LINDT & SPRÜNGLI

Annual Report 2018

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

Credo

We are an international group and are recognized as a leader in the market for premium quality chocolate.

We strive for excellence to maximize worldwide market opportunities. We thoroughly understand our consumers, their habits, needs, behavior, and attitudes. This understanding serves as the base to create products and services of superior quality and value. We will never make concessions that compromise our quality of product, packaging, and execution.

Our working environment attracts and retains the best people.

We encourage, recognize, and reward individual innovation, personal initiative, and leadership of people throughout the organization. Respect of personal individuality, trust, and fair play characterize our working relationships. Teamwork across all disciplines, business segments, and geographies is a corporate requirement to create a seamless company of people who support all others for mutual success. We will develop professionals and facilitate communication and understanding across all disciplines.

Our partnership with our consumers, customers, and suppliers is mutually rewarding and prosperous.

An in-depth understanding of our consumers' needs and our customers' and suppliers' objectives and strategies enables us to build a mutually rewarding and long-lasting partnership.

We want to be recognized as a company which cares for the environment and the communities we live and work in.

Environmental concerns play an ever-increasing role in our decision making process. We respect and feel responsible for the needs of the communities in which we live.

The successful pursuit of our commitments guarantees our shareholders an attractive long-term investment and the independence of our company.

We wish to remain in control of our destiny. Independence through superior performance will allow us to maintain this control.

Key Financial Data

Income Statement

		2018	2017	Change in %
Sales	CHF million	4,313.2	4,088.4	5.5
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	

Balance Sheet

		2018	2017	Change in %
Total assets	CHF million	7,249.8	6,975.6	3.9
Current assets	CHF million	2,933.0	2,781.1	5.5
in % of total assets	%	40.5	39.9	
Non-current assets	CHF million	4,316.8	4,194.5	2.9
in % of total assets	%	59.5	60.1	
Non-current liabilities	CHF million	1,735.3	1,730.8	0.3
in % of total assets	%	23.9	24.8	
Shareholders' equity	CHF million	4,486.4	4,195.0	6.9
in % of total assets	%	61.9	60.1	
Investments in PPE/intangible assets	CHF million	257.3	185.2	38.9
in % of operating cash flow	%	39.5	31.3	

Employees

		2018	2017	Change in %
Average number of employees		14,570	13,949	4.4
Sales per employee	TCHF	296.0	293.1	1.0

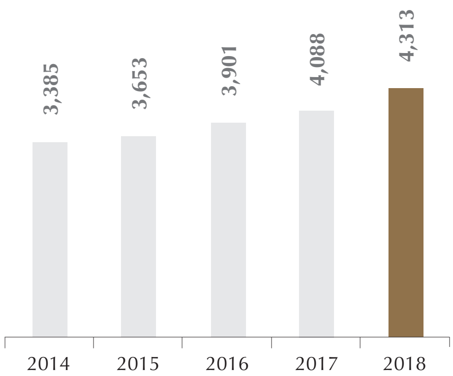
Data per share

		2018	2017	Change in %
Non-diluted earnings per share/10 PC [1]	CHF	2,021	1,893	6.8
Operating cash flow per share/10 PC [1]	CHF	2,715	2,482	9.4
Dividend per share/10 PC	CHF	1,000[2]	930	7.5
Payout ratio	%	50.0	49.5	
Shareholders' equity per share/10 PC	CHF	18,437	17,414	5.9
Price registered share at December 31	CHF	73,300	70,485	4.0
Price participation certificate at December 31	CHF	6,100	5,950	2.5
Market capitalization at December 31	CHF million	16,517.7	15,828.7	4.4

1 Based on weighted average number of registered shares/10 participation certificates.
2 Proposal of the Board of Directors.

Sales

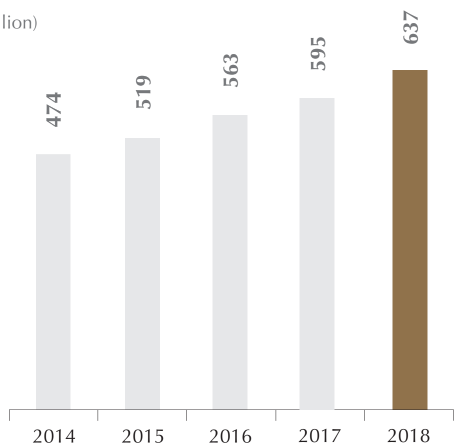
(CHF million)



Organic growth: 9.8% 7.1% 6.0% 3.7% 5.1%

Operating profit (EBIT)

(CHF million)



in % of sales: 14.0% 14.2% 14.4% 14.6% 14.8%

Content

Our Reports are available online:

Annual Report:
https://report.lindt-spruengli.com/18/ar/en/

Sustainability Report: available in May 2019
http://www.lindt-spruengli.com/media/publications/

Letter to Shareholders 2018

Dear Shareholders

Despite the challenging trading 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. Year after year, Lindt & Sprüngli has been expanding faster than the overall chocolate market, and 2018 was no exception. We increased our market share in all the countries we are active in.

This result is particularly encouraging given the persistently difficult market conditions. Political and economic uncertainty undermined consumer confidence in 2018 in many of our most important markets. Chocolate markets in Europe and the US either stagnated or slightly decreased. Other factors creating a tougher market environment included the rapidly changing retail landscape and the mounting price pressure on our trading partners.

A successful procurement strategy allowed us to benefit from lower raw material prices. However, prices for our most important raw materials cocoa beans and cocoa butter rose again slightly in 2018. The price of hazelnuts in US dollars decreased slightly due to the marked volatility of the Turkish lira. Almond prices remained stable, on the other hand. Milk prices were also steady overall. Sugar prices dropped a little thanks to good harvests, while poor crop yields for vanilla pushed market prices up to record highs.

"Year after year, Lindt & Sprüngli has been expanding faster than the overall chocolate market, and 2018 was no exception."

Lindt & Sprüngli's Group sales increased by +5.5% in Swiss francs to reach CHF 4.313 billion. The currency environment was volatile during the reporting period, so that our consolidated sales in Swiss francs show a slightly positive currency effect, mainly due to a stronger euro. The Lindt & Sprüngli Group achieved organic sales growth of +5.1%, which is within the target range set for the financial year.

"Europe" is still the most important segment for the Lindt & Sprüngli Group, contributing almost half of Group sales. Overall organic growth in the European markets was a very solid +5.6%. We also managed to increase our share of all the mostly saturated European markets, generating higher than average growth. Our sales performance was particularly strong in the UK, Germany, Austria, and Spain, while growth in our East European subsidiaries managed to climb into the double digits.

In the "North America" region, where markets are exposed to flat growth and price pressure, organic sales growth amounted to +2.8%. Highlight in the region was the outstanding double-digit sales growth 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 in sales. However, their Christmas sales were satisfying.

Dr Dieter Weisskopf, CEO of the Lindt & Sprüngli Group and **Ernst Tanner,** Executive Chairman of the Board of Directors at the headquarter of Lindt & Sprüngli in Kilchberg.

The launched sugar-free chocolate line with stevia extract performed well and extended its market share in this segment. Another new launch is planned for 2019, this time with the top-selling line of assorted pralines. The new and fresh design has already been presented to retailers and feedback has been very positive. Over the past financial year, we have 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 three 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.

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 our Shop network is served as efficiently as possible. Another highlight in this segment was the double-digit sales growth in the global distribution business. Lindt & Sprüngli is represented by distributors in over 100 countries.

With double-digit growth and more than 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 ten openings in Germany and Japan. There was a grand opening ceremony for three new Shops in the German theme park Europa-Park Rust, which are now a popular attraction. In 2019 we celebrate the 10th anniversary of our own retail network. Since their inception in 2009, our own Shops and Cafés have been a major success story that we can be proud of.

Innovation has always been a strong tradition at Lindt & Sprüngli. Today, our pace of innovation is faster than ever, and every year we bring new creations on to the market. This year's Annual Report looks behind the scenes into the world of Research and Development. To cater for constantly changing consumer demands, around 90 specialists worldwide work day after day to ensure that every new product has the potential to become a classic one day. Our eight local product development teams based in Switzerland, Germany, France, Italy, Austria and the USA are led by highly experienced and long-serving managers who over the past years have played a key role in delivering the high standards of quality and manufacturing and developing the Group's strong product portfolio. There are now over 2,500 products in our portfolio which excel in terms of taste, quality, design and premiumness.

The solid growth path of our 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 (previous year: CHF 595.4 million). The EBIT margin also improved again from 14.6% in the previous year to 14.8%. Net income thus increased by +7.6% to CHF 487.1 million (previous year: CHF 452.5 million), providing a return on sales of 11.3% (previous year: 11.1%). Operating cash flow rose to CHF 651.6 million (previous year: CHF 591.0 million). Our balance sheet is still solid.

"Our product development teams work day after day to ensure that every new product has the potential to become a classic one day."

We are extremely grateful for the continuing trust placed in the company by our shareholders. Our strong performance in 2018 means we can continue our attractive dividend policy. The Board of Directors is proposing to the 121st Annual General Meeting scheduled for May 2, 2019, a +7.5% higher dividend of CHF 1,000.– 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).

We would also like to draw your attention to a personnel change in Lindt & Sprüngli's Group Management. After 25 years of service, Andreas Pfluger decided to retire and left the company on December 31, 2018. The Board and Group Management would like to thank him for his valuable contribution over the years to the success of the Lindt & Sprüngli Group.

An important element of our 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 we launched our Lindt & Sprüngli Farming Program in 2008. We are well on track to meet our goal of achieving a fully traceable and verifiable supply chain for cocoa beans by 2020. Today, all the countries from which we currently source cocoa beans are covered by our sustainability Program and more than 72,500 farmers can benefit from support tailored to their specific needs. The aim of the Lindt & Sprüngli Farming Program is to enable more effective and sustainable cocoa-growing methods, thereby bringing a lasting improvement to the living standards of the farmers and their families. Main components of the Program are to give specialist knowledge and skills to support the farmers in using their own initiative to adopt more professional business practices, increase crop yields and also diversify their sources of income. As well as investing in infrastructure for local communities, preserving and promoting biodiversity and natural ecosystems are equally important priorities. But our endeavors are not limited simply to cocoa: we have made a commitment to integrate sustainability along the entire supply chain – from bean to bar. The focus during the reporting period has been on the realignment of our sustainability strategy in order to step up our efforts and formulate concrete commitments. Examples include our "No-Deforestation Commitment", which states that by 2025 our entire cocoa beans will be sourced from areas with no deforestation, women should make up 40% of senior management by 2025, and we work on our vision to have fully recyclable packaging.

Dedicated and motivated employees are the cornerstones of our strong corporate culture and vital to the success of the Lindt & Sprüngli Group. On behalf of the Board of Directors and Group Management, we would therefore like to thank them all personally for their extremely hard work over the course of this very challenging year. Our thanks must also go to the millions of consumers worldwide who enjoy our premium chocolate products every day and place their trust in us, along with our many business partners and suppliers for the vital contribution they make towards maintaining the exceptional quality of Lindt & Sprüngli products. Last but not least, our thanks go to our shareholders for their continuing trust and the capital they provide for our business activity.

We have moved a step closer to achieving the vision of strengthening the Swiss chocolate industry with a center of excellence. The Lindt Home of Chocolate, financed and realized by the Lindt Chocolate Competence Foundation, reached another milestone in September, when more than 250 workers, tradesmen, engineers, planners, etc. involved in the construction project attended a topping-out ceremony. The next stage before the building opens in early summer 2020 will be the complex task of fitting out the interior and configuring the Center's outside space.

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. This should allow Lindt & Sprüngli to continue to grow faster than average in all the markets.

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.

Last year's Annual Report included information about an important investment and the modernization of our Olten facility, the Lindt Cocoa Center, to strengthen Switzerland's position as an international location. The cocoa mass produced there is supplied to our European production companies, where it is then processed into fine chocolate. The project is on schedule and we are looking forward to the opening ceremony in the spring of 2019.

We will continue to pursue our global expansion plans in 2019. In March 2019 we will open a new subsidiary in the Netherlands and a representative office in Portugal will open in November 2019. We will also be opening numerous Lindt Shops and Cafés in vibrant city centers and will roll out many product innovations that will continue to delight and inspire millions of consumers in 2019.

Ernst Tanner
Executive Chairman of the Board of Directors

Dr Dieter Weisskopf
CEO Lindt & Sprüngli Group


Lindt
HOME OF C


Lindt
CHOCOLATE COMPETENCE
FOUNDATION
HOCOLATE

Schokoladenplatz 1 at the halfway stage – Lindt Home of Chocolate celebrates the completion of phase one

Swiss chocolate enjoys a global reputation and has become an integral part of Switzerland's national identity. This is due in no small part to the tireless efforts of the Swiss chocolate pioneers and the constant stream of innovations within the industry. An equally grand vision was needed to ensure this momentum is sustained in future and Swiss expertise continues to grow and develop. The new Lindt Home of Chocolate, which is being financed and realized by the Lindt Chocolate Competence Foundation, is now turning this vision into reality. But this flagship project signals much more than that: the start of a new era for the entire Swiss chocolate industry.

16,600 m^3

of concrete poured for the shell of the building

20 meters

will be the final height of the Lindt Home of Chocolate building

There has been great progress during the 626 days of construction work since the groundbreaking ceremony in January 2017:

In all weather conditions – sun, wind, rain and snow – the builders worked extremely hard to keep to the tight construction schedule. Just one year after the ceremony to lay the foundation stone in September 2017, the shell of the building was completed and stood at the specified height of 20 meters. Around 2,500 tons of steel and 16,600 cubic meters of concrete were used in this construction phase and the interior of the building was supported by more than 1,400 sturdy timber braces.

Visitors are already looking forward to Switzerland's first Lindt Café.

8 meters
depth of excavation for the foundations

350 km
of electric cables laid

1,440
timber pillars
acting as braces

2,500
tons
of iron used

The Lindor chocolate fountain in the entrance hall is 8 meters high – the world's tallest using real chocolate.

2013
Visionary idea first put forward for a Chocolate Competence Center

2014
Architectural competition

2015
Building project submitted for consent to the local authority in Kilchberg near Zurich

2016
Building consent granted

36
months construction time

2017
Foundation excavated and foundation stone laid to mark the start of building work

2018
Building shell is completed

2019
Fitting out the interior of the building

2020
Opening of the Lindt Home of Chocolate

One of the interactive experiences is dedicated to the Swiss pioneers who shaped Switzerland's chocolate industry.

170,000 red and 50,000 white bricks required for the building facade

In September 2018 all those working on the project were invited to a topping-out celebration for the Lindt Home of Chocolate.

Another milestone was celebrated in September 2018 with a "topping-out" ceremony. More than 250 workers, tradesmen, planners, etc. involved in the project came along to the shell of the Lindt Home of Chocolate building to toast the successful work to date.

A special visitor highlight in the Lindt Home of Chocolate is the tasting room for pralines.

The second phase now involves fitting out the interior of the building. When it opens in 2020, the Lindt Home of Chocolate will offer Swiss and international visitors a multimedia and interactive exhibition, a demonstration of chocolate production and the world's biggest Chocolate Shop, a Café and a Chocolateria hosting classes in how to make chocolate.

One special highlight will be the world's tallest chocolate fountain, eight meters in height. This will be displayed in the main entrance hall and will of course use real chocolate. Every year, over 350,000 guests are expected to make the pilgrimage to a unique chocolate experience at the new address "Schokoladenplatz 1".

93 × 45 meters

The building's total surface area is roughly the size of a soccer pitch

The Executive Chairman of the Board of Directors, Ernst Tanner, the architect, Emanuel Christ, and Raffael Brogna from the construction company Priora, took advantage of the event to thank all the partners for their immense performance.

All the partners involved in the project then came together for dinner to celebrate the completion of this important construction phase.

133,590 tons

of earth excavated for the foundations and carted off in 4,450 truckloads

12,000 meters

of steel cable (600 lengths between 13 and 28 meters)

Product highlights

Since 1845 Lindt & Sprüngli has personified a true passion for chocolate. Year after year it comes up with exciting new product ranges that inspire consumers across the world: from the luxurious chocolate creations of our Master Chocolatiers to the exquisite products of Ghirardelli, Russell Stover, Caffarel, Küfferle, and Hofbauer. Lindt & Sprüngli's choice premium products make every occasion feel special – birthdays, weddings, Easter, or Christmas.

LINDOR TRUFFLES

J'adore Lindor

Lindor is always the right choice for the smooth melting moments of bliss in life. The crisp shell of finest Lindt chocolate encasing a smooth filling is a top seller worldwide and is now available in a wonderful love heart design to spoil your loved one on Valentine's Day.

10 million

Lindor truffles gifted to wedding guests in China

I do

Wedding fairs, China

Lindor products in red – a color traditionally associated with weddings in China – are becoming more and more popular. In Chinese culture, red stands for love, energy, and growth and is in big demand as a gift for wedding guests and important business partners. In 2018 over 10 million Lindor chocolate truffles were handed out to Chinese wedding guests as gifts from newly-weds. During the reporting year Lindt & Sprüngli added a new Lindor gift packaging to enhance the exclusive gift and wedding assortment.

Global bestseller

Lindor 70% cocoa
Our global bestseller Lindor is now available with a high 70% cocoa content, giving a fresh source of inspiration for chocolate fans who adore this product.

Strawberry fields forever

Lindor Strawberry, Duty Free
The exclusive Lindor Strawberry Edition came on sale in 2018 as the perfect Lindt gift for international travelers looking for a special treat to bring home to their loved ones.

The first green shoots of spring

Lindor Matcha, Japan, Asia-Pacific and China
In 2018 Lindor Matcha was the first recipe developed especially for Asia. It quickly won over consumers and enjoyed particular success in the Lindt Shops in Japan.

Refreshing mint

Lindor Mint, UK and Ireland
Lindor Milk Mint was the focus of a major UK launch in 2018, accompanied by large-scale sampling events and marketing campaigns.

LINDT DARK COMPETENCE SWITZERLAND

Intense chocolate sensation

For some years now, products with a higher cocoa content have become more popular with consumers worldwide. This preference now seems to be more relevant in Switzerland as well, which is famous for the quality of its milk chocolate. The dark chocolate varieties of the Excellence line, Lindor, Piemonte, and Cremánt, which offer real connoisseurs intensive taste sensations – cater for this trend. In Switzerland, "Lindt Dark Competence" showcases the dark chocolate creations of our Master Chocolatiers.

Soft and creamy – the essence of Italy

Lindt Piemonte Nero
The traditional recipe for Lindt Piemonte Nero combines smooth melting gianduja chocolate with fine roasted whole Italian hazelnuts.

No.1
in Switzerland

The success is "intense" too

Lindt Excellence Poire and Figue Intense
The new divine creations in the Excellence line quickly won over the hearts of dark chocolate lovers in Switzerland with their 78% cocoa content and intense taste of figs and pears.

SNACKING FORMAT

Perfectly small and fruity

Sensation Fruit is the ideal solution for a moment of delight on the move, with a chance to savor the combination of intense dark Lindt chocolate with a fruity filling – either on your own or with friends.

Sen-sa-tio-nal!

Lindt Sensation Fruit
Down Under in Australia the Sensation Fruit range has been the biggest product launch to date.

Mmmilk blends with Oh!range

Lindor Orange Sticks
Crisp Lindt milk chocolate with a soft orange filling for the perfect break in the day has been a big hit with Lindor fans in Australia.

SPREAD THE JOY

Good morning

Is there a better start to the day than creamy Lindt spread with hazelnut or dark chocolate flavors? After generating massive media hype, the new spread quickly sold out in many countries.

Lindt Spreads
Lindt added to the range with a new edition: Creme Noisette containing 25% nuts. A little something for everyone to enjoy.

SEASONAL DELIGHT

Snack time

Easter and Christmas are the best times to spoil yourself and your loved ones with exquisite Lindt chocolate in elegant designs.

Christmassy

New Christmas assortment, Germany

The launch of the exquisite product line adorned with felt appliqué delighted chocolate lovers over the Christmas season in Germany.

All Paris dreams of

Champs-Elysées, France

The Champs Elysées praline line was once again the top-selling Lindt brand over Christmas 2018.

The actress Kristen Bell simply could not escape its charms. The Lindt Gold Bunny took her heart by storm.

I love it!

Blooming prospects

The Lindt Gold Bunny not only made a big impression at Easter with its finest chocolate, but also with its pretty flower design.

Exceptionally refined

DIVA pralines, Germany

With their festive gold and glitter design, the DIVA pralines made the perfect complement to Lindt's Christmas offering in Germany.

The tennis star hit some balls into the crowd with his usual accuracy, and fans were delighted to take the balls home as a special souvenir of a great day out.

Roger Federer surrounded by a crowd of children who will have wonderful memories of this unforgettable day.

LINDT & SPRÜNGLI
SWITZERLAND

Lindt gives kids sweet dreams

The charity "Winterhilfe Schweiz", in collaboration with Lindt & Sprüngli, the Roger Federer Foundation, and Circus Knie, staged an unforgettable circus show in Zurich. On May 23, 2018, Lindt's brand ambassador Roger Federer surprised young fans in the circus ring and took his time to personally get to know some of the children and answer their many questions. After the show, a crowd of Master Chocolatiers sent the families on a sweet journey home with a package of fine Lindt chocolates.

A team of Lindt Master Chocolatiers made the visit to the circus a very sweet occasion for the young Roger Federer fans with a selection of fine Lindt chocolates.

Lindt testimonial Kristen Bell in the Lindt Chocolate Lounge together with Master Chocolatier Ann Czaja.

EMMY AWARDS 2018
LINDOR CHOCOLATE LOUNGE

Stars and their Lindt chocolate

In 2018 Lindt USA was the partner for the first time of the Emmy Awards, America's premier TV awards. What is usually called the "Green Room" was converted into the "Lindt Chocolate Lounge" in the luxurious Lindor's trademark red design and it was a great hit with the VIP guests. The nominees and hosts of the event chatted in a relaxed atmosphere with the Lindt Master Chocolatier Ann Czaja and enjoyed their personal Lindor moment before going on the big stage to receive their award.

The two talented show-biz personalities, Tina Fey and James Corden, relaxed in the Lounge before going on stage.

What a chocolate smile! Darren Criss and Ricky Martin are obviously enjoying the luxurious atmosphere.

The actors Kate McKinnon and Alec Baldwin also shared the great mood of their fellow actors.

INTERNATIONAL SENSATION

Talk of the town

The tasty chocolate specialties of the local markets enrich the entire product world of Lindt & Sprüngli.

Indulge yourself

Caffarel L'Artigianale, Italy
The new product line L'Artigianale combines Italy's passion for the finest chocolate with whole hazelnuts and the high production standards for which Caffarel is famous.

Chocolate all around

Lindor Special Edition, Brazil
In Brazil, the Lindor Special Edition made the World Cup a sweet occasion for more than 200 million football fans. Nine different gift boxes were wrapped in the flags of former football world champions and there was also a special Swiss edition.

Makes life a bite better

Ghirardelli, USA
In 2018 Ghirardelli launched its classic Caramel Square in a new snacking format, a tasty delight for people on the move. Its launch was supported by many nationwide tasting events across the USA that inspired consumers.

Eye candy

Russell Stover, USA
Russell Stover's praline assortment "Bowline", which shot to fame after featuring in the blockbuster movie "Forrest Gump", was relaunched in 2018 with new taste options and a new design for seasonal sales.

Markets

Despite the challenging international market environment in 2018, Lindt & Sprüngli increased its Group sales by +5.5% to a total of CHF 4.313 billion. Lindt & Sprüngli once again succeeded in growing faster than the overall chocolate market and gaining significant market share in all countries.

Chocoladefabriken Lindt & Sprüngli AG achieved Group sales of CHF 4.313 billion during the 2018 financial year, and despite persistently challenging market conditions produced organic sales growth of +5.1%. Despite the rapidly changing retail landscape, mounting price pressure and shifting consumer trends, the company can look back on another successful year.

Particular highlights of 2018 included the strong market performance in the "Europe" and "Rest of the World" segments, the successful expansion of the Global Retail business with the addition of more than 50 Lindt Shops, and the double-digit growth of the top-selling Lindor brand.

The currency environment was generally volatile over the course of 2018. The Swiss franc's valuation is still very high year-on-year, and it continued to appreciate against other major currencies. On the other hand, the consolidated result improved due to a slightly positive currency effect thanks to the stronger euro during the course of the year.

The global economy got off to a reasonable start in 2018 and gradually picked up momentum over the course of the year, with growth broadly supported. By contrast, the escalating trade dispute between the USA and other major countries unsettled markets during the reporting period. The political uncertainty in Europe, the ongoing Brexit negotiations and especially the high level of debt in Italy, all acted as a constant drag on markets.

Thanks to a successful procurement strategy, Lindt & Sprüngli was able to benefit from lower raw material prices in 2018. However, prices for cocoa beans and cocoa butter rose again slightly. Prices for hazelnuts in US dollars eased due to the marked volatility of the Turkish lira. Almond prices remained stable, on the other hand. Milk prices were also steady overall. Sugar prices dropped a little thanks to good harvests, while poor crop yields for vanilla pushed market prices up to record highs.

« Lindt & Sprüngli once again succeeded in outperforming the overall chocolate market. »

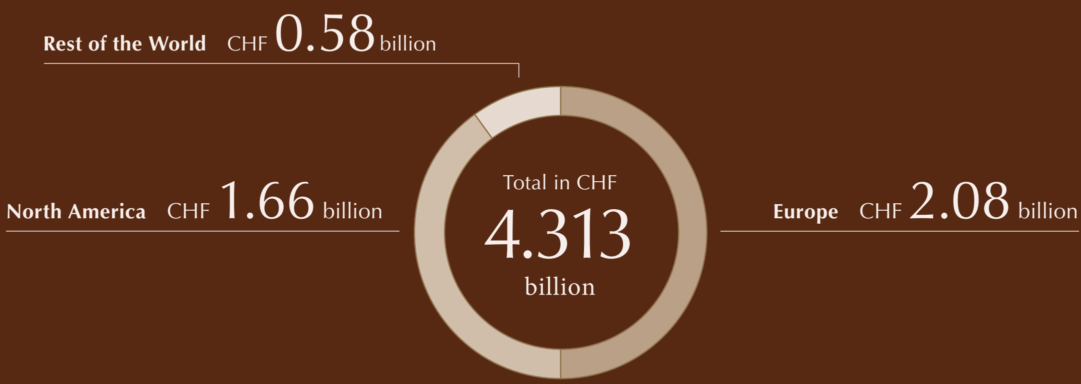
Europe

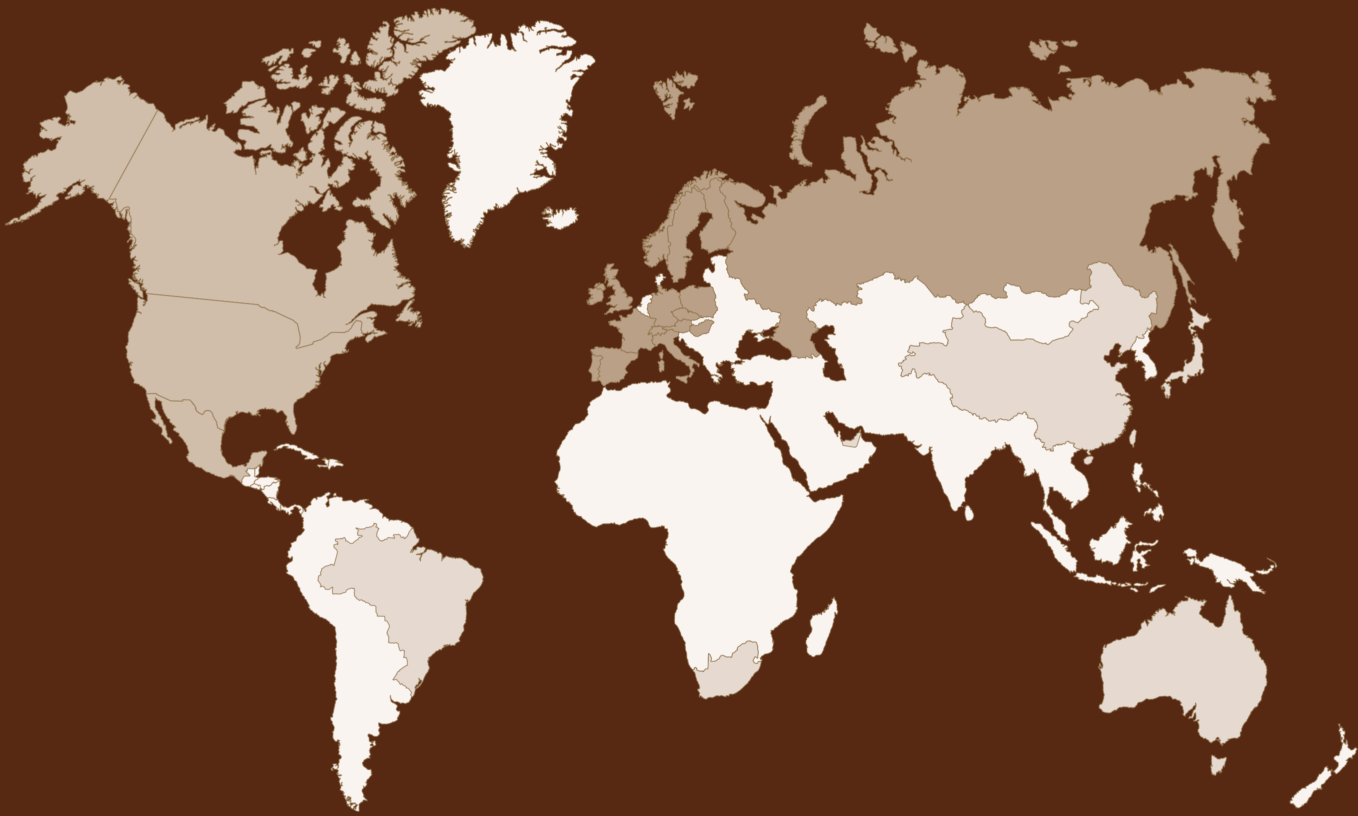
In largely saturated and highly competitive European chocolate markets, Lindt & Sprüngli was able to expand its market share, with sales growing by +5.6% to a total of CHF 2.08 billion. Lindt & Sprüngli once again achieved excellent results in the mature markets of the UK, Germany, Spain, Italy, and Austria. Also worth particular mention is the high double-digit growth achieved in Russia and in the less developed markets such as the Czech Republic, Slovakia, and Poland.

Switzerland

Chocoladefabriken Lindt & Sprüngli (Schweiz) AG achieved sales of CHF 392 million in the 2018 fiscal year (previous year: CHF 386 million, adjusted). This equates to modest growth of +1.6%, with the distributors business performing particularly well and reporting double-digit growth. This figure includes both the Swiss market and the export business, which in the financial statements is mainly covered by the "Rest of the World" segment. In a contracting Swiss chocolate market, Lindt & Sprüngli was once again one of the few companies able to gain market share in 2018. Inflationary pressure in Switzerland

Sales Lindt & Sprüngli Group 2018





CHF 257 million

Investment volume

26

subsidiaries

14,500

employees

was moderate over the course of the year, while consumer sentiment was slightly better than average.

The focus during 2018 was on the leader products Lindor and Excellence and the new snacking format Sensation Fruit. The other main highlight of the year was "Dark Competence" with the launch of products with a high cocoa content. Consumers' emotional experience of the brand was heightened by eye-catching displays at the points of sale. Other hits included the Easter and Christmas villages set up at head office in Kilchberg, which were a popular seasonal attraction.

Germany

Chocoladefabriken Lindt & Sprüngli GmbH (Deutschland) reported sales of EUR 575 million (previous year: EUR 545 million). It achieved solid sales growth of +5.4% and significantly expanded its market share despite a shrinking market.

Consumer sentiment was positive overall and slightly better than the previous year. Alongside the classics such as Lindor, Excellence, and hollow chocolate figures, the launch of numerous product innovations such as Mini Praliné Patches once more generated additional growth. On top of that, products with a high cocoa content such as Lindor 70% and the new Excellence chocolate bars did extremely well. A number of new flavors, such as Roasted Nuts & Toffee, were added to the lifestyle brand Hello, which continues to make a splash with younger consumers.

Germany's leading magazine for the food industry, Lebensmittel Zeitung, once again named Lindor as the top brand in 2018 – from a field of more than 5,000 rivals – both in terms of sales growth and consumer reach. This underscores the brand's success and lays a solid foundation for future growth.

« In Germany, Lindt & Sprüngli achieved solid sales growth of +5.4%. »

France

Lindt & Sprüngli SAS (France) comfortably outperformed the overall market, with sales increasing by +2.9% to reach EUR 365 million (previous year: EUR 355 million). The persistently weak pace of economic growth in France during the first quarters had a negative impact on the overall result, which was also affected by a low level of consumption.

Business performance was boosted by successful brands such as Excellence and Lindor, as well as seasonal variations such as Easter chicks. At the same time, the media presence was raised for the popular Christmas brand Champs-Elysées with the launch of a new TV commercial. This enabled Lindt & Sprüngli to further expand its market share and strengthen its position in 2018 as France's second-biggest chocolate manufacturer.

Italy

Lindt & Sprüngli S.p.A. (Italy) and Caffarel S.p.A. reported consolidated sales of EUR 239 million (previous year: EUR 232 million), equivalent to sales growth of +3.0%. Lindt Italy was able to expand its market share and strengthen its position despite the difficult political and economic climate.

The strong performance of the Lindor Milk and Lindor 70% Cocoa lines was supported by a strong media presence, acting as main sponsor for the Italian version of the TV show X Factor. The Lindt Excellence line also performed very well thanks to innovative social media campaigns and confirmed its leading position in Italy. Attention-grabbing marketing campaigns for Lindt Mini Pralinés consolidated Lindt's leading market position as a producer of premium chocolate products. The highpoint of the campaign was an event organized in Milan, Italy's fashion capital, in partnership with a leading cosmetic chain.

United Kingdom & Ireland

Despite the very precarious political situation, Lindt & Sprüngli Ltd. (UK) reported excellent double-digit growth in 2018 of +11.3%, achieving total sales of GBP 191 million (previous year: GBP 171 million) and further market share gains. The Lindor brand continued to reinforce its market position with the biggest product launch so far: Lindor Mint Truffles, developed especially for the UK market. With seasonal campaigns such as the Easter bunny hunt in the idyllic setting of Hampton Court Palace, the Gold Bunny has established itself in the UK as a real Easter icon. During the festive season, the popular teddy wearing the traditional English Christmas pullover was a top seller.

In Ireland, Lindt & Sprüngli's Master Chocolatiers were on hand at the famous food festival "Taste of Dublin" to showcase an extensive assortment of Lindor Pick & Mix. Prominent Lindor samplings at all the major retail partners and at the Dublin Mini Marathon, the biggest women's event of its type, also helped to boost brand recognition. In addition, the partnership with a leading coffee company and the launch of Excellence Raspberry established the Excellence line as the new No. 2 in the Irish market.

Austria

Lindt & Sprüngli (Austria) GmbH once again achieved very satisfying double-digit sales growth of +10.3% and repeated the dynamic performance of previous years despite a stagnant national chocolate market. In addition to the classics Lindor and Excellence, the launch of limited or seasonal editions and the Excellence advent calendars helped to strengthen both the portfolio and market position.

During the reporting period, consumers enjoyed a unique new shopping experience with the opening of the world's biggest shop-in-shop in Graz. Exclusive evenings for sampling Excellence in the presence of Lindt Master Chocolatiers, organized in conjunction with retail partners, also helped to create more unforgettable chocolate moments. However, the highlight of the year is still the Easter bunny hunt in the Botanical Gardens of Vienna's Schönbrunn Palace, which was expanded into a nationwide event and further strengthened Lindt's position as the brand associated with Easter.

The local Austrian brands Hofbauer and Küfferle are still key pillars of the Group's Austrian business. Hofbauer scored hits with product concepts that pay tribute to Austrian traditions, such as the "Rock-me Amadeus Mozart truffles", while Küfferle launched its classic "chocolate umbrellas" in new trendy colors.

Spain

Lindt & Sprüngli (España) S.A. posted an excellent result in 2018, with sales growth of +7.6%. Lindt is now one of the three fastest-growing companies in the Spanish consumer goods market. The Lindor and Excellence brands were once again strong performers. The launch of the Lindor 70% with a high cocoa content and the new Sensation Fruit in snacking format supported this positive trend. The first national sales campaign for Lindt advent calendars at a furniture store chain in Spain also attracted a lot of attention. In addition, sampling activities at points of sale in the presence of Lindt Master Chocolatiers helped to boost brand recognition.

« Lindt & Sprüngli reported excellent double-digit sales growth in the UK of +11.3%. »

Nordics

Lindt & Sprüngli (Nordic) AB had another successful year, reporting sales growth of +6.3%. The markets of Sweden, Denmark and Finland performed well by focusing on the key brands Lindor and Excellence. A new product line, Les Grandes chocolate bars, was launched as well.

The Lindt brand also established itself in Finland and enjoyed impressive sales growth over the Christmas season. In Denmark, Excellence 70% was voted the best chocolate in 2018. Lindt celebrated the opening of its first Lindt Boutique in Stockholm end of 2018.

Eastern Europe

Lindt & Sprüngli CEE s.r.o. celebrated its 10th anniversary in 2018. The markets of the Czech Republic, Slovakia and Hungary achieved outstanding growth of +37.5% in 2018. The Lindt Gold Bunny has also become a popular icon for the Easter season in the Czech Republic and Slovakia, where consumers were charmed by magical point-of-sale displays.

Poland

Lindt & Sprüngli (Poland) Sp. z.o.o. achieved double-digit sales growth of +14.9% in 2018, driven by a focus on the top-selling key brands Lindor and Excellence. The highlight of the year was the live TV appearance of a Master Chocolatier on Poland's morning TV program "Dzien dobry TVN".

Russland

Lindt & Sprüngli (Russia) LLC managed to achieve dynamic sales growth of +29.9% in 2018 in one of the world's biggest chocolate markets. The Lindor and Excellence lines, along with the increasingly popular Lindt Teddy, were once again the biggest growth drivers over the past fiscal year. On top of that, a third Lindt Chocolate Boutique was opened in Moscow, in the heart of the Russian market.

North America

In 2018 "North America" was once again exposed to structural change in the retail sector and mounting price pressure. Despite the difficult market conditions, the "North America" segment achieved organic sales growth of +2.8%. The double-digit sales growth reported by Lindt & Sprüngli in Canada was a key driver of this performance. Lindt USA and Ghirardelli also delivered positive sales growth and outperformed the overall market. There was a slight decrease in Russell Stover's business. In 2018 substantial investments were made in the logistics network for the North American market, laying the foundation for additional sales growth across the entire region. With the three brands Lindt, Ghirardelli and Russell Stover the Lindt & Sprüngli Group is still No. 1 in the premium segment and No. 3 in the US chocolate market.

Lindt & Sprüngli USA

Lindt & Sprüngli (USA) Inc. achieved solid sales growth and market share gains despite a stagnant American market. Eye-catching displays at points of sale and large-scale nationwide advertising campaigns supported the strong sales growth of both the Lindor and Excellence lines, especially during the important seasonal business around Valentine's Day, Easter, and Christmas. Lindor 70% Cocoa quickly established itself as the top seller in the USA as well.

Two new seasonal variants were added to the Lindor range, Lindor Blueberries & Cream at Easter and Lindor Milk Chocolate Peppermint Cookie at Christmas, which quickly became consumer favorites. By expanding its logistics network, Lindt USA is also making significant investments in the North American market, laying the foundation for profitable sales growth in future in this region.

LINDT & SPRÜNGLI USA

No.1

premium brand in the USA

Ghirardelli Chocolate Company

Ghirardelli Chocolate Company achieved modest sales growth in 2018 and managed to gain market shares in a chocolate market that was stagnant overall. The new formats for its popular classic Caramel Square, such as the Caramel Bunny at Easter and the Peppermint Bark Squares at Christmas, all established themselves successfully in the market. Despite the persistently challenging US retail environment, Ghirardelli Restaurants and Shops sold a record number of their world-famous ice cream sundaes to millions of satisfied consumers. The successful launch of the Intense Dark 92% chocolate bar with a new recipe and Caramel Squares in a snacking format were very well received by consumers.

In 2018 Ghirardelli launched a new advertising campaign using the slogan "Ghirardelli Makes Life a Bite Better" and announced a new partnership with a nationwide restaurant chain, marketing a new slogan "Very Cherry Ghirardelli Chocolate Cheesecake". This new partnership was promoted in the US media in the form of TV shows, social media campaigns and, last but not least, an advertising campaign in Times Square, New York.

Russell Stover Chocolates

Russell Stover reported a slightly declined sales growth in market conditions that remain very challenging. The company focused on product innovations in the traditionally strong gift assortment range. Russell Stover's business was particularly strong during the Christmas season and with its important gift assortment Valentine's Day. The sugar-free products with stevia extract were more popular thanks to new flavors and formats, which led to further market share gains. Russell Stover expanded its own e-commerce channel and its direct distribution through TV stations offering Russell Stover products only available through them.

Lindt & Sprüngli Canada

Lindt & Sprüngli (Canada) Inc. once again achieved strong double-digit sales growth of +11.7% and extended its market leadership in the premium segment. Lindor and Excellence maintained their clear lead in the Canadian market.

Lindt's success in Canada is based on consumer-focused marketing campaigns around chocolate which Lindt has launched both online and offline. Highlights during 2018 included new marketing and distribution initiatives, such as selling through TV Shopping Channels, additional online distribution channels and extensive samplings with cooperation partners and at major events.

Mexico
Lindt & Sprüngli de México, SA de CV started trading in March 2018. Here too, the flagship brands Lindor and Excellence established themselves as leaders not long after their launch in Latin America's second-biggest chocolate market.

Rest of the World

Lindt & Sprüngli's "Rest of the World" markets once again achieved double-digit organic sales growth of +10.3%, pushing sales up to CHF 577 million. The segment is thus making a significant contribution to consolidated sales. All markets produced an excellent performance in 2018, with Brazil, China, and Japan especially reporting dynamic sales growth in the high double-digits.

Australia
In a highly competitive market, Lindt & Sprüngli (Australia) Pty Ltd. still managed to achieve modest sales growth and increased its market presence in 2018. The core products Lindor and Excellence achieved very high market shares in their relevant categories and the successful launch of Lindor 70% Cocoa helped to boost performance. Excellence chocolate bars with a high cocoa content have established themselves well in Australia and gained market share.

Highlights of the year included the biggest product launch to date in the Australian market: Sensation Fruit. This snacking format was supplemented by Lindor Orange sticks, which performed well in 2018 and hold a lot of potential, as do the new chocolate bars with reduced sugar. The opening of the first Lindt Boutique in Sydney – just in time for Christmas – rounded off the year.

South Africa
Lindt & Sprüngli (South Africa) Pty. Ltd. achieved excellent double-digit sales growth of +19.0% in 2018. Sales of the core brands Lindor, Excellence, and the Lindt Gold Bunny increased again, with the launch of Lindt Mint proving to be the most successful product launch to date in South Africa. In the snacking segment, Lindt introduced the Sensation Fruit line, which was a big hit with consumers.

« Lindt & Sprüngli achieved a excellent double-digit sales growth of +38.2% in China. »

The incomparable Lindt product presentations and sampling activities, accompanied by consumer-focused marketing campaigns, set new standards. Lindt was once again the fastest-growing chocolate brand in the market and was able to strengthen its market leadership in the premium segment.

China
Lindt & Sprüngli (China) Ltd. once again achieved outstanding double-digit sales growth of +38.2%, driven by the leader brands Lindor and Excellence. Sales growth was equally encouraging in the two Lindt flagship stores on Tmall and JD.

Lindt also has a presence on JD.com and China's leading online supermarkets, so as to target young consumers in particular. Lindt's brand recognition was significantly boosted by the luxury gift and wedding assortment developed especially for the Chinese market, along with marketing campaigns.

Brazil
Brazil once again reported vigorous sales growth of 30.1%, despite the country's continually challenging political and economic climate. To coincide with the football World Cup, Lindt & Sprüngli launched a Lindor special edition packaged in the national colors of nine participating teams of the world championship, which proved to be a big hit with Brazilian consumers. Other top sellers included seasonal classics such as the Gold Bunny and – especially popular in Brazil – the large chocolate Easter eggs, filled panettone and the Lindt Teddy.

Japan
Lindt & Sprüngli Japan Co. Ltd. maintained the outstanding growth of previous years, increasing sales by +39.5% in 2018, mainly thanks to greater brand recognition and the significant expansion of its shop network.

Besides that, consumers were able to immerse themselves in the world of Lindt at the Lindt Summer Chocolate Festival. In 2018 Lindor Matcha was also launched in Japan to popular acclaim. Another major sales driver was the gift assortment, which did well on key dates in the year such as Valentine's Day, White Day (14 March), and Christmas.

Lindt & Sprüngli has set up the Aiko distribution center in the Kanagawa prefecture, in the Greater Tokyo Area. This center brings together warehousing, co-packing, distribution and e-commerce in one place, to cater for the positive development of the Japanese market.

Duty Free & Distributors

In 2018 Lindt & Sprüngli was once again the leading premium chocolate producer in the Travel Retail segment and performed well in a challenging international market environment. Volatile currency movements in the most important growth markets, such as Brazil, Argentina and Turkey, together with changing consumer trends and the ongoing consolidation of travel retailers all influenced performance. Passenger volumes rose due to the increase in international budget airlines. Average spending per head dropped as a result, but international demand for premium chocolate continued to rise.

In the past financial year, shop-in-shop concepts with strong visual merchandising were introduced in airport locations with a high footfall in Zurich, São Paolo, Doha, Muscat, Beirut, Kuala Lumpur, and New York. Lindt & Sprüngli focused on digitization at the point of sale to enhance the brand experience.

« In Japan, Lindt & Sprüngli generated outstanding sales growth of +39.5%. »

After several challenging years, the regional office in Dubai achieved solid organic sales growth. Some countries in the region continue to be dogged by stagnant growth and existing import restrictions.

Despite this, most markets made a positive contribution of double-digit sales growth, with a particularly strong performance from India, Egypt, and Kuwait. Lindor is still the top-selling product.

The regional office in Hong Kong (Asia-Pacific) achieved strong double-digit sales growth in Thailand, Singapore, Taiwan, and Hong Kong and significantly expanded its market shares. The main drivers for this result included product launches such as Lindor Matcha, developed especially for Asian consumers.

The solid market performance was supported by successful Master Chocolatier events in Hong Kong, where consumers were able to sample Lindt chocolate in an exclusive atmosphere.

In Latin America (LATAM), the distributors business achieved double-digit growth thanks to the strong performance of the Lindor and Excellence lines. The Colombia market did extremely well, as did Argentina – despite the financial crisis. The markets of Ecuador and Guatemala have also been added since the end of the 2018 financial year.

The region of Greater Europe performed well, driven by the Lindor and Excellence brands. The markets of Bulgaria, Romania, and Ukraine were particularly strong and hold considerable growth potential in the long run.

Our Brands

Global Brands

SALES
76 %

Lindt
MAÎTRE CHOCOLATIER SUISSE
DEPUIS 1845

Regional Brands

SALES
22 %

GHIRARDELLI
Russell Stover
PANGBURN'S OF TEXAS
Whitman's

Local Brands

SALES
2 %

Hofbauer WIEN
Caffarel
Küfferle

Global Retail – another successful year with around 50 additional Shops

Global Retail once again achieved double-digit sales growth with an impressive sales of around 550 million Swiss francs.

Since its inception in 2009, Global Retail has been an ongoing success story. The strategic expansion of the Group's network of own retail outlets continued apace in 2018. Lindt, Ghirardelli, Russell Stover, and Caffarel Shops can now be found in 460 prime sites across the globe. The chance of an exceptional shopping experience in the world of Master Chocolatiers attracted over 80 million visitors during the past year. Global Retail has thus become a major contributor to Group sales and plays a crucial role in the successful positioning of the Group's brands in the premium chocolate segment.

Over the course of 2018, the expansion of the retail network saw the opening of more than 50 new Shops, mainly in Germany, Canada, Brazil, and Japan. Another 11 Shops opened in top tourist destinations across the whole of Germany during the reporting period. The opening of three new Lindt Shops in the popular theme park near Rust, Europa-Park, was a special highlight. The retail network in Canada added another 8 Shops. In Italy, devoted Lindt fans made the pilgrimage to new Shops in Vienna, Siena and Bolzano.

« 460 Lindt Shops at prime locations across the globe with over 80 million visitors. »

The pace of expansion was particularly impressive in Japan, with 12 new Shops. Meanwhile in Brazil, the Lindt Boutique concept was extended to another 7 prime locations. The climax of the year was the opening of a new Lindt Boutique in New York right next to the Empire State Building.

In Lindt's own Shops, the brand is showcased in a distinctive visual design offering a vast selection of the best sellers: Lindor truffles and Excellence chocolate bars. They can be enjoyed all year round and are often accompanied by an exceptional range of gifts and exclusive products that are only available in Lindt Shops. In some Shops, Lindt fans can have their gifts personalized or watch the Master Chocolatiers at close quarters as they produce their exquisite creations. Lindt's own very attentive "Chocolate Advisors" are also on hand in some Shops to reinforce the premium quality of the Shops. Comprehensive staff training in products and service therefore continues to be a strong focus, so as to provide the perfect complement to the visitor's premium shopping experience.

Rest of the World

Okayama, Japan

One of twelve new Lindt Shops in Japan opened in the Okoyama prefecture.

Europe

Icon Outlet Center, O_2 Arena London, England

Lindt's world-famous brand ambassador, Roger Federer, along with Master Chocolatier Stefan Bruderer, attended the official opening of London's newest Chocolate Shop in the Icon Outlet Center at the O_2 Arena.

North America

Upper Canada Mall, Newmarket, Canada

A view inside the new Lindt Shop

Europe

Europa-Park, Rust, Germany

Lindt fans were spoilt for choice, with three new Lindt Shops opening in Germany's Europa-Park.

Corporate Governance

Group structure and Shareholders

Group structure

The Lindt & Sprüngli Group is globally active developing, producing, and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The market capitalization, based on 2018 year-end prices, is CHF 16.5 billion.

→ Security and securities listing numbers see page 93

The company's group structure is lean. While the Board of Directors handles management, strategy, and supervisory duties at the highest level, the Executive Chairman, the CEO and the Group Management members are responsible for operational management tasks.

→ Board of Directors see page 35
→ Group Management see page 41

The consolidation scope of Chocoladefabriken Lindt & Sprüngli AG includes national and international subsidiaries listed in the notes to the consolidated financial statements, along with details about these companies, such as name, domicile, share capital, participation, etc.

→ Details of subsidiaries see page 93

Chocoladefabriken Lindt & Sprüngli AG holds no interests in listed companies.

Major shareholders

Pursuant to a disclosure notification as of 30 August 2017, BlackRock Inc., New York, as parent company has a shareholding of 6,063 registered shares (with respect to 1,092 of the 6,063 registered shares, it has only the right to exercise the voting rights at its own discretion) or 4.46% of the company's share capital. According to the share register of Chocoladefabriken Lindt & Sprüngli AG as of December 31, 2018, the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", the "Lindt Cocoa Foundation", and the "Lindt Chocolate Competence Foundation", all in Kilchberg ZH, held, as a group, a total of 27,534 registered shares or 20.23% of the share capital and thus 20.23% of company voting rights (according to the last disclosure of November 25, 2013: 29,143 registered shares respectively 21.32% of the share capital and the voting rights).

During the year under review, no disclosure notices were publicized on the official notices section of the SIX Swiss Exchange platform. Details and disclosures of previous years can be found on the official notices page of SIX Swiss Exchange website:

https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html/

Chocoladefabriken Lindt & Sprüngli AG has no cross holdings.

Capital Structure

As of December 31, 2018, Chocoladefabriken Lindt & Sprüngli AG had the following capital structure:

Ordinary capital

The ordinary capital is composed of two securities types:

	2018
Registered shares *	CHF 13,608,800
Bearer participation certificates **	CHF 10,725,350
Total ordinary capital	**CHF 24,334,150**

* 136,088 registered shares, par value of CHF 100.– each
** 1,072,535 bearer participation certificates, par value of CHF 10.– each

The registered share has a voting right at the General Meeting; bearer participation certificates have no voting rights. Both types of shares have the same rights to dividends and proceeds of liquidation in proportion to their par value. All shares are fully paid in. No bonus certificates ("Genussscheine") were issued.

Authorized and conditional capital

The company has a conditional participation capital in a maximum amount of CHF 3,997,070, comprising a maximum of 399,707 bearer participation certificates with a par value of CHF 10.– each. Out of this maximum total amount, 145,257 participation certificates can be used for employee participation programs; up to 254,450 participation certificates can be used for capital market transactions. The subscription rights of shareholders and participation certificate holders are excluded. Further information about the conditional participation capital can be found in Article 4bis of the Articles of Association of the company, available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

The ordinary capital can be increased by way of the conditional participation capital by no more than 16.4% up to a maximum of CHF 28,331,220. There is no authorized capital besides the conditional capital.

Changes in capital

During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Ordinary capital

Year	Participation capital in CHF	Registered shares (RS) A) *	Share capital in CHF	No. of bearer participation certificates (PC) **
2016	13,608,800	136,088	10,131,360	1,013,136
2017	13,608,800	136,088	10,481,530	1,048,153
2018	**13,608,800**	**136,088**	**10,725,350**	**1,072,535**

Conditional capital

No. of bearer participation certificates (PC) **

Year	Total	Capital market PC	Employee PC
2016	459,106	254,450	204,656
2017	424,089	254,450	169,639
2018	**399,707**	**254,450**	**145,257**

Number of securities, status as at December 31
* Registered shares (RS), par value CHF 100.–
** Bearer participation certificates (PC), par value CHF 10.–

Restrictions regarding assignability and nominee entries

Both registered shares and participation certificates can be acquired without restrictions. According to Article 3, subsection 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4% of the total of registered shares as entered in the commercial register. Moreover, according to article 685d, subsection 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if, upon demand by the Board, the buyer does not formally state that the shares are purchased on his own behalf and for his own account.

According to Article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships related to one another through capital ownership, through voting rights or common management, or otherwise linked, as well as natural persons and legal entities or partnerships acting in concert in regard to a registration restriction, are considered to be one single shareholder. Based on article 3, subsection 9 of the Articles of Association, the Board of Directors may make exceptions to these provisions in special cases and adopt suitable provisions for the application of these rules. The implementing provisions for these rules are defined in the regulation of the Board of Directors on "Registration of registered shares and maintaining the share register of Chocoladefabriken Lindt & Sprüngli AG".

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/SHAREHOLDER_REGISTRY_REGULATIONS_2015_EN.PDF

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

According to these regulations, particularly (1) the intention of a shareholder to acquire a long-term interest in the company or (2) the acquisition of shares as part of a long-term strategic business relationship or a merger, together with the acquisition or allocation of shares on the occasion of the acquisition by the company of a particular asset, are treated as special cases within the meaning of article 3, subsection 9 of the Articles of Association.

In the year under review, no exceptions were granted. Based on long-term participation and with regard to the purpose of the Foundation, the Board of Directors already granted such an exception prior to the year under review for the 20.23% of the voting rights held as a group by the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", "Lindt Cocoa Foundation", and "Lindt Chocolate Competence Foundation", all in Kilchberg, ZH.

A nominee shareholder will be registered in the share register as a shareholder with voting rights only up to a maximum of 2% of the registered share capital as entered in the commercial register, if such nominee discloses – in writing – the name, address, domicile or seat, nationality, and shareholdings of those persons on whose account he holds the shares. Over the limit of 2%, the Board of Directors will enter the shares of a nominee as shares with voting rights in the shareholder register if such nominee discloses – in writing – the name, address, domicile or seat, nationality, and shareholdings of those persons for whose accounts he holds 0.5% or more of the then outstanding share capital. However, entry per trustor is limited to 4%, respectively to 10%, per nominee collectively. Article 3, subsection 7 of the Articles of Association, is also applicable to nominees.

The implementation rules are defined in the Regulations of the Board of Directors "Registration as nominee shareholder of Chocoladefabriken Lindt & Sprüngli AG".

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/REGISTRATION_AS_NOMINEE_EN.PDF

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

A revocation of these restrictions regarding assignability in article 3, subsection 6 of the Articles of Association requires a resolution by the shareholders at the General Meeting, with a voting majority of at least three quarters of the shares represented.

Outstanding options and convertible bonds

Options on bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details concerning the number of options issued and still outstanding with the corresponding terms and conditions are shown in the table below:

Year of allocation	**Number of options issued**	Strike price (CHF)	Running term	No. of rights exercised	No. of exercisable rights
2012	33,505	2,679	until 2019	32,597	908
2013	30,566	3,123	until 2020	26,540	4,026
2014	16,944	4,062	until 2021	9,612	7,332
2015	21,664	4,811	until 2022	4,704	16,960
2016	23,800	5,401	until 2023	0	23,800
2017	22,710	5,360	until 2024	0	22,710
2018	25,480	5,794	until 2025	0	25,480
Total	**174,669**			**73,453**	**101,216**

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised during a maximum term of seven years after the grant and are subject to a blocking period of three, four, and five years, respectively. The strike price is equivalent to a five-day average of the closing daily prices of the share on the Swiss stock market prior to the date of issue.

In 2018, a total of 24,382 of the above employee options were exercised (previous year: 35,017). Therefore, the "ordinary" participation capital was increased in 2018 by CHF 243,820 by the corresponding reduction in the "conditional" participation capital reserved for the employee participation programs. The 101,216 options outstanding as of December 31, 2018, not yet exercised, are equivalent to 4.2% of the total capital. There were no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

Board of Directors

Role and function

The Board of Directors makes decisions jointly and is assisted by Board committees in certain areas. The Board's primary function is to exercise the ultimate management of the Group; it makes strategic decisions and defines the general means for achieving the goals it has set, sets the General Meeting agenda and approves the annual and half-year reports, as well as the Compensation Report. Decisions regarding the appointment of members to Group Management and the managing directors of subsidiaries, as well as resolutions on shareholders' motions for the General Meeting, will be made by the full Board.

Members

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members according to article 17 of the Articles of Association. If the number of members falls below five, the minimum number of members must only be restored at the next ordinary General Meeting. As of December 31, 2018, the Board had six members. Ernst Tanner is Executive Chairman of the Board; all other members are non-executive members.

Name, function	First election	until
Ernst Tanner, Executive Chairman of the Board of Directors	1993	2019
Dr Rudolf K. Sprüngli, non-executive member	1988	2019
Antonio Bulgheroni, non-executive member	1996	2019
Dkfm. Elisabeth Gürtler, non-executive member	2009	2019
Dr Thomas Rinderknecht, non-executive member	2016	2019
Silvio Denz, non-executive member	2018	2019

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli S.p.A. until his retirement in April 2007. None of the non-executive Board members have in the past three financial years been actively engaged in the management of the Group or a Group company or have had business relations with the Group or any Group company.

Members of the Board of Directors are individually elected by shareholders at the General Meeting for a one-year term of office (until the conclusion of the next ordinary General Meeting). No limitation is placed on their re-election. If a member withdraws, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In this reporting year, five Board members have been re-elected for terms of one year until the conclusion of the next ordinary General Meeting. In addition, Silvio Denz was elected as a new member for a term of office of one year until the conclusion of the next ordinary General Meeting. Petra Schadenberg-Herrmann did not stand for re-election in the year under review and retired from the Board.

Ernst Tanner (CH) Mr. Tanner was elected CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. He is a member of the Corporate Sustainability Committee. He completed a commercial education and then attended business school in London and at Harvard. Before joining Lindt & Sprüngli, Mr. Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, last as Company Group Chairman Europe. Mr. Tanner has been a member of the Board of Directors of the Swiss Swatch Group since 1995, Vice Chairman of the Board of Directors since 2011, as well as member of the Compensation Committee since 2002 and Chairman of this Committee since May 2014. He also has a seat on the Advisory Boards of both the German Krombacher Brauerei GmbH & Co. KG and the Austrian SIGNA Group. As of September 30, 2016, Mr. Tanner resigned as CEO of the Lindt & Sprüngli Group and is since then Executive Chairman of the Board of Directors.

Board of Directors Lindt & Sprüngli AG

Silvio Denz, Antonio Bulgheroni, Dkfm. Elisabeth Gürtler, Ernst Tanner, Dr Thomas Rinderknecht and Dr Rudolf K. Sprüngli with their personal favourite Lindt product.

Dr Rudolf K. Sprüngli (CH) Mr. Sprüngli has been a member of the Board of Directors since 1988. He is the Chairman of the Compensation & Nomination Committee and the Corporate Sustainability Committee. He completed his studies with a doctorate in economics. Due to his former executive activities for the Group and for an international premium food-trading company, Mr. Sprüngli is an expert authority in the chocolate business. Today, he manages his own consulting firm. Mr. Sprüngli is also a member of the Council of the British-Swiss Chamber of Commerce, a member of the Board of Directors of Peter Halter Liegenschaften AG, an Advisory Board member at the lnstitut für Wirtschaftsberatung as well as Chairman of Freies Gymnasium Zurich.

Antonio Bulgheroni (IT) Mr. Bulgheroni has been a member of the Board of Directors since 1996 and was Lead Director from February 2009 until end of September 2016. He currently serves on the Audit Committee and Compensation & Nomination Committee. His extensive company management experience in every area of the chocolate business makes Mr. Bulgheroni a highly respected international expert in the chocolate industry. From 1993 until his retirement in April 2007 he was CEO of Lindt & Sprüngli S.p.A. Since then, he has been Chairman of the Board of Lindt & Sprüngli S.p.A. and Caffarel S.p.A., the two Italian subsidiaries of the Group. Mr. Bulgheroni, who holds the Order of Merit for Labor of the Italian Republic, is a member of the Board of Directors of the L.I.U.C. University, as well as the Chairman of the Board of Directors of Bulgheroni S.p.A.

Dkfm. Elisabeth Gürtler (AT) Ms. Gürtler has been a member of the Board of Directors since 2009 and is currently a member of the Compensation & Nomination Committee as well as the Audit Commitee. She completed her business science studies with a master's degree, then built up an outstanding reputation, particularly as director of the world-famous Sacher Hotels in Vienna and Salzburg, in an area where premium quality plays a key role. From 1998 till 2012, Ms. Gürtler was a member of the Supervisory Board of Erste Group Bank AG. She was a member of the general council of the Austrian National Bank from 2004 to 2014 and is currently member of the Board of Directors of ATP Planungs- und Beteiligungs AG in Innsbruck.

Dr Thomas Rinderknecht (CH) Mr. Rinderknecht has been a member of the Board of Directors since April 2016 and is currently Chairman of the Audit Committee. He has a PhD in law and was admitted to the Bar in the Canton of Zurich in 1982. From 1984 onwards he worked as a freelance commercial attorney before becoming Senior Partner with the law firm Badertscher Rechtsanwälte AG, Zurich and Zug as of 2009. Since 1984 Mr. Rinderknecht has had numerous directorships on the boards of various unlisted companies in the healthcare/pharmaceutical/biotech branches and in the media, as well as in the industrial sector. With his background as a commercial attorney, Mr. Rinderknecht's legal expertise is of particular benefit to the Board of Directors.

Silvio W. Denz (CH) Mr. Denz has been member of the Board of Directors since May 2018 and is currently member of the Corporate Sustainability Committee. He is an entrepreneur active in the fields of luxury goods, wine, restaurants, hotels, art, and real estate. After a commercial training and professional positions in the financial, commercial, and marketing sector in Switzerland and in the USA, in 1980 he took over the management of Alrodo AG in Zurich and developed it into the largest perfumery chain in Switzerland. In 2000, he founded Lalique Group SA (formerly Art & Fragrance SA), a company active in the creation, marketing, and worldwide distribution of luxury goods, to which crystal manufacturer Lalique has belonged since 2008. Mr. Denz oversees the Group, which is listed in Switzerland, as Chairman of the Board of Directors and is its principle shareholder. He is also a member of different non-listed Swiss investment companies.

Number of activities permitted outside the Group

The number of mandates in senior managing bodies and boards of directors of legal entities outside the Group – which are to be entered in the Swiss commercial register or in a comparable foreign register – is according to article 19, paragraph 3 item 1 of the Articles of Association restricted for the members of the Board of Directors to: four mandates in listed companies, ten mandates in non-listed companies, and fifteen mandates in other legal entities, such as foundations and associations.

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

Internal organization

The General Meeting elects together with the members of the Board of Directors the Chairman of the Board of Directors and the members of the Compensation Committee. In other respects, the Board of Directors constitutes itself.

If the Chairman resigns from the Board before the end of the term of office, the Board of Directors appoints a Chairman from among its members until election at the next General Meeting. Should one or more members of the Compensation Committee retire early, the Board of Directors can appoint substitutes from among its members until the conclusion of the next General Meeting.

The Chairman presides over the General Meeting, represents the company externally and procures together with the CEO and the members of Group Management timely information to the Board of Directors on all matters important for decision-making and the monitoring of significant Group concerns. He is responsible for preparing all matters to be dealt with by the Board of Directors, placing them on the agenda, and for convening and chairing Board of Directors' meetings. In addition, the Executive Chairman of the Board of Directors assumes the following tasks:

- Representation and positioning of the Lindt & Sprüngli Group towards the public, the authorities, and the company shareholders (communications) unless the Executive Chairman of the Board of Directors delegates this task to the CEO after internal consultation between himself and the CEO;
- Representation and positioning of the Lindt & Sprüngli Group towards the public, the authorities, and the company shareholders (communications) unless the Executive Chairman of the Board of Directors delegates this task after internal consultation between himself and the CEO of the Lindt & Sprüngli Group to the CEO;
- Responsibility for the long-term strategic direction of the Lindt & Sprüngli Group and specific strategic projects, including transactions;
- Supporting important alliances and strategic partnerships;
- Positioning the Lindt & Sprüngli Group in the area of communications and marketing;
- Overall responsibility for corporate culture;
- Additional tasks are derived from the Allocation of Competences and the resolutions passed by the Board of Directors.

The CEO, together with the Group Management, is entrusted with the task of managing the business. The CEO presides over Group Management and coordinates in close collaboration with the Executive Chairman of the Board of Directors on the most important decisions. Further details about the tasks of the CEO and Group Management can be found on page 40 of this Annual Report.

The Board of Directors meets regularly – as often as business requires – but at least four times a year. Meetings are convened by the Chairman, or by another member of the Board of Directors appointed to substitute him. Each member of the Board of Directors is authorized to ask for a meeting to be convened without delay; the purpose must be stated.

The Chairman or, in his absence, another member of the Board of Directors appointed to substitute him, presides over the meeting. Along with members of the Board of Directors, the meetings may also be attended by members of Group Management and other non-members. In the year under review, four regular meetings and two telephone conferences were held; all members were present at each of them. The regular meetings lasted around three hours. The telephone conferences lasted around one hour. Members of Group Management regularly attended these meetings, in compliance with exclusion principles. No external consultants took part in meetings of the Board of Directors.

Committees of the Board of Directors

The Chairman of the Board of Directors and the Board of Directors are assisted in their work by three committees: the Audit Committee, the Compensation & Nomination Committee and the Corporate Sustainability Committee. The Board of Directors may decide at any time – through a majority decision – to set up further committees. Until that time, all other tasks of the Board of Directors will continue to be performed by the whole Board of Directors. The committees meet upon the invitation by their chairman as often as business requires, usually immediately before or after an ordinary meeting of the Board of Directors. Otherwise, the rules applicable to the Board of Directors apply mutatis mutandis to the meetings of the committees.

Audit Committee
The Audit Committee consists of at least three non-executive, independent members of the Board of Directors. Of these, at least two must possess substantial experience in finance and accounting. The CFO has a consultative vote in the committee. As of December 31, 2018, members of the Committee were: Dr Thomas Rinderknecht (Chairman), Antonio Bulgheroni and Dkfm Elisabeth Gürtler. The members of the committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The Audit Committee supports the Board of Directors in its function of strategic supervision, particularly with respect to the main areas of audit, complete presentation of the financial statements/audit findings, compliance with statutory requirements and the services of external auditors. In addition, the committee assesses financial reporting expediency and effectiveness of the internal control systems and ensures ongoing communication with external auditors. It also constantly scrutinizes the Group's risk management principles and appropriateness of risks taken, especially in the areas of investments, currencies, raw-material procurement, and liquidity.

The Audit Committee makes recommendations to the Board of Directors for important decisions in areas discussed above, such as approval of risk management principles, adoption of the annual accounts statement, or proposals for the appointment of the statutory auditor. The committee itself has, except for the enactment and amendments of the Group Approval Policy, no decision-making powers. It may, however, decide independently to entrust the auditor with special assignments and approve the fee budget for audit tasks submitted by the external auditors.

The committee meets as often as business requires, but at least four times a year. In the year under review, four regularly scheduled meetings were held; all members were present at each of them.

The meetings generally lasted around two hours, with members of Group Management regularly attending. Auditors attended one meeting of the Audit Committee. Auditors' direct access to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Audit Committee.
→ Information on auditors see page 45

Compensation & Nomination Committee
The Compensation & Nomination Committee generally consists of three and of a maximum of five members of the Board of Directors, the majority of whom shall be non-executive and independent, each of whom is elected by the General Meeting for a term of office of one year until the end of the next ordinary General Meeting. As of December 31, 2018, Committee members were: Dr Rudolf K. Sprüngli (Chairman), Antonio Bulgheroni, and Dkfm. Elisabeth Gürtler.
→ Information on responsibilities of the Compensation & Nomination Committee see Compensation Report page 48

Corporate Sustainability Committee
The Corporate Sustainability Committee generally consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board. As of December 31, 2018, Committee members were: Dr Rudolf K. Sprüngli (Chairman), Ernst Tanner, and Silvio Denz.

The Corporate Sustainability Committee supports the Board of Directors in setting the strategic direction for company activities, while aiming for comprehensive sustainable management. It has decision-making power in connection with the definition of the sustainability strategy, monitors its implementation and approves sustainability projects. It is also responsible for the development and adaption of all globally valid corporate policies in this area and monitors compliance in legal aspects. It meets as often as business requires, at least once a year. One regularly convened meeting took place in the year under review and lasted about two hours. The CEO and the CFO attended this meeting. No external consultants were present at this meeting.

Allocation of competences
The essential principles for the allocation of competences and responsibilities among the Board of Directors and Group Management are set forth in the Organizational Regulations. Below is a summary of the basic rules:

Board of Directors
- Performs the inalienable statutory tasks. The Board of Directors is therefore responsible for strategic management of the company, giving necessary instructions and supervising Group Management.
- Determines strategic, organizational, accounting, and financial planning guidelines.

- Changes to the legal structure of the Group (especially incorporation of new subsidiary companies, acquisitions, joint ventures, as well as liquidation of companies).
- Appointment and dismissal of the CEO, secretary, and Members of Group Management and Chief Executive Officers of subsidiary companies.
- Approves the budgets for the Group and the individual subsidiaries.

The Board of Directors has assigned the Management of day-to-day business to the CEO and Group Management.

CEO
The CEO is the Chairman of Group Management and further responsible for procurement and forwarding of information to Group Management, the Executive Chairman of the Board of Directors, and the members of the Board of Directors. The CEO must also ensure that the decisions and instructions of the Board of Directors are executed by Group Management. Last, but not least, he is responsible for managing the operational business of the Group within the framework of its strategic objectives and for planning the overall business and for reporting within the Group.

Group Management
Group Management is responsible for the implementation of Group strategies. In addition, the individual members of Group Management must lead their allocated functional and responsibility areas within the framework of the Group policy in compliance with instructions given by the CEO and the Executive Chairman of the Board of Directors. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific areas.
→ For details on members of Group Management see page 41

Extended Group Management
The Extended Group Management of Chocoladefabriken Lindt & Sprüngli AG was merged with Group Management on January 1, 2017.

Information and control instruments
The Board of Directors is kept regularly informed about all important matters relating to the Group's business activity. The CEO and members of Group Management attend Board of Directors' meetings and report on the ongoing course of business, important projects, and events. Extraordinary occurrences are immediately brought to the attention of the members of the Board of Directors. To obtain an accurate and direct picture of local market situations, the Board of Directors regularly visits national companies and meets with local business management.

The Board of Directors is kept informed in writing on a regular basis through an extensive and complete Management Information System (MIS) covering profit and loss, balance sheets, cash flow, investments and personnel, of the Group and the individual subsidiaries. The information is provided on both a historical basis and as a year-end forecast.

Furthermore, members of the Board of Directors receive, on an annual basis, a detailed overall budget, together with a three-year medium-term plan with forecasts for future development of individual subsidiaries and the consolidated group of companies, covering profit and loss, balance sheet, cash flow, investments, and personnel. Furthermore, an annually updated Group-wide analysis of strategic, operational, and financial risks – including assessments, as well as actions taken to limit risks, and responsibilities – is also submitted to the Board of Directors.

In order to assess the Group risk parameters, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw-material procurement, and liquidity (risk control reporting). Members of Group Management regularly attend Audit Committee meetings. The Group has no internal audit department; thus, the internal financial control system, management information and risk management reporting of the Group is given very special attention.

Each year, a report is submitted to the Audit Committee on the internal financial control processes in the various corporate functions of subsidiary companies (IT, Procurement, Production, Sales, Salary payments, Treasury, HR, and Financial Reporting). The Group determines minimum financial controls for the subsidiaries; compliance with them and their documentation is reviewed. Within the framework of the yearly audit, the Audit Committee may charge the auditors with special assignments, which go above and beyond legal and statutory requirements.

Group Management

As of December 31, 2018, Chocoladefabriken Lindt & Sprüngli AG's Group Management had seven members:

Name, responsibility	At Lindt & Sprüngli since
Dr Dieter Weisskopf Chief Executive Officer	1995
Martin Hug Chief Financial Officer	2004
Andreas Pfluger* Country Responsibility	1994
Rolf Fallegger Country Responsibility, International Marketing	1997
Dr Adalbert Lechner Country Responsibility, Global Retail	1993
Alain Germiquet Country Responsibility, International Sales	2007
Guido Steiner Group Operations	1990

* Andreas Pfluger stepped down from Group Management as per December 31, 2018.

Dr Dieter Weisskopf (CH) lic. rer. pol. — Mr. Weisskopf started his career at Swiss Union Bank. After gaining additional experience in the banking sector in South America, he then changed to the food industry, joining the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the area of finance, latterly as CFO in Canada and Switzerland. Mr. Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration, IT, Purchasing and Sustainability. Since 2004, he has also been responsible for manufacturing. As of October 1, 2016, he took over as CEO of the Lindt & Sprüngli Group and is responsible for Group Legal & IP, Group Communications and Group HR.

Martin Hug (CH) Economist, MA — Mr. Hug started his career in various roles with a leading global coffee trading company in Latin America (Costa Rica, Ecuador, and Honduras), latterly as Finance Director in Costa Rica, before he joined Lindt & Sprüngli (International) AG in 2004 as Senior Controller. Only a short time later he was promoted to CFO at Lindt & Sprüngli UK. From 2011 to the end of 2016 he held the position of CFO at Ghirardelli Chocolate Company in California (USA) in the USA. As of January 1, 2017, he has been Group CFO and a member of Group Management, where he is responsible for Finance, IT, Purchasing and Sustainability.

Andreas Pfluger (CH) lic. rer. pol. — Mr. Pfluger began his career with Unilever in Switzerland before joining Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1994. In 1997, he took over responsibility as CEO for building up the subsidiary in Australia. He then held further positions as CEO of the French subsidiary and of the Ghirardelli Chocolate Company in California (USA). In 2011, he returned to Swiss headquarters to become a member of the Extended Group Management and was promoted to member of Group Management in 2013, where he is responsible for the integration of the American company Russell Stover and the development of specific markets. He retired on December 31, 2018, and stepped down from Group Management.

Rolf Fallegger (CH) lic. oec. HSG — Mr. Fallegger began his career in 1991 in marketing with Procter & Gamble in Geneva, the UK, and Belgium. He joined Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1997. He was then appointed CEO of the Lindt & Sprüngli subsidiary companies in the UK and France. In 2009, he returned to Swiss headquarters and was a member of the Extended Group Management from 2011 to 2014. In 2014, he was promoted to member of the Group Management, where he is responsible for the development of specific markets as well as International Marketing, International Digital and International Consumer & Market Intelligence.

Dr Adalbert Lechner (AT) PhD in Law — After receiving his doctorate in law, Mr. Lechner held several management positions in marketing and sales with L'Oréal and Johnson & Johnson. He joined the Lindt & Sprüngli Group as CEO of the Austrian subsidiary company in 1993. He has been CEO of the German subsidiary Chocoladefabriken Lindt & Sprüngli GmbH since 1997. He was a member of Extended Group Management from 2011 until 2016. As of January 1, 2017, he is a member of Group Management, where he is responsible for the development of specific markets and Global Retail.

Alain Germiquet (CH) lic. oec. — Mr. Germiquet started his career in the Sales division of two notable mineral oil companies before joining Hiestand in 1999, where he was promoted from Marketing Director to Managing Director in a short time. In 2005, he became Commercial Director at Nestlé and in 2007, he joined Lindt & Sprüngli first as CEO of Lindt & Sprüngli UK and then as CEO of Lindt & Sprüngli France from 2009 to 2016. On January 1, 2017, he joined Group Management, where he is responsible for the development of specific markets and International Sales.

Guido Steiner (CH) Dipl. Lm-Ing. ETH — Mr. Steiner began his career as assistant at the Chair for Business Administration at ETH in Zurich. In 1990, he joined Lindt & Sprüngli as Assistant Manager Group Production Planning. Two years later he was promoted to Group Production Planning Manager. From 1998 until 2003 he was Vice President Operations at Lindt & Sprüngli USA. In 2003 he returned to headquarters as Vice President Operations. As of January 1, 2017, he is member of Group Management and continues to be in charge of Group Operations.

In addition to the above-mentioned assignments, members of Group Management are currently not active in other major national and international management or supervisory bodies. They also hold neither managing or consulting functions with major Swiss or foreign interest groups, nor do they hold public functions or political office. There are no management agreements regarding management functions between the Lindt & Sprüngli Group and legal entities or natural persons outside the Group.

Number of permitted activities outside the Group

The number of mandates in senior management bodies and boards of directors of legal entities outside the Group – which are to be entered in the Swiss commercial register or in a comparable foreign register – is according to article 19, paragraph 3 item 2 of the Articles of Association restricted for members of Group Management – always subject to approval by the Board of Directors – to not more than two mandates in listed companies, five mandates in non-listed companies, and fifteen mandates in other legal entities such as foundations and associations.

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E_1.2.2018.pdf

Compensation, Equity participation and Loans

→ Details Compensation Report see page 47

Group Management


Dr Dieter Weisskopf


Martin Hug


Andreas Pfluger


Rolf Fallegger


Dr Adalbert Lechner


Alain Germiquet


Guido Steiner

Shareholders' rights of participation

Restrictions of voting rights and proxy

The transferability of registered shares and consequently the recognition of an acquirer of registered shares as a shareholder with voting rights, as well as the registration of nominees as shareholders with voting rights are subject to certain restrictions. According to article 3, subsection 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to an acquirer of shares to the extent the number of registered shares held by that acquirer exceeds 4% of the total number of registered shares as entered in the commercial register. Details regarding the restrictions placed on the transferability of registered shares, limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, may be found on page 33 of this Annual Report and in the respective regulation of the Board of Directors "Registered Share and Shareholder Registry Regulations Lindt & Sprüngli AG".

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/SHAREHOLDER_REGISTRY_REGULATIONS_2015_EN.PDF

According to article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, through shares held or shares represented, more than 6% of the votes of the existing share capital when exercising voting rights at the General Meeting. Natural persons or legal entities, which are linked to each other either by number of shares, pooling of votes, or similar actions or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may make exceptions from the voting rights restrictions. In the reporting year, the Board of Directors granted no such exception.

The voting rights restriction does not apply to the exercise of voting rights by the independent proxy and by shareholders who are registered with more than 6% of the voting rights in the share register. Because the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation", and "Lindt Chocolate Competence Foundation", all Kilchberg ZH, have been entered as a group in the share register with a shareholding interest of more than 6%, the voting rights restriction does not apply to them.

A revocation of the statutory restrictions of voting rights requires a resolution of the General Meeting of shareholders with a three-quarter majority of the shares represented. Pursuant to Art. 12, paragraph 2 of the Articles of Association, a shareholder may be represented at the General Meeting by another shareholder or by the independent proxy on the basis of a written power of attorney. A general instruction may be given for voting either on motions announced or unannounced in the invitation.

Statuary quorum

The General Meeting passes its resolutions by an absolute majority of the votes cast, not including abstentions, unless the Articles of Association or the law provide otherwise. According to Art. 15, subsection 3 of the Articles of Association, amendments of the Articles of Association concerning a change in the company's registered office, the conversion of registered shares into bearer shares, the transfer of registered shares, representation of shares at the General Meeting, the amendment of Art. 15, subsection 3 of the Articles of Association, as well as the dissolution or a merger of the company require a three-quarter majority of the shares represented.

Announcement of the annual General Meeting, agenda and share register

Shareholders are invited to the General Meeting by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss Official Gazette of Commerce.

A shareholder who is registered in the share register with at least 2% of the share capital of the company may request that an item be placed on the agenda. Such a request must be made in writing to the Board of Directors at the latest 60 days before the General Meeting and shall specify the agenda items and the proposals made. The request and proposal must be brought before the General Meeting, together with a recommendation by the Board of Directors.

Requests made within the scope of the agenda items do not need prior announcement. In the invitation to the General Meeting, the Board of Directors indicates according to article 13 of the Articles of Association the cut-off date for registration in the share register, which is relevant for the entitlement to attend and to exercise voting rights.

Change in control and defensive measures

In the event of a change in control of the company, employee options granted can be exercised without observing the three-to-five-year blocking period. The rules regarding change in control are also applicable in case employees are leaving the company. Other than that, there are no special agreements concerning a change in control in favor of either the members of the Board of Directors, Group Management, or any other company management members. The Articles of Association contain no provision regarding "opting out" or "opting up" pursuant to article 125 and 135 FinfraG.

Auditors

Mandate

The General Meeting appointed PricewaterhouseCoopers AG, Zurich, for the first time as its statutory auditor in April 2002. According to the Articles of Association of the company, the auditors must be newly appointed or confirmed, respectively, each year by the General Meeting. The 2018 reporting year is the sixth year for the responsible lead auditor (in charge since 2013). Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not hold office for more than seven years. The responsible lead auditor will therefore not be allowed to serve after the end of the financial year 2019 at the latest.

Audit fee

The total audit fees billed by the audit company in the reporting year 2018 amounted to CHF 1.8 million.

Additional fees

The total sum of additional fees – mainly related to tax and EDP advice – billed by the audit company in the reporting year 2018 amounted to CHF 0.2 million.

Supervisory and controlling bodies

Supervision and control regarding the assessment of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the entire Board of Directors in this task. The committee also ensures the ongoing communication with the auditors and regularly discusses with their representatives the results of audit activities in the accounting areas, as well as suitability of the internal control systems. Before the interim audit, the auditors prepare an audit plan, which is then submitted to Audit Committee members. Based on an analysis of current business and audit risks, the main points to be audited are proposed in this plan. The audit plan is approved by the Audit Committee and then also by the Board of Directors. The appropriateness of the audit fee, as well as possible additional fees for "non-audit" services, are also reviewed on this occasion. The report on the final audit of the annual financial statements is submitted to all members of the Board of Directors. It is first discussed in the Audit Committee with the auditors and then finally approved by the whole Board of Directors at the meeting or in the circular resolution, respectively, regarding the adoption of the Annual Report. In 2018, the auditors attended one meeting of the Audit Committee. Auditors' direct access to the Audit Committee is guaranteed at all times. Information about the organization and scope of duties of the Audit Committee can be found on page 39 of this Annual Report.

Shareholder information

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

Mid-January	Net sales of the previous year
Early March	Income statement and full-year results
Early May	Annual General Meeting
End of July	Half-year Report

→ For details refer to "Information" on page 146

The statutory publication organ is the Swiss Official Gazette of Commerce. Information about the company is also published and processed by selected media and leading international banks. All data about the business is also available on the company website. Company press releases can also be found on that website. For news and ad hoc communications, a push system is available on the company website.

http://www.lindt-spruengli.com/media/

Interested parties can obtain a free copy of the Annual Report, as well as the Compensation Report of Chocoladefabriken Lindt & Sprüngli AG from the Group headquarters at Seestrasse 204, 8802 Kilchberg.

For further information, contact the Investor Relations Department of the Group on phone number +41 44 716 25 37 or via e-mail investorrelations-in@lindt.com.

Compensation Report

Dear Shareholders

On behalf of the Compensation & Nomination Committee, I welcome this opportunity to present the Compensation Report for the financial year 2018.

At the 2015 General Meeting, the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (VegüV) – incorporated in the Articles of Association at the 2014 General Meeting – was implemented for the first time. Since then, separate votes are taken on the maximum combined compensation for Board of Directors members up to the next scheduled General Meeting, and the maximum compensation for Group Management is approved prospectively for the forthcoming financial year. In a consulting vote, the Compensation Report is also submitted to shareholders for approval.

This Compensation Report is structured as follows:

- **I. Compensation governance**
- **II. Compensation for the Board of Directors**
- **III. Compensation for Group Management**
  - **i. Compensation principles**
  - **ii. Compensation system**
  - **iii. Compensation elements**
  - **iv. Compensation**
- **IV. Employment contracts**
- **V. Participation**
- **VI. Additional fees, compensation, and loans to company officers**
- **VII. Compensation to former members**

The Board of Directors is convinced that this 2018 Compensation Report gives you, our valued shareholders, a comprehensive and integral overview of compensation for upper management at Lindt & Sprüngli Group.

Dr R. K. Sprüngli
Chairman of the Compensation & Nomination Committee

Compensation report 2018

This Compensation Report describes the underlying principles governing compensation for the senior management of the Lindt & Sprüngli Group. The information provided refers to the financial year ending December 31, 2018. The Compensation Report also incorporates the disclosure obligations set out in Art. 14 ff. VegüV and Art. 663c OR, the revised provisions of Chapter 5 of the Corporate Governance Directive of the SIX Swiss Exchange and the revised recommendations of Economiesuisse "Swiss Code of Best Practice for Corporate Governance" in its last published version, February 29, 2016.

I. Compensation Governance

Article 24bis of the Articles of Association of Lindt & Sprüngli allocates the following tasks and competencies for the Compensation & Nomination Committee (CNC):

"*The Compensation & Nomination Committee shall concern itself with compensation policies, particularly at the most senior levels of the company. It shall have the tasks, decision-making powers, and authority to present motions accorded to it by the organizational regulations and the Compensation Committee regulations. In particular, it shall assist the Board of Directors in determining and evaluating the remuneration system and the principles of remuneration, and in preparing the proposals to be presented to the General Meeting for approval of remuneration pursuant to Art. 15bis of the Articles of Association. The Compensation & Nomination Committee may submit to the Board of Directors proposals and recommendations in all matters of remuneration.*"

Governed by the corresponding bylaw, the responsibilities of the CNC thus also include the approval of employment contracts for Group Management members and the submission of proposals to the Board of Directors on the employment contract for the CEO for approval. The CNC also submits proposals to the Board of Directors for motions relating to compensation to be approved by the General Meeting and for any occupational benefits and pensions of the company or of its subsidiary companies – outside the scope of occupational benefits and similar schemes abroad – granted to members of the Board of Directors and Group Management within the limits defined by the Articles of Association. The CNC is also responsible for drawing up a proposed Compensation Report text to be reviewed and approved by the Board of Directors.

Within the framework of the compensation principles, Articles of Association, and resolutions of the General Meeting, the CNC determines the amount and composition of compensations for individual members of Group Management and submits proposals to the full Board on the individual compensation of the CEO and the members of the Board of Directors. Individual members of the Board of Directors and Group Management are excluded from these negotiations, and from voting, when their own compensation is affected. Once a year, the CNC informs the Board of Directors about the procedure for compensation determination and the outcome of the compensation process. The CNC meets at least twice each year; three regular meetings were held in the year under review. The CNC has general authority to call in external consultants to perform its tasks. Last year, the advisory services of a well-known consultant were used in connection with the benchmarking of the compensation paid to the Executive Chairman and Group Management, this was the only project involving work with this consulting firm.

Compensation approval system

	CEO	CNC	Board of Directors	General Meeting
Maximum combined compensation Board of Directors		Proposal to BoD	Proposal to GM	Decision (prospective)
Individual compensation Board of Directors		Proposal to BoD	Decision	
Maximum combined compensation Group Management	Proposal to CNC	Proposal to BoD	Proposal to GM	Decision (prospective)
Individual compensation CEO		Proposal to BoD	Decision	
Individual compensation for rest of Group Management members	Proposal to CNC	Decision		
Consultative vote on Compensation Report		Proposal to BoD	Proposal to GM	Decision (retrospective)

II. Compensation for the Board of Directors

The members of the Board of Directors receive compensation in the form of a fixed fee. The entire compensation for the past term of office is paid out in cash after the General Meeting, in accordance with the table below. This compensation releases the Board of Directors from potential conflicts of interest in the assessment of corporate performance.

The same fixed flat-rate fee was paid to the non-executive members of the Board for the term of office 2017/2018 and is paid for the term of office 2018/2019: CHF 145,000 each. The Executive Chairman of the Board of Directors received a flat-rate fee of CHF 2,260,000 for the term of office 2016/2017 (January–December 2017). For the term of office 2017/2018 he received a flat-rate fee of CHF 4 million, whereof CHF 1 million in restricted shares.

The following compensation was effectively paid to the members of the Board of Directors in the financial years 2017 and 2018:

Compensation of the Board of Directors (audited)

CHF thousand	Function on 31.12.2018	2018 Fixed cash compensation[1]	2018 Other compensation[3]	2017 Fixed cash compensation[1]	2017 Other compensation[3]
E. Tanner	Executive Chairman of the Board since October 1, 2016, and member of the CS Committee[2]	4,000	22	2,260	25
A. Bulgheroni	Board member, member of the Audit, and CNC Committee	145	43	145	40
Dkfm. E. Gürtler	Board member, member of the Audit, and CNC Committee	145	12	145	12
Dr R. K. Sprüngli	Board member, Chairman of the CNC and the CS Committee	145	14	145	14
P. Schadeberg-Herrmann[4]	Board member, member of the Audit Committee	145	5	145	13
Dr T. Rinderknecht	Board member, Chairman of the Audit Committee	145	14	145	14
S. Denz[5]	Board member, member of the CS Committee	–	–	–	–
Total		**4,725**	**110**	**2,985**	**118**

1 Total compensation in the form of a fee respectively compensation for E. Tanner for the year 2018 (January–December) as Executive Chairman of the Board as well as for the year 2017 (Board fee plus additional compensation as Executive Chairman of the Board from April–December 2017.
2 CS Committee: Corporate Sustainability Committee.
3 AHV share of the employee on fees paid by the employer (including that of the employer, that establishes or increases social insurance or pension contributions). The compensation shown for 2018 paid to E. Tanner includes flat-rate expenses of CHF 18,000 (previous year: CHF 12,000). A. Bulgheroni also received a gross fee of CHF 30,000 (previous year CHF 29,000) for his function as Chairman of the Board of Lindt & Sprüngli S.p.A and Caffarel S.p.A. P. Schadeberg-Herrmann received a fee of CHF 5,000 (previous year CHF 13,000) for her consulting function at Lindt & Sprüngli (Austria) GmbH (January–April 2018).
4 P. Schadeberg-Herrmann resigned at the General Meeting 2018.
5 Election at General Meeting 2018. Fee will be paid in May 2019.

The amount of CHF 5.3 million approved by the General Meeting of April 20, 2017, as the maximum combined compensation for the Board of Directors for the period up to the General Meeting of 2018 was not exceeded. The amount of CHF 5.3 million approved by the General Meeting of May 3, 2018, as the maximum combined compensation for the Board of Directors for the period up to the General Meeting of 2019 was approved and will not be exceeded either. The amount effectively paid out will be disclosed in the Annual Report 2019.

No loans and credits were granted to current or past executive and non-executive members of the Board of Directors.

III. Compensation for the Group Management

i. Compensation principles

Compensation plays a central role in staff recruitment and retention, thus influencing the company's future success. Lindt & Sprüngli is committed to performance-based compensation in line with the market and designed to reconcile the long-term interests of shareholders, employees, and customers. The compensation system at Lindt & Sprüngli has five main aims:

1. long-term staff motivation,
2. creating long-term retention of key employees,
3. establishing an appropriate relationship between the compensation and results,
4. ensuring that management activity reflects owners' long-term interests; and
5. attracting talent and enhancing the company's reputation as a good employer to work for.

Lindt & Sprüngli attaches great importance to staff retention; this manifests itself particularly in the extraordinarily low turnover rate over a period of many years. This is particularly important for a premium product manufacturer with a long-term strategy. Compensation principles at Lindt & Sprüngli are meant to have a medium and long-term impact and be sustainable. Continuity is a high priority.

ii. Compensation system

Compensation for members of Group Management consists of a combination of basic salary, cash bonus, participation certificate or option-based compensation and ancillary benefits consistent with their respective position. Fixed compensation essentially reflects the particular grade, powers, and experience of the members of Group Management. The cash bonus is tied to performance targets for the financial year, while compensation in share options or equity-like instruments, strengthens the focus on shareholders within Group Management and reconciles the long-term interests of the Management with those of the shareholders.
Compensation in share options with a vesting period of three years until they can be exercised, promotes the long-term focus so important in the consumer goods industry and has been a major pillar of the company's development in recent years. The following table shows the particular bonus target as a percentage of basic salary, and the accompanying target attainment bandwidth as a percentage of the bonus target. The bandwidth for possible option allocations is expressed as a percentage of the fixed compensation in each case.

Composition of Group Management variable compensation

	Fixed compensation	Variable compensation		
		Cash bonus		Options[1]
	Base salary	Target bonus in % of base salary	Target attainment range as % of target	Options as % of base salary
CEO	100%	100%	0–200%	0–200%
Group Management	100%	30–90%	0–200%	0–200%

1 Options on participation certificate

The amount of target compensation is guided by the requirements and responsibility of the beneficiaries and is regularly reviewed within the Group through horizontal and vertical comparisons. When new appointments are made, the CNC also analyses comparable data for the consumer goods sector, with reference to the specific vacancy for the appointment.

In the financial year 2018, compensation for Group Management was reviewed by benchmarking. Here, the compensation level and its structure were compared with twelve industrial companies from the SMI and SMIM that were similar in terms of market capitalization and sales. In addition, the long-term corporate performance of Lindt & Sprüngli was determined by comparison with the peer group to obtain an assessment representing a "Pay for Performance" analysis. In addition, a benchmarking exercise was carried out, with the support of specialist consultants, with respect to the position of Executive Chairman and Group Management compensation.

iii. Compensation elements

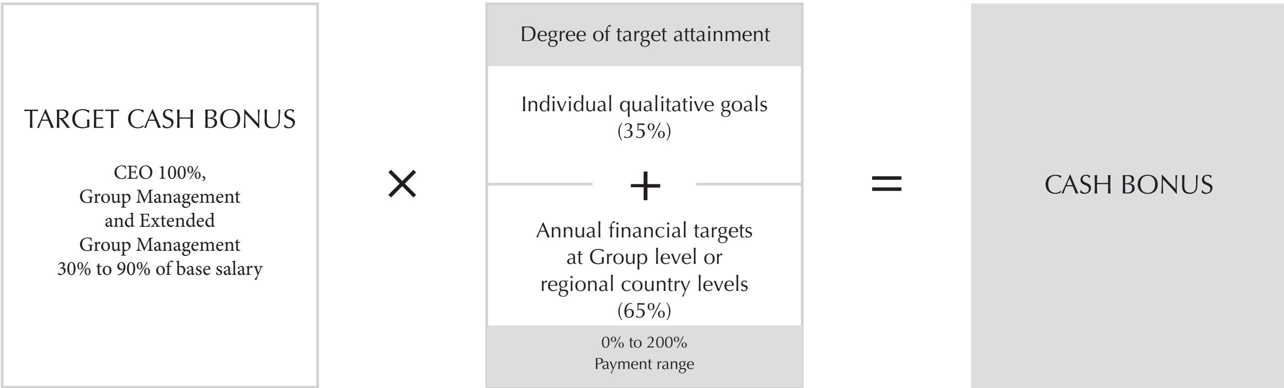
Basic salary and other compensation
The basic salary is paid out in twelve or thirteen equal monthly cash installments. In addition, members of Group Management receive other compensation and ancillary benefits, including entitlement to a company vehicle and participation in pension plans.

Cash bonus
The cash bonus is determined by multiplying the individual target cash bonus by a target attainment factor, determined by a scorecard. For the CEO and members of Group Management, this factor is determined largely by the attainment of financial targets for the year at Group level and, to a lesser extent, by the attainment of personal annual qualitative targets set at the CNC's discretion. The financial targets are determined annually and correlated with the long-term strategy, with the goal of achieving sustainable organic sales growth accompanied by continuous improvement in profitability. Non-financial targets are guided by the individual function and relate to strategy implementation and to defined management and conduct criteria.

For the members of Group Management who have responsibility at regional or national level, regional and national financial targets are also considered, along with Group targets.

As the following illustration shows, target cash bonuses for the CEO and members of Group Management are multiplied by each member's achievement of the target, which ranges from 0% to 200% (maximum figure in excess of the set target). In other words, the cash bonus paid out is limited to twice the target cash bonus.

Calculation of the cash bonus for the CEO and Group Management



Option plan

The option plan enables Group Management, as well as selected key employees with expert knowledge, to participate in the long-term increase of the corporate value. The number is not determined primarily by previous year's performance, but by the employee's position and his influence on long-term corporate success. The CNC makes the final decision on option value per participant based on stated criteria; the allocated value may amount to as much as 200% of the specific basic salary for the Group Management. The options are issued in a ratio of one option to one participation certificate (1:1). The option strike price corresponds to the average value of the closing price of the Lindt & Sprüngli participation share over the five previous trading days on the SIX Swiss Exchange prior to grant of the option.

Option rights have a strike period of not more than seven years from grant, with initial vesting periods of three (35%), four (35%), or five (30%) years.

iv. Compensation

Compensation for members of Group Management for the year 2018 and 2017 is shown in the following table. The valuation of the option and equity-based compensation for 2018 and 2017 uses market values at the time of grant.

Compensation for the Group Management (audited)

						2018 market value
CHF thousand	Fixed gross compensation[1]	Variable cash compensation[2]	Other compensation[3]	Options[4]	Registered shares	Total compensation
Dieter Weisskopf, CEO	1,265	1,000	–	1,548	–	3,813
Other members of Group Management[5]	4,892	2,259	–	4,179	–	11,330
Total	**6,157**	**3,259**	**–**	**5,727**	**–**	**15,143**

						2017 market value
CHF thousand	Fixed gross compensation[1]	Variable cash compensation[2]	Other compensation[3]	Options[4]	Registered shares[5]	Total compensation
Dieter Weisskopf, CEO	1,265	900	–	1,025	–	3,190
Other members of Group Management[6]	6,502	2,050	40	4,067	–	12,659
Total	**7,767**	**2,950**	**40**	**5,092**	**–**	**15,849**

1 Total of paid-out compensation, including pension fund and social insurance contributions paid by the employer, that establishes or increases employee benefits.
2 Expected pay-out (accrual basis) in April of following year according to the application of the CNC and BoD (excluding social charges paid by employer. The effective pay-out for the other members of Group Management for the financial year 2017 was CHF 2,546,000.
3 Employees' part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.
4 Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 27). The valuation reflects the market value at the time granted. The total number of granted share options in 2018 to D. Weisskopf was 2,000 units (1,500 units in 2017) and to all other members of the Group Management 5,400 units (5,950 units in 2017).
5 There were six members of Group Management as at December 31, 2018. U. Sommer stepped down from Group Management on April 30, 2017, due to retirement, but on leaving received a fee of CHF 100,000 for advisory services under the terms of the consultancy agreement in the financial year 2017 as well as CHF 100,000 in the financial year 2018. K. Kitzmantel resigned from Group Management on December 31, 2017, and A. Pfluger resigned on December 31, 2018, on reaching retirement age.
6 There have been seven other Group Management members as of December 31, 2017.

The amount of CHF 18 million approved by the General Meeting of April 20, 2017, as the maximum combined compensation for 2018 for the Group Management was with CHF 15 million not exceeded; no use was made of the supplementary amount in accordance with Art. 15bis para. 5 of the Articles of Association.

No loans and credits were granted to current or past executive and non-executive members of Group Management.

IV. employment contracts

The employment contracts stipulate a maximum notice period of twelve months and make no provision for a severance payment. Maximum prohibition on competition for members of Group Management is twelve months. Compensation must not exceed the basic salary for one year. Vesting periods imposed on shares and options do not lapse with departure; vesting periods are not shortened.

V. Participation

The following table provides information on the ownership of Lindt & Sprüngli registered shares, participation certificates and options on participation certificates for members of the Board of Directors, Group Management on December 31, 2018.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2018	2017	**2018**	2017	**2018**	2017
E. Tanner	Executive Chairman	3,055	3,172	12,000	12,060	4,725	8,950
A. Bulgheroni	Member of the Board	1,000	1,000	165	–	–	–
Dkfm E. Gürtler	Member of the Board	1	1	50	50	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz[3]	Member of the Board	11	–	–	–	–	–
P. Schadeberg-Herrmann[4]	Member of the Board	–	127	–	–	–	–
Dr D. Weisskopf	Group Management	7	7	2,400	2,400	6,350	6,850
A. Pfluger[2]	Group Management	5	5	30	30	4,613	4,850
R. Fallegger	Group Management	5	5	100	100	4,548	4,048
A. Germiquet	Group Management	4	4	400	–	2,610	2,525
Dr A. Lechner	Group Management	7	7	56	56	4,195	4,025
M. Hug	Group Management	–	–	–	–	2,075	1,825
G. Steiner	Group Management	2	2	–	–	2,380	1,840
K. Kitzmantel[1]	Group Management	–	2	–	–	–	3,798
Total		**5,189**	**5,424**	**15,201**	**14,696**	**31,496**	**38,711**

1 Mr. K. Kitzmantel stepped down from Group Management on December 31, 2017, on reaching retirement.
2 Mr. A. Pfluger stepped down from Group Management on December 31, 2018, on reaching retirement.
3 Mr. S. Denz was elected at the General Assembly in 2018, therefore no participation reported as at December 31, 2017.
4 Ms. P. Schadeberg-Herrmann stepped down at the 2018 Annual General Assembly. Therefore no participation reported as at December 31, 2018.

VI. Additional fees, compensation, and loans to company officers

Apart from the benefits listed in this report, no other compensation was provided in the reviewed year 2018 – either directly or via consultancy companies – to the executive and non-executive members of the Board of Directors or to the members of Group Management and to former members of Group Management and the Board of Directors as well as related persons. In addition, as per December 31, 2018, no loans, advances or credits were granted by the Group or by any of its subsidiary companies to this group of persons.

VII. Compensation to former members

No other compensation was paid in 2018 to former officers of the company.

Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

We have audited the remuneration report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled 'audited' on pages 50 and 54 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Bruno Häfliger	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zürich, 4 March 2019

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RESEARCH AND DEVELOPMENT

Behind the scenes of product development at Lindt & Sprüngli

Behind the successful products of the Lindt & Sprüngli Group are experts who are continually expanding the product range to delight consumers with new chocolate delicacies. The leading products Lindor, Excellence as well as seasonal products such as the famous Gold Bunny are nowadays among the most popular classics worldwide.

ORIGINAL SWISS

The secret original chocolate recipes and Swiss expertise still make up the fine and important difference

The secret original recipes behind the fine Swiss chocolate are the key to the company's global success and form the basis for all product development efforts of the Lindt & Sprüngli Group around the world. From the very beginning, Lindt & Sprüngli has been synonymous with an extremely exquisite and intense taste sensation. This is the very reason consumers around the world love and appreciate Lindt & Sprüngli's top-quality chocolate products.

The exquisite cocoa mixtures, the basic recipes for the unique milk, dark and white chocolates and the delicate Lindor recipe were developed by the parent company in Kilchberg. To this day, it still preserves and is responsible for this strictly guarded chocolate secret. As well as these basic recipes, production and process expertise is also of utmost importance. These start with patented procedures for preparing cocoa beans, the unique roasting and grinding processes, and the ways in which the chocolate is conched and shaped. The parent company defines these basic recipes and processes for Lindt & Sprüngli around the world and continues to develop them to produce products of the same standardized and high quality with the distinctive Lindt taste sensation. On the basis of these one-of-a-kind basic recipes and expertise available, local subsidiaries work closely with their marketing experts to adapt the chocolate products to the particular needs of the market and country-specific taste preferences. By sharing the responsibility in this way, the parent company ensures a consistent and high quality as well the flawless processing of all Lindt products across the world, regardless of where they are produced. With this centralized quality guarantee as the seal of quality of the Lindt brand, the parent company is responsible for making sure that every Lindt product is produced in line with the same strict Lindt standards.

> "As the parent company, we take responsibility for ensuring that every product complies with the Swiss quality guarantee and the strict Lindt standards."
>
> Guido Steiner, Group Management Member

R & D FACTS

More than

9,000

brands in over 170 countries are registered by the Lindt & Sprüngli Group.

500

DEVELOPMENT PROJECTS

Several hundred projects are in the long-term pipeline around the world.

66%

women in senior management positions in R & D

MAIN FUNCTIONS

1. Product development
2. Packaging development
3. Process technology
4. Sensor technology
5. International food law
6. Quality management and safety

Stefan Schmid

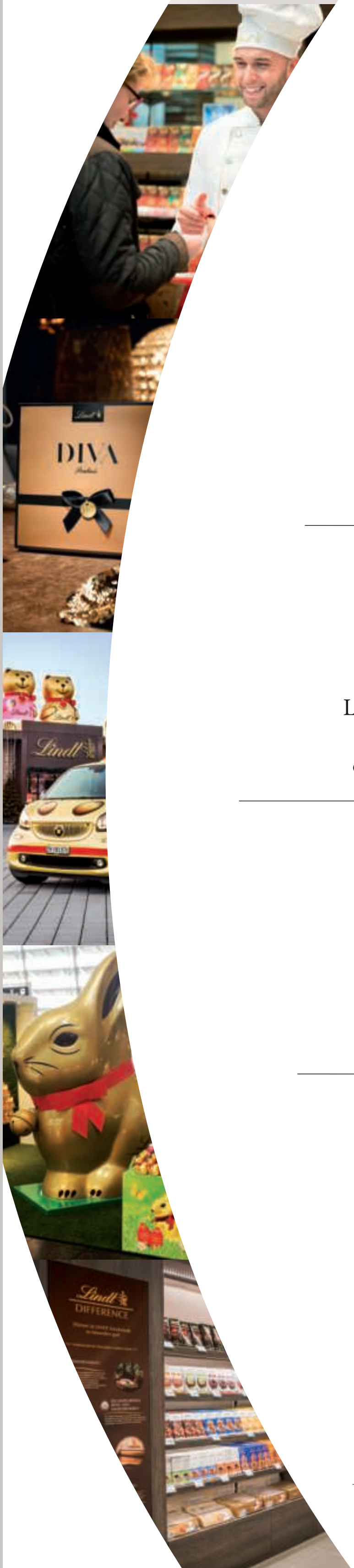
STEFAN SCHMID

LINDT & SPRÜNGLI, INTERNATIONAL
Kilchberg, Switzerland

Research and development is of great importance for Lindt & Sprüngli in order to maintain the uncompromising commitment to high Swiss quality standards and the innovation pace of the whole Group in the long run. In addition to the continuous research at the head office to further develop the Lindt basic recipes and processes, eight local teams enrich the Lindt & Sprüngli product world with innovative chocolate ideas and delight consumers of the Lindt brand as well as Ghirardelli, Russell Stover, Caffarel, Hofbauer and Küfferle. As a successful premium brand producer, Lindt & Sprüngli continuously faces new challenging market requirements and changes along the entire value chain – from the cocoa bean right through to the finished product. To this end, the company follows a global R & D strategy that supports its long-term success. An important part of this is knowing your own strengths as well as the needs of the global and local markets and aligning your strategy with them. Stefan Schmid assumed this task as Head of Corporate R & D at the end of 2018, after 15 years in various R & D roles in the Lindt & Sprüngli Group. His core activities are to ensure standardised use of the basic chocolate recipes and process expertise provided to the subsidiaries by the parent company and to research into their continuous development. In addition to this task, he coordinates the local product developments with a global impact in close cooperation with the marketing team. This particularly involves further developing the product range of the leading brands Lindor and Excellence. The enhanced international partnership and transfer of knowledge on various developments are of utmost importance in this respect. As well as heading up these internal projects, Stefan Schmid coordinates research projects with the development departments of universities. He uses the knowledge he acquires from these to initiate improvements and new developments. The partnership with the Lindt Chocolate Competence Foundation presents a particular highlight. In their Competence Center, the Lindt Home of Chocolate, a pilot plant is being built at the Kilchberg site for research and training purposes. Stefan Schmid's team will coordinate the activities of this pilot plant as well as those of a second pilot plant at the Olten site and, in particular, drive the development of the basic recipes and processes to actively create knowledge for Switzerland as a hub for chocolate and innovation.

LINDT & SPRÜNGLI PRODUCT CYCLE

A 360° view of product development right through to a true chocolate indulgence



11. Consumers – Point of Sale

Chocolate fans from all over the world plunge into the exceptional premium world of Lindt & Sprüngli and enjoy the exquisite creations with all five of their senses.

10. Packaging Development

The teams of packaging designers produce exceptional and high-quality designs for chocolate creations that turn the chocolates into a treat for the eyes as well as the mouth.

9. Sales Staff

The sales staff coordinate and foster Lindt & Sprüngli's customer relationships in order to offer consumers a unique chocolate experience at the point of sale.

8. Customers

Lindt & Sprüngli relies on long-term, trusted partnerships with the retail to supply chocolate fans from all over the world with premium chocolate.

7. Purchasers

The commitment to quality begins with selecting the right high-quality raw materials, assessing their quality and purchasing from long-term Lindt & Sprüngli partners.

1\. **Master Chocolatiers – Product Developers**
With a great deal of passion and utmost care, the product developers produce exquisite chocolate creations to delight consumers all over the world.

2\. **Product Managers – Marketing**
The tasks of the product managers range from developing chocolate products with the product developers through to launching new products and managing the brand.

3\. **Technologists**
Process technologists work closely with product developers to implement their handcrafted products in the same high quality in production using the specified Lindt & Sprüngli process expertise.

4\. **Mould Makers**
Lindt & Sprüngli's product range always calls for creative solutions from its mould-making partners to always meet the numerous expectations for chocolate moulds.

5\. **Plant Engineering**
The handmade designs are implemented in production according to the Lindt expertise made available to the subsidiaries and in close cooperation with long-standing partners in plant engineering.

6\. **Production Staff**
Chocolate is their passion. Lindt & Sprüngli's production staff are fully dedicated to manufacturing refined chocolate creations.

URSULA BURI

LINDT & SPRÜNGLI SCHWEIZ
Kilchberg, Switzerland

Ursula Buri has been successfully leading the product development and quality assurance in Switzerland for almost 20 years. The team comprises Lindt Master Chocolatiers (product developers), technologists who put the Lindt procedures into practice and experts responsible for quality assurance and management. All product developments are based on the strictly guarded, secret chocolate recipes that distinguish Lindt chocolates and make them unique. The needs of the consumers are always at the heart of product development. It is therefore extremely important for Lindt & Sprüngli to work closely with local marketing teams to always meet the consumers' requirements exactly. When developing products, Ursula Buri focuses on two areas to ensure a well-filled pipeline for innovative chocolate products over the long term. Of course, these meet the high Swiss quality standards and make Lindt & Sprüngli the undisputed no. 1 in the premium segment.
The traditional development process starts with a creative team made up of Master Chocolatiers, product managers and technologists. The Master Chocolatier Urs Liechti manages this main area. The product managers incorporate the far-reaching knowledge from market research, the results of test panels and the expertise of internal sensory specialists directly into product development. In addition to classic product development, Lindt & Sprüngli has also been relying on the open innovation platform, which is headed by Master Chocolatier Stefan Bruderer, since 2014. This is where numerous ideas, from international chocolate trends and expertise from external industries through to internal marketing innovation workshops are bundled and analyzed. The craftsmanship of the Master Chocolatiers and their teams is and always will be the start of every development since the masterpieces are always created by hand first.

> "The Swiss team fully supports the high Swiss quality requirements of the entire Group."
>
> Ursula Buri

How would you explain the enormous success enjoyed by the Lindor brand, which will turn an impressive 70 years old in 2019?

I think Lindor speaks to all five senses. Starting with the crackling of the packaging, the unveiling of the glossy Lindor truffle, the smell of the chocolate, the first bite into the crisp chocolate shell, all followed by the smooth-melting core and intense moment of joy.

What has changed about R&D in Switzerland in almost 20 years?

The focus of development work has changed considerably over recent decades. In Kilchberg, almost 90% of what we produce nowadays is exported worldwide and our Swiss premium chocolate reaches over 100 countries. The relationship has reversed and with it also the challenges and demands placed on the product development team, which has to meet the diverse taste preferences of consumers in the international markets.

Which project do you think has had the greatest impact on the Group?

We will be substantially increasing our capacity for cocoa mass production in Olten in 2019. Olten is particularly important for Lindt & Sprüngli as it supplies the production companies in Italy and Germany with cocoa mass. The Swiss site thus plays an even more important role in ensuring the strictly guarded mixing ratio of the cocoa beans and also compliance with the parameters for the roasting process, which are also specified by the parent company.

PATRIZIA PIROTTA

LINDT & SPRÜNGLI ITALY
Induno Olona, Italy

Patrizia Pirotta

Product development at Lindt & Sprüngli in Italy has been shaped by Patrizia Pirotta for more than 33 years now. Her team of Master Chocolatiers, technologists, and sensory specialists combines their passion for chocolate with the pleasure of finding new solutions every day for the challenges posed by product development. The team integrates local consumers' needs and trends that correspond to the pronounced preferences of the Italian market into product development. Italian chocolate lovers are generally very quality-conscious and have a significant preference for premium products. Next to the Lindt Gold Bunny, Lindt Noccior is one of the best-sellers in Italy at Easter. The large chocolate Easter egg with Piedmont nuts has delighted consumers since 1970 and has sold more than 10 million since then. As we all know, the best hazelnuts in the world come from Italy. The Italians' love of hazelnut is almost in their blood and it is not surprising that a combination of the finest Lindt chocolate with a crunchy coating of the best Piedmont nuts has proven so popular. The successful Noccior product has been further refined under the direction of Patrizia Pirotta and is now available in Italy in six different varieties with milk chocolate, dark and white Lindt chocolate. Patrizia's favorite, however, is and remains Noccior with Lindt milk chocolate.

Franco Mingardo

FRANCO MINGARDO

CAFFAREL ITALY
Luserna San Giovanni, Italy

Franco Mingardo has been in charge of product development at Caffarel near Turin, Italy's famous chocolate capital, for 20 years now. Working closely with the internal marketing specialists, the team is developing the finest chocolate products with a focus on exquisite Italian ingredients, such as the fine hazelnuts from Piedmont, and true craftsmanship. The chocolate products must always meet the high demands of the Italian market for constant and creative innovation and quality. Gianduia is a product that perfectly unites the typical Italian taste of fine dark cocoa with Piedmont hazelnuts from the Langhe. Since the birth of the Gianduiotto for the Turin Carnival in 1865, it has stood for pure Italianità. It is the absolute favourite among Italians who love the small, bite-sized nougat pralines. With his team, Franco Mingardo has now developed more than ten different chocolate and flavor variants of the classic, which delight the whole of Italy.

GABY GILGENBACH

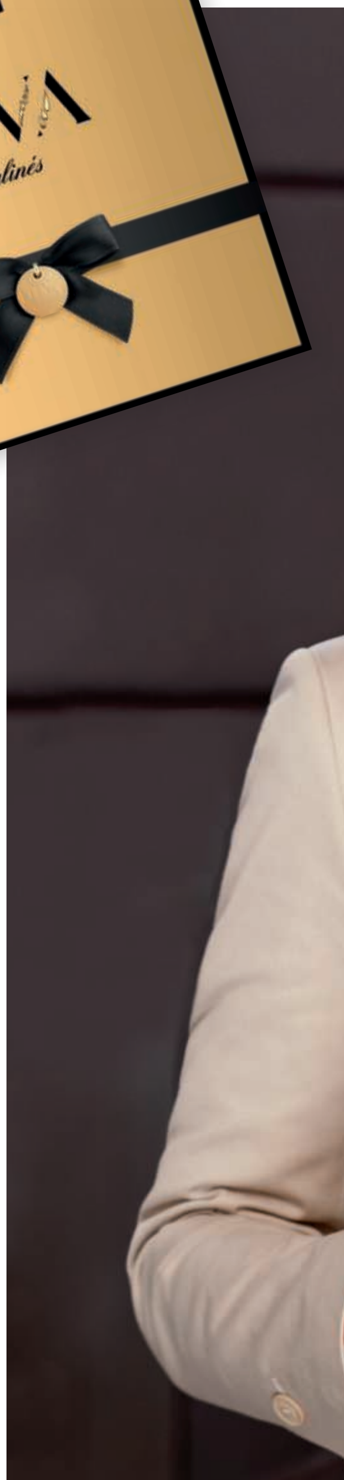
LINDT & SPRÜNGLI DEUTSCHLAND
Aachen, Germany

Gaby Gilgenbach

Gaby Gilgenbach has held management positions in Lindt & Sprüngli in Germany for more than 25 years and has headed up the department for 10 years. The Lindt brand stands for superior quality and a unique range of products. The aspiration of Lindt & Sprüngli Germany is and remains to continually maintain this level and delight consumers in a saturated market time and time again with an exciting range of products. The visual experience of the brand also plays a decisive role in this respect. It underlines the aspirations for the product and makes Lindt something extra special again and again.

Lindt is present on the German market with a very broad range of chocolate. This gives the entire team a great deal of creative freedom when further developing the fine packaging, unusual shapes and delicate fillings and never lets the fascination for chocolate fade away. Germany is the home of the Gold Bunny and the entire hollow-figure production for the Lindt & Sprüngli Group. Like Switzerland, Germany is a country of milk chocolate enthusiasts, although the trend towards dark chocolate has increased significantly in recent years here too. The range of the international Easter star, the Gold Bunny, reflects this with 15 different varieties in designs that are more and more surprising every time. If you ask Gaby Gilgenbach about her true favourite among them, she'll say it is and always will be the Gold Bunny with Lindt milk chocolate.

> "We're working on ensuring Lindt chocolate is always something extra special."
>
> Gaby Gilgenbach



What is the greatest challenge in your job?
The greatest challenge is constantly ensuring Lindt quality along the entire value chain, from the raw material right through to the completed product, and keeping it at the highest possible level.

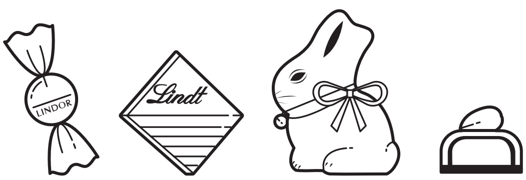
What is special about your team?
As well as the traditional roles, my team has its own packaging development department. Thanks to our close partnership with the marketing team, we are also able to pick up on market developments at an early stage and integrate them into our product development. The internal creative team is also an important success factor and one that strengthens the brand's refined design and makes it unique time and time again.

What role does sustainability play in Germany?
Our consumers are paying more and more attention to all aspects of sustainability. The Lindt & Sprüngli Group is already doing a great deal for sustainability at the source in the cocoa-growing countries with its Lindt & Sprüngli Farming Program. Our commitment to sustainability applies along the entire value chain. Issues such as sustainable raw materials and recyclable packaging are important to us.

2,523

PRODUCTS

Lindt & Sprüngli embraces the Swiss innovative spirit and passion for high-quality chocolate in all areas of the company. Starting with the selection of the finest cocoa beans, the high-quality raw material, continuous product innovations and the high standards for quality and production right through to the latest technology in production. Innovation encompasses a 360° vision that affects all Lindt & Sprüngli divisions. In almost 175 years, the worldwide teams of experts that have been formed have created a unique product world for exquisite premium chocolate.

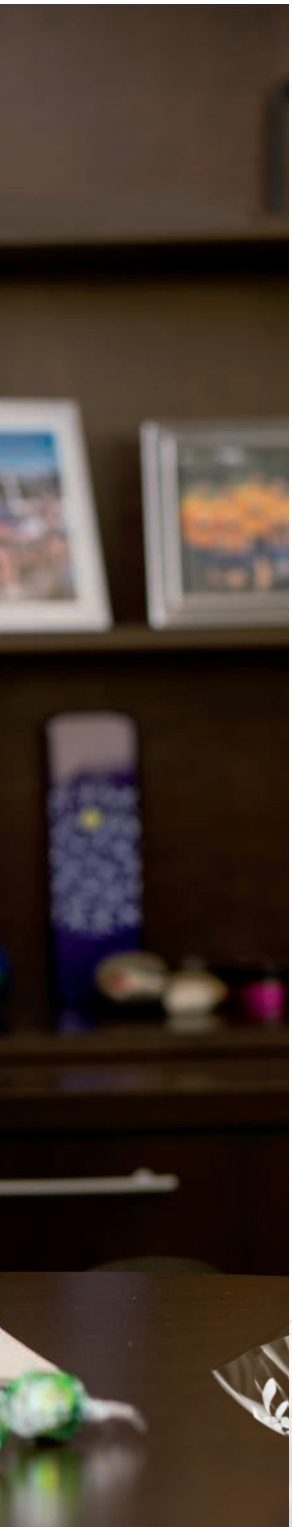



Lindt
EXCELLENCE
Russell Stover
SUGAR FREE
LINDOR
GHIRARDELLI
DIVA
Millionaires
Whitman's Sampler
HELLO
JUST WANNA SAY
THANK YOU

SARAH KELLER

LINDT & SPRÜNGLI USA
Stratham, USA

Sarah Keller



Sarah Keller has been responsible for product development in the world's largest chocolate market for ten years. At almost 30 years of age, Lindt USA is still a young production site in the Lindt & Sprüngli Group compared to those in Europe. Like in Switzerland, the production team in Stratham has its own cocoa mass production facility. The cocoa mass is produced with the specifications of the mixing ratio of the cocoa beans strictly guarded by the parent company as well as the roasting and processing method it has also provided. This allows the company to produce chocolate from "bean to bar".

Sarah Keller's team is made up of product developers, technologists, sensory specialists, quality managers, and the Consumer Service. With her team, Sarah Keller develops innovations for a market known for its tremendous speed and constant change and one that requires a high degree of flexibility. The chocolate taste in the US differs substantially to that to the traditional European markets and is more like the recipes that are successful in England. For example, Lindor with peppermint, which combines dark chocolate with an unrivalled minty freshness, is very popular. Chocolate with notes of peppermint is a traditional taste sensation especially in the seasonal business around Christmas. The limited Christmas editions of Lindor White Peppermint and the new Lindor Peppermint Cookie were a great success with consumers in the US.

How does the US taste differ to that of Europe?

As well as the importance of peppermint, the nut taste is also different from that in Europe, where hazelnuts and walnuts dominate the chocolate scene. In the US, however, it is mainly peanuts, almonds and pecans. We have recognized these nut preferences and implemented them very successfully with the development of Lindor Butter Pecan.

What important projects are planned for the coming years?

On the basis of the successful development in recent years, the decision was made to invest in the expansion of the production lines and the cocoa mass plant in Stratham. The planning and implementing of the expansion will continue to keep me and my team very busy over the next few years. We are looking forward to helping to shape the successful future of Lindt USA.

What other exciting challenges will the US market bring for Lindt & Sprüngli?

The US market still has huge potential for Lindt & Sprüngli as, although consumers used to have a preference for sweet milk chocolate, they are now increasingly discovering premium chocolate. Enthusiasm for Lindt's high-quality chocolate products is continuing to grow. We get good feedback from consumers who try our products handed out as samples and are won over by the "Lindt Difference".

> "The challenge of convincing the US of the 'Lindt Difference' of our premium products is one that inspires me day after day."
>
> Sarah Keller

STEVE GENZOLI

GHIRARDELLI CHOCOLATE COMPANY
San Leandro, USA

Steve Genzoli has been in charge of product development at the Ghirardelli Chocolate Company, the US's oldest chocolate business, for 20 years now. Nowadays, a team of product developers, technologists, sensory specialists, food law experts and packaging designers develop the Ghirardelli product landscape. Just like Lindt, Ghirardelli also produces its products from "bean to bar". The focus was on maximum product quality even in the days of the founding fathers – it was never a trending topic. The brands Lindt and Ghirardelli harmonize the best on the US market and enrich one another. Developing products that delight consumers in the fast-moving US market is and will always be a great challenge for the Ghirardelli team. The continuous development of the classic Ghirardelli square with its ever new fillings plays a particularly important role in delighting consumers in this respect. To this day, the Ghirardelli squares with milk chocolate and a creamy caramel filling are the best-sellers among the numerous varieties of the squares and make the life of consumers in the US "a bite better".

Jill Beveridge

JILL BEVERIDGE

RUSSELL STOVER
Kansas City, USA

Russell Stover has been part of the Lindt & Sprüngli Group since 2014. The traditional brand, known for its "Bowline" praline packaging which rose to fame in the global cinema success of "Forrest Gump", has since changed its focus in product development. Research into consumer needs has increased in importance. Since 2018, Jill Beveridge has been heading up Russell Stover's product development department. This department works closely with the marketing team to incorporate market needs into the product development process at an early stage. One of the first successes of this partnership was the further development of the sugar-free product line. This will allow Russell Stover to hold pride of place in this category for years to come. On the basis of recent market studies and consumer tests, the team also optimized the range, size and flavor of the praline in the well-known leading product, the "Bowline". The modified composition of the praline assortment and the new design have already received great feedback of the trade and will be launched in early 2019. For Jill Beveridge, this development project is proof that product developments are always most successful when they delight consumers, trade, and the brand.

MURIEL FERY

LINDT & SPRÜNGLI
Oloron-Sainte-Marie, France

The Lindt & Sprüngli France team has been developing products for the French market for 13 years under the direction of Muriel Fery. French consumers are very quality-conscious and enjoying good food also is a very important part of their everyday lives, which also has an effect on the chocolate market. In Europe, France established itself as a market with a preference for chocolate with a high cocoa content at a very early stage. Nowadays, almost 30% of consumers prefer dark chocolate, which naturally also aligns with the increased demand for less sugar. In the rest of Europe, on the other hand, only 5% of consumers seek the particularly intense cocoa experience.
Since 1989, the team in France has been continuously developing the Excellence product line, whose recipe is based on the "Surfin" recipe. This is provided by the Chocoladenfabriken Lindt & Sprüngli in Switzerland and is based Rodolphe Lindt's original recipe for dark chocolate. To date, the team in France has been further developing a wide range of Excellence bars to suit local tastes, which delight the discerning French connoisseurs of an intense chocolate taste. With sales of well over half a billion in France, the enormous success of the Excellence bars is testament to the focus of the development work in France. However, if Muriel Fery had to decide on one recipe, the Excellence bar with a 78% cocoa content would be her ultimate favorite.

PRODUCT DEVELOPMENT AT LINDT & SPRÜNGLI – THE SOURCE OF OUR INNOVATIONS

Since 1845, Lindt & Sprüngli has stayed true to its core business and has been developing the finest chocolate using only high-quality raw materials. In Switzerland, every development starts with a team of confectioners who use traditional craftsmanship to create new products with Lindt's basic chocolate recipes in the product development department in Kilchberg.

> **“A box of pralines should be like a Picasso painting – it has to delight people.”**
>
> Urs Liechti,
> Master Chocolatier

Making a praline is one of the most challenging tasks for a product developer. It involves all departments of product development working together until the chocolate delights consumers at the point of sale. The development process of every product starts with the product developer and product manager discussing the latest findings with regard to consumer needs in depth. On the back of these studies and consumer surveys, the Master Chocolatiers continuously develop the traditional praline range for Lindt. The chocolate recipes are refined and new flavors and shapes developed to meet local preferences. Nevertheless, all product developments are always based on Lindt’s exquisite, well-protected original recipes. Lindt & Sprüngli produces the finest pralines using only high-quality raw materials. An entire team of confectioners develops the new praline using traditional craftsmanship in the product development department in Kilchberg. Behind every Lindt praline is a careful approach, bold attempts and a great deal of love for detail on the part of the Master Chocolatiers. It can take up to two years before fans can get hold of the crowning glory of chocolate treats – a new box of pralines.

The two Master Chocolatiers Urs Liechti and Julia Derungs masterfully making the praline Amande de Luxe in Kilchberg, Switzerland. The preparation process starts with the creation of a delicious almond nougat filling. After the filling has been cooled, the basic oval shape of the praline is cut out of the mass and carefully coated with the white chocolate mass at a temperature of 30 °C.

Highly focused, Urs Liechti decorates the pralines, which are freshly coated with fine Lindt chocolate, with a hint of light milk chocolate.

With the carefulness of a Master Chocolatier, he places the roasted almonds, coated in fine sugar, on each praline. For the grand finale, the bottom of the Amande de Luxe is dipped into a bath of dark "Surfin" chocolate. The Master Chocolatiers see the Amande de Luxe as one of the most demanding pralines in the Lindt world.


The quality of the cocoa beans is checked multiple times. Only the best cocoa beans are approved and make their way into production.


The guillotine test is used to evaluate various different quality parameters of the cocoa beans.

"Lindt & Sprüngli has always been synonymous with the production of the finest chocolate products with high-quality raw materials".

Stefan Bruderer,
Master Chocolatier

Vanilla is one of the most expensive spices in the world. The experts assess the quality of the vanilla pods with a variety of tests.

In Switzerland, quality assurance in Kilchberg defines the high quality standards applied to chocolate products and product safety. High-level and consistent company hygiene in all production sites is strictly adhered to when making chocolate. Employees ensure Lindt & Sprüngli's high-quality promise through extensive microbiological, chemical, physical and sensory tests that follow production from the raw material right through to the finished product. The first tests are already underway, with sensory tests to describe the cocoa bean profile in the country of origin so that consumers can always enjoy the Lindt experience to the fullest.

"Implementing our global quality strategy guarantees that our high demands are ensured at all production sites."

Adrian Gisler,
Head of Quality, Lindt & Sprüngli International

Alongside these tests, sensory tests using all five senses also accompany the selection of cocoa beans and the entire production process through to the finished product. Additional tests are also carried out during the early stages of cocoa mass production in Olten and in the logistics center in Altendorf in order to fully ensure the high quality standard.

Raw materials and semi-finished products are tested for any contamination using gas chromatography analyses.

Incoming raw materials, semi-finished products and finished products undergo microbiological tests before they are released for further processing.

Tests to determine the degree of crystallization of the cocoa butter. This is an important quality parameter for subsequent chocolate production.

The samples are checked under the microscope for possible contaminants.

In this way, the team in Switzerland guarantees that the product safety standard is state-of-the-art for the entire supply chain, from supplier to consumer. International food law experts in the department also play an important role in this respect. They are experts on the food laws in Switzerland and in the markets supplied from Switzerland, ensuring the marketability of all products.


Lindt

Financial Report

Consolidated Statements of the Lindt & Sprüngli Group

Financial Statements of Chocoladefabriken Lindt & Sprüngli AG

Financial and other Information

Consolidated Balance Sheet

CHF million	Note	December 31, 2018		December 31, 2017	
Assets					
Property, plant and equipment	7	1,344.8		1,289.3	
Intangible assets	8	1,378.3		1,378.7	
Financial assets	9	1,534.0		1,483.5	
Deferred tax assets	10	59.7		43.0	
Total non-current assets		**4,316.8**	**59.5%**	**4,194.5**	**60.1%**
Inventories	11	752.2		731.4	
Accounts receivable	12	1,023.2		1,047.5	
Other receivables		118.8		130.9	
Accrued income		2.5		4.0	
Derivative assets	13	38.6		14.1	
Marketable securities and short-term financial assets		1.6		0.2	
Cash and cash equivalents	14	996.1		853.0	
Total current assets		**2,933.0**	**40.5%**	**2,781.1**	**39.9%**
Total assets		**7,249.8**	**100.0%**	**6,975.6**	**100.0%**
Liabilities					
Share and participation capital	15	24.3		24.1	
Treasury stock	15	–202.4		–84.0	
Retained earnings and other reserves		4,655.4		4,246.2	
Equity attributable to shareholders		**4,477.3**		**4,186.3**	
Non-controlling interests		9.1		8.7	
Total equity		**4,486.4**	**61.9%**	**4,195.0**	**60.1%**
Bonds	16	997.9		997.5	
Loans	16	0.8		0.7	
Deferred tax liabilities	10	467.0		444.2	
Pension liabilities	17	174.9		174.8	
Other non-current liabilities		6.6		7.7	
Provisions	18	88.1		105.9	
Total non-current liabilities		**1,735.3**	**23.9%**	**1,730.8**	**24.8%**
Accounts payable to suppliers	19	214.2		217.3	
Other accounts payable		56.2		53.2	
Current tax liabilities		52.5		55.0	
Accrued liabilities	20	666.4		677.6	
Derivative liabilities	13	12.1		37.5	
Provisions	18	14.4		–	
Bank and other borrowings	16	12.3		9.2	
Total current liabilities		**1,028.1**	**14.2%**	**1,049.8**	**15.1%**
Total liabilities		**2,763.4**	**38.1%**	**2,780.6**	**39.9%**
Total liabilities and shareholders' equity		**7,249.8**	**100.0%**	**6,975.6**	**100.0%**

The accompanying notes form an integral part of the consolidated statements.

Consolidated Income Statement

CHF million	Note	2018		2017	
Income					
Sales		4,313.2	100.0%	4,088.4	100.0%
Other income		19.3		17.7	
Total income		**4,332.5**	**100.4%**	**4,106.1**	**100.4%**
Expenses					
Material expenses		–1,463.2	–33.9%	–1,488.3	–36.4%
Changes in inventories		29.2	0.8%	63.0	1.6%
Personnel expenses	21	–938.4	–21.8%	–886.4	–21.7%
Operating expenses		–1,143.9	–26.5%	–1,030.0	–25.2%
Depreciation, amortization, and impairment	7, 8	–179.5	–4.2%	–169.0	–4.1%
Total expenses		**–3,695.8**	**–85.6%**	**–3,510.7**	**–85.8%**
Operating profit (EBIT)		**636.7**	**14.8%**	**595.4**	**14.6%**
Financial income	22	3.8		3.0	
Financial expense	22	–19.9		–15.6	
Income before taxes		**620.6**	**14.4%**	**582.8**	**14.3%**
Taxes	10	–133.5		–130.3	
Net income		**487.1**	**11.3%**	**452.5**	**11.1%**
of which attributable to non-controlling interests		2.0		1.8	
of which attributable to shareholders of the parent		485.1		450.7	
Non-diluted earnings per share/10 PC (CHF)	23	2,021.4		1,892.5	
Diluted earnings per share/10 PC (CHF)	23	2,008.1		1,880.6	

The accompanying notes form an integral part of the consolidated statements.

Statement of Comprehensive Income

CHF million	**2018**	2017
Net income	487.1	452.5
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	27.5	143.1
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	52.5	15.9
Currency translation	–34.7	–14.1
Total comprehensive income	**532.4**	**597.4**
of which attributable to non-controlling interests	0.8	1.7
of which attributable to shareholders of the parent	531.6	595.7

The accompanying notes form an integral part of the consolidated statements.

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 10.

Consolidated Statement of Changes in Equity

CHF million	Note	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	**Equity attributable to share-holders**	Non-con-trolling interest	**Total equity**
Balance as at January 1, 2017		**23.7**	**–100.3**	**317.6**	**–43.5**	**3,665.2**	**–195.4**	**3,667.2**	**6.8**	**3,674.0**
Total comprehensive income		–	–	–	15.9	593.5	–13.7	595.7	1.7	597.4
Capital increase	15	0.4	–	100.6	–	–	–	101.0	0.2	101.2
Sale of own shares	15	–	14.5	–	–	7.7	–	22.2	–	22.2
Share-based payment	25	–	1.8	–	–	7.2	–	9.1	–	9.1
Reclass into retained earnings		–	–	–71.2	–	71.2	–	–	–	–
Distribution of profits		–	–	–	–	–208.9	–	–208.9	–	–208.9
Balance as at December 31, 2017		**24.1**	**–84.0**	**347.0**	**–27.6**	**4,135.9**	**–209.1**	**4,186.3**	**8.7**	**4,195.0**
Total comprehensive income		–	–	–	52.5	512.6	–33.5	531.6	0.8	532.4
Capital increase	15	0.2	–	87.1	–	–	–	87.3	–	87.3
Purchase of own shares and participation certificates	15	–	–119.6	–	–	–	–	–119.6	–	–119.6
Sale of own shares	15	–	0.6	–	–	0.3	–	0.9	–	0.9
Share-based payment	25	–	0.6	–	–	13.6	–	14.2	–	14.2
Reclass into retained earnings		–	–	–100.9	–	100.9	–	–	–	–
Distribution of profits		–	–	–	–	–223.4	–	–223.4	–0.4	–223.8
Balance as at December 31, 2018		**24.3**	**–202.4**	**333.2**	**24.9**	**4,539.9**	**–242.6**	**4,477.3**	**9.1**	**4,486.4**

The accompanying notes form an integral part of the consolidated statements.

Consolidated Cash Flow Statement

CHF million	Note	2018		2017	
Net income		487.1		452.5	
Depreciation, amortization, and impairment	7, 8	179.5		169.0	
Changes in provisions, fair value adjustments and pension assets		–14.0		–13.7	
Decrease (+)/increase (–) of accounts receivable		–6.0		–31.3	
Decrease (+)/increase (–) of inventories		–44.0		–58.7	
Decrease (+)/increase (–) of other receivables		9.7		–19.1	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities		3.9		–1.2	
Decrease (–)/increase (+) of accounts payable		3.0		28.4	
Decrease (–)/increase (+) of other payables and accrued liabilities		11.2		57.7	
Non-cash effective items[1]		21.2		7.4	
Cash flow from operating activities (operating cash flow)			**651.6**		**591.0**
Investments in property, plant and equipment	7	–244.9		–173.2	
Disposals of property, plant and equipment	7	9.8		1.1	
Investments in intangible assets	8	–12.4		–12.0	
Disposals (+)/investments (–) in financial assets (excluding pension assets)		0.3		–	
Investments in marketable securities and short-term financial assets		–1.5		–	
Cash flow from investment activities			**–248.7**		**–184.1**
Proceeds from borrowings		3.5		–	
Repayments of borrowings		–		–60.4	
Proceeds from loans		0.1		–	
Proceeds from the issuance of bond	16	–		249.4	
Repayment of bond		–		–250.6	
Capital increase (including premium)		87.3		100.9	
Purchase of treasury stock		–119.6		–	
Sale of treasury stock		–		21.2	
Distribution of profits		–223.4		–208.9	
Cash flow with non-controlling interests		–0.4		0.2	
Cash flow from financing activities			**–252.5**		**–148.2**
Net increase (+)/decrease (–) in cash and cash equivalents			**150.4**		**258.7**
Cash and cash equivalents as at January 1		853.0		592.2	
Exchange gains(+)/losses (–) on cash and cash equivalents		**–7.3**	**845.7**	**2.1**	**594.3**
Cash and cash equivalents as at December 31	**14**		**996.1**		**853.0**
Interest received from third parties[2]			1.4		0.7
Interest paid to third parties[2]			18.4		15.2
Income tax paid[2]			138.2		95.3

1 As at December 31, 2018, movements of CHF 11.0 million result from the translation of foreign exchange balances (CHF –3.4 million in 2017).
2 Included in cash flow from operating activities.

The accompanying notes form an integral part of the consolidated statements.

Notes to the Consolidated Financial Statements

1. Organization, Business Activities, and Lindt & Sprüngli Group Companies

Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries manufacture and sell premium chocolate products. The products are sold under the brand names Lindt, Ghirardelli, Russell Stover, Whitman's, Caffarel, Hofbauer, Küfferle, and Pangburn's. The Lindt & Sprüngli Group has twelve manufacturing plants worldwide (six in Europe and six in the United States) and mainly sells in countries within Europe and North America.

Chocoladefabriken Lindt & Sprüngli AG is incorporated and domiciled in Kilchberg ZH, Switzerland.

The Company has been listed since 1986 on the SIX Swiss Exchange (ISIN number: registered shares CH0010570759, participation certificates CH0010570767).

These consolidated financial statements were approved for publication by the Board of Directors on March 4, 2019.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2018 are:

Country	Domicile	Subsidiary	Business activity	Ownership (%)	Currency	Capital in million
Switzerland	Kilchberg	Chocoladefabriken Lindt & Sprüngli (Schweiz) AG	P&D	100	CHF	10.0
		Indestro AG[1]	M	100	CHF	0.1
		Lindt & Sprüngli (International) AG[1]	M	100	CHF	0.2
		Lindt & Sprüngli Financière AG[1]	M	100	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH[1]	P&D	100	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P&D	100	EUR	13.0
Italy	Induno	Lindt & Sprüngli SpA[1]	P&D	100	EUR	5.2
	Luserna	Caffarel SpA	P&D	100	EUR	2.2
Great Britain	London	Lindt & Sprüngli (UK) Ltd.[1]	D	100	GBP	1.5
USA	Kansas City, MO	Lindt & Sprüngli (North America) Inc.[1]	M	100	USD	0.1
	Stratham, NH	Lindt & Sprüngli (USA) Inc.	P&D	100	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P&D	100	USD	0.1
	Kansas City, MO	Russell Stover Chocolates, LLC	P&D	100	USD	0.1
Spain	Barcelona	Lindt & Sprüngli (España) SA	D	100	EUR	3.0
Netherlands	Rotterdam	Lindt & Sprüngli (Netherlands) B.V.	D	100	EUR	0.1
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H.[1]	P&D	100	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o.[1]	D	100	PLN	17.0
Canada	Toronto	Lindt & Sprüngli (Canada) Inc.[1]	D	100	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd.[1]	D	100	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV[1]	D	100	MXN	285.1
Sweden	Stockholm	Lindt & Sprüngli (Nordic) AB[1]	D	100	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (CEE) s.r.o.[1]	D	100	CZK	0.2
Japan	Tokyo	Lindt & Sprüngli Japan Co., Ltd.	D	100	JPY	1,227.0
South Africa	Capetown	Lindt & Sprüngli (South Africa) (Pty) Ltd.[1]	D	100	ZAR	100.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd.[1]	D	100	HKD	248.3
China	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	199.5
Russia	Moscow	Lindt & Sprüngli (Russia) LLC[1]	D	100	RUB	16.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Holding Ltda.	D	100	BRL	49.1
		Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A.[2]	D	51	BRL	40.2

D – Distribution, P – Production, M – Management
1 Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2 The Joint Venture with the CRMPAR Holding S.A. is a subsidiary with substantial non-controlling interests and is therefore fully consolidated according to IFRS 10 "Consolidated Financial Statements". The non-controlling interests are CHF 9.1 million at December 31, 2018 (CHF 8.7 million at December 31, 2017). These are not material to the Group.

2. Accounting Principles

Basis of preparation

The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG ("Lindt & Sprüngli Group") were prepared in accordance with International Financial Reporting Standards (IFRS).

With the exception of the marketable securities, financial assets and the derivative financial instruments, which are recognized at fair value, the consolidated financial statements are based on historical costs.

When preparing the financial statements, Management makes estimates and assumptions that have an impact on the assets and liabilities presented in the annual report, the disclosure of contingent assets and liabilities and the disclosure of income and expenses in the reporting period. The actual results may differ from these estimates.

New IFRS and Interpretations

New and amended IFRS and interpretations (effective as of January 1, 2018 and thereafter)

The Lindt & Sprüngli Group has implemented all new or amended accounting standards and interpretations to the IFRS, which must be applied for the reporting period beginning January 1, 2018, including IFRS 9 – "Financial Instruments" and IFRS 15 – "Revenue from contracts with customers".

These new or amended accounting standards and clarifications did not result in any significant changes to the accounting policies of the Lindt & Sprüngli Group. Neither did these have a significant impact on the recognition or measurement in the consolidated financial statements.

Impact of first time adoption of IFRS 9 – "Financial Instruments"

IFRS 9 – "Financial Instruments" replaces IAS 39. Except for equity instruments reclassified from "available-for-sale financial assets" to the respective "fair value through profit or loss" category totaling CHF 1.4 million as of January 1, 2018, the implementation of IFRS 9 has not affected the recognition, measurement and classification of the Group's financial instruments. As a consequence, no first adoption adjustment in equity as at January 1, 2018 and no restatement of comparative information for prior years is required when applying the modified retrospective approach. However, the consequential amendments to IFRS 7 resulted in additional disclosures.

The effect of applying the "Expected Credit Loss" model according to IFRS 9 to the valuation of accounts receivable as of December 31, 2018 is considered immaterial.

The majority of foreign currency forwards and raw material futures in place as at December 31, 2017 qualified as "cash flow hedges" under IFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9. Therefore, these relationships are treated as continuing hedges on January 1, 2018.

Impact of first time adoption of IFRS 15 – "Revenue from Contracts with Customers"

On January 1, 2018 the Lindt & Sprüngli Group has adopted IFRS 15 – "Revenue from Contracts with Customers", which resulted in changes in accounting policies. The new standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a five-step model to recognize revenue from customer contracts. In accordance with the transition provisions in IFRS 15, the Lindt & Sprüngli Group has adopted the new rules retrospectively. A restatement of the comparative financial information for 2017 is not required. The Lindt & Sprüngli Group has undertaken a review of the main types of commercial arrangements used with customers under this model and has concluded that the application of IFRS 15 does not materially impact the consolidated revenue and results or the financial position. The application of the modified retrospective method as of January 1, 2018 did not result in any recognition in retained earnings or changes in other balance sheet items. It was not necessary to adjust comparative figures for 2017, as the underlying customer contracts of the business model do not contain any items that have to be accounted for differently compared to previous standards.

New and amended IFRS and interpretations that are required in future periods
Except for IFRS 16 – "Leases", the Lindt & Sprüngli Group does not expect any material impact on recognition and measurement of the new standards that have already been published and will only be applicable in future periods.

IFRS 16 – "Leases" sets out principles on the recognition, measurement, presentation and disclosure of leases. It will replace IAS 17 and becomes effective on January 1, 2019. Except for short-term and low-value leases, almost all leases will be on balance sheet. Therefore, the right-of-use asset and the corresponding lease liability are recognized in the balance sheet. The Lindt & Sprüngli Group will implement the standard as of January 1, 2019 applying the modified retrospective approach with no retrospective restatement of comparative financial information. The leases affected by the new standard mainly relate to the network of own retail stores, rental of offices or lease of external warehouses and vehicles. As of January 1, 2019 the expected right-of-use asset as well as the lease liability amount to approximately CHF 500 million. As a consequence of the modified recognition of expenses, the first time adoption of IFRS 16 will marginally improve operating profit and slightly deteriorate the net income margin.

Consolidation method
The consolidated financial statements include the accounts of the parent company and all the entities it controls (subsidiaries) up to December 31 of each year. The Lindt & Sprüngli Group controls an entity when it is exposed to, or has the rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its influence over the entity.

Non-controlling interests are shown as a component of equity on the balance sheet and the share of the profit attributable to non-controlling interests is shown as a component of profit for the year in the income statement.

Newly acquired companies are consolidated from the effective date of control using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are recognized in the balance sheet at fair value. Acquisition costs exceeding the Lindt & Sprüngli Group's share of the fair value of the identifiable net assets are allocated to goodwill. Transaction costs are shown as an expense in the period in which they are incurred.

Foreign currency translation
The consolidated financial statements are presented in Swiss francs, which is the parent company's functional and reporting currency. In order to hedge against currency risks, the Lindt & Sprüngli Group engages in currency forwards and options trading. The methods of recognizing and measuring these derivative financial instruments in the balance sheet are explained in the paragraph "Accounting for derivative financial instruments and hedging activities".

Foreign exchange differences arising from the translation of loans that are held as net investments in a foreign operation are recognized separately in other comprehensive income. The repayment of these loans is not considered as a divestment (partial or full). As a consequence, the respective accumulated currency translation differences are not recycled from other comprehensive income to the income statement.

Foreign exchange rates
The Lindt & Sprüngli Group applied the following exchange rates:

		Balance sheet year-end rates		Income statement average rates	
CHF		**2018**	2017	**2018**	2017
Euro zone	1 EUR	1.13	1.17	1.15	1.12
USA	1 USD	0.99	0.98	0.98	0.99
Great Britain	1 GBP	1.26	1.32	1.30	1.27
Canada	1 CAD	0.72	0.78	0.75	0.77
Australia	1 AUD	0.70	0.76	0.73	0.76
Poland	100 PLN	26.19	28.01	26.99	26.28
Mexico	100 MXN	5.02	4.95	5.09	5.21
Sweden	100 SEK	11.01	11.89	11.15	11.63
Czech Republic	100 CZK	4.38	4.57	4.46	4.28
Japan	100 JPY	0.89	0.87	0.88	0.88
South Africa	100 ZAR	6.85	7.90	7.36	7.39
Hong Kong	100 HKD	12.58	12.48	12.48	12.64
China	100 CNY	14.32	14.99	14.51	14.75
Russia	100 RUB	1.42	1.69	1.54	1.69
Brazil	100 BRL	25.38	29.45	26.89	30.81

Property, plant and equipment

Property, plant and equipment are valued at historical cost, less accumulated depreciation. The assets are depreciated using the straight-line method over the period of their expected useful economic life. Depreciation on assets is calculated using the straight-line method to reduce the carrying amount to the expected residual value. The following useful lives have been applied:

- Buildings (incl. installations) 5–40 years
- Machinery 10–15 years
- Other fixed assets 3–8 years

Land is not depreciated. Profits and losses from disposals are recorded in the income statement.

Intangible assets

Goodwill
Goodwill is the excess of the costs of acquisition over the Lindt & Sprüngli Group's interest in the fair value of the net assets acquired. Goodwill is not amortized, but is tested for impairment in the fourth quarter of each reporting period.

Other intangible assets
“EDP Software” and “customer relationships” are recognized at cost and amortized on a straight line basis over their economic life. “EDP Software” is amortized over a period of three to five years, “customer relationships” over a period of 10 to 20 years. The economic life of the intangible asset is regularly reviewed. “Brands and intellectual property rights” are not amortized but tested for impairment at each balance sheet date. All identifiable intangible assets (such as “brands and intellectual property rights” and “customer relationships”) acquired in the course of a business combination are initially recognized at fair value.

Impairment

The Lindt & Sprüngli Group records the difference between the realizable value and the book value of fixed assets, goodwill or intangible assets as impairment. The valuation is made for an individual asset or, if this is not possible, on a group of assets to which separate sources of cash flows can be allocated. In order to establish the future benefits, the expected future cash flows are discounted. Assets with indefinite useful life as for example goodwill or intangible assets, which are not in use yet, are not depreciated and are subject to a yearly impairment test. Depreciable assets are tested for their recoverability, if there are signs, that the book value is no longer realizable.

Leasing

The Lindt & Sprüngli Group distinguishes between lease liabilities resulting from finance and operating leases.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs include all direct material and production costs, as well as overhead, which incurred in order to bring inventories to their current location and condition. Costs are calculated using the FIFO method. Net realizable value equals the estimated selling price in the ordinary course of business less cost of completion of the goods produced and applicable variable selling and distribution expenses.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash in bank, and other short-term investments with an original maturity period less than 90 days.

Financial assets

The Lindt & Sprüngli Group recognizes, measures, impairs (if required), presents and discloses financial assets as required by IFRS 9 – "Financial Instruments", IAS 32 – "Financial Instruments: Presentation" and IFRS 7 – "Financial Instruments: Disclosures". According to IFRS 9, financial assets are divided into three categories: financial assets at "fair value through profit and loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" and subsequent measurement at "amortized cost". The category of a certain financial asset is defined by the contractual cash flow characteristics as well as the Group`s business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are initially measured at its fair value. In case financial assets are not measured at FVTPL, transaction costs have to be added at initial recognition.

All financial assets not designated as amortized cost or FVOCI are measured at FVTPL. On initial recognition, Lindt may designate a financial asset that otherwise meets the criteria to be measured at amortized cost or FVOCI as measured at FVTPL if doing so eliminates the or significantly reduces an accounting mismatch that would otherwise arise. An equity instrument not held for trading may be classified as FVOCI with subsequent changes in fair value in OCI. The classification is irrevocable.

The fair value of listed investments is defined by using the current paid or, if not available, bid price. If the market for a financial asset is not active and/or the security is unlisted, the Lindt & Sprüngli Group can determine the fair value by using valuation procedures. These are based on recent arm's length transactions, reference to similar financial instruments, the discounting of the future cash flows and the application of the option pricing models.

Provisions
Provisions are recognized when the Lindt & Sprüngli Group has a legal or constructive obligation arising from a past event, where it is likely that there will be an outflow of resources and a reasonable estimate can be made thereof.

Allowance for accounts receivable
The allowance for accounts receivable is based on the "Expected Credit Loss" model required by IFRS 9. According to IFRS 9, it is no longer necessary for a loss event to occur before an impairment loss is recognized. For the recognition of the allowance for accounts receivable, the Lindt & Sprüngli Group considers historical default rates as well as forward looking information by grouping receivables by customer sector and credit rating, if available. For trade receivables, Lindt applies the simplified approach and recognizes lifetime expected credit losses.

Dividends
In accordance with Swiss law and the Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual Shareholders' Meeting and subsequently paid.

Financial liabilities
Financial liabilities are recognized initially when the Lindt & Sprüngli Group commits to a contract and records the amount of the proceeds (net of transaction costs) received. Borrowings are then valued at amortized cost using the effective interest method. The amortized cost consists of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the potential difference between the original amount and the amount due at maturity). Gains or losses are recognized in the income statement as a result of amortization or when a borrowing is derecognized. A borrowing is derecognized when it is repaid, offset or when it expires.

Employee benefits
The expense and defined benefit obligations for the significant defined benefit plans and other long-term employee benefits in accordance with IAS 19 (revised) are determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at the end of each reporting period. This method takes into account years of service up to the reporting period and requires the Lindt & Sprüngli Group to make estimates about demographic variables (such as mortality or turnover) and financial variables (such as future salary increase and the long-term interest rate on pension assets) that will affect the final cost of the benefits. The valuation of the pension asset is carried out yearly and recognized at its fair market value.

The cost of defined benefit plans has three components:
– service cost recognized in profit and loss;
– net interest expense or income recognized in profit and loss; and
– remeasurement recognized in other comprehensive income.

Service cost includes current service cost, past service cost and gains or losses on settlements. Past service cost is recognized in the period the plan amendment occurs.

Curtailment gains and losses are accounted for as past service cost. Contributions from plan participants' or a third party reduce the service cost and are therefore deducted if they are based on the formal terms of the plan or arise from a constructive obligation.

Net interest cost is equal to the discount rate multiplied by the net defined benefit liability or asset. Cash flows and changes during the year are taken into account on a weighted basis.

Remeasurements of the net defined benefit liability (asset) include actuarial gains and losses on the defined benefit obligation from:
– changes in assumptions and experience adjustments;
– return on plan assets excluding the interest income on the plan assets that is included in the net interest; and
– changes in the effect of the asset ceiling (if applicable) excluding amounts included in the net interest.

Remeasurements recorded in other comprehensive income are not recycled.

The Lindt & Sprüngli Group presents both components of the defined benefit costs in the line item "Employee benefits expense" in its consolidated income statement. Remeasurements are recognized in other comprehensive income.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Lindt & Sprüngli Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Payments to defined contribution plans are reported in personnel expenses when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

For the other long-term employee benefits the present value of the defined benefit obligation is recognized at the balance sheet date. Changes of the present value are recorded as personnel expenses in the income statement.

Revenue recognition

Revenue is recognized in accordance with the requirements of IIFRS 15 – "Revenue from Contracts with Customers" and the five-step model described therein. Revenues are recognized at the time when goods are transferred to customers in the amount of the consideration that the Lindt & Sprüngli Group can expect in return for the transfer of these goods. In addition to sales or value-added tax, contractually agreed obligations with the trade, such as price or promotional discounts, end-of-year discounts or returns of goods, are deducted from revenues, unless the consideration for distinctly and clearly identifiable services, rendered by trade partners, which could also be rendered by third parties at comparable costs. Adequate trade accruals are recognized for contractually agreed performance obligations.

"Other income" mainly includes license fees, reimbursement of freight charges and the gain on sale of assets. All income are recognized after the fulfillment of the obligation.

Interest income is recognized on an accrual basis, taking into consideration the outstanding sums lent and the actual interest rate to be applied.

Dividend income resulting from financial investments is recorded upon approval of the dividend distribution.

Operating expenses

Operating expenses include marketing, distribution and administrative expenses.

Borrowing costs

Interest expenses incurred from borrowings used to finance the construction of fixed assets are capitalized for the period in which it takes to build the asset for its intended purpose. All other borrowing costs are immediately expensed in the income statement.

Taxes

Taxes are based on the yearly profit and include non-refundable taxes at source levied on the amounts received or paid for dividends, interests, and license fees. These taxes are levied according to a country's directives.

Deferred income taxes are accounted for according to the "balance-sheet-liability method", and arise on temporary differences between the tax and IFRS bases of assets and liabilities. In order to calculate the deferred income taxes, the legal tax rate in use at the time or the future tax rate announced is applied.

Deferred tax assets are recorded to the extent that it is probable that future taxable profit is likely to be achieved against which the temporary differences can be offset.

Deferred taxes also arise due to temporary differences from investments in subsidiaries and associated companies. Deferred taxes are not recognized if the following two conditions are met: the parent company is able to manage the timing of the release of temporary differences and, it is probable that the temporary differences are not going to be reversed in the near future. Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Research and development costs

Development costs for new products are capitalized if the relevant criteria for capitalization are met. There are no capitalized development costs in these consolidated financial statements.

Share-based payments

The Lindt & Sprüngli Group grants several employees options on officially listed participation certificates. These options have a blocking period of three to five years and a maximum maturity of seven years. The options expire once the employee leaves the company. Cash settlements are not allowed. The disbursement of these equity instruments is valued at fair value at grant date. The fair value determined at grant date is recorded in a straight-line method over the vesting period. This is based on the estimated number of participation certificates, which entitles a holder to additional benefits. The fair value was defined with the help of the binomial model used to determine the price of the options. The anticipated maturity period included the conditions of the employee option plan, such as the blocking period and the non-transferability.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Lindt & Sprüngli Group designates certain derivative financial instruments as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (securing the cash flow).

At the beginning of the business transaction, the Lindt & Sprüngli Group documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Lindt & Sprüngli Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items, and how the hedge ratio is determined.

The effective portion of changes in fair value of derivatives which are designated and qualify as cash flow hedges is accounted for in other comprehensive income. Profit and loss from the ineffective portion of the value adjustment are recognized immediately in the income statement.

Amounts accumulated in equity for financial instruments are recognized in the income statement in the same reporting period when the hedged item affects profit and loss. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount is removed from the cash flow hedge reserve and included in the initial cost of non-financial asset or liability.

Critical accounting estimates and judgments

When preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. Actual values may differ from these estimates. Estimates and assumptions significantly affect the following areas:

- Pension plans: the calculation of the recognized assets and liabilities from defined benefit plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and changes in employee benefits. In addition, the Lindt & Sprüngli Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.
- When testing goodwill and other intangible assets with indefinite useful life, parameters such as future discounted cash flows, underlying discount and growth rates, as well as the EBIT-margin development are based on estimates and assumptions.
- The Lindt & Sprüngli Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining deferred tax assets and deferred tax liabilities or current income tax accruals. There are many transactions and calculations for which the determination of the applicable tax rate and the expected current income tax position.

In the course of restructuring the pension fund schemes within the Lindt & Sprüngli Group in 2013, two non-profit funds were founded. According to IFRS 10 – "Consolidated financial statements" it is not required to consolidate these two funds because amongst other things, the Lindt & Sprüngli Group is not exposed to variable returns.

3. Risk Management

Due to its global activity, the Lindt & Sprüngli Group is exposed to a number of risks: strategic, operational, and financial. Within the scope of the annual risk management process, the individual risk positions are classified into these three categories, where they are assessed, limited, and responsibilities assigned.

In view of the existing and inevitable strategic and operating risks of the core business, Management's objective is to minimize the impact of the financial risks on the operating and net profit for the reporting period.

The Lindt & Sprüngli Group is exposed to financial risks. The financial instruments are divided, in accordance with IFRS 7, into the following categories: market risks (commodities, exchange rates, interest rates) credit risks, and liquidity risks. The central treasury department (Corporate Treasury) is responsible for the coordination of risk management and works closely with the operational Lindt & Sprüngli Group companies. The decentralized Lindt & Sprüngli Group structure gives strong autonomy to the individual operational Lindt & Sprüngli Group companies, particularly with regard to the management of exchange rate and commodity risks. The risk policies issued by the Audit Committee serve as guidelines for the entire risk management.

Centralized systems and processes, specifically for the ongoing recognition and consolidation of the group wide foreign exchange and commodity positions, as well as regular internal reporting, ensure that the risk positions are consolidated and managed in a timely manner. The Lindt & Sprüngli Group only engages in derivative financial instruments in order to hedge against market risks.

Market risks

Commodity price risks
The Lindt & Sprüngli Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climatic conditions, seasonal conditions, seasonal demand, and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Lindt & Sprüngli Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. Commodity futures are also used, but only processed centrally by Corporate Treasury. The commodity futures for cocoa beans of a required quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and may therefore vary significantly throughout the year. Based on the existing contract volume as of December 31, 2018 and 2017, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IFRS 9.

Exchange rate risks
The Lindt & Sprüngli Group's reporting is in Swiss francs, and is exposed to fluctuations in foreign exchange rates, primarily with respect to the euro, the various dollar currencies, and the pound sterling. Foreign exchange rate risk is not generated from sales, since the operational Group companies invoice predominantly in their local functional currencies. On the other hand, the Lindt & Sprüngli Group is exposed to exchange rate risk on trade payables for goods and services that arise from the trade within the Lindt & Sprüngli Group and outside partners. These transactions are hedged using forward currency contracts. The operational Lindt & Sprüngli Group companies transact all currency instruments with Corporate Treasury, which hedges these positions by means of financial instruments with credit-worthy financial institutions (short-term rating A1/P1).

Since the operational Lindt & Sprüngli Group companies transact the majority of their transactions in their own functional currencies and any remaining non-functional currency-based transactions are hedged with currency forward contracts, the exchange rate risk at balance sheet date is not material. The changes, in exchange rates, include the fair value of the currency forward contracts since entering into the contract and are recognized in accordance with IFRS 9.

Interest rate risks
Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period, and currency of the financial position on a continuous basis. Corporate Treasury may use derivative financial instruments in order to manage the interest rate risk of balance sheet assets and liabilities, and future cash flows. As of December 31, 2018 and 2017, there were no such transactions.

As of December 31, 2018 the position financial assets made up of two equal parts of interest-bearing and non interest-bearing financial assets. Interest-bearing financial assets predominantly include cash and cash equivalents in Swiss francs. In 2017 most material financial assets were not interest-bearing.

The acquisition of Russell Stover Chocolates, LLC in 2014 caused a reduction of liquid funds and the issuance of long-term bonds with a fixed interest rate by the Lindt & Sprüngli Group. The Lindt & Sprüngli Group faces a risk of a rise in the interest rate at maturity of these bonds.

Credit risks

Credit risks occur when a counterparty, such as a financial institute, supplier or a client is unable to fulfil its contractual duties. Financial credit risks are mitigated by investing (liquid funds and/or derivative financial instruments) with various lending institutions holding a short-term A1/P1-rating only. The maximum default risk of balance sheet assets is limited to the carrying values of those assets in the balance sheet as reflected in the notes to the financial statements (including derivative financial instruments). The operating companies of the Lindt & Sprüngli Group have implemented processes for defining credit limits for clients and suppliers and monitor adherence to these processes on an ongoing basis. Due to the geographical spread of the turnover and the large number of clients, the Lindt & Sprüngli Group's concentration of risk is limited.

Liquidity risks

Liquidity risks exist when the Lindt & Sprüngli Group or a subsidiary does not settle or meet its financial obligations (untimely repayment of financial debt, payment of interest). The Lindt & Sprüngli Group's liquidity is ensured by means of regular group wide monitoring and planning of liquidity as well as an investment policy coordinated on a timely basis by Corporate Treasury. The net financial position (defined as cash and cash equivalents plus marketable securities less financial debt), is monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2018, the net financial position amounted to CHF –13.3 million (CHF –154.2 million in 2017). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings as at December 31, 2018 and 2017, of the contractual maturity date:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2018 Total
Bonds (including interests)	–	5.8	509.0	512.0	1,026.8
Loans	–	–	0.7	0.1	0.8
Accounts payable	217.2	–3.0	–	–	214.2
Other accounts payable	51.6	2.1	–	–	53.7
Derivative assets	–5.6	–25.8	–7.2	–	–38.6
Derivative liabilities	3.4	6.9	1.8	–	12.1
Bank and other borrowings	12.2	0.1	–	–	12.3
Total contractually fixed payments	**278.8**	**–13.9**	**504.3**	**512.1**	**1,281.3**

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2017 Total
Bonds (including interests)	–	5.8	511.5	515.3	1,032.6
Loans	–	–	0.7	–	0.7
Accounts payable	215.9	1.4	–	–	217.3
Other accounts payable	51.7	1.5	–	–	53.2
Derivative assets	–7.7	–6.2	–0.3	–	–14.2
Derivative liabilities	7.0	24.9	5.7	–	37.6
Bank and other borrowings	8.9	0.3	–	–	9.2
Total contractually fixed payments	**275.8**	**27.7**	**517.6**	**515.3**	**1,336.4**

4. Capital Management

The goal of the Lindt & Sprüngli Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Lindt & Sprüngli Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment. As an example the Lindt & Sprüngli Group started with a share buypack program of CHF 500.00 million in 2018.

The Lindt & Sprüngli Group monitors its capital based on the ratio of shareholders' equity in percentage to total assets, which was 61.9% as of December 31, 2018 (60.1% in 2017).

The objectives, policies, and procedures as of December 31, 2018, related to capital management have not been changed compared to the previous year.

5. Segment Information: According to Geographic Segments

The Lindt & Sprüngli Group is organized and managed by means of individual countries. For the definition of business segments to be disclosed, the Lindt & Sprüngli Group has aggregated companies of individual countries on the basis of similar economic structures (foreign exchange risks, growth perspectives, element of an economic area), similar products and trade landscapes, and economic attributes (gross profit margins). The three business segments to be disclosed are:

- "Europe", consisting of the European companies and business units including Russia;
- "North America", consisting of the companies in the USA, Canada, and Mexico; and
- "Rest of the World", consisting of the companies in Australia, Japan, South Africa, Hong Kong, China, and Brazil as well as the business units Distributors and Duty Free.

Due to the increasing integration of the four companies in the USA with regards to sales, logistics and administration, these now form one operating segment. As a consequence, they are reported to the Chief Operating Decision Maker only on a consolidated level. This has no impact on the business segments reported, as all four companies have already been part of the business segment "North America".

The Lindt & Sprüngli Group considers the operating result as the segment result. Transactions between segments are valued and recorded in accordance with the "cost plus" method.

Segment income

	Segment Europe		Segment North America		Rest of the World		Total	
CHF million	2018	2017	2018	2017	2018	2017	**2018**	2017
Sales	2,393.2	2,231.0	1,664.2	1,640.5	577.0	524.6	4,634.4	4,396.1
Whereof sales between segments	314.8	299.0	6.4	8.7	–	–	321.2	307.7
Third party sales	**2,078.4**	**1,932.0**	**1,657.8**	**1,631.8**	**577.0**	**524.6**	**4,313.2**	**4,088.4**
Operating profit	401.1	345.1	129.3	166.5	106.3	83.8	636.7	595.4
Net financial result							–16.1	–12.6
Income before taxes							**620.6**	**582.8**
Taxes							–133.5	–130.3
Net income							**487.1**	**452.5**

The following countries achieved the highest sales in 2018:

- USA CHF 1,389.2 million (CHF 1,399.7 million in 2017)
- Germany CHF 660.2 million (CHF 611.3 million in 2017)

For better understanding, the revenues of the Lindt & Sprüngli Group are further disaggregated based on the two most significant sales channels "Trade Partners" and "Global Retail" (consisting of store network and e-commerce). The disaggregation by sales channel does not reflect a view by management responsibility as disclosed by operating segment. In 2018 revenues of "Global Retail" amounted to CHF 552.3 Mio.

Balance sheet and other information

	Segment Europe		Segment North America		Rest of the World		Total	
CHF million	2018	2017	2018	2017	2018	2017	**2018**	2017
Assets[1]	4,719.2	4,522.0	2,230.9	2,192.0	299.7	261.6	7,249.8	6,975.6
Liabilities[1]	2,261.9	2,245.5	349.9	343.6	151.6	191.5	2,763.4	2,780.6
Investments	171.9	117.7	70.3	56.9	15.1	10.6	257.3	185.2
Depreciation and amortization	105.9	97.9	63.7	61.6	8.6	7.5	178.2	167.0
Impairment	0.1	0.3	0.9	0.8	0.3	0.9	1.3	2.0

1 Assets of CHF 11.2 million (CHF –15.5 million in 2017) and liabilities of CHF 83.2 million (CHF 118.1 million in 2017) which cannot be clearly allocated to a particular segment are disclosed in the category "Rest of the World".

The following countries held the greatest portion of fixed and intangible assets in 2018:

- USA CHF 1,345.8 million (CHF 1,337.3 million in 2017)
- Switzerland CHF 644.4 million (CHF 632.7 million in 2017)
- Germany CHF 294.5 million (CHF 283.9 million in 2017)

6. Financial Instruments, Fair Value, and Hierarchie Levels

The following table shows the carrying amounts and fair values (FV) of financial instruments recognized in the consolidated balance sheet, categorized according to IFRS 9 and analyzed by types and hierarchy levels at year-end:

		December 31, 2018		December 31, 2017	
CHF million	Level[1]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets					
Fair value through profit or loss					
Derivative assets	1	27.1	27.1	–	–
Derivative assets	2	11.5	11.5	14.1	14.1
Marketable securities and short-term financial assets	1/2	1.6	1.6	0.2	0.2
Investments third parties	3	1.1	1.1	1.4	1.4
Total		**41.3**	**41.3**	**15.7**	**15.7**
Other financial assets at amortized cost[2]					
Total		**2,097.6**	**2,097.6**	**1,992.5**	**1,992.5**
Total financial assets		**2,138.9**	**2,138.9**	**2,008.2**	**2,008.2**
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	1	–	–	23.8	23.8
Derivative liabilities	2	12.1	12.1	13.7	13.7
Total		**12.1**	**12.1**	**37.5**	**37.5**
Other financial liabilities at amortized costs					
Bonds	1	997.9	1,018.5	997.5	1,025.1
Loans		0.8	0.8	0.7	0.7
Other non-current liabilities		6.6	6.6	7.7	7.7
Accounts payable		214.2	214.2	217.3	217.3
Other accounts payable		56.2	56.2	53.2	53.2
Bank and other borrowings		12.3	12.3	9.2	9.2
Total		**1,288.0**	**1,308.6**	**1,285.6**	**1,313.2**
Total financial liabilities		**1,300.1**	**1,320.7**	**1,323.1**	**1,350.7**

1 Level 1 – The fair value measurement of same financial instruments is based on quoted prices in active markets.
Level 2 – The fair value measurement of same financial instruments is based on observable market data, other than quoted prices in Level 1.
Level 3 – Valuation technique using non-observable data.
For financial instruments with a short term maturity date it is expected that the carrying amounts are a reasonable approximation of the respective fair values.
2 Contains cash and cash equivalents, accounts receivable, other receivables (excluding prepayments and current tax assets), and loans to third parties.

7. Property, Plant and Equipment

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2018 Total
Acquisition costs as at January 1, 2018	**1,086.3**	**1,389.1**	**256.4**	**109.6**	**2,841.4**
Additions	51.5	42.1	30.4	125.7	249.7
Retirements	–15.9	–7.1	–5.5	–	–28.5
Transfers	28.6	56.0	3.4	–88.2	–0.2
Currency translation	–19.8	–26.2	–6.3	–1.7	–54.0
Acquisition costs as at December 31, 2018	**1,130.7**	**1,453.9**	**278.4**	**145.4**	**3,008.4**
Accumulated depreciation as at January 1, 2018	**507.4**	**845.5**	**199.2**	**–**	**1,552.1**
Additions	52.8	84.4	21.9	–	159.1
Impairments	1.0	–	0.3	–	1.3
Retirements	–8.4	–6.5	–4.7	–	–19.6
Transfers	0.7	–	–0.7	–	–
Currency translation	–8.2	–16.2	–4.9	–	–29.3
Accumulated depreciation as at December 31, 2018	**545.3**	**907.2**	**211.1**	**–**	**1,663.6**
Net fixed assets as at December 31, 2018	**585.4**	**546.7**	**67.3**	**145.4**	**1,344.8**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2017 Total
Acquisition costs as at January 1, 2017	**1,009.5**	**1,200.9**	**231.1**	**172.1**	**2,613.6**
Additions	32.2	41.7	20.5	78.8	173.2
Retirements	–4.2	–8.3	–8.1	–	–20.6
Transfers	26.9	109.2	2.9	–139.3	–0.2
Currency translation	21.9	45.6	10.0	–2.0	75.5
Acquisition costs as at December 31, 2017	**1,086.3**	**1,389.1**	**256.4**	**109.6**	**2,841.4**
Accumulated depreciation as at January 1, 2017	**449.5**	**746.2**	**177.5**	**–**	**1,373.2**
Additions	48.9	78.9	20.8	–	148.6
Impairments	1.8	–	0.1	–	1.9
Retirements	–4.1	–7.8	–7.2	–	–19.1
Currency translation	11.3	28.2	8.0	–	47.5
Accumulated depreciation as at December 31, 2017	**507.4**	**845.5**	**199.2**	**–**	**1,552.1**
Net fixed assets as at December 31, 2017	**578.9**	**543.6**	**57.2**	**109.6**	**1,289.3**

Advance payments of CHF 38.0 million (CHF 49.8 million in 2017) are included in the position construction in progress. No mortgages exist on land and buildings.

The impairment charge totals CHF 1.3 million (CHF 1.9 million in 2017) and consists of write-downs of land and buildings of CHF 1.0 million (CHF 1.8 million in 2017) and of machinery and other fixed assets of CHF 0.3 million (CHF 0.1 million in 2017).

The net book value of capitalized assets, under financial lease, amounted to CHF 0.5 million (CHF 0.7 million in 2017). Operating lease commitments are not capitalized.

8. Intangible Assets

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	2018 Total
Acquisition costs as at January 1, 2018	**95.4**	**130.5**	**459.8**	**768.7**	**21.0**	**1,475.4**
Additions	12.0	–	–	–	0.4	12.4
Retirements	–0.8	–	–	–	–	–0.8
Transfers	0.2	–	–	–	–	0.2
Currency translation	–2.3	1.2	–	7.5	–1.7	4.7
Acquisition costs as at December 31, 2018	**104.5**	**131.7**	**459.8**	**776.2**	**19.7**	**1,491.9**
Accumulated depreciation as at January 1, 2018	**66.4**	**29.0**	**–**	**–**	**1.3**	**96.7**
Additions	9.6	8.6	–	–	0.9	19.1
Retirements	–0.8	–	–	–	–	–0.8
Currency translation	–1.6	0.3	–	–	–0.1	–1.4
Accumulated depreciation as at December 31, 2018	**73.6**	**37.9**	**–**	**–**	**2.1**	**113.6**
Net intangible assets as at December 31, 2018	**30.9**	**93.8**	**459.8**	**776.2**	**17.6**	**1,378.3**

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	2017 Total
Acquisition costs as at January 1, 2017	**85.3**	**136.4**	**459.8**	**803.6**	**20.8**	**1,505.9**
Additions	11.9	–	–	–	0.1	12.0
Retirements	–4.6	–	–	–	–	–4.6
Transfers	0.2	–	–	–	–	0.2
Currency translation	2.6	–5.9	–	–34.9	0.1	–38.1
Acquisition costs as at December 31, 2017	**95.4**	**130.5**	**459.8**	**768.7**	**21.0**	**1,475.4**
Accumulated depreciation as at January 1, 2017	**59.8**	**21.2**	**–**	**–**	**0.5**	**81.5**
Additions	8.8	8.8	–	–	0.8	18.4
Impairments	0.1	–	–	–	–	0.1
Retirements	–4.1	–	–	–	–	–4.1
Currency translation	1.8	–1.0	–	–	–	0.8
Accumulated depreciation as at December 31, 2017	**66.4**	**29.0**	**–**	**–**	**1.3**	**96.7**
Net intangible assets as at December 31, 2017	**29.0**	**101.5**	**459.8**	**768.7**	**19.7**	**1,378.7**

Research and development expenditures amounted to CHF 13.8 million (CHF 12.7 million in 2017) and are expensed as incurred.

Impairment test of goodwill and other intangible assets with infinite life

The impairment test of goodwill and other intangible assets with infinite life (i.e. "brands and intellectual property") relates to the acquisition of Russell Stover Chocolates, LLC in 2014. Due to the changes in the operating segment "USA" described in Note 5, the impairment test is performed on this segment.The recoverable amount equals to the net present value of discounted future cash flows. It was determined based on planning assumptions over the next years plus a residual value.

The EBIT-margin is based on historical data and industry specific benchmarks of the Lindt & Sprüngli Group. The main planning assumptions are summarized as follows:

	2018	2017
Period of cash flow projections	5 years	5 years
Annual sales growth	5.0%	2,0%
Annual EBIT-margin evolution	Improvement	Improvement
Terminal growth	2,2%	2,2%
Discount rate post tax	6,0%	6,0%

9. Financial Assets

CHF million	**2018**	2017
Pension assets[1]	1,532.8	1,482.1
Investments third parties	1.2	1.4
Total	**1,534.0**	**1,483.5**

1 See note 17.

10. Taxes

10.1 Deferred tax assets and liabilities

The net value of deferred tax liabilities is as follows:

CHF million	**2018**	2017
As at January 1	**401.2**	**346.2**
Deferred income tax expense (+)/income (-)	−9.4	6.8
Tax charged to comprehensive income	12.4	53.7
Tax charged to other components of equity	2.1	−4.6
Currency translation	1.0	−0.9
As at December 31	**407.3**	**401.2**

Deferred tax assets and liabilities were generated from the following balance sheet positions:

CHF million	2018	2017
Deferred tax assets		
Property, plant and equipment	9.1	8.0
Intangible assets	0.2	0.3
Pension assets and liabilities	39.7	33.4
Receivables	7.7	8.4
Inventories	26.0	26.2
Payables and accruals	41.6	43.7
Other	52.6	35.8
Deferred tax assets gross	**176.9**	**155.8**
Netting	–117.2	–112.8
Total	**59.7**	**43.0**
Deferred tax liabilities		
Property, plant and equipment	40.8	40.7
Intangible assets	60.8	51.7
Pension assets and liabilities	460.2	444.3
Receivables	2.7	2.9
Inventories	4.0	4.3
Payables and accruals	12.8	12.7
Derivative assets and liabilities	0.6	0.3
Other	2.3	0.1
Deferred tax liabilities gross	**584.2**	**557.0**
Netting	–117.2	–112.8
Total	**467.0**	**444.2**
Net deferred tax	**407.3**	**401.2**

The tax loss carry-forwards of which no deferred tax assets are recognized expire as follows:

CHF million	2018	2017
Between 1 and 5 years	17.7	10.5
Between 6 and 10 years	0.6	2.6
Over 10 years	1.9	4.4
Total	**20.2**	**17.5**

Tax loss carry-forwards utilized in 2018 amounted to CHF 7.2 million (CHF 5.1 million in 2017).

10.2 Tax expense

CHF million	2018	2017
Current tax expense	136.1	117.3
Deferred income tax expense (+)/income (-)	–9.4	6.8
Other taxes	6.8	6.2
Total	**133.5**	**130.3**

The tax on the Lindt & Sprüngli Group's income before taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

CHF million	2018	2017
Income before taxes	**620.6**	**582.8**
Expected tax[1]	**125.2**	**122.0**
Change in applicable tax rates on temporary differences	–0.4	–3.6
Utilization of unrecognized tax loss carry-forwards from prior years	–2.9	–1.9
Adjustments related to prior years	–3.1	1.2
Non-taxable items	6.5	–3.0
Withholding tax levied and other taxes	6.9	6.3
Income components with lower tax rates	0.4	–3.3
Other	0.9	12.6
Total	**133.5**	**130.3**

1 Based on the expected weighted average tax rate of 20.2% in 2018 (20.9% in 2017).

The tax for each component of other comprehensive income is:

			2018			2017
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	52.5	–	52.5	15.9	–	15.9
Defined benefit plan	40.1	–12.6	27.5	196.8	–53.7	143.1
Currency translation	–34.9	0.2	–34.7	–14.1	–	–14.1
Total	**57.7**	**–12.4**	**45.3**	**198.6**	**–53.7**	**144.9**

11. Inventories

CHF million	2018	2017
Raw material	103.0	109.6
Packaging material	103.4	102.1
Semi-finished and finished products	593.6	563.3
Value adjustment	–47.8	–43.6
Total	**752.2**	**731.4**

In 2018, CHF 5.9 million (CHF 5.7 million in 2017) of the value adjustment as at the end of 2017 have been released to the income statement.

12. Accounts Receivable

CHF million	2018	2017
Accounts receivable gross	1,053.8	1,078.8
Value adjustment	–30.6	–31.3
Total	**1,023.2**	**1,047.5**
Value adjustment as at January 1	**–31.3**	**–29.7**
Addition	–9.3	–6.8
Utilization	6.0	4.3
Release	3.6	1.6
Currency translation	0.4	–0.7
Value adjustment as at December 31	**–30.6**	**–31.3**

The following table presents the aging of accounts receivable:

CHF million	2018	2017
Not yet past due	862.9	865.5
Past due 1–30 days	126.5	152.0
Past due 31–90 days	44.2	41.2
Past due over 91 days	20.2	20.1
Accounts receivable gross	**1,053.8**	**1,078.8**

The carrying amounts of accounts receivable are denominated in the following currencies:

CHF million	2018	2017
CHF	63.2	54.6
EUR	356.7	362.5
USD	337.5	368.3
GBP	73.8	63.1
Other currencies	192.0	199.0
Accounts receivable net	**1,023.2**	**1,047.5**

13. Derivative Financial Instruments and Hedging Reserves

At the balance sheet date, the fair value of derivative financial instruments was as follows:

	2018		2017	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging (currencies and raw material)	37.1	12.1	11.8	37.5
Other derivatives	1.5	–	2.3	–
Total	**38.6**	**12.1**	**14.1**	**37.5**

The carrying amount (contract value) of the outstanding forward-currency and raw material contracts as at December 31, 2018, is CHF 1,539.8 million (CHF 1,535.0 million in 2017). The majority of gains and losses recognized in the hedging reserve, as shown in the Consolidated Statement of Changes in Equity, amount to a net gain of CHF 24.9 million as of December 31, 2018 (net loss of CHF 27.6 million in 2017), and will be released to material expenses in the income statement at various dates within the next 24 months. Other derivative instruments which have been executed in accordance with the risk policy do not qualify for hedge accounting under the criteria of IFRS 9.

14. Cash and Cash Equivalents

CHF million	2018	2017
Cash at bank and in hand	555.7	412.5
Short-term bank deposits	440.4	440.5
Total	**996.1**	**853.0**

The effective interest rate on short-term bank deposits reflects the average interest rate of the money market as well as the development of the currencies invested with an original maturity period of up to three months.

15. Share and Participation Capital

	Number of registered shares[1]	Number of participation certificates[2]	Registered shares (CHF million)	Participation certificates (CHF million)	Total (CHF million)
As at January 1, 2017	**136,088**	**1,013,136**	**13.6**	**10.1**	**23.7**
Capital increase	–	35,017	–	0.4	0.4
As at December 31, 2017	**136,088**	**1,048,153**	**13.6**	**10.5**	**24.1**
Capital increase	–	24,382	–	0.2	0.2
As at December 31, 2018	**136,088**	**1,072,535**	**13.6**	**10.7**	**24.3**

1 At par value of CHF 100.–
2 At par value of CHF 10.–

The conditional capital has a total of 399,707 participation certificates (424,089 in 2017) with a par value of CHF 10.–. Of this total, 145,257 (169,639 in 2017) are reserved for employee stock option programs; the remaining 254,450 participation certificates (254,450 in 2016) are reserved for capital market transactions. There is no other authorized capital. In 2018, a total of 24,382 (35,017 in 2017) of the employee options were exercised at an average price of CHF 3,624 (CHF 2,918 in 2017). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

The number of own registered shares and participation certificates (treasury stock) is as follows:

	2018		2017	
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**1,524**	**–**	**1,909**	**–**
Retirements	–27	–	–385	–
Share buy-back program	100	18,156	–	–
Inventory as at December 31	**1,597**	**18,156**	**1,524**	**–**
Average sales price of retirements (CHF)	71,325	–	65,734	–
Average cost of share buy-back program (CHF)	74,922	6,176	–	–

16. Financial Liabilities

CHF million	2018	2017
Non-current		
CHF 500 million 0.5% bond, 2014–2020	499.7	499.5
CHF 250 million 1.0% bond, 2014–2024	248.8	248.6
CHF 250 million 0.3% bond, 2017–2027	249.4	249.4
Loans	0.8	0.7
Current		
Bank and other borrowings	12.3	9.2
Total borrowings	**1,011.0**	**1,007.4**

The carrying amounts of the Lindt & Sprüngli Group's financial liabilities are denominated in the following currencies:

CHF million	2018	2017
CHF	997.9	997.5
EUR	10.1	9.1
USD	0.4	0.5
Other currencies	2.6	0.3
Total	**1,011.0**	**1,007.4**

17. Pension Plans and Other Long-term Employee Benefits

The Lindt & Sprüngli Group operates in and outside of Switzerland different pension plans for employees that satisfy the participation criteria. Among these plans are defined contribution and defined benefit plans that cover most of the employees against retirement, disability, and death.

17.1 Defined contribution plans

The Lindt & Sprüngli Group offers to employees that satisfy the eligibility criteria defined contribution plans. The Lindt & Sprüngli Group is obliged to pay a fixed percentage of the annual pay to these pension schemes. To some of these plans, the employees also have to make contributions. These are typically deducted by the employer from the monthly salary and paid to the pension fund. Apart from the payment of the contributions, the employer has no further obligation to these pension funds or to the employees.

In 2018 the employer contributions to defined contribution plans amounted to CHF 12.9 million (CHF 12.4 million in 2017).

17.2 Defined benefit plans and other long-term employee benefits

The Lindt & Sprüngli Group finances defined benefit plans for the employees that satisfy the criteria to join such plans. The most significant defined benefit plans are located in Switzerland, Germany, USA, France, Italy, and Austria.

In addition to these plans, the Lindt & Sprüngli Group operates jubilee benefit plans and other plans with benefits depending on the past years of service. These plans qualify as other long-term employee benefits.

17.2.1 Employee benefit plans in Switzerland
The Lindt & Sprüngli Group operates different pension schemes in Switzerland. They are either organized through a separate foundation or through an affiliation to a collective foundation of an insurance company. The foundations are governed by foundation boards. The foundation boards are made up by an equal number of employee and employer representatives. The members of the foundation board are obliged by the law and the plan rules to act in the interest of the member (active employees and pensioners) only. Since the decisions are taken by the foundation boards, the only influence of the Lindt & Sprüngli Group is through its representatives.

The main duties of the foundation boards include the decision about the plan rules including the level of the contributions, the organization and the investment strategy.

The benefits are mainly depending on the insured salary and the years of service. For some of the plans the benefits are depending on retirement savings account. At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse's pension, or a lump sum. In addition to retirement benefits, the plan benefits also include disability and death benefits. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules or may withdraw funds early for the purchase of a residential property for their own use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In defining the benefits, the minimum requirements of the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2018, the rate was 1.00% (1.00% in 2017). The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, the inflation risk if it results in a salary increase, the interest risk, the disability risk and the risk of life expectancy.

The employee and employer's contributions are set by the foundation board. The employer has to finance at least 50% of the total contributions. Contributions can also be financed through an employer welfare fund or finance foundations of the employer. In the event of a shortfall, recapitalization contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

Beside the pension schemes, there are employer foundations that have as a main task to finance the pension schemes. The Board members of these foundations are appointed exclusively by the employer.

17.2.2 Employee benefit plans in Germany
In Germany the Lindt & Sprüngli Group operates different company pension plans. These plans are based on different rules and agreements between the employer and employees. For certain management employees individual agreements are applied. The plan provides benefits in the event of retirement, disability and death. Depending on the plan rules, the benefits are either paid as pensions for life or as lump sums. The most significant plans are financed directly by the employer. Upon termination of the employment prior to retirement, the vested benefits remain preserved as required by the German pension law (Betriebsrentengesetz).

The plans are regulated by the German pension law. The most significant risks related to actuarial gains or losses within these plans are borne by the employer. The risk of life expectancy, the salary increase risk and the inflation risk might result in pension adjustments.

17.2.3 Employee benefit plans in the USA

In the USA, several defined benefit plans exist. In 2018, an agreement was made with the employees to exit the multi-employer plan, which represents the largest plan. Since December 1, 2018, the ensured employees of this plan do not acquire any new benefits. The plan has been replaced with a defined contribution plan. At year-end closing there was not enough information available to calculate the costs of the plan settlement. For this reason the plan is still accounted for as a defined benefit plan as of December 31, 2018.

The other larger plans include a closed defined benefit plan and another defined benefit plan, where the employee receives a lump sum equal to the savings account at retirement. In addition to the savings account, the return on the investments chosen by the employee are reimbursed. The underlying assets are separated in a trust but do not qualify as defined benefit assets under IAS 19, as the assets are available to the creditors. Nevertheless, the trust reimburses the Company for the payments of the benefits. For this plan there is no actuarial risk, as long as the investments of the trust cover the investments chosen by the employees.

17.2.4 Other employee benefit plans

Other post-retirement plans exist in France, Italy, Austria, and Poland and plans for other long-term employee benefits in Australia, France, UK, Ireland, Austria, and Spain. All plans are compliant with local laws.

The actuarial valuation was prepared by independent actuaries at December 31, 2018. The market value of assets at December 31, 2018 was estimated based on the information available at the moment of preparing the results.

17.2.5 Actuarial calculations

The main assumptions on which the actuarial calculations are based can be summarized as follows:

	Pension plans		Other long-term employee benefits	
	2018	2017	**2018**	2017
Discount rate	1.7%	1.6%	1.5%	1.4%
Future salary increases	0.9%	0.9%		
Future pension adjustments	0.2%	0.2%		

For the countries with material pension obligations the following assumptions about the life expectancy at age 65 were taken into account:

			2018			2017
	Switzerland	Germany	USA	Switzerland	Germany	USA
Retirement in 20 years (age of 45 at balance sheet date)						
Men	24.33	22.83	21.30	24.26	21.90	19.88
Women	26.37	25.83	23.70	26.29	25.82	22.12
Retirement at balance sheet date (age of 65)						
Men	22.50	20.04	19.60	22.38	19.26	18.34
Women	24.54	23.57	22.10	22.43	23.32	20.60

In all relevant countries an increase in the life expectancy can be observed.

The amounts recognized in the income statement and in the other comprehensive income (OCI) can be summarized as follows:

	Pension plans		Other long-term employee benefits	
CHF million	**2018**	2017	**2018**	2017
Employee benefits expense				
Total service cost				
Current service cost	16.8	17.7	0.8	0.7
Past service cost and curtailments	0.1	–9.8	–	0.8
Plan settlements	0.1	–	–	–
Net interest cost	–12.8	–9.5	0.1	0.1
Liability management cost	0.7	0.6	–	–
Actuarial gains (–)/losses (+)	–	–	–0.2	0.9
Total defined benefit cost (+)/gain (–) of the period	**4.9**	**–1.0**	**0.7**	**2.5**
Valuation components accounted for in OCI				
Actuarial gains (–)/losses (+)				
Arising from changes in demographic assumptions	5.8	–0.4	–	–
Arising from changes in financial assumptions	–12.8	–16.7	–	–
Arising from experiences	10.2	–3.2	–	–
Return on plan assets (excluding interest income)	–37.1	–198.3	–	–
Return on reimbursement (excluding amounts in net interest)	0.6	–0.8	–	–
Changes in asset ceiling	–6.8	22.6	–	–
Total defined benefit cost (+)/gain (–) recognized in OCI	**–40.1**	**–196.8**	**–**	**–**
Total defined benefit cost (+)/gain (–)	**–35.2**	**–197.8**	**0.7**	**2.5**

The changes in pension obligations, pension assets, and the asset ceiling can be summarized as follows:

Changes in the present value of the defined benefit obligation

	Pension plans		Other long-term employee benefits	
CHF million	**2018**	2017	**2018**	2017
Defined benefit obligation as at January 1	**591.2**	**611.9**	**10.2**	**7.8**
Current service cost	16.8	17.7	0.8	0.7
Plan participants’ contributions	5.6	5.5	–	–
Interest expense on the net present value of the obligation	9.0	9.4	0.1	0.1
Actuarial gains (–)/losses (+)	3.2	–20.3	–0.3	0.9
Past service gains (–)/losses (+)	0.1	–9.8	–	0.8
Gains (–)/losses (+) on settlements	–1.9	–	–	–
Benefits paid through pension assets	–15.1	–23.3	–	–
Benefits paid by employer	–6.0	–5.3	–0.6	–0.7
Currency exchange differences	–3.2	5.4	–0.3	0.6
Defined benefit obligation as at December 31	**599.7**	**591.2**	**9.9**	**10.2**

Changes in the fair value of plan assets

	Pension plans	
CHF million	2018	2017
Fair value of plan assets as at January 1	**1,931.2**	**1,728.9**
Plan participants' contributions	5.6	5.5
Contributions by employer	5.2	5.0
Interest income	21.8	18.5
Return on plan assets (excluding interest income)	37.1	198.3
Gains (–)/losses (+) on settlements	–2.0	–
Benefits paid through pension assets	–15.1	–23.3
Liability management cost	–0.7	–0.6
Currency translations	0.4	–1.1
Fair value of plan assets as at December 31	**1,983.5**	**1,931.2**

Development of reimbursement rights[1]

CHF million	2018	2017
Reimbursement rights as at January 1	**11.0**	**11.8**
Employee contributions	0.3	0.6
Employer contributions	0.1	0.1
Interest income on reimbursements	0.4	0.5
Return on reimbursement (excluding interest income)	–0.7	0.8
Reimbursements to employer	–3.0	–2.2
Currency translation	0.1	–0.6
Reimbursement rights as at December 31	**8.2**	**11.0**

1 Relates exclusively to reimbursement rights of the company Russell Stover Chocolates, LLC.

Development of not recorded plan assets

	Pension plans	
CHF million	2018	2017
Asset ceiling as at January 1	**22.6**	**–**
Interest income recognized in OCI	0.3	–
Change in asset ceiling recognized in OCI	–6.8	22.6
Asset ceiling as at December 31	**16.1**	**22.6**

The net position of pension obligations in the balance sheet can be summarized as follows:

Amount recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million	2018	2017	2018	2017
Present value of funded obligation	575.8	563.1	–	–
Fair value of plan assets	–1,983.5	–1,931.2	–	–
Underfunding (+)/overfunding (–)	**–1,407.7**	**–1,368.1**	**–**	**–**
Unrecognized prepaid pension costs	16.1	22.6	–	–
Present value of unfunded obligations	23.8	28.1	9.9	10.1
Net pension liability (+)/asset (–)	**–1,367.8**	**–1,317.4**	**9.9**	**10.1**
of which pension liabilities	165.0	164.7	9.9	10.1
of which pension assets[1]	–1,532.8	–1,482.1	–	–

1 See note 9.

The plan assets are mainly managed by the Swiss pension plans and employer funds. The foundation boards issue investment guidelines for the plan assets which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The pension plans are also subject to the legal requirements on diversification and safety required by the BVG. Investment in bonds have in general at least an A rating, investments in real estate are typically held directly by the plans.

The foundation boards of the pension funds regularly review whether the chosen investment strategy is appropriate in view of the pension benefits to be provided and whether the risk capability is in line with the demographic structure. Compliance with the investment guidelines and the investment results of the investment advisors are reviewed by the foundation boards of the pension funds on a quarterly basis.

The investments in the employer foundation and primarily in the finance foundation are mainly invested in shares of the Lindt & Sprüngli Group.

The pension assets mainly consist of the following asset categories:

			2018			2017
CHF million	Listed	Not listed	Total	Listed	Not listed	Total
Equities	1,645.1	–	1,645.1	1,602.4	–	1,602.4
Bonds	146.2	–	146.2	145.4	–	145.4
Alternative investments	18.8	–	18.8	15.1	–	15.1
Real estate	17.2	114.0	131.2	18.3	112.1	130.4
Qualified insurance policies	–	18.1	18.1	–	17.8	17.8
Liquidity and other	–	24.1	24.1	–	20.1	20.1
Total	**1,827.3**	**156.2**	**1,983.5**	**1,781.2**	**150.0**	**1,931.2**

The plan assets include investments in the Lindt & Sprüngli Group with a market value of CHF 1,500.1 million at December 31, 2018 (CHF 1,442.5 in 2017). Moreover, the Lindt & Sprüngli Group has occupied property from the pension funds with a market value of CHF 16.6 million at December 31, 2018 (CHF 16.5 million in 2017).

The revaluation of assets resulted in a gain of CHF 58.9 million in 2018 and a gain of CHF 216.8 million in 2017. In 2019, the expected employer contributions amount to CHF 5.7 million and the expected payments for pensions by the employer to CHF 5.8 million.

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits, and members receiving pensions:

		Pension plans
CHF million	2018	2017
Active employees	317.0	313.6
Vested terminations	24.2	24.6
Pensioners	258.5	253.0
Total	**599.7**	**591.2**

The average duration of the liabilities at December 31, 2018 is 15.9 years (15.9 years in 2017).

The following table shows the impact of the change of the discount rate, salary increase, and pension indexation on the present value of the defined benefit obligation:

CHF million	**2018**		2017	
Increase (+)/decrease (–) of assumptions by	+0,25%	-0,25%	+0,25%	-0,25%
Technical interest rate	19.0	20.7	–21.3	23.1
Salary increase	6.8	–5.7	6.9	–5.9
Pension indexation	12.1	–2.5	11.9	–2.5

18. Provisions

CHF million	Business risks	Other	**Total**
Provisions as at January 1, 2017	**79.0**	**35.2**	**114.2**
Addition	17.4	1.2	18.6
Utilization	–7.7	–2.8	–10.5
Release	–9.0	–8.1	–17.1
Currency translation	0.5	0.2	0.7
Provisions as at December 31, 2017	**80.2**	**25.7**	**105.9**
Addition	14.6	6.7	21.3
Utilization	–3.5	–2.2	–5.7
Release	–6.8	–11.8	–18.6
Currency translation	–0.4	–	–0.4
Provisions as at December 31, 2018	**84.1**	**18.4**	**102.5**

Other provisions for business risks include unsettled claims, onerous contracts as well as legal and administrative proceedings, which arise during the normal course of business. Provisions are recognized at balance sheet date when a present legal or constructive obligation as a result of past events occurs and the expected outflow of resources can be reliably estimated. The timing of outflows is uncertain as it depends upon the outcome of the proceedings. However, the balance as at December 31, 2018 includes CHF 14.4 million expected to be current, of which CHF 4.0 million is related to business risks.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant loss beyond the amounts provided at December 31, 2018.

19. Accounts Payable

Accounts payable to suppliers are denominated in the following currencies:

CHF million	**2018**	2017
CHF	14.2	13.6
EUR	123.3	119.3
USD	47.3	54.0
GBP	10.5	10.5
Other currencies	18.9	19.9
Total	**214.2**	**217.3**

20. Accrued Liabilities

CHF million	2018	2017
Trade related accrued liabilities	359.2	377.9
Salaries/wages and social costs	104.1	100.2
Other	203.1	199.5
Total	**666.4**	**677.6**

"Trade related accrued liabilities" comprise year-end rebates, returns, markdowns on seasonal products, price and promotional discounts and other services provided by trade partners.

"Salaries/wages and social costs" are related to bonuses, overtime, and outstanding vacation days, whereas the position "Other" comprises accruals for third-party services rendered as well as commissions.

21. Personnel Expenses

CHF million	2018	2017
Wages and salaries	691.7	656.9
Social benefits	147.4	136.8
Other	99.3	92.7
Total	**938.4**	**886.4**

For the year 2018, the Lindt & Sprüngli Group employed an average of 14,570 people (13,949 in 2017).

22. Net Financial Result

CHF million	2018	2017
Interest income	1.5	0.7
Other	2.3	2.3
Total financial income	**3.8**	**3.0**
Interest expense	–18.8	–15.6
Other	–1.1	–
Total financial expense	**–19.9**	**–15.6**

23. Earnings per Share/Participation Certificate (PC)

	2018	2017
Non-diluted earnings per share/10 PC (CHF)	**2,021.4**	**1,892.5**
Net income (CHF million)	485.1	450.7
Weighted average number of registered shares/10 PC	239,978	238,145
Diluted earnings per share/10 PC (CHF)	**2,008.1**	**1,880.6**
Net income (CHF million)	485.1	450.7
Weighted average number of registered shares/10 PC and outstanding options on 10 PC	241,575	239,662

24. Dividend per Share/Participation Certificate (PC)

CHF	2018	2017
Dividend per share/10 PC	1,000[1]	930

1 Proposal of the Board of Directors.

During the period January 1, 2019 to record date May 8, 2019, the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock (registered shares and participation certificates) as well as the exercise of options, granted through the employee stock option plan.

25. Share-based Payments

Options on participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee stock option program. An option entitles an employee to a participation certificate at an exercise price, which consists of an average of the price of the five days preceding the issue date. The options have a blocking period during the vesting period of three to five years and if not exercised, they expire after seven years. Changes in outstanding options can be viewed in the table below:

	2018		2017	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	**102,799**	**4,658**	**118,232**	**4,005**
New option rights	26,070	5,791	24,205	5,360
Exercised rights	–24,382	3,624	–35,017	2,918
Cancelled rights	–3,271	5,243	–4,621	4,815
Outstanding options as at December 31[1]	**101,216**	**5,180**	**102,799**	**4,658**
of which exercisable at December 31	10,469	3,804	12,449	3,174
Average remaining time to expiration (in days)	654		677	

1 The exercise price varies between CHF 2,679 to CHF 5,794 as of December 31, 2018.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 15.2 million (CHF 14.0 million in 2017). The assumptions used to calculate the expenses for the grants 2015 to 2018 are listed in the following table:

Date of issue	**30.1.2018**	16.1.2017	21.1.2016	28.1.2015
Number of issued options	26,070	24,205	26,830	25,465
of which in bracket A (blocking period 3 years)	9,111	8,405	9,353	8,847
of which in bracket B (blocking period 4 years)	9,146	8,525	9,444	8,962
of which in bracket C (blocking period 5 years)	7,813	7,275	8,033	7,656
Issuing price (CHF)	5,794	5,360	5,401	4,811
Price of participation certificates on date of issue (CHF)	5,755	5,260	5,285	4,730
Value of options on issuing date (CHF)				
Bracket A (blocking period 3 years)	719	631	637	607
Bracket B (blocking period 4 years)	780	690	697	654
Bracket C (blocking period 5 years)	831	737	747	688
Maximum life span (in years)	7	7	7	7
Form of compensation	PC from conditional capital			
Expected life span (in years)	5–6	5–6	5–6	5–6
Expected rate of retirement per year	2.1%	2.1%	2,1%	2,2%
Expected volatility	20.5%	21.2%	21,4%	21,3%
Expected dividend yield	1.66%	1.63%	1.57%	1.53%
Risk-free interest rate	0.03 – 0.17%	(0,38) – (0,25)%	(0,51) – (0,36)%	(0,53) – (0,38)%
Model	Binomial model			

26. Contingencies

As last year, the Lindt & Sprüngli Group has no contingent liabilities that would require disclosure as of December 31, 2018. With respect to the Lindt Chocolate Competence Foundation's construction project, refer to note 28.

27. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is:

CHF million	**2018**	2017
Property, plant and equipment	62.8	78.1

The future lease payments under operating lease commitments are:

CHF million	**2018**	2017
Up to 1 year	89.4	81.1
Between 1 and 5 years	254.7	238.0
Over 5 years	153.1	140.5
Total	**497.2**	**459.6**

Leasing commitments are related to the rental of retail stores, warehouse and office space, vehicles and EDP hardware.

28. Transactions with Related Parties

A family member of a Director of the Board has a majority share in a company, to which products were sold at arm's length for the value of CHF 20.2 million (CHF 18.6 million in 2017) and license fee income of CHF 0.7 million (CHF 0.6 million in 2017) was generated. Receivables outstanding against this company were CHF 13.8 million (CHF 13.7 million in 2017) at the balance sheet date.

In 2018 the Lindt & Sprüngli Group provided various administration services to the "Lindt Chocolate Competence Foundation", the "Lindt Cocoa Foundation", the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG" and the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG". The services were invoiced at arm's length.

The Lindt & Sprüngli Group has provided the "Lindt Chocolate Competence Foundation" with the building right for the Chocolate Competence Centre in 2016. The conditions of this contract are agreed at arm's length. In addition, the Lindt & Sprüngli Group has provided the funding bank with a security of up to CHF 130.0 million in relation to the construction project, which is unlikely to be used.

Remuneration of the Board of Directors and Group Management

As at December, 31 2018 the Lindt & Sprüngli Group consisted of 6 non-executive and executive Directors (6 in 2017). The number of executive Officers as at December, 31 2018 is 6 (8 in 2017). The compensation paid to non-executive Directors and executive Officers is shown below:

CHF thousand	**2018**	2017
Fixed cash compensation[1]	9,905	11,152
Variable bonus component[2]	3,259	3,483
Other compensation[3]	110	296
Options[4]	5,727	5,092
Registered shares	977	3,161
Total	**19,978**	**23,184**

1 Total gross cash compensation and allowances for Officers and Directors including pension benefits paid by employer (excluding social charges paid by employer) for the Officers.
2 As per the Compensation Repoprt it is the expected pay-out (accrual basis) in April of following year according to the application of the CNC and BoD (excluding social charges paid by employer. The effective pay-out for the other members of Group Management for the financial year 2017 was CHF 2,546,000.
3 Employees part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.
4 The valuation of option grants on Lindt & Sprüngli participation certificates is based on the market value at grant date.

Apart from the payments mentioned above, no payments were made on a private basis or via consulting companies to either an executive or a non-executive member of the Board or a member of Group Management. As of December 31, 2018, there were no loans, advances or credits due to the Lindt & Sprüngli Group or any of its subsidiaries by any of the members of the Board or the Group Management.

29. Events after the Balance Sheet Date

The consolidated financial statements were approved for publication by the Board of Directors on March 4, 2019 The approval of the consolidated financial statements by the shareholders will take place at the Annual Shareholders' Meeting. No events have occurred up to March 4, 2019, which would necessitate adjustments to the carrying values of the Lindt & Sprüngli Group's assets or liabilities, or which require additional disclosure.

Report of the Statutory Auditor on the Consolidated Financial Statements

Report of the statutory auditor

to the Board of Directors of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2018, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 88 to 123) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Our audit approach

Overview

Overall Group materiality CHF 43,000,000

We concluded full scope audit work at 28 Group companies in 19 countries. These Group companies represented 100% of the sales and the assets of the Group.

As key audit matters, the following areas of focus were identified:

Impairment testing of goodwill

Valuation of pension fund assets

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 43,000,000
How we determined it	7% of earnings before taxes
Rationale for the materiality benchmark applied	We chose earnings before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, earnings before taxes is a generally accepted benchmark for materiality considerations. We chose 7% in light of the high equity level and the Group's past performance.

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Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 30 units, each of which is considered a component. In collaboration with Management, we identified 28 Group companies at which an audit of the financial information was performed. The 2 Group companies not in scope are not material to the Group.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor was based on audit instructions and standardised reporting. It included regular written and oral communications with selected component audit teams.

The Group audit team itself performed specific audit procedures with regard to the Group's consolidation and areas involving significant scope for judgement (including taxes, goodwill, intangible assets, treasury, pension benefits, litigation and the elimination of unrealised intercompany profits on inventories).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment testing of goodwill

Key audit matter	*How our audit addressed the key audit matter*
Intangible assets are recognised in the amount of CHF 1,378 million, of which CHF 776 million is goodwill. We focussed on this area due to the size of the goodwill balance and because the valuation of this balance by management involves significant scope for judgement concerning the future results of the business in the USA that underlies the goodwill. Management compares the book value of goodwill to the value in use of the underlying business in the USA. Value in use is calculated by estimating the future cash flows that the business is expected to generate. If the value in use is lower than the book value of goodwill, an impairment charge is recognised. The most significant elements of the value in use calculation are the assessment of the discounted cash flow model used and the assessment of the underlying assumptions. The underlying assumptions that offer the greatest scope for judgement are the long-term sales growth rates, EBIT margin growth rates and the discount rate used to calculate present values. Please refer to note 8 for details of the impairment test and management's assumptions.	We assessed the determination of the cash-generating units used in the calculation of the cash flow forecasts. We evaluated the components used in management's forecasts of future cash flows. We also assessed the process adopted to calculate the forecasts. Lindt & Sprüngli Group prepares three-year budgets, which are approved by the Board of Directors. These budgets form the basis for management's cash flow forecasts used in the impairment assessment. We compared the 2018 actual results with the 2018 budget figures fixed in the previous year to assess the accuracy of the budget figures. In addition, with the support of a PwC valuation specialist, we assessed the following assumptions: • the long-term growth rates, by comparing them with economic and industry forecasts; • EBIT margin growth rates, by comparing them with other mature Lindt & Sprüngli production entities; and • the discount rate, by assessing the costs of capital for the company and comparable organisations, taking into consideration country-specific factors. We checked management's valuations for correctness. Additionally, we assessed management's sensitivity analyses of the key assumptions to ascertain the extent of change in those assumptions that would be required, either individually or collectively, for the goodwill to be impaired. We discussed the outcomes of the sensitivity analyses with management. We concluded the models and assumptions used are appropriate to test for the impairment of intangible assets.

Valuation of pension fund assets

Key audit matter	*How our audit addressed the key audit matter*
Financial assets are recognised in the amount of CHF 1,534 million, of which CHF 1,533 million are assets relating to pension funds. We focussed on this area due to the size of the pension fund assets and because management's assessment of the valuation of this balance involves significant scope for judgement concerning the valuation parameters used and the estimates of future benefits from the pension fund assets. Management engages an external actuary to perform the calculation of the net present value of the pension benefit obligations, which are then compared with the pension fund assets in order to determine the net pension fund liabilities and assets to be recognised in the Group balance sheet. The most judgemental assumptions underlying this calculation were the salary growth rates, the pension increase rates, the mortality rate and the inflation rate. For further information, please refer to notes 9 and 17.	We compared on a sample basis the personnel data used in the calculation of the pension benefit obligations with the data made available to us by the pension institution. We did not identify any differences. We assessed the engagement and the professional competency and independence of the actuary engaged by management. We concluded that we could place reliance on the calculation performed by the actuary. Additionally, we evaluated the following assumptions used by management: • the salary growth rates and the pension increase rates, by comparing them with economic and industry forecasts; • the mortality rate, by ensuring that the appropriate generation table was used; • the inflation rate, by comparing it with relevant market data. We tested on a sample basis whether the pension fund assets existed and that they were measured correctly. On the basis of the audit procedures performed, we found that the assumptions used by management in the valuation of the net assets of the pension funds were within a range considered to be reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Chocoladefabriken Lindt & Sprüngli AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Häfliger	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zurich, 4 March 2019

Balance Sheet

CHF thousand	Note	December 31, 2018	December 31, 2017
Assets			
Cash and cash equivalents		294,774	179,749
Marketable securities and short-term financial assets		440,015	440,000
Accounts receivable			
from third parties		11,894	10,316
from subsidiaries		4,477	5,045
Other receivables			
from subsidiaries		–	2,437
Loans to subsidiaries		170,000	–
Accrued income			
from subsidiaries		32,170	29,974
Total current assets		**953,330**	**667,521**
Loans to subsidiaries		260,000	430,000
Investments	4	876,081	870,415
Intangible assets		451,089	476,149
Total non-current assets		**1,587,170**	**1,776,564**
Total assets		**2,540,500**	**2,444,085**
Liabilities and Shareholders' Equity			
Accounts payable to subsidiaries		1,821	1,809
Short-term interest-bearing liabilities			
to subsidiaries		134,988	59,181
Other accounts payable			
to third parties		4,143	584
Tax liabilities		22,031	23,914
Accrued liabilities			
to third parties		5,164	5,232
to subsidiaries		–	2
Total current liabilities		**168,147**	**90,722**
Bonds	5	1,000,000	1,000,000
Total non current liabilities		**1,000,000**	**1,000,000**
Share capital		13,609	13,609
Participation capital		10,725	10,481
Reserve from capital contribution	7	103,677	116,477
General legal reserve		76,040	76,040
Special reserve	7	1,060,755	931,815
Retained earnings			
Balance brought forward from previous year		36,443	35,604
Net income for the year		273,525	253,346
Treasury stock	6	–82,790	–84,009
Treasury stock (share buy-back program)	6	–119,631	–
Total shareholders' equity		**1,372,353**	**1,353,363**
Total liabilities and shareholders' equity		**2,540,500**	**2,444,085**

Income Statement

CHF thousand	**2018**	2017
Dividends and other income from subsidiaries	350,523	315,908
Other income	422	382
Other expenses	–25,950	–21,735
Value adjustments on investments and intangible assets	–21,325	–23,571
Operating profit	**303,670**	**270,984**
Financial income	11,515	23,972
Financial expenses	–10,714	–14,660
Income before taxes	**304,471**	**280,296**
Taxes	–30,946	–26,950
Net income	**273,525**	**253,346**

Notes to the Financial Statements

1. Introduction

The financial statements of Chocoladefabriken Lindt & Sprüngli AG, with registered office in Kilchberg, were prepared in accordance with the Swiss accounting legislation of the Swiss Code of Obligations (CO).

Chocoladefabriken Lindt & Sprüngli AG is presenting consolidated financial statements according to an internationally accepted reporting standard. Therefore, these financial statements and notes do not include additional disclosures, cash flow statement, and management report, according to Art. 961d, paragraph 1 CO.

2. Accounting Policies

Non-current assets

Non-current assets are valued at historical cost less impairment. Intangible assets mainly consist of the intellectual property rights of Russell Stover Chocolates, LLC, acquired in 2014 and amortized over a period of 20 years starting in 2017.

Treasury shares

Treasury shares are recognized at acquisition cost and are presented as a deduction from shareholder's equity. Upon sale of treasury shares, the realized gain or loss is recognized through the income statement as income or expense from financial assets.

Financial liabilities

Financial liabilities are recognized at nominal value. Agios and disagios as well as bond issuance costs are recognized in the income statement.

Dividends and other income from subsidiaries

Dividend income resulting from financial investments is recorded upon approval of the dividend distribution.
"Other income from subsidiaries" mainly consist of license fees, which are recognized in the period they fall due.

Foreign currency translation

The foreign exchange rates are listed on page 96 of the notes to the consolidation financial statements. In deviation to the table, transactions in the income statement are booked at the respective month-end rate.

3. Liabilities arising from Guarantees and Pledges in favor of Third Parties

Contingent liabilities as at December 31, 2018, amounted to CHF 281.9 million (CHF 247.0 million in 2017). This figure comprises guarantees given to counterparties providing credit lines for borrowings to subsidiaries.

The companies, Chocoladefabriken Lindt & Sprüngli AG, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Lindt & Sprüngli Financière AG, Lindt & Sprüngli (International) AG, and Indestro AG together form a Swiss-VAT group. According to Art. 15, paragraph 1, item c of the Swiss Value Added Tax Law and Art. 22, paragraphs 1 and 2 of the Swiss Value Added Tax Ordinance, all members participating in VAT-group taxation are jointly liable for all taxes owed by the VAT group (including interest), which arose during their period of membership.

4. Investments

The investments in subsidiaries are listed on page 93 of the notes to the consolidated financial statements.

5. Bonds

In September 2014 Chocoladefabriken Lindt & Sprüngli AG placed bonds of CHF 1 billion in order to finance the acquisition of Russell Stover Chocolates, LLC. A first tranche, which expired in October 2017 was replaced by a new bond of CHF 250 million. The current bonds consist of the following three tranches

CHF million	Interest rate	Interest maturity	Term	Notional amount
Straight bond	0.5%	October 8	2014–2020	500.0
Straight bond	1.0%	October 8	2014–2024	250.0
Straight bond	0.3%	October 6	2017–2027	250.0
Total				**1,000.0**

6. Acquisition and Sale of Registered Shares and Participation Certificates

	2018		2017	
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**1,524**	**–**	**1,909**	**–**
Retirements	–27	–	–385	–
Share buy-back program	100	18,156	–	–
Inventory as at December 31	**1,597**	**18,156**	**1,524**	**–**
Average sales price of retirements (CHF)	71,325	–	65,734	–
Average cost of share buy-back program (CHF)	74,922	6,176	–	–

7. Reserves

	Reserves from capital contribution				Special reserves
CHF thousand	Requested	Approved	Not approved[1]	Total	Total
Balance as at January 1, 2017	**–**	**73,293**	**12,586**	**85,879**	**773,073**
Reserve from retained earnings	–	–	–	–	160,000
Additions during the year	100,565	–	1,258	101,823	–1,258
Approved reserves from capital contribution					
FTA approval February 20, 2018	–100,565	100,565	–	–	–
Proposed dividend distribution	–	–71,220	–	–71,220	–
Undistributed dividends on own registered shares and participation certificates	–	557	–	557	–
Options exercised from January 1 to April 25, 2017	–	–562	–	–562	–
Balance as at December 31, 2017	**–**	**102,633**	**13,844**	**116,477**	**931,815**
Reserve from retained earnings	–	–	–	–	130,000
Additions during the year	87,046	–	1,060	88,106	–1,060
Approved reserves from capital contribution					
FTA approval January 31, 2019	–87,046	87,046	–	–	–
Proposed dividend distribution	–	–101,180	–	–101,180	–
Undistributed dividends on own registered shares and participation certificates	–	934	–	934	–
Options exercised from January 1 to May 7, 2018	–	–660	–	–660	–
Balance as at December 31, 2018	**–**	**88,773**	**14,904**	**103,677**	**1,060,755**

1 The Swiss federal tax administration (FTA) has not yet approved the capital transaction costs of TCHF 14,904 as reserves from capital contribution. This practice may be changed in the future.

8. Mandatory Disclosure of Interest Positions pursuant to Art. 663c CO

As of December 31, 2018, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders known to the Company (in accordance with Art. 663c CO and the articles of association), which own voting shares of more than 4%: "BlackRock Inc." held 4.46% of the Company's shares. "Fonds für Pensionsergänzungen of Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation" held as a group 20.23% of the voting rights of the Company (20.23% in 2017).

The participation of the Board of Directors and Group Management as at December 31, according to Art. 663c CO is as follows:

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2018	2017	**2018**	2017	**2018**	2017
E. Tanner	Executive Chairman	3,055	3,172	12,000	12,060	4,725	8,950
A. Bulgheroni	Member of the Board	1,000	1,000	165	–	–	–
Dkfm E. Gürtler	Member of the Board	1	1	50	50	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz[3]	Member of the Board	11	–	–	–	–	–
P. Schadeberg-Herrmann[4]	Member of the Board	–	127	–	–	–	–
Dr D. Weisskopf	Group Management	7	7	2,400	2,400	6,350	6,850
A. Pfluger[2]	Group Management	5	5	30	30	4,613	4,850
R. Fallegger	Group Management	5	5	100	100	4,548	4,048
A. Germiquet	Group Management	4	4	400	–	2,610	2,525
Dr A. Lechner	Group Management	7	7	56	56	4,195	4,025
M. Hug	Group Management	–	–	–	–	2,075	1,825
G. Steiner	Group Management	2	2	–	–	2,380	1,840
K. Kitzmantel[1]	Group Management	–	2	–	–	–	3,798
Total		**5,189**	**5,424**	**15,201**	**14,696**	**31,496**	**38,711**

1 Mr. K. Kitzmantel stepped down from Group Management on December 31, 2017 on reaching retirement.
2 Mr. A. Pfluger stepped down from Group Management on December 31, 2018 on reaching retirement.
3 Mr. S. Denz was elected at the General Assembly in 2018, therefore no participation reported in 2017.
4 Ms. P. Schadeberg-Herrmann stepped down at the 2018 Annual General Assembly. Therfore not participation reported as at December 31, 2018

All other disclosures relating to the remuneration of the Board of Directors, Group Management, and Extended Group Management are provided in the Compensation Report.

9. Number of Employees

Chocoladefabriken Lindt & Sprüngli AG has no employees.

Proposal for the Distribution of Available Retained Earnings

CHF	December 31, 2018	December 31, 2017
Balance brought forward	36,089,743	35,611,547
Net income	273,524,790	253,346,403
Other	353,777[1]	–7,524
Available retained earnings	**309,968,310**	**288,950,426**
Shares and participation certificates as per bylaws of CHF 24,334,150 as at December 31, 2018 (CHF 24,090,330 in 2017)		
640% (510% in 2017) dividend	–155,738,560[2]	–122,860,683
Allocation to special reserves	–120,000,000	–130,000,000
Balance carried forward	**34,229,750**	**36,089,743**
Allocation of approved capital contribution reserve to free reserves	87,602,940[2]	101,179,386
Withholding tax exempt distribution CHF 360.– per registered share/ CHF 36.- per participation certificate (CHF 420.– per RS/CHF 42.– per PC in 2017)	–87,602,940[2]	–101,179,386

1 Includes dividends not distributed on treasury stock held of CHF 1,134,240, dividends distributed on options exercised during the period January 1 to May 7, 2018 of CHF –801,669, and expired dividends of CHF 21,206.
2 Number of registered shares and participation certificates, status as at December 31, 2018. During the period from January 1 until record date of May 8, 2019, the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock as well as the exercise of options, granted through the employee stock option plan. Consequently the allocation of the approved capital contribution reserve to free reserves will be adjusted accordingly.

For 2018 the Board of Directors proposes a total dividend of CHF 1,000.– per registered share and CHF 100.– per participation certificate.

CHF 360.– per registered share and CHF 36.– per participation certificate are distributed out of the approved capital contribution reserve (agio) and CHF 640.– per registered share and CHF 64.– per participation certificate are distributed out of retained earnings.

Report of the Statuory Auditor on the Financial Statements

Report of the statutory auditor

to the Board of Directors of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG which comprise the balance sheet as at 31 December 2018, income statement for the year then ended and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 130 to 135) as at 31 December 2018 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 25,000,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matters, the following areas of focus were identified:

Impairment assessment of intangible assets

Valuation of investments in subsidiaries and loans to subsidiaries

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Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 25,000,000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark for determining materiality because it is a generally accepted benchmark for materiality considerations relating to a holding company.

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment assessment of intangible assets

Key audit matter	*How our audit addressed the key audit matter*
Intangible assets recognised in the amount of CHF 451 million relate to the Russell Stover (CHF 414 million), Ghirardelli (CHF 31 million) and Caffarel (CHF 6 million) brands. We focussed on this area due to the size of the assets and because the valuation of the above-mentioned brands depends significantly on their future results. The intangible assets are stated individually at acquisition cost less regular depreciation and occasional impairments in accordance with the requirements of commercial accounting and financial reporting. The impairment assessment of the brands is based on a comparison of their carrying value with the capitalised licensing income. If the book value of the brands exceeds the capitalised licensing income, an impairment is recognised. Please refer to note 2 'Accounting principles'.	We tested the correct and consistent calculation of the regular depreciation of the brands. Additionally, we tested management's impairment assessment of the brands for its technical appropriateness and mathematical correctness as follows: • We compared on a sample basis the licensing income used for the valuations with the contractual agreements. • We assessed the capitalisation rate – taking into account the cost of capital – of the company and of comparable organisations, taking into account country-specific factors. • Further, we inspected on a sample basis the three-year budgets approved by the Board of Directors for individual licence holders, in order to assess the financial performance of these individual licence holders. We concluded that the models and assumptions used to test for the impairment of intangible assets are appropriate.

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Valuation of investments in subsidiaries and loans to subsidiaries

Key audit matter	*How our audit addressed the key audit matter*
Investments in subsidiaries are recognised in the amount of CHF 876 million and loans to subsidiaries in the amount of CHF 430 million. We focussed our audit on these assets because of the large size of the amounts and the significant judgement involved in the assessment of the recoverability of these assets and in light of the financial performance of certain subsidiaries. The investments and loans are stated individually at historical cost less impairment in accordance with the requirements of commercial accounting and financial reporting. The impairment assessment of the investments in subsidiaries is based on a comparison of the carrying amount with the intrinsic value of the investment. The intrinsic value of an investment is determined using generally accepted valuation methods that are based on past performance and financial forecasts. If the book value of the investment exceeds the intrinsic value as so determined, an impairment is recorded. The impairment assessment of the loans is determined by assessing the financial strength (equity) of the debtor. Please refer to note 2 'Accounting principles'.	We examined management's impairment assessment of the investments in subsidiaries and loans to subsidiaries as follows: • We assessed the technical appropriateness and mathematical correctness of management's valuations. • We reconciled on a sample basis the input data used for the valuations to audited historical financial information. • We compared the financial forecasts used in the valuation process with the budget figures approved by the Board of Directors. • We tested on a sample basis the financial information used in the valuations of loans. On the basis of our audit procedures, we consider the impairment tests performed by management on investments to subsidiaries and loans to subsidiaries as adequate.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Häfliger	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zurich, 4 March 2019

Five-Year Overview: Lindt & Sprüngli Group Financial Key data

		2018	2017	2016	2015	2014
Income Statement						
Sales	CHFmillion	4,313.2	4,088.4	3,900.9	3,653.3	3,385.4
EBITDA	CHF million	816.2	764.4	714.0	645.8	588.0
in % of sales	%	18.9	18.7	18.3	17.7	17.4
EBIT	CHF million	636.7	595.4	562.5	518.8	474.3
in % of sales	%	14.8	14.6	14.4	14.2	14.0
Net income	CHF million	487.1	452.5	419.8	381.0	342.6
in % of sales	%	11.3	11.1	10.8	10.4	10.1
in % of average shareholders' equity	%	11.2	11.5	11.7	11.7	12.2
Operating cash flow	CHF million	651.6	591.0	515.4	488.9	308.2
in % of sales	%	15.1	14.5	13.2	13.4	9.1
Depreciation, amortization, and impairment	CHF million	179.5	169.0	151.5	127.0	113.7
Balance Sheet						
Total assets	CHF million	7,249.8	6,975.6	6,428.8	6,259.0	5,581.5
Current assets	CHF million	2,933.0	2,781.1	2,374.5	2,111.7	1,822.1
in % of total assets	%	40.5	39.9	36.9	33.7	32.6
Non-current assets	CHF million	4,316.8	4,194.5	4,054.3	4,147.3	3,759.4
in % of total assets	%	59.5	60.1	63.1	66.3	67.4
Non-current liabilities	CHF million	1,735.3	1,730.8	1,495.9	1,782.3	1,638.4
in % of total assets	%	23.9	24.8	23.3	28.5	29.3
Shareholders' equity	CHF million	4,486.4	4,195.0	3,674.0	3,489.7	3,001.7
in % of total assets	%	61.9	60.1	57.1	55.7	53.8
Investments in PPE/intangible assets	CHF million	257.3	185.2	234.1	252.8	234.6
in % of operating cash flow	%	39.5	31.3	45.4	51.7	76.1
Employees						
Average number of employees		14,570	13,949	13,539	13,180	10,712
Sales per employee	TCHF	296.0	293.1	288.1	277.2	316.0

Five-Year Overview: Data per Share/Participation Certificate

		2018	2017	2016	2015	2014
Share						
Registered shares at CHF 100.– par[1]	Number	136,088	136,088	136,088	136,088	136,111
Participation certificates at CHF 10.– par[2]	Number	1,072,535	1,048,153	1,013,136	988,475	956,066
Non-diluted earnings per share/10 PC[3]	CHF	2,021	1,893	1,791	1,646	1,504
Operating cash flow per share/10 PC[3]	CHF	2,715	2,482	2,200	2,115	1,353
Shareholders' equity per share/10 PC[4]	CHF	18,437	17,414	15,476	14,854	12,954
Payout ratio	%	50.0	49.5	49.8	49.4	49.0
Registered share						
Year-end price	CHF	73,300	70,485	61,900	74,620	57,160
High of the year	CHF	85,400	72,280	74,090	76,000	59,140
Low of the year	CHF	65,600	61,790	57,025	53,740	48,100
Dividend	CHF	1,000.00[5]	930.00	880.00	800.00	725.00
P/E ratio[6]	Factor	36.27	37.23	34.56	45.33	38.01
Participation certificate						
Year-end price	CHF	6,100	5,950	5,275	6,255	4,932
High of the year	CHF	7,270	5,985	6,240	6,300	5,095
Low of the year	CHF	5,270	5,055	4,877	4,570	4,013
Dividend	CHF	100.00[5]	93.00	88.00	80.00	72.50
P/E ratio[6]	Factor	30.18	31.43	29.45	38.00	32.79
Market capitalization[6]	CHF million	16,517.7	15,828.7	13,768.1	16,337.8	12,495.4
in % of shareholders' equity[4]	%	368.2	377.3	374.7	468.2	416.3

1 ISIN number CH0010570759, security number 1057075.
2 ISIN number CH0010570767, security number 1057076.
3 Based on weighted average number of registered shares/10 participation certificates.
4 Year-end shareholders' equity.
5 Proposal of the Board of Directors.
6 Based on year-end prices of registered shares and participation certificates.

Addresses of the Lindt & Sprüngli Group

For almost 175 years, Lindt & Sprüngli confirms its reputation as one of the most innovative and creative companies in the premium chocolate market. Quality chocolate from Lindt & Sprüngli is distributed via own subsidiaries, regional offices, via an extensive global network of distributors as well as in more than 400 own shops. Lindt & Sprüngli's main markets are in Europe and North America. The brands Lindt, Ghirardelli, Russell Stover, Whitman's, Pangburn's, Caffarel, Hofbauer und Küfferle. The company with its extensive and innovative range of finest premium chocolate is present in more than 120 countries worldwide.

Global Presence

We make the world a sweeter place

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Information

Agenda

May 2, 2019	121th Annual Shareholders' Meeting
May 9, 2019	Payment of dividend
July 23, 2019	Half-year report 2019
Mid January, 2020	Net sales 2019
Mid March, 2020	Full-year results 2019
April 24, 2020	122nd Annual Shareholders' Meeting

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