

HERSHEY CO
Form 10-Q
October 26, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period

from _____ to _____

Commission file number 1-183

THE HERSHEY COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

100 Crystal A Drive, Hershey, PA
17033

(Address of principal executive offices)

(Zip Code)

717-534-4200

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

23-0691590

(I.R.S. Employer
Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Smaller reporting company

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Non-accelerated filer (Do not check if a smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Common Stock, one dollar par value—149,188,011 shares, as of October 19, 2018.

Class B Common Stock, one dollar par value—60,619,777 shares, as of October 19, 2018.

THE HERSHEY COMPANY
Quarterly Report on Form 10-Q
For the Period Ended September 30, 2018

TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. Financial Statements</u>	<u>1</u>
<u>Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2018 and October 1, 2017</u>	<u>1</u>
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2018 and October 1, 2017</u>	<u>2</u>
<u>Consolidated Balance Sheets as of September, 2018 and December 31, 2017</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2018 and October 1, 2017</u>	<u>4</u>
<u>Consolidated Statement of Stockholders' Equity for the Nine Months Ended September 30, 2018</u>	<u>5</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>30</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>48</u>
<u>Item 4. Controls and Procedures</u>	<u>48</u>
<u>PART II. OTHER INFORMATION</u>	<u>49</u>
<u>Item 1. Legal Proceedings</u>	<u>49</u>
<u>Item 1A. Risk Factors</u>	<u>49</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>49</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>49</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>49</u>
<u>Item 5. Other Information</u>	<u>49</u>
<u>Item 6. Exhibits</u>	<u>50</u>
<u>Signatures</u>	<u>51</u>

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

THE HERSHEY COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	October 1,	September 30,	October 1,
	2018	2017	2018	2017
Net sales	\$2,079,593	\$2,033,121	\$5,803,167	\$5,575,790
Cost of sales	1,216,100	1,090,185	3,172,194	2,957,655
Gross profit	863,493	942,936	2,630,973	2,618,135
Selling, marketing and administrative expense	453,921	477,452	1,388,793	1,380,212
Long-lived asset impairment charges	1,649	—	28,817	208,712
Business realignment costs	1,660	4,020	10,864	50,018
Operating profit	406,263	461,464	1,202,499	979,193
Interest expense, net	36,916	24,589	101,207	72,456
Other (income) expense, net	12,493	36,074	35,201	56,458
Income before income taxes	356,854	400,801	1,066,091	850,279
Provision for income taxes	91,441	126,788	226,640	275,291
Net income including noncontrolling interest	265,413	274,013	839,451	574,988
Less: Net income (loss) attributable to noncontrolling interest	1,700	710	(1,320)	(26,860)
Net income attributable to The Hershey Company	\$263,713	\$273,303	\$840,771	\$601,848
Net income per share—basic:				
Common stock	\$1.29	\$1.32	\$4.11	\$2.91
Class B common stock	\$1.17	\$1.20	\$3.74	\$2.64
Net income per share—diluted:				
Common stock	\$1.25	\$1.28	\$3.99	\$2.81
Class B common stock	\$1.17	\$1.20	\$3.73	\$2.64
Dividends paid per share:				
Common stock	\$0.722	\$0.656	\$2.034	\$1.892
Class B common stock	\$0.656	\$0.596	\$1.848	\$1.720

See Notes to Unaudited Consolidated Financial Statements.

THE HERSHEY COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)