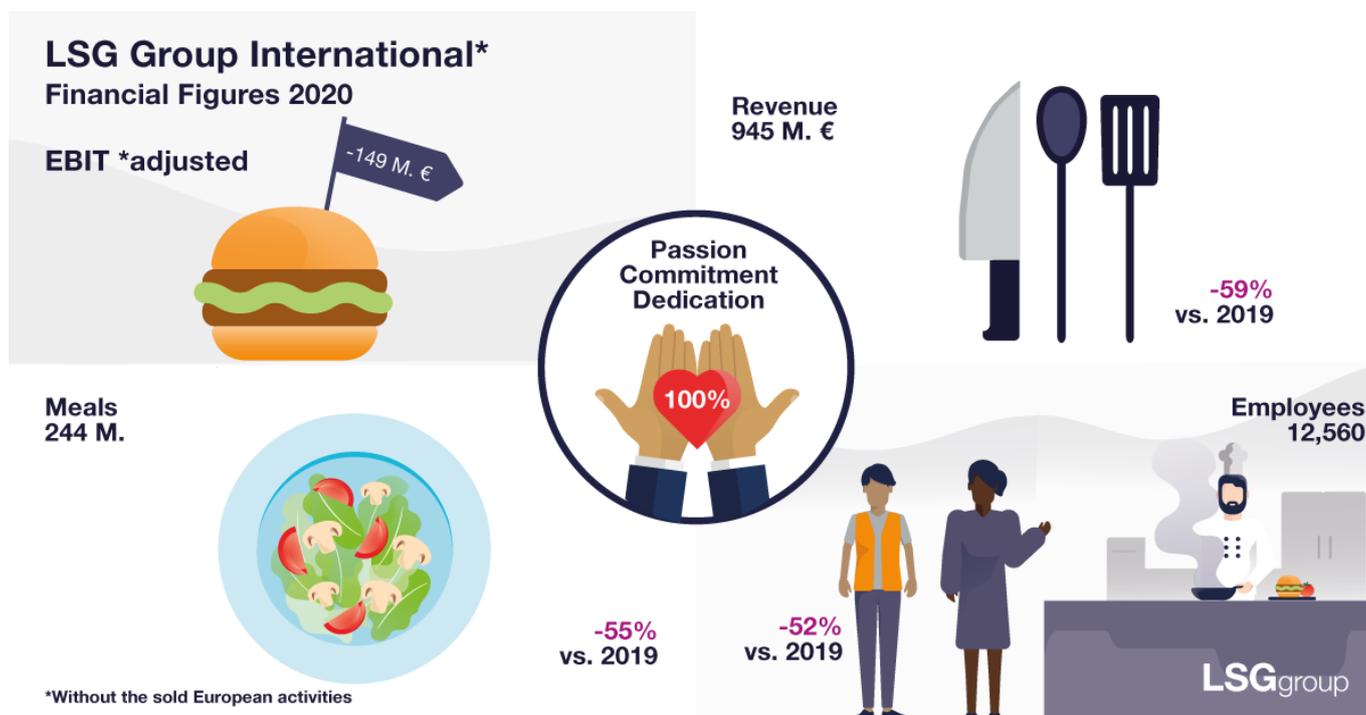


LSG Group reports 2020 pandemic-defined earnings



[LSG Group](#) International (excluding the divested European activities) ended the 2020 financial year with a consolidated revenue of €945 million (US\$1.1 billion), which is 59 percent lower than the previous year. The Group recorded an adjusted EBIT (earnings before interest and taxes) negative €149 million (US\$177 million). The previous year, the company reported EBIT profit of €111 million (US\$131 million).

Several important developments took place in 2020. The company successfully completed the sale of its European operations 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," said a release from LSG Group.

"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, in Tuesday's announcement. "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, Germany, joined forces in implementing 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 Neumann.

A large part of the cost-reducing and restructuring package entailed global staff reductions, said LSG Group. Fifty-two 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."

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 Air Lines](#), [Emirates](#), [Etihad Airways](#), [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 signed a contract to develop and manage an innovative in-flight sales concept for [Lufthansa German Airlines](#), [SWISS](#) and [Austrian Airlines](#). In addition, Retail inMotion 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 Rauer. "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 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.

In 2020, the LSG Group set up a dedicated team to deal sustainability issues. 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 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."

As part of the sale of LSG's European operations, which was finalized on December 2, 2020, approximately 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 says it is preparing to resume the sale activities as soon as the conditions allow it later this year.