



LUFTHANSA GROUP



Lufthansa Group

SHAREHOLDER INFORMATION 02/2021

Key Figures Lufthansa Group

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue and result				
Total revenue	€m	2,560	6,441	-60
of which traffic revenue	€m	1,542	4,539	-66
Operating expenses	€m	3,980	8,162	-51
Adjusted EBITDA	€m	-577	-540	-7
Adjusted EBIT	€m	-1,143	-1,220	6
EBIT	€m	-1,135	-1,622	30
Net profit/loss	€m	-1,049	-2,124	51
Key balance sheet and cash flow statement figures				
Total assets	€m	38,453	43,352	-11
Equity	€m	2,052	7,497	-73
Equity ratio	%	5.3	17.3	-12.0 pts
Net indebtedness	€m	10,924	6,354	72
Pension provision	€m	7,821	6,989	12
Cash flow from operating activities	€m	-766	1,367	
Capital expenditures (gross) ²⁾	€m	153	770	-80
Adjusted free cash flow	€m	-947	620	
Key profitability and value creation figures				
Adjusted EBITDA margin	%	-22.5	-8.4	-14.1 pts
Adjusted EBIT margin	%	-44.6	-18.9	-25.7 pts
EBIT margin	%	-44.3	-25.2	-19.1 pts
Lufthansa share				
Share price as of 31 March	€	11.31	8.56	32
Earnings per share	€	-1.75	-4.44	61
Traffic figures¹⁾				
Flights	number	41,011	209,094	-80
Passengers	thousands	3,043	21,756	-86
Available seat-kilometres	millions	16,843	64,297	-74
Revenue seat-kilometres	millions	7,584	47,099	-84
Passenger load factor	%	45.0	73.3	-28.3 pts
Available cargo tonne-kilometres	millions	2,528	3,428	-26
Revenue cargo tonne-kilometres	millions	1,940	2,159	-10
Cargo load factor	%	76.7	63.0	13.7 pts
Employees				
Employees as of 31 March	number	111,262	136,966	-19

¹⁾ Previous year's figures have been adjusted.

²⁾ Without acquisition of equity investments.

Date of publication: 29 April 2021.

DEAR SHAREHOLDERS,

One year after the beginning of this pandemic, the situation in global air travel still remains very challenging. However, we look to the future with confidence and optimism – even though we are still in the worst crisis our industry has ever experienced.

The start of the year was not what we had hoped for. In the first quarter of 2021, the number of our passengers remained below our expectations. We operated just 21% of pre-crisis capacity. However, we were able to achieve a slightly better result compared to last year's first quarter, when only the month of March was heavily impacted by the pandemic. The negative Adjusted EBIT of EUR 1.1bn is still an alarming number – but the loss is 6% lower than in the previous year. Which proves: Our cost discipline and restructuring efforts are paying off.

It is already clearly visible that the crisis has accelerated our modernization. We have never been faster in restructuring, in adapting the size of our company to the changed market environment, in bringing down cost, in modernizing our fleet and digitalizing our company. This unprecedented crisis forced us to overcome weaknesses. And it makes us stronger for the future.

The return to better times is getting closer. Vaccination campaigns are showing progress in many countries including our home markets. We can already see the first European states lifting travel restrictions. This development will pick up speed within the next weeks. It gives us confidence that the worst is already behind us and the turnaround for global air travel is very soon to come. We expect the recovery of demand to gain momentum in the second half of 2021. Because people want to travel! And whenever it is possible, whenever travel restrictions are eased and travel is safe, they book. And they fly.

Our current liquidity buffer provides us with a solid foundation for the upcoming months, in which the pandemic will continue to have significant impact on us. It amounts to EUR 10.6bn, supported by effective measures to limit the cash outflows from operations and our successful refinancing measures. Even if market recovery falls short of initial expectations, our Group's liquidity is secured for at least the whole of 2021.

We will be pleased if you stayed with us on our journey, and we hope to welcome you aboard our aircraft again soon.

A handwritten signature in black ink, appearing to read 'Dennis Weber'.

Dennis Weber

Head of Investor Relations
Deutsche Lufthansa AG

BUSINESS DEVELOPMENT

Effects of the coronavirus crisis continue to put significant strain on business at the Lufthansa Group

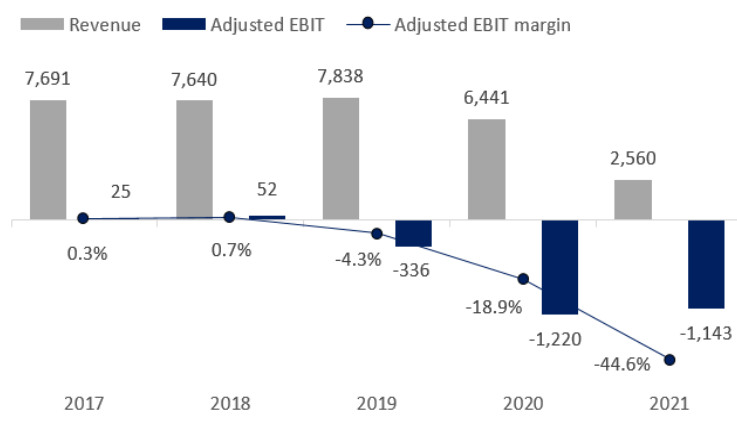
The ongoing coronavirus pandemic once again dominated the course of business at the Lufthansa Group in the first quarter of 2021. A renewed increase in new infections and the resulting travel restrictions had a negative impact on demand for flights and booking patterns. Available capacity in the first quarter of 2021, as measured in seat-kilometres, was just 21% of the level in 2019, before the coronavirus outbreak.

The cargo business maintained its positive momentum from 2020 into the first quarter of 2021 due to the global reduction in capacity caused by the loss of belly capacities on passenger aircraft, which had a positive impact on yields. Thus, Lufthansa Cargo was reporting record earnings in the first quarter of 2021.

Traffic revenue for Lufthansa Group airlines declined by 66% in the first quarter of 2021 to EUR 1,542m due to the lower traffic (previous year: EUR 4,539m). Group revenue of EUR 2,560m was 60% lower than in the previous year (previous year: EUR 6,441m).

Operating expenses fell by 51% to EUR 3,980m (previous year: EUR 8,162m), with the help of strict cost management and largely due to the volume-related decline in the cost of materials and services, particularly fuel expenses and fees and charges, the reduction in staff costs, including savings due to short-time work for a large part of the workforce, and other measures to cut fixed costs.

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



Adjusted EBIT came to EUR -1,143m in the first quarter of 2021 (previous year: EUR -1,220m); the Adjusted EBIT margin decreased to -44.6% (previous year: -18.9%); EBIT came to EUR -1,135m (previous year: EUR -1,622m). The monthly operating cash drain was limited to an average of EUR 235m.

The net result attributable to shareholders of Deutsche Lufthansa AG in the first quarter of 2021 came to EUR -1,049m (previous year: EUR -2,124m).

Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) declined to EUR -947m (previous year: EUR 620m).

The equity ratio increased by 1.8 percentage points compared with year-end 2020 to 5.3% (31 December 2020: 3.5%), mainly because of lower pension liabilities. Net indebtedness of EUR 10,924m was 10% higher than at year-end 2020 (31 December 2020: EUR 9,922m);

As of the end of March 2021, the Group had available liquidity of EUR 10.6bn, which includes EUR 5,447m from the government stabilisation measures and loans that have not yet been drawn down.

📌 1st Interim Report 2021

📌 Press release: Lufthansa Group reduces operating loss compared to prior year through significant cost savings

OUTLOOK

Lufthansa Group expects lower operating loss in 2021

The financial outlook for 2021 depends largely on the impact of the coronavirus pandemic on the global airline industry. The forecast for the Company is therefore subject to great uncertainty. Changes in the course of the pandemic, especially concerning the progress of vaccination programmes and the spread of virus mutations, will have a significant and direct influence on performance, especially due to their effect on travel restrictions, which in turn play a major role in customer demand.

Travel restrictions will probably be lifted later than originally expected and predicted in the forecast for 2021 made in the Annual Report 2020, so the recovery in demand will be delayed. Capacity increases planned for the Group airlines will therefore be implemented later than originally thought. As a result, the Group now assumes that capacity at Group airlines as measured in available seat-kilometres in 2021 will come to around 40% of the 2019 pre-crisis level (original forecast: between 40% and 50%). Demand is expected to recover only gradually in the second quarter. However, the company anticipates a significant market recovery in the second half of the year as a result of vaccination progress and the further spread and acceptance of testing opportunities.

The expectation expressed in forecast in the Annual Report 2020 of higher revenue and a lower operating loss in 2021, as measured by Adjusted EBIT, still applies unchanged, however.

This guidance applies equally to the individual operating segments in the Lufthansa Group. A decline in revenue and Adjusted EBIT in the Logistics business segment was forecast for 2021 in the Annual Report 2020. The Group now expects revenue and Adjusted EBIT in the Logistics segment to be up on the year as capacities remain scarce and yields have risen sharply as a result. This means that Lufthansa Cargo will likely post new record earnings in 2021.

For the second quarter, the Company expects lower operating cash outflows compared with the first quarter. Supported by further structural cost reductions and the successive expansion of the flight schedule, an operating cash outflow of around EUR 200m per month on average is expected.

 Further details can be found in the Annual Report 2020, starting on p. 118.

SHARE PRICE DEVELOPMENT

Lufthansa share performance still dependent on course of coronavirus crisis

The coronavirus pandemic continued to strongly influence share price developments in the airline industry in the first quarter of 2021. This was also true for the development of the Lufthansa share.

Starting from a level of EUR 10.82 at the beginning of 2021, the share price, driven by the expectation of an increasing market recovery from the summer onwards, developed temporarily to EUR 12.66 on 1 March 2021. Subsequently, the share price fell due to the worsening pandemic situation, which again called into question an early opening of markets for air traffic even within Europe. In addition, concerns about the possible need for equity capital measures weighed on the share price performance.

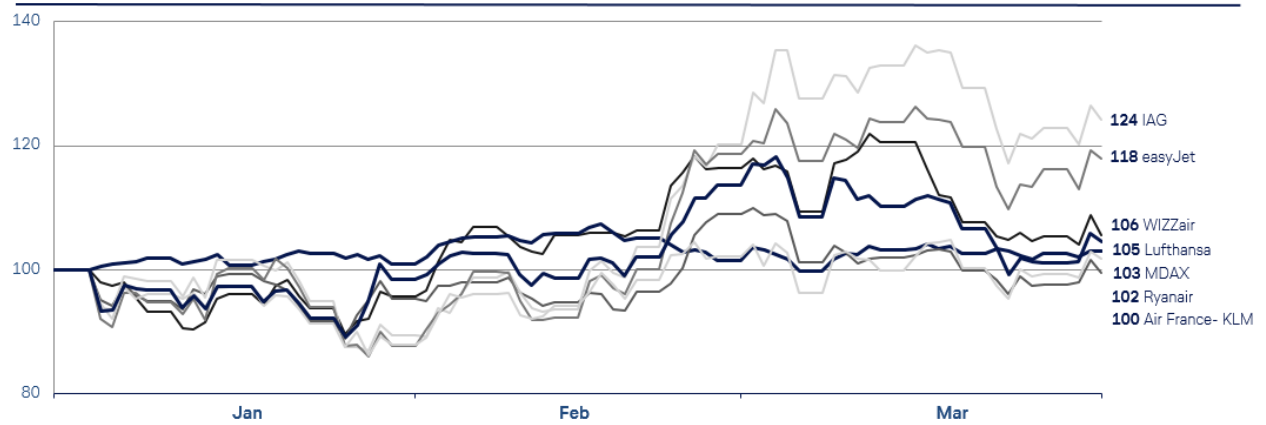
As of 31 March 2021, the Lufthansa share was trading at EUR 11.31. Overall, the share thus recorded a gain of 5% in the first quarter of 2021. The Lufthansa share thus performed at a similar level to the MDAX benchmark index (+3%).

As of 28 April 2021, the Lufthansa share was trading at EUR 10.94.

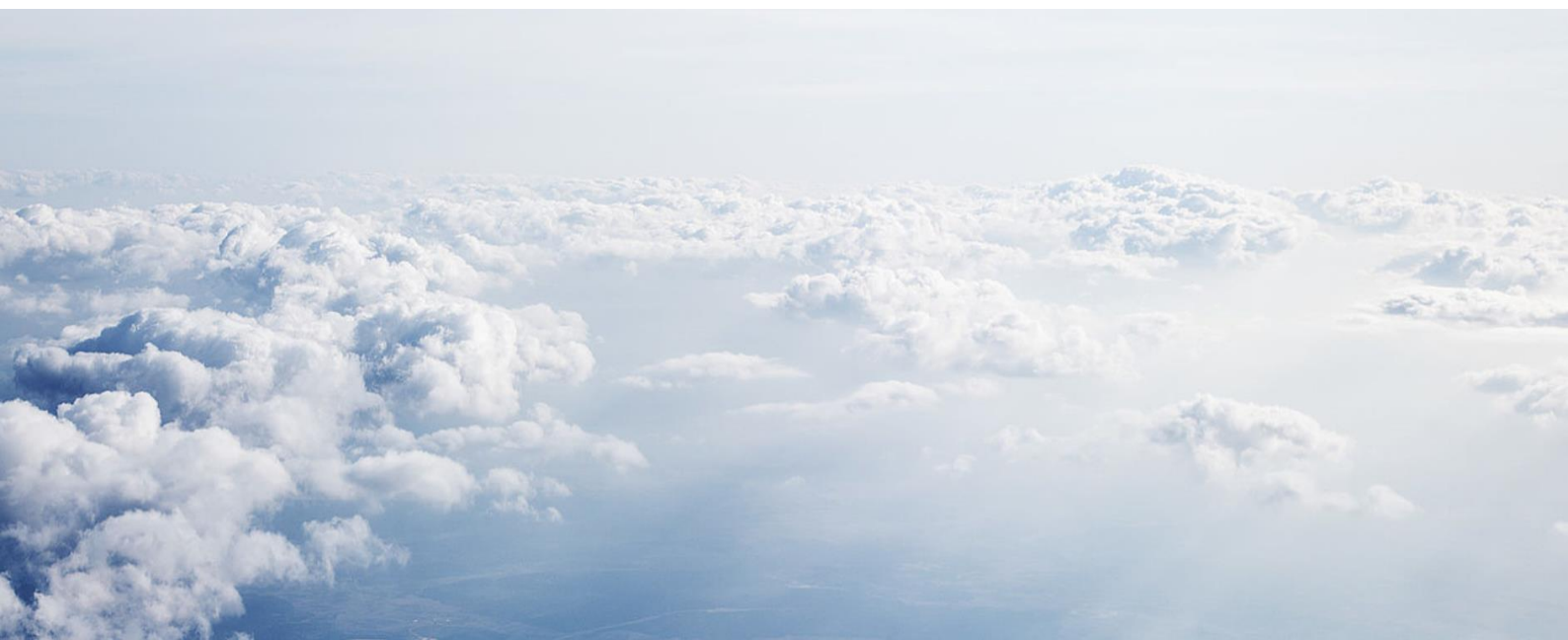
PERFORMANCE OF THE LUFTHANSA SHARE

LUFTHANSA'S SHARE PRICE AS OF 31 MARCH 2021

11.31 €



[Website: Share price information](#)



TOPICS

Management

Contract with Detlef Kayser extended ahead of schedule for three more years



At its meeting on 3 March 2021, the Supervisory Board also decided to extend Detlef Kayser's (55) contract ahead of schedule for three more years until 31 December 2024.

"We are delighted that Detlef Kayser will be continuing his successful work. His expertise as an experienced and insightful strategist is enormously important to us, especially during these challenging times, as we are transforming the company at great speed," says Dr. Karl-Ludwig Kley.

Dr. Detlef Kayser has been a member of the Executive Board of Deutsche Lufthansa AG since 1 January 2019. As "Chief Operations Officer" he is responsible for the operational processes and fleet and infrastructure management of the Lufthansa Group along with the Group-wide "ReNew" restructuring program.

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Supervisory Board

Britta Seeger nominated as the successor to Stephan Sturm

Stephan Sturm will be resigning from the Supervisory Board of Deutsche Lufthansa AG, which will go into effect after the Annual General Meeting on 4 May 2021. The Chairman of the Executive Board of Fresenius has been a member of the Lufthansa Supervisory Board since April 2015 and has chaired the Audit Committee since January 2018.

The Supervisory Board Nomination Committee has proposed that Britta Seeger fill the vacancy. The 51-year-old business economist has been a member of the Board of Management of Daimler AG since 2017 and is responsible for Mercedes-Benz Cars Sales. The Bonn-born Executive will be nominated for election at the Annual General Meeting on 4 May 2021.

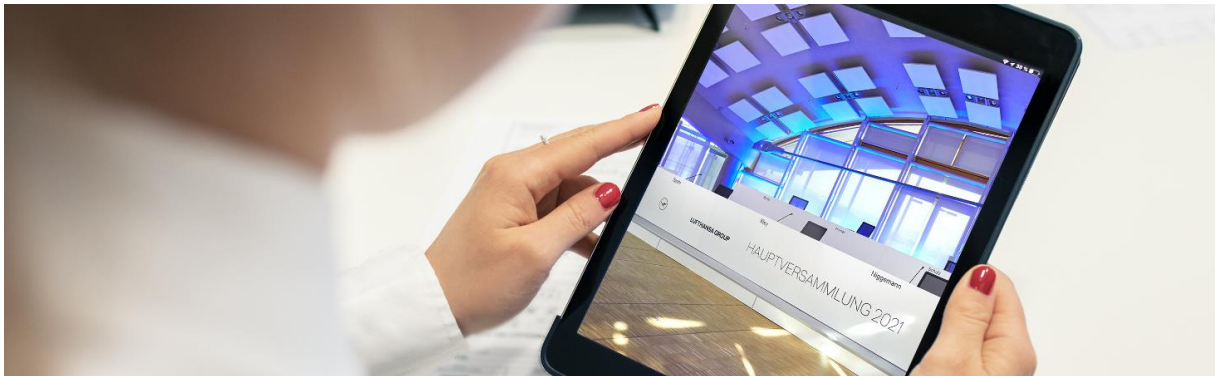
The responsibility as Chairman of the Audit Committee, which is currently held by Stephan Sturm, will be transferred to Harald Krüger at the Annual General Meeting, according to the will of the Supervisory Board.

"I am delighted that we will be able to nominate Britta Seeger as an excellent candidate for our Supervisory Board at the Annual General Meeting. This internationally experienced manager will be a great successor to Stephan Sturm, who is leaving the Supervisory Board at his own request and whom I would like to thank for his outstanding work over the past six years," said Dr. Karl-Ludwig Kley, Chairman of the Supervisory Board of Deutsche Lufthansa AG.

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Annual General Meeting

Virtual Annual General Meeting of Deutsche Lufthansa AG on 4 May 2021



Deutsche Lufthansa AG invited its shareholders to the 68th Annual General Meeting on 4 May 2021 at 10:00 hrs. The meeting will once again be held virtually, recognizing the need to apply current infection control regulations to protect the health of shareholders.

The Annual General Meeting will be broadcast live on the webpage of Lufthansa Group. Shareholders can also participate in the voting there via the online services. The closing date for registration is 1 May 2021, 24:00 hrs.

The speech of the CEO, Carsten Spohr, was already published on the website in advance of the meeting. This gives shareholders the opportunity to also refer to it when asking questions. Questions on the agenda can be submitted to the Executive Board via the online services until 2 May 2021, 24:00 hrs. In addition, comments can also be submitted for the first time as a video or audio message.

Angela Titzrath and Dr. Michael Kerkloh, the two members of the Supervisory Board nominated by the Economic Stabilization Fund of the Federal Republic of Germany and previously appointed by the court, will be up for election on 4 May 2021.

Stephan Sturm will resign from the Supervisory Board with effect from the conclusion of the Annual General Meeting. As his successor, the Supervisory Board recommends to the Annual General Meeting the election of Britta Seeger.

Another item on the agenda is the creation of a new Authorized Capital C in accordance with §7b WStBG of up to 5.5 billion euros with a term of five years. The authorization enables Deutsche Lufthansa AG to flexibly use financing opportunities to raise equity on the capital market. The amount of Authorized Capital C is a technicality, derived from the amount of Silent Participations I and II of the Economic Stabilization Fund, as a potential capital increase under Authorized Capital C would be directly linked to the repayment of stabilization measures. In the event of a capital increase, the shareholders would be granted subscription rights. The Company has not taken any decision on a capital increase in utilization of Authorized Capital C.

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Corporate Responsibility

Lufthansa Airbus A350-900 "Erfurt" will become climate research aircraft



Predicting the weather even more accurately, analyzing climate changes even more precisely, researching even better how the world is developing. This is the goal of a globally unique cooperation between Lufthansa and several research institutes.

Converting an aircraft into a climate research plane poses major challenges. Lufthansa has chosen the most modern and economical long-haul jet in its fleet - an Airbus A350-900 named "Erfurt" (registration D-AIXJ). In three stages, the "Erfurt" will now become a flying research laboratory.

In Lufthansa Technik's hangar in Malta, the first and most extensive conversion work was carried out. Preparations were made for a complex air intake system below the belly. This was followed by a series of test insertions, at the end of which came the certification of a climate research laboratory weighing around 1.6 tons, the so-called CARIBIC measurement laboratory. The acronym CARIBIC stands for "Civil Aircraft for the Regular Investigation of the atmosphere Based on an Instrument Container". The project is part of a comprehensive European research consortium.

The "Erfurt" is expected to take off from Munich at the end of 2021 for its first flight in the service of climate research, measuring around 100 different trace gases, aerosol and cloud parameters in the tropopause region (at an altitude of nine to twelve kilometers). Lufthansa is thus making a valuable contribution to climate research, which can use these unique data to assess the performance of current atmospheric and climate models and thus their predictive power for the Earth's future climate. The special feature: Climate-relevant parameters can be recorded at this altitude with much greater accuracy and temporal resolution on board the aircraft than with satellite-based or ground-based systems.

The A350 conversion, which has now been launched, was preceded by an extremely elaborate planning and development phase of about four years involving more than ten companies (in particular Lufthansa, Lufthansa Technik, Airbus, Safran, enviroscope, and Dynatec) as well as the Karlsruhe Institute of Technology (KIT) as representative of a larger scientific consortium.

The Lufthansa Group has been a reliable partner of climate research since 1994 and has since equipped several aircraft with special instruments. This is now the first time worldwide on an Airbus A350-900 aircraft.

[!\[\]\(faf942dc3e59ce8eb64b4ac481eca7e0_img.jpg\) Press release: Lufthansa Airbus A350-900 "Erfurt" will become climate research aircraft](#)

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2021

29 April	Release of 1st Interim Report January – March 2021
4 May	Annual General Meeting
5 August	Release of 2nd Interim Report January – June 2021
3 November	Release of 3rd Interim Report January – September 2021

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.