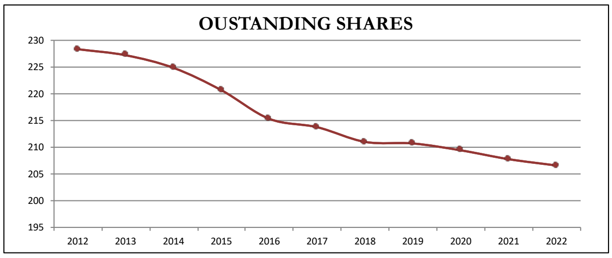
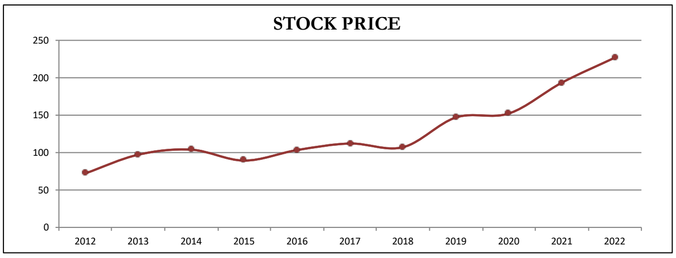
Dividend Street

The Hershey Company

Report Date: 10/11/2023
Fical Year End Date: 31 December

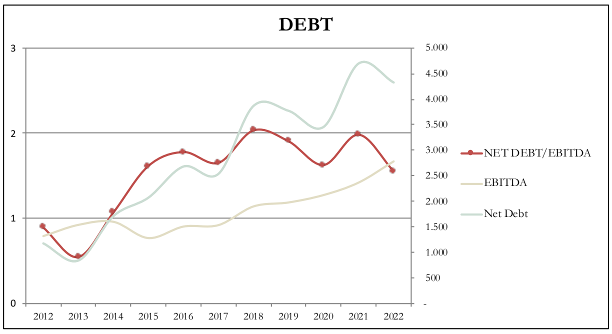


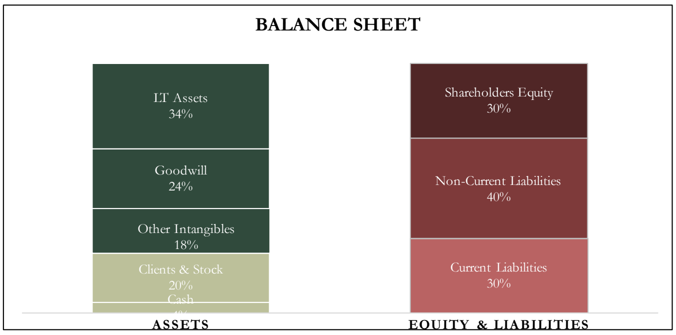


2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2025 (e)	(Fiscal Year End date)
228	227	225	221	215	214	211	211	209	208	207	*208*	Oustanding Shares (Millons)
	-0,50%	-1,04%	-1,86%	-2,42%	-0,73%	-1,29%	-0,14%	-0,61%	-0,79%	-0,57%		∆ Oustanding Shares vs Last Year
											-1,00%	CAGR
72,20	97,20	103,90	89,30	103,40	112,11	107,20	147,00	152,30	193,50	226,90	*191,48*	Share Price (€)
16.486	22.084	23.361	19.704	22.262	40.927	22.618	30.973	31.894	40.201	47.140	*39.782*	Market Cap. (€ Millions)

SHARE REPURCHASE - SCORE

Share Repurchase	4





2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2025 (e)	(€ Millions)
2.113	**2.487**	**2.247**	**1.849**	**1.817**	**2.002**	**2.239**	**2.117**	**2.978**	**2.246**	**2.620**		**SHORT TERM ASSETS**
728	1.119	472	347	297	380	588	493	1.144	329	464		Cash
633	660	801	751	746	753	785	815	964	989	1.173		Stock & Clients
752	709	974	751	774	869	866	809	870	928	983		Other Short Term Assets
2.641	**2.870**	**3.382**	**3.496**	**3.708**	**3.552**	**5.464**	**6.023**	**6.154**	**8.166**	**8.328**		**LONG TERM ASSETS**
588	577	793	684	812	821	1.801	1.986	1.988	2.633	2.607		Goodwill
215	195	295	379	493	474	1.278	1.341	1.295	2.038	1.966		Other Intangibles
17%	14%	19%	20%	24%	23%	40%	41%	36%	45%	42%		% INTANGIBLES / TOTAL ASSETS
4.755	**5.357**	**5.630**	**5.344**	**5.524**	**5.554**	**7.703**	**8.140**	**9.132**	**10.412**	**10.949**		**TOTAL ASSETS**
1.471	**1.408**	**1.936**	**2.218**	**1.909**	**2.077**	**2.419**	**2.009**	**1.892**	**2.493**	**3.257**		**CURRENT LIABILITIES**
376	167	636	863	633	859	1.203	736	513	942	1.447		Short Term Debt
1.095	1.241	1.300	1.354	1.277	1.217	1.215	1.273	1.379	1.551	1.810		Other Current Liabilities
2.235	**2.333**	**2.174**	**2.079**	**2.787**	**2.562**	**3.893**	**4.387**	**5.002**	**5.162**	**4.392**		**NON-CURRENT LIABILITIES**
1.531	1.795	1.549	1.557	2.347	2.061	3.254	3.531	4.090	4.087	3.344		Long Term Debt
3.706	**3.741**	**4.110**	**4.297**	**4.697**	**4.638**	**6.312**	**6.395**	**6.894**	**7.655**	**7.649**		**TOTAL LIABILITIES**
1.048	**1.616**	**1.520**	**1.047**	**828**	**915**	**1.391**	**1.745**	**2.238**	**2.757**	**3.300**		**TOTAL EQUITY**
5.028	5.454	5.861	5.898	6.116	6.371	7.032	1.290	1.929	2.720	3.590		Retained Earnings
12	11	64	49	42	16	9	6	4	-	-		Minority Interests
22%	**30%**	**27%**	**20%**	**15%**	**16%**	**18%**	**21%**	**25%**	**26%**	**30%**		**FINANCIAL AUTONOMY**
1,44	**1,77**	**1,16**	**0,83**	**0,95**	**0,96**	**0,93**	**1,05**	**1,57**	**0,90**	**0,80**		**LIQUIDITY RATIO**
0,50	**0,79**	**0,24**	**0,16**	**0,16**	**0,18**	**0,24**	**0,25**	**0,60**	**0,13**	**0,14**		**CASH RATIO**
1.179	844	1.712	2.074	2.683	2.540	3.870	3.773	3.459	4.700	4.327		Net Debt
78%	70%	73%	80%	85%	84%	82%	79%	75%	74%	70%		Debt Ratio
40%	38%	47%	52%	41%	45%	38%	31%	27%	33%	43%		Debt Quality
0,89	**0,55**	**1,07**	**1,62**	**1,78**	**1,65**	**2,03**	**1,91**	**1,63**	**1,98**	**1,55**		**NET DEBT/EBITDA**

BALANCE SHEET - SCORE

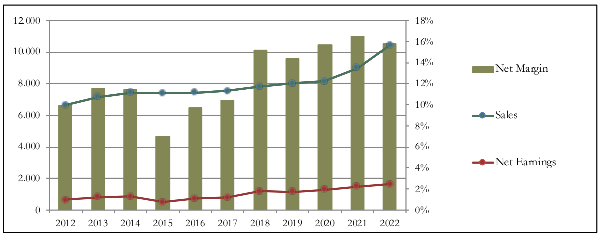
Intangibles	1
Debt	3
Liquidity	0
Retained Earnings	4
Financial Autonomy	3

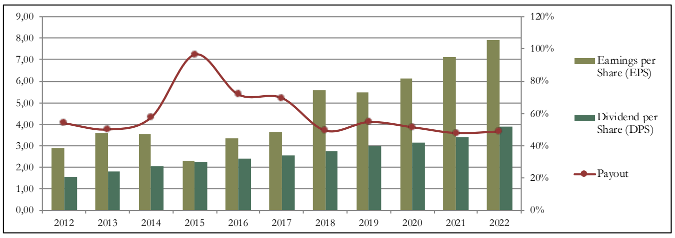
INCOME STATEMENT

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2025 (e)	($ Millions)
6.644	7.146	7.422	7.387	7.440	7.515	7.791	7.986	8.150	8.971	10.419		Sales
	7,6%	3,9%	-0,5%	0,7%	1,0%	3,7%	2,5%	2,0%	10,1%	16,1%		Δ Sales vs Last Year
											4,60%	CAGR
1.321	1.541	1.601	1.283	1.508	1.536	1.902	1.980	2.125	2.369	2.784	*3.350*	EBITDA
1.111	1.340	1.390	1.038	1.206	1.275	1.607	1.688	1.830	2.054	2.405		EBIT
1.016	1.251	1.306	902	1.099	1.111	1.410	1.381	1.495	1.797	1.917		EBT
661	820	847	513	720	783	1.178	1.150	1.279	1.478	1.645		Net Earnings
17%	19%	19%	14%	16%	17%	21%	21%	22%	23%	23%		Operating Margin
10%	11%	11%	7%	10%	10%	15%	14%	16%	16%	16%		Net Margin
14%	15%	15%	10%	13%	14%	15%	14%	14%	14%	15%		ROA
63%	51%	56%	49%	87%	86%	85%	66%	57%	54%	50%		ROE
50%	54%	43%	33%	34%	37%	31%	31%	32%	28%	32%		ROCE

INCOME STATEMENT - SCORE

Sales	**3**
Net Margin	**5**
ROE/ROCE/ROA	**5**





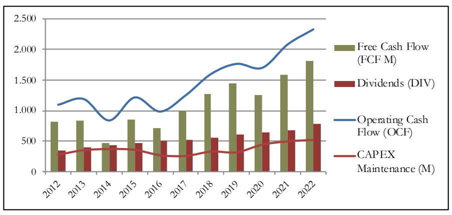
DIVIDEND

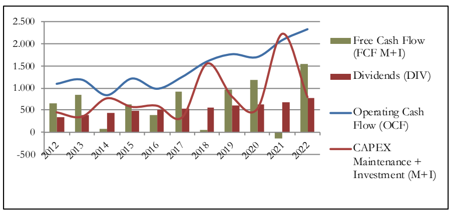
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2025 (e)	($ Millions)
2,89	3,61	3,54	2,32	3,34	3,66	5,58	5,46	6,11	7,11	7,92	*10,80*	Earnings per Share (EPS)
	24,9%	-1,9%	-34,5%	44,0%	9,6%	52,5%	-2,2%	11,9%	16,4%	11,4%		Δ EPS vs Last Year
											10,61%	CAGR
1,56	1,81	2,04	2,24	2,40	2,55	2,76	2,99	3,15	3,41	3,87		Dividend per Share (DPS)
	16,03%	12,71%	9,80%	7,14%	6,25%	8,24%	8,33%	5,35%	8,25%	13,61%		Δ DPS vs Last Year
54%	50%	58%	97%	72%	70%	49%	55%	52%	48%	49%		Payout
2,16%	1,86%	1,96%	2,51%	2,32%	2,27%	2,57%	2,03%	2,07%	1,76%	1,71%		Dividend Yield
											3,19%	Expected Dividend Yield in 5Y
											5,02%	Expected Dividend Yield in 10Y
											9,52%	CAGR

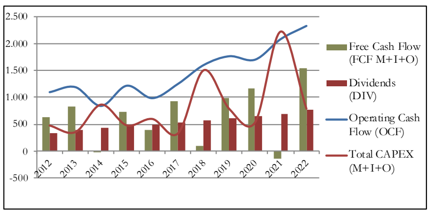
DIVIDEND - SCORE

Dividend	**0**
Growth	**3**
Payout	**5**

CASH FLOW





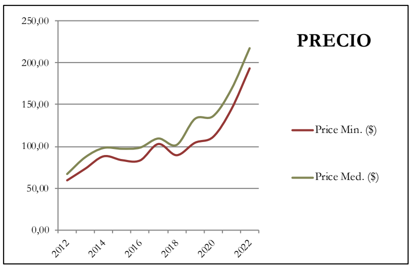


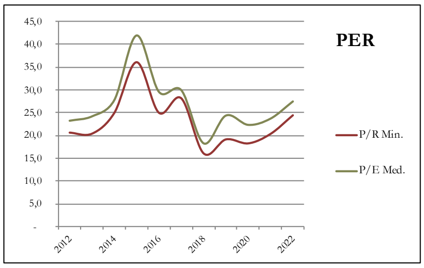
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2025 (e)	($ Millions)
1.095	1.188	838	1.214	983	1.250	1.600	1.764	1.700	2.083	2.328		Operating Cash Flow (OCF)
278	351	371	357	269	258	329	318	442	496	519		CAPEX Maintenance (M)
451	351	767	574	599	336	1.553	801	529	2.225	795		CAPEX Maintenance + Investment (M+I)
473	352	863	477	595	329	1.503	780	531	2.223	787		Total CAPEX (M+I+O)
817	**837**	**467**	**858**	**714**	**992**	**1.271**	**1.446**	**1.258**	**1.587**	**1.808**		Free Cash Flow (FCF M)
644	**837**	**71**	**641**	**384**	**913**	**47**	**963**	**1.171**	**-142**	**1.533**		Free Cash Flow (FCF M+I)
621	**837**	**-24**	**737**	**388**	**921**	**97**	**983**	**1.168**	**-140**	**1.540**		Free Cash Flow (FCF M+I+O)
341	394	440	476	499	526	563	610	641	686	775		Dividends (DIV)
210	201	212	245	302	262	295	292	295	315	379		Depreciation / Amortization

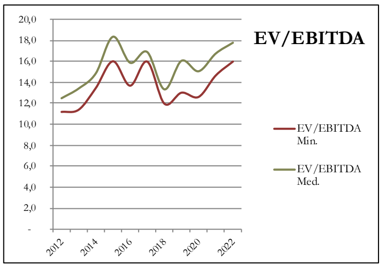
CASH FLOW - SCORE

Cash Flow	**5**

ANALYSIS - VALUATION







2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2025 (e)	
25,0	26,9	29,4	38,5	31,0	52,3	19,2	26,9	24,9	27,2	28,6		P/E (Fiscal Year End date)
13,4	14,9	15,7	17,0	16,5	28,3	13,9	17,6	16,6	19,0	18,5		EV/ EBITDA (Fiscal Year End date)
74,60	100,90	108,10	110,80	113,90	116,00	114,10	161,40	161,00	192,10	241,30		Price Max. ($)
59,50	73,50	88,20	83,60	83,30	102,90	89,50	104,30	111,40	144,40	193,20		Price Min. ($)
67,05	87,20	98,15	97,20	98,60	109,45	101,80	132,85	136,20	168,25	217,25		Price Med. ($)
23,2	24,2	27,7	41,9	29,5	29,9	18,2	24,3	22,3	23,7	27,4		P/E Med.
20,6	20,4	24,9	36,0	24,9	28,1	16,0	19,1	18,2	20,3	24,4		P/R Min.
14.765	17.543	21.543	20.520	20.618	24.534	22.753	25.749	26.787	34.700	44.466		EV Min.
16.489	20.656	23.780	23.521	23.912	25.934	25.348	31.765	31.981	39.655	49.463		EV Med.
11,2	11,4	13,5	16,0	13,7	16,0	12,0	13,0	12,6	14,6	16,0		EV/EBITDA Min.
12,5	13,4	14,9	18,3	15,9	16,9	13,3	16,0	15,1	16,7	17,8		EV/EBITDA Med.

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
1.525	1.616	1.713	1.816	1.925	2.040	2.163	2.293	2.430	2.576	2.731		FCF Forecast ($)
	1.483	1.442	1.402	1.364	1.326	1.290	1.254	1.220	1.186	1.153	1.188	FCF Discounted ($)

PRICE MULTIPLES VALUATION

By **PER Med.**	$250,48
By **EV/EBITDA Med.**	$233,71
By **Closer Support**	$183,00
By **PER Min.**	$211,85
By **EV/EBITDA Min.**	$199,10
By **Farther Support**	$165,00

PRICES (DISCOUNTED CASH FLOW)

CAGR 10Y	6%	
Perpetual CAGR	3%	
Discount	9%	
Target Price		$161,32
Security Margin	15%	$137,12
Security Margin	30%	$112,92

PRICE RANGE

1º TARGET PRICE	$201,08
2º TARGET PRICE	$172,22

These prices are calculated based on an average between Discounted Cash Flows and Historical Prices. For discounts, we estimate a free cash flow based on the average of the last 4 years, while the multiples are generated from the average and minimum PER and EV/EBITDA ratios from 2017.

TOTAL SCORE

FINANCIAL HEALTH

Intangibles	1
Debt	3
Liquidity	0
Retained Earnings	4
Financial Autonomy	3

PROFITABILITY

Sales	3
Net Margin	5
Ratios	5
Adjustment	

DIVIDEND

Dividend	0
Growth	3
Payout	5
Repurchase	4
Cash Flow	5

CONCLUSION

DIVIDEND ST. - FINAL SCORE 3,15