



Analyst and Investor Conference Call – Q2 2018

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Strong operating performance across all businesses

Overview Q2 2018

▶ Q2 operating profit slightly below last year

- Q2: Adjusted EBIT of 982m EUR (-3.4%)
- Profit above prior year level excluding one-off integration costs at Eurowings

▶ Group Airlines continue to perform well in Q2

- Combined constant currency RASK +1.3% driven by broad-based increases across all airlines
- Combined constant currency CASK excl. fuel -0.7% driven by substantial improvements at Network Airlines

▶ Aviation Services: Profitability of Cargo, MRO and Catering improves

- Logistics, MRO and Catering segments grow profits and margin in Q2
- Others unit swings to negative result, affected by non-recurrence of prior year currency gains

▶ 2018 operating profit guidance remains unchanged

- Upgrade of unit revenue forecast reflects strong demand outlook
- Unit cost reduction at lower end of target range due to higher than expected integration costs at Eurowings

Good operating performance largely offsets fuel cost and fx pressures

Q2 2018 operating KPIs and key profit figures at a glance

Passenger Airlines			
	Q2 '18	H1 '18	
ASK	+7.8%	+8.2%	<ul style="list-style-type: none"> • 2.3% unit cost reduction at Network Airlines in Q2 above initial expectations • Eurowings suffers from EUR 50m one-off costs related to integration of former Air Berlin operations and operational challenges (H1: c. 120m EUR)
RASK (constant currency)	+1.3%	+1.3%	
CASK (constant currency; ex-fuel)	-0.7%	-0.6%	
Fuel cost (m EUR)¹ (year-on-year)	+205	+216	

Aviation Services			
<i>in m EUR</i>	Q2 '18	H1 '18	
Adj. EBIT²	141	256	<ul style="list-style-type: none"> • Logistics, MRO and Catering grow their profits • Others unit swings to loss due to non-recurrence of currency gains in '17
Δ year-on-year	-24	-106	

<i>in m EUR</i>	Q2 '18	vs. Q2 '17	H1 '18	vs. H1 '17
Revenue	9,298	+0.4% ³	16,938	-0.1% ⁴
EBIT	983	-3.2%	1,010	-2.0%
Adjusted EBIT	982	-3.4%	1,008	-3.3%
Net income	734	-0.8%	677	+0.7%

¹ Including Lufthansa Cargo

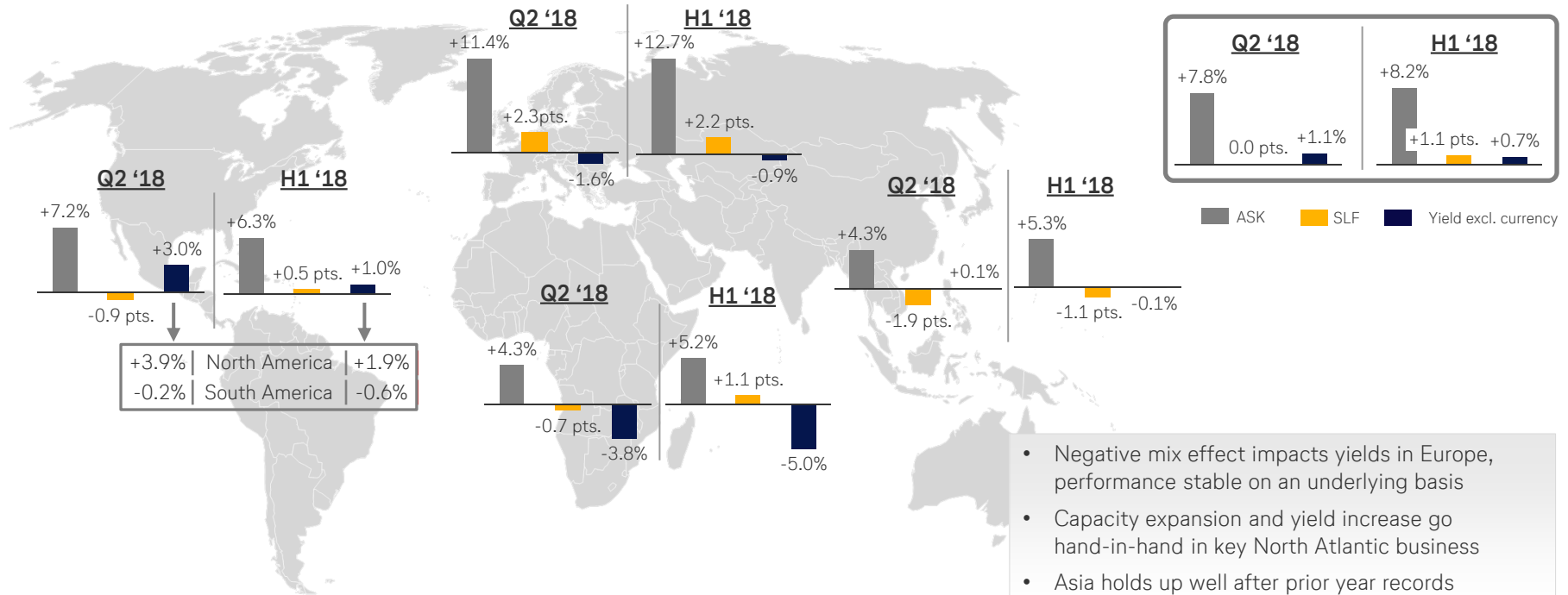
² Includes Logistics, MRO, Catering, Others and Consolidation

³ +5.8% excl. IFRS 15 adjustment

⁴ +5.2% excl. IFRS 15 adjustment

Strong yield performance in North Atlantic business




Operating KPIs Passenger Airlines



- Negative mix effect impacts yields in Europe, performance stable on an underlying basis
- Capacity expansion and yield increase go hand-in-hand in key North Atlantic business
- Asia holds up well after prior year records

Network Airlines and Logistics drive growth and margin improvement

Segment overview Q2 and H1 2018

<i>in m EUR</i>	Network Airlines					Eurowings ²				
	Q2	H1	Q2	H1	Q2	H1	Q2	H1		
Revenue¹ vs. 2017	5,940 -228	10,668 -429	4,154 -204	7,494 -346	1,242 +32	2,303 +32	612 -39	1,008 -83	1,142 +53	1,935 +163
Adj. EBIT vs. 2017	837 +40	951 +194	577 -4	660 +91	194 +42	293 +106	64 +2	-3 -6	4 -51	-199 -122
Adj. EBIT Margin¹ vs. 2017	14.1% +1.2pts.	8.9% +2.1pts.	13.9% +0.6pts.	8.8% +1.5pts.	15.6% +3.1pts.	12.7% +4.5pts.	10.5% +1.0pts.	-0.3% -0.6pts.	0.4% -4.7pts.	-10.3% -6.0pts.

<i>in m EUR</i>	Logistics		MRO		Catering		Others & Consolidation	
	Q2	H1	Q2	H1	Q2	H1	Q2	H1
Revenue vs. 2017	660 +71	1,301 +143	1,424 +125	2,852 +98	830 +2	1,552 -45	-698 +15	-1,370 +57
Adj. EBIT vs. 2017	60 +15	125 +47	115 +30	218 -4	39 +24	40 +27	-73 -93	-127 -176
Adj. EBIT Margin vs. 2017	9.1% +1.5pts.	9.6% +2.9pts.	8.1% +1.6pts.	7.6% -0.4pts.	4.7% +2.9pts.	2.6% +1.8pts.	nmf.	nmf.

¹ Includes IFRS 15 impact, adjusted numbers on page 13 of this presentation

² Includes Eurowings, Brussels Airlines and equity stake in SunExpress

Cash flow generation remains strong despite higher investments

Key balance sheet and cash flow figures at a glance

Network Airlines			Eurowings			Aviation Services			
Balance Sheet <i>in m EUR</i>			H1 '18	vs. FY '17	Cash Flow <i>in m EUR</i>			H1 '18	vs. H1 '17
Net financial debt	2,554	-11,4%	Operating cash flow	3,018	-6.4%	Gross investments ¹	1,927	+37.9%	
Pension provisions	5,418	+5.9%	Free cash flow	977	-53.5%				
Equity ratio	25.0%	-1.5pts.							
Financial Stability <i>in m EUR</i>			Q3 '17 - Q2 '18	vs. FY '17					
Adjusted Net Debt/ Adjusted EBITDA			1,6x	-0.1x					

¹ Excluding cash-outs from equity investments

Lufthansa Group confirms operating profit guidance

Full year 2018 outlook

		Forecast
Group Airlines	Capacity Growth (ASK, organic and inorganic)	c. +8%
	Unit Revenue (RASK, ex. currency)	slightly positive
	Unit Cost (CASK, ex. currency, ex. fuel)	c. -1%
	Fuel (compared to previous year)	additional cost of c. 850m EUR
	Aviation Services (compared to previous year)	slightly below previous year
	Adjusted EBIT	slightly below previous year

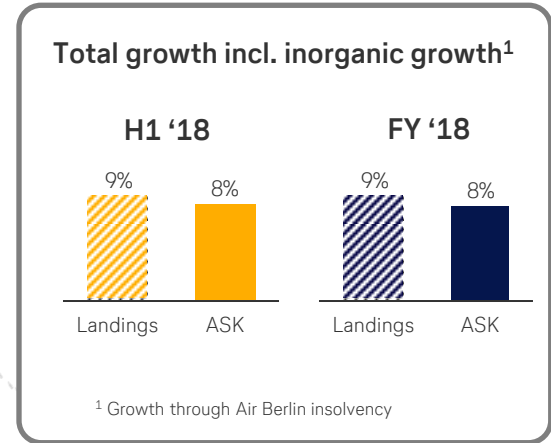
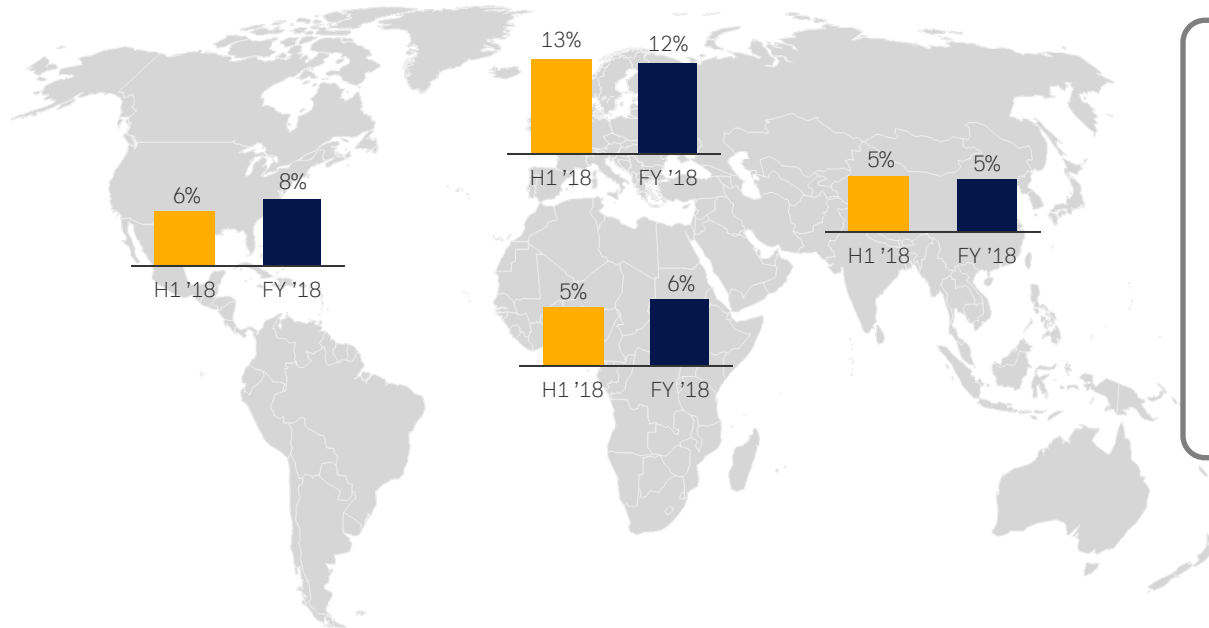
¹ Includes Logistics, MRO, Catering, Others and Consolidation

Appendix

- supplementary information-

Passenger Airlines expand capacity in a consolidating market

Lufthansa Group capacity growth 2018 by region



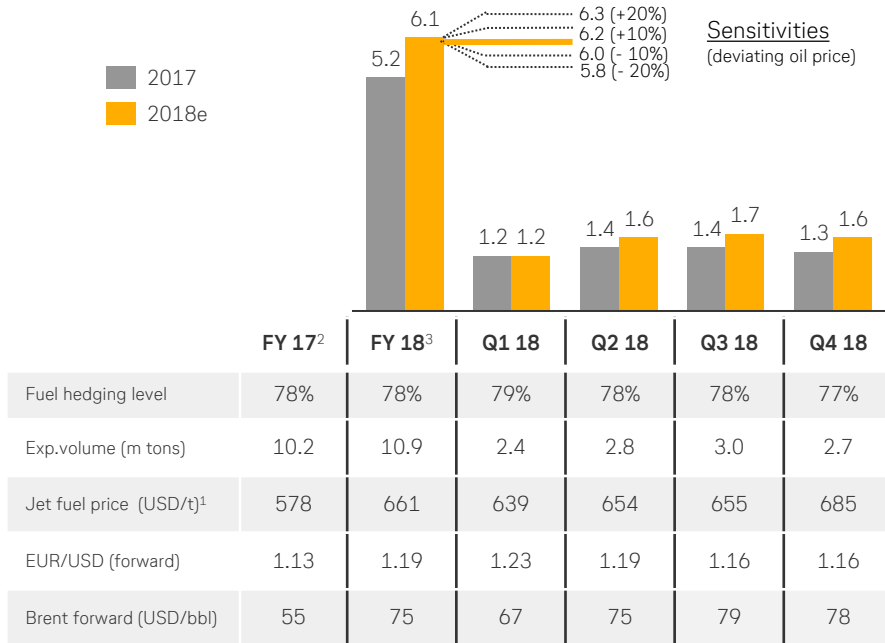
Status: July 2018

All capacity plans indicative and subject to change

Fuel costs expected to increase by c. 850m EUR in 2018

Fuel forecast and sensitivities FY 2018

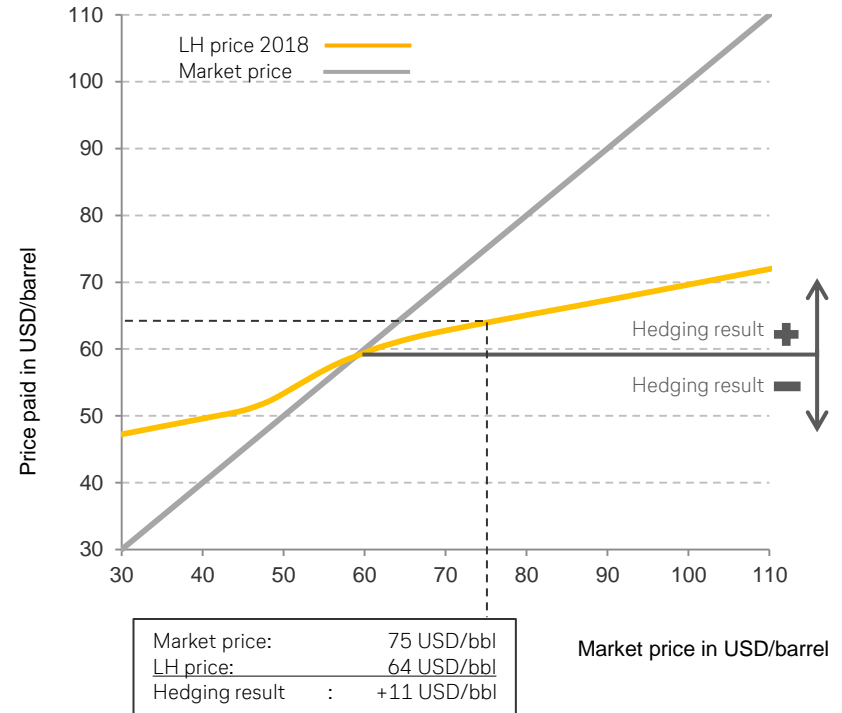
Lufthansa Group fuel expenses after hedging (in bn EUR)



As of 30 June 2018 ¹ incl. fuel hedging and into-plane charge ² Incl. Brussels Airlines




³ Incl. inorganic growth indication

Lufthansa Group price curve for 2018



Passenger Airlines and Cargo drive growth and margin improvement

Segment overview Q2 and H1 2018 – excluding IFRS 15 effect

	Network Airlines					Eurowings ¹				
<i>in m EUR</i>	Q2	H1	Q2	H1	Q2	H1	Q2	H1		
Revenue vs. 2017	6,365 +197	11,456 +359	4,489 +131	8,110 +270	1,265 +55	2,335 +64	678 +27	1,148 +57	1,307 +218	2,219 +447
Adj. EBIT vs. 2017	837 +40	951 +194	577 -4	660 +91	194 +42	293 +106	64 +2	-3 -6	4 -51	-199 -122
Adj. EBIT Margin vs. 2017	13.2% +0.3pts.	8.3% +1.5pts.	12.9% -0.4pts.	8.1% +0.8pts.	15.3% +2.7pts.	12.5% +4.3pts.	9.4% -0.1pts.	-0.3% -0.6pts.	0.3% -4.7pts.	-9.0% -4.7pts.

	Logistics		MRO		Catering		Others & Consolidation	
<i>in m EUR</i>	Q2	H1	Q2	H1	Q2	H1	Q2	H1
Revenue vs. 2017	660 +71	1,301 +143	1,424 +125	2,852 +98	830 +2	1,552 -45	-698 +15	-1,370 +57
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Adj. EBIT Margin vs. 2017	9.1% +1.5pts.	9.6% +2.9pts.	8.1% +1.6pts.	7.6% -0.4pts.	4.7% +2.9pts.	2.6% +1.8pts.	nmf.	nmf.

¹ Includes Eurowings, Brussels Airlines and equity stake in SunExpress

Adoption of IFRS 15 reduces revenues and costs

Profit & Loss effect of IFRS 15

Context

- IFRS 15 relates to the accounting of revenues arising from contracts with customers
- Netting of revenues and related expenses required in some cases (e.g. ticket related taxes, airport fees)

Effect on Lufthansa Group

P&L		
	2017	2018
Revenue	22,500	21,500
Cost of sales	(18,500)	(18,000)
Operating profit	4,000	3,500
Other income	1,000	1,000
Finance income	1,000	1,000
Finance expense	(1,000)	(1,000)
Income tax expense	(1,000)	(1,000)
Profit before taxes	4,000	3,500
Income tax	(1,000)	(1,000)
Profit after taxes	3,000	2,500
Profit attributable to equity holders	2,500	2,000
Profit per share	0.50	0.40



Revenues and costs:

- ▶ Both reduced in absolute terms
- ▶ RASK (c. -8%); CASK (c. -10%)
- ▶ EBIT remains unaffected, thus higher EBIT Margin

IFRS 15 will be applied prospectively, thus no adjustment for previous years will be made. A note in the appendix of the 2018 Annual Accounts will quantify the like for like development

IFRS 15 effect in H1 '18 on traffic revenue and fee expenses

in m EUR

Lufthansa German Airlines	-615.5
Swiss	-32.0
Austrian Airlines	-140.3
Network Airlines	-787.8
Eurowings	-283.7
Lufthansa Group	-1,071.5

▶ **Structural improvement of Adj. EBIT margin around 0.4 pts.¹**

¹ Calculated for FY 2017

Group Adjusted EBIT expected to be “slightly below previous year”

Forecast 2018 by segments and units

Segment	Adj. EBIT 2017 (m EUR)	Adj. EBIT Forecast for 2018
Lufthansa German Airlines	1,627	slightly below previous year
SWISS	542	broadly stable
Austrian Airlines	94	slightly below previous year
Network Airlines	2,263	slightly below previous year
Eurowings	94	negative
Logistics	242	slightly below previous year
MRO	415	broadly stable
Catering	66	slightly above previous year
Other	-130	below previous year
Internal Revenue / Reconciliation	23	
Lufthansa Group	2,973	slightly below previous year

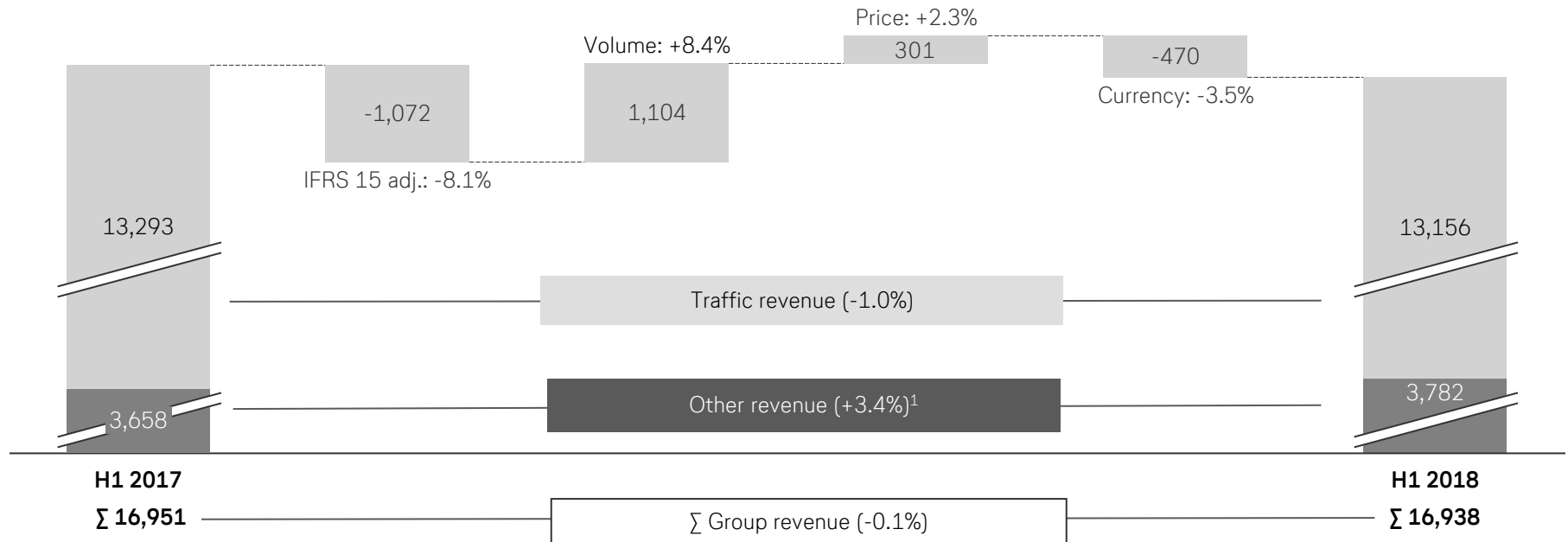
Appendix

- financial figures Q2/H1-

Group revenue bridge

H1 2018 vs. H1 2017

in m EUR



¹ Including positive 180m EUR IFRS 15 effect from reclassification of LAT and AirPlus commissions from other operating income into other revenue

Operating KPIs of Passenger Airlines by region

Q2 & H1 2018

Total	Q2 '18	H1 '18
Number of flights	+8.3%	+8.5%
ASK	+7.8%	+8.2%
RPK	+7.9%	+9.2%
SLF	+0.0pts.	+0.8pts.

Europe	Q2 '18	H1 '18
ASK	+11.4%	+12.7%
RPK	+14.6%	+16.1%
SLF	+2.3pts.	+2.2pts.
Yield	-3.2%	-2.9%
Yield ex currency	-1.6%	-0.9%

Asia/ Pacific	Q2 '18	H1 '18
ASK	+4.3%	+5.3%
RPK	+2.0%	+3.9%
SLF	-1.9pts.	-1.1pts.
Yield	-1.7%	-4.0%
Yield ex currency	+0.1%	-0.1%

Yield	-1.8%	-2.8%
Yield ex currency	+1.1%	+0.7%
RASK	-2.1%	-2.4%
RASK ex currency	+1.3%	+1.3%
CASK incl. fuel	-1.1%	-2.7%
CASK ex currency ex fuel	-0.7%	-0.6%

Americas	Q2 '18	H1 '18
ASK	+7.2%	+6.3%
RPK	+6.0%	+7.0%
SLF	-0.9pts.	+0.5%
Yield	-2.3%	-4.3%
Yield ex currency	+3.0%	+1.0%

Middle East/ Africa	Q2 '18	H1 '18
ASK	+4.3%	+5.2%
RPK	+3.3%	+6.7%
SLF	-0.7pts.	+1.1%
Yield	-7.3%	-8.7%
Yield ex currency	-3.8%	-5.0%

North America	+3.9%	+1.9%
South America	-0.2%	-0.6%

Calculation of Operational KPIs at Network Airlines

Q2 2018

Quarterly Data.xls ¹

Lufthansa Group		Q2 2018		Network Airlines										Lufthansa		Total	
Profit and Loss	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017	
Revenue	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	
Operating expenses	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	(2,291)	
Operating profit	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	3,207	

Yield

(1) Traffic revenues 5,498
 (2) RPK ² 60,944

Yield: 0.9
 ((1) / (2)) * 100

RASK

(1) Total revenues 5,940
 (2) Other Op. Income 178
 (3) Reversal of provisions 40
 (4) FX gains 60
 (5) ASK ³ 74,828

RASK: 8.0
 ((1) + (2) - (3) - (4)) / (5) * 100

CASK

(1) Operating expenses 5,291
 (2) Reversal of provisions 40
 (3) FX gains 60
 (4) ASK ³ 74,828

CASK: 6.9
 ((1) - (2) - (3)) / (4) * 100

Traffic Figures ¹

Investor Info June 2018
 Lufthansa Group

¹ Available on www.investor-relations.lufthansagroup.com

² RPK: Revenue Passenger Kilometers

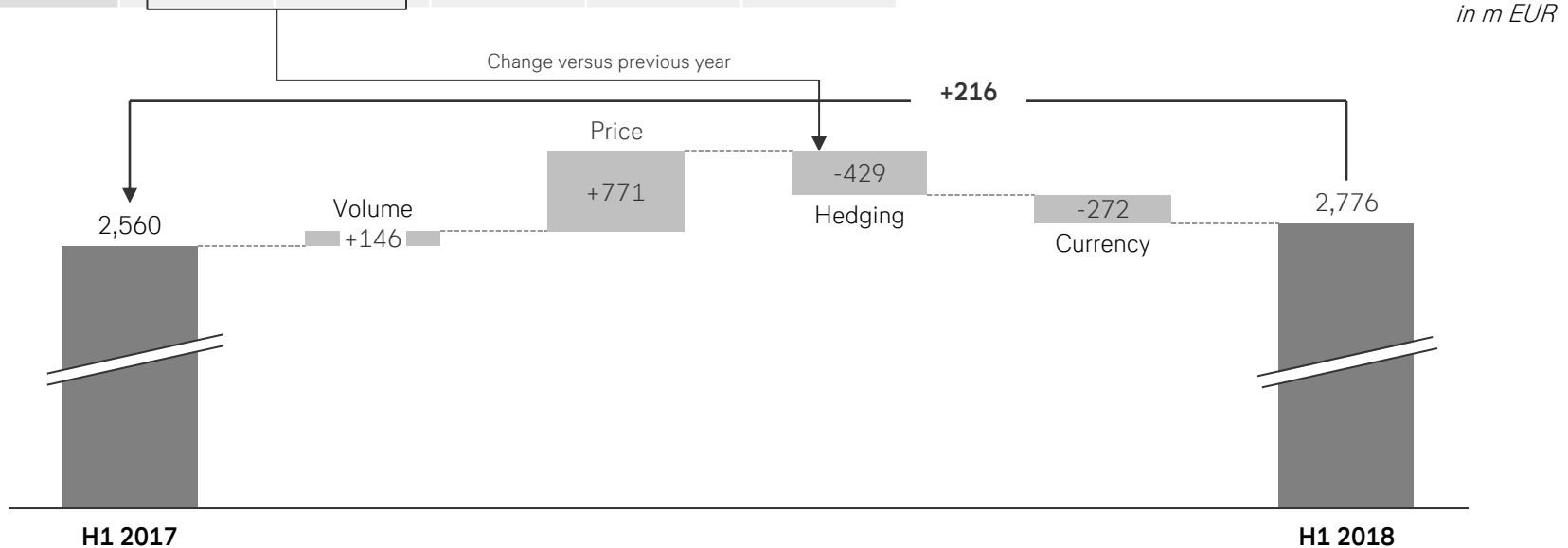
³ ASK: Available Seat Kilometers

Fuel cost bridge

H1 2018 vs. H1 2017

Hedging result by quarter (in m EUR)

	Q1	Q2	Q3	Q4	FY (YTD)
2017	-30	-63			-93
2018	107	229			336



Operating costs and revenues

Q2/H1 2018 vs. Q2/H1 2017

Lufthansa Group (in m EUR)	Q2 '18	vs. Q2 '17
Total revenue	9,298	+0.4%
Other operating income	469	-23.5%
Total operating income	9,767	-1.1%
Operating expenses	8,824	-0.8%
Non-fuel operating expenses	7,269	-3.7%
Cost of materials and services	4,681	-4.1%
Fuel expenses	1,555	+15.2%
Fees and charges	1,144	-31.1%
Staff costs	2,233	+0.9%
Depreciation	452	+3.2%
Other operating expenses	1,458	+7.0%
Result from equity investments	40	+2
EBIT	983	-32
Adjustments	-1	-3
Adjusted EBIT	982	-35

H1 '18	vs. H1 '17
16,938	-0.1%
874	-25.6%
17,812	-1.7%
16,845	-1.7%
14,069	-3.5%
8,764	-5.4%
2,776	+8.4%
2,166	-29.1%
4,339	+1.0%
898	+4.4%
2,844	+4.8%
43	-1
1,010	-21
-2	-13
1,008	-34

- Excluding IFRS 15, "Total operating income" would have increased by 4.9% versus Q2 '17 (+4.2% vs. H1 '17)
- Excluding IFRS 15, "Fees and charges" would have increased by 4.4% versus Q2 '17 (+6.0% vs. H1 '17)

EBIT and Adjusted EBIT by quarter

2018

in m EUR

	Q1	Q2	Q3	Q4	6M	9M	FY
EBIT	27	983			1,010		
<i>pension changes</i>	+2	-1			+1		
<i>book gains / losses on asset disposals</i>	-3	+2			-1		
<i>impairments gains / losses // badwill</i>	0	-2			-2		
Adj. EBIT	26	982			1,008		
<i>interest on liquidity</i>							
<i>taxes (25% lump sum)</i>							
<i>cost of capital</i>							
EACC							
<i>average capital employed</i>							
<i>WACC</i>							
ROCE (after tax)							
Adj. ROCE (after tax)							

EBIT and Adjusted EBIT by quarter

2017

in m EUR

	Q1	Q2	Q3	Q4	6M	9M	FY
EBIT	16	1,015	1,404	875	1,031	2,435	3,310
<i>pension changes</i>	+32	0	+9	-592	+32	+41	-551
<i>book gains / losses on asset disposals</i>	-23	-5	-6	-3	-28	-34	-37
<i>impairments gains / losses // badwill</i>	0	+7	+111	+133	+7	+118	+251
Adj. EBIT	25	1,017	1,518	413	1,042	2,560	2,973
<i>interest on liquidity</i>							+178
<i>taxes (25% lump sum)</i>							-872
<i>cost of capital</i>							-858
EACC							1,758
<i>average capital employed</i>							20,441
<i>WACC</i>							4.2%
ROCE (after tax)							12.8%
Adj. ROCE (after tax)							11.6%

Cash flow statement

H1 2018 vs. H1 2017

Lufthansa Group (in m EUR)	H1'18	vs. H1 '17
EBT (earnings before income taxes)	955	+73
Depreciation & amortization (incl. non-current assets)	907	+5
Net proceeds from disposal of non-current assets	-2	+25
Result of equity investments	-43	+1
Net interest	85	-48
Income tax payments/reimbursements	-92	0
Significant non-cash-relevant expenses / income	-111	-114
Change in trade working capital	1,610	+63
Change in other assets / liabilities	-291	-213
Operating cash flow	3,018	-208
Capital expenditure (net)	-2,041	-915
Free cash flow	977	-1,123
Cash and cash equivalents as of 30.06.18 ¹	1,286	-229
Current securities	2,570	-1,832
Total Group liquidity	3,856	-2,061

