



# Q1 2020 Results

## Analyst and Press Conference Call

Frankfurt  
3 June 2020





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**Thorsten Dirks**

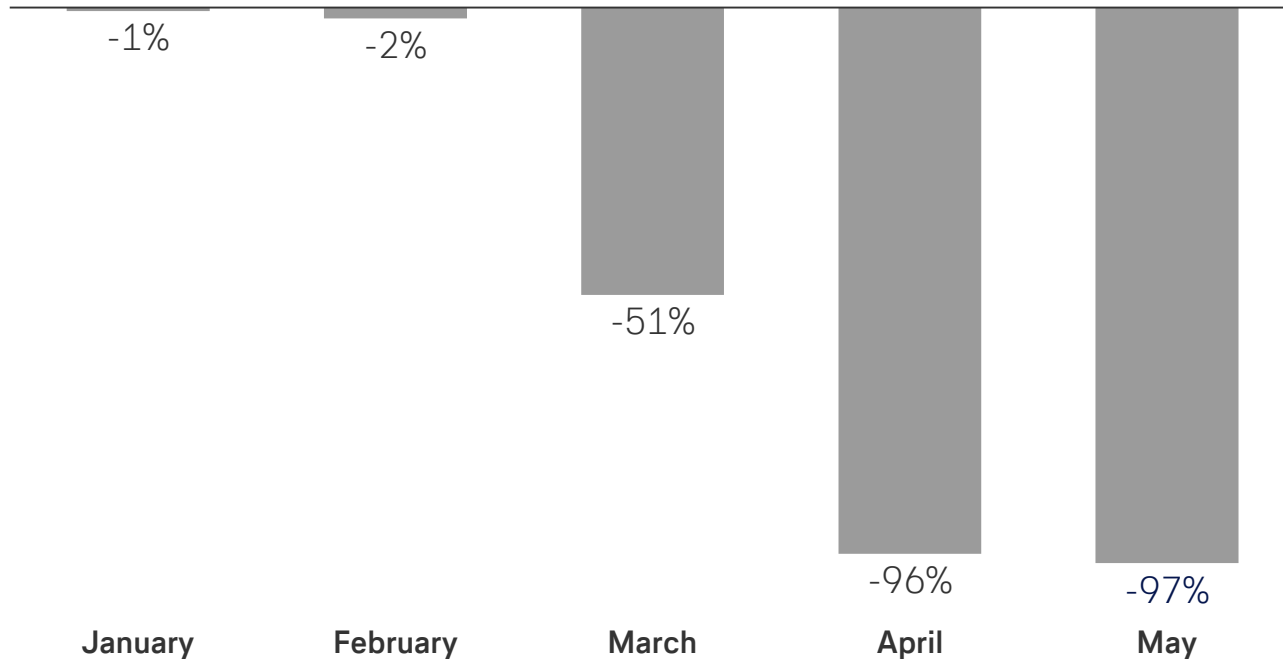
Chief Officer Digital and Finance and Member of the Executive Board

Frankfurt  
3 June 2020



# Corona crisis started to severely impact Group results in March

**ASK Group Airlines**  
(vs. previous year)

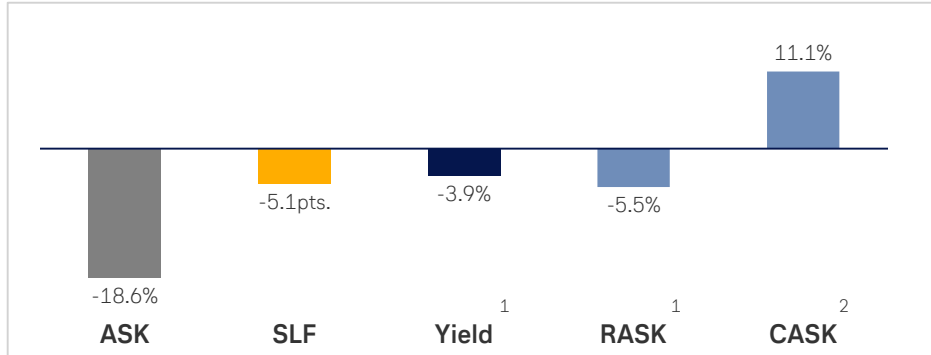


# Network Airlines: Spread of Corona virus puts profits under pressure

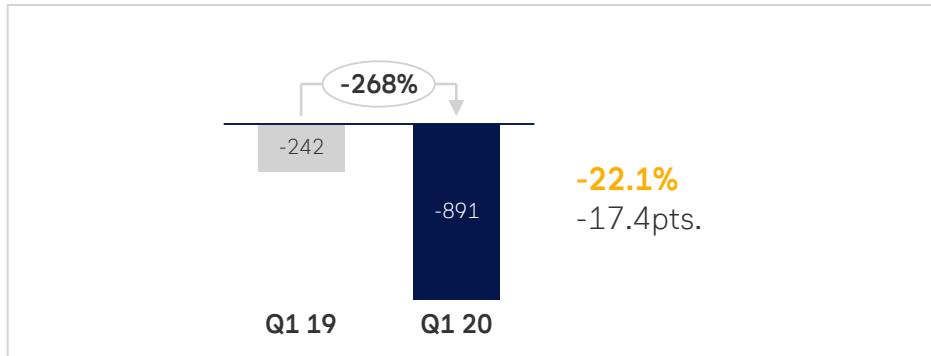


Q1 2020

## 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

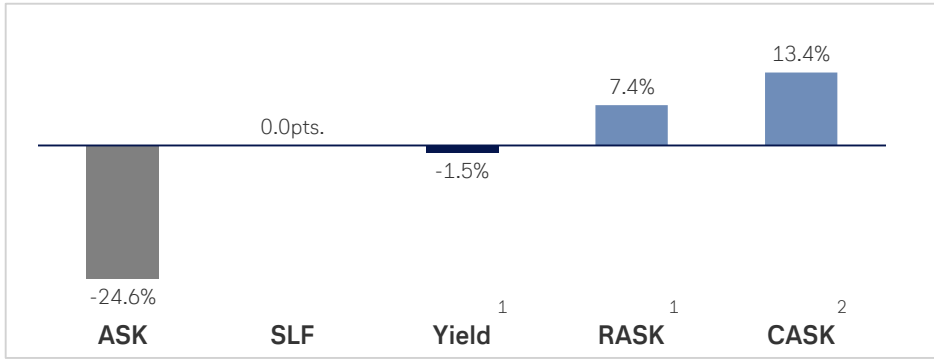
<sup>1</sup> Excl. currency <sup>2</sup> Excl. currency, excl. fuel, excl. emissions costs

# Eurowings: Adjusted EBIT remains almost unchanged

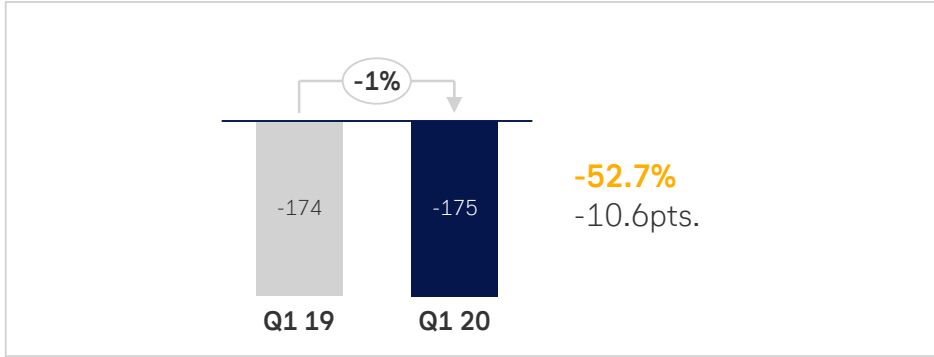


Q1 2020

Operational KPIs



Adjusted EBIT / Margin



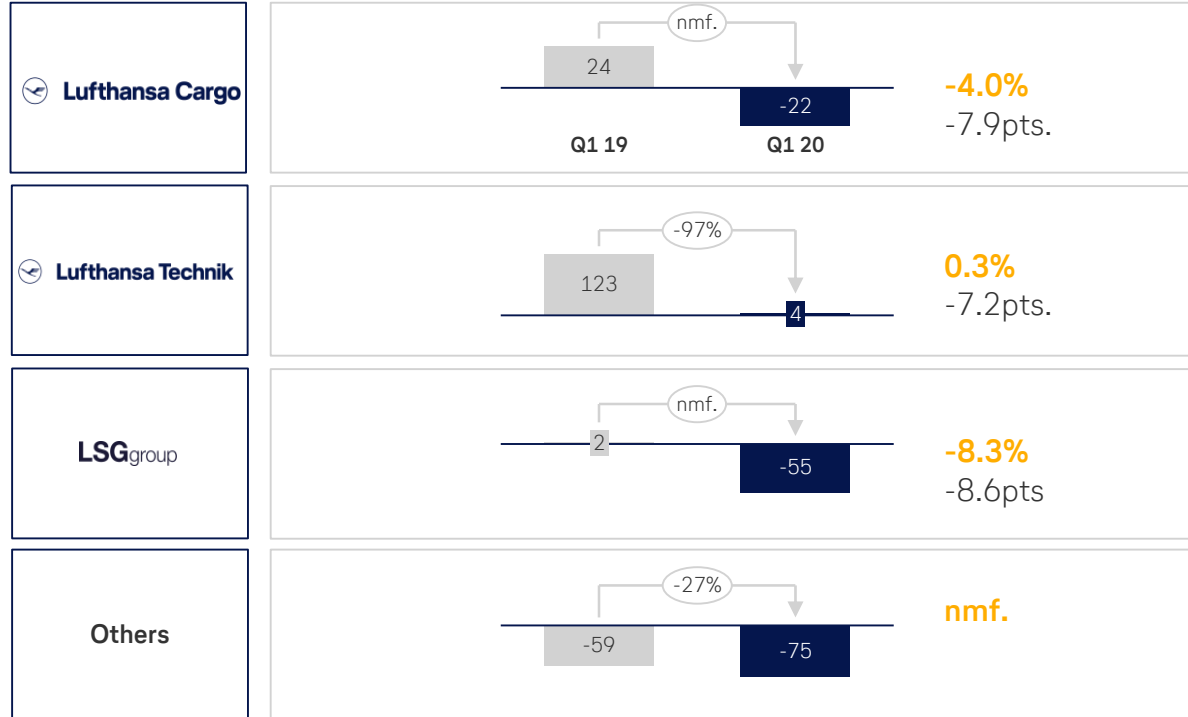
## Comments

- 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

<sup>1</sup> Excl. currency    <sup>2</sup> Excl. currency, excl. fuel, excl. emissions costs

# Corona crisis affects all Aviation Services

## Adjusted EBIT / Margin

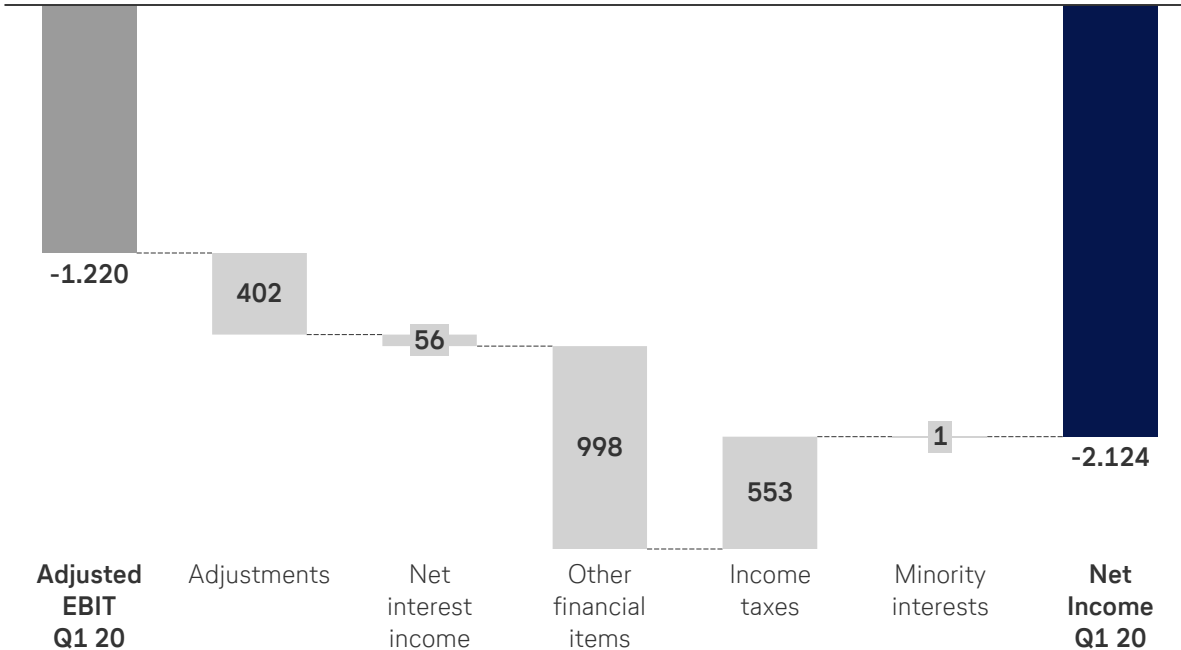


## Comments

- 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

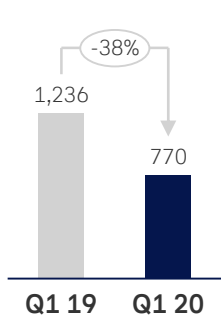


## Comments

- 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

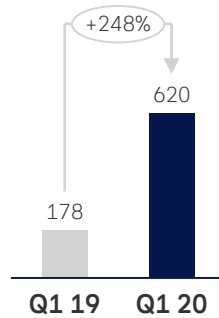
# Reduction of investments and strict cash management support free cash flow

## Gross Investments<sup>1</sup>



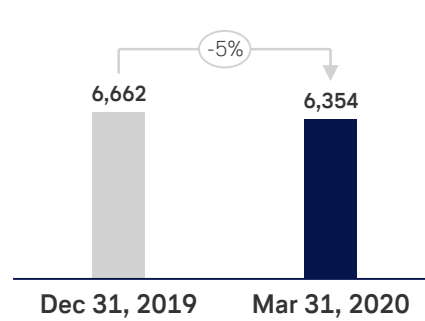
- Decline due to lower investments for new aircraft

## Adjusted Free Cash Flow



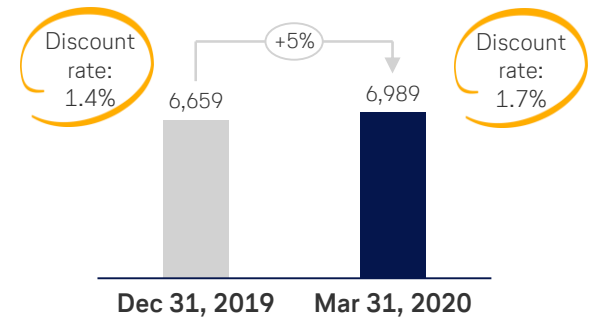
- Increase due to lower investments

## Net Debt



- Decline due to free cash flow increase

## Pension Provisions



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

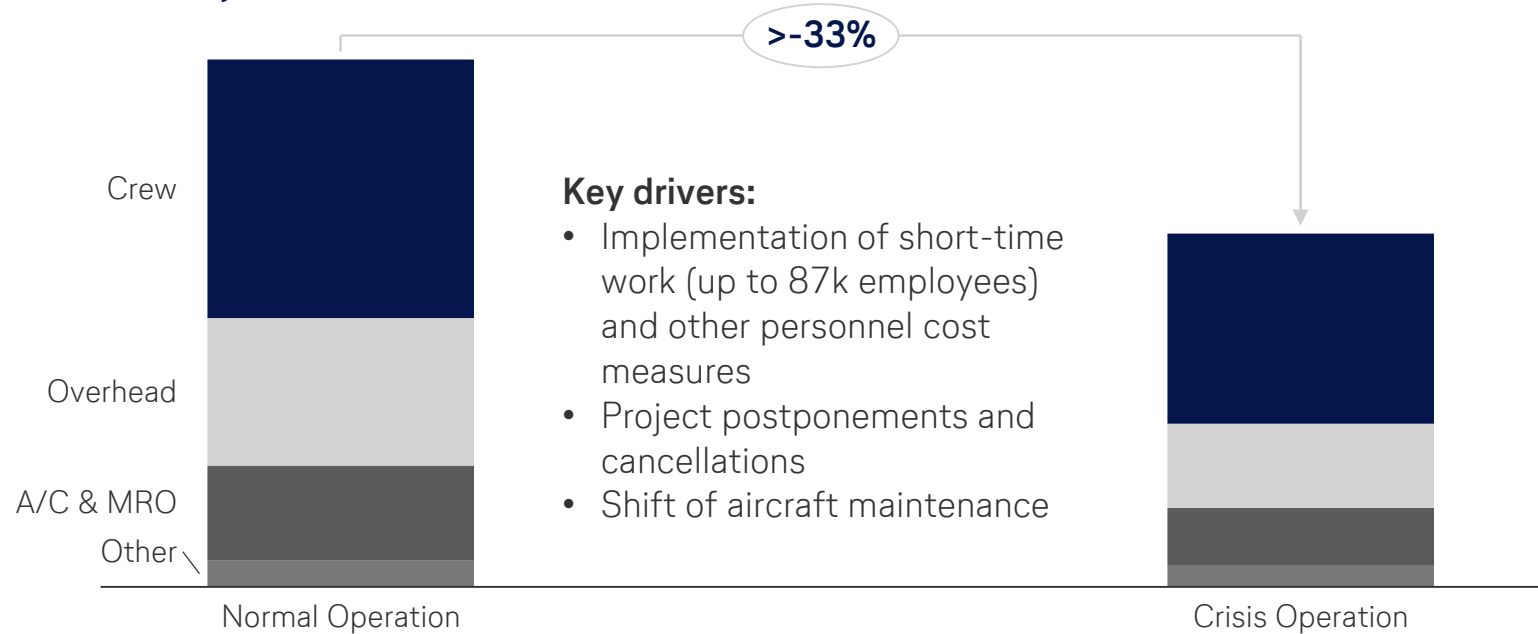
<sup>1</sup> Excluding cash-outs from equity investments

<sup>2</sup> 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)

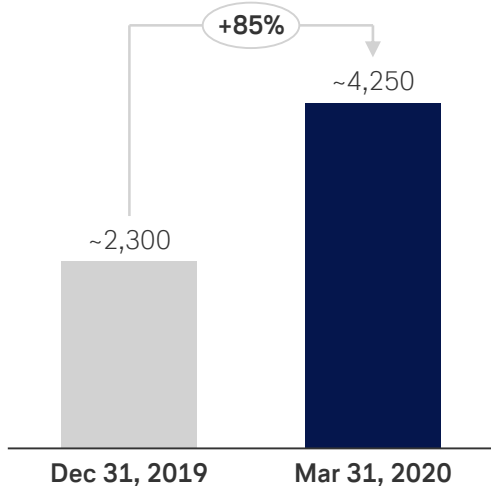


# Lufthansa has successfully protected liquidity but significant cash risks remain

## 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

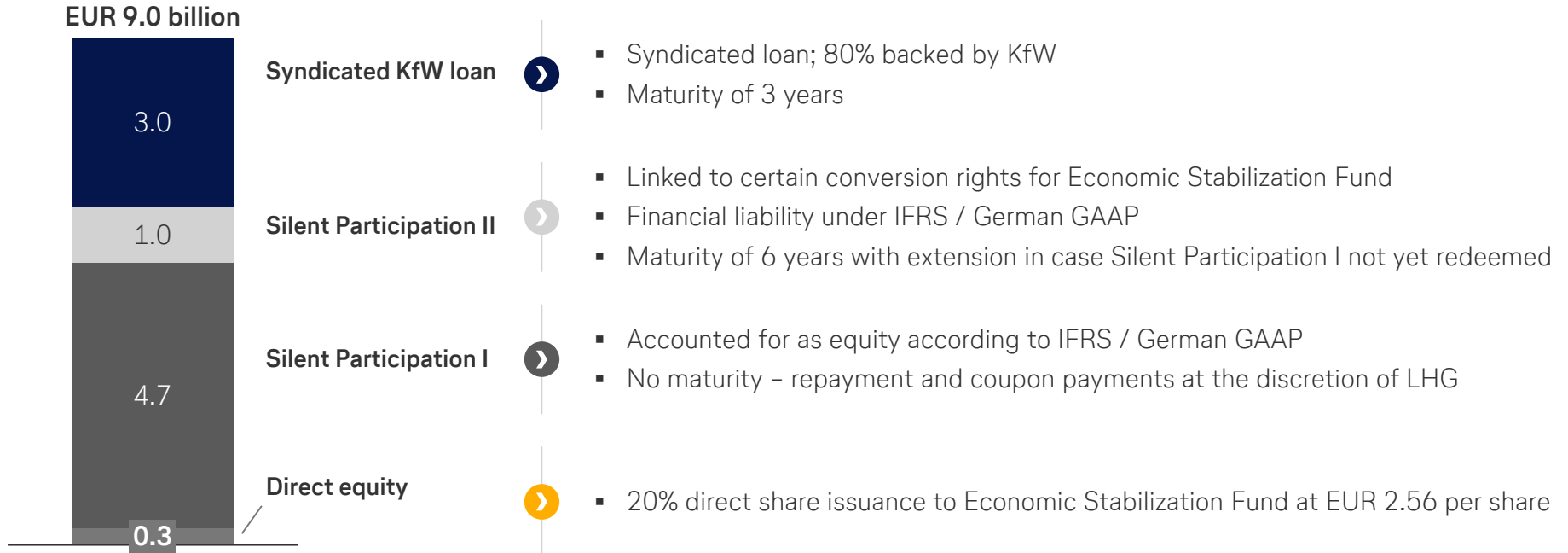
## Sustainable balance of all stakeholders' interests



- 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

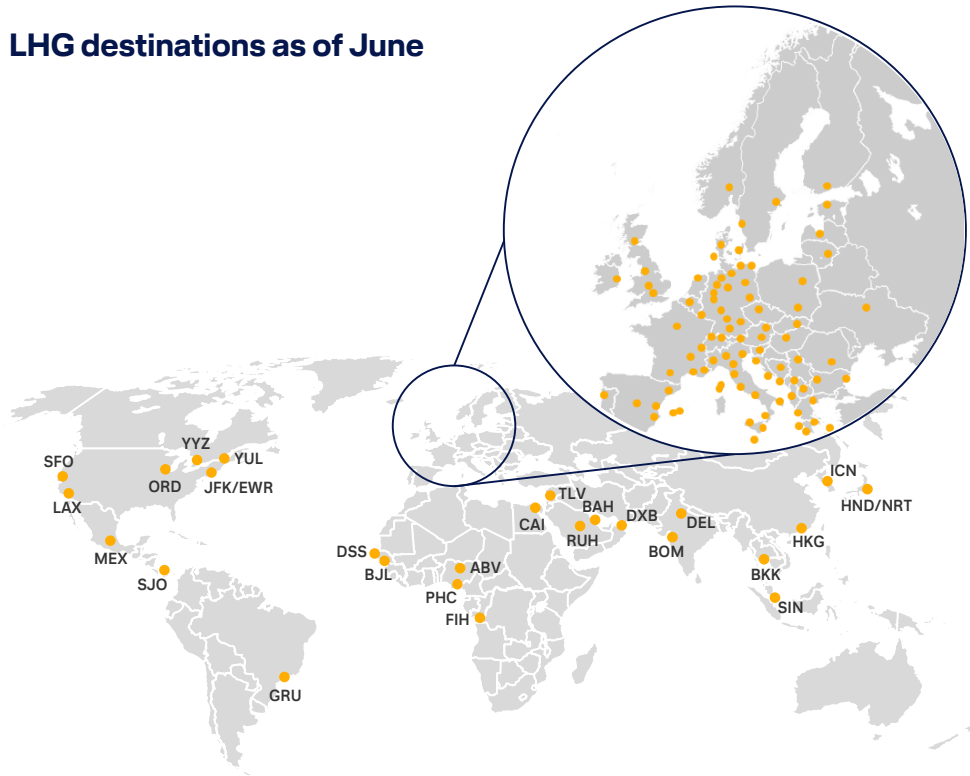
Airlines + affiliated businesses  
Aviation services / Third-party business  
Leadership team  
...

### 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
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%

Total Lufthansa  
Group Airlines

# 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.
<b>Adjusted EBIT</b>	<b>-1,220</b>	<b>-263%</b>
<b>Adjusted EBIT Margin</b>	<b>-18.9%</b>	<b>-14.6pts.</b>
Adjustments	-402	nmf.
<b>EBIT</b>	<b>-1,622</b>	<b>-372%</b>
Net interest income	-56	+30%
Other financial items	-998	nmf.
<b>EBT</b>	<b>-2,676</b>	<b>-550%</b>
Income taxes	553	618%
Profit / loss attributable to minority interests	-1	86%
<b>Net income</b>	<b>-2,124</b>	<b>-521%</b>

# 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 <sup>1)</sup>	-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
<b>EBT</b> (earnings before income taxes)	<b>-2,647</b>	<b>-2,264</b>
Depreciation & amortization (incl. non-current assets)	1,145	+476 <sup>1</sup>
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 <sup>2</sup>
Significant non-cash-relevant expenses / income	1,011	+1,012 <sup>3</sup>
Change in trade working capital	1,871	+390 <sup>4</sup>
Change in other assets / liabilities	-101	-242
<b>Operating cash flow</b>	<b>1,367</b>	<b>-191</b>
Capital expenditure (net)	-642	+637
<b>Free cash flow</b>	<b>725</b>	<b>+446</b>
<b>Adjusted Free cash flow</b>	<b>620</b>	<b>+442</b>
Cash and cash equivalents as of 31.12.19 <sup>1</sup> less assets held for sale	1,827	+587
Current securities	3,312	+1,234
Total Group liquidity	5,139	+1,821

<sup>1</sup> 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 <sup>1</sup>
<b>Operating KPIs</b>					
RASK ex currency	-3.0%	-5.9%	+1.9%	-0.5%	-2.5%
CASK ex currency, ex fuel <sup>2</sup>	+2.4%	-2.5%	-1.8%	-1.7%	-1.5%
<b>Profit &amp; Loss</b>					
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%
<b>Balance Sheet</b>					
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%
<b>Cash Flow statement</b>					
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 <sup>3</sup>	834	1,138	2,117	288	203

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

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

<sup>3</sup> Adjusted free cash flow from 2018 onwards