



Lufthansa Group



What drives us.

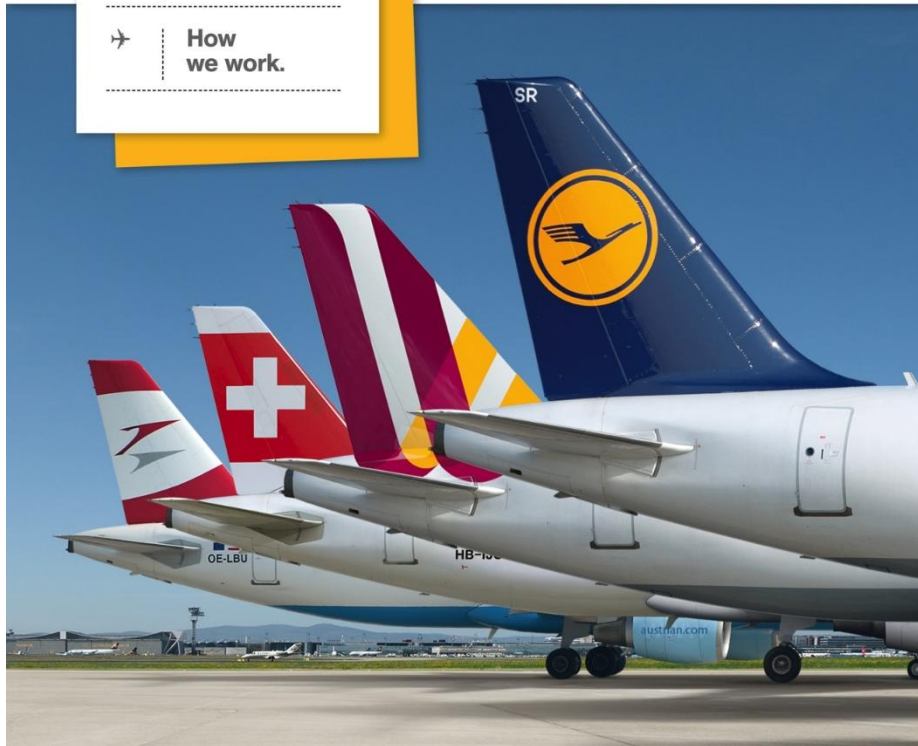


What defines us.



How we work.

Focused on our way.



H1 2014 Results Press and Analysts' Conference

Simone Menne

Member of the Executive Board and CFO

Frankfurt, July 31st 2014

Disclaimer in respect of forward-looking statements

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Overview

- **Lufthansa Group operating profit was higher in the first half year 2014 vs. previous year**
Results improvement driven by favorable cost performance and change in depreciation policy
- **Normalized half-year operating profit (excl. restructuring and project costs) improved by 75 m EUR to 219 m EUR**
Half-year reported operating profit improved by 41 m EUR to 114 m EUR
- **Normalized second quarter operating profit (excl. restructuring and project costs) of 409 m EUR (PY: 439 m EUR)**
Second quarter reported operating profit fell by 73 m EUR to 359 m EUR
- **Strikes, Venezuelan Bolivar devaluation and revenue softness offset cost reductions and depreciation benefit in Q2**
Second quarter unit revenues -3.3%; unit costs: -4.0%; forward bookings remain weak
- **Lufthansa Group has initiated short-term capacity measures and further strategic actions**
Capacity growth reduced to 3% in FY14; low cost platform WINGS to be launched in 2015
- **Full year guidance 2014 remains at approx. 1.0 bn EUR for 2014 and approx. 2.0 bn EUR for 2015**
Reported operating profit for 2014 of c. 1.0 bn EUR, normalized c. 1.3 bn EUR (excl. restructuring and project costs)

H1 and Q2 2014 at a glance

Key figures for the Lufthansa Group

Lufthansa Group (in m EUR)	H1 2014	H1 2013	vs. PY
Total revenue	14,166	14,464	-2.1%
of which traffic revenue	11,466	11,780	-2.7%
Operating result	114	73	+56.2%
One-off items*	105	71	--
Normalized operating result	219	144	+52.1%
Net income	-79	-203	+61.1%

	Q2 2014	Q2 2013	vs. PY
	7,704	7,836	-1.7%
	6,305	6,442	-2.1%
	359	432	-16.9%
	50	7	--
	409	439	-6.8%
	173	255	-32.2%

	H1 2014	H1 2013	vs. PY
Operating cash flow	1.744	2.316	-24.7%
Net invest	1.198	1.012	+18.4%
Free cash flow	546	1.304	-58.1%

	H1 2014	FY 2013	vs. Year-end
Equity ratio	16.6%	21.0%	-4.4pts.
Net debt (excl. pensions)	1,614	1,695	-4.8%

Passenger Airline KPIs	H1 2014	Q2 2014
No. of flights	-2.2%	-3.1%
ASK (capacity)	+1.1%	+1.6%
RPK (volume)	+1.1%	+2.2%
SLF (load factor)	+0.0P.	+0.5P.
Yield ex. currency	-1.8%	-2.6%
RASK (unit revenue)	-3.6%	-3.3%
CASK** (unit costs)	-5.0%	-4.0%

* adjusted for one-off items in m EUR:
H1 2013: 71 / 0 Q2 2013: 7 / 0 restructuring / project costs
H1 2014: 30 / 75 Q2 2014: 10 / 40 restructuring / project costs

** adjusted for one-off items in m EUR in (passenger airlines):
H1 2013: 11 / 0; Q2 2013: 2 / 0 restructuring / project costs
H1 2014: 22 / 75; Q2 2014: 8 / 40 restructuring / project costs

Second quarter with stable non-fuel costs

Operating costs and revenues

Lufthansa Group (in m EUR)	H1 2014	vs. PY	
Total revenue	14,166	-2.1%	
Other operating income	852	-12.4%	
Total operating income	15,018	-2.7%	

	Q2 2014	vs. PY	
	7,704	-1.7%	
	372	-13.3%	
	8,076	-2.3%	

Operating expenses	14,904	-3.0%	
Non-fuel operating expenses	11,661	-1.7%	-2.0% excl. one-offs -0.6% excl. one-offs & D&A
Cost of materials and services	8,264	-3.4%	
Fuel expenses	3,243	-5.7%	
Fees and charges	2,518	+0.1%	
Staff costs	3,646	+1.1%	+1.7% excl. one-offs
Scheduled depreciation	687	-18.1%	+2.0% excl. D&A change
Other operating expenses	2,307	-2.3%	

	7,717	-1.5%	
	5,991	-0.2%	-0.9% excl. one-offs +0.5% excl. one-offs & D&A
	4,331	-2.8%	
	1,726	-5.5%	
	1,350	+0.9%	
	1,848	+1.5%	+1.3% excl. one-offs
	350	-17.3%	+3.1% excl. D&A change
	1,188	+4.8%	

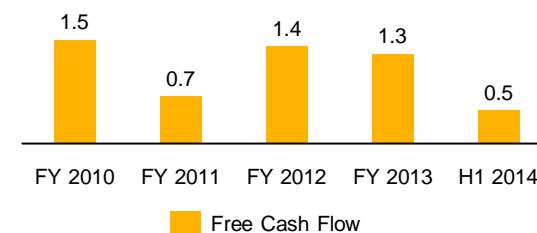
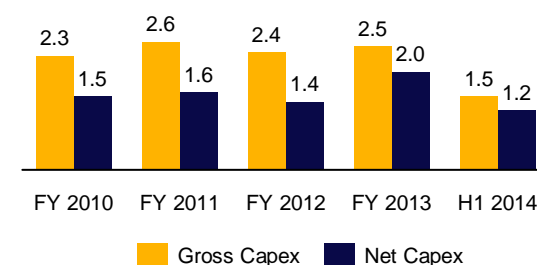
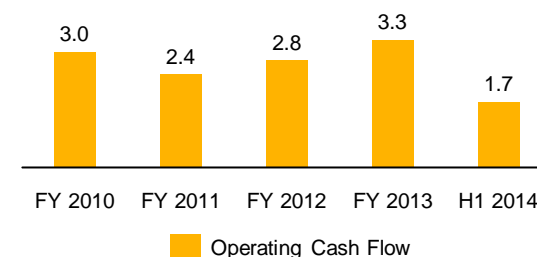
Operating result	114	+56.2%	+52.1% excl. one-offs
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	359	-16.9%	-6.8% excl. one-offs
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Positive free cash flow despite higher investments

Cash flow statement

Group Cash Flow Statement in m EUR	H1 2014	vs. PY
EBT (earnings before income taxes)	-59	+181
Depreciation & amortisation (incl. D&A for non-current assets)	717	-217
Net proceeds from disposal of non-current assets	-25	-26
Result from equity investments	-22	+11
Net interest	140	-22
Income tax payments/reimbursements	-106	-42
Non-cash changes in measurement of financial derivatives	145	+34
Change in working capital	954	-491
Operating cash flow	1,744	-572
Capital expenditure (net)	-1,198	-186
Free cash flow	546	-758
Cash and cash equivalents as of 30.06.2014*	830	-784
Current securities	2,777	-979
Total Group liquidity*	3,607	-1,763

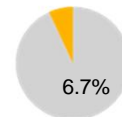
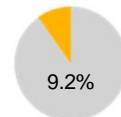
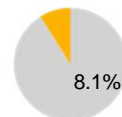
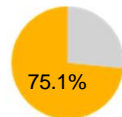


* Excluding fixed-term deposits with terms of three to twelve months (127 m EUR)

Passenger airlines with small improvement due to lower depreciation

Segment Overview H1

Share of LH Group's external revenue



H1 2014 vs. H1 2013 in EUR m	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Others & Consolidation
Revenue vs. PY in%	10,958 -2.4%	1,161 -4.8%	2,088 +2.4%	1,237 +2.3%	318 +4.6%	-1,596 -3.6%
Operating result vs. PY in m EUR	-96 -32	34 -28	206 -13	18 -1	11 +6	-59 +109

**+43 m EUR
excl. one-offs**

**incl. +174 m EUR
from lower D&A**

**+68 m EUR
excl. one-offs**

in EUR m	Lufthansa Passenger Airlines	SWISS	Austrian Airlines
Total revenue vs. PY	7,992 -2.9%	2,040 -0.9%	962 -1.5%
Operating result vs. PY	-146 -55	92 +29	-44 -9

**+20 m EUR
excl. one-offs**

Soft pricing continued in the second quarter

Operating KPIs of Passenger Airline Group

Total	H1 '14	Q2 '14
Number of flights	-2.2%	-3.1%
ASK	+1.1%	+1.6%
RPK	+1.1%	+2.2%
SLF	+0.0P.	+0.5P.

Europe	H1 '14	Q2 '14
ASK	+1.6%	+0.7%
RPK	+2.0%	+2.3%
SLF	+0.3P.	+1.2P.
Yield	-3.9%	-3.1%
Yield ex currency	-3.1%	-2.6%
RASK	-3.5%	-1.6%
RASK ex currency	-2.7%	-1.1%

Asia/Pacific	H1 '14	Q2 '14
ASK	+0.4%	+1.9%
RPK	+0.9%	+1.7%
SLF	+0.4P.	-0.1P.
Yield	-4.9%	-6.9%
Yield ex currency	-1.9%	-5.4%
RASK	-4.4%	-7.0%
RASK ex currency	-1.4%	-5.5%

Yield	-3.5%	-3.8%
Yield ex currency	-1.8%	-2.6%
RASK	-3.6%	-3.3%
CASK* incl. fuel	-5.0%	-4.0%
RASK ex currency	-1.9%	-2.1%
CASK* ex currency ex fuel	-2.8%	-1.9%

**-4.1% adjusted
for strike and
Venezuela**



America	H1 '14	Q2 '14
ASK	+3.9%	+5.8%
RPK	+1.9%	+4.0%
SLF	-1.7P.	-1.4P.
Yield	-2.7%	-3.1%
Yield ex currency	-0.7%	-1.0%
RASK	-4.6%	-4.7%
RASK ex currency	-2.6%	-2.7%

Mid East / Africa	H1 '14	Q2 '14
ASK	-8.1%	-9.7%
RPK	-4.7%	-4.5%
SLF	+2.7P.	+4.1P.
Yield	-3.2%	-3.6%
Yield ex currency	-0.9%	-1.3%
RASK	+0.3%	+1.9%
RASK ex currency	+2.8%	+4.5%

*adjusted for one-off items

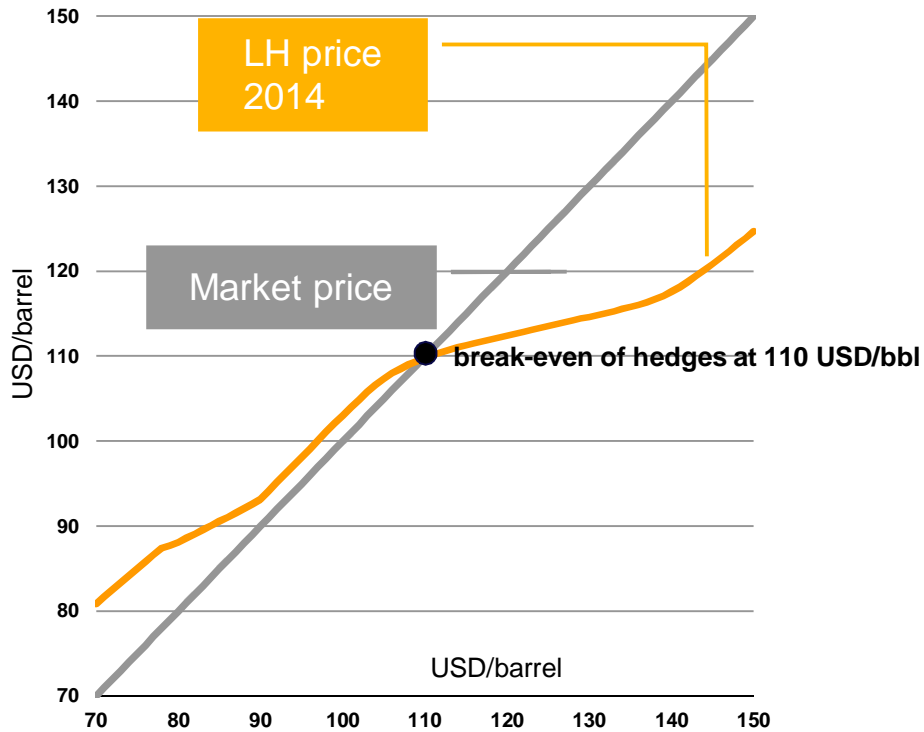
Capacity further adjusted to stabilize soft pricing

Trading assumptions FY 2014

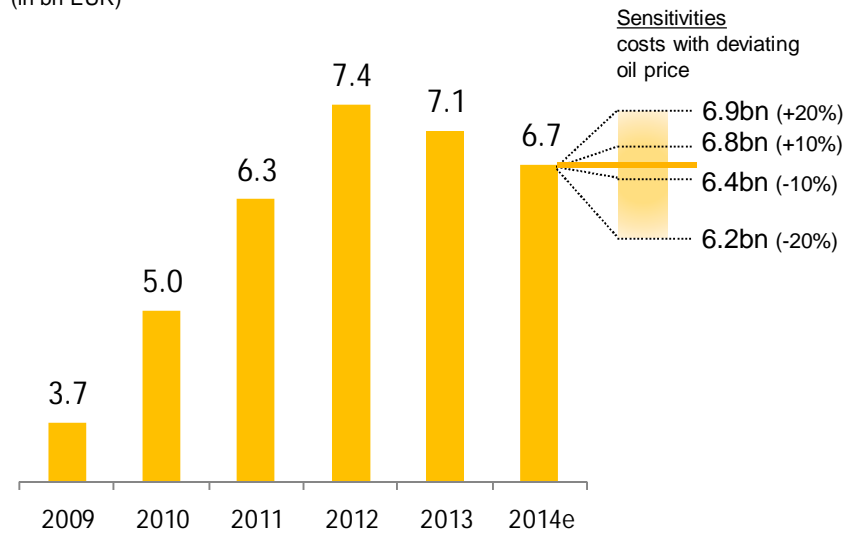
	Full Year 2014 assumptions	Explanation
Fleet Size (no. of aircraft)	overall stable	Fleet rollover: Phase-out of small, non-efficient aircraft
Capacity (ASK)	 c. +3%	Capacity growth mainly achieved through more seats per aircraft / flight. Capacity reductions in winter schedule of 5 short-haul and 3 long-haul a/c.
Volume (RPK)	above capacity growth	
Load Factor (SLF)	slightly up	
Pricing (Yield)	negative	
Unit Revenue (RASK ex currency)	negative	Unchanged volatility from short-term bookings
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	c. -1%	Reduction of freighter fleet by two MD 11 aircraft

Full year fuel costs unchanged at 6.7 bn EUR

Fuel forecast and sensitivities



Lufthansa Group fuel expenses after hedging (in bn EUR)



	FY 2014	FY 2015
Current fuel hedging levels	78%	54%

as of 15 July 2014
Brent forward 107 USD/barrel
EUR/USD 1.36

LH Group operating profit 2014 expected at approx. 1.0 billion Euros

Operating profit excl. one-offs expected at approx. 1.3 billion Euros

Segment	Result 2013 (m EUR)	Forecast for 2014
Lufthansa Passenger Airlines	265	slightly above previous year
SWISS	226	significantly above previous year
Austrian Airlines	25	on previous year
Consolidation	-21	
Passenger Airline Group	495	slightly above previous year
Logistics	77	slightly above previous year
MRO	404	slightly above 2012 (328 m EUR)
Catering	105	slightly above previous year
IT Services	36	slightly below previous year
Others	-378	significant improvements due to lower restructuring costs
Internal Result / Consolidation	-42	
LH Group (reported)	697	approx. 1,000
Restructuring costs	245	80
Project costs Lufthansa Passenger Airlines	100	200
LH Group (normalised)	1,042	approx. 1,300

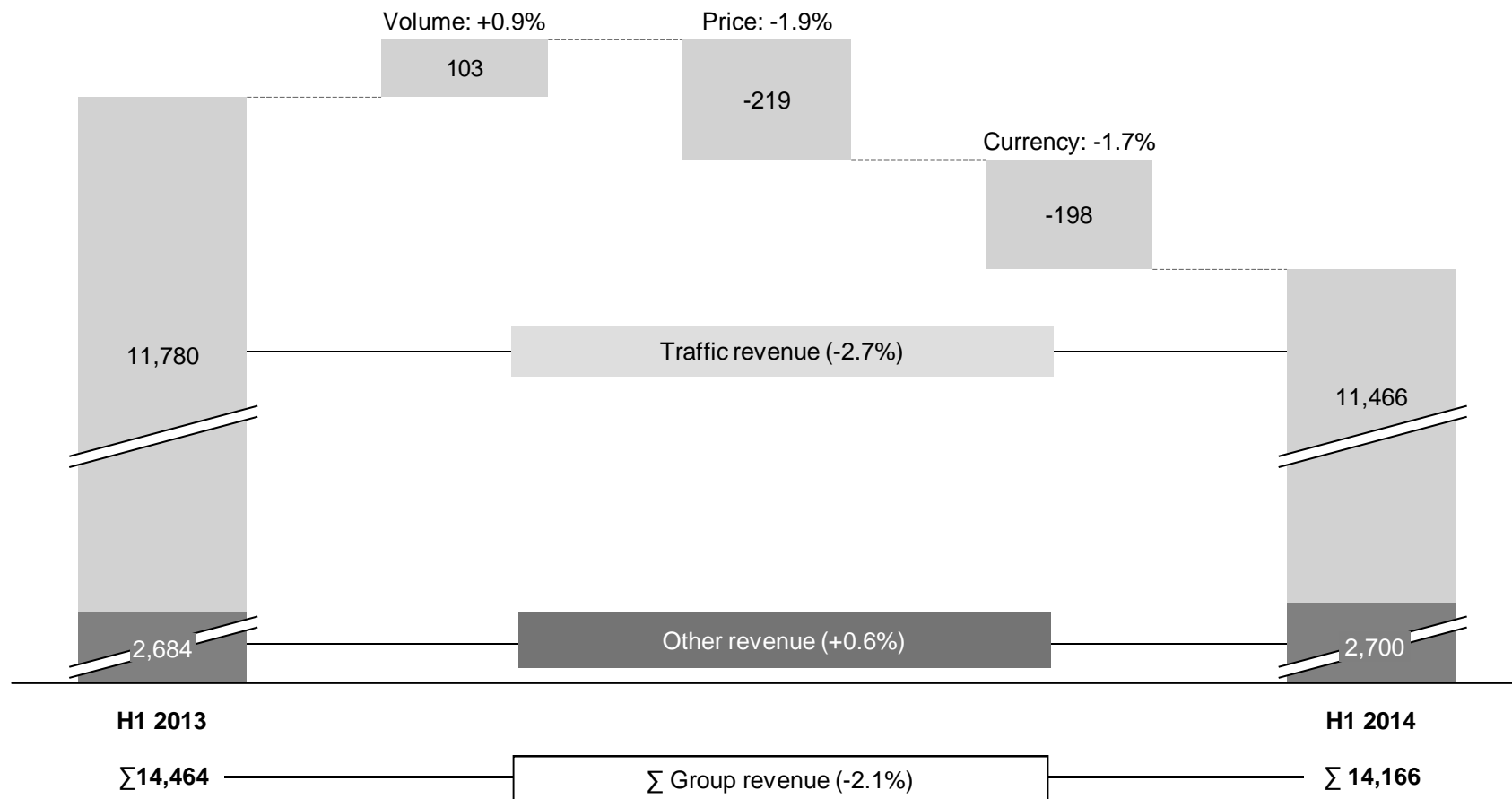
*incl. 340 m EUR lower depreciation for aircraft and engines

Appendix
– Financial Figures Q2 & H1 2014 –

Group Revenue

H1 2014 vs. H1 2013

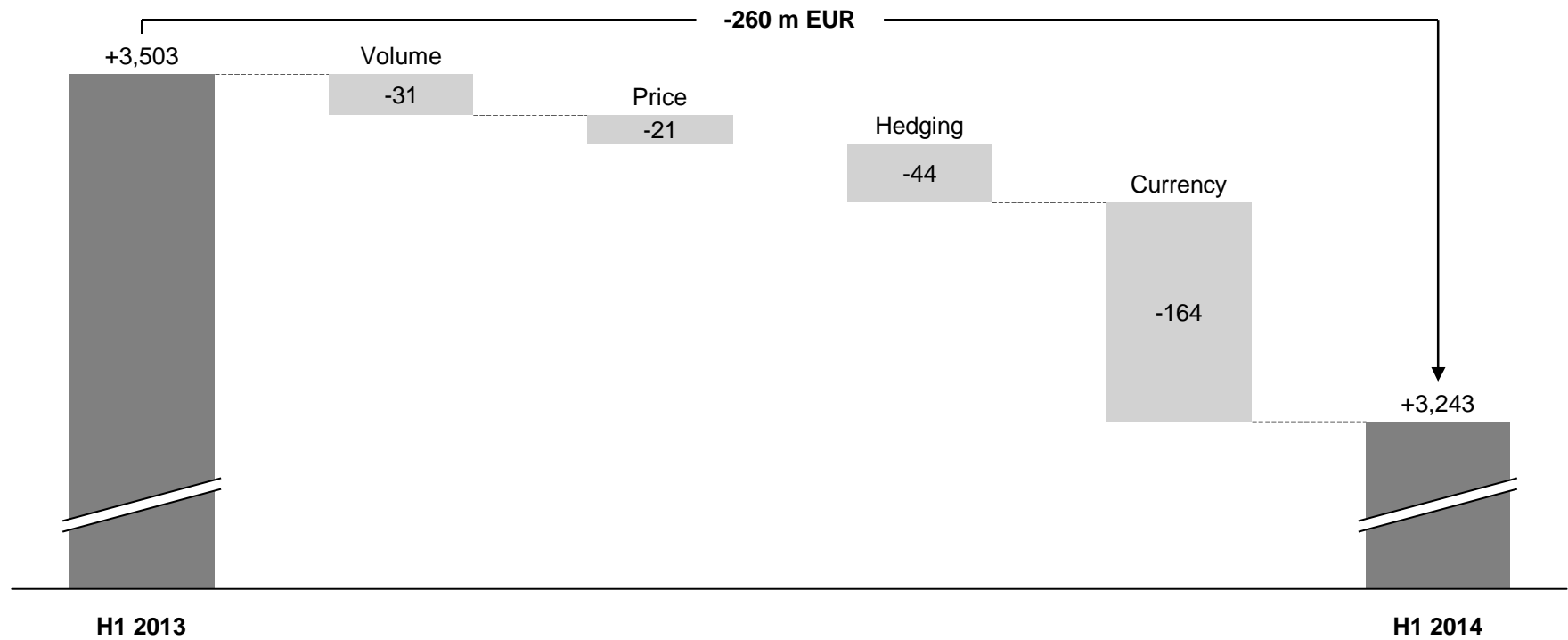
in m EUR



Fuel Cost

H1 2014 vs. H1 2013

in m EUR



Operating Result

H1 2014 vs. H1 2013

in m EUR	H1 2014	H1 2013	vs. PY
Profit from operating activities	205	0	+205
Net book gains / losses on assets and financial investments	-65	-8	-57
- thereof aircraft disposals	-14	-8	-6
Reversal of provisions	-56	-53	-3
Past service costs	0	0	0
Valuation from non-current borrowings	21	34	-13
Impairments	9	100	-91
Operating result	114	73	+41
One-offs (restructuring and project costs)	105	71	+4
Normalized operating result	219	144	+75

* excluding one-off effects

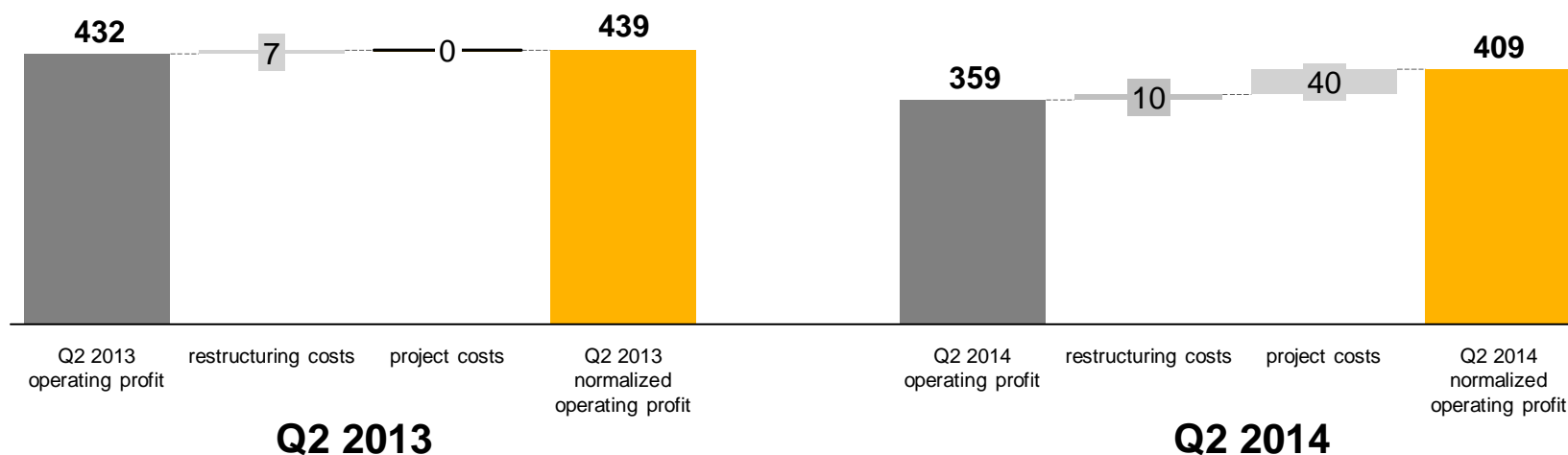
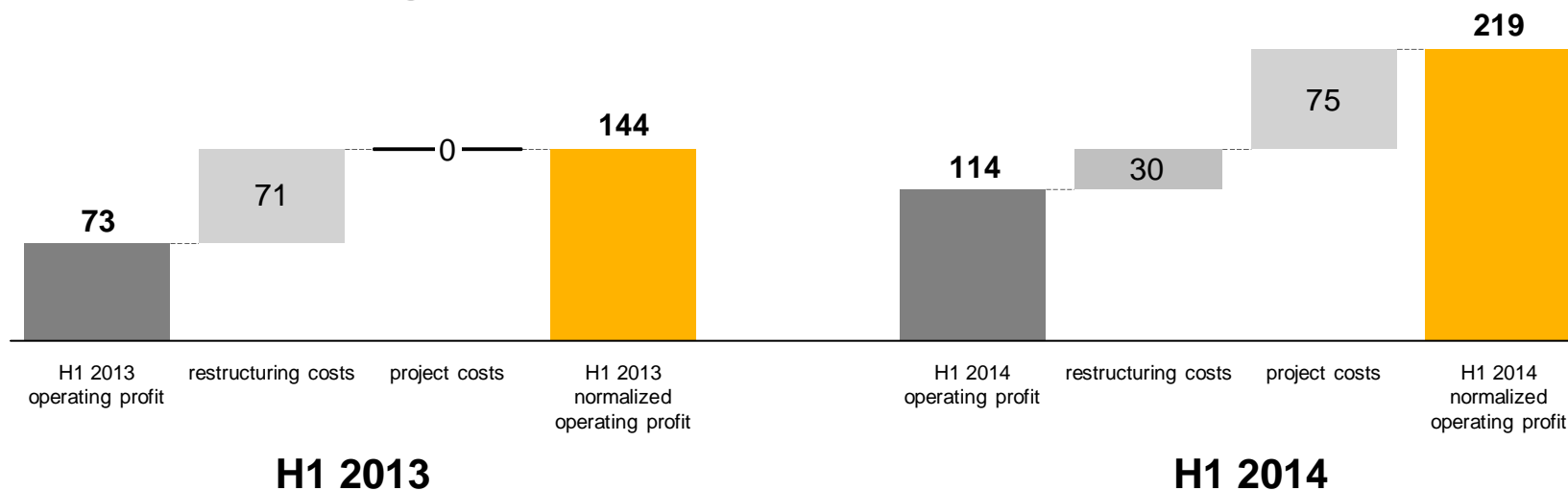
Earnings figures

H1 2014 vs. H1 2013

in m EUR	H1 2014	H1 2013	vs. PY
Profit from operating activities	205	0	+205
Income from subsidiaries, joint ventures and associates	22	33	-33.3%
Other financial items	-145	-111	-30.6%
<i>- thereof changes in time value of hedge options</i>	-45	-118	-61.9%
EBIT	82	-78	+205.1%
Net interest	-141	-162	+13.0%
Income taxes	-11	44	-125.0%
Minority interests	-9	-7	-2
Net profit (diluted)	-79	-203	+61.1%
Earnings per share (in EUR)	-0.17	-0.44	+61.4%

Excluding one-off items operating profit shows improvement

Normalized operating results for H1 and Q2



Operating Results and one-off factors

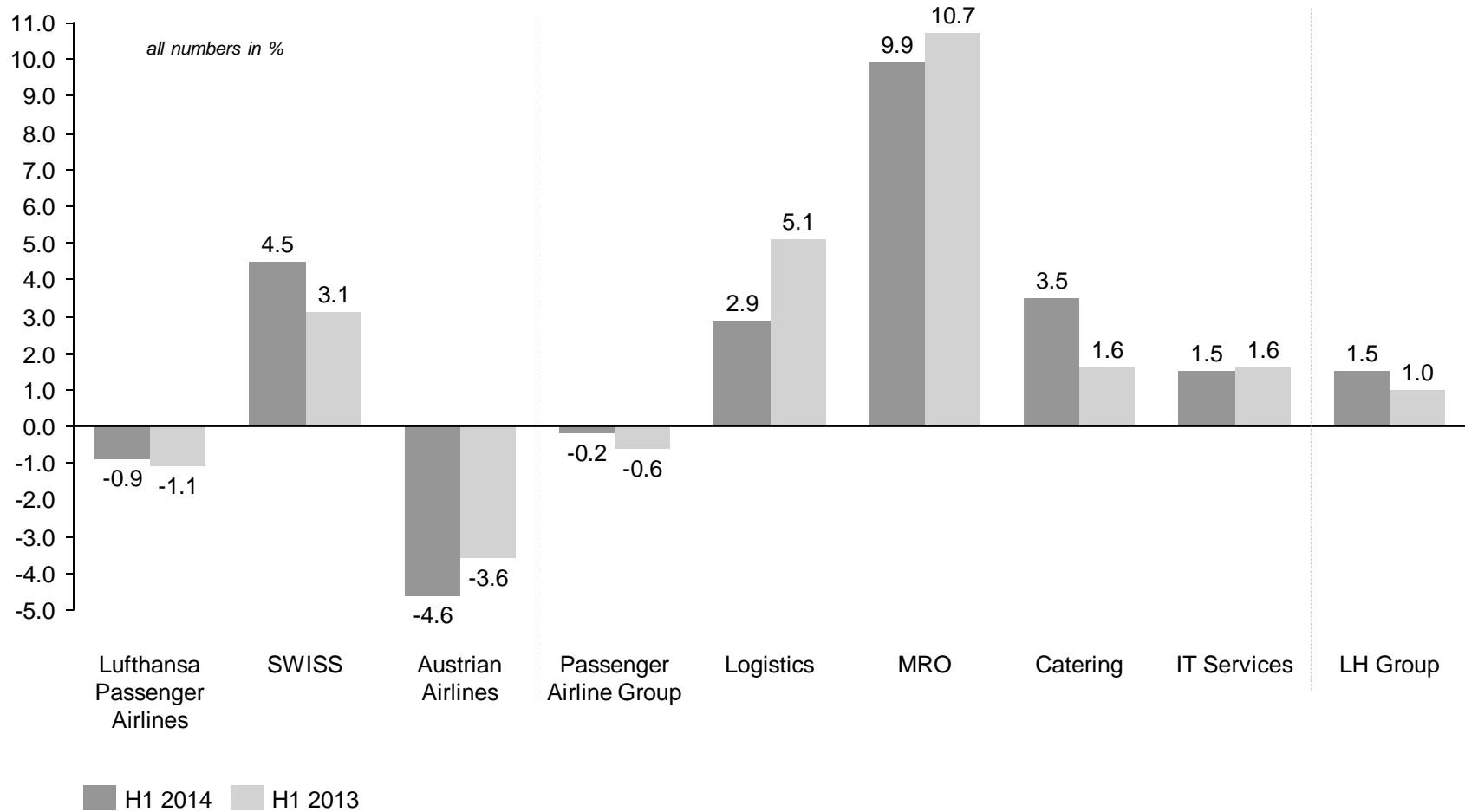
Quarterly operating results 2013-2014

<i>in m EUR</i>	Q1	Q2	Q3	Q4	6M	9M	Full Year
Reported operating result 2013	-359	432*	590*	36	73*	663*	699*
<i>incl. SCORE restructuring costs</i>	-64	-7	-97	-77	-71	-168	-245
<i>incl. Project costs</i>	0	0	-30	-70	0	-30	-100
Normalized operating result 2013	-295	439*	717*	183	144*	861*	1,044*
Reported operating result 2014	-245	359			114		
<i>incl. SCORE restructuring costs</i>	-20	-10			-30		
<i>incl. Project costs</i>	-35	-40			-75		
Normalized operating result 2014	-190	409			219		
<i>incl. depreciation policy change effect</i>	83	86			169		
<i>incl. strike impacts</i>	-10	-60			-70		
<i>incl. Venezuelan cash write-offs</i>	-38	-23			-61		

* Restatement due to IFRS11: Aerologic GmbH has been proportionately consolidated as a joint operation since 1 January 2014

Operating margins (normalized*)

H1 2014 vs. H1 2013



* excluding one-off effects