

Luxembourg, 12 May 2020

## 2019 Annual Report

# Positive net income in a challenging environment

Luxair S.A's 2019 financial year results were affected by the economic climate and general context.

2019 was a difficult year for the aviation sector as a whole. IATA had forecasted an economic slowdown, trade wars, geopolitical tensions, social unrest, as well as persistent uncertainty about Brexit. This all came true and intertwined to form a more hostile business environment for airlines than had initially been predicted. The Group's various activities were hit by the decline in economic growth, fluctuating and relatively high kerosene prices, increased competition, as well as other external factors.

Luxair S.A. ended 2019 with an operating profit of -2.6 Million Euros and a net income of +8.1 Million Euros.

**Luxair Luxembourg Airlines'** new dynamic and flexible pricing policy managed to curb a significant drop in its results compared with 2018. The entity's performance nevertheless remains negative due to the complicated economic context and competition, as well as profitability issues on some of its routes. In 2019 Luxair Luxembourg Airlines received awards for the quality of its services and remains one of the last major regional airlines still operating in Europe. The airline's seat load factor remained stable at 64%.

	2019	2018	2017
<b>Variation in passengers transported</b>	-1%	+11%	+6%

After years of high growth in 2017 and 2018, this trend continued for **LuxairTours** in 2019. Package holiday sales, our tour operator entity's speciality, increased once again by 11%. Brand confidence, guaranteed quality service and worry-free bespoke holidays have helped LuxairTours maintain this trend. LuxairTours experienced growth on all its markets, with an almost identical sales distribution to previous years. LuxairTours used one of the two extra Boeing 737, purchased for the Luxair fleet in 2019, to increase capacities whilst increasing its seat load factor to 77.4% (compared with 76.8% in 2018).

	2019	2018	2017
<b>Variation in package holiday sales</b>	+11%	+11%	+6%

After several record years, **LuxairCARGO's** activity experienced its first slowdown in 2019. International trade was showing signs of weaknesses and growth reached its lowest level on record since the 2008 financial crisis. LuxairCARGO's activity depends on global economic fluctuations and was directly hit by a drop in volumes transported by airfreight carriers. Volumes handled at Luxembourg airport dropped from 957,000 in 2018 to 893,000 in 2019, despite aircraft movements remaining relatively unchanged. LuxairCARGO is a key player in the European and international logistics sector and it received various awards in 2019 for its high-quality customer service.

	2019	2018	2017
<b>Variation in tonnes handled</b>	-7%	+2%	+14%

**LuxairServices** assisted 4.4 million passengers in transit at Luxembourg airport, an increase of 9% compared with 2018. Aircraft movements rose by 3%. LuxairServices' teams managed to cope with the growth it had been experiencing over the past few years whilst maintaining the highest level of service. Luxembourg airport was ranked one of the fastest airports in the world, thanks to its modern and functional infrastructures and the Group's continuous improvement approach. LuxairServices Catering produced almost 2.3 million meals for passengers on Luxair, LuxairTours and third-party commercial or cargo flights in transit at Luxembourg, up 1% compared with 2018.

	2019	2018	2017
<b>Variation in passengers assisted</b>	+9%	+12%	+20%

## Luxair S.A financial results

	2019 Operating profit	2018 Operating profit
<b>Luxair Luxembourg Airlines</b>	- €12.1 million	- €10.0 million
<b>LuxairTours</b>	+ €10.1 million	+ €9.7 million
<b>LuxairCARGO</b>	- €3.1 million	+ €3.9 million
<b>LuxairServices</b>	+ €2.5 million	+ €3.9 million

	2019	2018
<b>Net Income</b>	+ €8.1 million	+ €12.5 million

## 2020 Outlook

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The 2020 financial year did not start in the same way for LuxairGroup's various activities.

Whilst LuxairTours got off to an extremely bright start, with reservations hitting +20% compared with the same period in 2019, Luxair Luxembourg Airlines experienced growth in line with forecasts and turbulence that affected the global economy continued to have repercussions on LuxairCARGO's activity, which experienced a significant drop in volumes handled at Luxembourg airport over the first weeks compared with 2019.

Airfreight handling is often considered to be a good indicator of the international economic climate. LuxairCARGO was therefore our first entity to be affected by the outbreak of the unprecedented Covid-19 crisis. Disruptions to LuxairCARGO's activities were initially translated by a collapse in volumes, which could vary between - 20 to - 30% per week, and then a sudden and massive upturn.

Air passenger traffic was suspended in just a few weeks, which temporarily grounded all Luxair Luxembourg Airlines' fleet from 24 March 2020. Flight suspensions for most airlines worldwide meant that passengers in transit gradually deserted airports, including Luxembourg airport. LuxairServices was therefore forced to suspend its passenger and aircraft assistance activities, as well as its onboard catering services.

Since the start of the crisis, LuxairGroup has made it a point of honour to repatriate all its customers and to uphold its important and essential role in the world logistics supply chain by supplying essential products (medical materials, pharmaceutical products, foodstuffs, etc.) to many stakeholders.

The Group has been preparing for the resumption of business for many weeks now, to support the relaunch of Luxembourg and the Greater Region's economy.

The Group has been affected by this crisis despite its financial stability and soundness. It is still difficult to predict the crisis' duration and intensity. The progressive resumption of Luxair, LuxairTours and LuxairServices' activities is scheduled for June 2020. Volumes of goods currently transiting via the Cargocenter are significant and forecasts are encouraging.

In order to get more detailed information:

[click here](#) to access the 2019 Annual Report

[click here](#) to access 2019 Key Figures and Data