



LINDT & SPRÜNGLI

## Lindt & Sprüngli continues the success story

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Press release: Sales Report 2016

- Group sales increase in Swiss francs by +6.8% to CHF 3.901 billion
- Organic sales growth of the Lindt & Sprüngli Group +6.0%
- Position strengthened in all strategically important markets
- Strategic sales target achieved once again – despite a difficult market environment

Kilchberg, January 17, 2017 – Once again Lindt & Sprüngli succeeded in outperforming the overall chocolate market, achieving important market share gains and sales growth in line with strategic targets. This result is very encouraging, particularly given the background of a persistently challenging environment of stagnating and even declining chocolate markets, with generally subdued consumer sentiment, high raw material prices and rising price pressure on our trading partners. Ongoing adjustments to Russell Stover's product portfolio and the optimization of its promotions strategy slightly weakened Group sales growth in the financial year, while at the same time setting the long term foundation for profitable growth in the future.

The key challenges during the 2016 financial year included persistently high raw material prices for cocoa beans and butter, stagnating – and in some cases declining – chocolate markets, and weaker consumer sentiment weighed down by political and economic uncertainties. On top of this came growing price pressure from trading partners looking to boost sales through aggressive price promotions. Despite this, Lindt & Sprüngli was able to strengthen its position in all strategically important markets and outperform the chocolate market as a whole. This confirms our strong brand positioning with quality being a key selling point and innovations matching the tastes of the consumers.

**Group sales** amounted to CHF 3.901 billion, equivalent to +6.8% growth in Swiss francs. Whereas the US dollar strengthened against the Swiss franc, pound sterling weakened. This resulted in a slightly positive currency translation effect of +0.8% in consolidated sales. The Lindt & Sprüngli Group therefore achieved organic sales growth of +6.0%, which is within the strategic target range of 6% to 8%. Excluding Russell Stover, organic sales growth improved to +7.4%. Overall, the Group managed to increase its rate of organic sales growth from +4.4% in the first half to +7.0% in the second half of the fiscal year. Customers generally showed a positive response towards our Christmas promotions, with seasonal sales much higher than in the previous year.

Organic growth in the **EUROPE** segment was gratifying, with sales increasing by +7.4% in local currencies. The main contributors to this growth were our subsidiaries in Germany, France and the UK, all of which recorded higher than average growth and gained important market share. Lindt & Sprüngli UK was actually the fastest growing chocolate brand in Great Britain.

Lindt & Sprüngli achieved organic sales growth of +3.4% in the **NAFTA** region as a whole. Although the general economic situation stabilized a little in North American, the overall chocolate market was declining for the first time in years. This also affected the results of the Lindt & Sprüngli Group, which were impacted by weaker sales growth in North America. In addition, the adjustments to Russell Stover's product portfolio and promotions strategy had a negative impact on sales during the financial year, while at the same time setting the



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long term foundation for a healthy and profitable growth in the long run. With its three leading brands – Lindt, Ghirardelli and Russell Stover – Lindt & Sprüngli is clearly positioned as number one in America's premium chocolate segment.

The **REST OF THE WORLD** segment reported strong organic sales growth of +10.2% over the past financial year. The national markets belonging to this region are enjoying dynamic and higher-than-average growth rates. The results posted by Japan and Brazil were particularly impressive. The Group's strategy of geographic expansion pursued over previous years is now starting to pay off.

**Global Retail** once again reported strong double-digit growth in the 2016 financial year. About 60 new shops and chocolate cafés – mainly in Europe, Canada, Brazil and Japan – were added to our global network, bringing the total to more than 370 stores. Every year these retail shops and chocolate cafés generate over 45 million customer contacts.

In June 2016, the company announced that Ernst Tanner would focus on his role as Executive Chairman as of October 1, 2016. At the same time, it was announced that Dr Dieter Weisskopf, previously CFO of the Lindt & Sprüngli Group, would take over as new Group CEO. In January 2017, changes were also made to the Group Management structure (see Press Release August 30, 2016: Changes in Group Management). The composition of the Group Management is a consequent step in the Group's growth strategy. Lindt & Sprüngli is confident that these changes will set the course for a successful future. At the same time, they ensure the continuity that is so vital for the Lindt & Sprüngli Group.

## **Outlook:**

The Group's operating margin is expected to increase within the strategical target range. There will be a disproportionate increase in net profit due to a lower tax rate.

More details will be available when the full-year results are published at 7.00 a.m. on Tuesday, March 7, 2017.

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## **About Lindt & Sprüngli:**

As global leader in the premium chocolate sector, Lindt & Sprüngli looks back on a long standing tradition of 170 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 24 subsidiary companies and branch offices, in more than 350 own stores, and also via a comprehensive network of more than 100 independent distributors around the globe. With over 13,000 employees, the Lindt & Sprüngli Group reported sales worth CHF 3.9 billion in 2016.

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