



UPDATE 4 - Lindt sees slump eating into chocolate demand

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- * FY net profit meets forecasts
- * Says won't reach long-term sales growth goals in 2009
- * Shares down 8 pct, off four-year low

By Katie Reid

ZURICH, March 17 (Reuters) - Switzerland's Lindt & Spruengli AG (LISP.S) (LISN.S) will not meet its long-term growth targets in 2009 as the economic downturn suppresses consumers' appetite for premium chocolate.

The maker of Lindor pralines and gold-wrapped Easter bunnies said on Tuesday it expected sales to increase by between 2 and 5 percent in 2009, well short of its long-term objective of 6 to 8 percent growth, sending its share price lower.

By 1357 GMT, shares in the group had slumped 7.9 percent to 1,640 Swiss francs, having earlier fallen to 1,585 francs, their lowest since early 2005. The DJ Stoxx European food and beverage index .SX3P was down 1.7 percent.

"The aggravation of economic conditions will grow more acute in the current year and affect the situation on the employment markets, which will have a negative impact on consumer sentiment," the chocolate maker said in a statement.

Lindt, which met forecasts from a Reuters survey with a 4 percent rise in 2008 net profit to 261.5 million Swiss francs (\$220.3 million), said it expected to make an operating profit of 260 to 280 million francs in the current year.

It said results were helped by its Lindt and Ghirardelli brands, which were the fastest-growing in the United States.

It aims to meet its 6 to 8 percent sales growth goal and an improvement in its EBIT (earnings before interest and tax) margin by 20 to 40 basis points by 2011 at the latest.

BITTER IMPACT

Lindt, which traces its origins to a Zurich confectionary shop established in the 1840s, tapped a growing appetite for premium and dark chocolate and benefited for several years from increased consumer spending on indulgence foods.

But the economic slowdown and worries about job losses have made many people more cautious about splashing out on expensive treats. In January, Lindt reported a 6 percent rise in 2008 sales, missing its own growth target.

"It is possible that some of the growth in the last couple of years has come from an overdone feelgood factor in the 'boom and bust' markets like the U.S. The current downturn may also have a sustained negative impact," said independent analyst James Amoroso.

"But the consumer trend to premium quality for such affordable items is unlikely to have reversed. As soon as the unusual consumption and retail industry factors have (played out), Lindt should be able to get back on its usual, high-growth course," he said.

Chief Financial Officer Dieter Weisskopf told Reuters milk prices in 2009 are expected to be between 2,400 and 2,500 pounds sterling per tonne, while cocoa prices are seen stable to slightly lower.

London cocoa prices rose to their highest levels in 24 years in late January but have since fallen back, weakened partly by concern the economic downturn may have curtailed demand.

Lindt said it would boost its spending on marketing in high-growth markets and investments in factories in the United States as well as cutting transportation costs.

The group also said it would cut the number of Lindt boutiques in American shopping centres to focus on flagship and outlet shops in the long term.

Weisskopf said significant job cuts at the group were not planned for 2009, but there would be some job losses due to the closure of 40 to 50 shops in the United States and a factory in Italy.

Lindt trades at around 14 times expected 2010 earnings, a premium to Swiss peer Barry Callebaut (BARN.S) at just under 10 times.

(Editing by David Holmes; John Stonestreet)

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