



LINDT & SPRÜNGLI

Group sales and profits continue to rise

Press release: Financial Year 2018

Lindt & Sprüngli Group – Key figures at a glance

- **Group sales up +5.5% to CHF 4.313bn (+5.1% organic growth)**
 - **Operating profit (EBIT) up +6.9% to CHF 636.7m; EBIT margin 14.8% (+20bp)**
 - **Net income up +7.6 % to CHF 487.1m; return on sales 11.3% (2017: 11.1%)**
 - **Dividend increased by +7.5% to CHF 1,000 per registered share, CHF 100 / PC**
 - **Operating cash flow CHF 651.6m; +10.3%**
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Kilchberg, 5 March 2019 – Despite the challenging market environment in 2018, the Lindt & Sprüngli Group once again continued its solid growth path and further extended its leading position in the premium chocolate market. Lindt & Sprüngli's group sales increased by +5.5% in Swiss francs to reach CHF 4.313 billion. Organic sales growth amounted to +5.1%, which is within the set target range. Lindt & Sprüngli expanded its market share in all countries. The solid growth path of the Group companies once again laid the foundation for a very successful operating performance: Group operating profit (EBIT) rose by +6.9% to CHF 636.7 million. The EBIT margin also improved again to 14.8%. Net income thus increased by +7.6% to CHF 487.1 million, providing a return on sales of 11.3%.

Market share gains in Europe

The EUROPE segment is still the most important one for the Lindt & Sprüngli Group, contributing almost half of group sales. Overall organic growth in the European markets was a very solid +5.6%. The Group also managed to increase its share of all the mostly saturated European markets, generating higher than average growth. Sales performance was particularly strong in the UK, Germany, Austria, and Spain, while growth in the European subsidiaries managed to climb into the double digits. Work continued on the expansion and modernization of the Olten facility, the **Lindt Cocoa Center**, with the aim of strengthening Switzerland's position within the Group. The official ceremony to open the new facility is scheduled for June 2019.

Three new logistics centers in the USA

In the NORTH AMERICA region, where markets are exposed to flat growth and price pressure, organic sales growth amounted to +2.8%. One highlight in the region was the outstanding double-digit growth realized by Lindt & Sprüngli in Canada. Lindt USA and Ghirardelli also achieved positive sales growth and outperformed the overall market. Russell Stover reported a slight decline. Their Christmas sales were however satisfying. The new sugar-free chocolate line with stevia extract performed well and extended its market share in this segment. Another re-launch is planned for 2019, this time with the top-selling line of assorted pralines. The new and very fresh design has already been presented to retailers and feedback has been very positive.

Over the past financial year, the Lindt & Sprüngli Group has made substantial investments in the North American market in order to lay the foundation for profitable sales growth in future in this region. New logistics centers opened in California, Georgia, and Texas, creating the capacities and synergies in the supply chain for our brands, Lindt, Ghirardelli, and Russell Stover. With these three brands, the Lindt & Sprüngli Group maintains its position as No. 1 in the premium segment and No. 3 in the US chocolate market.



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Double-digit growth in the emerging markets

All countries in the **REST OF THE WORLD** segment experienced strong growth and their development is extremely promising. Their contribution to group sales is steadily rising year after year. Overall growth in these countries amounted to +10.3%, and these chocolate markets hold substantial potential, especially Japan, South Africa, Brazil and China, where growth reached the double digits. A new distribution center opened in Japan in November 2018. Its modern refrigeration plants and efficient warehousing systems will ensure that the own shop network is served as efficiently as possible.

Over 80 million visitors in 460 Shops worldwide

GLOBAL RETAIL has been a success story since its inception in 2009. With double-digit growth and around 50 additional own Shops spread across the world, Global Retail once again made a notable contribution to the overall group result. Lindt, Ghirardelli, Russell Stover and Caffarel Shops can now be found in 460 prime sites worldwide, attracting over 80 million visitors every year. Highlights during the reporting year included over 10 openings in Germany and Japan. There was a grand opening ceremony for three new Shops in the German theme park Europa-Park Rust.

Over 72,500 farmers benefit from the Lindt & Sprüngli Farming Program

An important element of the corporate strategy is a commitment to maintaining the highest quality in all areas of activity and to ensuring the business is managed according to sustainable principles. Significant progress has been made in the sourcing of sustainable cocoa beans since the Lindt & Sprüngli Farming Program was launched in 2008. Lindt & Sprüngli is well on track to meet the goal of achieving a fully traceable and verified supply chain for cocoa beans by 2020. Today, all the countries from which cocoa beans are sourced are covered by the sustainability program and more than 72,500 farmers can benefit from support tailored to their specific needs.

Outlook

Supported by stronger growth in the North America region, Lindt & Sprüngli anticipates sales growth of 5–7% in the mid- to long term and a steady improvement in the operating margin of 20–40 basis points. The Group expects organic growth in sales and profits for the 2019 financial year to be within the mid- to long-term target range.

Buyback program on track

In March 2018 a buyback program worth up to CHF 500 million was launched for registered shares and participation certificates and is scheduled to run until July 31, 2019. The buyback program is progressing according to plan. As at December 31, 2018, shares and participation certificates worth CHF 119.6 million had already been repurchased, representing some 0.8% of the total share capital.

Annual General Meeting

Lindt & Sprüngli is extremely grateful for the continuing trust placed in the company by the shareholders. The strong performance in 2018 means the attractive dividend policy can be continued. The Board of Directors is proposing to the 121st Annual General Meeting scheduled for May 2, 2019, a +7.5% higher dividend of CHF 1000.– per registered share (CHF 360.– from the approved capital contribution reserves (agio) free of withholding tax and CHF 640.– from available retained earnings) and CHF 100.– per participation certificate (CHF 36.– from the approved capital contribution reserves (agio) free of withholding tax and CHF 64.– from available retained earnings).



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Key figures of the Group

		2018	2017	Change in %
Sales	CHF million	4,313.2	4,088.4	5.5
Organic growth	%			5.1
EBITDA	CHF million	816.2	764.4	6.8
in % of sales	%	18.9	18.7	
EBIT	CHF million	636.7	595.4	6.9
in % of sales	%	14.8	14.6	
Net income	CHF million	487.1	452.5	7.6
in % of sales	%	11.3	11.1	
Operating cash flow	CHF million	651.6	591.0	10.3
in % of sales	%	15.1	14.5	
Shareholders' equity	CHF million	4,486.4	4,195.0	6.9
in % of total assets	%	61.9	60.1	
Average number of employees		14,570	13,949	4.4
Sales per employee	CHF thousand	296.0	293.1	1.0

Link to the annual report 2018

<https://report.lindt-spruengli.com/18/ar/en/>

Next publication: Semi-annual results 2019, on Tuesday, July 23, 7.00 a.m.

About Lindt & Sprüngli

As global leader in the premium chocolate sector, Lindt & Sprüngli looks back on a long standing tradition of almost 175 years which takes its origins in Zurich, Switzerland. Today, quality chocolate products by Lindt & Sprüngli are made at 12 own production sites in Europe and the USA. They are distributed by 26 subsidiary companies and branch offices, in more than 460 own Shops, and also via a comprehensive network of more than 100 independent distributors around the globe. With over 14,000 employees, the Lindt & Sprüngli Group reported sales worth CHF 4.313 billion in 2018.

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