



contact Alexandra Appel
Head of Communications and Marketing
phone +49 (0) 6102 240 716
e-mail alexandra.appel@lsg-group.com

Information

LSG Lufthansa Service Holding AG
Dornhofstraße 38
D-63263 Neu-Isenburg
Internet: www.lsg-group.com

LSG GROUP: STRATEGIC REALIGNMENT AND SECURING LIQUIDITY REMAIN IN FOCUS SALES AND EARNINGS IN 2020 HEAVILY IMPACTED BY COVID-19 CRISIS

Neu-Isenburg, Germany, March 9 2021 — For the LSG Group, 2020 was the most challenging year in its history, largely due to the sharp decline in passenger numbers among all airline customers during the COVID-19 crisis. Nevertheless, the company successfully completed the sale of its European activities and countered the revenue losses with strict cost management and a strategic realignment initiated early in the pandemic. The company's management is now looking optimistically to the future and relying on the competence and expertise of its workforce as it explores new markets also outside the airline industry. Going forward, it is focusing on new priorities like digital in-flight sales solutions and greater sustainability.

LSG Group International (excluding the divested European activities) ended the 2020 financial year with a consolidated revenue of EUR 945 million, which is 59 percent lower than the previous year. The Group achieved an adjusted EBIT (earnings before interest and taxes) of EUR -149 million (previous year: EUR +111 million).

"For the entire company, and especially for me as CFO, these figures are, of course, hard to digest when compared to our very good result in 2019," said Dr. Kristin Neumann, Chief Financial Officer (CFO) and Labor Director of the LSG Group. "Nevertheless, we did very well overall despite all the circumstances we could not control. The decisive factor, from a financial perspective, was that we hit the cost brakes early and consistently and always kept a close eye on our receivables." Every geographical region and business unit of LSG, as well as the corporate headquarters in Neu-Isenburg, joined forces in implementing immense cost reductions and savings in the year under review. "In the midst of the crisis, the great LSG spirit and our well-known 'can-do' attitude were evident. This makes me proud and confident in our future," added the CFO.

A large part of the cost-cutting and restructuring package entailed global staff reductions, unfortunately. About half (-52 percent) of the LSG workforce could not be retained because of the dramatic reduction in business. "The numbers hurt me all the more as Labor Director because behind each one is a human being," said Neumann. "However, the staff reduction was unavoidable if we were going to secure the continued existence of the company and the jobs of the remaining employees."



Numerous new contracts and extensions in airline catering and in-flight sales

In fiscal 2020, despite the prevailing pandemic, the LSG Group was able to extend or sign important new catering contracts in all regions, such as with American Airlines, Atlas Air, Azul, British Airways, Delta Airlines, Emirates, Etihad, Hawaiian Airlines, United Airlines and Westjet. "These contracts confirm that, from our customers' point of view, we continue to stand for consistent high quality, culinary expertise and high delivery reliability," said Erdmann Rauer, Chief Executive Officer (CEO) of the LSG Group. "Particularly in times of crisis, it is important to rely on trustworthy partners. Our sales team is now working with our customers to develop customized concepts that fit the new market conditions. In order to do this effectively, they are equipped with the latest trend and market data, the production know-how of our operations and the expertise of Retail inMotion, our technology expert in onboard sales."

The Ireland-based Retail inMotion subsidiary also followed a positive trajectory and signed a contract to develop and manage an innovative in-flight sales concept for Lufthansa German Airlines, SWISS and Austrian Airlines. In addition, the in-flight sales expert secured a five-year contract with Frontier Airlines in collaboration with the company's Americas regional team. "Retail inMotion has consistently grown to become the market leader over the years by focusing on high quality, individualization, customer experience and efficiency in combination with digital applications," added the CEO. "This is now paying off. I am convinced that we will see increased sales in this area in the aftermath of the pandemic." The LSG Group remains active in the European market with Retail inMotion and its pan-European customer contracts.

Several forward-looking contracts were secured in the convenience-retail business across all regions in the year under review, and new projects launched in the home-delivery segment as part of the strategic realignment of the LSG Group. The company is, therefore, expanding its principal markets and applying its expertise in new ways.

Sustainability as a guiding principle

In 2020, the LSG Group also decided to concentrate even more on the topic of sustainability and set up a dedicated team to deal with this important issue. In doing so, the company is focusing on six Sustainable Development Goals (SDGs) of the United Nations (UN), where it can have the greatest impact. "We firmly believe that sustainability will be a guiding principle in future product developments," explained Erdmann Rauer, to whom the sustainability team reports directly. "This initiative does not immediately make us a fully sustainable company. It is a long process for which we have been laying the foundation for years. Now we are ready to build on that and become increasingly sustainable."

Sale of the European LSG business completed – Sale of LSG International postponed

As part of the sale of LSG's European operations, which was finalized on December 2, 2020, around 7,500 employees and about 30 percent of LSG's total revenue were transferred to gategroup. In addition to the European catering operations, the deal also included the lounge business, as well as the European activities of its convenience-retail specialist Evertaste, its equipment business SPIRIANT and the Germany-based Ringeltaube retail shops. The planned sale of the international activities of the LSG group was postponed due to the COVID-19 crisis. As part of its strategic and organizational realignment, the company is preparing to resume the sale activities as soon as the conditions allow it later this year.



The LSG Group is the quality and technology leader in airline catering and related markets. It has two strong, independent expert brands: LSG Sky Chefs, a globally active catering specialist with the highest hygiene and quality standards for airlines, the home-delivery market and retail. Retail inMotion, which specializes in on-board retail, product development and technology solutions, sets standards with its understanding of partnership and its innovative strength.

The LSG Group (International) is headquartered in Neu-Isenburg, near Frankfurt, Germany, and has an extensive network of joint ventures and partnerships around the globe. In the pandemic year 2020, the 12,500 employees at 140 locations in 40 countries worldwide generated consolidated revenue of 945 million euros. LSG Sky Chefs produced 244 million meals (including through minority shareholdings) during this period. www.lsg-group.com