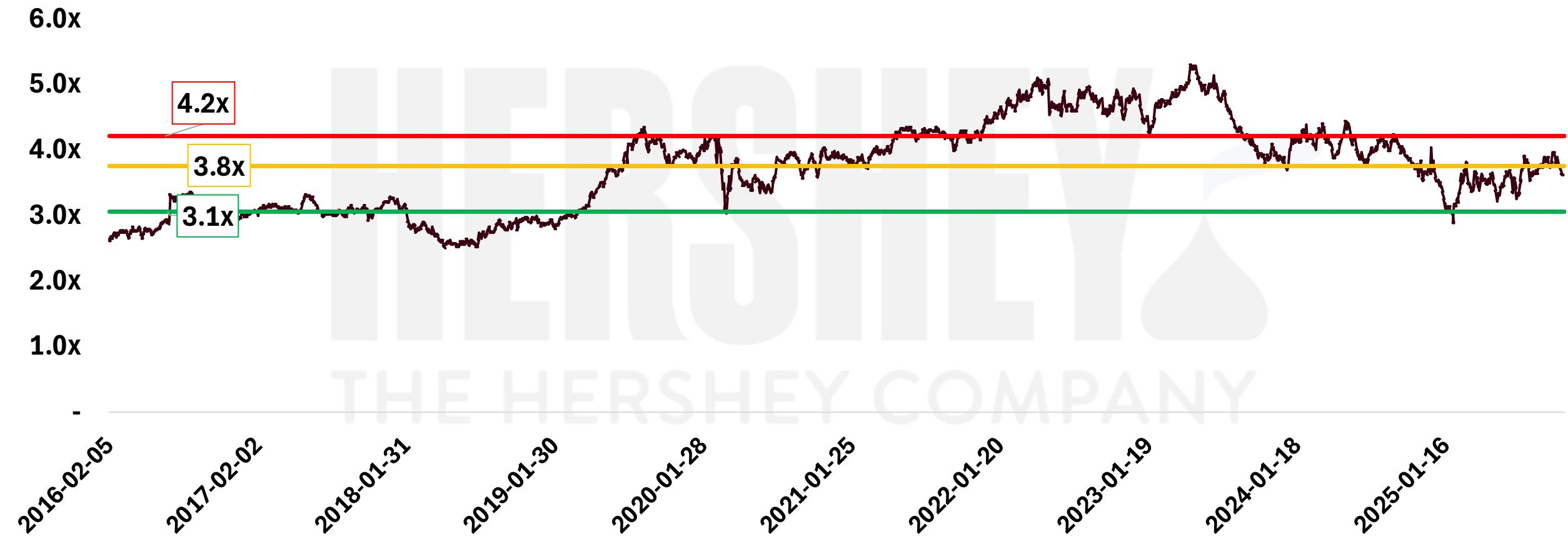


# Value Bands Example



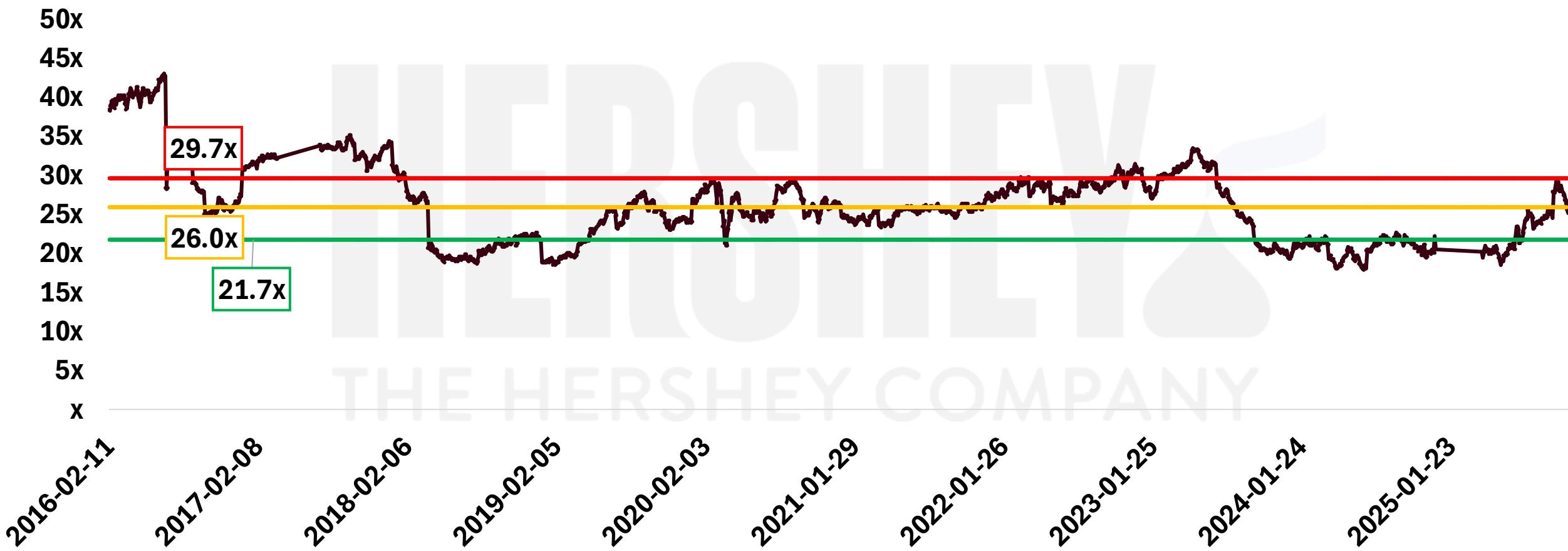


# Price to Sales Ratio



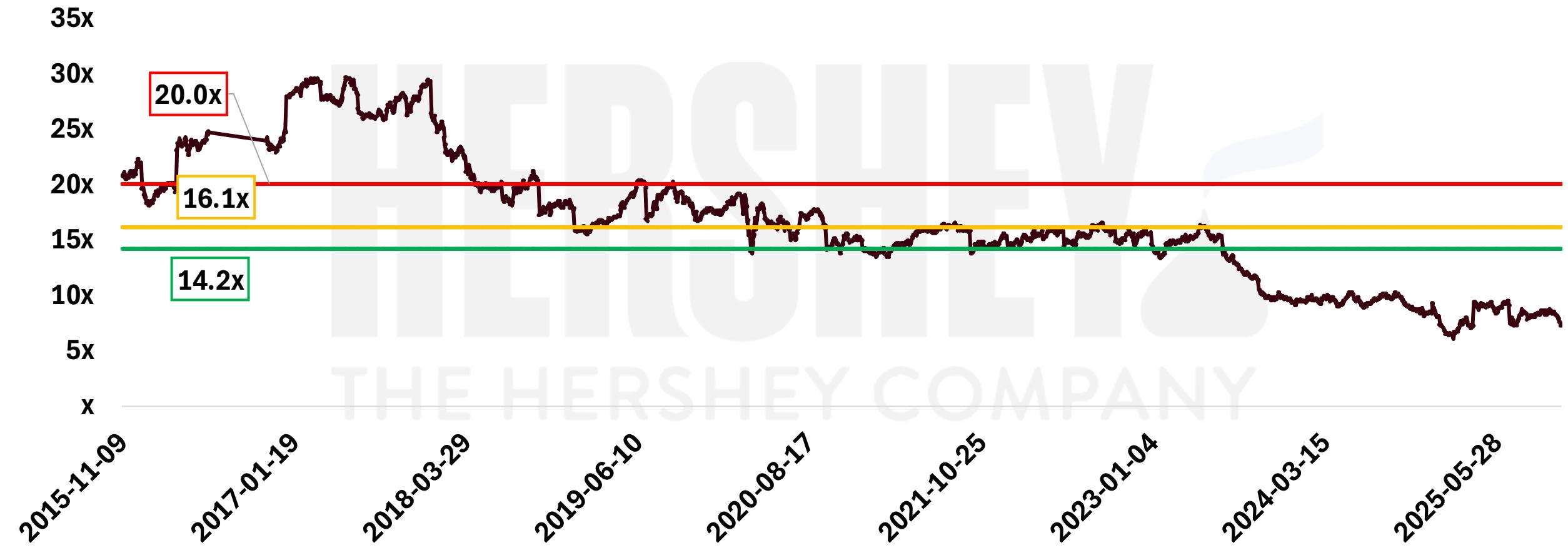


# Price to Earnings Ratio



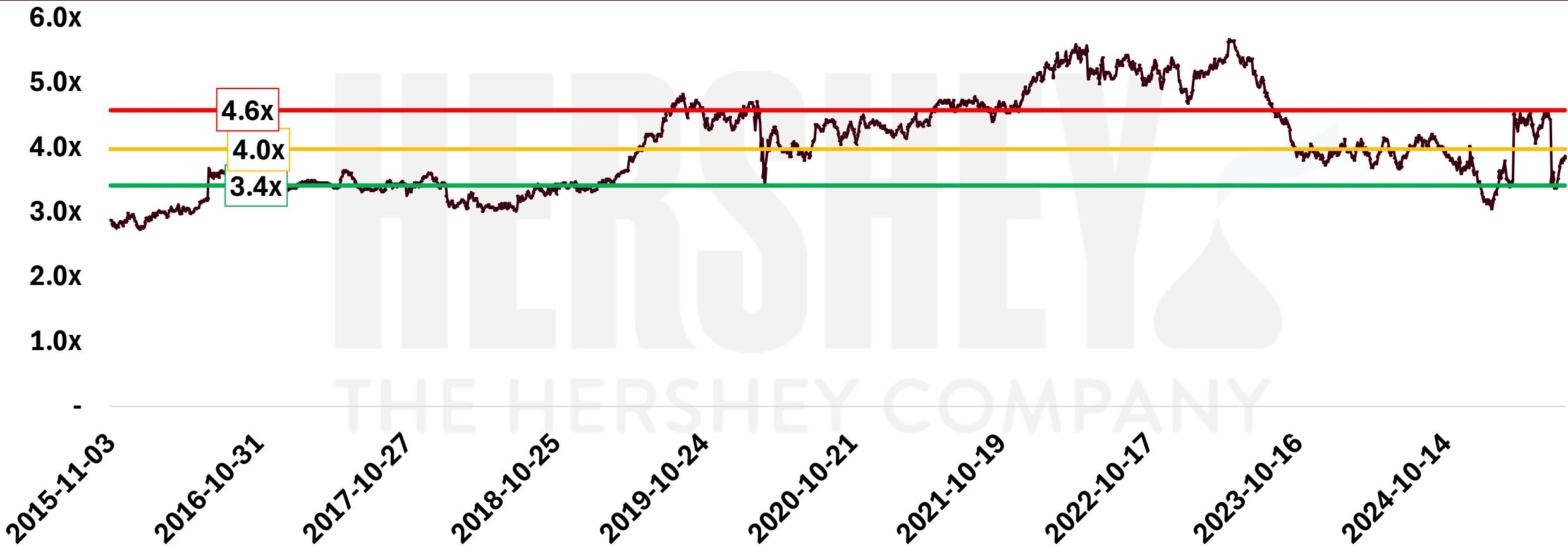


# Price to Book Ratio



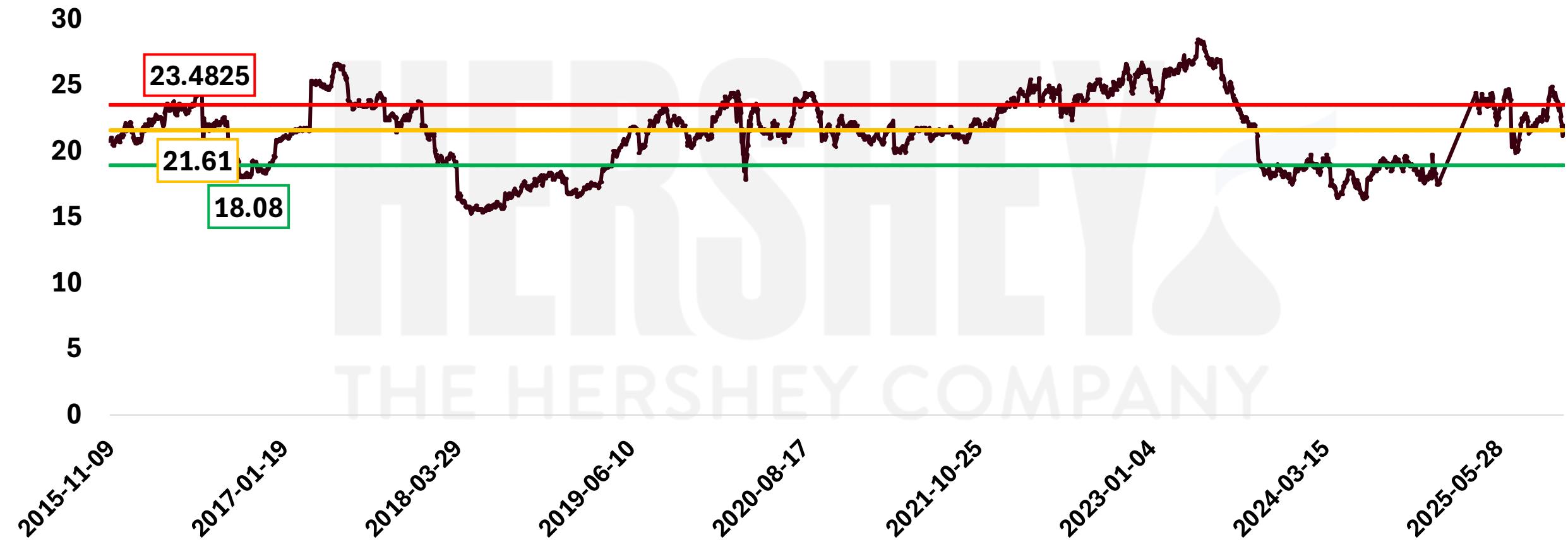


# Enterprise Value-to-Revenue



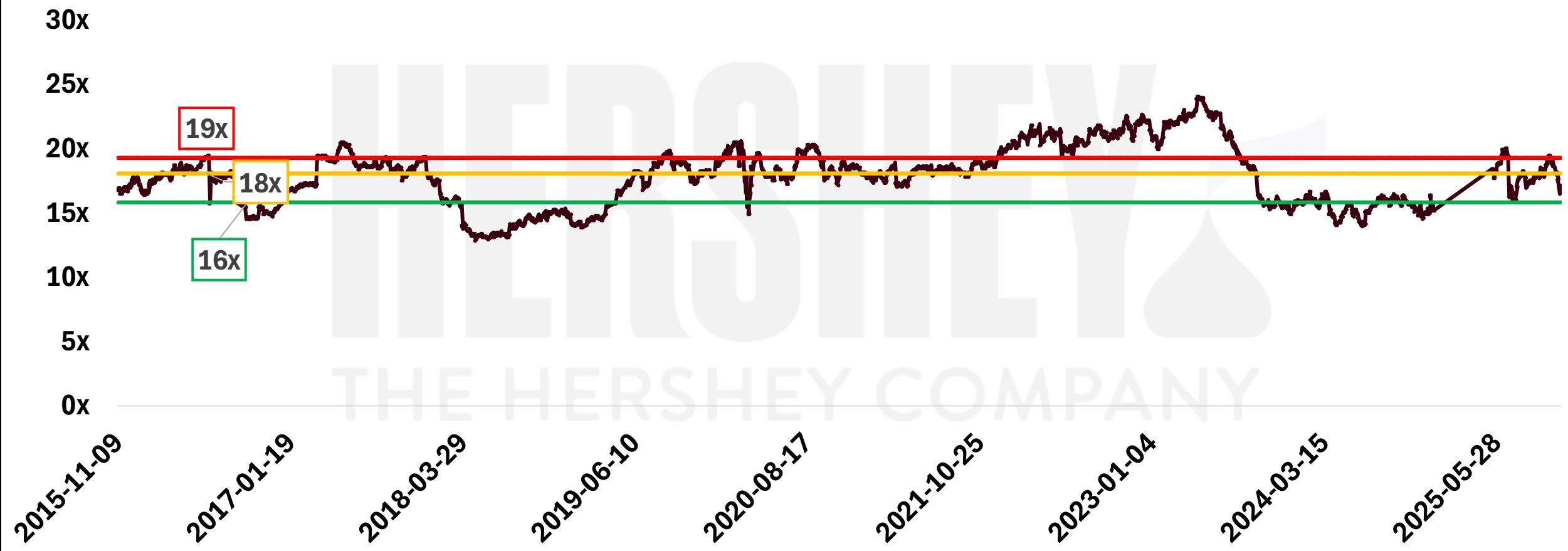


# Enterprise Value-to-EBIT



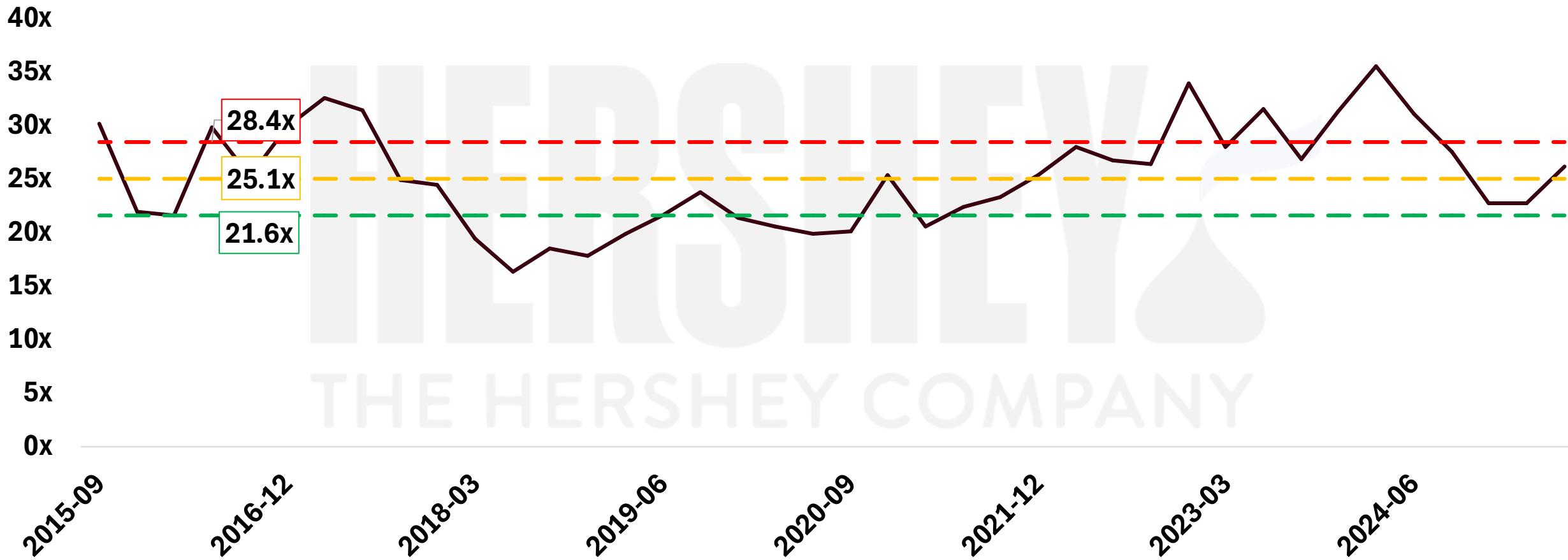


# Enterprise Value-to-EBITDA

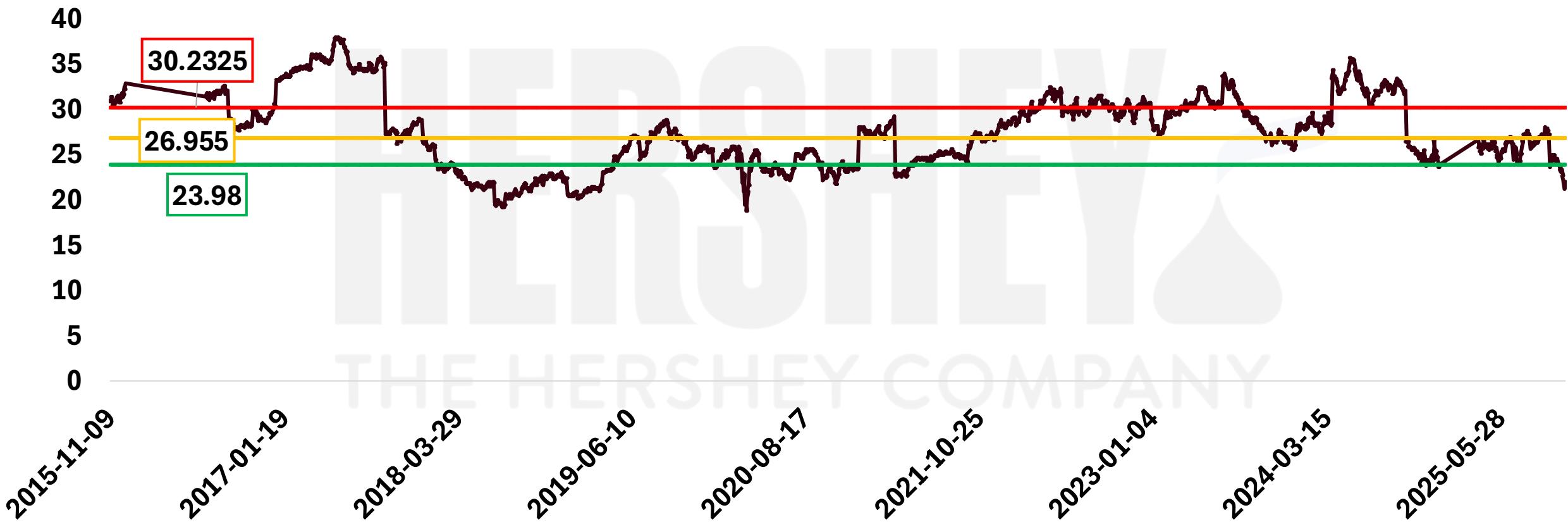




# Price to Free Cash Flow

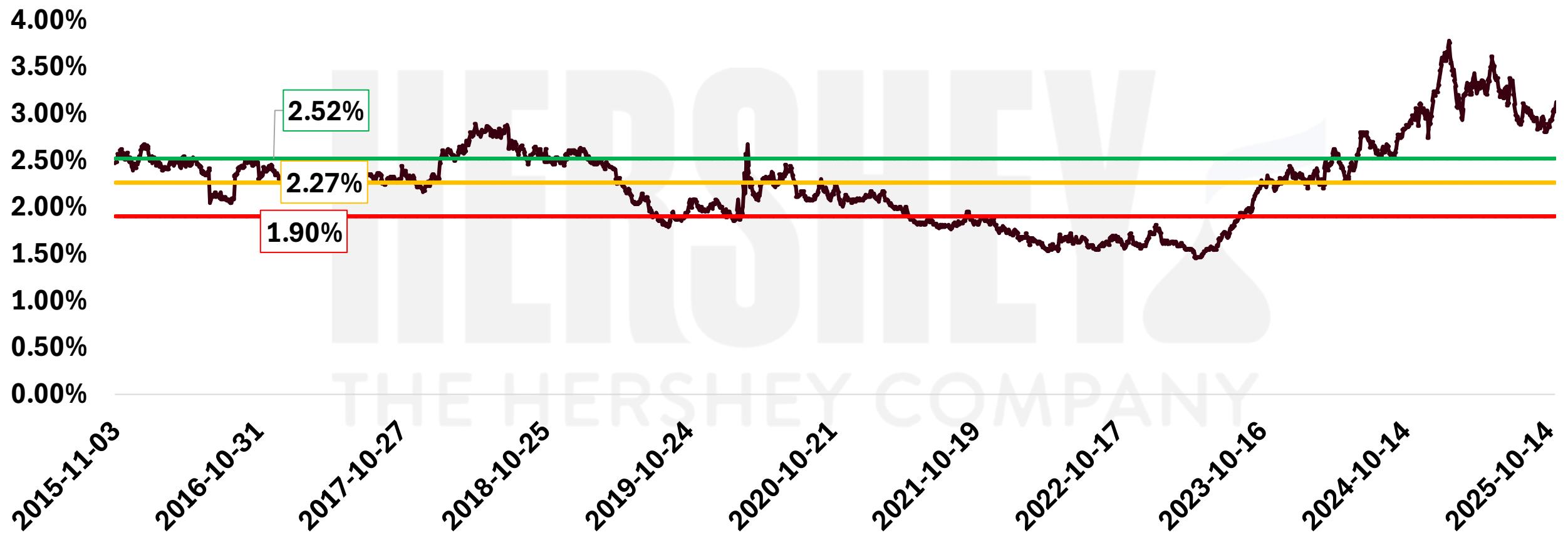


# Enterprise Value to Free Cash Flow

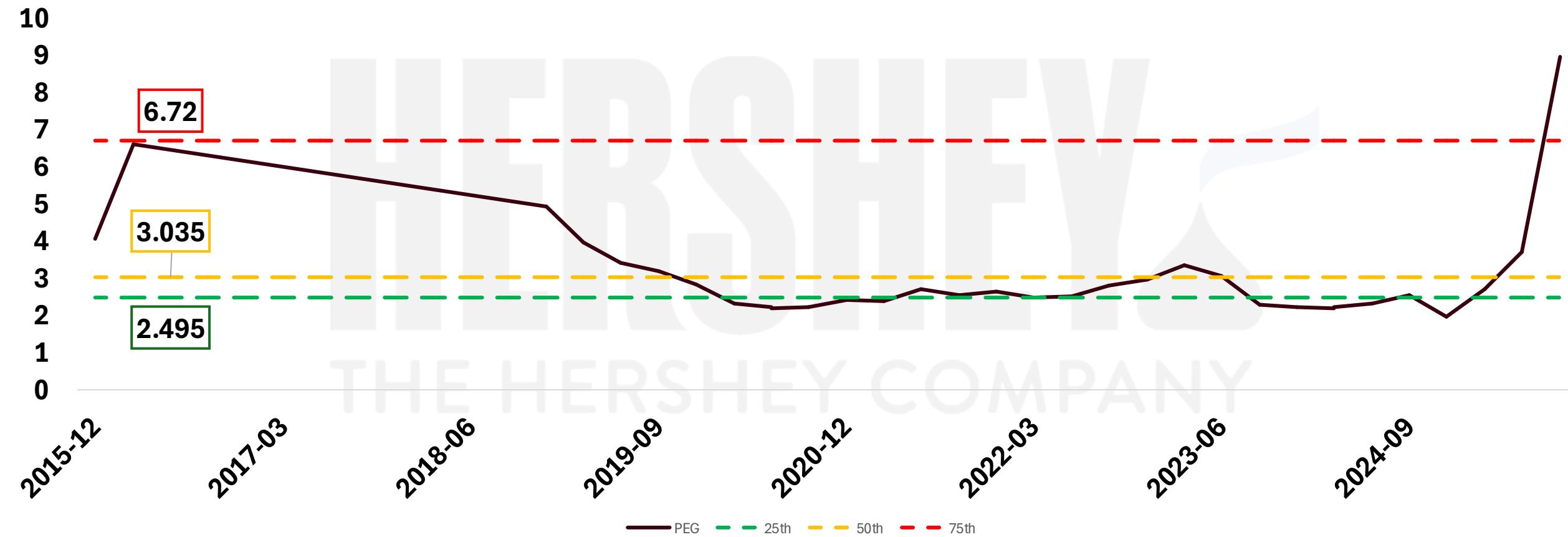




# Dividend Yield (Inverted)



# PEG (Price / Earning to Growth)



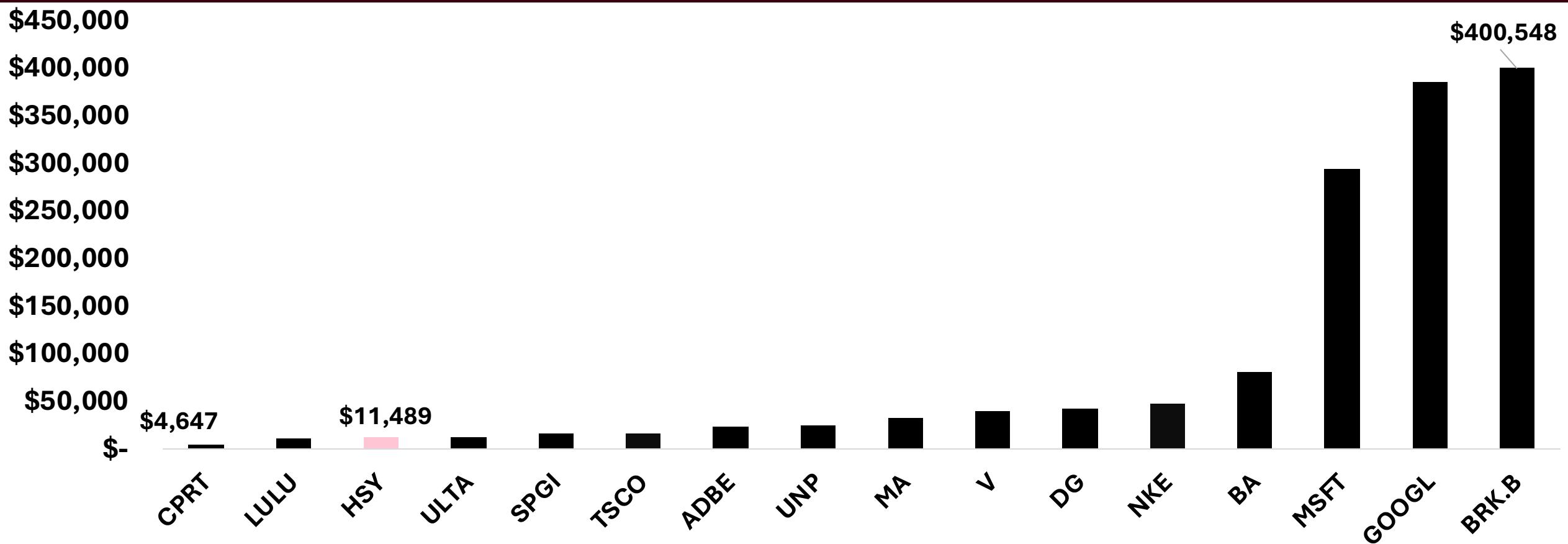
# Intraportfolio analysis



**Comparing Hershey to the rest of our portfolio**

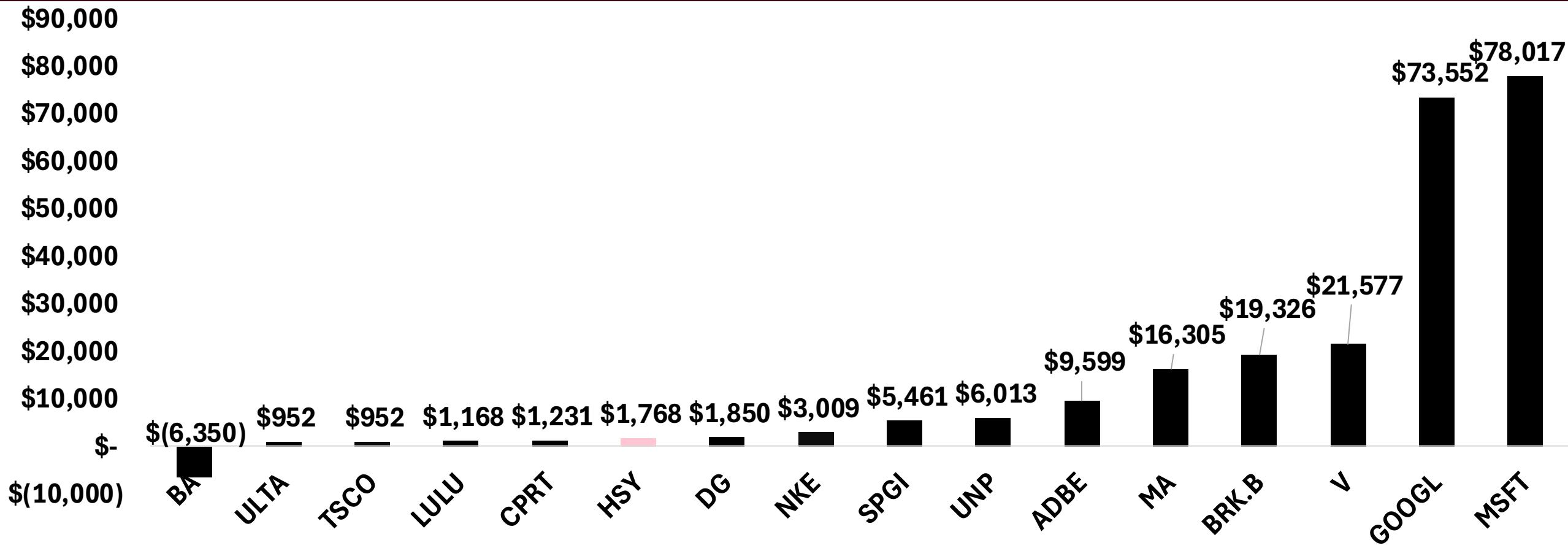


# Revenue (In millions USD)



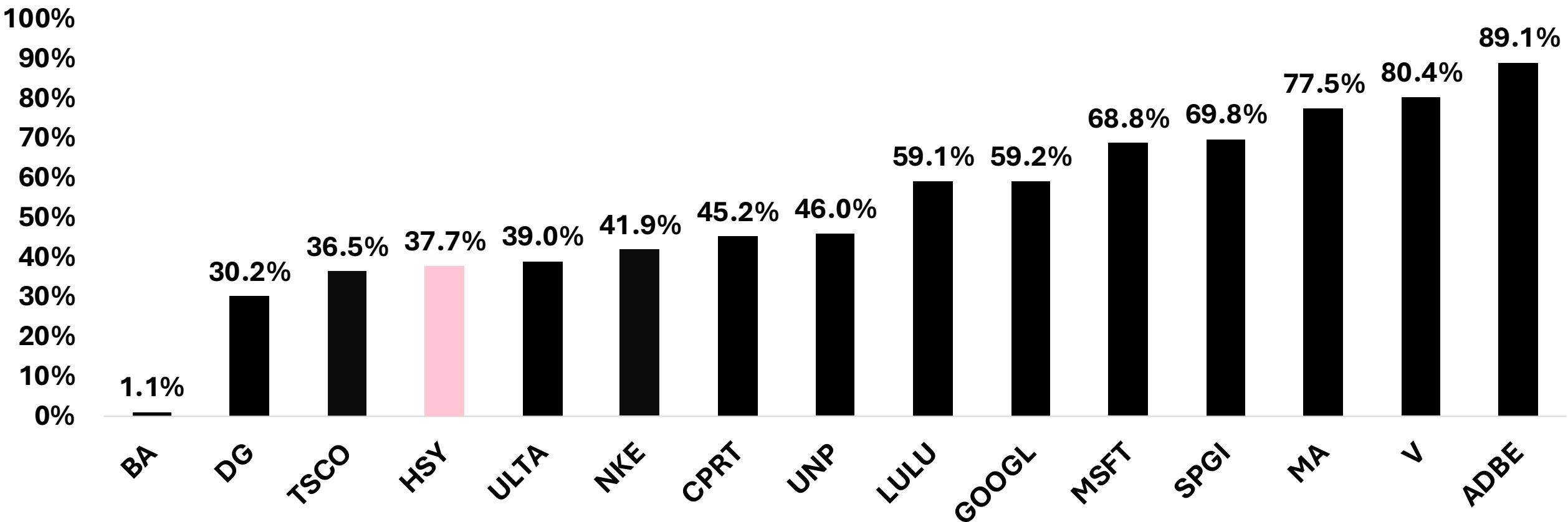


# Free Cash Flow (In Millions USD)



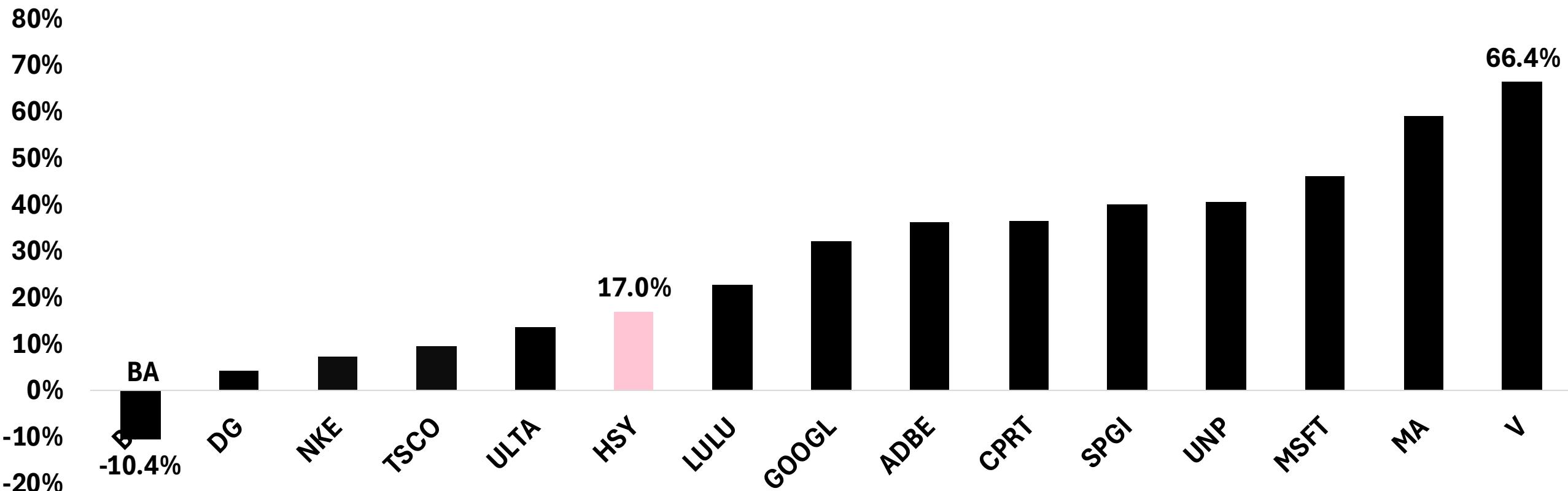


# Gross Margin %



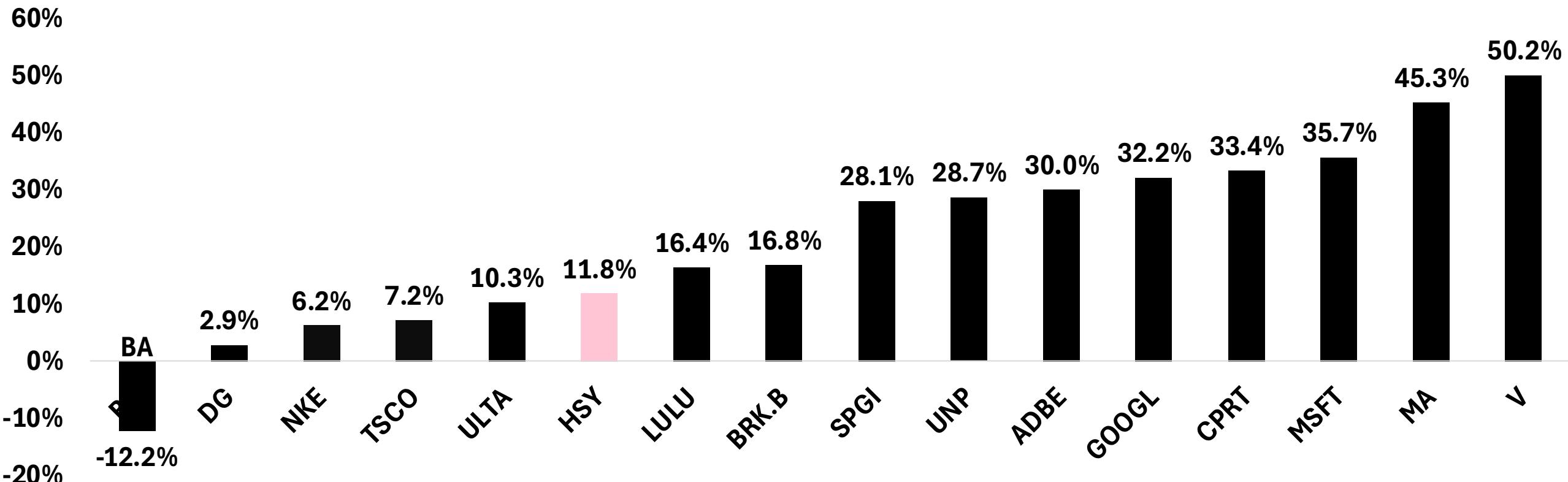


# Operating Margin %



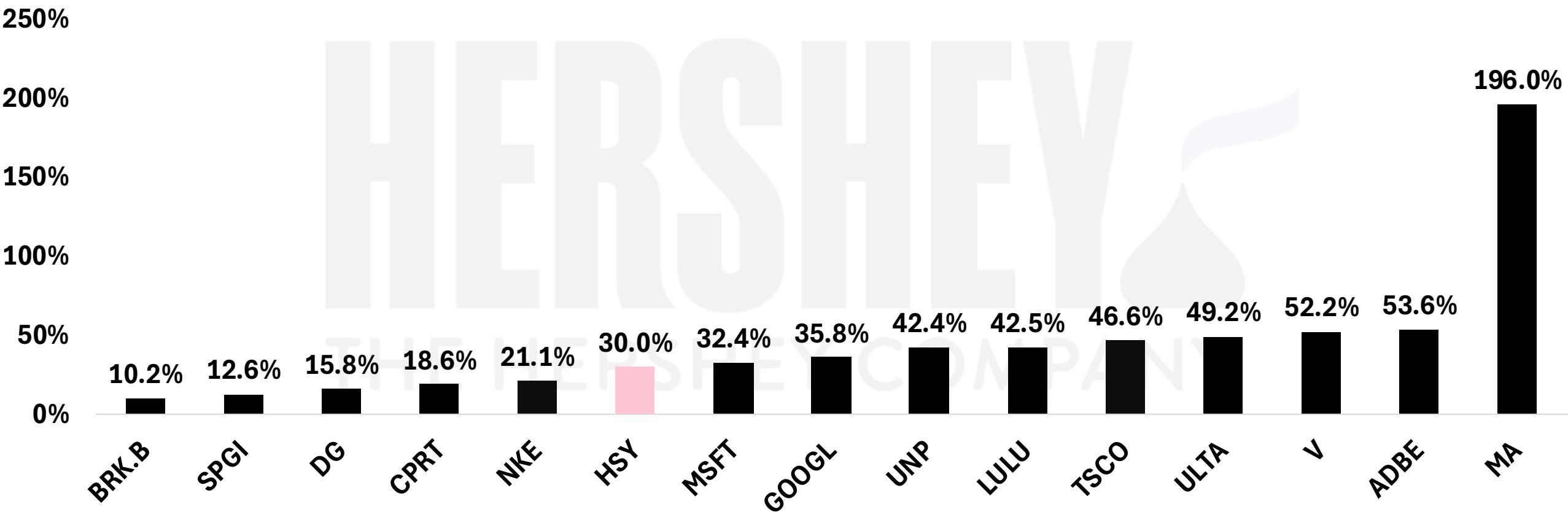


# Net Margin %



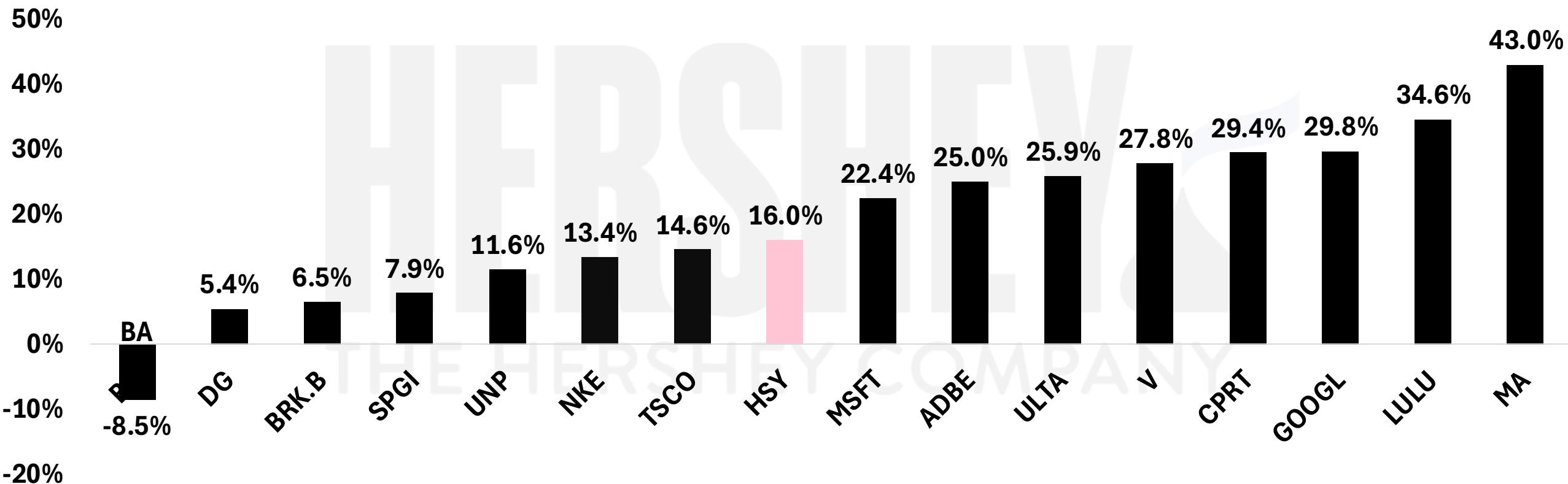


# ROE %



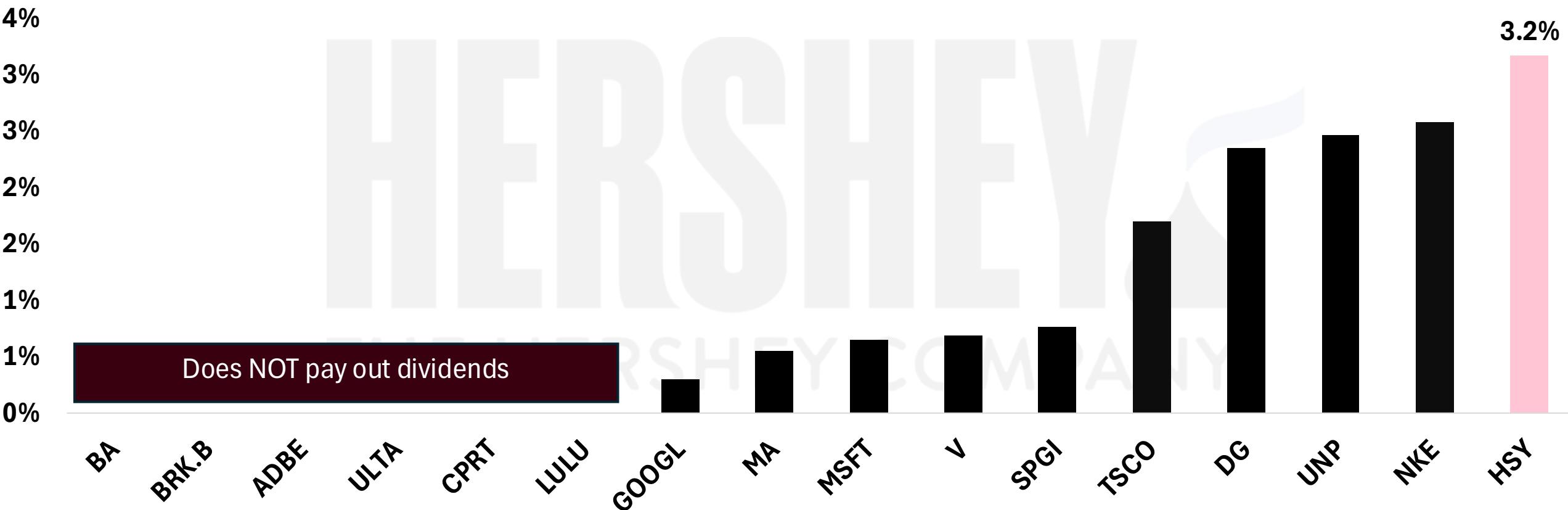


# ROIC %



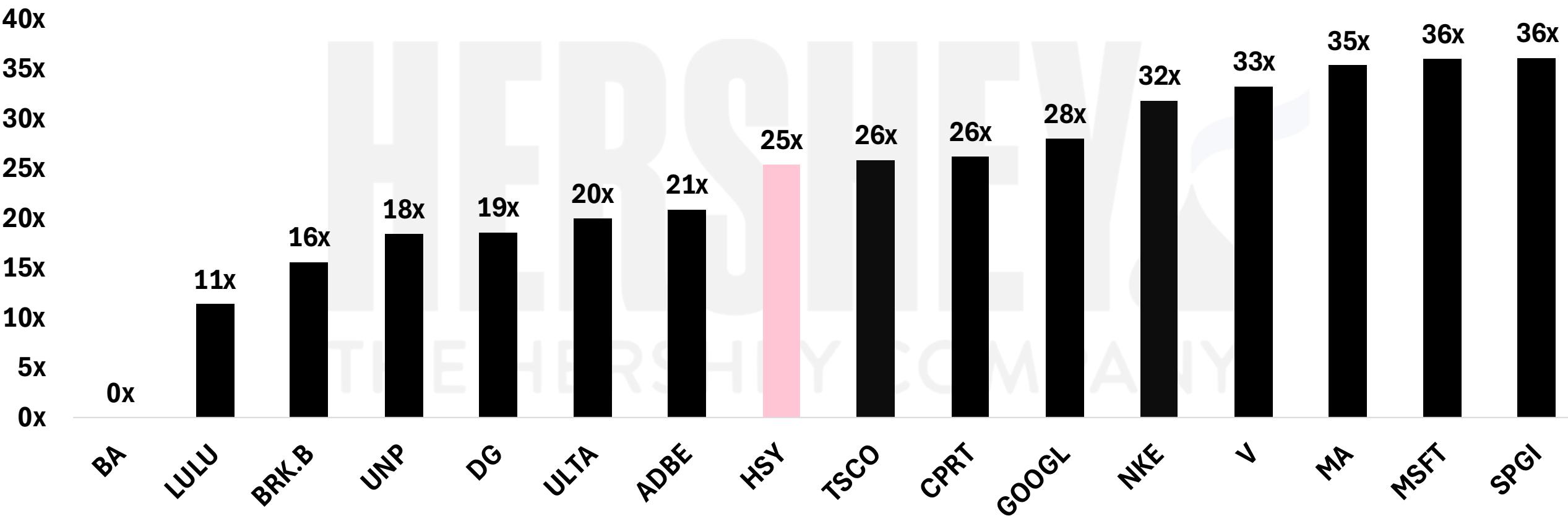


# Dividend Yield %



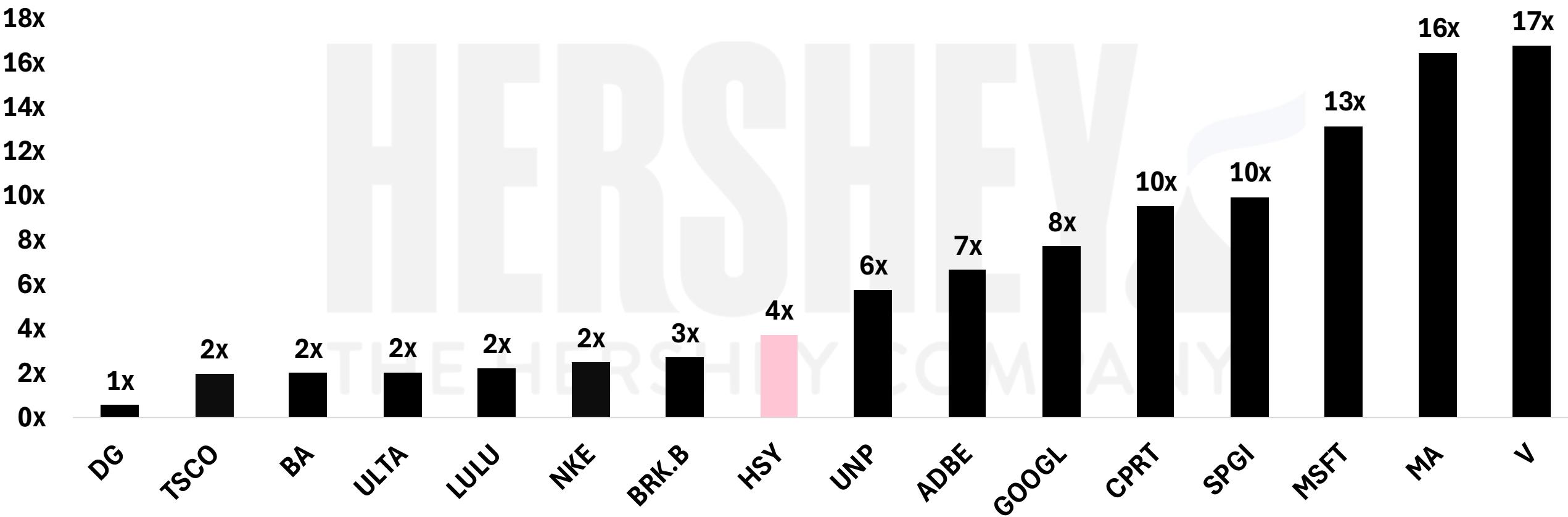


# PE Ratio



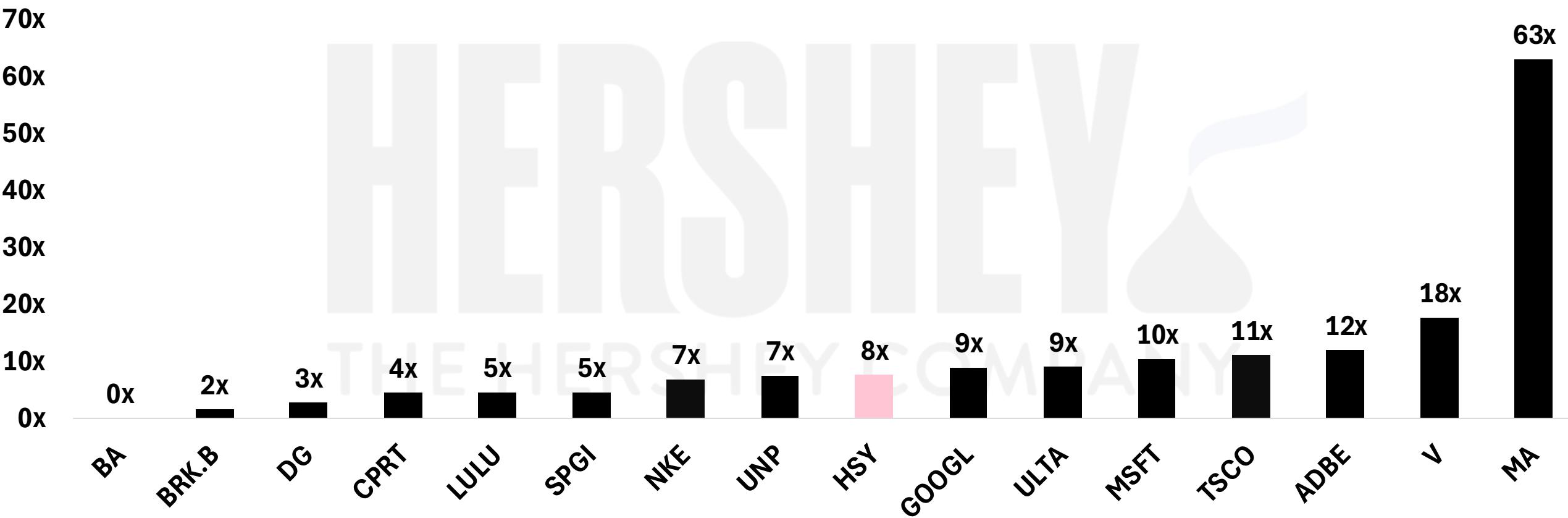


# PS Ratio



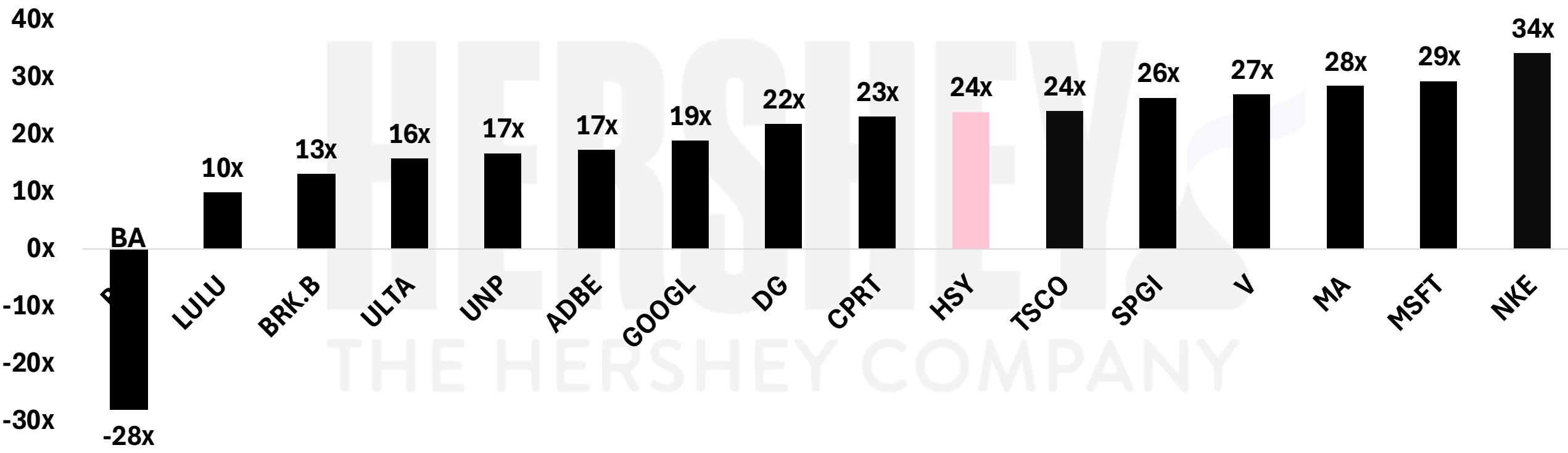


# PB Ratio



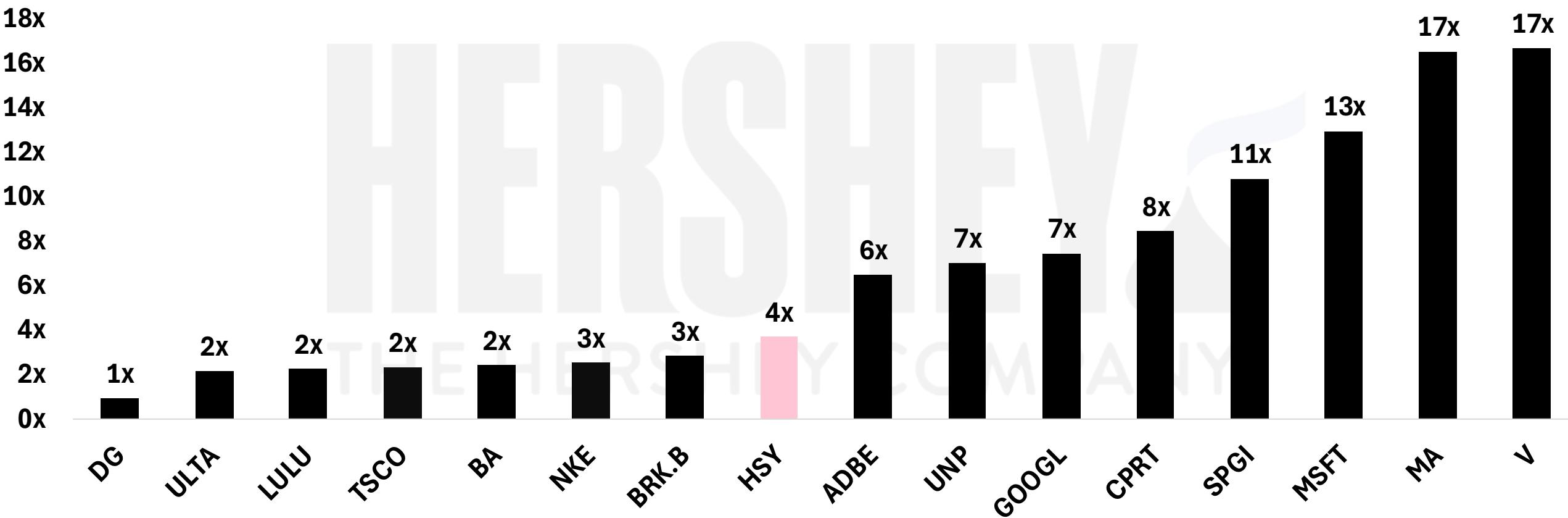


# EV-to-EBIT



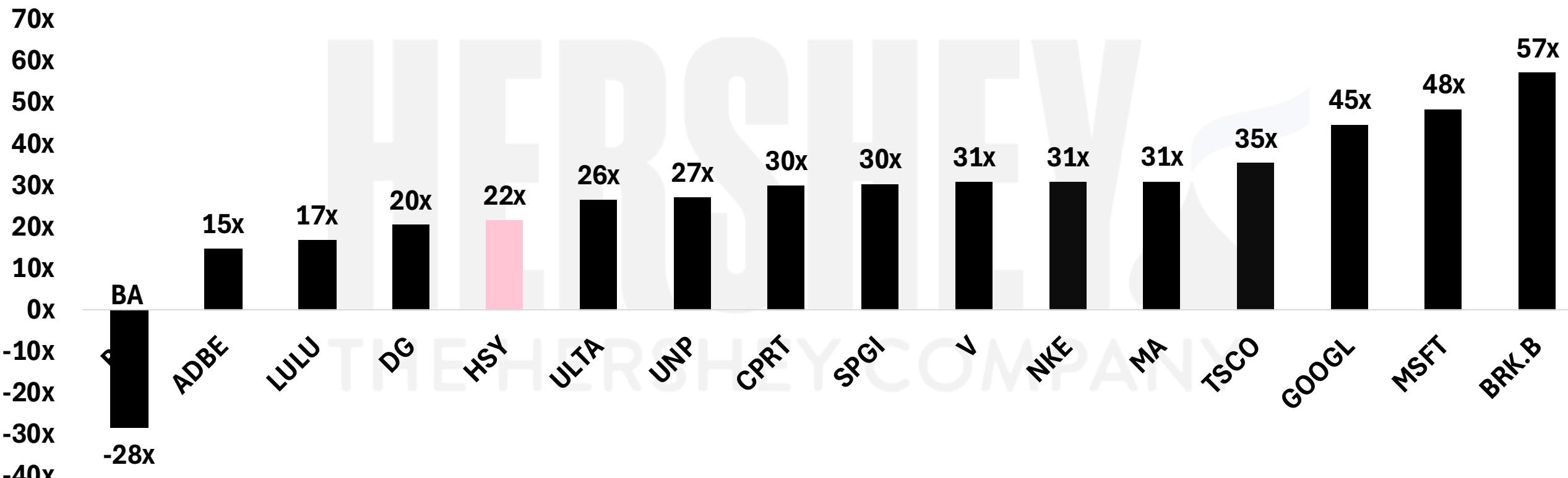


# EV-to-Revenue



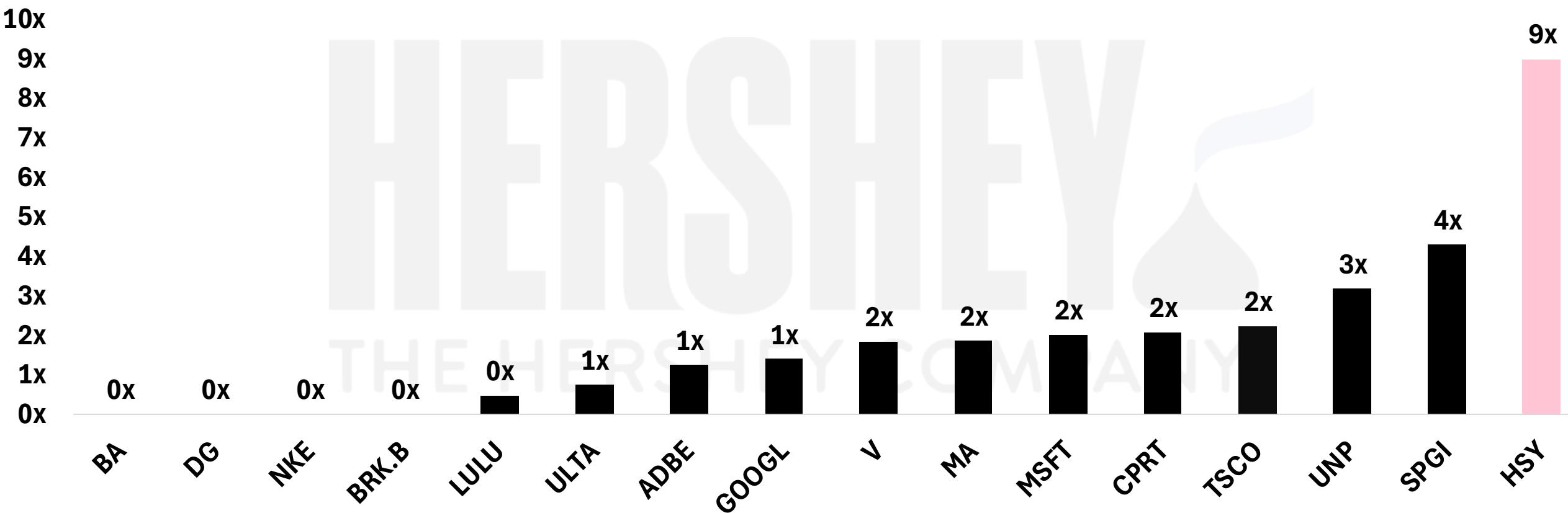


# EV-to-FCF





# PEG Ratio



# BULL TEAM





# MOAT

Adam Shultz





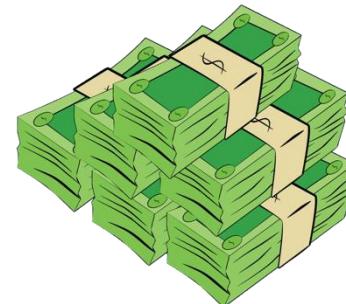
# Hershey's Moat

1

Intangible Assets

2

Cost Advantages



# Intangible Assets



Brand Equity



Shelf Space



Patents



# Brand Equity



## Brand Recognition

- Hershey has been around since 1894
- Products like Hershey's products are instantly identifiable by shape, color, and name.



# Brand Equity



## Customer Loyalty/Sticky Customers

- Hershey's ties its products to positive emotions and family traditions.
- Customers return to Hershey's even if a better/cheaper product exists
- Hershey has maintained a consistent taste, texture, and quality



# Shelf Space



- Retailers would rather stock leading brands that can aid in their efforts to drive traffic into their outlets.
- Retailers know that stocking Hershey's chocolate, Reese's, and Kit Kat guarantees steady sales



# Patents



- Hershey's has over 200 active patents in the U.S
- Process patents and utility patents
- Patents that cover production techniques, help Hershey reduce costs and improve quality.



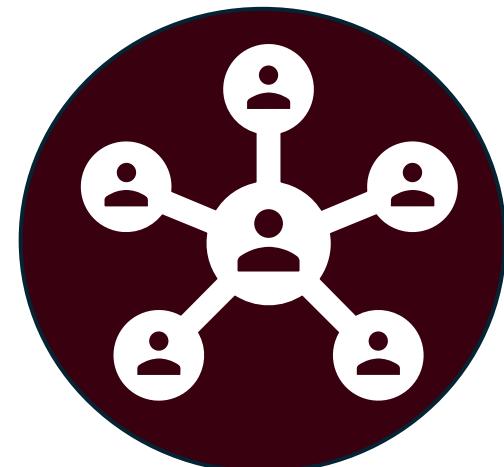


# Cost Advantages

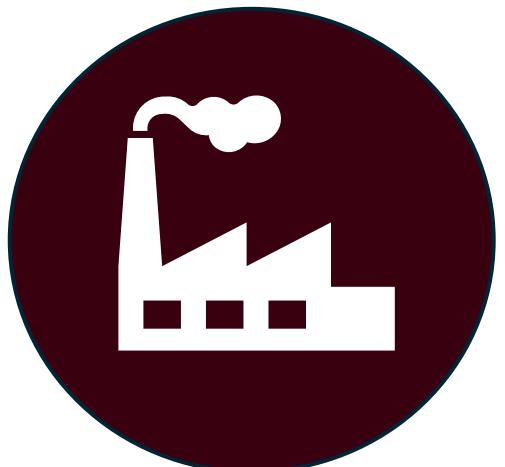
**Economies of scale**



**Precision  
merchandising**



**Manufacturing and  
procurement efficiencies**

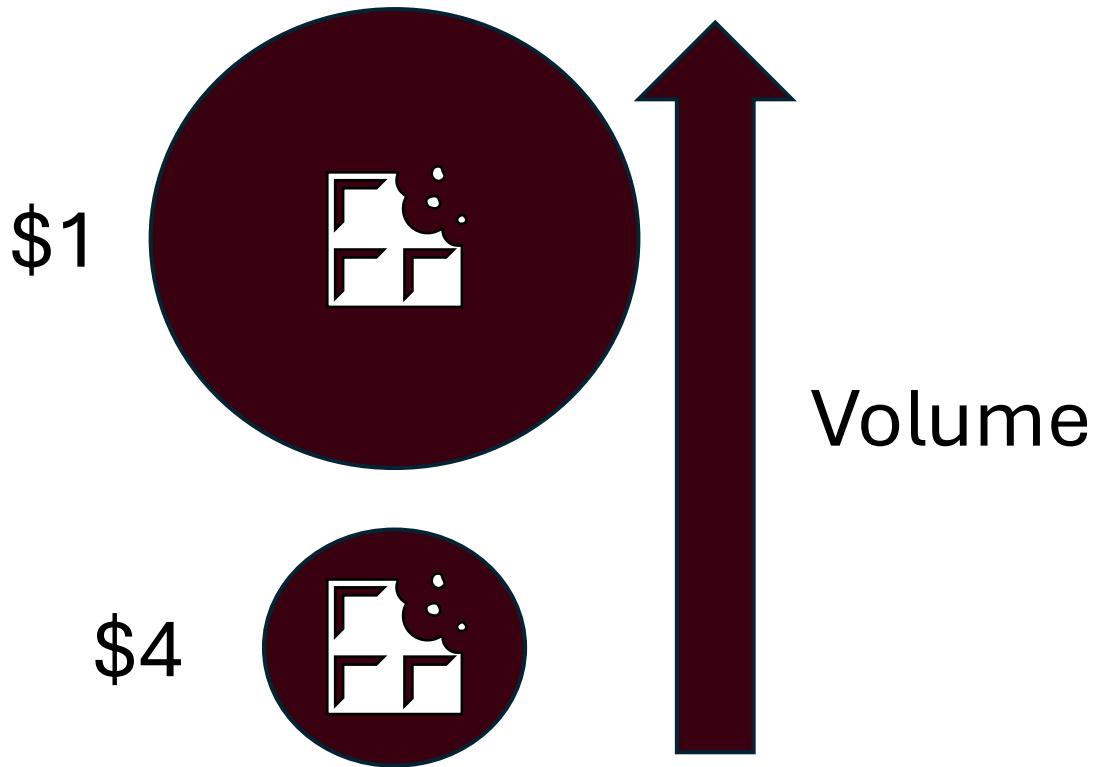




# Cost Advantages

## Economies of scale

- Produces products in large volumes which lowers the cost per unit.
- The more made, the less it cost.

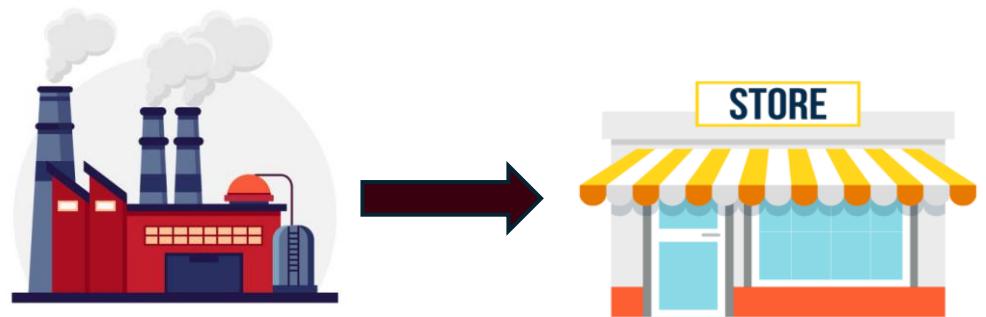




# Cost Advantages

## Precision merchandising

- Helps a business choose where they want products going.
- Increases sales, makes business more efficient.
- Avoids overproduction and excess inventory





# Cost Advantages

## Manufacturing and procurement efficiencies

- Uses manufacturing and procurement efficiencies through there advancing agility and automation initiative (AAA)
- A system that helps Hershey's make it cheaper to make and buy products
- Brings more robotics and smart machines into Hershey's factories.



# COCOA & FUTURE CONTRACTS

Pablo Samanez





# Cocoa Supply Chain



# ICCO Cocoa Report



- Prices down 11% in London and New York as supply outlook improves
- Ecuador leads output, nearing 600K tonnes annually
- Favorable weather in Côte d'Ivoire and Ghana supports 2025–26 crop recovery

FIGURE 1.

Prices of the SEPT-25, DEC-25 and MAR-26 cocoa futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close) in September 2025

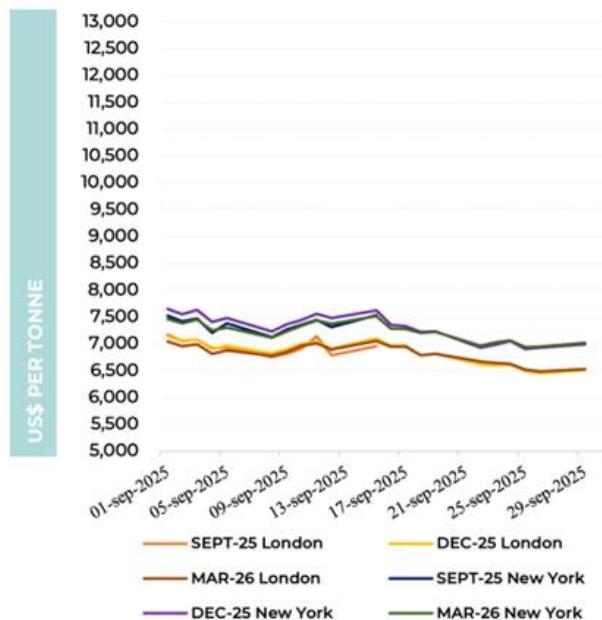
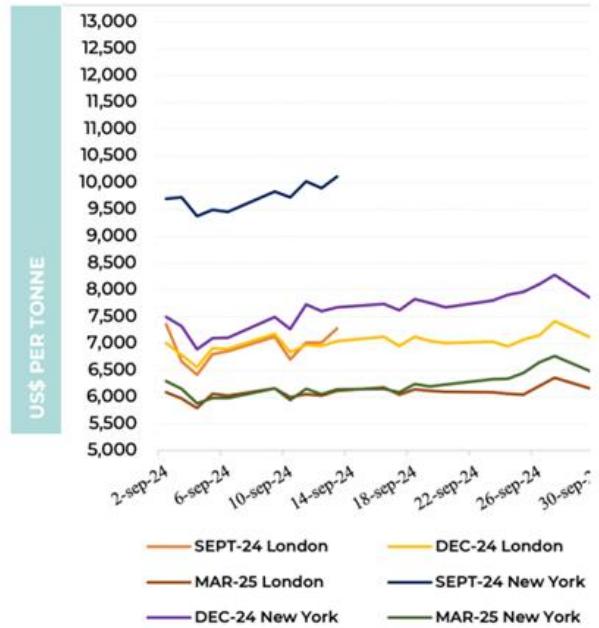


FIGURE 2.

Prices of the SEPT-24, DEC-24 AND MAR-25 cocoa futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets (at London close) in September 2024



# Hedging Cocoa Costs Through Futures Management



Contract Month	Symbol	Expiration Date*	Exchange	Notes
Mar-26	CC H26	~March 15 2026	ICE U.S.	Q1 hedge, used for early-year input protection
May-26	CC K26	~May 15 2026	ICE U.S.	Often rolled from March positions
Jul-26	CC N26	~July 15 2026	ICE U.S.	Summer coverage; moderate liquidity
Sep-26	CC U26	~September 15 2026	ICE U.S.	Covers Q3/Q4 cocoa demand
Dec-26	CC Z26	~December 15 2026	ICE U.S.	Last delivery month of fiscal 2026
Mar-27	CC H27	~March 15 2027	ICE U.S.	Start of 2027 hedging cycle



# GROWTH OPPORTUNITIES

Pablo Picasso





# Hershey Growth Story

- \$11.2B sales
- 15 years record revenue growth
- 40%+ gross margin across years
- Global portfolio expansion

10/31/2025	2015-12	2016-12	2017-12	2018-12	2019-12	
IOFS						
Revenue	\$7,387	\$7,440	\$7,515	\$7,791	\$7,986	
YoY(%)	0.7%	1.0%	3.7%	2.5%		
	2020-12	2021-12	2022-12	2023-12	2024-12	TTM
	\$8,150	\$8,971	\$10,419	\$11,165	\$11,202	\$11,295
	2.0%	10.1%	16.1%	7.2%	0.3%	





# Core Chocolate



- Core chocolate drives category leadership
- 84% of total sales with steady share gains
- Mid-single-digit retail growth beating peers
- Merchandising, innovation, and pricing sustain brand power

# Salty Snacks Growth



- Revenue up 12%, topping \$1.7B
- Dot's, SkinnyPop, Pirate's Booty driving double-digit growth
- Expanded capacity and distribution boost scale
- Hershey emerging as total snacking leader





# Innovation



- Reese's Big Cup and Kisses Milklicious boosted trial and repeat
- Innovation added 2 pts to FY24 growth
- Fewer, bigger, better launches drive ROI
- Expanding appeal with younger consumers

# Pricing and Revenue Management



- Pricing added 5 pts to FY24 sales growth
- Volume down 1%, showing tight elasticity control
- Pack-mix analytics balance value and margin
- Brand strength supports pricing power



# Productivity and Transformation



- \$300M in savings from automation and efficiency gains
- Supply chain upgrades boosted throughput and cut costs
- Savings reinvested in growth, innovation, and capacity
- Continuous improvement strengthens cost advantage

# Premium and Better for You



- Premium and better-for-you driving mix and margin gains
- Segment up 10% YoY, led by Lily's, Zero Sugar, Organic Reese's
- Higher price points lift gross margin
- Captures demand for healthier indulgence





# International Growth



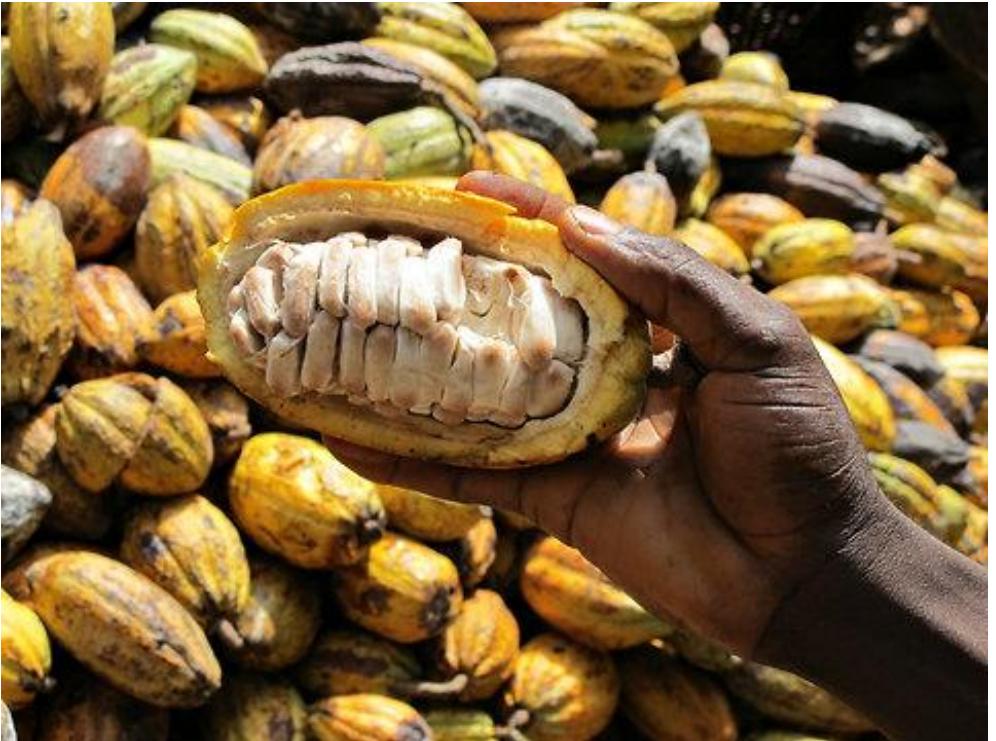
- International = 8% of sales, up high single digits
- Mexico delivering double digit growth through stronger brands and reach
- India accelerating via local innovation and manufacturing
- Capital light model drives disciplined, profitable expansion



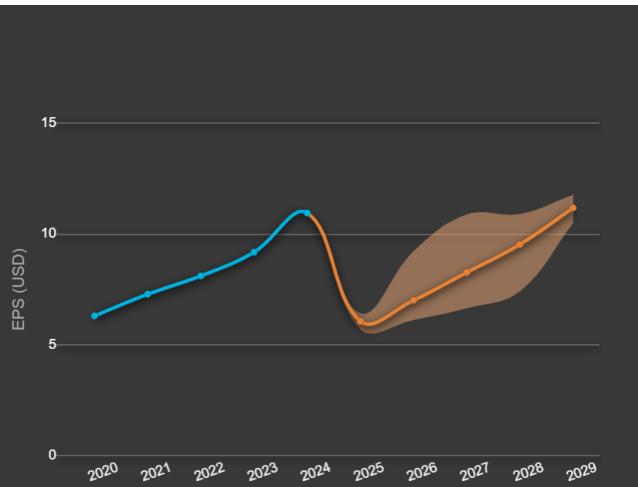
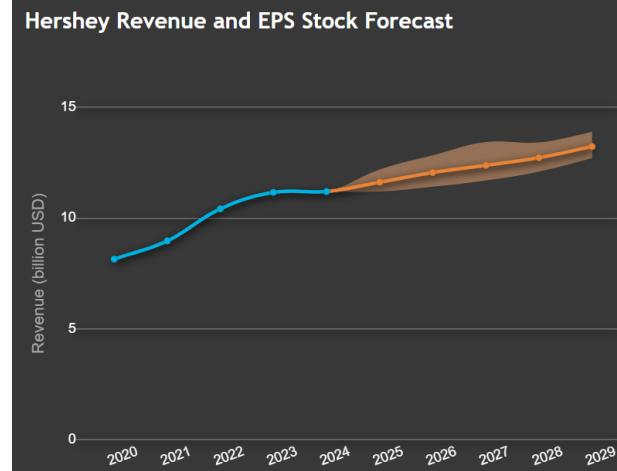
# Growth Opportunities Amid Cocoa Market Volatility



- Cocoa output recovering in Côte d'Ivoire, Ghana, and Ecuador
- New partnerships beyond West Africa
- \$500M Cocoa for Good and \$40M Income Accelerator support farmers
- Long-term contracts and efficiency protect margins



# Built for Durable Performance



- Balanced, profitable, and sustainable growth
- Top-line outpacing category peers
- Expansion in salty snacks and premium platforms
- Efficiency and pricing protect margins, fund growth
- Mid-to-high single-digit EPS with steady cash flow



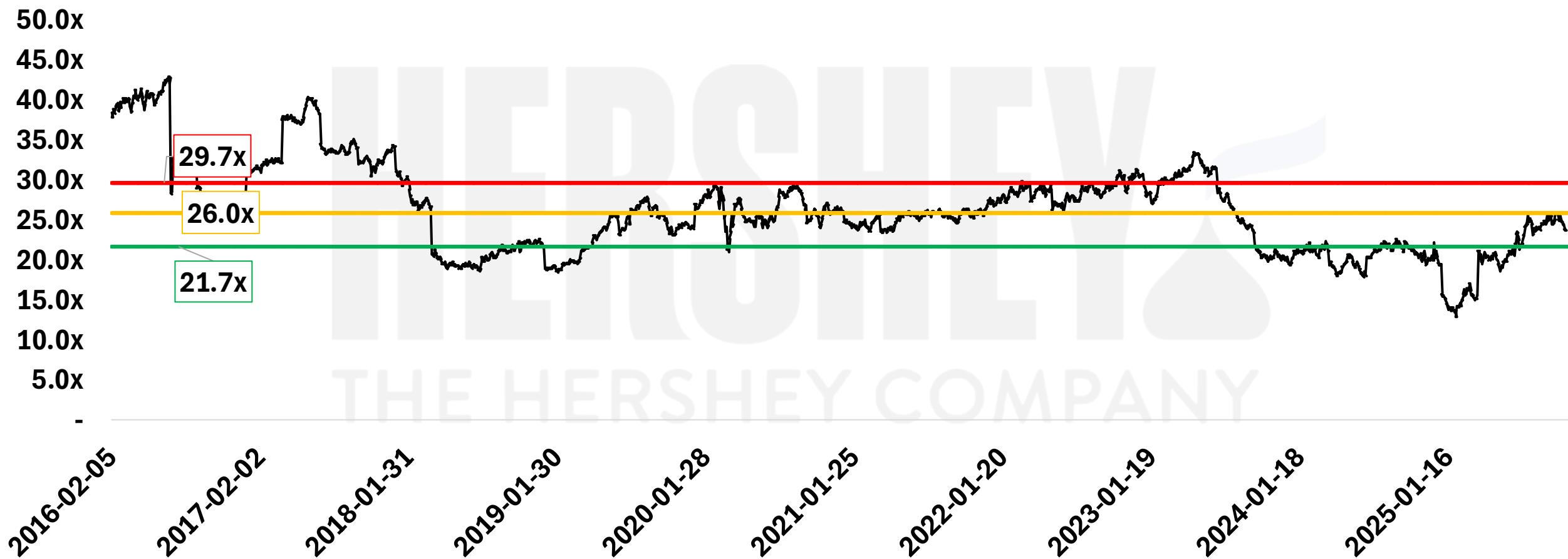
# VALUATION

Jaiden Conrad



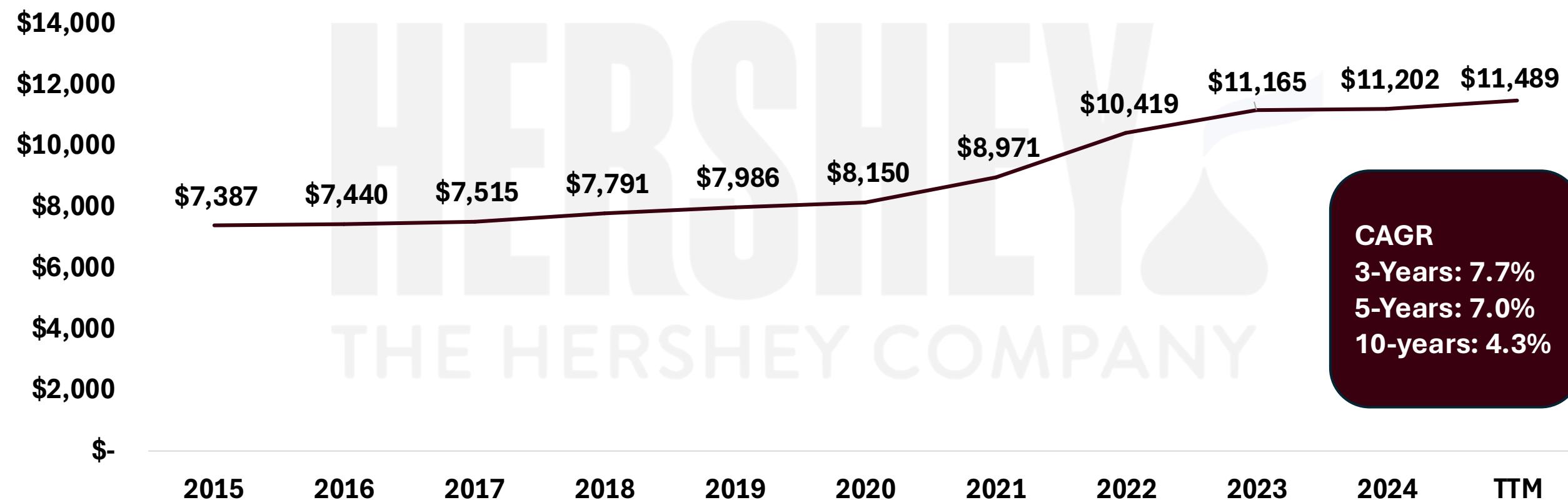


# Value Bands (P/E)



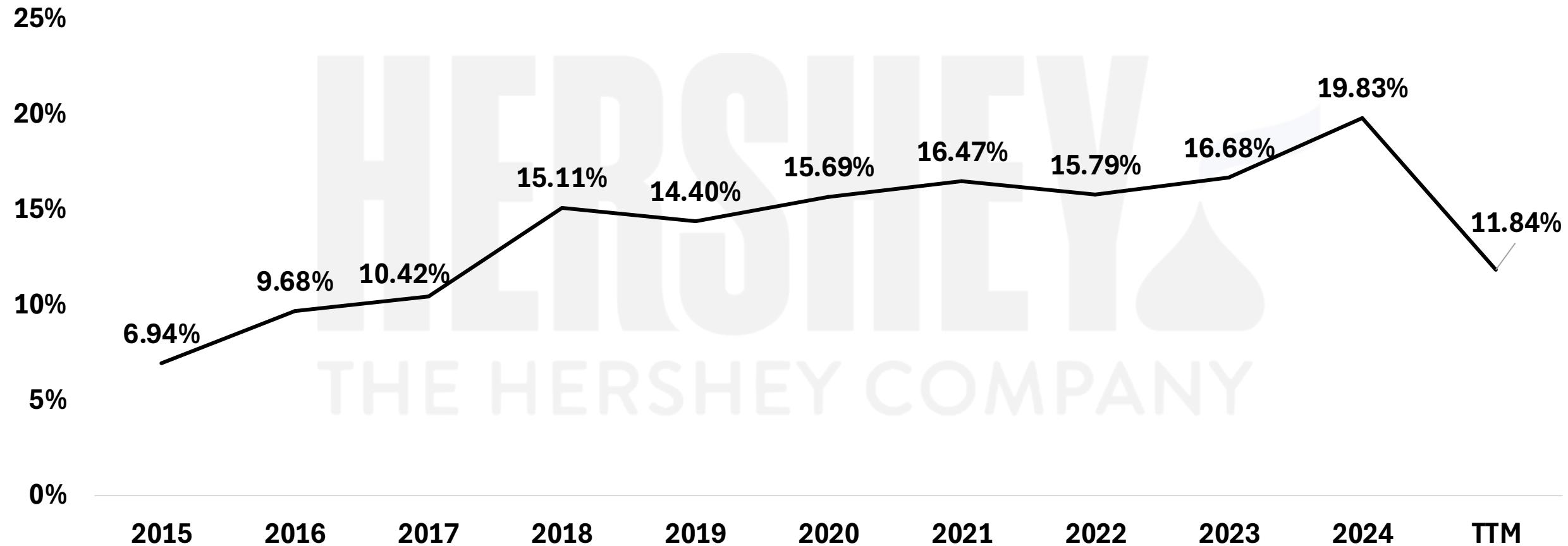


# Revenue



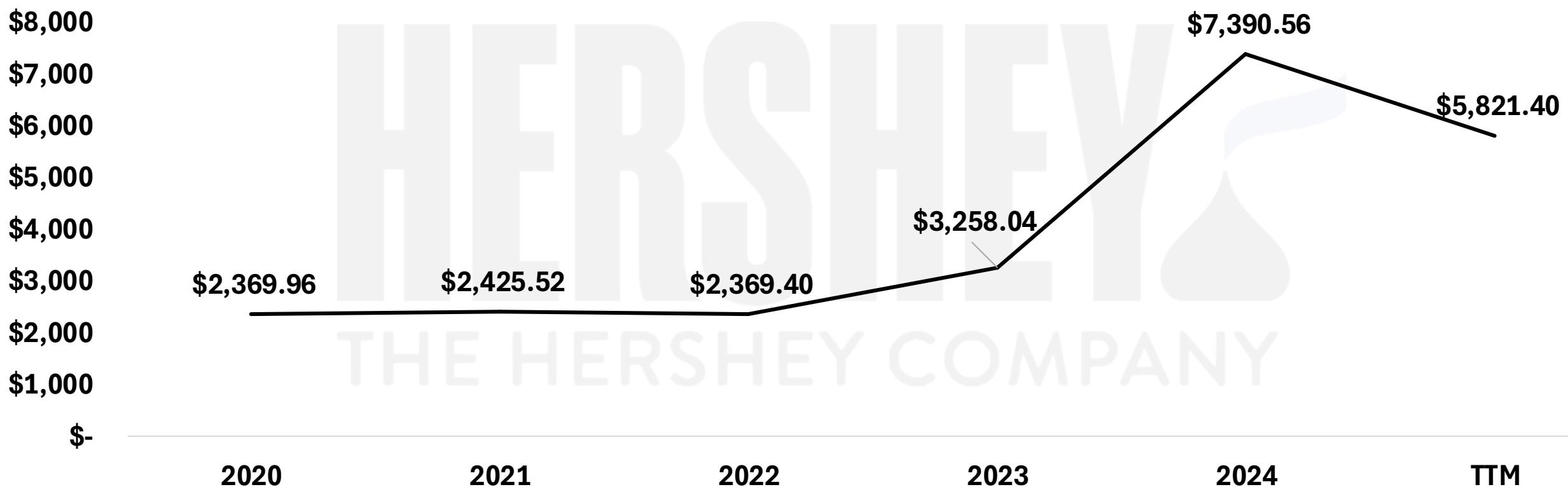


# Net Margins %





# Cocoa Prices (per metric ton)





# DCF

Ticker:	HSY
Price:	\$169.88
Discount Rate:	11.0%
Method:	EPS
Dividend Payout Ratio	75.0%

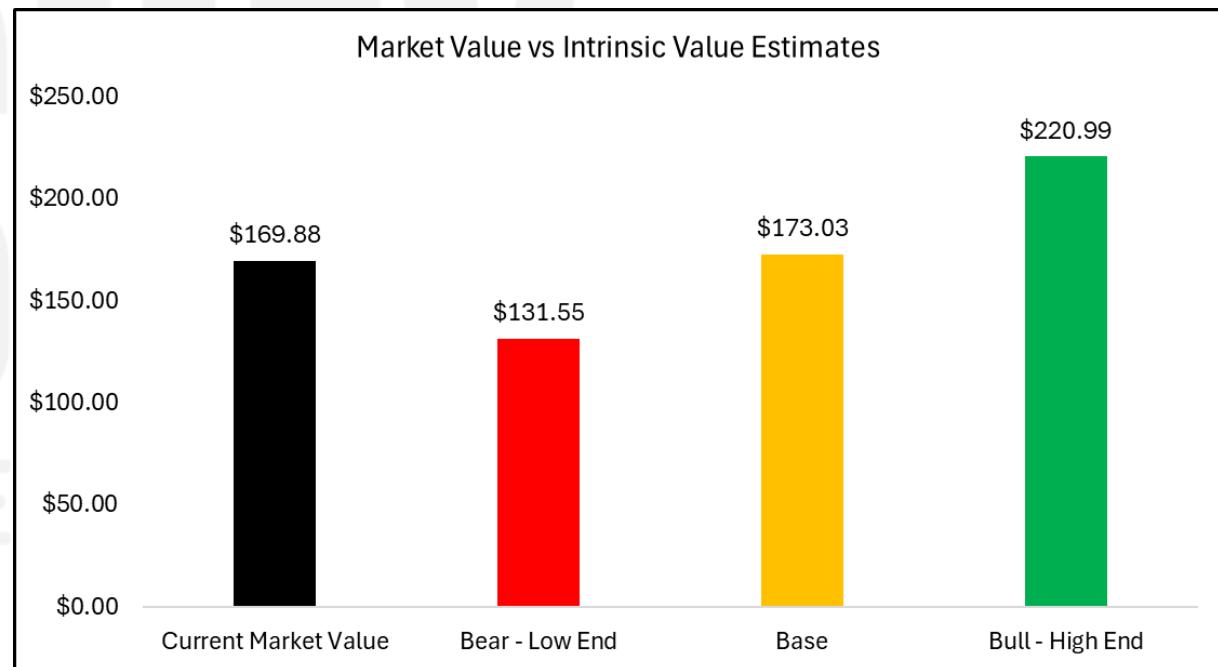
## 5 Year Discounted Cash Flow

		2025	2026	2027	2028	2029	2030	P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
Bear	EPS	\$6.30	\$7.63	\$8.01	\$8.30	\$8.71	\$9.15	20.0x	\$182.98	\$108.59	7.7%	1.5%	4.8%
		21.17%	4.93%	3.56%	5.02%	5.02%	5.02%	23.0x	\$210.43	\$124.88	23.9%	4.4%	7.3%
								26.0x	\$237.87	\$141.17	40.0%	7.0%	9.6%
Base	EPS	\$6.30	\$7.76	\$8.30	\$8.76	\$9.37	\$10.03	22.0x	\$220.70	\$130.97	29.9%	5.4%	8.4%
		23.17%	6.93%	5.56%	7.02%	7.02%	7.02%	25.0x	\$250.79	\$148.83	47.6%	8.1%	10.8%
								28.0x	\$280.89	\$166.69	65.3%	10.6%	13.1%
Bull	EPS	\$6.30	\$7.89	\$8.59	\$9.24	\$10.07	\$10.98	24.0x	\$263.55	\$156.40	55.1%	9.2%	11.9%
		25.17%	8.93%	7.56%	9.02%	9.02%	9.02%	27.0x	\$296.49	\$175.95	74.5%	11.8%	14.3%
								30.0x	\$329.44	\$195.50	93.9%	14.2%	16.5%



# Model(2)

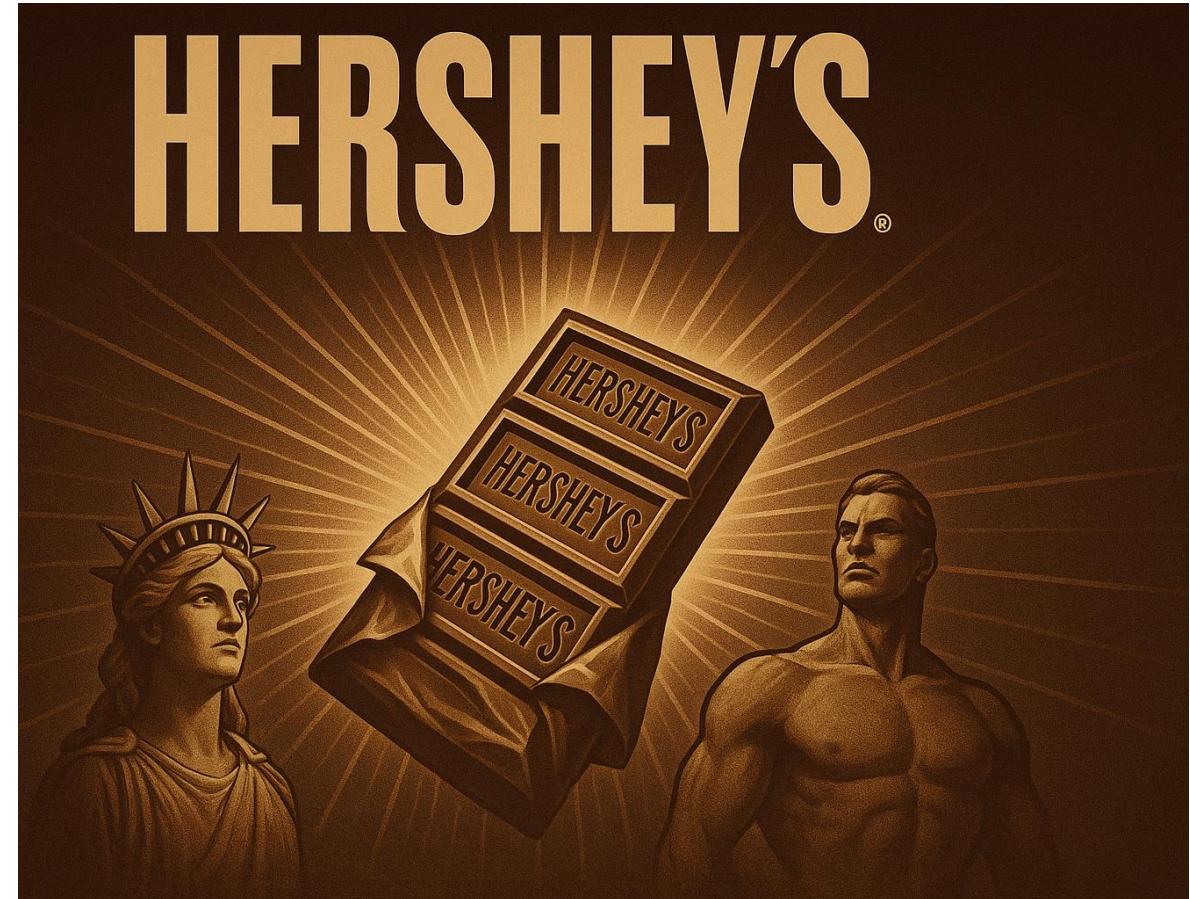
Total RoR Sensitivity			
P/E	Est. EPS growth rate		
	20.0x	7.9%	9.9%
	20.0x	1.5%	5.4%
	20.0x	9.2%	11.9%
25.0x	4.4%	8.1%	11.8%
	30.0x	7.0%	10.6%
30.0x	14.2%		





## CONCLUSION

Pablo Picasso



# Hershey's Stability and Market Resilience



- Hershey is a company with resilience
- Chocolate and snacks are recession proof
- Adapting to new market realities
- Hershey trust and brand recognition
- Excellent financial health
- Reliable management team





# Recommendation

## Recommendation: “Hold”

- Hershey is a resilient brand with steady demand and pricing power
- Cost pressures are temporary, with margins set to rebound
- Fair valuation offers long-term upside as recovery unfolds.



# BEAR TEAM





# COMPETITOR ANALYSIS

Justin Perry



# Competitors



**Mondelēz**  
International

 LINDT & SPRÜNGLI

**MARS**

**FERRERO**

*Cadbury*



# Revenue TTM (In Millions)



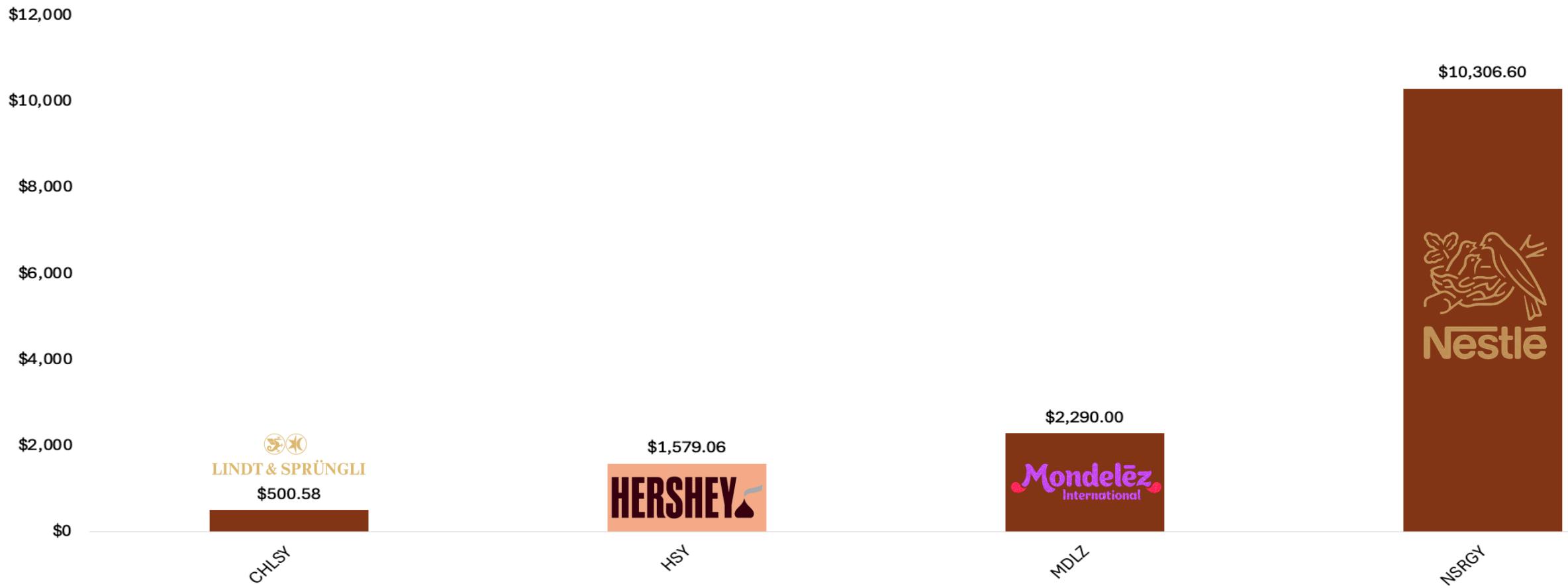


# Net Income



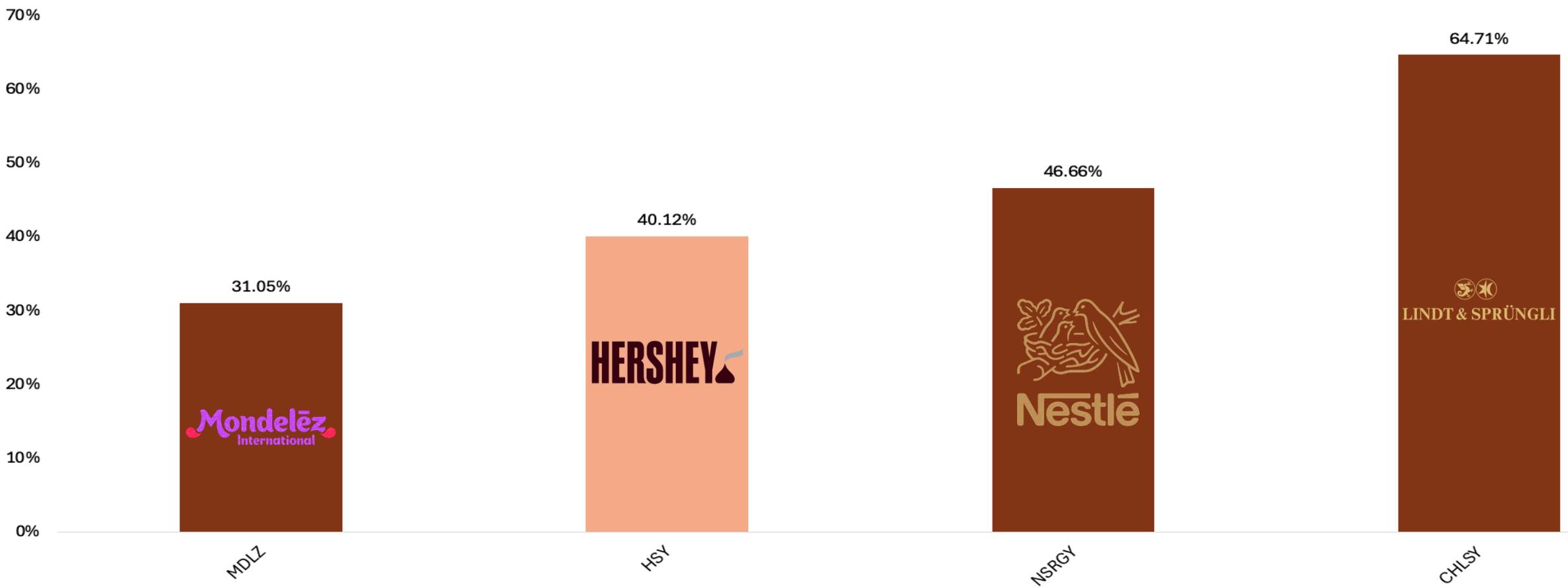


# Free Cash Flow



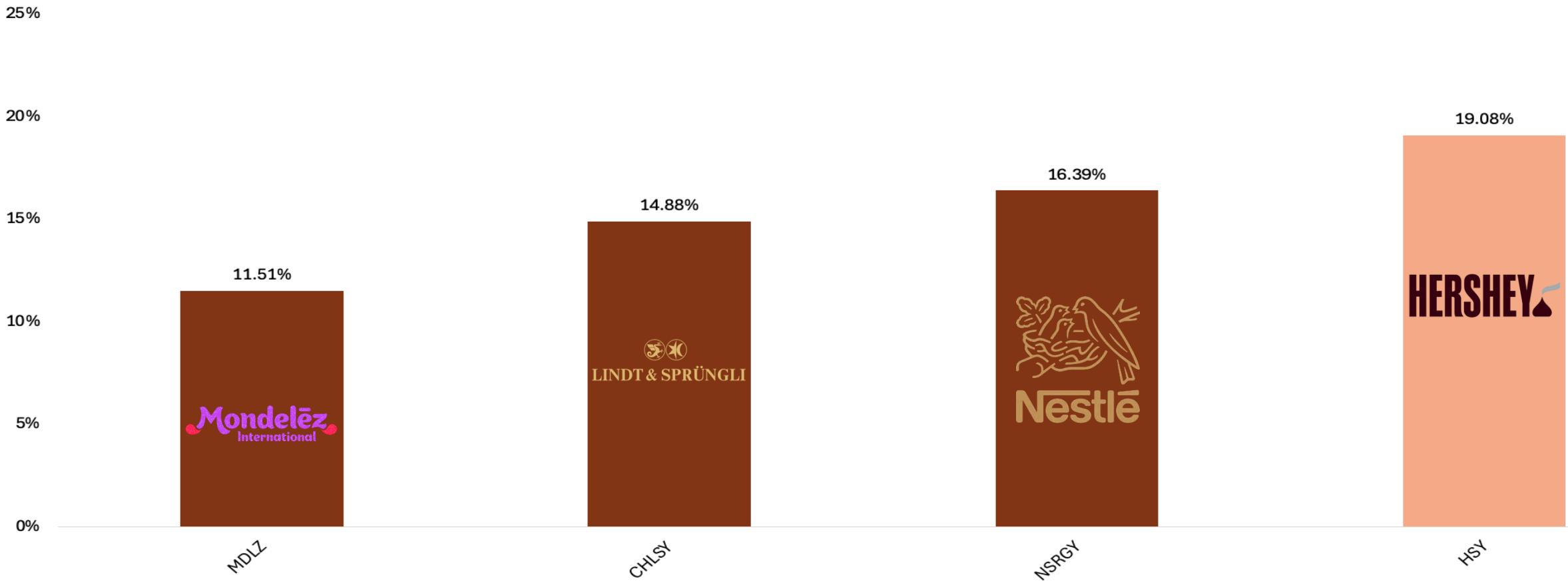


# Gross Margin %



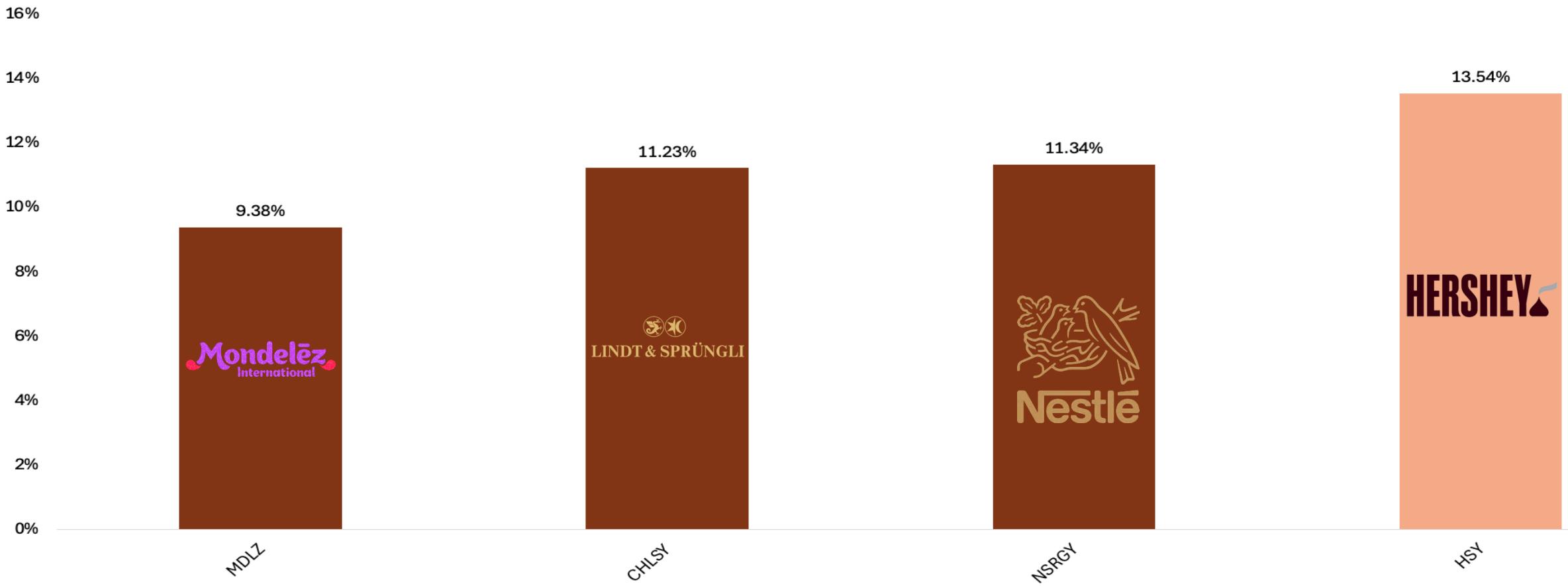


# Operating Margin %



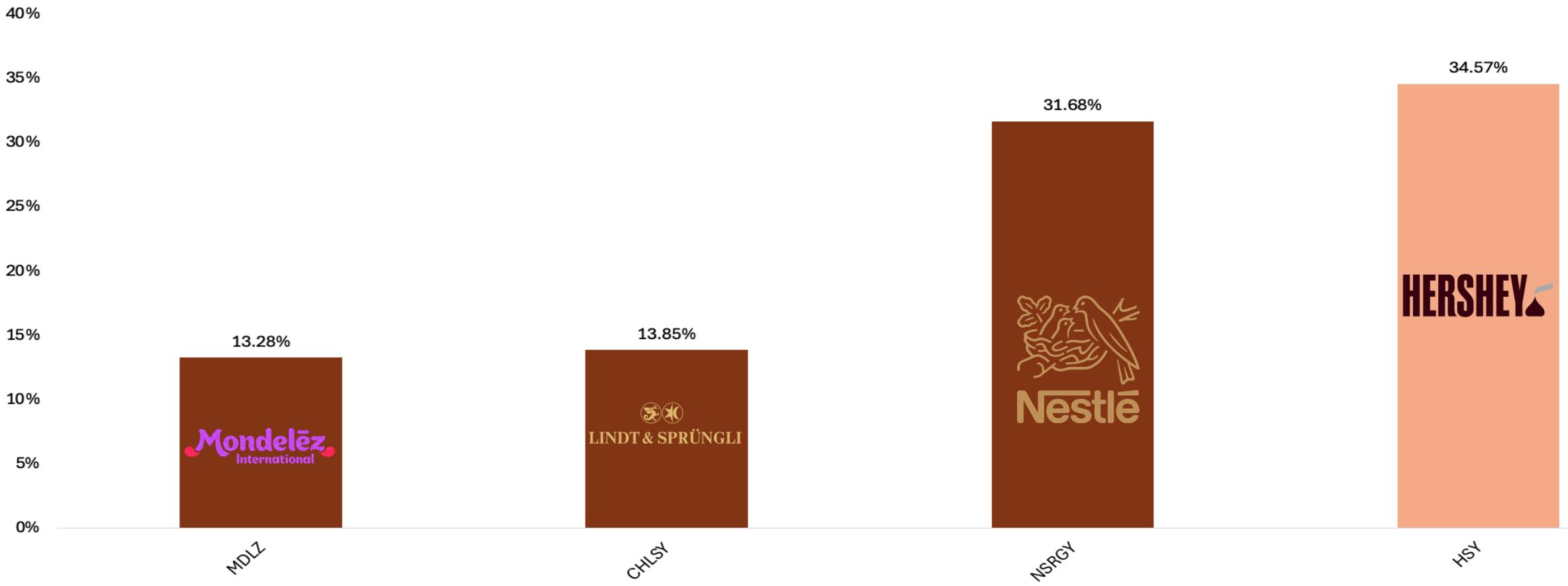


# Net Margin %



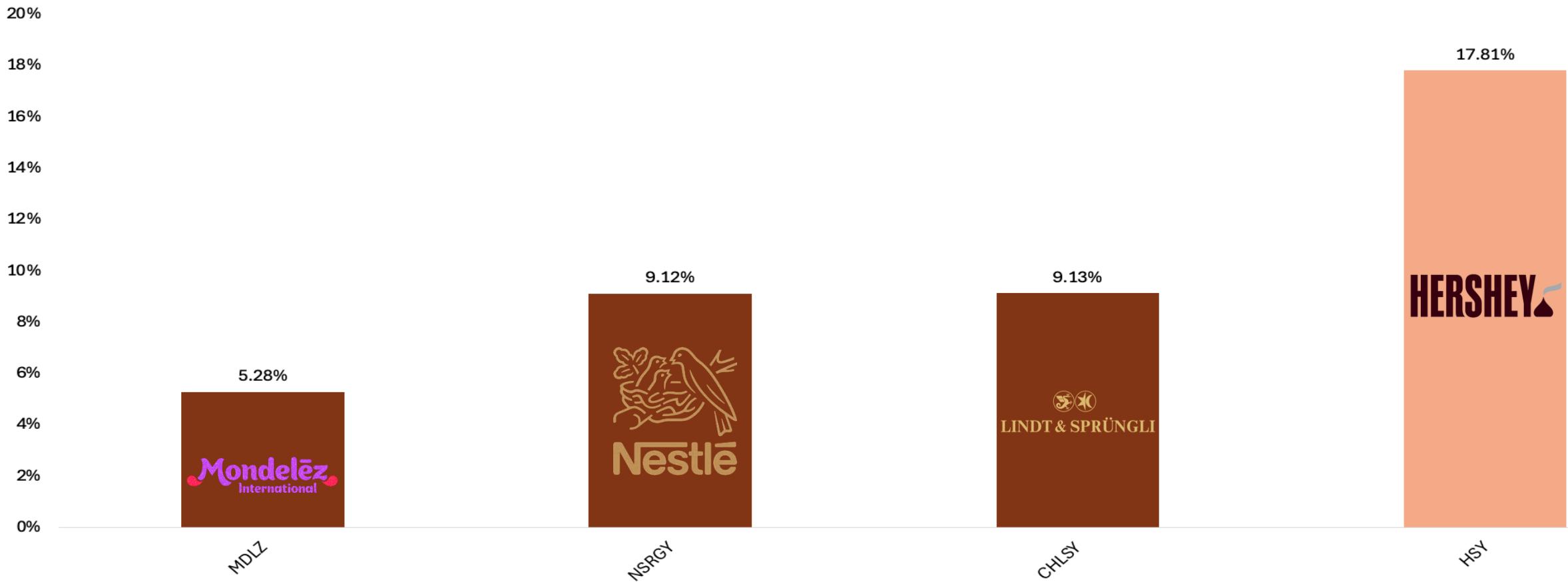


# Return On Investment %



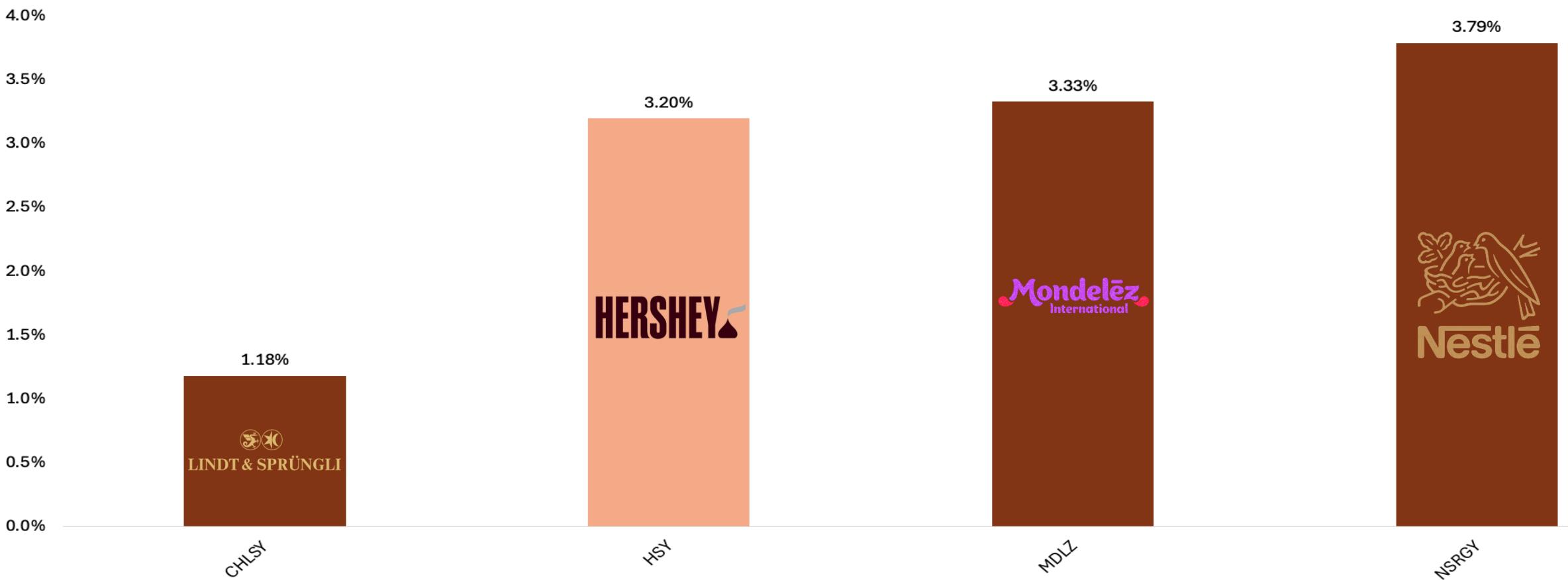


# Return On Invested Capital %



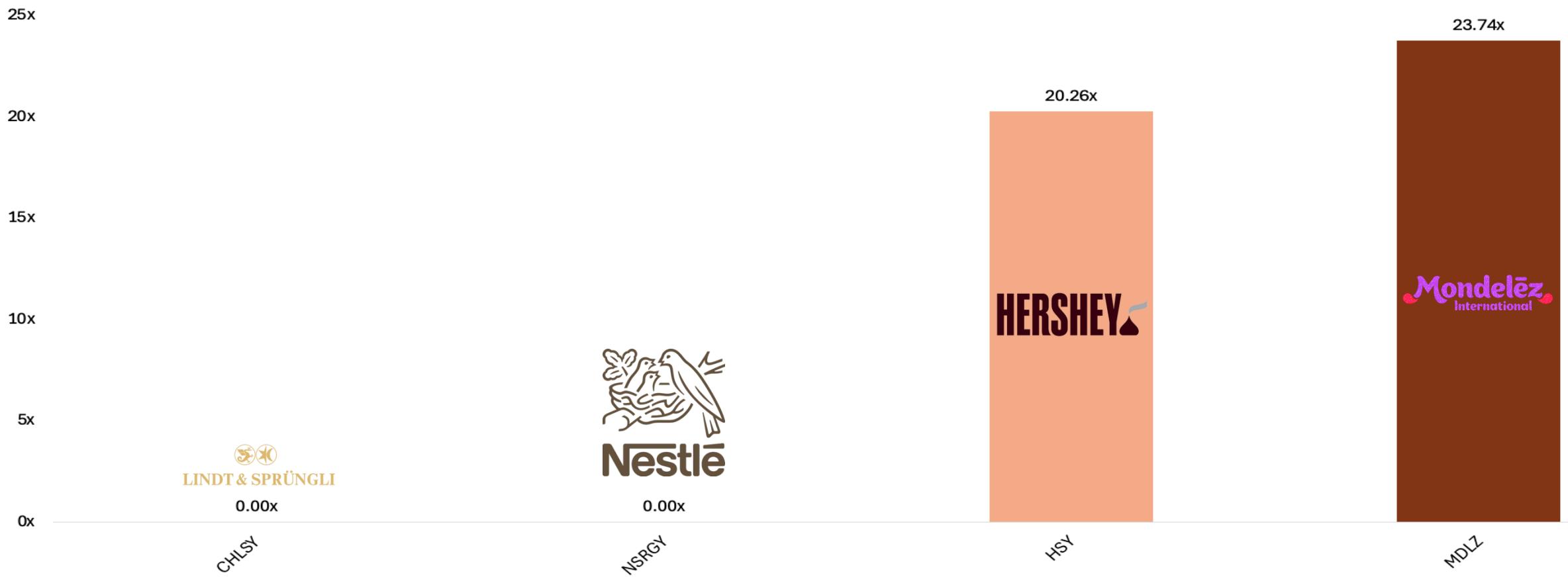


# Dividend Yield %



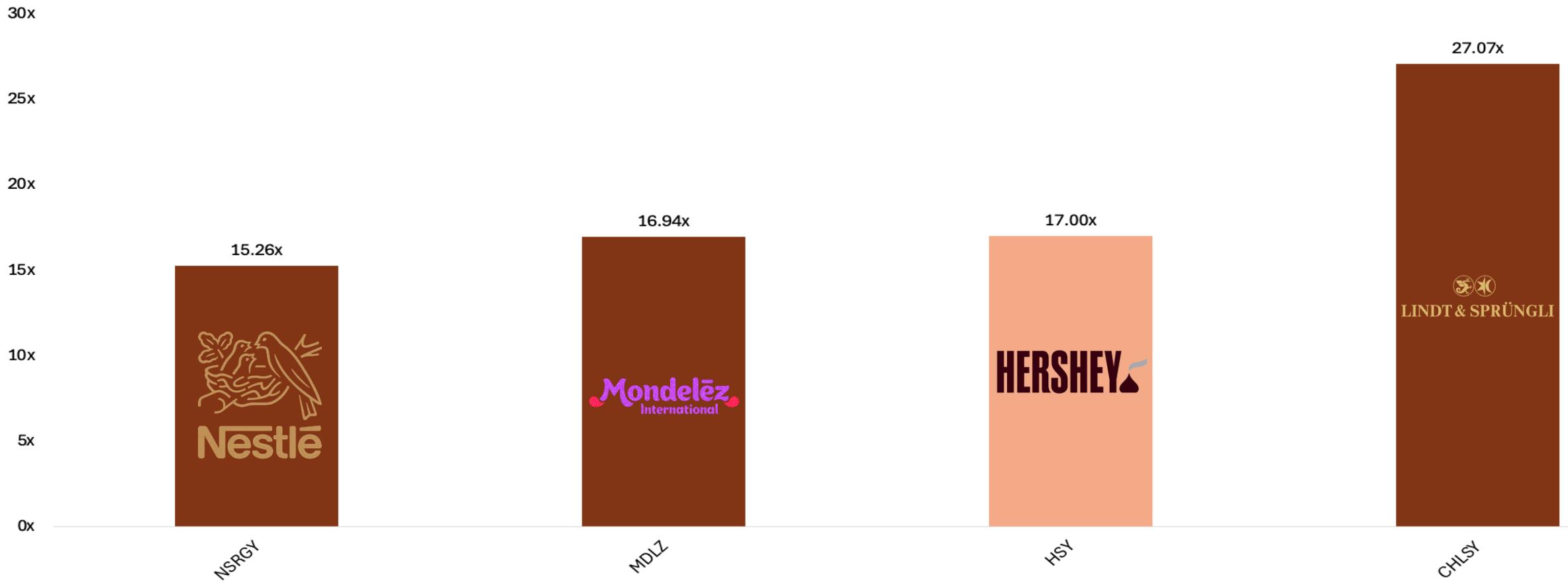


# EV-To-EBIT



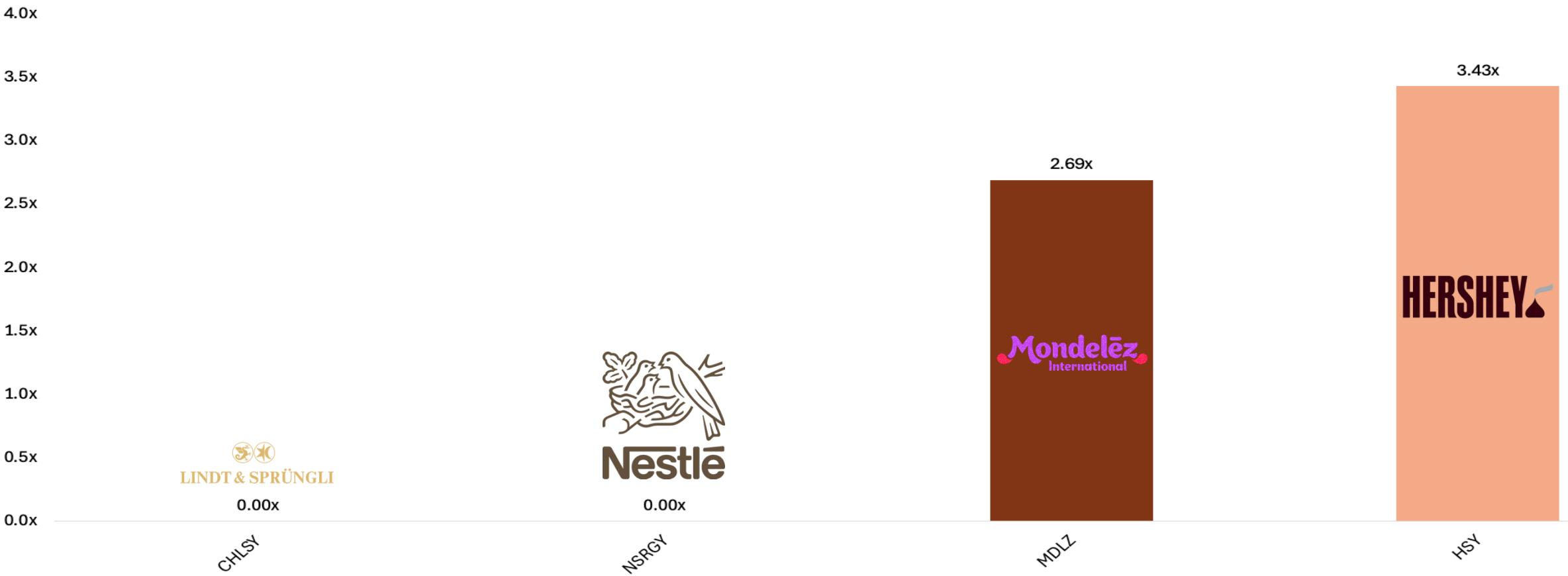


# EV-To-EBITDA

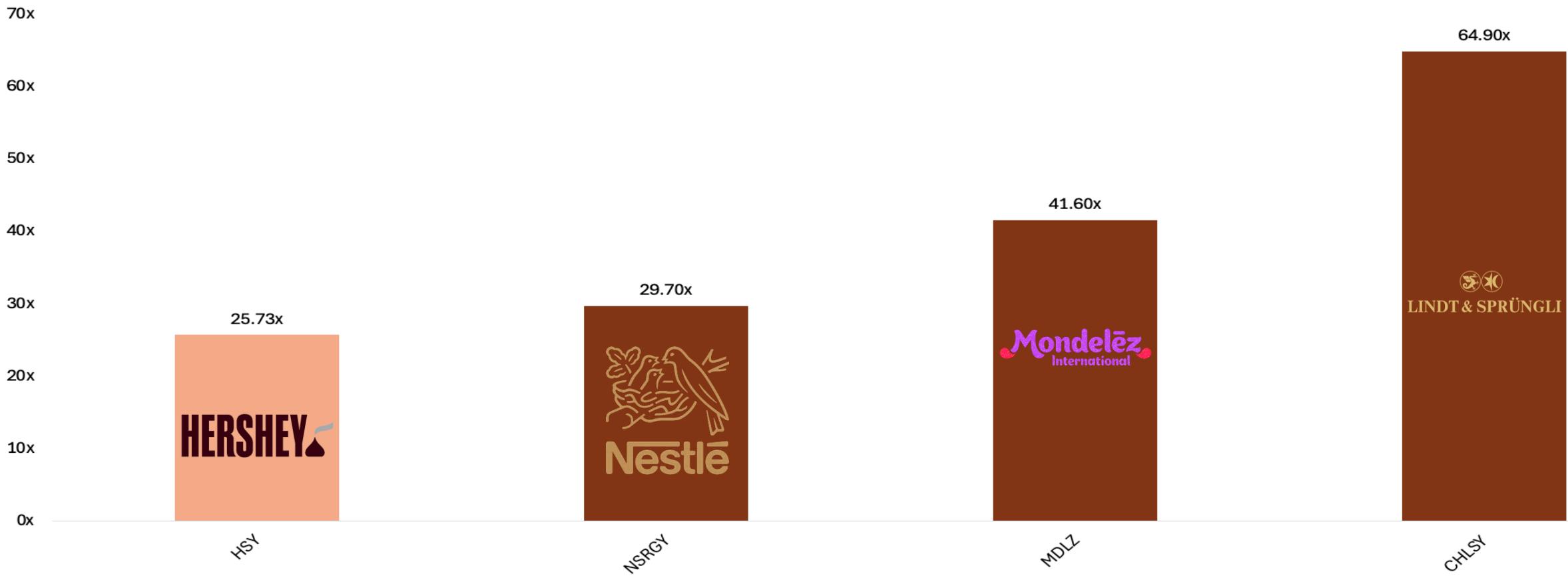




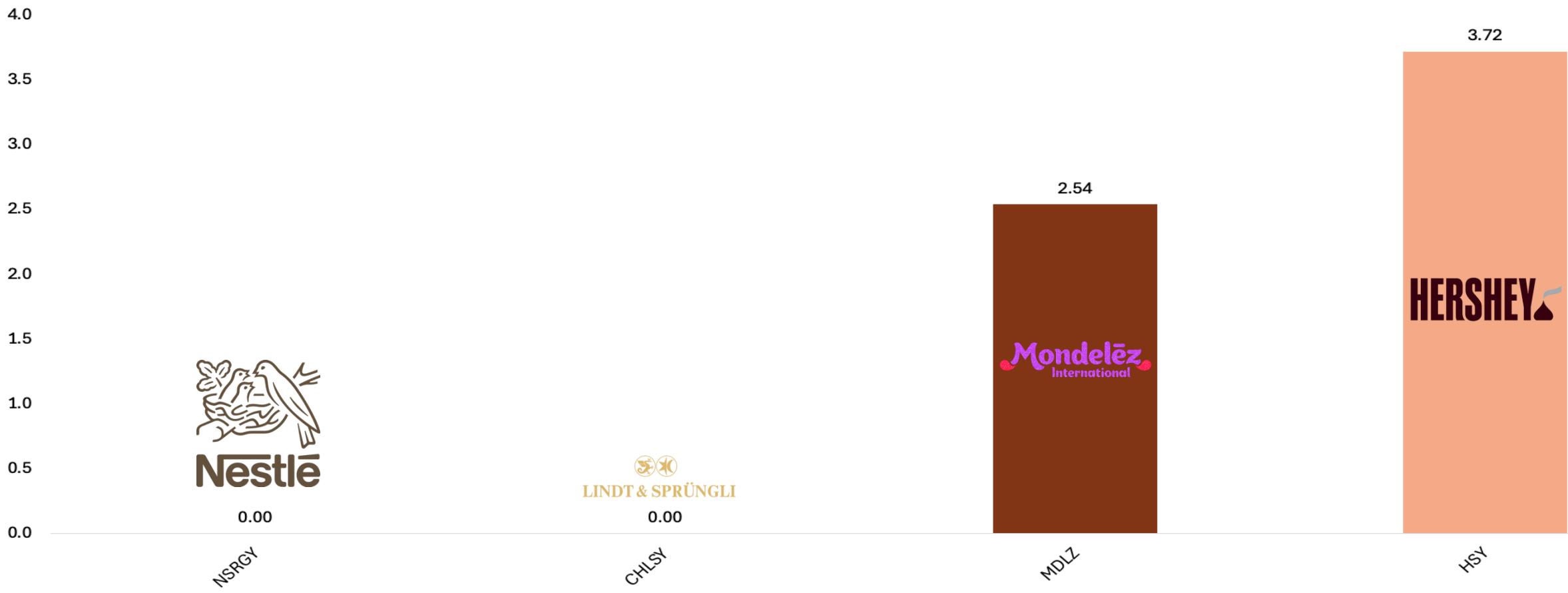
# EV-To-Revenue



# EV-To-Free Cash Flow

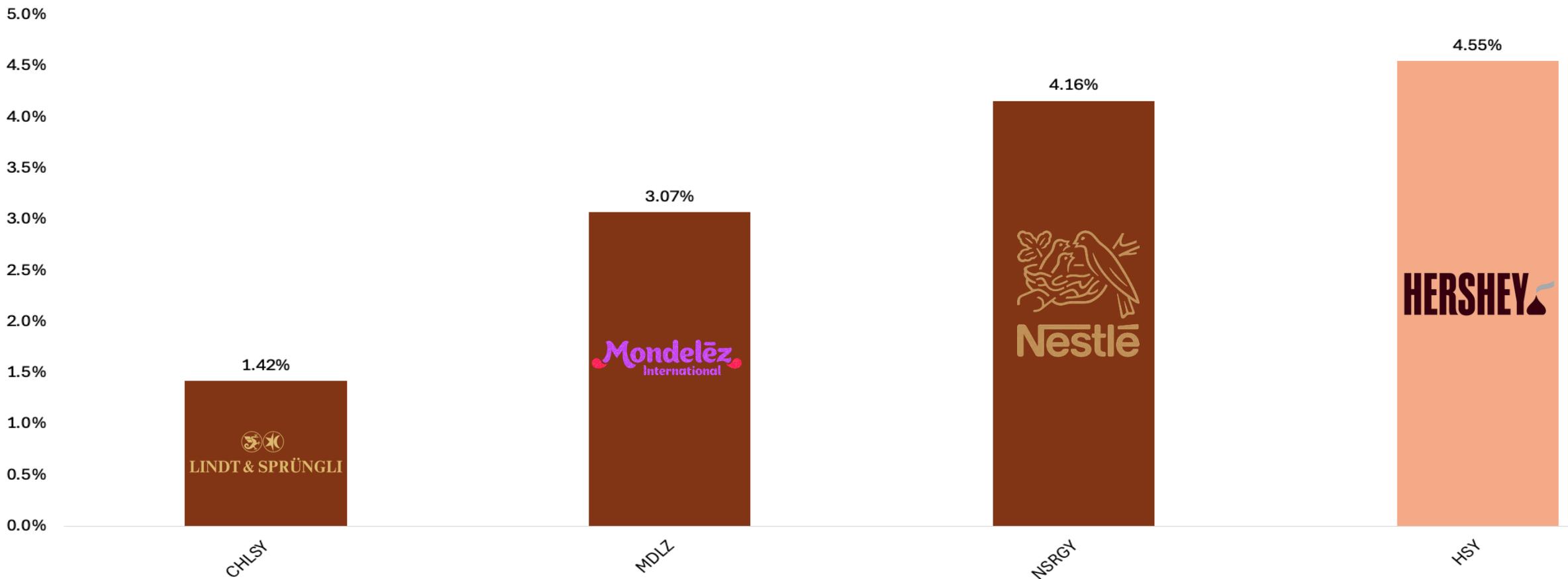


# PEG Ratio





# Free Cash Flow Yield %





# RISK FACTORS

Logan Arciba



# Risk Factors



Cost & Supply Chain Pressures

Consumer and Competitive Pressures

Macroeconomic & Geopolitical Volatility

Climate & Resource Scarcity

# Cost & Supply Chain Pressures



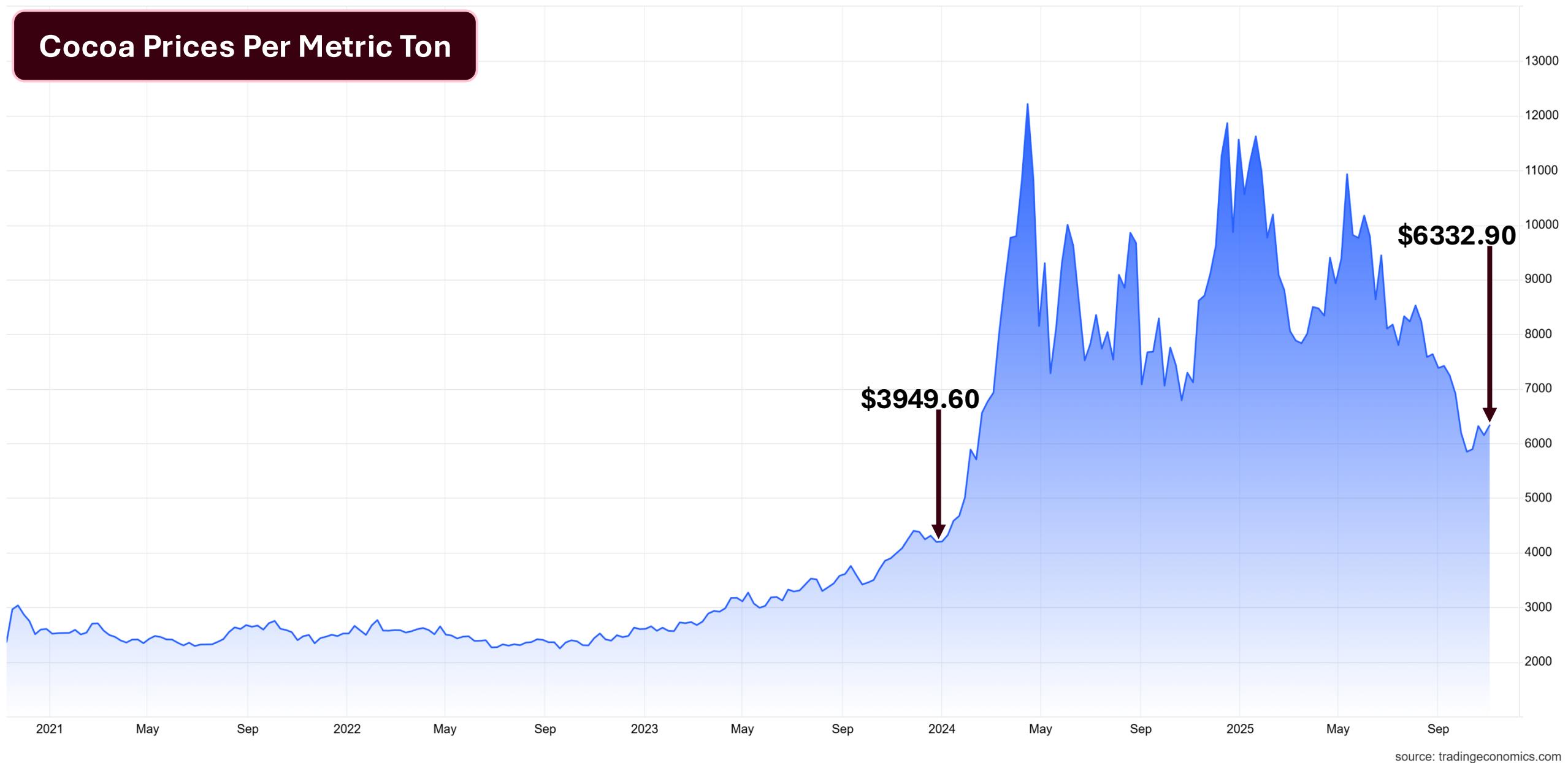
## Increase in Commodities

- Increase in input costs can affect COGS & Margins
  - Gross Margin Adjusted: 31.8%
- Cocoa Prices are up 60.3% since Dec 2023
  - 26% Increase in cost of chocolate
- Can buy too many future contracts or miss better prices

## Supply Chain Disruptions

- Heavy reliance on West African cocoa farms – Approx 70%
- 74% of manufacturing capacity in the U.S.

## Cocoa Prices Per Metric Ton



# Consumer and Competitive Pressures



- Health Trends = GLP-1s, healthier lifestyles/preference
- Younger Demographics = Change of preferred brands
- E-commerce Shift = loss of impulse purchase advantages
- Private label = Competitive dilution of brand moat.



# Consumer and Competitive Pressures



## Trump strikes deal to lower cost of weight loss drugs

Novo Nordisk and Eli Lilly said they've agreed to sell their blockbuster drugs Wegovy and Zepbound at a discount.

## Startup Omada Health to start prescribing GLP-1s, other obesity medications as membership grows

### MrBeast and Feastables: A New Era in Gen Z Marketing



# Macroeconomic & Geopolitical Volatility



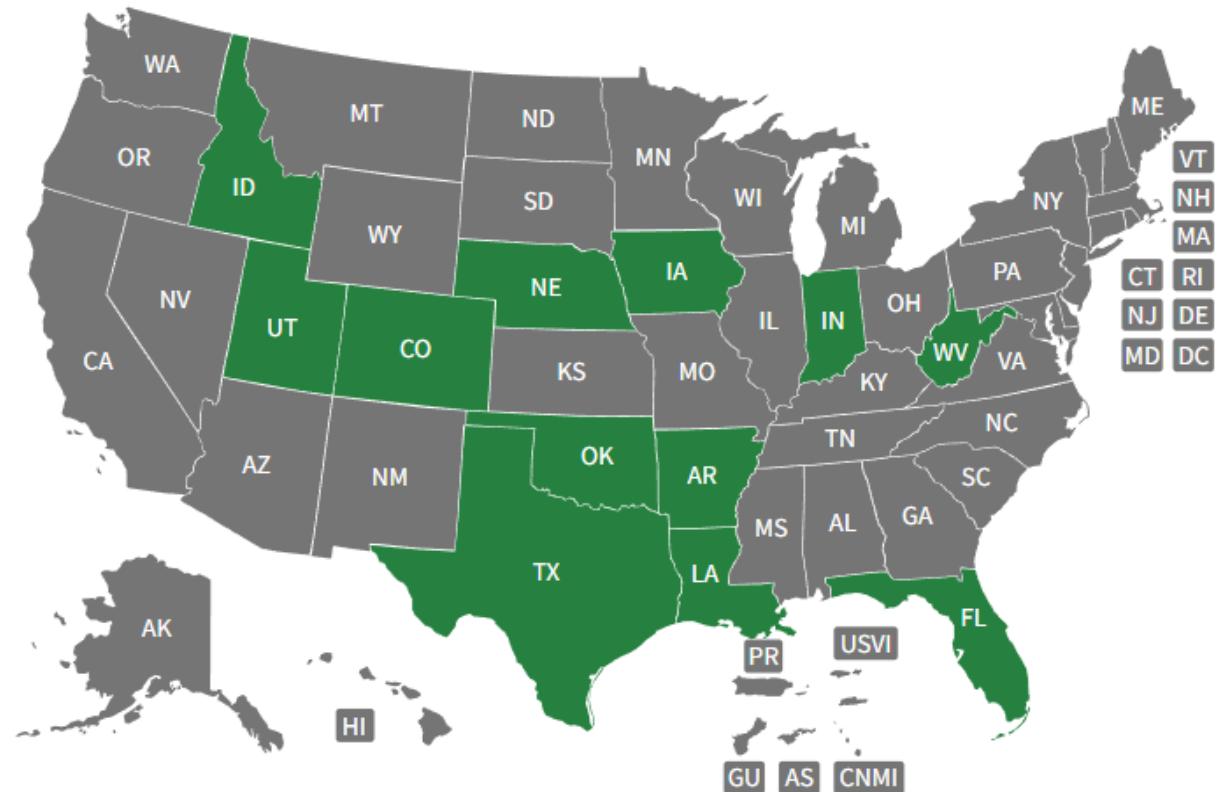
- Consumers are sensitive to cycles
  - Recession, high rates, tight credits
- Policy & Trade Shocks
  - Tariffs – Expected \$160-170M exps
  - SNAP
- War & Political risks
- FX & Market volatility
- Sales can grow but profits can fall



# Macroeconomic & Geopolitical Volatility



Governor Abbott Announces Federal Approval Of SNAP  
Healthy Foods Waiver



# Climate & Resource Scarcity



## Cocoa Scarcity

Rising temperatures, drought,  
disease

Deforestation & aging trees

Climate instability



## EU Deforestation Regulation (EUDR)

In Effect December 2025  
Will raise Hershey's costs

# Climate & Resource Scarcity



## Ghana's cocoa regulator warns of production drop amid heavy rains

By Emmanuel Bruce

July 15, 2025 9:46 AM CDT · Updated July 15, 2025



### Caution: Surplus Outlook Comes with Caveats

While a global production surplus is anticipated for the 2025/26 season, it is not solely driven by increased output. Demand for cocoa has weakened, and recovery remains sluggish following the price spikes of previous years.

Moreover, structural challenges persist in West Africa, the world's primary cocoa-producing region.

Supply continues to be constrained by:

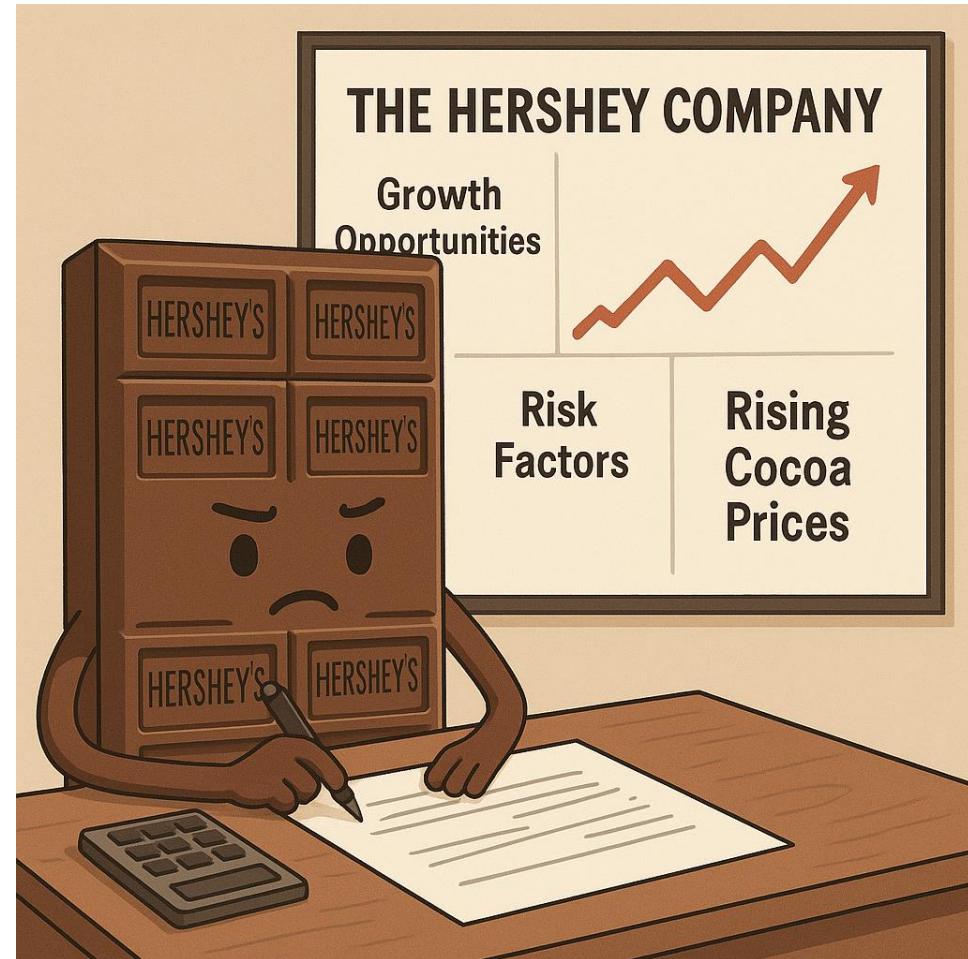
- Aging cocoa trees
- Persistent crop diseases
- Escalating climate-related risks

These factors underscore the need for cautious optimism regarding the supply outlook for the months ahead.



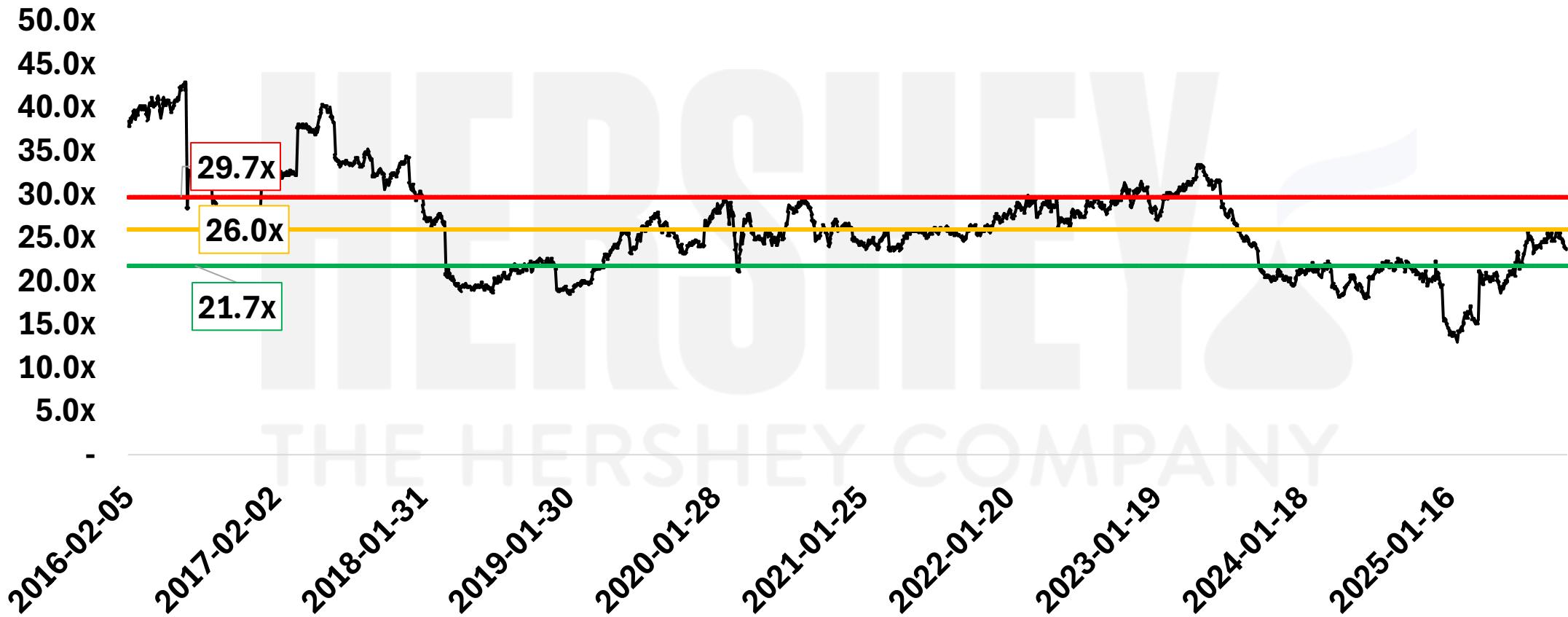
# VALUATION & CONCLUSION

Enrique Alvarado



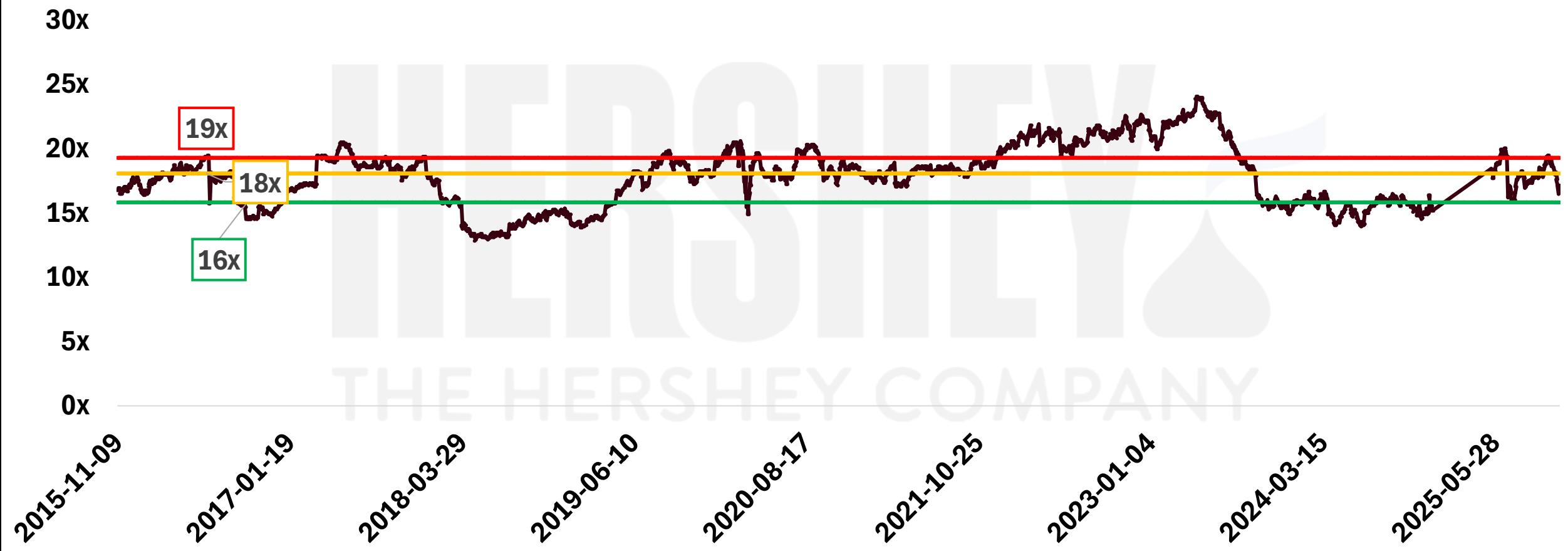


# Price to Earnings Ratio



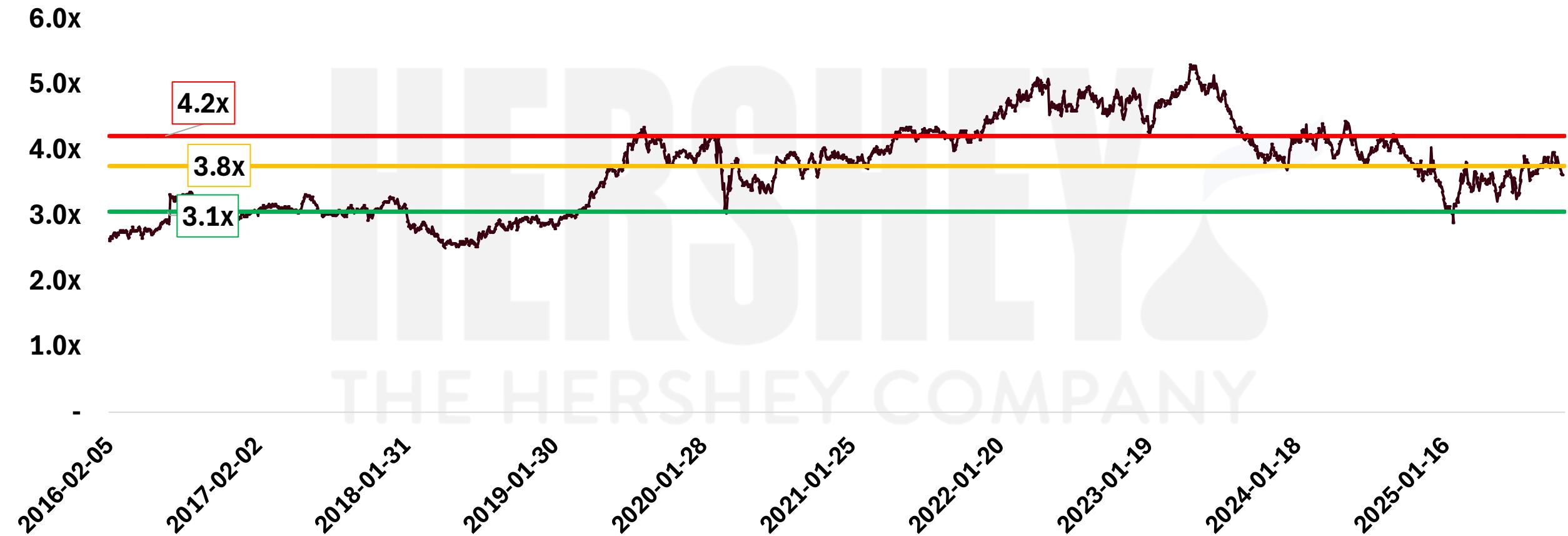


# Enterprise Value-to-EBITDA

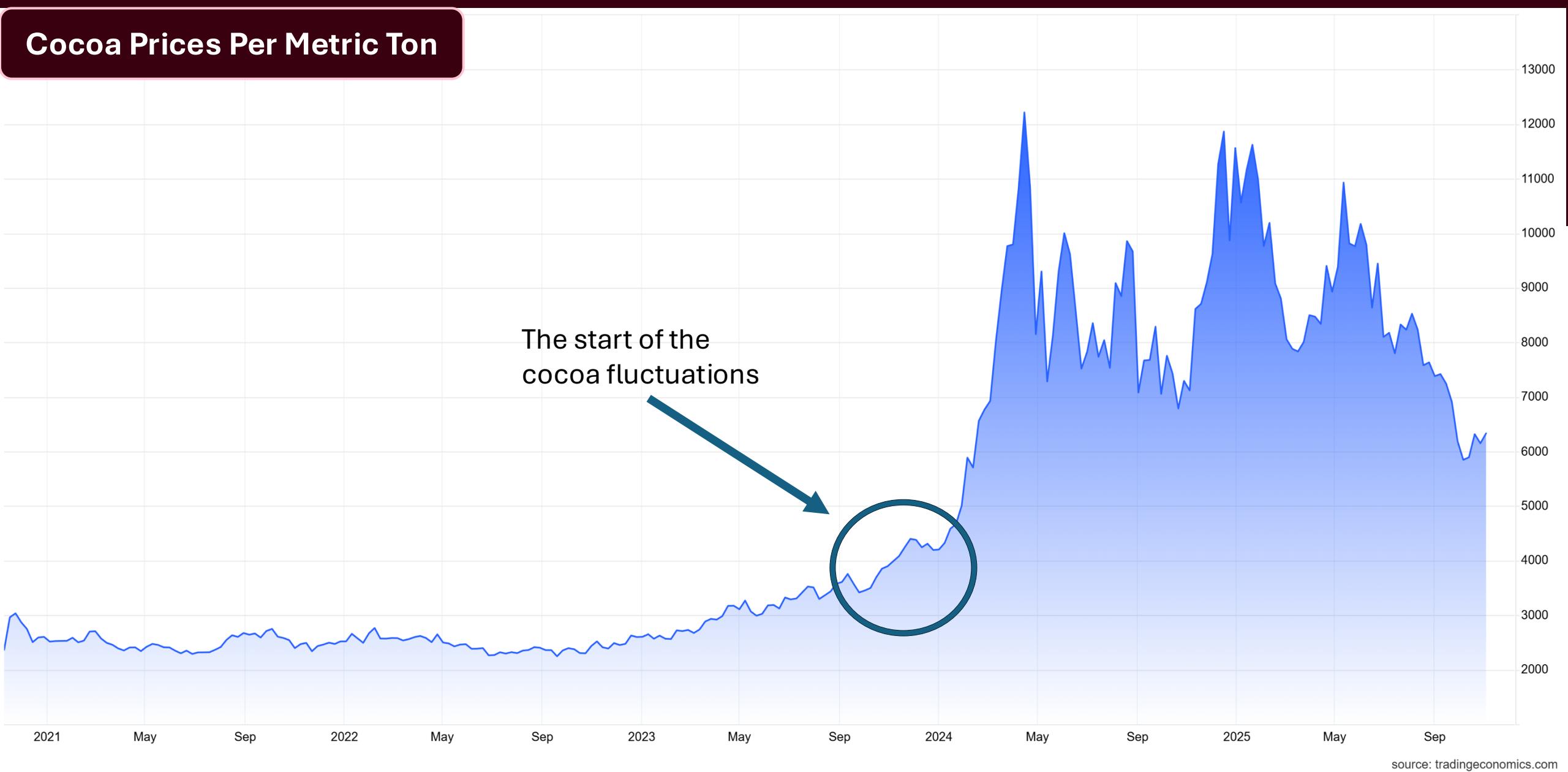




# Price to Sales Ratio



## Cocoa Prices Per Metric Ton



# Discounted Cash Flow Variables



## Variables

- Adjusted EPS (2023, before cocoa inflation) - \$9.59
- Expected fair P/E ratio for next 5 years – 22x
- Discount Factor –  $(1+11\% \text{ discount rate})^5 \text{ years} = 1.7$
- Expected fair growth rate – 7%

# Discounted Cash Flow Calculation



$\$9.59(1+7\%)^5 \text{ years} = \$13.45$

$\$13.45 \times 22 \text{ P/E} = \$295.91$

$\$295.91 / 1.7 = \$174$  Fair value estimate

9.8% RoR + 3.26% dividend yield = **13.06% return**



# Recommendation

- SELL, the stock is not as predictable and consistent as other names we hold, and this should continue into the near future.
- Valuation also shows it around fair value, and its input cost woes may subside in the next few years, but other companies are more clearly set for future success with faster growth, so why not invest in better ideas?
- It is also volatile, so if price drops entry points are apparent, and if prices rise, exit points are apparent, which I believe does not fit our investment ideology

# Question & Answer Session



# APPENDIX



# Insider Ownership of Hershey



- Insider ownership of Hershey is low, with estimates around 0.2% to 0.83% of the company's stock, while the majority is held by institutions and the Milton Hershey School Trust
- **Milton Hershey School Trust**: This is the company's largest shareholder, owning approximately 28% of the shares.
- **Institutional investors**: These are the largest group of shareholders, owning a majority of the company's stock, with estimates around 57% to 86%.
- **Other shareholders**: The rest of the shares are held by retail investors and other public companies.

At Hershey, we're increasingly concerned that the cocoa exchanges are dysfunctional due to a lack of liquidity. The intent of commodity exchanges is to provide an orderly and fair method for buyers and sellers to achieve price transparency and hedge risk. However, we're observing a troubling disconnect—while cocoa bean prices in origin countries have fallen, prices on the exchange often move in the opposite direction.



Hershey's adjusted gross margin was 31.8%, contracting 850 basis points year over year, primarily reflecting higher commodity and tariff costs and unfavorable mix, which more than offset the benefits from net price realization, supply-chain productivity gains and savings from the company's transformation program.

On the earnings front, the company expects reported earnings per share (EPS) to decline 48-50%, a slight improvement from the prior mentioned 50% decline. Adjusted EPS is projected to decrease 36-37%, narrowing to the upper half of the previous range of down 36-38%. The decline primarily reflects higher commodity and tariff costs, an unfavorable sales mix, and increased investments in the company's transformation and productivity initiatives.

U.S. candy, mint, and gum retail takeaway for the 12-week period ended Sept. 28, 2025, in the multi-outlet plus convenience channels rose 5.4% year over year. Segment income declined 21.2% to \$571.5 million, resulting in a segment margin of 21.8%, down 750 basis points year over year.

Tariff expenses are forecast between \$160 million and \$170 million for 2025. The company continues to advance its Agility & Automation Initiative, which is expected to deliver \$150 million in savings during 2025. These savings, combined with ongoing supply-chain productivity improvements and disciplined cost management, are intended to help offset continued input cost inflation and tariff pressures.



# Risk Factor – Brand Image

## Hershey's Ice Cream Voluntary Recall of Totally Cool Products

We have four products that we have been asked to recall by a manufacturing partner. Totally Cool, a manufacturing partner of ours and of many other brands, is issuing a voluntary recall of products that it has produced going back one year, according to the impacted code dates. An excerpt of the recall language is below:

**Candy prices increasing due to global cocoa shortages caused by bad crops**



## **Hershey's Recalls Chocolate Chip Ice Cream Sold in 7 States**

The FDA said 81 tubs of Green Mint Chip Hershey's Ice Cream were recalled due to elevated coliform counts during routine testing.



# Executive Compensation

## Long Term Incentives

- Performance Stock Unit 65%
- 3-year CAGR in adjusted EPS of \$10.92
- 3-year relative Total Return Swap versus the 2022 Financial Peer Group
- 3-year cumulative Free Cash Flows 33%
- Restricted Stock Unit 35%: Retirement Plans

## Short Term Incentives

- 20 % of total executive compensation

# Macroeconomic & Geopolitical Volatility



Yes. I think it's an important one. Again, a live discussion that we've had with our customers and understanding the impact overall of SNAP. If you just take a step back and look at SNAP, about 2% of SNAP dollars are in the category, the CMG category specifically. Right now, we've seen -- I would say we haven't seen a large impact, but it's early days. I think if you look into '26 with the dynamics between the state and the federal government on SNAP, we expect it to be a minimal impact right now on the category. But it's something that we're continuously watching and trying to understand. I think it comes down to the behaviors of consumers that are in the SNAP program, and how they choose to spend those dollars, but we will stay close. But I would say in '26, it will have a minimal impact to the business from what we're seeing right now.



# Risk Factor – International

Third quarter 2025 net sales for Hershey's International segment increased 12.1% versus the same period last year to \$244.8 million. Price realization of approximately 7 points was in line with expectations reflecting strategic price increases across key markets. Volume increased approximately 6%, driven by double-digit growth in Brazil and a shift of shipments from the fourth quarter in Europe and Mexico, partially offset by the impact of price elasticity across markets.

The International segment reported a \$13.6 million loss in the third quarter of 2025, a decrease of \$27.8 million versus the prior year period driven by higher commodity and manufacturing costs, which more than offset higher sales, supply chain productivity and transformation program savings. This resulted in a segment margin of (5.6)%, a decrease of 1,210 basis points versus the prior year period.

THE HERSHEY COMPANY



# Costs Incurred

## I

**Business realignment activities:** We periodically undertake restructuring and cost reduction activities as part of ongoing efforts to enhance long-term profitability. During the first quarter of 2024, we commenced the Advancing Agility & Automation Initiative to improve supply chain and manufacturing-related spend, optimize selling, general and administrative expenses, leverage new technology and business models to further simplify and automate processes, and generate long-term savings. During the third quarter of 2025 and 2024, business realignment charges related primarily to third-party costs supporting the design and implementation of the new organizational structure, as well as severance and employee benefit costs.

**Acquisition and integration-related activities:** During the third quarter of 2025, we incurred costs related to the acquisition of the Sour Strips brand from Actual Candy, LLC into our North America Confectionery segment. During the third quarter of 2024, we incurred costs related to the 2023 acquisition of two manufacturing plants from Weaver Popcorn Manufacturing, Inc., and the integration of the 2021 acquisitions of Dot's Pretzels, LLC and Pretzels Inc. into our North America Salty Snacks segment.



# 2025 Guidance

I

2025 Full-Year Outlook	Prior Guidance	Current Guidance
Net sales growth*	Up at least 2%	~3%
Reported earnings per share growth	Down ~50%	Down 48% to 50%
Adjusted earnings per share growth	Down 36% to 38%	Down 36% to 37%

# 2025 Q3 2025



Reconciliation of Certain Non-GAAP Financial Measures				Reported provision for income taxes	\$ 95,590	\$ 72,446
Three Months Ended				Derivative mark-to-market gains*	(2,645)	(4,499)
				Business realignment activities*	2,788	11,867
				Acquisition and integration-related activities*	382	5,518
Consolidated results				Non-GAAP provision for income taxes	\$ 96,115	\$ 85,332
In thousands except per share data	September 28, 2025	September 29, 2024				
Reported gross profit	\$ 1,037,334	\$ 1,232,719				
Derivative mark-to-market gains	(24,250)	(31,083)				
Business realignment activities	—	1,457				
Acquisition and integration-related activities	—	1,720				
Non-GAAP gross profit	\$ 1,013,084	\$ 1,204,813				
Reported operating profit	\$ 434,583	\$ 613,164				
Derivative mark-to-market gains	(24,250)	(31,083)				
Business realignment activities	10,577	49,129				
Acquisition and integration-related activities	1,577	22,777				
Non-GAAP operating profit	\$ 422,487	\$ 653,987				
				Reported net income	\$ 276,320	\$ 446,301
				Derivative mark-to-market gains	(21,605)	(26,584)
				Business realignment activities	7,789	37,262
				Acquisition and integration-related activities	1,195	17,259
				Non-GAAP net income	\$ 263,699	\$ 474,238
				Reported EPS - Diluted	\$ 1.36	\$ 2.20
				Derivative mark-to-market gains	(0.12)	(0.15)
				Business realignment activities	0.05	0.24
				Acquisition and integration-related activities	0.01	0.11
				Tax effect of all adjustments reflected above**	—	(0.06)
				Non-GAAP EPS - Diluted	\$ 1.30	\$ 2.34



# Cost Advantages

The Company also expects:

- Tariff expense, as understood today, to be approximately \$160 million to \$170 million;
- A reported effective tax rate of approximately 30% and an adjusted effective tax rate of approximately 26%, reflecting the changing global business and tax landscape;
- Other expense, which primarily reflects the write-down of equity investments that qualify for a tax credit, of approximately \$30 million to \$35 million;
- Interest expense of approximately \$195 million;
- Capital expenditures of approximately \$425 million; and
- **Advancing Agility & Automation Initiative savings of approximately \$150 million.**

Q3 2025 Results – You can  
delete this slide – Just  
wanted you to see the info

Below is a reconciliation of current projected 2025 and full-year 2024 earnings per share-diluted calculated in accordance with U.S. generally accepted accounting principles (GAAP) to non-GAAP adjusted earnings per share-diluted: