

Optimizing product flows, reducing working capital

Cost leadership is a core element of our competitiveness and one of the reasons, next to our industry expertise and recognized quality, why many customers outsource their production to us.

Over the past fiscal year as an example, we continued with the implementation of the multi-year “Cocoa Leadership” project aiming to fully leverage our global scale in cocoa and further drive down our costs. Optimizing product flows and capacity utilization, upgrading technologies, reducing stock keeping units (SKUs) and leveraging fixed costs together with our chocolate operations will strongly improve our cost base.

The Working Capital reduction program is also a key part of this effort. Early in the year we announced that we launched a 3-year program aiming at a substantial reduction of working capital. Among others, this will be achieved by optimizing local beans stocks, flows of semi-finished products, and better planning of finished chocolate products.

Overall, this year we achieved a reduction of our working capital by CHF 156 million, despite higher underlying product prices. Moving forward, this program will result in

lower costs, better free cash flows and lower net debt.

Further, we continue our operational excellence programs in our supply chain and remain disciplined on cost. We also reduced our budget for capital expenditure to a level of approximately CHF 200 million. This will allow us to keep our factories in good shape and to support the necessary global growth.

All this enables and fuels the successful implementation of our “smart growth” strategy.



more than

**CHF 150
million**

working capital reduction,
supported by a 3-year
inventory reduction program