

## LHG Capital Markets Day 29.09.2025 Q&A Session

### 1. Aircraft Allocation Strategy

The roughly one hundred ordered widebody aircraft are already pre-allocated. Lufthansa Group plans aircraft allocation about two years in advance; for long-haul aircraft further in advance compared to short-haul aircraft due to lead times (especially seats and aircraft livery). Most of the new deliveries are planned for Lufthansa Airlines, including 787s, 777s and A350-1000s, but SWISS as well as Austrian Airlines will also receive a significant number of new aircraft. Allocation is predominantly driven by ROCE including cost factors like airport charges, taxes, and CLA negotiations. The Group aims for standardized aircraft specifications to allow flexible deployment based on profitability (ROCE optimization).

### 2. Labor Union Cooperation

Lufthansa Group benefits from a flexible tariff structure and has decoupled commercial steering from operations, allowing aircraft allocation based on market dynamics. Pilot career progression is tied to growth, aligning union interests with company performance. While strikes can't be ruled out, management believes in constructive dialogue with unions and mutual agreements without any strike action.

### 3. New Technology Aircraft Share

The 65% target of new technology widebody aircraft reflects a conservative estimate after adjusting for OEM delivery delays. While the original projection was even higher, the current target accounts for realistic delivery capabilities and is considered achievable.

### 4. Net Capex and Cash Flow Management

Massive investment into fleet, product, MRO and Cargo will drive gross Capex higher over the next two years, while net Capex is smoothed by tools such as sale-and-leasebacks. Stronger operating results will boost cashflow, supporting free cashflow generation, which is expected to remain at 2024/25 levels in the coming years. Mid-term, we target at least €2.5bn in Adjusted Free Cashflow.

## 5. Brand-Level Competition Within the Group

Airlines compete on quality and cost. Group-level functions (e.g., aircraft purchasing, pricing, revenue management) leverage scale, while individual airlines focus on service delivery and stakeholder management (such as airports or local governments). Internal competition is maintained through performance metrics like punctuality and customer satisfaction.

## 6. Lufthansa Turnaround EBIT Targets

The Lufthansa Airlines Turnaround Program targets of a gross EBIT contribution of €1.5bn by 2026 and €2.5bn by 2028 remain in place and are part of the group-wide financial mid-term targets.

## 7. Consolidation Strategy (ITA, TAP)

Lufthansa Group constantly reviews prerequisites for a full consolidation of ITA. The exercise of the call option by summer 2026 is possible, with full synergy realization by 2027. TAP is more complex due to political factors in Portugal, including a minority government and an only partial privatization. Lufthansa Group remains interested but expects a long process.

## 8. Risks and Headwinds

Lufthansa Group has factored in known cost increases (e.g., labor contracts, regulatory costs, inflation). The outlook is comprehensive and reflects current knowledge, though long-term uncertainties remain.

## 9. CASK and EBIT Margin Evolution

Margin improvement will be gradual, not sudden. 2025 and 2026 are transition years focused on ramping up the levers to increase efficiency. The mitigation of a CASK increase is driven by productivity gains and cost savings, not just fleet modernization.

## 10. Maintenance Costs of New Aircraft Technology

The GTF engine had unexpected quality issues, but overall, new technologies are performing well. Maintenance needs between legacy and new tech are balanced. Lufthansa Technik

plays a key role in managing these challenges and is expected to grow due to increased OEM dependency in the whole MRO market.

#### 11. German Leisure Market Outlook

Data shows increasing leisure travel spending despite economic challenges. Ageing demographics and US credit card spending support this optimism. Eurowings is expanding into the asset-light business of package tourism and aims to become a top 10 leisure tour operator in Germany.

#### 12. Liquidity and Shareholder Returns

After peak investment years, Lufthansa Group has more free cash flow available for increased dividends, deleveraging, M&A, or buybacks. Share buybacks could help reduce share count post-COVID capital raises. The priority is sustainable shareholder returns.

#### 13. Lufthansa Technik IPO Consideration

Lufthansa does not currently foresee an IPO for its MRO business but does also not completely rule it out for the future. Also, in the past we were open to strategic options regarding a partial sale, however our three criteria of enhanced strategic opportunities, cultural fit, and purchase price were not met to our satisfaction. For an IPO or a similar transaction, timing is currently not ideal due to emerging defense opportunities and its long-term contracts.

#### 14. Loyalty Program Potential

Lufthansa is expanding its loyalty program into a broader ecosystem together with retailing and media opportunities. The goal is to double its value.

#### 15. Political Support for Aviation

Political awareness is growing, especially at the regional level in Germany. Smaller German states are pushing for better connectivity. EU-level support is increasing, but regulatory change will take time. Lufthansa Group continues a constructive dialogue with political stakeholders on all political levels to strengthen the position of aviation.

## 16. Margin Bridge

Variable costs as well as directly allocable cost increases are netted within each bucket. Remaining headwinds (e.g., inflation) are shown separately in the headwinds category (page 101 in the slide deck).

## 17. Continental Network Reconfiguration

A more centralized continental network steering means that Lufthansa Group is shifting from individual airline optimization to group-level optimization which reduces cross-hub overlaps. Example: Every hub at Lufthansa Group provides direct flights to Oslo which makes economic sense from an individual airline's perspective. However, by reducing the frequency of these flights, aligning flight times across all hubs and using freed-up aircraft capacities for additional routes (e.g., Bergen) the Group's portfolio is optimized, and asset utility is improved.