



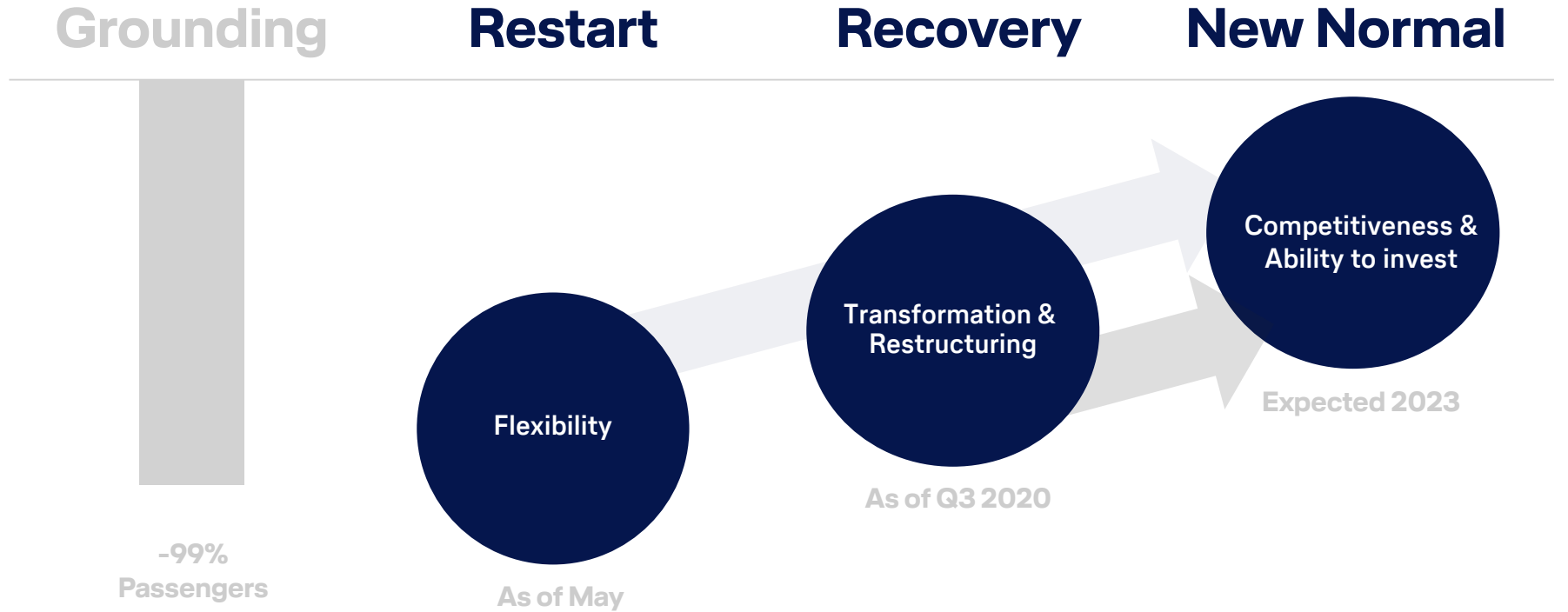
# Q2 2020 Results

## Analyst and Press Conference Call

**Carsten Spohr**  
CEO and Chairman of the Executive Board

Frankfurt  
6 August 2020

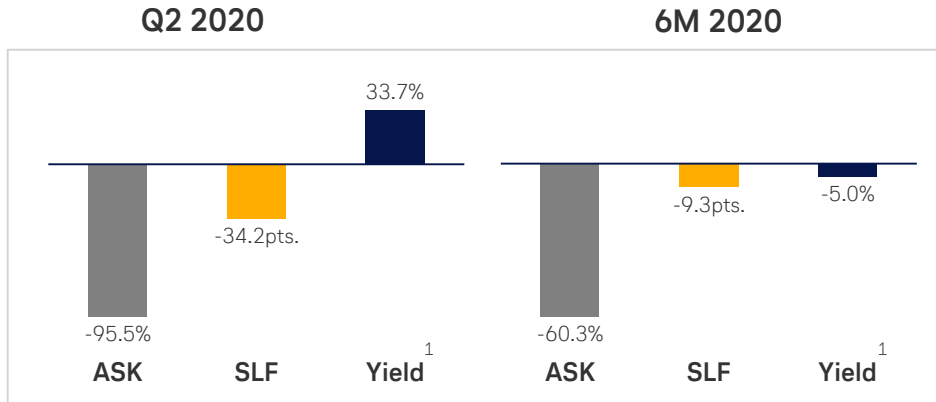
# Path to “New Normal” requires a restructuring of the business



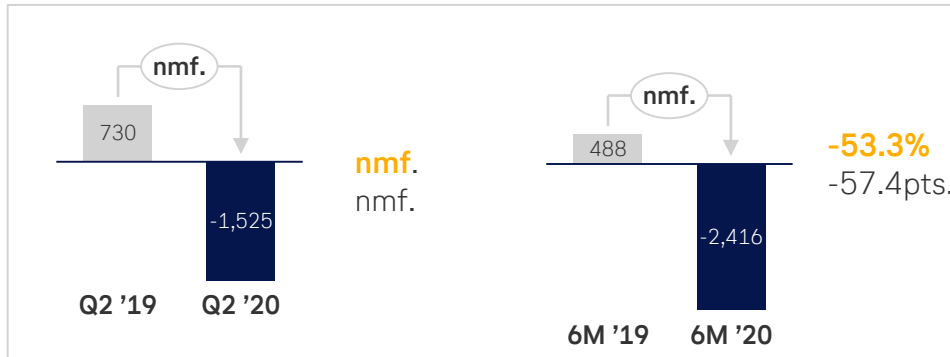
# Network Airlines: Almost complete standstill of business in Q2



## Operational KPIs



## Adjusted EBIT / Margin



## Comments

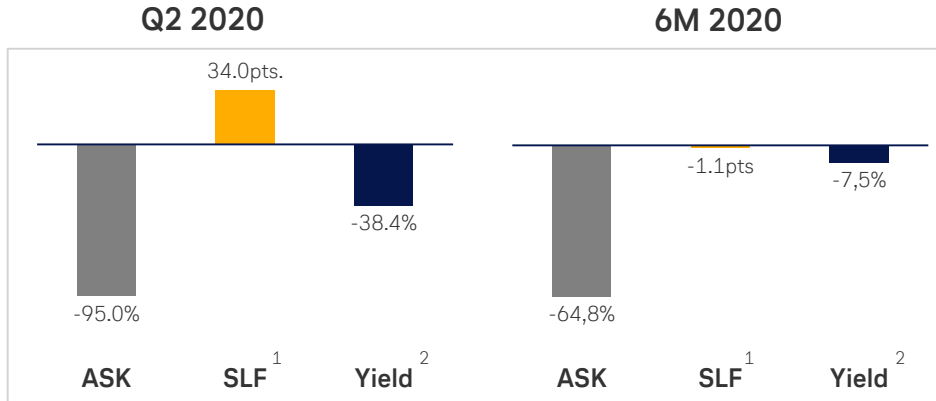
- Lufthansa and SWISS mainly operate repatriation flights in April and May, Austrian Airlines and Brussels Airlines grounded until mid-June
- Gradual expansion of flight schedules in June
- 64% operating expense reduction in Q2 only partly compensates revenue shortfall

<sup>1</sup> Excl. currency

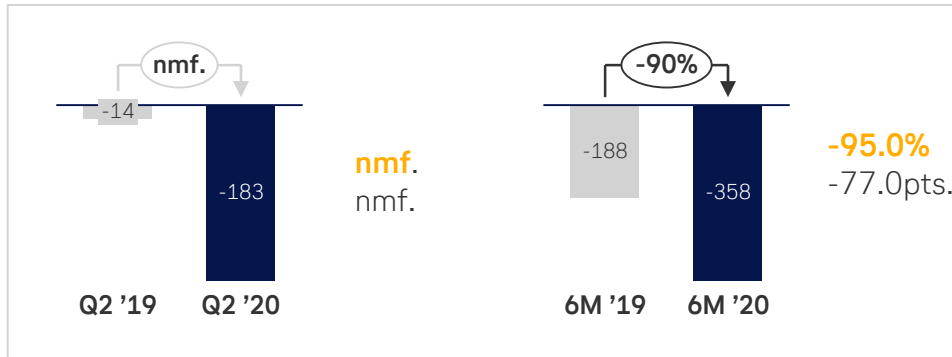
# Eurowings: Operating profit declines despite significant cost reductions



## Operational KPIs



## Adjusted EBIT / Margin



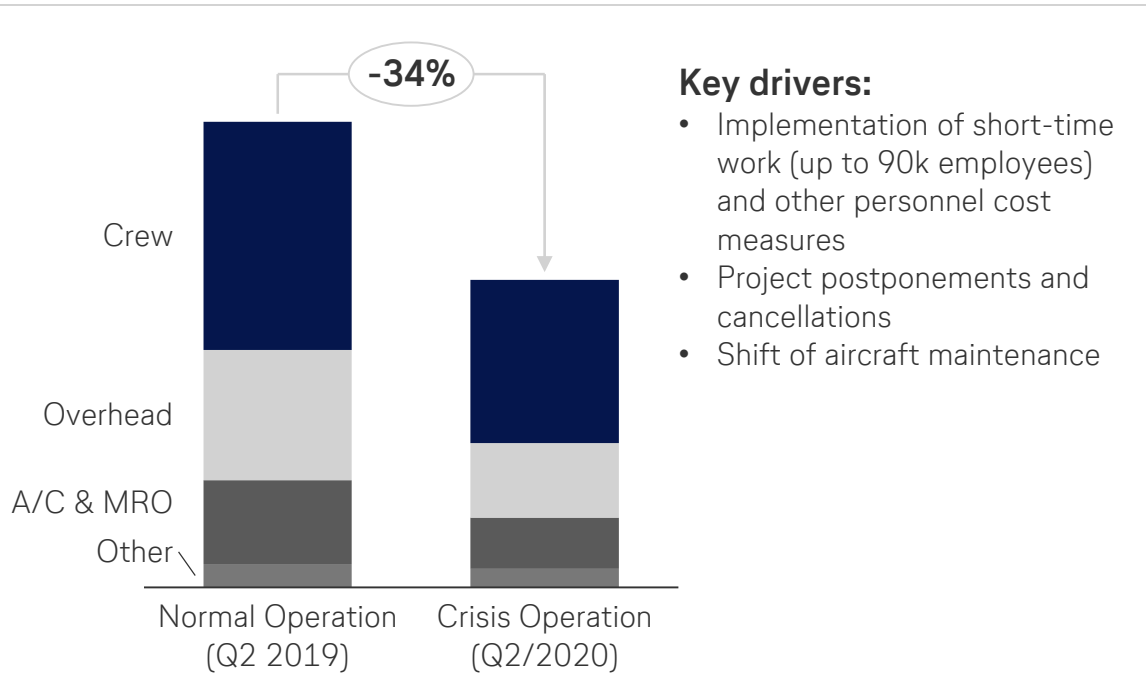
## Comments

- Significant reduction of flight schedule in the second quarter
- Operating expenses down 66% in the second quarter, primarily driven by implementation of short-time work, other personnel measures and reduction of discretionary spend
- Adjusted EBIT declines 90% in the first half year

<sup>1</sup> Based on bookings <sup>2</sup> Excl. currency

# Fixed cash cost reduction limits monthly cash burn to c. EUR 550 million

## Airline fixed cash costs reduced significantly



## Q2 Group cash burn

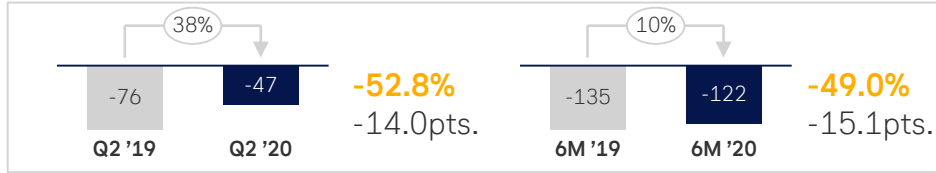
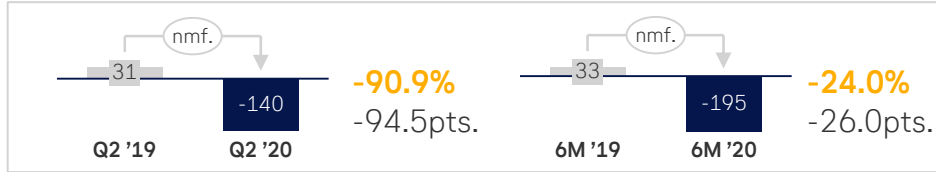
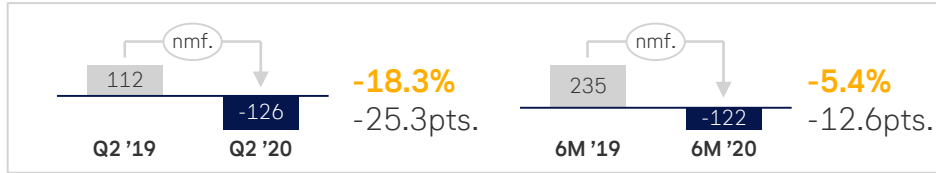
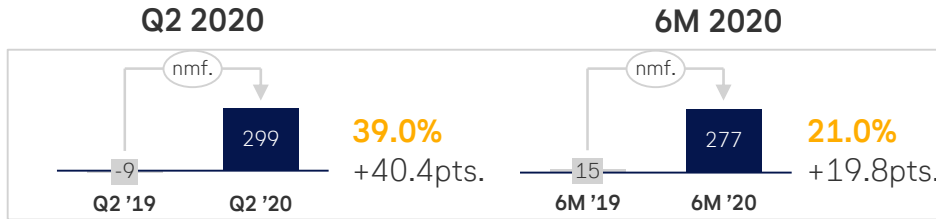
### c. EUR 550 million

average monthly operating cash burn (excluding working capital, investing and financing cash flows)

- Cash in
- Personnel
- Material
- Fuel overhedging
- Rents
- Other

# Profits in Logistics segment up strongly, losses in MRO and Catering

## Adjusted EBIT / Margin

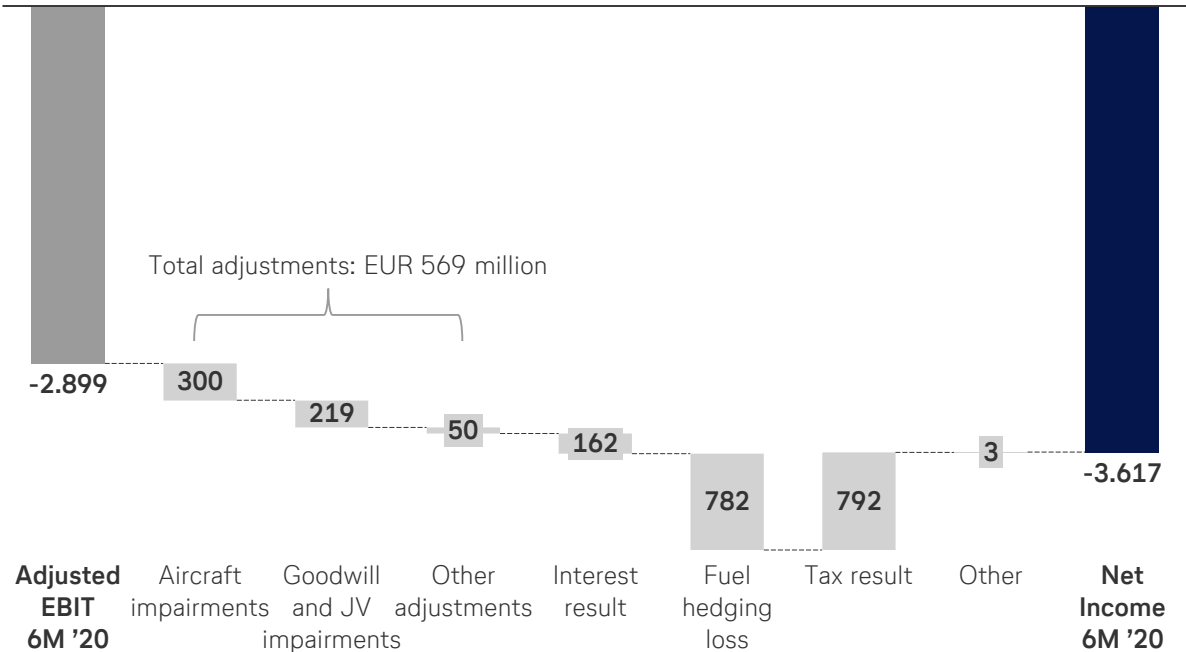


## Comments

- Profits in Cargo business benefit from doubling of yields in the second quarter as a result of capacity squeeze from grounding of passenger aircraft
- MRO and Catering segments hit hard by almost complete grounding of global commercial aircraft fleet
- Cost reductions in central functions more than offset Adjusted EBIT declines in Other Businesses

# Impairments and fuel hedging losses burden net income

## Adjusted EBIT / Net Income 6M 2020

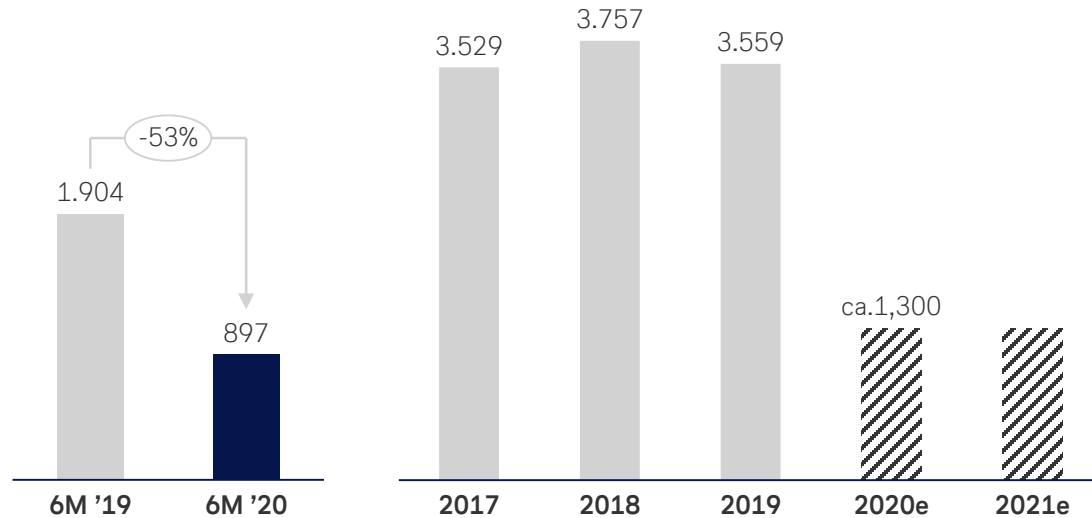


## Comments

- Aircraft impairments relate to 65 planes which will be permanently grounded
- Goodwill impairments relate to LSG US, Eurowings and JV operations of Lufthansa Technik
- Oil price recovery reduces fuel hedging loss by EUR 205 million compared to Q1

# Investments reduced drastically in response to the crisis

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



## Comments

- Strong progress made in negotiating adjustment of aircraft payment and delivery schedules with aircraft manufacturers
- 23 aircraft deliveries planned in 2020 (9 received in H1), 12 in 2021
- Investments expected to amount to EUR circa 1.3 billion in 2020, similar level in 2021

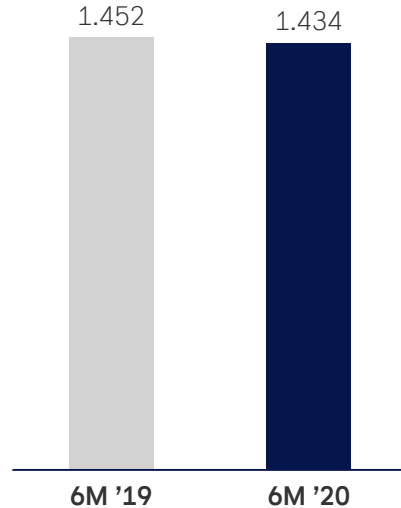
<sup>1</sup> Excluding cash-outs from equity investments

<sup>2</sup> Amortization of operating lease obligations shown in financing cash flow

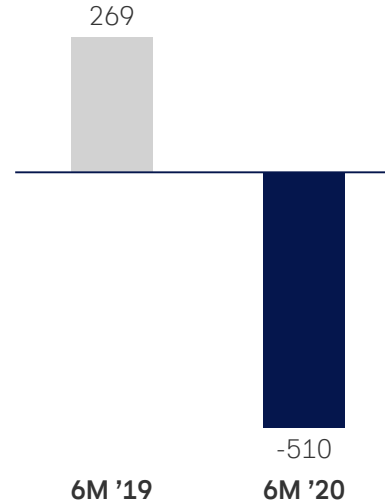


# Group-wide focus on cash preservation limits free cash flow decline

## Working Capital Contribution to Operating Cash Flow



## Adjusted Free Cash Flow



## Comments

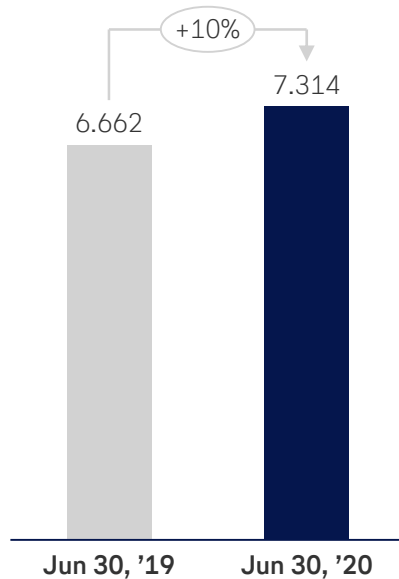
- Strict focus on cash preservation implemented across the Group
- Receivables reduction and successful negotiations with suppliers support stable working capital contribution to operating cash flow
- Positive tax effects and lower investments further limit free cash flow decline relative to earnings

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

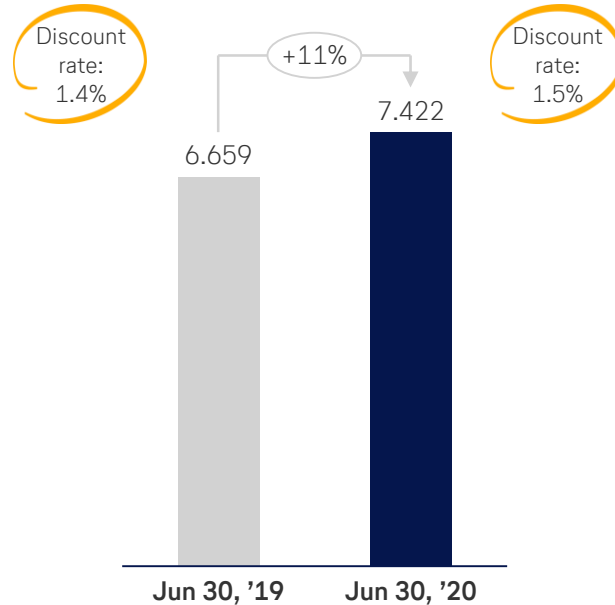
<sup>2</sup> Amortization of operating lease obligations shown in financing cash flow

# Net debt increases only moderately relative to earnings decline

## Net debt



## Pension provisions



## Comments

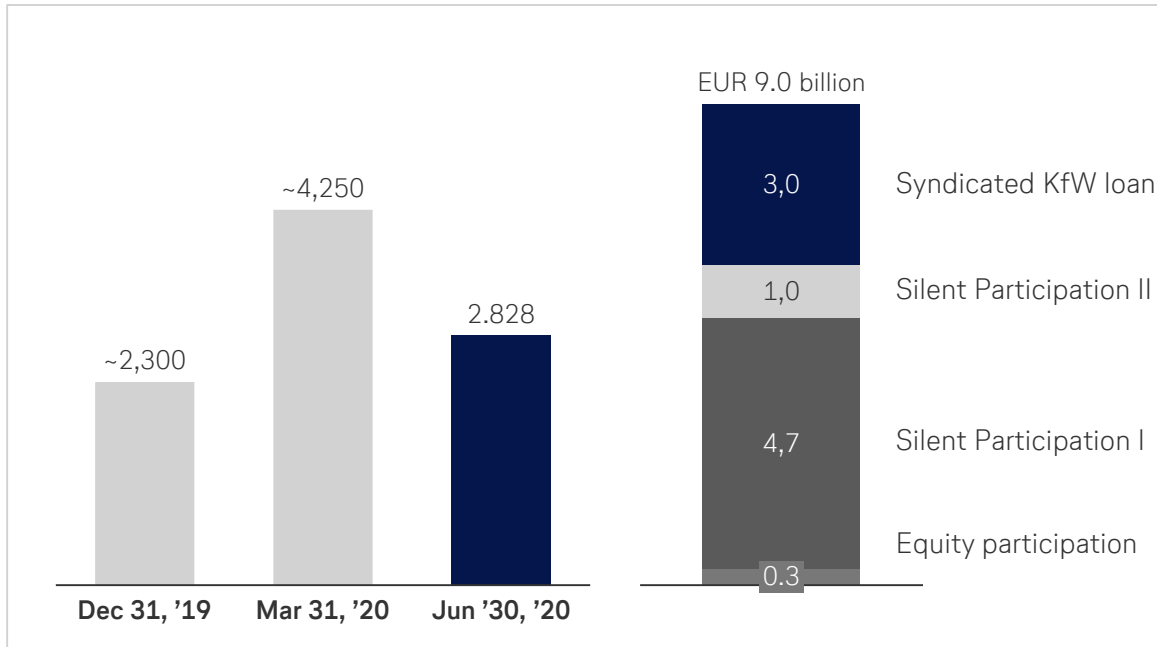
- Only moderate decline of net debt compared to year-end
- Pension provisions increase due to negative asset performance
- Adjusted Net Debt/12-month Adjusted EBITDA increases 7.5 points to 10.3

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

<sup>2</sup> Amortization of operating lease obligations shown in financing cash flow

# Stabilization measures ensure the Group's going concern

## Centrally available liquidity & Stabilization package (undrawn as of Jun 30, '20)



## Conclusion

### c. EUR 11.8 billion

Total available liquidity as of June 30, 2020

- Group fully funded for the next twelve months
- Enables public market refinancing, two aircraft-backed loans secured in July (EUR 167m)
- Contributes to maintaining the Group's global competitiveness and financial strength

# Ambitious targets for the New Normal

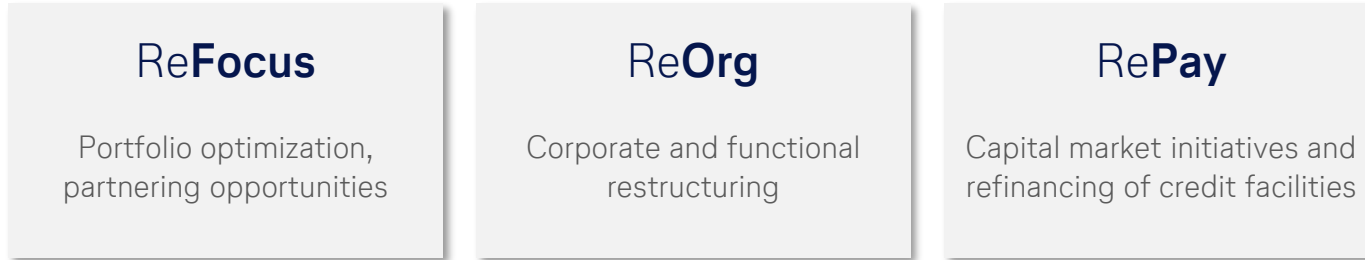


# Core elements of the restructuring program ReNew

Business  
Units

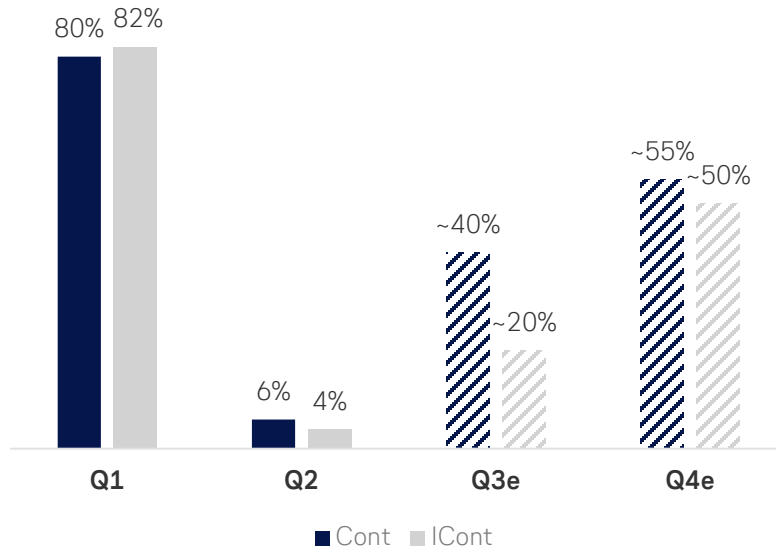


Corporate



# Lufthansa Group intends to restore half of its capacity by year-end

Total Capacity LHG Hub Airlines (% of 2019 ASK)



**Restoring network width:** 95% of continental and 70% of intercontinental destinations by year-end



**Stronger focus on touristic:** 90% of leisure destination portfolio offered by the end of Q3



**Mid-term market development:** Quicker recovery in Europe than long-haul, leisure travel returns before business travel

# Financial outlook continues to be challenged by the effects of the Corona crisis



- Expansion of flight schedules will moderately reduce cash burn
- Restrictions in long-haul business and lower loads and yields expected to result in substantial Adjusted EBIT losses also in H2
- Full year outlook remains highly uncertain: Expectation of significant Adjusted EBIT decline unchanged

# Appendix

- supplementary information-



# Traffic Data

		Q1	yoy	Apr	yoy	May	yoy	June	yoy	Q2	yoy	6M	yoy
Total Lufthansa Group Airlines	Passengers in 1,000	21,756	-26.1%	241	-98.1%	412	-96.9%	1,066	-92.3%	1,719	-95.7%	23,475	-66.0%
	Available seat-kilometers (m)	64,296	-19.1%	1,090	-96.4%	840	-97.4%	2,378	-92.6%	4,307	-95.5%	68,604	-60.7%
	Revenue seat-kilometers (m)	47,099	-24.0%	518	-98.0%	524	-98.0%	1,371	-95.0%	2,413	-97.0%	49,512	-64.9%
	Passenger load-factor (%)	73.3	-4.7pts.	47.5	-35.8pts.	62.4	-18.8pts.	57.7	-27.6pts.	56.0	-27.3pts.	72.2	-8.7pts.
	Available Cargo tonne-kilometers (m)	3,449	-15.0%	583	-60.7%	769	-49.7%	694	-53.2%	2,047	-54.5%	5,495	-35.8%
	Revenue Cargo tonne-kilometers (m)	2,156	-15.5%	417	-53.1%	520	-44.1%	510	-42.8%	1,447	-46.6%	3,603	-31.5%
	Cargo load-factor (%)	62.5	-0.4pts.	71.5	+11.5pts.	67.6	+6.8pts.	73.4	13.4pts.	70.7	+10.4pts.	65.6	+4.0pts.
	Number of flights	209,264	-21.0%	4,611	-95.4%	5,030	-95.3%	11,349	-89.3%	20,990	-93.3%	230,254	-60.3%

# Group P&L

Lufthansa Group (in EUR m)	Q2 '20	vs. Q2 '19	6M '20	vs. 6M '19
Revenues	1,894	-80.2%	8,335	-52.1%
Total operating income	2,311	-77.2%	9,287	-49.8%
Operating expenses	3,907	-58.8%	12,069	-33.5%
Of which fees & charges	175	-85.1%	1,049	-52.7%
Of which fuel	94	-94.8%	1,321	-59.0%
Of which staff	1,469	-35.5%	3,612	-20.1%
Of which depreciation	641	-3.0%	1,321	0.2%
Result from equity investments	-83	nmf.	-117	nmf.
<b>Adjusted EBIT</b>	<b>-1,679</b>	<b>nmf.</b>	<b>-2,899</b>	<b>nmf.</b>
<b>Adjusted EBIT Margin</b>	<b>-88.6%</b>	<b>-96.5pts.</b>	<b>-34.8%</b>	<b>-37.2pts.</b>
Adjustments	-167	nmf.	-569	nmf.
<b>EBIT</b>	<b>-1,846</b>	<b>nmf.</b>	<b>-3,468</b>	<b>nmf.</b>
Net interest income	-106	42.7%	-162	28.9%
Other financial items	209	nmf.	-789	nmf.
<b>EBT</b>	<b>-1,743</b>	<b>nmf.</b>	<b>-4,419</b>	<b>nmf.</b>
Income taxes	239	nmf.	792	nmf.
Profit / loss attributable to minority interests	11	nmf.	10	nmf.
<b>Net income</b>	<b>-1,493</b>	<b>nmf.</b>	<b>-3,617</b>	<b>nmf.</b>

# Operating KPIs of Network Airlines by region

Total	Q2 '20	6M '20
Number of flights	-93.8%	-59.9%
ASK	-95.5%	-60.3%
RPK	-97.4%	-64.9%
SLF	-34.2pts.	-9.3pts.

Yield	+32.7%	-3.5%
Yield ex currency	+33.7%	-5.0%
RASK	+95.2%	-1.6%
RASK ex currency	+87.5%	-3.7%
CASK ex. fuel, ex. emissions cost	+892.9%	+69.8%
CASK ex currency, ex fuel, ex emissions cost	+884.9%	+67.8%

Europe	Q2 '20	6M '20
ASK	-94.1%	-61.2%
RPK	-95.8%	-66.8%
SLF	-22.9pts.	-10.9pts.
RASK ex currency <sup>1)</sup>	-17.2%	-16.2%

Americas	Q2 '20	6M '20
ASK	-96.0%	-60.0%
RPK	-97.8%	-64.5%
SLF	-38.8pts.	-9.6pts.
RASK ex currency	-39.2%	-15.3%

North America	-49.6%	-19.4%
South America	-6.5%	+3.5%

Asia / Pacific	Q2 '20	6M '20
ASK	-95.3%	-62.5%
RPK	-97.9%	-66.8%
SLF	-46.2pts.	-9.6pts.
RASK ex currency	-37.6%	-21.0%

Middle East / Africa	Q2 '20	6M '20
ASK	-98.3%	-54.9%
RPK	-99.0%	-57.5%
SLF	-35.7pts.	-4.5pts.
RASK ex currency	+55.4%	-7.0%

1) Regional RASK are based on regional traffic revenues only

# Cash flow statement

Lufthansa Group (in m EUR)	6M '20	vs. 6M '19
<b>EBT</b> (earnings before income taxes)	<b>-4,419</b>	<b>-4,531</b>
Depreciation & amortization (incl. non-current assets)	1,831	+483 <sup>①</sup>
Net proceeds from disposal of non-current assets	9	-5
Result of equity investments	180	+268
Net interest	162	-66
Income tax payments/reimbursements	112	+672 <sup>②</sup>
Significant non-cash-relevant expenses / income	385	+376 <sup>③</sup>
Change in trade working capital	1,434	-18
Change in other assets / liabilities	669	+791 <sup>④</sup>
<b>Operating cash flow</b>	<b>363</b>	<b>-2,030</b>
Capital expenditure (net)	-673	+1269 <sup>⑤</sup>
<b>Free cash flow</b>	<b>-310</b>	<b>-761</b>
<b>Adjusted Free cash flow</b>	<b>-510</b>	<b>-779</b>
Cash and cash equivalents as of 30.06.20 <sup>1</sup> less assets held for sale	1,211	+211
Current securities	2,448	+42
Total Group liquidity	3,659	+253

<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 Absence of tax prepayments, differences in the timing of tax payments
- ③ Non-cash effect of fuel hedge losses related to options maturing in the remainder of 2020
- ④ Various balance sheet measures to protect liquidity (repurchase agreements, early sale of investment hedges etc.)
- ⑤ Significant reduction of investments

# 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