



Destination

Time

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THE FUTURE				
TOGETHER				
1st INTERIM REPORT	JAN. - MARCH	2	0	1
		3		

Lufthansa Group overview

Key figures Lufthansa Group

		Jan. – March 2013	Jan. – March ⁴⁾ 2012	Change in %
Revenue and result				
Total revenue	€m	6,628	6,619	0.1
of which traffic revenue	€m	5,337	5,349	-0.2
Operating result	€m	-359	-359	0.0
EBIT	€m	-497	-397	-25.2
EBITDA	€m	-3	76	
Net profit/loss for the period	€m	-459	-394	-16.5
Key balance sheet and cash flow statement figures				
Total assets	€m	29,728	29,428	1.0
Equity ratio	%	15.4	17.7	-2.3 pts
Net indebtedness	€m	1,702	2,143	-20.6
Cash flow from operating activities	€m	976	833	17.2
Capital expenditure (gross)	€m	718	592	21.3
Key profitability and value creation figures				
Adjusted operating margin ¹⁾	%	-5.2	-5.2	0.0 pts
EBITDA margin	%	0.0	1.1	-1.1 pts
Lufthansa share				
Share price at the quarter-end	€	15.24	10.50	45.1
Earnings per share	€	-1.00	-0.86	-16.3
Traffic figures²⁾				
Passengers	thousands	21,631	21,990	-1.6
Passenger load factor	%	76.1	74.2	2.0 pts
Freight and mail	thousand tonnes	461	493	-6.6
Cargo load factor	%	70.5	69.9	0.6 pts
Available tonne-kilometres	millions	9,207	9,597	-4.1
Revenue tonne-kilometres	millions	6,750	6,842	-1.3
Overall load factor	%	73.3	71.3	2.0 pts
Flights	number	234,286	250,577	-6.5
Employees³⁾				
Employees as of 31.3.	number	116,516	117,198	-0.6

¹⁾ Performance indicator to enable comparison with other airlines: (operating result + write-backs of provisions)/revenue.

²⁾ Previous year's figures have been adjusted.

³⁾ Excluding bmi.

⁴⁾ Previous year's figures have been adjusted on the basis of IAS 19R.

Date of publication: 2 May 2013.

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Ladies and gentlemen,

These continue to be unsettling times for our Lufthansa.

On the one hand, we have had a lot to deal with in day-to-day business terms due to the long winter and a number of strikes. And on the other hand, we have taken some far-reaching decisions early in the year as part of our SCORE programme. In addition to closing sites in Germany and comprehensively restructuring entire Group divisions, these include the proposal to be put to the Annual General Meeting that no dividend be paid this year. All of this is necessary in order to strengthen the Lufthansa Group and to promote successful, sustainable development in the interests of our shareholders and the vast majority of our employees.

We have already reached some key SCORE milestones this year. For example, we are ahead of schedule in terms of transferring decentralised traffic to our Germanwings subsidiary. SWISS has already transferred units to shared services centres, so as to streamline its organisation. Austrian Airlines is making headway with its restructuring by eliminating duplicate administrative structures. Lufthansa Technik is making its business administration functions considerably leaner, and all of the other Group companies are likewise making good progress in terms of their SCORE activities.

All of this is necessary to safeguard the future of the Lufthansa Group, to keep it competitive and to be able to offer our customers first-class products. To this end, we are investing in the comprehensive renewal of our fleet and are reducing our fuel consumption

and noise emissions by using modern, efficient aircraft. In the past quarter, we decided to place a fleet order with a far-reaching impact relating to our fleet growth and replacement needs as regards short- and medium-haul aircraft up to 2025. With these new aircraft, we are making a major contribution to flying more economically and protecting the environment. The fleet renewal and the ongoing modernisation of our products also serve the future viability of the Lufthansa Group. As an innovative industry leader, we intend to continue playing an active and shaping role in our industry.

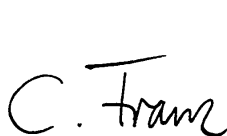
2013 is the year in which we want to show that we are capable of implementing our ambitious plans. We intend to reach an entirely new level of profitability by 2015 with an operating profit of EUR 2.3bn. The progress we are currently making is encouraging.

The airlines' continuously restrictive capacity management has a positive impact on our earnings. The service companies are likewise making a steady contribution to our earnings.

Nonetheless, we are still up against exogenous factors that we cannot influence, such as exchange rate developments, the overall economic situation and high fuel prices.

We therefore cannot and will not ease up in our endeavours, and will continue to systematically work on the reorganisation of the Lufthansa Group.

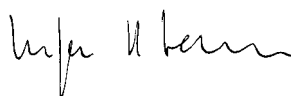
Stay with us as we forge ahead on this exciting journey through these turbulent times. We thank you for your trust.



Christoph Franz
Chairman of the
Executive Board



Simone Menne
Member of the
Executive Board
Chief Financial Officer



Stefan Lauer
Member of the
Executive Board
Chief Officer Group Airlines and
Corporate Human Resources



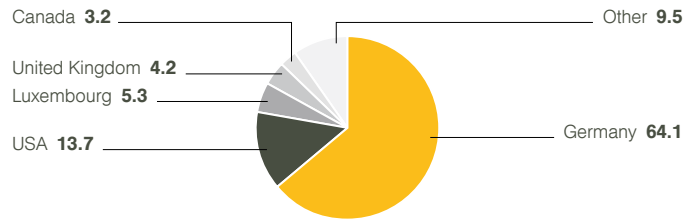
Carsten Spohr
Member of the
Executive Board
Chief Officer Lufthansa
German Airlines

Lufthansa share

In the first quarter of 2013, the German stock market continued the positive trend established in the second half of 2012 only at a reduced pace. The DAX climbed 2.4 per cent to reach 7,795 at the end of the quarter. It was outperformed by the Lufthansa share, which gained 7.0 per cent to close on 31 March 2013 at EUR 15.24. Despite the recent price increase, analysts still see further upside potential. In view of the initial success of SCORE and the targeted operating profit of EUR 2.3bn in 2015, they increased their average target price for the Lufthansa share by 24.5 per cent to EUR 16.85 (EUR 13.53 as of 31.12.2012).

The Executive Board and Supervisory Board will put a proposal to the Annual General Meeting to suspend the dividend for the 2012 financial year. Retaining all profits for the year strengthens the financial profile of the Lufthansa Group and is intended to support the implementation of the SCORE restructuring programme. As soon as the downwards trend in results and margins is sustainably reversed, shareholders will again be able to participate in the Company's success directly.

Shareholder structure by nationality in % (as of 31.3.2013)



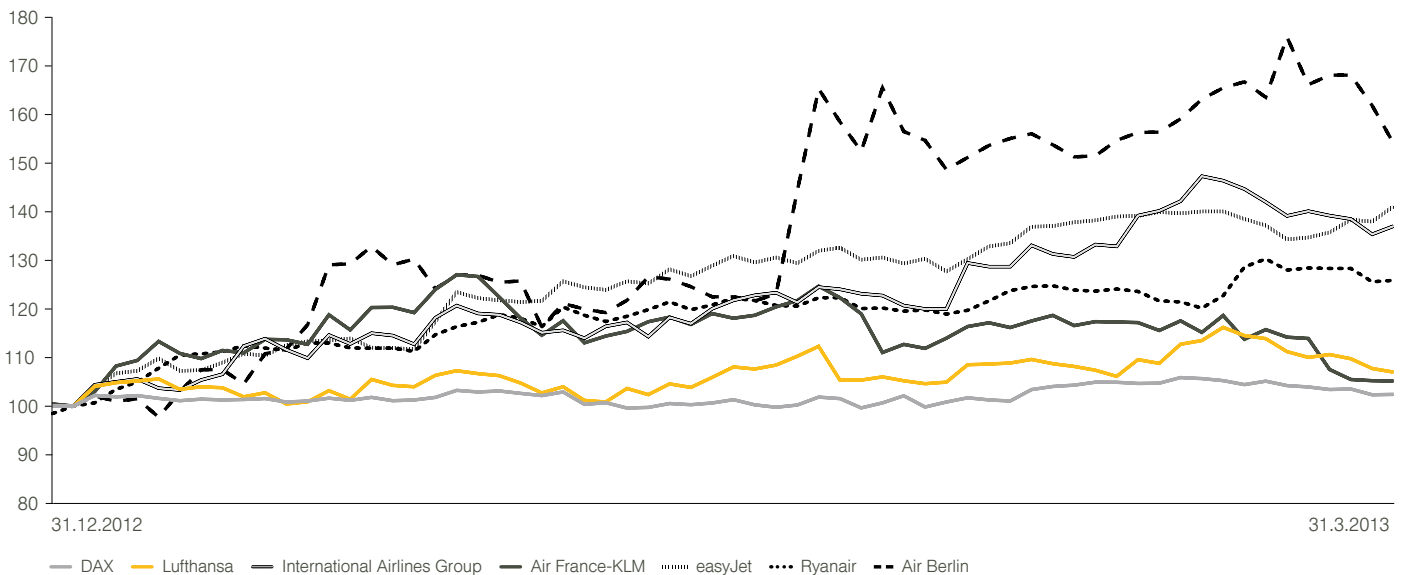
Free float: 100%

The free float for Lufthansa shares was unchanged at 100 per cent at the end of the quarter. 64.1 per cent of Lufthansa shares were held by German investors. The largest individual shareholders were BlackRock Inc. with 5.43 per cent and Templeton Global Advisors Limited with 5.00 per cent.

Information on analyst recommendations and the shareholder structure is updated regularly and published on our website at

investor-relations.lufthansagroup.com.

Performance of the Lufthansa share, indexed as of 31.12.2012, compared with the DAX and competitors, in %



Interim management report

Economic environment and sector performance

Macroeconomic situation The global economy continued to grow in the first quarter, albeit at a slower pace than in the same period last year. Performance differed widely between individual regions, however.

GDP growth 2013* compared with previous year

in %	Q1	Q2	Q3	Q4	Full year
World	2.2	2.4	2.6	3.1	2.6
Europe	-0.4	-0.1	0.0	0.7	0.1
Germany	0.1	0.3	0.6	1.8	0.7
North America	2.0	1.8	1.6	2.3	1.9
South America	2.8	3.2	3.7	3.8	3.4
Asia/Pacific	4.2	4.5	5.2	5.2	4.8
China	8.1	8.1	8.2	8.2	8.1
Middle East	2.2	2.2	2.4	2.7	2.4
Africa	4.5	4.2	4.1	4.1	4.3

Source: Global Insight World Overview as of 15.4.2013.
* Forecast.

The emerging markets in particular had positive growth rates, while industrialised economies reported much slower growth. In Europe, the sovereign debt crisis in the euro zone even provoked a recession. The global economy grew in the first quarter by around 2.2 per cent.

Since the beginning of the year, the oil price has fallen slightly from USD 111/barrel to USD 110/barrel as of 31 March 2013. In the first quarter, the average price of around USD 113/barrel was 5 per cent lower than in the previous year. At the same time, the jet fuel crack (price difference between crude oil and kerosene) was around 16 per cent higher than last year. Overall, the kerosene price fell year on year by an average of around 2 per cent, see table on [p. 3](#). Price hedging resulted in losses of EUR 25m. Fuel costs came to a total of EUR 1.7bn.

The euro appreciated against the same period last year. The slightly weaker US dollar was positive in terms of expenses, but the fall in pound sterling and the Swiss franc, and above all the steep decline in the Japanese yen, had a negative impact on income. Overall, exchange rate effects improved the operating result for the first quarter by EUR 6m.

Development of crude oil, kerosene and currency

		Minimum	Maximum	Average	31.3. 2013
ICE Brent	in USD/bbl	107.45	118.9	112.55	110.02
Kerosene	in USD/t	953.75	1,103.75	1,029.89	983.5
USD	1 EUR/USD	1.2772	1.3671	1.3199	1.2819
JPY	1 EUR/JPY	113.9100	126.7000	121.5955	120.7800
GBP	1 EUR/GBP	0.8114	0.8739	0.8504	0.8437
CHF	1 EUR/CHF	1.2079	1.2484	1.2280	1.2166

Sector developments Economic growth in the first quarter had a positive effect on global passenger traffic. Revenue passenger-kilometres for all airlines worldwide rose year on year by 3.1 per cent in the first two months of 2013. European airlines were only able to record growth of 1.0 per cent.

The premium segment performed well across the industry, too. In the first two months of the year, premium traffic rose by 2.3 per cent compared with last year.

The cargo business was much more subdued than global passenger traffic in the first quarter. Overall, revenue tonne-kilometres after the first two months were on par with last year. European cargo airlines reported a decline of 2.2 per cent in this period.

The year 2012 was characterised by the fact that airlines expanded their capacities by less than the increase in demand. IATA believes that this trend will continue in 2013 and make an important contribution to boosting the profitability of the airline industry. The bulk of earnings growth is forecast to come from the passenger business.

For the airline industry, the first quarter of 2013 was marked by restructuring and further consolidation. Turnaround efforts continued at the major European competitors Air France-KLM and IAG. Consolidation was partly driven by IAG, which acquired the majority shares in the Spanish low-cost airline Vueling in April 2013. In North America, American Airlines and US Airways announced their merger to form what will be the world's largest airline. As announced, Emirates and Qantas launched their partnership at the beginning of the second quarter, which aims primarily to make greater joint use of the Dubai hub for traffic between Australia and Europe.

Following the announcement by Delta Airlines in 2012 that it was to take a 49 per cent stake in Virgin Atlantic, a joint venture by the two airlines is now planned for North Atlantic routes, which is expected to come into effect in the course of the year. Meanwhile, the Brazilian airline TAM announced that as part of its merger with Chilean airline LAN, it would leave the Star Alliance in 2014 in favour of membership in the oneworld alliance.

Course of business

Overview For the Lufthansa Group, the first quarter of the financial year was dominated by the ongoing sovereign debt crisis in the euro zone, volatile exchange rate movements, persistently high fuel costs and the effects of the strikes by trade union ver.di at companies in the Lufthansa Group as well as by security staff at various German airports. In addition, the first quarter was marked by seasonal shifts. February was a day shorter, and in contrast to last year, the Easter holidays in Germany all fell in March this year.

Despite these negative factors, revenue for the Lufthansa Group rose slightly thanks to successful capacity and revenue management. The operating result was exactly the same as last year. In the traditionally weak first quarter, the Passenger Airline Group segment did not reach break-even, but was able to noticeably improve its operating result. Strict capacity management in the Logistics segment delivered a significantly higher earnings contribution than last year. The MRO segment also increased its operating profit sharply. The Catering and IT Services segments each earned modest operating profits.

Significant events In the course of the ongoing negotiations for around 33,000 ground staff at the Lufthansa Group in Germany, the trade union ver.di called a nationwide warning strike for 21 March 2013. As a result, Lufthansa Passenger Airlines had to cancel nearly 670 German and European flights between 5 a.m. and 12 a.m. on this date at the affected airports.

In January and February, the trade union ver.di also called several strikes in the course of negotiations for the employees of private security services at individual airports. This severely disrupted operations for a number of Group companies at these sites. Here, too, this resulted in flight cancellations.

So far, initial discussions have taken place with the Vereinigung Cockpit pilots' union as part of wage negotiations for the pilots at Lufthansa Passenger Airlines, Lufthansa Cargo and Germanwings. Both parties are still working to conclude the wage negotiations in due course.

In its meeting on 13 March 2013, the Supervisory Board of Deutsche Lufthansa AG approved the purchase of 108 new aircraft for the Group in line with the Executive Board resolution adopted on 19 February 2013. Based on current knowledge, the order will cover the growth and replacement needs of Lufthansa Passenger Airlines in continental traffic until 2025. The purchase of the aircraft and a modern product are important differentiating features in the highly competitive passenger business. Furthermore, the planes that make up the order, primarily from the next-generation Airbus A320 family, stand out in terms of their lower fuel consumption and noise emissions. The aircraft are to be financed from the Group's cash reserves or through external funding arrangements.

The Executive Board and Supervisory Board put forward a proposal to the Annual General Meeting on 7 May 2013 to suspend the dividend for the 2012 financial year and to allocate the full distributable profit of EUR 296m for 2012 to retained earnings. This will strengthen the financial profile of the Lufthansa Group and is intended to support the implementation of the SCORE restructuring programme. As soon as the downwards trend in earnings and margins is sustainably reversed, shareholders will again participate in the Company's success directly.

SCORE As part of the SCORE programme, the Lufthansa Group adopted a number of wide-ranging structural alterations in administrative functions at the beginning of 2013. Several sites are to be closed in the course of transferring functions from the areas of finance, purchasing and human resources to shared services centres in Germany and abroad. They include the Group head office in Cologne with 365 employees and the headquarters of Lufthansa Revenue Services GmbH (LRS) in Norderstedt with 350 employees. Implementation is to take place by 2017. The decision on the future head office of the Lufthansa Group will be taken at a later date. At the site in Hamburg, 80 per cent of the nearly 200 jobs in Group administration are to be transferred to a specialised service company. Talks with the co-determination bodies have already begun.

At Lufthansa Technik, some 650 jobs are to be cut in administrative areas in Germany.

Lufthansa CityLine is examining whether to move its headquarters from Cologne to Munich. This decision depends largely on the review of whether to locate the company's administrative functions at its operational centre, which over the last few years has shifted to Munich. A final decision is still pending.

These steps as well as other projects in the individual operating segments underline how consistently SCORE is being implemented with the aim of maintaining and strengthening the future viability of the Lufthansa Group.

Staff and management At its meeting in March 2013, the Supervisory Board of Deutsche Lufthansa AG renewed the appointment of Carsten Spohr, member of the Executive Board and responsible for Lufthansa German Airlines since 2011, until December 2018.

The Nomination Committee of the Supervisory Board makes a recommendation to the Annual General Meeting on 7 May 2013 on the successors to those Supervisory Board members who will not be standing for re-election at the close of the 2013 Annual General Meeting due to their age. Wolfgang Mayrhuber, former Chairman of the Executive Board and CEO of Deutsche Lufthansa AG and Dr Karl-Ludwig Kley, Chairman of the Executive Board of Merck KGaA and former CFO of Deutsche Lufthansa AG, are the candidates to succeed Dipl.-Ing. Dr-Ing. E.h. Jürgen Weber, Chairman of the Supervisory Board, and Dr Klaus G. Schlede.

Changes in reporting standards and in the group of consolidated companies Changes in reporting standards occurred with the mandatory application of IAS 19R Employee Benefits and IFRS 13 Fair Value Measurement as of 1 January 2013. To facilitate comparison, the figures presented in this report have been calculated as if the new and amended standards had already been applied last year. For further details, see the notes to the consolidated financial statements from [p. 28](#).

The other standards and interpretations mandatory for the first time as of 1 January 2013 did not have a significant effect on the Group's net assets, financial and earnings position as shown in the present interim report. For further details, see the notes to the consolidated financial statements from [p. 28](#).

There have been no significant changes to the group of consolidated companies since this time last year. The individual changes compared with year-end 2012 and 31 March 2012 are shown in the table on [p. 28](#). These changes had no significant effect on the consolidated balance sheet and income statement in comparison with the same period last year.

Earnings position

Traffic figures of the Lufthansa Group's airlines*

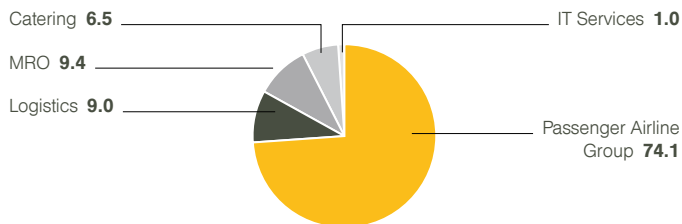
		Jan. – March 2013	Jan. – March 2012	Change in %
Passengers carried	thousands	21,631	21,990	-1.6
Available seat-kilometres	millions	58,111	59,714	-2.7
Revenue seat-kilometres	millions	44,247	44,281	-0.1
Passenger load factor	%	76.1	74.2	2.0
Freight/mail	thousand tonnes	461	493	-6.6
Available cargo tonne-kilometres	millions	3,390	3,580	-5.3
Revenue cargo tonne-kilometres	millions	2,391	2,504	-4.5
Cargo load factor	%	70.5	69.9	0.6
Total available tonne-kilometres	millions	9,207	9,597	-4.1
Total revenue tonne-kilometres	millions	6,750	6,842	-1.3
Overall load factor	%	73.3	71.3	2.0 pts
Flights	number	234,286	250,577	-6.5

* Previous year's figures have been adjusted.

Change in accounting standard IAS 19 The revised version of IAS 19 Employee Benefits (revised in 2011, IAS 19R), application of which has been mandatory from 1 January 2013, had a substantial influence on the presentation of the earnings position in this interim report. The figures presented in this report for the first quarter 2012 have been calculated in accordance with the effective IFRS, as if the new and amended standards had already been applied last year. Due to the elimination of both deferred recognition/amortisation of actuarial losses and the pro rata recognition of past service costs, service costs have been presented as being EUR 23m lower in the first quarter of 2012. The change in accounting for partial retirement and similar programmes increased the staff costs recognised for the first quarter of 2012 by EUR 2m. By contrast, net interest expense for the first quarter 2012 was EUR 14m higher as a result of adjusting the planned interest income as plan assets to the discount rate applied at the beginning of the year. Adjusting the figures for the previous year meant that profit before income taxes for the first quarter of 2012 was EUR 7m higher and profit after income taxes was EUR 3m higher.

Discontinued operation As a result of the contract for the sale of British Midland Ltd. (bmi) to International Consolidated Airlines Group, S.A. (IAG) signed by Deutsche Lufthansa AG and IAG on 22 December 2011, British Midland Ltd. was presented in the Group's income statement and consolidated financial statements for 2011 and 2012 as a discontinued operation in line with IFRS 5.

External revenue share of the business segments in % (as of 31.3.2013)



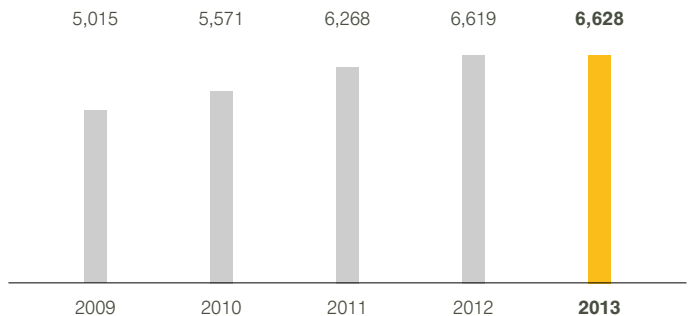
This form of presentation applied to the after-tax result for bmi for the first quarter of 2012 and to changes in the valuation or proceeds of disposal for the discontinued operation compared with the 2011 financial statements, which in this case were the proceeds of the aforementioned contractual agreement. For details of last year's result of the discontinued operation, we refer to the notes to the consolidated financial statements.

Revenue and income The traffic figures for the Lufthansa Group in the first quarter of 2013 were down on the previous year in both the passenger and cargo business. The airlines in the Group carried around 21.6 million, or 2.3 per cent fewer passengers, while the amount of freight and mail fell by 6.6 per cent to 461 thousand tonnes. The individual performance data for the separate segments is presented in the respective chapters.

Revenue and income

	Jan. – March 2013 in €m	Jan. – March 2012 in €m	Change in %
Traffic revenue	5,337	5,349	-0.2
Other revenue	1,291	1,270	1.7
Total revenue	6,628	6,619	0.1
Changes in inventories and work performed by the entity and capitalised	34	45	-24.4
Other operating income	541	516	4.8
Total operating income	7,203	7,180	0.3

Revenue development in €m (Jan. – March)



Given the fall in traffic and a slight decline in sales as a result, traffic revenue in the first quarter was 0.2 per cent down on last year's at EUR 5.3bn. Higher prices (including fuel surcharges and air traffic tax) boosted revenue by 0.9 per cent, whereas lower volumes and adverse currency movements reduced revenue by 0.7 per cent and 0.4 per cent respectively. The Passenger Airlines Group accounted for EUR 4.6bn (+0.8 per cent) of traffic revenue and the Logistics segment for EUR 580m (-8.4 per cent).

At EUR 1.3bn, other revenue was 1.7 per cent up on the previous year. Of the total, the MRO segment generated EUR 626m (+5.0 per cent), Catering EUR 433m (-0.9 per cent) and IT Services EUR 63m (+6.8 per cent). The airborne companies in the Passenger Airline Group and Logistics segment contributed EUR 169m (-5.1 per cent) to other revenue.

As a result, Group revenue of EUR 6.6bn (+0.1 per cent) was nearly on par with last year. The development of revenue over the last five years is shown in the chart above. The Passenger Airline Group's share of total revenue rose to 74.1 per cent (+0.5 percentage points). The distribution of revenue by segment and region is shown in the segment reporting on [p. 35](#).

Other operating income increased by 4.8 per cent to EUR 541m. The rise is largely due to the reversal of write-downs recognised last year on other assets. The other individual items did not vary significantly compared with the same quarter last year.

Total operating income therefore went up slightly by EUR 23m, or 0.3 per cent, to EUR 7.2bn.

Expenses Operating expenses climbed by EUR 129m (+1.7 per cent) to a total of EUR 7.7bn. The cost of materials and services fell by 1.6 per cent to EUR 4.1bn, however. Within the cost of materials and services, fuel costs rose by 2.2 per cent to EUR 1.7bn despite lower traffic. In addition to the 7.8 per cent increase in fuel prices (after hedging), the movement of the US dollar also added 1.0 per cent to expenses. Lower volumes reduced expenses by 6.6 per cent. Fuel costs included a negative result of price hedging of EUR 25m. Other raw materials, consumables and supplies were down by 4.8 per cent at EUR 617m.

Expenses

	Jan. – March 2013 in €m	Jan. – March 2012 in €m	Change in %
Cost of materials and services	4,102	4,170	-1.6
of which fuel	1,660	1,624	2.2
of which fees and charges	1,174	1,200	-2.2
of which operating lease	21	36	-41.7
Staff costs	1,787	1,713	4.3
Depreciation	490	463	5.8
Other operating expenses	1,288	1,192	8.1
Total operating expenses	7,667	7,538	1.7

Fees and charges fell by 2.2 per cent to EUR 1.2bn, principally due to lower traffic. Particularly important were declines in air traffic control charges (-4.2 per cent), take-off and landing fees (-3.8 per cent) and air traffic tax (-8.4 per cent). Other purchased services totalled EUR 651m, 6.7 per cent less than last year, due primarily to lower charter expenses.

Staff costs rose by 4.3 per cent in conjunction with a 0.6 per cent decrease in the average number of employees to 116,516, not counting the staff at bmi. The increase is mainly due to restructuring costs as part of SCORE and to higher interest-rate-related additions to pension provisions. Depreciation and amortisation rose to EUR 490m (+5.8 per cent). Depreciation of aircraft fell by 1.8 per cent to EUR 336m, whereas impairment losses on aircraft climbed to EUR 75m (previous year: EUR 45m). These related to four Airbus A340-300s, five Boeing 737-500s, three B737-300s and four Canadair Regional Jet 700s, which have been retired or are held for disposal.

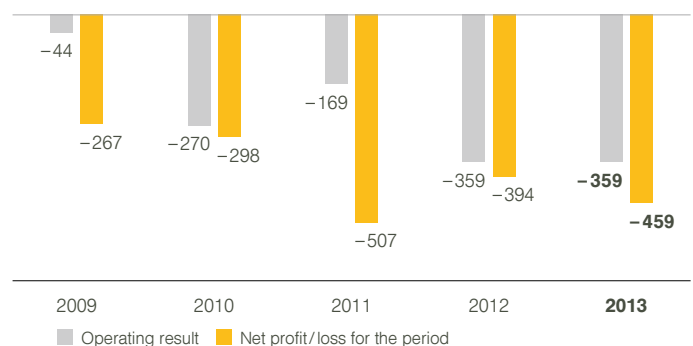
Impairment losses of EUR 5m (previous year: EUR 10m) were also incurred on two Boeing B747-400s and one Airbus A340-300 shown in the balance sheet as assets held for sale. These impairment charges are recognised in other operating expenses.

Other operating expenses were 8.1 per cent higher than the previous year at EUR 1.3bn. The increase is largely due to higher exchange rate losses (EUR +105m), offset primarily by lower write-downs on current assets (EUR -22m) and lower agency commissions (EUR -14m). The individual other items did not vary significantly compared with last year.

Earnings development Profit from operating activities fell by EUR 106m to EUR -464m. The operating result that is regularly adjusted for the items shown in the table on [p. 8](#) was unchanged compared with the previous year at EUR -359m. The adjusted operating margin of -5.2 per cent also matched the previous year's figure. This is calculated as operating result plus write-backs of provisions divided by revenue.

The result from equity investments increased overall by EUR 19m to EUR -4m in the reporting period. The improvement stemmed mainly from the reduction of EUR 26m in losses from the equity valuation, which in turn was largely due to the equity investments in SN Airholding, SunExpress and Terminal 2 Betriebsgesellschaft. Net interest also improved to EUR -83m (previous year: EUR -97m).

Operating result and net profit/loss for the period in €m (Jan. – March)



The result from other financial items fell by EUR 13m to EUR –29m. Changes in the market value of financial derivatives recognised through profit and loss generated expenses of EUR 29m (previous year: EUR 15m). Earnings before interest and taxes (EBIT) reflect the changes in the operating result, the result from equity investments and from other financial items and came to EUR –497m at the end of the first quarter (previous year: EUR –397m).

Earnings before taxes (EBT) fell by EUR 86m to EUR –580m. As the pre-tax result was negative, income taxes diminished the loss by EUR 125m (previous year: EUR 101m). Deducting minority interests (EUR 4m) leaves a net loss for the period of EUR 459m (previous year: EUR –394m). Earnings per share therefore amount to EUR –1.00 (previous year: EUR –0.86).

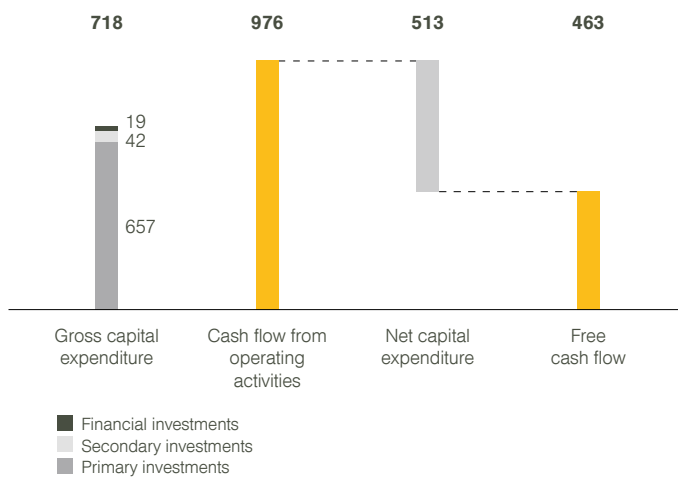
Cash flow and capital expenditure

In the first quarter of 2013, the Lufthansa Group increased cash flow from operating activities to EUR 976m (previous year: EUR 833m). Based on a reduction of EUR 86m in pre-tax earnings, the elimination of non-cash depreciation and amortisation improved cash flow by EUR 18m. The change in working capital boosted cash flow from operating activities by EUR 178m year on year. Furthermore, the same quarter last year was depressed by negative cash flow of EUR 55m from the discontinued operations at bmi. Gross capital expenditure came to EUR 718m (previous year: EUR 592m), of which 18 aircraft (two Boeing 747-8i, nine Airbus A320s, three A319s and four Embraer 195s) as well as aircraft overhauls and down payments accounted for EUR 657m. An additional EUR 32m

Reconciliation of results

in €m	Jan. – March 2013		Jan. – March 2012	
	Income statement	Reconciliation with operating result	Income statement	Reconciliation with operating result
Total revenue	6,628	–	6,619	–
Changes in inventories	34	–	45	–
Other operating income	541	–	516	–
of which book gains and current financial investments	–	–12	–	–16
of which income from reversal of provisions	–	–14	–	–12
of which write-ups on capital assets	–	–1	–	–1
of which period-end valuation of non-current financial liabilities	–	–6	–	–47
Total operating income	7,203	–33	7,180	–76
Cost of materials and services	–4,102	–	–4,170	–
Staff costs	–1,787	–	–1,713	–
of which past service cost	–	0*	–	0*
Depreciation, amortisation and impairment	–490	–	–463	–
of which impairment losses	–	75	–	45
Other operating expenses	–1,288	–	–1,192	–
of which impairment losses on assets held for sale – non-operating	–	5	–	10
of which expenses incurred from book losses and current financial investments	–	7	–	5
of which period-end valuation of non-current financial liabilities	–	51	–	15
Total operating expenses	–7,667	138	–7,538	75
Profit/loss from operating activities	–464	–	–358	–
Total from reconciliation with operating result	–	105	–	–1
Operating result	–	–359	–	–359
Result from equity investments	–4	–	–23	–
Other financial items	–29	–	–16	–
EBIT	–497	–	–397	–
Write-downs (included in profit from operating activities)	490	–	463	–
Write-downs on financial investments, securities and assets held for sale	4	–	10	–
EBITDA	–3	–	76	–

* Rounded below EUR 1m.

Cash flow and capital expenditure in €m (as of 31.3.2013)

was invested in other property, plant and equipment. Intangible assets accounted for EUR 10m of the remaining capital expenditure. Financial investments of EUR 19m related to the acquisition of equity interests and loans.

EUR 9m was invested in repairable spare parts for aircraft. The funding requirement was partly covered by interest and dividend income (EUR 130m in total) and by proceeds of EUR 84m from the disposal of assets – mostly aircraft. The purchase and sale of current securities and funds resulted in a net cash outflow of EUR 67m. A total of EUR 580m in net cash was therefore used for capital expenditure and cash management activities (previous year: EUR 451m).

Free cash flow, defined as cash flow from operating activities less net capital expenditure, came to EUR 463m and was therefore EUR 77m lower than last year.

The balance of financing activities was a net cash outflow of EUR 233m. New borrowing of EUR 87m was offset by scheduled capital repayments of EUR 164m and interest payments of EUR 156m.

Cash and cash equivalents rose by EUR 160m to EUR 1.6bn. This includes a decrease of EUR 3m in cash balances due to exchange rate movements. The internal financing ratio was 135.9 per cent (previous year: 140.7 per cent). Overall, cash including securities at the end of the first quarter went up to EUR 5.2bn (previous year: EUR 4.2bn). The detailed cash flow statement can be found on [p. 27](#).

Assets and financial position

The revised version of IAS 19 Employee Benefits (revised in 2011, IAS 19R), application of which has been mandatory from 1 January 2013, had a substantial influence on the presentation of the assets and financial position in this interim report. The revision caused pension obligations and other provisions under partial retirement and similar programmes to go up by a total of EUR 3.8bn as of 1 January 2013 compared with the financial statements for 2012. Deferred tax assets rose by EUR 711m, deferred tax liabilities declined by EUR 148m and Group equity contracted by EUR 3.5bn. Furthermore, other assets fell by EUR 571m. The figures presented in this report for the 2012 financial statements have been calculated in accordance with the effective IFRS, as if the new and amended standards had already been applied last year.

As of 31 March 2013, total Group assets of EUR 29.7bn were EUR 1.2bn higher than at year-end 2012. Non-current assets were up by EUR 310m and current assets by EUR 859m.

Within non-current assets, the item aircraft and reserve engines rose by EUR 192m to EUR 12.0bn. The increase of EUR 53m in other equity investments is largely due to the change in the market value of the shares in JetBlue (EUR +49m), which is not recognised in profit and loss. Derivative financial instruments (mainly exchange rate and interest rate hedges) increased by EUR 32m.

In current assets, receivables increased by EUR 628m, mainly for seasonal and billing reasons. The increase in current financial derivatives (EUR +47m) stems primarily from exchange rate hedging, offset by lower market values for fuel hedges. Cash and cash equivalents, consisting of current securities, bank balances and cash-in-hand, went up by EUR 209m to EUR 5.2bn. The proportion of non-current assets in the balance sheet total declined from 65.8 per cent at year-end 2012 to 64.2 per cent currently.

Shareholders' equity (including minority interests) fell by EUR 262m (–5.4 per cent) to EUR 4.6bn as of the reporting date. The decline is largely due to the negative after-tax result of EUR –455m, offset by an increase of EUR 166m in neutral reserves from positive changes in the market value of financial instruments. The equity ratio of 15.4 per cent was lower than at year-end 2012 (16.9 per cent).

Non-current liabilities and provisions shrank by EUR 799m to EUR 13.2bn, while current borrowing was increased by EUR 2.2bn to EUR 12.0bn. Within non-current borrowing, pension provisions increased by EUR 70m. The rise of EUR 44m in other provisions relates mainly to restructuring activities that form part of SCORE. The increase of EUR 21m in derivative financial instruments consists of EUR 33m from the change in the market value of the conversion option included in the convertible bond issued in April 2012 for the JetBlue shares held by the Lufthansa Group, less the decline in negative market values from exchange rate hedges. Non-current borrowing fell by EUR 980m, in particular because a EUR bond and a borrower's note loan (EUR 954m in total) were reclassified as current borrowing in view of their maturities. Within current liabilities, financial liabilities increased by EUR 933m due to maturities. In addition, trade payables and other financial liabilities climbed (EUR +279m) – largely for seasonal and billing reasons – as did liabilities from unused flight documents (EUR +1.0bn).

Net indebtedness fell to EUR 1.7bn as of 31 March 2013 (year-end 2012: EUR 2.0bn).

Calculation of net indebtedness

	31 March 2013 in €m	31 Dec. 2012 in €m	Change as of 31 Dec. 2012 in %
Liabilities to banks	1,456	1,507	-3.4
Bonds	2,309	2,312	-0.1
Other non-current borrowing	3,098	3,091	0.2
	6,863	6,910	-0.7
Other bank borrowing	14	9	55.6
Group indebtedness	6,877	6,919	-0.6
Cash and cash equivalents	1,596	1,436	11.1
Securities	3,579	3,530	1.4
Net indebtedness	1,702	1,953	-12.9
Pension provisions	5,914	5,844	1.2
Net indebtedness and pensions	7,616	7,797	-2.3

Group fleet – Number of commercial aircraft

Deutsche Lufthansa AG (LH), SWISS (LX), Austrian Airlines (OS), Germanwings (4U), Lufthansa CityLine (CLH), Air Dolomiti (EN) and Lufthansa Cargo (LCAG) as of 31.3.2013

Manufacturer / type	LH	LX	OS	4U	CLH	EN	LCAG	Group fleet	of which finance lease	of which operating lease	Change as of 31.12.12	Change as of 31.3.12
Airbus A310	2 ³⁾							2			-	-
Airbus A319	35	6	7	35				83	1	16	+2	-6
Airbus A320	54	28	16					98	18	2	+9	+9
Airbus A321	62	7	6					75	4		-	-5
Airbus A330	18	18						36		4	-	-
Airbus A340	48	13	2 ²⁾					63	2	2	-	-2
Airbus A380	10							10			-	+2
Boeing 737	39		2					41			-4	-39
Boeing 747	30							30			+1	+2
Boeing 767			6					6	2		-	-
Boeing 777			4					4			-	-
Boeing MD-11F							18	18			-	-
Bombardier CRJ	23 ¹⁾				32			55			-1	-6
Bombardier C-Series								0			-	-
Bombardier Q-Series			14					14			-	-
ATR	5 ¹⁾					6		11		6	-	-
Avro RJ		20			2			22		6	-	-5
Embraer	43 ¹⁾		3 ³⁾					46			+4	-12
Fokker F70			9					9			-	-
Fokker F100			15					15			-	-
Total aircraft	369	92	84	35	34	6	18	638	27	36	11	-62

¹⁾ Let to Lufthansa regional airlines.

²⁾ Let to SWISS.

³⁾ Leased to company outside the Group.

Passenger Airline Group business segment

Key figures Passenger Airline Group¹⁾

		Key figures Passenger Airline Group ¹⁾			of which Lufthansa Passenger Airlines		
		Jan. – March 2013	Jan. – March 2012	Change in %	Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	5,069	5,040	0.6	3,672	3,648	0.7
of which with companies of the Lufthansa Group	€m	157	168	-6.5			
Operating result	€m	-363	-427	15.0	-292	-369	20.9
Segment result	€m	-448	-516	13.2			
EBITDA ²⁾	€m	-74	-77	3.9	-74	-87	14.9
Segment capital expenditure	€m	611	492	24.2			
Employees as of 31.3.	number	55,004	55,845	-1.5	40,247	40,981	-1.8
Passengers ³⁾	thousands	21,631	21,990	-2.3	15,541	15,848	-1.9
Available seat-kilometres ³⁾	millions	58,111	59,714	-2.7	42,325	43,620	-3.0
Revenue seat-kilometres ³⁾	millions	44,247	44,281	-0.1	31,935	32,180	-0.8
Passenger load factor ³⁾	%	76.1	74.2	1.9 pts	75.5	73.8	1.7 pts

¹⁾ Lufthansa Passenger Airlines, SWISS and Austrian Airlines.

²⁾ Before profit/loss transfer from other companies.

³⁾ Previous year's figures have been adjusted.

Segment structure and course of business The Passenger Airline Group segment comprises Lufthansa Passenger Airlines (including Germanwings), SWISS and Austrian Airlines. They are supplemented by other equity investments such as Brussels Airlines and SunExpress. The Passenger Airline Group follows a multi-hub strategy, which enables customers to benefit from an extensive flight network in combination with an unsurpassed degree of flexibility.

Business at the Passenger Airline Group in the first quarter was dominated by the slower growing global economy, volatile exchange rates and an oil price that remained high on average. Additionally, strikes also adversely impacted the course of business, both those organised by the trade union ver.di in the course of wage negotiations for ground staff at Deutsche Lufthansa AG as well as those by security staff at several German airports. Despite these difficulties, the operating result increased year on year thanks to strict capacity and cost management, but was still negative for the first quarter, which is traditionally weak.

The restructuring by the individual airlines as part of the SCORE programme is progressing and again delivered further good results in the first three months of the year. Details of these are described in the following sections on the individual airlines.

Operating performance The companies in the Passenger Airline Group carried 21.6 million passengers in the first quarter of the year (-2.3 per cent). The number of flights declined year on year by 6.2 per cent. Available seat-kilometres only fell by 2.7 per cent, as capacities were managed more tightly and larger aircraft were deployed. As revenue seat-kilometres remained stable (-0.1 per cent), the passenger load factor rose by 1.9 percentage points to 76.1 per cent. At the same time, the average yields per revenue seat-kilometre for the Passenger Airline Group improved by 0.9 per cent, mainly thanks to higher average yields at Lufthansa Passenger Airlines. Traffic revenue went up by 0.8 per cent in total.

Average yields varied considerably depending on the traffic region. Significant improvements were achieved in Europe and America, whereas the Asia/Pacific and Middle East/Africa regions saw a decline.

Sales fell slightly in the Europe traffic region. Traffic revenue nevertheless climbed 2.4 per cent on the back of higher average yields (+2.9 per cent).

A significant sales increase was reported in the Americas region. Traffic revenue went up by 9.2 per cent here, buoyed by 3.1 per cent higher average yields.

The Asia/Pacific traffic region recorded lower sales. Average yields contracted by 4.7 per cent at the same time, which resulted in lower traffic revenue (-9.4 per cent).

Sales also fell in the Middle East/Africa traffic region (–4.6 per cent). As average yields fell here, too (–1.7 per cent), traffic revenue was down by 6.3 per cent.

On 1 April 2013, SWISS and Austrian Airlines officially joined the strategic joint venture J+ between Lufthansa Passenger Airlines and the Japanese Star Alliance partner All Nippon Airways (ANA). The joint venture enables the Passenger Airline Group to coordinate flight timetables between Japan and Europe with ANA and therefore to adjust capacity even more efficiently and flexibly in line with customer requirements.

Revenue and earnings development As a result of reduced traffic and the related slight drop in sales, traffic revenue for the segment was only slightly up on the year at EUR 4.6bn (+0.8 per cent). Higher prices (+1.4 per cent) were offset by negative currency movements (–0.5 per cent) and reduced volume (–0.1 per cent). Other operating income climbed sharply by 30.0 per cent to EUR 303m. The increase stemmed mainly from higher exchange rate gains (EUR +35m) as well as income of EUR 28m from the reversal of write-downs recognised last year on other assets.

Total operating income went up accordingly by 1.9 per cent to EUR 5.4bn.

Compared with the previous year, operating expenses only rose slightly by 0.6 per cent to EUR 5.7bn. At EUR 3.6bn, the cost of materials and services was 1.3 per cent lower than last year, mainly due to reduced traffic. While fuel costs were up by 2.9 per cent – largely due to pricing – fees and charges fell by 2.0 per cent to EUR 1.1bn. The main components of the decrease were lower air traffic control charges (–4.0 per cent), take-off and landing fees

(–3.3 per cent) and the air traffic tax (–8.4 per cent). Other purchased services also went down by 7.6 per cent overall to EUR 834m as a result of reduced MRO services (–8.6 per cent) and lower expenses for operating leases (–38.9 per cent).

The number of employees fell by 1.5 per cent, but staff costs rose by 2.8 per cent, principally due to higher additions to pension provisions as a result of lower interest rates.

Depreciation and amortisation went up by 1.5 per cent to EUR 349m.

Other operating expenses increased by 6.7 per cent to EUR 809m, mostly as a result of higher exchange rate losses. The operating result improved year on year by EUR 64m to EUR –363m. Comments on the earnings contributions from the individual airlines can be found on the following pages.

Other segment income of EUR 13m (no change on last year) was attributable above all to income from write-backs of provisions (EUR 7m) as well as book gains on the disposal of non-current assets (EUR 6m).

Other segment expenses came to EUR 84m (previous year: EUR 56m). Impairment losses on the aircraft listed in detail on [p. 7](#) accounted for EUR 75m (previous year: EUR 45m). Impairment losses of EUR 5m (previous year: EUR 10m) were also incurred on two Boeing B747-400s and one Airbus A340-300 shown in the balance sheet as assets held for sale. These impairment charges are recognised in other operating expenses. The result of the equity valuation of EUR –14m (previous year: EUR –46m) relates to SunExpress, SN Airholding and Terminal 2 Gesellschaft. The segment result improved overall by EUR 68m to EUR –448m.

Trends in traffic regions Passenger Airline Group

	Net traffic revenue in €m external revenue		Number of passengers in thousands		Available seat-kilometres in millions		Revenue seat-kilometres in millions		Passenger load factor in %	
	Jan.–March 2013	Change in %	Jan.–March 2013	Change in %	Jan.–March 2013	Change in %	Jan.–March 2013	Change in %	Jan.–March 2013	Change in pts
Europe	2,144	2.4	17,116	–2.8	19,304	–5.2	13,300	–0.6	68.9	3.2
America	1,244	9.2	1,985	5.7	18,437	4.1	15,004	6.0	81.4	1.5
Asia/Pacific	840	–9.4	1,449	–4.6	13,987	–5.3	11,258	–4.9	80.5	0.4
Middle East/ Africa	418	–6.3	1,081	–3.4	6,382	–7.2	4,685	–4.6	73.4	2.0
Total	4,646	0.8	21,631	–2.3	58,111	–2.7	44,247	–0.1	76.1	1.9

Segment capital expenditure of EUR 611m was 24.2 per cent higher than last year and was mainly incurred for new aircraft. 18 new aircraft were delivered in the first quarter as part of the ongoing fleet renewal; see [p. 8](#) for detailed comments.

Forecast Business performance in the first quarter was characterised by great disparity between the regions. In contrast to North America and Europe in particular, the Asia/Pacific traffic region showed a weaker performance. Currency movements and tough competition were the main reasons for this. These differences in performance are expected to continue throughout the year. Advance bookings are developing robustly. The development of average yields will remain diluted by the structural effects of renewing the fleet and the temporary increase in the proportion of Economy Class seats. From the current perspective, these structural factors do not adversely affect profitability, however.

On the assumption that conditions remain the same, the Passenger Airline Group still expects a modest increase in revenue and operating profit for 2013. As before, profitability is only forecast to improve significantly at a later date, when SCORE and investments in the product have been completed.

As in previous years, the absolute volume of profits depends to a large extent on macroeconomic developments and the trend in fuel prices and exchange rates.

Lufthansa Passenger Airlines



In the first quarter of 2013, Lufthansa Passenger Airlines increased its operating result compared with the previous year by EUR 77m to EUR –292m, despite a number of adverse exogenous factors. Revenue improved by 0.7 per cent to EUR 3.7bn. Business in the first three months was dimmed by warning strikes on the part of various interest groups and the persistent winter weather. Flight delays and cancellations were the result of these occurrences.

The efficiency gains from merging decentralised European traffic at Lufthansa Passenger Airlines with Germanwings will lead to noticeable earnings improvements in the course of 2013.

Lufthansa Passenger Airlines invests substantially in its fleet. In March 2013, the Supervisory Board of Deutsche Lufthansa AG approved the order of two Airbus A380s, 30 A320ceo (Current Engine Option) and 70 A320neo (New Engine Option). They are to be delivered over the period up to 2025. Another order for long-haul aircraft is due to be placed by the end of the year. The fleet is not set to grow until 2014. Lufthansa Passenger Airlines is also investing an additional sum of around EUR 50m on top of the funds earmarked to date in order to refit all existing long-haul aircraft with the new Business Class by summer 2015, which is faster than originally planned. The FlyNet broadband internet connection is already available on 88 of Lufthansa Passenger Airlines' wide-bodied aircraft.

In addition, a Premium Economy Class is to be introduced to Lufthansa Passenger Airlines' long-haul fleet in 2014. Passengers will then have an additional choice between the traditional Economy Class and the Business Class. In January, the Lufthansa Passenger Airlines First Class and its range of services were awarded five stars by Skytrax, an independent, specialist aviation research institute.

In the first quarter, Lufthansa Passenger Airlines reduced the number of flights by 7.2 per cent year on year, meaning that available seat-kilometres also fell sharply by 3.0 per cent. Sales only declined by 0.8 per cent. The passenger load factor rose by 1.7 percentage points to 75.5 per cent. Altogether, 15.5 million passengers were carried on Lufthansa Passenger Airlines flights (previous year: 15.8 million). Higher average yields nevertheless lifted traffic revenue by 1.0 per cent to EUR 3.4bn. Total operating income went up altogether by 2.2 per cent to EUR 3.9bn. Operating expenses rose by just 0.1 per cent to EUR 4.2bn.

For the full year 2013 Lufthansa Passenger Airlines continues to anticipate higher revenue and an improvement in the operating result. The absolute level of earnings will depend to a large extent on the development of fuel prices and exchange rates.

Flexible capacity management and ongoing process analysis and optimisation will continue to be applied to address the difficult economic conditions, which remain a challenge. As part of the SCORE programme, Lufthansa Passenger Airlines is working on the efficiency of its ground structures and processes, among other things. Its target is to achieve a EUR 150m reduction in staff- and workplace-related costs in Germany and abroad. The first results will already be visible in 2013.

Other Group airlines



SWISS¹⁾

		Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	987	967	2.1
Operating result	€m	-16	-3	
EBITDA	€m	60	71	-15.5
Passengers carried ²⁾	thousands	3,799	3,933	-3.4
Employees as of 31.3.	number	8,492	8,090	5.0

¹⁾ Including Edelweiss Air.

²⁾ Previous year's figures have been adjusted.

Further information on SWISS can be found at www.swiss.com.

The first quarter of 2013 was unsatisfactory for SWISS. Earnings were depressed by high fuel costs, which rose disproportionately compared with the same period last year and could not be recouped by higher revenue. In the first three months of the current year, SWISS increased its revenue slightly to EUR 987m (+2.1 per cent). The operating result nonetheless deteriorated in view of the factors mentioned above to EUR -16m (2012: EUR -3m). All in all, 3.8 million passengers (-3.4 per cent) were carried in the first quarter. Sales (+4.9 per cent) grew faster than capacity (+1.9 per cent). The passenger load factor rose by 2.4 percentage points to 79.8 per cent.

From May, Swiss will provide a daily direct flight to Singapore. As of 31 March 2013, the SWISS and Edelweiss Air fleet consists of 92 aircraft and a further six planes on wet leases. In the first quarter, the order list comprised thirty aircraft from Bombardier's C-Series, two Airbus A330-300s and two A321s, as well as six Boeing 777-300ER, all approved by the Supervisory Board of Deutsche Lufthansa AG in March 2013 and which are to replace part of the A340 fleet from 2016. Over the course of the year, SWISS will reorganise its operations in Geneva in line with the regional market. This includes more flexible production and adjustments to the product concept. The first sales and marketing activities are due to start in the second quarter of 2013. In order to finance the planned capital expenditure itself, SWISS intends to make sustainable, long-term improvements to its operating result. As part of a Group-wide initiative, some accounting functions at the site in Basel have already been transferred to a shared services centre. The simplification of processes in revenue accounting also meant that jobs were scaled back there. Work on the optimisation of fuel management is also continuing.

For the full year, SWISS expects the situation on the market to remain tense, but is still forecasting higher passenger numbers and revenue. With the aid of the steps already taken, the management board still anticipates that the operating result will be roughly on par with last year's.



Austrian Airlines

		Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	426	441	-3.4
Operating result	€m	-56	-67	16.4
EBITDA	€m	-22	-27	18.5
Passengers carried*	thousands	2,291	2,354	-2.7
Employees as of 31.3.	number	6,265	6,774	-7.5

* Previous year's figures have been adjusted.

Further information on Austrian Airlines can be found at www.austrian.com.

Austrian Airlines is successfully tackling the challenging market by pursuing the restructuring activities that began last year. At EUR 426m, Austrian Airlines' revenue was down 3.4 per cent on last year. However, the operating result improved to EUR -56m (+16.4 per cent).

In the first three months of the year, Austrian Airlines carried 2.3 million passengers. This is 2.7 per cent less than in the previous year. Capacity was cut by 9.4 per cent whereas sales were only down by 5.2 per cent. Strict capacity management boosted the load factor for the flights considerably by 3.3 percentage points to 74.0 per cent.

Following the successful transfer of operations to the Tyrolean Airways subsidiary last year, further changes in operational and administrative functions are to be implemented successively in 2013. The migration of all Tyrolean Airways administrative functions from Innsbruck to Vienna over the course of the year has already been announced, for example. This will eliminate duplicate structures and make operating processes more efficient.

The harmonisation of the European fleet was concluded successfully at the end of March. All seven new Airbus A320s in the Austrian fleet are now in service. The retirement of all the Boeing 737 planes is complete. With this targeted realignment of its capacities, Austrian Airlines is responding to ever increasing competition in Vienna.

For the full year, Austrian Airlines is expecting demand to remain volatile and fuel costs to stay high. Revenue growth and cost savings initiated with the help of the restructuring programme will continue to have a positive effect on the result for the current year. The aim for the full year 2013 remains to consolidate the initial success of the turnaround and thereby to achieve a positive operating result. The restructuring activities are to be continued unchanged.

Logistics business segment

Key figures Logistics

		Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	599	662	-9.5
of which with companies of the Lufthansa Group	€m	5	7	-28.6
Operating result	€m	27	20	35.0
Segment result	€m	31	26	19.2
EBITDA ¹⁾	€m	39	41	-5.9
Segment capital expenditure	€m	61	34	79.4
Employees as of 31.3.	number	4,512	4,602	-2.0
Freight and mail ²⁾	thousand tonnes	399	430	-7.2
Available cargo tonne-kilometres ²⁾	millions	2,823	3,047	-7.4
Revenue cargo tonne-kilometres ²⁾	millions	2,016	2,142	-5.9
Cargo load factor ²⁾	%	71.4	70.3	1.1 pts

¹⁾ Before profit/loss transfer from other companies.

²⁾ Previous year's figures have been adjusted.

Segment structure and course of business In addition to Lufthansa Cargo AG, the Logistics segment includes the airfreight container specialist Jettainer GmbH and the equity investment in the cargo airline AeroLogic GmbH. An equity interest is still held in Jade Cargo International Ltd., which is no longer operational and in the first quarter applied for insolvency proceedings to be opened. In addition, Lufthansa Cargo holds equity investments in various handling companies.

Lufthansa Cargo markets capacities on its own freighters and chartered cargo aircraft along with belly capacities on passenger planes operated by Lufthansa Passenger Airlines and Austrian Airlines.

In the first quarter of the year, Lufthansa Cargo completed the reorganisation of its charter business. Lufthansa Cargo Charter Agency GmbH ceased trading as of 31 March 2013 and all its charter activities were integrated into the line organisation at Lufthansa Cargo AG. Chartering out the company's own cargo aircraft for special consignments remains part of its core business, however. A new partnership with the leading global charter broker Chapman Freeborn Airmarketing GmbH should ensure better marketing of internal aircraft capacities that become available at short notice.

Demand on global airfreight markets remained subdued in the first quarter. In this challenging market environment, Lufthansa Cargo stuck to its strategy of managing capacity flexibly and in line with demand. It was therefore able to increase the load factor to a high 71.4 per cent (previous year: 70.3 per cent) and generate an operating result of EUR 27m (previous year: EUR 20m).

At the end of February, the Supervisory Board of Lufthansa Cargo AG renewed the appointment of the Chairman of the Executive Board and CEO Karl Ulrich Garnadt until December 2016. Since 1 January 2013, Dr Martin Schmitt has been the Executive Board member responsible for Finance and Human Resources at Lufthansa Cargo. Dr Martin Schmitt previously managed the Corporate Personnel Policy division for the Lufthansa Group.

Product and route network Lufthansa Cargo has already received many accolades from its customers in the first quarter of this year. The US Airforwarders Association voted Lufthansa Cargo the best international cargo airline.

In March, Lufthansa Cargo added Guadalajara to its route network and now serves the Mexican metropolis with two freighter flights a week. Guadalajara is an important centre, especially for companies in the high-tech industry. In the past ten years, more than 600 high-tech firms have established themselves in the region. The area around Guadalajara is also very important for the automotive industry as a site for new factories.

Operating performance In the first quarter of 2013, freight volumes fell by 7.2 per cent compared with the previous year. Cargo tonne-kilometres transported only fell by 5.9 per cent due to changes in the route profile. As active capacity management reduced capacity by 7.4 per cent at the same time, the load factor improved year on year by 1.1 percentage points.

The fall in tonnage was steepest in the Asia/Pacific region. Major Chinese markets recovered slightly, but the situation deteriorated in Japan and South East Asia. Tonnage also fell year on year in the Americas region, but the load factor still improved slightly. Capacity was cut sharply in Europe, which boosted the load factor significantly. Only in the Middle East/Africa region did freight volumes increase compared with last year. Capacity was the same as last year and sales fell slightly, which resulted in a lower cargo load factor for this region.

Revenue and earnings development Declining traffic revenue (–8.4 per cent to EUR 580m) meant that Lufthansa Cargo’s revenue for the first quarter of 2013 dropped by 9.5 per cent year on year to EUR 599m. Other revenue sank to EUR 16m (–33.3 per cent), in particular due to lower income from aircraft charters. Other operating income of EUR 20m was 42.9 per cent higher than the year before, mainly due to a higher foreign exchange result. Lower insurance payouts had the opposite effect. Total operating income fell to EUR 519m (–8.4 per cent).

Operating expenses fell by 9.8 per cent year on year to EUR 592m. This was largely due to the lower volume-related cost of materials and services, which came to EUR 433m (–9.2 per cent). Within this item, charter expenses came to EUR 200m (–12.7 per cent), fees and charges to EUR 65m (–5.8 per cent), MRO expenses to EUR 29m (–9.4 per cent) and fuel costs to EUR 113m (–6.6 per cent).

Staff costs climbed by 4.3 per cent to EUR 97m. This is largely due to higher retirement benefit expenses and one-off restructuring costs in connection with the SCORE earnings improvement programme. The companies in the Logistics segment had an average of 4,512 employees in the reporting period (–2.0 per cent).

Depreciation and amortisation went down by 56.3 per cent to EUR 7m. This was mainly because depreciation of further MD-11 freighters had come to an end.

Other operating expenses contracted by 21.4 per cent to EUR 55m, owing primarily to lower agency commissions.

In the reporting period, the Logistics segment generated an operating result of EUR 27m, which is higher than the previous year’s figure of EUR 20m.

Other segment income and expenses remained low. The segment result was EUR 31m (previous year: EUR 26m). This includes a result from equity investments of EUR 3m (previous year: EUR 5m) from subsidiaries accounted for using the equity method.

Segment capital expenditure went up to EUR 61m in the reporting period (previous year: EUR 34m). The rise was due largely to the down payments for five Boeing 777F aircraft as well as investment in IT applications.

Forecast Lufthansa Cargo still expects demand to recover notably and tonnage to increase again in the second half of the year. In this market environment, the company will continue to pursue its successful strategy of managing capacity in line with demand and so support load factors and average yields. Strict cost management will remain in force and be further backed by the implementation of numerous measures as part of the SCORE programme.

For the financial year 2013, Lufthansa Cargo still expects an operating profit in the three-digit million euro range. An increase on the previous year’s result is anticipated.

Trends in traffic regions Lufthansa Cargo

	Net traffic revenue in €m external revenue*		Freight/mail in thousand tonnes		Available cargo tonne- kilometres in millions		Revenue cargo tonne- kilometres in millions		Cargo load factor in %	
	Jan.–March 2013	Change in %	Jan.–March 2013	Change in %	Jan.–March 2013	Change in %	Jan.–March 2013	Change in %	Jan.–March 2013	Change in pts
Europe	57	–5.0	139	–7.7	151	–14.1	81	–7.1	53.3	4.0
America	249	–2.0	123	–7.0	1,246	–4.8	897	–3.8	72.0	0.7
Asia/Pacific	223	–16.8	102	–11.2	1,119	–11.0	860	–8.6	76.8	2.0
Middle East/Africa	51	0.0	36	7.4	306	0.2	177	–2.2	57.9	–1.4
Total	580	–8.4	399	–7.2	2,823	–7.4	2,016	–5.9	71.4	1.1

* Not including Extracharter.

MRO business segment

Key figures MRO

		Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	994	1,026	-3.1
of which with companies of the Lufthansa Group	€m	368	430	-14.4
Operating result	€m	81	65	24.6
Segment result	€m	91	78	16.7
EBITDA*	€m	100	116	-14.1
Segment capital expenditure	€m	11	33	-66.7
Employees as of 31.3.	number	20,048	20,423	-1.8

* Before profit/loss transfer from other companies.

Segment structure and course of business The Lufthansa Technik group includes 33 technical maintenance operations around the world, including the headquarters in Hamburg. Lufthansa Technik AG holds direct and indirect stakes in 55 companies. In the first half-year, the Lufthansa Technik group will be expanded to include a joint venture with the management consultants McKinsey & Company to offer advisory services on process optimisation.

The market for maintenance, repair and overhaul (MRO) services was stable overall in the first quarter. The key challenges for Lufthansa Technik are the financial and earnings situation of the airline industry, which remain tight, as well as the global expansion of MRO capacities in a consolidating market. Various efficiency and productivity programmes are being pursued as part of the Group-wide SCORE programme, including both measures across the Group and specific activities in the areas of engines and components. Thanks to these initiatives, the result for the first quarter was higher than a year ago, although revenue fell slightly.

Products Its broad product portfolio makes Lufthansa Technik the global market leader in MRO services for civilian commercial aircraft. In the area of component maintenance, work began in March to supply components for the entire Scandinavian Airlines (SAS) fleet as part of a Total Component Support contract. The aircraft maintenance unit in Frankfurt started work for Airbus during special idle periods to repair the wings on the Lufthansa A380 fleet. The aircraft overhaul unit is refitting the long-haul fleet for its main customer, Lufthansa Passenger Airlines, with the installation of the new First Class.

Operating performance In the first quarter, Lufthansa Technik signed some 76 new contracts with a volume of EUR 169m for 2013, further adding to the number of customers and aircraft

serviced compared with last year. Notable sales successes in the reporting period included the contract to overhaul the thrust reversers for the entire Etihad fleet for the next eleven years, a contract with Airbus for the repair of 12 Qantas A380s at Lufthansa Technik Philippines in Manila and a five-year contract with the Russian carrier Rossiya Airlines for the supply of components for up to 25 A320 aircraft. Furthermore, an agreement was reached with Germanwings on technical support for the aircraft transferred from Lufthansa Passenger Airlines. At Lufthansa Technik, all administrative functions and processes were examined as part of the Group-wide SCORE programme. In the course of the actions that now have to be taken, the aim by 2015 is to cut 650 jobs by eliminating duplications, pooling activities and making processes more efficient, thereby cutting the costs of administration substantially. More than one hundred other steps to increase productivity are also being pursued by Lufthansa Technik as part of SCORE. Various projects are working on concepts to increase revenue.

Revenue and earnings development Revenue in the first quarter was down slightly on the year at nearly EUR 1bn (-3.1 per cent). Although revenue with Group companies declined by 14.4 per cent to EUR 368m, largely as a result of consolidation effects, external revenue increased by 5.0 per cent to EUR 626m and other operating income by 18.6 per cent to EUR 51m. Total operating expenses sank by 4.0 per cent to EUR 964m. The cost of materials and services was reduced to EUR 475m (-8.1 per cent) as less material and external production services were used. Staff costs also declined by 0.7 per cent, mainly because the average number of employees went down by 1.8 per cent to 20,048. Depreciation and amortisation came to EUR 24m (+4.3 per cent). Other expenses went up year on year, primarily due to exchange rate movements. Lufthansa Technik generated an operating profit of EUR 81m in the reporting period (previous year: EUR 65m). Other segment income fell slightly to EUR 8m, while the result of the equity valuation decreased to EUR 2m. Overall, Lufthansa Technik reported a segment result of EUR 91m (+16.7 per cent). Segment capital expenditure came to EUR 11m (EUR -22m). At the home base in Hamburg, work started on a new building for workshops, central materials technology and offices, which is due for completion in spring 2014.

Forecast With the support of the cost-cutting and sales measures taking place with SCORE, Lufthansa Technik is still expecting moderate increase in revenue and stable earnings compared with last year. This remains subject to the fundamental condition of a stable development of the airline industry.

Catering business segment

Key figures Catering

		Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	569	568	0.2
of which with companies of the Lufthansa Group	€m	136	131	3.8
Operating result	€m	3	–6	–
Segment result	€m	1	–5	–
EBITDA*	€m	8	9	–10.0
Segment capital expenditure	€m	19	10	90.0
Employees as of 31.3.	number	30,254	29,481	2.6

* Before profit/loss transfer from other companies.

Segment structure and course of business The LSG Sky Chefs group consists of 151 companies and is represented at more than 200 airports in 52 countries. The parent company for the group, LSG Lufthansa Service Holding AG, is based in Neu-Isenburg. The group of consolidated companies was expanded by a total of three companies compared with the first quarter of 2012. New companies in Finland, Spain, England, Russia and Ireland were offset by the sale of an equity investment in Malaysia and a merger in Germany. In January, the company completed the sale of its minority stake in two catering facilities in Kuala Lumpur and Penang, Malaysia. A presence at these two sites will nevertheless be maintained as part of a technical cooperation agreement. In the course of the ongoing restructuring of the loss-making German business, the plants in Paderborn, Nuremberg and Münster/Osnabrück were closed in March. LSG Sky Chefs' services at these sites will still be ensured via an external service provider. Talks with the trade union on a new wage agreement for the German sites are at an advanced stage. Passenger volumes grew moderately in the first three months of 2013, but with significant regional variations. LSG Sky Chefs expanded its business in all regions compared with last year. The company reported an operating result for the first quarter of EUR 3m.

Products LSG Sky Chefs is acknowledging the increasing importance of the in-flight sales process for airlines by offering complete solutions in this segment together with Retail in Motion. The range of services includes IT solutions for the entire process chain through to final sales, as well as various analysis options.

Operating performance A large number of new customer contracts were signed and existing arrangements renewed in the first quarter. LSG Sky Chefs participates in existing customers' growth when they expand their route networks, with Etihad in Washington and Sao Paulo, for instance, or American Airlines in Düsseldorf and Seoul. Important contracts were renewed with Emirates, United/Continental, Jet Airways, TAP and Transaero.

Revenue and earnings development Revenue in the Catering segment was virtually unchanged year on year at EUR 569m for the first three months. No major exchange rate effects were reported. Changes in the group of included business operations meant that revenue fell by EUR 20m, but this was recouped by real revenue growth. The former business in the United Kingdom was brought into a joint venture, while new companies were consolidated in Finland and Angola. External revenue fell to EUR 433m (–0.9 per cent). Internal revenue rose by 3.8 per cent to EUR 136m. Other operating income was slightly (EUR –1m) down on the previous year at EUR 22m. This left total operating income unchanged at EUR 591m. At EUR 588m, total operating expenses were 1.5 per cent lower than in the same period last year. The cost of materials and services declined by 3.5 per cent to EUR 249m, largely due to changes in the group of consolidated companies.

In the first three months, LSG Sky Chefs group had an average of 30,254 employees, 2.6 per cent more than in the first quarter a year ago. This, plus the restructuring expenses in Germany, drove staff costs up by 4.2 per cent to EUR 224m. Depreciation and amortisation was stable year on year at EUR 16m. Other operating expenses declined to EUR 99m (–8.3 per cent), primarily due to reduced costs for outside staff. LSG Sky Chefs posted an operating profit of EUR 3m for the first three months of 2013 (previous year: loss of EUR 6m). The balance of other segment income and expense was roughly zero, as last year. The result of the equity valuation fell by EUR 3m compared with last year to EUR –2m. The segment result for LSG Sky Chefs was therefore EUR 1m altogether (previous year: EUR –5m). Segment capital expenditure was EUR 9m up on the same period in the previous year at EUR 19m.

Forecast Due to the changes in the group of consolidated companies, LSG Sky Chefs is now only expecting revenue for the full year 2013 to be on par with last year. Adjusted for the consolidation changes, the company anticipates moderate growth in airline catering and further expansion in neighbouring markets. The activities introduced as part of the SCORE programme are being pursued intensely. Initiatives to increase productivity are also ongoing in the core functions of purchasing, product development, production and sales. For 2013, LSG Sky Chefs is still expecting the operating result to increase compared with last year.

IT Services business segment

Key figures IT Services

		Jan. – March 2013	Jan. – March 2012	Change in %
Revenue	€m	150	146	2.7
of which with companies of the Lufthansa Group	€m	87	87	0.0
Operating result	€m	3	4	-25.0
Segment result	€m	2	4	-50.0
EBITDA*	€m	11	13	-15.4
Segment capital expenditure	€m	6	6	0.0
Employees as of 31.3.	number	2,731	2,800	-2.5

* Before profit/loss transfer from other companies.

Segment structure and course of business Lufthansa Systems is an international IT provider and offers consultancy and IT services for selected industries. The company has a leading position in the global aviation industry. Lufthansa Systems offers its customers the whole spectrum of IT services and operates a global network of data centres. Its customer base includes some 300 airlines and more than 150 companies from other industries. In addition to its head office in Kelsterbach and several sites in Germany, Lufthansa Systems has international offices in 16 countries. The company consolidated last year's performance in the first quarter. Revenue and result were roughly the same as last year.

Products Lufthansa Systems' range of services includes consultancy, development, implementation and operation of sector solutions for companies in all industries. Its portfolio covers all the business processes of an airline. Lufthansa Systems is also a certified SAP partner. Cloud computing, mobile solutions and other innovative concepts have a special place in the company's service portfolio. Key examples include the wireless in-flight entertainment system BoardConnect, as well as Velimo, the first fully integrated guest service platform for the hospitality industry.

Operating performance In the reporting period, Lufthansa Systems again expanded its customer base in the Airline Solutions and Industry Solutions segments. Jetstar Asia became the first customer in Asia for the Lido/iRouteManual. Other airlines that in the first quarter decided to adopt this advanced navigation solution from Lufthansa Systems included Iberia, Golden Myanmar, Libyan Airlines and the Turkish cargo airline ATC Airlines. Another new customer is the low-cost carrier Norwegian Air Shuttle, which is buying a comprehensive IT package from Lufthansa Systems.

The Industry Solutions segment extended its established partnership with E.ON and Vattenfall with new projects. Other orders came from the adidas Group and the Hamburg-based trading company Jebesen & Jessen. In future, the public transport provider Mainzer Verkehrsgesellschaft (MVG) will use the modern, integrated eTicketing system Patris from Lufthansa Systems to sell its tickets.

Revenue and earnings development At the close of the first quarter of the current year, Lufthansa Systems had generated revenue of EUR 150m, an increase of 2.7 per cent compared with last year. The revenue growth stemmed largely from customers outside the Lufthansa Group. Revenue from external markets rose to EUR 63m (previous year: EUR 59m). Revenue from Lufthansa Group companies was stable year on year at EUR 87m (previous year: EUR 87m). Other operating income increased to EUR 6m in the reporting period (previous year: EUR 4m). The rise is mainly due to exchange rate movements. Total operating income went up to EUR 156m (previous year: EUR 150m). Due to the technology shift towards abstract IT infrastructures (cloud computing), the cost of materials and services climbed to EUR 28m (previous year: EUR 17m).

The number of employees fell to 2,731 in the reporting period (previous year: 2,800). Staff costs went up to EUR 63m due to higher expenses for partial retirement and severance pay. Depreciation and amortisation on property, plant and equipment plus intangible assets came to EUR 9m (previous year: EUR 9m). Other operating expenses fell to EUR 53m, EUR 8m less than a year ago. Total operating expenses came to EUR 153m (previous year: EUR 146m). The operating result was roughly unchanged at EUR 3m (previous year: EUR 4m). Capital expenditure on intangible assets and property, plant and equipment came to EUR 6m in the reporting period (previous year: EUR 6m).

Forecast The contracts signed in the first quarter and the implementation of projects as part of the Group's SCORE programme contributed to Lufthansa Systems' continued positive performance. Although the macroeconomic situation remains tense, revenue growth is expected to be moderate and further improvements in profitability are still anticipated for the current financial year. The bulk of growth will come from business with customers outside the Group.

Other

Other

		Jan. – March 2013	Jan. – March 2012	Change in %
Total operating income	€m	351	348	0.9
Operating result	€m	–103	–5	
Segment result	€m	–96	–5	
EBITDA*	€m	–82	–11	
Segment capital expenditure	€m	2	3	–33.3
Employees as of 31.3.	number	3,967	4,047	–2.0

* Before profit/loss transfer from other companies.

Structure The segment Other includes the Service and Financial Companies which incorporate the Lufthansa Group's financial and service activities. These include AirPlus and Lufthansa Flight Training. The central Group functions of Deutsche Lufthansa AG are also assigned to this segment.

Companies' performance AirPlus felt the downturn in international business travel growth in the first quarter: billing revenue for the AirPlus business travel products was only 2 per cent higher than the figure for the first quarter of 2012. The number of transactions made by AirPlus customers worldwide was also 2 per cent higher than last year. This represents a sharp departure from considerably higher growth rates in the past. The operating result for the first quarter was on a par with last year at EUR 10m.

At Lufthansa Flight Training, the decline in demand is mainly affecting Safety and Service Training, because Lufthansa Passenger Airlines is currently suspending basic flight attendant training. In March, a new, full-flight simulator belonging to Swiss Aviation Training (S.A.T.) arrived at the Lufthansa Flight Training Center in Frankfurt. Lufthansa Flight Training is responsible for its technical support. Lufthansa Flight Training generated total operating income of EUR 43m in the first quarter (–8.5 per cent). The operating result of EUR 8m was down on last year (EUR –2m).

Some of the Group's financial back-office functions are to be outsourced to shared services centres. Negotiations with the co-determination bodies are currently under way. In February, the first areas to be affected by the transfer were notified of the impending closure.

Total operating income for the Group functions was 8.4 per cent up on the year at EUR 193m. The operating result came in at EUR –123m (previous year: EUR –29m). This stems from an increase in operating expenses to EUR 316m (previous year: EUR 207m). Restructuring projects as part of SCORE and exchange rate losses are responsible for the rise.

Revenue and earnings development The reporting period was marked by the non-recurring expenses in connection with SCORE which are allocated to this segment. Total operating income rose slightly to EUR 351m (previous year: EUR 348m), while operating expenses climbed sharply by 28.6 per cent to EUR 454m (previous year: EUR 353m). This produced an operating result for the segment of EUR –103m (previous year: EUR –5m).

Risk and opportunities report

As an international aviation company the Lufthansa Group is exposed to macroeconomic, sector-specific and Company risks. These are primarily market and competition risks which affect capacity and load factors. They are flanked by political risks, operational and collective bargaining risks, legal risks and contingencies, procurement risks, IT risks and financial and treasury risks.

The Lufthansa Group's permanently updated management systems make it possible to identify both risks and opportunities at an early stage and act accordingly. For further information on the risk and opportunity management system and the Lufthansa Group's risk situation, please see from [p. 104](#) of the Annual Report 2012.

In the first three months of 2013, the risks and opportunities for the Group described in detail in the annual report have materialised or developed as follows.

The sovereign debt crisis in Europe still represents a considerable risk to macroeconomic developments. Other risk factors that could have an adverse effect on global economic growth and on air traffic include persistent political gridlock in the USA, the current North Korean crisis, potential overheating on the Chinese property market, a change in travel patterns brought about by an outbreak of a disease such as bird flu in Asia or terrorist attacks like that which recently struck the USA. So far, global passenger air traffic has not been affected by these risk factors. The airlines in the Lufthansa Group improved their load factors compared with last year by means of active capacity management.

Crude oil and kerosene prices are lower than last year. Fuel prices remain highly volatile, however. They are influenced by geopolitical crises in addition to macroeconomic demand. A price increase can therefore not be ruled out. Despite the existing hedges, any such increase would weigh heavily on the airlines' fuel bills.

In April 2013, the European Parliament confirmed the implementation of the proposal put forward by the European Commission in November 2012 to restrict the scope of emissions trading for 2012 to flights departing from and arriving in the EU or EFTA. The decision to include Switzerland in the reduced scope of emissions trading is still open to debate.

Challenges, from negotiations over a balance of interests through to strikes, must also be expected to increase as the structural changes to the Lufthansa Group are systematically implemented in the course of the SCORE programme.

Considering the macroeconomic situation and all other known issues and circumstances, there are currently no identifiable developments which could endanger the Group's continued existence.

Supplementary report

There was once again a warning strike on 22 April 2013, which resulted in considerable flight restrictions in spite of an offer made by the Lufthansa Group during the ongoing wage negotiations with the trade union ver.di for ground staff at the Lufthansa Group in Germany. Nearly all of Lufthansa's domestic and European flights had to be cancelled. In all, some 150,000 passengers were affected by this industrial action. The wage negotiations continue.

Forecast

GDP development

in %	2013*	2014*	2015*	2016*	2017*
World	2.6	3.5	4.0	4.0	4.0
Europe	0.1	1.0	1.8	2.3	2.3
Germany	0.7	1.4	1.6	1.6	1.7
North America	1.9	2.8	3.2	2.8	2.8
South America	3.4	4.2	4.1	4.3	4.2
Asia/Pacific	4.8	5.6	6.0	5.8	5.7
China	8.1	8.3	8.5	8.4	7.9
Middle East	2.4	3.6	4.1	4.4	4.0
Africa	4.3	4.8	5.0	5.1	5.0

Source: Global Insight World Overview as of 15.4.2013.

* Forecast.

Macroeconomic outlook There are currently signs of hope for a further positive development of the global economy. They include the sustained recovery of the private sector in the USA and growth rates in a number of Northern European countries. For Brazil and India, there are also indications that growth in their respective economies will be higher than last year. Global economic growth of 2.6 per cent overall is expected in 2013.

Expected growth for Europe is predicted to be at 0.1 per cent. Again, it is primarily the economic performance of the countries in Southern Europe that leads to this small growth. For Belgium, France and the Netherlands positive economic growth is only anticipated in 2014. Germany, in contrast, is expected to see economic growth of 0.7 per cent in 2013.

Futures rates reveal the expectation of slightly falling oil prices. Overall, oil prices are likely to remain highly exposed to geopolitical developments, however. Volatile fuel costs should therefore be expected for the remainder of the year 2013.

The assumption is that the growth of the airline industry will continue in 2013. For the current year, IATA is predicting a profit for the industry of USD 10.6bn (previous year: USD 7.6bn).

Lufthansa Group The first three months of the financial year went well. Last year's result was maintained despite volatile markets, persistently high fuel costs and wide fluctuations in exchange rates. This was achieved despite the burden of one-off restructuring costs on the result.

In the Passenger Airline Group advance bookings and average yields show a stable development. Increasingly active capacity management will boost load factors, and an improvement in profitability is anticipated. At Lufthansa Cargo, general developments in demand in the second half of the year will have a decisive effect on the result. A generally stable trend is becoming apparent at the service companies.

For the full year 2013, the Lufthansa Group therefore still anticipates that revenue will be up on last year and that the operating result will be higher than that of EUR 524m reported for the 2012 financial year.

Especially as exchange rates remain highly volatile, the forecast is still subject to great uncertainty. In addition to general market trends, the ability to implement the restructuring of the Company promptly by means of the SCORE programme will be decisive.

Consolidated income statement

January – March 2013

in €m	Jan. – March 2013	Jan. – March 2012
Traffic revenue	5,337	5,349
Other revenue	1,291	1,270
Total revenue	6,628	6,619
Changes in inventories and work performed by entity and capitalised	34	45
Other operating income	541	516
Cost of materials and services	–4,102	–4,170
Staff costs	–1,787	–1,713
Depreciation, amortisation and impairment	–490	–463
Other operating expenses	–1,288	–1,192
Profit/loss from operating activities	–464	–358
Result of equity investments accounted for using the equity method	–10	–36
Result of other equity investments	6	13
Interest income	41	37
Interest expenses	–124	–134
Other financial items	–29	–16
Financial result	–116	–136
Profit/loss before income taxes	–580	–494
Income taxes	125	101
Profit/loss from continuing operations	–455	–393
Profit/loss from discontinued operations	0	2
Profit/loss after income taxes	–455	–391
Profit/loss attributable to minority interests	–4	–3
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	–459	–394
Basic/diluted earnings per share in €	–1.00	–0.86
of which from continuing operations	–1.00	–0.86
of which from discontinued operations	0.00	0.00

Statement of comprehensive income

January – March 2013

in €m	Jan. – March 2013	Jan. – March 2012
Profit/loss after income taxes	-455	-391
Other comprehensive income		
Other comprehensive income with subsequent reclassification to the income statement		
Differences from currency translation	11	-9
Subsequent measurement of available-for-sale financial assets	46	70
Subsequent measurement of cash flow hedges	159	-47
Other comprehensive income from investments accounted for using the equity method	-13	2
Other expenses and income recognised directly in equity	0	-1
Income taxes on items in other comprehensive income	-39	14
Other comprehensive income without subsequent reclassification to the income statement		
Actuarial gains and losses from defined benefit obligations	38	-244
Income taxes on items in other comprehensive income	-9	107
Other comprehensive income after income taxes	193	-108
Total comprehensive income	-262	-499
Comprehensive income attributable to minority interests	-4	-1
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	-266	-500

Consolidated balance sheet

as of 31 March 2013

Assets

in €m	31.3.2013	31.12.2012	31.3.2012	1.1.2012
Intangible assets with an indefinite useful life*	1,191	1,193	1,194	1,191
Other intangible assets	364	375	374	384
Aircraft and reserve engines	12,030	11,838	11,661	11,592
Repairable spare parts for aircraft	896	899	867	840
Property, plant and other equipment	2,057	2,081	2,102	2,118
Investments accounted for using the equity method	404	400	351	394
Other equity investments	466	413	938	898
Non-current securities	19	19	20	134
Loans and receivables	435	464	462	443
Derivative financial instruments	300	268	264	343
Deferred charges and prepaid expenses	21	25	22	24
Effective income tax receivables	52	52	61	60
Deferred tax assets	857	755	414	152
Non-current assets	19,092	18,782	18,730	18,573
Inventories	655	639	636	620
Trade receivables and other receivables	4,223	3,595	4,308	3,449
Derivative financial instruments	262	215	478	414
Deferred charges and prepaid expenses	150	151	178	171
Effective income tax receivables	92	101	113	128
Securities	3,579	3,530	3,253	3,111
Cash and cash equivalents	1,596	1,436	915	887
Assets held for sale	79	110	817	686
Current assets	10,636	9,777	10,698	9,466
Total assets	29,728	28,559	29,428	28,039

* Including goodwill.

Shareholders' equity and liabilities

in €m	31.3.2013	31.12.2012	31.3.2012	1.1.2012
Issued capital	1,177	1,177	1,172	1,172
Capital reserve	1,382	1,382	1,366	1,366
Retained earnings	1,194	-63	1,341	1,483
Other neutral reserves	1,219	1,055	1,655	1,624
Net profit/loss	-459	1,228	-394	-13
Equity attributable to shareholders of Deutsche Lufthansa AG	4,513	4,779	5,140	5,632
Minority interests	64	60	82	95
Shareholders' equity	4,577	4,839	5,222	5,727
Pension provisions	5,914	5,844	5,053	4,733
Other provisions	627	582	617	574
Borrowings	4,967	5,947	5,855	5,808
Other financial liabilities	235	198	146	128
Advance payments received, deferred income and other non-financial liabilities	1,160	1,163	1,165	1,156
Derivative financial instruments	171	150	99	55
Deferred tax liabilities	106	94	89	92
Non-current provisions and liabilities	13,180	13,978	13,024	12,546
Other provisions	911	894	742	801
Borrowings	1,896	963	436	616
Trade payables and other financial liabilities	4,510	4,231	4,769	4,227
Liabilities from unused flight documents	3,613	2,612	3,320	2,359
Advance payments received, deferred income and other non-financial liabilities	945	933	986	939
Derivative financial instruments	0	2	34	37
Effective income tax obligations	96	107	91	71
Liabilities related to assets held for sale	-	-	804	716
Current provisions and liabilities	11,971	9,742	11,182	9,766
Total shareholders' equity and liabilities	29,728	28,559	29,428	28,039

Consolidated statement of changes in shareholders' equity

as of 31 March 2013

	Issued capital	Capital reserve	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Other neutral reserves	Total other neutral reserves	Retained earnings	Net profit/loss	Equity attributable to shareholders of Deutsche Lufthansa AG	Minority interests	Total shareholders' equity
in €m												
As of 31.12.2011	1,172	1,366	766	322	193	343	1,624	3,800	-13	7,949	95	8,044
Change in accounting policies	-	-	-	-	-	-	-	-2,317	-	-2,317	-	-2,317
Adjusted as of 31.12.2011	1,172	1,366	766	322	193	343	1,624	1,483	-13	5,632	95	5,727
Capital increases/reductions	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-13	13	-	-	-
Dividends to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-	-	-6	-6
Transactions with minority interests	-	-	-	-	-	-	-	8	-	8	-8	-
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-394	-394	3	-391
Other expenses and income recognised directly in equity	-	-	37	-9	-	3	31	-137	-	-106	-2	-108
As of 31.3.2012	1,172	1,366	803	313	193	346	1,655	1,341	-394	5,140	82	5,222
As of 31.12.2012	1,177	1,382	169	317	236	332	1,054	3,635	990	8,238	60	8,298
Change in accounting policies	-	-	-	1	-	-	1	-3,698	238	-3,459	-	-3,459
Adjusted as of 31.12.2012	1,177	1,382	169	318	236	332	1,055	-63	1,228	4,779	60	4,839
Capital increases/reductions	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	1,228	-1,228	-	-	-
Dividends to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-459	-459	4	-455
Other expenses and income recognised directly in equity	-	-	166	11	-	-13	164	29	-	193	-	193
As of 31.3.2013	1,177	1,382	335	329	236	319	1,219	1,194	-459	4,513	64	4,577

Consolidated cash flow statement

January – March 2013

in €m	Jan. – March 2013	Jan. – March 2012
Cash and cash equivalents 1.1.	1,436	887
Net profit/loss before income taxes	–580	–494
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	490	463
Depreciation, amortisation and impairment losses on repairable spare parts for aircraft (net of reversals)	16	25
Net proceeds on disposal of non-current assets	–1	–4
Result of equity investments	4	23
Net interest	83	97
Income tax payments/reimbursements	–19	–13
Measurement of financial derivatives through profit or loss	29	15
Change in working capital ¹⁾	954	776
Cash flow from continuing operations	976	888
Cash flow from discontinued operations		–55
Cash flow from operating activities	976	833
Capital expenditure for property, plant and equipment and intangible assets	–699	–583
Capital expenditure for financial investments	–7	–9
Increase/decrease in repairable spare parts for aircraft	–9	–55
Proceeds from disposal of non-consolidated equity investments	0	0
Proceeds from disposal of consolidated equity investments	0	0
Cash outflows for acquisitions of non-consolidated equity investments	–12	0
Cash outflows for acquisitions of consolidated equity investments	0	0
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	84	223
Interest income	123	116
Dividends received	7	15
Net cash from / used in investing activities	–513	–293
of which from discontinued operations		38
Purchase of securities/fund investments	–332	–383
Disposal of securities/fund investments	265	225
Net cash from / used in investing and cash management activities	–580	–451
of which from discontinued operations		38
Capital increase	–	–
Borrowing	87	211
Repayment of borrowing	–164	–306
Dividends paid	–	–6
Interest paid	–156	–167
Net cash from / used in financing activities	–233	–268
of which from discontinued operations		–5
Net increase / decrease in cash and cash equivalents	163	114
Changes due to currency translation differences	–3	2
Cash included in assets held for sale	–	–88
Cash and cash equivalents 31.3.	1,596	915
Securities	3,579	3,253
Total liquidity	5,175	4,168
Net increase/decrease in total liquidity	209	170

¹⁾ Working capital consists of inventories, receivables, liabilities and provisions.

Notes

1) Standards applied and changes in the group of consolidated companies

The consolidated financial statements of Deutsche Lufthansa AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRIC) as applicable in the European Union (EU). This interim report as of 31 March 2013 has been prepared in condensed form in accordance with IAS 34. In preparing the interim financial statements the standards and interpretations applicable as of 1 January 2013 have been applied. In accordance with the revised version of IAS 19 Employee Benefits (revised in 2011, IAS 19R), effective as of 1 January 2013, actuarial gains and losses, after accounting for deferred taxes, will be recognised in future as revaluations directly in equity, without effect on profit and loss. The 10-per cent corridor

rule previously used in the Lufthansa Group to avoid annual fluctuations in the balance sheet is no longer allowed. Changes in the discount rate used to measure pension obligations and, for funded pension plans, fluctuations in the market value of plan assets, can, in particular, result in considerable, unpredictable fluctuations in the balance sheet and shifts between equity and liabilities. For funded pension plans, the same interest rate chosen to determine interest expenses and measure pension obligations is also to be used to calculate interest income from plan assets. Defining a uniform interest rate will alter the net interest expense for pension obligations. Furthermore, the revised IAS 19 includes new rules on the meaning of “short-term” and “other long-term benefits”. These amendments affected the time at which obligations under partial retirement and similar programmes are recognised in profit or loss and therefore the corresponding balance sheet amounts. The change meant that as of 1 January 2013, pension obligations and other provisions under partial retirement and similar programmes went up by a total of EUR 3.8bn compared with year-end 2012, deferred tax assets rose by EUR 711m,

Changes in the group of consolidated companies in the period 1.4.2012 to 31.3.2013

Name, registered office	Additions	Disposals	Reason
Passenger Airline Group segment			
Empyrée S.A.S., Paris, France	25.4.12		Established
Gabriela Finance 2012 Limited, Dublin, Ireland	27.9.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 15, Salzburg, Austria	10.8.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 16, Salzburg, Austria	10.8.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 17, Salzburg, Austria	10.8.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 18, Salzburg, Austria	10.8.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 19, Salzburg, Austria	10.8.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 20, Salzburg, Austria	10.8.12		Established
Lufthansa Leasing Austria GmbH & Co. OG Nr. 21, Salzburg, Austria	10.8.12		Established
NBB Koblenz Lease Co., Ltd., Tokyo, Japan	26.10.12		Established
NBB Rhine Valley Lease LLC, Tokyo, Japan	26.10.12		Established
British Midland Airways Ltd., Donington Hall, United Kingdom		19.4.12	Disposal
British Midland Ltd., Donington Hall, United Kingdom		19.4.12	Disposal
Lauda Air Luftfahrt GmbH, Wien, Austria		20.9.12	Fusion
Lufthansa Italia S.p.A., Mailand, Italy		26.3.13	Liquidation
Lufthansa Leasing Austria GmbH & Co. OG Nr. 2, Salzburg, Austria		28.2.13	Merger
Catering segment			
LSG Sky Chefs Finland Oy, Vantaa, Finland	1.8.12		Acquisition of control
LSG Sky Chefs TAAG Angola S.A., Luanda, Angola	1.9.12		Acquisition of control
Retail in Motion (International) Limited, Dublin, Ireland	6.2.13		Acquisition
LSG Sky Chefs Hannover GmbH, Neu-Isenburg, Germany		22.1.13	Merger
Other			
Lufthansa AITH Beteiligungs GmbH, Cologne, Germany	23.8.12		Consolidated for the first time
Lufthansa Asset Management GmbH, Frankfurt am Main, Germany	27.4.12		Established
Lufthansa Leasing Austria 1. Beteiligungs GmbH, Salzburg, Austria	1.6.12		Increase of shareholding
Lufthansa AITH Beteiligungs GmbH, Cologne, Germany		1.1.13	Discontinuation of operations

deferred tax liabilities declined by EUR 148m and Group equity decreased by EUR 3.5bn. Furthermore, other assets fell by EUR 571m. Without the delayed recognition of actuarial losses and the recognition of past service expenses on a pro rata basis, service expenses would have been EUR 23m lower in the first quarter of 2012. Staff costs in the first quarter of 2012 would have been EUR 2m higher without the change in accounting for early retirement and similar programmes. By contrast, net interest expense for the same quarter last year would have been around EUR 14m higher as a result of adjusting forecast plan income to the discount rate applied at the beginning of the year. Altogether, if the new IAS 19R had been applied in the first quarter of 2012, profit before income taxes would have been EUR 7m higher. Profit after income taxes would have been EUR 3m higher.

IFRS 13 Fair Value Measurement, which is to be applied prospectively as of 1 January 2013, describes how fair value is to be measured for all IFRS reporting standards and extends the disclosures to be made on fair value measurement, but does not stipulate in which cases fair value is to be used. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of a liability therefore reflects its default risk, i.e. the entity's own credit risk. IFRS 13 stipulates the market conditions under which fair value measurement is possible or restricted and explains that measurement is made with reference to specific markets and not to specific companies. For non-financial assets, fair value is to be measured on the basis of the "highest and best use" of the asset from the perspective of a market participant. For the disclosures resulting from the first-time application of IFRS 13, we refer to Section 5) "Financial instruments and financial liabilities".

2) Notes to the income statement, balance sheet, cash flow statement and segment reporting

Assets held for sale

in €m	Group 31.3.2013	Financial statements 31.12.2012	Group 31.3.2012
Assets			
Aircraft and reserve engines	75	105	206
Financial assets	–	1	43
Other assets	4	4	568
Equity / liabilities associated with assets held for sale			
Shareholders' equity	–	–	–
Liabilities	–	–	804

Discontinued operations and assets held for sale

The British Midland Group represented a separate cash-generating unit within the Passenger Airline Group segment of the Lufthansa Group. It was therefore a separate line of business within the meaning of IFRS 5, to which clearly defined cash flows were attributed for operating and accounting purposes. As a result of the contract for the sale of British Midland Ltd. (bmi) to International Consolidated Airlines Group, S.A. (IAG) signed by Deutsche Lufthansa AG and IAG on 22 December 2011, British Midland Ltd. was presented in the Group's income statement and consolidated financial statements for 2011 and 2012 as a discontinued operation in line with IFRS 5. This form of presentation applied to the after-tax result for bmi for the first quarter of 2012 and to changes in the valuation or proceeds of disposal for the discontinued operation compared with the 2011 financial statements, which in this case were the proceeds of the aforementioned contractual agreement.

The following table shows the result of the discontinued operations at British Midland Group:

in €m	Jan. – March 2013	Jan. – March 2012
Income	–	186
Expenses	–	–255
Current result from discontinued operations before taxes	–	–70
Taxes on income and earnings for discontinued operations	–	13
Current result from discontinued operations after taxes	–	–57
Valuation / disposal proceeds from discontinued operations	–	68
Taxes on valuation / disposal proceeds	–	–9
Valuation / disposal proceeds from discontinued operations after taxes	–	59
Result from discontinued operations	–	2

Detailed comments on the income statement, the balance sheet, the cash flow statement and the segment reporting can also be found in the management report on [p. 3–21](#).

3) Seasonality

The Group's business is mainly exposed to seasonal effects via the Passenger Airline Group segment. As such, revenue in the first and fourth quarters is generally lower as people travel less, while higher revenue and operating profits are normally earned in the second and third quarters.

4) Contingencies and events after the balance sheet date

Contingent liabilities		
in €m	31.3.2013	31.12.2012
From guarantees, bills of exchange and cheque guarantees	943	922
From warranty contracts	941	925
From providing collateral for third-party liabilities	41	43
Legal risks	72	73
Other contingent liabilities	77	76

Several provisions could not be made because an outflow of resources was not sufficiently probable. The potential financial effect of these provisions on the result would have been EUR 149m for subsequent years. As of the year-end 2012 reporting date the figure also came to EUR 149m. Contracts signed at the end of 2012 for the sale of three Boeing 737-800s and two Avro RJ 85s resulted in profits for the first quarter of 2013 of EUR 4m and cash inflows of EUR 55m.

Signed contracts for the sale of one Boeing 747-400, two Boeing 737-800s and five ATRs are expected to generate profits of EUR 4m and cash inflows of EUR 55m by the end of the year. At the end of March 2013, there were order commitments of EUR 5.3bn for capital expenditure on property, plant and equipment and intangible assets. As of 31 December 2012, the order commitments came to EUR 5.7bn. We refer to the comments on [p. 21](#) of the management report for events after the balance sheet date.

5) Financial instruments and financial liabilities

Financial instruments

The following table shows financial assets and liabilities held at fair value by level of fair value hierarchy. The levels are defined as follows:

Level 1: Financial instruments traded on active markets for which the unchanged quoted prices are taken for measurement.

Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.

Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

Assets 31.3.2013

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Financial derivatives classified as held for trading	–	275	–	275
Current securities	–	0*	0*	0*
Total financial assets through profit and loss	–	275	0*	275
Derivative financial instruments which are an effective part of a hedging relationship				
	–	287	–	287
Available-for-sale financial assets				
Equity instruments	615	–	–	615
Debt instruments	1,127	2,098	4	3,229
	1,742	2,098	4	3,844
Total assets	1,742	2,660	4	4,406

* Rounded below EUR 1m.

Liabilities 31.3.2013

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	–	158	–	158
Derivative financial instruments which are an effective part of a hedging relationship	–	13	–	13
Total liabilities	–	171	–	171

* Rounded below EUR 1m.

As of 31 December 2012, the fair value hierarchy for assets and liabilities held at fair value was as follows:

Assets 31.12.2012

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Financial derivatives classified as held for trading	–	239	–	239
Current securities	–	0*	0*	0*
Total financial assets through profit and loss	–	239	0*	239
Derivative financial instruments which are an effective part of a hedging relationship				
	–	244	–	244
Available-for-sale financial assets				
Equity instruments	560	–	–	560
Debt instruments	951	2,175	61	3,187
	1,511	2,175	61	3,747
Total assets	1,511	2,658	61	4,230

* Rounded below EUR 1m.

Liabilities 31.12.2012

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	–	92	–	92
Derivative financial instruments which are an effective part of a hedging relationship	–	60	–	60
Total liabilities	–	152	–	152

* Rounded below EUR 1m.

The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account. Currency futures and swaps are individually discounted to the balance sheet date based on their respective futures rates and the appropriate interest rate curve. The market prices of currency options and the options used to hedge fuel prices are determined using acknowledged option pricing models.

The fair values of debt instruments correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account.

The carrying amount for cash, trade receivables and other receivables, trade payables and other liabilities is assumed to be a realistic estimate of the fair value.

Additional disclosures on financial assets in Level 3

in €m	1.1.2013	Recognised in result for the period	Change in market value recognised in equity	Additions/ disposals/ reclassifications	31.3.2013
Financial assets at fair value through profit or loss	0*	–	–	–	0*
Available-for-sale financial assets	61	0*	0*	–57	4
Total	61	0*	0*	–57	4

* Rounded below EUR 1m.

Financial liabilities

The following table shows the carrying amounts and market values for individual classes of financial liabilities. The market values given for the bonds are their quoted prices. The market values for other types of financial liability have been calculated using the applicable interest rates for the remaining term to maturity and repayment structures at the balance sheet date based on available market information (Reuters).

Financial liabilities

in €m	31.3.2013		31.12.2012	
	Carrying amount	Market value	Carrying amount	Market value
Bonds	2,309	2,466	2,312	2,563
Liabilities to banks	1,456	1,473	1,507	1,555
Leasing liabilities and other loans	3,098	3,307	3,091	3,372
	6,863	7,246	6,910	7,490

6) Earnings per share

		31.3.2013	31.3.2012
Basic earnings per share	€	-1.00	-0.86
Consolidated net profit/loss	€m	-459	-394
Weighted average number of shares		459,946,960	457,937,292
Diluted earnings per share	€	-1.00	-0.86
Consolidated net profit/loss	€m	-459	-394
+ interest expenses on the convertible bonds	€m	0	0
- current and deferred taxes	€m	0	0
Adjusted net profit/loss for the period	€m	-459	-394
Weighted average number of shares		459,946,960	457,937,292

7) Issued capital

A resolution passed at the Annual General Meeting on 24 April 2009 authorised the Executive Board until 23 April 2014, subject to approval by the Supervisory Board, to increase the issued capital by up to EUR 25m, by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. In order to issue new shares to employees of Deutsche Lufthansa AG and its

affiliated companies, the Executive Board of Deutsche Lufthansa AG decided on 28 August 2012 and 6 November 2012, with the approval of the Supervisory Board being given on 19 September 2012, to make use of the authorisation voted at the Annual General Meeting on 24 April 2009 (Authorised Capital B) and increase the Company's issued capital by EUR 1,552,791.04, excluding shareholders' subscription rights, by issuing 606,559 new registered shares with transfer restrictions and profit entitlement from 1 January 2012 for payment in cash. The capital increase was entered in the Commercial Register of Cologne District Court (HRB 2168) on 8 November 2012. In order to issue additional new shares to employees of Deutsche Lufthansa AG and its affiliated companies, the Executive Board decided on 19 September 2012, with the approval of the Supervisory Board being given on 19 September 2012, to increase the Company's issued capital by EUR 3,591,344.64, excluding shareholders' subscription rights, by issuing 1,402,869 new registered shares with transfer restrictions and profit entitlement from 1 January 2012 for payment in cash. The capital increase was entered in the Commercial Register of Cologne District Court (HRB 2168) on 24 September 2012. As of 31 December 2012, Authorised Capital B amounted to EUR 19,855,864.32. The Executive Board and Supervisory Board will propose the transfer of the entire distributable profit of EUR 296m to other retained earnings at the Annual General Meeting to be held on 7 May 2013.

8) Segment Reporting

Segment information by operating segment January–March 2013

in €m	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Total reportable operating segments	Other	Reconciliation	Group
External revenue	4,912	594	626	433	63	6,628	–	–	6,628
of which traffic revenue	4,646	580	–	–	–	5,226	–	111	5,337
Inter-segment revenue	157	5	368	136	87	753	–	–753	–
Total revenue	5,069	599	994	569	150	7,381	–	–753	6,628
Other operating income	303	20	51	22	6	402	351	–209	544
Total operating income	5,372	619	1,045	591	156	7,783	351	–962	7,172
Operating expenses	5,735	592	964	588	153	8,032	454	–955	7,531
of which cost of materials and services	3,579	433	475	249	28	4,764	26	–688	4,102
of which staff costs	998	97	301	224	63	1,683	105	–1	1,787
of which depreciation and amortisation	349	7	24	16	9	405	10	0	415
of which other operating expenses	809	55	164	99	53	1,180	313	–266	1,227
Operating result¹⁾	–363	27	81	3	3	–249	–103	–7	–359
Other segment income	13	1	8	0*	0*	22	7	2	31
Other segment expenses	84	0*	0*	0*	1	85	1	50	136
of which impairment losses	80	–	–	–	–	80	–	–	80
Result of investments accounted for using the equity method	–14	3	2	–2	–	–11	1	0	–10
Segment result²⁾	–448	31	91	1	2	–323	–96	–55	–474
Other financial result									–106
Profit/loss before income taxes									–580
Segment assets ³⁾	15,495	1,035	3,118	1,315	257	21,220	1,630	6,878	29,728
of which from investments accounted for using the equity method	35	66	191	106	–	398	6	–	404
Segment liabilities ⁴⁾	13,326	570	1,636	767	194	16,493	1,751	6,907	25,151
Segment capital expenditure ⁵⁾	611	61	11	19	6	708	2	8	718
of which on investments accounted for using the equity method	–	–	–	10	–	10	–	–	10
Employees on balance sheet date	55,004	4,512	20,048	30,254	2,731	112,549	3,967	0	116,516

* Rounded below EUR 1m.

¹⁾ See page 8 of the interim management report for reconciliation between operating result and profit from operating activities.

²⁾ Profit from operating activities including result of investments measured at equity.

³⁾ Intangible assets, property, plant and equipment, investments accounted for using the equity method, inventories, trade receivables and other assets constitute assets. Under the heading "Group" all assets are shown.

⁴⁾ All liabilities with the exception of financial debt, liabilities to Group companies, derivative financial instruments, other deferred income and tax obligations. Under the heading "Group" all liabilities are shown.

⁵⁾ Capital expenditure for intangible assets, property, plant and equipment, and investments accounted for using the equity method.

Segment information by operating segment January–March 2012

in €m	Passenger Airline Group	Logistics	MRO	Catering	IT Services	Total reportable operating segments	Other	Reconciliation	Group
External revenue	4,872	655	596	437	59	6,619	–	–	6,619
of which traffic revenue	4,607	633	–	–	–	5,240	–	109	5,349
Inter-segment revenue	168	7	430	131	87	823	–	–823	–
Total revenue	5,040	662	1,026	568	146	7,442	–	–823	6,619
Other operating income	233	14	43	23	4	317	348	–180	485
Total operating income	5,273	676	1,069	591	150	7,759	348	–1,003	7,104
Operating expenses	5,700	656	1,004	597	146	8,103	353	–993	7,463
of which cost of materials and services	3,627	477	517	258	17	4,896	25	–751	4,170
of which staff costs	971	93	303	215	59	1,641	73	–1	1,713
of which depreciation and amortisation	344	16	23	16	9	408	10	–	418
of which other operating expenses	758	70	161	108	61	1,158	245	–241	1,162
Operating result¹⁾	–427	20	65	–6	4	–344	–5	–10	–359
Other segment income	13	1	9	0*	0*	23	4	49	76
Other segment expenses	56	0*	0*	0*	0*	56	4	15	75
of which impairment losses	55	–	–	–	–	55	–	–	55
Result of investments accounted for using the equity method	–46	5	4	1	–	–36	0*	–	–36
Segment result²⁾	–516	26	78	–5	4	–413	–5	24	–394
Other financial result						–			–100
Profit/loss before income taxes						–			–494
Segment assets ³⁾	16,130	822	3,059	1,277	273	21,561	1,961	5,906	29,428
of which from investments accounted for using the equity method	32	58	175	80	–	345	6	–	351
Segment liabilities ⁴⁾	13,137	569	1,825	662	162	16,355	1,895	5,956	24,206
Segment capital expenditure ⁵⁾	492	34	33	10	6	575	3	14	592
of which on investments accounted for using the equity method	–	–	–	–	–	–	–	–	–
Employees on balance sheet date	55,845	4,602	20,423	29,481	2,800	113,151	4,047	3,700	120,898

* Rounded below EUR 1m.

¹⁾ See page 8 of the interim management report for reconciliation between operating result and profit from operating activities.

²⁾ Profit from operating activities including result of investments measured at equity.

³⁾ Intangible assets, property, plant and equipment, investments accounted for using the equity method, inventories, trade receivables and other assets constitute assets. Under the heading "Group" all assets are shown.

⁴⁾ All liabilities with the exception of financial debt, liabilities to Group companies, derivative financial instruments, other deferred income and tax obligations. Under the heading "Group" all liabilities are shown.

⁵⁾ Capital expenditure for intangible assets, property, plant and equipment, and investments accounted for using the equity method.

Figures by region January–March 2013

in €m	Europe	thereof Germany	North America	thereof U.S.A.	Central and South America	Asia/Pacific	Middle East	Africa	Total
Traffic revenue*	3,625	1,565	715	639	168	596	153	80	5,337
Other operating revenue	531	142	311	241	53	271	74	51	1,291
Total revenue	4,156	1,707	1,026	880	221	867	227	131	6,628

* Traffic revenue is allocated according to the original location of sale.

Figures by region January–March 2012

in €m	Europe	thereof Germany	North America	thereof U.S.A.	Central and South America	Asia/Pacific	Middle East	Africa	Total
Traffic revenue*	3,625	1,560	665	608	133	695	141	90	5,349
Other operating revenue	578	241	302	249	40	242	59	49	1,270
Total revenue	4,203	1,801	967	857	173	937	200	139	6,619

* Traffic revenue is allocated according to the original location of sale.

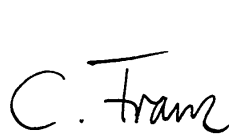
9) Related party disclosures

As stated in “**Note 49**” to the consolidated financial statements for 2012 from [p. 191](#), the operating segments in the Lufthansa Group render numerous services to related parties within the scope of their ordinary business activities and also receive services from them. These extensive supply and service relationships take place unchanged on the basis of market prices. There have been no significant changes in comparison with the balance sheet date. The contractual relationships with the group of related parties described in “**Note 50**” from [p. 193](#) of the 2012 consolidated financial statements also still exist unchanged, but are not of material significance for the Group.

Declaration by the legal representatives

We declare that to the best of our knowledge and according to the applicable accounting standards for interim reporting the consolidated interim financial statements give a true and fair view of the net assets, financial and earnings position of the Group and that the Group interim management report gives a true and fair view of the course of business, including the business result, and the situation of the Group, and suitably presents the opportunities and risks to its future development in the remainder of the financial year.

Executive Board, 30 April 2013



Christoph Franz
Chairman of the
Executive Board



Simone Menne
Member of the
Executive Board
Chief Financial Officer



Stefan Lauer
Member of the
Executive Board
Chief Officer Group Airlines and
Corporate Human Resources



Carsten Spohr
Member of the
Executive Board
Chief Officer Lufthansa
German Airlines

Credits

Published by

Deutsche Lufthansa AG
Von-Gablenz-Str. 2–6
50679 Cologne
Germany

Entered in the Commercial Register of
Cologne District Court under HRB 2168

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Concept, design and realisation

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ISSN 1616-0231

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The Lufthansa 1st Interim Report is a translation of the original German Lufthansa Zwischenbericht 1/2013. Please note that only the German version is legally binding.

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The latest financial information on the Internet:
www.lufthansagroup.com/investor-relations

Financial calendar 2013/2014

2013

- 7 May** Annual General Meeting in Cologne
- 2 Aug.** Release of Interim Report
January – June 2013
- 31 Oct.** Release of Interim Report
January – September 2013

2014

- 13 March** Press Conference and Analysts'
Conference on 2013 results
- 29 April** Annual General Meeting in Hamburg
- 6 May** Release of Interim Report
January – March 2014
- 31 July** Release of Interim Report
January – June 2014
- 30 Oct.** Release of Interim Report
January – September 2014

Disclaimer in respect of forward-looking statements

Information published in the 1st Interim Report 2013, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive historical facts. Its purpose is exclusively informational identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate” or “intend”. These forward-looking statements are based on all discernible information, facts and expectations available at the time. They can, therefore, only claim validity up to the date of their publication.

Since forward-looking statements are by their nature subject to uncertainties and imponderable risk factors – such as changes in underlying economic conditions – and rest on assumptions that may not or divergently occur, it is possible that the Group’s actual results and development may differ materially from those implied by the forecasts. Lufthansa makes a point of checking and updating the information it publishes. It cannot, however, assume any obligation to adapt forward-looking statements to accommodate events or developments that may occur at some later date. Accordingly, it neither expressly nor conclusively accepts liability, nor gives any guarantee for the actuality, accuracy and completeness of this data and information.

