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Media Release

Cargolux financial results for 2019

Luxembourg, 29 April 2020 – After 2 years of exceptional growth, the industry once again entered turbulent times in 2019. On the eve of its 50th anniversary, in a challenging climate marked by a global economic slowdown, overcapacity and low yields, Cargolux still managed to outperform the industry average and close the year with a profit. The Cargolux Group (Cargolux) generated a positive net result of USD 20.2 million with an EBIT margin of 5.1% - despite unfavorable and volatile market conditions - a reflection of the company's solid business strategy. At year-end, Cargolux' Balance Sheet reflected stable financial ratios compared to the previous year and a further improvement in its cash position versus 2018.

Business Highlights

In 2019, Cargolux witnessed softening markets, unresolved trade conflicts, and uncertainties surrounding an agreement on the UK's exit from the EU. This resulted in a general downtrend in the industry, specifically over-capacity in the markets. After a solid start to the year, the industry experienced weak demand for the available capacity during the summer and autumn period, prior to a short peak season in the fourth quarter.

These circumstances translated into a sharp decrease in profitability compared to 2018 (USD 211 million). Cargolux is currently seventh in IATA's ranking of the worlds' top 25 international scheduled cargo carriers.

Rank (Top 10)	Airline	FTK (billion) 2019/12	FTK (billion) 2018/12	FTK Growth 2019-2018	FTK Growth 2018-2017
1	Qatar Airways	12.7	12.8	+0.5%	15.6%
2	Emirates	11.7	12.8	-7.6%	0.0%
3	Cathay Pacific	10.9	11.8	-6.7%	4.9%
4	Lufthansa	8.9	9.8	-7.9%	0.9%
5	Fedex	8.5	8.1	+4.7%	4.8%
6	Air France/KLM	8.3	8.4	-1.8%	1.1%
7	Cargolux	8.0	8.2	-2.1%	-0.4%
8	Korean Air	7.2	7.8	-8.5%	2.6%
9	Singapore Airlines	6.6	7.1	-7.3%	-0.9%
10	Turkish Airlines	6.4	5.7	+11.7%	+28.4%
Total Market				-3.9%	+3.6%

Cargolux strengthened its footprint as an expert in niche markets with an expanding global network. In 2019, the company added two new destinations, Santiago de Chile and Jakarta. These additional gateways enable the company to both explore new business opportunities and meet existing customer requirements. Cargolux is currently the only cargo carrier to offer main deck capacity between Europe and the Indonesian capital. The airline also bolstered its presence in Eastern Europe by doubling its services to Budapest. The initial Hong Kong – Budapest route increased from 3 to 4 weekly frequencies, and two new weekly services were added from Zhengzhou to



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Budapest. Cargolux now offers six weekly rotations through Hungary. A new transpacific frequency from Zhengzhou (CGO) to Los Angeles via Xiamen also complemented the airline's offer.

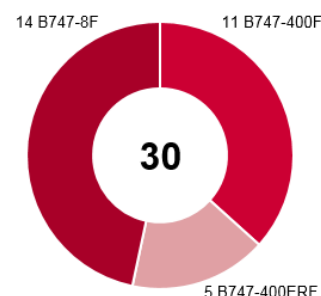
At the end of December 2019, the total fleet of 30 aircraft comprised sixteen Boeing 747-400 freighters (11 B747-400Fs and 5 B747-400ERFs) and fourteen Boeing 747-8 freighters. The majority of the 747-400 fleet is either debt free or on flexible lease contracts (Power by the Hour basis). This fleet enables Cargolux to respond to changing market conditions in a flexible and timely manner.

Similar to other operators of 747-400 freighters, Cargolux recorded an impairment of USD 47.6 million in respect of its 747-400 fleet in 2019.

Financials

Operational KPIs

	2019	Δ 2019/2018
Block Hours	137,247	-0.7%
Cycles	22,646	+0.5%
Tonnes sold	1,009,338	-4.2%
Aircraft utilization (block hours/day)	14:06	-0:37
Load Factor (FTK/ATK)	65.7%	-2.3 ppt



Profit & Loss and Balance Sheet KPIs

USD million	2019	2018	USD million	2019	2018
Total Revenues	2,259	2,634	Total Assets	3,423	3,446
EBIT	114	321	Equity	1,157	1,183
% of revenue	5.1%	12.2%	Total Liabilities	2,266	2,263
Net Profit	20	211	Cash and Cash equivalents unrestricted	595	528

Total revenues decreased throughout the year as a result of lower load factors and yields coupled with lower fuel surcharge revenues as a result of a declining fuel price. Consequently, EBIT decreased to USD 114 million which translates into 5.1% EBIT margin. The airline continues to pay down debt. The higher number shown for 2019 is a result of new accounting rules adopted in accordance with International Financial Reporting standards. IFRS 16 requires entities to capitalize all operating leases meeting specific criteria.

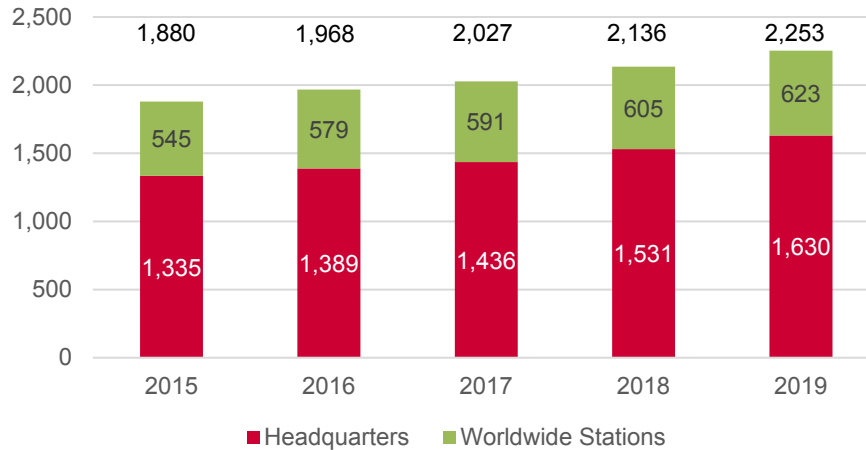


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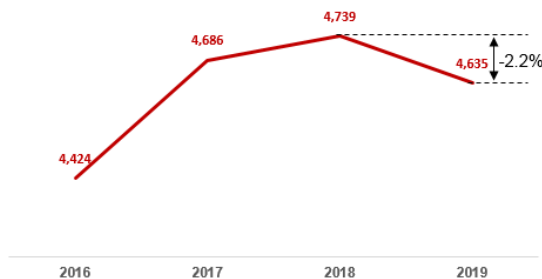
Luxembourg Headcounts and Night Flights

Headcount Evolution

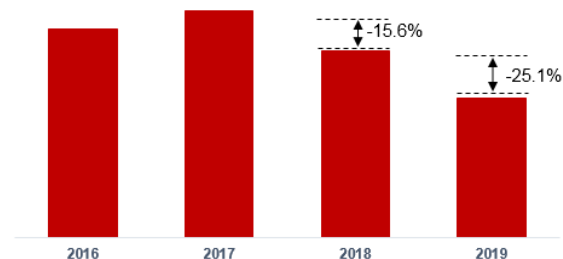


In addition to its worldwide activities that comprise over 2,200 employees across the globe, Cargolux is also an active economic driver at its home base in Luxembourg. The airline is one of the major pillars of the Grand-Duchy's logistics sector, thus generating value across the supply chain. Logistics is an intrinsic part of the country's investment in economic diversification.

Total Annual Cargolux Departures



Annual Night Movements (00-06 hrs)



In 2019, Cargolux pursued its efforts to reduce night landings and take offs and once again registered a significant reduction in nighttime movements.

About Cargolux Airlines International

Cargolux, based in Luxembourg, is Europe's leading all-cargo airline with a modern and efficient fleet composed of 14 Boeing 747-8 freighters and 16 Boeing 747-400 freighters. The Cargolux worldwide network covers over 75 destinations on scheduled all-cargo flights. The company has more than 85 offices in over 50 countries and operates an extensive global trucking network to more than 250 destinations as well as full and part-charter services. Cargolux also offers third-party maintenance at its modern two-bay maintenance hangar in Luxembourg. The company is specialized in B747 line and hangar maintenance up to and including C-Checks. It offers a range of specialized maintenance services and holds line maintenance approval for 777 aircraft. The Cargolux Group employs over 2,000 staff worldwide.



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