



LINDT & SPRÜNGLI

## Lindt & Sprüngli Half-Year Results 2020

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Press Release: Semi-Annual Report 2020

### Lindt & Sprüngli Group – Key figures at a glance

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- Continued gain in market shares in all strategically important markets
  - Organic sales development -8.1% to CHF 1.53 billion (-12.7% in CHF)
  - Operating profit (EBIT) of 17.1 million CHF
  - Net income CHF 19.7 million
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Kilchberg, July 21, 2020 – Lindt & Sprüngli had a strong start to the business year. Up to the beginning of March 2020, the company achieved a solid increase in both sales and profit. However, the rapidly introduced global measures in an attempt to contain the pandemic during the important Easter business have inevitably affected the half-year results. The immediately taken comprehensive measures in all areas of the company allowed the Group to preserve business continuity and to protect the health of our employees, consumers and all business partners. Despite the challenging environment, Lindt & Sprüngli continued to gain market share in all strategically important markets. Lindt & Sprüngli is confident about the future thanks to its solid financial base, strong business model and high liquidity.

#### **Business continuity secured while keeping the health of employees a top priority**

In the face of the COVID-19 pandemic, Lindt & Sprüngli immediately took comprehensive measures in all areas of the company to protect the health of the employees, consumers, business partners and suppliers. Sales were particularly affected by the restrictions on retail trade and the temporary closure of around 500 of own shops during the Easter season. Easter, usually a celebration of being together and giving presents to each other, could in most countries only be celebrated in the closest family circle. Lindt & Sprüngli, whose sales profile is extremely high during this seasonal event, thus experienced lower sales. The Travel Retail business, along with the gastronomy and B2B business, likewise recorded a drop in sales. The sudden change in the behavior of consumers and customers in this unfamiliar environment required rapid and flexible adjustments, which Lindt & Sprüngli managed successfully.

Thanks to the enormous and tireless dedication of all employees, Lindt & Sprüngli was able to maintain production and day-to-day operations, as well as meet customer demand. To minimize the effects on the annual results as much as possible, the company has initiated cost-cutting and efficiency programs across the entire group with the intention of emerging from the crisis stronger than ever. At the same time, investments in advertising continue to ensure profitable growth in future. In addition, Lindt & Sprüngli has launched numerous entrepreneurial initiatives to counteract the effects of the restrictions already mentioned. Examples include the rapid launch of home deliveries or pick-up services. Online trading through existing local shops was also swiftly expanded to include new online shops. The online business achieved double the level of sales recorded in the same period last year.



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One of Lindt & Sprüngli's concerns is and has been the welfare of helpers during this crisis. Donation projects were set-up worldwide as a gesture of gratitude to everyone who has shown untiring commitment to the well-being of society. Examples here include the gifting of Easter products to hospitals and care homes in many countries, as well as a donation of one million Swiss francs to *Glückskette*, a local charity providing immediate social support across all of Switzerland to anyone affected by the pandemic.

## **Slight sales growth in important key markets despite difficult market environment**

Sales in the "Europe" segment organically reduced by -4.9%. In this difficult environment, the important key markets of Germany and France achieved slight sales growth. Sales in the important UK market were stable year-on-year, Spain and Russia reported a small increase in sales, in the lower single-digit range, while Scandinavia even managed to achieve double-digit growth. By contrast, the home market of Switzerland, along with Austria and Poland, was significantly impacted by fallout from the pandemic. The market most affected was Italy, where the closure of a large number of small shops in the traditional retail business during Easter severely impacted seasonal sales.

The "North America" segment saw organic sales drop by -8.2% in the first half of the year. The consequences of the measures to contain the coronavirus especially affected the own network of shops and the gastronomy products business.

Sales fell organically by -18.4% in the "Rest of the World" segment. Here the effects of the pandemic were particularly severe on the performance of the Travel-Retail business, as well as on the markets of Brazil and Japan, which all have an extensive network of own shops. In addition, sales in South Africa, China and Australia were also negatively affected.

Global Retail – with around 500 own shops worldwide – was hit the hardest by the lockdown. Fortunately, Lindt & Sprüngli was able to quickly reopen most own shops and offer the consumers the best possible shopping experience, while ensuring all the necessary safety precautions. Even though the lockdown has already been eased in many regions and business is starting to pick up again, the situation varies a lot from one country to the next.

## **Financial Results**

The overall decline in organic sales during the first half of the year comes to -8.1%. The Swiss franc once again made strong gains against most other currencies, which caused sales in reporting currency to decrease by -12.7% to CHF 1.53 billion (previous year: CHF 1.76 billion). Operating profit (EBIT) came to CHF 17.1 million (previous year CHF 126.2 million). Thanks to a slightly improved financial result and a positive tax effect, net income stands at CHF 19.7 million (previous year CHF 88.1 million). Operating cash flow amounted to CHF 305.5 million (previous year CHF 398.2 million). Seasonal effects led to a slight drop in total assets as of June 30, 2020 to CHF 7.38 billion (December 31, 2019: CHF 8.04 billion), while the equity ratio was still a solid 57.7% (December 31, 2019: 58.1%).

## **Outlook**

Thanks to the solid foundation – built on a strong business model, stable finances and high liquidity, improved efficiency in various areas, consistently high investments on brand advertising and a high level of employee engagement – Lindt & Sprüngli is confident it can master the current economic downturn and once again achieve good results and emerge even stronger post-recovery.

Lindt & Sprüngli expects organic sales in the full financial year to be around 5-7% lower than 2019, while the operating profit (EBIT) margin should be around 10%. The current uncertainty obviously makes the outlook for the current year much less predictable than in the past. The most important



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projections in the full-year guidance assume that there will be no second significant wave of infection with extensive lockdowns, and that seasonal business at Christmas will be on previous year's level.

For the coming years, Lindt & Sprüngli confirms its existing mid-to long-term organic sales growth target of 5-7% p.a. It should be possible to exceed this range in 2021 due to the expected catch-up effect. Lindt & Sprüngli expects operating profit margin to return to the level of around 15% in 2022/23, which should also allow the operating margin to improve again by 20-40 basis points p.a. in the medium to long term.

**Details on the financial results are available online in the Semi-Annual Report 2020:**

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

**Further information on sustainability is available in the recently published**

**Sustainability Report 2019:** [https://www.lindt-spruengli.com/fileadmin/user\\_upload/corporate/user\\_upload/Sustainably/Lindt\\_Spruengli\\_Sustainability\\_Report\\_2019\\_EN\\_website.pdf](https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Sustainably/Lindt_Spruengli_Sustainability_Report_2019_EN_website.pdf)

**The Lindt Chocolate Competence Foundation will open the Lindt Home of Chocolate on September 13, 2020 in Kilchberg. Visitor information is available on the website:** <https://www.lindt-home-of-chocolate.com/en/>

Publication of Full-Year Results 2020: March, 2, 2021, 7.00 AM

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## About Lindt & Sprüngli

In 2020, Lindt & Sprüngli celebrates its 175<sup>th</sup> 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 11 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.

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