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Lufthansa Cargo holds its own in a volatile environment

- **Adjusted EBIT for 2023 amounts to 219 million euros**
- **Significantly higher result than in 2019 prior to the corona pandemic**
- **Ongoing modernization program to ensure competitiveness and growth**
- **Fleet growth supports attractive global network and enabling global business**

Frankfurt, 07 March 2024 – After the airfreight market recorded high freight rates in the years from 2020 until 2022 due to low capacities as a result of the corona pandemic, these normalized last year as expected. Lufthansa

Cargo was able to achieve significantly higher average yields than before the start of the corona pandemic despite increased capacities in the market. Lufthansa Cargo generated an adjusted EBIT of 219 million euros (previous year: 1.6 billion euros). After freight rates normalized following the end of the corona pandemic, revenue fell by 36 percent to 2.98 billion euros (previous year: 4.6 billion euros). Overall, sales of 7.5 billion freight ton-kilometers last year were slightly higher than in the previous year 2022 (7.2 billion). The average load factor fell by 1.9 percentage points year-on-year to 59.2%, while the available capacity increased by 7% to 12.6 billion available freight ton-kilometers.

"Despite a volatile business environment, which was influenced by global tensions last year, Lufthansa Cargo was able to successfully maintain its position. We owe this above all to the trust of our customers, and also to our employees, who mastered the year with great commitment and determination. However, the development also shows that we must not slow down. We need to continuously work on improving our quality, our network and our service promise to remain attractive," explains Ashwin Bhat, CEO of Lufthansa Cargo.

Increased efficiency as a result of modernization measures

Looking ahead to the coming year, the business results provide a stable foundation for important investments by the freight carrier. Bhat adds: "Around 80 percent of our global freight traffic is handled in Frankfurt, one of the most important hubs in Europe. This also shows the importance of the hub for the growing e-commerce market. In order to continue to meet the needs of our customers in the future, we are also investing in the modernization of our Cargo Center at our FRA hub in 2024." The modernization project at the Frankfurt hub with a total investment sum of 500 million euros will enable higher handling speeds, smooth transport processes and an improvement in service quality thanks to state-of-the-art technologies in the infrastructure.

This is particularly important with regard to the coming years. "Air freight is and will remain a growth market - stable supply chains remain of great importance, especially in times of global tensions and dynamic developments. High valued and urgently needed goods can only be transported worldwide quickly, reliably and safely by air," explains Bhat.

Freighter fleet to be further optimized

Part of Lufthansa Cargo's development plans is the expansion of the B777F fleet and the global network. The fourth A321 freighter has also been in operation in the cargo airline's route network since November 2023. This means that more than 32 weekly flights can now be offered to 18 destinations in the short and medium-haul network. In addition, the B777F fleet will grow to 18 freighters in 2024, enabling up to 87 connections worldwide in the course of the summer flight schedule. The continued recovery in passenger air traffic and the associated expansion of cargo capacity on passenger aircraft also had a positive impact on growth. By marketing the belly capacities of Lufthansa, Austrian Airlines, Brussels Airlines, Discover Airlines and SunExpress, Lufthansa Cargo's customers will have access to up to 7,000 flights per week to destinations worldwide.

Continued focus on sustainability

In the past financial year, Lufthansa Cargo continued its commitment to Sustainable Aviation Fuels with a weekly freighter flight covered with sustainable aviation fuel. In addition, the CO₂ balance of the B777F fleet is being further improved by the innovative AeroSHARK technology. The surface film, which is inspired by the skin of a shark, reduces the frictional resistance of the aircraft in the air and thus lowers kerosene consumption. It will be successively applied to the entire fleet by the end of 2027.

The 2024 financial year

Frank Bauer, CFO and Labor Director of Lufthansa Cargo, sets a clear course: "We are making ambitious investments in our future - for this we need a solid long-term earnings base. This also includes anticipating the development of our market at an early stage and making short-term adjustments to our network and services in order to meet our customers' needs." Lufthansa Cargo expects demand to grow slightly in the current financial year 2024. Adjusted EBIT is expected to be approximately at the previous year's level. In view of the still very dynamic environment, however, the forecast is subject to a high degree of uncertainty.

With revenue of 3.0 billion euros and a transport performance of 7.5 billion freight ton kilometers in 2023, Lufthansa Cargo is one of the world's leading companies in the transport of airfreight. The company currently employs around 4,150 people worldwide. Lufthansa Cargo's focus is on the airport-to-airport business. The route network covers around 300 destinations in more than 100 countries, using both freighter aircraft and cargo capacity from passenger aircraft operated by Lufthansa, Austrian Airlines, Brussels Airlines, Discover Airlines and SunExpress, as well as trucks. The majority of the cargo business is handled via Frankfurt Airport. Lufthansa Cargo is pursuing the goal of becoming the world's most environmentally friendly cargo airline. To achieve this, the company relies on state-of-the-art technologies and constant investments in the area of sustainability. In 2023, important milestones were reached, such as the investment in the continuous expansion of the B777F fleet, the expansion of short- and medium-haul networks with A321 freighters, and the continuation of the Sustainable Aviation Fuel program. In 2024, Lufthansa Cargo plans to successively equip its B777F fleet with Sharkskin technology, implement further digital services and contribute to reducing CO2 emissions through sustainable logistics solutions. Lufthansa Cargo is a wholly owned subsidiary of Deutsche Lufthansa AG and the specialist for the logistics business of the Lufthansa Group.

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