



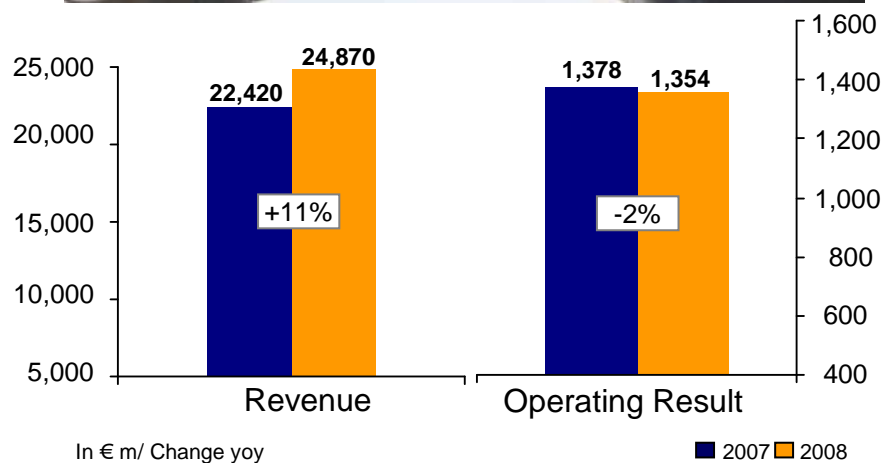
Lufthansa

Annual Press and Analyst Conference for the Financial Year 2008

Stephan Gemkow
Member of the Executive Board and CFO
Deutsche Lufthansa AG
Frankfurt / March 11, 2009



Key figures of the Lufthansa Group 2008

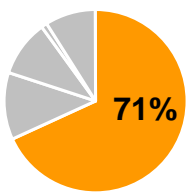


in € m	2008	yoy
Revenue	24,870	+10.9%
- thereof traffic revenue	19,998	+13.8%
Operating result	1,354	-1.7%
Adj. operating margin	6.1%	-0.8P.
EBIT	976	-46.0%
Net profit	599	-63.8%
CVA	654	-57.7%
Operating cash flow	2,473	-13.6%
Capital expenditure	2,154	56.3%
As of December 31	2008	yoy
Net liquidity	125	-83.7%
Equity ratio	30.9%	0.0P.

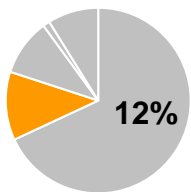
Group revenue by business segment

2008 vs. 2007

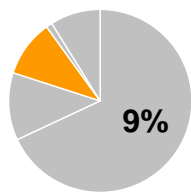
External revenue split



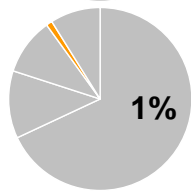
Passenger Transportation



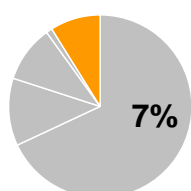
Logistics



MRO



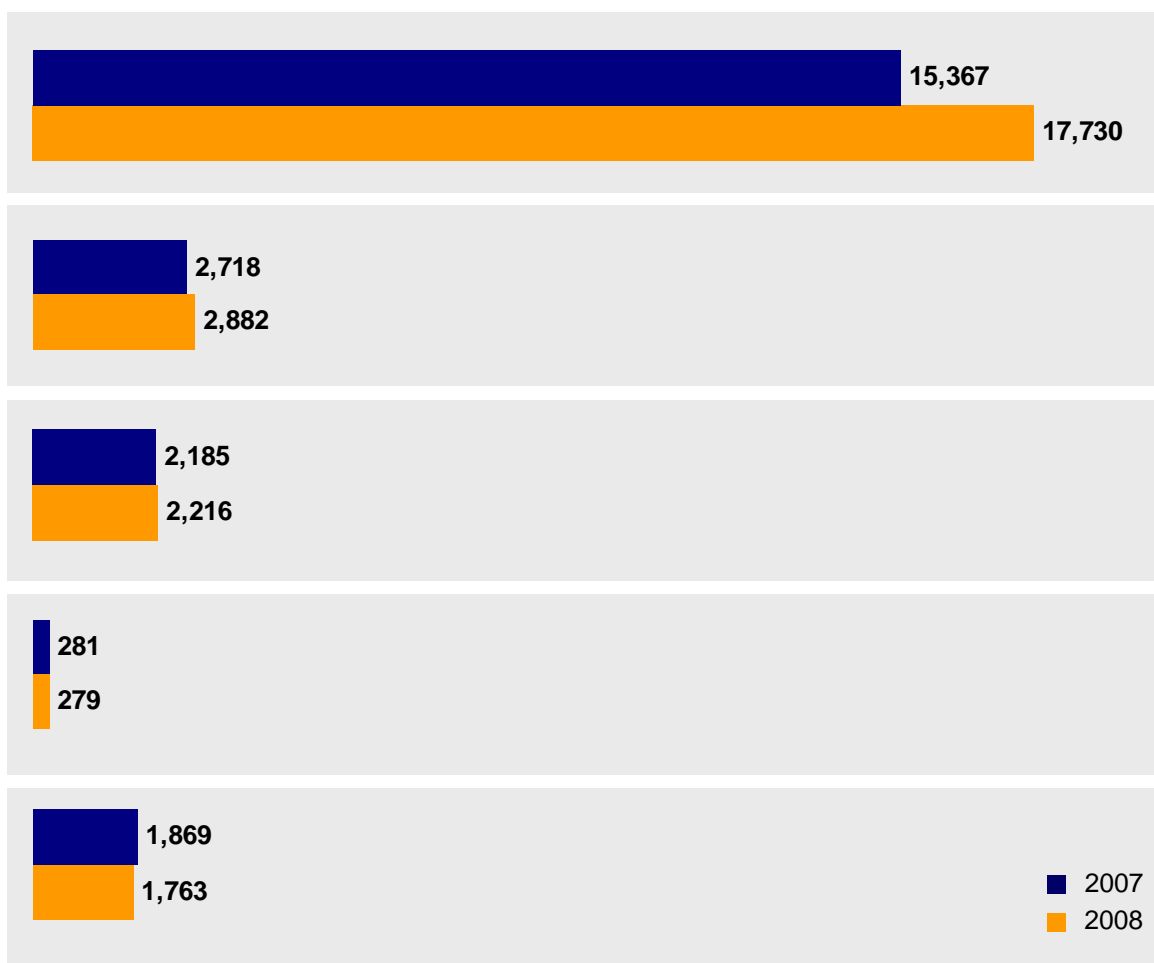
IT Services



Catering

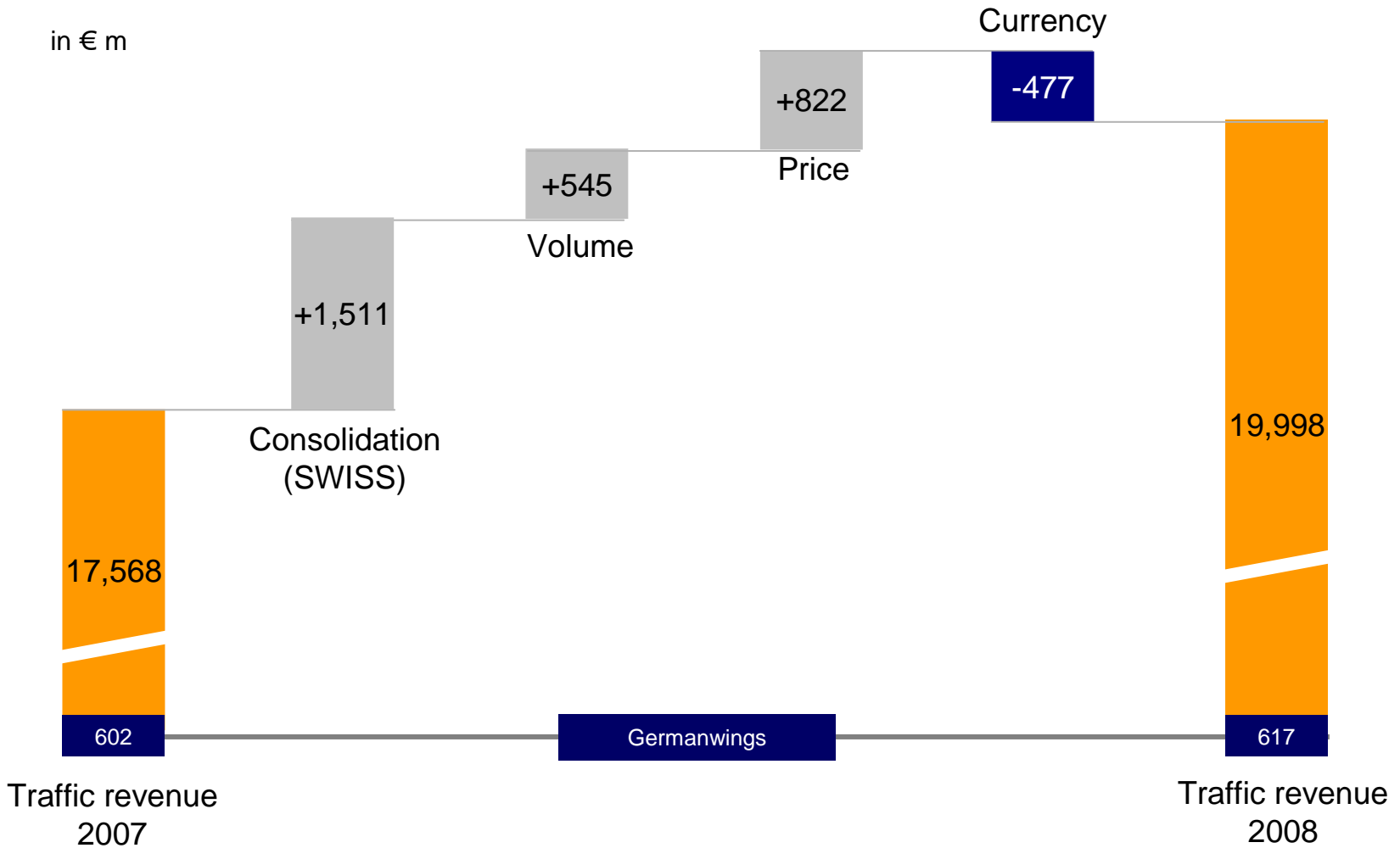


External revenues [in € m]



■ 2007
■ 2008

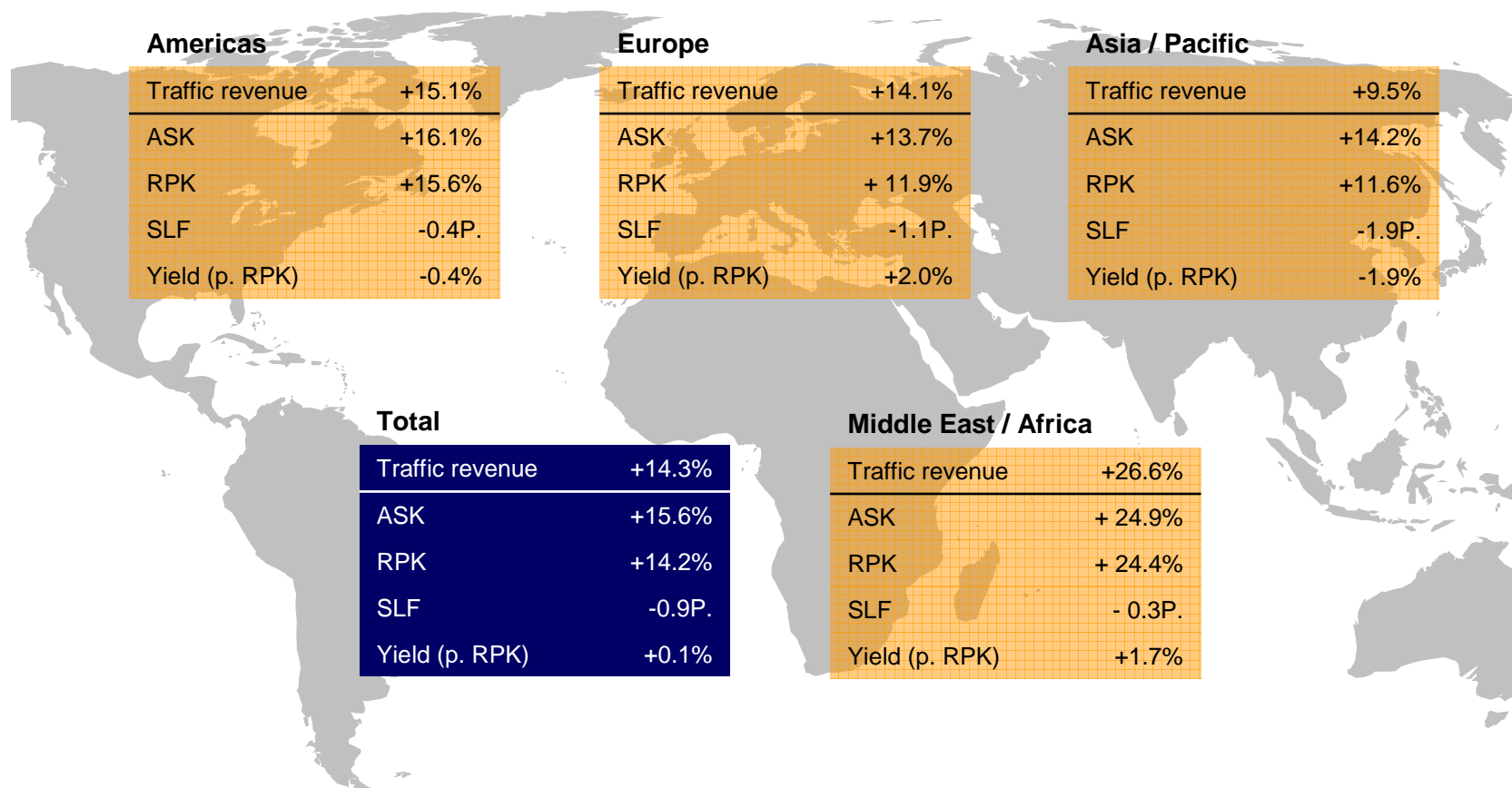
Parameters of Group traffic revenue development 2008 vs. 2007



Development by traffic regions

Lufthansa Passenger Airlines and SWISS*

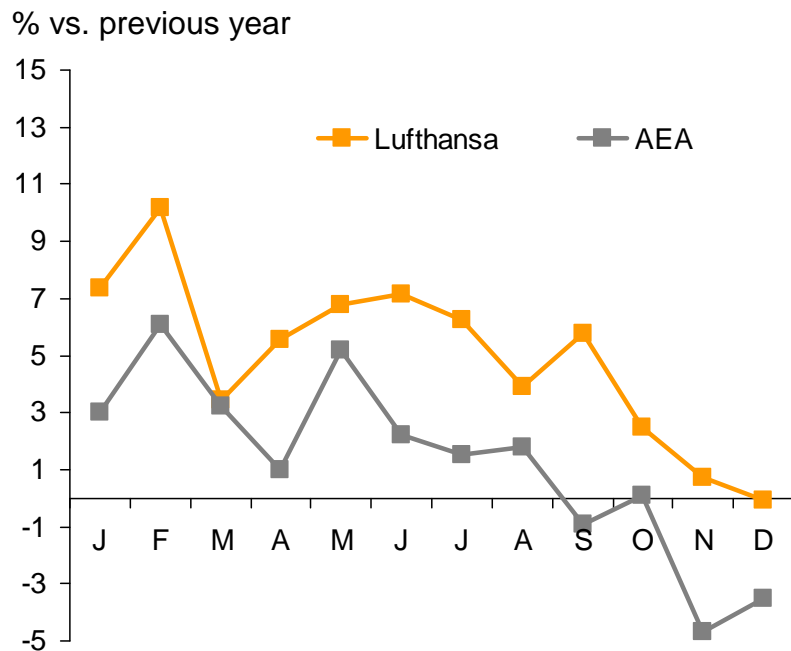
2008 vs. 2007



* Lufthansa, regional partners and – since July 1, 2007 – SWISS

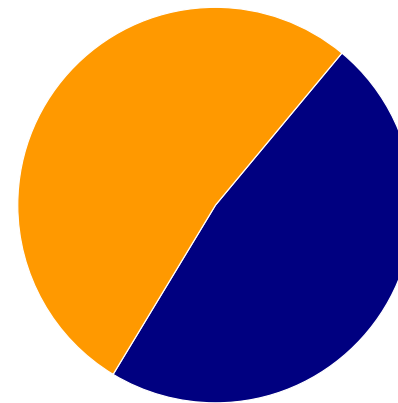
Lufthansa passenger sales outperformed market development while quality of revenue was maintained

Monthly RPK growth in 2008



F/C-Class revenue share of intercont traffic revenue 2008

Premium: 52%



Non-Premium: 48%

Source: Lufthansa and AEA

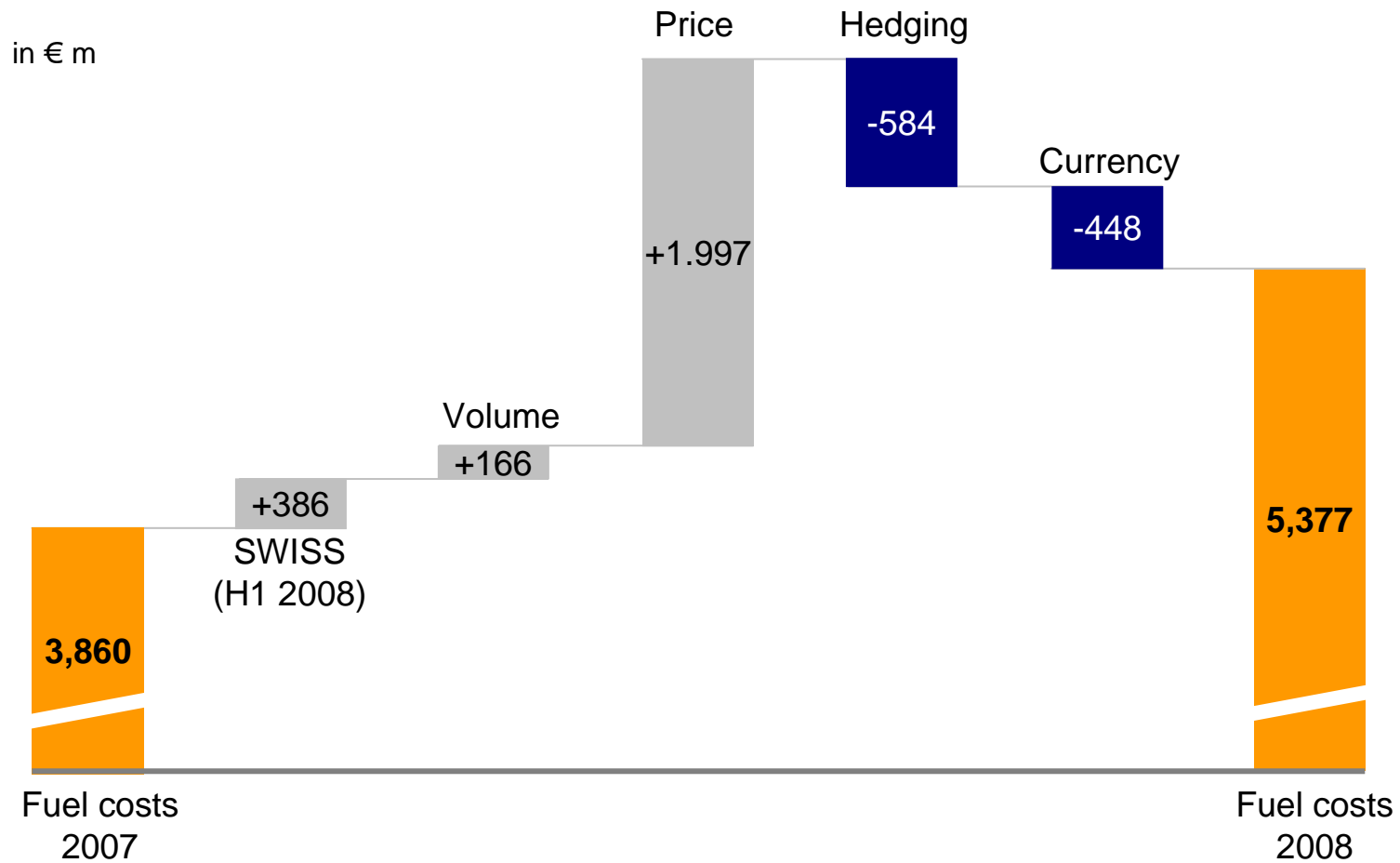
Development of operating expenses

2008 vs. 2007

	2008 [in € m]	Change [in %]
Cost of material	13,707	
Staff costs	5,692	
Depreciation & amortisation	1,289	
Other operating expenses	4,946	
TOTAL	25,634	

■ Group as of 2007 ■ Group 2008

Development of fuel costs 2008 vs. 2007



Operating result

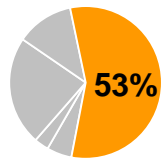
2008 vs. 2007

in € m	2008	2007	Change
Result from operating activities	+1,383	+1,586	-203
Net book result assets/fin. investments	+71	-19	+90
- thereof aircraft disposals	-3	-9	+6
Valuation from non-current borrowings	+52	-70	+122
Past service costs	-10	0	-10
Impairment	+15	+44	-29
Income from reversal of provisions	-157	-163	+6
Operating result	+ 1,354	+ 1,378	-24
Adjusted operating margin	6.1%	6.9%	-0.8PP

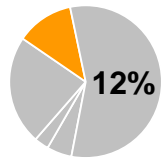
Operating result by business segment 2008 vs. 2007

Share of Group operating result*

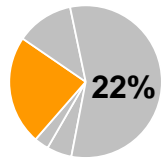
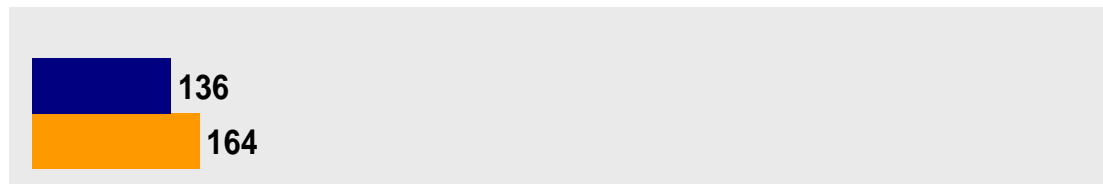
Operating result
[in € m]



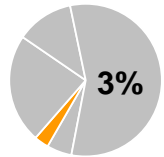
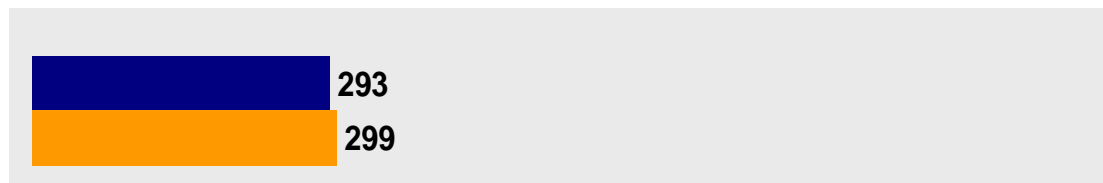
Passenger Transportation



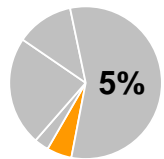
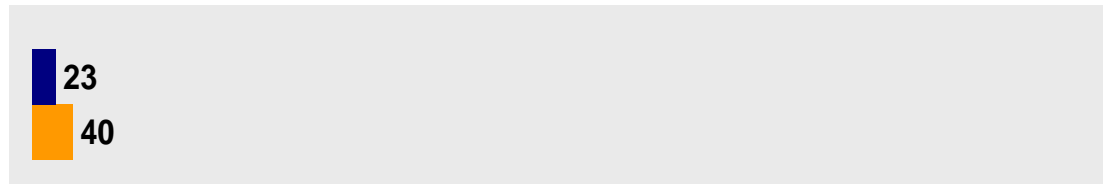
Logistics



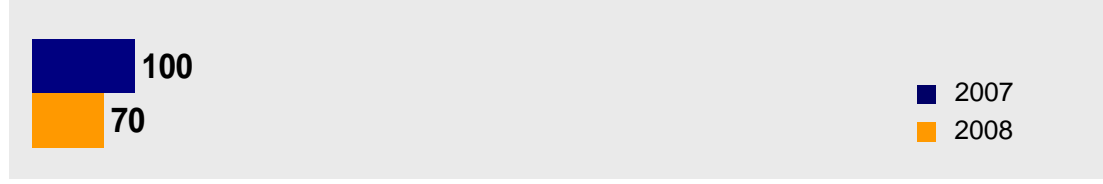
MRO



IT Services



Catering



■ 2007
■ 2008

*Remaining 5% related to non-operating Service and Financial Companies

EBIT and EBITDA

2008 vs. 2007

in € m	2008	2007	Change
Result from operating activities	+1,383	+1,586	-13%
Income from subsidiaries, joint ventures and associates	+20	+354	-94%
Other financial items	- 427	-133	-221%
EBIT	+976	+ 1,807	-46%
Depreciation, amortisation and impairment	+1,289	+1,204	+7%
Write-downs of financial items	+156	+12	+1200%
EBITDA	+2,421	+3,023	-20%

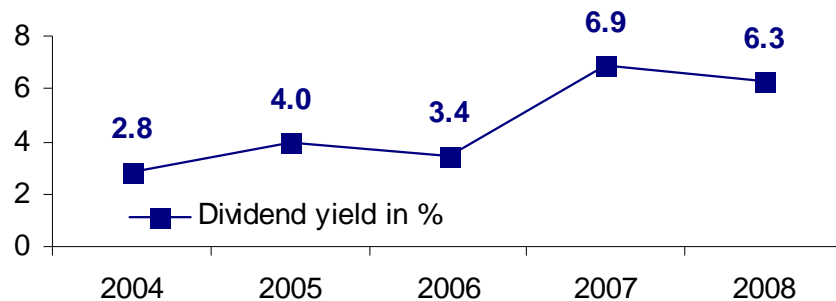
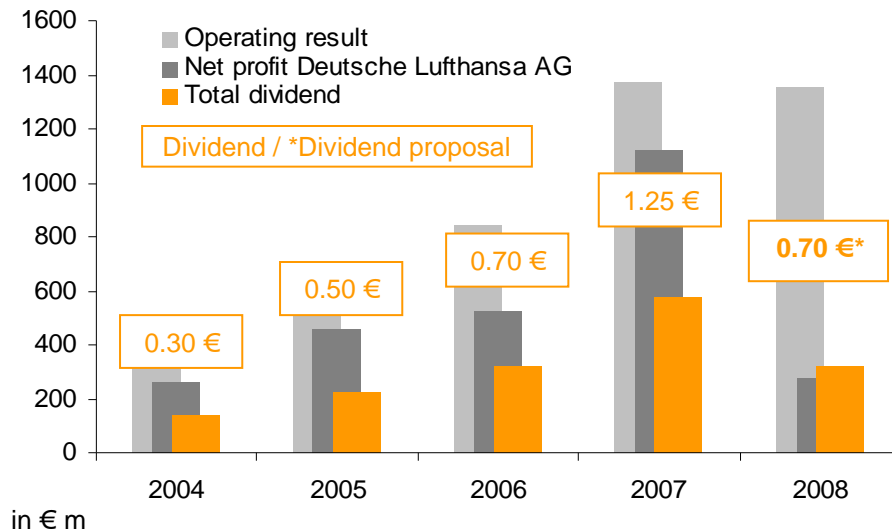
Net result of the Group

2008 vs. 2007

in €m	2008	2007	Change
EBIT	+976	+1,807	-46%
Interest result	-172	-194	+11%
Income taxes	-195	- 356	+45%
Result of discontinued operations (Leisure travel)	-	+ 503	-
Result attributable to minorities	-10	-105	+91%
Net result	+599	+1,655	-64%

€ 0.70 dividend proposal follows dividend policy and takes financial market uncertainties into account

Development of dividend and dividend yield



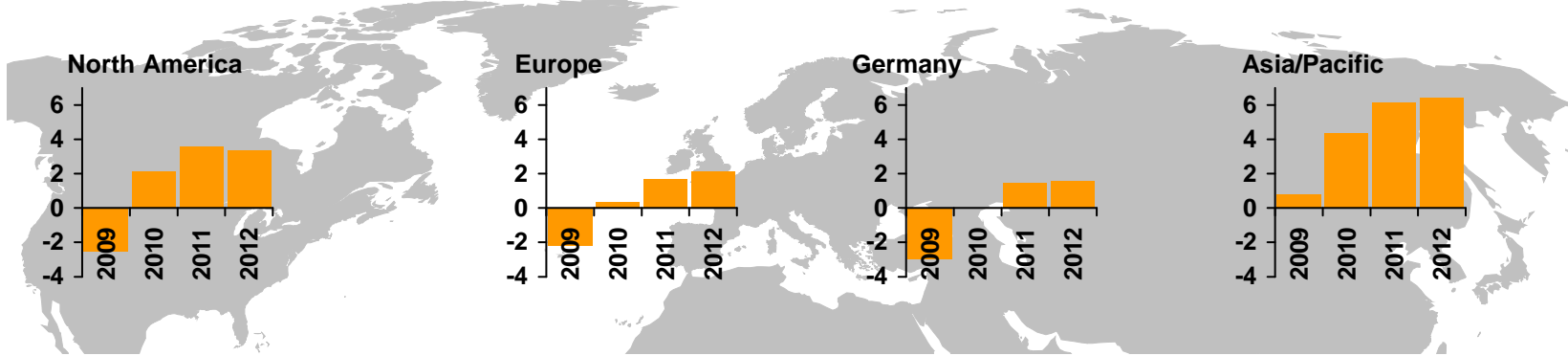
Our dividend policy

1. Dividend is determined by operating performance
2. Net profit of Deutsche Lufthansa AG and Group must allow for dividend payment
3. In this framework we seek continuity
4. Additional payments could result from extraordinary income, provided capital structure targets are met and no value-creating investment alternatives exist

+ Consideration of financial market uncertainties

Expected recession in industrial nations in 2009 will lead to dramatic downturn in the airline industry

Economic environment: GDP forecast 2009-2012



Source: Global Insight World Overview as of 14 Feb 09

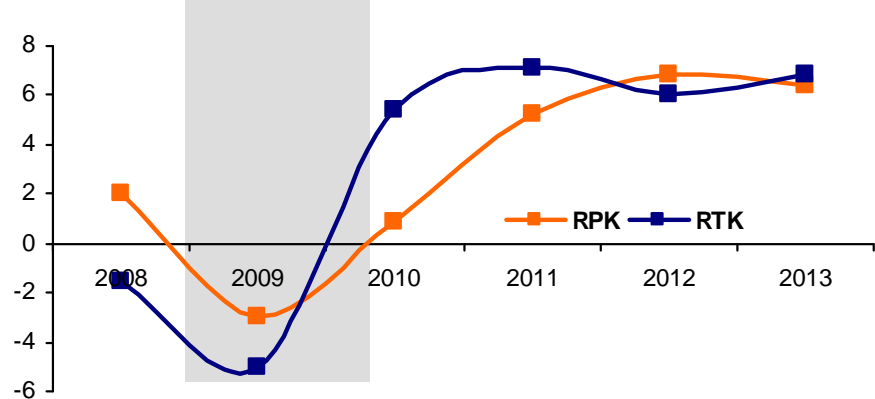
Airline industry: Outlook

„Alarm bells are ringing everywhere. Every region’s carriers are reporting big drops in cargo. [...] We have not yet seen the bottom.“
 (Giovanni Bisignani, 26 Feb 09)



Source: IATA, AEA

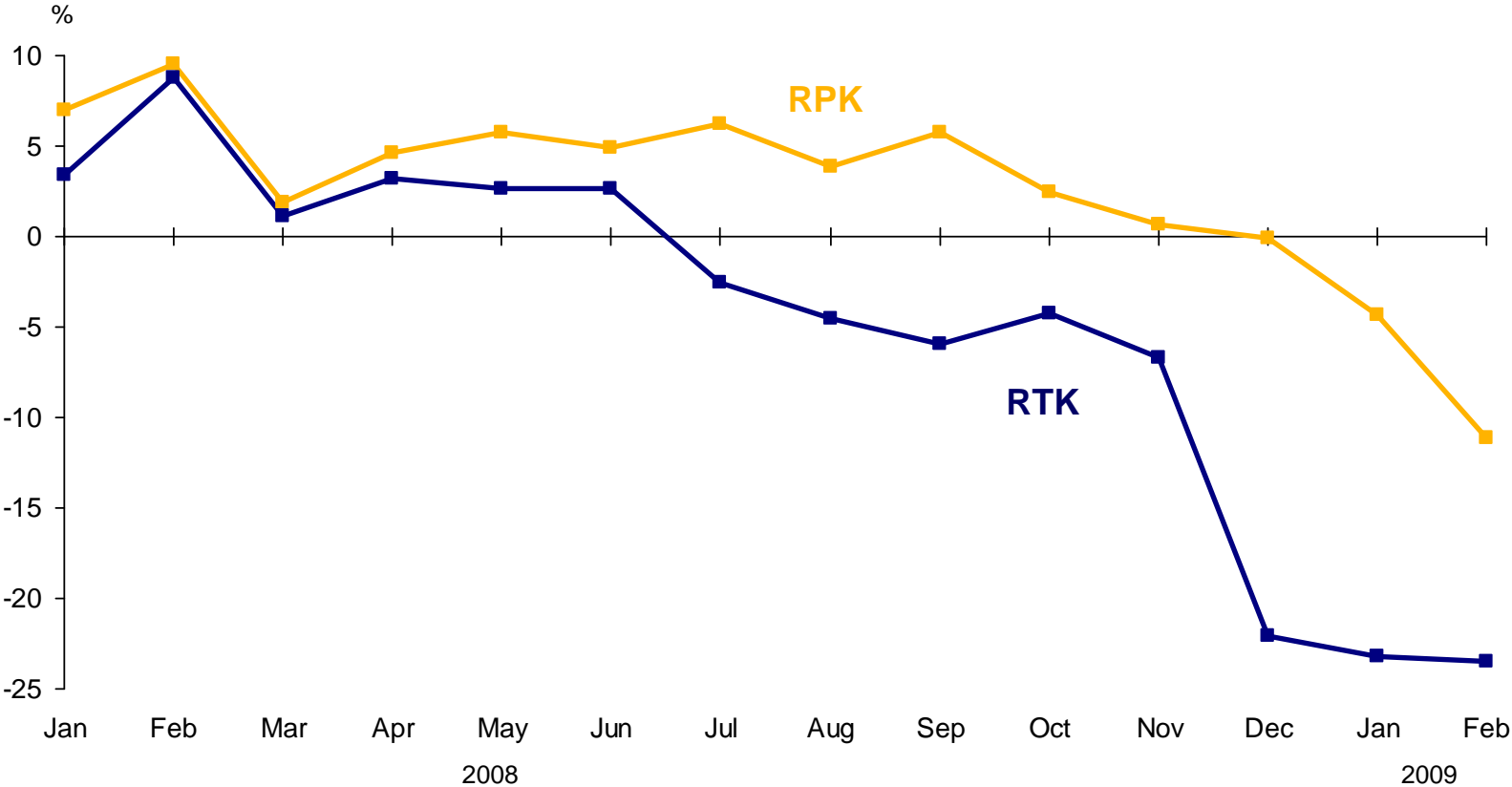
Recovery of demand expected from 2010 onwards



Source: IATA

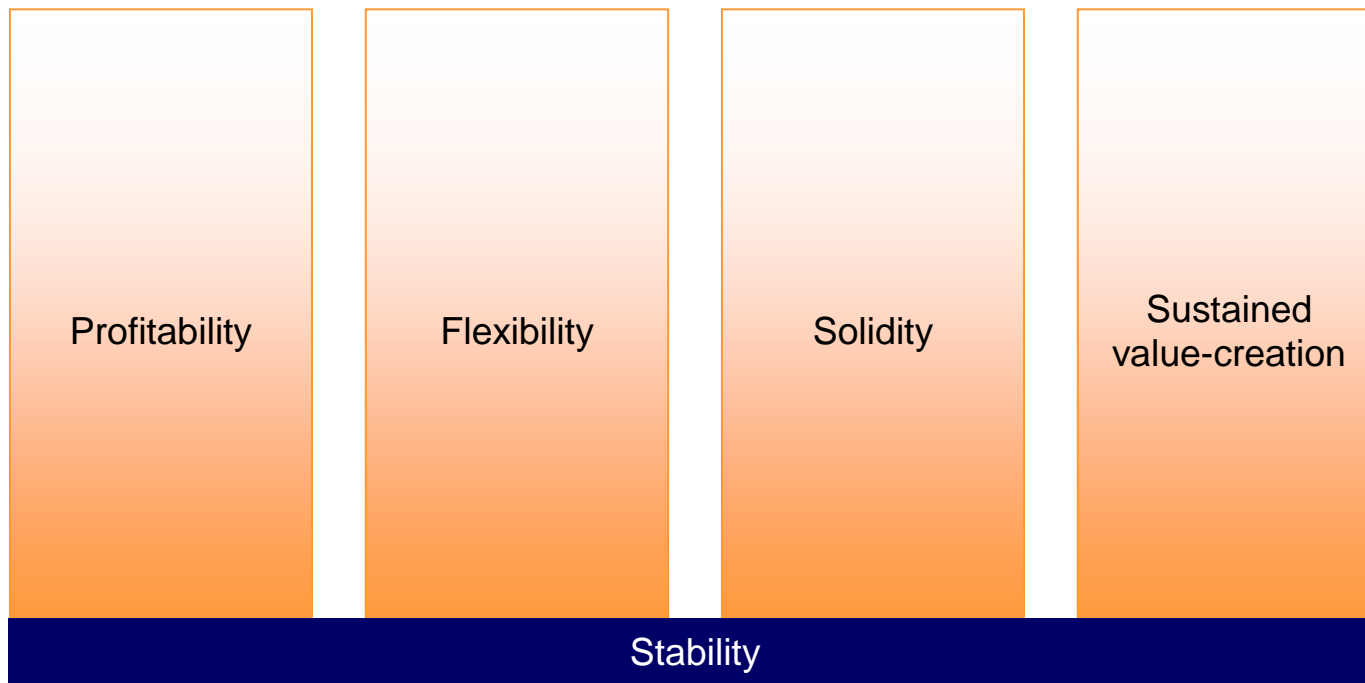
Downturn also reflected in Lufthansa sales development

RPK* and RTK development (2008-YTD 2009, change yoy)



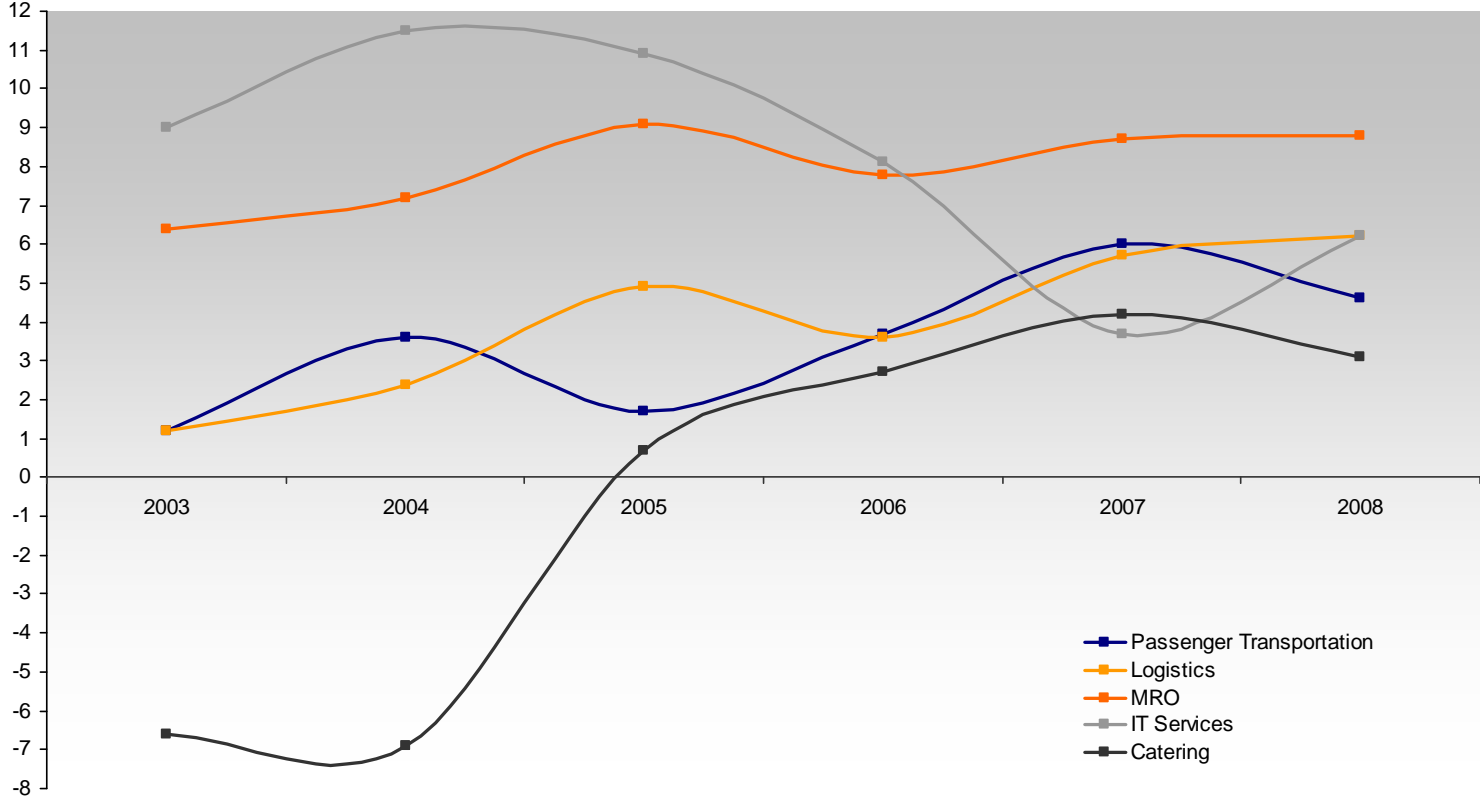
*incl. SWISS since July 2008

Lufthansa has the ability to react flexibly to the market environment, its financial solidity provides stability



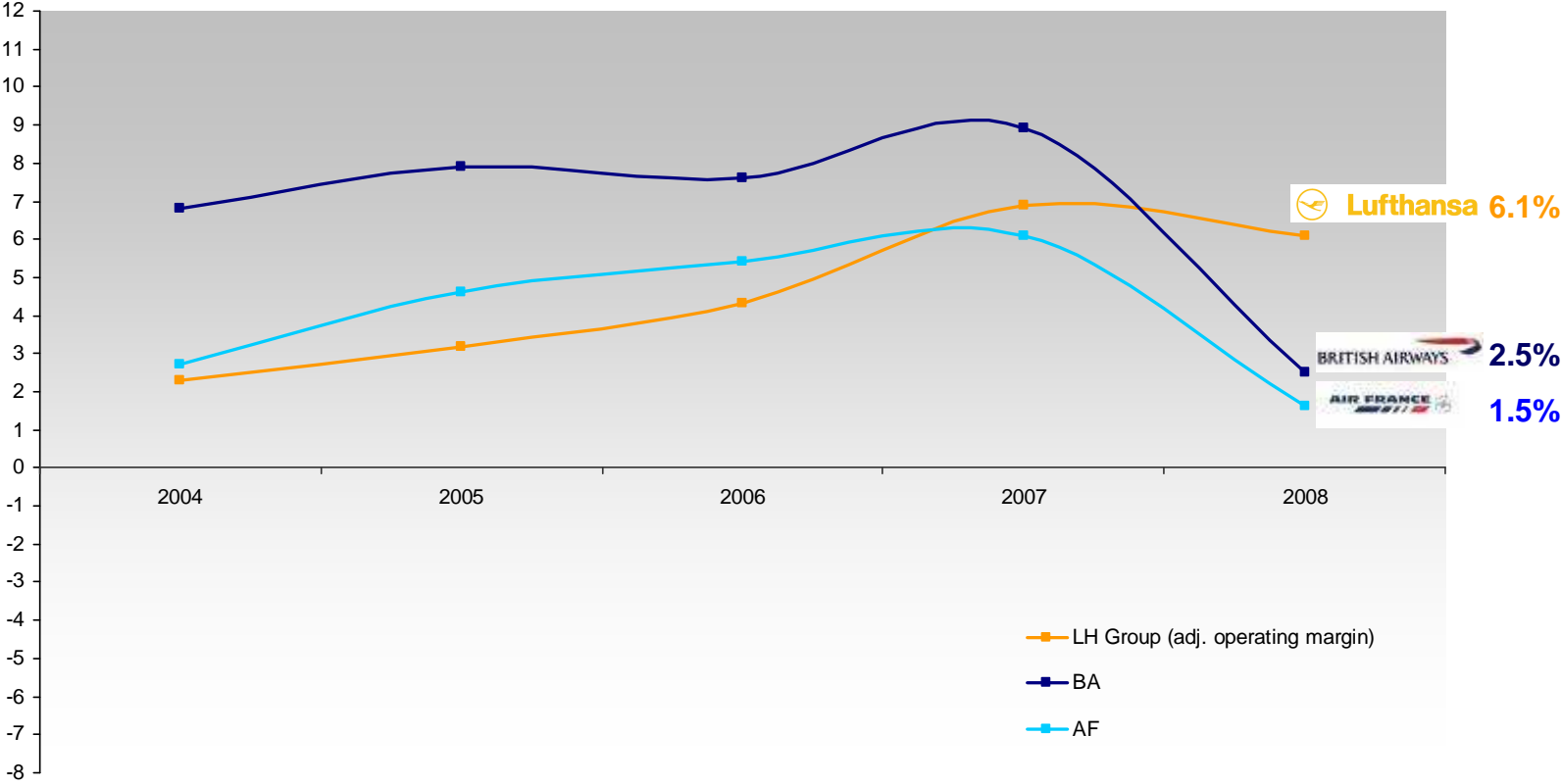
Business segments stabilize and secure Group profitability

Adjusted operating margin development by business segments (in %)



More stable operating margin development than peers

Operating margin (January – December in %)



Difficult market environment led to further capacity reductions

Lufthansa Passenger Airlines

ASK change yoy in %








Lufthansa Cargo

- ↓ Stage 2 of program to safeguard earnings in place since Feb 09
- ↓ 20% reduction of freighter capacities
- ↓ 4 out of 19 MD11F not in use

Flexibility in capacity development

- 70% of Group fleet unencumbered
- Low share of leased aircraft
- Conservative depreciation policy over 12 years
- Flexible product offering by reconfiguration of interkont fleet to smaller C-Class

Flexible cost base reacts to demand and capacity changes - numerous cost reductions realised

Cost base structure – high share of variable costs					
Passenger Airlines	SWISS	Logistics	MRO	IT Services	Catering
 64%	 65%	 35%	 71%	 32%	 77%

+

Actual measures

Lufthansa Passenger Airlines and Group functions

- Reduction of administrative costs to 85%
- Hiring freeze in all administrative and operating functions
- Review and redimension of project portfolio

Lufthansa Cargo: program to safeguard earnings

- Reduced working hours
- 30% staff cost reduction possible
- Reduction of administrative costs to 80%
- Reduction of project budget to 30%

+

Sustainable profitability improvement

Upgrade^o
to Industry Leadership

- Goal: Most profitable European network carrier
- 120 Group-wide projects
- Examples: Optimisation of procurement within the Group
 - Target 2009: € 30-50 m
 - € 200 m p.a. from 2010

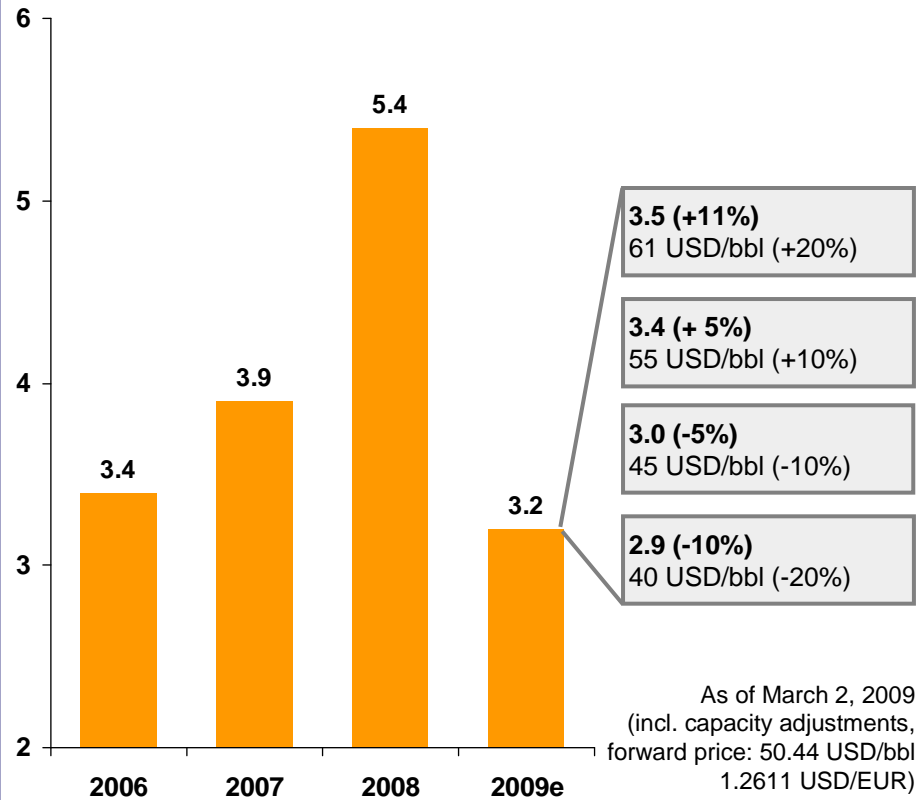
Significant fuel cost decline expected

Oil price scenario Lufthansa Group 2009



Projected fuel costs and sensitivities

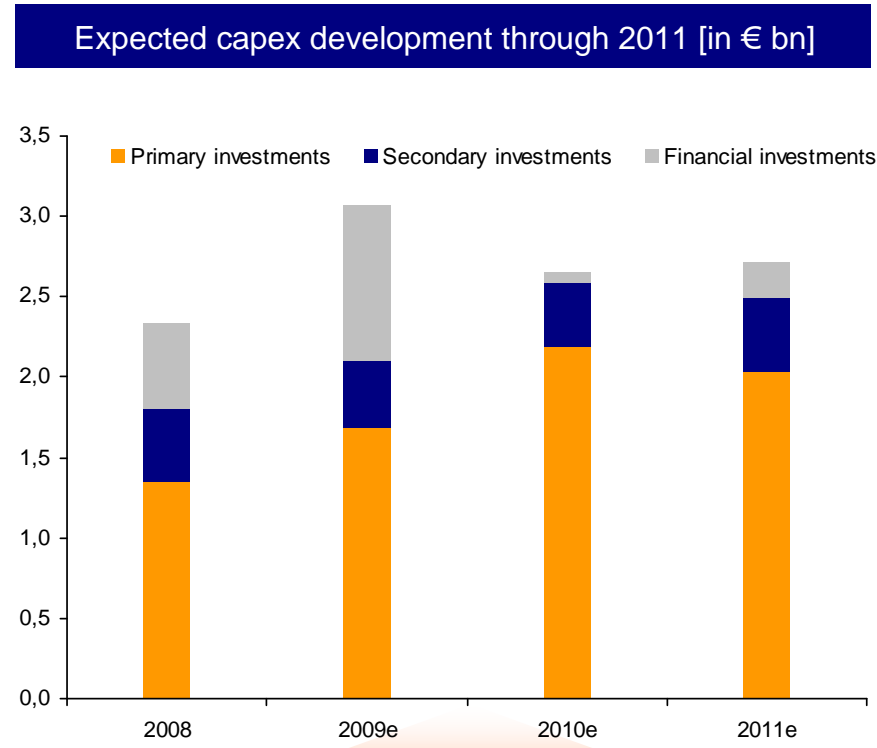
Fuel costs Lufthansa Group
(in € bn incl. hedging)



Fleet modernisation and medium-term capex plans remain unchanged

Deliveries 2009		
	A330/340	8
	A320 Family	14
	ERJ-195	15
	CR9	9
	Cessna Citation	5*

100% Roll-over



Financing through

Operating cash flow

Liquidity

External financing

* thereof 3 training aircraft for LH Flight Training

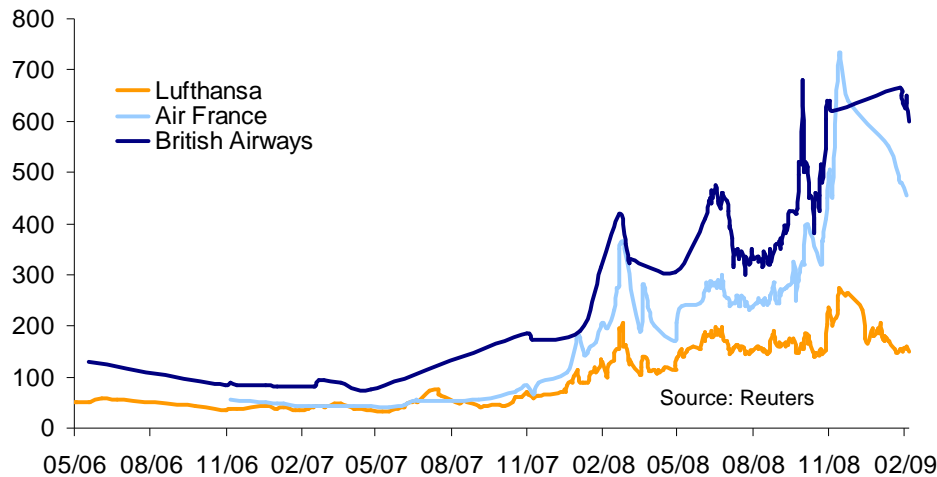
Competitive advantage and financing flexibility as a result of investment grade rating und solid capital structure

Current ratings

Investment grade rating

Moody's: Baa3 (stable)
S&P's: BBB (negative)

5Yr CDS – Lufthansa lower than peers



Flexible financing through...

Operating cash flow

Liquidity

External financing

November 2008
Swedish Tax Lease
Volume ~ € 80 m

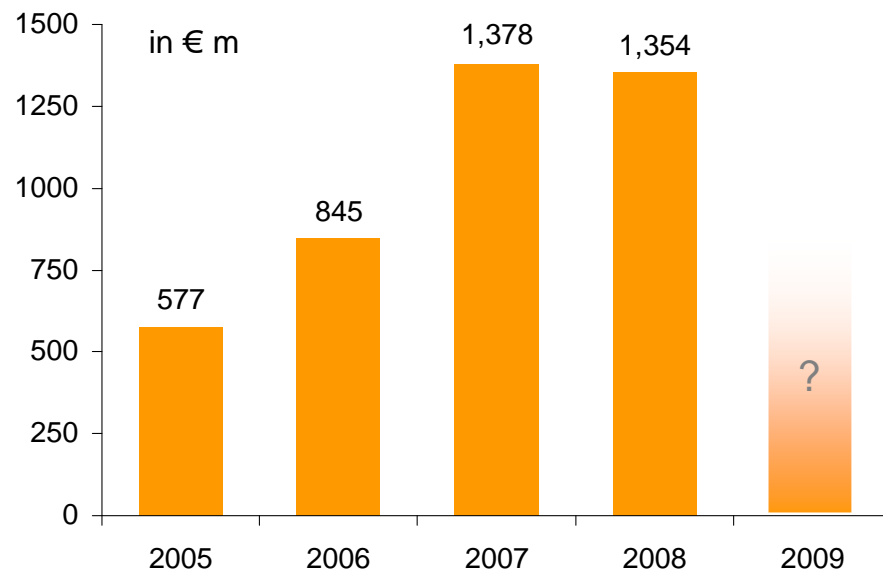
January 2009
Japanese Operating Lease
Volume ~ € 40 m

Februar 2009
Private Placement
Volume: ~ € 600 m
Maturity: 3 and 5 years



Outlook 2009

Operating result



Financial targets

- Considerably positive operating result
- Retain minimum liquidity of € 2 bn
- Keep balance sheet strength
 - High share of unencumbered assets
 - Sustainable equity ration of 30%
 - Gearing between 40% and 60%
- Secure investment grade rating
- Continue pension funding with flexible approach
- Consistent dividend policy



Lufthansa





Save the Date!

**Lufthansa
Investor Day 2009**

**Date
Thursday, 25 June 2009**

**Location
Lufthansa
Training & Conference Center
Seeheim (near Frankfurt)**



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