



LINDT & SPRÜNGLI

Press Release

SEMI-ANNUAL REPORT

January – June 2014

- Lindt & Sprüngli continues its long-standing track for growth
- Above-average organic growth of 9.2%
- Sales up 6.0% in Swiss francs at CHF 1.2 billion
- Market share gains in all key markets
- Accelerated geographical expansion
- Operating profit (EBIT) 17.7% higher at CHF 77.1 million
- Medium to long-term strategic sales and earnings for the whole year confirmed

Kilchberg, August 19, 2014 – Lindt & Sprüngli has made a successful start into the financial year 2014. Sales and profit growth in the first half of 2014 was once again well above the market average. This led to further market share gains in all important markets and strengthened accordingly the company's already leading position in the premium chocolate segment. The acquisition of the US family business Russell Stover/Whitman's, announced on July 14, 2014, is clear evidence of Lindt & Sprüngli's determination to expand its position in North America and further enhance its already substantial contribution to the dynamic growth of the premium chocolate segment in the world's biggest chocolate market. In response to the good overall progress of business and the accompanying above-average volume growth, considerable further investments have been made to expand the capacity of the production facilities in Switzerland, Germany, France, and the USA.

The first half of 2014 saw a further slight improvement of the general economic background in most countries. Early signs of stabilization have even been observed in Southern Europe, but this has not yet been fully reflected in consumer sentiment. The strong pressure of competition in the retail trade and the sustained weakness of a number of foreign currencies against the Swiss franc continue to be very challenging. The same applies for the raw materials sector, where the prices of almost all the commodities that are important for the chocolate business stepped up further, in particular cocoa beans, cocoa butter, milk, and nuts. In view of this upward trend, Lindt & Sprüngli, alike other companies, had to make occasional price adjustments on selected products.

The Group's already sound position in the key European markets of Germany, France and the U.K., as well as Switzerland, became even stronger due to above-average growth rates and further market share gains. Good progress has also been reported in Italy, although sales in the traditional distribution channels are still under pressure. On the other hand, growth of business in the modern Italian retail trade is proving very satisfactory.

In North America, Lindt & Sprüngli achieved organic sales growth of 13.7% with its LINDT and GHIRARDELLI brands, and is not only continuing to grow considerably faster than the overall chocolate market, but is even outperforming the general trend of the dynamic premium segment. All three North American subsidiaries in the USA and Canada reflected this very positive development. Following the acquisition of Russell Stover/Whitman's, an American family business with a long-standing tradition, Lindt & Sprüngli gains momentum in the path of geographical expansion. This, the biggest and strategically most important acquisition in the company's history, strengthens Lindt & Sprüngli's clear leadership in the American premium chocolate segment and consolidates its status as the third-largest manufacturer in the USA, the world's biggest chocolate market.

In Australia too, Lindt & Sprüngli has been stepping up its growth rate year on year and is increasingly consolidating its leading position in the premium chocolate segment. The Brazilian Lindt & Sprüngli subsidiary, which was incorporated in the first half of 2014, has entered into a joint venture with the CRM Group, Brazil's market leader for premium chocolate. The establishment of this joint venture, in which



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Lindt & Sprüngli holds a 51% majority interest, is a clear sign for Lindt & Sprüngli's long-term commitment to the world's fifth-largest chocolate market and to its ongoing expansion into new and fast-growing emerging countries.

The sales performance of the worldwide Lindt & Sprüngli retail network continues to report a highly dynamic growth, gaining 19.3% in the first half of 2014. Amounting to some 10% of Group sales, the "Global Retail" Division has become a mainstay of the business model and makes an ever-growing contribution to Group-wide sales. In the LINDT Boutiques and Chocolate Cafés – especially in the new emerging markets – the extensive product range is presented effectively to consumers. At the same time a unique shopping experience is being created, generating long-lasting brand awareness and close customer ties. For this purpose, new LINDT shops were newly opened at prime locations in the first half of 2014. A special highlight was the inauguration of the LINDT "Swiss Chocolate Heaven" by LINDT brand ambassador Roger Federer on the Jungfrau. The spectacular opening event with an exhibition tennis match between Roger Federer and the US ski champion Lindsey Vonn generated global media interest. Year after year, the new LINDT Experience Shop will now sweeten the excursion to the "Top of Europe" (3,454 m above sea level) for nearly one million tourists from all over the world. This will generate an unforgettable afterglow of the LINDT brand in the minds of the primarily Asian guests.

Lindt & Sprüngli is aware of the national and international importance of the Swiss chocolate industry and is therefore actively committed to safeguarding Switzerland's long-term importance as a worldwide center of chocolate manufacturing. With that aim in mind, the LINDT Chocolate Competence Foundation was set up in 2013 with a view to broadening professional expertise and knowledge in the field of chocolate. The widely acclaimed "Swiss Chocolate Adventure" multimedia experience world in the Lucerne Museum of Transport was established thanks to the financial support of the foundation. It was opened in mid-June 2014 and gives the general public an information platform covering all aspects of Swiss chocolate.

As at June 30, 2014, Group sales reached CHF 1.2 billion. This represents a gain of 6.0% in Swiss francs and organic growth in local currencies of 9.2% against the first half of 2013, and has been accompanied by the gain of further market shares.

As at June 30, 2014, the operating profit (EBIT) stood at CHF 77.1 million, equivalent to growth of CHF 11.6 million or 17.7% on the comparable period of 2013. After deducting income taxes at the increased rate of 27.0%, the Group's net income of CHF 55.8 million for the first half of 2014 was also higher than in the same period of 2013. In comparison with the previous year's figure (CHF 48.8 million) this represents an increase of CHF 7.0 million or 14.3%.

Outlook – Excluding the anticipated pro rata contribution to sales and income of the newly acquired, American-based Russell Stover/Whitman's company, Lindt & Sprüngli is confirming its medium to long-term strategic performance targets for the year as a whole and forecasts organic sales growth of 6 to 8%. The EBIT-margin will be 20 to 40 basis points higher than in the previous year, well within the target range.

Lindt & Sprüngli will report on the further course of business on the following dates:

- January 13, 2015	Net sales for financial year 2014
- March 10, 2015	Year-end presentation 2014 for press (morning)
	Year-end presentation 2014 for financial analysts (afternoon)
- April 23, 2015	117th Annual General Meeting
- July 14, 2015	Semi-annual net sales 2015
- August 18, 2015	Semi-annual report, January to June 2015

About Lindt & Sprüngli: As the global leader in the premium chocolate sector, Lindt & Sprüngli looks back on a long standing tradition of almost 170 years which takes its origins in Zurich, Switzerland. Today, quality chocolate products by Lindt & Sprüngli are made at eight own production sites in Europe and the USA. 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 9,000 employees, the Lindt & Sprüngli Group reported sales worth around CHF 2.88 billion in 2013.

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When interpreting the first half-year results, it must be considered that Lindt & Sprüngli is active in the seasonal, gift-oriented premium chocolate segment in which less than 40% of total annual sales are achieved in the first half of the year. However, these figures must be set against the fact that around one-half of the fixed costs of production, administration, and marketing are already booked at the end of June. In the first half-year, profitability in relation to sales is therefore always well below the figure stated for the year as a whole.

KEY FIGURES INCOME STATEMENT (unaudited)

CHF million	2014 January-June	2013 January-June	Change in %
Sales growth in local currencies			9.2
Sales	1,199.9	1,132.0	6.0
Other income	7.9	4.2	88.1
Total income	1,207.8	1,136.2	6.3
Total expenses	-1,130.7	-1,070.7	5.6
EBIT	77.1	65.5	17.7
Net financial result	-0.7	-0.5	40.0
Income before taxes	76.4	65.0	17.5
Taxes	-20.6	-16.2	27.2
Semi-annual net income	55.8	48.8	14.3
Employees	8,745	8,187	6.8

KEY FIGURES BALANCE SHEET (unaudited)

CHF million	30.6.2014	%	31.12.2013	%
ASSETS				
Property, plant & equipment	900.3		853.3	
Other non-current assets	1,212.0		1,061.7	
Total non-current assets	2,112.3	56.7%	1,915.0	49.3%
Inventories	518.6		454.8	
Receivables/other assets	449.0		780.4	
Securities & cash	647.2		730.5	
Total current assets	1,614.8	43.3%	1,965.7	50.7%
Total assets	3,727.1	100.0%	3,880.7	100.0%
LIABILITIES				
Total shareholders' equity	2,631.1	70.6%	2,634.7	67.9%
Total non-current liabilities	568.0	15.2%	507.4	13.1%
Accounts payable to supplier/other	161.1		255.8	
Accrued liabilities	360.1		473.2	
Bank & other borrowings	6.8		9.6	
Total current liabilities	528.0	14.2%	738.6	19.0%
Total liabilities and shareholders' equity	3,727.1	100.0%	3,880.7	100.0%

Extensive figures and notes on the Semi-Annual Report in English and German are available on www.lindt.com (Investors – Financial Information).

Forward looking statements:

Some of the statements expressed in the semi-annual report are based on forward-looking assumptions. The actual results may vary from these for a variety of reasons, including factors such as general economic conditions, fluctuations within the currency and raw materials sector and changes to the regulatory landscape. Forward-looking statements made in this report are neither updated nor revised. The semi-annual report is published in German and English, with the German version being binding.