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## Lindt & Sprüngli increases sales and profit: outlook for 2023 raised

Press release for the first half of 2023 | Ad hoc announcement pursuant to Art. 53 LR

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- Double-digit organic sales growth of +10.1% to CHF 2.09 billion
- Operating profit (EBIT) increases to CHF 255.0 million; EBIT margin at 12.2%
- All three regional segments continue to grow
- Outlook 2023 raised to 7–9% sales growth and margin increase of 30–50 basis points

Kilchberg, July 25, 2023 – **The first half of 2023 was very successful for the Lindt & Sprüngli Group. Compared to the previous year, sales grew organically by +10.1% to CHF 2.09 billion (excluding Russia). Operating profit (EBIT) increased to CHF 255.0 million, while the EBIT margin rose to 12.2%. Net income amounted to CHF 204.5 million. The outlook for the financial year 2023 has been revised upwards to reflect sales growth in the range of 7–9% and profit margin expansion of 30–50 basis points.**

### **Sales growth across all three geographic segments**

The “Europe” segment achieved a significant organic increase in sales of +8.9% to CHF 1.0 billion in the first half of the year. The German and French markets continued to achieve impressive growth despite price-sensitive customers and a high like-for-like basis. Italy and the UK, also important and established core markets, even achieved double-digit growth. The Swiss market also performed particularly well.

The “North America” segment once again confirmed the Group’s strategic focus on this market region, which saw double-digit organic sales growth of +11.2% to CHF 798.1 million. All five operations in North America grew, particularly Lindt & Sprüngli USA, which strengthened its position as the leading chocolate company in the premium segment in the world’s largest chocolate market.

The markets in the “Rest of the World” segment also achieved strong organic growth of +11.1% to CHF 281.7 million. Particular mention should be made of the companies in Japan and Brazil as well as the “Global Travel Retail” division, which posted double-digit growth rates.

### **Strong development in own retail and in the Easter business**

The Global Retail organization achieved above-average success in the first half of the year. Shopping in the Group’s around 500 own retail shops is particularly attractive to consumers, this is thanks to the exclusive experience they offer. In addition, tourism is continuing to rebound, meaning that sales in the Group’s own shops in all market regions have grown in the double-digit range. This was also attributable in part to positive mix effects, as consumers selected high-quality products with correspondingly higher added value more frequently than in the previous year.

Overall, sales in the global chocolate market trended upward. Due to inflationary effects and the resulting subdued consumer sentiment, volumes stagnated or declined slightly depending on the product group and market. In our product mix, the trend towards gift packaging, pralines and hollow figures continues, meaning that the Group continues to benefit from their higher added value. While double-digit growth was seen in particular in sales of Lindor, Lindt's Gold Bunny for Easter is also gaining more and more fans around the world.

### **Proactive cost management**

Raw material and energy costs were volatile in light of the persistently tense global political situation. While energy prices and the security of supply was still a major issue at the start of the year, the Group currently expects the situation to ease – subject to developments in the coming winter. However, the prices of raw materials and intermediate products, such as sugar and packaging materials, remain high. At the same time, the world market price for cocoa has been rising continuously since the end of 2022 and hit a long-term high. In fact, this increase is so significant that it outstrips the easing seen in some other raw materials. This is mainly due to the fact that Lindt & Sprüngli's high-quality chocolate recipes contain very large amounts of cocoa. Lindt & Sprüngli has offset some of the cost increases incurred so far through efficiency improvements and long-term hedging for cocoa and other raw materials. In some cases, however, these increases also had to be passed on to trade partners through price adjustments made over the past few months.

### **Financial results**

In the first half of 2023, Lindt & Sprüngli increased its sales organically by +10.1% to CHF 2.09 billion; this growth rate also reflects the exit from Russia. Operating profit (EBIT) rose to CHF 255.0 million (previous year: CHF 185.2 million). This corresponds to an EBIT margin of 12.2% (previous year: 9.3%) for the first half of the year. However, due to further increases in raw material costs and larger investments in marketing activities, we do not expect this trend to continue to the same extent in the second half of 2023. Following the deduction of interest and tax expenses, which remained virtually unchanged, net income came to CHF 204.5 million (previous year: CHF 138.4 million). Free cash flow amounted to CHF 137.3 million (previous year: CHF 204.0 million), which corresponds to a margin of 6.6% (previous year: 10.2%). The total balance-sheet declined to CHF 7.61 billion as at June 30, 2023 due to seasonal factors (December 31, 2022: CHF 7.95 billion) and the equity ratio increased slightly to 57.2% (December 31, 2022: 55.4%).

### **Share buyback program well received**

The CHF 1 billion share buyback program launched a year ago has been well received by investors. A total of 348 registered shares and 44,160 participation certificates had been repurchased by June 30, 2023.

### **Progress in the area of sustainability**

The Lindt & Sprüngli Group's sustainable and socially responsible corporate governance is reflected not only in its economic success, but also in important advances in the area of sustainability: These include intensifying efforts to responsibly source cocoa and other key raw materials and expanding the Lindt & Sprüngli Farming Program, our own sustainability program for cocoa. More than 112,000 farmers in seven cocoa countries now benefit from the investments of the Lindt & Sprüngli Farming Program.

Another focus was on submitting climate targets in accordance with SBTi standards for validation as well as the Group's more intense commitment to human rights. Detailed information on our sustainability strategy can be found in the recently published Sustainability Report 2022 at: [www.lindt-spruengli.com/sustainability](http://www.lindt-spruengli.com/sustainability)

## Outlook

In light of the positive business trend in the first half of the year, Lindt & Sprüngli is adjusting the full year outlook for 2023. The Group now expects sales growth in the range of 7–9% (previously 6–8%) and a year-on-year increase in the profit margin of 30–50 basis points (previously 20–40 basis points). This forecast is based on the Group's assumption that geopolitical tensions will not worsen, and that consumer sentiment will at least remain at the current level. For future years, the Group continues to reiterate its medium- to long-term sales growth targets of 6–8% with an improvement in the operating profit margin of 20–40 basis points per annum.

## Links to the 2023 Half-Year Report:

<https://www.lindt-spruengli.com/investors/financial-reporting/publications>

or

<https://www.lindt-spruengli.com/amfile/file/download/id/7972/file/Half-Year-Report-2023.pdf>

**Next publication:** Full-Year Results for 2023 on Tuesday, March 5, 2024, 7 a.m.

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### About Lindt & Sprüngli

Lindt & Sprüngli has been enchanting the world with chocolate for over 175 years. The long-established Swiss company with its roots in Zurich is a global leader in the premium chocolate product sector. Lindt & Sprüngli produces quality chocolates today at its 12 own production sites in Europe and the USA. Its products are sold by 32 subsidiaries and branch offices in around 500 of its own stores as well as via a network of more than 100 independent distributors around the globe. With a workforce exceeding 14,000 employees, the Lindt & Sprüngli Group generated sales of CHF 4.97 billion in 2022.