



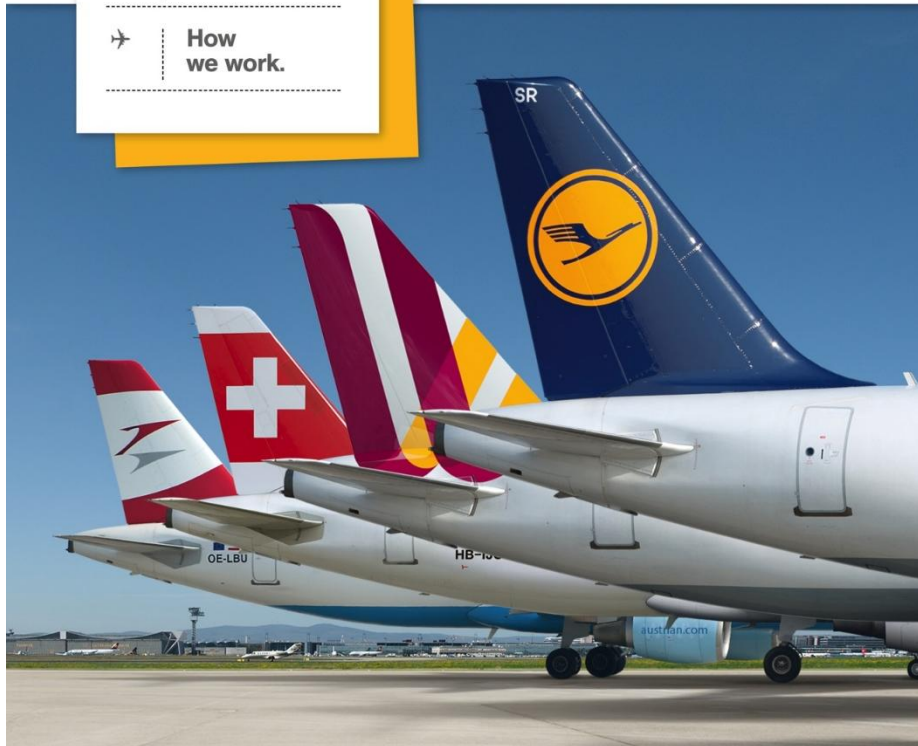
Lufthansa Group

✈ **What drives us.**

✈ **What defines us.**

✈ **How we work.**

Focused on our way.



Lufthansa Group Company Presentation

**dbAccess German, Swiss
& Austrian Conference**

June 2014

Disclaimer in respect of forward-looking statements

Information published in this presentation concerning the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive historical facts. These forward-looking statements are based on all discernible information, facts and expectations available at the time. They can, therefore, only claim validity up to the date of their publication. Since forward-looking statements are by their nature subject to uncertainties and imponderable risk factors – such as changes in underlying economic conditions – and rest on assumptions that may not occur, or may occur differently, it is possible that the Group's actual results and development may differ materially from the forecasts. Lufthansa makes a point of checking and updating the information it publishes. However, the Company is under no obligation to update forward-looking statements or adapt them to subsequent events or developments. Accordingly, it neither explicitly nor implicitly accepts liability, nor gives any guarantee for the actuality, accuracy or completeness of this data and information.

Executive Summary

- **In 2013 operating profit was above SCORE starting point**
Clear progress in passenger business led to Group operating result excl. one-offs of 1,042 m EUR
- **Lufthansa Group's financial profile remains strong**
Non-cyclical profit base; strong free cash flow; low net debt; investment grade rating; dividend payments
- **Profit expectation for 2014 adjusted; strong increase expected for 2015 to approx. 2 bn EUR**
Cost reductions on track but revenue environment weakened, in particular lower pricing in passenger business and cargo
- **Restructuring and SCORE concept are continued; additional measures to be announced in July**
Network and fleet rationalization as well as product upgrades continued

Profit improvements made in FY 2013 and continued in Q1 2014

Key figures for the Lufthansa Group

Lufthansa Group (in m EUR)	FY 2013	FY 2012	vs. PY
Total revenue	30,028	30,135	-0.4%
of which traffic revenue	24,565	24,793	-0.9%
Operating result	697	839	-16.9%
One-off items*	345	-196	--
Normalized operating result	1,042	643	+62.1%
Net income	313	1,228	-74.5%

	Q1 2014	Q1 2013	vs. PY
	6,462	6,628	-2.5%
	5,161	5,338	-3.3%
	-245	-359	+31.8%
	55	64	-14.1%
	-190	-295	+35.6%
	-252	-458	+45.0%

	FY 2013	FY 2012	vs. PY
Operating cash flow	3,290	2,842	+15.8%
Net invest	1,982	1,445	+37.2%
Free cash flow	1,308	1,397	-6.4%

	FY 2013	FY 2012	vs. PY
Equity ratio	21.0%	16.9%	+4.1 P.
Net debt (excl. pensions)	1,697	1,953	-13.1%









Passenger Airline KPIs	FY 2013	Q1 2014
No. of flights	-3.7%	-1.2%
ASK (capacity)	+1.0%	+0.4%
RPK (volume)	+2.3%	-0.3%
SLF (load factor)	+1.0pts.	-0.5pts.
Yield ex. currency	-0.1%	-1.0%
RASK (unit revenue)	-1.1%	-3.9%
CASK** (unit costs)	-2.4%	-6.1%

* adjusted for one-off items:
 2012: -356 m EUR bmi & Austrian Airlines; +160 m EUR SCORE restructuring costs
 2013: +245 m EUR SCORE restructuring costs, +100 m EUR project costs

** adjusted for one-off items (at passenger business)

Profit improvement mainly driven by changes in passenger business

Development 2013 vs. 2011 (initiation of SCORE)

	FY 2013 vs. FY 2011	Explanation
Fleet Size (no. of aircraft)	-2.6% 	fleet rollover, phase-out of small, non-efficient aircraft
Capacity (ASK)	+1.7% 	capacity growth realized through larger aircraft with more seats per aircraft
Volume (RPK)	+4.6% 	
Load Factor (SLF)	+2.2% 	
Pricing (Yield)	+1.2% 	
Unit Revenue (RASK)	+4.1% 	increase driven by higher load factor and yield increases
Unit Costs (CASK ex fuel)	-1.9% 	SCORE cost reductions: transfer of non-hub traffic to Germanwings, Austrian restructuring, etc.
Cargo Capacity	-8.5% 	Reduction mainly due to terminated joint ventures and decrease in belly capacity

➤ **In 2013 operating profit was above SCORE starting point**

Clear progress in passenger business led to Group operating result excl. one-offs of 1,042 m EUR

➤ **Lufthansa Group's financial profile remains strong**

Non-cyclical profit base; strong free cash flow; low net debt; investment grade rating; dividend payments

➤ **Profit expectation for 2014 adjusted; strong increase expected for 2015 to approx. 2 bn EUR**

Cost reductions on track but revenue environment weakened, in particular lower pricing in passenger business and cargo

➤ **Restructuring and SCORE concept are continued; additional measures to be announced in July**

Network and fleet rationalization as well as product upgrades continued

Lufthansa operates a broad portfolio incl. non-cyclical businesses

300-550 m EUR non-cyclical profit base

	Revenue	Operating result	Op. margin range	
Airlines				
Passenger Airline Group	23.5 bn	495 m	+4.8% ↕ -0.1%	
Logistics (Cargo)	2.4 bn	77 m	+11.4% ↕ -8.0%	
Service Companies				
MRO	4.2 bn	404 m	+10.9% ↕ +6.9%	non-cyclical profit base of ca. 300-550 m EUR
Catering	2.5 bn	105 m	+4.3% ↕ +3.1%	
IT Services	0.6 bn	36 m	+6.2% ↕ +1.8%	
Others incl. Group Functions		-420 m	(burdened by restructuring costs)	

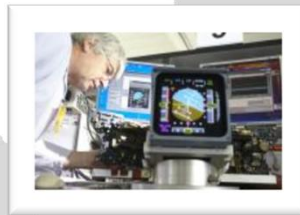
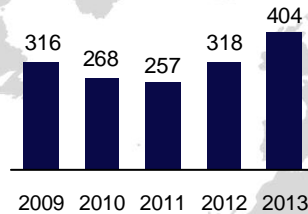
Lufthansa Technik and LSG produced best ever results in 2013

Service companies as competitive advantage for the Lufthansa Group



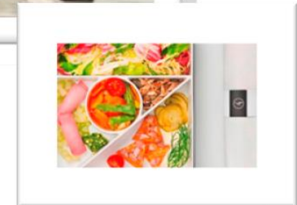
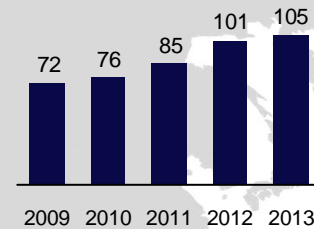
No. 1 Independent MRO-provider

- Operating result 2013: **404 m EUR**
- **Global market leader** as independent MRO-provider
- **Product innovations and strategic partnerships** enable access to new customers and markets
- **World-wide capacities and flexibility**
- **Increasing revenue and operating result** despite challenging market environment



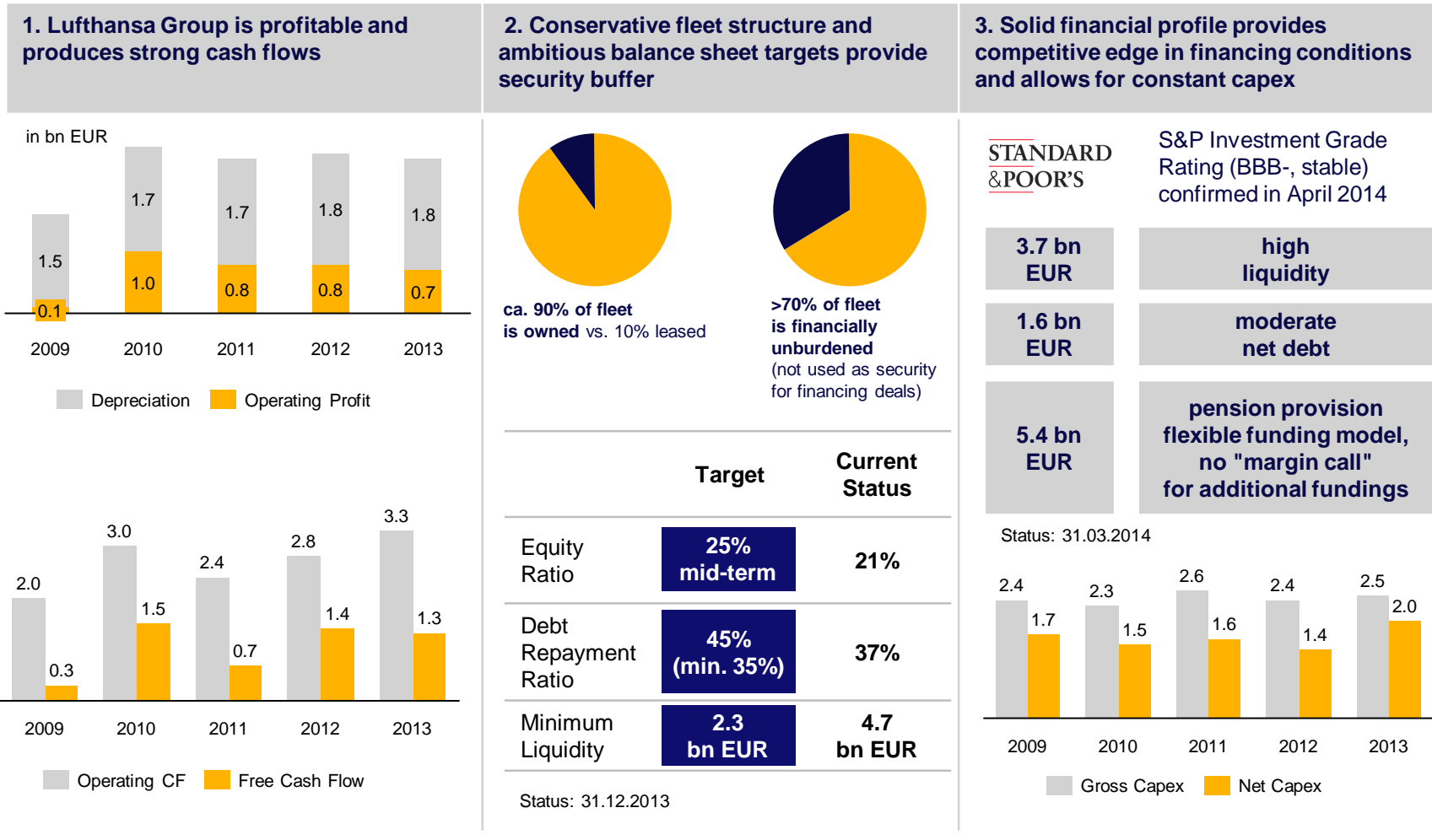
No. 1 Airline caterer

- Operating result 2013: **105 m EUR**
- **Global market leader** in airline-catering
- Growth in demand and geographical expansion lead to **increasing revenues**
- Continuously **enhanced product and service portfolio**
- Successful transfer of know how in food and logistics to **new adjacent markets**



Strong cash flow generation and conservative financial setup

Strong balance sheet, fleet in ownership



Dividend policy is being currently reviewed/adjusted

Lufthansa Group historical dividend pay-outs

Group dividend policy

- 30-40% pay-out ratio of operating result
- Net profit of Deutsche Lufthansa AG (German GAAP/HGB) must allow for dividend payment
- Further payments possibly from extraordinary income, if capital structure targets are met

Under Review

Lufthansa results and dividends

	2005	2006	2007	2008	2009	2010	2011	2012	2013
	0.50	0.70	1.25	0.70	0.00	0.60	0.25	0.00	0.45
Operating result m EUR	577	845	1,378	1,280	130	876	820	839	697
Net profit/loss (Group) m EUR	453	803	1,655	542	-34	1,131	-13	990	313
Net profit/loss (HGB) m EUR	455	523	1,123	276	-148	483	-116	592	407
Dividend paid (p. share) EUR	0.50	0.70	1.25	0.70	-	0.60	0.25	0.00	0.45
Payout ratio (Op. result)	40%	38%	41%	25%	-	31%	14%	-	30%
Dividend yield (gross)	4.0%	3.4%	6.9%	6.3%	-	3.7%	2.7%	-	2.9%

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Non-cyclical profit base; strong free cash flow; low net debt; investment grade rating; dividend payments

➤ **Profit expectation for 2014 adjusted; strong increase expected for 2015 to approx. 2 bn EUR**

Cost reductions on track but revenue environment weakened, in particular lower pricing in passenger business and cargo

➤ **Restructuring and SCORE concept are continued; additional measures to be announced in July**

Network and fleet rationalization as well as product upgrades continued

Start into the year 2014 showed unit costs on track but weak revenues

Operating KPIs of Passenger Airline Group

Total	FY '13	Q1 '14
Number of flights	-3.7%	-1.2%
ASK	+1.0%	+0.4%
RPK	+2.3%	-0.3%
SLF	+1.0pts.	-0.5pts.

Europe	FY '13	Q1 '14
ASK	+1.5%	+2.8%
RPK	+4.3%	+1.6%
SLF	+1.9pts.	-0.8pts.
Yield	-1.1%	-4.8%
Yield ex currency	+0.3%	-3.6%
RASK	+1.3%	-5.9%
RASK ex currency	+2.7%	-4.7%

Asia/Pacific	FY '13	Q1 '14
ASK	+2.4%	-1.3%
RPK	+2.6%	-0.0%
SLF	+0.2pts.	+1.0pts.
Yield	-8.1%	-2.7%
Yield ex currency	-3.6%	+2.2%
RASK	-7.8%	-1.4%
RASK ex currency	-3.3%	+3.5%

Yield	-2.3%	-3.2%
Yield ex currency	-0.1%	-1.0%
RASK	-1.1%	-3.9%
CASK* (incl. fuel)	-2.4%	-6.1%
RASK ex currency	+1.2%	-1.7%
CASK* ex currency (incl. fuel)	-1.6%	-5.3%
CASK* ex currency (ex fuel)	-0.2%	-3.7%

Americas	FY '13	Q1 '14
ASK	+6.7%	+1.7%
RPK	+7.1%	-0.8%
SLF	+0.4pts.	-2.0pts.
Yield	+0.2%	-2.3%
Yield ex currency	+2.3%	-0.3%
RASK	+0.6%	-4.7%
RASK ex currency	+2.7%	-2.7%



Mid East / Africa	FY '13	Q1 '14
ASK	-1.7%	-6.5%
RPK	-1.2%	-5.0%
SLF	+0.3pts.	+1.2pts.
Yield	-1.7%	-2.8%
Yield ex currency	+0.5%	-0.4%
RASK	-1.3%	-1.3%
RASK ex currency	+1.0%	+1.1%

profitability growth: widened spread of unit revenues versus unit costs

*adjusted for one-off items

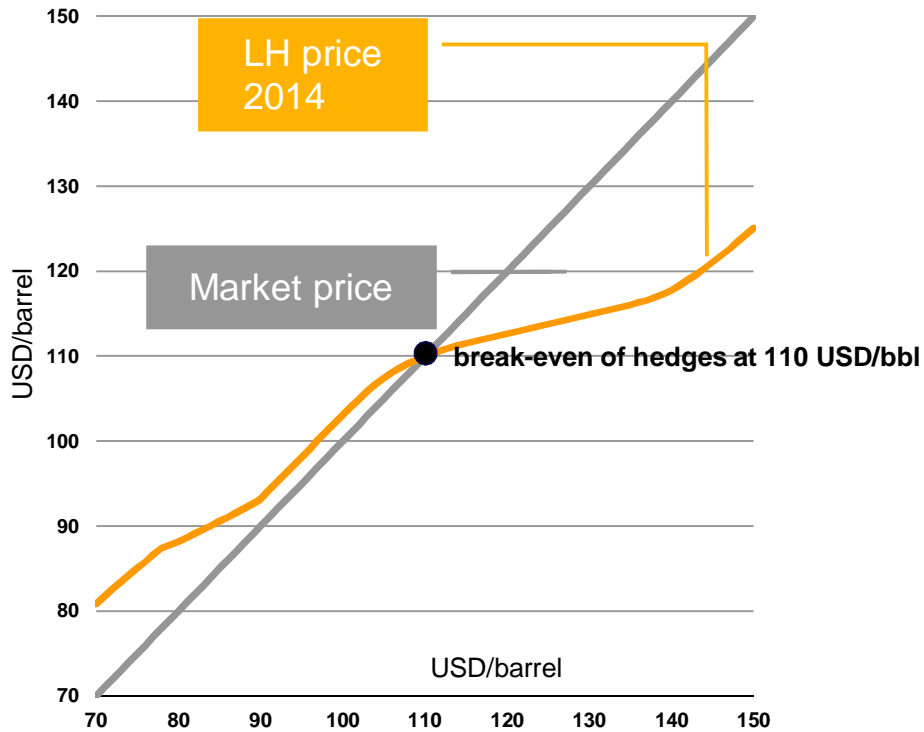
Unit revenues are not expected to recover throughout the year

Trading assumptions FY 2014 adjusted

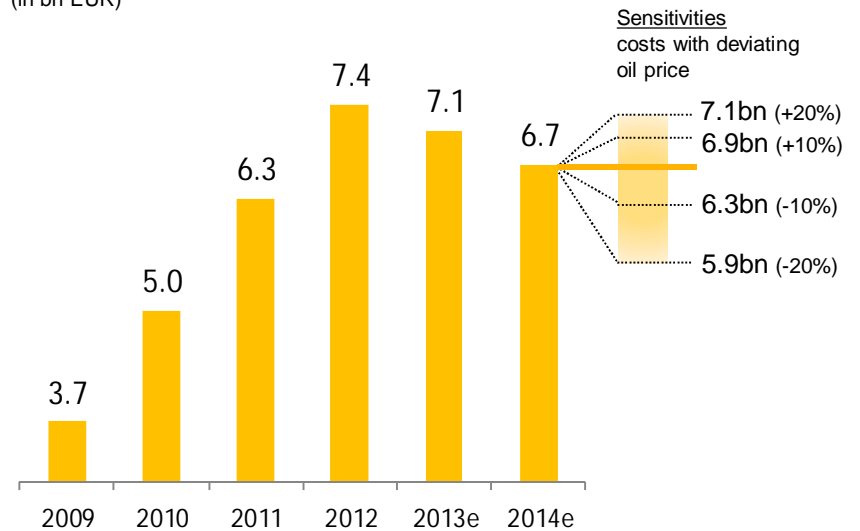
	Full Year 2014 assumptions	Explanation
Fleet Size (no. of aircraft)	overall stable	Fleet rollover: Phase-out of small, non-efficient aircraft
Capacity (ASK)	 c. +4%	Capacity growth mainly achieved through more seats per aircraft / flight. Forecast reduced from 5% due to pilot strike at LHP. Trim of winter capacity under review
Volume (RPK)	above capacity growth	
Load Factor (SLF)	stable to slightly up	
Pricing (Yield)	negative	Yields under pressure particularly in Europe and North America
Unit Revenue (RASK ex currency)	negative	
Unit Costs (CASK ex currency, ex fuel)	c. -4% 	Drivers: More capacity (ASK) at stable fleet and SCORE measures; -2pts. from new depreciation policy
Cargo Capacity	flat	Forecast reduced from 1%; negative pricing environment

Fuel cost relief driven by weak USD which also burdens revenues

Fuel forecast and sensitivities



Lufthansa Group fuel expenses after hedging (in bn EUR)



	FY 2014	FY 2015
Current fuel hedging levels	78%	47%

as of 25 April 2014
 Brent forward 108 USD/barrel
 EUR/USD 1.38

Lufthansa Group reduces operating profit forecast 2014

Ad-hoc release 11 June 2014

FY 2014

The Executive Board of Deutsche Lufthansa AG reduces its operating profit forecast for 2014. It now expects an **operating result of approximately 1 billion Euros, normalized approximately 1.3 billion Euros.**

Reason for lowering the forecast is a **weaker than expected revenue development** in the passenger and freight businesses as well as negative result impacts from strikes and the devaluation of the Venezuelan Bolivar.

FY 2015

Against this background the Executive Board does no longer expect to achieve the 2015 operating result target. In stable conditions and upon implementation of additional measures it now aims for an **operating result of approximately 2 billion Euros.**

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Network and fleet rationalization as well as product upgrades continued

Group portfolio is being continuously optimized

Miles and More in new legal structure, IT Infrastructure outsourcing



- **Bonus program activities to be transferred into separate legal entity**
- **Implementation from July 2014**

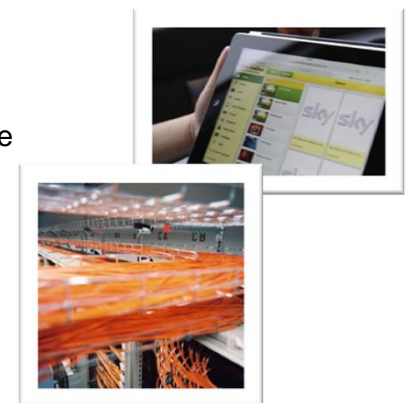


- Higher degree of transparency and integrated commercial steering
- Accelerated speed to market through dedicated resources and higher degree of entrepreneurial freedom
- Facilitate partnerships with new non-airline program partners
- Improved customer value proposition also for "non frequent flyers"
- Enable business and profits to grow



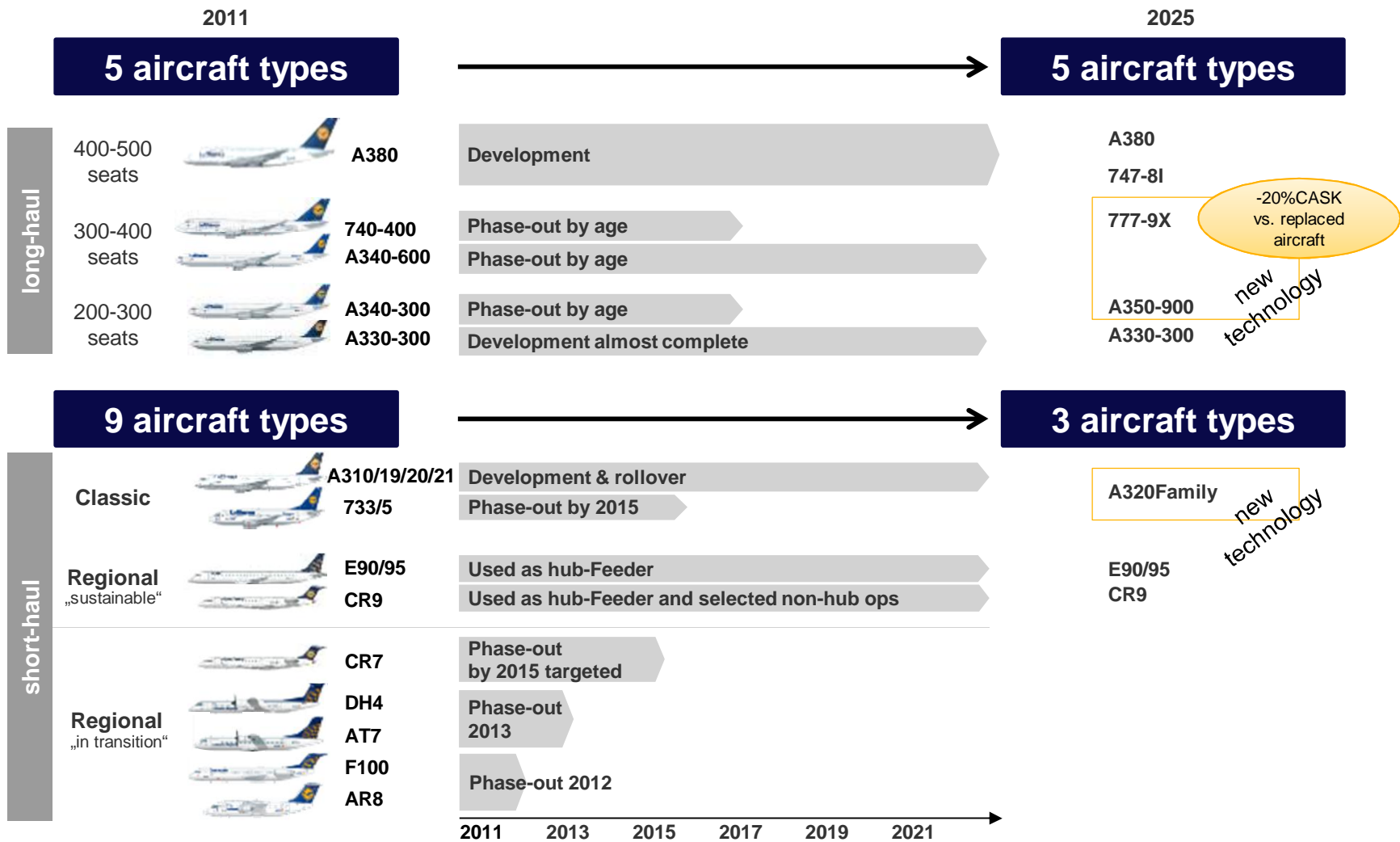
- **Infrastructure division to be outsourced to international IT service provider**
- **Airline Solutions and Industry Solutions divisions retained as independent units within Lufthansa Group**

- Create a framework fostering optimum development of business divisions
- Actively seeking growth opportunities
- Secure long term IT expertise and experience
- Realize economies of scale



Fleet is being modernized and complexity is reduced

Outlook fleet structure: Lufthansa Passenger Airlines

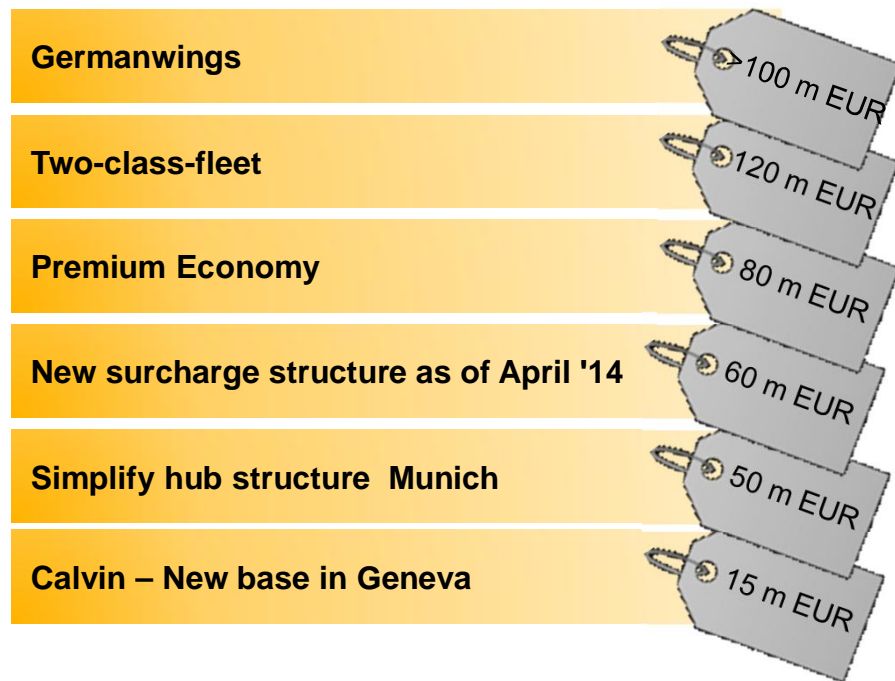


Top SCORE projects in 2014 and 2015

Selected SCORE measures and additional measures under review

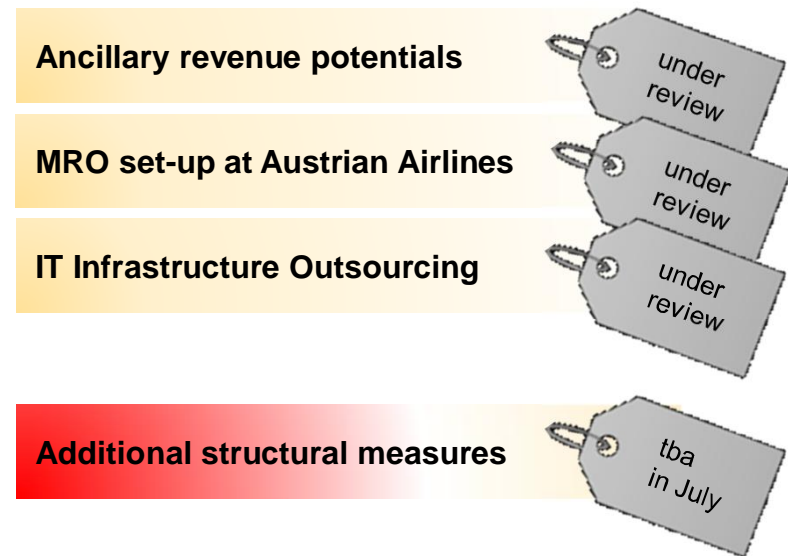
Projects in existing SCORE pipeline

Key projects in 2014 and 2015



Further projects under review

Aim: Build buffer for potential further headwinds





Lufthansa Group



What drives us.

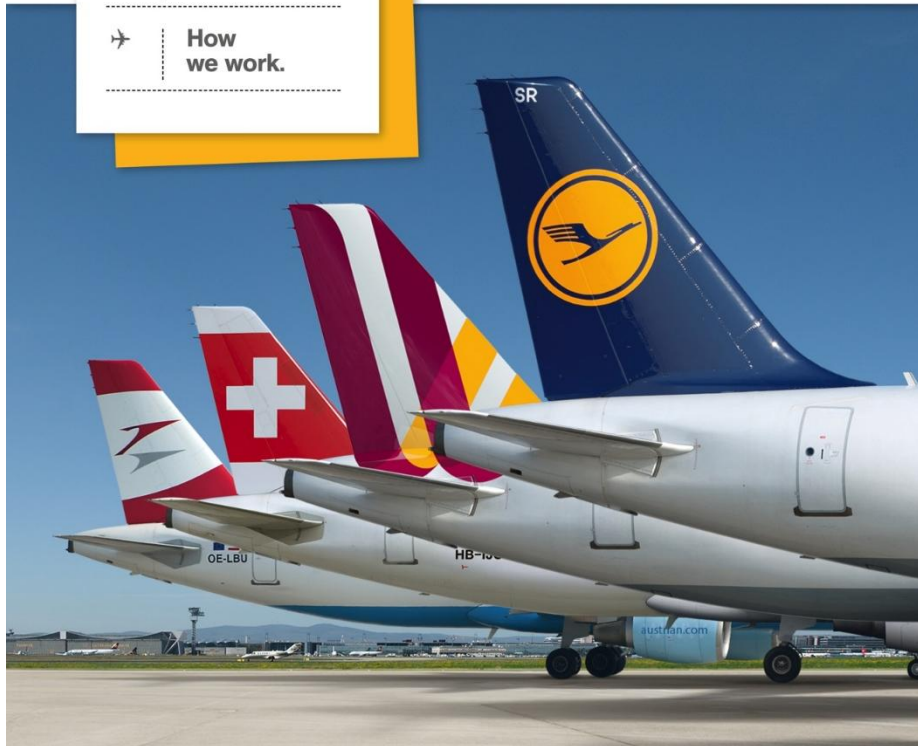


What defines us.



How we work.

Focused on our way.



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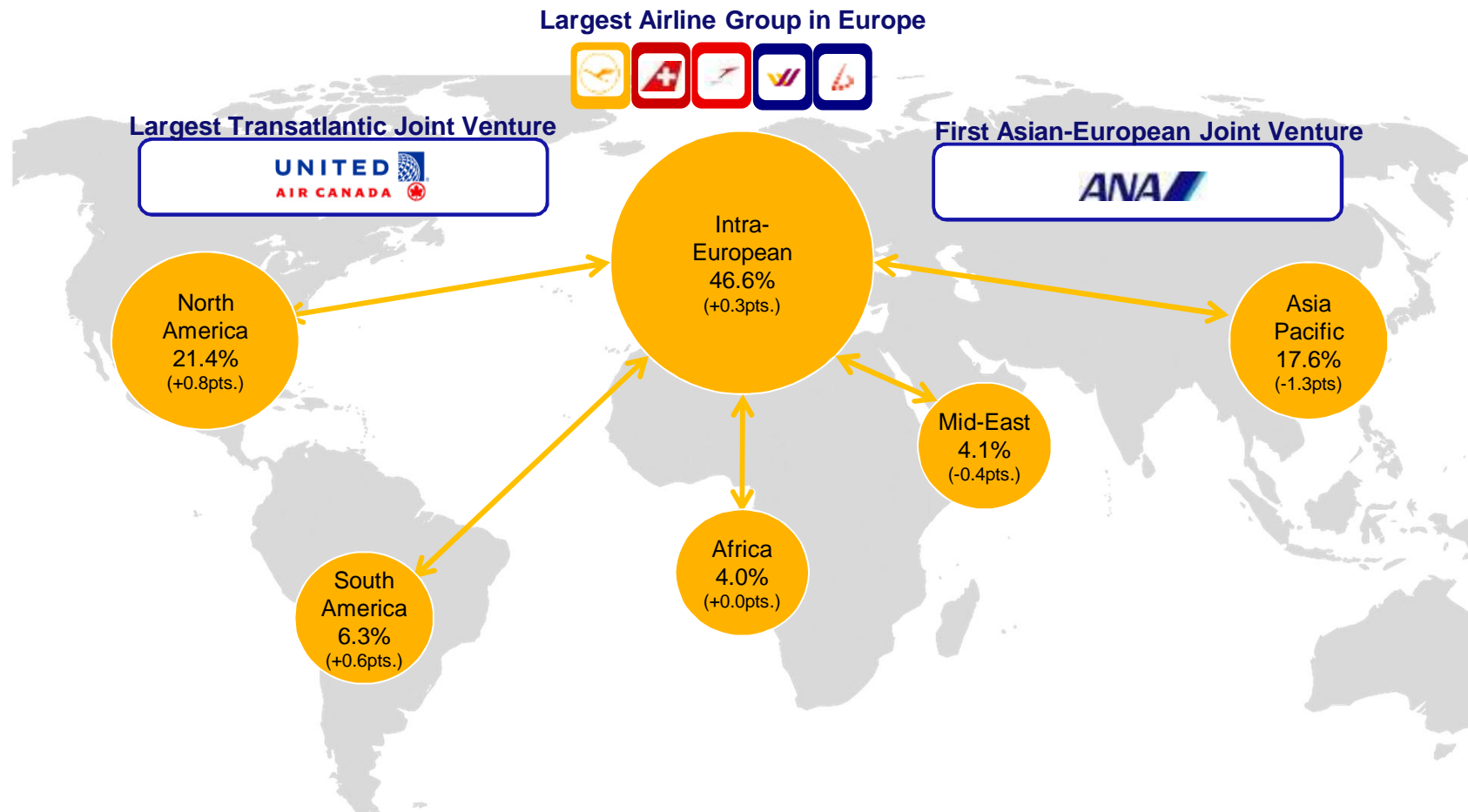
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**– Supplementary Information –
Network, Fleet & Product**

Balanced network supported by leading intercontinental JVs

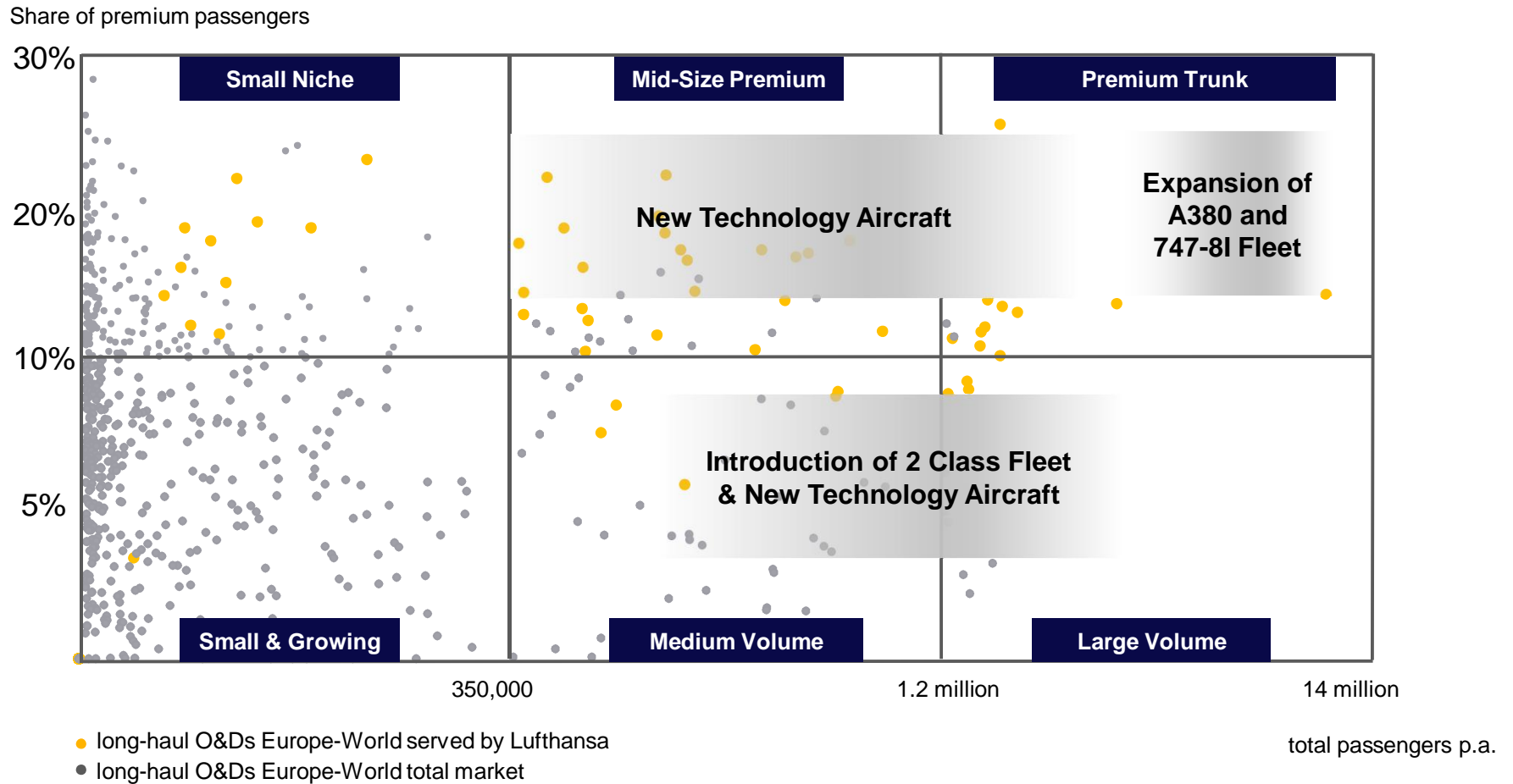
Passenger network overview



Traffic revenue shares Passenger Airline Group as of 31 December 2013 (comparison to previous year)

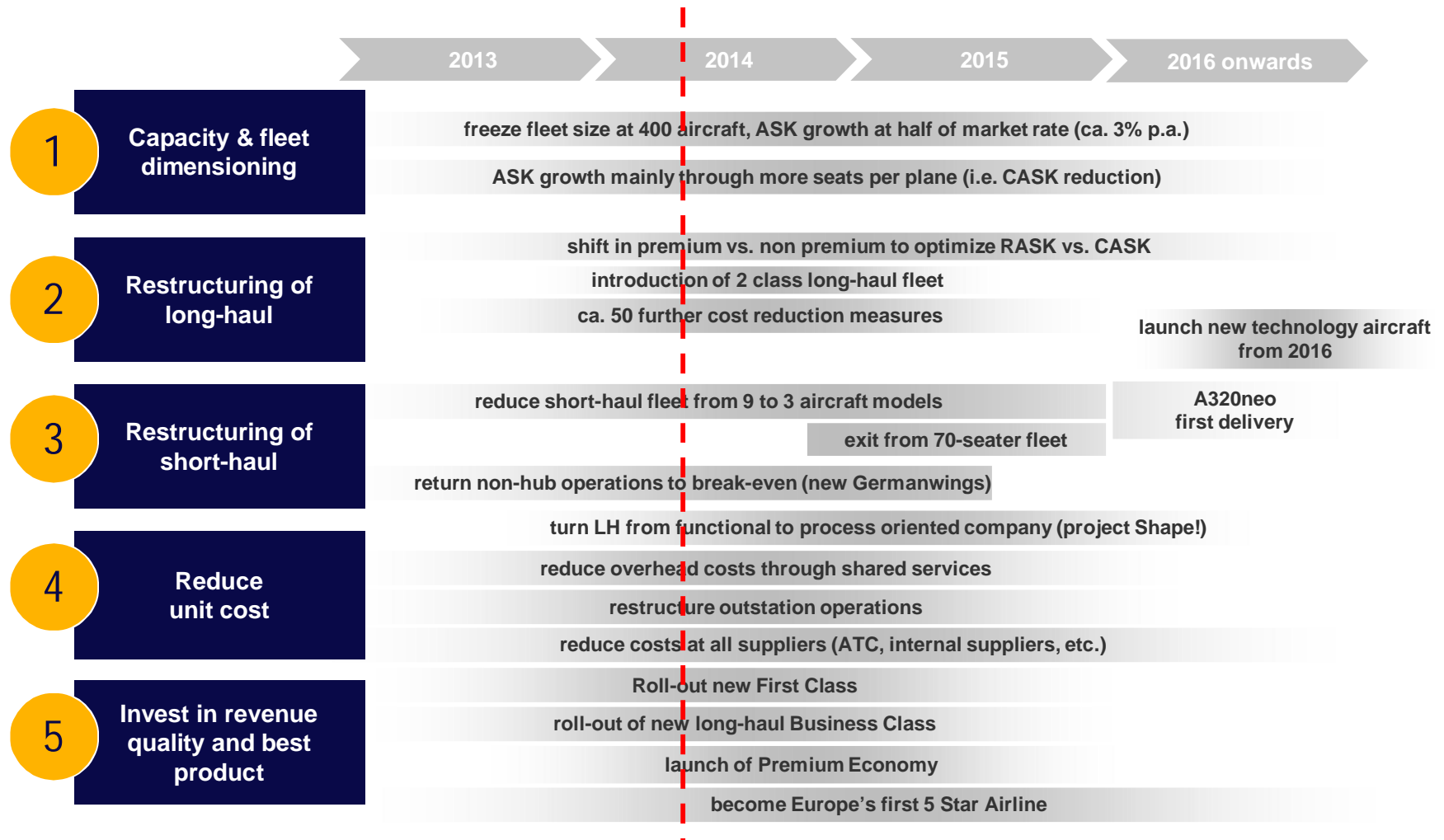
LHP focuses on markets with highest margins: large and premium

Fleet and network clusters



Reduce complexity, lower unit costs, but also invest in new aircraft

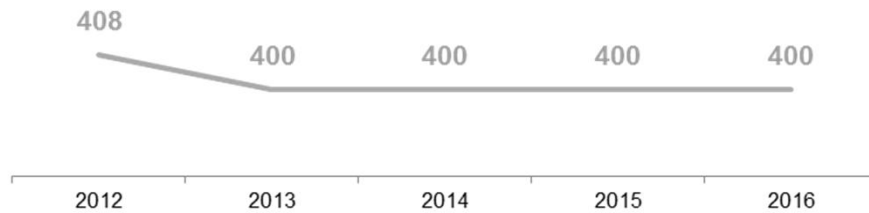
SCORE at Lufthansa Passenger Airlines



Capacity growth with stable fleet size leads to unit cost reductions

Growth path: Lufthansa Passenger Airlines

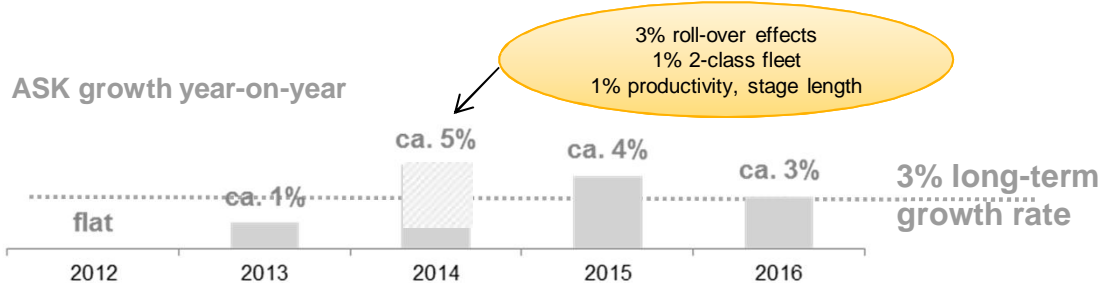
Number of aircraft



fleet size

Fleet size frozen at 400 aircraft throughout 2016

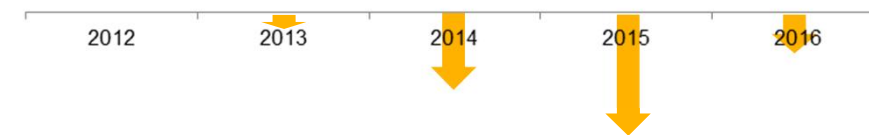
ASK growth year-on-year



capacity growth

FY14 and FY15 with higher ASK growth due to increase in number of seats from roll-over, introduction of 2-class long-haul fleet, stage length effects and replacing 70 seaters with larger models on short-haul

Expected non-fuel CASK development



unit costs

Unit costs expected to further decrease in FY14 and FY15

Lufthansa Passage aims at becoming the first Western 5 Star airline

Service initiatives underway to significantly improve customer experience

Aircraft order book 2014 et sqq.

Total Orders: 261 aircraft

- Short haul: 177 aircraft
- Long haul: 84 aircraft
- Equals EUR 32 bn in list prices

Aircraft Orders 2013

- 30x A320ceo, 70x A320neo
- 25x A350-900
- 34x 777-9X
- Unit cost reduction of 20% (CASK)
- Superior comfort, lower emissions



Planned product improvements



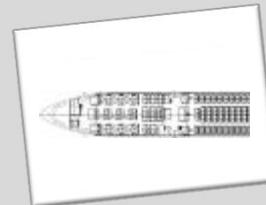
Premium Economy

- Available for sale as of May
- Up in the air from October



New Business Class

- 80% of long-haul fleet by end 2014
- More than 100 aircraft



Two-Class Fleet

- 30 aircraft to be reconfigured
- Revenue maximization per flight

5 STAR

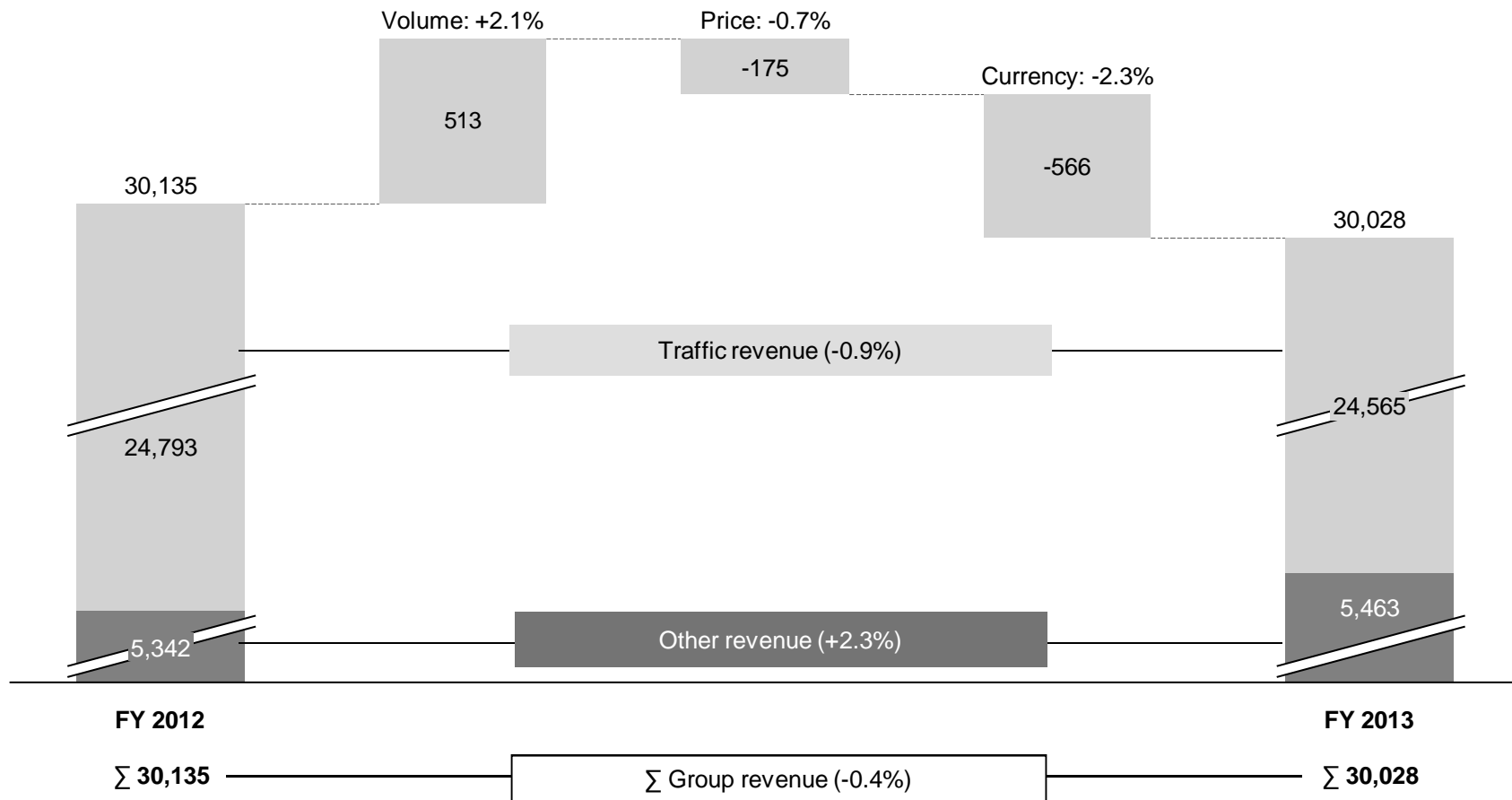


**– Supplementary Financial Information –
FY 2013 + Q1 2014**

Group Revenue

FY2013 vs. FY 2012

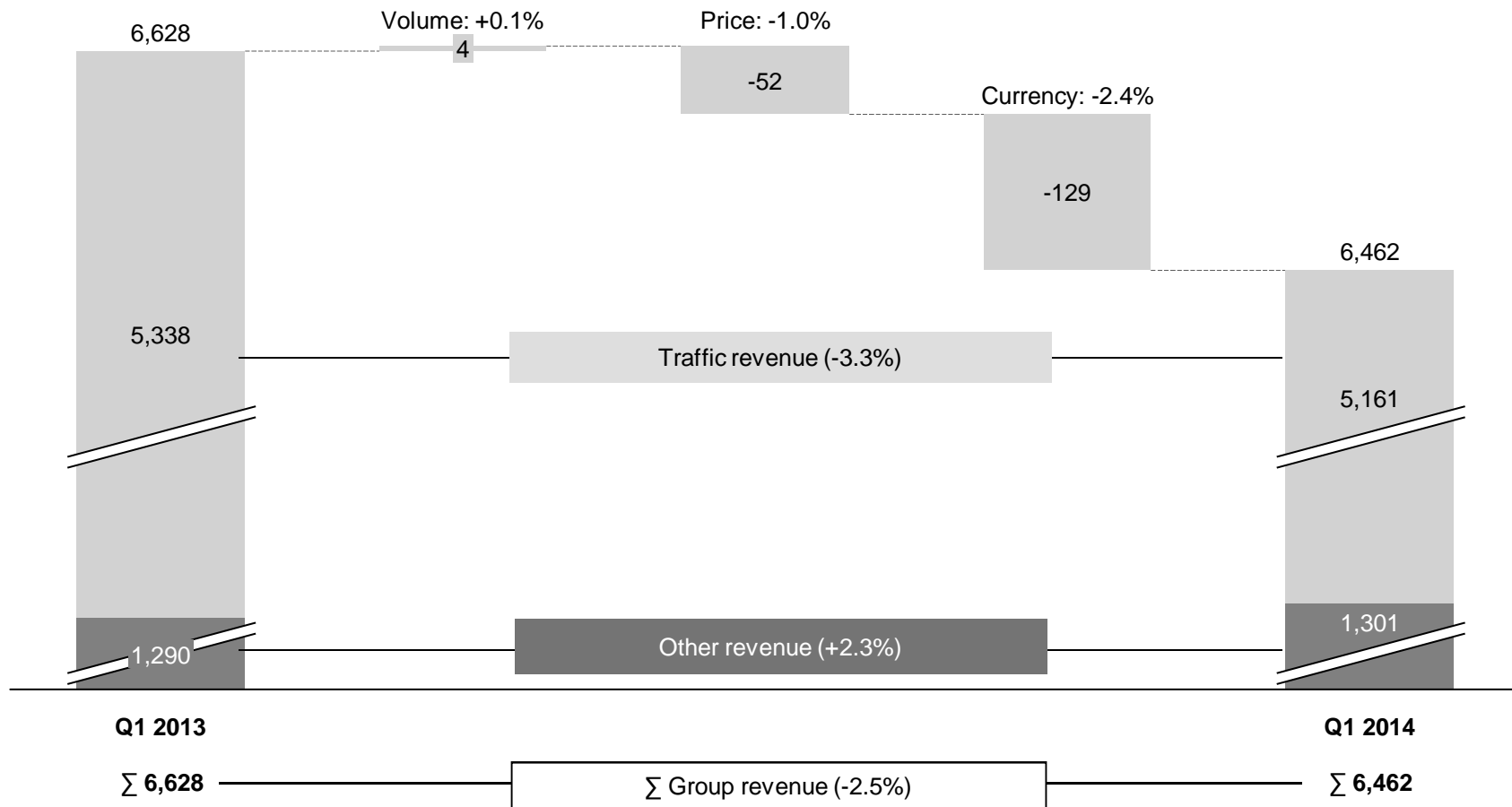
in m EUR



Group Revenue

Q1 2014 vs. Q1 2013

in m EUR

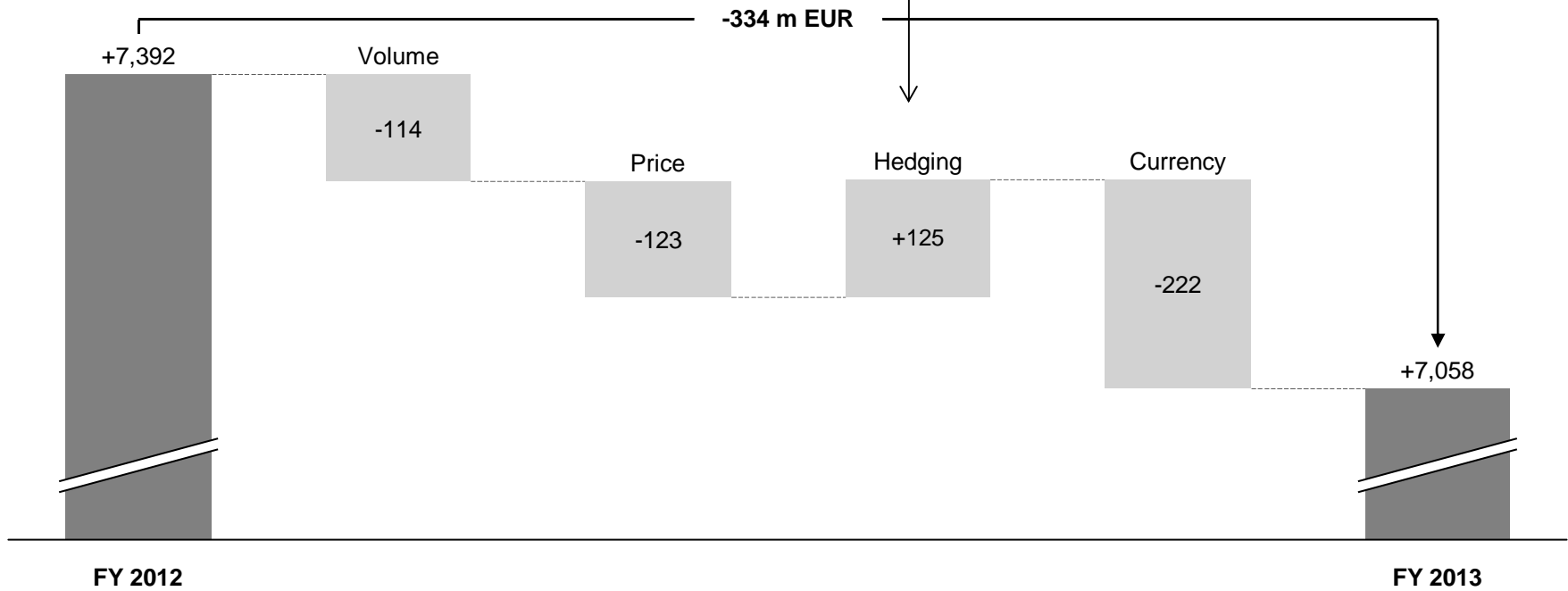


Fuel Cost

FY 2013 vs. FY 2012

in m EUR

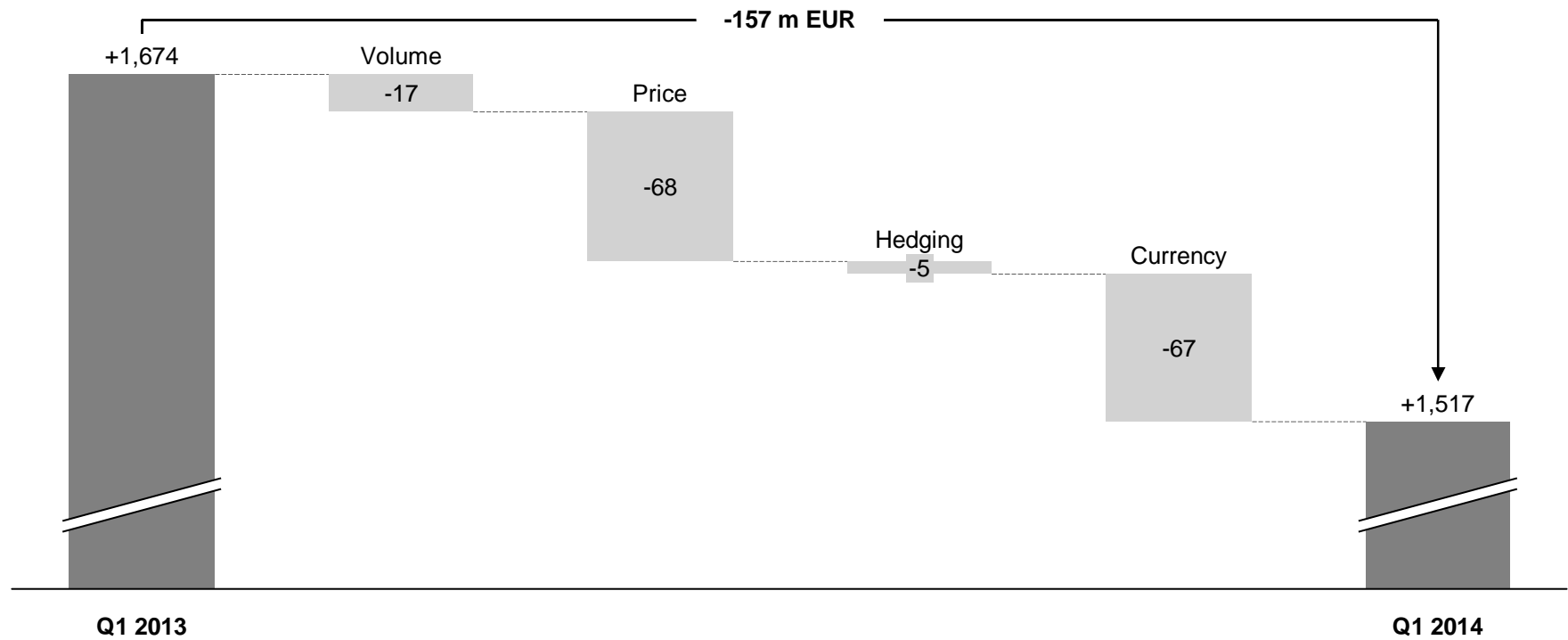
Hedging results by Quarter				
Q1	Q2	Q3	Q4	Σ
25	42	32	26	125



Fuel Cost

Q1 2014 vs. Q1 2013

in m EUR



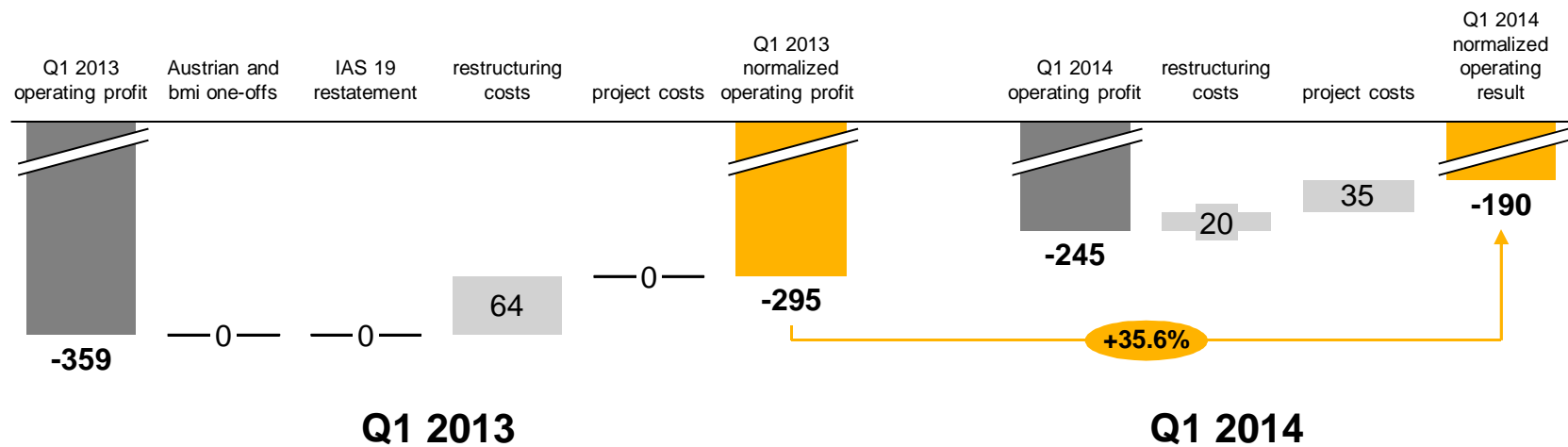
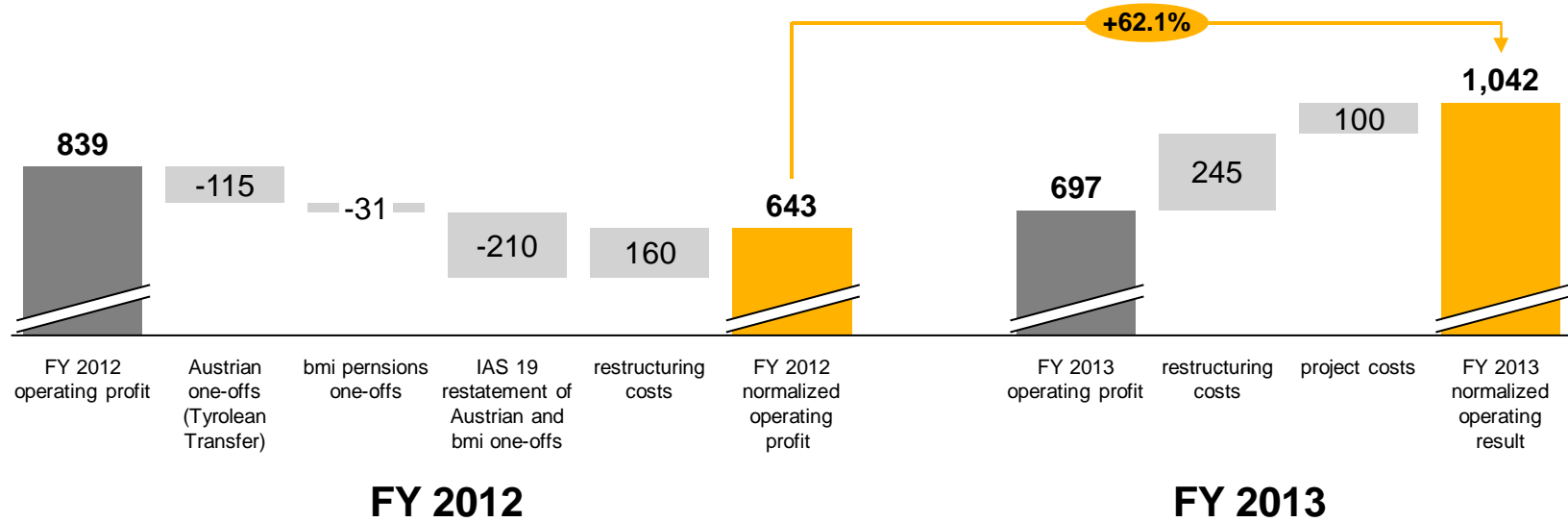
Good underlying cost development was achieved in 2013

Operating costs and revenues

Lufthansa Group (in m EUR)	FY 2013	vs. PY		Q1 2014	vs. PY	
Total revenue	30,028	-0.4%		6,462	-2.5%	
Other operating income	1,918	+0.3%		480	-11.8%	
Total operating income	31,946	-0.3%		6,942	-3.2%	
Operating expenses	-31,249	+0.1%		-7,187	-4.6%	
Non-fuel operating expenses	-24,191	+1.6%	-0.7% excl. one-offs	-5,670	-3.2%	-3.1% excl. one-offs -1.6% excl. one-offs and D&A
Cost of materials and services	-17,510	-2.4%		-3,933	-4.0%	
Fuel expenses	-7,058	-4.5%		-1,517	-9.4%	
Fees and charges	-5,154	-0.3%		-1,168	-0.8%	
Staff costs	-7,361	+9.2%	+2.6% excl. one-offs	-1,798	+0.6%	+2.1% excl. one-offs
Scheduled depreciation	-1,697	-1.5%		-337	-19.0%	-83 m EUR due to new D&A policy
Other operating expenses	-4,681	-2.5%		-1,119	-8.9%	
Operating result	697	-16.9%	+62.1% excl. one-offs	-245	+31.8%	+35.6% excl. one-offs

Excluding one-off items operating profit shows clear improvement

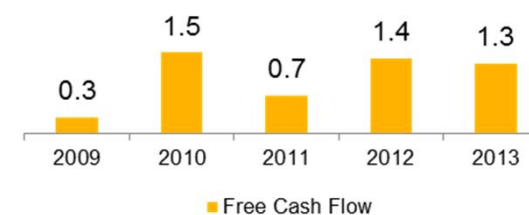
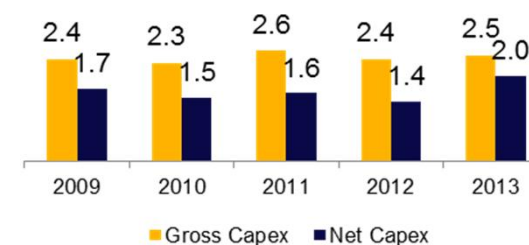
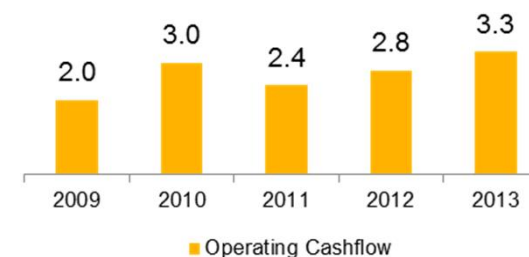
Normalized operating results for FY and Q4



Cash generation was again strong in 2013

Cash flow statement FY 2013

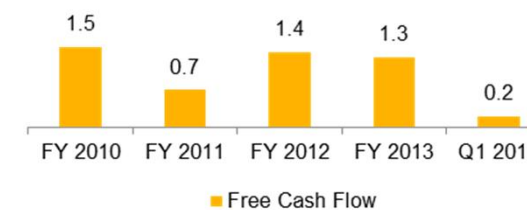
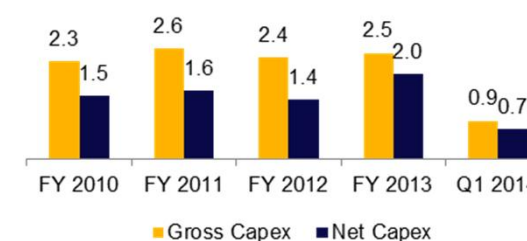
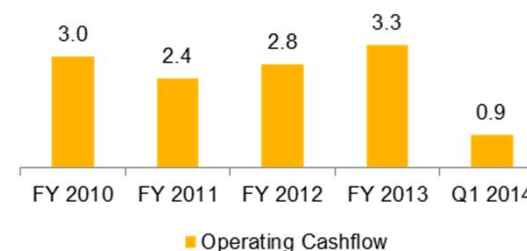
Group Cash Flow Statement in m EUR	FY 2013	vs. PY
EBT (earnings before income taxes)	545	-751
Depreciation & amortisation (incl. D&A for non-current assets)	1,738	-187
Net proceeds from disposal of non-current assets	-11	+728
Result from equity investments	-125	-31
Net interest	346	-26
Income tax payments/reimbursements	-92	-58
Non-cash changes in measurement of financial derivatives	80	+61
Change in working capital	809	+630
Cash flow from continuing operating activities	3,290	+366
Cash flow from discontinued operating activities	0	+82
Operating cash flow	3,290	+448
Capital expenditure (net)	-1,982	-537
Free cash flow	1,308	-89
Cash and cash equivalents as of 31.12.2013	1,550	+114
Liquidity reserves (non-current securities)	3,146	-384
Total Group liquidity	4,696	-270



Positive free cash flow despite higher investments in the first quarter

Cash flow statement Q1 2014

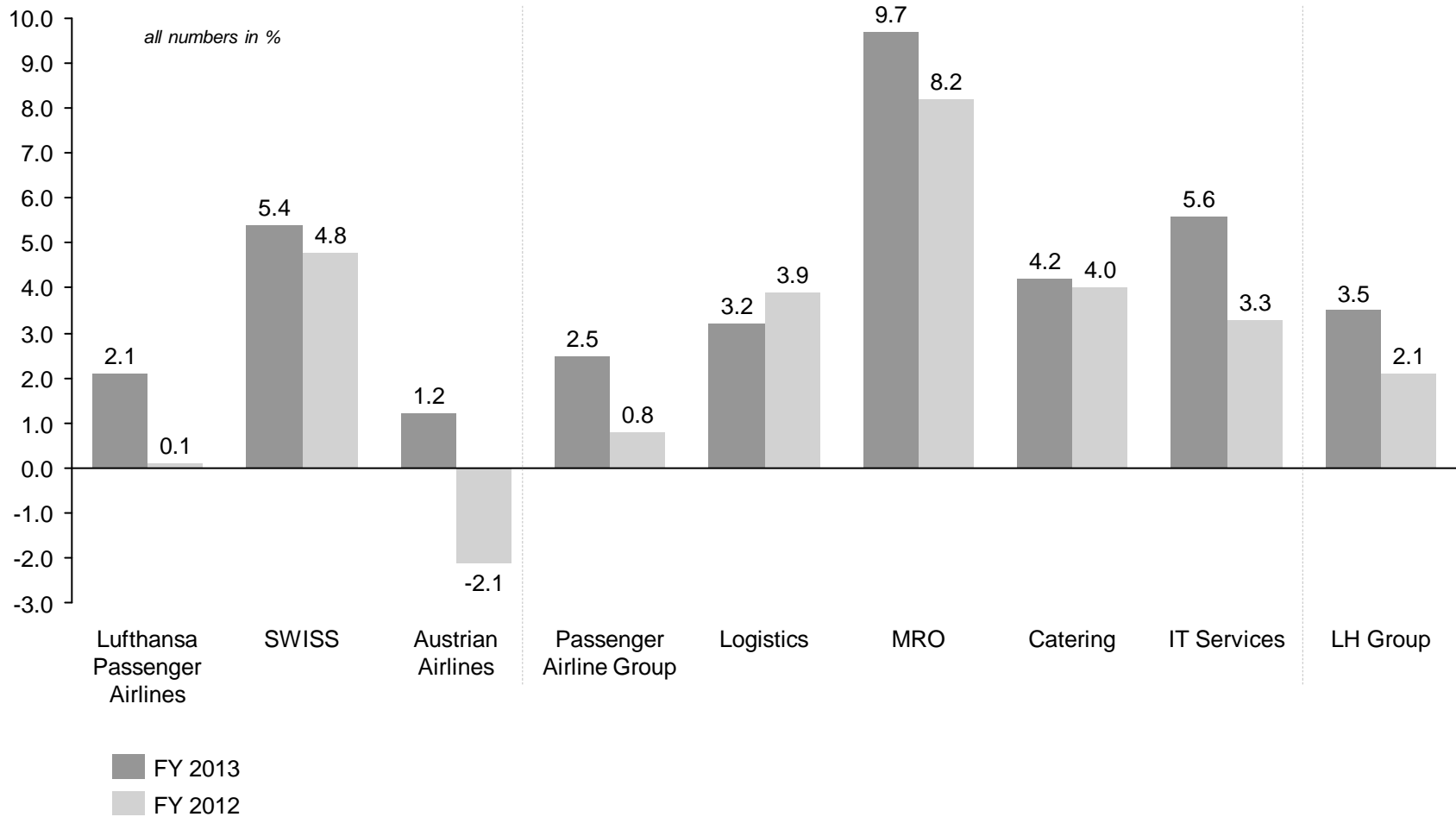
Group Cash Flow Statement in m EUR	Q1 2014	vs. PY
EBT (earnings before income taxes)	-307	+272
Depreciation & amortisation (incl. D&A for non-current assets)	353	-153
Net proceeds from disposal of non-current assets	-10	-9
Result from equity investments	8	+4
Net interest	75	-8
Income tax payments/reimbursements	-66	-47
Non-cash changes in measurement of financial derivatives	41	+12
Change in working capital	761	-195
Operating cash flow	855	-124
Capital expenditure (net)	-660	-147
Free cash flow	195	-271
Cash and cash equivalents as of 31.03.2014*	857	-695
Current securities	2,817	-329
Total Group liquidity*	3,674	-1,024



* Including fixed-term deposits with terms of three to twelve months (95 m EUR)

Operating margins (normalized*)

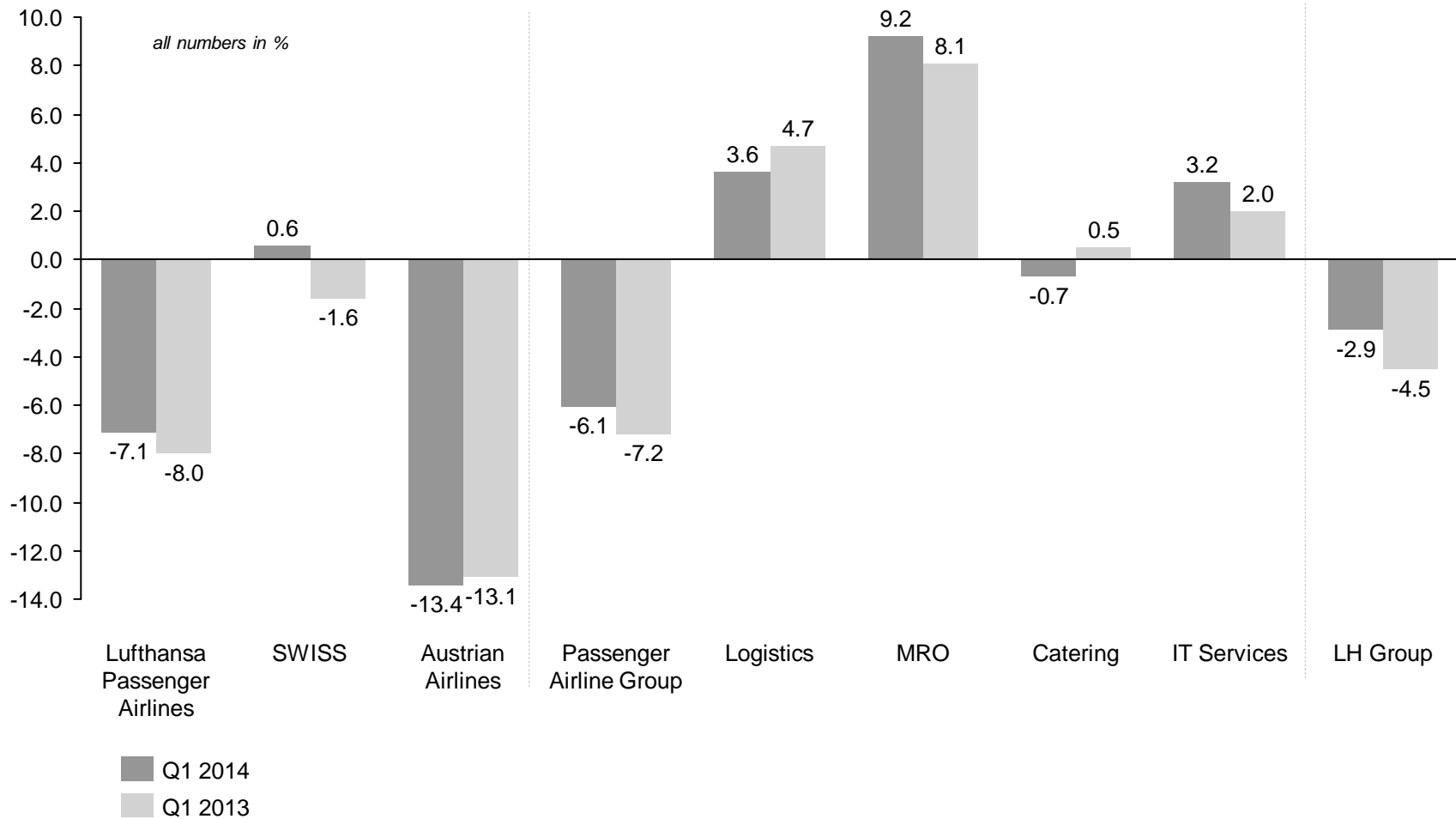
FY2013 vs. FY2012



* excluding one-off effects

Operating margins (normalized*)

Q1 2014 vs. Q1 2013



* excluding one-off effects