



**What
drives us.**



**What
defines us.**



**How
we work.**

Focused on our way.

3rd Interim Report Jan. – Sept. 2014



Lufthansa Group overview

Key figures Lufthansa Group

		Jan. – Sept. 2014	Jan. – Sept. ³⁾ 2013	Change in %	July – Sept. 2014	July – Sept. ³⁾ 2013	Change in %
Revenue and result							
Total revenue	€m	22,624	22,767	-0.6	8,458	8,303	1.9
of which traffic revenue	€m	18,460	18,664	-1.1	6,994	6,884	1.6
Operating result	€m	849	663	28.1	735	590	24.6
EBIT	€m	844	616	37.0	762	694	9.8
EBITDA	€m	1,907	2,043	-6.7	1,129	1,183	-4.6
Net profit/loss for the period	€m	482	247	95.1	561	450	24.7
Key balance sheet and cash flow statement figures							
Total assets	€m	30,961	29,364	5.4	-	-	-
Equity ratio	%	15.2	19.1	-3.9 pts	-	-	-
Net indebtedness	€m	2,262	1,059	113.6	-	-	-
Cash flow from operating activities	€m	2,052	3,006	-31.7	308	690	-55.4
Capital expenditure (gross)	€m	2,235	1,896	17.9	687	544	26.3
Key profitability and value creation figures							
Adjusted operating margin ¹⁾	%	4.1	3.2	0.9 pts	9.0	7.4	1.6 pts
EBITDA margin	%	8.4	9.0	-0.6 pts	13.3	14.2	-0.9 pts
Lufthansa share							
Share price at the quarter-end	€	12.51	14.42	-13.2	-	-	-
Earnings per share	€	1.05	0.54	94.4	1.22	0.98	24.5
Traffic figures²⁾							
Passengers	thousands	81,152	79,784	1.7	31,266	30,311	3.2
Passenger load factor	%	80.6	80.3	0.3 pts	85.0	84.1	0.9 pts
Freight and mail	thousand tonnes	1,416	1,453	-2.5	482	489	-1.4
Cargo load factor	%	69.2	68.4	0.8 pts	67.3	66.6	0.7 pts
Available tonne-kilometres	millions	31,417	31,096	1.0	11,459	11,187	2.4
Revenue tonne-kilometres	millions	23,727	23,369	1.5	8,920	8,623	3.4
Overall load factor	%	75.5	75.2	0.3 pts	77.8	77.1	0.7 pts
Flights	number	762,883	779,727	- 2.2	271,494	277,333	- 2.1
Employees							
Employees as of 30.9.	number	119,023	117,610	1.2	119,023	117,610	1.2

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⁾ Previous year's figures have been adjusted due to IFRS 11.

Date of publication: 30 October 2014.

Contents

1	To our shareholders	39	Further information
3	Interim management report	40	Credits/Contact/ Financial calendar 2015
27	Interim financial statements		

Ladies and gentlemen,

The first nine months of the year have been very eventful for the Lufthansa Group.

Beginning in spring, we were confronted with massive strikes, which have had an adverse impact on our business. We were initially affected by the industrial action of staff outside of our Company, before the pilots at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo went on strike for three whole days in April. Our airlines were also confronted with an increasingly severe downturn in demand at this point, and the trend was exacerbated by the strikes. In June, the sharp falls in average yields obliged us to adjust our forecast for the full year.

Business in the summer was stable, although average yields remained weak. In the late summer, another series of strikes by the Vereinigung Cockpit pilots' union followed, which have eroded the trust of our customers as much as our earnings.

Under these difficult circumstances, the Lufthansa Group has achieved a reasonable result. In the last few months, in particular, we have been able to stabilise our situation by means of lower unit costs and strong sales, while average yields have remained weak. We therefore adhere to our earnings target of EUR 1bn for the year.

However, great efforts are still required if we are to finance our capital expenditure ourselves in the long term. Our strategy, which was presented in summer, looks to the medium-term market situation and focuses on structural changes. We see further potential for profitable growth, especially in the WINGS platforms, which have been devised for the rapidly growing leisure travel segment, and in the Lufthansa Group's service companies.

Developments at Lufthansa Systems, among others, show that we are working on the structure of the Lufthansa Group at the same time as optimising cost structures as part of SCORE. Here we are just about to sign a groundbreaking IT outsourcing contract, which will transfer IT infrastructure services to a partner. The IT Services business segment will be dissolved in 2015 and the remaining activities integrated into the Lufthansa Group. This step will enable

us to reduce expenses by an average of around EUR 70m a year from 2015. Another example of the structural development is the legal separation of Miles & More. This will make the company more independent and supports its future positioning.

Key steps have also been taken to position the established airlines successfully. The transfer of Lufthansa Passenger Airlines traffic outside the hubs in Frankfurt and Munich to Germanwings is progressing very well, with the result that the losses of the past can be further reduced. Austrian Airlines has signed a forward-looking new wage agreement, which cuts staff costs sustainably and makes the airline competitive. SWISS has reached an agreement with one of its pilots' unions that enables profitable growth on long-haul routes. We also intend to create sustainable structures at Lufthansa Passenger Airlines, partly by changing the system of retirement and transitional benefits.

This is also why we are continuing to wrestle with the Vereinigung Cockpit pilots' union over the unavoidable reform of benefits for pilots at Lufthansa Passenger Airlines, Lufthansa Cargo and Germanwings. Firstly, however, we will be continuing to operate up to 14 Airbus A340s of Lufthansa Passenger Airlines on long-haul routes with a high proportion of leisure travellers. The first of these will be operated by alternative cockpit crews. This provides us with the opportunity for further profitable growth. In connection with this, we have already successfully reached an agreement with the flight attendants' union UFO (Unabhängige Flugbegleiter Organisation). The above-mentioned aircraft in a cabin configuration optimised for leisure travel are due to be deployed on mostly tourist routes. These flights will also meet the five-star aspirations, and here, too, our passengers will be able to enjoy the Premium Economy Class presented recently. Later this year, we will publish further details on the creation of additional point-to-point connections on short- and long-haul routes in the low-cost WINGS family, which we are also driving forward.

This, dear shareholders, is just a selection of the many steps we are taking in order to remain the first choice for you, customers, staff and partners – and which is why we will continue to pursue our chosen course consistently.

Thank you for your continued trust.



Carsten Spohr
Chairman of the
Executive Board



Simone Menne
Member of the
Executive Board



Karl Ulrich Garnadt
Member of the
Executive Board



Bettina Volkens
Member of the
Executive Board



Harry Hohmeister
Member of the
Executive Board

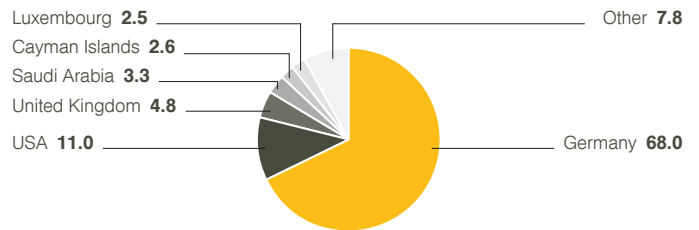
Lufthansa share

At the end of the third quarter 2014, the price of the Lufthansa share of EUR 12.51 was down on the start of the year (-18.9 per cent). Reasons for the decline included the adjustment made to the earnings forecast in June 2014 due to lower-than-expected income, uncertainty surrounding the ongoing strikes by the pilots' union Vereinigung Cockpit as well as the generally poor share performance in the DAX and of European network carriers.

Eight analysts currently recommend the Lufthansa share as a buy, 15 as a hold and five as a sell. At the end of the third quarter, the average target price was EUR 15.71.

The free float for Lufthansa shares was unchanged at 100 per cent at the end of September. 68.0 per cent of Lufthansa shares were held by German investors. The largest individual shareholders were Templeton Global Advisors Limited with 5.00 per cent, The Capital Group Companies with 4.91 per cent and BlackRock Inc. with 3.97 per cent.

Shareholder structure by nationality in % (as of 30.9.2014)

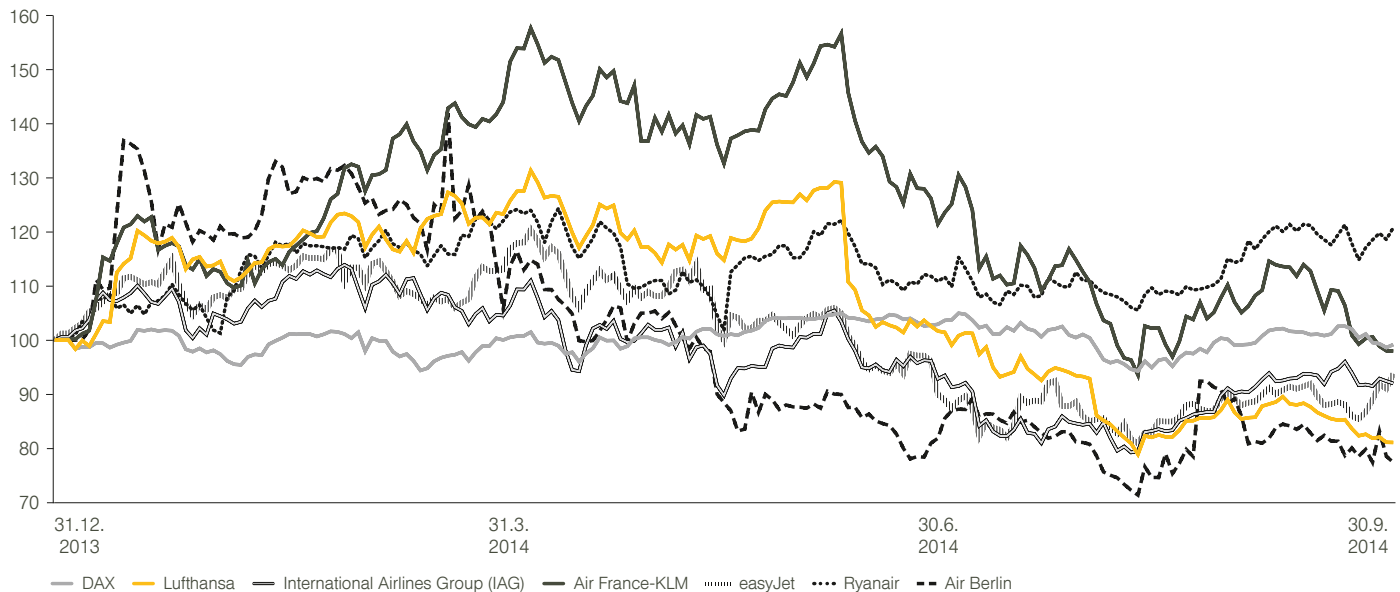


Free float: 100%

BlackRock Inc. gave Deutsche Lufthansa AG an updated notification of its shareholding in September as part of an examination of the voting shares it holds in various German companies by the German Federal Financial Supervisory Authority (BaFin). The notification does not reflect any change in BlackRock's current voting shares, but only updates the information on BlackRock's stake in the Company that is already market knowledge.

Up-to-date information on the shareholder structure is provided regularly on our website www.lufthansagroup.com/investor-relations.

Performance of the Lufthansa share, indexed as of 31.12.2013, compared with the DAX and competitors, in %



Interim management report

Economic environment and sector performance

GDP growth 2014 compared with previous year

in %	Q1	Q2	Q3*	Q4*	Full year*
World	2.9	2.7	2.6	2.6	2.7
Europe	1.6	1.4	1.3	1.3	1.4
Germany	2.2	1.3	1.1	1.0	1.4
North America	1.9	2.6	2.4	2.3	2.3
South America	1.6	0.7	0.7	0.5	1.0
Asia/Pacific	5.3	4.7	4.7	4.8	4.8
China	7.4	7.5	7.1	7.2	7.3
Middle East	3.3	3.3	3.3	3.7	3.4
Africa	3.3	3.4	3.7	4.1	3.5

Source: Global Insight World Overview as of 15.10.2014.

* Forecast.

Macroeconomic situation The global economy grew by 2.6 per cent in the third quarter of 2014, just below the rate recorded for the same period last year (2.7 per cent). There were again differences between individual regions: the fastest growth was reported in Asia-Pacific at 4.7 per cent, followed by Africa at 3.7 per cent. The North America region expanded by 2.4 per cent, while the Europe region grew by 1.3 per cent in the third quarter of 2014. Emerging economies continued to post the highest growth rates, while industrialised economies grew more slowly.

Since the beginning of the year, the oil price has fallen from USD 110.80/barrel to USD 94.67/barrel as of 30 September 2014. The average price in the first three quarters of USD 107.08/barrel was 1.3 per cent lower than last year's figure. The kerosene price fell year on year by an average of 2.6 per cent. The jet fuel crack (price difference between crude oil and kerosene) was around 10.5 per cent lower than last year.

Price hedging resulted in losses of EUR 53m for the Lufthansa Group in the first three quarters. Fuel costs totalled EUR 5.2bn, which was 4.9 per cent less than in the same period last year.

Although the 2.9 per cent drop in the US dollar had a positive effect on costs, it also depressed revenue accordingly. There was no common pattern to the effects of other exchange rate movements on income. The pound sterling and the Swiss franc rose

against the euro by 4.7 per cent and 1.1 per cent respectively, while the Chinese renminbi and the Japanese yen were down by 2.9 per cent and 9.8 per cent respectively. Overall, fluctuations in exchange rates added EUR 10m to the operating result for the first nine months of 2014.

Development of crude oil, kerosene and currency

		Minimum	Maximum	Average	30.9.2014
ICE Brent	in USD/bbl	94.67	115.06	107.08	94.67
Kerosene	in USD/t	877.00	1,017.75	959.79	879.00
USD	1 EUR/USD	1.2629	1.3925	1.3549	1.2629
JPY	1 EUR/JPY	136.1100	145.0700	139.5174	138.4800
CHF	1 EUR/CHF	1.2057	1.2372	1.2179	1.2057
CNY	1 EUR/CNY	7.7829	8.6928	8.3561	7.7829
GBP	1 EUR/GBP	0.7786	0.8396	0.8117	0.7786

Sector developments Revenue passenger-kilometres for all airlines worldwide rose year on year by 5.8 per cent in the first eight months of 2014. European airlines recorded unusually fast growth of 5.9 per cent, which is due to the region's steady, if slow, economic recovery. Once again, however, the strongest growth worldwide came from Middle East carriers. They sold 12.6 per cent more passenger-kilometres year on year in the first eight months of the year. Revenue passenger-kilometres were up by 5.8 per cent in Asia/Pacific. Sales of passenger-kilometres in North America only rose by 3.7 per cent, however.

The premium segment performed well, with revenue passenger-kilometres up globally by 3.9 per cent year on year.

The global cargo business was more subdued than global passenger traffic. Revenue tonne-kilometres climbed 4.5 per cent year on year in the first eight months of 2014. Middle Eastern freight carriers grew by 9.7 per cent and European cargo airlines by 2.8 per cent. Freight airlines from North America expanded by 3.0 per cent.

In early August 2014, the German Federal Aviation Authority announced that it expected to withdraw aviation rights in the form of code-share agreements from the Gulf airline Etihad. The 34 flight connections used jointly with Air Berlin have nonetheless been allowed to continue in the 2014 winter flight timetable. Etihad formally holds a 29.2 per cent interest in Air Berlin.

In September, Air Berlin cancelled an order for 33 aircraft with manufacturer Boeing. At stake were 18 medium-haul jets from the B737 series and 15 B787s, with a total list price of around USD 5bn (EUR 3.9bn). The airline justified its move with a reduction in capital spending to improve its balance sheet structure.

The Gulf airline Etihad wants to acquire 49 per cent of the Italian carrier Alitalia. A contract was signed in August 2014. The transaction still has to be approved by the competition authorities, which could take place by the end of the year. Etihad and other investors are planning to invest a total of EUR 1.8bn in Alitalia over the next four years.

The Irish low-cost carrier Ryanair placed a firm order for 100 aircraft of the B737 MAX 200 type in September, with a list price of USD 11bn. It also agreed an option for a further 100 aircraft. This order is intended to replace older B737-800 aircraft and generate further growth.

After a strike by Air France pilots that lasted nearly two-and-half weeks and in line with a request by trade unions, the company's management has now agreed to limit the plans announced in September to deploy its low-cost Transavia subsidiary across Europe. It will now only fly in the French home market. The board of directors then called on the pilots to end their strike.

In June 2014, the Lufthansa Group and Air China signed a memorandum of understanding to prepare a commercial joint venture between the two companies. This partnership is intended to add to the Lufthansa Group's existing joint ventures with United Airlines and with Air Canada between Europe and North America (since 1998) and with ANA (since 2012) on routes between Europe and Japan. It will give the airlines in the Lufthansa Group even better access to China, the second largest air traffic market in the world after the USA. The first phase of this new partnership agreement comes into effect with the winter flight timetable at the end of October 2014.

Course of business

The performance of the Lufthansa Group's business segments varied in the first nine months of the year. Weak average yields, an unusually high level of strikes at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo, as well as the development of a number of foreign currencies had an adverse impact on revenue in the Passenger Airline Group segment. Lower fuel costs provided considerable relief, however, as did lower depreciation and amortisation as a result of the new depreciation policy for aircraft and reserve engines.

Revenue for the Lufthansa Group fell marginally year on year, with the service companies only able to offset some of the shortfall at the airlines due to their higher revenue. The operating result improved significantly year on year. This stemmed mainly from higher operating results in the Logistics, MRO, Catering and IT Services segment, along with lower one-off expenses for the SCORE programme and considerably reduced costs thanks to the new depreciation policy.

Significant events On 11 June 2014, the Lufthansa Group adjusted its earnings forecast due to non-recurring expenses from strikes and the devaluation of the Venezuelan bolivar, as well as the fact that revenue in the passenger and freight business was below expectations. For the current financial year, the Executive Board has since been projecting a reported operating result of around EUR 1.0bn. This does not include the costs of the strikes that have taken place since July 2014. Before adjusting the earnings forecast, the Group had been expecting a reported operating result for 2014 of between EUR 1.3bn and EUR 1.5bn.

Several strikes by the Vereinigung Cockpit pilots' union at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo had a severe impact on the result. The first strike took place from 2 to 4 April 2014. The Lufthansa Group incurred a direct loss of earnings amounting to some EUR 60m as a result of this industrial action in April. The strike was preceded by protracted, intense talks and negotiations about pay and future transitional benefits for pilots. Between late August and the end of September, another five strikes were announced, of which four actually took place in different areas and with varying durations. In some cases, they disrupted flight operations significantly and were thereby responsible for further lost earnings of around EUR 35m by the end of September.

Other strikes by various interest groups outside the Lufthansa Group also undermined the performance of the Group airlines. On 21 February 2014, the staff operating the security checks at Frankfurt Airport went on strike in response to a call by the trade union ver.di. This caused delays and cancellations throughout the day, which severely inconvenienced passengers and impacted earnings accordingly.

In the course of collective bargaining for public-sector workers, the trade union ver.di also called for nationwide warning strikes at German airports on 27 March 2014. Most domestic German flights and European connections planned for that day between 6 a.m. and 2 p.m. had to be cancelled.

Overall, the Lufthansa Group incurred direct losses of some EUR 105m as a result of strike action in the first nine months of the year. This figure does not include lost revenue from bookings that were not made due to strikes in the first half-year, which also depressed the result.

Carsten Spohr, Chairman of the Executive Board and CEO of Deutsche Lufthansa AG, presented his strategic work programme for the planned development of the Lufthansa Group, entitled “The Way Forward”, on 9 July 2014. The presentation can be found on the website www.lufthansagroup.com/investor-relations.

In mid-September and at the recommendation of the Executive Board, the Supervisory Board approved the purchase of 15 state-of-the-art aircraft from the Airbus A320neo (new engine option) family to replace older aircraft, most likely at SWISS, and ten A320ceo (current engine option) to replace Bombardier CRJ900s, presumably at Eurowings. The Supervisory Board also approved capital expenditure of EUR 60m by Lufthansa Technik AG in Frankfurt. The Group’s MRO division intends to build a new wheel and brake workshop.

SCORE In the first nine months of 2014, the SCORE programme made a major contribution to the operating results of the Lufthansa Group and its business segments. The programme’s activities are increasingly having a sustainable effect. One example is the transfer of direct connections outside the hubs in Frankfurt and Munich from Lufthansa Passenger Airlines to Germanwings, which has improved earnings considerably.

Further progress has also been made with the reorganisation of international stations. A central check-in area is available for customers of all the airlines in the Passenger Airline Group at more and more airports outside the home markets of Lufthansa Passenger Airlines, SWISS and Austrian Airlines. Passengers there will only have to go to a single location, and at airports with several daily connections to the home markets, they will be able to check in baggage much earlier because the desks will be staffed nearly all the time. This new solution simplifies the check-in for transfer flights within the Passenger Airline Group and cuts costs. The joint use and higher capacity utilisation leads to a possible reduction in the number of desks per station.

The development of the corporate culture towards continuous efficiency gains and a willingness to embrace change, which was initiated with SCORE, is reflected in the key areas of action of “The Way Forward” strategic work programme. In this way, the Lufthansa Group is embedding the SCORE idea as a long-term element of the Company, in order to further increase productivity and to ensure competitiveness in the long term.

Staff and management On 1 May 2014, the Supervisory Board appointed Carsten Spohr as Chairman of the Executive Board and CEO of Deutsche Lufthansa AG. The Lufthansa Group made additional changes to its boards after appointing Carsten Spohr as Chairman of the Executive Board and CEO of Deutsche Lufthansa AG.

At its meeting on 12 March 2014, the Supervisory Board appointed Karl Ulrich Garnadt as a member of the Executive Board and CEO of Lufthansa German Airlines. Mr Garnadt had been Chairman of the Executive Board and CEO of Lufthansa Cargo AG since January 2011. Peter Gerber was appointed to succeed him as of 1 May 2014.

In addition to her previous responsibilities, Dr Bettina Volkens also assumed the role of Chief Human Resources Officer at Lufthansa Passenger Airlines as of 1 May 2014. Since 1 July 2013, she has been Chief Human Resources Officer and the Executive Board’s Chief Officer for Human Resources and Legal at Deutsche Lufthansa AG.

In mid-September 2014, the Supervisory Board of Deutsche Lufthansa AG renewed the appointment of Simone Menne, Chief Officer Finances and Aviation Services, until 30 June 2020.

Erdmann Rauer succeeded Walter Gehl as Chairman of the Executive Board and CEO of LSG Lufthansa Service Holding AG (LSG Holding) as of 1 October 2014. Mr Gehl was Chairman of the Executive Board and CEO of LSG Holding from March 2005 until September 2014, and has now retired. The Supervisory Board of LSG Holding also appointed Dr Kristin Neumann as Chief Financial Officer and Head of Human Resources at LSG Holding with effect from 1 July 2014. She will take over from Jens Theuerkorn, whose contract ended as planned with his retirement on 30 June 2014. Mr Theuerkorn had been Chief Financial Officer since July 2009.

At its meeting on 15 September, the Supervisory Board of Lufthansa Technik AG appointed Dr Johannes Bußmann as the new Chairman of the Executive Board and CEO. Dr Bußmann will take over on 1 April 2015 from August Wilhelm Henningsen, who will retire next year.

Dr Andreas Otto became Chief Commercial Officer at Austrian Airlines AG with effect from 1 October 2014. The Supervisory Board of Lufthansa Cargo AG has appointed Dr Alexis von Hoensbroech, previously Commercial Director Frankfurt at Lufthansa Passenger Airlines, to succeed him as Chief Officer Product and Sales with effect from 1 December 2014.

Lufthansa Passenger Airlines and the UFO flight attendants’ union reached an agreement in mid-September on growth and the safeguarding of existing jobs on Lufthansa routes with a high proportion

of leisure travellers. Lufthansa Passenger Airlines had previously announced its intention to continue operating up to 14 Airbus A340-300 aircraft in a cabin configuration optimised for leisure travel. Lufthansa Passenger Airlines and UFO were also able to agree on a roadmap for further talks aimed at renegotiating the retirement benefit systems. Together, the collective bargaining partners want to redesign the systems of retirement and transitional benefits to put them on a sound footing for the future.

Changes in reporting standards and in the group of consolidated companies

Until the end of the financial year 2012, new commercial aircraft and reserve engines were depreciated over a period of twelve years to a residual value of 15 per cent. According to analyses of the Company undertaken when the 2013 financial statements were being prepared, technological developments and the higher demands made of their cost-effectiveness due to increasing competition have resulted in significant changes to the forecast useful economic life of the commercial aircraft and reserve engines used in the Lufthansa Group. In line with the fleet strategy, which takes these aspects into account, as well as with external considerations, new commercial aircraft and reserve engines will now be depreciated over a period of 20 years to a residual value of 5 per cent, starting in the 2013 financial year. The adjustment to their useful lives was made prospectively as a change in an accounting estimate in accordance with IAS 8.32. The change was therefore not made retrospectively for interim reporting periods in previous years. As a result of the change in the accounting estimate of the useful economic life of these assets, depreciation and amortisation was EUR 260m lower in the first nine months of 2014.

In accordance with the IFRS 11 Joint Arrangements accounting standard, which became mandatory as of 1 January 2014, the equity investment by Lufthansa Cargo in AeroLogic GmbH is no longer accounted for using the equity method. Instead, the earnings, assets and liabilities of this company are now recognised in the consolidated financial statements on a pro rata basis. The figures for the previous year have been adjusted accordingly. This change had no material effect in the first nine months of 2014 or in the same period of the previous year. The other standards and interpretations mandatory for the first time as of 1 January 2014 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 starting on [p. 32](#).

There have not been any significant changes to the group of consolidated companies since this time last year. The individual changes compared with year-end 2013 and 30 September 2013 are shown in the table on [p. 32](#). These changes had no significant effect on the consolidated balance sheet and the consolidated income statement in comparison with the same period last year.

Earnings position

Traffic figures of the Lufthansa Group's airlines*

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %
Passengers carried	thousands	81,152	79,784	1.7
Available seat-kilometres	millions	204,403	200,056	2.2
Revenue seat-kilometres	millions	164,832	160,650	2.6
Passenger load factor	%	80.6	80.3	0.3 pts
Freight/ mail	thousand tonnes	1,416	1,453	-2.5
Available cargo tonne-kilometres	millions	10,914	11,088	-1.6
Revenue cargo tonne-kilometres	millions	7,553	7,588	-0.5
Cargo load factor	%	69.2	68.4	0.8 pts
Total available tonne-kilometres	millions	31,417	31,096	1.0
Total revenue tonne-kilometres	millions	23,727	23,369	1.5
Overall load factor	%	75.5	75.2	0.3 pts
Flights	number	762,883	779,727	-2.2

* Previous year's figures have been adjusted.

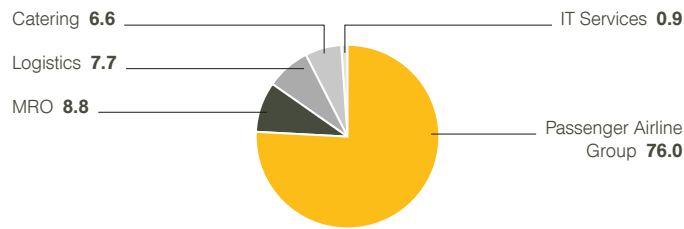
Revenue and income Passenger traffic at the Lufthansa Group increased by 1.7 per cent year on year to reach 81.2 million passengers in the first nine months of the 2014 financial year. Transport of freight and mail fell by 2.5 per cent to 1.4 million tonnes. The individual performance data for the separate segments is presented in the respective chapters.

Higher traffic in the passenger business also meant that sales went up by 2.6 per cent in the reporting period. Sales in the cargo business fell by 0.5 per cent. Traffic revenue for the Group contracted by 1.1 per cent overall to EUR 18.5bn. Lower prices (-2.2 per cent) and negative exchange rate effects (-1.2 per cent) depressed income, while higher sales added 2.3 per cent. The Passenger Airline Group accounted for EUR 16.4bn (-1.1 per cent) of traffic revenue and the Logistics segment for EUR 1.7bn (-2.0 per cent).

At EUR 4.2bn, other revenue was 1.5 per cent up on the previous year. Of the total, the MRO segment generated EUR 2.0bn (+1.0 per cent), Catering EUR 1.5bn (+4.3 per cent) and IT Services EUR 201m (+1.5 per cent). The airlines in the Passenger Airline Group and Logistics segment contributed EUR 485m (-4.5 per cent) to other revenue.

Overall, the Group's revenue decreased by 0.6 per cent on the previous year's figure to EUR 22.6bn. The development of revenue over the last five years is shown in the chart below. The Passenger Airline Group's share of total revenue fell to 76.0 per cent (–0.4 percentage points). The distribution of revenue by segment and region is shown in the segment reporting starting on [p. 37](#).

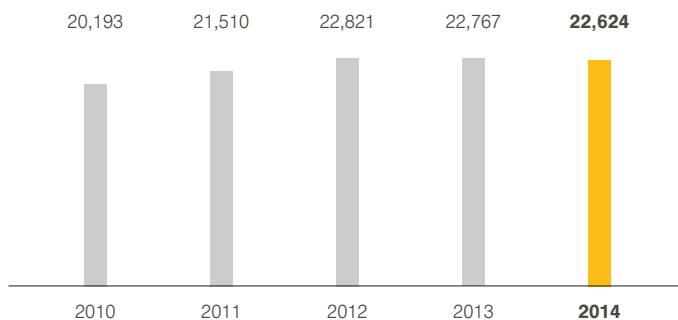
External revenue share of the business segments in % (as of 30.9.2014)



Other operating income shrank by 4.4 per cent to EUR 1.4bn. Lower exchange rate gains (EUR –85m) were offset in particular by income from write-backs on 14 Bombardier CRJ700s and two Boeing 747-400s held for sale (EUR +30m) as well as higher book gains on the disposal of non-current assets (EUR +15m) and current financial investments (EUR +19m). The other individual items did not vary significantly compared with the same quarter last year.

Total operating income therefore fell by EUR 136m, or 0.6 per cent, to EUR 24.2bn.

Revenue development in €m (Jan. – Sept.)



Revenue and income

	Jan. – Sept. 2014 in €m	Jan. – Sept. 2013 in €m	Change in %
Traffic revenue	18,460	18,664	–1.1
Other revenue	4,164	4,103	1.5
Total revenue	22,624	22,767	–0.6
Changes in inventories and work performed by the entity and capitalised	156	85	83.5
Other operating income	1,380	1,444	–4.4
Total operating income	24,160	24,296	–0.6

Expenses Operating expenses were down by a total of EUR 441m (–1.9 per cent) to EUR 23.3bn. The cost of materials and services fell by 2.3 per cent to EUR 13.0bn. Within the cost of materials and services, fuel costs fell by 4.9 per cent to EUR 5.2bn, despite an increase in traffic. In addition to the 2.2 per cent decrease in fuel prices (after hedging), the depreciation of the US dollar reduced expenses by 2.7 per cent. Fuel consumption was the same as last year. The expenses for other raw materials, consumables and supplies rose slightly by 0.9 per cent to EUR 2.0bn.

Expenses

	Jan. – Sept. 2014 in €m	Jan. – Sept. 2013 in €m	Change in %
Cost of materials and services	13,002	13,307	–2.3
of which fuel	5,180	5,449	–4.9
of which fees and charges	3,978	3,923	1.4
of which operating lease	40	78	–48.7
Staff costs	5,455	5,468	–0.2
Depreciation	1,062	1,425	–25.5
Other operating expenses	3,752	3,512	6.8
Total operating expenses	23,271	23,712	–1.9

Fees and charges rose year on year by 1.4 per cent to EUR 4.0bn. Increases in passenger fees (+7.7 per cent), security fees (+10.5 per cent) and take-off and landing fees (+2.8 per cent) were partly offset by a fall of 3.5 per cent in handling charges. Expenses for the air traffic tax came to EUR 269m (previous year: EUR 265m). Other purchased services totalled EUR 1.8bn, 5.6 per cent less than last year, primarily due to lower charter expenses and expenses for operating leases.

Staff costs went down by 0.2 per cent, while the average number of employees rose by 1.5 per cent to 119,166, primarily due to additions to the group of consolidated companies. The effect was largely achieved by a year-on-year decline in restructuring costs related to SCORE.

Total depreciation and amortisation decreased by EUR 363m, or 25.5 per cent, to EUR 1.1bn. Accompanying the change in the depreciation of aircraft (EUR –216m), the adjustment to the useful economic life of commercial aircraft reduced depreciation and amortisation by EUR 260m. Impairment losses fell from EUR 155m last year to EUR 15m in the reporting period, and related almost exclusively to four Boeing 737-500s and five Bombardier CRJ700s,

which were either retired or held for sale. Last year, impairment losses were incurred on three B747-400s, five Airbus A340-300s, eight B737-500s, eight B737-300s and eight CRJ700s, which had been retired or were held for sale. Impairment losses of EUR 1m in total (previous year: EUR 3m) were also recognised on repairable spare parts for aircraft shown in the consolidated balance sheet as assets held for sale. These impairment charges are recognised in other operating expenses.

Other operating expenses went up by 6.8 per cent to EUR 3.8bn. Increases in exchange rate losses (EUR +165m), indirect staff costs and costs for outside staff (EUR +59m) as well as in rental and maintenance expenses (EUR +24m) were partly offset by

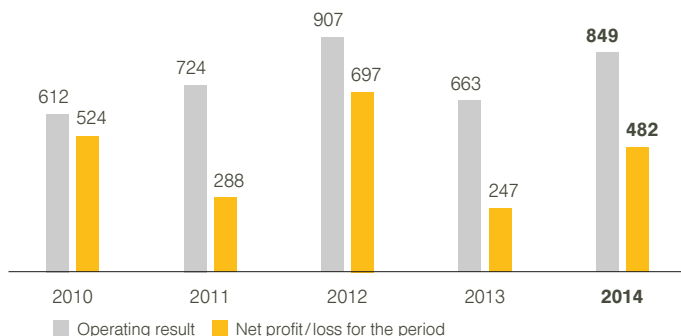
Reconciliation of results

in €m	Jan. – Sept. 2014		Jan. – Sept. 2013	
	Income statement	Reconciliation with operating result	Income statement	Reconciliation with operating result
Total revenue	22,624	–	22,767	–
Changes in inventories	156	–	85	–
Other operating income	1,380	–	1,444	–
of which book gains and current financial investments	–	–62	–	–28
of which income from reversal of provisions	–	–80	–	–75
of which write-ups on capital assets	–	–36	–	–2
of which period-end valuation of non-current financial liabilities	–	–8	–	–20
Total operating income	24,160	–186	24,296	–125
Cost of materials and services	–13,002	–	–13,307	–
Staff costs	–5,455	–	–5,468	–
of which past service cost	–	0*	–	–2
Depreciation	–1,062	–	–1,425	–
of which impairment losses	–	15	–	156
of which effects from adjusting the depreciation of aircraft	–	–	–	–
Other operating expenses	–3,752	–	–3,512	–
of which impairment losses on assets held for sale – non-operating	–	1	–	3
of which expenses incurred from book losses and current financial investments	–	16	–	20
of which period-end valuation of non-current financial liabilities	–	114	–	27
Total operating expenses	–23,271	146	–23,712	204
Profit/loss from operating activities	889	–	584	–
Total from reconciliation with operating result	–	–40	–	79
Operating result	–	849	–	663
Result from equity investments	94	–	101	–
Other financial items	–139	–	–69	–
EBIT	844	–	616	–
Write-downs (included in profit from operating activities)	1,062	–	1,425	–
Write-downs on financial investments, securities and assets held for sale	1	–	2	–
EBITDA	1,907	–	2,043	–

* Rounded below EUR 1m.

lower agency commissions (EUR –30m). Of the exchange rate losses, EUR 108m is due to the higher valuation of US dollar liabilities resulting from the currency's 6.5 per cent rise since year-end 2013. The individual other items did not vary significantly compared with last year.

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



Earnings development Profit from operating activities increased year on year by EUR 305m to EUR 889m. The operating result, which is adjusted for the items shown in the table on [p. 8](#), improved by EUR 186m to EUR 849m. The adjusted operating margin picked up from 3.2 per cent to 4.1 per cent. This is calculated as operating result plus write-backs of provisions divided by revenue.

The result from equity investments decreased by EUR 7m to EUR 94m in the reporting period. Net interest, on the other hand, improved to EUR –210m (previous year: EUR –257m). The result from other financial items fell by EUR 70m to EUR –139m. The valuation of the conversion options included in the convertible bond issued in 2012, which entitles the holder to acquire the Lufthansa Group's shares in JetBlue, accounts for EUR –81m (previous year: EUR –15m) and the changes in market value recognised in profit or loss of outstanding fuel, currency and interest rate hedges for EUR –58m (previous year: EUR –54m).

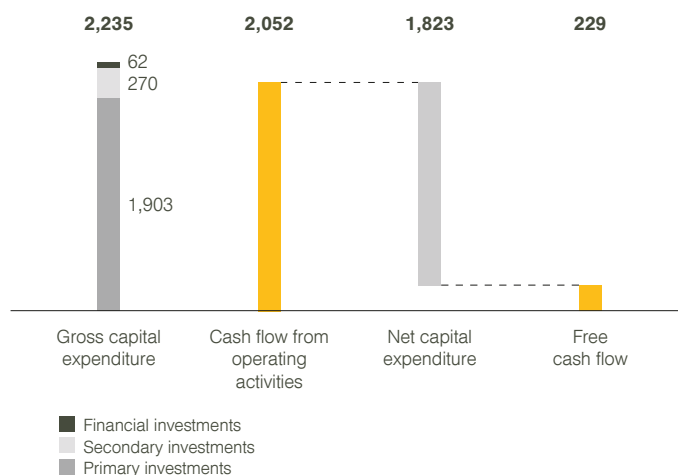
Earnings before interest and taxes (EBIT) reflect the changes in the operating result, the result from equity investments and from other financial items and came to EUR 844m at the end of the third quarter (previous year: EUR 616m).

Earnings before taxes (EBT) improved by EUR 275m to EUR 634m. Deducting income taxes (EUR 136m) and earnings attributable to minority interests (EUR 16m) gives a net profit for the period of EUR 482m (previous year: EUR 247m). Earnings per share therefore amount to EUR 1.05 (previous year: EUR 0.54).

Cash flow and capital expenditure

The cash flow from operating activities of EUR 2.1bn in the first nine months of 2014 was almost EUR 1.0bn lower than in the same period last year. Starting from a profit before income taxes that was EUR 275m higher than in the previous year, the elimination of non-cash depreciation and amortisation and of cash flows attributable to investing and financing activities had a negative impact of EUR 432m on cash flow from operating activities compared with the previous year. Changes in working capital and income tax payments caused further declines of EUR 729m and EUR 138m respectively, while non-cash changes in the valuation of financial derivatives recognised in profit or loss boosted cash flow from operating activities by EUR 70m.

Cash flow and capital expenditure in €m (as of 30.9.2014)



Gross capital expenditure came to EUR 2.2bn (previous year: EUR 1.9bn), of which EUR 1.9bn was for a total of 27 aircraft (two Airbus A380s, six Boeing 747-8s, two B777Fs, one B777-200, two A330s, nine A320s, two A319s and three Dash 8-400s) as well as for aircraft overhauls and advance payments. An additional EUR 200m (previous year: EUR 134m) was invested in other property, plant and equipment. Intangible assets accounted for EUR 70m of the remaining capital expenditure. Financial investments of EUR 57m related mainly to loans.

EUR 81m was invested in repairable spare parts for aircraft. The funding requirement was partly covered by interest and dividend income (EUR 318m in total) and by proceeds of EUR 128m from the disposal of assets – mostly aircraft. The purchase and sale of current securities and funds resulted in a net cash inflow of EUR 368m. A total of EUR 1.5bn in net cash was therefore used for capital expenditure and cash management activities (previous year: EUR 2.0bn).

Free cash flow, defined as cash flow from operating activities less net capital expenditure, came to EUR 229m and was therefore well below last year's figure of EUR 1.6bn.

The balance of financing activities was a net cash outflow of EUR 1.2bn. New borrowing of EUR 783m, partly from the issue of a euro bond for EUR 500m, was offset by scheduled capital repayments totalling EUR 1.4bn – in particular from the scheduled repayment of a bond for EUR 850m and the repayment of a borrower's note loan for EUR 104m. Other cash outflows were for dividend payments, including to minority interests (EUR 219m), and interest payments of EUR 336m.

Cash and cash equivalents fell by EUR 588m to EUR 819m. This includes an increase of EUR 6m in cash balances due to exchange rate movements. The internal financing ratio was 91.8 per cent (previous year: 158.5 per cent). Overall, cash including current securities at the end of the third quarter of 2014 fell to EUR 3.5bn (previous year: EUR 5.4bn). The detailed cash flow statement can be found on [p. 31](#).

Assets and financial position

The Group's total assets rose by EUR 1.9bn to EUR 31.0bn as of 30 September 2014 compared with year-end 2013. Non-current assets were up by EUR 2.0bn, while current assets fell by EUR 104m.

Within non-current assets, the item aircraft and reserve engines rose by EUR 1.1bn to EUR 13.5bn. Repairable spare parts for aircraft were up by EUR 82m. The miscellaneous equity investments item increased by EUR 60m, which was made up largely of

positive changes in the market value of the JetBlue shares (EUR +97m), less EUR 38m following the sale of shares in The Airline Group Limited. Derivative financial instruments went up by a total of EUR 17m. Higher market values of currency and interest rate hedges were offset by a decline in the value of fuel hedges. Claims related to deferred tax assets increased by EUR 654m, primarily due to an increase in pension provisions following the change in the discount rate.

In current assets, receivables increased by EUR 970m, mainly for seasonal and billing reasons. The decline in current financial derivatives (EUR –106m) stemmed mostly from fuel hedging and interest rate hedges, offset by positive changes in currency positions. Cash and cash equivalents, consisting of current securities, bank balances and cash-in-hand, went down by EUR 1.1bn to EUR 3.6bn due to the repayment of financial liabilities. The proportion of non-current assets in the balance sheet total rose from 66.7 per cent at year-end 2013 to 69.0 per cent currently.

Shareholders' equity (including minority interests) fell by EUR 1.4bn (–22.7 per cent) to EUR 4.7bn as of the reporting date. Starting from a positive after-tax result of EUR 498m, this decrease was caused mainly by an increase in pension provisions recognised in equity (EUR +1.9bn), dividend payments to the shareholders of Deutsche Lufthansa AG and minority interests of EUR 219m and changes in the market value of financial instruments recognised in equity (EUR +140m). The equity ratio fell from 21.0 per cent at the end of 2013 to 15.2 per cent.

Non-current liabilities and provisions went up significantly by EUR 3.0bn to EUR 15.1bn, while current borrowing increased by EUR 200m to EUR 11.2bn.

Within non-current borrowing, pension provisions went up by EUR 2.7bn, mainly due to a fall in the discount rate from 3.75 per cent to 2.75 per cent. Financial liabilities rose by a total of EUR 369m due to the issue of a EUR 500m bond in September 2014 and the reclassification of liabilities based on their maturities. The overall fall of EUR 73m in derivative financial instruments was made up of sharp falls in currency and interest rate hedges (EUR –154m) in conjunction with an increase of EUR 81m in the market value of the conversion options included in the convertible bond issued in 2012 for the JetBlue shares held by the Lufthansa Group.

Within current liabilities and provisions, other provisions decreased by EUR 89m, in part as a result of the use of provisions formed for restructuring measures carried out in the course of SCORE. The decrease in current borrowing (EUR –848m) is largely due to the repayment of a EUR bond for EUR 850m. In addition, trade payables and other financial liabilities climbed significantly (EUR +657m) for seasonal and billing reasons, as did liabilities from unused flight documents (EUR +529m).

Net indebtedness came to EUR 2.3bn as of 30 September 2014 (year-end 2013: EUR 1.7bn). The debt repayment ratio fell to 23.0 per cent (previous year: 36.7 per cent), which was well below the target rate of 45 per cent.

Calculation of net indebtedness

	30 Sept. 2014 in €m	31 Dec. 2013 in €m	Change as of 31 Dec. 2013 in %
Liabilities to banks	1,049	1,254	-16.3
Bonds	1,468	1,812	-19.0
Other non-current borrowing	3,341	3,271	2.1
	5,858	6,337	-7.6
Other bank borrowing	49	56	-12.5
Group indebtedness	5,907	6,393	-7.6
Cash and cash equivalents	934	1,552	-39.8
Securities	2,711	3,146	-13.8
Net indebtedness	2,262	1,695	33.5
Pension provisions	7,397	4,718	56.8
Net indebtedness and pensions	9,659	6,413	50.6

Group fleet – Number of commercial aircraft

Lufthansa Passenger Airlines inclusive Germanwings and regional airlines (LH), SWISS (LX), Austrian Airlines (OS) and Lufthansa Cargo (LCAG) as of 30.9.2014

Manufacturer/type	LH	LX	OS	LCAG	Group fleet	of which finance lease	of which operating lease	Change as of 31.12.13	Change as of 30.9.13
Airbus A310					0			-	-1
Airbus A319	73	5	7		85	10	6	+2	+2
Airbus A320	71	28	16		115	18	2	+9	+10
Airbus A321	62	8	6		76	2		-	-
Airbus A330	19	16			35	1		-1	-1
Airbus A340	43	15			58	3	3	-3	-5
Airbus A380	12				12			+2	+2
Boeing 737	23				23			-6	-10
Boeing 747	34				34			+5	+3
Boeing 767			6		6	2		-	-
Boeing 777			5	4	9	1		+3	+5
Boeing MD-11F				16	16			-2	-2
Bombardier CRJ	48				48			-5	-6
Bombardier Q-Series			17		17			+3	+3
ATR					0			-8	-11
Avro RJ		20			20		6	-	-
Embraer	43				43			-	-
Fokker F70			7		7		1	-2	-2
Fokker F100			15		15			-	-
Total aircraft	428	92	79	20	619	37	18	-3	-13

Passenger Airline Group business segment

Key figures Passenger Airline Group

Key figures Passenger Airline Group							of which Lufthansa Passenger Airlines ³⁾			
		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %	July – Sept. 2014	July – Sept. 2013	Change in %	Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %
Revenue	€m	17,694	17,890	-1.1	6,737	6,658	1.2	12,989	13,169	-1.4
of which with companies of the Lufthansa Group	€m	497	502	-1.0	179	184	-2.7			
Operating result	€m	473	514	-8.0	550	566	-2.8	260	316	-17.7
Segment result	€m	598	451	32.6	624	571	9.3			
EBITDA ¹⁾	€m	1,325	1,672	-20.8	828	1,009	-17.9	863	1,148	-24.8
Segment capital expenditure	€m	1,808	1,544	17.1	577	436	32.3			
Employees as of 30.9.	number	55,400	55,124	0.5	55,400	55,124	0.5	40,530	40,340	0.5
Passengers ²⁾	thousands	81,152	79,784	1.7	31,266	30,311	3.2	59,326	58,128	2.1
Available seat-kilometres ²⁾	millions	204,403	200,056	2.2	76,050	73,086	4.1	151,065	148,190	1.9
Revenue seat-kilometres ²⁾	millions	164,832	160,650	2.6	64,618	61,495	5.1	120,888	117,953	2.5
Passenger load factor ²⁾	%	80.6	80.3	0.3 pts	85.0	84.1	0.9 pts	80.0	79.6	0.4 pts

¹⁾ Before profit/loss transfer from other companies.

²⁾ Previous year's figures have been adjusted.

³⁾ Including Germanwings and regional partners.

Business and strategy The Passenger Airline Group segment comprises Lufthansa Passenger Airlines (including Germanwings), SWISS and Austrian Airlines. By coordinating the companies' activities, the airline group generates considerable synergies. In addition, the Lufthansa Group holds equity interests in the Brussels Airlines, JetBlue and SunExpress carriers. The group's multi-hub strategy, which comprises the hubs in Frankfurt, Munich, Zurich, Vienna and Brussels, offers passengers a dependable choice of connections and a closely meshed route network for planning their travel wishes individually. By continuing to harmonise flight timetables and processes, the airline group offers passengers a comprehensive global route network with around 300 destinations in more than 100 countries. Information on the size of the fleet can be found in the table on [p. 11](#).

The Lufthansa Group intends to pool its expertise in the area of flight training. Lufthansa Flight Training is therefore now being reclassified from the Other segment to the Passenger Airline Group segment, where it forms part of Lufthansa Passenger Airlines. The figures for the previous year have been adjusted accordingly.

Markets and competition Regional disparities in airline performance continued in the first nine months of 2014. On European short- and medium-haul routes, there is an increasing divergence between classic network airlines and providers of direct flights in point-to-point traffic. In the first nine months of the year, the European low-cost airlines expanded disproportionately and the share of direct connections in point-to-point traffic thereby increased.

This growth is increasingly taking place at the expense of transfer traffic at the hubs. Their high proportion of transfer passengers means that the companies in the Passenger Airline Group are hit harder than other airlines in the sector.

Income for the Passenger Airline Group on routes to America was adversely affected by a sharp rise in capacities. In this traffic region, the big five North American airlines have a joint market share of 90 per cent and their profitability is above average by international standards. Competition is still particularly tough on long-haul routes between Europe and Asia. Here, too, overcapacities, especially at the rapidly growing Middle Eastern airlines, are depressing the financial result of the Passenger Airline Group. Lufthansa Passenger Airlines, SWISS and Austrian Airlines are responding to the greater competition with a quality and investment drive as well as with programmes to cut unit costs.

In July 2014, the Lufthansa Group outlined the main pillars of the Passenger Airline Group's strategic development. They include the planned creation of a European multi-platform concept known as "WINGS" for the fast-growing sector of direct traffic in European home markets. This is intended to supplement the current multi-brand and multi-hub system and will build on the successful Germanwings concept. There are also plans to extend the platform to long-haul routes. At present, the plan is initially to use the wholly owned Eurowings subsidiary as a platform for European traffic, if the corresponding agreements can be reached. A fleet roll-over to Airbus A320 aircraft is intended to start at the beginning of next year to support the platform. Services outside Germany are also to be offered under the Eurowings brand starting next year.

Furthermore, the Passenger Airline Group is continuously investing in a high level of comfort for its passengers and in improvements to its ecological sustainability. In 2014, a total of 29 commercial aircraft, mostly of the next generation, will join the fleet. In addition to the latest in-flight products for passengers, they will also provide appreciable relief from noise and fuel emissions for people living near airports. The new aircraft are up to 30 per cent quieter than their predecessors. Fuel efficiency and CO₂ emissions per passenger will be improved significantly, reducing unit costs. Between 2014 and 2025, the Lufthansa Group expects to take delivery of 261 aircraft with a total list price of some EUR 32bn.

In addition, in September 2014 and at the recommendation of the Executive Board, the Supervisory Board of Deutsche Lufthansa AG approved the purchase of another 15 state-of-the-art Airbus A320neo (new engine option) aircraft as well as ten A320ceo (current engine option) aircraft for the Passenger Airline Group. The new A320neo orders are to be delivered to SWISS from 2019, where they are intended to replace older aircraft from the same family. The ten A320ceo models will go to Eurowings in 2016 and 2017 as a substitute for the older Bombardier CRJ900s.

As part of an internal Group restructuring, Europe's leading customer loyalty programme, Miles & More, was spun off into a legally independent company in September 2014. The relevant resolutions were passed by the Executive Board, Supervisory Board and at the Annual General Meeting in the first half of the year.

Course of business and operating performance The first nine months of 2014 were marred by strikes at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo called by the Vereinigung Cockpit pilots' union. The first network-wide strike took place from 2 to 4 April 2014, and was followed by others at the Frankfurt and Munich hubs as well as at the Germanwings stations in August and September. Then there were public-sector warning

strikes called by the trade union ver.di as well as a strike by security staff at Frankfurt Airport. All of them caused severe disruptions to the flight programme and a fall in advance bookings. The background to the strikes by Vereinigung Cockpit is the ongoing collective bargaining. The main point of dispute is the agreement on transitional benefits for pilots at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo.

Since April 2014, the airlines in the Passenger Airline Group have levied standard ticket surcharges for intercontinental connections based on the total distance flown. Ticket surcharges for flights within Europe were also adjusted at the same time, and are differentiated based on travel class, as is already the case for intercontinental flights.

The number of passengers flying with airlines in the Passenger Airline Group increased to 81.2 million (1.7 per cent) in the first nine months of 2014. Although the number of flights was down 2.0 per cent on last year, available seat-kilometres were up by 2.2 per cent. Revenue passenger-kilometres were up by 2.6 per cent. The passenger load factor rose by 0.3 percentage points to 80.6 per cent.

Both traffic revenue and average yields fell year on year in almost all traffic regions. Sales increased slightly in the Europe traffic region. However, a decrease of 2.7 per cent in average yields pushed traffic revenue down by 0.5 per cent. Sales also went up in the Americas traffic region. With average yields down (-4.0 per cent), traffic revenue rose by 0.5 per cent. In the Asia/Pacific traffic region, sales also rose slightly. However, this region also reported a noticeable downturn in average yields (-4.5 per cent), leading to lower traffic revenue (-2.2 per cent). The Middle East/Africa region saw a drop in sales. As average yields also fell (-3.7 per cent), traffic revenue contracted significantly by 7.2 per cent.

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. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in pts
Europe	7,702	-0.5	65,096	1.8	70,822	1.1	53,956	2.3	76.2	0.8
America	4,645	0.5	7,779	4.4	68,781	6.5	58,235	4.7	84.7	-1.5
Asia/Pacific	2,833	-2.2	4,837	0.6	46,921	1.7	38,799	2.4	82.7	0.6
Middle East/Africa	1,225	-7.2	3,440	-3.6	17,879	-7.5	13,842	-3.6	77.4	3.1
Total	16,405	-1.1	81,152	1.7	204,403	2.2	164,832	2.6	80.6	0.3

Revenue and earnings development Higher traffic boosted the segment's sales by 2.6 per cent in the first nine months of 2014. As prices were down by 2.6 per cent and currency movements were negative (–1.1 per cent), this resulted in lower traffic revenue (–1.1 per cent).

Other operating income also fell, by EUR 254m or 28.8 per cent. This was mainly due to lower exchange rate gains (EUR –111m) and significantly lower income from allocating the restructuring costs of SCORE (EUR –80m).

Total operating income therefore declined by 2.4 per cent to EUR 18.3bn.

Compared with the previous year, operating expenses fell by 2.2 per cent to EUR 17.8bn. At EUR 11.5bn, the cost of materials and services was 2.1 per cent lower than last year. Fuel expenses were down by 4.2 per cent, largely due to prices and exchange rates. Fees and charges went up by 1.7 per cent to EUR 3.8bn. Increases in passenger fees (+7.7 per cent), security fees (+10.5 per cent) and take-off and landing fees (+2.9 per cent) were partly offset by a fall of 3.5 per cent in handling charges. Within other purchased services (–1.6 per cent), charter expenses (–43.5 per cent) and expenses for operating leases (–59.4 per cent) went down, while external MRO services were up 4.6 per cent.

Average staff numbers rose by 0.5 per cent, but staff costs fell by 0.7 per cent thanks mainly to lower restructuring costs for SCORE.

The drop of EUR 214m in depreciation and amortisation to EUR 846m stems from the change in the depreciation method for aircraft, which boosted earnings by a total of EUR 267m in the first nine months of the current financial year.

Other operating expenses climbed by 4.5 per cent to EUR 2.4bn. This was largely due to higher exchange rate losses (EUR +60m), higher write-downs on current assets (EUR +20m), especially writing off currency amounts blocked on accounts in Venezuela, higher indirect staff costs (EUR +22m) and higher costs for Group services (EUR +46m), partly as a result of transferring administrative activities to the Group subsidiary Lufthansa Global Business Services GmbH. Expenses declined largely thanks to lower agency commissions (EUR –25m) as well as reduced costs for computerised distribution systems (EUR –12m) and rent and maintenance (EUR –14m). Comments on the earnings contributions from the individual airlines can be found on [p. 15–17](#).

This produced an operating result for the segment of EUR 473m (previous year: EUR 514m), and includes earnings contributions of EUR 23m from Lufthansa Flight Training (previous year: EUR 17m).

Other segment income of EUR 102m in total (previous year: EUR 63m) comprises income from the write-back of provisions (EUR 58m), write-ups on 14 Bombardier CRJ700s and two Boeing 747-400s held for sale (EUR 30m) and book gains on the disposal of non-current assets (EUR 14m).

Other segment expenses of EUR 20m in total (previous year: EUR 166m) included impairment losses of EUR 15m, of which EUR 14m related to four B737-500s and five Bombardier CRJ700s, which have been retired or are held for sale.

The result of the equity valuation came to EUR 43m (previous year: EUR 40m) and related to SunExpress, SN Airholding and Terminal 2 Gesellschaft in Munich. The segment result improved overall by EUR 147m to EUR 598m.

Segment capital expenditure of EUR 1.8bn was 17.1 per cent higher than last year and was mainly incurred for new aircraft. As part of the ongoing fleet modernisation, 25 new aircraft were acquired in the first nine months. For detailed information, please see [p. 9](#).

Lufthansa Passenger Airlines



Lufthansa Passenger Airlines (including Germanwings) enables its passengers to travel to 235 destinations in 78 countries. Its fleet of 108 long-haul and 320 short-haul aircraft make Lufthansa Passenger Airlines one of the largest network carriers in the world. The company offers its customers a premium product for convenient travel planning via its transfer hubs in Frankfurt and Munich.

Lufthansa Passenger Airlines aims for quality leadership in all of its markets and is striving to become the first five-star airline in the western hemisphere. This quality offensive focuses on high-quality products and personal attention, putting customers and their travel needs at the heart of what the airline does. Existing products are increasingly being personalised and additional offers created.

Premium Economy is also being introduced as a new travel class in the course of the biggest product upgrade in the history of Lufthansa Passenger Airlines. A high level of new bookings shows that with innovative services and up to 50 per cent more space than a seat in Economy Class, Lufthansa Passenger Airlines is not only attracting price-conscious business travellers, but also the rapidly growing target group of leisure travellers who do not want to be without the additional in-flight comfort when they travel on holiday.

Alongside Premium Economy Class, Lufthansa Passenger Airlines is also working intently on upgrades to First and Business Class on board its long-haul aircraft, which should be completed by late summer 2015. From as early as 1 December 2014, the entire new Boeing 747-8 fleet will offer this modern and exclusive travel experience in all four service classes.

The order for ten, state-of-the-art Airbus A320neo for Eurowings in the third quarter has opened the way for further reductions in the diversity of the fleet and a move to more cost-effective models of aircraft. Today, the Lufthansa Passenger Airlines regional subsidiary Eurowings, with its fleet of 23 Bombardier CRJ900 regional jets, serves domestic German and European routes outside the hubs in Frankfurt and Munich on behalf of Germanwings. A further 13 A320s from the Group's total order volume will also be transferred to Eurowings starting in 2015, in order to replace the entire fleet with Airbus aircraft. This will boost Eurowings' unit cost advantage even further and make it more competitive against the low-cost airlines in Europe.

Business on the routes outside the major hubs is characterised by above-average growth in the leisure travel segment and by stiff competition from the rapidly expanding low-cost airlines. By transferring its decentralised European traffic to Germanwings, a quality carrier in the low-cost segment, until early 2015, Lufthansa Passenger Airlines intends to operate these point-to-point connections at a profit in the future.

Over the course of the year, Lufthansa Passenger Airlines has cut unit costs substantially, particularly on long-haul routes by deploying state-of-the-art, fuel-efficient and quieter aircraft and by continuing to refit the Airbus A343 fleet with a two-class configuration for routes where premium demand is lower. The additional capacity thereby created has been sold in full in all traffic regions – apart from the Americas – despite the weak macroeconomic environment and persistently tough competition.

The competitive pressure present in all markets nonetheless adversely affects average yields in all traffic regions. Average yields fell by 3.8 per cent in the Americas traffic region, and in the Asia/Pacific traffic region, where yields were already low, they contracted by a further 5.4 per cent. The airline is therefore continuing to systematically optimise capacities for the winter flight timetable by discharging five aircraft in European traffic and three aircraft in intercontinental traffic. This reduces the capacity growth planned at the beginning of the year. At the same time, Lufthansa Passenger Airlines is standing by its medium- and long-term growth forecast of 3 per cent a year on average. Pressure on revenue is nonetheless expected to remain high as a result of rising over-capacities, particularly on routes to North America and Asia and within Europe. Significant cost savings were achieved mainly by lower fuel costs and the systematic process of modernising the fleet with new, more efficient and larger aircraft.

In addition to the weakness of some foreign currencies, the chronic lack of hard currency in Venezuela weighed heavily on the result. Substantial write-downs over the course of the year added up to total lost earnings of EUR 54m. Steps were taken to rein in capacities and sales, however, which limited the risk exposure and brought the increase in outstanding bolívar receivables to a permanent halt.

The strike ballot conducted by the Vereinigung Cockpit pilots' union in March 2014 was followed by a three-day strike in early April. This caused some 3,800 flights to be cancelled and affected around 425,000 passengers. Five calls for further strikes followed in the busy third quarter. Although Lufthansa Passenger Airlines was able to mitigate the adverse effects of the strikes on passengers by taking early precautions, drawing up alternative flight timetables

and providing extensive information, the threat of further pilots' strikes has severely impacted booking patterns. An increasing loss of customer confidence continues to erode the financial result of Lufthansa Passenger Airlines in addition to the some EUR 105m in lost earnings already caused by the strikes.

Despite more than 4,200 flight cancellations as a result of the strikes, Lufthansa Passenger Airlines was able to carry 59.3 million, or 2.1 per cent, more passengers in the first nine months of the year than in the previous year. The use of larger aircraft with more seats made it possible to increase available seat-kilometres significantly by 1.9 per cent, while reducing the number of flights by 1.5 per cent at the same time. As revenue seat-kilometres increased even faster, by 2.5 per cent, the passenger load factor also rose slightly to 80.0 per cent (+0.4 percentage points).

Although sales were higher, revenue for Lufthansa Passenger Airlines was only on par with that achieved last year at EUR 13.0bn due to pricing and exchange rate movements. The operating result came to EUR 260m, which was EUR 56m lower than last year. It now includes earnings contributions of EUR 23m from Lufthansa Flight Training (previous year: EUR 17m). The positive development of unit costs, which was achieved in part through lower fuel costs and the change in depreciation policy, was absorbed by several one-off factors, including the pilot strikes, political tension in the Middle East and Ukraine as well as intense competition in the Europe and Americas traffic regions.

Other Group airlines



SWISS¹⁾

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %
Revenue	€m	3,190	3,202	-0.4
Operating result	€m	217	182	19.2
EBITDA	€m	385	410	-6.1
Employees as of 30.9.	number	8,682	8,562	1.4
Passengers ²⁾	thousands	13,168	13,047	0.9
Available seat-kilometres ²⁾	millions	35,569	34,882	2.0
Revenue seat-kilometres ²⁾	millions	29,756	29,304	1.5
Passenger load factor ²⁾	%	83.7	84.0	-0.3 pts

¹⁾ Including Edelweiss Air.

²⁾ Previous year's figures have been adjusted.

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

SWISS is the biggest airline in Switzerland and, with Edelweiss Air, serves a global route network comprising around 100 destinations from Zurich, Geneva and Basel. The airline stands for traditional Swiss values and is committed to outstanding product and service quality.

The market remains challenging for SWISS. Intense competitive pressure and the strong Swiss franc weighed on income.

The unstable political situation at various destinations, including Ukraine and Russia, also had an adverse impact on bookings and income. The Swiss home market performed well, however.

SWISS made further progress in implementing the SCORE programme. Key drivers in 2014 are the ongoing initiatives to increase the efficiency of fuel management as well as the introduction of SWISS Choice services, which were successfully launched in July. One of the SWISS Choices gives passengers the opportunity of booking their desired seat for an additional charge. A total of 304 SCORE initiatives are currently under way at SWISS.

A new pricing concept was also introduced in the summer for European flights from Zurich and Basel, which lets SWISS customers take advantage of cheaper tickets with no minimum stay as well as one-way fares which have been introduced. One element of the "Next Generation Airline of Switzerland" strategy is the introduction of the new HUB+ business model, which supplements the traditional hub system. From the 2015 summer flight timetable onwards, it will feature 25 new destinations from Zurich in cooperation with its sister company Edelweiss Air. This is largely made possible by increases in aircraft productivity.

From November 2014, all the aircraft in the Airbus A320 family with higher earning capacity will also be refitted. The cabin design will be updated in line with the style of the lounges and the long-haul aircraft. A new cabin concept and new seats will boost capacities in the A320 by 12 seats, and by 19 seats in the A321. Passengers will enjoy greater comfort thanks to more leg room. At the World Travel Awards 2014 in August, SWISS was voted "Europe's Leading Airline Business Class" for the fourth year in a row for its Business Class product.

Airbus pilots rejected by a clear majority the wage settlement negotiated with representatives of both cockpit crews, which aimed to merge the two trade unions. SWISS subsequently agreed on a flexible and sustainable wage settlement with the Avro pilots' labour union partner, IPG, which will also ensure the crewing of the Boeing 777-300ER from 2016. Given the irreconcilable differences on key negotiating points relating to future working conditions, SWISS has terminated the wage agreement with Aeropers, the labour union partner for the Airbus pilots, as of November 2016.

In the reporting period, SWISS transported 13 million passengers worldwide. Available seat-kilometres increased year on year by 2.0 per cent. As sales only rose by 1.5 per cent, the passenger load factor fell by 0.3 percentage points to 83.7 per cent.

SWISS reported a slight fall in revenue to EUR 3.2bn (–0.4 per cent) in the first nine months. The operating result improved significantly by 19.2 per cent to EUR 217m, however this was principally due to the change in depreciation policy within the Lufthansa Group.



Austrian Airlines

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %
Revenue	€m	1,574	1,577	–0.2
Operating result	€m	–7	19	–
EBITDA	€m	66	133	–50.4
Employees as of 30.9.	number	6,188	6,222	–0.5
Passengers*	thousands	8,658	8,610	0.6
Available seat-kilometres*	millions	17,769	16,984	4.6
Revenue seat-kilometres*	millions	14,188	13,392	5.9
Passenger load factor*	%	79.8	78.8	1.0 pts

* Previous year's figures have been adjusted.

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

Austrian Airlines is Austria's leading airline, operating a global route network with some 130 destinations. Its network is particularly dense in Eastern Europe, where it serves more than 40 destinations. Since 1 July 2012, essentially all of the Austrian Airlines Group's flight operations have been pooled at its wholly owned subsidiary Tyrolean Airways.

The crises in Ukraine, Russia and the Middle East continue to represent a challenge for the performance of Austrian Airlines. Many services to these regions have had to be temporarily suspended. The situation is exacerbated by the adverse effect on revenue of the persistently weak Japanese yen.

Austrian Airlines is optimising unit costs and using continuous capacity management and measures to improve revenue quality in order to counteract the permanently tense competitive situation at Vienna Airport and the resulting weak yields from European traffic. A total of four Bombardier Dash 8-Q400s have been added to the Austrian fleet and will be used on a wet lease for SWISS from 1 November.

The SCORE activities at Austrian Airlines are showing results. A large part of the maintenance work for Fokker and Airbus aircraft has been moved from the high season in summer to the winter, thereby making more efficient use of capacities. Parallel sales structures for Lufthansa Passenger Airlines and Austrian Airlines in 18 Eastern European countries have also been dissolved.

In the legal proceedings concerning the continued validity of the former collective bargaining agreement for Austrian cabin crew, the European Court of Justice (ECJ) announced in mid-September that it concurred with the opinion of the Advocate General. This means that the text of the EU directive on transferring operations referring to "terms and conditions defined in a collective agreement" also applies to a collective agreement that has been terminated at the time the business is transferred. Subsequent rulings by the Austrian Supreme Court and by the Higher Regional Court on the legality of transferring flight operations are expected in 2015. Notwithstanding the various items of litigation, the collective bargaining partners agreed on the outline of a new wage agreement on 7 October 2014. This collective agreement is to take effect on 1 December 2014, with flight operations being transferred from Tyrolean to Austrian Airlines AG as of 1 March 2015. To complete the settlement, it will be necessary for severance payments to be made and for the outstanding lawsuits to be withdrawn. In addition to legal certainty, the new collective agreement would bring a further reduction in unit costs and thereby a significant increase in competitiveness.

In the first nine months of the year, 8.7 million passengers flew with Austrian Airlines. This is 0.6 per cent more than last year. At 4.6 per cent greater capacity, sales climbed by 5.9 per cent. This led to an increase in the passenger load factor of 1.0 percentage points to 79.8 per cent.

At EUR 1.6bn, Austrian Airlines' revenue between January and the end of September 2014 was down 0.2 per cent on last year. The operating result after nine months came in at EUR –7m. The year-on-year change amounted to EUR –26m. Positive effects from the change in the Group's depreciation policy were offset by the one-off impact of provisions made for possible severance payments in connection with the signing of a collective agreement for the flight staff of Tyrolean Airways.

Logistics business segment

Key figures Logistics

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %	July – Sept. 2014	July – Sept. 2013	Change in %
Revenue	€m	1,767	1,802	-1.9	606	583	3.9
of which with companies of the Lufthansa Group	€m	19	18	5.6	6	5	20.0
Operating result	€m	51	45	13.3	17	-17	-
Segment result	€m	67	61	9.8	23	-13	-
EBITDA ¹⁾	€m	115	83	38.6	40	-6	-
Segment capital expenditure	€m	184	176	4.5	33	47	-29.8
Employees as of 30.9.	number	4,675	4,643	0.7	4,675	4,643	0.7
Freight and mail ²⁾	thousand tonnes	1,227	1,268	-3.2	418	426	-1.9
Available cargo tonne-kilometres ²⁾	millions	9,184	9,289	-1.1	3,250	3,250	0.0
Revenue cargo tonne-kilometres ²⁾	millions	6,344	6,438	-1.5	2,180	2,192	-0.5
Cargo load factor ²⁾	%	69.1	69.3	-0.2 pts	67.1	67.4	-0.3 pts

¹⁾ Before profit/loss transfer from other companies.

²⁾ Previous year's figures have been adjusted.

Business and strategy Lufthansa Cargo is the logistics specialist within the Lufthansa Group. In addition to Lufthansa Cargo AG, the Logistics segment comprises the airfreight container specialist Jettainer GmbH and the equity investment in the cargo airline AeroLogic GmbH. AeroLogic GmbH has been proportionately consolidated as a joint operation in line with IFRS 11 for the first time since 1 January 2014. The company had previously been accounted for using the equity method. Lufthansa Cargo also has 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.

Markets and competition Although global demand for airfreight increased slightly in the first nine months of 2014, Lufthansa Cargo's transport figures remained flat and so did not meet the expectations anticipated at the beginning of the year. The company continues to align its capacity strictly with the load factor, in order to stabilise income. Thanks to its flexible and demand-oriented management of freighter capacities, Lufthansa Cargo was able to keep the cargo load factor at a high level of 69.1 per cent (-0.2 percentage points) and its average yields roughly stable (-0.7 per cent).

Course of business and operating performance In the first nine months of 2014, Lufthansa Cargo continued its Lufthansa Cargo 2020 programme, which also includes a partial renewal of the fleet. The most visible signs of this are the four new Boeing 777 freighters now flying for the company. Two of the older MD-11 freighters have been decommissioned in exchange, another has

been retired and a fourth MD-11F will leave the fleet in the remainder of the year. Shanghai is the first key destination in Lufthansa Cargo's global route network to be served by the new flagship, with daily flights taking place since the end of March. Another milestone in the Lufthansa Cargo 2020 programme was the completion of negotiations with All Nippon Airways (ANA) for a strategic joint venture on routes between Europe and Japan. This is the first joint venture of its kind in the global airfreight industry. ANA and Lufthansa Cargo will coordinate activities such as network planning, pricing, sales and handling on joint venture routes in future. The first flight as part of this close cooperation is planned for 1 December 2014.

Lufthansa Cargo is strengthening its presence on the African continent in the 2014/15 winter flight timetable. Since mid-September, the cargo airline has flown twice a week to Lagos in Nigeria with an MD-11F. In November, a weekly connection to the Tunisian capital Tunis will be added to the route network. In its upcoming winter flight timetable, Lufthansa Cargo will serve more than 300 destinations in around 100 countries. The freighter fleet flies to 44 destinations.

Lufthansa Cargo also received an award from its own customers. Europe's leading cargo airline was given the "Platinum Award" at the renowned "Air Cargo Excellence Awards" as part of the 2014 World Cargo Symposium in Los Angeles.

The company continues to drive forward the SCORE programme with great determination in 2014. Additional measures to cut costs and boost revenue will be implemented over the remainder of the year. The marketing of remunerative express products will be expanded, among other things. In particular, the use of the efficient Boeing 777F will cut costs significantly.

Freight volumes were 3.2 per cent down on the year in the first nine months of 2014. Available tonne-kilometres were reduced by 1.1 per cent and cargo tonne-kilometres fell by 1.5 per cent. The cargo load factor was stable compared with 2013, contracting only slightly by 0.2 percentage points. Although cargo capacities on passenger aircraft grew further, the company's own freighter capacities were managed tightly and in some cases reduced significantly. Only the Asia/Pacific region was able to report higher tonnage. Freight volumes increased slightly by 0.9 per cent in this traffic region, although capacity was cut by 0.9 per cent. Cargo tonne-kilometres fell by 1.4 per cent, trimming the cargo load factor by 0.4 percentage points.

Cargo volumes in the Americas traffic region dropped by 0.5 per cent year on year. Cargo tonne-kilometres rose by 0.3 per cent and available tonne-kilometres were reduced by 0.7 per cent. This led to a 0.6 percentage point increase in the load factor. The Middle East/Africa traffic region recorded a significant downturn in cargo volumes. Transported tonnage was down 8.9 per cent on the first nine months of 2013. While sales to and from Egypt went up again, volumes in the two other primary markets, South Africa and Kenya, went down significantly. Capacity was cut by 5.4 per cent. As cargo tonne-kilometres declined by 9.5 per cent, the load factor fell by 2.5 percentage points. Freight volumes within Europe fell by 7.3 per cent. Available tonne-kilometres rose by 1.3 per cent but cargo tonne-kilometres fell by 4.5 per cent, causing the load factor in this traffic region to drop by 3.0 percentage points compared with the same period last year.

Revenue and earnings development Revenue at Lufthansa Cargo contracted by 1.9 per cent year on year to EUR 1.8bn in the first nine months of 2014, largely due to lower traffic revenue (–2.0 per cent), which in turn was affected by exchange rates and volumes. Other revenue fell to EUR 40m (–2.4 per cent), in particular due to lower income from aircraft charters. Other operating income of EUR 54m was down considerably on last year's figure, primarily as a result of a decrease in the foreign exchange result and in reimbursements from the Group for restructuring measures in connection with the SCORE programme. Total operating income fell to EUR 1.8bn (–2.8 per cent).

Operating expenses fell by 3.2 per cent to EUR 1.8bn. This was largely due to the lower volume-related cost of materials and services, which stood at EUR 1.3bn (–6.5 per cent). Within this item, there were capacity-related declines in charter expenses to EUR 518m (–4.4 per cent), fuel costs to EUR 339m (–15.0 per cent), fees and charges to EUR 201m (–5.2 per cent) and MRO expenses to EUR 92m (–0.9 per cent). Staff costs fell slightly by 0.7 per cent to EUR 290m. This was primarily due to lower restructuring costs compared with the same period last year. These had gone up in 2013 due to the SCORE programme. The companies in the Logistics segment had an average of 4,654 employees in the reporting period (+0.8 per cent). Depreciation and amortisation went up by EUR 26m to EUR 46m due to the change in the Lufthansa Group's depreciation policy and the addition of new Boeing 777 cargo aircraft. Other operating expenses rose slightly to EUR 179m (+2.3 per cent).

In the reporting period, the Logistics segment generated an operating result of EUR 51m (previous year: EUR 45m). Other segment income and expenses remained low. The segment result was EUR 67m (previous year: EUR 61m). This includes a result from equity investments of EUR 11m (previous year: EUR 10m) from subsidiaries accounted for using the equity method. Segment capital expenditure went up to EUR 184m in the reporting period (previous year: EUR 176m). The increase stems mainly from higher capital expenditure for IT projects and the construction of the new airfreight logistics terminal.

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. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in %	Jan. – Sept. 2014	Change in pts
Europe	153	–3.8	408	–7.3	509	1.3	251	–4.5	49.4	–3.0
America	697	–0.9	376	–0.5	4,162	–0.7	2,784	0.3	66.9	0.6
Asia/Pacific	710	–2.1	347	0.9	3,653	–0.9	2,841	–1.4	77.8	–0.4
Middle East/Africa	155	–4.9	96	–8.9	860	–5.4	468	–9.5	54.4	–2.5
Total	1,715	–2.0	1,227	–3.2	9,184	–1.1	6,344	–1.5	69.1	–0.2

* Not including Extracharter.

MRO business segment

Key figures MRO

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %	July – Sept. 2014	July – Sept. 2013	Change in %
Revenue	€m	3,200	3,109	2.9	1,112	1,069	4.0
of which with companies of the Lufthansa Group	€m	1,216	1,145	6.2	436	403	8.2
Operating result	€m	335	332	0.9	129	113	14.2
Segment result	€m	367	348	5.5	135	120	12.5
EBITDA*	€m	395	445	-11.2	112	173	-35.3
Segment capital expenditure	€m	83	71	16.9	19	31	-38.7
Employees as of 30.9.	number	20,003	19,815	0.9	20,003	19,815	0.9

* Before profit/loss transfer from other companies.

Business and strategy Lufthansa Technik is the world's leading independent provider of maintenance, repair and overhaul services (MRO) for civilian commercial aircraft. The Lufthansa Technik Group includes 32 technical maintenance operations around the world with a total of about 20,000 employees. The company also holds direct and indirect stakes in 55 companies. Lufthansa Technik's key strategic objective is to generate profitable growth by winning major MRO contracts, expanding its international presence and developing innovative products, technologies and processes. In September, Lufthansa Technik Logistics Services (LTLS) started operations at a new site in China. LTLS is thereby paving the way for serving the growing Chinese market even more directly in future. Another step in Lufthansa Technik's growth and innovation strategy is its investment of nearly EUR 60m in the construction and furnishing of a new wheel and brake workshop in Frankfurt am Main. The new production facility will enable further growth in this segment from 2017 onwards.

Markets and competition Growth in MRO capacities as well as the airlines' persistently tight financial situations have led to consistently high pricing pressure in the MRO business in 2014. Lufthansa Technik's main competitors are aircraft, engine and component manufacturers (OEM), the MRO divisions of other airlines as well as independent providers. The market remains dominated by consolidation among both customers and competitors.

Course of business and operating performance In the reporting year to date, Lufthansa Technik won 13 new customers and signed 221 contracts with a volume of EUR 1.5bn for 2014 and the following years. The number of aircraft serviced under exclusive contracts went up to more than 3,100.

Important new deals included a long-term contract with Middle River Aircraft Systems Inc. (MRAS), a subsidiary of GE Aviation, to maintain thrust reversers on GENx-2B engines for the Boeing 747-8. A contract for the delivery of the HelioJet LED cabin lighting system was signed with Scandinavian Airlines System (SAS). SAS is thereby the first customer for HelioJet. International Jet Management (IJM) and the Lufthansa Technik subsidiary Lufthansa Bombardier Aviation Services (LBAS) signed a maintenance contract for the latest Bombardier aircraft type, the Challenger 350 Business Jet.

Lufthansa Technik remains committed to developing systematic measures for ensuring the future viability of the company and a sustainable increase in earnings as part of the SCORE programme. As in the previous year, these measures are making a significant contribution to the company's operating result.

Revenue and earnings development Revenue was up 2.9 per cent year on year in the reporting period at EUR 3.2bn. Revenue with Group companies increased by 6.2 per cent to EUR 1.2bn, and external revenue went up to EUR 2.0bn (+1.0 per cent). Other operating income went up significantly compared with last year to EUR 176m (+32.3 per cent). Total operating expenses came to EUR 3.0bn and were higher than the previous year (+4.5 per cent). The cost of materials and services went up 4.3 per cent to EUR 1.6bn due to more external production services being used. Staff costs of EUR 901m were also higher than last year (+1.9 per cent). The MRO segment generated an operating profit of EUR 335m in the reporting period (previous year: EUR 332m). When the improvement in other segment income is factored in, Lufthansa Technik posted a segment result of EUR 367m (previous year: EUR 348m). Segment capital expenditure came to EUR 83m (previous year: EUR 71m).

Catering business segment

Key figures Catering

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %	July – Sept. 2014	July – Sept. 2013	Change in %
Revenue	€m	1,960	1,889	3.8	723	680	6.3
of which with companies of the Lufthansa Group	€m	466	456	2.2	172	166	3.6
Operating result	€m	66	63	4.8	48	44	9.1
Segment result	€m	70	74	-5.4	55	53	3.8
EBITDA*	€m	102	111	-8.1	61	67	-9.7
Segment capital expenditure	€m	87	54	61.1	39	21	85.7
Employees as of 30.9.	number	32,693	31,916	2.4	32,693	31,916	2.4

* Before profit/loss transfer from other companies.

Business and strategy The LSG Sky Chefs group consists of 158 companies and serves its customers at more than 210 airports in 53 countries. The group has expanded its portfolio significantly in recent years. It increasingly includes services such as the management of in-flight sales programmes, the development and logistics of in-flight service equipment and the operation of lounges. At the same time, the company is strengthening its position in related segments, especially rail services in Europe and supplies to retailers, especially in the USA.

Markets and competition LSG Sky Chefs is the global market leader in airline catering as measured by market share, quality and innovation. This position has been achieved by strengthening the customer and market focus, by continual optimisation and consistent cost and process management.

Course of business and operating performance Greater passenger numbers enabled LSG Sky Chefs to report revenue growth in all regions in the first nine months of 2014. The company has been expanding its global network in the growth markets of Russia and China. In February, it gained a foothold in Rostov-on-Don as part of Aeromar, its joint venture with Aeroflot. In June, a joint venture agreement was signed at the Chinese site in Wenzhou. LSG Sky Chefs also acquired the pre-production plant for LSG Sky Chefs Finland Oy in Helsinki and opened cutting-edge production facilities in Panama and Nanjing to cater to increasing demand there. SPIRIANT, the company responsible for the development and logistics of in-flight service equipment, established its first branch office in the Middle East in Dubai. In New Zealand, LSG Sky Chefs created a new opportunity with the acquisition of Naturezone's retail business. In September, LSG Sky Chefs announced two new contracts with the railway operators NTV and iDTGV. Major customer wins include the global contract with Delta Air Lines for a total of 39 sites, extending the relationship with JetBlue Airlines to 16 airports in the USA, renewing the catering

agreements with Emirates and Singapore Airlines in New Zealand and closing new contracts for in-flight retail services with SunExpress in Germany and Turkey and with Spirit Airlines in North and South America. United Airlines gave LSG Sky Chefs and its partners its Crystal Award, the highest accolade for outstanding catering in all categories.

Revenue and earnings development Currency-adjusted revenue in the Catering segment increased by 7.0 per cent in the first nine months compared with the same period in the previous year. In nominal terms, it improved by 3.8 per cent to EUR 2.0bn. Newly consolidated companies contributed EUR 14m to the revenue growth. External revenue increased to EUR 1.5bn (+4.3 per cent). Revenue with other companies in the Lufthansa Group went up to EUR 466m (+2.2 per cent). Other operating income was EUR 4m down on the year at EUR 50m. Overall, total operating income improved by EUR 67m to EUR 2.0bn. Total operating expenses of EUR 1.9bn were 3.4 per cent higher than last year. The cost of materials and services rose by 3.4 per cent to EUR 862m. In the first nine months, the company had an average of 32,382 employees (+3.2 per cent). The increase in the workforce is largely due to the first-time consolidation of companies in Europe and to higher business volumes. Staff costs nonetheless rose, but at a lower rate of just 1.9 per cent to EUR 705m. Depreciation and amortisation was largely stable year on year at EUR 48m. Other operating expenses rose to EUR 329m (+7.2 per cent) due mainly to the higher volume of business and higher write-downs on trade receivables. LSG Sky Chefs posted an operating profit of EUR 66m for the first nine months of 2014 (previous year: EUR 63m). The balance of other segment income and expense was EUR -1m. The result of the equity valuation went down by EUR 8m to EUR 4m. The segment result was therefore EUR 70m (previous year: EUR 74m). Segment capital expenditure was EUR 33m higher at EUR 87m.

IT Services business segment

Key figures IT Services

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %	July – Sept. 2014	July – Sept. 2013	Change in %
Revenue	€m	483	472	2.3	165	168	-1.8
of which with companies of the Lufthansa Group	€m	282	274	2.9	92	97	-5.2
Operating result	€m	21	17	23.5	10	12	-16.7
Segment result	€m	21	16	31.3	10	13	-23.1
EBITDA*	€m	52	45	15.6	20	21	-4.8
Segment capital expenditure	€m	15	16	-6.3	3	4	-25.0
Employees as of 30.9.	number	2,731	2,720	0.4	2,731	2,720	0.4

* Before profit/loss transfer from other companies.

Business and strategy Lufthansa Systems is a full-service provider of consultancy and IT services and is one of the leading providers on the international market for airline IT. The company is also active outside the aviation industry. Lufthansa Systems has branches in Germany and international offices in 16 countries.

The forthcoming division of Lufthansa Systems into three companies, which is due to be implemented in early 2015, had no negative effects on operations. The Infrastructure segment is to be transferred to the IBM Group as part of an outsourcing agreement. The conclusion of negotiations and the signing of the contract, which, in particular, remains subject to the approval of the company's Supervisory Board, are set for the fourth quarter. IT Services will no longer be managed as an independent business segment within the Lufthansa Group once the transaction has been completed. The Airline Solutions and Industry Solutions business units are to continue as independent companies within the Other segment. More information can be found in the "Supplementary report" on [p. 24](#).

Markets and competition The Airline Solutions unit focuses on developing applications for the continued optimisation of airlines' business processes as well as the harmonisation of their IT processes. Its customer base includes some 300 airlines in total. The Industry Solutions business unit is also well positioned in its market. Key drivers of demand at its around 150 customers are the automation and digitalisation of business processes, new technologies such as big data and mobility, and the replacement of legacy IT in certain sectors.

Course of business and operating performance Iberia, Wizz Air and White Airways were among the new customers for the Lido navigation solutions from Lufthansa Systems. easyJet completed the introduction of the paperless cockpit with the help of the electronic navigation charts from Lufthansa Systems. Kenya Airways

and Qatar Airways renewed their contracts for the NetLine/Plan and NetLine/Sched flight planning solutions for another three years. TAP was acquired as a new customer for the SchedConnect code-share management solution. Austrian Airlines extended its contract for the use of SchedConnect by a further five years. In July, the BoardConnect app was downloaded for the millionth time. It enables passengers to access a wide range of in-flight information and entertainment on their own devices. Industry Solutions gained E.ON as a new customer for process consultancy. The entire Celebrity Cruises fleet was equipped with the Velimo Light infotainment system. The maintenance contract with Bosch Thermotechnik was extended and the introduction of TransPORT rail completed successfully at the Hamburg Port Authority.

Revenue and earnings development Revenue was up 2.3 per cent on the year at EUR 483m. Revenue with Group companies rose to EUR 282m (previous year: EUR 274m). Revenue from external customers came to EUR 201m (previous year: EUR 198m). Other operating income fell to EUR 13m (previous year: EUR 15m). This was due to the reimbursements received from Lufthansa for severance payments made as part of SCORE in the same period last year. Total operating income therefore came to EUR 496m (previous year: EUR 487m). The cost of materials and services came to EUR 87m (previous year: EUR 91m). In the reporting period, Lufthansa Systems had an average of 2,720 employees (previous year: 2,725 employees). Staff costs were stable year on year at EUR 180m. Depreciation and amortisation was unchanged at EUR 26m. Other expenses rose in line with revenue to EUR 182m (previous year: EUR 173m). This took total operating expenses up to EUR 475m (previous year: 470m). In the reporting period, Lufthansa Systems thereby recorded an operating result of EUR 21m, 23.5 per cent more than last year. Capital expenditure on property, plant and equipment and intangible assets resulted in a cash outflow of EUR 15m (previous year: EUR 16m).

Other

Other

		Jan. – Sept. 2014	Jan. – Sept. 2013	Change in %	July – Sept. 2014	July – Sept. 2013	Change in %
Total operating income	€m	885	771	14.8	298	226	31.9
Operating result	€m	–97	–286	66.1	–32	–125	74.4
Segment result	€m	–65	–220	70.5	–23	–123	81.3
EBITDA*	€m	–85	190	–	20	261	–92.3
Segment capital expenditure	€m	8	6	33.3	4	1	300.0
Employees as of 30.9.	number	3,521	3,392	3.8	3,521	3,392	3.8

* Before profit/loss transfer from other companies.

The segment Other comprises the Service and Financial Companies of the Lufthansa Group. Since the third quarter, this has included AirPlus and Central Group Functions of Deutsche Lufthansa AG.

The Lufthansa Group intends to pool its expertise in the area of flight training. It plans to merge Lufthansa Flight Training GmbH (LFT) and Swiss Aviation Training AG (SAT) as partners by July 2015. The first organisational stage was to assign LFT to the Passenger Airline Group business segment as of 1 July 2014, where it forms part of Lufthansa Passenger Airlines. LFT's results will be consolidated there accordingly. The relevant figures for the segment from the current financial year as well as the figures from the previous year have been adjusted accordingly.

At AirPlus, the strategic focus is on product leadership in payment and settlement solutions for companies' business travel management. At the same time, the Lufthansa Group's company-card specialist will continue to develop its product portfolio towards virtual and mobile payment solutions. Its strategically relevant target group is small and medium-sized companies with an international outlook. Countries in the Asia-Pacific region have been identified as the decisive growth markets.

After moderate growth in the first six months of the year, international business travel is currently declining: AirPlus customers worldwide flew less on business (–2.3 per cent) and spent 4.2 per cent less on business flights than in the first nine months of last year. Altogether, the operating result for the reporting period improved by EUR 3m year on year.

Total operating income for the Group functions was up slightly (+8.1 per cent) year on year at EUR 492m. The operating result came to EUR –140m (previous year: EUR –322m). Operating expenses were 18.7 per cent down, at EUR 632m. The improvement in the operating result was due to lower restructuring expenses as part of SCORE as well as to exchange rate gains.

Revenue and earnings development The reporting period was again characterised by lower one-off expenses in connection with SCORE of EUR 30m (previous year: EUR 168m) recognised in this segment. Total operating income rose to EUR 885m (previous year: EUR 771m), while operating expenses fell to EUR 982m (previous year: EUR 1.1bn). The operating result came to EUR –97m (previous year: EUR –286m).

Risk and opportunities report

As an international aviation company, the Lufthansa Group is exposed to macroeconomic, sector-specific and Company risks and opportunities. The permanently updated management systems should identify both risks and opportunities at an early stage and highlight measures so that action can be taken accordingly. For further information on the risk and opportunity management system and the Lufthansa Group's risk and opportunity situation, please see the "Annual Report 2013" from [p. 97](#).

In the first nine months of 2014, the risks and opportunities for the Group described in detail from [p. 97](#) of the "Annual Report 2013" have materialised or developed as follows.

A worsening of the political instability in the Middle East and in Eastern Europe may cause the current oil price trend to reverse and result in significant price increases. For the Lufthansa Group this would represent an increase in operating expenses. Conversely, further falls in the oil price represent a chance of lower fuel costs. If any of the many political and military conflicts currently smouldering should flare up, or if more cases of Ebola should appear outside the epidemic's current range or there should be any indication of a change in its transmission vectors, this would have an adverse effect on air traffic. These effects would also be expected indirectly if the Chinese government reacts with force to demands for more democratic involvement and this has a negative impact on China's economy. As the country has a significant influence on the global economy, this would also affect demand for air transport. Tensions between the European Union and Russia could also lead to further sanctions, which could ultimately jeopardise flyover rights.

The Lufthansa Group is also exposed to an increased level of risk from pilot strikes. Despite the best endeavours of both parties to reach acceptable solutions in constructive negotiations, the three-day strike held by the Vereinigung Cockpit pilots' union in April 2014 to force a new wage agreement, especially on transitional benefits, has been followed by a further five calls for strikes to date. In the fourth quarter, there has already been further industrial action by VC. In addition to the damage it does to the Lufthansa Group's reputation as a dependable service provider, industrial action also entails the risk of considerable revenue losses and additional costs.

Additional capacities in the air transport industry are still adding to increased pricing pressure in the passenger business. The Lufthansa Group is addressing this trend by cutting back on its planned growth, for example by reducing the course of growth

in the 2014/15 winter flight timetable and the summer flight timetable 2015, in order to reduce the risk of falling average yields by trimming capacities further if necessary.

Taking all known circumstances into account, no risks have currently been identified which either singly or as a whole could jeopardise the continued existence of the Lufthansa Group.

Supplementary report

On 21 October 2014, the Executive Board of Deutsche Lufthansa AG decided to enter into final negotiations on the sale of the IT Infrastructure segment of Lufthansa Systems AG, and at the same time to sign an IT service contract for the Lufthansa Group with the IBM Group. In accordance with IFRS 5, the assets and liabilities concerned are therefore to be presented in the consolidated balance sheet as of 31 December 2014 as a disposal group, and are to be valued at their expected purchase price. The expected purchase price also reflects the expenses of future restructuring and will result in a one-off, non-operating expense of around EUR 240m (before income tax). This will be offset by future savings during the projected contractual term of seven years, which are expected to come to an average of around EUR 70m per year. The contract will be signed subject to conditions, notably the approval of the Company's Supervisory Board. The transaction is due to be concluded and the IT Services segment dissolved by the end of the first quarter 2015.

In October 2014, there were further strikes by the Vereinigung Cockpit pilots' union at Lufthansa Cargo, Germanwings and Lufthansa Passenger Airlines. The strike at Lufthansa Cargo hardly had any impact on business, because all flights were able to take place despite the industrial action. The strikes at Lufthansa Passenger Airlines and Germanwings on short- and long-haul routes resulted in massive flight cancellations, however, and have led to direct losses of some EUR 50m. The strikes in the third quarter had also impacted forward bookings for the fourth quarter by another EUR 15m.

Forecast

Macroeconomic outlook Global economic growth of 2.7 per cent is expected for 2014. Compared with the expectations in mid-year, this represents another slight drop in the growth rate forecast for this year. Predictions for global economic growth in the year ahead are still optimistic, however.

GDP development

in %	2014*	2015*	2016*	2017*	2018*
World	2.7	3.2	3.6	3.8	3.7
Europe	1.4	1.7	2.0	2.1	2.0
Germany	1.4	1.6	1.8	1.6	1.5
North America	2.3	2.7	2.9	3.1	2.7
South America	1.0	2.2	3.6	3.8	3.8
Asia/Pacific	4.8	5.0	5.2	5.4	5.6
China	7.3	7.1	7.1	7.3	7.6
Middle East	3.4	4.0	4.5	4.5	4.7
Africa	3.5	5.5	6.0	5.6	5.5

Source: Global Insight World Overview as of 15.10.2014.

* Forecast.

The euro's depreciation against other major currencies, the falling oil price and economic policy measures in China – if they are sustained – should all contribute to a faster expansion of the world economy in 2015.

Growth of 1.4 per cent is predicted for Europe in 2014. The fastest growing country in Western Europe is the United Kingdom, with forecast growth of 3.1 per cent in 2014. Germany is among the middle-ranking Western European countries, with forecast growth of 1.4 per cent. The countries in southern Europe are still generally reporting lower growth rates. Negative growth is expected in 2014 for Cyprus (–3.8 per cent), Finland (–0.3 per cent) and Italy (–0.4 per cent).

The oil price slid steadily downwards over the third quarter of 2014. Current futures rates nonetheless reveal the expectation of rising oil prices. Geopolitical developments are likely to remain the primary factor influencing oil prices, however. Volatile fuel costs should therefore be expected for the remainder of the year 2014.

After a general euro weakness in the third quarter of 2014, most analysts are projecting exchange rates to stay at around the same level until year-end. By contrast, the majority are expecting the euro to weaken in general in 2015.

Forecasts for the airline industry predict strong global growth in 2014 based on improvements in the macroeconomic environment. For the industry as a whole, the trade association IATA is forecasting profits of USD 18.0bn for the full year 2014 (previous year: USD 10.6bn), the highest value in five years.

Outlook for the Lufthansa Group The earnings development was volatile for the Lufthansa Group in the first nine months of the year. At the beginning of 2014, earnings improved compared with the previous year, but this was followed by alternating stable and very poor months. The trend was driven largely by strikes at Lufthansa Passenger Airlines, tough market competition and adverse global political developments, which had a negative impact on the airlines' revenue.

After correcting the profit forecast for the full year in June, the adjusted target was met in the third quarter, although the environment remained challenging. The performance of the individual business segments continues to vary. The factors mentioned above continue to weigh heavily on the revenue and results of the Passenger Airline Group. The good unit costs development was not able to offset the revenue decreases. A year-on-year profit improvement was only possible here thanks to the positive effects of adjusting the depreciation policy. The service companies reported solid performance again, by contrast. The Group's operating profit was boosted by the absence of non-recurring provisions for the SCORE programme that depressed last year's result.

Passenger Airline Group sees performance still down on last year

The Passenger Airline Group expects the market to remain weak for the rest of the year. The positive trend in unit costs will probably not be able to offset the ongoing revenue challenges. In the fourth quarter, the reduction in planned capacity growth will provide some relief. The expectation is nonetheless that the growth in volumes will not result in revenue growth because unit revenue is lower. The forecast profit improvement will therefore essentially be achieved by the positive impact of altering the depreciation parameters.

For the remainder of the year, Lufthansa Passenger Airlines still anticipates that its profit will lag behind its original expectations. Despite the profit improvement brought by the change in depreciation policy, it now projects that the result for 2014 will be on par with last year. This forecast does not include the effects of any further strikes.

Forecast key performance indicators Passenger Airline Group 2014

	2014 outlook
Fleet (Number of aircraft)	overall stable
Capacity (ASK)	c. +3%
Sales (RPK)	above capacity growth
Passenger load factor (SLF)	slightly up
Pricing (Average yields)	negative
Unit revenue (RASK)	negative
Unit costs (CASK excluding fuel)	c. –4%

SWISS expects a more stable result development and is still anticipating a result significantly above last year. This is largely due to the new depreciation policy for aircraft.

Austrian Airlines is now expecting moderate revenue growth and a slightly positive operating result. This change is largely caused by the necessary provisions made for the severance payments resulting from the collective bargaining agreement.

The full year result for all airlines, in terms of both opportunities and risks, remains highly dependent on the further development of unit revenues and increasingly also on volatile fuel price movements. Good progress on reducing unit costs is still being absorbed by the poor development of revenue. The assumptions for the operating performance indicators are unchanged.

Lufthansa Cargo expects profit improvement Lufthansa Cargo anticipates a seasonal upswing in demand in the fourth quarter and a corresponding increase in freight volumes. No revenue growth in the first three quarters means that it will no longer be possible to achieve the ambitious target of increasing revenue on a full year basis. Lufthansa Cargo now assumes that its operating result will be higher than last year.

Other segments expect stable course of business

Lufthansa Technik will not match last year's strong operating result in 2014, despite growing revenue. This is mainly due to the particularly strong influx of new orders in the 2013 financial year, as well as expenses for expanding its group structure in the current

financial year. Thanks to the positive performance in some areas, Lufthansa Technik is now predicting a significantly higher result than in 2012, however.

For the financial year 2014, LSG Sky Chefs is now expecting a slight increase in revenue, and a profit roughly in line with last year's. The ongoing efficiency programmes will be pursued and opportunities seized for profitable growth by means of geographic and portfolio expansion, both in its core business segment and in adjacent markets.

Lufthansa Systems is still forecasting slight revenue growth in 2014 alongside an operating result that will be slightly below previous year.

All of the companies are continuing to systematically implement their SCORE programmes.

Profit forecast confirmed Overall, the Lufthansa Group still expects to achieve a reported operating result of around EUR 1.0bn for the financial year 2014. This includes a EUR 340m benefit as a result of the change to the depreciation policy. This forecast also includes strike impact until the end of October; however it does not include costs that may be incurred as a result of further strikes. Key drivers for the result development remain the uncertain development of airline revenue and increasingly also changes in the oil price and the jet fuel crack, as well as exchange rate movements.

Lufthansa Group and operating segments earnings forecasts 2014

	Revenue		Operating result		
	Revenue 2013 in €m	Forecast for 2014	Result 2013 in €m	Forecast for 2014	Effect from adjustment in depreciation policy in €m
Lufthansa Passenger Airlines	17,302		265	on par with previous year	+240
SWISS	4,223		226	significantly above previous year	+70
Austrian Airlines	2,069		25	below previous year, but positive	+40
Reconciliation	-81		-21		
Passenger Airline Group	23,513	below previous year	495	slightly above previous year	+350
Logistics	2,442	below previous year	77	above previous year	-10
MRO	4,180	in line with market growth	404	significantly above 2012 level (€ 328m)	
Catering	2,514	slightly above previous year	105	on par with previous year	
IT Services	640	slightly above previous year	36	slightly below previous year	
Other	0		-378	significant improvement due to lower restructuring costs	
Internal revenue/ Reconciliation	-3,261		-42		
Lufthansa Group reported	30,028	below previous year	697	approximately € 1,000m	+340
Restructuring costs			245	€ 80m	
Project costs Lufthansa Passenger Airlines			100	€ 200m	
Lufthansa Group normalised		below previous year	1,042	approximately € 1,300m	+340

Consolidated income statement January – September 2014

in €m	Jan. – Sept. 2014	Jan. – Sept. 2013 ¹⁾	July – Sept. 2014	July – Sept. 2013 ¹⁾
Traffic revenue	18,460	18,664	6,994	6,884
Other revenue	4,164	4,103	1,464	1,419
Total revenue	22,624	22,767	8,458	8,303
Changes in inventories and work performed by entity and capitalised	156	85	74	18
Other operating income	1,380	1,444	475	456
Cost of materials and services	-13,002	-13,307	-4,738	-4,752
Staff costs	-5,455	-5,468	-1,809	-1,860
Depreciation, amortisation and impairment	-1,062	-1,425	-367	-493
Other operating expenses	-3,752	-3,512	-1,409	-1,088
Profit/loss from operating activities	889	584	684	584
Result of equity investments accounted for using the equity method	71	75	66	64
Result of other equity investments	23	26	6	4
Interest income	100	122	28	36
Interest expenses	-310	-379	-97	-131
Other financial items	-139	-69	6	42
Financial result	-255	-225	9	15
Profit/loss before income taxes	634	359	693	599
Income taxes	-136	-101	-125	-145
Profit/loss after income taxes	498	258	568	454
Profit/loss attributable to minority interests	-16	-11	-7	-4
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	482	247	561	450
Basic/diluted earnings per share in €	1.05	0.54	1.22	0.98

Statement of comprehensive income January – September 2014

in €m	Jan. – Sept. 2014	Jan. – Sept. 2013 ¹⁾	July – Sept. 2014	July – Sept. 2013 ¹⁾
Profit/loss after income taxes	498	258	568	454
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	67	-43	57	-20
Subsequent measurement of available-for-sale financial assets	87	41	18	31
Subsequent measurement of cash flow hedges	76	-69	126	-243
Other comprehensive income from investments accounted for using the equity method	4	-13	4	0*
Other expenses and income recognised directly in equity	7	0*	5	-1
Income taxes on items in other comprehensive income	-23	16	-40	59
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	-2,519	741	-1,302	154
Income taxes on items in other comprehensive income	632	-169	325	-7
Other comprehensive income after income taxes	-1,669	504	-807	-27
Total comprehensive income	-1,171	762	-239	427
Comprehensive income attributable to minority interests	-19	-10	-10	-3
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	-1,190	752	-249	424

* Rounded below EUR 1m.

¹⁾ Previous year's figures have been adjusted due to IFRS 11.

Consolidated balance sheet

as of 30 September 2014

Assets				
in €m	30.9.2014	31.12.2013 ¹⁾	30.9.2013 ¹⁾	1.1.2013 ¹⁾
Intangible assets with an indefinite useful life*	1,205	1,188	1,185	1,193
Other intangible assets	389	381	360	375
Aircraft and reserve engines	13,461	12,359	12,221	11,843
Repairable spare parts for aircraft	1,041	959	895	899
Property, plant and other equipment	2,107	2,059	2,020	2,082
Investments accounted for using the equity method	459	441	448	382
Other equity investments	560	500	441	413
Non-current securities	20	20	19	19
Loans and receivables	457	500	386	472
Derivative financial instruments	352	335	125	268
Deferred charges and prepaid expenses	17	16	19	25
Effective income tax receivables	32	39	40	52
Deferred tax assets	1,276	622	651	755
Non-current assets	21,376	19,419	18,810	18,778
Inventories	668	641	651	639
Trade receivables and other receivables	4,570	3,600	3,967	3,616
Derivative financial instruments	354	460	221	215
Deferred charges and prepaid expenses	162	147	160	152
Effective income tax receivables	114	72	95	101
Securities	2,711	3,146	3,820	3,530
Cash and cash equivalents	934	1,552	1,569	1,438
Assets held for sale	72	71	71	110
Current assets	9,585	9,689	10,554	9,801
Total assets	30,961	29,108	29,364	28,579

* Including goodwill.

¹⁾ Previous year's figures have been adjusted due to IFRS 11.

Shareholders' equity and liabilities

in €m	30.9.2014	31.12.2013 ¹⁾	30.9.2013 ¹⁾	1.1.2013 ¹⁾
Issued capital	1,180	1,180	1,177	1,177
Capital reserve	1,395	1,395	1,382	1,382
Retained earnings	221	2,002	1,737	-63
Other neutral reserves	1,381	1,166	988	1,055
Net profit/loss	482	313	247	1,228
Equity attributable to shareholders of Deutsche Lufthansa AG	4,659	6,056	5,531	4,779
Minority interests	60	52	64	60
Shareholders' equity	4,719	6,108	5,595	4,839
Pension provisions	7,397	4,718	5,116	5,844
Other provisions	592	596	703	590
Borrowings	5,192	4,823	4,982	5,947
Other financial liabilities	146	148	173	198
Advance payments received, deferred income and other non-financial liabilities	1,199	1,187	1,168	1,163
Derivative financial instruments	353	426	198	150
Deferred tax liabilities	207	146	122	94
Non-current provisions and liabilities	15,086	12,044	12,462	13,986
Other provisions	779	868	867	898
Borrowings	666	1,514	1,426	963
Trade payables and other financial liabilities	5,202	4,545	4,780	4,237
Liabilities from unused flight documents	3,164	2,635	3,117	2,612
Advance payments received, deferred income and other non-financial liabilities	948	964	941	935
Derivative financial instruments	196	183	37	2
Effective income tax obligations	201	247	139	107
Current provisions and liabilities	11,156	10,956	11,307	9,754
Total shareholders' equity and liabilities	30,961	29,108	29,364	28,579

¹⁾ Previous year's figures have been adjusted due to IFRS 11.

Consolidated statement of changes in shareholders' equity

as of 30 September 2014

	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 31.12.2012	1,177	1,382	169	318	236	332	1,055	-63	1,228	4,779	60	4,839
Change in accounting policies	-	-	-	-	-	-	-	0*	-	0*	-	0*
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	-	-	-	-	-	-	-	-	-	-	-10	-10
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	4	4
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	247	247	11	258
Other expenses and income recognised directly in equity	-	-	-12	-43	-	-12	-67	572	-	505	-1	504
As of 30.9.2013	1,177	1,382	157	275	236	320	988	1,737	247	5,531	64	5,595
As of 31.12.2013	1,180	1,395	332	270	236	328	1,166	2,002	313	6,056	52	6,108
Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted as of 31.12.2013	1,180	1,395	332	270	236	328	1,166	2,002	313	6,056	52	6,108
Capital increases/reductions	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	106	-106	-	-	-
Dividends to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-207	-207	-12	-219
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	1	1
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	482	482	16	498
Other expenses and income recognised directly in equity	-	-	140	67	-	8	215	-1,887	-	-1,672	3	-1,669
As of 30.9.2014	1,180	1,395	472	337	236	336	1,381	221	482	4,659	60	4,719

* Rounded below EUR 1m.

Consolidated cash flow statement

January – September 2014

in €m	Jan. – Sept. 2014	Jan. – Sept. 2013 ⁴⁾	July – Sept. 2014	July – Sept. 2013 ⁴⁾
Cash and cash equivalents 1.1.	1,407	1,438	830	1,614
Net profit/loss before income taxes	634	359	693	599
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,055	1,424	366	493
Depreciation, amortisation and impairment losses on repairable spare parts for aircraft (net of reversals)	9	8	-19	5
Net proceeds on disposal of non-current assets	-24	-	1	-1
Result of equity investments	-94	-101	-72	-68
Net interest	210	257	70	95
Income tax payments/reimbursements	-215	-77	-109	-13
Measurement of financial derivatives through profit or loss	139	69	-6	-42
Change in working capital ¹⁾	338	1,067	-616	-378
Cash flow from operating activities	2,052	3,006	308	690
Capital expenditure for property, plant and equipment and intangible assets	-2,173	-1,852	-679	-535
Capital expenditure for financial investments	-49	-20	-3	-2
Additions/loss to repairable spare parts for aircraft	-81	-6	-30	-9
Proceeds from disposal of non-consolidated equity investments	47	8	-	3
Proceeds from disposal of consolidated equity investments	-	-3	-	-
Cash outflows for acquisitions of non-consolidated equity investments	-8	-24	-4	-7
Cash outflows for acquisitions of consolidated equity investments	-5	-	-1	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	128	153	24	28
Interest income	224	253	58	68
Dividends received	94	43	10	18
Net cash from/used in investing activities	-1,823	-1,448	-625	-436
Purchase of securities/fund investments ²⁾	-694	-1,104	-142	-219
Disposal of securities/fund investments	1,062	508	148	186
Net cash from/used in investing and cash management activities	-1,455	-2,044	-619	-469
Capital increase	-	-	-	-
Non-current borrowing	783	505	635	94
Repayment of non-current borrowing	-1,419	-925	-191	-195
Dividends paid	-219	-10	-6	-4
Interest paid	-336	-384	-145	-152
Net cash from/used in financing activities	-1,191	-814	293	-257
Net increase/decrease in cash and cash equivalents	-594	148	-18	-36
Changes due to currency translation differences	6	-11	7	-3
Cash and cash equivalents 30.9.³⁾	819	1,575	819	1,575
Securities	2,711	3,820	2,711	3,820
Total liquidity	3,530	5,395	3,530	5,395
Net increase/decrease in total liquidity	-1,023	429	-77	25

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

²⁾ Including transfer to LH Pension Trust in previous year of EUR 302m.

³⁾ Excluding fixed-term deposits with terms of three to twelve months (2014: EUR 115m).

⁴⁾ Previous year's figures have been adjusted due to IFRS 11.

The cash flow statement shows how cash and cash equivalents at the Lufthansa Group have changed over the reporting period. In accordance with IAS 7, cash flows are divided into cash flows from operating activities, from investing activities and from financing activities. The cash and cash equivalents shown in the cash flow statement comprise the balance sheet items, bank balances and cash-in-hand excluding fixed-term deposits with terms of three to twelve months. The amount of liquidity in the broader sense is reached by adding short-term securities.

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 International Financial Reporting Interpretations Committee (IFRS Interpretations Committee) as applicable in the European Union (EU). This interim report as of 30 September 2014 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 2014 have been applied. The interim financial statements as of 30 September 2014 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2013 were based. In accordance with IFRS 11 Joint Arrangements, which became mandatory as of 1 January 2014, the equity investment in AeroLogic GmbH is no longer accounted for using the equity method. Instead, the earnings, assets and liabilities of this company are now recognised in

the consolidated financial statements on a pro rata basis. The figures for the previous year have been adjusted accordingly. This change had no material effect in the first nine months of 2014 or in the same period of the previous year.

Until the end of the financial year 2012, new commercial aircraft and reserve engines were depreciated over a period of twelve years to a residual value of 15 per cent. According to an analysis of the Company undertaken when the 2013 financial statements were being prepared, technological developments and the higher demands made of their cost-effectiveness due to increasing competition have resulted in significant changes to the forecast useful economic life of the commercial aircraft and reserve engines used in the Lufthansa Group. In line with the fleet strategy, which takes these aspects into account, as well as with external considerations, new commercial aircraft and reserve engines will now be depreciated over a period of 20 years to a residual value of 5 per cent, starting in the 2013 financial year. The adjustment to their useful lives was made prospectively as a change in an accounting estimate in accordance with IAS 8.32. The change was therefore not made retrospectively for interim reporting periods in previous years. As a result of the change in the accounting estimate of the useful economic life of these assets, depreciation and amortisation was EUR 260m lower in the first nine months of 2014.

Changes in the group of consolidated companies in the period 1.10.2013 to 30.9.2014

Name, registered office	Additions	Disposals	Reason
Passenger Airline Group segment			
Common Ground BER GmbH, Frankfurt am Main, Germany	15.9.14		Established
Common Ground BRE GmbH, Frankfurt am Main, Germany	10.9.14		Established
Common Ground CGN GmbH, Frankfurt am Main, Germany	10.9.14		Established
Common Ground DUS GmbH, Frankfurt am Main, Germany	10.9.14		Established
Common Ground HAJ GmbH, Frankfurt am Main, Germany	15.9.14		Established
Common Ground HAM GmbH, Frankfurt am Main, Germany	11.9.14		Established
Common Ground NUE GmbH, Frankfurt am Main, Germany	15.9.14		Established
Common Ground STR GmbH, Frankfurt am Main, Germany	15.9.14		Established
FG Unity Leasing Co., Ltd., Tokyo, Japan	21.10.13		Established
FG Vision Leasing Co., Ltd., Tokyo, Japan	21.10.13		Established
FL Falcon Leasing Co., Ltd., Tokyo, Japan	25.4.14		Established
FL Uranus Leasing Co., Ltd., Tokyo, Japan	25.4.14		Established
GOAL Verwaltungsgesellschaft mbH & Co. Projekt Nr. 7 oHG, Grünwald, Germany		31.12.13	Sale
LLG Nord GmbH & Co. Bravo KG, Grünwald, Germany		31.12.13	Merger
Lufthansa Technik Switzerland GmbH, Basel, Switzerland		3.12.13	Merger
Lufthansa Leasing Austria GmbH & Co. OG Nr. 3, Salzburg, Austria		18.7.14	Merger
Lufthansa Leasing Austria GmbH & Co. OG Nr. 5, Salzburg, Austria		17.4.14	Merger
Lufthansa Leasing Austria GmbH & Co. OG Nr. 28, Salzburg, Austria	15.2.14		Established
Lufthansa WorldShop GmbH, Frankfurt am Main, Germany		26.6.14	Merger

Changes in the group of consolidated companies in the period 1.10.2013 to 30.9.2014

Name, registered office	Additions	Disposals	Reason
Logistics segment			
Lufthansa Leasing Austria GmbH & Co. OG Nr. 50, Salzburg, Austria	15.2.14		Established
Lufthansa Cargo Charter Agency GmbH, Frankfurt am Main, Germany		13.6.14	Merger
MRO segment			
Lufthansa Technik Sofia OOD, Sofia, Bulgaria	1.1.14		Consolidated for the first time
Catering segment			
LSG Sky Chefs Australasia Pty Limited, Sydney, Australia		20.10.13	Liquidation
LSG Sky Chefs Brussels International BVBA, Zaventem, Belgium	31.10.13		Acquisition
Starfood Finland Oy, Vantaa, Finland	28.2.14		Acquisition
Supply Chain S.à.r.l., Sennigerberg, Luxembourg	1.4.14		Consolidated for the first time

2) Notes to the income statement, balance sheet, cash flow statement and segment reporting**Assets held for sale**

in €m	Group 30.9.2014	Financial statements 31.12.2013	Group 30.9.2013
Assets			
Aircraft and reserve engines	61	65	63
Financial assets	–	–	–
Other assets	11	6	8

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. 3–26](#).

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	30.9.2014	31.12.2013
From guarantees, bills of exchange and cheque guarantees	910	854
From warranty contracts	980	929
From providing collateral for third-party liabilities	40	39
Legal risks	59	60
Other contingent liabilities	55	107
	2,044	1,989

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 114m for subsequent years. As of the year-end 2013 reporting date the figure came to EUR 167m.

Contracts signed at the end of 2013 for the sale of five ATRs resulted in profits for the first nine months of 2014 of EUR 6m and cash inflows of EUR 26m.

Contracts signed for the sale of 13 Canadair Regional Jet 700s and two Boeing 747-400s are expected to generate cash inflows of EUR 18m by the end of 2014, and of EUR 43m by the end of the following year.

At the end of September 2014, there were order commitments of EUR 16.2bn for capital expenditure on property, plant and equipment and intangible assets. As of 31 December 2013, the order commitments came to EUR 16.0bn.

On 21 October 2014, the Executive Board of Deutsche Lufthansa AG decided to enter into final negotiations on the sale of the IT Infrastructure segment of Lufthansa Systems AG, and at the same time to sign an IT service contract for the Lufthansa Group with the IBM Group. In accordance with IFRS 5, the assets and liabilities concerned are therefore to be presented in the consolidated balance sheet as of 31 December 2014 as a disposal group, and are to be valued at their expected purchase price. The expected purchase price also reflects the expenses of future restructuring and will result in a one-off, non-operating expense of around EUR 240m (before income tax). This will be offset by future savings during the projected contractual term of seven years, which are expected to come to an average of around EUR 70m per year. The contract will be signed subject to conditions, notably the approval of the Company's Supervisory Board. The transaction is due to be concluded and the IT Services segment dissolved by the end of the first quarter 2015.

In October 2014, there were further strikes by the Vereinigung Cockpit pilots' union at Lufthansa Cargo, Germanwings and Lufthansa Passenger Airlines. The strike at Lufthansa Cargo hardly had any impact on business, because all flights were

able to take place despite the industrial action. The strikes at Lufthansa Passenger Airlines and Germanwings on short- and long-haul routes resulted in massive flight cancellations, however, and have led to direct losses of some EUR 50m. The strikes in the third quarter had also impacted forward bookings for the fourth quarter by another EUR 15m.

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, the quoted prices for which are taken for measurement unchanged.

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 30.9.2014

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	–	212	–	212
Total financial assets through profit and loss	–	212	–	212
Derivative financial instruments which are an effective part of a hedging relationship				
	–	494	–	494
Available-for-sale financial assets				
Equity instruments	695	–	–	695
Debt instruments	1,452	960	–	2,412
	2,147	960	–	3,107
Total assets	2,147	1,666	–	3,813

Liabilities 30.9.2014

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	–	282	–	282
Derivative financial instruments which are an effective part of a hedging relationship	–	267	–	267
Total liabilities	–	549	–	549

As of 31 December 2013, the fair value hierarchy for assets and liabilities held at fair value was as follows:

Assets 31.12.2013

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	–	302	–	302
Current securities	–	0*	1	1
Total financial assets through profit and loss	–	302	1	303
Derivative financial instruments which are an effective part of a hedging relationship				
	–	493	–	493
Available-for-sale financial assets				
Equity instruments	655	–	–	655
Debt instruments	1,129	1,627	40	2,796
	1,784	1,627	40	3,451
Total assets	1,784	2,422	41	4,247

* Rounded below EUR 1m.

Liabilities 31.12.2013

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	–	278	–	278
Derivative financial instruments which are an effective part of a hedging relationship	–	331	–	331
Total liabilities	–	609	–	609

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 fair value.

Additional disclosures on financial assets in Level 3

in €m	1.1.2014	Recognised in result for the period	Change in market value recognised in equity	Additions/ disposals	30.9.2014
Financial assets at fair value through profit or loss	1	–	–	–1	–
Available-for-sale financial assets	40	–	–	–40	–
Total	41	–	–	–41	–

Financial liabilities

The following table shows the carrying amounts and market values for individual classes of financial liabilities. Market values of EUR 1,423m for bonds are equal to the listed prices, and market values of EUR 216m for bonds were derived from the listed prices. The market values for other types of borrowing 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	30.9.2014		31.12.2013	
	Carrying amount	Market value	Carrying amount	Market value
Bonds	1,567	1,639	1,812	1,918
Liabilities to banks	1,049	1,063	1,254	1,276
Leasing liabilities and other loans	3,242	3,409	3,271	3,443
	5,858	6,111	6,337	6,637

6) Earnings per share

		30.9.2014	30.9.2013
Basic earnings per share	€	1.05	0.54
Consolidated net profit/loss	€m	482	247
Weighted average number of shares		461,074,941	457,937,559
Diluted earnings per share	€	1.05	0.54
Consolidated net profit/loss	€m	482	247
+ interest expenses on the convertible bonds	€m	0	0
- current and deferred taxes	€m	0	0
Adjusted net profit/loss for the period	€m	482	247
Weighted average number of shares		461,074,941	457,937,559

7) Issued capital

A resolution passed at the Annual General Meeting on 29 April 2014 authorised the Executive Board until 28 April 2019, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 29,000,000, by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. Following a resolution passed at the Annual General Meeting on 29 April 2014, the distributable earnings shown in the financial statements of Deutsche Lufthansa AG totalling EUR 207,483,750.00 were used to pay a dividend of EUR 0.45 per registered share.

8) Segment reporting

As part of the intended pooling of activities in the area of flight training, the Lufthansa Flight Training Group companies have now been allocated to Lufthansa Passenger Airlines within the Passenger Airline Group business segment. The figures for the previous year have been adjusted accordingly. The affected companies' contribution to the operating result came to EUR 23m (previous year: EUR 17m).

Segment information by operating segment January–September 2014

in €m	Passenger Airline Group ⁶⁾	Logistics	MRO	Catering	IT Services	Total reportable operating segments	Other ⁵⁾	Reconciliation	Group
External revenue	17,197	1,748	1,984	1,494	201	22,624	–	–	22,624
of which traffic revenue	16,405	1,715	–	–	–	18,120	–	340	18,460
Inter-segment revenue	497	19	1,216	466	282	2,480	–	–2,480	–
Total revenue	17,694	1,767	3,200	1,960	483	25,104	–	–2,480	22,624
Other operating income	627	54	176	50	13	920	885	–457	1,348
Total operating income	18,321	1,821	3,376	2,010	496	26,024	885	–2,937	23,972
Operating expenses	17,848	1,770	3,041	1,944	475	25,078	982	–2,937	23,123
of which cost of materials and services	11,470	1,255	1,567	862	87	15,241	66	–2,305	13,002
of which staff costs	3,174	290	901	705	180	5,250	210	–5	5,455
of which depreciation and amortisation	846	46	68	48	26	1,034	15	–2	1,047
of which other operating expenses	2,358	179	505	329	182	3,553	691	–625	3,619
Operating result¹⁾	473	51	335	66	21	946	–97	0	849
Other segment income	102	6	21	1	0*	130	41	17	188
Other segment expenses	20	1	1	2	0*	24	9	115	148
of which impairment losses	15	–	–	–	–	15	–	1	16
Result of investments accounted for using the equity method	43	11	12	5	–	71	–	–	71
Segment result²⁾	598	67	367	70	21	1,123	–65	–98	960
Other financial result									–326
Profit/loss before income taxes									634
Segment assets ³⁾	16,874	1,338	3,503	1,455	241	23,411	1,491	6,059	30,961
of which from investments accounted for using the equity method	112	44	177	119	–	452	6	1	459
Segment liabilities ⁴⁾	14,517	689	1,764	842	267	18,079	1,816	6,347	26,242
Segment capital expenditure ⁵⁾	1,808	184	83	87	15	2,177	8	50	2,235
of which on investments accounted for using the equity method	–	–	1	–	–	1	–	–	1
Employees on balance sheet date	55,400	4,675	20,003	32,693	2,731	115,502	3,521	–	119,023

* 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. Under the heading "Group" all investments are shown.

⁶⁾ Reclassification of the Lufthansa Flight Training companies from the Other segment to the Passenger Airline Group segment.

The relevant figures for the segment from the current financial year as well as the figures from the previous year have been adjusted accordingly.

Segment information by operating segment January–September 2013

in €m	Passenger Airline Group [®]	Logistics	MRO	Catering	IT Services	Total reportable operating segments	Other [®]	Reconciliation	Group
External revenue	17,388	1,784	1,964	1,433	198	22,767	–	–	22,767
of which traffic revenue	16,582	1,750	–	–	–	18,332	–	332	18,664
Inter-segment revenue	502	18	1,145	456	274	2,395	–	–2,395	
Total revenue	17,890	1,802	3,109	1,889	472	25,162	–	–2,395	22,767
Other operating income	881	72	133	54	15	1,155	771	–522	1,404
Total operating income	18,771	1,874	3,242	1,943	487	26,317	771	–2,917	24,171
Operating expenses	18,257	1,829	2,910	1,880	470	25,346	1,057	–2,895	23,508
of which cost of materials and services	11,716	1,342	1,502	834	91	15,485	44	–2,222	13,307
of which staff costs	3,197	292	884	692	180	5,245	230	–5	5,470
of which depreciation and amortisation	1,087	20	73	47	26	1,253	14	2	1,269
of which other operating expenses	2,257	175	451	307	173	3,363	769	–670	3,462
Operating result¹⁾	514	45	332	63	17	971	–286	–22	663
Other segment income	63	6	16	0*	0*	85	69	–29	125
Other segment expenses	166	–	13	1	1	181	3	20	204
of which impairment losses	159	–	–	–	–	159	–	–	159
Result of investments accounted for using the equity method	40	10	13	12	–	75	–	–	75
Segment result²⁾	451	61	348	74	16	950	–220	–71	659
Other financial result									–300
Profit/loss before income taxes									359
Segment assets ³⁾	15,581	1,030	3,184	1,338	248	21,381	1,494	6,489	29,364
of which from investments accounted for using the equity method	88	39	200	116	0	443	6	–1	448
Segment liabilities ⁴⁾	12,565	537	1,504	775	197	15,578	1,751	6,441	23,770
Segment capital expenditure ⁵⁾	1,544	176	71	54	16	1,861	6	29	1,896
of which on investments accounted for using the equity method	–	–	8	11	–	19	–	–	19
Employees on balance sheet date	55,124	4,643	19,815	31,916	2,720	114,218	3,392	–	117,610

* 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. Under the heading "Group" all investments are shown.

⁶⁾ Reclassification of the Lufthansa Flight Training companies from the Other segment to the Passenger Airline Group segment. The relevant figures have been adjusted accordingly.

Figures by region January–September 2014

in €m	Europe	thereof Germany	North America	thereof U.S.A.	Central and South America	Asia / Pacific	Middle East	Africa	Total
Traffic revenue*	11,999	5,405	2,766	2,486	607	2,291	516	281	18,460
Other operating revenue	1,817	631	1,035	841	138	742	255	177	4,164
Total revenue	13,816	6,036	3,801	3,327	745	3,033	771	458	22,624

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

Figures by region January–September 2013

in €m	Europe	thereof Germany	North America	thereof U.S.A.	Central and South America	Asia / Pacific	Middle East	Africa	Total
Traffic revenue*	11,974	5,262	2,821	2,383	664	2,344	544	317	18,664
Other operating revenue	1,792	628	1,049	795	130	769	215	148	4,103
Total revenue	13,766	5,890	3,870	3,178	794	3,113	759	465	22,767

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

9) Related party disclosures

As stated in "Note 44" to the consolidated financial statements for 2013 beginning on [p. 199](#), 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 45" from [p. 201](#) of the 2013 consolidated financial statements also still exist unchanged, but are not of material significance for the Group.

Declaration by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, the financial and earnings position of the group in accordance with German accepted accounting principles, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

The Executive Board, 28 October 2014



Carsten Spohr
Chairman of the
Executive Board



Karl Ulrich Garnadt
Member of the
Executive Board



Harry Hohmeister
Member of the
Executive Board



Simone Menne
Member of the
Executive Board



Bettina Volkens
Member of the
Executive Board

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

Editorial staff

Andreas Hagenbring (Editor)
Anne Katrin Brodowski
Christian Schmidt

Deutsche Lufthansa AG,
Investor Relations

Concept, design and realisation

HGB Hamburger Geschäftsberichte
GmbH & Co. KG, Hamburg, Germany

ISSN 1616-0258

Contact

Andreas Hagenbring

+49 69 696–28001

Gregor Schleussner

+49 69 696–28012

Patricia Minogue

+49 69 696–28003

Deutsche Lufthansa AG
Investor Relations
LAC, Airportring
60546 Frankfurt am Main
Germany

Phone: +49 69 696–28001

Fax: +49 69 696–90990

E-Mail: investor.relations@dlh.de

The Lufthansa 3rd Interim Report is
a translation of the original German
Lufthansa Zwischenbericht 3/2014.
Please note that only the German
version is legally binding.

You can order the Annual Report in
German or English via our website –
www.lufthansagroup.com/investor-relations
– or from the address above.

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

Financial calendar 2015

- 12 March** Press Conference and Analysts' Conference on 2014 results
- 29 April** Annual General Meeting in Hamburg
- 5 May** Release of Interim Report January – March 2015
- 30 July** Release of Interim Report January – June 2015
- 29 Oct.** Release of Interim Report January – September 2015

Disclaimer in respect of forward-looking statements

Information published in the 3rd Interim Report 2014, 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.

