



LINDT & SPRÜNGLI

Lindt & Sprüngli Increases Group Sales and Gains Market Shares

Press release: Financial Year 2019

Lindt & Sprüngli Group – Key figures at a glance

- Group sales up +6.1% organic growth to CHF 4.51 billion (+4.5% in CHF)
 - Operating profit (EBIT) up +6.0% to CHF 675 million; EBIT margin 15.0% (+20 BP) (before one-off effects)
 - Net income CHF 512 million (+5.1%); return on sales 11.4% (2018: 11.3%)
 - Anniversary dividend of CHF 1,750 per registered share, CHF 175 per PC
 - Free Cash Flow CHF 529 million; CHF +135 million
-

Kilchberg, March 3, 2020 – In the financial year 2019, Lindt & Sprüngli achieved very solid sales growth, gained substantial market shares and once again grew faster than the overall chocolate market. Group sales increased by +4.5% in Swiss francs to reach CHF 4.51 billion. Organic sales growth amounted to +6.1%, which is within the set target range. All three regions – “Europe”, “North America” and “Rest of the World” – contributed to this excellent result. The solid growth path of the subsidiaries once again laid the foundation for a very successful operating performance: Excluding one-off expenses Group operating profit (EBIT) rose by +6.0% to CHF 675 million. The EBIT margin also improved again to 15.0%. Net income thus increased by +5.1% to CHF 521 million.

Market share gains in Europe

In EUROPE, Lindt & Sprüngli achieved solid organic growth of +6.2%. This result is very positive given the various political disruptions, such as Brexit. Lindt & Sprüngli once again managed to expand its market shares in all key countries and to grow faster than the market average. Sales growth was particularly strong in the United Kingdom, Germany and Austria. But sales also rose in the home market of Switzerland, as well as in Spain, Italy and France, while all the Eastern European markets even reported double-digit growth. In addition, Lindt & Sprüngli opened a new subsidiary in the Netherlands and is about to open a representative office in Portugal in 2020.

Solid result in North America

The NORTH AMERICA region achieved strong organic sales growth of +5.4%. All three brands – Lindt, Ghirardelli and Russell Stover – contributed equally to this solid result. During the past year, a number of important strategic decisions were taken to improve efficiency on the sales, production and logistics side of the three US subsidiaries. First, merchandising for the three brands Lindt, Ghirardelli and Russell Stover was outsourced to a specialized third-party provider as of January 2020. This allows Lindt & Sprüngli greater flexibility in the deployment of resources during its busiest seasons. Another important decision was taken affecting the Russell Stover production: its oldest manufacturing facility in Montrose, Colorado will close in 2021 and production moved to sites in Kansas and Texas, which will be expanded. This measure allows production efficiency to be optimized and capacities to be increased, while at the same time creating additional jobs at the remaining production



LINDT & SPRÜNGLI

sites. The third measure involves the closure of existing warehouses as part of the consolidation of the US logistics network already initiated two years ago. The cost savings created by these measures will improve the result of the US business in future, while at the same time providing greater support for the brands in achieving additional sustainable and profitable sales growth. These steps will enable Lindt & Sprüngli in North America to strengthen its position as No. 1 in the premium segment and No. 3 in the overall US chocolate market with its three brands Lindt, Ghirardelli and Russell Stover in the long term.

Continuous growth in Rest of the World

The **REST OF THE WORLD** segment continues to expand and generated sales growth of +7.6%. The markets of Japan, China and Brazil performed particularly well, with all three reporting strong double-digit growth. These countries hold substantial growth potential for Lindt & Sprüngli, as the consumption of premium chocolate is steadily rising in these markets.

Around 500 own shops worldwide

The strategy of Lindt & Sprüngli's own store network continues to pay off and **GLOBAL RETAIL** once again made a notable contribution to the overall Group result. Following numerous new shop openings, Lindt & Sprüngli is now present at around 500 locations worldwide and offers consumers a unique brand experience. Every year, millions of chocolate lovers visit the company's own shops. The biggest drivers for the retail business were Japan and Brazil.

Operating performance

The solid growth path of all subsidiaries once again laid the foundation for a strong operating performance. Excluding one-off expenses, Group operating profit (EBIT) rose by +6.0% to CHF 674.6 million. This represents an EBIT margin of 15.0% (previous year: 14.8%). Net income increased by 5.1% to CHF 511.9 million, providing a return on sales of 11.4%. Operating cash flow rose +27.5% to CHF 830.9 million. The balance sheet is debt free on a cash basis, and with an equity ratio of 58.1% is very solid. The one-off effects for the reorganization of the North America business did not have an impact on the result at net profit level, nor subsequently on earnings per share. This is because the two effects at the level of EBIT and taxes, in the net amount of CHF 59 million each, offset each other.

Outlook

For the coming years, Lindt & Sprüngli confirms its existing mid- to long-term organic sales growth target of 5-7% p.a., combined with a steady improvement in the operating margin of 20-40 basis points p.a. In achieving these targets, Lindt & Sprüngli will continue to grow faster than average in all its markets. Lindt & Sprüngli continues to pursue with the global expansion plans in 2020.

2020 is a very special year for Lindt & Sprüngli: The company is celebrating its 175th anniversary. On this occasion the Lindt Home of Chocolate is now coming to life at Lindt & Sprüngli's headquarters in Kilchberg. The flagship project, funded and realized by the charitable Lindt Chocolate Competence Foundation, will open its doors to the public on May 10, 2020, on Swiss Mother's Day. The multi-functional building strengthens Switzerland's position as a center of excellence for chocolate manufacturing and continues the pioneer work of the company's two founders. An interactive multimedia exhibition, a pilot plant with show production, the largest Lindt Chocolate Shop in the world, a Lindt Chocolate Café and a Chocolateria for chocolate-making courses will be offered to visitors from Switzerland and abroad at "Schokoladenplatz 1". A chocolate fountain measuring over nine meters in height is an impressive feature located right in the entrance area. In addition to the fountain, which will have real chocolate flowing through it, the tasting room is another highlight, where visitors can



LINDT & SPRÜNGLI

sample a wide variety of creations from the Lindt Maîtres Chocolatiers. One particularly interesting feature is the research facility in the Lindt Home of Chocolate, which will be open to other research institutes as well.

Annual General Meeting

Lindt & Sprüngli is extremely grateful for the continuing trust placed in the company by the shareholders. Thanks to a strong performance in 2019 the company will not only be able to continue the attractive dividend policy, but will also be topping it up with a generous special dividend to celebrate its 175th anniversary. The Board of Directors is proposing to the 122nd Annual General Meeting scheduled for April 24, 2020, a +75.0% higher dividend of CHF 1,750.- per registered share (CHF 330.- from the approved capital contribution reserves (agio) free of withholding tax, and CHF 1,420.- from available retained earnings) and CHF 175.- per participation certificate (CHF 33.- from the approved capital contribution reserves (agio) free of withholding tax, and CHF 142.- from available retained earnings).

Key figures of the Group

		2019	2018	Change in %
Sales	CHF million	4,509.0	4,313.2	4.5
Organic growth	%			6.1
EBITDA	CHF million	915.8	816.2	12.2
in % of sales	%	20.3	18.9	
EBIT	CHF million	593.0 ¹	636.7	-6.9
in % of sales	%	13.2 ¹	14.8	
Net income	CHF million	511.9	487.1	5.1
in % of sales	%	11.4	11.3	
Operating cash flow	CHF million	830.9	651.6	27.5
in % of sales	%	18.4	15.1	
Shareholders' equity	CHF million	4,670.2	4,486.4	4.1
in % of total assets	%	58.1	61.9	
Average number of employees		14,621	14,570	0.4
Sales per employee	CHF thousand	308.4	296.0	4.2

¹ Includes one-off effects of CHF 81.6 million. Without these effects the EBIT amounts to CHF 674.6 million and the EBIT-margin to 15.0%.

Link to the annual report 2019

<https://report.lindt-spruengli.com/19/ar/en/>

Next publication: Semi-annual results 2020, on Tuesday, July 21, 7.00 a.m.

About Lindt & Sprüngli

In 2020, Lindt & Sprüngli celebrates its 175th anniversary. As a global leader in the premium chocolate sector, the company looks back on a long-standing tradition with its origins in Zurich, Switzerland. Today, quality chocolate products by Lindt & Sprüngli are made at 12 of its own production sites in Europe and the USA. They are distributed by 28 subsidiary companies and branch offices, in about 500 own stores, and also via a comprehensive network of more than 100 independent distributors around the globe. With over 14,600 employees, the Lindt & Sprüngli Group reported sales worth CHF 4.51 billion in 2019.

Group Communications
Tel.: +41 44 716 22 33
E-Mail: media@lindt.com

Investor Relations
Tel.: +41 44 716 25 37
E-Mail: investors@lindt.com