



Q1 2019

Analyst and Investor Conference Call

Ulrik Svensson, CFO and Member of the Executive Board

Frankfurt, 30 April 2019

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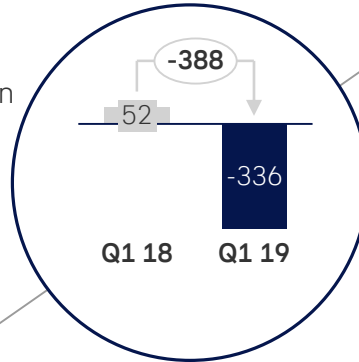
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Group EBIT declines because of excess supply in Europe and fuel headwinds



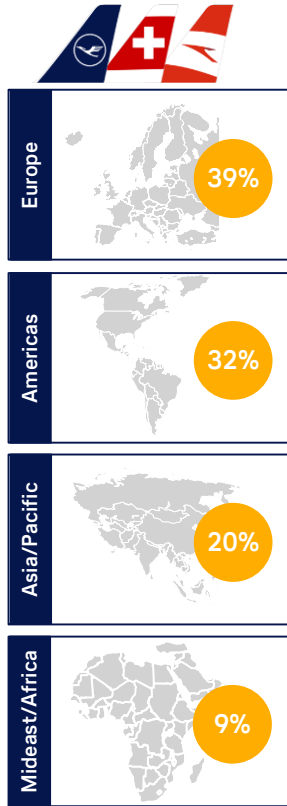
- Long-haul
- Unit cost reduction
- MRO

Group Adjusted EBIT



- Unit revenues
- Fuel cost
- Logistics

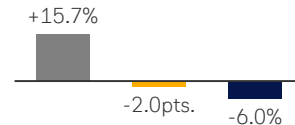
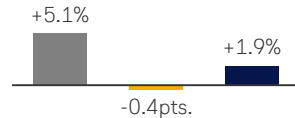
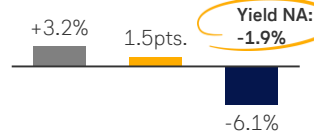
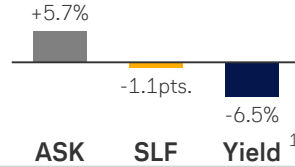
Network Airlines: Long-haul partly offsets yield pressures in Europe



¹ Excl. currency

● % of Traffic Revenues as of Q1 19

Q1



Comments

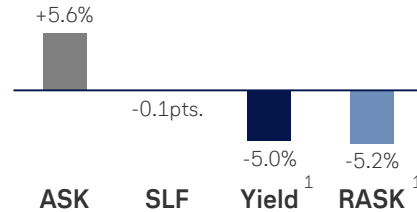
- Yields in Europe remain under pressure due to high market-wide capacity growth and the Group's response to increased competition
- Growth in North America volume-led; South America down due to weak Brazilian market
- Strong performance in Asia driven by Japanese market

Network Airlines: Volumes up, yields down

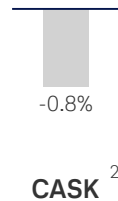


Q1

Revenue KPIs



Cost KPIs



Comments

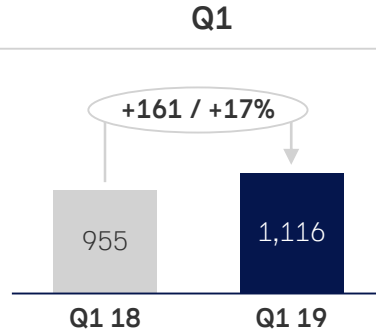
- Volume growth and stable loads reflect ongoing solid customer demand
- High levels of price sensitivity in Europe, in particular in Vienna
- CASK reduction driven by fleet modernization and productivity improvements

¹ Excl. currency ² Excl. currency, excl. fuel

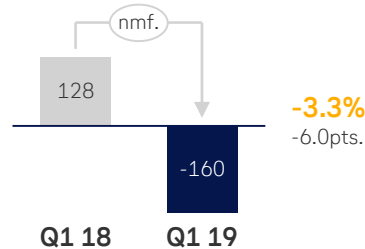
Network Airlines: Profits hit by lower unit revenues and higher fuel costs



Fuel cost



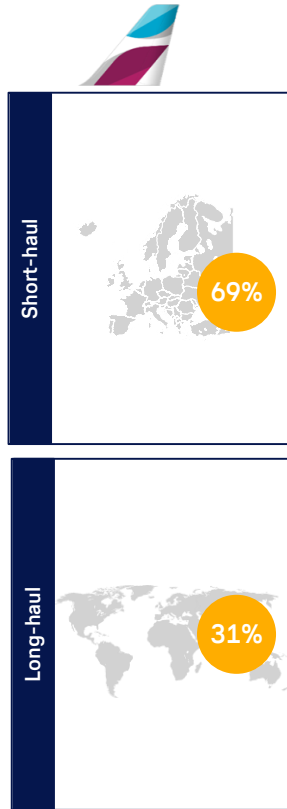
Adjusted EBIT / Margin



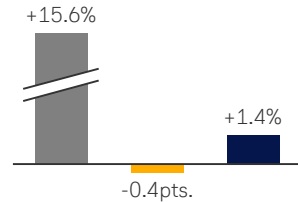
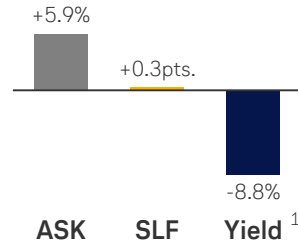
Comments

- Fuel costs increase due to US dollar strength, volume growth and the expiry of low price hedges
- Lufthansa German Airlines and Austrian Airlines record negative operating profits
- Swiss remains profitable also in the first quarter

Eurowings: Short-haul yields challenged by market-wide excess capacity



Q1



Comments

- Results in short-haul impacted by intense competition in European market caused by oversupply
- Tough comparison base due to prior year capacity gap caused by Air Berlin market exit
- Long-haul remains below expectations

¹ Excl. currency

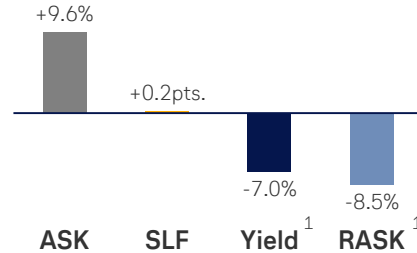
● % of Traffic Revenues as of Q1 19

Eurowings: Unit cost reduction partly offsets revenue pressures

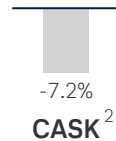


Q1

Revenue KPIs



Cost KPIs



Comments

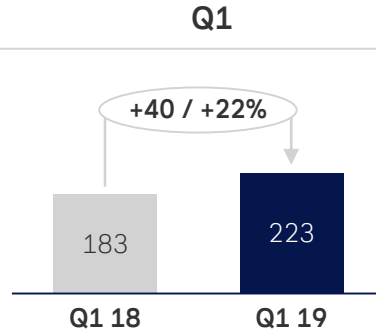
- Capacity growth still elevated as ex-Air Berlin aircraft not fully operational yet in prior year quarter
- CASK reduction due to the non-recurrence of prior year costs for the integration of former Air Berlin aircraft
- Measures to improve aircraft and crew productivity expected to drive cost efficiency improvements over the further course of the year

¹ Excl. currency ² Excl. currency, excl. fuel

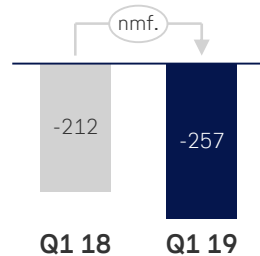
Eurowings: Adjusted EBIT below prior year levels



Fuel cost



Adjusted EBIT



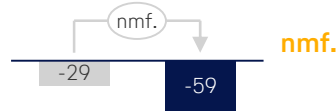
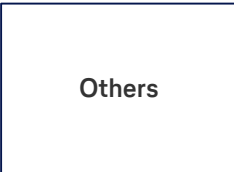
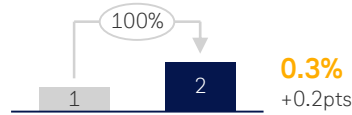
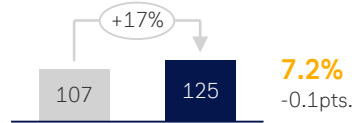
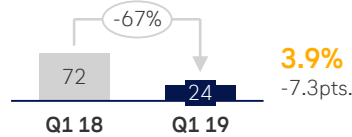
Comments

- Fuel costs increase as expected
- Unit revenue declines outweigh the benefit from cost reductions
- Eurowings results below prior year in seasonally loss-making quarter

Logistics decline offsets result improvement at MRO and Catering

Adjusted EBIT / Margin

Q4

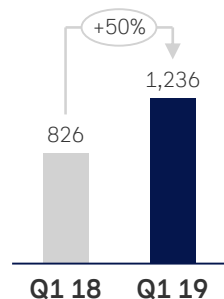


Comments

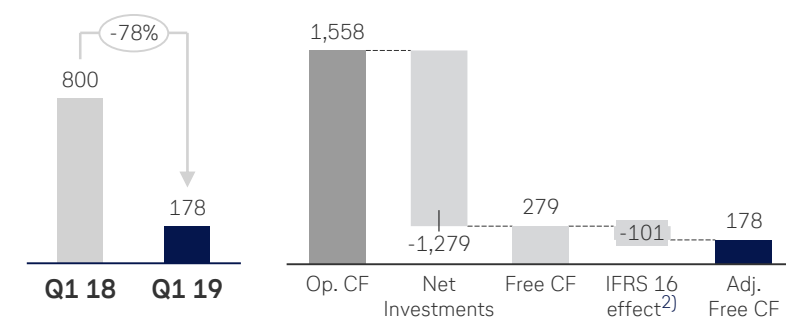
- Market-wide declines on routes between Europe and Asia depress Cargo results
- Improving performance in engine maintenance division drives MRO profits
- Improvements in North American and European businesses supports performance of LSG
- IT investments increase costs in the “Others” segment

First-time application of IFRS 16 distorts balance sheet presentation

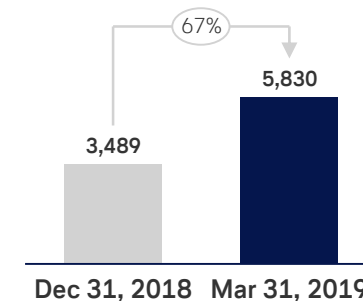
Gross Investments¹



Adjusted Free Cash Flow



Net Debt



- Increase entirely due to prepayments for aircraft to be delivered until 2027

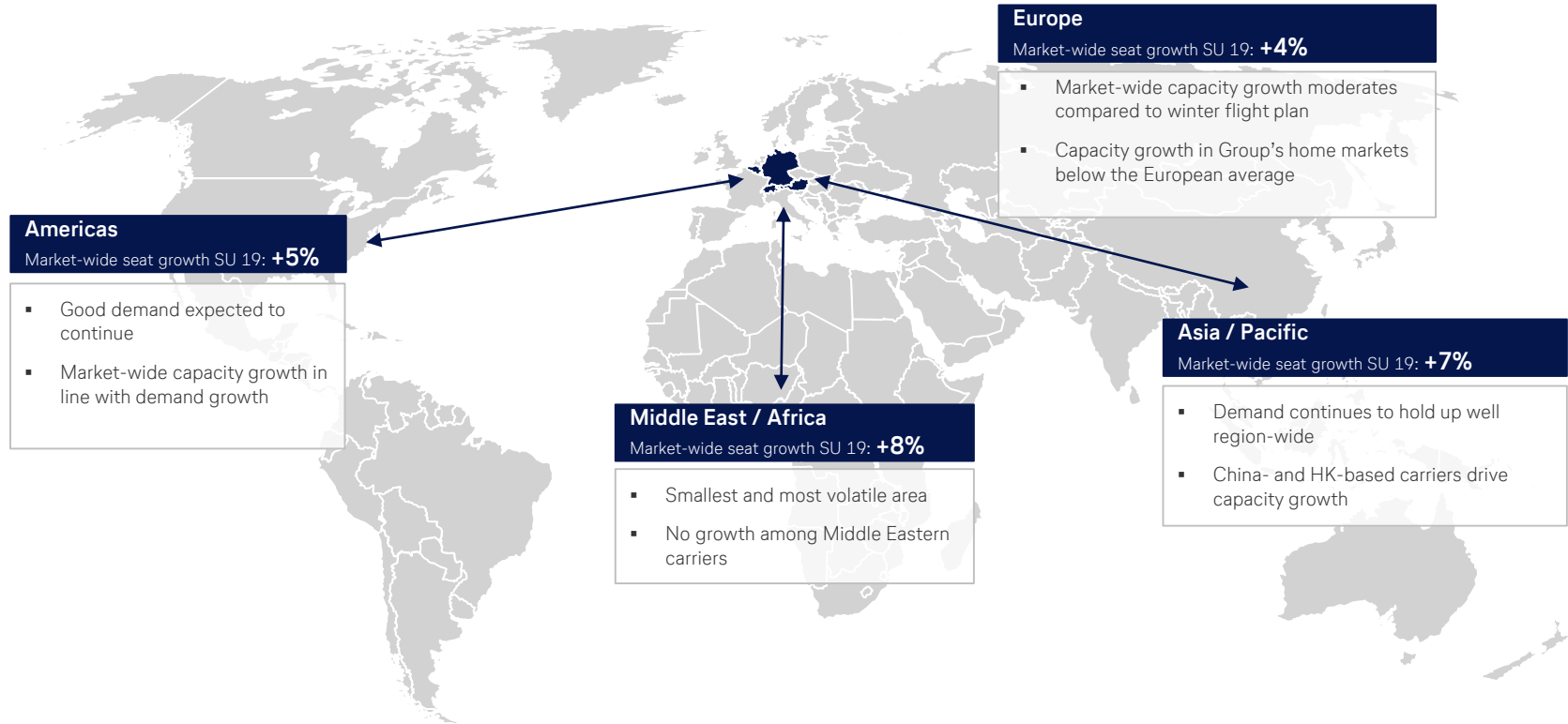
- Free cash flow declines because of profit decrease, higher investments and increase of tax payments
- Tax payments primarily related to profit increases in prior year periods

- Net debt stable at 3,474m EUR excluding IFRS 16 effect
- Adj. net debt (including pensions) / Adj. EBITDA increases by 0.6 to 2.4x, almost entirely driven by first-time application of IFRS 16

¹ Excluding cash-outs from equity investments

² Amortization of operating lease obligations shown in financing cash flow

Capacity growth in Europe set to moderate significantly in summer



Full year 2019 guidance confirmed

Passenger Airlines				
	Network Airlines		Eurowings	
Capacity growth (ASK)	c. +4%		c. 0%	
Unit revenue (RASK, at constant currency)	stable to down low-single digit		stable to up low-single digit	
Unit cost (CASK, at constant currency, excl. fuel)	-0.5% to -1.5%		-7.0% to -9.0%	
Fuel (year-on-year change)	+600m EUR		+100m EUR	
Adjusted EBIT margin	7.5% to 9.5%		around 0%	
Non-PAX				
	Logistics	MRO	Catering	Others
Revenue growth	up high-single digit	up mid-single digit	stable	
Adjusted EBIT margin	7% to 9%	7% to 8%	2% to 4%	
Adjusted EBIT (year-on-year change)				-100m EUR
Lufthansa Group				
Revenue growth	up mid-single digit			
Adjusted EBIT margin	6.5% to 8.0%			

Appendix

- supplementary information -

Financial guidance 2019 / 2018 Base

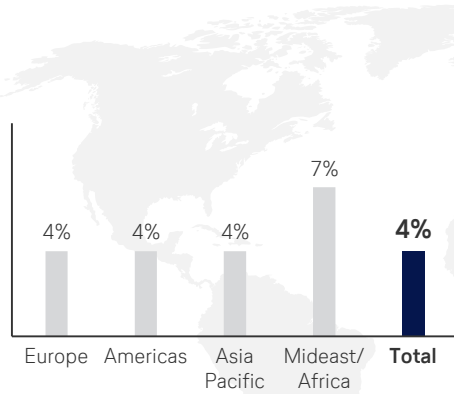
Passenger Airlines		
	Network Airlines	Eurowings
ASK	284,741m	64,748m
RASK	8.1 Ct.	6.8 Ct.
CASK	5.6 Ct.	5.7 Ct.
Fuel cost	4,713m EUR	973m EUR
Adjusted EBIT margin	10.7%	-5.5%

Non-PAX				
	Logistics	MRO	Catering	Others
Revenue	2,713m EUR	5,918m EUR	3,217m EUR	
Adj. EBIT margin	9.9%	7.2%	3.6%	
Adj. EBIT				-189m EUR

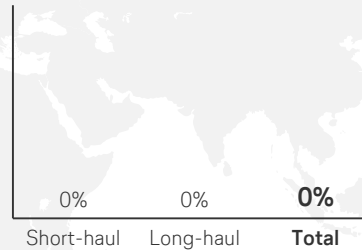
Lufthansa Group	
Revenue	35,844m EUR
Adj. EBIT margin	7.9%

Planned capacity growth for full year 2019

Network Airlines



Eurowings



Comments

- Moderate growth in Summer schedule at Network Airlines
- Eurowings to focus on operational stability and complexity reduction
- Domestic and North Atlantic routes grow slightly at Eurowings

Status: October 2018; All capacity plans indicative and subject to change

Group P&L

Lufthansa Group (in m EUR)	Q1 '19	vs. Q1 '18
Total revenue	7,890	+3%
Other operating income	528	+2%
Total operating income	8,418	+3%
Operating expenses	8,767	+8%
Non-fuel operating expenses	7,344	+7%
Cost of materials and services	4,553	+11%
Fuel expenses	1,423	+17%
Fees and charges	1,045	+2%
Staff costs	2,241	+6%
Depreciation	667	+25%
Other operating expenses	1,306	-6%
Result from equity investments	5	+67%
EBIT	-344	nmf.
Adjustments	8	nmf.
Adjusted EBIT	-336	nmf.
Adjustment EBIT Margin	-4.3%	-5.0pts.

Adoption of IFRS 16

Context

- New accounting standard **IFRS 16 is applicable from 2019 onwards**
- **Lease liabilities must be recognized** in the financial accounts at the present value of the contractually agreed lease payments for leases with a term of more than twelve months

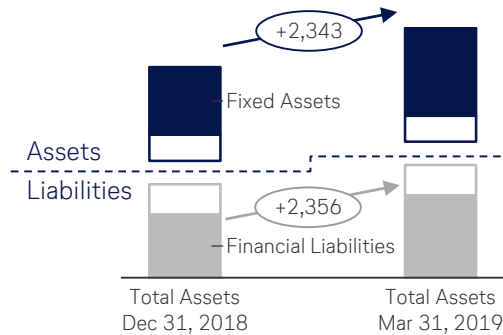
Effect on Lufthansa Group

Effect on Profit & Loss:

EBITDA	+103
./. Depreciation	-95
EBIT	+8
./. Interests costs and FX valuation	
EBT	-10

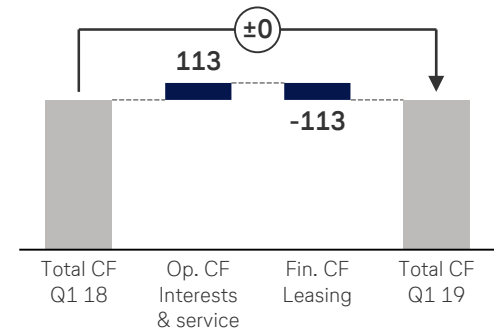
Adjusted EBIT Margin: + 0.1pts

Effect on Balance Sheet:



Equity Ratio: -1.3pts // Leverage: +0.5x

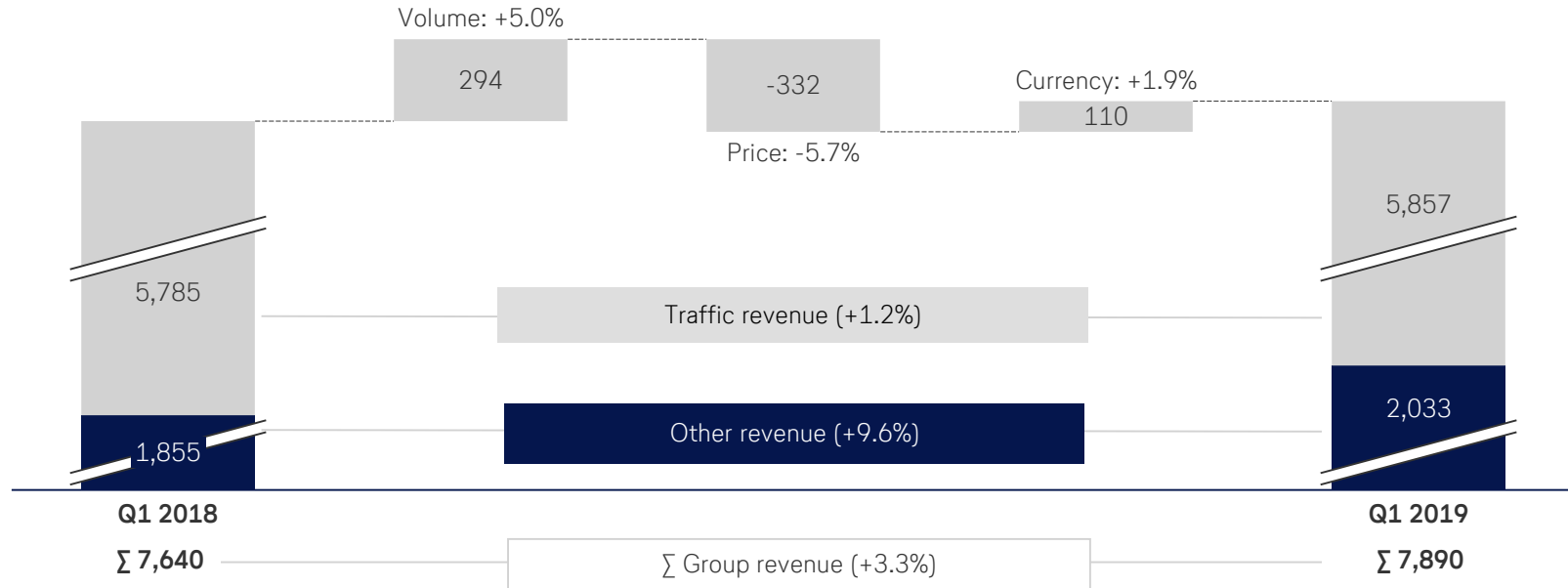
Effect on Cash Flow:



Impact on Group Adjusted EBIT expected to amount to ca. +25m EUR in full year 2019

Group revenue bridge

in m EUR



Operating KPIs of Network Airlines by region

Total	Q1 '19
Number of flights	+3.9%
ASK	+5.6%
RPK	+5.5%
SLF	-0.1pts.

Yield	-3.0%
Yield ex currency	-5.0%
RASK	-3.2%
RASK ex currency	-5.2%
CASK excl. fuel	+0.7%
CASK ex currency ex fuel	-0.8%

Europe	Q1 '19
ASK	+5.7%
RPK	+4.1%
SLF	-1.1pts.
Yield	-5.3%
Yield ex currency	-6.5%

Americas	Q1 '19
ASK	+3.2%
RPK	+5.2%
SLF	+1.5pts.
Yield	-2.9%
Yield ex currency	-6.1%

North America	-1.9%
South America	-18.7%

Asia / Pacific	Q1 '19
ASK	+5.1%
RPK	+4.6%
SLF	-0.4pts.
Yield	+3.6%
Yield ex currency	+1.9%

Middle East / Africa	Q1 '19
ASK	+15.7%
RPK	+12.8%
SLF	-2.0pts.
Yield	-4.0%
Yield ex currency	-6.0%

Operating KPIs of Eurowings by region

Total	Q1 '19
Number of flights	+2.5%
ASK	+9.6%
RPK	+9.9%
SLF	+0.2pts.

Yield	-6.5%
Yield ex currency	-7.0%
RASK	-6.1%
RASK ex currency	-8.5%
CASK excl. fuel	-5.9%
CASK ex currency ex fuel	-7.2%

Short-haul	Q1 '19
ASK	+5.9%
RPK	+6.4%
SLF	+0.3pts.
Yield	-8.3%
Yield ex currency	-8.8%

Long-haul	Q1 '19
ASK	+15.6%
RPK	+15.0%
SLF	-0.4pts.
Yield	+1.8%
Yield ex currency	+1.4%

Exemplary calculation of operational airline KPIs

Quarterly Data.xls¹

Profit and Loss	LUFTHANSA GROUP											
	FY 2018 (restated)			FY 2017			FY 2016			FY 2015		
	2018	2017	Change	2018	2017	Change	2018	2017	Change	2018	2017	Change
Current Revenue	21,877	21,119	758	21,877	21,119	758	21,877	21,119	758	21,877	21,119	758
Other Operating Income	699	699	0	699	699	0	699	699	0	699	699	0
Reversal of provisions	94	94	0	94	94	0	94	94	0	94	94	0
FX losses	-316	-316	0	-316	-316	0	-316	-316	0	-316	-316	0
Basis for RASK	22,344	21,586	758	22,344	21,586	758	22,344	21,586	758	22,344	21,586	758
Operating expenses	-21,024	-21,024	0	-21,024	-21,024	0	-21,024	-21,024	0	-21,024	-21,024	0
Reversal of provisions	94	94	0	94	94	0	94	94	0	94	94	0
FX losses	-316	-316	0	-316	-316	0	-316	-316	0	-316	-316	0
Basis for CASK	21,108	20,340	768	21,108	20,340	768	21,108	20,340	768	21,108	20,340	768
ASK	284,741	284,741	0	284,741	284,741	0	284,741	284,741	0	284,741	284,741	0

Network Airlines, FY 2018

Yield	(1) Traffic revenues	20,877
	(2) RPK ²	231,952
	Yield: (1) / (2) * 100	9.0
RASK	(1) Total revenues	22,719
	(2) Other Op. Income	699
	(3) Reversal of provisions	94
	(4) FX losses	-316
	= (5) Basis for RASK (1)+(2)-(3)+(4)	23,008
CASK	(6) ASK ³	284,741
	RASK: (5) / (6) * 100	8.1
CASK	(1) Operating expenses	-21,024
	(2) Reversal of provisions	94
	(3) FX losses	-316
	= (4) Basis for CASK (1) + (2) - (3)	-20,614
	(5) ASK ³	284,741
	CASK: -(4) / (5) * 100	7.2

Traffic Figures¹

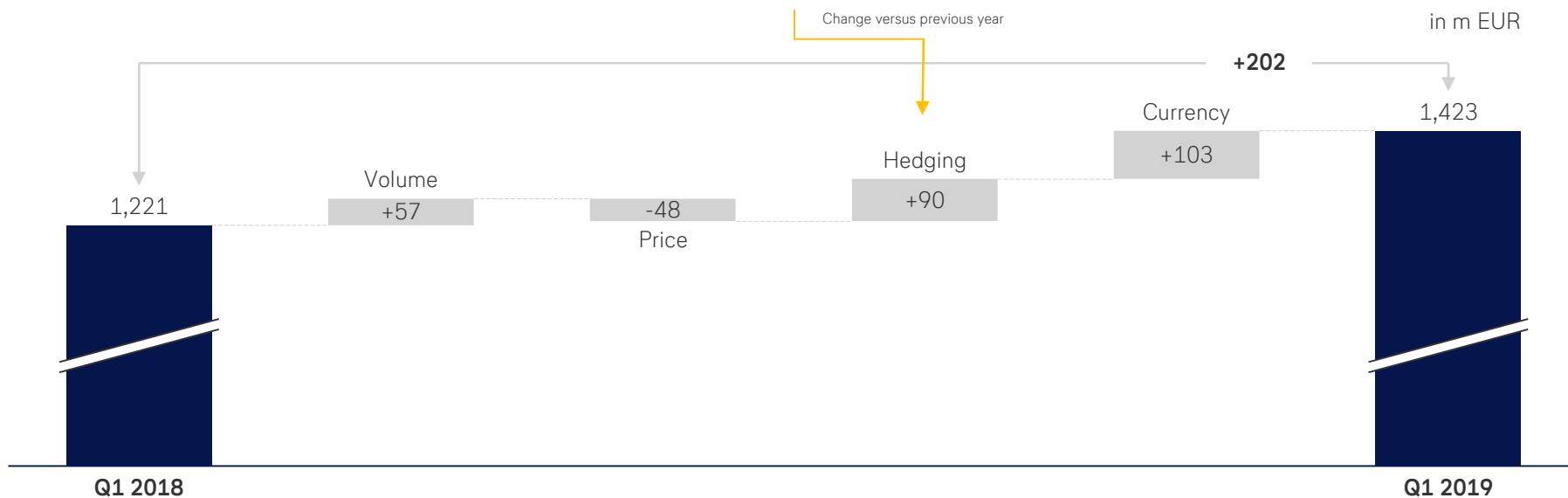
LUFTHANSA GROUP											
Investor Relations											
Investor Info December 2018											
Network Airlines & Cargo ¹											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue	21,877	21,119	20,340	19,586	18,877	18,119	17,340	16,586	15,877	15,119	14,340
Operating Income	699	699	699	699	699	699	699	699	699	699	699
Reversal of provisions	94	94	94	94	94	94	94	94	94	94	94
FX losses	-316	-316	-316	-316	-316	-316	-316	-316	-316	-316	-316
Basis for RASK	22,344	21,586	20,877	20,119	19,340	18,586	17,877	17,119	16,340	15,586	14,877
Operating expenses	-21,024	-21,024	-21,024	-21,024	-21,024	-21,024	-21,024	-21,024	-21,024	-21,024	-21,024
Reversal of provisions	94	94	94	94	94	94	94	94	94	94	94
FX losses	-316	-316	-316	-316	-316	-316	-316	-316	-316	-316	-316
Basis for CASK	21,108	20,340	19,586	18,877	18,119	17,340	16,586	15,877	15,119	14,340	13,586
ASK	284,741	284,741	284,741	284,741	284,741	284,741	284,741	284,741	284,741	284,741	284,741
RASK	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
CASK	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2

1 Available on www.investor-relations.lufthansagroup.com, 2 RPK: Revenue Passenger Kilometers, 3 ASK: Available Seat Kilometers

Fuel cost bridge

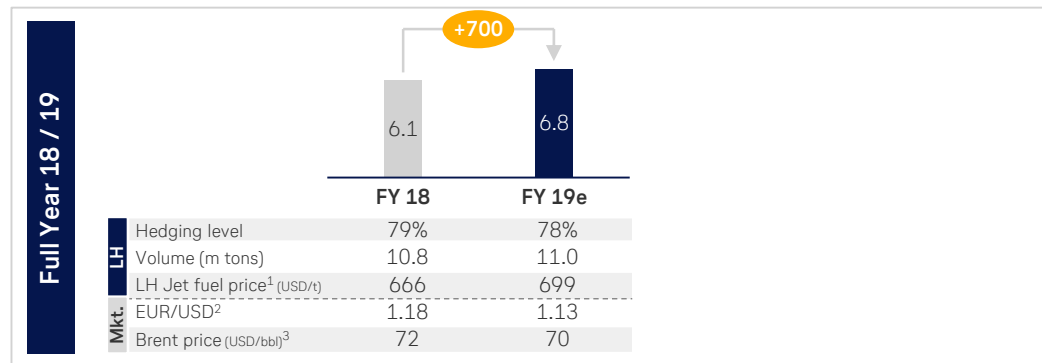
Hedging result by quarter (in m EUR)

	Q1	Q2	Q3	Q4	FY (YTD)
2018	107				107
2019	17				17

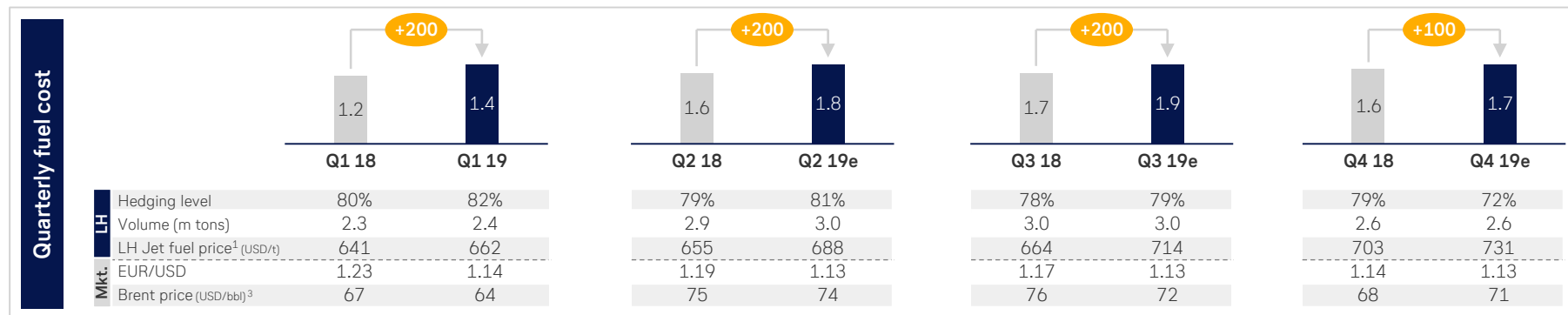
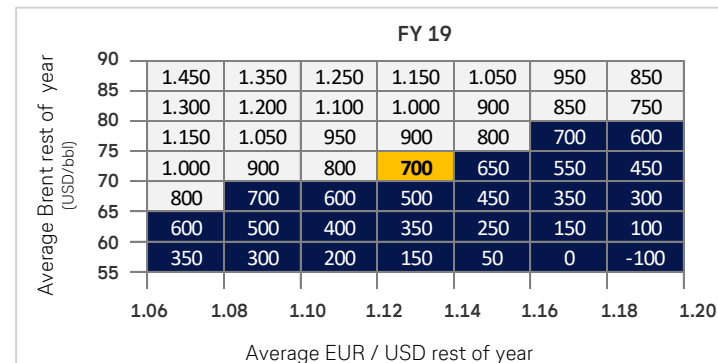


Fuel cost outlook 2019

Fuel cost



Sensitivity to Brent and currency



As of 22 April 2019

1 Blend of hedged and unhedged price for total annual volume, including into-plane charge, based on current crack spread; 2 average of actual/forward rates; 3 average of actual/forward Brent price

Fuel and foreign exchange hedging strategy

Hedging Strategy

Aim of hedging strategy

- Lufthansa's hedging strategy is designed to reduce volatility
- No intention to outperform the market
- Rolling approach up to 24 months going forward

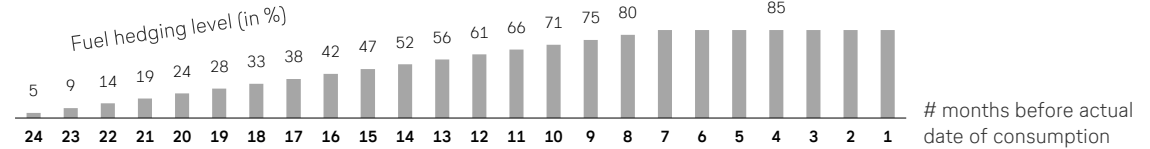
Fuel Hedging

- Hedging level is increased month-by-month until up to 85% is hedged
- Mostly options, not fixed contracts, to still benefit from falling oil prices

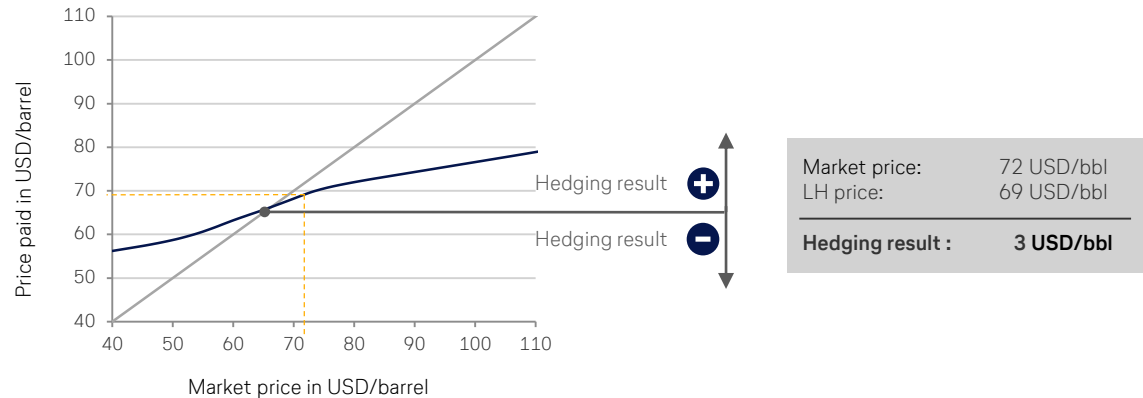
FX Hedging

- Hedging of net FX exposure per currency, level is increased every two or six months until 80% for next 24 months is hedged
- Use of forward contracts

Fuel Hedging Approach



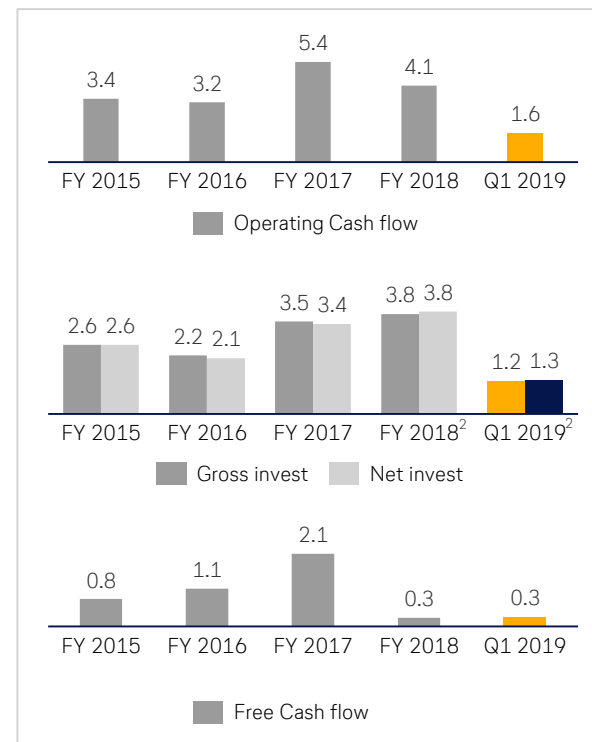
Fuel price curve remainder of 2019



Cash flow statement

Lufthansa Group (in m EUR)	Q1 '19	vs. Q1 '18
EBT (earnings before income taxes)	412	-398
Depreciation & amortization (incl. non-current assets)	669	+122
Net proceeds from disposal of non-current assets	18	-21
Result of equity investments	-5	-2
Net interest	44	+3
Income tax payments/reimbursements	-377	-332
Significant non-cash-relevant expenses / income	-1	-15
Change in trade working capital	1,481	+91
Change in other assets / liabilities	141	+331
Operating cash flow	1,558	-179
Capital expenditure (net)	-1,279	-332
Free cash flow	279	-511
Adjusted Free cash flow	178	-622
Cash and cash equivalents as of 31.03.19 ¹	1,240	-161
Current securities	2,078	-993
Total Group liquidity	3,318	-1,154

¹ Excluding fixed-term deposits with terms from three to twelve months (2019: 2m EUR, 2018: 157m EUR); ² Excl. cash-outs from equity investments
2018 reported figures including effects from the capitalization of engine overhaul, 2017 restated for better comparability



Multi-Year financial overview

Lufthansa Group (in m EUR, as reported)	2014	2015	2016	2017	2018
Operating KPIs					
RASK ex currency	-2.5%	-3.0%	-5.9%	+1.9%	-0.5%
CASK ex currency, ex fuel	-2.6%	+2.4%	-6.1%	-0.4%	-1.7%
Profit & Loss					
Revenues	30,011	32,056	31,660	35,579	35,844
Fuel Cost	6,751	5,784	4,885	5,232	6,087
Adjusted EBIT	1,171	1,817	1,752	2,969	2,836
Adjusted EBIT Margin	3.9%	5.7%	5.5%	8.3%	7.9%
Balance Sheet					
Total Assets	30,474	32,462	34,697	35,778	38,213
Net Financial Debt and Pension Liabilities	10,649	9,973	11,065	8,000	9,354
ROCE	4.6%	7.7%	9.0%	13.2%	11.1%
Cash Flow statement					
Operating Cash Flow	1,977	3,393	3,246	5,368	4,109
Capital expenditure (net)	2,274	2,559	2,108	3,251	3,859
Free Cash Flow	-297	834	1,138	2,117	250

2018 reported figures including effects from the capitalization of engine overhaul, 2017 restated for better comparability