



Second Quarter 2023 Results

Carsten Spohr, CEO

Remco Steenberghe, CFO

Frankfurt, 3 August 2023





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Record second quarter forms the basis for a successful year

Adjusted EBIT

 **EUR
1.1bn**

Revenues

EUR 9.4bn

+17% vs. 2022

Passengers

33m

+14% vs. 2022



Yield

+13%

vs. 2022



Operating Cash Flow

EUR 1.5bn



Net CAPEX

~ EUR 0.8bn



Significant progress in the transformation into an Airline group

April



Sale of LSG International to AURELIUS

- Reduction of organizational complexity
- Closing expected in Q3

May



Acquisition of 41% of ITA Airways incl. option for a full takeover

- Broader access to the key Italian market and the Southern hemisphere
- Closing expected by the end of 2023

June



Sale of payment specialist AirPlus to SEB Kort

- Positive effects on the Group's ROCE and free cash flow
- Closing expected in 2024

Transformation into Airline Group to continue

Operational measures have successfully stabilized operations

Measures to support stable operations



9,000 new employees YTD in 2023 mainly in operations



Close alignment with system partners



Flight plan adjustments to avoid overloads at peaks



Process optimization to address pain points

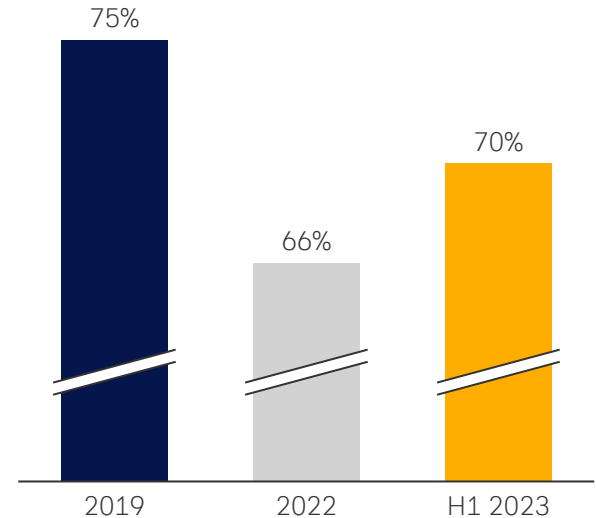


Flexible deployment of staff



Punctuality improved

Departure Punctuality



Various constraints in the system impact our punctuality and will limit growth in the industry for a long time to come



**Bottlenecks
in air traffic
control**



**Staff shortages
at handling
providers**

**Missing
spare parts**



**Significant delays
in aircraft
deliveries**



**Engine
durability
issues**

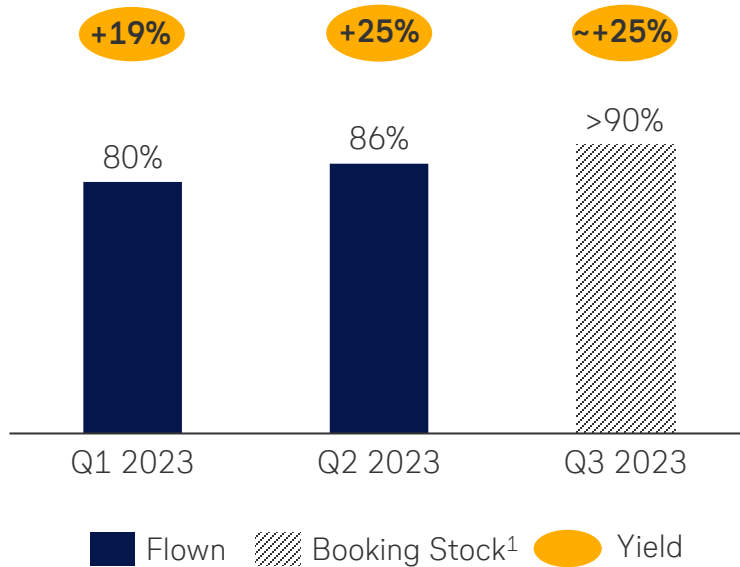


**Industry-wide
personnel
shortage**

Demand remains strong also beyond summer – premium outperforms

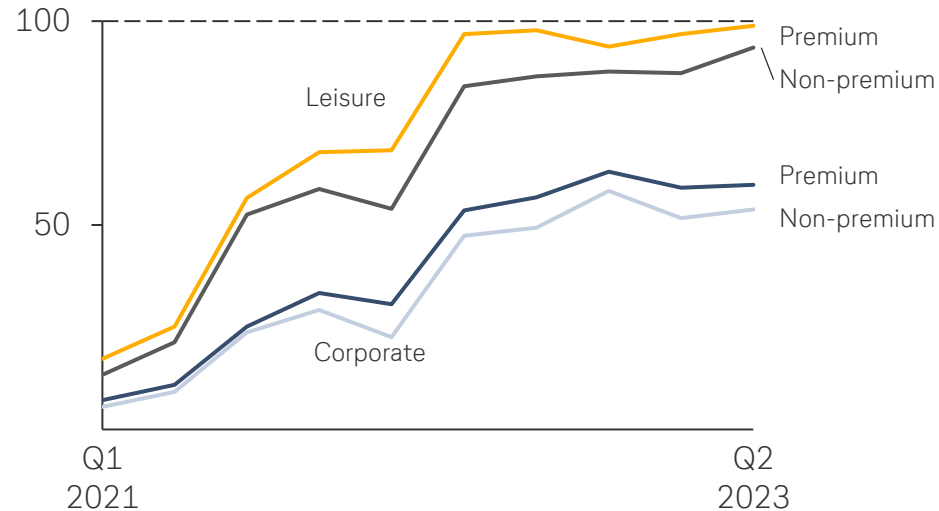
Passenger development and booking outlook

Pax and yield vs. 2019



Recovery per customer segment

Flown pax in % of 2019



¹ Compared to the same point in time in 2019



**Digital
offers**

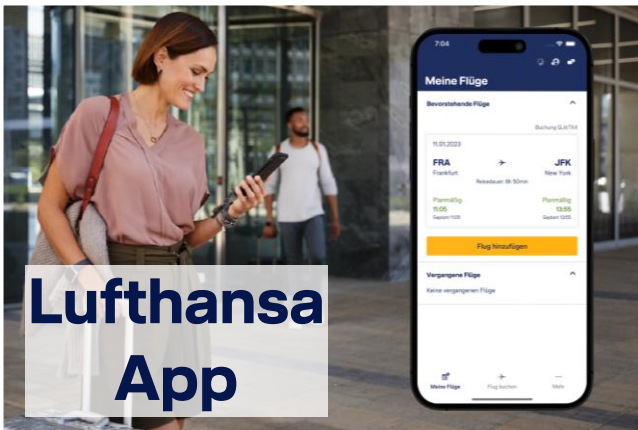


**Biometric
Boarding**



**Green
Fares**

Continuous implementation of innovative solutions along the customer journey



**Lufthansa
App**



**Self-
Service**



**New
Lounges**

Confident outlook

- ✓ **Demand remains strong, supply constrained**
- ✓ **Product and service innovations will support our premium positioning**
- ✓ **Transformation into Airline Group well underway**

A group of six Lufthansa staff members, including pilots and cabin crew, are smiling and making heart gestures with their hands. They are standing in front of a large flight information display board at an airport.

Second Quarter 2023 Results

Remco Steenberg, CFO

Frankfurt, 3 August 2023



Q2 Adjusted EBIT and net income reach new record level

(in EUR million)	Q2 '23	Q2 '22	Change in %
Revenues	9,389	8,000	+17
Operating expenses	9,095	8,207	+11
Of which fuel	1,934	2,151	-10
Of which staff	2,064	1,752	+18
Of which depreciation	555	551	+1
Adjusted EBITDA	1,639	973	+75
Adjusted EBIT	1,085	392	+177
EBIT	1,081	341	+217
Net income	881	259	+240
Adjusted Free cash flow	589	2,122	-72

Note: Results of the Catering segment presented in separate line "Result from discontinued operations" (not included in Group Adjusted EBIT, included in net income)

Passenger Airlines: Strong Q2 performance as yields remain high

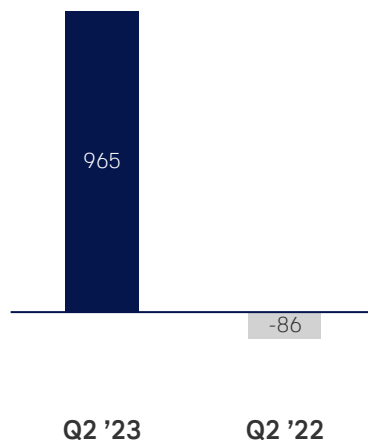


Operational KPIs

Adjusted EBIT in EUR million

Comments

	Q2 '23	vs. 2022	vs. 2019
ASK	78,520	+12,2%	-17,5%
SLF	83.2%	+3.1pts	-0.1pts
Yield¹	10.0 €c	+13.1%	+24.7%
Short-haul		+14.4%	+13.5%
Long-haul		+13.5%	+30.8%
RASK¹	9.9 €c	+14.9%	+25.1%
CASK¹	6.2 €c	+7.2%	+16.3%



- All airlines record an operated profit in Q2 - SWISS, Austrian Airlines, Brussels Airlines and Eurowings reach new record levels
- Performance remains strong across the entire long-haul business
- Disproportionately high year-on-year yield increase in short-haul due to strong (premium) leisure demand over summer

¹ Incl. currency

Unit cost increases expected to moderate in H2 – productivity improvements to support unit cost reduction in 2024

CASK expected to improve in H2

Quarterly CASK performance

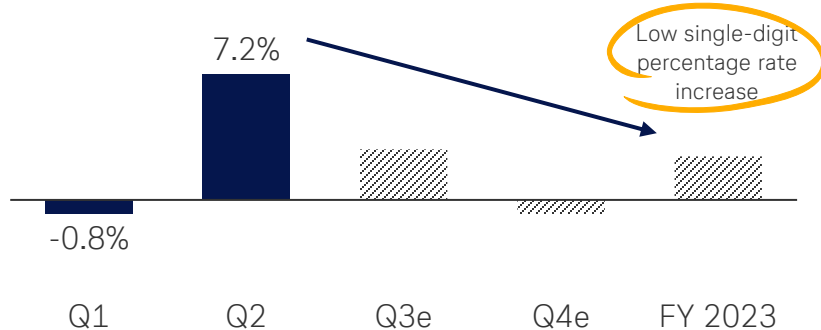
vs. PY

Drivers in H1:

- Investments in operational stability
- Ramp-up costs
- Industry-wide cost inflation

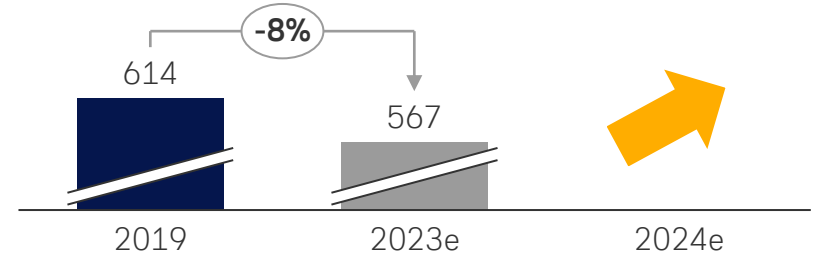
Drivers of expected H2 improvement:

- ASK growth
- Non-recurring ramp-up cost
- Better productivity

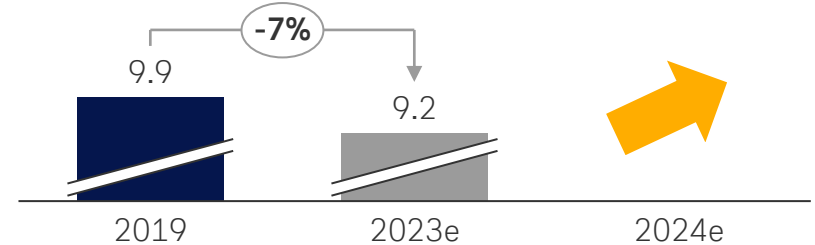


Productivity forecasted to recover in 2024

Crew productivity



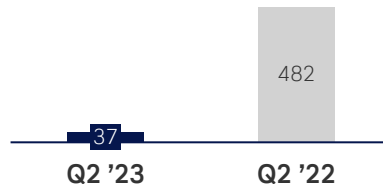
Aircraft productivity



Record results at Lufthansa Technik – Lufthansa Cargo's profits normalize

Adjusted EBIT in EUR million

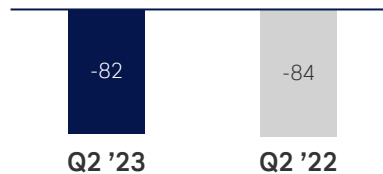
 **Lufthansa Cargo**



 **Lufthansa Technik**



Others



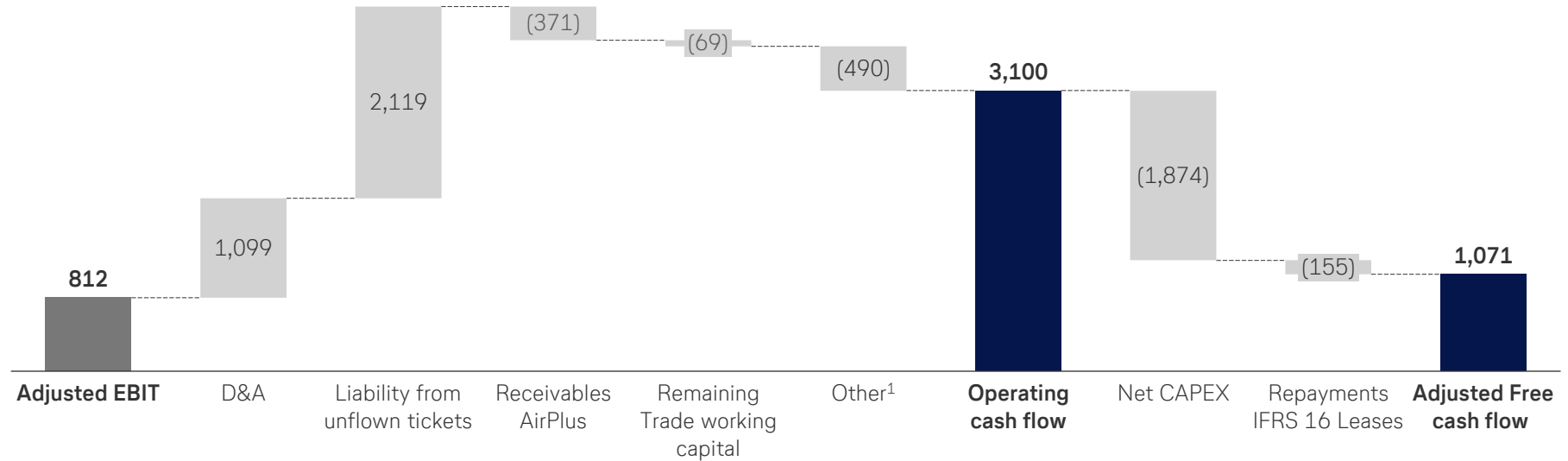
Comments

- Cargo business impacted by market-wide rate declines and low volumes – Lufthansa Cargo gains market share and sustains its yield premium (Q2 yields up >40% vs. 2019)
- Record performance by Lufthansa Technik driven by strong demand and industry-wide shortage of MRO capacity

Free cash flow performance driven by strong operating result and bookings

H1 Adjusted EBIT / Adjusted free cash flow

in EUR million

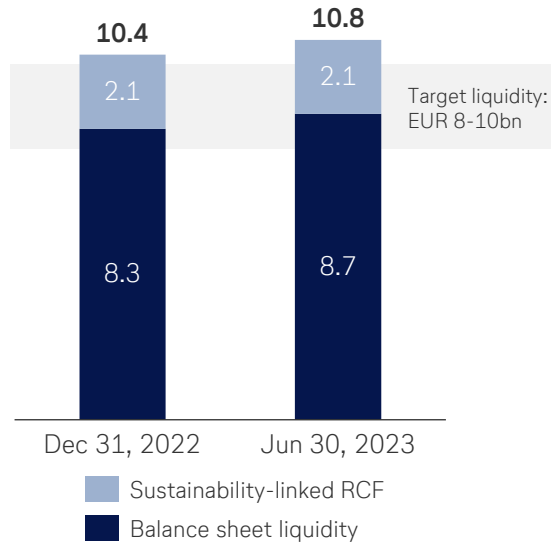


¹ Incl. result from discontinued operations, other non-cash items, change in other assets & liabilities, tax

Credit rating upgrades reflect significant progress in deleveraging

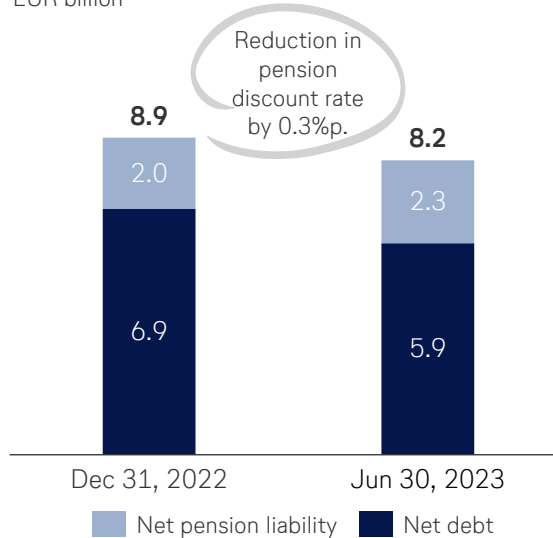
Liquidity

EUR billion



Net debt and net pension liabilities¹

EUR billion



Ratings upgraded

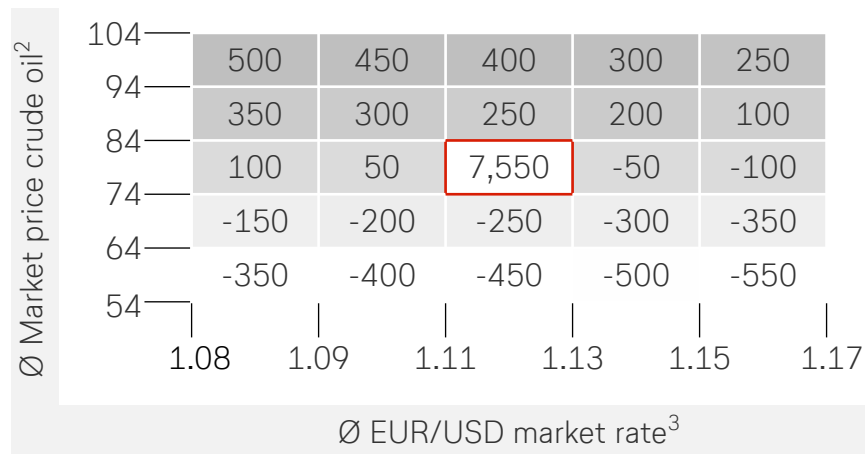
- S&P Global: Upgrade to BB+ from BB with positive outlook in April
- Moody's: Upgrade to Ba1 from Ba2 with stable outlook in May
- Scope: Confirmation of BBB-rating, upgrade of outlook to 'positive' in May

Balance sheet improvement enables the payment of a dividend for the year 2023

¹ Incl. pension plan surpluses which may not be netted according to IFRS (June 30, 2023: EUR 77m; December 31, 2022: EUR 76m)

Option-based fuel hedging offers protection while leaving the opportunity to benefit from lower prices

Expected fuel cost sensitivity after hedging (FY 2023)¹



Hedging portfolio excl. LH Cargo

	Q3	H2 2023
Hedge ratio Crude (%)	86	85
Break-even price (USD/bbl)	91	91
Hedge ratio Crack ⁴ (%)	64	56
Strike Crack Hedges (USD/bbl)	30	28

	Q3e	Q4e	FY 2023e
Jet fuel volume (mTons)	2.5	2.3	8.9

¹ Passenger Airlines and Logistics (as of July 14, 2023), including existing hedges, assuming stable Jet Crack of 21 USD/bbl

² Average 2023 Brent ICE Crude oil future in USD/barrel (July 14, 2023: 79.18 USD/bbl)

³ Average 2023 EUR/USD forward rate (July 14, 2023: 1.113 EUR/USD)

⁴ Hedges on basis of Jet and Gasoil derivatives

Significant progress towards 2024 targets expected in 2023

Q3 2023



Capacity (ASK)
c. 88% of 2019 levels



Adjusted EBIT
Above 2019 level of
EUR 1.3bn

Full Year 2023



Capacity (ASK)
Around 85% of 2019 levels



Adjusted EBIT
Above EUR 2.6bn



Adjusted Free cash flow
Significantly positive



Net CapEx
EUR 2.5-3.0bn

Full Year 2024



Adjusted EBIT margin
At least 8%



Adjusted ROCE (excl. cash)
At least 10%

Appendix

- supplementary information-

Traffic Data

		Apr	vs.2019	May	vs.2019	Jun	vs.2019	Q2	vs.2019
Total Lufthansa Group Airlines	Passengers in 1,000	10,234	-18.3%	11,235	-14.9%	11,826	-14.4%	33,296	-15.8%
	Available seat-kilometers (m)	24,857	-18.9%	26,369	-18.4%	27,295	-15.2%	78,520	-17.5%
	Revenue seat-kilometers (m)	20,374	-20.2%	21,653	-17.5%	23,262	-15.3%	65,289	-17.6%
	Passenger load-factor (%)	82.0	-1.4pts	82.1	+0.9pts	85.2	-0.1pts	83.2	-0.1pts
	Available Cargo tonne-kilometers (m)	1,245	-16.1%	1,280	-16.3%	1,222	-11.9%	3,833	-14.8%
	Revenue Cargo tonne-kilometers (m)	729	-18.2%	707	-24.0%	763	-18.6%	2,161	-20.3%
	Cargo load-factor (%)	58.5	-1.5pts	55.2	-5.6pts	62.4	-4.6pts	56.4	-3.9pts
	Number of flights	80,624	-19.9%	86,899	-19.7%	88,136	-17.2%	255,659	-18.9%

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

Total	Q2'23
Number of flights	-19.0%
ASK	-17.5%
RPK	-17.6%
SLF	-0.1pts.

Yield	+24.7%
Yield vs 2022	+13.1%
Yield ex currency vs 2022	+13.7%
RASK	+25.1%
RASK ex currency vs 2022	+15.6%
CASK ex. fuel, ex. emissions cost	+16.3%
CASK ex. fuel, ex. emissions cost vs 2022	+7.2%
CASK ex currency, ex fuel, ex emissions cost vs 2022	+6.9%

Europe	Q2'23
ASK	-7.7%
RPK	-6.0%
SLF	+1.5pts.
RASK incl. currency ¹⁾	+15.6%

Americas	Q2'23
ASK	-21.5%
RPK	-21.3%
SLF	+0.2pts.
RASK incl. currency ¹⁾	+30.6%

North America	+26.8%
South America	+44.7%

Asia / Pacific	Q2'23
ASK	-37.4%
RPK	-39.5%
SLF	-2.8pts.
RASK incl. currency ¹⁾	+37.4%

Middle East / Africa	Q2'23
ASK	-0.1%
RPK	-1.0%
SLF	-0.7pts.
RASK incl. currency ¹⁾	+13.8%

¹⁾ Regional RASK are based on regional traffic revenues only

Calculation of operational airline KPIs

Passenger Airlines, Q2 2023

Yield	1) Traffic revenues (€m)	7,270
	2) Not assignable (€m)	763
	= 3) Basis for Yield (1)-(2) (€m)	6,507
	4) RPK (m) ¹	65,289
	Yield (3/4)*100 (€c)	10.0

RASK	1) Total Revenues (€m)	7,669
	2) Other operating income (€m)	218
	3) Reversal of provisions (€m)	33
	4) FX losses (€m)	-81
	= 5) Basis for RASK (1)+(2)-(3)+(4) (€m)	7,844
	6) ASK (m) ²	78,520
	RASK (5/6)*100 (€c)	9.9

CASK	1) Total operating expenses (€m)	-6,910
	2) Reversal of provisions (€m)	33
	3) FX losses (€m)	-81
	4) Fuel expenses (€m)	-1,852
	5) Emission Trading (€m)	-62
	= 6) Basis for CASK (1)+(2)-(3)-(4)-(5) (€m)	-4,882
	7) ASK (m) ²	78,520
	CASK -(6)/(7)*100 (€c)	6.2

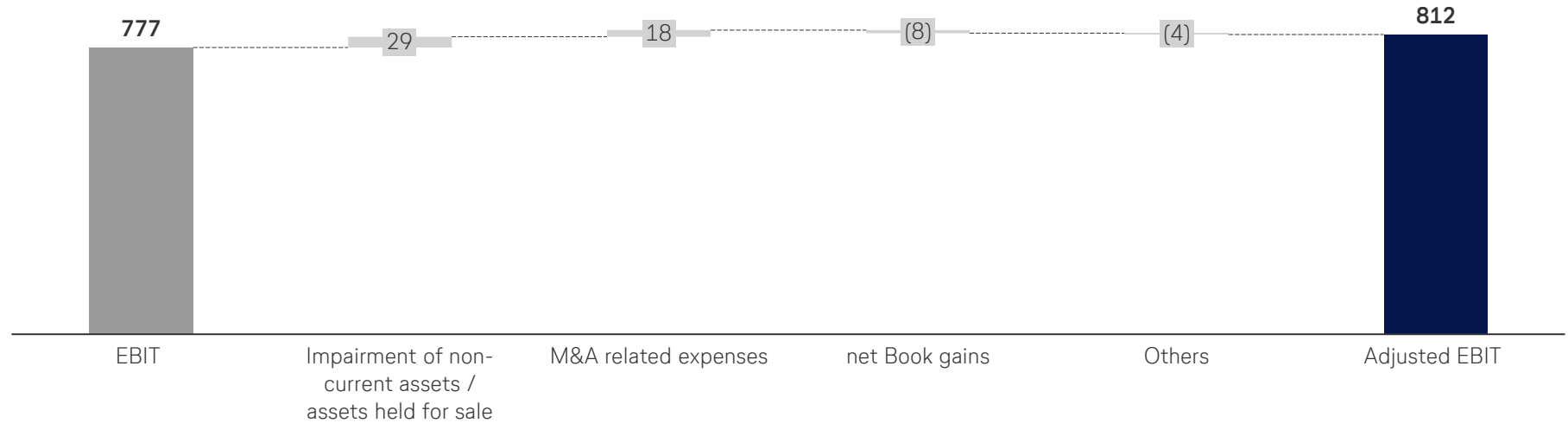
¹ RPK: Revenue Passenger Kilometers, ² ASK: Available Seat Kilometers

Group P&L

Lufthansa Group (in EUR m)	Q2 '23	vs. Q2 '22
Revenues	9,389	+17%
Total operating income	10,154	+19%
Operating expenses	9,064	+11%
Of which fees & charges	1,202	+20%
Of which fuel	1,934	-10%
Of which staff	2,064	+18%
Of which depreciation	555	+1%
Result from equity investments	-5	+60%
Adjusted EBIT	1,085	+177%
Adjusted EBIT Margin	11.6%	+6.7 pts.
Adjustments	-4	0%
EBIT	1,081	+217%
Net interest income	-82	+35%
Other financial items	62	-57%
EBT	1,061	+196%
Income taxes	-187	-101%
Profit / loss from discontinued operations	7	n.m.f.
Profit / loss attributable to minority interests	0	+100%
Net income	881	+238%

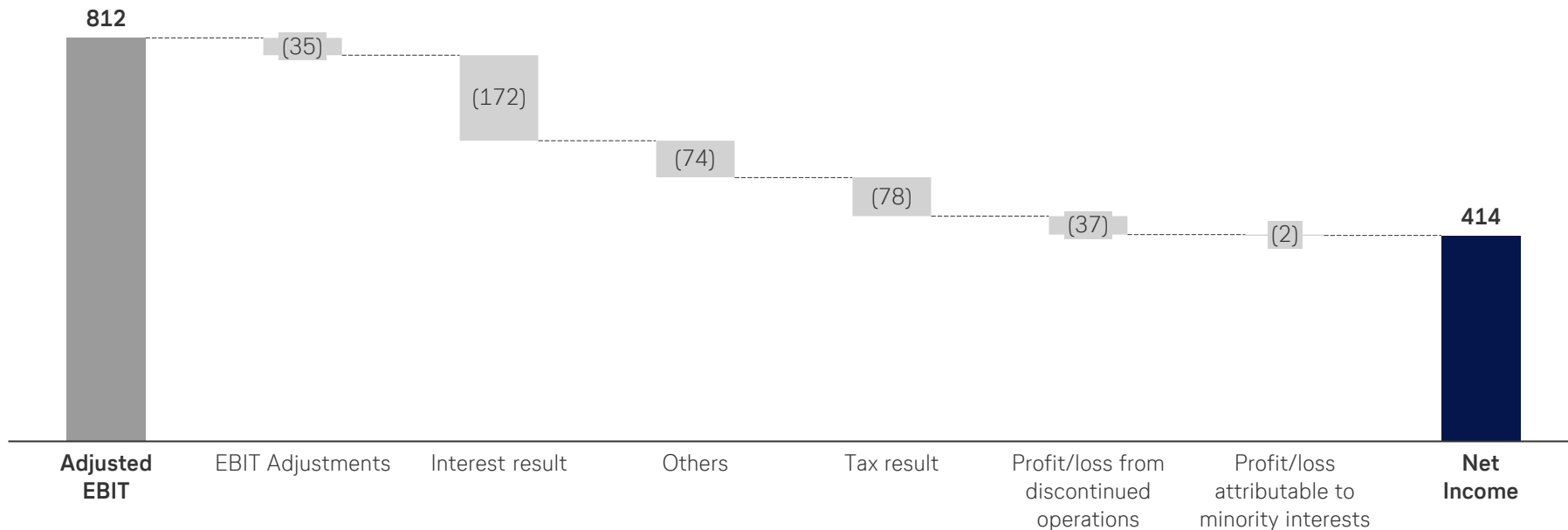
EBIT / Adjusted EBIT bridge H1 2023

in EUR million








Adjusted EBIT / Net Income H1 2023

in EUR million



Adjusted EBIT by Airline

Adjusted EBIT (in EUR m)		Q2 '23	Q2 '22	Change in %	6M '23	6M '22	Change in %
Lufthansa German Airlines 		515	-83	n.m.f.	149	-798	n.m.f.
SWISS 		272	107	+154%	349	45	n.m.f.
Austrian Airlines 		88	3	n.m.f.	15	-106	n.m.f.
Brussels Airlines 		31	-27	n.m.f.	-12	-89	87
Eurowings 		69	-76	n.m.f.	-34	-239	86
Passenger Airlines		965	-86	n.m.f.	453	-1,200	n.m.f.

Cash flow statement

Lufthansa Group (in m EUR)	Q2 '23	vs. Q2 '22 ¹
EBT (earnings before income taxes)	1,086	+730
Depreciation & amortization (incl. repairable MRO materials)	+562	+22
Net proceeds from disposal of non-current assets	-16	-13
Result of equity investments	+2	-7
Net interest	+85	-44
Income tax payments/reimbursements	-99	+11
Significant non-cash-relevant expenses / income	-87	+72
Change in trade working capital	+132	-1,753
Change in other assets / liabilities	-146	-444
Operating cash flow	+1,519	-1,426
Capital expenditure (net)	-831	-87
Free cash flow	+688	-1,513
Adjusted Free cash flow	+589	-1,533
Cash and cash equivalents as of 30.06.23 excl. assets held for sale	+1,242	-1,460
Current securities	+7,233	+576
Total Group liquidity	+8,475	-884

¹ Changes in balance sheet items compared to year end 2022

1 Significant improvement in the operating result compared to the previous year

2 Decline versus prior year reflects non-recurrence of exceptionally strong cash inflow due strong bookings in the prior year

3 Mainly related to pre-payments and new aircraft deliveries

Multi-year financial overview

Lufthansa Group (in EUR million, as reported)	2016	2017	2018	2019 ¹	2020	2021	2022 ⁴
Operating KPIs							
RASK ex currency	-5.9%	+1.9%	-0.5%	-2.5%	-26.7%	-6.1%	-6.1%
CASK ex currency, ex fuel ²	-2.5%	-1.8%	-1.7%	-1.5%	+84.6%	-25.8%	-25.8%
Profit & Loss							
Revenues	31,660	35,579	35,542	36,424	13,589	16,811	32,770
Fuel Cost	4,885	5,232	6,087	6,715	1,875	2,409	7,601
Adjusted EBIT	1,752	2,969	2,836	2,026	-5,451	-1,666	1,509
Adjusted EBIT Margin	5.5%	8.3%	8.0%	5.6%	-40.1%	-9.9%	4.6%
Balance Sheet							
Total Assets	34,697	35,778	38,213	42,659	39,484	42,538	43,335
Net Financial Debt and Pension Liabilities	11,065	8,000	9,354	13,321	19,453	15,563	8,864
Adjusted ROCE	7.0%	11.9%	10.6%	6.6%	-16.7%	-7.4%	+7.3%
Cash Flow statement							
Operating Cash Flow	3,246	5,368	4,109	4,030	-2,328	399	5,168
Capital expenditure (net)	2,108	3,251	3,859	3,448	962	1,119	2,286
Free Cash Flow ³	1,138	2,117	288	203	-3,669	-1,049	2,526

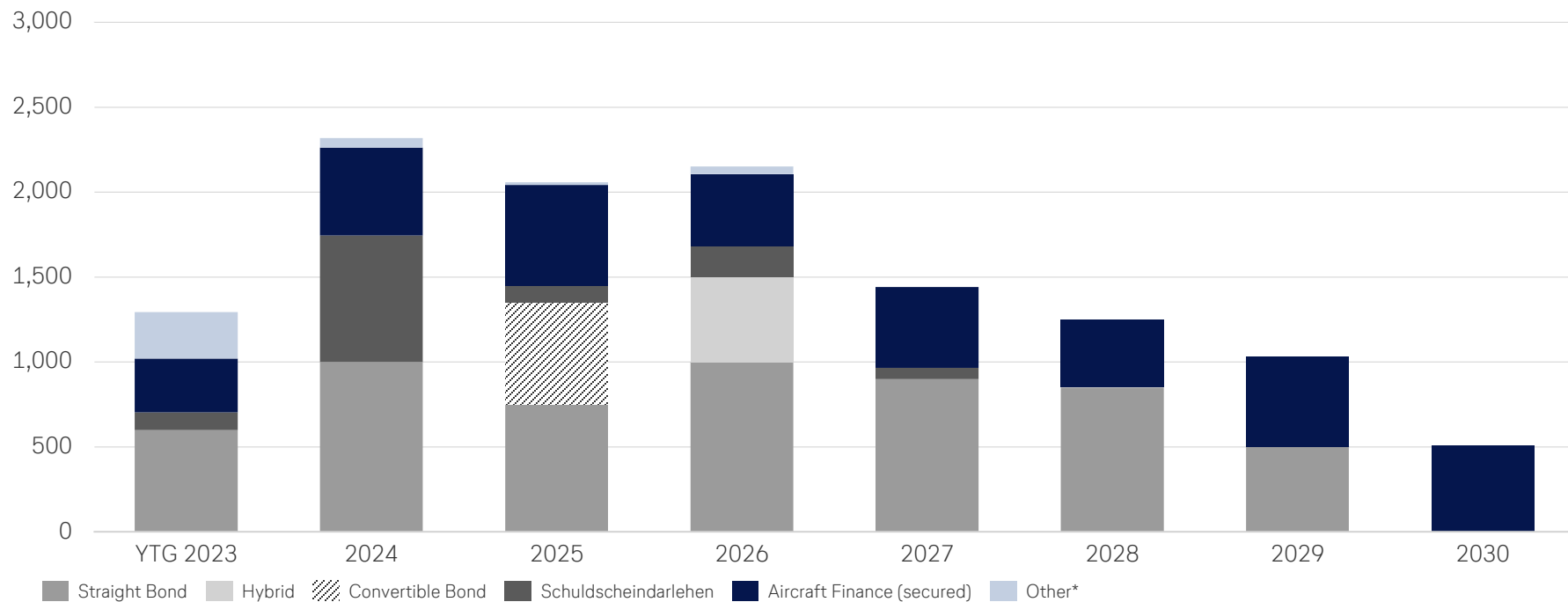
¹ 2019 reported figures including effects from IFRS 15 treatment of compensation payments, 2017 restated for better comparability

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

⁴ 2022 figures as reported (excl. adjustment for discontinued operations).

Maturity profile of borrowings as of June 30, 2023



*Mainly bilateral loans – does not include operating leases; as drawn on June 30 - including AirPlus ABCP program