



Destination

Time

Destination	Time
SHAPING	
THE FUTURE	
TOGETHER	

Simone Menne, Member of the Executive Board and CFO
Frankfurt/Main, May 14, 2013

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Overview

➤ **European airline industry is consolidating and becoming increasingly rational**

Consolidation and financial pressure are driving change at all major European airlines

➤ **Capacity discipline is intact**

Benefits of tight capacity management are already becoming visible

➤ **Lufthansa is in the pole position to be the structural winner from industry consolidation**

Strong balance sheet and cash generation despite accelerated investments in modern fleet and best in class products

➤ **Diversified Group is a key success factor**

Broad setup with a portfolio of airlines and non-airline segments provides LH Group with stable baseline profits

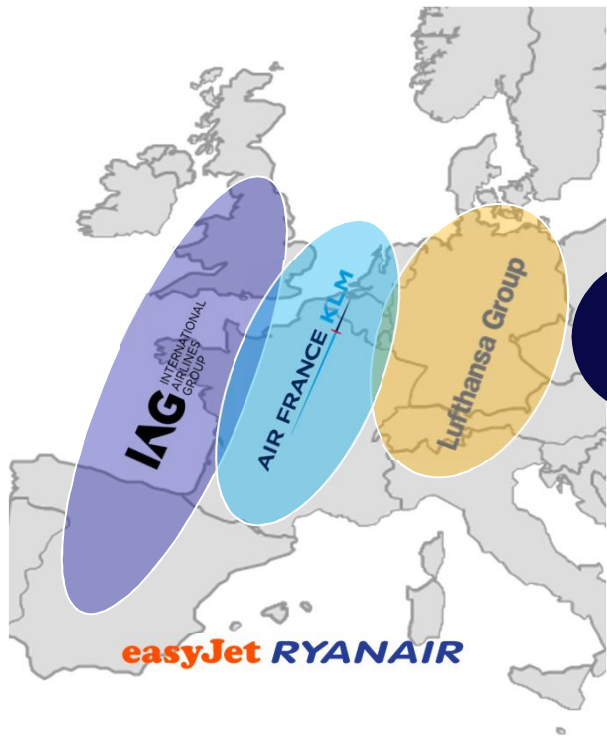
➤ **Lufthansa Group is implementing structural changes through its program SCORE**

SCORE works and is to improve operating profit to 2.3 bn EUR by 2015. One-off costs apply during the implementation.

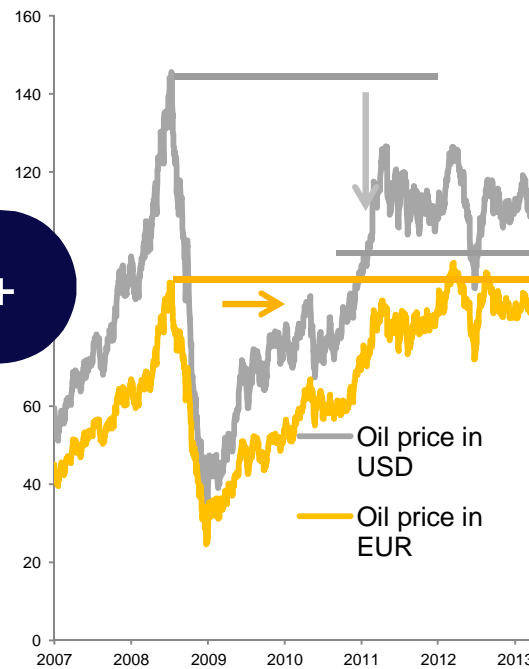
Consolidation and cost pressure are driving industry rationality

Capacity growth is on low levels, fuel costs remain high

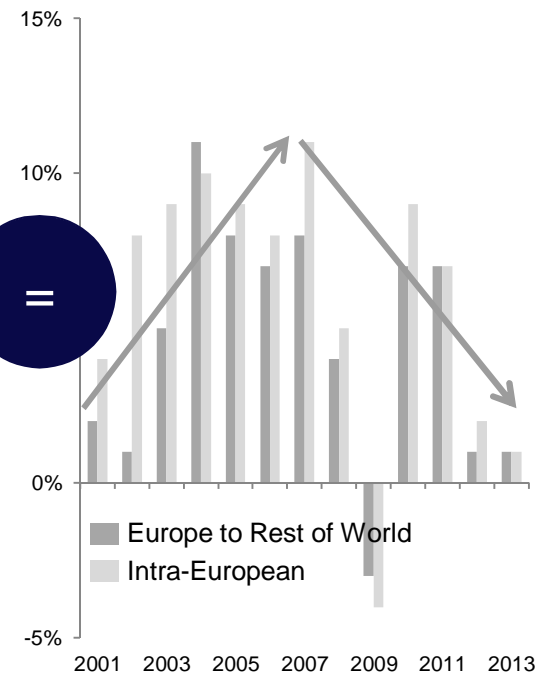
Competition is driven by three network carriers and two main LCCs



Oil price remains on high level, especially in EUR terms












Capacity growth in Europe is on record low levels



Sources:
 Airlines' logos: www.wikipedia.org
 ASK based on flight plan data (FLASH), for 2013 summer schedule used as proxy

Business models are converging

Legacy carriers reduce costs and low cost carriers increase prices

	Legacy carriers focus on margin improvement. LCCs with moderate growth and more yield focus <small>(Communicated outlooks)</small>	Capacity discipline continues <small>(Communicated capacity plans)</small>
	1.6 bn EUR operating profit by 2015 <small>(FY2011 operating profit 485 m EUR)</small>	-1.9% in 2013 
	2.5-3.0 bn EUR EBITDA by 2014 <small>(FY11 operating loss -353 m EUR, EBITDA 1.3 bn EUR)</small>	+1.5% in 2013 
Lufthansa Group	2.3 bn EUR operating profit by 2015 <small>(FY 11 operating profit 820 m EUR)</small>	+1.0% in 2013 
	revenue per seat +8.5% for FY13 <small>(on constant currency)</small>	ca. +3.3% for current financial year 
	average fare +6% for FY13	ca. 5% growth p. a. despite recent large fleet order 

Source: Companies' presentations

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

Positive effect of capacity discipline is visible in operational figures

Higher seat load factor and yield increases

Lufthansa Group Passenger Airline Group	Q1 12	Q2 12	Q3 12	Q4 12	FY 12	Q1 13
<p>Capacity vs. Demand (ASK vs. RPK)</p>						
<p>Seat Load Factor (increase vs. 2011)</p>	+1.3 pts.	+1.0 pts.	+1.3pts.	+1.4 pts.	+1.2 pts.	+1.9pts
<p>Yield (increase vs. 2011)</p>	+3.7%	+3.8%	+4.5%	+3.0%	+3.7%	+0.9%

Lufthansa will continue its restrictive capacity path in 2013

Capacity forecast and current business development

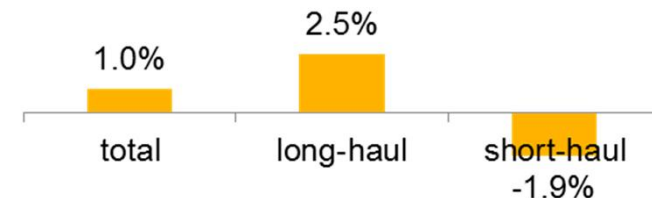
Passenger Business – Current Trading

- Capacity growth only driven by long-haul capacity, in particular due to larger aircraft and increase in Economy vs. Business Class capacity
- Forward bookings show positive trend in volumes bookings, except for April because of Easter effect and strike
- Increases in load factor continue due to restrictive capacity
- Diverse yield development continues
 - Europe: positive development
 - Long-haul: Yield remains diluted due to temporarily enlarged Economy Class
 - Americas: positive development.
Asia /Pacific and MidEast/Africa: weaker

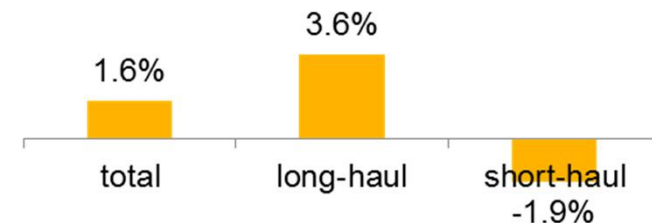
Cargo – Current Trading

- Market recovery anticipated in second half of the year
- Visibility remains limited however
- Capacity estimate for full year 2013 now 0% vs. PY

Capacity outlook for full year 2013 Passenger Airline Group [ASK]



Capacity outlook for summer 2013 Passenger Airline Group [ASK]

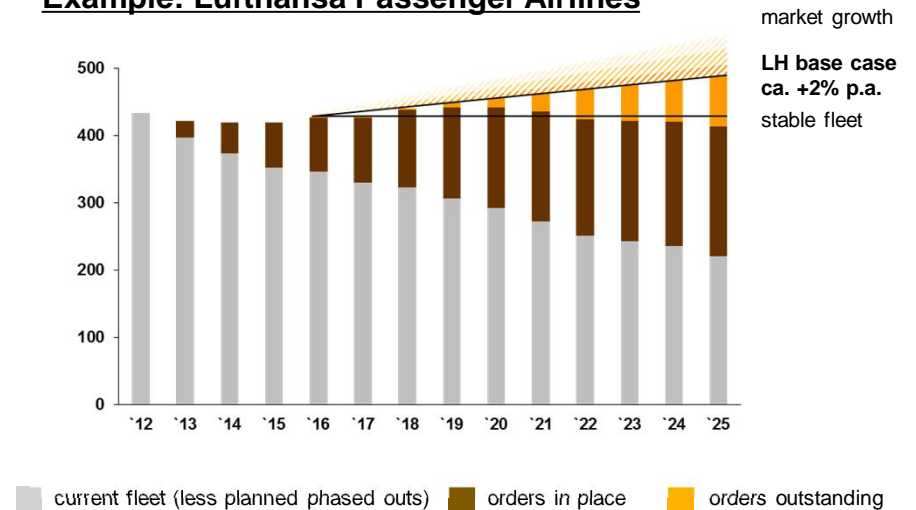


Aircraft orders are mainly for replacements not growth

Fleet rollover is being accelerated and new products are introduced

Aircraft deliveries 2013-2025	Total
Airbus 380	4
Boeing 747-8i	15
Boeing 777 (of which 5 freighters)	11
Airbus 330	3
Airbus 320 family	165
Embraer 195	4
Bombardier C Series	30
Total	232

Example: Lufthansa Passenger Airlines



New First Class



New Business Class



New Economy Class



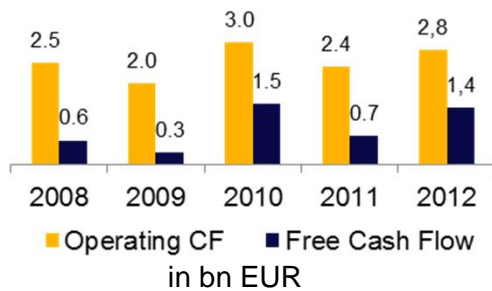
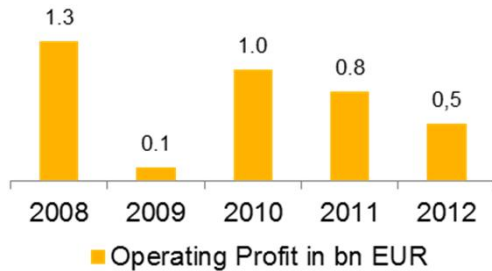
New terminal facilities



Financial strength puts LH in pole position for future developments

Cash flow generation is strong and financial profile is conservative

1. Lufthansa is profitable and produces strong cash flows



2. Solid financial profile provides competitive edge in financing conditions

STANDARD & POOR'S

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

1.7 bn EUR

moderate net Debt

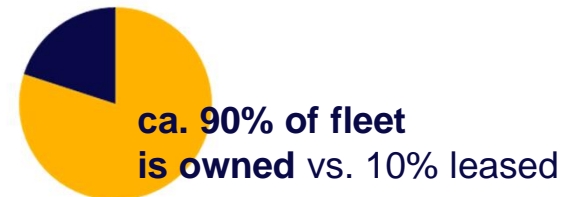
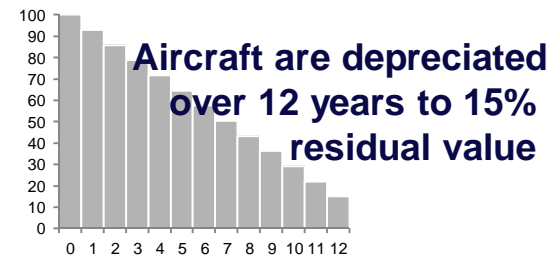
5.2 bn EUR

high liquidity

Flexible Pension Model

IAS 19 accounting change has no cashflow effect

3. Conservative fleet structure allows flexible fleet and capacity management



Non-airline segments are key for the solid financial profile

Diversified portfolio provides LH Group with stable baseline profits

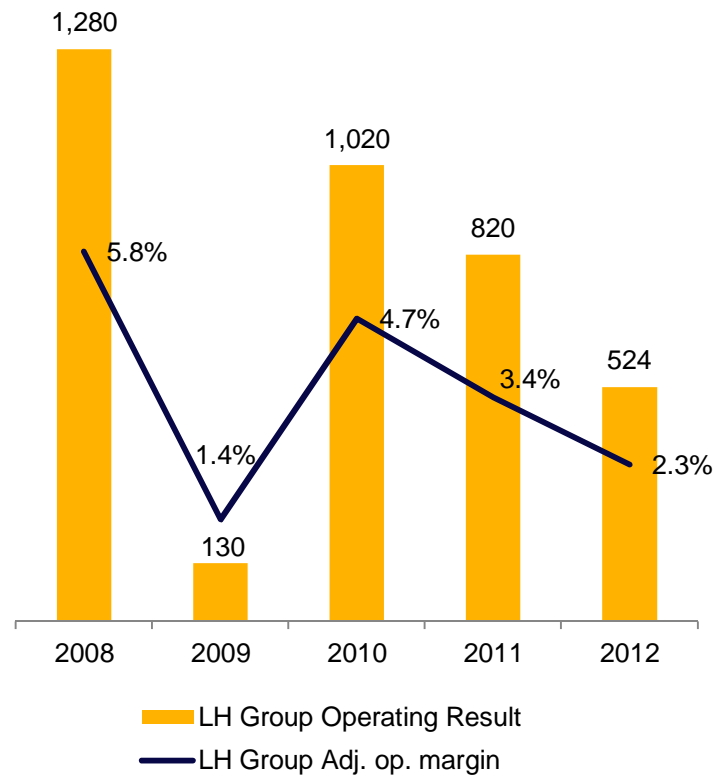
	Revenue	Operating result	Range of op. margin	
Airlines				
Passenger Airlines Group	<p>23.6 bn</p>	<p>258 m</p>	<p>+4.8%</p> <p>↕</p> <p>-0.1%</p>	
Logistics (Cargo)	<p>2.7 bn</p>	<p>104 m</p>	<p>+11.4%</p> <p>↕</p> <p>-8.0%</p>	
Service Companies				
MRO	<p>4.0 bn</p>	<p>318 m</p>	<p>+8.8%</p> <p>↕</p> <p>+6.9%</p>	<p>non-cyclical profit base of ca. 300-450 m EUR</p>
Catering	<p>2.5 bn</p>	<p>97 m</p>	<p>+3.9%</p> <p>↕</p> <p>+3.1%</p>	
IT Services	<p>0.6 bn</p>	<p>21 m</p>	<p>+6.2%</p> <p>↕</p> <p>+1.8%</p>	
Others incl. Group Functions		<p>-263 m (burdened by restructuring costs)</p>		

The profit trend at Lufthansa Group must be turned around

Passenger business in focus

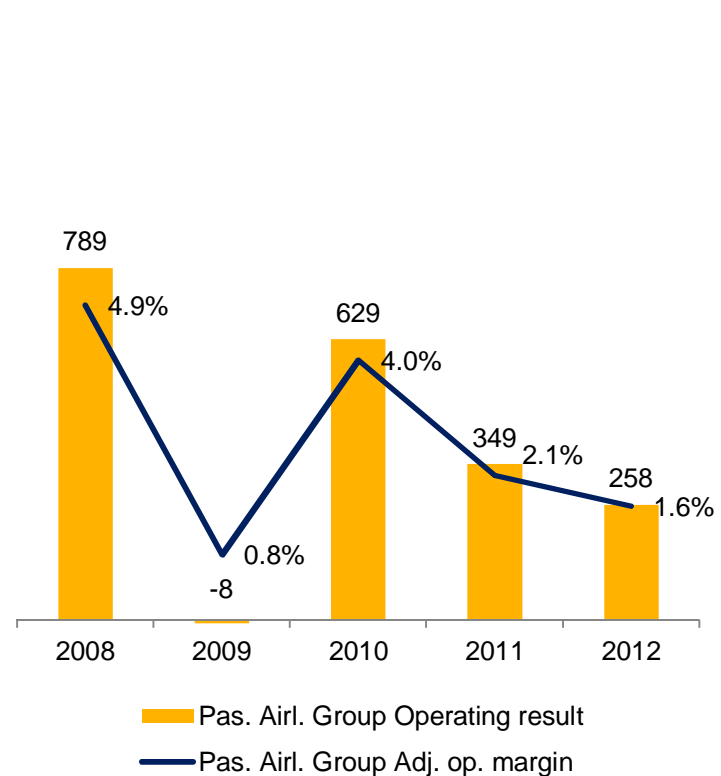
Lufthansa Group

Operating result and adj. op margin



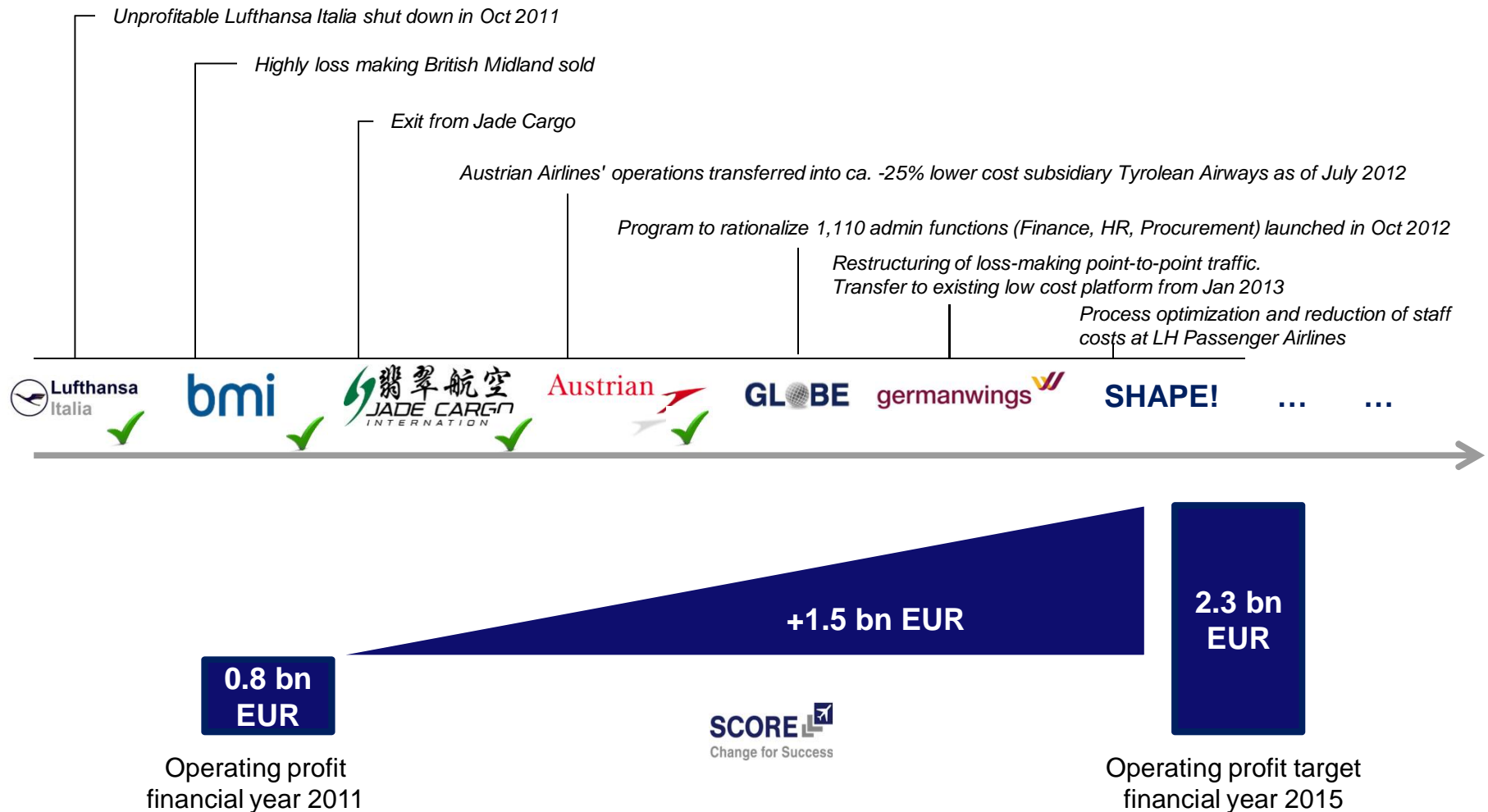
Largest Segment: Passenger Airline Group

Operating result and adj. op margin



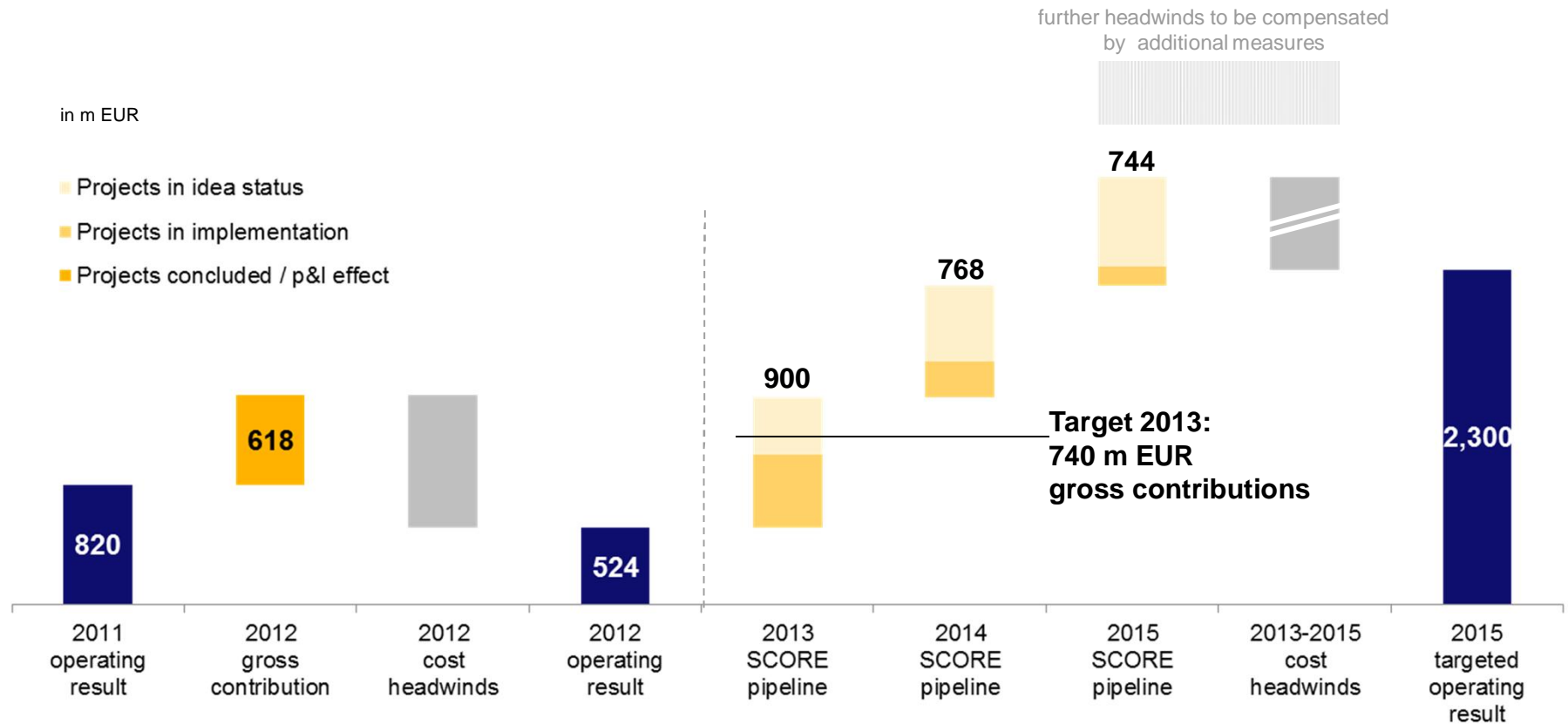
SCORE transforms Lufthansa into a strong and more profitable Group

Comprehensive restructuring and SCORE measures



SCORE is to improve the Group operating profit to 2.3 bn EUR by 2015

Current SCORE pipeline of gross contributions before cost headwinds



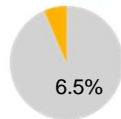
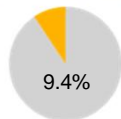
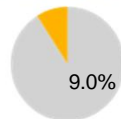
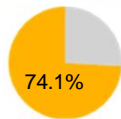
numbers as of snapshot as of 28 February 2013

Operating segments are on track to improve results

Key figures for Q1 2013



Share of LH Group's external revenue



Q1 2013 in €m	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Other & consolidation
Revenue vs. PY	5,069 +0.6%	599 -9.5%	994 -3.1%	569 +0.2%	150 +2.7%	-753 -8.5%
Operating result vs. PY	-363 +15.0%	27 +35.0%	81 +24.6%	3 +250%	3 -25.0%	-110 -533%

Σ operating segments:
EUR +95m year on year

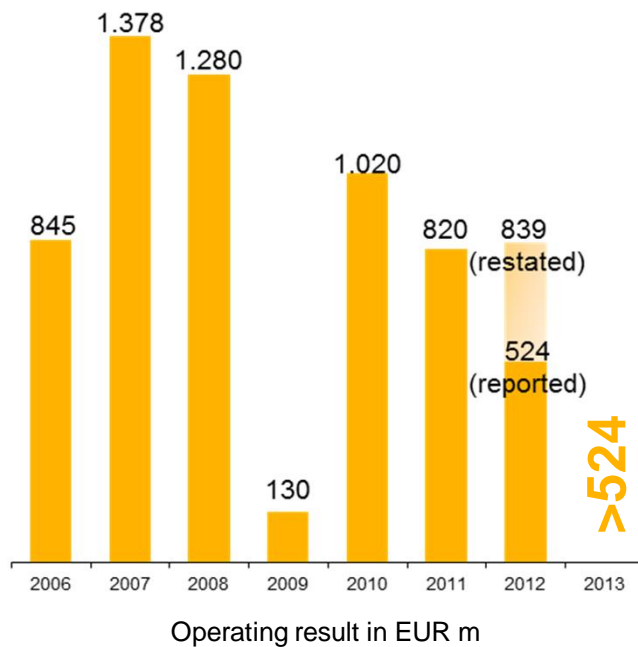
EUR -95m year on year
(of which -64m restructuring costs,
-31m from exchange rate gains/losses)



	Lufthansa	SWISS	Austrian
in €m	Lufthansa Passenger Airlines	SWISS	Austrian Airlines
Total revenue vs. PY	3,672 +0.7%	987 +2.1%	426 -3.4%
Operating result vs. PY	-292 +20.9%	-16 -433.3%	-56 +16.4%

Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

Group Outlook unchanged: operating profit higher than last year's Outlook for the Group for FY 2013



Outlook 2013

- Revenue above previous year
- Operating profit 2013 higher than reported operating profit for 2012
- SCORE activities should make a substantial gross contribution to earnings in 2013
- Operating result will be significantly impacted by SCORE restructuring costs and project costs
- SCORE restructuring costs similar to previous year
- In 2013, the larger part of the operating result for the year will be generated by the airlines, i.e. the Passenger Airline Group and Lufthansa Cargo

Summary

➤ **European airline industry is consolidating and becoming increasingly rational**

Consolidation and financial pressure are driving change at all major European airlines

➤ **Capacity discipline is intact**

Benefits of tight capacity management are already becoming visible

➤ **Lufthansa is in the pole position to be the structural winner from industry consolidation**

Strong balance sheet and cash generation despite accelerated investments in modern fleet and best in class products

➤ **Diversified Group is a key success factor**

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Appendix
– Supplementary Financial Information –

All segments expect to improve or maintain their profits in FY 2013

Outlook for business segments



	Passenger Airline Group	Logistics	MRO	Catering	IT Services
Outlook	<p>↗</p> <p><i>moderate increase in revenue and operating profit; absolute level depends on macroeconomic, fuel price and exchange rate developments.</i></p>	<p>↗</p> <p><i>operating profit in the three-digit million euro range. An increase on the previous year's result is anticipated.</i></p>	<p>→</p> <p><i>expectations of stable earnings development</i></p> <p></p>	<p>↗</p> <p><i>moderate increase in revenue.</i></p> <p><i>year-on-year increase in operating profit.</i></p> <p></p>	<p>↗</p> <p><i>moderate revenue growth.</i></p> <p><i>further increase in profitability.</i></p> <p></p>
			Lufthansa Passenger Airlines	SWISS	Austrian Airlines
			Outlook		
			<p>↗</p> <p><i>higher revenue and improvement in the operating result in spite of volatile external cost factors. Absolute level will depend to a great extent on fuel costs and exchange rates</i></p>	<p>→</p> <p><i>operating result roughly on a par with last year. In addition to fuel prices, an important factor affecting business performance remains the Swiss franc.</i></p>	<p>↑</p> <p><i>consolidating the successfully initiated turnaround and thereby achieving an operating profit.</i></p>

FY 2012

Key Figures for the Group

<i>Lufthansa Group (in m EUR)</i>	FY 2012	FY 2011	vs. PY
Group Revenue	30,135	28,734	+4.9%
<i>of which traffic revenue</i>	24,793	23,779	+4.3%
Operating result	524	820	-36.1%
Adj. operating margin*	2.3%	3.4%	-1.1pts.
EBITDA	3,270	2,546	+28.4%
Net Income	990	-13	n.a.
Operating Cash Flow	2,842	2,356	+20.6%
Free Cash Flow	1,397	713	+95.9%
Cash Value Added	375	99	+278.8%
Equity Ratio	29.2%	28.6%	+0.6pts.
Net Debt	1,953	2,328	-16.1%
Market Capitalization	6,550	4,208	+55.6%

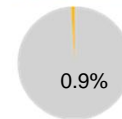
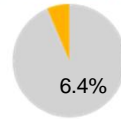
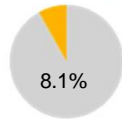
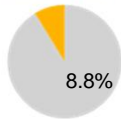
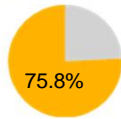
*incl. income from reversed provision

FY 2012

Overview Group segments



Share of external
LH Group
Revenue



in m EUR	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Others & Consolidation
Revenue vs. PY	23,559 +5.7%	2,688 -8.7%	4,013 -2.0%	2,503 +8.9%	609 +1.7%	-3,237 -7.2%
Op. result vs. PY	258 -26.1%	104 -58.2%	318 +23.7%	97 +14.1%	21 +10.5%	-274 -97.1%
EBITDA vs. PY	1,851 +11.0%	196 -40.2%	491 +30.2%	214 +45.6%	76 31.0%	507 +894.1%

Lufthansa

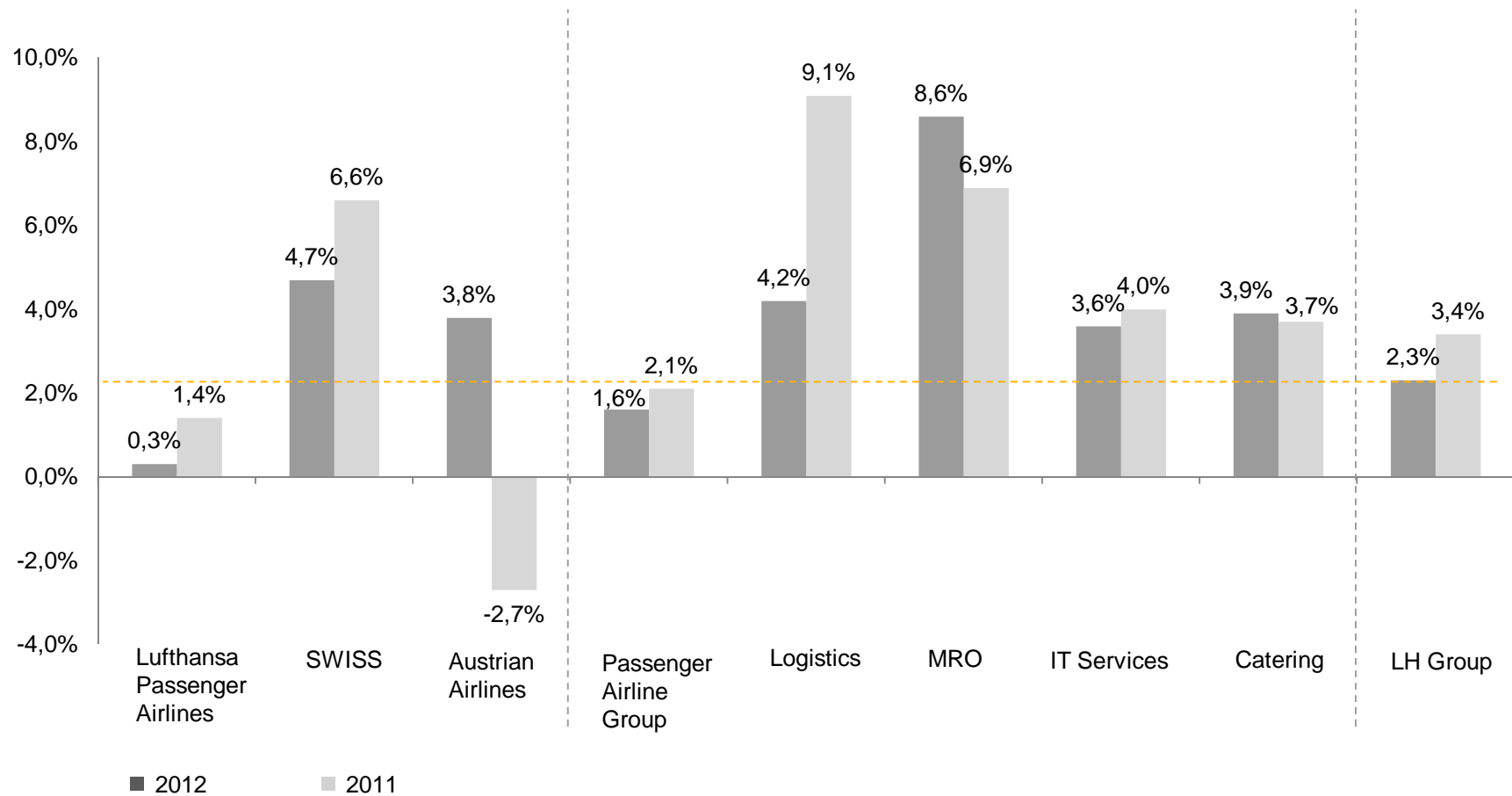
SWISS

Austrian



in m EUR	Lufthansa P. Airlines	SWISS	Austrian Airlines
Revenue vs. PY	17,261 +5.4%	4,220 +7.1%	2,158 +5.4%
Op. result vs. PY	-45 -	191 -26.3%	65 -
EBITDA vs. PY	1,113 -0.7%	507 +0.8%	228 +113.1%

FY 2012: Adj. operating margin per airline and business segment FY2012 vs. FY2011



Q1 2013

Key figures for the Lufthansa Group

<i>Lufthansa Group (in EUR m)</i>	Q1 2013	Q1 2012	vs. PY
Total revenue	6,628	6,619	+0.1%
<i>of which traffic revenue</i>	5,337	5,349	-0.2%
Operating result	-359	-359	+0.0%
Adjusted operating margin*	-5.2%	-5.2%	+0.0 pts.
EBITDA	-3	76	-
Net profit/loss for the period	-459	-394	-16.5%

Cash flow from operating activities	976	833	+17.2%
Free cash flow	463	540	-14.3%

	31.3.2013	31.12.2012	
Equity ratio	15.4%	16.9%	-1.5 pts.
Net debt	1,702	1,953	-12.9%

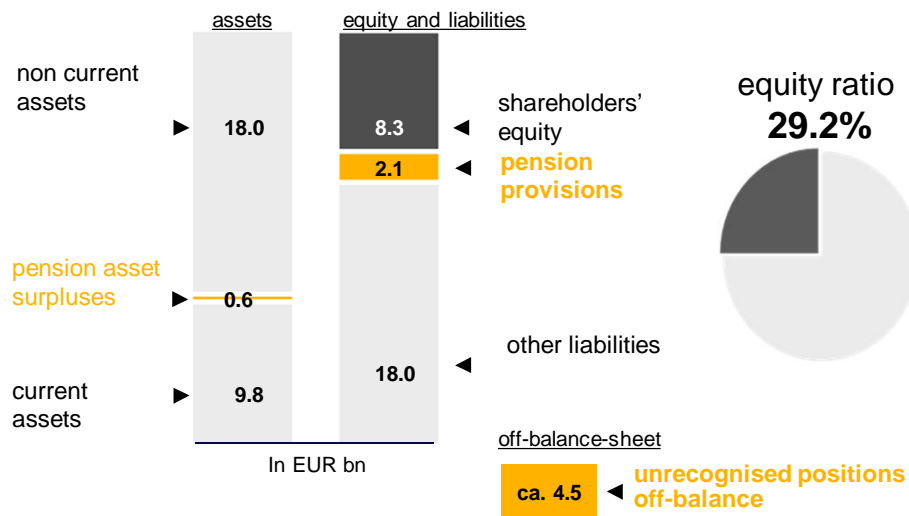
Market capitalization	7,010	6,550	+7.0%
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* incl. income from the write-back of provisions.
 Previous year's figures adjusted due to changes in pension accounting (IAS 19 new).

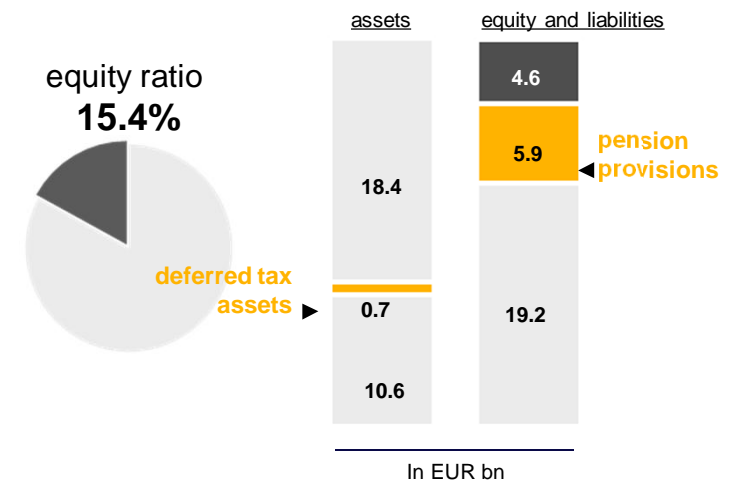
As expected, IAS 19 resulted in a clear shift on the balance sheet

Implementation of IAS 19

Balance sheet as of 31.12.2012 (prior to new accounting)



Balance sheet as of 31.3.2013 (based on new accounting)



Impact on balance sheet and p&l

- **Balance sheet:** Pension provisions in the balance sheet increase by approx. EUR 3.8bn; shareholders' equity reduces strongly.
- **Cash flow:** IAS 19 does not lead to higher annual pension fund allocations; financing plan remains unchanged.
- **P&L staff costs:** No amortisation of off-balance-sheet pension provisions; but offset in 2013 due to lower interest rates that cause increase service costs
- **P&L interest result:** Interest result declines as interest rate for pension assets lowered (from 5.2% to 3.5%) under IAS 19 new; At the same time, interest expense is also reduced as rates lowered due to general decline in market rates (4.5% to 3.5%).

Balance sheet targets adjusted with regards to new IFRS rules

Financial targets

	New Target	Old Target	Current Status	
Equity Ratio	25% mid-term	30%	15%	IFRS changes (especially pensions) have impaired equity sustainably but do not change underlying economic situation. Equity ratio target adjusted accordingly.
Gearing	n.a.	40-60%	-	New IAS19 pension accounting leads to significant volatility of equity. Gearing loses its steering function.
Debt Repayment Ratio	45% (min 35%)	-	34%	Measure of adjusted operating cash flow to net debt incl. pension provisions. New target is to manage the Group's borrowing capacity. Closely related to rating agency thresholds.
Minimum Liquidity	2.3 bn EUR	2.3 bn EUR	5.2 bn EUR	Minimum liquidity provides security buffer for any adverse scenario. Target is unchanged






SCORE transforms the Group in all areas

All operating entities are contributing through own projects

Exemplary projects per airline / segment

Company	Project
LHP	New Germanwings Premium Economy Extension of "Two-Product Fleet" SHAPE!
LX	Calvin – New Concept for Geneva Manumea – Technical Service Set Up Fuel Saving Measures
OS	New Contract Airport Vienna New Catering Concept
LSG	Restructuring Germany New Operating Model Air New Zealand
LHT	NETwork SixToOne
LCAG	Product Push Revenue Management Optimization

Number of projects per Group segment

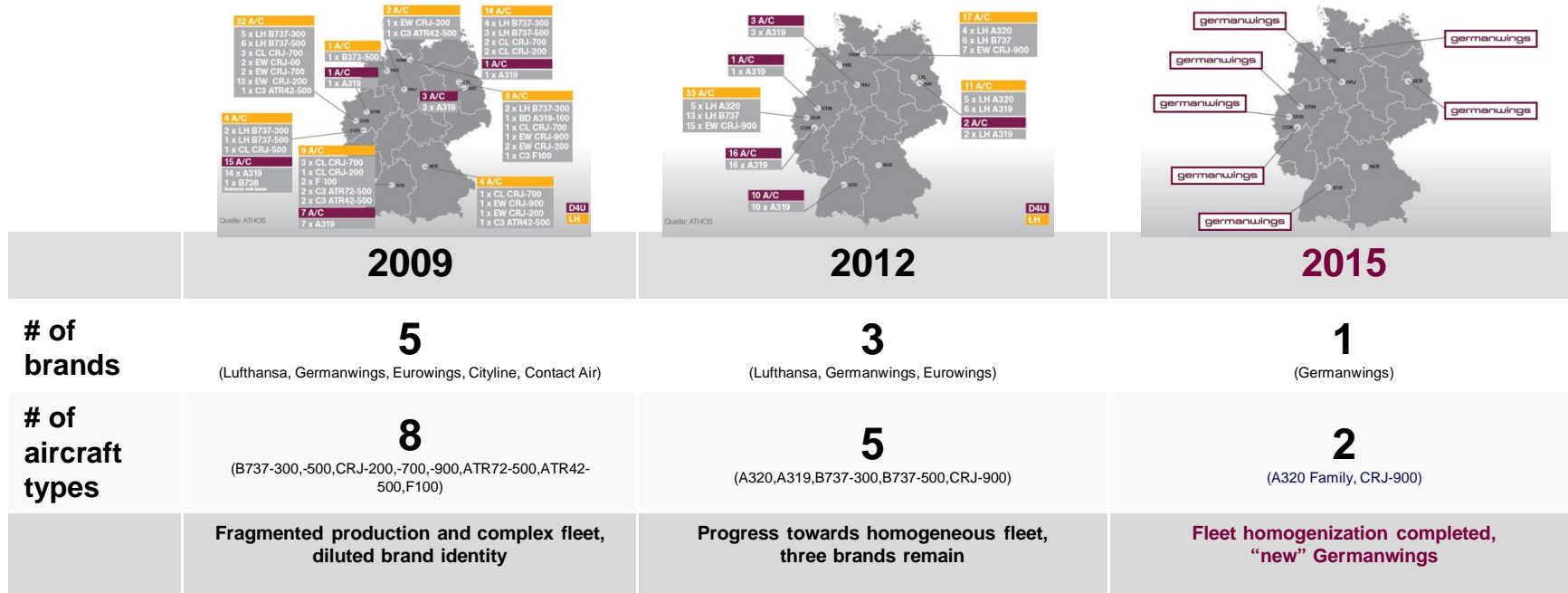
Passenger Airline Group	Logistics	MRO	Catering	IT Services
526	302	225	1,292	59
				

**> 2,500 ideas
generated
within 1 year**

**Top 20 projects
account for
ca. 1bn EUR**

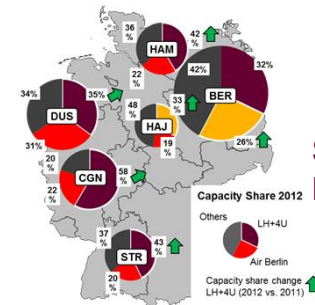
Exemplatory SCORE project: New Germanwings

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



20% lower unit costs

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

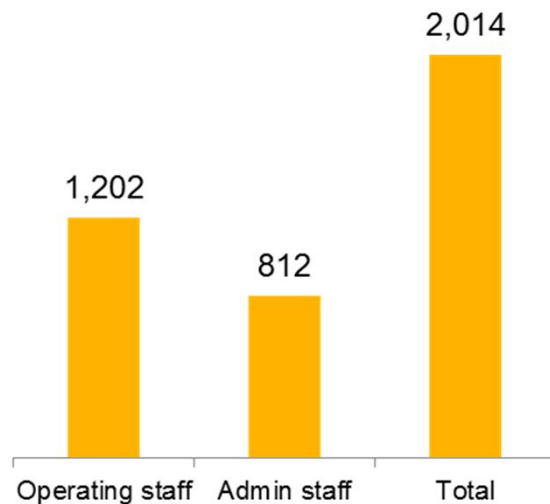


Starting from market leader position

SCORE leads to one-off restructuring costs

Overview of staff measures

Provisions for >2,000 severances packages in FY 2012



**Restructuring costs
FY2012: 160 m EUR**

Further restructuring measures have recently been announced

■ **GLOBE**

- Group-wide pooling of HR, Procurement, Finance and Accounting
- ~ 1.100 FTEs affected
- ~ 200 m EUR cumulative savings 2013-2018
- ~ **75 m EUR** savings p.a. from 2019 onwards

■ **SHAPE!**

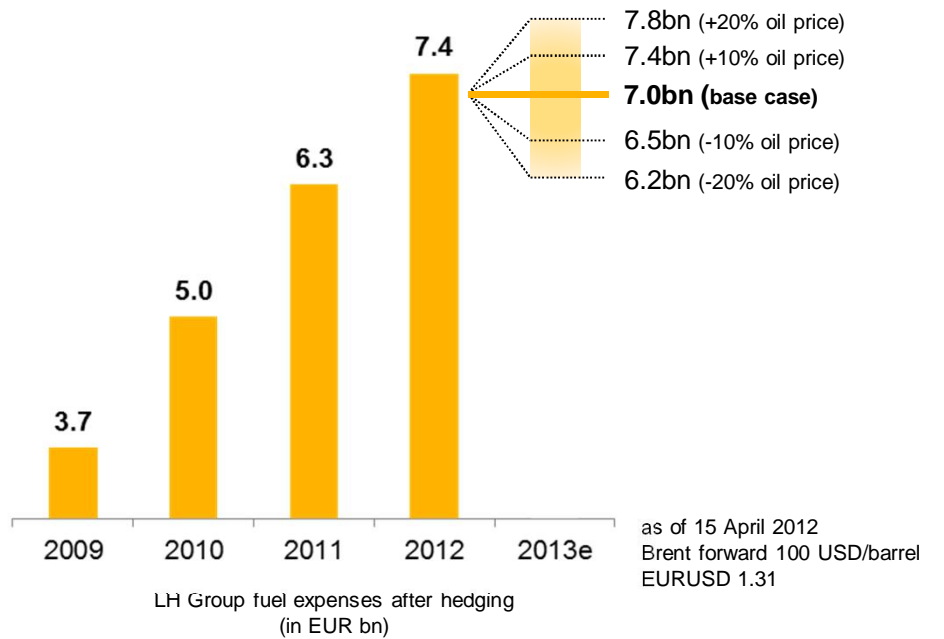
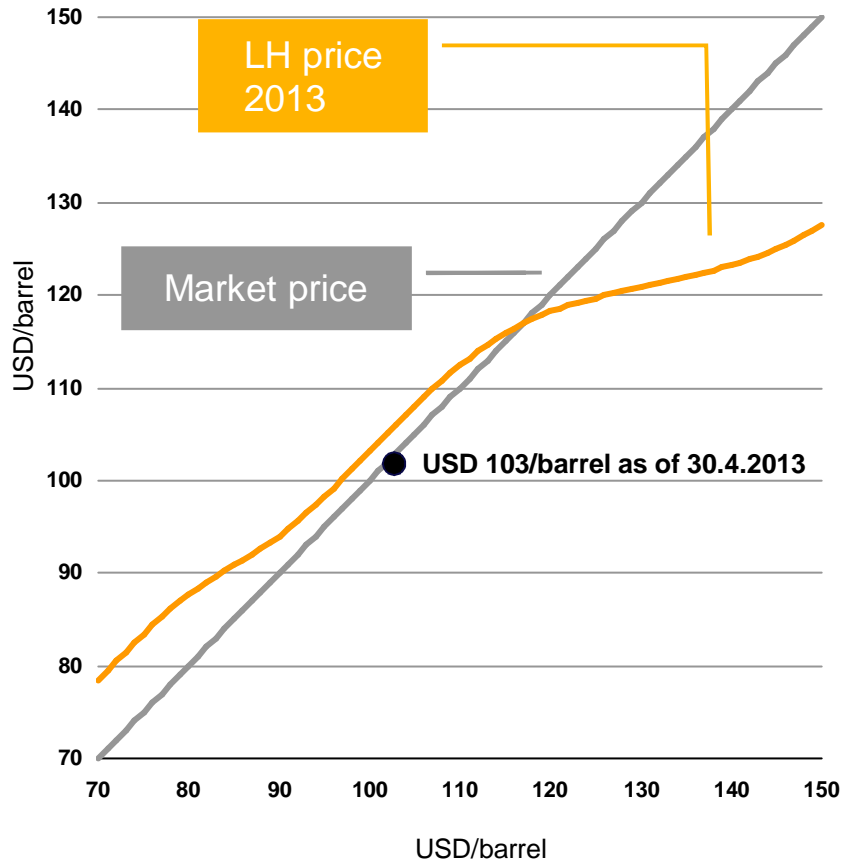
- Streamlining, simplification and flexibilization of processes at Lufthansa Passenger Airlines
- ~ amount of affected FTEs and details tbd in May 2013
- ~ **150 m EUR** savings p.a. from 2015

■ **netWork**

- More than 200 projects in order to restructure administrative functions at Lufthansa Technik
- ~ 650 FTEs affected
- ~ **30 m EUR** savings p.a. from 2015

Fuel cost for 2013 now expected at EUR 7.0 bn

Fuel forecast and sensitivities



Lufthansa's fuel hedging strategy

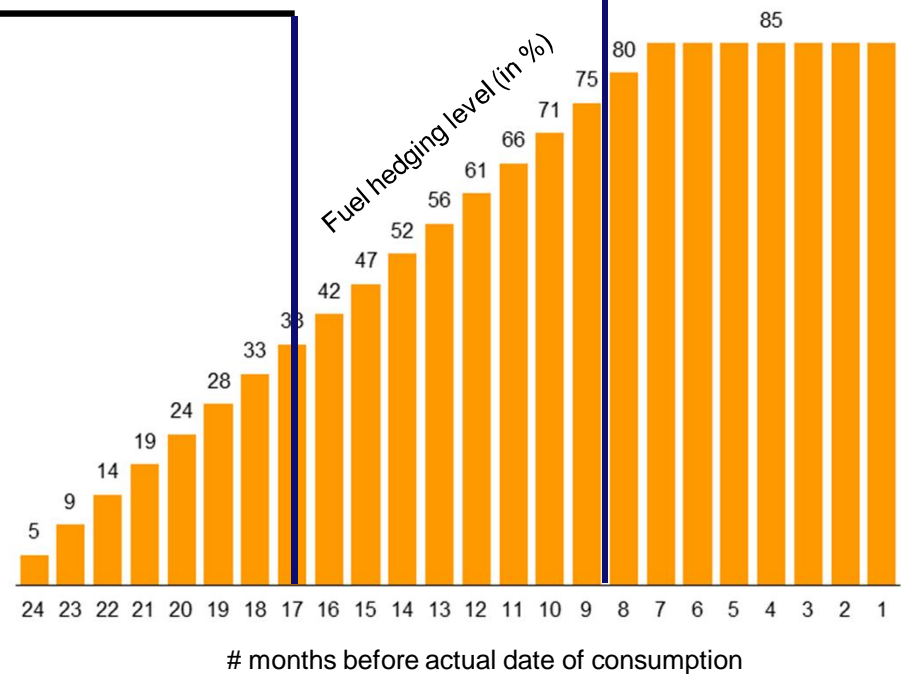
Rolling approach to reduce volatility of costs

Current hedging level status

FY2013 **76%**

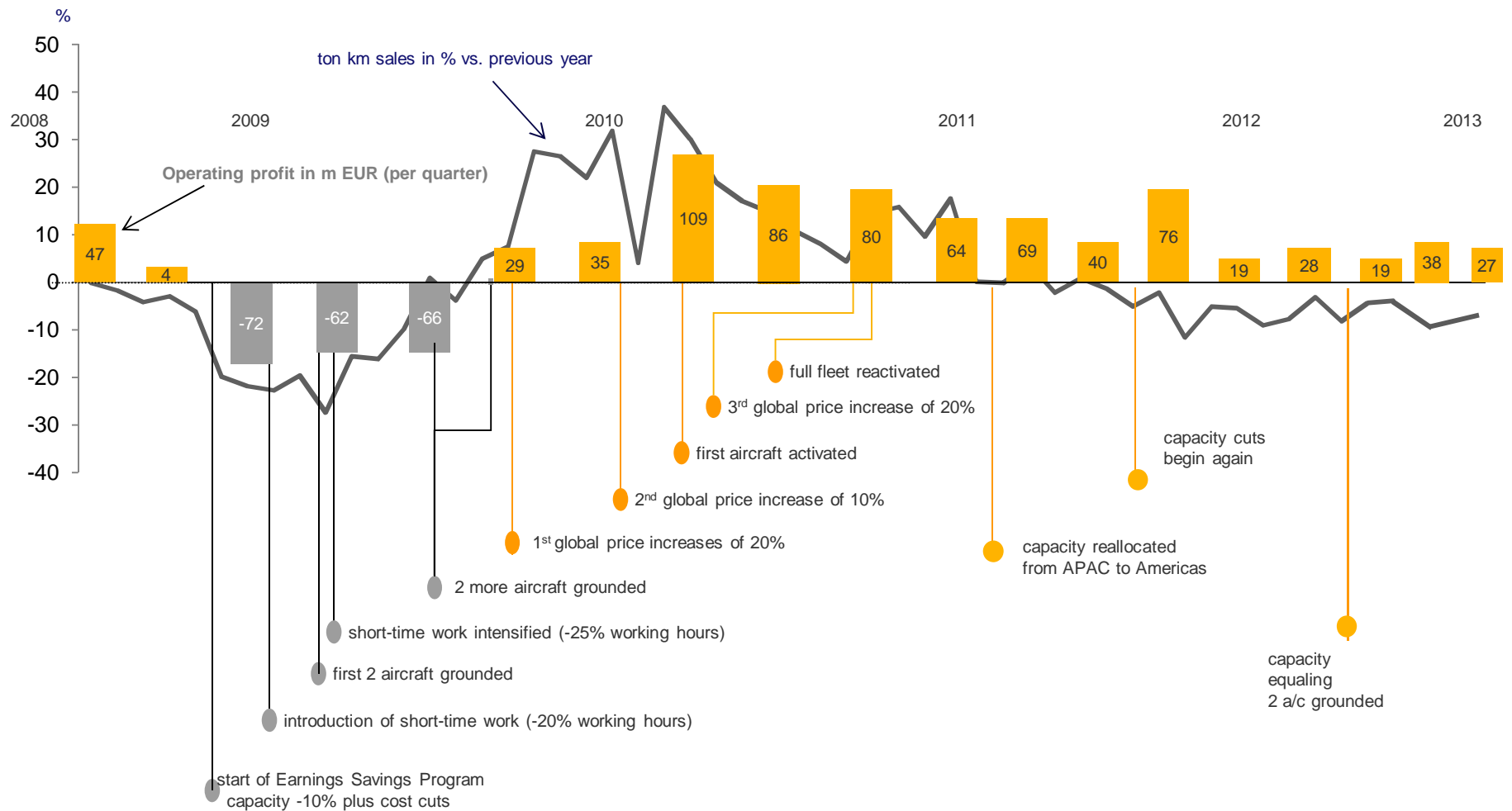
FY2014 **38%**

- Lufthansa's hedging strategy is designed to reduce volatility
- Rolling approach with 24 months lead time before actual consumption
- Hedging level is increased month-by-month until 85% is hedged
- Mainly options not fixed contracts to still benefit from falling oil prices



High flexibility is the key in a volatile industry

Example: LH Cargo flexibly adapts to all market phases



Lufthansa Investor Relations Contact

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