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LSG GROUP: VOLUMES CONTINUE TO INCREASE MATERIAL AND PERSONNEL COST INFLATION IMPACTING RESULTS

Neu-Isenburg/Germany, October 27, 2022 – The LSG Group recorded pleasing revenue growth in the third quarter of 2022. The increase was particularly strong in the North American market, partly due to currency effects; there was also an increasing market recovery in Latin America and in the emerging markets region. In Asia, on the other hand, business is recovering only slowly due to continuing restrictions. As a result, revenues year to date increased by EUR 684 million, or 85 percent, to EUR 1,415 million (previous year: EUR 766 million). Adjusted EBIT decreased to EUR -7 million (previous year: EUR 54 million) due to the absence of grants under the US Cares Act; however, excluding these grants in the previous year, it would have exceeded the previous year's figure.

"Our revenue volume averaged 92 percent again in July to September compared to 2019, which clearly speaks for a global upward trend," said Wilken Bormann, Chief Financial Officer of the LSG Group. "This is particularly pleasing from the point of view that we have to deal with additional challenges this year on top of the consequences of the pandemic. Rising material and energy costs, high inflation rates and a tight labor market are putting pressure not only on our industry, and require stringent cost and receivables management to safeguard our earnings. We are confident that our measures in this respect will be effective and successful." The number of employees as of September 30, 2022 increased by 26% year-on-year to 19,707.

Contract wins in traditional catering and successes in in-flight sales business

In the course of the third quarter, LSG Sky Chefs was able to secure or extend further airline catering contracts, such as a 3-year contract with Copa Airlines covering 22 stations, as well as with China Southern Airlines in Thailand and GOL in Brazil. Retail inMotion extended the important onboard retail contract with Aer Lingus for another three years and successfully relaunched the boutique business (in-flight shopping) on all Lufthansa intercontinental flights with a new product range.

At the renowned Frontier Awards, Retail inMotion (RiM) was honored twice: once as "Inflight Retailer of the Year" and with the "Technology Success Story of the Year," which recognized the digitalization of in-flight sales on board Eurowings Discover.



"We are of course proud of these special awards, as they recognize the hard work of the Retail inMotion teams on the one hand, but at the same time reinforce the potential that lies in this strategic business model," said Erdmann Rauer, CEO of LSG Group. "In particular, I am convinced that the interaction of all our technology teams will unleash even more power in the future, to the benefit of our customers' comfort and passenger experience."

Sustainability goals and key performance indicators

The global sustainability team, together with regional sustainability communities, drove further the development of a global LSG sustainability agenda. The aim is to develop a set of goals and key performance indicators (KPIs) for the company that will apply globally and be measured accordingly. "We want to clearly direct our focus on sustainability topics that are central to our business and where we can also create an impact at the same time," Rauer explains. "In doing so, it is important to understand precisely how these topics are linked to our operations and our broader value chain."

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 global catering specialist with the highest hygiene and quality standards for airlines, the home delivery market and retail. Retail inMotion, which specializes in in-flight sales, product development and technology solutions, sets standards with its understanding of partnership and its innovative strength.

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 2021, its 15,500 employees at 140 locations in 40 countries worldwide generated consolidated revenue of 1,113 million euros. LSG Sky Chefs produced 131 million meals (excluding minority interests) during this period. www.lsg-group.com