

Lufthansa Group

SHAREHOLDER INFORMATION 02/2020



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LUFTHANSA GROUP

Key Figures January – March 2020

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue and result				
Total revenue ¹⁾	€m	6,441	7,838	-18
of which traffic revenue ¹⁾	€m	4,539	5,805	-22
Operating expenses ¹⁾	€m	8,162	8,682	-6
Adjusted EBITDA	€m	-540	321	
Adjusted EBIT	€m	-1,220	-336	-263
EBIT	€m	-1,622	-344	-372
Net profit/loss	€m	-2,124	-342	-521
Key balance sheet and cash flow statement figures				
Total assets	€m	43,352	42,761	1
Equity	€m	7,497	9,742	-23
Equity ratio	%	17.3	22.8	-5.5 pts
Net indebtedness	€m	6,354	5,830	9
Pension provision	€m	6,989	6,179	13
Cash flow from operating activities	€m	1,367	1,558	-12
Capital expenditures (gross) ²⁾	€m	770	1,236	-38
Adjusted free cash flow	€m	620	178	248
Key profitability and value creation figures				
Adjusted EBITDA margin	%	-8.4	4.1	-12.5 pts
Adjusted EBIT margin	%	-18.9	-4.3	-14.6 pts
EBIT margin	%	-25.2	-4.4	-20.8 pts
Lufthansa share				
Share price as of 31 Mar	€	8.56	19.57	-56
Earnings per share	€	-4.44	-0.72	-517
Traffic figures¹⁾				
Flights	number	207,207	262,654	-21
Passengers	thousands	21,756	29,421	-26
Available seat-kilometres	millions	64,296	79,453	-19
Revenue seat-kilometres	millions	47,099	61,933	-24
Passenger load factor	%	73.3	77.9	-4.6 pts
Available cargo tonne-kilometres	millions	3,449	4,056	-15
Revenue cargo tonne-kilometres	millions	2,156	2,550	-15
Cargo load factor	%	62.5	62.9	-0.4 pts
Employees				
Employees as of 31 Mar	number	136,966	136,795	0

¹⁾ Previous year's figures have been adjusted

²⁾ Without acquisition of equity investments

Date of publication: 3 June 2020.



DEAR SHAREHOLDERS,

The global airline industry and our Company bore the brunt of the coronavirus pandemic. In recent months, air traffic around the world has come to an almost complete standstill in the wake of global travel restrictions. This is clearly reflected in the fall in earnings in the first quarter. We will overcome the crisis into which we have fallen through no fault of our own only with state support.

Therefore, Deutsche Lufthansa AG has been in long and intensive negotiations with the Economic Stabilisation Fund of the Federal Republic of Germany in recent weeks. In the end, we agreed on a stabilisation package for our Company involving stabilisation measures and loans of up to EUR 9bn. For this, we had to accept commitments to the European Commission obliging us to transfer up to 24 daily take-off and landing rights to our competitors at both the Frankfurt and Munich airports.

The Executive Board and the Supervisory Board accepted the stabilisation package; the finalisation of the framework agreement and the approval by the relevant competition authorities are still pending. Furthermore, the Annual General Meeting must also approve the stabilisation measures. Because of that, an Extraordinary General Meeting will take place at noon on 25 June 2020. Once again, the meeting will be held entirely virtually. The registration deadline for the Extraordinary General Meeting is 20 June 2020 at midnight. 🚀 **You can register for the Extraordinary General Meeting and cast your vote here.**

We are convinced that, together with the Economic Stabilisation Fund, we have found the best solution under the current circumstances. The stability package on which you will vote on 25 June is the only way to secure the future of Deutsche Lufthansa AG and prevent insolvency.

The package ensures that the Company has the necessary strategic and operative capabilities to overcome this crisis. We want to defend our top position in global aviation in order to offer the people in our home countries connections to the world and support our globally networked economies.

Securing the competitiveness and the future viability of our airline group is key to repaying the funds in question as quickly as possible. Enormous efforts will be necessary to achieve that, especially since we assume that the crisis will continue to impact international travel in the long term. We will reduce our capacities, sink costs and postpone capital expenditure in order to return to profitability as soon as possible.

On 25 June, you will decide on the future of the company. We therefore ask you to exercise your voting rights and support the proposed stability package. In doing so, you will help to restore Lufthansa Group to what it was before the crisis - a leading and profitably operating airline group by global standards. On behalf of all 137,000 employees, we would like to thank you for your trust and support.

Kind regards



Karl-Ludwig Kley
Chairman of the Supervisory Board



Carsten Spohr
Chairman of the Executive Board and CEO

[!\[\]\(c694a3ff3b077d76910920a6a1593ab4_img.jpg\) Website: Extraordinary General Meeting 2020](#)

[!\[\]\(ec9132f1d27c8919987d92907322654d_img.jpg\) Online services for shareholders: Registration for the Extraordinary General Meeting & Voting](#)

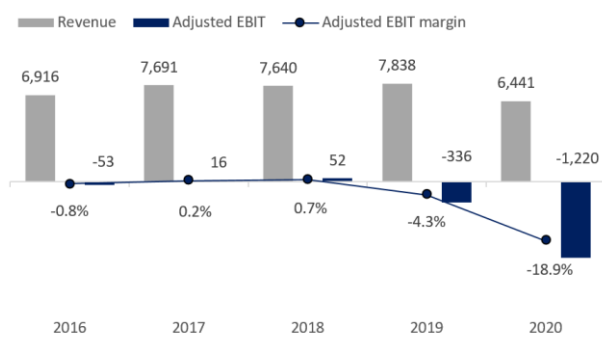
BUSINESS DEVELOPMENT

Coronavirus crisis puts significant strain on business at the Lufthansa Group

The global outbreak of the coronavirus had a severe impact on the Lufthansa Group's business. The Lufthansa Group reacted quickly and decisively to the outbreak of the coronavirus crisis, significantly reducing available capacity to avoid losses and initiating wide-ranging measures to cut costs and capital expenditure and to conserve liquidity.

In the first quarter of 2020, traffic revenue fell by 22% to EUR 4,539m due to the lower traffic, and revenue of EUR 6,441m was 18% down on the year. Operating expenses fell by 6% in total to EUR 8,162m, primarily due to the volume-related decline in the cost of materials and services, particularly for fuel, fees and charges, and short-term measures to cut staff costs.

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



Adjusted EBIT fell year-on-year to EUR –1,220m (previous year: EUR –336m), the Adjusted EBIT margin came to –18.9% (previous year: –4.3%). Net result for the period decreased to EUR –2,124m (previous year: EUR –342m). It was depressed by impairment losses on the fleet and goodwill as well as the negative changes in the market value of fuel hedging instruments.

Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) went up to EUR 620m due to lower capital expenditure (previous year:

EUR 178m). The equity ratio fell by 6.7 percentage points compared with year-end 2019 to 17.3% and Adjusted net debt/Adjusted EBITDA went up compared with year-end 2019 by 0.6 points to 3.4 due to the lower earnings.

📌 Financial reports: 1st Interim Report 2020

📌 Press release: „Drastic decline in air travel significantly affects Lufthansa Group's quarterly result“

Lufthansa Group takes extensive measures and decides on first restructuring package in response to spread of the coronavirus

The ongoing spread of the coronavirus has resulted in collapsing demand for air travel, global travel restrictions, declines in bookings and flight cancellations at all the airlines in the Lufthansa Group.

In response, the Lufthansa Group cut its flight capacities at the end of the first quarter of 2020 by up to 95% and temporarily retired some 700 of its total of 760 aircraft; operations at Austrian Airlines, Brussels Airlines and Air Dolomiti were suspended completely until further notice at the end of March.

The regular flight timetable at Lufthansa German Airlines, SWISS and Eurowings was massively reduced. With its remaining flights the Lufthansa Group guaranteed a basic minimum of air transport connections and so contributed to maintaining essential services. Additionally, special flights were put on to take people from all over the world back to their home countries.

Management imposed far-reaching cost-cutting measures affecting staff costs, operating costs and project budgets in order to reduce fixed costs by at least a third. At the end of March 2020, short-time working was planned or already in place for some 87,000 employees at the end of the reporting period.

The capital resources were further improved by means of financing activities.

On 7 April 2020, the Executive Board of Deutsche Lufthansa AG adopted an initial restructuring package, consisting of various measures to adjust the capacities of flight operations to customer demand, which has been severely impacted by the crisis. These measures include, in particular, a reduction of the fleet with the first retired aircraft and the closure of Germanwings.

🔗 **Press release: „Lufthansa Group decides on first restructuring package“**

Economic Stabilisation Fund, Swiss and Austrian federal government approve stabilisation packages

On 25 May 2020 the Economic Stabilisation Fund (WSF) of the Federal Republic of Germany approved the stabilisation package for Deutsche Lufthansa AG. The package provides for stabilisation measures and loans of up to EUR 9bn. Further details on the stabilisation package can be found in the ad-hoc release of 25 May 2020 which is linked below.

The commitments indicated by Germany to the European Commission oblige the Group to transfer to one competitor each at the Frankfurt and Munich airports up to 24 take-off and landing rights (slots), i.e. three take-off and three landing rights per aircraft and day, for the stationing of up to four aircraft.

The capital measures are subject to the approval of an extraordinary general meeting, which will be held virtually on 25 June 2020. In addition, the framework agreement still needs to be finalised and approved by the relevant competition authorities.

As early as 29 April 2020, the Swiss federal government had promised guaranteed loans of CHF 1.5bn (approx. EUR 1.4bn) for SWISS and Edelweiss, the two Swiss airlines in the Lufthansa Group.

On 8 June 2020, the Austrian Federal Government, Lufthansa and Austrian Airlines have reached an agreement on the cornerstones of a EUR 600 million coronavirus rescue package for the national network carrier Austrian Airlines.

Negotiations concerning possible state stabilisation measures Brussels Airlines with the Belgian government are still ongoing.

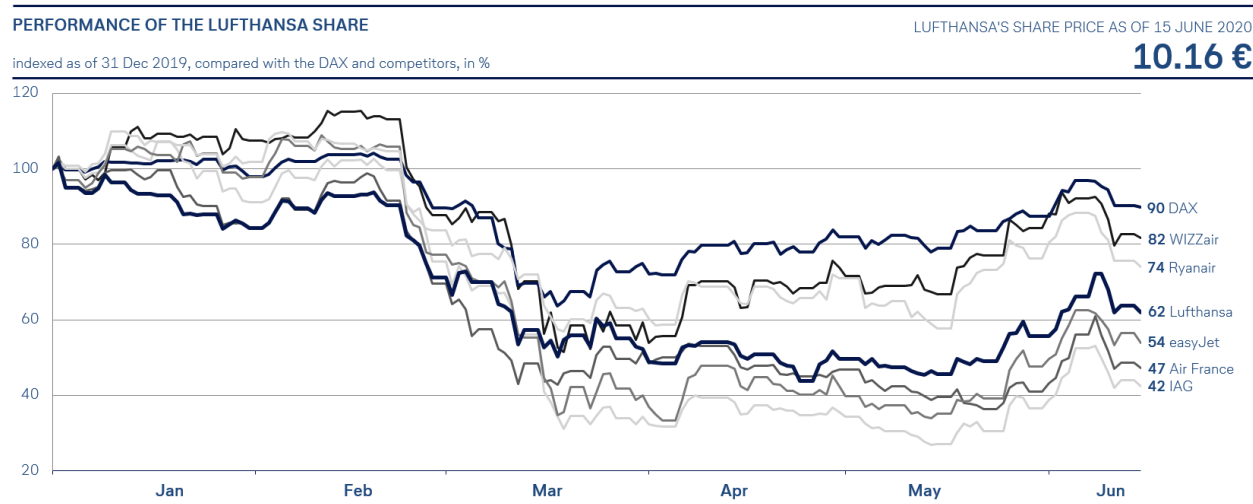
🔗 **Ad-hoc release: „Economic Stabilization Fund approves Lufthansa's stabilization package“**

SHARE PRICE DEVELOPMENT

Outbreak of the coronavirus leads to significant drop of share price and loss of DAX membership

The spread of the coronavirus has put significant pressure on the Lufthansa share as well. The share reached its high price for the year on 2 January 2020 with 16.68 EUR. In the course of the corona crisis, the share price has decreased to the low of 7.18 EUR on 24 April 2020. Thereafter the share price has been able to recover. At 15 June 2020 the share was at 10.16 EUR, which represents a loss of 38% compared to the share price at the beginning of the year. Over the same period the DAX index performed less negatively, with a loss of 10%.

Due to the share price development caused by the corona crisis and the corresponding decrease of market capitalization, the Lufthansa share will be listed in the MDAX index from 22 June 2020 and will not be in the DAX index for the time being.



[Website: Share price information](#)

OUTLOOK

Lufthansa Group airlines significantly expands flight schedule until September

The airlines in the Lufthansa Group are significantly expanding their services in the coming weeks and months. This applies to both short-haul and long-haul flights. The focus in expanding flight schedules is to again offer as many destinations as possible.

In September, for example, 90 percent of all originally planned short- and medium-haul destinations and 70 percent of long-haul destinations will be served again. Customers planning their autumn and winter holidays now have access to a comprehensive global network of connections via all hubs of the Group.

From July onwards, Austrian Airlines aircraft will take off on regular long-haul flights for the first time since mid-March. SWISS plans to return to about 85% of the destinations it served before the Corona crisis in autumn, with about one-third of its capacity on these routes. Eurowings is also significantly expanding its flight program for both business and leisure travelers and plans to fly to 80 per cent of its destinations again in the course of the summer.

🔗 **Press release: „Lufthansa Group airlines significantly expands flight schedule until September“**

Adjusted EBIT of Lufthansa Group in 2020 will be significant below previous year

The ongoing uncertainty concerning the development of the coronavirus pandemic means it is still not possible to give a detailed financial forecast for 2020.

In this respect, the forecast in the Annual Report 2019 of a significant decline in Group revenue and Adjusted EBIT in financial year 2020 continues to apply.

Only the Logistics segment is expected to deviate from the performance of the Group as a whole; significantly higher yields compared with last year due to the lack of freight capacities on passenger aircraft mean that the segment will probably report a higher Adjusted EBIT margin than in the previous year.

🔗 **Further details can be found in the Annual Report 2019 starting on page 106.**

FURTHER TOPICS









Management

New allocation of responsibilities for the Lufthansa Executive Board

On 4 April 2020 Ulrik Svensson resigned his post as Chief Financial Officer of Deutsche Lufthansa AG for health reasons with effect from 6 April 2020. Karl-Ludwig Kley, Chairman of the Supervisory Board of Deutsche Lufthansa AG: "Ulrik Svensson has done outstanding work for the Lufthansa Group over the past three years. He has carried out his duties as Chief Financial Officer with great expertise and professionalism. His work has been aimed at increasing the Lufthansa Group's competitiveness and securing the Group's long-term future. His untiring commitment continues to have an impact throughout the Group - especially now, in overcoming a serious crisis. We very much regret the departure of Ulrik Svensson and wish him a quick recovery. And we thank him for his successful work for our Lufthansa."

On 8 April 2020, the Supervisory Board of Deutsche Lufthansa AG decided on a new division of responsibilities for the Executive Board. The board was reduced from seven to six members with effect of 15 April 2020. Responsibility for finance functions was divided among the existing Executive Board members.

📌 **Press release: „Supervisory Board decides on new allocation of responsibilities for Lufthansa Executive Board“**

Supervisory Board				
Carsten Spohr Chairman of the Executive Board and CEO				
Michael Niggemann Human Resources, Legal Affairs and M & A				
	Detlef Kayser Airline Resources & Operations Standards	Harry Hohmeister Commercial Passenger Airlines	Christina Foerster Customer & Corporate Responsibility	 Lufthansa Technik
 Lufthansa Frankfurt	●	●	●	 Lufthansa Cargo
 Lufthansa Munich	●	●	●	
 SWISS Zurich	●	●	●	
 Austrian Vienna	●	●	●	LSG group
 brussels airlines	●	●	●	
 Eurowings	●	●	●	
Thorsten Dirks Digital and Finance				

Annual General Meeting

Around 10,000 shareholders attend the virtual annual general meeting online

Some 10,000 shareholders followed the Annual General Meeting of Deutsche Lufthansa AG on 5 May 2020 online. A total of 33.19 per cent of the share capital was represented. A total of nine agenda items were put to the vote at the Annual General Meeting. The company's shareholders approved all items by a large majority.

Amongst others, the shareholders approved the proposal of the Board of Management and Supervisory Board to use the net retained profits for the 2019 financial year of 298 million euros in full to transfer them to other revenue reserves and not to distribute them as a dividend. At the same time, the shareholders elected Astrid Stange (Group Chief Operating Officer, AXA SA), Erich Clementi (Deputy Chairman of the Supervisory Board of E.ON SE), Dr. Thomas Enders (President of the German Council on Foreign Relations) and Harald Krüger (member of the Supervisory Board of Deutsche Telekom AG) to the Supervisory Board. The change to the remuneration system for the Management Board with retroactive effect from 1 January 2020, as resolved by the Supervisory Board, was also accepted by the majority of shareholders.



[↗ Press release: „Lufthansa Annual General Meeting approves all agenda items“](#)

Rating

Rating-Agencies downgrade rating for Lufthansa Group

On 17 March 2020 and 20 May 2020 respectively the rating agencies Moody's and S&P lowered the credit rating of the Lufthansa Group from Baa3 to Ba1 and from BBB- to BB+ as a result of the spread of the coronavirus and its wider impact. Both ratings are now below investment grade. Scope Ratings continues to give the Lufthansa Group an investment grade rating of BBB-.

[↗ Website: Rating overview](#)

CONTACT

Your contact at Investor Relations

I am at your disposal to answer your questions.



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FINANCIAL CALENDAR

Financial calendar 2020

25 June	Extraordinary General Meeting
6 August	Release of 2nd Interim Report January – June 2020
5 November	Release of 3rd Interim Report January – September 2020

Disclaimer in respect of forward-looking statements

Information published in this Shareholder Information 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 and is identified by the use of such terms as 'believe', 'expect', 'forecast', 'intend', 'project', 'plan', 'estimate', 'assume' and 'endeavour'. 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. The Lufthansa Group 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 or completeness of this data and information.