Shareholder information on the annual results for 2013

March 2014

Key figures for the Lufthansa Group

		2013	2012[3]	Change in %
Revenue and result				
Total revenue	€m	30,028	30,135	–0.4
of which traffic revenue	€m	24,565	24,793	–0.9
Operating result	€m	697	839	–16.9
EBIT	€m	891	1,668	–46.6
EBITDA	€m	2,668	3,581	–25.5
Net profit/loss for the period	€m	313	1,228	–74.5
Key balance sheet and cash flow statement figures				
Total assets	€m	29,084	28,559	1.8
Equity ratio	%	21.0	16.9	4.1 pts
Net indebtedness	€m	1,697	1,953	–13.1
Cash flow from operating activities	€m	3,290	2,842	15.8
Capital expenditure (gross)	€m	2,499	2,359	5.9
Key profitability and value creation figures				
Adjusted operating margin[1]	%	3.0	3.3	–0.3 pts
EBITDA margin	%	8.9	11.9	–3.0 pts
CVA	€m	3,133	375	
Lufthansa share				
Closing price for the year	€	15.42	14.24	8.3
Earnings per share	€	0.68	2.68	–74.6
Suggested dividend per share	€	0.45	–	
Performance figures[2]				
Passengers	thousands	104,587	103,590	1.0
Freight and mail	thousand tonnes	1,965	1,984	–0.9
Passenger load factor	%	79.8	78.8	1.0 pts
Cargo load factor	%	69.1	69.4	–0.3 pts
Number of flights	number	1,028,260	1,067,362	–3.7
Employees				
Average number of employees	number	117,343	118,368	–0.9
Employees as of 31.12.	number	118,214	116,957	1.1

1) Performance indicator to enable comparison with other airlines (operating result + write-back of provisions)/revenue
2) Previous year's figures have been adjusted.
3) The comparable figures from last year were adjusted retrospectively due to the application of the revised IAS 19 as of 1 January 2013.

All business segments report positive operating results As expected, the Lufthansa Group performed well in 2013. The dominating external factors in the financial year were lower fuel prices on the positive side, and on the negative side, weak economic performance in some regions and highly volatile exchange rates. In this environment, all the business segments were able to generate positive operating results.

The airlines in the Lufthansa Group continued their restrictive capacity management, which enabled them to stabilise or improve their load factors. The results for the individual service companies all improved compared with the previous year. On revenue of EUR 30.0bn the Lufthansa Group achieved an operating result of EUR 697m. Cash value added (CVA), the figure used to measure value creation in the reporting period, increased to EUR 3.1bn (previous year: EUR 375m). This sharp rise was due to the one-off effect of changing the period of depreciation for aircraft and reserve engines from twelve to twenty years.

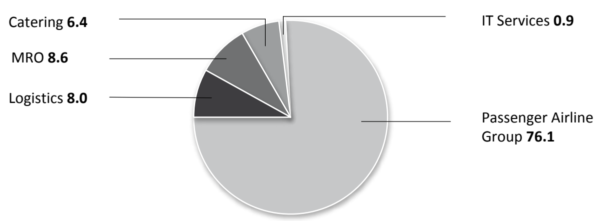
Revenue and income Operating income for the financial year 2013 was lower than in the previous year, falling by 2.4 per cent to EUR 32.2bn altogether. Traffic revenue fell slightly by 0.9 per cent to EUR 24.6bn, despite greater traffic. While the higher sales boosted revenue by 2.1 per cent, a 0.7 per cent drop in prices (including fuel surcharge and air traffic tax) and negative exchange rate effects (–2.3 per cent) led to a reduction in revenue.

Other revenue stems primarily from the MRO, Catering and IT Services segments, and to a lesser extent from the Passenger Airline Group and Logistics as well. It increased by EUR 121m, or 2.3 per cent, to EUR 5.5bn in the reporting year.

The Lufthansa Group's external revenue contracted slightly by 0.4 per cent to EUR 30.0bn. The Passenger Airline Group segment's share of total revenue increased to 76.1 per cent (+0.3 percentage points). The Logistics segment accounted for 8.0 per cent of total revenue, Lufthansa Technik for 8.6 per cent, Catering for 6.4 per cent and IT Services for 0.9 per cent.

The fall of EUR 743m in other operating income (–26.7 per cent) to EUR 2.0bn stems largely from the book gains of EUR 631m in total realised in the previous year on the transfer of shares in Amadeus IT Holding S.A. to the Lufthansa Pension Trust and on the sale of shares via the capital market.

External revenue share of the business segments in %



Operating expenses Operating expenses were marked by higher staff costs and the lower cost of materials and services. Overall, they fell slightly by 0.1 per cent to EUR 31.4bn. The cost of materials and services sank by 2.4 per cent to EUR 17.5bn. Fuel costs were the main factor behind the decrease, falling by 4.5 per cent to EUR 7.1bn. Staff costs increased by 9.0 per cent to EUR 7.4bn in the reporting period. The reasons for the increase were non-recurring effects the previous year and restructuring costs as part of the SCORE programme. Depreciation and amortisation went down by 4.0 per cent to EUR 1.8bn. Other operating expenses fell year on year by 2.7 per cent to EUR 4.8bn.

Expenses

	2013 in €m	2012 in €m	Change in %
Cost of materials and services	17,510	17,946	–2.4
of which fuel	7,058	7,392	–4.5
Staff costs	7,350	6,741	9.0
Depreciation, amortisation and impairment	1,766	1,839	–4.0
Other operating expenses	4,753	4,885	–2.7
Total operating expenses	**31,379**	**31,411**	**–0.1**

Earnings development The operating result of the Lufthansa Group fell by EUR 142m to EUR 697m (previous year: EUR 839m), largely due to a reduction in staff costs in the previous year and higher restructuring expenses for SCORE. Adjusted for these non-recurring effects, the operating profit rose sharply. All the operating segments made positive contributions to the Group's overall earnings. The operating environment remained challenging, however, which was reflected in the performance indicators for the airborne companies The adjusted operating margin was 3.0 per cent (previous year: 3.3 per cent).

External revenue and operating result

2013	External revenue in €m	Change compared to previous year in %	Operating result in €m	Change compared to previous year in %
Lufthansa Group	30,028	–0.4	697	–16.9
Passenger Airline Group	22,838	–0.1	495	–11.0
Logistics	2,418	–9.2	77	–26.7
MRO	2,598	7.0	404	23.2
Catering	1,909	–1.2	105	4.0
IT Services	265	3.5	36	80.0

The profit from operating activities as defined by IFRS fell sharply compared with 2012 by EUR 773m to EUR 849m – essentially due to the Amadeus transaction the previous year described above. The financial result improved by EUR 22m to EUR –304m. The Lufthansa Group's profit from continuing operations was EUR 326m (previous year: EUR 1.2bn). After deducting the profit attributable to minority interests of EUR 13m (previous year: EUR 13m) the net profit for the period attributable to the shareholders of Deutsche Lufthansa AG came to EUR 313m (previous year: EUR 1.2bn).

Dividend of EUR 0.45 per share planned The Executive Board and Supervisory Board will propose to the Annual General Meeting to be held on 29 April 2014 to distribute a part of this profit to shareholders by paying a dividend of EUR 0.45 per share. The Lufthansa Group intends to continue paying regular dividends in future as part of a fixed dividend policy. Given the adjustments made to the policy on depreciation and amortisation, however, this dividend policy as a whole is to be reviewed in the course of 2014 and may be revised.

Capital expenditure/Cash flow/Assets and financial position While maintaining its strict cost management, the Lufthansa Group again made important investments in the financial year 2013 in order to open up prospects for the future. The comprehensive fleet renewal programme was pursued unchanged. Fuel-efficient aircraft will improve the sustainable cost base significantly in the years ahead. Capital expenditure rose year on year by 5.9 per cent to EUR 2.5bn. Investment in down payments and final payments for aircraft, aircraft overhauls and equipment increased by 6.9 per cent to EUR 2.1bn. Net cash used for investing activities came to EUR 2.0bn (previous year: EUR 1.4bn).

This capital expenditure contrasts with cash flow from operating activities of EUR 3.3bn, which was 15.8 per cent up on the year. Substantial free cash flow of EUR 1.3bn was achieved again in the financial year 2013.

Since accounting for pension obligations was altered in accordance with IAS 19R, it has been necessary to adjust the figures for prior years to facilitate comparison. Following these adjustments the Group's assets went up by EUR 525m compared with year-end 2012 to EUR 29.1bn. Whereas non-current assets increased by EUR 639m to EUR 19.4bn, current assets shrank by EUR 114m to EUR 9.7bn. Shareholders' equity amounted to EUR 6.1bn as of the reporting date; an increase of 26.2 per cent. The equity ratio rose to 21.0 per cent at the same time (year-end 2012: 16.9 per cent. Net debt fell to EUR 1.7bn (previous year: EUR 2.0bn).

Outlook for the Lufthansa Group After the Lufthansa Group was able to successfully implement many of the activities planned for the SCORE programme in 2013, the year 2014 will again be dominated by the implementation of numerous measures that have already been prepared or adopted. The planned activities include organisational steps, generally as pooling of expertise from the individual companies in shared service centres or Group functions, as well as the ongoing optimisation of individual segments and a general streamlining of the administrative functions. Many of the projects involve job losses. In some cases, these have not yet been agreed with the co-determination bodies and with individual employees.

The Lufthansa Group will remain particularly exposed to highly volatile market conditions in its core business segment, which the Company is only partially able to influence. They include fluctuating oil prices and exchange rates as well as political and economic developments.

On current estimates, and if conditions otherwise remain stable, the Lufthansa Group is nonetheless assuming that revenue will rise slightly on the year in 2014 and that the reported operating result will be between EUR 1.3bn and 1.5bn. This includes a reduction of EUR 340m in depreciation and amortisation, which will boost earnings accordingly. The main factors influencing earnings will remain the oil price and the jet fuel crack, as well as exchange rates, and, in particular, market developments, including the continuation of general capacity discipline in European competition. The overall risks from underlying macroeconomic developments remain unchanged.

Furthermore, the result in 2014 will be significantly affected by restructuring expenses and project costs in connection with the implementation of SCORE and the ongoing programme of investment in the fleet and the product. SCORE activities should make a substantial gross contribution in 2014, but will also entail one-off expenses of around EUR 80m. Product improvements at Lufthansa Passenger Airlines will depress the result by further one-off costs of EUR 300m. As in previous years, the Lufthansa Group's operating segments are expecting a considerable general cost inflation. Altogether, the operating segments outside the Passenger Airline Group are not expected to make a positive contribution to the Lufthansa Group's earnings improvement in 2014. For earnings stability it is vital that the lower result forecast for Lufthansa Technik is offset by higher profitability at Lufthansa Cargo.

Extract from the Annual Report for 2013. For the complete Annual Report please visit our website at www.lufthansagroup.com/investor-relations or order the printed version via internet service or by fax +49 (0) 69 696 – 90990. The printed version will be available from mid-April 2014.