



Destination	Time
SHAPING	
THE FUTURE	
TOGETHER	
ROADSHOW	F Y 1 2

Roadshow Presentation

March 2013

Disclaimer in respect of forward-looking statements

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Overview

➤ **We produced a solid result in FY2012**

We delivered on our guidance and outperformed our peers. But margins are still too low. Non-airline segments again provided baseline profitability. Core business needs to be restructured.

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

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Target is an operating profit of 2.3 bn EUR in 2015. Our restructuring programme SCORE optimizes all areas of the Group. High investments will be continued. The target is to roll-out best in class products by 2015.

➤ **Outlook**

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Financial Year 2012 at a glance

A solid financial performance

<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

Financial Year 2012 delivered on guidance

- ✓ Increase in revenue
- ✓ Mid three-digit million Euro operating result
- ✓ Service Companies to stabilise earnings

Financial Year 2012 strongly influenced by extraordinary factors

Few non-recurring effects with significant impact

- **SCORE achieved gross contributions of 618 million EUR in 2012**
Savings were however overcompensated by external cost inflation, in particular fuel costs (up 1.1 bn Euro)
- **SCORE restructuring costs of 160 million EUR in the operating result related to staff measures**
Thereof 59 million Euros are attributable to Austrian Airlines
- **Austrian Airlines had a non-recurring net positive effect of 56 million EUR on the operating result**
115 million Euro gross positive effect from the transfer of operations vs. 59 million EUR restructuring costs
- **Net income was strongly driven by 623 million EUR net book gains from Amadeus transactions**
3.61% of Amadeus sold, 4.00% of Amadeus were transferred into pension fund
- **Net income also improved strongly due to sale of bmi**
Previous year's net income was still depressed by 285 million loss from discontinued operations

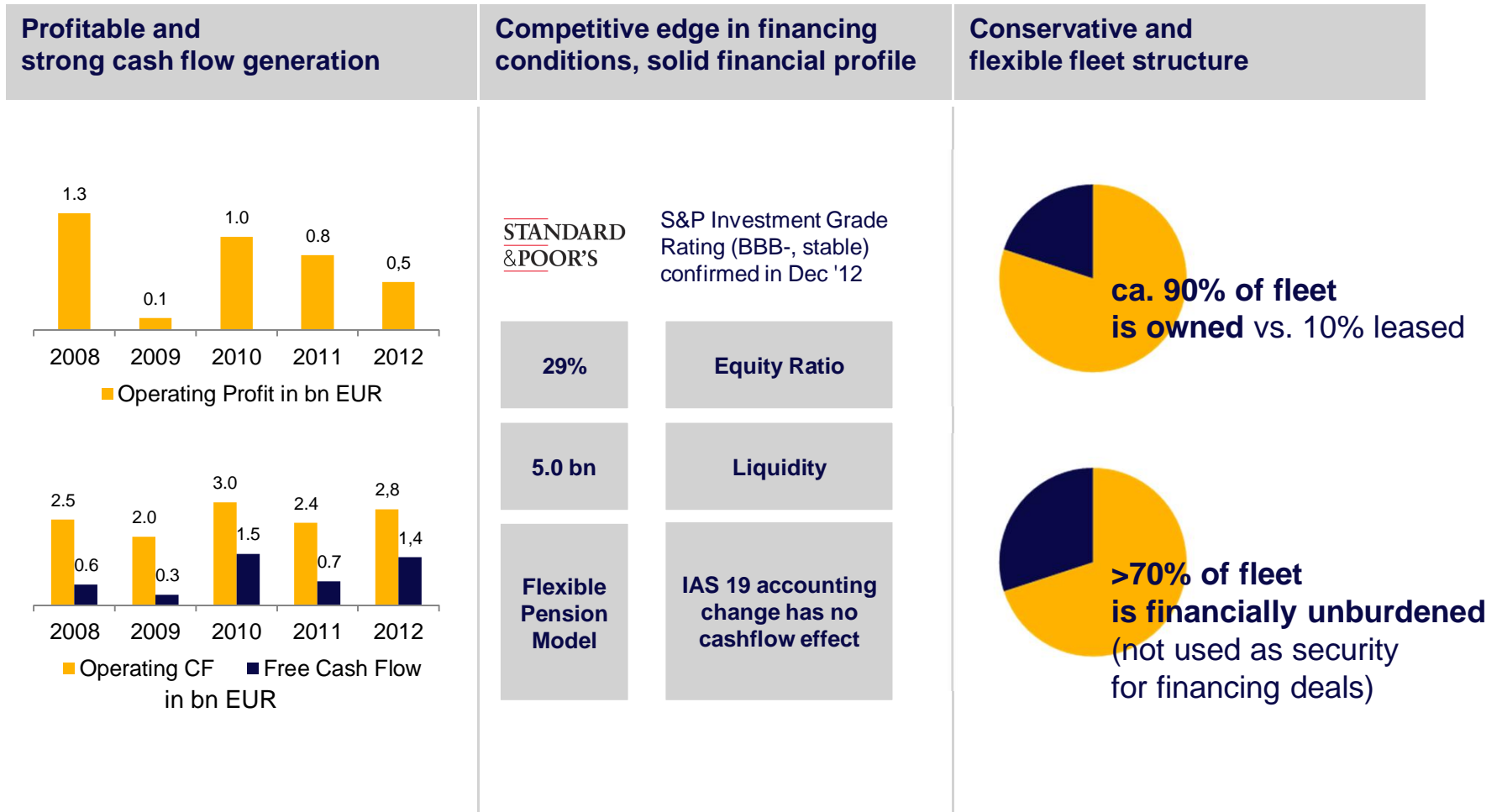
Good control of manageable costs shows SCORE progress

Cost positions excl. fuel decreasing relative to revenues

Lufthansa Group (in m EUR)	FY 2012	vs. PY	vs. PY	
Revenue	30,135	+4.9%	1.401	
Other Operating Income & inventory changes	2,898	+17.7%	435	incl. 631 Amadeus
Total Operating Income	33,033	+5.9%	1.836	
Total Operating Expenses	-31,722	+4.3%	1.298	
Total Operating Expenses excl. Fuel Costs	-24,330	+0.8%	182	
Cost of Material	-17,946	+7.3%	1.215	
Fuel Costs	-7,392	+17.8%	1.116	
Fees & Charges	-5,167	+3.3%	167	
Staff Costs	-7,052	+5.6%	374	incl. 65 FX and 160 SCORE
Depreciation & Amortisation	-1,839	+6.8%	117	
Other Operating Expenses	-4,885	-7.7%	-408	

Financial strength puts LH in pole position for future development

Cash flow generation was strong despite decline in operating result



Service Companies support superior financial profile

Balanced business portfolio provides sustainable 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. 300-400 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>		

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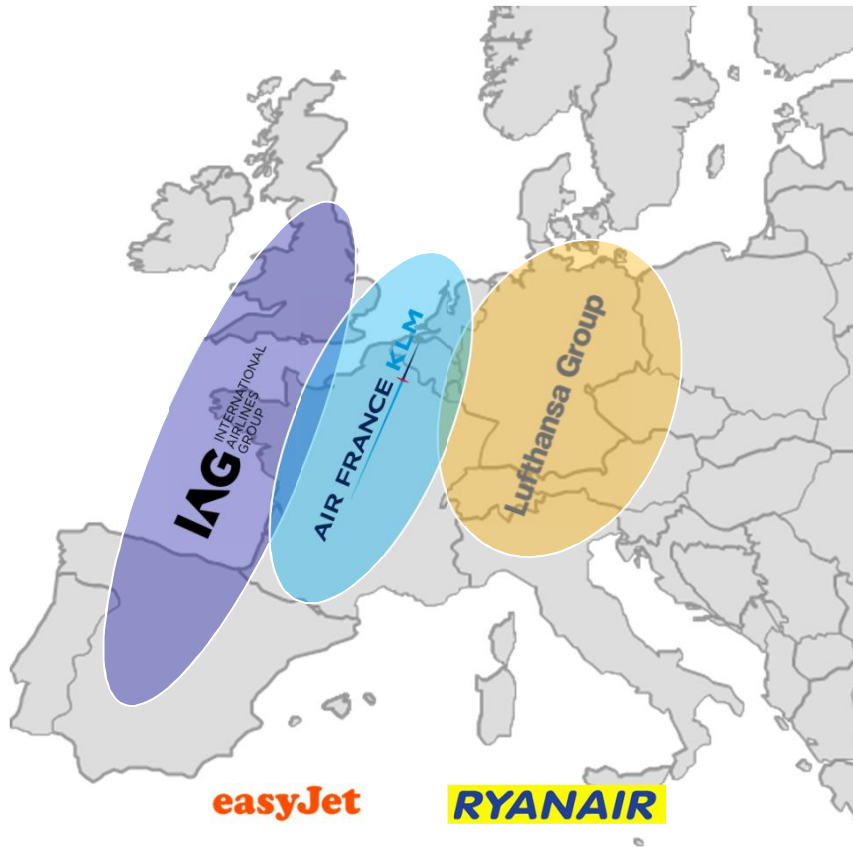
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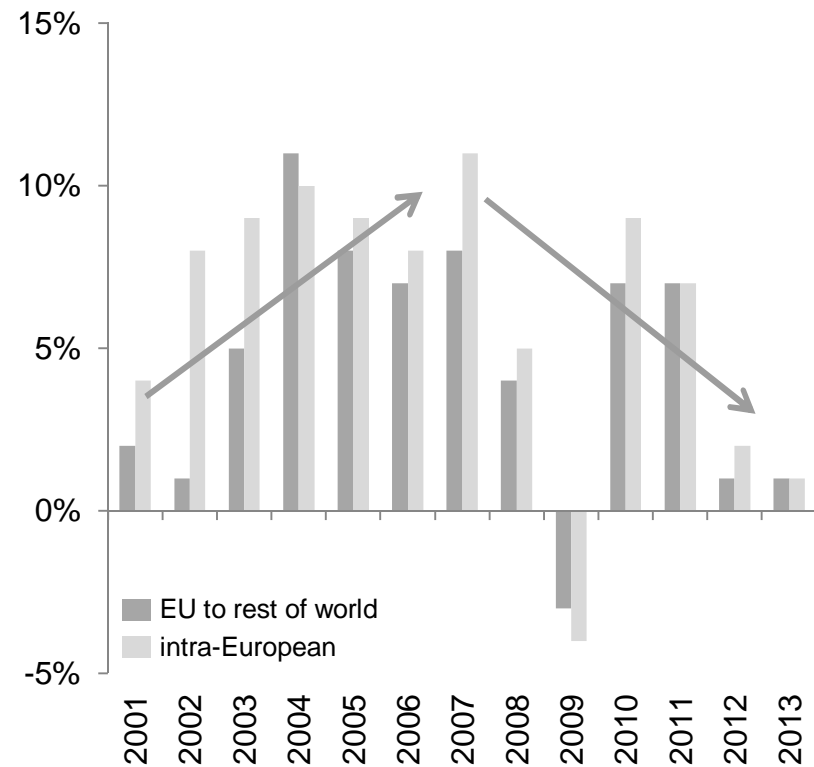
Market consolidation in Europe has reached an advanced stage

Consolidation leads to a change in long-term capacity development

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



Capacity growth on lowest levels since 2001

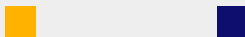
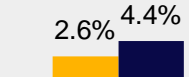
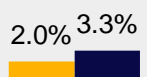
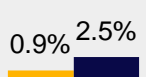
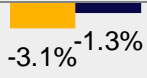



Source airlines' logos: Company websites

Source: ASK based on flight plan data (FLASH), for 2013 summer schedule used as proxy

Capacity discipline is visible in higher loads and yield increases

Positive yield development driven by currency

Passenger Business (Passenger Airline Group)	Q1 12	Q2 12	Q3 12	Q4 12	FY 12
Capacity vs. Demand (ASK vs. RPK) 					
Seat Load Factor (2012 vs. 2011)	+1.3 pts.	+1.0 pts.	+1.3pts.	+1.4 pts.	+1.2 pts.
Yield (2012 vs. 2011)	+3.7%	+3.8%	+4.5%	+3.0%	+3.7%
Yield ex currency (2012 vs. 2011)	+2.6%	+0.4%	+0.4%	+1.4%	+1.0%

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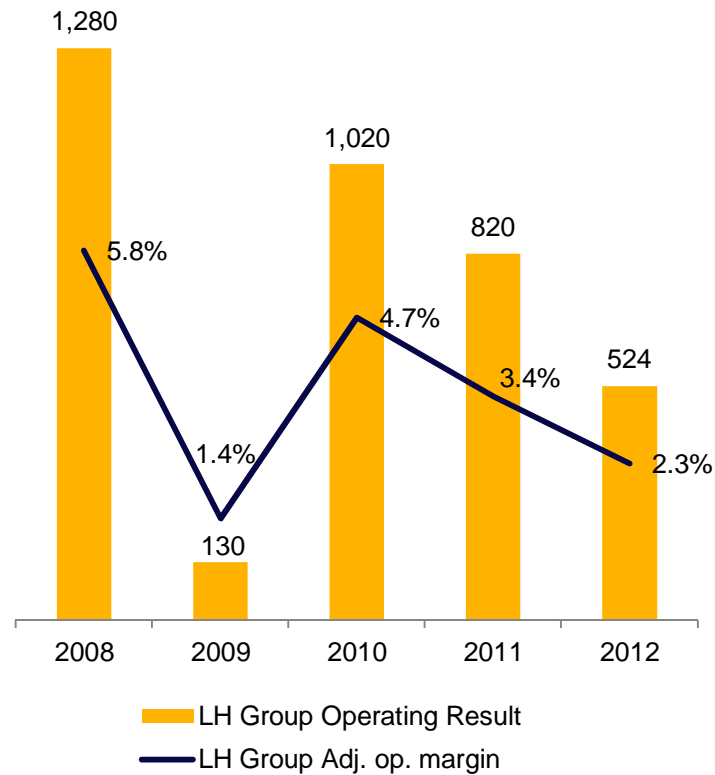
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Profit trend must be turned around, passenger business in focus

Core business needs to be restructured

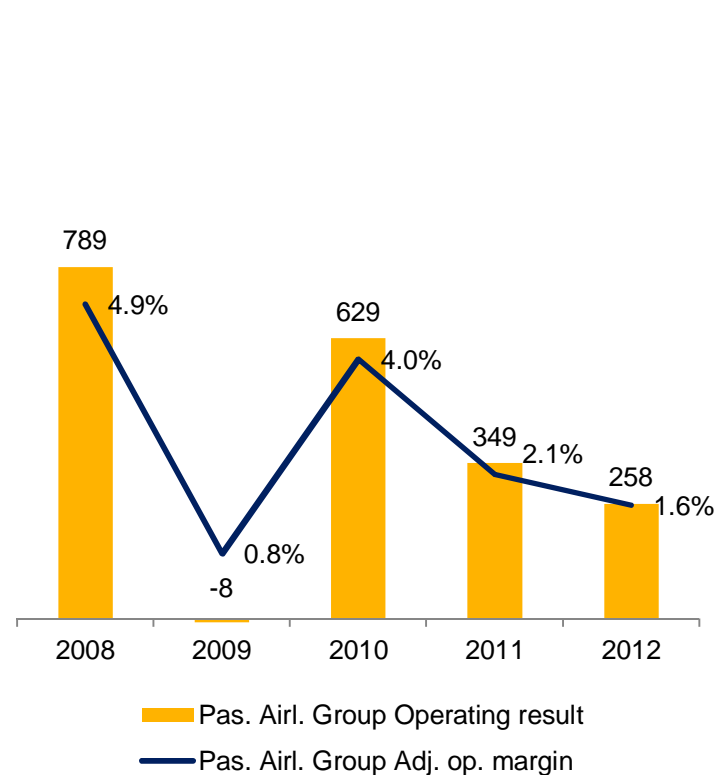
Lufthansa Group

Operating result and adj. op margin



Largest Segment: Passenger Airline Group

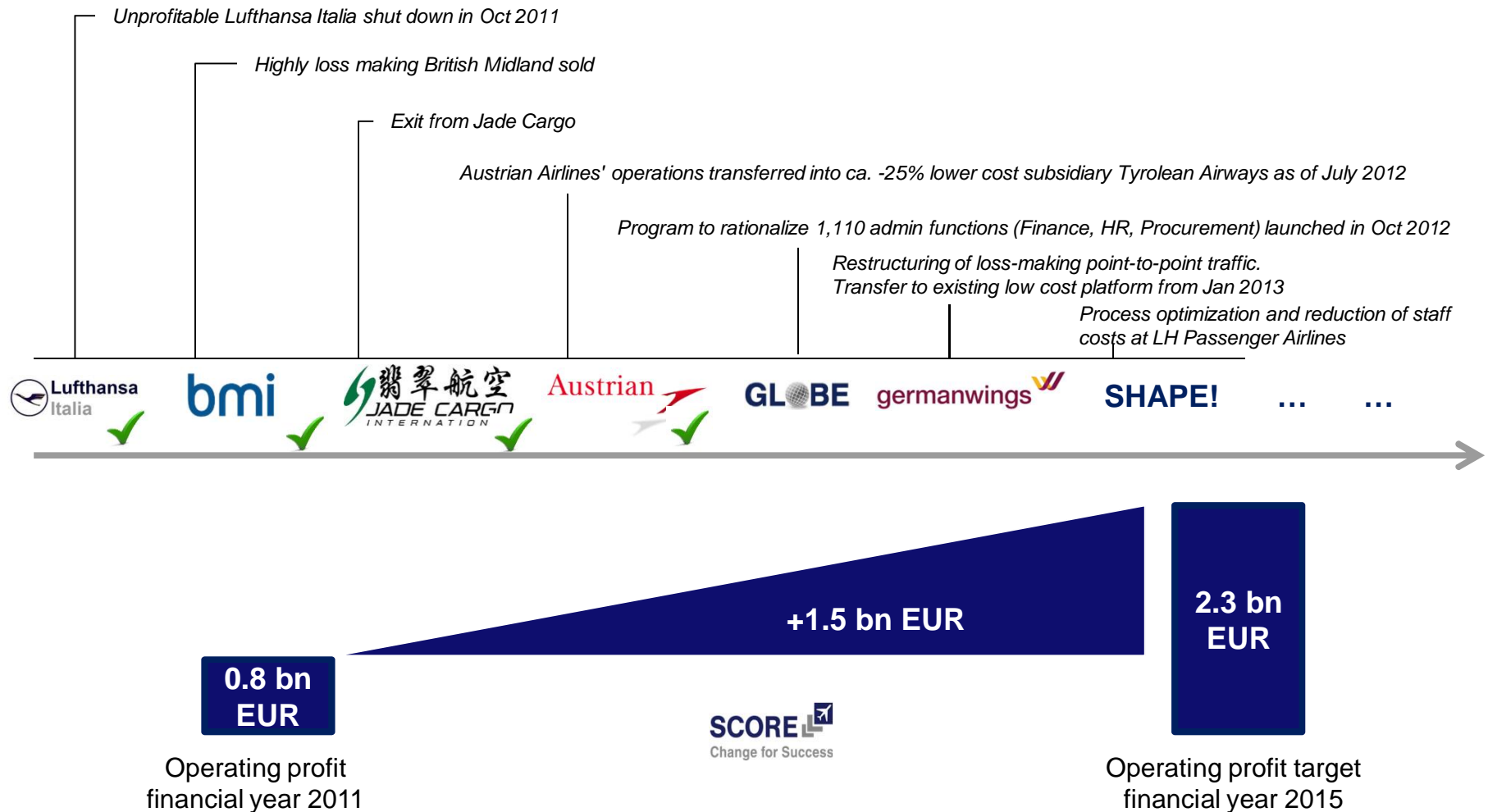
Operating result and adj. op margin



➔ No dividend payment for 2012 due to continued erosion of profitability

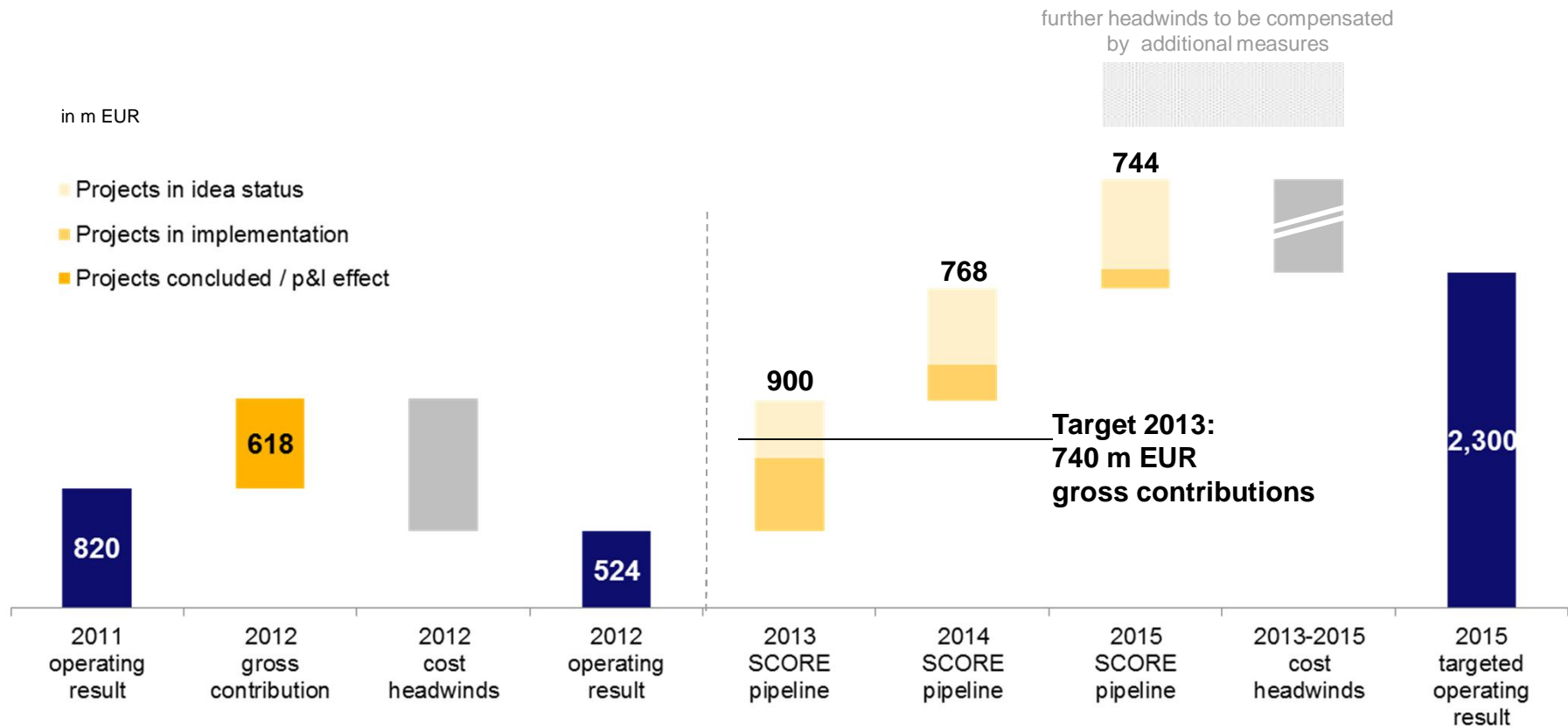
SCORE transforms Lufthansa into a strong and more profitable Group

Comprehensive restructuring and SCORE measures implemented



In 2012 SCORE made a gross contribution of 618 m EUR

Snapshot of current SCORE pipeline 2012-2015



Snapshot as of 28 February 2013






SCORE transforms the Group in all areas

And operating entities are contributing

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
				

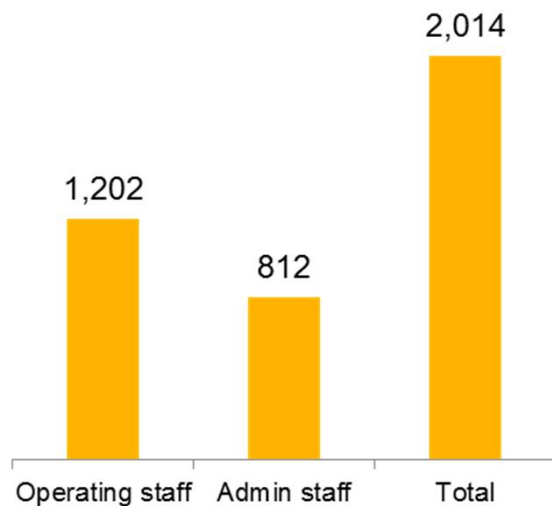
**> 2,500 ideas
generated
within 1 year**

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

Tough but necessary decisions were made

Initial staff measures in implementation

Provisions for >2,000 severances packages



**FY2012: 160 m EUR
restructuring costs**

Further restructuring measures have recently been announced

■ **GLOBE**

Group-wide pooling of HR, Procurement, Finance and Accounting
~ 1.100 FTE 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 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 FTE affected
~ **30 m EUR** savings p.a. from 2015

SCORE supports comprehensive fleet modernisation

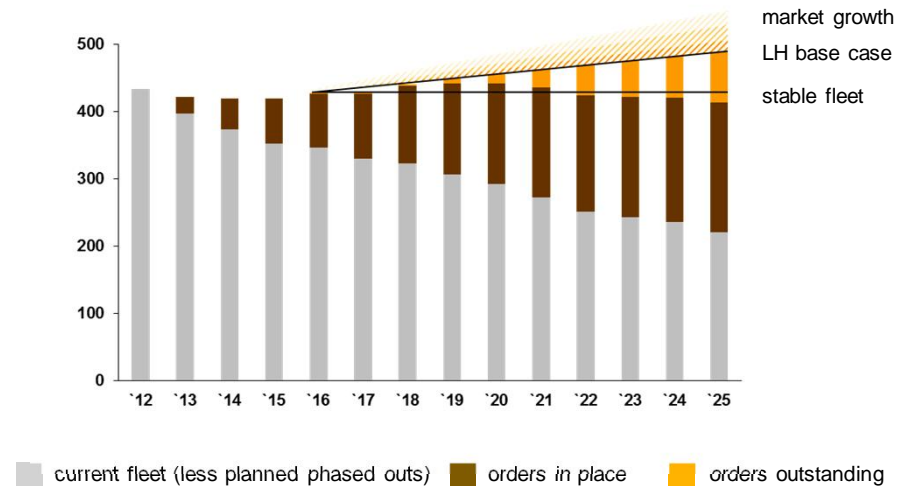
Restrictive growth of "Best Lufthansa of all times"

LH Group aircraft orders 2013-2025

	# orders
Long-haul	33
Short-haul	203



Example: Lufthansa Passenger Airlines



New First Class



New Business Class



New Economy Class



New terminal facilities



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Lufthansa is continuing its restrictive capacity path in 2013

Positive forward booking trends, yields diluted

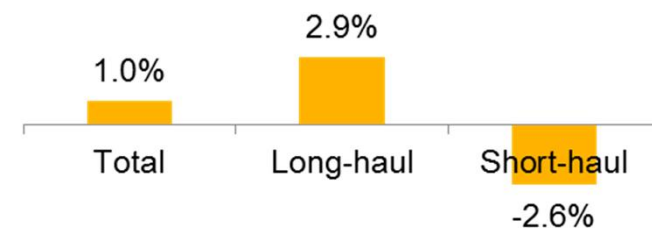
Current trading Passenger Airline Group

- Capacity growth on long-haul routes mainly driven by larger aircraft and currently higher Economy Class seat share
- In the first half year strong shifts vs. last year due to holiday effects
- Positive development of forward bookings
- Further increase in load factors due to the restrictive capacity management
- Stable pricing but currency has adverse impact
- Pricing on long-haul routes structurally diluted by currently higher Economy Class seat share
- Europe with positive pricing development

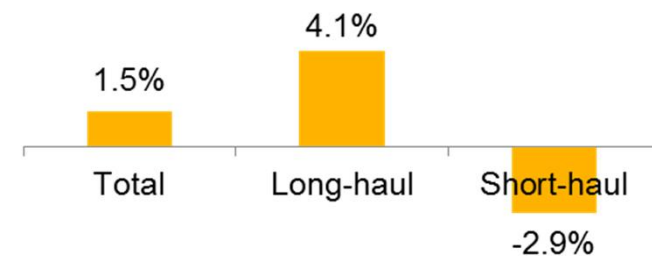
Current trading Logistics

- Market recovery expected in the second half of the year
- Full year capacity expected to be up by 1% vs. PY

Capacity Outlook Full year 2013 Passenger Airline Group [ASK]

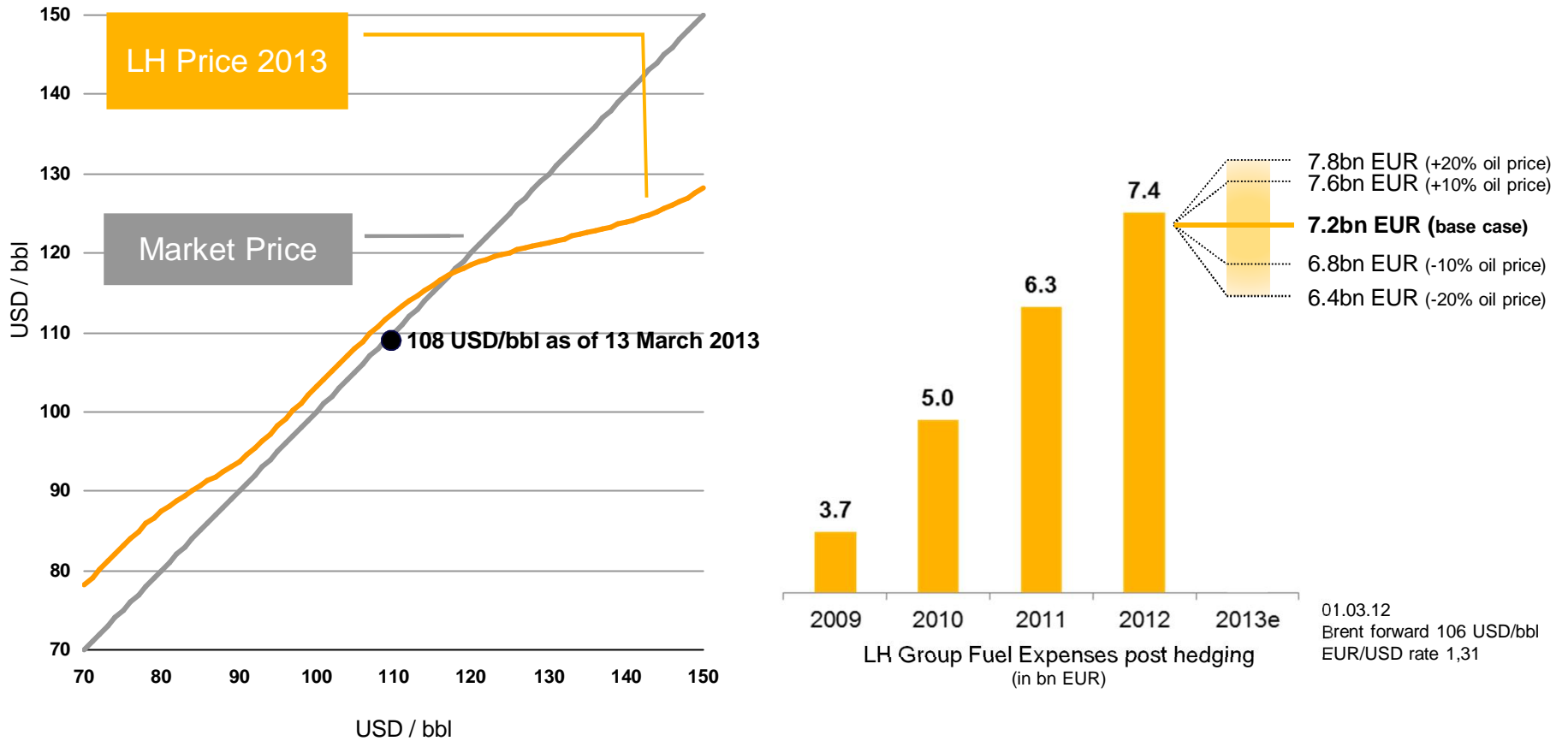


Capacity Outlook Summer 2013 Passenger Airline Group [ASK]



Fuel costs outlook shows slight decrease for 2013

75% of fuel need is hedged



Operating profit above previous year expected

All segments expect to improve or stable results



	Passenger Airline Group	Logistics	MRO	Catering	IT Services
Outlook	<p>↑</p> <p>modest increase in revenue and operating profit, absolute profit level depends on macro-economic trends, fuel and forex</p>	<p>↑</p> <p>operating profit in the three-digit million euro range. An increase on the previous year's result is anticipated</p>	<p>→</p> <p>earnings are expected to be stable in 2013</p>	<p>↑</p> <p>for 2013 expecting further increases in revenue and operating profit</p>	<p>↑</p> <p>Revenue growth and further increase in profitability is expected for 2013</p>



	Lufthansa P. Airlines	SWISS	Austrian Airlines
Outlook	<p>↑</p> <p>increase the operating result in spite of volatile external cost factors. Absolute level will depend to a great extent on the direction taken by fuel costs and exchange rates</p>	<p>→</p> <p>result for 2013 is likely to be roughly on par with the previous year's. Heavily dependent on the development of the Swiss franc</p>	<p>↑</p> <p>Assuming that conditions remain stable, improved and positive operating result without non-recurring effect</p>

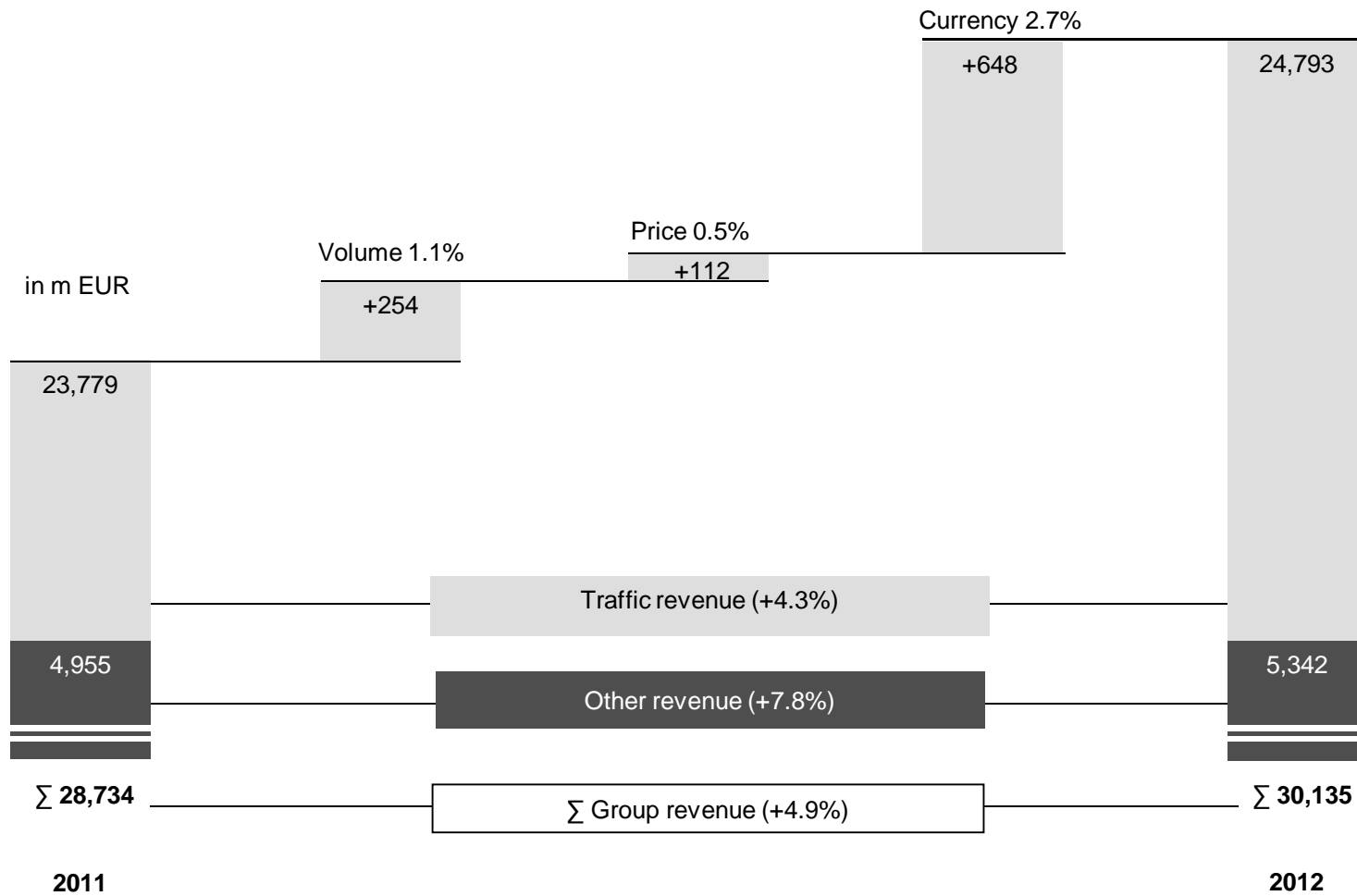
Group Outlook 2013

- Revenue above previous year
- Operating profit 2013 higher than reported operating profit for 2012
- SCORE activities should make a substantial gross contribution to profits in 2013
- Operating result 2013 will be significantly affected by SCORE restructuring expenses and project costs
- 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

Appendix – Financial data

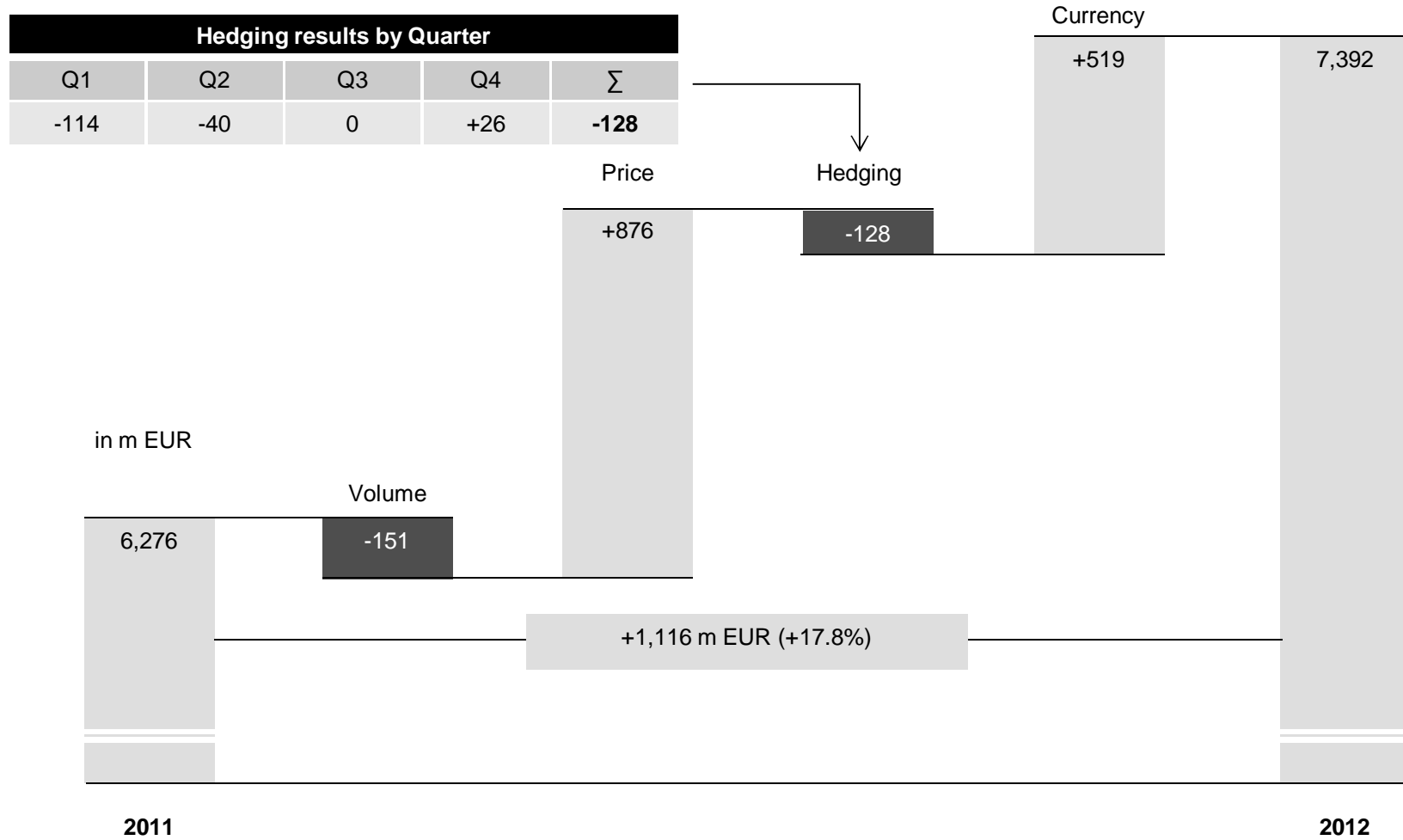
Group Revenue

FY2012 vs. FY 2011



Fuel Cost

FY 2012 vs. FY 2011



Earnings figures

FY 2012 vs. FY 2011

in m EUR	2012	2011	vs. PY
Profit from operating activities	1,311	773	+538
Income from subsidiaries, joint ventures and associates	94	71	+23
Other financial items	-48	-110	+62
<i>- thereof changes in time value of fuel hedge options</i>	82	-96	+178
EBIT	1,357	734	+623
Net interest	-318	-288	-30
Income taxes	-72	-157	+85
Profit / loss from continuing operations	967	289	+678
Result from discontinued operations (bmi)	36	-285	+321
Minority interests	-13	-17	+4
Net profit	990	-13	+1,003
Earnings per share (in EUR)	2.16	-0.03	+2.19

Operating Result

FY 2012 vs. FY 2011

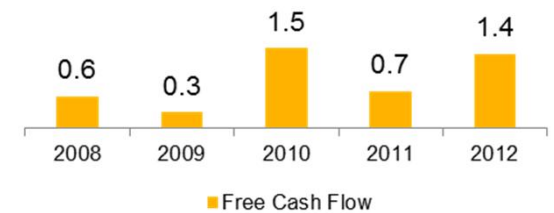
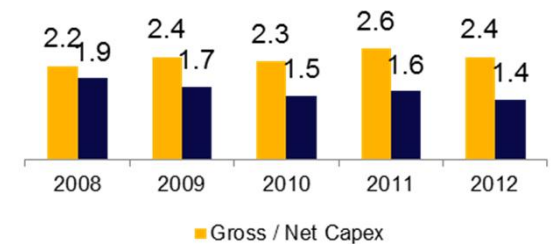
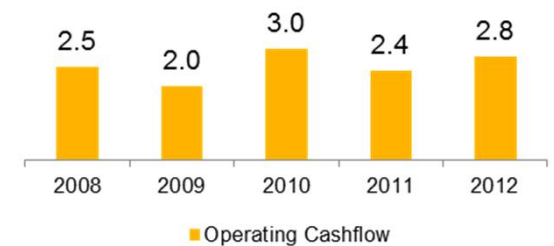
in m EUR	2012	2011	vs. PY
Profit from operating activities	1,311	773	+538
Net book profit / loss assets / financial investments	-747	20	-767
<i>- thereof aircraft disposals</i>	-33	-32	-1
Valuation from non-current borrowings	-21	86	-107
Past service costs	-1	24	-25
Impairments	144	80	+64
Reversal of provisions	-162	-163	+1
Operating result	524	820	-296
Adjusted operating margin*	2.3%	3.4%	-1.1pts.

*Adjusted operating margin = (operating result + reversal of provisions) / revenue

Cash flow statement

FY 2012 vs. FY 2011

in m EUR	2012	vs. PY
EBT (earnings before income taxes)	1,039	+593
Depreciation and amortisation	1,925	+145
Result from fixed asset disposals	-739	-714
Income from subsidiaries, joint ventures and associates	-94	-23
Interest result	318	+30
Income tax payments / reimbursements	-34	+231
Non-cash value changes of financial derivatives	19	-54
Change in working capital	490	+199
Operating cash flow from continuing operations	2,924	+407
Operating cash flow from discontinued operations	-82	+79
Operating cash flow	2,842	+486
Capital expenditure (net)	-1,445	+198
Free cash flow	1,397	+684
Liquid funds as of 31.12	1,436	+549
Liquidity reserve (long-term securities)	3,530	+419
Total liquidity of the Group	4,966	+968

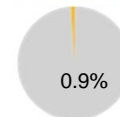
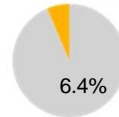
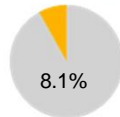
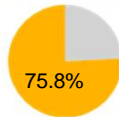


Airlines showed declining profits while Service Companies improved

Overview Group segments FY 2012 vs. FY 2011



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

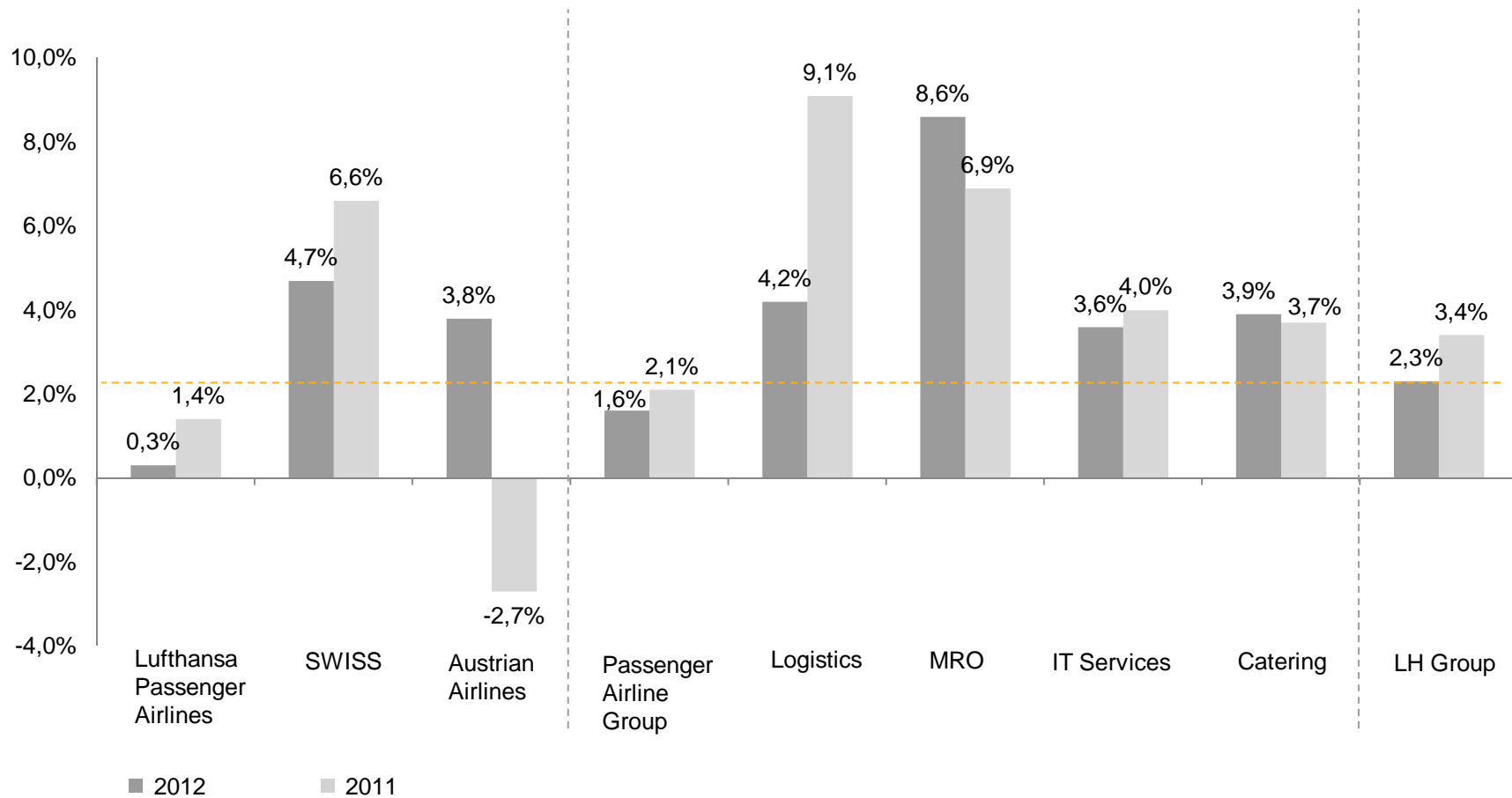
Austrian



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%

Adjusted operating margin per airline and business segment 2012

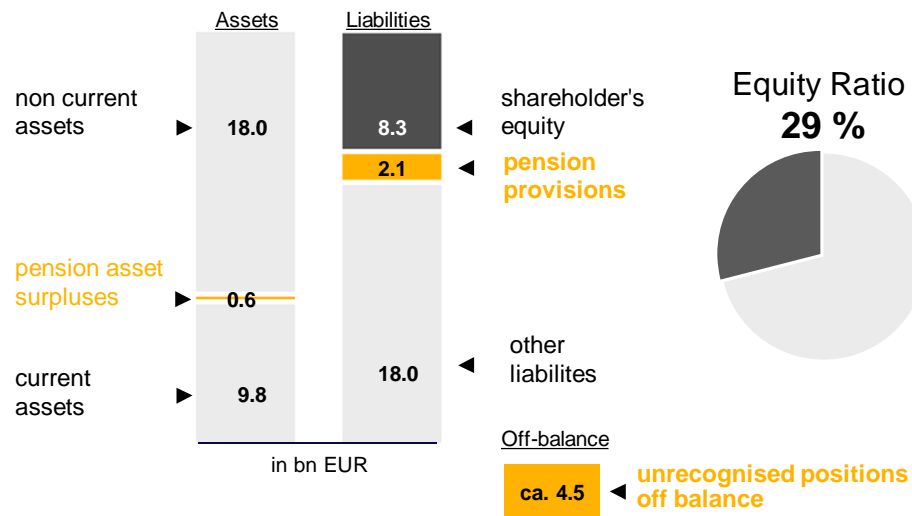
FY2012 vs. FY2011



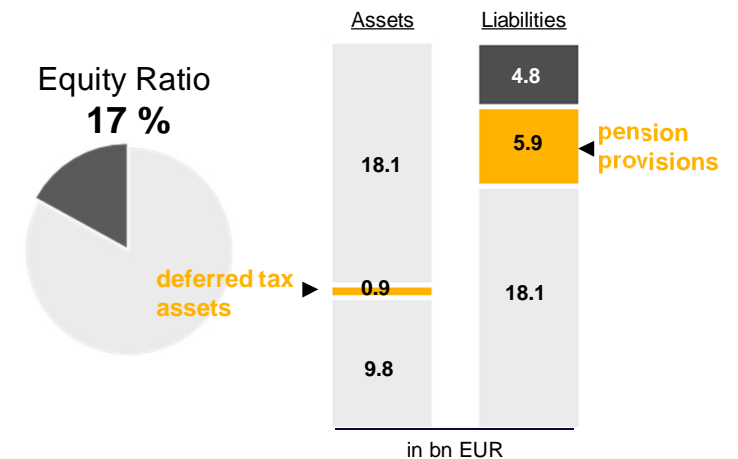
IAS 19 impacts balance sheet and profit and loss statement

Implementation of IAS 19

Balance sheet as reported for FY2012...



...and if based on new IAS19



Positive and negative impacts on balance sheet and p&l

- **Balance sheet:** On-balance pension provisions increase by ca. 3.8 bn EUR – subsequently equity is reduced by 3.5 bn EUR
- **Cash flow:** IAS 19 does not result in higher annual funding to the pension fund, funding plan remains unchanged
- **P&L staff costs:** Positive impact on staff costs. Off-balance pension deficit is currently amortized via annual charges in staff costs. This amortization charge will be abandoned. Based on FY2012 assumptions, positive impact would have been ca. +100 m EUR
- **P&L interest result:** Interest rate on pension assets will be lowered (to same rate used for discounting pension liabilities). For FY2012 impact would have been -50 m EUR.

Balance sheet targets adjusted with regards to new IFRS rules

Financial targets

	New Target	Old Target	Current Status	
Equity Ratio	25% mid-term	30%	29%	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%	49%	New IAS19 pension accounting leads to significant volatility of equity. Gearing loses its steering function.
Debt Repayment Ratio	45% (min. 35%)	-	59%	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	5.0 bn EUR	Minimum liquidity provides security buffer for any adverse scenario. Target is unchanged

Lufthansa Investor Relations contact

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