



## Shareholder Information August 2017

**Ladies and Gentlemen,  
dear shareholders,**

The measures we have initiated in recent years are showing their effect and are paying off: We have achieved the best first half-year result in the history of the Lufthansa Group. We have set new records in terms of passenger numbers, the number and load factor of flights and the level of Adjusted EBIT. We have increased our earnings forecast for the year accordingly.

Network Airlines, Point-to-Point Airlines and the Logistics segment were the main drivers of this strong performance. At the Aviation Services the first half-year was also successful.

Furthermore, we achieved structural improvements. These involve further steps taken to realign the distribution strategy of the Network Airlines as well as the agreement with Fraport to reduce costs and to engage in a closer strategic dialogue in the future.

Dear shareholders, your Company is very well positioned. Our share price went up by 62.4 per cent in the first half-year, which is better than any other company in the DAX. This confirms the path we have set is right: to develop the Lufthansa Group strategically, financially and culturally.

Thank you for your continued trust.

Kind regards,



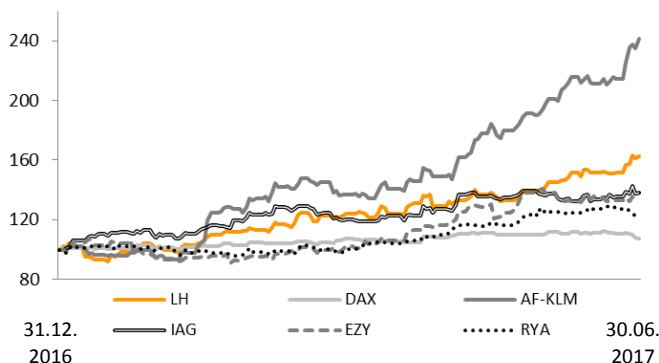
Andreas Hagenbring  
Head of Investor Relations,  
Deutsche Lufthansa AG

### Key figures January – June 2017

		Jan. – June 2017	Jan. – June 2016	Change in %
<b>Revenue and result</b>				
Total revenue	€m	16,951	15,042	12.7
of which traffic revenue*	€m	13,923	11,637	14.2
EBIT	€m	1,031	518	99.0
Adjusted EBIT	€m	1,042	529	97.0
EBITDA	€m	1,891	1,361	38.9
Net profit/loss for the period	€m	672	429	56.6
<b>Key balance sheet and cash flow statement figures</b>				
Total assets	€m	37,901	35,054	8.1
Equity ratio	%	19.4	10.4	9.0 pts.
Net indebtedness	€m	1,139	2,499	-54.4
Cash flow from operating activities	€m	3,226	2,193	47.1
Capital expenditure (gross)	€m	1,207	1,167	3.4
<b>Lufthansa share</b>				
Share price at the quarter-end	€	19.93	10.53	89.3
Earnings per share	€	1.43	0.92	55.4
<b>Traffic figures*</b>				
Passengers	thousands	59,990	51,178	17.2
Available seat-kilometres	millions	154,240	138,086	11.7
Revenue seat-kilometres	millions	121,882	105,428	15.6
Passenger load factor	%	79.0	76.3	2.7 pts.
Available tonne-kilometres	millions	7,496	7,286	2.9
Revenue tonne-kilometres	millions	5,174	4,832	7.1
Cargo load factor	%	69.0	66.3	2.7 pts.
Overall load factor	%	75.4	72.1	3.3 pts.
Flights	number	543,654	501,454	8.4

\* Previous year's figures have been adjusted.

Performance of the Lufthansa share, indexed as of 31.12.2016, compared with the DAX and competitors in % (excluding dividend)



At the end of the first half-year 2017, the Lufthansa share was trading at EUR 19.93. This represents an increase in the share price of 62.4 per cent since year-end 2016. Including the dividend of EUR 0.50 per share distributed in June 2017, the total shareholder return came to 66.5 per cent. The DAX index increased by 7.4 per cent over the same period. The Lufthansa share outperformed all other shares in the DAX. In addition to general developments in the market environment, which had a positive impact on both business and leisure travel, the strong share performance was driven significantly by good economic performance.

As of 30 June 2017, nine analysts recommended the Lufthansa share as a buy, seven as a hold and eleven as a sell. The average target price was EUR 16.96.

The second interim report 2017 as well as the related presentation of the board are available on the website <http://www.lufthansagroup.com/investor-relations>.



## Economic development

The Lufthansa Group reported a very good performance in the first six months of the financial year. A new record of 60 million passengers was reached. All-time highs were also achieved for capacity, sales and load factor in the first half-year of 2017. Revenue rose significantly year on year, while EBIT, Adjusted EBIT and free cash flow almost doubled. All business segments contributed to this positive performance, with the exception of the Catering segment. It was the Network Airlines segment that made the largest absolute earnings contribution. The Logistics segment also made a positive contribution once more to the good result. The Point-to-Point airlines were able to reduce their losses year on year significantly. Compared with last year, the main driver of the very positive earnings performance was strong airline revenue as a result of greater demand.

## Significant events

### Collective agreement reached with pilots' union

On 15 March 2017, the Lufthansa Group and the Vereinigung Cockpit pilots' union concluded a declaration of intent, which is not currently legally binding. This includes forward-looking rules on pay and productivity gains as well as retirement and transitional benefits for pilots at Lufthansa German Airlines, Lufthansa Cargo and Germanwings.

### New Executive Board members appointed

As of 1 January 2017, Ulrik Svensson was appointed to the Executive Board as Chief Financial Officer until 31 December 2019. He succeeds Simone Menne, who left the Company at her own request as of 31 August 2016.

Thorsten Dirks joined the Executive Board as of 1 May 2017, taking over responsibility for Eurowings and Aviation Services. He succeeds Karl Ulrich Garnadt, whose contract for his position on the Executive Board expired on 30 April 2017 and was not renewed due to his retirement.

## Lufthansa Group and Fraport sign agreement to cut costs and increase growth

On 5 July 2017, the Lufthansa Group and Fraport AG signed an initial settlement on short-term cost reductions. Both partners have thereby created the conditions for further growth of the Lufthansa Group at Frankfurt Airport. At the same time, the agreement allows talks to start on a medium and long-term partnership.

## Outlook

As opposed to the previous forecast, in particular revenue and profit developed better than expected due to strong demand. Pre-bookings for the economically very important third quarter have stabilised. Against the background of this better than expected performance, the Executive Board of Deutsche Lufthansa AG has increased its full year forecast for the Adjusted EBIT from "slightly below previous year" to "above previous year".

The organic capacity growth in the second half-year is expected to be 4.7 per cent. From today's perspective, unit revenues at constant currency will be negative in the second half-year compared to the prior-year period. They are, however, expected to perform better than this in the third quarter. Unit costs excluding fuel and currency effects are expected to come down slightly in the second half-year. The fuel cost projection (excluding consolidation of Brussels Airlines) as of 30 June 2017 indicates a tailwind of around EUR 100m in the second half-year compared to the previous year period. The Air Berlin wet lease and the first time consolidated Brussels Airlines are expected to deliver a small profit contribution. The remaining business segments expect to achieve a cumulative profit on par with last year in the second half-year of 2017.

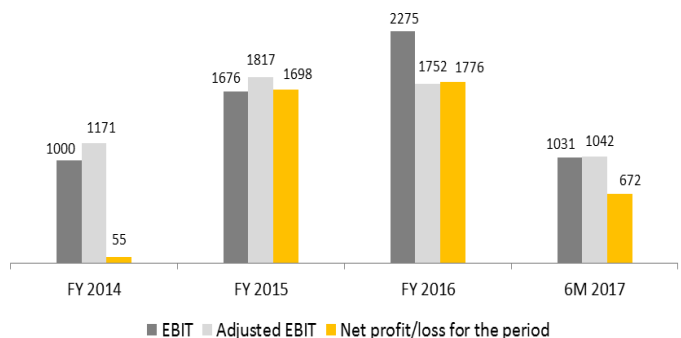
The Network Airlines Lufthansa German Airlines, SWISS and Austrian Airlines are now all expecting Adjusted EBIT for the financial year 2017 to be higher than last year, largely thanks to good revenue and earnings performance in the first half-year. The airlines in the Point-to-Point segment are now also expecting cumulative Adjusted EBIT for the financial year 2017 to be positive, largely thanks to good revenue and earnings performance in the first half-year.

The Logistics segment is now expecting Adjusted EBIT for the financial year 2017 to be positive, thanks to good revenue and earnings performance in the first half-year as well as initial earnings contributions from improvement measures initiated in 2016. The MRO segment is now expecting Adjusted EBIT for the financial year 2017 to be on par with last year, largely due to the good performance of individual business segments and some equity investments. The Catering segment still expects Adjusted EBIT to be significantly below that of the previous year.

Revenue and Adjusted EBIT by business segment (Jan. – June 2017)

	Revenue in €m	Change compared with previous year in %	Adjusted EBIT in €m	Change compared with previous year in %
Network-Airlines	11,097	6.7	757	55.4
Point-to-Point	1,772	92.2	-77	43.0
Logistics	1,158	18.6	78	
MRO	2,754	8.5	222	8.8
Catering	1,597	4.7	13	-45.8
Other	216	0.9	41	

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



## Digital Services all along the travel chain

### From planning to arrival



The development of new products and business models in line with the increasing digitalisation of the entire aviation value chain forms a key aspect of the Lufthansa Group strategy and is being driven forward across all business segments. On this basis, the aim is to safeguard the Lufthansa Group's position as leading aviation company in a dynamic market environment and to ensure its profitable growth.

For some time now, digitalization has permeated almost all aspects of aviation, with enormous consequences on existing processes and products. The capabilities of information technology offer the Lufthansa Group concrete opportunities to further optimize its service value chain, to add digital components to its product and service offers and to personalize the latter. Hence, the product offer for the customers becomes even more individual and attractive.

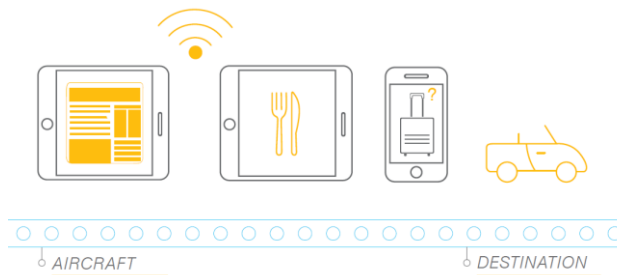
Numerous innovations in the area of digitalisation have already been implemented. In the following, we would like to introduce some of these to you.

**CHATBOT** "Mildred" is the name of the chatbot that has helped Lufthansa Group customers since the end of 2016 to find suitable flights. On request, the virtual contact partner in the Facebook Messenger App finds the best price for flights on the routes operated by Group airlines during the nine months ahead.

**InTIME** "Will I be in time for my flight?" is a question that thousands of passengers ask themselves every day. The new inTime app developed by Lufthansa Systems can answer this question. It calculates how much time a passenger still has to get from his or her current location to the gate punctually. For its forecast, the application takes into consideration the traffic situation around the airport as well as waiting times at check-in and security. Changes, such as a delayed departure, are relayed in real time. The basis for calculations is anonymized passenger data. inTime is adaptive and becomes more intelligent over time. This app is expected to be available to Lufthansa passengers from summer 2017.

**CUSTOMER SERVICE APP** A missed connecting flight, weather-related flight schedule changes, a missing piece of luggage – all of these are cases for Lufthansa Customer Service. But before the latter can solve the problem, the passenger has to provide his or her personal data. A time-consuming and unnecessary effort, which is a thing of the past now, thanks to the new Customer Service app: It combines the personal data from the Lufthansa app with the passenger's current information and transmits these data to the Customer Service employee. At the same time, the app informs about possible waiting times and opens up new contact options such as call-backs and chats.

**eJOURNALS** The airlines within the Lufthansa Group offer their passengers numerous free eJournals instead of printed newspapers and magazines. Before taking a flight, passengers



simply enter their name and reservation code or ticket number online – and they are ready to download their preferred publications to their smartphone, tablet or notebook. The digital media selection featuring more than 250 newspapers and magazines in 18 languages also benefits the environment: eJournals reduce the weight carried on board, which helps cut fuel consumption and CO2 emissions.

**BOARDCONNECT** Lufthansa Systems continuously works on improving passengers' travel experience by means of personalized solutions and helping airlines position themselves optimally for the digital future. One example for this quest is Board-Connect. This digital platform comes in three versions that provide wireless in-flight entertainment (IFE) on passengers' smartphones and tablets. In addition to the permanently installed classic IFE solution BoardConnect there is also the flexible variant BoardConnect Portable. It combines all technical components in a single unit that can be installed quickly and simply aboard any aircraft without a great deal of cabling. The third option is an Internet-based solution supported by BoardConnect Plus.

**FLYNET** Surfing, chatting, mailing and streaming videos – and all in broadband quality. Lufthansa has offered this service on longhaul flights for many years. Now, passengers on Lufthansa, Austrian Airlines and Eurowings flights can enjoy the same offer by using FlyNet on short- and medium-haul flights when they connect their smartphone, tablet or notebook to the WLAN on board. Lufthansa Group airlines are thus among the first in Europe to offer their passengers this kind of surfing experience. The refit program will be concluded at Lufthansa in 2018.

**ALLERGEN APP** Be it milk, fish, peanuts, or grains containing gluten: Many people suffer from food intolerances. For this reason the LSG Group developed an allergen app based on EU Directive 1169/2011, which covers all relevant information concerning in-flight meals and 14 key allergens. Passengers can thus let the purser know what their food intolerances are and the latter can show them which dishes are suitable for them. The application is available in 16 languages and is tailored precisely to the requirements of the EU Directive, which governs the labeling of foodstuffs (ingredients, information on allergies, expiration dates, etc.).

**DIGITAL BAGGAGE SERVICES** "See you, we'll be in touch!" is what Lufthansa passengers might have been saying since spring 2016 to their suitcases and bags as they check them in. The airline's digital baggage services ensure that passengers can use a link on their mobile boarding passes in the Lufthansa app to find out at any time where their checked-in luggage is at that moment. After their arrival at the destination airport the app informs customers when exactly and on which baggage carousel they will receive their luggage. In addition, luggage tags produced with the new solutions "HomeTag" and "Rimowa Electronic Tag" make checking in baggage significantly more comfortable.

## Questions & Answers

### The Lufthansa Group continuously invests in its products. Does this pay off?

The Lufthansa Group strives for quality leadership in its markets. To achieve this, it continually identifies and implements measures to further improve the product and customer services along the entire travel chain. We are pleased that our investment offensive pays off and the quality of our products are highly appreciated and acknowledged by our customers. Thus, all the airlines in the Lufthansa Group were commended at this year's Skytrax Awards. Lufthansa German Airlines won the award as the "Best Airline in Europe". The award was based on a survey of 18 million passengers from over 160 countries. The airlines in the Lufthansa Group altogether won four "Skytrax World Airline Awards". Lufthansa German Airlines was also voted "Best Airline in Western Europe" and "Best First Class Lounge Dining". Austrian Airlines picked up the award for "Best Airline Staff Service in Europe".

Furthermore, Terminal 2 at Munich Airport, which is jointly operated by the Lufthansa Group and Munich Airport, was voted the best terminal in the world in March 2017 at the World Airport Awards.

### What about the fleet development?

Beside continuous investments in product developments, the Lufthansa Group constantly renews its fleet. Thus, the A350-900 recently joined the Group as the youngest member of the Airbus family. The A350-900 is the world's most modern and environmentally-friendly long-haul aircraft. It consumes 25 percent less kerosene, produces 25 percent fewer emissions and is considerably quieter at start and take-off than comparable aircraft types. The A350-900 offers 293 passengers an outstanding product experience: 48 guests in Business Class, 21 in Premium Economy Class and 224 in Economy Class. On 12 August 2017, the fourth A350-900 aircraft was put in service at Munich airport. The Lufthansa Group has placed orders for a total of 25 aircraft of this type.

## Corporate Responsibility

### Lufthansa Group publishes 23rd Sustainability Report

In July 2017, the Lufthansa Group published its 23rd sustainability report. With "Balance", the Lufthansa Group provides annual information in a transparent way on the diverse activities, aims and progress of the Group in the areas of economy, social issues, environment, product and society.

This year's emphasis is on "#DigitalAviation" and provides insights into key innovation and future topics of the Lufthansa Group. The diverse digitalization projects of the Lufthansa Group and their key importance for a sustainable company management are introduced. The goal is a comprehensive and sustainable mobility concept, tailor-made to the customer's individual wishes. To achieve this, digitalization along the entire travel chain plays a central role. The article on page 3 of this shareholder info provides you with a first overview of the topic.

Another central topic is climate and environmental responsibility. Here as well, the Lufthansa Group is on track: economically, ecologically and socially. Thus, the Group was listed once again on numerous sustainability indices in the reporting period. With a Climate Scoring result of "B" in the CDP climate change reporting, the Lufthansa Group further achieved the status of "Sector Leader Transportation" in the DACH region, and thus is the eco-friendliest company of the industry in Germany, Austria, and Switzerland.

Further topics in the Balance report are fleet development, gender and diversity as well as the reorientation of social engagement of the Lufthansa Group.

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

Your contacts at Investor Relations:



Frédéric Depeille



Phuc-Thi Thai

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

25.10.2017	Release of 3rd Interim Report for 2017
15.03.2018	Release of Annual Report 2017
26.04.2018	Release of 1st Interim Report for 2018
08.05.2018	Annual General Meeting
31.07.2018	Release of 2nd Interim Report for 2018
30.10.2018	Release of 3rd Interim Report for 2018

## Address

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