Lufthansa Group

2nd Interim Report January – June 2015

Lufthansa Group overview

Key figures Lufthansa Group		Jan. – June 2015	Jan. – June[1] 2014	Change in %	April – June 2015	April – June[1] 2014	Change in %
Revenue and result							
Total revenue	€m	15,365	14,166	8.5	8,392	7,704	8.9
of which traffic revenue	€m	12,123	11,466	5.7	6,704	6,305	6.3
EBIT[1]	€m	463	216	114.4	607	433	40.2
Adjusted EBIT	€m	468	178	162.9	635	418	51.9
EBITDA[1]	€m	1,316	912	44.3	1,084	789	37.4
Net profit/loss for the period	€m	954	–79		529	173	205.8
Key balance sheet and cash flow statement figures							
Total assets	€m	33,088	29,959	10.4	–	–	–
Equity ratio	%	17.5	16.6	0.9 pts	–	–	–
Net indebtedness	€m	2,363	1,614	46.4	–	–	–
Cash flow from operating activities	€m	2,527	1,744	44.9	1,133	889	27.4
Capital expenditure (gross)	€m	1,498	1,548	–3.2	683	689	–0.9
Key profitability and value creation figures							
EBIT margin	%	3.0	1.5	1.5 pts	7.2	5.6	1.6 pts
Adjusted EBIT margin	%	3.0	1.3	1.7 pts	7.6	5.4	2.2 pts
EBITDA margin	%	8.6	6.4	2.2 pts	12.9	10.2	2.7 pts
Lufthansa share							
Share price at the quarter-end	€	11.57	15.68	–26.2	–	–	–
Earnings per share	€	2.06	–0.17		1.14	0.38	204.7
Traffic figures[2]							
Passengers	thousands	50,919	49,887	2.1	29,360	28,146	4.3
Passenger load factor	%	78.3	78.1	0.3 pts	80.3	80.2	0.1 pts
Freight and mail	thousand tonnes	924	932	–0.9	470	468	0.5
Cargo load factor	%	67.6	70.2	–2.6 pts	65.7	68.7	–3.0 pts
Available tonne-kilometres	millions	20,573	19,957	3.1	11,186	10,662	4.9
Revenue tonne-kilometres	millions	15,109	14,806	2.0	8,301	8,024	3.5
Overall load factor	%	73.4	74.2	–0.7 pts	74.2	75.3	–1.0 pts
Flights	number	490,853	491,389	–0.1	264,798	259,805	1.9
Employees							
Employees as of 30.6.	number	119,357	119,092	0.2	119,357	119,092	0.2

[1] Previous year's figures have been adjusted due to the new reporting method.
[2] Previous year's figures have been adjusted.

Date of publication: 30 July 2015.

Contents

Ladies and gentlemen,

The tragic events of 24 March 2015 continue to weigh on us. The accident involving Germanwings flight 4U 9525 changed us and will have a lasting impact on our company. Dealing with the consequences of this tragic accident is part of our responsibility as a corporate group. The people affected by the tragedy are our prime concern. We cannot take away the pain of those who lost loved ones, but we are doing everything possible to lessen their burden. The Lufthansa Group is doing all it can to provide the victims' families and friends with effective support and various forms of assistance during this difficult time. We ourselves have experienced a wave of solidarity and help which has carried us through these difficult weeks. On many occasions, both helpers and our collegues have pushed themselves to their physical and mental limits – and sometimes beyond. We will always be grateful for their unique willingness to help and their tireless dedication, as well as for the sympathy and support we have received.

Although the incident is still very much in our minds – and will remain that way – we must look to the future as a company.

We continue to work focused on the Lufthansa Group's future viability, which rests on three strong pillars: the premium hub airlines, our second brand Eurowings for point-to-point flights, and aviation services. To take the Lufthansa Group forward, we initiated the strategic agenda "7to1 – Our Way Forward" in 2014.

Constantly enhancing and improving our products and services is an important step for our hub airlines. As part of our moves to refit Lufthansa's long-haul fleet, we finished the new First Class completions in June and will conclude the installation of the new Business Class these days. All Lufthansa long-haul aircraft will also be fitted with the new Premium Economy Class by this autumn. With these steps, we are on our way to make Lufthansa Passenger Airlines the first five-star airline in the western hemisphere.

The further development of the point-to-point services with our second brand Eurowings is also well under way. Our strategic decision to transfer all direct flights outside Frankfurt and Munich hubs to Germanwings proved a great success. Coming from a loss of some EUR 200m in this area in the 2012 financial year, we will break even this year. Eurowings will be established as a second brand of Lufthansa Group for short and long-haul routes with attractive products in the home market Europe. The service companies are also developing positively. Both Lufthansa Technik and LSG Sky Chefs are profitably expanding their market-leading positions and proved themselves to be stable sources of income once again in the first half-year of 2015.

Despite a highly volatile market environment and extensive industrial action by the Vereinigung Cockpit pilots' union at the beginning of the year, we achieved a solid improvement in earnings. In the first half-year, we increased the Adjusted EBIT by EUR 290m to EUR 468m. Among other things, we benefited from a significant fall in fuel costs.

We anticipate significant savings due to low fuel costs also for the rest of the year. However, it will become more difficult to achieve further earnings improvements as the financial year progresses. We stand by our earnings forecast of an Adjusted EBIT of more than EUR 1.5bn before strike costs. However, other than at the end of the first quarter, we now believe that the operating environment poses more opportunities for us than risks.

The equity ratio rose to 17.5 per cent at the end of the first half-year. Our pension obligations fell, largely due to higher interest rates. However, we must not allow this development to disguise the fact that our company pension schemes and transitional pay arrangements are no longer sustainable in their current form. Alongside the fluctuating oil price and exchange rates, the cost of operating in Germany and the burden of above-average expenses arising from high charges for airports, air traffic control and other monopolists within and outside the Lufthansa Group remain our biggest challenge.

Partly due to this, we could not and would not leave our current organisational structure as it is. We intend to implement a far-reaching reorganisation with the start of the new financial year 2016. Initial information about this will be published in the next quarter.

Thank you for your continued trust.

Carsten Spohr
Chairman of the
Executive Board and CEO

Karl Ulrich Garnadt
Member of the Executive Board
Chief Executive Officer
Lufthansa German Airlines

Harry Hohmeister
Member of the Executive Board
Chief Officer
Group Airlines, Logistics and IT

Simone Menne
Member of the Executive Board
Chief Officer
Finances and Aviation Services

Dr Bettina Volkens
Member of the Executive Board
Chief Officer
Corporate Human Resources
and Legal Affairs

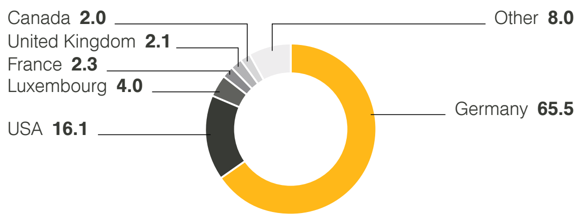
Lufthansa share

At the end of the first half-year 2015, the Lufthansa share was trading at EUR 11.57. This represents a loss in share value of 11.0 per cent in the second quarter, around the same as the DAX index, which fell by 10.4 per cent. In the first half-year the Lufthansa share lost 16.4 per cent as the DAX climbed by 11.6 per cent.

Eight analysts currently recommend the Lufthansa share as a buy, eleven as a hold and eight as a sell. At the end of the first half-year, the average target price was EUR 13.68.

The free float for Lufthansa shares was at 100 per cent at the end of the first half-year. 65.5 per cent of Lufthansa shares were held by German investors. Unchanged from the previous quarter, the largest single shareholder with a notifiable share of more than 3 per cent of issued capital was Templeton Global Advisors Limited, which held 5.00 per cent.

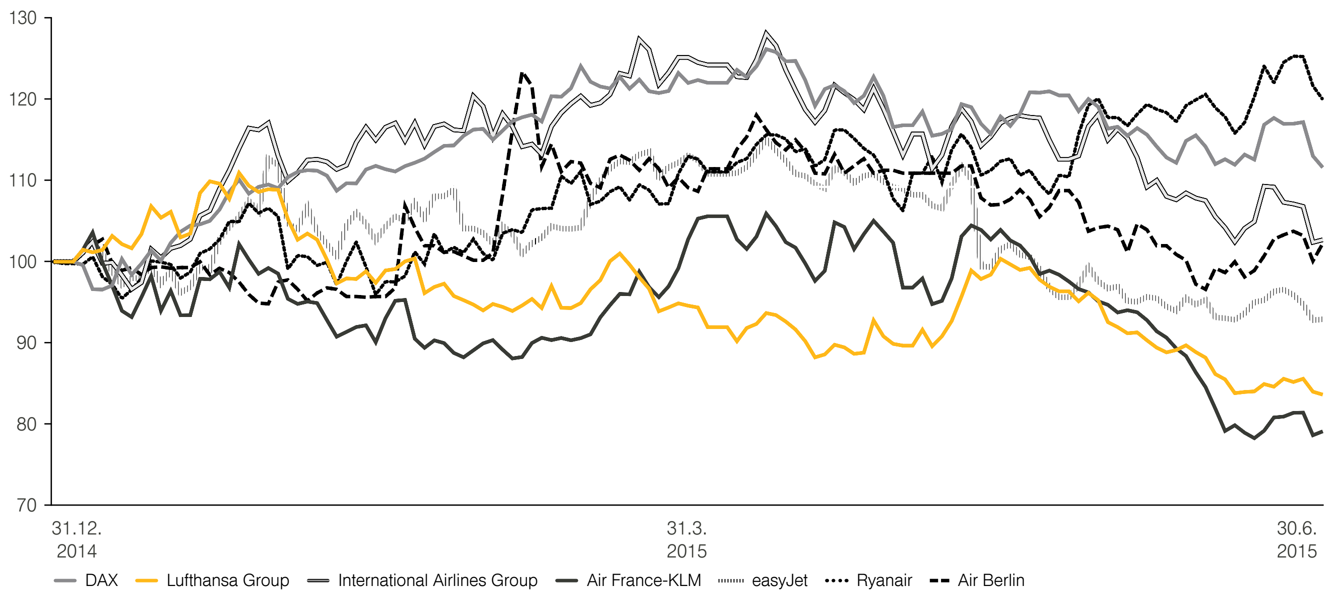
Shareholder structure by nationality in % (as of 30.6.2015)



Free float: 100%

Up-to-date information on the shareholder structure is provided regularly on the website i www.lufthansagroup.com/investor-relations.

Performance of the Lufthansa share, indexed as of 31.12.2014, compared with the DAX and competitors, in %



Interim management report

Economic environment and sector performance

GDP growth 2015 compared with previous year

in %	Q1	Q2*	Q3*	Q4*	Full year*
World	2.7	2.6	2.6	2.7	2.6
Europe	1.6	1.8	1.9	1.9	1.8
Germany	1.0	1.7	2.1	1.9	1.7
North America	2.8	2.2	1.8	1.9	2.2
South America	0.5	0.5	0.6	0.7	0.5
Asia / Pacific	4.3	4.6	4.9	4.9	4.7
China	7.0	6.7	6.3	6.3	6.5
Middle East	2.7	2.7	2.8	2.9	2.7
Africa	3.4	3.5	3.6	3.6	3.5

Source: Global Insight World Overview as of 15.7.2015.
* Forecast.

Macroeconomic situation The global economy grew by 2.6 per cent in the second quarter in comparison to last year. Growth in the same period last year came to 3.4 per cent. Performance differed widely between individual regions of the world, however. Developing countries had the fastest growth rates at 3.1 per cent. Developed economies grew by 1.8 per cent in total. Although the Greek debt crisis worsened, the economies of the countries in the European Union stabilised overall. The European Union reported economic growth in the second quarter 2015 of 1.8 per cent (previous year: 1.8 per cent).

Asia/Pacific is the fastest growing region of the world with a growth rate of 4.6 per cent (previous year: 4.9 per cent). In North America the economy expanded by 2.2 per cent (previous year: 2.6 per cent) and in Latin America by 0.5 per cent (previous year: 0.9 per cent).

Since the beginning of the year, the oil price has risen from USD 57.33/barrel to USD 63.59/barrel as of 30 June 2015. The average price in the first half-year of USD 59.25/barrel was 45.6 per cent lower than in the same period of the last year. At the same time, the jet fuel crack (the price difference between crude oil and kerosene) was around 0.2 per cent lower than last year. Overall, the average kerosene price went down year on year by 40.2 per cent. The Lufthansa Group's hedging result depressed the result by EUR 408m due to the significant fall in the oil price. Fuel costs for the first half-year came to EUR 2.9bn overall (–9.5 per cent).

Compared with the same period last year, the euro fell against the main currencies for the Lufthansa Group. The 18.6 per cent rise in the US dollar in particular had a negative impact on costs. By contrast the general weakness of the euro had a positive impact on revenue. On average the euro lost 17.9 per cent against the Chinese renminbi, 13.5 per cent against the against the Swiss franc, 10.8 per cent against the pound sterling and 4.5 per cent against the Japanese yen. Overall, exchange rate effects reduced EBIT for the first half-year by EUR 158m.

Development of crude oil, kerosene and currency

		Minimum	Maximum	Average	30.6.2015
ICE Brent	in USD / bbl	46.59	67.77	59.25	63.59
Kerosene	in USD / t	506.00	641.25	580.97	596.25
USD	1 EUR / USD	1.0496	1.2099	1.1156	1.1153
JPY	1 EUR / JPY	126.4900	144.9100	134.1622	136.1900
CHF	1 EUR / CHF	0.9859	1.2031	1.0563	1.0430
CNY	1 EUR / CNY	6.5583	7.5038	6.9398	6.9252
GBP	1 EUR / GBP	0.7062	0.7858	0.7323	0.7093

The discount rate, which is particularly important for measuring pension obligations, rose from 2.6 per cent at the beginning of the year to 2.9 per cent as of 30 June 2015. Largely due to this effect of measurement as of the reporting date, pension provisions fell by 9.0 per cent compared with year-end 2014 to EUR 6.6bn as of the reporting date.

Sector developments Global economic growth had a positive impact on demand for air travel. According to the International Air Transport Association (IATA), revenue passenger-kilometres sold worldwide went up year on year by 6.3 per cent in the first five months of this year. Middle Eastern airlines again reported the fastest growth rates. They sold 11.5 per cent more passenger-kilometres year on year in the first five months of the year. Airlines from Asia grew by 9.3 per cent and Latin American carriers by 6.0 per cent. European airlines reported growth of 4.9 per cent, while in North America they grew by 3.1 per cent.

The premium segment grew by 3.7 per cent globally.

The global cargo business was more subdued than global passenger transport. In the first five months of the year revenue tonne-kilometres worldwide increased by 4.0 per cent compared with the same period a year ago. As with passenger traffic, the situation here varied significantly from region to region. Airlines from the Middle East expanded fastest at 13.7 per cent. Carriers from Asia grew by 6.4 per cent and North American providers by 0.6 per cent. European airlines were down by 0.6 per cent on the previous year. The steepest fall in cargo traffic (–8.0 per cent) affected airlines from Latin America.

Last year's positive trend continued in the market for aircraft maintenance, repair and overhaul services. In 2014, the market grew by 2.4 per cent. Regional growth was particularly fast in Asia. Slow fleet growth in America meant that demand in this important region increased by less than average at 0.2 per cent. The growth in Europe, Africa and Middle East was 3.1 per cent, mostly driven by the Middle Eastern growth market.

Demand for in-flight service concepts – such as LSG Sky Chefs offer – rose in line with global passenger numbers, but there were disparities between individual regions. Depending on their individual business models, airlines are also increasingly pursuing differentiated strategies. These range from in-flight sales programmes aimed at boosting revenue to flexible hybrid solutions and premium offers that burnish their image.

Important initiatives were launched in the political sphere. The CEOs of the five largest European airlines (Air France-KLM, easyJet, International Airlines Group, Lufthansa Group and Ryanair) want to develop a common strategy for European air traffic with the European Commission. A number of measures were drawn up in this connection at a meeting held in Brussels on 17 June 2015. The aim is to achieve the political conditions for making European airlines more competitive, creating jobs, promoting growth and boosting the European economy. Sensible rules to protect customers also form part of the initiative. In concrete terms, the airlines are demanding relief for European airlines from taxes that distort competition, a reduction in airport fees in the EU and greater competition in ground services at airports. Security processes on the ground should also be improved to reduce the costs for airlines and air passengers. The creation of a single European airspace should boost efficiency and also cut the costs of air traffic control services.

International Airlines Group (IAG) made an official bid for the Irish flag carrier Aer Lingus in June 2015. The takeover was approved by the European Commission subject to conditions in July 2015. The Irish government and Ryanair had previously agreed to sell their shares in Aer Lingus.

easyJet announced that it would give up its base in Rome and move the eight Airbus A320s stationed there to Naples, Milan and a new base in Venice. Competition in Rome had recently increased following the expansion of Vueling and the arrival of Ryanair.

Ryanair intends to take an even larger share of the German market and become the number two in Germany in the years ahead behind Lufthansa Passenger Airlines, which includes Germanwings. From autumn 2015, Ryanair will start with services on the inner-German connection between Berlin and Cologne-Bonn, making it a direct competitor to Germanwings on this route.

After five years, Alitalia wants to end its bilateral partnership with its SkyTeam partner Air France-KLM. Their agreement will not be renewed when it expires in 2017. There are currently no plans to leave the SkyTeam Alliance, however. Following the investment by Etihad last year through the acquisition of 49 per cent of its shares, Alitalia is currently being restructured and given a new image and a new product strategy.

United Airlines announced its intention to acquire a five per cent stake in the Brazilian airline Azul for USD 100m. According to them, this was part of a new strategic partnership between the two airlines.

Course of business

The operating segments in the Lufthansa Group each and altogether achieved a positive overall performance in the reporting period. Revenue rose significantly compared with the previous year, mostly due to exchange rates. Adjusted EBIT went up significantly compared with the previous year. This improvement is primarily due to the positive performance of the Passenger Airline Group, which profited from lower fuel costs and higher traffic revenue, above all thanks to exchange rate movements. Lufthansa Cargo suffered from a very weak market at the end of the first half-year and was only able to sustain its positive earnings performance to a limited extent. Lufthansa Technik and LSG Sky Chefs on the contrary achieved solid earnings improvements in the first half-year.

Significant events After the tragic accident of Germanwings flight 4U 9525 the Lufthansa Group is assuming long-term responsibility for the consequences. The company intends to set up trustee accounts and a support fund for relatives of the victims. In addition to financial support, memorials are to be built in the coming months at four of the places affected by the accident.

Following repeated strikes by the Vereinigung Cockpit pilots' union at the beginning of the reporting period, the Lufthansa Group agreed to arbitration on all unresolved wage agreements on 29 April 2015, in line with trade union demands. This was initially accepted by the Vereinigung Cockpit pilots' union. On 6 July 2015, the union declared that the preliminary talks had failed, however. The Lufthansa Group has appealed to the Vereinigung Cockpit pilots' union to resume talks and find an urgently needed solution. The Company has calculated that strikes organised by the Vereinigung Cockpit pilots' union have cut earnings by a total of EUR 100m in the reporting period, including lost bookings.

Arbitration between the Employers' Federation for Air Transport Companies (AGVL) on behalf of Lufthansa Passenger Airlines and the UFO flight attendants' union did not lead to a result. The Lufthansa Group made UFO a new offer on 30 June 2015. Part of the offer provides for the inclusion of new cabin staff in transitional benefits for voluntary and early retirement for an initial period of ten years. A consensus has been reached on switching company retirement benefits from a defined benefit to a defined contribution system. This is intended to put the system of retirement benefits on a financially sustainable footing.

As part of a new commercial strategy, the airlines in the Lufthansa Group are repackaging their offer. In future, customers should be able to opt for individualised offers and to combine these with additional products in a modular, flexible way according to their current requirements. As part of its new commercial strategy, the airlines in the Lufthansa Group will charge a fee of EUR 16 for tickets issued via a global distribution system (GDS) from 1 September 2015. This distribution cost charge (DCC) passes on the additional costs of the GDS sales. It is necessary because of the significant cost difference to alternative booking channels. More information is available in the chapter on the Passenger Airline Group from p. 12.

Staff and management Mr Jacques Aigrain resigned his seat on the Supervisory Board of Deutsche Lufthansa AG as of the close of the Annual General Meeting on 29 April 2015. The Annual General Meeting followed the proposal of the Supervisory Board and elected Mr Stephan Sturm, financial director of Fresenius Management SE, as a new member of the Supervisory Board.

Mr Uwe Hien, an employee representative on the Supervisory Board, also resigned his seat as of 30 April 2015. Mr Nicoley Baublies, chairman of the UFO trade union, was appointed by Cologne District Court to replace him on the Supervisory Board as of 1 May 2015.

Mr Kay Kratky was appointed as new Chief Executive Officer (CEO) and Chairman of the Executive Board of Austrian Airlines with effect from 12 May 2015 at an extraordinary meeting of the Supervisory Board of Austrian Airlines. As of 1 August 2015, he will take over from Mr Jaan Albrecht, who became CEO of SunExpress as of 1 June 2015. Mr Kay Kratky is currently a member of the Executive Board of Lufthansa Passenger Airlines.

At its meeting on 7 July 2015, the Executive Board of Deutsche Lufthansa AG decided to appoint Mr Klaus Froese to succeed Mr Kay Kratky as of 1 September 2015.

As of 1 November 2015, Mr Thomas Winkelmann, speaker of the Board of Directors of Germanwings GmbH since 2006, will also move to Lufthansa Passenger Airlines. In addition to managing the Munich hub, Mr Thomas Winkelmann will be responsible for finances and controlling at Lufthansa Passenger Airlines. Mr Thomas Klühr, who previously held this function, will take another Executive Board position within the Lufthansa Group. Further details are expected to be announced in the third quarter of 2015.

Changes in reporting standards and in the group of consolidated companies There have been no significant changes to the group of consolidated companies since this time last year. The individual changes compared with year-end 2014 and 30 June 2014 are shown in the table starting on p. 30. These changes had no significant effect on the consolidated balance sheet and income statement in comparison with the same period last year.

The standards and interpretations mandatory for the first time as of 1 January 2015 also did not have a significant effect on the net assets, financial and earnings position. More information can be found in the Notes starting on p. 30.

IT Services ceased to be an independent strategic operating segment of the Lufthansa Group as of the start of 2015 following the division of the restructured Lufthansa Systems AG into Airline Solutions, Industry Solutions and IT Infrastructure units, the conversion into a "GmbH & Co. KG" company and the agreed sale of IT Infrastructure to IBM. For further information, we refer to the modified segment reporting in the Notes starting on p. 35.

Last year the Lufthansa Group decided to replace CVA as the key performance indicator for value-based management with effect from the financial year 2015. After evaluating various alternatives, the Executive Board of Deutsche Lufthansa AG decided to replace CVA with earnings after cost of capital (EACC) and Return on Capital Employed (ROCE), which are intended to make the value-based management of the Company even more explicit. For more information we refer to p. 30 et seq. of the Annual Report 2014. EACC is an absolute measure of value added and is calculated on the basis of earnings before interest and taxes (EBIT) in a given reporting period. From 2015 onwards, the main earnings metric for the Company's forecasts will be Adjusted EBIT. EBIT is adjusted for the measurement and disposal of non-current assets and the measurement of pension provisions and impairments.

The new management and earnings indicators will also have an impact on the structure of the earnings position and the corresponding statements relating to it. General comments on earnings and expenses in the reporting period are now based on EBIT and are followed by an explanation of the reconciliation with Adjusted EBIT.

In the course of this transition, the following changes will be made to the presentation of the income statement in order to make the main earnings indicators easier to understand. The result of equity investments has been shown as part of EBIT since the start of the year. Profits and losses from the measurement and realisation of financial liabilities were previously recognised in the operating result. They are now shown in other financial items and thus share a single line item with the associated interest rate and exchange rate hedges. Impairment losses on financial investments were previously recognised in other financial items. As of the financial year 2015, they will be shown in the operating result along with impairment losses on other assets. Gains and losses on the disposal of current financial investments were previously shown in other operating income and will be recognised in net interest from 2015. Previous year's figures have been adjusted due to the new reporting method.

Earnings position

Traffic figures of the Lufthansa Group's airlines*

		Jan. – June 2015	Jan. – June 2014	Change in %
Passengers carried	thousands	50,919	49,887	2.1
Available seat-kilometres	millions	132,572	128,345	3.3
Revenue seat-kilometres	millions	103,850	100,215	3.6
Passenger load factor	%	78.3	78.1	0.3 pts
Freight / mail	thousand tonnes	924	932	–0.9
Available cargo tonne-kilometres	millions	7,298	7,067	3.3
Revenue cargo tonne-kilometres	millions	4,930	4,960	–0.5
Cargo load factor	%	67.6	70.2	–2.6 pts
Total available tonne-kilometres	millions	20,573	19,957	3.1
Total revenue tonne-kilometres	millions	15,109	14,806	2.0
Overall load factor	%	73.4	74.2	–0.7 pts
Flights	number	490,853	491,389	–0.1

* Previous year's figures have been adjusted.

Revenue and income The airlines in the Lufthansa Group reported higher traffic year on year in the first half of 2015. Capacity and sales in the passenger business were up by 3.3 per cent and 3.6 respectively. 50.9 million passengers were transported, 2.1 per cent more than in the same period a year ago. Freight traffic saw a decline. Transport of freight and mail fell by 0.9 per cent to 924 thousand tonnes. The individual performance data for the separate segments is presented in the respective chapters.

Revenue and income

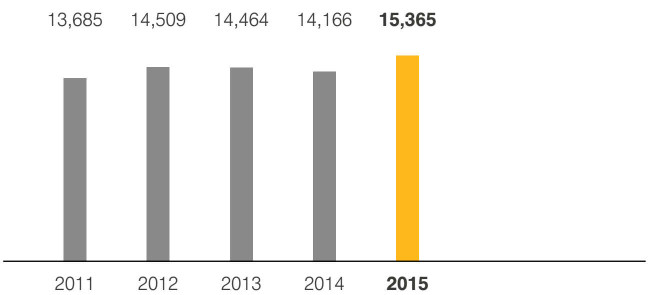
	Jan. – June 2015 in €m	Jan. – June 2014 in €m	Change in %
Traffic revenue	12,123	11,466	5.7
Other revenue	3,242	2,700	20.1
Total revenue	**15,365**	**14,166**	**8.5**
Changes in inventories and work performed by the entity and capitalised	99	82	20.7
Other operating income	1,500	864	73.6
Total operating income	**16,964**	**15,112**	**12.3**

Traffic revenue for the Group rose by 5.7 per cent to EUR 12.1bn. This positive performance was due to a 3.1 per cent volume improvement and above all to positive exchange rate movements (+7.4 per cent). Lower prices (–4.8 per cent) reduced revenue, however. The Passenger Airline Group accounted for EUR 10.7bn (+6.1 per cent) of traffic revenue and the Logistics segment for EUR 1.2bn (+3.4 per cent).

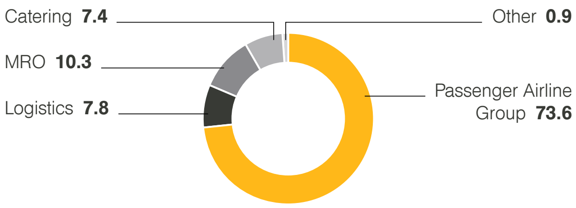
At EUR 3.2bn, other revenue was 20.1 per cent up on the previous year, also partly due to exchange rate movements. Of the total, the MRO segment generated EUR 1.6bn (+21.8 per cent), Catering EUR 1.1bn (+20.8 per cent) and Other EUR 134m (+4.7 per cent). The companies in the Passenger Airline Group and Logistics segment contributed EUR 376m (+17.1 per cent) to other revenue.

Overall, Group revenue increased by 8.5 per cent to EUR 15.4bn. Exchange rates contributed EUR 1.1bn to the increase. The development of revenue over the last five years is shown in the chart below. The Passenger Airline Group's share of total revenue fell in the first half-year to 73.6 per cent (–1.5 percentage points). The distribution of revenue by segment and region is shown in the segment reporting starting on p. 35.

Revenue development in €m (Jan. – June)



External revenue share of the business segments in % (as of 30.6.2015)



Other operating income went up by EUR 636m to EUR 1.5bn. This stems mostly from higher exchange rate gains (EUR +567m), offset by correspondingly higher exchange rate losses in other operating expenses. Book gains on the disposal of non-current assets also went up by EUR 25m to EUR 55m. They include book gains of EUR 8m on the sale of the JetBlue shares and income of EUR 43m from earn-out payments in connection with the contract signed last year for the sale of former Lufthansa Systems AG's IT Infrastructure division. The other individual items did not vary significantly compared with the same period last year.

Total operating income therefore rose by EUR 1.9bn or 12.3 per cent to EUR 17.0bn.

Expenses Operating expenses climbed by EUR 1.6bn (+10.8 per cent) to a total of EUR 16.5bn. The cost of materials and services at the Lufthansa Group increased by 4.6 per cent to EUR 8.6bn. Within the cost of materials and services, fuel costs sank by 9.5 per cent to EUR 2.9bn. Fuel prices declined by 36.5 per cent after hedging, but this was offset by the rise in the US dollar (+23.7 per cent) and higher volumes (+3.3 per cent).

Expenses

	Jan. – June 2015 in €m	Jan. – June 2014 in €m	Change in %
Cost of materials and services	8,644	8,264	4.6
of which fuel	2,934	3,243	−9.5
of which fees and charges	2,752	2,518	9.3
of which operating lease	24	28	−14.3
Staff costs	3,923	3,646	7.6
Depreciation	851	695	22.4
Other operating expenses	3,116	2,313	34.7
Total operating expenses	**16,534**	**14,918**	**10.8**

Expenses for other raw materials, consumables and supplies were up by 18.0 per cent to EUR 1.5bn, largely as a result of volume and exchange rate-related increases in the MRO and Catering segments.

Fees and charges went up altogether by 9.3 per cent to EUR 2.8bn. Volumes, prices and exchange rate movements all contributed to the rise. Specifically, air traffic control charges rose by 10.8 per cent, take-off and landing fees by 12.7 per cent, handling charges by 8.7 per cent and security fees by 18.5 per cent. Expenses for the air traffic tax amounted to EUR 177m, 6.0 per cent above the figure for the previous year. Other purchased services were up by 18.4 per cent at EUR 1.4bn, particularly due to higher MRO services (+22.3 per cent).

Staff costs increased by 7.6 per cent. The average number of employees was 0.1 per cent higher at 119,061, with costs rising largely due to exchange rate movements and higher additions to pension provisions following the reduction in the discount rate from 3.75 per cent to 2.60 per cent at the start of the financial year.

Depreciation and amortisation rose by 22.4 per cent to EUR 851m. Depreciation of aircraft was up by 15.8 per cent to EUR 617m, primarily due to the new aircraft delivered since July 2014. Impairment losses of EUR 85m were also recognised as of 30 June 2015 (previous year period: EUR 9m). Among other items, EUR 65m of the total was recognised on existing investments in connection with the project costs for a possible new freight centre at Frankfurt Airport. Given the limit imposed on capital expenditure, a decision was taken to postpone the possible construction project for at least two years. This decision reduced the value of the investments that had already been made. Other impairment charges were recognised on LSG Belgium N.V. (EUR 12m) due to a downturn in performance and on two Boeing 747-400s held for sale (EUR 7m). Other operating expenses included a further EUR 2m in impairment losses on assets held for sale.

Other operating expenses went up by EUR 803m to EUR 3.1bn. Higher exchange rate losses (EUR +685m) were the main reason for the increase. Higher indirect staff costs (EUR +27m) and higher legal, auditing and advisory fees (EUR +26m) should also be mentioned. The individual other items did not vary significantly compared with last year.

Earnings development The result from operating activities increased by EUR 236m to EUR 430m in the first half-year.

The result from equity investments was up year on year by EUR 11m to EUR 33m. Net interest also improved to EUR –54m, partly thanks to lower interest expenses (previous year: EUR –122m).

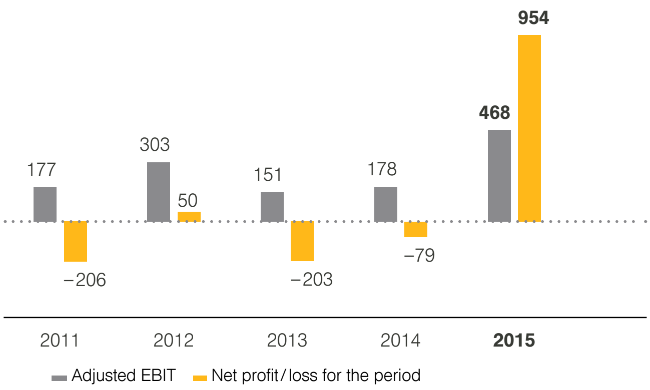
The result from other financial items went up to EUR 572m (previous year: EUR –153m). EUR 503m stemmed from the realisation of increases in the value of JetBlue shares, which had previously been recognised without effect on profit and loss, and EUR 165m from higher market values of derivative instruments deemed as held for trading under IAS 39. By contrast, the measurement of financial debts in a foreign currency reduced earnings by EUR 96m.

Earnings before interest and taxes (EBIT) reflect the changes in the operating result and the result from equity investments and came to EUR 463m at the end of the first half-year (previous year: EUR 216m). Adjusting for the effects of the measurement of pension provisions, the valuation and disposal of non-current assets and recognised impairments produced an Adjusted EBIT of EUR 468m (previous year: EUR 178m).

Earnings before taxes (EBT) went up by EUR 1.0bn to EUR 981m. Taking tax-free income into account, particularly in connection with the disposal of the JetBlue shares, income tax payments reduced earnings by EUR 13m (previous year: EUR 11m).

Deducting minority interests (EUR 14m; previous year: EUR 9m) resulted in a net profit for the period of EUR 954m (previous year: net loss of EUR 79m). Earnings per share improved from EUR –0.17 to EUR 2.06 compared with the same period in the previous year.

Adjusted EBIT and net profit/loss for the period in €m (Jan. – June)



Reconciliation of results

in €m	Jan. – June 2015 Income statement	Jan. – June 2015 Reconciliation Adjusted EBIT	Jan. – June 2014 Income statement	Jan. – June 2014 Reconciliation Adjusted EBIT
Total revenue	**15,365**	**–**	**14,166**	**–**
Changes in inventories	99	–	82	–
Other operating income	1,500	–	864	–
of which book gains	–	–55	–	–30
of which write-ups on capital assets	–	–4	–	–22
Total operating income	**16,964**	**–59**	**15,112**	**–52**
Cost of materials and services	–8,644	–	–8,264	–
Staff costs	–3,923	–	–3,646	–
of which past service costs/settlement	–	–32	–	0*
Depreciation	–851		–695	
of which impairment losses	–	85	–	8
Other operating expenses	–3,116		–2,313	
of which impairment losses on assets held for sale	–	2	–	1
of which expenses incurred from book losses	–	9	–	5
Total operating expenses	**–16,534**	**64**	**–14,918**	**14**
Profit/loss from operating activities	**430**	**–**	**194**	**–**
Result from equity investments	33	–	22	–
EBIT	**463**		**216**	
Total amount of reconciliation Adjusted EBIT	**–**	**5**	**–**	**–38**
Adjusted EBIT	**–**	**468**	**–**	**178**
Write-downs (included in profit from operating activities)	851	–	695	–
Write-downs on financial investments, securities and assets held for sale	2	–	1	–
EBITDA	**1,316**	**–**	**912**	**–**

* Rounded below EUR 1m.

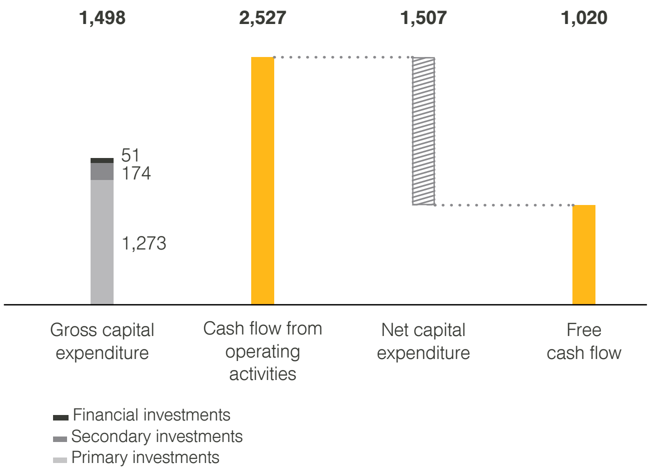
Cash flow and capital expenditure

The Group generated a cash flow from operating activities of EUR 2.5bn in the first half of 2015. This was EUR 783m more than in the previous year. Starting from an increase of EUR 1bn in profit before income taxes, the elimination of non-cash depreciation and amortisation and of cash flows attributable to investing or financing activities increased cash flow from operating activities by EUR 70m. Adjusting the net profit for the valuation of financial instruments of EUR 813m, which is recognised in profit and loss but not in the cash flow statement – in particular the earnings from the disposal of the JetBlue shares – results in a significant reduction in the reconciliation with cash flow from operating activities. In addition to the higher profit before income taxes, the positive year-on-year change in working capital (EUR +519m) was ultimately the main reason for the steep increase in cash flow from operating activities.

Gross capital expenditure in the first half of 2015 came to EUR 1.5bn, on par with last year. EUR 1.3bn was spent on a total of 18 aircraft, namely two Airbus A380s, four Boeing B747-8s, one B777F, five A320-200s and two A321-200s. Two A320s and two A319s were reclassified from operating leases to finance leases following contract renewals. This capital expenditure also includes aircraft overhauls and down payments. An additional EUR 133m was invested in other property, plant and equipment. Intangible assets accounted for EUR 41m of the remaining capital expenditure. Financial investments of EUR 50m related to loans and investments in non-current securities. Additions to and disposals of repairable spare parts for aircraft resulted in net payments of EUR 185m.

The funding requirement was partly covered by interest and dividend income (EUR 204m in total) and by proceeds of EUR 56m from the disposal of assets – mostly aircraft. The purchase and sale of current securities and funds resulted in a net cash outflow of EUR 425m. A total of EUR 1.9bn in net cash was therefore used for capital expenditure and cash management activities (previous year: EUR 836m).

Cash flow and capital expenditure in €m (as of 30.6.2015)



Free cash flow, defined as cash flow from operating activities less net capital expenditure, came to EUR 1.0bn and was therefore EUR 474m higher than last year.

The balance of all financing activities was a net cash outflow of EUR 334m. New borrowing (EUR 201m) was offset by scheduled capital repayments (EUR 434m), interest payments (EUR 94m) and dividend distributions to minority shareholders (EUR 7m).

Cash and cash equivalents rose by EUR 293m to EUR 1.1bn. This includes an increase of EUR 34m in cash and cash equivalents due to exchange rate movements. The internal financing ratio was 168.7 per cent (previous year: 112.7 per cent). Overall, cash including current securities at the end of the first half-year fell to EUR 3.4bn (previous year: EUR 3.6bn). The detailed cash flow statement can be found on p. 29.

Assets and financial position

Total assets went up significantly at the end of the first half-year 2015 by EUR 2.6bn or 8.6 per cent as against the end of 2014. Non-current assets were up by EUR 914m, while current assets increased by EUR 1.7bn.

Within non-current assets, the item aircraft and reserve engines rose by EUR 991m to EUR 14.6bn. Repairable spare parts for aircraft rose by EUR 161m to EUR 1.2bn. The decline of EUR 610m in the item "Other equity investments" is due to the disposal of almost all the JetBlue shares previously held by the Lufthansa Group. In 2012, Lufthansa issued a convertible bond based on the shares it held in JetBlue Airways Corporation (carrying amount as of 31 December 2014: EUR 610m). With effect from 26 March 2015, 99.99 per cent of the bondholders accepted an offer to exercise their conversion rights early. Delivering the corresponding shares to the holders of the convertible bond extinguished the liabilities from the bond and the attached conversion option.

The higher market values of exchange rate hedges following the US dollar's rise against the euro were responsible for EUR 439m of the significant increase of EUR 572m in derivative financial instruments. Claims related to deferred tax assets decreased by EUR 296m, primarily due to a reduction in pension provisions, which in turn was mainly the result of an increase in the discount rate from 2.6 per cent to 2.9 per cent.

Within current assets, receivables rose by EUR 801m to EUR 4.8bn. In addition to seasonal and billing reasons, the main factor behind the sharp rise in this item was the recognition of claims totalling EUR 277m (USD 300m) against insurers in connection with the accident involving the Germanwings aircraft on 24 March 2015. These insurance claims are based on an initial estimate from the leading insurer and cover all third-party liability claims resulting from the aircraft disaster, such as salvage and clean-up operations at the site of the accident, counselling and transport costs, claims for damages and the insurance value of the lost aircraft. EUR 3m of the insurance claims had already been settled as of 30 June 2015. Total insurance claims of EUR 277m – less the insurance value of the aircraft involved of EUR 6m – are offset by a corresponding amount of provisions for the obligations expected as a result of the accident. The estimate of obligations as of 30 June 2015 is based on information from the insurance syndicate, which as an experienced expert in such matters has reserved a total of EUR 277m (USD 300m) for the aircraft accident. As of the end of the first half-year the Lufthansa Group had paid EUR 7m in short-term assistance to family members of the passengers. Costs amounting to a further EUR 13m have been incurred to date for removing the wreckage and other related activities. Provisions for obligations of EUR 251m were therefore still outstanding as of 30 June 2015.

Group fleet – Number of commercial aircraft
Lufthansa Passenger Airlines inclusive Germanwings and regional airlines (LH), SWISS (LX), Austrian Airlines (OS) and Lufthansa Cargo (LCAG) as of 30.6.2015

Manufacturer/type	LH	LX	OS	LCAG	**Group fleet**	of which finance lease	of which operating lease	Change as of 31.12.14	Change as of 30.6.14
Airbus A319	73	5	7		85	12	4	–	–
Airbus A320	76	28	16		120	19	1	+4	+8
Airbus A321	64	8	6		78	2		+2	+2
Airbus A330	19	16			35	1		–	–
Airbus A340	42	15			57	3	3	–	–1
Airbus A380	14				14			+2	+2
Boeing 737	20				20			–2	–3
Boeing 747	36				36			+4	+3
Boeing 767			6		6	2		–	–
Boeing 777			5	5	10	1		+1	+1
Boeing MD-11F				16	16			–	–
Bombardier CRJ	39				39			–7	–12
Bombardier Q-Series			18		18			–	+4
Avro RJ		18			18		6	–2	–2
Embraer	43				43			–	–
Fokker F70			6		6			–1	–
Fokker F100			15		15			–	–
Total aircraft	**426**	**90**	**79**	**21**	**616**	**40**	**14**	**1**	**2**

The increase in current financial derivatives (EUR +169m) stems mainly from higher market values of exchange rate and fuel hedges. Cash and cash equivalents, consisting of current securities, bank balances and cash-in-hand, went up by EUR 745m to EUR 3.5bn because free cash flow was positive. The proportion of non-current assets in the balance sheet total declined from 72.9 per cent at year-end 2014 to 69.9 per cent currently.

Shareholders' equity (including minority interests) climbed by EUR 1.8bn to EUR 5.8bn as of the end of the first half-year. In addition to a positive after-tax result of EUR 968m, EUR 602m of the increase stems from the decline in pension provisions, which is recognised directly in equity. Positive effects from currency translation (EUR +287m) also caused shareholders' equity to go up. The market value reserve for financial instruments saw a significant decline of EUR 491m from the disposal of the JetBlue shares, which was offset in particular by an increase of EUR 437m in the market values of derivative financial instruments. With total assets increasing by 8.5 per cent, the equity ratio went up from 13.2 per cent as of year-end 2014 to 17.5 per cent.

Non-current liabilities and provisions went down by EUR 1.3bn to EUR 14.2bn, while current borrowing was stepped up significantly by EUR 2.2m to EUR 13.1bn. Within non-current liabilities, pension provisions went down by EUR 651m to EUR 6.6bn, mainly due to an increase in the discount rate from 2.6 per cent to 2.9 per cent. Financial liabilities declined by EUR 284m, principally due to the early redemption of the convertible bond for JetBlue shares and the reclassification of debt instruments to current financial liabilities as their term to maturity shortens. The decline in derivative financial instruments (EUR –498m) stems from the disposal of the conversion option for the JetBlue shares and lower negative market values of fuel hedges.

Within current liabilities and provisions, other provisions fell by EUR 20m. An increase in outstanding obligations in connection with the Germanwings accident (EUR 251m) was offset by lower provisions for the contract signed last year for the sale of the IT Infrastructure segment of former Lufthansa Systems AG and payments as part of the SCORE programme. Trade payables and other financial liabilities climbed (EUR +318m) – largely for seasonal and billing reasons – as did liabilities from unused flight documents (EUR +1.7bn). Negative market values of derivative financial instruments went up by a total of EUR 97m, mostly due to exchange rate hedges for currencies other than the US dollar, offset by lower negative market values of fuel hedges.

Net debt came to EUR 2.4bn as of 30 June 2015 (year-end 2014: EUR 3.4bn). The debt repayment ratio, i.e. the adjusted cash flow from operating activities in relation to net indebtedness including pension provisions, came to 28.0 per cent (previous year: 30.6 per cent). The minimum threshold set by the Lufthansa Group is 35 per cent, while the target rate remains unchanged at 45 per cent.

Calculation of net indebtedness

	30. June 2015 in €m	31. Dec. 2014 in €m	Change in %
Liabilities to banks	1,113	1,057	5.3
Bonds	1,248	1,468	–15.0
Other non-current borrowing	3,431	3,433	–0.1
	5,792	**5,958**	**–2.8**
Other bank borrowing	54	198	–72.7
Group indebtedness	**5,846**	**6,156**	**–5.0**
Cash and cash equivalents	1,223	953	28.3
Securities	2,260	1,785	26.6
Net indebtedness	**2,363**	**3,418**	**–30.9**
Pension provisions	6,580	7,231	–9.0
Net indebtedness and pensions	**8,943**	**10,649**	**–16.0**

Passenger Airline Group business segment

Key figures Passenger Airline Group

		Jan. – June 2015	Jan. – June 2014	Change in %	April – June 2015	April – June 2014	Change in %	of which Lufthansa Passenger Airlines[3] Jan. – June 2015	Jan. – June 2014	Change in %
Revenue	€m	11,642	10,957	6.3	6,485	6,057	7.1	8,529	7,993	6.7
of which with companies of the Lufthansa Group	€m	337	318	6.0	176	162	8.6			
EBIT	€m	277	–34	–	530	277	91.3	89	–73	
Adjusted EBIT	€m	249	–59	–	503	273	84.2	94	–87	
EBITDA[1]	€m	911	529	72.2	858	565	51.9	540	325	66.2
Segment capital expenditure	€m	1,339	1,233	8.6	654	547	19.6			
Employees as of 30.6.	number	55,298	55,858	–1.0	55,298	55,858	–1.0	40,473	40,849	–0.9
Passengers[2]	thousands	50,919	49,887	2.1	29,360	28,146	4.3	37,677	36,329	3.7
Flights[2]	number	486,321	486,487	–0.0	262,550	257,466	2.0	344,498	342,867	0.5
Available seat-kilometres[2]	millions	132,572	128,345	3.3	73,654	69,983	5.2	98,053	94,360	3.9
Revenue seat-kilometres[2]	millions	103,850	100,214	3.6	59,162	56,106	5.4	76,581	72,966	5.0
Passenger load factor[2]	%	78.3	78.1	0.3 pts	80.3	80.2	0.1 pts	78.1	77.3	0.8 pts
Yields	€ Cent	10.3	10.1	2.4	10.2	10.0	1.5	–	–	–
Unit revenue (RASK)	€ Cent	8.1	7.9	2.8	8.2	8.0	1.7	–	–	–
Unit cost (CASK)	€ Cent	9.1	8.9	2.3	8.5	8.6	–0.7	–	–	–

[1] Before profit/loss transfer from other companies.
[2] Previous year's figures have been adjusted.
[3] Including Germanwings and regional partners.

Business and strategy The Passenger Airline Group segment comprises Lufthansa Passenger Airlines (including Germanwings), SWISS and Austrian Airlines. Other strategic investments such as Brussels Airlines and SunExpress complete the portfolio. The financial investment in JetBlue ended on 26 March 2015 when the holders of a convertible bond for common shares in JetBlue Airways Corporation exercised their conversion right in advance.

The airline group creates significant synergies by coordinating its activities. With the common multi-hub strategy, the Passenger Airline Group offers passengers a global route network combined with the greatest level of travel flexibility. Via its international hubs in Frankfurt, Munich, Zurich, Vienna and Brussels, the airline group serves a global route network of 297 destinations in 89 countries.

Markets and competition In Europe, the big network carriers Lufthansa Group, Air France-KLM and the IAG airlines together with the major low-cost carriers Ryanair and easyJet only hold around 42 per cent of the total market. Ryanair is still driving its expansion into primary airports and partnerships with global distribution systems in order to extend its sales to higher-yield customers.

Profitability on long-haul routes is being burdened, particularly between Europe and Asia, by the large number of aggressively expanding, state-owned airlines from the Gulf and Bosphorus regions and the resulting overcapacities. The Passenger Airline Group addresses these trends by taking extensive measures.

With the new Eurowings umbrella brand, the Lufthansa Group intends to tap into additional markets in the price-sensitive point-to-point leisure travel sector and safeguard its leading position, especially in its home markets of Germany, Austria, Switzerland and Belgium. From late 2015, Eurowings, Germanwings and other carriers are planning to jointly provide low-cost, quality flight offers on short and long-haul routes and by that attract new customers. Significantly improved cost structures form the basis for the business model.

By contrast, the network airlines in the Lufthansa Group are concentrating on developing their quality leadership. This also includes realigning the distribution strategy to increase the company's profitability.

The airlines will therefore offer their services on a more flexible and modular basis in the future in the form of "branded fares" with individualised prices and extra services. The Group-wide introduction of the new pricing concepts on European routes, with the new fare options Light, Classic and Flex in Economy Class, enables passengers to select exactly the services they desire. This pricing concept was already introduced at SWISS at the end of June 2015. Lufthansa Passenger Airlines and Austrian Airlines will offer these options from early October 2015.

Clear pricing distinctions will also apply depending on the booking channel. At present, the costs for using global distribution systems (GDS) are significantly higher than for other booking methods, such as the airlines' own online portals. From 1 September 2015, the Lufthansa Group airlines will therefore include a surcharge of EUR 16.00, the "distribution cost charge" (DCC), for every ticket issued using a GDS. Flight tickets will still be sold without DCC via all direct booking channels.

New and innovative extra services and enhanced price options require suitable sales technology. These cannot be delivered with the existing technical standards of the GDS sales systems. Development of a new booking channel has been launched that will connect sales partnerships to the new IATA data standard NDC (New Distribution Capability). An initial NDC pilot project is already in a test phase at SWISS.

The airlines in the Lufthansa Group have again won a number of World Airline Awards this year. The awards are based on the results of the largest customer survey in the global airline industry, which is carried out every year by the Skytrax institute. Both Lufthansa Passenger Airlines and Austrian Airlines were awarded for their in-flight and ground services.

Course of business and operating performance In the first half of 2015, the airlines in the group profited from the lower oil price compared with last year and were all able to improve their results. Lufthansa Passenger Airlines and SWISS reported significant improvements in Adjusted EBIT of EUR 181m and EUR 90m respectively. Austrian Airlines reported a loss for the reporting period, although the result improved by EUR 27m on the previous year.

The airlines in the Passenger Airline Group increased the number of passengers to 50.9 million in the first half of 2015 (+2.1 per cent compared with the last year). Although the number of flights declined slightly (–0.1 per cent), available seat-kilometres went up by 3.3 per cent, mostly due to the deployment of larger aircraft. Revenue seat kilometres were up 3.6 per cent on last year. The passenger load factor increased to 78.3 per cent (+0.3 percentage points).

Yields rose by 2.4 per cent, primarily due to exchange rate movements. Traffic revenue was up by 6.1 per cent.

Sales, traffic revenue and yields increased year on year in all traffic regions. Sales in the Europe traffic region were 0.9 per cent higher than last year. Yields went up by 0.2 per cent. Traffic revenue rose by 1.1 per cent as a result. Sales in the Americas region increased by 5.7 per cent. In combination with higher yields (+8.4 per cent), mostly due to exchange rate movements, this lifted traffic revenue by 14.6 per cent. In the Asia/Pacific region, sales climbed year on year by 5.5 per cent. Traffic revenue went up by 8.4 per cent and yields by 2.7 per cent due to exchange rate movements. In the Middle East/Africa region, sales increased by 0.4 per cent. Traffic revenue went up by 1.5 per cent due to a 1.1 per cent increase in yields, which in turn was primarily attributable to exchange rate movements.

Revenue and earnings development Based on a 3.3 per cent improvement in traffic (measured in available passenger-kilometres), the business segment saw an increase of 3.6 per cent in sales in the first half of the financial year. Exchange rate movements were positive (+7.2 per cent) and pricing was lower (–4.7 per cent), taking traffic revenue up overall by 6.1 per cent to EUR 10.7bn.

Trends in traffic regions*
Passenger Airline Group

	Net traffic revenue in €m external revenue		Number of passengers in thousands		Available seat-kilometres in millions		Revenue seat-kilometres in millions		Passenger load factor in %	
	Jan. – June 2015	Change in %	**Jan. – June 2015**	Change in %	**Jan. – June 2015**	Change in %	**Jan. – June 2015**	Change in %	**Jan. – June 2015**	Change in pts
Europe	4,835	1.1	40,642	1.5	44,016	–0.6	32,638	0.9	74.1	1.1
America	3,224	14.6	4,918	5.2	45,017	6.0	37,088	5.7	82.4	–0.3
Asia / Pacific	1,883	8.4	3,157	5.4	31,382	5.4	25,182	5.5	80.2	0.1
Middle East / Africa	792	1.5	2,202	1.3	12,155	2.9	8,940	0.4	73.6	–1.8
Total	**10,734**	**6.1**	**50,919**	**2.1**	**132,572**	**3.3**	**103,850**	**3.6**	**78.3**	**0.3**

* Including Germanwings.

Other operating income went up by EUR 276m to EUR 762m. The increase was due almost exclusively to higher exchange rate gains (EUR +268m), whereas write-ups on non-current assets fell by EUR 15m. Income from write-backs on provisions was up by EUR 19m. Total operating income rose by 8.4 per cent to EUR 12.4bn.

Operating expenses rose year on year by 5.7 per cent to EUR 12.1bn. The cost of materials and services rose by 3.1 per cent to EUR 7.5bn. Fuel costs sank by 8.3 per cent, mainly due to lower prices, whereas fees and charges went up by 9.1 per cent overall. These include higher air traffic control charges (+10.8 per cent), take-off and landing charges (+12.7 per cent), handling charges (+8.0 per cent) and security fees (+18.5 per cent). The main reason for the increase in other purchased services (+15.4 per cent) was higher expenses for external MRO services (+18.5 per cent).

Staff costs went up by 6.9 per cent to EUR 2.3bn as a result of exchange rate movements and higher additions to pension provisions, despite a 1.1 per cent decline in the average number of employees.

Depreciation and amortisation was up by 12.8 per cent to EUR 634m, primarily due to the new aircraft delivered since July 2014.

Other operating expenses rose by EUR 208m to EUR 1.7bn. The increase is due almost solely to higher exchange rate losses (EUR +217m), offset in part by lower expenses for advertising and sales promotion (EUR –14m).

The result from equity investments of EUR –4m (previous year: EUR –8m) came largely from SunExpress and SN Airholding.

Altogether this resulted in EBIT of EUR 277m (previous year: EUR –34m). Adjusting for the effects of the measurement of pension provisions, the valuation and disposal of non-current assets and recognised impairments this produced an Adjusted EBIT of EUR 249m (previous year: EUR –59m).

Segment capital expenditure of EUR 1.3bn was 8.6 per cent higher than last year and was mainly incurred for new aircraft. As part of the ongoing fleet modernisation, the Passenger Airline Group took delivery of seventeen new aircraft in the first half-year. Detailed explanations can be found starting on p. 35.

Lufthansa Passage

Lufthansa Passenger Airlines (including Germanwings) is the biggest organisational unit in the Lufthansa Group by revenue. The two hubs in Frankfurt and Munich are served by the Lufthansa brand. Point-to-point traffic in Germany and Europe is operated at six stations under the Germanwings brand. In the reporting period, Lufthansa Passenger Airlines (including Germanwings) offered flights to 258 destinations in 80 countries. Lufthansa Flight Training and Miles & More are also consolidated in Lufthansa Passenger Airlines.

Lufthansa Passenger Airlines strives for quality leadership in its markets. Its aim is to become the first western five-star airline. In addition to the refit of the long-haul fleet with the new First and Business Class, which should be completed this summer, all Lufthansa Passenger Airlines wide-bodied aircraft will be fitted with the new Premium Economy Class by autumn 2015.

In addition to its existing business, Lufthansa Passenger Airlines is also developing its position in the growing private travel segment. New long-haul tourist destinations are being added to the flights on offer from Frankfurt. From November 2015, the new Eurowings group will also be flying to the first of a total of six long-haul destinations in its winter flight timetable 2015/2016.

Two more A380s went into service at Lufthansa Passenger Airlines in the first half-year. Four B747-8s, two A321s and five A320s were also delivered. They complete the expansion of the A380 and the B747-8 fleet. However, Lufthansa Passenger Airlines has also ordered 25 Airbus A350-900s and 34 B777Xs to modernise its long-haul fleet. These aircraft will be stationed at the hubs in Frankfurt and Munich in future. They are part of the ongoing investment in a quieter and more fuel-efficient fleet.

The activities launched in prior years as part of the SCORE programme, which aims to increase income and improve cost structures, are being actively pursued in “7to1 – Our Way Forward”. Projects from this programme with sustainable measures that have an impact on earnings of EUR 183m were implemented in the first six months of the financial year. Particularly important projects include the introduction of Premium Economy Class, withdrawal from the 70-seater segment and the restructuring of the network system in Munich.

In view of the tough competition for direct traffic outside of the hubs, it is vital to reduce handling expenses to a competitive level. In-house handling by Lufthansa Passenger Airlines and Germanwings at the decentralised stations in Germany will now continue until 2021 on the basis of an agreement between the co-determination body and the management board. Structural measures are to be implemented in station operations in order to improve the profitability of these eight handling operations and cut unit costs until they are finally closed. Already in August, negotiations with the co-determination body for the balancing of interests and severance packages shall be started to define these for all stations by mid-December 2015. The common aim is to carry out the redundancies in a socially responsible way, with the consent of those concerned.

Strikes by the Vereinigung Cockpit pilots' union caused losses of EUR 100m in the first half-year.

Lufthansa Passenger Airlines is still under increasing market pressure from low-cost carriers and Gulf airlines, but was nonetheless able to report a positive improvement in traffic figures for the first half-year. Passenger numbers were up year on year by 3.7 per cent, available seat-kilometres by 3.9 per cent and revenue seat-kilometres by 5.0 per cent. The passenger load factor rose to 78.1 per cent. In combination with higher yields (+1.3 per cent), this produced higher traffic revenue (+6.3 per cent).

In the first half of 2015, Lufthansa Passenger Airlines generated EUR 8.5bn in revenue, an increase of 6.7 per cent compared with last year, largely due to exchange rate movements. Total income developed positively at the same time, climbing by 8.2 per cent. Revenue profited from growth in passenger numbers and a continuously strong US dollar.

Operating expenses were up 6.1 per cent on last year. The main drivers of this performance were higher costs due to the strength of the US dollar, but also investment in new cabin layouts. Fuel costs sank by 8.0 per cent, however, since the lower price more than made up for the stronger dollar and higher volumes.

Currency controls in Venezuela, which severely restrict the transfer of hard currency from ticket sales, again depressed earnings, as they did last year. Holdings were written off almost entirely in the first quarter, reducing the result for the half-year by EUR 55m. Existing capacity and sales measures will be maintained to keep foreign currency reserves in Venezuela as low as possible.

EBIT for the first six months came to EUR 89m, which was an improvement of EUR 162m over last year. Adjusted EBIT rose by EUR 181m to EUR 94m.

SWISS

SWISS[1]

		Jan.–June 2015	Jan.–June 2014	Change in %
Revenue	€m	2,204	2,040	8.0
EBIT	€m	211	88	139.8
Adjusted EBIT	€m	178	88	102.3
EBITDA	€m	341	203	68.0
Employees as of 30.6.	number	8,806	8,709	1.1
Passengers	thousands	8,266	8,192	0.9
Flights	number	80,367	80,522	−0.2
Available seat-kilometres[2]	millions	23,504	22,977	2.3
Revenue seat-kilometres	millions	19,008	18,718	1.6
Passenger load factor	%	80.9	81.5	−0.6 pts

[1] Including Edelweiss Air.
Further information on SWISS can be found at www.swiss.com.
[2] Previous year's figures have been adjusted.

SWISS is the national airline in Switzerland and, with its sister company Edelweiss Air, serves a route network of 137 destinations worldwide in 53 countries from Zurich and Geneva. The airlines stand for traditional Swiss values and are committed to outstanding product and service quality.

The decision taken by the Swiss central bank in January 2015 to abandon the minimum exchange rate against the euro had an adverse effect on income at SWISS in Swiss Francs in the first six months of the year. Yield erosion due to currency volatility and intense competition particularly depressed income in the Swiss home market and in European traffic. In contrast, fuel costs sank due to the lower oil price during the first half-year.

SWISS is continuing to drive the SCORE programme forward successfully as part of the strategic agenda "7to1 – Our Way Forward". A total of some 360 different activities have been initiated since 2012 and 167 of them have been implemented and completed to date. The most important steps among them include improving fuel efficiency and adapting the company's market presence in Geneva.

SWISS has taken various measures as part of its "Next Generation Airline of Switzerland" strategy. These include the introduction of the new SWISS business model HUB+ at Zurich airport, which adds a point-to-point system to the traditional hub set-up. The route portfolio from Zurich has been expanded with 25 new routes in association with Edelweiss Air and SWISS has added twelve new destinations from Geneva. SWISS ceased flight operations in Basel at the end of May in response to customer requirements and severe changes in the market environment.

SWISS is the launch customer for the Bombardier C Series, and in June 2015 the airline presented details of its future aircraft type for short and medium-haul routes. The attractive cabin layout and innovative seats were presented when a test plane paid a brief visit to Zurich. SWISS is expecting to take delivery of the first aircraft in mid-2016. It has ordered a total of 30 C Series aircraft, including ten C Series 100s and ten of the larger C 300s. A decision is to be taken at a later date on what type the remaining ten aircraft will be.

Together with the pilots' unions IPG and AEROPERS and with cabin staff union kapers, SWISS has signed new collective agreements that provide long-term job security and form a competitive basis for future growth. The members of IPG and AEROPERS voted in favour of the new collective agreement in April 2015. A large majority of cabin staff also approved a new collective agreement in April 2015.

In the first six months of the year, 8.3 million passengers flew with SWISS. Available seat-kilometres were up year on year by 2.3 per cent and revenue seat-kilometres rose by 1.6 per cent. The passenger load factor went down by 0.6 percentage points.

Revenue at SWISS climbed to EUR 2.2bn (+8.0 per cent) in the first half-year, largely due to exchange rates. EBIT went up significantly by EUR 88m to EUR 211m, this essentially as a result of lower fuelcosts. Adjusted EBIT came to EUR 178m (previous year: EUR 88m). The difference between EBIT and Adjusted EBIT at SWISS resulted from changes to the pension fund plans as part of the newly agreed collective agreements for cockpit and cabin crews and as a result of lower expenses.

Austrian Airlines

Austrian Airlines[1]

		Jan. – June 2015	Jan. – June 2014	Change in %
Revenue	€m	952	962	−1.0
EBIT	€m	−17	−41	58.5
Adjusted EBIT	€m	−17	−44	61.4
EBITDA	€m	36	10	260.0
Employees as of 30.6.	number	6,019	6,300	−4.5
Passengers	thousands	4,976	5,367	−7.3
Flights	number	61,456	63,098	−2.6
Available seat-kilometres	millions	11,015	11,009	0.1
Revenue seat-kilometres[2]	millions	8,260	8,532	−3.2
Passenger load factor	%	75.0	77.5	−2.5 pts

[1] Further information on Austrian Airlines can be found at www.austrian.com.
[2] Previous year's figures have been adjusted.

Austrian Airlines is Austria's largest airline, operating a global route network to some 119 destinations in 51 countries with an existing fleet of 79 aircraft. The attractive geographic position of its home base in Vienna, situated in the heart of Europe, makes it an ideal hub between East and West.

Flight operations for the Austrian Airlines Group were pooled at Austrian Airlines when Tyrolean Airways Tiroler Luftfahrt GmbH was merged with Austrian Airlines AG on 1 April 2015.

Austrian Airlines is addressing the difficult competitive situation at its Vienna hub with ongoing capacity management and a new fare structure for European traffic. The new structure will offer passengers greater flexibility in the choice of additional services.

Mr Kay Kratky is to become Chairman of the Executive Board and CEO as of 1 August, replacing Mr Jaan Albrecht, who left Austrian Airlines on 1 June 2015.

In March 2015, Tyrolean Airways Luftfahrzeuge Technik GmbH, based in Innsbruck, was spun out of Tyrolean Airways Tiroler Luftfahrt GmbH as a separate company with 120 technicians. The company specialises in the maintenance of Bombardier Dash 8-aircraft. It has been a wholly-owned subsidiary of Austrian Airlines since 1 April 2015.

In the first six months of the year, 5 million passengers flew with Austrian Airlines (–7.3 per cent). Capacity remained almost on last years' level (+0.1 per cent). The crises in the Middle East, Russia and Ukraine as well as increasingly revenue-optimising management caused demand to fall, however, taking sales down by 3.2 per cent. The load factor of the flights came to 75.0 per cent (–2.5 percentage points) in the first half-year. Significantly higher revenue quality offset the decline in passenger numbers.

At EUR 952m, Austrian Airlines' revenue between January and the end of June 2015 was down 1.0 per cent on last year. Adjusted EBIT for the first half-year came to EUR –17m (EUR +27m). EBIT for the first half-year also came to EUR –17m, an improvement of EUR 24m on last year. Total income rose by 1.8 per cent to EUR 1.0bn. Expenses were EUR 6.0m lower than last year, at EUR 1.0bn. Lower fuel costs were offset by higher MRO expenses and additional costs due to the stronger US dollar.

Logistics business segment

Key figures Logistics

		Jan. – June 2015	Jan. – June 2014	Change in %	**April – June 2015**	April – June 2014	Change in %
Revenue	€m	1,207	1,161	4.0	593	578	2.6
of which with companies of the Lufthansa Group	€m	13	13	0.0	6	6	0.0
EBIT	€m	–16	45	–	–68	20	–
Adjusted EBIT	€m	50	43	16.3	–2	18	–
EBITDA*	€m	88	75	17.3	18	36	–50.0
Segment capital expenditure	€m	96	151	–36.4	30	79	–62.0
Employees as of 30.6.	number	4,660	4,636	0.5	4,660	4,636	0.5
Freight and mail	thousand tonnes	811	807	0.5	412	405	1.8
Available cargo tonne-kilometres	millions	6,127	5,936	3.2	3,241	3,072	5.5
Revenue cargo tonne-kilometres	millions	4,144	4,162	–0.4	2,129	2,100	1.4
Cargo load factor	%	67.6	70.1	–2.5 pts	65.7	68.3	–2.6 pts

* Before profit/loss transfer from other companies.

Business and strategy Lufthansa Cargo AG is the logistics specialist within the Lufthansa Group. In addition to Lufthansa Cargo, the Logistics segment includes the airfreight container specialist Jettainer Group and the equity investment in the cargo airline AeroLogic GmbH. Lufthansa Cargo also has equity investments in various handling companies. Lufthansa Cargo markets capacities on its own freighters and chartered cargo aircraft along with belly capacities on passenger planes operated by Lufthansa Passenger Airlines and Austrian Airlines.

Markets and competition The slight upturn towards the end of 2014 initially continued in the first half of 2015. Demand on global airfreight markets picked up in the first quarter of 2015, but lost momentum in the second quarter. Competition on global airfreight markets remains intense. Airlines from the Middle East and Turkey especially are increasing their freight capacities, particularly due to their many new passenger aircraft. Faced with these market conditions, Lufthansa Cargo focuses on the utmost quality and flexible capacity management. Some airlines altered their pricing models at the beginning of the year, taking the first step towards all-in rates that no longer show the fuel surcharge separately. Lufthansa Cargo is observing this trend, analysing developments in pricing structures and evaluating them carefully.

Course of business and operating performance Lufthansa Cargo continued to press ahead with its “Lufthansa Cargo 2020” programme in the first half-year. The fifth Boeing 777F joined the fleet in February. The “Triple Seven” freighter stands out for its low fuel consumption, great range and top dependability. The company has now successfully integrated all five of its B777F aircraft into the fleet.

In April 2015, a decision was taken to postpone the construction of the LCCneo logistics centre by at least two years. Steps are now being reviewed as a result to improve the efficiency of the existing freight centre.

The roll-out of a new IT system for freight handling continues, with the main hubs in Frankfurt, Vienna and Munich making the switch successfully in the second quarter. A total of 120 stations worldwide have already introduced the new software, which enables much more efficient freight handling.

Lufthansa Cargo has added Ashgabat, the capital of Turkmenistan, to its freighter network at the start of the summer flight timetable, which enters into effect at the end of March. Weekly services have also been on offer to Natal in Brazil since the beginning of June. Japan, Korea and China are also to feature more prominently in the cargo airline’s global route network. An additional weekly cargo flight is to take place from Narita International Airport in Tokyo as well as to Chongqing and Seoul’s Incheon Airport. An extra connection to and from Beijing is also planned. Lufthansa Cargo thus provides its customers with a high-frequency range of flights which includes connections to more than 300 destinations in some 100 countries. Since December 2014, it has been assisted by the new partnership with All Nippon Airways (ANA) from Japan. Capacities on the partnership routes are marketed jointly by both partners, which enables them to present customers with more attractive and more flexible offers. This partnership has already proved its worth after just a few months.

Lufthansa Cargo is pursuing the SCORE programme with undiminished vigour in 2015 as part of the strategic agenda “7to1 – Our Way Forward”. Last year, the focus was more on cost-cutting measures, whereas in 2015, the main emphasis is on activities to boost revenue. Greater attention is to be paid in part to growth and optimising the management and further development of the range of products available to customers. Using the B777F freighters will still cut costs significantly.

At Lufthansa Cargo, there was virtually no change in sales and cargo tonnage in the first half of 2015 compared with the same period last year. Cargo tonnage rose slightly by 0.5 per cent. Available tonne-kilometres were increased by 3.2 per cent, of which +6.8 per cent in belly capacities of passenger aircraft and –0.3 per cent in freighters. Cargo tonne-kilometres fell by 0.4 per cent, so the cargo load factor declined year on year by 2.5 percentage points.

Freight volumes in the Americas traffic region went up year on year by 3.9 per cent. The available tonne-kilometres rose by 4.2 per cent. Tonne-kilometres transported were up 1.9 per cent. The load factor fell by 1.5 percentage points as a result. Growth on North Atlantic routes was mainly generated by increasing freighter capacities. Strong growth in freight capacities of passenger aircraft on South Atlantic routes was offset by a reduction in freighter capacities. Freight volumes in the Asia/Pacific region were down year on year (–1.3 per cent). Capacity was increased by 2.3 per cent but cargo tonne-kilometres fell by 3.2 per cent, trimming the cargo load factor by 4.2 percentage points. In Middle East/Africa, cargo tonne-kilometres were up by 4.7 per cent on the same period last year. Seasonal business from North Africa was the main driver and various extra flights were operated to meet demand. Capacity was expanded by 3.7 per cent, whereas cargo tonne-kilometres only grew by 2.9 percentage points. The load factor fell slightly by 0.4 percentage points as a result. Freight volumes within Europe fell by 2.2 per cent. Available tonne-kilometres rose by 1.0 per cent but cargo tonne-kilometres fell by 2.5 per cent, causing the load factor in this traffic region to drop by 1.8 percentage points compared with the same period last year.

Revenue and earnings development Higher traffic revenue thanks to exchange rate movements meant that Lufthansa Cargo's revenue for the first half of 2015 climbed by 4.0 per cent compared with last year to EUR 1.2bn. Other revenue went up to EUR 33m (+32.0 per cent) thanks to higher handling income. Other operating income was down by 63.4 per cent year on year to EUR 15m, largely as a result of lower exchange rate gains. Total operating income rose to EUR 1.2bn (+1.7 per cent).

Operating expenses climbed year on year by 7.4 per cent to EUR 1.3bn, also partly due to exchange rates. The cost of materials and services fell by 4.6 per cent to EUR 789m. Within this item, the cost of fuel fell to EUR 166m (–25.6 per cent), mainly as a result of lower prices. MRO expenses declined by 7.8 per cent to EUR 59m, mainly due to fewer maintenance inspections. Charter expenses rose slightly by 0.3 per cent to EUR 338m and fees and charges by 12.9 per cent to EUR 149m.

Staff costs rose year on year by 7.7 per cent to EUR 210m. The increase stems mainly from the effects of currency and wage settlements as well as higher service costs for pension oblligations. The companies in the Logistics segment had an average of 4,665 employees in the reporting period (+0.5 per cent). Depreciation and amortisation was up by EUR 74m to EUR 104m, largely because of impairment losses of EUR 65m on capitalised project costs in connection with the postponement of the planned new cargo terminal (LCCneo), as well as depreciation on the newly received B777F aircraft.

Other operating expenses rose to EUR 147m (+31.3 per cent), mainly due to higher exchange rate losses.

The result from equity investments was up by EUR 5m to EUR 12m, largely thanks to positive earnings contributions from subsidiaries accounted for using the equity method.

Impairment losses cut EBIT for the Logistics segment to EUR –16m in the first half of 2015 (previous year: EUR 45m). Adjusted EBIT came to EUR 50m (previous year: EUR 43m).

Capital expenditure sank by 36.4 per cent to EUR 96m in the reporting period (previous year: EUR 151m), primarily due to lower down payments and final payments in connection with the purchase of B777F aircraft.

Trends in traffic regions
Lufthansa Cargo

	Net traffic revenue in €m external revenue		Freight/mail in thousand tonnes		Available cargo tonne-kilometres in millions		Revenue cargo tonne-kilometres in millions		Cargo load factor in %	
	Jan. – June 2015	Change in %	**Jan. – June 2015**	Change in %	**Jan. – June 2015**	Change in %	**Jan. – June 2015**	Change in %	**Jan. – June 2015**	Change in pts
Europe	100	–1.0	263	–2.2	332	1.0	161	–2.5	48.6	–1.8
America	503	9.6	258	3.9	2,794	4.2	1,877	1.9	67.2	–1.5
Asia/Pacific	456	–1.7	222	–1.3	2,414	2.3	1,786	–3.2	74.0	–4.2
Middle East/ Africa	107	7.0	68	4.7	587	3.7	320	2.9	54.6	–0.4
Total	**1,166**	**3.7**	**811**	**0.5**	**6,127**	**3.2**	**4,144**	**–0.4**	**67.6**	**–2.5**

MRO business segment

Key figures MRO

		Jan. – June 2015	Jan. – June 2014	Change in %	**April – June 2015**	April – June 2014	Change in %
Revenue	€m	2,556	2,088	22.4	1,307	1,035	26.3
of which with companies of the Lufthansa Group	€m	963	780	23.5	482	361	33.5
EBIT	€m	268	239	12.1	162	133	21.8
Adjusted EBIT	€m	268	227	18.1	162	124	30.6
EBITDA*	€m	318	284	12.0	187	156	19.9
Segment capital expenditure	€m	42	64	–34.4	23	21	9.5
Employees as of 30.6.	number	20,036	19,936	0.5	20,036	19,936	0.5

* Before profit/loss transfer from other companies.

Business and strategy Lufthansa Technik is the world's leading independent provider of maintenance, repair and overhaul services (MRO) for civilian commercial aircraft. The Lufthansa Technik group includes 31 technical maintenance operations around the world with a total of around 20,000 employees. The company also holds direct and indirect stakes in 53 companies.

The primary strategic goal of Lufthansa Technik still is to achieve profitable growth by expanding its international presence and developing innovative new products and technologies. This is the background to the decision by Lufthansa Technik and GE Aviation to build a cutting-edge MRO plant together for aviation engines of the GEnx-2B and GE9X types. According to the agreement, the new joint venture is to start operations in 2018. Airbus Corporate Jets (ACJ) and Lufthansa Technik intend to expand their successful cooperation in the field of prefabricated cabin completions.

Markets and competition Ten airlines with a total of 39 aircraft ceased operations in the reporting period, while 15 start-ups with 33 aircraft commenced operations. The finances of many airlines remain tense and MRO capacities continue to grow, which means that pricing pressure in the MRO business is still high. Lufthansa Technik's main competitors are aircraft, engine and component OEMs (original equipment manufacturers), the MRO divisions of other airlines as well as independent providers. There is an unbroken trend towards consolidation among the customer base.

Course of business and operating performance In the first half of 2015, Lufthansa Technik won ten new customers and signed 132 contracts with a volume of EUR 1.2bn for 2015 and the following years. The number of aircraft serviced under exclusive contracts went up slightly to 3,534 in the reporting period.

Lufthansa Technik is to become the technical servicing partner for the TUI Airlines fleet. The holiday airlines belonging to TUI, the world's biggest travel company, operate a fleet of around 140 long and medium-haul aircraft, most of them Boeings.

Avianca Holdings Group and Lufthansa Technik have signed several MRO contracts. This makes Lufthansa Technik the biggest provider of component maintenance services to the South American airline group. A long-term component support agreement for the Airbus A350 was signed with Finnair, the first European airline to put the new aircraft type into service. Lufthansa Technik also signed an extensive long-term contract with the US low-cost airline Frontier Airlines for component support for its A320 fleet.

In conjuction with the SCORE programme as part of the "7to1 – Our Way Forward" programme, Lufthansa Technik remains committed to developing systematic measures for ensuring the future viability of the company and a sustainable increase in earnings. The company is also looking at developing additional measures to boost growth, productivity and efficiency for subsequent years.

Revenue and earnings development Revenue was up 22.4 per cent year on year in the first half of 2015 at EUR 2.6bn. Revenue with Group companies improved by 23.5 per cent to EUR 963m, while external revenue increased to EUR 1.6bn (21.8 per cent). At EUR 146m, the other operating income was up 2.8 per cent compared with last year.

Operating expenses came to EUR 2.4bn and were higher than the previous year (+22.2 per cent) by a similar margin to revenue. The cost of materials and services rose by a steep 25.2 per cent to EUR 1.3bn, and staff costs were also higher than last year (+5.2 per cent).

Lufthansa Technik generated EBIT of EUR 268m in the reporting period, which is higher than last year (EUR 239m). Adjusted EBIT was also EUR 268m in the first half-year, which was also higher than in the same period last year (EUR 227m).

Segment capital expenditure stood at EUR 42m (EUR –22m).

Catering business segment

Key figures Catering

		Jan. – June 2015	Jan. – June 2014	Change in %	**April – June 2015**	April – June 2014	Change in %
Revenue	€m	1,448	1,237	17.1	776	656	18.3
of which with companies of the Lufthansa Group	€m	309	294	5.1	171	158	8.2
EBIT	€m	16	9	77.8	17	15	13.3
Adjusted EBIT	€m	26	9	188.9	29	15	93.3
EBITDA*	€m	60	40	50.0	45	31	45.2
Segment capital expenditure	€m	38	48	–20.8	23	28	–17.9
Employees as of 30.6.	number	33,614	32,531	3.3	33,614	32,531	3.3

* Before profit/loss transfer from other companies.

Business and strategy The LSG Sky Chefs group consists of 157 companies and is represented at 210 airports in 50 countries. In addition to its position as global market leader in airline catering, the company is successively expanding its portfolio of supplementary products and services for airlines. This includes devising consumer-oriented in-flight sales programmes, developing functional in-flight service equipment and the related logistics, and also the operation of airport lounges. Beyond the airline customer segment, the LSG Sky Chefs group is also increasingly supplying rail operators and retail chains with innovative food and service concepts in its catering business.

Markets and competition Intense price competition and increasing consolidation continue to define the competitive environment for the LSG Sky Chefs group. The structure of airline demand is also changing, as they increasingly switch their in-flight service to in-flight sales programmes and run modular tenders for products and services. The LSG Sky Chefs group is responding to these new market demands by enriching its portfolio with capabilities in consumer research and retail management.

Course of business and operating performance Continued growth in passenger numbers and exchange rate movements caused revenue to go up in almost all of the LSG Sky Chefs group's regions, sometimes significantly. LSG Sky Chefs opened a new plant in Tampa, Florida in June to meet rising demand in this market. Construction work started on a new production facility in Santiago de Chile. Key customer contracts were signed and renewed. They include supplying Delta at its important hub in Detroit for another five years and developing the business with Azul as part of its international expansion. Qantas chose the subsidiary SPIRIANT as an equipment partner for its new Economy Class concept. In the retail sector, the company was able to win a substantial contract with Starbucks in Chile. The programmes launched under SCORE are being consistently pursued as part of the strategic agenda "7to1 – Our Way Forward".

At the industry-leading "World Travel Catering & Onboard Services Expo", the LSG Sky Chefs group presented a portfolio of integrated products and services that are tailored to passengers' individual lifestyles and needs. The LSG Sky Chefs group's focus on the quality and sustainability of its services was again rewarded by a number of prizes. Among the most prestigious awards are three QSAI medals (Quality and Safety Alliance In-flight Catering Program) and the honour as the QSAI's choice of Munich as the world's best catering facility. SPIRIANT received the coveted "Good Design Award" and "Red Dot Award" for the design of its tableware for the Lufthansa Premium Economy Class.

Revenue and earnings development Revenue for the Catering segment developed positively in the first half-year. It rose year on year by 17.1 per cent to EUR 1.4bn, largely due to exchange rate movements. Changes in the group of consolidated companies contributed EUR 8m to the revenue growth. External revenue increased to EUR 1.1bn (+20.8 per cent). Internal revenue went up by 5.1 per cent to EUR 309m. Other income rose by EUR 7m on the year to EUR 33m. These developments are primarily attributable to higher exchange rate gains. Total operating income improved by EUR 218m to EUR 1.5bn. Total operating expenses of EUR 1.5bn were 17.1 per cent higher than last year. The cost of materials and services increased by 15.3 per cent to EUR 625m as a result of higher sales volumes and exchange rate movements. Staff costs increased by 18.2 per cent to EUR 546m, also as a result of exchange rates and sales volumes. Depreciation and amortisation was up by EUR 13m on the previous year, at EUR 44m. Other operating expenses rose year on year to EUR 250m (+15.2 per cent), due mainly to the sales volumes and exchange rate movements. The result from equity investments of EUR –0.4m was higher than last year (previous year: EUR –2m). LSG Sky Chefs increased EBIT by EUR 7m to EUR 16m in the first half of the year. Adjusted EBIT came to EUR 26m (previous year: EUR 9m), which was much higher than EBIT due to an impairment charge. Segment capital expenditure was EUR 10m down on the previous year at EUR 38m.

Other

Other

		Jan. – June 2015	Jan. – June 2014	Change in %	April – June 2015	April – June 2014	Change in %
Revenue	€m	262	317	–17.4	110	159	–30.8
of which with companies of the Lufthansa Group	€m	128	189	–32.3	44	94	–53.2
EBIT	€m	–100	–33	–203.0	–19	–13	–46.2
Adjusted EBIT	€m	–140	–33	–324.2	–47	–13	–261.5
EBITDA*	€m	–80	–6	–1,233.3	–10	–11	9.1
Segment capital expenditure	€m	8	12	–33.3	3	5	–40.0
Employees as of 30.6.	number	5,749	6,131	–6.2	5,749	6,131	–6.2

* Before profit/loss transfer from other companies.

The segment Other comprises the Service and Financial Companies of the Lufthansa Group. They include AirPlus, the companies from the former IT Services segment that are still in the Lufthansa Group, other individual companies and the Group functions.

Companies' performance AirPlus is one of the leading worldwide providers of solutions for paying for and analysing business travel. In June of this year, the AirPlus corporate credit cards were again voted overall winner in the corporate cards review run by the specialist portal kreditkarten.net.

The first half of 2015 saw strong growth in international business travel. AirPlus customers spent 9.6 per cent more on business travel in the first six months than in the same period a year ago. For the "flight" category alone, company spending went up by 6.8 per cent, with companies booking 3.2 per cent more business flights.

Earnings also performed well. The 45.0 per cent year-on-year increase in EBIT to EUR 29m is partly due to higher billing volumes, but also to positive exchange rate effects. Adjusted EBIT also came to EUR 29m (+45.0 per cent).

The successor companies of what was the IT Services business segment now operate within various different segments.

The former Airline Solutions segment continues to use the Lufthansa Systems brand. Demand for digitalisation, mobility and big data applications continues to increase and will have a fundamental impact on the role of IT within airlines. Lufthansa Systems identified these trends early and has integrated them into its established products, aiming to stimulate growth in the airline IT market with more innovative solutions. Its customer base includes more than 300 airline customers.

Lufthansa Industry Solutions is an IT service provider for process consulting and systems integration. The separate market for IT services is performing well thanks to the pressure on companies to complete the process of digital transformation quickly. Lufthansa Industry Solutions profits from this market momentum and is among the 25 leading IT advisory companies in Germany. Its customer base comprises some 150 businesses, ranging from SMEs to DAX 30 companies.

Including all of their equity investments, the successor companies of what was Lufthansa Systems generated EBIT of EUR 61m in the reporting period, which is EUR 46m higher than last year. This significant increase in EBIT is largely attributable to a purchase price adjustment connected to the sale of the Infrastructure segment of what was Lufthansa Systems AG to the IBM Group. Adjusted EBIT came to EUR 19m (previous year: EUR 15m).

Total operating income for the Group functions was up by 117.5 per cent year on year at EUR 696m. Operating expenses climbed to EUR 905m (+119.7 per cent). EBIT came to EUR –209m (previous year: EUR –92m) and Adjusted EBIT to EUR –208m (previous year: EUR –92m). The lower earnings stem mainly from higher exchange rate losses compared with last year.

Revenue and earnings development The reporting period was again defined by exchange rate losses, which are allocated to this segment. Total income rose to EUR 1.4bn (previous year: EUR 917m) and operating expenses to EUR 1.5bn (previous year: EUR 966m). The increase in both income and expenses is due to much higher exchange rate gains and losses. EBIT came to EUR –100m (previous year: EUR –33m) and Adjusted EBIT to EUR –140m (previous year: EUR –33m).

Risk and opportunities report

The Lufthansa Group is exposed to macroeconomic, sector-specific and entrepreneurial risks and opportunities. Continuously updated management systems identify risks and opportunities early and manage them. For further information on the risk and opportunity management system and the Lufthansa Group's risk and opportunity situation, please see the "Annual Report 2014" starting on p. 100.

In the first six months of 2015, the risks and opportunities for the Group described there have materialised or developed as follows.

The probability that Greece will exit the euro zone is still on the table. The effects of this on other EU member states and on the economic recovery of the euro zone as a whole is still considered to be low. There is a possibility that the bond market will be more volatile as a result.

China's government has responded to the fall in Chinese share prices in June with a number of measures. Further falls could quickly impact the real economy and neutralise the steps taken to stimulate the Chinese economy. A significant economic slowdown in China could have a knock-on effect on the entire global economy.

The measurement of pension provisions is still highly volatile. Increasing the discount rate used for the measurement of pension obligations reduced the amount of provisions compared with the first quarter of 2015. Long-term reductions also depend on new benefit models, which are the subject of ongoing collective bargaining.

Investigations by the public authorities into the accident involving the Germanwings plane on 24 March 2015 are still underway at least in Germany, France and Spain. From a current perspective, there is sufficient insurance in place to cover the civil-law claims of surviving dependants. Initial steps to further improve flight safety have already been taken and others are being discussed.

For Lufthansa Passenger Airlines and Lufthansa Cargo, the risk of strikes in Germany remains high. In early July 2015, the Vereinigung Cockpit pilots' union abandoned arbitration and announced new strikes. After arbitration on retirement and transitional benefits for the remaining occupational groups came to an end without a settlement, talks and negotiations are again taking place for cabin staff and collective bargaining for ground staff.

In addition to the damage it does to the Lufthansa Group's reputation as a dependable service provider, industrial action also entails the risk of considerable revenue losses and additional strike-related costs.

Taking all known circumstances into account, no risks have currently been identified which either singly or as a whole could jeopardise the continued existence of the Lufthansa Group.

Supplementary report

Since 30 June 2015, no events of particular importance have occurred that would be expected to have a significant influence on the net assets, financial and earnings position which have not already been reported.

Forecast

GDP development

in %	2015*	2016*	2017*	2018*	2019*
World	2.6	3.3	3.4	3.5	3.6
Europe	1.8	2.0	2.1	2.1	1.9
Germany	1.7	2.1	2.0	1.6	1.5
North America	2.2	3.0	2.7	2.5	2.5
South America	0.5	1.9	2.9	3.4	3.6
Asia / Pacific	4.7	5.0	5.1	5.1	5.4
China	6.5	6.3	6.5	6.5	6.6
Middle East	2.7	3.3	3.9	4.4	4.7
Africa	3.5	4.3	5.0	5.2	5.0

Source: Global Insight World Overview as of 15.7.2015.
* Forecast.

Macroeconomic outlook After expanding by 2.7 per cent in 2014, the global economy is forecast to grow by 2.6 per cent in the 2015 financial year. The main reason for the slightly weaker economic performance compared with last year is the poor first quarter for the US economy due to adverse weather conditions. The Chinese economy is currently sending mixed signals. But overall the global economy is regarded to be stable. Asia/Pacific is the fastest growing region of the world with a growth rate of 4.7 per cent. Growth of 2.2 per cent is forecast for North America, whereas South America is predicted to grow by just 0.5 per cent.

The economy of the European Union is expected to grow by 1.8 per cent in 2015. Ireland (4.0 per cent), Spain (2.9 per cent) and the United Kingdom (2.4 per cent) are forecast to be among the fastest growing countries in the European Union. Growth of 1.7 per cent is predicted for Germany. Greece is the only country in the European Union still expected to report negative growth in 2015. To what extent its economy contracts particularly depends on further developments in its debt crisis.

Futures rates indicate the expectation that oil prices will rise slightly. Overall, oil prices are likely to remain exposed to geopolitical developments, however. Volatile kerosene prices should therefore also be expected for the remainder of the year 2015.

The euro exchange rate will probably again be determined by central banks' measures and the outcome of negotiations by the euro zone members on the continuation of the currency union. The euro is expected to stay weak overall until at least the end of the year. The majority of analysts currently see the greatest potential for devaluation against the US dollar (5 per cent), the Chinese renminbi (4 per cent), the Japanese yen (3 per cent) and the pound sterling (2 per cent). The Swiss franc is expected to fluctuate slightly around its current level until the end of the year.

Sector outlook Taking forecasts for global economic growth into account, the IATA predicts growth in revenue passenger-kilometres of 6.7 per cent for 2015 (previous year: 6.0 per cent), which will result in different growth rates for the individual regions. The industry association is forecasting the fastest growth in the Middle East (12.9 per cent), followed by Asia/Pacific (8.1 per cent), Europe (6.8 per cent), Latin America (5.1 per cent) and North America (3.0 per cent).

Outlook for the Lufthansa Group In the first half of the financial year, the Lufthansa Group has delivered a solid earnings performance in an environment dominated by great volatility. All operating segments have contributed to this earnings improvement. Lufthansa Passenger Airlines, SWISS and Lufthansa Technik were particularly successful compared with the same period last year.

The earnings improvement at Lufthansa Passenger Airlines would have been even greater without the widespread strikes at Lufthansa Passenger Airlines (including Germanwings), the losses caused by the depreciation of the Venezuelan bolivar and provisions for restructuring in the years ahead. The airlines in the Lufthansa Group benefited particularly from the significantly lower fuel costs. These more than offset the adverse exchange rate movements.

The service companies also performed well. The Lufthansa Group's performance is therefore within the operating and financial forecast from the beginning of the year.

Regional developments in Passenger Airline Group continue to vary Demand for the Passenger Airline Group will continue to vary from region to region. The same applies to yields. Whereas yields should be higher on key routes to North America, especially due to exchange rates, further competition for Asian, African and European trading is likely to cause declining yields. Last year, the operating performance stabilised in the second half-year, which will make it increasingly challenging towards the end of 2015 to achieve relative improvements in key performance indicators compared to the previous year. The influence of exchange rates tends to decrease from September onwards, however.

Forecast performance indicators Passenger Airline Group

	Forecast for 2015
Flights (Number)	further reduction
Capacity (ASK)	approx. +3%
Sales (RPK)	above capacity growth
Passenger load factor (SLF)	slight increase
Pricing (Yields)	significantly negative*
Unit revenue (RASK)	significantly negative*
Unit costs (CASK, excluding fuel)	slightly reduced*

* At constant currency.

For the full year, Lufthansa Passenger Airlines still expects earnings to go up significantly. The absolute amount of earnings by Lufthansa Passenger Airlines at year-end will depend on demand, but in particular also on changes in fuel costs and exchange rates. Strikes by various tariff unions are possible and would reduce earnings. At present, however, it is not feasible to predict their possible effects on earnings with any degree of accuracy, so they are not included in the forecast.

SWISS now expects its Adjusted EBIT to be significantly higher than last year. Under current conditions, thanks to the initiated capacity and management measures as well as the continued and consistent implementation of numerous SCORE projects, SWISS, underpinned by the low price of oil, still predicts a positive earnings development in euros in the result for the year.

Austrian Airlines is expecting its successful restructuring programme to increase earnings in 2015. The significant adjustments to its capacity and marketing activities will contribute to boosting its income. Austrian Airlines still expects a significant improvement in Adjusted EBIT for 2015.

The earnings improvement for the individual airlines will be determined very largely by the difference between savings from lower fuel costs and declining yields adjusted for currency effects. All airlines in the Passenger Airline Group are able to adjust their capacities to lasting changes in demand. Volatile oil prices, exchange rate risks, changes in capacity and market pricing and strike risks will ultimately determine the level of earnings. The assumptions made in the 2014 annual report for the operating performance of the Passenger Airline Group continue to apply unchanged. The actual development of unit costs is most difficult to predict at present, however.

Remaining business segments still expect stable course of business Due to the course of business in the second quarter and the impending downturn in the Chinese market, the Logistics segment now expects its Adjusted EBIT in 2015 to be significantly lower than last year. EBIT is projected to be down even more on the year as a result of a significant impairment loss. Revenue will be roughly on par with last year due to lower kerosene surcharges in conjunction with a positive exchange rate movement. Lufthansa Cargo will continue to manage its capacities in line with the market and adjust them to meet demand, in order to maximise its load factors and stabilise yields.

For 2015, Lufthansa Technik now expects Adjusted EBIT slightly above that of the previous year. EBIT will probably not reach the previous year's level, although its revenue should go up in line with the market. This is primarily due to the significant difference of the two indicators in the previous year. Further reasons are higher expenses for innovative product developments, growth projects and the expansion of the airline group structure.

LSG Sky Chefs is still expecting revenue and Adjusted EBIT for the full year 2015 to be significantly up on last year. The ongoing programmes to increase efficiency and changes to the business model, especially in the European and North American markets, should make a significant contribution to boosting earnings in the medium and long term.

Earnings forecast confirmed For the 2015 financial year, the Lufthansa Group continues to predict Adjusted EBIT of more than EUR 1.5bn before strike costs. The costs of the strikes at Lufthansa Passenger Airlines and Germanwings to date depress earnings for the full year by around EUR 100m. Based on the lower forecast for fuel costs and the course of business in the second quarter, the Executive Board sees now more opportunities than risks.

The main influences on earnings will be the factors mentioned above: the oil price and changes in the jet fuel crack, the euro exchange rate, especially against the US dollar and the Swiss franc, the yields at the Passenger Airline Group and the course of collective bargaining at Lufthansa Passenger Airlines in Germany. For Lufthansa Passenger Airlines, there is the additional earnings risk of further changes in customer demand.

Lufthansa Group and operating segments earnings forecast 2015

	Revenue		Adjusted EBIT	
	Revenue 2014 in €m	**Forecast for 2015**	Adjusted EBIT 2014 in €m	**Forecast for 2015**
Lufthansa Passenger Airlines	17,098		399	significantly above previous year
SWISS	4,241		278	significantly above previous year
Austrian Airlines	2,069		9	significantly above previous year
Reconciliation	–88		15	
Passenger Airline Group	23,320	slightly below previous year	701	significantly above previous year
Logistics	2,435	on par with the previous year	123	significantly below previous year
MRO	4,337	slightly above previous year	380	slightly above previous year
Catering	2,633	significantly above previous year	88	significantly above previous year
IT Services	646	dissolution of business segment	44	dissolution of business segment
Other	0		–161	significant improvement
Internal revenue / Reconciliation	–3,360		–4	
Lufthansa Group	**30,011**	**slightly below previous year**	**1,171**	**more than € 1.5bn**

Consolidated income statement January – June 2015

in €m	Jan. – June 2015	Jan. – June 2014*	April – June 2015	April – June 2014*
Traffic revenue	12,123	11,466	6,704	6,305
Other revenue	3,242	2,700	1,688	1,399
Total revenue	**15,365**	**14,166**	**8,392**	**7,704**
Changes in inventories and work performed by entity and capitalised	99	82	23	36
Other operating income	1,500	864	663	388
Cost of materials and services	–8,644	–8,264	–4,667	–4,331
Staff costs	–3,923	–3,646	–2,001	–1,848
Depreciation, amortisation and impairment	–851	–695	–477	–355
Other operating expenses	–3,116	–2,313	–1,370	–1,191
Profit / loss from operating activities	**430**	**194**	**563**	**403**
Result of equity investments accounted for using the equity method	15	5	28	18
Result of other equity investments	18	17	16	12
Interest income	117	91	23	41
Interest expenses	–171	–213	–79	–102
Other financial items	572	–153	74	–124
Financial result	**551**	**–253**	**62**	**–155**
Profit / loss before income taxes	**981**	**–59**	**625**	**248**
Income taxes	–13	–11	–88	–70
Profit / loss after income taxes	**968**	**–70**	**537**	**178**
Profit / loss attributable to minority interests	–14	–9	–8	–5
Net profit / loss attributable to shareholders of Deutsche Lufthansa AG	**954**	**–79**	**529**	**173**
Basic / diluted earnings per share in €	**2.06**	**–0.17**	**1.14**	**0.38**

* Previous year's figures have been adjusted due to the new presentation of disclosure.

Statement of comprehensive income January – June 2015

in €m	Jan. – June 2015	Jan. – June 2014	April – June 2015	April – June 2014
Profit / loss after income taxes	**968**	**–70**	**537**	**178**
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	287	10	–46	27
Subsequent measurement of available-for-sale financial assets	–548	69	–28	83
Subsequent measurement of cash flow hedges	571	–50	44	148
Other comprehensive income from investments accounted for using the equity method	6	0*	6	1
Other expenses and income recognised directly in equity	4	2	–3	–2
Income taxes on items in other comprehensive income	–130	17	–1	–32
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	811	–1,217	3,707	–628
Income taxes on items in other comprehensive income	–209	307	–1,009	173
Other comprehensive income after income taxes	**792**	**–862**	**2,670**	**–230**
Total comprehensive income	**1,760**	**–932**	**3,207**	**–52**
Comprehensive income attributable to minority interests	–18	–9	–5	–3
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	**1,742**	**–941**	**3,202**	**–55**

* Rounded below EUR 1m.

Consolidated balance sheet

as of 30 June 2015

Assets

in €m	30.6.2015	31.12.2014	30.6.2014
Intangible assets with an indefinite useful life*	1,254	1,197	1,196
Other intangible assets	403	390	382
Aircraft and reserve engines	14,563	13,572	13,159
Repairable spare parts for aircraft	1,244	1,083	982
Property, plant and other equipment	2,086	2,109	2,076
Investments accounted for using the equity method	466	445	390
Other equity investments	166	776	541
Non-current securities	30	10	20
Loans and receivables	519	515	437
Derivative financial instruments	1,171	599	278
Deferred charges and prepaid expenses	13	11	17
Effective income tax receivables	33	31	47
Deferred tax assets	1,193	1,489	1,065
Non-current assets	**23,141**	**22,227**	**20,590**
Inventories	715	700	653
Trade receivables and other receivables	4,796	3,995	4,264
Derivative financial instruments	625	456	397
Deferred charges and prepaid expenses	179	147	168
Effective income tax receivables	106	122	97
Securities	2,260	1,785	2,777
Cash and cash equivalents	1,223	953	957
Assets held for sale	43	89	56
Current assets	**9,947**	**8,247**	**9,369**
Total assets	**33,088**	**30,474**	**29,959**

* Including goodwill.

Shareholders' equity and liabilities

in €m	30.6.2015	31.12.2014	30.6.2014
Issued capital	1,185	1,185	1,180
Capital reserve*	170	170	886
Retained earnings*	1,894	1,237	1,707
Other neutral reserves	1,507	1,321	1,214
Net profit / loss	954	55	–79
Equity attributable to shareholders of Deutsche Lufthansa AG	**5,710**	**3,968**	**4,908**
Minority interests	73	63	56
Shareholders' equity	**5,783**	**4,031**	**4,964**
Pension provisions	6,580	7,231	6,087
Other provisions	617	601	576
Borrowings	5,080	5,364	4,790
Other financial liabilities	107	136	171
Advance payments received, deferred income and other non-financial liabilities	1,263	1,179	1,179
Derivative financial instruments	221	719	522
Deferred tax liabilities	297	239	178
Non-current provisions and liabilities	**14,165**	**15,469**	**13,503**
Other provisions	933	953	757
Borrowings	712	594	523
Trade payables and other financial liabilities	4,953	4,635	4,767
Liabilities from unused flight documents	4,563	2,848	4,012
Advance payments received, deferred income and other non-financial liabilities	1,002	924	990
Derivative financial instruments	863	766	171
Effective income tax obligations	112	228	272
Liabilities related to assets held for sale	2	26	–
Current provisions and liabilities	**13,140**	**10,974**	**11,492**
Total shareholders' equity and liabilities	**33,088**	**30,474**	**29,959**

* Previous year's figures have been adjusted.

Consolidated statement of changes in shareholders' equity

as of 30 June 2015

in €m	Issued capital	Capital reserve*	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Other neutral reserves	**Total other neutral reserves**	Retained earnings*	Net profit/loss	**Equity attributable to shareholders of Deutsche Lufthansa AG**	Minority interests	**Total shareholders' equity**
As of 31.12.2013	**1,180**	**886**	**332**	**270**	**236**	**328**	**1,166**	**2,511**	**313**	**6,056**	**52**	**6,108**
Capital increases/reductions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	106	–106	–	–	–
Dividends to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	–207	–207	–6	–213
Transactions with minority interests	–	–	–	–	–	–	–	–	–	–	1	1
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	–79	–79	9	–70
Other expenses and income recognised directly in equity	–	–	36	10	–	2	48	–910	–	–862	–	–862
As of 30.6.2014	**1,180**	**886**	**368**	**280**	**236**	**330**	**1,214**	**1,707**	**–79**	**4,908**	**56**	**4,964**
As of 31.12.2014	**1,185**	**170**	**407**	**364**	**236**	**314**	**1,321**	**1,237**	**55**	**3,968**	**63**	**4,031**
Capital increases/reductions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	55	–55	–	–	–
Dividends to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	–	–	–7	–7
Transactions with minority interests	–	–	–	–	–	–	–	–	–	–	–1	–1
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	954	954	14	968
Other expenses and income recognised directly in equity	–	–	–107	287	–	6	186	602	–	788	4	792
As of 30.6.2015	**1,185**	**170**	**300**	**651**	**236**	**320**	**1,507**	**1,894**	**954**	**5,710**	**73**	**5,783**

* Previous year's figures have been adjusted.

Consolidated cash flow statement

January – June 2015

in €m	**Jan. – June 2015**	Jan. – June 2014	**April – June 2015**	April – June 2014
Cash and cash equivalents 1.1.	**828**	**1,407**	**825**	**762**
Net profit / loss before income taxes	981	–59	625	248
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	847	689	474	349
Depreciation, amortisation and impairment losses on current assets (net of reversals)	40	28	18	15
Net proceeds on disposal of non-current assets	–46	–25	–23	–15
Result of equity investments	–33	–22	–44	–30
Net interest	54	122	56	61
Income tax payments / reimbursements	–139	–106	–74	–40
Measurement of financial derivatives through profit or loss	–668	145	–22	104
Change in working capital[1]	1,491	972	123	197
Cash flow from operating activities	**2,527**	**1,744**	**1,133**	**889**
Capital expenditure for property, plant and equipment and intangible assets	–1,447	–1,494	–671	–668
Capital expenditure for financial investments	–49	–46	–10	–18
Additions / loss to repairable spare parts for aircraft	–185	–51	–77	–35
Proceeds from disposal of non-consolidated equity investments	0*	47	0*	1
Proceeds from disposal of consolidated equity investments	–84	0*	6	0*
Cash outflows for acquisitions of non-consolidated equity investments	–1	–4	–1	–3
Cash outflows for acquisitions of consolidated equity investments	–1	–4	–1	0*
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	56	104	35	74
Interest income	160	166	36	79
Dividends received	44	84	38	32
Net cash from / used in investing activities	**–1,507**	**–1,198**	**–645**	**–538**
Purchase of securities / fund investments	–492	–552	–86	–169
Disposal of securities / fund investments	67	914	39	160
Net cash from / used in investing and cash management activities	**–1,932**	**–836**	**–692**	**–547**
Capital increase	–	–	–	–
Non-current borrowing	201	148	19	114
Repayment of non-current borrowing	–434	–1,228	–116	–109
Dividends paid	–7	–213	–3	–209
Interest paid	–94	–191	–36	–75
Net cash from / used in financing activities	**–334**	**–1,484**	**–136**	**–279**
Net increase / decrease in cash and cash equivalents	**261**	**–576**	**305**	**63**
Changes due to currency translation differences	34	–1	–7	5
Cash and cash equivalents 30.6.[2]	**1,123**	**830**	**1,123**	**830**
Securities	2,260	2,777	2,260	2,777
Liquidity	**3,383**	**3,607**	**3,383**	**3,607**
Net increase / decrease in total liquidity	770	–946	342	28

* Rounded below EUR 1m.
[1] Working capital consists of inventories, receivables, liabilities and provisions.
[2] Excluding fixed-term deposits with terms of three to twelve months (2015: EUR 100m, 2014: EUR 127m).

The cash flow statement shows how cash and cash equivalents at the Lufthansa Group have changed over the reporting period. In accordance with IAS 7, cash flows are divided into cash flows from operating activities, from investing activities and from financing activities. The cash and cash equivalents shown in the cash flow statement comprise the balance sheet items bank balances and cash-in-hand excluding fixed-term deposits with terms of three to twelve months. The amount of liquidity in the broader sense is reached by adding short-term securities.

Notes

1) Standards applied and changes in the group of consolidated companies

The consolidated financial statements of Deutsche Lufthansa AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRIC) as applicable in the European Union (EU). This interim report as of 30 June 2015 has been prepared in condensed form in accordance with IAS 34.

In preparing the interim financial statements the standards and interpretations applicable as of 1 January 2015 have been applied. The interim financial statements as of 30 June 2015 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2014 were based. The standards and interpretations mandatory for the first time as of 1 January 2015 did not have a significant effect on the Group's net assets, financial and earnings position. The changes to the group of consolidated companies also had no significant effects on the Group's net assets, financial and earnings position.

Changes in the group of consolidated companies in the period 1.7.2014 to 30.6.2015

Name, registered office	Additions	Disposals	Reason
Passenger Airline Group segment			
FG Honest Leasing Co., Ltd., Tokyo, Japan	15.7.14		Established
Common Ground BRE GmbH, Frankfurt am Main	10.9.14		Established
Common Ground CGN GmbH, Frankfurt am Main	10.9.14		Established
Common Ground DUS GmbH, Frankfurt am Main	10.9.14		Established
Common Ground HAM GmbH, Frankfurt am Main	11.9.14		Established
Common Ground BER GmbH, Frankfurt am Main	15.9.14		Established
Common Ground HAJ GmbH, Frankfurt am Main	15.9.14		Established
Common Ground NUE GmbH, Frankfurt am Main	15.9.14		Established
Common Ground STR GmbH, Frankfurt am Main	15.9.14		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 27, Salzburg, Austria	7.10.14		Established
Muller Leasing Co., Ltd., Tokyo, Japan	19.12.14		Established
SMFL Y Lease, Tokyo, Japan	19.12.14		Established
Lahm Leasing Co., Ltd., Tokyo, Japan	19.12.14		Established
Hummels Leasing Co. Ltd., Tokyo, Japan	19.12.14		Established
Mitsubishi UFJ Lease & Finance Ltd., Tokyo, Japan	29.1.15		Established
IBJ Leasing, Ltd., Tokyo, Japan	29.1.15		Established
NTT Finance, Ltd., Tokyo, Japan	29.1.15		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 30, Salzburg, Austria	26.2.15		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 29, Salzburg, Austria	26.2.15		Established
Tyrolean Airways Luftfahrzeuge Technik GmbH, Vienna, Austria	1.3.15		Consolidated for the first time
Lufthansa WorldShop GmbH, Frankfurt am Main		26.6.14	Merger
Lufthansa Leasing Austria GmbH & Co. OG Nr. 3, Salzburg, Austria		18.7.14	Merger
Lufthansa Leasing Austria GmbH & Co. OG Nr. 11, Salzburg, Austria		11.12.14	Merger
AUA 2006 MSN 263 Ltd., George Town, Grand Cayman, Cayman Islands		15.12.14	Liquidation
Lufthansa Leasing GmbH & Co. Foc-Golf oHG, Grünwald		1.1.15	Merger
Lufthansa Leasing Austria GmbH & Co. OG Nr. 8, Salzburg, Austria		20.2.15	Merger
Tyrolean Airways Tiroler Luftfahrt GmbH, Innsbruck, Austria		1.4.15	Merger
Logistics segment			
Jettainer Americas, Inc., Wilmington, USA	1.10.14		Consolidated for the first time
MRO business segment			
Lufthansa Technik Puerto Rico LLC, San Juan, Puerto Rico	1.1.15		Consolidated for the first time
Catering segment			
LSG Sky Chefs Kenya Limited, Nairobi, Kenya	1.11.14		Established
LSG Linearis S.A.S., Paris, France	15.10.14		Established
Material Marketing Solutions Limited, West Drayton, Great Britain		20.5.15	Liquidation

Changes in the group of consolidated companies in the period 1.7.2014 to 30.6.2015

Name, registered office	Additions	Disposals	Reason
Other			
LSY GmbH, Kelsterbach	18.11.14		Established
Lufthansa Industry Solutions GmbH & Co. KG, Kelsterbach	16.12.14		Established
INF Services GmbH & Co. KG, Kelsterbach	16.12.14		Established
Lufthansa Systems GmbH & Co. KG, Raunheim	17.12.14		Established
Lufthansa Systems GmbH & Co. KG, Kelsterbach		19.3.15	Spin-off
INF Services GmbH & Co. KG, Kelsterbach		1.4.15	Sale

2) Notes to the income statement, balance sheet, cash flow statement and segment reporting

Assets held for sale

in €m	**Group 30.6.2015**	Financial statements 31.12.2014	Group 30.6.2014
Assets			
Aircraft and reserve engines	28	54	45
Financial assets	–	–	–
Other assets	15	35	11
Equity / liabilities associated with assets held for sale			
Equity	–	–	–
Liabilities	2	26	–

Detailed comments on the income statement, the balance sheet, the cash flow statement and the segment reporting can also be found in the management report on p. 3 – 24.

3) Seasonality

The Group's business is mainly exposed to seasonal effects via the Passenger Airline Group segment. As such, revenue in the first and fourth quarters is generally lower as people travel less, while higher revenue and operating profits are normally earned in the second and third quarters.

4) Contingencies and events after the balance sheet date

Contingent liabilities

in €m	**30.6.2015**	31.12.2014
From guarantees, bills of exchange and cheque guarantees	948	889
From warranty contracts	1,091	1,046
From providing collateral for third-party liabilities	46	47
Legal risks	52	66
Other contingent liabilities	54	55
	2,191	**2,103**

Several provisions for legal risks and for other contingent liabilities were not made because an outflow of resources was not sufficiently probable. The potential financial effect of these provisions on the result would have been EUR 52m (as of 31.12.2014: EUR 66m) and EUR 54m (as of 31.12.2014: EUR 55m) respectively.

Contracts signed at the end of 2014 for the sale of seven Canadair Regional Jet 700s resulted in cash inflows for the first half of 2015 of EUR 31m.

Signed contracts for the sale of four further Canadair Regional Jet 700s are expected to lead to cash inflows of EUR 17m by the end of 2015.

At the end of June 2015, there were order commitments of EUR 17.0bn for capital expenditure on property, plant and equipment and intangible assets. As of 31 December 2014, the order commitments came to EUR 16.5bn.

Since 30 June 2015, no events of particular importance have occurred that would be expected to have a significant influence on the net assets, financial and earnings position which have not already been reported.

5) Financial instruments and financial liabilities

Financial instruments

The following table shows financial assets and liabilities held at fair value by level of fair value hierarchy. The levels are defined as follows:

Level 1: Financial instruments traded on active markets, the quoted prices for which are taken for measurement unchanged.

Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.

Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

Assets 30.6.2015

in €m	Level 1	Level 2	Level 3	**Total**
Financial assets at fair value through profit and loss				
Financial derivatives classified as held for trading	–	345	–	345
Total financial assets through profit and loss	**–**	**345**	**–**	**345**
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,451**	**–**	**1,451**
Available-for-sale financial assets				
Equity instruments	239	61	–	300
Debt instruments	–	1,963	–	1,963
Total available-for-sale financial assets	**239**	**2,024**	**–**	**2,263**
Total assets	**239**	**3,820**	**–**	**4,059**

Liabilities 30.6.2015

in €m	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments at fair value through profit or loss	–	87	–	87
Derivative financial instruments which are an effective part of a hedging relationship	–	997	–	997
Total liabilities	**–**	**1,084**	**–**	**1,084**

As of 31 December 2014, the fair value hierarchy for assets and liabilities held at fair value was as follows:

Assets 31.12.2014

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Financial derivatives classified as held for trading	–	204	–	204
Total financial assets through profit and loss	**–**	**204**	**–**	**204**
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**851**	**–**	**851**
Available-for-sale financial assets				
Equity instruments	847	58	–	905
Debt instruments	–	1,494	–	1,494
Total available-for-sale financial assets	**847**	**1,552**	**–**	**2,399**
Total assets	**847**	**2,607**	**–**	**3,454**

Liabilities 31.12.2014

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	–	517	–	517
Derivative financial instruments which are an effective part of a hedging relationship	–	968	–	968
Total liabilities	**–**	**1,485**	**–**	**1,485**

The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account. Currency futures and swaps are individually discounted to the balance sheet date based on their respective futures rates and the appropriate interest rate curve. The market prices of currency options and the options used to hedge fuel prices are determined using acknowledged option pricing models.

The fair values of debt instruments correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account.

The carrying amount for cash, trade receivables and other receivables, trade payables and other liabilities is assumed to be a realistic estimate of fair value.

Financial liabilities
The following table shows the carrying amounts and market values for individual classes of financial liabilities. Market values for bonds are equal to the listed prices. The market values for other types of financial liability have been calculated using the applicable interest rates for the remaining term to maturity and repayment structures at the balance sheet date based on available market information (Reuters).

Financial liabilities

	30.6.2015		31.12.2014	
in €m	Carrying amount	Market value	Carrying amount	Market value
Bonds	1,247	1,293	1,468	1,535
Liabilities to banks	1,113	1,109	1,057	1,061
Leasing liabilities and other loans	3,432	3,597	3,433	3,584
	5,792	**5,999**	**5,958**	**6,180**

6) Earnings per share

		30.6.2015	30.6.2014
Basic earnings per share	€	**2.06**	**−0.17**
Consolidated net profit/loss	€m	954	−79
Weighted average number of shares		462,772,266	461,074,910
Diluted earnings per share	€	**2.06**	**−0.17**
Consolidated net profit/loss	€m	954	−79
+ interest expenses on the convertible bonds	€m	0	0
− current and deferred taxes	€m	0	0
Adjusted net profit/loss for the period	€m	954	−79
Weighted average number of shares		462,772,266	461,074,910

7) Issued capital
A resolution passed at the Annual General Meeting on 29 April 2014 authorised the Executive Board until 28 April 2019, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 29,000,000, by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded.

8) Segment reporting

Compared with the 2014 consolidated financial statements, the segment reporting has been adjusted with regard to the Group-wide introduction of new performance indicators. Instead of the previously used “operating result” and “segment result” indicators, “EBIT” (profit/loss from operating activities plus result from equity investments) and “adjusted EBIT” (EBIT adjusted for defined results of valuation and disposal) shall be used. As an asset-based indicator, “capital employed” (total assets adjusted primarily for non-interest-bearing liabilities) will now be used instead of the previous metrics “segment assets” and “segment liabilities”.

Due to the disposal of its “IT Infrastructure” unit, the existing “IT Services” segment will still no longer be presented as a separately reported operating segment, as has been the case since the beginning of the financial year. The remaining IT functions are transferred to “Service and Financial Functions” and presented as part of the “Other” segment.

The figures for the previous year have been presented and/or adjusted accordingly.

Segment information by operating segment January – June 2015

in €m	Passenger Airline Group	Logistics	MRO	Catering	**Total reportable operating segments**	Other	Reconciliation	**Group**
External revenue	11,305	1,194	1,593	1,139	15,231	134	–	15,365
of which traffic revenue	10,734	1,166	–	–	11,900	–	223	12,123
Inter-segment revenue	337	13	963	309	1,622	128	−1,750	–
Total revenue	**11,642**	**1,207**	**2,556**	**1,448**	**16,853**	**262**	**−1,750**	**15,365**
Other operating income	762	15	146	33	956	1,090	−447	1,599
Total operating income	**12,404**	**1,222**	**2,702**	**1,481**	**17,809**	**1,352**	**−2,197**	**16,964**
Operating expenses	**12,123**	**1,250**	**2,444**	**1,465**	**17,282**	**1,468**	**−2,216**	**16,534**
of which cost of materials and services	7,486	789	1,282	625	10,182	85	−1,623	8,644
of which staff costs	2,258	210	649	546	3,663	263	−3	3,923
of which depreciation and amortisation	634	104	50	44	832	18	1	851
of which other operating expenses	1,745	147	463	250	2,605	1,102	−591	3,116
Results of equity investments	**−4**	**12**	**10**	**0***	**18**	**16**	**−1**	**33**
of which result of investments accounted for using the equity method	−5	11	9	–	15	1	−1	15
EBIT	**277**	**−16**	**268**	**16**	**545**	**−100**	**18**	**463**
of which reconciliation items								
Impairment losses / gains	−5	−66	–	−9	−80	−3	–	−83
Past service costs / settlement	32	–	–	–	32	–	–	32
Results of disposal of assets	1	0*	0*	−1	–	43	3	46
Adjusted EBIT[1]	**249**	**50**	**268**	**26**	**593**	**−140**	**15**	**468**
Total adjustments								−5
Other financial result								518
Profit / loss before income taxes								981
Capital employed[2]	10,189	1,167	3,161	1,313	15,830	1,038	−1,655	15,213
of which from investments accounted for using the equity method	88	47	199	126	460	6	–	466
Segment capital expenditure[3]	1,339	96	42	38	1,515	8	−25	1,498
of which from investments accounted for using the equity method	–	–	–	–	–	–	–	–
Employees on balance sheet date	55,298	4,660	20,036	33,614	113,608	5,749	–	119,357

* Rounded below EUR 1m.
[1] For detailed reconciliation from Adjusted EBIT to EBIT, please see page 8 of the interim Group management report.
[2] The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives) less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).
[3] Capital expenditure for intangible assets, property, plant and equipment, and investments accounted for using the equity method. Under the heading “Group” all investments are shown.

Segment information by operating segment January – June 2014

in €m	Passenger Airline Group	Logistics	MRO	Catering	**Total reportable operating segments**	Other	Reconciliation	**Group**
External revenue	10,639	1,148	1,308	943	14,038	128	–	14,166
of which traffic revenue	10,113	1,128	–	–	11,241	–	225	11,466
Inter-segment revenue	318	13	780	294	1,405	189	–1,594	–
Total revenue	**10,957**	**1,161**	**2,088**	**1,237**	**15,443**	**317**	**–1,594**	**14,166**
Other operating income	486	41	142	26	695	600	–349	946
Total operating income	**11,443**	**1,202**	**2,230**	**1,263**	**16,138**	**917**	**–1,943**	**15,112**
Operating expenses	**11,469**	**1,164**	**2,000**	**1,252**	**15,885**	**966**	**–1,933**	**14,918**
of which cost of materials and services	7,258	827	1,024	542	9,651	104	–1,491	8,264
of which staff costs	2,112	195	617	462	3,386	264	–4	3,646
of which depreciation and amortisation	562	30	45	31	668	27	–	695
of which other operating expenses	1,537	112	314	217	2,180	571	–438	2,313
Results of equity investments	**–8**	**7**	**9**	**–2**	**6**	**16**	**0***	**22**
of which result of investments accounted for using the equity method	–5	6	7	–3	5	–	–	5
EBIT	**–34**	**45**	**239**	**9**	**259**	**–33**	**–10**	**216**
of which reconciliation items								
Impairment losses / gains	7	–	6	–	13	–	–	13
Past service costs / settlement	–	–	–	–	–	–	–	–
Results of disposal of assets	18	2	6	0*	26	0*	–1	25
Adjusted EBIT[1]	**–59**	**43**	**227**	**9**	**220**	**–33**	**–9**	**178**
Total adjustments								38
Other financial result								–275
Profit / loss before income taxes								–59
Capital employed[2]	9,279	1,165	2,750	1,237	14,431	1,112	–1,855	13,688
of which from investments accounted for using the equity method	111	37	105	112	365	6	19	390
Segment capital expenditure[3]	1,233	151	64	48	1,496	12	40	1,548
of which from investments accounted for using the equity method	–	–	1	–	1	–	–	1
Employees on balance sheet date	55,858	4,636	19,936	32,531	112,961	6,131	–	119,092

* Rounded below EUR 1m.
[1] For detailed reconciliation from Adjusted EBIT to EBIT, please see page 8 of the interim Group management report.
[2] The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives) less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).
[3] Capital expenditure for intangible assets, property, plant and equipment, and investments accounted for using the equity method. Under the heading "Group" all investments are shown.

Figures by region January – June 2015

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia / Pacific	Middle East	Africa	**Total**
Traffic revenue*	7,700	3,527	1,998	1,807	404	1,495	342	184	12,123
Other operating revenue	1,283	510	868	679	176	594	176	145	3,242
Total revenue	**8,983**	**4,037**	**2,866**	**2,486**	**580**	**2,089**	**518**	**329**	**15,365**

* Traffic revenue is allocated according to the original location of sale.

Figures by region January – June 2014

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia / Pacific	Middle East	Africa	**Total**
Traffic revenue*	7,640	3,418	1,647	1,489	369	1,333	310	167	11,466
Other operating revenue	1,193	431	660	555	94	500	149	104	2,700
Total revenue	**8,833**	**3,849**	**2,307**	**2,044**	**463**	**1,833**	**459**	**271**	**14,166**

* Traffic revenue is allocated according to the original location of sale.

9) Related party disclosures

As stated in "Note 43" to the consolidated financial statements for 2014 from p. 217, the operating segments in the Lufthansa Group render numerous services to related parties within the scope of their ordinary business activities and also receive services from them. These extensive supply and service relationships take place unchanged on the basis of market prices. There have been no significant changes in comparison with the balance sheet date. The contractual relationships with the group of related parties described in the "Remuneration report" from p. 132 and in "Note 44" from p. 219 of the 2014 consolidated financial statements also still exist unchanged, but are not of material significance for the Group.

Declaration by the legal representatives

We declare that to the best of our knowledge and according to the applicable accounting standards for interim reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial and earnings positions of the Group, and that the Group interim management report gives a true and fair view of the course of business, earnings and the situation of the Group, and suitably presents the opportunities and risks to its expected development for the remainder of the financial year.

The Executive Board, 27 July 2015

Carsten Spohr
Chairman of the
Executive Board and CEO

Karl Ulrich Garnadt
Member of the Executive Board
Chief Executive Officer
Lufthansa German Airlines

Harry Hohmeister
Member of the Executive Board
Chief Officer
Group Airlines, Logistics and IT

Simone Menne
Member of the Executive Board
Chief Officer
Finances and Aviation Services

Dr Bettina Volkens
Member of the Executive Board
Chief Officer
Corporate Human Resources
and Legal Affairs

Review report

To Deutsche Lufthansa AG, Cologne

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of financial position, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Lufthansa AG, Cologne, for the period from January 1 to June 30, 2015 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Dusseldorf, 27 July 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven	Dr Bernd Roese
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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The Lufthansa 2nd Interim Report is a translation of the original German Lufthansa Zwischenbericht 2/2015. Please note that only the German version is legally binding.

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The latest financial information on the internet:
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Financial calendar 2015/2016

2015

29 Oct.	Release of Interim Report January – September 2015

2016

17 March	Press Conference and Analysts' Conference on 2015 results
28 April	Annual General Meeting in Hamburg
3 May	Release of Interim Report January – March 2016
2 Aug.	Release of Interim Report January – June 2016
2 Nov.	Release of Interim Report January – September 2016

Disclaimer in respect of forward-looking statements
Information published in the 2nd Interim Report 2015, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive historical facts. Its purpose is exclusively informational identified by the use of such cautionary terms as "believe", "expect", "forecast", "intend", "project", "plan", "estimate" or "intend". These forward-looking statements are based on all discernible information, facts and expectations available at the time. They can, therefore, only claim validity up to the date of their publication.

Since forward-looking statements are by their nature subject to uncertainties and imponderable risk factors – such as changes in underlying economic conditions – and rest on assumptions that may not or divergently occur, it is possible that the Group's actual results and development may differ materially from those implied by the forecasts. Lufthansa makes a point of checking and updating the information it publishes. It cannot, however, assume any obligation to adapt forward-looking statements to accommodate events or developments that may occur at some later date. Accordingly, it neither expressly nor conclusively accepts liability, nor gives any guarantee, for the actuality, accuracy and completeness of this data and information.

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