

# Retail and digital capabilities buoy LSG Group sales

During fiscal year 2021, [LSG Group's](#) growth strategy strengthened its inflight sales and digitalization capabilities and opened new markets in areas like retail and home-delivery service business, while the company worked to maintain its strict cost management.

The LSG Group ended the fiscal year 2021 with a consolidated revenue of €1,113 million (US\$1,213 million) an 18 percent increase compared to the previous year (excluding the European shares sold). One reason for the increase, said the company was the positive development of the North American domestic catering business, which more than offset pandemic-related declines in Asia.

In addition, there were grants, mostly under the [U.S. CARES Act](#), which allowed for the continued employment of staff and were used for wage and salary payments. The LSG Group reported last week that it broke even in fiscal year 2021 and generated positive adjusted earnings before interest and taxes (EBIT) of €27 million (US\$29.4 million) compared to the previous year's EBIT of a negative €284 million (US\$310 million).

"The positive result with which the LSG Group emerges from fiscal year 2021 is both a reward and an incentive for the entire team," said Wilken Bormann, the LSG Group's new Chief Financial Officer and Labor Director since March 1. "We can be proud of what we have achieved. At the same time, we need to prepare for upcoming challenges, especially with regard to the worrying developments in Ukraine and its possible repercussions."

In fiscal year 2021, the LSG Group extended existing catering contracts and concluded new ones in all regions. Among them are [Greater Bay Airlines](#) in Hong Kong, Lufthansa German Airlines (outside Europe), JetBlue and Alaska Airlines in the US and LATAM Airlines in Brazil. In Chengdu, China, LSG Sky Chefs opened a new catering facility, and in Brazil the new Congonhas unit (Sao Paulo) went operational.

The LSG Group said it also scored points in-flight sales and digitization. It introduced "Onboard Delights," "SWISS Saveurs" and "Austrian Melangerie"— the Lufthansa Group's new catering concepts. LSG Group's [Retail inMotion](#) (RiM) successfully introduced a new in-flight sales concept on Lufthansa German Airlines' long-haul routes. RiM also launched its collaboration with Eurowings Discover, which includes food and beverage and boutique products, as well as a digital inflight magazine. The new augmented reality shopping technology, which IT experts from LSG Group developed with RiM, is also being used on the leisure flights.

The company's Convenience Retail segment recorded both renewals and new contracts, mainly in the United States, Latin America and New Zealand. The pre-packaged meal-kit business contributed significantly to capacity utilization in some U.S. catering operations. Progress was also made in the Ghost Kitchen project, in which virtual restaurant brands are created with food delivery services to generate additional revenue. What began as a pilot in Miami in 2020 evolved into a full-scale project in 2021 with multiple locations in the U.S. and additional pilots in Hong Kong and the Baltic States.

"Our successes over the past year show that we are on the right track with our strategic re- alignment and are helping to secure the future of our company," said Erdmann Rauer, Chief Executive Officer of the LSG Group. "Thanks to diversification into new markets, we are positioning ourselves more broadly, and by means of digitalization we are supporting our airline customers by offering them services in a more customer-centric, individualized and, above all, efficient manner. This is backed by<sub>1</sub>

the outstanding expertise of our technology experts. As a management team, we have set ourselves ambitious goals for 2022 as well, and we intend to continue shaping the transformation of the airline-catering industry together.”

In 2021, several LSG Group's sustainability activities focused on the "people" area with local vaccination campaigns. The topic of diversity also took center stage when the five dimensions of diversity were communicated in the fiscal year and gender equality was highlighted. In addition, the LSG Group took over the chairmanship of the Sustainability Committee of the [Airline Catering Association](#) (ACA).

“In this role, the company is driving forward the development of concrete initiatives and guidelines for ACA members and the catering industry as a whole,” said a release from LSG Group.