



## Shareholder Information August 2015

**Ladies and Gentlemen,  
dear shareholders,**

The tragic events of 24 March 2015 continue to weigh on us. The accident involving Germanwings flight 4U 9525 changed us and will have a lasting impact on our company. Dealing with the consequences of this tragic accident is part of our responsibility as a corporate group. The people affected by the tragedy are our prime concern. We cannot take away the pain of those who lost loved ones, but we are doing everything possible to lessen their burden. The Lufthansa Group is doing all it can to provide the victims' families and friends with effective support and various forms of assistance during this difficult time.

Although the incident is still very much in our minds – and will remain that way – we must look to the future as a company.

Hence, we continue to work focused on the Lufthansa Group's future viability, which rests on three strong pillars: the premium hub airlines, our second brand Eurowings for point-to-point flights, and aviation services. In this edition, we are delighted to offer more information on the further improved premium product of Lufthansa Passenger Airlines.

Thank you for your continued trust.

Kind regards,



Andreas Hagenbring  
Head of Investor Relations,  
Deutsche Lufthansa AG

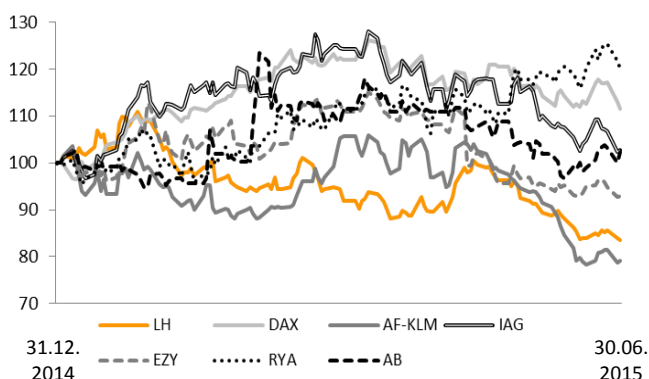
### Key figures January – June 2015

		Jan. – June 2015	Jan. – June 2014 <sup>1)</sup>	Change in %
<b>Revenue and result</b>				
Total revenue	€m	15,365	14,166	8.5
of which traffic revenue	€m	12,123	11,466	5.7
EBIT <sup>1)</sup>	€m	463	216	114.4
Adjusted EBIT	€m	468	178	162.9
EBITDA <sup>1)</sup>	€m	1,316	912	44.3
Net profit/loss for the period	€m	954	-79	
<b>Key balance sheet and cash flow statement figures</b>				
Total assets	€m	33,088	29,959	10.4
Equity ratio	%	17.5	16.6	0.9 P.
Net indebtedness	€m	2,363	1,614	46.4
Cash flow from operating activities	€m	2,527	1,744	44.9
Capital expenditure (gross)	€m	1,498	1,548	-3.2
<b>Lufthansa share</b>				
Share price at the quarter-end	€	11.57	15.68	-26.2
Earnings per share	€	2.06	-0.17	
<b>Traffic figures<sup>2)</sup></b>				
Passengers	thousands	50,919	49,887	2.1
Available seat-kilometres	millions	132,572	128,345	3.3
Revenue seat-kilometres	millions	103,850	100,214	3.6
Passenger load factor	%	78.3	78.1	0.3 P.
Freight and mail	thousand tonnes	924	932	-0.9
Available tonne-kilometres	millions	20,573	19,957	3.1
Revenue tonne-kilometres	millions	15,109	14,806	2.0
Cargo load factor	%	67.6	70.2	-2.6 P.
Overall load factor	%	73.4	74.2	-0.7 P.
Flights	number	490,853	491,389	-0.1

<sup>1)</sup> Previous year's figures have been adjusted due to the new reporting method.

<sup>2)</sup> Previous year's figures have been adjusted.

Performance of the Lufthansa share, indexed as of 31.12.2014, compared with the DAX and competitors in % (excluding dividend)



At the end of the first half-year 2015, the Lufthansa share was trading at EUR 11.57. This represents a loss in share value of 11.0 per cent in the second quarter, around the same as the DAX index, which fell by 10.4 per cent. In the first half-year the Lufthansa share lost 16.4 per cent as the DAX climbed by 11.6 per cent.

Eight analysts currently recommend the Lufthansa share as a buy, eleven as a hold and eight as a sell. At the end of the first half-year, the average target price was EUR 13.68.

The Second Interim Report 2015 and the corresponding management presentation is provided on our website <http://www.lufthansagroup.com/investor-relations>.



## Economic development

The operating segments in the Lufthansa Group each and in total achieved a positive overall performance in the reporting period. Revenue rose significantly compared with the previous year, mostly due to exchange rates. Adjusted EBIT went up significantly compared with the previous year. This improvement is primarily due to the positive performance of the Passenger Airline Group, which profited from lower fuel costs and higher traffic revenue, above all thanks to exchange rate movements. Lufthansa Cargo suffered from a very weak market at the end of the first half-year and was only able to sustain its positive earnings performance to a limited extent. Lufthansa Technik and LSG Sky Chefs on the contrary achieved solid earnings improvements in the first half-year.

Following repeated strikes by the Vereinigung Cockpit pilots' union at the beginning of the reporting period, the Lufthansa Group agreed to arbitration on all unresolved wage agreements on 29 April 2015, in line with trade union demands. This was initially accepted by the Vereinigung Cockpit pilots' union. On 6 July 2015, the union declared that the preliminary talks had failed, however. On 24 July 2015 the Vereinigung Cockpit pilots' union has submitted a new offer. The Lufthansa Group is evaluating the offer and remains in contact with the pilots' union. The Company has calculated that strikes organised by the Vereinigung Cockpit pilots' union have cut earnings by a total of EUR 100m in the reporting period, including lost bookings.

The Lufthansa Group and the UFO flight attendants' union agreed to continue negotiations until 1 November 2015 – even for the Alliance for Growth and Employment whose negotiations were scheduled to run until 1 September 2015. Among other things, the retirement and transitional benefits and the remuneration of cabin staff at Lufthansa Passenger Airline will also be on the negotiating table. An external, independent auditor shall be brought into the talks to assess the costs and savings of the offers and demands.

## Outlook

In the first half of the financial year, the Lufthansa Group has delivered a solid earnings performance in an environment dominated by great volatility. All operating segments have contributed to this earnings improvement.

Demand and yields for the Passenger Airlines will continue to vary from region to region. Yields should be higher on routes to North America, especially due to exchange rates. All other traffic areas are expected to achieve declining yields.

Due to the course of business in the second quarter and the impending downturn in the Chinese market, the Logistics segment now expects its Adjusted EBIT in 2015 to be significantly lower than last year. EBIT is projected to be down even more on the year.

For 2015, Lufthansa Technik now expects Adjusted EBIT slightly above that of the previous year. EBIT will probably not reach the previous year's level, although its revenue should go up in line with the market.

LSG Sky Chefs is still expecting Adjusted EBIT for the full year 2015 to be significantly up on last year.

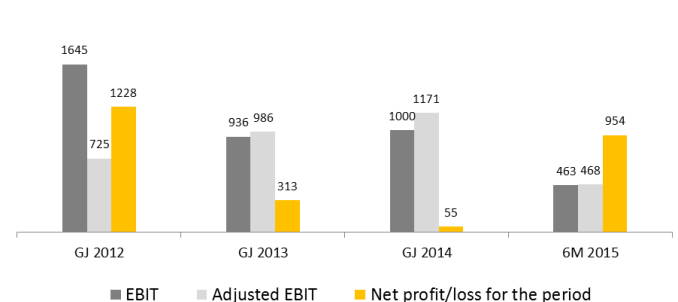
For the 2015 financial year, the Lufthansa Group continues to predict Adjusted EBIT of more than EUR 1.5bn before strike costs. The costs of the strikes at Lufthansa Passenger Airlines and Germanwings to date depress earnings for the full year by around EUR 100m. Based on the lower forecast for fuel costs and the course of business in the second quarter, the Executive Board sees now more opportunities than risks.

The main influences on earnings will be: the oil price and changes in the jet fuel crack, the euro exchange rate, especially against the US dollar and the Swiss franc, the yields at the Passenger Airlines and the course of collective bargaining at Lufthansa Passenger Airlines. For Lufthansa Passenger Airlines, there is the additional earnings risk of further changes in customer demand.

Revenue and Adjusted EBIT by business segment (Jan. – June 2015)

	Revenue in €m	Change compared with previous year in %	Adjusted EBIT in € m	Change compared with previous year in %
Passenger Airline Group	11,642	6.3	249	
Logistics	1,207	4.0	50	16.3
MRO	2,556	22.4	268	18.1
Catering	1,448	17.1	26	188.9
Other	262	-17.4	-140	-324.2

Development EBIT, Adjusted EBIT and Net profit/loss for the period in €m





## 5 STAR – Expansion of quality leadership

Premium hub airlines represent one of three strong pillars of Lufthansa Group.

To take the Lufthansa Group forward, the strategic agenda “7to1 – Our Way Forward” was initiated in 2014. “Customer centricity and quality focus” is one of seven fields of action to achieve the goal “Lufthansa – First choice for customers, employees, shareholders and partners”.

Constantly enhancing and improving the products and services is of great importance for the hub airlines. Lufthansa Passenger Airlines strives for quality leadership in its markets and aims to qualify as a five-star airline. This award promises passengers an exceptional travelling experience, as five stars are synonymous with the highest level of quality, first-class comfort and personal service. It is intended to have this confirmed by Skytrax’s renowned airline rating system by the start of 2016. This would make Lufthansa Passenger Airline the first Western airline to receive the highest Skytrax award. In order to achieve this ambitious goal, numerous projects have been initiated, some of which have already been implemented.

As part of the moves to refit Lufthansa’s long-haul fleet, the new First Class completions were finished in June 2015 and will conclude the installation of the new Business Class these days. All Lufthansa long-haul aircraft will also be fitted with the new Premium Economy Class by this autumn.



In addition to the refit of the cabin layouts, the services for customers will also be improved.

Starting in August, Lufthansa Business Class passengers can look forward to the Lufthansa Restaurant Service, a completely new service on board long-haul flights. Flight attendants will be placing much greater emphasis on the personal needs of the passengers that they are assigned to. The flight crew will individually respond to guests' needs and requests similar to an upscale restaurant. After the flight attendants have personally welcomed 'their' guests on board and by name, they take their orders and set the tray tables



with ceramic tableware. Service plates will replace trays and flight trolleys when meals are served directly from the galley.

Further service measures, which have been already introduced in line with the five-star initiative, include - among others - the upgrading of amenity kits, the introduction of a new inflight entertainment system with more choice on long-haul flights, greater variety in the lounges as well as the introduction of a fast lane for premium customers on international airports.



## Realignment of distribution strategy

The network airlines will realign their distribution strategy in order to satisfy customer needs on a more individual basis in future and to increase the company’s profitability at the same time. The airlines of the Passenger Airline Group will offer their services on a more flexible and modular basis in the future in the form of “branded fares” with individualised prices and extra services.

The Group-wide introduction of the new pricing concepts on European routes, with the new fare options Light, Classic and Flex in Economy Class, enables passengers to select exactly the services they desire. The various fare options differentiate themselves in the areas of free luggage, seat reservations, as well as rebooking and cancellations options. This pricing concept was already introduced at SWISS at the end of June 2015. Lufthansa Passenger Airlines and Austrian Airlines will offer these options from early October 2015 on.

Clear pricing distinctions will also apply depending on the booking channel. At present, the costs for using global distribution systems (GDS) are significantly higher than for other booking methods, such as the airlines’ own online portals. Hence, from 1 September 2015, the Lufthansa Group airlines will therefore include a surcharge of EUR 16, the “distribution cost charge” (DCC), for every ticket issued using a GDS. Flight tickets will still be sold without DCC via all direct booking channels.

## Questions & Answers

### What about decentralized traffic?

The further development of the point-to-point services with the Second brand Eurowings is well under way. The strategic decision to transfer all direct flights outside Frankfurt and Munich hubs to Germanwings proved a great success. Coming from a loss of some EUR 200m in this area in the 2012 financial year, break even will be reached this year. Eurowings will be established as a second brand of Lufthansa Group for short and long-haul routes with attractive products in the home market Europe.

With the new Eurowings umbrella brand, the Lufthansa Group intends to tap into additional markets in the price-sensitive point-to-point leisure travel sector and safeguard its leading position, especially in its home markets of Germany, Austria, Switzerland and Belgium. From late 2015, Eurowings, Germanwings and other carriers are planning to jointly provide low-cost, quality flight offers on short and long-haul routes and by that attract new customers. Significantly improved cost structures form the basis for the business model.

### What does new Eurowings offer?

Home base for the new long-haul fleet will initially be Cologne/Bonn Airport. The new Eurowings intercontinental flights will start from 1 November 2015 and will be flown by long-haul route aircraft of type Airbus A330-200. The long-haul fleet will be expanded step by step to a total of seven aircraft. As with the already-successful Germanwings concept, the new Eurowings long-haul products will offer customers a choice of Best, Basic and Smart fares.

The new Eurowings continues to expand its short-haul and medium-haul flight plan by adding new attractive destinations. In future, the new Eurowings will offer point-to-point connections to popular travel destinations within Europe from Vienna International Airport, the first Eurowings location outside Germany.

## Corporate Responsibility

### Lufthansa Group airlines with a new efficiency record

The airlines in the Lufthansa Group have once again set a record for efficiency: In 2014, the planes of the passenger fleets only used an average of 3.84 litres of kerosene to carry a passenger 100 kilometres. This represents an improvement of 1.6 per cent over the previous year. As in previous years, the Group has thus met the demanding aerospace industry target of annual efficiency gains of 1.5 per cent. Whether Lufthansa Passenger Airline, Swiss, Austrian Airlines or Germanwings - all airlines in the Lufthansa Group have continued to improve their specific consumption values. The cargo aircraft of Lufthansa Cargo were also more efficient than ever, with 0.183 litres/tonne kilometres - an improvement of 5.2 per cent over 2013. In 2014, Group-wide efficiency in cargo transportation was increased by 0.8 per cent. In 2014, the absolute fuel consumption in the Group increased slightly by 0.7 per cent with an increase in transport capacity of 1.9 per cent, so the trend towards the decoupling of transport capacity and fuel consumption was also continued successfully.

### Lufthansa Group publishes its 21st Sustainability Report

In order to make travelling an even more efficient, sustainable and attractive experience for its passengers, the Lufthansa Group is increasing its focus on networked innovation management and invests around 500 million euros in innovations by 2020. The Group's Sustainability Report "Balance" therefore places particularly high value on the topic of "Innovation - the key to a successful future". A special section of the report provides a detailed insight into the huge importance of innovation management at the world's largest aviation company. "Innovation and Digitalisation" is one of seven central fields of activity of the strategic work program "7to1 - Our way forward", which was launched by the Group in the year 2014.

The Balance sustainability report and 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

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### 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

29.10.2015 Release of 3rd Interim Report for 2015  
17.03.2016 Release of Annual Report 2015  
28.04.2016 Annual General Meeting in Hamburg  
03.05.2016 Release of 1st Interim Report for 2016  
02.08.2016 Release of 2nd Interim Report for 2016

The next Shareholder Information will be published in November 2015.

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