A Work Project, presented as part of the requirements for the Award of a Master's Degree in Finance from the NOVA – School of Business and Economics.

Lindt & Sprüngli: A Delightful Success on a Global Scale

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A Project carried out on the Master's in Finance Program, under the supervision of:

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This report provides an investment recommendation for **Chokoladefabriken Lindt & Sprüngli AG**, analyzing its market position, financial health, and growth opportunities. Leveraging industry overview, company's' positioning and strategy, it highlights Lindt's strong performance in the premium chocolate market, supported by robust **financial ratios** and prudent financial management. Despite a volatile cocoa context and regional uncertainties, Lindt maintains stable revenues thanks to its conservative capital structure and solid growth drivers.

Thank you to **Professor Rosário André** for her guidance and contributions to this analysis.

Premium, Fundamentals, Cocoa, Growth

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This report is part of the Chokoladefabriken Lindt & Sprüngli AG Equity Research report (annexed), developed by Stefan Stojkovic and Parsa Tohidi and should be read has an integral part of it.

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Introduction

This equity research report focuses on **Chokoladefabriken Lindt & Sprüngli AG**, a leading player in the premium chocolate segment. The purpose of this joint report is to provide a comprehensive investment recommendation—**buy, hold, or sell**—based on rigorous analysis of Lindt's financial performance, market position, and growth prospects.
The report leverages insights gained from **historical financial statements, statistics, industry trends, macroeconomic analysis**, and **sustainability initiatives**. Collaborating closely with my colleague, we divided the analysis to ensure depth and precision. I focused on the following sections :

- **Data sourcing** and combining qualitative and quantitative sources
- **Competitive positioning** and **global market presence**
- **Capital Structure, Sales Value Drivers**
- **Dividend & Share Analysis**
- **Cash Flow Management & Liquidity**
- **Sustainability initiatives**
- **Macroeconomic outlook**

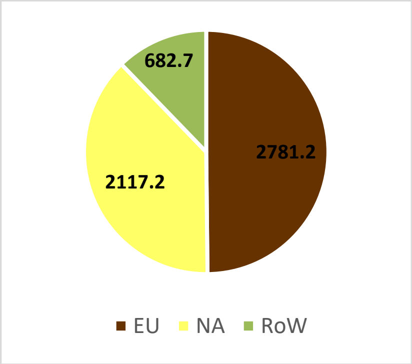
My colleague contributed to:

- **Forecasts** & **valuations**
- **Financial Statement Segregation**
- **Recommandations**

The report concludes that **Lindt & Sprüngli's robust financials, strategic positioning, and sustainability leadership** justify a positive investment outlook.

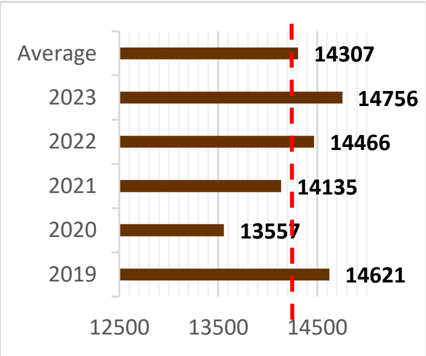
The structure of this report ensures a clear progression of analysis, starting with a **company overview**, followed by **industry trends**, **shareholder structure**, **macroeconomic factors**, **risk management and financial ratios**, providing investors with a thorough and actionable recommendation.

Table 1: L&S Sales 2023 per segment, CHF mio



Source: Analysts, Company's report

Table 2: Average number of employees 2019-2023



Sources: Analysts, Company's Report

Company overview

Lindt & Sprüngli is a Swiss manufacturer of fine chocolate, founded in 1845 and based in Kilchberg. The company was initially called Confiserie Sprüngli, but in 1899 it acquired Lindt, a chocolate manufacturer known for inventing the "conching"[1] process that revolutionized the production of smooth, creamy chocolate. The company became Lindt & Sprüngli. Since then, it has evolved into a developer, manufacturer, and marketer of world-class, high-quality chocolate products.

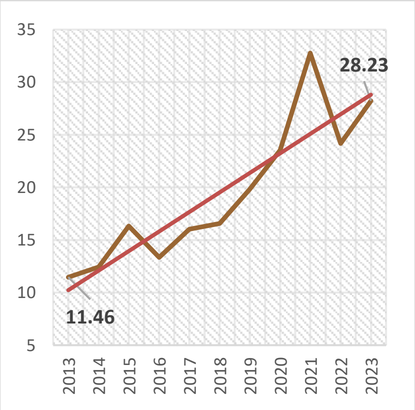
Lindt & Sprüngli has a diverse product portfolio of more than 2000 products, including chocolate bars and pralines, as well as seasonal and gift ranges under prestigious brands such as Lindt, Ghirardelli, Caffarel, Hofbauer, and Küffele. Most of the company's production facilities are in Europe, with two essential plants in the USA. Lindt & Sprüngli's products are sold by 36 subsidiaries and branch offices via a network of more than 100 independent distributors.

Over the past five years, Lindt & Sprüngli has maintained a stable workforce, averaging 14,000 to 14,500 employees globally (Table 2). The Swiss-based premium chocolate manufacturer operates through over 500 shops across 120 countries and has consistently achieved strong and solid financial results. In 2023, regional sales were as follows: CHF 2117.2 million in North America, CHF 2781.2 million in Europe, and CHF 682.7 million in the Rest of the World (Table 1). Looking ahead to 2024, Lindt & Sprüngli has set ambitious targets, aiming for organic growth of 600 to 800 basis points across the Group.[2]

Despite experiencing significant challenges during the COVID-19 pandemic, which critically impacted its sales, Lindt & Sprüngli has demonstrated exceptional resilience and adaptability. The pandemic led to a temporary decline in sales from CHF 4.509 million in 2019 to CHF 4.018 million in 2020. Facing a crisis, Lindt made a remarkable comeback in 2021, not only recovering but exceeding pre-pandemic sales levels with CHF 4.585 million in revenue2. This rebound effectively offset the losses incurred during the crisis and highlights the company's robust potential for future growth.

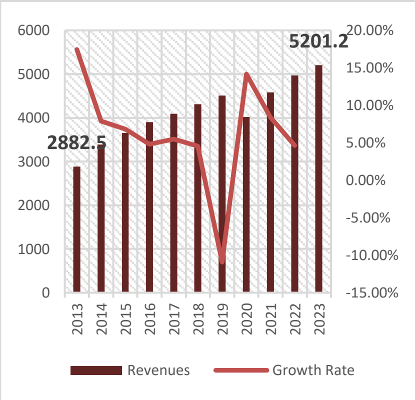
[1] **Conching** is a process used in the manufacture of chocolate whereby a surface scraping mixer and agitator, known as a **conche**, evenly distributes cocoa butter within chocolate and may act as a "polisher" of the particles. (Conching - Wikipedia)
[2] Company's report

Table 3: L&S market capitalization, 2013-2023 in CHF billion



Sources: Analysts, Company's report

Table 4: L&S Revenues & Growth Rate



Sources: Analysts, Company's report

Key Success Factors

Over the past decade, Lindt & Sprüngli has nearly **doubled** its revenue and **tripled** market capitalization (Table 3&4), driven by three key factors. Firstly, the company has strategically concentrated on the premium chocolate segment, a market defined by **high customer loyalty**, **robust growth**, and **notable pricing power**. Lindt has shown agility in adapting to market trends, effectively responding to shifting consumer preferences and evolving regulatory demands.

Lindt is the leader in this segment, holding over **20%** of the premium chocolate market and steadily increasing its market share. Unlike many Swiss chocolate brands integrated into large conglomerates, Lindt remains **independent**, allowing it to invest flexibly and focus on long-term strategies. Despite being a publicly traded company, Lindt operates with a mindset akin to a family business, prioritizing sustainability, quality, and a commitment to **building long-term value over short-term gains.**

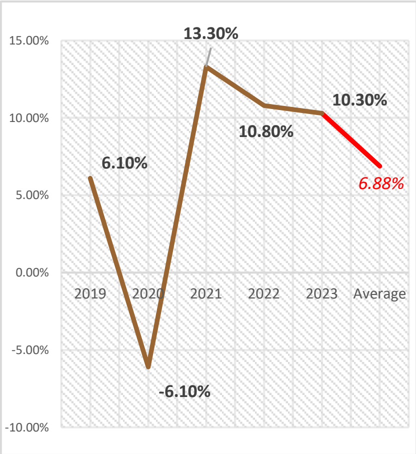
Since 2019, Lindt has achieved impressive average annual organic growth of 6.8% (Table 5), reaching its long-term target of 6–8%. However, this average has been strongly impacted by the negative organic growth in 2020 due to the COVID-19 **pandemic**. Key drivers of this organic growth are increased presence in local retails, stores and international travellers. (20.1% increase Global Travel Retail, 14.4% for Distributors in 2023). This expansion is complemented by annual price adjustments, reflecting Lindt's **pricing power** and **adaptability**.

This ability to adjust prices is essential in the face of the **significant increase** in **cocoa prices**, which have more than **quadrupled since the early 2000s**[3]. Thanks to its unique blend of tradition, exemplified by iconic products like **Lindor pralines**, and innovation with offerings of trending chocolates such as **"Dubai Chocolate"** and superior vegan alternatives, Lindt has successfully passed these cost increases on to consumers while maintaining its premium market position.

While priority has been given to organic growth to **conquer new markets** and segments, non-organic growth through **acquisitions h**as also played an important role. Notably, the acquisitions of Ghirardelli in 1998 and Russell Stover in 2014 have strengthened Lindt's presence in the North American market. [4]

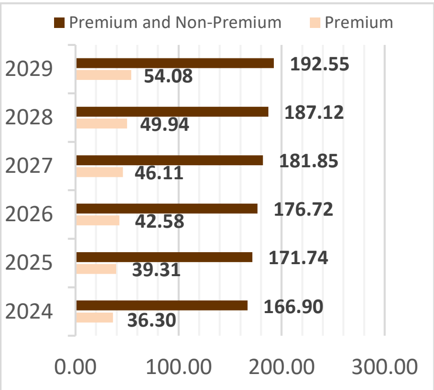
[3] Tradingeconomics.com | Cocoa prices
[4] Allnews.ch | Lindt & Sprüngli: une stratégie claire, 2024

Table 5: L&S Annual organic growth, 2019-2023



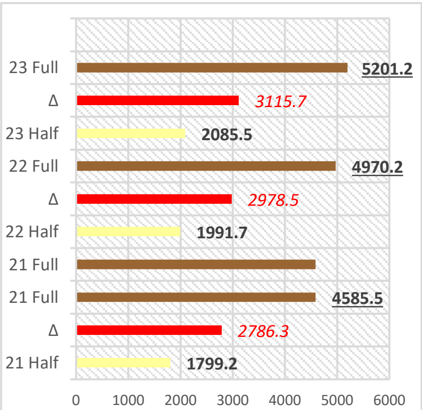
Sources: Analysts, Company's report

Table 6: Premium vs Non-Premium Sales, CAGR, in CHF billion



Sources: Analysts, MordorIntelligence, Tridge

Table 7: Half vs Full Year Sales, 2021-2023



Sources: Analysts, Company's report

Industry Overview

Lindt operates within the Global Premium Chocolate Market. This ecosystem was valued at **CHF 31.94 billion** in 2024 and aims to reach a **CAGR of 8.3%** until 2029 (Table 6). However, from a Global Chocolate standpoint, the CAGR is way lower. Reaching a **2.90% CAGR** between 2024 to 2029. As previously highlighted, Lindt & Sprüngli is achieving impressive organic growth rates between 6% and 8% (Table 5), allowing Lindt to firmly align with the premium industry's growth trajectory. This strong performance demonstrates that Lindt effectively **retains** its market share in the premium segment. By region, Europe has the **largest share** of 45%, with a CAGR of around 10%. Germany leads with 35% of the market share in Europe, followed by France, the United Kingdom, and Switzerland. North America has the second-largest market share.

The **seasonality** of demand notably influences premium chocolate sales, as these chocolates are often chosen for **holidays and special events.** This seasonal interest leads to considerable increases in sales, enabling manufacturers to realize **peaks in revenue** during these times. Historically, around 40% of its annual sales occur in the **first half** of the year, while key holidays like Christmas and Easter account for most sales in the second half. For instance, in the first half of 2023 (January to June), Lindt achieved sales of CHF 2,085.5 million, representing approximately 40.1% of its full-year sales of CHF 5,201.2 million. (Table 7)

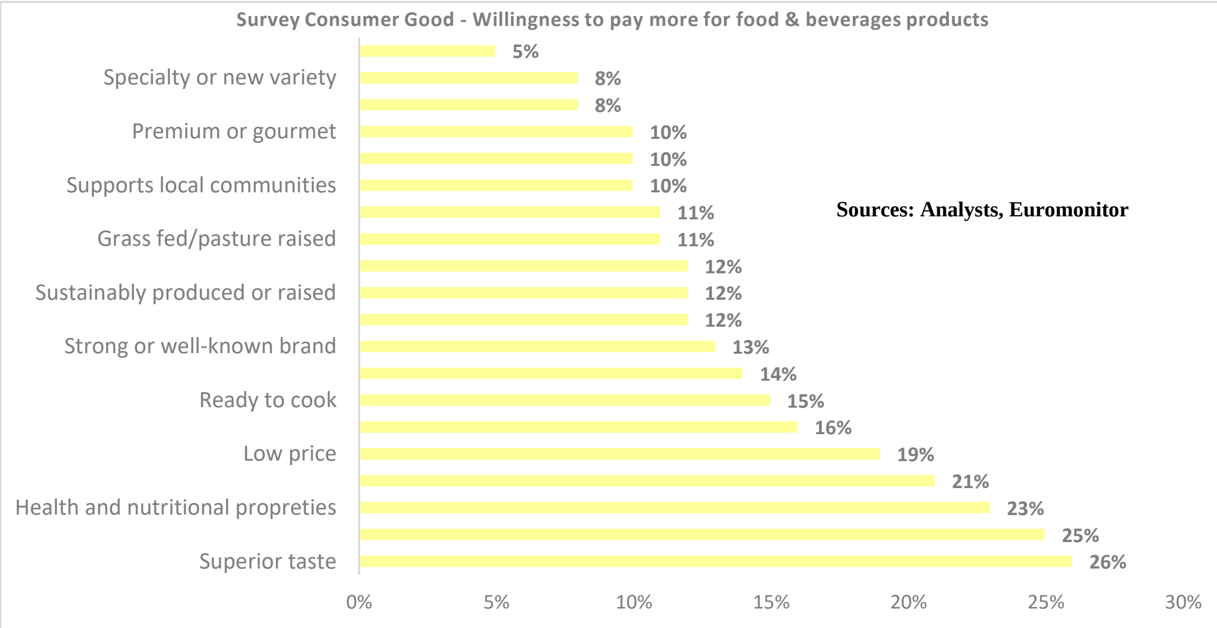
Increasing **consumer awareness** and **health concerns** are also contributing significantly to the growth of the premium chocolate market.[5] While milk and white chocolate remain popular, health-conscious consumers are trying to limit their sugar intake by choosing dark and without added sugar chocolate products.[6] The health-conscious consumer segment is becoming as crucial as traditional consumers: 57% of chocolate buyers in 2023 say they would prefer **Fairtrade-certified sustainable chocolate.**[7]

This shift highlights the growing prominence of **ethical consumerism**, especially in developed markets, where consumers are more financially equipped and mindful of industry standards. Global food & beverage market trends reveal a strong connection between sustainability and premiumization, with many consumers willing to pay extra for products that emphasize quality and environmental responsibility.

[5] Nielseniq.com | Wellness trends influencing consumers in 2024, 2024
[6] Barry Callebaut | Top Chocolate Trends, 2023
[7] Damecacao.com | Chocolate Statistics, 2024

For instance, **26%** of consumers value superior taste, while 25% prioritize 100% natural ingredients. Attributes like 100% **organic** (21%), **eco-friendly** (12%), and **locally made** (10%) are also gaining traction, presenting Lindt with an opportunity to leverage its sustainability programs, such as cocoa traceability and partnerships with local producers, to strengthen its market position.

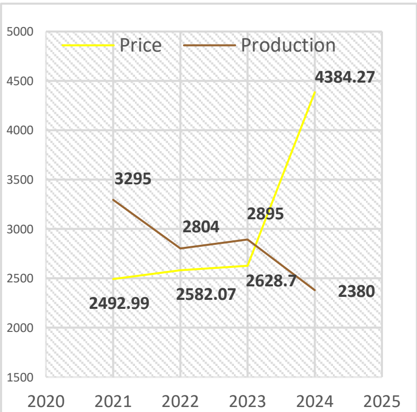
Table 8: Survey Consumer Good



Sources: Analysts, Euromonitor

However, pricing remains challenging, as sustainable products carry an average 15% premium over non-sustainable options. Lindt must carefully **balance its sustainability efforts** with its **premium positioning** to justify these higher costs. By communicating the added value of its responsible practices, Lindt can **enhance** its brand appeal and motivate consumers to accept the price point associated with its commitment to quality and sustainability.

Table 9: Cocoa prices vs Cocoa production

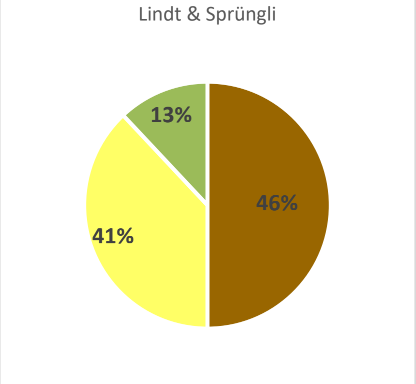


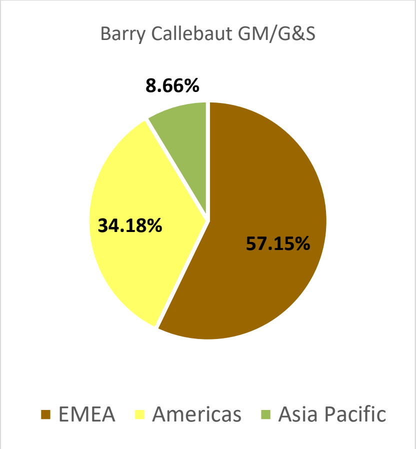
Sources: Analysts, Statista, International Cocoa Organisation

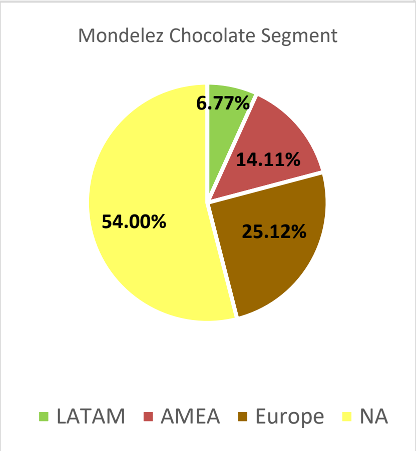
Cocoa prices are a critical driver in the chocolate industry. While Lindt & Sprüngli employs a **cost-plus pricing method**, passing increased costs onto consumers, rising cocoa prices continue to **pressure the global supply chain**. West Africa, the primary region for cocoa sourcing, faces significant challenges due to climate change, which disrupts harvesting and production.

For example, Ghana and Ivory Coast, which produced **3,295 tons** of cocoa beans in the 2020-2021 season, saw their output plummet to **2,380 tons** in 2023-2024, a sharp decline of nearly **30%**. This supply reduction has driven cocoa prices to surge. Between January 2020 and January 2024, New York cocoa futures rose from **$2493,00/ton** to **$4,384.27/ton**, an increase of **75%**.

Table 10: Regional Market Presence L&S Vs Peers







According to the *Financial Times*,[8] Mondelez-owned Cadbury Australia doubled the price of two popular chocolate products as cocoa futures soared.

Global Market Presence

Lindt & Sprüngli sells its products in over **120 countries** and adapts its strategy based on each market's potential and consumer preferences. In 2023, Segment “Europe” is their primary and most established market, accounting for **almost 50%** of their **total revenues.** (Table 10) This region is the company's core market, where they enjoy competitive advantages in local markets from Central to Western Europe. Additionally, the European market represents pure organic growth for the company. In 2025, they plan to open a 6,000 square feet flagship store in the heart of London.

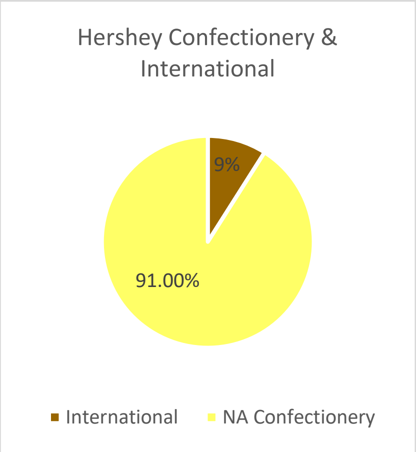
In recent years, the North American segment comprised approximately **35-40% of L&S revenues** from 2021 to 2023. This area represents a crucial area of growth for the company as well. Lindt remains bullish on its North American segment, with solid market share gains for Lindt, Ghirardelli, and Lindt Canada, as well as stable performance for Russell Stover. The company expects continued growth in the second half as retail **destocking stabilises**.

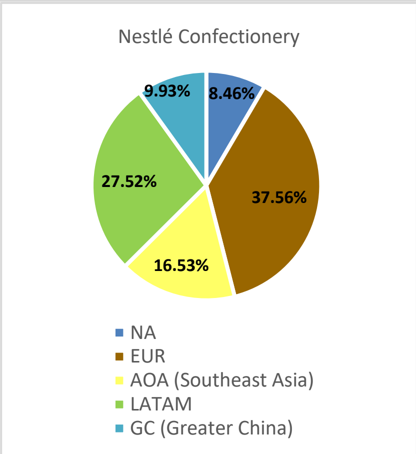
On the other hand, the “Rest of the World” segment, accounting for approximately **11-13% of total revenue**, includes emerging markets and regions with varied consumer preferences. Many of these areas represent opportunities for premiumisation in traditional chocolate markets. Consequently, Lindt is confident in its ability to sustain **double-digit growth** in this segment over the medium term.

For the publicly held peers like Mondelez International or Nestlé, these firms have a similar presence to L&S. For example, Nestlé has a strong focus in Europe as well, representing almost 40% of their “Confectionery” revenues, but has a highly more profound presence in the emerging markets, where Greater China, Latin America and Southeast Asia represent approximately **55%** of their revenues. Barry Callebaut has a stronger focus on EMEA with around **55%** of their Food Manufacturers and Gourmet & Specialties revenues, **34%** in the Americas and 8.66% in the Asia-Pacific region.

Although the "Rest of the World" segment represents a smaller portion of Lindt & Sprüngli’s revenues, it presents growth opportunities. Many competitors already offer a wide range of chocolate products in emerging countries. Lindt & Sprüngli, could use their know-how from the RoW segment to 1) **strengthen** their

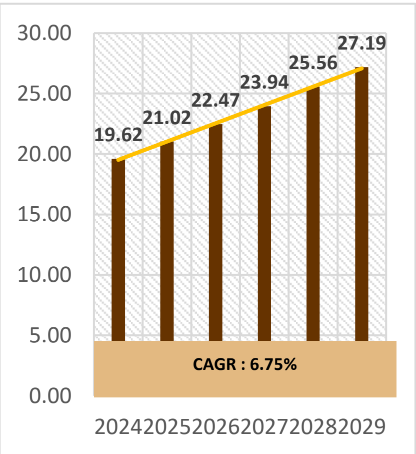
[8] Ft.com | Cadbury Australia





Sources: Analysts, Companys' reports

Table 11: APAC disposable income forecast, in trillon CHF



Sources: Analysts, Statista

market share 2) **expand** into Southeast Asia (SEA) and the Gulf Cooperation Council countries (GCC).

Disposable income in the Asia Pacific region is expected to grow at a **6.75%** (Table 11) **CAGR from 2024 to 2029**, with Southeast Asia presenting a significant opportunity for Lindt & Sprüngli, as the region's chocolate confectionery market is projected to grow at a **7.03% CAGR** (Table 12). Meanwhile, the GCC Chocolate Confectionery —currently valued at **CHF 3.70** billion—is forecast to **expand** at a 5.39% CAGR (Table 14) through 2029 only for the chocolate segment, driven by rising disposable incomes (Table 13), strong gifting traditions (e.g., Eid al-Fitr, Eid al-Adha), and a growing expat community.

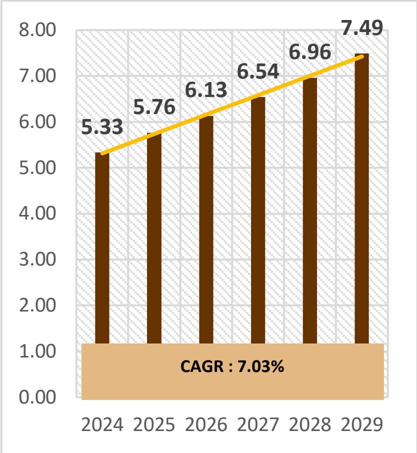
Both regions reflect broader trends where indulgent and luxury goods are becoming more accessible, and Lindt's **"Swissness" aura**—symbolizing precision and quality—continues to enhance its appeal as a status gift. By leveraging these trends, tailoring products with local ingredients, establishing a robust cold-chain distribution network to ensure product quality in **tropical climates**, and tapping into booming e-commerce platforms—where **social media channels** such as Instagram, TikTok, and YouTube serve as powerful vehicles to showcase premium unboxing experiences—Lindt & Sprüngli can strengthen its presence and capitalize on these high-growth markets.

Competitors

The global chocolate market is competitive, with manufacturers divided into premium and mass-market segments. Competition spans product quality, pricing, brand recognition, innovation, and geographical reach. It ranges from **moderate** to **dynamic**, depending on the segment. The premium segment features **high barriers** to entry, with **brand loyalty** and **craftsmanship** playing a pivotal role. In contrast, mass-market companies leverage their **scale** to compete through **differentiation** or **aggressive pricing** strategies.

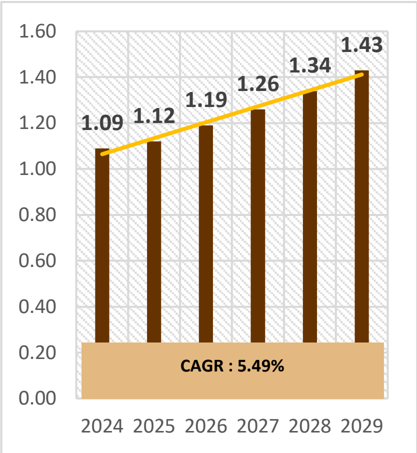
Ultimately, **segmentation becomes less clear** as many mass-market brands compete in the premium sector. For instance, The Hershey Company, predominantly known for mass-market confections like Hershey's Bars and Reese's Peanut Butter Cups, expanded into the premium arena through acquisitions of artisanal brands like Scharffen Berger and Dagoba. These moves have potentially positioned Hershey as a **"hybrid"** competitor, mixing their shares between mass-market and premium.

Table 12: SEA Chocolate Confectionery Forecast, in billion CHF



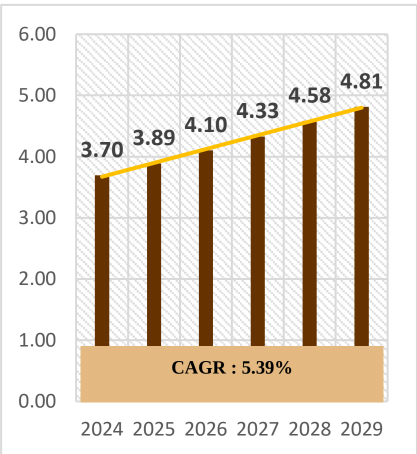
Sources: Analysts, Statista

Table 13: GCC Disposable Income Forecast, in trillion CHF



Sources: Analysts, Statista

Table 14: GCC Chocolate Confectionery Forecast, in billion CHF



Sources: Analysts, Statista

<u>High-end Market</u>

Ferrero Group is a privately held Italian confectioner company known for brands like Ferrero Rocher, Nutella, and Kinder. It targets both premium and mass-market segments. The company emphasizes quality ingredients and is firmly committed to sustainability initiatives.

Barry Callebaut is a Swiss company and a well-established leading supplier of high-quality chocolate and cocoa products to the food industry. Their speciality is the B2B supply, serving other manufacturers rather than end consumers. The company focus on innovation in cocoa processing and catering to the specific needs of its business clients.

Godiva Chocolatier is a privately held Belgian manufacturer specializing in premium chocolates and related products. It operates retail boutiques worldwide and offers products through various channels. The premium chocolate segment competes with Lindt, emphasizing luxury and gift-giving occasions. Its focus is on high-quality ingredients and artisanal craftsmanship.

Local artisans like Läderach (Switzerland), La Maison du Chocolat (France), and Vosges Haut-Chocolat (USA), while not the most significant threat due to their limited size and reach, still pose meaningful competition in the premium chocolate segment. These privately held brands effectively capture market share within niche and luxury segments through their local appeal and artisanal craftsmanship, challenging Lindt's dominance in specific high-end markets

<u>Broader Confectionery Market</u>

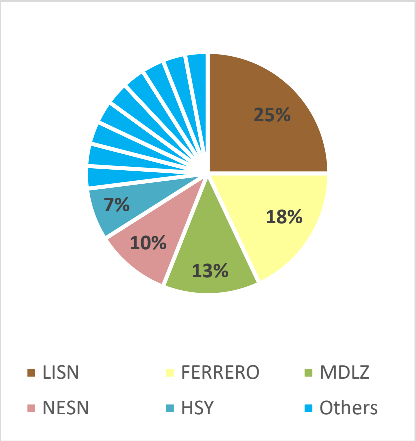
Mondelez International is a U.S.-Based multinational company with brands like Cadbury, Milka, and Toblerone. It operates in 150 countries and has a diverse portfolio of snacks and confectionery.

Hershey's: A dominant player in North America, Hershey challenges Lindt with its stronghold in mass-market and premium chocolate, including artisanal-inspired lines like Hershey's Gold.

Nestlé S.A. is a Swiss multinational food and drink conglomerate, the largest in the world by revenue. It owns chocolate brands like KitKat, Aero, and Smarties. Nestlé operates mainly in the mass-market segment but also offers premium offerings. Its vast distribution network gives it a significant advantage.

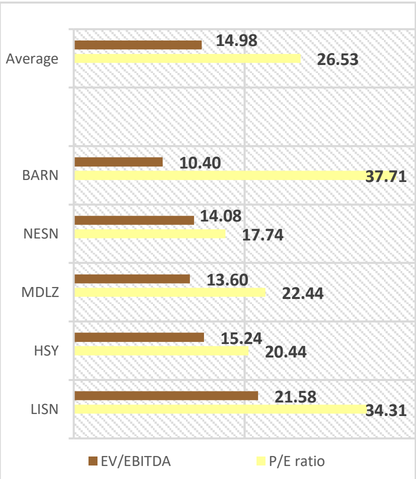
In 2023, Lindt & Sprüngli had a **25% market share in 2023**, followed by Ferrero (**18%**), Mondelez (**13%**), Nestlé (**10%**), and Hershey (**7%**). (Table 15)

Table 15: Premium Chocolate Market Share, 2023



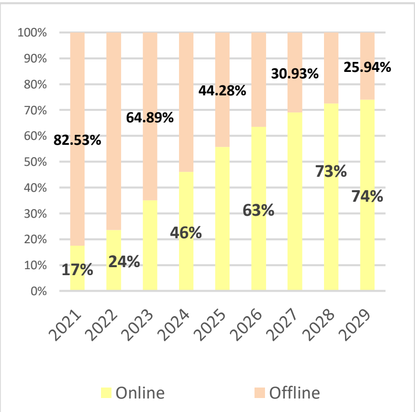
Sources: Analysts, MordorIntelligence

Table 16: EV/EBITDA, P/E Ratio L&S Vs Peers



Sources: Analysts, Yahoo Finance

Table 17: US Online vs Offline Confectionery Forecasts



Sources: Analysts, Statista

From a **valuation** standpoint with pure chocolate players (Table 16**)**, Lindt's **P/E ratio of 33.76** highlights its premium positioning compared to Hershey (**20.09**) and Mondelez (**22.84**). Similarly, its **EV/EBITDA multiple of 21.32** surpasses Hershey (**15.01**) and Mondelez (**13.80**). Lindt is overperforming the industry, as the same trend is observed over both ratios' average.

Technological Transformation

The Kirchberg-based chocolate manufacturer has operated an online store since the early **2000s.** Still, the COVID-19 pandemic prompted Lindt & Sprüngli to accelerate its digital transformation with an **'all-in-one'** strategy aimed at customers who prefer to shop from home. The company responded innovatively to shifts in consumer behaviour with initiatives like home deliveries, pick-up services, click-and-collect options, and the expansion of e-commerce, addressing evolving consumer habits and reducing potential friction between online and offline channels. These efforts doubled online sales to around **5% of Group sales in 2020**[9], allowing L&S to capture the post-pandemic momentum growth.

The strategy also integrates online and offline channels, offering a seamless shopping experience while offering personalized options such as custom chocolates and packaging for gifting. While these steps align with industry trends, it is worth noting that most major players in the chocolate industry are also investing in e-commerce. U.S. statistics underscore the **growing importance** of online sales in confectionery, with revenue from digital channels rising from **17.47% in 2021** to an expected **74.06% by 2029**. (Table 17)

Artificial Intelligence

While many confectionery competitors use AI for marketing personalization or sustainability mapping, Lindt & Sprüngli's strategy targets **product quality**. By identifying and correcting deviations in real time, the system standardizes quality management across Lindt's European and U.S. factories, significantly **reducing waste and enhancing sustainability.**

Lindt's adoption of EthonAI's[10] production-focused AI offers a clear edge. Hershey and Mondelez mostly leverage AI for marketing, and Barry Callebaut partners with EcoVision Lab on machine learning for sustainability.

[9] Company report
[10] Ai.ethz.ch | Premium Chocolate Production Perfected : AI's Role in Quality Excellence

In contrast, Lindt's emphasis on manufacturing enhances product consistency and efficiency. As the confectionery market evolves, Lindt's proactive tech investments position it for long-term success. By merging digital commerce with AI-driven production.

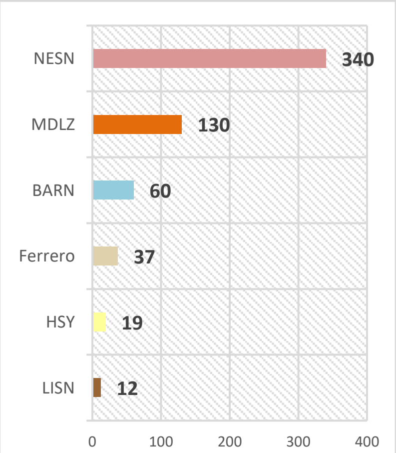
L&S Supply Chain Overview

Global Sources for Quality Assurance

Lindt & Sprüngli's success begins with its meticulous approach to sourcing key ingredients, particularly cocoa. The company procures Forastero cocoa from West Africa for its reliable quality and Criollo and Trinitario varieties from Latin America for their rich, complex flavors. Through its Farming Program, Lindt ensures **full traceability** while supporting farmers with sustainable agricultural techniques, improved infrastructure, and better livelihoods. These efforts not only elevate cocoa quality but also build **long-term supplier partnerships**. Similarly, Lindt applies **rigorous standards** to other ingredients, such as hazelnuts sourced from Italy and Türkiye. By collaborating with the Fair Labor Association, the company mitigates labour risks and strengthens its **ESG credentials**. For sugar, Lindt is on track to source 100% Farm Sustainability Assessment (FSA) silver-level beet sugar by 2025, with compliance already reaching 88.5% by 2023. This comprehensive sourcing strategy ensures premium ingredient quality, price stability, and ethical supply chains, **reinforcing Lindt's competitive edge**.

Distinguished Bean-to-Bar Process

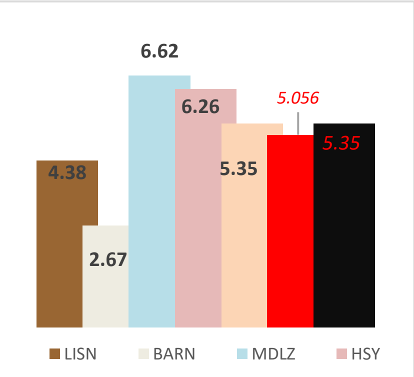
Table 18: Number of production facilities, L&S Vs Peers



Sources: Analysts, Companys' Reports

Unlike competitors such as Mondelez and Nestlé, which rely heavily on third-party certifications and outsourcing, Lindt's **vertical integration** ensures complete control over its production processes—from refining raw ingredients to packaging and final quality checks. Operating 12 production facilities (Table 18) across Europe and the U.S., Lindt maintains a focused manufacturing network that prioritizes quality and consistency. In contrast, larger competitors like Ferrero (37 plants), Hershey (19), and Barry Callebaut (60) face greater oversight challenges. Mass-market players such as Nestlé and Mondelez operate sprawling networks of 340 and 130 factories, respectively, often sacrificing quality for scale. Barry Callebaut's recent plant shutdown in Mexico illustrates the risks of diluted oversight. Lindt's **tight control** mitigates such risks, ensuring consistent output that upholds its premium image and strengthens brand trust.

Table 19: L&S Vs Peers, MSCI ESG Rating



Sources: Analysts, Bloomberg

Lindt's sustainability strategy further solidifies its long-term positioning, with initiatives focused on improving livelihoods, protecting the environment, ethical governance, and meeting evolving consumer expectations. The Farming Program **directly supports** 131,000 farmers across seven countries, promoting education, sustainable farming techniques, and poverty alleviation. Lindt has made significant **environmental progress**, reducing greenhouse gas emissions by 17.3% since 2020 and achieving 89.7% recyclable packaging by 2023. Efforts to promote workplace inclusivity have also advanced, with 35.1% of senior leadership roles held by women. Despite holding a **strong MSCI ESG** rating of **A** (Table 20) and earning a Silver Medal from EcoVadis—placing Lindt in the industry's top 8%—its ESG score of 4.38 (Table 19) **lags** peers like Mondelez (6.62) and Hershey (6.26). These achievements highlight Lindt's growing commitment to sustainability, although further improvements in ESG performance remain an opportunity for the company to close the gap with its competitors.

Table 20: L&S Vs Peers, MSCI ESG Rating

Ticker	ESG Score
LISN	A
BARN	AA
MDLZ	A
HSY	A
NESN	A

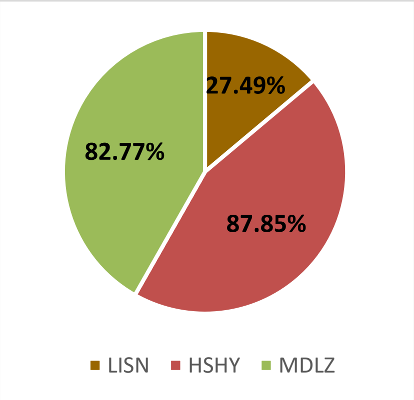
Sources: Analysts, Bloomberg

Shareholder Structure

Lindt & Sprüngli's shares have been publicly traded since 1986. Registered shares (LISN) are priced at around CHF 100,000—and participation certificates (LISP) at approximately CHF 10,000, offering broader accessibility. With a market capitalization near CHF 20 billion, the company is a leader in the premium chocolate industry and a major component of indices like the S&P Europe 350 and SMI Expanded.

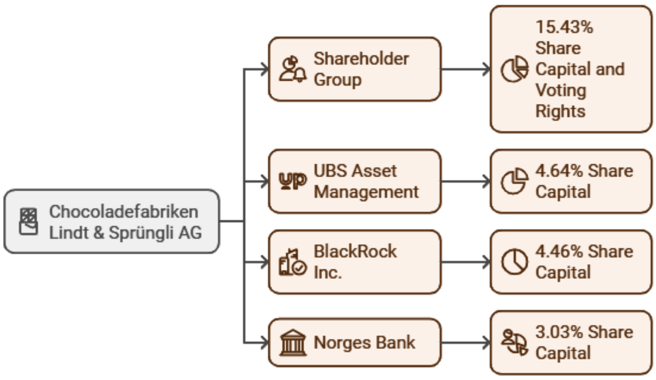
The largest shareholder, Shareholder Group of Chocoladefabriken Lindt & Sprüngli AG, holds 15.43% of the share capital and voting rights. In 2023, the Lindt Cocoa Foundation and the Lindt Chocolate Competence Foundation officially exited the shareholder group while retaining 29,143 shares, equivalent to **21.32%** of the share capital in 2013. Among institutional investors, UBS Asset Management (Switzerland) holds **4.64%,** BlackRock Inc. holds **4.46%** and Norges Bank **3.03%.**

Table 21: Ownership Structure L&S Vs Pure Chocolate Peers



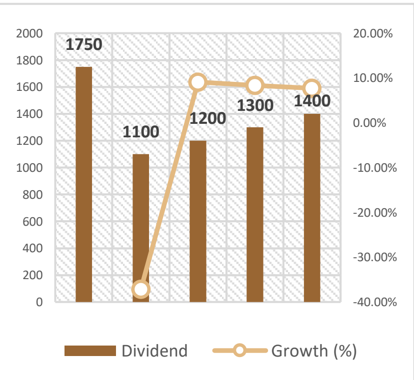
Sources: Analysts, Refinitiv

Table 22: L&S' Major Holders



Sources: NapkinAI, Refinitiv

Table 23: L&S Dividends 2019-2023

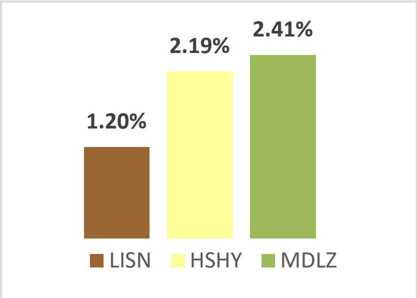


Sources: Analysts, Company's report

About 81.33%[11] of shares are available for public trading, giving Lindt strong liquidity and broad participation. Around 27.44% of shares are held by institutions, indicating broad professional involvement.

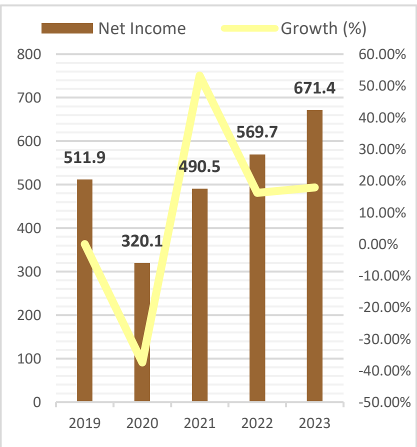
[11] Refinitiv | Lindt & Sprüngli Ownership

Table 24: L&S Vs Peers Average Dividend Yield 2019-2023



Sources: Analysts, Companys' Reports

Table 25: L&S Net Income 2019-2023



Sources: Analysts, Companys' Reports

About 18.67% of shares belong to strategic groups, which helps with stability and long-term guidance. The top shareholders account for about **46.09% of all shares**. Based on our estimates, we think the remaining **53.91% of shares** are held by smaller shareholders, high net-worth private investors, employees, and family members.

In comparison, Hershey boasts institutional ownership of **87.85%.** Similarly, Mondelēz International has institutional ownership of **82.77%.** (Table 21) Both peers indicate broad global interest but with a structure that external investors highly influence, while Lindt & Sprüngli's governance structure provides a foundation for independent decision-making.

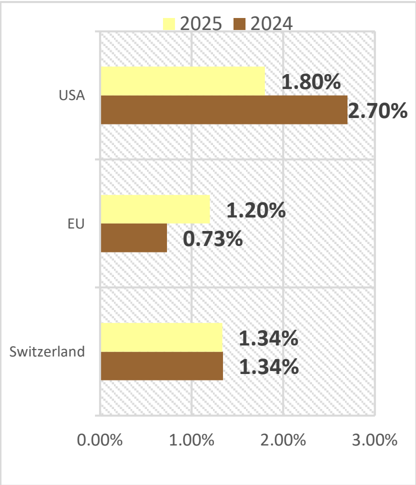
Stock Analysis

Lindt & Sprüngli's stock performance over the past five years highlights its ability to navigate challenges while maintaining long-term growth. In **2019**, the stock delivered a strong **16.1% return**, driven by solid operational performance and sustained demand for premium products. Returns declined to **12% in 2020** as the pandemic disrupted global markets, though Lindt's resilience cushioned the impact relative to peers. A sharp **35.4% rebound in 2021** reflected post-pandemic recovery, boosted by strong sales growth and operational efficiencies. However, in **2022**, the stock faced a **-21.4% decline** due to systemic risks, including the war in Ukraine, inflationary pressures, and currency headwinds from a weakening Euro and British Pound. In **2023**, Lindt regained momentum with a **7.4% positive return**, demonstrating its ability to manage cost pressures and sustain pricing power amid improving macroeconomic conditions. This performance trajectory highlights Lindt's capacity to deliver steady returns, balancing short-term volatility with long-term investor confidence.

Dividend Lookout

Lindt & Sprüngli has adjusted its dividends per share over recent years, declining from **CHF 1,750 in 2019 to CHF 1,100 in 2020** during pandemic, before gradually increasing to CHF 1400 in 2023 (Table 25). Although dividend payments have increased recently, Lindt's average dividend yield between 2019 and 2023 remains relatively modest at 1.2%, compared to 2.19% for Hershey and 2.40% for Mondelez (Table 24). Furthermore, Lindt & Sprüngli's **payout ratio declined significantly** from 83.2% in 2019 to 49.2% in 2023, driven by two key factors: the **negative dividend CAGR** of -5.37% over the period and the **net income CAGR** of 7.03% (Table 25).

Table 26: Real GDP Growth, Switzerland-USA-EU



Sources: Analysts, IMF

We believe the 2020 pandemic played a significant role in the dividend decrease. Looking ahead, we anticipate the payout ratio to gradually rise alongside dividend growth. Additionally, Lindt is set to **launch a share buyback program** in 2024, concluding in 2026 with a total investment of **500 million CHF**, demonstrating company's management confidence.

Macroeconomic factors

Switzerland

Switzerland's real GDP is projected to grow by 1.341% in 2024 and by 1.335% in 2025, boosting consumer confidence and spending power while expanding the potential customer base through 1.7% population growth in 2023. Inflation has dropped to its lowest level since June 2021, from 0.8% in September to 0.6% in October 2024, and a forecasted stabilization near 1.25%, supporting consumer purchasing power and making Lindt's premium products more accessible.

The Swiss National Bank reduced interest rates from 1.75% in 2023 to 0.5% in 2024, stimulating borrowing and spending. Meanwhile, the Swiss franc appreciated (Table 27) by 9.7% against the euro and 7.7% against the US dollar in 2023, bolstered by SNB's foreign asset sales and geopolitical risks.

Table 27: L&S Conversion Rates, 2021-2023

		2023	2022	2021
CHF				
Euro zone	1 EUR	**0.93**	0.99	1.03
USA	1 USD	**0.84**	0.92	0.91
UK	1 GBP	**1.07**	1.11	1.23

Sources: Analysts, Company's report

European Union

The EU real GDP[12] is projected to grow by **0.73%** by the end of 2024 and **1.2%** in 2025, signalling a modest economic recovery. Inflation[13] rose to **2.0%** in October 2024 (up from 1.7% in September), aligning with the European Central Bank's target. The ECB's interest rate reduction to **3.25%** in October 2024 aims to stimulate economic activity, potentially benefiting consumer goods companies.

USA

U.S. real GDP is projected to grow by **2.7%** in 2024 and **1.8%** in 2025. Inflation rose to **2.6%** in October 2024, slightly above September's **2.4%,** aligning with the Federal Reserve's target and stabilizing purchasing power. However, recent increases may lead Lindt to reconsider pricing strategies.

The Federal Reserve cut interest rates to **4.25%** in December 2024, boosting borrowing and spending, which benefits consumer goods companies.

[12] Data.europa.eu | Real GDP growth rate, 2024
[13] Ec.europa.eu | Annual inflation, 2024

Macroeconomic effects on premium chocolates

Lindt's revenues will **likely rise** as consumer confidence and spending improve, supported by GDP growth (Table 26) and lower interest rates that may boost demand for premium chocolates. Because Lindt **sells in local currencies**, direct exchange rate risk reflecting on revenue is low. Still, the Swiss franc's appreciation can push up trade payables—both inside the company and with outside partners—if those obligations are tied to the franc.

On the plus side, a stronger franc can lower the cost of imported raw materials and support domestic production, helping offset some currency downsides. Lindt's local currency pricing **shields** it from sudden revenue swings, but the company must **keep a close eye** on **cross-border payables** and **supply chain costs**. With good currency hedging and procurement strategies, Lindt can use the franc's strength to stay profitable in the constantly changing forex landscape.

Risk Management

Lindt & Sprüngli manages risks across three main areas: strategic, operational and financial. The company handles key risks as follows:

- **Commodity price risks:**
  - Secures raw material prices, like cocoa, through supplier contracts and commodity futures.
  - Futures are processed centrally to stabilize costs.
- **Exchange rate risks**
  - Invoices are mostly in local currencies to limit currency risks.
  - Forward currency contracts are used to hedge trade payables within the company and with external partners.
- **Interest rate risks:**
  - Tracks financial assets and liabilities to align maturity, currency and quality.
- **Credit Risks:**
  - Minimizes financial credit risks by investing liquid funds and derivative instruments (A1/P1 rating).
  - Monitors credit limits for clients and suppliers to reduce default risks.
  - Diversification of clients and partners.
- **Liquidity Risks:**
  - Monitors and tracks net financial position for each subsidiary at the company level.
  - Ensures liquidity with centralized tracking by Group Treasury.

- **Supply Chain Risks:**
    - Mitigates supply chain risk through its vertically integrated ‘’bean-to bar’’ model.
    - Diversifies its sourcing countries to avoid concentration risk.
    - Manufactures products “in-house”.
- **Regulatory & Compliance Risks:**
    - Monitors local regulations through Local Compliance Teams.
    - Implements uniform quality protocols (e.g., ISO 9001, HACCP).
    - Avoids third-party certifications through its own Farming Program.

Financial Situation

Cash Flow Management

From 2021 to 2023, Lindt & Sprüngli maintained a stable collection period of **70 days** (Table 28), indicating effective receivables management and strong relationships with customers. The extension of payables from **54.7 to 61.2 days** (Table 29) suggests the company is leveraging its supplier relationships to improve liquidity by holding onto cash longer before settling obligations.

However, the average holding period increase from **175 to 184.3 days** (Table 28) reflects slower inventory turnover. We believe that the company is carrying larger cocoa inventories to mitigate potential future price increases.

Table 28: L&S Cash Management 1

	2023	2022	2021
Inventories	**921.50**	875.60	761.60
Cost of Materials	**1824.90**	1754.70	1588.40
Average Holding Period	**184.30**	182.10	175.00
YoY change in %	*0.01*	*-0.04*	
Accounts receivable	**997.70**	953.10	895.30
Sales	**5201.20**	4970.20	4585.50
Average Collection Period	**70.00**	70.00	71.30
YoY change in %	*0.00%*	*-1.82%*	

Sources: Analysts, Company's report

Table 29: L&S Cash Management 2

	2023	2022	2021
Accounts payable to suppliers	**305.9**	290.5	237.9
Cost of materials	**1824.9**	1754.7	1588.4
Average Payable Period	***61.2***	*60.4*	*54.7*
YoY change in %	1.32%	10.42%	
Cash Conversion Cycle	193.14	191.7	191.61
YoY change in %	0.75%	0.05%	

Sources: Analysts, Company's report

Liquidity

Between 2021 and 2023, Lindt & Sprüngli experienced declines in key liquidity ratios. The current ratio (Table 30) decreased from **2.0 to 1.4 (-23%)**, and the quick ratio dropped from **1.5 to 0.9** (-28%), indicating a reduced ability to meet short-term liabilities with liquid assets. The cash ratio (Table 31) fell significantly from **0.6 to 0.3 (-54%)**, reflecting limited immediate cash availability.

Working capital increased by **13%** from **CHF 3,289.8** million to **CHF 3,716.8** million (Table 31), driven by growth in current core assets. This suggests that while liquid assets have decreased relative to current liabilities, the company has invested in assets that support ongoing operations, such as inventory and receivables, aligning with its premium product strategy.

Table 30: L&S Liquidity 1

	2023	2022	2021
Total current assets	**2609**	2889.8	3024.8
Total current liabilities	**1843**	1577.3	1485.7
Current Ratio	**1.4**	1.8	2
YoY Change in %	*-22.22%*	*-10.00%*	
Current Assets - Inventories	**1687.5**	2014.2	2263.2
Current Liabilities	**1843**	1577.3	1485.7
Quick Ratio	**0.9**	1.3	1.5
YoY Change in %	*-30.77%*	*-13.33%*	

Sources: Analysts, Company's report

Table 31: L&S Liquidity 2

	2023	2022	2021
Cash and Equivalents	**462.20**	864.60	937.20
Current Liabilities	**1843.00**	1577.30	1485.70
Cash Ratio	**0.30**	0.50	0.60
YoY Change in %	*-40.00%*	*-16.67%*	
Current Core Assets	**2219.50**	2099.10	1905.70
Current Core Liabilities	**-1497.30**	-1486.00	-1384.10
Net Working Capital	**3716.80**	3585.10	3289.80
YoY Change in %	*3.67%*	*8.98%*	

Sources: Analysts, Company's report

However, compared to its peers, Lindt's **current ratio** remains in a strong position. Lindt's current ratio exceeds the industry **average of 1.02** and the **median of 0.85** (Table 32)**.** The best performer, Barry Callebaut **(1.37),** is slightly behind Lindt, showcasing solid liquidity.

Similarly, Lindt's **quick ratio** is well above the peer average of **0.388** and the median of 0.25. Hershey (0.42) is the best among peers but still significantly trailing Lindt, indicating Lindt's superior ability to meet liabilities without inventory among competitors.

Finally, Lindt's **cash ratio** is **double** the peer average of **0.16** and higher than the median of **0.15**. Among peers, Nestlé (0.16) slightly outperforms others but is far below Lindt, highlighting Lindt's relatively better immediate cash availability despite its internal decline over the years.

Table 32: L&S Vs Peers Liquidity, 2023

	Current Ratio	Quick Ratio	Cash Ratio
LISN	1.40	0.90	0.30
BARN	1.37	0.21	0.11
MDLZ	0.63	0.25	0.07
HSY	0.85	0.42	0.15
NESN	0.85	0.16	0.16
Average	*1.02*	*0.39*	*0.16*
Median	*0.85*	*0.25*	*0.16*

Sources: Analysts, Company's report, Bloomberg

Efficiency indicators

From 2021 to 2023, Lindt & Sprüngli experienced an increase in leverage, with gearing (Table 33) rising from **6.51%** to **19.35%** and the debt-to-equity ratio increasing from **28.38%** to **33.02%.** The debt-to-EBITDA ratio grew from **0.39 to 0.93**, indicating higher debt relative to earnings, potentially limiting financial flexibility.

Solvency (Table 33) declined from **139.95% to 118.19%,** suggesting a slightly reduced capacity to meet long-term obligations, and economic autonomy decreased from **58.32% to 54.17%,** reflecting a shift towards greater reliance on debt financing.

Table 33: L&S Efficiency indicators

	2023	2022	2021
Gearing	**19.35%**	12.81%	6.51%
D/E	**33.02%**	32.64%	28.38%
Debt-to-Ebitda	**0.93**	0.64	0.39
Solvency	**118.19%**	124.15%	139.95%
Financial Autonomy	**54.17%**	55.39%	58.32%
PP&E/Total Assets	**17.14%**	17.26%	15.49%
Financial Assets/Total Assets	**33.76%**	33.40%	29.63%

Sources: Analysts, Company's report

However, the stability in the proportion of property, plant, and equipment (PP&E) in total assets—from **15.49% to 17.14%—**indicates consistent investment in essential production infrastructure. A slight increase in financial assets as a percentage of total assets from **29.63% to 33.76%** suggests that Lindt is bolstering its liquidity reserves or making strategic financial investments.

Table 34: L&S Vs Peers Efficiency Indicators 1

	D/E	Solvency Ratio
LISN	33.02%	118.19%
BARN	168.79%	23.07%
MDLZ	73.23%	62.96%
HSY	134.23%	49.96%
NESN	196.37%	32.86%
Average	*121.13%*	*57.41%*
Median	*134.23%*	*49.96%*

Sources: Analysts, Company's report, Bloomberg

Despite this uptick in leverage, Lindt & Sprüngli's financial ratios remain robust compared to industry peers. In 2023, the company's debt-to-equity ratio is significantly lower than the industry average of **121.13%** (Table 34) and well beneath pure chocolate peers like Hershey at **134.23%** and Mondelēz International at **73.23%.** Furthermore, Lindt's solvency ratio is exceeding the industry average of **57.41%** and notably higher than Hershey's **49.96%** and Mondelēz's **62.96%.**

Table 35: L&S Vs Peers Efficiency Indicators 2

	PP&E / Total Assets	Financial Autonomy
LISN	17.14%	54.17%
BARN	10.09%	18.75%
MDLZ	13.34%	38.64%
HSY	26.13%	33.32%
NESN	22.47%	24.74%
Average	*17.83%*	*33.92%*
Median	*17.14%*	*33.32%*

Sources: Analysts, Company's report, Bloomberg

Additionally, Lindt's equity-to-assets ratio (Table 35) is outperforming the industry average of **33.92%** and exceeding peers like Hershey at **33.32%** and Mondelēz at **38.64%.** This strong equity position underscores Lindt's **financial stability** and its **ability** to withstand **economic pressures** while maintaining a **conservative capital structure**, further enhancing investor confidence.

Lindt's PP&E to Total Assets ratio underscores its capital-intensive approach, closely aligning with the industry average (Table 35) of **17.83%.** This investment reflects Lindt's commitment to maintaining high-quality production facilities and exclusive retail outlets, essential for its premium chocolate positioning. While Nestlé has a higher ratio of **22.47%,** this is driven by its significantly more diversified portfolio across food and beverage categories, necessitating a broader range of physical assets.

Appendix

MASTER IN FINANCE

COMPANY REPORT

"CHOCOLADEFABRIKEN LINDT & SPRÜNGLI AG"

"CONSUMER GOODS"

17 DECEMBER 2024

PARSA TOHIDI – STEFAN STOJKOVIC

58591@novasbe.pt – 57821@novasbe.pt

A Delightful Success on a Global Scale

The sweet legacy of Lindt & Sprüngli

- With a **20% share** of the premium chocolate market, Lindt leverages strong brand loyalty and exceptional pricing power to maintain its leadership position, currently aiming to achieve **6-8% average organic growth** through retail expansion, travel retail, and strategic price adjustments.
- Recognized with a **Silver Medal** by EcoVadis, placing Lindt in the **top 8%** globally, the company demonstrates significant progress in reducing emissions and enhancing supply chain transparency.
- Vertical integration, premium pricing and a family-business mindset allow Lindt to maintain quality and agility, **setting it apart** from pure chocolate peers operated by conglomerates.
- Lindt's alignment toward technological innovation allows the Group to capture Online Confectionery momentum, integrated AI-powered quality control systems to enhance consistency and reduce operational waste.
- Market Share in Emerging markets **need to be** strengthened and expanded towards other high potential growth markets namely in Southeast Asia and Gulf Cooperation Council countries.
- Lindt demonstrates its robustness and adaptability by delivering incremental profits with **0% net change in investments**, while effectively mitigating cocoa price increases through hedging strategies and inventory management. These measures have safeguarded gross margins, **consistently maintaining** around **35%** over the past four years.

Recommendation:	**BUY**
Price Target FY24:	**CHF 138,630.00**
Price (as of 12-17-Dec-24)	**CHF 97,800.00**

Bloomberg: LISN.SW

52-week range (CHF)	97.200-113.600
Market Cap (CHFm)	22,746.00
Outstanding Shares (m)	0.1345

Source: Google,

Source: Lindt & Sprüngli Financial Model

(Values in € millions)	2022	2023E	2024F
Revenues	4970.2	5201.2	5513.3
EBIT	791.20	866.90	965.45
Operating Margins	15.4%	16.1%	16.4%
ROIC	-0.88%	12.56%	13.44%
Core Invested Capital	3702.7	3704.5	3817.9
ROE	-1.55%	14.89%	16.14%

Company description

Chocoladefabriken Lindt & Sprüngli AG is a Swiss premium chocolate manufacturer renowned for its high-quality products and craftsmanship. Founded in 1845, the company specializes in luxury chocolates, including iconic brands like Lindor, Excellence, and Gold Bunny. Combining tradition and innovation, Lindt & Sprüngli has established a global presence through its retail stores and partnerships, delivering exceptional chocolate experiences worldwide.

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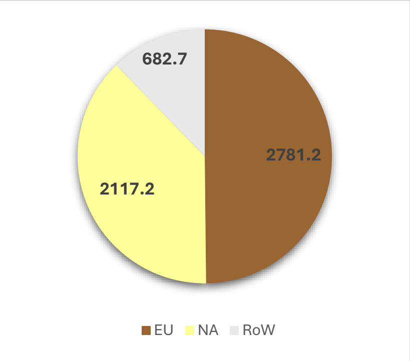
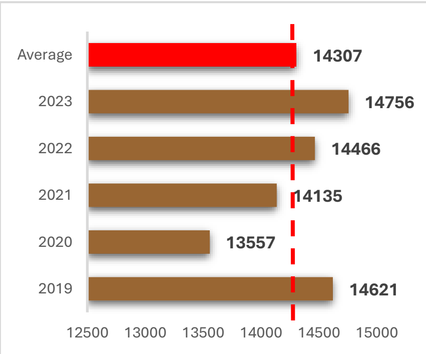
Table 1: L&S Sales 2023 per segment, CHF mio



Source: Analysts, Company's report

Table 2: Average number of employees 2019-2023



Sources : Analysts, Company's Report

Company overview

Lindt & Sprüngli is a **Swiss manufacturer of fine chocolate**, founded in 1845 and based in Kilchberg. The company was initially called Confiserie Sprüngli, but in 1899 it acquired Lindt, a chocolate manufacturer known for inventing the "conching"[1] process that revolutionized the production of smooth, creamy chocolate. The company became Lindt & Sprüngli. Since then, it has evolved into a developer, manufacturer, and marketer of world-class, high-quality chocolate products.

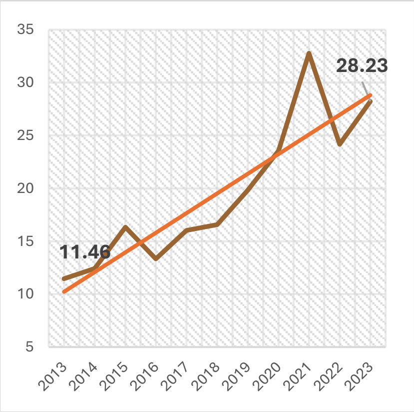
Lindt & Sprüngli has a diverse product portfolio of more than **2000 products**, including chocolate bars and pralines, as well as seasonal and gift ranges under prestigious brands such as Lindt, Ghirardelli, Caffarel, Hofbauer, and Küffele. Most of the company's production facilities are in Europe, with two essential plants in the USA. Lindt & Sprüngli's products are sold by **36 subsidiaries and branch offices** via a network of more than **100 independent distributors**.

Over the past five years, Lindt & Sprüngli has maintained a stable workforce, averaging **14,000 to 14,500 employees globally** (Table 2). The Swiss-based premium chocolate manufacturer operates through over **500 shops across 120 countries** and has consistently achieved strong and solid financial results. In 2023, regional sales were as follows: CHF 2117.2 million in North America, CHF 2781.2 million in Europe, and CHF 682.7 million in the Rest of the World (Table 1). Looking ahead to 2024, Lindt & Sprüngli has set ambitious targets, aiming for **organic growth** of **600 to 800** basis points across the Group.[2]

Despite experiencing significant challenges during the COVID-19 pandemic, which critically impacted its sales, Lindt & Sprüngli has demonstrated exceptional resilience and adaptability. The pandemic led to a **temporary decline** in sales from CHF 4.509 million in 2019 to CHF 4.018 million in 2020. Facing a crisis, Lindt made a remarkable comeback in 2021, not only recovering but exceeding pre-pandemic sales levels with **CHF 4.585 million in revenue**[2]. This rebound effectively offset the losses incurred during the crisis and highlights the company's robust potential for future growth.

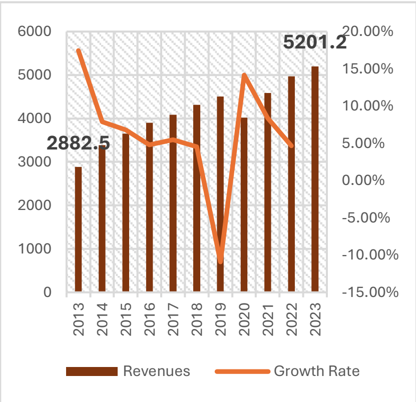
[1] **Conching** is a process used in the manufacture of chocolate whereby a surface scraping mixer and agitator, known as a **conche**, evenly distributes cocoa butter within chocolate and may act as a "polisher" of the particles. (Conching - Wikipedia)
[2] Company report

Table 3: L&S market capitalization, 2013-2023 in CHF billion



Sources: Analysts, Company's report

Table 4: L&S Revenues & Growth Rate



Sources: Analysts, Company's report

Key Success Factors

Over the past decade, Lindt & Sprüngli has nearly **doubled** its revenue and **tripled** market capitalization (Table 3&4), driven by three key factors. Firstly, the company has strategically concentrated on the premium chocolate segment, a market defined by **high customer loyalty**, **robust growth**, and **notable pricing power**. Lindt has shown agility in adapting to market trends, effectively responding to shifting consumer preferences and evolving regulatory demands.

Lindt is the leader in this segment, holding over **20%** of the premium chocolate market and steadily increasing its market share. Unlike many Swiss chocolate brands integrated into large conglomerates, Lindt remains **independent**, allowing it to invest flexibly and focus on long-term strategies. Despite being a publicly traded company, Lindt operates with a mindset akin to a family business, prioritizing sustainability, quality, and a commitment to **building long-term value over short-term gains.**

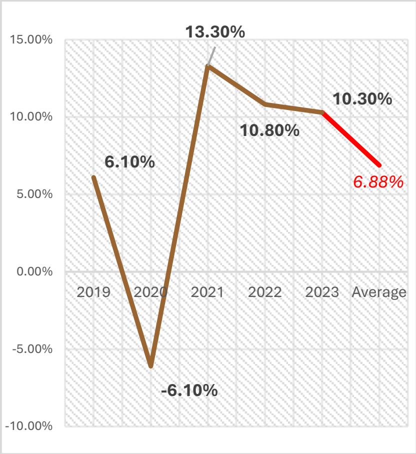
Since 2019, Lindt has achieved impressive average annual organic growth of 6.8% (Table 5), reaching its long-term target of 6–8%. However, this average has been strongly impacted by the negative organic growth in 2020 due to the COVID-19 **pandemic**. Key drivers of this organic growth are increased presence in local retails, stores and international travellers. (20.1% increase Global Travel Retail, 14.4% for Distributors in 2023). This expansion is complemented by annual price adjustments, reflecting Lindt's **pricing power** and **adaptability**.

This ability to adjust prices is essential in the face of the **significant increase** in **cocoa prices**, which have more than **quadrupled since the early 2000s**[3]. Thanks to its unique blend of tradition, exemplified by iconic products like **Lindor pralines**, and innovation with offerings of trending chocolates such as **"Dubai Chocolate"** and superior vegan alternatives, Lindt has successfully passed these cost increases on to consumers while maintaining its premium market position.

While priority has been given to organic growth to **conquer new markets** and segments, non-organic growth through **acquisitions h**as also played an important role. Notably, the acquisitions of Ghirardelli in 1998 and Russell Stover in 2014 have strengthened Lindt's presence in the North American market. [4]

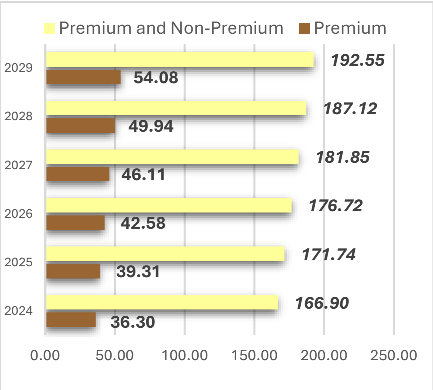
[3] Tradingeconomics.com | Cocoa prices
[4] Allnews.ch | Lindt & Sprüngli: une stratégie claire, 2024

Table 5: L&S Annual organic growth, 2019-2023



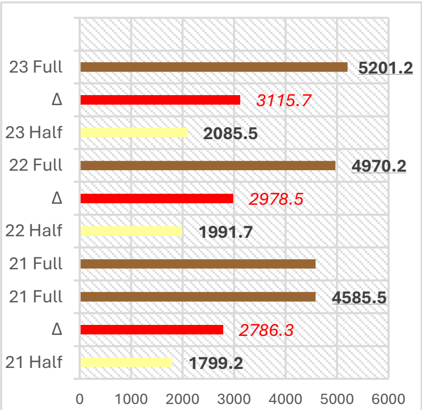
Sources: Analysts, Company's report

Table 6: Premium vs Non-Premium Sales, CAGR, in CHF billion



Sources: Analysts, MordorIntelligence, Tridge

Table 7: Half vs Full Year Sales, 2021-2023



Sources: Analysts, Company's report

Industry Overview

Lindt operates within the Global Premium Chocolate Market. This ecosystem was valued at **CHF 31.94 billion** in 2024 and aims to reach a **CAGR of 8.3%** until 2029 (Table 6). However, from a Global Chocolate standpoint, the CAGR is way lower. Reaching a **2.90% CAGR** between 2024 to 2029. As previously highlighted, Lindt & Sprüngli is achieving impressive organic growth rates between 6% and 8% (Table 5), allowing Lindt to firmly align with the premium industry's growth trajectory. This strong performance demonstrates that Lindt effectively **retains** its market share in the premium segment. By region, Europe has the **largest share** of 45%, with a CAGR of around 10%. Germany leads with 35% of the market share in Europe, followed by France, the United Kingdom, and Switzerland. North America has the second-largest market share.

The **seasonality** of demand notably influences premium chocolate sales, as these chocolates are often chosen for **holidays and special events.** This seasonal interest leads to considerable increases in sales, enabling manufacturers to realize **peaks in revenue** during these times. Historically, around 40% of its annual sales occur in the **first half** of the year, while key holidays like Christmas and Easter account for most sales in the second half. For instance, in the first half of 2023 (January to June), Lindt achieved sales of CHF 2,085.5 million, representing approximately 40.1% of its full-year sales of CHF 5,201.2 million. (Table 7)

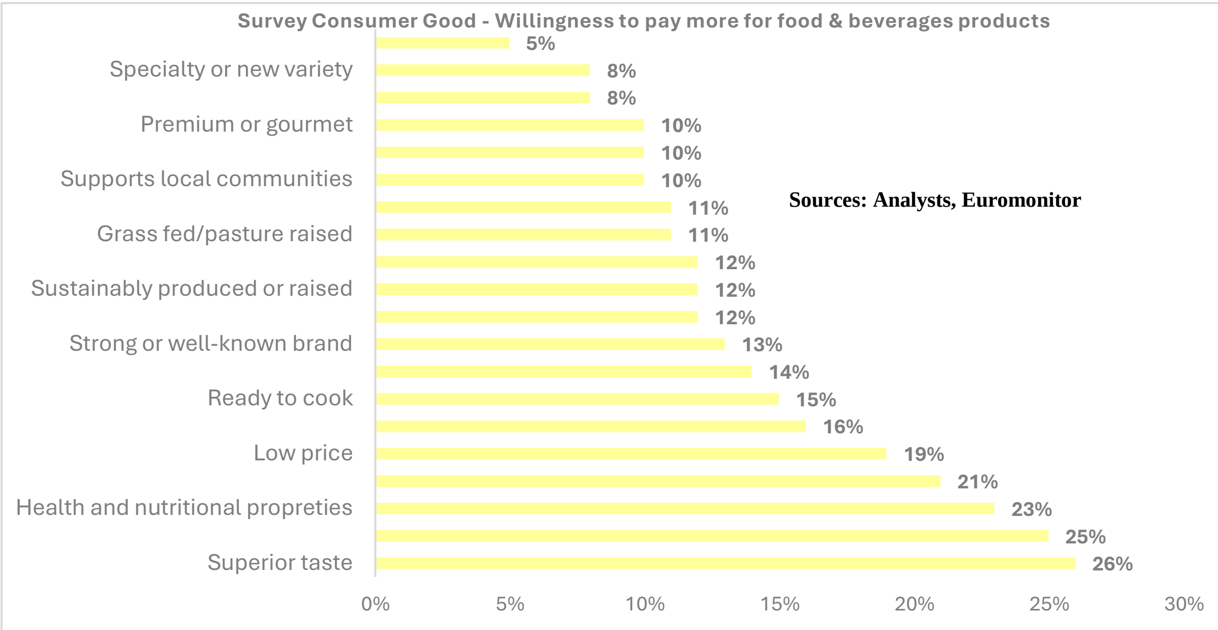
Increasing **consumer awareness** and **health concerns** are also contributing significantly to the growth of the premium chocolate market.[5] While milk and white chocolate remain popular, health-conscious consumers are trying to limit their sugar intake by choosing dark and without added sugar chocolate products.[6] The health-conscious consumer segment is becoming as crucial as traditional consumers: 57% of chocolate buyers in 2023 say they would prefer **Fairtrade-certified sustainable chocolate.**[7]

This shift highlights the growing prominence of **ethical consumerism**, especially in developed markets, where consumers are more financially equipped and mindful of industry standards. Global food & beverage market trends reveal a strong connection between sustainability and premiumization, with many consumers willing to pay extra for products that emphasize quality and environmental responsibility.

[5] Nielseniq.com | Wellness trends influencing consumers in 2024, 2024
[6] Barry Callebaut | Top Chocolate Trends, 2023
[7] Damecacao.com | Chocolate Statistics, 2024

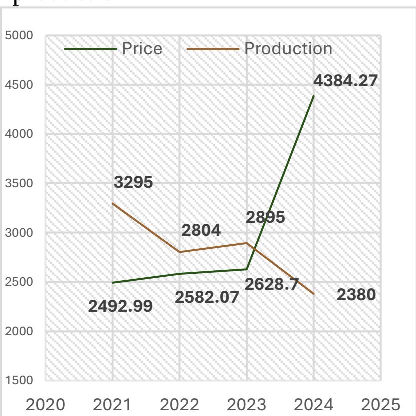
For instance, **26%** of consumers value superior taste, while 25% prioritize 100% natural ingredients. Attributes like 100% **organic** (21%), **eco-friendly** (12%), and **locally made** (10%) are also gaining traction, presenting Lindt with an opportunity to leverage its sustainability programs, such as cocoa traceability and partnerships with local producers, to strengthen its market position.

Table 8: Survey Consumer Good



Sources: Analysts, Euromonitor

Table 9: Cocoa prices vs Cocoa production



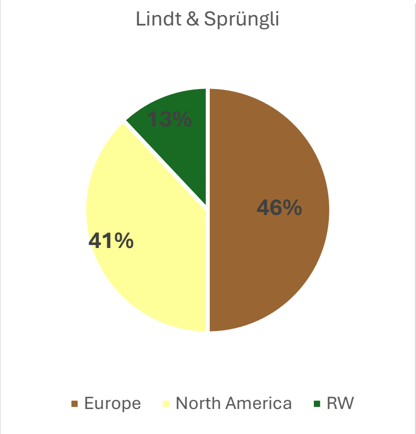
Sources: Analysts, Statista, International Cocoa Organisation

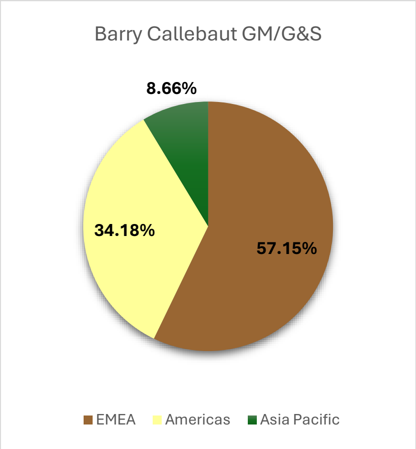
However, pricing remains challenging, as sustainable products carry an average 15% premium over non-sustainable options. Lindt must carefully **balance its sustainability efforts** with its **premium positioning** to justify these higher costs. By communicating the added value of its responsible practices, Lindt can **enhance** its brand appeal and motivate consumers to accept the price point associated with its commitment to quality and sustainability.

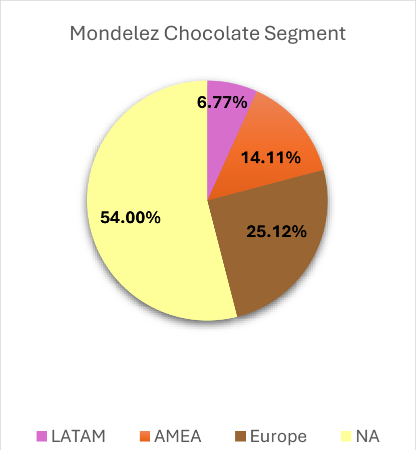
Cocoa prices are a critical driver in the chocolate industry. While Lindt & Sprüngli employs a **cost-plus pricing method**, passing increased costs onto consumers, rising cocoa prices continue to **pressure the global supply chain**. West Africa, the primary region for cocoa sourcing, faces significant challenges due to climate change, which disrupts harvesting and production.

For example, Ghana and Ivory Coast, which produced **3,295 tons** of cocoa beans in the 2020-2021 season, saw their output plummet to **2,380 tons** in 2023-2024, a sharp decline of nearly **30%**. This supply reduction has driven cocoa prices to surge. Between January 2020 and January 2024, New York cocoa futures rose from **$2493,00/ton** to **$4,384.27/ton**, an increase of **75%** (Table 9). According to

Table 10: Regional Market Presence L&S Vs Peers







the *Financial Times*,[8] Mondelez-owned Cadbury Australia doubled the price of two popular chocolate products as cocoa futures soared.

Global Market Presence

Lindt & Sprüngli sells its products in over **120 countries** and adapts its strategy based on each market's potential and consumer preferences. In 2023, Segment "Europe" is their primary and most established market, accounting for **almost 50%** of their **total revenues.** (Table 10) This region is the company's core market, where they enjoy competitive advantages in local markets from Central to Western Europe. Additionally, the European market represents pure organic growth for the company. In 2025, they plan to open a 6,000 square feet flagship store in the heart of London.

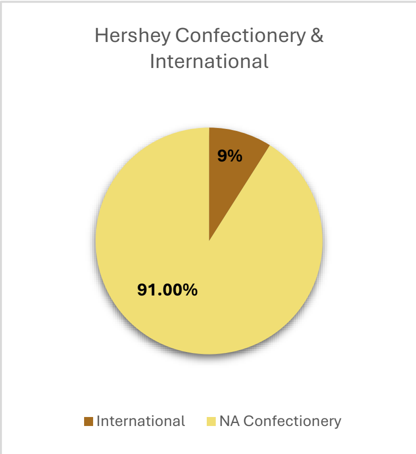
In recent years, the North American segment comprised approximately **35-40% of L&S revenues** from 2021 to 2023. This area is representing a crucial area of growth for the company as well. Lindt remains bullish on its North American segment, with solid market share gains for Lindt, Ghirardelli, and Lindt Canada, as well as stable performance for Russell Stover. The company expects continued growth in the second half as retail **destocking stabilises**.

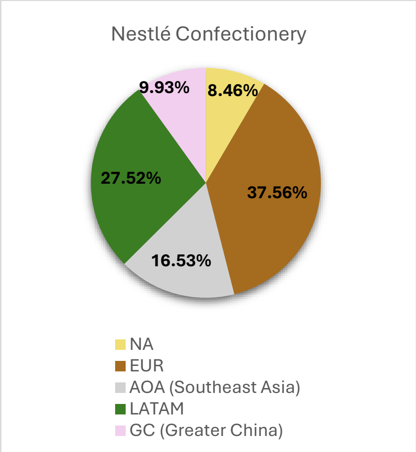
On the other hand, the "Rest of the World" segment, accounting for approximately **11-13% of total revenue**, includes emerging markets and regions with varied consumer preferences. Many of these areas represent opportunities for premiumisation in traditional chocolate markets. Consequently, Lindt is confident in its ability to sustain **double-digit growth** in this segment over the medium term.

For the publicly held peers like Mondelez International or Nestlé, these firms have a similar presence to L&S. For example, Nestlé has a strong focus in Europe as well, representing almost 40% of their "Confectionery" revenues, but has a highly more profound presence in the emerging markets, where Greater China, Latin America and Southeast Asia represent approximately **55%** of their revenues. Barry Callebaut has a stronger focus on EMEA with around **55%** of their Food Manufacturers and Gourmet & Specialties revenues, **34%** in the Americas and 8.66% in the Asia-Pacific region.

Although the "Rest of the World" segment represents a smaller portion of Lindt & Sprüngli's revenues, it presents growth opportunities. Many competitors already offer a wide range of chocolate products in emerging countries. Lindt & Sprüngli, could use their know-how from the RoW segment to 1) **strengthen** their market

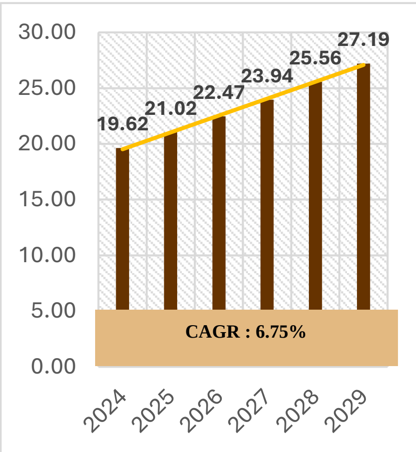
[8] Ft.com | Cadbury Australia





Sources: Analysts, Companys' reports

Table 11: APAC disposable income forecast, in trillon CHF



Sources: Analysts, Statista

share 2) **expand** into Southeast Asia (SEA) and the Gulf Cooperation Council countries (GCC).

Disposable income in the Asia Pacific region is expected to grow at a **6.75%** (Table 11) **CAGR from 2024 to 2029**, with Southeast Asia presenting a significant opportunity for Lindt & Sprüngli, as the region's chocolate confectionery market is projected to grow at a **7.03% CAGR** (Table 12). Meanwhile, the GCC Chocolate Confectionery —currently valued at **CHF 3.70** billion—is forecast to **expand** at a 5.39% CAGR (Table 14) through 2029 only for the chocolate segment, driven by rising disposable incomes (Table 13), strong gifting traditions (e.g., Eid al-Fitr, Eid al-Adha), and a growing expat community.

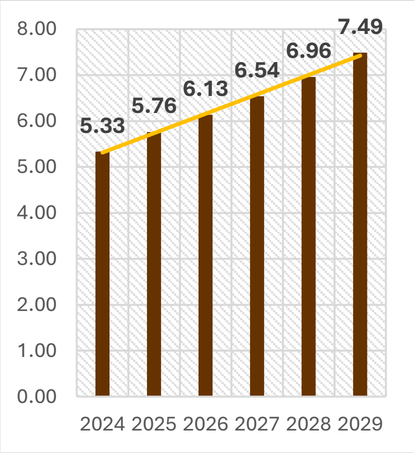
Both regions reflect broader trends where indulgent and luxury goods are becoming more accessible, and Lindt's **"Swissness" aura**—symbolizing precision and quality—continues to enhance its appeal as a status gift. By leveraging these trends, tailoring products with local ingredients, establishing a robust cold-chain distribution network to ensure product quality in **tropical climates**, and tapping into booming e-commerce platforms—where **social media channels** such as Instagram, TikTok, and YouTube serve as powerful vehicles to showcase premium unboxing experiences—Lindt & Sprüngli can strengthen its presence and capitalize on these high-growth markets.

Competitors

The global chocolate market is competitive, with manufacturers divided into premium and mass-market segments. Competition spans product quality, pricing, brand recognition, innovation, and geographical reach. It ranges from **moderate** to **dynamic**, depending on the segment. The premium segment features **high barriers** to entry, with **brand loyalty** and **craftsmanship** playing a pivotal role. In contrast, mass-market companies leverage their **scale** to compete through **differentiation** or **aggressive pricing** strategies.

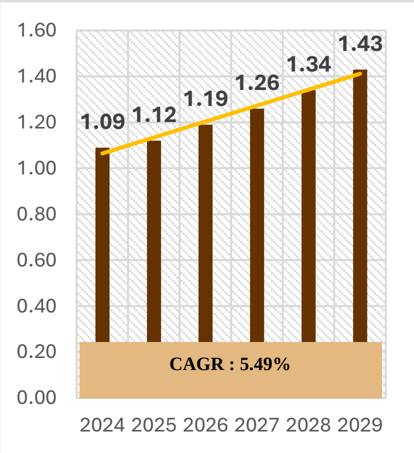
Ultimately, **segmentation becomes less clear** as many mass-market brands compete in the premium sector. For instance, The Hershey Company, predominantly known for mass-market confections like Hershey's Bars and Reese's Peanut Butter Cups, expanded into the premium arena through acquisitions of artisanal brands like Scharffen Berger and Dagoba. These moves have potentially positioned Hershey as a **"hybrid"** competitor, mixing their shares between mass-market and premium.

Table 12: SEA Chocolate Confectionery Forecast, in billion CHF



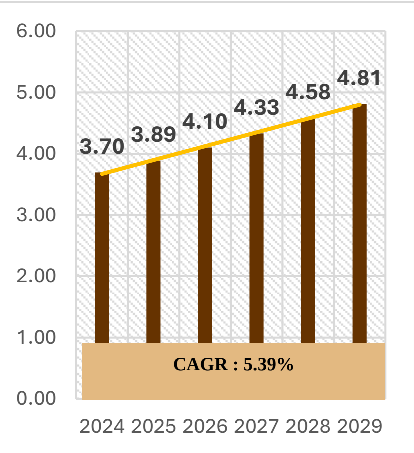
Sources: Analysts, Statista

Table 13: GCC Disposable Income Forecast, in trillion CHF



Sources: Analysts, Statista

Table 14: GCC Chocolate Confectionery Forecast, in billion CHF



Sources: Analysts, Statista

High-end Market

Ferrero Group is a privately held Italian confectioner company known for brands like Ferrero Rocher, Nutella, and Kinder. It targets both premium and mass-market segments. The company emphasizes quality ingredients and is firmly committed to sustainability initiatives.

Barry Callebaut is a Swiss company and a well-established leading supplier of high-quality chocolate and cocoa products to the food industry. Their speciality is the B2B supply, serving other manufacturers rather than end consumers. The company focus on innovation in cocoa processing and catering to the specific needs of its business clients.

Godiva Chocolatier is a privately held Belgian manufacturer specializing in premium chocolates and related products. It operates retail boutiques worldwide and offers products through various channels. The premium chocolate segment competes with Lindt, emphasizing luxury and gift-giving occasions. Its focus is on high-quality ingredients and artisanal craftsmanship.

Local artisans like Läderach (Switzerland), La Maison du Chocolat (France), and Vosges Haut-Chocolat (USA), while not the most significant threat due to their limited size and reach, still pose meaningful competition in the premium chocolate segment. These privately held brands effectively capture market share within niche and luxury segments through their local appeal and artisanal craftsmanship, challenging Lindt's dominance in specific high-end markets

Broader Confectionery Market

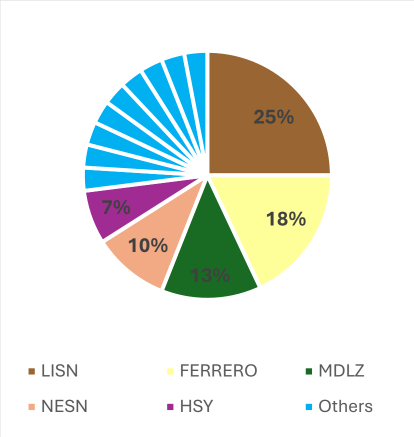
Mondelez International is a U.S.-Based multinational company with brands like Cadbury, Milka, and Toblerone. It operates in 150 countries and has a diverse portfolio of snacks and confectionery.

Hershey's: A dominant player in North America, Hershey challenges Lindt with its stronghold in mass-market and premium chocolate, including artisanal-inspired lines like Hershey's Gold.

Nestlé S.A. is a Swiss multinational food and drink conglomerate, the largest in the world by revenue. It owns chocolate brands like KitKat, Aero, and Smarties. Nestlé operates mainly in the mass-market segment but also offers premium offerings. Its vast distribution network gives it a significant advantage.

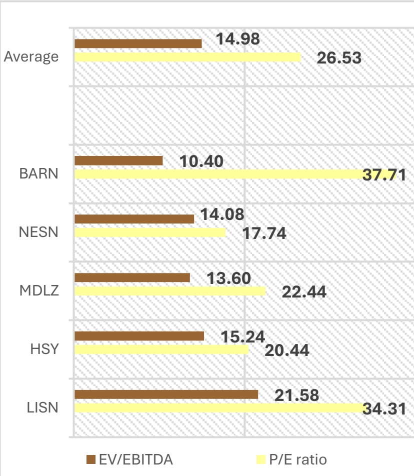
In 2023, Lindt & Sprüngli had a **25% market share in 2023**, followed by Ferrero (**18%**), Mondelez (**13%**), Nestlé (**10%**), and Hershey (**7%**). (Table 15)

Table 15: Premium Chocolate Market Share, 2023



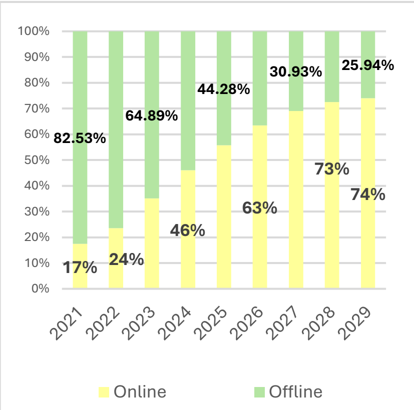
Sources: Analysts, MordorIntelligence

Table 16: EV/EBITDA, P/E Ratio L&S Vs Peers



Sources: Analysts, Yahoo Finance

Table 17: US Online vs Offline Confectionery Forecasts



Sources: Analysts, Statista

From a **valuation** standpoint with pure chocolate players (Table 16**)**, Lindt's **P/E ratio of 33.76** highlights its premium positioning compared to Hershey (**20.09**) and Mondelez (**22.84**). Similarly, its **EV/EBITDA multiple of 21.32** surpasses Hershey (**15.01**) and Mondelez (**13.80**). Lindt is overperforming the industry, as the same trend is observed over both ratios' average.

Technological Transformation

The Kirchberg-based chocolate manufacturer has operated an online store since the early **2000s.** Still, the COVID-19 pandemic prompted Lindt & Sprüngli to accelerate its digital transformation with an **'all-in-one'** strategy aimed at customers who prefer to shop from home. The company responded innovatively to shifts in consumer behaviour with initiatives like home deliveries, pick-up services, click-and-collect options, and the expansion of e-commerce, addressing evolving consumer habits and reducing potential friction between online and offline channels. These efforts doubled online sales to around **5% of Group sales in 2020**[9], allowing L&S to capture the post-pandemic momentum growth.

The strategy also integrates online and offline channels, offering a seamless shopping experience while offering personalized options such as custom chocolates and packaging for gifting. While these steps align with industry trends, it is worth noting that most major players in the chocolate industry are also investing in e-commerce. U.S. statistics underscore the **growing importance** of online sales in confectionery, with revenue from digital channels rising from **17.47% in 2021** to an expected **74.06% by 2029**. (Table 17)

Artificial Intelligence

While many confectionery competitors use AI for marketing personalization or sustainability mapping, Lindt & Sprüngli's strategy targets **product quality**. By identifying and correcting deviations in real time, the system standardizes quality management across Lindt's European and U.S. factories, significantly **reducing waste and enhancing sustainability.**

Lindt's adoption of EthonAI's[10] production-focused AI offers a clear edge. Hershey and Mondelez mostly leverage AI for marketing, and Barry Callebaut partners with EcoVision Lab on machine learning for sustainability. In contrast, Lindt's emphasis on manufacturing enhances product consistency and efficiency. As the

[9] Company report
[10] Ai.ethz.ch | Premium Chocolate Production Perfected : AI's Role in Quality Excellence

confectionery market evolves, Lindt's proactive tech investments position it for long-term success. By merging digital commerce with AI-driven production.

L&S Supply Chain Overview

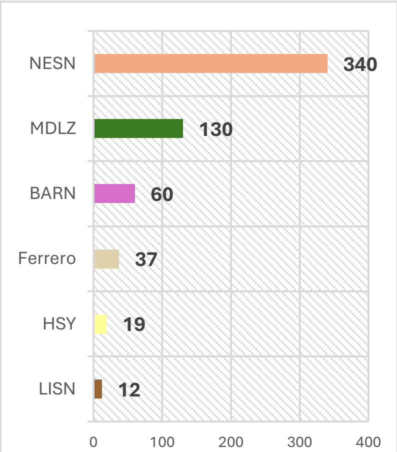
Global Sources for Quality Assurance

Lindt & Sprüngli's success begins with its meticulous approach to sourcing key ingredients, particularly cocoa. The company procures Forastero cocoa from West Africa for its reliable quality and Criollo and Trinitario varieties from Latin America for their rich, complex flavors. Through its Farming Program, Lindt ensures **full traceability** while supporting farmers with sustainable agricultural techniques, improved infrastructure, and better livelihoods. These efforts not only elevate cocoa quality but also build **long-term supplier partnerships**. Similarly, Lindt applies **rigorous standards** to other ingredients, such as hazelnuts sourced from Italy and Türkiye. By collaborating with the Fair Labor Association, the company mitigates labour risks and strengthens its **ESG credentials**. For sugar, Lindt is on track to source 100% Farm Sustainability Assessment (FSA) silver-level beet sugar by 2025, with compliance already reaching 88.5% by 2023. This comprehensive sourcing strategy ensures premium ingredient quality, price stability, and ethical supply chains, **reinforcing Lindt's competitive edge**.

Distinguished Bean-to-Bar Process

Unlike competitors such as Mondelez and Nestlé, which rely heavily on third-party certifications and outsourcing, Lindt's **vertical integration** ensures complete control over its production processes—from refining raw ingredients to packaging and final quality checks. Operating 12 production facilities (Table 18) across Europe and the U.S., Lindt maintains a focused manufacturing network that prioritizes quality and consistency. In contrast, larger competitors like Ferrero (37 plants), Hershey (19), and Barry Callebaut (60) face greater oversight challenges. Mass-market players such as Nestlé and Mondelez operate sprawling networks of 340 and 130 factories, respectively, often sacrificing quality for scale. Barry Callebaut's recent plant shutdown in Mexico illustrates the risks of diluted oversight. Lindt's **tight control** mitigates such risks, ensuring consistent output that upholds its premium image and strengthens brand trust.

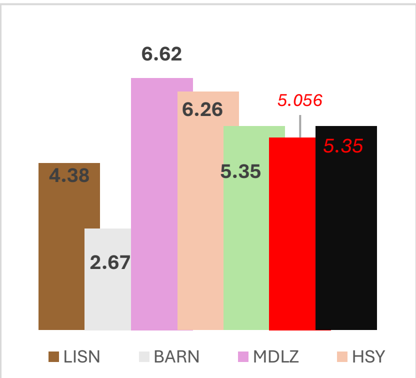
Table 18: Number of production facilities, L&S Vs Peers



Sources: Analysts, Companys' Reports

Lindt's sustainability strategy further solidifies its long-term positioning, with initiatives focused on improving livelihoods, protecting the environment, ethical governance, and meeting evolving consumer expectations. The Farming Program **directly supports** 131,000 farmers across seven countries, promoting education, sustainable farming techniques, and poverty alleviation. Lindt has made significant **environmental progress**, reducing greenhouse gas emissions by 17.3% since 2020 and achieving 89.7% recyclable packaging by 2023. Efforts to promote workplace inclusivity have also advanced, with 35.1% of senior leadership roles

Table 19: L&S Vs Peers, MSCI ESG Rating



Sources: Analysts, Bloomberg

Table 20: L&S Vs Peers, MSCI ESG Rating

Ticker	ESG Score
LISN	A
BARN	AA
MDLZ	A
HSY	A
NESN	A

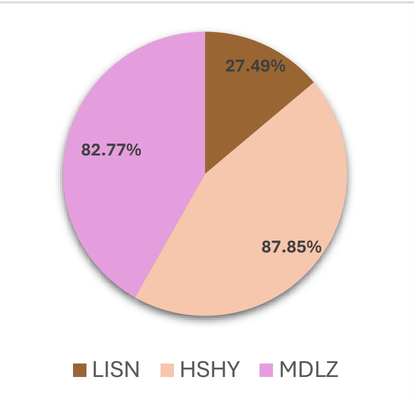
Sources: Analysts, Bloomberg

held by women. Despite holding a **strong MSCI ESG** rating of A (Table 20) and earning a Silver Medal from EcoVadis—placing Lindt in the industry's top 8%—its ESG score of 4.38 (Table 19) **lags** peers like Mondelez (6.62) and Hershey (6.26). These achievements highlight Lindt's growing commitment to sustainability, although further improvements in ESG performance remain an opportunity for the company to close the gap with its competitors.

Shareholder Structure

Lindt & Sprüngli's shares have been publicly traded since 1986. Registered shares (LISN) are priced at around CHF 100,000—and participation certificates (LISP) at approximately CHF 10,000, offering broader accessibility. With a market capitalization near CHF 20 billion, the company is a leader in the premium chocolate industry and a major component of indices like the S&P Europe 350 and SMI Expanded.

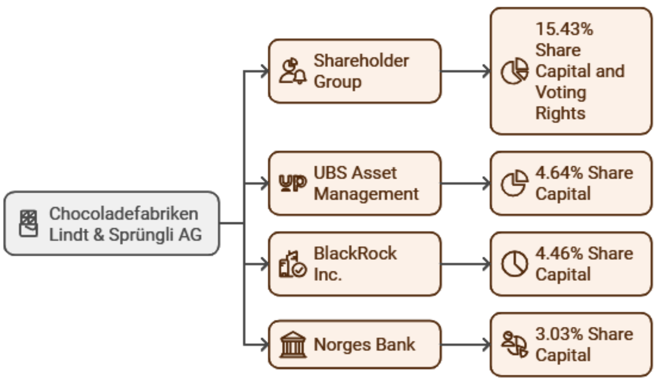
Table 21: Ownership Structure L&S Vs Pure Chocolate Peers



Sources: Analysts, Refinitiv

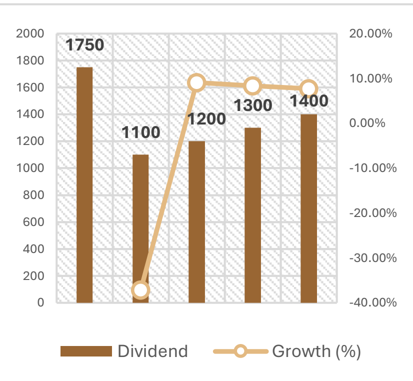
The largest shareholder, Shareholder Group of Chocoladefabriken Lindt & Sprüngli AG, holds 15.43% of the share capital and voting rights. In 2023, the Lindt Cocoa Foundation and the Lindt Chocolate Competence Foundation officially exited the shareholder group while retaining 29,143 shares, equivalent to **21.32%** of the share capital in 2013. Among institutional investors, UBS Asset Management (Switzerland) holds **4.64%,** BlackRock Inc. holds **4.46%** and Norges Bank **3.03%.**

Table 22: L&S' Major Holders



Sources: NapkinAI, Refinitiv

Table 23: L&S Dividends 2019-2023

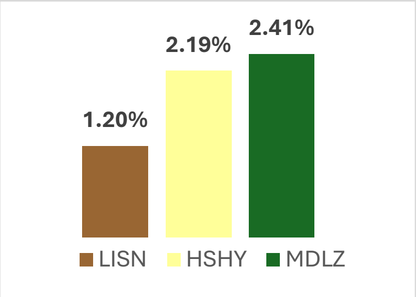


Sources: Analysts, Company's report

About 81.33%[11] of shares are available for public trading, giving Lindt strong liquidity and broad participation. Around 27.44% of shares are held by institutions, indicating broad professional involvement. **About 18.67%** of shares belong to strategic groups, which helps with stability and long-term guidance. The top shareholders account for about **46.09% of all shares**. Based on our estimates, we

[11] Refinitiv | Lindt & Sprüngli Ownership

Table 24: L&S Vs Peers Average Dividend Yield 2019-2023



Sources: Analysts, Companys' Reports

think the remaining **53.91% of shares** are held by smaller shareholders, high net-worth private investors, employees, and family members.

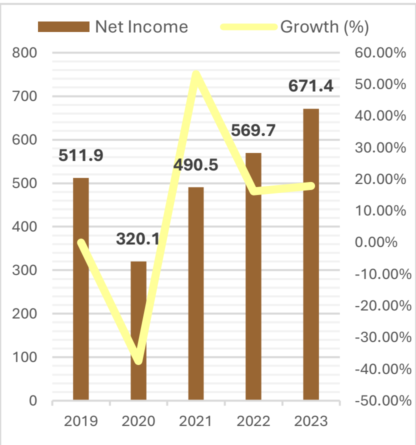
In comparison, Hershey boasts institutional ownership of **87.85%.** Similarly, Mondelēz International has institutional ownership of **82.77%.** (Table 21) Both peers indicate broad global interest but with a structure that external investors highly influence, while Lindt & Sprüngli's governance structure provides a foundation for independent decision-making.

Stock Analysis

Lindt & Sprüngli's stock performance over the past five years highlights its ability to navigate challenges while maintaining long-term growth. In **2019**, the stock delivered a strong **16.1% return**, driven by solid operational performance and sustained demand for premium products. Returns declined to **12% in 2020** as the pandemic disrupted global markets, though Lindt's resilience cushioned the impact relative to peers. A sharp **35.4% rebound in 2021** reflected post-pandemic recovery, boosted by strong sales growth and operational efficiencies. However, in **2022**, the stock faced a **-21.4% decline** due to systemic risks, including the war in Ukraine, inflationary pressures, and currency headwinds from a weakening Euro and British Pound. In **2023**, Lindt regained momentum with a **7.4% positive return**, demonstrating its ability to manage cost pressures and sustain pricing power amid improving macroeconomic conditions. This performance trajectory highlights Lindt's capacity to deliver steady returns, balancing short-term volatility with long-term investor confidence.

Dividend Lookout

Table 25: L&S Net Income 2019-2023



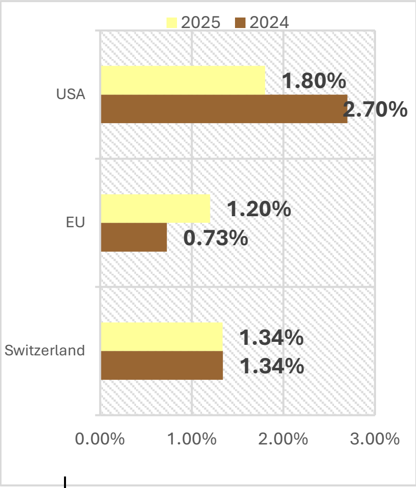
Sources: Analysts, Companys' Reports

Lindt & Sprüngli has adjusted its dividends per share over recent years, declining from **CHF 1,750 in 2019 to CHF 1,100 in 2020** during pandemic, before gradually increasing to CHF 1400 in 2023 (Table 25). Although dividend payments have increased recently, Lindt's average dividend yield between 2019 and 2023 remains relatively modest at 1.2%, compared to 2.19% for Hershey and 2.40% for Mondelez (Table 22). Furthermore, Lindt & Sprüngli's **payout ratio declined significantly** from 83.2% in 2019 to 49.2% in 2023, driven by two key factors: the **negative dividend CAGR** of -5.37% over the period and the **net income CAGR** of 7.03% (Table 23).

We believe the 2020 pandemic played a significant role in the dividend decrease. Looking ahead, we anticipate the payout ratio to gradually rise alongside dividend growth. Additionally, Lindt is set to **launch a share buyback program** in 2024, concluding in 2026 with a total investment of **500 million CHF**, demonstrating company's management confidence.

Macroeconomic factors

Table 26: Real GDP Growth, Switzerland-USA-EU



Sources: Analysts, IMF

Switzerland

Switzerland's real GDP is projected to grow by **1.341%** in 2024 and by **1.335%** in 2025, boosting consumer confidence and spending power while expanding the potential customer base through 1.7% population growth in 2023. Inflation has dropped to its **lowest level** since June 2021, from 0.8% in September to 0.6% in October 2024, and a forecasted stabilization near **1.25%,** supporting consumer purchasing power and making Lindt's premium products more accessible.

The Swiss National Bank reduced interest rates from **1.75%** in 2023 to **0.5%** in 2024, stimulating borrowing and spending. Meanwhile, the Swiss franc appreciated (Table 27) by **9.7%** against the euro and **7.7%** against the US dollar in 2023, bolstered by SNB's foreign asset sales and geopolitical risks.

Table 27: L&S Conversion Rates, 2021-2023

		2023	2022	2021
CHF				
Euro zone	1 EUR	**0.93**	0.99	1.03
USA	1 USD	**0.84**	0.92	0.91
UK	1 GBP	**1.07**	1.11	1.23

Sources: Analysts, Company's report

European Union

The EU real GDP[12] is projected to grow by **0.73%** by the end of 2024 and **1.2%** in 2025, signalling a modest economic recovery. Inflation[13] rose to **2.0%** in October 2024 (up from 1.7% in September), aligning with the European Central Bank's target. The ECB's interest rate reduction to **3.25%** in October 2024 aims to stimulate economic activity, potentially benefiting consumer goods companies.

USA

U.S. real GDP is projected to grow by **2.7%** in 2024 and **1.8%** in 2025. Inflation rose to **2.6%** in October 2024, slightly above September's **2.4%,** aligning with the Federal Reserve's target and stabilizing purchasing power. However, recent increases may lead Lindt to reconsider pricing strategies.

The Federal Reserve cut interest rates to **4.25%** in December 2024, boosting borrowing and spending, which benefits consumer goods companies.

Macroeconomic effects on premium chocolates

Lindt's revenues will **likely rise** as consumer confidence and spending improve, supported by GDP growth (Table 26) and lower interest rates that may boost demand for premium chocolates. Because Lindt **sells in local currencies**, direct exchange rate risk reflecting on revenue is low. Still, the Swiss franc's appreciation

[12] Data.europa.eu | Real GDP growth rate, 2024
[13] Ec.europa.eu | Annual inflation, 2024

can push up trade payables—both inside the company and with outside partners—if those obligations are tied to the franc.

On the plus side, a stronger franc can lower the cost of imported raw materials and support domestic production, helping offset some currency downsides. Lindt's local-currency pricing **shields** it from sudden revenue swings, but the company must **keep a close eye** on **cross-border payables** and **supply chain costs**. With good currency hedging and procurement strategies, Lindt can use the franc's strength to stay profitable in the constantly changing forex landscape.

Risk Management

Lindt & Sprüngli manages risks across three main areas: strategic, operational and financial. The company handles key risks as follows:

- **Commodity price risks:**
  - ➢ Secures raw material prices, like cocoa, through supplier contracts and commodity futures.
  - ➢ Futures are processed centrally to stabilize costs.
- **Exchange rate risks**
  - ➢ Invoices are mostly in local currencies to limit currency risks.
  - ➢ Forward currency contracts are used to hedge trade payables within the company and with external partners.
- **Interest rate risks:**
  - ➢ Tracks financial assets and liabilities to align maturity, currency and quality.
- **Credit Risks:**
  - ➢ Minimizes financial credit risks by investing liquid funds and derivative instruments (A1/P1 rating).
  - ➢ Monitors credit limits for clients and suppliers to reduce default risks.
  - ➢ Diversification of clients and partners.
- **Liquidity Risks:**
  - ➢ Monitors and tracks net financial position for each subsidiary at the company level.
  - ➢ Ensures liquidity with centralized tracking by Group Treasury.
- **Supply Chain Risks:**
  - ➢ Mitigates supply chain risk through its vertically integrated ''bean-to bar'' model.
  - ➢ Diversifies its sourcing countries to avoid concentration risk.

- ➢ Manufactures products “in-house”.
- **Regulatory & Compliance Risks:**
  - ➢ Monitors local regulations through Local Compliance Teams.
  - ➢ Implements uniform quality protocols (e.g., ISO 9001, HACCP).
  - ➢ Avoids third-party certifications through its own Farming Program.

Financial Situation

Cash Flow Management

From 2021 to 2023, Lindt & Sprüngli maintained a stable collection period of **70 days** (Table 28), indicating effective receivables management and strong relationships with customers. The extension of payables from **54.7 to 61.2 days** (Table 29) suggests the company is leveraging its supplier relationships to improve liquidity by holding onto cash longer before settling obligations.

However, the average holding period increase from **175 to 184.3 days** (Table 28) reflects slower inventory turnover. We believe that the company is carrying larger cocoa inventories to mitigate potential future price increases.

Table 2814: L&S Cash

	2023	2022	2021
Inventories	921.50	875.60	761.60
Cost of Materials	1824.90	1754.70	1588.40
Average Holding Period	184.30	182.10	175.00
YoY change in %	*0.01*	*-0.04*	
Accounts receivable	997.70	953.10	895.30
Sales	5201.20	4970.20	4585.50
Average Collection Period	70.00	70.00	71.30
YoY change in %	*0.00%*	*-1.82%*	

Sources: Analysts, Company's report

Table 29: L&S Cash Management 2

	2023	2022	2021
Accounts payable to suppliers	305.9	290.5	237.9
Cost of materials	1824.9	1754.7	1588.4
Average Payable Period	*61.2*	*60.4*	*54.7*
YoY change in %	1.32%	10.42%	
Cash Conversion Cycle	193.14	191.7	191.61
YoY change in %	0.75%	0.05%	

Sources: Analysts, Company's report

Liquidity

Between 2021 and 2023, Lindt & Sprüngli experienced declines in key liquidity ratios. The current ratio (Table 30) decreased from **2.0 to 1.4 (-23%)**, and the quick ratio dropped from **1.5 to 0.9** (-28%), indicating a reduced ability to meet short-term liabilities with liquid assets. The cash ratio (Table 29) fell significantly from **0.6 to 0.3 (-54%)** (Table 31), reflecting limited immediate cash availability.

Working capital increased by **13%** from **CHF 3,289.8** million to **CHF 3,716.8** million (Table 31), driven by growth in current core assets. This suggests that while liquid assets have decreased relative to current liabilities, the company has invested in assets that support ongoing operations, such as inventory and receivables, aligning with its premium product strategy.

However, compared to its peers, Lindt’s **current ratio** remains in a strong position. Lindt’s current ratio exceeds the industry **average of 1.02** and the **median of 0.85** (Table 32**).** The best performer, Barry Callebaut **(1.37),** is slightly behind Lindt, showcasing solid liquidity.

Similarly, Lindt’s **quick ratio** is well above the peer average of **0.388** and the median of 0.25. Hershey (0.42) is the best among peers but still significantly trailing

Table 30: L&S Liquidity 1

	2023	2022	2021
Total current assets	2609	2889.8	3024.8
Total current liabilities	1843	1577.3	1485.7
Current Ratio	1.4	1.8	2
YoY Change in %	*-22.22%*	*-10.00%*	
Current Assets - Inventories	1687.5	2014.2	2263.2
Current Liabilities	1843	1577.3	1485.7
Quick Ratio	0.9	1.3	1.5
YoY Change in %	*-30.77%*	*-13.33%*	

Sources: Analysts, Company's report

Table 31: L&S Liquidity 2

	2023	2022	2021
Cash and Equivalents	462.20	864.60	937.20
Current Liabilities	1843.00	1577.30	1485.70
Cash Ratio	0.30	0.50	0.60
YoY Change in %	*-40.00%*	*-16.67%*	
Current Core Assets	2219.50	2099.10	1905.70
Current Core Liabilities	-1497.30	-1486.00	-1384.10
Net Working Capital	3716.80	3585.10	3289.80
YoY Change in %	*3.67%*	*8.98%*	

Sources: Analysts, Company's report

Lindt, indicating Lindt's superior ability to meet liabilities without inventory among competitors.

Finally, Lindt's **cash ratio** is **double** the peer average of **0.16** and higher than the median of **0.15**. Among peers, Nestlé (0.16) slightly outperforms others but is far below Lindt, highlighting Lindt's relatively better immediate cash availability despite its internal decline over the years.

Table 32: L&S Vs Peers Liquidity, 2023

	Current Ratio	Quick Ratio	Cash Ratio
LISN	1.40	0.90	0.30
BARN	1.37	0.21	0.11
MDLZ	0.63	0.25	0.07
HSY	0.85	0.42	0.15
NESN	0.85	0.16	0.16
Average	*1.02*	*0.39*	*0.16*
Median	*0.85*	*0.25*	*0.16*

Sources: Analysts, Company's report, Bloomberg

Efficiency indicators

From 2021 to 2023, Lindt & Sprüngli experienced an increase in leverage, with gearing (Table 33) rising from **6.51%** to **19.35%** and the debt-to-equity ratio increasing from **28.38%** to **33.02%.** The debt-to-EBITDA ratio grew from **0.39 to 0.93**, indicating higher debt relative to earnings, potentially limiting financial flexibility.

Table 33: *L&S Efficiency indicators*

	2023	2022	2021
Gearing	**19.35%**	12.81%	6.51%
D/E	**33.02%**	32.64%	28.38%
Debt-to-Ebitda	**0.93**	0.64	0.39
Solvency	**118.19%**	124.15%	139.95%
Financial Autonomy	**54.17%**	55.39%	58.32%
PP&E/Total Assets	**17.14%**	17.26%	15.49%
Financial Assets/Total Assets	**33.76%**	33.40%	29.63%

Sources: Analysts, Company's report

Solvency (Table 33) declined from **139.95% to 118.19%,** suggesting a slightly reduced capacity to meet long-term obligations, and economic autonomy decreased from **58.32% to 54.17%,** reflecting a shift towards greater reliance on debt financing.

However, the stability in the proportion of property, plant, and equipment (PP&E) in total assets—from **15.49% to 17.14%—**indicates consistent investment in essential production infrastructure. A slight increase in financial assets as a percentage of total assets from **29.63% to 33.76%** suggests that Lindt is bolstering its liquidity reserves or making strategic financial investments.

Table 34: L&S Vs Peers Efficiency Indicators 1

	D/E	Solvency Ratio
LISN	33.02%	118.19%
BARN	168.79%	23.07%
MDLZ	73.23%	62.96%
HSY	134.23%	49.96%
NESN	196.37%	32.86%
Average	*121.13%*	*57.41%*
Median	*134.23%*	*49.96%*

Sources: Analysts, Company's report, Bloomberg

Despite this uptick in leverage, Lindt & Sprüngli's financial ratios remain robust compared to industry peers. In 2023, the company's debt-to-equity ratio is significantly lower than the industry average of **121.13%** (Table 34) and well beneath pure chocolate peers like Hershey at **134.23%** and Mondelēz International at **73.23%.** Furthermore, Lindt's solvency ratio is exceeding the industry average of **57.41%** and notably higher than Hershey's **49.96%** and Mondelēz's **62.96%.**

Additionally, Lindt's equity-to-assets ratio is outperforming the industry average of **33.92%** and exceeding peers like Hershey at **33.32%** and Mondelēz at **38.64%.** This strong equity position underscores Lindt's **financial stability** and its **ability** to withstand **economic pressures** while maintaining a **conservative capital structure**, further enhancing investor confidence.

Table 35: L&S Vs Peers Efficiency Indicators 2

	PP&E / Total Assets	Financial Autonomy
LISN	17.14%	54.17%
BARN	10.09%	18.75%
MDLZ	13.34%	38.64%
HSY	26.13%	33.32%
NESN	22.47%	24.74%
Average	*17.83%*	*33.92%*
Median	*17.14%*	*33.32%*

Sources: Analysts, Company's report, Bloomberg

Lindt's PP&E to Total Assets ratio underscores its capital-intensive approach, closely aligning with the industry average (Table 35) of **17.83%.** This investment reflects Lindt's commitment to maintaining high-quality production facilities and exclusive retail outlets, essential for its premium chocolate positioning. While Nestlé has a higher ratio of **22.47%,** this is driven by its significantly more diversified portfolio across food and beverage categories, necessitating a broader range of physical assets.

Valuation and Forecasts

Reformulation

The Income Statement and Balance Sheet were restructured into three separate categories: **financing, non-core**, and **core**, in order to estimate future periods. By separating important elements, this method provides an improved organization and understandable study of Lindt's financial performance.

Since the 2024 statements have not yet been released, the financial information used for this reformulation was taken from Lindt's official reports for 2021, 2022, and 2023.

Reformulated Statements for Clarity and Precision

The reformulated Income Statement focuses on improving transparency by clearly separating core and non-core activities. Key adjustments include reclassifying inventory movements, material costs, operational expenses, and depreciation under core operations. **Personnel expenses**, previously including an **"Other"** subcategory, were reclassified as non-operating, along with other income from non-recurring activities such as asset sales, license payments, and freight charge reimbursements without specific values.

Financial expenses were isolated to provide clarity on debt servicing. **Statutory tax** was segmented between core and non-core adjustments for accurate allocation. In **"Other Comprehensive Income,"** hedge accounting was classified as core, while currency translation differences and remeasurement of defined benefit plans were categorized as non-core.

Core & Non-Core Invested Capital Segregations

The reformulated balance sheet provides a clearer distinction between core, non-core, and financing elements, improving transparency and analytical precision. Operating cash, assumed at **1.5% of revenue**, simplifies forecasting. **Core Invested Capital** focuses on assets and liabilities tied to primary operations, including PPE, inventories, receivables, payables, and derivative instruments for currency and raw material hedging.

Non-Core Invested Capital comprises of a substantial portion of financial assets, primarily Swiss pension plans, further subdivided into mainly shares, bonds, and other financial instruments; along with investments in third parties. As well as provisions, deferred tax, and derivatives unrelated to core operations.

Net Financial Assets include excess cash (beyond operating needs), marketable securities, and financial assets, offset by debt obligations such as bonds, leases, and bank borrowings. Net financial assets are calculated by subtracting total debt from excess cash and securities. This structure offers a focused view of Lindt's operational and financial position, supporting more accurate forecasting and valuation.

Sensible Assumptions made for the Forecast

Sales Growth and Margin Expansion Strategy

The financial model for Lindt & Sprüngli integrates key assumptions derived from a detailed analysis of the company's annual report and management's strategic goals. These assumptions, targeting **6-8% organic** sales growth and operating margin improvements of **20-40 basis points**, were validated through insights from the Q2 2024 earnings call transcript (from Adalbert Lechner, CEO and Martin Hug, CFO) and historical performance data.

Most recent Sales and Margin Outlook by L&S

Lindt targets 6-8% sales growth, driven by **global store expansions** (30-40 annually) and enhanced direct-to-consumer (DTC) profitability, now aligned with wholesale margins. The company's **resilience to price elasticity enables** strategic price increases without significantly impacting demand, even amidst rising cocoa costs. For 2024, **a conservative 6% growth projection** accounts for uncertainties like fluctuating cocoa prices and macroeconomic risks. Operating margins are expected to expand by **20-40 basis points** through cost efficiencies, automation, and economies of scale, supported by sustainability initiatives that strengthen brand loyalty and pricing power. **Planned price adjustments** in 2025 aim to offset cocoa cost pressures while maintaining competitive positioning, with anticipated cocoa price normalization in West Africa providing further relief.

Forecast Rationale

Revenue Methodology Overview (2024–2028)

Lindt & Sprüngli's revenue forecast applies a market-share-based approach anchored in credible data[14] and realistic macroeconomic assumptions. By

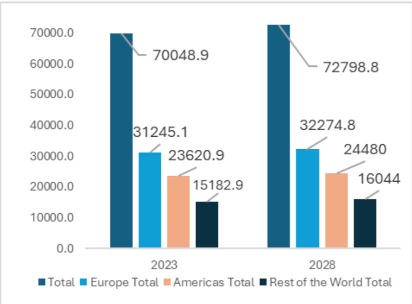
[14] Statista.com | Chocolate Market Forecast

integrating country-level economic indicators like GDP growth[15] and consumer spending, the model ensures evidence-backed projections specific to each key market.

Methods utilized for market share and size estimates

2023 Baseline Share: **7.4%,** calculated by dividing Lindt's sales by total chocolate market size in its operating regions.
2024 Projected Share: **7.9%,** reflecting a **6% organic growth** rate aligned with historical performance and management guidance.
Ongoing Incremental Growth: Market-share expansion (Table 36) slows post-2024, capturing Lindt's growing maturity and saturation in core markets. Annual increases taper from **+0.2% in 2025 to +0.15% in 2028**.
This deceleration aligns with patterns observed in established industry leaders, ensuring reasonable forecasts.

Table 36: L&S Revenues Per Region, 2018-2028 in CHF millon



Sources: Analysts, Company's report

Statista's projections employ exponential trend smoothing, incorporating macro drivers such as rising GDP per capita and consumer spending. Forecasts adjust for exchange rate shifts, pandemic recovery, and geopolitical factors (e.g., Russia-Ukraine impacts). Data was benchmarked against IBISWorld and other market research reports, **reducing reliance** on a single source and boosting the robustness of assumptions.

Multiplying Lindt's projected market share by the forecasted chocolate market size yields the company's revenue estimates through 2028. This approach aligns projections with broader economic trends and underpins downstream forecasts in the income statement and balance sheet.

Income Statement Analysis

Lindt's Financial Blueprint: From Inventories to Hedge Accounting

Inventories: Forecasted as a percentage of total inventory, avoiding inaccuracies from direct balance sheet differences. Attempts to split finished goods vs. raw materials via holding periods proved unreliable and innacurate.
Personnel Expenses: Projected via a bottom-up model aligned with Lindt's expansion. Plans include adding **7 stores per year** (35 new stores by 2028) and increasing production sites from **12 to 14.** Each store/site requires **~28 employees**, with expenses per employee holding historically steady.
Depreciation & Amortization: Estimated as a percentage of PPE, mirroring historical rates and consistent with store/site growth.

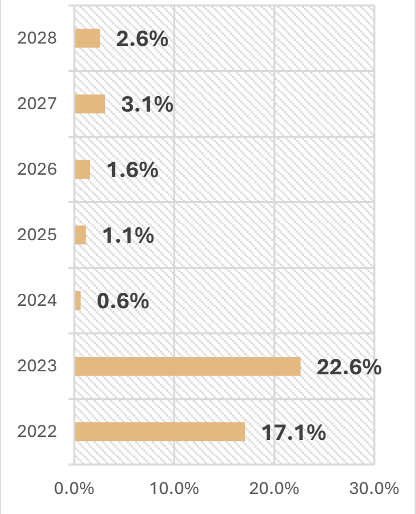
[15] Efv.admin.ch | Economic situation

Statutory Tax Rate: Based on a three-year historical average, with tax adjustments tied to pre-tax core results.

Hedge Accounting: Modeled on the median of historical hedging outcomes, maintaining consistency with past currency and raw material hedge performance.

Lindt aims for a **20–40 basis** point operating margin improvement **(30.1 bps** in 2024), underpinned by stable gross margins **(~35% material costs).** The company's premium brand strength supports proactive price increases to counter rising input costs. Elevated cocoa inventories from 2022 further cushion against cost volatility.

Table 37: Projected Growth Rate, 2022-2028



Sources: Analysts, Company's report

Projected Growth and Interpretation of Core Financial Results

Lindt's projected financial performance (Table 37) reflects a **strategic balancing act** between short-term cost pressures and long-term profitability:

- **2024 Growth Outlook**: A modest **0.6% increase** in revenues underscores Lindt's near-term focus on **hedging against raw material inflation** and managing **elevated cost pressures**.
  This cautious growth is indicative of a **defensive strategy**, prioritizing margin preservation over aggressive expansion. Such an approach reflects prudent management amid challenging macroeconomic conditions and volatility in commodity prices.

- **2025 Rebound**: Growth is projected to recover to **1%**, signaling **stabilization in the market environment** and the effectiveness of earlier **price adjustments** and **cost-optimization efforts**. This uptick highlights Lindt's resilience, demonstrating its ability to offset cost inflation through strategic pricing without eroding its premium market position.

- **2026–2028 Steady-State Growth**: The anticipated **3% annual growth** reflects a mature, stable trajectory for Lindt. This steady performance reinforces the company's ability to generate sustainable growth through:
  - **Disciplined margin management**
  - Leveraging its **premium brand positioning** to retain pricing power
  - Effective cost controls and operational efficiency

Non-Core Operations and Financial Performance

Other Income & Financial Income

One-Time Windfalls

Forecasted as a percentage of sales, Other Income includes a one-time gain of **25.9 million CHF in 2024**, driven by a successful legal dispute in North America and the liquidation of Lindt & Sprüngli Russia LLC. These extraordinary events significantly impact 2024 results but are not indicative of recurring performance. Derived from interest-bearing assets, primarily cash in Swiss francs, projections utilize forward contracts to estimate CHF/USD changes. Although inherently limited by market fluctuations and risk premiums, this method ensures a practical and transparent forecast. Financial Income remains a minor contributor but aligns with Lindt's emphasis on maintaining consistent estimations.

Financial Expenses

Projected based on historical debt ratios, adjusted for expected interest rate changes in Switzerland[16]. The percentage change in rates was applied to debt levels annually to ensure accurate projections of interest-related costs.

Projecting Debt Costs Through Economic Cycles

Key rate assumptions reflect economic recovery, inflation, and global conditions:
2025: **Short-term rates** decline to **1.1%,** while long-term rates rise to **1.2%,** reflecting improved market sentiment.
2026: **Stabilization at 1.0%** for short-term rates; long-term rates rise to **1.5%.**
2027: Gradual increases to **1.2% (short-term)** and **1.7% (long-term).**
2028: Rates peak at **1.4% (short-term)** and **1.9–2.0% (long-term),** driven by sustained recovery and adjusted monetary policies.

The Non-Core forecast captures exceptional income events and a systematic approach to financial asset and debt projections. While these components have limited material impact on Lindt's core operations, they provide transparency and insight into ancillary factors influencing overall financial performance.

Balance Sheet Forecast

Sales-Linked Captions

Items such as Other Receivables, Derivative Assets and Liabilities, and Current Tax Liabilities were forecasted as percentages of sales, using historical averages to ensure stability and alignment with past trends. Pension Liabilities were tied to employee growth, while Provisions, due to unpredictability, were held constant. This approach minimizes volatility and maintains consistency.

[16] Swissinfo.ch | Swiss central bank to first cut rates in September

Captions with Direct Linkage

Operating Cash was kept at **1.5% of revenues**, reflecting Lindt's historical liquidity practices. PPE was forecasted based on stable ratios per store and production site, supporting planned expansions such as seven new stores annually. Exceptional events like the closure of Russian stores in 2022 were excluded to ensure reliability.

Intangible Assets: EDP Software and Customer Relationships were amortized over their useful lives, while indefinite-life assets like Goodwill and Brands remained unamortized.

Right-of-Use Assets: Forecasted using their historical average percentage changes, reflecting expected stability per management's guidance.

Given the **lack of direct linkage** to sales, PPE, or the number of stores, Right-of-Use Assets were forecasted using their average percentage change up to 2024. This proxy, derived from half-year and annual reports, provides a reasonable estimate for future values while reflecting management's expectation of stability.

Strategic Asset Management: Forecasting Lindt's Operational Efficiency and Stability

Inventory, **Accounts Receivable**, and **Accounts Payable** were forecasted using their respective **average holding, collection, and payable periods**. The 2021 holding period, affected by COVID-19 disruptions, was excluded to prevent distortion. This ensures an accurate reflection of Lindt's operational efficiency and cash conversion cycle.

Deferred tax balances were decomposed into their respective components (e.g., PPE, Intangibles, Pension Plans, etc.) based on financial statement notes. Forecast percentages were calculated relative to the corresponding captions, while **Tax Loss Carry forwards** and **Other** were held constant, reflecting their independence from other captions.

Core Invested Capital and Operational Efficiency

Maximizing Profitability with Precision

Lindt's ability to maintain **consistent profitability** with minimal increases in capital intensity is reflected in the **stability of its Core Invested Capital** between 2022 and 2023. This efficiency is a testament to the company's operational strength, enabling it to generate incremental profits without significant capital outlays. The **Return on New Invested Capital (RONIC)** of **7586.3%** is particularly striking, signaling that Lindt is leveraging its investments to maximize returns at an extraordinary level, reinforcing its **competitive advantage** in the premium chocolate sector.

Looking ahead, **Core Invested Capital** is expected to grow modestly from 2024 to 2028. The projections for 2024 indicate a **3.1% increase**, driven primarily by key **growth initiatives**, such as **store expansions** and **enhanced production capacity**. From 2025 to 2028, the growth rate will moderate to approximately **1.3% annually**, as Lindt shifts focus toward optimizing **existing resources** and maintaining **capital expenditure discipline**. This conservative capital allocation strategy underscores Lindt's commitment to maintaining **financial efficiency** while strategically expanding its operations.

Lindt's Path to Sustainable Profitability

Lindt's approach to managing its **liquidity** and **capital structure** remains cautious, with **Excess Cash, Marketable Securities,** and **Current Financial Assets** held constant as a **liquidity buffer**. The company's **debt levels** remain in check, with **Bonds** and **Lease Liabilities** tied to **Financial** and **Right-of-Use Assets**, and only **minor borrowings** forecasted as a **negative percentage** of revenues. This approach aligns with Lindt's **historical financial discipline**, ensuring that it remains well-positioned to absorb any potential macroeconomic shocks.
By **2028**, the **Debt-to-Equity (D/E) ratio** is expected to stabilize at **33%**, demonstrating Lindt's disciplined **leverage strategy** and its focus on maintaining a conservative **capital structure**. This ensures **financial flexibility** while supporting the company's **long-term growth** trajectory. Collectively, these assumptions provide a robust framework for projecting Lindt's future performance, ensuring that the company's strategic and financial plans remain aligned with its **core operational priorities** and **long-term shareholder value creation**

Table 38: Total ROIC, 2021-2023

Total ROIC			
CHF million	**2021**	**2022**	**2023**
Result	1185.9	-44.5	663.2
Total Invested Capital	5587.6	5046.9	5279.4
Total ROIC	**21.2%**	**-0.9%**	**12.6%**
YoY change in %		*-104%*	*1526%*

Sources: Analysts, Company's report

Table 39: Core ROIC & Weight, 2021-2023

Core ROIC			
CHF million	**2021**	**2022**	**2023**
Core Result	513.4	600.9	736.9
Core Invested Capital	3613.7	3702.7	3704.5
Core ROIC	14.2%	16.2%	19.9%
Weight	64.7%	73.4%	70.2%
Weighted Core ROIC	**9.2%**	**11.9%**	**14.0%**
YoY change in %		*30%*	*17%*

Sources: Analysts, Company's report

Table 40: Core ROIC Decomposition

Core ROIC Decomposition			
	2021	**2022**	**2023**
Core Operational Margin	11.2%	12.1%	14.2%
Core Asset Turnover	126.9%	134.2%	140.4%
Core ROIC	**14.2%**	**16.2%**	**19.9%**
		14%	*23%*

Sources: Analysts, Company's report

ROIC and ROE Analysis

In 2023, Lindt reported a Total ROIC of **12.6%,** (Table 38) indicating the firm **generated CHF 0.126** for every franc of capital employed (both Core and Non-Core Invested Capital). This highlights the company's efficiency in **utilizing its resources** to deliver shareholder returns. However, the ROIC faced a sharp decline to **-0.9%** in 2022, attributed to the remeasurement of defined benefit plans. Despite this setback, it improved **from last year**, signalling Lindt's ability to recover from external shocks.

Core ROIC, derived from the Core Result/Core Invested Capital, accounted for around 70% (Table 39, 40) of the Total ROIC over the years analysed. This demonstrates that Lindt's core operations are the primary drivers of value creation. While Non-Core ROIC positively influenced Total ROIC in 2021, it detracted from overall performance in 2022 and slightly in 2023, limiting the firm's returns.

The improvement in **Total ROIC** from 2022 to 2023, despite relatively constant Total Invested Capital, was driven by greater operational efficiency. Lindt's **Total Result** rebounded to **CHF 663.3 million in 2023** from a loss of **CHF 44.5 million in 2022**, though still below the **CHF 1,185.9 million achieved in 2021**. This recovery reflects Lindt's resilience in navigating challenges and volatile market conditions.

Table 41: ROE Decomposition

ROE

CHF million	2021	2022	2023
Comprehensive Result	1164.3	-68.3	634.1
Equity	5223.6	4400.6	4257.6
ROE	**22.3%**	**-1.6%**	**14.9%**
YoY change in %		*-107%*	*1060%*

ROE Level 1 Decomposition

CHF million	2021	2022	2023
ROIC	21.2%	-0.9%	12.6%
Total Inv. Capital/Equity	107.0%	114.7%	124.0%
Financial Result/Net Debt	5.9%	3.7%	2.8%
Net Debt/Equity	7.0%	14.7%	24.0%
ROE	**22.3%**	**-1.6%**	**14.9%**

ROE Level 2 Decomposition

CHF million	2021	2022	2023
Total ROIC	21.2%	-0.9%	12.6%
Net Debt	364.0	646.3	1021.8
Equity	5223.6	4400.6	4257.6
D/E	**7.0%**	**14.7%**	**24.0%**
Financing Result	-21.6	-23.8	-29.1
Cost of external financing	**5.9%**	**3.7%**	**2.8%**
ROE	**22.3%**	**-1.6%**	**14.9%**

ROE Level 3 Decomposition

CHF million	2021	2022	2023
Weight Core IC	64.7%	73.4%	70.2%
Core operational Margin	11.2%	12.1%	14.2%
Core asset turnover	126.9%	134.2%	140.4%
Core Activity	**9.2%**	**11.9%**	**14.0%**
Weight Non-core IC	35.3%	26.6%	29.8%
Non-Core ROIC	34.1%	-48.0%	-4.7%
Non-core activity	**12.0%**	**-12.8%**	**-1.4%**
D/E	7.0%	14.7%	24.0%
Total ROIC	21.2%	-0.9%	12.6%
Cost of external financing	5.9%	3.7%	2.8%
Financing Activity	**1.1%**	**-0.7%**	**2.3%**
ROE	**22.3%**	**-1.6%**	**14.9%**

Sources: Analysts, Company's report

Regionally, the United States contributed the most to Core ROIC, with a weighted ROIC increasing from **4.4% in 2021** to **6.9% in 2023**, underlining the importance of the U.S. market. Other significant contributions came from **Germany (2.9%)** and **the Rest of the World segment (2.6%)**. However, certain regions, such as **the Rest of Europe (-45%)** and **Mexico (-35%)**, experienced notable declines in their weighted ROIC from 2022, reflecting localized operational or market pressures.

Key drivers of Lindt's Core ROIC include a consistently high **Core Asset Turnover**, which rose from **127% in 2021** to **140% in 2023** (Table 40), reflecting the company's efficiency in generating revenue with its Core Invested Capital. Additionally, the Core Operational Margin improved, **peaking at 14.2% in 2023** (up from 11.2% in 2021), indicating effective cost control and enhanced profitability in core operations. Together, these metrics underscore Lindt's robust strategy and its positive impact on overall returns.

Similarly, Lindt's ROE displayed a recovery trend, **starting at 22.3%** in 2021, **declining to -1.6%** in 2022 (Table 41), and rebounding to **14.9%** in 2023. While the operational component of ROE remains strong, financing inefficiencies—primarily from non-core activities—have dampened equity returns as the ROE is broken down further. Addressing these inefficiencies is critical to sustaining long-term shareholder value creation.

Table 42: L&S "All" Peer Group, Unlevered Beta

Comparables	*Unlevered Beta*
LISN SW Equity	0.698
BARN SW Equity	0.527
ULKER TI Equity	0.119
NESN SW Equity	0.945
MDLZ US Equity	0.571
HSY US Equity	0.561
RMCF US Equity	0.011
2269 JP Equity	0.627
2206 JP Equity	0.600
Median	0.566

Sources: Analysts, Company's report

For a comprehensive understanding of Lindt's shareholder value creation, it is essential to look beyond ROE and consider total returns to shareholders, including share buybacks and dividends, which have been significant in recent years.

Valuation Foundations

Beta Estimation

To estimate Lindt's Beta (Table 42), three distinct methods were employed, each providing valuable insight into the company's risk relative to the market.

First, a **peer comparison approach** was used, where the Betas of Lindt's closest competitors—Barry Callebaut, Nestlé, Mondelez International, and Hershey—were analyzed. The median Beta of these companies was calculated to be **0.56**. This method gives a broad view of the risk profile of companies within the same industry, offering a benchmark to assess Lindt's own systematic risk in comparison to its competitors.

Second, **a Beta regression** was performed using historical returns data for Lindt and the MSCI market index. Data from 12/30/2018 to 12/29/2023 was used, with daily, weekly, and monthly returns of Lindt regressed against the MSCI index. The resulting Betas (Table 43) were **0.45 (daily), 0.64 (weekly), and 0.42 (monthly).** This regression approach allows for a more direct understanding of how Lindt's stock moves in relation to the overall market. The weekly Beta of **0.64 was chosen** as the most relevant, as it provides a balanced view while smoothing out the noise from the daily and monthly fluctuations.

Table 43: Beta Regression Vs MSCI

Beta Regression against the MSCI	
Beta Last 5 yrs (Daily Returns)	0.458
Beta Last 5 yrs (Weekly Returns)	0.643
Beta Last 5 yrs (Monthly Returns)	0.429
Average Beta	0.510

Sources: Analysts, Bloomberg

Lastly, Bloomberg's Beta estimation for Lindt was considered, which was reported to be **0.69.** While this provides an alternative calculation, it is important to note that Bloomberg's Beta is derived using a different methodology, including the use of broader market indices and adjusted for other market conditions.

Based on a comprehensive comparison of these methods, the **weekly Beta of 0.64** was selected as the most accurate and reliable measure of Lindt's systemic risk. This value reflects Lindt's relative volatility compared to the market, indicating that the company's stock price tends to move **less aggressively** than the market, but still **experiences moderate fluctuations** based on market movements. The Beta was then unlevered and relevered using Lindt's forecasted capital structure for the final year, with a Debt-to-Equity **(D/E) ratio of 33%** and a corporate **tax rate of 14.6%**[17] to a beta of **0.65**.

Risk-Free Rate

To estimate the risk-free rate, a tailored approach was adopted to account for Lindt's global operations and diversified revenue streams.

When can the Swiss Bond Yield be Used?

While using the **Swiss 10-year government bond**[18] yield as the risk-free rate has merits for valuations involving cash flows denominated in CHF, this approach would be limited to a purely Swiss context. Its appropriateness depends on factors such as:

[17] Tradingeconomics.com | Switzerland Corporate Tax Rate, 2023
[18] Investing.com | Switzerland 10 Years Bond Yield

- Currency Consistency: The Swiss bond yield aligns with cash flows denominated in CHF.
- Market Context: Suitable when stakeholders or investors primarily operate within Switzerland.
- Growth Focus: Relevant if Lindt's strategic expansion is concentrated in Switzerland.

However, this approach is not entirely representative of Lindt's global footprint due to the following limitations:

Why Isn't it Satisfactory?

Depressed Swiss Bond Yields: Swiss 10-year bond yields are often abnormally low or negative due to Switzerland's safe-haven status and central bank policies. This could artificially lower the discount rate and inflate valuations.

Diversified Revenue Base: Lindt generates a significant share of its revenue outside Switzerland, notably in Europe excluding Switzerland and the United States.

Multi-Currency Cash Flows: Lindt's revenue streams in CHF, EUR, and USD require a risk-free rate reflective of geographic and currency exposure.

International Stakeholders: The valuation must cater to a global investor base, necessitating a broader benchmark.

Table 44: Weighted Average Risk-Free Rate

Weightage of Switzerland	8.9%
Swiss 10 year Gov Bond Yield	0.2%
Weightage of Europe	37.4%
German 10 year Gov Bond Yield	2.1%
Weightage of United States	34.8%
T-Bill Yield	4.1%
Weighted Risk Free Rate	**2.2%**

Sources: Analysts

Weighted Average Risk-Free Rate

To address these factors, a weighted average yield approach was used, assigning weights based on Lindt's revenue distribution by region. The key inputs were the Swiss 10-Year Government Bond Yield of **0.17% (9% weight),** German 10-Year Government Bond Yield[19] of **2.05% yield (37% weight)**, This yield represents the Eurozone risk-free rate due to Germany's economic stability; and the U.S. 10-Year Treasury[20] Yield of **4.05% (35% weight).**

The resulting weighted average (Table 44) **risk-free rate was calculated as 2.2%,** effectively balancing the regional risk-free rates with Lindt's revenue profile.

A Tailored Approach for Lindt's Diverse Operations

This blended rate provides a more realistic reflection of Lindt's risk exposure across its key markets. It **avoids the pitfalls** of using a single-country bond yield, offering a robust benchmark for discounting cash flows. The 2.2% rate reflects Lindt's geographic diversification and positions the valuation framework in line with its global operational scope, **ensuring credibility** and relevance for international stakeholders.

[19] Marketwatch.com | Germany 10 Year Government Bond
[20] CNBC.com | U.S. 10 Year Treasury

Table 45: Cost Of Equity Computations

Cost of Equity	
Risk Free Rate (12/31/2023)	2.19%
Levered Equity Beta	0.6430
Unlevered Beta	0.5067
Relevered Beta	0.6501
Equity market risk premium	10.83%
Cost of Equity	**7.81%**

Sources: Analysts, Bloomberg

Table 46: Cost Of Debt Computations

Cost of Debt	
Marginal Tax-rate	14.60%
YTM of Weighted Bonds	1.41%
Probability of 5 year Default	0.12%
Recovery Rate	56.4%
Loss Given Default	44%
Cost of Debt	1.35%
After-tax Cost of Debt	**1.16%**

Sources: Analysts, Bloomberg

Table 47: WACC Computations

Average D/E of Last 5 years	31.5%
Debt	1573.9
D/V	25%
Equity	4747.6
EV	6321.6
WACC	**6.15%**

Sources: Analysts, Bloomberg

Cost of Equity, Debt & WACC

The final metric necessary to estimate Cost of Equity is the Expected Market Risk Premium (EMRP). This was derived as the average of daily, weekly, and monthly annualized returns of the MSCI World Index over the past ten years, concluding on 12/29/2023. The calculated EMRP of **10.83%** (Table 45) was further cross-referenced with annual return data provided by MSCI's[21] official resources for consistency and validation. **Using the Relevered Beta** of 0.65, the **Weighted Average Risk-Free Rate** of 2.2%, and the EMRP, the Cost of Equity (Ke) was **computed at 7.82%,** reflecting Lindt's adjusted risk profile in a global investment context.

To derive Lindt's Cost of Debt, bond data up to 2023 was retrieved from Bloomberg. The Yield to Maturity (YTM) was calculated by weighting each bond's yield by its proportion of total bonds. Additionally, the Probability of Default (PBD) over five years and the Recovery Rate (RR) were sourced, allowing for the computation of the Loss Given Default (LGD) using the formula LGD = 1 - RR. The Cost of Debt (Kd) was determined by subtracting the product of PBD and LGD from the YTM, resulting in a pre-tax Cost of Debt of 1.35%. Incorporating the corporate tax rate of 14.6%, the After-Tax Cost of Debt (Kd) (Table 46) was **finalized at 1.16%.**

Sensitivity analysis revealed minimal impact on valuation due to Lindt's low tax rate and conservative leverage. Lindt's After-Tax Cost of Debt of 1.16% highlights its strong **financial standing** and ability to **secure low-cost financing**. Despite a moderate RR of 56.4%, the company's PBD and disciplined financial management contribute to **reduced lender risk**. Lindt's Debt-to-Equity ratio of 33%, combined with Switzerland's relatively low corporate tax rate, further supports this cost efficiency. The company's **consistent investment-grade** bond ratings and diversification across stable international markets reduce the cost of borrowing, enabling Lindt to **maintain favourable terms** while preserving financial flexibility and mitigating risks associated with debt servicing.

To estimate the Weighted Average Cost of Capital (WACC) for Lindt, the projected 2028 capital structure was utilized, ensuring consistency with previous analyses and reflecting the company's anticipated optimal financial strategy. The capital structure assumes a **Debt-to-Value ratio of 25%,** indicative of Lindt's balanced reliance on equity and moderate debt to finance operations. With a Ke of 7.82% and a Kd of 1.16%, the calculated **WACC stands at 6.15%** (Table 47).

[21] MSCI.com | MSCI Annual Returns

The WACC of 6.15% functions as a benchmark for discounting Lindt's future cash flows, effectively capturing the balance between its cost of debt and equity financing. This rate not only reflects Lindt's optimal capital structure but also ensures that valuation analyses align with the company's financial realities. Moreover, the fact that Lindt's **Core Return on Invested Capital (ROIC) consistently ranges from 16.2% to 21.5%** throughout historical and forecasted periods highlights the company's exceptional ability to generate returns exceeding its cost of capital. This significant spread between ROIC and WACC signals **consistent value creation** for shareholders.

Financial Valuations Employed

Terminal Growth Rate Assumption

Balancing Growth and Reality by Setting a Pragmatic Terminal Growth Rate

To establish the terminal growth rate essential for the valuation, a comprehensive approach was adopted. The nominal GDP growth rate outlook from the International Monetary Fund (IMF)[22] for countries where Lindt operates was considered, reflecting the economic environment and regional weightage in the final-year forecast. This calculation yielded a weighted nominal **GDP growth rate of 3.1%**, representing the maximum sustainable growth rate for Lindt. As a mature company, Lindt's stable growth rate was prudently set below this value to align with economic realities, resulting in a **terminal growth rate of 2.2%.** This figure reflects Lindt's position as a stable, established player within its industry, where growth is expected to moderate over the long term.

Table 48: Unlevered Free Cash Flow, 2024-2028

CHF million	2024	2025	2026	2027	2028	Terminal
UFCF	820.4	798.2	905.7	895.3	929.2	23969.4
Discount Rate		1.00	0.94	0.89	0.84	
PV	0.0	798.2	853.2	794.5	776.8	20038.0

Sources: Analysts, Company's report

From a theoretical standpoint, a terminal growth rate should not exceed the economy's growth rate, as this would imply the company outpacing broader economic expansion indefinitely—**an unsustainable scenario**. In this context, the risk-free rate **provides a reliable proxy** for nominal GDP growth, based on the relationship: Risk-Free Rate = Expected Inflation + Expected Real Interest Rate, while Nominal GDP Growth = Expected Inflation + Expected Real Growth. Over time, as economies mature the real growth rate of an economy should converge with or exceed the real interest rate to ensure that economic output is sufficient to support returns on capital (shown below). This relationship reinforces the appropriateness of linking Lindt's terminal growth rate to the risk-free rate.

[22] Imf.org |World Economic Outlook Database

Table 49: Macroeconomic factors

Period	10-Year T.Bond Rate	Inflation Rate	Real GDP Growth	Nominal GDP growth rate	Nominal GDP - T.Bond rate
1954-2015	5.93%	3.61%	3.06%	6.67%	**0.74%**
1954-1980	5.83%	4.49%	3.50%	7.98%	**2.15**
1981-2008	6.88%	3.26%	3.04%	6.30%	**-0.58%**
2009-2015	2.57%	2%	1.47%	3.14%	**0.57%**

Sources: Analysts, Damodaran

The selected terminal growth rate of 2.2% incorporates Lindt's international revenue diversification and the weighted risk-free rate derived earlier. This approach ensures consistency in the valuation model by reflecting the geographic spread of Lindt's operations and the valuation captures Lindt's realistic long-term potential while remaining conservative, as is customary for mature companies with established market positions.

Table 50: Unlevered FCF Computations

Valuation Unlevered Free Cash Flow	
NPV	23260,7
Net Debt	1102,6
Equity Value	22158,1
Shares outstanding	134,5
Implied Share price	164,7
Over/Under valuation	68,5%

Sources: Analysts, Bloomberg

Table 51: *Valuation FSA Route*

Valuation FSA Route	
PV Discounted FCFs	2656,3
FV Terminal Value	18354,9
PV of Terminal Value	15344,4
Core Value	18000,7
Book Value non-core	1747,6
Entreprise Value	19748,3
Net debt	1102,6
Value of the Equity as of 01.01.2(	18645,7
Shares OS	134,5
Implied SP	138,6
Share Price 12/12/2024	97,8
Over/Under valuation	41,7%

Sources: Analysts, Bloomberg

DCF Valuation

The Discounted Cash Flow (DCF) valuation primarily utilized the Unlevered Free Cash Flow (UFCF) approach, beginning with EBIT for each year. Adjustments were made for taxes, depreciation, working capital changes, and CAPEX to calculate cash flows available to capital providers. Excluding 2024 cash flows (as 2025 was set as t0), these were discounted to present value using WACC. This resulted in an **equity value of CHF 22,158.1 million** and **an implied share price of CHF 164.7** thousand, representing a **+68.5%** (Table 50) upside over the current market value. While the UFCF method is widely recognized for its conceptual simplicity, its reliance on accurate assumptions—such as terminal value growth, WACC, and macroeconomic forecasts—introduces sensitivity and risk of error.

A corresponding Core Free Cash Flow analysis provided additional insights. By adjusting Core Results for changes in Core Invested Capital, this approach estimated terminal value as Core Result×(1−IR), where IR (growth rate/RONIC) reflects the relationship between growth and returns on new capital. Adding discounted Core Fr

Table 52: Core FCF & Discounted FCFs

net debt yielded an **equity value of CHF 18,645.7 million** and an **implied share price** (Table 51) **of CHF 138.6 thousand (+41.7%).** A sensitivity analysis highlighted the valuation's reliance on WACC and terminal growth rate assumptions, showing that slight variations could significantly impact results. This underscores the need for rigorous justifications and evidence to ensure robustness in both methods.

CHF million	2024	2025	2026	2027	2028	FV of TV
Core FCF	628.2	702.1	717.7	730.1	753.9	18354.9
Discounted FCFs		*702.1*	*676.1*	*647.9*	*630.2*	*15344.4*

Sources: Analysts

The comparable valuation was conducted to benchmark Lindt & Sprüngli's intrinsic value against a refined peer group, focusing on businesses with similar scale, operational models, and financial fundamentals. The initial peer group of nine companies was narrowed to **five "Similars"**, excluding firms like Rocky Mountain and Ezaki Glico due to **insufficient data availability** and **weaker fundamental metrics**—including lower Enterprise Value (EV)/Sales and EV/EBITDA ratios and market capitalization. This filtering ensures a more relevant and precise comparison aligned with Lindt's competitive positioning.

To **enhance analytical rigor**, a **quartile-based scenario framework** was applied to the valuation. The **base case** uses the **median**, providing a balanced measure, while the **pessimistic scenario** excludes the 1st quartile to account for weaker outliers, and the **optimistic scenario** omits **the 3rd quartile to** emphasize stronger performers. Results were segmented into two groups: the broader "All" peer group and the refined "Similars" group, offering a clear range of outcomes.

Table 53: All & Similar Peer Group Results

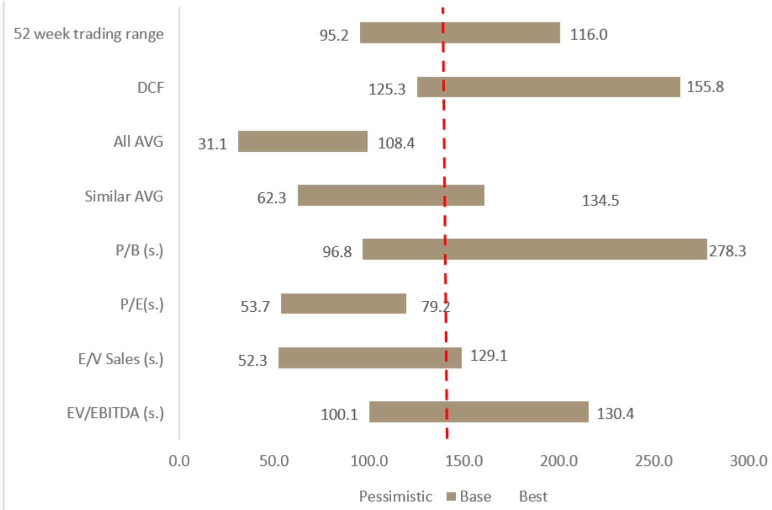
CHF million	All		Similars	
	Median	Average	Median	Average
Estimate	78,015.1	67,986.9	106,263.2	98,443.9
Pessimistic	34,743.1	31,140.4	74,570.2	62,328.3
Optimistic	117,900.2	108,416.4	129,745.3	134,477.1
Average	**76,886.2**	**69,181.2**	**103,526.2**	**98,416.5**

Sources: Analysts, Bloomberg

For the **entire peer group**, median valuations (Table 53) ranged from **CHF 34 thousand to CHF 117.9 thousand**, with an average across scenarios of **CHF 76.9 thousand**. In contrast, the more relevant "Similars" group produced higher median values, ranging between **CHF 74.6 thousand and CHF 129 thousand**, averaging **CHF 103.5 million** across the scenarios. **This disparity underscores Lindt's premium positioning** within its peer group, reflecting superior fundamentals, brand strength, and operational performance. The tighter range within the "Similars" group also highlights **increased reliability** of the analysis when excluding weaker comparables.

By integrating this **comparable valuation** alongside the **DCF** approach, a **comprehensive and robust perspective** emerges, reinforcing confidence in Lindt's valuation and affirming its intrinsic upside potential relative to peers.

Table 54: Football Field

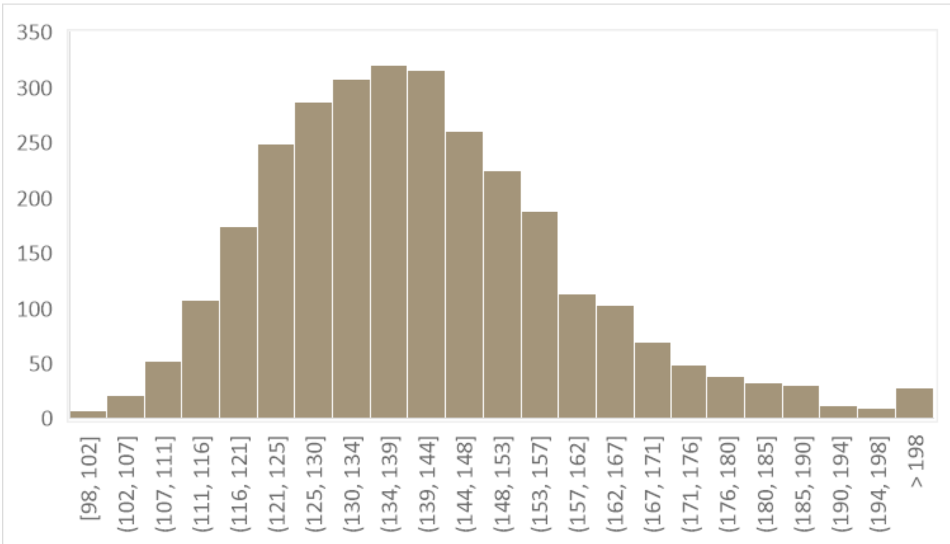


Sources: Analysts

Monte Carlo Simulation

To assess the sensitivity of Lindt & Sprüngli's share price to key variables, a Monte Carlo simulation was performed **with 3,000 iterations**. The analysis focused on the Terminal Growth Rate (**g**), Weighted Average Cost of Capital (**WACC**), and Return on New Invested Capital (**RONIC**), which are the most influential drivers of the valuation. Base case values were set at a WACC of 6.15%, a g of 2.2%, and a RONIC of 39%, as detailed in earlier sections. The distribution exhibited skewness of 0.9 and kurtosis of 2.0, indicating a slight positive tilt and moderate tail concentration in the output values.

Table 55: Monte Carlo Simulation



Sources: Analysts

The simulation introduced **standard deviations** of **0.25%** for the Terminal Growth Rate, **0.5%** for WACC, and **7.5%** for RONIC, proportionate to each variable's sensitivity to the final implied share price. The outcomes ranged from a minimum of CHF 98 million to a maximum of CHF 145 million, with the mean share price converging around CHF 140 million and a standard deviation of approximately 19. The results indicate that while variability exists, the valuation remains resilient under fluctuating conditions.

As illustrated by the histogram, the majority of outcomes **cluster tightly** between CHF 134 million and CHF 142 million, reinforcing the stability of the share price forecast under changing scenarios.

Recommendations

Our final recommendation is a BUY on Lindt & Sprüngli, reflecting both strong fundamental analysis and supportive macroeconomic factors that underscore substantial upside. At the current share price of CHF 97,800, our year-end 2025 target of CHF 138.6 million represents a 40.1% potential gain; even under more conservative assumptions, upside remains robust at 28.2%.

This conclusion pivots primarily on Lindt's commanding premium-chocolate market share, resilient brand loyalty, and adaptability in growth markets, all amplified by favorable macroeconomic tailwinds and evolving consumer preferences for "affordable luxuries." Robust financial performance—evidenced by stable margins, historical earnings consistency, and effective cost management—reinforces the credibility of the firm's outlook and amplifies the case for long-term value generation.

Beyond organic growth, shareholders benefit from a 1.3% average dividend yield and a CHF 500 million buyback program extending through 2026, further underpinning total returns.

While our DCF model supports these findings with balanced and thoroughly stress-tested assumptions, it remains a supplementary confirmation of the broader strategic and financial drivers. Taken together, these strengths highlight Lindt's powerful positioning in the premium confectionery market and validate our high conviction BUY recommendation.

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Appendix

Financial Statements

Forecasted Balance Sheet

Core Operations

CHF million	2021	2022	2023	2024	2025	2026	2027	2028
Operating Cash	69.3	75.0	78.5	83.6	85.5	87.8	90.7	92.9
% of total revenues	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Property, plant and equipment	1347.2	1371.4	1386.9	1423.3	1444.4	1462.9	1484.0	1502.5
Total Stores	500.0	500.0	520.0	527.0	534.0	541.0	548.0	555.0
Production Sites	11.0	12.0	12.0	12.0	13.0	13.0	14.0	14.0
PPE per store and Production Site	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.6
Right-of-use assets	436.1	397.0	358.2	387.0	383.1	379.3	375.4	371.7
% of Change	7%	-9%	-10%	8%	-1%	-1%	-1%	-1%
Intangible assets	1308.8	1321.2	1237.2	1223.6	1209.9	1196.3	1182.7	1169.1
Inventories	761.6	875.6	921.5	984.9	1029.5	1071.1	1122.3	1172.2
Average Holding Period	175.0	182.1	184.3	183.2	183.2	183.2	183.2	183.2
Accounts receivable	895.3	953.1	997.7	1063.7	1093.5	1122.2	1160.0	1195.5
Average Collection Period	71.3	70.0	70.0	70.4	70.4	70.4	70.4	70.4
Other receivables	109.5	116.9	120.3	126.0	140.9	156.2	173.5	191.2
% of Sales	2.1%	2.2%	2.5%	2.3%	2.5%	2.7%	2.9%	3.1%
Accrued income and prepayments	47.1	40.2	41.5	48.4	49.8	51.1	52.8	54.4
% of Sales	1.0%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
Accounts payable to suppliers	-237.9	-290.5	-305.9	-315.8	-330.2	-343.5	-359.9	-375.9
Average Payable Period	54.7	60.4	61.2	58.8	58.8	58.8	58.8	58.8
Derivative assets for hedging (currencies and raw material)	22.9	38.3	60.0	44.5	45.8	47.0	48.6	50.1
% of Sales	0.5%	0.8%	1.2%	0.8%	0.8%	0.8%	0.8%	0.8%
Derivative liabilities for hedging (currencies and raw material)	-13.6	-15.6	-10.5	-14.9	-15.3	-15.7	-16.3	-16.8
% of Sales	-0.3%	-0.3%	-0.2%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
Other accounts payable	-103.8	-108.3	-137.3	-130.2	-133.8	-137.3	-141.9	-146.3
% of Sales	-2.3%	-2.2%	-2.6%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%
Current tax liabilities	-120.2	-129.1	-105.1	-111.4	-114.5	-117.5	-121.5	-125.2
% of Sales	-2.6%	-2.6%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Accrued liabilities and deferred income	-908.6	-942.5	-938.5	-994.8	-1022.6	-1049.5	-1084.8	-1118.0
% of Sales	-19.8%	-19.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%
Invested Capital Core Business	**3613.7**	**3702.7**	**3704.5**	**3817.9**	**3866.0**	**3910.3**	**3965.6**	**4017.3**
YoY change in %		*2.5%*	*0.0%*	*3.1%*	*1.3%*	*1.1%*	*1.4%*	*1.3%*

Non-Core Business

CHF million	2021	2022	2023	2024	2025	2026	2027	2028
Financial assets	2653.6	1810.8	2062.3	2186.0	2247.2	2306.2	2383.9	2456.8
% of Sales	57.9%	36.4%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%
Pension liabilities	-136.7	-95.3	-111.5	-114.1	-115.8	-117.3	-119.0	-120.5
% of employees	-1.0%	-0.7%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
Provisions	-22.0	-56.8	-55.1	-55.1	-55.1	-55.1	-55.1	-55.1
Deferred tax assets	185.6	154.9	206.4	245.3	248.9	252.2	256.5	260.6
% of Property, plant and equipment			0.4%	6.4	6.5	6.5	6.6	6.7
% of Intangible assets			4.3%	52.9	52.3	51.7	51.1	50.5
% of Pension plans			0.7%	15.1	15.5	15.9	16.4	16.9
% of Receivables			0.4%	4.6	4.8	4.9	5.0	5.2
% of Inventories			1.8%	17.9	18.7	19.4	20.3	21.2
% of Leases			1.9%	7.3	7.2	7.2	7.1	7.0
% of Payables, accruals and provisions			-19.5%	61.5	64.3	66.9	70.1	73.2
% of Derivative assets and liabilities			1.7%	0.8	0.8	0.8	0.9	0.9
% of Tax loss carry-forwards			72.2	72.2	72.2	72.2	72.2	72.2
% of Other			6.7	6.7	6.7	6.7	6.7	6.7
Deferred tax liabilities	-669.8	-459.9	-520.7	-543.5	-555.7	-567.5	-583.0	-597.6
% of Property, plant and equipment			-2.6%	-37.6	-38.1	-38.6	-39.2	-39.7
% of Intangible assets			-5.3%	-64.9	-64.2	-63.4	-62.7	-62.0
% of Pension plans			-19.6%	-427.6	-439.6	-451.2	-466.3	-480.6
% of Receivables			-0.3%	-0.2	-0.2	-0.2	-0.2	-0.2
% of Inventories			-0.5%	-5.0	-5.2	-5.3	-5.5	-5.6
% of Payables, accruals and provisions			1.8%	-5.8	-6.0	-6.3	-6.6	-6.9
% of Derivative assets and liabilities			11.2%	-1.8	-1.9	-1.9	-2.0	-2.1
% of Other			-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Other Derivative tax assets	0.9	0.8	5.5	2.3	2.3	2.4	2.5	2.5
% of Derivatove Tax Assets	3.9%	2.1%	9.2%	5.1%	5.1%	5.1%	5.1%	5.1%
Other Derivative tax liabilities	-0.1	-0.1	-2.6	-1.3	-1.3	-1.4	-1.4	-1.5
% of Derivative Liabilities	0.7%	0.6%	24.8%	8.7%	8.7%	8.7%	8.7%	8.7%
Other liabilities	-37.6	-10.2	-9.4	-22.2	-22.8	-23.4	-24.2	-24.9
% of Sales	-0.8%	-0.2%	-0.2%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Invested Capital Non-Core Business	**1973.9**	**1344.2**	**1574.9**	**1697.4**	**1747.6**	**1796.2**	**1860.1**	**1920.5**
YoY change in %		*-32%*	*17%*	*8%*	*3%*	*3%*	*4%*	*3%*

Financing

CHF million	2021	2022	2023	2024	2025	2026	2027	2028
Excess Cash	867.9	789.6	383.7	383.7	383.7	383.7	383.7	383.7
% change of cash and cash equivalents		-9%	-51%	0%	0%	0%	0%	0%
Marketable securities and current financial assets	250.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Bonds	-997.8	-998.3	-998.6	-1028.6	-1057.3	-1085.1	-1121.6	-1156.0
% of Financial Assets	-37.6%	-55.1%	-48.4%	-47.1%	-47.1%	-47.1%	-47.1%	-47.1%
Lease liabilities	-469.0	-430.1	-394.3	-419.3	-415.1	-410.9	-406.7	-402.7
% of Lease Right-of-use assets	-107.5%	-108.3%	-110.1%	-108.3%	-108.3%	-108.3%	-108.3%	-108.3%
Bank and other borrowings	-15.4	-7.8	-12.9	-13.7	-14.0	-14.4	-14.8	-15.3
% of total revenues	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Financial Debt	-1482.2	-1436.2	-1405.8	-1461.5	-1486.4	-1510.3	-1543.2	-1573.9
% change	-2%	3%	2%	-4%	-2%	-2%	-2%	-2%
Net Financial Assets	**-364.0**	**-646.3**	**-1021.8**	**-1077.8**	**-1102.6**	**-1126.6**	**-1159.5**	**-1190.2**
Total equity	**5223.6**	**4400.6**	**4257.6**	**4437.6**	**4511.0**	**4579.9**	**4666.2**	**4747.6**
D/E	28%	33%	33%	33%	33%	33%	33%	33%

Forecasted Income Statement

Core Operations CHF million	2021	2022	2023	2024	2025	2026	2027	2028
Sales	4585.5	4970.2	5201.2	5513.3	5667.5	5816.4	6012.2	6196.3
Market Size of Chocolate in Countries with operations	66651.1	72103.4	70048.9	70353.9	70521.6	70832.2	71903.5	72798.8
Market Share of Lindt	6.9%	6.9%	7.4%	7.8%	8.0%	8.2%	8.4%	8.5%
Changes in inventories	70.3	77.0	118.8	127.0	132.7	138.1	144.7	151.1
% of inventories	9.2%	8.8%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
Cost of materials	-1588.4	-1754.7	-1824.9	-1962.0	-2050.8	-2133.8	-2235.7	-2335.1
% of Sales	-34.6%	-35.3%	-35.1%	-35.6%	-36.2%	-36.7%	-37.2%	-37.7%
Personnel expenses	-947.0	-961.6	-972.7	-995.5	-1010.3	-1023.2	-1038.0	-1050.9
# of employees	14135.0	14466.0	14746.0	15092.0	15316.0	15512.0	15736.0	15932.0
# of Stores	500.0	500.0	520.0	527.0	534.0	541.0	548.0	555.0
# of Production Sites	11.0	12.0	12.0	12.0	13.0	13.0	14.0	14.0
# of employees per store and Site	27.7	28.3	27.7	28.0	28.0	28.0	28.0	28.0
Personnel expense per employee	-6.7%	-6.6%	-6.6%	-6.6%	-6.6%	-6.6%	-6.6%	-6.6%
Operating expenses	-1191.3	-1294.5	-1404.4	-1488.7	-1530.3	-1570.5	-1623.4	-1673.1
% of Sales	-26.0%	-26.0%	-27.0%	-27.0%	-27.0%	-27.0%	-27.0%	-27.0%
Depreciation, amortization and impairment	-276.6	-273.1	-280.8	-287.9	-292.2	-296.0	-300.2	-304.0
% of PPE	-20.5%	-19.9%	-20.2%	-20.2%	-20.2%	-20.2%	-20.2%	-20.2%
Operating Margin	14.2%	15.4%	16.1%	16.4%	16.2%	16.0%	16.0%	15.9%
Core Result Before taxes	**652.5**	**763.3**	**837.2**	**906.2**	**916.5**	**931.0**	**959.6**	**984.3**
Statutory Taxes	-136.3	-150.8	-180.4	-187.9	-190.0	-193.0	-198.9	-204.1
Statutory Tax Rate	-20.9%	-19.8%	-21.5%	-20.7%	-20.7%	-20.7%	-20.7%	-20.7%
Tax Adjustments	-1.7	-23.5	53.6	9.3	9.4	9.5	9.8	10.0
% of core result before taxes	-0.3%	-3.1%	6.4%	1.0%	1.0%	1.0%	1.0%	1.0%
Hedge accounting	-1.1	11.9	26.5	14.1	14.3	14.5	15.0	15.3
% of core result before taxes	-0.2%	1.6%	3.2%	1.6%	1.6%	1.6%	1.6%	1.6%
Core Result	**513.4**	**600.9**	**736.9**	**741.7**	**750.2**	**762.0**	**785.4**	**805.6**
YoY change in %		*17%*	*23%*	*0.6%*	*1%*	*2%*	*3%*	*3%*

Non Core Operations CHF million	2021	2022	2023	2024	2025	2026	2027	2028
Other income	31.4	27.9	29.7	59.3	34.3	35.2	36.4	37.5
% of Sales	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Financial income	4.1	6.6	11.5	11.4	11.8	12.2	12.5	12.9
% Change of Swiss Francs in the future				-0.5%	3.5%	2.8%	2.8%	2.9%
Non-operating expenses net	-39.0	-46.6	-53.8	-52.1	-52.8	-53.5	-54.3	-55.0
% of Personnel Expenses	4.1%	4.8%	5.5%	5.2%	5.2%	5.2%	5.2%	5.2%
Non-Core Result Before taxes	**-3.5**	**-12.1**	**-12.6**	**18.7**	**-6.7**	**-6.1**	**-5.4**	**-4.6**
Statutory Taxes	0.7	2.4	2.7	-3.9	1.4	1.3	1.1	0.9
Statutory Tax Rate	-20.9%	-19.8%	-21.5%	-20.7%	-20.7%	-20.7%	-20.7%	-20.7%
Tax Adjustments	0.4	14.2	0.0	-2.1	0.8	0.7	0.6	0.5
% of non-core result before taxes	-11.4%	-117.4%	0.0%	-11.4%	-11.4%	-11.4%	-11.4%	-11.4%
Remeasurement of defined benefit plans	660.9	-616.4	144.7	63.1	63.1	63.1	63.1	63.1
Currency translation	14.0	-33.5	-208.5	-76.0	-76.0	-76.0	-76.0	-76.0
Non-Core Result	**672.5**	**-645.4**	**-73.7**	**-0.3**	**-17.5**	**-17.1**	**-16.6**	**-16.0**
YoY change in %		*-196%*	*89%*	*100%*	*-6217%*	*2%*	*3%*	*3%*

Financial CHF million	2021	2022	2023	2024	2025	2026	2027	2028
Financial expenses	-27.3	-29.7	-37.1	-31.7	-32.5	-33.1	-33.8	-34.4
% Change of Interest Rate		1.8%	0.8%	-0.8%	0.2%	0.3%	0.2%	0.2%
Interest Rate	-0.8%	1.0%	1.8%	1.0%	1.2%	1.5%	1.7%	1.9%
% of Debt	1.8%	2.1%	2.6%	2.2%	2.2%	2.2%	2.2%	2.2%
Value w/o interest rate change				-31.9	-32.4	-33.0	-33.7	-34.4
Financial Result Before Taxes	**-27.3**	**-29.7**	**-37.1**	**-31.7**	**-32.5**	**-33.1**	**-33.8**	**-34.4**
Statutory Taxes	5.7	5.9	8.0	6.6	6.7	6.9	7.0	7.1
Statutory Tax Rate	-20.9%	-19.8%	-21.5%	-20.7%	-20.7%	-20.7%	-20.7%	-20.7%
Financial Result	**-21.6**	**-23.8**	**-29.1**	**-25.1**	**-25.8**	**-26.2**	**-26.8**	**-27.3**
YoY change in %		*-10%*	*-22%*	*14%*	*-3%*	*-2%*	*-2%*	*-2%*

Total comprehensive income	**1164.3**	**-68.3**	**634.1**	**716.3**	**706.9**	**718.7**	**742.1**	**762.3**
YoY change in %		*-106%*	*1028%*	*13%*	*-1%*	*2%*	*3%*	*3%*

Consolidated Cash Flow Statement

CHF million	Note	2021		2022		2023	
Net income		490.5		569.7		671.4	
Taxes		131.2		151.8		116.1	
Interest expenses		25.4		29.7		33.6	
Interest income		– 1.8		–2.5		–9.3	
Depreciation, amortization and impairment	8, 9, 10	276.6		273.1		280.8	
Decrease (–)/Increase (+) of provisions		– 44.6		4.2		1.9	
Decrease (–)/Increase (+) of allowances from current assets		13.8		6.9		3.1	
Decrease (+)/Increase (–) of pension plans		4.4		–8.0		–37.0	
Profit (–)/Loss (+) from disposals of fixed asset		– 5.5		1.2		0.6	
Decrease (+)/Increase (–) of accounts receivables		– 73.2		–85.9		–115.4	
Decrease (+)/Increase (–) of inventories		– 79.2		–140.6		–116.2	
Decrease (+)/Increase (–) of other receivables		1.5		–10.6		–10.2	
Decrease (+)/Increase (–) of accrued income, prepayments, derivative assets and liabilities		– 14.5		–0.5		–1.4	
Decrease (–)/Increase (+) of accounts payable		57.2		62.3		35.4	
Decrease (–)/Increase (+) of other payables and accrued liabilities		173.0		47.5		85.0	
Interest received		1.6		2.3		9.6	
Interest paid		– 24.7		–28.3		–33.8	
Taxes paid		– 121.8		–138.3		–164.7	
Non-cash effective items[1]		16.9		22.0		29.1	
Cash flow from operating activities (operating cash flow)			**826.8**		**756.0**		**778.6**
CAPEX in property, plant and equipment		– 217.1		–205.3		–280.5	
Disposal proceeds property, plant and equipment		8.7		1.5		0.8	
CAPEX in intangible assets		– 23.5		–24.4		–21.3	
Disposal proceeds intangible assets		–		0.1		–	
CAPEX in right-of-use assets[2]		– 0.2		–0.2		–	
Disposal proceeds right-of-use assets		–		0.1		–	
Disposal proceeds (+)/Investing expenditures (–) in financial assets (excluding pension assets)		– 0.3					
Disposal proceeds (+)/Investing expenditures (–) in marketable securities and short-term financial assets		151.4		250.0		–	
Acquisition of subsidiaries		– 1.5					
Cash flow from investment activities			**– 82.5**		**21.8**		**–301.0**
Proceeds from borrowings		15.0		3.7		11.1	
Repayments of borrowings		– 2.9		–11.8		–5.5	
Repayments of lease liabilities	9	– 73.0		–75.4		–74.2	
Capital increase (including premium)		119.2		82.7		110.6	
Purchase of own shares and participation certificates		– 433.3		–551.4		–593.9	
Sale of own shares and participation certificates		14.5		0.8		–	
Distribution of profits		– 264.1		–284.1		–303.6	
Cash flow with non-controlling interests		– 30.4					
Cash flow from financing activities			**– 655.0**		**–835.5**		**–855.5**
Net increase (+)/decrease (–) in cash and cash equivalents			**89.3**		**–57.7**		**–377.9**
Cash and cash equivalents as at January 1		848.4		937.2		864.6	
Exchange gains (+)/losses (–) on cash and cash equivalents		**– 0.5**	**847.9**	**–14.9**	**922.3**	**–24.5**	**840.1**
Cash and cash equivalents as at December 31	**16**		**937.2**		**864.6**		**462.2**

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Buy	Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period.
Hold	Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period.
Sell	Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period.

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