Lufthansa Group

14 January 2013

Lufthansa

Simone Menne, Member of the Executive Board and CFO

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Overview

LH Group implements structural change while industry rationalizes

European airline industry is consolidating and becoming increasingly rational

Lufthansa is profitable. Lufthansa is financially flexible. Lufthansa is best positioned to benefit from current industry developments

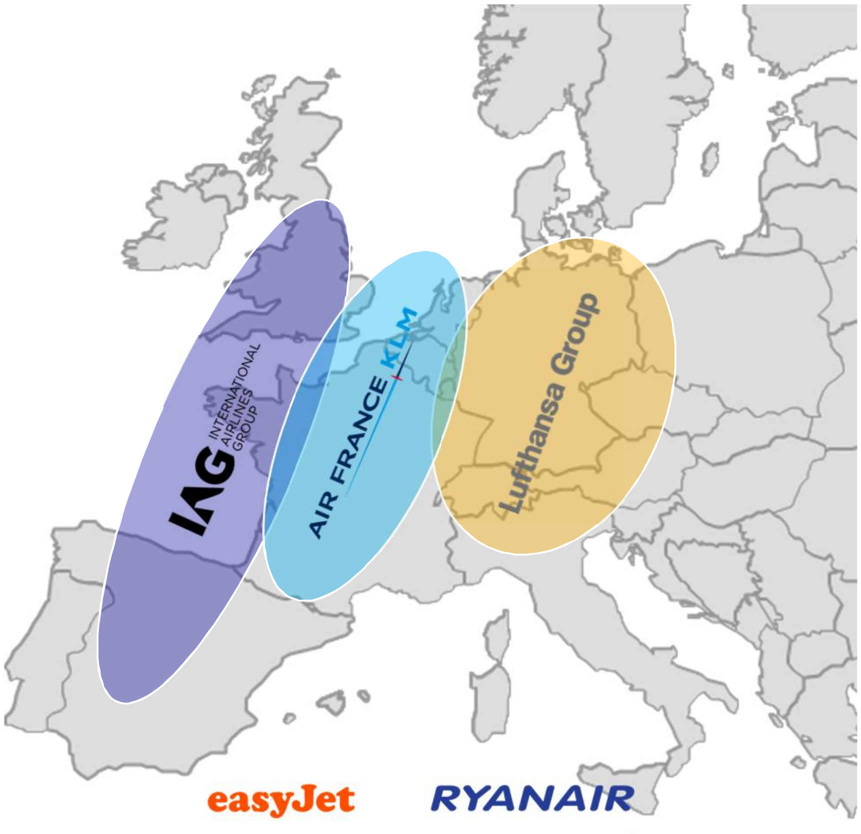
Lufthansa is implementing structural changes across the Group to reach structurally higher margins

Industry rationalization and structural changes already show effect due to Lufthansa's strict yield and capacity management

Market consolidation in Europe has reached an advanced stage

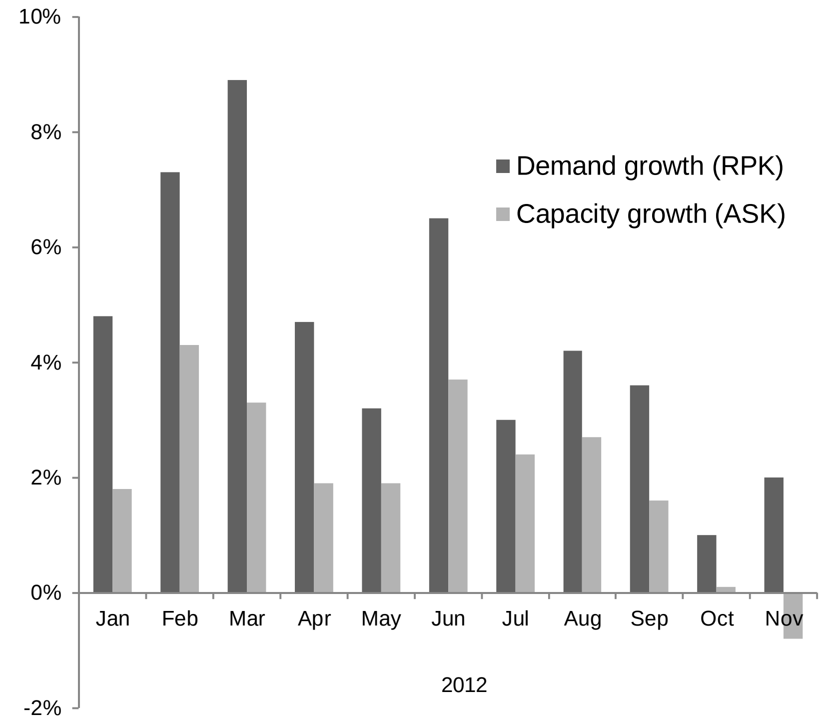
With five main players capacity discipline is in place

Competition is driven by three network carrier systems and two main LCCs



Source airlines' logos: www.wikipedia.org

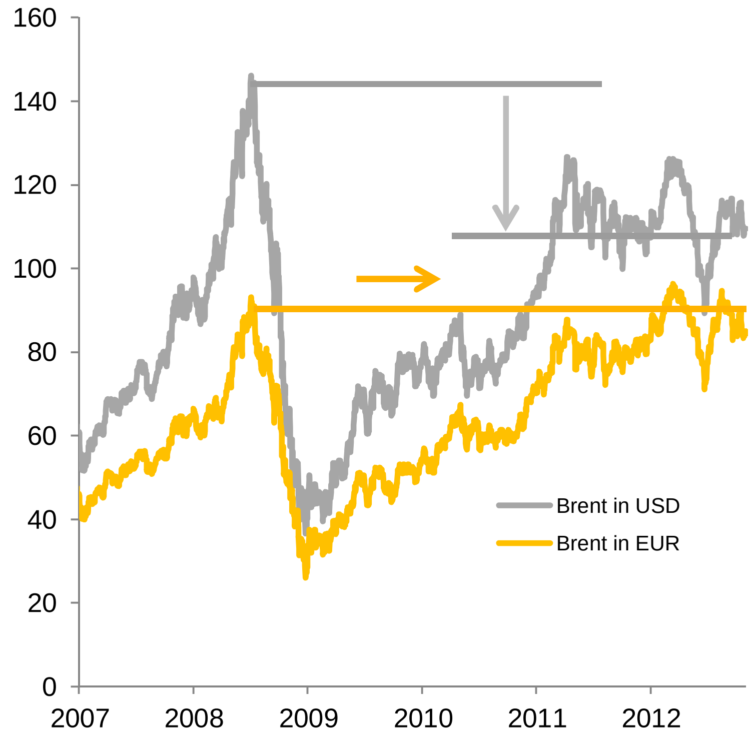
European airlines' capacity growth remained continuously below demand growth in 2012



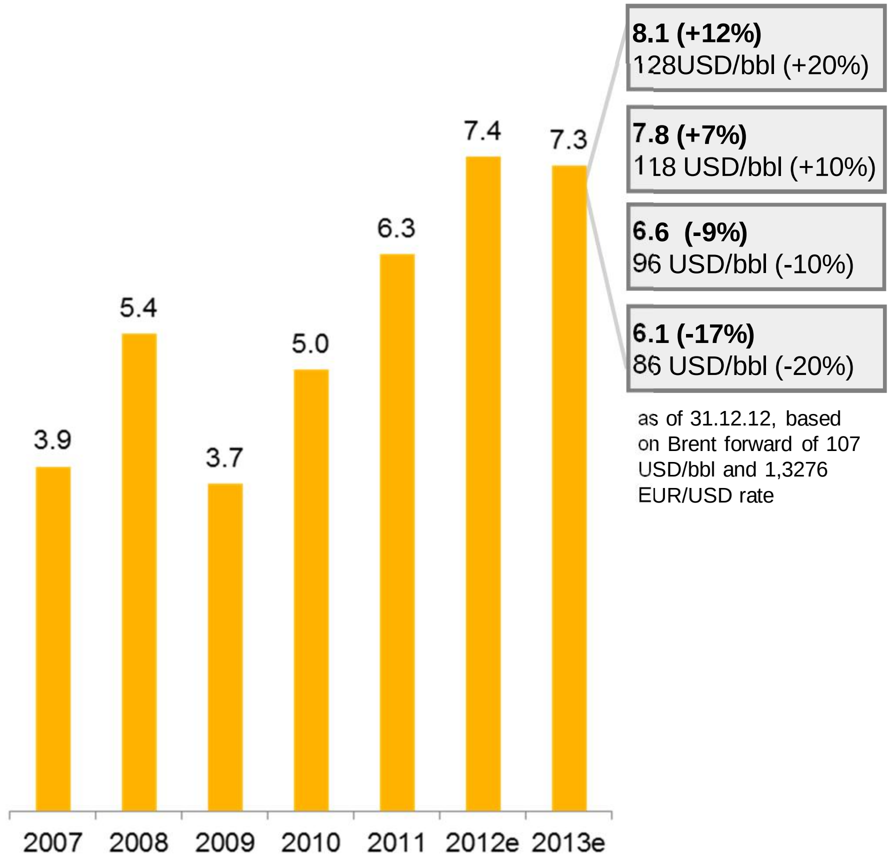
Source: Association of European Airlines (AEA)

Fuel costs remain high but help to maintain industry discipline

Based on current fuel and fx prices, costs expected to stay stable in FY13



Oil price (Brent) in EUR vs. USD



LH Group Fuel Expenses in bn EUR

Lufthansa Group

Financial pressure is driving further rationalization in the industry

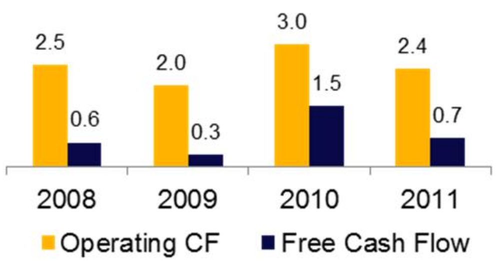
Ambitious restructuring plans at all legacy carriers

	Legacy carriers focus on margin improvement. LCCs switch from growth to yield focus (Communicated outlooks)	**Capacity discipline continues** (Communicated capacity plans)
IAG INTERNATIONAL AIRLINES GROUP	***1.6 bn EUR operating profit by 2015*** (FY2011 operating profit 485 m EUR)	*< +2.0% p.a. until 2015*
AIR FRANCE KLM	***2.5-3.0 bn EUR EBITDA by 2014*** (FY11 operating loss -353 m EUR, EBITDA 1.3 bn EUR)	*~ +1.5% p.a. until 2014*
Lufthansa Group	***2.3 bn EUR operating profit by 2015*** (FY 11 operating profit 820 m EUR)	*ca. +1.5% in FY2013 **
easyJet	***Revenue per seat up low to mid single digit in H1 13***	*ca. +3.5% in FY2013*
RYANAIR	***Average fare expected up by +4% in 2013 Capacity development depending on fuel price***	*n.a.*

Source: Companies' presentations
*Fleet size will remain stable at Lufthansa Passenger Airlines – ASK growth only via fleet rollover and higher productivity.

Financial strength puts LH in pole position for future development
Cash flow generation stronger than obvious due to depreciation policy

Profitable and strong cash flow generation

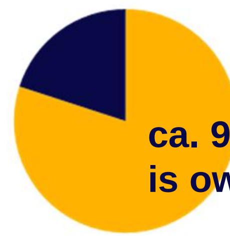


Competitive edge in financing conditions, solid financial profile

S&P Investment Grade Rating (BBB-, stable) confirmed in Dec '12

29%	**Equity Ratio**
4.9 bn	**Liquidity**
Flexible Pension Model	**IAS 19 accounting change has no cashflow effect**

Conservative and flexible fleet structure



ca. 90% of fleet is owned vs. 10% leased

>70% of fleet is financially unburdened (not used as security for financing deals)

Superior financial profile is supported by Service Companies

Balanced business portfolio provides sustainable baseline profits

	Revenue	Operating result	Range of op. margin
Airlines			
Passenger Airlines Group	22.3 bn (2008 2009 2010 2011)	349 m (2008 2009 2010 2011)	+4.8% / -0.1%
Logistics (Cargo)	2.9 bn (2008 2009 2010 2011)	249 m (2008 2009 2010 2011)	+11.4% / -8.0%
Service Companies			
MRO	4.1 bn (2008 2009 2010 2011)	257 m (2008 2009 2010 2011)	+8.8% / +6.9%
Catering	2.3 bn (2008 2009 2010 2011)	85 m (2008 2009 2010 2011)	+3.7% / +3.1%
IT Services	0.6 bn (2008 2009 2010 2011)	19 m (2008 2009 2010 2011)	+6.2% / +1.8%
Others incl. Group Functions		-92 m (2008 2009 2010 2011)	

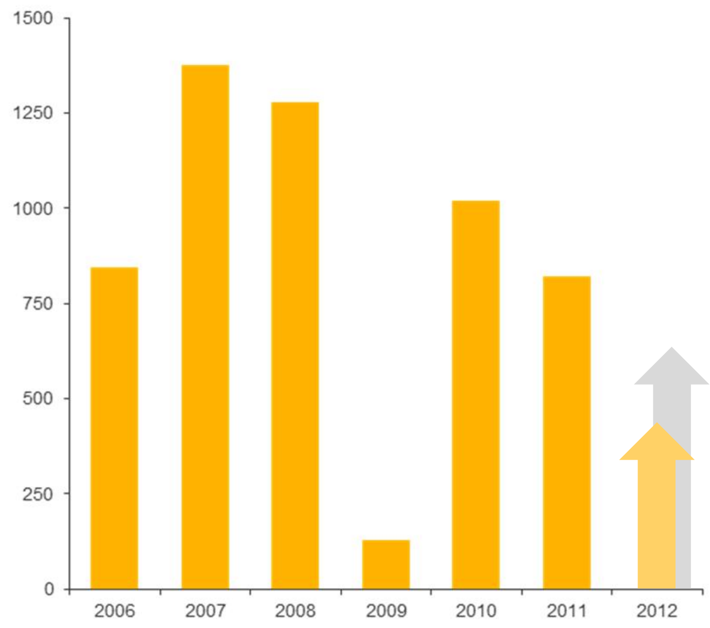
non-cylical profit base of ca. 300-400 m EUR

Lufthansa Group

Lufthansa will again be profitable in 2012
Operating result in the mid three-digit million euro range

Development of operating result

in m EUR



Outlook 2012

- Increase in revenue
- Operating result in the mid three-digit million euro range
- Dynamic market parameters will define absolute profit level
- Excluding restructuring costs resulting from SCORE (max. 100 m EUR for 2012 expected)
- Focus is on offsetting higher costs (in particular fuel costs)
- Service companies stabilise earnings development

* pre SCORE restructuring costs

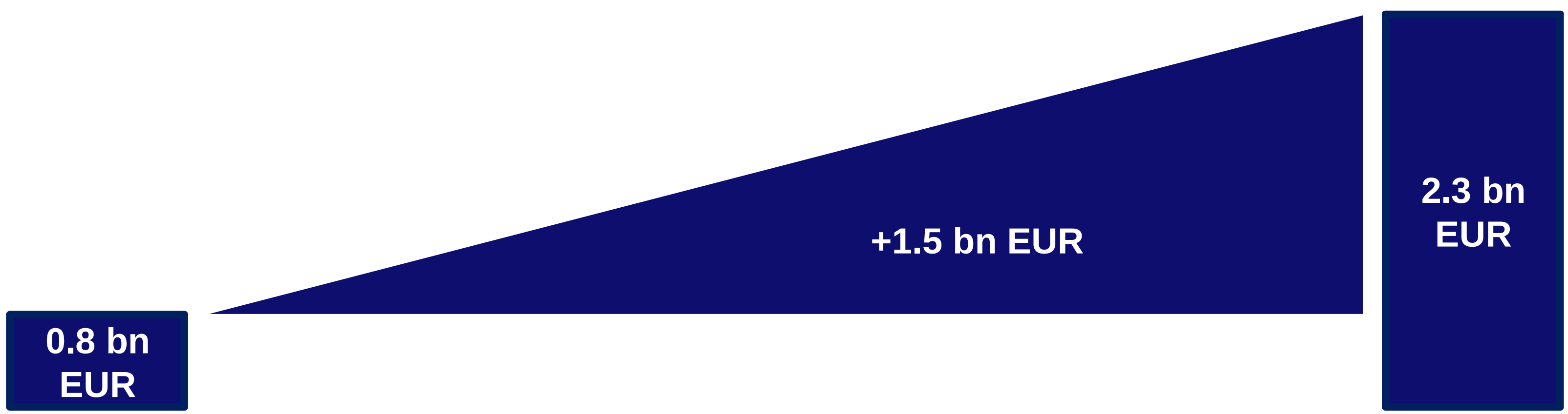
Previous year's figures for 2011 and 2010 have been adjusted due to the disclosure of bmi as a 'discontinued operations' (IFRS 5).

However, we need structurally higher margins…

SCORE program: Operating profit to be increased to 2.3 bn EUR in 2015

SCORE

Change for Success



Operating profit financial year 2011

Operating profit target financial year 2015

… and we are determined to get there

Exit or restructuring of loss-making units

Unprofitable Lufthansa Italia shut down in Oct 2011

Highly loss making British Midland sold in Dec 2011

Exit from Jade Cargo JV as of Jan 2012

Austrian Airlines' operations transferred into ca. -25% lower cost subsidiary Tyrolean Airways as of July 2012

Program to rationalize 1,110 admin functions (Finance, HR, Procurement) launched in Oct 2012

Restructuring of loss-making point-to-point traffic.
Transfer to existing low cost platform from Jan 2013

Lufthansa Italia ✓ | bmi ✓ | 翡翠航空 JADE CARGO INTERNATIONAL ✓ | Austrian ✓ | GLOBE | germanwings

SCORE
Change for Success

0.8 bn EUR

Operating profit financial year 2011

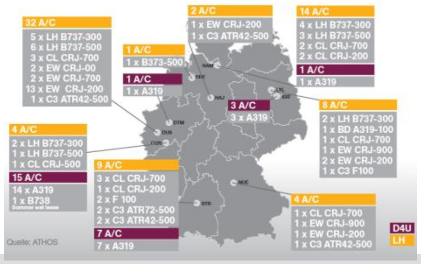
+1.5 bn EUR

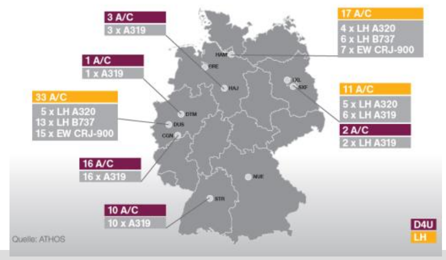
2.3 bn EUR

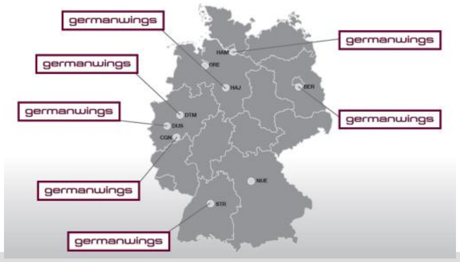
Operating profit target financial year 2015

The changes come together with advantages for customers

Non-hub traffic merged into one profitable carrier with only two aircraft types





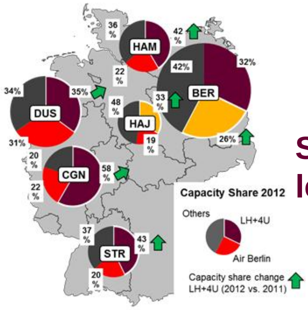


	2009	2012	2015
# of brands	**5** (Lufthansa, Germanwings, Eurowings, Cityline, Contact Air)	**3** (Lufthansa, Germanwings, Eurowings)	**1** (Germanwings)
# of aircraft types	**8** (B737-300,-500,CRJ-200,-700,-900,ATR72-500,ATR42-500,F100)	**5** (A320,A319,B737-300,B737-500,CRJ-900)	**2** (A320 Family, CRJ-900)
	Fragmented production and complex fleet, diluted brand identity	**Progress towards homogeneous fleet, three brands remain**	**Fleet homogenization completed, "new" Germanwings**

THE NEW GERMANWINGS
CHECK-IN TO THE SMART CLASS

20% lower unit costs

200 m EUR expected earnings improvement (=break-even 2015)



Starting from market leader position

The restructurings have no impact on customers

Austrian Airlines was transferred to lower cost platform Tyrolean Airways

Austrian

tyrolean
Austrian Airlines Group

Austrian
operated by Tyrolean

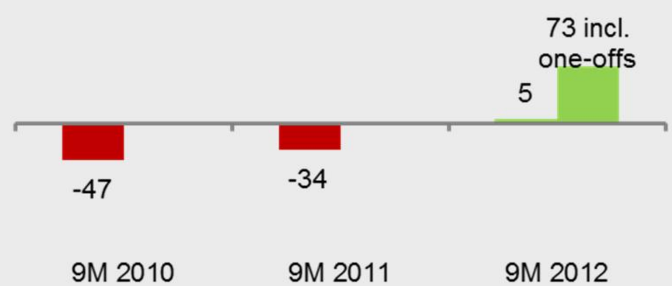
effective since July 2012

20-25% lower unit costs

Restructuring model (internal merge)

- ✓ Strict capacity and yield management
- ✓ Operations moved into regional subsidiary Tyrolean (460 pilots and 1,500 flight attendants) as of July 2012
- ✓ Structurally lower staff costs because of higher productivity, switch in pension model and no automatic pay rises
- ✓ Substantial concessions from external stakeholders
- ✓ 20-25% lower unit costs

First signs of restructuring become visible in P&L
Austrian Airlines' operating result in m EUR



Lufthansa Group

Further projects are happening in the background

SCORE is redesigning the Lufthansa Group in all areas

Groupwide Projects

1st Wave
- Procurement
- Neighbourhood Traffic
- Administration

2nd Wave
- Field Organization
- Fleet / Cabin
- Fuel Efficiency

3rd Wave
- Flight Training
- "new" Germanwings
- Call Center

Plus
- Expansion Shared Services (GLOBE)

\+

Projects of Airlines and Service Segments

"new Germanwings" at **LH Passenger Airlines**

Insourcing Line Maintenance **Swiss**

Transfer to Tyrolean at **Austrian**

Cost reduction Airport **Brussels**

Emergency Solutions **Logistics**

Reorganization Europe **MRO**

Restructuring Airline Solutions **Systems**

Restructuring German **Catering**

… plus many more

Customers are experiencing the best Lufthansa of all times

Fleet modernisation and multiple product relaunches

Aircraft deliveries 2012-2018	Total	in 2012
Airbus 380	9	2
Boeing 747-8i	19	4
Boeing 777F (freighters)	5	-
Airbus 330	9	6
Airbus 320 family (incl. 30 A320neo)	82	17
Embraer 190	13	10
Bombardier C Series	30	-
Total	**167**	**39**

Modern Fleet

New First Class

New Business Class

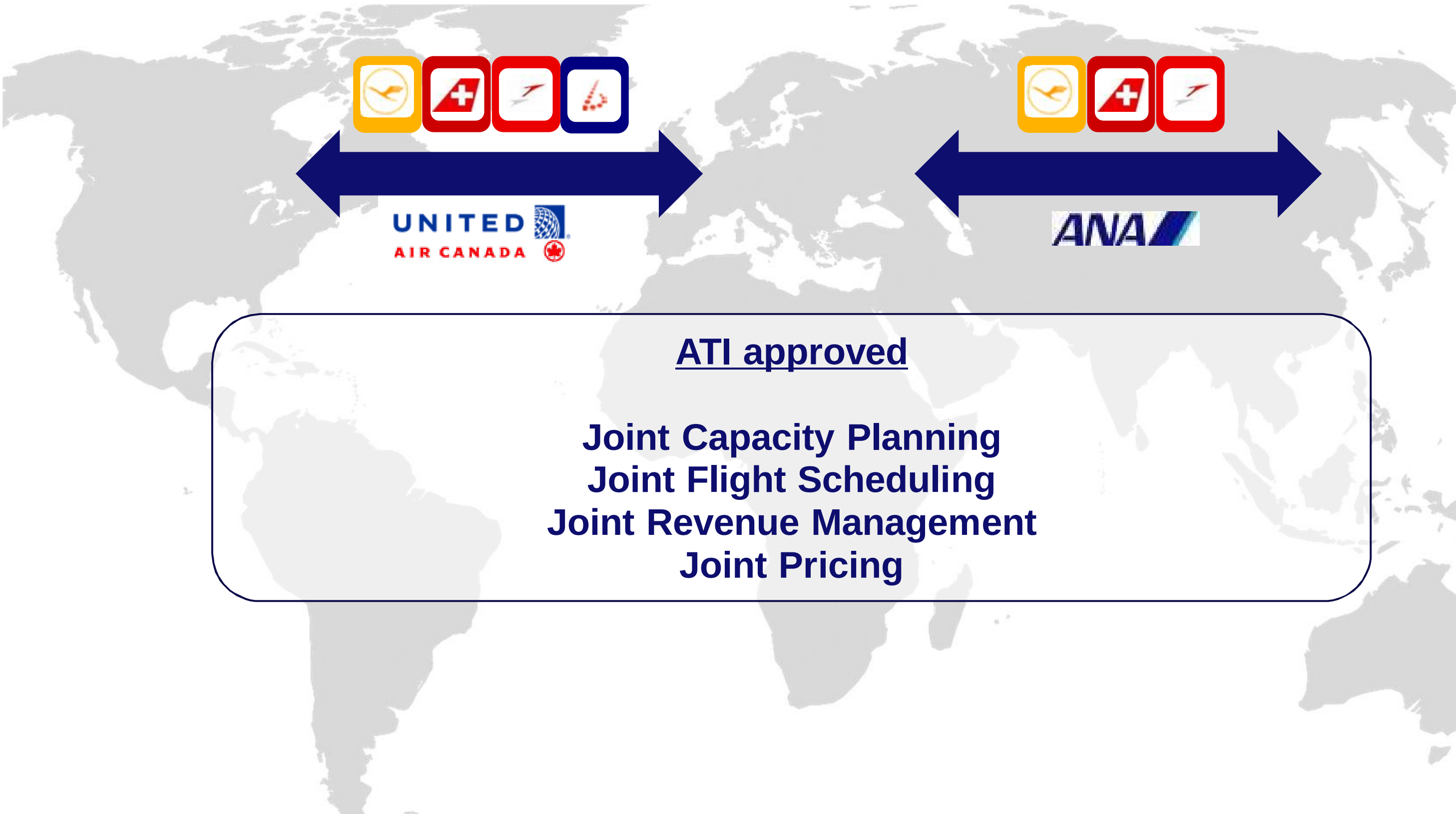
New Economy Class

New terminal facilities

Intercontinental cooperation continues with important partners
Lufthansa is leading player in global joint venture developments

Largest Transatlantic Joint Venture
(Atlantic ++)

First Asia-Europe Joint Venture
(Japan +)



ATI approved

Joint Capacity Planning
Joint Flight Scheduling
Joint Revenue Management
Joint Pricing

Intense change pays off: Control over manageable costs improved

Relative decrease in non-fuel costs

Lufthansa Group, first nine months 2012 in m EUR	9M 2012	vs. PY in %
Revenue	**22,821**	6.1%
Other Operating Income	1,446	-15.1%
Total Costs	**23,723**	5.6% 1.5% excl. fuel costs
- of which Cost of Materials (incl. fuel cost)	13,545	9.3%
- of which Depreciation & Amortization	1,345	8.3%
- of which Staff costs	5,107	3.3%
- of which Other Operating Expenses	3,726	-4.4%
Operating Result	**628**	-13.3%
Operating Cash flow	**2,428**	14.5%

Top line parameters keep developing positively

Capacity discipline becomes visible in higher loads and yield increases

Passenger Business	Q1 12	Q2 12	Q3 12	Q4 12	FY 12
Capacity vs. Demand (ASK vs. RPK)	2.6% 4.4%	2.0% 3.3%	0.9% 2.5%	-3.1% -1.3%	0.6% 2.2%
Seat Load Factor (increase vs. 2011)	+1.3 pts.	+1.0 pts.	+1.3pts.	+1.4 pts.	+1.2 pts.
Yield (increase vs. 2011)	+3.7%	+3.8%	+4.5%	positive	positive

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Our strategy is based on four important pillars

What you can expect from Lufthansa going forward

We will maintain our leading role among the European airlines
– and worldwide together with our partners

We focus on profitability
– our current margin level will be increased sustainably

We are committed to change
– all group companies have a strong stake in our SCORE program

We are and will remain a group of premium service providers
– excellent services and premium products in all market segments

14 January 2013

Thank you for your attention!

Simone Menne, Member of the Executive Board and CFO