



LUFTHANSA GROUP

First Half 2022 Results

Carsten Spohr, CEO
Remco Steenbergen, CFO

Frankfurt, 04 August 2022



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LUFTHANSA GROUP

First Half 2022 Results

Carsten Spohr, CEO

Frankfurt, 04 August 2022



The industry-wide recovery has now entered its second phase



Lufthansa Group returns to profits in the second quarter



Passengers

29m

74% of 2019 levels

Q2 2022

**Premium
demand**
steadily
increasing

Back to black
EUR 393m

Group Adjusted EBIT
Q2 2022

Yield¹
+10%

vs. 2019

Q2 2022

Seat Load Factor

80%

+28.8pts vs. PY
-3.1pts vs. 2019



Q2 2022

Cargo
sets new records
EUR 482m

Adj. EBIT +48% vs. PY

Q2 2022



¹ Incl. currency

Lufthansa Group has proactively implemented numerous measures to stabilize the system

Industry-wide disruption



Personnel shortages



High sickness rates



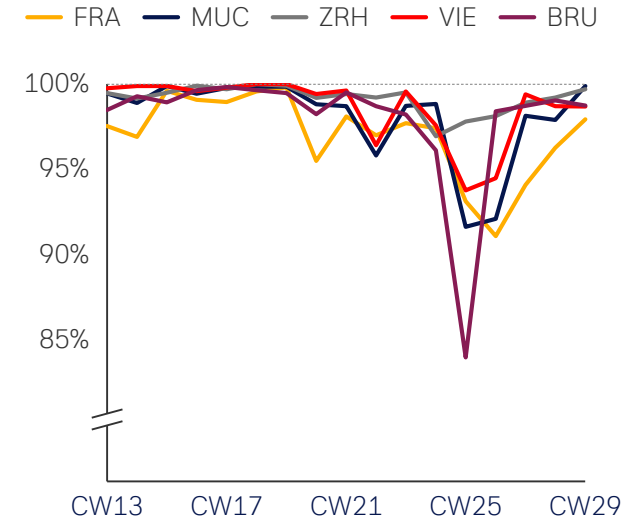
Unpredictable events

Lufthansa Group measures

- Structural adjustments in flight schedule
- New hires in several occupational groups
- Staff support from other locations and work domains
- Overtime and additional shifts
- Expansion of digital and self-service options
- Further intensification of cooperation with system partners
- Reduction of overall hourly take-offs & landings at Frankfurt

Operations stabilized

Schedule regularity by hub¹



¹ Schedule regularity for outbound flights by hub FRA & MUC: Lufthansa German Airlines, ZRH: Swiss, VIE: Austrian Airlines, BRU: Brussels Airlines
Low regularity for BRU in CW 25 due to three-day strike (23 -25 June), CW 30 excluded due to disruptions caused by strike at FRA and MUC hubs



LUFTHANSA GROUP

First Half 2022 Results

Remco Steenberg, CFO

Frankfurt, 04 August 2022



Operating result and net income turn positive again, strong free cash flow generation driven by robust bookings and strict working capital management

(in EUR million)	Q2 '22	Q2 '21	6M '22	6M '21
Revenues	8,462	3,211	13,825	5,771
Operating expenses	8,603	4,385	14,964	8,270
Of which fuel	2,151	417	3,138	692
Of which staff	1,944	1,394	3,732	2,690
Of which depreciation	565	559	1,128	1,125
Adjusted EBITDA	958	-268	930	-750
Adjusted EBIT	393	-827	-198	-1,875
EBIT	340	-979	-300	-2,114
Net income	259	-756	-325	-1,805
Adjusted free cash flow	2,122	382	2,902	-571

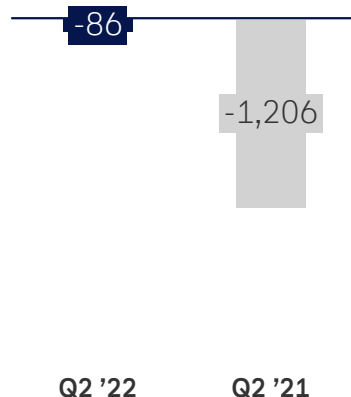
Passenger Airlines: Higher loads, yield strength and unit cost progress drive improvement



Operational KPIs

	Q2 '22	vs. 2021	vs. 2019
ASK	69,961m	+155.9%	-26.5%
SLF	80.2%	+28.8pts	-3.1pts
Yield ¹	8.8€c	+24.4%	+10.2%
Short-haul		+20.3%	-0.7%
Long-haul		+30.1%	+15.2%
RASK ¹	8.6€c	+52.6%	+8.9%
CASK ²	5.8€c	-33.1%	+8.5%

Adjusted EBIT in EUR million



Comments

- Seat load factor improves throughout the quarter, almost at par with 2019 in June
- Particularly strong Transatlantic tops broad-based yield increase
- Result burdened by irregularity costs of EUR 158m in the second quarter

¹ Incl. currency

² Incl. currency excl. fuel

Lufthansa Cargo continues to perform on record levels, MRO capitalizes on the recovery in global aviation

Adjusted EBIT in EUR million

Q2 2022



Lufthansa Cargo

482

Q2 '22

326

Q2 '21



Lufthansa Technik

100

Q2 '22

90

Q2 '21

LSGgroup

1

Q2 '22

27

Q2 '21

Others

-72

Q2 '22

-75

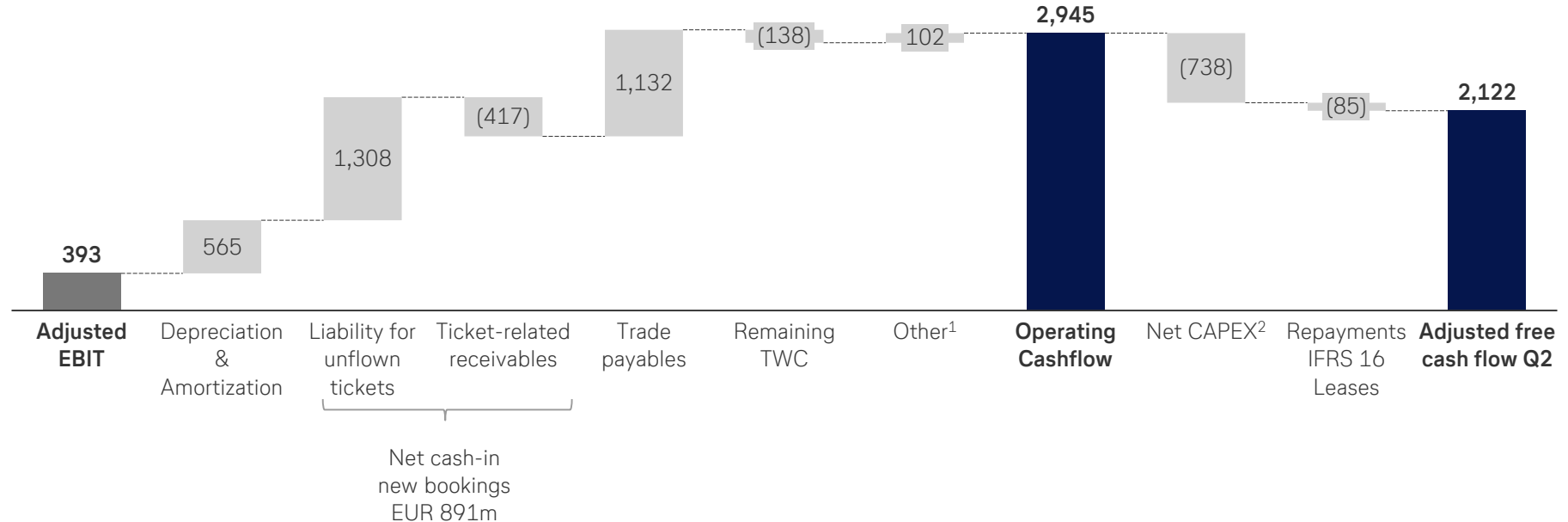
Q2 '21

Comments

- Cargo continues to benefit from ongoing capacity shortages in the air cargo market and disruptions in sea freight
- Lufthansa Technik benefits from significant demand recovery and strict cost management
- LSG achieves positive result despite still slow recovery in Asia

Strong bookings and strict working capital management drive significantly positive free cash flow

Second Quarter 2022 Adjusted EBIT / Adjusted free cash flow in EUR million

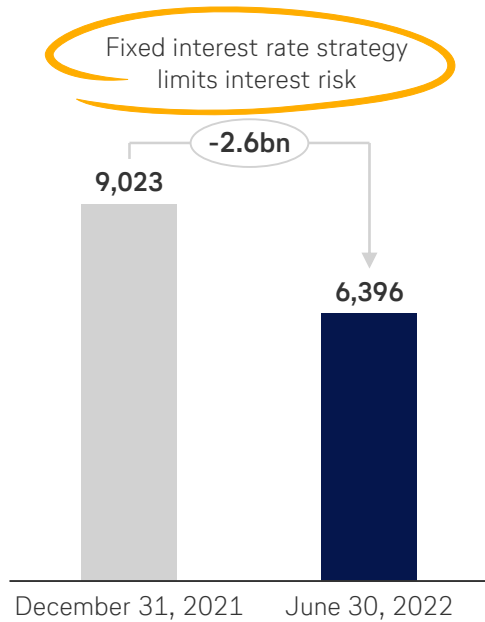


¹ Incl. other non-cash items, change in other assets & liabilities, tax

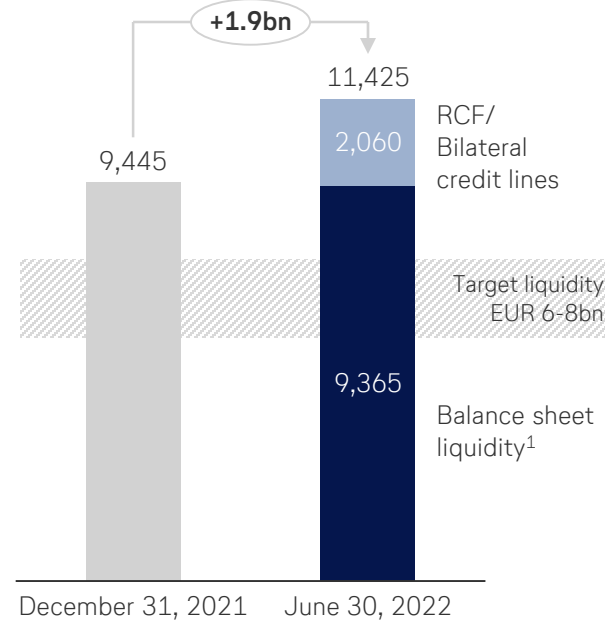
² Excl. EUR 13m effect from equity investments

Net debt decreases in line with positive free cash flow performance

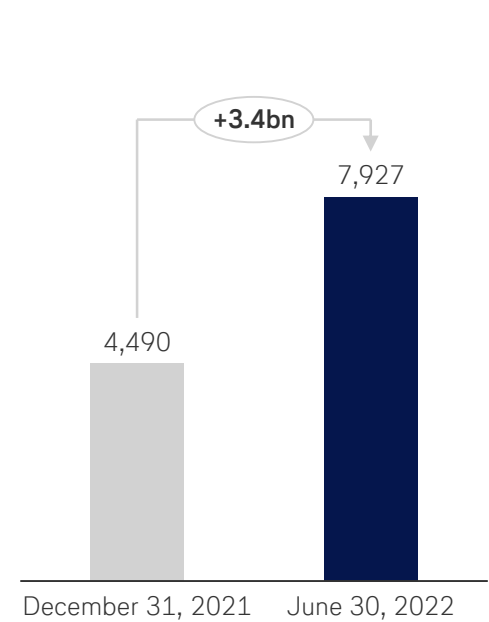
Net debt in EUR million



Liquidity in EUR million



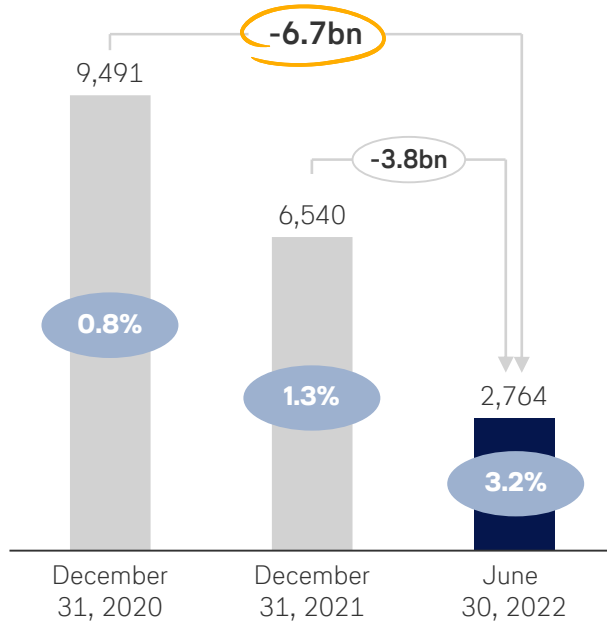
Shareholder equity in EUR million



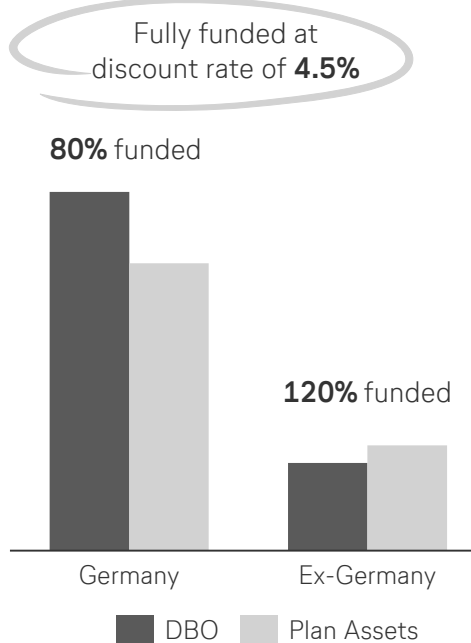
¹ Incl. drawn state loans of EUR 497m in Austria and Belgium

Net pension liability reduced by almost 7 billion euros since the end of 2020

Net pension liability¹ in EUR million



Funding ratio pension plans



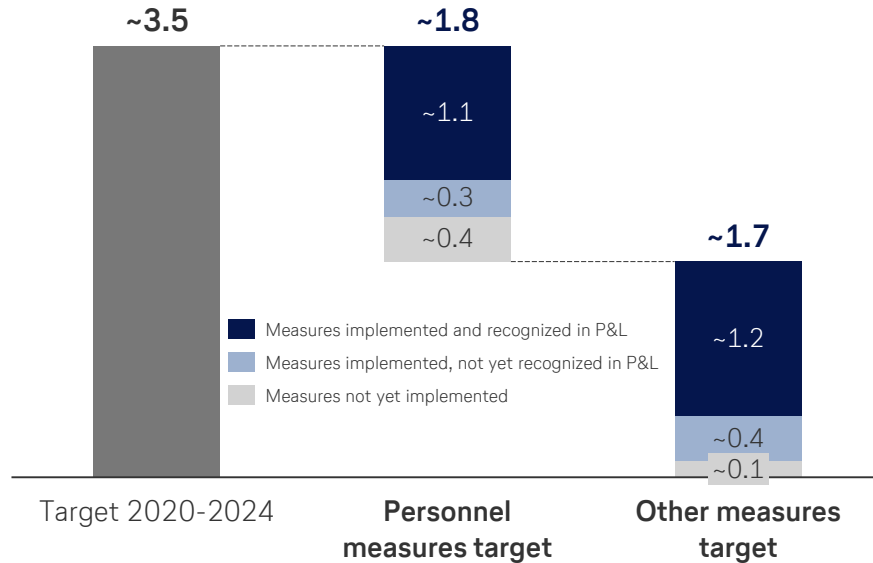
Comments

- Decrease in DBO liability partly offset by negative performance of plan assets
- Favorable interest rate developments allowing to reduce plan contributions to the legal minimum
- Any valuation-driven reduction of the pension deficit leads to a corresponding increase in shareholders' equity

¹ Incl. surplus of EUR 516m related to pension plan in CH on June 30, 2022 (December 31, 2021: EUR 136m, December 31, 2020: EUR 40m), which may not be netted according to IFRS. Blue circles show discount rate.

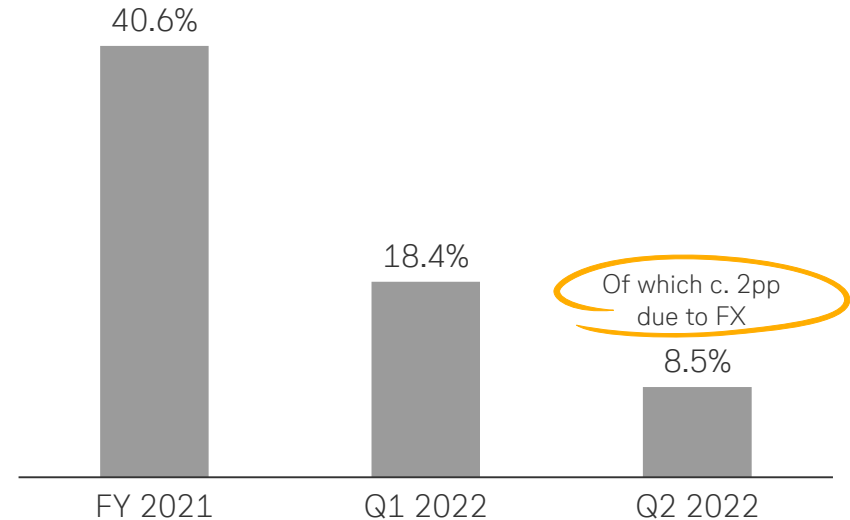
Progress in the implementation of structural cost reductions drives unit cost reduction

Targeted sustainable cost savings 2020 - 2024 in EUR billion



EUR 3.0bn of targeted EUR 3.5bn cost savings secured

CASK¹ change vs. 2019 levels

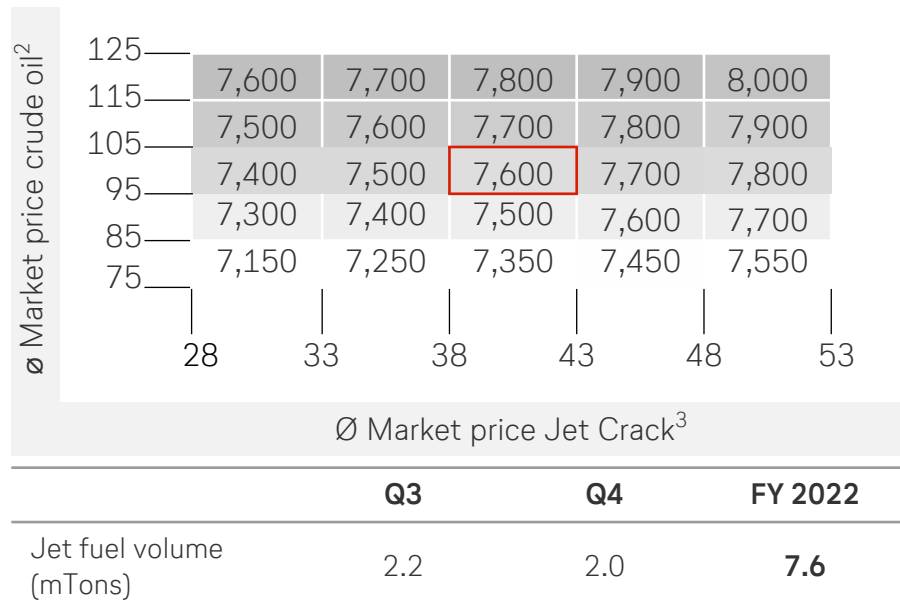


On track to reduce CASK to around '19 levels by end of '23

¹ Incl. currency excl. fuel

Comprehensive hedging limits the increase of fuel costs in 2022 and 2023

Expected fuel cost sensitivity after hedging (FY 2022)¹



Hedging portfolio excl. Cargo as of July 28, 2022

	Q3	Q4	H2 2022	FY 2023
Hedge ratio Crude (%)	68	66	67	46
Break-even price (USD/bbl)	75	77	76	87
Hedge ratio Crack ⁴ (%)	29	31	30	13

Hedging limits the cost increase to be further compensated by increased yields in 2023

¹ As of 28 July 2022, including existing hedges and assuming an average 2022 EUR/USD forward rate of 1.01

² Average 2022 Brent ICE Crude oil future in USD/barrel (28.07.2022: 100.5 USD/bbl)

³ Average 2022 Jet Crack (28.07.2022: 40.5 USD/bbl) assuming constant Jet differentials

⁴ Hedges on basis of Jet and Gasoil derivatives

Group expects to return to profits and to generate significant cash in FY 2022

Positive Q3 2022 outlook



Capacity (ASK):
c.80% of 2019 levels



Adjusted EBIT:
Substantially above Q2 '22



Capacity (ASK):
c.75% of 2019 levels



Adjusted EBIT:
Above **EUR 500m**



Adj. Free cash flow:
Significantly **positive**



Net CapEx:
c. EUR 2.5bn

2024 targets confirmed



Adj. EBIT margin target:
At least 8%



Adj. ROCE (excl. cash):
At least 10%



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Group portfolio offers further recovery potential and resilience to crises

Cargo



~70% of load originates outside of Germany

Exceptionally strong momentum continues due to ongoing capacity shortages

Passenger Airlines



>70% of sales generated outside of Germany¹

Additional ~25% recovery potential by 2024

MRO



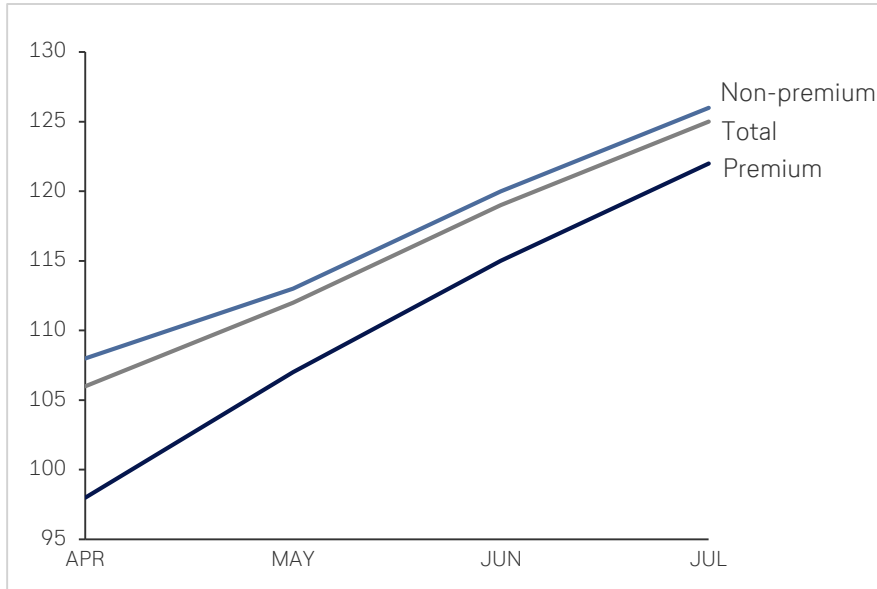
Servicing one out of five passenger aircraft globally

Set to benefit from the further ramp-up in the aviation industry

¹ Point of Sale for Group Airlines tickets from January 01, 2022 - June 30, 2022

Broad-based increases in yields and loads – momentum in premium accelerates

Yield¹ Development 2022 vs. 2019 indexed to 100

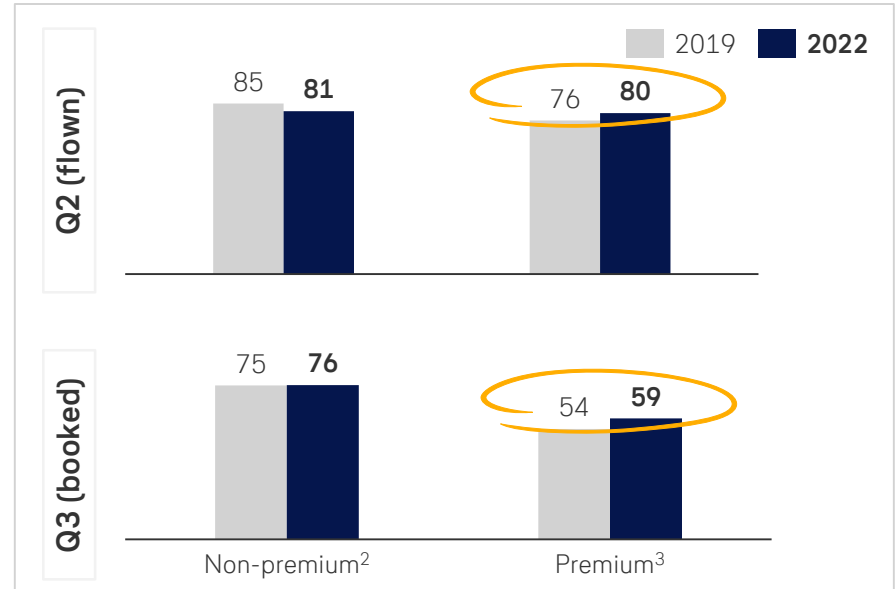


¹ For Lufthansa German Airlines, SWISS, Austrian and Brussels Airlines

² Non-premium classes incl. Premium Economy and Economy

³ Premium classes incl. First and Business

Seat Load Factor¹ in %



Sustainability is fully integrated into Group's products and partnerships



**Green Fares
trial in Nordic
markets**



**State-of-the-art and
more
fuel-efficient
aircraft purchased**



**MoU signed
with Shell –
biggest SAF
deal in
history**



**CO₂
Compensation
on the fly**



**Deutsche
Bahn joins
Star Alliance**

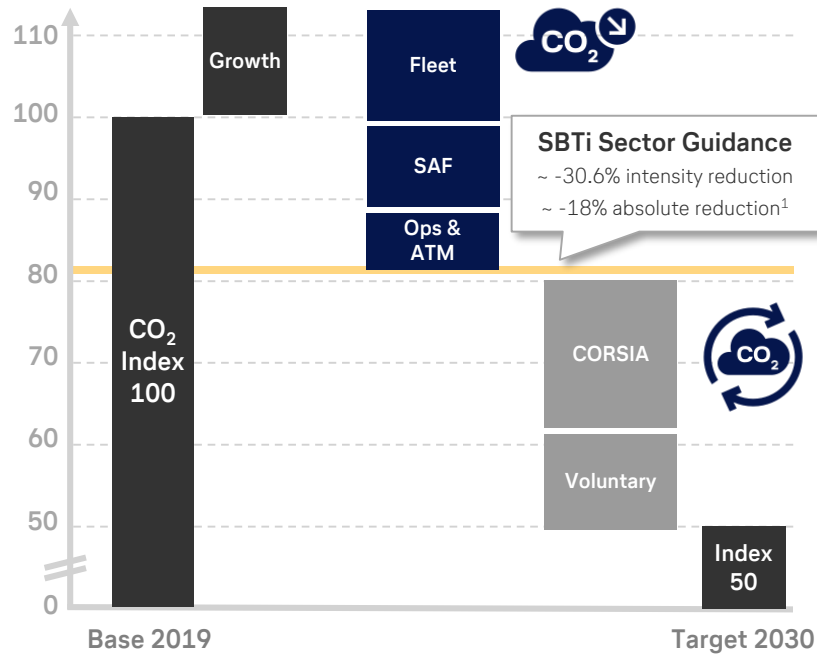


STAR ALLIANCE



Group's emission reduction targets successfully validated by Science Based Targets initiative (SBTi)

Index LHG CO₂ Emissions (not to scale)



Major levers for CO₂ Reduction: (SBTi relevance)

- Fleet rollover
- Sustainable Aviation Fuel (SAF) usage
- Ops efficiency (incl. ATM)

Compensation: (no relevance for SBTi)

- CORSIA
- Voluntary compensation



**First European
airline group and
second airline
group worldwide to
receive validation
by SBTi**

¹ Based on current industry growth assumptions

Lufthansa Group is emerging from the crisis stronger and more resilient

**Strong portfolio drives
return to profitability in
Q2 and FY 2022**



**The commitment to
sustainability is at the
heart of the Group's
strategy**



**Customer satisfaction
and premium offer
remain key priority**



Appendix

- supplementary information -

Traffic Data

		Q1	vs.2019	Apr	vs.2019	May	vs.2019	June	vs.2019	Q2	vs.2019	6M	vs.2019
Total Lufthansa Group Airlines	Passengers in 1,000	13,173	-55.2%	8,602	-31.3%	9,872	-25.2%	10,734	-22.3%	29,209	-26.1%	42,382	-38.6%
	Available seat-kilometers (m)	45,656	-42.5%	21,945	-28.4%	23,623	-26.9%	24,393	-24.2%	69,961	-26.5%	115,617	-33.8%
	Revenue seat-kilometers (m)	29,862	-51.8%	16,954	-33.6%	18,453	-29.7%	20,673	-24.7%	56,080	-29.2%	85,942	-39.1%
	Passenger load-factor (%)	65.4	-12.5pts	77.3	-6.1pts	78.1	-3.1pts	84.7	-0.6pts	80.2	-3.1pts	74.3	-6.5pts
	Available Cargo tonne-kilometers (m)	3,142	-22.5%	1,139	-23.3%	1,176	-23.1%	1,211	-18.4%	3,525	-21.6%	6,667	-22.0%
	Revenue Cargo tonne-kilometers (m)	2,138	-16.2%	726	-18.4%	700	-24.6%	686	-23.0%	2,113	-22.1%	4,251	-19.2%
	Cargo load-factor (%)	68.0	+5.2pts	63.8	+3.8pts	59.6	-1.2pts	56.7	-3.4pts	59.9	-0.3pts	63.8	+2.2pts
	Number of flights	135,539	-48.9%	72,708	-27.8%	81,860	-24.3%	80,323	-24.6%	234,891	-25.5%	370,430	-36.2%

Operating KPIs of Passenger Airlines by region vs. 2019 (unless stated otherwise)

Total	Q2'22	6M '22
Number of flights	-25.5%	-36.2%
ASK	-26.5%	-33.8%
RPK	-29.2%	-39.1%
SLF	-3.1pts.	-6.5pts.

Yield	+10.2%	+6.4%
Yield vs 2021	+24.4%	+17.3%
Yield ex currency vs 2021	+16.7%	+10.3%
RASK	+8.9%	+3.7%
RASK ex currency vs 2021	+46.2%	+30.0%
CASK ex. fuel, ex. emissions cost	+8.5%	+11.9%
CASK ex. fuel, ex. emissions cost vs 2021	-33.1%	-37.8%
CASK ex currency, ex fuel, ex emissions cost vs 2021	-35.3%	-39.5%

Europe	Q2'22	6M '22
ASK	-13.1%	-25.4%
RPK	-14.7%	-27.7%
SLF	-1.5pts.	-2.3pts.
RASK incl. currency ¹	-2.5%	-6.8%

Americas	Q2'22	6M '22
ASK	-22.9%	-27.7%
RPK	-27.2%	-35.5%
SLF	-4.9pts.	-9.0pts.
RASK incl. currency ¹	+8.7%	-1.9%

North America	+6.1%	-4.5%
South America	+20.8%	+8.6%

Asia / Pacific	Q2'22	6M '22
ASK	-67.4%	-69.1%
RPK	-68.3%	-73.8%
SLF	-2.2pts.	-12.7pts.
RASK incl. currency ¹	+16.3%	-0.7%

Middle East / Africa	Q2'22	6M '22
ASK	-7.5%	-14.8%
RPK	-8.9%	-19.5%
SLF	-1.3pts.	-4.4pts.
RASK incl. currency ¹	+3.6%	-1.2%

¹ Regional RASK are based on regional traffic revenues only

Calculation of operational airline KPIs

Passenger Airlines, 6M 2022

Yield	1) Traffic revenues (€m)	7,937
	2) Not assignable (€m)	788
	= 3) Basis for Yield (1)-(2) (€m)	7,149
	4) RPK (m) ¹	85,942
	Yield (3/4)*100 (€c)	8.3

RASK	1) Total Revenues (€m)	8,976
	2) Other operating income (€m)	379
	3) Reversal of provisions (€m)	50
	4) FX losses (€m)	-195
	= 5) Basis for RASK (1)+(2)-(3)+(4) (€m)	9,110
	6) ASK (m) ²	115,617
	RASK (5/6)*100 (€c)	7.9

CASK	1) Total operating expenses (€m)	-10,516
	2) Reversal of provisions (€m)	50
	3) FX losses (€m)	-195
	4) Fuel expenses (€m)	-2,911
	5) Emission Trading (€m)	-48
	= 6) Basis for CASK (1)+(2)-(3)-(4)-(5) (€m)	-7,312
	7) ASK (m) ²	115,617
	CASK -(6)/(7)*100 (€c)	6.3

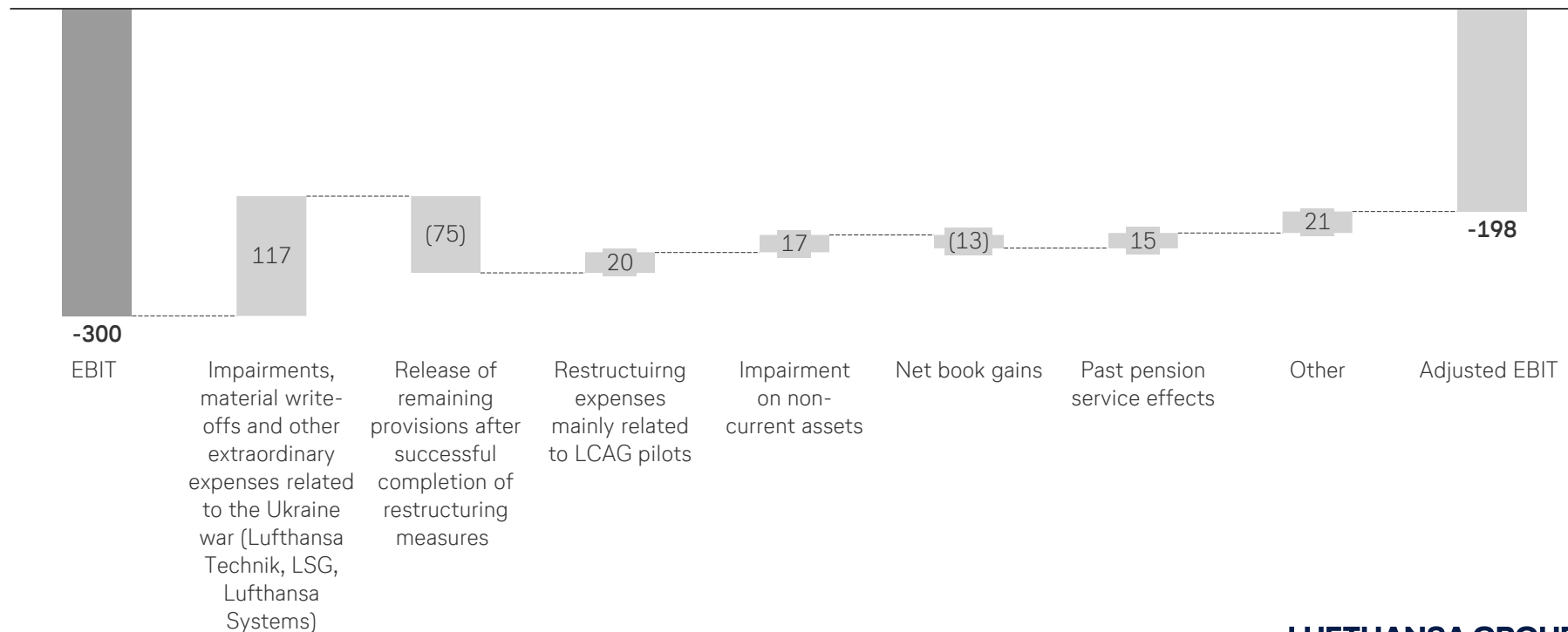
¹ RPK: Revenue Passenger Kilometers, ² ASK: Available Seat Kilometers

Group P&L

Lufthansa Group (in EUR m)	Q2 '22	vs. Q2 '21	6M '22	vs. 6M '21
Revenues	8,462	+163.5%	13,825	+139.6%
Total operating income	9,005	+152.2%	14,818	+129.4%
Operating expenses	8,603	+96.2%	14,964	+80.9%
Of which fees & charges	999	+147.3%	1,677	+143.4%
Of which fuel	2,151	+415.8%	3,138	+353.5%
Of which staff	1,944	+39.5%	3,732	+38.7%
Of which depreciation	565	+1.1%	1,128	+0.3%
Result from equity investments	-9	+30.8%	-52	+18.8%
Adjusted EBIT	393	nmf.	-198	+89.4%
Adjusted EBIT Margin	4.6%	+30.4pts.	-1.4%	+31.1pts.
Adjustments	-53	+65.1%	-102	+57.3%
EBIT	340	nmf.	-300	+85.8%
Net interest income	-129	-35.8%	-212	+0.5%
Other financial items	145	-5.2%	178	+91.4%
EBT	356	nmf.	-334	+85.0%
Income taxes	-95	nmf.	13	-96.9%
Profit / loss attributable to minority interests	-2	nmf.	-4	nmf.
Net income	259	nmf.	-325	+82.0%

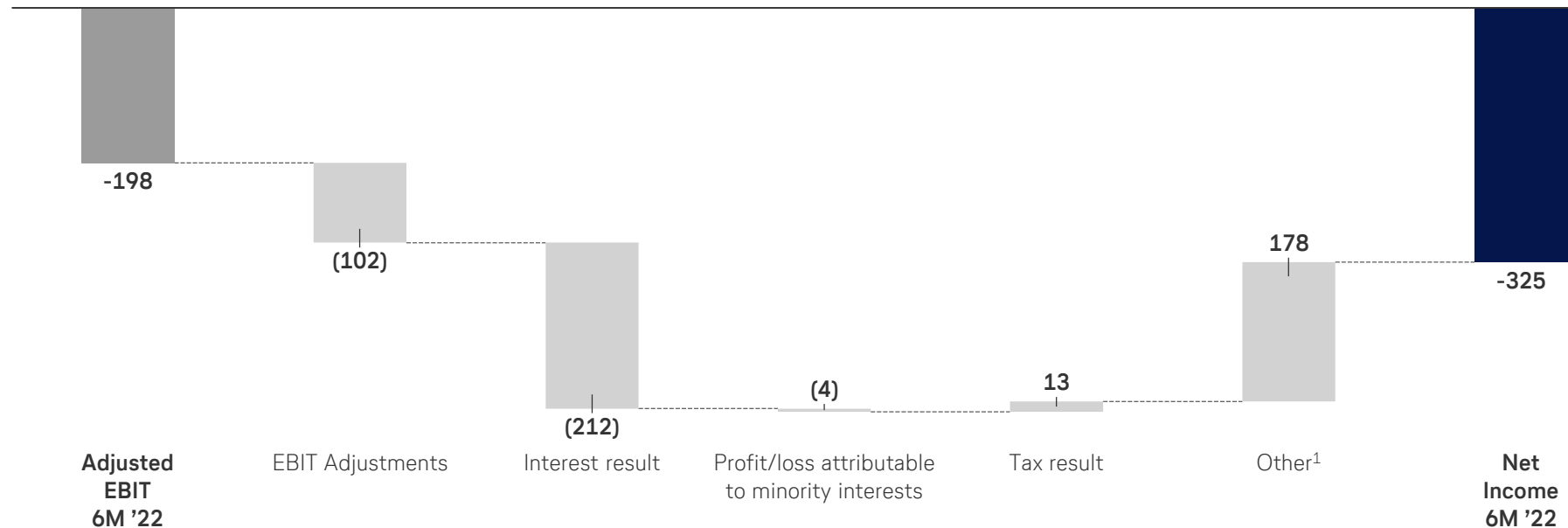
EBIT / Adjusted EBIT bridge 6M 2022

in EUR million








Adjusted EBIT / Net Income 6M 2022

in EUR million



¹ Incl. positive valuation result from convertible bond (63m), strategic interest swaps because of the rising interest rates (76m) and ineffective portion of currency hedges (42m)

Adjusted EBIT by Airline

Adjusted EBIT (in EUR m)		Q2 '22	Q2 '21	Change in %	6M '22	6M '21	Change in %
Lufthansa German Airlines 		-83	-742	+88.8%	-798	-1,573	+49.3%
SWISS 		107	-172	nmf.	45	-383	nmf.
Austrian Airlines 		3	-94	nmf.	-106	-198	+46.5%
Brussels Airlines 		-27	-73	+63.0%	-89	-143	+37.8%
Eurowings 		-76	-108	+29.6%	-239	-251	+4.8%
Passenger Airlines		-86	-1,206	+92.9%	-1,200	-2,565	+53.2%

Cash flow statement

Lufthansa Group (in m EUR)	6M'22	vs. 6M '21
EBT (earnings before income taxes)	-334	+1,900
Depreciation & amortization (incl. non-current assets)	1,156	+42
Net proceeds from disposal of non-current assets	-13	-32
Result of equity investments	69	+5
Net interest	212	-1
Income tax payments/reimbursements	-99	-27
Significant non-cash-relevant expenses / income	-283	-123
Change in trade working capital	3,177	+2,527
Change in other assets / liabilities	556	+103
Operating cash flow	4,441	+4,394
Capital expenditure (net)	-1,381	-938
Free cash flow	3,060	+3,456
Adjusted Free cash flow	2,902	+3,473
Cash and cash equivalents as of 30.06.22 ¹ less assets held for sale	2,702	+660
Current securities	6,657	+2,054
Total Group liquidity	9,359	+2,714

1

Contains increase in unflown tickets liability of EUR 3,328m

2

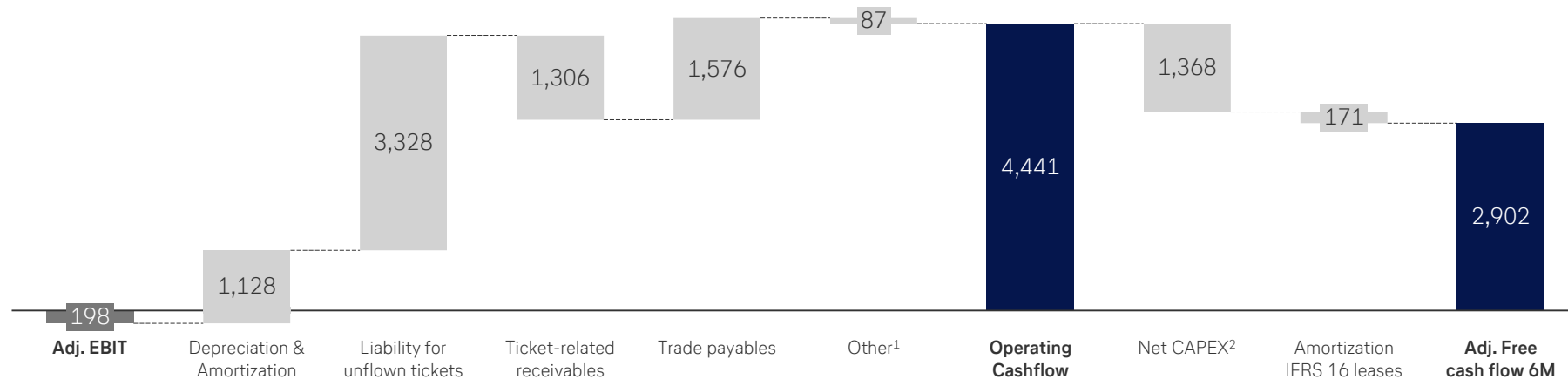
Includes EUR 400m payments made to retirees, more than offset by service costs and plan reimbursements

1

2

¹ Excl. fixed-term deposits with terms from three to twelve months (2022: 5m EUR, 2021: 21m EUR)

Adjusted EBIT / FCF bridge 6M 2022



¹ Incl. other non-cash items, change in other assets & liabilities, tax

² Excl. EUR 13m effect from equity investments

Fleet overview

Aircraft Type	LH	LX	OS	SN	EW	LCAG	Group fleet	thereof Lease	Change since 31 Dec 2021	Change since 30 Jun 2021
Airbus A220		30					30			
Airbus A319	43			15	36		94	25	- 2	- 7
Airbus A320	92	31	29	16	58		226	30	- 2	- 7
Airbus A321	78	10	6		2	1	97	2	+ 5	+ 3
Airbus A330	25	16		9			50	8		
Airbus A340	34	9					43			
Airbus A350	21						21	5	+ 4	+ 4
Airbus A380	14						14			
Boeing 747	27						27			
Boeing 767			3				3			- 1
Boeing 777		12	6				18	2		
Boeing 787							0			
Boeing 777F						13 ¹	16	5	1	+ 3
Boeing MD-11F							0			- 2
Bombardier CRJ	28						28		- 3	- 4
Bombardier Q Series					3		3	3	- 3	- 10
Embraer	26		17				43			
Total aircraft	388	108	61	40	99	17	713	80	± 0	- 21

¹ Partially operated by Aerologic, 2 planes included per quota

Multi-Year financial overview

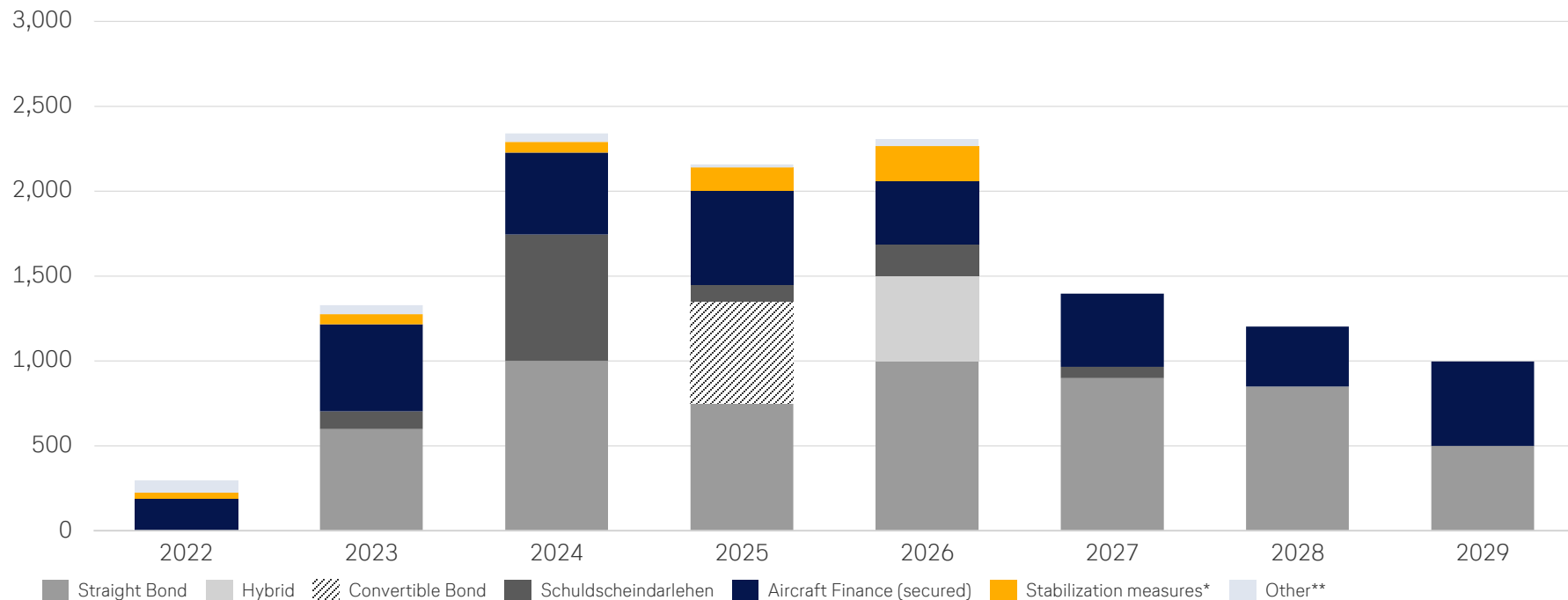
Lufthansa Group (in m EUR, as reported)	2015	2016	2017	2018	2019 ¹⁾	2020	2021
Operating KPIs							
RASK ex currency	-3.0%	-5.9%	+1.9%	-0.5%	-2.5%	-26.7%	-6.1%
CASK ex currency, ex fuel ²⁾	+2.4%	-2.5%	-1.8%	-1.7%	-1.5%	+84.6%	-25.8%
Profit & Loss							
Revenues	32,056	31,660	35,579	35,542	36,424	13,589	16,811
Fuel Cost	5,784	4,885	5,232	6,087	6,715	1,875	2,409
Adjusted EBIT	1,817	1,752	2,969	2,836	2,026	-5,451	-2,349
Adjusted EBIT Margin	5.7%	5.5%	8.3%	8.0%	5.6%	-40.1%	-14.0%
Balance Sheet							
Total Assets	32,462	34,697	35,778	38,213	42,659	39,484	42,538
Net Financial Debt and Pension Liabilities	9,973	11,065	8,000	9,354	13,321	19,453	15,699
Adjusted ROCE	8.3%	7.0%	11.9%	10.6%	6.6%	-16.7%	-7.5%
Cash Flow statement							
Operating Cash Flow	3,393	3,246	5,368	4,109	4,030	-2,328	618
Capital expenditure (net)	2,559	2,108	3,251	3,859	3,448	962	-1,119
Free Cash Flow ³⁾	834	1,138	2,117	288	203	-3,669	-855

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

Maturity profile of borrowings as of June 30, 2022



* As drawn on Jun 30 - predominantly scheduled repayment of stabilization measures of EUR 210 million from Austria and EUR 287 million from Belgium

** Mainly bilateral loans - does not include operating leases