

LSG Group seeks to reduce costs as industry steers through virus crisis

[LSG Group](#) has launched project called “Levante” to direct the company through the coronavirus outbreak that has affected worldwide air traffic and the company’s revenues by half.

The company reported yesterday that sales revenues for the first half of 2020 fell by 50 percent year-on-year to €814 million (US\$956.5 million) due to a sharp decline in the number of flights and passengers by airline customers worldwide. Adjusted EBIT (earnings before interest and taxes) fell to a negative €195 million (US\$229.44) million compared to the previous year’s positive earnings of €33 million (US\$38.8 million). As short-term measures to limit the financial impact, the company implemented project and hiring freezes, short-time work and temporary closures that were done at the very beginning of the crisis.

"The corona crisis has presented us with extreme major challenges that have never been faced before in our company's history," said Chief Financial Officer Dr. Kristin Neumann in yesterday's announcement. "Thanks to our solid liquidity position and the measures we implemented on short notice to safeguard that liquidity, we were able to cushion the initial slump in sales and earnings. However, none of us knows how long this crisis will last, and it is obvious that only long-term solutions will help us reduce our costs sustainably and at the same time give the company more flexibility and a future."

The LSG Group is aiming to reduce its total costs worldwide by at least 30 percent. This is part of the “Levante” project, which is designed to steer the company through the coronavirus crisis while continuing to develop its business strategy.

"The aim of the project is to optimize our company in the medium term in terms of the size of its organization and network, and to adapt it to changing market conditions with fewer flights and lower passenger and service volumes," explained Chief Executive Officer Erdmann Rauer. "In the long term, we are thus also changing our product range according to the 'new normality' and want to actively bring about change in the airline catering industry. We see that our customers are ready for change, and we are ready to support them with our employees."