



## Shareholder Information November 2014

Ladies and Gentlemen,  
dear shareholders,

The first nine months of the year have been very eventful for the Lufthansa Group. Beginning in spring, we were confronted with massive strikes, which have had an adverse impact on our business. Business in the summer was stable, although average yields remained weak. In the late summer, another series of strikes by the Vereinigung Cockpit pilots' union followed, which have eroded the trust of our customers as much as our earnings.

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

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

We invite you to continue with us on this journey.

Kind regards,



Andreas Hagenbring  
Head of Investor Relations,  
Deutsche Lufthansa AG

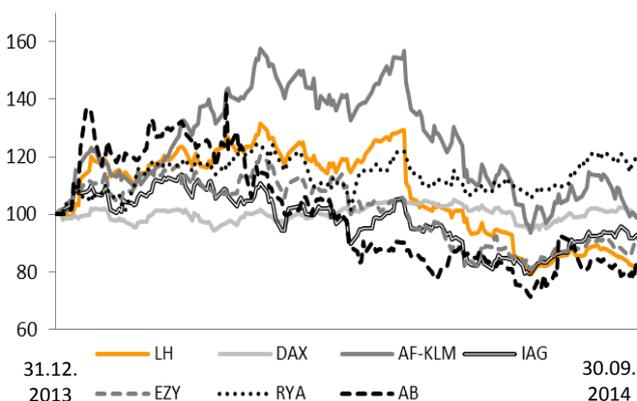
### Key figures January – September 2014

		Jan. – Sep. 2014	Jan. – Sep. 2013 <sup>1)</sup>	Change in %
<b>Revenue and result</b>				
Total revenue	€m	22,624	22,767	-0.6
of which traffic revenue	€m	18,460	18,664	-1.1
Operating result	€m	849	663	28.1
EBIT	€m	844	616	37.0
Net profit/loss for the period	€m	482	247	95.1
<b>Key balance sheet and cash flow statement figures</b>				
Total assets	€m	30,961	29,364	5.4
Equity ratio	%	15.2	19.1	-3.9 P.
Net indebtedness	€m	2,262	1,059	113.6
Cash flow from operating activities	€m	2,052	3,006	-31.7
Capital expenditure (gross)	€m	2,235	1,896	17.9
<b>Lufthansa share</b>				
Share price at the quarter-end	€	12.51	14.42	-13.2
Earnings per share	€	1.05	0.54	94.4
<b>Traffic figures<sup>2)</sup></b>				
Passengers	thousands	81,152	79,784	1.7
Available seat-kilometres	millions	204,403	200,056	2.2
Revenue seat-kilometres	millions	164,832	160,650	2.6
Passenger load factor	%	80.6	80.3	0.3 P.
Freight and mail	thousand tonnes	1,416	1,453	-2.5
Cargo load factor	%	69.2	68.4	0.8 P.
Available tonne-kilometres	millions	31,417	31,096	1.0
Revenue tonne-kilometres	millions	23,727	23,369	1.5
Overall load factor	%	75.5	75.2	0.3 P.
Flights	number	762,883	779,727	-2.2

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

2) Previous year's figures have been adjusted.

Performance of the Lufthansa share, indexed as of 31.12.2013, compared with the DAX and competitors (excluding dividend)



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

At the end of September, eight analysts recommended the Lufthansa share as a buy, 15 as a hold and five as a sell. The average target price was EUR 15.71 at the end of the third quarter.

The Third Interim Report 2014 and the corresponding management presentation is provided on our website <http://www.lufthansagroup.com/investor-relations>.



## Economic development

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

Several strikes by the Vereinigung Cockpit pilots' union at Lufthansa Passenger Airlines, Germanwings and Lufthansa Cargo had a severe impact on the result. The first strike took place from 2 to 4 April 2014. The Lufthansa Group incurred a direct loss of earnings amounting to some EUR 60m as a result of this industrial action in April. The strike was preceded by protracted, intense talks and negotiations about pay and future transitional benefits for pilots. Between late August and the end of September, another five strikes were announced, of which four actually took place in different areas and with varying durations. In some cases, they disrupted flight operations significantly and were thereby responsible for further lost earnings of around EUR 35m by the end of September. Including additional strikes of occupational groups represented by the union ver.di, the Lufthansa Group incurred direct losses of some EUR 105m as a result of strike action in the first nine months of the year.

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

## Outlook

After an initial earnings improvement compared with the previous year, alternating stable and very poor months followed in course of the year. The trend was driven largely by strikes, tough competition and global political developments, which had a negative impact on the airlines' revenue.

The Passenger Airline Group expects the market to remain weak for the rest of the year. The positive trend in unit costs will probably not be able to offset the ongoing revenue challenges. The forecast profit improvement is essentially achieved by altering the depreciation policy.

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

Lufthansa Technik will not match last year's strong operating result in 2014, despite growing revenue. This is mainly due to the particularly strong influx of new orders in the 2013 financial year, as well as the expansion of its group structure in the current financial year. Thanks to the positive performance, Lufthansa Technik is now predicting a significantly higher result than in 2012, however.

For the financial year 2014, LSG Sky Chefs is now expecting a slight increase in revenue, and a profit roughly in line with last year's.

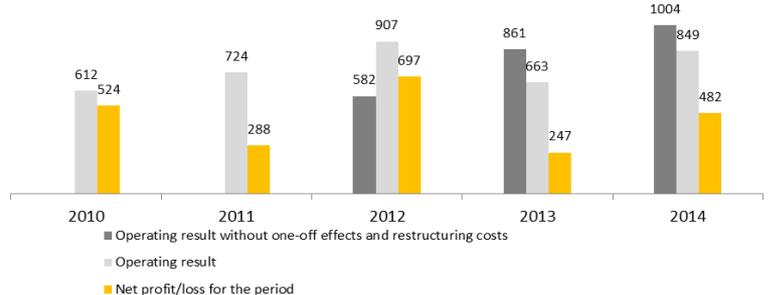
Lufthansa Systems is still forecasting slight revenue growth in 2014 alongside an operating result that will be slightly below previous year.

Overall, the Lufthansa Group still expects to achieve an operating result of around EUR 1.0bn for the financial year 2014 not including costs of potential additional strikes. The result target in 2015, however, has been adjusted from around EUR 2.0bn to "significantly above the result of 2014", mainly due to a general downturn in global economic growth and a sharp increase in pension costs.

Revenue and operating result by business segment (Jan. – Sep. 2014)

	Revenue in € m	Change compared with previous year in %	Operating result in € m	Change compared with previous year in %
Passenger Airline Group	17,694	-1.1	473	-8.0
Logistics	1,767	-1.9	51	13.3
MRO	3,200	2.9	335	0.9
Catering	1,960	3.8	66	4.8
IT Services	483	2.3	21	23.5

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





## New travel class on board

Lufthansa Passenger Airlines offers a new travel class: the Premium Economy Class. It has been bookable since May and will be available from 1 December, initially on the Boeing 747-8 fleet.

Premium Economy Class is located within the cabin as a clearly identifiable separate compartment, between Business and Economy Class in a Boeing 747-8 or an Airbus A330-300, and in the first cabin area on the main deck of an Airbus A380. This class features a higher-quality design and contains between 21 and 52 seats, depending on the aircraft type, thus accounting for approximately ten per cent of the aircraft's overall capacity on long-haul flights of Lufthansa Passenger Airlines. The changeover will be rolled out gradually, sub-fleet by sub-fleet. It began in the late summer and will be completed within the space of a year.

The airline has ordered a total of 3,600 seats from the manufacturer ZIM for its more than 100 long-haul aircraft. Lufthansa passengers will soon be able to enjoy Premium Economy on flights to Bangalore, Buenos Aires, Chicago, Hong Kong, Los Angeles, Mexico City, Beijing, São Paulo, Seoul, Tokyo Haneda and Washington D.C. A total of 1.5 million passengers per year will thus be able to book additional comfort and quality at affordable prices.



Over the next few months, Lufthansa will fit between 21 (Airbus A330-300) and 52 (Airbus A380-800) new seats in each of its aircraft. On board the Boeing 747-8, 32 seats will be modified in line with Premium Economy Class specifications.

Depending on the aircraft type, the seat especially manufactured for Lufthansa is up to three centimetres wider and provides greater privacy as well as approximately 10 centimetres more room at the side thanks to each seat having its own wide armrest and a centre console between the seats. The back rest can be reclined further and the seat pitch is a significantly more spacious 97 centimetres. As a result, passengers have around one-and-a-half times as much room as Economy Class. The head rests can be set to the exact height desired and folded at the sides for added comfort and support. Height-adjustable foot rests from the second row back and – for technical reasons – leg supports with an integrated foot rest in the first row provide extra comfort. Practical features around the seats such as a water bottle holder, electrical socket and lots of storage space for passengers' belongings also help to ensure a relaxed and pleasant journey.

## Additional Services for Premium Economy Passengers

With a baggage allowance of two items weighing up to 23 kilogrammes each, passengers can take twice as much free luggage with them compared with Economy Class. For an extra EUR 25, passengers can also enjoy the comfort of the Lufthansa Business Lounges before their departure. The Welcome Lounge, with its spacious showers and a breakfast buffet after night flights, can be used for EUR 50. Lounges were previously only open to status customers and are otherwise unavailable on a paying basis. Check-in and boarding procedures as well as hand luggage regulations are the same as in Economy Class.

An enhanced service awaits Premium Economy passengers on board: They are greeted with a welcome drink and will find their own water bottle as well as a high-quality amenity kit with practical travel accessories at their seat. Meals are presented on menus commensurate with the new travel class and served on porcelain tableware. Passengers can navigate the extensive in-flight entertainment programme using their own touchscreen monitor on the seat in front of them. This can also be done using a remote control, which serves as a controller for video games as well. The screens are 11 or 12 inches, depending on the aircraft type, which makes them at least two inches bigger than the screens in Economy Class. A wide selection of magazines and newspapers completes the range of entertainment on offer.

## Questions & Answers

### How can electronic devices be used on board?

In Lufthansa's point of view, flight modes for passengers' own electronic devices could soon be a thing of the past. Passengers will then be able to leave their smartphones, tablets and laptops switched on from gate to gate. This will be made possible by an initiative introduced by the European Aviation Safety Agency (EASA) in Cologne. What is already clear now, though, is that telephone conversations on board – including over the internet – are not wanted at Lufthansa. This is not for technical reasons; surveys have shown that many passengers worry that telephone conversations on board will be bothersome.

For many passengers their journey with Lufthansa will soon become even more entertaining: from this autumn, in selected medium-haul aircraft, a comprehensive entertainment offering will be available that you can access via your own smartphone, tablet or notebook. Before the flight, guests simply download the Lufthansa entertainment app – for free like the whole program itself - or the Microsoft Silverlight browser plug-in for notebooks. While on board, passengers can then put together their own personal entertainment program.

### How does Lufthansa make its IT fit for the future?

Deutsche Lufthansa AG today announced that in the course of realigning the Group's IT activities, it will be entering into a long-term IT partnership shortly. According to the terms to be agreed, Lufthansa will outsource all of the Group's IT infrastructure services to IBM. The IT group is also expected to take over the Infrastructure division of the current Lufthansa Systems AG. The outsourcing agreement is to have a term of 7 years. It will enable Lufthansa to benefit from a permanent reduction of IT infrastructure costs by average approximately 70 million EUR annually. An offer to this effect has been submitted and is now subject to final negotiations. The IT business segment will be dissolved in 2015. Remaining activities will be integrated into the Lufthansa Group.

## Corporate Responsibility

### Lufthansa conducts first European scheduled flight using sugar-based biofuel

The Lufthansa Group has marked another milestone in its pioneering work in the testing of alternative fuels. On 15 September, Lufthansa flight LH 190 from Frankfurt to Berlin Tegel was operated using a ten percent blend of the new biofuel component farnesan. This was the first scheduled flight in Europe to run on this fuel mix. Farnesan is a sugar-based bio-kerosene developed jointly by the TOTAL oil group and the U.S.-based biotech company Amyris, which in April of this year received RSB (Roundtable on Sustainable Biomaterials) Certification. These activities are a continuation of the recently concluded "burnFAIR" project: In 2011 already, Lufthansa became the first airline worldwide to use a biofuel mix in scheduled daily operations when it conducted a six-month test run with an Airbus A321 on the Frankfurt-Hamburg route. The long-term trial was accompanied by detailed measurements of emissions as well as by research on production processes and biomass availability.

### Start of apprenticeships at Lufthansa: Over 270 new apprentices begin their careers in 2014

Being the biggest employer in the German state of Hesse, the education and training of young people bears significant importance for the Lufthansa Group. In the 2014/2015 year of training, more than 160 young people started their apprenticeship or their studies at the Lufthansa Group in Frankfurt. In entire Germany, even 270 new apprentices started their career at the Lufthansa Group. The array of apprenticeship training positions is big: 34 different apprenticed professions are on offer, among others the professions of Air Transport Management Assistants, System Catering Managers, and Specialists for Forwarding and Logistics Services. In addition, the Lufthansa Group offers nine different study programs.

More details on different aspects of the Lufthansa Group's corporate responsibility can be found at [www.lufthansagroup.com/responsibility](http://www.lufthansagroup.com/responsibility).

## Contact

Your contacts at Investor Relations:



Gregor Schleussner



Patricia Minogue

If you have any questions please do not hesitate to contact us by telephone **+49 69 696-28008** or by email at [investor.relations@dlh.de](mailto:investor.relations@dlh.de).

### 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.

## Financial Calendar

12.03.2015 Release of Annual Report 2014  
29.04.2015 Annual General Meeting, Hamburg  
05.05.2015 Release of 1st Interim Report for 2015  
30.07.2015 Release of 2nd Interim Report for 2015  
29.10.2015 Release of 3rd Interim Report for 2015

The next Shareholder Information will be published in August 2015.

## Address

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