



Destination	Time
SHAPING	
THE FUTURE	
TOGETHER	
FIRST HALF YEAR	2 0 1 3

**Press and Analysts' Conference**

Simone Menne, Member of the Executive Board and CFO  
Frankfurt, 2 Aug 2013

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## Overview

- **Lufthansa Group produced a good result for the first half year**

Numbers show a decline versus previous year but only due to one-offs

- **Normalized operating result improved vs. previous year**

Improvements were driven by the Passenger Airline Group and MRO

- **Current trading conditions and fuel cost outlook are unchanged**

Yields figures are technically diluted due to changed aircraft configuration with more Economy class, FX burdened

- **SCORE develops as anticipated**

Implementation progresses and major initiatives such as Germanwings are being implemented successfully

- **Group outlook for 2013 unchanged**

Operating result 2013 higher than previous year's reported figure

# H1 and Q2 2013 at a glance

## Key figures for the Lufthansa Group

<i>Lufthansa Group (in m EUR)</i>	H1 '13	H1 '12	vs. PY		Q2 '13	Q2 '12	vs. PY
<b>Total revenue</b>	<b>14,464</b>	<b>14,509</b>	<b>-0.3%</b>		<b>7,836</b>	<b>7,890</b>	<b>-0.7%</b>
<i>of which traffic revenue</i>	11,778	11,851	-0.6%		6,441	6,502	-0.6%
<b>Operating result</b>	<b>72</b>	<b>235</b>	<b>-69.4%</b>		<b>431</b>	<b>594</b>	<b>-27.4%</b>
<b>Adjusted operating margin*</b>	<b>0.9%</b>	<b>1.9%</b>	<b>-1.0 pts.</b>		<b>6.0%</b>	<b>7.9%</b>	<b>-1.9 pts.</b>
<b>EBITDA</b>	<b>858</b>	<b>1,011</b>	<b>-15.1%</b>		<b>861</b>	<b>935</b>	<b>-7.9%</b>
<b>Net profit/loss for the period</b>	<b>-204</b>	<b>50</b>	<b>-508.0%</b>		<b>255</b>	<b>444</b>	<b>-42.6%</b>

<b>Cash flow from operating activities</b>	<b>2,313</b>	<b>1,662</b>	<b>+39.2%</b>		<b>1,337</b>	<b>917</b>	<b>+45.8%</b>
<b>Free cash flow</b>	<b>1,305</b>	<b>584</b>	<b>+123.5%</b>		<b>842</b>	<b>132</b>	<b>+537.9%</b>

	30.6.2013	31.12.2012	
<b>Equity ratio</b>	<b>17.5%</b>	<b>16.9%</b>	<b>+0.6 pts.</b>
<b>Net debt</b>	<b>1,224</b>	<b>1,953</b>	<b>-37.3%</b>
<b>Market capitalization</b>	<b>7,174</b>	<b>6,550</b>	<b>+9.5%</b>

\* incl. income from the write-back of provisions.  
 Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

## **H1 and Q2 figures are hardly comparable with the previous year**

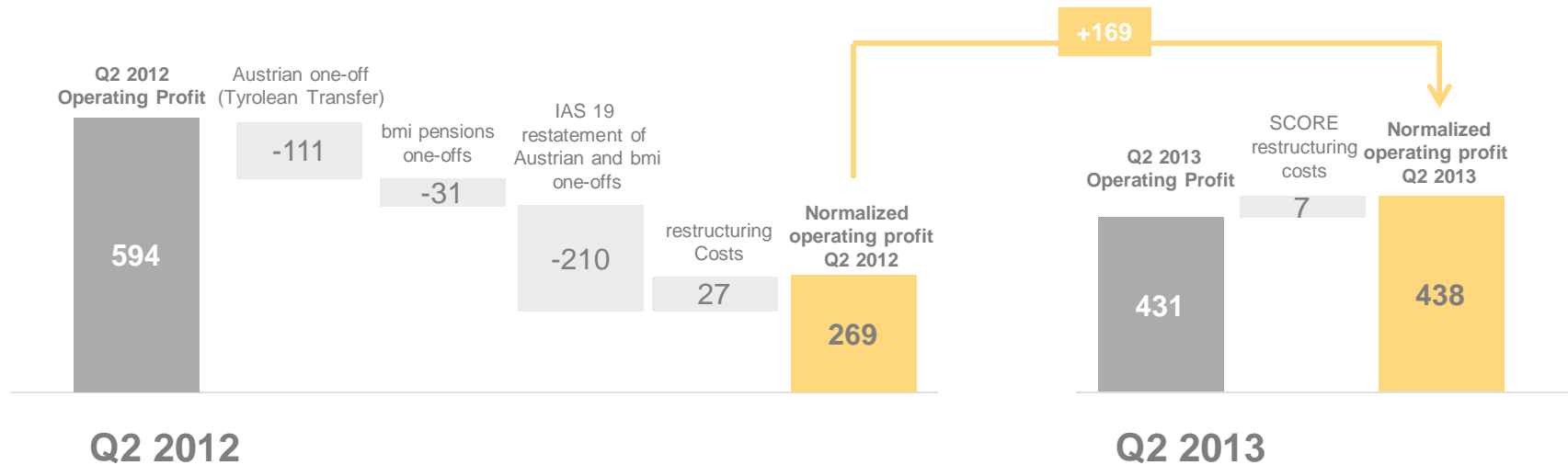
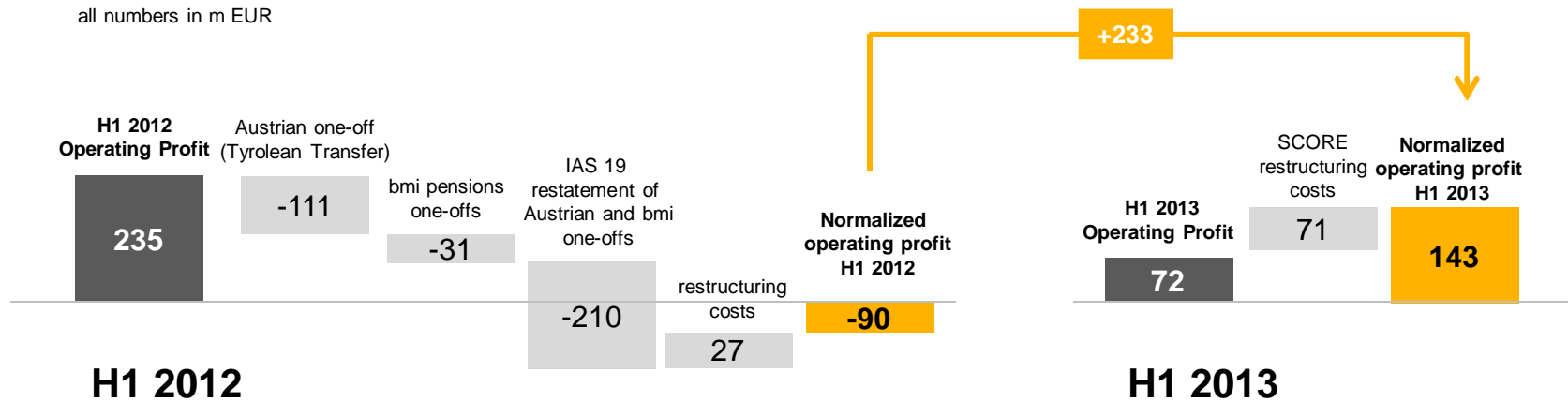
Previous year's figures were strongly inflated by one-off effects

- **H1 and Q2 2013 operating result is not comparable with the previous year numbers**
- **Previous year numbers benefitted from positive one-off effects of more than 300m EUR in Q2**
- **The one-off effects mainly relate to pension topics around the Tyrolean transfer at Austrian Airlines and the sale of bmi**
- **The restatement due to IAS19R further increased the size of the one-off effects**
- **Restructuring charges of 71m EUR (H1 2012: 27m EUR) burdened the operating result further**
- **On a normalized basis (without one-off effects and restructuring costs) the operating result improved by ca. 230 m EUR in H1 and by ca. 170m EUR in Q2**

# Detailed Analysis: Normalized operating results for H1 and Q2

## Normalized operating result shows a clear improvement year-on-year

all numbers in m EUR



# Normalized cost development shows progress

## Revenue and cost positions

Lufthansa Group (in EUR m)	H1 2013	Notes	vs. PY
Total revenue	14,464		-0.3%
Other operating income and changes in inventories	1,054		+1.3%
<b>Total operating income</b>	<b>15,518</b>		<b>-0.2%</b>
<b>Operating expenses</b>	<b>-15,519</b>	incl. 71 in restructuring costs in H1 2013 and >300 m EUR positive one-offs in H1 2012	<b>+1.1%</b>
<b>Operating expenses excl. fuel expenses</b>	<b>-12,044</b>		<b>+2.2%</b>
Cost of materials and services	-8,561		-2.2%
Fuel expenses	-3,475		-2.5%
Fees and charges	-2,508		-0.9%
Staff costs	-3,606	incl. 52 restructuring costs in H1 2013 and >300 m EUR positive one-off in H1 2012	+14.6%
Depreciation and amortisation	-931	incl. 93 (+46) in impairments which are not in the operating result	+4.0%
Other operating expenses	-2,421	incl. 19 restructuring costs	-5.1%

-1.4% excl. one-off effects and restructuring costs

-0.6%

+2.4% excl. one-off effects and restructuring costs

Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

# Cash generation was again strong in the first half year

## Cash flow statement

in EUR m	H1 2013	vs. PY
<b>EBT (earnings before income taxes)</b>	<b>-241</b>	<b>-140</b>
Depreciation and amortisation (incl. d&a for non-current assets)	934	-4
Net proceeds from disposal of non-current assets	1	+17
Result from equity investments	-33	-2
Net interest	162	-16
Income tax payments/reimbursements	-64	+3
Non-cash changes in measurement of financial derivatives	111	-28
Change in working capital	1,443	+749
<b>Cash flow from continuing operating activities</b>	<b>2,313</b>	<b>+569</b>
Cash flow from discontinued operating activities	0	+82
<b>Cash flow from operating activities</b>	<b>2,313</b>	<b>+651</b>
Capital expenditure (net)	-1,008	-70
<b>Free cash flow</b>	<b>1,305</b>	<b>+721</b>
Cash and cash equivalents as of 30.06.2013	1,613	+655
Liquidity reserves (non-current securities)	3,756	+141
Total Group liquidity	5,369	+796

Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

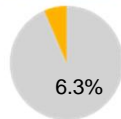
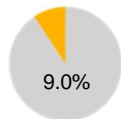
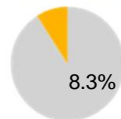
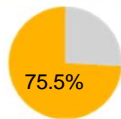


# Clear profit improvements in Passenger Business and MRO

## Improvement in Passenger Business covered by one-offs



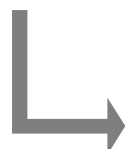
Share of LH Group's external revenue



in EUR m	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Other & consolidation
<b>Revenue vs. PY</b>	<b>11,233</b> +0.1%	<b>1,218</b> -9.9%	<b>2,040</b> +1.2%	<b>1,209</b> +0.5%	<b>304</b> +1.0%	<b>-1,540</b> +2.9%
<b>Operating result vs. PY</b>	<b>-64</b> -187.7%	<b>61</b> +27.1%	<b>219</b> +50.0%	<b>19</b> -13.6%	<b>5</b> -37.5%	<b>-168</b> -115.4%

**~200m EUR improvement on normalized basis excluding one-offs and restructuring costs**

**incl. 71m EUR restructuring costs**



	Lufthansa	SWISS	Austrian
in EUR m	Lufthansa Passenger Airlines	SWISS	Austrian Airlines
<b>Total revenue vs. PY</b>	<b>8,230</b> +0.5%	<b>2,059</b> +1.2%	<b>977</b> -5.1%
<b>Operating result vs. PY</b>	<b>-91</b> +66.0%	<b>63</b> +16.7%	<b>-35</b> -121.5%

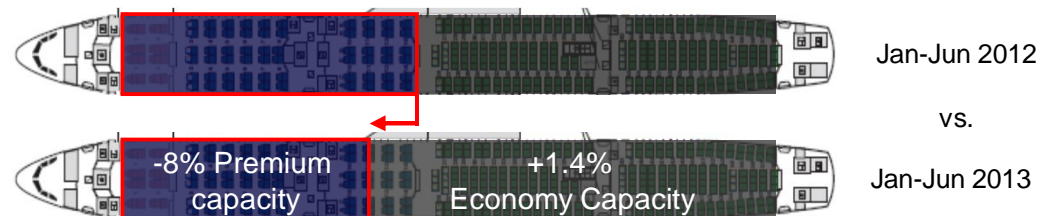
Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

**20m EUR improvement on normalized basis excluding one-offs and restructuring costs**

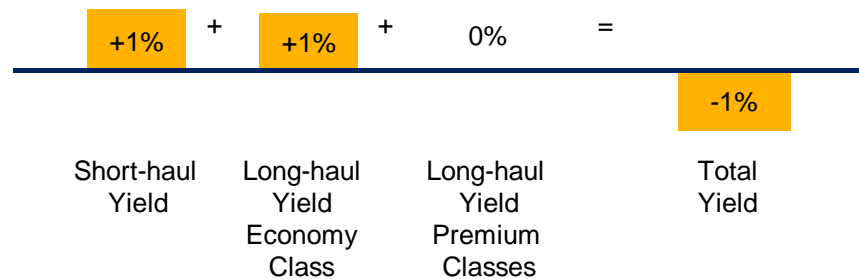
# Positive yield development diluted by higher Economy share

## Changed cabin layout leads to higher non-premium capacity

Overall share of Economy passengers increased because of new modern aircraft with more Economy capacity and changed cabin configuration at LH Passenger Airlines



Higher share of Economy capacity diluted overall yields even though the yield improved in the individual travel segments



(approximated yield development including currency effects for Passenger Airline Group )

# Traffic performance shows substantial regional differences

## Capacity and yield development Passenger Airline Group

All regions	H1 '13	Q2 '13
ASK	-0.1%	+2.1%
RPK	+1.4%	+2.5%
SLF	+1.2P.	+0.3P.
Yield	-1.0%	-2.5%
Yield ex currency	0.0%	-1.1%
Number of flights	-5.1%	-4.0%

Europe	H1 '13	Q2 '13
ASK	-3.1%	-1.4%
RPK	+0.2%	+0.7%
SLF	+2.4P.	+1.6P.
Yield	+1.2%	-0.2%

Asia/Pacific	H1 '13	Q2 '13
ASK	-1.1%	+2.9%
RPK	-1.7%	+1.4%
SLF	-0.5P.	-1.2P.
Yield	-7.2%	-9.5%

Americas	H1 '13	Q2 '13
ASK	+6.0%	+7.7%
RPK	+6.5%	+6.9%
SLF	+0.4P.	-0.6P.
Yield	+2.0%	+1.2%

Mid East/Africa	H1 '13	Q2 '13
ASK	-5.4%	-3.5%
RPK	-4.3%	-4.0%
SLF	+0.8P.	-0.3P.
Yield	-4.2%	-6.6%

# Trading conditions and restrictive capacity path are unchanged

## Capacity forecast and current trading

### Passenger Business – Current Trading

- Restrictive growth and capacity strategy will be continued
  - Moderate ASK growth in long-haul capacity, in particular due to more seats per plane (bigger aircraft, higher Economy share)
  - Cuts in short-haul capacity
  - Overall reduction in number of flights
  - Minimal growth in winter schedule 2013/14
  
- Forward bookings trends indicate
  - Passenger volume growth
  - Overall stable yield development
  - Regional trends unchanged: Americas positive, Europe stable, Asia/Pacific and MidEast/Africa negative

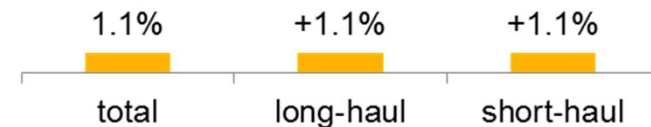
### Cargo – Current Trading

- Market recovery still anticipated, specifically after summer break in September
- Cargo capacity growth estimate: 5% in H2 and 0% for FY13.

### **Capacity outlook for full year 2013** Passenger Airline Group [ASK]

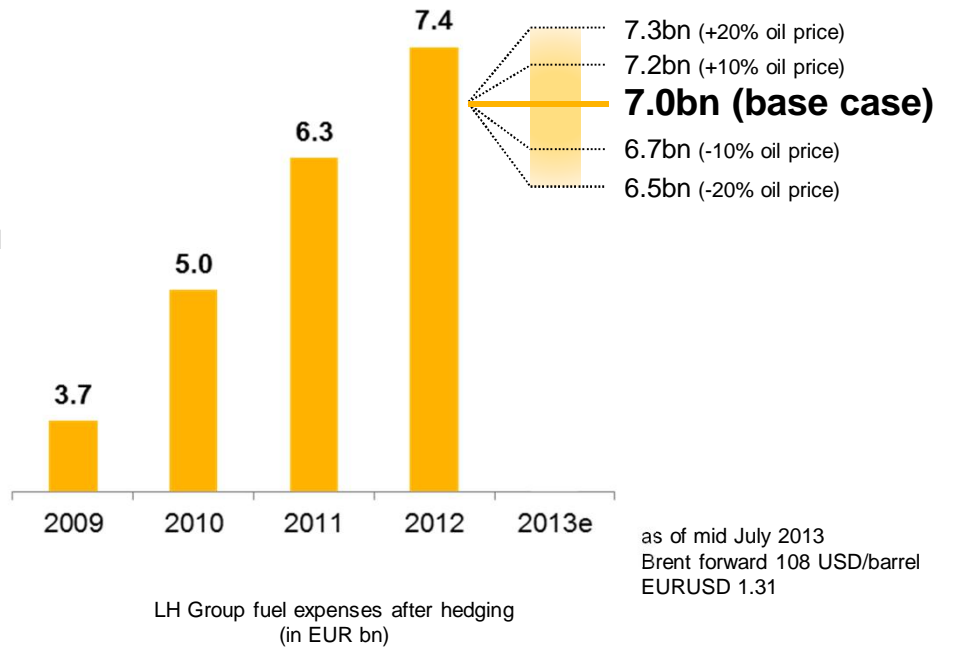
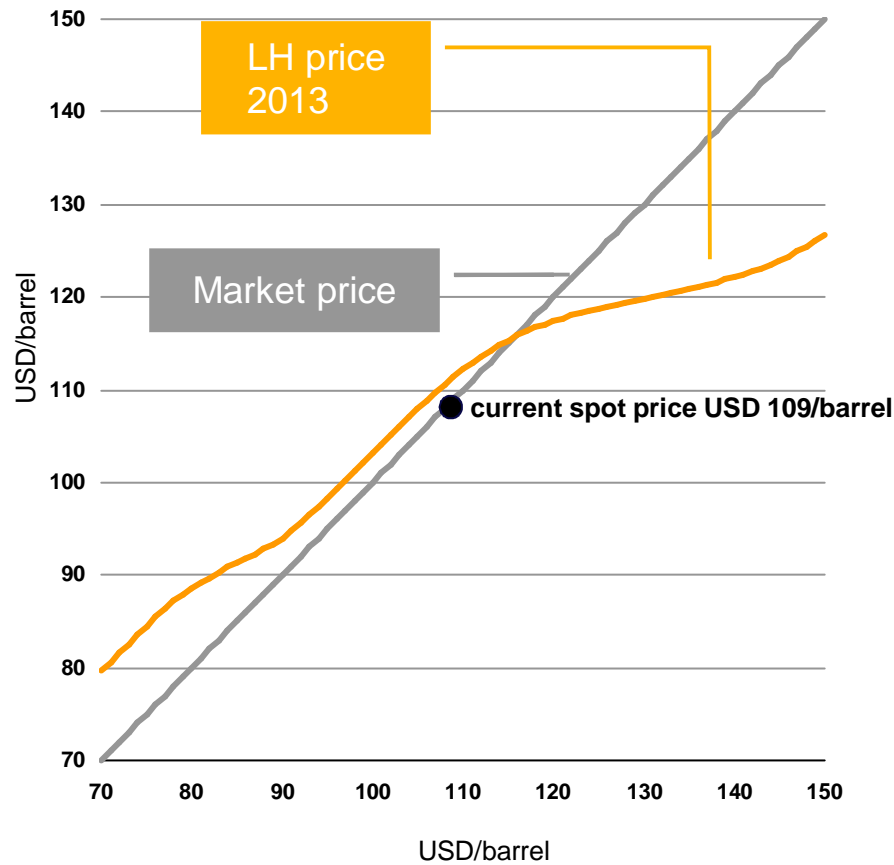


### **Capacity outlook for winter 2013/4** Passenger Airline Group [ASK]



# Fuel cost outlook for 2013 remains unchanged at EUR 7.0bn

## Fuel forecast and sensitivities



# Outlook for business segments broadly unchanged

## Outlook Segments

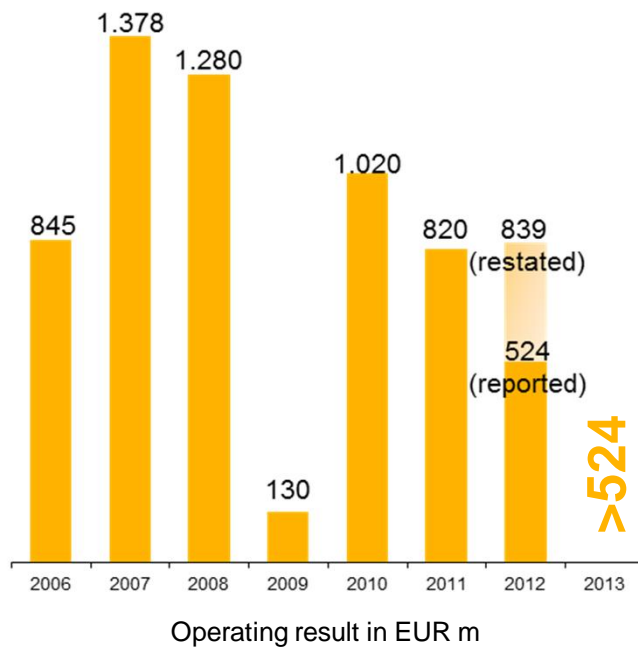


	Passenger Airline Group	Logistics	MRO	Catering	IT Services
<b>Outlook</b>	<p>moderate increase in revenue and operating profit vs. the reported figure for 2012; new: expected hit from one-off expenses in Q4 (three-digit-million Euro amount) for product-related measures</p>	<p>operating profit in the three-digit million euro range. An increase on the previous year's result is anticipated.</p>	<p>new: moderate increase in revenue and operating profit above previous year</p>	<p>new: revenue on par with previous year's level due to changes in group of consolidated companies, operating profit roughly on par with last year's level</p>	<p>moderate revenue growth, further increase in profitability.</p>



	Lufthansa Passenger Airlines	SISS	Austrian Airlines
<b>Outlook</b>	<p>higher revenue and improvement in the operating result. Absolute level will depend to a large extent on fuel costs and exchange rates</p>	<p>operating result in Euros to be roughly on a par with last year's.</p>	<p>consolidate the initial success of the turnaround and thereby achieving a positive operating result</p>

# Group Outlook unchanged: Operating profit higher than last year's Outlook for the Group



## Outlook 2013

- Revenue above previous year
- Operating profit 2013 higher than reported operating profit for 2012
- SCORE activities should make a substantial gross contribution to earnings in 2013
- Operating result will be significantly impacted by SCORE restructuring costs and project costs
- Restructuring costs similar to previous year
- Project costs: low three digit million Euro amount in Q4
- In 2013, the larger part of the operating result for the year will be generated by the airlines, i.e. the Passenger Airline Group and Lufthansa Cargo



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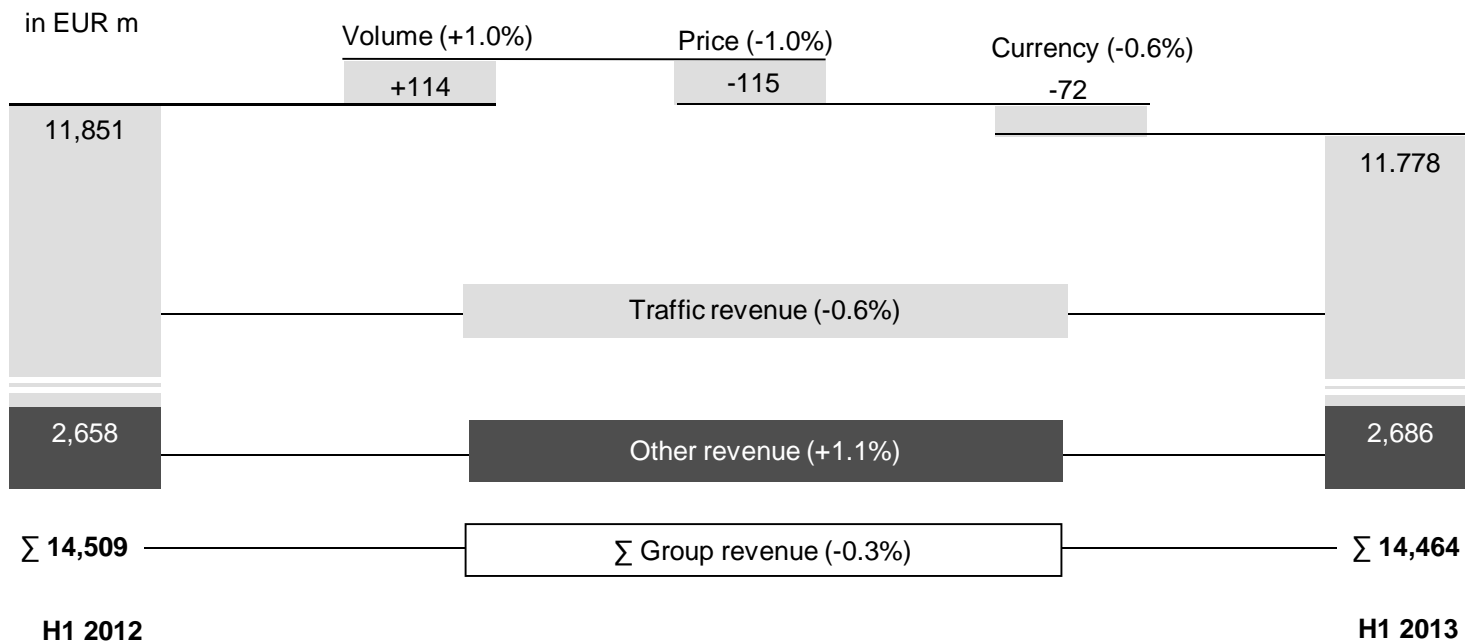
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**Appendix**  
– Financial Figures h1 2013 –

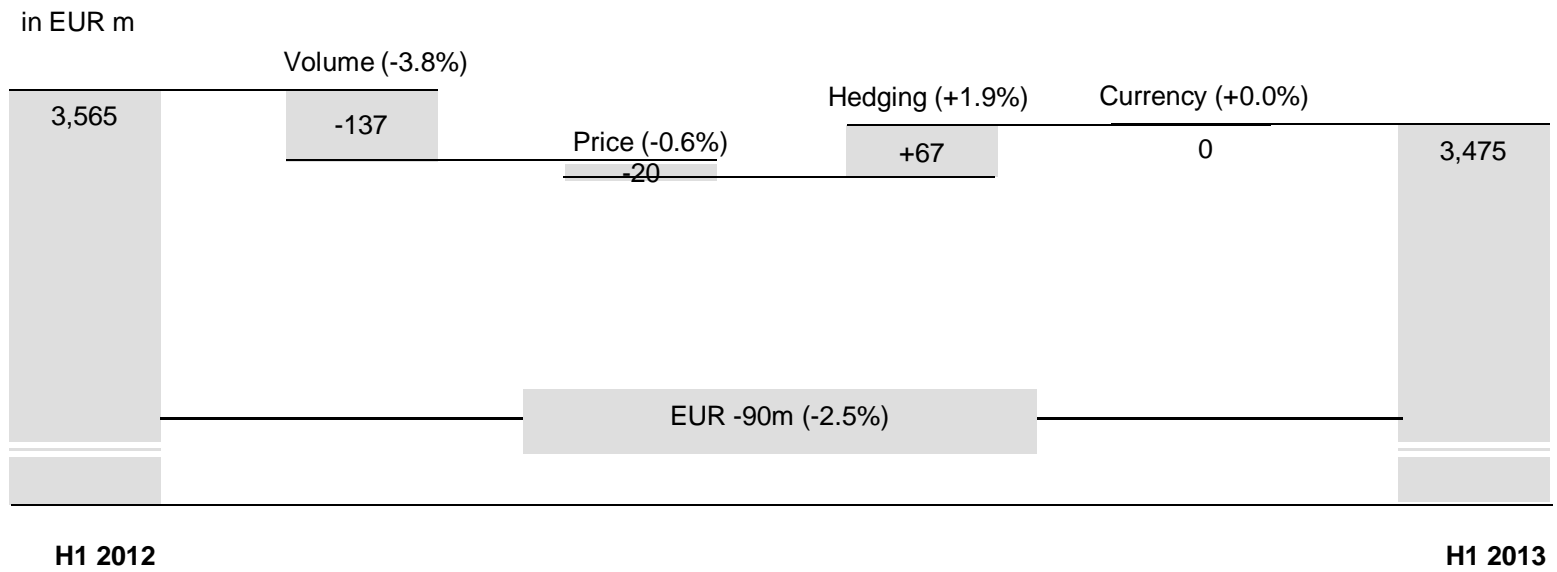
# Group Revenue

## H1 2013 vs. H1 2012



# Fuel Costs

## H1 2013 vs. H1 2012



# Operating Result

## H1 2013 vs. H1 2012

in EUR m	H1 2013	H1 2012	YOY change
<b>Result from operating activities</b>	<b>-1</b>	<b>204</b>	<b>-205</b>
Book gains/losses, non-current assets, financial assets	-8	-16	+8
<i>- of which disposals of aircraft</i>	-8	-15	+7
Measurement of non-current borrowing	34	33	+1
Past service costs	0	0	0
Impairment losses	100	59	+41
Write-back of provisions	-53	-45	-8
<b>Operating result</b>	<b>72</b>	<b>235</b>	<b>-163</b>
Adjusted operating margin*	0.9%	1.9%	-1.0 pts.

\* Adjusted operating margin = (operating result + write-back of provisions) / revenue

Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

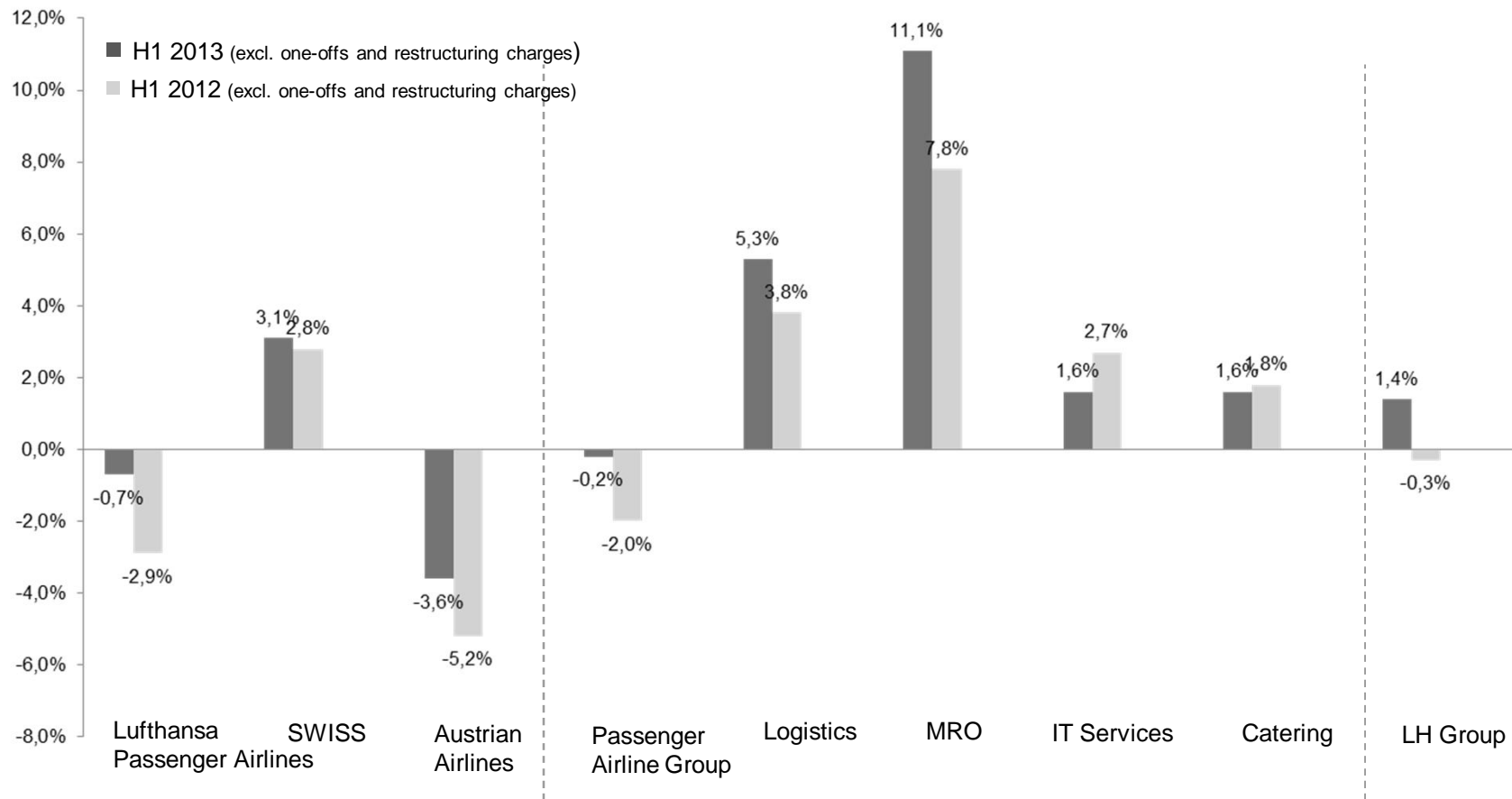
# Earnings Figures

## H1 2013 vs. H1 2012

in EUR m	H1 2013	H1 2012	vs. PY
<b>Result from operating activities</b>	<b>-1</b>	<b>204</b>	<b>-205</b>
Result from equity investments	33	31	+2
Other financial items	-111	-148	+37
- of which changes in the time value of options for hedging purposes	-114	-122	+8
<b>EBIT</b>	<b>-79</b>	<b>87</b>	<b>-166</b>
Net interest	-162	-188	+26
Income taxes	44	122	-78
<b>Profit/loss from continuing operations</b>	<b>-197</b>	<b>21</b>	<b>-218</b>
Result from discontinued operations (bmi)	0	36	-36
Profit/loss attributable to minority interests	-7	-7	0
<b>Net profit/loss for the period</b>	<b>-204</b>	<b>50</b>	<b>-254</b>
Earnings per share (in EUR)	-0.44	0.11	-0.55

Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

# Adj. operating margins (excl. one-offs and restructuring costs) H1 2013 vs. H1 2012



Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).