



Lufthansa Group



Press and Analyst Results Conference Q1-Q3 2015

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Chairman of the Executive Board and CEO

Simone Menne,
Member of the Executive Board and CFO

Frankfurt, 29th October, 2015

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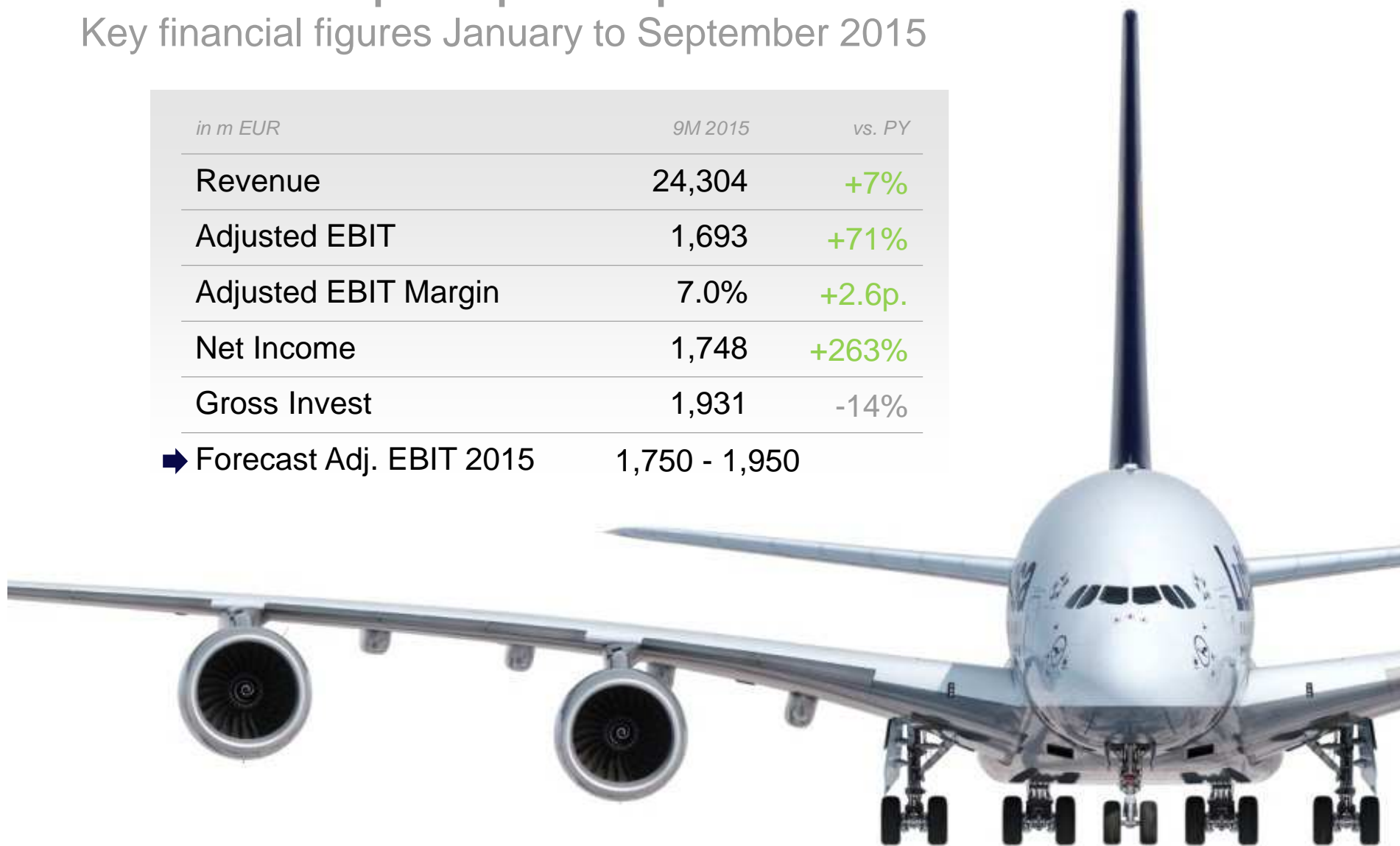
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Lufthansa Group with positive performance

Key financial figures January to September 2015

<i>in m EUR</i>	<i>9M 2015</i>	<i>vs. PY</i>
Revenue	24,304	+7%
Adjusted EBIT	1,693	+71%
Adjusted EBIT Margin	7.0%	+2.6p.
Net Income	1,748	+263%
Gross Invest	1,931	-14%

➡ Forecast Adj. EBIT 2015 1,750 - 1,950



Airlines, MRO and Catering report strongly improved results

Adjusted EBIT for business segments from January to September 2015

Lufthansa Group

1,693m EUR (+705m EUR vs. PY)

Passenger Airline Group

1,350m EUR
(+801m EUR vs. PY)



MRO

398m EUR
(+50m EUR vs. PY)



Catering

76m EUR
(+19m EUR vs. PY)



Logistics

35m EUR
(-34m EUR vs. PY)



Result affected by oil price but also by successful measures

Factors for positive development of results



Oil price development favours positive earnings development



Investment in premium products paying off



Point-to-point traffic in the black



Strict capacity discipline: 25 aircraft fewer than planned in 2012



Simone Menne
- Member of the Executive Board and CFO -

Key financial ratios develop positively

9M and Q3 2015 at a glance

<i>Lufthansa Group (in m EUR)</i>	9M 15	9M 14	vs. PY
Total revenue	24,304	22,624	+7.4%
of which traffic revenue	19,387	18,460	+5.0%
EBIT	1,663	1,048	+58.7%
Adjusted EBIT	1,693	988	+71.4%
Net income	1,748	482	+262.7%

	Q3 15	Q3 14	vs. PY
	8,939	8,458	+5.7%
	7,264	6,994	+3.9%
	1,200	832	+44.2%
	1,225	810	+51.2%
	794	561	+41.5%

	9M 15	9M 14	vs. PY
Operating cash flow	3,160	2,052	+54.0%
Net invest	1,960	1,823	+7.5%
Free cash flow	1,200	229	+424.0%

	9M 15	FY 14	vs. FY 14
Equity ratio	18.6%	13.2%	+5.4pts.
Net debt (excl. pensions)	2,346	3,418	-31.4%
Pension provisions	6,886	7,231	-4.8%

<i>Passenger Airline KPIs</i>	9M 15	Q3 15
No. of flights	+0.2%	+0.7%
ASK (capacity)	+3.0%	+2.4%
RPK (volume)	+3.6%	+3.6%
SLF (load factor)	+0.6pts.	+1.0pts.

Yield (pricing)	+2.1%	+1.6%
RASK* (unit revenue)	+2.8%	+2.8%
CASK (unit costs)	+0.3%	-3.3%

* Standard definition comprises traffic revenue excl. other operating income
RASK incl. other operating income: 9M 2015: +4.2%; Q3 2015: +2.9%

Fuel and currency effects provide significant relief

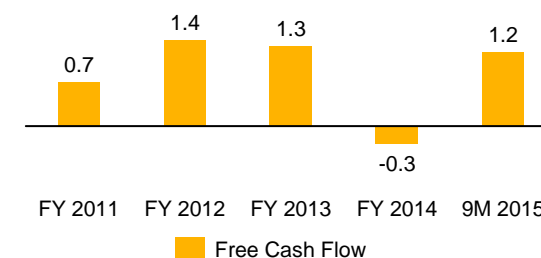
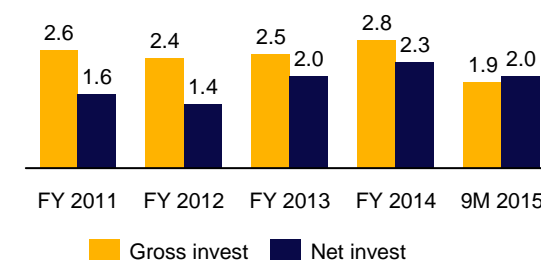
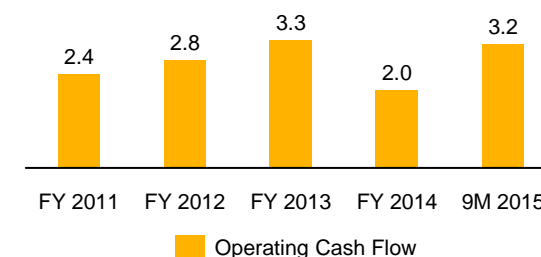
Operating costs and revenues

Lufthansa Group (in m EUR)	9M 2015	vs. PY		Q3 2015	vs. PY	
Total revenue	24,304	+7.4%		8,939	+5.7%	
Other operating income	2,184	+48.0%		585	+10.4%	
Total operating income	26,488	+9.9%		9,524	+6.0%	
Operating expenses	24,941	+7.8%		8,407	+2.2%	
Non-fuel operating expenses	20,447	+13.8%		6,847	+8.8%	
Cost of materials and services	13,303	+2.3%		4,659	-1.7%	
Fuel expenses	4,494	-13.2%		1,560	-19.5%	
Fees and charges	4,315	+8.5%		1,563	+7.1%	
Staff costs	5,902	+8.2%	+6.7% excl. pensions	1,979	+9.4%	+6.7% excl. pensions
Depreciation	1,265	+19.1%		414	+12.8%	
Other operating expenses	4,471	+23.3%	+6.5% excl. FX losses	1,355	+3.1%	+7.6% excl. FX losses
Result from equity investments	116	+23.4%		83	+15.3%	
EBIT	1,663	+58.7%		1,200	+44.2%	
Adjustments	30			25		
Adjusted EBIT	1,693	+71.4%		1,225	+51.2%	

Cash flow increases significantly, liquidity is on good level

Cash flow statement

Lufthansa Group (in m EUR)	9M 2015	vs. PY
EBT (earnings before income taxes)	1,995	+1,361
Depreciation & amortisation (incl. non-current assets)	1,286	+222
Net proceeds from disposal of non-current assets	-46	-22
Result from equity investments	-116	-22
Net interest result	124	-65
Income tax payments/reimbursements	-208	+7
Measurement of financial derivatives through profit or loss	-564	-703
Change in working capital	689	+330
Operating cash flow	3,160	+1,108
Capital expenditure (net)	-1,960	-137
Free cash flow	1,200	+971
Cash and cash equivalents as of 30.06.15*	835	+16
Current securities	2,962	+251
Total Group liquidity	3,797	+267

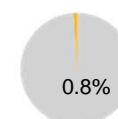
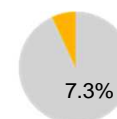
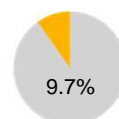
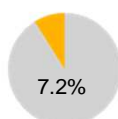
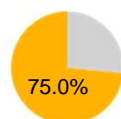


* Excluding fixed-term deposits with terms from three to twelve months(2015: 84 m EUR, 2014: 115 m EUR)

Result improvement mainly driven by passenger airlines

Segment overview 9M 2015

Share of
LH Group's
external revenue



9M 2015 vs. 9M 2014 in m EUR	Passenger Airline Group	Logistics	MRO	Catering	Others & Consolidation
Revenue vs. PY in %	18,739 +5.9%	1,763 -0.2%	3,723 +16.3%	2,258 +15.2%	-2,179 -9.1%
Adj. EBIT vs. PY in m EUR	1,350 +801	35 -34	398 +50	76 +19	-166 -131

in m EUR	Lufthansa Passenger Airlines	SWISS	Austrian Airlines
Revenue vs. PY in %	13,754 +5.9%	3,459 +8.4%	1,591 +1.1%
Adj. EBIT vs. PY in m EUR	853 +533	375 +163	61 +68

Constant currency pricing improved in Q3


Operative KPIs Passenger Airline Group

Total	9M '15	Q3 '15	Europe	9M '15	Q3 '15	Asia/Pacific	9M '15	Q3 '15
Number of flights	+0.2%	+0.7%	ASK	+0.2%	+1.6%	ASK	+4.7%	+3.4%
ASK	+3.0%	+2.4%	RPK	+1.6%	+2.9%	RPK	+5.6%	+5.8%
RPK	+3.6%	+3.6%	SLF	+1.1pts.	+1.1pts.	SLF	+0.7pts.	+2.0pts.
SLF	+0.6pts.	+1.0pts.	Yield	-0.4%	-1.3%	Yield	+2.2%	+1.5%
			Yield ex currency	-3.9%	-3.9%	Yield ex currency	-5.2%	-3.6%
			RASK	+1.1%	-0.1%	RASK	+3.1%	+3.7%
			RASK ex currency	-2.5%	-2.8%	RASK ex currency	-4.4%	-1.5%
Yield	+2.1%	+1.6%	Americas	9M '15	Q3 '15	Mid East / Africa	9M '15	Q3 '15
Yield ex currency	-3.9%	-3.0%	ASK	+4.9%	+3.2%	ASK	+2.2%	+0.1%
RASK*	+2.8%	+2.8%	RPK	+4.8%	+3.4%	RPK	+1.1%	+1.4%
CASK	+0.3%	-3.3%	SLF	-0.1pts.	+0.2pts.	SLF	-0.8pts.	+1.1pts.
RASK ex currency	-3.3%	-1.9%	Yield	+8.0%	+7.4%	Yield	+0.7%	+0.0%
CASK ex currency ex fuel	+0.8%	+1.1%	Yield ex currency	-0.8%	+0.3%	Yield ex currency	-7.5%	-6.3%
			RASK	+7.9%	+7.6%	RASK	-0.4%	+1.4%
			RASK ex currency	-0.9%	+0.4%	RASK ex currency	-8.5%	-4.9%

* Standard definition comprises traffic revenue excl. other operating income; RASK incl. other operating income: 9M 2015: +4.2%; Q3 2015: +2.9%

Trading assumptions for 2015 updated

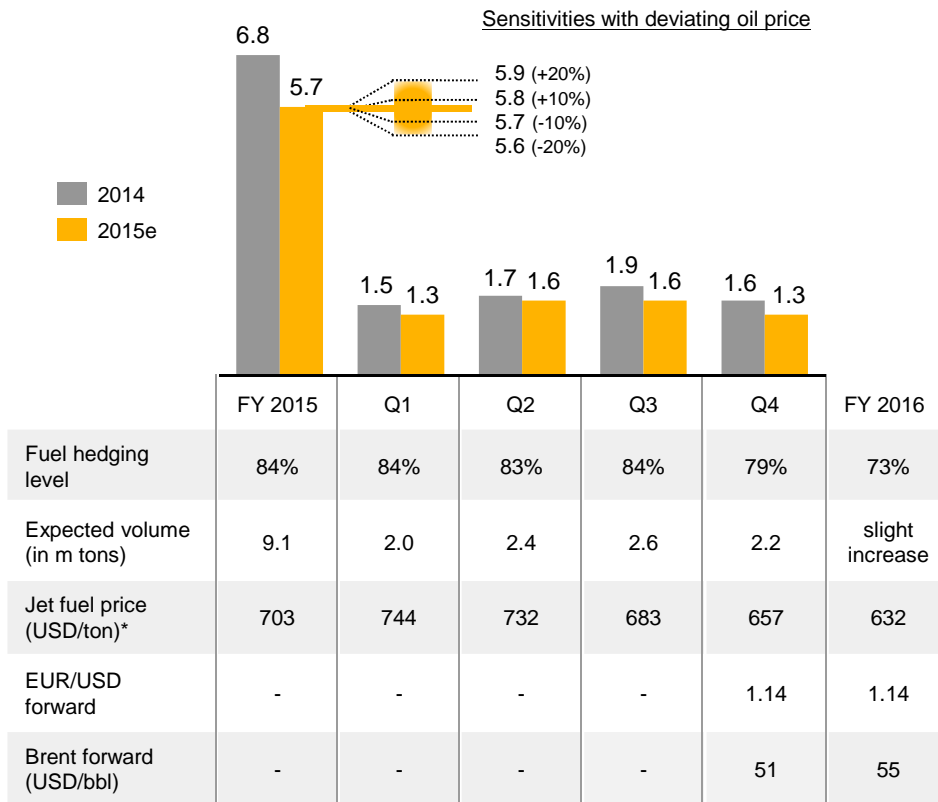
Trading assumptions FY 2015

	Full Year 2015 assumptions	Explanation
No. of Flights	slight increase	Fleet rollover: Continued phase out of small, non-efficient aircraft
Capacity (ASK)	 c. +3%	Capacity growth mainly achieved through more seats per aircraft. Growth on long-haul, short haul remains flat
Volume (RPK)	above capacity growth	
Load Factor (SLF)	slightly up	
Pricing (Yield ex currency)	clearly negative	High degree of uncertainty around market dynamics from lower fuel price (surcharge, yield, capacity discipline)
Unit Revenue (RASK ex currency)	clearly negative	
Unit Costs (CASK ex fuel ex currency)	slightly reduced	Headwinds included: ATC charges, staff and pension cost, higher depreciation; guidance can only be reached in the absence of further strikes in Q4
Cargo Capacity	slight increase	Reduction in freighter capacity overcompensated by growing belly capacity of passenger aircraft

Fuel cost forecast lowered again

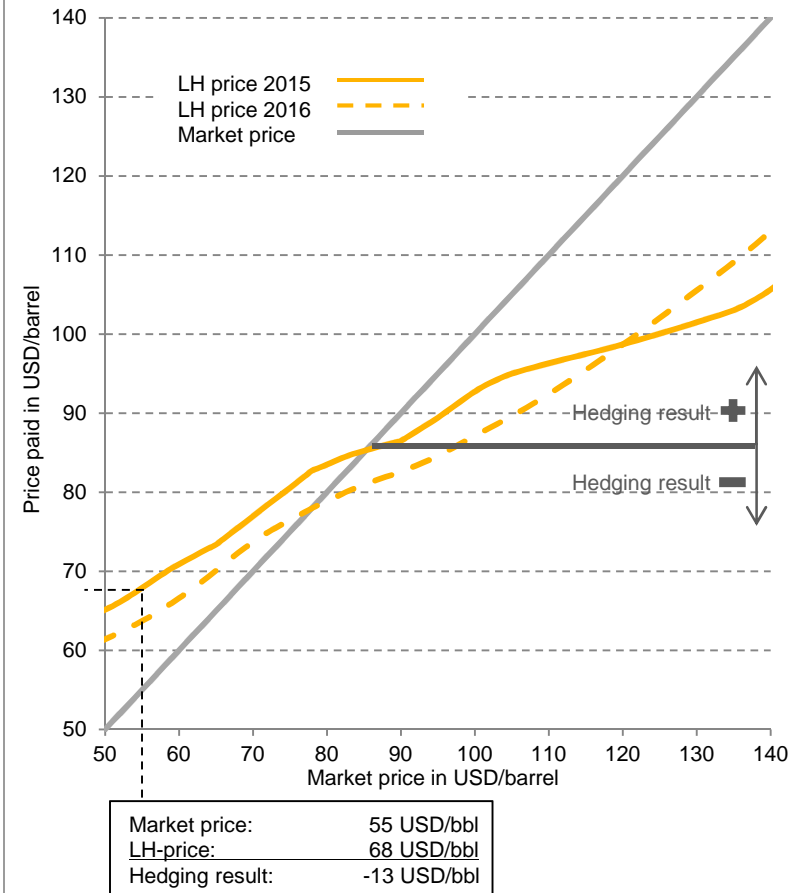
Fuel forecast and sensitivities FY 2015 and 2016

Lufthansa Group fuel expenses after hedging
(in bn EUR)



* incl. fuel hedging as of 16 Oct 2015

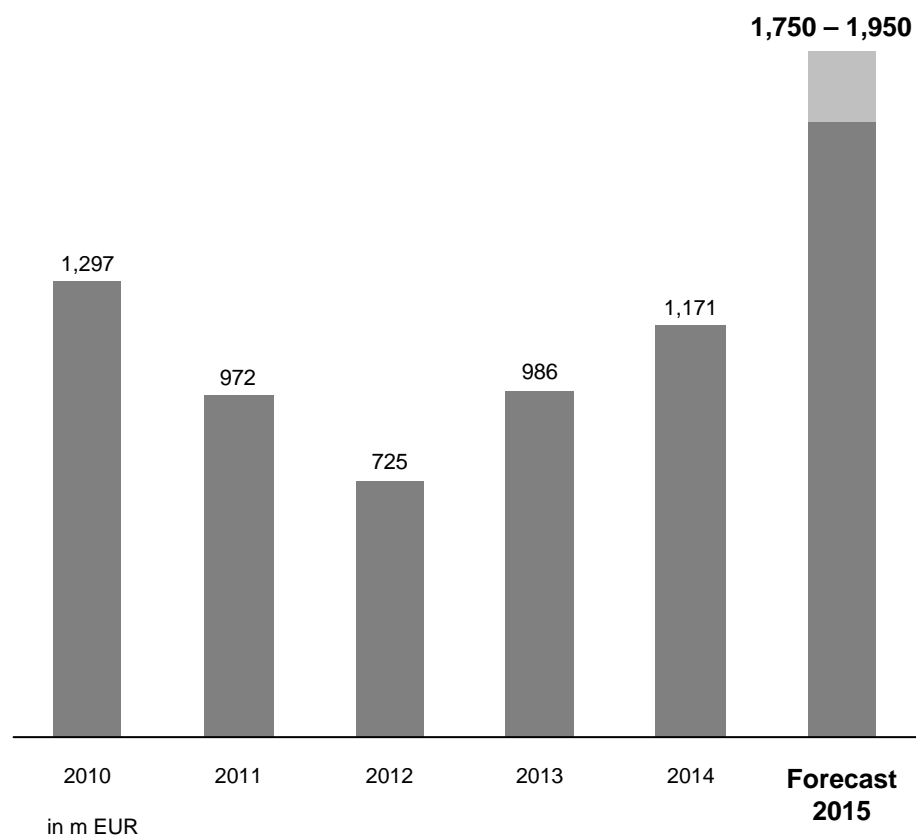
Lufthansa Group price curve remainder of 2015 and 2016



Lufthansa Group expects Adj. EBIT FY15 of 1.75 – 1.95 bn EUR

More precise forecast Lufthansa Group 2015

Lufthansa Group Adjusted EBIT
Actual and Forecast



Financial Year 2015

- Profit increase in 2015 mainly driven by passenger airlines
 - Significant tailwind from lower oil price
 - Positive effect from premium products
 - Significant profit improvement in p2p traffic
 - Continuing capacity discipline of hub airlines
- Lufthansa Technik and LSG SkyChefs expect significant positive earnings development
- Lufthansa Cargo and Others expected to be clearly below previous year
- Q4 probably burdened by restructuring costs (included in forecast)
- Possible strike costs in Q4 not included in guidance



Carsten Spohr
- Chairman of the Executive Board and CEO -

Lufthansa Group strategy with three strong synergetic pillars

Margin and growth-oriented goals for the business segments



¹ Germany, Austria, Switzerland and Belgium

Focus on customer satisfaction and competitive costs

Structural and cost-based measures for the hub airlines



Customer Orientation and Revenue Optimization

- Consistent premium offers
- Standardized, commercial processes (e.g. common check-in)
- Tailored additional offers (individual customer approach along the value chain)



Competitive Cost Structures

- Reduction in fleet complexity by 6 sub-fleets since 2010
- Reduction of structural costs (e.g. new labor agreement at Austrian)
- Process cost reductions through synergies (e.g. 500m EUR efficiency measures p.a.)

Maximize customer satisfaction
Optimize profit margins





Eurowings with innovative and competitive product offering

Measures to establish Eurowings as top 3 P2P airline in Europe

The New Eurowings

Competitive costs	Pan-European P2P growth
Intercontinental P2P pioneering spirit	Innovative brand and favorable offers

Costs comparable to Competition¹

¹ on same routes with the same aircraft types

Integration under Umbrella Brand Eurowings

Eurowings Commercial & Service GmbH
 Bundling of commercial and administrative functions

Brand

Product

Sales

Network

Admin/IT

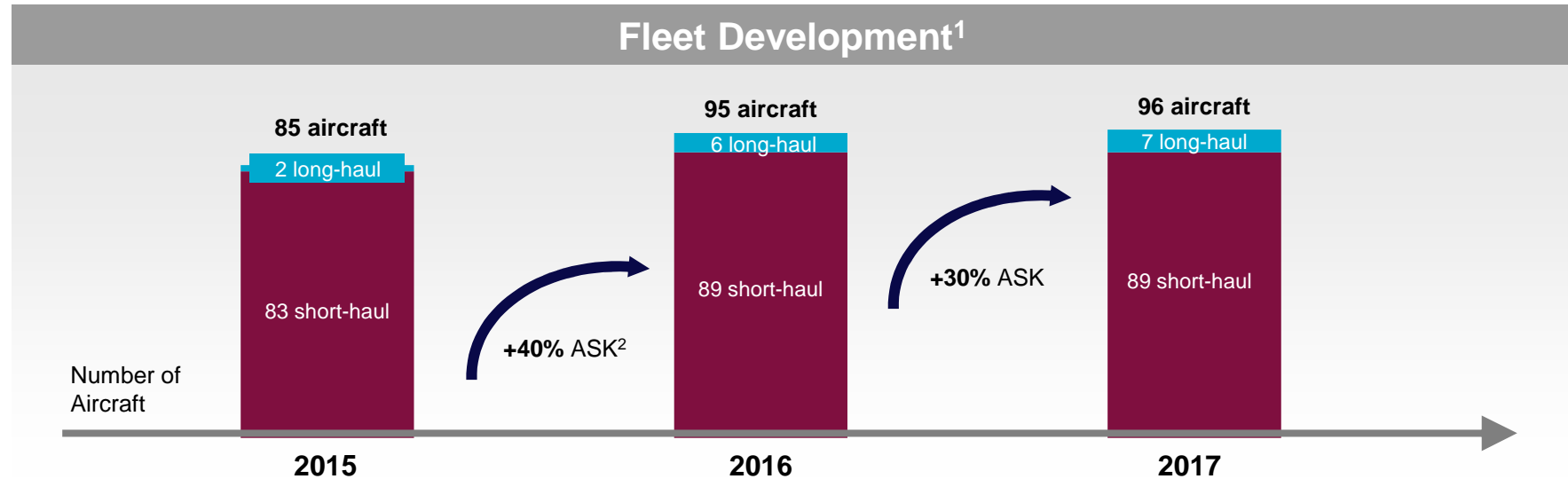
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Short-haul	Long-haul	Others
 Eurowings DE	 Eurowings EU	
 SunExpress DE		



Ambitious Eurowings concept implemented consistently

Implementation and set-up of the new Eurowings



¹ according to current planning ² ASK = Available Seat Kilometers



Founding of Eurowings Europe in Vienna

New joint management under Eurowings Commercial & Service GmbH

Launch of Eurowings long-haul route (Cologne/Bonn-Varadero)

Set-up Executive Board "Eurowings & Aviation Services"

Transfer Germanwings overheads to EW C&S

Standardized A320 family

Consistent development of Eurowings as the second brand



Aviation Services growing profitably

Expansion of the diversified portfolio in existing and new markets



Lufthansa Technik

- Organic growth and partner activities (e.g. joint venture with GE)
- New maintenance concepts for low-cost carriers



- Growth through consolidation
- Expansion of growth portfolio (e.g. expansion of cooperation with Deutsche Bahn)



Lufthansa Cargo

- Focus on special products and joint ventures (e.g. with ANA)
- More efficient processes through standardization



Andere (inkl. neue Geschäftschancen)

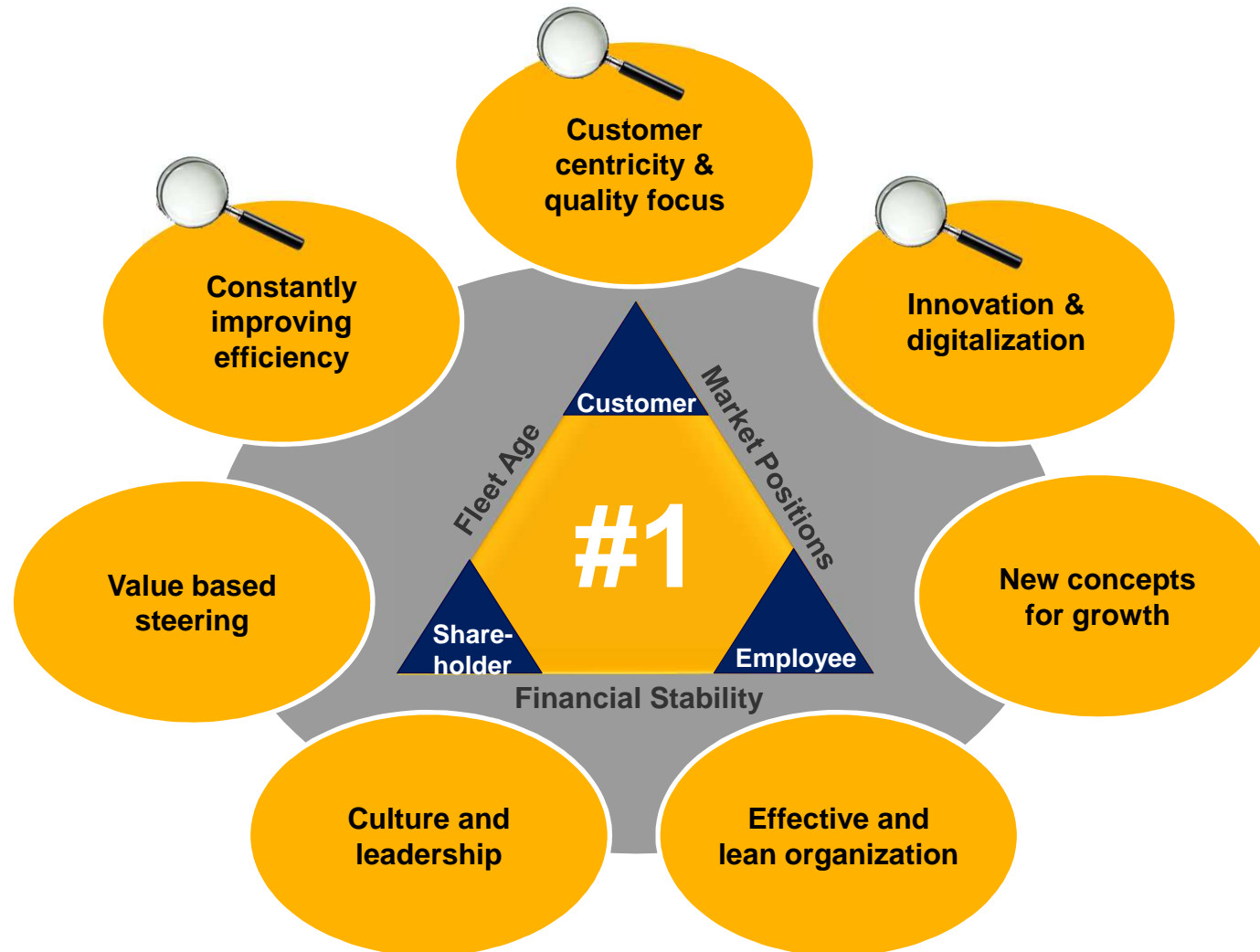
- **Miles & More:** new partnerships
- **Air Plus:** e.g. introduction of virtual credit card
- **New areas of business:** e.g. drones



Optimization of individual business segments and use of Group synergies

We consistently implement our program “7to1 – Our Way Forward”

No. 1 for customers, shareholders, employees and partners



Ongoing alignment with customer needs

Expansion of quality focus through tailored services

Premium Products

First Class



- 5 stars at LH Passage
- Up to 5pts. higher seat load factor¹

Business Class



- Lie Flat Business Class in all hub airlines
- Up to 10% yield increase at LHP¹

Premium Economy Class

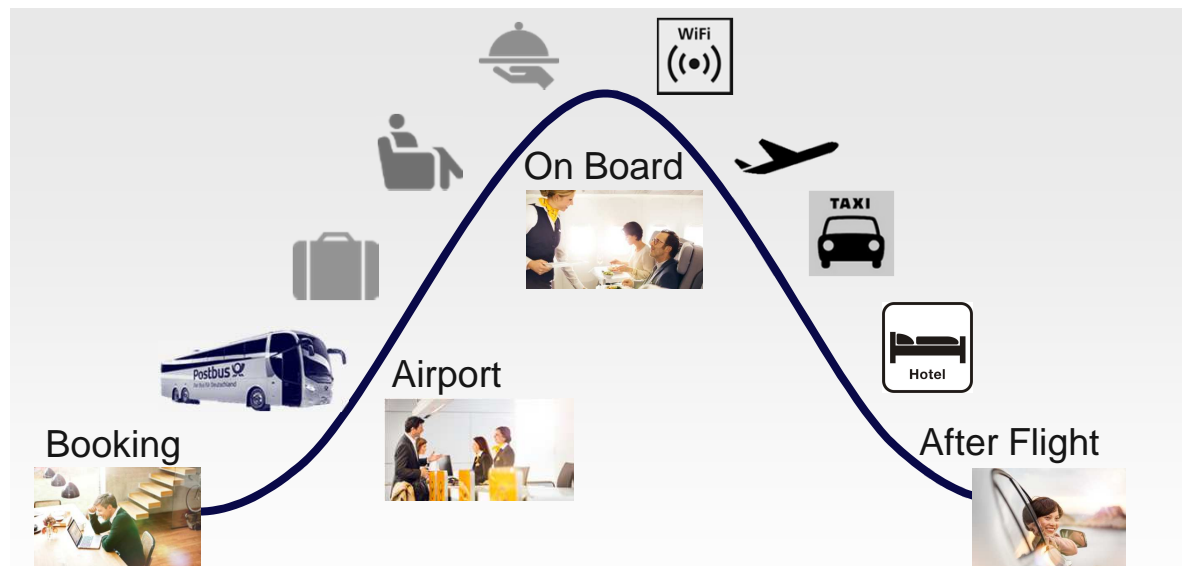


- Retrofit completed in fall 2015
- Yield 10% above plan

Expansion of quality leadership

¹ on selected routes

Tailored Services



300m EUR p.a. additional revenues in 3 years

Additional revenues through innovative distribution concepts

Implementation of new distribution strategy at the hub airlines

Innovations at LH



Initiatives in all business segments



500m EUR innovation budget



LH innovation hub Berlin

Example: Implementation of Future Distribution Strategy



Introduction of **distribution cost charge** for bookings via GDS channels

Distributive freedom as basis for **ancillary revenues**



Introduction of **flexible, modular fare options**

Unbundling of fares for revenue optimization



New **revenue management** system

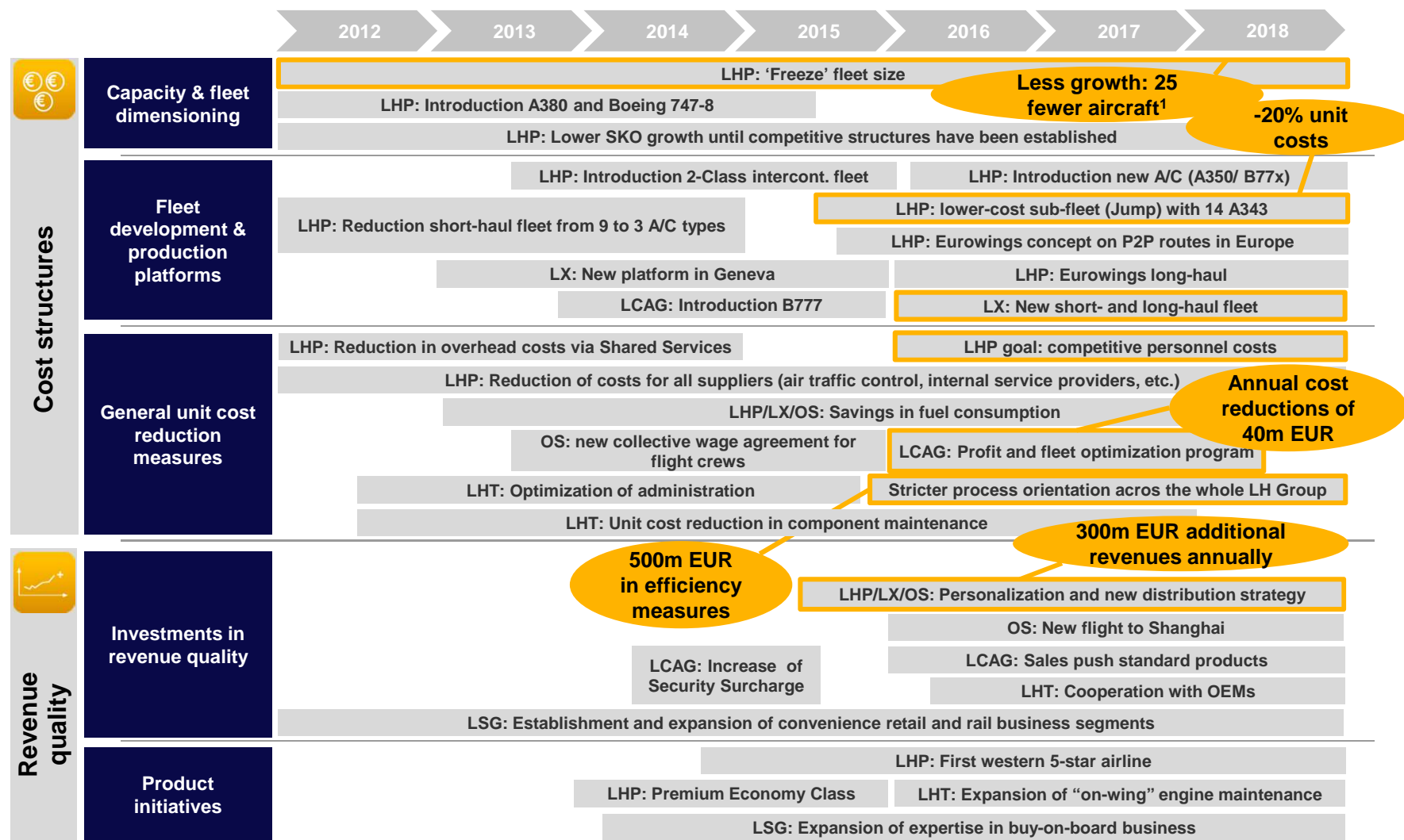
Real-time dynamic pricing, leaving behind the 26 booking classes



New website as the **Group-wide digital market place** of the Lufthansa Group

Consistent implementation of measures to increase efficiency

Efficiency measures within the LH Group



¹compared to planning in 2012

Group realignment making headway

Summary

➤ **Positive development of business in 2015**

Result of just under 1.7bn EUR after the 3rd quarter, more precise forecast of 1.75bn - €1.95bn EUR before possible strike costs in the 4th quarter, tailwind due to low oil price

➤ **Airlines improve offers**

Passengers honor improved cabin equipment across the fleet, modern fleets and new offers on board and on the ground; positive development of customer satisfaction at the premium airlines

➤ **Point-to-point traffic on course for success**

Germanwings is operating point-to-point routes in the black and is the most popular low cost carrier in Germany; new Eurowings launched as second brand with better cost structure; innovative business model is open to partners

➤ **The Lufthansa Group becoming more efficient**

Capacity discipline at airlines, synergies in the Group, reorganization increases speed and reduces complexity

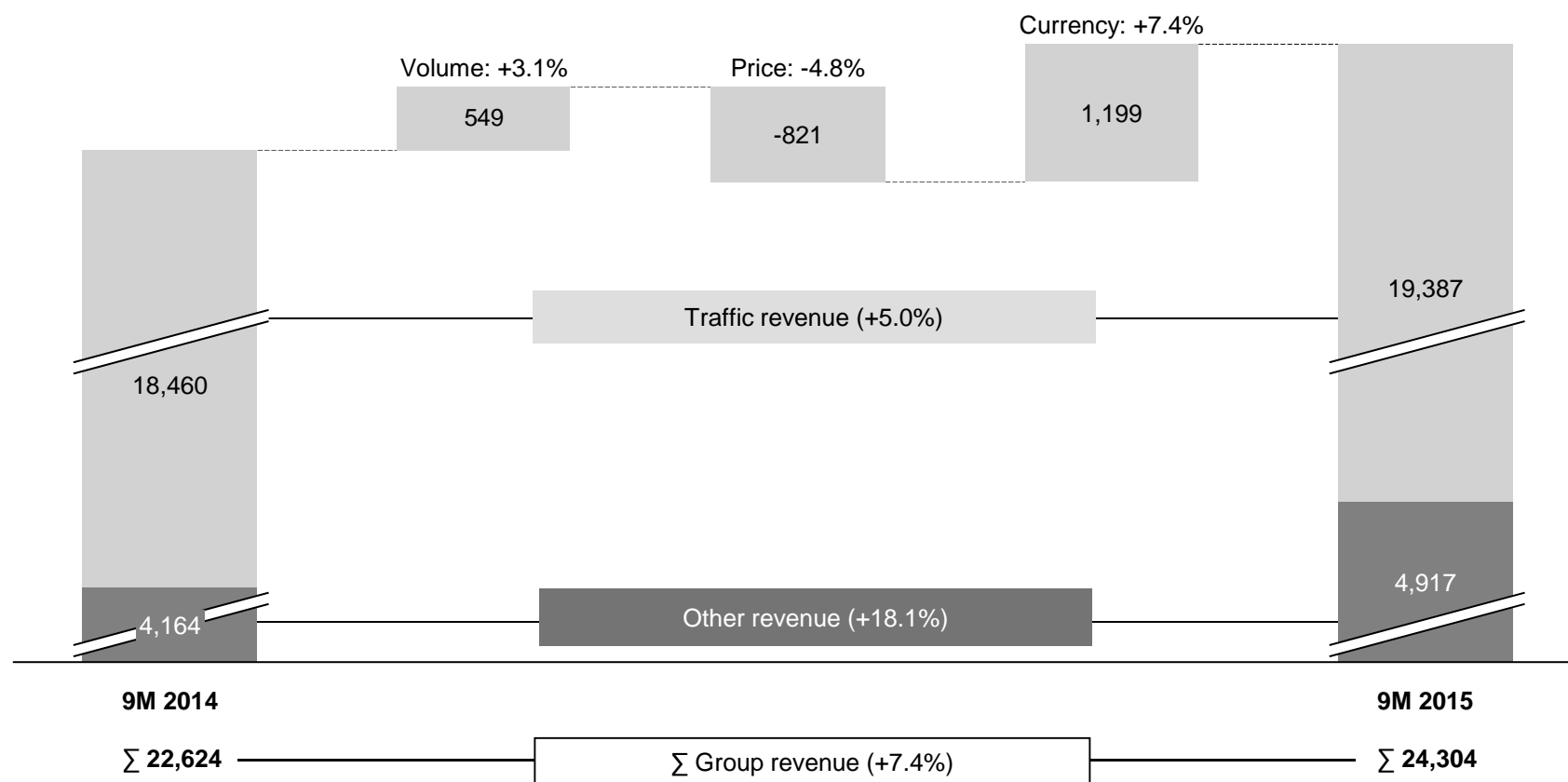
Appendix
– Financial Figures 9M 2015 –

Group revenue and currency influence

9M 2015 vs. 9M 2014

Currency influence on EBIT (in m EUR)				
Q1	Q2	Q3	Q4	FY (YTD)
-134	-24	-18		-176

in m EUR

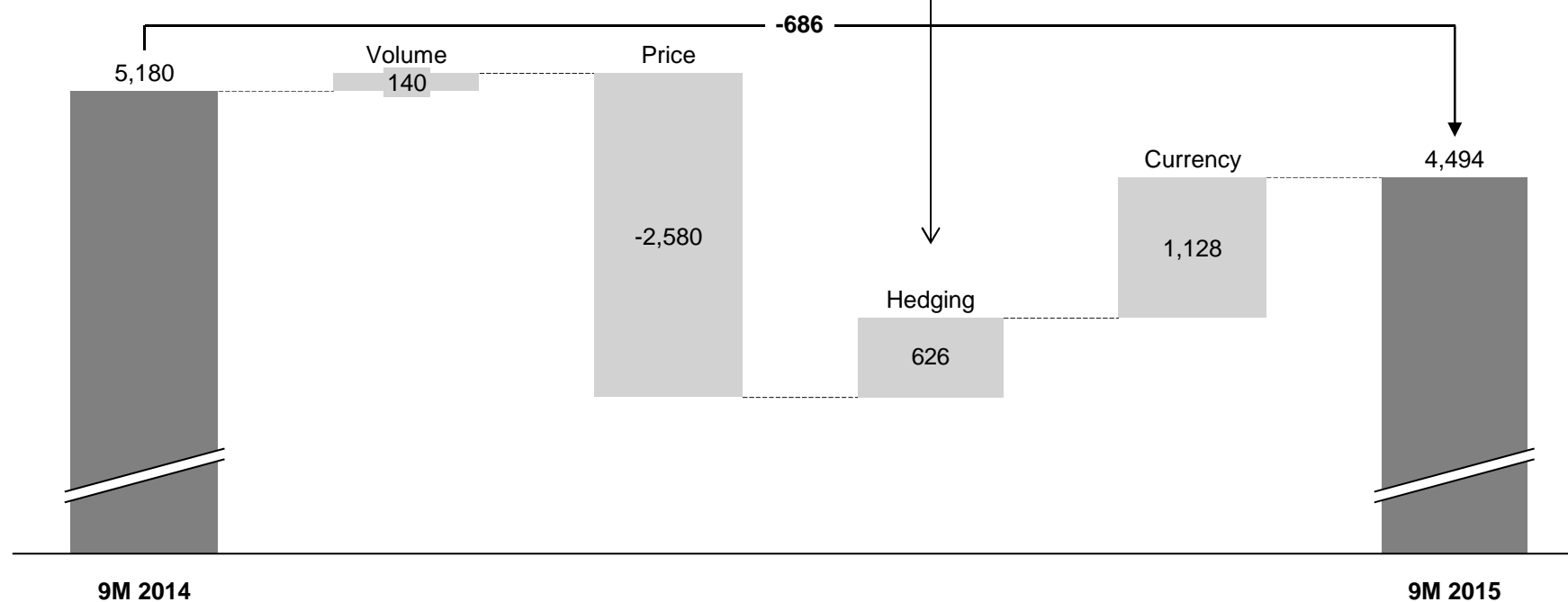


Fuel costs

9M 2015 vs. 9M 2014

Hedging result by quarter (in m EUR)					
	Q1	Q2	Q3	Q4	FY (YTD)
2014	-21	-2	-30	-96	-149
2015	-203	-205	-271		-679

in m EUR



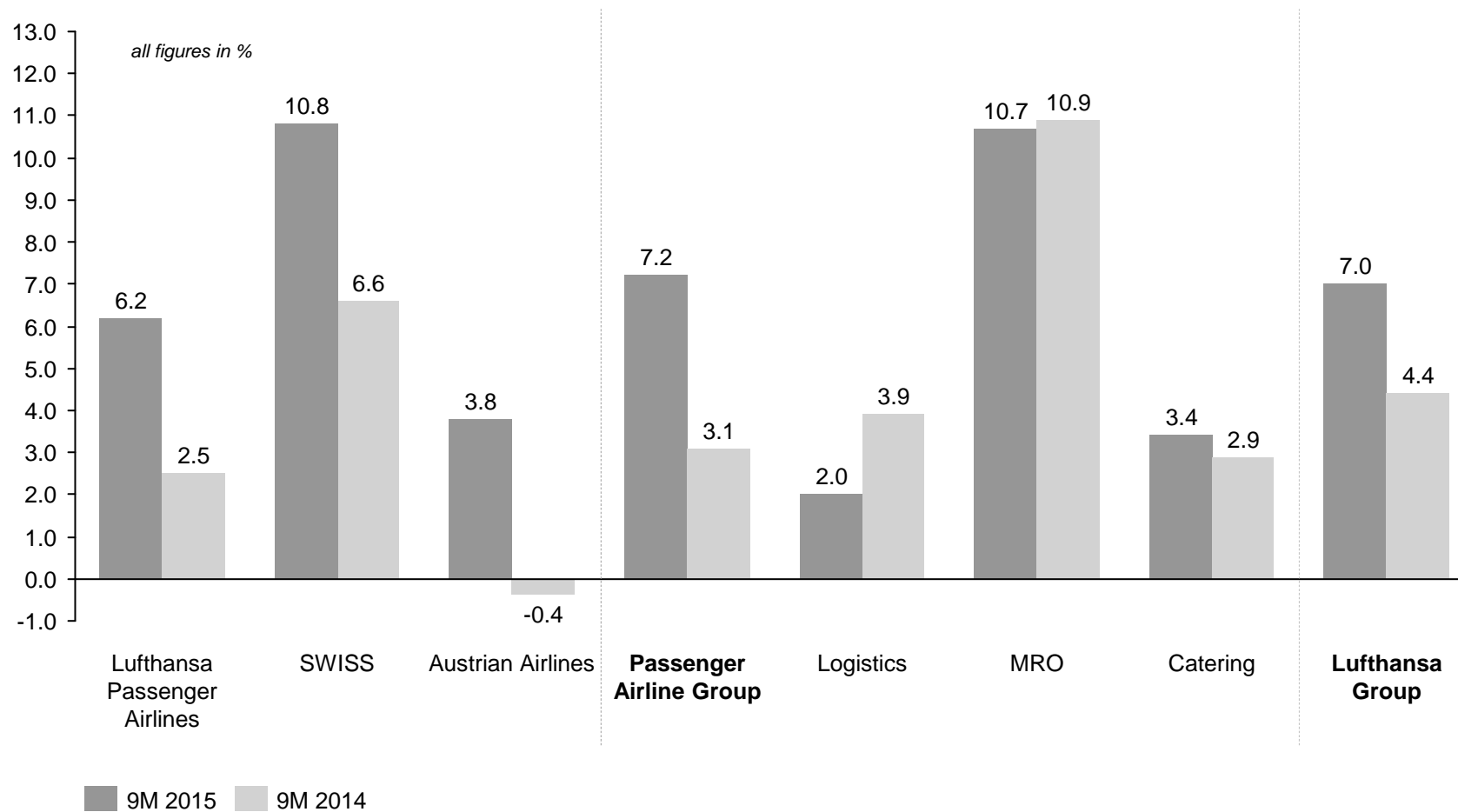
Adjusted EBIT and one-off factors

Quarterly results 2014-2015

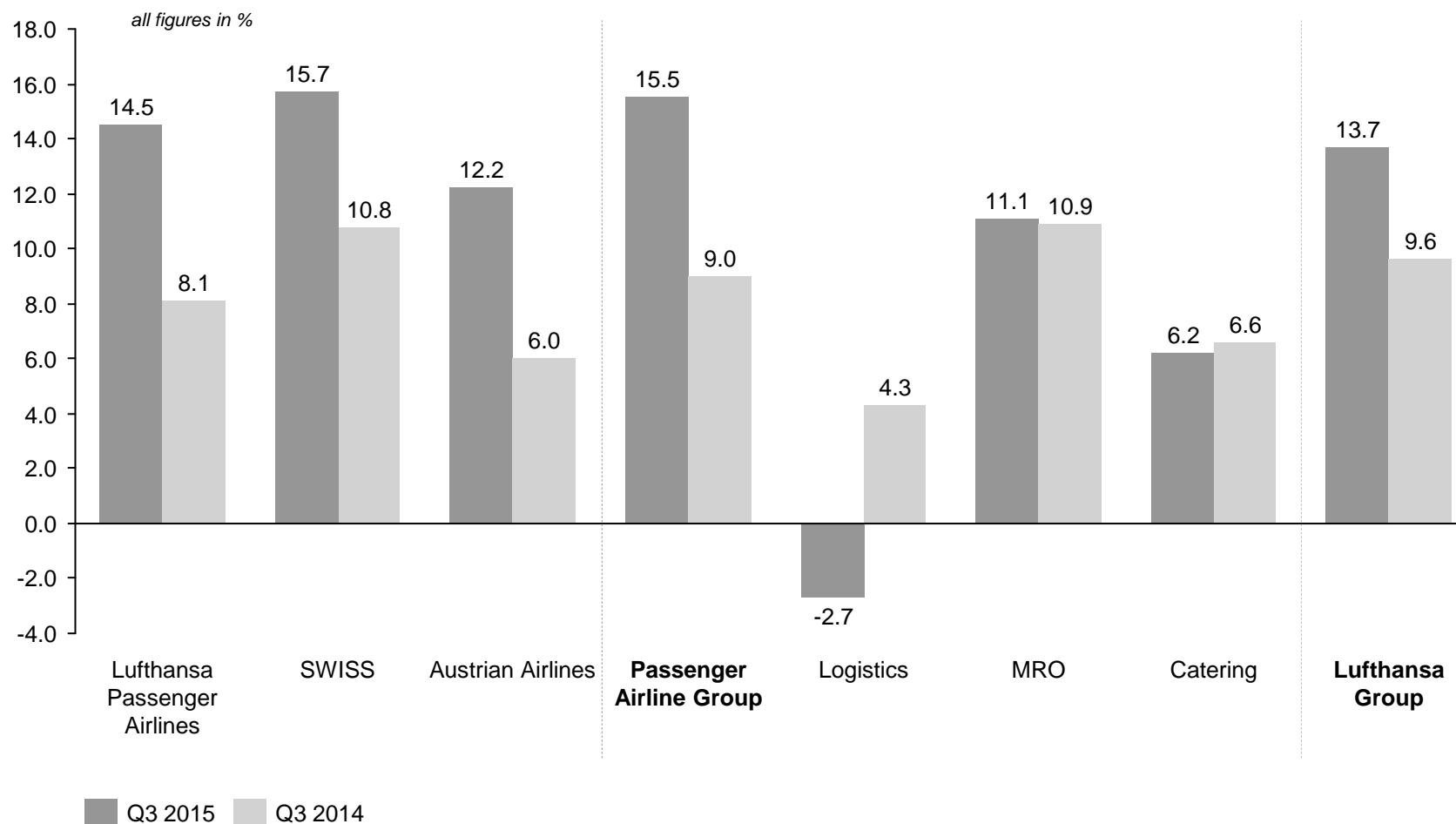
in m EUR

	Q1	Q2	Q3	Q4	6M	9M	Full Year
Adjusted EBIT 2014	-240	418	810	183	178	988	1,171
<i>incl. strikes</i>	-10	-60	-35	-127	-70	-105	-232
<i>incl. Venezuela</i>	-38	-23	+7	-5	-61	-54	-59
Adjusted EBIT ex one-off factors	-192	501	838	315	309	1,147	1,462
Adjusted EBIT 2015	-167	635	1,225		468	1,693	
<i>incl. strikes</i>	-42	-58	-30		-100	-130	
<i>incl. Venezuela</i>	-60	+5	-5		-55	-60	
Adjusted EBIT ex one-off factors	-65	688	1,260		623	1,883	
vs. PY	+127	+187	+422		+314	+736	

Adjusted EBIT margins 9M 2015 vs. 9M 2014



Adjusted EBIT margins Q3 2015 vs. Q3 2014



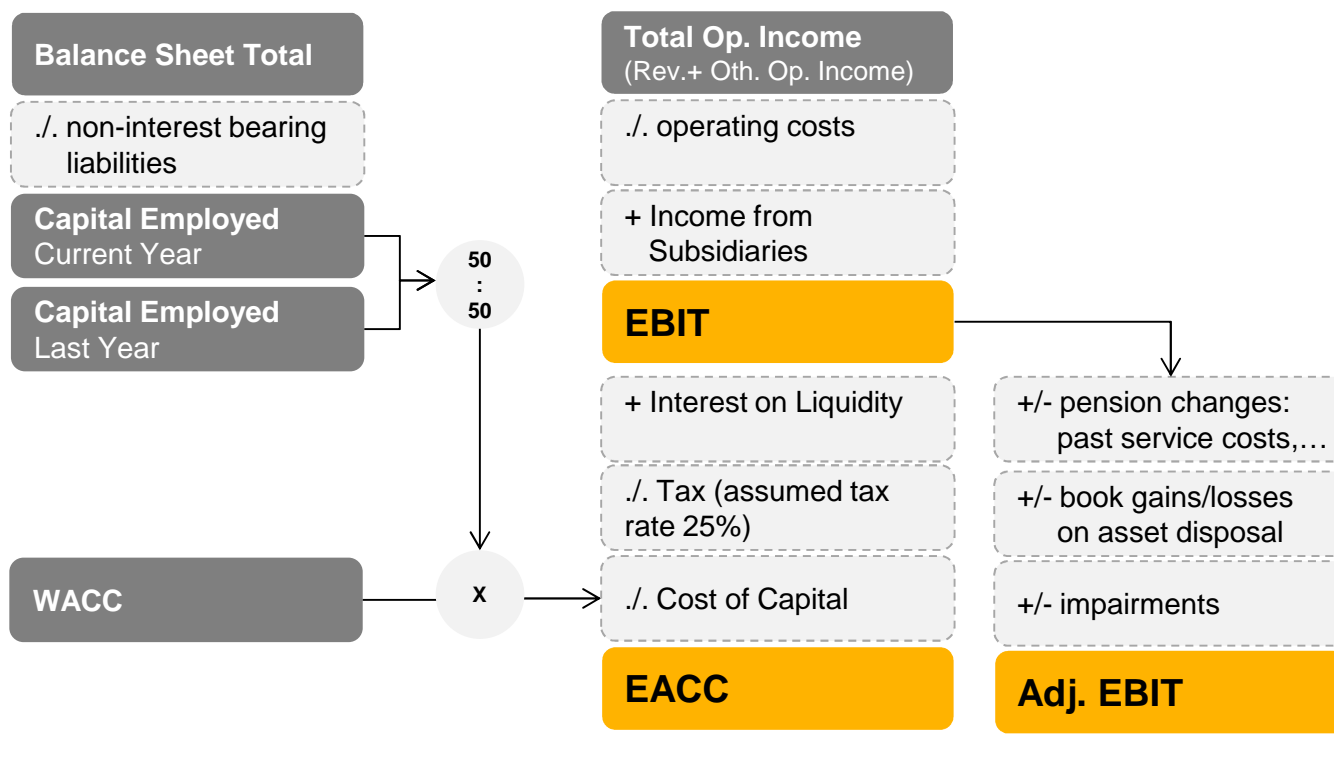
Reconciliation from EBIT to Adjusted EBIT per segment 9M 2015

Segment	EBIT 9M 15 (m EUR)	Impairments	Pension changes	Book gains/losses on asset disposals	Adj. EBIT 9M 15 (m EUR)
LH Passenger Airlines	834	+26		-7	853
SWISS	407		-32		375
Austrian Airlines	61				61
Consolidation	55			+6	61
Passenger Airline Group	1,357	+26	-32	-1	1,350
Logistics	-38	+73			35
MRO	399	-1			398
Catering	69	+6		+1	76
Others / Consolidation	-124	+4		-46	-166
Lufthansa Group	1,663	+108	-32	-46	1,693

Adjusted EBIT and EBIT per quarter 2014

<i>in m EUR</i>	Q1	Q2	Q3	Q4	6M	9M	Full Year
Operating result	-245	359	735	105	114	849	954
Adj. EBIT	-240	418	810	183	178	988	1,171
<i>pension changes</i>	0	0	+15	+33	0	+15	+48
<i>book gains / losses on asset disposals</i>	+10	+15	-1	-164	+25	+24	-140
<i>impairments</i>	+13	0	+8	-100	+13	+21	-79
EBIT	-217	433	832	-48	216	1,048	1,000
<i>interest on liquidity</i>							+84
<i>taxes (25% lump sum)</i>							-271
<i>cost of capital</i>							-1,036
EACC							-223
<i>average capital employed</i>							17,565
WACC							5.9%
ROCE							4.6%

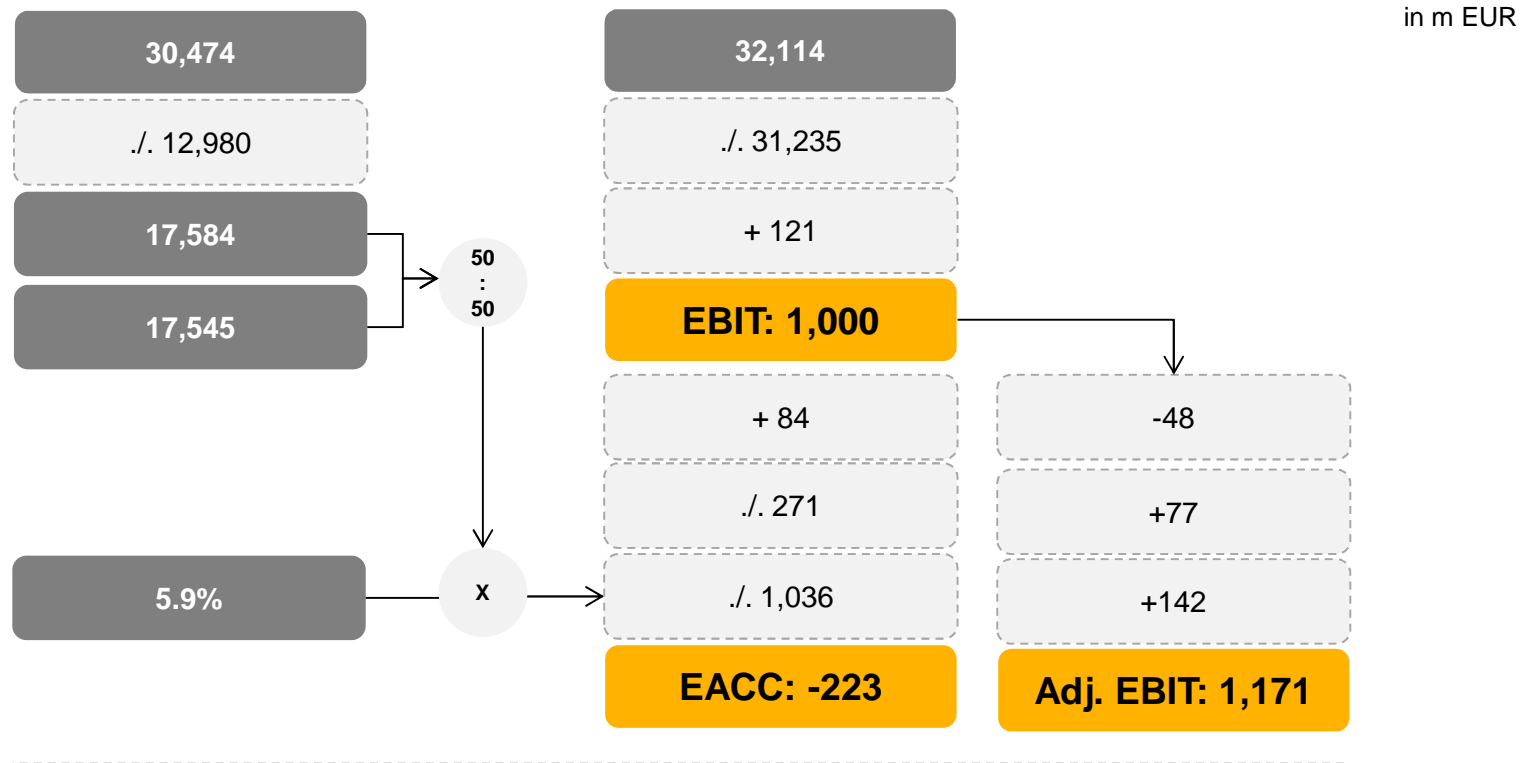
New system directly links profit figures and value creation metric
 EBIT, EACC and ROCE are transparent and can be calculated easily



$$\text{ROCE} = \frac{(\text{EBIT} + \text{Interest on Liquidity} - \text{Tax})}{\text{Average Capital Employed}}$$

New system directly links profit figures and value creation metric

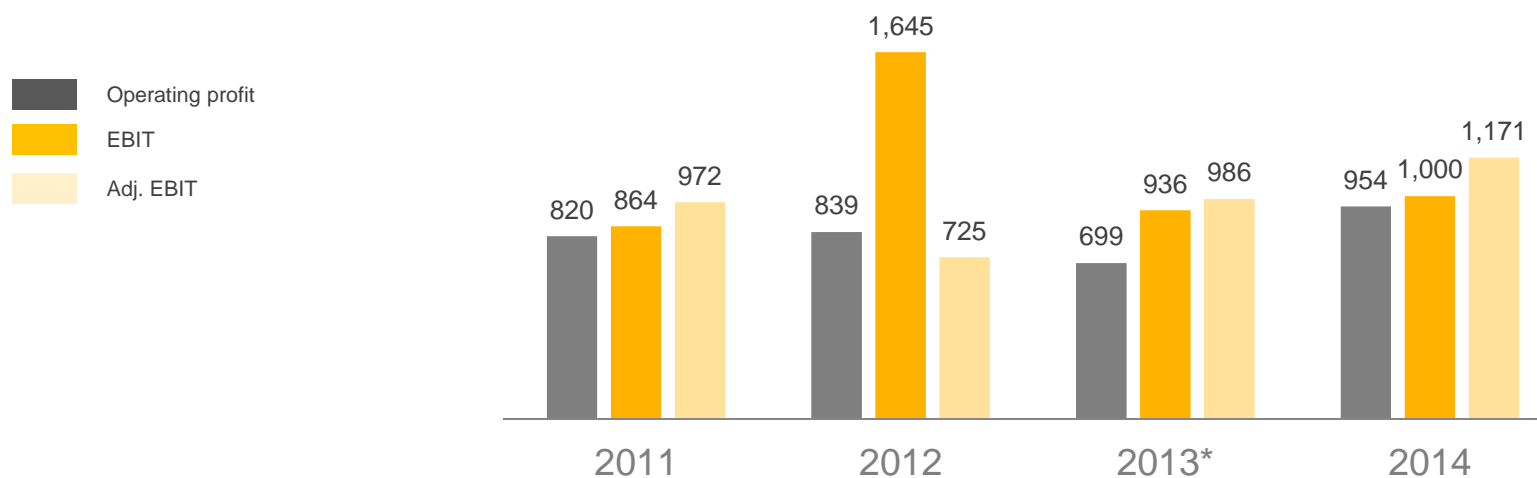
Calculation for financial year 2014



$$\text{ROCE} = \frac{(1,000 + 84 - 271)}{17,565} = 4.6\%$$

EBIT is a structurally higher number than operating result

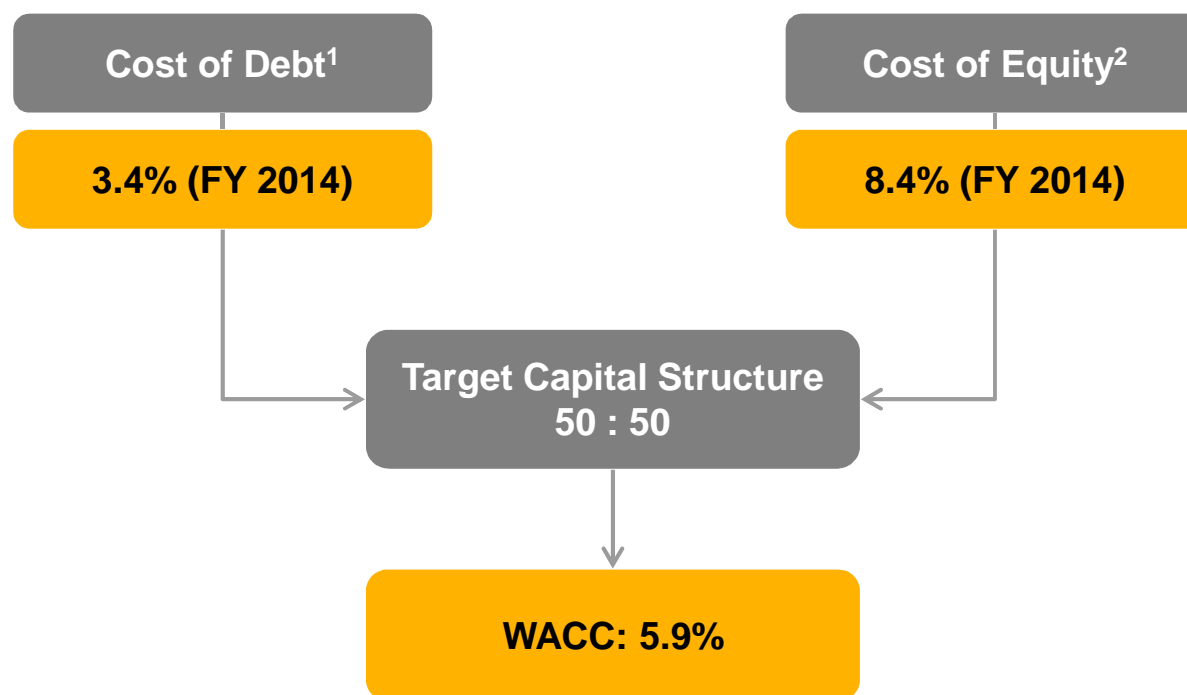
Main difference is that income from subsidiaries is included



Total Operating Income	31,070	32,947	32,149	32,114
./. Operating Expenses	-30,277	-31,396	-31,337	-31,235
+ Income from Subsidiaries	71	94	124	121
EBIT	864	1,645	936	1,000
./. Delta to Operating Result	-44	-806	-237	-46
Operating Result	820	839	699	954
Adj. EBIT	972	725	986	1,171
./. Delta to Operating Result	-152	-114	-287	-217
Operating Result	820	839	699	954

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

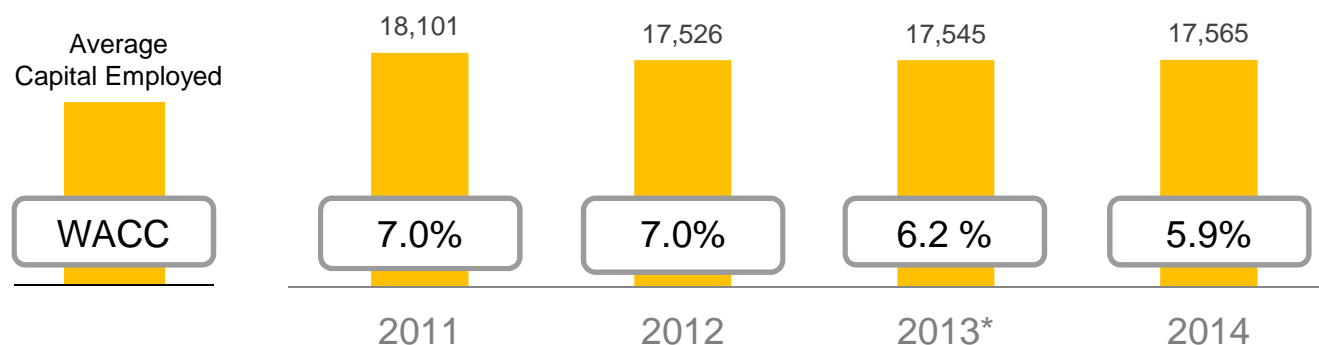
WACC is based on a target capital structure of 50:50
Current WACC is 5.9%



¹ Currently no consideration of tax shield

² Cost of Equity FY2014 = Risk-free market interest rate of 2.6% + (Market risk premium of 5.2% x Beta Factor 1.1)

Current capital employed is ca. 17.6 bn EUR
Weighted average cost of capital is 5.9%



Balance Sheet Total	28,081	28,559	29,108	30,474
/./ Non-Interest Bearing Liabilities	10,649	10,940	11,563	12,890
- liabilities from unused flight documents	2,359	2,612	2,635	2,848
- trade payables, other fin. liabilities, other provisions	4,758	4,887	5,113	5,151
- adv. payments, deferred income, other non-fin. liabilities	2,095	2,096	2,151	2,103
- others	1,437	1,345	1,664	2,798
Capital Employed at year-end	17,432	17,619	17,545	17,584
Average Capital Employed	18,101	17,526	17,582	17,565
WACC	7.0%	7.0%	6.2%	5.9%
EBIT	864	1,645	936	1,000
Interest on liquidity	62	75	67	84
Taxes	-232	-430	-251	-271
Cost of capital	-1,267	-1,227	-1,090	-1,036
EACC	-573	63	-338	-223
ROCE	3.8%	7.4%	4.3%	4.6%

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