



The Hershey Company (HSY)

Updated February 10th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	\$231	5 Year CAGR Estimate:	2.0%	Market Cap:	\$47 B
Fair Value Price:	\$168	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	2/17/26
% Fair Value:	138%	5 Year Valuation Multiple Estimate:	-6.2%	Dividend Payment Date:	3/16/26
Dividend Yield:	2.5%	5 Year Price Target	\$225	Years Of Dividend Growth:	1
Dividend Risk Score:	F	Sector:	Consumer Staples	Rating:	Hold

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 \$47 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.

On February 5th, 2026, Hershey reported results for the fourth quarter of 2025. The North America Confectionary segment (80% of sales) grew its sales 5% over the prior year's quarter thanks to price hikes. Earnings-per-share decreased -36%, from \$2.67 to \$1.71, but exceeded the analysts' consensus by \$0.31, primarily thanks to an effective hedging strategy, which partly offset the effect of exceptionally high cocoa prices.

In 2025, Hershey faced an extremely strong headwind from sky-high cocoa prices, which squeezed the profit margins of the chocolate maker. However, cocoa prices have declined sharply in recent months. As a result, Hershey provided positive guidance for 2026. It expects 4%-5% growth of sales and adjusted earnings-per-share of \$8.20-\$8.52. We expect earnings-per-share of \$8.40 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$4.41	\$4.76	\$5.36	\$5.78	\$6.29	\$7.19	\$8.52	\$9.59	\$9.37	\$6.31	\$8.40	\$11.24
DPS	\$2.40	\$2.55	\$2.76	\$2.99	\$3.15	\$3.41	\$3.87	\$4.46	\$5.48	\$5.48	\$5.81	\$6.11
Shares¹	212	211	210	209	209	207	206	205	203	203	203	200

Hershey has recorded strong and consistent growth over the last decade, with earnings-per-share growing every year during 2008-2023. Due to exceptionally low earnings in 2025, the company has grown its earnings-per-share by 4.1% 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. 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. Hershey posted low earnings last year due to sky-high cocoa prices but we view this headwind as temporary and expect 33% growth of earnings this year and 6% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.9	22.8	18.8	23.2	23.4	23.8	27.5	23.7	20.3	27.5	27.5	20.0
Avg. Yld.	2.5%	2.3%	2.7%	2.2%	2.2%	2.0%	1.8%	2.0%	2.9%	3.2%	2.5%	2.7%

During the past decade, shares of Hershey have traded hands with an average P/E ratio of 23.3. 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 27.5. If it trades at a P/E ratio of 20.0 in five years, it will incur a -6.2% annualized valuation headwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	54%	54%	51%	52%	50%	47%	45%	47%	58%	87%	69%	54%

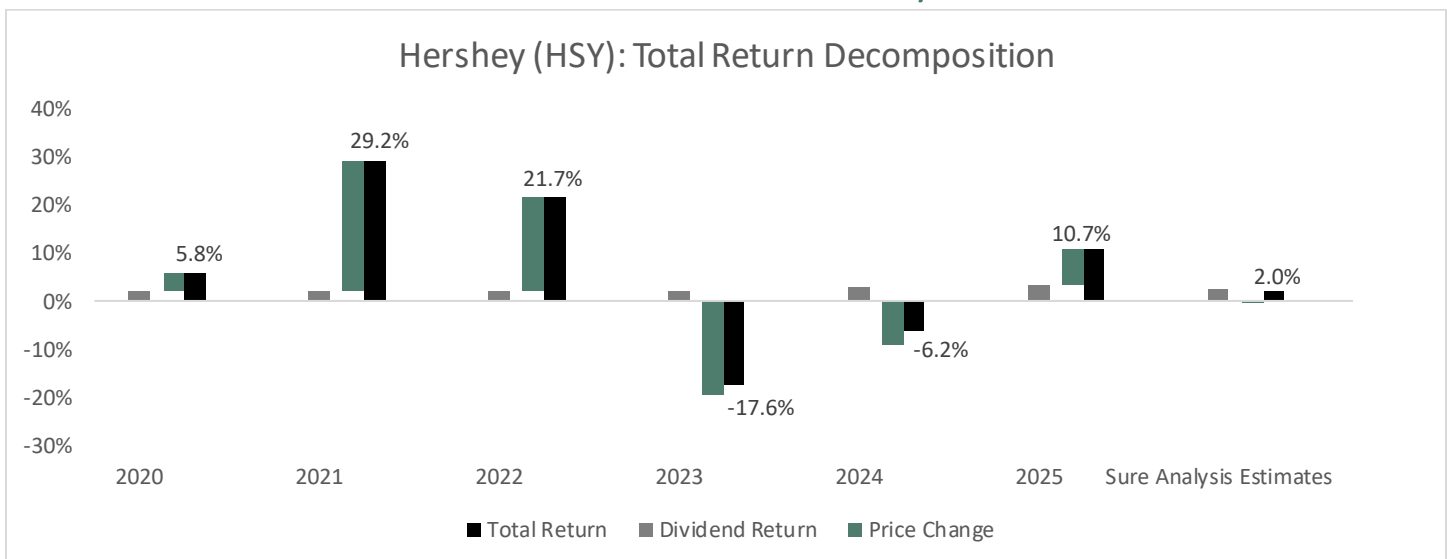
Hershey's dividend payout ratio has moved in a very narrow range throughout the last decade. The company has paid around half of its net profits in the form of dividends throughout this period. The payout ratio spiked last year due to the depressed earnings amid exceptionally high cocoa prices but we expect the payout ratio to normalize in the upcoming years. Moreover, Hershey just raised its dividend by 6% this year, thus showing confidence in a strong recovery.

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 became 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 surged 27% this year thanks to a sharp decline in cocoa prices, which is a strong tailwind for the margins of the company. We repeatedly stated that we viewed high cocoa prices as a temporary headwind. 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 2.0% thanks to 6% growth and a 2.5% dividend, partly offset by a -6.2% valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	7,440	7,515	7,791	7,986	8,150	8,971	10,420	11,165	11,202	11,693
Gross Profit	3,170	3,455	3,575	3,622	3,701	4,049	4,499	4,998	5,301	4,346
Gross Margin	42.6%	46.0%	45.9%	45.4%	45.4%	45.1%	43.2%	44.8%	47.3%	37.2%
SG&A Exp.	1,891	1,885	1,875	1,906	1,891	2,001	2,236	2,465	2,374	2,461
D&A Exp.	302	262	295	292	295	---	379	420	455	---
Operating Profit	1,278	1,570	1,700	1,717	1,810	2,047	2,263	2,533	2,927	1,885
Operating Margin	17.2%	20.9%	21.8%	21.5%	22.2%	22.8%	21.7%	22.7%	26.1%	16.1%
Net Profit	720	783	1,178	1,150	1,279	1,478	1,645	1,862	2,221	883
Net Margin	9.7%	10.4%	15.1%	14.4%	15.7%	16.5%	15.8%	16.7%	19.8%	7.6%
Free Cash Flow	744	992	1,271	1,446	1,258	---	1,808	1,552	1,923	---
Income Tax	379	354	239	234	220	314	272	310	253	331

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,524	5,554	7,703	8,140	9,132	10,410	10,950	11,903	12,947	13,741
Cash & Equivalents	297	380	588	493	1,144	329	464	402	731	926
Accounts Receivable	581	588	594	569	615	671	711	824	800	730
Inventories	746	753	785	815	964	989	1,173	1,341	1,254	1,429
Goodwill & Int. Ass.	1,400	1,295	3,206	3,327	3,471	4,671	4,893	4,935	4,580	5,472
Total Liabilities	4,697	4,622	6,296	6,395	6,894	7,655	7,649	7,804	8,232	9,105
Accounts Payable	523	523	502	551	580	692	971	1,086	1,159	1,256
Long-Term Debt	2,980	2,920	4,458	4,266	4,522	5,029	4,791	4,814	5,102	5,185
Shareholder's Equity	786	915	1,399	1,745	2,234	2,757	3,300	4,099	4,715	---
LTD/E Ratio	3.79	3.19	3.19	2.45	2.02	1.82	1.45	1.17	1.08	1.17

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	13.2%	14.1%	17.8%	14.5%	14.8%	15.1%	15.4%	16.3%	17.9%	6.6%
Return on Equity	80.7%	92.1%	102%	73.1%	64.4%	59.2%	54.3%	50.3%	50.4%	18.9%
ROIC	19.8%	20.4%	24.2%	19.4%	20.2%	20.3%	20.7%	21.9%	23.7%	8.7%
Shares Out.	212	211	210	211	209	208	207	206	203	203
Revenue/Share	34.56	35.16	36.93	29.44	38.92	43.18	50.44	54.32	55.05	57.49
FCF/Share	3.46	4.64	6.03	6.86	6.01	---	8.75	7.55	9.46	---

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

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