Lufthansa Group
@HSBC ESG Conference

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Dennis Weber, Head of Investor Relations
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Unique investment case to create value for our shareholders

- **Best positioned to leverage brand, product and market strength**
  - Brand and product strength drive sustainably high yields at Network Airlines
  - Focus on profitable growth: capacity up c.2% p.a. at Network Airlines, c.1% at Eurowings

- **In control of major profitability drivers**
  - Commercial strategy innovation at Network Airlines: 3% RASK contribution by 2022
  - Efficiency gains & operations improvements: CASK down 1% to 2% p.a. at Network Airlines
  - Eurowings turnaround: CASK down 15% by 2022, break-even 2021, >7% margin long-term

- **Clear focus on cash flow generation**
  - Strict ROCE focus will drive improvements over the cycle
  - Free cash flow to grow to >EUR 1bn medium-term

- **Committed to disciplined capital allocation**
  - Higher returns to shareholders: payout of 20% to 40% of net income
  - Disciplined M&A strategy based on clear set of objectives and criteria
Balanced approach creates value for all stakeholders

- Customer experience
- Customer loyalty & strong revenues
- Strong financial performance & shareholder return
- Investments in own employees & best product
- Employee loyalty & strong revenues
- Shareholders

#1
Network Airlines and Eurowings: Two leading airline groups
Lufthansa Group is clear market leader in its home markets

2018 market shares
[by number of passengers]

1. Unrivalled brand strength and yield premium
2. Maximum connectivity due to largest destination network and portfolio of attractive slots
3. Strong negotiation position with key suppliers and system partners
Lufthansa Group holds attractive market positions in its hubs

Slot allocation at group hubs

- Frankfurt: 67%
- Munich: 68%
- Zurich: 63%
- Vienna: 59%

Expected average growth of runway capacity until 2024: 0-1%
Three strongly positioned brands

Strong Brands
Network Airlines

✓ Aligned Business Model
✓ Common Governance
✓ Joint Steering

Strong Positioning
Customer recognition

🏆 Best Airline in Europe
🏆 Best Business Class in Europe
#1 most trusted brand (Germany)
#5 strongest brand value growth (Airlines)

Recent Awards

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Multi-Hub strategy generates benefits for customers and flexibility for production

Network Airlines Multi-Hub System

- 549 aircraft
- 19,000 weekly flights
- 273 destinations
- 86 countries
- 104m Passengers in 2018
- 53% transfer share

Commercial Benefits

**Customer**
- Maximum connectivity
- Broad range of choices
- Strong identification with local brand

**Production**
- Increased reliability
- Risk diversification
- Flexible capacity management

Joint commercial steering as key success factor
Joint Ventures expand the Multi-Hub system to a global network

Multi-Hub + JVs form Network of Networks

Joint Ventures

- Joint capacity management
- Joint pricing
- Joint product strategy
- Mutual market access
- Revenue sharing

JV share of long-haul revenues

- EUR 13bn
- 70%

Multi-Hub

Star Alliance

28 airlines
>1,300 airports
>18,800 flights per day
Product improvements and innovations in the coming years

2020
- Individual customer service and efficient digital solutions along all touch points

2020
- Contact- and paperless from baggage claim to boarding by biometrics

2020
- 7,000 m² further lounge space and comfort worldwide until 2023

2021
- Boundless digital onboard experience with new Inflight Entertainment

2021
- Launch of new future long-haul experience with B777-9
Our airlines’ premium positioning generates industry-leading yields

Long term unit revenue development

Revenue share of premium classes

RASK [in EUR Cent]
Austrian und Brussels with key measures to improve profits

Target: Operating margin of 8% by 2022

1. Network and commercial embedding
   - Refocused network
   - Commercial embedding with Network Airlines

2. Functional unit cost reduction
   - Cost optimization in maintenance and operations
   - Contract renegotiating program

3. Overhead cost optimization
   - Zero-based review of all material costs
   - Simplified and digitalized processes

Target: further 90m EUR cost reduction p. a. as of 2021

1. Process efficiency and organization (EUR 60m)
   - Strengthening digitalization and centralization
   - Reducing labor costs, adjusting manager-to-staff ratio

2. Optimizing productivity (EUR 30m)
   - Increase of productivity on ground and maintenance
   - Network adjustments & optimized crew planning

3. Existing measures #DriveTo25, e.g.:
   - Phase-out of all 18 DH4 and roll-over to A320 until 2021
   - Take-over of commercial steering for 4 Eurowings A320

Existing measures #DriveTo25, e.g.:
Further development of touristic long-haul business

**Operationally and commercially managed out of one hand**

- Pooling of touristic long-haul offer
  - First flights out of FRA and MUC successfully started
  - Merging of current fragmented operative units into one AOC until 2022
  - Target: high flexibility and competitiveness

- Enhancing touristic competencies in IT and sales
  - Strengthening of sales processes based on best-practice model "Edelweiss"
  - Active participation in a growing segment

- Establishing a new product line
  - Clear differentiated positioning within Lufthansa Group

Long-haul fleet with focus on touristic destinations

DUS: 4  
FRA: 4  
MUC: 3
Eurowings at a glance:
Leading point-to-point airline in home markets

<table>
<thead>
<tr>
<th>Key facts Eurowings short-haul 2019</th>
<th>Our ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>442 Routes</td>
<td>Focus on <strong>point-to-point short-haul</strong></td>
</tr>
<tr>
<td>13 Destinations</td>
<td><strong>Strengthen number one position in home markets</strong> and achieve a <strong>sustainably positive EBIT margin</strong></td>
</tr>
<tr>
<td>140 Destinations</td>
<td><strong>Complement Lufthansa Network Airlines for joint market approach and value creation</strong></td>
</tr>
<tr>
<td>139 Aircraft</td>
<td></td>
</tr>
<tr>
<td>&gt;27 m Customers</td>
<td></td>
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<tr>
<td>&gt;35 NPS</td>
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Note: Eurowings short-haul excluding Brussels Airlines
Clear number one in prime European point-to-point markets

**Market Share 2019**

- **DUS**
  - 37 seats
  - 38% share
  - 14% Other

- **CGN**
  - 19 seats
  - 47% share
  - 9% Other

- **HAM**
  - 14 seats
  - 31% share
  - 26% Other

- **STR**
  - 20 seats
  - 41% share
  - 10% Other

**Note:** Capacity data based on full year 2019, inbound & outbound seats intra EU

- **Market leader** in core home bases
- **High-value catchments**, e.g. purchasing power, corporate accounts
Focus on simplicity: How we manage the turnaround

**Our focus 2019-2022**

<table>
<thead>
<tr>
<th>Business model adjustment and dimensioning</th>
<th>Structural cost improvement</th>
<th>Digital and ancillary push</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exit long-haul business and focus on short-haul only</td>
<td>Reduce to one AOC in Germany</td>
<td>Eurowings Digital</td>
</tr>
<tr>
<td>Re-focus short-haul network</td>
<td>Increase productivity</td>
<td>Enhance ancillary portfolio</td>
</tr>
<tr>
<td></td>
<td>Modernize and harmonize fleet</td>
<td>Improve digital sales channels</td>
</tr>
<tr>
<td></td>
<td>Decrease overhead costs</td>
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</tr>
</tbody>
</table>

- Exit long-haul business and focus on short-haul only
- Re-focus short-haul network
- Reduce to one AOC in Germany
- Increase productivity
- Modernize and harmonize fleet
- Decrease overhead costs
- Eurowings Digital
  - Enhance ancillary portfolio
  - Improve digital sales channels
Eurowings Turnaround shows first signs of success

**Status**

**Realigning long-haul**
- Commercial responsibility for 7 aircraft transferred to Network Airlines
- Four aircraft in Düsseldorf to follow

**Adjusting network**
- Focus on core markets
- Implementing new base concept

**Increasing productivity**
- Fleet: +6% vs. previous year
- Crew: +6% vs. previous year

**Targets**

1) Break-Even in 2021

2) CASK -15% until 2022

3) Long-term Adj. EBIT margin > 7%

**Next Steps**

- Further capacity adjustments in 2020
- Reduction of operational complexity
- Reduction of overhead cost
- Expansion of ancillary revenues and digital services
Logistics & Aviation Services: Every business must contribute to sustainable and profitable growth
Non-passenger businesses must offer high level of synergies

1. Leading **market position**
   - Lufthansa Cargo
   - Lufthansa Technik
   - LSG Group

2. Structurally **growing market**
   - Lufthansa Cargo
   - Lufthansa Technik
   - LSG Group

3. High level of **synergies** with core business
   - Lufthansa Cargo
   - Lufthansa Technik
   - LSG Group

<table>
<thead>
<tr>
<th></th>
<th>Lufthansa Cargo</th>
<th>Lufthansa Technik</th>
<th>LSG Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Revenues (in bn EUR)</td>
<td>2.7</td>
<td>5.9</td>
<td>3.2</td>
</tr>
<tr>
<td>2018 Adj. EBIT margin</td>
<td>9.9%</td>
<td>7.2%</td>
<td>3.6%</td>
</tr>
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</table>
Modernization and further development of Lufthansa Cargo und LSG

**Lufthansa Cargo**

**Fleet**
- Accelerated Roll-over: Phase-out of all MD11 until end of 2020; homogenous, smaller and more modern fleet of 9 Boeing 777F

**Infrastructure**
- Modernization of the ground infrastructure (Lufthansa Cargo Center) in FRA

**Digitalization**
- Increased automation of sales and production

**Lufthansa Technik**

**Further build-up of market leadership**
- Continued positive development
- 10% increase in results (9 months)

**LSG group**

**First phase of sale process: LSG Europe**
- Purchase agreement concluded with gategroup
- Divestiture of RoW business planned for 2020
Cost Focus & Operational Quality: The foundation of value creation
Lufthansa Group is reducing unit costs for the fourth year in a row

**Labor Agreements**
- Productivity and cost improvements in cockpit and cabin

**Re-Organization**
- Implementation of matrix organization
- Reduction of management levels

**Fleet modernization**
- Fleet roll-over

**Infrastructure**
- New agreements with major system partners
- Closer cooperation

**CASK Reductions**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td></td>
<td>-2.5%</td>
<td>-1.8%</td>
<td>-1.7%</td>
<td></td>
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</table>
Full pipeline of measures to further improve unit costs

**Eurowings Turnaround**
- Reduction of operational complexity
- Improvement of aircraft and crew productivity

**Fleet and Standardization**
- Harmonization of long-haul fleet
- Group-wide standardization of A320 family aircraft

**Optimization of MRO Costs**
- Shift of Line Maintenance from Lufthansa Technik to Lufthansa Airlines
- Increasing digitalization

**Staff Productivity Gains**
- More efficient crew staffing and rotation planning

**Ops Standardization**
- Group-wide harmonization of operations across airlines

**Procurement**
- Professionalization of procurement activities

Network Airlines target to reduce unit costs by 1-2% p.a.
Eurowings aims at a total reduction of 15% until 2022
Operational performance has improved considerably in 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 YTD Sep</th>
<th>vs. PY</th>
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<tbody>
<tr>
<td>Departure Punctuality</td>
<td>74.8%</td>
<td>+4.8pts.</td>
</tr>
<tr>
<td>Schedule Regularity</td>
<td>98.5%</td>
<td>+0.7pts.</td>
</tr>
</tbody>
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**Comments**
- Investments in operational stability are paying off, supporting customer satisfaction
- Close cooperation with system partners
- Air Traffic Control capacity shortages remain a drag on operational performance
We will reach a new level of operational excellence by digitizing and harmonizing operations steering & planning processes.

Operative Decision Support
Use of Artificial Intelligence to enhance planning processes and implement predictive steering.

State-of-the-art core systems
Modernization and standardization of core systems.

Harmonization of processes & organization
Harmonization of Group standards for processes, data and KPIs.

New levels of productivity, higher customer satisfaction and improved steering decisions.
Agenda

01 Strategy update

02 Focus on ESG

03 Q3 2019 Results

04 Outlook

05 Appendix
Corporate Responsibility is an integral part of Lufthansa Group’s strategy and management

- Supervisory Board regularly debates sustainability matters, three members have specific sustainability expertise
- Christina Foerster holds direct responsibility for Corporate Responsibility on Executive Board level since January 1, 2020
- Group Executive Committee (GEC) discussed sustainability topics at several meetings in 2019
- Sustainability KPIs are part of Executive Board remuneration
- Sustainability reporting in accordance with GRI – Progress report of LHG activities contributing to SDGs (UN Global Compact)

Responsible and sustainable management of resources, the environment, employees and suppliers is the prerequisite for long-term financial stability and attractiveness for customers, investors, employees and partners.
Dimensions of Corporate Responsibility

Aspects, Issues and Performance Indicators

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<tr>
<th>Environmental concerns</th>
<th>Customer concerns</th>
<th>Employee concerns</th>
<th>Fighting corruption and bribery</th>
<th>Respect for human rights</th>
<th>Social concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate protection CO₂ emissions</td>
<td>Operational stability Departure punctuality</td>
<td>Attractiveness as an employer Engagement Index</td>
<td>Integral part of the Lufthansa Group Compliance Management System</td>
<td>Important part of the corporate culture – embedded in the Code of Conduct</td>
<td>Corporate citizenship help alliance gGmbH</td>
</tr>
<tr>
<td>Active noise abatement Percentage of aircraft that meet the 10dB criterion of ICAO Chapter 4</td>
<td>Product and services Customer satisfaction level</td>
<td>Transformation capacity</td>
<td></td>
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</table>

Sustainability in the supply chain: interdisciplinary topic, qualitative representation with its own chapter in the non-financial report

Immaterial as defined in Section 289c Paragraph 3 German Commercial Code (HGB), voluntary presentation at specific request of addressees.
Examples of large-scale sustainability initiatives

**Fleet**
- Continuous investments in modern fleet
- 25% CO₂ reduction per new aircraft generation

**Alternative Fuel**
- Cooperation with industry and academic research
- Usage of Sustainable Aviation Fuel

**Reduction of Plastic**
- Project ‘Smart Plastic’ covering 370M plastic items which will be reduced
- Aiming for recyclable plastic packaging until 2030

**CO₂ Reduction**
- Sole use of green electricity in home markets
- CO₂-neutral ground operations by 2030 in DACHB

**CO₂ Compensation**
- „Corporate Value Fares“: carbon neutral corporate travel in Europe
- „Compensaid“ – platform for CO₂ compensation incl. SAF

**Employee Initiatives**
- Fly Greener, #DoingMyBit
- Corporate Volunteering (helpalliance)
Investment in new technology is a major lever to reduce CO₂ emissions

Projected LHG CO₂ emissions

[CO₂ in million tons]

Fleet modernization
Additional efficiency gains
SES
Remaining CO₂

Saving ~40M Tons CO₂ over the whole time period

Four pillars for climate protection

Technological progress
- Innovation in aircraft and engine technologies
- Alternative fuels

Improved infrastructure*
- Better use of airspace
- Needs-based airport infrastructures

Operational measures
- Efficient aircraft sizes
- Optimal flight routes and speeds
- Optimized processes on the ground

Economic measures
A global, sensibly designed, market-based system for reducing emissions to complement the other three pillars

*Depends on the implementation of Single European Sky
Lufthansa Group has always strived to minimize climate impact

**New technology**
- **EUR 3bn fleet investment** per year, one new aircraft every 2 weeks
- Replacement of 3/4-engine aircraft with latest types available, A350 and 777

**Operational efficiency**
- 30% reduction in fuel consumption, from 5.2 l/100PKM (1994) to 3.65 in 2018
- Operative measures to conserve fuel, from weight reduction to adjusted procedures

**Sustainable Fuel**
- Worlds first airline to use (and scientifically assess) biofuel in regular operations
- MOU with Raffinerie Heide and PtX Kompetenz Center Lausitz

**CO₂ compensation**
- Since 2008 cooperation myclimate B2C, LHG duty travel 2019
- European corporate travel 2020
- Compensaid platform enables travelers to reduce CO₂ using sustainable fuel

**Intermodal shift**
- Lufthansa Express Rail allows for multi-modal travel to 14 German cities

**Collaboration with KIT, RWTH, DLR, dena to reduce climate impact**
Operational excellence measures will further improve punctuality in 2020

1. More than 400 measures initiated to improve operations quality
2. Departure punctuality improves by 4.8pts. to 74.8% YTD Sept 19
3. Positive effects on customer satisfaction and irregularity costs
Product quality and safety highly recognized by customers

Initiatives along Customer Journey

Strong Positioning
Customer recognition

- Best Airline in Europe
- Best Business Class in Europe
- #1 most trusted brand (Germany)
- #5 strongest brand value growth (Airlines)

Recent Awards
Fostering labor aspects is self-evident for LHG - benefitting employees, society and the company alike

All employees should be offered the opportunity to work with their talents for the economic success of the LHG Group

<table>
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<th>Promoting diversity in the sense of</th>
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<td>• versatility</td>
</tr>
<tr>
<td>• inventiveness</td>
</tr>
<tr>
<td>• internationality</td>
</tr>
<tr>
<td>• perspectives</td>
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is an important element of LHG’s strategy

<table>
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<tr>
<th>• LHG has signed the Charta of Diversity – committed to developing a culture, characterized by mutual respect and appreciation</th>
</tr>
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<tbody>
<tr>
<td>• The LHG Engagement Index is once again at benchmark level of comparable companies in Germany (Score: 2.2 in 2019)</td>
</tr>
<tr>
<td>• LHG achieved #2 in German workforce ranking - LHG is again among the most attractive employers in Germany</td>
</tr>
<tr>
<td>• Also, occupational safety and health are important for LHG - offering a large variety of voluntary health and prevention courses</td>
</tr>
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LUFTHANSA GROUP
Respecting human rights and compliance is a matter of course and has been an integral part of doing business in a global environment

- Amendments in labor contracts for managers in high- / extreme risk countries to uphold and ensure human rights
- Group wide strategy and processes defined to fulfill IATA resolution to combat Human Trafficking – implementation started September 2019
- Orientation on the recommendations of the German “Nationaler Aktionsplan Wirtschaft & Menschenrechte“
- “Zero-tolerance” policy in cases of sexual harassment
- IT Security responsibility on Executive Board level and technology implemented to prevent cyber attacks
- Germany / EU Regulation (DSGVO) implemented for all group companies

LHG was first airline to sign UN GLOBAL COMPACT, holding „Participant“-status continuously since 2002
Lufthansa Group is committed to these areas

<table>
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<tr>
<th>Corporate citizenship</th>
<th>Goal of commitment</th>
<th>Impact achieved</th>
</tr>
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<tbody>
<tr>
<td><strong>Education/Enabling</strong></td>
<td>Make a measurable contribution to sustainable social development</td>
<td>49 projects supported worldwide</td>
</tr>
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</table>

- In addition to the emphasis on education and training, the help alliance also supports business approaches (entrepreneurship).

<table>
<thead>
<tr>
<th>Life/Health</th>
<th>Professional and fast emergency aid during humanitarian crises and catastrophes. Lufthansa Cargo cooperates with renowned aid organizations for this purpose</th>
</tr>
</thead>
</table>

**The projects are divided into**

- Global flagship projects, e.g., help alliance Americas founded in 2019
- Local projects at large company locations, e.g., Job-Buddy-Program” started 2019 in FRA
- Decentralized commitments specific to certain business segments

<table>
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<tr>
<th>Corporate volunteering</th>
<th>Expand corporate volunteering option for employees</th>
</tr>
</thead>
</table>

- Employees can submit initiatives for social projects
- Employees can use part of paid working time to execute project, if it is approved by help alliance

**EUR 2.3mn**
project volume in 2019

**All**
Administrative cost borne by LHG

**EUR 0.8mn**
LHG funding of employee projects
Lufthansa Group outperforms peers in relevant sustainability rankings

- Robust carbon reduction efforts
- Labor disputes pose operational risk
- Punctuality below best-in-class levels despite improvements

- Emissions: strong in pollution prevention, climate protection, transport safety and biodiversity
- Corporate Governance: Foreign ownership limitations based on LuftNasiG

- Above-industry average management of carbon emissions
- Above-industry average of product governance (quality and safety)
- Medium exposure to human capital risk (large workforce, difficult labor relations, controversies)

- Industry average: B-, regional average: C
Lufthansa Group takes on its environmental and social responsibility

**Invest into our fleet**

30 Mrd. € in the next 10 years

**Carbon Offsetting**

- 100% compensation of LHG duty travels
  - 10M miles
  - CORSIA (from 2021)
  - EU ETS (since 2012)

**Flight attendants as environmental ambassadors**

**100% green electricity in DE/A/CH**

**Carbon neutrality on ground by 2030**

**Sustainable Aviation Fuel (SAF)**

- Raffinerie Heide
- Swedish biofuels
- PtX Kompetenz Zentrum Lausitz

**Smart Plastic Project**

- Replace 144M single used plastic p.a.
- Recycle 160M PET cups p.a.

**Member of UN Global Compact since 2002**

**Corporate volunteering**

*Passenger kilometer*
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Lufthansa Group achieves an Adjusted EBIT of EUR 1.3 billion in Q3

Q3 result slightly below previous year

**EUR 1.3bn**
Adj. EBIT (-8%)

Passenger growth
**+3%**

Q3 revenues increased to more than EUR 10bn

**EUR 10.2bn**
(+2%)

2019 guidance confirmed
**5.5%-6.5%**
Adj. EBIT margin

Unit costs reduced
**-2.1%**
Q3 CASK Network Airlines
Network Airlines: Q3 profits down only moderately despite higher fuel costs

<table>
<thead>
<tr>
<th></th>
<th>Q3 18</th>
<th>Q3 19</th>
<th>9M 18</th>
<th>9M 19</th>
</tr>
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<tbody>
<tr>
<td>Fuel cost</td>
<td>1,315</td>
<td>1,489</td>
<td>3,477</td>
<td>4,029</td>
</tr>
<tr>
<td>Adjusted EBIT / Margin</td>
<td>1,086</td>
<td>1,024</td>
<td>2,075</td>
<td>1,589</td>
</tr>
</tbody>
</table>

**Comments**

- Fuel cost increase higher than anticipated because of the recent appreciation of the US Dollar
- Strong cost performance largely offsets pressure from higher fuel costs and overall difficult market environment in Q3
Eurowings: Profit growth reflects first signs of Eurowings turnaround

**Fuel cost**

<table>
<thead>
<tr>
<th>Q3 18</th>
<th>Q3 19</th>
</tr>
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<tbody>
<tr>
<td>288</td>
<td>303</td>
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+15 / +5%

**Adjusted EBIT / Margin**

<table>
<thead>
<tr>
<th>Q3 18</th>
<th>Q3 19</th>
</tr>
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<tbody>
<tr>
<td>122</td>
<td>169</td>
</tr>
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+39%

13.0% +3.7pts.

**9M**

<table>
<thead>
<tr>
<th>9M 18</th>
<th>9M 19</th>
</tr>
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<tbody>
<tr>
<td>721</td>
<td>814</td>
</tr>
</tbody>
</table>

+93 / +13%

**9M 18**

<table>
<thead>
<tr>
<th>9M 18</th>
<th>9M 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>-98</td>
<td>-104</td>
</tr>
</tbody>
</table>

-6% -3.2% -0.2pts.

**Comments**

- Fuel cost increase dampened by capacity declines
- Strong profit increase in Q3 limits year-to-date decline
MRO and Catering businesses increase profits in the third quarter

### Adjusted EBIT / Margin

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>9M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lufthansa Cargo</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 18</td>
<td>-8.0% -13.3pts.</td>
<td>-1.8% -10.1pts.</td>
</tr>
<tr>
<td>Q3 19</td>
<td>-48</td>
<td>-33</td>
</tr>
<tr>
<td><strong>Lufthansa Technik</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+16% 7.4% +0.5pts.</td>
<td>+10% 7.2% -0.2pts.</td>
</tr>
<tr>
<td></td>
<td>110 128</td>
<td>337 371</td>
</tr>
<tr>
<td><strong>LSG Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+2% 6.8% -0.1pts.</td>
<td>-6% 3.7% -0.4pts.</td>
</tr>
<tr>
<td></td>
<td>59 60</td>
<td>99 93</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>nmf. -20 -34</td>
<td>nmf. -108 -169</td>
</tr>
</tbody>
</table>

### Comments

- Logistics business continues to suffer from decline of air cargo market
- Profit increases in MRO business driven by engine and aircraft systems divisions
- Year-to-date profit of Catering business almost in line with prior year despite ongoing restructuring in European market
- Higher IT investments reduce operating result of Other Businesses
### Net profit performance distorted by several one-off items

<table>
<thead>
<tr>
<th>Lufthansa Group (in EUR m)</th>
<th>9M '19</th>
<th>vs. 9M '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating income</td>
<td>29,448</td>
<td>+3%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>27,986</td>
<td>+7%</td>
</tr>
<tr>
<td>Of which fees &amp; charges</td>
<td>3,431</td>
<td>+2%</td>
</tr>
<tr>
<td>Of which fuel</td>
<td>5,095</td>
<td>+14%</td>
</tr>
<tr>
<td>Of which staff</td>
<td>6,735</td>
<td>+3%</td>
</tr>
<tr>
<td>Of which depreciation</td>
<td>2,067</td>
<td>+27%</td>
</tr>
<tr>
<td>Result from equity investments</td>
<td>175</td>
<td>+32%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,637</td>
<td>-33%</td>
</tr>
<tr>
<td>Adjustments</td>
<td>78</td>
<td>+7,700%</td>
</tr>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td>1,715</td>
<td>-30%</td>
</tr>
<tr>
<td><strong>Adjusted EBIT Margin</strong></td>
<td>6.2%</td>
<td>-2.9pts.</td>
</tr>
<tr>
<td>Net interest income</td>
<td>-264</td>
<td>-120%</td>
</tr>
<tr>
<td>Other financial items</td>
<td>260</td>
<td>+940%</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>1,633</td>
<td>-31%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>572</td>
<td>+11%</td>
</tr>
<tr>
<td>Profit / loss attributable to minority interests</td>
<td>-23</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>1,038</td>
<td>-43%</td>
</tr>
</tbody>
</table>

**Impairments related to Thomas Cook insolvency**

**Reclassification of hedges because of the change of fixed aircraft orders into options (EUR 413m)**

**Provision for tax risk (c. EUR 350m)**
Net debt increase largely driven by accounting effects

**Gross Investments**
- 9M 18: 2,849
- 9M 19: 2,785
- Decrease due to less aircraft purchases:
  - 9M 18: 2,849
  - 9M 19: 2,785
  - -2%

**Adjusted Free Cash Flow**
- 9M 18: 1,181
- 9M 19: 685
- Free cash flow declines mainly because of profit decrease and higher tax payments:
  - 9M 18: 1,181
  - 9M 19: 685
  - -42%

**Net Debt**
- Dec 31, 2018: 3,489
- Sep 30, 2019: 6,083
- Increase largely because of first-time application of IFRS 16:
  - Adjusted Net Debt / Adjusted EBITDA increases by 1.2 to 3.0

---

1. Excluding cash-outs from equity investments
2. Amortization of operating lease obligations shown in financing cash flow
Increase of pension provisions has no impact on profits and cash flow

- Increase driven by interest rate decline, partly offset by strong performance of plan assets
- Every 50bp interest rate decline increases the gross pension obligation by c. EUR 2 billion

**Balance Sheet: Pension Provisions**

<table>
<thead>
<tr>
<th>Date</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 2018</td>
<td>5,865</td>
</tr>
<tr>
<td>30 Sep 2019</td>
<td>7,914</td>
</tr>
</tbody>
</table>

**Profit & Loss: Service Costs**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Service Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 18</td>
<td>404</td>
</tr>
<tr>
<td>9M 19</td>
<td>368</td>
</tr>
</tbody>
</table>

**Cash Flow:**

- **Pension payments (operating cash flow)**
  - 9M 18: -336
  - 9M 19: -308
- **Contribution to plan assets (change in funds/securities)**
  - 9M 18: -299
  - 9M 19: -237

- Pension-related cash outflows below prior year level
- Pension deficit does not create any additional funding requirements
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Strategy update</td>
</tr>
<tr>
<td>02</td>
<td>Focus on ESG</td>
</tr>
<tr>
<td>03</td>
<td>Q3 2019 Results</td>
</tr>
<tr>
<td>04</td>
<td>Outlook</td>
</tr>
<tr>
<td>05</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
**Group Adjusted EBIT margin expected to reach 5.5% to 6.5% in 2019**

### Lufthansa Group
- **Revenue**: up low single-digit
- **Adj. EBIT margin**: 5.5% to 6.5%

### Non-PAX

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Logistics</th>
<th>MRO</th>
<th>Catering</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBIT margin</td>
<td>down mid single-digit</td>
<td>up low double-digit</td>
<td>up low single-digit</td>
<td>-EUR 50m</td>
</tr>
</tbody>
</table>

### Passenger Airlines
- **Network Airlines**
  - **Capacity (ASK)**: c. +4%
  - **Unit Revenue (RASK, at constant currency)**: Down low single-digit
  - **Unit Cost (CASK, at c. currency, excl. fuel)**: 0% to -1%
  - **Fuel (year-on-year change)**: +EUR 600m
  - **Adjusted EBIT Margin**: 7.0% to 9.0%

- **Eurowings**
  - **Adjusted EBIT Margin**: -4.0% to -6.0%

### Eurowings
- **Adjusted EBIT Margin**: c. -1%

### Capacity (ASK)
- **Eurowings**: c. -1%
- **Network Airlines**: c. +4%

### Unit Revenue (RASK, at constant currency)
- **Eurowings**: Down low single-digit
- **Network Airlines**: Down low single-digit

### Unit Cost (CASK, at c. currency, excl. fuel)
- **Eurowings**: -4% to -5%
- **Network Airlines**: 0% to -1%

### Fuel (year-on-year change)
- **Eurowings**: +EUR 100m
- **Network Airlines**: +EUR 600m

### Adjusted EBIT Margin
- **Eurowings**: -4.0% to -6.0%
- **Network Airlines**: 7.0% to 9.0%
We are committed to generate attractive shareholder returns

Dividend per share / dividend payout
[in EUR] ▲ Dividend payout as a percentage of net income

- New dividend policy lifts payout to between 20% and 40% of net income*
- Replaces previous policy of payout of 10% to 25% of consolidated EBIT
- New policy aims at dividend continuity

* Adjusted for one-time gains and losses
Agenda

01 Strategy update
02 Focus on ESG
03 Q3 2019 Results
04 Outlook
05 Appendix
Operating KPIs of Network Airlines by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Q3 '19</th>
<th>9M '19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>+4.5%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>RPK</td>
<td>+4.4%</td>
<td>+4.3%</td>
</tr>
<tr>
<td>SLF</td>
<td>-0.2pts.</td>
<td>-0.5pts.</td>
</tr>
<tr>
<td>Yield</td>
<td>-2.9%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>-4.3%</td>
<td>-4.7%</td>
</tr>
<tr>
<td><strong>Americas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>+2.1%</td>
<td>+3.0%</td>
</tr>
<tr>
<td>RPK</td>
<td>+3.4%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>SLF</td>
<td>+1.1pts.</td>
<td>+1.7pts.</td>
</tr>
<tr>
<td>Yield</td>
<td>+0.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>-2.3%</td>
<td>-3.3%</td>
</tr>
<tr>
<td><strong>Middle East / Africa</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>+4.9%</td>
<td>+10.0%</td>
</tr>
<tr>
<td>RPK</td>
<td>+7.3%</td>
<td>+12.3%</td>
</tr>
<tr>
<td>SLF</td>
<td>+1.9pts.</td>
<td>+1.7pts.</td>
</tr>
<tr>
<td>Yield</td>
<td>+1.9%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>+1.9%</td>
<td>-3.2%</td>
</tr>
<tr>
<td><strong>Asia / Pacific</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>+4.4%</td>
<td>+4.1%</td>
</tr>
<tr>
<td>RPK</td>
<td>+4.3%</td>
<td>+4.9%</td>
</tr>
<tr>
<td>SLF</td>
<td>-0.1pts.</td>
<td>+0.7pts.</td>
</tr>
<tr>
<td>Yield</td>
<td>+0.4%</td>
<td>+2.2%</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>-2.0%</td>
<td>+0.1%</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>+1.2%</td>
<td>+0.6%</td>
</tr>
<tr>
<td>RPK</td>
<td>+1.2%</td>
<td>+5.4%</td>
</tr>
<tr>
<td>SLF</td>
<td>-18.3%</td>
<td>-19.2%</td>
</tr>
</tbody>
</table>
Operating KPIs of Eurowings by region

<table>
<thead>
<tr>
<th>Total</th>
<th>Q3 '19</th>
<th>9M '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of flights</td>
<td>+0.1%</td>
<td>+0.4%</td>
</tr>
<tr>
<td>ASK</td>
<td>-3.6%</td>
<td>+0.9%</td>
</tr>
<tr>
<td>RPK</td>
<td>-3.1%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>SLF</td>
<td>+0.5pts.</td>
<td>+0.6pts.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yield</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td>+0.8%</td>
<td>+1.5%</td>
</tr>
<tr>
<td>RPK</td>
<td>+1.3%</td>
<td>+2.0%</td>
</tr>
<tr>
<td>SLF</td>
<td>+0.4pts.</td>
<td>+0.4pts.</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>-2.2%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>-2.6%</td>
<td>-4.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short-haul</th>
<th>Q3 '19</th>
<th>9M '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td>-12.8%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>RPK</td>
<td>-12.3%</td>
<td>+1.2%</td>
</tr>
<tr>
<td>SLF</td>
<td>+0.5pts.</td>
<td>+1.1pts.</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>+14.0%</td>
<td>+8.4%</td>
</tr>
<tr>
<td>Yield ex currency</td>
<td>+13.6%</td>
<td>+7.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-haul</th>
<th>Q3 '19</th>
<th>9M '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td>5.6%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>RPK</td>
<td>3.5%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>CASK excl. fuel</td>
<td>0.1%</td>
<td>-3.8%</td>
</tr>
<tr>
<td>CASK ex currency ex fuel</td>
<td>+1.0%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>CASK ex currency ex fuel</td>
<td>+13.6%</td>
<td>+7.9%</td>
</tr>
</tbody>
</table>
Lufthansa Group has access to attractive financing options

Sustainable free cash flow & high liquidity

Free cash flow generation in bn EUR

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Flow</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.8</td>
<td>1.4</td>
</tr>
<tr>
<td>2013</td>
<td>3.3</td>
<td>1.3</td>
</tr>
<tr>
<td>2014</td>
<td>2.0</td>
<td>-0.3</td>
</tr>
<tr>
<td>2015</td>
<td>3.4</td>
<td>0.8</td>
</tr>
<tr>
<td>2016</td>
<td>3.2</td>
<td>1.1</td>
</tr>
<tr>
<td>2017</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>2018</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Q3 19</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

1. Adj. Free Cash Flow: incl. amortization of operating lease obligations shown in financing cash flow (IFRS 16)
2. Japanese Operating Leases with Call Option

Financial strength

Full Investment Grade Rating
- Standard & Poor’s (BBB, stable outlook) - Apr. 19
- Moody’s (Baa3, stable outlook) - Aug. 19
- Scope (BBB, stable outlook) - Jun. 19

Unburdened fleet
- 94% of fleet owned vs. 6% leased
- ~75% of fleet financially unencumbered (not used as security for financing transactions)

Attractive Long-Term Debt Financing
- 18 JOLCOs² for aircraft financing (EUR 1.0bn)
- EUR 800m 3 and 5y unsecured “Schuldscheindarlehen” (Apr 2019)
- EUR 500m 5y unsecured bond with 0.25% coupon (Sep 2019)
## Multi-Year financial overview

<table>
<thead>
<tr>
<th>Lufthansa Group (in m EUR, as reported)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating KPIs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RASK ex currency</td>
<td>-2.5%</td>
<td>-3.0%</td>
<td>-5.9%</td>
<td>+1.9%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>CASK ex currency, ex fuel&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-2.6%</td>
<td>+2.4%</td>
<td>-2.5%</td>
<td>-1.8%</td>
<td>-1.7%</td>
</tr>
<tr>
<td><strong>Profit &amp; Loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>30,011</td>
<td>32,056</td>
<td>31,660</td>
<td>35,579</td>
<td>35,844</td>
</tr>
<tr>
<td>Fuel Cost</td>
<td>6,751</td>
<td>5,784</td>
<td>4,885</td>
<td>5,232</td>
<td>6,087</td>
</tr>
<tr>
<td>Adjusted EBIT</td>
<td>1,171</td>
<td>1,817</td>
<td>1,752</td>
<td>2,969</td>
<td>2,836</td>
</tr>
<tr>
<td>Adjusted EBIT Margin</td>
<td>3.9%</td>
<td>5.7%</td>
<td>5.5%</td>
<td>8.3%</td>
<td>7.9%</td>
</tr>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>30,474</td>
<td>32,462</td>
<td>34,697</td>
<td>35,778</td>
<td>38,213</td>
</tr>
<tr>
<td>Net Financial Debt and Pension Liabilities</td>
<td>10,649</td>
<td>9,973</td>
<td>11,065</td>
<td>8,000</td>
<td>9,354</td>
</tr>
<tr>
<td>ROCE</td>
<td>4.6%</td>
<td>7.7%</td>
<td>9.0%</td>
<td>13.2%</td>
<td>11.1%</td>
</tr>
<tr>
<td><strong>Cash Flow statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>1,977</td>
<td>3,393</td>
<td>3,246</td>
<td>5,368</td>
<td>4,109</td>
</tr>
<tr>
<td>Capital expenditure (net)</td>
<td>2,274</td>
<td>2,559</td>
<td>2,108</td>
<td>3,251</td>
<td>3,859</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>-297</td>
<td>834</td>
<td>1,138</td>
<td>2,117</td>
<td>250</td>
</tr>
</tbody>
</table>

<sup>1</sup> 2018 reported figures including effects from the capitalization of engine overhaul, 2017 restated for better comparability

<sup>2</sup> Adjusted for pension effects in 2016 and 2017 as a result from the change from defined benefit to defined contribution