



LINDT & SPRÜNGLI

PRESS RELEASE

Financial year 2014

Lindt & Sprüngli Group continues to grow faster than the overall chocolate markets and wins new market shares

- Sales in Swiss francs terms up 17.4% to reach a total of CHF 3.385 billion
- Organic sales growth of the Group (excl. Russell Stover) at 9,8%
- Operating profit (EBIT) rises by 17.4% to CHF 474.3 million (EBIT Margin: 14.0%)
- EBIT excl. Russell Stover at CHF 444.3 million (EBIT-Margin: 14.2%)
- Confirmation of long-term strategic growth and earnings targets

Kilchberg, March 10, 2015 – In the financial year 2014, Lindt & Sprüngli reported sales in Swiss franc terms worth CHF 3.385 billion. This is a growth of 17.4 % against in the previous year. Including non-recurring costs and special expenditure based on IFRS standards in connection with the acquisition of Russell Stover, the company reached an operating profit (EBIT) of CHF 474.3 million (+17.4 % against the previous year).

In local currency terms, acquisition-adjusted organic growth of 9.8% is well in excess of the medium to long-term annual growth target of 6-8%. Excluding the proportionate contribution of Russell Stover, the EBIT margin grew by 20 basis points to 14.2% in line with the strategic earnings forecast of an increase of between 20 and 40 basis points.

These good results were achieved despite largely subdued consumer sentiment, high commodity prices, and a challenging currency situation. The above-average growth of the Group once again clearly exceeds that of the chocolate markets and was driven by higher volumes and innovations, further progress in the seasonal sector, and strong development of the company's own global network of retail outlets. Substantial market share gains were made in all the core markets and in the emerging growth markets.

The subdued economic situation in Europe, especially in the second half of the year, had an adverse impact on the currency environment and resulted in a weaker euro. On the other hand, the US economy picked up noticeably, which boosted the dollar and had a positive impact on consumer sentiment. In Europe, however, consumer confidence remained relatively weak. Despite this challenging environment, which was additionally impaired by a massive rise in important commodity prices (cocoa, hazelnuts), sales of high-quality chocolate products from Lindt & Sprüngli achieved above-average growth, clearly outperforming the trend of the chocolate markets which reported only slow growth; this was reflected once again in market share gains.

The key event that will sustainably strengthen Lindt & Sprüngli's future was by far the take-over of the traditional American chocolate manufacturer Russell Stover announced mid-July 2014 which was the largest strategic acquisition in the company's history. The proportionate consolidation of this new company is shown in the Group's annual financial statement for 2014 (September to December 2014).

Despite the demanding background, the Group looks back on a highly successful financial year 2014 and, with the Russell Stover contribution, achieved sales growth of 17.4% in Swiss francs terms with sales worth CHF 3.385 billion. Lindt & Sprüngli has thereby advanced in the USA to become the clear no. 3 in the world's largest chocolate market, the uncontested leader in the field of premium and seasonal products, and one of the most important partners for the local trade. Substantially higher volumes in all countries, a consistently high pace of innovation, continuous geographical expansion, and the dynamic development of the company's own retail network all contributed to this good result.

Both in Europe (+6.5%) and in North America (+14.3%, excluding Russell Stover) organic growth is well above the prevailing market average. In all other regions, outstanding organic growth of 13.9% was also achieved, attributable in large measure to exports from Switzerland and to the Duty-Free business.

With the proportionate contribution of Russell Stover, the Group EBIT reached CHF 474.3 million (+17.4% against previous year). Consolidated net income amounted to CHF 342.6 million (previous year: CHF 303.0 million), 13.1 % higher than in the previous year. The return on sales reached 10.1% in the year under review. The operating cash flow amounted to CHF 308.2 million (previous year: CHF 419.1 million); the reduction on the previous year is explained by the growth of net current assets. In the year under report, the Group's investments also remained high. A total of CHF 234.6 million was spent mainly on the extension and optimization of production capacity.

To ensure comparability with the previous year in respect of sales and profitability, reference should be made to the Group performance excluding the proportionate contribution of Russell Stover. Adjusted for this acquisition, sales in Swiss francs stood at CHF 3.133 billion. This represents organic growth in local currency terms of 9.8%, well above the long-term strategic target of 6-8%. Excluding Russell Stover, the operating profit (EBIT) amounted to CHF 444.3 million (previous year: CHF 404.1 million) with an EBIT margin of 14.2% (previous year: 14.0%). Once again, this is in line with the long-term strategic target of annual increase of 20-40 basis points.

To finance the acquisition of Russell Stover, on September 24, 2014 Lindt & Sprüngli issued a bond loan in three tranches with maturities of three, six and ten years. Despite these transactions, the balance sheet and capital structure remain extremely robust. At the end of 2014 the equity ratio was 53.8% (previous year: 67.9%). The share buyback program which began in the autumn of 2013 for a maximum of 5% of the registered equity capital was concluded on time on December 12, 2014, with a total buyback volume of CHF 54.6 million. With a price gain of 18.8% and 22.7% respectively at the end of 2014, Lindt & Sprüngli registered shares and participation certificates outperformed the SMI (+9.5%) by a wide margin.

Key figures 2014 for the Group (*)

		2014	2013	Change
Sales in CHF	CHF million	3,385.4	2,882.5	+ 17.4 %
Organic growth (**)	%			+ 9.8 %
Operating profit (EBIT)	CHF million	474.3	404.1	+ 17.4 %
- as % of sales (EBIT margin)	%	14.0	14.0	
Net income	CHF million	342.6	303.0	+ 13.1 %
- as % of sales (return on sales)	%	10.1	10.5	
Operating cash flow	CHF million	308.2	419.1	- 26.5 %
- as % of sales	%	9.1	14.5	
Shareholders' equity as of December 31	CHF million	3,001.7	2,634.7	+ 13.9 %
- as % of total assets	%	53.8	67.9	
Average number of employees		10,712	8,949	+ 19.7 %
- sales per employee	TCHF	316.0	322.1	- 1.9 %

*) figures include proportionate consolidation (September to December 2014) of Russell Stover (except for (**))

***) in local currencies, net of acquisition

Outlook

For the current fiscal year Lindt & Sprüngli confirms the middle- to long-term target for organic sales growth of 6-8%. The integration of Russell Stover into the Group will be the number-one priority this year. The strong Swiss franc and sustained high commodity prices continue to present great challenges. After successful completion of the integration of Russell Stover, Lindt & Sprüngli will adhere again to the medium to long-term profit target of a 20 to 40 basis points increase in the EBIT margin.

Annual Shareholders' Meeting on April 23, 2015

In view of the excellent results achieved, at the upcoming annual shareholders' meeting the Board of Directors will propose a dividend of CHF 725.00 for registered shares and of CHF 72.50 for participation certificates. This is equivalent to an increase of 11.5% compared to the previous year. The dividend is distributed at CHF 400.00 per registered share (CHF 40.00 per participation certificate) from available retained earnings and at CHF 325.00 per registered share (CHF 32.50 per participation certificate) from the approved reserve from capital contribution (agio).

About Lindt & Sprüngli: *As the global leader in the premium chocolate sector, Lindt & Sprüngli looks back on a long standing tradition of 170 years which takes its origins in Zurich, Switzerland. Today, quality chocolate products by Lindt & Sprüngli are made at 12 own production sites in Europe (key brands: LINDT, CAFFAREL, HOFBAUER) and the USA (key brands: LINDT, GHIRARDELLI, RUSSELL STOVER, WHITMAN'S). They are distributed by numerous subsidiary companies and branch offices, and also via a comprehensive network of independent distributors all over the world. With some 12,000 employees, the Lindt & Sprüngli Group reported sales worth 3.39 billion Swiss francs in 2014.*

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The 2014 annual report is available online from March 10, 2015, (07:00 a.m.) at:

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

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