



Speech

## 69<sup>th</sup> ANNUAL GENERAL MEETING

Ladies and gentlemen, dear shareholders

I, too, would like to extend a warm welcome to this year's Annual General Meeting of Deutsche Lufthansa AG.

In this year we are again meeting virtually because when we planned this AGM, in-person attendance at a major event was a very uncertain option – or even unthinkable.

But as a company that brings people together, that facilitates understanding and personal contact across borders, we look forward to a more direct form of contact with you again in the future. This is also envisaged in the German government's current draft legislation to introduce virtual shareholders' meetings.

Fortunately, the diminishing pandemic is allowing more face-to-face contact. We see this daily at airports, on our flights and also at our booking locations.

Yes, the corona pandemic has resulted in a deep crisis for us over the past two years. But we are now putting this crisis behind us, at least mentally.

This is why we renamed our 2021 Annual Report "New Normal – New Strength", because we are now fully focused on our strengths again.



Thanks to our successful crisis management, we have come through the crisis better than most of our competitors. We have used the pandemic to become even better. And now we are on the offensive again!

At the same time, we are fully aware that we are still far from having overcome the impact on our balance sheet. The increased debt will keep us busy for many years.

Our Asian traffic is also still miles away from the normality of 2019.

And last but not least, for our employees on the ground and our crews on board, who have to worked wearing masks for many hours every day, the pandemic is still with us.

We know all this.

And nevertheless we are now looking forward with great confidence.

Because we want to bring our Lufthansa – your company – further forward and lead it into a successful future.

For our customers, for our employees and of course for you, our shareholders.

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Before I report to you on the past business year, I would like to talk about what is most concerning and horrifying for all of us:

Russia's war of aggression against Ukraine. This war, and it is clearly a war, brings immeasurable suffering to the Ukrainian people.

At this very moment, more than 100 colleagues of ours are still working for the Lufthansa Group in Ukraine, and we are supporting them as best we can. They are employed in an Austrian Airlines call center in Lviv (spoken: Li-viv). Personally, I am deeply moved by how these colleagues come to work every day under the most difficult conditions with great motivation and an unshakable belief in a good future. I am sure that I can express our highest appreciation to them on behalf of all our shareholders.

Ladies and gentlemen,

In the past two years we have not only overcome the most severe crisis in our recent corporate history. We have used this as an opportunity. Just as we promised you we would.

Today we are better equipped for the future than ever, and are in a stronger position to face the challenges ahead. With more efficient structures, with lower costs, with greater sustainability and with a firmer focus.

As part of the necessary restructuring, we had to downsize our worldwide group, which had numbered some 140,000 employees before the crisis. One in four of these has had to leave us. This painful workforce reduction was completed last year.



I am very proud that we managed to effect this resizing in such a socially responsible way. We even exceeded our promise to save 100,000 jobs.

In many areas we are now able to recruit new employees and start offering apprenticeships again.

Thanks to our strict cost management, we were able to stop cash outflows as early as summer 2021 and return to profitability in the third quarter.

We have already achieved around 80 percent of our savings target of 3.5 billion euros annually. To date, we have implemented measures that will structurally reduce our annual costs by 3 billion euros.

And, probably the biggest achievement of the past year:

Following the successful completion of our capital increase, we were able to announce in November that the stabilization measures from the German government had been repaid in full. This success is very much *your* success, dear shareholders. Without *your* confidence in Lufthansa, *your* loyalty and *your* willingness to purchase new shares, this early repayment would not have been possible.

The only remaining stabilization element provided by the German government is the Economic Stabilization Fund's stake of about 14 percent in our company's share capital. Selling these shares will provide the Federal Government with a sizeable profit, in addition to the interest payments that it has already received.

Looking back, the stabilization of Lufthansa has produced winners all round. I speak for all Lufthansa employees when I say that I would also like to once again thank the German Federal Government.



In Switzerland, we are also on the verge of repaying the Swiss government's loan to SWISS and Edelweiss in full.

I would also like to take this opportunity to thank the governments in Bern, Brussels and Vienna for their help in making the Lufthansa Group a stable undertaking that keeps Europe reliably connected with the world.

2021 was still a far-from-normal business year. But we were able to see a positive reversal of the trend:

- For the full year, our airlines welcomed 47 million passengers on board – almost 30 percent more than in the previous year.
- We reduced our operating loss by more than half: Adjusted EBIT, excluding restructuring costs, amounted to minus 1.8 billion euros.
- Lufthansa Group revenue in 2021 was a 25 percent increase on 2020 at 16.8 billion euros.
- Lufthansa Cargo and Lufthansa Technik contributed significantly to these good results. Excluding restructuring expenses, our MRO segment achieved an Adjusted EBIT of more than 360 million euros.

In the cargo business, we even had a historic year: at 1.5 billion euros, Lufthansa Cargo almost doubled its Adjusted EBIT from one record to the next!

Airfreight benefited from a boom in demand, owing primarily to two factors.

First, there were still significantly fewer passenger aircraft in operation in 2021 than in pre-pandemic times. As a result, there was again a corresponding shortage of cargo capacity on many routes last year, which had a positive effect on the demand for freighter aircraft.

Secondly, global supply chains are out of sync and logistics streams in sea freight disrupted. In Chinese seaports, these problems are currently



worsening. Goods that need to arrive quickly and safely are being increasingly transferred to air freight.

So against this background, I am not promising too much by stating that Lufthansa Cargo's very favorable development will continue for some time.

Ladies and gentlemen,

Despite the positive developments in 2021, we are unable to pay you a dividend in view of a further loss.

In addition, the agreement still in force on the stabilization of Lufthansa prohibits any dividend payment for as long as the Economic Stabilization Fund retains a stake in Lufthansa.

Our share price also suffered for a long time last year as a result of the pandemic. Since our capital increase, however, it has significantly recovered. Since the beginning of this year alone, our share price has risen more than 15 percent in an overall declining market. And over the past twelve months, our share has outperformed all our European competitors and the DAX.

It is clear, however, that as a shareholder in an aviation company you (still) need strong nerves. I would therefore like to thank you even more for supporting us with your loyalty and your trust through these two turbulent years of the corona crisis.

You have my word: We will continue to work hard to earn that trust, day after day.



Ladies and gentlemen,

Looking ahead, we have set three priorities:

1. Restore the travel experience of our customers to the premium level they rightly expect from us.
2. Substantially strengthen our sustainability initiatives so we achieve our ambitious goals of greener aviation.
3. Accelerate our transformation so we can make further progress towards a more efficient and focused Lufthansa Group.

Or, to put it all in one sentence:

Our goal is to become an even better Lufthansa.

To the first point: our customers.

People want to fly!

After the numerous travel restrictions of the past two years, the pent-up demand is now high for both private and business travel. Owing to the spread of the Omicron variant, this development has started somewhat later than expected. But the increased bookings are now even greater.

Meanwhile, more than three quarters of the aircraft in our fleet are now back in service. And on average, our flights are almost as well booked they were before the pandemic.



The outlook for the future makes us optimistic, too, despite the current geopolitical situation.

Our airlines expect continued growth this summer.

The trend towards bookings in the premium segment continues unabated: more and more private travelers are opting for Premium Economy Class, Business or even First.

We have prepared ourselves well, both strategically and operationally, for the structural changes in demand in the private travel sector.

Even before the pandemic, we had begun to broaden the Lufthansa Group's coverage of this segment. And we have accelerated these efforts significantly over the past two years.

We are currently benefiting from our strong network, and from the broad service offerings of our member airlines in their various markets.

With a triple-digit number of vacation destinations, we offer our customers more choice than ever before.

More and more destinations are being served by our airlines, which specialize in leisure travel: Eurowings, Eurowings Discover and Edelweiss. But our hub airlines of Lufthansa, SWISS, Austrian Airlines and Brussels Airlines with their regional partners Lufthansa City Line and Air Dolomiti are also benefiting from this trend. After all, 70 percent of passengers on these aircraft are leisure travelers, too, many of them vacationers.

More than ever, our successful multi-brand and multi-hub strategy is paying off. It gives our customers the greatest possible flexibility and choice.





Business travel has not yet recovered to the same extent as leisure travel. But here, too, we are growing more confident from week to week.

Even if videoconferencing and online meetings replace some of this travel in the longer term: the desire for face-to-face interactions is growing noticeably among business travelers. We are currently seeing up to 50 percent of the pre-pandemic business travel volume, and by the end of the year we expect 70 percent. So the corporate bookings trend is also clearly heading in the right direction.

For 2022 as a whole, we expect our average capacity to be at around 75 percent of its 2019 level, and as high as 90 percent in the coming summer months. As early as next year, we plan to offer some 95 percent of our pre-crisis capacity for the year as a whole.

Until now we assumed that we would not fully return to pre-crisis levels before the middle of this decade. But in view of the present strong demand dynamic, this forecast may prove too conservative, and we may well return to pre-crisis capacity levels earlier than planned.

In view of this, maintaining the greatest possible flexibility remains the keystone of our planning.

We also want and need to return to pre-crisis levels as quickly as possible in terms of customer satisfaction.

We are painfully aware that in many areas we are not yet back to offering the quality products and services for which we are known.

In this respect, the summer ahead will be challenging:



Airports, air traffic control, catering and other partners have already told us that they continue to expect staff shortages, some of them considerable.

Nevertheless – or rather precisely because of this – the satisfaction of our guests is now our absolute top priority.

To these ends, we are working intensively with our partners on solutions to cope with rising passenger numbers. Some of these measures are painful. To take one example, in view of the shortage of handling capacity at Fraport, we had to cancel a triple-digit number of flights to and from Frankfurt during the Easter travel week alone. This cannot be the solution, of course. So all the parties involved must once again significantly intensify their efforts to ensure that flight operations runs as smoothly as possible.

To further enhance the travel experience of our guests on board, we are also investing in new aircraft and new cabin equipment.

Over the next 18 months, for example, we will introduce new seating in all classes of travel: First Class, Business Class, Premium Economy Class and Economy Class.

A few weeks ago, we unveiled our new state-of-the-art Premium Economy seats at SWISS.

And at the end of April, one of four additional Airbus A350s with an upgraded Business Class entered scheduled service with Lufthansa.

From the middle of next year, newly-delivered Lufthansa long-haul aircraft will be flying with *our* new Business Class that has been completely redesigned by us. And in summer 2023 we should take delivery of new



Airbus A350s and Boeing 787s that will be equipped ex-works with this new mould-breaking Business Class cabin.

I can assure you: our guests can already look forward to this!

We will continue with this product drive in the coming months. And we are also investing in many other benefits and services, on board and on the ground.

But let me be honest and, for all the improvements, clearly address one particular problem. Our call centers are still often only reachable after too long waiting times. This can be explained by continuing high call volumes, longer call times and still complicated travel restrictions. But that should not be an excuse.

We have already hired more than 500 new call center agents and have been able to reduce these waiting times. But there are still too many customers who we are disappointing with our lack of reachability.

We will not let up, therefore, in our efforts to tackle this problem as well. Also through further improving our customers' digital self-service options which make a call center call unnecessary.

In any case, it is a strategic focus of the Lufthansa Group to decisively advance digitalization. This applies, for example, to processes in our engineering and aircraft maintenance, in sales, or to optimizations in flight operations. However, a particular focus is on improving and expanding digital offerings for our passengers.



After all, our goal is to provide the best possible experience for our customers throughout the travel chain.

This also extends to my second point: sustainability.

Ladies and gentlemen,

Sustainability is not just a trend: it's all our futures, too!

This is why we are increasingly aligning our business activities to sustainability criteria.

This applies to

- the design of what we offer our customers
- the procurement of aircraft or synthetic fuel and
- the research and development that we conduct ourselves or with partner networks.

Let me give you just three examples.

Only 14 days ago, Lufthansa Airline integrated new options for offsetting CO<sub>2</sub> emissions into its digital booking process. Whenever they purchase a ticket online, the customer can now opt to compensate for the CO<sub>2</sub> emissions of their intended air travel – via climate protection projects from myclimate, by purchasing sustainable aviation fuel or through a combination of both.



As a result, after just a few days, the booking share of CO<sub>2</sub>-neutral flights on lufthansa.com has significantly increased.

In addition, we are currently evaluating the sale of CO<sub>2</sub>-neutral all-inclusive trips, together with a partner.

Every guest should have the opportunity to be able to offset the CO<sub>2</sub> emissions of their air travel as simply and effectively as possible.

We have also used the past 24 months to carry out the fastest and most extensive fleet transformation in the history of our company, and are continuing this with renewed speed.

Just yesterday evening, we were able to announce the purchase of 17 additional Boeing long-haul aircraft. With these aircraft, some of which are already available at short notice, we are on the one hand compensating for delays in other new deliveries, such as the Boeing 777-9, and on the other hand taking advantage of market opportunities in the successful cargo business. Our latest order is therefore split into seven passenger and ten freighter aircraft.

By 2025, 120 new and especially fuel-efficient aircraft will have been delivered to our airlines. By 2030, we will have at least 190.

This means that, on average, a new aircraft will be added to our fleets every two weeks. Each of these emits up to 30 percent less CO<sub>2</sub> than its predecessor, and is up to 50 percent quieter, too.

All of this means that we will continue to invest some 2.5 billion euros every year in new, fuel-efficient aircraft in the coming years as well.



We are also working even harder to develop scalable production processes for sustainable aviation fuels.

As the largest purchaser of sustainable fuel in Europe, we are already doing more than any other European airline group. But we are not satisfied with that: between now and 2024, we will invest more than a quarter of a billion U.S. dollars in sustainable fuels, while continuing to expand our collaborations in this field.

Technology and infrastructure are the most important levers for meeting the challenge of climate change in aviation.

And this is why we established the Lufthansa CleanTech Hub last year.

As a competence center and think tank, the new hub bundles new input from science and the global start-up scene, and combines all this with our extensive airline expertise.

With the CleanTech Hub we aim to find the most promising companies in the field of sustainable technologies, and to integrate these into our broad partnership ecosystem.

Leading all this is one key goal:

To halve the Lufthansa Group's CO<sub>2</sub> emissions by 2030 and make our operations fully carbon-neutral by 2050.

In order to concretize these net targets, we have also joined the "Science Based Targets Initiative". In this way, we aim to bring our CO<sub>2</sub> reduction path into line with the United Nations Paris Climate Agreement. And we are doing so transparently, and on the basis of scientific measurements.



Ladies and gentlemen,

We are well aware of the aviation industry's responsibilities. After all, global air traffic accounts for almost 3 percent of all man-made CO<sub>2</sub> emissions.

We want to and will make our contribution to more climate-friendly air traffic. And lead our industry on the path to a more sustainable future.

This is why we also support the EU's ambitious targets and the Fit for 55 climate protection package.

But: an effective climate protection policy must be designed in such a way that it does not distort competition – either within Europe or between European and non-European airlines.

After all, we must not discriminate against those who do a lot for sustainable air transport and favor exactly those who do not.

In our democracy, it cannot be politically desirable for autocratically governed countries to benefit from European regulation.

Nor can we want dependencies in the energy sector and defense capabilities to be joined by new dependencies in the aviation sector.

We are seeing this more clearly than ever these days. Europe needs strong airlines. We must not weaken them with further unfair regulations.



This is why we are calling for a European climate policy that effectively reduces emissions, avoids carbon leakage and ensures fair international competition.

Only in this way will Europe have the chance to become a global role model for the decarbonization of air transport.

To my third point: our path to a stronger, more efficient and more focused Lufthansa Group.

In the future, we want to focus even more on what we do best: flying people and cargo safely to their destinations as an airline group.

In the future, we will remain active in profitable business segments that have high synergies with our airlines.

Where these synergies are low, we will look for better owners.

In very concrete terms, this means:

- We have started a process to find a buyer for our AirPlus credit card business.
- We intend to sell the remaining international business of our LSG catering subsidiary.
- We are convinced, too, that greater independence from the Group will be good for the further development of Lufthansa Technik. That is why we are preparing to sell a minority stake in it in the coming year.

At the same time, we are carefully monitoring the renewed consolidation in the airline industry.





With the recovery of European air travel, the pressure to consolidate is increasing significantly. As Europe's largest airline group, we naturally continue to play an active role in this process.

For us, however, a strict and at the same time simple rule applies: every transaction must create value. Also: we only talk about mergers and acquisitions when it is time to do so, rather than speculating about what might or might not happen.

But one thing can already be seen today:

Airlines with strong home markets, an effective business model and a sound balance sheet will come out of the Corona crisis stronger. While at the same time those that are already weak will become even weaker.

We have done our homework:

By sustainably and structurally improving our competitiveness over the past two years.

And by being able to allocate capacities within the Group in such a way that we can operate with competitive costs and products in various market segments.

We will also be significantly further increasing the flexibility in our organizational and operational structures. As a result of our successful crisis management, we have seen the enormous potential that lies in comprehensive collaborations which are based on clear goals.

We are building on this strength of our Group. Because one thing is certain: the competition in the aviation sector will continue to intensify.



Ladies and gentlemen,

I would like to take the opportunity of this year's Annual General Meeting to thank our employees. They have done a tremendous job in a year that was once again full of challenges. And they showed once again why it is something special to be a Lufthansa Group employee.

If it hadn't been for the great commitment, the motivation and the drive of our employees, we would not have come through this crisis remotely as successfully as we have. It clearly pays off for our company that, with the best social standards in the industry and the highest remuneration, we attract and keep the best people on board. I am sure I can also express my thanks to them all on your behalf, dear shareholders.

At the beginning of my speech, I said: "After two years of this pandemic, we are now mentally putting the crisis behind us and looking to the future with renewed strength."

We are doing so in the firm knowledge that large numbers of people around the world want to travel again on a regular basis and will do so. And flying is indispensable to doing this.

We know, too, that the mission of our company – your company – is more relevant than ever: the Lufthansa Group connects people, cultures and economies in a sustainable way.

In this way, we, together with you – our shareholders – contribute to international understanding and peace.



That has never been more important or more relevant than it is today.

We hope you will continue to support us.

Thank you very much!