



Destination	Time
SHAPING	
THE FUTURE	
TOGETHER	
Q1 - Q3	2 0 1 3

Press and Analysts' Conference

Christoph Franz, Chairman of the Executive Board and CEO
Simone Menne, Member of the Executive Board and CFO
Frankfurt, 31 Oct 2013

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Lufthansa Group reached 661 m EUR op. profit after nine months

Full year operating profit expected between 600 and 700 m EUR

in EUR

	Jan-Sep 2013	vs. previous year
Revenue	22.8bn	-0.2%
Operating Result	661m	-27.1%
Normalized Operating Result	859m	+47.6%
Net Result	247m	-64.6%
Free Cash Flow	1.6bn	+59.7%

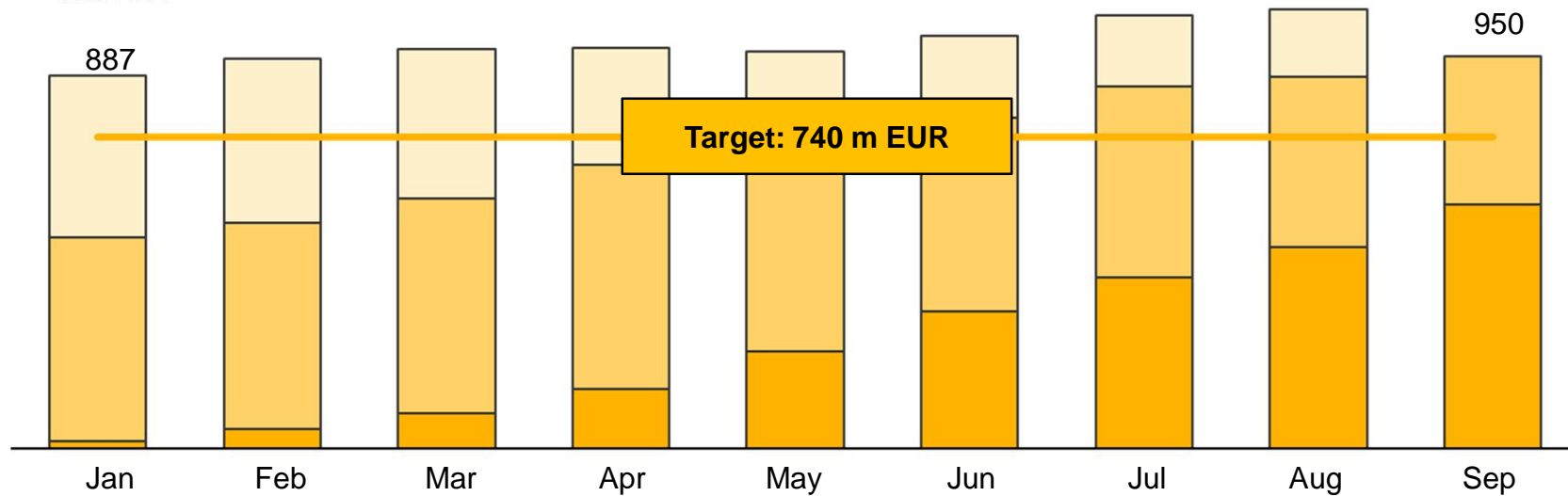
- All operating segments delivered **positive results** in first nine months
- Full year operating result expected **between 600 and 700 m EUR**
- Including one-off costs of 300 m EUR (200 restructuring costs and 100 project costs)
- Normalized operating profit (excl. one-offs) expected between **900 and 1,000 m EUR**

On track to achieve full year target of 740 m EUR gross savings

Monthly build-up of SCORE savings

SCORE gross savings 2013

in m EUR

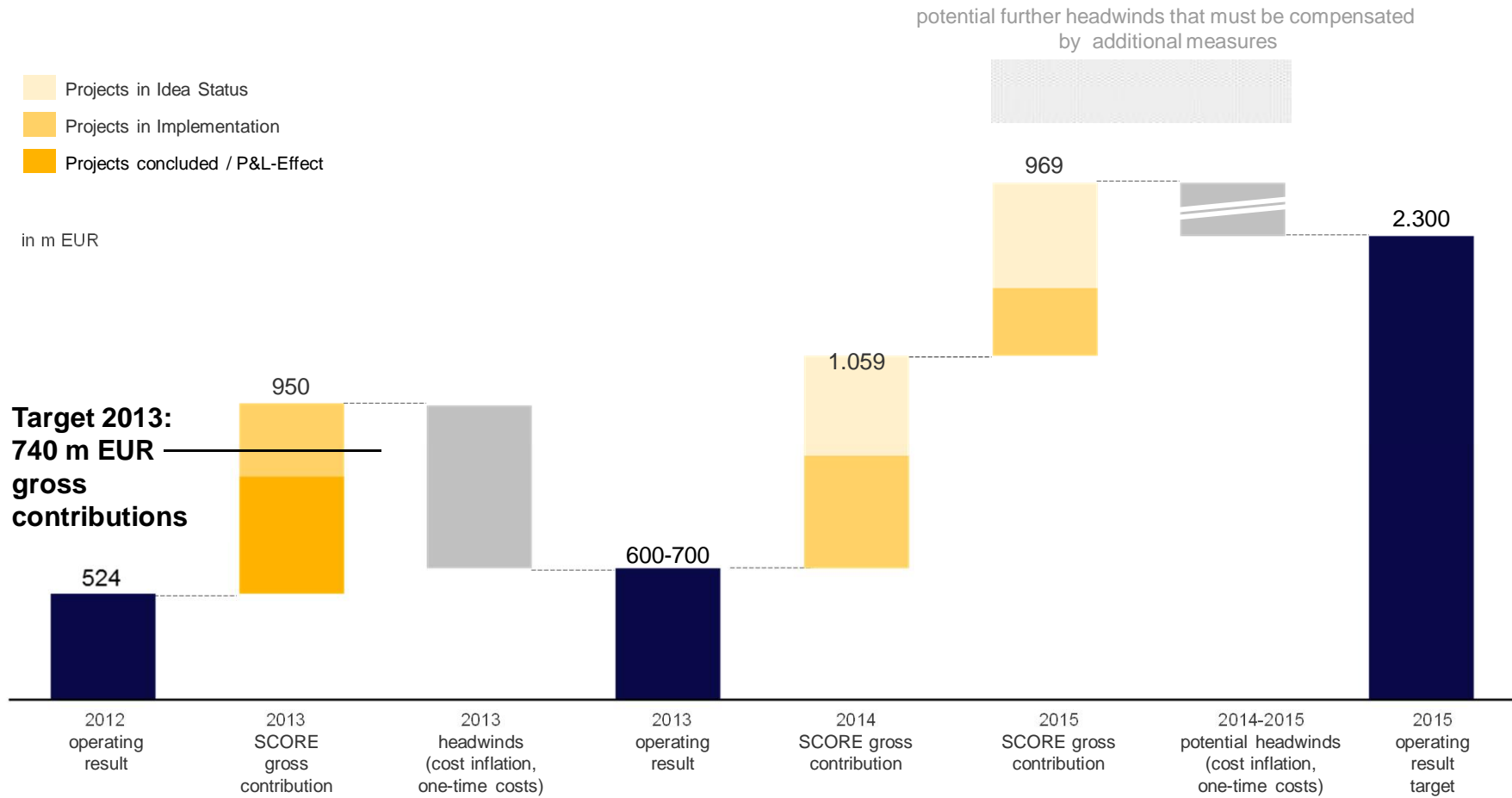


Snapshot as of 30 Sep 2013

- Target
- Projects in Idea Status
- Projects in Implementation
- Projects concluded / P&L-Effect

SCORE pipeline is well filled with measures until 2015

SCORE pipeline 2013-2015



Op. Result 2012 before restatement
 Source: Snapshot as of 30 Sep 2013

Significant restructuring progress was made in first nine months

Key projects and decisions

... in our operating business

- ❑ Transfer of non-hub operations to lower cost platform
- ❑ Cologne, Stuttgart, Hannover and Dortmund already fully transferred to new Germanwings
- ❑ Hamburg, Berlin and Düsseldorf to be transferred in 2014
- ❑ Shorthaul traffic (LH Passenger and new germanwings together) expected to be profitable in FY13 for the first time in 5 years

germanwings 

+ 90m EUR
op. result
2013 vs. 2012

... in our administration

- ❑ Decision to close LH headquarters in Cologne
- ❑ Group-wide pooling of HR, Procurement, Finance & Accounting
- ❑ ~ 200 m EUR cumulative savings until 2018
- ❑ ~ 75 m EUR savings p.a. from 2019

 **Lufthansa
Global Business Services**

~200 m EUR
aggregated
savings
until 2018

Next big steps are to be implemented shortly

Processes and long-haul profitability at LH Passenger Airlines are in focus

**Restructuring of
the process
organization at
Lufthansa
Passenger
Airlines**

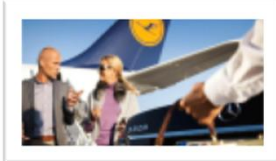
- Lean,
- Efficient and
- Competitive overhead structure



**+ 180 m EUR
operating
profit
by 2015**

**Improving the
profitability of our
long-haul flights**

- Simplified and accelerated procedures
- Higher fuel efficiency measures
- Newly evaluated routes for “two-class-flights”
- Premium Economy



**+ 200 m EUR
operating
profit
by 2015**

While conducting SCORE we also invest in the future

Becoming a 5 Star Airline will secure the revenue quality needed

Aircraft order book

Total Orders: 295 aircraft

- Short haul: 203 aircraft
- Long haul: 92 aircraft
- Equals EUR 36 bn in list prices

Latest long-haul order

- 25x A350-900
- 34x 777-9X
- Unit cost reduction of 20% (CASK)
- Superior comfort
- Lower emissions



Planned product upgrades

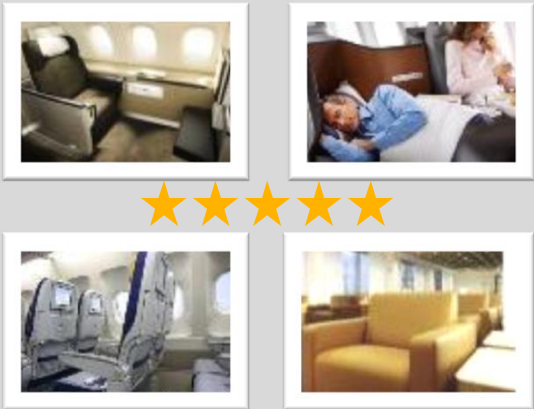
Vision: Europe's first five star airline in 2015

- Lufthansa First Class already 5 Star rated
- Competitive edge and yield premium
- Retrofit of entire long-haul fleet by 2015
- Roll-out new First- & Business Class
- Roll-out new Premium Eco & Economy Class
- Upgrade of IFE and WiFi on long-haul
- Introduction of WiFi on short-haul (A321)
- New lounges (e.g. T2 satellite Munich)
- Service upgrade on entire route network

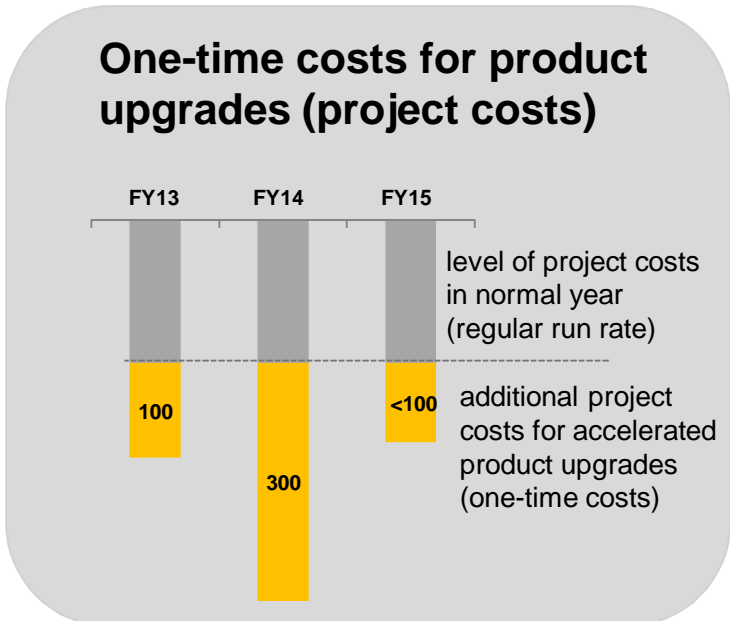


Our initiatives to upgrade products and revenue quality will result in significant one-time costs

Investment in revenue quality and 5 Star initiative



★★★★★



**- First Nine Months and Q3 Results –
Simone Menne and Member of Executive Board and CFO**

Normalized operating result clearly improved in first nine months

Key developments

- **Group reached operating profit of 661 m EUR in first nine months, and 589 m EUR in Q3**
In Q3 passenger airlines saw stable development, cargo weakened, MRO performed strongly
- **Results were burdened by one-off costs of 198 m EUR in first nine months, 126 m EUR in Q3**
168 m EUR restructuring costs and 30 m EUR project costs
- **Normalized operating result without one-time effects clearly improved vs. previous year**
+277 m EUR improvement in first nine months, +44 m EUR improvement in Q3
- **Progress on cost development was good; non-fuel costs and unit costs reduced**
Non-fuel CASK in passenger business decreased by -1.2% in 9 months and -2.6% in Q3
- **Revenue development at airlines was however weaker and further softened in Q3 due to forex**
Yield (per RPK) was down -3.1% in Q3, on constant currency basis yield was up +0.5%
- **Cash flow generation remained strong**
Operating cash flow improved by almost 25% in first nine months, net debt reduced, equity ratio strengthened

9M and Q3 2013 at a glance

Key figures for the Lufthansa Group

Lufthansa Group (in m EUR)	9M '13	9M '12	vs. PY		Q3 '13	Q3 '12	vs. PY
Total revenue	22,768	22,821	-0.2%		8,304	8,312	-0.1%
<i>of which traffic revenue</i>	18,663	18,786	-0.7%		6,885	6,935	-0.6%
Operating result	661	907	-27.1%		589	672	-12.4%
Normalized Operating Result ¹⁾	859	582	+47.6%		716	672	+6.4%
Operating margin (adjusted) ²⁾	3.2%	4.3%	-1.1 pts.		7.3%	8.4%	-1.1 pts.
EBITDA	2,041	2,353	-13.3%		1,183	1,342	-11.8%
Net profit/loss for the period	247	697	-64.6%		451	647	-30.3%

Cash flow from operating activities	3,001	2,428	+23.6%		688	766	-10.2%
Free cash flow	1,557	975	+59.7%		252	391	-35.6%

30.9.2013 31.12.2012

Equity ratio	19.1%	16.9%	+2.2 pts.
Net debt	1,059	1,953	-45.8%

Market capitalization	6,632	6,550	+1.3%
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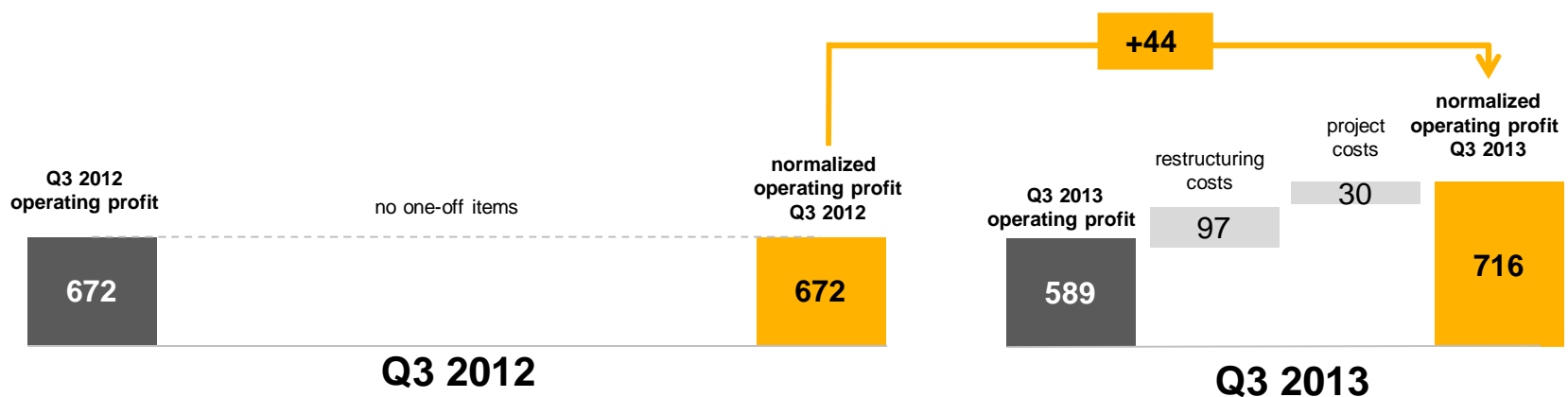
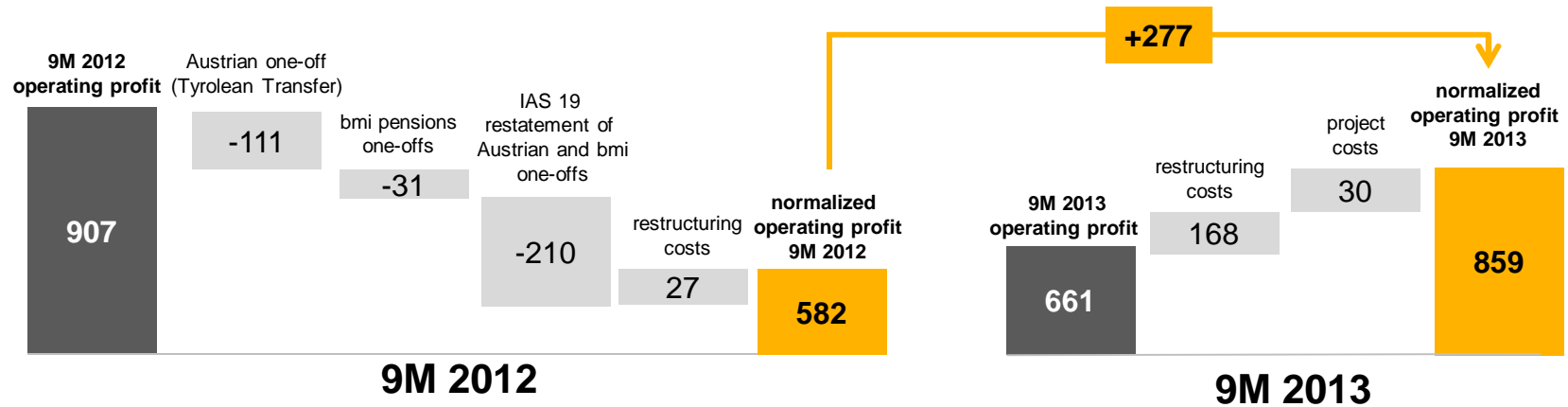
¹⁾ operating result normalized by one-off impacts from restructuring cost, project cost and one-off IAS19 impacts 2012 and 2013

²⁾ incl. income from the write-back of provisions.

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

Excluding one-off items operating profit shows clear improvement

Normalized operating results for 9M and Q3



Adjusted for one-offs costs reduced in first nine months

Cost development in 9m and Q3

<i>Lufthansa Group (in EUR m)</i>	9M 2013	vs. PY	Notes	Q3 2013	vs. PY	Notes
<i>Total revenue</i>	22,768	-0.2%		8,304	-0.1%	
<i>Other operating income</i>	1,403	-0.1%		431	-5.1%	
Total operating income	24,171	-0.2%		8,735	-0.4%	
Operating expenses	-23,510	+0.8%		-8,146	+0.6%	
Non-fuel operating expenses	-18,104	+2.0%	-0.9% excl. one-offs	-6,215	+2.0%	+0.4% excl. one-offs
Cost of materials and services	-13,316	-1.7%		-4,755	-0.8%	
<i>Fuel expenses</i>	-5,406	-2.9%		-1,931	-3.5%	
<i>Fees and charges</i>	-3,914	-0.2%		-1,406	+1.3%	
Staff costs	-5,466	+13.1%	+3.1% excl. one-offs	-1,860	+10.3%	+4.6% excl. one-offs
Scheduled depreciation	-1,268	-0.9%		-429	-0.7%	
Other operating expenses	-3,460	-5.5%		-1,102	-7.0%	
Operating result	661	-27.1%		589	-12.4%	

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

Cash generation remained strong in the first nine months

Cash flow statement

in EUR m	9M 2013	vs. PY
EBT (earnings before income taxes)	358	-333
Depreciation and amortisation (incl. d&a for non-current assets)	1432	-9
Net proceeds from disposal of non-current assets	1	+23
Result from equity investments	-102	-25
Net interest	257	-24
Income tax payments/reimbursements	-77	-39
Non-cash changes in measurement of financial derivatives	69	-55
Change in working capital	1,063	+825
Cash flow from continuing operating activities	3,001	+491
Cash flow from discontinued operating activities	0	+82
Cash flow from operating activities	3,001	+573
Capital expenditure (net)	-1,444	-9
Free cash flow	1,557	+582
Cash and cash equivalents as of 30.09.2013	1,569	+121
Liquidity reserves (non-current securities)	3,820	+370
Total Group liquidity	5,389	+491

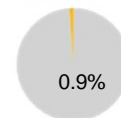
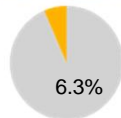
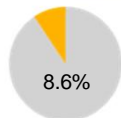
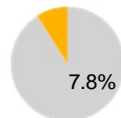
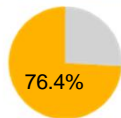
Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

Clear profit improvements in Passenger Business and MRO

Segment overview for first nine months



Share of LH Group's external revenue



9M 2013 vs. 9M 2012 in EUR m	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Other & consolidation
Revenue vs. PY	17,892 +0.2%	1,801 -10,2%	3,109 +3,6%	1,433 -0,4%	472 +5,4%	-2,395
Operating result vs. PY	497 -19,2%	43 -35,8%	332 +43,7%	63 -16,0%	17 +30,8%	-247 -209,6%

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

incl. 168 m EUR restructuring costs



	Lufthansa	SWISS	Austrian
in EUR m	Lufthansa Passenger Airlines	SWISS	Austrian Airlines
Total revenue vs. PY	13,169 +0.9%	3,202 +0.1%	1,577 -3.9%
Operating result vs. PY	300 +170.3%	182 +5.2%	19 -91.0%

incl. 30 m EUR project costs

ca. 10 m EUR improvement on normalized basis excl. one-offs and restructuring costs

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

Underlying yields improved in Q3 but were strongly diluted by forex Capacity and yield development Passenger Airline Group

Total	9M '13	Q3 '13
ASK	+0.8%	+2.6%
RPK	+2.1%	+3.4%
SLF	+1.0P.	+0.7P.
Number of flights	-4.0%	-2.0%

Yield ex currency	+0.2%	+0.5%
Yield	-1.8%	-3.1%

RASK	-0.5%	-2.3%
non-fuel CASK*	-1.2%	-2.6%

Europe	9M '13	Q3 '13
ASK	-3.1%	+1.5%
RPK	+0.2%	+3.1%
SLF	+2.4P.	+1.3P.
Yield ex currency	+0.9%	-0.3%
Yield	-0.2%	-2.2%

Americas	9M '13	Q3 '13
ASK	+6.0%	+5.5%
RPK	+6.5%	+6.2%
SLF	+0.4P.	+0.5P.
Yield ex currency	+2.5%	+2.5%
Yield	+0.7%	-1.3%

Asia/Pacific	9M '13	Q3 '13
ASK	-1.1%	+3.4%
RPK	-1.7%	+3.9%
SLF	-0.5P.	+0.3P.
Yield ex currency	-3.9%	-2.7%
Yield	-8.2%	-9.8%

Mid East / Africa	9M '13	Q3 '13
ASK	-5.4%	-5.2%
RPK	-4.3%	-6.5%
SLF	+0.8P.	-1.1P.
Yield ex currency	+0.4%	+7.6%
Yield	-1.7%	+3.0%

*adjusted for one-off items

Trading trends from third quarter are expected to continue

Capacity forecast and current trading

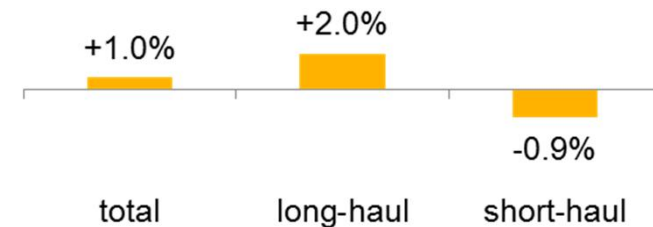
Passenger Business – Current Trading

- Restrictive growth and capacity in 2013
 - 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
 - Slight volume growth year on year
 - Yields to remain below previous year because of currency effects
 - Regional trends unchanged: Americas and Europe stronger, Asia/Pacific and Mid East/Africa negative

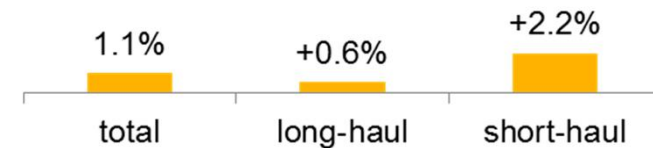
Cargo – Current Trading

- First signs of market recovery visible for fourth quarter
- Cargo capacity growth estimate: 6% in Q4

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

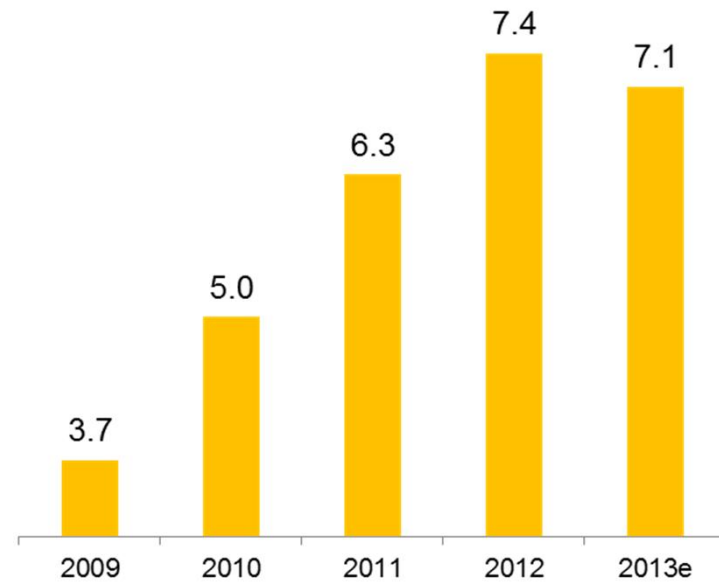
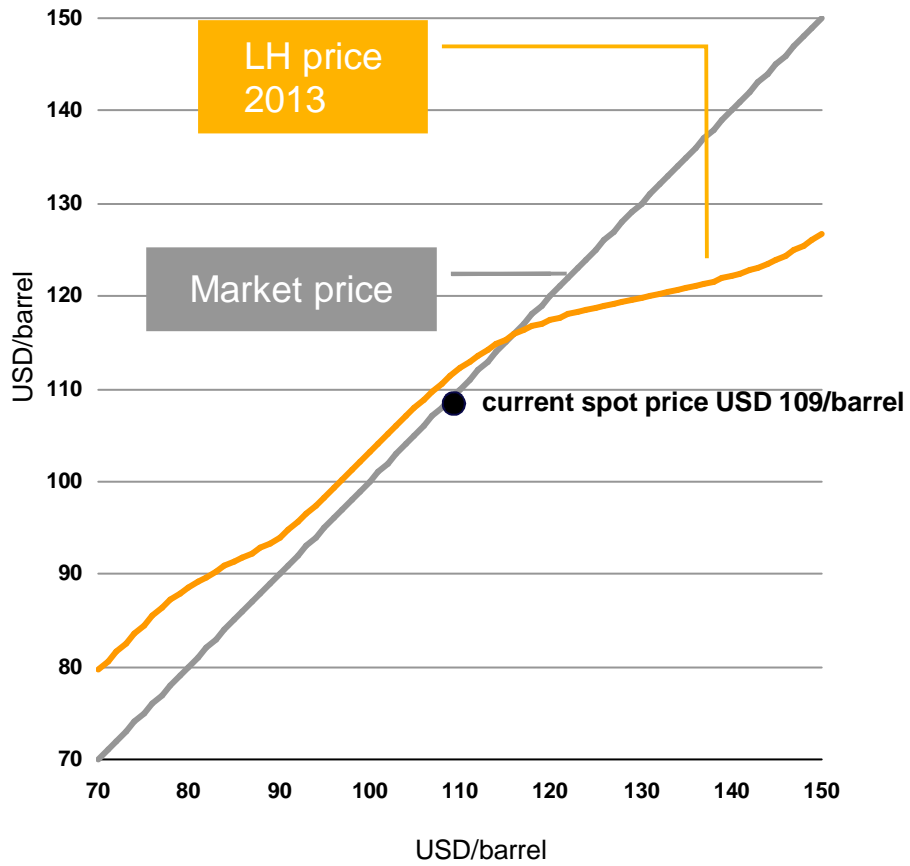


Capacity outlook for winter 2013/4 Passenger Airline Group [ASK]



Fuel cost expected at EUR 7.1 bn in FY13

Fuel forecast and sensitivities



LH Group fuel expenses after hedging (in bn EUR)

as of Oct 2013
Brent forward 109 USD/barrel
EUR/USD 1.33

Most segments are expected to improve in 2013

Segment outlook



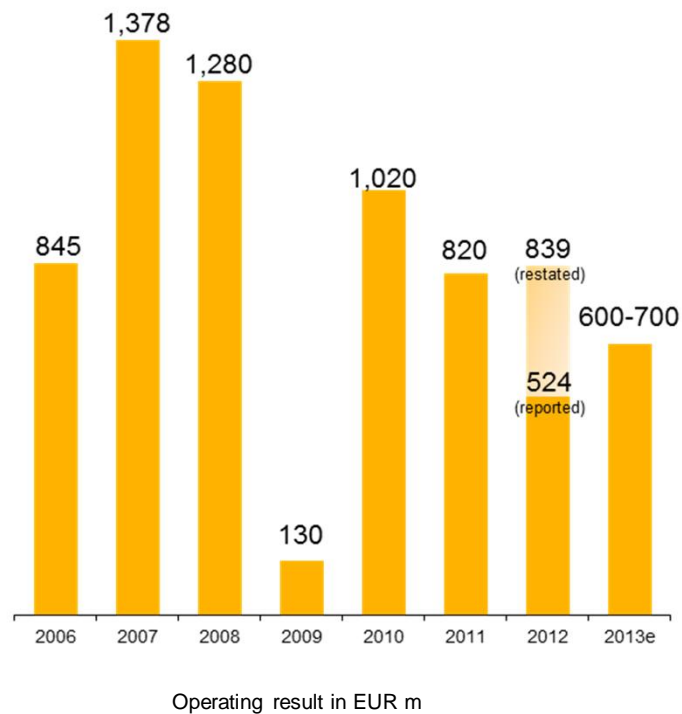
	Passenger Airline Group	Logistics	MRO	Catering	IT Services
Outlook vs. PY	↗	↘	↗	→	↗
	<i>new: revenue on par with previous year increase of operating profit vs. reported figure for 2012 (258) but below the restated figure (556)</i>	<i>new: operating profit below previous year (105) but in the high double digit million Euro range</i>	<i>new: moderate revenue growth and operating profit considerably higher than last year</i>	<i>revenue on par with last year operating profit roughly on par with last year</i>	<i>moderate revenue growth, higher operating result</i>



	Lufthansa Passenger Airlines	SWISS	Austrian Airlines
Outlook vs. PY	↗	→	↗
	<i>new: stable revenue, improvement of the operating result. absolute level will depend to a large extent on fuel prices and exchange rates</i>	<i>operating result in Euros to be roughly on par with last year's.</i>	<i>achieve a positive operating result in the low double digit million Euro range</i>

Operating profit higher than last year's – Guidance specified

Group Outlook



Outlook 2013

- Revenue on previous year's level
- Operating profit 2013 between 600 and 700 m EUR
- Operating profit includes one-off costs of 300 m EUR (200 restructuring costs and 100 project costs)
- Normalized operating profit excluding one-offs between 900 and 1,000 m EUR



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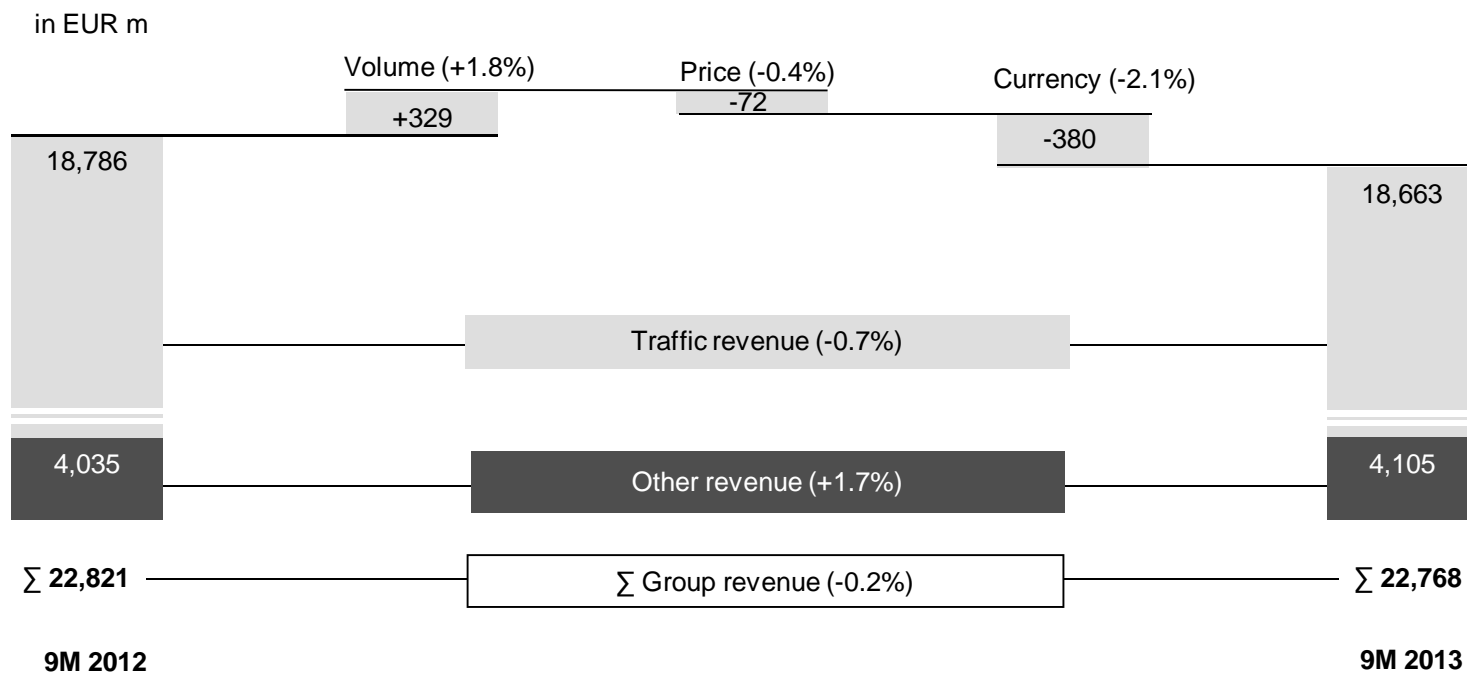
Press and Analysts' Conference

Christoph Franz, Chairman of the Executive Board and CEO
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- Supplementary Financial Information –

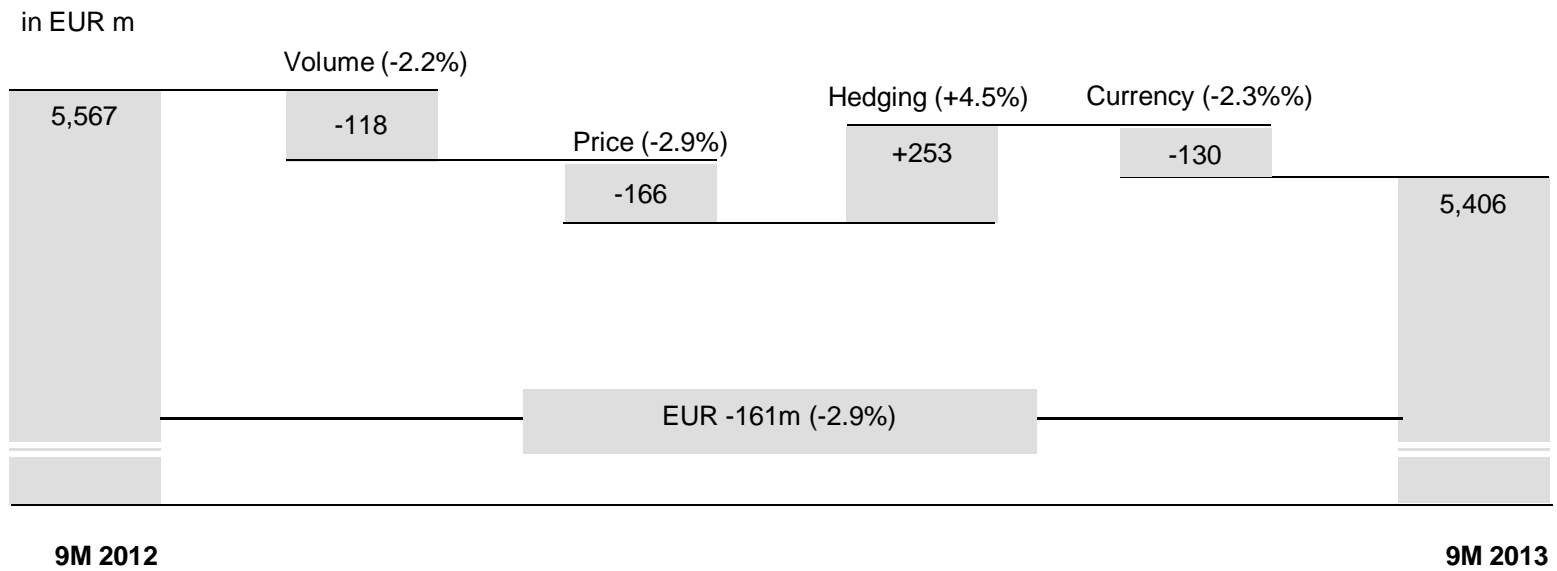
Group Revenue

9M 2013 vs. 9M 2012



Fuel Costs

9M 2013 vs. 9M 2012



Operating Result

9M 2013 vs. 9M 2012

in EUR m	9M 2013	9M 2012	vs. PY
Result from operating activities	582	915	-333
Book gains/losses, non-current assets, financial assets	-11	-25	+14
<i>- of which disposals of aircraft</i>	-9	-20	+11
Measurement of non-current borrowing	7	6	+1
Past service costs	-2	0	-2
Impairment losses	159	83	+76
Write-back of provisions	-74	-72	-2
Operating result	661	907	-246
Adjusted operating margin*	3.2%	4.3%	-1.1 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).

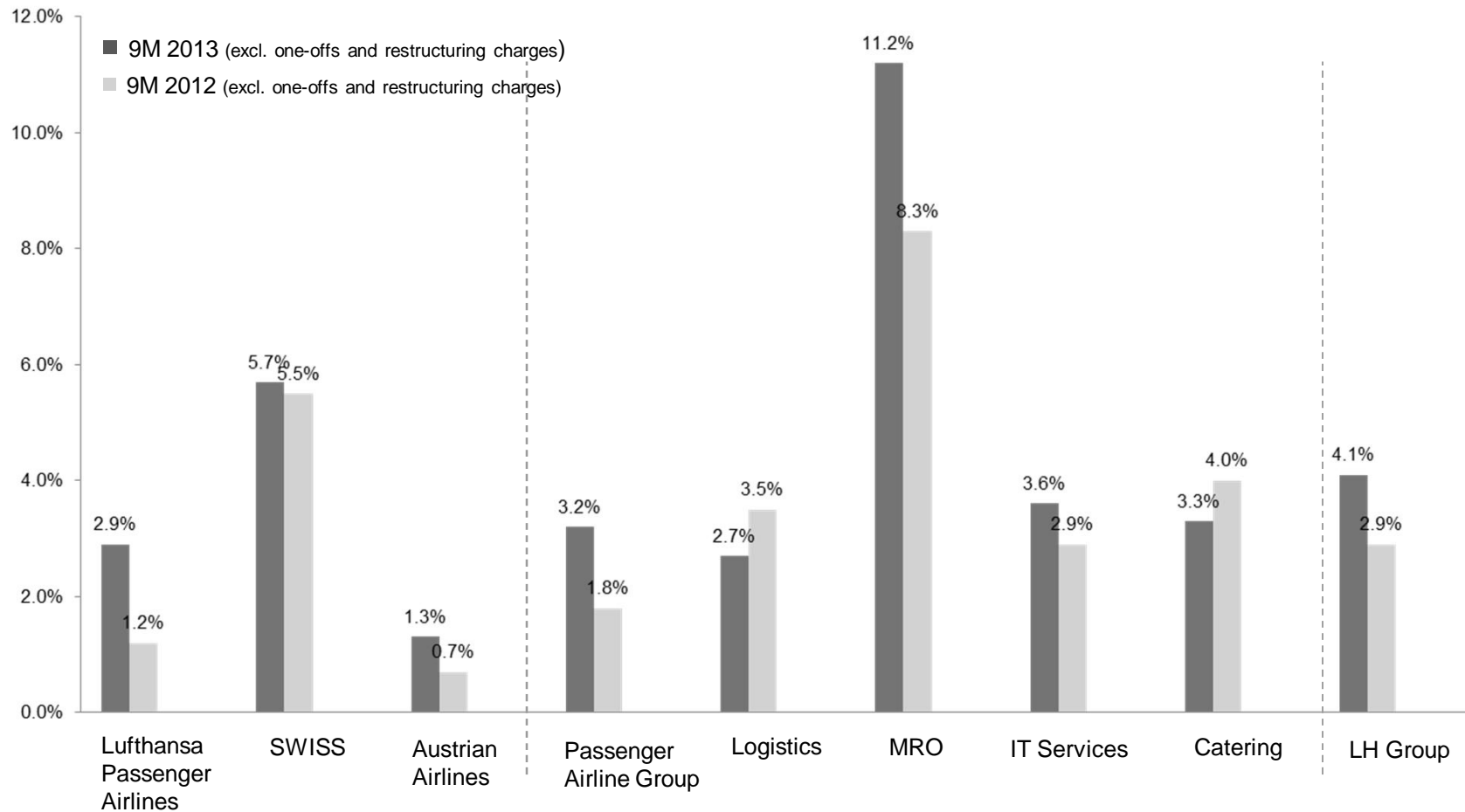
Earnings Figures

9M 2013 vs. 9M 2012

in EUR m	9M 2013	9M 2012	vs. PY
Result from operating activities	582	915	-333
Result from equity investments	102	77	+25
Other financial items	-69	-20	-49
- measurement of financial derivatives through profit and loss statement	-69	-14	-55
EBIT	615	972	-357
Net interest	-257	-281	+24
Income taxes	-100	-20	-80
Profit/loss from continuing operations	258	671	-413
Result from discontinued operations (bmi)	0	36	-36
Profit/loss attributable to minority interests	-11	-10	-1
Net profit/loss for the period	247	697	-450
Earnings per share (in EUR)	0.54	1.52	-0.98

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

Adj. operating margins (excl. one-offs and restructuring costs) 9M 2013 vs. 9M 2012



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