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# LSG Group reports strong earnings in 2018

By **Rick Lundstrom** on March, 15 2019 | Catering



The [LSG Group](#) announced today it has significantly improved its financial performance in 2018.

“The company took considerable steps to maintain its position as a leading provider of end-to-end products and services for the travel industry,” said a release from LSG Group.

The LSG Group closed the business year 2018 with consolidated revenues of €3.2 billion (US\$3.6 billion), which is at the previous year’s level, despite the negative impact of foreign exchanges (adjusted for currency-related factors: +4.3%) and the expiration of two hub catering contracts in South Korea and Italy in the summer and fall of 2018. Changes in the group of consolidated companies contributed to a growth in sales of €22 million (US\$25 million). The Group achieved an Adjusted EBIT (Earnings Before Interest and Taxes) of €115 million (US\$130 million), which is 73% above the 2017 which the company attributed to an improved operational performance and lower transformation costs.

“In 2018, we successfully continued the sustainable transformation of our business model by adjusting our classic-catering operational landscape in Europe while expanding our offerings for the onboard-retail market,” said Dr. Kristin Neumann, Chief Financial Officer. “A market-oriented mix of production modules, tailored logistics and valuable partnerships will enable us to serve a higher number of airports without a physical presence at every location. This will certainly increase our flexibility and agility, which are important prerequisites to succeed in the ever-changing aviation market. Furthermore, our [Retail inMotion](#) expert team revamped and expanded its digital-retail platform. It has attracted an impressive 23 new airline and train customers since 2017, including prestigious carriers like Etihad and SWISS.”

LSG Sky Chefs’ last year received contract extensions with United Airlines, American Airlines, Delta Air Lines, Cathay Dragon and TAP Portugal, as well as the acquisition of two new train clients. Its network was extended with new customer service centers (CSCs) in Lagos, Nigeria, and Wenzhou, China, and an onsite delivery-only facility in Amsterdam.

“Moving forward, we will concentrate on taking advantage of the multiple opportunities offered by digitalization,” commented Chief Executive Officer Erdmann Rauer. “This will impact our way of doing business in every possible respect by creating new products and applications and facilitating our workflows in the backend. At the frontend, our customers and consumers will ultimately benefit from an enhanced travel experience appealing to their strong desire for individualization, mobility and convenience.”

For 2019, the LSG Group expects revenues on the previous year’s level and an Adjusted EBIT margin in the range of 2% to 4%.