



LUFTHANSA GROUP

Third Quarter 2022 Results

Carsten Spohr, CEO
Remco Steenberghe, CFO

Frankfurt, 27 October 2022



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LUFTHANSA GROUP

Third Quarter 2022 Results

Carsten Spohr, CEO

Frankfurt, 27 October 2022



Lufthansa Group leaves crisis behind with a strong summer

Adjusted EBIT
EUR 1.1bn

Q3 2022

Passengers
33m

Q3 2022



Cargo Another record result
EUR 1.3bn

Adjusted EBIT 9M 2022



Yield Q3 2022
+23%
vs. 2019

MRO
Business volume back to
90% of pre crisis level



Q4 Bookings
Booked load factors ahead
of 2019 at significantly
higher yields





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Third Quarter 2022 Results

Remco Steenberg, CFO

Frankfurt, 27 October 2022



Group generates high profits and strong free cash flow in the third quarter

(in EUR million)	Q3 '22	Q3'21	9M '22	9M '21
Revenues	10,068	5,207	23,893	10,978
Operating expenses	9,629	5,415	24,593	13,685
Of which fuel	2,475	752	5,613	1,444
Of which staff	2,162	1,510	5,894	4,200
Of which depreciation	574	559	1,702	1,684
Adjusted EBITDA	1,706	810	2,636	60
Adjusted EBIT	1,132	251	934	-1,624
EBIT	1,126	-9	826	-2,123
Net income	809	-72	484	-1,877
Adjusted free cash flow	410	43	3,312	-528

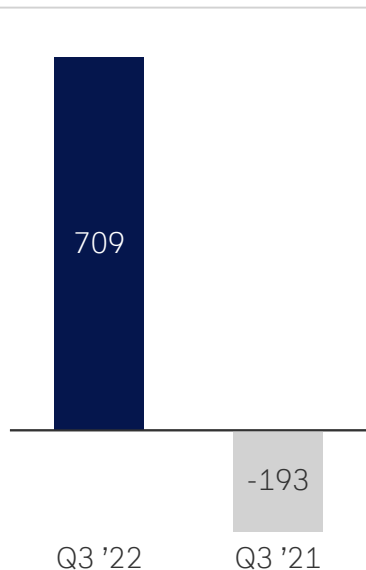
Passenger Airlines: Loads on pre-crisis level and record-high yields drive return to profits



Operational KPIs

	Q3 '22	vs. 2021	vs. 2019
ASK	77,690m	<i>+55.7%</i>	<i>-22.0%</i>
SLF	86.1%	<i>+17.3pts</i>	<i>-0.2pts</i>
Yield	9.6€c	<i>+24.7%</i>	<i>+22.5%</i>
Short-haul		<i>+27.8%</i>	<i>+11.6%</i>
Long-haul		<i>+28.6%</i>	<i>+28.9%</i>
RASK¹	9.3€c	<i>+35.6%</i>	<i>+15.6%</i>
CASK²	5.6€c	<i>-5.3%</i>	<i>+9.5%</i>

Adjusted EBIT in EUR million



Comments

- Seat load factor almost at 2019 level
- Yield strength driven by intercontinental business, in particular the Transatlantic
- Result burdened by c. EUR 70m impact from strikes, irregularity costs amount to EUR 239m in the third quarter

¹ Excl. currency

² Excl. currency excl. fuel

Profits in Logistics and MRO reach new record levels

Adjusted EBIT in EUR million

Q3 2022



Lufthansa Cargo

331

Q3 '22

302

Q3 '21



Lufthansa Technik

177

Q3 '22

149

Q3 '21

LSGgroup

6

Q3 '22

35

Q3 '21

Others

-69

Q3 '22

-40

Q3 '21

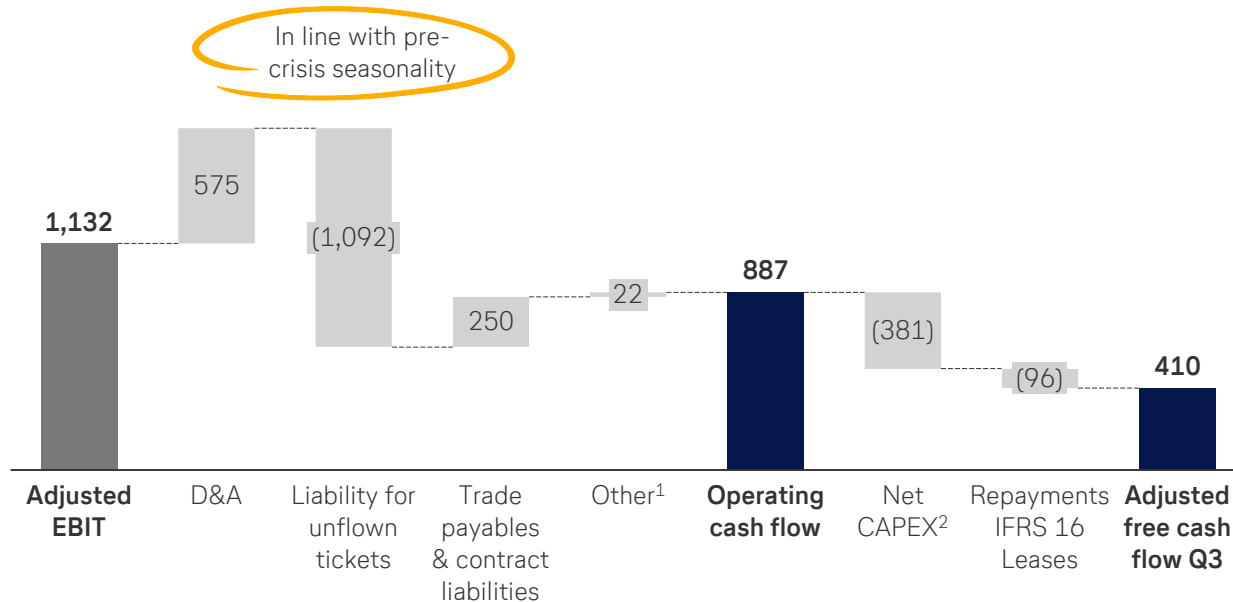
Comments

- Cargo yields up year-on-year, driven by still significantly reduced capacity compared to 2019 and resilient demand
- Strong demand, good success in passing through cost inflation to customers and US dollar strength support performance in MRO
- LSG achieves positive result despite still slow recovery in Asia
- Non-recurrence of prior year short-time work subsidies in Group functions burdens result in 'Others'

Operating profit, robust booking momentum and strict working capital management drive positive free cash flow despite seasonal headwinds

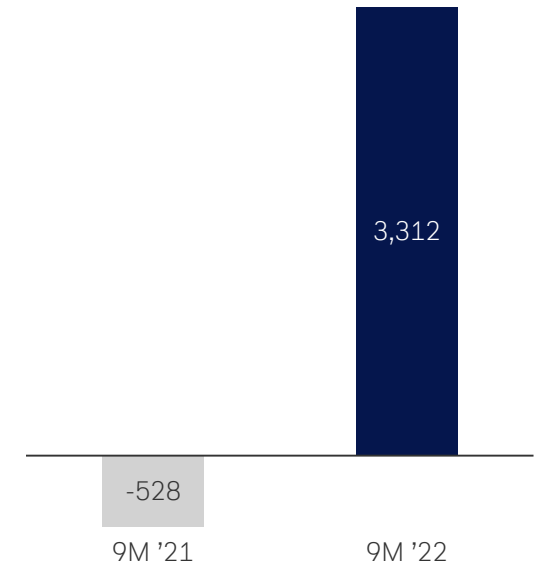
Q3 Adjusted EBIT / Adjusted free cash flow

in EUR million



9M Adjusted free cash flow

in EUR million



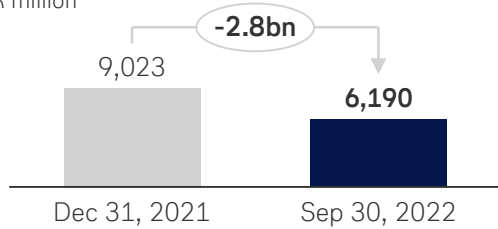
¹ Incl. other non-cash items, remaining TWC, change in other assets & liabilities, tax

² Excl. EUR 9m effect from equity investments

Net debt reduced significantly, liquidity and equity rise

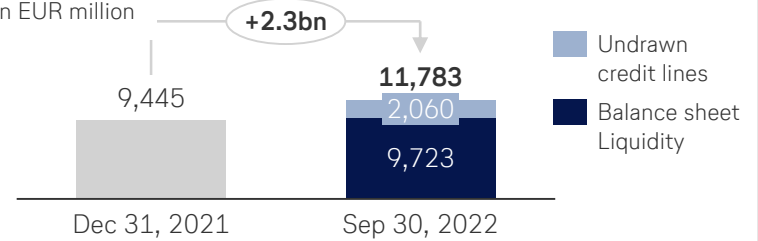
Net debt declines as a result of strong free cash flow

Net debt in EUR million



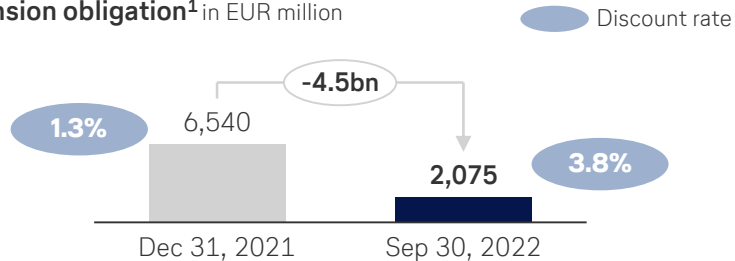
Liquidity remains far above target corridor of EUR 6-8bn

Liquidity in EUR million



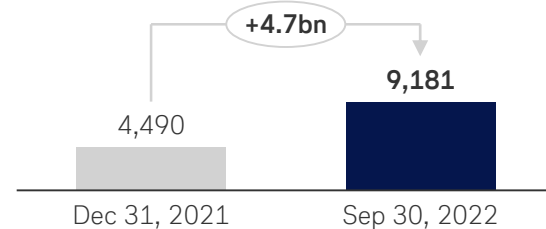
Pension obligation declines as discount rate increases

Net pension obligation¹ in EUR million



Lower pension liability increases equity

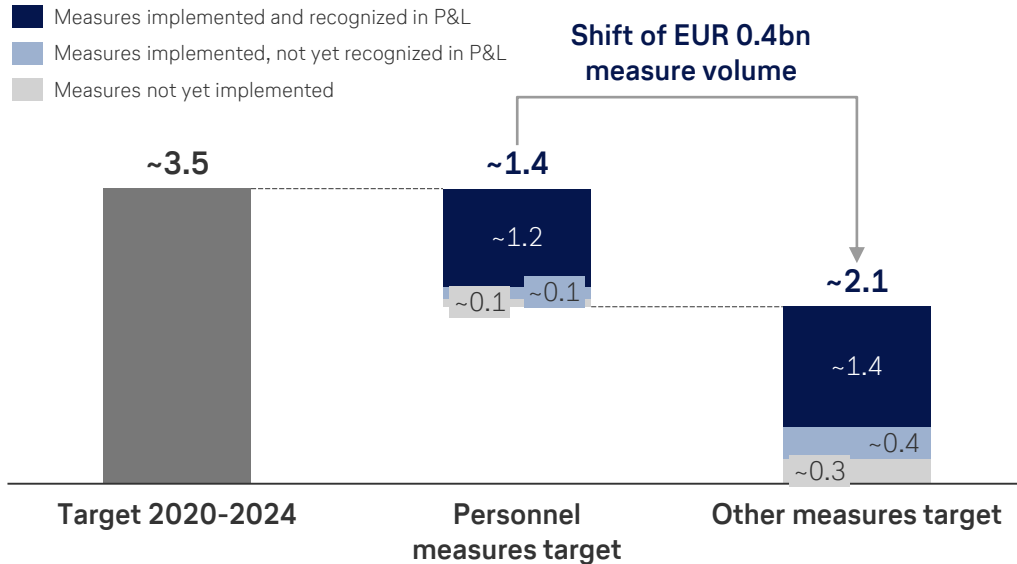
Shareholder equity in EUR million



¹ Incl. surplus of EUR 485m related to pension plan in CH on September 30, 2022 (December 31, 2021: EUR 136m), which may not be netted according to IFRS.

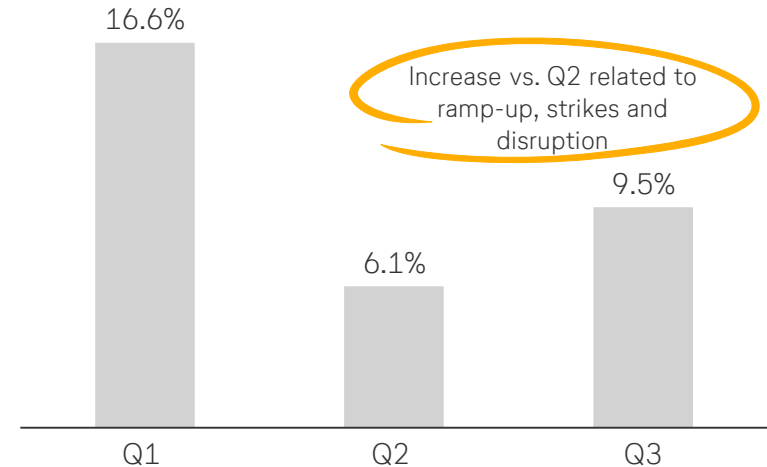
Structural cost reductions contribute to the mitigation of cost inflation

Targeted sustainable cost savings 2020 - 2024 in EUR billion



EUR 3.5 billion savings target limits impact of overall cost inflation

CASK¹ 2022 vs. 2019



Increase vs. '19 expected to be smaller in Q4 than in Q3

¹ Excl. currency excl. fuel

Financial hedging reduces the effects from price volatility and enables pass-through of cost increases to customers

Fuel hedging



24 months layer hedging strategy, using option structures and Jet Crack swaps

		Q4	FY23
Crude oil	Hedge ratio (options)	64%	50%
	Break-even (\$/bbl)	77	89
Jet crack	Hedge ratio (swaps)	38%	32%
	Average strike (\$/bbl)	37	33

FY22 fuel expense expected to amount to c. EUR 7.6 billion¹

Operational USD hedging



24 months layer hedging strategy, target to hedge ~60% of net operating exposure with forwards

	Q4	FY23
Net exposure (USD in bn)	1.3	6.2
Hedge ratio	76%	37%
Average rate	1.05	1.09

FY22 hedge result forecast to amount to ~EUR 240 million

¹ As of 20 October 2022, including existing hedges and assuming an average crude oil future of USD 91/bbl, an average jet crack of USD 36/bbl and average 2022 EUR/USD rate of 1.02. See presentation appendix for detailed sensitivity analysis.

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



Capacity (ASK)

2022 Forecast

FY: c.75% of 2019 levels
Q4: c.80% of 2019 levels



Adjusted EBIT

Above **EUR 1bn**



Adjusted free cash flow

Above **EUR 2bn**



Net CapEx

c. **EUR 2.5bn**

2024 Targets

Adjusted EBIT margin:
At least 8%

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



LUFTHANSA GROUP

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The Group's first Dreamliner embodies the priorities set for the coming months



PRODUCT

PEOPLE

PROFITABILITY

Product: Lufthansa launches biggest ever product and service campaign



**Premium travel
experience**



**Digital
solutions for
seamless travel**



**New seats in all
travel classes**

Product: The Group continues to execute its plan to make flying more sustainable

Specific CO₂ emissions

-9% 9M '22 vs. 9M '21

-2% 9M '22 vs. 9M '19



SWISS first airline in the world to deploy the innovative **AeroSHARK** technology on passenger aircraft



MoU signed with OMV – >800,000 tons of Sustainable Aviation Fuel (SAF) for 2023-2030



Lufthansa Group and Synhelion present pilot plant – **SWISS to fly with StL-based sustainable aviation fuel (SAF)** from 2023




People: Improved relationships with labor unions led to the conclusion of 10 agreements since August 2022

10 CLAs concluded with 9 unions in 4 countries

 **Lufthansa** Cockpit (interim), Ground

 **Lufthansa CityLine** Ground

 **SWISS** Cockpit, Ground

 **Austrian** Cockpit & Cabin, Ground

 **Eurowings** (Europe) Cockpit & Cabin – ES and AT

 **AeroLogic** Cockpit

New prospects for future employees

Number of Group employees



LUFTHANSA GROUP

Profitability: Industry-wide supply limitations will support financial performance in the New Normal

I GROUNDING

Ensuring solvency in the crisis

II RESTART

Enabling the return of travel

III NEW NORMAL

Competing on the next level

SUPPLY

- Aircraft delivery delays / lack of spare parts
- Industry-wide personnel shortages
- Material and fuel cost increases

DEMAND

- Ongoing recovery of corporate travel
- More pent-up demand in VFR and leisure
- Re-opening of Japan and (later) China



Higher level of consolidation



Capacity discipline

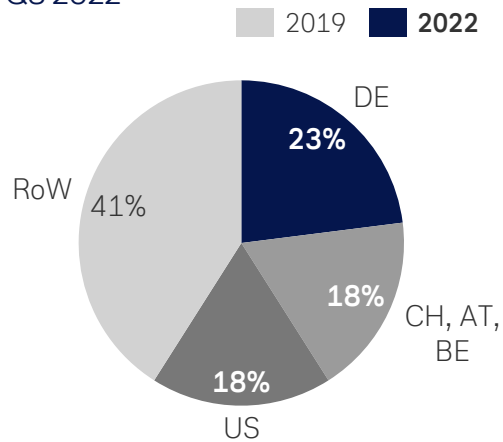


Sustainably high yields

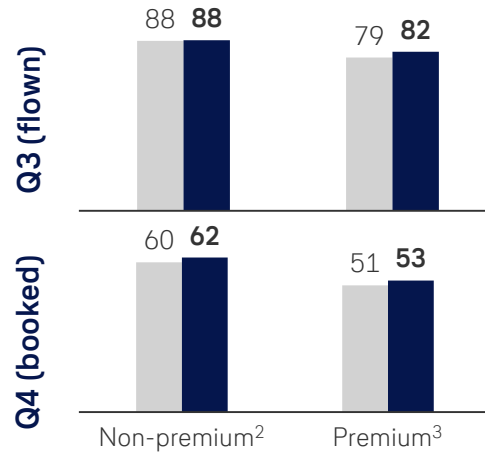
Profitability: Group well positioned to take advantage of favorable supply/demand dynamics in the European aviation industry

Revenue by point-of commencement

Q3 2022



Seat Load Factor¹ in %



Comments

- Group benefits from high flexibility to adjust the offer based on regional and segment-specific trends
- Booked load factors in Q4 above 2019 levels
- Current bookings imply Q4 yield increase versus 2019 at Q3 levels

Diversified customer base and resilient demand across premium and non-premium drive strong booking outlook for the fourth quarter

¹ For Group Airlines excl. Eurowings

² Non-premium classes incl. Premium Economy and Economy

³ Premium classes incl. First and Business

Lufthansa Group set to be a structural winner in the New Normal



Innovation push will sustain the Group's position as leading Western premium airline



The best people in the industry will remain the Group's key asset



Portfolio of strong businesses drives financial performance and attractive returns

Appendix

- supplementary information -

Traffic Data

		6M	vs.2019	Jul	vs.2019	Aug	vs.2019	Sep	vs.2019	Q3	vs.2019	9M	vs.2019
Total Lufthansa Group Airlines	Passengers in 1,000	42,382	-38.6%	11,208	-23.3%	11,257	-20.6%	10,875	-22.2%	33,340	-22.0%	75,722	-32.2%
	Available seat-kilometers (m)	115,617	-33.8%	26,096	-22.8%	26,589	-20.8%	25,005	-22.4%	77,690	-22.0%	193,307	-29.5%
	Revenue seat-kilometers (m)	85,942	-39.1%	22,951	-21.9%	22,785	-22.2%	21,191	-22.5%	66,927	-22.2%	152,868	-32.7%
	Passenger load-factor (%)	74.3	-6.5pts	87.9	+1.0pts	85.7	-1.6pts	84.7	-0.1pts	86.1	-0.2pts	79.1	-3.8pts
	Available Cargo tonne-kilometers (m)	6,667	-22.0%	1,293	-15.5%	1,248	-18.0%	1,248	-16.0%	3,789	-16.5%	10,456	-20.1%
	Revenue Cargo tonne-kilometers (m)	4,251	-19.2%	726	-19.2%	671	-24.9%	708	-20.5%	2,104	-21.5%	6,355	-20.0%
	Cargo load-factor (%)	63.8	+2.2pts	56.1	-2.6pts	53.7	-4.9pts	56.7	-3.2pts	55.5	-3.6pts	60.8	+0.1pts
	Number of flights	370,430	-36.2%	79,342	-28.7%	84,611	-22.0%	81,220	-25.4%	245,173	-25.4%	615,603	-32.3%

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

Total	Q3'22	9M '22
Number of flights	-25.4%	-32.3%
ASK	-22.0%	-29.5%
RPK	-22.2%	-32.7%
SLF	-0.2pts.	-3.8pts.

Yield	+22.5%	+13.5%
Yield vs 2021	+24.7%	+18.9%
Yield ex currency vs 2021	+18.6%	+14.2%
RASK	+20.6%	+11.0%
RASK ex currency vs 2021	+36.1%	+30.3%
CASK ex. fuel, ex. emissions cost	+14.2%	+12.4%
CASK ex. fuel, ex. emissions cost vs 2021	-1.1%	-22.5%
CASK ex currency, ex fuel, ex emissions cost vs 2021	-5.3%	-25.2%

Europe	Q3'22	9M '22
ASK	-11.6%	-20.2%
RPK	-10.9%	-21.0%
SLF	+0.6pts.	-0.8pts.
RASK excl. currency ¹	+8.3%	-1.4%

Americas	Q3'22	9M '22
ASK	-19.6%	-24.8%
RPK	-18.9%	-29.2%
SLF	+0.7pts	-5.1pts
RASK excl. currency ¹	+20.3%	+6.0%

North America	+18.5%	+4.1%
South America	+27.3%	+13.3%

Asia / Pacific	Q3'22	9M '22
ASK	-58.1%	-65.3%
RPK	-59.2%	-68.5%
SLF	-2.4pts.	-8.0pts.
RASK excl. currency ¹	+35.3%	+14.1%

Middle East / Africa	Q3'22	9M '22
ASK	0.8%	-9.7%
RPK	-0.7%	-13.1%
SLF	-1.2pts.	-3.0pts.
RASK excl. currency ¹	+14.0%	+5.2%

¹ Regional RASK are based on regional traffic revenues only

Calculation of operational airline KPIs

Passenger Airlines, 9M 2022

Yield	1) Traffic revenues (€m)	14,899
	2) Not assignable (€m)	1317
	= 3) Basis for Yield (1)-(2) (€m)	13,582
	4) RPK (m) ¹	152,868
	Yield (3/4)*100 (€c)	8.9

RASK	1) Total Revenues (€m)	16,450
	2) Other operating income (€m)	695
	3) Reversal of provisions (€m)	82
	4) FX losses (€m)	-350
	= 5) Basis for RASK (1)+(2)-(3)+(4) (€m)	16,713
	6) ASK (m) ²	193,307
	RASK (5/6)*100 (€c)	8.6

CASK	1) Total operating expenses (€m)	-17,652
	2) Reversal of provisions (€m)	82
	3) FX losses (€m)	-350
	4) Fuel expenses (€m)	-5,248
	5) Emission Trading (€m)	-96
	= 6) Basis for CASK (1)+(2)-(3)-(4)-(5) (€m)	-11,876
	7) ASK (m) ²	193,307
	CASK -(6)/(7)*100 (€c)	6.1

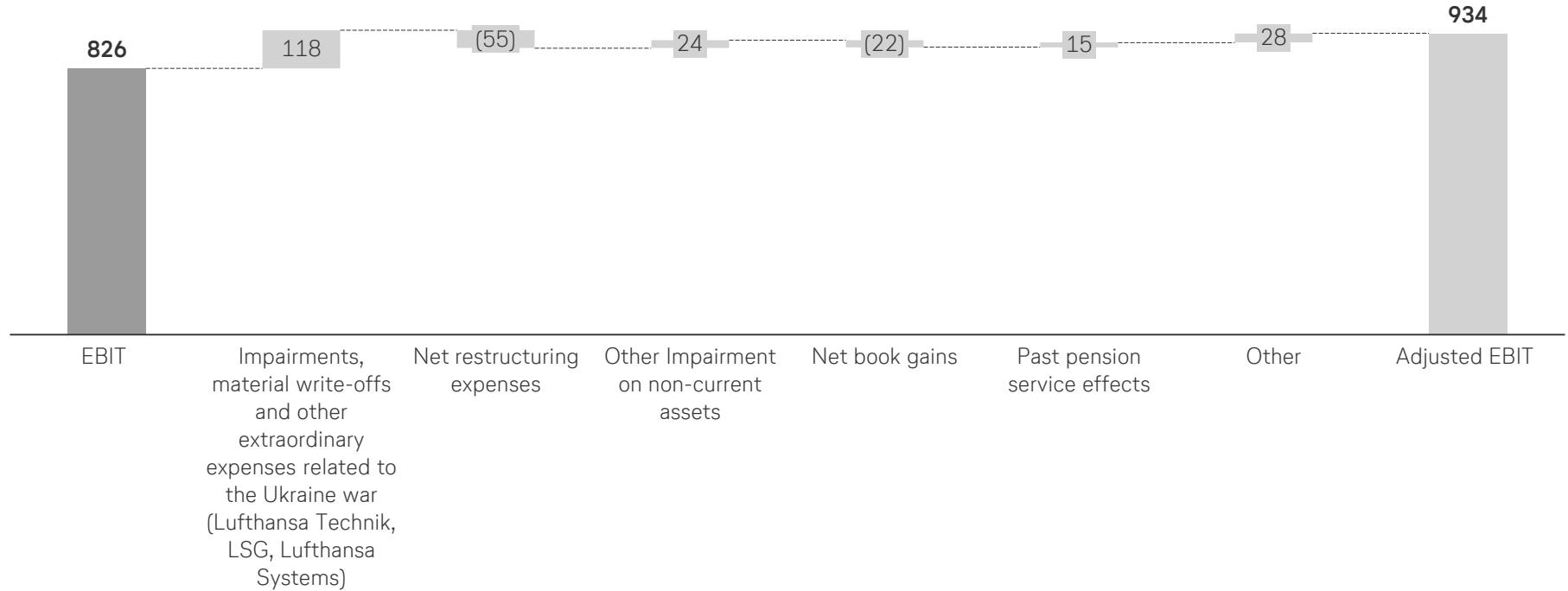
¹ RPK: Revenue Passenger Kilometers, ² ASK: Available Seat Kilometers

Group P&L

Lufthansa Group (in EUR m)	Q3 '22	vs. Q3 '21	9M '22	vs. 9M '21
Revenues	10,068	+93.4%	23,893	+117.6%
Total operating income	10,708	+91.0%	25,526	+111.6%
Operating expenses	9,629	+77.8%	24,593	+79.7%
Of which fees & charges	1,076	+53.5%	2,753	+98.1%
Of which fuel	2,475	+229.1%	5,613	+288.7%
Of which staff	2,162	+43.2%	5,894	+40.3%
Of which depreciation	574	+2.7%	1,702	+1.1%
Result from equity investments	53	-13.1%	1	nmf.
Adjusted EBIT	1,132	+351.0%	934	nmf.
Adjusted EBIT Margin	11.2%	+6.4pts.	3.9%	+18.7pts.
Adjustments	-6	+97.7%	-108	+78.4%
EBIT	1,126	nmf.	826	nmf.
Net interest income	-95	+20.2%	-307	+7.5%
Other financial items	47	+6.8%	225	+64.2%
EBT	1,078	nmf.	744	nmf.
Income taxes	-265	nmf.	-252	nmf.
Profit / loss attributable to minority interests	-4	nmf.	-8	nmf.
Net income	809	nmf.	484	nmf.

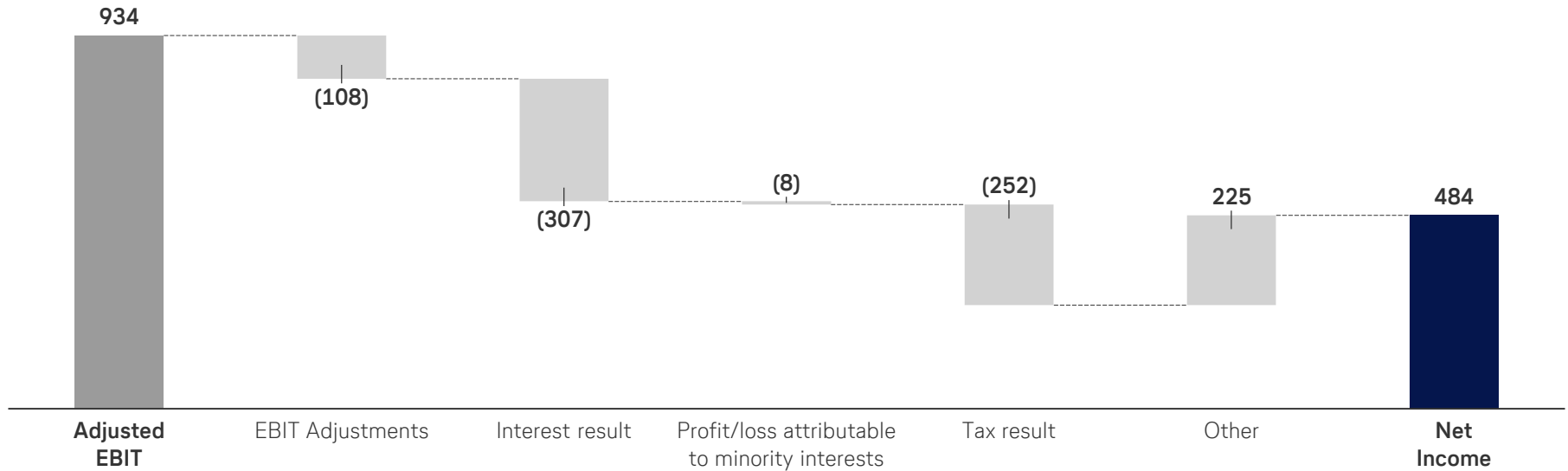
EBIT / Adjusted EBIT bridge 9M 2022

in EUR million








Adjusted EBIT / Net Income 9M 2022

in EUR million



Adjusted EBIT by Airline

Adjusted EBIT (in EUR m)		Q3 '22	Q3 '21	Change in %	9M '22	9M '21	Change in %
Lufthansa German Airlines 		224	-320	nmf.	-574	-1,893	+69.7%
SWISS 		234	5	nmf.	279	-378	nmf.
Austrian Airlines 		110	2	nmf.	4	-196	nmf.
Brussels Airlines 		52	2	nmf.	-37	-141	+73.8%
Eurowings 		103	108	-4.6%	-136	-143	+4.9%
Passenger Airlines		709	-193	nmf.	-491	-2,758	+82.2%

Cash flow statement

Lufthansa Group (in m EUR)	9M'22	vs. 9M '21
EBT (earnings before income taxes)	744	+3,062
Depreciation & amortization (incl. non-current assets)	1,709	+15
Net proceeds from disposal of non-current assets	-20	-35
Result of equity investments	16	+13
Net interest	307	-25
Income tax payments/reimbursements	-34	+18
Significant non-cash-relevant expenses / income	-373	-127
Change in trade working capital	2,559	+1,642
Change in other assets / liabilities	420	+252
Operating cash flow	5,328	+4,815
Capital expenditure (net)	-1,753	-968
Free cash flow	3,575	+3,847
Adjusted free cash flow	3,312	+3,840
Cash and cash equivalents as of 30.09.22 ¹ less assets held for sale	2,441	+357
Current securities	7,276	+2,123
Total Group liquidity	9,717	+2,480

1

Contains increase in unflown tickets liability of EUR 2,236m

2

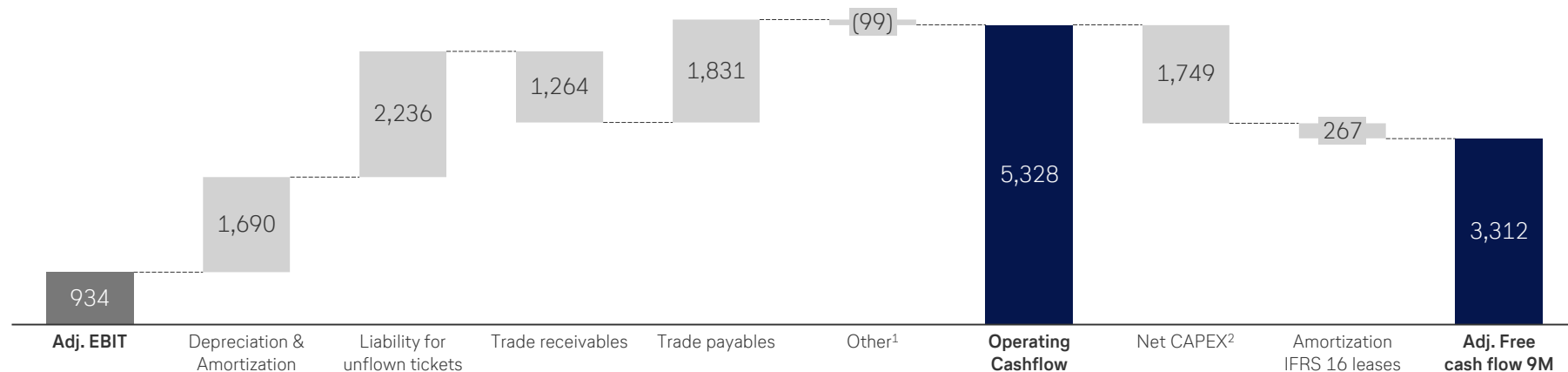
Includes staff related accrued expenses of EUR 366m payments

1

2

¹ Excl. fixed-term deposits with terms from three to twelve months (2022: EUR 6 million, 2021: EUR 21 million)

Adjusted EBIT / FCF bridge 9M 2022

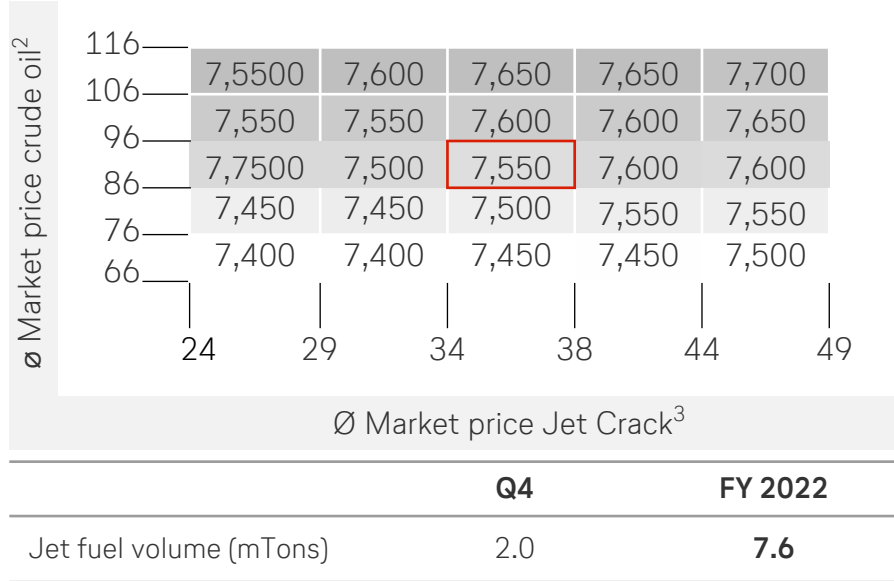


¹ Incl. other non-cash items, change in other assets & liabilities, tax

² Excl. EUR 13m effect from equity investments

Fuel cost hedging

Expected fuel cost sensitivity after hedging (FY 2022)¹



¹ As of 20 October 2022, including existing hedges and assuming an average 2022 EUR/USD forward rate of 1.02

² Average 2022 Brent ICE Crude oil future in USD/barrel (20.10.2022: 91 USD/bbl)

³ Average 2022 Jet Crack (20.10.2022: 36 USD/bbl) assuming constant Jet differentials

⁴ Hedges on basis of Jet and Gasoil derivatives

Hedging portfolio excl. Cargo as of September 30, 2022

	Q4	FY 2023
Hedge ratio Crude (%)	64	50
Break-even price (USD/bbl)	77	89
Hedge ratio Crack ⁴ (%)	38	32

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

Hedging of USD exchange rate risk



Operative | USD net exposure hedged with a 24 months layer strategy



- ✓ Natural hedge: 60% of USD fuel expenses offset by USD revenues
- ✓ Net exposure systematically hedged
- ✓ Targeted hedge ratio is 60%
- ✓ Hedge result booked as part of Other operating income/expenses

CAPEX | 50% of exposure related to aircraft purchases hedged when contract is signed



- ✓ Aircraft orders are constantly monitored and hedged strategically to protect the investment case
- ✓ Targeted hedge ratio is 90%
- ✓ Hedging levels for each payment are built up in multiple layers over the last 24 months before the payment date
- ✓ Hedge results are booked against assets

Overview of Deutsche Lufthansa AG labor agreements



- Agreement until December 2023
- Agreement terms:
 - Fixed salary increase of EUR 200 from July 2022
 - 2.5% increase (min. EUR 125) from January 2023 and again from July 2023
- Agreement covers ~20,000 ground staff in Germany with personnel costs of ~EUR 1.2bn p.a.
- Average salary increase +11% over the period of the agreement



- Agreement until June 2023
- Agreement terms:
 - Fixed salary increase of EUR 490 each in August 2022 & April 2023
- Agreement covers ~5,500 pilots at the German mainline and at Lufthansa Cargo with personnel cost of ~EUR 1.1bn p.a.
- Average salary increase of +10% once fully implemented



- Crisis-agreement in place until end of 2023
- Negotiations for adjustments are currently ongoing
- Agreement covers ~18,000 cabin crew at the German mainline with personnel costs of EUR 1.2bn p.a.

Multi-Year financial overview

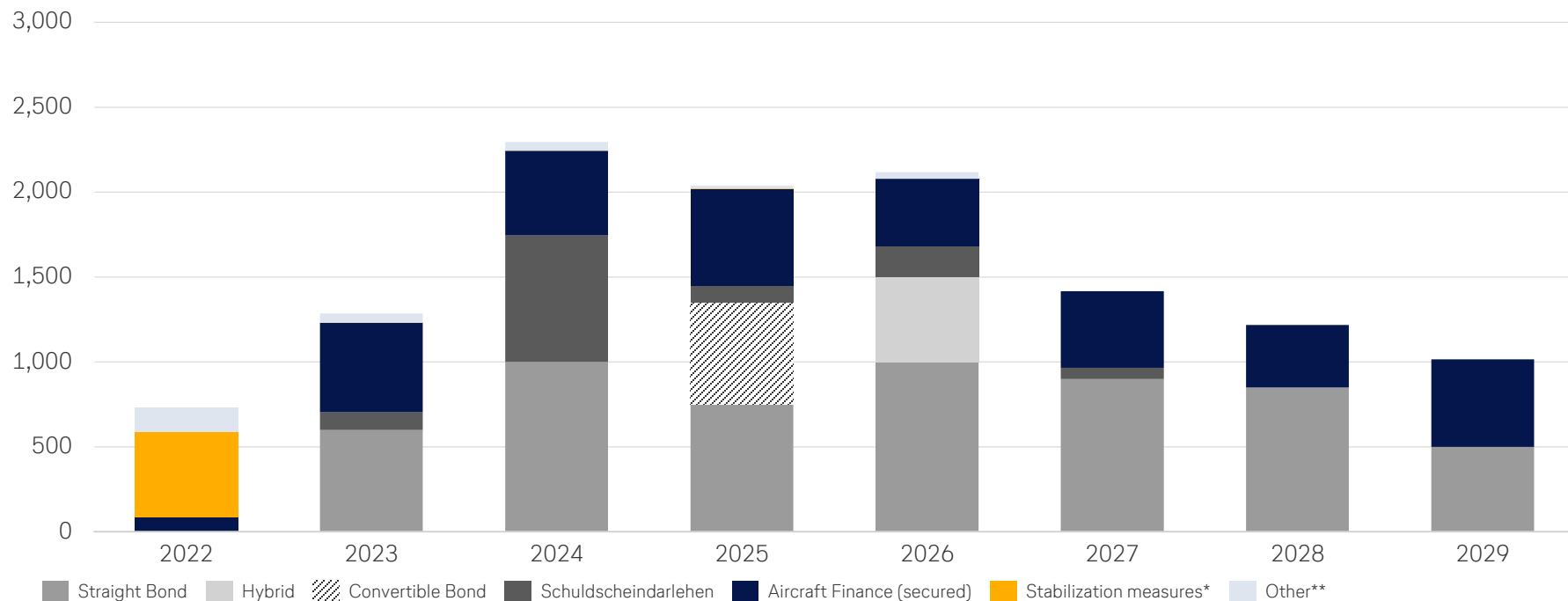
Lufthansa Group (in EUR million, as reported)	2015	2016	2017	2018	2019 ¹⁾	2020	2021
Operating KPIs							
RASK ex currency	-3.0%	-5.9%	+1.9%	-0.5%	-2.5%	-26.7%	-6.1%
CASK ex currency, ex fuel ²⁾	+2.4%	-2.5%	-1.8%	-1.7%	-1.5%	+84.6%	-25.8%
Profit & Loss							
Revenues	32,056	31,660	35,579	35,542	36,424	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 drawn on Sep 30 - predominantly scheduled repayment of stabilization measures of EUR 210 million from Austria and EUR 287 million from Belgium scheduled for Q4 2022

** Mainly bilateral loans - does not include operating leases