



**LINDT & SPRÜNGLI**

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**INVESTOR PRESENTATION**

**HALF YEAR 2014**

# AGENDA

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- Performance Highlights HY2014
- Environment HY2014
- P&L and B/S Details HY2014
- Acquisition Russell Stover Candies, Inc., USA
- Raw Materials
- Outlook 2014
- Questions & Answers

**HALF YEAR 2014**

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**Performance Highlights HY2014**

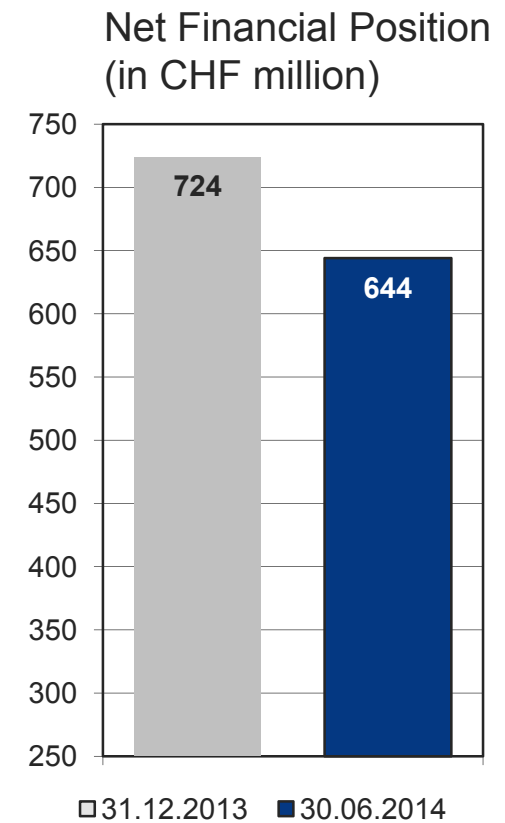
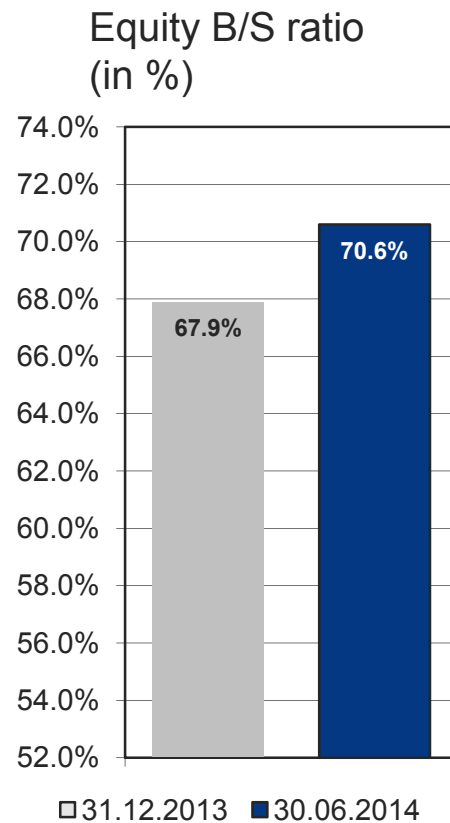
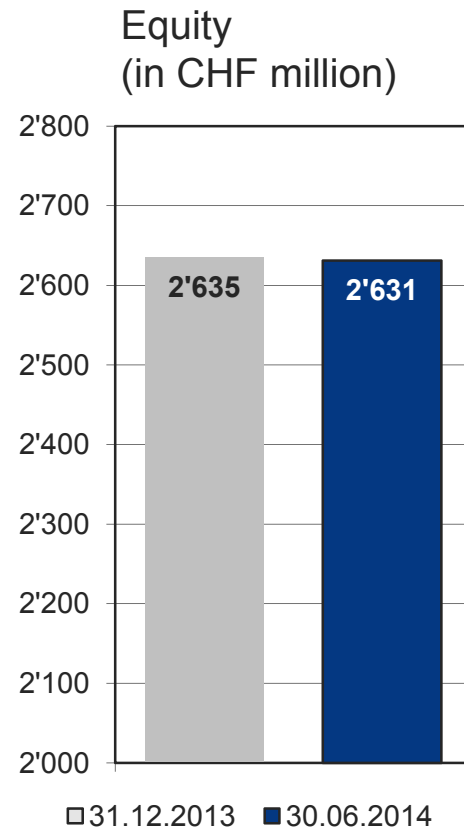
# Performance Highlights HY2014

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	<u>CHF million</u>		
Net Net Trade Sales	1'200	<ul style="list-style-type: none"><li>• Organic</li><li>• Swiss Francs</li></ul>	+ 9.2% + 6.0%
EBITDA	128.0	CHF +14.0 million vs. p.y.	+ 12.3%
EBIT	77.1	CHF +11.6 million vs. p.y.	+ 17.7%
NET INCOME	55.8	CHF +7.0 million vs. p.y.	+ 14.3%
NET LIQUIDITY	644.2	CHF -79.3 million vs. 31.12.2013	

# Key Figures

## NET LIQUIDITY ABSORPTION VS. YEAR END - DUE TO CAPEX AND DIVIDEND PAYMENTS



**HALF YEAR 2014**

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**Environment HY 2014**

# Environment

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## ECONOMIES

- Positive economic signals in North America & U.K.
- Stabilisation in rest of Europe

## CONSUMERS

- Continued trend to premium products
- Consumers ready to spend for quality & innovation
- Slightly improving consumer sentiment in Southern Europe

## CHOCOLATE MARKETS

- Low growth in volume & mix – no price increases despite raw material hikes
- Continued trend to premium products

## FX & RAW MATERIAL

- Stable FX environment except US\$, AU\$ and CA\$ weak vs. CHF
- Significant increase of raw material prices

# HALF YEAR 2014

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**P&L and B/S Details HY2014**



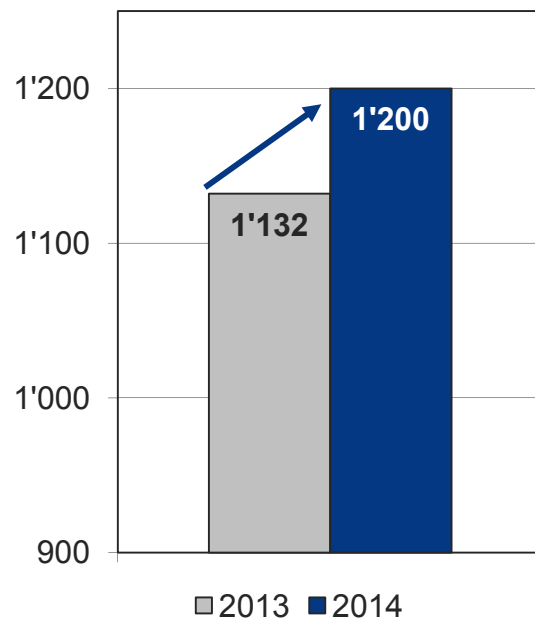
# Overview – P&L and B/S Details HY2014



## STRONG PROFIT IMPROVEMENT FOLLOWING GOOD SALES GROWTH

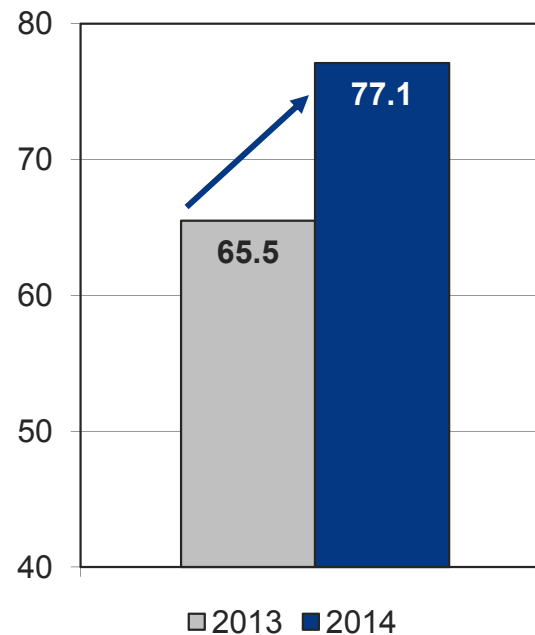
Net Net Trade Sales  
CHF 1'200 million

**+6.0% in CHF**  
**+9.2% in local curr.**



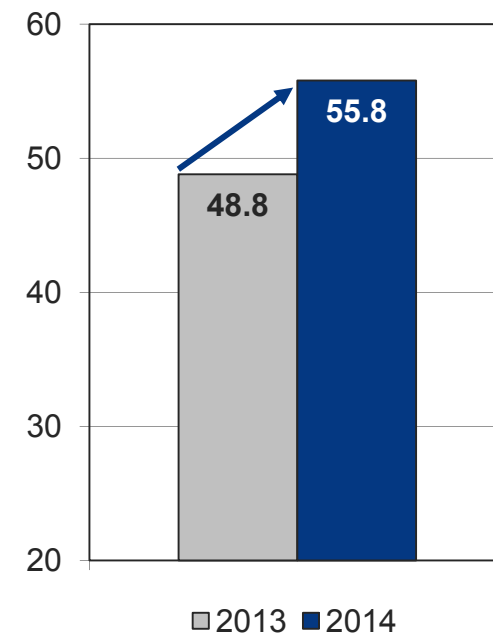
EBIT  
CHF 77.1 million

**+ 17.7 %**



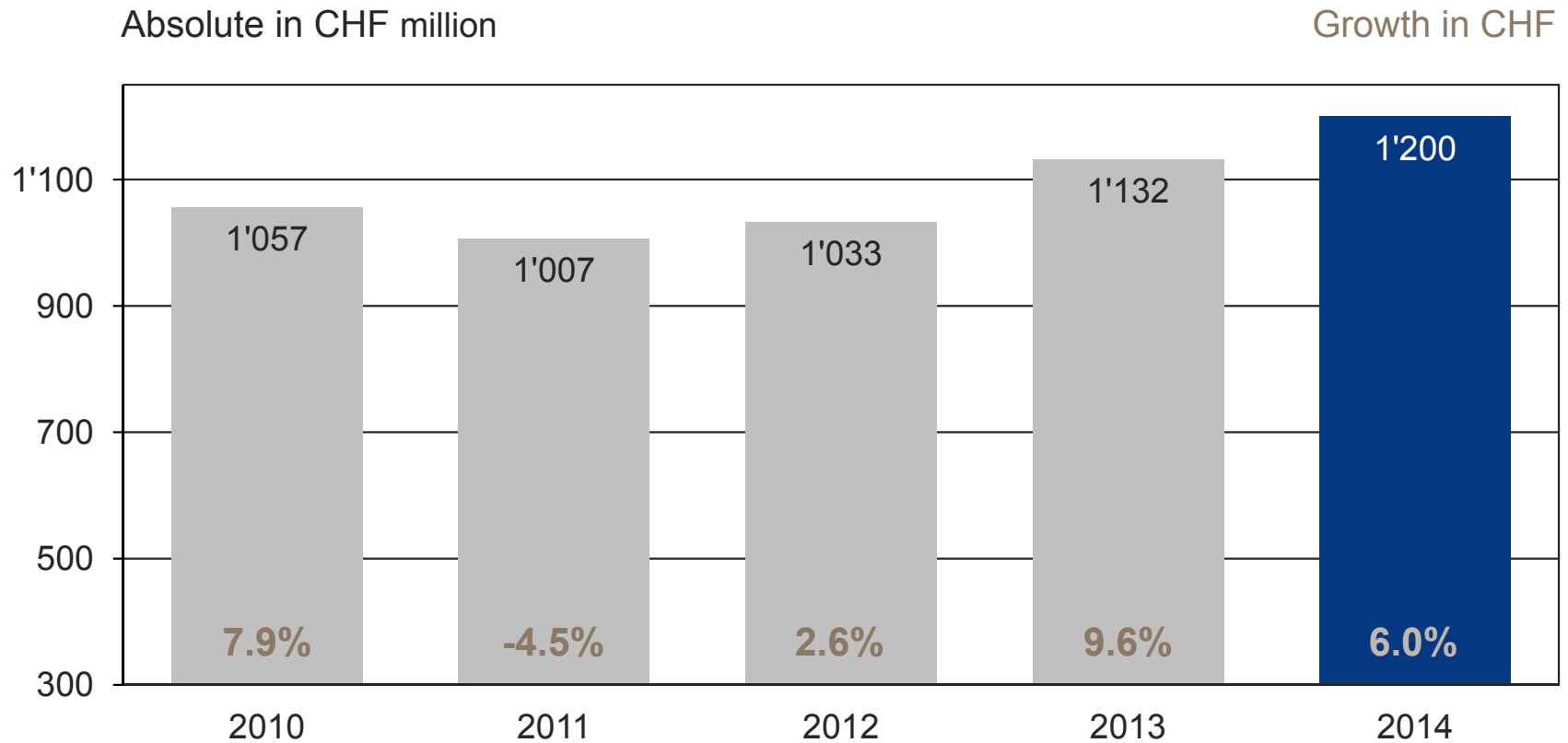
Net Income  
CHF 55.8 million

**+ 14.3 %**



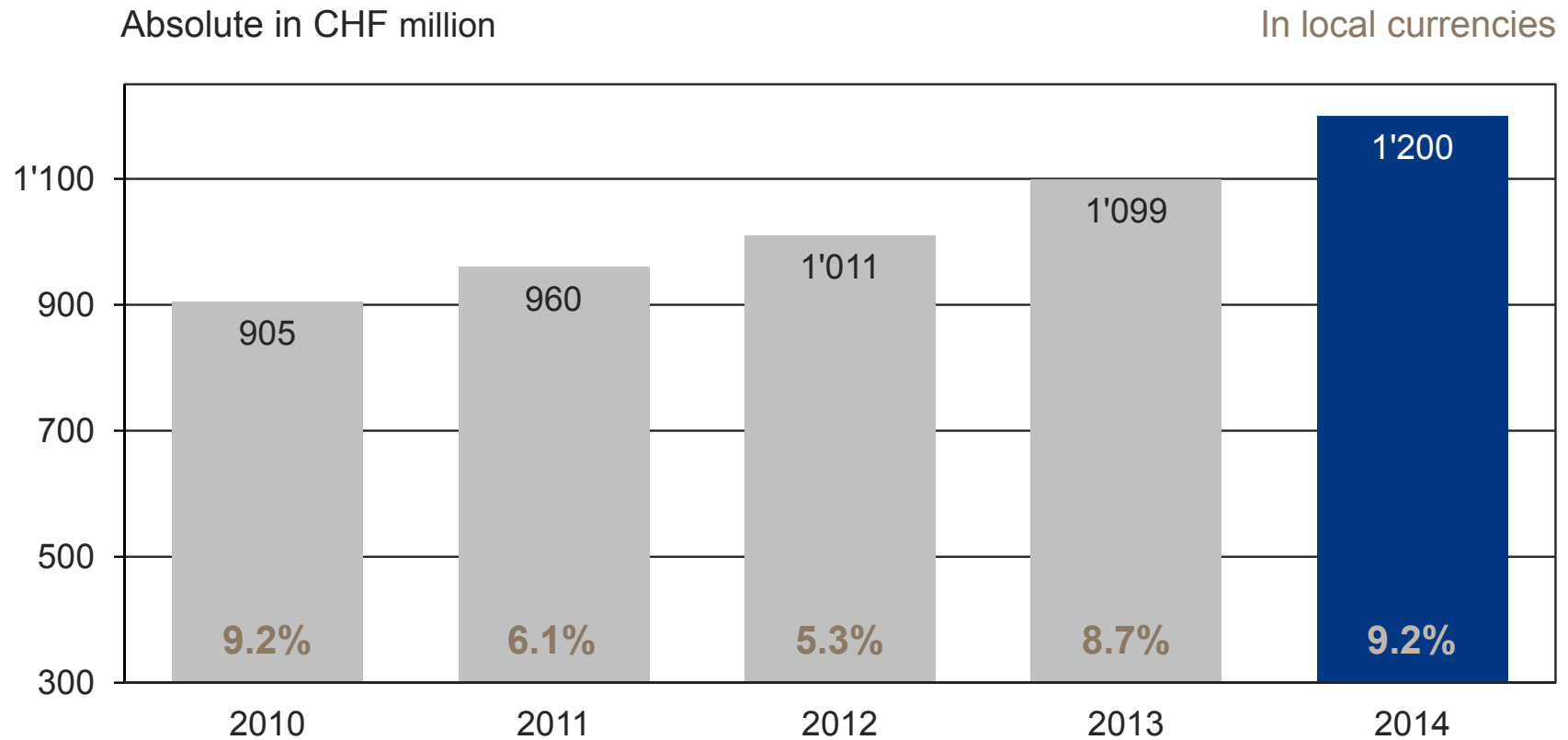
# Sales Analysis – 5 Years in Swiss Francs

## CONTINUED SOLID GROWTH IN SWISS FRANCS



# Sales Analysis – 5 Years in Local Currencies

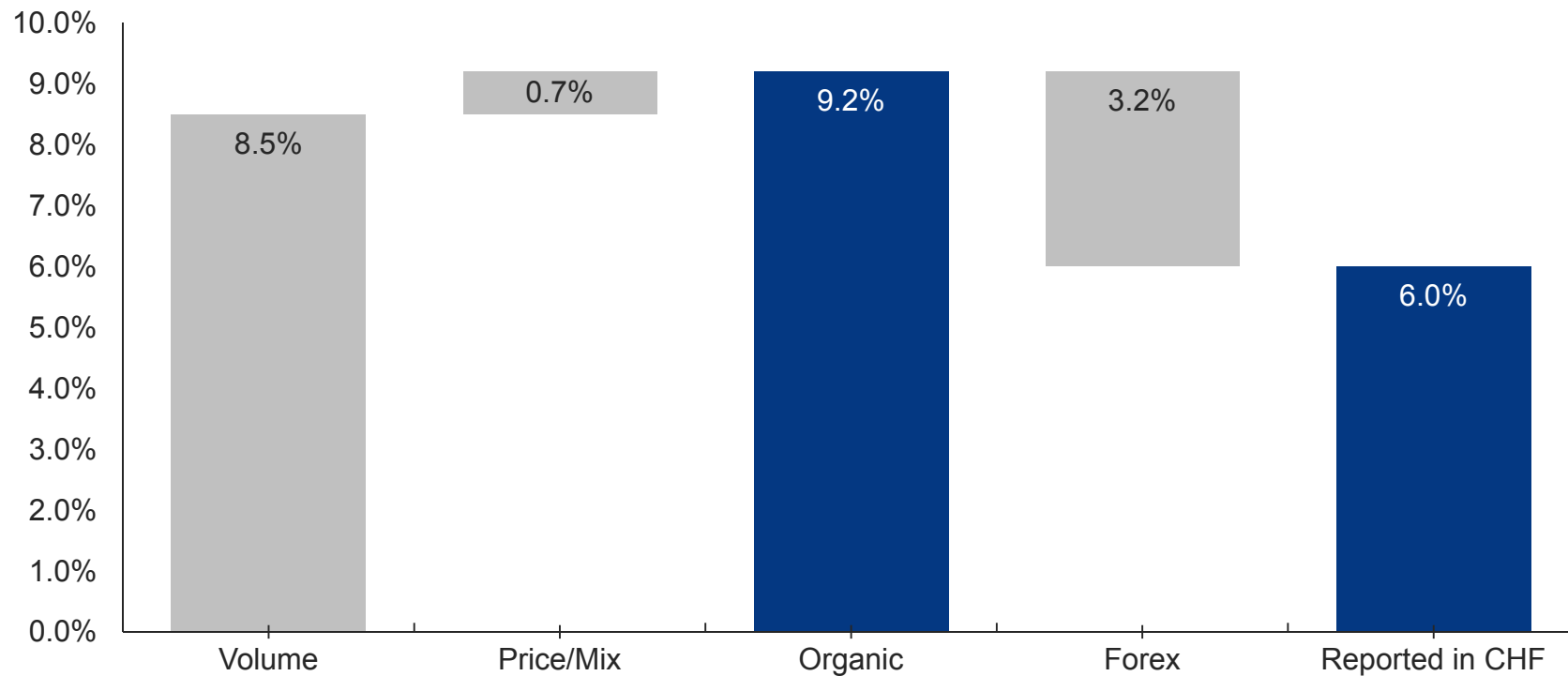
ORGANIC GROWTH: RECORD HALF YEAR GROWTH  
(EXCLUDING EXTRAORDINARY 2010)



# Sales Analysis – Drivers

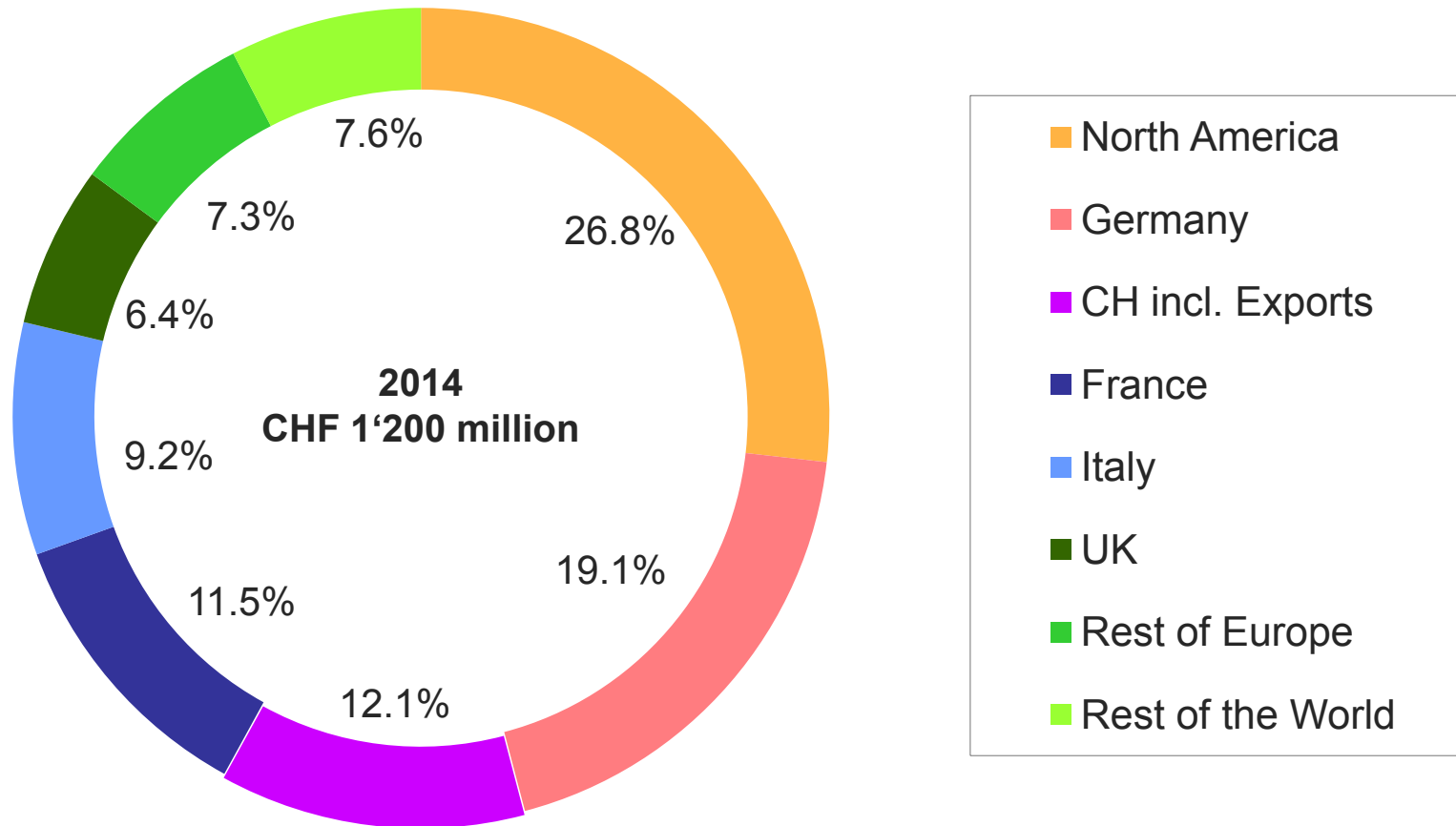


ORGANIC SALES GROWTH MAINLY DRIVEN BY VOLUME INCREASE -  
(LOW PRICE / MIX EFFECTS)



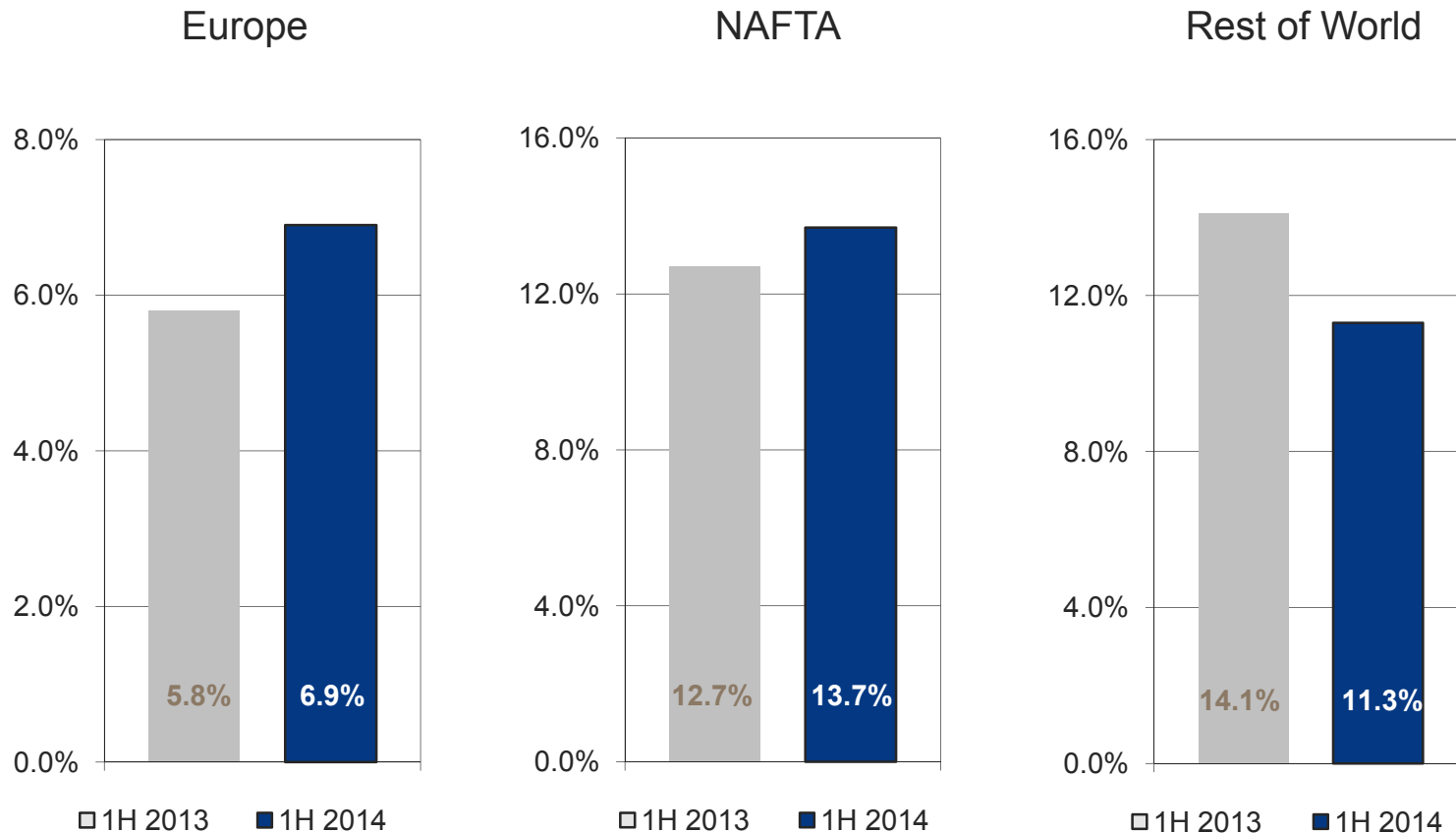
# Sales Analysis – Split of Markets

TOTAL NNTS: CHF 1'200 million



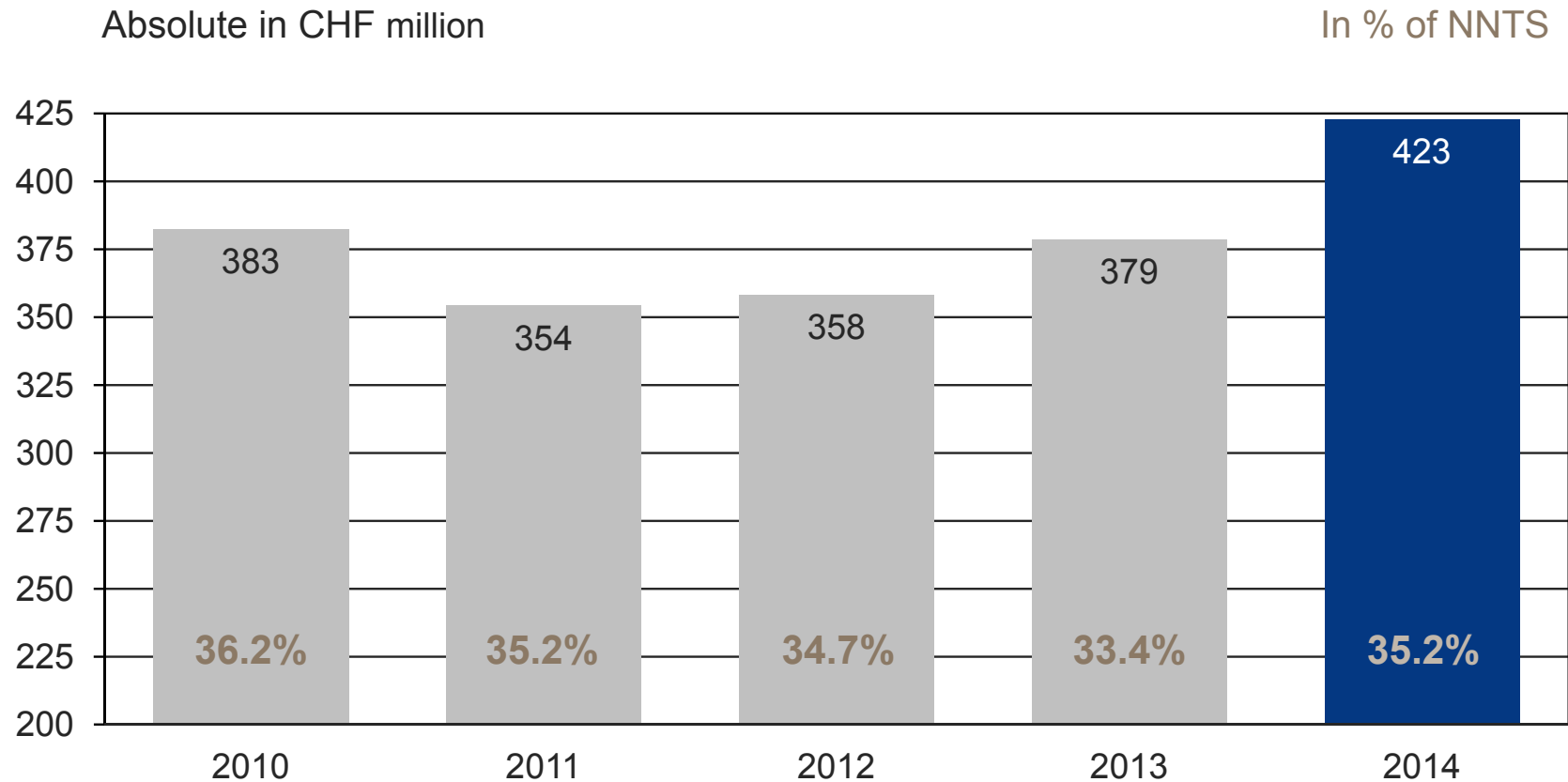
# Sales Analysis – Markets

ACCELERATED GROWTH IN EUROPE AND NAFTA, DOUBLE DIGIT IN THE REST OF THE WORLD



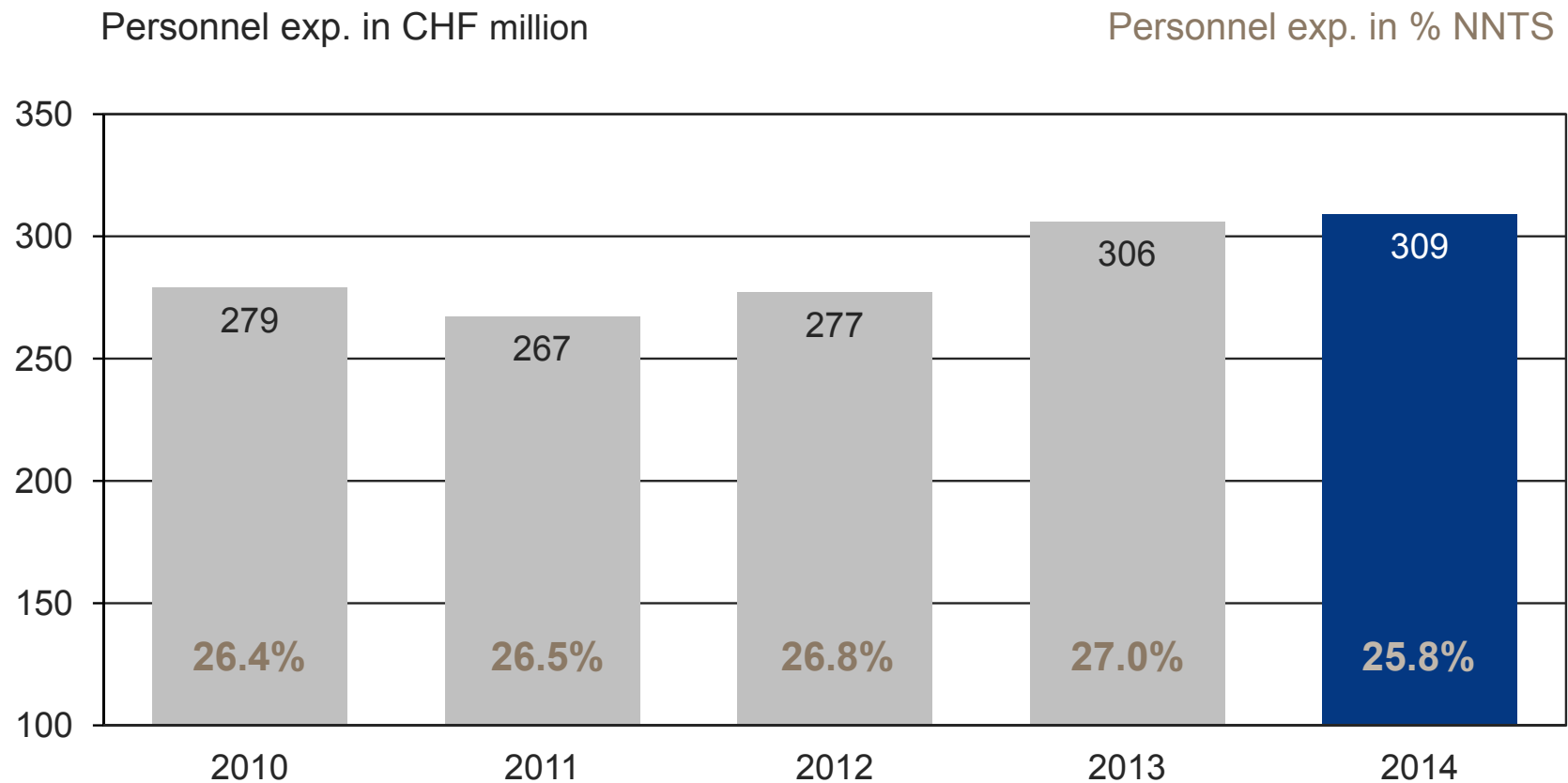
# Material Costs including +/- Change in Inventory

INCREASE OF COST MARGIN MAINLY DRIVEN BY HIGHER PRICES FOR COCOA PRODUCTS



# Personnel Expenditure

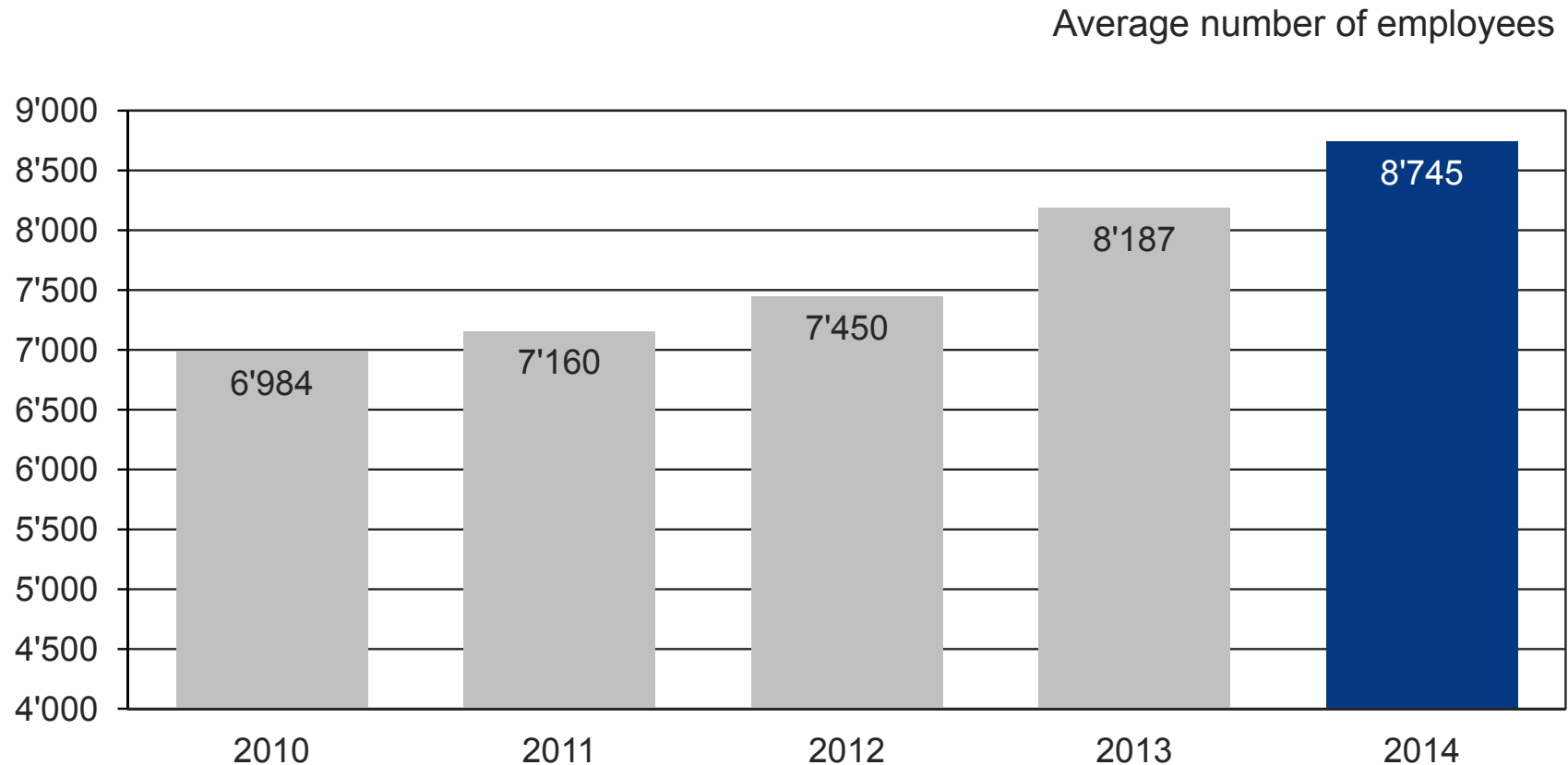
LOW PERSONNEL EXPENSE RATIO THANKS TO EFFICIENCY GAINS





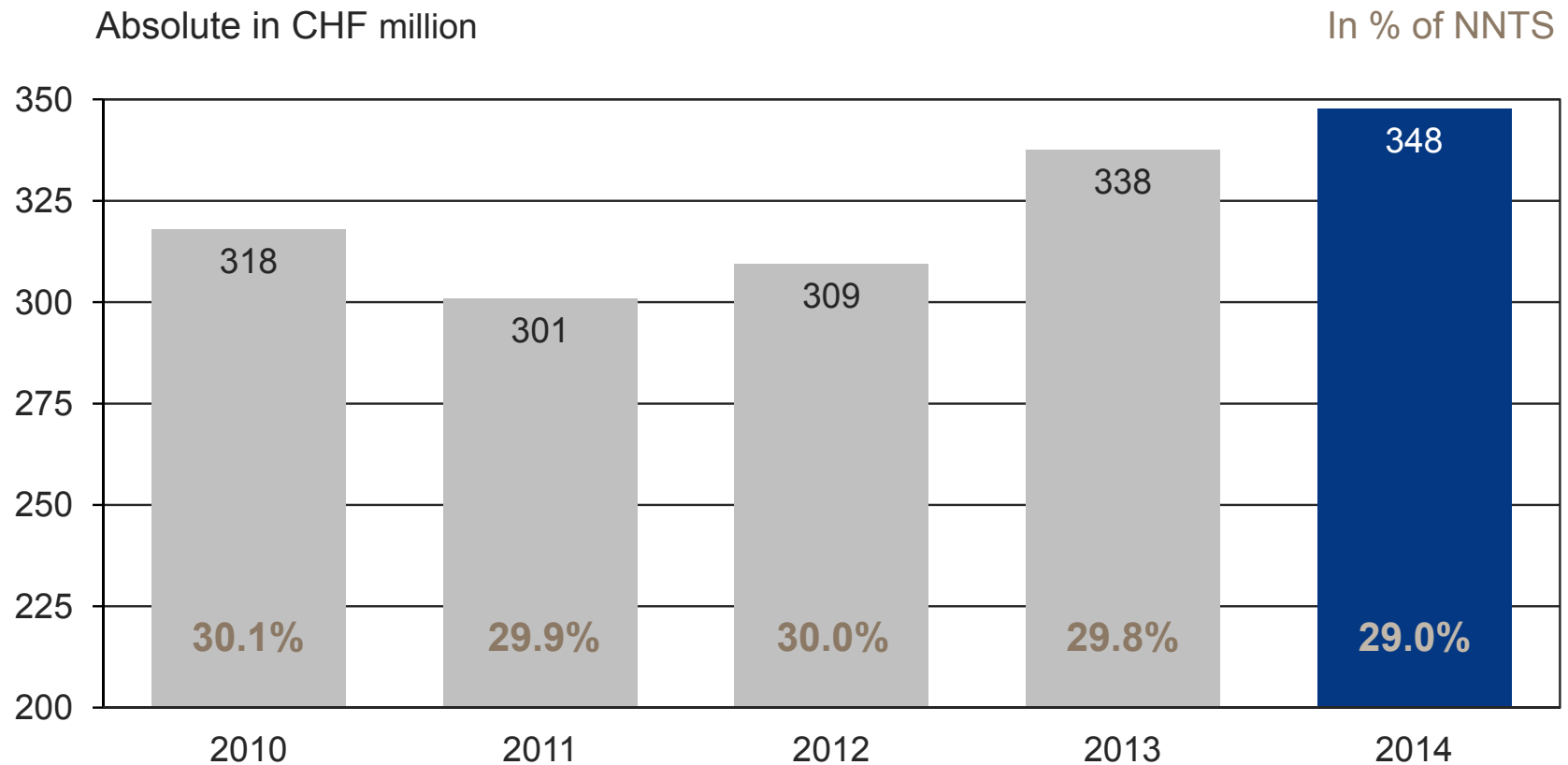
## Headcount & NNTS / Employee

AVG. NO OF EMPLOYEES INCREASING BY 558 FTE (+6.8%) – MAINLY IN MANUFACTURING DUE TO VOLUME GROWTH



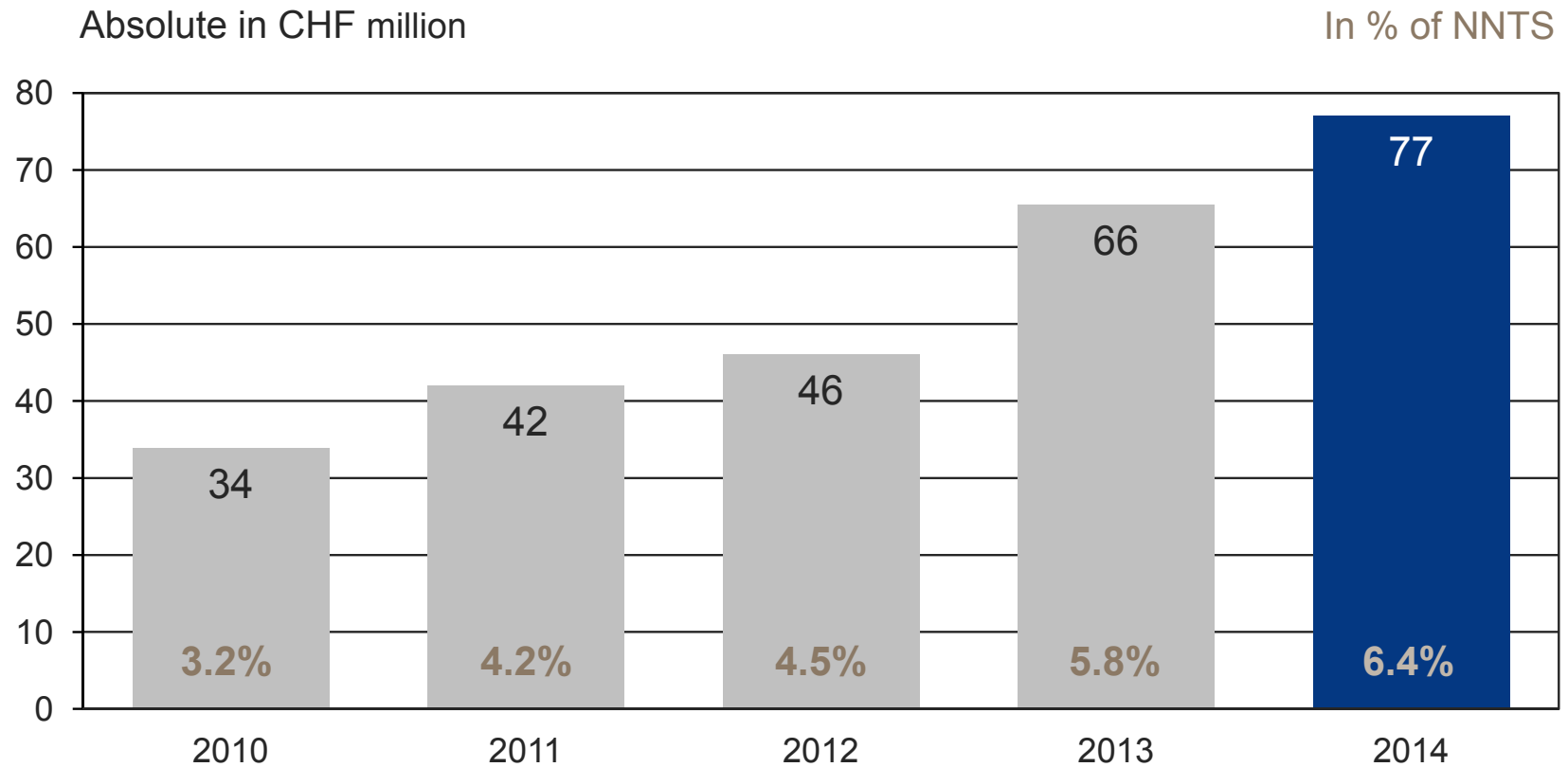
# Operating / Marketing Expenses

CONTINUED INCREASE IN BRAND SUPPORT - UNDERPROPORTIONAL GROWTH IN SALES AND ADMINISTRATION



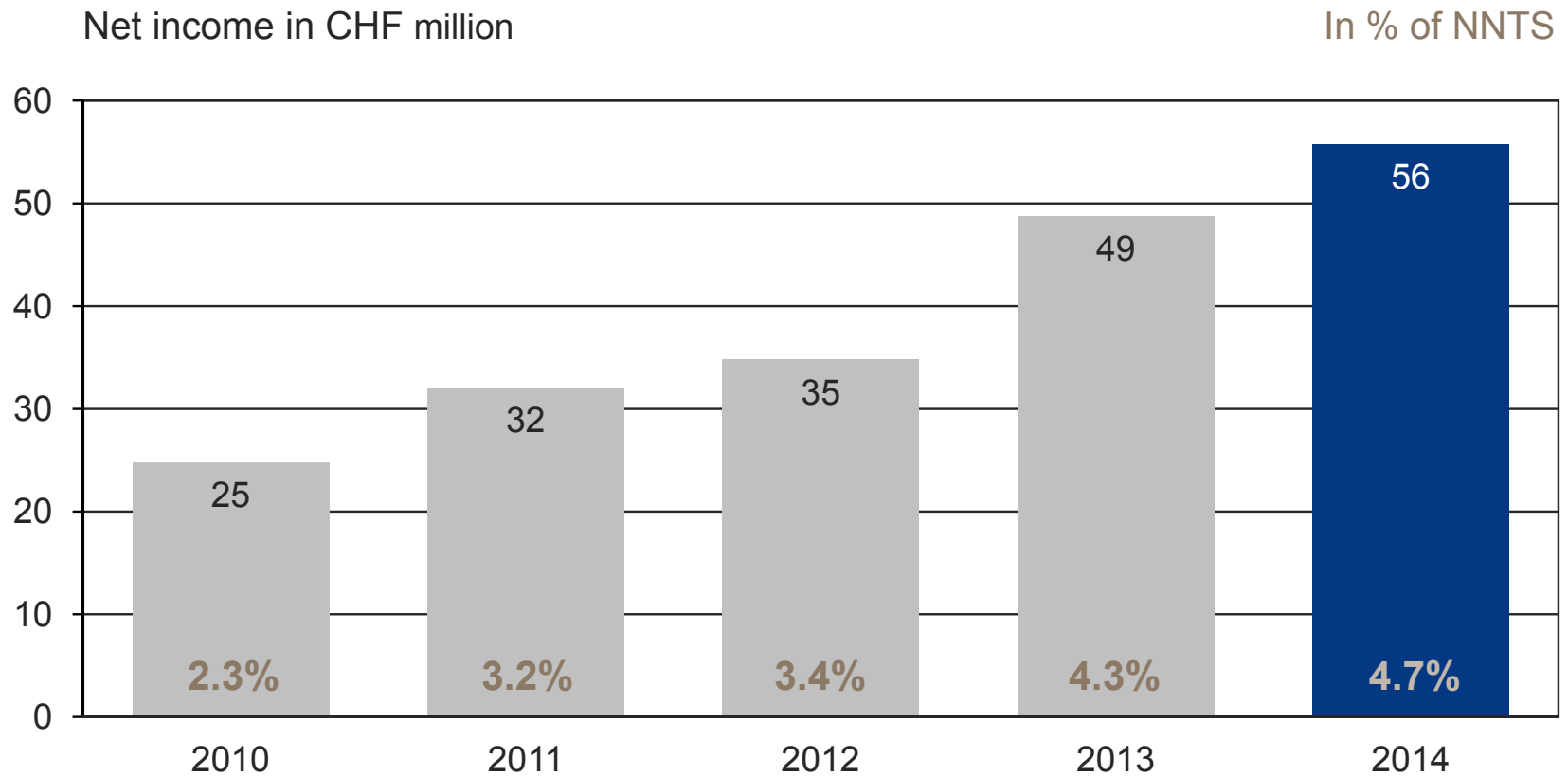
# Operating Profit (EBIT)

EBIT DEVELOPMENT DRIVEN BY OPERATING EFFICIENCY GAINS AND VOLUME GROWTH



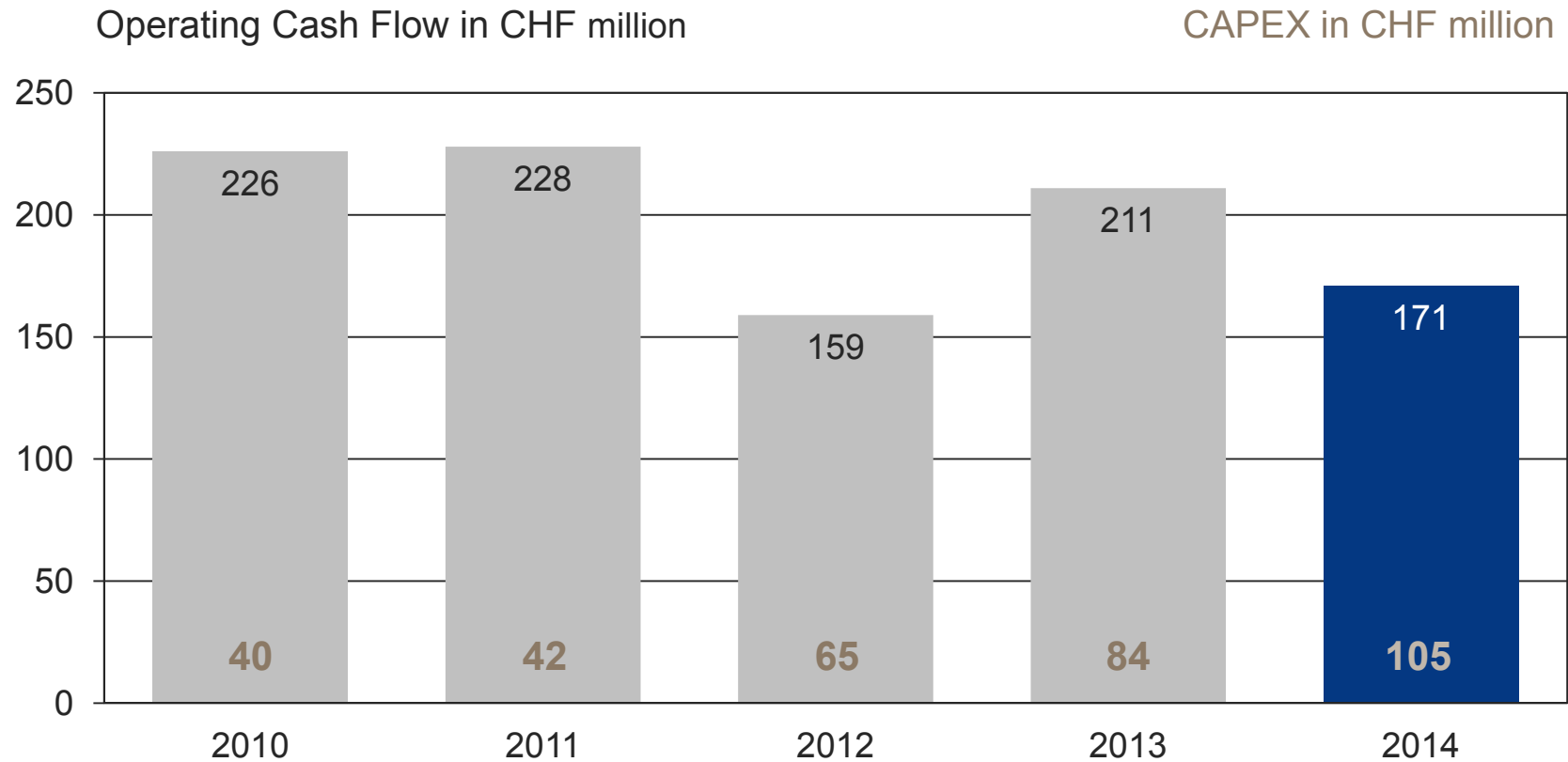
# Net Income

## SOUND PROFITABILITY IN FIRST HALF 2014



# Operating Cash Flow & CAPEX

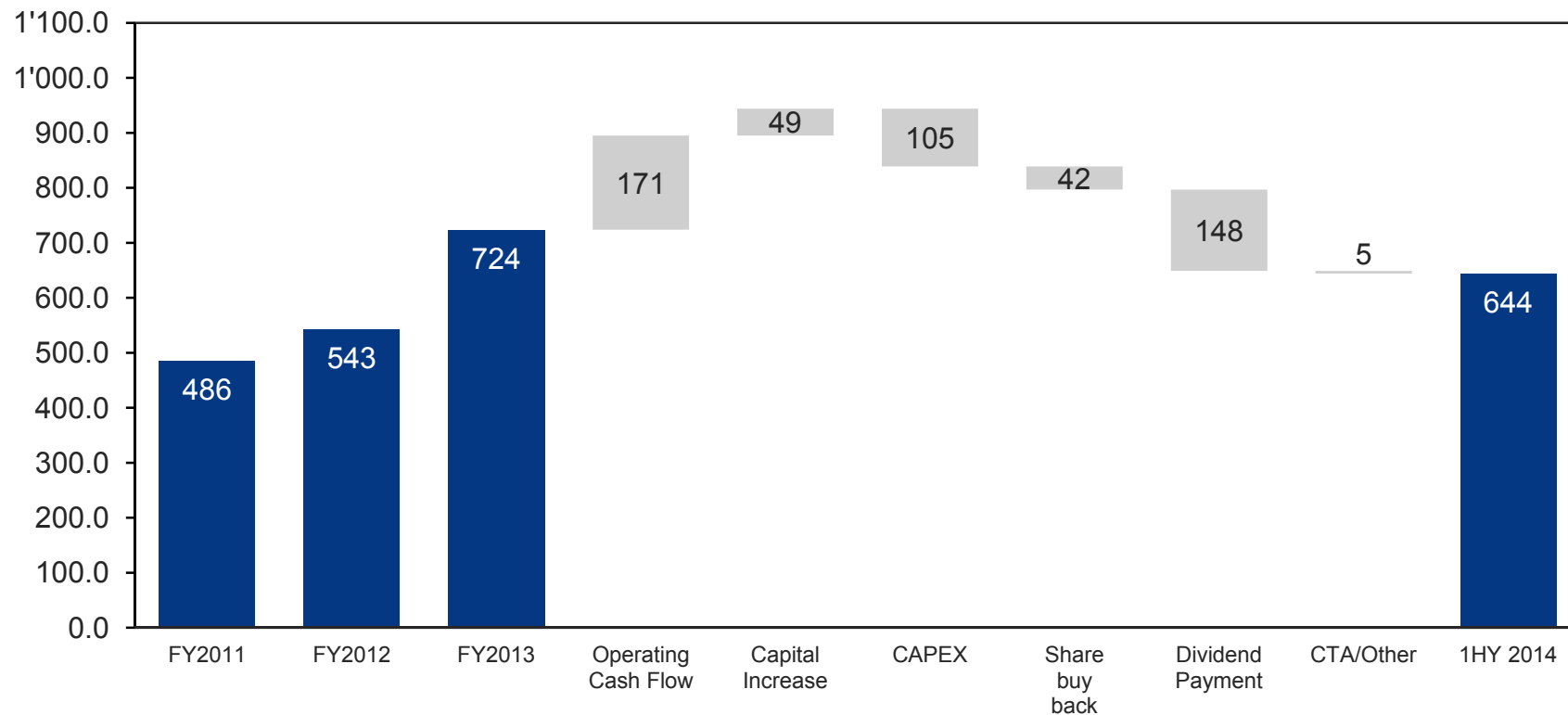
HIGH INVESTMENT IN CAPEX TO SUPPORT FURTHER GROWTH



# Net Financial Position - Development

NET FINANCIAL POSITION DECREASED VS. YEAR END BY 80 MILLION DUE TO DIVIDEND PAYMENT & HIGH CAPEX

Net cash and net cash movement in CHF million



**HALF YEAR 2014**

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**Acquisition Russell Stover Candies,  
Inc., USA**

# Acquisition Russell Stover Candies, Inc., USA

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## COMPANY FACTS

- Head-Office in Kansas City
- Russell Stover Group with 2'700 employees
- 4 Plants
  - 2 in Kansas
  - 1 in Texas
  - 1 in Colorado
- NNTS 2013 USD 502m
- 3 Brands: Russell Stover  
Whitman's  
Pangburn's



## NEXT STEPS

- Expected closing after approval of antitrust authorities (September / October 2014)
- IFRS 3 accounting rules impact on first months of business

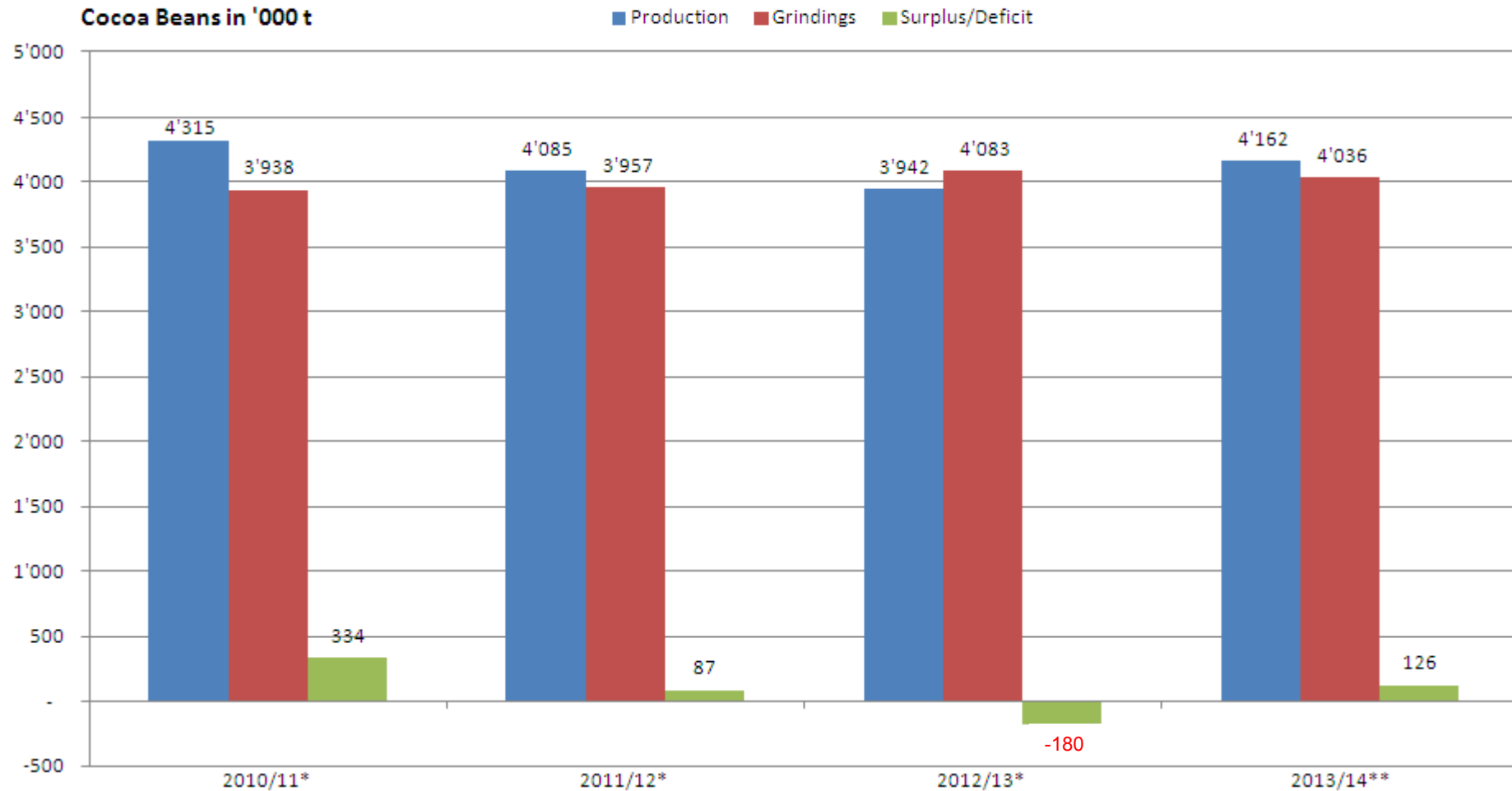


**HALF YEAR 2014**

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**Raw Material**

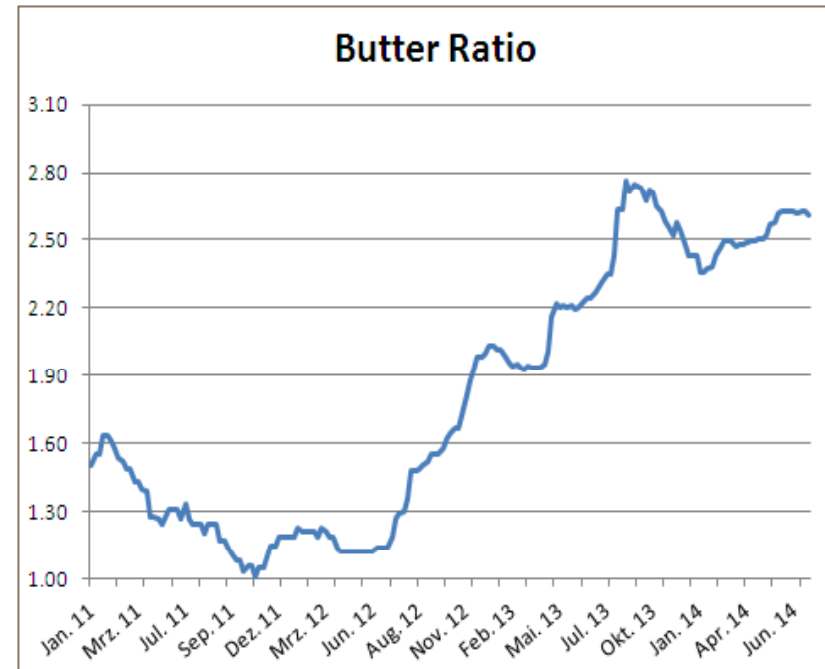
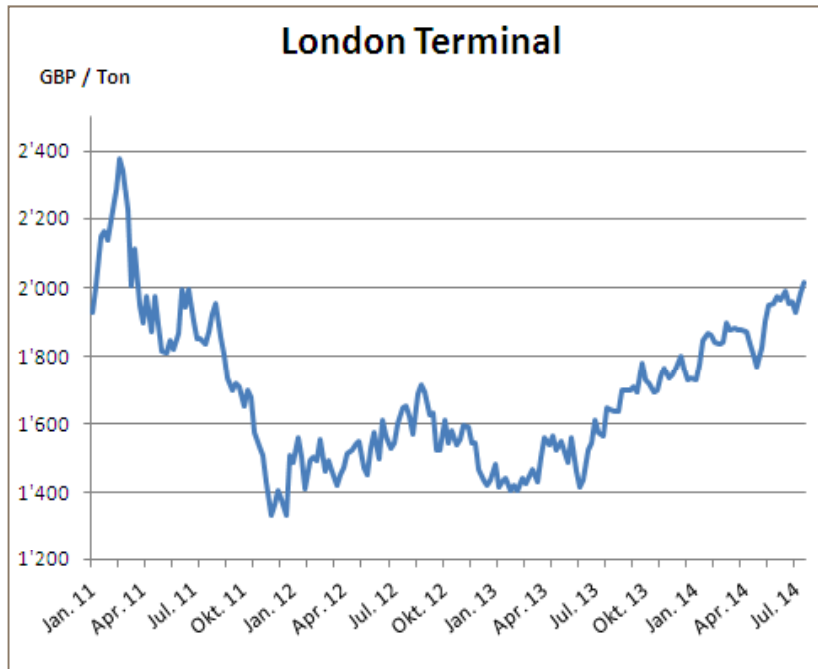
# Cocoa Crop / Grinding Balance



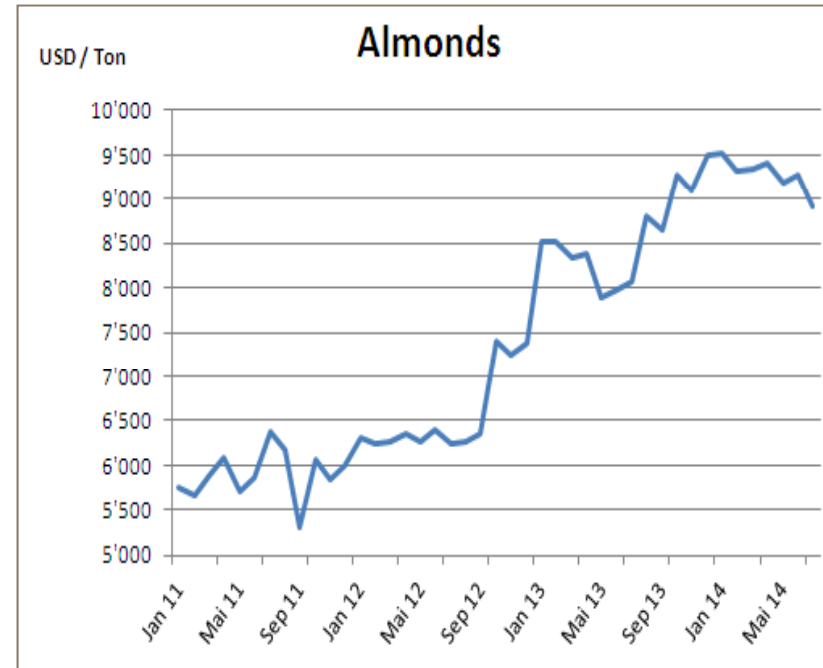
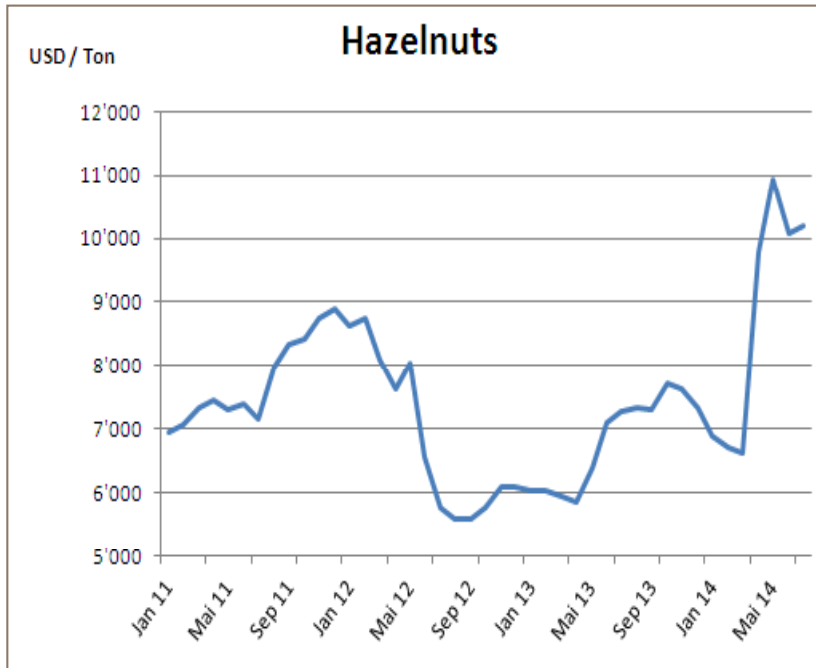
\*Source: ICCO; \*\* Estimate L&S

Data as per July 2014

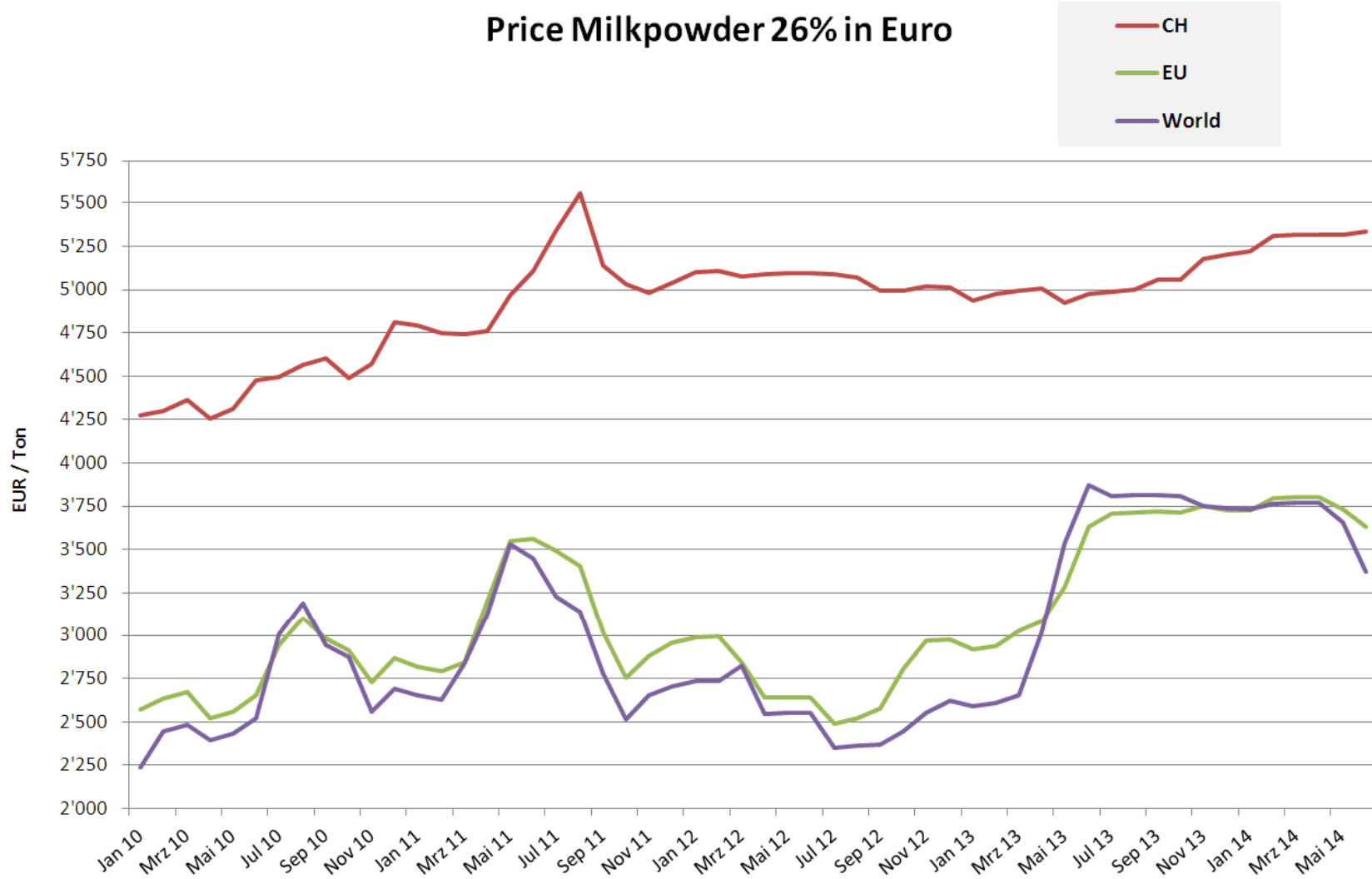
# Cocoa Product Prices 2011 - 2014



# Nut & Almond Prices 2011 - 2014

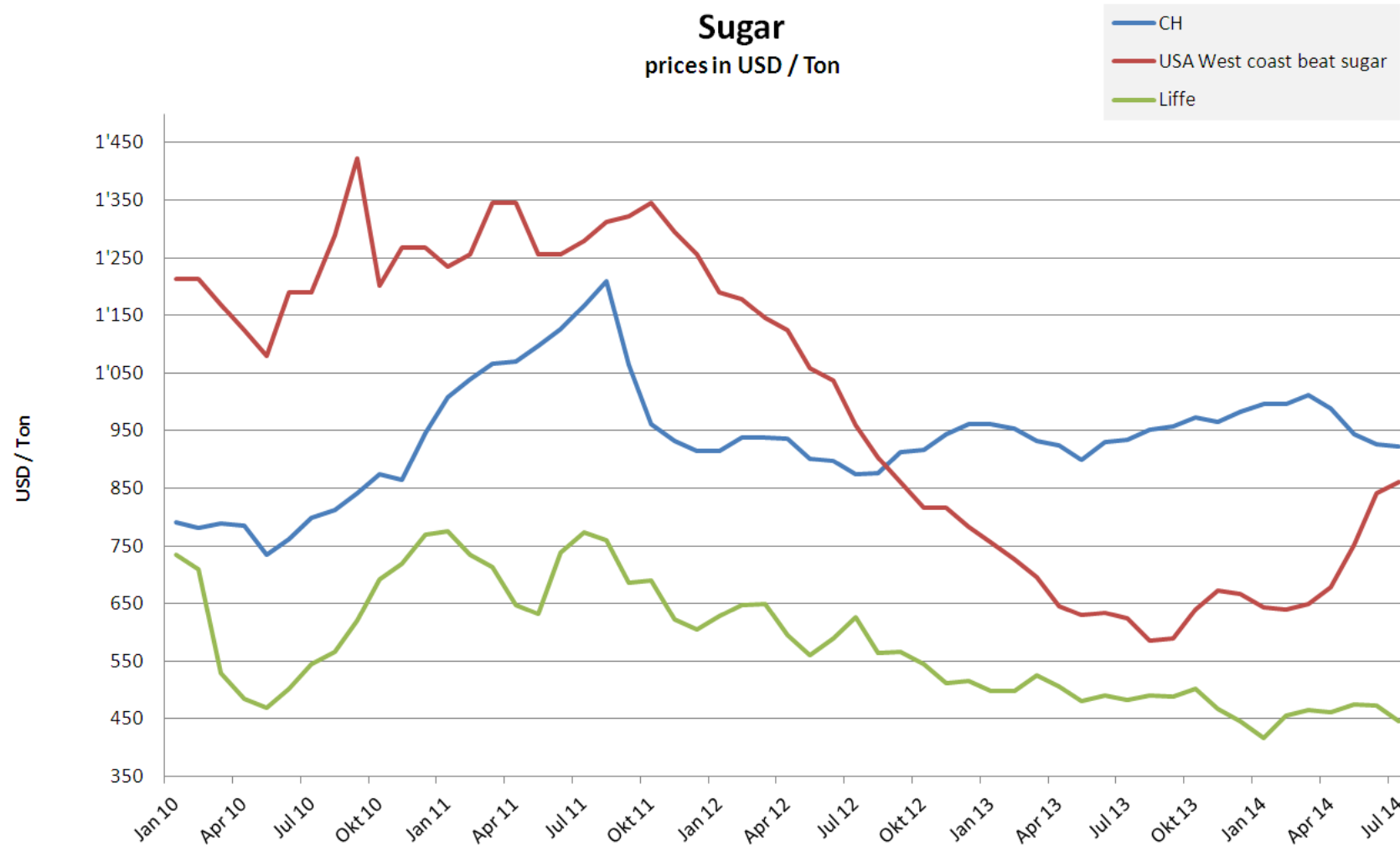


# Milk Prices Europe, Switzerland & World 2010 - 2014



Source: VWD-Data, DLW Referenzpreise

# Sugar Prices 2010 - 2014



Sources: CH/EU: Market Offers, USA: Milling&Baking News, White Sugar London, Forex: VWD-Data

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**Outlook 2014**

# Outlook 2014 – Financial Guidance

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## INVESTING FOR FUTURE GROWTH

### MARKET FOCUS 2014

- Focus on market share gains
- Build on good growth trend in all markets
- Continue strong support of newly opened markets Brazil, China, Japan
- Dynamic growth and strong expansion of „Global Retail“

### CONTINUATION OF MARKET INVESTMENTS IN 2014

- Marketing spending: Strengthen brand and positioning globally via further increase of advertising spending
- New geographies: explore expansion potential

### INTERNAL

- Continued cost saving measures via process- and efficiency improvements
- Optimize management of transactional FX-exposure / raw material prices



# Mid to Long Term Financial Guidance

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## UNCHANGED MID-TO LONG TERM FULL YEAR SALES AND PROFIT TARGETS

Organic Growth	6 – 8 % p.a. (*)
EBIT margin	+ 20 to 40 basis points (*)
CAPEX 2014	CHF > 250 million

Continued high cash generation

*(\*) Present Lindt business i.e. excluding sales and profit impact of the Russell Stover acquisition*

# Disclaimer

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This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange- and commodity price fluctuations, competitive product and pricing pressures and regulatory developments.

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**Questions & Answers**