

Hershey Co.
NYSE: HSY
Sector: Consumer Defensive
Industry: Consumer Defensive

Intrinsic Value: \$ 217
Current Price: \$ 179.41
Stop Loss: 20% (\$158.61)

TTM P/E: 19.31x
Forward P/E: 26.61x
Beta: .37
5 Yr. ROIC: 24.65%

Market Cap: \$35.29b
Dividend Yield: 3.14%
52 Wk. Range: 171.67 – 211.92

Business Description: Hershey Co. is a leading global confectionery company, known for iconic chocolate and snack brands like Hershey's, Reese's, Kit Kat, Twizzlers, and Ice Breakers, and holds the #1 position in the U.S. chocolate market. With a strong focus on sustainability, eCommerce growth, and expanding into the snack category through acquisitions, the company primarily generates revenue from North America (90%) while pursuing international growth initiatives.

Industry Overview & Analysis: Hershey operates in the resilient confectionery and snacking industries, benefiting from rising demand for indulgent and convenience snacks, with growth fueled by evolving consumer preferences and a focus on healthier, sustainable options. Despite cost pressures from rising input prices and economic uncertainty, Hershey is well-positioned to capture long-term growth in both indulgent and health-focused snack segments due to its strong brand portfolio, commitment to innovation, and sustainable practices.

Investment Thesis: Hershey operates in the resilient confectionery and snacking industries, benefiting from rising demand for indulgent and convenience snacks, with growth fueled by evolving consumer preferences and a focus on healthier, sustainable options. Despite cost pressures from rising input prices and economic uncertainty, Hershey is well-positioned to capture long-term growth in both indulgent and health-focused snack segments due to its strong brand portfolio, commitment to innovation, and sustainable practices.

Competitive Advantage: Hershey holds a dominant position in the U.S. confectionery market, leveraging its popular brands, efficient supply chain, and sustainable practices to maintain a strong competitive moat. Its strengths include brand recognition, pricing power, and operational efficiency, with a focus on sustainable sourcing and environmental initiatives that appeal to conscious consumers, making it challenging for new entrants to compete.

Risks: Hershey faces risks such as economic sensitivity, supply chain disruptions, and foreign exchange fluctuations, which can impact costs, margins, and profitability. Additionally, regulatory pressures and intense competition, particularly from health-focused snack options, pose challenges that require Hershey to adapt quickly to maintain its market share and address evolving consumer preferences.

Stock Performance – 10 Years



Company Name	Description	Market Cap (M)	EV	EBITDA	EV/EBITDA	P/E TTM	5Yr Avg ROIC	Gross Margin %	Net Margin %	5Yr Beta	Credit Rating
Hershey Co.	Hershey Company is a leading American confectionery company, known for its iconic brands including Hershey's and Reese's.	\$35,547.70	40,577	2,952	13.7	20.24	22.46%	44.66%	16.52%	0.37	A
Mondelez International Inc.	Mondelez International Inc. is a multinational confectionery, food, and beverage company. It is a global leader in the snack industry with a diverse portfolio of well-known brands.	\$88,522.30	107,467	7,490	14.3	23.48	6.39%	38.55%	12.82%	0.56	BBB
General Mills	General Mills, Inc. is a multinational food company and is one of the largest and most diversified food companies in the world. Its brands include Cheerios, Pillsbury, Nature Valley.	\$36,374.00	49,477	4,215	11.7	15.8	9.80%	34.70%	12.10%	0.11	BBB
Lindt & Sprungli AG	Lindt & Sprungli AG is a Swiss chocolate company that develops, produces, and sells premium chocolate products.	\$27,030.50	28,492	1,330	21.4	34.6	8.94%	67.10%	12.80%	0.34	A

Statistics Summary	Market Cap (M)	EV	EBITDA	EV/EBITDA	P/E TTM	ROIC	Gross Margin %	Net Margin %	5Yr Beta
High	88,522	107,467	7,490	14.3	23.48	22.50%	67.10%	16.50%	0.56
Low	27,031	28,492	1,330	21.4	34.6	6.40%	34.70%	12.10%	0.11
Average	46,989	56,503	3,997	15	23.53	11.90%	46.20%	13.60%	0.35
Confectionery	18,712	23,734	2,005	9.9x	18.41x	11.90%	34.70%	15.90%	0.36

Exit Multiple Method - Value per Share

Year 5 EBITDA	3,609
WACC (After Tax)	5.68%
Exit Enterprise Value / EBITDA	13.92
Terminal Value in 5 years	50,242
PV of Terminal Value (@ WACC)	38,113
(+) PV of Free Cash Flows (@ WACC)	9,916
(=) Current Enterprise Value	48,029
(-) Total Debt	5,644
(-) Minority Interest	0
(+) Cash and Marketable Securities	615
(=) Equity Value	42,999
Shares outstanding	202
Estimated Value per Share (USD)	\$212.50
Current Price (USD)	\$178.51
Margin of Safety	19.04%

Price Exit Multiple Sensitivity Analysis

Price	10.00	12.50	15.00	17.00	20.00
6.50%	\$154	\$187	\$219	\$245	\$285
6.00%	\$157	\$191	\$224	\$251	\$291
5.50%	\$161	\$195	\$229	\$256	\$297
5.00%	\$164	\$199	\$234	\$262	\$304
4.50%	\$167	\$203	\$239	\$267	\$310

ESG Risk Rating: **22.0** (Medium Risk)

Ranking: 45 out of 687 (Food Products)

MSCI ESG RATINGS: **A**

Hershey is average among 283 companies in the food products industry.

ESG Rating distribution in relation to industry peers