



News

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Lufthansa CEO departs with positive result

Operating profit for 2013 amounts to EUR 697m and rises to over EUR 1bn when adjusted for non-recurring effects / Realignment of several corporate divisions is on track / Shareholders at Annual General Meeting to vote on dividend payment of EUR 0.45 per share

The CEO and Chairman of the Executive Board of Deutsche Lufthansa AG, Christoph Franz, is stepping down with an operating profit of EUR 697m in the books for 2013. Adjusted for non-recurring items from the realignment of several corporate divisions, profit totals more than EUR 1bn. Compared with the adjusted prior-year figure, the operating profit for 2013 increased by 62 percent. The Group managed to achieve stable revenue of EUR 30.0bn despite a lower number of flights. Net profit for the Group was EUR 313m. All of the business segments were profitable, and the subsidiaries Lufthansa Technik and LSG SkyChefs achieved the best results of their corporate history in 2013.

“In his three years as CEO of the Lufthansa Group, Christoph Franz laid important foundations and worked tirelessly to make the Group fit for the future. He is ending his time in office with a positive result and is handing over a well-ordered organization to Carsten Spohr,” said Wolfgang Mayrhuber, Chairman of the Supervisory Board of Deutsche Lufthansa AG, praising the performance of the outgoing CEO. “Despite strong headwinds, the Lufthansa Group is making considerable advances.”

In the Group’s core business all of the passenger airlines – namely, Lufthansa, Germanwings, Swiss and Austrian Airlines – achieved clear improvements. This turnaround in the operating result was one of the factors behind the Group’s proposed dividend payment of EUR 0.45 per share, which the shareholders will vote on today.

Franz stressed at the Annual General Meeting that, in light of the rapid changes in the airline industry, the success that the Group had achieved in realigning several corporate divisions was just as important as the positive financial results. “Our accomplishments thus far are the basis for the necessary earnings improvements in the coming years,” he said. “We know that we have demanded a lot from our employees. We are appreciative and grateful for the good work they do every day, as well as for the loyalty of our customers and the trust of our shareholders. But for the Lufthansa Group to remain a leading global aviation group in the future, it will have to continually expand its number one position in Europe.”

As of May 1, the CEO and Chairman of the Executive Board leading the company into this future will be Carsten Spohr, the Executive Board member previously responsible for

Lufthansa German Airlines. Franz wished his successor all the best in facing existing and new challenges, saying, "Together we have accomplished a lot on the Executive Board over the past years. I feel good about handing over the Lufthansa Group to my successor and his fellow Executive Board members."

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Franz said he felt less good about the current political conditions affecting aviation in Germany and Europe, which have resulted in serious competitive disadvantages for the Lufthansa Group. Franz believes there is a competition between systems at the moment. Growth, development trends and political framework could not be more different in Asia, Europe, the Middle East and America. A highly fragmented European aviation sector with mostly privatized airlines is facing highly integrated, state-controlled aviation conglomerates which control airports, airlines, air traffic control and ground handling from one source. They pursue the goal of boosting the economy in their own countries. He said it was hard to understand why Germany would hold on to the aviation tax it just introduced in 2011 in view of distortions like these. "Politicians in Germany actually have a nearly historic opportunity to position Germany as a transportation and logistics powerhouse by abolishing the tax," Franz declared. "The abolishment of the tax would secure jobs, enable global mobility and promote technological innovation. Our Group invests large amounts in cleaner, quieter technologies."

In September of last year, the Group made one of the largest investments in Germany's economic history when it placed aircraft orders worth EUR 22bn which promise to generate more than 20,000 jobs in Germany and Europe. The Lufthansa Group ordered a total of 261 new noise- and fuel-efficient aircraft to be delivered between 2014 and 2025.

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