



3RD INTERIM REPORT

January – September 2019

Adjusted EBIT reached EUR 1.7bn in the first nine months of the financial year | European business affected by price erosion due to overcapacities throughout the market and the general economic downturn | Increase in fuel costs partially offset by significant cost reductions in other areas | Forecast remains unchanged: Adjusted EBIT margin of 5.5% to 6.5% expected for 2019



The Lufthansa Group

KEY FIGURES LUFTHANSA GROUP

		Jan – Sep 2019	Jan – Sep 2018	Change in %	Jul – Sep 2019	Jul – Sep 2018	Change in %
Revenue and result							
Total revenue	€m	27,700	26,897	3	10,177	9,959	2
of which traffic revenue	€m	21,581	21,145	2	8,099	7,989	1
Operating expenses	€m	27,880	26,170	7	9,611	9,163	5
Adjusted EBITDA	€m	3,715	4,078	-9	1,979	1,959	1
Adjusted EBIT	€m	1,715	2,458	-30	1,297	1,406	-8
EBIT	€m	1,637	2,457	-33	1,220	1,403	-13
Net profit/loss	€m	1,038	1,820	-43	1,154	1,107	4
Key balance sheet and cash flow statement figures							
Total assets	€m	44,187	38,838	14	-	-	
Equity	€m	8,991	11,037	-19	-	-	
Equity ratio	%	20.3	28.4	-8.1 pts	-	-	
Net indebtedness	€m	6,083	2,477	146	-	-	
Pension provisions	€m	7,914	4,801	65	-	-	
Cash flow from operating activities	€m	3,735	4,124	-9	1,342	891	51
Capital expenditure (gross) ¹⁾	€m	2,785	2,849	-2	881	707	25
Adjusted free cash flow	€m	685	1,181	-42	416	184	126
Key profitability and value creation figures							
Adjusted EBITDA margin	%	13.4	15.2	-1.8 pts	19.4	19.7	-0.3 pts
Adjusted EBIT margin	%	6.2	9.1	-2.9 pts	12.7	14.1	-1.4 pts
EBIT margin	%	5.9	9.1	-3.2 pts	12.0	14.1	-2.1 pts
Lufthansa share							
Share price as of 30 Sep	€	14.58	21.16	-31	-	-	
Earnings per share	€	2.18	3.85	-43	2.43	2.34	4
Traffic figures²⁾							
Flights	number	897,921	877,513	2	323,957	318,582	2
Passengers	thousands	111,633	108,250	3	42,692	41,520	3
Available seat-kilometres	millions	274,189	264,167	4	99,503	97,379	2
Revenue seat-kilometres	millions	226,978	216,753	5	85,883	83,571	3
Passenger load factor	%	82.8	82.1	0.7 pts	86.3	85.8	0.5 pts
Available cargo tonne-kilometres	millions	13,109	12,141	8	4,558	4,241	7
Revenue cargo tonne-kilometres	millions	7,935	8,090	-2	2,684	2,720	-1
Cargo load factor	%	60.5	66.6	-6.1 pts	58.9	64.1	-5.2 pts
Employees							
Employees as of 30 Sep	number	138,350	135,033	2	-	-	

¹⁾ Without acquisition of equity investments.

²⁾ Previous year's figures have been adjusted.

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Course of business

Difficult market environment and higher fuel costs burden earnings for the Lufthansa Group

- European business in the first nine months of the financial year 2019 marked by price erosion due to overcapacities throughout the market and the general economic downturn in the Group's home markets
- Network Airlines' long-haul business still performing well, particularly on connections to North America
- Traffic revenue up 2% year on year; positive volume and exchange rate effects compensate for lower pricing
- Revenue up 3% on the previous year
- Adjusted EBIT down by 30% in the first nine months of the financial year, especially due to lower unit revenues and higher fuel costs; reduction in unit costs insufficient to compensate in full
- Measures to cut unit costs having an increasing impact; earnings decline in the third quarter was therefore significantly smaller than in first half-year
- Cash flow from operating activities decreases by 9%, mainly because of lower earnings; Adjusted free cash flow down by 42%
- Adjusted net debt/Adjusted EBITDA up 1.2 points on year-end 2018 to 3.0 due to discount rate-related higher pension provisions and the first-time application of IFRS 16

Significant events

Ulrik Svensson and Thorsten Dirks both confirmed as Executive Board members for a further three years

- The Supervisory Board of Deutsche Lufthansa AG made an early decision on 13 March 2019 to renew the contract with CFO Ulrik Svensson for three more years until 31 December 2022
- The Supervisory Board of Deutsche Lufthansa AG made an early decision on 6 May 2019 to renew the contract with Thorsten Dirks, Executive Board member, Eurowings, for three more years until 30 April 2023

Fleet renewal continues

- The Supervisory Board of Deutsche Lufthansa AG approved on 13 March 2019 the purchase of 20 Boeing 787-9s and 20 Airbus A350-900s; aircraft will primarily replace four-engined aircraft in the Lufthansa Group's long-haul fleets, so significantly reducing operating costs; new aircraft due for delivery from late 2022 to 2027
- Six of the 14 A380s will be sold back to Airbus and will leave the fleet in 2022 and 2023

Sale process for LSG group is progressing

- The formal sale process for the European catering companies of the LSG group is progressing; results are expected by the end of 2019

Investment grade ratings of Deutsche Lufthansa AG are raised

- Both the rating agency Standard & Poor's, on 15 April 2019, and Scope Ratings, on 4 June 2019, raised their rating for Deutsche Lufthansa AG within the investment grade range by one notch from BBB- to BBB, outlook stable; both agencies justify their decision largely with further improvements in the financial profile

Dividend policy amended

- The Executive Board of Deutsche Lufthansa AG decided on 24 June 2019 to amend the Group's dividend policy; in future 20% to 40% of Group profits are to be paid out, after adjustment for non-recurring gains and losses
- Distribution range of new dividend policy offers greater flexibility for enabling continuous dividend payments

Eurowings adjusts strategic direction

- Eurowings presented its new strategy at Capital Markets Day on 24 June 2019; its clear focus will be on short-haul, direct traffic ↗ **Operating segments, p. 5ff.**

Tourist-oriented long-haul program to be expanded

- Lufthansa Group is continuing the systematic expansion of its tourist-oriented long-haul program from Munich and Frankfurt; leisure travellers in particular will benefit from attractive new destinations in the summer flight timetable 2020; most flights in cooperation with Eurowings

Events after the reporting period

Since 30 September 2019, no events of particular importance have occurred that would be expected to have a significant influence on the net assets, financial and earnings position that have not already been reported.

Financial performance

- Net assets, financial and earnings position affected by newly applicable accounting standards, particularly IFRS 16, Leases
- Payment obligations from contracts previously classified as operating leases are discounted at the corresponding incremental borrowing rate and recognised as lease liabilities; right-of-use assets are recognised for the same amount
- First-time application of IFRS 16 as of 1 January 2019 adopts modified retrospective approach; comparative figures for financial year 2018 therefore not adjusted
- More information can be found in the [Notes, p. 20ff.](#)

EARNINGS POSITION

REVENUE, INCOME AND EXPENSES

	Jan – Sep 2019 in €m	Jan – Sep 2018 ¹⁾ in €m	Change in %
Traffic revenue	21,581	21,145	2
Other revenue	6,119	5,752	6
Total revenue	27,700	26,897	3
Other operating income	1,706	1,598	7
Total operating income	29,406	28,495	3
Cost of materials and services	15,075	13,851	9
of which fuel	5,095	4,475	14
of which other raw materials, consumables and supplies and purchased goods	3,035	2,700	12
of which fees and charges	3,431	3,373	2
of which external services MRO	1,411	1,311	8
Staff costs	6,730	6,528	3
Depreciation	2,000	1,620	23
Other operating expenses	4,075	4,171	-2
Total operating expenses	27,880	26,170	7
Result from equity investments	189	133	42
Adjusted EBIT	1,715	2,458	-30
Total reconciliation EBIT	-78	-1	-7,700
EBIT	1,637	2,457	-33
Net interest	-264	-120	-120
Other financial items	260	25	940
Profit/loss before income taxes	1,633	2,362	-31
Income taxes	-572	-517	-11
Profit/loss after income taxes	1,061	1,845	-42
Profit/loss attributable to minority interests	-23	-25	8
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	1,038	1,820	-43

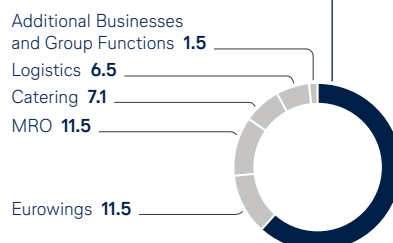
¹⁾ The figures for the previous year shown here and in the following report have been adjusted; information on the change in accounting for engine overhaul events can be found in the [Annual Report 2018, p. 114/115.](#)

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS

NETWORK AIRLINES

61.9

in % (as of 30 Sep 2019)



Revenue and operating income increase

- Traffic revenue increases by 2%; positive volume and exchange rate effects compensate for lower pricing
- Other revenue up by 6%, largely due to higher external revenue in MRO segment
- Revenue and operating income both 3% higher than last year

Operating expenses up on last year

- Operating expenses up by 7% in total
- Cost of materials and services increases by 9% on the previous year
- Fuel costs up by 14%
- Expenses for other raw materials, consumables and supplies up by 12%, especially due to growth in MRO segment and higher costs for emission rights
- External MRO costs up by 8% due to internal capacity bottlenecks, especially in the engine maintenance business
- Costs from irregularities in flight operations down by 18%, particularly thanks to improvements in operational stability at Lufthansa German Airlines and Eurowings
- Staff expenses up by 3%, especially due to higher staff numbers
- Depreciation and amortisation up by 23%; 18 percentage points or EUR 294m are due to amortisation of right-of-use assets in line with IFRS 16
- Accounting changes resulting from IFRS 16 reduce lease expenses within the cost of materials and services and other operating expenses by EUR 315m

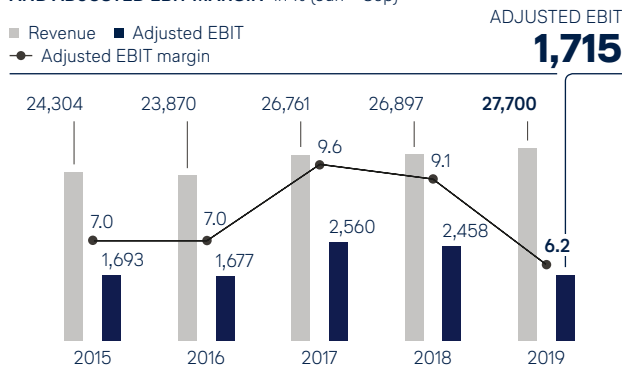
Earnings down year on year

- Adjusted EBIT down by 30% on last year; EBIT down 33% on the year
- IFRS 16 has positive effect of EUR 21m on Adjusted EBIT
- Adjusted EBIT margin decreases by 2.9 percentage points to 6.2%
- Net interest down to EUR -264m (previous year: EUR -120m), particularly due to a one-off effect of EUR 150m in connection with a provision for interest on back taxes payable to tax authorities in Germany (see below)

RECONCILIATION OF RESULTS

in €m	Jan - Sep 2019		Jan - Sep 2018	
	Income statement	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue	27,700	-	26,897	-
Changes in inventories and work performed by entity and capitalised	479	-	386	-
Other operating income	1,269	-	1,234	-
of which book gains	-	-16	-	-15
of which write-ups on capital assets	-	-25	-	-7
Total operating income	29,448	-41	28,517	-22
Cost of materials and services	-15,075	-	-13,851	-
Staff costs	-6,735	-	-6,529	-
of which past service costs/settlement	-	6	-	1
Depreciation	-2,067	-	-1,627	-
of which impairment losses	-	67	-	8
Other operating expenses	-4,109	-	-4,186	-
of which expenses incurred from book losses	-	32	-	14
Total operating expenses	-27,986	105	-26,193	23
Profit/loss from operating activities	1,462	-	2,324	-
Result from equity investments	175	-	133	-
Impairment loss on investments accounted for using the equity method	-	14	-	-
EBIT	1,637	-	2,457	-
Total amount of reconciliation Adjusted EBIT	-	78	-	1
Adjusted EBIT	-	1,715	-	2,458
Depreciation	-	2,000	-	1,620
Adjusted EBITDA	-	3,715	-	4,078

DEVELOPMENT REVENUE, ADJUSTED EBIT in €m (Jan - Sep)
AND ADJUSTED EBIT MARGIN in % (Jan - Sep)



- Other financial items rise to EUR 260m (previous year: EUR 25m), primarily in connection with a one-off effect from the reversal of exchange rate hedges after hedged aircraft orders were converted into options; partially offset by measurement losses on derivative financial instruments and financial liabilities
- Income tax expenses increase to EUR 572m (previous year: EUR 517m); provision of EUR 194m for a tax risk in Germany partly offset by effect of lower earnings

- Tax risk relates to an outstanding tax matter in Germany from the years 2001 to 2005; earlier rulings by the regional court and the German Federal Finance Court had upheld the company's legal position; however, the Federal Finance Court recently revoked the case law established in prior years in a similar case; the tax risk was reassessed as a result
- Effective tax ratio comes to 23% after adjustment for the tax risk provision

FINANCIAL POSITION

Capital expenditure down on previous year

- Gross capital expenditure (without acquisition of equity investments) fell by 2% to EUR 2,785m, mainly due to lower capital expenditure for new aircraft (previous year: EUR 2,849m)

Cash flow from operating activities and Adjusted free cash flow decrease

- Cash flow from operating activities down by 9% to EUR 3,735m (previous year: EUR 4,124m), mainly due to lower profit before income taxes and higher tax payments as a result of higher earnings in recent years

- Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) down by 42% to EUR 685m despite lower investments (previous year: EUR 1,181m)
 - Lease payments are shown as payments of capital and interest within cash flow from financing activities, in accordance with IFRS 16
 - Adjusted free cash flow includes cash outflows for leases (repayment portion) as shown in cash flow for financing activities

Financing activities result in cash outflow

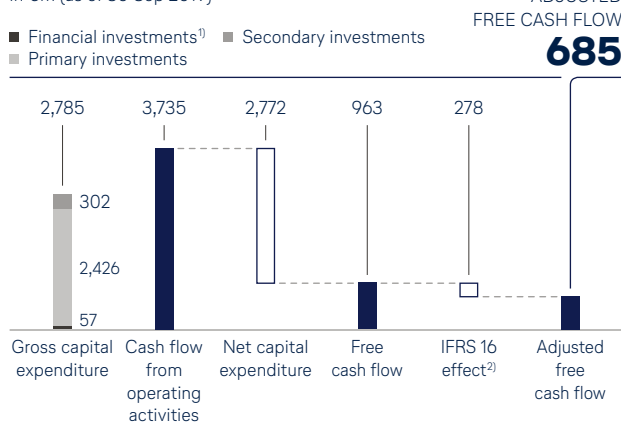
- The balance of financing activities was a net cash outflow of EUR 375m (decrease of 47%, previous year: cash outflow of EUR 707m)
- This includes outflows to repay IFRS 16 lease liabilities and corresponding interest payments of EUR 315m

Liquidity down on the previous year's level

- Liquidity (total of cash and current securities) down year on year by 9% to EUR 3,575m (previous year: EUR 3,942m)

CASH FLOW AND CAPITAL EXPENDITURE

in €m (as of 30 Sep 2019)



¹⁾ Without acquisition of equity investments.

²⁾ Capital payments of operating lease liabilities included in cash flow from financing activities.

NET ASSETS

Total assets up on year-end 2018

- Total assets increase by 16% on year-end 2018 to EUR 44,187m (31 December 2018: EUR 38,213m)
- Non-current assets up by 17% to EUR 32,120m (31 December 2018: EUR 27,559m), particularly due to IFRS 16 effect of EUR 2,258m and the positive change in the market value of derivative hedging instruments, largely due to the rise in the US dollar against the euro

- Current assets up by 13% to EUR 12,067m (31 December 2018: EUR 10,654m), primarily due to the increase in securities in the strategic liquidity reserve and higher receivables for seasonal reasons
 - Within assets held for sale of EUR 403m (31 December 2018: EUR 9m), EUR 393m relate to the disposal group for the European catering companies
- Non-current provisions and liabilities up by 41% to EUR 17,551m (31 December 2018: EUR 12,425m)
 - Pension liabilities up by 35% to EUR 7,914m (31 December 2018: EUR 5,865m), largely due to the lower interest rate of 1.1% used to discount pension obligations (31 December 2018: 2.0%); only partly offset by the positive performance of plan assets
 - Non-current borrowing up by 62% to EUR 8,114m (31 December 2018: EUR 5,008m); IFRS 16 effect comes to EUR 1,888m
 - Financing activities include twelve new aircraft financing deals, ten borrower's note loans and one bond
- Current provisions and liabilities up by 9% to EUR 17,645m (31 December 2018: EUR 16,215m), primarily due to seasonally higher liabilities from unused flight documents and the IFRS 16 effect of EUR 396m
- Liabilities of EUR 639m in connection with assets held for sale relate to the disposal group for the European catering companies
- Shareholders' equity down by 6% on year-end to EUR 8,991m (31 December 2018: EUR 9,573m); decline largely due to measurement changes on pensions recognised directly in equity

Rise in net indebtedness mainly due to accounting change

- Equity ratio down on year-end 2018 by 4.8 percentage points to 20.3% (31 December 2018: 25.1%); 1.2 percentage points of the decline are due to accounting changes according to IFRS 16
- Net indebtedness up by 74% to EUR 6,083m (31 December 2018: EUR 3,489m); 65 percentage points, or EUR 2,284m, of the increase are due to accounting changes according to IFRS 16
- Adjusted net debt/Adjusted EBITDA up 1.2 points on year-end 2018 to 3.0 due to discount rate-related higher pension provisions and the IFRS 16 effect (together 0.9 points)

Business segments

NETWORK AIRLINES BUSINESS SEGMENT

KEY FIGURES NETWORK AIRLINES

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %
Revenue	€m	17,661	17,094	3	6,601	6,426	3
of which traffic revenue	€m	16,358	15,728	4	6,161	5,954	3
Operating expenses	€m	16,664	15,555	7	5,795	5,523	5
Adjusted EBITDA	€m	2,833	3,190	-11	1,455	1,461	0
Adjusted EBIT	€m	1,589	2,075	-23	1,024	1,086	-6
EBIT	€m	1,555	2,084	-25	991	1,092	-9
Adjusted EBIT margin	%	9.0	12.1	-3.1 pts	15.5	16.9	-1.4 pts
Segment capital expenditure	€m	2,135	1,905	12	656	417	57
Employees as of 30 Sep	number	52,322	51,699	1	-	-	-
Flights ¹⁾	number	652,322	632,860	3	232,700	227,403	2
Passengers ¹⁾	thousands	81,889	78,905	4	31,004	29,973	3
Available seat-kilometres ¹⁾	millions	224,690	215,131	4	81,136	78,321	4
Revenue seat-kilometres ¹⁾	millions	186,017	176,490	5	70,039	67,226	4
Passenger load factor ¹⁾	%	82.8	82.0	0.8 pts	86.3	85.8	0.5 pts

¹⁾ Previous year's figures have been adjusted.

OPERATING FIGURES NETWORK AIRLINES

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Exchange- rate adjusted change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %	Exchange- rate adjusted change in %
Yields	€ Cent	8.8	8.9	-1.3	-3.4	8.8	8.9	-0.7	-2.9
Unit revenue (RASK)	€ Cent	8.0	8.0	-0.6	-2.8	8.3	8.3	-0.1	-2.2
Unit cost (CASK) excluding fuel	€ Cent	5.5	5.5	0.7	-0.8	5.2	5.2	-0.9	-2.1

- Fleet renewal progresses at Network Airlines; deployment of modern aircraft models results in lasting cost reductions, lower fuel consumption and reduced CO₂ and noise emissions
- Measures to improve operating stability as part of the Operational Excellence project are still being implemented consistently and are having an effect; punctuality up significantly compared with last year
- First Airbus A321neo with standard cabin for all Network Airlines delivered; standardisation applies to all aircraft in the A320 family supplied to the Network Airlines
- Improvements to travel experience for Network Airlines customers on short and medium-haul routes; innovative new seats with USB socket, tablet holder and more space provide greater comfort
- Traffic revenue up by 4% due to volumes and exchange rates
- Revenue and operating income 3% higher than last year
- Constant currency unit revenues (RASK) down by 2.8%, primarily due to declines in European traffic, only partly offset by growth on long-haul routes
- Operating expenses 7% higher than last year, particularly due to higher fuel and MRO expenses
- Constant currency unit costs (CASK) excluding fuel down by 0.8%, particularly due to productivity increases and lower costs for flight irregularities
- Adjusted EBIT down by 23%
- Adjusted EBIT margin decreases by 3.1 percentage points

TRENDS IN TRAFFIC REGIONS

Network Airlines

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Sep 2019 in €m	Change in %	Jan - Sep 2019 in thousands	Change in %	Jan - Sep 2019 in millions	Change in %	Jan - Sep 2019 in millions	Change in %	Jan - Sep 2019 in %	Change in pts
Europe	6,620	1	62,659	3	66,986	5	51,973	4	77.6	-0.5
America	5,444	5	9,411	4	84,419	3	72,274	5	85.6	1.7
Asia/Pacific	3,090	7	5,608	5	52,992	4	45,362	5	85.6	0.7
Middle East/ Africa	1,204	11	4,210	11	20,292	10	16,408	12	80.9	1.7
Total	16,358	4	81,889	4	224,690	4	186,017	5	82.8	0.8

Lufthansa German Airlines

**KEY FIGURES LUFTHANSA GERMAN AIRLINES¹⁾**

		Jan - Sep 2019	Jan - Sep 2018	Change in %
Revenue	€m	12,327	11,951	3
Operating expenses	€m	11,607	10,875	7
Adjusted EBITDA	€m	1,932	2,202	-12
Adjusted EBIT	€m	1,110	1,458	-24
EBIT	€m	1,083	1,462	-26
Employees as of 30 Sep	number	34,930	34,679	1
Flights ²⁾	number	424,529	416,834	2
Passengers ²⁾	thousands	54,624	53,159	3
Available seat-kilometres ²⁾	millions	155,286	149,135	4
Revenue seat-kilometres ²⁾	millions	128,330	122,121	5
Passenger load factor	%	82.6	81.9	0.8 pts

¹⁾ Including regional partners.²⁾ Previous year's figures have been adjusted.

- Fleet renewal continues apace; 15 new Airbus A320ceo, A320neo and A321neo aircraft went into service on short and medium-haul routes and three new A350s on long-haul routes
- Quality offensive is rewarded; voted ATW Airline of the Year by the trade magazine Air Transport World, Best Airline in Europe and Best Western European Airline at the Skytrax World Airline Awards 2019 and Best Airline for Business Travellers in German and European Traffic at the Business Traveller Awards
- Revenue up by 3% particularly due to volume-related rise in traffic revenue; operating income also up by 3%
- Operating expenses 7% higher than last year, particularly due to higher fuel and MRO expenses
- Adjusted EBIT down by 24%

SWISS

**KEY FIGURES SWISS¹⁾**

		Jan - Sep 2019	Jan - Sep 2018	Change in %
Revenue	€m	3,899	3,679	6
Operating expenses	€m	3,596	3,325	8
Adjusted EBITDA	€m	756	751	1
Adjusted EBIT	€m	458	505	-9
EBIT	€m	455	505	-10
Employees as of 30 Sep	number	10,354	9,916	4
Flights ²⁾	number	127,768	120,163	6
Passengers ²⁾	thousands	16,495	15,580	6
Available seat-kilometres ²⁾	millions	47,784	45,046	6
Revenue seat-kilometres ²⁾	millions	40,135	37,689	6
Passenger load factor ²⁾	%	84.0	83.7	0.3 pts

¹⁾ Including Edelweiss Air.²⁾ Previous year's figures have been adjusted.

- Refit of Airbus A340 cabin is progressing; three aircraft already equipped with new seats in all travel classes, new galley and new in-flight entertainment system; modernisation programme due for completion by early 2020
- Opening of updated SWISS check-in area and new lounge for Business Class and Senator passengers in Terminal 1 at Zurich Airport
- Voted World's Best First Class Lounge at the Skytrax World Airline Awards 2019 and Europe's Leading Airline - Economy Class 2019 at the World Travel Awards
- Revenue up by 6% particularly due to higher traffic and exchange rate effects; operating income also up by 6%
- Operating expenses 8% higher than last year, particularly due to higher fuel expenses
- Adjusted EBIT down by 9%

Austrian Airlines



KEY FIGURES AUSTRIAN AIRLINES

		Jan - Sep 2019	Jan - Sep 2018	Change in %
Revenue	€m	1,630	1,665	- 2
Operating expenses	€m	1,680	1,620	4
Adjusted EBITDA	€m	143	237	- 40
Adjusted EBIT	€m	17	110	- 85
EBIT	€m	14	116	- 88
Employees as of 30 Sep	number	7,038	7,104	- 1
Flights ¹⁾	number	106,165	102,259	4
Passengers ¹⁾	thousands	11,217	10,632	6
Available seat-kilometres	millions	21,891	21,229	3
Revenue seat-kilometres ¹⁾	millions	17,766	16,901	5
Passenger load factor	%	81.2	79.6	1.5 pts

¹⁾ Previous year's figures have been adjusted.

- Reorganisation of Austrian Airlines fleet has begun with purchase of six used A320 aircraft, of which four are to be delivered in 2019; by 2022 a total of ten A320s are to replace 18 Turboprop Dash 8-400s
- Austrian Airlines and Eurowings are restructuring in Austria and enhancing their collaboration; their common goals are to strengthen the Vienna hub and expand decentralised traffic; Austrian Airlines will take over full commercial responsibility at the Vienna hub to optimise transfer traffic; four Eurowings aircraft will fly on wet leases for Austrian Airlines from early 2020
- Consistent implementation of new strategic programme #DriveTo25 to cut unit costs and address competition from low-cost carriers at Vienna Airport
- Voted Best Premium Economy Class Onboard Catering at the Skytrax World Airline Awards 2019
- Revenue down by 2%, especially due to pricing; operating income also 2% below last year
- Operating expenses up by 4%, mainly due to higher fuel and MRO expenses, only partly offset by lower fees and charges
- Adjusted EBIT down by 85%

EUROWINGS BUSINESS SEGMENT



KEY FIGURES EUROWINGS

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %
Revenue	€m	3,243	3,240	0	1,301	1,305	0
of which traffic revenue	€m	3,166	3,152	0	1,270	1,279	- 1
Operating expenses	€m	3,632	3,555	2	1,300	1,287	1
Adjusted EBITDA	€m	247	179	38	284	220	29
Adjusted EBIT	€m	- 104	- 98	- 6	169	122	39
EBIT	€m	- 107	- 98	- 9	167	122	37
Adjusted EBIT margin	%	- 3.2	- 3.0	- 0.2 pts	13.0	9.3	3.6 pts
Segment capital expenditure	€m	189	420	- 55	114	69	65
Employees as of 30 Sep	number	9,007	9,288	- 3	-	-	-
Flights	number	245,599	244,653	0	91,257	91,179	0
Passengers ¹⁾	thousands	29,744	29,344	1	11,688	11,548	1
Available seat-kilometres	millions	49,499	49,036	1	18,368	19,057	- 4
Revenue seat-kilometres	millions	40,961	40,263	2	15,845	16,345	- 3
Passenger load factor	%	82.8	82.1	0.6 pts	86.3	85.8	0.5 pts

¹⁾ Previous year's figures have been adjusted.

OPERATING FIGURES EUROWINGS

		Jan – Sep 2019	Jan – Sep 2018	Change in %	Exchange- rate adjusted change in %	Jul – Sep 2019	Jul – Sep 2018	Change in %	Exchange- rate adjusted change in %
Yields	€ Cent	7.7	7.8	-1.3	-1.7	8.0	7.8	2.4	2.0
Unit revenue (RASK)	€ Cent	6.8	6.8	0.3	-1.8	7.4	7.0	5.6	3.5
Unit cost (CASK) excluding fuel	€ Cent	5.5	5.6	-2.3	-3.8	5.1	5.1	1.0	-0.1

- Very good operating performance throughout the current financial year; Eurowings is one of the most punctual and reliable airlines in Europe
- New strategy approved; clear focus on short-haul, direct traffic; fleet harmonisation and renewal; commercial responsibility for long-haul routes and Brussels Airlines will be moved to the Network Airlines organisation; reduction to one flight operator in Germany; positive earnings contribution in 2021 and 15% reduction in unit costs by 2022 planned
- First steps have already been successfully implemented: Savings in 2019 from renegotiating contracts, modernising the fleet and reducing operational costs for compensation payments for delayed or cancelled flights; these saw a significant decline due to improved flight operating performance
- Brussels Airlines adopts turnaround plan for significant improvement of its profitability; plan focuses on simplifying and standardising operational structures and processes; aim is to significantly reduce costs, reconfigure the route network, standardise the fleet and improve reliability and punctuality; Brussels Airlines will benefit from close cooperation with Network Airlines
- Traffic revenue on par with the previous year; higher sales volumes offset by lower prices due to intense competition on European short-haul routes
- Revenue also stable year on year; operating income up by 2%
- Constant currency unit revenues (RASK) down 1.8% year on year; losses due to high pricing pressure in Europe, which resulted from overcapacities, only partially offset by improvements on long-haul routes
- Higher fuel costs drive operating expenses up by 2%, despite lower expenses for flight irregularities and improved crew productivity
- Constant currency unit costs (CASK) without fuel down by 3.8%, primarily due to improvements in operating stability and correspondingly lower costs for flight irregularities, structural productivity and cost improvements and the absence of the previous year's integration expenses for the former Air Berlin aircraft
- Adjusted EBIT down by 6%
- Adjusted EBIT margin decreases by 0.2 percentage points

TRENDS IN TRAFFIC REGIONS

Eurowings

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan – Sep 2019 in €m	Change in %	Jan – Sep 2019 in thousands	Change in %	Jan – Sep 2019 in millions	Change in %	Jan – Sep 2019 in millions	Change in %	Jan – Sep 2019 in %	Change in pts
Short-haul	2,395	-2	27,253	1	32,983	2	27,196	2	82.5	0.4
Long-haul	771	10	2,491	4	16,516	0	13,764	1	83.3	1.1
Total	3,166	0	29,744	1	49,499	1	40,961	2	82.8	0.6

LOGISTICS BUSINESS SEGMENT

KEY FIGURES LOGISTICS

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %
Revenue	€m	1,836	1,960	-6	598	659	-9
of which traffic revenue	€m	1,715	1,841	-7	557	618	-10
Operating expenses	€m	1,958	1,859	5	672	649	4
Adjusted EBITDA	€m	83	238	-65	-8	61	
Adjusted EBIT	€m	-33	162		-48	35	
EBIT	€m	-40	159		-49	33	
Adjusted EBIT margin	%	-1.8	8.3	-10.1 pts	-8.0	5.3	-13.3 pts
Segment capital expenditure	€m	176	356	-51	7	190	-96
Employees as of 30 Sep	number	4,572	4,435	3	-	-	
Available cargo tonne-kilometres ¹⁾	millions	10,974	10,068	9	3,829	3,517	9
Revenue cargo tonne-kilometres ¹⁾	millions	6,620	6,631	0	2,252	2,228	1
Cargo load factor ¹⁾	%	60.3	65.8	-5.5 pts	58.8	63.4	-4.6 pts

¹⁾ Previous year's figures have been adjusted.

- Lufthansa Cargo responds to weaker market demand by adjusting flight timetable and reducing use of the MD11 freighters; one MD11 freighter was retired in July; three other MD11 freighters are to be retired by year-end 2019; the remaining eight MD11 freighters are to be retired by the end of 2020
- Cost-cutting programme is being implemented consistently and extended; fleet modernisation will bring further medium and long-term improvements to cost structures
- Cooperation with Cathay Pacific expanded by adding routes between Europe and Hong Kong
- New subsidiary heyworld offers tailored solutions for the fast-growing e-commerce business
- Traffic revenue down by 7% due to pricing, especially in the Asia/Pacific traffic region
- Revenue down by 6%; operating income 5% below last year
- Operating expenses up by 5%; volume-related increase in cost of materials and services, partly due to taking over belly capacities of Brussels Airlines; higher depreciation, partly due to investment in new freighters
- Adjusted EBIT down by EUR 195m

TRENDS IN TRAFFIC REGIONS

Lufthansa Cargo

	Net traffic revenue external revenue		Available cargo tonne-kilometers		Revenue cargo tonne-kilometers		Cargo load factor	
	Jan - Sep 2019 in €m	Change in %	Jan - Sep 2019 in millions	Change in %	Jan - Sep 2019 in millions	Change in %	Jan - Sep 2019 in %	Change in pts
Europe	139	-2	612	18	237	2	38.7	-5.9
America	718	-7	5,133	10	2,940	1	57.3	-4.9
Asia/Pacific	699	-14	4,251	3	2,919	-7	68.7	-7.1
Middle East/Africa	159	35	978	28	524	40	53.6	4.3
Total	1,715	-7	10,974	9	6,620	0	60.3	-5.5

MRO BUSINESS SEGMENT

KEY FIGURES MRO

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %
Revenue	€m	5,149	4,530	14	1,729	1,584	9
of which with companies of the Lufthansa Group	€m	1,945	1,636	19	671	603	11
Operating expenses	€m	4,996	4,375	14	1,678	1,526	10
Adjusted EBITDA	€m	523	429	22	181	142	27
Adjusted EBIT	€m	371	337	10	128	110	16
EBIT	€m	371	337	10	128	108	19
Adjusted EBIT margin	%	7.2	7.4	-0.2 pts	7.4	6.9	0.5 pts
Segment capital expenditure	€m	233	164	42	69	56	23
Employees as of 30 Sep	number	26,312	24,146	9	-	-	

- Establishment of AVIATION DataHub, an independent digital platform enabling airlines, manufacturers and companies from the MRO industry to collect, merge and process their technical and flight operating data
- Establishment of a joint venture between Lufthansa Technik and LG Electronics; aim is to combine advanced, light and flexible OLED display technologies to open up new markets for the digitalisation of aircraft interiors
- Construction work starts at Airfoil Services, a joint venture between Lufthansa Technik and MTU Aero Engines in Malaysia; high demand for turbine blade repairs to be served even better in future
- Opening of XEOS, a service centre for the maintenance and overhaul of aircraft engines; the joint venture between Lufthansa Technik and GE Aviation in Poland was set up in just 16 months
- Revenue up year on year by 14% due to volumes and exchange rates; total income up by 13%
- Operating expenses up by 14%, particularly due to higher external costs and higher cost of materials and services for engine overhauls
- Adjusted EBIT up by 10%, mainly due to higher result from equity investments and earnings increases in the engine business

CATERING BUSINESS SEGMENT

KEY FIGURES CATERING

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %
Revenue	€m	2,508	2,413	4	888	861	3
of which with companies of the Lufthansa Group	€m	555	531	5	195	196	-1
Operating expenses	€m	2,499	2,374	5	871	822	6
Adjusted EBITDA	€m	180	146	23	90	76	18
Adjusted EBIT	€m	93	99	-6	60	59	2
EBIT	€m	52	94	-45	19	54	-65
Adjusted EBIT margin	%	3.7	4.1	-0.4 pts	6.8	6.9	-0.1 pts
Segment capital expenditure	€m	68	38	79	23	14	64
Employees as of 30 Sep	number	36,128	35,618	1	-	-	

- Renewal of contract with airBaltic at its hub in Riga (Latvia); continuation of existing hybrid service model
- Confirmation of position as leading in-flight service supplier to United Airlines with contract renewals at ten airports in the USA and Germany and new acquisition in South Korea
- Acquisition of lounge management for Japan Airlines in Frankfurt as confirmation of the collaboration in the lounge business started in 2018 in New York
- New catering facilities opened in Phoenix (USA), Nairobi (Kenya) and Novosibirsk (Russia)
- Retail inMotion wins contract to manage the Cathay Pacific Group's travel retail programme
- Revenue up by 4%; exchange rate effects and price increases, above all in North America, more than offset the loss of individual customer orders; total income up by 5%
- Operating expenses up by 5%, mainly because of exchange rates, as well as higher transformation expenses in Europe
- Adjusted EBIT down by 6%

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

		Jan - Sep 2019	Jan - Sep 2018	Change in %	Jul - Sep 2019	Jul - Sep 2018	Change in %
Revenue	€m	1,964	1,861	6	680	591	15
Operating expenses	€m	2,144	1,984	8	718	618	16
Adjusted EBITDA	€m	-93	-69	-35	-10	-6	-67
Adjusted EBIT	€m	-169	-108	-56	-34	-20	-70
EBIT	€m	-161	-109	-48	-35	-20	-75
Segment capital expenditure	€m	46	30	53	16	10	60
Employees as of 30 Sep	number	10,009	9,847	2	-	-	

- Operating income up by 6%
- Operating expenses up 8% on the year due to the modernisation of the IT-system environment at AirPlus, among other things
- Adjusted EBIT down by 56%

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2018 have materialised or developed as follows:

- Expectations for global economic growth have continued to deteriorate. The main reason for the change is the increasingly fierce trade conflict between the USA and China.
- Weaker demand in the freight market caused yields to fall in the reporting period. Depending on further macro-economic developments and the outcome of the trade conflicts, there is a risk that this trend will continue for longer and be more pronounced than expected.
- A price war caused by overcapacities in European traffic and the general economic downturn in the region have undermined the market environment here.
- The Lufthansa Group counters the ever increasing threat of cyberattacks with a cybersecurity programme, which should lead to greater resilience against potential attacks.
- In recent months, the Lufthansa Group has looked in greater detail at a “no-deal” exit of the United Kingdom from the European Union and has taken the first steps to prepare for it. As before, uncertainties remain about the short- and medium-term effects of a “no-deal” Brexit. It cannot be ruled out that macroeconomic or regulatory changes could impact the financial performance of the Lufthansa Group.
- The steps taken to improve the stability of flight operations remain effective: Delays were reduced thanks to sustainable process optimisation and additional staff, while flight cancellations were significantly reduced by means of additional reserve aircraft and engines. However, the external environment remains challenging, especially as far as capacity bottlenecks in air traffic control in Germany are concerned.
- Increased public debate about climate change entails a greater risk that a higher price will be put on carbon emissions. Air traffic in the EU is already part of the EU Emissions Trading Scheme, but there is still a risk that the costs will go up. When the climate package was agreed in Germany, a decision was also taken to increase the national air traffic tax significantly. This creates risks for demand and for international competitiveness. The legislative process has not yet begun, but is due to be completed in the near future.

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

Forecast

- Outlook for revenue and Adjusted EBIT margin for the Lufthansa Group remains unchanged compared with the forecast published in the 2nd interim report 2019
- For financial year 2019, revenue is expected to grow at a low single-digit percentage rate; expected Adjusted EBIT margin to be between 5.5% and 6.5%
- Compared with the outlook published in the 2nd interim report, the following assumptions have changed:
 - Fuel costs for Network Airlines are anticipated to increase by EUR 600m year on year (previously: EUR 500m); those of Eurowings by EUR 100m (previously: EUR 50m)
 - Constant currency unit revenues at Eurowings are now expected to decline at a low single-digit percentage (previously: decline at a mid single-digit percentage) and constant currency unit costs without fuel to fall by 4% to 5% (previously: decline of 6% to 8%); changes result from the reassignment of Eurowings long-haul routes, which will in future be operated by the Network Airlines segment; the earnings impact of this change is expected to be small, so there is no change in the earnings forecast; the previous financial outlook for Eurowings did not include this reassignment
 - Revenue for the Logistics business segment is now expected to decline at a mid single-digit percentage (previously: stable revenue), with an Adjusted EBIT margin of 0% to 2% (previously: between 3% and 5%); these adjustments to the outlook reflect the difficult market environment, especially in Asia
 - Revenue growth in the MRO business segment is now forecast to be in the low double-digit range (previously: increase at a mid single-digit percentage); the improved outlook is the result of exchange rate effects and higher-than-expected demand for engine maintenance
 - Revenue growth in the Catering business segment is now forecast to be in the low single-digit range (previously: stable revenue development); the improved outlook is primarily due to the strong US dollar

Further details can be found in the [2nd interim financial report 2019 starting on p. 15](#) and in the [Annual Report 2018, starting on p. 75](#).

FINANCIAL OUTLOOK 2019

	Passenger Airlines			
	Network Airlines		Eurowings	
Capacity (ASK)	c. + 4%		c. - 1%	
Unit revenues (RASK, at constant currency)	down low single-digit		down low single-digit	
Unit cost (CASK, at constant currency and excl. fuel)	0% to - 1%		- 4% to - 5%	
Fuel (year-on-year change)	EUR + 600m		EUR + 100m	
Adjusted EBIT margin	7.0% to 9.0%		- 4.0% to - 6.0%	
	Non-PAX			
	Logistics	MRO	Catering	Other
Revenue	down mid single-digit	up low double-digit	up low single-digit	
Adjusted EBIT margin	0% to 2%	7% to 8%	2% to 4%	
Adjusted EBIT (year-on-year change)				EUR - 50m
Lufthansa Group				
Revenue	up low single-digit			
Adjusted EBIT margin	5.5% to 6.5%			

Consolidated income statement

January – September 2019

CONSOLIDATED INCOME STATEMENT				
in €m	Jan – Sep 2019	Jan – Sep 2018 ¹⁾	Jul – Sep 2019	Jul – Sep 2018 ¹⁾
Traffic revenue	21,581	21,145	8,099	7,989
Other revenue	6,119	5,752	2,078	1,970
Total revenue	27,700	26,897	10,177	9,959
Changes in inventories and work performed by entity and capitalised	479	386	160	145
Other operating income ²⁾	1,269	1,234	474	386
Cost of materials and services	-15,075	-13,851	-5,337	-5,086
Staff costs	-6,735	-6,529	-2,215	-2,190
Depreciation, amortisation and impairment ³⁾	-2,067	-1,627	-738	-559
Other operating expenses ⁴⁾	-4,109	-4,186	-1,388	-1,342
Profit/loss from operating activities	1,462	2,324	1,133	1,313
Result of equity investments accounted for using the equity method	113	106	62	77
Result of other equity investments	62	27	25	13
Interest income	52	39	17	12
Interest expenses	-316	-159	-53	-47
Other financial items	260	25	337	-5
Financial result	171	38	388	50
Profit/loss before income taxes	1,633	2,362	1,521	1,363
Income taxes	-572	-517	-359	-249
Profit/loss after income taxes	1,061	1,845	1,162	1,114
Profit/loss attributable to minority interests	-23	-25	-8	-7
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	1,038	1,820	1,154	1,107
Basic/diluted earnings per share in €	2.18	3.85	2.43	2.34

¹⁾ Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the [Annual Report 2018](#), p. 114/115.

²⁾ This includes EUR 23m (previous year: EUR 41m) from the reversal of write-downs on receivables.

³⁾ This includes EUR 38m (previous year: EUR 1m) for the recognition of write-downs on receivables.

⁴⁾ This includes EUR 79m (previous year: EUR 71m) for the recognition of loss allowances on receivables.

Statement of comprehensive income

January– September 2019

STATEMENT OF COMPREHENSIVE INCOME				
in €m	Jan – Sep 2019	Jan – Sep 2018 ¹⁾	Jul – Sep 2019	Jul – Sep 2018 ¹⁾
Profit/loss after income taxes	1,061	1,845	1,162	1,114
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	128	67	84	34
Subsequent measurement of financial assets at fair value without effect on profit and loss	17	-1	1	5
Subsequent measurement of hedges – cash flow hedge reserve	442	1,505	-64	429
Subsequent measurement of hedges – costs of hedging	214	-40	-68	35
Other comprehensive income from investments accounted for using the equity method	2	3	-	2
Other expenses and income recognised directly in equity	17	-1	5	-1
Income taxes on items in other comprehensive income	-164	-358	31	-186
	656	1,175	-11	318
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	-2,472	189	-1,672	611
Subsequent measurement of financial assets at fair value	5	0	-	-
Other expenses and income recognised directly in equity	-	0	-	-2
Income taxes on items in other comprehensive income	699	-116	365	-171
	-1,768	73	-1,307	438
Other comprehensive income after income taxes	-1,112	1,248	-1,318	756
Total comprehensive income	-51	3,093	-156	1,870
Comprehensive income attributable to minority interests	-25	-25	-11	-7
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	-76	3,068	-167	1,863

¹⁾ Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the [Annual Report 2018](#), p. 114/115.

Consolidated statement of financial position as of 30 September 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS			
in €m	30 Sep 2019	31 Dec 2018 ¹⁾	30 Sep 2018 ¹⁾
Intangible assets with an indefinite useful life ²⁾	1,394	1,381	1,377
Other intangible assets	509	512	492
Aircraft and reserve engines	18,238	16,776	16,491
Repairable spare parts for aircraft	2,297	2,133	1,995
Property, plant and other equipment	3,984	2,221	2,181
Investments accounted for using the equity method	703	650	684
Other equity investments	241	246	239
Non-current securities	32	41	44
Loans and receivables	404	512	483
Derivative financial instruments	1,575	828	899
Deferred charges and prepaid expenses	109	118	11
Effective income tax receivables	36	10	17
Deferred tax assets	2,598	2,131	1,446
Non-current assets	32,120	27,559	26,359
Inventories	947	968	923
Contract assets	216	234	228
Trade receivables and other receivables	6,000	5,576	5,834
Derivative financial instruments	472	357	1,071
Deferred charges and prepaid expenses	356	217	298
Effective income tax receivables	98	58	38
Securities	2,648	1,735	2,681
Cash and cash equivalents	927	1,500	1,400
Assets held for sale	403	9	6
Current assets	12,067	10,654	12,479
Total assets	44,187	38,213	38,838

¹⁾ Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the [Annual Report 2018](#), p. 114/115.

²⁾ Including goodwill.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	30 Sep 2019	31 Dec 2018 ¹⁾	30 Sep 2018 ¹⁾
Issued capital	1,217	1,217	1,213
Capital reserve	343	343	313
Retained earnings	4,607	4,555	5,488
Other neutral reserves	1,679	1,185	2,098
Net profit/loss	1,038	2,163	1,820
Equity attributable to shareholders of Deutsche Lufthansa AG	8,884	9,463	10,932
Minority interests	107	110	105
Shareholders' equity	8,991	9,573	11,037
Pension provisions	7,914	5,865	4,801
Other provisions	497	537	554
Borrowings	8,114	5,008	5,257
Contract liabilities	22	22	43
Other financial liabilities	102	137	139
Advance payments received, deferred income and other non-financial liabilities	53	51	66
Derivative financial instruments	188	222	144
Deferred tax liabilities	661	583	738
Non-current provisions and liabilities	17,551	12,425	11,742
Other provisions	799	925	874
Borrowings	1,510	1,677	1,274
Trade payables and other financial liabilities	6,391	5,764	6,154
Contract liabilities from unused flight documents	4,499	3,969	4,491
Other contract liabilities	2,571	2,316	2,258
Advance payments received, deferred income and other non-financial liabilities	440	388	411
Derivative financial instruments	318	393	37
Effective income tax obligations	478	783	560
Liabilities in connection with assets held for sale	639	-	-
Current provisions and liabilities	17,645	16,215	16,059
Total shareholders' equity and liabilities	44,187	38,213	38,838

¹⁾ Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the  Annual Report 2018, p. 114/115.

Consolidated statement of changes in shareholders' equity as of 30 September 2019

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	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 1 Jan 2018	1,206	263	605	264	236	326	1,431	3,449	2,340	8,689	103	8,792
Capital increases/reductions	7	50	-	-	-	-	-	-	-	57	-	57
Reclassifications	-	-	-	-	-	-	-	1,963	-1,963	-	-	-
Dividends to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	-377	-377	-23	-400
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated net profit/loss attributable to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	1,820	1,820	25	1,845
Other expenses and income recognised directly in equity	-	-	1,102	68	-	2	1,172	76	-	1,248	-	1,248
Hedging results reclassified from non-financial assets to acquisition costs	-	-	-505	-	-	-	-505	-	-	-505	-	-505
As of 30 Sep 2018	1,213	313	1,202	332	236	328	2,098	5,488	1,820	10,932	105	11,037
As of 31 Dec 2018	1,217	343	237	388	236	324	1,185	4,555	2,163	9,463	110	9,573
Restatement IFRIC 23	-	-	-	-	-	-	-	33	-	33	-	33
As of 1 Jan 2019	1,217	343	237	388	236	324	1,185	4,588	2,163	9,496	110	9,606
Capital increases/reductions	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-9	-	-	-	-9	1,792	-1,783	-	-	-
Dividends to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	-380	-380	-28	-408
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated net profit/loss attributable to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	1,038	1,038	23	1,061
Other expenses and income recognised directly in equity	-	-	514	128	-	17	659	-1,773	-	-1,114	2	-1,112
Hedging results reclassified from non-financial assets to acquisition costs	-	-	-156	-	-	-	-156	-	-	-156	-	-156
As of 30 Sep 2019	1,217	343	586	516	236	341	1,679	4,607	1,038	8,884	107	8,991

Consolidated cash flow statement

January – September 2019

CONSOLIDATED CASH FLOW STATEMENT				
in €m	Jan – Sep 2019	Jan – Sep 2018 ¹⁾	Jul – Sep 2019	Jul – Sep 2018 ¹⁾
Cash and cash equivalents 1 Jan	1,434	1,218	1,000	1,286
Net profit/loss before income taxes	1,633	2,362	1,521	1,363
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	2,042	1,620	738	554
Depreciation, amortisation and impairment losses on current assets (net of reversals)	71	24	27	13
Net proceeds on disposal of non-current assets	16	-1	2	1
Result of equity investments	-175	-133	-87	-90
Net interest	264	120	36	35
Income tax payments/reimbursements	-722	-502	-162	-410
Significant non-cash-relevant expenses/income	-334	-157	-343	-46
Change in trade working capital	1,075	947	-377	-663
Change in other assets/shareholders' equity and liabilities	-135	-156	-13	134
Cash flow from operating activities	3,735	4,124	1,342	891
Capital expenditure for property, plant and equipment and intangible assets	-2,728	-2,815	-840	-687
Capital expenditure for financial investments	-57	-34	-41	-20
Additions/loss to repairable spare parts for aircraft	-226	-255	-15	-57
Proceeds from disposal of non-consolidated equity investments	-	1	-	-
Proceeds from disposal of consolidated equity investments	3	2	-	2
Cash outflows for acquisitions of non-consolidated equity investments	-66	-39	-17	-22
Cash outflows for acquisitions of consolidated equity investments	-	-12	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	75	74	15	18
Interest income	50	39	12	10
Dividends received	177	67	56	40
Net cash from/used in investing activities	-2,772	-2,972	-830	-716
Purchase of securities/fund investments	-2,952	-3,003	-1,385	-861
Disposal of securities/fund investments	1,870	2,612	1,061	781
Net cash from/used in investing and cash management activities	-3,854	-3,363	-1,154	-796
Capital increase	-	-	-	-
Transactions by minority interests	-	1	-	1
Non-current borrowing	3,094	260	662	160
Repayment of non-current borrowing	-2,982	-572	-870	-252
Dividends paid	-408	-344	-4	-2
Interest paid	-79	-52	-36	-23
Net cash from/used in financing activities	-375	-707	-248	-116
Net increase/decrease in cash and cash equivalents	-494	54	-60	-21
Changes due to currency translation differences	3	-11	3	-4
Cash and cash equivalents 30 Sep²⁾	943	1,261	943	1,261
Less cash and cash equivalents of companies held for sale as of 30 Sep	16	-	16	-
Cash and cash equivalents of companies not held for sale as of 30 Sep²⁾	927	1,261	927	1,261
Securities	2,648	2,681	2,648	2,681
Liquidity	3,575	3,942	3,575	3,942
Net increase/decrease in liquidity	406	173	169	86

¹⁾ Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the [Annual Report 2018, p. 114/115](#).

²⁾ The difference between the bank balances and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 0m with terms of four to twelve months (previous year: EUR 139m).

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) as applicable in the European Union (EU) taking account of interpretations by the IFRS Interpretations Committee (IFRIC). This interim report as of 30 September 2019 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 2019 have been applied. The interim financial statements as of 30 September 2019 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2018 were based. The standards and interpretations mandatory from 1 January 2019 onwards, particularly IFRS 16, Leases, and IFRS 23, Uncertainty over Income Tax Treatments, had the following effects on the Group's net assets, financial and earnings position.

IFRS 16

The new provisions of IFRS 16 require lessees to recognise a lease liability and a right-of-use asset for the payment obligations resulting from their lease agreements. IFRS 16 was initially applied using the modified retrospective approach, in accordance with the transitional provisions of IFRS 16. The comparative figures for the financial year 2018 were therefore not adjusted.

As of 1 January 2019, payment obligations from contracts previously classified as operating leases are discounted using the incremental borrowing rate and recognised as lease liabilities. The discount rate is generally calculated using incremental borrowing rates for the specific lease terms and currencies, unless the implicit interest rate on which the lease payments are based is available. All lease payments are divided into redemption payments and interest expenses. The interest expense is recognised in profit or loss over the term of the lease. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the leased item.

The right-of-use asset corresponds at initial application to the lease liability, adjusted for any prepaid lease instalments. Initial direct costs are not included in the measurement of the right-of-use asset when the standard is applied for the first time. For the initial application of IFRS 16 hindsight was used. The Lufthansa Group has opted not to apply IFRS 16 to intangible assets and to account for leases ending in 2019, in accordance with the practical expedient for short-term leases. Payments under leases with a term of no more than twelve months beginning after 31 December 2018, and leases in which the leased asset is of low value, will be recognised in profit or loss at the payment date in line with this option. For contracts that include non-lease components alongside lease components, these components are separated. At the time of the transition, the Lufthansa Group had no provisions for onerous leases.

At the transition date to IFRS 16, right-of-use assets of EUR 2.0bn and lease liabilities of the same amount were recognised on 1 January 2019. The operating leases as of 31 December 2018 were reconciled with the opening amount of the lease liabilities in the statement of financial position as of 1 January 2019 as follows:

RECONCILIATION LEASE LIABILITIES

in €m	2019
Obligations from contracts classified as operating leases as of 31 December 2018 ¹⁾	2,739
Short-term leases	10
Leases on assets of low value	338
Concluded contracts with right-of-use assets not yet acquired	126
Other	18
Discounting with incremental borrowing rate at the first application of IFRS 16	289
Lease liabilities newly accounted due to IFRS 16 as of 1 January 2019	1,958
Existing finance lease liabilities as of 31 December 2018	596
Total lease liabilities	2,554

¹⁾ Adjusted value.

The weighted average incremental borrowing rate used to calculate the lease liabilities as of 1 January 2019 was 1.95%. Reference interest rates based on congruent, risk-free rates in major countries and currencies were used to calculate the incremental borrowing rate. A credit risk premium was added to the respective reference rates.

The right-of-use asset is presented under the same item of property, plant and equipment as would have been used if the underlying asset had been purchased. The right-of-use assets recognised relate to the following types of assets:

RIGHT OF USES AND LEASE LIABILITIES		
in €m	30 Sep 2019	1 Jan 2019
Aircraft and reserve engines		
Right-of-use assets – aircraft and reserve engines	394	401
Right-of-use assets – from former finance leases according to IAS 17	491	579
Property, plant and other equipment		
Right-of-use assets – land and property	1,845	1,531
Right-of-use assets – technical equipment	-	-
Right-of-use assets – other equipment, operating and office equipment	19	19
Right-of-use assets – from former finance leases according to IAS 17	83	93
Total right-of-use assets	2,832	2,623
of which first-time application due to IFRS 16	2,258	1,951
Non-current borrowings		
Lease liabilities newly accounted due to IFRS 16	1,888	1,599
Existing lease liabilities from finance leases	443	497
Current borrowings		
Lease liabilities newly accounted due to IFRS 16	396	359
Existing lease liabilities from finance leases	89	99
Total lease liabilities	2,816	2,554
of which first-time application due to IFRS 16	2,284	1,958

In terms of property, the Group mainly leases airport infrastructure, including lounges, offices and hangars. Other office buildings, production and warehouse space are also leased. In addition, the Group uses aircraft, vehicles and other operating and office equipment on the basis of leases.

The additional right-of-use assets recognised in line with IFRS 16 led to additional depreciation of EUR 294m and additional interest expenses of EUR 38m, due to the accrued interest on lease liabilities for the leases classified as operating leases until 2018. Foreign currency measurement for the lease liabilities resulted in expenses of EUR 17m in the financial result. The first-time application of IFRS 16 and the ensuing absence of lease expenses caused the cost of materials and services to fall by EUR 120m and other operating expenses by EUR 195m.

In addition, the change in the presentation of the expenses related to operating leases resulted in a shift of EUR 315m between cash flow from financing activities and cash flow from operating activities as the lease payments no longer affect the operating cash flow and are instead recognised as interest and redemption payments within cash flow from financing activities, to the extent that they are not payments under short-term or low-value leases.

The definition of free cash flow was adjusted following the application of IFRS 16. The new figure Adjusted Free Cash Flow consists of free cash flow adjusted for the effects of IFRS 16. This reduced the figure by EUR 278m in the reporting period.

First-time application of IFRS 16 meant that earnings per share for the period from 1 January 2019 to 30 September 2019 fell by EUR 0.03 per share.

IFRIC 23

IFRIC 23 is applicable for financial years beginning on or after 1 January 2019.

In the past, the Lufthansa Group has only recognised claims against tax authorities when a cash inflow was considered to be virtually certain. Following the transition to IFRIC 23, the claims will be recognised as soon as the cash inflow is deemed to be probable. IFRIC 23 was applied using the modified retrospective approach without adjusting the figures for prior-year periods. The transition resulted in an increase in effective income tax receivables of EUR 33m, now recognised in retained earnings.

2 Notes to the income statement, statement of financial position, cash flow statement and segment reporting

TRAFFIC REVENUE BY AREA OF OPERATIONS

	2019	Europe ¹⁾	North America ¹⁾	Central and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
Network Airlines	16,695	10,476	3,294	396	1,835	444	250
Lufthansa German Airlines	11,389						
SWISS ²⁾	3,803						
Austrian Airlines	1,503						
Eurowings ²⁾	3,171	2,830	161	8	44	20	108
Logistics	1,715	858	197	69	513	23	55
Total	21,581						

¹⁾ Traffic revenue is allocated according to the original location of sale.

²⁾ Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.

TRAFFIC REVENUE BY AREA OF OPERATIONS

	2018	Europe ¹⁾	North America ¹⁾	Central and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
Network Airlines ²⁾	16,090	10,416	2,844	446	1,754	419	211
Lufthansa German Airlines	10,985						
SWISS ²⁾	3,586						
Austrian Airlines	1,519						
Eurowings ²⁾	3,214	2,886	129	7	46	24	122
Logistics	1,841	952	187	76	573	18	35
Total	21,145						

¹⁾ Traffic revenue is allocated according to the original location of sale.

²⁾ Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

	2019	Europe ¹⁾	North America ¹⁾	Central and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
MRO	3,204	1,411	795	214	576	132	76
MRO services	2,768						
Other operating revenue	436						
Catering	1,953	365	1,036	115	351	53	33
Catering services	1,648						
Revenue from in-flight sales	127						
Other services	178						
Network Airlines	444	357	33	5	36	6	7
Eurowings	18	16	1	-	-	-	1
Logistics	89	53	31	-	-	5	-
Additional Businesses and Group Functions	411	295	33	9	55	12	7
IT services	138						
Travel management	209						
Other	64						
Total	6,119						

¹⁾ Traffic revenue is allocated according to the original location of sale.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

	2018	Europe ¹⁾	North America ¹⁾	Central and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
MRO ²⁾	2,895	1,289	663	134	589	93	127
MRO services	2,511						
Other operating revenue	384						
Catering	1,882	374	943	112	377	45	31
Catering services	1,601						
Revenue from in-flight sales	106						
Other services	175						
Network Airlines	463	370	39	3	39	7	5
Eurowings	22	15	2	-	-	-	5
Logistics	94	49	36	-	4	5	-
Additional Businesses and Group Functions	396	303	29	8	43	8	5
IT services ²⁾	129						
Travel management	207						
Other	60						
Total	5,752						

¹⁾ Traffic revenue is allocated according to the original location of sale.

²⁾ Adjustment due to changed classification of three Lufthansa Systems companies.

The Executive Board of Deutsche Lufthansa AG has decided to examine the options for disposing of the catering activities. A project has been started to evaluate the sale as a whole or in separate parts and to negotiate the sale and a follow-on catering contract with potential buyers. In view of the progress made, Deutsche Lufthansa AG now assumes that the European part of its catering activities will be disposed of within the next twelve months, so the criteria for the application of IFRS 5 were met as of the reporting date. The assets and liabilities concerned were reclassified accordingly as a disposal group.

The assets and related liabilities held for sale include aircraft and reserve engines of EUR 9m. The other assets and related liabilities mainly consisted of the reclassified LSG activities.

3 Seasonality

The Group's business activities are mainly exposed to seasonal effects via the Network Airlines and Eurowings segments. As such, revenue in the first and fourth quarters is generally lower, since people travel less, while higher revenue and operating profits are normally earned in the second and third quarters.

4 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	30 Sep 2019	31 Dec 2018
From guarantees, bills of exchange and cheque guarantees	1,047	988
From warranty contracts	315	218
From providing collateral for third-party liabilities	49	45
	1,411	1,251

Provisions for other contingent liabilities were not made because it was not sufficiently probable that they would be necessary. The potential financial effect of these provisions on the result would have been EUR 54m in total (as of 31 December 2018: EUR 55m).

A tax risk described in the notes to the consolidated financial statements as of 31 December 2018 materialised in the first three quarters of 2019, so provisions of EUR 340m were made accordingly. As of 30 September 2019, the tax risks for which no provisions had been recognised came to some EUR 200m (as of 31. December 2018: EUR 500m).

At the end of September 2019 there were order commitments of EUR 14.2bn for capital expenditure on property, plant and equipment, including repairable spare parts, as well as for intangible assets. Order commitments as of 31 December 2018 came to EUR 13.8bn. Significant changes in order commitments included new firm orders for 40 wide-bodied aircraft and the conversion of orders for 14 Boeing 777 aircraft into options.

5 Financial instruments and financial liabilities

FINANCIAL INSTRUMENTS

The following tables show financial assets and liabilities held at fair value by level in the 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.

As of 30 September 2019, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 30 SEP 2019

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	308	1,136	-	1,444
Financial derivatives classified as held for trading	-	431	-	431
Securities	308	705	-	1,013
Derivative financial instruments which are an effective part of a hedging relationship	-	1,616	-	1,616
Financial assets at fair value through other comprehensive income	-	1,655	-	1,655
Equity instruments	-	20	-	20
Debt instruments	-	1,635	-	1,635
Total assets	308	4,407	-	4,715

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30 SEP 2019

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	-	-98	-	-98
Derivative financial instruments which are an effective part of a hedging relationship	-	-408	-	-408
Total liabilities	-	-506	-	-506

As of 30 September 2019, exchange rate hedges, included in cash flow hedges for investments, with a market value of EUR 413m were terminated early and reclassified from other comprehensive income to the financial result. These hedges covered orders for 14 Boeing 777 aircraft, which were originally held as reconfirmable orders and had been hedged using non-current forward currency transactions in accordance with the hedging strategy.

In the third quarter, in the course of placing new aircraft orders for 2019, the orders for 14 B777s were converted into options which, at present, are not sufficiently certain to be exercised. From a hedge accounting perspective, this means the forecasted transactions are no longer highly probable, so the hedge relationships had to be terminated early.

As of 31 December 2018, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31 DEC 2018

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	278	29	-	307
Financial derivatives classified as held for trading	-	27	-	27
Securities	278	2	-	280
Derivative financial instruments which are an effective part of a hedging relationship	-	1,158	-	1,158
Financial assets at fair value through other comprehensive income	15	1,470	-	1,485
Equity instruments	15	15	-	30
Debt instruments	-	1,455	-	1,455
Total assets	293	2,657	-	2,950

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31 DEC 2018

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	-	-29	-	-29
Derivative financial instruments which are an effective part of a hedging relationship	-	-586	-	-586
Total liabilities	-	-615	-	-615

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. Forward currency transactions and swaps are individually discounted to the reporting 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 also 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, other receivables, trade payables and other liabilities is assumed to be a realistic estimate of fair value.

FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES

in €m	30 Sep 2019		31 Dec 2018	
	Carrying amount	Market value	Carrying amount	Market value
Bonds	1,002	1,032	1,007	1,026
Liabilities to banks	2,125	2,168	1,957	1,984
Leasing liabilities ¹⁾	2,817	-	596	581
Other liabilities	3,680	3,610	3,125	3,083
Total	9,624	6,810	6,685	6,674

¹⁾ Disclosure of market value is not required starting with introduction of IFRS 16.

6 Earnings per share

		30 Sep 2019	30 Sep 2018
Basic/diluted earnings per share	€	2.18	3.85
Consolidated net profit/loss	€m	1,038	1,820
Weighted average number of shares		475,210,714	472,268,298

7 Issued capital

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 450,000,000 by issuing new registered shares on one or more occasions for payment in cash or in kind (Authorised Capital A). In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 30,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded.

A resolution passed at the Annual General Meeting held on 7 May 2019 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 6 May 2024. The authorisation is limited to 10% of current issued capital. According to the resolution of the Annual General Meeting held on 7 May 2019, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

Following a resolution of the Annual General Meeting held on 7 May 2019, the distributable profit of EUR 380m shown in the 2018 financial statements was paid out as dividends. This corresponds to a dividend of EUR 0.80 per share for the financial year 2018.

8 Pension obligations

The continuing reduction in market interest rates meant that the discount rates used to measure pension obligations went down again. The discount rate used to calculate obligations in Germany was 1.1%. As of 31 December 2018, the rate was 2.0%. A discount rate of 0.1% was used for the pension obligations in Switzerland (31 December 2018: 1.1 %).

9 Segment reporting

Segmentation has been changed compared with the financial statements as of 31 December 2018. Part of the Lufthansa Systems group is managed by the Lufthansa Technik group

as of financial year 2019 and so has been allocated to the MRO segment. The figures for the previous year have been adjusted accordingly.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan – Sep 2019

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation	Group
External revenue	17,140	3,188	1,804	3,204	1,953	27,289	411	-	27,700
of which traffic revenue	16,358	3,166	1,715	-	-	21,239	-	342	21,581
Inter-segment revenue	521	55	32	1,945	555	3,108	180	-3,288	-
Total revenue	17,661	3,243	1,836	5,149	2,508	30,397	591	-3,288	27,700
Other operating income	556	245	58	170	61	1,090	1,373	-757	1,706
Operating income	18,217	3,488	1,894	5,319	2,569	31,487	1,964	-4,045	29,406
Operating expenses	16,664	3,632	1,958	4,996	2,499	29,749	2,144	-4,013	27,880
of which cost of materials	9,734	2,376	1,324	2,922	1,080	17,436	214	-2,575	15,075
of which staff costs	3,131	471	305	1,230	965	6,102	633	-5	6,730
of which depreciation and amortisation	1,244	351	116	152	87	1,950	76	-26	2,000
of which other operating expenses	2,555	434	213	692	367	4,261	1,221	-1,407	4,075
Results of equity investments	36	40	31	48	23	178	11	-	189
of which result of investments accounted for using the equity method	25	40	14	26	22	127	-	-	127
Adjusted EBIT¹⁾	1,589	-104	-33	371	93	1,916	-169	-32	1,715
Reconciliation items	-34	-3	-7	-	-41	-85	8	-1	-78
Impairment losses/gains	-9	-	-11	1	-40	-59	5	-2	-56
Effects from pension provisions	-4	-	-	-	-1	-5	-1	-	-6
Results of disposal of assets	-21	-3	4	-1	-	-21	4	1	-16
EBIT	1,555	-107	-40	371	52	1,831	-161	-33	1,637
Other financial result									-4
Profit/loss before income taxes									1,633
Capital employed ²⁾	10,812	2,454	1,925	5,573	1,523	22,287	2,083	-420	23,950
of which from investments accounted for using the equity method	52	188	45	266	147	698	5	-	703
Segment capital expenditure	2,135	189	176	233	68	2,801	46	4	2,851
of which from investments accounted for using the equity method	-	-	-	41	-	41	-	-	41
Number of employees at end of period	52,322	9,007	4,572	26,312	36,128	128,341	10,009	-	138,350

¹⁾ For detailed reconciliation from Adjusted EBIT to EBIT → **table reconciliation of results, p. 3**, in the interim management report.

²⁾ The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives) less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Sep 2018¹⁾

	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Recon- ciliation	Group
in €m									
External revenue	16,551	3,237	1,936	2,894	1,882	26,500	397	-	26,897
of which traffic revenue	15,728	3,152	1,841	-	-	20,721	-	424	21,145
Inter-segment revenue	543	3	24	1,636	531	2,737	190	-2,927	-
Total revenue	17,094	3,240	1,960	4,530	2,413	29,237	587	-2,927	26,897
Other operating income	510	185	35	170	38	938	1,274	-614	1,598
Operating income	17,604	3,425	1,995	4,700	2,451	30,175	1,861	-3,541	28,495
Operating expenses	15,555	3,555	1,859	4,375	2,374	27,718	1,984	-3,532	26,170
of which cost of materials	8,765	2,384	1,285	2,520	1,031	15,985	181	-2,315	13,851
of which staff costs	3,078	460	309	1,136	897	5,880	655	-7	6,528
of which depreciation and amortisation	1,115	277	76	92	47	1,607	39	-26	1,620
of which other operating expenses	2,597	434	189	627	399	4,246	1,109	-1,184	4,171
Results of equity investments	26	32	26	12	22	118	15	-	133
of which result of investments accounted for using the equity method	25	32	21	6	21	105	1	-	106
Adjusted EBIT²⁾	2,075	-98	162	337	99	2,575	-108	-9	2,458
Reconciliation items	9	-	-3	-	-5	1	-1	-1	-1
Impairment losses/gains	-	-	-2	5	-5	-2	-1	2	-1
Effects from pension provisions	-	-	-	-	-	-	-	-1	-1
Results of disposal of assets	9	-	-1	-5	-	3	-	-2	1
EBIT	2,084	-98	159	337	94	2,576	-109	-10	2,457
Other financial result									-95
Profit/loss before income taxes									2,362
Capital employed ³⁾	9,161	2,039	1,384	4,649	1,286	18,519	2,570	-203	20,886
of which from investments accounted for using the equity method	77	155	47	280	145	704	5	-25	684
Segment capital expenditure	1,905	420	356	164	38	2,883	30	-13	2,900
of which from investments accounted for using the equity method	-	-	-	32	-	32	-	-	32
Number of employees at end of period	51,699	9,288	4,435	24,146	35,618	125,186	9,847	-	135,033

¹⁾ Figures have been adjusted.

²⁾ For detailed reconciliation from Adjusted EBIT to EBIT see [table reconciliation of results, p. 3](#), in the interim management report.

³⁾ The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives) less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

EXTERNAL REVENUE BY REGION Jan – Sep 2019

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/Pacific	Middle East	Africa	Total
Traffic revenue ¹⁾	14,164	6,574	3,652	3,271	473	2,392	487	413	21,581
Other operating revenue	2,497	783	1,929	1,605	343	1,018	208	124	6,119
Total revenue	16,661	7,357	5,581	4,876	816	3,410	695	537	27,700

¹⁾ Allocated according to the original location of sale.

EXTERNAL REVENUE BY REGION Jan – Sep 2018

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/Pacific	Middle East	Africa	Total
Traffic revenue ¹⁾	14,254	6,644	3,160	2,822	529	2,373	461	368	21,145
Other operating revenue	2,400	769	1,712	1,432	257	1,052	158	173	5,752
Total revenue	16,654	7,413	4,872	4,254	786	3,425	619	541	26,897

¹⁾ Allocated according to the original location of sale.

10 Related party disclosures

As stated in the consolidated financial statements 2018 in **➤ Note 49 (Annual Report 2018, p. 181ff.)** the 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 reporting date. The contractual relationships with the group of related parties described in the **➤ Remuneration report 2018 (Annual Report 2018, p. 84ff.)** and in the consolidated financial statements 2018 in **➤ Note 50 (Annual Report 2018, p. 184)** also still exist unchanged, but are not of material significance for the Group.

11 Published standards that have not yet been applied

On 17 September 2019 the IFRS Interpretations Committee published a clarification of IFRS 15 concerning compensation for delays or cancellations. Obligations to compensate customers for delayed or cancelled flights (as required by law) are to be recognised as variable compensation components within the meaning of IFRS 15, thus reducing the amount of revenue. The Lufthansa Group has previously recognised these payments as costs in the income statement and, in line with the IFRIC decision, will retrospectively change their accounting in the consolidated financial statements as of 31 December 2019. This transition will result in an identical, slight reduction of both revenue and other operating expenses.

Amendments published by the IASB for financial years beginning after 1 January 2019 currently have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments are shown in the consolidated financial statements 2018 in **➤ Note 2 “New international accounting standards in accordance with IFRS and interpretations” (Annual Report 2018, p. 106ff.)**.

Declaration by the legal representatives

We declare that to the best of our knowledge and according to the applicable accounting standards for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, 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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt, 5 November 2019
The Executive Board



Carsten Spohr
Chairman of the Executive Board
and CEO



Thorsten Dirks
Member of the Executive Board
Eurowings



Harry Hohmeister
Member of the Executive Board
Chief Commercial Officer
Network Airlines



Detlef Kayser
Member of the Executive Board
Airline Resources &
Operations Standards



Ulrik Svensson
Member of the Executive Board
Chief Financial Officer



Bettina Volkens
Member of the Executive Board
Corporate Human Resources
and Legal Affairs

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The latest financial information on the internet:

➤ www.lufthansagroup.com/investor-relations

Striving for excellence – We aim to be the number one for our customers, shareholders and employees. Our airlines are consistently positioned in the premium segment. Please find out what premium means for the Lufthansa Group in our online Annual Report: ➤ www.lufthansagroup.com/ar

Financial calendar 2020

- 19 Mar** Release of Annual Report 2019
- 30 Apr** Release of Interim Report January – March 2020
- 6 Aug** Release of Interim Report January – June 2020
- 5 Nov** Release of Interim Report January – September 2020

Disclaimer in respect of forward-looking statements

Information published in the 3rd Interim Report 2019, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive facts. Its purpose is exclusively informational, and can be identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “anticipate”, “can”, “could”, “should” or “endeavour”. These forward-looking statements are based on discernible information, facts and expectations available at the time that the statements were made. They are therefore subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the Opportunities and risk report in the Annual Report. Should one or more of these risks occur, or should the underlying expectations or assumptions fail to materialise, this could have a significant effect (either positive or negative) on the actual results.

It is possible that the Group’s actual results and development may differ materially from the results forecast in the forward-looking statements. Lufthansa does not assume any obligation, nor does it intend, 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.

Note

Unless stated otherwise, all change figures refer to the corresponding period from the previous year. Due to rounding, some of the figures may not add up precisely to the stated totals, and percentages may not precisely reflect the absolute figures.