



Q3 2020 Results

Analyst and Press Conference Call

Carsten Spohr, CEO

Frankfurt
5 November 2020



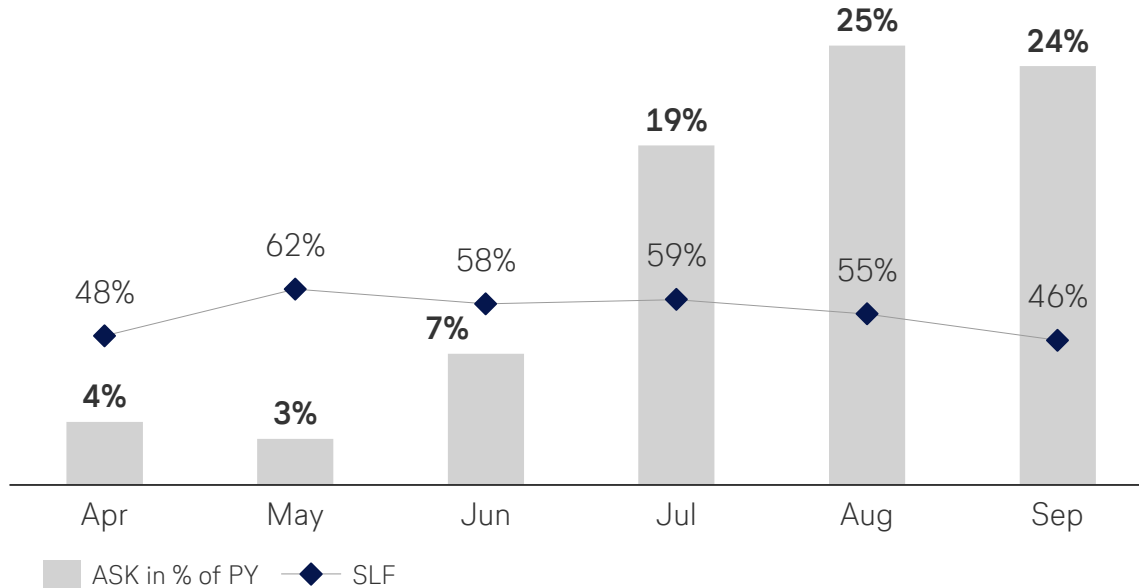
Lufthansa Group is in a good position to withstand the corona crisis



- Successful cost and cash management limits operating loss
- Lufthansa Cargo goes from strength to strength
- Disciplined capacity management and advantages of hub strategy will support performance in Q4
- Solid liquidity position equips the Group for a tough winter season

Positive trends in early Restart phase reversed in September

Capacity (ASK) in % of PY, seat load factors



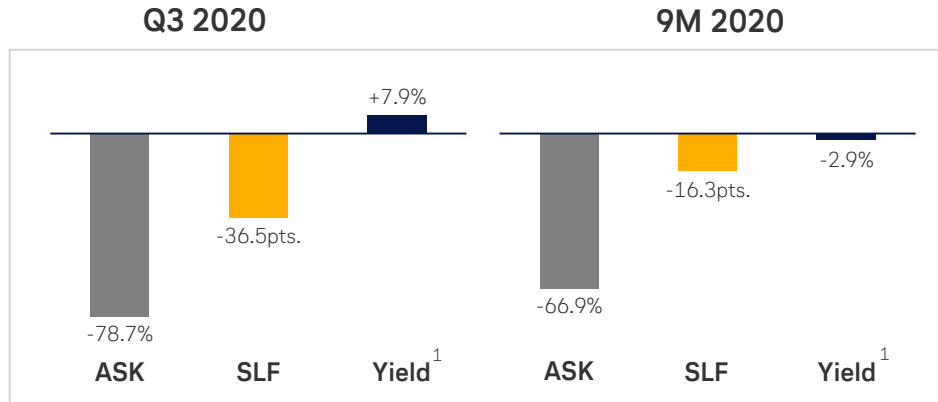
Comments

- Performance in July and August supported by good leisure demand
- European short-haul routes perform significantly better than long-haul
- Deterioration in September caused by renewed travel restrictions and decline in demand

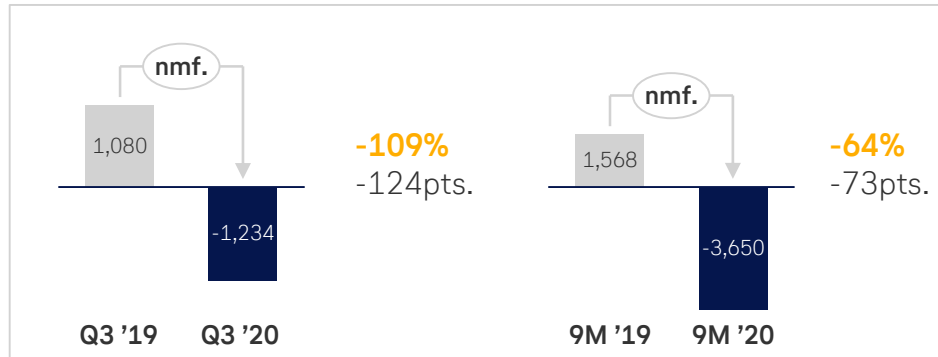
Network Airlines: Further step-up of cost reductions limits operating loss



Operational KPIs



Adjusted EBIT / Margin



Comments

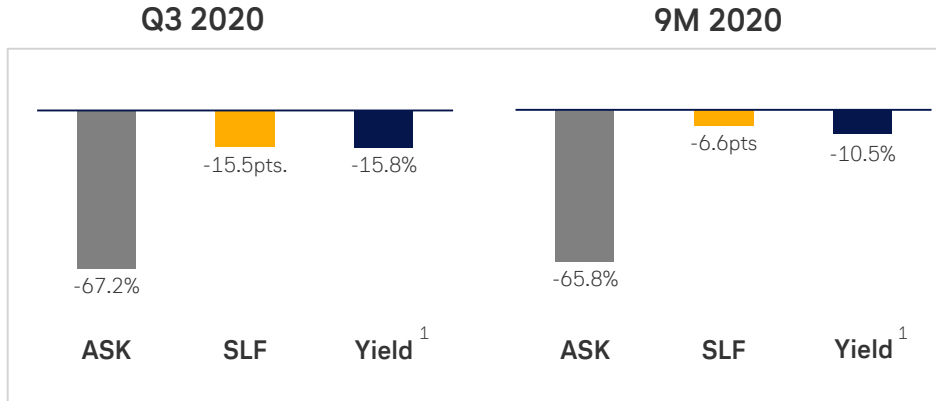
- Capacity and seat load factors decline significantly
- Yields in Q3 benefit from mix effect (higher share of continental traffic), yields in intercontinental business up
- Operating expenses reduced by 60% in Q3

¹ Excl. currency

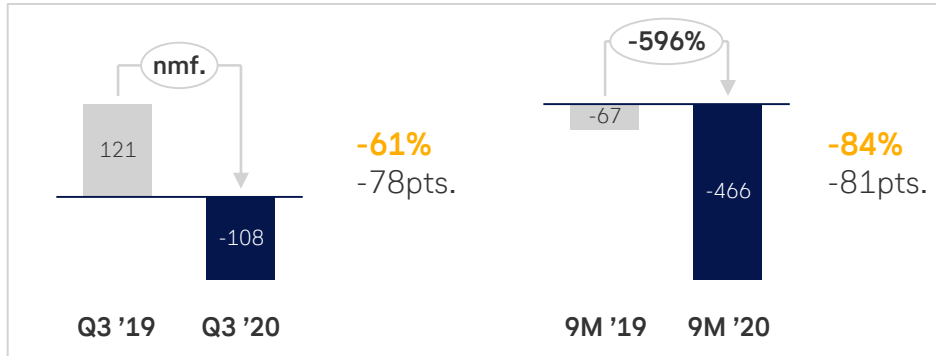
Eurowings: Touristic focus supports recovery in summer months



Operational KPIs



Adjusted EBIT / Margin



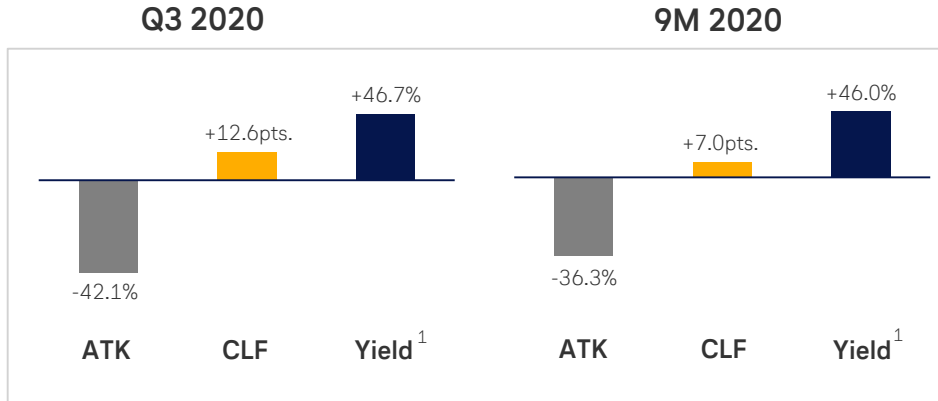
Comments

- Capacity decline less pronounced compared to Network Airlines
- High share of touristic traffic supports recovery in summer months
- Fixed cost reductions contribute to operating expense decline of 61% in Q3

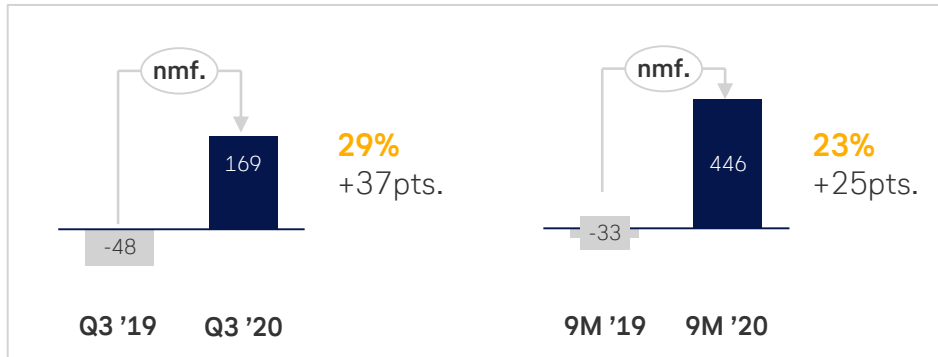
Logistics: On course for record result in 2020

Lufthansa Cargo

Operational KPIs



Adjusted EBIT / Margin



¹ Incl. currency

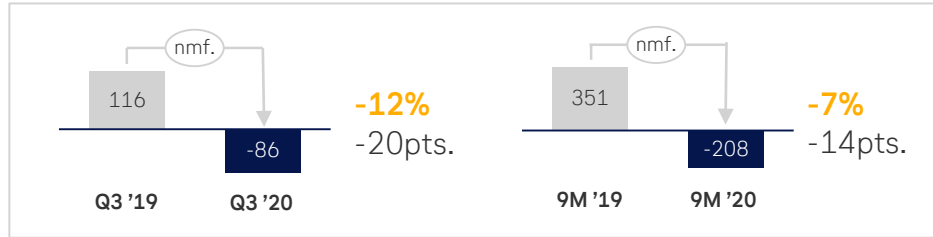
Comments

- Market-wide capacity squeezed by sharp reduction of available belly space in passenger aircraft
- Demand remains high throughout the quarter
- Sharp increase in operating result driven by ongoing yield strength

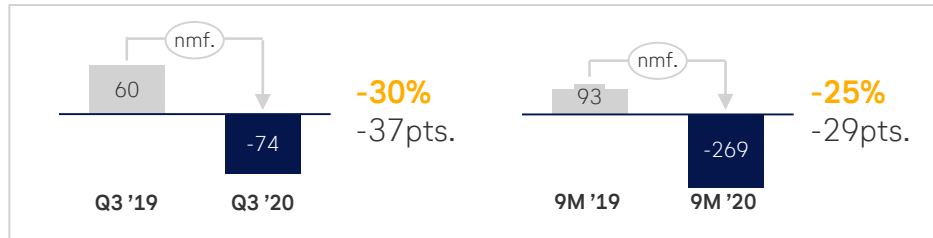
Results of the MRO and Catering segments burdened by the crisis

Adjusted EBIT / Margin

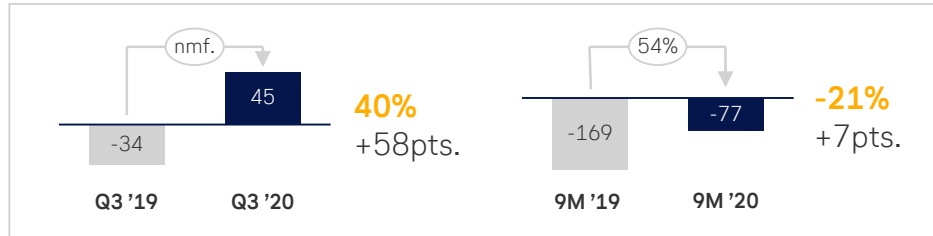
 **Lufthansa Technik**



LSGgroup



Others

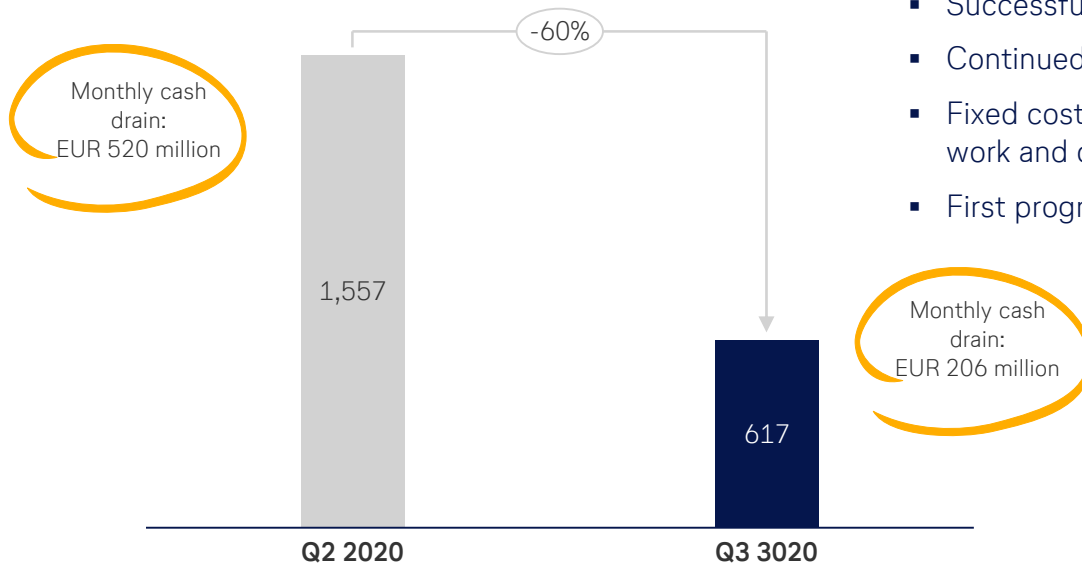


Comments

- Year-to-date loss at Lufthansa Technik largely due to write-downs of receivables and spare parts
- Further step-up of cost reductions limits losses at LSG
- Cost savings in central functions benefit results of “Other Businesses”

Significant reduction of operating cash drain compared to the second quarter

Operating cash drain, EUR in million ¹



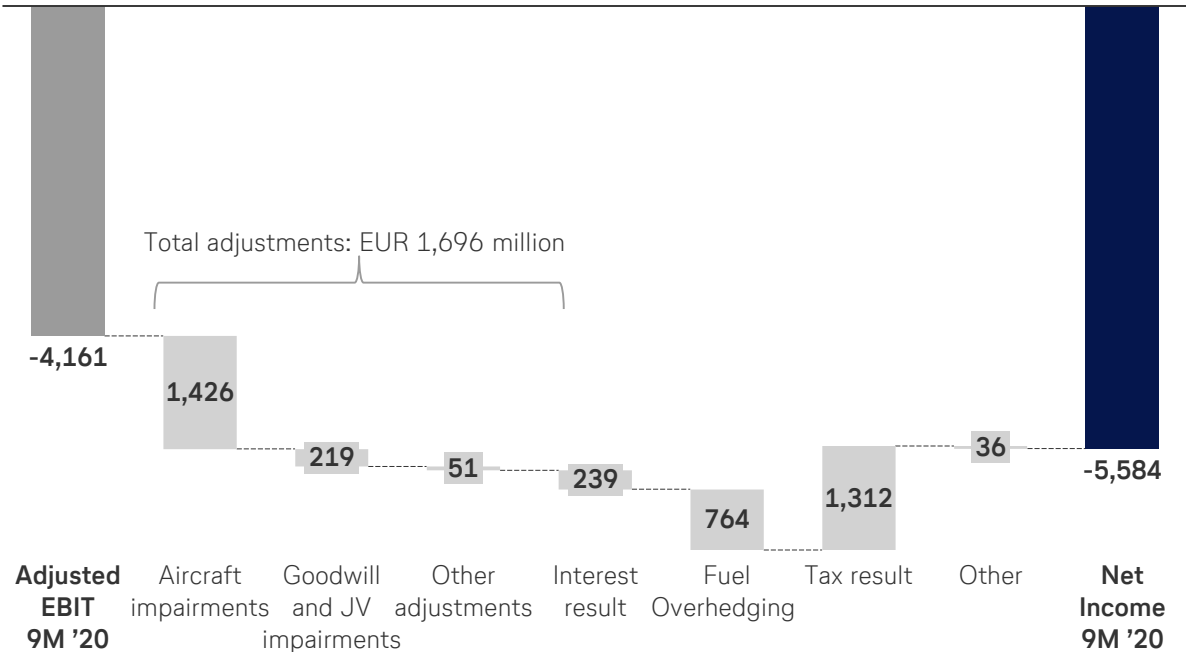
Key drivers:

- Successful capacity expansion
- Continued strength of Cargo business
- Fixed cost reductions incl. short-time work and other personnel measures
- First progress in Group restructuring

¹ Operating cash flow incl. leasing payments, excl. change in trade working capital, excl. change in other assets/liabilities, excl. Income tax payments/reimbursements, excl. cash out related to fuel overhedging (Q2: 380 mEUR, Q3: 141 mEUR)

Impairments and fuel hedging losses burden net income

Adjusted EBIT / Net Income 9M 2020

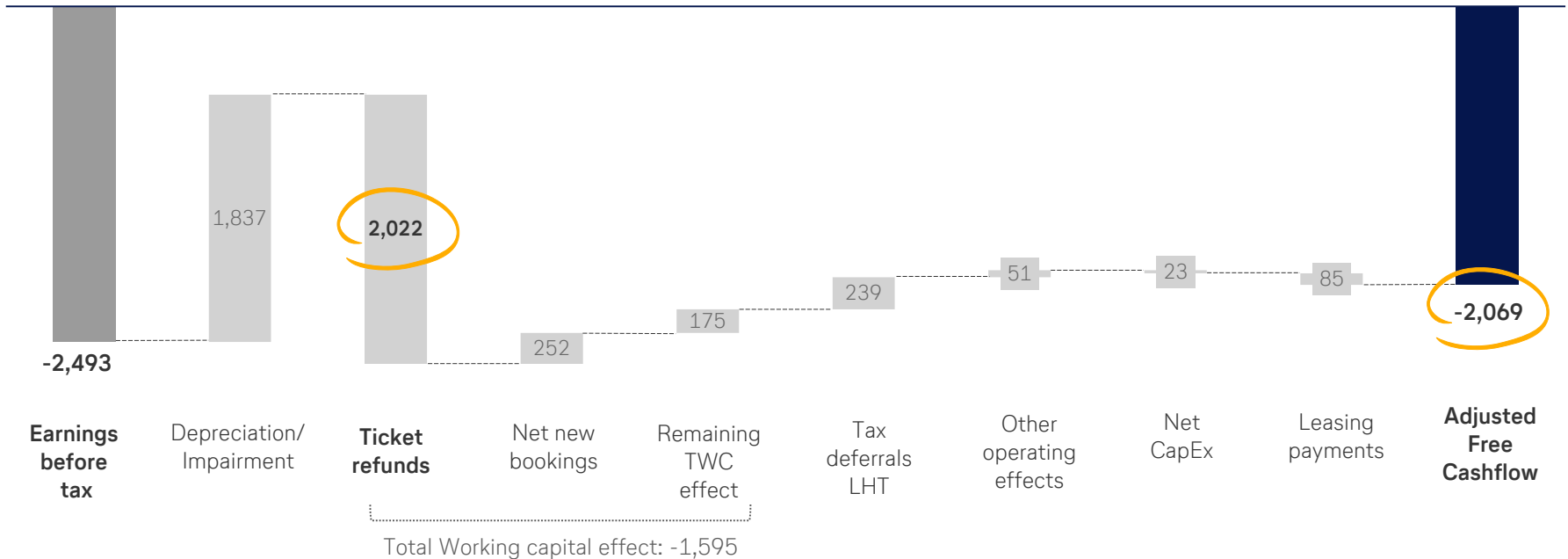


Comments

- Aircraft impairments relate to retirement of 110 planes/usage rights
- EUR 1.1bn of impairments in Q3 relate to long-term storage and permanent decommissioning of A380 and A340-600 fleets
- Higher oil price reduces loss from fuel overhedging compared to earlier in the year

Q3 free cash flow decline almost entirely driven by customer refunds

Earnings before tax / Adjusted free cash flow, Q3 2020, EUR in million



Cash preservation continues to be the focus of Group financial management for the remainder of 2020 and going into 2021

1 Reduction of operating cash outflows

- Short-time work and other personnel measures (reduction of overtime hours, unpaid leave, early retirement etc.)
- Reduction of crew complement
- Postponement / cancellation of non-business critical projects
- Cancellation of wet leases
- Shift of non-safety relevant aircraft and engine maintenance
- Renegotiation of supplier contracts
- Marketing freeze
- Deferral of tax payments
- Monetization of hedges and unused emission certificates

2 Strict working capital management

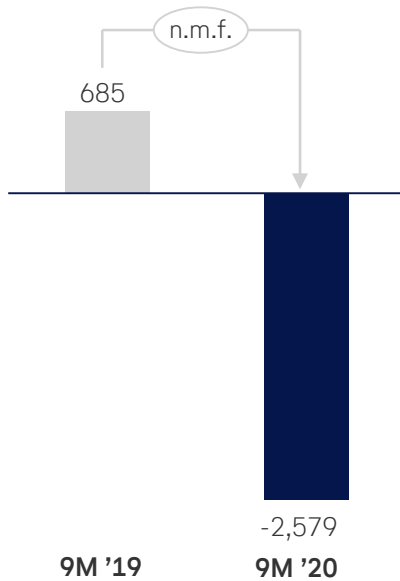
- Accelerated collection of receivables
- Switch to prepayments for certain customers
- Negotiation of longer payment terms

3 Limitation of investments

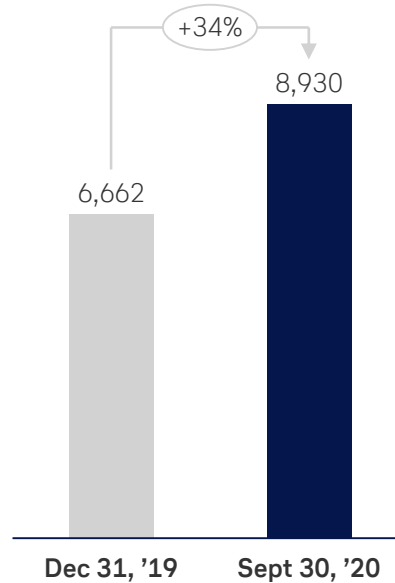
- Deferral of aircraft deliveries limits investments to ca. EUR 1.3 billion in 2020 and 2021
- Divestiture of repairable spare parts
- Postponement / cancellation of projects

Successful cash preservation has limited net debt increase to ca. EUR 2.3bn

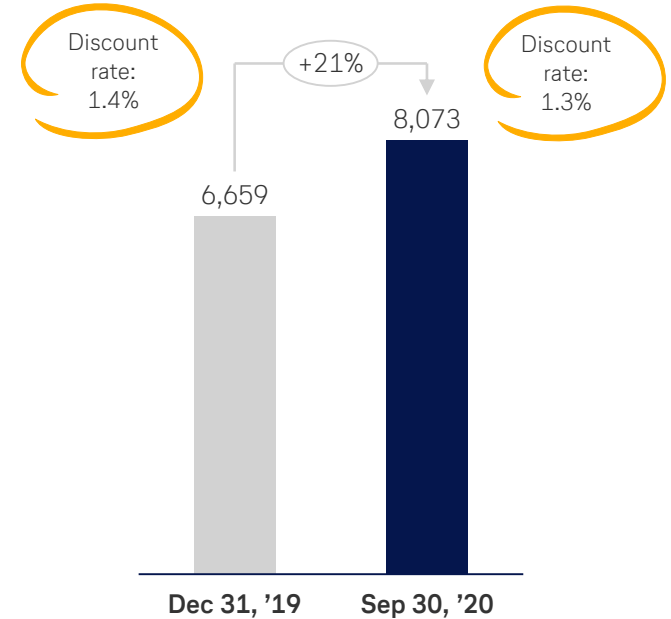
Adjusted free cash flow ¹



Net debt



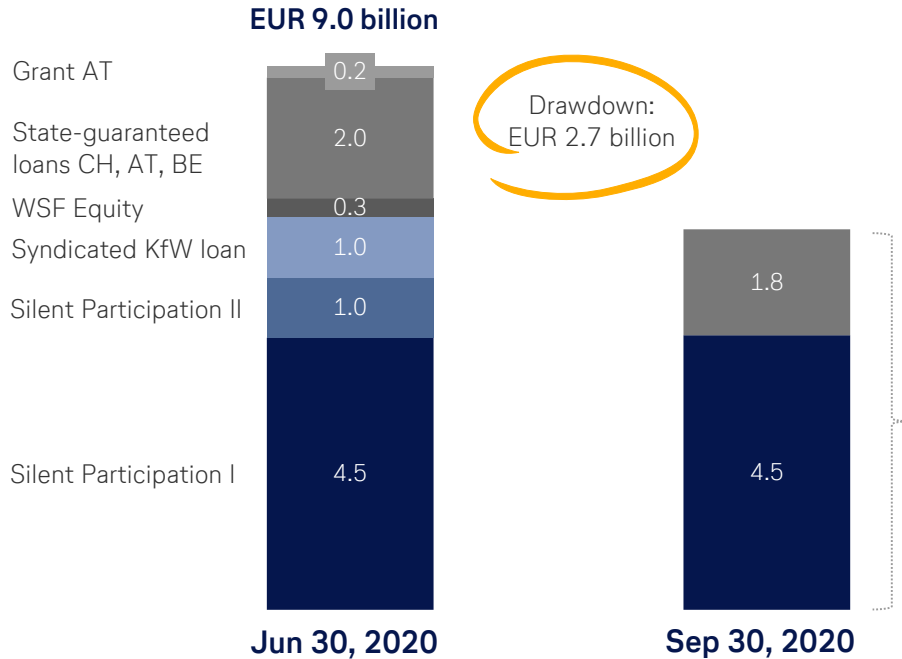
Pension provisions



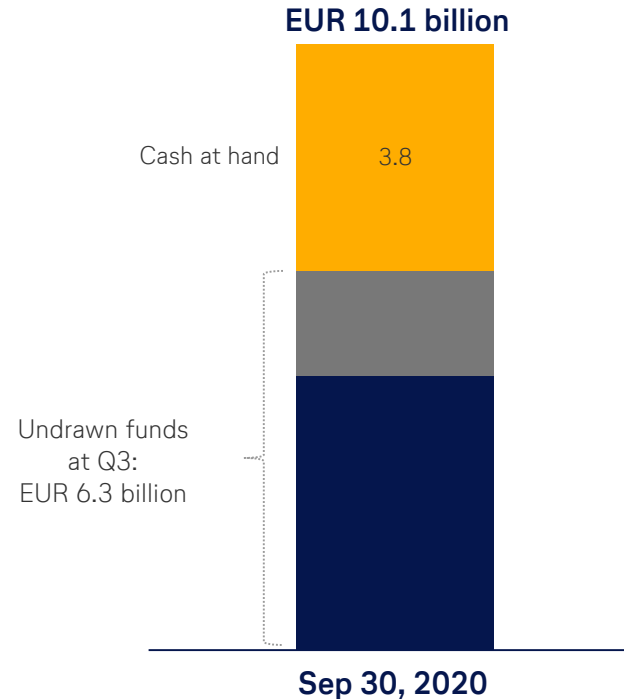
¹ Including amortization of operating lease obligations shown in financing cash flow

Stabilization package continues to sustain the Group's strong liquidity position

Lufthansa stabilization package



Group available liquidity

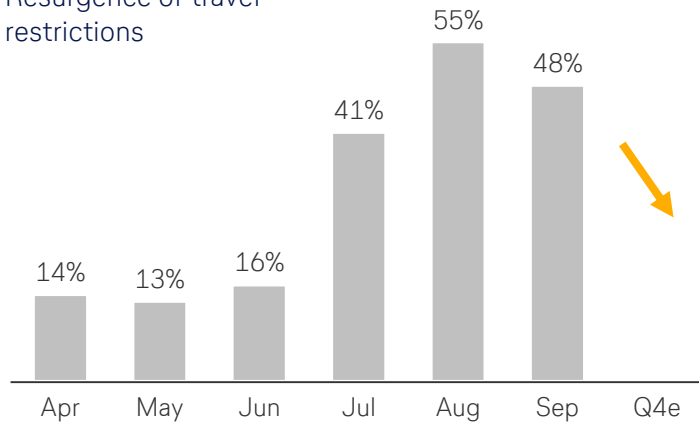


Lufthansa Group has revised its capacity plans in response to the deteriorating market outlook

Market Capacity European Short-haul Traffic

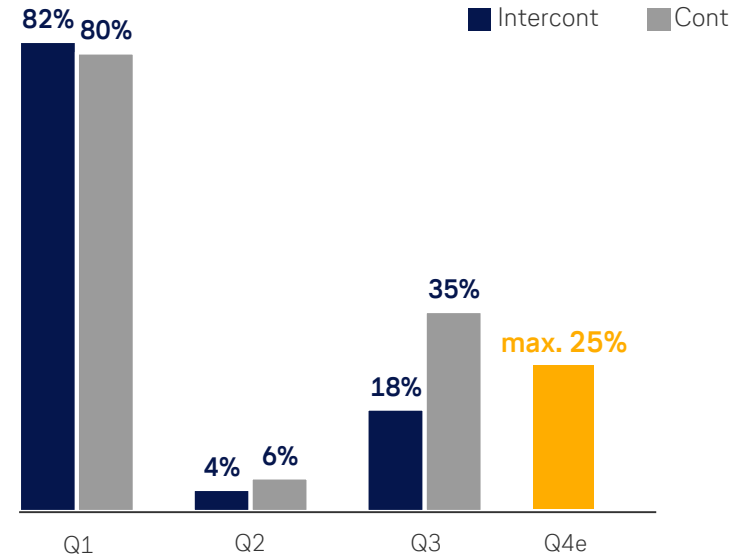
% ASK vs. 2019

- Sharp rise in new infections
- Implementation of lockdowns
- Resurgence of travel restrictions



Total Capacity LHG Hub Airlines

% ASK vs. 2019



LHG Hub Airlines: LH, EN, LX, WK, SN, OS (w/o Purple Moon / Ocean)

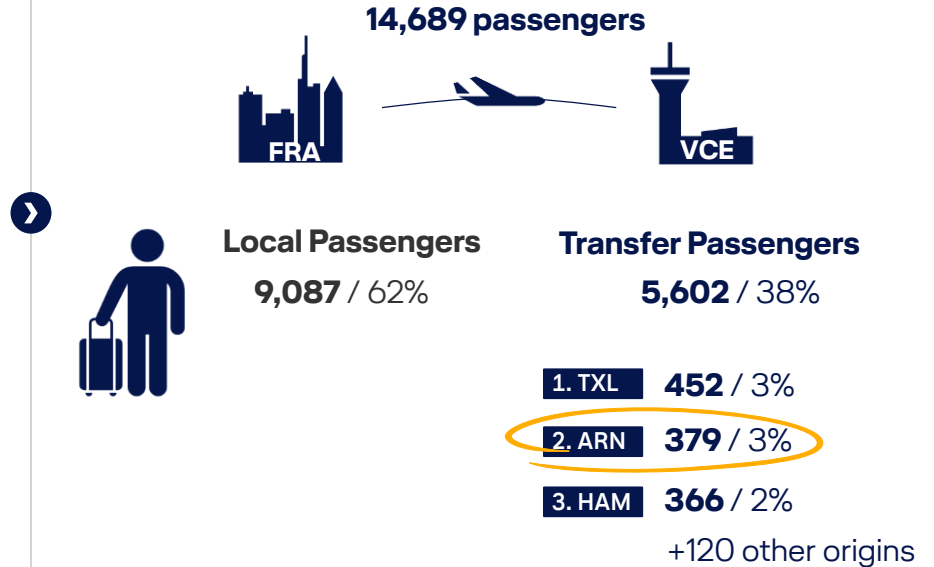
Hub strategy allows bundling of traffic flows for O&Ds which cannot be served economically via P2P in the current market environment

Current Market Environment



LHG Hub Strategy

Example: FRA-VCE passenger split for August 2020 by origin



Lufthansa Group has initiated restructuring measures across all business units and functions

Business Units

ReStructure

Business unit restructuring

The image shows a collection of logos for various business units and services. On the left, there are logos for Lufthansa (with the tagline 'New Tomorrow'), Alpenrose, ReBoot++, Sunrise², NEW, and cLean UP. On the right, there are logos for LSGgroup, Lufthansa Technik, Lufthansa Cargo, Miles & More, AirPlus, and Lufthansa Group Business Services.

Corporate

ReFocus

Portfolio optimization,
partnering opportunities

ReOrg

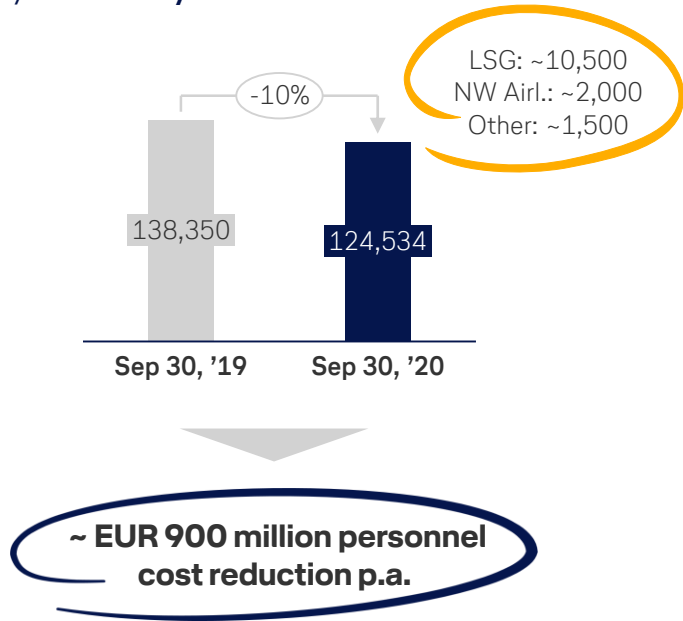
Corporate and functional
restructuring

RePay

Capital market initiatives and
refinancing of credit facilities

The Group has made good initial progress in adjusting its size to a smaller market

Number of employees reduced by almost 14,000 already



Overview of labor negotiations

- Deutsche Lufthansa AG: 20% reduction of top management positions
- Lufthansa: agreement on long-term crisis package with cabin crew union UFO, savings of more than half a billion euros
- Lufthansa: agreement on short-term crisis package with pilot's union Vereinigung Cockpit
- Negotiations with ver.di for a crisis agreement for 24,000 ground employees resumed in November
- Formal process with works council of Deutsche Lufthansa AG started for planned personnel reductions:
 - 2,800 ground (incl. admin) staff of Deutsche Lufthansa AG and Lufthansa German Airlines
 - 1,100 cockpit crew members of Lufthansa German Airlines
- Brussels Airlines: conclusion of new collective bargaining agreements and initiation of measures to reduce personnel by 20%
- CityLine: long-term agreement on 17% reduction of personnel expenses in cockpit

The Group's financial outlook continues to reflect the effects of the crisis



- Provisions for restructuring expenses and other crisis-related one-time effects expected to burden Adjusted EBIT in Q4
- Operating cash drain to amount to around EUR 350 million (excl. restructuring and crisis-related one-time effects) per month in Q4, Adjusted free cash flow expected to be less negative in Q4 versus Q3
- Return to positive operating cash flow over the course of 2021 dependent on operation of around 50% of 2019 capacity

Connecting people, cultures and economies will remain core of our business

Connecting
People, Cultures and
Economies



Maintain
traffic infrastructure
to/from Europe

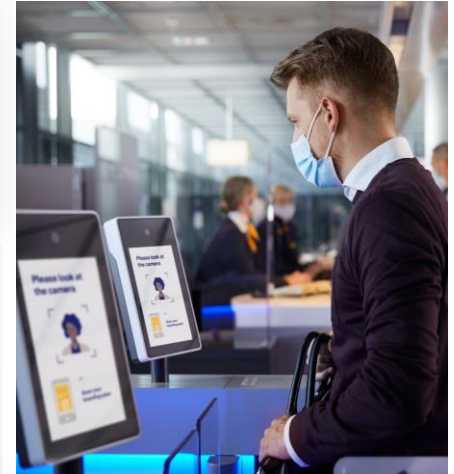


Maximum flexibility
for customers



Best airline
product in Europe

#1



Sustainable and
value-oriented
growth



Industry-leading
hygiene measures

Antigen test trials on
selected flights

#WeCare



Appendix

- supplementary information-

Traffic Data

	6M	yoy	Jul	yoy	Aug	yoy	Sep	yoy	Q3	yoy	9M	yoy
Passengers in 1,000	23,475	-66.0%	2,905	-80.1%	3,265	-77.0%	2,512	-82.0%	8,681	-79.7%	32,157	-71.2%
Available seat-kilometers (m)	68,604	-60.7%	6,449	-80.9%	8,288	-75.3%	7,596	-76.4%	22,333	-77.6%	90,937	-66.8%
Revenue seat-kilometers (m)	49,512	-64.9%	3,813	-87.0%	4,515	-84.6%	3,504	-87.2%	11,833	-86.2%	61,345	-73.0%
Passenger load-factor (%)	72.2	-8.7pts.	59.1	-27.8pts.	54.5	-32.8pts.	46.1	-38.7pts.	53.0	-33.4pts.	67.5	-15.4pts.
Available Cargo tonne-kilometers (m)	5,495	-35.8%	763	-50.1%	815	-46.4%	838	-43.6%	2,417	-46.7%	7,912	-39.6%
Revenue Cargo tonne-kilometers (m)	3,603	-31.5%	548	-38.9%	584	-34.6%	627	-29.6%	1,759	-34.4%	5,362	-32.5%
Cargo load-factor (%)	65.6	+4.0pts.	71.8	+13.1pts.	71.6	+13.0pts.	74.8	14.9pts.	72.8	+13.7pts.	67.8	+7.1pts.
Number of flights	230,254	-60.3%	29,351	-73.6%	35,009	-67.7%	33,141	-69.6%	97,501	-70.3%	327,755	-63.9%

Total
Lufthansa
Group
Airlines

Group P&L

Lufthansa Group (in EUR m)	Q3 '20	vs. Q3 '19	9M '20	vs. 9M '19
Revenues	2,660	-73.7%	10,995	-60.1%
Total operating income	3,059	-71.5%	12,346	-57.8%
Operating expenses	4,276	-55.2%	16,345	-41.0%
Of which fees & charges	397	-67.2%	1,446	-57.9%
Of which fuel	289	-84.5%	1,610	-68.4%
Of which staff	1,414	-36.1%	5,026	-25.3%
Of which depreciation	613	-10.1%	1,934	-3.3%
Result from equity investments	-45	nmf.	-162	nmf.
Adjusted EBIT	-1,262	nmf.	-4,161	nmf.
Adjusted EBIT Margin	-47.4%	-60.2pts.	-37.8%	-44.0pts.
Adjustments	-1,127	nmf.	-1,696	nmf.
EBIT	-2,389	nmf.	-5,857	nmf.
Net interest income	-77	-113.9%	-239	+9.5%
Other financial items	-27	nmf.	-816	nmf.
EBT	-2,493	nmf.	-6,912	nmf.
Income taxes	520	nmf.	1,312	nmf.
Profit / loss attributable to minority interests	6	+175.0%	16	+169.5%
Net income	-1,967	nmf.	-5,584	nmf.

Operating KPIs of Network Airlines by region

Total	Q3 '20	9M '20
Number of flights	-71.3%	-64.0%
ASK	-78.7%	-66.9%
RPK	-87.7%	-73.5%
SLF	-36.5pts.	-16.3pts.

Yield	+6.0%	-1.9%
Yield ex currency	+7.9%	-2.9%
RASK	-21.5%	-7.3%
RASK ex currency	-21.0%	-8.6%
CASK ex. fuel, ex. emissions cost	+126.9%	+84.2%
CASK ex currency, ex fuel, ex emissions cost	+127.6%	+82.7%

Europe	Q3 '20	9M '20
ASK	-68.3%	-63.9%
RPK	-75.5%	-70.3%
SLF	-18.9pts.	-13.9pts.
RASK ex currency ¹⁾	-32.0%	-21.6%

Americas	Q3 '20	9M '20
ASK	-83.0%	-68.4%
RPK	-93.4%	-75.4%
SLF	-53.9pts.	-19.0pts.
RASK ex currency ¹⁾	-64.3%	-26.4%

North America	-66.1%	-30.4%
South America	-54.7%	-7.7%

Asia / Pacific	Q3 '20	9M '20
ASK	-84.8%	-70.3%
RPK	-94.2%	-76.8%
SLF	-55.0pts.	-18.6pts.
RASK ex currency ¹⁾	-46.0%	-26.2%

Middle East / Africa	Q3 '20	9M '20
ASK	-82.8%	-64.0%
RPK	-88.6%	-68.0%
SLF	-28.6pts.	-9.2pts.
RASK ex currency ¹⁾	-31.0%	-13.5%

1) Regional RASK are based on regional traffic revenues only

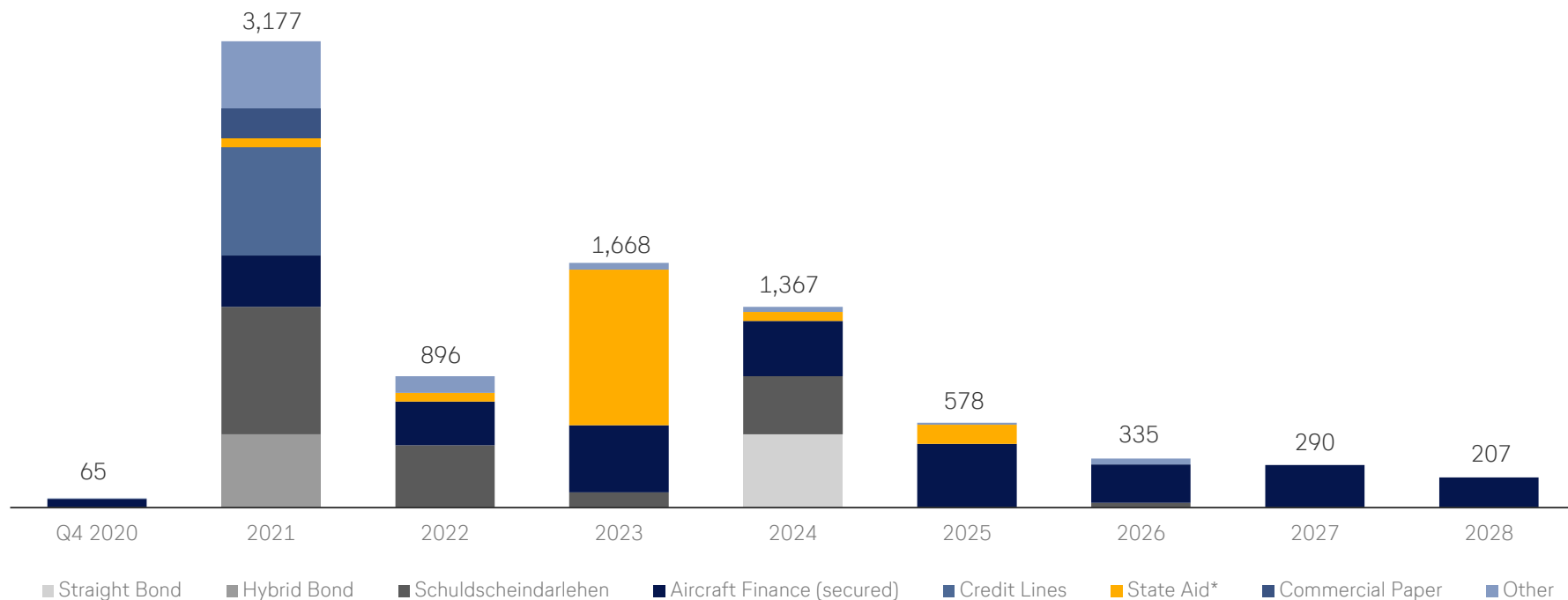
Cash flow statement

Lufthansa Group (in m EUR)	9M '20	vs. 9M '19
EBT (earnings before income taxes)	-6,912	-8,545
Depreciation & amortization (incl. non-current assets)	3,668	+1,555 ^①
Net proceeds from disposal of non-current assets	12	-4
Result of equity investments	224	+399
Net interest	239	-25
Income tax payments/reimbursements	109	+831
Significant non-cash-relevant expenses / income	244	+578 ^②
Change in trade working capital	-161	-1,236 ^③
Change in other assets / liabilities	979	+1,114 ^④
Operating cash flow	-1,598	-5,333
Capital expenditure (net)	-696	+2,076 ^⑤
Free cash flow	-2,294	-3,257
Adjusted Free cash flow	-2,579	-3,264
Cash and cash equivalents as of 30.09.20 ¹ less assets held for sale	1,599	+672
Current securities	2,620	-28
Total Group liquidity	4,219	+644

¹ Excluding fixed-term deposits with terms from three to twelve months (2020: 2m EUR, 2019: 0m EUR)

- ① Includes regular depreciation and crisis-related impairments for 110 aircraft and aircraft usage rights
- ② Non-cash effect resulting from the valuation of financial derivatives
- ③ Contains reduction in unflown tickets through refunds amongst other working capital effects
- ④ Various crisis-related measures to protect liquidity (repurchase agreement, restructuring of hedges, tax deferral)
- ⑤ Significant reduction of investments into new aircraft

Maturity profile of borrowings



* As drawn at Sep 30 - predominantly repayment of EUR 1bn KfW in 2023 and scheduled repay EUR 300 million Austrian State Aid

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