



Q1 2020 Results

Analyst and Press Conference Call

Frankfurt
3 June 2020





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Thorsten Dirks

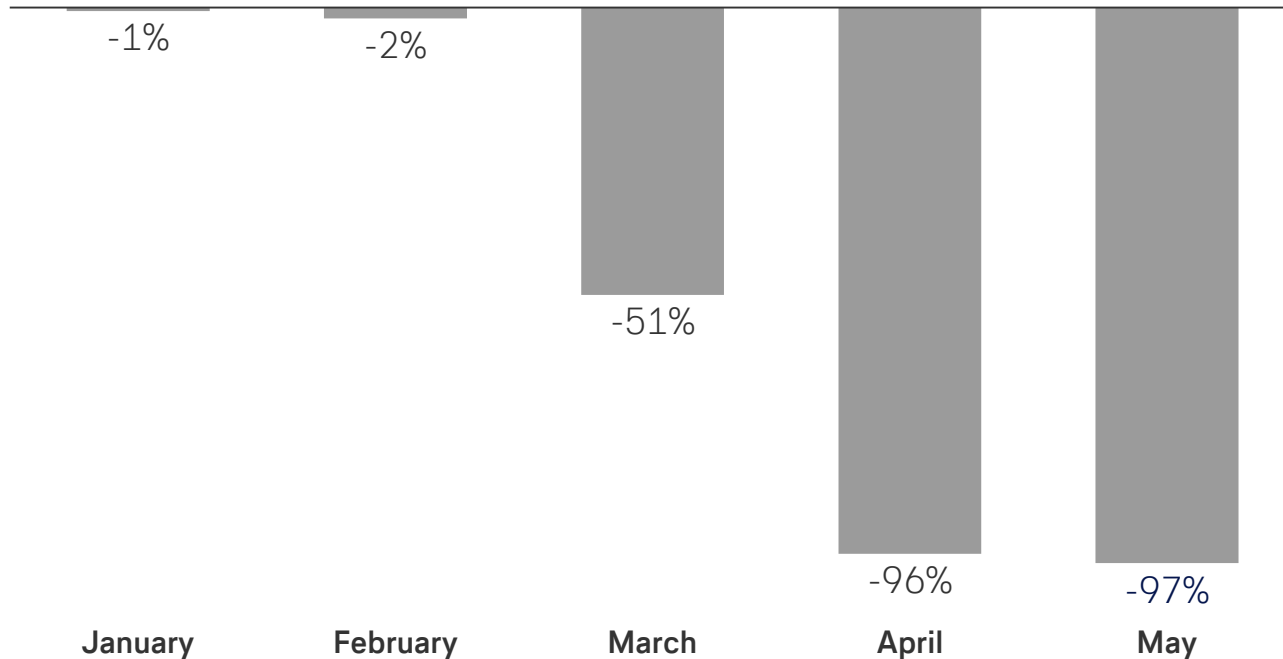
Chief Officer Digital and Finance and Member of the Executive Board

Frankfurt
3 June 2020

Corona crisis started to severely impact Group results in March

ASK Group Airlines

(vs. previous year)

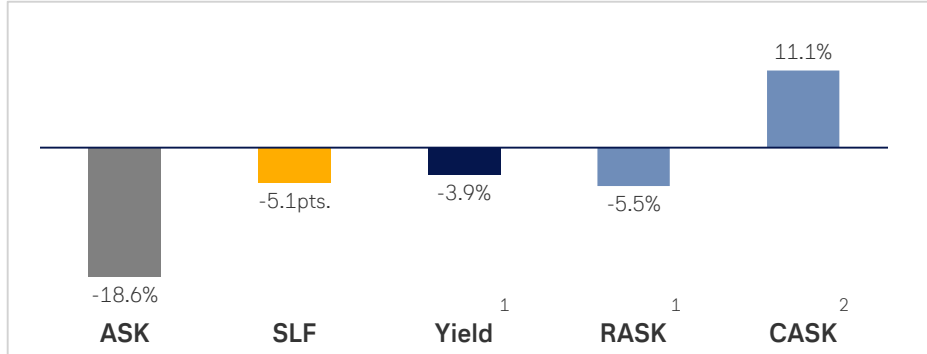


Network Airlines: Spread of Corona virus puts profits under pressure

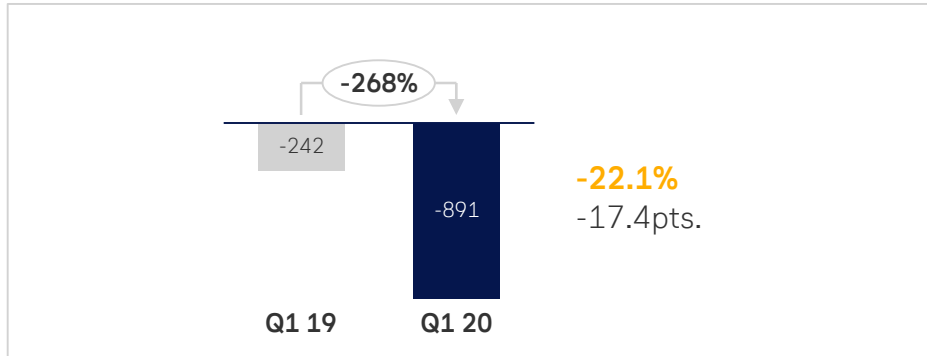


Q1 2020

Operational KPIs



Adjusted EBIT / Margin



Comments

- Quick and determined offer reduction in response to travel restrictions and deterioration in demand
- Greatest pressure on unit revenues in Asia
- Cost reductions limit CASK increases

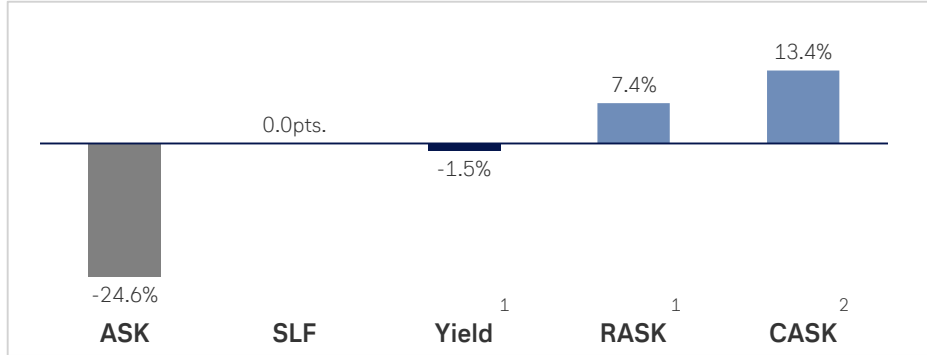
¹ Excl. currency ² Excl. currency, excl. fuel, excl. emissions costs

Eurowings: Adjusted EBIT remains almost unchanged

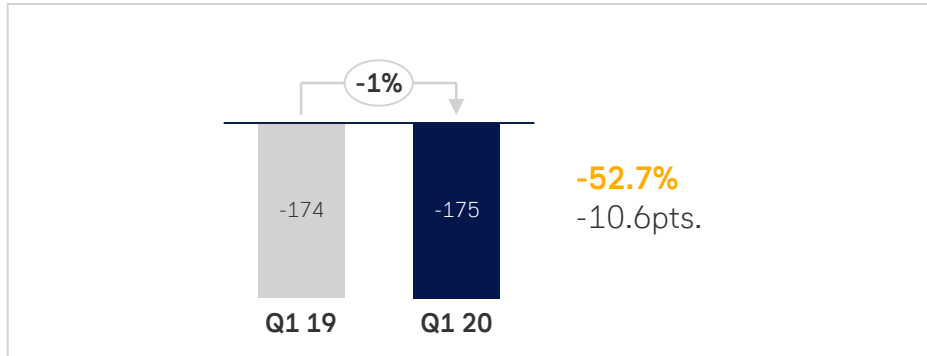


Q1 2020

Operational KPIs



Adjusted EBIT / Margin



Comments

- Crisis-related schedule reductions add to ongoing optimization of the network
- Volumes and yields hold up well
- RASK increase supported by lower customer compensation payments

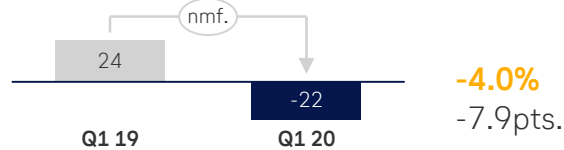
¹ Excl. currency ² Excl. currency, excl. fuel, excl. emissions costs

Corona crisis affects all Aviation Services

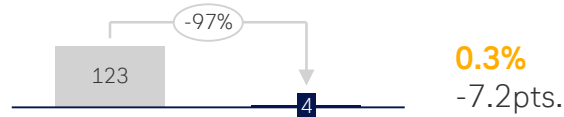
Adjusted EBIT / Margin

Q1 2020

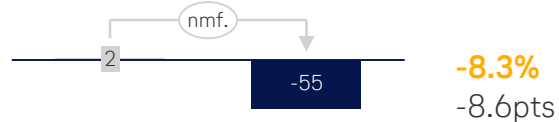
 **Lufthansa Cargo**



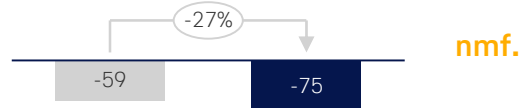
 **Lufthansa Technik**



LSGgroup



Others

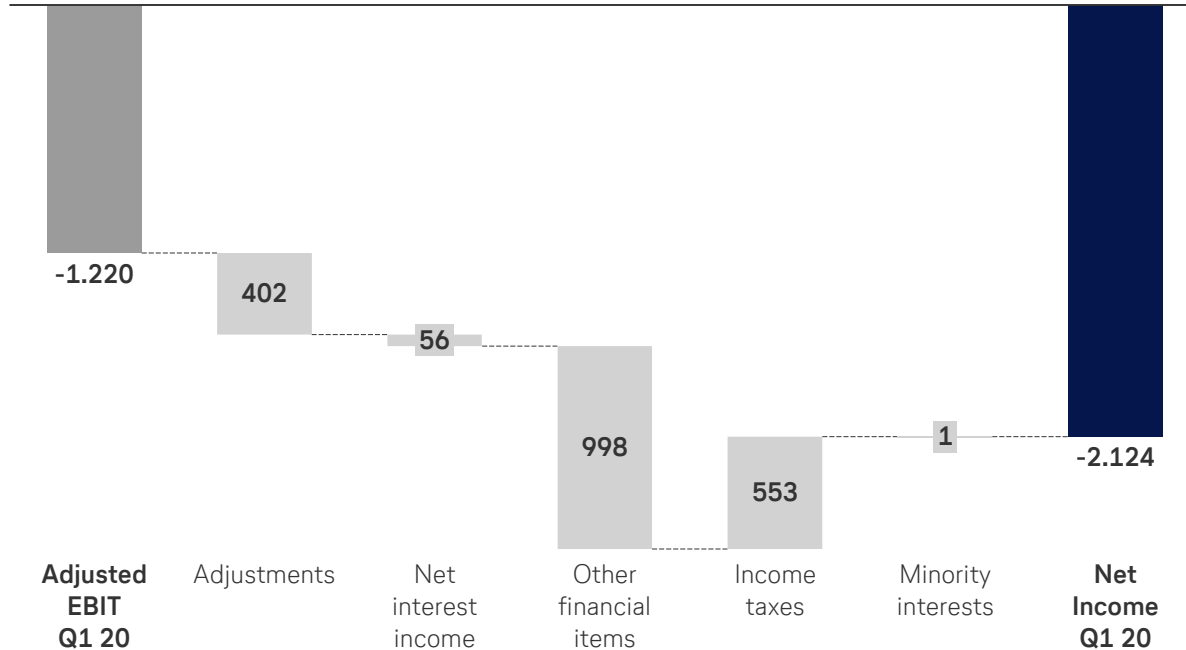


Comments

- Logistics: Strong performance in freighter business more than offset by loss of belly volumes
- MRO: Profits in all major product divisions under pressure due to sharp contraction in demand
- Catering: Standstill of global air travel significantly affects catering demand

Impairments and fuel hedging losses burden net income

Adjusted EBIT / Net Income Q1 2020

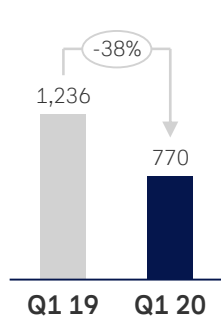


Comments

- Adjustments primarily relate to impairments of aircraft (EUR 266 million) retired in response to the lasting impact which the crisis will have on customer demand
- Additional goodwill impairments (EUR 157 million) relate to LSG North America and Eurowings
- Negative result in “other financial items” relates almost entirely to the negative option values of ineffective fuel hedges

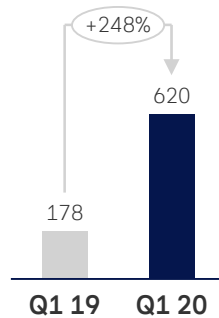
Reduction of investments and strict cash management support free cash flow

Gross Investments¹



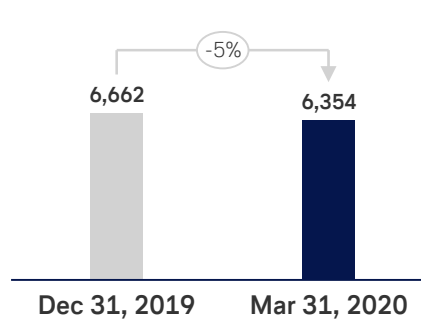
- Decline due to lower investments for new aircraft

Adjusted Free Cash Flow



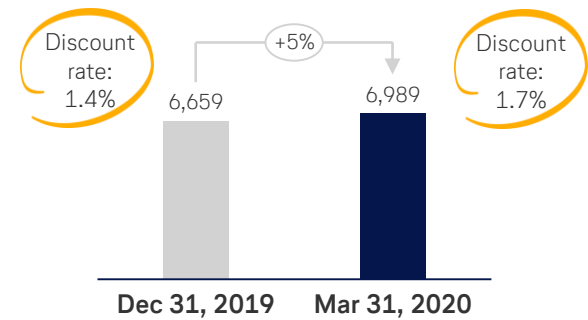
- Increase due to lower investments

Net Debt



- Decline due to free cash flow increase

Pension Provisions



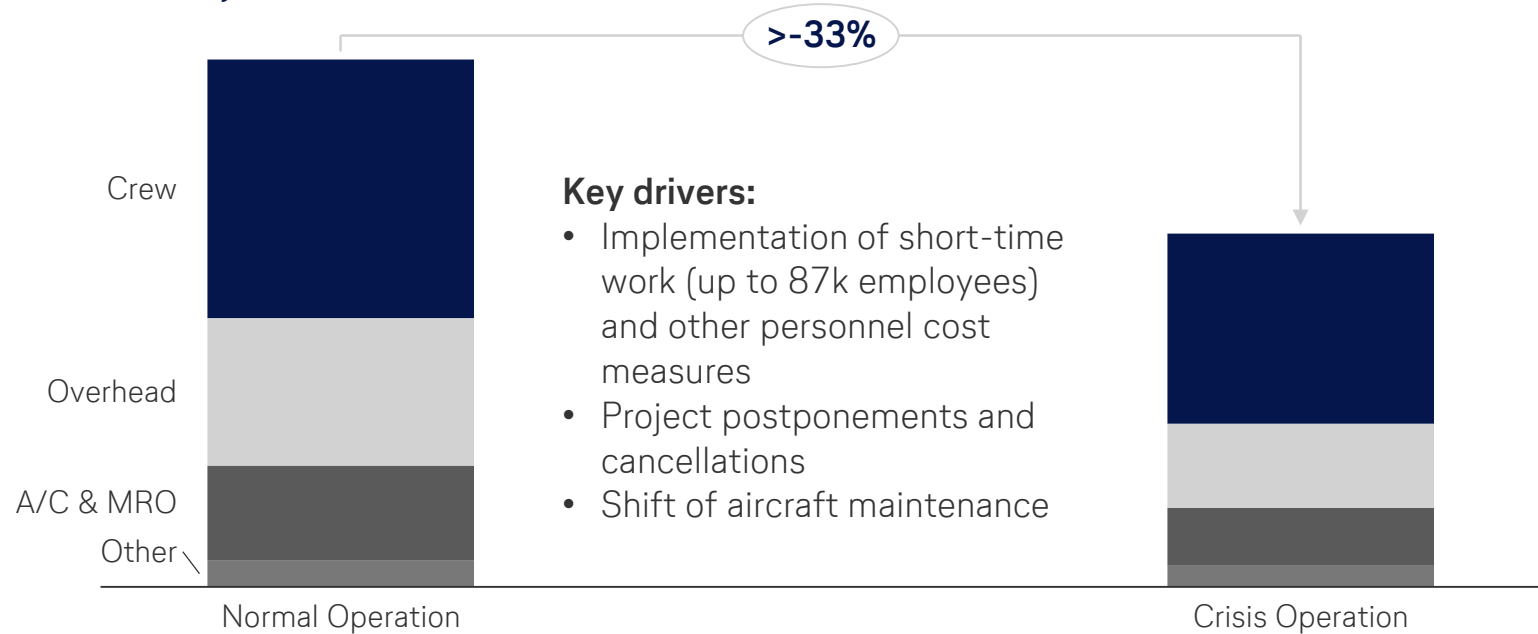
- Positive impact from higher discount rate offset by negative performance of plan assets

¹ Excluding cash-outs from equity investments

² Amortization of operating lease obligations shown in financing cash flow

Group on track for the achievement of fixed cost reduction target

Group Airline (Semi-)Fixed Costs (FY 2019: ~EUR 8 billion)

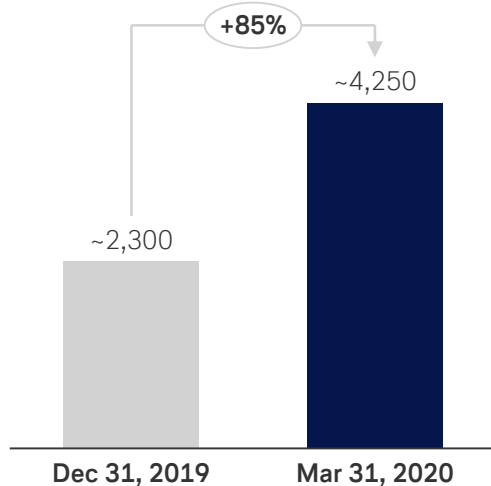


Lufthansa has successfully protected liquidity but significant cash risks remain

Strong pre-crisis liquidity

(EUR million)

Centrally available liquidity



~EUR 1.5 billion of new funds raised

Cash burn due to COVID-19

c. EUR 800 million

current monthly operating cash burn
(excludes working capital, investing and financing cash flows)

- Personnel
- Material
- Fuel hedging
- Rents
- Other

Additional working capital risks and refinancing needs create risk of liquidity reserves to be exhausted by end of Q2 / beginning of Q3 2020

Way forward

- Successfully implemented **decisive measures to protect our liquidity**
- **Stabilization of cash flows** expected towards the end 2020 but some risks remain
- **~ EUR 9 billion stabilization package** ensures going concern and full funding throughout 2020

Low visibility and high levels of uncertainty make detailed financial outlook impossible

Group Airlines

- Recovery will be gradual and take multiple years

Logistics


- Supply squeeze drives yields higher, Adjusted EBIT margin to exceed 2019 levels

MRO

- Cost saving measures will only partly offset effects of demand deterioration in almost all product divisions

Catering

- Almost complete grounding of commercial aircraft fleet has significant impact on global catering demand

- 
- Financial outlook remains highly uncertain
 - No change to expectation of significant decline of Group Adjusted EBIT



Q1 2020 Results

Analyst and Press Conference Call

Carsten Spohr
CEO and Chairman of the Executive Board

Frankfurt
3 June 2020



Lufthansa Group remains the leading European airline group

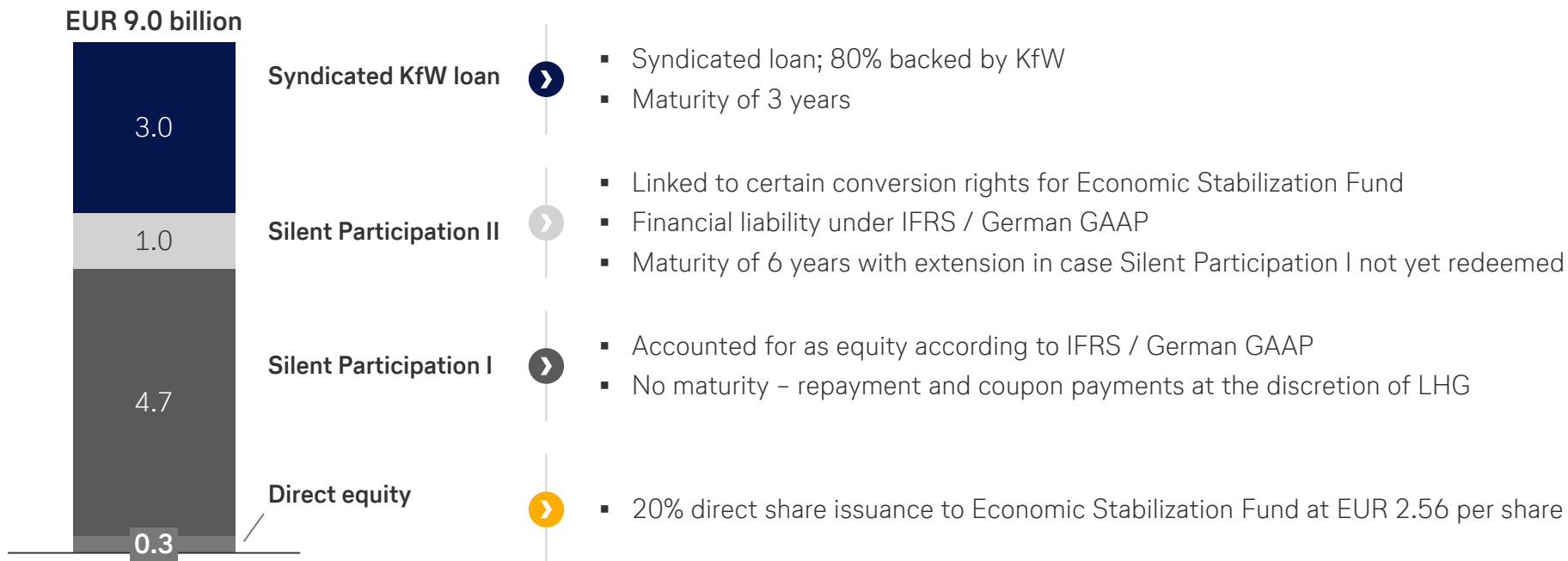
Sustainable balance of all stakeholders' interests



- Based in economically strong home markets: Germany, Switzerland, Austria, Belgium
- Flexible multi-hub model with premium network airlines as core
- Strategically increasing point-to-point and leisure business
- Strong financial foundation: valuable portfolio of Aviation Services. Flexible, unencumbered fleet
- #1 employees of the industry

Lufthansa Group secures stabilization package in Germany

Key components



Restructuring plan will include right-sizing and assessment of Group portfolio

Restructuring plan & Payback 2023

Repayment of EUR 9 billion and securing investment capability and competitiveness



Financing Measures & Corporate Structure

Refinancing / Raising of capital
Active portfolio management
...

Operational Restructuring

Fleet size / Right-sizing
AOC structure
Hub strategy
Dimensioning aviation services
....

Staff Reduction & Productivity

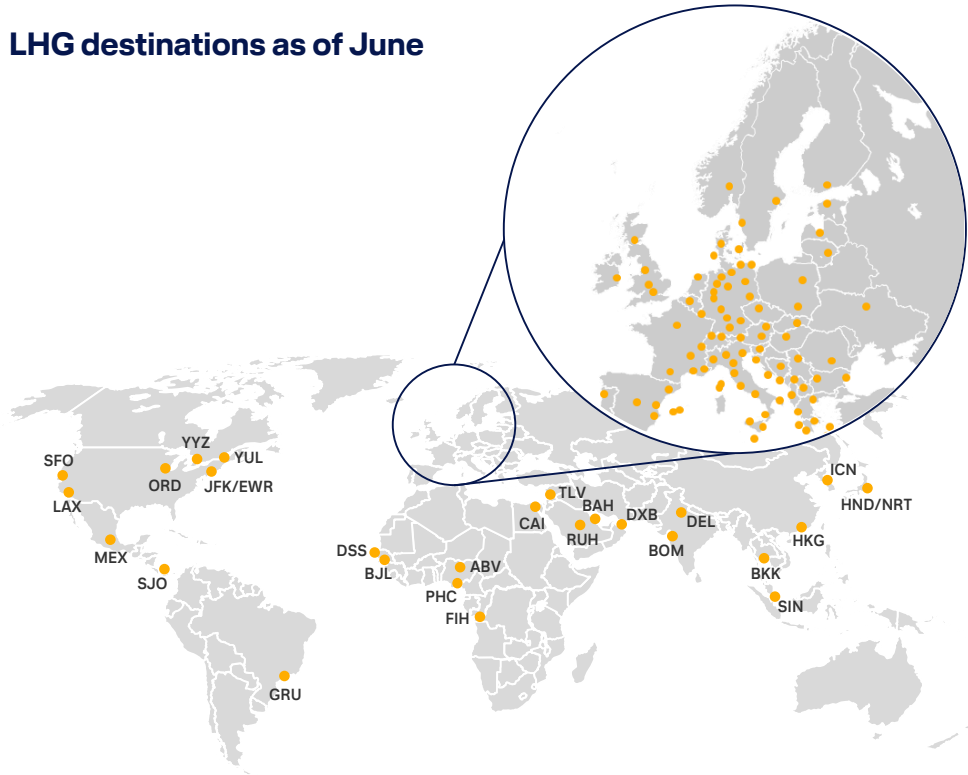
Airlines + affiliated businesses
Aviation services / Third-party business
Leadership team
...

System Partner Contributions

Airports & ATC
OEMs
Suppliers
...

Lufthansa Group will further expand flight program from June onwards

LHG destinations as of June



Key facts

- 15% of total capacity and 50% of destination portfolio back online
- Over 2,000 weekly connections to more than 130 destinations worldwide
- Focus on summer tourist destinations
- As of autumn 2020, 40% capacity with 70% (Intercontinental) and 90% (Continental) of destination portfolio back online



Q&A



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Appendix

- supplementary information -

Traffic Data

		Jan	yoy	Feb	yoy	Mar	yoy	Q1	yoy
Total Lufthansa Group Airlines	Passengers in 1,000	9,043	-0.4%	8,799	-2.9%	3,914	-65.3%	21,756	-26.1%
	Available seat-kilometers (m)	26,173	-0.6%	24,006	-1.9%	14,117	-50.7%	64,296	-19.1%
	Revenue seat-kilometers (m)	20,387	1.5%	18,087	-3.5%	8,625	-62.7%	47,099	-24.0%
	Passenger load-factor (%)	77.9	1.6	75.3	-1.2	61.1	-19.5	73.3	-4.7
	Available Cargo tonne-kilometers (m)	1,283	-1.4%	1,185	-5.1%	980	-34.9%	3,449	-15.0%
	Revenue Cargo tonne-kilometers (m)	746	-3.0%	760	-5.4%	651	-33.5%	2,156	-15.5%
	Cargo load-factor (%)	58.1	-0.9	64.1	-0.2	66.4	1.4	62.5	-0.4
	Number of flights	83,718	-2.3%	81,157	-2.5%	44,389	-53.8%	209,264	-21.0%

Group P&L

Lufthansa Group (in EUR m)	Q1 '20	vs. Q1 '19
Revenues	6,441	-18%
Total operating income	6,976	-16%
Operating expenses	8,162	-6%
Of which fees & charges	874	-16%
Of which fuel	1,227	-14%
Of which staff	2,143	-4%
Of which depreciation	680	+4%
Result from equity investments	-34	nmf.
Adjusted EBIT	-1,220	-263%
Adjusted EBIT Margin	-18.9%	-14.6pts.
Adjustments	-402	nmf.
EBIT	-1,622	-372%
Net interest income	-56	+30%
Other financial items	-998	nmf.
EBT	-2,676	-550%
Income taxes	553	618%
Profit / loss attributable to minority interests	-1	86%
Net income	-2,124	-521%

Operating KPIs of Network Airlines by region

Total	Q1 '20
Number of flights	-19.6%
ASK	-18.6%
RPK	-23.9%
SLF	-5.1pts.

Yield	-2.3%
Yield ex currency	-3.9%
RASK	-3.9%
RASK ex currency	-5.5%
CASK ex. fuel, ex. emissions cost	+12.6%
CASK ex currency ex fuel, ex emissions cost	+11.1%

Europe	Q1'20
ASK	-18.6%
RPK	-24.5%
SLF	-5.2pts.
RASK ex currency ¹⁾	-10.2%

Americas	Q1'20
ASK	-15.8%
RPK	-21.2%
SLF	-5.2pts.
RASK ex currency	-8.5%

North America	-12.8%
South America	+5.2%

Asia / Pacific	Q1'20
ASK	-25.5%
RPK	-30.9%
SLF	-6.0pts.
RASK ex currency	-17.8%

Middle East / Africa	Q1'20
ASK	-14.3%
RPK	-17.6%
SLF	-3.0pts.
RASK ex currency	-3.9%

1) Regional RASK are based on regional traffic revenues only

Cash flow statement

Lufthansa Group (in m EUR)	Q1 '20	vs. Q1 '19
EBT (earnings before income taxes)	-2,647	-2,264
Depreciation & amortization (incl. non-current assets)	1,145	+476 ¹
Net proceeds from disposal of non-current assets	6	-12
Result of equity investments	34	+39
Net interest	56	+12
Income tax payments/reimbursements	21	+398 ²
Significant non-cash-relevant expenses / income	1,011	+1,012 ³
Change in trade working capital	1,871	+390 ⁴
Change in other assets / liabilities	-101	-242
Operating cash flow	1,367	-191
Capital expenditure (net)	-642	+637
Free cash flow	725	+446
Adjusted Free cash flow	620	+442
Cash and cash equivalents as of 31.12.19 ¹ less assets held for sale	1,827	+587
Current securities	3,312	+1,234
Total Group liquidity	5,139	+1,821

¹ Excluding fixed-term deposits with terms from three to twelve months (2020: 1m EUR, 2019: 2m EUR)

- 1 Includes regular depreciation and crisis-related impairments
- 2 No tax prepayments in 2020
- 3 Non-cash effect of fuel hedge losses related to options maturing in the remainder of 2020
- 4 Strict cash management

Multi-Year financial overview

Lufthansa Group (in m EUR, as reported)	2015	2016	2017	2018	2019 ¹
Operating KPIs					
RASK ex currency	-3.0%	-5.9%	+1.9%	-0.5%	-2.5%
CASK ex currency, ex fuel ²	+2.4%	-2.5%	-1.8%	-1.7%	-1.5%
Profit & Loss					
Revenues	32,056	31,660	35,579	35,542	36,424
Fuel Cost	5,784	4,885	5,232	6,087	6,715
Adjusted EBIT	1,817	1,752	2,969	2,836	2,026
Adjusted EBIT Margin	5.7%	5.5%	8.3%	8.0%	5.6%
Balance Sheet					
Total Assets	32,462	34,697	35,778	38,213	42,659
Net Financial Debt and Pension Liabilities	9,973	11,065	8,000	9,354	13,321
ROCE	7.7%	9.0%	13.2%	11.1%	6.1%
Cash Flow statement					
Operating Cash Flow	3,393	3,246	5,368	4,109	4,030
Capital expenditure (net)	2,559	2,108	3,251	3,859	3,448
Free Cash Flow ³	834	1,138	2,117	288	203

¹ 2019 reported figures including effects from IFRS 15 treatment of compensation payments, 2017 restated for better comparability

² Adjusted for pension effects in 2016 and 2017 as a result from the change from defined benefit to defined contribution

³ Adjusted free cash flow from 2018 onwards