

# COVID-19 outbreak hits Q3 revenues at LSG Group

In the third quarter of 2020, the ongoing corona virus pandemic continued to leave its mark on the [LSG Group's](#) revenues and results, the company announced today.

The sharp decline in airline passengers of its international airline customers resulted in revenues decreasing by 58 percent to €1,060 million (US\$1,255 million) compared to the previous year. Adjusted EBIT (earnings before interest and taxes) was a negative €269 million (US\$319 million) compared to last year's profit of €93 million (US\$110 million).

"The LSG Group remains focused on strict cost management," said a release from the German company. "In addition to numerous short-term cost-savings measures, the company reassessed its network structure and decided to close some individual operations, such as the one in Salt Lake City, USA, and withdraw from certain markets, such as Turkey and South Africa. Furthermore, its number of employees worldwide (excluding LSG Europe) is expected to be temporarily reduced by half by the end of this year. In addition, an organizational realignment of the LSG Group went into effect on November 1, 2020, and will result in the redundancy of more than 30 percent of its management positions."

"The pandemic and its impact on our business has also forced us to make decisions that are both difficult and painful," said Chief Financial Officer Dr. Kristin Neumann. "Nevertheless, they will help us to secure our liquidity, react more flexibly to market changes and ultimately enable the long-term survival of our company. My special thanks, therefore, go to our employees, who are making a major contribution to our financial stability through their support."

The LSG Group is changing its strategic focus and will in the future concentrate on three product lines: classic catering (core business), onboard retail programs and new business models, IT and platform. The company is focusing more strongly on hybrid and pure onboard-retail models, as well as digitalization. Additionally, alternative new business areas are being explored that will allow for greater capacity utilization in the catering operations.

"With our new strategic direction, we are expanding our existing capabilities, putting them together in new combinations, expanding our customer portfolio and bringing in more, and above all new, business back into our kitchens," explained Erdmann Rauer, CEO of the LSG Group. "We worked intensively on this matter over the summer months, and it became clear to us that simply sitting out this crisis was not an option. Although the LSG Group will be smaller in the immediate future, we are applying our expertise where we see opportunities that will lead to new growth for our company."