



The Hershey Company (HSY)

Updated November 3rd, 2025, by Aristofanis Papadatos

Key Metrics

Current Price:	\$170	5 Year CAGR Estimate:	6.1%	Market Cap:	\$34 B
Fair Value Price:	\$119	5 Year Growth Estimate:	11.0%	Ex-Dividend Date:	11/17/25
% Fair Value:	143%	5 Year Valuation Multiple Estimate:	-6.9%	Dividend Payment Date:	12/15/25
Dividend Yield:	3.2%	5 Year Price Target	\$201	Years Of Dividend Growth:	15
Dividend Risk Score:	F	Sector: Consumer Staples		Rating:	Sell

Overview & Current Events

The Hershey Company, founded in 1894, is a chocolate and sugar confectionary products manufacturer that sells major brands such as Hershey's, Reese's, Kisses, Cadbury, Ice Breakers, Kit Kat, Almond Joy, Jolly Rancher, Twizzlers, Heath, and Milk Duds. Hershey primarily operates in North America but has international operations as well. The company is headquartered in Hershey, PA, and trades with a market capitalization of \$34 billion.

On December 9th, 2024, the stock of Hershey surged 11% after a report that Mondelez (MDLZ) would try to acquire Hershey. However, the Hershey Trust, which controls ~80% of the votes of the company, rejected the offer of Mondelez as too low. In 2016, Mondelez had tried again to acquire Hershey but the Hershey Trust had rejected that offer as well. The stock of Hershey has pared its gains since its temporary spike in December.

On October 30th, 2025, Hershey reported results for the third quarter of 2025. The North America Confectionary segment (82% of sales) grew its sales 6% over last year's quarter thanks to price hikes. Earnings-per-share decreased -44%, from \$2.32 to \$1.30, but exceeded the analysts' consensus by \$0.24, primarily thanks to an effective hedging strategy, which partly offset the effect of exceptionally high cocoa prices.

Hershey is facing an extremely strong headwind from sky-high cocoa prices, which squeeze the profit margins of the chocolate maker. Hershey marginally raised its weak guidance for 2025, expecting a ~36.5% decline in earnings-per-share (vs. a 37% decline in previous guidance). Accordingly, we have raised our forecast for the year from \$5.90 to \$5.95.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$4.12	\$4.41	\$4.76	\$5.36	\$5.78	\$6.29	\$7.19	\$8.52	\$9.59	\$9.37	\$5.95	\$10.03
DPS	\$2.24	\$2.40	\$2.55	\$2.76	\$2.99	\$3.15	\$3.41	\$3.87	\$4.46	\$5.48	\$5.48	\$5.76
Shares¹	217	212	211	210	209	209	207	206	205	203	202	200

Hershey has recorded strong and consistent growth over the last decade, with earnings-per-share growing every year during 2008-2023. The company has grown its earnings-per-share by 9.6% per year on average over the last decade.

Hershey's earnings-per-share growth stems from several factors. The first one is organic revenue growth, which Hershey has achieved despite the public becoming more conscious about healthy eating habits. The company has also been able to improve its margins throughout the last decade. Hershey owns well-recognized brands, so price hikes have not been a headwind to increasing the volume of its products. Hershey had also been moderately repurchasing its shares, which has added some additional growth to the company's earnings-per-share. In 2018, Hershey's earnings-per-share growth was above the long-term average, but that was primarily thanks to the effect of a lower tax rate and the effect of the Amplify acquisition, which was responsible for most of the company's revenue growth.

The COVID-19 pandemic tested all businesses, but Hershey is set up well for nearly any environment. On the other hand, Hershey expects 5-year low earnings this year due to sky-high cocoa prices. We view this headwind as temporary and expect 11% average annual growth of earnings-per-share beyond this year.

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	23.0	21.9	22.8	18.8	23.2	23.4	23.8	27.5	23.7	20.3	28.6	20.0
Avg. Yld.	2.4%	2.5%	2.3%	2.7%	2.2%	2.2%	2.0%	1.8%	2.0%	2.9%	3.2%	2.9%

During the past decade, shares of Hershey have traded hands with an average P/E ratio of 22.8. While we believe a premium multiple is warranted, we are a bit more cautious – using a P/E ratio of 20.0 as a starting place. The stock is now trading at a nearly 10-year high P/E ratio of 28.6. If it trades at a P/E ratio of 20.0 in five years, it will incur a -6.9% annualized valuation headwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	54%	54%	54%	51%	52%	50%	47%	45%	47%	58%	92%	57%

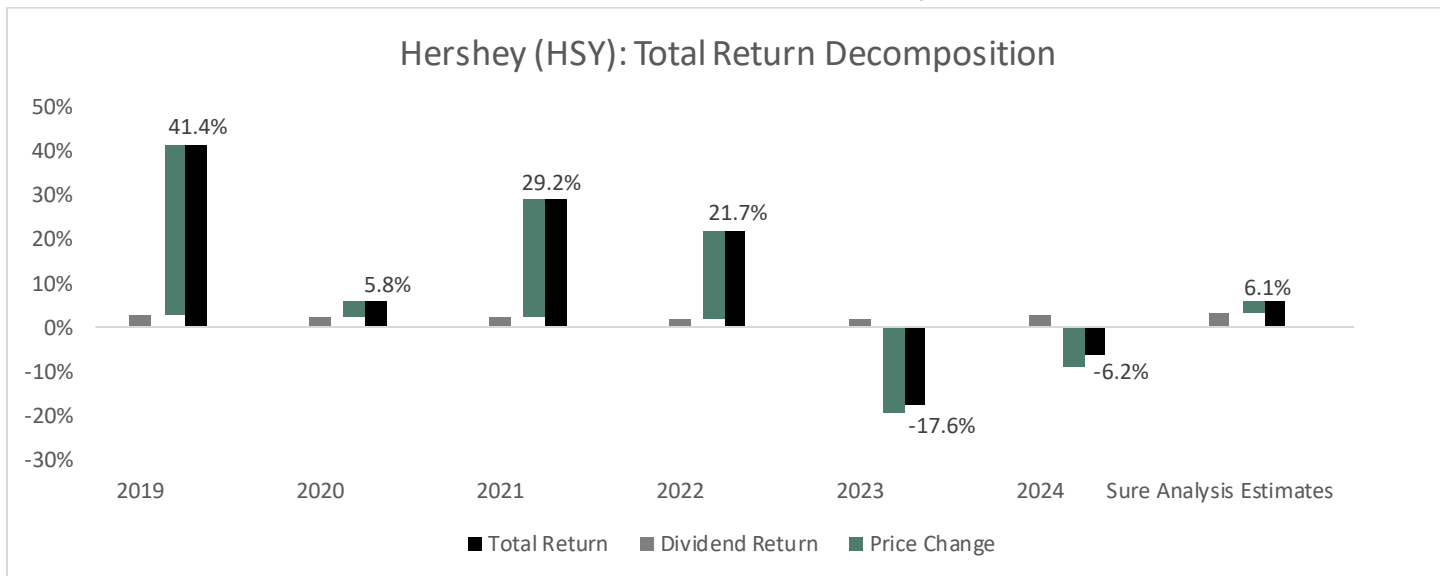
Hershey's dividend payout ratio has moved in a very narrow range throughout the last decade. The company has paid around half of its net profits in the form of dividends throughout this period. The payout ratio has spiked this year due to the depressed earnings amid exceptionally high cocoa prices but we expect the payout ratio to normalize in the upcoming years. Nevertheless, Hershey froze its dividend this year. It is prudent for investors not to expect meaningful dividend hikes anytime soon.

Hershey is one of the top chocolate and confectionary companies in the world, controlling iconic brands that are ubiquitous to consumers. Competition is not an overwhelming problem for the company, but if customers become more health-conscious, that could hurt the growth rate for the whole industry. During the last financial crisis – an especially severe recession – the company managed to grow both its profits and its sales, although the dividend was frozen. Hershey proved resilient to the pandemic as well.

Final Thoughts & Recommendation

Hershey has shed -38% off its peak in 2023, mostly due to the impact of high cocoa prices on its earnings. We view this headwind as temporary. Hershey is a solid company, generating consistent growth of earnings. On top of that, Hershey is resilient to recessions and hence it is suitable for risk-averse investors. Total annual return potential comes in at 6.1% thanks to 11% growth and a 3.2% dividend, partly offset by a -6.9% valuation headwind. The stock receives a sell rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	7,387	7,440	7,515	7,791	7,986	8,150	8,971	10,420	11,165	11,202
Gross Profit	3,383	3,170	3,455	3,575	3,622	3,701	4,049	4,499	4,998	5,301
Gross Margin	45.8%	42.6%	46.0%	45.9%	45.4%	45.4%	45.1%	43.2%	44.8%	47.3%
SG&A Exp.	1,969	1,891	1,885	1,875	1,906	1,891	2,001	2,236	2,465	2,374
D&A Exp.	245	302	262	295	292	295	---	379	420	---
Operating Profit	1,413	1,278	1,570	1,700	1,717	1,810	2,047	2,263	2,533	2,927
Operating Margin	19.1%	17.2%	20.9%	21.8%	21.5%	22.2%	22.8%	21.7%	22.7%	26.1%
Net Profit	513	720	783	1,178	1,150	1,279	1,478	1,645	1,862	2,221
Net Margin	6.9%	9.7%	10.4%	15.1%	14.4%	15.7%	16.5%	15.8%	16.7%	19.8%
Free Cash Flow	900	744	992	1,271	1,446	1,258	---	1,808	1,552	---
Income Tax	389	379	354	239	234	220	314	272	310	253

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	5,344	5,524	5,554	7,703	8,140	9,132	10,410	10,950	11,903	12,947
Cash & Equivalents	347	297	380	588	493	1,144	329	464	402	731
Accounts Receivable	599	581	588	594	569	615	671	711	824	800
Inventories	751	746	753	785	815	964	989	1,173	1,341	1,254
Goodwill & Int. Ass.	1,132	1,400	1,295	3,206	3,327	3,471	4,671	4,893	4,935	4,580
Total Liabilities	4,297	4,697	4,622	6,296	6,395	6,894	7,655	7,649	7,804	8,232
Accounts Payable	474	523	523	502	551	580	692	971	1,086	1,159
Long-Term Debt	2,421	2,980	2,920	4,458	4,266	4,522	5,029	4,791	4,814	5,102
Shareholder's Equity	998	786	915	1,399	1,745	2,234	2,757	3,300	4,099	4,715
LTD/E Ratio	2.43	3.79	3.19	3.19	2.45	2.02	1.82	1.45	1.17	1.08

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	9.4%	13.2%	14.1%	17.8%	14.5%	14.8%	15.1%	15.4%	16.3%	17.9%
Return on Equity	41.8%	80.7%	92.1%	102%	73.1%	64.4%	59.2%	54.3%	50.3%	50.4%
ROIC	14.3%	19.8%	20.4%	24.2%	19.4%	20.2%	20.3%	20.7%	21.9%	23.7%
Shares Out.	217	212	211	210	211	209	208	207	206	203
Revenue/Share	33.48	34.56	35.16	36.93	29.44	38.92	43.18	50.44	54.32	55.05
FCF/Share	4.08	3.46	4.64	6.03	6.86	6.01	---	8.75	7.55	---

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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