

# Markets

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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

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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.

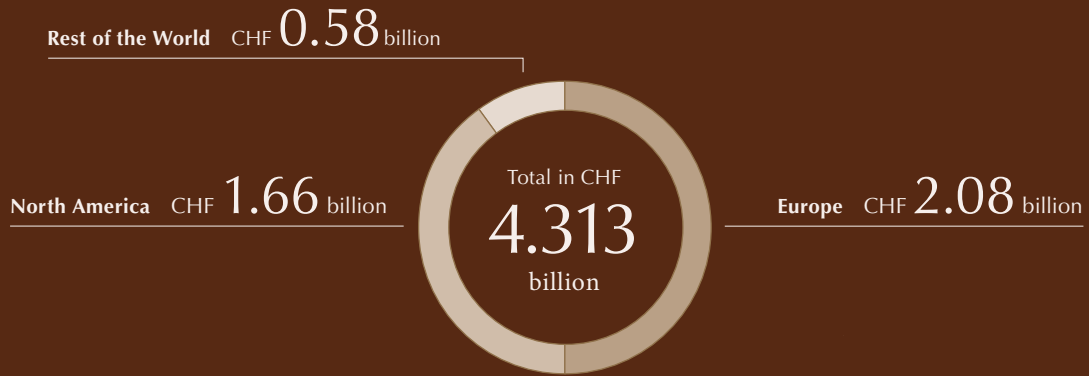
## Europe

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.

### 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-Élysées 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.

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## 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.

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## 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.

### 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 them-

selves 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.

LINDT & SPRÜNGLI  
USA

No.1

premium brand  
in the USA



## 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.

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

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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 to-

gether 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 Paulo, Doha, Muscat, Beirut, Kuala Lumpur, and New York. Lindt & Sprüngli focused on digitization at the point of sale to enhance the brand experience.

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Lindt & Sprüngli  
generated  
outstanding sales  
growth of  
+39.5%.  
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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

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## Global Brands

SALES  
76%



*Lindt*  
MÂTRE CHOCOLATIER SUISSE  
DEPUIS 1845

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## Regional Brands

SALES  
22%



*GHIRARDELLI*  
CHOCOLATE

Russell Stover

*PANGBURN'S*  
OF TEXAS

*Whitman's*

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## Local Brands

SALES  
2%



*Hofbauer*  
WIEN

*Caffarel*  
FONDÉ EN 1822

*Küfferle*