



LINDT & SPRÜNGLI

**Alternative Performance Measures
2020**

Preface

Group Management communicates certain performance measures, be it in the annual report, the semi-annual report or other announcements, which they believe provide meaningful insights about the financial and operational performance of the Lindt & Sprüngli Group. These performance measures are not always defined by IFRS and are potentially not calculated the same way by other companies. The most relevant performance measures for the Lindt & Sprüngli Group are defined within this manual and derived based on the consolidated results.

Sales Development

Sales development is an important performance measure for the Lindt & Sprüngli Group. Lindt & Sprüngli monitors the sales development through two key measures: sales growth in Swiss francs and organic growth.

Both growth measures include volume and price impacts. However, in contrast to sales growth in Swiss francs, organic growth adjusts for foreign currency impacts. Therefore, to calculate organic growth figures both current and prior year sales numbers are translated with current year exchange rates into group currency (CHF). Furthermore, organic growth is also corrected for changes in the consolidation scope, such as disposals or acquisitions. The two sales growth measures are derived as follows:

Sales development	2020	2019
Sales in CHF million	4,016.8	4,509.0
Growth in CHF in %	-10.9%	4.5%
Currency translation impact in % ¹	4.8%	1.6%
Organic Growth in %	-6.1%	6.1%

¹ To translate into group currency (CHF), exchange rates of the current reporting period were used.

Operating Profit EBIT before one-off Effects

To derive the operating profit before one-off effects based on the disclosed operating profit (after one-off effects), the disclosed operating profit is neutralized for so called one-off effects. One-off effects consist of expenses that are of exceptional nature, such as changes in laws, legal cases and restructuring. Thus, the operating profit before one-off effects allows meaningful comparisons of profit numbers across several financial years. One-off effects are also disclosed in the annual report.

CHF million	2020	2019
EBIT	420.3	593.0
plus one-off effects:		
within material expenses	-	3.1
within personnel expenses	-	10.0
within operating expenses	-	16.1
within depreciation, amortization and impairment	-	52.4
EBIT before one-off effects	420.3	674.6
in % of sales	10.5%	15.0%

The one-off effects in 2019 are related to planned closures in production and logistics, early terminations of leases and severance payments in the USA.

The closures led to impairments of property, plant and equipment (CHF 34.1 million) and an increase in packaging material reserves (CHF 3.1 million) reported within material expenses. The early terminations of leases resulted in impairments of right-of-use assets (CHF 18.3 million), as well as operating expenses (CHF 16.1 million). The severance payments are reflected in personnel expenses (CHF 10.0 million).

Free Cash Flow

Free cash flow allows drawing a conclusion about the company's ability to generate free funds from its operating activities after its investments in fixed assets (property, plant and equipment, as well as intangible assets) and repayments of lease liabilities (excluding interests). Free cash flow is derived as follows from the Consolidated Cash Flow Statement:

CHF million	2020	2019
Operating cash flow	787.6	830.9
Investments in property, plant and equipment	-225.9	-209.4
Investments in intangible assets	-23.2	-25.8
Repayments of lease liabilities (excluding interests)	-65.3	-66.7
Total free cash flow	473.2	529.0
in % of sales	11.8%	11.7%

Net Debt (Net Financial Position)

Net debt, also referred to as net financial position, is directly disclosed within the notes to the consolidated financial statements from 2020 onwards.



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