



# LINDT & SPRÜNGLI

## Strong growth continues

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Press Release: Half-Year 2019

### Key figures of the Lindt & Sprüngli Group

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- **Strong organic Group sales growth +6.2% to CHF 1.76 billion (in Swiss Francs +5.4%)**
  - **Increase in operating profit (EBIT) by +7.8% to CHF 126.2 million (+20 bp)**
  - **Rise in net income by +2.4% to CHF 88.1 million**
  - **Solid organic growth and market share gains in all key markets**  
«Europe» +5.0%, «North America» +7.2%, «Rest of the World» +8.3%
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Kilchberg, July 23, 2019 – Lindt & Sprüngli has had a successful start to the financial year 2019, building on the growth of recent years. In the first half of the year the Group achieved sales of CHF 1.76 billion, which corresponds to strong organic sales growth of +6.2%. This lays the foundation for the Lindt & Sprüngli Group to reach its organic growth target of 5–7% for the full year. In the first half of 2019 Lindt & Sprüngli further strengthened its market position by achieving good results in mainly saturated or stagnating chocolate markets and expanding its market shares in all the key strategic markets. Strong seasonal business, the launch of numerous innovations within the leading product ranges and the own global retail network were the key growth drivers.

### Solid results in Europe

In the “Europe” segment, Lindt & Sprüngli generated sales of CHF 874 million in the first half of the year, equivalent to +5.0% organic growth. The UK, Austria, Germany and Switzerland, as well as the Scandinavian countries, all recorded strong results, while the Eastern European markets – Poland, Russia, the Czech Republic, Slovakia and Hungary – did particularly well, posting growth rates in the high double-digits. At the beginning of the year Lindt & Sprüngli also benefited from the late Easter business, which boosted chocolate consumption. Successful launches within the bestselling Lindor and Excellence ranges were the main growth drivers. Sales in Germany benefited from the limited Easter editions of the iconic Gold Bunny and the Mini Pralinés product line.

In Switzerland, Lindt & Sprüngli celebrated the opening of the Lindt Cocoa Center in Olten in June 2019 after only 12 months of construction work on its modernization and expansion. The investment of CHF 30 million in this plant is a clear commitment to Switzerland as a business location and, thanks to increased capacity in cocoa mass production, a major milestone for the further growth of the entire Lindt & Sprüngli Group. One of the main elements of this project is the installation of a state-of-the-art research facility which enables the company to conduct tests with cocoa varieties, chocolate recipes and processes. In Germany, Lindt & Sprüngli successfully completed the expansion of the logistics building at the Aachen site so that it is now connected to the local production facilities via a fully automated conveyor system.

### Good performance in North America

The “North America” region achieved dynamic organic growth of +7.2% in the first half-year, to which all 3 US companies contributed. Sales rose to CHF 623 million. The situation in the US, the world’s largest chocolate market, improved and the trading environment recovered slightly after several difficult years of restructuring. Particularly worth mentioning is Lindt USA, which reported a sound result and market share gains following challenging previous periods. Also Ghirardelli rec-



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orded a positive result. Russell Stover achieved a sales plus in the first half-year thanks to the promising relaunch of the Bow Line praline range, as well as the success of the sugar-free product line with stevia extract. Hence, Russell Stover is on track to meet its growth targets.

In the US, Lindt & Sprüngli remains No. 1 in the premium chocolate segment and No. 3 in the overall chocolate market thanks to steady sales growth and rising volumes. The expansion of the state-of-the-art facility for cocoa and chocolate mass at the US location in Stratham, approved in 2018, is well under way. The investment project totaling around CHF 200 million will support the planned volume growth over the long term. Additionally, Lindt & Sprüngli is investing in the expansion of a standardized logistics network for the entire US market.

### **Promising growth in the „Rest of the World“**

The significance of the "Rest of the World" segment for the Lindt & Sprüngli Group is growing year by year. These markets again displayed strong growth, with organic sales up by +8.3% to CHF 261 million. The growth and sales strategies are tailored to local consumer preferences and paid off especially in Japan, Brazil and China. These markets benefit from the groundwork of previous years and the increasing market presence of premium chocolate products.

### **Own global store network continues to expand**

The Global Retail business also posted solid results in the first half of 2019. Numerous new stores in prime locations in Japan, Brazil and Europe delighted consumers with their unique brand experience. Service training for Chocolate Advisors continued to play a key role in providing consumers with the high standard of service they are used to in the stores. Lindt & Sprüngli continues to expand the own Global Retail network in the second half of the year.

### **Sourcing strategy and efficiency gains promoting EBIT growth**

Prices for the main raw materials, cocoa beans, have increased slightly compared to the previous year due to stronger demand. Lindt & Sprüngli compensates for any price fluctuations in the market by entering into forward transactions – a common industry practice. The prices for the other main ingredients, such as milk, hazelnuts and sugar, have also seen a slight increase year on year. However, cocoa butter prices improved slightly for Lindt & Sprüngli.

An effective sourcing strategy for raw materials and additional efficiency improvements helped to reduce material and personnel costs as a percentage of sales. The Group's average headcount increased to 13,556 employees in the first half of the year. Operating profit (EBIT) rose to CHF 126.2 million as of June 30, 2019, which corresponds to a +7.8% increase. Net profit rose to CHF 88.1 million year on year. Operating cash flow amounted to CHF 398.2 million. Total assets as of June 30, 2019 stood at CHF 7.18 billion, and the equity capital ratio was a solid 57.3%.

### **Change to new IFRS 16 leasing standard**

The required new leasing standard IFRS 16 was adopted in the 2019 semi-annual report, but the previous year was not retroactively adjusted. Under this new standard, future lease payments and the rights of use arising from them are recorded in the balance sheet. This results in higher depreciation and interest expense, while leasing costs in operating expenses are reduced in the income statement. The adoption of this new standard caused a decline of around CHF 4 million in net profit in the first half of 2019, attributable to the front-loaded impact of the lease, as rental expenses are higher for the initial periods.

### **Buyback program ends on July 31, 2019**

At the beginning of 2018 Lindt & Sprüngli started a buyback program for registered shares and participation certificates due to its high liquidity levels, solid balance sheet and consistently strong cash flow. The program ran according to plan, with registered shares and participation certificates worth



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CHF 455 million repurchased by the end of June 2019, (equivalent to 2.9% of total share capital).  
The program ends on July 31, 2019.

## **Goal of 100% sustainable cocoa bean sourcing on track**

In addition to the company's commitment to high quality, sustainability plays an important role in ensuring the long-term success of its business. One of the core elements is the Lindt & Sprüngli Farming Program. Since the program started in 2008, enormous progress has been made with this sustainable cocoa sourcing model. The program is now established in Ghana, Ecuador, Madagascar, Papua New Guinea and the Dominican Republic and is showing a positive impact there.

The next major milestone is in reach, and Lindt & Sprüngli is on target for having a 100% traceable and verified supply chain for cocoa beans by 2020. The 442 field staff in the countries of origin, financed by the Lindt & Sprüngli Farming Program, are involved on a daily basis with the 72,528 farmers, working with great passion to realize this vision. Today, 86% of the sourced cocoa beans are already traceable and externally verified.

Lindt & Sprüngli has realigned its sustainability strategy as it steps up its efforts in this area, and has formulated new concrete commitments. One of the aims is the "no-deforestation" commitment which states that by 2025 the entire cocoa supply will be sourced from areas free from deforestation.

More information on the current sustainability report: [Sustainability Report 2018](#)

## **Outlook**

The Lindt & Sprüngli Group anticipates continued organic growth of 5–7% for the full financial year. Lindt & Sprüngli also expects the operating profit margin (EBIT) to improve by 20-40 basis points in the full year, in line with the mid- to long-term target range.

## **Please find details on the financial figures in the semi-annual report online:**

[www.lindt-spruengli.com](http://www.lindt-spruengli.com)

or

<https://www.lindt-spruengli.com/investors/financial-information/annual-semi-annual-reports/>

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## **About Lindt & Sprüngli**

As global leader in the premium chocolate sector, Lindt & Sprüngli looks back on a long standing tradition of almost 175 years which takes its origins in Zurich, Switzerland. Today, quality chocolate products by Lindt & Sprüngli are made at 12 own production sites in Europe and the USA. They are distributed by 26 subsidiary companies and branch offices, in more than 460 own Shops, and also via a comprehensive network of more than 100 independent distributors around the globe. With over 14,000 employees, the Lindt & Sprüngli Group reported sales worth CHF 4.313 billion in 2018.

## **Group Communications:**

Tel.: +41 44 716 24 86

E-Mail: [media@lindt.com](mailto:media@lindt.com)

## **Investors:**

Tel.: +41 44 716 25 37

E-Mail: [investors@lindt.com](mailto:investors@lindt.com)



MAÎTRE CHOCOLATIER SUISSE  
DEPUIS 1845

## PROSEGUE LA SOLIDA CRESCITA DEL GRUPPO LINDT & SPRÜNGLI Half Year Results 2019

- **La crescita organica del Gruppo Lindt & Sprüngli registra un solido incremento del +6.2%**, pari a 1.76 miliardi di Franchi Svizzeri **Utile operativo (EBIT) +7,8%** pari a 126.2 milioni Franchi Svizzeri (+20 bp)
- **Utile netto del +2.4%** pari a 88.1 milioni di Franchi Svizzeri
- Solida crescita organica con un incremento di quota di mercato in tutti i mercati chiave: «Europa» +5.0%, «Nord America» +7.2%, «Resto del Mondo» +8.3%. Nello specifico, **in Europa Lindt & Sprüngli ha generato delle vendite pari a 874 milioni di Franchi Svizzeri** nella prima metà dell'anno, equivalenti al +5.0% di crescita organica.

Lindt & Sprüngli sta ottenendo ottimi risultati, in continuità con la crescita e i successi degli scorsi anni.

Nella prima metà dell'anno il Gruppo ha generato un fatturato pari a 1.76 miliardi di Franchi Svizzeri, che corrisponde a una forte crescita delle vendite del 6.2%. L'attuale andamento del Gruppo pone le basi per la conferma dell'obiettivo di crescita organica annuale, annunciata tra il 5 - 7%.

### Lindt in Italia

**Il Gruppo Lindt & Sprüngli ha deciso di investire ulteriormente in Italia**, dove è presente uno dei 6 impianti di produzione europei, dimostrando una grande fiducia nei confronti della sede italiana che continua a migliorare la propria-efficienza produttiva.

Lindt Italia, infatti, ha annunciato lo scorso anno un **importante progetto di ampliamento del polo produttivo e distributivo di Induno Olona (VA)**, i cui lavori sono ancora in corso.

Nello stabilimento varesino, la cui forza lavoro è attualmente composta di **700 dipendenti, si producono oltre 2 miliardi di praline Lindor l'anno** e più di 170 milioni di scatole Cornet Lindor da 200 grammi, e viene **esportato oltre il 70% della produzione**.

Oltre all'ampliamento dello stabilimento, questo investimento prevede la realizzazione dei nuovi uffici commerciali e il rinnovo del **Lindt Factory Outlet**, che **verrà inaugurato ufficialmente il prossimo 5 settembre**.

### Approvvigionamento sostenibile del cacao

Oltre all'impegno dell'azienda nel garantire ai propri consumatori un cioccolato che rispetti i più elevati standard di qualità, la sostenibilità gioca un ruolo importante nel costruire il successo a lungo termine della propria attività, impegno testimoniato dal **Lindt & Sprüngli Farming Program**.

Il Gruppo sta per raggiungere il suo primo importante obiettivo, ossia quello di avere entro il 2020 una catena di approvvigionamento delle fave di cacao completamente tracciabile e verificata. Ad oggi, l'86% del cacao utilizzato da Lindt è tracciato e verificato.

Lindt & Sprüngli ha aggiornato e implementato la propria strategia di sostenibilità intensificando gli sforzi in questo settore: l Gruppo si impegnerà ad ottenere l'intera fornitura di cacao da aree non colpite dalla deforestazione entro il 2025.