LUFTHANSA GROUP

Investor Presentation December 2020

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Agenda

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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

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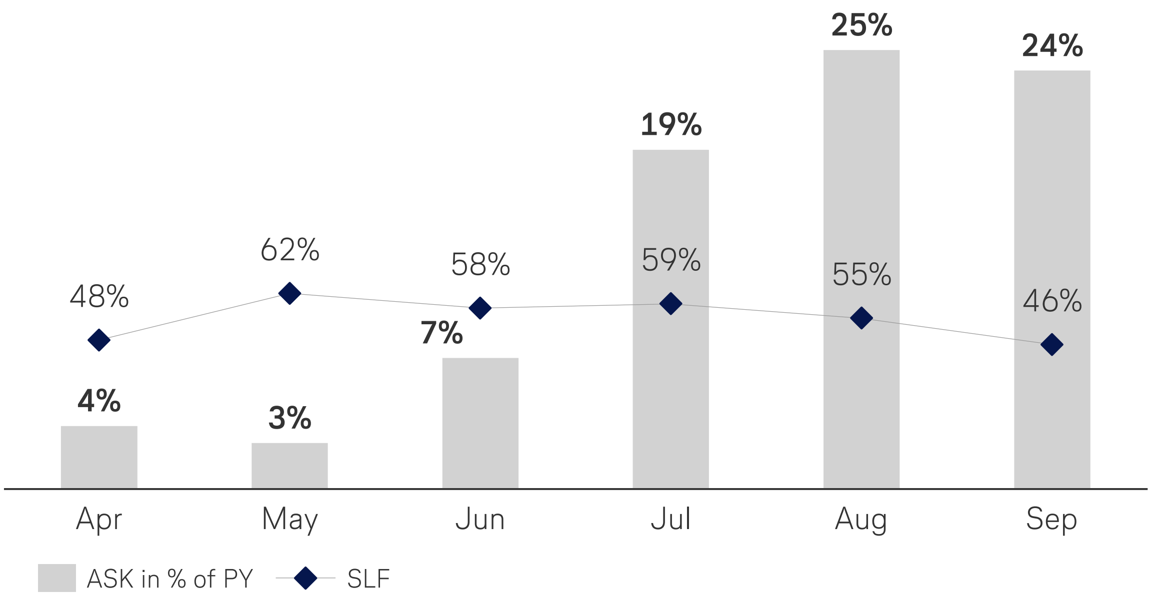
Positive trends in early Restart phase reversed in September

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

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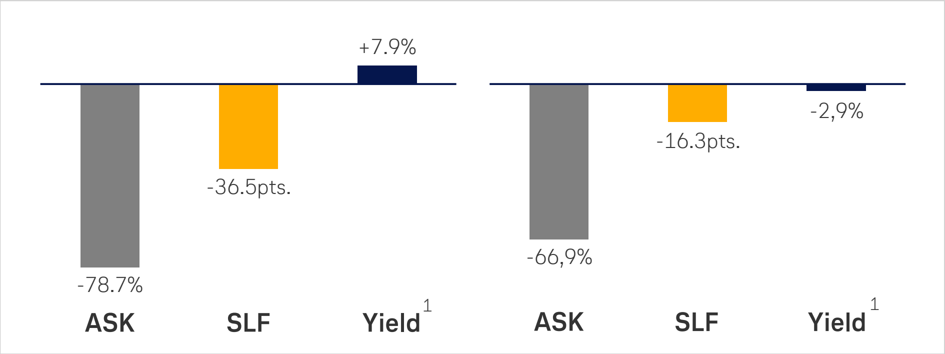
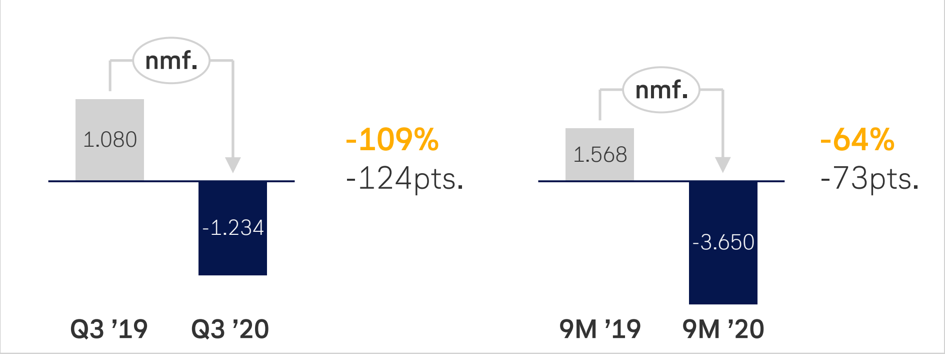
Network Airlines: Further step-up of cost reductions limits operating loss

Q3 2020 | 9M 2020

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

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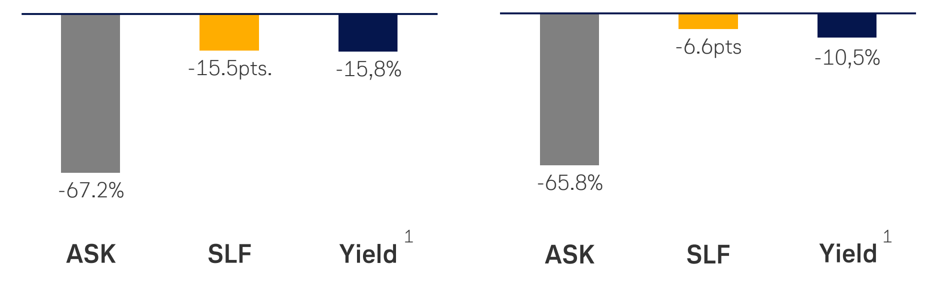
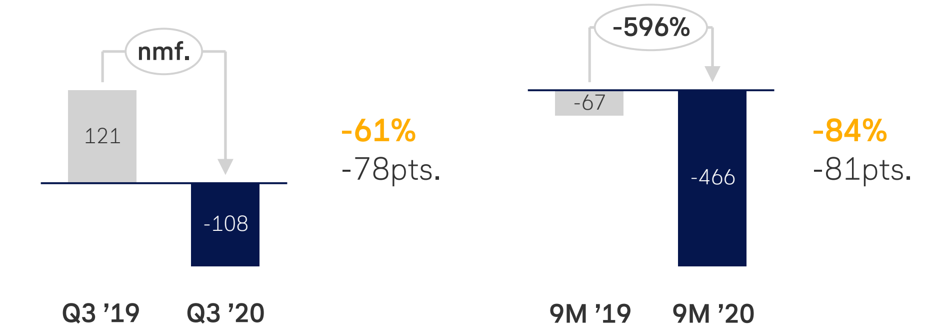
Eurowings: Touristic focus supports recovery in summer months

Q3 2020 | **9M 2020**

Operational KPIs



Adjusted EBIT / Margin



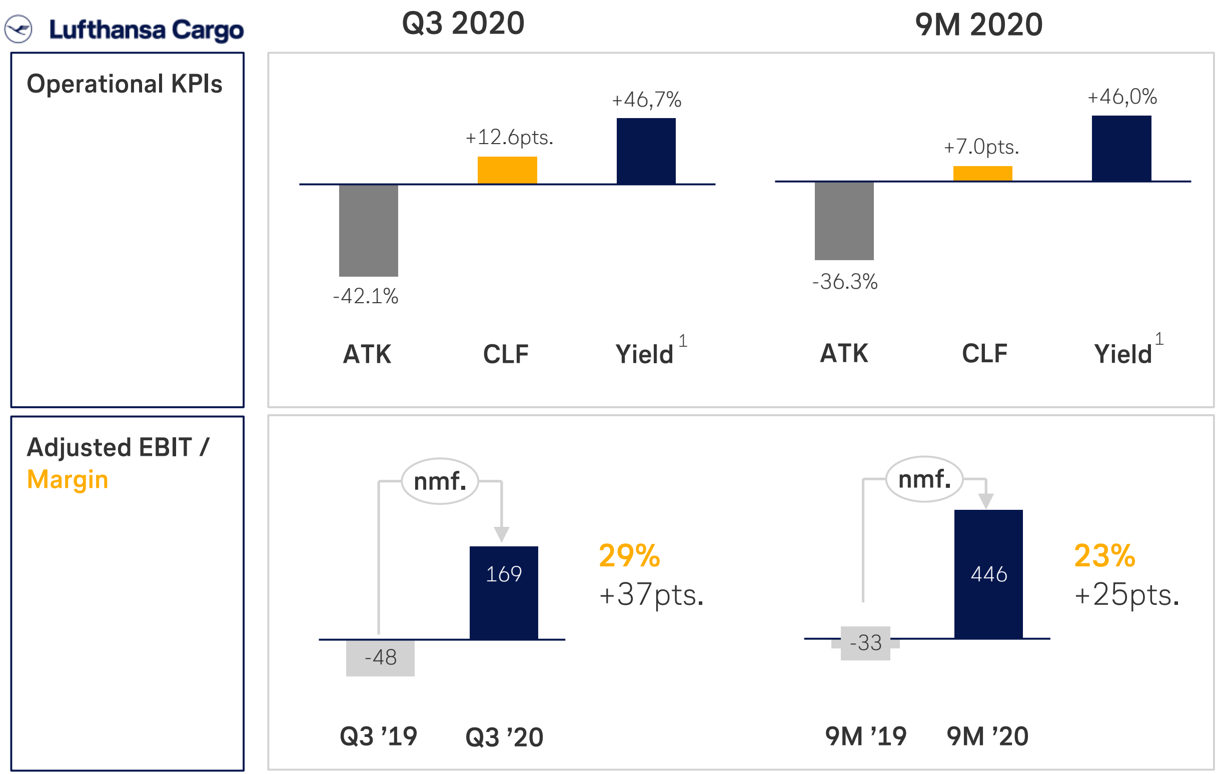
Comments

- 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

[1] Excl. currency

Logistics: On course for record result in 2020

Lufthansa Cargo



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

[1] Incl. currency

Results of the MRO and Catering segments burdened by the crisis

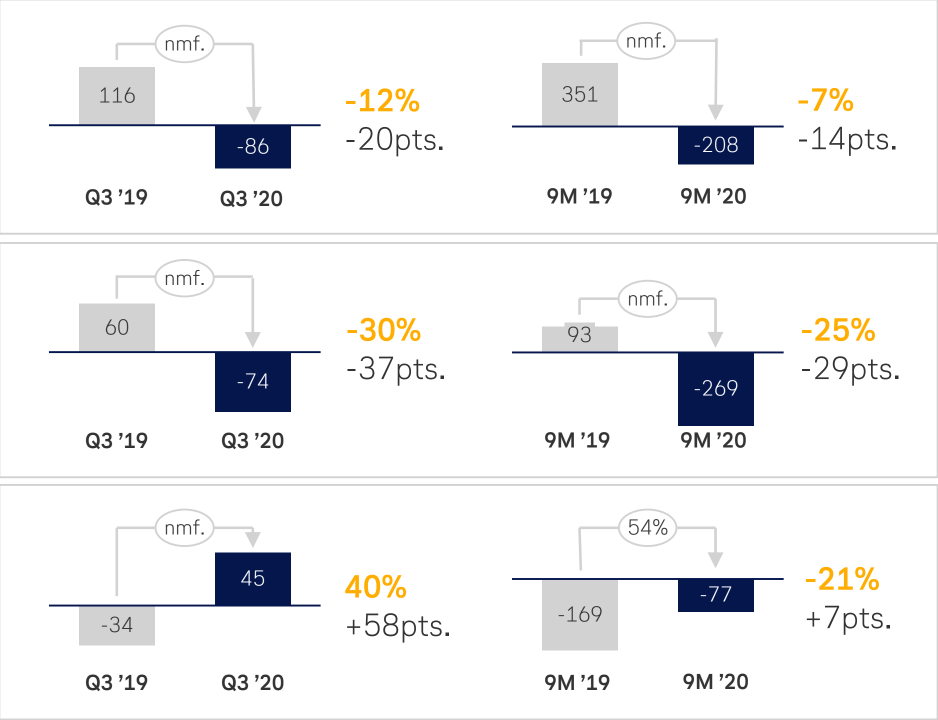
Adjusted EBIT / Margin

Q3 2020 | **9M 2020**

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"

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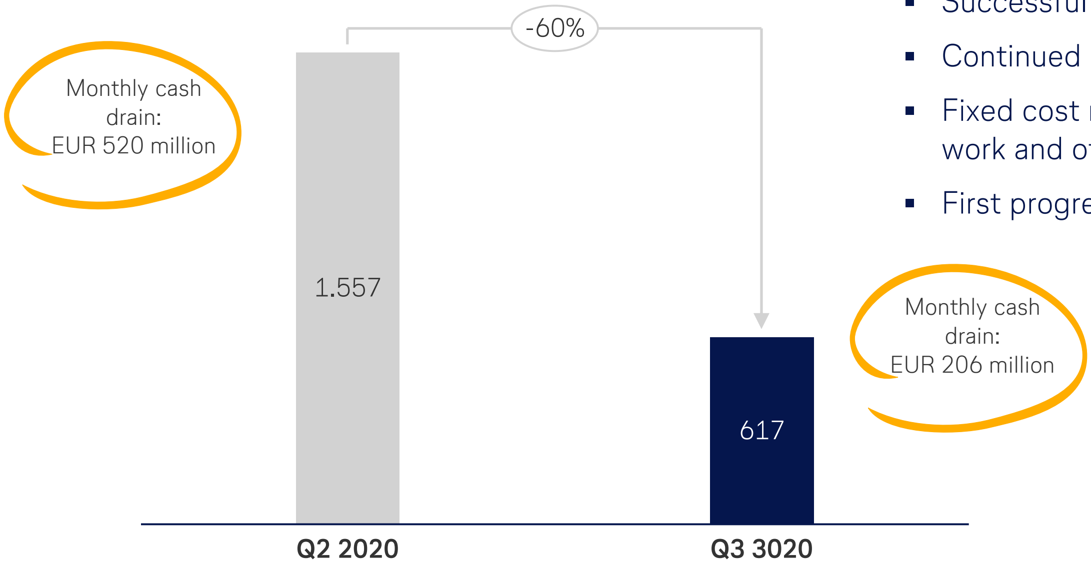
Significant reduction of operating cash drain compared to the second quarter

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)

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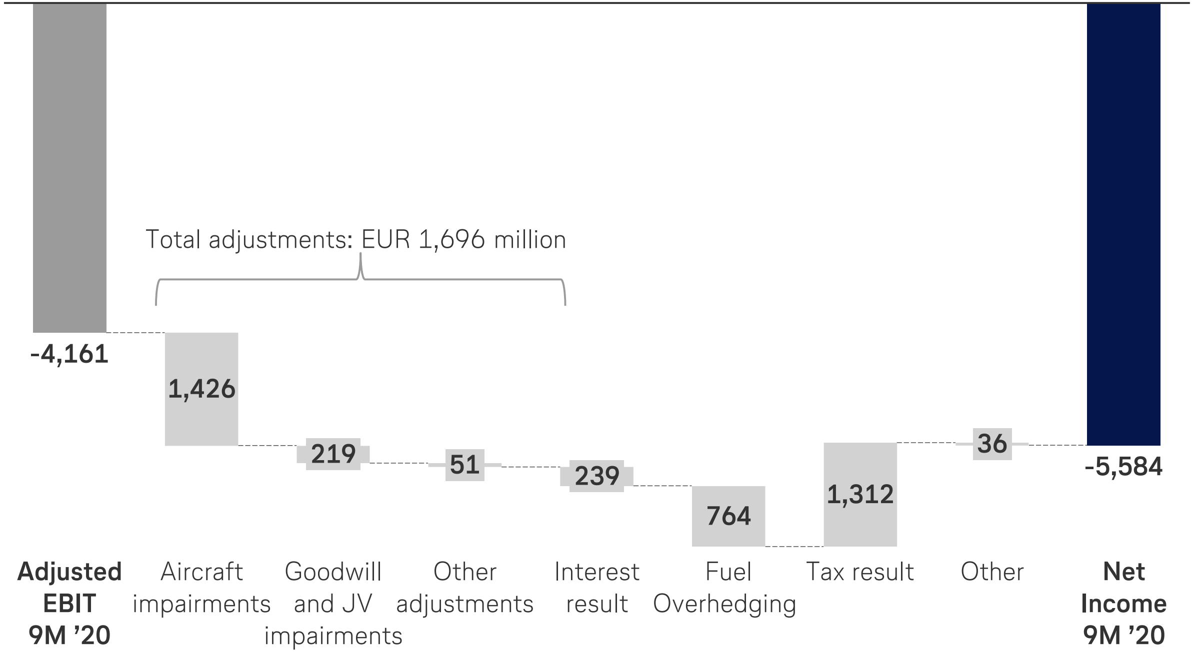
Impairments and fuel hedging losses burden net income

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

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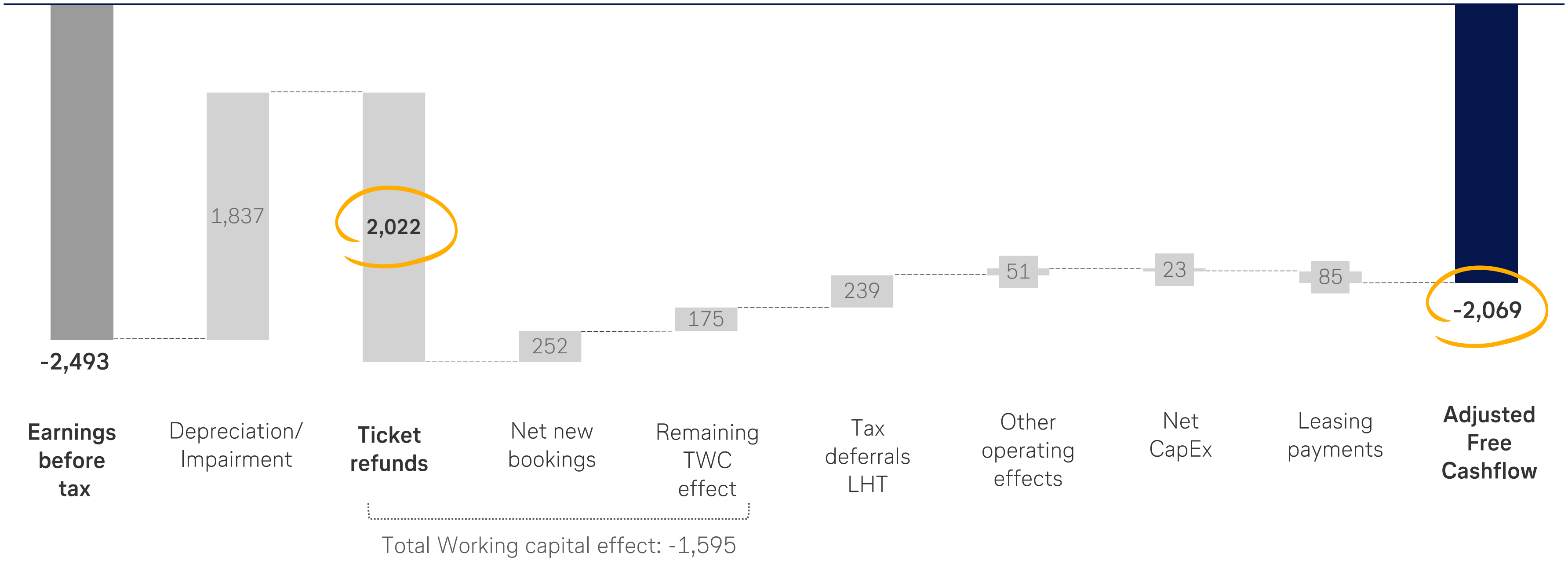
Q3 free cash flow decline almost entirely driven by customer refunds

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



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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

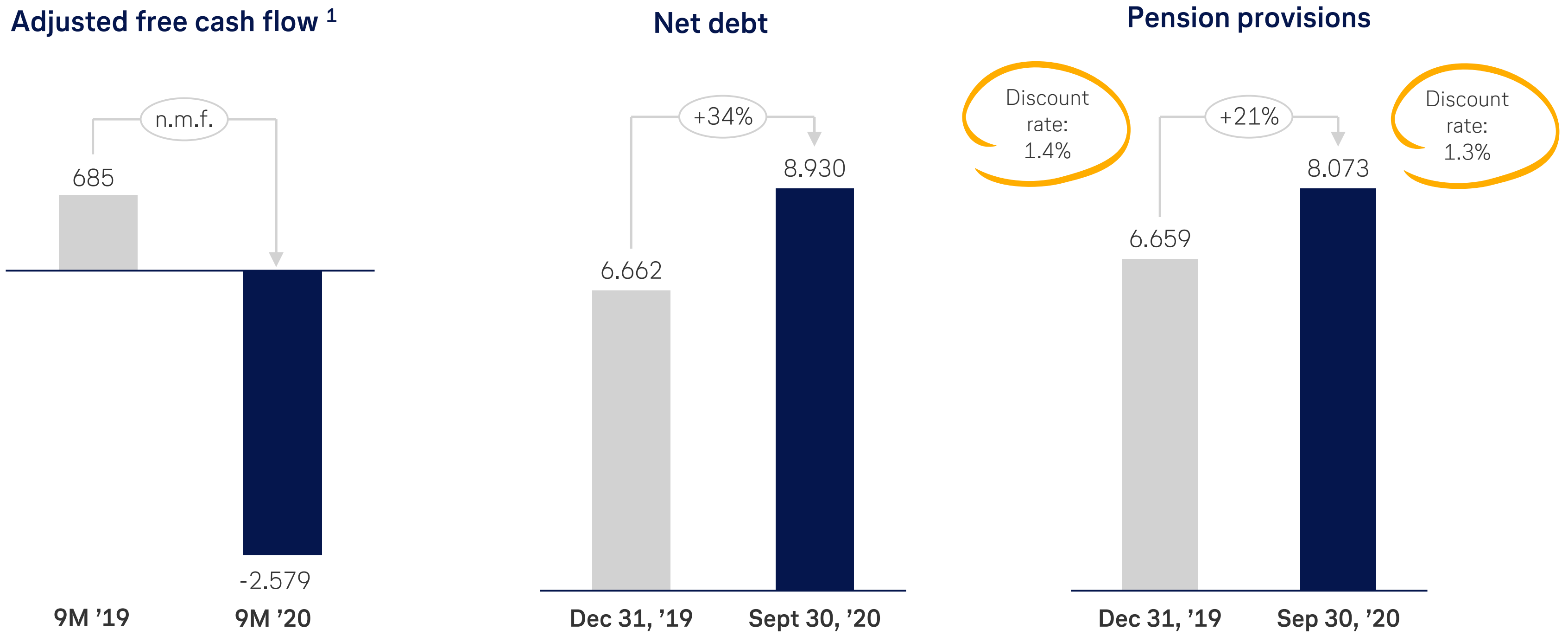
2 Strict working capital management

- 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



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

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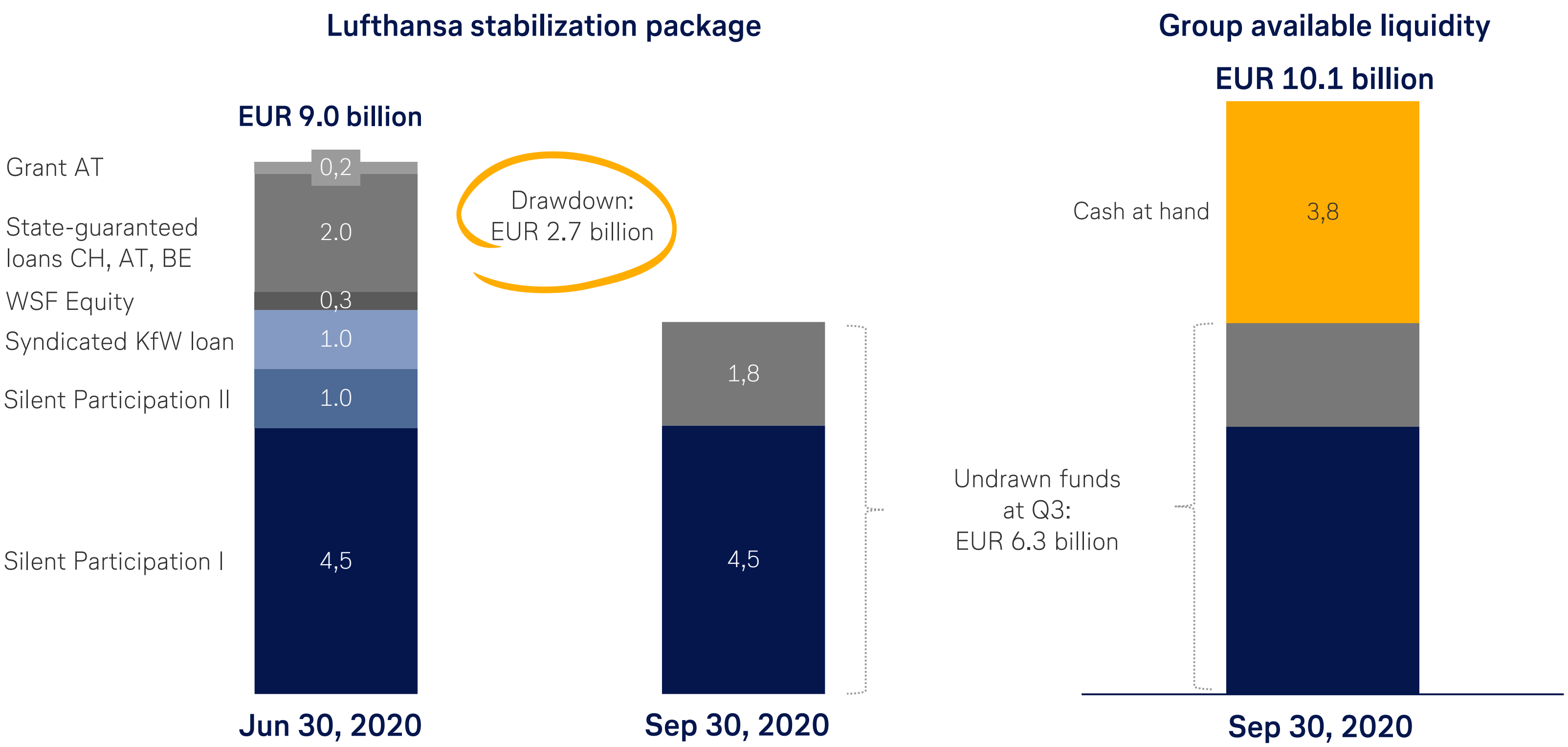
Stabilization package continues to sustain the Group's strong liquidity position



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Financial Stabilization Package - Key Points

- Stabilization package agreed with the German Economic Stabilization Fund (ESF) **ensures going concern and viability** of the Lufthansa Group
- Result of **intense negotiations** with the ESF and EU Commission
- **Secures the necessary strategic and operational flexibility** of Lufthansa Group in the current challenging environment
- **Preserves integrity** of Lufthansa Group as an **integrated airline group**
- **Balanced approach protecting all stakeholder groups** (shareholders, creditors, customers, business partners, employees, German tax payers)

Key facts around the stabilization package

Key elements of the stabilization package	▪ **EUR 5.7 billion silent participation** ▪ EUR 4.7 billion accounted as equity[1] ("Silent Participation I" and grant in AT) ▪ EUR 1.0 billion accounted as financial debt[1], incl. conversion rights for ESF ("Silent Participation II") ▪ **EUR 2.0 billion state-guaranteed loans** in Switzerland, Austria and Belgium ▪ **EUR 1.0 billion syndicated credit facility**, 80% backed by KfW ▪ **20% direct stake** by the ESF, contributing **EUR 0.3 billion equity**
Additional terms and conditions	▪ Conditions include, among other, no dividend payments for the time of the stabilization measure, limitations on management compensation, 2 seats on Supervisory Board to be filled in agreement with ESF, commitment to invest in further CO_2 emission reduction ▪ Except in the event of a takeover, the ESF agrees not to exercise its voting rights at the AGM in connection with the ordinary resolutions of regular AGMs
Clear exit perspective	▪ Subject to full repayment of the silent participations and certain minimum price, obligation of the ESF to sell all shares by Dec 31, 2023 ▪ **Clear take-out and refinancing plan in place to redeem instruments** of the stabilization package with clear target to return to **Investment Grade** credit rating over the mid-term
Shareholder and regulatory approval	▪ **Approved by EGM** on June 25, 2020 ▪ **Clearance by EU Commission** received on June 25, 2020

1) According to German GAAP (HGB) and IFRS

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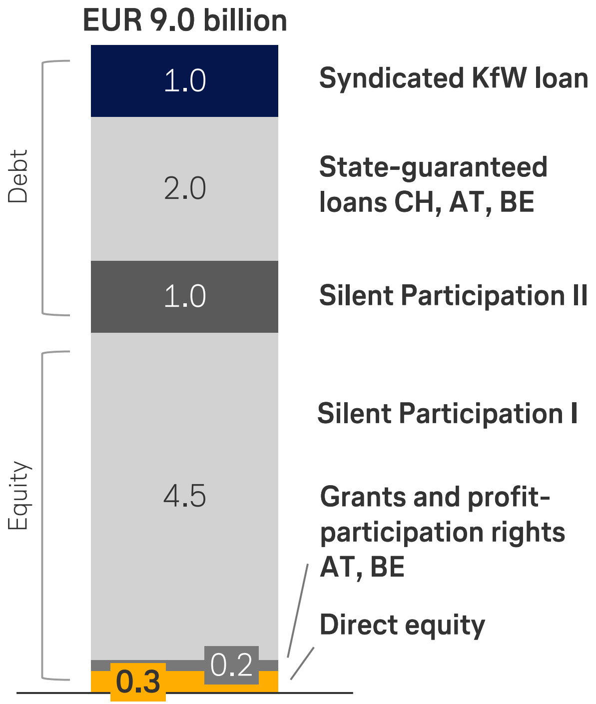
Overview of the ESF stabilization package



- **Syndicated loan**; 80% backed by KfW
- **Maturity of 3 years** with margin grid linked to rating

- **State-guaranteed loans** of EUR 1.4 billion in Switzerland, EUR 300 million in Austria and EUR 290 million in Belgium

- Linked to certain **conversion rights,** maturity of six years
- **Financial liability** under IFRS / German GAAP

- Accounted for as **equity according to IFRS / German GAAP**
- **No maturity** – repayment and coupon payments at discretion of LHG

- **20% direct share issuance** to ESF at EUR 2.56 per share

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Key elements of the silent participation and equity instruments

Silent Participation I and II

- **Silent Participation I**
  - Deeply subordinated / only senior to equity
  - Key features include loss participation and coupon deferral right
  - No maturity
  - Accounted as equity acc. to IFRS / German GAAP
  - Broadly linear coupon step-up from 4% p.a. in 2020 / 2021 to 9.5% p.a. from 2027 onwards
- **Silent Participation II**
  - Two tranches with conversion features
  - 6 year maturity with extension option until full repayment of Silent Participation I
  - Broadly linear coupon step-up from 4% p.a. in 2020 / 2021 to 9.5% p.a. from 2027 onwards

Share issuance and conversion rights

Direct share issuance

EUR 306 million

- **119.5 million shares** issued at EUR 2.56
- Subject to full repayment of the silent participations and minimum price, obligation by ESF to sell all shares by Dec 31, 2023

Conversion rights of Silent Participation II

EUR 102 million

- In case of a takeover or after sale of the instrument by the ESF: right to convert into **39.8 million shares** at a price of EUR 2.56

EUR 898 million

- In case of non-payment of Silent Participation I coupons until 2024 (and/or until 2026) right to convert into **5% of share capital**, respectively, at 5.25% discount to market price
- **Dilution protection** for 20% stake in case of a non-pre-emptive capital increase or for 25% stake in case of a takeover, at a 10% discount to market price

1) Minimum sale price of EUR 2.56 per share plus an annual interest of 12%

Syndicated KfW loan with three year maturity

Key terms

EUR 1 billion

syndicated credit facility

3 year

total maturity

Secured

debt instrument backed by aircraft and other assets

Comments

- EUR 1 billion syndicated revolving credit facility with
  - **80%** held and backed by KfW, and
  - **20%** syndicated to a bank consortium
- Loan **backed by shares in Lufthansa's aircraft holding companies**
- Any **proceeds** from capital market financing (both equity or debt) or resulting from a sale of assets / shares in subsidiaries (with few exceptions) shall be used to repay the KfW facility
- Interest rate of EURIBOR (floored at 0%) plus a margin **between 2.75% and 4.75%** depending on the average long-term credit rating of LH Group (2.75% for BBB-/Baa3 or above, 4.75% for B/B2 or below)
- Support measures in Austria, Belgium and Switzerland **ring-fenced** from KfW facility

Other key terms and conditions of the stabilization package

Board representation	▪ **2x seats on the Supervisory Board** filled in agreement with the German government with Angela Titzrath (CEO HHLA) and Michael Kerkloh (ex-CEO Munich Airport)
Voting rights	▪ Except in the event of a takeover, the ESF agrees **not to exercise its voting rights** at the AGM in connection with the usual resolutions of ordinary AGMs
Dividends and share repurchases	▪ **No dividend payments** and share repurchases until full exit from the stabilization package
Fleet and emission reduction	▪ Subject to economic viability and market environment, commitment to invest in further **CO_2 emission reduction** of the fleet ▪ Investment in up to 80 new aircraft from 2021 to 2023 to modernize the fleet ▪ Expand strategic cooperation on aircraft fuels from environmentally friendly sources
Management compensation	▪ Restrictions on fixed and variable **management remuneration** until repayment of 75% of the stabilization package
Other	▪ **Ban on acquisitions of >10% of a target's share capital** until 75% of the stabilization package has been repaid

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Slot remedies agreed with the EU Commission

Overview of slot transfers

Total of 48 slots transfers

Key facts and conditions

- Lufthansa Group to transfer a total of 48 take-off and landing rights (slots) to a competitor
  - **3 take-off and 3 landing rights per aircraft per day** for the stationing of **up to 4 aircraft** at **Frankfurt International Airport** and at **Munich International Airport**
  - Resulting in **up to 24 daily slots each at both airports**
- The slots will be allocated in a bidding process and can only be taken over by a European competitor not subject to substantial government recapitalization during the COVID-19 pandemic
- Option available to a new competitor only for first 1.5 years
- If no new competitor makes use of this option, it will be extended to existing competitors at the respective airports

Agenda

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Lufthansa Group remains the leading European airline group

Sustainable balance of all stakeholders' interests

- Based in economically strong home markets: Germany, Switzerland, Austria, Belgium
- Flexible multi-hub model with premium network airlines as core
- Strategically increasing point-to-point and leisure business
- Strong financial foundation: valuable portfolio of Aviation Services. Flexible, unencumbered fleet
- #1 employees of the industry

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Core elements of the restructuring program Re**New**

Business Units

Re**Structure**

Business unit restructuring

Lufthansa New Tomorrow | Alpenrose | ReBoot++ | Sunrise² | NEW | CLean UP | LSGgroup | Lufthansa Technik | Lufthansa Group Business Services | Lufthansa Cargo | Miles & More | AirPlus | ...

Corporate

Re**Focus**

Portfolio optimization, partnering opportunities

Re**Org**

Corporate and functional restructuring

Re**Pay**

Capital market initiatives and refinancing of credit facilities

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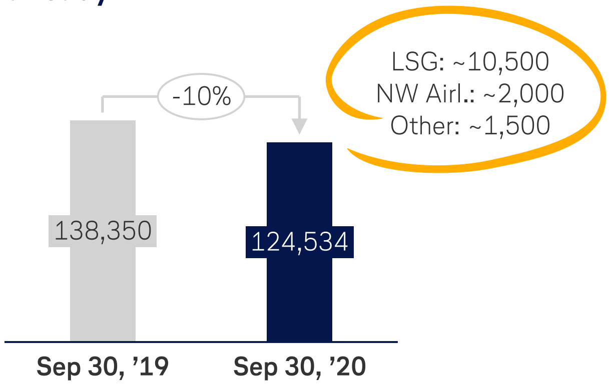
Personnel restructuring in focus as part of adjusting the Group’s size to a smaller market

Number of employees reduced by almost 14,000 already



~ EUR 900 million personnel cost reduction p.a.

Overview of labor negotiations

- Lufthansa: agreement on 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
- 20% reduction of top management positions at Deutsche Lufthansa AG
- Short term crisis agreement with ver.di for for 24,000 ground employees, savings of more than 200 million euros
- 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: agreement on 17% reduction of personnel expenses in cockpit

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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, decline of 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

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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

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Appendix

- supplementary information-

Traffic Data

		6M	yoy	Jul	yoy	Aug	yoy	Sep	yoy	Q3	yoy	9M	yoy
Total Lufthansa Group Airlines	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%

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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.**

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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%

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%

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%

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

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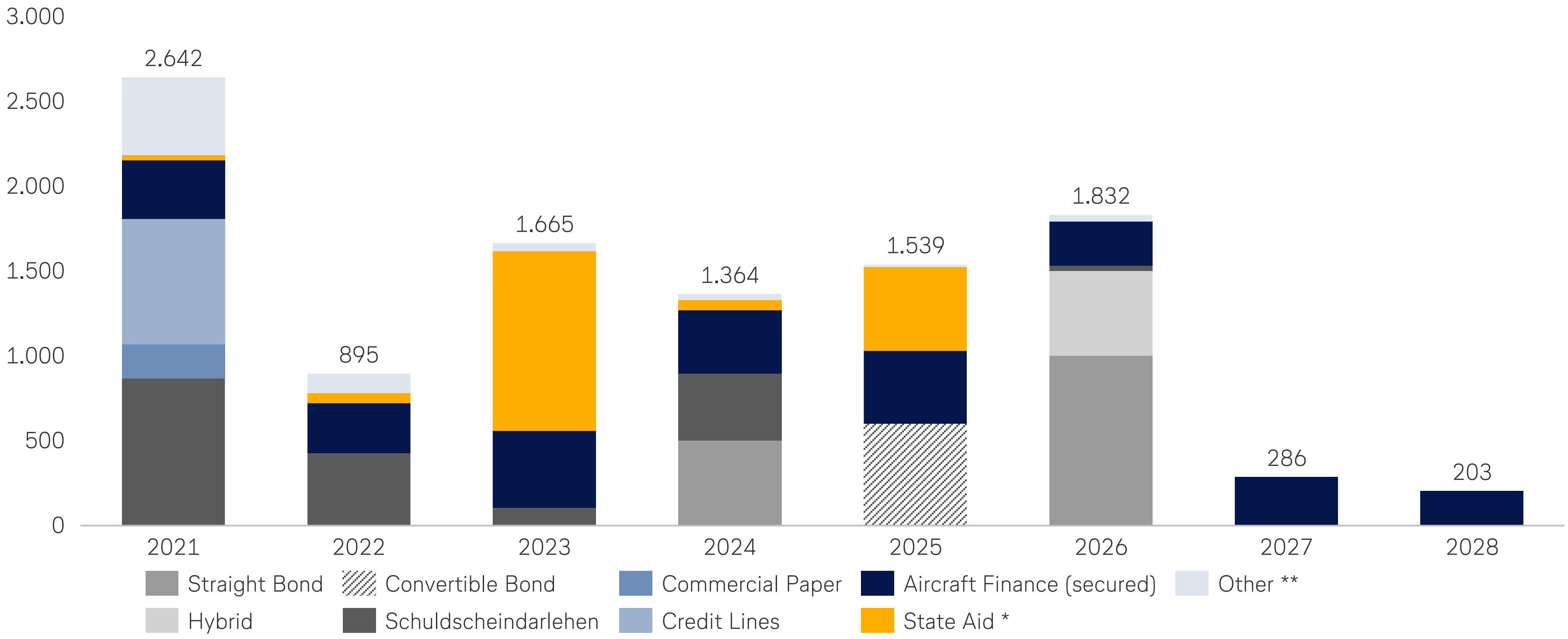
Maturity profile of borrowings as of November 30, 2020



* As drawn on Nov 30 - predominantly repayment of EUR 1bn KfW in 2023 and scheduled repay EUR 300 million Austrian State Aid and EUR 365 million Swiss State aid
** Mainly bilateral loans – does not include operating leases

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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