

HERSHEY CO  
Form 10-Q  
August 08, 2012

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 July 1, 2012

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

23-0691590

(State or other jurisdiction of incorporation  
or organization)

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

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)

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

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

Common Stock, \$1 par value – 165,711,584 shares, as of July 20, 2012. Class B Common Stock, \$1 par value – 60,629,917 shares, as of July 20, 2012.

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THE HERSHEY COMPANY  
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## PART I - FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements (Unaudited)

## THE HERSHEY COMPANY

## CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share amounts)

	For the Three Months Ended	
	July 1, 2012	July 3, 2011
Net Sales	\$1,414,444	\$1,325,171
Costs and Expenses:		
Cost of Sales	795,923	760,851
Selling, marketing and administrative	391,405	345,918
Business realignment and impairment charges (credits), net	4,845	(9,952 )
Total costs and expenses	1,192,173	1,096,817
Income before Interest and Income Taxes	222,271	228,354
Interest expense, net	24,344	23,351
Income before Income Taxes	197,927	205,003
Provision for income taxes	62,242	74,984
Net Income	\$135,685	\$130,019
Earnings Per Share - Basic - Class B Common Stock	\$.56	\$.53
Earnings Per Share - Diluted - Class B Common Stock	\$.55	\$.53
Earnings Per Share - Basic - Common Stock	\$.62	\$.59
Earnings Per Share - Diluted - Common Stock	\$.59	\$.56
Average Shares Outstanding - Basic - Common Stock	165,021	166,302
Average Shares Outstanding - Basic - Class B Common Stock	60,630	60,632
Average Shares Outstanding - Diluted	228,853	230,301
Cash Dividends Paid Per Share:		
Common Stock	\$.380	\$.3450
Class B Common Stock	\$.344	\$.3125

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Three Months Ended		
	July 1, 2012	July 3, 2011	
Net Income	\$135,685	\$130,019	
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(11,077	) 3,729	
Pension and post-retirement benefit plans	6,615	4,393	
Cash flow hedges:			
Losses on cash flow hedging derivatives	(10,774	) (3,312	)
Reclassification adjustments	16,012	(4,892	)
Total other comprehensive income (loss), net of tax	776	(82	)
Comprehensive Income	\$136,461	\$129,937	

The accompanying notes are an integral part of these consolidated financial statements.

THE HERSHEY COMPANY  
CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share amounts)

	For the Six Months Ended	
	July 1, 2012	July 3, 2011
Net Sales	\$3,146,508	\$2,889,394
Costs and Expenses:		
Cost of Sales	1,784,591	1,668,889
Selling, marketing and administrative	796,967	723,716
Business realignment and impairment charges (credits), net	8,149	(8,114)
Total costs and expenses	2,589,707	2,384,491
Income before Interest and Income Taxes	556,801	504,903
Interest expense, net	48,368	47,828
Income before Income Taxes	508,433	457,075
Provision for income taxes	174,097	166,941
Net Income	\$334,336	\$290,134
Earnings Per Share - Basic - Class B Common Stock	\$1.38	\$1.19
Earnings Per Share - Diluted - Class B Common Stock	\$1.37	\$1.18
Earnings Per Share - Basic - Common Stock	\$1.52	\$1.31
Earnings Per Share - Diluted - Common Stock	\$1.46	\$1.26
Average Shares Outstanding - Basic - Common Stock	164,810	166,372
Average Shares Outstanding - Basic - Class B Common Stock	60,630	60,657
Average Shares Outstanding - Diluted	228,752	230,243
Cash Dividends Paid Per Share:		
Common Stock	\$.760	\$.690
Class B Common Stock	\$.688	\$.625

The accompanying notes are an integral part of these consolidated financial statements.

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

For the Six Months Ended  
July 1,  
2012